Strategic Housing Market Assessment

Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council

July 2015

Turley
Economics

Contents

Executive Summary

1. This report presents a new Strategic Housing Market Assessment (SHMA) for Stoke-on-Trent and Newcastle-under-Lyme. The research has been undertaken by Turley in partnership with specialist demographic consultancy Edge Analytics.

2. The preparation of a new joint SHMA for Newcastle-under-Lyme and Stoke-on-Trent will form a key part of the evidence base for the new Joint Local Plan, identifying a range of suitable objectively assessed housing need targets in conformity with guidance outlined in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

3. The PPG highlights the importance of considering needs across housing market area geographies, recognising that this often extends beyond local authority boundaries. This report includes a review of a range of spatial indicators – including trends in migration, house prices and commuting – to confirm that Newcastle-under-Lyme and Stoke-on-Trent can jointly be considered to represent a single housing market area, for the purposes of assessing housing need in line with the PPG. This reflects the fact that a high proportion of moves are contained within this geography, while there is also evidence of strong containment of labour force and a sharing of similar market characteristics across much of the urban geography.

4. With the geography for assessment established, the 'starting point' for assessing housing need – as per the PPG – is the latest official household projections published by DCLG. The 2012 sub-national household projections (SNHP) were released in February 2015, and provide a position of how the number of households in both authorities may change in future if recent trends continue. With allowances made for vacancy, this dataset implies a need to provide approximately **691 dwellings per annum** across both authorities, of which 239 would be needed in Newcastle-under-Lyme and 452 in Stoke-on-Trent.

5. Given that the official projections are trend-based, the PPG acknowledges that they can be influenced or unduly constrained by recent market circumstances. For example, a historic under-delivery of housing and the impact of the recession can not only restrict the formation of new households, but also restrict the ability of households to move home. The population projections underpinning the 2012 SNHP make assumptions about future migration flows, largely based on that seen between 2007 and 2012, and it is important to recognise that this period included a severe national economic downturn which is likely to have impacted on the movement of households across the country.

6. The analysis of the historic demographic picture of the area in this SHMA has highlighted that the 2011 Census provided an important updated picture as to the estimated historic profile of population change in the preceding ten years, with this particularly an issue for Stoke-on-Trent. The evidence identifies that rather than seeing a previously estimated stagnation of population, Stoke-on-Trent was shown to have seen population growth between the Census years. In order to account for this 'under-estimate' in the historic population datasets, the ONS has described this component of population change as an 'Unattributable Population Change' (UPC).

7. Recognising the above factors relating to the historic demographic evidence base, the SHMA recommends the use of a trend-based projection based upon a ten year trend – as opposed to the short period used within the 2012 SNPP – to assess future housing need in the housing market area. This has also been adjusted for Stoke-on-Trent to take account of the historic UPC factor, recognising the scale of the UPC in the authority

8. The application of the 2012 household formation rates to this variant population projection and consistent vacancy rates suggests an uplifted demographically derived housing need of approximately **1,078 dwellings per annum** on average, of which 329 dwellings would be needed in Newcastle-under-Lyme and 749 in Stoke-on-Trent. This reflects a higher level of assumed population growth and migration, and incorporates more positive trends over the longer-term, which includes pre and post-recession demographic evidence.

9. The level of growth implied by a continuation of this 10 year trend is evidently higher than the 'starting point' of the 2012 SNHP, representing an uplift of around 56%. This suggests that the 'starting point' is likely to be unduly influenced by recent market conditions, with a continuation of these conditions unlikely to meet long-term demographic needs.

10. In converting the population to households, it is also important to recognise that the 2012 SNHP makes assumptions about household formation, and the propensity of different age groups to form their own households. Analysis of these assumptions within this report highlights that this, too, has been influenced by recent market conditions, with the ability of younger age groups to form their own households falling since around 2001. This preceded a period of significant house price growth, with evidence suggesting that some market signals – but by no means all – have slightly worsened in Stoke-on-Trent and Newcastle-under-Lyme over this period.

11. Household formation rates have therefore been adjusted for younger age groups to support a return to the rates of household formation seen in 2001, when house prices and affordability were more in line with longer term national trends. Applied to the upper end of the range based on 10 year trends, this would require **1,177 dwellings per annum** across the two authorities, with 367 dwellings annually in Newcastle-under-Lyme and 810 dwellings in Stoke-on-Trent. This represents an uplift of around 70% compared to the scale of need suggested under the 2012 SNHP.

12. The PPG also expects local authorities to ensure that the growth in labour force required to support likely job growth can be accommodated through housing provision. The Councils have recently commissioned an Employment Land Review to establish the likely level of job growth in the two authorities over the plan period, based on current conditions and planned investment. This work is on-going at the time of writing, and in the absence of these finalised outputs, two employment forecasts – from Experian and Oxford Economics, two respected forecasting houses – have been considered, which forecast the creation of between 948 and 1,420 new jobs annually between 2013 and 2039. This represents a significant increase compared to the historic position, which has seen employment fall by almost 400 jobs per annum between 1997 and 2012.

13. Job creation of this scale would represent a fundamentally different economic context for the housing market area than that implied by the demographic trend-based

projections, and modelling has therefore been undertaken to illustrate the level of growth in labour force required to support forecast job creation. This suggests that a greater retention or attraction of people would be required to grow the labour force, resulting in a higher need for between **1,504 and 1,917 dwellings per annum**. This takes account of the household formation rate sensitivity applied to the demographic scenarios presented above. The finalisation of the ELR will allow this end of the range to be refined, based on an assessment of likely future job growth in both authorities.

14. This report also considers the need for affordable housing in the housing market area, based on a calculation which follows the methodology in the PPG. The assessment – set out in section 7 – suggests a need to provide around 271 affordable units per annum to meet newly arising need in the future, requiring an uplift to 424 units per annum over the next five years to clear the backlog of existing households on the waiting list.

15. While this cannot be directly compared to the objective assessment of need, it does suggest that meeting housing needs arising from a 10 year migration trend or employment-led scenario would also be likely to meet the level of affordable housing need identified over the plan period. This further reinforces the importance of uplifting beyond the 'starting point' of the 2012 SNHP.

16. Taking account of adjustments for longer-term demographic projections, adjusted household formation rates for younger households and an adjustment for economic need, the SHMA concludes a need for housing in the HMA of between **1,177 and 1,504 dwellings per annum** over the period 2013 – 2039.

17. This should be considered as the objectively assessed need for the housing market area where there are no identified development constraints, with growth of this scale supporting economic growth and improving affordability.

18. Where other aspects of the evidence base identify development constraints – in line with the tests set in the NPPF – which impact on the ability to meet the housing need in full, it is important to consider these in the context of the demographic adjusted level of need, **1,177 dwellings per annum**. Under circumstances where there is strong evidence of development constraints, it is considered that it would be less likely that housing would be constraining economic growth. In this set of circumstances, the implied labour force growth resulting from a lower level of population and household growth would be more likely to impact strongly on policies for economic growth. This position will need to be considered further following the conclusions of the ELR.

19. The specific needs of different groups in Newcastle-under-Lyme and Stoke-on-Trent also need to be considered, in line with the PPG:

- A sizeable growth in the number of older residents is expected, which will lead to an increased need for specialist accommodation, although it is important to recognise that many older people may prefer to live independently for as long as possible;

- It is evident that the number of students has increased within the two authorities historically as a result of the expansion of the two Universities. Both Universities have plans to grow and re-develop which may have implications for the future growth of student numbers and the creation of additional pressures on the need for housing above those projected under the demographic scenarios. Careful monitoring will be required as these plans to develop to assess the impact on the housing market and the overall assessment of housing need;

- There is an ongoing need to ensure that there is a sufficient supply of adapted homes, through the Disabled Facilities Grant or other initiatives such as Lifetime Homes;

- There is a longstanding and evidenced relative shortage of higher value housing in Stoke-on-Trent and Newcastle-under-Lyme, which limits the ability of households to move up the housing ladder and often leads to people moving elsewhere. Retaining these households through delivery of a targeted housing offer can potentially grow the skilled workforce and support economic growth;

- It is important to recognise that housing characteristics of BME groups can significantly deviate from the average profile for both authorities, and it is important to acknowledge this variance in planning for an appropriate tenure and size mix; and

- The potential for self-build and custom build homes should also be considered where they will meet specific needs, particularly recognising the Government's ambition to increase the role of this type of development in meeting housing need.

1. Introduction

1.1 This report presents a new Strategic Housing Market Assessment (SHMA) for Stoke-on-Trent and Newcastle-under-Lyme. The research has been undertaken by Turley in partnership with specialist demographic consultancy Edge Analytics.

Purpose of the SHMA

1.2 The preparation of a new joint SHMA for Newcastle-under-Lyme and Stoke-on-Trent will form a key part of the evidence base for the new Joint Local Plan, identifying a range of suitable objectively assessed housing need targets in conformity with guidance outlined in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

1.3 This SHMA supersedes the previous 2012/13 Stoke-on-Trent SHMA, produced by GVA. Where appropriate, analysis and informing data has been used from this previous SHMA within this document.

1.4 The analysis of housing market area geographies confirms that the two authorities can be considered as representing a single housing market area geography for the purpose of developing the SHMA. However, it also identifies that there are 'overlapping' market geographies, and housing market connections with a number of neighbouring authorities including Staffordshire Moorlands, Stafford and Cheshire East. These linkages are recognised within the SHMA, and the evidence base should continue to be monitored alongside emerging evidence for these authorities through the Duty to Co-operate process.

National Planning Policy Framework

1.5 The National Planning Policy Framework (NPPF) was published by the Department for Communities and Local Government (DCLG) in March 2012 – after the publication of the previous Stoke-on-Trent SHMA – and sets out guidance on preparing this evidence. Firstly, it is important to recognise that the NPPF is built around a policy commitment to achieve sustainable development. A '*presumption in favour of sustainable development*' is at the heart of the NPPF, requiring local authorities to adopt a positive approach in the development of their Local Plans in order to '*seek opportunities to meet the development needs of an area*'[1].

1.6 Further clarification is provided through the core planning principles set out in paragraph 17 of the Framework. Importantly, this includes the following requirement that planning should:

"Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land

[1] DCLG (2012) National Planning Policy Framework (para 14)

which is suitable for development in their area, taking account of the needs of the residential and business communities"[2]

1.7 On the issue of housing, the Framework states that, in order to boost the supply of housing, local authorities should:

"Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework"[3]

1.8 This is qualified further in paragraph 14, which states that:

"Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to change unless:

– *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or*

– *specific policies in this Framework indicate development should be restricted."*[4]

1.9 The Framework provides further guidance on the use of a proportionate evidence base, stating that:

"Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals"[5]

1.10 The NPPF explains that a number of drivers and datasets should be considered when establishing this estimate of the objectively assessed housing need:

"Local planning authorities should have a clear understanding of housing needs in their area. They should:

– *Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*

  - *Meets household and population projections, taking account of migration and demographic change;*

[2] *Ibid* (para 17)
[3] *Ibid* (para 47)
[4] *Ibid* (para 14)
[5] *Ibid* (para 158)

- *Addresses the need for all types of housing, including affordable housing and the needs of different groups…; and*

Caters for housing demand and the scale of housing supply necessary to meet this demand"[6]

Planning Practice Guidance

1.11 The NPPF recognises that local authorities are required to undertake an assessment of the need for housing, identifying the SHMA as the central evidence based document for establishing objectively assessed housing needs.

1.12 In March 2014, DCLG released a full set of new national Planning Practice Guidance (PPG) notes, in response to the Taylor Review. This replaced the previous beta version, which was released in August 2013, and the final version included a number of updates but largely retained the content of the beta version. Of particular relevance to the calculation of the objectively assessed needs of an area is the publication of the guidance note titled *'Housing and economic development needs assessments'*.

1.13 The PPG sets out a framework that local authorities can follow to develop a good understanding of how housing markets operate, in line with the requirements of the NPPF. It retains the core methodological processes set out in the 2007 DCLG Guidance[7] – which the PPG now supersedes – whilst providing additional clarity on the methodology required to establish objectively assessed need within a housing market area.

1.14 Clarification is provided within the PPG around the 'definition of need':

"Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand"[8]

1.15 A clear distinction is made between the 'objective assessment of need' (OAN) and the development of planning policy to seek to provide for future needs:

"The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans"[9]

1.16 With regards to the calculation of need, the PPG states:

---

[6] *Ibid* (para 159)
[7] DCLG (2007) Strategic Housing Market Assessments – Practice Guidance
[8] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_003
[9] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_004

"There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance"[10]

1.17 The PPG identifies that the household projections published by DCLG should provide the starting point for the estimate of overall housing need[11]. Importantly, the PPG states:

"Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates"[12]

1.18 Importantly, the PPG also confirms that in identifying the OAN, the evidence should be proportionate, and should not consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur[13].

1.19 The PPG recognises the importance of taking other long-term drivers of the housing market into account in understanding future projections of need. The guidance states that importance should be attributed to employment trends, noting:

"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area… Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems"[14]

1.20 In addition to economic factors, the PPG also recognises the importance of taking market signals into account:

[10] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_005
[11] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_015
[12] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_017
[13] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_003
[14] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_018

"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings"[15]

Duty to Co-operate: policy and legislative framework

1.21 The NPPF states that local authorities have a 'Duty to Co-operate' on planning issues that cross administrative boundaries. The Planning and Compulsory Purchase Act (2004) also requires local authorities to engage constructively with neighbours.

1.22 The NPPF makes particular reference to the importance of effectively fulfilling this duty when considering – and presenting – the strategic policies to deliver new homes and jobs within Local Plan preparation.

1.23 The NPPF provides guidance to local authorities regarding the appropriate measures to undertake in order to fulfil the duty:

- Joint working on areas of common interest is to be diligently undertaken to the mutual benefit of neighbouring local authorities;
- Collaborative working is to be undertaken between local authorities and other bodies, such as Local Enterprise Partnerships (LEPs); and
- Consideration of the preparation of joint planning policies on strategic matters.

1.24 The Duty to Co-operate therefore acts as the mechanism by which local planning authorities can effectively:

"Ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans"[16]

1.25 The NPPF states that the required outcome of the Duty to Co-operate is that, through this constructive process, it should enable:

"Local planning authorities to work together to meet development requirements which cannot be met within their own areas"[17]

1.26 The PPG provides further guidance on the Duty to Co-operate, particularly clarifying the expectation for local planning authorities to take a strategic approach in the development of a Local Plan, in compliance with requirements of the NPPF. Importantly, in relation to the objective assessment of need, it is noted that:

"Local Plans should be based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring local planning authorities where it is reasonable to do so and consistent with achieving sustainable development. Therefore, if a local planning authority preparing a Local Plan provides robust evidence of an unmet requirement, such as

---

[15] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019
[16] DCLG (2012) National Planning Policy Framework (para 179)
[17] *Ibid* (para 179)

unmet housing need, identified in a Strategic Housing Market Assessment, other local planning authorities in the housing market area will be required to consider the implications, including the need to review their housing policies"[18]

1.27 Finally, the PPG clarifies that the Duty to Co-operate is not necessarily a duty to agree. Clarification is provided to explain that there is not an obligation for unmet needs from other authorities in a housing market area to be met in addition to an authority's own needs. However, in arriving at this position, the PPG states that:

"Local planning authorities are not obliged to accept the unmet needs of other planning authorities if they have robust evidence that this would be inconsistent with the policies set out in the National Planning Policy Framework, for example policies on Green Belt or other environmental constraints"[19]

1.28 The Councils are committed to maintaining a process of engagement in order to ensure compliance with the Duty to Co-operate. Neighbouring authorities have been contacted during production of the SHMA to establish their latest evidenced position on housing need, and explore any potential housing market area linkages. Neighbouring authorities were also invited to attend the stakeholder workshop held during the research process.

Methodological Approach

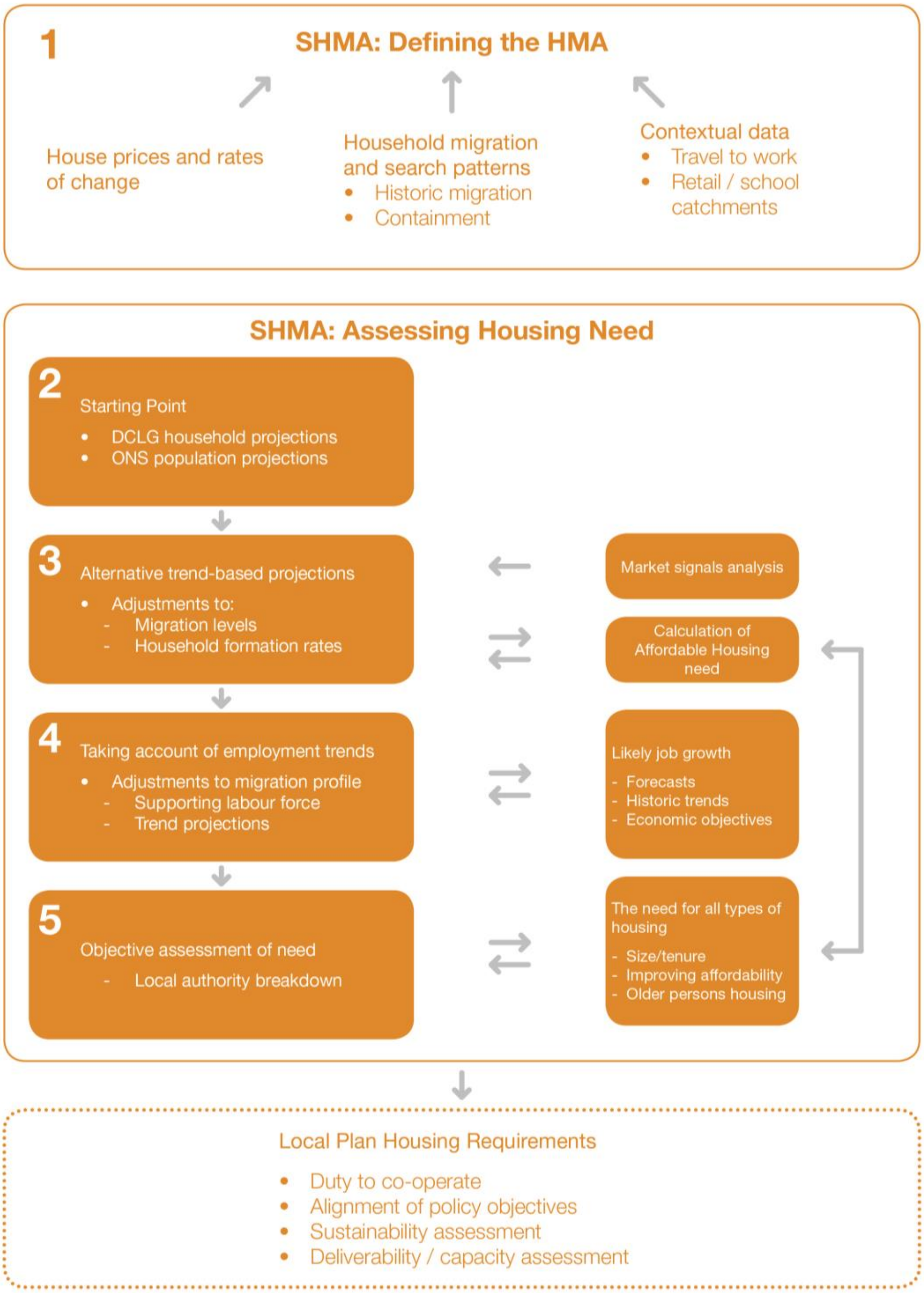
1.29 Turbulence in the economy and housing market in recent years makes this an extremely interesting time to evaluate the extent to which the market has evolved, although it also presents a number of challenges in forecasting likely trajectories of change.

1.30 In order to reflect these issues in understanding housing need, the analysis presented in this report adopts a scenario-driven approach which considers the impacts of different input assumptions relating to demographic and economic factors, as well as market signals. This approach is consistent with national guidance, and is set out in the diagram below.

[18] http://planningguidance.planningportal.gov.uk/blog/guidance/duty-to-cooperate/what-is-the-duty-to-cooperate-and-what-does-it-require/#paragraph_020

[19] http://planningguidance.planningportal.gov.uk/blog/guidance/duty-to-cooperate/what-is-the-duty-to-cooperate-and-what-does-it-require/#paragraph_021

Figure 1.1: Objectively Assessed Needs – Methodology



Source: Turley, 2015

Stakeholder Engagement

1.31 It is important to engage with stakeholders in order to obtain a wide-ranging set of views on the local housing market, and to provide further insights to assess the wide range of data sources used.

1.32 A stakeholder workshop was held in January 2015 to present the methodology and emerging findings from the SHMA. This was attended by 44 people from a range of organisations, including house builders, housing associations, Councillors, Parish Councils and neighbouring authorities. Following the presentation, stakeholders were split into several discussion groups, with the outputs of these discussions used to inform the presentation and interpretation of evidence within this report. Group discussions are summarised in Appendix 1 with headline points emerging including:

- General agreement that Stoke-on-Trent and Newcastle-under-Lyme share a housing market area;
- The recession has had an impact on the operation of the housing market across both authorities with the growth in the private rented sector one important identified outcome;
- Viability has been and continues to be a significant challenge for many parts of the study area, although there are some signs of improvement in land values;
- The health of the local economy represents an important factor in the comparable market demand. It was noted that the loss of a number of major employers through the recession has had an impact on employment opportunities which in turn is likely to have had an impact on the operation of the housing market; and
- Affordability remains an issue across both authorities with this primarily driven by low wages and limited job opportunities as opposed to house prices or rental levels. The private sector plays a large role in meeting needs but it was noted that there were concerns around the quality of parts of this stock.

1.33 A further engagement exercise was undertaken in February 2015 to obtain the views of local estate agents on the operation of the housing market across the two authorities.

Report Structure

1.34 The remainder of this report is structured around the following sections:

- **Section 2 – Housing Market Area Geography** – an introduction to the spatial geographies used in the SHMA. This represents a summary of the separate Defining Housing Market Area Geographies report included as Appendix 2;
- **Section 3 – Housing Stock** – an assessment of the current profile of the housing stock across Stoke-on-Trent and Newcastle-under-Lyme, identifying change over time. This includes estimates of the current housing offer, with the number of current dwellings disaggregated by size, type, condition and tenure;
- **Section 4 – Demographic and Economic Drivers of the Market** – this section contains an analysis of the key long-term drivers of the housing market, including a range of demographic and economic factors;
- **Section 5 – Market Signals** – the relationship between supply and demand manifests itself in the operation of the active housing market. House prices, rental

values and key measures of demand are all key indicators of market behaviour, providing a picture of the current health of the market and its future direction of travel;

- **Section 6 – Alternative Projections of Housing Need** – a range of population and household projections are presented, built using the POPGROUP model. The assumptions underpinning these projections are derived from the analysis of historic and future trends set out in sections 3 - 5. Projected growth in the number of households is translated into associated estimates of the implied need for housing of all tenures;

- **Section 7 – Affordable Housing Need** – a calculation of the level of need for affordable housing has been undertaken, with data to populate the model drawn from a range of secondary data sources. Income and housing costs are considered in order to assess the role of different 'affordable' products in meeting need, including intermediate housing. This section includes an estimation of the breakdown by size of the affordable housing identified as being required over the next five years in the housing market area;

- **Section 8 – Housing Requirements of Specific Groups** – this section draws out specific conclusions related to a series of household groups with particular housing requirements in Stoke-on-Trent and Newcastle-under-Lyme, based on information gathered primarily through secondary sources and drawing upon the analysis in preceding sections;

- **Section 9 – Study Conclusions and the Objective Assessment of Need** – the SHMA concludes with a section outlining the conclusions and recommendations arrived at through this research. This includes an evaluation of the evidence presented in the preceding sections in order to arrive at an objectively assessed need for the HMA and the two constituent authorities

2. Housing Market Area Geography

2.1 National guidance highlights the importance of understanding the operation and scope of housing market areas. The NPPF establishes a requirement to address need and demand for housing at both local authority and housing market area level, while the PPG provides guidance on the approach to defining a housing market area.

Housing Market Area

2.2 A housing market area is defined within the PPG as:

"A geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap"[20]

2.3 The PPG sets out the key sources of information to be considered in assessing the definition of a housing market area:

- **House prices and rates of change in house prices** – analysis of these leading indicators is intended to provide a market-based reflection of housing market area boundaries;

- **Household migration and search patterns** – considering peoples movements provides an indication of housing search patterns, and the extent to which people move house within a specific geography. Importantly, the PPG states that the findings can identify areas within which a relatively high proportion of household moves – typically 70% – are contained; and

- **Contextual data** – the guidance suggests that this could include commuting patterns, retail and school catchment areas. On commuting, the guidance suggests that this can provide information about commuting flows and the spatial structure of the labour market, which can influence household price and location. These geographies can also provide information about the areas within which people move without changing other aspects of their lives, such as work or service use.

2.4 Appendix 2 of this report – Defining Housing Market Area Geographies – includes analysis of these principal sources of information, as well as a review of existing defined housing market areas, in order to assess the housing market area for Stoke-on-Trent and Newcastle-under-Lyme and the extent to which they can be considered as representing a housing market area for the purposes of undertaking a SHMA in line with the PPG. The key conclusions of this assessment are summarised below:

- Migration data from the 2011 Census was released in July 2014, and provides the most reliable and comprehensive picture of movements across the country. This indicates that **74.9% of people who move from an address in Stoke-on-Trent or Newcastle-under-Lyme relocate to another address within the two**

[20] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/#paragraph_010

authorities, indicating a relative containment of moves. Notably, this surpasses the 70% threshold highlighted in the PPG. Given that neither authority surpasses this threshold in isolation – with containment of 67.4% of moves from addresses in Stoke-on-Trent and 55.6% of moves from Newcastle-under-Lyme – this indicates that the two authorities can only be considered as a housing market area collectively, based on migration and containment of moves;

- While the evidence highlights a relatively self-contained market area, it is important to acknowledge relationships with other authorities in the context of migration data. Both Stoke-on-Trent and Newcastle-under-Lyme share the strongest relationships with each other, with a net flow of migrants from Stoke-on-Trent to Newcastle-under-Lyme. Both authorities also share a strong relationship with Stafford, Cheshire East and Staffordshire Moorlands, with a notable rate of outmigration from the two authorities to these authorities;

- The PPG also suggests that house prices and house price trends should be analysed to understand housing market dynamics. The latest DCLG house price data shows that house prices in Stoke-on-Trent were typically lower than in neighbouring authorities, although average values in the borough of Newcastle-under-Lyme are also relatively low having seen the lowest level of growth during the decade prior to the recession. Given that house prices in both Newcastle-under-Lyme and particularly Stoke-on-Trent are towards the lower end of the averages for neighbouring authorities, it could be considered that the two share similar market characteristics, although average prices in Stoke-on-Trent have historically been lower;

- Commuting provides further contextual indication of the relative containment of market geographies, with 2011 Census data showing that **75.3% of working residents in Stoke-on-Trent and Newcastle-under-Lyme commute to a place of work within the two authorities**. This again suggests a containment of labour within the two authorities, with Newcastle-under-Lyme – notably – having a low level of containment when considered in isolation, with approximately one third of residents commuting to work in Stoke-on-Trent. This again highlights the strong relationship between the two authorities; and

- The analysis in Appendix 2 also considers a number of other contextual datasets set out in the PPG to understand housing market dynamics in the area. This includes retail and school catchments. These indicate the operation of more localised market geographies at play within each of the authorities, but also suggest a level of inter-relationship between the two authorities through the larger centres of Newcastle-under-Lyme and the city centre in Stoke-on-Trent.

2.5 On the basis of the analysis presented above, it is considered that both Stoke-on-Trent and Newcastle-under-Lyme act as a single housing market area for the purpose of assembling the evidence presented within this SHMA. This reflects the fact that a high proportion of moves are contained within this geography, while a high proportion of labour is also retained within the two authorities. The two authorities also share similar market characteristics, although it is evident that values in Stoke-on-Trent are typically lower than in Newcastle-under-Lyme.

2.6 Appendix 2 also considers housing market area definitions in neighbouring authorities, which highlighted the complex nature of local geographies. Evidence prepared for several neighbouring authorities – including Staffordshire Moorlands and Stafford – fail to show a level of containment at a local authority level, with their evidence suggesting that they cannot be considered as self-contained housing market area geographies. Their evidence therefore concludes that they are influenced by wider market geographies, including Stoke-on-Trent and Newcastle-under-Lyme.

2.7 In particular, the Staffordshire Moorlands SHMA – published in June 2014[21] – does not consider the authority to be a self-contained housing market area, with the conclusions highlighting that the Council should continue to liaise with Stoke-on-Trent City Council under the Duty to Co-operate. This reflects the complex nature of Staffordshire Moorlands – with some wards showing higher levels of containment and others evidently showing strong linkages with Stoke-on-Trent – and will ensure that housing needs are met in full at a strategic level.

2.8 This relationship is important to consider when assessing housing needs in Stoke-on-Trent, with updated migration data from the 2011 Census also showing that 70.5% of people moving from an address in Stoke-on-Trent or Staffordshire Moorlands during the year before the Census moved to another address within the two authorities. This also surpasses the 70% threshold in the PPG, with this level of containment increasing to 77% when moves from Newcastle-under-Lyme are also included.

2.9 While recognising these relationships, it is appropriate to consider Stoke-on-Trent and Newcastle-under-Lyme as a housing market area for the purposes of this assessment, in accordance with the PPG, given the linkages – in terms of migration, commuting and house prices – evidenced above and in Appendix 2. This geography also meets the thresholds suggested within the PPG, particularly regarding migration.

2.10 It is, however, also important to establish a wider context, and therefore this report includes headline analysis of housing, demographic and market characteristics of Stafford and Staffordshire Moorlands[22], in order to allow comparison with both Newcastle-under-Lyme and Stoke-on-Trent. Appendix 3 of this report also audits the evidence base of neighbouring authorities to assess any potential implications for the two authorities. In particular, it was identified through the stakeholder workshop that there were relationships with Cheshire East, in particular with regard to those areas bordering the authority in Newcastle-under-Lyme[23]. Evidently, the consideration of market linkages and implications with neighbouring authorities will need to be kept under review by the authorities through on-going Duty to Co-operate discussions.

---

[21] NLP (2014) Staffordshire Moorlands Strategic Housing Market Assessment and Housing Needs Study

[22] Stafford and Staffordshire Moorlands are presented in tables in this report where data is available. Cheshire East is not included on the basis that its evidence base indicates that the authority operates as a self-contained housing market area.

[23] The Inspector considering the Cheshire East Local Plan identified within his letter setting out his initial views (6th November 2014) at paragraph 18 that: *'most parties agree that Cheshire East is a reasonably self-contained area, subject to recognising the links with Cheshire West & Chester, Greater Manchester and north Staffordshire and the existence of more localised housing market sub-areas within Cheshire East.'*

Sub-Area Geographies

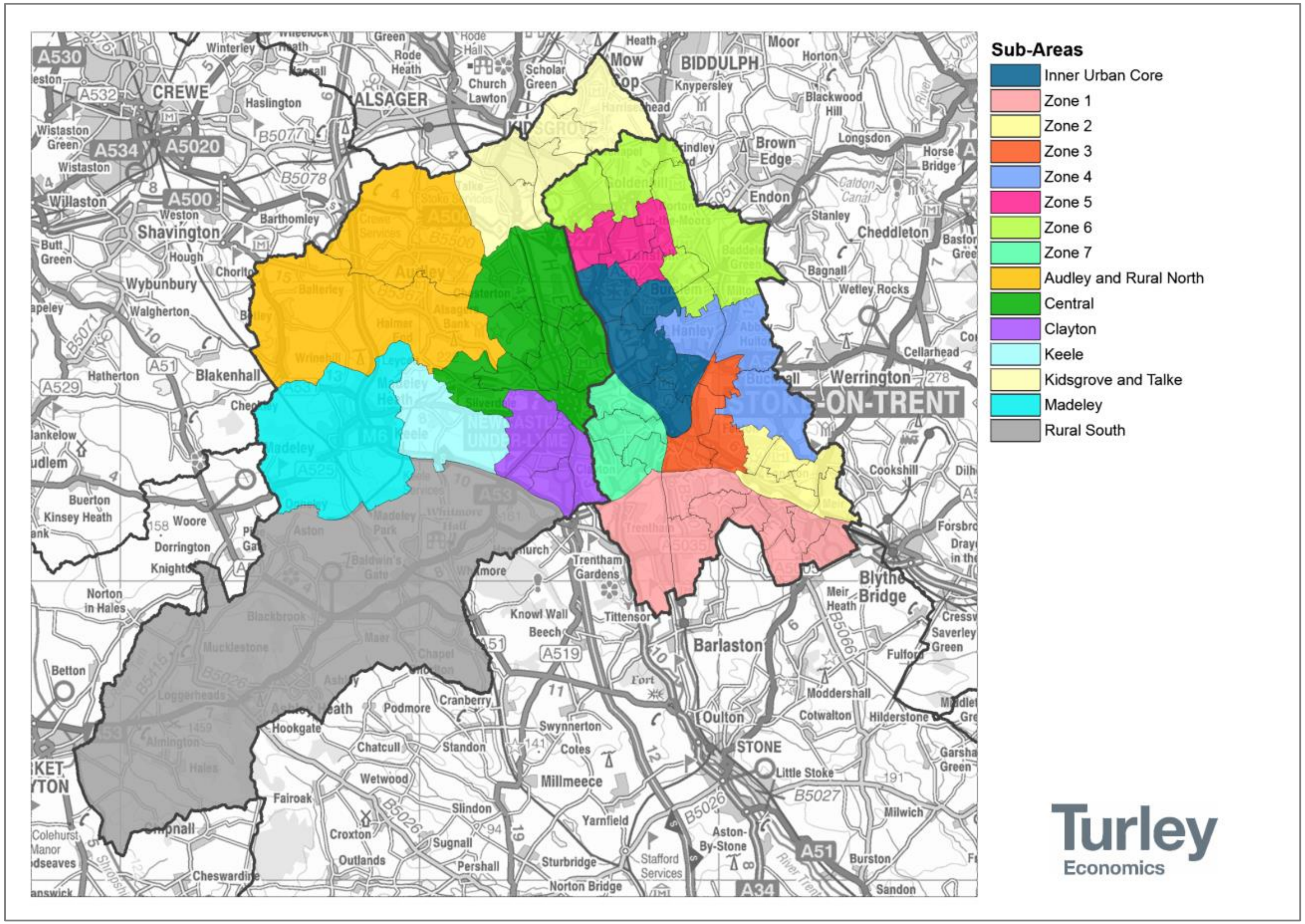
2.11 As identified above, the appendix also seeks to identify smaller local sub-markets in Stoke-on-Trent and Newcastle-under-Lyme using a range of datasets, in order to highlight spatial variations within the authorities. The previous Stoke-on-Trent SHMA[24] – prepared in 2012 and finalised in February 2013 – defined a set of sub-market areas that are retained within this assessment. However, for Newcastle-under-Lyme, sub-market geographies are defined in the appended report, based on analysis of a range of spatial indicators – including migration and house prices – alongside a more detailed review of other contextual data to identify and test local markets in the borough. The process for defining these local markets is set out in Appendix 2.

2.12 The following graphic illustrates the sub-areas used in this assessment, based on 2011 ward geographies. Figures 3.5 and 3.9 of Appendix 2 detail the wards included within each sub-area.

2.13 Analysis within this report is directly constructed around the sub-areas presented – where data is available – with data presented in tables. Corresponding mapping of selected key statistics on demographics, the housing stock and the housing market are also presented within chapter 4 of Appendix 2.

[24] GVA (2013) Stoke-on-Trent Strategic Housing Market Assessment 2012

Figure 2.1: Sub-Area Geographies



Source: Turley, 2015

3. Housing Stock

3.1 This section provides an assessment of the current housing stock in Stoke-on-Trent and Newcastle-under-Lyme, with the findings of the 2011 Census – published from July 2012 in stages by ONS – integrated within the analysis, allowing consideration of changes and trends since 2001. This is augmented by other datasets and information provided by the Councils, primarily related to Council Tax data.

Current Stock Profile

3.2 The number of dwellings in Stoke-on-Trent and Newcastle-under-Lyme increased by around 5,957 between 2001 and 2011, equivalent to a 3.7% increase in housing stock across the two authorities. In absolute terms, the change over this period was greater in Stoke-on-Trent, although Newcastle-under-Lyme saw a greater proportionate increase. The growth in the number of dwellings in Stoke-on-Trent and Newcastle-under-Lyme has fallen below the rate of growth evidenced within the comparator areas of Staffordshire Moorlands, Stafford, the West Midlands and England, with the overall proportional dwelling growth being less than half of that at the national level and less than one third of the growth seen in the neighbouring authority of Stafford, where the housing stock evidently grew at a considerable rate over this period. This is summarised in the table below, and presented spatially in Figure 4.1 of Appendix 2.

Figure 3.1: Number of Dwellings 2001 – 2011

Sub-area	2001	2011	Change	%
Stoke-on-Trent	**108,010**	**111,865**	**3,855**	**3.6%**
Inner Urban Core	12,989	13,338	349	2.7%
Zone 1	20,965	21,671	706	3.4%
Zone 2	11,815	12,024	209	1.8%
Zone 3	7,578	8,116	538	7.1%
Zone 4	14,725	14,399	-326	-2.2%
Zone 5	9,901	10,356	455	4.6%
Zone 6	18,524	19,840	1,316	7.1%
Zone 7	11,513	12,121	608	5.3%
Newcastle-under-Lyme	**52,118**	**54,220**	**2,102**	**4.0%**
Audley and Rural North	4,187	4,377	190	4.5%
Central	23,301	24,235	934	4.0%
Clayton	9,495	9,903	408	4.3%
Keele	396	440	44	11.1%
Kidsgrove and Talke	10,049	10,383	334	3.3%
Madeley	1,902	1,939	37	1.9%
Rural South	2,788	2,943	155	5.6%
Stoke-on-Trent and Newcastle-under-Lyme	**160,128**	**166,085**	**5,957**	**3.7%**
Staffordshire Moorlands	40,580	43,585	3,005	7.4%
Stafford	51,575	57,510	5,935	11.5%
West Midlands	2,224,651	2,376,728	152,077	6.8%
England	21,206,804	22,976,066	1,769,262	8.3%

Source: Census 2001, Census 2011

3.3 As shown, changes in the housing stock have varied across all areas of Stoke-on-Trent and Newcastle-under-Lyme, although generally the number of dwellings has increased from 2001-2011 in each sub-area. The exception is Stoke-on-Trent's Zone 4 which has seen a decrease in dwellings over the period, reflecting the impact of regeneration programmes which have involved the clearance of properties.

3.4 In absolute terms, sub-area Zone 6 in Stoke-on-Trent has seen the greatest increase of the two local authorities, with an additional 1,316 dwellings in 2011 relative to 2001. This zone includes those areas of the authority with higher average house prices.

3.5 Within Stoke-on-Trent it is apparent that levels of provision, in proportionate terms, have been lower within the Inner Urban Core as well as zones 2 and 4 which form the central eastern areas of the authority.

3.6 In Newcastle-under-Lyme the strongest proportionate levels of provision have been seen in Rural South and Keele, although in the case of the latter this reflects the very low number of properties in the sub-area.

Dwelling Type

3.7 The following table provides a further assessment of the housing stock, through the identification of the type of dwelling provided in each area. The following table presents the type of accommodation in each sub-area at the time of the 2011 Census, with figures shown as a proportion of all household spaces[25]. Comparable figures for the neighbouring authorities of Staffordshire Moorlands and Stafford are shown for comparison in addition to the West Midlands and England.

[25] A household space is accommodation which is used, or available for use, by an individual household. A dwelling may comprise one or more household spaces.

Figure 3.2: Household Spaces by Type 2011

	Detached	Semi-Detached	Terraced	Flat	Caravan
Stoke-on-Trent	**14.1%**	**44.6%**	**29.6%**	**11.6%**	**0.1%**
Inner Urban Core	5.3%	20.0%	49.6%	25.0%	0.1%
Zone 1	26.8%	49.6%	14.9%	8.7%	0.0%
Zone 2	14.3%	61.5%	16.3%	7.9%	0.0%
Zone 3	9.1%	33.8%	46.0%	11.0%	0.0%
Zone 4	9.0%	51.1%	27.1%	12.8%	0.0%
Zone 5	10.0%	46.8%	34.1%	9.0%	0.0%
Zone 6	19.0%	49.7%	25.0%	6.0%	0.3%
Zone 7	6.2%	35.6%	42.1%	16.2%	0.0%
Newcastle-under-Lyme	**24.5%**	**43.8%**	**20.2%**	**11.4%**	**0.1%**
Audley and Rural North	30.8%	35.2%	27.1%	6.9%	0.0%
Central	13.1%	43.4%	27.7%	15.8%	0.0%
Clayton	32.9%	42.3%	13.5%	11.1%	0.2%
Keele	33.4%	31.4%	13.9%	21.4%	0.0%
Kidsgrove and Talke	25.5%	57.0%	11.8%	5.7%	0.0%
Madeley	34.9%	38.8%	15.9%	10.3%	0.1%
Rural South	69.2%	23.8%	4.0%	2.1%	1.0%
Stoke-on-Trent and Newcastle-under-Lyme	**17.5%**	**44.4%**	**26.5%**	**11.6%**	**0.1%**
Staffordshire Moorlands	40.2%	37.5%	16.6%	5.5%	0.2%
Stafford	37.0%	32.7%	17.1%	12.6%	0.6%
West Midlands	23.7%	36.8%	22.9%	16.2%	0.4%
England	22.3%	30.7%	24.5%	22.1%	0.4%

Source: Census 2011

3.8 Comparisons against the national average show that Stoke-on-Trent is characterised by a higher proportion of semi-detached and terraced stock at 44.6% and 29.6%, respectively. The highest proportion of the semi-detached stock is found in sub-area Zone 2, where a significant 61.5% of overall stock is semi-detached housing. This differs from the Inner Urban Core of Stoke-on-Trent where semi-detached properties make up just 20% of stock whilst the greatest proportion of terraced stock, at 49.6%, is predominantly found in this Zone.

3.9 In contrast, there are relatively few flats found in Stoke-on-Trent – that is, fewer than 10% of household spaces in Zone 1, Zone 2, Zone 5 and Zone 6 are flats. The highest proportion of flatted properties is in the Inner Urban Core, which holds approximately 25% of flats, which is greater than the regional and national averages of 16.2% and 22.1% respectively.

3.10 In contrast to Stoke-on-Trent, Newcastle-under-Lyme has a higher proportion of detached properties more in line with the regional and national levels. Examining the sub-areas the Rural South in particular includes a high proportion of this stock type, with almost 70% of properties classified as detached. Across Newcastle-under-Lyme, this is reflected in a notably lower proportion of terraced properties when compared against Stoke-on-Trent, but with levels also below regional and national comparators. This does, though, surpass Stafford and Staffordshire Moorlands, where there are notably high proportions of detached stock.

3.11 As with Stoke-on-Trent, however, Newcastle-under-Lyme also demonstrates a significant proportion of semi-detached properties, with almost 44% of housing classified as this stock type. Within Newcastle-under-Lyme the highest proportion of semi-detached houses is found in the Kidsgrove and Talke sub-areas.

3.12 Similarly, Newcastle-under-Lyme has a low number of flats. Like Stoke-on-Trent, the district has approximately half of the national average with the lowest proportion found in the Rural South. The highest proportion of flats is found in the Keele and Central wards with 21.4% and 15.8%, respectively.

3.13 When considering the housing stock in Stoke-on-Trent and Newcastle-under-Lyme, it is useful to assess how the type mix has changed in recent years. The absolute change in each housing type for each sub-area from 2001-2011 can be calculated to highlight the type of new housing provided. A positive figure indicates an increase in a housing type, while a negative figure indicates a loss.

Figure 3.3: Absolute Change in Stock by Dwelling Type 2001 – 2011

Sub-Area	Detached	Semi-Detached	Terraced	Flat	Caravan
Stoke-on-Trent	**1,486**	**1,041**	**-1,722**	**3,280**	**-5**
Inner Urban Core	333	140	-1,405	1,372	1
Zone 1	383	48	-61	337	4
Zone 2	137	-96	-27	182	0
Zone 3	37	106	123	313	-1
Zone 4	-122	38	-323	91	-7
Zone 5	64	330	18	60	-6
Zone 6	522	318	125	370	4
Zone 7	132	157	-172	555	0
Newcastle-under-Lyme	**665**	**372**	**19**	**1,154**	**-21**
Audley and Rural North	75	61	24	33	-1
Central	152	97	-94	850	-10
Clayton	160	129	17	116	-2
Keele	2	1	11	32	0
Kidsgrove and Talke	140	91	31	85	-6
Madeley	0	-16	-2	57	1
Rural South	136	9	32	-19	-3
Stoke-on-Trent and Newcastle-under-Lyme	**2,151**	**1,413**	**-1,703**	**4,434**	**-26**
Staffordshire Moorlands	995	879	449	694	-13
Stafford	1,504	1,389	1,121	2,026	15

Source: Census 2001, Census 2011

3.14 As shown there has been notable growth in most types of housing in both Stoke-on-Trent and Newcastle-under-Lyme, with the exception of terraced housing and caravans. The terraced stock has dropped significantly in Stoke-on-Trent, which has been particularly driven by a decline in terraced stock in the Inner Urban Core with circa 1,400 less terraced properties in 2011 than 2001. Newcastle-under-Lyme's Central zone has also seen a decrease in terraced properties over the period. The reduction in this stock type in these areas reflects the impact of regeneration programmes which have sought to improve the overall stock profile and remove properties in low demand. Interestingly, this contrasts with Stafford and Staffordshire Moorlands, which have both seen a growth in terraced stock.

3.15 Although the earlier analysis suggests that flats make up a relatively small proportion of the total housing stock, around 4,400 additional flats have been delivered in Stoke-on-Trent and Newcastle-under-Lyme between 2001 and 2011 – comfortably the main area of change in each of the two authorities, even with 74.0% of the additional flats being delivered in Stoke-on-Trent. The change from 2001-2011 increased the total number of flats in the area by almost a quarter. The Inner Urban Core and Central areas saw the greatest increase in the number of flats, with this representing the main area of growth within these sub-areas.

3.16 A large number of detached properties have also been delivered overall, with an additional 2,151 detached household spaces in 2011 relative to 2001. This additional supply, however, masks a reduction in detached houses in Stoke-on-Trent's Zone 4 – an area which has shown a loss in household spaces overall from 2001-2011 – and Newcastle-under-Lyme's Keele and Madeley zones which have seen little and no growth in detached properties.

Tenure

3.17 An analysis of tenure allows an understanding of the basis on which households occupy their homes. The table below shows the proportion of all within each tenure households in each local authority and sub area, with the West Midlands and England also included as a comparator.

Figure 3.4: Household Tenure 2011

	Owned Outright	Owned with Mortgage/Loan	Shared Ownership	Social Rented	Private Rented from Landlord	Private Rented: Other	Living Rent Free
Stoke-on-Trent	**28.5%**	**31.0%**	**0.4%**	**24.2%**	**13.2%**	**1.2%**	**1.7%**
Inner Urban Core	18.7%	22.0%	0.8%	27.2%	26.7%	2.1%	2.4%
Zone 1	33.3%	34.3%	0.2%	21.9%	7.9%	0.9%	1.6%
Zone 2	31.8%	35.9%	0.7%	21.7%	7.5%	0.9%	1.5%
Zone 3	30.4%	31.8%	0.1%	18.6%	16.3%	1.4%	1.4%
Zone 4	23.5%	25.4%	0.4%	37.7%	9.9%	1.1%	1.9%
Zone 5	27.8%	29.4%	0.2%	26.2%	13.9%	0.9%	1.5%
Zone 6	33.0%	34.8%	0.2%	20.2%	9.4%	0.9%	1.6%
Zone 7	24.9%	30.7%	0.5%	19.5%	21.5%	1.6%	1.3%
Newcastle-under-Lyme	**35.2%**	**33.9%**	**0.4%**	**18.7%**	**9.4%**	**1.1%**	**1.3%**
Audley and Rural North	40.2%	35.4%	0.4%	14.0%	7.7%	1.0%	1.2%
Central	28.8%	32.9%	0.4%	23.5%	11.9%	1.2%	1.3%
Clayton	40.8%	32.7%	0.8%	17.4%	6.1%	0.9%	1.2%
Keele	36.9%	25.2%	1.0%	21.8%	4.2%	8.8%	2.2%
Kidsgrove and Talke	37.8%	36.4%	0.2%	15.5%	8.0%	0.9%	1.1%
Madeley	40.9%	35.4%	0.2%	11.9%	9.5%	1.0%	1.2%
Rural South	48.0%	36.1%	0.2%	5.5%	7.5%	1.1%	1.6%
Stoke-on-Trent and Newcastle-under-Lyme	**30.7%**	**31.9%**	**0.4%**	**22.4%**	**11.9%**	**1.2%**	**1.5%**
Staffordshire Moorlands	44.1%	35.6%	0.3%	8.8%	8.6%	1.2%	1.3%
Stafford	36.4%	35.2%	0.5%	13.6%	11.2%	1.7%	1.3%
West Midlands	32.3%	32.6%	0.7%	19.0%	12.8%	1.2%	1.5%
England	30.6%	32.8%	0.8%	17.7%	15.4%	1.4%	1.3%

Source: Census 2011

3.18 Approximately 63% of households in Stoke-on-Trent and Newcastle-under-Lyme are owner occupied, with a slightly higher proportion of households owning with a mortgage or loan, rather than owned outright. This aligns closely to the national average. However, when identifying the authorities individually, it is apparent that owner occupation in Stoke-on-Trent, at 59.9% of all households, is lower than both the regional and national levels of 65.6% and 64.2%, respectively, whilst owner occupation in

Newcastle-under-Lyme is notably higher at 69.5%. The levels of owner occupation in the neighbouring authorities of Staffordshire Moorlands and Stafford are greater than the levels in Newcastle-under-Lyme with a significant 80.0% and 72.1% of households being owner occupied, respectively.

3.19 In Stoke-on-Trent, the highest proportions of households in owner occupation are in Zones 1, 2 and 6 at around 68%. Nevertheless the proportion of owner occupied households in Newcastle-under-Lyme's Rural South is notably higher at 84.3% of all households, with Madeley, Audley and Rural North, Kidsgrove and Talke and Clayton maintaining levels of around 75% owner occupation.

3.20 Social rented households form the second highest proportion of tenures and in both Stoke-on-Trent and Newcastle-under-Lyme social renting is recognised to be greater than the national average. This is particularly true in Stoke-on-Trent where social rented households represent 24.2%.

3.21 Examining the sub-areas, it is apparent that there are spatial differences with regards to the proportion of social rented stock. Within Stoke-on-Trent, for example, Zone 4 has 37.7% of households classified as living within social rented stock. Other sub-areas such as the Inner Urban Core and Zone 5 also have a higher than average concentration of socially renting households. This differs greatly from the Rural South of Newcastle-under-Lyme, for example, where the tenure accounts for just 5.5% of all households. The Central sub-area in Newcastle-under-Lyme, however, shows similarity with Stoke-on-Trent, with around 24% of all households socially renting. This almost matches the levels seen in Stoke-on-Trent, and is notably higher than other sub-areas in the borough.

3.22 It is also important to recognise how household tenure has changed over recent years, with the following table showing the absolute change in the number of households in each tenure between 2001 and 2011. This is compared to Stafford and Staffordshire Moorlands, with comparison to the national and regional profile undertaken in Figure 3.6.

Figure 3.5: Change in Household Tenure 2001 – 2011

	Owned Outright	Owned with Mortgage/Loan	Shared Ownership	Social Rented	Private Rented from Landlord	Private Rented: Other	Living Rent Free
Stoke-on-Trent	**1,131**	**-3,334**	**-731**	**820**	**7,285**	**454**	**-1,201**
Inner Urban Core	-789	-313	-61	447	1,430	92	-92
Zone 1	884	-767	-159	-41	895	77	-246
Zone 2	570	-486	-146	162	358	50	-142
Zone 3	124	-387	-77	174	662	43	-41
Zone 4	158	-605	-126	-116	792	36	-262
Zone 5	132	-406	-27	36	828	36	-95
Zone 6	264	6	-68	57	1,088	58	-217
Zone 7	-212	-376	-67	101	1,232	62	-106
Newcastle-under-Lyme	**1,944**	**-1,948**	**-223**	**-167**	**2,498**	**181**	**-434**
Audley and Rural North	63	-8	-14	18	160	3	-33
Central	444	-775	-131	56	1,443	99	-248
Clayton	506	-435	-25	-91	391	52	-50
Keele	34	-16	4	28	-1	0	-5
Kidsgrove and Talke	587	-505	-43	-122	399	29	-66
Madeley	94	-115	-8	-49	41	2	-6
Rural South	216	-94	-6	-7	65	-4	-26
Stoke-on-Trent and Newcastle-under-Lyme	**3,075**	**-5,282**	**-954**	**653**	**9,783**	**635**	**-1,635**
Staffordshire Moorlands	2,496	-1,453	-8	214	1,730	130	-136
Stafford	3,653	-1,643	75	557	3,062	395	-421

Source: Census 2001, Census 2011

3.23 As shown, the most notable increase across the Stoke-on-Trent and Newcastle-under-Lyme housing market area has been in the private rented sector, with approximately 9,800 additional households renting from a private landlord or agency in 2011 compared to 2001. This trend is also replicated in neighbouring Stafford and Staffordshire Moorlands.

3.24 Again, there are important spatial distinctions regarding where this tenure has seen growth. A significant proportion of growth in the private rented sector has been concentrated in the Inner Urban Core, Zone 6, Zone 7 and the Central Zone. These sub-areas have also seen a fall in owner occupation, suggesting that there has been a notable change in these areas over this period.

3.25 Notably, the two authorities saw a significant decline in the number of households owning their home with a mortgage or loan. This reflects the impact of the credit crunch, and subsequent economic recession, which saw a more risk-averse bank lending environment than seen in the first half of the previous decade. This made it difficult for many households to access a mortgage, with the evidence suggesting that many turned to the private rented sector which typically requires a smaller upfront financial commitment. Interestingly this is offset by an increase in the number of households who own outright (without a mortgage or loan). This is likely to reflect the proportion of older households who have, over this period, paid off mortgages on property. Nevertheless, the number of households owning their home outright differs between the two authorities. Newcastle-under-Lyme seeing an increase of 12% in outright ownership from 2001 to 2011, whilst Stoke-on-Trent saw just under 4%.

3.26 It is beneficial to determine the extent to which this reflects the regional and national profile, as well as changing trends in neighbouring authorities. This is presented in the following table.

Figure 3.6: Proportionate Change in Household Tenure 2001 – 2011

	Owned Outright	Owned with Mortgage/Loan	Shared Ownership	Social Rented	Private Rented from Landlord	Private Rented: Other	Living Rent Free
Stoke-on-Trent	3.8%	-9.1%	-63.6%	3.3%	105.7%	56.0%	-40.2%
Newcastle-under-Lyme	11.7%	-9.8%	-49.7%	-1.7%	102.6%	45.5%	-39.5%
Staffordshire Moorlands	15.7%	-8.9%	-5.9%	6.1%	92.8%	34.4%	-19.7%
Stafford	22.0%	-7.7%	36.8%	7.9%	96.4%	69.1%	-36.9%
West Midlands	13.7%	-10.1%	5.1%	-1.9%	114.2%	38.1%	-38.3%
England	13.0%	-9.1%	30.0%	-0.9%	89.1%	31.7%	-29.6%

Source: Census 2001, Census 2011

3.27 As shown, Stoke-on-Trent has seen a relatively small growth in outright ownership, compared to neighbouring authorities and the other areas presented above. It has, though, seen a significant growth in the private rented sector – surpassing all but the wider West Midlands – while the social rented sector has also grown, unlike the trend seen nationally and regionally. Newcastle-under-Lyme, too, has seen a fall in the social rented sector, with a higher level of growth in outright ownership compared to Stoke-on-Trent and a greater than national average expansion of the private rented sector.

3.28 The analysis of the Census data also reveals an interesting fall in the number and proportion of households within a shared ownership dwelling between the Census years. It is possible that this trend has in significant part been the result of households staircasing their way into ownership through the ten year period. This potentially reflects the comparatively sustained lower values of properties and the impact of regeneration as neighbourhoods become more established.

Vacancy

3.29 Council Tax data is the most reliable indicator of the number of properties which are unoccupied. In August 2014, a total of 1,401 properties in Newcastle-under-Lyme were vacant. Of these, 366 had been empty for more than two years. This suggests an overall vacancy rate of **2.5%**, with **0.7%** of the total housing stock vacant for over 2 years. Given that the vacancy rate in 2007/08 was 3.2% in the borough[26], this suggests that there has been a fall in the number of vacant dwellings over this time.

3.30 In Stoke-on-Trent, a total of 4,513 properties were empty in September 2014, based on Council Tax data. Of this total, 1,010 properties were empty for more than two years. This suggests an overall vacancy rate of **4.0%**, with **0.9%** of stock vacant for more than 2 years. Notably, this has fallen since June 2012 – when approximately 4.3% of stock was vacant[27] – and is also considerably lower than the vacancy rate of 6.0% recorded in 2007/08[28].

3.31 Evidence obtained from the DCLG suggests that the vacancy rate in 2013 – at both the regional and national level – was 2.7%[29], although a comparable figure for long-term vacancy is not available. This indicates that the proportion of vacant properties in Stoke-on-Trent is greater than the average for the West Midlands and England, whilst the rate in Newcastle-under-Lyme shows a broad alignment with the wider area.

3.32 Council Tax data also allows disaggregation by sub-area, with the following table showing the proportionate distribution of all vacant properties – and all long-term vacant properties[30] – by sub-area.

[26] DCLG (2008) Housing Strategy Statistical Appendix
[27] GVA (2013) Stoke-on-Trent Strategic Housing Market Assessment 2012
[28] DCLG (2008) Housing Strategy Statistical Appendix
[29] Note: DCLG Live tables present dwelling vacancy figures at the district level annually, with the latest figures representing vacancy in 2013, based on Council Tax statistics
[30] Vacant for more than 2 years

Figure 3.7: Location of Vacant Dwellings by Sub-Area

Sub-Area	% of all vacant properties	% of all long-term vacant properties
Stoke-on-Trent	**100.0%**	**100.0%**
Inner Urban Core	25.2%	42.5%
Zone 1	13.2%	9.0%
Zone 2	7.6%	6.3%
Zone 3	7.3%	6.6%
Zone 4	11.2%	8.3%
Zone 5	8.9%	6.4%
Zone 6	14.7%	12.1%
Zone 7	11.9%	8.6%
Newcastle-under-Lyme	**100.0%**	**100.0%**
Audley and Rural North	6.6%	10.7%
Central	51.7%	46.7%
Clayton	15.6%	9.3%
Keele	1.1%	1.1%
Kidsgrove and Talke	17.1%	15.6%
Madeley	2.9%	4.4%
Rural South	5.1%	12.3%

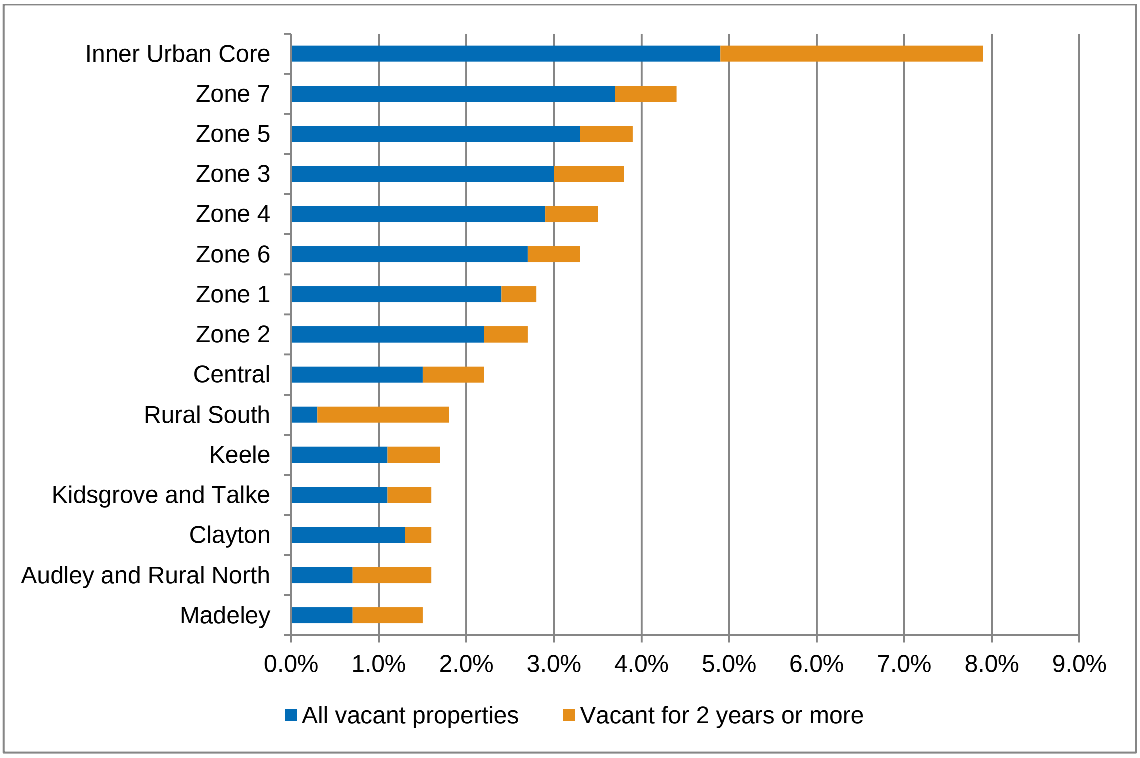
Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council

3.33 As shown, in Stoke-on-Trent, a high proportion of vacant stock is located in the Inner Urban Core, with a particularly high proportion of long-term empty stock situated within this sub-area. Zone 6 also contains a relatively high proportion of vacant stock, with Zones 2, 3 and 5 containing relatively little of the authority's empty properties.

3.34 In Newcastle-under-Lyme, the majority of empty properties are located in the Central sub-area, with over half of all vacant properties – and just under half of all long-term empty stock – located within this sub-area. Kidsgrove and Talke and Clayton also contain a relatively high proportion of vacant stock, with little in Keele, Madeley and the Rural South.

3.35 This is further illustrated in the following chart, which shows the vacancy rate (as opposed to the proportionate distribution in Figure 3.12) in each sub-area of Stoke-on-Trent and Newcastle-under-Lyme. The long-term vacancy rate is also shown, as a component of the wider vacancy rate.

Figure 3.8: Percentage of Empty Homes by Postcode Area



Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council

3.36 Evidently, the highest rate of vacancy is in the Inner Urban Core of Stoke-on-Trent, while all sub-areas of Stoke-on-Trent have a higher vacancy rate than sub-areas of Newcastle-under-Lyme and indeed exceed or match the national vacancy rate of 2.7%.

3.37 Considering stock which has been vacant for over 2 years, it is clear that the Inner Urban Core of Stoke-on-Trent has a significant concentration of these properties, with 3% of stock given this classification. Interestingly, the next highest proportion of stock is within the Rural South sub area of Newcastle-under-Lyme, although this represents a considerably lower absolute figure.

Dwelling Size

3.38 The Census allows an understanding of the size of the housing stock, measured by the number of bedrooms. This can be further developed by considering overcrowding and under-occupation, based on the number of occupants and the number of bedrooms.

3.39 The following table breaks down all household spaces – with at least one usual resident – by the number of bedrooms.

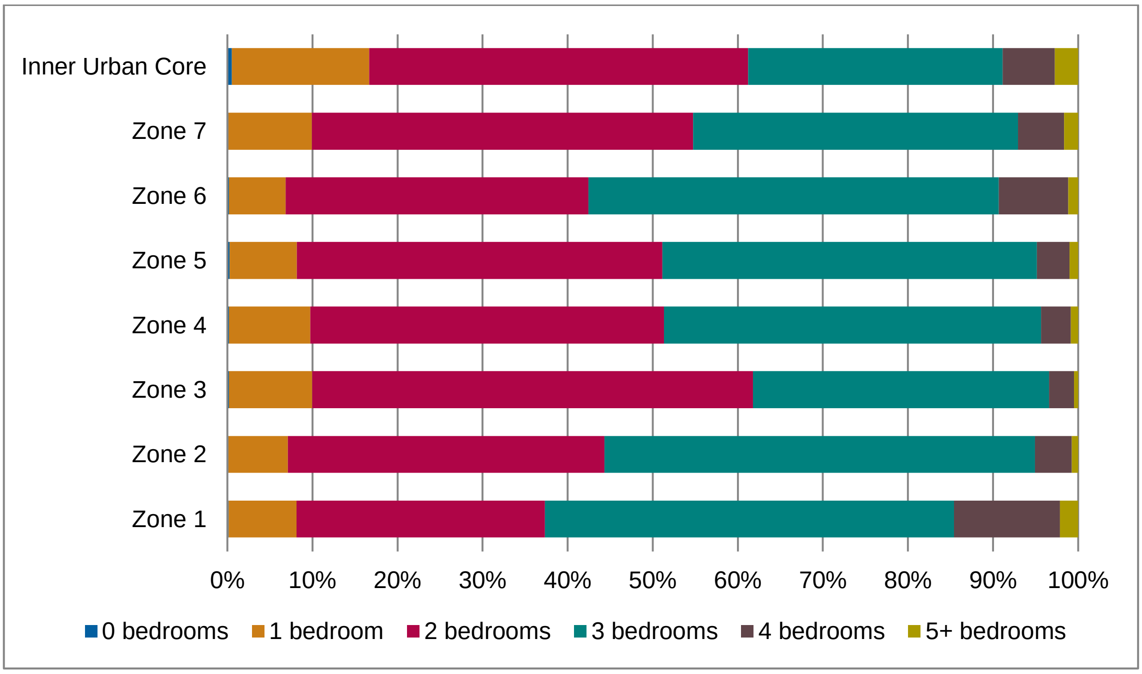
Figure 3.9: Number of Bedrooms 2011

	Number of bedrooms					
	0	1	2	3	4	5+
Stoke-on-Trent	0.2%	9.1%	39.2%	43.4%	6.7%	1.4%
Newcastle-under-Lyme	0.2%	9.0%	28.9%	46.5%	12.5%	3.0%
Staffordshire Moorlands	0.1%	6.0%	27.3%	47.3%	15.6%	3.7%
Stafford	0.2%	8.1%	22.9%	44.4%	19.4%	5.0%
West Midlands	0.2%	9.6%	25.3%	47.0%	13.9%	4.0%
England	0.2%	11.8%	27.9%	41.2%	14.4%	4.6%

Source: Census 2011

3.40 It is clear that the stock in Stoke-on-Trent is generally smaller, with the proportion of 4 and 5+ bedrooms being somewhat lower at 8.1% than Newcastle-under-Lyme with 15.5% of 4 and 5+ bedrooms. The regional and national figures 17.9% and 19.0% suggest that Stoke-on-Trent has less than half of the average supply of large 4 and 5+ bedroom homes, and one third of the supply in Stafford, where the larger 4 and 5+ bedroom housing stock accounts for 24.4% of the housing stock. The following graphs show the number of bedrooms broken down by sub-areas.

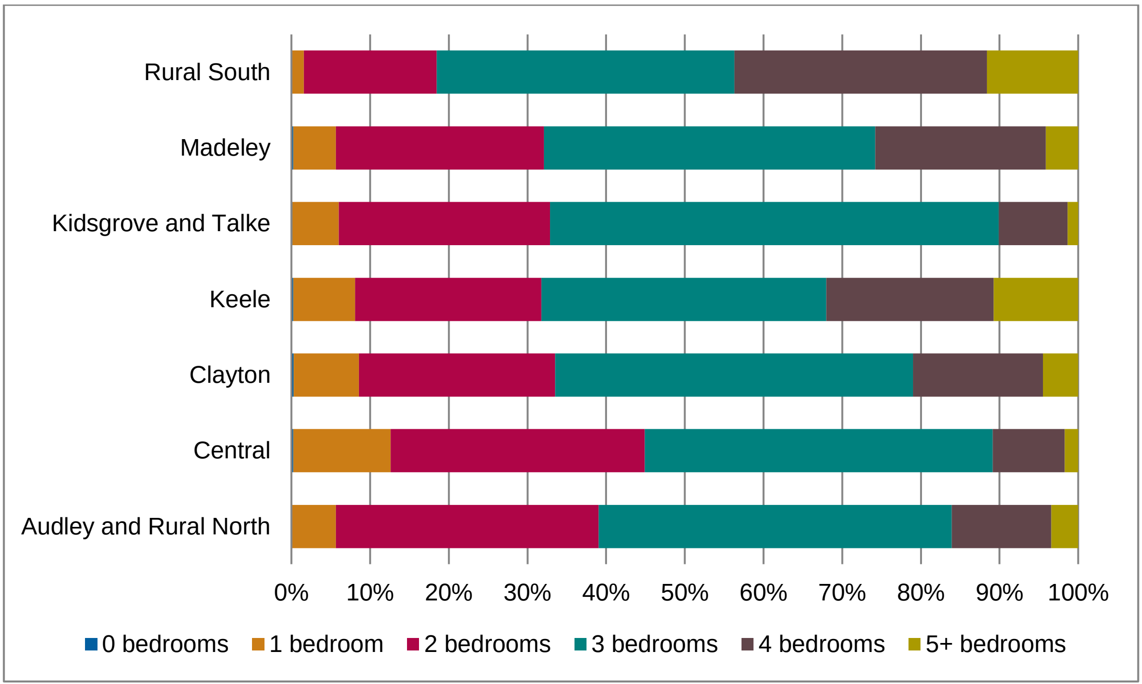
Figure 3.10: Number of Bedrooms 2011 in Stoke-on-Trent Sub-areas



Source: Census 2011

3.41 In Stoke-on-Trent, there is a relatively equal proportion of two and three bedroom households, at 39.2% and 43.4%, respectively. A large proportion of households found between Zone 3 and Zone 6 contain two bedrooms, whereas Zone 2 is typically characterised by three bedroom households.

Figure 3.11: Number of Bedrooms 2011 in Newcastle-under-Lyme Sub-areas



Source: Census 2011

3.42 In Newcastle-under-Lyme, more than half of household spaces contain more than three bedrooms, with this trend being relatively consistent between the authorities. Almost 60% of household spaces in Kidsgrove and Talke have at least three bedrooms. In the Rural South, there is a relatively higher proportion of larger houses, with more than 32.1% of households having more than four bedrooms.

Bringing the Evidence Together

3.43 This section has provided an overview of the current housing stock in Stoke-on-Trent and Newcastle-under-Lyme, through a detailed analysis of a range of data sources.

3.44 It is evident that the housing stock across the two authorities has not grown at a significant rate over recent years, falling below the level of growth seen regionally, nationally or in neighbouring authorities. This reflects the market context but also a change in national policy, with a move away from regeneration schemes – such as housing market renewal – which sought to resolve the area's failing housing market.

3.45 The wider area is also characterised by high proportions of semi-detached and terraced stock, with a notably lower number of detached properties in Stoke-on-Trent in particular. There are also relatively few flats in Stoke-on-Trent and Newcastle-under-Lyme, when compared against the national average, although there have been a significant number of additional flats delivered over recent years, with a fall in the number of terraced properties.

3.46 Whilst the proportion of flats falls below national levels, Stoke-on-Trent in particular continues to be characterised by higher proportions of smaller properties, particularly compared to Stafford, Stoke-on-Trent and the wider region and country.

3.47 It is clear that there has been a general fall in the vacancy rate in Newcastle-under-Lyme and particularly Stoke-on-Trent, although the latter in particular continues to be characterised by above average levels of vacancy compared to the wider West Midlands.

3.48 The two authorities are characterised by relatively low levels of owner occupation, particularly compared to neighbouring Stafford and Staffordshire Moorlands. Examining changing trends in tenure, it is clear that both authorities have seen a significant rise in the number of households within the private rented sector. This growth has been to a greater extent than seen nationally or in neighbouring Staffordshire Moorlands and Stafford, but falls slightly below the level of growth seen in the wider West Midlands.

3.49 The key findings from this section are also presented below for each authority to provide a greater level of appreciation of the changing stock profile at an authority but also a sub-authority level.

Stoke-on-Trent

- In Stoke-on-Trent, 3,855 additional dwellings were recorded over the period from 2001 to 2011, which equates to an increase of just under 4%. A significant proportion of this growth was seen in Zone 6, where the number of dwellings increased by 1,316 and 7.1% over the period, although the proportion of dwellings in Zone 3 also increased by 7.1% whilst the growth in the absolute number of dwellings was much lower. Zone 4 was the only sub-area in both Stoke-on-Trent and Newcastle-under-Lyme that saw a decline in the housing stock;

- Stoke-on-Trent is characterised by a higher proportion of semi-detached and terraced stock at 44.6% and 29.6%, respectively. Nevertheless, over the period from 2001 to 2011, the number or terraced properties declined significantly, with 1,722 fewer terraced properties in 2011 than in 2001 in Stoke-on-Trent. A significant proportion of this reduction was seen in the Inner Urban Core, where the number of terraced houses reduced by 1,405 over the period. This is likely an effect of the demolition of terraced stock through the Housing Market Renewal programme. There has, though, been sizeable growth in the number of flats in Stoke-on-Trent, again particularly in the Inner Urban Core;

- Just under 60% of households in Stoke-on-Trent are owner occupied, with the social rented sector in particular playing a greater role than seen regionally, nationally or in neighbouring Staffordshire Moorlands and Stafford. There are particularly high numbers of households in this sector in the Inner Urban Core and Zone 4, although owner occupation is more dominant in Zones 1, 3 and 6 in particular;

- Between 2001 and 2011, there has been significant growth in the number of households privately renting, with significant growth in this tenure seen in the Inner Urban Core, Zone 6 and Zone 7. On the contrary, Stoke-on-Trent has seen a reduction in the number or households owning their property with a mortgage or loan, reflecting the difficulty associated with accessing mortgage finance over the period. Outright ownership, however, has in fact increased in Stoke-on-Trent, suggesting that existing mortgages have been paid off over the period;

- In Stoke-on-Trent, 4,513 properties were vacant in September 2014, with an overall vacancy rate of 4%, with 0.9% of stock vacant for more than two years. The former figure is notably higher than the regional and national profile, where 2.7% of stock is vacant, although this has fallen since June 2012 when approximately 4.3% of stock was vacant. This has also fallen considerably since 2007/08, when 6.0% of stock was vacant. There is a particular concentration of vacant stock in the Inner Urban Core, with all sub-areas seeing higher levels of vacancy than in Newcastle-under-Lyme; and

- Over 90% of household spaces in Stoke-on-Trent contain 3 bedrooms or fewer, with comparatively few larger properties compared to neighbouring authorities as well as the wider region and England. There is a particular concentration of 2 bedroom properties within the authority, while the Inner Urban Core is notably characterised by smaller stock with only one bedroom.

Newcastle-under-Lyme

- Newcastle-under-Lyme saw an increase of 2,102 additional dwellings over the period from 2001 to 2011, representing a proportional increase of 4% to the total housing stock which surpassed the increase seen in Stoke-on-Trent. This does, though, remain lower than the wider West Midlands or England, and falls below the level of growth seen in Stafford and Staffordshire Moorlands. The greatest increase was seen in the Central sub-area where the total housing stock increased by 934 dwellings, equating to 44% of all additional dwellings in Newcastle-under-Lyme over this period;

- Newcastle-under-Lyme contains a higher proportion of detached properties – compared to Stoke-on-Trent, the West Midlands and England – although both Stafford and Staffordshire Moorlands contain a higher proportion of such stock. Overall, just under 70% of the housing stock is semi-detached or detached. The Rural South in particular is characterised by the latter, whereas there is a high proportion of terraced stock in the Central sub-area, which shares a similar profile to Stoke-on-Trent. Over the period from 2001 to 2011, the proportion of flatted properties increased significantly in Newcastle-under-Lyme, with the majority of growth accommodated in the Central sub-area;

- Just under 70% of households in Newcastle-under-Lyme are owner occupied, surpassing both the regional and national average. There are particularly high levels of owner occupation in the Rural South, Audley and Rural North and Kidsgrove and Talke. The Central sub-area has a slightly different profile, however, with a higher level of both social and private renting that is more reflective of Stoke-on-Trent;

- The proportion of households privately renting from a landlord has increased notably over the period from 2001 to 2011, surpassing the growth seen nationally and in neighbouring authorities but falling short of that seen in Stoke-on-Trent and the wider West Midlands. While this growth was mainly seen in Central

Newcastle-under-Lyme, other areas such as Clayton and Kidsgrove and Talke also saw a notable increase in the tenure. Like Stoke-on-Trent, Newcastle-under-Lyme also saw a decline in the number of households owning their home with a mortgage or loan, although there was a greater level of growth in the number of households owning their home outright. This could suggest that the borough has seen an increase in the number of households who have paid off their mortgage during this period, although this remains somewhat lower than neighbouring areas, nationally and regionally;

- In Newcastle-under-Lyme, a total of 1,401 properties were vacant in August 2014, equating to 2.5% of all properties, with 0.7% of all dwellings vacant for two years or more and the majority of empty properties located in the Central sub-area. This is broadly in line with the average vacancy rate for the West Midlands and England, and represents a fall in the number of vacant properties since 2007/08; and

- The housing stock is generally larger in Newcastle-under-Lyme than Stoke-on-Trent, with over 15% of household spaces containing more than four bedrooms. This is, though, lower than the national and regional average, and considerably lower than Stafford and Staffordshire Moorlands. The Rural South, Keele and Madeley are characterised by larger stock, while the Central sub-area contains a higher proportion of household spaces with 2 bedrooms or fewer.

4. Demographic and Economic Drivers of the Market

4.1 Guidance on the preparation of SHMAs highlights the importance of establishing a clear understanding of the key drivers of historic trends related to the housing market. Demographic evidence, including population and household dynamics, is a central factor in assessing the overall future need and demand for housing.

4.2 In considering these factors, it is vital to recognise that they are inter-related. Market and economic factors, for example, are influenced by historic demographic change, with the recent economic downturn contributing to a slowdown in the levels of housing completions, subsequently reducing the ability of households to access the finance to exercise choice within the housing market. This, in turn, is likely to have impacted upon levels of household formation, and potentially wider migration flows.

4.3 It is therefore equally important to consider economic and market factors, while adopting a more forward-looking approach to understand their impacts on the future level of housing need in Stoke-on-Trent and Newcastle-under-Lyme. In addition, as both the PPG and NPPF identify, there is a clear steer from the government to facilitate and encourage opportunities for growth, necessitating a recognition of the role that housing has to play in enabling employment generation and business investment decisions.

4.4 On this basis, this section considers both demographic and economic factors, with further analysis developed in section 5 in relation to market signals which are also recognised within the PPG as an important aspect of understanding and assessing the future need for housing.

Demographic Drivers of Change

4.5 Demographics have traditionally been a key component of understanding current housing markets and projecting future demand, through a combination of demographic forecasts and supply side information. This approach recognises how changing demographic conditions influence the housing market, through overall housing requirements and the requirements of specific groups – such as the elderly – which will be considered in further detail later in this report.

Population

4.6 Population data from the 2011 Census can be compared against the 2001 Census to understand how population has changed in the intervening years. This has also been broken down into sub-areas, in order to identify areas that have experienced significant change, and is presented spatially in Figure 4.2 of Appendix 2.

Figure 4.1: Population Change 2001 – 2011

	2001	2011	Change	% Change
Stoke-on-Trent	**240,599**	**249,008**	**8,409**	**3.5%**
Inner Urban Core	27,623	29,796	2,173	7.9%
Zone 1	49,146	50,238	1,092	2.2%
Zone 2	27,139	27,231	92	0.3%
Zone 3	16,312	16,546	234	1.4%
Zone 4	32,254	32,019	-235	-0.7%
Zone 5	22,293	23,501	1,208	5.4%
Zone 6	41,774	43,949	2,175	5.2%
Zone 7	24,058	25,728	1,670	6.9%
Newcastle-under-Lyme	**122,048**	**123,871**	**1,823**	**1.5%**
Audley and Rural North	9,314	9,691	377	4.0%
Central	52,396	53,450	1,054	2.0%
Clayton	21,549	21,675	126	0.6%
Keele	3,674	4,129	455	12.4%
Kidsgrove and Talke	24,128	23,756	-372	-1.5%
Madeley	4,387	4,222	-165	-3.8%
Rural South	6,600	6,948	348	5.3%
Stoke-on-Trent and Newcastle-under-Lyme	**362,647**	**372,879**	**10,232**	**2.8%**
Staffordshire Moorlands	94,489	97,106	2,617	2.8%
Stafford	120,670	130,869	10,199	8.5%
West Midlands	5,267,308	5,601,847	334,539	6.4%
England	49,138,831	53,012,456	3,873,625	7.9%

Source: Census 2001, Census 2011

4.7 Over the period shown, the population of Stoke-on-Trent grew by 8,409 – or 3.5% – while Newcastle-under-Lyme saw a smaller level of growth, with the population growing by 1.5% or 1,823 persons. Growth in both authorities fell below the level seen at a regional and national level. Compared with neighbouring authorities, Stafford grew at a greater rate than both Stoke-on-Trent and Newcastle-under-Lyme, with the analysis in the previous section also showing significant growth in dwellings which will have played an important role in facilitating this expansion of population. Growth in Staffordshire Moorlands – while falling below that seen in Stoke-on-Trent – surpassed the level of growth seen in Newcastle-under-Lyme.

4.8 It is also important to compare population increases with growth in housing stock, with the number of dwellings in Newcastle-under-Lyme increasing by 4% and the population only increasing by 1.5%. This highlights the importance of changing household sizes, which is considered in further detail later in this section. Growth in population in Stoke-on-Trent – at 3.5% – is broadly consistent with the 3.6% growth seen in the housing stock over the same period.

4.9 Whilst the scale of change is variable, the majority of the sub-areas have seen an increase in population between 2001 and 2011, with the exception of Stoke-on-Trent's Zone 4 and Newcastle-under-Lyme's Kidsgrove and Talke and Madeley areas. Notably over the period, Keele saw the greatest proportional increase at 12.4%, as shown within Figure 3.1 Keele also saw the greatest proportionate increase in number of dwellings, although it is important to note that the area remains the smallest of the sub-areas considered. The greatest actual population increase was found in Stoke-on-Trent's Zone 6 and Inner Urban Core.

4.10 Since the 2011 Census, mid-year population estimates (MYE) have been published by ONS at local authority level to determine how the population has changed since March 2011. Change since the 2011 Census is presented in the following table, highlighting that the population has continued to grow during the intervening period.

Figure 4.2: Mid-Year Population Estimates 2011 – 2013

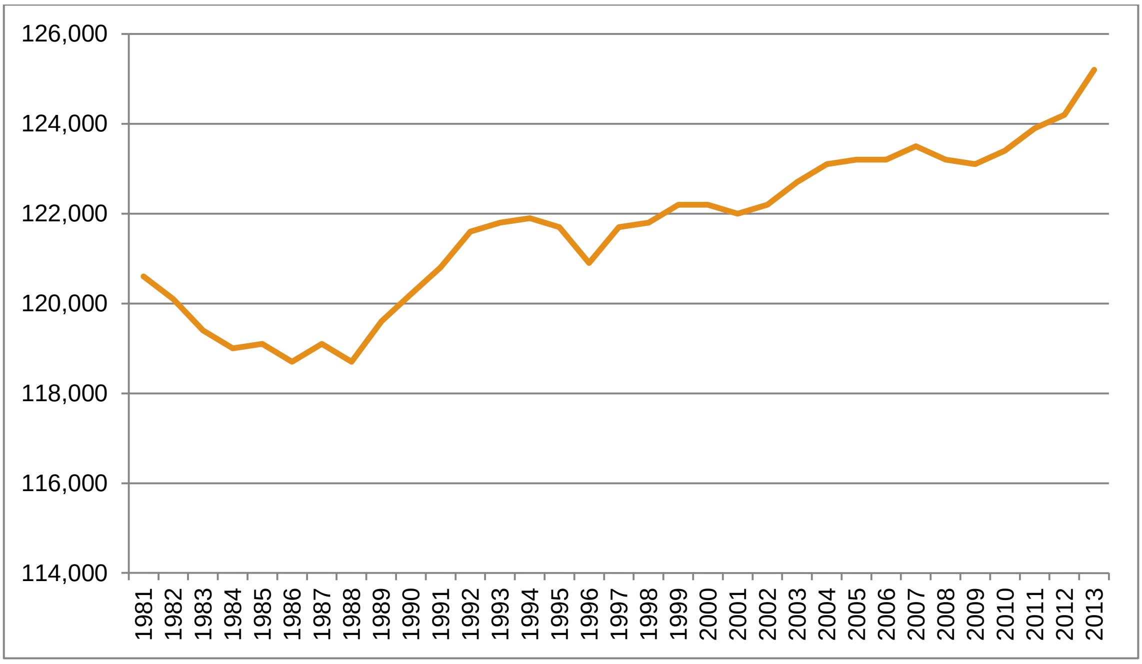
	2011 Census	2012 MYE	2013 MYE
Newcastle-under-Lyme	123,871	124,183	125,239
% increase per annum	–	0.3%	0.9%
Stoke-on-Trent	249,008	249,903	250,227
% increase per annum	–	0.4%	0.1%

Source: ONS, 2014

4.11 Historic analysis of mid-year population estimates shows that, since 2001, the population of Newcastle-under-Lyme has increased by an average of 0.2% per annum, indicating that the population has grown in the authority at a faster rate during the years since the 2011 Census. This is likely to be reflective of the higher levels of housing completions over this period, as considered in section 3. The population of Stoke-on-Trent has increased by 0.3% per annum on average, suggesting that growth over the latest available year – from 2012 to 2013 – has been relatively muted with this again potentially reflecting, at least in part, the scale of development activity.

4.12 Within this context, it is beneficial to understand how the population has changed historically in Stoke-on-Trent and Newcastle-under-Lyme, with mid-year population estimates extending back to 1981. The following graphs therefore show how the population has changed over this period.

Figure 4.3: Population Change in Newcastle-under-Lyme 1981 – 2013

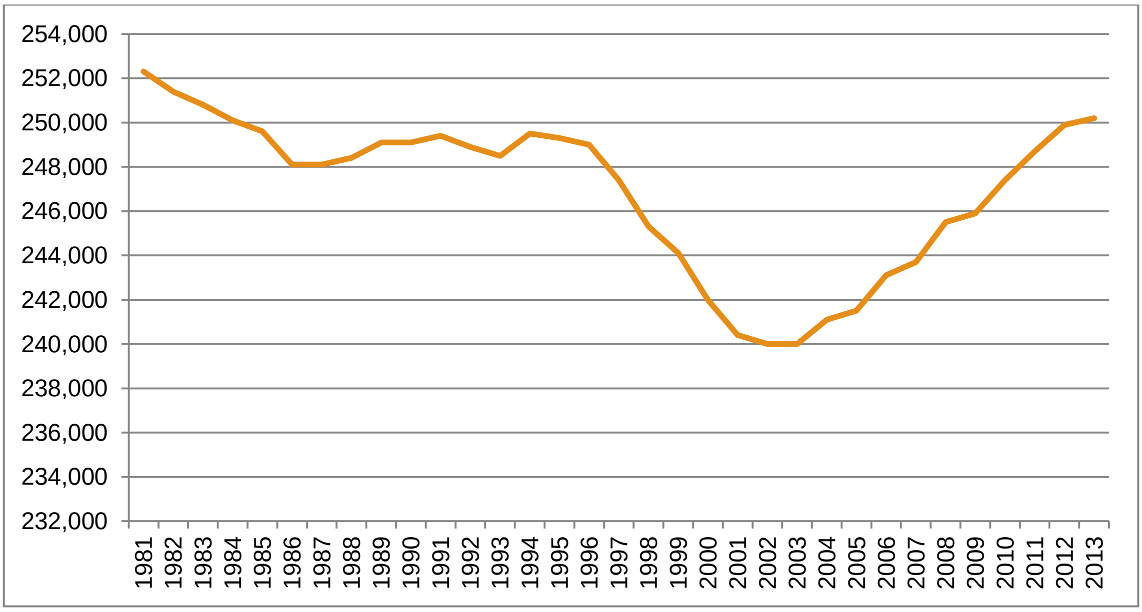


Source: ONS, 2014

4.13 As shown, Newcastle-under-Lyme has generally seen moderate growth in the population over the long term, with the population increasing from around 120,000 in 1981 to approximately 125,000 in 2013. There has generally been population growth in the borough over the period shown, aside from a notable fall in the 1980s.

4.14 The following graph presents a comparable analysis for Stoke-on-Trent.

Figure 4.4: Population Change in Stoke-on-Trent 1981 – 2013

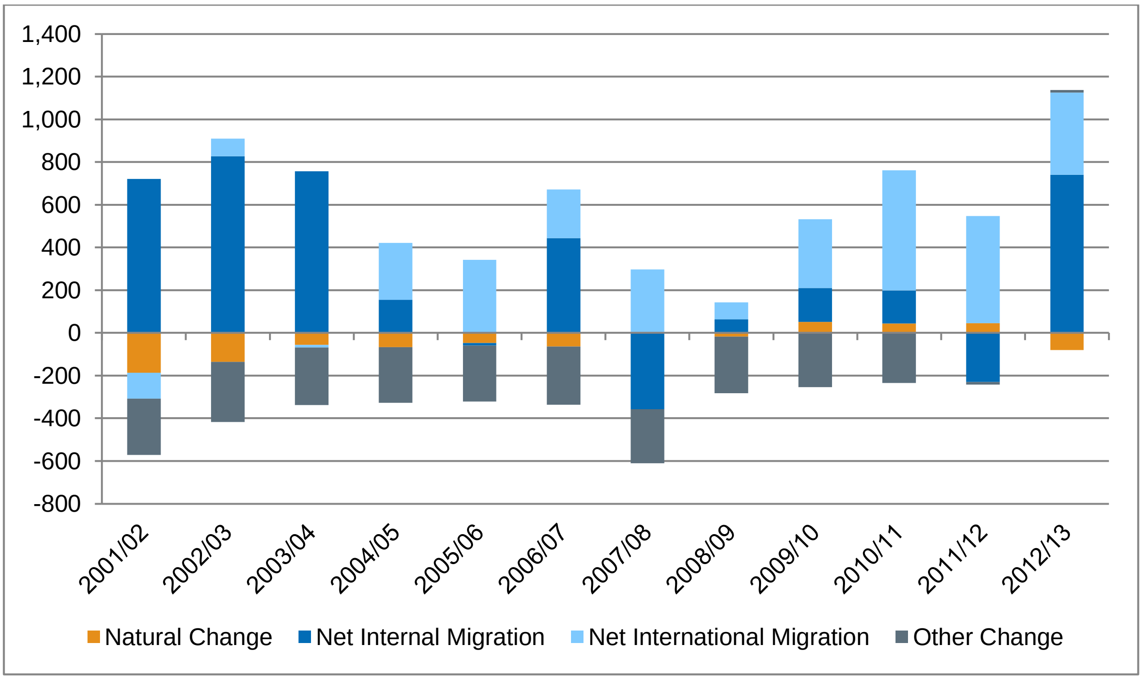


Source: ONS, 2014

4.15 The population of Stoke-on-Trent has evidently seen considerable change over recent years, with a steep decline between 1996 and 2001 where the population fell by some 8,600 people. In subsequent years, there has been relatively steady population growth of around 900 per annum. Interestingly, the population in 2013 was the highest estimated for Stoke-on-Trent since 1983 but still falls short of the total population recorded in 1981.

4.16 Further analysis of population can be undertaken to determine the components of population change, based on mid-year population estimates. This can be done by considering the relationship between natural change – ie the difference between births and deaths – and migration, and establishing the relative role of these components in shaping overall increases and decreases in population. This is shown in the following graphs.

Figure 4.5: Components of Population Change – Newcastle-under-Lyme



Source: ONS, 2014

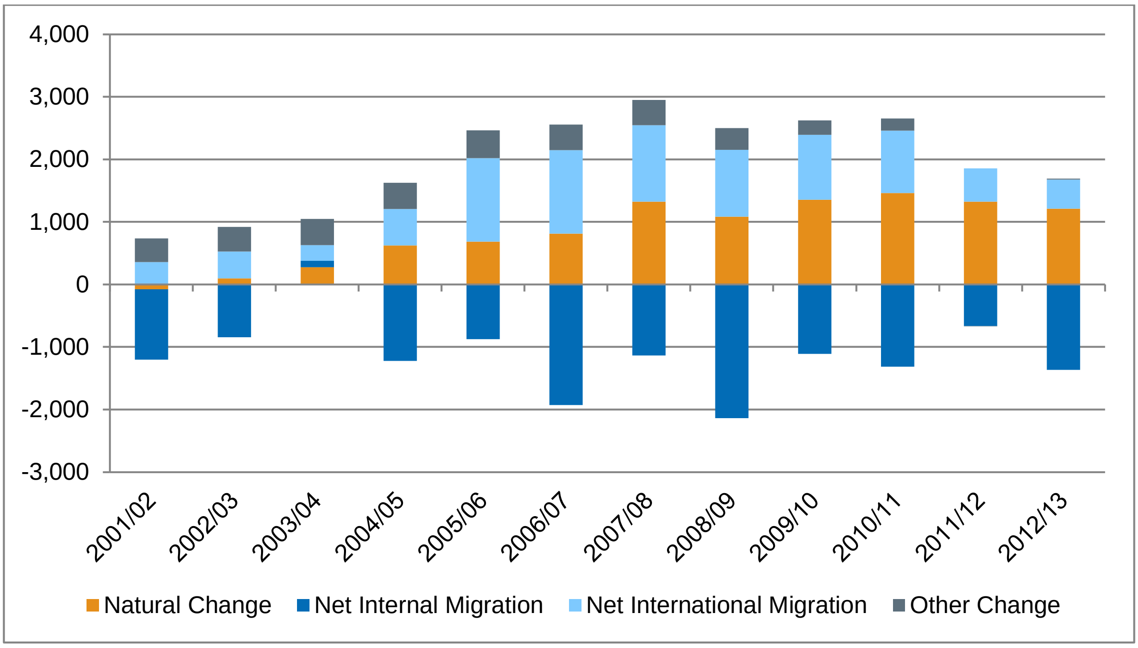
4.17 As shown, there has been relatively little natural growth in the population since 2001, with a relatively even balance between births and deaths. Whilst this represents a comparatively small component of population growth, it is important to note that – prior to 2006/07 – natural change represented a negative factor in the population, with this subsequently changing to a small positive component up until 2011/12.

4.18 Migration, therefore, has been the key driver in population growth in Newcastle-under-Lyme, although there has been fluctuation in trends. While there was significant positive net internal migration early in the period shown, this notably fell to much smaller levels – and indeed a net outflow in 2007/08 and 2011/12. In contrast, the scale of net international migration has grown, with a stronger net inflow post 2008//09 than seen within the preceding years.

4.19 However, it is important to recognise the ‘other change’ shown in the graph, which relates to an over-estimation in the population of Newcastle-under-Lyme following the results of the 2011 Census. This is often referred to as unattributable population change (UPC) and is considered in more detail within this section.

4.20 The following graph presents a similar analysis for Stoke-on-Trent.

Figure 4.6: Components of Population Change – Stoke-on-Trent



Source: ONS, 2014

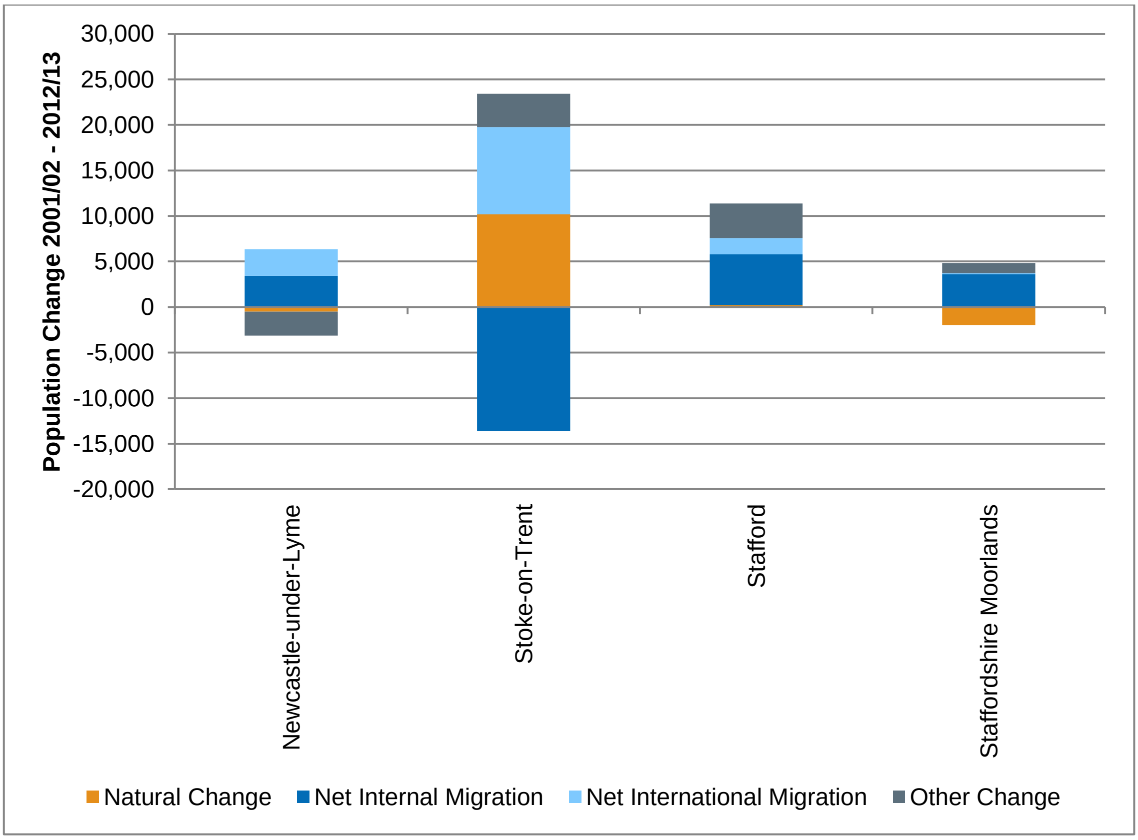
4.21 In contrast to Newcastle-under-Lyme, natural change has been an important and indeed increasingly positive driver of population change. This suggests that births are increasingly outnumbering deaths in Stoke-on-Trent and subsequently driving natural population growth.

4.22 Reinforcing the analysis of housing market area dynamics summarised in section 2, Stoke-on-Trent has seen a consistent net outflow of internal migrants since 2001 – with the exception of one year in 2003/04. The scale of this net outflow has varied, with higher levels seen between 2006/07 and 2008/09. The net outflow outside of these years has been relatively consistent at around 1,000 per annum.

4.23 In Stoke-on-Trent, there has consistently been a net inflow of international migrants, peaking in the years prior to the recession. Furthermore, the other change illustrated in the graph – in contrast to Newcastle-under-Lyme – is shown as a positive component of population growth. Again, this is considered in more detail separately later in this section.

4.24 It is also important to consider drivers of population change within a wider context, and the following chart therefore shows the extent to which migration and natural change has changed the population in Stafford and Staffordshire Moorlands over the period from 2001 to 2013.

Figure 4.7: Components of Population Change – Neighbouring Authorities

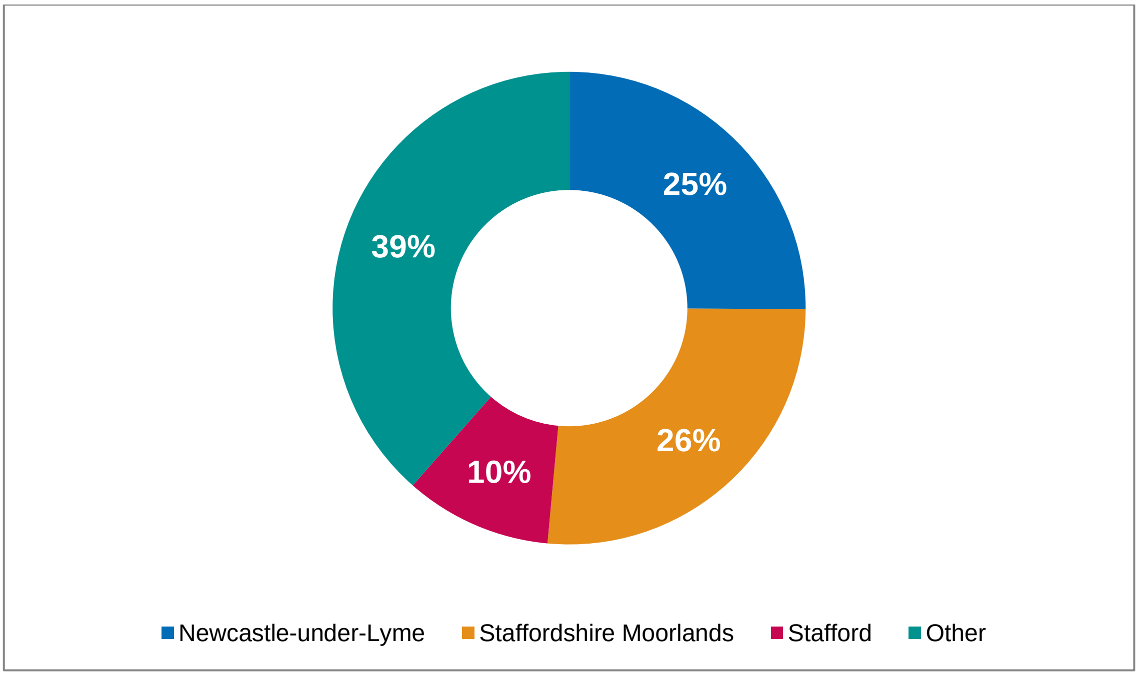


Source: ONS, 2014

4.25 As shown, natural change clearly plays a significant role in population growth in Stoke-on-Trent, to a greater extent than seen in neighbouring authorities. Staffordshire Moorlands, for example, has seen a surplus of deaths over births over the period shown. Of the authorities shown, however, Stoke-on-Trent is the only authority to see net internal out-migration – equivalent to over 13,500 people over this period – with the other authorities evidently seeing net in-migration.

4.26 This dynamic is important, as the analysis in Appendix 2 shows strong gross migration flows between firstly Newcastle-under-Lyme and Stoke-on-Trent but also to a lesser degree the other two authorities. Indeed, over the period from 2001/02 to 2012/13, analysis of internal migration data from the Patient Register Data Service (PRDS) – used by ONS in estimating the population each year – suggests that around 60% of net out-migration from Stoke-on-Trent remains within Newcastle-under-Lyme, Stafford and Staffordshire Moorlands. This is illustrated in the following graph.

Figure 4.8: Containment of Net Out-migration from Stoke-on-Trent 2001 – 2013



Source: PRDS, 2014

4.27 In contrast to internal migration flows, it is apparent that international migration is a significantly greater driver of change in Stoke-on-Trent compared to other authorities, where international migration is of a smaller net scale. It is important to note that Staffordshire Moorlands and Stafford – like Stoke-on-Trent – both saw their populations underestimated by the ONS. This was reflected in a notable net positive contribution to population growth attributed to the 'Other' classification. Newcastle-under-Lyme is therefore distinct in this regard, with the evidence suggesting an over-estimation of the population by the ONS between the Census years.

Unattributable Population Change

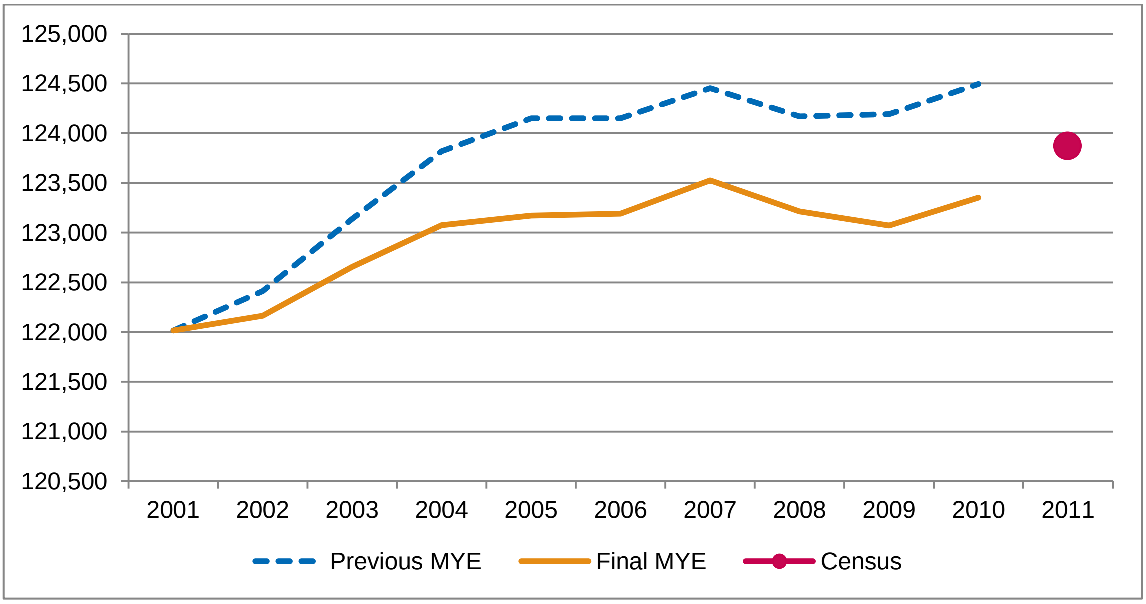
4.28 As noted above, unattributable population change (UPC) has been identified by ONS for both Stoke-on-Trent and Newcastle-under-Lyme following publication of the 2011 Census. This component has been identified by the ONS to account for any over- or under-estimation in previously released ONS mid-year population estimates against the population count from the 2011 Census.

4.29 Given that births and deaths are recorded in a more accurate manner than migration, Edge Analytics consider that it is likely that migration – and specifically international migration – has been estimated incorrectly in previous mid-year estimates. The ONS also acknowledge that there is an absence of clear evidence to confirm whether discrepancies lie in the Census numbers – from either 2001 or 2011 – or in the estimation of migration flows[31]. Given this uncertainty, it is important to consider sensitivities regarding the inclusion and exclusion of UPC[32].

[31] ONS (2014) Questions and Answers: 2012-based Subnational Population Projections
[32] Simpson and McDonald (April 2015) Making Sense of the New English Household Projections, Town and Country Planning

4.30 It is beneficial to understand the scale of this under or over-estimation in population estimates, and the following graphs therefore show both the previously released MYE datasets and the final revised datasets, which were released following publication of the 2011 Census. This helps to understand how the population was estimated to have changed between Census years, and the impact of the 2011 Census on these estimates.

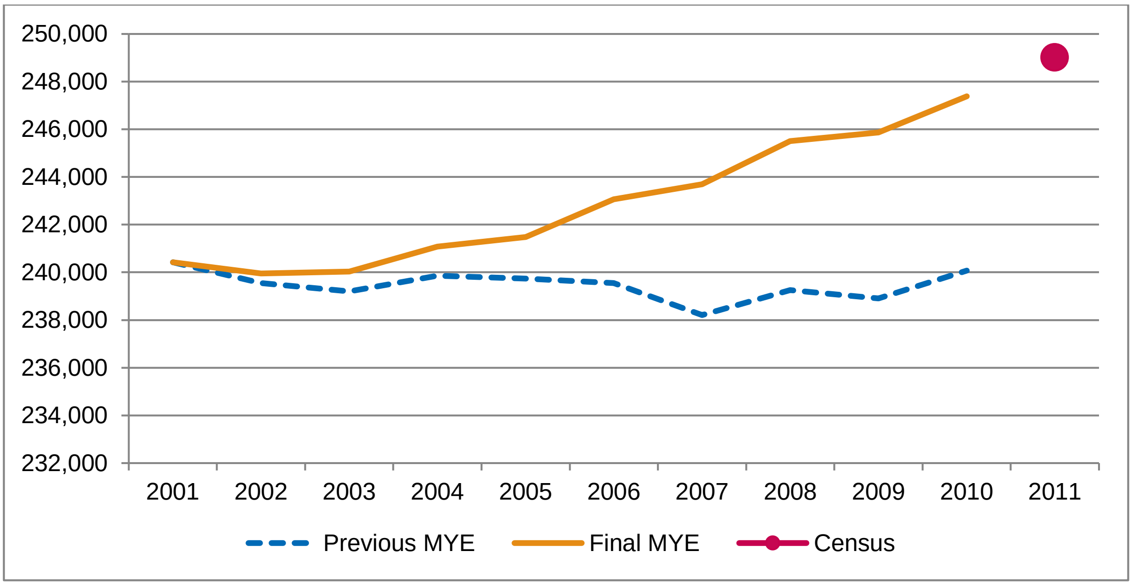
Figure 4.9: Historic and Final Mid-Year Estimates – Newcastle-under-Lyme



Source: ONS, 2014

4.31 When considering the components of population change, it was identified in Newcastle-under-Lyme that the 'other' component represented a negative 'net' change. This reflects the fact that the ONS historic MYE dataset over-estimated slightly the scale of population growth seen within the authority, on the basis of the 2001 and 2011 Census counts. This over-estimation was relatively small in the context of the overall population of the authority. Indeed, the 2011 Census identified a population count which was approximately 620 lower than the ONS estimate in 2010. With regards to both the scale of population change between the Census years (1,823 persons) and the overall size of the population in 2011, the contribution of the UPC factor is relatively small, particularly given the uncertainty associated with its identification. It is also important to recognise that whilst the 2011 Census results represented a different level of population growth, both the historic and updated estimates show alignment in suggesting that the authority saw a growth in its population.

Figure 4.10: Historic and Final Mid-Year Estimates – Stoke-on-Trent



Source: ONS, 2014

4.32 In Stoke-on-Trent, by way of contrast, the 2011 Census suggested a significantly different population change profile between the Census years. Where the ONS had, prior to the release of the Census data, suggested that the population of the authority had largely stagnated, the Census suggested that the authority had actually seen a comparatively healthy level of population growth. Indeed, the Census identified a population count which was approximately 9,000 higher than the ONS estimate in 2010. This evidently constitutes the full extent of the growth in the population recorded between the two Census years (8,409 persons), and represents a more significant proportion of the overall population level in 2011.

4.33 On the basis of the above, it is important that projections of population growth based on historic trend data – as highlighted in the introduction to this sub-section – consider the implication of the level of 'uncertainty' relating to historic population change. Given the significant level of difference in the profile of change in Stoke-on-Trent, this is particularly pertinent to this authority.

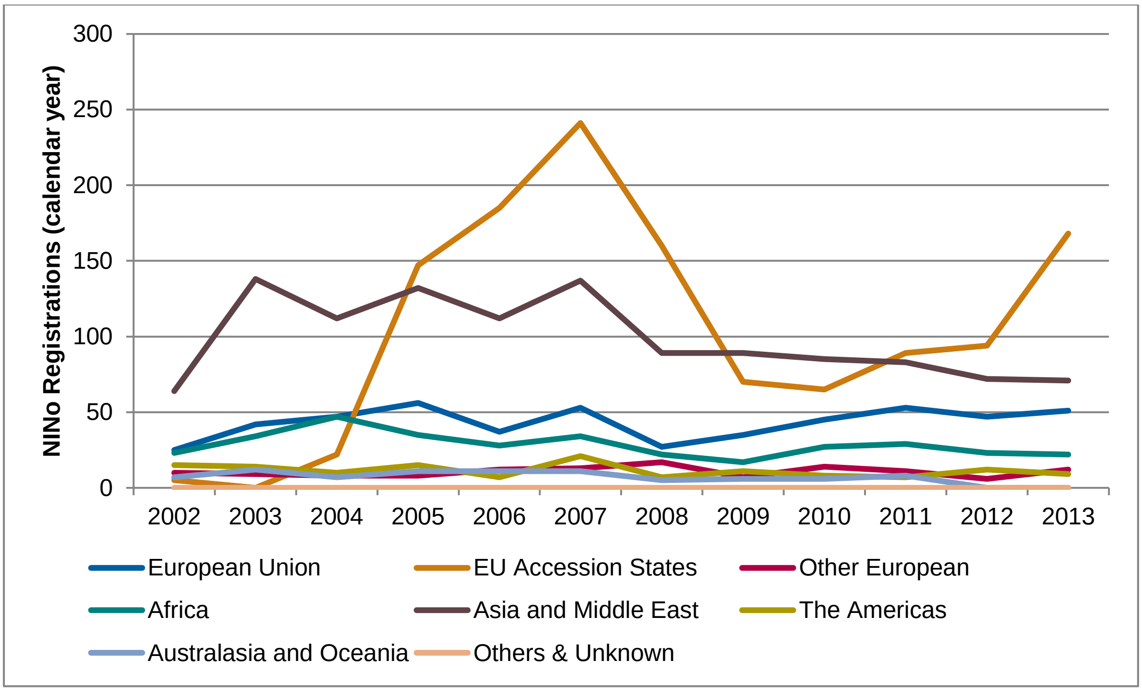
International Migration

4.34 As shown earlier in this chapter, international migration is an important component of population change in both Stoke-on-Trent and Newcastle-under-Lyme. It is also the area of population change which is arguably subject to the greatest level of uncertainty in its estimation and – as highlighted in the preceding sub-section – is commonly identified as potentially contributing to mis-estimations by the ONS in the years between the Census.

4.35 The analysis presented below quantifies the scale of international in-migration in each calendar year through an assessment of National Insurance Number (NINo) registrations, sourced from the Department for Work and Pensions (DWP), with migrants grouped by world region.

4.36 It should be noted that this data should not be compared directly with the analysis of components of change, as the information presented below is a measure of gross registrations – ie inward migration – and does not take account of emigration.

Figure 4.11: NINo Registrations to Adult Overseas Nationals Entering the UK – Newcastle-under-Lyme



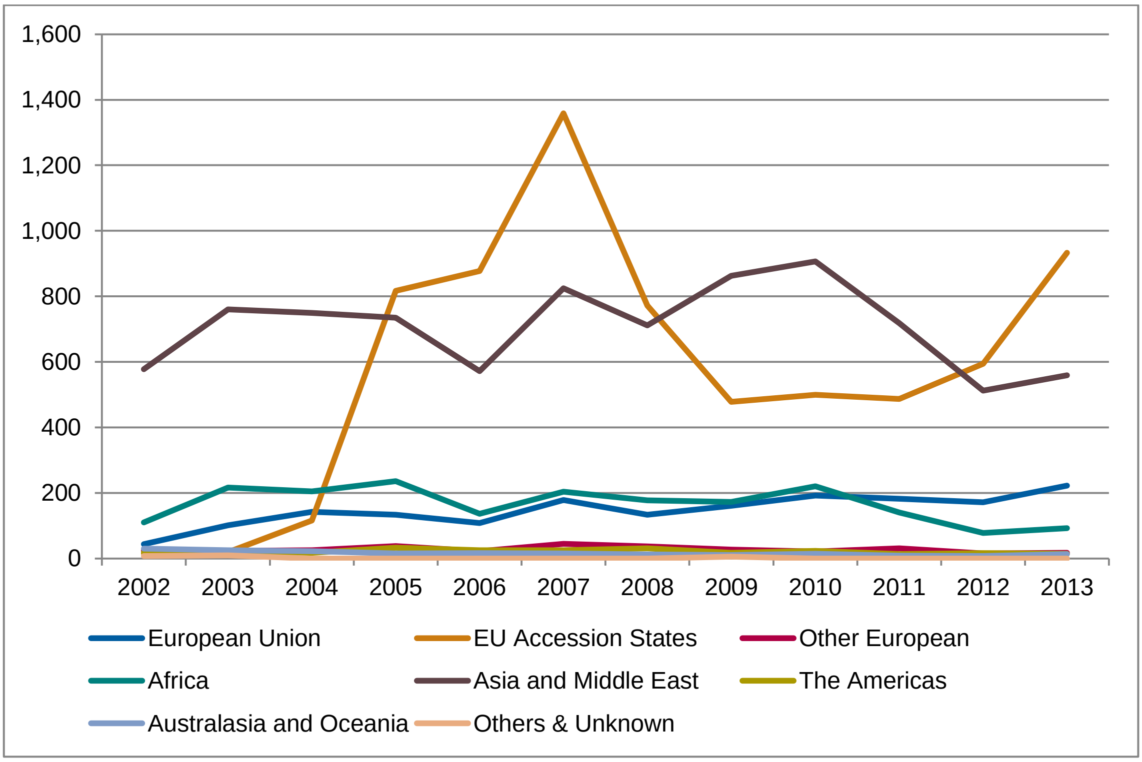
Source: DWP, 2014

4.37 As shown, Newcastle-under-Lyme has historically seen a relatively steady inward flow of international migrants from Asia and the Middle East, with around 100 NINo registrations from this world region per calendar year on average. There has also been a notable inflow of migrants from EU Accession States following the expansion of the European Union in 2004. This peaked in 2007 and subsequently fell during the recession.

4.38 Reflecting on the analysis of the ONS components of population change, it is notable that whilst the ONS has suggested a comparative increase in the levels of net international migration into the authority in recent years, the above chart would suggest a higher level prior to the recession. This data only considers inflows of international migration, but this would add weight to the position that any over-estimation of population growth is more likely to have occurred from the scale of change in migration flows seen prior to the recession in the authority.

4.39 In Stoke-on-Trent, the graph below shows that the number of NINo registrations is much higher than in Newcastle-under-Lyme, with migrants from Asia and the Middle East typically accounting for an average of around 700 registrations per year. Again, there was a growth in migration from EU Accession States – peaking in 2007 – but interestingly post 2007 the data shows a growth in migrants from Asia and the Middle East, with this on average representing the most significant flow. Compared to Newcastle-under-Lyme, the comparatively steady nature of this flow is less conclusive regarding the extent to which the under-estimation of population growth can be considered as directly attributable to a period prior to the recession.

Figure 4.12: NINo Registrations to Adult Overseas Nationals Entering the UK – Stoke-on-Trent

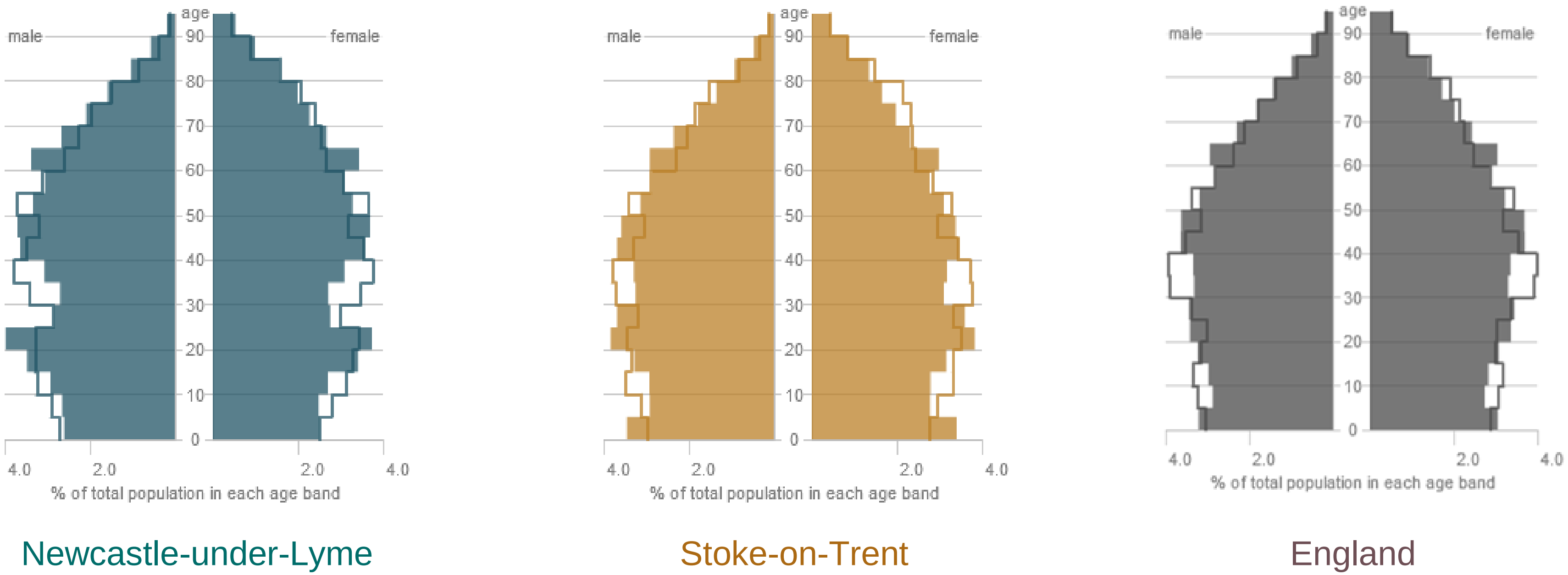


Source: DWP, 2014

Age Profile

4.40 Population data can also be grouped by age to show the distribution between age groups. This is important in understanding how the age profile of Stoke-on-Trent and Newcastle-under-Lyme has changed over time. The graphics below show the age profile of Stoke-on-Trent, Newcastle-under-Lyme and England, with the coloured bars showing the proportion of the population within each age band at the time of the 2011 Census. The outlines show the comparable structure from 2001.

Figure 4.13: Age Profile of Stoke-on-Trent, Newcastle-under-Lyme and England 2011



Outline – 2001 Mid-Year Population Estimates
Coloured bars – 2011 Census
Source: ONS Data Visualisation Centre

4.41 As shown, the age profile of both Stoke-on-Trent and Newcastle-under-Lyme broadly reflect the national picture, although there are a number of notable differences for specific age groups.

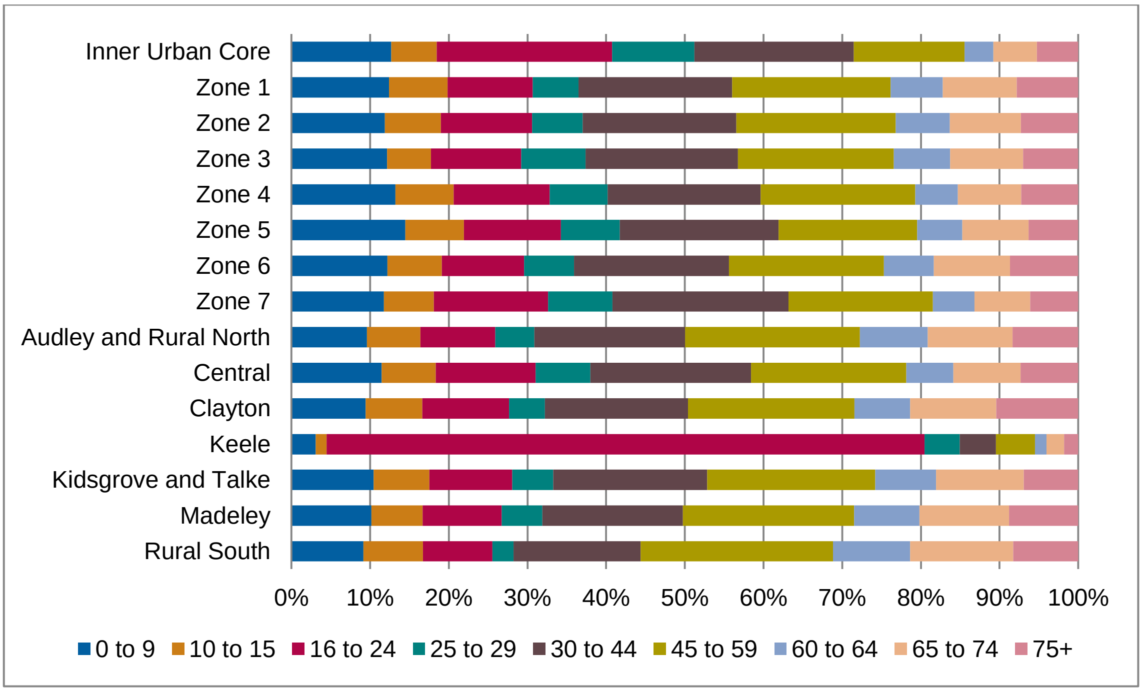
4.42 Newcastle-under-Lyme has seen a growth in the proportion of persons aged 15 – 25, with Stoke-on-Trent also seeing an increase in those aged 20 to 30. In part these trends likely to have been influenced by the growth of higher and further education providers. This is considered further in section 8 of this report.

4.43 Both Newcastle-under-Lyme and Stoke-on-Trent have, however, seen a fall in the proportion of the population aged 30 to 40 (reflecting a national trend), with a fall in most younger, children-aged groups. This suggests a fall in the proportional concentration of families in the authorities, with a subsequent increase in those aged 40 to 50 and – in particular – those aged 60 and over.

4.44 Further context can be added by considering mean age. In 2011, the mean age in Stoke-on-Trent was **38.5 years**, which was unchanged from 2001. Newcastle-under-Lyme, however, had an older average age in 2011 of **40.8 years**, which increased from 39.6 in 2001. This suggests that of the two authorities Newcastle-under-Lyme has seen a stronger ageing trend. Stoke-on-Trent shows the closest alignment to the 2011 average age in England, of 39.3 years. Both authorities do, however, have a lower average age compared to Stafford and Staffordshire Moorlands, where – in 2011 – the average ages were 41.8 years and 43.4 years respectively.

4.45 Age can be further analysed at a sub-authority level, in order to quantify areas which are characterised by a younger or older demographic. This can have implications for the type of housing required, and the following graphs show the proportion of the population of each sub-area by age band.

Figure 4.14: Age Profile by Sub-Area



Source: Census 2011

4.46 This analysis identifies a number of interesting characteristics. Keele, for example, highlights a significantly high proportion of residents aged 16-24, with 76% of the population sitting in this age category. The profile of this zone is explained by the high provision of student accommodation, an issue considered further in section 8 (Figure 8.13 in particular) with regards to the needs of the student population.

4.47 As may be expected given the tenure and type profile, the Inner Urban Core sub-area has a significant proportion of younger residents with 51.2% of people aged under 30. Again – as with the Keele sub-area – students residing in this sub-area are likely to contribute to this profile[33]. In this zone, just 14.4% of people are aged over 60.

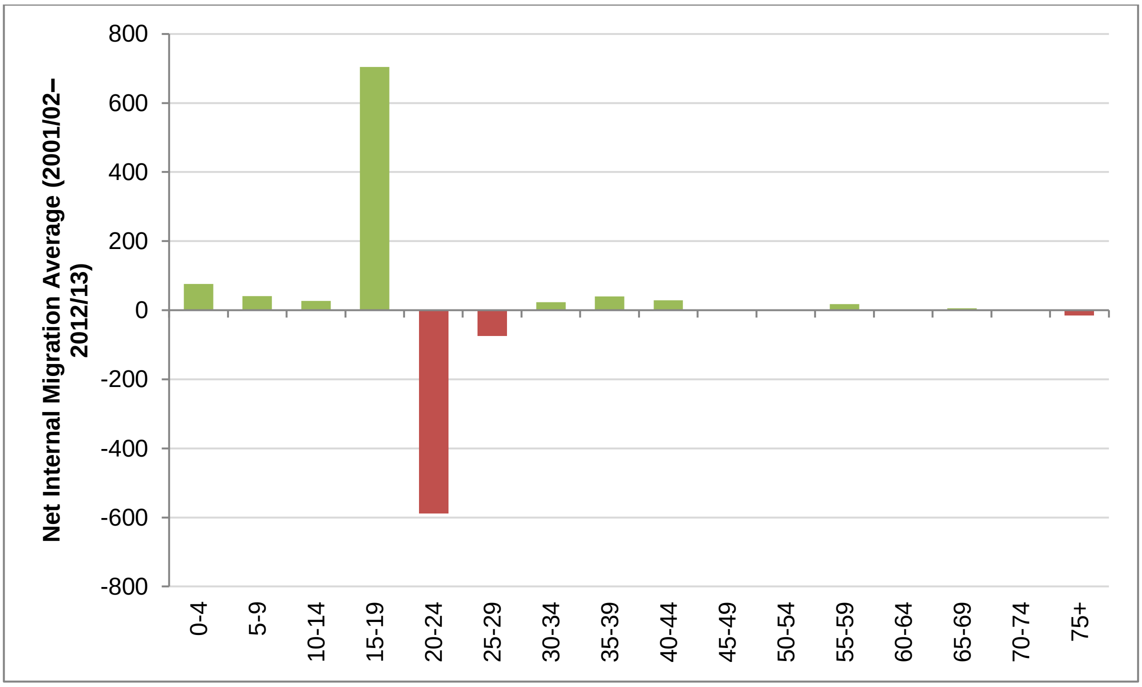
4.48 By way of contrast, a number of the sub-areas in Newcastle-under-Lyme show considerably higher proportions of older age groups. This is particularly true of Audley and Rural North, Clayton, Madeley and Rural South.

Age Profile of Migrants

4.49 The graphs below break down migrants by age group, based on net average migration flows over the period from 2001/02 to 2012/13. This information is based on analysis undertaken by Edge Analytics, derived from the Patient Register Data Service (PRDS). This data is used by the ONS in its mid-year population estimates and forms the basis for estimating migrant flows between local authority areas.

[33] Figure 8.12

Figure 4.15: Age Group Net Flows 2001/02 – 2012/13 – Newcastle-under-Lyme

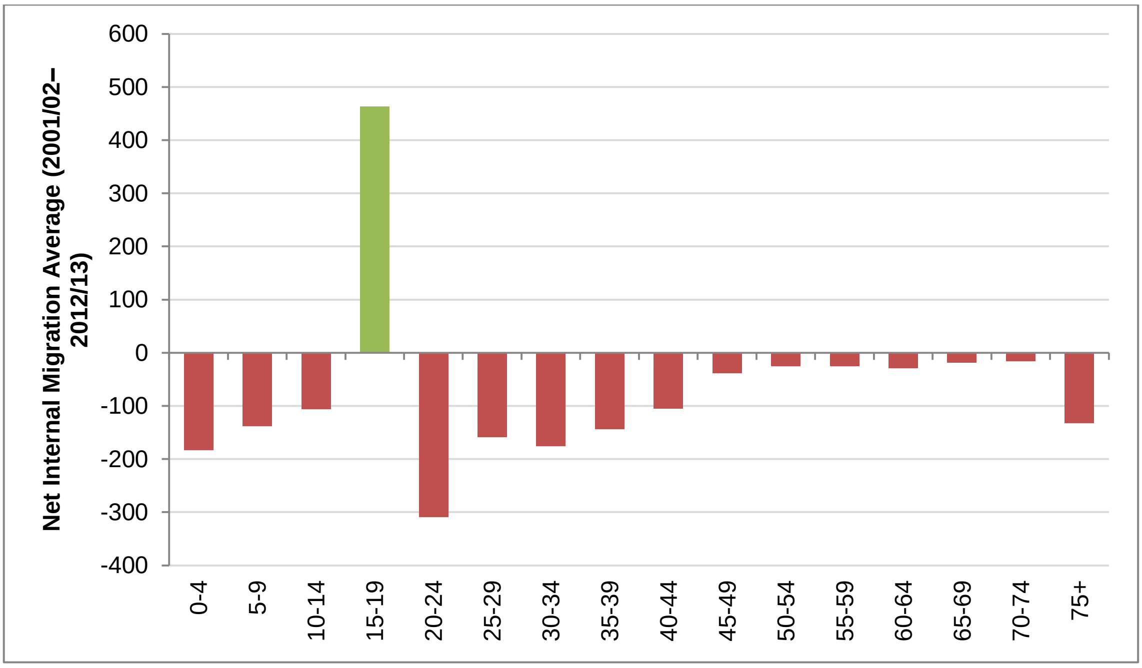


Source: PRDS, Edge Analytics 2014

4.50 In Newcastle-under-Lyme, there is an evident net inflow of people aged 15 to 19, with this likely associated with an inflow of students to Keele University which is located within the authority.

4.51 Significantly, however, there is a strong net outflow of those aged 20 – 24 and a smaller net outflow of those aged 25 – 29. This is likely to be associated, at least in part, with graduates or other younger people moving elsewhere to work. Older age groups are largely balanced with the small inflow of those aged 30 – 44 contributing to the positive net inflow of children.

Figure 4.16: Age Group Net Flows 2001/02 – 2012/13 – Stoke-on-Trent



Source: PRDS, Edge Analytics 2014

4.52 In Stoke-on-Trent, there is again a sizeable net inflow of people aged 15 to 19. As with Newcastle-under-Lyme this is likely to be associated with the impact of Staffordshire University.

4.53 In contrast to Newcastle-under-Lyme, however there is a net outflow of all other age groups. In particular, it is important to highlight the significant net outflow of children and family age residents from the authority.

4.54 The analysis above focuses on internal migration. Whilst the same level of data is not available for international migration, further analysis of NINo registrations – introduced earlier – shows the age of international migrants moving to Stoke-on-Trent and Newcastle-under-Lyme in the calendar year of 2013. This shows that the majority of international migrants are aged between 18 and 34, although the younger age group – aged 18 to 24 – is more prevalent in Stoke-on-Trent. Given the importance of international migration in Stoke-on-Trent in particular in shaping population growth, this distinct age profile of migrants forms an important factor in the historic changing shape of its demographic profile.

Figure 4.17: Age of NINo Registrants 2013

	Up to 18	18 – 24	25 – 34	35 – 44	45 – 54	55 – 59	Over 60
Newcastle-under-Lyme	5	132	136	43	11	0	6
%	1.5%	39.6%	40.8%	12.9%	3.3%	0.0%	1.8%
Stoke-on-Trent	41	814	601	249	90	35	23
%	2.2%	43.9%	32.4%	13.4%	4.9%	1.9%	1.2%

Source: DWP, 2013

Households

4.55 The analysis of population growth when considered in the context of change in dwellings, as analysed in section 3, has highlighted the changing dynamics in household formation. It is evidently important to consider the relationship between the total population and the total number of households, in order to understand the rate of household formation in recent years in Stoke-on-Trent and Newcastle-under-Lyme. This is presented in the following table alongside the other spatial comparators, and is presented spatially in Figure 4.3 of Appendix 2.

Figure 4.18: Change in Total Number of Households 2001 – 2011

Sub-Area	2001	2011	Change	%
Stoke-on-Trent	**103,151**	**107,575**	**4,424**	**4.3%**
Inner Urban Core	11,820	12,534	714	6.0%
Zone 1	20,340	20,983	643	3.2%
Zone 2	11,309	11,675	366	3.2%
Zone 3	7,213	7,711	498	6.9%
Zone 4	14,231	14,108	-123	-0.9%
Zone 5	9,402	9,906	504	5.4%
Zone 6	17,869	19,057	1,188	6.6%
Zone 7	10,967	11,601	634	5.8%
Newcastle-under-Lyme	**50,723**	**52,574**	**1,851**	**3.6%**
Audley and Rural North	4,040	4,229	189	4.7%
Central	22,606	23,494	888	3.9%
Clayton	9,294	9,642	348	3.7%
Keele	365	409	44	12.1%
Kidsgrove and Talke	9,854	10,133	279	2.8%
Madeley	1,867	1,826	-41	-2.2%
Rural South	2,697	2,841	144	5.3%
Stoke-on-Trent and Newcastle-under-Lyme	**153,874**	**160,149**	**6,275**	**4.1%**
Staffordshire Moorlands	38,799	41,772	2,973	7.7%
Stafford	50,025	55,703	5,678	11.4%
West Midlands	2,153,672	2,294,909	141,237	6.6%
England	20,451,427	22,063,368	1,611,941	7.9%

Source: Census 2001, Census 2011

4.56 As shown, around 4,400 additional households formed in Stoke-on-Trent between 2001 and 2011, with 1,851 additional households forming in Newcastle-under-Lyme over the same period. This indicates that an average of 442 and 185 households formed each year in each authority respectively, with the level of proportionate growth falling below that seen in neighbouring authorities or nationally. This is reflective of the below average growth in the dwelling stock, as illustrated in Figure 3.1 with the proportionate increases showing strong alignment.

4.57 Staffordshire Moorlands and Stafford in particular have seen higher levels of growth over this period, with the latter in particular likely to have been driven by growth in the dwelling stock and population over the same period.

4.58 The greatest proportionate increases at the sub-area level in Keele at 12.1% and Zone 3 at 6.9% increase, with Zone 6 also seeing growth of 6.6% over this period. This zone also saw the greatest absolute increase, with an additional 1,188 households in 2011 compared to 2001.

4.59 This analysis allows average household size to be calculated, by dividing the usual resident household population[34] by the total number of households in each sub-area. This is presented in the following table, with figures for 2001 and 2011 shown to allow comparison – and the proportionate change is also illustrated spatially in Figure 4.4 of Appendix 2.

[34] Excluding those living in residential institutions

Figure 4.19: Change in Average Household Size 2001 – 2011

Sub-Area	2001	2011	% Change
Stoke-on-Trent	**2.30**	**2.29**	**-0.5%**
Inner Urban Core	2.21	2.27	2.7%
Zone 1	2.39	2.37	-0.8%
Zone 2	2.38	2.32	-2.8%
Zone 3	2.26	2.14	-5.5%
Zone 4	2.25	2.26	0.5%
Zone 5	2.35	2.37	0.5%
Zone 6	2.32	2.29	-1.3%
Zone 7	2.15	2.20	2.4%
Newcastle-under-Lyme	**2.33**	**2.28**	**-2.2%**
Audley and Rural North	2.29	2.28	-0.6%
Central	2.29	2.25	-1.7%
Clayton	2.31	2.25	-2.9%
Keele	2.25	2.18	-2.9%
Kidsgrove and Talke	2.44	2.33	-4.3%
Madeley	2.32	2.29	-1.2%
Rural South	2.43	2.43	0.1%
Stoke-on-Trent and Newcastle-under-Lyme	**2.31**	**2.28**	**-1.0%**
Staffordshire Moorlands	2.40	2.29	-4.6%
Stafford	2.36	2.29	-3.0%
West Midlands	2.41	2.40	-0.4%
England	2.36	2.36	0.0%

Source Census 2001; Census 2011

4.60 Across Stoke-on-Trent and Newcastle-under-Lyme, the average household size has fallen, with an average of 2.28 residents living in each household in 2011, from 2.31 in 2001. The decrease in average household size has been more significant overall in Newcastle-under-Lyme, with the average household size decreasing by 2.2% compared to a 0.5% decrease in Stoke-on-Trent. This fall is, however, significantly lower than that seen in Stafford and Staffordshire Moorlands, which were characterised by relatively larger households in 2001. The average household size in both Stoke-on-Trent and Newcastle-under-Lyme is lower than both the regional and national average, with the latter remaining constant over this period

4.61 The table above does, though, demonstrate that average household size varies across sub-areas, with the average size decreasing most significantly in Zone 4 and Kidsgrove and Talke, whilst the average household size in the Inner Urban Core, Zone 7 and the Rural South have in fact increased.

4.62 The sub-areas of Zone 3 and Kidsgrove and Talke have seen the greatest decrease in household size. Nevertheless, some households in Stoke-on-Trent have in fact increased in household size, particularly in Zone 4, Zone 5, Zone 7 and the Inner Urban Core, where there is a notably higher proportion of smaller stock. This is likely to be a contributing factor towards the relatively high levels of overcrowding analysed in section 3, particularly in Zones 5 and 7.

Economic Drivers of Change

4.63 The PPG notes that likely change in employment and the local economy should be taken into account when assessing the need for housing, and this section therefore considers the economic drivers of population change in Newcastle-under-Lyme and Stoke-on-Trent.

4.64 It is important to recognise that the authorities have commissioned a separate study on employment land and the economy, referenced hereafter as the Employment Land Review (ELR). The outputs of the ELR have not been available to inform this report, and therefore this section includes a headline review of available economic forecasts and existing economic evidence. This section does not seek to represent a full assessment of 'likely job growth' in accordance with the PPG. Going forward, it will therefore be important for the authorities to consider the implications of further economic studies in the context of assessed job growth and its profile by industrial sector, as this will have a direct bearing on understanding future housing need.

Historic Employment Change

4.65 The following table summarises historic employment change since 1997, sourced from Experian. This is presented to 2012, given that this is the historical endpoint of the projections in terms of local authority input employment data. Neighbouring Staffordshire Moorlands and Stafford are also presented for context, which shows that – while the former has seen an annual increase in workforce jobs – the latter, like Stoke-on-Trent, has seen a notable fall over the period shown.

Figure 4.20: Historic Change in Employment 1997 – 2012

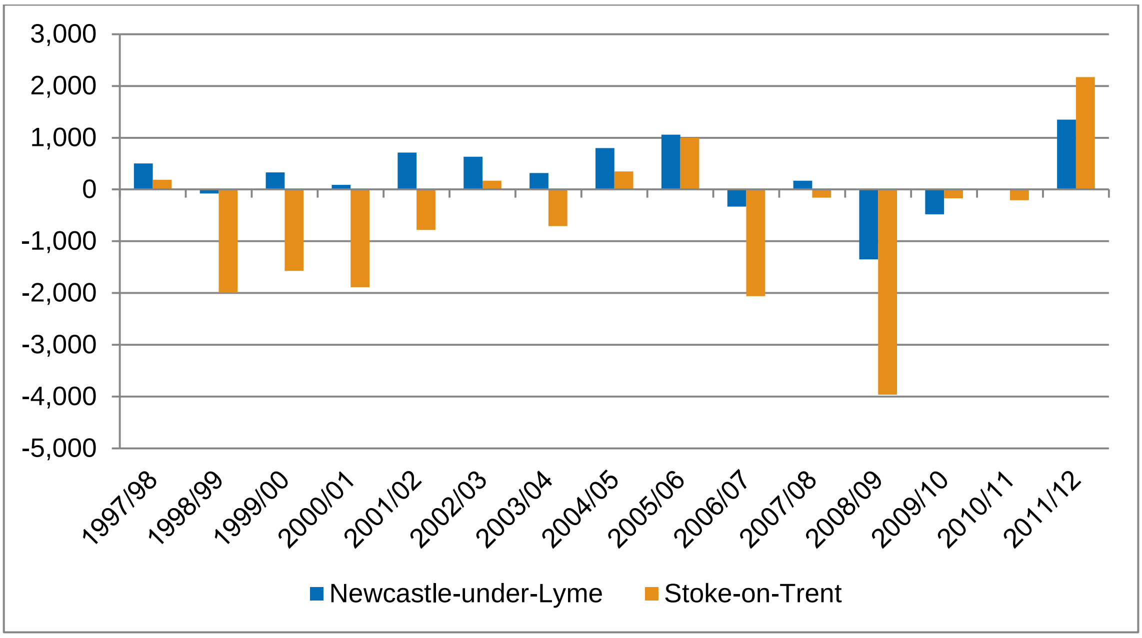
	1997	2012	Change	Change per annum
Newcastle-under-Lyme	46,580	50,300	3,720	248
Stoke-on-Trent	128,720	119,100	-9,620	-641
Stoke-on-Trent and Newcastle-under-Lyme	175,300	169,400	-5,900	-393
Staffordshire Moorlands	29,850	32,600	2,750	183
Stafford	69,760	64,040	-5,720	-381

Source: Experian, 2014

4.66 As shown, while Newcastle-under-Lyme has seen growth in the number of workforce jobs over the period shown – with an average of around 250 jobs created per year – there has been a significant decline in Stoke-on-Trent, with around 640 jobs lost per year on average. Collectively across the two authorities, this therefore suggests a historic loss of jobs over the 15 year period on average. A similar picture is apparent for Stafford, although Staffordshire Moorlands has seen a more positive picture of job growth, albeit at a comparatively modest level.

4.67 As the following graph shows, this was mainly linked to job losses earlier in the period shown as well as the wider effects of the recession from 2008 onwards. The latest year shows a more positive picture, however, suggesting that the local economy is showing signs of recovery.

Figure 4.21: Historic Annual Change in Employment 1997 – 2012



Source: Experian, 2014

4.68 The split in terms of pre and post-recession job growth profiles is illustrated more clearly in the following table. For the purposes of this analysis, 2007 has been used as the first year of the 'downturn' within the two authorities.

Figure 4.22: Contrasting Job Growth – Pre and Post-recession

	Average annual change in workforce jobs	
	1997-2006	2007-2012
Stoke-on-Trent	-581	-466
Newcastle-under-Lyme	484	-62
Stoke-on-Trent and Newcastle-under-Lyme	**-97**	**-528**

Source: Experian, 2014

4.69 Experian provide a breakdown by Standard Industrial Classification (SIC), which allows an understanding of key growth sectors and significant declining sectors in Stoke-on-Trent and Newcastle-under-Lyme. This is summarised in the following table, showing the number of jobs created in each industry over the period from 1997 to 2012.

Figure 4.23: Historic Change in Employment 1997 – 2012

Industry	Newcastle-under-Lyme	Stoke-on-Trent
Accommodation, Food Services & Recreation	470	3,170
Agriculture, Forestry & Fishing	-30	-445
Construction	-220	-730
Extraction & Mining	-150	-180
Finance & Insurance	-620	160
Information & communication	-370	-280
Manufacturing	-4,610	-24,370
Professional & Other Private Services	3,200	2,270
Public Services	2,830	7,490
Transport & storage	3,570	4,120
Utilities	130	450
Wholesale & Retail	-450	-1,250

Source: Experian, 2014

4.70 Evidently, the decline of manufacturing has had a substantial impact on the local economies of both Stoke-on-Trent and Newcastle-under-Lyme, resulting in the loss of almost 30,000 jobs across the area between 1997 and 2012. Stoke-on-Trent has, though, seen growth in many other sectors, including public services, transport and storage and accommodation, food services and recreation, although this has failed to offset the job losses in the manufacturing and, to a lesser extent, retail sectors in particular. Newcastle-under-Lyme has also seen growth in public services, as well as professional and other private services and transport and storage.

4.71 Staffordshire County Council and Stoke-on-Trent City Council produced a joint Economic Review in 2013[35], which provides an assessment of the local economy and its key issues. A number of key themes are identified, including:

- A changing economic structure, with a significant decline in low value added manufacturing which reflects national trends. However, the sector remains a significant employer in Stoke-on-Trent and Staffordshire, as does the public sector and increasingly the health sector. The rural economy is also taking on increasing significance, with growth in tourism and leisure, ICT and food and drink;

- A continued recovery from the effects of the recession, linked to current concerns about employment and growth as well as potential future impacts on worklessness and young people. While there has been recent improvement, there is still a way to go until pre-recession levels are reached; and

- While the number of people claiming out-of-work benefits and unemployment is falling in Staffordshire and Stoke-on-Trent, these figures may hide issues with underemployment, where people are working part time and unable to work more hours, with potential implications for income levels.

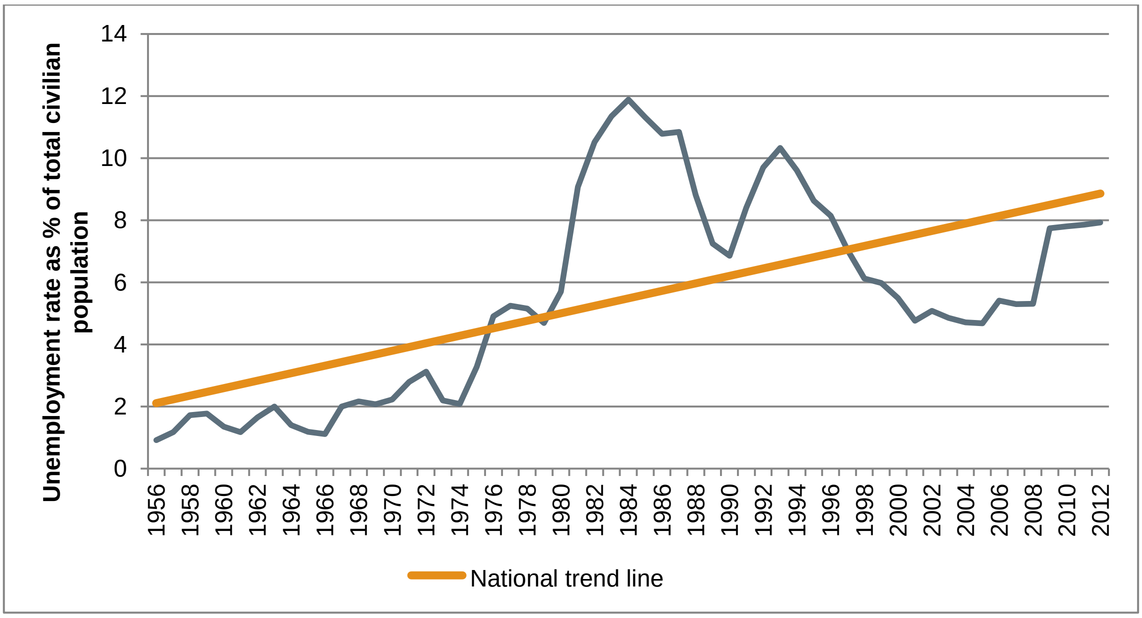
Unemployment

4.72 Unemployment is an important indicator of latent capacity in the local labour force, with economically active but unemployed residents able to make a valuable contribution to future growth in the economy.

4.73 It is important to understand unemployment in Stoke-on-Trent and Newcastle-under-Lyme within a national context, with the following graph showing unemployment rates – as a proportion of the civilian population – since 1956 across the entirety of the UK. The overlaid trend line shows that unemployment has increased from very low levels in the 1950s and 1960s, with the unemployment rate over the whole period – from 1956 to 2012 – standing at 5.5%.

[35] Staffordshire County Council and Stoke-on-Trent City Council (2013) Staffordshire and Stoke-on-Trent Economic Review

Figure 4.24: National Unemployment Rate 1956 – 2012



Source: OECD Statistics

4.74 Nationally, the graph shows that unemployment levels over recent years have increased substantially, following the onset of the national economic recession. However, recent evidence suggests that the economy has grown through 2013 and 2014, with falling unemployment rates at a national level as latent capacity in the labour-force is re-used. According to the latest ONS statistics, unemployment fell to 5.7% over the three months to the end of January 2015[36], with figures released in October 2014 showing that unemployment had fallen below two million for the first time since 2008[37]. The number of unemployed residents has continued to fall, reaching 1.86 million in the three months ending January 2015[38].

4.75 The Economic and Fiscal Outlook[39], published by the Office for Budget Responsibility (OBR), sets out how the unemployment rate is forecast to change nationally over the next five years. The national unemployment rate is expected to fall to 5.4% in 2018, suggesting that – in headline terms – the OBR forecasts a return to a level of unemployment more akin to the long-term average by 2018. This level is slightly higher than that seen prior to the onset of the recession in the UK.

4.76 A more detailed review of the latest available and historic labour force datasets has been undertaken for Stoke-on-Trent and Newcastle-under-Lyme, recognising that this forms an important consideration in understanding the potential input of the latent labour force to accommodate future job growth. This will also help to determine the additional labour force required for economic growth potential to be realised in full, which will increase demand for housing.

[36] ONS (2015) Labour Market Statistics, March 2015 Release
[37] ONS (2014) Labour Market Statistics, October 2014 Release
[38] ONS (2015) Labour Market Statistics, March 2015 Release
[39] Office for Budget Responsibility (March 2014) Economic and Fiscal Outlook

4.77 The following table presents annual unemployment rates for Stoke-on-Trent and Newcastle-under-Lyme between 2004 and 2013, based on the Annual Population Survey (APS). A range of average rates are presented, based on recession and pre-recession periods, calculated over the years to the base date of the projections in 2012. As shown, prior to the recession, both Newcastle-under-Lyme and Stoke-on-Trent saw lower unemployment rates of around 5% on average, although this increased following the recession, particularly in Stoke-on-Trent.

Figure 4.25: Change in Unemployment 2004 – 2013

Calendar Year	Newcastle-under-Lyme	Stoke-on-Trent
2004	3.3%	4.7%
2005	3.1%	5.7%
2006	5.6%	4.0%
2007	8.2%	6.5%
2008	5.5%	7.0%
2009	5.3%	10.2%
2010	6.3%	9.6%
2011	12.7%	10.3%
2012	6.9%	7.1%
Pre-recession average (2004 – 07)	**5.1%**	**5.2%**
Post-recession average (2008 – 12)	**7.3%**	**8.8%**
Average (2004 – 12)	**6.3%**	**7.2%**

Source: ONS via Nomis, 2014

Future Employment Change

4.78 As noted in the introduction to this sub-section the Councils have commissioned an ELR to examine in detail future levels of employment change. In the absence of this piece of work, a headline analysis of future likely job growth has been undertaken. This will need to be updated once the outputs of the ELR are available to the Councils.

4.79 Initially, this section includes consideration of a number of recently prepared forecasts from two respected economic forecasting houses, Experian and Cambridge Econometrics, with the latter sourced directly from the Stoke-on-Trent and Staffordshire Enterprise Partnership.

4.80 In order to place these baseline forecasts in context, consideration is then given to the economic evidence and ambitions of the Stoke-on-Trent and Staffordshire Enterprise Partnership. This includes separate consideration of evidence assembled regarding the potential impact of High Speed 2, although it is recognised that this remains a considerable point of uncertainty at the time at which this report has been written and will therefore require careful monitoring in the future.

Economic Forecasts

4.81 Two forecasts have been sourced from well-respected forecasting houses, Experian and Cambridge Econometrics, to inform the understanding of forecast future job growth in advance of the outputs of the economy study. This section firstly provides an overview of these forecasting models and then compares forecast job growth in overall terms and by sector.

4.82 Experian publish economic forecasts at local authority level to determine a policy-off position on future levels of job creation and economic growth. Experian forecasts are regularly used by local authorities to inform their evidence base, although it is important to recognise that their forecasts are considered to be largely policy-off – or baseline – in that they do not directly seek to take account of planned investment or potential economic development projects.

4.83 The September 2014 vintage of the Experian Local Market Forecast Quarterly forecasts provide a forecast of the number of workforce jobs expected to be created up to 2031[40]. The latest Experian forecasts take into account the latest 2012-based population projections – introduced in section 6 – with this forming an important input to the forecasting methodology.

4.84 Forecasts have also been sourced from Cambridge Econometrics' Local Economy Forecasting Model, with outputs provided by the Stoke-on-Trent and Staffordshire LEP. Again, these forecasts are policy off, and are broken down by industry, but it is important to note that these forecasts only run to 2025.

4.85 Both Experian and Cambridge Econometrics operate their own bespoke integrated forecast models, with differing underpinning assumptions, and both forecasting houses are considered to be industry standard. In most cases, these begin with an assumption regarding potential future growth in the national economy, and this is subsequently broken down to local economy forecasts based on a resolution between the demand and supply for labour. The population can, for example, act as a constraint on job potential in an area, although the models seek to support job creation through changes to participation rates, including assumptions around unemployment.

4.86 The forecasts also represent a policy off position, and do not take account of planned investments or aspirations, and there is often significant variation between different forecasts. Further work is currently being undertaken by the Councils to review economic forecasts and arrive at a position on likely future job growth through the Employment Land Review. This study will include a consideration as to the extent to which job forecasts represent a constrained position as a result of input labour-modelling or not and an understanding of assumptions made in relation to changing economic profiles (activity) of the labour-force.

4.87 The following table summarises average annual job creation under both econometric forecasts, with the Experian figure based on an average from 2011 to 2031 and the Cambridge Econometrics figure based on the period from 2011 to 2025.

[40] Note – the scenarios developed in this report are projected to 2039, and – given that economic forecasts only extend to 2031 – the more recent trend is extrapolated forward to 2039

Figure 4.26: Forecast Average Annual Job Change

	Experian	Cambridge Econometrics
Newcastle-under-Lyme	420	578
Stoke-on-Trent	1,285	689
Stoke-on-Trent and Newcastle-under-Lyme	**1,705**	**1,267**

Source: Experian, 2014; Cambridge Econometrics, 2014

4.88 The Experian forecasts expect an average of 420 workforce jobs to be created per year in Newcastle-under-Lyme over the period from 2011 to 2031, with just under 1,300 jobs expected annually in Stoke-on-Trent. The latter in particular is notably high, given that Stoke-on-Trent has seen around 640 jobs lost per year on average between 1997 and 2012, while Newcastle-under-Lyme is forecast to see a considerable uplift compared to historic job creation levels. Cambridge Econometrics forecast a greater uplift for Newcastle-under-Lyme – with the creation of 578 jobs per annum – while the level of job creation in Stoke-on-Trent is more moderate at 689 jobs per annum.

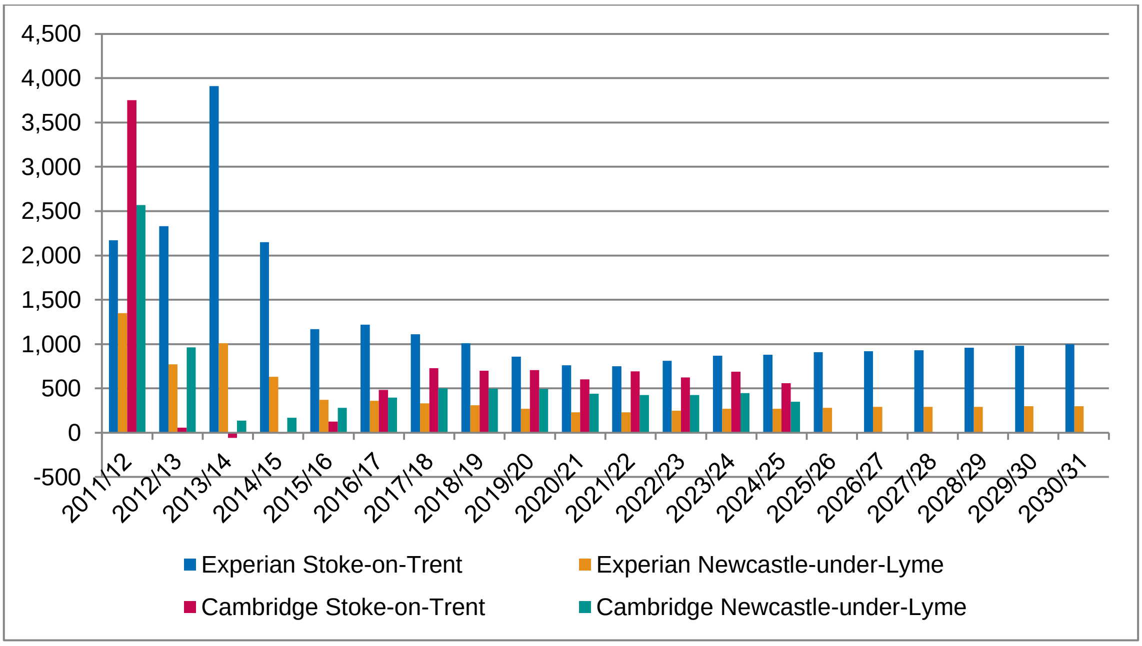
4.89 As the following graph shows, these forecasts – particularly those sourced from Experian – are underpinned by a high rate of job creation early in the forecast period, with Experian figures derived from official ONS published data on workplace based employment at a national level[41]. There is clearly some variation in the forecast level of growth over the short-term, with Experian forecasting a considerably higher level of job growth in both authorities over the period 2011 – 2014 than has been seen historically.

4.90 This apparent significant recovery in job generation across the area needs to be considered and evidenced through the Employment Land Review currently under preparation. This may validate the quantum of jobs generated and their nature, as this evidently represents a significant departure from the historic trend.

4.91 Later in the forecast period, growth in workforce jobs is more moderate across the two authorities, albeit evidently still higher than longer-term historic rates of job creation across the two authorities.

[41] Experian forecasts are underpinned by the Employment Labour Force Survey Workplace Analysis data, which measures workplace based employment up to the historical end point of Q2 2014 at a national level. This is not available up to this point in time at the local level with the distribution based on Experian modelling.

Figure 4.27: Forecast Annual Change in Workforce Jobs 2011 – 2031



Source: Experian, 2014; Cambridge Econometrics, 2014

4.92 The following table summarises the industries forecast by Experian to drive job growth in Stoke-on-Trent and Newcastle-under-Lyme, based on the Standard Industrial Classification (SIC).

Figure 4.28: Forecast Change in Employment by Sector 2011 – 2031

Industry	Newcastle-under-Lyme	Stoke-on-Trent
Accommodation, Food Services & Recreation	720	7,370
Agriculture, Forestry & Fishing	-90	-13
Construction	-390	1,590
Extraction & Mining	2	-50
Finance & Insurance	-380	1,300
Information & communication	-1,100	790
Manufacturing	1,940	-2,500
Professional & Other Private Services	4,760	3,600
Public Services	-1,770	1,330
Transport & storage	5,250	4,250
Utilities	-10	540
Wholesale & Retail	-470	7,210

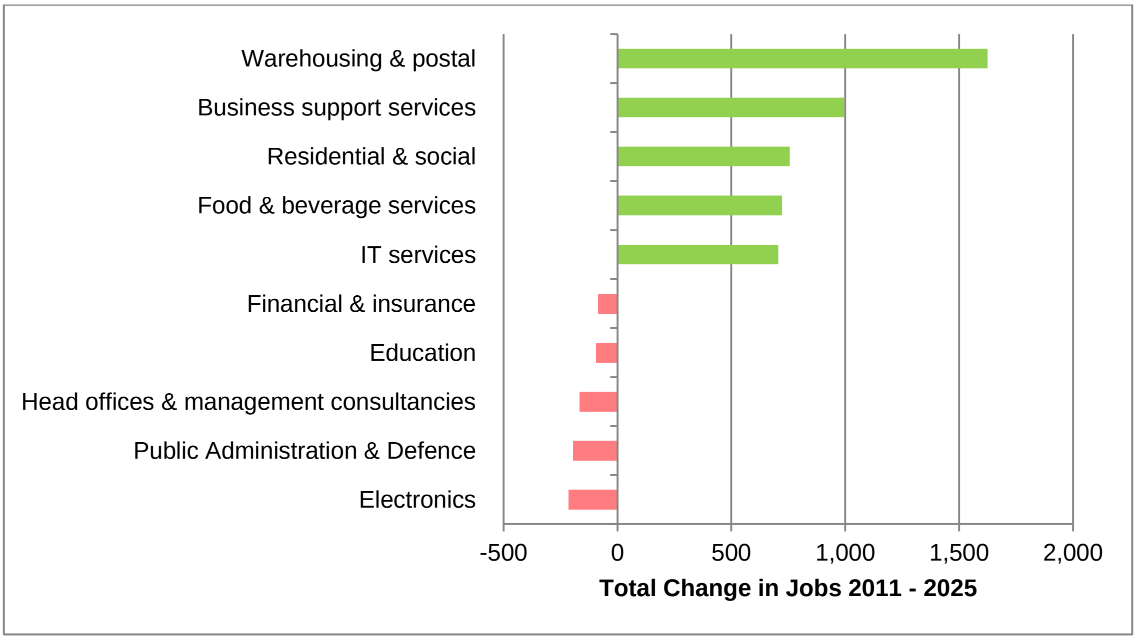
Source: Experian, 2014

4.93 Significant job growth is forecast in the accommodation, food services and recreation and wholesale and retail sectors in Stoke-on-Trent, while professional and other private services and transport and storage are also expected to create new jobs in the authority. A continued decline is expected in manufacturing, albeit not at the same scale as seen historically.

4.94 Growth in Newcastle-under-Lyme is expected to be driven by the professional and other private services and transport and storage sectors, while notable job losses are expected in the public services and information and communication sectors.

4.95 Forecasts from Cambridge Econometrics do not include a breakdown by SIC, but is based on a more detailed industrial breakdown. Over the period shown, the greatest job creation in Newcastle-under-Lyme is forecast in the warehousing and postal industry, with business support services also creating jobs in the borough. The following graph summarises the main sectors expected to drive growth and the main areas of forecast decline in Newcastle-under-Lyme.

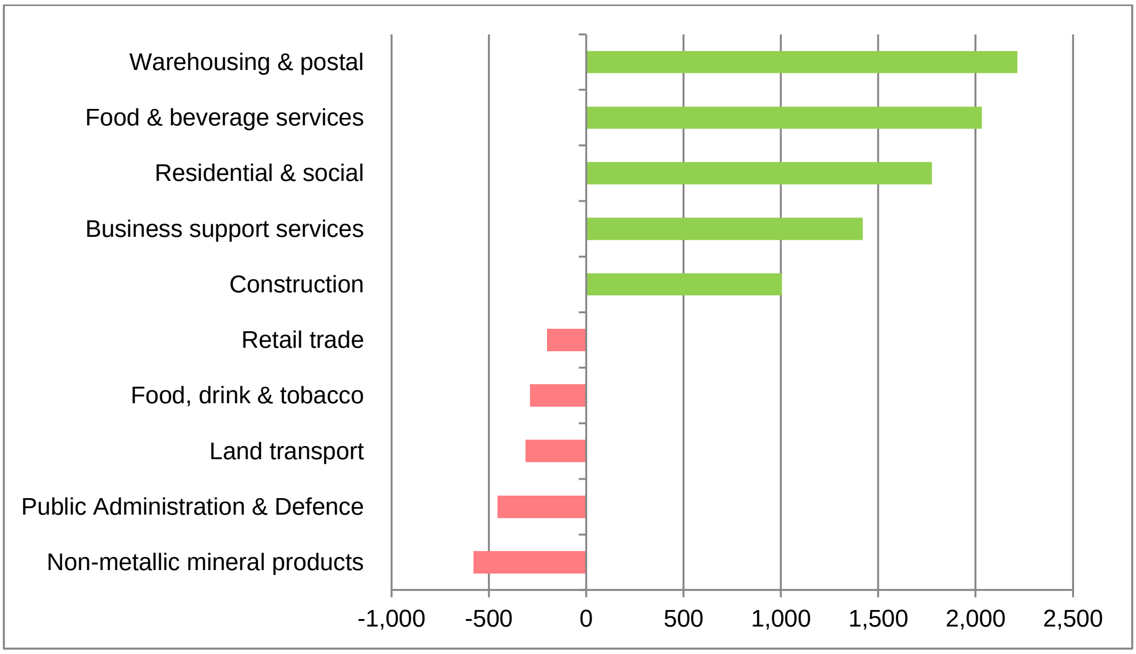
Figure 4.29: Forecast Growing and Declining Sectors in Newcastle-under-Lyme 2011 – 2025



Source: Cambridge Econometrics, 2014

4.96 Stoke-on-Trent is also forecast to see growth in warehousing and postal, with further growth in food and beverage services and the residential and social industry. This is illustrated in the following graph.

Figure 4.30: Forecast Growing and Declining Sectors in Newcastle-under-Lyme 2011 – 2025



Source: Cambridge Econometrics, 2014

4.97 It is also important to acknowledge the level of alignment between econometric forecasts and the targeted rate of job creation in the LEP's Strategic Economic Plan (SEP), which sought to generate 50,000 new jobs over the decade to 2021.

4.98 The Cambridge Econometrics forecast – though sourced from the LEP – expect a lower level of job creation than targeted, with the creation of 41,800 jobs in the LEP area between 2001 and 2021.

4.99 The latest Experian forecasts for Staffordshire forecast the number of workforce jobs in the county[42] to increase from 478,230 in 2011 to 525,640 in 2021 – an increase of approximately 47,500 jobs. While these forecasts are policy-off, there is evidently a relatively close alignment between the scale of job creation targeted by the LEP over the short term to 2021 and that forecast by Experian. Of this total, just under half of forecast jobs are expected to be created in Stoke-on-Trent (16,690 workforce jobs) and Newcastle-under-Lyme (5,630 workforce jobs).

Stoke-on-Trent and Staffordshire Enterprise Partnership

4.100 The Stoke-on-Trent and Staffordshire Enterprise Partnership is a Local Enterprise Partnership (LEP) – formed in 2011 – which brings together businesses and local authorities in order to drive economic growth and create jobs. Both Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council are partners with the LEP.

4.101 Part 1 of the LEP's Strategic Economic Plan (SEP) was published in March 2014, and sets out the overall long-term strategic framework for Staffordshire. The SEP introduces a vision for the area over the period to 2030:

[42] Including Stoke-on-Trent unitary authority

"An economic powerhouse driven by the transformation of Stoke-on-Trent into a truly competitive and inspiring Core City and by accelerated growth in our County Corridors and urban centres"[43]

4.102 In order to achieve this vision, the SEP sets out an ambition to grow the economy by 50% and generate 50,000 new jobs over the decade to 2021. There are five central objectives at the heart of the SEP, comprising[44]:

- The rapid growth of Stoke-on-Trent into a Core UK City, becoming a critical economic driver which spans Staffordshire and parts of Cheshire;
- Maximising the connectivity of Staffordshire, through existing road, rail and air connections and future strategic investments in infrastructure, in order to maximise opportunities across key transport corridors and drive business growth and inward investment;
- Enhancing growth opportunities from competitive urban centres in Staffordshire, including the city of Stoke-on-Trent and other towns in the county;
- Ensuring growth in key sectors, with globally competitive innovation, investment and enterprise-led expansion in large and small businesses; and
- Targeting both growth and opportunity, through the development of a modern and flexible skills system to meet the needs of growth sectors. In particular, pockets of poor educational performance, deprivation, decaying urban centres and unattractive housing will be targeted to ensure local people benefit from planned economic growth.

4.103 Evidently, the city of Stoke-on-Trent is planned to be a key driver of economic growth across Staffordshire, with an ambition for rapid economic growth to develop a core city centre economy. The SEP recognises that housing growth can help to regenerate areas of the city, with deprived areas influencing perceptions of the city and potentially deferring workers and investors. The SEP also identifies a shortage of high value housing, including larger family homes and aspirational housing, which are needed to attract and build a highly skilled workforce.

4.104 Housing-led population growth is therefore identified as a key priority for Stoke-on-Trent, in order to build on the city's appetite and capacity for housing growth in order to drive the growth of the conurbation and create a supply of sites and range of housing. The SEP wants this to be achieved through volume housing growth across the city, including city centre, aspirational and specialist accommodation.

4.105 The SEP also aims to sustain economic growth in town centres, with Newcastle-under-Lyme identified as one of six priority urban centres. The urban centres are expected to be attractive and well-connected to employment opportunities, with an evolving offer to meet the changing needs of a growing population. The town centres can also play a key role in meeting the wider growth objectives for the LEP economy, with Newcastle-under-Lyme in particular – due to its proximity to Stoke-on-Trent – making a strong

[43] Stoke-on-Trent and Staffordshire Enterprise Partnership (2014) Strategic Economic Plan – Part 1: Strategy (p1)
[44] *Ibid* (p3)

contribution, with the potential for the conurbation to grow and become a critical economic driver. This would evidently require a significant step change in job creation in both Stoke-on-Trent and Newcastle-under-Lyme.

High Speed 2

4.106 High Speed 2 (HS2) is a planned high speed railway linking London with the north of England, with the planned first phase linking London with Birmingham and the West Midlands expected to open in 2026. A further phase extending the route to Manchester and Leeds could be completed by 2032.

4.107 The route of the second phase of HS2 has yet to be confirmed, with Stoke-on-Trent supported as a potential location for a station between Birmingham and Manchester in the national consultation into Phase 2. This is supported by the Council, who have presented a business case to align the route through the city[45]. This demonstrates that a realignment of the line through Stoke-on-Trent could save around £5 billion, with delivery up to 7 years sooner than in the proposals published by Government.

4.108 Route proposals previously published by the Government have bypassed Stoke-on-Trent and north Staffordshire, with a North West hub at Crewe. Economic evidence prepared by the Council highlights the potential implications for the local economy of the final decision, with a realignment of the route through Stoke-on-Trent – and the delivery of an additional station – creating additional jobs in the city and providing a direct route to London, while supporting investment in the area. This could support the creation of a greater number of jobs in the city, potentially increasing demand for housing in both Stoke-on-Trent and Newcastle-under-Lyme.

4.109 The latest report by HS2 Chairman David Higgins – published in October 2014[46] – continues to support the location of a western leg from Birmingham to Manchester via Crewe, with the report arguing that this provides the best way to serve the local region as well as the wider North West, North Wales and Merseyside. With regard to Stoke-on-Trent, the report states:

"The choice of location for the North West hub is not just vital, it also reflects a debate about how HS2 can best serve the cities and regions outside Manchester and Leeds. The essential question is whether the decision should be based on the needs of particular locations or the wider region. The choice between basing the North West hub in Stoke-on-Trent or Crewe reflects that tension.

"Stoke-on-Trent continues to mount a strong case and clearly, it is easy to see why it would like an HS2 station. But the decision is about more than the merits of a particular destination, however strong those are. Crewe has been a major railway intersection since Victorian times. Its raison d'etre was to offer connectivity from the North-South artery to North Wales, Merseyside, Staffordshire and the North West in general. Stoke, in contrast, offers more limited connectivity at a higher cost and has significant geological and engineering difficulties"[47]

[45] Stoke-on-Trent City Council (2014) High Speed Rail – HS2 Business Case Development
[46] HS2 (2014) Rebalancing Britain – from HS2 towards a national transport strategy
[47] Ibid (p28)

4.110 On this basis, Crewe remains the strong recommendation of David Higgins, although it is noted that further technical work is required to develop this recommendation. The Government will then decide whether it agrees – highlighting legislative consequences – before Parliament make a final decision. The preference for Crewe therefore remains a recommendation, with Stoke-on-Trent City Council continuing to promote and demonstrate the benefits of the alternative route through the city[48].

4.111 Given this ongoing uncertainty at the time of writing, it is not possible to model the potential housing need generated by HS2, and the modelling and objective assessment of need does not take account of the potential implications of HS2. Further work will need to be completed by the Councils to fully understand the impacts of HS2 once greater certainty is provided.

Bringing the Evidence Together

4.112 This section has considered and analysed demographic and economic drivers of housing demand in Stoke-on-Trent and Newcastle-under-Lyme, in accordance with national guidance.

4.113 Collectively, Stoke-on-Trent and Newcastle-under-Lyme have seen relatively muted population and household growth, particularly compared to Stafford, the West Midlands and England. Migration is evidently a key driver of population change, with net out-migration from Stoke-on-Trent mitigated by natural growth in the population and relatively high levels of net international in-migration. The components of population change for Newcastle-under-Lyme, however, are notably different from Stoke-on-Trent. Internal migration is shown to be an important positive contributor to growth, with natural change playing a much smaller role. This profile is more closely aligned to that seen in Staffordshire Moorlands, albeit with slightly higher levels of international migration projected forward in Newcastle-under-Lyme.

4.114 Economic drivers of change are also important to consider. Looking first at historic trends, it is evident that there are important distinctions in employment change. Job losses in the area have been influenced by a fall in manufacturing. This has had the greatest impact on Stoke-on-Trent and, to a lesser extent, Stafford, with Newcastle-under-Lyme – and Staffordshire Moorlands – seeing positive annual job growth over recent years, with the former driven by growth in service sectors, transport and storage.

4.115 Economic forecasts suggest a positive outlook for both Stoke-on-Trent and Newcastle-under-Lyme, with the forecast creation of between approximately 1,200 and 1,700 jobs per annum across the two areas. It is, though, important to recognise that a detailed evaluation of these forecasts has not been undertaken in this report with a separate study commissioned on employment land and the local economy, and it will therefore be important for the Councils to consider the implications of this study on future levels of housing need.

4.116 The conclusions for each authority are presented below to provide a more detailed authority profile as well as a sub-authority picture. These factors are taken forward in

[48] http://www.stoke.gov.uk/ccm/content/council-and-democracy/communications/2014-press-releases/10-october-2014-folder/219-2014.en

section 6 through the development of variant projections of population and household growth. These scenarios form the basis for the objective assessment of need in section 9, which considers the important implications of the dynamics between demographic and economic growth and change.

Stoke-on-Trent

- The population of Stoke-on-Trent grew by around 8,400 – or 3.5% – between 2001 and 2011, with the authority growing at a faster rate than Newcastle-under-Lyme. The majority of sub-areas have seen population growth, with the exception of Zone 4, while the Inner Urban Core has seen the greatest proportionate increase in growth. The ONS estimate that the population has continued to grow since the Census;

- There has been a steady net outflow of migrants from Stoke-on-Trent to other areas of the UK since 2001, although there has been a net inflow of international migrants which peaked prior to the recession. Natural change has been an increasingly positive driver of population change in Stoke-on-Trent, suggesting that births are increasingly outnumbering deaths to a greater extent than seen in Newcastle-under-Lyme, Stafford or Staffordshire Moorlands;

- The age profile of Stoke-on-Trent broadly reflects the national picture, with a fall in the proportion of families in the authority and an increase in those aged 40 to 50 and particularly those aged 60 and over. There has, though, also been an increase in residents aged 20 to 30, which has contributed to the mean age remaining constant – at 38.5 years – between 2001 and 2011. The Inner Urban Core in particular is characterised by a younger demographic, with over half of residents in this area aged under 30 years old;

- There is a net inflow of residents aged 15 to 19 in Stoke-on-Trent, with this likely linked to an inflow of students to Staffordshire University. There is a net outflow of all other age groups, however, suggesting that many families move out of Stoke-on-Trent;

- International migration is a further important driver of local population change, with migrants from Asia and the Middle East accounting for an average of around 700 NINo registrations per year. There are also significant inflows from EU Accession states, as well as other European Union countries, with the majority of international migrants aged 18 to 34;

- Around 440 new households formed per annum in Stoke-on-Trent between 2001 and 2011, with the total number of households increasing by 4.3% over this period. The greatest proportionate increase was in Zone 3 and Zone 6, with a decline seen in Zone 4 where the population has also fallen;

- Average household size in Stoke-on-Trent has fallen slightly, with an average of 2.29 residents per household – slightly lower than the national average, but broadly consistent with Newcastle-under-Lyme, Staffordshire Moorlands and Stafford. Households in Zone 3 typically contain fewer residents on average, while households are generally larger in Zone 5 and Zone 1;

- A headline review of available economic evidence highlights that there has been a significant decline in the number of workforce jobs in Stoke-on-Trent between 1997 and 2012, with an average of around 640 workforce jobs lost per annum over this period. This followed significant job losses earlier in this period, as well as a substantial impact from the recession, with a significant proportion of this decline attributable to manufacturing. There has, though, been growth in public services, transport and storage and accommodation, food services and recreation in particular; This is linked to a wider restructuring of the local economy, moving away from low value added manufacturing, although this continues to be a significant employer in Stoke-on-Trent and Staffordshire alongside the public sector and increasingly the health sector;

- The unemployment rate in Stoke-on-Trent increased following the recession, with the pre-recession average – of 5.2% – notably lower than the post-recession average of 8.8% calculated over the period from 2008 to 2012 inclusive;

- The Stoke-on-Trent and Staffordshire Enterprise Partnership has an ambition to transform Stoke-on-Trent into a competitive core city following a period of rapid growth. The SEP seeks to grow the wider economy by half, generating 50,000 new jobs over the decade to 2021, although there is no breakdown provided on the location of these jobs within Staffordshire. Stoke-on-Trent, though, is evidently planned to be a key driver of economic growth across the area, with the LEP recognising that housing growth can help to stimulate regeneration and drive population growth;

- A business case to realign the proposed HS2 rail route through Stoke-on-Trent has been presented by the Council, although the latest recommendation from HS2 Chairman David Higgins continues to support a route through Crewe. A realignment could create additional jobs in the city, providing a direct route to London and supporting investment in the area. This could support the creation of a greater number of jobs in the city, potentially increasing demand for housing in both Stoke-on-Trent and Newcastle-under-Lyme, and therefore this should be monitored when considering the need for housing; and

- Econometric forecasts have been sourced for Stoke-on-Trent to assess how the local economy is forecast to grow. The latest Experian forecasts indicate a high level of forecast job creation in Stoke-on-Trent, with an average of 1,285 workforce jobs expected to be created per year over the forecast period. Alternative forecasts, sourced from Cambridge Econometrics' LEFM, suggest that 689 jobs could be created on average per year between 2011 and 2025. While there is some variation in the level of job creation, both forecasts significantly reverse the average annual job losses seen in Stoke-on-Trent over recent years, both pre and post-recession, which would represent a significantly different economic picture for the authority over the plan period than that seen historically.

Newcastle-under-Lyme

- The population of Newcastle-under-Lyme has grown by around 1,800 residents between 2001 and 2011, equivalent to growth of 1.5%. Notably, this falls below the 4% growth seen in the total housing stock, suggesting changing household size factors. With the exception of Madeley and Kidsgrove and Talke, all sub-areas have seen population growth over this period, with the Central sub-area accommodating much of this growth and both Keele and the Rural South seeing relatively strong proportionate increases in population. The ONS estimate that the population has continued to grow since the 2011 Census;

- There has been relatively little natural growth in the population of Newcastle-under-Lyme since 2001, with migration evidently a key driver in population growth over this period. The level of internal migration from other areas of the UK has fallen, however, while the scale of international migration has increased, although this may have been overestimated by the ONS;
- The age profile of Newcastle-under-Lyme is generally reflective of the national picture, indicating a decline in the number of families in the borough and an increase in those aged 60 and over in particular. The mean age has also increased between 2001 and 2011 – from 38.5 to 40.8 years – suggesting that Newcastle-under-Lyme has seen an ageing trend, particularly relative to Stoke-on-Trent. Age is variable throughout the borough, however, with Keele containing a high proportion of residents aged 16 to 24 – linked to the university campus – and almost a third of residents in the Rural South aged over 60;
- Analysis of migration indicates that there is a net inflow of people aged 15 to 19 to Newcastle-under-Lyme, with this likely associated with an inflow of students to Keele University. There is, though, a net outflow of subsequent age groups, suggesting that many do not stay in the borough after graduating;
- Newcastle-under-Lyme has historically seen a steady inward flow of international migrants, with a more recent notable inflow of migrants from EU Accession States following the expansion of the European Union in 2004. This peaked in 2007, and subsequently fell during the recession. Over 80% of international migrants are aged 18 to 34;
- Approximately 185 households formed per year on average in Newcastle-under-Lyme between 2001 and 2011, increasing the total number of households by 3.6% over this period. The Central sub-area saw the greatest absolute increase, while there was a significant proportionate increase in the number of households in Keele. There was, though, a decline in the number of households in Madeley;
- Average household size fell by over 2% between 2001 and 2011, and following this decline, the average household size – of 2.28 residents per household – is relatively closely aligned with Stoke-on-Trent, and is smaller than the national average. The analysis indicates that households are typically smallest in Keele, with larger households in the Rural South that are larger than any other sub-area in the housing market area;
- On average, Newcastle-under-Lyme has seen the creation of around 250 workforce jobs per annum since 1997, and although the recession had a substantial impact, there is evidence of recovery over recent years. This is underpinned by growth in public and professional services as well as transport

and storage, which have mitigated the effect of job losses in the manufacturing sector;

- The unemployment rate in Newcastle-under-Lyme increased following the recession, with the post-recession average of 7.3% – taken over the period from 2008 to 2012 – higher than the pre-recession average of 5.1%, but lower than the unemployment rates seen in Stoke-on-Trent over the comparable period;

- Within the context of the Stoke-on-Trent and Staffordshire Enterprise Partnership – which seeks to deliver substantial economic growth following the rapid expansion of Stoke-on-Trent – there is also an ambition to sustain economic growth in town centres, with Newcastle-under-Lyme identified as one of six priority urban centres which are expected to be attractive and well-connected to employment opportunities. The proximity of Newcastle-under-Lyme to Stoke-on-Trent provides the potential for the conurbation to grow and become a critical economic driver; and

- Job forecasts provide a measure of future economic growth, with Experian forecasts indicating that 420 workforce jobs could be created per year on average between 2011 and 2031, underpinned by further growth in professional services, transport and storage. Alternative forecasts from Cambridge Econometrics suggest a more positive outlook, however, with the forecast creation of 578 jobs per year over the shorter term period to 2025. These forecasts exceed pre-recession trends in Newcastle-under-Lyme, where over 480 jobs were created per year on average during the period of strong economic growth prior to the recession between 1997 and 2006. However, it is important to recognise that the impact of the recession has seen a considerably different economic picture with almost 400 jobs lost annually on average within the authority between 2006 and 2012.

5. Market Signals

5.1 The PPG highlights the importance of taking market signals into account when assessing housing need, given that they provide an indication of the balance between demand and supply. This is particularly important to consider given the significant and well-documented changes in the housing market over recent years, which were exacerbated by the economic downturn and subsequent issues in obtaining mortgage finance.

5.2 The PPG states:

"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."[49]

5.3 The PPG sets out six market signals which should be reviewed:

- Land prices;
- House prices;
- Rents;
- Affordability;
- Rate of development; and
- Overcrowding

5.4 The PPG goes on to assert that where there is evidence of an imbalance in supply and demand, an uplift in planned housing numbers – compared to those derived solely from household projections – is required in order to increase the supply of housing to meet demand and tackle affordability issues:

"This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.

"In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg the differential between land prices), the

[49] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

larger the improvement in affordability needed and, therefore, the larger the additional supply response should be."[50]

5.5 This section therefore contains an overview of the market signals identified in the PPG, in order to identify any significant changes which may be indicative of an increasing imbalance between the supply and demand for housing. This will have implications for considering adjustments to trend based projection in section 6, the overall level of housing need – considered in section 9 – and will also form a key consideration in assessing the number of households that are, or will be, in need of affordable housing, as set out in section 7.

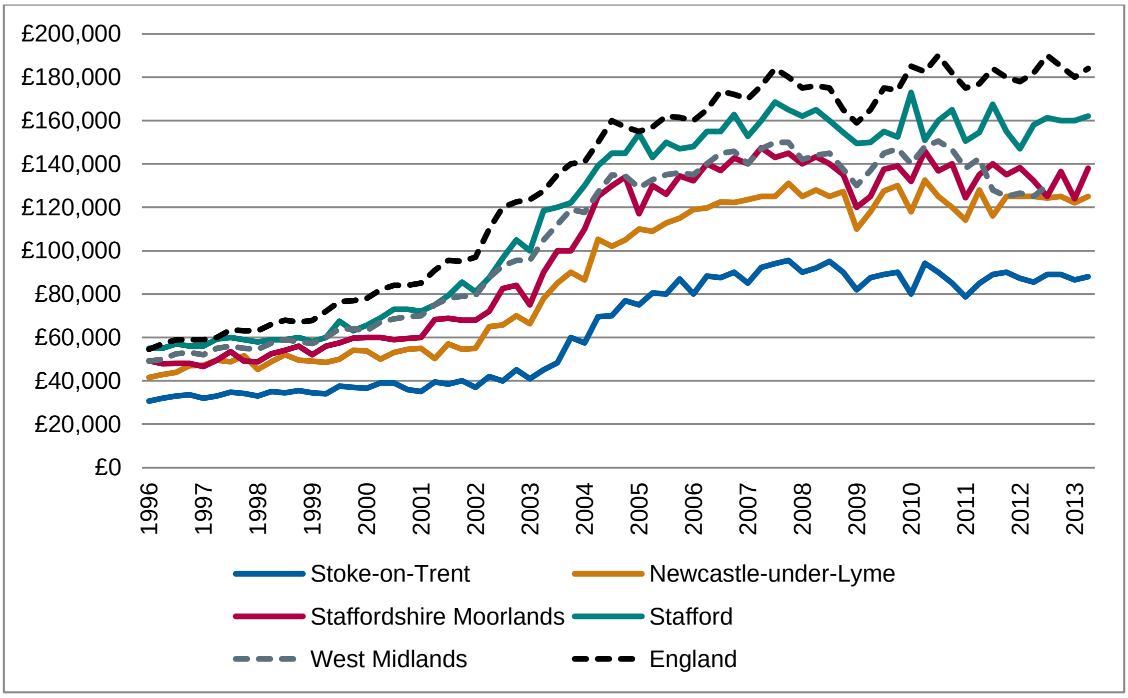
House Prices

5.6 The PPG states that longer term increases in house prices can be indicative of an imbalance between supply and demand. DCLG provides information on median house prices, based on Land Registry data, enabling the analysis of long-term house price trends. The graph below shows median house prices in Stoke-on-Trent and Newcastle-under-Lyme, with Stafford and Staffordshire Moorlands and the regional and national averages also shown for context.

5.7 As shown, house prices in both Stoke-on-Trent and Newcastle-under-Lyme have historically been lower than the regional and national averages. There has, though, been significant growth in house prices up to 2007, which was then followed by a period of stabilisation where there was little real growth in value. This was a consequence of the global economic downturn, which saw a decline in housing market activity as households struggled to access mortgage finance.

[50] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_020

Figure 5.1: Median House Price Change Q1 1996 – Q2 2013

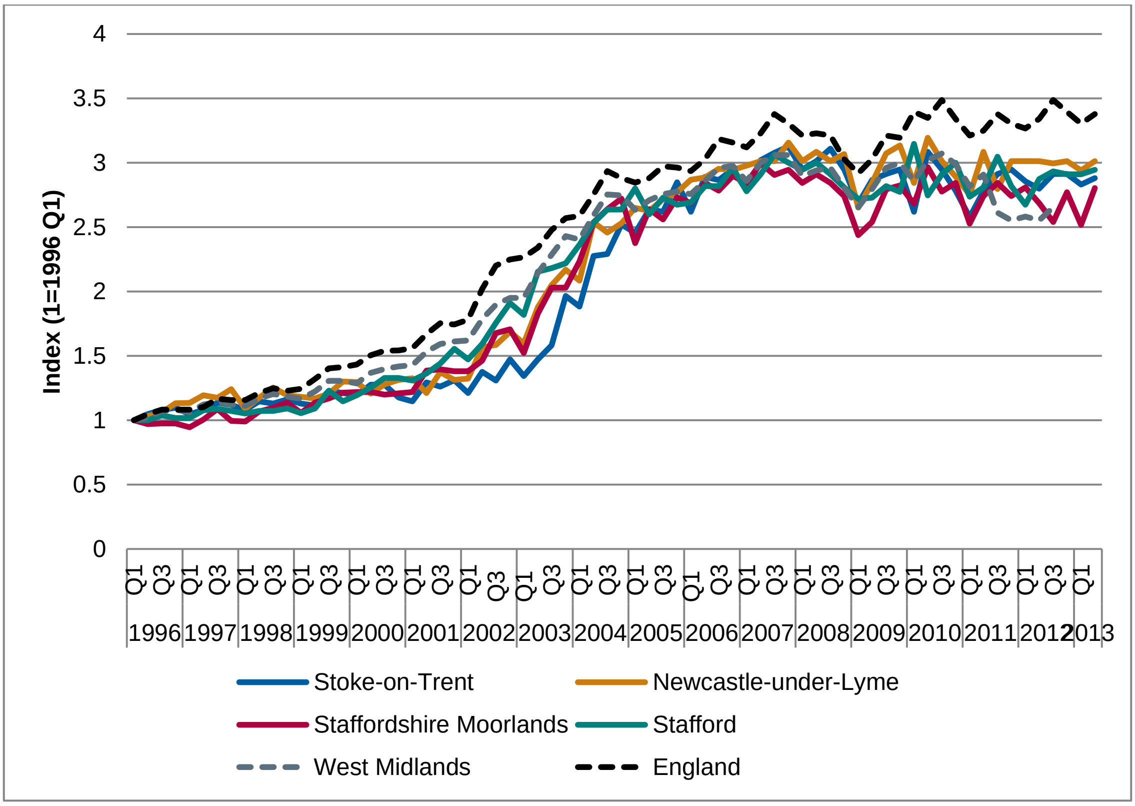


Source: DCLG Live Tables

5.8 It is evident that historically Stoke-on-Trent and Newcastle-under-Lyme have maintained lower median house prices than the neighbouring authorities of Staffordshire Moorlands and Stafford, the West Midlands region and England. In Q2 2013, the median house price in Stoke-on-Trent stood at £88,000 and £124,950 in Newcastle-under-Lyme, whilst the national median house price was considerably higher at £184,000.

5.9 Furthermore, change in median house prices can be indexed to 1996 to show the rate of change. This is an important indicator highlighted in the PPG, which states that prices rising faster than the national and regional average can suggest an undersupply relative to demand. House price change in Stoke-on-Trent and Newcastle-under-Lyme, as well as regionally, nationally and in neighbouring authorities, are shown in the graph below.

Figure 5.2: Indexed Median House Price Change Q1 1996 – 2013



Source: DCLG Live Tables

5.10 Interestingly, this indicator suggests that house prices in Stoke-on-Trent and Newcastle-under-Lyme have grown at a faster rate than the wider region in recent years, whilst the rate of growth has historically remained below the national house price growth, similarly to the rate of median house price growth in Staffordshire Moorlands and Stafford.

5.11 Stoke-on-Trent in particular saw a rapid increase in house prices between 2003 and 2007, although it is noted that the positive trend took longer to start than the other comparator areas and was taken from a considerably lower base point.

5.12 A more detailed analysis can be undertaken at sub-authority level, in order to identify housing market characteristics within Stoke-on-Trent and Newcastle-under-Lyme. Land Registry data records the price paid in residential transactions, with data available to cover the period from September 2013 to August 2014.

5.13 The table below provides a summary of the average price paid for residential properties in each sub-area, while Figure 4.5 of Appendix 2 presents a spatial analysis of mean price paid. The low base prices in the range are likely to reflect shared ownership transactions or other forms of intermediate housing sales. These account for a relatively small number of overall transactions.

Figure 5.3: Residential Transactions September 2013 – August 2014

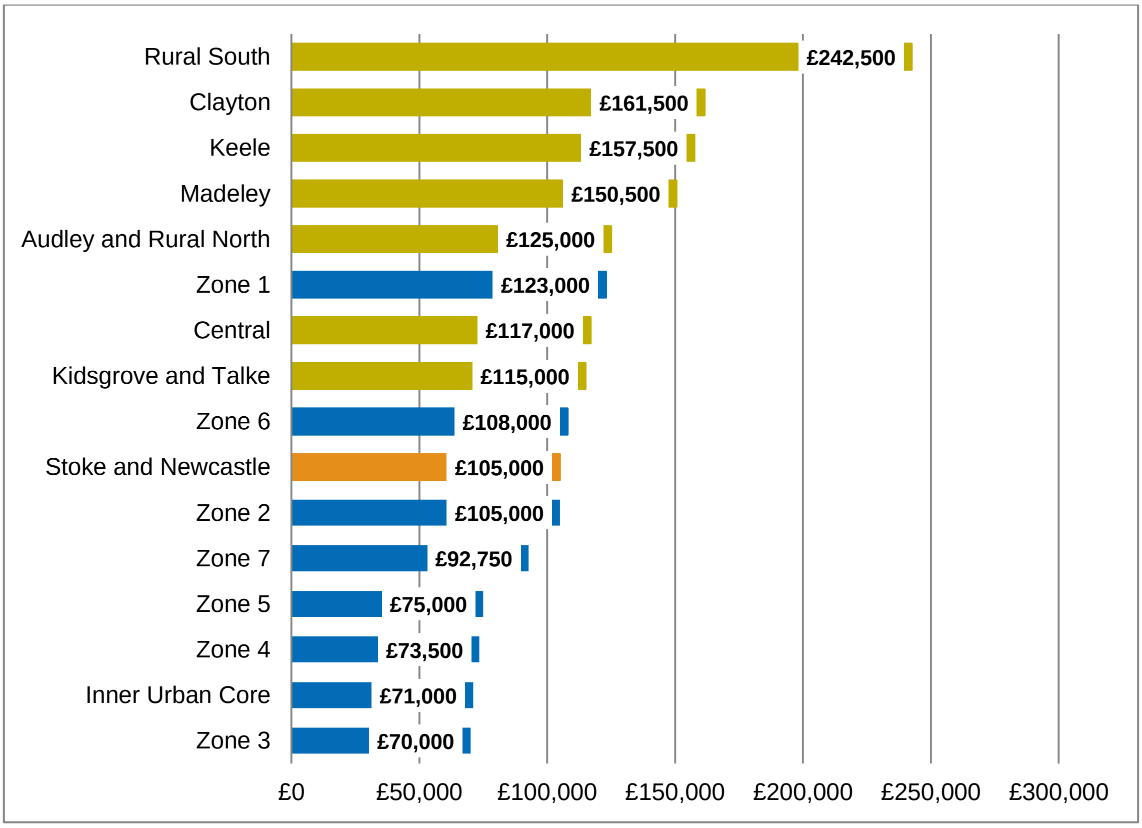
Sub-Area	Mean	Median	Lower Quartile	Range	
				From	To
Stoke-on-Trent	**£102,536**	**£94,000**	**£67,000**	**£13,500**	**£540,000**
Inner Urban Core	£79,424	£71,000	£50,000	£25,000	£225,000
Zone 1	£128,945	£123,000	£85,000	£20,000	£399,950
Zone 2	£106,457	£105,000	£85,000	£20,000	£220,000
Zone 3	£76,562	£70,000	£55,000	£30,000	£225,000
Zone 4	£81,826	£73,500	£63,000	£29,000	£191,500
Zone 5	£80,953	£75,000	£59,000	£26,500	£272,500
Zone 6	£114,277	£108,000	£74,961	£14,000	£540,000
Zone 7	£99,500	£92,750	£72,000	£13,500	£416,000
Newcastle-under-Lyme	**£145,863**	**£126,000**	**£95,000**	**£15,000**	**£600,000**
Audley and Rural North	£155,112	£125,000	£89,988	£40,000	£499,950
Central	£124,382	£117,000	£85,000	£35,000	£462,500
Clayton	£172,968	£161,500	£124,999	£15,000	£595,000
Keele	£174,630	£157,500	£133,000	£110,168	£242,500
Kidsgrove and Talke	£124,126	£115,000	£90,000	£35,000	£315,000
Madeley	£163,693	£150,500	£114,750	£53,500	£390,000
Rural South	£249,118	£242,500	£169,750	£92,000	£600,000
Stoke-on-Trent and Newcastle-under-Lyme	**£117,750**	**£105,000**	**£75,000**	**£13,500**	**£600,000**

Source: HM Land Registry, 2014

5.14 As shown, house prices in Newcastle-under-Lyme are generally higher than those in Stoke-on-Trent with the highest prices found in Newcastle-under-Lyme's Rural South sub-area. Lower house prices can be found in Stoke-on-Trent's Zone 3 where the median house price stands at £70,000 over the period analysed.

5.15 The graph below ranks the sub-areas, based on median house prices. This reflects the trend of Newcastle-under-Lyme achieving higher median house prices than Stoke-on-Trent in general. Of Stoke-on-Trent's sub-areas, Zone 1 and Zone 6 have the highest median house prices, whilst the remaining 6 out of 8 Zones in Stoke-on-Trent fall below the Stoke-on-Trent and Newcastle-under-Lyme average. Zone 3 has the lowest median house price of all of the sub-areas, which is £172,500 lower than Newcastle-under-Lyme's Rural South Zone.

Figure 5.4: Median House Price by Sub-Area 2013/14



Source: HM Land Registry, 2014

5.16 It is also possible to disaggregate house prices by housing type, to show the variation in prices for comparable properties. This is summarised in the following table.

Figure 5.5: Mean Price Paid by Housing Type 2013/14

Sub-Area	Detached	Semi-Detached	Terraced	Flat
Stoke-on-Trent	**£165,571**	**£102,312**	**£74,756**	**£73,158**
Inner Urban Core	£140,400	£102,183	£68,801	£73,742
Zone 1	£182,416	£107,478	£89,803	£68,057
Zone 2	£140,788	£103,287	£85,888	£49,000
Zone 3	£127,827	£95,405	£62,345	£64,667
Zone 4	£136,009	£80,003	£68,323	£66,500
Zone 5	£125,622	£94,861	£63,033	£87,500
Zone 6	£171,341	£103,805	£81,009	£82,444
Zone 7	£193,584	£117,878	£81,928	£80,493
Newcastle-under-Lyme	**£208,642**	**£128,183**	**£99,401**	**£85,925**
Audley and Rural North	£235,524	£142,938	£109,732	£65,000
Central	£188,400	£118,899	£90,358	£71,728
Clayton	£216,070	£156,873	£114,565	£103,432
Keele	£238,000	£147,389	£138,500	-
Kidsgrove and Talke	£166,993	£109,082	£92,626	£47,500
Madeley	£220,823	£139,068	£118,371	£103,667
Rural South	£278,120	£177,364	£247,908	-
Stoke-on-Trent and Newcastle-under-Lyme	**£186,345**	**£111,569**	**£80,983**	**£77,669**

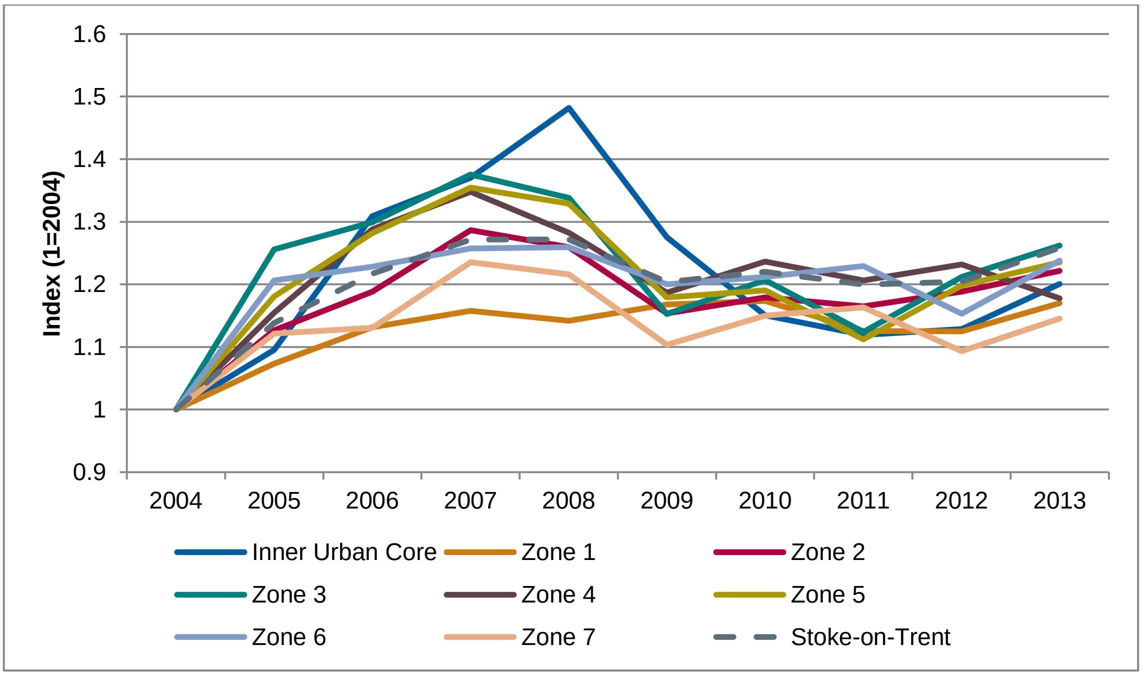
Source: HM Land Registry, 2014

5.17 In general, all property types in Newcastle-under-Lyme are more expensive than those in Stoke-on-Trent. The highest average priced detached properties in Stoke-on-Trent are in Zone 7, costing £84,535 less than the average detached property in Newcastle-under-Lyme's Rural South. The cheapest flatted properties can be found in Kidsgrove and Talke, a zone where all types of properties have low prices in comparison to the Newcastle-under-Lyme average.

5.18 The average price for terraced properties and flats in Stoke-on-Trent are comparable, although at the more local level, such as in the Inner Urban Core, Zone 3, Zone 5 and Zone 6, the price of a flat exceeds the price of a terraced house, suggesting that there is an increased demand for flats here. This trend is not apparent in any of the Newcastle-under-Lyme sub areas.

5.19 Understanding how average house prices have changed at a sub-area level provides valuable context, and the following graphs therefore utilise Land Registry data for the calendar years of 2004 to 2013 to show how the mean price paid has changed over the past decade in each area. This is indexed to prices in 2004 to allow an understanding of the rate of change.

Figure 5.6: Indexed Change in Mean Price Paid in Stoke-on-Trent 2004 – 2013

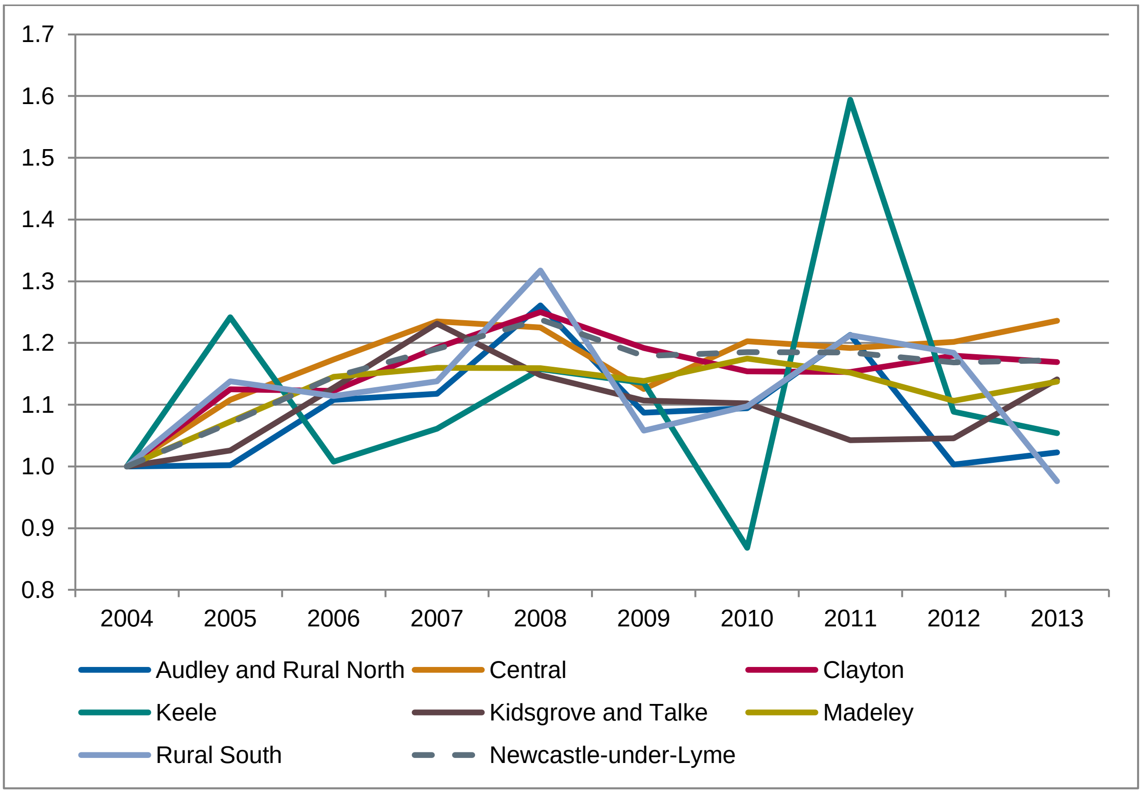


Source: HM Land Registry, 2014

5.20 Prior to the recession, the evidence suggests that house prices in some sub-areas – Zones 3, 4 and 5, and in particular the Inner Urban Core – exceeded the growth rate seen in the authority as a whole. This contrasts with Zone 1, which saw only a low level of price growth prior to the recession. Values in the Inner Urban Core were, however, notably affected by the recession, with the rate of growth slowing significantly.

5.21 A comparable analysis for Newcastle-under-Lyme is presented below.

Figure 5.7: Indexed Change in Mean Price Paid in Newcastle-under-Lyme 2004 – 2013



Source: HM Land Registry, 2014

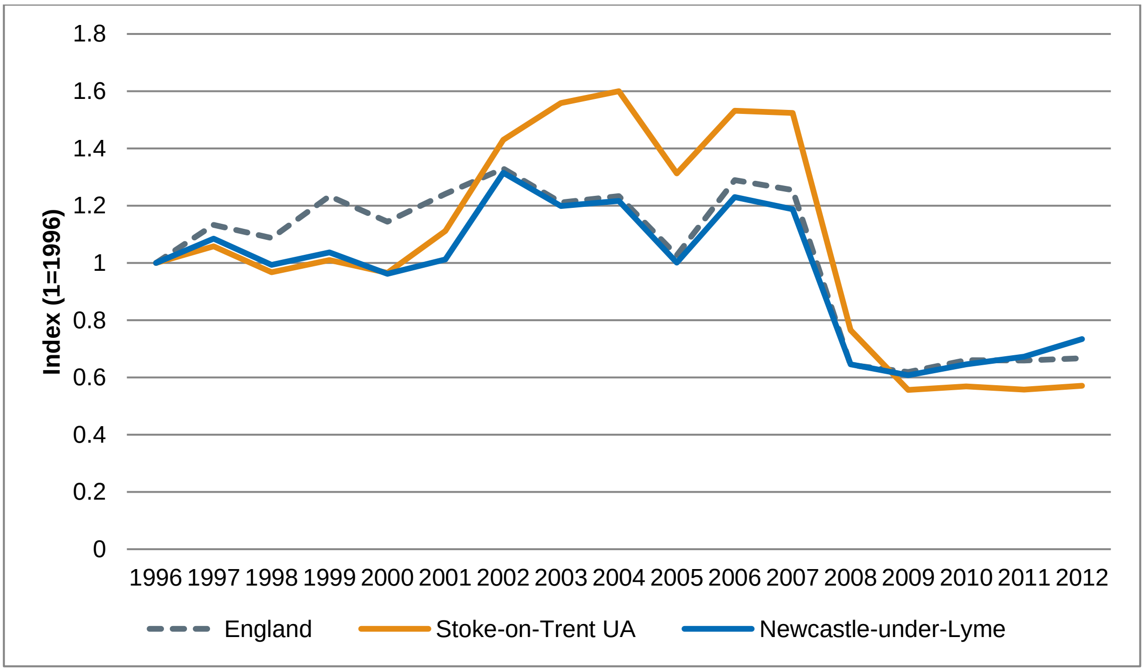
5.22 Overall, there was less variation in the rate of change in house prices in sub-areas of Newcastle-under-Lyme prior to the recession, with all authorities seeing a steady increase. Keele clearly shows the greatest variation throughout the period shown, although it is important to note that this sub-area is very small and therefore contains fewer transactions, which can exaggerate calculations of mean prices. Since the recession, there has been volatility in many sub-areas, with no immediately clear trends beyond the relatively strong recovery in Central and Clayton.

Sales Volumes

5.23 Crucially, the average prices shown above are driven by the number of transactions, which can be shaped by wider market factors. While not explicitly highlighted as a market signal in the PPG, it is beneficial to consider how the number of house sales has changed in Stoke-on-Trent and Newcastle-under-Lyme. This provides valuable context on the operation and relative health of the housing market, with a fall in demand likely to be a key driver in changing house prices.

5.24 The graph below shows the volume of residential transactions, which can be used as an indicator of demand. For clarity, transactions have been indexed, with a base date of 1996, to allow the effective comparison between the two authorities and England.

Figure 5.8: Indexed Number of Transactions 1996 – 2012



Source: DCLG 2014

5.25 Since 2007, it is clear that the volume of residential transactions has decreased dramatically, with this in large part a consequence of the credit crunch and subsequent issues in accessing mortgage finance. Interestingly, prior to the decline, the housing market in Stoke-on-Trent showed particularly strong levels of transactions, with the number of transactions increasing at a faster rate than England.

5.26 At a sub-authority level, utilising Land Registry data, some areas have inevitably seen a higher level of transactional activity than others, for a variety of reasons – including variation in population size and the size of the housing stock. The table below summarises the number of transactions within each sub-area, disaggregated by type of property sold.

Figure 5.9: Volume of Transactions by Property Type 2013/14

Sub-Area	Total	Detached	Semi-Detached	Terraced	Flat
Stoke-on-Trent	**3,042**	**571**	**1,199**	**1,195**	**86**
Inner Urban Core	355	20	64	230	41
Zone 1	644	221	294	108	21
Zone 2	406	85	216	103	2
Zone 3	223	16	64	140	3
Zone 4	285	36	121	127	1
Zone 5	220	20	83	115	2
Zone 6	589	157	250	182	9
Zone 7	320	16	107	190	7
Newcastle-under-Lyme	**1,651**	**532**	**668**	**404**	**47**
Audley and Rural North	132	39	34	58	1
Central	721	169	294	235	23
Clayton	322	134	128	41	19
Keele	9	3	3	3	0
Kidsgrove and Talke	308	95	163	49	1
Madeley	52	20	17	12	3
Rural South	107	72	29	6	0
Stoke-on-Trent and Newcastle-under-Lyme	**4,693**	**1,103**	**1,867**	**1,599**	**133**

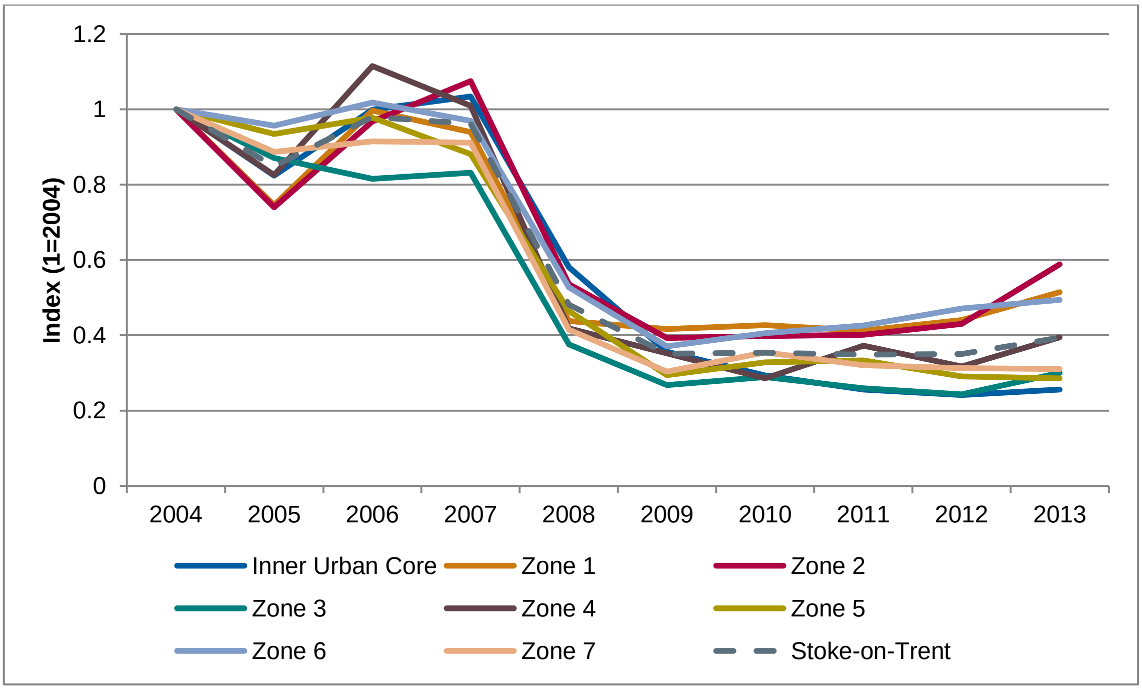
Source: HM Land Registry, 2014

5.27 While, at the peak of the market, 8,685 transactions were recorded in Stoke-on-Trent and Newcastle-under-Lyme in 2004, there were 4,693 residential sales in 2014, illustrating the sustained lower levels of activity over recent years. Over two thirds (64.9%) of the transactions in 2013/14 were seen in Stoke-on-Trent demonstrating that the majority of activity across the housing market area takes place in Stoke-on-Trent.

5.28 In Stoke-on-Trent, 79% of transactions are related to semi-detached and terraced properties whilst in Newcastle-under-Lyme those properties accounted for a lower 65% of properties. Newcastle-under-Lyme saw an increased proportion of transactions of detached properties at 32%, compared to 19% in Stoke-on-Trent, reflecting the concentration of this housing type in the Newcastle-under-Lyme area. Very few transactions of flatted properties took place in both Stoke-on-Trent and Newcastle-under-Lyme in 2013/14.

5.29 Again, it is beneficial to understand how – at a local level – the number of transactions has changed, indexed to levels in 2004. This is summarised for Stoke-on-Trent in the following graph, for the full calendar years of 2004 to 2013.

Figure 5.10: Change in Volume of Transactions in Stoke-on-Trent 2004 – 2013

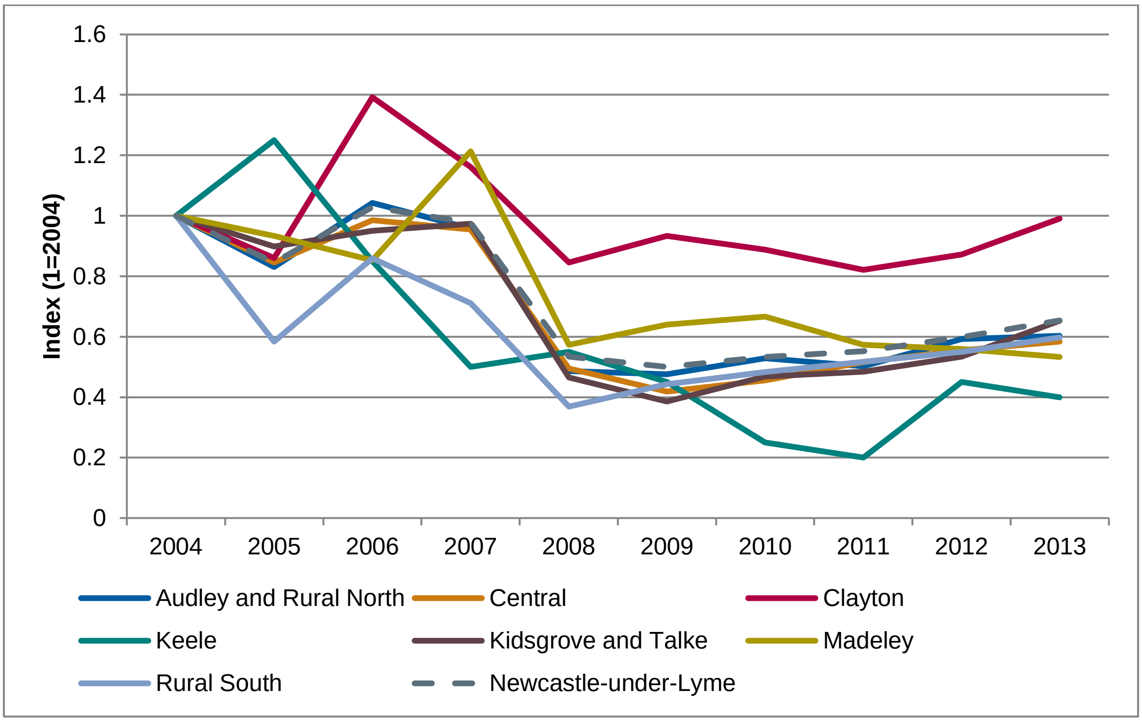


Source: HM Land Registry, 2014

5.30 The graph clearly highlights that all sub-areas saw a considerable fall in the number of transactions, although it is notable that a cluster of sub-areas – Zones 1, 2 and 6 – did not fall to the same extent, and indeed have shown a stronger recovery in the level of market activity.

5.31 A comparable analysis has also been undertaken for Newcastle-under-Lyme, as shown below.

Figure 5.11: Change in Volume of Transactions in Newcastle-under-Lyme 2004 – 2013



Source: HM Land Registry, 2014

5.32 The evidence suggests that the level of activity in Clayton in particular has remained notably steady over the period shown, with the recession only having a minor impact on the level of activity and a clear return to pre-recession levels of sales in 2013. All other sub-areas saw a steep fall in the level of market activity following the onset of the recession, although Madeley was not impacted to the same extent as other areas.

Rents

5.33 The PPG notes that, in assessing housing need, the rental market should also be considered, in order to establish the cost of consuming housing in an area. The PPG notes that longer term changes in rental levels may indicate an imbalance between demand for and supply of housing.

5.34 It is important to establish an understanding of the private rental market in the two authorities. Data published by the Valuation Office Agency (VOA) collates information provided by private rental landlords, and proves a useful starting point for this assessment. The latest available data includes both lower quartile and median rents for local authorities for the period from April 2013 to March 2014. This data is presented in the table below for Stoke-on-Trent and Newcastle-under-Lyme in addition to the West Midlands and England for comparison.

Figure 5.12: Monthly Private Rental Cost 2013/14

		Stoke-on-Trent	Newcastle-under-Lyme	Staffordshire Moorlands	Stafford	West Midlands	England
1 bed	Lower Quartile	£345	£350	£325	£395	£390	£415
	Median	£360	£395	£375	£430	£425	£500
2 bed	Lower Quartile	£375	£425	£395	£495	£460	£475
	Median	£400	£460	£450	£525	£525	£575
3 bed	Lower Quartile	£450	£490	£475	£560	£550	£550
	Median	£500	£550	£547	£615	£600	£650
4+ bed	Lower Quartile	£600	£663	£575	£725	£750	£800
	Median	£678	£725	£695	£825	£895	£1,100
All	Lower Quartile	£375	£400	£400	£445	£450	£465
	Median	£425	£475	£450	£530	£530	£595

Source: VOA, 2014

5.35 As shown, on average it is less expensive to rent a property in both Stoke-on-Trent and Newcastle-under-Lyme compared to the regional and national costs. A lower quartile property – used to model the cheaper, more accessible end of the market – is on average 24% cheaper in Stoke-on-Trent and 16% cheaper in Newcastle-under-Lyme than in England, and a mid-market (median) property reaching 40% and 25% cheaper on average in Stoke-on-Trent and Newcastle-under-Lyme respectively.

5.36 The PPG highlights the importance of looking at changing rents, and the following table therefore shows how rents in the table above have changed compared to earlier data releases by VOA. Stoke-on-Trent and Newcastle-under-Lyme are presented in the table, alongside Staffordshire Moorlands, Stafford and the wider West Midlands and England.

Figure 5.13: Change in Median Monthly Private Rent 2011 – 2014 - All Properties

	Year to June 2011	Year to March 2014	Change	% Change
Stoke-on-Trent	£425	£425	£0	0.0%
Newcastle-under-Lyme	£475	£475	£0	0.0%
Staffordshire Moorlands	£450	£450	£0	0.0%
Stafford	£495	£530	£35	7.1%
West Midlands	£500	£530	£30	6.0%
England	£570	£595	£25	4.4%

Source: VOA, 2014; VOA, 2011

5.37 As shown, median rental values have shown no growth in Stoke-on-Trent and Newcastle-under-Lyme, unlike the increasing rates at the regional and national level and the growth in rental costs in Stafford, which exceeds the regional and national averages. As per the PPG, this indicates that there is no significant supply shortage, as this would have shown an increase in values due to increased demand.

5.38 A further assessment of rental values can be done through primary research. In October and November 2014, a review of properties advertised on Rightmove was undertaken to identify rental values within Stoke-on-Trent and Newcastle-under-Lyme, with this analysis allowing variations between sub-areas to be identified. Median and lower quartile values for each sub-area are presented in the following table. It should be noted that where values are marked with an asterisk (*), this value has been calculated from a small sample size of one property only, and therefore the indicative average value should only be given limited weight. Where the value in the table is blank, this indicates that there was no advertised property of this type in the Stoke-on-Trent and Newcastle-under-Lyme region at the time of the assessment. Given that this analysis is based on properties currently marketed, it is not possible to establish how rents have changed at sub-area level.

Figure 5.14: Monthly Private Rental Cost by Sub-Area 2014

		MEDIAN				LOWER QUARTILE			
		Number of Bedrooms				Number of Bedrooms			
Local Authority	Sub-Area	1	2	3	4+	1	2	3	4+
Stoke-on-Trent	Inner Urban Core	£325	£410	£500	£675	£295	£389	£400	£650
	Zone 1	£395	£455	£500	£825	£347	£394	£475	£800
	Zone 2	£310*	£425	£513	£550*	£303*	£395	£448	£550*
	Zone 3	£345	£395	£413	£525*	£325	£375	£350	£525*
	Zone 4	£395	£395	£500	£650*	£395	£375	£475	£650*
	Zone 5	£333	£395	£475	£510*	£303	£361	£463	£418
	Zone 6	£350	£450	£480	£750	£288	£425	£450	£750
	Zone 7	£395	£450	£525	£900	£381	£418	£443	£825
Newcastle-under-Lyme	Audley and Rural North	£425	£497	£600	£2,298*	£400	£478	£531	£1,449*
	Central	£425	£495	£538	£700	£395	£425	£495	£648
	Clayton	£370	£495	£675	£850	£333	£475	£610	£662
	Keele	-	£695*	£845*	-	-	£695*	£845*	-
	Kidsgrove and Talke	£438*	£478	£545	£660*	£419*	£449	£495	£593*
	Madeley	£375*	-	£650*	-	£375*	-	£650*	-
	Rural South	£585*	£690	£550*	£1,625*	£530*	£619	£550*	£1,438*

Source: Rightmove/Turley, 2015

5.39 Despite data being unavailable for some of the sub-areas in Stoke-on-Trent and Newcastle-under-Lyme, the table illustrates that, within Stoke-on-Trent, private rented property is available for a range of monthly rents. Broadly Zone 3, Zone 5, the Inner Urban Core and Central include the most affordable rental property in the Stoke-on-Trent and Newcastle-under-Lyme area. In contrast, rental property is relatively expensive in the Rural South and Audley and Rural North sub-areas.

Affordability

5.40 Nationally, the housing market has undergone significant change in recent years, with the recent economic downturn constraining the availability of mortgage finance.

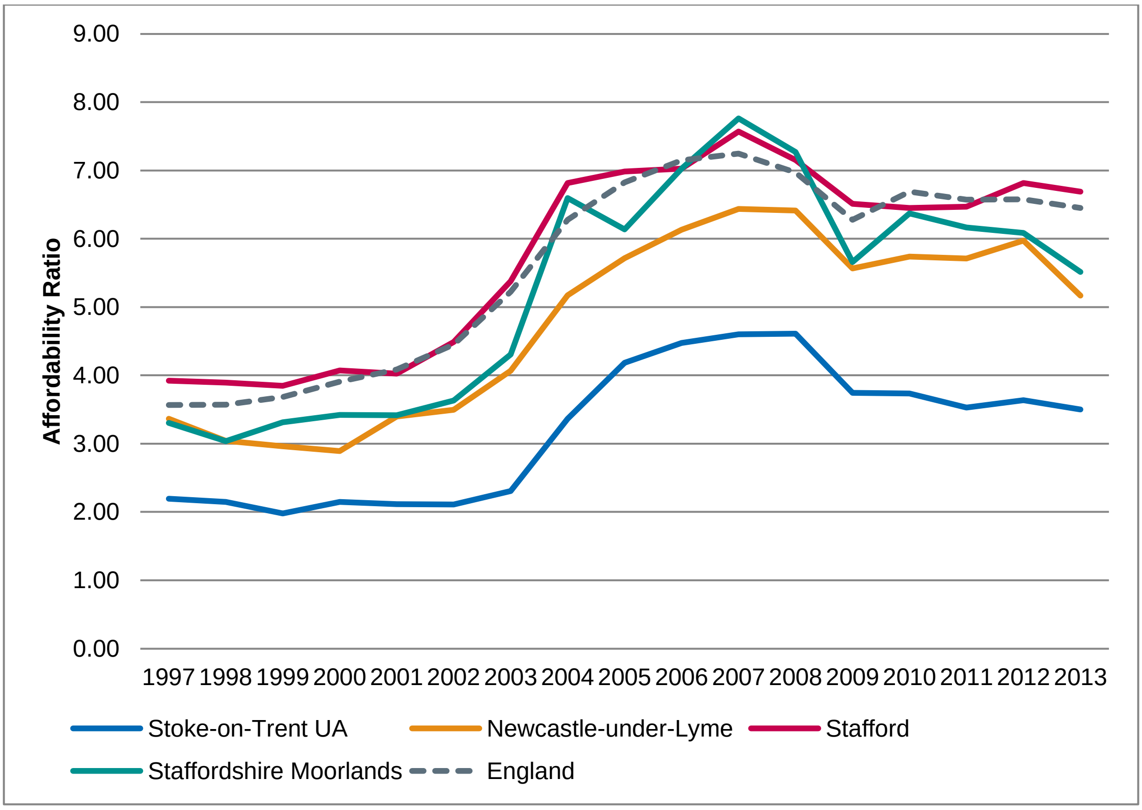
5.41 First time buyers, and those households purchasing at the height of the market, now find themselves in a more challenging position when looking to either buy a home or move home. Many younger households are increasingly turning to parents for deposit contributions, or looking to alternative housing products with lower immediate financial requirements.

5.42 Nationally, this has resulted in a considerable reduction in the number of residential transactions, with many households either saving for a deposit, deciding to remain in their current home due to economic insecurity or looking to the social rented or private rented sector as an alternative option.

5.43 The PPG asserts that it is necessary to assess the relative affordability of housing within an area with this involving a comparison of housing costs against the ability to pay.

5.44 The scale of the affordability challenge and change in affordability issues over the period from 1997 to 2013 is presented in Figure 5.12, which shows the ratio of entry level market housing to lower quartile earnings for Stoke-on-Trent, Newcastle-under-Lyme and England as well as neighbouring Stafford and Staffordshire Moorlands.

Figure 5.15: Ratio of Lower Quartile House Prices to Lower Quartile Earnings



Source: DCLG, 2014

5.45 Historically, there has been a lesser issue of affordability in both Stoke-on-Trent and Newcastle-under-Lyme than on average in the surrounding authorities of Staffordshire Moorlands and Stafford, and overall in England. Nevertheless, affordability has worsened since 1997, with market entry properties in 2013 being 3.5 times the lower quartile earnings in Stoke-on-Trent and 5.2 times in Newcastle-under-Lyme.

Rate of Development

5.46 The PPG suggests that the recent supply of new dwellings should be analysed in order to identify any shortfalls against planned provision as an indicator of previous under-delivery. The PPG states that:

"If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan"[51]

5.47 This section considers a range of development indicators in the context of previous planned supply, beginning with gross completions before demolitions associated with the RENEW programme are taken into account. The net rate of development is subsequently analysed, alongside a review of the rate of planning permissions.

[51] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

Plan Targets

5.48 As set out in the PPG, it is important to understand how the historic rate of development compares to planned supply. In 2009, the Councils adopted the Joint Core Strategy, which included housing targets based upon the West Midlands Regional Spatial Strategy (RSS) for the period from 2006 to 2026. This required provision for:

- **5,700 homes** (net) in Newcastle-under-Lyme, or **285 per annum**; and
- **11,400 homes** (net) in Stoke-on-Trent, or **570 per annum**.

5.49 In contrasting completions with the requirements above, it is important to recognise that the approach adopted within the RSS to derive a housing provision figure was materially different to the approach now required through the NPPF. An important aspect of the distinction between the RSS and the approach now required through the NPPF is the distinct two-step process between establishing an OAN and the subsequent translation of this OAN evidence base into a housing requirement. In the case of the RSS, the setting of targets involved the re-distribution of need on the basis of a range of factors, including regeneration priorities and the capacity of available land. The PPG is clear that the OAN, by contrast, should not incorporate consideration of constraints, with this forming part of a second stage through the setting of policy.

Gross Completions

5.50 When considering completion levels within Stoke-on-Trent and Newcastle-under-Lyme, it is important to note that there have been significant demolition programmes over recent years, particularly associated with housing market renewal. This has had an impact on recorded net completion rates, and it is therefore beneficial to initially understand the rate of development in the two authorities exclusive of demolitions or other losses to the housing stock. The following table summarises gross housing completions in Stoke-on-Trent and Newcastle-under-Lyme.

Figure 5.16: Gross Dwelling Completions 2000/01 – 2013/14

Year	Stoke-on-Trent	Newcastle-under-Lyme	Stoke-on-Trent and Newcastle-under-Lyme
2000/1	965	207	1,172
2001/2	779	143	922
2002/3	492	207	699
2003/4	800	314	1,114
2004/5	814	237	1,051
2005/6	808	284	1,092
2006/7	850	260	1,110
2007/8	880	204	1,084
2008/9	675	364	1,039
2009/10	294	267	561
2010/11	583	192	775
2011/12	399	312	711
2012/13	394	414	808
2013/14	436	302	738
Total Completions	**9,169**	**3,707**	**12,876**
Completions per annum	**655**	**265**	**920**

Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014

Net Completions

5.51 Taking account of demolitions, conversions and changes of use, the following table summarises the net number of dwellings completed annually in Stoke-on-Trent and Newcastle-under-Lyme.

Figure 5.17: Net Dwelling Completions 2000/01 – 2013/14

Year	Stoke-on-Trent	Newcastle-under-Lyme	Stoke-on-Trent and Newcastle-under-Lyme
2000/1	845	173	1,018
2001/2	687	116	803
2002/3	399	159	558
2003/4	503	279	782
2004/5	759	216	975
2005/6	704	264	968
2006/7	616	208	824
2007/8	630	142	772
2008/9	253	277	530
2009/10	67	207	274
2010/11	504	183	687
2011/12	165	251	416
2012/13	326	414	740
2013/14	389	295	684
Total Completions	**6,847**	**3,184**	**10,031**
Completions per annum	**489**	**227**	**717**

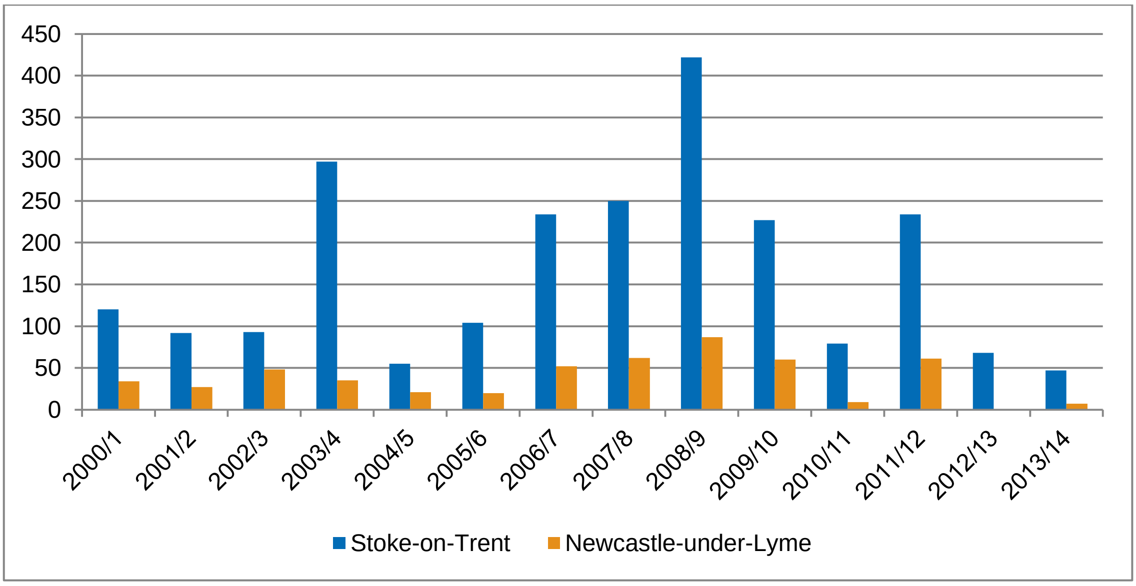
Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014

5.52 On average, over the period shown, 717 dwellings have been delivered per annum across Stoke-on-Trent and Newcastle-under-Lyme, although it is evident that the delivery rate has been variable over the years and across the two authorities. The high levels of completions at the start of the monitoring period – over 1,000 in 2000/01 – stands out as a ‘peak’ level of development, noting that this was driven by a very high recorded level of development in Stoke-on-Trent. This was offset by a lower level the following year with the period 2003/04 – 2007/08 showing a consistent delivery of approaching over 800 dwellings per annum, but with levels of development approaching the 1,000 mark in 2004/05 and 2005/06.

5.53 Compared to the gross rate of development outlined earlier, the completion rate in Stoke-on-Trent in particular has been significantly impacted by RENEW – considered in more detail later in this section – with development of 655 gross dwellings per annum on average only generating a net additional 489 units annually. Newcastle-under-Lyme has also seen an impact, albeit to a lesser extent, with 227 net additional units from the gross development of 265 units annually on average.

5.54 The following chart shows where the greatest divergence was recorded between gross and net completions, and this highlights that there were substantial losses to the housing stock recorded over the period shown. This peaked in 2008/09 in Stoke-on-Trent – when a high number of demolitions were recorded, with a slight fall in new build completions – although there were also high levels of demolitions recorded both immediately prior to and following the recession. Newcastle-under-Lyme also saw notable losses to the housing stock – surpassing 50 per annum during the recession – although it is clear that losses have been substantially smaller in scale compared to Stoke-on-Trent.

Figure 5.18: Difference between Gross and Net Completions 2000/01 – 2013/14



Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014

5.55 Returning to net completions, and looking at the two authorities separately, the completion rate in Newcastle-under-Lyme has historically been generally lower than the rate in Stoke-on-Trent, particularly prior to 2007/08. However, following the onset of the credit crunch, completions in Newcastle-under-Lyme have been more consistent with previous years, while Stoke-on-Trent saw a significant drop. Indeed, over the last six years, net annual completions in Newcastle-under-Lyme have surpassed completions in Stoke-on-Trent in all but two years, having delivered a much lower rate of development in preceding years. This suggests that development in Stoke-on-Trent has been influenced to a greater degree by the national slowdown in the housing market caused by the credit crunch.

5.56 The following table illustrates these trends more clearly, by showing the average number of dwelling completions before, during and after the housing market downturn caused by the recession.

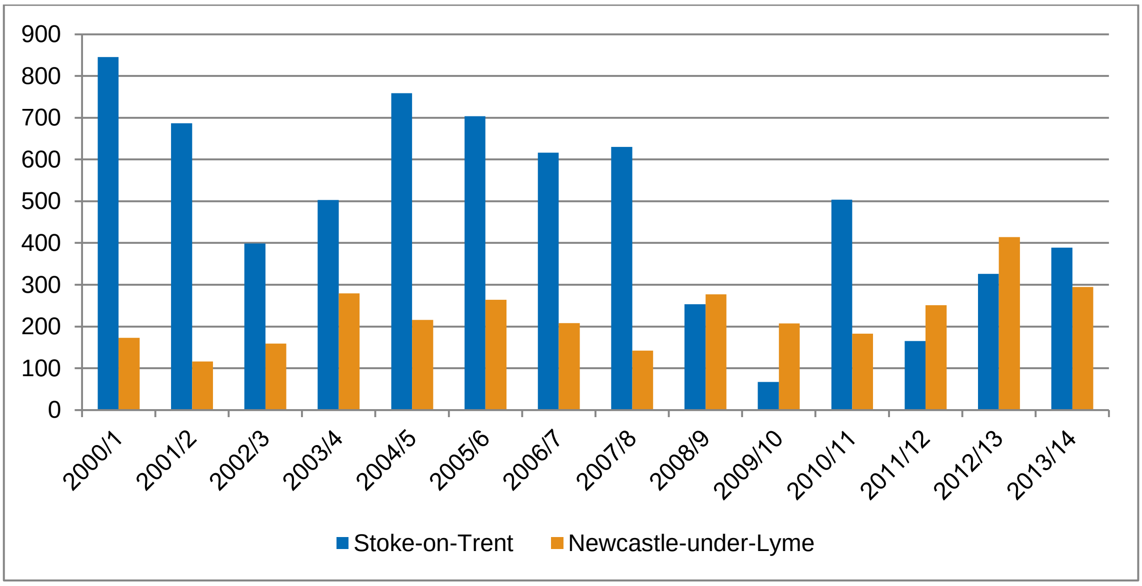
Figure 5.19: Change in Average Net Completions

	Stoke-on-Trent	Newcastle-under-Lyme	Stoke-on-Trent and Newcastle-under-Lyme
2000 – 2007	645	202	**847**
2007 – 2012	324	212	**536**
2012 – 2014	358	355	**712**

Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014

5.57 The rate of delivery is illustrated in the following graph.

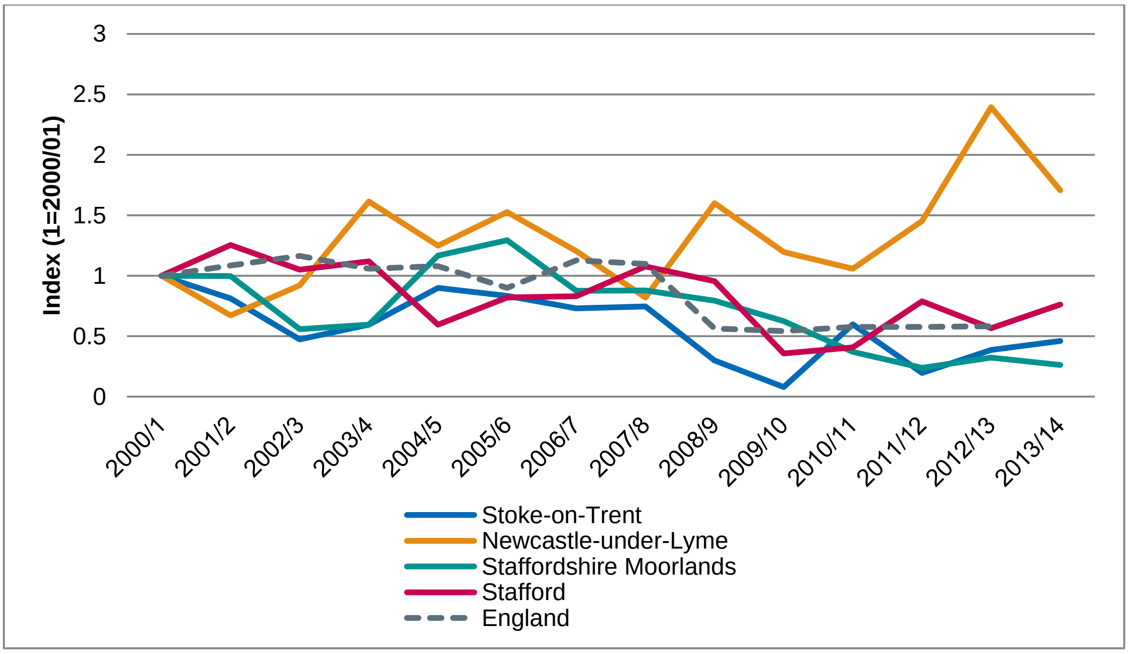
Figure 5.20: Net Dwelling Completions 2000/01 – 2013/14



Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014

5.58 Through indexing, this can be compared with the national rate of delivery to determine whether the rate of delivery has surpassed or fallen below the national level, with the number of completions nationally sourced from DCLG Live Tables. This is presented in the following graph, which shows that the rate of delivery over more recent years in Newcastle-under-Lyme has notably surpassed the indexed national rate over the period shown whilst completions in Stoke-on-Trent have remained lower than the national level back to the index start year of 2000/01. Stoke-on-Trent has, however, seen a comparable rate of change in completions to Staffordshire Moorlands and Stafford.

Figure 5.21: Indexed Rate of Completions 2000/01 – 2013/14



Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014; DCLG, 2014

Considering Under-provision

5.59 Whilst accepting the limitations in comparing supply with planned provision based on RSS targets, as set out at paragraph 5.48, consideration is given to the scale of under-provision against these 'plan targets' within this section.

5.60 In Newcastle-under-Lyme, it is evident from the analysis of completion rates that delivery rates fell below the net RSS target, following adoption of the Core Strategy, although this requirement has been approached or exceeded since 2010/11. This has therefore seen a backlog for some 313 dwellings accumulate against planned targets in the Regional Plan up to 2012/13 (the base date of the POPGROUP modelling period for the outputs presented in section 6). Spread across the 26 year projection period (2013 – 2039), this would equate to an additional 12 dwellings per annum to address past under-provision against the RSS target for the authority. As noted above, however, it should be recognised that the RSS housing provision figure does not represent an NPPF compliant OAN, with adjustments made to account for policy factors and a prior backlog position since 2001.

5.61 In Stoke-on-Trent, comparison of historic completions and the RSS annual provision target suggests that there is a backlog for some 1,360 dwellings against planned targets in the Regional Plan up to 2012/13 (the base date of the POPGROUP modelling period for the outputs presented in section 6). Spread across the 26 year projection period (2013 – 2039), this would equate to an additional 52 dwellings per annum to address past under-provision against the RSS target for the authority. As noted above, however, this needs to be considered in the context of a recognition that the RSS housing provision figure does not represent an NPPF compliant OAN with adjustments made to account for policy factors and a prior backlog position back to 2001.

5.62 The implications of historic under-provision on household formation, as identified within the PPG, are considered further through the projections presented within section 6 and in turn factored into the OAN analysis within section 9. In this context, however, as identified earlier in this section, both authorities have accumulated backlog needs, although this should be considered in the context of a number of policy factors which have been in operation over the recent historical period and are not foreseen to be replicated in the near future.

RENEW

5.63 The PPG highlights the importance of taking account of historic constraints, which may have influenced the formation of new households. Given that trend-based projections are based on historic formation rates and other local demography, there is a risk that this can be projected forward. It is therefore important to fully acknowledge and establish the impact of historic development constraints.

5.64 RENEW was a Housing Market Renewal initiative covering the North Staffordshire conurbation of Stoke-on-Trent and Newcastle-under-Lyme[52]. This emerged from the publication by Government of Sustainable Communities: Building for the Future[53], which acknowledged the contrast between housing growth in the south and low demand areas in the north and Midlands and identified this issue as a key policy priority for the future.

5.65 RENEW sought to take advantage of opportunities for regeneration in the urban area, after a decline in the area's traditional industries and a lack of significant regeneration activity over the previous thirty years. The quality of the housing stock was identified as a significant barrier to new inward investment and growth, with low house prices and slow growth trends partially linked to the poor perceptions of the conurbation.

5.66 The Pathfinder area contained around 67,000 properties, including:

"The majority of the old six towns of Stoke-on-Trent, the large social housing estates to the south and east of Stoke-on-Trent, the social housing estates to the west of Newcastle-under-Lyme, together with the former Coal Board estates of Parksite, Crackley, Galleys Bank and Biddulph East"[54]

5.67 These areas were characterised by high proportions of technically obsolete stock and surplus housing, and were considered as unpopular neighbourhoods for a range of reasons including deprivation, environment, crime and location.

5.68 Eight of the most deprived communities of North Staffordshire were targeted by RENEW in 2003 as Areas of Major Intervention (AMIs), with properties and businesses bought up with the aim of refurbishment or replacement with new modern housing. A number of General Renewal Areas (GRAs) were also identified. However, the Coalition Government ended specific funding for Housing Market Renewal Pathfinders from the end of March 2011[55].

[52] RENEW North Staffordshire (2004) Market Renewal Prospectus
[53] Office of the Deputy Prime Minister (2003) Sustinable Communities: Building for the Future
[54] Ibid (p6)
[55] House of Commons Library (October 2013) Housing Market Renewal Pathfinders (SN/SP5953)

5.69 The adopted Core Spatial Strategy[56] for Stoke-on-Trent and Newcastle-under-Lyme included a policy of targeted regeneration in specific areas – including the urban core, town centres, areas identified by RENEW and significant urban centres – with a requirement for new housing development to demonstrably support the Housing Market Renewal Strategy.

5.70 This resulted in several applications being refused on RENEW grounds, and therefore analysing the number of units that were refused on this basis provides valuable context on the impact of RENEW on the local housing market.

5.71 A total of 875 dwellings were refused on RENEW grounds in Stoke-on-Trent, with a further 372 dwellings refused in Newcastle-under-Lyme on this basis[57]. While in some cases this was not the main reason for refusal – and not taking away the reasons and merit for improving the housing condition in targeted areas of the city – this nevertheless indicates that in excess of 1,000 additional dwellings could have been permitted between 2004 and 2007 across the wider area if policy had not limited development outside of targeted regeneration areas. The programme may therefore have historically had an indirect impact on constraining the growth of housing supply within both Newcastle-under-Lyme and Stoke-on-Trent during a period of more positive housing market context.

5.72 Furthermore, attendees at the stakeholder workshop suggested that the RENEW programme had an impact on the operation of the local housing market, with sites cleared during the programme slow to come forward for redevelopment. This affected confidence in the private sector, which may have acted as a further constraint on house building during the period in which RENEW was operational.

Planning Permissions

5.73 Building upon the analysis above, further consideration of historic constraints can be given through an analysis of planning permissions, in order to establish whether planning policy has been constraining supply historically. A sizeable bank of extant planning permissions not coming forward could, for instance, be indicative of market factors affecting supply, rather than a policy constraint. A shortage of pipeline permissions could, by contrast, suggest that planning has played a role in limiting supply.

5.74 The following table summarises the total number of dwellings receiving permission each year in both Stoke-on-Trent and Newcastle-under-Lyme, although it should be noted that data for the latter is presented based on monitoring years, with the former based on calendar years.

[56] Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council (2009) Core Spatial Strategy
[57] Applications where impact on RENEW was given as one of the reasons for refusal

Figure 5.22: Dwellings (Gross) Permitted 2007 – 2014

Year	Stoke-on-Trent	Year	Newcastle-under-Lyme
2007	1,212	2006/07	193
2008	901	2007/08	1,127
2009	848	2008/09	344
2010	424	2009/10	113
2011	941	2010/11	161
2012	727	2011/12	85
2013	1,048	2012/13	306
2014	830	2013/14	538
Average	**866**	**Average**	**358**

Source: Stoke-on-Trent Council and Newcastle-under-Lyme Council, 2014; DCLG, 2014

5.75 It is apparent that across both authorities a higher level of permissions being granted annually on average than have been developed. In Stoke-on-Trent in particular, there is evidence of a sustained healthy pipeline even following the onset of the recession, with only one year falling below 700 dwellings permitted.

5.76 The picture is more variable within Newcastle-under-Lyme with annual permissions ranging from over 1,000 to as low as 85 in 2011/12. More recently, levels have recovered to in excess of 300 dwellings per annum but this has followed a period from 2008/09 where the pipeline has not been added to on an annual basis significantly.

5.77 In Newcastle-under-Lyme, over the same period, an average of 270 gross dwellings have been completed annually, which is evidently fewer dwellings than permitted. This is also true in Stoke-on-Trent, with 564 gross dwellings completed per monitoring year[58] despite 866 dwellings being permitted annually over a similar period.

5.78 Collectively, this suggests that a pipeline of supply has existed throughout this period, potentially suggesting that market factors and the deliverability of planning permissions have affected supply in the authorities. The challenge of ensuring development viability was highlighted at the stakeholder workshop, although attendees suggested that this is beginning to recover as the market improves following the recession and credit crunch.

5.79 In the context of the above, it is important to recognise that – with a Core Strategy adopted – both authorities retained an appropriate and suitable provision of housing land in order to deliver against planned targets on the basis of the planning strategy. This suggests that whilst a backlog has developed within both authorities, this – at least in part – reflects a market demand challenge, as opposed to a specific position arising from ‘planning constraints’.

[58] Based on 2006/07 – 2013/14 monitoring years, rather than calendar years presented in this table

Overcrowding

5.80 The PPG suggests that indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation should be analysed, given that they can be indicative of unmet need for housing.

5.81 The PPG states that:

"Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers."[59]

5.82 The 2011 Census allows an understanding of overcrowding and also under-occupation, based on the number of occupants and the number of bedrooms. The following table summarises the proportion of households who are overcrowded – with at least one fewer bedroom than required – or under-occupied, with at least one bedroom more than required, based on the bedroom standard. This is also presented spatially in Figures 4.6 and 4.7 of Appendix 2.

[59] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

Figure 5.23: Proportion of Overcrowded and Under-Occupied Households 2011

	% of households overcrowded	% of households under-occupied
Stoke-on-Trent	**4.4%**	**66.8%**
Inner Urban Core	4.0%	68.2%
Zone 1	3.9%	66.7%
Zone 2	4.1%	66.1%
Zone 3	6.1%	59.1%
Zone 4	3.4%	68.8%
Zone 5	4.7%	70.9%
Zone 6	5.3%	64.9%
Zone 7	4.6%	68.1%
Newcastle-under-Lyme	**2.7%**	**73.3%**
Audley and Rural North	2.6%	74.3%
Central	3.2%	73.2%
Clayton	2.0%	75.7%
Keele	1.1%	77.4%
Kidsgrove and Talke	2.7%	69.3%
Madeley	1.5%	82.2%
Rural South	2.3%	70.3%
Stoke-on-Trent and Newcastle-under-Lyme	**3.8%**	**69.0%**
Staffordshire Moorlands	1.9%	79.1%
Stafford	1.9%	78.4%
West Midlands	4.5%	70.5%
England	4.6%	68.7%

Source: Census 2011

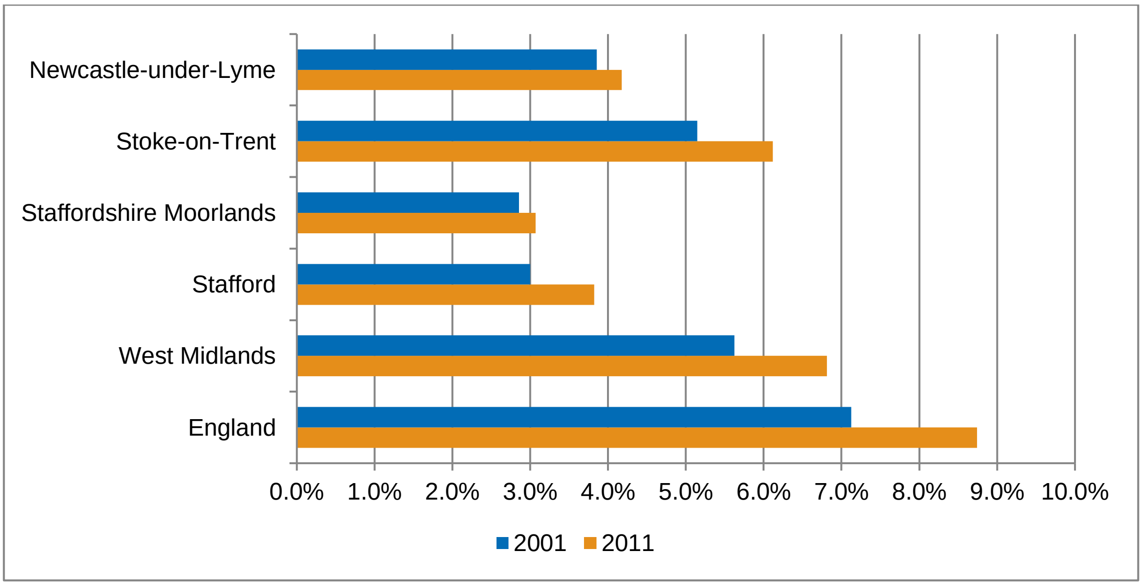
5.83 As indicated above, Stoke-on-Trent and Newcastle-under-Lyme both have, on average, a lower level of overcrowding than then West Midlands and national average, although the proportion of overcrowded households is greater than in the surrounding authorities of Staffordshire Moorlands and Stafford. Between both authorities, Stoke-on-Trent has a higher proportion of overcrowding compared to Newcastle-under-Lyme, with 4.4% against 2.7%.

5.84 Examining the sub-areas within Stoke-on-Trent, Zone 3 has a notably higher proportion of household overcrowding at 6.1%. Zones 6 and 7 also show levels of overcrowding which exceed the national average.

5.85 In Newcastle-under-Lyme, overcrowding is less common, with none of the sub-areas showing a level of overcrowding which comes close to the national average. The sub-areas of Audley, Clayton, Keele, Kidsgrove and Talke, Madeley and the Rural South exhibiting less than 3% overcrowding. In contrast, under-occupancy is generally higher in Newcastle-under-Lyme than Stoke-on-Trent, with Madeley having more than 80% proportion of households being under-occupied.

5.86 Given that the number of bedrooms was not recorded in the 2001 Census, it is difficult to profile how the level of overcrowding has changed in Stoke-on-Trent and Newcastle-under-Lyme over recent years. However, the Census in both 2001 and 2011 recorded an occupancy rating based on the number of rooms in a household, allowing an understanding of whether there has been an increase in the number of overcrowded households. This is presented in the following graph.

Figure 5.24: Proportion of Households Overcrowded (Rooms) 2001 – 2011



Source: Census 2001; Census 2011

5.87 There has evidently been an increase in the number of households living in overcrowded conditions in Stoke-on-Trent and Newcastle-under-Lyme, although this continues to be lower than the national and regional average. This could reflect increasing tendencies of households to live in smaller properties.

5.88 A further indicator of overcrowding and concealment is the proportion of families who are concealed, broken down by the age of family reference person (FRP). A family is considered as concealed if they are a family reference person but not a household reference person (HRP), indicating that they are not the main family in the household.

Figure 5.25: Proportion of Families Concealed by Age of FRP 2011

	Age of FRP					All ages
	Under 24	25 – 34	35 – 49	50 – 64	65+	
Stoke-on-Trent	9.7%	2.5%	0.6%	0.9%	1.2%	1.5%
Newcastle-under-Lyme	12.9%	2.3%	0.4%	0.3%	0.8%	1.1%
Stoke-on-Trent and Newcastle-under-Lyme	**10.4%**	**2.4%**	**0.5%**	**0.7%**	**1.0%**	**1.4%**
Staffordshire Moorlands	14.8%	3.0%	0.6%	0.3%	1.2%	1.2%
Stafford	14.0%	2.7%	0.4%	0.4%	1.1%	1.2%
West Midlands	13.4%	4.6%	0.9%	1.2%	2.1%	2.2%
England	12.8%	4.0%	0.8%	0.9%	1.8%	1.9%

Source: Census 2011

5.89 Collectively, Stoke-on-Trent and Newcastle-under-Lyme have a lower level of concealed families compared to regional and national averages. The level of concealment is particularly low amongst younger people aged under 34, suggesting that fewer families of this age group are concealed compared to other geographies. This could be reflective of the increased affordability of housing in the authorities, such that younger families may not face the same affordability constraints seen nationally and in higher value areas of the West Midlands. This is particularly evident in Stoke-on-Trent, with a slightly higher proportion of families aged 24 and under in Newcastle-under-Lyme concealed relative to the national picture.

5.90 It is also possible to establish change in concealed families, although this is not broken down by age groups. The following table shows the number of concealed families in Newcastle-under-Lyme and Stoke-on-Trent at the 2001 and 2011 Censuses.

Figure 5.26: Change in Concealed Families 2001 – 2011

	2001	2011	Change	% Change
Stoke-on-Trent	692	1,086	394	56.9%
Newcastle-under-Lyme	272	382	110	40.4%
Stoke-on-Trent and Newcastle-under-Lyme	**964**	**1,468**	**504**	**52.3%**
Stafford	262	459	197	75.2%
Staffordshire Moorlands	264	349	85	32.2%
England	161,254	275,954	114,700	71.1%

Source: Census 2001; Census 2011

5.91 The number of concealed families has increased between 2001 and 2011 in Newcastle-under-Lyme and Stoke-on-Trent, with an additional 500 such families recorded in 2011. Stoke-on-Trent has seen the greatest increase of the two authorities, although it is notable that the overall growth in the number of concealed families falls below the levels seen in England as a whole or in neighbouring Stafford.

Land Prices

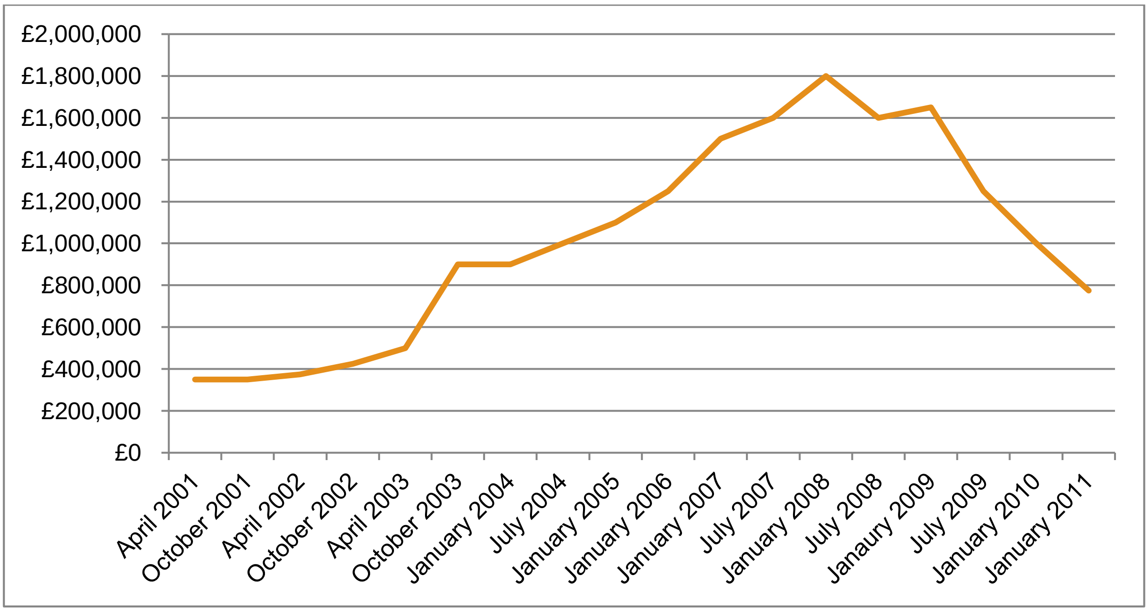
5.92 In relation to land prices, the PPG states that:

"Price premiums provide direct information on the shortage of land in any locality for any particular use"

5.93 The 2011 VOA Property Market Report provides estimated values for a number of locations across the UK, and suggests that – at 1st January 2011 – residential land in Stoke-on-Trent had a value of £775,000 per hectare, which was the lowest of the 27 locations surveyed[60]. A comparable dataset is not available for Newcastle-under-Lyme and therefore analysis in this section is limited to Stoke-on-Trent. This is used as a proxy for the wider housing market area geography, although it is important to consider this in the context of the variant residential sales values achieved across the more rural parts of Newcastle-under-Lyme in particular.

5.94 In order to understand changing land value, historic Property Market Reports have been analysed to assess how values have changed in Stoke-on-Trent.

Figure 5.27: Change in Value of Land for Residential Development in Stoke-on-Trent



Source: VOA

60 VOA estimated residential land values for 27 locations across England, Wales, Scotland and Northern Ireland – Bristol, Plymouth, Southampton, Reading, Oxford, Medway Towns, Norwich, Cambridge, Nottingham, Leicester, Birmingham, Stoke, Leeds, Sheffield, Newcastle, Liverpool, Manchester, Cardiff, Wrexham, Aberdeen, Glasgow, Edinburgh, Ealing, Croydon, Romford, Enfield and Belfast

5.95 There was evident growth in the value of land in Stoke-on-Trent, peaking at £1.8 million per hectare in January 2008. The economic downturn, however, stimulated a sharp decline in land values, with the average value per hectare in January 2011 falling to the lowest point since 2003. The reports also note that the market in Stoke-on-Trent is largely composed of brownfield sites, which potentially influences the wider market value of land in the city.

5.96 Overall, there is little evidence of a significant price premium for residential land in Stoke-on-Trent or Newcastle-under-Lyme, although there is little evidence on values in the latter. There was, though, notable significant growth in values in Stoke-on-Trent as the housing market grew prior to the recession, with values subsequently falling sharply following the economic downturn.

Local Market Perspectives

5.97 Turley conducted a number of telephone interviews with the following estate agents in Stoke-on-Trent and Newcastle-under-Lyme during February 2015, in order to obtain their views on the local housing market:

- Reeds Rains;
- Priory Property Services;
- Whitegates;
- Austberry;
- Dale & Collins;
- Goodchilds;
- Heywoods; and
- Louis Taylor.

5.98 Questions were asked around market performance, perceptions of the market, affordability, supply, the private rented sector and predicted future market performance.

5.99 Agents indicated that there was evidence of increased activity within both the rental and sales markets, although this has not necessarily been reflected in a rise in prices. The relative affordability of housing was stated as a major attraction, particularly when compared to areas such as Cheshire and Stone. This affordability has generated interest from first-time buyers, families and investors. Agents were in agreement that while there had not been a sharp increase in prices, there was certainly an upward trend, with evidence of a more buoyant market, albeit one which is occurring slowly.

5.100 Along with affordability, local agents agreed that good train connections to local destinations – as well as other centres, such as Manchester – made the area a viable commuter location for those in employment outside of the area. Coupled with easy access to the M6, agents agreed that the area’s strategic location was also a driver for activity, within both the rental and sales markets. Agents did, however, also note the limited supply of well-paid jobs in the area, which has an associated impact on the type of property demanded within the area.

5.101 Agents suggested a particularly high level of activity for lower value properties of £100,000 and under, as well as the £200,000 – £300,000 range. These brackets reflect the activity of two main markets – first-time buyers and Buy to Let investors – of which some take advantage of Government initiatives such as Help to Buy. The majority of stock relates to resold properties, rather than new build, although it was noted that Help to Buy is increasing confidence in the market. The steady level of Buy to Let investment was attributed to low bank lending rates, as well as lowered saving rates, with the possibility of strong levels of return on a property given that the market is experiencing a reasonable level of demand for rental stock.

5.102 It was noted that the area benefits from a diverse housing stock, as well as a diverse demographic of residents. The growth of private rent across this range has seen the demand for rental property stay consistently steady, driven by demand from young skilled professionals wishing to rent or from those who are unable to buy. Agents agreed that there was relatively static growth in rents, with accelerated growth in established markets and an increasing number of families entering the private rented market.

5.103 In the future, some agents felt that the market could be influenced by short-term factors – such as the upcoming General Election, and any subsequent changes in Government policy – and there was a recognised need to increase levels of new housing development, particularly aimed at aspirational renters or buyers within a higher Council Tax band. Agents acknowledged the need to create new skilled jobs, although recognised that the area has generally seen poor levels of inward investment. Further concern was voiced regarding the potential impact of future increases in interest rates on the local market and the ability of people to afford the cost of housing, particularly given that the market is only seeing a tentative improvement.

Wider Context

5.104 Understanding how Stoke-on-Trent and Newcastle-under-Lyme compare with neighbouring areas – and the national profile – provides valuable context on market signals. The following table therefore compares a number of key market signals – relating to house prices, rents, affordability, overcrowding and concealed families – to rank authorities and understand how they compare with other areas within a wider geography. The neighbouring authorities of Cheshire East, Shropshire, Stafford and Staffordshire Moorlands are included within this assessment, although it should be noted that change in Cheshire East cannot be considered prior to the formation of the unitary authority, due to data availability issues.

5.105 A rank of 1 – coloured in orange – indicates that an area has the worst market signal relative to the other areas of shown, while a rank of 7 – coloured in blue – suggests more favourable market signals.

Figure 5.28: Market Signals Summary

	Newcastle-under-Lyme	Stoke-on-Trent	Cheshire East	Shropshire	Stafford	Staffordshire Moorlands	England
House prices							
Lower quartile 2012	6	7	4	1	3	5	2
Mean house price 2012	6	7	2	3	4	5	1
Change (mean) 1996 – 2012	4	5	–	2	6	3	1
Rents							
Mean (year to Sept 2014)	6	7	2	3	4	5	1
Change 2011 – 2014	7	6	3	4	2	5	1
Affordability							
Affordability ratio 2013	6	7	3	1	2	5	4
Change 1997 – 2013	6	5	–	4	2	3	1
Overcrowding (rooms)							
Change 2001 – 2011	7	4	5	3	1	6	2
Concealed families							
Change 2001 – 2011	6	5	4	3	1	7	2

5.106 Evidently, both Newcastle-under-Lyme and Stoke-on-Trent rank relatively positively compared to adjoining authorities and England when these market signals are analysed. There has been relatively little change in measures of concealment or overcrowding – particularly in Newcastle-under-Lyme – and the two authorities have also seen little worsening in affordability and rents, relative to neighbouring authorities and the national profile.

5.107 On this basis, in the context of change in neighbouring authorities and nationally, there is little evidence to suggest that market signals are significantly worsening disproportionately in Stoke-on-Trent or Newcastle-under-Lyme.

Bringing the Evidence Together

5.108 The evidence in this section has considered a range of indicators to understand the balance between supply and demand in Stoke-on-Trent and Newcastle-under-Lyme, which – in line with the PPG – is central to understanding the future level of housing need.

5.109 Newcastle-under-Lyme and particularly Stoke-on-Trent have historically seen lower house prices than the national and regional average, with neighbouring Staffordshire Moorlands and Stafford also seeing higher house prices. Historic growth has, though, stabilised following the economic downturn, with the number of transactions falling substantially. Sub-authority analysis highlights significant spatial variation in prices between the two authorities over the past year.

5.110 The cost of private renting is also highlighted as a key market signal in the PPG, and the evidence suggests that average rents in Stoke-on-Trent and Newcastle-under-Lyme are lower than the national and regional averages, both for properties at the lower end of the market and also mid-market properties. There has also been little growth in average rents, suggesting that there is not significant demand pressure on the private rented sector, although again there is significant variation across the two authorities.

5.111 Analysis of affordability indicates that Newcastle-under-Lyme and particularly Stoke-on-Trent are relatively affordable places to buy a house, with a lower quartile home in the latter typically costing around 3.5 times earnings.

5.112 Overall, there is little evidence to suggest that there has been a significant worsening in market signals, which – as per the PPG – would require more than a modest uplift to the level of housing need suggested by demographic projections would be appropriate to address evidence of the implications of affordability, largely likely to be driven by low incomes and economic opportunities, including the increase in concealed households in both authorities.

5.113 Conclusions for both authorities are outlined below in order to provide a more detailed summary of the assessment at an authority and sub-authority level.

Stoke-on-Trent

- Historically, Stoke-on-Trent saw growth in house prices up to 2007 – following the national trend – although the recession stimulated a period of stabilisation. House prices did, though, grow at a slower rate than seen nationally, although growth over recent years has interestingly surpassed that seen in the wider West Midlands;

- Stoke-on-Trent has historically maintained lower median house prices than the median price in Newcastle-under-Lyme, the West Midlands and England, with prices also considerably lower than neighbouring Stafford and Staffordshire Moorlands. Analysis of Land Registry data over the year to August 2014 indicates that the median house price in Stoke-on-Trent was £94,000, although there was notable spatial variation throughout the authority. In particular, lower median values are seen in the Inner Urban Core and Zones 3, 4 and 5, while higher values are found in Zone 1. There is also variation by type, with the average price paid for a flat comparable with that of a terraced property. This could indicate a demand for flats in some areas, as well as a suppressed level of demand for terraced property;

- Prior to the recession, house prices in some sub-areas – particularly the Inner Urban Core and Zones 3, 4 and 5 – grew at a faster rate than the authority as a whole, with Zone 1 – in contrast – only seeing a low level of price growth. Values in the Inner Urban Core were, however, notably affected by the recession;

- Prior to the recession, the housing market in Stoke-on-Trent was particularly strong, with the number of dwelling transactions increasing at a faster rate than seen nationally. However, since 2007, the number of residential transactions has fallen dramatically across all areas, as a consequence of the credit crunch and subsequent issues in accessing mortgage finance. A notable cluster of sub-areas – Zones 1, 2 and 6 – did not fall to the same extent, however, and indeed have shown a stronger recovery in subsequent years;

- In the private rented sector, average monthly rents in both Stoke-on-Trent and Newcastle-under-Lyme are lower than the regional and national averages, with little evidence of growth in values over recent years. This suggests that there is no significant pressure on private rented stock in Stoke-on-Trent. An analysis of marketed private rental property in Stoke-on-Trent indicates that many areas are generally more affordable than Newcastle-under-Lyme, with Zone 5 being the most affordable location to privately rent a two bedroom dwelling;

- While the affordability ratio in Stoke-on-Trent has worsened between 1997 and 2013, the area remains relatively affordable – particularly compared to the national average, and neighbouring authorities – with a household required to spend around 3.5 times' income on the cost of purchasing a home at the lower end of the market;

- On average, since 2000, 489 net dwellings have been delivered per year in Stoke-on-Trent. The delivery rate has, though, been variable, with higher rates of completions early in the period before the economic recession and development subsequently failing to reach the same rate. The net delivery of dwellings has also been impacted by demolitions, associated with the RENEW programme, and indeed gross completions have delivered an average of 655 dwellings per year;

- The implementation of the RENEW programme was cited as a reason for refusal on several applications in Stoke-on-Trent, with 875 dwellings refused on this basis between 2004 and 2007. This suggests that whilst the programme was evidently seeking to intervene in a positive manner to address identified housing market failure it may have also historically constrained growth of the housing market through the control of land and development to a limited degree through a more buoyant period of the market. Whilst it is identified that a number of schemes were refused permission on the basis that they would potentially undermine the objectives of the RENEW programme it is not possible to separately assess their suitability irrespective of this policy position. Equally it is not possible to quantify the extent to which the existence of this policy approach also dissuaded developers / landowners from seeking to bring forward development sites in Stoke-on-Trent, with issues around private sector confidence through this focussed period of regeneration raised through the stakeholder workshop. This would suggest that it is important to consider carefully the implied levels of growth based on trend-based projections, including the 2012 Sub National Household Projections, which are informed by this period of regeneration intervention

- The level of overcrowding in Stoke-on-Trent is generally in line with the regional and national average, although it is notably higher than neighbouring Stafford and Staffordshire Moorlands. Areas such as Zone 3 and Zone 6 have slightly higher proportions of overcrowded households, while under-occupation is more frequent in Zone 4 and Zone 5. There has, however, been a notable growth in the proportion of households who are overcrowded – based on the room standard – between 2001 and 2011, suggesting an increased tendency to occupy smaller properties;

- Relatively few families in Stoke-on-Trent are concealed, compared to the national and regional average, with a notably lower level of concealment amongst younger households with a FRP aged 24 and under. This could reflect the relative affordability of housing in Stoke-on-Trent. There has, however, been a growth in the number of concealed families, although this is relatively small, particularly compared to the national profile; and

- There is limited evidence on residential land values in Stoke-on-Trent, although it is clear that the value of residential land increased significantly in the authority prior to the recession, with values peaking at £1.8 million per hectare in January 2008. The economic downturn has stimulated a sharp decline in land values, however, with falling demand reducing the average land value to £775,000 per hectare – the lowest value since 2003. Data on land values is no longer published by DCLG, although there is wider market evidence of an increased demand for residential land stimulated by improving housing market conditions and a buoyant economy. There is, however, little evidence of a significant price premium for residential land in Stoke-on-Trent.

Newcastle-under-Lyme

- Newcastle-under-Lyme has historically maintained median house prices which are higher than that seen in Stoke-on-Trent, although prices have typically been lower than the regional and national average. Analysis of Land Registry data on transactions – over the year to August 2014 – indicates that the median house price in Newcastle-under-Lyme was £126,000, although there was spatial variation throughout the borough with the highest prices seen in the Rural South. The Central sub-area, Kidsgrove and Talke are characterised by lower value, although – with the exception of the former – all sub-areas in Newcastle-under-Lyme surpass the median house price of sub-areas in Stoke-on-Trent. The rate of change in house prices in each sub-area has been relatively similar, with no immediately clear trends over recent years with the exception of strong recovery in values in Central and Clayton;

- The volume of residential transactions in Newcastle-under-Lyme fell significantly following the economic recession, replicating the national trend, although – interestingly – the number of transactions grew at a relatively fast rate in 2012. The evidence also suggests that the level of activity in Clayton has not been significantly affected by the recession, with a return to pre-recession levels of activity in 2013. All other sub-areas have seen a steep fall in the rate of market activity, however;

- Evidence suggests that there has been no growth in average rents in Newcastle-under-Lyme over recent years, suggesting that there is no significant pressure on the private rented sector in the borough. There is, however, spatial variation in average rents throughout Newcastle-under-Lyme;

- Comparing income and house prices at the lower end of the market, Newcastle-under-Lyme is less affordable than Stoke-on-Trent – with households required to spend around 5 times' income on the cost of purchasing a home – although this notably still falls below the national average;

- In Newcastle-under-Lyme, 227 net dwellings have been completed per annum since 2000, although the borough has seen a notably higher level of development following the recession. This diverges from the trend seen in Stoke-on-Trent, and reflects the housing trajectory in the Core Strategy which sought – in line with the Housing Market Renewal programme – to increase the completion rate throughout the plan, before delivering a lower level of development over the final years of the plan. In this context, as with Stoke-on-Trent, it is important to recognise that the implementation of the RENEW programme has been identified as having a potential 'constraining' impact on levels of development in this historical period. A total of 372 dwellings were refused in the authority where the impact on RENEW was given as one of the reasons for refusal. As identified for Stoke-on-Trent the extent to which this development would have been suitable irrespective of the policy approach supporting RENEW is difficult to directly ascertain. Equally, the extent to which the existence of this policy approach shaped developers response and interest in advancing opportunities is not possible to quantify. Collectively, however, it is important to consider the implications of this policy approach on potentially shaping historic growth with this therefore impacting on trend-based projections;

- All of the sub areas identified in Newcastle-under-Lyme have a lower level of overcrowding than seen nationally or regionally, while approximately one in four households in the borough are under-occupied with at least one bedroom more than required. There has been an increase in the proportion of households who are overcrowded, although this is not to the same extent as seen in Stoke-on-Trent; and

- Relatively few families in Newcastle-under-Lyme are concealed, compared to the regional and national averages, although concealment amongst younger people aged 24 and under slightly surpasses the national average. Whilst there has been a growth in the number of concealed families this has been relatively limited in the context of national indicators.

6. Alternative Projections of Housing Need

6.1 National guidance – in the form of the NPPF and the PPG – stresses the importance of understanding housing need based on the application and testing of projections of growth. The assessment of alternative projections of future growth represents an integral part of identifying the objectively assessed need (OAN) for housing in an area.

6.2 The PPG states that household projections published by DCLG should provide the 'starting point' for informing the OAN, but notes that:

"The household projections are trend based, ie they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour"[61]

6.3 The PPG identifies the importance of considering factors which have altered local demography and household formation rates, stating:

"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."[62]

6.4 The PPG also goes on to assert that:

"Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates.

"Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence"[63]

6.5 This section presents a number of alternative trend-based scenarios of projected population and household change. These scenarios are intended to test the impact of different assumptions – using local demographic data – in order to provide a considered position on the adjustments required to reflect historic changes in the supply of housing and the evidence presented in relation to market signals. This takes into account the

[61] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_015
[62] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_015
[63] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_017

drivers of historic population and household change presented in the preceding sections.

6.6 The NPPF expects local authorities to ensure an alignment between housing and employment policy. The PPG states that this should be considered when objectively assessing housing need by ensuring that the growth in labour force required to support likely job growth can be accommodated through the growth of the population and associated housing needs:

"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area"[64]

6.7 The PPG recognises the potential implications of imbalance between labour force growth and job growth:

"Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems"[65]

6.8 The projections within this section also therefore consider the scale of labour force growth associated with different levels of modelled population growth. In order to consider the scale of housing required to support likely job growth, a range of employment forecasts have been considered, as introduced in section 4. It will, though, be important for the Councils to integrate the findings of the recently commissioned Employment Land Review, and consider the level of housing need associated with likely job growth in both authorities once this work has concluded.

6.9 Further detail of the modelling methodology and assumptions applied is provided within Appendix 4.

The 'Starting Point' – the 2012 Sub-National Household Projections

6.10 The 2012 sub-national household projections (SNHP) were released in February 2015, representing a full new official dataset published by DCLG. This forms the 'starting point' for assessing housing need, as set out through the PPG.

6.11 The 2012 SNHP is underpinned by the population growth projected under the 2012 sub-national population projections (SNPP), published by ONS. The 2012 SNPP was released in May 2014 and provides the latest official benchmark for the analysis of population growth, taking full account of the results of the 2011 Census.

[64] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_018
[65] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_018

6.12 The 2012 SNHP have been derived through the application of projected household representative rates (also referred to as headship rates) to a projection of the private household population, disaggregated by age, sex and relationship status. It is important to note at the time at which the analysis was undertaken within this SHMA the second stage of DCLG data related to the 2012 SNHP had not been released (further detail is included in Appendix 4) and future monitoring should seek to consider the implications of any subsequent releases of related data.

6.13 The following table sets out the projected growth in population and households in Stoke-on-Trent and Newcastle-under-Lyme, broken down by authority, over the period from 2013 to 2039[66]. The resultant annual average household growth under the official dataset is also presented. This annual average household growth has been translated into dwelling projections through the application of a vacancy rate assumption, recognising the functional operation of the housing market. These vacancy rates have been derived by Edge Analytics from 2011 Census data, and are fixed at the following levels throughout the projection period:

- **Newcastle-under-Lyme** – 3.0%; and
- **Stoke-on-Trent** – 3.8%.

Figure 6.1: 2012 Population and Household Projections 2013 – 2039

	Change 2013 – 2039				Average per year	
	Population Change	% Change	Hholds Change	% Change	Net Migration	Dwellings
Newcastle-under-Lyme	7,259	5.8%	6,024	11.4%	340	239
Stoke-on-Trent	16,875	6.7%	11,303	10.5%	-659	452
Stoke-on-Trent and Newcastle-under-Lyme	**24,134**	**6.4%**	**17,327**	**10.8%**	**-319**	**691**

Source: Edge Analytics, 2015

6.14 Modelling of the 2012 SNPP by Edge Analytics – and its translation into households through the 2012 SNHP – suggests a need for approximately 240 dwellings in Newcastle-under-Lyme and around 450 dwellings per annum in Stoke-on-Trent. This is based on a total population growth of around 24,000 across the two authorities, resulting in the formation of around 17,300 households. This represents growth of 6.4% in population across the two authorities, and 10.8% in households. This is notably lower than the national rate of growth, with population projected to grow by 15.5% and households growing by 22.4%, albeit over the period from 2013 to 2037.

6.15 This forms the ‘starting point’ for considering the future need for housing, in accordance with the PPG.

[66] 2012-based projections extend to 2037, although the modelling presented in this section runs to 2039 to align with the emerging plan period. In the 2012 SNPP scenario, counts of deaths, internal and international migration have been fixed at the 2037 value for the remaining years of the plan period. 2012-based headship rates are fixed at their 2037 value for the rest of the forecast period

Considering the Need for Demographic Sensitivities – Taking account of historic trends

6.16 The analysis presented in sections 4 and 5 has highlighted that a range of factors – including housing market intervention (specifically the RENEW programme as identified in section 5) and slow economic growth associated with the recession but also more deeply rooted economic issues in particular in Stoke-on-Trent – may have impacted on the underlying demographics of Stoke-on-Trent and Newcastle-under-Lyme. This may have constrained the ability of households to form over recent years.

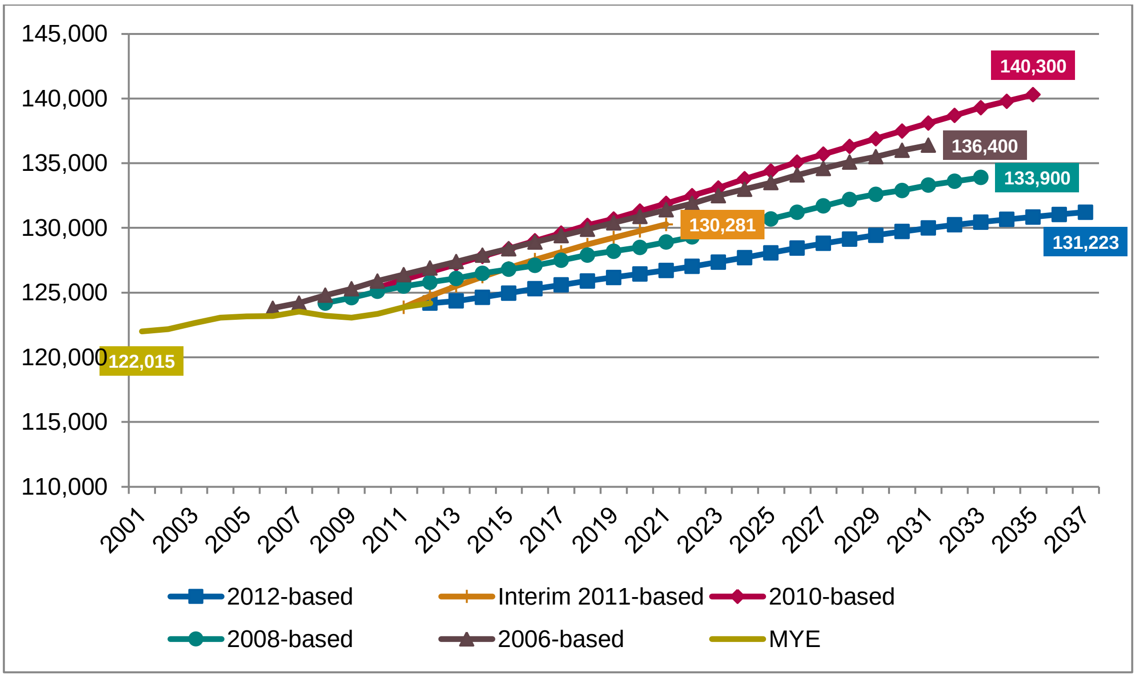
6.17 This section therefore considers both the underpinning population growth assumptions in the 2012 SNPP and the translation of population growth to households, through the application of household formation rates within the 2012 SNHP. This is considered in the context of the analysis of longer-term demographic drivers (section 4) and market signals evidence (section 5).

6.18 The analysis of the historic demographic drivers of change within section 4 established the extent to which migration has driven population and household growth in the housing market area. The 2012 SNPP include assumptions about the changing role of migration and natural change in future population growth, and these assumptions are considered in the context of historic trends below for each authority.

Newcastle-under-Lyme

6.19 The following chart shows the latest 2012-based population projections in the context of previous datasets, and the historic mid-year population estimates published by ONS. The scale of growth under each scenario is also presented in the subsequent table.

Figure 6.2: Newcastle-under-Lyme Official Population Projections



	Base Population	Projected end population (end year of projection in brackets)	Total Population Change	% Population Change
2012-based	124,183	131,223 (2037)	7,040	5.7%
2011-based	123,878	130,281 (2021)	6,403	5.2%
2010-based	125,400	140,300 (2035)	14,900	11.9%
2008-based	124,200	133,900 (2033)	9,700	7.8%
2006-based	123,800	136,400 (2031)	12,600	10.2%

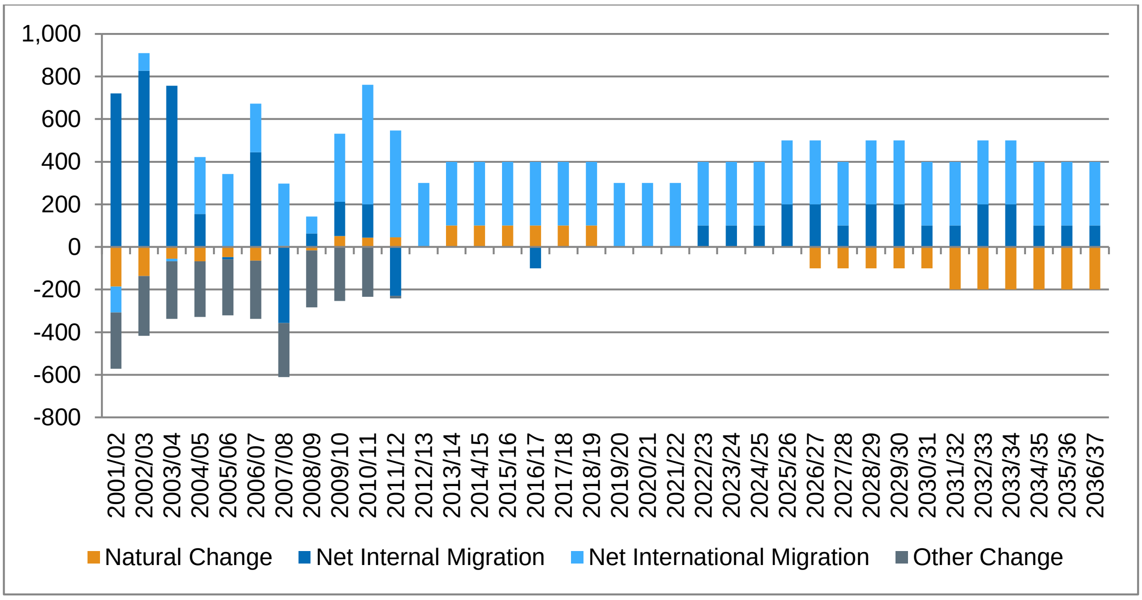
Source: ONS, 2014

6.20 There has evidently been variation in the scale of projected population growth in Newcastle-under-Lyme, with the 2012 SNPP – released in May 2014 – showing a notably lower level of population growth than previously expected. The 2012 projections expect the population of Newcastle-under-Lyme to grow by 282 persons per annum on average up to 2037, with this significantly lower than the average growth of 596 per annum projected in the 2010-based dataset. This is also lower than the average growth of 640 per annum expected in the Interim 2011 dataset, noting as set out above that this only projected forward to 2021.

6.21 As identified in section 4, the population of Newcastle-under-Lyme was overestimated in historic mid-year population estimates – due to unattributable population change (UPC) – and this is evident in Figure 6.2, with the 2011-based and 2012-based projections running from a lower base.

6.22 It is helpful to understand the assumptions underlying the future demographics drivers of the projected population growth under the 2012 SNPP dataset. The following graph shows the components of projected population change, highlighting the respective impacts of migration and natural change. Historic data is also shown for context.

Figure 6.3: Newcastle-under-Lyme – 2012 SNPP Components of Change



Source: ONS, 2014

6.23 It is evident that there is relatively little natural growth in the population expected, with births and deaths relatively balanced – with the exception of the period from 2013 to 2019 – until deaths begin to increasingly outnumber births from 2027. International migration, therefore, is projected to be the main driver of population growth in Newcastle-under-Lyme, with a net inflow of 300 international migrants per year.

6.24 Internal migration is projected to be largely balanced up to 2022, after which a small net inflow of between 100 and 200 internal migrants is projected each year. This contrasts with periods earlier in the last decade where the authority saw comparatively strong levels of net internal migration.

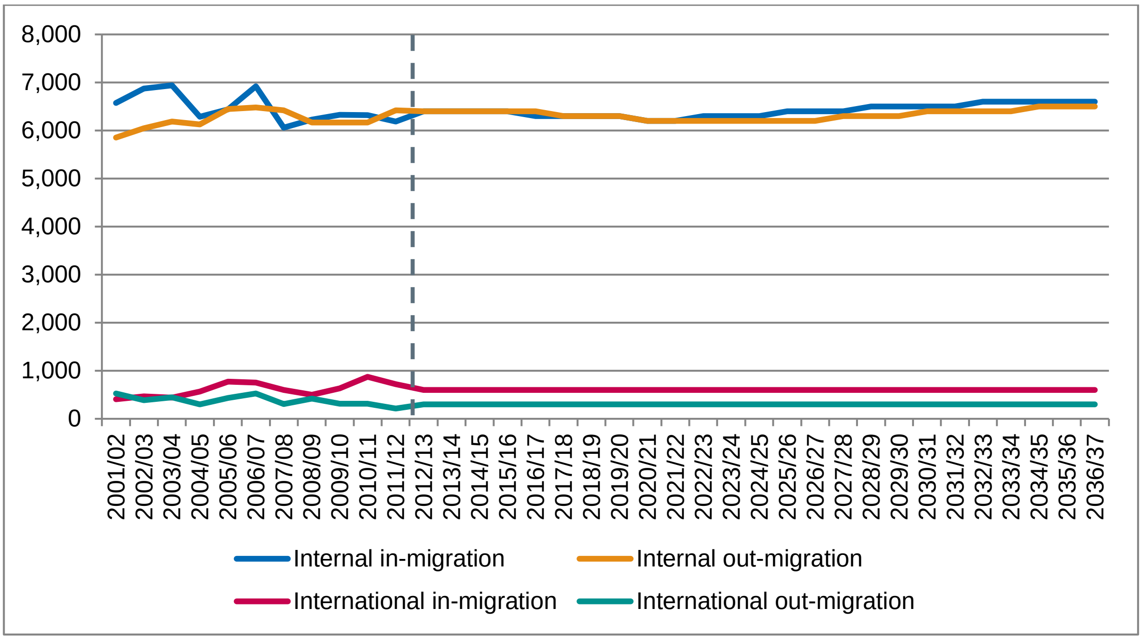
6.25 Notably, the 2010 population projections – which expected a higher rate of population growth in Newcastle-under-Lyme – assumed a higher rate of migration equivalent to just under 600 persons on average per annum over the 25 year projection period. This is higher than the assumed net internal inward migration of 340 people per year on average under the 2012-based projections, which covers a different 25 year period from 2012.

6.26 This is further illustrated in the following graph, which shows historic[67] and projected migration flows for Newcastle-under-Lyme under the 2012 SNPP. This highlights that while the inflow of internal migrants to the borough fell during the recession, the outflow

[67] Historic data drawn from components of change under ONS' Mid-Year Population Estimates

slightly increased – albeit not to the same scale – and this recessionary period picture is largely projected forward under the ONS dataset.

Figure 6.4: Historic and Projected Migration for Newcastle-under-Lyme



Source: ONS, 2014

6.27 In line with the PPG[68], it is also useful to compare the latest population estimates with the growth projected under the 2012 SNPP. This helps to establish whether the locally implied population change is being followed or already departed from, with the following table therefore comparing the 2012 SNPP projection for 2012/13 with the ONS mid-year estimates, broken down by components of change.

Figure 6.5: Comparison of Mid-Year Estimates and 2012 SNPP for 2012/13 – Newcastle-under-Lyme

	Natural Change	Internal Migration	International Migration	Other	**Total Population Change**	% Population Change
2013 MYE	-81	741	384	12	**1,056**	0.9%
2012 SNPP	0	0	300	0	**300**	0.2%

Source: ONS, 2014

6.28 As shown, the mid-year estimates indicate a significantly higher level of population growth over the first year of the 2012 SNPP projection period, suggesting a higher level of growth than projected. The greatest divergence is seen in net internal migration – which was expected to be balanced under the 2012 SNPP – which has increased the population by around 740 persons between 2012 and 2013. This suggests the 2012

68 http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_017

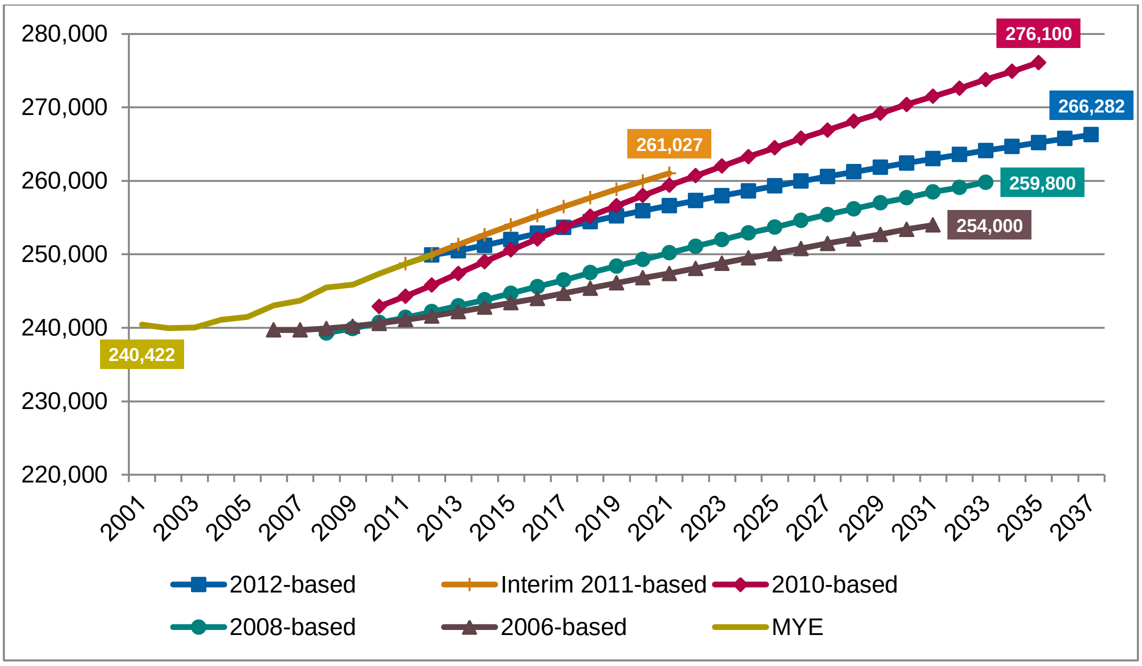
SNPP is already underestimating growth in the population within Newcastle-under-Lyme. The scale of growth over this single year, however, is considerably higher than seen back to 2001 (as shown in Figure 6.3) and therefore needs to be treated with an element of caution in the context of a longer-term consideration of data[69].

6.29 Whilst this data is only presented for a single year, it will be important to continue to monitor future estimates of population carefully to assess whether there is a continued deviation away from the official population projection dataset.

Stoke-on-Trent

6.30 The following chart compares the latest 2012-based population projections with previously released datasets and mid-year population estimates.

Figure 6.6: Stoke-on-Trent Official Population Projections



	Base Population	Projected end population (end year of projection in brackets)	Total Population Change	% Population Change
2012-based	249,903	266,282 (2037)	16,739	6.6%
2011-based	248,719	261,027 (2021)	12,308	4.9%
2010-based	242,900	276,100 (2035)	33,200	13.7%
2008-based	239,300	259,800 (2033)	20,500	8.6%
2006-based	239,700	254,000 (2031)	14,300	6.0%

Source: ONS, 2014

[69] There is likely to be a relationship between the notably higher level of housing delivered in the authority in 2012/13, 414 dwellings, which is notably higher than seen historically than 2000/1 as shown in section 5 of the report.

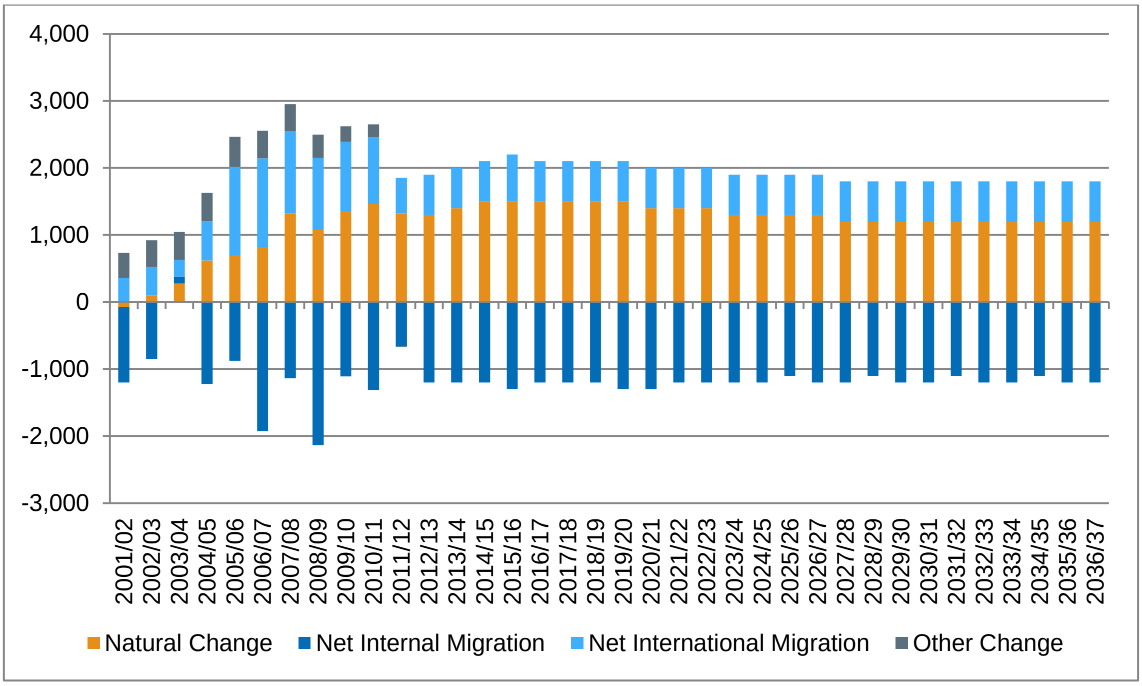
6.31 The chart reinforces the impact of the under-estimation of Stoke-on-Trent's population growth by the ONS between the Census years. The re-basing of the population to the level recorded in 2011 is shown for the 2011 and 2012 SNPP datasets.

6.32 The 2012-based SNPP projects forward a trajectory of population growth which falls below previous ONS projections. The 2010-based SNPP, for example, projected that Stoke-on-Trent's population would grow by approximately 1,300 persons on average over the entire projection period to 2035. This is a considerably higher level than the projected population growth of 655 per annum on average over the projection period to 2037 within the 2012 SNPP. The 2008-based projections also expected a higher level of population growth of 820 persons per annum. Interestingly the 2006-based SNPP projected forward a level of growth, 572 persons per annum on average, which was more closely aligned to the 2012 SNPP dataset. It is, however, evident that the ONS has shown a considerable degree of variance in the scale of population growth projected in Stoke-on-Trent. This is likely to reflect the comparatively volatile nature of population change in Stoke-on-Trent over the last 30 years, as highlighted through section 4 of this report, with the authority seeing periods of sustained population decline and growth over this period.

6.33 From a review of various datasets, the key determining factor has been the scale to which net out-migration is projected for the authority. By way of example, the 2010-based SNPP anticipated an average net outflow of around 150 per annum, compared to the most recent 2012-based SNPP which projects a net outflow of just under 650 persons per annum. This variance is, in particular, linked to a change in the assumed net inflow of international migrants.

6.34 The following graph shows the projected components of population change in Stoke-on-Trent, based on the 2012 SNPP, with historic data also included.

Figure 6.7: Stoke-on-Trent – 2012 SNPP Components of Change



Source: ONS, 2014

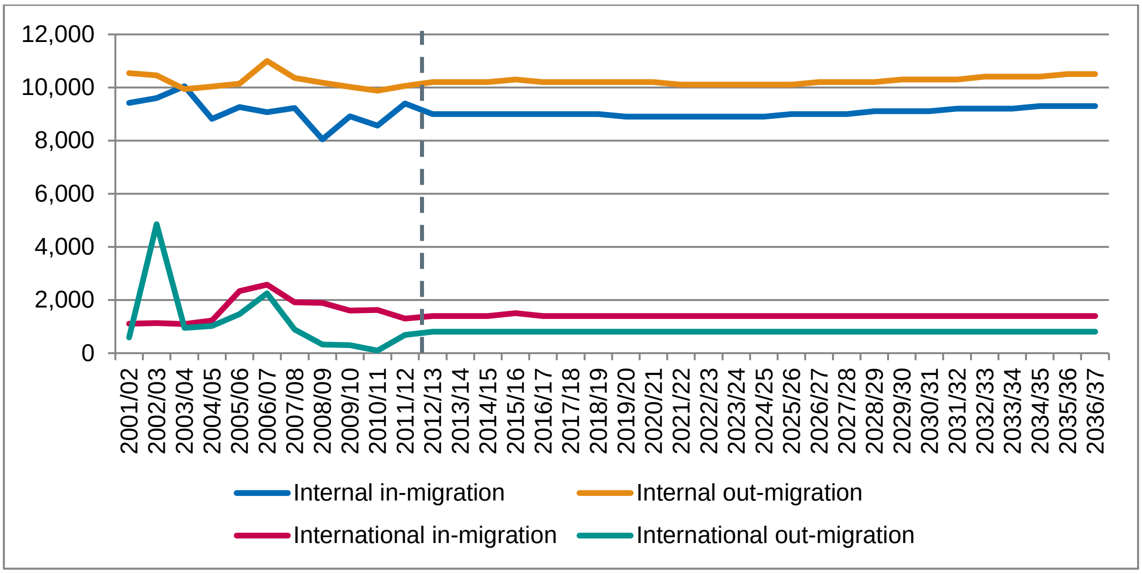
6.35 The 2012 SNPP continues to project that natural change represents the main driver of population growth in Stoke-on-Trent. It is important to recognise that the projection assumes that this component sustains a level of positive growth which has been seen within the authority since 2007/08. Six years prior to this point (2001/02), this component actually represented a negative contributor to the population change in the authority.

6.36 The projection also projects an assumed net out-migration of persons to other parts of the UK. The projected scale of net out-migration is projected to exceed 1,000 persons per annum under the ONS 2012 SNPP. This reflects a relatively consistent picture over the period back to 2001/02, with only 2003/04 standing out as having a positive net inflow and all other years representing a significant net outflow. Indeed, in 2008/09, the ONS estimated a net outflow in excess of 2,000 persons in a single year.

6.37 The 2012 SNPP projects forward that international migration will continue to represent a positive contributor to the population growth of the authority, assuming growth of some 600 persons per annum on average. This projected level of growth falls below the levels estimated by the ONS between 2005/06 and 2010/11 even before the potential implication of the under-estimation of the population growth in Stoke-on-Trent is taken into account.

6.38 This is further illustrated in the following graph, which shows the annual historic and projected in and out migration flow, broken down by internal and international migration. This shows that internal out-migration has been relatively steady and consistently high. In contrast, the inflow of internal migrants has fallen from 2001, with this fall occurring prior to the recession but reaching a low in 2008/09 before recovering slightly. This lower level of internal in-migration is expected to be sustained under the 2012 SNPP with the result – as identified above – being a consistent projected net outflow to other parts of the UK.

Figure 6.8: Historic and Projected Migration for Stoke-on-Trent



Source: ONS, 2014

6.39 Looking at the international migration data, it is clear that this has been more volatile. In-migration rose prior to the recession before falling consistently. With the exception of a significant spike in 2002/03, this trend was also seen with regards to out-migration, albeit with the difference between the two increasing prior to 2010/11 therefore impacting on the net figure. The projections assume a level of in-migration of international persons which aligns with the current lower level, and a level of out-migration which is higher than that seen since the recession.

6.40 Finally, it is beneficial to understand how the 2012 SNPP aligns with the mid-year population estimates for 2012/13, in order to establish – in line with the PPG – whether there has been any divergence away from the trajectory implied under this dataset. This is summarised in the following table, broken down by components of change.

Figure 6.9: Comparison of Mid-Year Estimates and 2012 SNPP for 2012/13 – Stoke-on-Trent

	Natural Change	Internal Migration	International Migration	Other	**Total Population Change**	% Population Change
2013 MYE	1,210	-1,367	469	12	**324**	0.1%
2012 SNPP	1,300	-1,200	600	0	**700**	0.2%

Source: ONS, 2014

6.41 There is evidently relatively close alignment between the scale of population change projected under the 2012 SNPP and the latest 2013 mid-year estimates, although the latter do show a lower overall level of population growth. This is driven by lower than anticipated levels of international migration and a slightly lower natural growth, while the net internal migration flow was greater than projected. It is interesting to reflect on the opposite picture seen in Newcastle-under-Lyme, where the latest ONS MYE suggested a significantly stronger growth than projected. The relationships between the two authorities – and the flow of people within this area – are likely to be an important factor in these discrepancies.

6.42 This should continue to be monitored by the Councils to establish if there is further deviation from the official population projection dataset.

Alternative Demographic Projections

6.43 Recognising the implications of the analysis above, it is considered reasonable to undertake a process of sensitivity testing in relation to variant trend-based demographic projections.

6.44 The following table presents a variant demographic scenario modelled by Edge Analytics, using the POPGROUP software. This scenario bases internal and international migration on the historic trends seen between 2003/04 and 2012/13. This is a longer historic time horizon than used within the 2012 SNPP, and covers a period which extends prior to the onset of the economic recession and subsequent downturn in 2008.

6.45 The POPGROUP modelling prepared by Edge Analytics uses the historic demographic evidence to define future migration *rates* for internal migration and fixed migration *counts* for international migration. The use of migration *rates* for modelling internal migration is consistent with the ONS SNPP methodology. The migration schedule of rates is applied to an external 'reference' population, defined by those areas with which there are historically significant migration links. This ensures a level of integration within the modelling, which is important in the context of the ONS model to ensure that the sub-area projections sum to the national level.

6.46 The outputs of this scenario are presented in the following table, with the 2012 SNHP projected implied dwelling requirement also presented for comparison. The scale of population and household change over the projection period is also presented proportionately for context (shown in brackets).

Figure 6.10: 10 Year Past Growth Scenario 2013 – 2039

	Change 2013 – 2039		Average per year		2012 SNPP scenario dwellings per annum
	Population Change	Households Change	Net Migration	Dwellings	
Newcastle-under-Lyme	12,513 (10.0%)	8,287 (15.6%)	475	329	239
Stoke-on-Trent	26,832 (10.7%)	14,994 (13.9%)	-367	600	452
Stoke-on-Trent and Newcastle-under-Lyme	**39,345 (10.5%)**	**23,281 (14.5%)**	**108**	**929**	**691**

Source: Edge Analytics, 2015

6.47 The modelled 10 year Past Growth scenario projects forward a higher level of population growth compared to the 2012 SNPP. This reflects the longer-term period upon this which is based and the more positive resultant net-migration picture than projected under the 2012 SNPP. Given that this modelling is based on a longer term period, it is less likely that the projections have been influenced by the recessionary climate over more recent years, which saw the rate of development in Stoke-on-Trent slow considerably. It does, though, remain important to note that the rate of development remained steady in Newcastle-under-Lyme throughout the recession.

Considering the Implications of Unattributable Population Change

6.48 The analysis of demographic drivers of change in section 4 highlighted the issue of Unattributable Population Change (UPC). The 2011 Census revealed a relatively modest over-count of the estimated population in Newcastle-under-Lyme by the ONS, with a more significant underestimation made in Stoke-on-Trent.

6.49 In the document accompanying the 2012 SNPP methodology report, the ONS confirms that there is an absence of clear evidence to confirm whether discrepancies are in the Census numbers (2001 or 2011) or in the estimation of migration flows[70]. The ONS has suggested that if the discrepancies are in the migration flows, recent work to improve the estimation of international flows would imply that errors are most likely to be in the earlier part of the decade. This would therefore have less of an impact on trends based on the second half of the decade, from which the 2012 SNPP are derived. On this basis, they are explicit that they have not taken UPC into account in producing the 2012 SNPP.

6.50 Whilst at a national level – as the ONS confirms – the impact is relatively modest, and falls within the confidence interval for the international migration estimates and the sum of confidence intervals for the 2001 and 2011 Censuses, the impact can be more marked at a local authority level. The analysis of the historic demographic data suggested this was particularly pertinent for Stoke-on-Trent given the significant

[70] http://www.ons.gov.uk/ons/dcp171776_364795.pdf

difference in the profile of population growth estimated by the ONS pre and post the 2011 Census results were available.

6.51 A failure to recognise the implication of a higher level of historic migration could potentially serve to under represent future projected growth, and on the basis of the above, it is particularly important to incorporate UPC for Stoke-on-Trent. Therefore, in order to illustrate the implications of including UPC, Edge Analytics have modelled a variant of the 10 Year Past Growth scenario which assigns the unattributable population change (UPC) component of change – identified by the ONS within the latest mid-year population estimate revisions – to the international migration component, as this has the greatest uncertainty associated with its estimation.

Figure 6.11: 10 Year Past Growth Scenario including UPC

	Change 2013 – 2039				Average per year	
	Population Change	% change	Hholds Change	% change	Net Migration	Dwellings
Newcastle-under-Lyme	10,499	8.4%	7,637	14.4%	407	303
Stoke-on-Trent	32,768	13.1%	18,722	17.3%	-180	749
Stoke-on-Trent and Newcastle-under-Lyme	**43,267**	**11.5%**	**26,359**	**16.4%**	**227**	**1,052**

Source: Edge Analytics, 2015

6.52 At a housing market area level, the inclusion of UPC has only a moderate impact on the level of housing needed, increasing the number of dwellings required by around 125 dwellings per annum across the two authorities. This is driven by a higher overall level of net migration, which is linked to a smaller modelled net outflow of migrants from Stoke-on-Trent. Indeed, Stoke-on-Trent sees the greatest change in the level of housing needed to support growth including UPC, with a need for 749 dwellings per annum compared to 600 when UPC is excluded.

Household Formation Rates – Alternative Historic Rates and Sensitivities

6.53 In addition to the underlying projected population growth, the application of household representative rates or headship rates represents an important factor in understanding the anticipated need for housing resulting from a changing demographic.

6.54 As set out at the start of this section, the DCLG published the 2012 SNHP dataset at the end of February 2015. This dataset was therefore published towards the end of the SHMA research process. In recognition of the importance of this dataset, the analysis in the SHMA has sought to take the underlying assumptions around household formation into account in its translation of population into households and subsequently dwellings. It is, however, noted within the PPG that the DCLG anticipate updating the input assumptions to the dataset, which may have implications for the modelling presented within this section[71]. In addition, it is anticipated that the dataset will be subject to scrutiny by the Planning Inspectorate through the consideration of evidence base reports at Local Plan Examinations, and it is therefore considered advisable that the Councils monitor any updates and interpretation of this dataset and its implications for the analysis presented in this SHMA report.

6.55 Prior to considering the detailed headship rate assumptions underpinning the dataset, it is useful to compare the scale of growth implied by the latest DCLG dataset against previous iterations of the household projections, noting these are underpinned by the different ONS sub-national population projection (SNPP) datasets. The following table shows the average annual household growth rate in both the 2008- and 2011-based household projections compared with the 2012 dataset. It should be noted, however, that the interim 2011 dataset only project to 2021, with the former covering a longer period to 2033.

Figure 6.12: Previous Household Projections – Average Annual Growth

	2008-based SNHP (Average per annum 2008 – 2033)	2011-based SNHP (Average per annum 2011 – 2021)	2012-based SNHP (Average per annum 2012 – 2037)
Newcastle-under-Lyme	335	370	232
Stoke-on-Trent	531	458	434
Stoke-on-Trent and Newcastle-under-Lyme	**866**	**828**	**666**

Source: DCLG

6.56 Evidently, looking across the two authorities, there is a fall in the projected scale of annual household formation between published datasets. The application of variant headship rate assumptions is one aspect of the difference in projected household growth, with underpinning population projects – considered earlier in this section – also an important factor. This highlighted that the latest 2012-based population projections show a slower trajectory of growth compared to previous datasets.

6.57 These differences are not directly reflected within the implied rates of household growth, and it is therefore important to look at the role of the different application of headship rate assumptions in generating different levels of implied household growth.

6.58 Prior to the release of the 2012 SNHP, the 2008 SNHP represented the latest full sub-national set of projections, with the 2011 SNHP representing only an interim release with a ten year horizon. In the context of the methodology set out in the PPG, it is considered useful to compare and contrast the variant headship rate assumptions proposed within these datasets, recognising that they span different economic

[71] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_016

conditions. It is, however, important in this context to recognise that – in line with the PPG – the 2012 SNHP are *'the most up-to-date estimate of future household growth*'[72].

6.59 The latest 2012 SNHP dataset includes a number of important updates on the previous interim 2011 SNHP, with the inclusion of the following new information[73]:

- Household population by sex, age and relationship-status consistent with the 2011 Census (rather than estimates for 2011, which were derived from 2001 Census data, projections and national trends, as used in the 2011-interim projections);

- Communal population statistics by age and sex consistent with the 2011 Census (rather than the previous estimate, which were calibrated to the total communal population from the 2011 Census);

- Further information on household representatives from the 2011 Census relating to aggregate household representative rates by relationship status and age;

- Aggregate household representative rates at a local authority level, controlled to the national rate, based on the total number of households divided by the total adult population (rather than the total number of households divided by the total household population); and

- Adjustments to the projections of the household representative rates in 2012 based on the Labour Force Survey (LFS).

6.60 It is important to more fully understand the different interactions associated with the variant headship rate assumptions applied within different DCLG datasets. A series of charts are therefore presented for each authority, comparing the household representative rates projected under each dataset for identified age groups.

6.61 Given these variations in assumptions regarding household formation, it is beneficial to assess the implications of applying previous headship rates to the demographic modelling introduced in this section. This is summarised in the following tables, for each of the three scenarios presented.

[72] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_016
[73] DCLG (2015) Household Projections 2012-based: Methodological Report

Figure 6.13: Newcastle-under-Lyme – Average Annual Housing Need (Dwellings) 2013 – 2039 – Application of Alternative Headship Rates

	2012 SNHP headship rates	2011 SNHP headship rates	2008 SNHP headship rates
2012 SNPP	239	225	284
10 Year Past Growth	329	314	376
10 Year Past Growth, including UPC	303	283	344

Source: Edge Analytics, 2015

6.62 The 2012 SNHP evidently makes more positive assumptions around household formation compared to the 2011 headship rates, resulting in an uplift in the amount of housing needed. This does, however, remain lower than the level of housing need implied under 2008 headship rates, suggesting that household formation rates remain lower than at this time.

Figure 6.14: Stoke-on-Trent – Average Annual Housing Need (Dwellings) 2013 – 2039 – Application of Alternative Headship Rates

	2012 SNHP headship rates	2011 SNHP headship rates	2008 SNHP headship rates
2012 SNPP	452	340	520
10 Year Past Growth	600	491	678
10 Year Past Growth, including UPC	749	602	794

Source: Edge Analytics, 2015

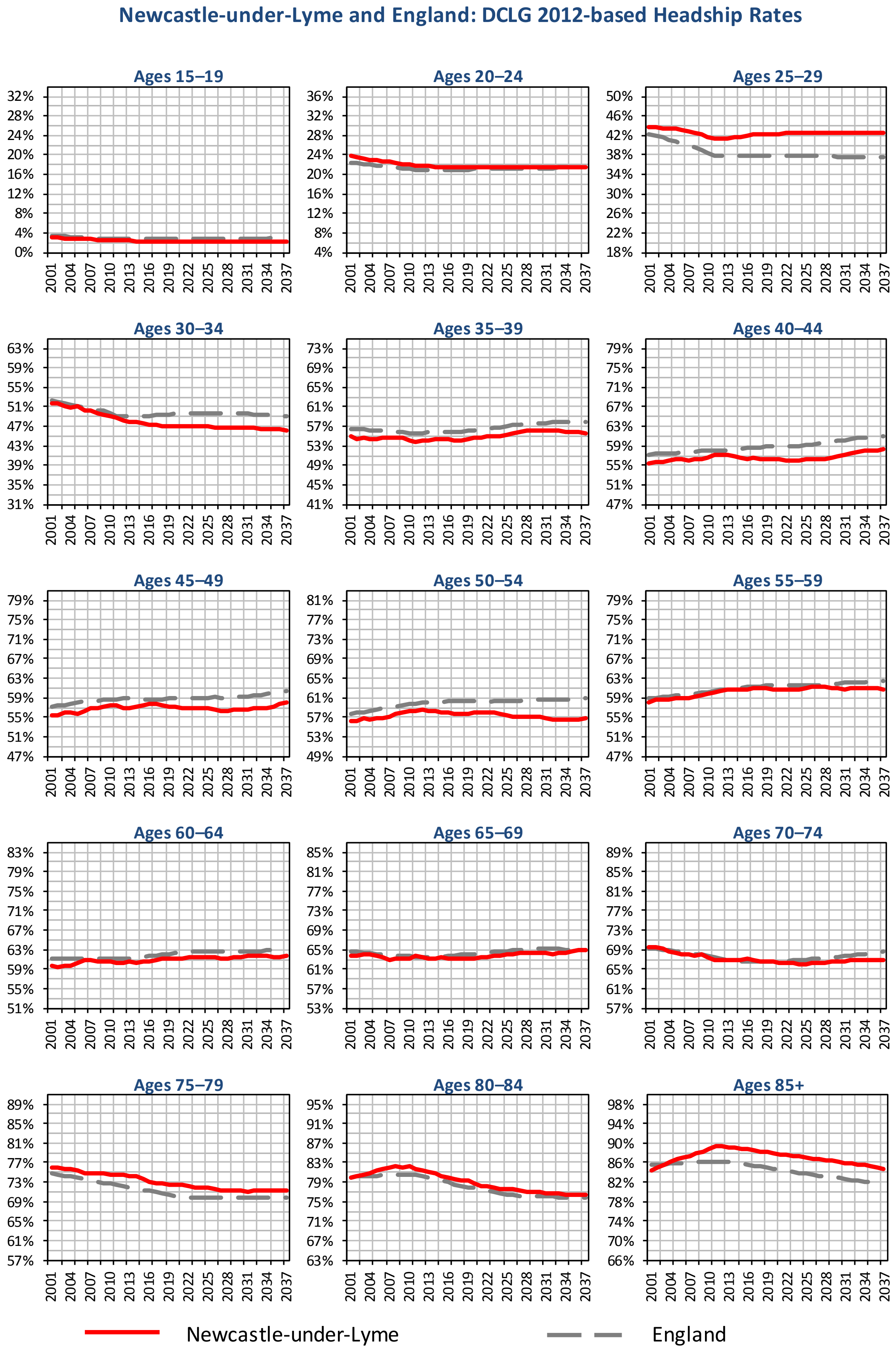
6.63 For Stoke-on-Trent, the headship rates in the 2012 SNHP are considerably more positive than the 2011 headship rates – showing a greater proportionate divergence from this dataset – although, again, this falls below the level of housing need implied through the application of 2008 headship rates.

6.64 It is important to therefore consider the extent to which adjustments to household formation rates are appropriate, based on the evidence above and following the guidance in the PPG. The methodological report released by DCLG alongside the 2012 SNHP confirms:

"At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census. However for this update, it has not been possible to include detailed data on Stage One household representative from the Census 2011."

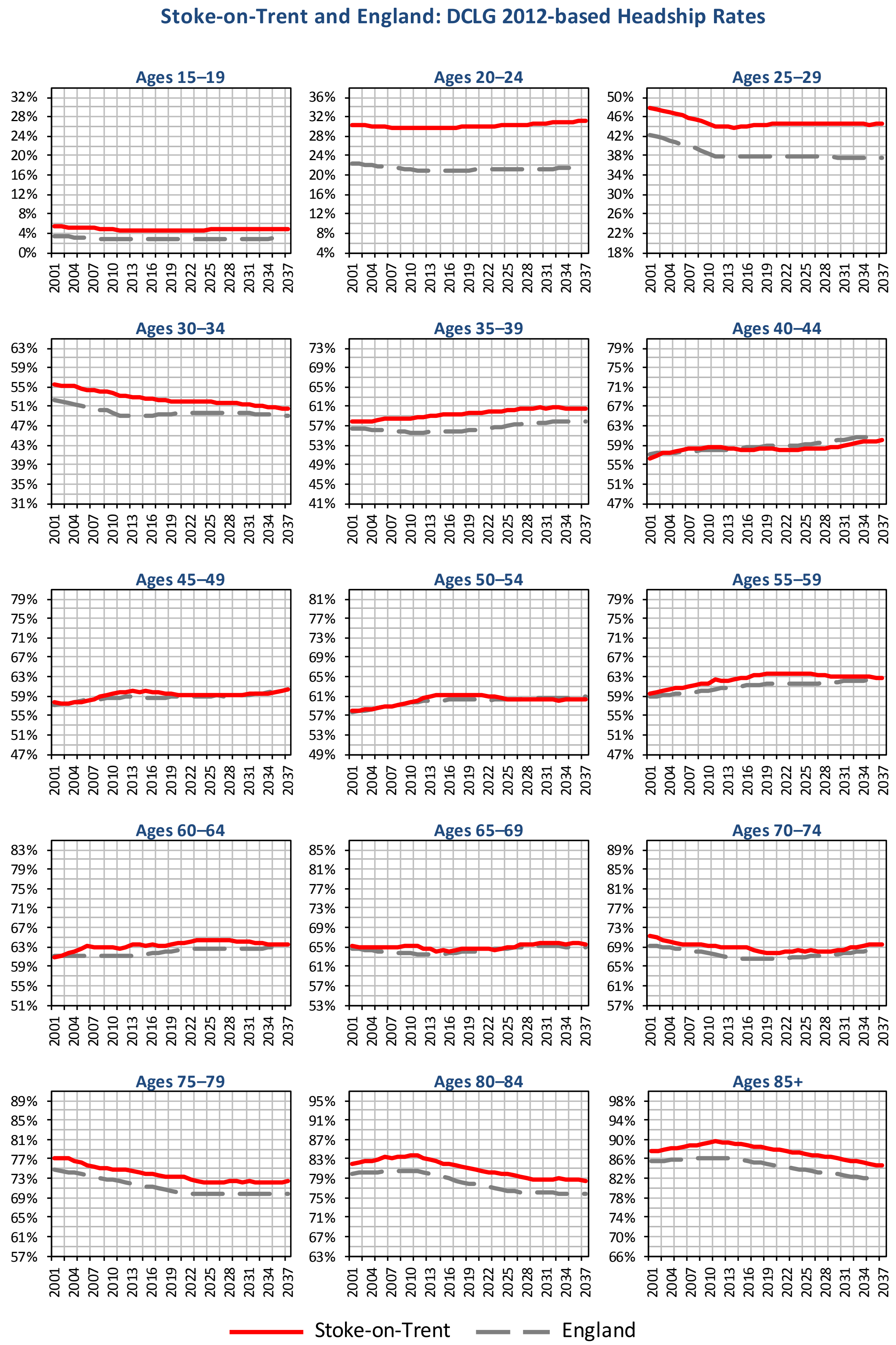
6.65 Whilst it is acknowledged that the DCLG will be publishing further modelling outputs to take account of further 2011 Census data, it is important – in accordance with the PPG – to assess how household formation rates have changed historically by individual age groups. Edge Analytics have presented the historic and projected household formation rates under the DCLG 2012 SNHP model for 5 year age groups for both authorities, with the England figures included for context in the following charts.

Figure 6.15: Newcastle-under-Lyme and England: DCLG 2012-based Headship Rates



Source: DCLG, Edge Analytics 2015

Figure 6.16: Stoke-on-Trent and England: DCLG 2012-based Headship Rates



Source: DCLG, Edge Analytics 2015

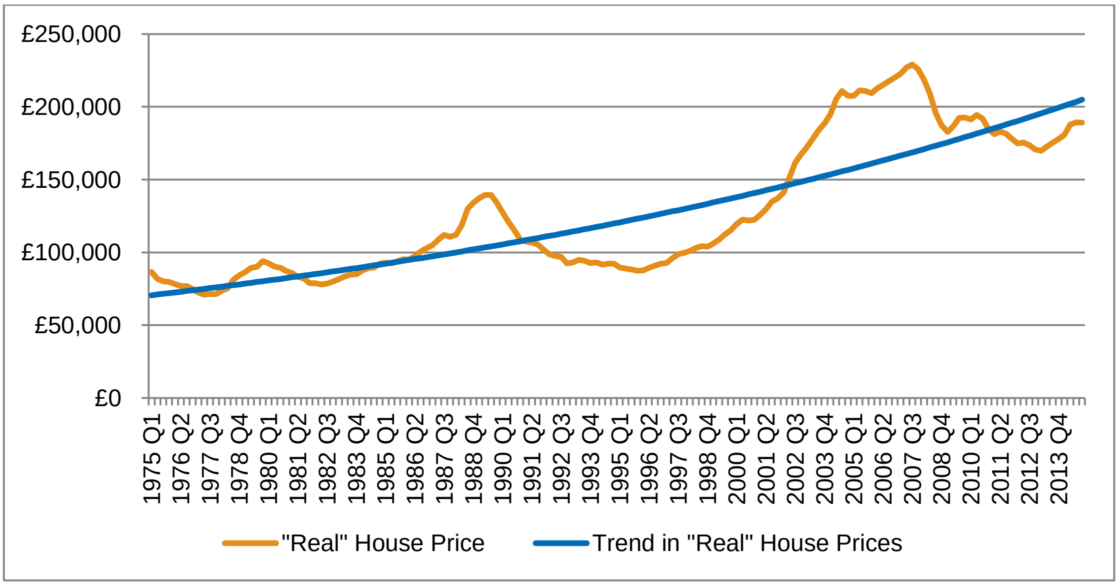
6.66 It is considered that housing market factors, including affordability, are most likely to have impacted on younger households (i.e. those aged 20 – 39) with regards to their capacity and ability to form households.

6.67 Considering the charts above, it is apparent that a number of the 5 year age bands within this younger households classification have seen household formation rates fall in both authorities since 2001. It is also evident that for a number of the age groups the 2012 SNHP dataset does not suggest a recovery to rates seen in 2001 but rather a continuation or marginal uplift.

6.68 To recognise that formation rates may have been suppressed as a result of market factors over this period, Edge Analytics have modelled a sensitivity analysis of headship rates to illustrate the implication of alternative rates being applied.

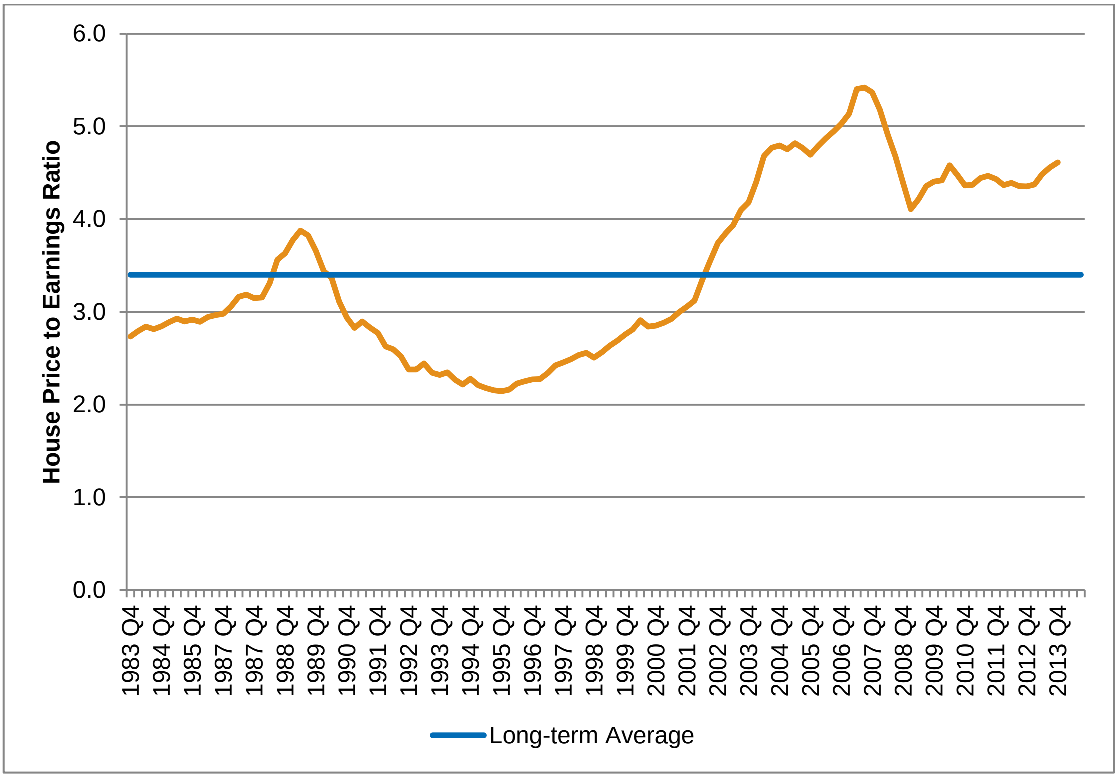
6.69 The sensitivity scenario explores the impact of a reversal of this trend – where this is not already anticipated in the 2012 SNHP dataset – to a level previously seen in 2001 for those younger age groups for which this applies. This year is used as a benchmark as it is widely acknowledged that – since 2001 – the housing market has seen a period of significant growth, with prices far exceeding comparable rises in incomes, and this has resulted in affordability issues. This is illustrated in the following charts, which show national trends of house prices and affordability.

Figure 6.17: UK Long-Term Average House Price



Source: Nationwide

Figure 6.18: UK First Time Buyer Gross House Price to Earnings Ratio



Source: Nationwide, ONS

6.70 A return to 2001 rates of household formation therefore could be viewed as exploring the impact of returning to a set of market conditions which suggest a healthier market situation. It is noted, however, that the supply of housing in 2001 – at a national level – was still falling short of projected levels of need, and therefore potentially continued to inhibit the ability of households to form.

6.71 The following table sets out the implied variant levels of household formation – and therefore dwelling growth – on the basis of the adjustment of headship rates for those households with a head of household aged 25 – 34 in Stoke-on-Trent and 20 – 34 in Newcastle-under-Lyme recognising that the 5 year age band 20 – 24 also showed a decline in the rate without a projected recovery under the 2012 SNHP. The scale of difference from the scenarios using the 2012 SNHP rates is highlighted in the following table with this sensitivity adjustment applied.

Figure 6.19: Household Formation Sensitivity for Younger Age Group – Newcastle-under-Lyme

	Dwellings 2013 - 2039		
	2012 SNHP headship rates	2012 SNHP Headship Rate Sensitivity	Difference (% change)
2012 SNPP	239	274	35 (15%)
10 Year Past Growth	329	367	38 (12%)
10 Year Past Growth, including UPC	303	338	35 (12%)

Source: Edge Analytics, 2015

6.72 It is evident that the application of the sensitivity results in an uplifting of the number of households projected to form. This reflects an increase in the formation of younger households within the sensitivity. The scale of increase is relatively similar across the scenarios and represents between a 12% and 15% increase.

Figure 6.20: Household Formation Sensitivity for Younger Age Group – Stoke-on-Trent

	Dwellings 2013 - 2039		
	2012 SNHP headship rates	2012 SNHP Headship Rate Sensitivity	Difference
2012 SNPP	452	512	60 (13%)
10 Year Past Growth	600	660	60 (10%)
10 Year Past Growth, including UPC	749	810	61 (8%)

Source: Edge Analytics, 2015

6.73 A comparable picture is presented within Stoke-on-Trent, with the absolute increase more significant but the proportionate increase slightly lower at between 8% and 13% for the different demographic scenarios.

6.74 It is apparent that further adjustments could feasibly be made to the household formation rates to explore the implication of seeing rates for other age groups vary, or a different level of uplift or indeed suppression of younger age groups. Given that the PPG confirms that the DCLG are undertaking this work at a national level – with the addition of specially commissioned 2011 Census data – it is considered, at this point, that it would be advantageous to await the outputs of this exercise, prior to considering further sensitivity testing.

Factoring in Likely Job Growth

6.75 The PPG is clear in expecting local authorities to take employment trends into account when considering housing need, with plan makers making an assessment of likely job growth and considering the level of housing needed to support this likely job creation.

6.76 The demographic modelling introduced earlier in this chapter also provides an indication of the scale of labour force growth associated with future population projections, showing the level of job growth that can be supported under each scenario. This is derived by Edge Analytics through the application of a number of prudent assumptions relating to economic activity, unemployment and commuting. These are set out in further detail in Appendix 4, but include:

- Commuting rates are based on the 2011 Census, and held constant over the projection period;
- Economic activity rates are based on the 2011 Census and are held constant for those aged 16 – 60. Modifications have been made to the economic activity rates for those aged 60 – 69, in order to take account of planned changes to the state pension age; and
- Unemployment rates have been incrementally reduced from the recession average[74] – seen between 2008 and 2012 – and the pre-recession average[75] (2004 to 2007) – between 2013 and 2018. The unemployment rate remains fixed at the pre-recession average thereafter, providing an appropriate basis for what is likely to be a gradual recovery from current economic conditions.

6.77 The following table summarises the implied levels of job growth supported by the demographic scenarios presented above. This provides important context for understanding the scale and rationale behind any uplift or adjustment required to ensure alignment between forecast job growth and population growth. The implied number of dwellings required is also presented for context.

Figure 6.21: Implied Supported Job Growth Demographic Scenarios 2013 – 2039

	Newcastle-under-Lyme		Stoke-on-Trent	
	Jobs per annum	Dwellings per annum	Jobs per annum	Dwellings per annum
2012 SNPP	-22	239	147	452
10 Year Past Growth	80	329	347	600
10 Year Past Growth including UPC	47	303	487	749

Source: Edge Analytics, 2015

6.78 Evidently, in Newcastle-under-Lyme, the level of labour force growth implied under the 2012 SNPP is unlikely to support job creation in the borough, with this reflecting the

[74] Newcastle-under-Lyme – 7.3%; Stoke-on-Trent – 8.8%
[75] Newcastle-under-Lyme – 5.1%; Stoke-on-Trent – 5.2%

projected ageing of the population. Projecting forward a longer term migration trend would support some job growth in the borough, although this notably falls below the circa 250 jobs created annually between 1997 and 2012 in Newcastle-under-Lyme. This suggests that a continuation of demographic trends would lead to a fall in the rate of job creation in the borough, although this would reverse the trend of job decline seen during the recession.

6.79 In Stoke-on-Trent, job creation can be supported under all demographic scenarios, with the 10 Year Past Growth scenarios supporting a higher level of employment growth in the authority, underpinned by a greater modelled increase in the population. Notably, this would reverse the long-term decline in job creation, which has seen around 640 jobs lost annually between 1997 and 2012, as set out in section 4.

6.80 Across the two authorities, all of the demographic scenarios would support a higher level of job growth than has been seen historically, with the analysis in section 4 highlighting that even prior to the recession (1997 – 2006) between the two authorities employment fell by almost 100 jobs per annum.

6.81 The Councils have recently commissioned a new Employment Land Review (ELR), which will consider the current economic profile of Stoke-on-Trent and Newcastle-under-Lyme, past economic trends and forecast future growth in the economy. It will also arrive at a fully evidenced position regarding likely future job growth in the authorities. The outputs of the ELR have not been available to be incorporated into this report, although the modelling and analysis within the SHMA has been used to inform the ELR. It will be important for the Councils to consider the implications of the Employment Land Review in the context of assessed job growth, and the level of housing required to support likely levels of job growth in both authorities. This will evidently have a direct bearing on understanding the future need for housing – and the objectively assessed need – and will ensure alignment between planning for housing and employment, in line with the PPG.

6.82 Whilst the ELR was being progressed using inputs from the SHMA, at the time the SHMA analysis was undertaken, a final position regarding the anticipated different levels of job growth resulting from the work was not available. In order to provide an interim position, section 4 of this report has set out a number of recently prepared employment forecasts from respected economic forecasting houses Experian and Cambridge Econometrics. The latter were sourced directly from the Stoke-on-Trent and Staffordshire Enterprise Partnership. This does not represent a full assessment of likely job growth in Stoke-on-Trent and Newcastle-under-Lyme, but does provide an indication of the level of growth required in the labour force – and subsequent need for housing – implied under higher levels of job creation.

6.83 Notably, the levels of job growth supported under the demographic scenarios – presented in the table above – fall considerably below the employment forecasts by Experian and Cambridge Econometrics' LEFM model. This suggests that a larger growth in labour force would be required, which is assumed to be driven by migration.

6.84 In order to consider this in further detail, additional modelling has been undertaken by Edge Analytics to show the level of population growth required to support forecast levels of job creation implied under Experian and Cambridge Econometrics. As noted above, it will be important for further modelling to determine how much housing would be needed to support likely levels of job growth in both authorities, as concluded in the ELR with this taking account of both forecasts, labour-force and commercial market evidence.

6.85 It is important to note that the Edge Analytics analysis applies prudent assumptions around factors balancing the labour force and supported job growth. The economic forecasting models introduced in this report apply variant assumptions around factors such as commuting, activity rates and unemployment, which will have a bearing on the applied level of housing required to support job growth. Within this report, Edge Analytics apply consistent modelling assumptions to provide a level of transparency in understanding how implied job growth may translate into variant migration pressures and therefore population growth. This approach is considered compliant with the PPG. It is understood that the ELR will consider the need to apply variant alternative adjustments to the demographic modelling in the context of the appraisal of the economic forecasts.

6.86 The following tables present the outputs of this employment-led modelling, showing the scale of population, household and dwelling growth required to support the level of job growth forecast by Experian, based on core 2012 SNHP household formation rates (i.e. initially without the headship rate sensitivity introduced in the previous sub-section).

Figure 6.22: Employment-led (Experian) Scenario Outputs

	Change 2013 – 2039		Average per year		
	Population Change	Households Change	Net Migration	Dwellings	Jobs
Newcastle-under-Lyme	28,046 (22%)	14,388 (27%)	1,013	571	327
Stoke-on-Trent	65,150 (26%)	30,739 (28%)	823	1,229	1,093
Stoke-on-Trent and Newcastle-under-Lyme	**93,196 (25%)**	**45,127 (28%)**	**1,836**	**1,800**	**1,420**

Source: Edge Analytics, 2015

6.87 Job growth in line with that forecast by Experian requires a considerable growth in the population of both Stoke-on-Trent and Newcastle-under-Lyme, significantly in excess of that modelled under the 2012 SNPP and 10 Year Past Growth scenarios presented earlier in this section.

6.88 In Newcastle-under-Lyme, this is driven by a considerable increase in the net inflow of migrants – assuming that people will move to the borough to grow the labour force – which is notably higher than the levels of migration seen over the past ten years. This implies a need for around 570 dwellings per annum over the plan period to accommodate this level of population growth.

6.89 In Stoke-on-Trent, a reversal of historic migration levels would be required to accommodate the forecast creation of around 1,100 jobs annually, requiring a substantial net inflow of migrants rather than the net outflow seen over the past ten years, and the net outflow projected under the 2012 SNPP. This suggests a need for around 1,230 dwellings per annum, resulting in a suggested need for 1,800 dwellings annually across the housing market area.

6.90 Comparable modelling has been undertaken to show the level of population and household growth required to support scales of job creation forecast in Cambridge Econometrics' LEFM.

Figure 6.23: Employment-led (LEFM) Scenario Outputs

	Change 2013 – 2039		Average per year		
	Population Change	Households Change	Net Migration	Dwellings	Jobs
Newcastle-under-Lyme	32,468 (26%)	15,976 (30%)	1,171	634	405
Stoke-on-Trent	36,722 (15%)	18,976 (18%)	126	759	543
Stoke-on-Trent and Newcastle-under-Lyme	**69,190 (18%)**	**34,952 (22%)**	**1,297**	**1,393**	**948**

Source: Edge Analytics, 2015

6.91 For Newcastle-under-Lyme, the LEFM forecasts a slightly higher level of job creation compared to the Experian forecasts, requiring a further growth in the labour force above that suggested in the demographic scenarios earlier in this chapter. This will be driven by high levels of net migration – which again are considerably above historic trends – resulting in a need for 634 dwellings per annum.

6.92 Cambridge Econometrics forecast a lower level of job growth in Stoke-on-Trent, however – albeit one which reverses the historic trend of job decline – and therefore the required scale of labour force growth is lower than suggested under the employment-led (Experian) scenario. Again, however, a net inflow of migrants will be required to support around 540 additional jobs per annum, resulting in a need for around 760 dwellings annually over the projection period.

6.93 Across both authorities, it is important to recognise that section 4 highlighted a sizeable increase in population of approximately 1,020 persons per annum between 2001 and 2011. At the lower end, supporting the level of job growth forecast by the LEFM implies more than doubling this annual average growth rate, with a modelled population growth of approximately 2,660 persons per annum. At the upper end, the jobs-led scenario drawing on the Experian forecast level of job growth would represent a tripling of this annual level of growth to about 3,600 persons per annum. This scale of difference would potentially have a significant impact on other neighbouring authorities with housing market linkages, as identified in section 2, through a likely combination of a reduction in the number of people migrating out of the area into these other authorities and an increase in people moving in. This would have a potential impact on the size and scale of labour force in these other authorities and HMA geographies.

6.94 It is again important to consider the impact of assuming a return to more positive levels of household formation amongst younger households. The following table therefore summarises the levels of housing growth required to support the associated population growth with these scenarios (as shown in Figures 6.22 and 6.23), with the younger household formation sensitivity applied.

Figure 6.24: Household Formation Sensitivity for Younger Age Groups

	Dwellings 2013 - 2039	
Authority	Employment-led (Experian)	Employment-led (LEFM)
Newcastle-under-Lyme	614	679
Stoke-on-Trent	1,303	825
Stoke-on-Trent and Newcastle-under-Lyme	**1,917**	**1,504**

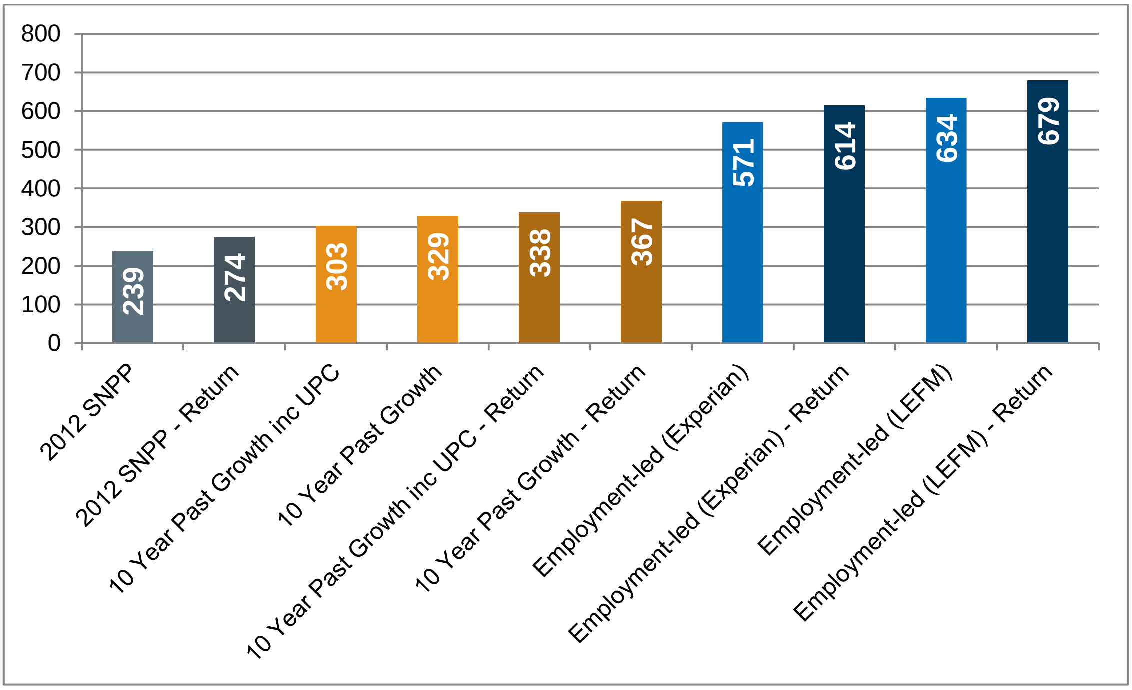
Source: Edge Analytics, 2015

Comparing the Variant Population and Household Projections

6.95 The modelling presented in this section has shown a range of future growth scenarios for Stoke-on-Trent and Newcastle-under-Lyme, with some outputs – such as the employment-led scenarios – requiring a sizeable growth in the population and the number of households in the authorities.

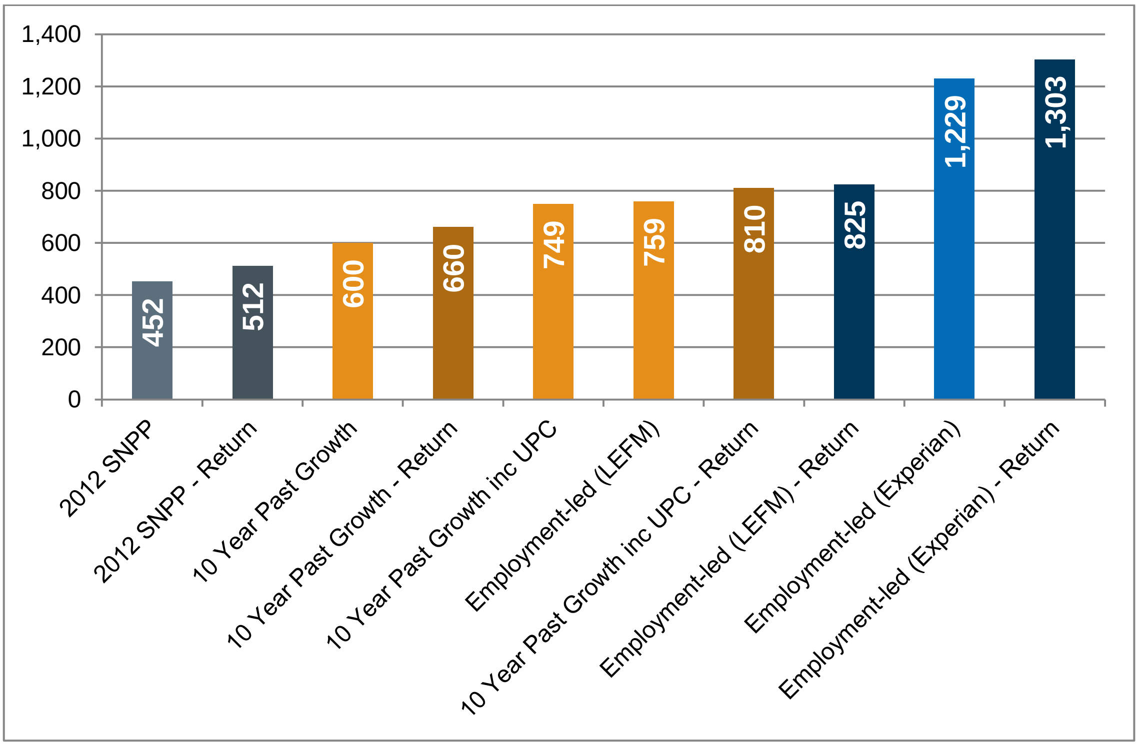
6.96 The following graphs show the implied level of housing provision needed under each scenario, including the sensitivities modelling a return to more positive household formation rates amongst younger households.

Figure 6.25: Implied Housing Need – Newcastle-under-Lyme



Source: Edge Analytics, 2015

Figure 6.26: Implied Housing Need – Stoke-on-Trent

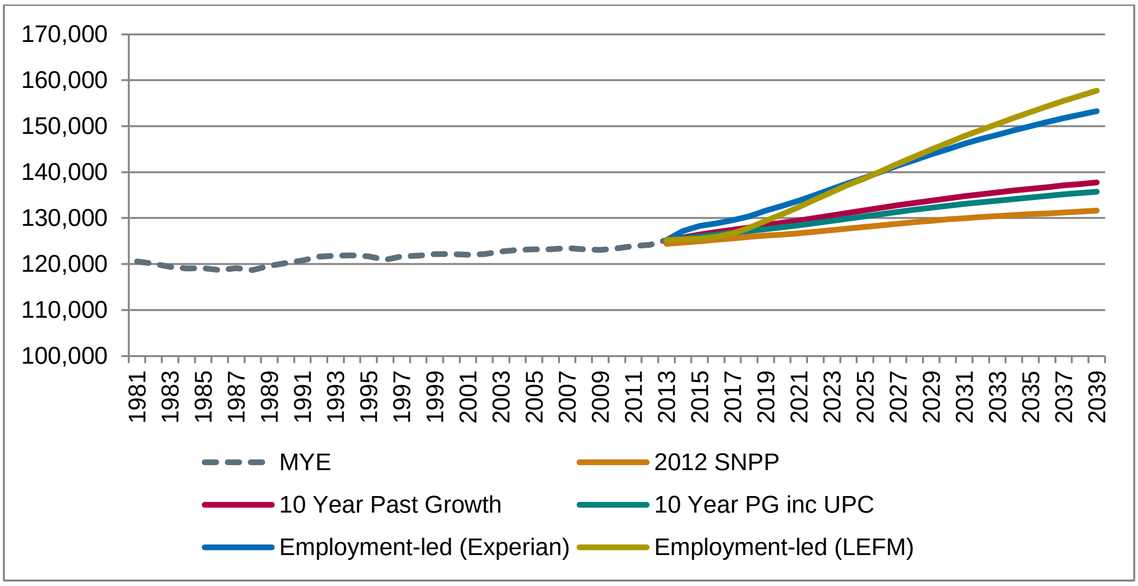


Source: Edge Analytics, 2015

6.97 It is beneficial to compare the level of population growth implied under these scenarios to historic change in both authorities, allowing modelled change to be considered in the context of historic trends.

6.98 The following chart shows the population growth implied in Newcastle-under-Lyme under each scenario, with the historic position also presented based on ONS mid-year estimates. This shows that the population growth required to support forecast job growth in the borough would evidently require a change from the long-term historic trend, with a steep growth in population in order to maintain and grow the labour force.

Figure 6.27: Modelled Change in Population in Newcastle-under-Lyme

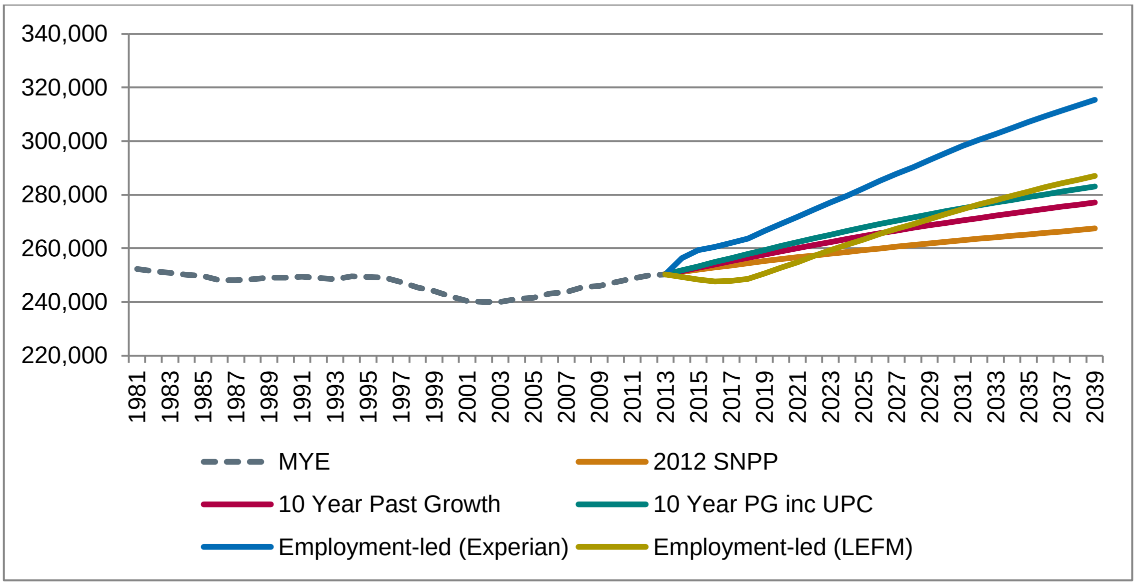


Scenario	Projected end population (2037)	Total Population Change	% Population Change
2012 SNPP	131,618	7,259	5.8%
10 Year Past Growth	137,752	12,513	10.0%
10 Year PG inc UPC	135,738	10,499	8.4%
Employment-led (LEFM)	157,707	32,468	26%
Employment-led (Experian)	153,285	28,046	22%

Source: Edge Analytics, 2015

6.99 A comparable analysis is presented below for Stoke-on-Trent, again showing that the Experian employment-led scenario would require a substantial growth in the population beyond that seen historically in the authority. The LEFM scenario, however – like the 10 year trend scenarios – would represent a broad continuation of the trend seen since the early 2000s.

Figure 6.28: Modelled Change in Population in Stoke-on-Trent

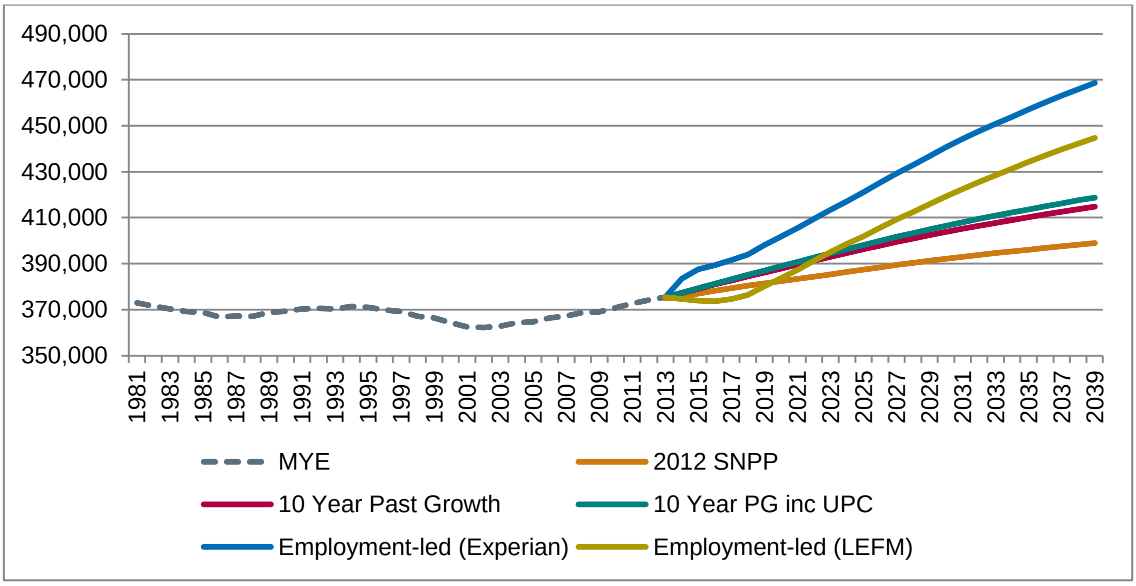


Scenario	Projected end population (2037)	Total Population Change	% Population Change
2012 SNPP	267,365	16,875	6.7%
10 Year Past Growth	277,059	26,832	10.7%
10 Year PG inc UPC	282,995	32,768	13.1%
Employment-led (LEFM)	286,949	36,722	15%
Employment-led (Experian)	315,377	65,150	26%

Source: Edge Analytics, 2015

6.100 Collectively – as shown in the following chart – the employment-led scenarios would require a sustaining of a high rate of population growth over the projection period, particularly under the Experian scenario. The 2012 SNPP scenario, however, would represent a comparatively pessimistic view of future population growth.

Figure 6.29: Modelled Change in Population – Housing Market Area



Source: Edge Analytics, 2015

Size of Housing Needed

6.101 The modelling undertaken by Edge Analytics includes a breakdown by household type, allowing a further understanding of the types of households likely to form over the projection period. This can be analysed to establish the size of property likely to be required to accommodate the changing household profile of Stoke-on-Trent and Newcastle-under-Lyme.

6.102 The 2008-based and interim 2011-based household projections included a full breakdown of household type into 17 different typologies. However, the 2012-based household projections provide less detail on household typologies, with households only broken down into three groups – single, couple and previously married – which does not allow an understanding of the size of housing required, given that this does not provide information on the size of families, for example. It is understood that a further breakdown will be provided in a subsequent data release later this year.

6.103 In the absence of this detailed breakdown of household type, the analysis in this section is based on assumptions on the type of households projected to form in the 2008-based and 2011-based projections, which can be applied proportionately to the 2012-based projections. This is considered to be appropriate in the absence of the more detailed data required within the 2012 dataset given that the analysis in section 6 has shown household formation assumptions under the 2012-based projections to largely sit between those in the previous 2008-based and 2011-based datasets.

6.104 The scale of projected change in households of different types is illustrated in charts in Appendix 5, and for both authorities, there is variation in the scale of growth in different household types under different assumptions from the 2008 and 2011 headship rates. In particular, the 2008 headship rates project a considerably higher rate of household formation in smaller households with one person, or couples with no dependent children, which is notably lower under the 2011-based projections.

6.105 This will evidently have an implication for the size of housing required in each authority under the scenarios presented, which focus on an adjusted demographic scenario and a baseline employment scenario[76]. Matching changing household composition profiles with the sizes and types of housing required is challenging. Whilst households within affordable housing tenures are matched to housing based on a strict application of bedroom standards, the same is not true of market housing. Therefore, a simplistic matching of the number of persons in a household to a size of property is not appropriate, and fails to take account of market choice or household aspirations. This is reflected in the consideration of under-occupation of stock in section 5.

6.106 The English Housing Survey provides a useful indication of the characteristics of different types of household, including the size of property they live in based on their total useable floorspace[77]. The range of floorspaces within the survey are summarised below, attributed to broad property descriptions based upon our own experience and analysis of comparables.

Figure 6.30: Useable Floorspace Categories and Associated Property Types

Useable floorspace	Less than 50sqm	50 to 69sqm	70 to 89sqm	90 to 109sqm	Over 110sqm
Broad associated property description	Studio or small 1 bedroom apartment	2 bedroom flat or small mews house	2 or 3 bedroom family house, either mews or semi-detached	3 or 4 bedroom family semi-detached home or small 4 bedroom detached house	Larger 4+ family detached house

Source: English Housing Survey, 2013; Turley, 2015

6.107 The English Housing Survey provides a further breakdown of the different types of households that occupy property of these sizes across England. As comparable data is not available at local authority level, this is replicated in the table below, with the national benchmark providing a useful comparator if it is assumed that – at this macro level – household aspirations are relatively matched with supply, and not disproportionately influenced by local supply.

[76] Stoke-on-Trent – 10 Year Past Growth (x) and Employment-led (LEFM); Newcastle-under-Lyme – 10 Year Past Growth and Employment-led (Experian)
[77] This data is not available in the latest English Household Survey, and therefore 2012/13 data continues to be used

Figure 6.31: Household Type by Useable Floorspace

Household type	Less than 50sqm	50 to 69sqm	70 to 89sqm	90 to 109sqm	Over 110sqm
Couple with no dependent child(ren)	7.5%	18.9%	27.9%	15.9%	29.8%
Couple with dependent child(ren)	2.8%	19.3%	28.8%	17.8%	31.3%
Lone parent with dependent child(ren)	7.8%	37.3%	35.5%	11.5%	7.9%
Other multi-person households	4.6%	24.8%	37.8%	14.4%	18.4%
One person	26.2%	30.6%	23.0%	9.9%	10.3%

Source: English Housing Survey, 2013

6.108 Taking this profile enables a comparison to the modelling of projected household types – set out in Appendix 5 – providing an indication of the sizes of property likely to be required across the housing market area over the projection period. This is done by establishing the proportionate split of the size of property required, based on alignment of household type and the English Housing Survey evidence.

6.109 This is presented in the following table, with analysis of the two variant headship rate scenarios – in the absence of detailed data on household typologies from the 2012-based household projections – generating a derived average figure. It is considered appropriate, as set out above, to apply this average figure to the 2012-based projections, given that the assumptions on household formation in the latest dataset broadly fall between the 2008 and 2011 projections. It is recommended that this analysis is updated following the release of the more detailed sub-sets of data in the 2012 SNHP by the DCLG.

6.110 The analysis is presented separately for Stoke-on-Trent and Newcastle-under-Lyme below. Drawing on the evidence presented in section 3, consideration is also given to the guidance in the PPG, which indicates:

"Plan makers should look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs"[78]

[78] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_021

Newcastle-under-Lyme

Figure 6.32: Estimated Size of Property Required – Modelled Household Change

Variant	Less than 50sqm	50 to 69sqm	70 to 89sqm	90 to 109sqm	Over 110sqm
10 Year Past Growth					
2011 headship rates	19.0%	31.5%	28.4%	10.8%	10.2%
2008 headship rates	22.3%	29.4%	23.7%	10.9%	13.8%
Average	**20.6%**	**30.5%**	**26.1%**	**10.8%**	**12.0%**
Employment-led (Experian)					
2011 headship rates	15.9%	28.8%	28.5%	12.1%	14.6%
2008 headship rates	18.2%	27.7%	25.5%	12.0%	16.5%
Average	**17.1%**	**28.2%**	**27.0%**	**12.1%**	**15.6%**

Source: Turley, 2015

6.111 Under both scenarios, the greatest need relates to properties with floorspace of between 50 to 69sqm, which largely correspond to 2 bedroom flats or small mews homes. There does, however, remain a need for property of all sizes, and it is notable that – compared to Stoke-on-Trent – there is a slightly greater need for larger properties in Newcastle-under-Lyme. It is, though, important to recognise that the current stock in Newcastle-under-Lyme does contain a higher proportion of larger properties, compared to Stoke-on-Trent. There has, though, also been a considerable growth in flats – albeit not to the same extent as Stoke-on-Trent – which can continue to meet the needs for smaller properties alongside the delivery of larger properties, such as detached stock, which have also seen growth over the past decade.

Stoke-on-Trent

Figure 6.33: Estimated Size of Property Required – Modelled Household Change

Variant	Less than 50sqm	50 to 69sqm	70 to 89sqm	90 to 109sqm	Over 110sqm
10 Year Past Growth (x)					
2011 headship rates	14.6%	31.3%	29.9%	11.8%	12.3%
2008 headship rates	22.0%	32.5%	25.2%	10.2%	10.1%
Average	**18.3%**	**31.9%**	**27.6%**	**11.0%**	**11.2%**
Employment-led (LEFM)					
2011 headship rates	14.0%	30.3%	29.7%	12.2%	13.7%
2008 headship rates	20.4%	31.6%	25.9%	10.7%	11.4%
Average	**17.2%**	**30.9%**	**27.8%**	**11.5%**	**12.6%**

Source: Turley, 2015

6.112 There is evidently a broad consistency in the size of housing required under both presented scenarios presented, although it is notable that the employment-led scenario indicates a greater need for larger property. This largely contrasts with the current stock profile in Stoke-on-Trent, which is skewed towards smaller property when compared to the national and regional profile, with relatively limited supply of larger stock. Stoke-on-Trent has also seen considerable growth in flats over recent years – with this representing a significant proportion of additional household spaces recorded in the 2011 Census compared to 2001 – which, if continued, would be likely to meet the needs for smaller properties. It will, however, be important to ensure that larger properties – including terraced, semi-detached and detached homes – are provided to meet the evident future projected needs for larger stock in Stoke-on-Trent.

Bringing the Evidence Together

6.113 The analysis in this section has presented a range of variant population and household projections which are subsequently translated into dwelling requirements. This approach follows the methodology set out within the PPG, and is more fully developed – drawing on the evidence throughout this report – in the objective assessment of need in section 9.

6.114 The analysis initially presents the 2012 SNHP, which represent the 'starting point' for understanding housing need in the area. This dataset implies a need for approximately 691 dwellings per annum across the two authorities over the period from 2012 to 2039.

6.115 The analysis highlights that the 2012 SNPP, which underpins the 2012 SNHP, projects forward a level of population growth and migration which falls below that seen over recent years. Analysis of the underpinning components of change suggests that this is based on an assumed projected decrease in the in-migration of persons from other parts of the UK from the two authorities, at a continued level as seen through the recession. This set in the context of a continued projected sustained out-migration of people with the projections suggesting an increase in this out-flow in Newcastle-under-Lyme above that seen prior to the recession. Projected net international migration flows are also projected to decline from those seen over recent years in the 2012 SNPP dataset for both authorities.

6.116 Recognising that the recent economic and market picture alongside strategic interventions in the housing market may have impacted on the short term demographic picture, which is then projected forward in the 2012 SNPP, a variant demographic scenario has been modelled by Edge Analytics. This takes a longer ten year period from which to extrapolate forward future projected population growth. In addition, a further sensitivity has been modelled by Edge Analytics which takes into account the local issue associated with a population under-count across the two areas between the two Census years indicated by a positive UPC, as set out in section 4. Across the two authorities, the inclusion of the UPC in the modelling serves to uplift the projected need for dwellings, with this driven in particular by a resultant higher level of projected population growth in Stoke-on-Trent.

6.117 Comparison of the 2012 SNHP household formation rates and implied average household size against the previous DCLG 2011 Interim and 2008 SNHP datasets reveals that the 2012 SNHP suggests a continued fall in household size at a greater rate than the 2011 SNHP but a lower rate than the 2008 SNHP. It is suggested that this implies an assumed level of improvement in terms of household formation to that suggested within the Interim dataset, and provides a suitable benchmark from which to assess future need.

6.118 Recognising the implications of the analysis of other market signals in section 5 – including evidence of sustained affordability issues – analysis has also been undertaken of the implied household formation rates under the 2012 SNHP dataset. It has been identified that for younger age groups, an age group in which households are likely to be particularly impacted by the affordability of housing, the dataset shows that formation rates have fallen between the Census years, with the 2012 SNHP not suggesting a recovery from this position over the projection period. Recognising that there is a need to seek to address affordability issues in the area in accordance with the PPG, a sensitivity has been run which assumes that formation rates recover to levels seen in 2001 for this age group. This results in an uplift to the levels of household growth projected under 2012 headship rates.

6.119 Further modelled scenarios have been run which highlight the implied level of population growth required to support the scale of likely job growth identified with the two economic forecasts presented within section 4. It is recognised that the forthcoming ELR will provide a more robust and definitive basis from which to assess the implications of identified likely job growth on housing need. It is apparent from the modelling of both of these scenarios, however, that the potential exists for a further upwards pressure on population growth. Adjustment to the scale of housing required may therefore be required if the forecast levels of job growth are to be supported.

6.120 It is apparent that the implied higher levels of population, household and dwelling growth associated with the employment-led scenarios reflect a significant increase on that seen historically across the two authorities. This reflects the considerably more optimistic picture around job growth implied by the forecasts when set in the context of a picture of sustained job losses both pre and post-recession when the two authorities are considered collectively. These factors are considered further in section 9.

6.121 As per the PPG, consideration has also been given to the size of property required under selected scenarios, and this has highlighted a need for property of all sizes across the HMA.

6.122 The separate outputs of the modelling presented are summarised below for each of the authorities following the order in which they have been presented in this section:

Stoke-on-Trent

- The modelled scenario using the 2012 SNPP / SNHP suggests a growth of 16,875 persons in Stoke-on-Trent between 2013 and 2039. This represents a 6.7% growth in population. It is notable that this rate of growth falls substantially below the national projected level of growth of 15.5% under this dataset (2012 SNPP 2013 – 2037). This projected population growth results in a projected household growth of 11,303 households, representing a growth of 10.5%. Again this falls below the national projected household growth under the 2012 SNHP, 22.4% growth (2012 SNHP 2013 – 2037);

- Previous iterations of the ONS published SNPP datasets have shown higher levels of population growth than the latest dataset. The 2010-based SNPP showed the highest level of growth, projecting an increase of 33,200 persons between 2010 and 2035 (13.7% growth), or 1,300 persons per year compared to the 655 under the 2012 SNPP;

- The analysis of the change in the historic population of the authority presented in section 4 showed a significant level of volatility, with variant levels of migration an important contributing factor. Examining the 2012 SNPP components of change highlights that the projection continues to assume going forward a comparatively low level of in-migration (internal) into the authority which is more closely aligned to that seen since the recession, with a sustained high level of out-migration. Equally in-migration (international) flows are assumed to be lower than those seen prior to 2010/11 and more closely aligned to levels seen prior to 2004/05. Levels of international out-migration are, however, projected to be higher than those seen since 2007/08;

- Recognising the comparative volatility of population change within the authority and the noted change in flow patterns pre and post the recession the 10 year past growth scenario indicates a higher projected level of population growth in Stoke-on-Trent. This scenario suggests a growth of 26,832 persons (10.7% growth), which translates into a growth in 14,994 households (13.9%). This evidently represents the more positive migration picture in the authority seen prior to the recession. The analysis in section 4 highlighted that prior to the release of the 2011 Census the ONS had estimated a negligible growth in population in Stoke-on-Trent. The 2011 Census by contrast suggested that the authority had seen a comparatively strong picture of growth over this period. Whilst the 2012 SNPP do not seek to directly account for UPC – associated with the correction to these population estimates – t e 10 year past growth scenario integrating this component (and assuming it relates to migration) suggests a further more positive projection of future population growth. This scenario projects a growth of 32,768 persons, a growth rate of 13.1%. It is noted that this still falls slightly below the national level of population growth projected under the 2012 SNPP. This translates into a growth of 18,722 households (17.3% growth);

- The application of the household sensitivity modelling, which is applied to those households where the head of household is aged 25 – 34, elevates the projected levels of household growth using the 2012 SNHP by approximately 8 – 13% for the demographic projections and the employment-led projections;

- As set out in section 4, the two employment projections used within the modelling present notably different pictures of forecast job growth for Stoke-on-Trent. The Experian forecast shows an extremely positive level of job growth, contrasting significantly with the historic picture of employment change. Whilst the LEFM forecasts show a more modest level of job growth, this is still higher than that seen historically. Importantly, the analysis suggests that all of the demographic projections presented have the potential to support job growth within the authority. The modelling indicates, however, that in order to support the level of job growth at the bottom end of this range - i.e. that suggested through the LEFM – a slightly stronger growth in population than the demographic scenarios would be required. This suggests a population growth of 36,722 (15%) and a household growth of between 18,976 (18%) and 20,638 (19%), with the latter figure applying the household sensitivity assumptions. The upper end of the job growth range, represented by the Experian forecast, would suggest a growth of 65,150 (26%) persons and a resultant household growth of between 30,739 (28%) and 32,589 (30%). It is apparent that this level of growth represents a fundamental departure from any recorded historical change in the authority and appears a notable outlier for the authority. Whilst this does not suggest that this level of job growth could not be supported, it evidently highlights that if it is to be achieved then assumptions around the re-use of the indigenous labour-force (i.e. unemployment and economic activity rates) would need to be significantly improved beyond the assumptions used in the modelling; and

- The analysis of the variant need by different sizes of property suggests that within a HMA context Stoke-on-Trent has a higher need for smaller properties – which may be associated with flats or small mews houses – but also stock with larger useable floorspaces. This may require a deviation from recent trends, which have seen flats make up a notable proportion of new household spaces delivered over recent years in Stoke-on-Trent.

Newcastle-under-Lyme

- The modelled scenario using the 2012 SNPP / SNHP suggests a growth of 7,259 persons in Newcastle-under-Lyme between 2013 and 2039. This represents a 5.8% growth in population. It is notable that this rate of growth falls substantially below the national projected level of growth of 15.5% under this dataset (2012 SNPP 2013 – 2037). This projected population growth results in a projected household growth of 6,024 households, representing a growth of 11.4%. Again this falls below the national projected household growth under the 2012 SNHP, 22.4% growth (2012 SNHP 2013 – 2037);

- Previous iterations of the ONS published SNPP datasets have shown higher levels of population growth than the latest dataset. The 2010-based SNPP showed the highest level of growth, projecting an increase of 14,900 persons between 2010 and 2035 (11.9% growth), or 596 persons per year compared to the 282 under the 2012 SNPP;

- The analysis of the change in the historic population of the authority presented in section 4 showed that Newcastle-under-Lyme has seen a relatively consistent picture of population growth. Over the last ten years or so, the role of migration in driving growth has shown some volatility with the middle period showing a lower level than more recent years and those seen at the start of the last decade. Importantly, the analysis suggests that the 2012 SNPP components of change continues to assume a comparatively low level of in-migration (internal) into the authority, which more closely aligns with that seen since the recession, with a sustained high level of out-migration;

- Recognising the comparative volatility of population change within the authority and the noted change in flow patterns before and after the recession, the 10 year past growth scenario indicates a higher projected level of population growth in Newcastle-under-Lyme. This scenario suggests a growth of 12,513 persons (10.0% growth), which translates into a growth in 8,287 households (15.6%). The analysis in section 4 highlighted that the ONS had slightly over-estimated the population growth in Newcastle-under-Lyme prior to the release of the 2011 Census. The 10 Year Past Growth scenario integrating the UPC component therefore suggests a slightly lower level of population growth and resultant household growth in the authority to the scenario which excludes this factor. The overall impact is relatively modest, however, with this scenario projecting a growth of 10,499 persons, a growth rate of 8.4%. This translates into a growth of 7,637 households (14.4% growth);

- The application of the household sensitivity modelling, which is applied to those households where the head of household is aged 20 – 34, elevates the projected levels of household growth using the 2012 SNHP by approximately 12 – 15% for the demographic projections and the employment-led projections;

- As set out in section 4, the two employment projections used within the modelling both forecast a strong level of employment growth within Newcastle-under-Lyme, above that seen historically. The modelling suggests that with the exception of the 2012 SNPP the demographic projections presented have the potential to support job growth within the authority. The modelling indicates, however, that supporting the level of job growth implied by the employment forecasts would require a significant uplift in projected population growth, associated with much stronger migration levels to take account of the impact of the ageing of the population and the implications of an implied reduction of the working age population. The projections using the LEFM forecast suggests a population growth of 32,468 (26%) and a household growth of between 15,976 (30%) and 17,118 (32%), with the latter figure applying the household sensitivity assumptions. The Experian forecast would suggest a slightly lower growth of 28,046 (22%) persons and a resultant household growth of between 14,388 (27%) and 15,474 (29%). It is apparent that the levels of growth implied by the employment-led projections represent a fundamental departure from any recorded historical change in the authority. Whilst this does not suggest that these level of job growth could not be supported, it evidently highlights that if it is to be achieved then assumptions around the re-use of the indigenous labour-force (i.e. unemployment and economic activity rates) would need to be significantly improved beyond the assumptions used in the modelling; and

- The analysis of the variant need by different sizes of property suggests that whilst a mix of housing types are required, Newcastle-under-Lyme has a slightly greater need for larger properties compared to Stoke-on-Trent, which can be met through the continued delivery of larger stock including detached and semi-detached homes.

7. Affordable Housing Need

7.1 The ability of households to access housing that they are able to afford is fundamental to ensuring that an authority's stated housing objectives are met, and affordability has become a well-recognised challenge to the operation of the national housing market.

7.2 The NPPF requires local authorities to assess the number of affordable homes that are evidenced as being required. Affordable housing is defined within the NPPF:

"Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative housing provision"[79]

7.3 Delivery of housing is recognised as a core strand of the NPPF, with a number of expectations of local authorities, including:

"Where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time"[80]

7.4 The PPG provides guidance as to the approach to be adopted in the calculation of affordable housing needs, noting that:

"Plan makers working with relevant colleagues within their local authority (eg housing, health and social care departments) will need to estimate the number of households and projected households who lack their own housing and who cannot afford to meet their housing needs in the market.

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock"[81]

7.5 The outcome of this assessment should be a calculation of the total net need for affordable housing – subtracting the total available stock from the total gross need – with the resultant need converted into an annual flow.

---

[79] DCLG (2012) National Planning Policy Framework (p50, Annex 2)
[80] DCLG (2012) National Planning Policy Framework (para 50)
[81] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_022

Context

7.6 As shown earlier in this report, around 22% of households in Stoke-on-Trent and Newcastle-under-Lyme were socially renting at the time of the 2011 Census, with this tenure providing more affordable property at sub-market rents.

7.7 Using the Homes and Communities Agency (HCA) Statistical Data Return 2012/13, an estimate can be made of annual social housing rents. This is calculated through taking an average of RSL rental levels.

Figure 7.1: Indicative Annual Social Rental Cost – RSL

	Number of Bedrooms			
	1	2	3	4+
Stoke-on-Trent	£3,386	£3,790	£4,163	£4,882
Newcastle-under-Lyme	£3,290	£3,665	£3,965	£4,253

Source: HCA, 2013

7.8 As shown, the annual cost of a social rented property in both Stoke-on-Trent and Newcastle-under-Lyme is lower than the annual cost of privately renting – considered in further detail later in this section – although, when establishing the need for affordable housing, it is important to be aware of the changing political and market context. This will evidently have an impact on the number of households identified as in need. It is also important to recognise the rising cost of social renting, which – as shown in the following table, comparing the indicative annual social rental cost in 2012/13 against the Statistical Data Return for 2011/12 – has been particularly marked in Newcastle-under-Lyme.

Figure 7.2: Change in Annual Social Rental Cost (RSL) 2011/12 – 2012/13

	Number of Bedrooms			
	1	2	3	4+
Stoke-on-Trent				
2011/12	£2,350	£3,597	£3,997	£4,649
2012/13	£3,386	£3,790	£4,163	£4,882
Change	**4.2%**	**5.4%**	**4.1%**	**5.0%**
Newcastle-under-Lyme				
2011/12	£3,059	£3,399	£3,661	£3,960
2012/13	£3,290	£3,665	£3,965	£4,253
Change	**7.5%**	**7.8%**	**8.3%**	**7.4%**

Source: HCA, 2013

7.9 There is currently a national programme of welfare reform, which is expected to continue to influence the levels of affordable housing need, particularly where households are claiming housing benefit, as this has included a number of reforms regarding eligibility and the classification of households in need. The Government is currently implementing changes to address the complexity of the existing system, with an aim to make the benefit system fairer and more affordable, while reducing poverty, worklessness and welfare dependency[82].

7.10 This should continue to be monitored by the Councils as further data becomes available regarding the impact of reforms, in order to record the impacts on households registering and being classified as in need of affordable housing. A number of specific policies are outlined below.

Benefit Cap

7.11 From July 2013, the Government introduced a limit on how much any one household can receive in state benefits, as part of wider welfare reforms. The benefit cap is set at £500 per week for couples or single parents, and £350 a week for single households. This equates roughly to the average pay of £26,000 per year, with the stated intention that households claiming benefits should be no better off than the average family in work. Pensioners will not be subject to this limit, with the cap covering only those of working age.

7.12 Housing benefit is one of the benefits that will be subject to the benefit cap, although there are a number of benefits which do not count towards the capped limit and there are some exemptions. Housing benefit is seen as a mechanism through which the cap can be implemented, with households losing some of their housing benefit if total benefits received surpass the designated limit. This is likely to have the greatest impact on larger families, who require larger homes which typically demand higher rents.

7.13 A Government review of the impact of the benefit cap after its first year of operation[83] highlights that the impact of the cap on housing has been limited, with the greatest effect seeing capped claimants moving into or towards employment. Some such households have, however, faced barriers in accessing employment, including childcare issues and a shortage of language skills or qualifications. It is notable that the majority of claimants have not built up rent arrears, with very few moving house due to the benefit cap. Instead, households have adjusted through other means, such as finding employment or adjusting budgets.

7.14 Data has been published by the Department for Work and Pensions (DWP) which shows – in February 2015[84] – that 90 households in Stoke-on-Trent had their benefit capped, of which just over one third saw a cap of under £25. Only 7 households in Newcastle-under-Lyme had their benefit capped, with these households seeing between £75 and £100 of their benefit capped.

82 https://www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays
83 DWP (2014) The benefit cap: a review of the first year
84 Data sourced from DWP Stat-Xplore

Shared Accommodation Rate

7.15 Within the October 2010 Spending Review, the government confirmed that the age at which the Shared Accommodation Rate (SAR) applies would be extended from single persons up to 25 years to cover single persons under the age of 35 from April 2012. This was implemented in January 2012.

7.16 The SAR limits the amount of housing benefit a claimant can receive to the average local reference rent, or the local housing allowance. This measure now means that single claimants under the age of 35 making claims to housing benefit are entitled to the shared accommodation rate, rather than the one-bedroom self-contained rate.

Spare Room Subsidy

7.17 Under reforms implemented in April 2013 and introduced in the Welfare Reform Act 2012, if households are deemed to have a spare bedroom in their Council or Housing Association home, the amount of benefit received will be reduced.

7.18 In the social rented sector, the measure will restrict housing benefit to a rate that allows for one bedroom for each person or couple living as part of the household, with the following exceptions:

- Two children under 16 of the same gender are expected to share a bedroom, thereby reducing the number of bedrooms that the household is eligible for;
- Two children under 10 are expected to share a bedroom regardless of gender;
- Disabled tenants or partners requiring a non-resident overnight carer will be allowed an extra bedroom;
- Approved foster carers will be allowed an additional room if they have fostered a child, or became an approved foster carer in the last 12 months; and
- Adult children in the Armed Forces will be treated as continuing to live at home when deployed on operations.

7.19 Where claimants have one or more spare bedrooms in their home, the amount of benefit they receive will be reduced by a fixed percentage of the eligible rent. The government has stated that this is set at 14% for one extra bedroom and 25% for two or more extra bedrooms. An assessment published by the Government estimates that those affected by the measures in Stoke-on-Trent and Newcastle-under-Lyme will incur an average reduction of £12 and £14 per week respectively[85].

7.20 Data published by DWP indicates that – in August 2014 – 12.3% of claimants in Stoke-on-Trent had their housing benefit reduced due to spare rooms, representing a fall from the 13.7% recorded in August 2013[86]. Newcastle-under-Lyme also saw a fall over this period, from 11.3% in August 2013 to 10.2% in August 2014. This indicates that fewer claimants in the authorities are seeing their housing benefit reduced due to the spare room subsidy, potentially suggesting that the utilisation of stock is becoming more efficient.

[85] DCLG (2014) Housing Benefit caseload statistics: May 2014
[86] Data sourced from DWP Stat-Xplore

7.21 Research by the BBC in March 2014, however, suggested that while the policy was introduced to encourage under-occupying tenants to move, only about 6% of affected social housing tenants nationally have moved home[87]. This suggests that affected households have largely assumed the additional cost, with 28% of those affected falling into rent arrears for the first time[88].

Methodology for Calculating Affordable Housing Need

7.22 The calculation of the overall need for affordable housing is intended to provide an estimate of the volume of affordable housing required on an annual basis to meet need. This is based on data supplied by the Councils – relating to the Housing Register and lettings – and secondary datasets identified through this process.

7.23 This calculation has been undertaken in conformity with the PPG, which – as noted earlier – confirms that need should be calculated by adding together current unmet housing need and the projected future housing need, with the current supply of affordable housing stock subtracted from the resultant figure.

7.24 The PPG provides guidance on the inputs and analysis required under each stage of the calculation, as well as identifying potential data sources. This largely retains the stepped process introduced in previous guidance[89].

7.25 Each stage of the calculation is summarised below, with the full calculation – broken down by sub-area – presented at Figure 7.3. Further detail on the methodology is provided in Appendix 6.

Current unmet gross need

7.26 At the current point in time, as a result of sustained affordability issues across the country over a number of years, the majority of areas have an existing unmet need for affordable housing with a backlog of households classified as in need. This backlog can be considered to be made up of a range of types of household in need, from those in urgent need of housing – without a current permanent home – to those who are living in overcrowded or substandard homes, but are already housed. This component of the calculation consists of three stages, introduced and presented below.

Stage 1 – Current Housing Need (Gross Backlog)

7.27 This stage outlines the number of households currently classified as in need of affordable housing, drawing primarily upon analysis of the current Housing Registers in Stoke-on-Trent and Newcastle-under-Lyme. Only households who are currently residing in the authority in which they are identified are included at this stage, and therefore they are not occupying housing stock in another authority. Transfers are not removed from this stage of the calculation.

Stage 2 – Affordable Housing Supply

7.28 At the current point in time, there is an estimated amount of affordable housing available to address this backlog. This includes vacant stock which could be brought back into

---

87 BBC News (March 2014) Housing benefits: changes 'see 6% of tenants move'
88 *Ibid*
89 DCLG (2007) Strategic housing market assessments: practice guidance

use, which is offset by a known amount of stock which will be taken out of the supply. As per the PPG[90], this has been factored in to the calculation through the:

- Identification of households on the waiting list and identified as in housing need who are currently occupying affordable housing. This recognises that at the stage that their housing needs are met that they will release their existing property for re-occupation by another household in need. This therefore has a nil effect in terms of housing need (Step 2.1);

- Identification of long-term vacant surplus stock in Stoke-on-Trent based on information provided by the Councils. Whilst there is a small amount of vacant suitable accommodation in Stoke-on-Trent no such stock exists in Newcastle-under-Lyme. The absence of 'surplus' stock across both authorities highlights the scale of current need implied through the Stage 1 assessment (Step 2.2);

- Integration of the committed supply for new affordable housing in 2014/15 and over the next five years, consisting of 617 units in Stoke-on-Trent and 144 units in Newcastle-under-Lyme. This is drawn from data supplied by the Councils, which shows schemes currently under construction and expected to complete in 2014/15 and developments with planning permission with remaining affordable housing capacity to be built-out (Step 2.3); and

- Identification of units planned to be demolished or removed from management. This takes account of planned demolitions in Stoke-on-Trent, although it is understood that there are no such demolitions planned in Newcastle-under-Lyme (Step 2.4).

Stage 3 – Shortfall in Affordable Housing to meet current 'backlog' housing need (annual)

7.29 The output from Stage 1 is subtracted from Stage 2 to provide an estimate of the total shortfall in affordable housing to meet the current 'backlog' of housing need. This is then divided by five to translate into an annual figure that would address backlog early in the plan period. This reflects the guidance in the PPG, which states that:

"Local authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible. Where this cannot be met in the first 5 years, local planning authorities will need to work with neighbouring authorities under the Duty to Co-operate"[91]

7.30 It is important to recognise that this assumes that the backlog of need is addressed in full early in the plan period. This will need to be carefully monitored and considered in the context of the likely potential to deliver this level of stock, recognising delivery mechanisms and the availability of finance and funding.

7.31 It is also important to recognise that this backlog cannot be directly factored in to the objective assessment of need – or the demographic modelling presented in section 6 – given the relationship between market and affordable housing. Evidently the provision of

---

[90] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_029

[91] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-land-availability-assessment/stage-5-final-evidence-base/#paragraph_035

new affordable housing to meet those households currently in need and living within other tenures will result in their existing dwellings become available for other households to occupy.

Calculating Annual Net New Need

7.32 As with market housing, there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market, a significant proportion of these newly forming households face significant challenges in gaining entry to market housing, subsequently driving demand for affordable housing. In addition to new households, existing households also fall into affordable housing need as household circumstances change, resulting in their current housing situation no longer being appropriate and a requirement for affordable housing arising. This needs to be balanced against the supply of affordable housing available in an area to meet these needs. Again, a stepped approach is required, as set out below.

Stage 4 – Future Housing Need

7.33 At this stage, the number of new households projected to form each year is identified, based on an assumed gross annual household formation rate drawn from the modelling undertaken by Edge Analytics[92]. Affordability benchmarks are applied – as set out in Appendix 6 – to determine the number of these households who are unlikely to be able to afford market housing. It is subsequently assumed that households who cannot afford the most affordable market tenure in their area will require affordable housing.

7.34 In addition to need associated with newly forming households, a number of existing households fall into need from other tenures on an annual basis and require affordable housing. This incorporates both lettings to households registering and being classified as in need of affordable housing from other tenures – capturing those whose needs were met within the year that they registered – and the number of households who remain on the Housing Register having registered during the same period, indicating that they did not receive a letting and their need was not met. Collectively, these components result in an annual flow of households who have fallen into affordable housing need from other tenures, irrespective of their receiving a letting or net.

Stage 5 – Affordable Housing Supply

7.35 Using lettings data supplied by the Councils, the annual amount of affordable housing anticipated to be made available each year is estimated based on all lettings – from all Housing Register bands – over the past three years, excluding transfers.

7.36 An estimate has also been made of the number of intermediate units likely to become available each year, although – given the relatively small size of this tenure – there is an absence of comprehensive data on the role of intermediate housing. A proxy calculation has therefore been used to forecast future supply, as detailed in Appendix 6.

[92] As set out in Appendix 6 it important to note that gross household formation rates are based upon the initial release of the 2012 household projections. These do not include a significant level of detail regarding the projected formation of different types of households, with this expected to be included in a Stage 2 release later this year. This stage of the calculation should therefore be revisited following publication of this data, given that the limited scope of the current dataset may understate future household formation.

Stage 6 – Annual Net New Need

7.37 The output of stage 5 is subtracted from stage 4 to produce an estimate of the number of households likely to have unmet needs for affordable housing, which – unless sufficient new stock is available to meet annual calculated needs in full – will add to the backlog position annually.

Total Affordable Housing Need

7.38 The final element of the calculation is the identification of the total affordable housing need on a net annual basis, which is calculated by adding the two components introduced above together to derive the net annual need. This follows the guidance in the PPG:

"The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow"[93]

7.39 Recognising the importance of seeking to address the backlog within a reasonable time frame, and following the guidance in the PPG, the analysis in this section assumes that the backlog is cleared within a five year time horizon. On this basis, a five year affordable need figure is presented, alongside a longer term net affordable need figure.

7.40 This shows an estimated extrapolation of projected need once the backlog has been cleared, although it is important to note that this is based on information at a fixed point in time, and does not take account of future changes to the housing market. The longer term net need over the plan period therefore assumes that future need is simply associated with the annual net new need for the remainder of the plan period.

Affordable Housing Need Calculation

7.41 The calculation is presented in summary form below, showing need at both local authority and sub-area levels. The analysis is presented separately for each authority, although it should be noted that figures may not sum due to rounding.

7.42 A full calculation – providing further detail on interpretations and assumptions at each stage – is presented in Appendix 6.

[93] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_029

Figure 7.3: Affordable Housing Need by Sub-Area – Newcastle-under-Lyme

Step	Audley and Rural North	Central	Clayton	Keele	Kidsgrove and Talke	Madeley	Rural South	Newcastle-under-Lyme (total)
Stage 1 – Current Housing Need (Gross Backlog)								
1.4 Total current housing need (gross)	**28**	**416**	**80**	**1**	**113**	**35**	**10**	**683**
Stage 2 – Affordable Housing Supply (Annual)								
2.1 Affordable dwellings occupied by households in need	11	163	35	0	26	4	2	241
2.2 Surplus stock	0	0	0	0	0	0	0	0
2.3 Committed supply of new affordable housing	18	60	7	0	53	0	6	144
2.4 Units to be taken out of management	0	0	0	0	0	0	0	0
2.5 Total affordable housing stock available	**29**	**223**	**42**	**0**	**79**	**4**	**8**	**385**
Stage 3 – Historical Accumulated 'Backlog' Need (Net Annual)								
3.1 Shortfall in affordable housing to meet current 'backlog' housing need (annual)	**0**	**39**	**8**	**0**	**7**	**6**	**0**	**60**
Stage 4 – Future Housing Need (Annual)								
4.1 New household formation (annual)	63	350	144	6	151	27	42	783

Step	Audley and Rural North	Central	Clayton	Keele	Kidsgrove and Talke	Madeley	Rural South	Newcastle-under-Lyme (total)
4.2 Newly forming households in need (annualised)	45%	44%	44%	30%	42%	43%	34%	43%
	28	155	63	2	63	12	15	337
4.3 Existing households falling into need	18	190	51	1	49	9	3	321
4.4 Total newly arising need (gross per year)	**46**	**345**	**114**	**2**	**112**	**21**	**18**	**658**
Stage 5 – Affordable Housing Supply (Annual)								
5.1 Annual supply of social re-lets (annual net)	32	345	91	1	65	11	3	549
5.2 Estimated supply of intermediate housing available (annual)	0	2	2	0	1	0	0	6
5.3 Annual supply of affordable housing	**32**	**347**	**93**	**1**	**66**	**11**	**3**	**555**
Stage 6 – Annual Net New Need								
6.1 Net New Need (annual)	**14**	**-2**	**20**	**1**	**47**	**9**	**14**	**103**
Stage 7 – Total Affordable Housing Need (Net Annual)								
7.1 Shortfall in affordable housing to meet current 'backlog' housing need (annual)	0	39	8	0	7	6	0	60
7.2 Newly arising future need (net annual)	14	-2	20	1	47	9	14	103
7.3 Net Annual Affordable Housing Need	**14**	**37**	**28**	**1**	**54**	**15**	**14**	**163**
% of need	9%	23%	17%	1%	33%	9%	9%	–

Figure 7.4: Affordable Housing Need by Sub-Area – Stoke-on-Trent

Step	Inner Urban Core	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Stoke-on-Trent (total)
Stage 1 – Current Housing Need (Gross Backlog)									
1.4 Total current housing need (gross)	**328**	**271**	**164**	**111**	**329**	**226**	**338**	**217**	**1,984**
Stage 2 – Affordable Housing Supply (Annual)									
2.1 Affordable dwellings occupied by households in need	97	159	84	30	181	133	162	74	920
2.2 Surplus stock	17	3	2	0	13	1	3	3	42
2.3 Committed supply of new affordable housing	193	79	4	0	179	22	140	0	617
2.4 Units to be taken out of management	50	0	11	0	0	0	0	0	61
2.5 Total affordable housing stock available	**257**	**241**	**79**	**30**	**373**	**156**	**305**	**77**	**1,518**
Stage 3 – Historical Accumulated ‘Backlog’ Need (Net Annual)									
3.1 Shortfall in affordable housing to meet current ‘backlog’ housing need (annual)	**14**	**6**	**17**	**16**	**-9**	**14**	**7**	**28**	**93**
Stage 4 – Future Housing Need (Annual)									
4.1 New household formation (annual)	177	296	165	109	199	140	269	164	1,520

Step	Inner Urban Core	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Stoke-on-Trent (total)
4.2 Newly forming households in need (annualised)	38%	42%	44%	34%	38%	35%	44%	41%	40%
	67	125	73	37	77	49	118	68	613
4.3 Existing households falling into need	95	150	77	46	135	77	139	57	776
4.4 Total newly arising need (gross per year)	**161**	**275**	**151**	**83**	**212**	**126**	**257**	**125**	**1,390**
Stage 5 – Affordable Housing Supply (Annual)									
5.1 Annual supply of social re-lets (annual net)	119	263	143	52	219	123	222	74	1,214
5.2 Estimated supply of intermediate housing available (annual)	2	1	1	0	1	0	1	1	8
5.3 Annual supply of affordable housing	**121**	**264**	**145**	**52**	**220**	**123**	**223**	**75**	**1,222**
Stage 6 – Annual Net New Need									
6.1 Net New Need (annual)	**41**	**11**	**6**	**31**	**-8**	**3**	**34**	**50**	**167**
Stage 7 – Total Affordable Housing Need (Net Annual)									
7.1 Shortfall in affordable housing to meet current ‘backlog’ housing need (annual)	14	6	17	16	-9	14	7	28	93
7.2 Newly arising future need (net annual)	41	11	6	31	-8	3	34	50	167
7.3 Net Annual Affordable Housing Need	**55**	**17**	**23**	**47**	**-17**	**17**	**40**	**78**	**261**
% of need	21%	7%	9%	18%	-7%	7%	15%	30%	–

7.43 The calculation indicates that Newcastle-under-Lyme has a **net need for 163 affordable homes per annum over the next five years**, in order to clear the existing backlog and meet future newly arising household need. Once the backlog is cleared, only newly arising need will need to be met, requiring **103 affordable units annually for the remainder of the plan period**.

7.44 In Newcastle-under-Lyme, it is clear that the backlog is largely concentrated in the Central sub-area and Kidsgrove and Talke, although it is important to note that there is a backlog in all sub-areas across the borough. It is also important to recognise that the spatial distribution of households registering in need may be shaped by the existing stock, with people in rural areas – or areas with little social housing – potentially less likely to register on the waiting list. Equally, areas with a sizeable social rented stock will meet needs from a wider area, and not just those arising within each sub-area.

7.45 Balancing with supply, these areas also have the greatest amount of affordable housing stock available, through the availability of transferred stock and the committed supply of new affordable housing. Nevertheless, there remains a shortfall in clearing the backlog, most notably in the Central sub-area but also in Clayton, Kidsgrove and Talke and Madeley.

7.46 Newly arising need is expected to largely occur across the borough, particularly in the Central sub-area, Clayton and Kidsgrove and Talke. The majority of this need is largely attributable to the formation of new households who are unable to afford the cost of accessing market housing, although there are high instances of existing households falling into need from other tenures in the aforementioned three sub-areas. Again, this is not balanced with annual supply, with the greatest absolute imbalance seen in Kidsgrove and Talke.

7.47 In Stoke-on-Trent, the calculation suggests that there is a **net need for 261 affordable homes per annum over the next five years**, in order to address the backlog and meet newly arising need in the future. Once the backlog is cleared, **168 affordable units will be needed annually for the remainder of the plan period** to meet newly arising needs.

7.48 In Stoke-on-Trent, the backlog is distributed throughout the authority, with the highest levels in the Inner Urban Core, Zone 4 and Zone 6 and comparatively few in Zone 3. There is, however, a sizeable backlog in all sub-areas of Stoke-on-Trent.

7.49 While there is evidently a future supply of affordable housing which could meet this backlog – including, most notably, committed developments in the Inner Urban Core, Zone 4 and Zone 6, and the availability of stock vacated by transfer tenants – there remains a shortfall in meeting this backlog within the first five years of the plan period across all sub-areas, with the exception of Zone 4.

7.50 Most newly arising need is attributable to existing households falling into need from other tenures. Again, while there is an estimated annual supply of affordable housing, this is insufficient to meet newly arising needs, resulting in a need arising for additional affordable housing across the authority with the exception of Zone 4.

Breakdown by Size

7.51 In order to estimate relative pressure on property of different sizes, the affordable housing assessment can be broken down by size. This analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need, while providing a profile of affordable housing which responds to future need over the short term.

7.52 This follows the guidance within the PPG:

"Plan makers should look at the house size in the current stock and assess whether these match current and future needs"[94]

7.53 In order to arrive at this estimate, the housing needs assessment model has been replicated in a slightly altered format, with analysis broken down by dwelling size using the number of bedrooms. This is presented separately for Stoke-on-Trent and Newcastle-under-Lyme, based on the data provided by the Councils.

7.54 It is important to note, however, that the absence of detailed household typologies from the recently released 2012-based household projections creates challenges in understanding the number of bedrooms required by newly forming households in need of affordable housing. It is understood that a subsequent data release by DCLG – expected later this year – will provide further detail on household typologies, allowing a more detailed understanding of size requirements. In the absence of this detail, data from the 2011 Census breaking down social renting households by number of bedrooms has been applied. This therefore assumes that newly forming households in need will have a size requirement that reflects the existing profile. This should, however, be reviewed by the Councils upon release of more detailed household projections later this year.

[94] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_028

Figure 7.5: Affordable Housing Need by Size – Newcastle-under-Lyme

Step	Number of bedrooms 1	2	3	4+	Total
Current housing need	**450**	**140**	**57**	**36**	**683**
Transfers	148	50	24	19	241
Surplus stock	0	0	0	0	0
Committed supply	0	101	40	3	144
Taken out of management	0	0	0	0	0
Affordable housing available	**148**	**151**	**64**	**22**	**385**
Shortfall to meet current 'backlog' need (annual) (5 years)	**60**	**-2**	**-1**	**3**	**60**
Newly forming households	113	116	100	8	337
Existing households falling into need	120	115	42	44	321
Total newly arising need (gross per year)	**233**	**231**	**142**	**53**	**658**
Annual supply of affordable housing	**207**	**199**	**72**	**77**	**554**
Net new need (annual)	**26**	**32**	**70**	**-24**	**104**
Net annual affordable housing need	**87**	**30**	**68**	**-21**	**163**
% of need	53%	18%	42%	-13%	–

7.55 In Newcastle-under-Lyme, the calculation suggests that there is a sizeable need for smaller property with one bedroom, with the majority of backlog need relating to property of this size. While stock will become available through transfers, there remains a shortfall in meeting this backlog over the next five years. This partially reflects the lack of committed supply of this size, unlike the need for two and three bedroom stock which will be met through committed supply.

7.56 Many newly forming and existing households falling into need require smaller property in Newcastle-under-Lyme, although there is also an annual need for property with two or three bedrooms and a smaller need for larger properties. This results in net annual shortfall for property of all sizes to meet future newly arising need.

7.57 This table is replicated for Stoke-on-Trent below.

Figure 7.6: Affordable Housing Need by Size – Stoke-on-Trent

Step	Number of bedrooms				
	1	2	3	4+	Total
Current housing need	**537**	**784**	**630**	**34**	**1,984**
Transfers	80	451	378	11	920
Surplus stock	29	3	10	0	42
Committed supply	238	341	34	4	617
Taken out of management	24	25	12	0	61
Affordable housing available	**323**	**770**	**410**	**15**	**1,518**
Shortfall to meet current 'backlog' need (annual) (5 years)	**43**	**3**	**44**	**4**	**93**
Newly forming households	158	254	190	11	613
Existing households falling into need	142	558	76	0	776
Total newly arising need (gross per year)	**300**	**812**	**266**	**11**	**1,390**
Annual supply of affordable housing	**362**	**649**	**206**	**5**	**1,222**
Net new need (annual)	**-62**	**163**	**61**	**6**	**167**
Net annual affordable housing need	**-19**	**166**	**105**	**10**	**261**
% of need	-7%	64%	40%	4%	–

7.58 The assessment indicates that there is a sizeable need for affordable homes with two or three bedrooms, which contrasts with the sizeable requirement for stock with one bedroom in Newcastle-under-Lyme. This reflects the need for property of all sizes to clear the backlog, with an identified surplus of need for one bedroom property when assessing the future newly arising need. It is, however, important to recognise that the absence of detailed data on household typologies has necessitated the derivation of the size requirements of newly forming households from 2011 Census data. This reflects the current size profile of social renting households, although it is likely that – in reality – newly forming households will have a greater need for smaller property than implied under this dataset. As noted above, therefore, this assessment should be reviewed by the Councils upon publication of more detailed data by DCLG later this year.

7.59 It is also important to note that this assessment may be skewed by the existing stock of affordable housing, given that rates from the 2011 Census have been applied to existing households falling into need to estimate the size of property required.

Role of Intermediate Housing

7.60 Intermediate housing products can play an important role in bridging the gap between social renting and owner occupation, allowing households to move towards owner occupation by renting whilst acquiring equity in their property. As a result, the type of housing tenure can provide an important step on the housing ladder, which particularly appeals to first-time buyers and households with lower incomes.

7.61 The NPPF includes a definition of intermediate housing:

"Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing"[95]

7.62 It is important to note, therefore, that intermediate products do not include affordable rent, nor homes provided by private sector bodies or provided without grant funding.

Affordability of Intermediate Dwellings

7.63 This section considers the potential role of intermediate housing in meeting affordable housing need, through analysis of demand for intermediate products and the relative affordability of such products in Stoke-on-Trent and Newcastle-under-Lyme. It is recognised that wider factors constrain the ability of households in need to access intermediate homes, including the viability of delivery of this tenure in low value locations and the requirements for obtaining a deposit and mortgage.

7.64 The shared ownership and shared equity market is now largely split between two separate products that deal with different markets. The traditional shared ownership model allows purchasers who meet low income criteria to typically buy between 25 – 40% of the equity, paying rent on the rest. A second product relates to Help to Buy shared equity, where purchasers with higher incomes pay 75% of the purchase price and pay no rent. This product allows people to buy a property that is bigger, better or newer than what they could already afford, stimulating the new build construction market – but remaining unaffordable to those on low incomes.

7.65 This analysis draws upon the income tests utilised within the affordable housing needs assessment to establish the number – and proportion – of households in need of affordable housing that are likely to be able to afford an intermediate housing product, and those for which only social rented housing is affordable.

7.66 The income required to access different tenures is based on the standard assumption that a house is purchased at the lower quartile, with a 5% deposit and spending the equivalent of 3.5 times income. This continues to be applied by Aspire Housing when shared ownership applications are considered, with the HCA affordability calculator suggesting that a household can spend between 2.5 and 4.5 times household income on housing costs, with a 30 – 45% household debt to net income ratio. 3.5 times income evidently sits at the midpoint of this range.

7.67 To reflect the traditional shared ownership model, the lower limit was firstly set at the income required to afford a 40% equity share in a house at the lower quartile price, plus the cost of annual rent, within Stoke-on-Trent and Newcastle-under-Lyme. This has been set at an interest rate of 2.5% of the value of the unsold equity, and set to allow for a 40% equity purchase.

---

[95] DCLG (2012) National Planning Policy Framework (p50, Annex 2)

7.68 Secondly, to reflect the shared equity model, an additional scenario was tested to examine the impact of setting the income required to purchase at 75% of the purchase price of a new-build house at the lower quartile price within Stoke-on-Trent and Newcastle-under-Lyme.

7.69 The lower quartile house price is utilised as a threshold for consistency with the affordable housing needs assessment, although it is important to note that this is based on new build sales only. This recognises that current shared ownership models are only available for new build homes, and evidently differs from the cost of open market housing, which includes both new build and resale properties. Given the large supply of cheaper properties in areas of Stoke-on-Trent and Newcastle-under-Lyme – highlighted in section 5 – this can result in open market housing being cheaper than intermediate options, which can challenge the viability of these products coming forward and shape their appeal to potential buyers.

7.70 Newcastle-under-Lyme and Stoke-on-Trent are considered separately below.

Newcastle-under-Lyme

7.71 The following table illustrates the upper and lower income thresholds within which it is assumed households can afford intermediate housing in Newcastle-under-Lyme, for both intermediate housing models.

Figure 7.7: Income Thresholds for Accessing Intermediate Tenure Housing in Newcastle-under-Lyme

	Cost of purchase	Income required	Annual rent	Income required
Open market housing[96]	£95,000	£25,786	n/a	**£25,786**
40% equity purchase, plus annual rent	£59,998	£16,285	£2,250	**£18,535**
75% shared equity	£112,496	£30,535	n/a	**£30,535**

Source: Turley, 2015

7.72 As shown, a notably lower income is required to access housing through a 40% equity purchase in Newcastle-under-Lyme, relative to the cost of purchasing an open market home. However, purchasing 75% shared equity requires a significantly higher upfront cost – due to the higher sales values associated with new build homes – and therefore a higher income is required to access this intermediate tenure.

7.73 Utilising the thresholds set out in this table, the following table summarises the proportion of households in Newcastle-under-Lyme who can afford to access different tenures, based on CACI data.

[96] Includes new build and re-sales

Figure 7.8: Proportion of Households Able to Access Different Tenures in Newcastle-under-Lyme

	Income required	% of households able to access
Open market housing	£25,786	51%
40% equity purchase, plus annual rent	£17,160	61%
75% shared equity	£30,535	43%

Source: Turley, 2015

7.74 Evidently, 40% equity purchase represents a significantly more affordable option for many households in Newcastle-under-Lyme compared to open market housing, with around 60% of households estimated to be able to afford the cost of this intermediate product. 75% shared equity products, however, are accessible to a smaller proportion of households compared to open market housing, due to the higher costs associated with new build properties compared to resale values in the borough.

Stoke-on-Trent

7.75 The following table summarises the income required to access intermediate housing in Stoke-on-Trent, based on 40% equity purchase and 75% shared equity, with the cost of open market housing also shown for context.

Figure 7.9: Income Thresholds for Accessing Intermediate Tenure Housing in Stoke-on-Trent

	Cost of purchase	Income required	Annual rent	Income required
Open market housing[97]	£67,000	£18,186	n/a	**£18,186**
40% equity purchase, plus annual rent	£45,200	£12,269	£1,695	**£13,964**
75% shared equity	£84,750	£23,004	n/a	**£23,004**

Source: Turley, 2015

7.76 Again, 40% equity purchase has a notably lower income requirement relative to open market housing, although a higher income is required to afford the cost of 75% shared equity. The following table summarises the proportion of households able to access each tenure, based on CACI income data.

[97] Includes new build and re-sales

Figure 7.10: Proportion of Households Able to Access Different Tenures in Stoke-on-Trent

	Income required	% of households able to access
Open market housing	£18,186	54%
40% equity purchase, plus annual rent	£12,269	67%
75% shared equity	£23,004	45%

Source: Turley, 2015

7.77 This analysis suggests that, while just over half of households can afford the cost of purchasing open market housing, intermediate products – and particularly the 40% equity purchase – represent a more accessible option to many households. A 75% shared equity scheme, however, has a higher income requirement due to the greater cost of purchasing a new build home.

Implications for Affordable Housing Need

7.78 The affordable housing calculation presented above assumes – at Step 4.2 – that any newly forming household unable to afford the cost of a lower quartile purchase or rent will require affordable housing. This is based on the application of affordability benchmarks introduced in section 5.

7.79 It is important to note that some of those households unable to afford market housing – either through purchase or rent – could meet their needs through intermediate housing, particularly given the lower financial requirements associated with this tenure. However, it is clear from the analysis that, due to the affordability of open market housing in the area, 75% shared equity does not represent a more affordable product than open market housing. The following table therefore compares only the 40% shared equity model plus annual rent with open market housing.

Figure 7.11: Role of Intermediate Housing in Meeting Newly Arising Housing Need

	Newcastle-under-Lyme	Stoke-on-Trent
New household formation (annual)	783	1,520
% unable to afford LQ purchase or rent[98]	43%	40%
Newly forming households unable to afford market housing	337	613
% unable to afford 40% shared equity plus annual rent	39%	33%
Newly forming households unable to afford market housing and 40% shared equity	305	502
Number of newly forming households in need of affordable housing and able to afford 40% shared equity plus annual rent (annual)	**32**	**111**

Source: Turley, 2015

7.80 As shown, assuming that only households unable to afford the cost of a 40% shared equity purchase with annual rent would require affordable housing would result in a lower newly arising need, most notably in Stoke-on-Trent.

7.81 Given that intermediate housing represents a relatively small sector in the local market – with comparatively low levels of shared ownership in both authorities potentially indicating a lack of market demand – it is unlikely that all households who can afford to access intermediate housing will have their needs met through this sector. Furthermore, monitoring by the Councils shows that the level of intermediate housing implied to be needed in the table above has not been delivered. Should insufficient intermediate housing be provided, therefore, households are likely to revert to requiring affordable housing. This does, however, suggest that intermediate hosing can play a role in meeting future newly arising need for affordable housing if the sector grows in popularity over the coming years.

7.82 It should also be recognised that some existing households registered on the waiting list and in need of affordable housing may be able to have their needs met through intermediate housing. However, it is not possible – using the available data – to consider this in further detail, and the potential future role of this sector in meeting the backlog should be monitored by the Councils.

Role of the Private Rented Sector

7.83 The private rented sector is not formally recognised as affordable housing, and therefore the available guidance does not take account of the role of the private rented sector in meeting affordable housing need. Furthermore, the definition of affordable housing presented earlier in this section excludes the private rented sector.

98 Drawn from Step 4.2 of the affordable housing need calculation. As noted in paragraph 7.56, percentages are derived from localised analysis rather than applied

7.84 However, the private rented sector has seen significant growth – both nationally, and within Stoke-on-Trent and Newcastle-under-Lyme – with many households likely to have been meeting their affordable housing needs through this sector as it has grown in scale. It is, though, clear from the earlier analysis that the private rented sector requires a higher income compared to social housing, although engagement with local stakeholders suggests that there has been an increasing flow of social rented households moving to cheaper private rented properties. This does generate a qualitative issue, however, with private rented property at the lower end of the market often characterised by lower maintenance standards relative to managed social rented properties.

7.85 The extent to which households with affordable housing needs occupy housing in the private rented sector can be estimated, utilising the most recent data release from the Department for Work and Pensions with a base date of May 2014. This shows the number of local housing allowance (LHA) recipients residing in households within the private rented sector in both Stoke-on-Trent and Newcastle-under-Lyme, with England also presented for comparison.

Figure 7.12: Rented Tenure of LHA Claimants

Tenure	Newcastle-under-Lyme	Stoke-on-Trent	England
Social rented	79.1%	67.4%	65.7%
Private rented	20.9%	32.6%	34.3%
Total LHA claimants	7,944	26,069	4,257,788

Source: DWP, 2014

7.86 Stoke-on-Trent closely follows the national picture, with approximately one in three of those who cannot afford housing without benefits occupying housing within the private rented sector. In Newcastle-under-Lyme, the private rented sector plays a smaller role, with almost 80% of those claiming LHA residing within the social rented sector.

7.87 This highlights that the private rented sector does play a role in meeting affordable housing needs in both Stoke-on-Trent and Newcastle-under-Lyme, and it is therefore beneficial to estimate the proportion of private renters who are claiming local housing allowance. This relates the total number of residents privately renting from the 2011 Census with the total number of LHA claimants in the private rented sector, from the DWP data presented above.

Figure 7.13: Proportion of Private Renting Residents Claiming LHA

Tenure	Newcastle-under-Lyme	Stoke-on-Trent
Total number of residents privately renting	12,871	35,475
Total LHA claimants in private rented sector	1,661	8,491
Proportion of privately renting residents claiming LHA	12.9%	23.9%

Source: Census 2011; DWP, 2014

7.88 This estimate suggests that almost a quarter of people privately renting in Stoke-on-Trent are claiming LHA, with claimants making up approximately 13% of privately renting residents in Newcastle-under-Lyme.

7.89 Notably, LHA claimants account for approximately 16% of those privately renting across England, suggesting that the private rented sector evidently plays a slightly greater role in accommodating those who cannot afford housing without benefits Stoke-on-Trent in particular.

7.90 Further insight can be gained by estimating the number of lettings made each year to tenants claiming LHA. The turnover of housing stock can be estimated from English Housing Survey returns, which – for 2012/13 – suggests that approximately 11% of private rented households are new lettings which either originate from other tenures or are newly formed[99]. This benchmark removes transfers between private rented stock, allowing an estimate to be made of the number of new lettings per annum in Stoke-on-Trent and Newcastle-under-Lyme. This can be compared against the number of households privately renting in Stoke-on-Trent and Newcastle-under-Lyme from the 2011 Census – notably differing from that presented above, which was people-based – to determine the number of new lettings arising from LHA claimants. It is important to note, however, that this figure does not take account of multiple LHA claimants sharing households, and this therefore represents an estimated position.

Figure 7.14: Number of Private Rented Lettings to LHA Claimants

	Newcastle-under-Lyme	Stoke-on-Trent
Total private rented households	5,511	15,440
New lettings per annum (11%)	606	1,698
Proportion of LHA claimants in private rented sector	12.9%	23.9%
Number of private rented households claiming LHA	78	406

Source: Census 2011, English Housing Survey, 2014; DWP, 2014

[99] English Housing Survey Headline Report 2012/13 – Table 5 (Previous tenure by current tenure, 2012-13) indicates that, nationally, 448,000 private rented households were previously in another tenure. Over the same period, there were 3,956,000 private rented households (Table 1 – Demographic and economic characteristics by tenure, 2012-13) . This suggests that approximately 11%of private rented households are new lettings

7.91 This assessment estimates that the private rented sector provides for around 400 households per year in Stoke-on-Trent, and approximately 78 in Newcastle-under-Lyme. It is clear therefore that the private rented sector plays a role in meeting housing need in the two authorities, particularly in Stoke-on-Trent. Given the increasing size of this tenure, it is likely that this role has grown over recent years, although – as noted earlier – stakeholders have highlighted associated property condition issues at the lower end of the private rented sector.

7.92 Housing Register data provided by the Councils – which underpins the affordable housing need calculation presented earlier in this section – highlights a notable number of households currently renting in the private sector who have also registered on the Housing Register. In line with the assertion above, this could indicate that their needs are not being adequately met in the private rented sector, and therefore this group warrant further analysis.

7.93 In Newcastle-under-Lyme, of the total Housing Register – encompassing all bands – 644 households are currently privately renting, although 516 fall within Band 7 with the allocations policy deeming that the applicants have no housing need.

7.94 Of the remaining total, applicants have been banded for a variety of reasons. For example, approximately one third of the remaining applicants require extra bedrooms – suggesting that their current accommodation is not big enough – while a similar number have a medical need.

7.95 In Stoke-on-Trent, there are 1,227 Housing Register applicants currently renting from a private landlord, although three quarters of these applicants are classified as inactive[100]. There are therefore 303 households active on the Housing Register within Bands 1 – 3 who are currently privately renting.

7.96 Of this total, around half are family households, while around one in four relate to single households with a requirement for only one bed. 81 applicants have a requirement for one extra bedroom – indicating that their current accommodation is overcrowded – while 25 have two fewer bedrooms than required.

7.97 Clearly, therefore, while there is evidence of the private rented sector playing a significant role in meeting affordable housing needs in Stoke-on-Trent and Newcastle-under-Lyme, it is important to note that there are several cases where needs are not being met, subsequently requiring households to register on the Housing Register and also .

7.98 Whilst it is apparent that private rented stock represents an important component of the housing market and currently plays an important role in accommodating those in housing need, consultation with stakeholders has highlighted issues associated with the quality of stock in the sector. This has resulted in a number of households in the sector seeking traditional affordable housing. The future role of the private rented stock in meeting an evidenced future need for affordable housing will need to be carefully considered by the Councils as a potential policy intervention issue, recognising that

[100] At the time of publication, it is understood that there is no longer an inactive Housing Register in Stoke-on-Trent. The full Housing Register – including inactive applicants – was provided for the purposes of this assessment, however, although these households are not included in the backlog due to filtering to identify priority bands

private rented property is not included within the NPPF as an 'affordable housing' tenure product.

Bringing the Evidence Together

7.99 This section has calculated the need for affordable housing in Stoke-on-Trent and Newcastle-under-Lyme, following the methodology in the PPG by identifying the backlog of households currently in need and the number of future households who may be in need of affordable housing, balanced with supply.

7.100 The implications of the assessment for both authorities are summarised separately below.

Stoke-on-Trent

- The total affordable housing stock available is not sufficient to clear the backlog, resulting in an annual shortfall of 93 affordable homes over the first five years of the plan period, with higher levels of need in Zones 7 and 2, although there is sufficient supply in Zone 4 to clear the existing backlog;

- In addition, meeting net new need for affordable housing will require a further 167 affordable units annually, largely distributed throughout the authority with the exception of Zone 4. In order to clear the backlog, therefore, there is a net need for **261 affordable homes per annum** over the next five years in Stoke-on-Trent, falling to **168 affordable units annually** once the backlog is cleared;

- There is a sizeable need for affordable properties with two or three bedrooms, but a small surplus identified for one bedroom stock. There is, however, a need for property of all sizes to clear the backlog. It is important to note that further detail on the size requirements of future newly forming households in need is not available, and this stage may therefore be skewed by the existing affordable housing stock in the authority. This should be considered further by the Councils upon release of more detailed information on projected household typologies, anticipated later this year;

- It is also important to recognise the role of intermediate housing in meeting affordable housing needs in Stoke-on-Trent, with 40% equity purchase – with an annual rent – in particular requiring a significantly lower income than that required to purchase open market housing. This increases the accessibility of home ownership and can reduce the number of households falling into affordable housing need – and could also provide an alternative option for households on the waiting list – although it is noted that levels of shared ownership in the authority remain comparatively low, potentially indicating a lack of market demand. A higher income is required to access 75% shared equity housing, however, due to the higher costs associated with new build housing; and

- The private rented sector is evidently making as significant contribution towards meeting affordable housing need, although this is not formally recognised within the available guidance as part of the affordable housing tenure. The assessment indicates that the private rented sector provides for around 400 households claiming LHA annually in Stoke-on-Trent, while it is likely – given the increasing size of this tenure – that this role has grown over recent years. Stakeholder engagement has highlighted associated property condition issues at the lower end of the private rented sector

Newcastle-under-Lyme

- There is an overall shortfall of 298 affordable homes to meet the backlog of affordable housing need, most notably in the Central sub-area. In seeking to address this early in the plan period – as per the PPG – this requires an additional 60 affordable units annually over the first five years of the plan period;

- In addition, a net total of 340 affordable homes will be required annually to meet newly arising need, particularly in Kidsgrove and Talke and Clayton. Overall, in order to clear the backlog, there is a net need for **163 affordable homes per annum** over the next five years in Newcastle-under-Lyme, falling to **103 affordable units annually** once the backlog is cleared;

- There is a sizeable need for smaller property with one bedroom to clear the backlog in Newcastle-under-Lyme, due to a shortfall in committed supply. The need for larger properties with two or three bedrooms will largely be met through committed supply and the availability of stock currently occupied by transfer tenants. This size profile is also reflected in newly arising need, with many newly forming and existing households falling into need requiring smaller properties. There is, however, a net shortfall for property of all sizes, with the exception of larger properties with four bedrooms or more;

- As with Stoke-on-Trent, intermediate housing can represent a significantly more affordable option compared to owner occupation or private rent, and this can reduce the number of households requiring affordable housing; and

- The private rented sector also plays a significant role in meeting needs, providing for around 80 households claiming LHA each year in Newcastle-under-Lyme. The future role of this stock in meeting an evidenced future need for affordable housing will need to be considered by both Councils carefully, with the role of this tenure in meeting need considered as a potential policy intervention issue. This recognises that the private rented tenure is not included within the NPPF definition of affordable housing.

8. Housing Requirements of Specific Groups

8.1 This report has set out the projected changes to the housing market in Stoke-on-Trent and Newcastle-under-Lyme over the plan period, in order to inform the development of planning policy and housing strategy. The analysis has clearly shown that the demographic and economic profile of the area is likely to change over the plan period, and the housing market will react to these changes. However, different social groups will be affected by these changes in different ways.

8.2 This section, therefore, considers particular groups that may have specific housing requirements, which require careful consideration when developing a housing strategy. The NPPF notes that this report does not need to assess every group in detail, but specific policy or service provision requirements should be informed by an understanding of the specific housing requirements of groups represented in Stoke-on-Trent and Newcastle-under-Lyme.

8.3 This section draws together existing research and provides updated analysis, and should be read alongside more detailed studies cited throughout.

8.4 It is important to note that some of the population in the specific groups referenced in this section are classified as the 'communal population', meaning that they are not within the private household population which is converted to households by DCLG and Edge Analytics. They are therefore not included within the resulting modelled housing requirements.

8.5 Instead, the communal population live in communal establishments, which can include[101]:

- Sheltered accommodation units where fewer than 50 per cent of the units in the establishment 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;

- Small hotels, guest houses, bed and breakfasts and inns and pubs with residential accommodation, with room for 10 or more guests excluding the owner or manager and family;

- All accommodation provided solely for students, during term-time. This includes university-owned cluster flats, houses and apartments located within student villages, and similar accommodation owned by a private company and provided solely for students. University-owned student houses that were difficult to identify and not clearly located with other student residents are treated as households, and houses rented to students by private landlords are also treated as

[101] ONS (2014) 2011 Census Glossary of Terms (p11)

households. Accommodation available only to students may include a small number of caretaking or maintenance staff, or academic staff; and

- Accommodation available only to nurses, including cluster flats and similar accommodation. Nurses' accommodation on a hospital site that does not also contain patients is treated as a separate communal establishment from the hospital and not categorised as a hospital, so that nurses are treated as residents and not resident staff or patients. This ensures consistency with similar nurses' accommodation not on a residential site.

8.6 DCLG also provide a further definition of communal establishments:

"Communal establishments, ie establishments providing managed residential accommodation, are not counted in overall supply statistics (however, all student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can be included towards the housing provision in local development plans). These cover university and college student, hospital staff accommodation, hostels/homes, hotels/holiday complexes, defence establishments (not married quarters) and prisons. However, purpose-built (separate) homes (eg self-contained flats clustered into units with 4 to 6 bedrooms for students) should be included. Each self-contained unit should be counted as a dwelling"[102]

Older Persons

8.7 Older persons require suitable housing which can enable them to live independently at home for as long as possible. It may also be necessary to provide a range of more specialised older persons accommodation, in order to meet specific identified needs.

8.8 The PPG states that:

"The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over accounts for over half of the new households (Department for Communities and Local Government Household Projections 2013). The age profile of the population can be drawn from Census data. Projection of population and households by age group should also be used. Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services, and providing more options for older people to move could also free up houses that are under occupied."[103]

8.9 The PPG does, however, also note that many older people may not want or need specialist accommodation or care, and may wish to remain in general suitable housing, or homes which can be adapted. This was noted at the stakeholder workshop, where it was suggested that elderly people wish to occupy 'appropriate' housing, which may

[102] https://www.gov.uk/definitions-of-general-housing-terms
[103] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_021

include downsizing, although most elderly people want to remain part of the community and live in mixed communities within close proximity to facilities.

8.10 Within the PPG, further guidance is provided with reference to supply:

"Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan"[104]

8.11 The evidence presented in section 4 highlighted the changing age profiles of Stoke-on-Trent and Newcastle-under-Lyme, with the average age in Newcastle-under-Lyme in particular increasing between 2001 and 2011. As the following table shows, Newcastle-under-Lyme has seen significant growth in the older population – albeit not to the extent seen nationally – while Stoke-on-Trent has seen a slight fall in the older persons population. In particular, this has been driven by a fall in those aged 75 to 84.

Figure 8.1: Change in Older Persons 2001 – 2011

Age Group	Newcastle-under-Lyme		Stoke-on-Trent		England
	Change 2001 – 11	% Change	Change 2001 – 11	% Change	% Change
65 – 74	898	8.1%	283	1.4%	11.0%
75 – 84	350	4.8%	-1,146	-8.0%	6.4%
85 – 89	409	26.6%	444	15.6%	21.7%
90+	219	32.2%	136	10.6%	21.7%
Total 65+	**1,876**	**9.1%**	**-283**	**-0.7%**	**10.9%**

Source: Census 2001; Census 2011

Specialist Accommodation

8.12 The 2011 Census highlights the number of residents living in communal establishments, broken down by age group. This shows that there are 2,783 people in Stoke-on-Trent who are residents in communal establishments, of which 1,173 residents – or 42% – are aged 65 and over. The remainder are living in education establishments – likely associated with Staffordshire University – or represent younger people living in medical and care establishments In Newcastle-under-Lyme, 4,104 people are residents in communal establishments, although only 17% - or 683 residents – are aged 65 and over. Here, a high number of communal establishment residents are aged 16 to 24, with this likely to be associated with students living in communal housing associated with Keele University. This is considered further in the separate analysis of the needs of student households later in this section.

[104] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-land-availability-assessment/stage-5-final-evidence-base/#paragraph_037

8.13 The following table summarises the number of residents in Stoke-on-Trent and Newcastle-under-Lyme living within a communal establishment, using 2011 Census data. This is restricted to residents aged 65 and over to reflect the profile of older persons, with the majority of communal establishment residents of this age evidently living in care homes either with or without nursing.

Figure 8.2: Communal Establishment Residents (65+) by Type 2011

	Newcastle-under-Lyme	Stoke-on-Trent
All usual residents (65+) in communal establishments	**683**	**1,173**
Medical and care establishments – NHS	0	2
Medical and care establishments – local authority	5	73
Medical and care establishments – RSL/HA	10	15
Medical and care establishments – care home with nursing	255	556
Medical and care establishments – care home without nursing	387	508
Medical and care establishments – other	0	13
Other establishments	10	4
Establishment not stated	16	2

Source: Census 2011

Future Change in Older Persons Population

8.14 The population modelling undertaken by Edge Analytics – presented in section 6 – includes people of all ages, including older persons. The following tables therefore illustrate the modelled change in the older persons population under each of the modelled scenarios for Newcastle-under-Lyme and Stoke-on-Trent.

Figure 8.3: Modelled Change in Older Persons (65+) 2014 – 2039

	Newcastle-under-Lyme	Stoke-on-Trent
SNPP 2012	10,986	17,190
Past Growth 10 Year (inc UPC)	10,723	17,608
Past Growth 10 Year (exc UPC)	11,144	17,508
Employment-led (Experian)	13,480	21,452
Employment-led (LEFM)	13,860	18,596

Source: Edge Analytics, 2014

8.15 All modelled scenarios project considerable growth in the older persons population in Newcastle-under-Lyme, with all expecting at least 10,000 additional older persons in the borough in 2039 compared to 2014. The employment-led scenarios project a higher level of growth in older persons, reflecting the ageing of a population which is projected to grow more rapidly as well as the impact of migration of persons of all ages. Considerable growth is also expected in Stoke-on-Trent, with the majority of demographic scenarios indicating growth of around 17,000 people and the employment-led scenarios expecting the number of residents aged 65 and over to further increase as with Newcastle-under-Lyme.

8.16 In understanding the changing housing needs of this population, it is necessary to consider the proportion of this population who are projected to have specific requirements, which may require specific housing provision outside of general market or social housing.

8.17 Projecting Older People Population Information (POPPI) is a programme developed by the Institute of Public Care, designed to explore the impact of demographic change in older age groups of 65 and over. The POPPI dataset is based on the latest 2012-based population projections, and allows an analysis of change from 2014 to 2030. This is presented in the following tables for Newcastle-under-Lyme and Stoke-on-Trent.

Figure 8.4: Changing Level of Need (65+)

	2014	2030	Change	% Change
Newcastle-under-Lyme				
Total population aged 65 and over	**24,844**	**32,577**	**7,733**	**31.1%**
Unable to manage at least one self-care activity on their own	8,078	11,380	3,302	40.9%
Unable to manage at least one domestic task on their own	9,830	13,887	4,057	41.3%
Dementia	1,675	2,626	951	56.8%
Stoke-on-Trent				
Total population aged 65 and over	**41,632**	**53,221**	**11,589**	**27.8%**
Unable to manage at least one self-care activity on their own	13,455	18,022	4,567	33.9%
Unable to manage at least one domestic task on their own	16,380	22,014	5,634	34.4%
Dementia	2,701	3,946	1,245	46.1%

Source: POPPI, 2014

8.18 Both authorities are projected to see considerable growth in the number of residents aged 65 and over who are unable to manage at least one self-care activity or one domestic task on their own, while there is also a significant increase in the number of people with dementia. This increase will have implications for future strategic housing policy, in order to ensure that specific needs are met.

8.19 Using the POPPI dataset, it is possible to calculate the proportion of residents who are projected to be unable to manage self-care or domestic tasks independently, or residents with dementia. This can be applied to scenarios modelled by Edge Analytics – as well as the 2012 SNPP dataset – to estimate the changing number of older residents with support needs between 2014 and 2030. Outputs from a range of scenarios – the official 2012-based SNPP, a longer term demographic migration-led trend and an employment-led scenario – are presented in order to illustrate varying levels of changing needs.

Figure 8.5: Changing Level of Need (65+) – Modelled Scenario Outputs 2014 - 2030

	SNPP 2012	Past Growth 10 Year[105]	Employment-led (LEFM)
Newcastle-under-Lyme			
Total population aged 65 and over	**7,733**	**7,452**	**9,162**
Unable to manage at least one self-care activity on their own	3,302	3,202	3,800
Unable to manage at least one domestic task on their own	4,057	3,935	4,665
Dementia	951	927	1,066
Stoke-on-Trent			
Total population aged 65 and over	**11,589**	**11,492**	**12,217**
Unable to manage at least one self-care activity on their own	4,567	4,534	4,779
Unable to manage at least one domestic task on their own	5,634	5,594	5,893
Dementia	1,245	1,238	1,291

Source: Turley, 2015; Edge Analytics, 2014

8.20 This indicates a growing need for specialist older persons accommodation, with a projected increase in the number of older people unable to manage at least one self-care activity or domestic task on their own over the period shown to 2030. This is likely to persist over the plan period to 2039, based on the continued modelled growth in older persons.

Need for Additional Care Home (C2) Accommodation

8.21 In line with the PPG, it is important to consider the level of need for residential institutions within Use Class C2. It is important to recognise that the communal establishment population – in addition to being excluded from housing supply statistics – are not included within the population converted to households by DCLG. This population is therefore not included within the private household population modelled by Edge Analytics, which is used to assess housing need.

[105] Including UPC

8.22 When treating the communal population, Edge Analytics adopt an approach which is consistent with DCLG, specifically:

- For all ages up to 74, the number of people in each age group that are not in households is recorded at the start of the projection period[106]; and
- For ages 75 and over, the *proportion* of the population that are not in households is recorded as a percentage. Therefore, the population that are not in households in these age groups varies across the forecast period, depending on the size of the population.

8.23 Consequently, modelled growth in the communal population will be made up entirely of older age groups aged 75 and over, with the younger age component fixed. The following table shows the projected change in the communal population under each of the scenarios modelled by Edge Analytics between 2014 and 2039.

Figure 8.6: Modelled Change in Communal Population 2014 – 2039

	Newcastle-under-Lyme	Stoke-on-Trent
SNPP 2012	741	946
Past Growth 10 Year (inc UPC)	635	908
Past Growth 10 Year (exc UPC)	672	958
Employment-led (Experian)	843	1,097
Employment-led (LEFM)	868	1,013

Source: Edge Analytics, 2014

8.24 Evidently, there is a comparatively consistent level of growth in the communal population across all scenarios. In Newcastle-under-Lyme, the greatest growth is modelled in the employment-led scenarios, with a slightly smaller level of growth under the migration-led demographic scenarios.

8.25 This increase in need relates to individual persons, and this indicates that there will be an increased need for bedspaces in communal establishments over the plan period. The earlier review of definitions notes that the approach to classify supply may require a translation into dwellings or establishments. There is no specific methodology for doing this, however, and this will therefore need to be considered in the context of individual care home proposals. The following table does, however, show the number of residents per care home in Stoke-on-Trent and Newcastle-under-Lyme, based on the 2011 Census.

[106] Sourced directly from DCLG household projections, referred to as the 'institutional population' and taken from the 2011 Census

Figure 8.7: Residents per Care Home Establishment 2011

Medical and care establishment	Residents	Establishments	Residents per establishment
Newcastle-under-Lyme			
Care home with nursing	311	5	62
Care home without nursing	467	23	20
Stoke-on-Trent			
Care home with nursing	772	16	48
Care home without nursing	891	57	16

Source: Census 2011

8.26 The above figures – drawing on Census 2011 data to show the number of persons per care home – can be viewed as a useful benchmark for understanding how the level of need suggested in Figure 8.6 can be accommodated through different types of care homes. The variation in the size of care homes of different types, however, also highlights the challenges in directly quantifying the number of additional care homes required, and this will therefore need to be carefully monitored in the context of the additional need quantified at Figure 8.6.

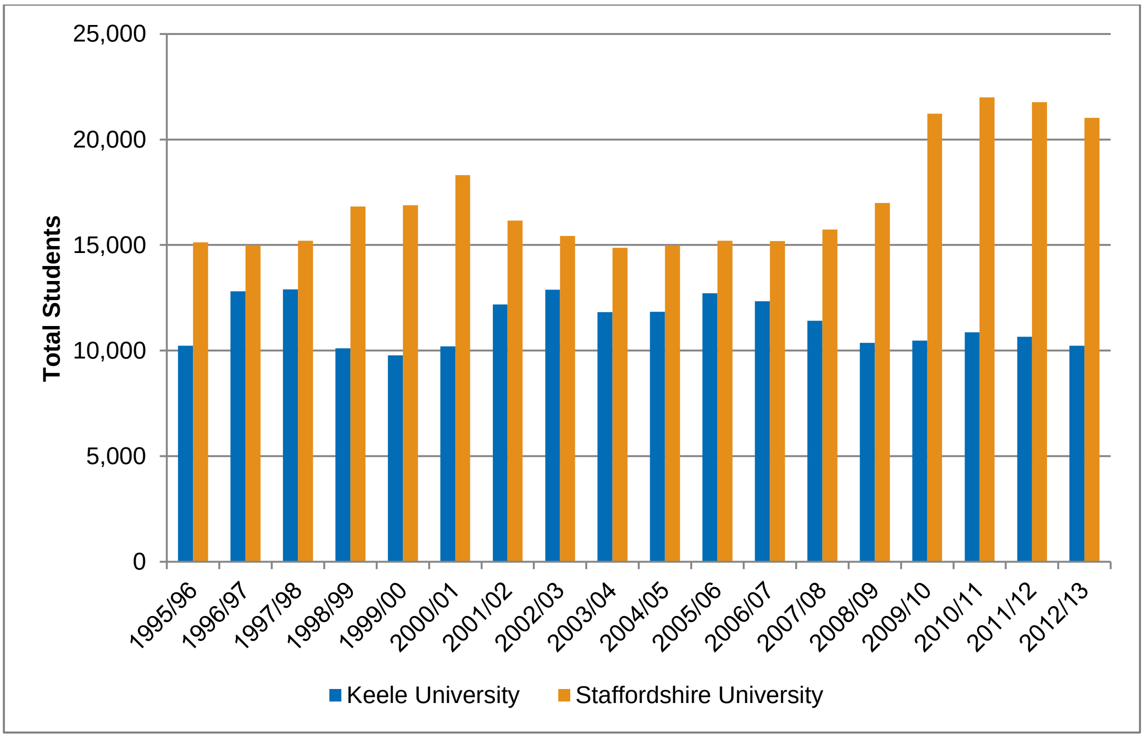
Students

8.27 Given the location of both Keele University and the Stoke-on-Trent campus of Staffordshire University within Newcastle-under-Lyme and Stoke-on-Trent respectively, it is important to understand the specific characteristics and needs of the student population.

Student Population

8.28 Statistics 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, although it is not possible to disaggregate student numbers at the latter to the Stafford and Stoke-on-Trent campuses.

Figure 8.8: Change in Student Numbers 1995 – 2013

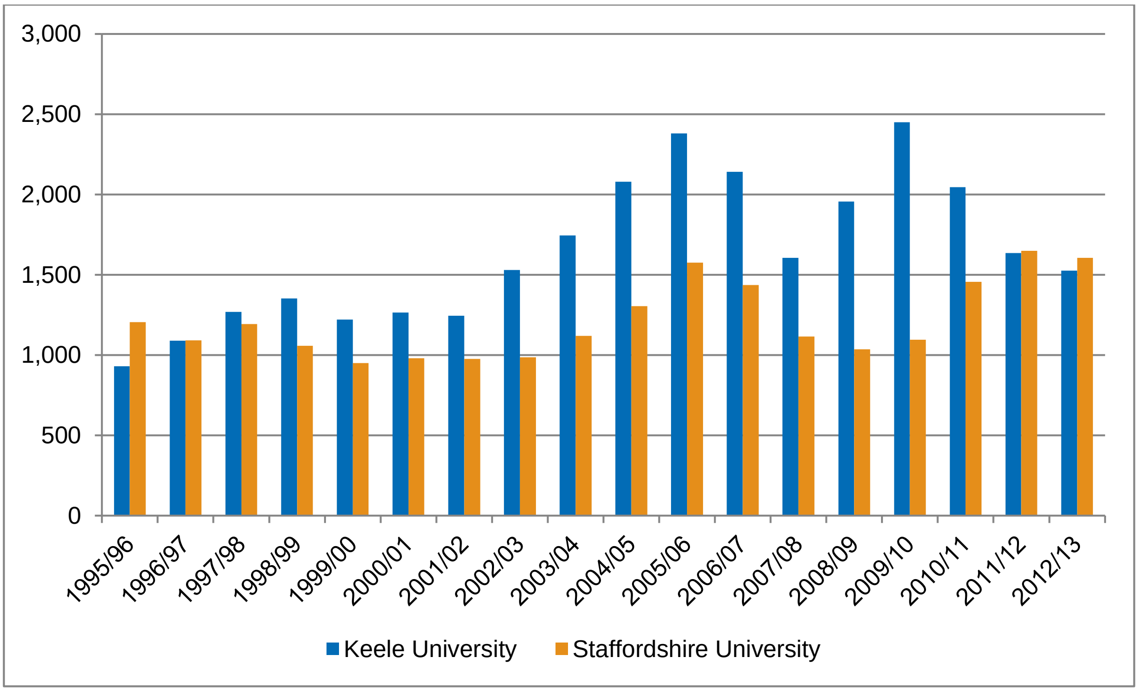


Source: HESA, 2014

8.29 This illustrates that student numbers at Keele have largely remained steady at around 10,000 students, although there has been a notable growth in the number of students at Staffordshire University. It is, though, important to recognise that some of these students will be studying in Stafford.

8.30 As highlighted later in this section, only a proportion of the total number of students are likely to require student accommodation, with many living with parents, for example. However, it is beneficial to determine how the total number of international students has changed at both universities, given that the accommodation options for such students are limited, with no option to live with parents, for example. This is summarised in the following graph, based on HESA statistics.

Figure 8.9: Change in Number of International Students 1995 – 2013



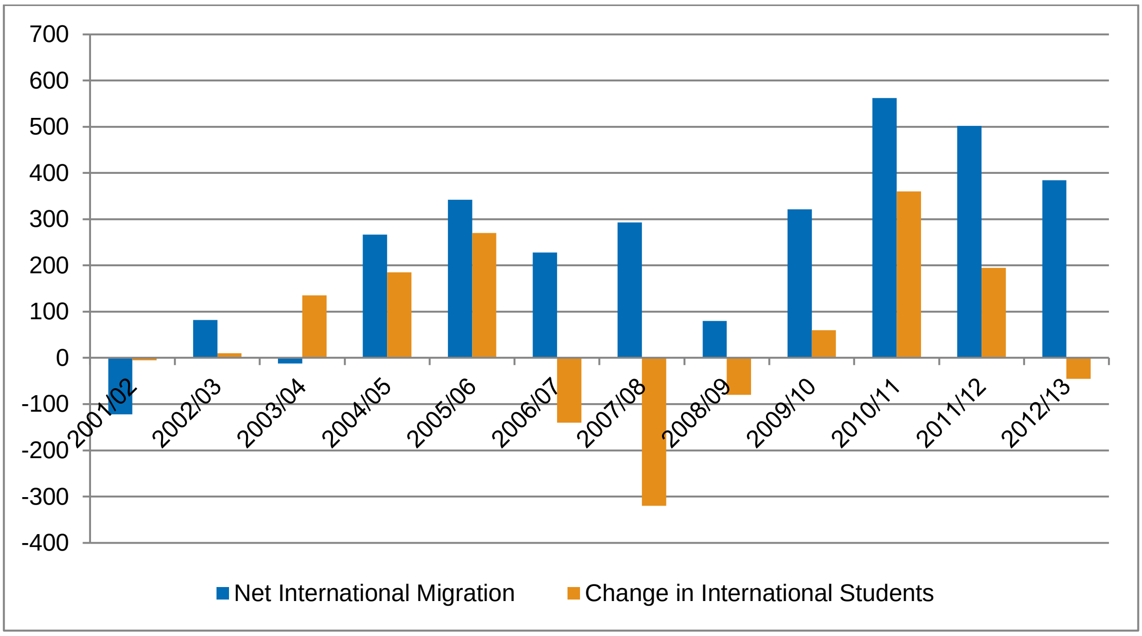
Source: HESA, 2014

8.31 Evidently, there has been a notable growth in the number of international students in Keele, rising from approximately 1,000 international students in 1995/96 to peak at just under 2,500 in 2009/10, although the number of international students has fallen over recent years. The number of international students registered at Staffordshire University has also increased over the period shown.

8.32 Further analysis indicates that, in Newcastle-under-Lyme in particular, there is a close correlation between net international migration and growth in the international student base, suggesting that students are a key driver in international migration to Newcastle-under-Lyme[107], as shown in the following graph. There is, however, an inverse relationship between 2006/07 and 2008/09, and the drivers behind this loss in international students are not known. It may be that this was a result of University policies, or the availability of certain courses. The ambition to grow the number of international students studying at Keele University, however, is likely to increase the level of net international migration to the borough. A similar analysis cannot be undertaken for Stoke-on-Trent, given that student numbers cover both the Stafford and Stoke-on-Trent campuses.

[107] This does not take account of unattributable population change (UPC), which is likely to reduce overall net international migration levels in Newcastle

Figure 8.10: Relationship between Net International Migration and International Student Numbers in Newcastle-under-Lyme



Source: HESA, 2014; ONS, 2014

8.33 It is also important to recognise the role of recent graduates in the local student accommodation market, with younger people more likely to privately rent and live in multi-adult households. Indeed, the 2011 Census shows that around one in three households in Stoke-on-Trent and Newcastle-under-Lyme with a family reference person aged 16 to 34 is privately renting from a landlord or agency, compared to only 12% for all age groups. Furthermore, younger people aged 16 to 34 in Stoke-on-Trent and Newcastle-under-Lyme are around twice as likely to live in 'other' households[108] compared to all residents, with this typically associated with unrelated adults sharing a house. These trends suggest that the market for HMOs can continue to attract recent graduates, given the ability to privately rent and share with other adults.

Student Accommodation

8.34 The following table provides an indication of the type of accommodation occupied by students aged 18 and over, sourced from the 2011 Census.

[108] Excluding those with dependent children, all full-time students and all aged 65 and over

Figure 8.11: Student Accommodation by Type 2011

Student accommodation	Newcastle-under-Lyme		Stoke-on-Trent	
	Total	%	Total	%
Living with parents	1,971	24.8%	4,137	37.0%
Living in a communal establishment	3,193	40.1%	845	7.6%
Living in all student household	1,710	21.5%	3,234	28.9%
Student living alone	273	3.4%	690	6.2%
Living in other household type	814	10.2%	2,267	20.3%
All students aged 18+	**7,961**	**–**	**11,173**	**–**

Source: Census 2011

8.35 Evidently, in Newcastle-under-Lyme, a high proportion of students live in communal establishments[109], with the campus nature of Keele University resulting in a higher proportion of students living in university accommodation. Around a quarter of students live with parents, while just over one in five live in a student household.

8.36 In Stoke-on-Trent, a notably lower proportion of students live in university accommodation, with the private sector playing a greater role – in accommodating all student households – and a higher proportion of students living with parents.

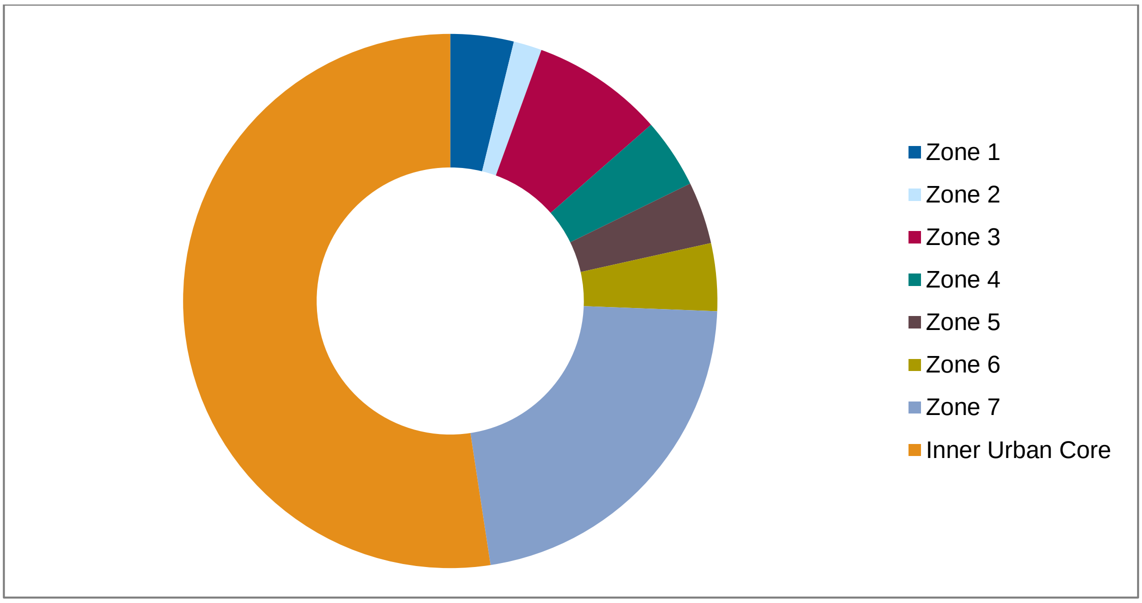
8.37 It is beneficial, therefore, to establish the current accommodation options for students at both Keele University and Staffordshire University. These are summarised below:

- There are 3,100 student beds provided by Keele University on campus, with further accommodation supplied by local providers in the local Keele area;
- There are 1,040 student beds on Staffordshire University's Stoke-on-Trent campus, based at Clarice Cliff Court and Leek Road; and
- There are a range of private accommodation options in Stoke-on-Trent, including larger developments such as Liberty Court, Carlton Suites and Empire House. It is understood that a further 600 student bedspaces are currently in the planning or construction phase in the town centre.

8.38 Beyond the options set out above – and living with parents – the majority of remaining students will be accommodated in houses in multiple occupation (HMO). Council Tax data supplied by Stoke-on-Trent City Council shows that there are 1,517 student exemptions within the authority, with over half located in the Inner Urban Core and just over 20% living in Zone 7. This is summarised in the following graph.

[109] Accommodation provided solely for students during term-time, owned either by universities or private landlords

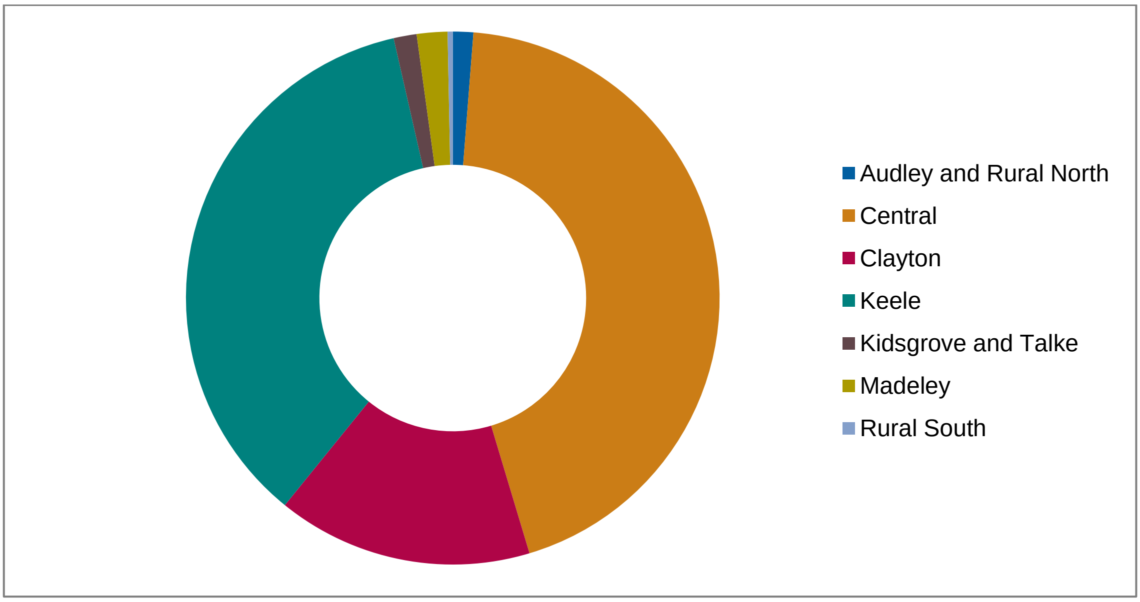
Figure 8.12: Location of Student Exemptions in Stoke-on-Trent



Source: Stoke-on-Trent City Council, 2014

8.39 Council Tax data provided by Newcastle-under-Lyme Borough Council indicates that there are 646 student exemptions in the borough, with the following graph showing that these are primarily concentrated in the Keele and Central sub-areas.

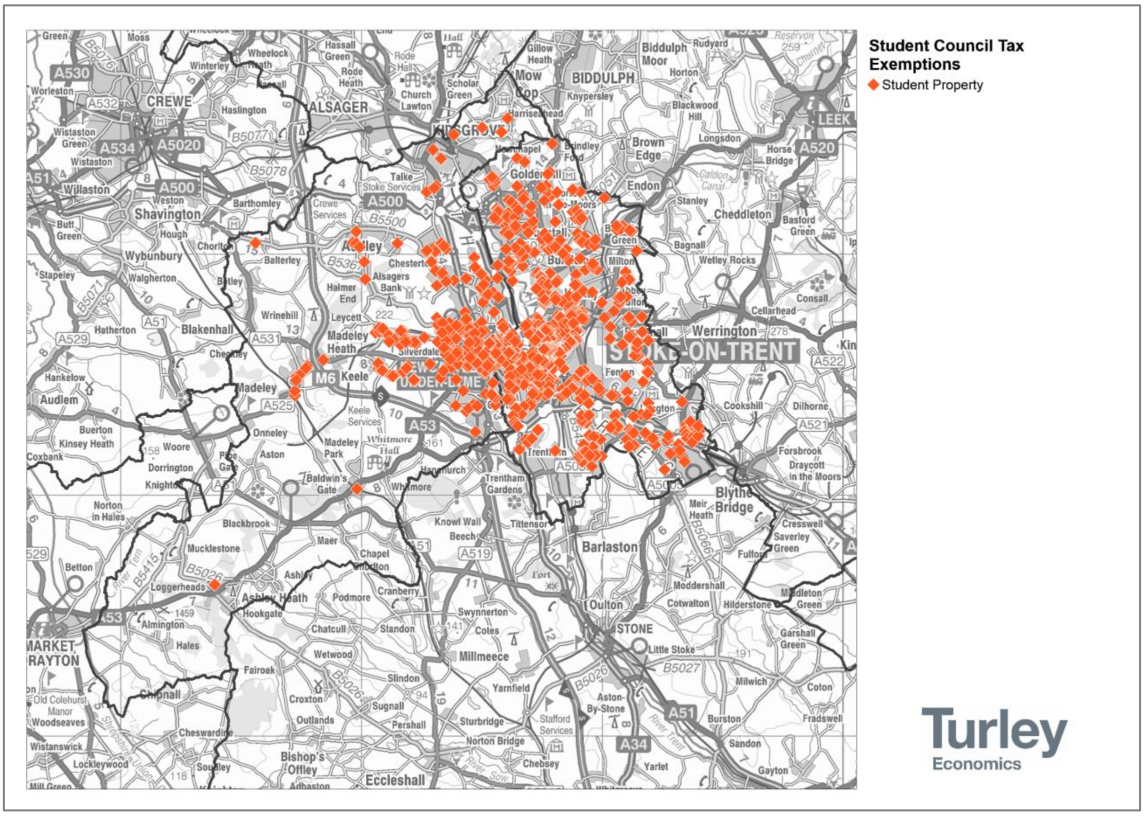
Figure 8.13: Location of Student Exemptions in Newcastle-under-Lyme



Source: Newcastle-under-Lyme Borough Council, 2014

8.40 The following plan shows the distribution of student exemption households throughout both authorities. As shown, there is a clear concentration within urban areas including the town centres of Newcastle-under-Lyme and Stoke-on-Trent. Interestingly, while there are a number of further properties distributed elsewhere in Stoke-on-Trent, there are fewer in Newcastle-under-Lyme, reflecting the more concentrated nature of the student community in the borough.

Figure 8.14: Distribution of Student Exemptions



Source: Stoke-on-Trent City Council, 2014; Newcastle-under-Lyme Borough Council, 2014

Future Need

8.41 In understanding the future need for student accommodation in Stoke-on-Trent and Newcastle-under-Lyme, it is important to firstly understand how the number of students in the area will change. This section therefore provides a summary of future strategic developments at both Staffordshire University and Keele University.

Keele University

8.42 The emerging Keele Strategic Plan covers the development and growth of the University over the period from 2015 to 2020[110]. While this process is still to be completed at the time of writing, key strategic aims and ambitions were recently published to obtain the views of key stakeholders.

8.43 There is a clear ambition to further develop Keele University as a broad-based research-led university, with about 13,000 students. Given that figures from the Higher Education Statistics Agency (HESA) show that student numbers have remained stable at around 10,000 over recent years, this represents an increase in the overall student population

[110] http://keele.ac.uk/strategicplan

of around 3,000 students. The emerging plan also states an ambition to grow and diversify the international student base.

8.44 With an increase in the total student population, this will inevitably have an impact upon the future development of student accommodation on campus and in the surrounding area. The University have indicated – through the engagement process – that around one third of this growth will be accommodated on campus, with off-campus provision required to house the remaining additional student population. Indicatively, based on the growth to around 13,000 students, this would suggest that an additional 2,000 students may require accommodation off-campus, although it is noted that an accommodation strategy has not yet been finalised.

8.45 This should therefore be monitored through the University's Estate Strategy, with the previous Estate Strategy – running from 2011 to 2015[111] – shortly to be renewed. Notably, this set out the establishment of a capital sum to support an initial refurbishment and subsequent maintenance and renewal of the residential estate, with this programme scheduled to run until 2046.

8.46 The Estate Strategy also recognises that the University's accommodation should respond to the shift in the student population, and changing expectations and requirements, while reflecting the focus on increasing international and postgraduate student numbers. Attendees at the stakeholder workshop felt that students increasingly expect high quality modern accommodation, suggesting a need for purpose-built accommodation, and consideration will therefore need to be given to the suitability of existing student accommodation to meet future needs and requirements. Keele University's accommodation strategy, for example, currently seeks to deliver a mix between flats/houses (60%), hotel style en-suite blocks (20%) and traditional communal blocks (20%), although the latter group will eventually be phased out and replaced with a range of accommodation that appeals to a broad range of socio-economic groups.

Staffordshire University

8.47 Staffordshire University operates from two campuses, with campuses in Stoke-on-Trent and Stafford. The University recently announced plans to relocate the majority of courses, students and staff to the Stoke-on-Trent campus[112], in response to the preferences of students – who typically prefer an edge of city campus – and a recent audit of teaching accommodation which showed that the average room use is far lower than comparable universities.

8.48 There is no fixed timescale for relocation, but the University is likely to vacate the Beaconside campus in Stafford by 2016 at the latest, with up to 3,000 students moving to Stoke-on-Trent from September 2016[113].

8.49 A masterplanning process is currently underway to determine the timescales for the move and identify the level of investment required to accommodate more students within the Stoke-on-Trent campus. There are currently around 500 student bedspaces in Stafford, and there is an expectation that up to 400 additional beds will be required in

[111] Keele University (2012) Estate Strategy 2011 – 2015
[112] http://www.staffs.ac.uk/news/university-relocation-decision-is-in-best-interests-of-students.jsp
[113] *Ibid*

Stoke-on-Trent. Much of this may be provided in existing accommodation, although there may be a need for new provision. The University consider that the capacity at Stoke-on-Trent is sufficient to meet needs up to 2018/19, with an emerging plan to provide additional capacity from 2017/18 which may replace dated existing provision on site.

Implications

8.50 As the review above has shown, both Universities are currently preparing updated development strategies, with Staffordshire University in particular in the process of preparing a masterplan for the relocation of the majority of courses, students and staff to the Stoke-on-Trent campus. On this basis, it is likely that the number of students in the area will grow.

8.51 The extent to which this increased student population can be accommodated is dependent on the level of additional accommodation planned by the Universities. In the absence of such accommodation – and even accounting for the pipeline of planned and permitted student accommodation – there would be a gap between the number of students requiring accommodation and the number of student bedspaces in Stoke-on-Trent and Newcastle-under-Lyme. This could generate an increase in demand for alternative provision, including private sector accommodation or HMOs, with the exception of first year students who are typically housed on-campus in University accommodation. Furthermore, an increase in the number of international students would also have an impact, with these students likely to require accommodation from the University or private providers, given that they are unlikely to have the option of living at home.

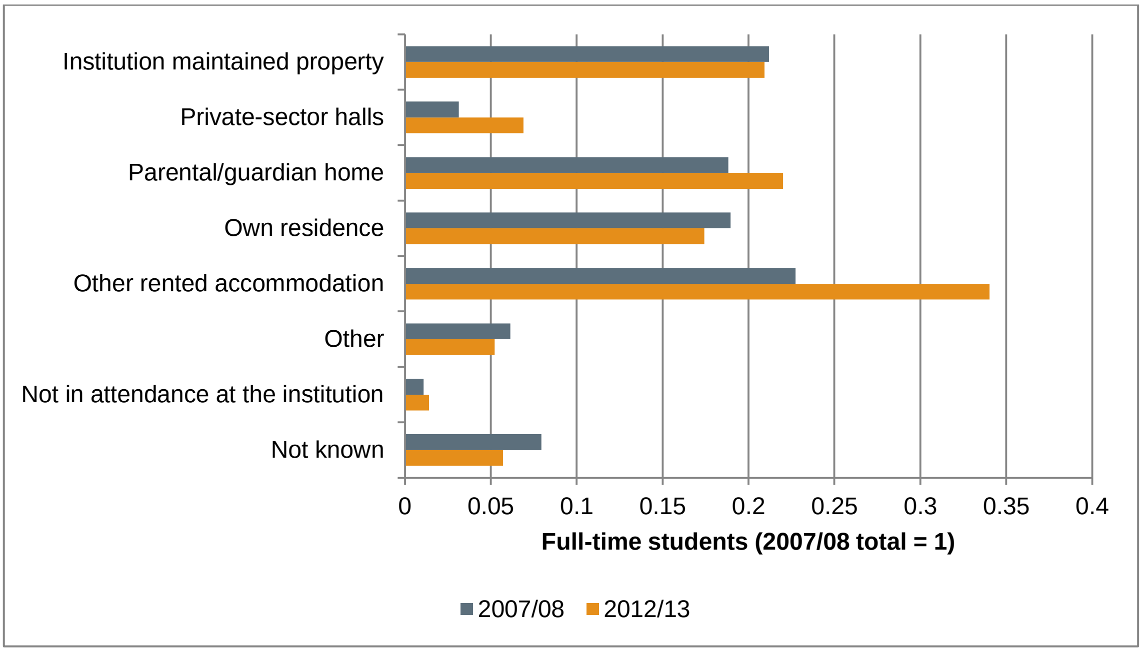
8.52 Changing student accommodation requirements – and an increasing preference towards modern, high quality accommodation – could have implications for existing student stock in both authorities, and indeed it is clear that Keele University's accommodation strategy already proposes to phase out communal blocks in response to student preferences. This could have implications on other sectors of the student housing market – such as private landlords who buy to let – and this should therefore continue to be monitored as future development and growth strategies become clearer. The provision of new on-campus accommodation, for example, would mitigate this impact. The increased demand generated by the relocation of Staffordshire University should also be taken into account, given that it is likely to have an impact on the student housing market in the area due to a growth in the overall student population.

8.53 The private sector could therefore play an important role in accommodating future growth in student numbers, as has been seen nationally over recent years. Research by Savills[114] utilises HESA statistics to show that the private sector has absorbed a significant amount of growth nationally, as shown in the following graph. This indexes the number of students against 2007/08, and shows how private sector halls and other rented accommodation have seen the greatest growth in the number of students accommodated over the period shown. There has also interestingly been an increase in the number of students living in their parental or guardian home, which could be linked to the increased costs of higher education, and attendees at the stakeholder workshop

[114] Savills (2014) Spotlight – UK Student Housing

suggested that this was also the case locally in Stoke-on-Trent and Newcastle-under-Lyme. This data is not available at local authority or University level, however.

Figure 8.15: Accommodating National Growth in Student Population



Source: Savills, 2014; HESA, 2014

8.54 It is also important to recognise that the future development of Universities can shape demand for different types of student accommodation, with the delivery of new accommodation often seeing students move from shared housing to purpose-built accommodation, although price and location are important determining factors.

8.55 The future need for student accommodation is directly linked to future change in student numbers, and the development strategies of Universities. An increase in the number of students – without a supply response – would be likely to increase demand for HMOs and other private sector accommodation, while an increase in supply growth in the student base would likely reduce demand for student housing. HMOs in particular play a role as a mechanism for relieving demand for student accommodation where there is an imbalance between supply and demand, stemming from the immediacy of supply with little or no construction period. This can provide an immediate supply response to an increase in student population, which contrasts with purpose-built accommodation where there is an inherent time lag before additional supply comes onto the market. This would require an element of forecasting of future student numbers.

8.56 HMOs can therefore play a critical role in meeting and balancing any shortfall between the supply and demand for student accommodation, although the delivery of purpose-built accommodation – of high quality, in attractive locations and at reasonable costs – can be a more attractive option for students. This can subsequently reduce demand for HMOs if delivered, although cost and location are important factors with HMOs in accessible and established student communities likely to remain popular irrespective of additional supply.

People with Disabilities

8.57 Understanding the broad number of households with support, special or specific needs – and the breadth of their individual challenges – is crucial to determining where and how much purpose-built or adapted housing is required.

8.58 There is no single data source which enables a thorough assessment to be made of the scale of these issues. However – similarly to the POPPI dataset introduced above – Projecting Adult Needs and Service Information (PANSI) is produced by the Institute of Public Care to explore changes in those with disabilities, particularly focusing on people aged 18 to 64. These households, alongside others, are likely to require some form of support within their properties. This analysis therefore provides a useful indication of the levels of demand for existing stock and future requirements to deliver new suitable properties and / or adaptations.

8.59 The table below summarises the proportion of the population aged 18 to 64 forecast to be classified as having a disability, with projections linked to the official 2012-based population projections. This allows analysis of change over the period from 2014 to 2030.

Figure 8.16: Change in People with Disabilities (18 – 64) 2014 – 2030

Disability	Newcastle-under-Lyme		Stoke-on-Trent	
	2014	2030	2014	2030
All people aged 18 to 64	**76,046**	**73,335**	**154,286**	**151,436**
Learning disability	2.4%	2.5%	2.4%	2.5%
Moderate or severe learning disability	0.6%	0.6%	0.6%	0.6%
Moderate physical disability	7.9%	7.9%	7.6%	7.7%
Serious physical disability	2.4%	2.4%	2.2%	2.3%
Moderate or serious personal care disability	4.7%	4.8%	4.5%	4.6%

Source: PANSI, 2014

8.60 This dataset suggests that the proportion of residents in both Stoke-on-Trent and Newcastle-under-Lyme aged 18 to 64 with a disability is projected to remain relatively constant, although it is important to note that this dataset is underpinned by 2012-based population projections which expect the number of residents aged 18 to 64 to fall in both authorities. Under other scenarios which project growth in this age group, the absolute number of people with disabilities will increase, with some of these residents requiring specialist housing provision.

8.61 Specialist housing can be provided through Disabled Facilities Grants (DFG), which can enable necessary and appropriate adaptations to meet the needs of disabled persons. Data on completions has been provided by the Councils, which shows that:

- An average of 188 DFG adaptations have been completed in Stoke-on-Trent per year since 2010/11, with an average of 229 enquiries per month over the same period; and

- In Newcastle-under-Lyme, since 2011/12, an average of 98 DFG adaptations have been completed, of which 26 provided equipment – such as stair lifts, step lists or bathroom facilities – and 72 per year involved building, through level access provision, construction of ramps, lifts or extensions.

8.62 This highlights the important role of DFG in allowing existing dwellings to be adapted to meet the needs of disabled facilities, potentially reducing the need for new specialist accommodation to be provided. Lifetime homes can also provide a means of meeting the needs of people with disabilities. It is, however, important to note that some disabilities will continue to require specialist accommodation, with needs unable to be met through adaptation. Ongoing monitoring by the Councils will be necessary to ensure that specific needs are met through the provision of appropriate stock.

High Income Earners

8.63 Stakeholder engagement has highlighted the importance of considering the need for high value housing for higher income earners in Stoke-on-Trent and Newcastle-under-Lyme, given that it was suggested that many households move out of the area to access higher value housing.

8.64 Retention of these households could grow the skilled labour force and generate economic growth, and this forms the basis of evidence previously prepared for the Councils[115]. This found:

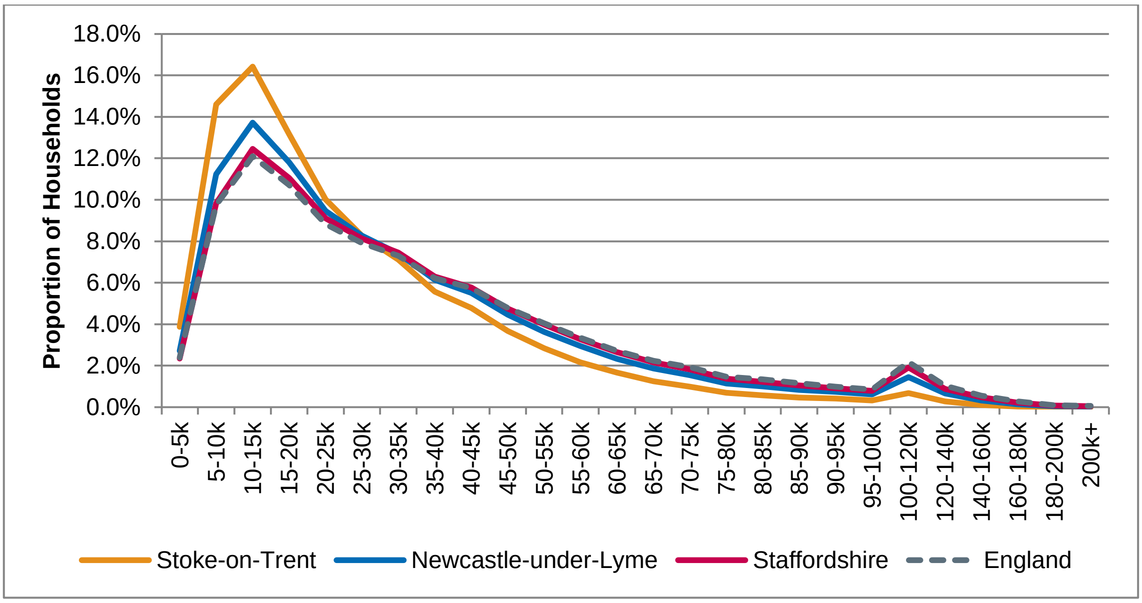
"The evidence indicates that current provision of true executive housing is limited and the offer may not meet the aspirations of the potential executive purchaser and existing wealthy residents. This has a number of economic implications such as loss of council tax revenue, lack of local entrepreneurs and business leaders and reduced demand within the leisure and service sector"[116]

8.65 There was, however, recognition that the overall size of the market is modest, with the economics for such development in North Staffordshire unlikely to favour low density, high specification housing of higher value. It is also important to recognise that this study was completed in 2010, since when the supply of high value homes has increased through granting of planning permissions.

8.66 Expanding on the first point, analysis of the income profile of the two authorities reveals that there is a comparatively low representation of households with higher income earners, with a comparatively high proportion of households earning relatively low incomes, particularly in Stoke-on-Trent. This is illustrated in the following graph, which uses CACI data to show the proportion of households within each income band. England and Staffordshire are included as comparators.

[115] Ibid
[116] Ibid (para 10.8.3)

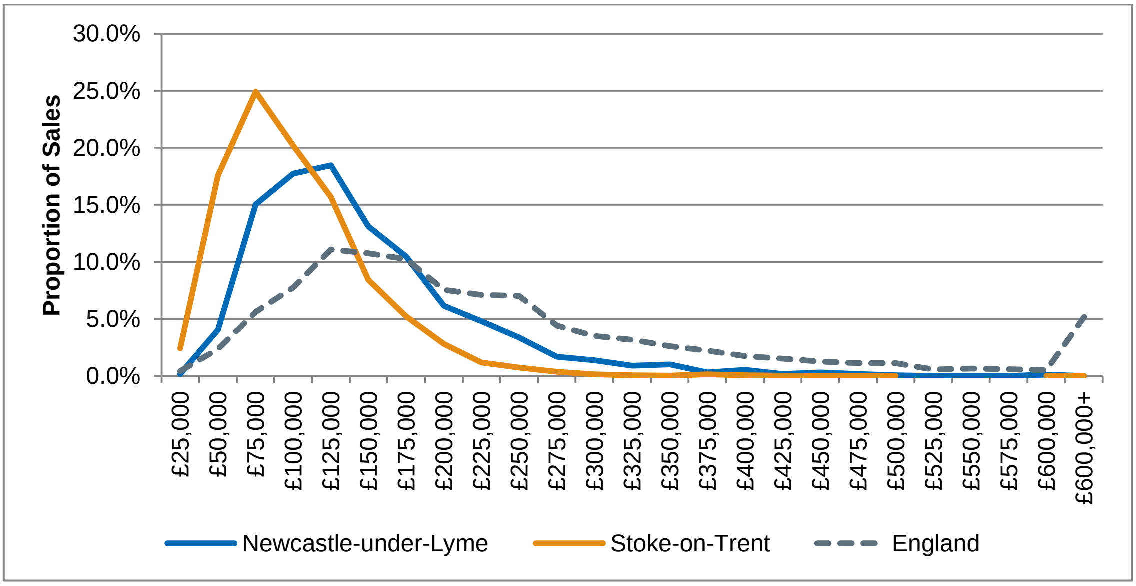
Figure 8.17: Profile of Household Income



Source: CACI, 2014

8.67 Going forward, it is evidently important to ensure that the housing stock in Stoke-on-Trent and Newcastle-under-Lyme supports aspiration and enables households to move up the housing ladder to larger housing of higher value. The analysis in section 5 has highlighted that house prices in Newcastle-under-Lyme and particularly Stoke-on-Trent are relatively low compared to the national average and neighbouring authorities, and – as the following graph shows – the market is disproportionately characterised by lower value sales, with comparatively little activity in higher value price brackets. This is shown through rounding of house prices to the nearest £25,000, and analysing the proportion of all sales within each age bracket.

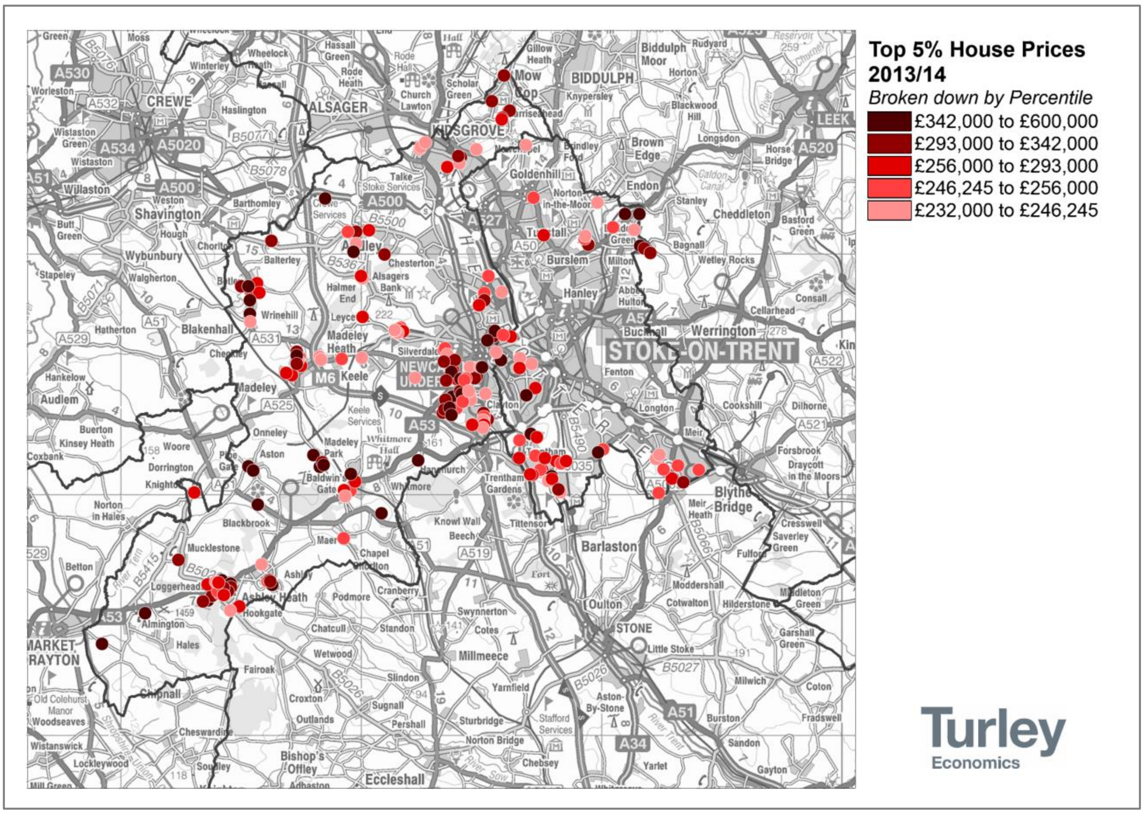
Figure 8.18: House Price Distribution September 2013 – August 2014



Source: Land Registry, 2014

8.68 For context, the following plan shows where higher value sales have been recorded in Stoke-on-Trent and Newcastle-under-Lyme over the same period. This has been undertaken by identifying the top 5% of prices paid across the two authorities between September 2013 and August 2014, with sales subsequently broken down by percentile.

Figure 8.19: Top 5% House Prices 2013/14



Source: Land Registry, 2014; Turley, 2015

8.69 There is an interesting spatial geography to higher value sales in Stoke-on-Trent and Newcastle-under-Lyme, with many in the highest percentile located in rural Newcastle-under-Lyme and on the outskirts of each authority. There are also clusters of higher value sales in areas such as Loggerheads, while there are a number of higher value sales within the urban core of the authorities.

8.70 It is, however, important to note that simply taking percentiles may not fully capture the picture of higher value housing in Stoke-on-Trent and Newcastle-under-Lyme, given that this inherently reflects the price of the existing stock sold rather than identifying a price which represents a threshold to aspirational higher value housing.

8.71 A telephone survey of local businesses was also commissioned by Stoke-on-Trent City Council in December 2012 and January 2013, which provides an insight into the views of 33 businesses in the authority and its neighbours – including Newcastle-under-Lyme – on the current housing stock and whether this limits their ability to attract or retain a high quality workforce. This highlighted that:

- 59% of business leaders in Stoke-on-Trent suggested that they – and their management – would prefer to live outside of Stoke-on-Trent and commute into the city for work. This suggests a leakage of business leaders and managers out of the city;

- Business leaders and managers in Stoke-on-Trent perceive that the majority of their non-management staff hold a preference for residing in the authority;

- The majority of business leaders surveyed do not perceive that a limited availability of high value housing in Stoke-on-Trent currently limits the ability of their business to attract or retain a high quality labour force;

- Nearly 70% of business leaders surveyed did not believe that an increase in the availability of higher value homes would encourage them and other management or employees to move into Stoke-on-Trent. This view was shared by business leaders currently living in Newcastle-under-Lyme and Cheshire East;

- Business leaders were also asked for their primary influencing factor in deciding where to live, with good access to the countryside and open space cited by the highest proportion of respondents. Other responses included proximity to place of business, quality of local education and social and family ties;

- A subsequent online survey – on the same question – indicated that a positive neighbourhood reputation, low crime and high safety levels and a choice of desirable homes were key contributing factors to business employees in deciding where to live; and

- Online survey respondents also felt that improving neighbourhood reputation, increasing the availability of good jobs, lowering crime rates and providing good quality homes would assist in improving Stoke-on-Trent as a place to live.

8.72 Whilst the responses in the surveys do not necessarily establish a clear link between the provision of new higher value housing and economic growth, there is a recognition of the importance of providing high quality desirable homes, in neighbourhoods with positive reputations.

8.73 It is expected that further engagement with businesses will be undertaken as the Councils finalise their economic evidence. In addition, it is important to understand – from the analysis of forecast job growth – the extent to which this is likely to include higher value jobs which are also likely to command higher earnings. This will have an important bearing on understanding anticipated future need for housing to meet this group over the future plan period. It is evident, however, from the outcomes of previous surveys – and the current under-representation of this group – that the role of higher value housing to meet the needs of higher income households within the two authorities continues to be evidenced and recognised as an important component of the overall housing offer required in the future.

8.74 Following the completion of the ELR, it is therefore recommended that the Councils review the need to update the previously published Executive Housing Market Study (2010) on the basis that seeking to address this aspect of the existing housing market offer remains a priority and potential ‘gap’.

Black and Minority Ethnic Groups

8.75 The specific needs of black and minority ethnic (BME) groups should also be considered, in recognition that housing trends amongst these groups can differ from the average profile across the wider market.

8.76 The following table sets out the ethnic composition of Stoke-on-Trent and Newcastle-under-Lyme, using data from the 2011 Census. England is also included as a comparator.

Figure 8.20: Population by Ethnic Group 2011

Ethnic Group	Newcastle-under-Lyme		Stoke-on-Trent		England
	Total	%	Total	%	%
White British	115,510	93.3%	215,222	86.4%	79.8%
White Other	2,152	1.7%	5,490	2.2%	5.7%
Mixed Ethnicity	1,490	1.2%	4,491	1.8%	2.3%
Asian or Asian British	3,512	2.8%	18,442	7.4%	7.8%
Black or Black British	828	0.7%	3,741	1.5%	3.5%
Other Ethnic Group	379	0.3%	1,622	0.7%	1.0%

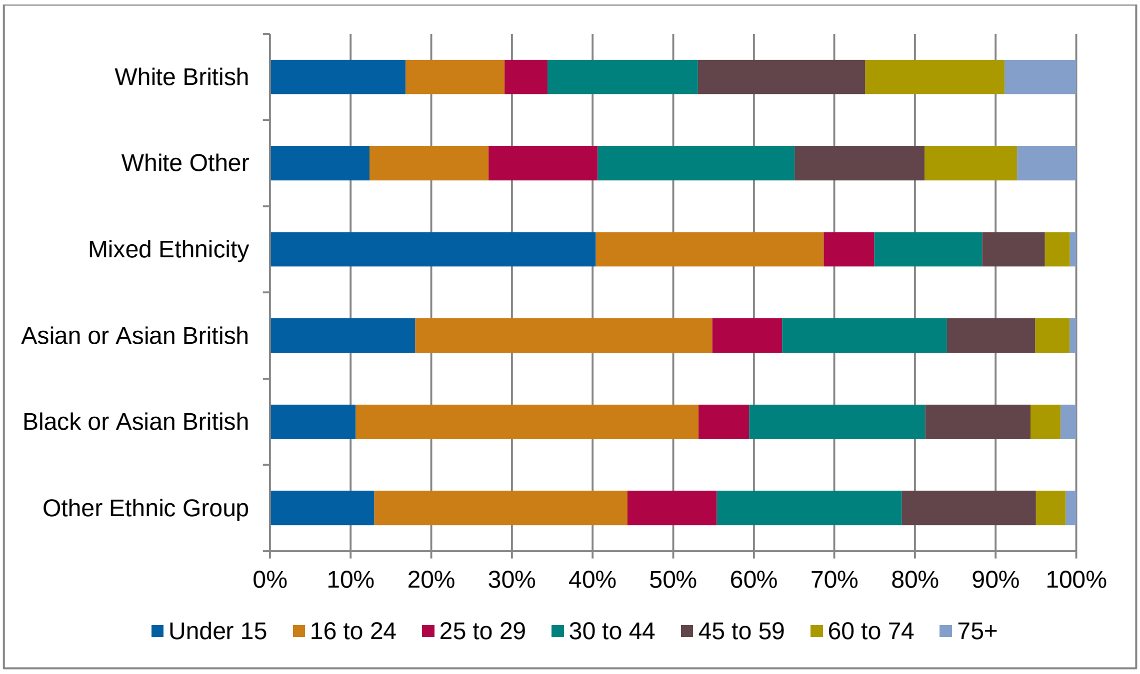
Source: Census 2011

8.77 As shown, Newcastle-under-Lyme has a higher than average representation of White British residents – compared to England – with a subsequent under-representation of other ethnicities. Stoke-on-Trent has a lower proportion of White British residents that nevertheless remains higher than the national average. Compared to Newcastle-under-Lyme, a higher proportion of Stoke-on-Trent residents are from all other ethnic groups, most notably in Asian and Asian British ethnic groups, where there is a relatively close alignment with the national profile.

8.78 Understanding the age profile of different ethnic groups also provides useful context, particularly given that housing requirements can vary by age. The Census indicates, for example, that younger people are more likely to privately rent, with those aged 50 and over typically more likely to be owner occupiers.

8.79 As shown in the following graph, 2011 Census data indicates that there are variations in the age profile of different ethnic groups. Those in a mixed ethnic group are typically younger, with only one in four older than 30. Asian and Black ethnic groups are also characterised by a younger demographic, with fewer older people.

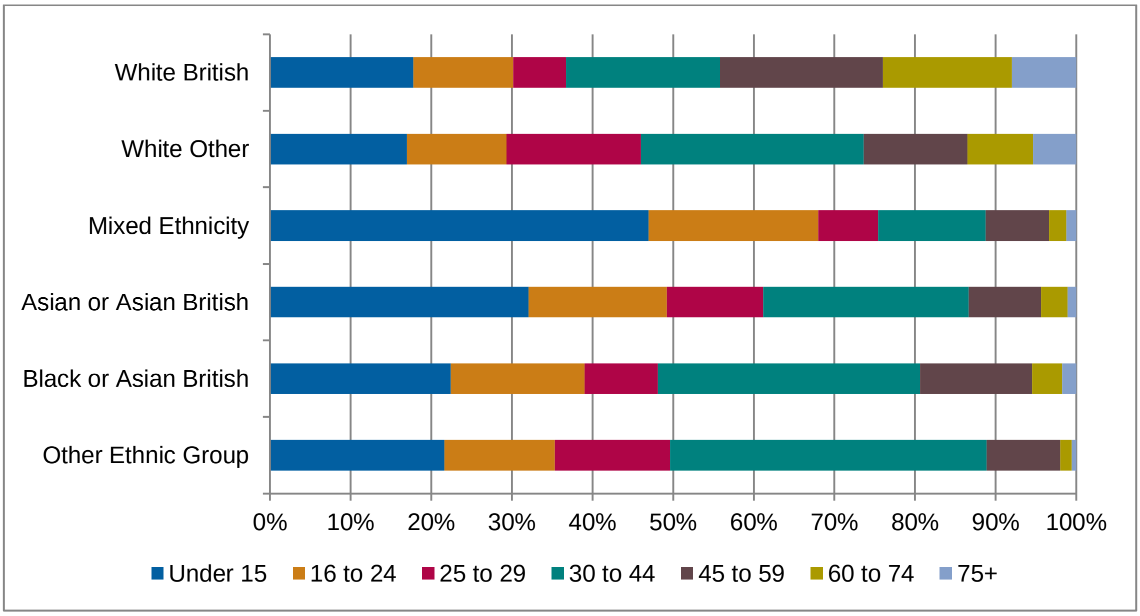
Figure 8.21: Age by Ethnic Group 2011 – Newcastle-under-Lyme



Source: Census 2011

8.80 Similar trends are replicated in Stoke-on-Trent, as shown below, with mixed ethnicity groups dominated by younger residents and Black and particularly Asian ethnic groups containing a higher proportion of residents aged under 30.

Figure 8.22: Age by Ethnic Group 2011 – Stoke-on-Trent



Source: Census 2011

8.81 Census data also allows an assessment of the prevalent tenure of choice for different ethnic groups, as summarised in the following table.

Figure 8.23: Tenure by Ethnic Group 2011

Ethnic Group	Newcastle-under-Lyme			Stoke-on-Trent		
	Owned	Social rented	Private rented	Owned	Social rented	Private rented
All groups	**71.6%**	**16.7%**	**11.7%**	**62.1%**	**22.1%**	**15.7%**
White British	72.7%	16.8%	10.5%	64.0%	22.4%	13.6%
White Other	49.0%	18.2%	32.9%	33.4%	22.2%	44.4%
Mixed ethnicity	57.9%	20.0%	22.1%	40.3%	32.9%	26.8%
Asian or Asian British	59.8%	9.1%	31.1%	66.0%	10.2%	23.8%
Black or Black British	40.0%	19.1%	40.9%	22.0%	44.4%	33.7%
Other ethnic group	53.2%	17.6%	29.1%	25.4%	37.9%	36.7%

Source: Census 2011

8.82 In Newcastle-under-Lyme, it is evident that White British residents show a greater propensity to be owner occupiers, with fewer in the private rented sector in particular. This sector does, however, play a greater role in occupying those in Asian and particularly Black ethnic groups, as well as other white groups. There is broadly less variation in the social rented sector, although it is noted that Asian residents are less likely to access housing through this tenure.

8.83 There are broadly similar trends in Stoke-on-Trent, although – as noted earlier – residents are generally less likely to be owner occupiers. However, residents in Asian and White British ethnic groups show the greatest propensity to own their own home, with the social rented sector again playing a comparably small role in the former group.

8.84 Overcrowding is a further indicator that can vary by ethnic group[117], and therefore the following table summarises the occupancy rating of households. As in section 3, a household is considered overcrowded if it has one or more fewer bedrooms than required – based on the bedroom standard – while a household is under-occupied if there are one or more bedrooms more than required.

[117] Based on ethnic group of household reference person

Figure 8.24: Overcrowding and Under-Occupation by Ethnic Group 2011

Ethnic Group	Newcastle-under-Lyme		Stoke-on-Trent	
	% of households overcrowded	% of households under-occupied	% of households overcrowded	% of households under-occupied
All groups	**2.7%**	**73.3%**	**4.4%**	**66.9%**
White British	2.5%	73.8%	3.4%	68.8%
White Other	4.6%	66.5%	7.2%	56.4%
Mixed ethnicity	2.5%	63.0%	6.2%	55.4%
Asian or Asian British	6.5%	64.2%	18.8%	46.5%
Black or Black British	6.4%	59.0%	8.6%	51.1%
Other ethnic group	4.1%	62.7%	7.5%	53.8%

Source: Census 2011

8.85 In Newcastle-under-Lyme, there is notable variation in overcrowding by ethnic group. White British households are more likely to under-occupy their home, while residents in Asian or Black ethnic groups show a higher level of overcrowding. This is reinforced in Stoke-on-Trent, where almost one in five households with a household reference person in an Asian ethnic group has at least one fewer bedroom than required. Households in each ethnic group are also more likely to be overcrowded than comparable households in Newcastle-under-Lyme.

8.86 Overall, it is evident that the housing characteristics of BME groups can significantly deviate from the average profile for both authorities, and this therefore warrants careful consideration in order to ensure that needs are met. Asian ethnic group households, for example, are most likely to exhibit characteristics of overcrowding, potentially suggesting that larger dwellings may be required to meet the needs of this group. With relatively few in this group accessing housing through the social rented sector, it will be important to ensure that larger market and private rented housing is available. Black ethnic group households, however, are typically less likely to be owner occupiers, with a greater reliance upon the private rented sector in Newcastle-under-Lyme and the social rented sector in Stoke-on-Trent. Recognising the operation of the housing market, these characteristics are likely to be linked to a range of factors, including income, affordability and cultural traditions.

Gypsy and Traveller

8.87 An assessment of the need for Gypsy and Traveller accommodation was published in 2007[118], covering Newcastle-under-Lyme and Stoke-on-Trent as well as East Staffordshire, Stafford and Staffordshire Moorlands. The main findings of this report are summarised below:

118 Salford Housing and Urban Studies Unit (2007) North Housing Market Area Gypsy and Traveller Accommodation Needs Assessment

- There were at least 664 local Gypsies and Travellers within the wider area, based on estimates in 2007;

- At the time of the assessment, there were 19 authorised residential pitches in Newcastle-under-Lyme, with 42 authorised pitches in Stoke-on-Trent; and

- The report considered that there was an additional residential need for 37 further pitches in Newcastle-under-Lyme over the period from 2007 to 2026, and a need for 66 additional pitches in Stoke-on-Trent over the same period.

8.88 An updated study has recently been commissioned by Stoke-on-Trent and Newcastle-under-Lyme, which will provide an updated position on the level of need.

Self-Build and Custom Build

8.89 The NPPF – in expecting authorities to have a clear understanding of housing needs in their area – states that need should be addressed for all types of housing, including people wishing to build their own homes. Two approaches are commonly recognised – 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[119].

8.90 'Laying the Foundations: a Housing Strategy for England' provides useful national context in relation to both self-build and custom build[120]. The strategy states that, in 2011, over 100,000 UK residents were looking for building plots across the country, with around one in ten new homes custom built. This is considerably lower than in many other European countries, and recent figures suggest that – while there is demand – there are relatively few self-build homes in the UK, with just 8,235 delivered in 2013 – a fall of 22% since 2010[121]. However, as many as half of people nationally would consider building their own home if they were able to do so[122].

8.91 This suggests that, despite suggested demand, there are a number of challenges holding back the potential of this sector, including limited finance and mortgage products, restrictive regulation, a lack of impartial evidence, and – crucially – land. A lack of available land means that self-building often involves knocking down properties and rebuilding, with custom build therefore not increasing the housing stock as much as it could[123].

8.92 In response to this, the 2014 Budget outlined the Government's intention to consult on a new 'Right to Build', giving custom builders a right to a plot from local authorities. A £150 million repayable fund has been made available to help provide up to 10,000 serviced plots for custom build[124].

---

[119] The Self Build Portal – http://www.selfbuildportal.org.uk
[120] HMGovernment (2011) Laying the Foundations: a housing strategy for England
[121] Based on number of people claiming VAT relief on self-build homes – Parliamentary Answer to Hilary Benn MP, May 2014
[122] HMGovernment (2011) Laying the Foundations: a housing strategy for England
[123] http://www.self-build.co.uk/blog/more-plots-required-self-building
[124] HMGovernment (2014) Budget

8.93 In September 2014, Stoke-on-Trent was announced as one of eleven local authorities that have been selected to become a Right to Build Vanguard. The Council will therefore be a forerunner in the Right to Build programme, with the opportunity to provide evidence and examples of how the Right to Build could work in different circumstances:

"Stoke on Trent City Council is bringing forward serviced building plots for custom build housing in a range of locations...The City Council has identified that it has 72ha amenity land that could be disposed of as the land currently has no purpose. The amenity sites could be used for a mix of self and custom build housing depending on their suitability which is yet to be evaluated. The Council is committed to bring forward at least three sites, if demand can be demonstrated through a local register"[125]

8.94 Stoke-on-Trent could therefore see an increase in the contribution of self-build development, linked to this programme. As it is in its infancy, however, it is unclear the extent to which needs can be met through this type of development, and indeed the role of this type of housing in Newcastle-under-Lyme is also unclear. This should therefore continue to be monitored by the Councils, recognising the absence of specific information or data on the need for self-build and custom-build housing.

Bringing the Evidence Together

8.95 In line with the PPG, this section considers the housing needs of specific groups, with the evidence highlighting that there is likely to be an increased need for specialist older persons accommodation, in response to a modelled ageing of the population. There could also be a need for further student accommodation, with this linked to the future developments of Universities – such as the planned growth of the Staffordshire University Stoke-on-Trent campus – and the extent to which student accommodation is provided by Universities. This section has also considered the specific needs of people with disabilities and BME groups, as well as providing context on future need for self-build and custom-build property.

8.96 Identified conclusions from this section are summarised below for each authority.

Stoke-on-Trent

- Stoke-on-Trent has seen a marginal fall in the older persons population between 2001 and 2011 – going against the national trend – which is driven by a fall in those aged 75 to 84. There has, though, been proportional growth in those aged 85 and over, albeit not to the extent seen in Newcastle-under-Lyme or nationally. Of this total in 2011, 1,173 residents lived in communal establishments, such as care homes;

- Modelling undertaken by Edge Analytics expects significant growth in the older persons population over the plan period, with the scenarios suggesting that there will be at least 17,000 additional older persons in the authority in 2039 relative to 2014. The Employment-led (Experian) scenario, however, projects a higher level of growth in excess of 21,000 people;

[125] DCLG (2014) Right to Build: Supporting Custom and Self Build – Consultation

- The modelling makes assumptions around the number of people living in communal establishments – such as care homes – with this number remaining fixed with the exception of those aged 75 and over, which is modelled to grow. It can be assumed, therefore, that this growth is linked to those in care homes, indicating a requirement for specialist C2 accommodation. With the communal population modelled to increase by approximately 900 – 1,200 people, this could suggest a need for additional specialist accommodation for older persons over the plan period;

- Staffordshire University has seen notable growth over recent years, with over 20,000 students registered in 2012/13. It is not, however, possible to disaggregate this total between the Stafford and Stoke-on-Trent campuses;

- Around 29% of students in Stoke-on-Trent live in an all student household, with 37% living with parents and relatively few – only 7.6% – living in communal establishments. There are around 1,000 student bedspaces at the Staffordshire University Stoke-on-Trent campus, with a range of private accommodation options in the city and a further 600 bedspaces currently in the planning and construction phase. There are also a significant number of HMOs, with 1,517 properties exempt from Council Tax due to student status predominantly concentrated in the Inner Urban Core and Zone 7;

- Staffordshire University recently announced plans to relocate the majority of courses, students and staff to the Stoke-on-Trent campus, with an expectation that the Stafford campus will be vacated by 2016. A masterplanning process is currently underway to determine the timescales for the move and the level of investment required to accommodate more students. This would likely increase the number of students living in the area, and therefore the Councils should monitor development strategies to ascertain the extent to which the private sector – through HMOs or purpose-built student accommodation – could be required to meet the specific needs of students;

- The proportion of people aged 16 to 64 with disabilities – based on PANSI forecasts – is expected to remain relatively constant, although this projection is based on 2012-based population projections which expect the number of residents in this age group to fall. Where growth in population is expected under other scenarios, this could increase the number of people with disabilities and could increase the level of need for specialist housing provision or housing adaptations;

- There is a recognition of the importance of providing higher value housing in Stoke-on-Trent, given that this can retain households who may move elsewhere and subsequently grow the labour force to deliver economic growth. The area is currently characterised by an over-representation of lower income households and relatively low house prices – particularly compared to the national profile – and it is expected that the Councils' emerging economic evidence will assist in understanding the potential to grow the higher income economy in the area and the related role of higher value housing;

- Stoke-on-Trent has a lower proportion of White British residents relative to Newcastle-under-Lyme, although this remains higher than the national average. In particular, 7.4% of the population are in Asian and Asian British ethnic groups, with this closely reflecting the national average. Mixed ethnicity groups are characterised by a younger demographic, while a higher proportion of Black and particularly Asian ethnic groups are aged 30 and under. Residents in the latter and White British ethnic groups are also more likely to own their own home, with the social rented sector in particular playing a relatively small role in accommodating those in Asian ethnic groups. Almost one in five of such households, however, are considered to have at least one bedroom fewer than required, suggesting overcrowding in this ethnic group;

- The latest Gypsy and Traveller assessment for Stoke-on-Trent was published in 1997, and identified a need for an addition 66 residential pitches over the period to 2026 in addition to the 42 authorised pitches recorded at the time of the review. An updated assessment has recently been commissioned, however; and

- There is increased national focus on the role of self-build and custom-build as means of meeting the need for housing, with significant scope for growth in this area. The 2014 Budget introduced a consultation on a new ‘Right to Build’, which gives custom builders a right to one of up to 10,000 serviced plots from local authorities. In September 2014, Stoke-on-Trent was announced as one of eleven Right to Build Vanguards, with the Council identifying 72ha of land that has no purpose and could be disposed of to potentially meet demand for self-build and custom-build housing.

Newcastle-under-Lyme

- Newcastle-under-Lyme has seen significant growth in the older population – albeit not to the extent seen nationally – with an additional 1,876 residents aged 65 and over recorded in 2011 relative to 2001. In 2011, 683 such residents lived in communal establishments, primarily care homes either with or without nursing;

- Population modelling undertaken by Edge Analytics indicates that the older persons population will continue to grow over the plan period, with at least 10,000 additional older persons in the borough in 2039 compared to 2014, with the growing population resulting in an increased number of residents with support needs. This can, therefore, lead to an increased need for specialist C2 accommodation, with the modelling in this report assuming growth in the communal population that is entirely linked to those aged 75 and over under each scenario. This could, therefore, suggest a need for an increase in specialist communal accommodation for older persons over the plan period;

- The student population of Keele University has remained relatively consistent at around 10,000 students, although there has been a notable growth in the international student population that could be a key driver of international in-migration to Newcastle-under-Lyme;

- 40% of students in the borough live in a communal establishment, with around a quarter living with parents and approximately one in five living in an all student households. Around 3,100 student beds are provided by Keele University on campus, with further accommodation supplied by local providers in the surrounding area and some students living in Stoke-on-Trent. There are also 646 student Council Tax exemptions recorded in Newcastle-under-Lyme – predominantly in the Keele and Central sub-areas – which can be indicative of HMOs in the borough;

- Keele University is currently progressing a new Strategic Plan to cover the period from 2015 to 2020, which sets out a clear ambition to further develop the University with a student base of around 13,000 students – representing a targeted increase in overall student numbers. The Estate Strategy will shortly be renewed, and is likely to clarify whether the University plans to deliver additional student bedspaces to accommodate such growth. Should this not be provided, an increase in the student population would generate an increased demand for student accommodation in Newcastle-under-Lyme and Stoke-on-Trent, with the exception of first-year students who are likely to be accommodated on campus. This demand could be met through purpose-built student accommodation or through a more immediate supply response – such as HMOs – although the level of need is dependent on the development and growth strategies of the University;

- The analysis in this section suggests that the proportion of residents in Newcastle-under-Lyme aged 18 to 64 with a disability is likely to remain relatively constant, although it is important to note that this projection – sourced from PANSI – is derived from 2012-based population projections which expect the number of residents in this age group to fall. Under other scenarios where growth is expected in this group, the absolute number of people with disabilities will increase, with some residents requiring specialist housing provision or housing adaptations, with an average of 98 adaptations completed each year through the DFG scheme since 2011/12;

- Newcastle-under-Lyme is characterised by relatively low income households, with a comparably high proportion of housing market activity occurring at the lower end of the market. There are, however, higher value transactions in more rural areas of the borough, as well as some areas within the urban core. It will be important for the Councils to consider the potential role of higher value housing in retaining the skilled workforce and enabling future economic growth;

- Newcastle-under-Lyme has a higher than average representation of White British residents, although it is important to note that this group contains a relatively high proportion of older people. Indeed, other ethnic groups – such as those with Asian, Black or mixed ethnicity – are typified by a younger demographic in the borough. There is also variation in housing tenure trends, with those in Asian and particularly Black ethnic groups more likely to privately rent their home, with the former less likely to access housing through the social rented sector and both groups more likely to be living in overcrowded households; and

- The latest Gypsy and Traveller assessment for Newcastle-under-Lyme was published in 2007, and identified a need for an additional 66 residential pitches over the period to 2026 in addition to the 19 authorised pitches recorded at the time of the assessment.

9. Study Conclusions and the Objective Assessment of Need

9.1 This section seeks to draw together the evidence presented within this report – including the modelled scenarios of population and household growth by Edge Analytics – to objectively assess the need for housing in Stoke-on-Trent and Newcastle-under-Lyme over the period 2013 to 2039. This includes a full and objective assessment of housing needs for market and affordable housing across Stoke-on-Trent and Newcastle-under-Lyme HMA.

9.2 This corresponds with guidance in the NPPF and PPG, which requires the OAN evidence to assess the full needs for market and affordable housing based on a demographic starting point that may require adjustment to take account of local circumstances and more up-to-date demographic evidence. The PPG also suggests that alignment with other factors – such as likely jobs growth and market signals – is important to consider, potentially justifying an adjustment to demographic-based assessments of need.

9.3 This section also provides a clear indication as to the size of property required and the specific requirements of a number of identified groups considered within the analysis within the SHMA.

Housing Market Area

9.4 The PPG highlights the importance of considering housing needs across housing market area geographies, recognising that this often extends beyond local authority boundaries. Section 2 of this report includes analysis of a range of spatial indicators – as per the PPG – to determine the extent to which Stoke-on-Trent and Newcastle-under-Lyme can be considered as a single housing market area.

9.5 The analysis presented in section 2 and drawing on the work presented in Appendix 2 confirm that the two authorities can be identified, following the PPG methodology, as acting as a single housing market area. This reflects the fact that a high proportion of moves are contained within this geography, alongside evidence of strong travel to work containment and a sharing of similar market characteristics across large parts of the urban geography.

9.6 It is acknowledged that Stafford and Staffordshire Moorlands within their SHMAs suggest that they themselves do not operate as self-contained market geographies, with relationships identified with Stoke-on-Trent. In this context, the analysis in this report has also included reference to these authorities, although they are not considered to form part of the housing market area definition in this assessment.

Objectively Assessed Need – PPG Methodology

9.7 As set out in section 1 of the SHMA, the objective assessment of need should follow a recognised stepped methodology, in compliance with the NPPF and PPG. The PPG identifies the latest up-to-date household projections – the recently published 2012 sub-national household projections (SNHP) – as the 'starting point' for the estimate of overall housing need. Following the PPG methodology, the level of projected housing need suggested by these projections should, however, be adjusted to reflect:

- Local demographic factors and evidence, recognising that the household projections may require adjustment to reflect factors affecting local demography and household formation;
- The need to take account of appropriate market signals, including market indicators of the balance between the demand for and supply of dwellings; and
- The need to support economic growth based upon an assessment of likely future job growth.

9.8 Drawing upon the analysis presented throughout the preceding sections in the SHMA, this methodological stepped process is applied to derive a considered and evidenced position as to the likely OAN for Stoke-on-Trent and Newcastle-under-Lyme.

The Demographic 'Starting Point'

9.9 Described as the starting point for assessing housing need in the PPG, the DCLG published household projections provide a demographic position of how the population – and the number of households – could change if recent trends continue:

"The household projections are trend based, ie they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour"[126]

9.10 The 2012 SNHP represents the 'starting point' for understanding housing need. The modelling in section 6 confirms that this implies a projected need to provide approximately **691 dwellings per annum** across both authorities in order to accommodate the projected level of population and household growth in the DCLG dataset. This is split down into 239 dwellings per annum in Newcastle-under-Lyme and 452 in Stoke-on-Trent.

9.11 Recognising the trend-based nature of these projections, however, it is important to understand whether the latest dataset has been influenced or unduly constrained by historic market circumstances. The PPG states:

"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities

[126] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_015

should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."[127]

9.12 Historic under delivery of housing – alongside strategic interventions in the housing market across the two areas, and the impact of the market through the recessionary period – can impact not only on household formation rates but also the movement of people. As the analysis in the SHMA has identified, the 2012 SNPP makes assumptions on migration flows between local authorities – the internal migration component – based on flow rates in the period between 2007 and 2012. This period was defined by the inclusion of a severe national economic downturn. This has had an impact on the net migration flows for many parts of the country over this period, subsequently affecting the scale of projected population change modelled within the projections. On the basis of the local evidence around historic population growth and the analysis of market signals, a number of alternative demographic trend-based projections have therefore been modelled by Edge Analytics.

9.13 In relation to the underpinning population change, this includes a 10 year Past Growth scenario, which extrapolates forward future projected growth on the basis of the longer ten year period back to 2003, therefore encompassing pre and post-recession conditions. In the context of the complex factors which have potentially influenced population growth across the HMA, this is considered to represent a more appropriate demographic starting point for considering housing need than the 2012 SNPP dataset.

9.14 The analysis of the historic demographic profile of the area (section 4) also highlighted that the 2011 Census provided an important updated picture as to the estimated historic profile of population change in the preceding ten years, with this particularly an issue for Stoke-on-Trent. Rather than, as previously estimated, stagnating, the evidence identifies that the population of Stoke-on-Trent grew between Census years. In order to account for this 'under-estimate' in the historic population datasets, the ONS has explicitly attributed this component of population change to 'Unattributable Population Change'. As set out in section 4, this reflects the level of uncertainty regarding the timing of this under-count, as well as a number of other factors.

9.15 Given the scale of the UPC – representing almost 9,000 additional people in Stoke-on-Trent – and the significantly different historic picture this represents in the authority, a variant scenario has been run which assumes that the UPC is represented as a migration component, which is therefore also reflected in the resultant trend-based projection. For consistency, a comparable scenario has also been run for Newcastle-under-Lyme. As set out in section 4, however, the reverse picture was apparent in Newcastle-under-Lyme, with the 2011 Census suggesting a moderate over-count in population.

9.16 Acknowledging the scale of the difference represented by this scenario in Stoke-on-Trent, it is recommended that this scenario is more representative of the historic change in the population over the ten year period considered. This projection is therefore used to inform the assessment of need.

[127] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_015

9.17 Given the comparatively modest impact of the UPC on the modelled dwelling outputs in Newcastle-under-Lyme – alongside the acknowledged levels of uncertainty associated with its estimation, and an indication that any over-count was most likely to have taken place early in the decade – it is considered prudent to not directly seek to adjust down the demographic scenario for Newcastle-under-Lyme.

9.18 Recognising the housing market area geography between the two authorities, it is more than possible that the respective under and over-counts are related to an extent. It is not, however, possible to directly evidence this. The approach of taking account of the UPC in Stoke-on-Trent but retaining the unadjusted 10 year Past Growth scenario for Newcastle-under-Lyme is considered a sufficiently prudent basis for assessing need, given the levels of uncertainty involved.

9.19 The application of the 2012 household formation rates to this variant population projection – with consistent vacancy rates applied – suggests an uplifted demographically derived housing need of approximately **1,078 dwellings per annum** on average. This reflects a higher level of assumed population growth and migration, reflecting more positive trends over the longer term, which includes both pre and post-recession demographic evidence.

9.20 This represents an uplift of approximately 56% against the implied dwelling requirement under the 2012 SNHP, or 387 additional dwellings per annum.

Taking Account of Market Signals

9.21 As identified previously, the level of historic dwelling completions potentially impacts on both population growth and household formation rates.

9.22 The analysis in section 6 has considered the implications of applying a range of different headship rate assumptions to the demographic projections of need. The analysis has confirmed that the 2012 SNHP household formation rates represent an assumed continuation of falling household size, which is more pronounced than projected under the previous 2011 SNHP Interim dataset but less than the 2008 SNHP. The PPG implies that adjustments should be made to household formation rates where there is evidence that rates reflect the impact of constrained supply, and therefore the creation of unmet need.

9.23 The PPG contains guidance on responding to market signals:

"Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections"[128]

9.24 Further guidance is included regarding the scale of upward adjustment recommended:

[128] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_020

"In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be"[129]

9.25 Market signals have been analysed in detail within section 5 of the SHMA, which includes a review of key indicators suggested in the PPG and an overview matrix to compare the two authorities to their neighbours and the national profile.

9.26 Within this analysis, it is apparent that there is some evidence of a slight worsening of conditions against a number of the market signals (although by no means all). It is concluded that this justifies consideration of only a modest uplift above that implied by household projections alone.

9.27 In the context of any further adjustment, it is important to reflect the uplift already applied in relation to projected population growth. This takes into account – at least in part – the implications of past undersupply, which will have contributed to the creation of 'unmet need'.

9.28 The modelling in section 6 recognised that the younger age groups – particularly those aged 25 to 34 in Stoke-on-Trent and 20 to 34 in Newcastle-under-Lyme – have seen household formation rates fall between the Census years. A sensitivity was therefore run by Edge Analytics on the household formation rates to assess the impact of a return to rates seen in 2001 for these identified age groups. 2001 represents the latest point nationally at which the relationship between house prices and affordability was in line with the longer term average.

9.29 The modelling suggested that this results in a further uplift to the implied housing need. This translates into a resultant dwelling requirement associated with the longer-term demographic based projection of **1,177 dwellings per annum**. This is made up of 367 dwellings per annum in Newcastle-under-Lyme and 810 dwellings per annum in Stoke-on-Trent.

9.30 This represents an uplift of almost 100 dwellings per annum associated with the adjustments to household formation rates. This comfortably accommodates any assessment of unmet needs against historic plan targets – as considered in section 5 – and also allows for evidence of the growing numbers of concealed families since 2001 in both authorities.

9.31 Alongside the uplift associated with population growth, this level of assessed need is considered to form a reasonable basis for understanding the scale of need implied by demographic factors, taking account of the evidence presented in relation to market signals. This represents an uplift of 70% against the scale of need implied by the 2012 SNHP.

[129] *Ibid*

9.32 This level of need compares against a historic supply position of 717 dwellings per annum over the period 2000/01 to 2013/14 across the two authorities. This evidently represents a significant boost to past supply – in accordance with the NPPF – representing a 64% increase. It is recognised that the impact of regeneration programmes has been significant on the historic scale of net provision, with an average of 909 gross completions achieved over this historic period.

Taking Account of Likely Job Growth

9.33 The NPPF expects local authorities to ensure an alignment between housing and employment policy. The PPG states that this should be considered within the establishing of an OAN by ensuring that the growth in labour force required to support likely job growth can be accommodated through the growth of the population and associated housing needs:

"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area"[130]

9.34 The PPG recognises the potential implications of imbalance between labour force growth and job growth:

"Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems"[131]

9.35 The SHMA has considered likely projected job growth in the context of two economic forecasts. It is recognised that the currently commissioned ELR will arrive at conclusions around the forecast scale of likely job growth based on baseline conditions and planned investment. This work will also provide a stronger steer around the implications of job growth on other important factors which impact on assessed levels of associated housing need, including changing employment rates and commuting relationships.

9.36 In the absence of the outputs of this work, the two forecasts considered in the SHMA both expect comparatively strong or optimistic levels of job growth, when compared to the historical picture across the two authorities. Edge Analytics have extended these forecasts to cover the full projection period, with the resultant job forecast assumptions assuming an increase in employment of between 948 and 1,420 new jobs per annum between 2013 and 2039.

9.37 This compares with a historic picture which shows that employment has fallen by almost 400 jobs per annum between 1997 and 2012 and even through the pre-recession period fell by almost 100 jobs per annum. The implied forecast picture of job growth would

[130] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_018
[131] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_018

therefore represent a fundamentally different economic context for the area than that which has influenced the demographic trend-based projections.

9.38 The modelling suggests that this more buoyant economic picture would result in a greater retention and/or attraction of people to the two authorities, which in turn would result in a higher associated need for housing of **between 1,504 and 1,917 dwellings per annum**. This takes account of the household formation rate sensitivity applied to the demographic adjusted scenario.

9.39 It is expected that the finalisation of the ELR will allow this range to be refined based on an assessment of likely future job growth in both authorities. It is, however, clear that supporting this suggested level of job growth would require a significant increase in population growth in both authorities – relative to the historic rate of growth – due to an assumed retention and attraction of migrants to Stoke-on-Trent and Newcastle-under-Lyme. If this level of growth is to be considered through policy, it will be important to discuss the implications with other authorities where housing market linkages have been identified through the Duty to Co-operate. It is understood that other authorities which neighbour the housing market area are also planning for potentially more positive economic growth conditions, and it will be important for growth agendas to be sufficiently aligned to ensure that changing labour force relationships are acknowledged in the setting of housing targets.

Considering Affordable Housing Need

9.40 In relation to the calculated affordable housing need within the SHMA, the PPG states:

"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."[132]

9.41 It is considered that the application of any uplift associated with delivering affordable housing should be considered separate to the implications of market signals with these elements kept separate within the PPG. The methodology for assessing affordable housing need also remains separate to the OAN.

9.42 Section 7 of the SHMA included a calculation of affordable housing need within each of the two authorities, following the PPG methodology. The output of this modelling is considered below. Whilst this considers the extent to which this level of need could be met through the overall projection of household growth, it is important to recognise that the different methodological approaches applied means that caution should be given to directly comparing the two outputs. The comparison of the level of housing required to assist in delivering the scale of identified affordable housing need does, however, provide an important further indicator as to the justification for uplifting assessment of need beyond the demographic starting point.

[132] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_029

9.43 The modelling in section 7 identified a need to provide around 271 affordable units per annum to meet newly arising need in the future, which will require an uplift – to 424 units per annum – over the short-term (5 years 2014 – 2019) to meet the existing backlog of households on the housing register.

9.44 This is broken down to 103 units in Newcastle-under-Lyme and 168 units in Stoke-on-Trent to address newly arising need, and 163 and 261 units respectively to address the backlog over the initial five year period.

9.45 The calculated need for 424 affordable units per annum, as noted above, seeks to address the entire backlog over just five years. Whilst this would evidently require a significant increase in the provision of affordable stock over this period, if achieved, the removal of the backlog would mean that affordable housing need would be limited to meeting only newly arising needs for the remainder of the plan period.

9.46 Taking these figures together, this would suggest a need for 7,811 affordable homes over the 26 year period from 2013 to 2039, equivalent to approximately 300 affordable dwellings annually. This is calculated based upon provision of 424 affordable units per annum for five years, and the subsequent provision of 271 affordable units over the remaining 21 years.

9.47 Assuming a typical rate of around 30% of total housing provided on an affordable basis, this would suggest a need to provide for approximately 1,000 dwellings per annum in total. If a rate of 20% is applied, this would suggest the need to provide for 1,500 homes per annum.

9.48 In reality, the varying importance of different drivers – such as the relationship between house prices and incomes – over this period will fundamentally impact on the overall need for affordable housing, and this should therefore continue to be monitored by the Councils. In addition, it is recognised that there will continue to remain significant viability issues in many parts of the area, which will impact on the proportion of affordable housing able to be delivered. It is also important to recognise that many of those classified as in need of housing and whose needs would be met by the provision of affordable housing are already occupying housing within the two authorities. As set out in section 7, assuming these needs are met in another property would result in the return of a property to the wider housing market. The above calculation should be viewed therefore as a hypothetical one, separate to the overall objective assessment of need in this report.

9.49 Importantly, however, it does suggest that the scale of need represented by both the demographic derived scenario and the economic adjusted scenarios would both be likely to realise the level of affordable housing identified as required over the projection period. This further serves to reinforce the importance of uplifting the level of assessed need beyond that implied by the 2012 SNHP, but does not suggest any further uplift associated with this aspect is required.

Conclusions on Overall Housing Need

9.50 Whilst the 2012 SNHP form the starting point for assessing housing need, the analysis in the SHMA has confirmed that they are not considered to be representative of the full need for housing across Newcastle-under-Lyme and Stoke-on-Trent over the plan period.

9.51 It is apparent that the underlying population projections – that are an important factor in the projected level of need – assume a low level of growth, which is likely to reflect the historic period upon which trends have been based. This period coincides with a period of economic and market conditions which are likely to have contributed to demographic trends which are not reflective of longer-term conditions. This has primarily impacted upon the rate at which people have migrated in and out of the area, and the capacity of households to form.

9.52 The OAN methodology has arrived at an updated demographic driven assessment of housing need which suggests a need for approximately **1,078 dwellings per annum**. Further adjustments to household formation rates to reflect a return to more positive rates of formation for younger household groups – recognising the justification for a moderate uplift associated with the analysis of market signals – increase this level of need to **1,177 dwellings per annum**. This represents an uplift of approximately 70% above the 'starting point' assessment of need, with this largely driven by a more positive assumed level of population growth and migration levels.

9.53 It is recognised that the modelling indicates that this level of housing need would support the growth of approximately 567 jobs per annum. This is evidently significantly stronger than the two authorities have seen collectively over recent years, and suggests a comparatively positive level of need in the context of historic economic indicators.

9.54 The two economic forecasts considered within this SHMA do, however, suggest that the two authorities are likely to see a stronger level of job growth than that suggested as being able to be supported by the demographic projection. The modelling undertaken by Edge Analytics – which includes the adoption of a series of prudent economic assumptions – implies that a further uplift in population growth and therefore housing need will be required to support this level of job growth. This translates into a need to provide approximately **1,504 dwellings per annum** to support the lower levels of forecast job growth. It is noted that the modelling underpinning this assessment is subject to sensitivities in the assumptions used, and will need to be monitored in the future.

9.55 Taking account of adjustments for longer term demographic projections, adjusted household formation rates for younger households and an adjustment for economic need, the SHMA concludes a need for between **1,177 and 1,504 dwellings per annum** over the period 2013 – 2039 in Stoke-on-Trent and Newcastle-under-Lyme.

9.56 This level of implied need should be considered as the objectively assessed need for the housing market area where there are no identified development constraints, recognising that this will support economic growth and improve affordability.

9.57 Where other aspects of the evidence base identify development constraints – which, in line with the tests set in the NPPF, impact on the ability to meet the housing need in full – it is important to consider these in the context of the demographic adjusted level of need, **1,177 dwellings per annum**. Under circumstances where there is strong evidence of development constraints, it is considered that it would be less likely that housing would be constraining economic growth. In this set of circumstances, the implied labour force growth resulting from a lower level of population and household growth would be more likely to impact strongly on policies for economic growth. This position will need to be considered further following the conclusions of the ELR.

9.58 The modelling has been built up from a local authority level. This identifies that the lower end of the OAN range is made up of **367 dwellings per annum** in Newcastle-under-Lyme and **810 dwellings per annum** in Stoke-on-Trent.

9.59 Recognising that the upper end of the OAN range is aligned with job growth, it is considered less appropriate – particularly in the absence of the ELR – to directly distribute the assessed need figure between the two authorities, recognising the strong commuting relationships in existence. However, the modelling presented in section 6 illustrates the different distribution of need driven by the two employment-led scenarios.

Taking Forward the OAN into Policy Development

9.60 As established within the analysis in section 8, the assessment of need does not include those residents classified as living in communal accommodation (ie not forming part of the defined private household population). These needs are considered as additional. The modelling also does not seek to directly take account of any resulting uplift in needs associated with the area's universities above recent levels of student growth. A higher level of growth could potentially increase the growth in younger persons, beyond that projected in the demographic trend-based projections. As set out in section 8, this will need to be carefully monitored.

9.61 It is important to recognise that the above OAN is based upon a detailed consideration of the need and demand for housing. It does not, however, seek to apply any planning or policy judgements regarding the implications for the Local Plan housing requirement. The analysis within this report – as set out in the methodology in section 1 – represents a first stage for consideration by the two authorities to derive a housing requirement which takes account of all the relevant factors through the Local Plan process.

9.62 It will be important that the analysis presented within this report and drawn upon within this chapter continues to be monitored and updated to reflect the latest datasets available. This may have a bearing on the resultant assessed level of need which will need to be considered in the establishing of policy.

Housing Need by Size

9.63 Consideration has also been given in section 6 to the size of housing required, through an understanding of the type of households that are projected to form based on the detailed breakdown of household typologies in the 2008 and 2011-based household projections. In the absence of comparably detailed information from the 2012-based projections – anticipated for release later this year – it is considered appropriate to apply a midpoint between the previous datasets, given that assumptions on household formation in the 2012-based release largely sit between the preceding datasets.

9.64 Both employment-led and adjusted demographic scenarios show a need for property of all sizes in Stoke-on-Trent and Newcastle-under-Lyme, including smaller properties –

such as flats or small mews homes – and properties with greater useable floorspace, such as detached and semi-detached stock. Newcastle-under-Lyme has a slightly greater proportionate need for the latter compared to Stoke-on-Trent, although this is likely to reflect the current stock profile. Indeed, both authorities – and particularly Stoke-on-Trent – have seen considerable growth in flatted stock over the years between the 2001 and 2011 Censuses, which would continue to meet the needs for smaller properties if sustained. It will, however, be important to ensure that larger properties are provided to meet evident needs for larger stock in both authorities. This also reflects the conclusion of the analysis in section 8 which considers the housing needs in relation to higher income earners and a deficiency in the current stock – particularly in Stoke-on-Trent – to meet the specific needs of this group.

9.65 Section 7 has also included analysis of the size of affordable housing need, with Newcastle-under-Lyme showing a sizeable need for smaller property with one bedroom to clear the backlog due to a shortfall in committed supply. The need for larger properties with two or three bedrooms will largely be met through committed supply and availability of stock vacated by transfer tenants, although it is important to note that there is a shortfall in property of all sizes to meet newly arising need from newly forming households or existing households falling into need, with the exception of properties with four bedrooms or more.

9.66 In Stoke-on-Trent, there is a sizeable need for affordable properties with two or three bedrooms but a small surplus for one bedroom stock. There is, though, a need for property of all sizes in the short term to clear the backlog.

9.67 It is recommended that the analysis of the need by the size of property is revisited and potentially updated upon release of more detailed data on projected household typologies under the 2012-based household projections. This is expected to be released by DCLG later this year.

Specific Housing Requirements of Selected Groups

9.68 Section 8 of this report has also considered the specific needs of different groups, as required by national guidance. The report has specifically focused on the needs of several groups, noting that the NPPF does not require every group to be assessed in detail:

- **Older persons** – the SHMA has identified an increased need for specialist older persons accommodation, in response to the modelled ageing of the population. The demographic modelling suggests a growth of at least 17,000 and 11,000 persons aged 65+ in Stoke-on-Trent and Newcastle-under-Lyme respectively by 2039, or 27,000 collectively. This ageing population will lead to an increased need for specialist C2 accommodation, with modelling suggesting an increase of approximately 650 and 900 persons requiring this form of accommodation within Newcastle-under-Lyme and Stoke-on-Trent respectively.

- **Students** – it is evident that the number of students has increased within the two authorities historically, as a result of the expansion of the two universities. Both universities have plans to grow and re-develop, which may have implications for the future growth of student numbers and the creation of additional pressures on the need for housing above those projected under the demographic scenarios. Careful monitoring will be required as these plans develop to assess the impact on the housing market and the overall assessment of housing need.

- **People with disabilities** – consideration of projections of associated needs of people with disabilities suggests an ongoing need to ensure that there is a sufficient supply of adapted homes, through the Disabled Facilities Grant or other initiatives.

- **High income earners** – there is a longstanding and evidenced position regarding the relative shortage of higher value housing in Stoke-on-Trent and Newcastle-under-Lyme, which limits the ability of households to move upwards on the housing ladder and often leads to households moving elsewhere. Retaining these households – through delivery of a targeted housing offer – can potentially grow the skilled workforce and can generate economic growth, and it is expected that this will be considered in further detail in the Councils' emerging Employment Land Review.

- **Black and Minority Ethnic** – Stoke-on-Trent in particular has a sizeable BME community. The analysis highlights that the housing characteristics of BME groups can significantly deviate from the average profile for both authorities. The importance of recognising these distinct characteristics in ensuring an appropriate tenure and size mix is provided for is highlighted through the analysis. The needs of **Gypsies and Travellers** will also need to be considered, as detailed in the separate Gypsy and Traveller Accommodation Assessment noting this is due to be updated in the short-term.

- It will also be important for the Councils to consider the potential for **self-build homes** to meet specific needs, particularly recognising the Government's ambition to increase the contribution of this type of development. In particular it is noted that Stoke-on-Trent has been identified as one of the Right to Build Vanguard potentially leading to an increase in the contribution of self-build development.

Appendix 1: Stakeholder Workshop

A stakeholder workshop was held in January 2015 to present the methodology and emerging findings from the SHMA. This was attended by 44 people from a range of organisations, including house builders, housing associations, Councillors, Parish Councils and neighbouring authorities.

Following the presentation, stakeholders were split into several discussion groups, and the outputs of these discussions are integrated throughout the main report, and summarised below.

Housing Market Area

There was a general agreement that Stoke-on-Trent and Newcastle-under-Lyme share a housing market area, although it was noted that the former in particular plays more of a sub-regional role, with relationships with Staffordshire Moorlands, Cheshire East and High Peak. It was noted that these areas are more rural, with higher house prices, although the urban area plays an important employment role.

The strategic location of the area could also assist in meeting the sizeable housing needs of Birmingham and Manchester.

Market Performance

It was suggested that the recession has had an impact on the local housing market, leading to a change in the housing stock with a growth in the private rented sector.

The recession has also affected viability – with some developments losing grant funding – and this is particularly challenging for brownfield land, which is prevalent in both areas, and particularly Stoke-on-Trent. Land receipts are, however, beginning to improve, with viability improving, and developers are taking a longer term view of growth. Some sites that were cleared during the Housing Market Renewal programme are beginning to come forward. This programme did, however, affect confidence in the private sector, although this is beginning to return. Indeed, some attendees felt that the impact of the recession on the local housing market was unclear, due to the previous impacts of RENEW. Attendees felt that this programme had a dramatic effect on Stoke-on-Trent in particular – with interventions spread too thinly across the city – although there was a smaller and generally more effective programme in Newcastle-under-Lyme.

Economy

The economy is central to the operation of the housing market, with recent economic challenges in the area leading to many large employers no longer being present. There are many low paid jobs in the area’s industries, with many continuing to be on low paid or zero hour contracts. It was felt that future growth would be incremental, and driven by small-scale industry, given that there is a wider focus on Manchester and Birmingham. There is potential growth in distribution centres, however, given the area’s central location. The service sector will, however, continue to be relevant.

Indeed, some felt that there was increasing confidence in the economy, with a positive climate for growth and some national indicators suggesting that Stoke-on-Trent has one of the fastest growing economies, although this is not necessarily absolute. It was suggested that job forecasts presented appeared high, compared to historic trends, and consideration will also need to be given to potential external shocks, such as HS2. Other transport investments can also shape future economic growth potential, as could changes in commuting patterns.

Affordable Housing

It was felt by attendees that there is generally insufficient social housing to meet needs, which are considered to be significant, with welfare reforms – such as the bedroom tax – exemplifying stock issues. Right to Buy has also served to reduce the stock of affordable housing, although Section 106 and planning conditions do aim to prevent this.

Some attendees suggested that, from the outside, Stoke-on-Trent looks affordable, but in reality, low wages and limited jobs create a different picture, and there are some areas of poverty.

Attendees suggested that the private rented sector was meeting some affordable housing needs, but questioned the quality of this offer, with a feeling that some households would be better off in managed accommodation. They are, however, often cheaper – particularly at the lower end of the market – and so households move to save money.

Private Rented Sector

There was an acknowledged growth in the private rented sector in both authorities, driven by students as well as young starter families and households who are "well paid" but working, preferring the flexibility of this tenure and not yet ready to buy.

There are, however, considered to be quality issues in the sector, particularly at the lower, more affordable end, and attendees generally felt that Stoke-on-Trent in particular does not have a quality private rented sector. It was felt that this needs to be addressed in future if residents are to be attracted, while the growth in pension fund investors interested in the sector was seen as an opportunity.

Specific Housing Needs

There was a recognition of the importance of taking account of the specific needs of different groups, with stakeholders identifying the following groups for consideration:

- **Elderly people** – noted that elderly people wish to occupy 'appropriate' housing, which may include downsizing, although it was considered that the design of housing is not always suitable for the ageing population. It was suggested that there could be a need for purpose-built older persons accommodation, although most elderly people want to remain part of the community and live in mixed communities, within close proximity to community facilities;

- **Students** – noted that quality of stock is an issue, and the expansion of universities can have implications for other residents, particularly in the private rented sector. Future expansion could exacerbate these issues, if not all students are based on campus. The role of Buy to Let – targeted towards students – was also highlighted. Keele University in particular has future growth plans, with around a third of the extra student population expected to be housed on campus. The remainder will live off-campus – typically within a 6 to 10 mile radius – with particular concentrations in Silverdale and Stoke-on-Trent. The private rented sector has a significant role, and consideration will also need to be given to the accommodation of additional students when Staffordshire University relocates. Attendees considered that there is a need for purpose-built accommodation, rather than house conversions, with students increasingly expecting high quality modern accommodation. It was, though, suggested that more students are living at home due to increases in tuition fees, with universities subsequently drawing students from a smaller catchment to enable them to live at home;

- **Graduates** – need to be retained, ensuring that homes are affordable with attractive jobs created. It was noted that Keele University in particular has a relatively high level of retention, with around one third of students that left in 2012 still located in Stoke-on-Trent;

- **High value housing** – some attendees felt that there is a lack of housing choice, particularly at the aspirational top end of the market. If households form in the area, there is not always the opportunity to move up the housing ladder to different types of homes, and therefore they often move from the area. In particular, it was noted that there are more higher end properties in areas of Newcastle-under-Lyme, Staffordshire Moorlands and Cheshire; and

- **Other groups**, including transient international migrants, disabled people, families and young people.

Appendix 2: Defining Housing Market Area Geographies

Defining Housing Market Area Geographies

Stoke-on-Trent and Newcastle-under-Lyme Strategic Housing Market Assessment

November 2014

Turley
Economics

Contents

1. Introduction

1.1 Housing markets are dynamic, and it is important that up-to-date evidence is used to define them. Available guidance highlights the importance of understanding the operation and scope of housing market areas, as referenced in the National Planning Policy Framework (NPPF) and specifically the Planning Practice Guidance (PPG).

1.2 The concept and use of housing market areas in strategic planning is well established. It has long been recognised that housing markets do not operate based on administrative boundaries, and the identification of spatial market boundaries is an important part of understanding the balance between supply and demand. This relates to housing preferences and affordability, and the strategic choices available for the location of new housing supply.

1.3 The NPPF establishes a requirement to address need and demand for housing at both authority and housing market area level. Within paragraph 14, following the presumption in favour of sustainable development, the NPPF states:

"Local planning authorities should positively seek opportunities to meet the development needs of their area"[1]

1.4 This underlines the importance of understanding housing needs within the local authority area in question, although – importantly – the wider operation of spatial housing market area geographies is recognised in paragraph 47, where there is an emphasis on boosting significantly the supply of housing with Local Plans expected to meet:

"The full, objectively assessed needs for market and affordable housing <u>in the housing market area</u>, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period"[2]

1.5 Understanding functional housing market areas is an essential prerequisite in ensuring that an objective assessment of housing need is set and interpreted within the correct context.

1.6 The purpose of this appendix is to assess the housing market area geography for the authorities of Stoke-on-Trent and Newcastle-under-Lyme and to understand the extent to which they operate as a housing market area, as defined in the PPG. The analysis also considers the operation of more local sub-markets within the two authorities. This will directly inform the preparation of a new Strategic Housing Market Assessment (SHMA) for the Councils.

[1] DCLG (2012) National Planning Policy Framework (para 14)
[2] Ibid (para 47)

Approach to Defining Housing Market Areas

1.7 The PPG provides the first point of reference on the approach to defining a Housing Market Area (HMA). A HMA is defined within the PPG as:

"A geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap"[3]

1.8 The PPG sets out the key sources of information to be considered in assessing the definition of a HMA:

- **House prices and rates of change in house prices** – analysis of these leading indicators is intended to provide a market-based reflection of housing market area boundaries;
- **Household migration and search patterns** – considering peoples movements provides an indication of housing search patterns, and the extent to which people move house within a specific geography. Importantly, the PPG states that the findings can identify areas within which a relatively high proportion of household moves – typically 70% – are contained; and
- **Contextual data** – the guidance suggests that this could include commuting patterns, retail and school catchment areas. On commuting, the guidance suggests that this can provide information about commuting flows and the spatial structure of the labour market, which can influence household price and location. These geographies can also provide information about the areas within which people move without changing other aspects of their lives, such as work or service use.

1.9 The analysis presented within this appendix uses these principal sources of information to explore the extent to which the authorities of Stoke-on-Trent and Newcastle-under-Lyme can be considered as operating as a HMA. The datasets are also used to identify, within this wider geography, the operation of smaller local sub-markets within each of the authorities.

1.10 Importantly, the PPG confirms that no single source of information on needs will be comprehensive in identifying the appropriate assessment area. In constructing market geographies, plan makers will need to consider the usefulness of each source of information and approach for the specific area being examined. The approach for defining the most appropriate HMA for planning purposes will therefore include an element of reasoned judgement.

[3] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/#paragraph_010

2. Strategic Housing Market Area

2.1 The PPG highlights the importance of considering the need for housing across housing market areas. This section assesses the housing market area geography for Stoke-on-Trent and Newcastle-under-Lyme, through an analysis of the key indicators introduced in the previous chapter. Other research to define housing market areas – based on neighbouring authorities' evidence and previous national and regional studies – is also summarised later in this section.

Migration

2.2 While the previous definitions introduced above represent a useful starting point in considering the extent of housing market areas, it is also important to analyse spatial data in line with the PPG, particularly where new data has been published.

2.3 Migration data from the 2011 Census was released in July 2014, and provides the most reliable and up-to-date picture of movements across the country. However, at the time of writing, only local authority level data has been released, and it is not possible to determine movements between different areas of authorities.

2.4 The PPG recognises that migration flows and housing search patterns can help to identify relationships around housing preferences, and can highlight the extent to which people move house within an area.

2.5 The concept of containment of moves is therefore central to the definition of housing market areas. The Census 2011 migration data allows an assessment of the proportion of moves that are contained within Stoke-on-Trent and Newcastle-under-Lyme. Calculating the proportion of people moving from an authority shows the likelihood of moving households to remain within the same authority, while a similar calculation can show the propensity of moving households to remain within a wider HMA. This is summarised in the following table, based on 2011 Census data.

Figure 2.1: Containment of Moves 2011

Origin	Containment within authority	Containment within Stoke-on-Trent and Newcastle-under-Lyme
Stoke-on-Trent	67.4%	76.1%
Newcastle-under-Lyme	55.6%	72.2%
Stoke-on-Trent and Newcastle-under-Lyme	**–**	**74.9%**

Source: Census 2011

2.6 As shown, only around one in four people who move from an address in Stoke-on-Trent or Newcastle-under-Lyme moved to another address outside the two authorities, suggesting a relative containment of moves. Notably, this surpasses the 70% threshold highlighted in the PPG.

2.7 The PPG recognises that the 70% threshold includes most people who move relatively short distances, due to connections with families, friends, jobs and schools. Long distance moves – which may be due to a change in lifestyle or retirement – do not fall within this threshold[4].

2.8 It is also important to recognise that neither authority surpasses this threshold in isolation, indicating that based on this indicator neither can be considered as an independent housing market without including another local authority. It is noted, however, that Stoke-on-Trent comes close to achieving a level of containment close to 70%, which, if longer distance moves were excluded would suggest it operates as a separate HMA.

2.9 Importantly, however, based on all moves Stoke-on-Trent and Newcastle-under-Lyme together do show a level of containment of moves which exceeds 70% and therefore suggests that they can be considered as operating as a HMA.

2.10 A similar calculation can show the proportion of people who moved from an address in Stoke-on-Trent and Newcastle-under-Lyme during the year before the Census that moved from another area within the same authority or wider housing market area.

Figure 2.2: Origin of Migrants 2011

Origin	Moved from within authority	Moved from within Stoke-on-Trent and Newcastle-under-Lyme
Stoke-on-Trent	69.2%	77.4%
Newcastle-under-Lyme	52.5%	69.7%
Stoke-on-Trent and Newcastle-under-Lyme	**–**	**74.8%**

Source: Census 2011

2.11 Again, this shows a relatively high level of containment, indicating that around 75% of people who moved to an address in Stoke-on-Trent and Newcastle-under-Lyme moved from one of the two authorities. While Stoke-on-Trent in isolation is relatively contained in this regard – with a high proportion of movers originating from Stoke-on-Trent – around half of people who moved to an address in Newcastle-under-Lyme moved from another authority, with a high proportion – 17.2% – moving from Stoke-on-Trent.

2.12 While there is evidently a level of containment within this geography, it is beneficial to widen the assessment to consider authorities with which Stoke-on-Trent and Newcastle-under-Lyme share a strong relationship. This allows an understanding of the strength and direction of migration flows between authorities.

[4] The containment rate is presented as a proportion of all moves, and does not exclude long distance moves

2.13 The following table summarises the largest gross migration flows for Stoke-on-Trent and Newcastle-under-Lyme, based on 2011 Census data, highlighting the five largest gross flows. A column is also included to show the net flow, in order to establish the direction of flow.

Figure 2.3: Largest Migration Flows 2011

Stoke-on-Trent			Newcastle-under-Lyme		
Authority	Gross	Net	Authority	Gross	Net
Newcastle-under-Lyme	4,336	-200	Stoke-on-Trent	4,336	200
Staffordshire Moorlands	1,874	-248	Cheshire East	980	-100
Stafford	1,230	-34	Stafford	543	-5
Cheshire East	729	-19	Staffordshire Moorlands	445	9
Birmingham	506	-106	Shropshire	332	-60

Source: Census 2011

2.14 Evidently, both Newcastle-under-Lyme and Stoke-on-Trent share the strongest relationship with each other, with a net flow of migrants from Newcastle-under-Lyme to Stoke-on-Trent. This reflects the geography of the area with the two authorities having an almost shared boundary between the larger urban areas and settlements.

2.15 Both authorities also share a strong relationship with Stafford, Cheshire East and Staffordshire Moorlands. Interestingly, the majority of larger migration flows are net outmigration from Stoke-on-Trent and Newcastle-under-Lyme, with the exception of a small net inflow to Newcastle-under-Lyme from Staffordshire Moorlands.

Longer-term Migration Trends

2.16 While the 2011 Census represents the most comprehensive and statistically representative profile of moves between authorities – and therefore provides a robust basis on which to assess self-containment – it is important to recognise that this only records people who moved in the year before the Census and therefore represents a snapshot in time. This is particularly important to acknowledge given the wider housing market conditions of this time, with the number of transactions at a generally low level, resulting in lower levels of movement.

2.17 A longer-term picture can therefore provide additional context, with the Patient Register Data Service (PRDS) capturing movements of patients each year as they register with a GP in England and Wales. This data is used by the ONS in its mid-year population estimates, and forms the basis for estimating migrant flows between local authority areas. This dataset does not, however, record moves within local authority areas, and therefore cannot be used to assess the proportion of moves contained within each authority.

2.18 The following table summarises the largest migration flows to and from Stoke-on-Trent and Newcastle-under-Lyme, based on an average calculated over the period from 2001/02 to 2012/13.

Figure 2.4: Largest Migration Flows 2001/02 – 2012/13

Stoke-on-Trent			Newcastle-under-Lyme		
Authority	Gross	Net	Authority	Gross	Net
Newcastle-under-Lyme	4,317	-275	Stoke-on-Trent	4,317	275
Staffordshire Moorlands	2,304	-290	Cheshire East	931	-46
Stafford	1,265	-110	Staffordshire Moorlands	517	12
Cheshire East	850	-40	Stafford	492	-21
Birmingham	549	-25	Shropshire	306	-17

Source: PRDS, Edge Analytics, 2014

2.19 As shown, this largely reflects the findings of the 2011 Census, which identifies the same authorities sharing a strong relationship with Stoke-on-Trent and Newcastle-under-Lyme. The PRDS dataset continues to show a strong net outflow from Stoke-on-Trent to Staffordshire Moorlands, and indeed a stronger net outflow to Stafford and Cheshire East. The net flow with Birmingham, however, is more balanced.

2.20 In Newcastle-under-Lyme, the PRDS data shows a more balanced relationship with Shropshire in particular, while the net inflow from Stoke-on-Trent is stronger. The average net outflow to Cheshire East under the PRDS dataset is lower than the 2011 Census, although the net outflow to Stafford is slightly larger.

2.21 Overall, however, an analysis of longer term migration trends shows that the 2011 Census is broadly representative in highlighting authorities with which Newcastle-under-Lyme and Stoke-on-Trent share a strong relationship.

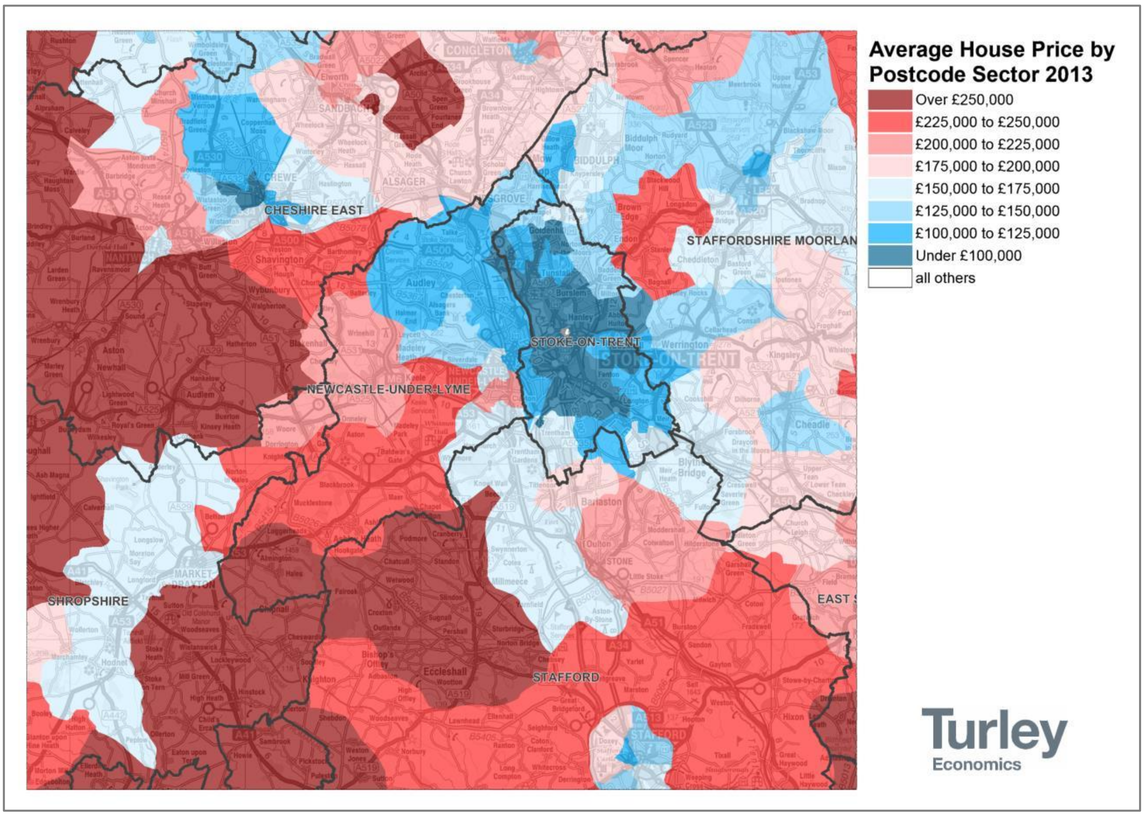
House Prices

2.22 The PPG suggests that house prices should be analysed with reference to understanding housing market geographies. This recognises that house prices, which reflect the outcomes of supply and demand in the market, can be used to identify patterns in the relationship between housing demand and supply across different locations. An analysis of house prices therefore provides a market based reflection of housing market area geographies, allowing the identification of areas with clearly different price levels to surrounding areas.

2.23 House prices are analysed at a sub-authority level in the following chapter to determine sub-market geographies in Newcastle-under-Lyme, but an analysis of average prices at authority level – and the rate of change in house prices – can highlight authorities with which Stoke-on-Trent and Newcastle-under-Lyme share similar market characteristics.

2.24 The following map shows the average price paid in each postcode sector of Stoke-on-Trent and Newcastle-under-Lyme, including surrounding geographies, based on Land Registry data for the calendar year of 2013.

Figure 2.5: Average Price Paid by Postcode Sector 2013



Source: Land Registry, 2013

2.25 Evidently, there is a broad consistency in average house prices across Stoke-on-Trent and much of northern Newcastle-under-Lyme. However, it is notable that much of the rural south of the borough is characterised by higher average house prices, sharing similar market values to adjacent areas of Cheshire East, Stafford and Shropshire. These sub-authority patterns are explored in more detail in the following chapter.

2.26 The following table compares recent house prices alongside long-term change in house prices for Stoke-on-Trent, Newcastle-under-Lyme and neighbouring authorities, based on statistics published by DCLG[5]. Average values for a range of periods are shown in order to reflect both the peak of the market and subsequent recovery from the recession.

[5] House price data for Cheshire East is not available prior to the formation of the unitary authority in 2008

Figure 2.6: Change in Average House Prices

Authority	Mean house price			% change	
	1997	2007	2012	1997 – 2007	2007 – 2012
Stoke-on-Trent	£37,834	£103,518	£98,234	173.6%	-5.1%
Newcastle-under-Lyme	£58,476	£144,864	£143,576	147.7%	-0.9%
Cheshire East	–	–	£214,341	–	–
Shropshire	£73,069	£213,622	£199,890	192.4%	-6.4%
Staffordshire Moorlands	£57,849	£168,185	£158,472	190.7%	-5.8%
Stafford	£69,520	£187,495	£179,426	169.7%	-4.3%

Source: DCLG, 2014

2.27 As shown, in 2012, house prices in Stoke-on-Trent were typically lower than neighbouring authorities, with values in Newcastle-under-Lyme also lower than elsewhere having seen the lowest level of growth during the strong residential market from 1997 to 2007. In terms of neighbouring authorities Cheshire East 'stands-out' in terms of average higher house prices with Shropshire also showing a comparative 'premium'. Staffordshire Moorlands shows a price level which is relatively similar, albeit slightly higher, than Newcastle-under-Lyme but significant higher than Stoke-on-Trent.

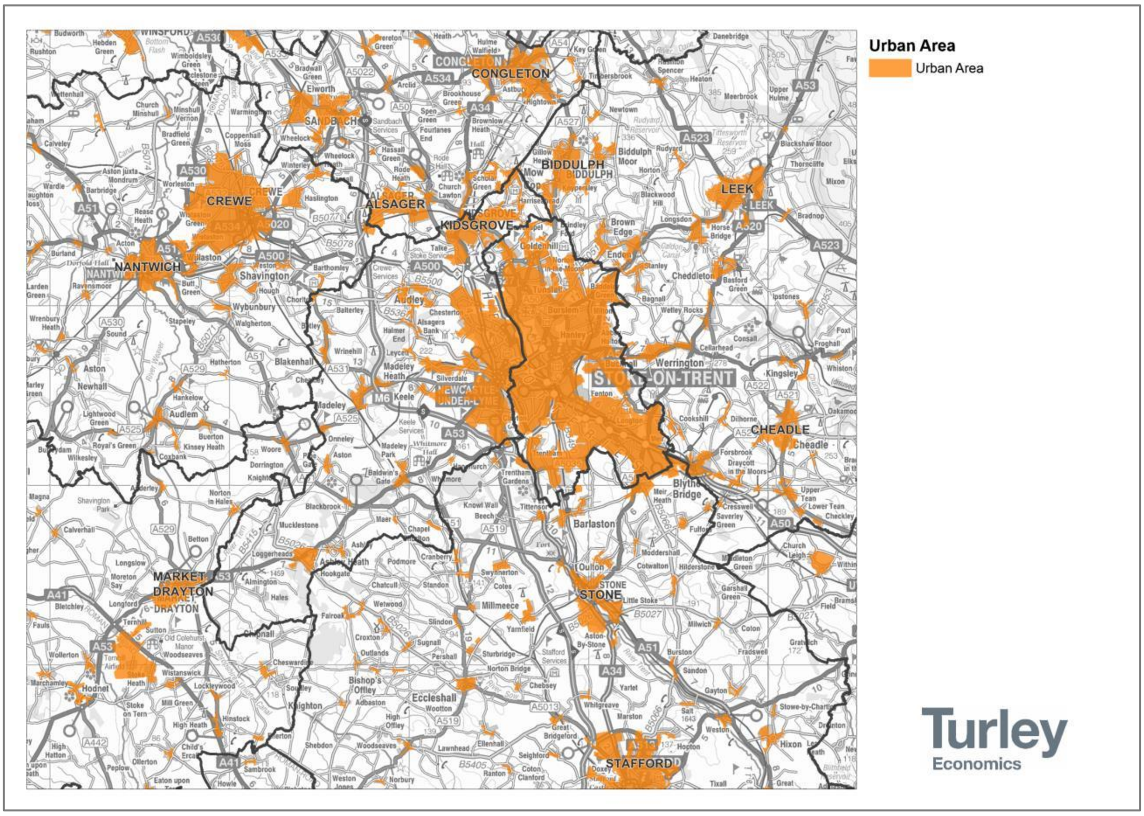
2.28 House prices in Newcastle-under-Lyme have, however, almost recovered following the recession, with the average price falling by only 1% between 2007 and 2012 compared to over 5% in many neighbouring authorities, including Stoke-on-Trent. This is likely to reflect the fact that prices did not see the same scale of rapid growth up to 2007.

2.29 It is apparent that house prices in Stoke-on-Trent are notably lower than any of the surrounding authorities. Whilst prices did increase up to 2007 in the authority this growth was not exceptional in the context of its neighbours and the in the subsequent years change in prices has followed the trends of its neighbours. Of the surrounding authorities Newcastle-under-Lyme represents the next lowest price suggesting a level of market comparability within a wider spatial area. Surrounding authorities such as Cheshire East, Staffordshire Moorlands and to a lesser extent Stafford show considerably higher average house prices, suggesting, at an authority level at least, an element of market distinctiveness. Staffordshire Moorlands does show a comparatively similar price position to Newcastle-under-Lyme although the authority did see much stronger growth in house prices up to 2007, again suggesting a relatively separate market dynamic.

Contextual Data

2.30 The PPG also suggests that other spatial indicators should be analysed when defining housing market areas. In Stoke-on-Trent and Newcastle-under-Lyme, for example, the urban geography of the two authorities – particularly in the context of neighbouring authorities and larger settlements – provides important context. This helps to understand the migration and commuting patterns analysed and considered earlier in this section, given the continuous urban form across the authority boundary. This is illustrated in the following plan.

Figure 2.7: Urban Geography



Source: Pitney Bowes; Turley 2014

Commuting

2.31 Commuting patterns are specifically referenced in the PPG as an important indicator in assessing housing market areas, given that it illustrates the spatial structure of the labour market and evidences the relationship between where people live and where they work.

2.32 2011 Census data was published in July 2014, and provides an updated picture on where residents of Stoke-on-Trent and Newcastle-under-Lyme work, and where the workforce in each authority commutes from.

2.33 The following table shows the proportion of residents of each authority who work within the same authority, and the proportion that work within either Stoke-on-Trent or Newcastle-under-Lyme.

Figure 2.8: Containment of Labour 2011

Origin	Works within authority	Works within Stoke-on-Trent and Newcastle-under-Lyme
Stoke-on-Trent	64.1%	76.6%
Newcastle-under-Lyme	39.4%	72.8%
Stoke-on-Trent and Newcastle-under-Lyme	**–**	**75.3%**

Source: Census 2011

2.34 The Census shows that only one in four residents of Stoke-on-Trent and Newcastle-under-Lyme commute outside the two authorities for work, suggesting a high level of containment of residents for work within this geography. Notably, however, Newcastle-under-Lyme has a low level of containment, less than 40%. When taking into account containment in the two authorities, this rises to almost 73%, indicating that approximately one third of residents commute to work in Stoke-on-Trent. This highlights the strong relationship that the two authorities share in commuting terms.

2.35 The following tables provide more information on the origin and destination of commuters into Stoke-on-Trent and Newcastle-under-Lyme respectively.

Figure 2.9: Stoke-on-Trent – Commuting Flows 2011

Live in Stoke-on-Trent			Work in Stoke-on-Trent		
Workplace	Total	%	Place of residence	Total	%
Stoke-on-Trent	60,210	64.1%	Stoke-on-Trent	60,210	60.1%
Newcastle-under-Lyme	11,756	12.5%	Newcastle-under-Lyme	16,237	16.2%
Staffordshire Moorlands	5,182	5.5%	Staffordshire Moorlands	9,529	9.5%
Stafford	5,119	5.4%	Stafford	4,631	4.6%
Cheshire East	3,774	4.0%	Cheshire East	4,057	4.0%

Source: Census 2011

2.36 As noted earlier, Stoke-on-Trent shows a relatively high level of containment of labour, although there are evidently a number of important commuting flows. Around 5,000 Stoke-on-Trent residents travel to work in Stafford – representing just over 5% of the working population – with a similar number commuting to Staffordshire Moorlands. Staffordshire Moorlands, though, is also an important importer of labour to Stoke-on-Trent, with residents making up just under 10% of the workforce. This reinforces the relationship shown in migration terms above.

Figure 2.10: Newcastle-under-Lyme – Commuting Flows 2011

Live in Newcastle-under-Lyme			Work in Newcastle-under-Lyme		
Workplace	Total	%	Place of residence	Total	%
Newcastle-under-Lyme	19,172	39.4%	Newcastle-under-Lyme	19,172	47.2%
Stoke-on-Trent	16,237	33.4%	Stoke-on-Trent	11,756	28.9%
Cheshire East	4,557	9.4%	Cheshire East	2,644	6.5%
Stafford	2,487	5.1%	Staffordshire Moorlands	2,143	5.3%
Staffordshire Moorlands	1,163	2.4%	Stafford	1,616	4.0%

Source: Census 2011

2.37 Newcastle-under-Lyme shows lower levels of containment, with the importing of labour from other authorities and out-commuting to work outside the authority clearly important defining factors in the borough. Stoke-on-Trent is both the main origin for out-commuters and the main place of residence for the workforce, aside from Newcastle-under-Lyme itself. There is also a relatively strong relationship with Cheshire East, with just under one in ten working residents commuting to Cheshire East to work and around 2,600 people commuting in to work in Newcastle-under-Lyme. There are also evident flows with Stafford and Staffordshire Moorlands.

2.38 It is also important to consider the composition of the workforce in Stoke-on-Trent and Newcastle-under-Lyme (i.e. those working in the authorities as opposed to being resident), and the proportion of which live within the housing market area. This is summarised in the following table.

Figure 2.11: Containment of Workforce 2011

Origin	Lives within authority	Lives within Stoke-on-Trent and Newcastle-under-Lyme
Stoke-on-Trent	60.1%	76.2%
Newcastle-under-Lyme	47.2%	76.1%
Stoke-on-Trent and Newcastle-under-Lyme	**–**	**76.2%**

Source: Census 2011

2.39 With just over three quarters of the workforce in Stoke-on-Trent and Newcastle-under-Lyme also living in the two authorities, the evidence suggests that the local economy draws upon a relatively localised labour force.

2.40 As the origin and destination of commuters illustrates, however, it is recognised there are connections with neighbouring authorities reinforcing the economic geographies affecting the area. Interestingly, however, under half of people who work in Newcastle-under-Lyme live in the borough, with a sizeable inward flow from Stoke-on-Trent.

2.41 Again, the analysis of commuting data reinforces the analysis of migration flows and clearly indicates that that Stoke-on-Trent and Newcastle-under-Lyme share a strong relationship in spatial terms, with a relative containment of both labour and workforce.

Neighbouring Authorities

2.42 While the evidence presented in this chapter indicates that Stoke-on-Trent and Newcastle-under-Lyme act as a self-contained housing market area, it is beneficial – in developing a robust housing evidence base – to consider housing market area definitions in neighbouring authorities, or in those authorities where strong links have been identified. This will identify instances where housing market area geographies overlap into Stoke-on-Trent and/or Newcastle-under-Lyme on the basis of other exercises seeking to define market geographies.

Staffordshire Moorlands

2.43 The Staffordshire Moorlands SHMA was published in June 2014[6], and recognises that the area has historically been characterised by multiple overlapping housing market areas, with no definition confirming the absolute extent of the housing market area in the authority.

2.44 The SHMA also includes an analysis of migration and commuting patterns, which highlights an inter-dependency between Staffordshire Moorlands and neighbouring authorities. The net outflow of migrants from Stoke-on-Trent to Staffordshire Moorlands is particularly highlighted and described as a significant link, indicating that the two authorities are unlikely to be independent housing market areas. The SHMA also highlights a relatively significant relationship with Newcastle-under-Lyme, while there is a strong level of commuting from Staffordshire Moorlands to Stoke-on-Trent in particular, as well as a flow in the opposite direction. There is, though, a relatively high level of containment of labour, with around 74% of Staffordshire Moorlands residents in employment commuting to a location within the district.

2.45 Overall levels of containment of migration, however, are not considered in the SHMA to be substantial enough to consider Staffordshire Moorlands as a self-contained housing market area, given that internal migrations account for 52% of all out-migration and 57% of all in-migration. Based on 2001 Census data, this level of containment increases to 74% and 69% respectively when Stoke-on-Trent and Newcastle-under-Lyme are included. In particular, some wards – such as Biddulph West and Brown Edge and Endon – have much stronger relationships with Stoke-on-Trent than with other settlements in Staffordshire Moorlands.

2.46 Staffordshire Moorlands is therefore not considered to be a self-contained housing market area, with the Council expected to continue to liaise with Stoke-on-Trent City Council under the Duty to Co-operate to ensure that housing needs are met in full at a strategic level. This reflects the complex situation in Staffordshire Moorlands, with some wards showing higher levels of containment and others evidently sharing strong links with Stoke-on-Trent.

[6] NLP (2014) Staffordshire Moorlands Strategic Housing Market Assessment and Housing Needs Study

2.47 Following publication of the Staffordshire Moorlands SHMA, updated migration statistics from the 2011 Census are now available, which provide a headline level of migration patterns at a local authority level. This highlights that:

- 3.3% of people moving from Stoke-on-Trent and Newcastle-under-Lyme move to Staffordshire Moorlands, with 1,279 people moving in this direction during the year before the 2011 Census. The majority of these people moved from Stoke-on-Trent, where moves to Staffordshire Moorlands accounted for 4.1% of all people moving from Stoke-on-Trent;

- Migrants from Staffordshire Moorlands accounted for 2.7% of all people moving to Stoke-on-Trent and Newcastle-under-Lyme in the year before the 2011 Census, representing a total of 1,040 people. 813 of these migrants moved to Stoke-on-Trent, where they made up 3.2% of all in-migrants;

- When looking at Stoke-on-Trent, Newcastle-under-Lyme and Staffordshire Moorlands collectively, 77% of moves from addresses within these authorities were contained within this wider geography according to the 2011 Census, while people moving from these three authorities accounted for 77.2% of all in-migrants. However, it is important to note that this is underpinned by a high level of containment – of around 75% – between Stoke-on-Trent and Newcastle-under-Lyme, as highlighted earlier in this section. Nevertheless, assessing Stoke-on-Trent and Staffordshire Moorlands, containment of 70.5% of out-migrants and 72.3% of in-migrants surpasses the 70% threshold in the PPG; and

- As highlighted earlier, when analysing gross flows – the sum of in-migration and out-migration between authorities – it is evident that the relationship between Stoke-on-Trent and Newcastle-under-Lyme is stronger than the relationship between Stoke-on-Trent and Staffordshire Moorlands, with around twice as many moves between the former two authorities compared to the latter.

2.48 Evidently, therefore, there is a strong relationship between Stoke-on-Trent and Staffordshire Moorlands, although this relationship is generally weaker than that shared by Stoke-on-Trent and Newcastle-under-Lyme. Nevertheless, it is likely that – as highlighted in the SHMA – western areas of Staffordshire Moorlands, such as Biddulph, will be influenced by the Stoke-on-Trent housing market area. This should be a continuing point of discussion between the two authorities to ensure that housing needs are met across this geography.

Cheshire East

2.49 The Cheshire East Strategic Housing Market Assessment 2013 Update[7] indicated that – based on a household survey – 68.5% of all households moving in the past five years moved from another address within Cheshire East, with 68.8% of economically active heads of household working in Cheshire East.

2.50 The analysis continues to identify several local market areas, which largely reflect historic district boundaries, with both the former Congleton and former Crewe and

[7] Arc4 (2013) Cheshire East Strategic Housing Market Assessment 2013 Update

Nantwich market areas influenced by migration from north Staffordshire, although the latter is relatively self-contained.

2.51 The operation of Cheshire East as a strategic housing market geography is recognised by the Planning Inspector in his interim views on the Local Plan Examination, albeit with a recognition that there is a relationship with north Staffordshire:

"Cheshire East would seem to represent an appropriate strategic housing market area, provided that the strong links to Cheshire West & Chester, Greater Manchester and north Staffordshire are recognised, along with the distinct housing sub-markets within Cheshire East itself"[8]

2.52 On this basis, it is understood – following a workshop held in January 2015 – that the Council's commissioned update to the housing evidence base will not reconsider the housing market area geography, given the Inspector's initial views.

2.53 Whilst Cheshire East evidently operates as a separate HMA, it will be important that the authorities continue to maintain a dialogue through the Duty to Co-operate process in recognition of market linkages at a lower spatial level, particularly in close proximity to the authority boundaries.

Stafford

2.54 The Stafford SHMA was published in September 2012[9], and indicates that – based on 2001 Census data – 62.9% of households moving to Stafford in the year before the Census had moved from within the borough. Given that this falls below the level of containment suggested in national guidance, Stafford cannot therefore be considered as an independent housing market area based solely on migration, with the SHMA stating that strong links with neighbouring Stoke-on-Trent and Cannock Chase are indicative of a larger housing market area existing. In terms of commuting, 68.2% of residents lived and worked in the borough, according to the 2001 Census.

2.55 While the SHMA is not prescriptive in defining a housing market area for Stafford, it highlights the complex geography of the local market, with the borough sharing relationships with many neighbouring authorities, including Stoke-on-Trent. On this basis, it is likely that there are market linkages with those areas in close proximity to Stoke-on-Trent and it will be important that an on-going dialogue is maintained with the authority through the Duty to Co-operate process.

Shropshire

2.56 The 2014 Shropshire SHMA[10] was published in March 2014, and included analysis of a range of indicators in determining the extent of the Shropshire housing market area. This highlighted that while Shropshire shares the strongest functional relationship with Telford – as the largest single commuting destination – there are also flows of people from other areas, including Stoke-on-Trent.

---

[8] Examination of the Cheshire East Local Plan Strategy – Inspector's Interim Views on the Legal Compliance and Soundness of the Submitted Local Plan Strategy (November 2014)

[9] Arc4 (2012) Stafford Borough 2012 Strategic Housing Market Assessment

[10] Shropshire Council (2014) Shropshire Local Development Framework Strategic Housing Market Assessment

2.57 Reference is also made to the official DCLG research on housing market areas, which suggested that Shropshire's five former districts could be broken down into five local housing market areas. There are also recognised cross-boundary housing market areas, particularly with Telford and Wrekin, while the East Shropshire market area ties in to Telford and the West Midlands.

2.58 However, the SHMA recognises that, for timetabling and other reasons, the unitary authorities of Shropshire, Herefordshire, Telford and Wrekin, Cheshire East, Cheshire West and Chester and Powys have all completed their latest SHMAs independently, with ongoing co-operation between the authorities as part of the Duty to Co-operate. There are therefore no significant implications for Stoke-on-Trent or Newcastle-under-Lyme with regard to the definition of housing market areas in Shropshire, beyond the usual process of co-operation.

Summary

2.59 Evidently, a review of neighbouring housing market area definitions highlights the complex nature of local market geographies, with several – including Staffordshire Moorlands and Stafford – failing to show a level of containment at a local authority level and therefore influenced by wider market geographies.

2.60 Importantly, guidance suggests that housing market areas can overlap, and it will be important for both Stoke-on-Trent City Council and Newcastle-under-Lyme-under-Lyme Borough Council to continue to engage with neighbouring authorities under the Duty to Co-operate to ensure that housing needs are met. However, for the purposes of this report, based on the analysis, it is appropriate to consider Stoke-on-Trent and Newcastle-under-Lyme as a HMA. Whilst Stoke-on-Trent shows a level of containment which approaches the 70% identified within the PPG (and potentially achieves it if long-distance moves are taken into account) it is apparent that Newcastle-under-Lyme certainly doesn't achieve a sufficient level of containment to be viewed as a separate HMA. The evidence indicates that connections between the two authorities represent the most significant for each authority by some way. They also share a level of market commonality in the context of neighbouring authorities.

Other Research

2.61 The concept of housing market areas is not a new one. The RSS was informed by a recognition that housing markets operated within and beyond administrative boundaries. There is therefore an important historical evidence base as to the definition of market geographies which is initially considered in this section. This section briefly summarises the outputs of research undertaken historically to define HMAs across the country and within the West Midlands.

2.62 It is important to recognise that the housing market area geographies arrived at within these documents are varied in their definitions, reflecting the use of different technical approaches and the relative weight given to the different sources of data introduced earlier in this report. It is also important to recognise that many of these studies have been informed by data which has now been superseded – such as the outputs of the 2001 Census – or followed guidance which has now been replaced by the PPG. The conclusions of these studies do not therefore represent an assessment of housing market area geographies, in line with the PPG, although the outputs do provide valuable historic context on the definition of housing market areas.

National Research

2.63 National research published by DCLG and the National Housing and Planning Advice Unit (NHPAU) in 2010[11] provides a useful insight into identifying housing market area geographies, given that it remains the only study of its kind to seek to identify housing market geographies across the whole country. This primarily academic project sought to consider the best approach to dividing the country into non-overlapping housing market areas through consideration of commuting and migration trends from the 2001 Census – now superseded – as well as standardised house prices.

2.64 The research defined a two tier structure of strategic and local housing market area geographies, with the former built from an assumed 77.5% containment of commuting and the latter developed based on an assumed 50% self-containment of migration. It is important to note that neither of these thresholds reflects the PPG which, as set out in section 1, suggests a 70% migration threshold. However, each of these geographies is considered in turn below.

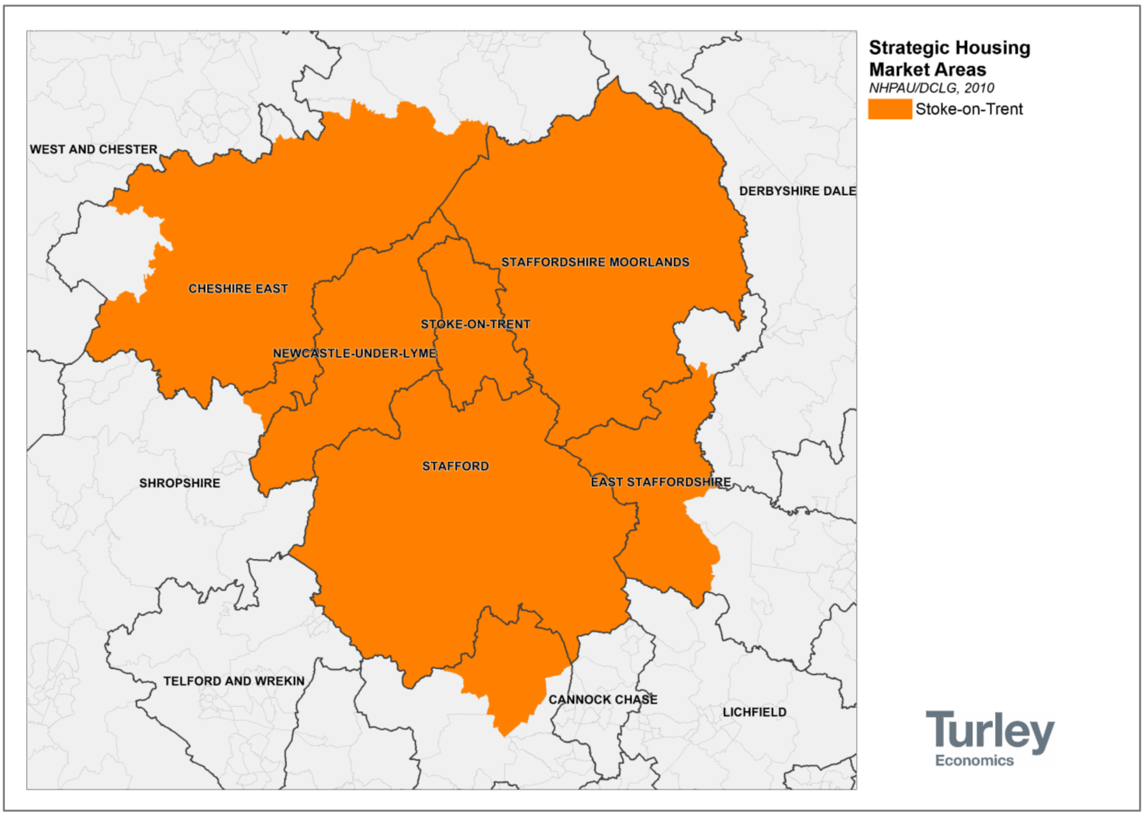
Strategic Housing Market Areas

2.65 As the following graphic shows, the Stoke-on-Trent strategic housing market area identified by DCLG and NHPAU covers a wide area, including the entirety of Stoke-on-Trent and Newcastle-under-Lyme. The market area also extends to cover Staffordshire Moorlands, Stafford and areas of East Staffordshire, Cheshire East and South Staffordshire. This suggests the existence of a wider market – centred on Stoke-on-Trent – that extends to cover broad areas of Staffordshire and parts of Cheshire.

2.66 As noted above, this definition is based upon analysis of levels of commuting containment using 2001 Census data. This therefore highlights the important functional economic linkages across this wider geography, but does not necessarily reflect the containment of migration, nor the changing economic dynamics since 2001. The analysis earlier in this section – which shows a relative self-containment in terms of commuting – therefore represents a more up-to-date position.

[11] DCLG (2010) Geography of Housing Market Areas

Figure 2.12: Strategic Housing Market Areas

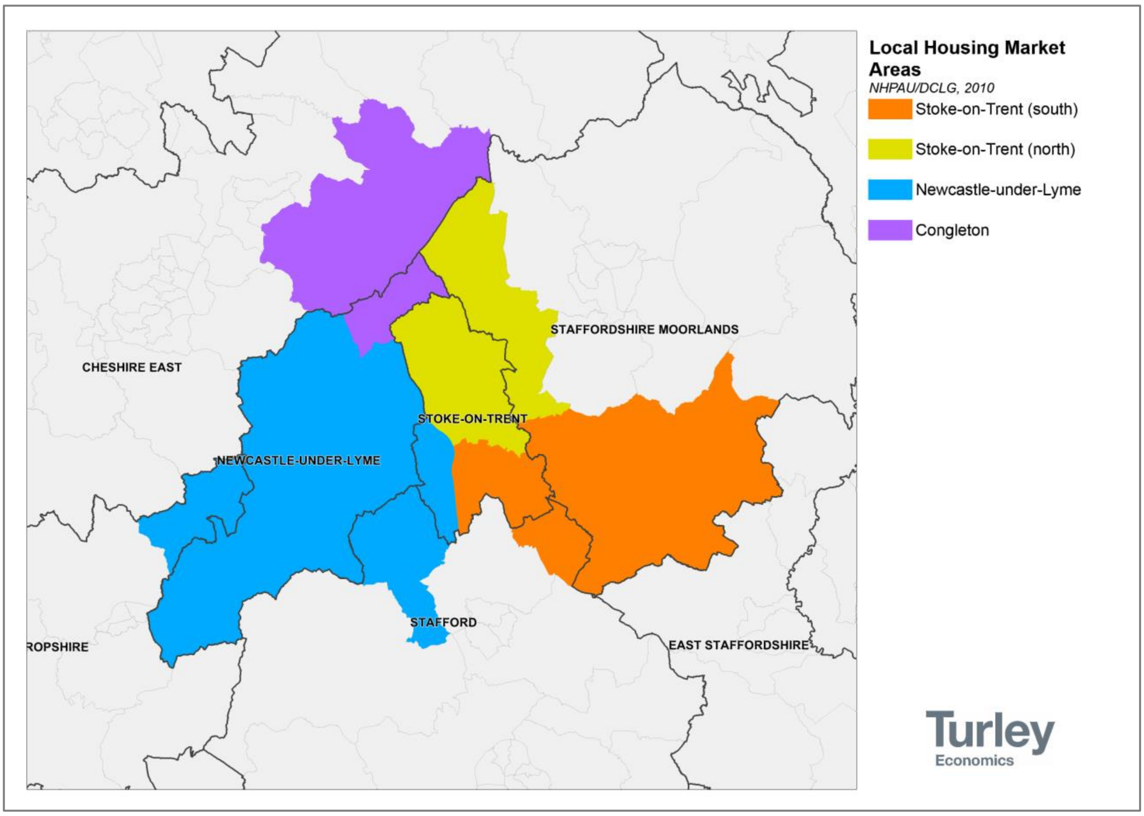


Source: DCLG/NHPAU, 2010

Local Housing Market Areas

2.67 Recognising the importance of more locally defined markets, the research presented a lower tier of market areas, with the following plan showing the spatial boundaries of these geographies.

Figure 2.13: Local Housing Market Areas



Source: DCLG/NHPAU, 2010

2.68 As shown, the DCLG research suggests that a number of local markets are in operation within the local authority boundaries of Stoke-on-Trent and Newcastle-under-Lyme. Newcastle-under-Lyme is a largely self-contained local market, which extends into Stoke-on-Trent to cover Trentham. Kidsgrove in the north of the borough falls within the Congleton local market. Stoke-on-Trent is split into two local markets, with the southern parts of the authority – Fenton, Longton and Meir – sharing a market relationship with southern Staffordshire Moorlands, with the northern local market extending into Biddulph.

2.69 As shown, the application of this definition results in a number of local housing markets which cross local authority boundaries. It is notable, however, that the use of ward data to define these local market geographies results in a number of areas which – while sometimes closely aligning with administrative boundaries – often results in the local authorities being sub-divided. This evidently presents a challenge in the generation of policy and the analysis of data.

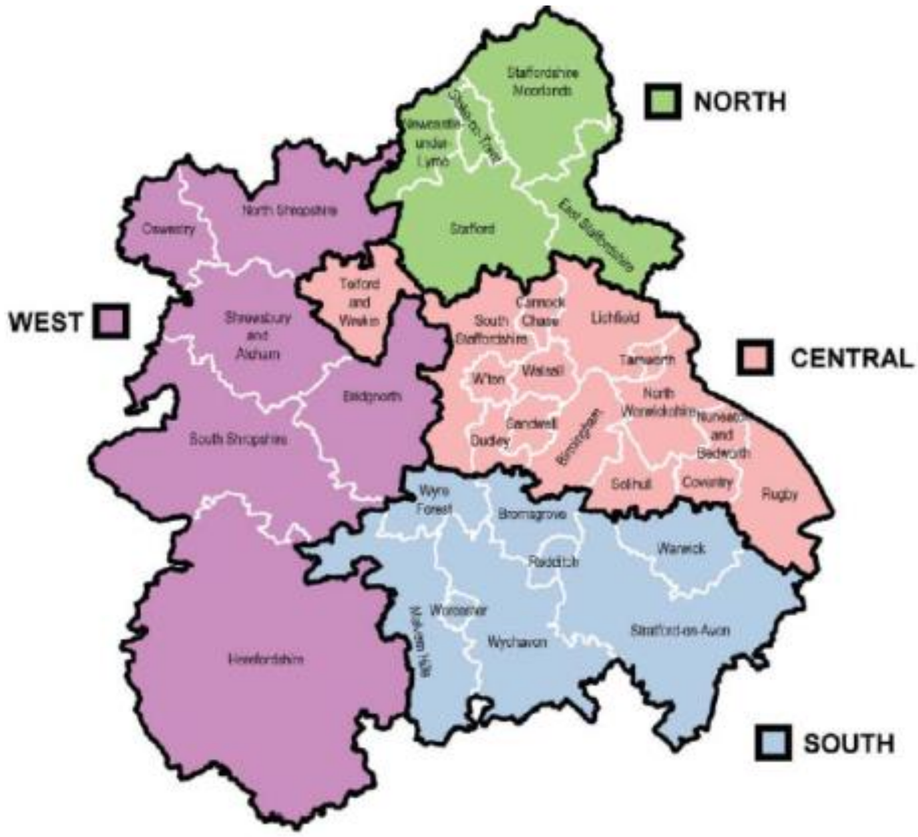
2.70 It is important to acknowledge that the DCLG research primarily drew upon 2001 Census data which is now – at least partially – updated through the release of 2011 Census data. These more recent datasets are considered earlier in this section, and should be considered to carry more weight given that they represent an up-to-date evidenced position. It should also be noted that the research approach of DCLG – and the migration thresholds applied in defining local markets – differs from the guidance included within the PPG.

Regional Research

2.71 The West Midlands Regional Housing Strategy[12] identified four sub-regional HMAs in the region, with both Stoke-on-Trent and Newcastle-under-Lyme considered to fall within the North housing market area which also covered Stafford, Staffordshire Moorlands and East Staffordshire. This definition was based on analysis of house price trends and evidence of functional relationships, as illustrated through migration and commuting patterns. A SHMA was published for the North HMA in 2008[13].

2.72 The four identified HMAs in the West Midlands – based on the 2005 research – are illustrated below, replicated from Figure 1 of the 2008 SHMA[14].

Figure 2.14: West Midlands Housing Market Areas



Source: Outside Consultants, 2008

Summary and Implications

2.73 The PPG sets out the key sources of information that should be considered in defining housing market areas, with this section including analysis of migration patterns, commuting trends and house prices to assess the housing market area for Stoke-on-Trent and Newcastle-under-Lyme and the extent to which they can be considered as representing a housing market area for the purposes of undertaking a SHMA in line with the PPG.

12 West Midlands RDA (2005) West Midlands Regional Housing Strategy
13 Outside Consultants (2008) West Midlands North Housing Market Area Strategic Housing Market Assessment 2007
14 Ibid

2.74 Migration data from the 2011 Census was released in July 2014, and provides the most reliable and comprehensive picture of movements across the country. This indicates that 74.9% of people who move from an address in Stoke-on-Trent or Newcastle-under-Lyme move to another address within the two authorities, indicating a relative containment of moves. Notably, this surpasses the 70% threshold highlighted in the PPG, which – given that neither authority surpasses this threshold in isolation – indicates that only the two authorities collectively can be considered as a housing market area, based on migration and containment of moves.

2.75 Commuting data from the 2011 Census shows that 75.3% of working residents in Stoke-on-Trent and Newcastle-under-Lyme commute to a place of work within the two authorities, suggesting a containment of labour within this geography. Newcastle-under-Lyme notably has a low level of containment when considered in isolation, with approximately one third of residents commuting to work in Stoke-on-Trent, again highlighting the strong functional relationship between the two authorities.

2.76 House price analysis is also advocated in the PPG, with DCLG data showing that house prices in Stoke-on-Trent were typically lower than in neighbouring authorities. Values in Newcastle-under-Lyme are also relatively low, having seen the lowest level of growth during the decade of growth prior to the recession. Given that house prices in both Newcastle-under-Lyme and particularly Stoke-on-Trent are towards the lower end of the averages for neighbouring authorities, it could be considered that the two share similar market characteristics, although average prices in Stoke-on-Trent have historically been the lowest in the surrounding area.

2.77 Evidently, therefore, Stoke-on-Trent and Newcastle-under-Lyme share a strong relationship, although it is also important to consider other neighbouring authorities. In particular, Staffordshire Moorlands shares a relatively strong relationship with Stoke-on-Trent, with the authority's recently published SHMA[15] indicating that Staffordshire Moorlands is not a self-contained housing market area. The same is also true of Stafford with the SHMA[16], whilst not defining a HMA which includes Newcastle-under-Lyme or Stoke-on-Trent does highlight important linkages with Stoke-on-Trent. This should continue to be discussed between both authorities through the Duty to Co-operate to ensure that housing needs are met across this geography.

2.78 Housing market areas can overlap, however, and on the basis of the analysis presented in this chapter, Stoke-on-Trent and Newcastle-under-Lyme can collectively be considered as a single housing market area. This reflects the fact that a high proportion of moves are contained within this geography, while a high proportion of labour is also retained within the two authorities. The two authorities also share similar market characteristics, although it is evident that values in Stoke-on-Trent are typically lower than in Newcastle-under-Lyme. It is therefore appropriate – in line with guidance in the PPG – to assess housing needs across this geography in the SHMA.

[15] NLP (2014) Staffordshire Moorlands Strategic Housing Market Assessment and Housing Needs Study
[16] Arc4 (2012) Stafford Borough 2012 Strategic Housing Market Assessment

3. Sub-Authority Market Geographies

3.1 While the evidence presented in the previous chapter highlighted the existence of a single housing market covering Stoke-on-Trent and Newcastle-under-Lyme, it is important to recognise the operation of sub-markets within authorities. This highlights important spatial variations within authorities, allowing analysis between different areas with different market characteristics.

3.2 The previous Stoke-on-Trent SHMA[17] – prepared in 2012 and finalised in February 2013 – defined a set of sub-market areas that are retained within this assessment. These areas are introduced below, with the process behind their definition also summarised.

3.3 As part of this assessment, sub-market geographies are to be defined for Newcastle-under-Lyme. This section therefore includes analysis of a range of spatial indicators – including migration and house prices – alongside a review of contextual data to identify and test local markets in Newcastle-under-Lyme.

Stoke-on-Trent

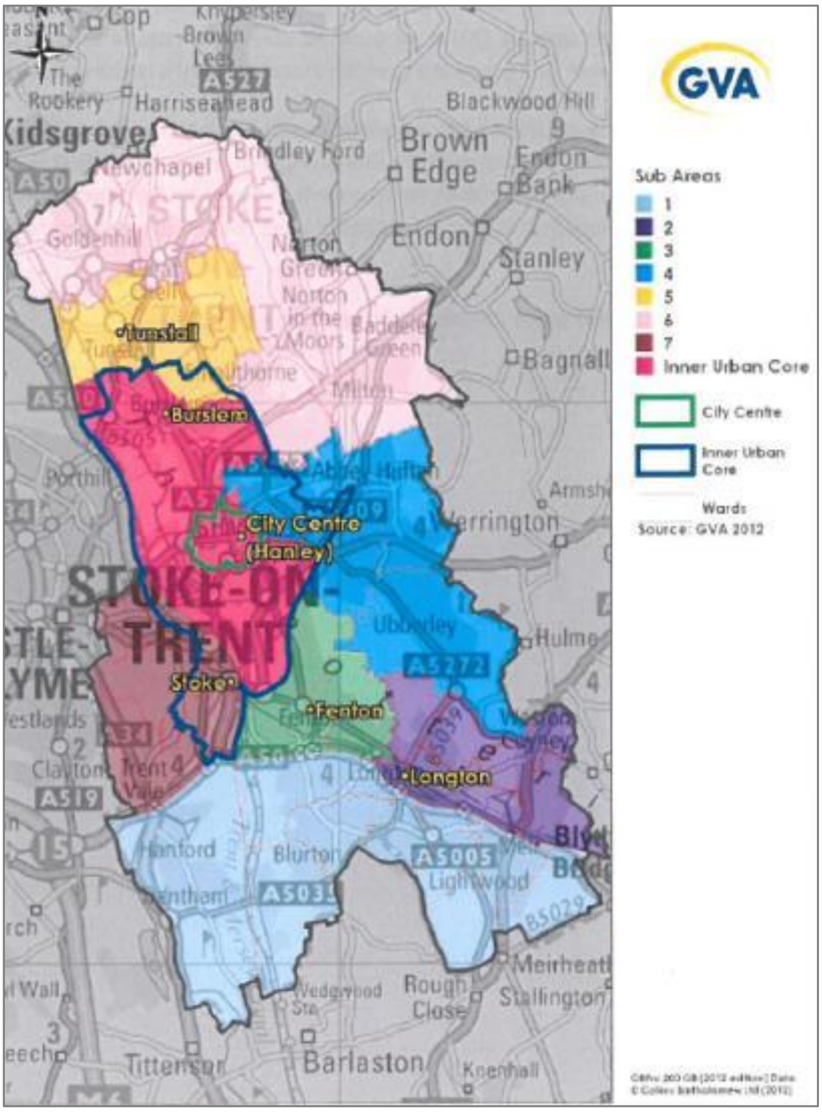
3.4 The 2012 Stoke-on-Trent SHMA highlighted that the identification of local housing market areas provides a basis for strategic decisions on future supply and distribution of housing.

3.5 At the time of the report, the most recent available guidance on defining housing market areas was DCLG's Identifying Sub-regional Housing Market Areas advice note[18]. While this guidance has since been superseded by the PPG, there is a broad conformity in approach, with both sets of guidance advocating analysis of migration and commuting patterns to identify operating local markets. Contextual data was also considered, recognising that decisions on household moves can often be economic or tied to local characteristics, such as the price of housing.

3.6 The 2012 SHMA sought to define functional market areas operating within Stoke-on-Trent's wider housing market. By following the approach set out within the latest DCLG guidance, wards in Stoke-on-Trent were aggregated together to form eight functional local market areas. These are displayed below.

[17] GVA (2013) Stoke-on-Trent Strategic Housing Market Assessment 2012
[18] DCLG (2007) Identifying Sub-regional Housing Market Areas

Figure 3.1: 2012 SHMA Local Market Areas



Source: GVA, 2012

3.7 In identifying the local housing market areas, the 2012 SHMA notes that analysis of commuting patterns is a key indicator for assessing the linkages between areas, particularly as this reflects economic factors. Analysis of 2001 Census data highlighted the different commuting dynamics affecting different parts of the authority:

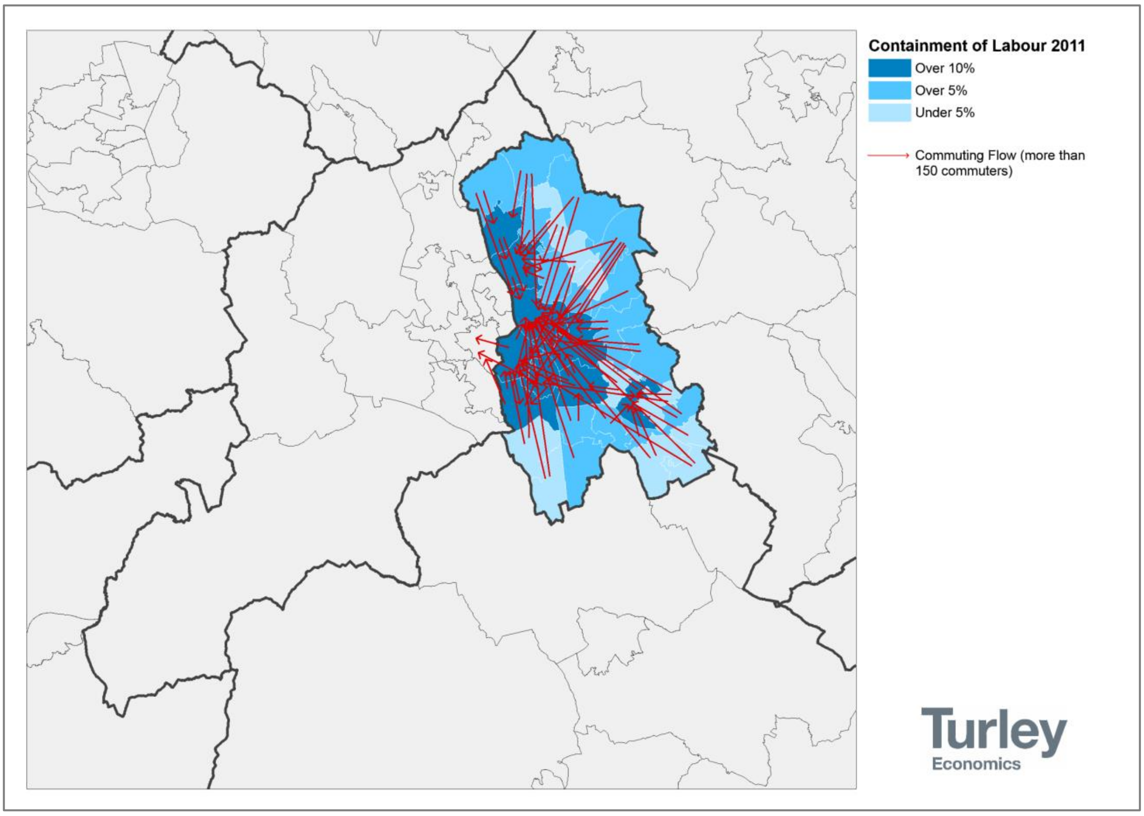
"Much of Stoke-on-Trent has a strong employment relationship with neighbouring Newcastle-under-Lyme with a high level of people commuting into Stoke-on-Trent. The southern area of the city shares functional relationships for employment with neighbouring Stafford Borough, and much of the north and east of Stoke-on-Trent is a secondary employment catchment for inward commuters from Macclesfield"[19]

3.8 Following completion of the 2012 SHMA, updated commuting data from the 2011 Census is now available, allowing an updated assessment of commuting trends at

[19] GVA (2013) Stoke-on-Trent Strategic Housing Market Assessment 2012 (p77)

middle super output area (MSOA) level. This is illustrated in the following graphic, which shows areas with high and low levels of labour containment, where a high or low proportion of residents also work in the same MSOA. Significant commuting flows – of more than 150 people – are also shown as red arrows. It is important to note that neighbouring authorities are not discounted from this analysis.

Figure 3.2: Commuting within Stoke-on-Trent 2011



Source: Census 2011

3.9 As shown, much of Stoke-on-Trent is characterised by relatively high levels of labour containment, particularly in the east of the authority. There are lower levels of containment elsewhere, although it is clear that this reflects the significant flow of commuters to Hanley and the wider city centre. In the north, there are also notable flows to Burslem, while Longton is also a prominent destination for commuters in the south of Stoke-on-Trent. There is also a notable flow to Newcastle-under-Lyme, particularly from MSOAs close to the authority boundary. It is, though, important to recognise that there are not comparable flows from Stoke-on-Trent to other neighbouring authorities, such as Stafford and Staffordshire Moorlands, and these authorities are not discounted from the analysis.

3.10 The report also examines a number of household socio-economic characteristics, which provide a further indication of the differences in neighbourhoods and housing market areas. The SHMA notes:

"For an economy to function it requires a mix of households on different incomes being able to find housing in neighbourhoods of choice. It is quite common for similar groups

of households to be found in clusters. This is often related to similar abilities to access housing at different price points / ranges as well as similar aspirations and neighbourhood requirements associated with the stage in the family life cycle. This is also quite often a reflection of the type and age of stock that is available within an area"[20]

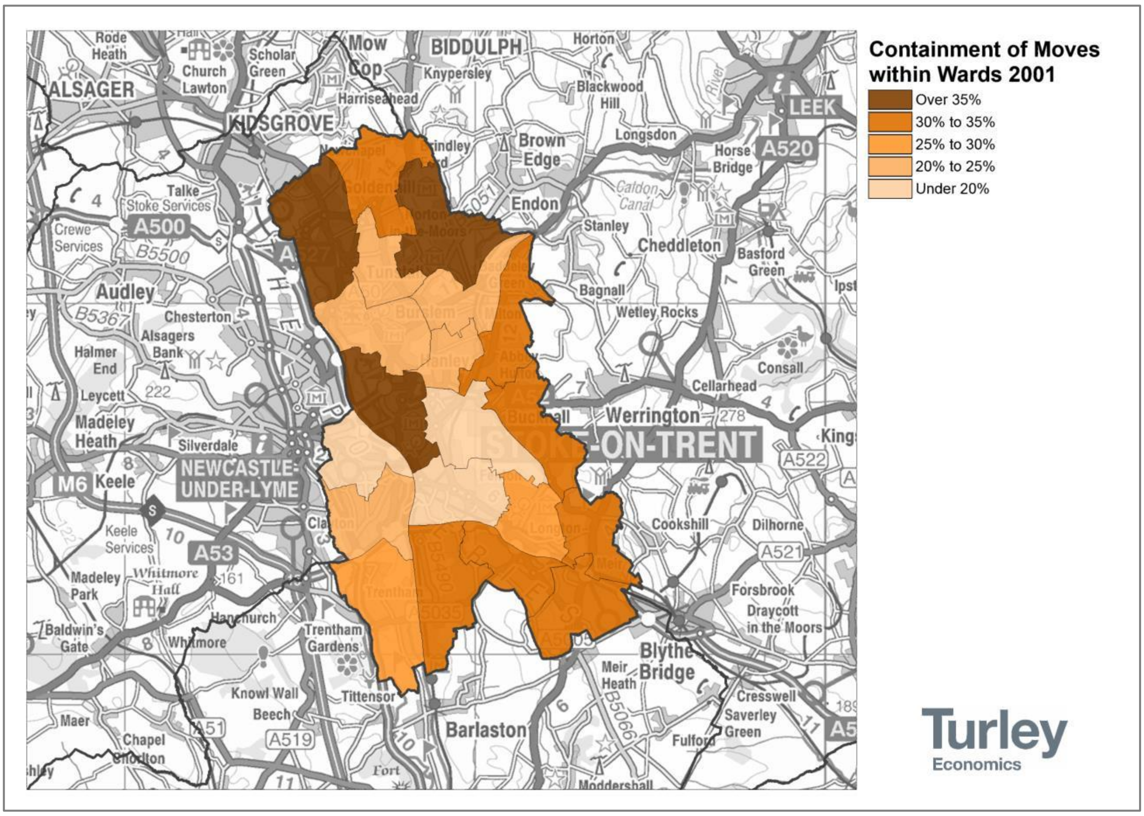
3.11 This accords with guidance in the PPG, which suggests that analysis of contextual data can provide further information in defining market areas when considered alongside factors such as commuting and migration patterns.

3.12 The SHMA includes an analysis of income profile as well as socio-economic classifications – using Experian Mosaic data – and also assesses house price trends using Land Registry data. This concludes that there is significant spatial variation in house prices across Stoke-on-Trent, with the Inner Urban Core and sub-market 3 – which covers Fenton – characterised by lower house prices, suggesting that these are the most affordable areas to purchase a home. House prices to the far north and south of the authority – covering areas such as Longton and Trentham – exhibit higher house prices.

3.13 The 2012/13 SHMA did not assess migration flows in a significant level of detail. Sub-authority 2011 Census data has not, at the time this research was undertaken, been released by the ONS. Recognising the emphasis placed on understanding migration flows in understanding market geographies in the PPG analysis has been undertaken to illustrate the level of self-containment of moves within each of the wards in the authority using 2001 Census data. The varying levels of containment of moves is presented in the following plan, which broadly shows higher levels of containment to the north of the authority and generally lower levels of containment in more central areas, with the exception of west Hanley.

[20] Ibid (p79)

Figure 3.3: Containment of Moves by Ward 2001



Source: Census 2001

3.14 The SHMA concludes the definition with a summary of the characteristics of each local market area, based on a summation of the indicators analysed in their definition. This summary table – Figure 5.7 of the 2012 SHMA – is replicated overleaf.

Figure 3.4: Stoke-on-Trent Local Market Area Characteristics

Local Market Area	Average House Prices	Household Incomes	Travel to Work Relationships	Experian Mosaic Socio-Economic Classification
1	High	High	Stafford/Newcastle-under-Lyme	Professionals, retirees, suburban households
2	Moderate	Moderate	Newcastle-under-Lyme	Elderly people, suburban families, industrial heritage
3	Low	Low	Newcastle-under-Lyme/Cheshire East	Terraced communities, industrial heritage
4	Moderate	Moderate	Newcastle-under-Lyme/Cheshire East	Suburban households, industrial heritage, terraced communities
5	Low	Low	Newcastle-under-Lyme/Cheshire East	Terraced communities, industrial heritage
6	High	Moderate	Cheshire East	Ex-Council community, suburban households, industrial heritage, professionals
7	High	Moderate	Newcastle-under-Lyme	Terraced communities, households careers and children
Inner Urban Core	Low	Low	Newcastle-under-Lyme	Terraced communities, some upper floor living

Source: GVA, 2012

3.15 The local market areas defined in the 2012 SHMA were evidently identified based on a thorough analysis of local market indicators, including commuting, average house prices and contextual data. While the guidance followed in defining the Stoke-on-Trent sub-markets has been superseded by the PPG, it is important to recognise that the PPG does not include a significant amount of additional guidance on defining local market areas below a HMA geography. Indeed, the PPG continues to advocate analysis of the same key indicators – migration, house prices and contextual data, including commuting.

3.16 Given this alignment, it is considered appropriate to retain the sub-market geographies identified within the 2012 SHMA for this assessment. The following table summarises the wards located in each sub-area.

Figure 3.5: Stoke-on-Trent Sub-Area Geographies by Ward

Sub-Area	Wards
Zone 1	Blurton East; Blurton West and Newstead; Dresden and Florence; Hanford and Trentham; Hollybush and Longton West; Lightwood North and Normacot; Meir Park; Meir South
Zone 2	Broadway and Longton East; Meir Hay; Meir North; Sandford Hill; Weston Coyney
Zone 3	Eaton Park; Fenton East; Fenton West and Mount Pleasant
Zone 4	Abbey Hulton and Townsend; Bentilee and Ubberley; Birches Head and Central Forest Park
Zone 5	Bradeley and Chell Heath; Burslem Park; Little Chell and Stanfield; Tunstall
Zone 6	Baddeley, Milton and Norton; Ford Green and Smallthorne; Goldenhill and Sandyford; Great Chell and Packmoor; Sneyd Green
Zone 7	Boothen and Oak Hill; Hartshill and Basford; Penkhull and Stoke; Springfields and Trent Vale
Inner Urban Core	Burslem Central; Eturia and Hanley; Hanley Park and Shelton; Joiner's Square; Moorcroft

Source: Turley, 2014

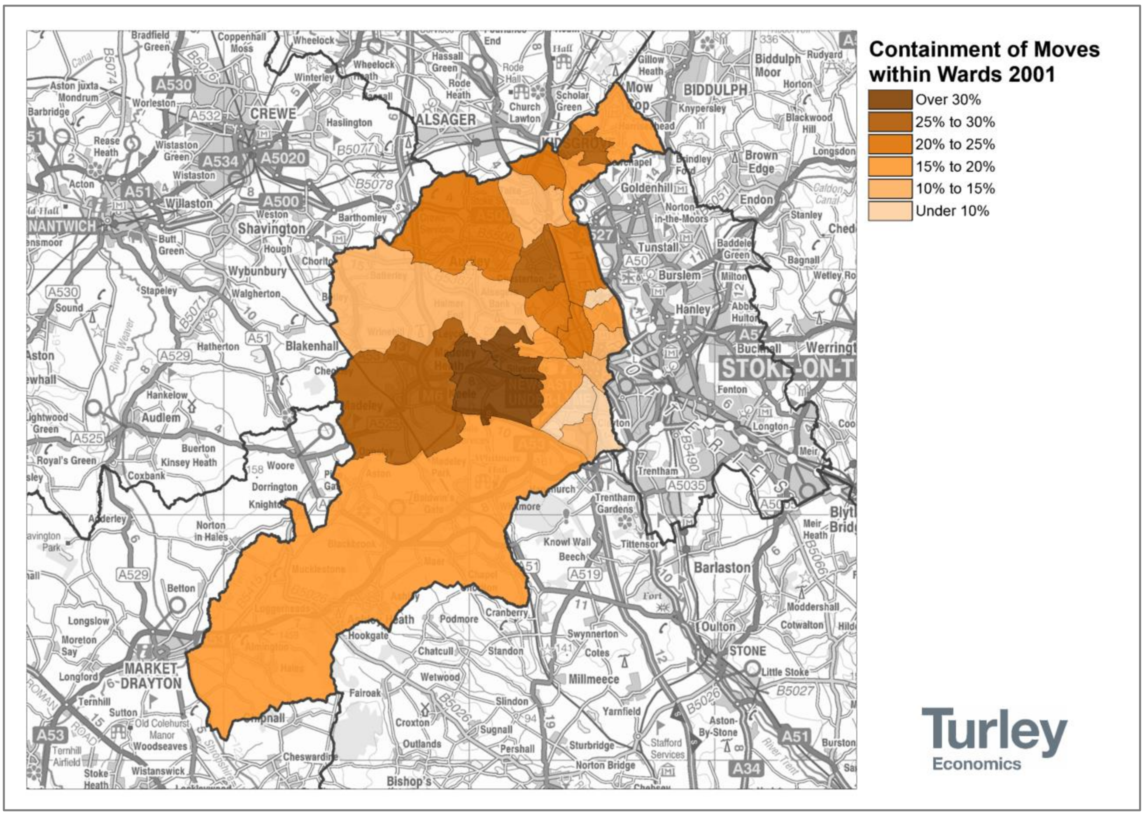
Newcastle-under-Lyme

3.17 Analysis of migration patterns allows an understanding of the likelihood of households to move within a particular area, and this therefore provides a valuable starting point in identifying relatively contained sub-market geographies.

3.18 While 2011 Census data on migration was released in July 2014, this covered only local authorities, with sub-authority migration flows not yet released at the time of writing. In the absence of this updated data, the 2001 Census remains the most up-to-date and reliable indicator of migration patterns at a sub-authority level. The 2001 Census allows analysis of migration patterns at ward level.

3.19 The following plan shows the proportion of all people moving from an address in each ward of Newcastle-under-Lyme that moved to another address within the same ward, during the year before the 2001 Census. This allows an understanding of the likelihood of moving households within each ward to remain within the same area.

Figure 3.6: Containment of Moves by Ward 2001

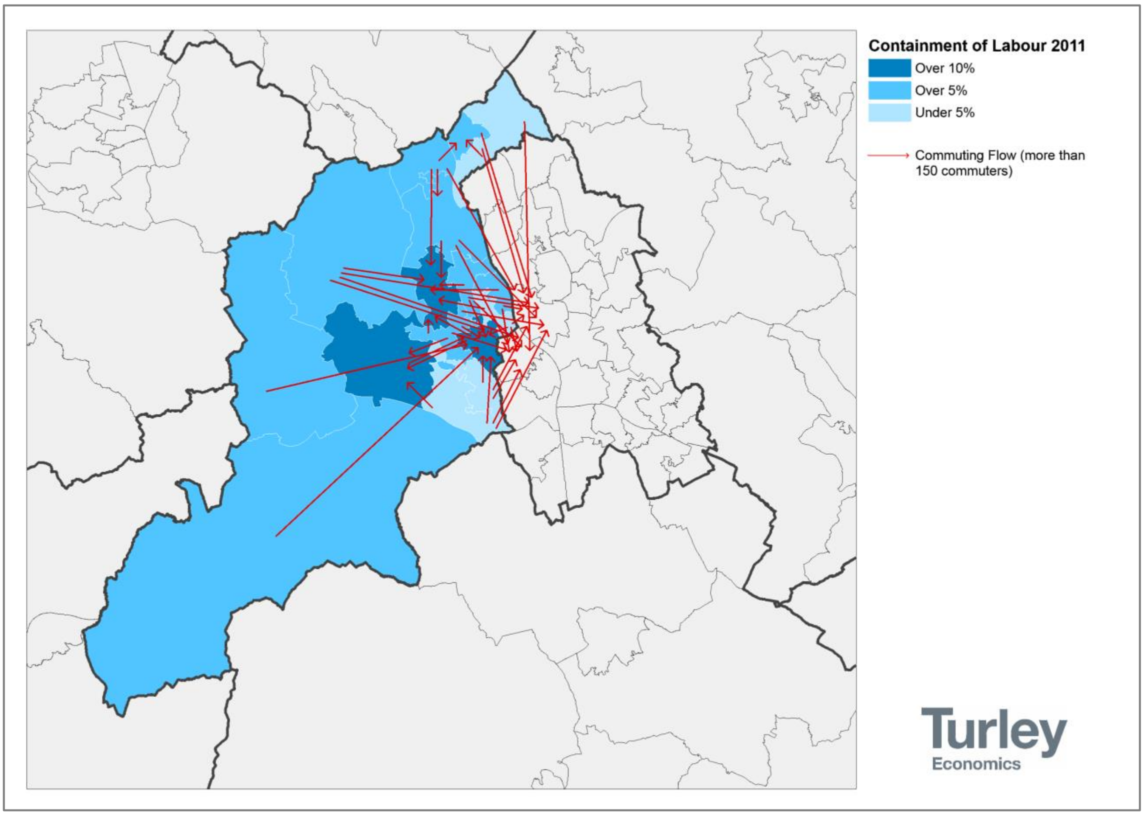


Source: Census 2001

3.20 It is evident that there is a varying level of containment within wards in Newcastle-under-Lyme. Households in Keele and Silverdale and Parkside showed a higher propensity to move locally, with over 30% moving to a new address within the same ward. There was also relatively high containment in Kidsgrove, Chesterton and Madeley, where more than one in four moves were contained within the ward. However, there was a much lower level of containment in Clayton, Westlands and Porthill in particular, with fewer than 10% of moves contained within the respective ward. Interestingly, as shown on the plan above, containment levels were lowest in the more central areas of Newcastle-under-Lyme.

3.21 As noted earlier, data on commuting is available from the 2011 Census, although this is limited to middle super output area (MSOA) level. Therefore, only a headline analysis of commuting patterns can be undertaken. The following graphic shows the proportion of residents in each MSOA who work within the same MSOA, highlighting containment of labour. The graphic also shows significant commuting flows equivalent to more than 150 people, with these shown as red arrows[21].

Figure 3.7: Commuting within Newcastle-under-Lyme 2011



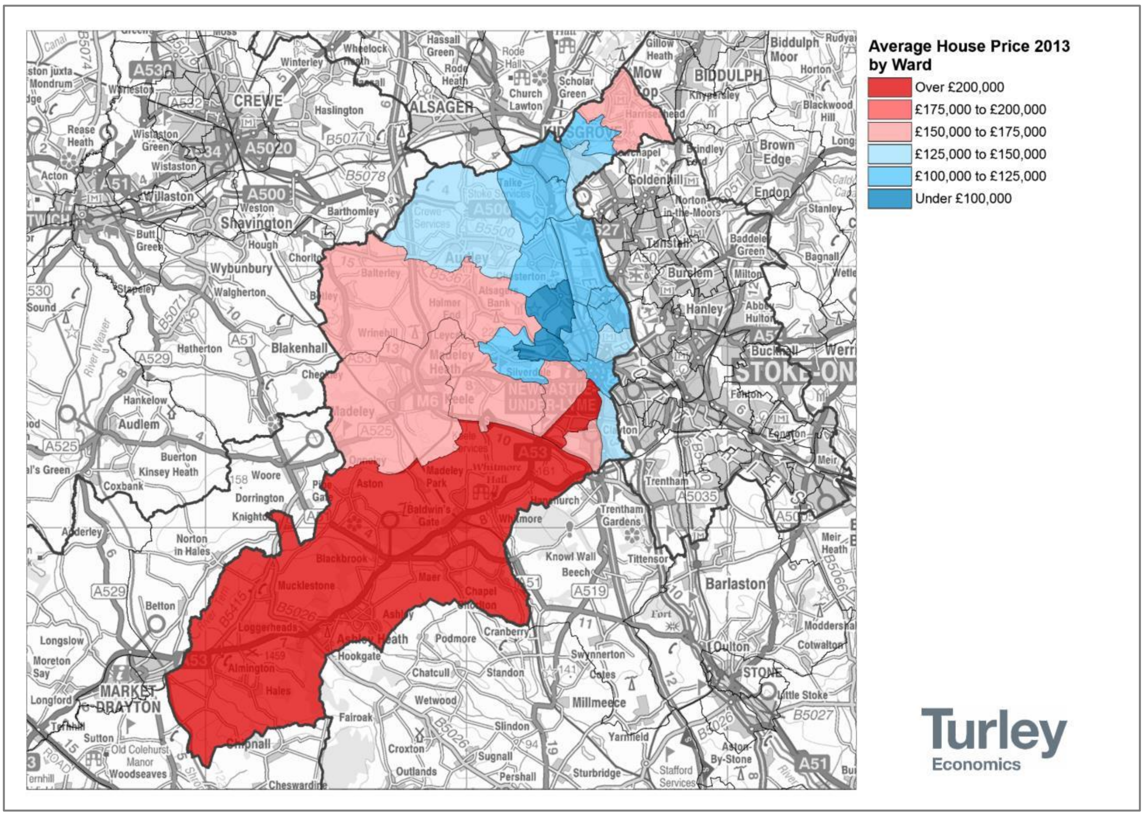
Source: Census 2011

3.22 As shown, more central areas of Newcastle-under-Lyme show a high level of containment of labour, although the wider Clayton and Kidsgrove areas are evidently characterised by lower levels of containment, with significant outflows to Stoke-on-Trent. Across the borough, there are clearly significant flows of people commuting to work in the central urban area of Newcastle-under-Lyme and Stoke-on-Trent, suggesting that this flow is a key characteristic of the housing market area.

3.23 Further context can be provided by considering house price trends. Average house prices have been calculated based on transactions recorded by Land Registry during the calendar year of 2013, with an average calculated for each ward in Newcastle-under-Lyme. This is presented in the following plan to highlight areas of higher and lower value.

[21] This analysis was run to highlight commuting flows with more than 150 people from Newcastle-under-Lyme to any MSOA in any authority to show significant movements

Figure 3.8: Average House Price by Ward 2013



Source: Land Registry, 2013

3.24 The evidence suggests that there are clear areas of higher and lower value in Newcastle-under-Lyme, with the south of the borough characterised by higher average prices and seeing similar values to adjacent areas of Cheshire East, Shropshire and Stafford, as shown in section 2. Much of the northern area of the borough, meanwhile, has lower values, particularly centred around Audley, Kidsgrove and the north of the town centre.

3.25 When considering both migration trends and house prices – presented above – a number of emerging conclusions can be made. It is evident that the rural south of the borough – largely contiguous with the Loggerheads and Whitmore ward – is characterised by relatively high value property transactions, with a degree of containment of moves within this more rural geography. Equally, it is evident that Keele and Silverdale to the north show a high degree of containment, although there is clear variation in house prices between the two wards. This could suggest the operation of specific local sub-markets, which could – in the case of Keele – be influenced by the university.

3.26 House prices within the town centre and the immediate north are broadly continuous, suggesting a wider local market, while the relatively low containment of moves in this area suggests a higher degree of moves that cross ward boundaries. This can be indicative of a wider local market geography, which shares links with neighbouring Stoke. Clayton to the south – with higher prices than the town centre – may be a more local market, albeit one with a low level of containment of moves given the links to Stoke-on-Trent.

3.27 Finally, in the north of the borough, there is evidence of a local market centred around Kidsgrove, which retains a relatively high proportion of moves. Households moving from Madeley also show a relatively high propensity to remain within the ward, while the wider Audley area – which also covers rural areas in the north – is characterised by relatively low value transactions that are reflective of values in Kidsgrove and Newcastle-under-Lyme town.

3.28 On this basis, a number of sub-market areas can be identified, around which further analysis can be constructed. These are summarised in the following table.

Figure 3.9: Emerging Sub-Market Areas by Ward

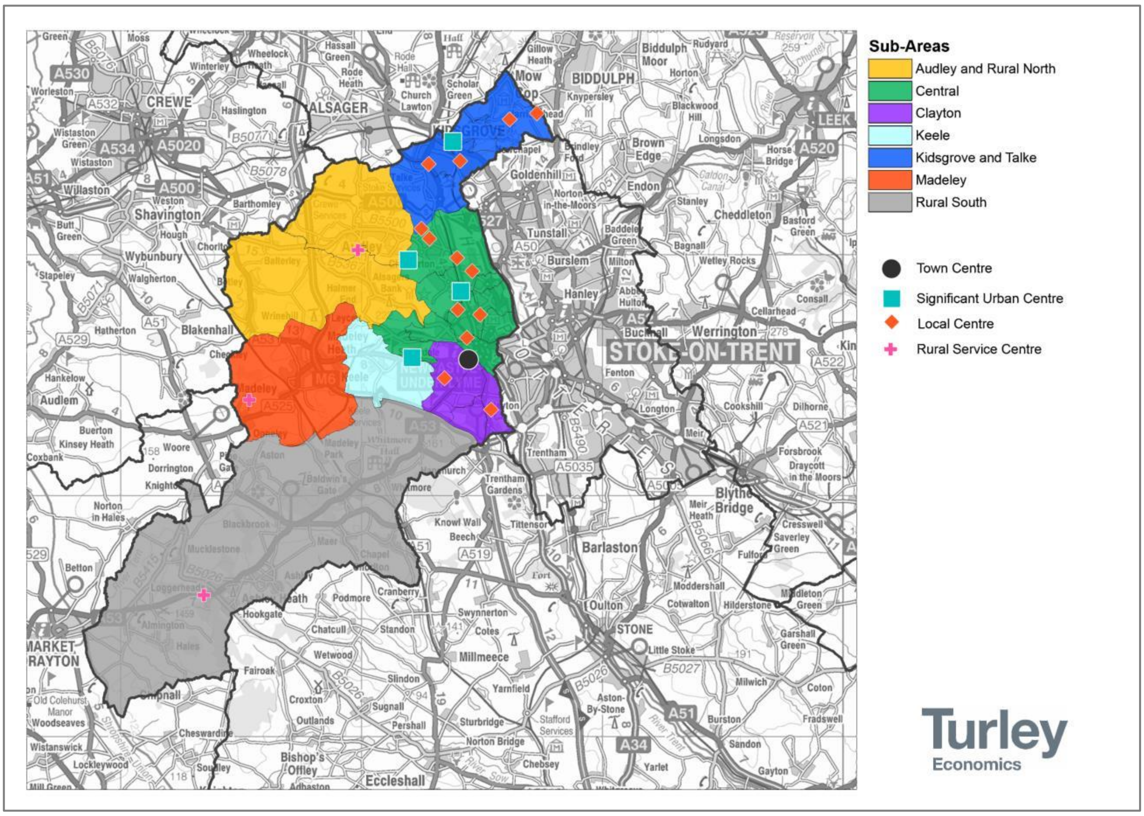
Sub-Area	Wards
Audley and Rural North	Audley and Bignall End; Halmerend
Central	Bradwell; Chesterton; Cross Heath; Holditch; Knutton and Silverdale; May Bank; Porthill; Silverdale and Parksite; Town; Wolstanton
Clayton	Clayton; Seabridge; Thistleberry; Westlands
Keele	Keele
Kidsgrove and Talke	Butt Lane; Kidsgrove; Newchapel; Ravenscliffe; Talke
Madeley	Madeley
Rural South	Loggerheads and Whitmore

Source: Turley, 2014

3.29 With sub-market geographies emerging, it is appropriate to test these geographies – based on ward boundaries and reflecting migration and house price trends – against contextual information, in line with the PPG. It is stated that this can include travel to work connections, retail centres and schools, given that these can provide focal points around which households can move.

3.30 The following plan shows the location of retail centres in Newcastle-under-Lyme relative to the emerging sub-markets listed above. This is based on the hierarchy of centres set out within the current adopted Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy.

Figure 3.10: Newcastle-under-Lyme Hierarchy of Centres

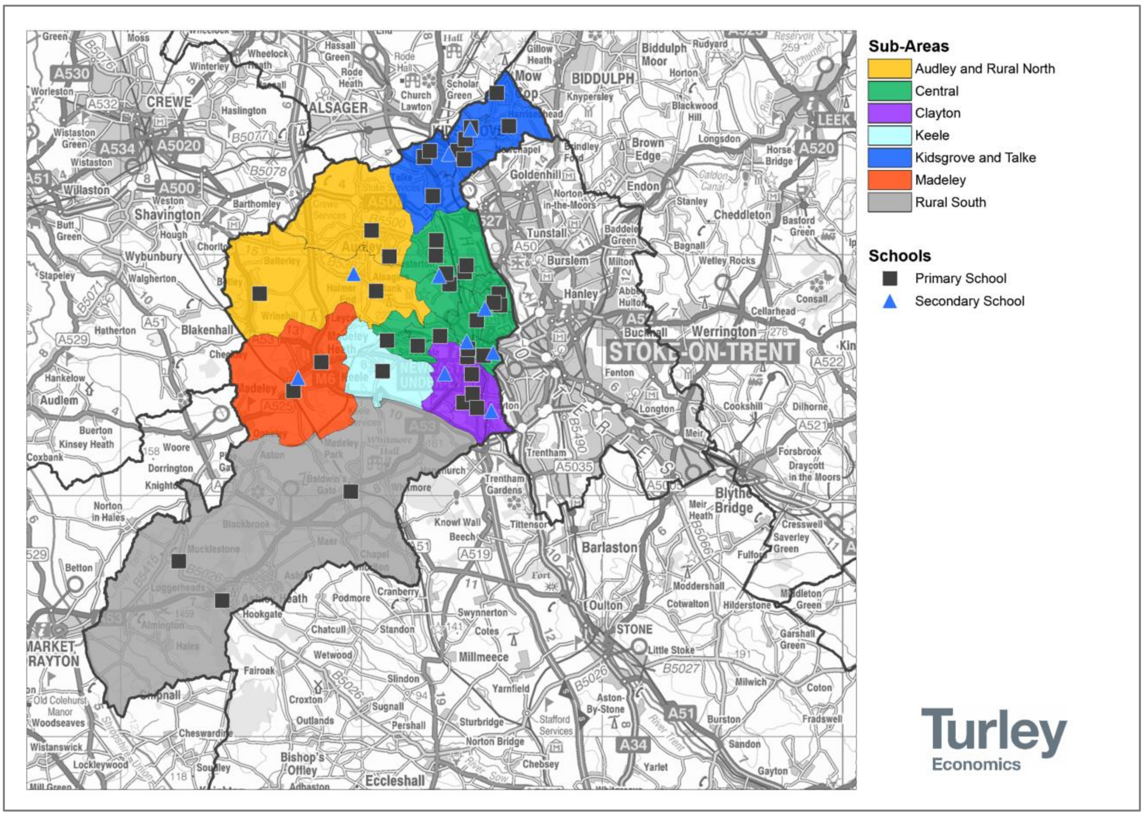


Source: Stoke-on-Trent and Newcastle-under-Lyme Core Spatial Strategy, 2009

3.31 The analysis indicates that all sub-markets contain at least one local centre, with the central area containing a number of local centres which serve the central population. Keele does not contain a designated centre, however – given the campus-based nature of Keele University – it is likely that the campus provides a range of facilities for the large number of students living in this sub-area, while all residents are within a short distance of the significant urban centre of Silverdale.

3.32 Further context can be added by considering the location of schools within the emerging sub-markets. This is presented in the following plan.

Figure 3.11: Location of Schools in Newcastle-under-Lyme

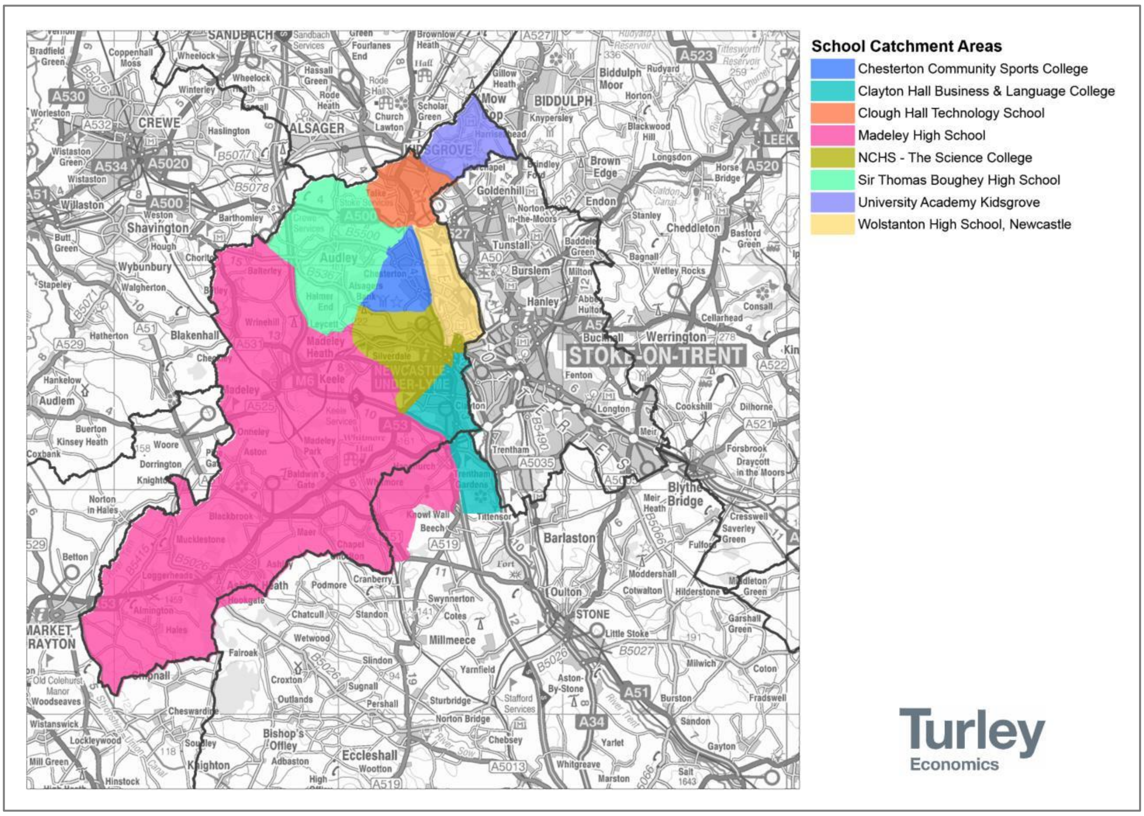


Source: Department of Education, 2014

3.33 It is evident that all sub-areas contain at least one primary school, with more urban areas generally seeing a greater number of schools. There are fewer secondary schools in the borough, reflecting the fact that they are typically larger and serve a wider catchment area. This means that some sub-areas – primarily the Rural South and Keele – do not contain secondary schools. However, much of these sub-areas fall within the catchment area of Madeley High School.

3.34 Indeed, the catchment areas of secondary schools in particular warrant further consideration, with this illustrated in the following map. As shown, Madeley High School has the largest catchment area, covering the rural south of the borough as well as Keele and Madeley. This catchment area also extends further north to cover Wrinehill and Balterley. Kidsgrove and Talke are covered by two relatively small catchment areas, while there are several schools serving a catchment in the emerging Central sub-area.

Figure 3.12: School Catchment Areas in Newcastle-under-Lyme



Source: Newcastle-under-Lyme Borough Council, 2014

3.35 This analysis highlights that the proposed sub-areas are served by retail centres – with their status reflecting their size and role in the retail hierarchy – and local educational facilities. This can reflect the operation of specific local markets, with many responding to the location of school catchment areas and retail centres.

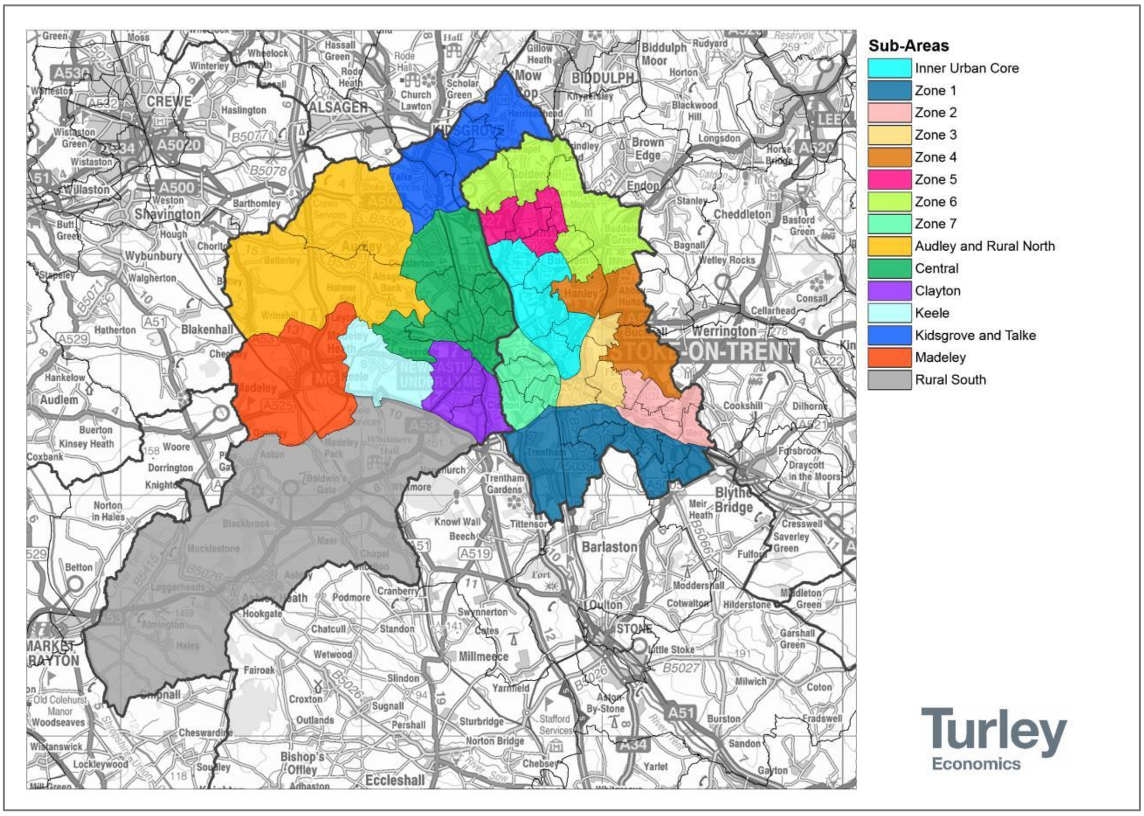
3.36 It is evident that the majority of sub-areas are served by their own community facilities. However, it is important to recognise that Keele and the Rural South in particular are reliant upon other sub-areas for some facilities, such as larger retail centres or secondary schools. Given the unique characteristics of these sub-areas, however – driven by the rural nature of the Rural South and the student population associated with Keele University – it is beneficial for the purposes of the SHMA to isolate these areas to identify specific local market characteristics.

Summary and Conclusions

3.37 On the basis of the analysis presented in this chapter, a number of sub-area geographies have been identified in Stoke-on-Trent and Newcastle-under-Lyme. As highlighted, the Stoke-on-Trent sub-areas directly relate to work commissioned by the Council which was completed in 2012. Sub-areas in Newcastle-under-Lyme have been primarily defined based on containment of migration within wards, which were tested against house price trends, the location of schools and local centres.

3.38 It is apparent from the analysis in section 2 of this report as well as this section that the two authorities share strong market linkages. The sub-areas located along the boundary of the two authorities evidently have spatial definitions which extend beyond and into the administrative geographies of the authorities. Given that these spatial geographies are, however, not intended to represent HMAs as defined by the PPG the authorities have sought to maintain an independent list of sub-market geographies to enable the preparation of Local Plan policy. This is reflected in the conclusions of this section and the following plan.

Figure 3.13: Sub-Area Geographies



Source: Turley, 2014

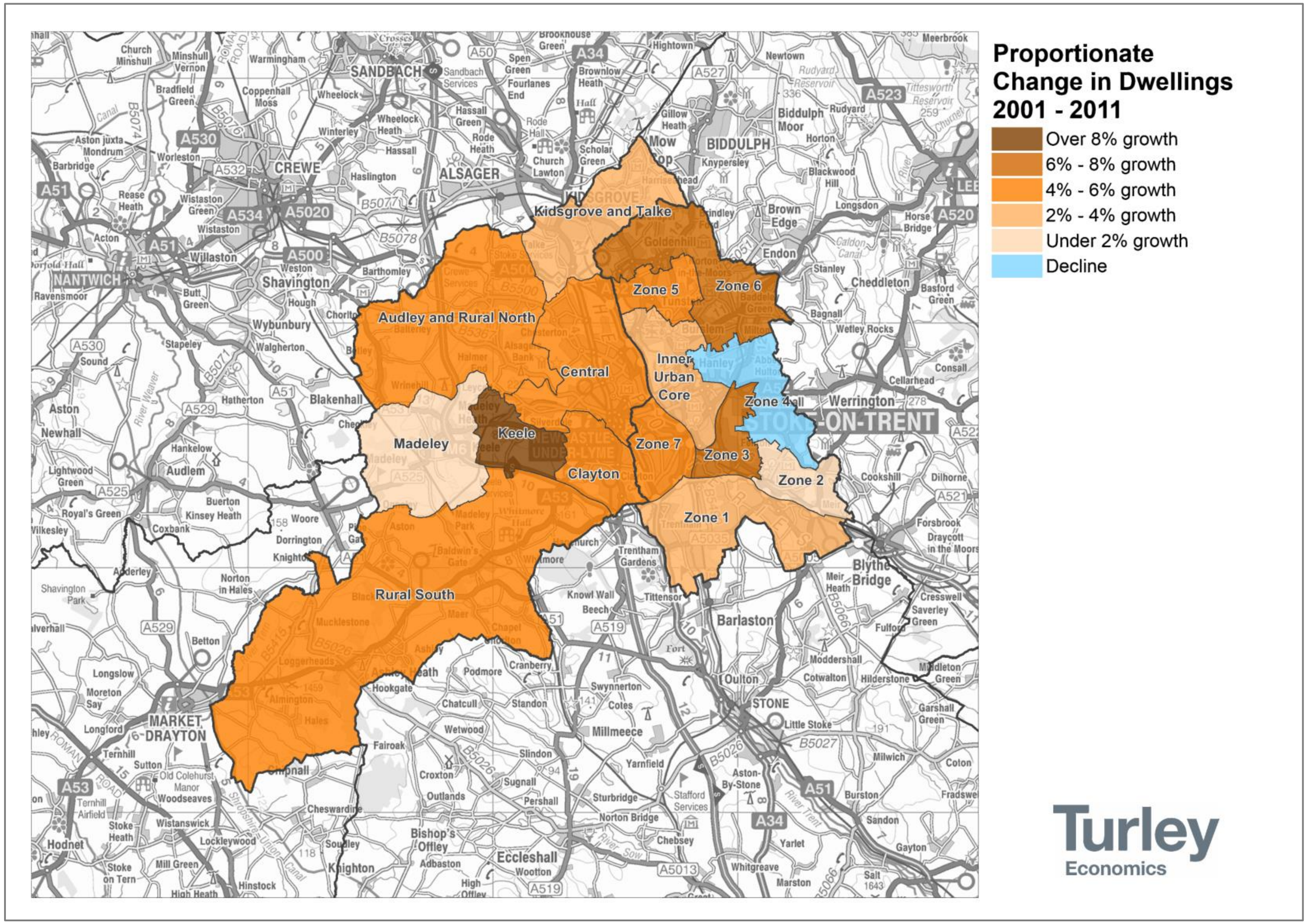
3.39 Analysis within the SHMA report is directly constructed around the sub-areas presented above. This is intended to enable the Councils to prepare responsive policy through the Joint Local Plan.

4. Sub-Area Profiles

4.1 Where data is available, the SHMA presents analysis at sub-area level in tabular format. To supplement this, a number of additional maps have been prepared to identify spatial trends in key indicators, including demographics, housing stock and market factors.

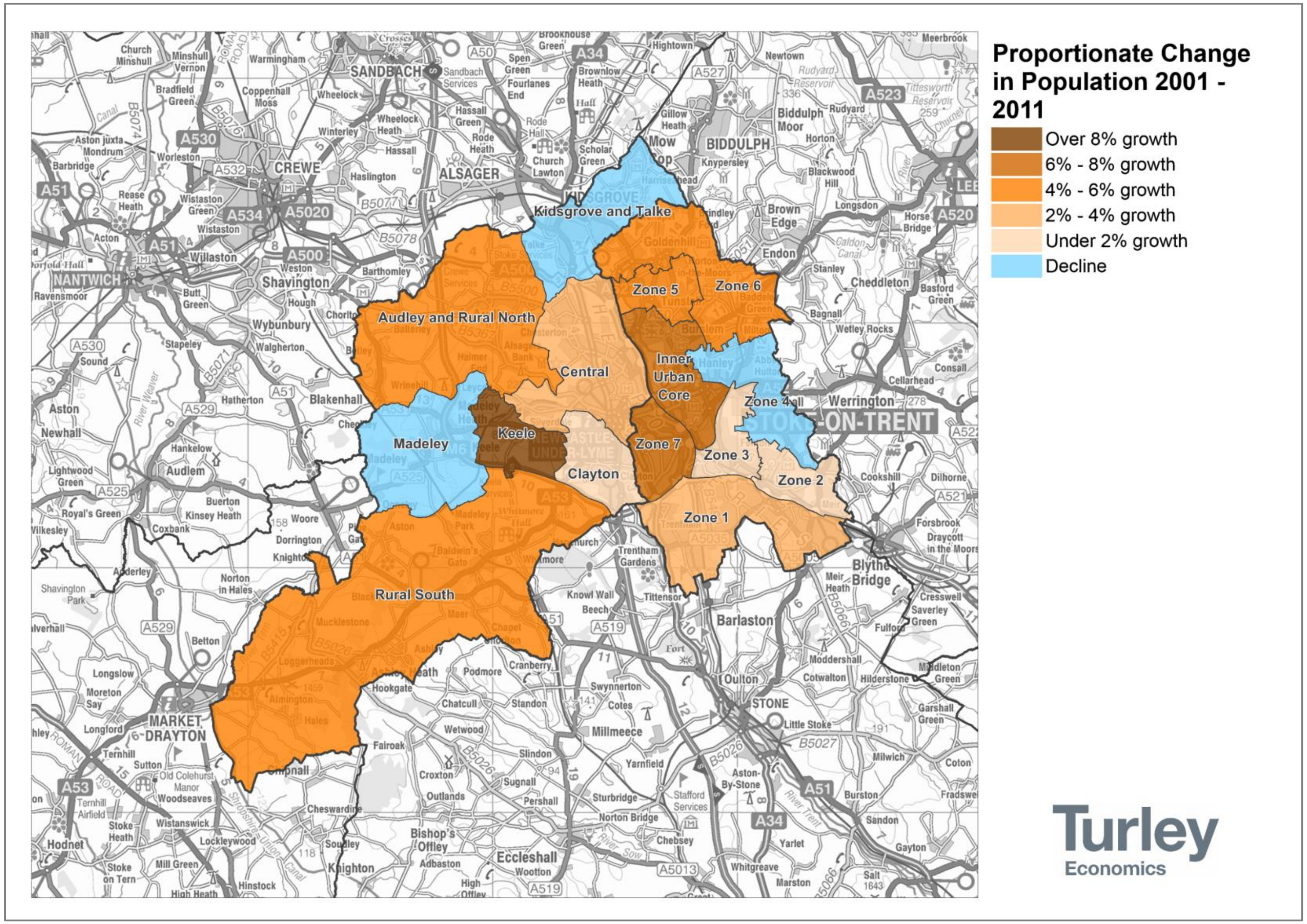
4.2 These directly correspond with the analysis in the SHMA, and therefore analysis is not replicated in this Appendix. However, the maps provide valuable spatial context, and are presented within this section.

Figure 4.1: Proportionate Change in Dwellings 2001 – 2011



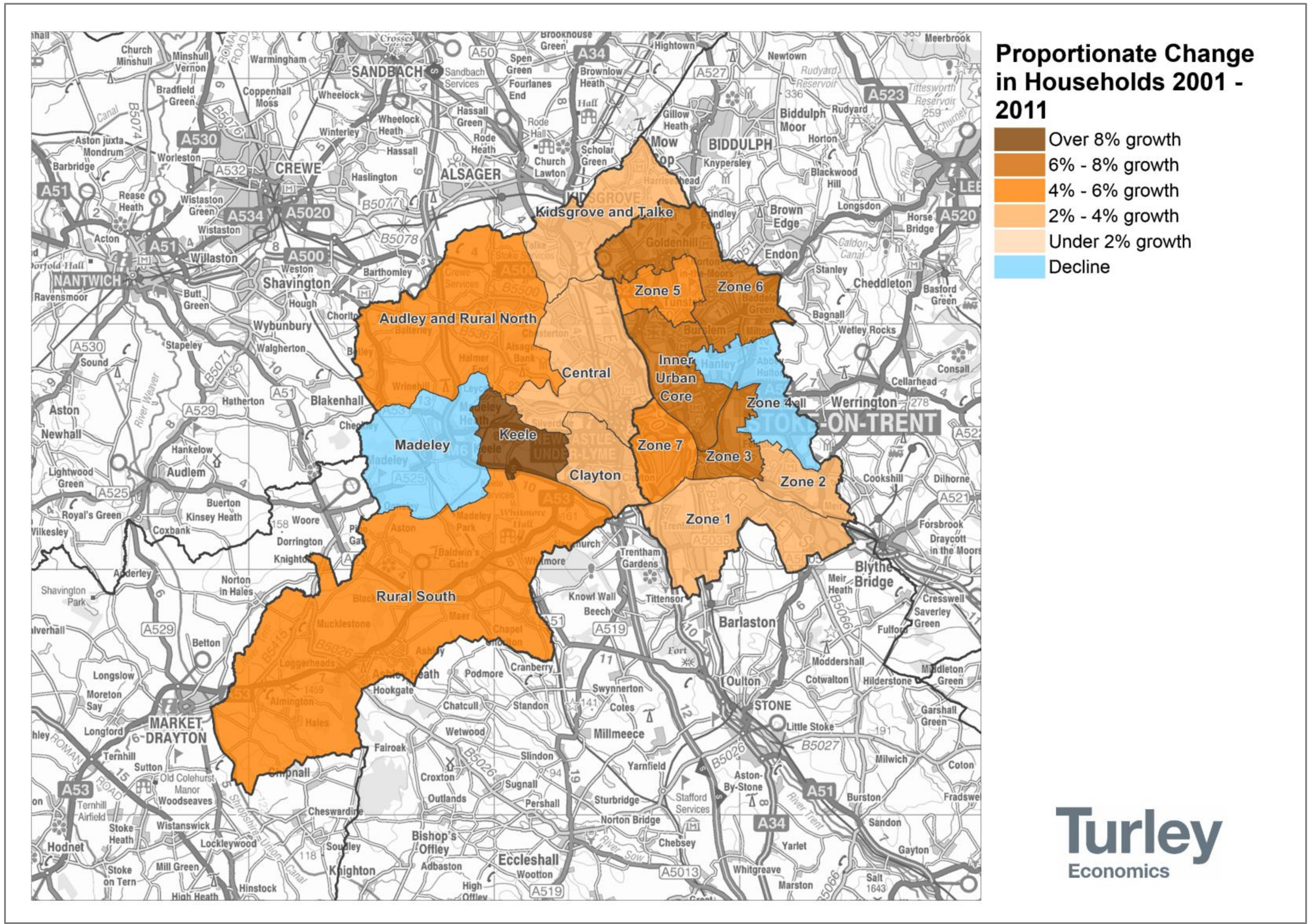
Source: Census 2001; Census 2011

Figure 4.2: Proportionate Change in Population 2001 – 2011



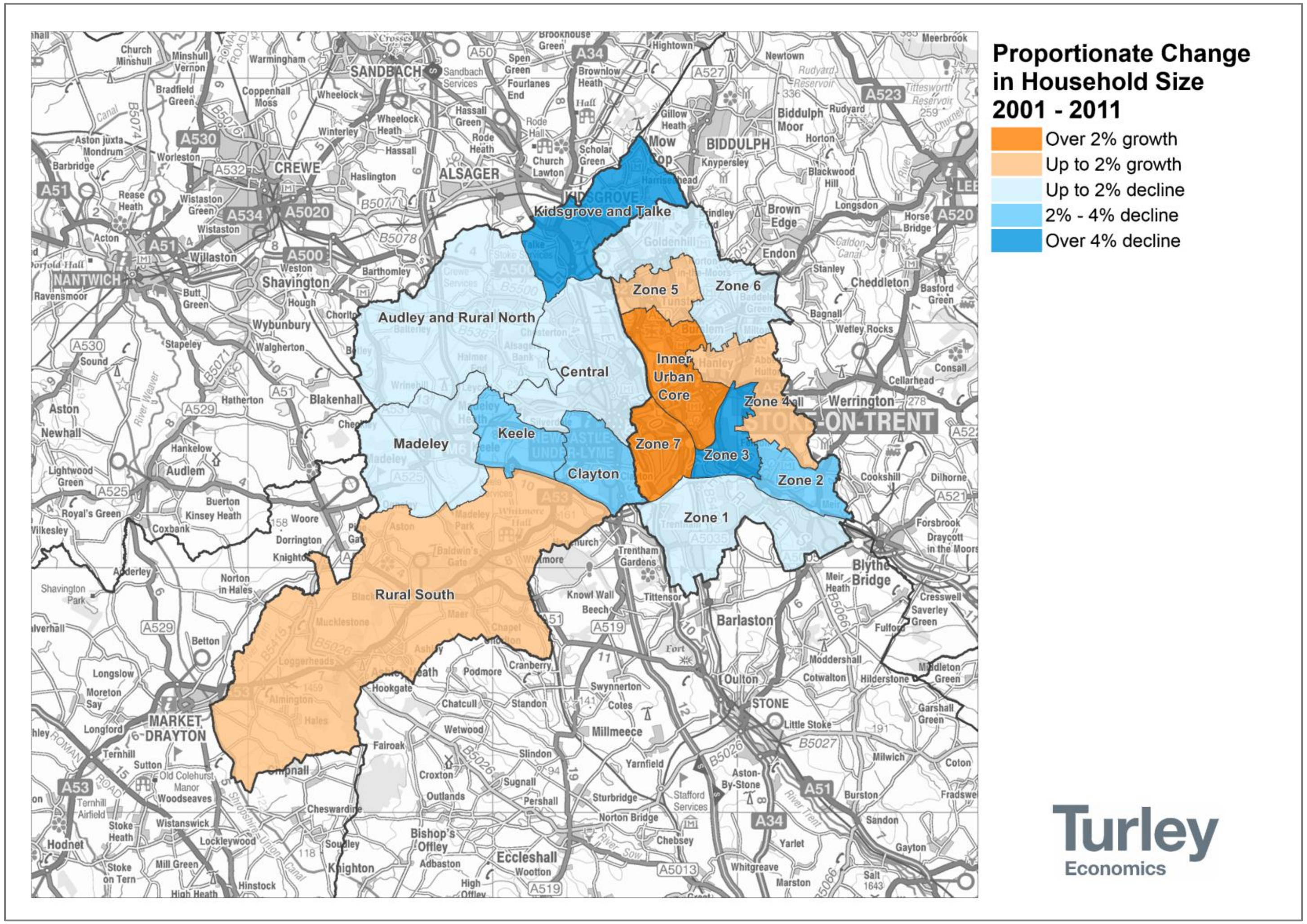
Source: Census 2001; Census 2011

Figure 4.3: Proportionate Change in Households 2001 – 2011



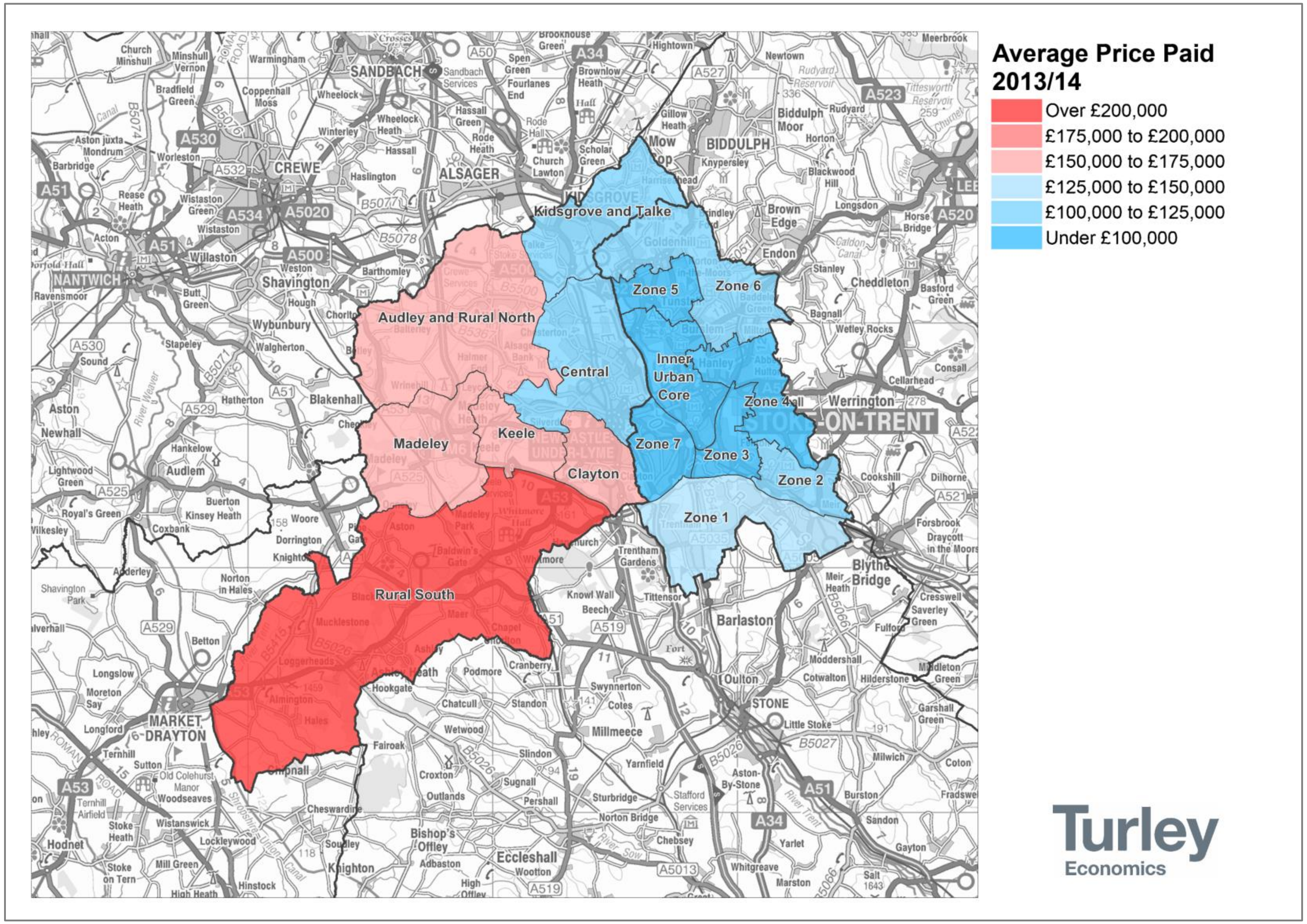
Source: Census 2001; Census 2011

Figure 4.4: Proportionate Change in Average Household Size 2001 – 2011



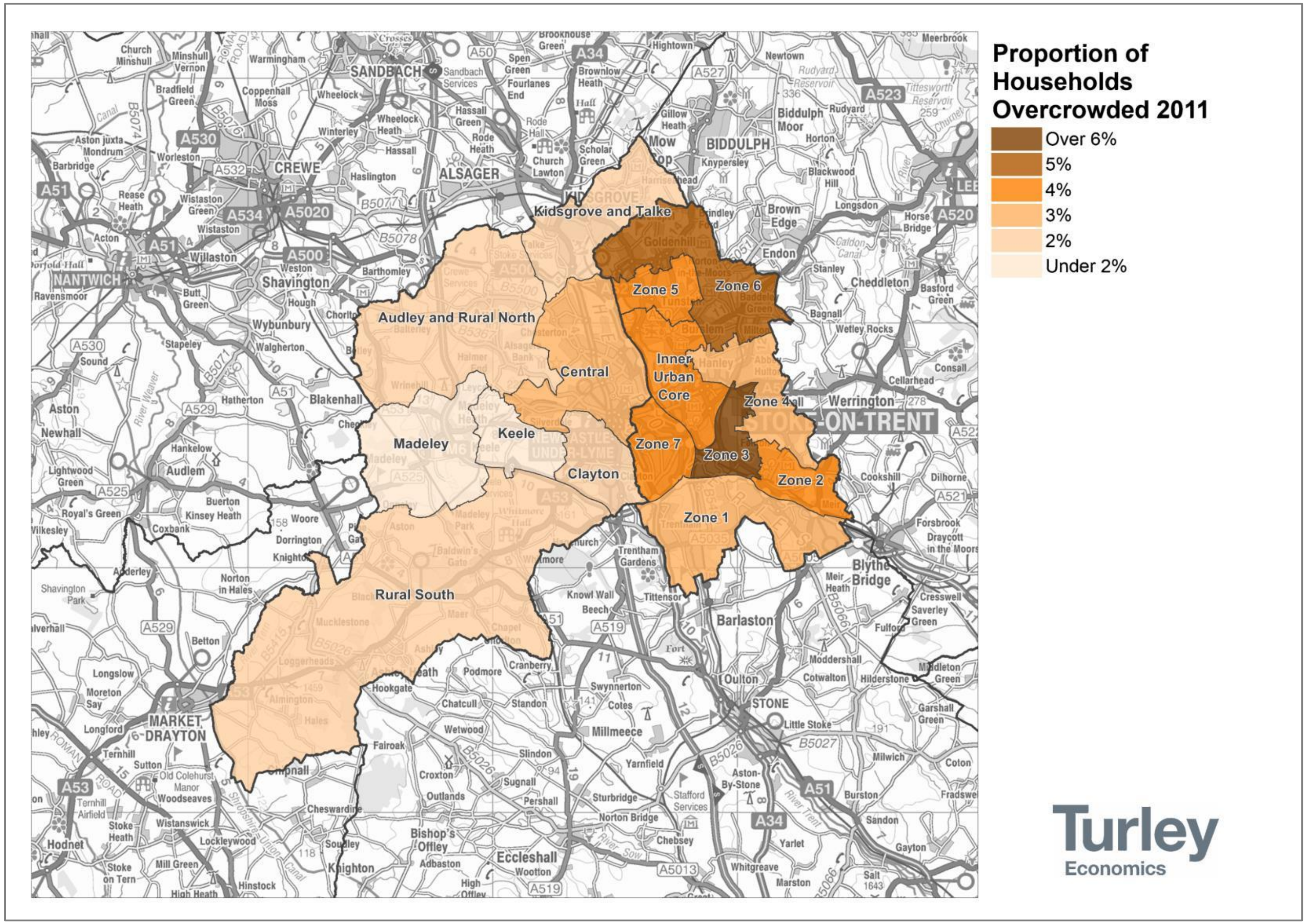
Source: Census 2001; Census 2011

Figure 4.5: Average Price Paid (September 2013 – August 2014)



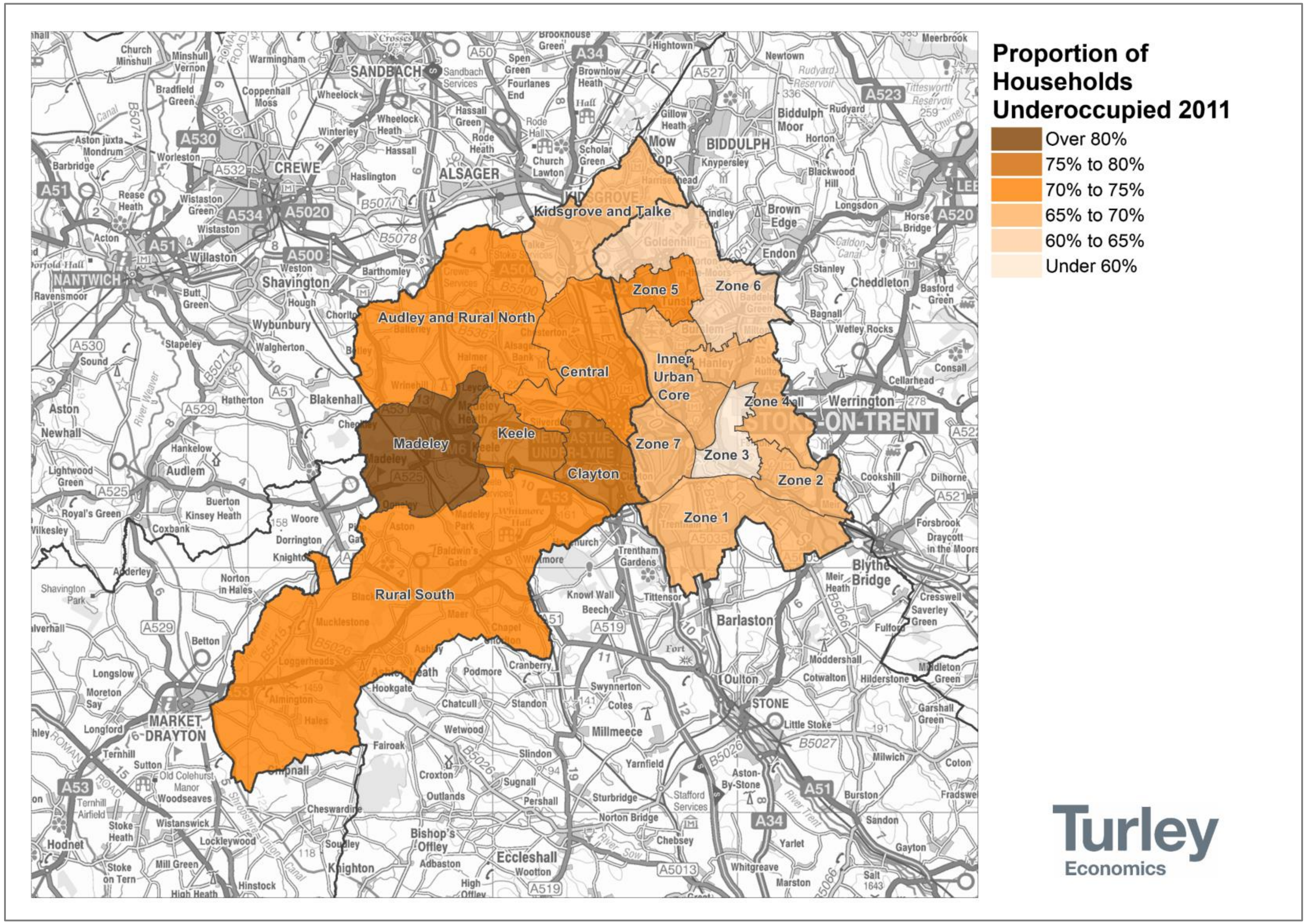
Source: Census 2001; Census 2011

Figure 4.6: Proportion of Households Overcrowded 2011



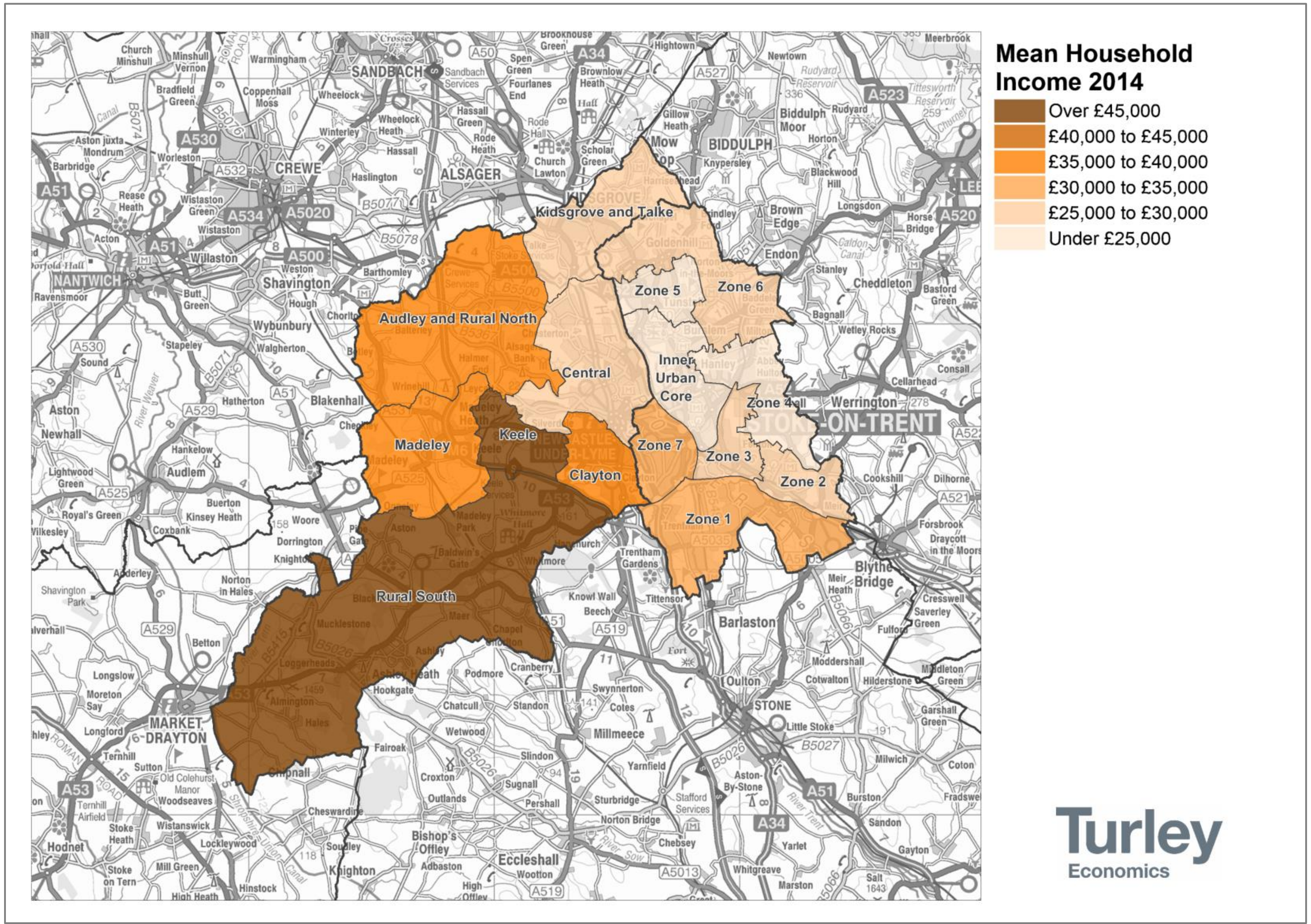
Source: Census 2001; Census 2011

Figure 4.7: Proportion of Households Underoccupied 2011



Source: Census 2001; Census 2011

Figure 4.8: Mean Household Income 2014



Source: Census 2001; Census 2011

5. Conclusion

5.1 Available national guidance highlights the importance of understanding the operation and scope of housing market areas. The NPPF establishes a requirement to address need and demand for housing at both local authority and Housing Market Area (HMA) level, while the PPG provides guidance on the approach to defining a HMA.

5.2 This report has sought to assess the housing market area for Stoke-on-Trent and Newcastle-under-Lyme and the extent to which they can be considered as representing a housing market area for the purposes of undertaking a SHMA in line with the PPG.. The report has also defined sub-authority area geographies within Newcastle-under-Lyme to supplement those defined as part of previous research in Stoke-on-Trent and to enable the preparation of Local Plan policy. These sub-area geographies are not intended to represent functional housing market geographies as set out in the PPG.

Housing Market Area

5.3 A housing market area is defined within the PPG as:

"A geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap"[22]

5.4 The PPG sets out the key sources of information to be considered in assessing the definition of a housing market area:

- **House prices and rates of change in house prices** – analysis of these leading indicators is intended to provide a market-based reflection of housing market area boundaries;

- **Household migration and search patterns** – considering peoples movements provides an indication of housing search patterns, and the extent to which people move house within a specific geography. Importantly, the PPG states that the findings can identify areas within which a relatively high proportion of household moves – typically 70% – are contained; and

- **Contextual data** – the guidance suggests that this could include commuting patterns, retail and school catchment areas. On commuting, the guidance suggests that this can provide information about commuting flows and the spatial structure of the labour market, which can influence household price and location. These geographies can also provide information about the areas within which people move without changing other aspects of their lives, such as work or service use.

5.5 Section 2 of this report includes analysis of these principal sources of information, alongside a review of existing definitions. The key conclusions of this assessment are summarised below:

---

[22] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/#paragraph_010

- Migration data from the 2011 Census was released in July 2014, and provides the most reliable and comprehensive picture of movements across the country. This indicates that **74.9% of people who move from an address in Stoke-on-Trent or Newcastle-under-Lyme to another address within the two authorities**, indicating a relative containment of moves. Notably, this surpasses the 70% threshold highlighted in the PPG. The separate analysis for each authority indicates that Stoke-on-Trent comes close to achieving this level of self-containment, and potentially achieves this threshold with the removal of long-distance moves. However, it is apparent that Newcastle-under-Lyme does not come close to achieving this level of self-containment. Examining the strength of relationships between the two authorities reinforces that each represents the primary origin and destination of moves with considerably stronger numbers of people moving between the two authorities than with other neighbouring authorities. This reinforces the identification of the two authorities as a HMA;

- Commuting provides further context on the relative containment of market geographies, with 2011 Census data showing that **75.3% of working residents in Stoke-on-Trent and Newcastle-under-Lyme commute to a place of work within the two authorities**. This again suggests a containment of labour within the two authorities, with Newcastle-under-Lyme – notably – having a low level of containment when considered in isolation, with approximately one third of residents commuting to work in Stoke-on-Trent. This again highlights the strong relationship between the two authorities; and

- The PPG also suggests that house prices should be analysed, with DCLG data showing that house prices in Stoke-on-Trent were typically lower than in neighbouring authorities, although values in Newcastle-under-Lyme are also relatively low in the context of the wider geography. Given that house prices in both Newcastle-under-Lyme and particularly Stoke-on-Trent are towards the lower end of the averages for neighbouring authorities, it can be considered that the two share similar market characteristics in the context of surrounding areas which record notably higher average house prices. Staffordshire Moorlands shows the next lowest average house price but has seen comparatively stronger house price growth prior to the credit crunch and shows a level of market distinctiveness.

5.6 On the basis of the analysis presented above, it is considered that both Stoke-on-Trent and Newcastle-under-Lyme can be considered as a housing market area for the purposes of preparing a SHMA. This reflects the fact that a high proportion of moves are contained within this geography, while a high proportion of labour is also retained within the two authorities. The two authorities also share similar market characteristics, although it is evident that values in Stoke-on-Trent are typically lower than in Newcastle-under-Lyme.

5.7 While the evidence highlights a relatively self-contained market area, it is important to acknowledge relationships with other authorities in the context of migration data. Both Stoke-on-Trent and Newcastle-under-Lyme share the strongest relationships with each other, with a net flow of migrants from Newcastle-under-Lyme to Stoke-on-Trent. Both authorities also share a strong relationship with Stafford, Cheshire East and Staffordshire Moorlands, with a notable rate of outmigration from the two authorities.

5.8 Furthermore, this report has highlighted that neither Staffordshire Moorlands nor Stafford are considered in their evidence base to be self-contained housing market areas, with both indicating relatively strong relationships with Stoke-on-Trent. On this basis, the SHMA presents headline analysis of key datasets for the two authorities, allowing wider context to be established and comparisons to be made.

5.9 This relationship is important to recognise in the context of Duty to Co-operate discussions between Newcastle-under-Lyme, Stoke-on-Trent and neighbouring authorities where strong linkages are identified.

Sub-Area Geographies

5.10 This report also seeks to identify smaller local sub-markets in Stoke-on-Trent and Newcastle-under-Lyme, in order to highlight spatial variations within the authorities. The previous Stoke-on-Trent SHMA[23] – prepared in 2012 and finalised in February 2013 – defined a set of sub-market areas that are retained within this assessment. However, for Newcastle-under-Lyme, sub-market geographies are defined within this report, based on analysis of a range of spatial indicators – including migration and house prices – alongside a review of contextual data to identify and test local markets in the borough.

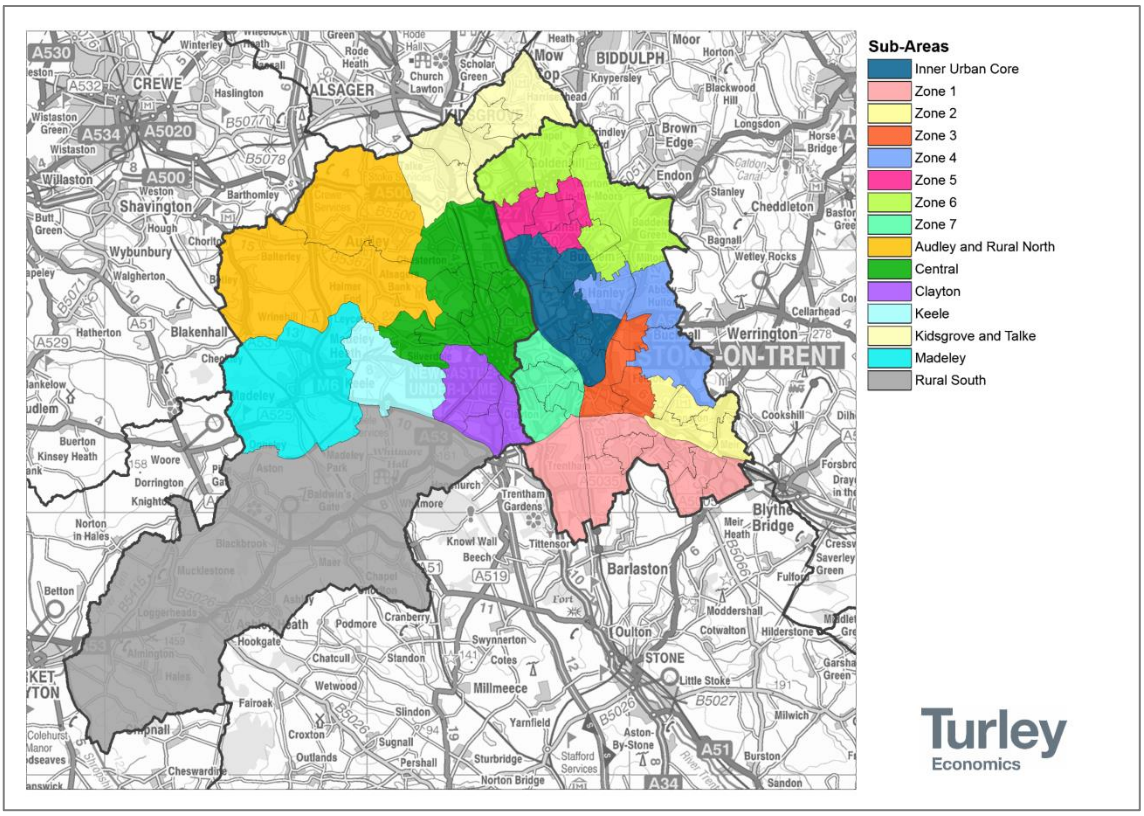
5.11 This has resulted in the identification of a total of 15 sub-areas which will be referenced throughout the SHMA, of which 7 are located in Newcastle-under-Lyme and the remainder are located in Stoke-on-Trent. These geographies are based on 2011 ward boundaries[24].

5.12 The following graphic illustrates the sub-areas used in this assessment.

[23] GVA (2013) Stoke-on-Trent Strategic Housing Market Assessment 2012

[24] Note – given that ward boundaries have changed between 2001 and 2011 in Stoke, 2001 Census values have been derived through allocation of output areas on a “best fit” basis

Figure 5.1: Sub-Area Geographies



Source: Turley, 2014

Turley
1 New York Street
Manchester
M1 4HD

T 0161 233 7676

Turley
Economics

Appendix 3: Objectively Assessed Need in Neighbouring Authorities

Figure 3.1 Objective Assessed Need in Surrounding Authorities

Authority	2012 SNHP (Annual 2012 – 37)	Objectively Assessed Need		Local Plan		Relationship with Stoke-on-Trent and Newcastle-under-Lyme
		Evidence base	OAN	Stage	Average housing requirement	
Cheshire East	950	Cheshire East Strategic Housing Market Assessment (SHMA) September 2013 Update. Subsequent 'Cheshire East Housing Development Study 2015' Report of Findings (Draft 13 May 2015)	Draft Housing Development Study suggests an OAN of 1,800 dwellings per annum.	Local Plan Strategy – Submission Version (March 2014) was submitted to the Secretary of State on 20th May 2014 in preparation for independent examination. Examination has been paused to allow further evidence to be prepared. This includes the Draft Housing Development Study	Last iteration of the Local Plan stated that the OAN target is to deliver 27,000 homes between 2010 and 2030, totalling **1,350** dpa. The delivery over the period is expected to range from **1,200** - **1,500** dpa (p 60). This is now likely to be superseded following the release of the Draft Housing Development Study.	Direct and regular train services to Stoke-on-Trent, where many of the town's residents work (according to 2001 Census). The 2013 SHMA acknowledges notable inflows of households from Stoke-on-Trent and Newcastle-under-Lyme, and also notes Stoke-on-Trent as a workplace which residents of Cheshire East commute to. The Inspector has, however, noted in his interim views that it is appropriate for Cheshire East to be considered as a self-contained housing market area. The Draft Housing Development Study has not sought to challenge this position concluding that the authority can be considered as a HMA in itself.

Shropshire	887	Strategic Housing Market Assessment (SHMA) Update March 2014 The OAN figures are based on the need set out in the Core Strategy Policy CS10.	**1,390** dpa from 2011-2021 and **1,530** dpa from 2021 onwards (p 122).	Shropshire Local Development Framework: Adopted Core Strategy 2006-2026 (March 2011).	Sets targets of **1,390** dpa from 2011 - 2021 and **1,530** dpa from 2021 - 2026 (p 83).	SHMA acknowledges commuting flows of people between Shropshire and Stoke-on-Trent and a small proportion of Shropshire inward commuters live in Newcastle-under-Lyme.
Stafford	349	Stafford Borough September 2012 Strategic Housing Market Assessment (SHMA)	High Court Challenge confirmed plan target justified on basis of OAN evidence	The Plan for Stafford Borough (June 2014). Housing target exceeds need associated with 2008-based population projections (461dpa) and the 2011 interim household projections (417dpa)	**500** dpa between 2011 and 2031	The SHMA highlights strong migration linkages with Stoke-on-Trent and Newcastle-under-Lyme in addition to other neighbouring authorities, based on recent data. The SHMA recognises inward and outward flows of households between both Stoke-on-Trent and Newcastle-under-Lyme and Stafford and states that, based on the 2001 Census, 8.5% of residents commute to Stoke-on-Trent for employment.
Staffordshire Moorlands	152	Strategic Housing Market Assessment and Housing Needs Study June 2014, with an update published in August 2014 to take account of the 2012-	The objective assessment of need falls between the range of **210** to **430** dpa (p 29).	Core Strategy Development Plan Document (March 2014)	Target set for the delivery of 6,000 dwellings from 2006 – 2026, equalling **300** dpa, in order to meet the objectively assessed needs of	Staffordshire Moorlands (SM) is covered by the Stoke-on-Trent and Staffordshire LEP, suggesting that there are economic linkages with Stoke-on-Trent and Newcastle-under-Lyme. The district lies within the North Staffordshire sub-region

		based population projections. The OAN range encompasses the baseline demographic-led needs for development at the lower end of the range whilst the top end of the range is based on an increased labour force to achieve the Experian Job Growth projections. The SHMA notes that a target below 300 dpa would lead to a significant reduction in Staffordshire Moorlands' labour force and SMDC would need to consider whether this is an appropriate aspiration to be planning for.			the District (p 71).	which is dominated by the North Staffordshire Major Urban Area (MUA) comprising of the Stoke-on-Trent and Newcastle-under-Lyme conurbation. The Core Strategy states that Stoke-on-Trent strongly influences the west of the district and provides significant employment opportunities and services – 15.4% of the SM workforce lives in Stoke-on-Trent and 26.8% of SM residents work in Stoke-on-Trent. The SHMA recognises close housing market links in terms of migration flows - Staffordshire Moorlands draws in population from Stoke-on-Trent and Newcastle-under-Lyme. The parts of Staffordshire Moorlands (e.g. Biddulph) that border Stoke-on-Trent and Newcastle-under-Lyme (e.g.Kidsgrove) all reflect Stoke-on-Trent's low price housing market, when generally property prices in Staffordshire Moorlands are significantly higher.

Appendix 4: Edge Analytics Modelling Assumption Note

Stoke-on-Trent & Newcastle-under-Lyme

Demographic forecasts

Data inputs, assumptions & methodology

March 2015

edge analytics
www.edgeanalytics.co.uk

Contact Details

Edge Analytics Ltd.

Leeds Innovation Centre
103 Clarendon Road
Leeds
LS2 9DF

0113 384 6087
www.edgeanalytics.co.uk

Acknowledgements

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.1.0.

1. POPGROUP Methodology

Forecasting Methodology

1.1 Demographic forecasts have been developed using the POPGROUP suite of products. POPGROUP is a family of demographic models that enables forecasts to be derived for population, households and the labour force, for areas and social groups. The main POPGROUP model (Figure 1) is a cohort component model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

1.2 The Derived Forecast (DF) model (Figure 2) sits alongside the population model, providing a headship rate model for household projections and an economic activity rate model for labour-force projections.

1.3 The latest development in the POPGROUP suite of demographic models is POPGROUP v.4, which was released in January 2014. A number of changes have been made to the POPGROUP model to improve its operation and to ensure greater consistency with ONS forecasting methods.

1.4 The most significant methodological change relates to the handling of internal migration in the POPGROUP forecasting model. The level of internal in-migration to an area is now calculated as a rate of migration relative to a defined 'reference population' (by default the UK population), rather than as a rate of migration relative to the population of the area itself (as in POPGROUP v3.1). This approach ensures a closer alignment with the 'multi-regional' approach to modelling migration that is used by ONS.

1.5 For more detail on the POPGROUP methodology, please refer to the POPGROUP v.4 user manual, which can be found at the POPGROUP website: http://www.ccsr.ac.uk/popgroup/index.html

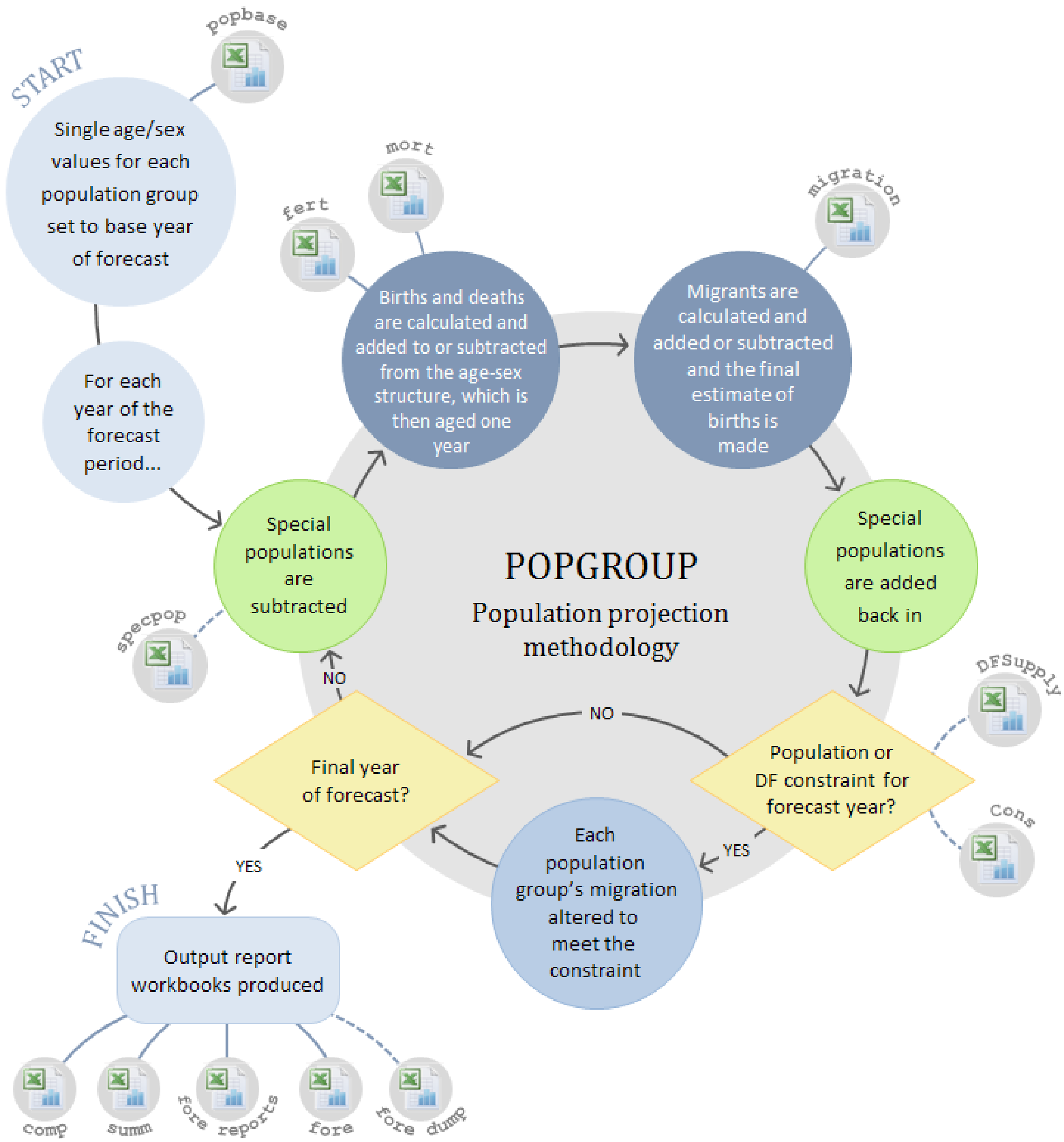
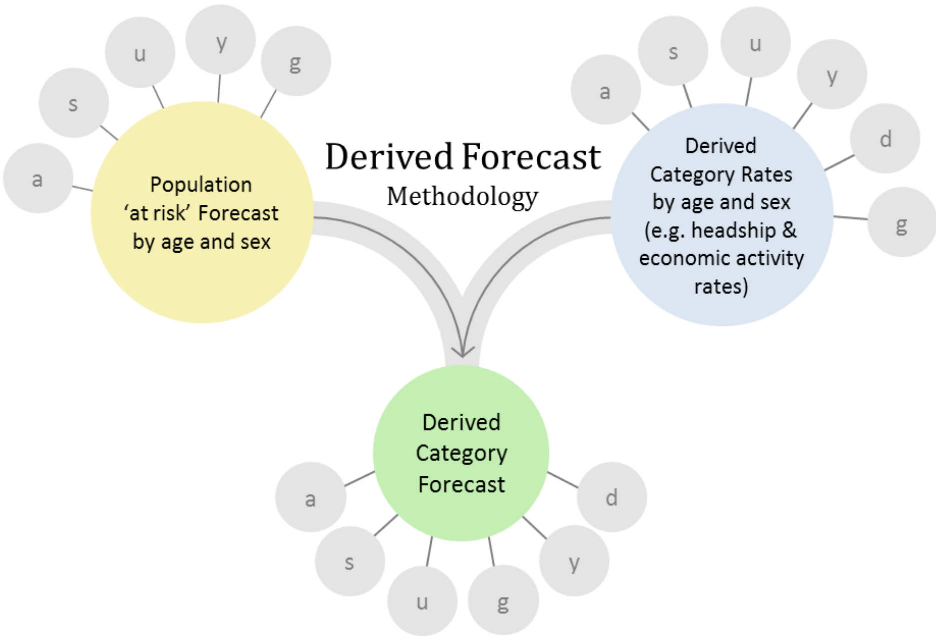


Figure 1: POPGROUP population projection methodology.



$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g} \quad R_{a,s,u,y,d,g}}{100}$$

D Derived Category Forecast
P Population 'at risk' Forecast
R Derived Category Rates
a Age-group
s Sex
u Sub-population
y Year
d Derived category
g Group (usually an area, but can be an ethnic group or social group)

Figure 2: Derived Forecast (DF) methodology

2. Data Inputs & Assumptions

Introduction

2.1 Edge Analytics has developed a suite of demographic scenarios for Stoke-in-Trent and Newcastle-under-Lyme using POPGROUP.

2.2 The POPGROUP model draws data from a number of sources, building an historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts. Using the historical data evidence for 2001–2013, in conjunction with information from ONS national projections, a series of assumptions have been derived which drive the scenario forecasts.

2.3 In the following sections, a narrative on the data inputs and assumptions underpinning the scenarios with the 2012-based headship rates is presented.

Scenario Definitions

Official Projection

2.4 In accordance with the PPG, the scenario alternatives are 'benchmarked' against the most recent official population projections from the ONS, the 2012-based SNPP, which was released in May 2014. The **'SNPP-2012'** scenario replicates this official population projection.

Alternative Trend Scenarios

2.5 The following 'alternative trend' scenarios have been developed, based upon the latest demographic evidence:

- **'Natural Change'**: internal and international migration rates are set to zero. This scenario is hypothetical, but provides an indication of the degree to which dwelling growth is driven by natural change (i.e. the balance between births and deaths).

- **'PG-5yr'**: internal migration rates and international migration flow assumptions are based on the last five years of historical evidence (2008/09 to 2012/13). The Unattributable Population Change (UPC) component is *included* in the international migration assumptions.

- **'PG-5yr-Fixed'**: internal and international migration flow assumptions are based on the last five years of historical evidence (2008/09 to 2012/13) i.e. fixed counts of migration are used in each year of the forecast period. The UPC component is *included* in the international migration assumptions.

- **'PG-5yr-X'**: internal migration rates and international migration flow assumptions are based on the last five years of historical evidence (2008/09 to 2012/13). The UPC component is *excluded* from the international migration assumptions.

- **'PG-5yr-Fixed X'**: internal and international migration flow assumptions are based in the last five years of historical evidence (2008/09 to 2012/13). Fixed counts of migration are used in each year of the forecast period. The UPC component is *excluded* from the international migration assumptions.

- **'PG-10yr'**: internal migration rates and international migration flow assumptions are based on the last 10 years of historical evidence (2003/04 to 2012/13). The UPC component is *included* in the international migration assumptions.

- **'PG-10yr-Fixed'**: internal and international migration flow assumptions are based on the last ten years of historical evidence (2003/04 to 2012/13) i.e. fixed counts of migration are used in each year of the forecast period. The UPC component is *included* in the international migration assumptions.

- **'PG-10yr-X'**: internal migration rates and international migration flow assumptions are based on the last 10 years of historical evidence (2003/04 to 2012/13). The UPC component is *excluded* from the international migration assumptions.

- **'PG-10yr-Fixed X'**: internal and international migration flow assumptions are based in the last ten years of historical evidence (2003/04 to 2012/13). Fixed counts of migration are used in each year of the forecast period. The UPC component is *excluded* from the international migration assumptions.

Jobs-led Scenarios

2.6 In a 'jobs-led' scenario, population growth is determined by the scale of future jobs growth within an area. Migration is used to balance the relationship between the size of the population's labour force and the forecast number of jobs. A higher level of net in-migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. A higher level of net out-migration will occur if the population is too high relative to the forecast number of jobs.

2.7 The following jobs-led scenarios have been developed:

- **'Jobs-led Experian 2014'**: population growth is determined by an annual change in jobs numbers as specified in the Experian 2014 employment forecasts for Stoke-on-Trent and Newcastle-under-Lyme.
- **'Jobs-led LEFM'**: population growth is determined by an annual change in jobs numbers, as specified in the LEFM employment forecast for Stoke-on-Trent and Newcastle-under-Lyme.

2.8 In the following section, a narrative on the data inputs and assumptions underpinning the scenarios listed above is presented.

Population, Births & Deaths

Population

2.9 In each scenario, historical population statistics are provided by the mid-year population estimates (MYE) for 2001–2013, with all data recorded by single-year of age and sex. These data include the revised MYEs for 2002–2010, which were released by the ONS in May 2013. The revised MYEs provide consistency in the measurement of the components of change (i.e. births, deaths, internal migration and international migration) between the 2001 and 2011 Censuses.

2.10 In the 'SNPP-2012' scenario, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the official 2012-based SNPP.

Births & Fertility

2.11 In each scenario, historical mid-year to mid-year counts of births by sex from 2001/02 to 2012/13 have been sourced from ONS Vital Statistics.

2.12 In the 'SNPP-2012' scenario, future counts of births are specified to ensure consistency with the official 2012-based SNPP.

2.13 In the other scenarios, a 'local' (i.e. area-specific) age-specific fertility rate (ASFR) schedule, which measures the expected fertility rates by age and sex in 2013/14, is included in the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP.

2.14 Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2012-based SNPP.

2.15 In combination with the 'population-at-risk' (i.e. all women between the ages of 15–49), the area-specific ASFR and future fertility rate assumptions provide the basis for the calculation of births in each year of the forecast period.

Deaths & Mortality

2.16 In each scenario, historical mid-year to mid-year counts of deaths by age and sex from 2001/02 to 2012/13 have been sourced from ONS Vital Statistics.

2.17 In the 'SNPP-2012' scenarios, future counts of deaths are specified to ensure consistency with the official 2012-based SNPP.

2.18 In the other scenarios, a 'local' (i.e. area-specific) age-specific mortality rate (ASMR) schedule, which measures the expected mortality rates by age and sex in 2013/14 is included the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP.

2.19 Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2012-based SNPP.

2.20 In combination with the 'population-at-risk' (i.e. the total population), the area-specific ASMR and future mortality rate assumptions provide the basis for the calculation of deaths in each year of the forecast period.

Migration

Internal Migration

2.21 In all scenarios, historical mid-year to mid-year counts of in- and out-migration by five year age group and sex from 2001/02 to 2012/13 have been sourced from the 'components of change' files that underpin the ONS MYEs. These internal migration flows are estimated using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA).

2.22 In the 'SNPP-2012' scenario, future counts of internal migrants are specified, to ensure consistency with the official 2012-based SNPP.

2.23 In the 'Natural Change' scenario, internal in- and out-migration flows are set to zero for each year in the forecast period (i.e no in- or out-migration occurs).

2.24 In the alternative trend-based scenarios, age-specific migration rate (ASMigR) schedules are derived from the area-specific historical migration data. In the 'PG-5yr', 'PG-5yr-Fixed', 'PG-5yr-X' and 'PG-5yr-Fixed X' scenarios, a five year internal migration history is used (2008/09–2012/13). In the 'PG-10yr', 'PG-10yr-X', 'PG-10yr-Fixed' and 'PG-10yr-Fixed X' scenarios, a ten year internal migration history is used (2003/04–2012/13). The 'PG-5yr-Fixed', 'PG-5yr-Fixed X', 'PG-10yr-Fixed' and 'PG-10yr-Fixed X' scenarios assume fixed internal migration in each year of the forecast.

2.25 The 'jobs-led' scenarios calculate their own internal migration assumptions to ensure an appropriate balance between the population and the targeted increase in the number of jobs that is defined in each year of the forecast period. In the 'jobs-led' scenarios, a higher level of net internal migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. In the 'jobs-led' scenarios, the profile of internal migrants is defined by an ASMigR schedule, derived from the ONS 2012-based SNPP.

2.26 Rather than the schedule of rates being applied to the area-specific population – as is the case with the other components (i.e. births, deaths and international migration) – in the case of internal in-migration the ASMigR schedule of rates is applied to an external 'reference' population (i.e. the population 'at-risk' of migrating into the area). In the case of Stoke-on-Trent and Newcastle-under-Lyme, the reference population is defined as the total population of the districts where 70% of the in-migrants to the Stoke-on-Trent and Staffordshire Local Economic Partnership (LEP) come from.

International Migration

2.27 Historical mid-year to mid-year counts of total immigration and emigration from 2001/02 to 2012/13 have been sourced from the ‘components of change’ files that underpin the ONS MYEs. Any ‘adjustments’ made to the MYEs to account for asylum cases are included in the international migration balance.

2.28 In all scenarios, future international migration assumptions are defined as ‘counts’ of migration.

2.29 In the ‘SNPP-2012’ scenario, the international in- and out-migration counts are drawn directly from the official 2012-based SNPP.

2.30 In the ‘Natural Change’ scenario, the future international migration counts set the in- and out-migration flows to zero for each year of the forecast period (i.e no in- or out-migration occurs).

2.31 In the alternative trend-based scenarios, the international in- and out-migration counts are derived from the area-specific historical migration data. In the ‘PG-5yr’, ‘PG-5yr-X’, ‘PG-5yr-Fixed’ and ‘PG-5yr-Fixed X’ scenarios, a five year international migration history is used (2008/09–2012/13). In the ‘PG-10yr’, ‘PG-10yr-X’, ‘PG-10yr-Fixed’ and ‘PG-10yr-Fixed X’ scenarios, a ten year international migration history is used (2003/04–2012/13). An ASMigR schedule of rates is derived from a ten year migration history and is used to distribute future counts by single year of age.

2.32 Implied within the international migration component of change in all scenarios (apart from the ‘PG-5yr-X’, ‘PG-5yr-Fixed X’, ‘PG-10yr-X’ and ‘PG-10yr-Fixed X’ scenarios) is an 'unattributable population change' (UPC) figure, which ONS identified within its latest MYE revisions. The POPGROUP model has assigned the UPC to international migration as it is the component with the greatest uncertainty associated with its estimation. In the ‘PG-5yr-X’ and ‘PG-5yr-Fixed X’, ‘PG-10yr-X’ and ‘PG-10yr-Fixed X’ scenarios, the UPC is not considered when calculating the migration assumptions.

2.33 In the ‘jobs-led’ scenarios, international migration counts are taken from the ONS 2012-based SNPP (i.e. counts are consistent with the ‘SNPP-2012’ scenario). An ASMigR schedule of rates from the ONS 2012-based SNPP is used to distribute future counts by single year of age.

Household & Dwellings

2.34 The 2011 Census defines a household as:

> *"one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."*[1]

2.35 A dwelling is defined as a unit of accommodation which may comprise one or more household spaces (a household space is the accommodation used or available for use by an individual household).

2.36 For each scenario, the household and dwelling implications of the population growth trajectory have been evaluated through the application of headship rate statistics, communal population statistics and a dwelling vacancy rate. These data assumptions have been sourced from the 2001 and 2011 Censuses and 2012-based household projection model from the DCLG.

Household Headship Rates

2.37 A household headship rate (also known as household representative rate) is the "probability of anyone in a particular demographic group being classified as being a household representative" [2].

2.38 The household headship rates used in the POPGROUP modelling have been taken from the DCLG 2012-based household projections. The 2012-based household projections were released for local authority districts in England in February/March 2015, superseding the 2011-based model.

2.39 The methodological basis of the 2012-based household projections is consistent with that employed in the previous 2008-based and 2011-based interim household projections. In each, household projections have been derived through the application of projected household representative rates (also referred to as headship rates) to a projection of the private household population, disaggregated by age, sex and relationship status.

---

[1] http://www.ons.gov.uk/ons/guide-method/census/2011/census-data/2011-census-user-guide/glossary/index.html

[2] Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). https://www.gov.uk/government/statistics/2012-based-household-projections-methodology

2.40 Whilst methodologically similar to previous releases, the 2012-based household projections provide an important update on the 2011-based interim household projections with the inclusion of the following new information:

- 2012-based SNPP by sex and age that extend to 2037 (rather than to 2021 as was the case in the 2011-based interim projections).
- Household population by sex, age and relationship-status consistent with the 2011 Census (rather than estimates for 2011, which were derived from 2001 Census data, projections and national trends, as used in the 2011-interim projections).
- Communal population statistics by age and sex consistent with the 2011 Census (rather than the previous estimate, which were calibrated to the total communal population from the 2011 Census).
- Further information on household representatives from the 2011 Census relating to aggregate household representative rates by relationship status and age.
- Aggregate household representative rates at local authority level, controlled to the national rate, based on the total number of households divided by the total adult household population (rather than the total number of households divided to the total household population).
- Adjustments to the projections of the household representative rates in 2012 based on the Labour Force Survey (LFS).

(Source: DCLG Methodology[3], page 5)

2.41 The household projection methodology consists of two distinct stages. Stage One produces the national and local authority projections for the total number of households by age-group and relationship-status group over the projection period. All Stage One output and assumptions has been released by DCLG. Stage Two provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals. Seventeen different household types are typically included in household model outputs. Stage Two assumptions and output, which provide the more detailed household-type statistics, have yet to be released by DCLG.

[3] Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). https://www.gov.uk/government/statistics/2012-based-household-projections-methodology

2.42 Edge Analytics has assessed household growth using the 2012-based household headship rates, by age, sex and relationship status.

Communal Population

2.43 Household projections in POPGROUP exclude the population 'not-in-households' (i.e. the communal/institutional population). These data are drawn from the DCLG 2012-based household projection, which uses statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.

2.44 For ages 0–74, the number of people in each age group 'not-in-households' is kept fixed throughout the forecast period. For ages 75–85+, the proportion of the population 'not-in-households' is recorded. Therefore, the population not-in-households for ages 75–85+ varies across the forecast period depending on the size of the population.

Vacancy Rate

2.45 The relationship between households and dwellings is modelled using a 'vacancy rate', sourced from the 2011 Census.

2.46 Vacancy rates of 3.8% for Stoke-on-Trent and 3.0% for Newcastle-under-Lyme have been applied, fixed throughout the forecast period. Using these vacancy rates, the 'dwelling requirement' of the 2012-based household growth has been calculated.

Labour Force & Jobs

2.47 For each scenario (apart from the 'jobs-led' scenarios), the labour force and jobs implications of the population growth trajectory have been evaluated through the application of three key data items: economic activity rates, a commuting ratio and an unemployment rate.

2.48 In the 'jobs-led' scenarios, these three data items are used to determine the population growth required by a particular jobs growth trajectory.

Economic Activity Rates

2.49 The level of labour force participation is recorded in the economic activity rates.

2.50 Economic activity rates by five year age group (ages 16-74) and sex have been derived from 2001 and 2011 Census statistics. The 2011 Census statistics include an open-ended 65+ age category, so economic activity rates for the 65–69 and 70–74 age groups have been estimated using a combination of Census 2011 tables, disaggregated using evidence from the 2001 Census. Between 2001 and 2011, the rates are linearly interpolated.

2.51 For Stoke-on-Trent (Figure 3) and Newcastle-under-Lyme (Figure 4), rates of economic activity increased for all age groups between 20–74 between the 2001 and 2011 Censuses, most noticeably for women.

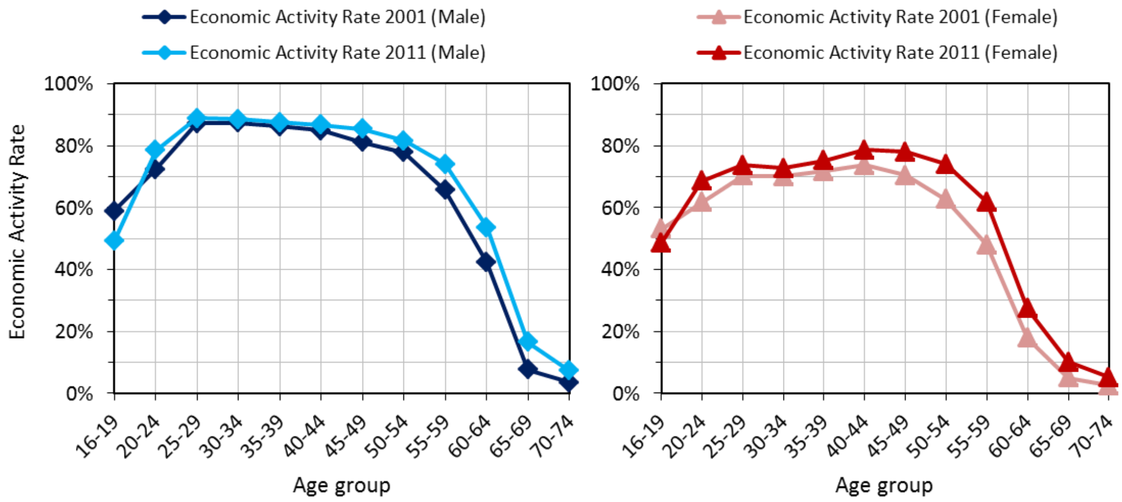


Figure 3: Stoke-on-Trent Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

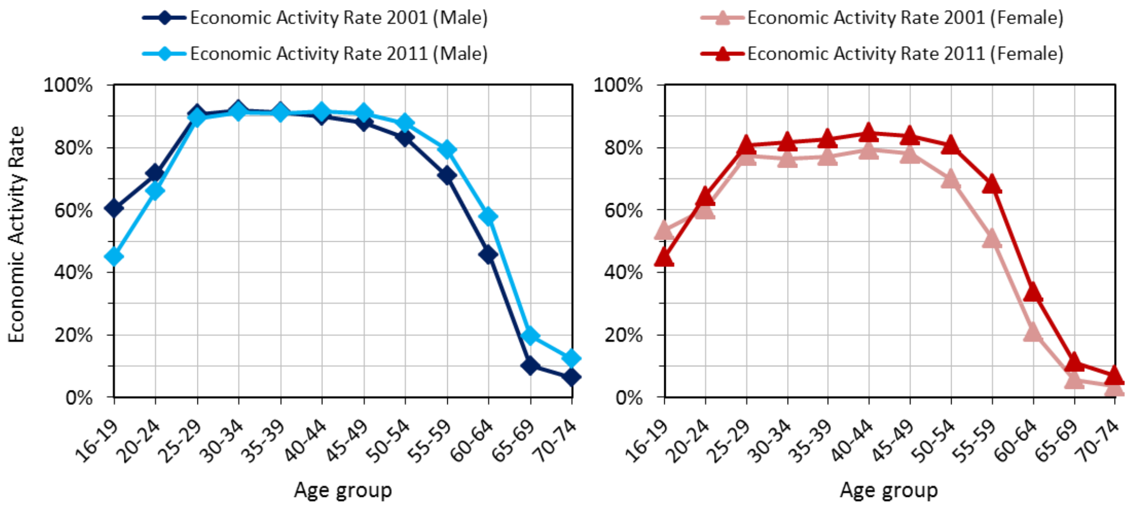


Figure 4: Newcastle-under-Lyme Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

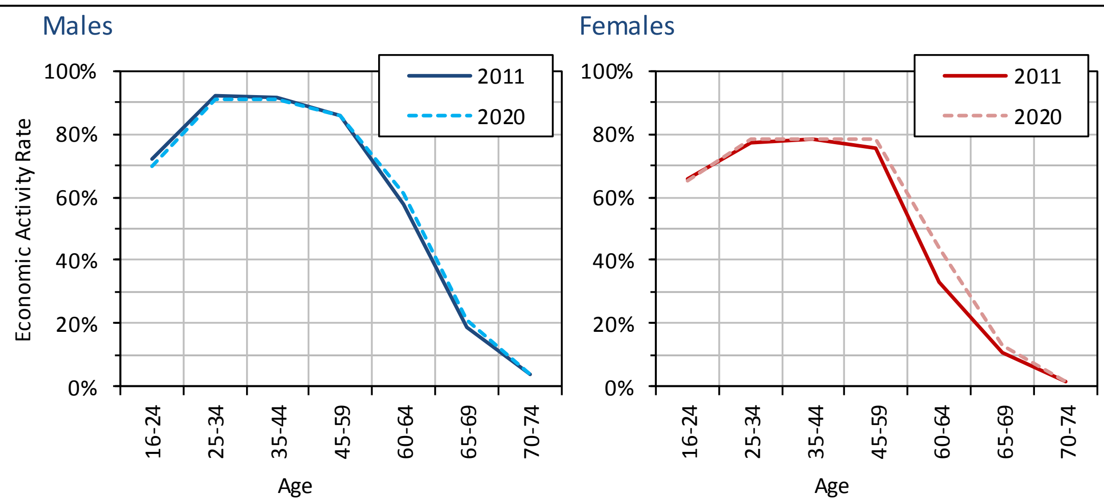
2.52 In all scenarios, Edge Analytics has made changes to the age-sex specific economic activity rates to take account of changes to the State Pension Age (SPA) and to accommodate potential changes in economic participation which might result from an ageing but healthier population in the older labour-force age-groups.

2.53 The SPA for women is increasing from 60 to 65 by 2018, bringing it in line with that for men. Between December 2018 and April 2020, the SPA for both men and women will then rise to 66. Under current legislation, the SPA will be increased to 67 between 2034 and 2036 and 68 between 2044 and 2046. It has been proposed that the rise in the SPA to 67 is brought forward to 2026–2028[4].

2.54 ONS published its last set of economic activity rate forecasts from a 2006 base[5]. These incorporated an increase in SPA for women to 65 by 2020 but this has since been altered to an accelerated transition by 2018 plus a further extension to 66 by 2020. Over the 2011–2020 period, the ONS forecasts suggested that male economic activity rates would rise by 5.6% and 11.9% in the 60-64 and 65-69 age groups respectively. Corresponding female rates would rise by 33.4% and 16.3% (Figure 5).

[4] https://www.gov.uk/changes-state-pension

[5] ONS January 2006, Projections of the UK labour force, 2006 to 2020
http://www.ons.gov.uk/ons/rel/lms/labour-market-trends--discontinued-/volume-114--no--1/projections-of-the-uk-labour-force--2006-to-2020.pdf



Sex \ Age	16-24	25-34	35-44	45-59	60-64	65-69	70-74
	% Change 2011 - 2020						
Males	-3.1%	-0.8%	-0.7%	0.3%	5.6%	11.9%	-5.6%
Females	-1.2%	1.8%	0.4%	3.9%	33.4%	16.3%	0.0%

Figure 5: ONS Labour Force Projection 2006 – Economic Activity Rates 2011–2020. Source: ONS

2.55 To take account of planned changes to the SPA, the following modifications have been made to the Edge Analytics economic activity rates:

- Women aged 60–64: 40% increase from 2011 to 2020.
- Women aged 65–69: 20% increase from 2011 to 2020.
- Men aged 60–64: 5% increase from 2011 to 2020.
- Men aged 65–69: 10% increase from 2011 to 2020

2.56 Note that the rates for women in the 60–64 age and 65–69 age-groups are higher than the original ONS figures (Figure 5), accounting for the accelerated pace of change in the SPA. No changes have been applied to other age-groups. In addition, no changes have been applied to economic activity rates beyond 2020. This is an appropriately prudent approach given the uncertainty associated with forecasting future rates of economic participation.

2.57 Given the accelerated pace of change in the female SPA and the clear trends for increased female labour force participation across all age-groups in the last decade, these 2011–2020 rate increases (Figure 6 and Figure 7) would appear to be relatively conservative assumptions.

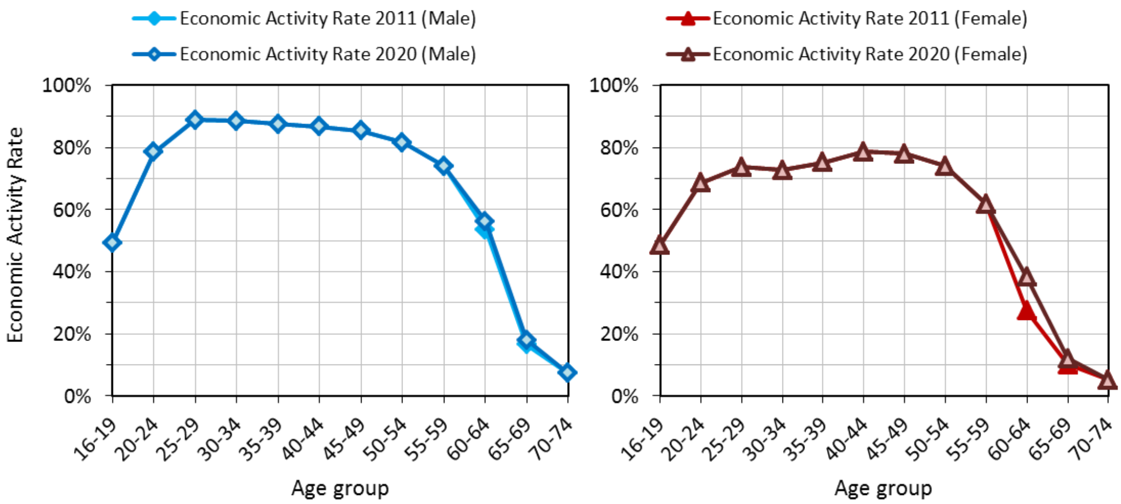


Figure 6: Edge Analytics economic activity rate profiles for Stoke-on-Trent, 2011 and 2020 comparison.

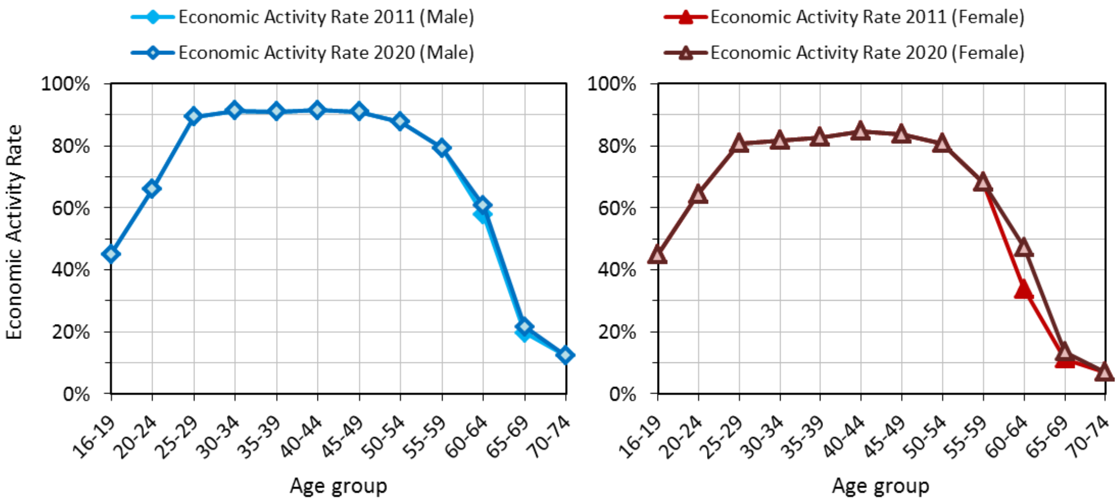


Figure 7: Edge Analytics economic activity rate profiles for Newcastle-under-Lyme, 2011 and 2020 comparison.

Commuting Ratio

2.58 The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district.

2.59 A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the number of jobs available in the district, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that the number of jobs in the district exceeds the size of the labour force, resulting in a net in-commute.

2.60 From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, commuting ratios have been derived for Stoke-on-Trent and Newcastle-under-Lyme. These are compared to the 2001 Census values in Table 1.

Table 1: Commuting Ratio Comparison

Stoke-on-Trent UA		2001 Census	2011 Census
Workers	*a*	98,832	108,109
Jobs	*b*	111,832	114,178
Commuting Ratio	*a/b*	**0.88**	**0.95**
Newcastle-under-Lyme		**2001 Census**	**2011 Census**
Workers	*a*	54,943	57,366
Jobs	*b*	46,646	49,305
Commuting Ratio	*a/b*	**1.18**	**1.16**

Note: 2001 data from Census Table *T101 – UK Travel Flows*; 2011 data from Census Table *WU02UK - Location of usual residence and place of work by age*.

Unemployment Rate

2.61 The unemployment rate, together with the commuting ratio, controls the balance between the size of the labour force and the number of jobs available within an area.

2.62 In all the scenarios, the unemployment rates have been incrementally reduced from the 'recession' (2008–2012) average to the 'pre-recession' (2004–2007) average between 2013 and 2018 (Table 2). The unemployment rate remains fixed at the 'pre-recession' average thereafter. These improvements in the unemployment rate provide an appropriate basis for what is likely to be a gradual recovery from current economic conditions.

Table 2: Unemployment Rates for Stoke-on-Trent and Newcastle-under-Lyme

Unemployment Rate (%)	2004	2005	2006	2007	2008	2009	2010	2011	2012	Recession Average (2008–12)	Pre-recession Average (2004–07)
Stoke-on-Trent	4.7	5.7	4.0	6.5	7.0	10.2	9.6	10.3	7.1	**8.8**	**5.2**
Newcastle-under-Lyme	3.3	3.1	5.6	8.2	5.5	5.3	6.3	12.7	6.9	**7.3**	**5.1**

Note: Unemployment rates are for January to December (source: Annual Population Survey, NOMIS)

Appendix 5: Modelled Change in Households by Size

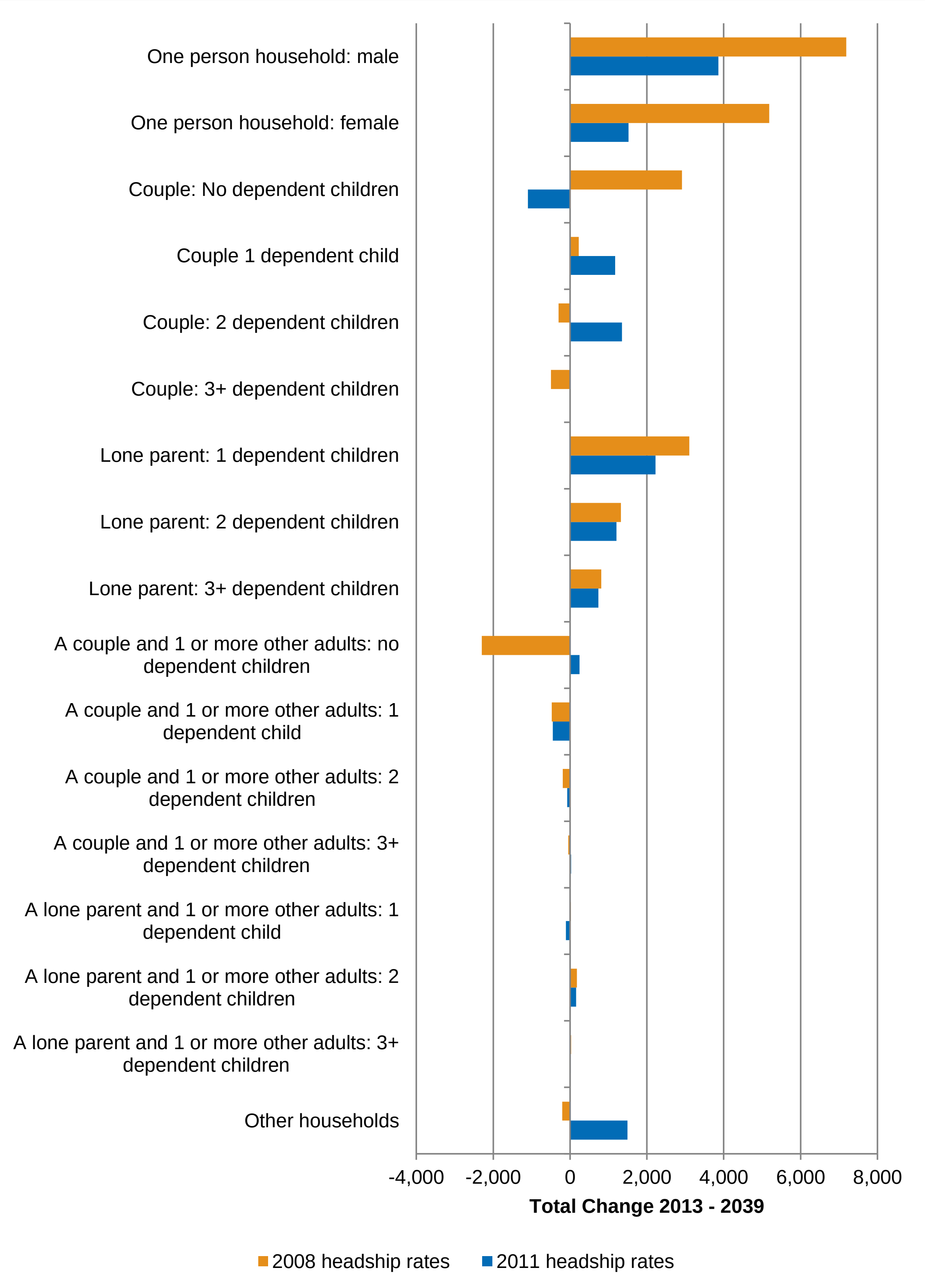
As detailed in section 6, in the absence of a detailed breakdown of household type in the 2012-based household projections, assumptions on the type of households projected to form in the 2008-based and 2011-based projections can be applied proportionately to the 2012-based projections. This is considered to be appropriate given that the analysis in section 6 has shown household formation assumptions under the 2012-based projections to largely sit between those in the previous 2008-based and interim 2011-based datasets.

The scale of change in different household types under the 2008-based and interim 2011-based projections are summarised in the following charts for Stoke-on-Trent and Newcastle-under-Lyme separately. For each authority, analysis is presented for two scenarios:

- An adjusted demographic scenario, which excludes unattributable population change (UPC) for Stoke-on-Trent – **10 Year Past Growth (x)** scenario – but includes this component for Newcastle-under-Lyme (**10 Year Past Growth**); and
- A baseline employment-led scenario. Given that this element of the analysis will continue to be refined as the Employment Land Review is finalised, it is considered appropriate to focus on scenarios linked with lower levels of job growth. For this reason, the **Employment-led (LEFM)** scenario is considered for Stoke-on-Trent and the **Employment-led (Experian)** scenario is considered for Newcastle-under-Lyme. This will evidently require further consideration upon finalisation of the Councils' economic evidence.

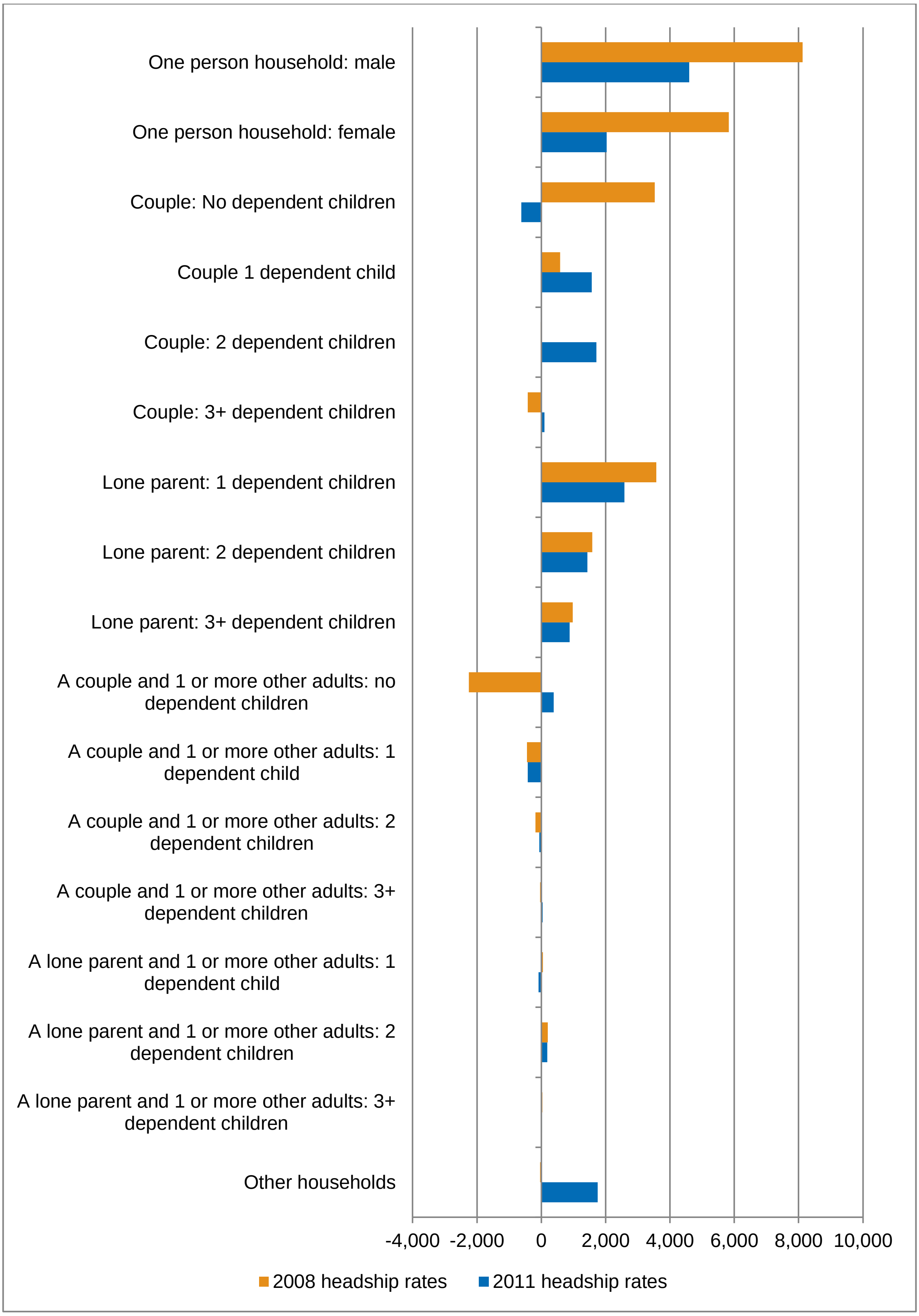
Stoke-on-Trent

Figure 5.1 Change in Household Types 2013 – 2039 – 10 Year Past Growth (x)



Source: Edge Analytics, 2015

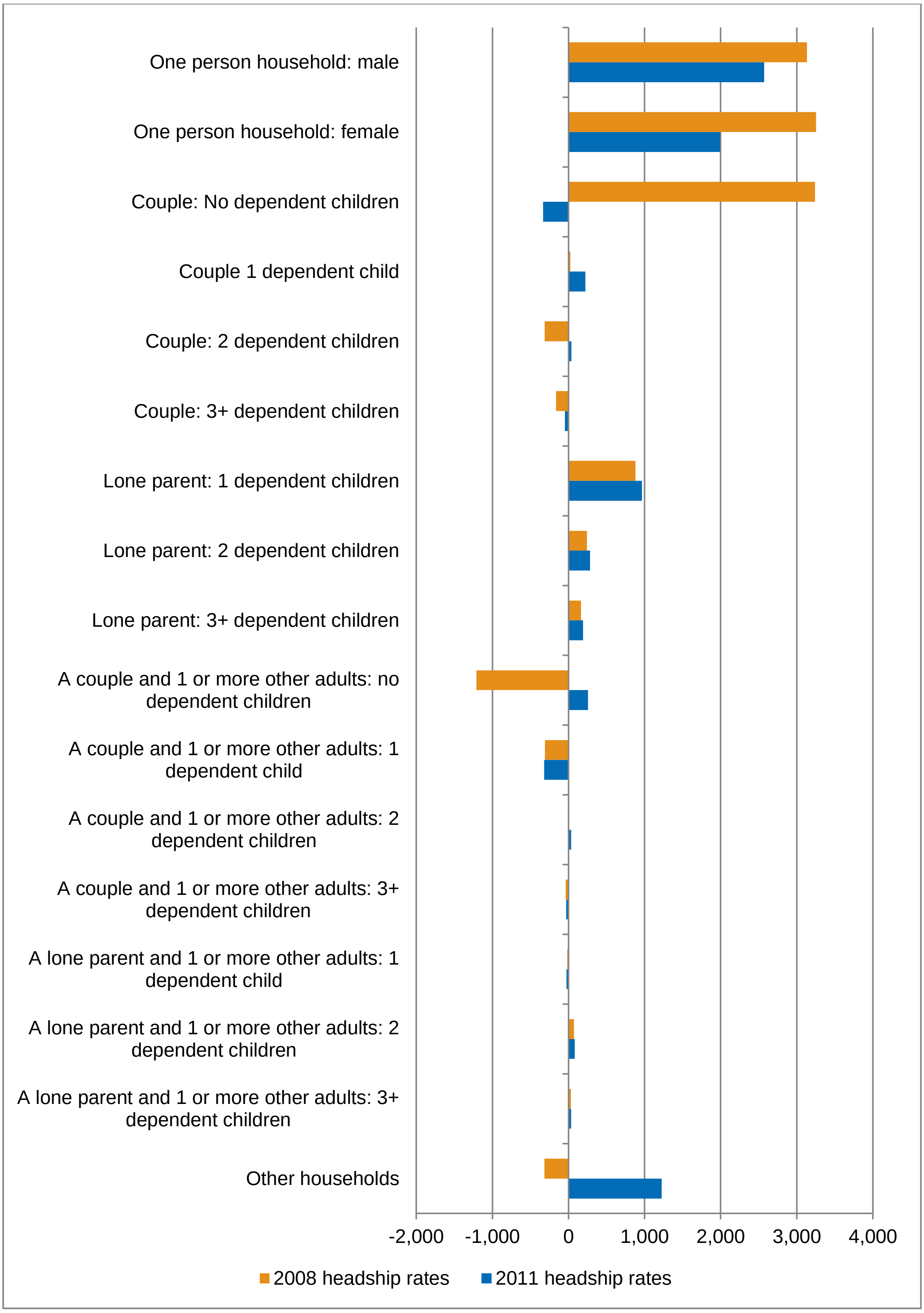
Figure 5.2 Change in Household Types 2013 – 2039 – Employment-led (LEFM)



Source: Edge Analytics, 2015

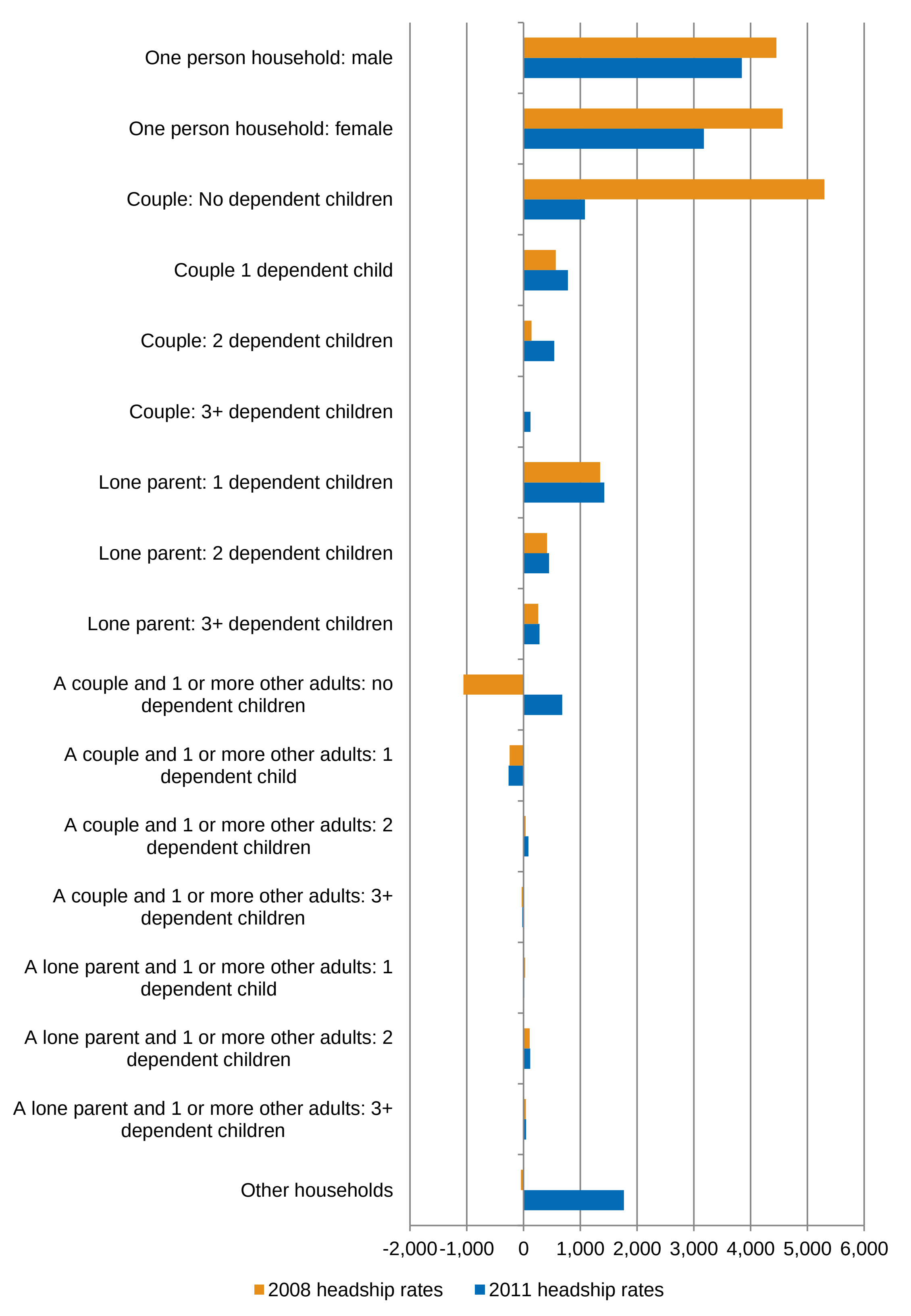
Newcastle-under-Lyme

Figure 5.3 Change in Household Types 2013 – 2039 – 10 Year Past Growth



Source: Edge Analytics, 2015

Figure 5.4 Change in Household Types 2013 – 2039 – Employment-led (Experian)



Source: Edge Analytics, 2015

Appendix 6: Affordable Housing Needs Assessment

Section 7 of this report summarises the calculation followed – in line with the PPG – to assess the need for affordable housing in Stoke-on-Trent and Newcastle-under-Lyme. This incorporates identification of the backlog of existing unmet need, with the scale of newly arising future need also established, with both balanced against supply.

A summary of the calculation is presented in section 7, with the full detailed methodology outlined below.

Current unmet gross need

At the current point in time, as a result of sustained affordability issues across the country over a number of years, the majority of areas have an existing unmet need for affordable housing with a backlog of households classified as in need. This backlog can be considered to be made up of a range of types of household in need, from those in urgent need of housing – without a current permanent home – to those who are living in overcrowded or substandard homes, but are already housed. This component of the calculation consists of three stages, introduced and presented below.

Stage 1 – Current Housing Need (Gross Backlog)

This stage outlines the number of households currently classified as in need of affordable housing, drawing primarily upon analysis of the current Housing Registers in Stoke-on-Trent and Newcastle-under-Lyme. Only households who are currently residing in the authority in which they are identified are included at this stage, and therefore they are not occupying housing stock in another authority. Transfers are not removed from this stage of the calculation.

Figure 6.1 Stage 1 – Current Housing Need

<table>
<tr><th>Step</th><th>Methodology/Source</th><th>Newcastle-under-Lyme</th><th>Stoke-on-Trent</th></tr>
<tr><td>1.1 Number of homeless households and those in temporary accommodation</td><td>Housing Register</td><td>22</td><td>18</td></tr>
<tr><td>1.2 Number of overcrowded and concealed households</td><td rowspan="2">Housing Register – Bands 1/2/3 (SoT) and Bands 1 – 6 (NuL)</td><td rowspan="2">661</td><td rowspan="2">1,966</td></tr>
<tr><td>1.3 Other groups on Housing Register</td></tr>
<tr><td>1.4 Total current housing need</td><td>1.1 + 1.2 + 1.3</td><td>683</td><td>1,984</td></tr>
</table>

Based on the total number of households in each authority – sourced from the 2011 Census – this indicates that 1.3% of households in Newcastle-under-Lyme and 1.8% of households in Stoke-on-Trent are classified as in need.

It is important to understand the current tenure of those on the Housing Register, and this is summarised in headline format below.

Figure 6.2 Current Tenure of Households on Waiting List

Current Tenure	Newcastle-under-Lyme	Stoke-on-Trent
Total current housing need	**683**	**1,984**
Homeless	22	18
Living with family, friends or relatives	130	328
Owner occupiers	130	194
Private renting	86	291
Existing Council or housing association tenant	292	941
Other	23	212

Source: Council data, 2014

In Stoke-on-Trent, 18 households are classified as homeless, while around 328 are currently living with parents, friends or relatives – and so would be newly forming – while a notable proportion are owner occupiers or privately renting. In Newcastle-under-Lyme, 22 of the households on the Housing Register are sleeping rough, homeless or have no fixed abode, around one in five are living with family or friends. A similar number are currently owner occupiers, with a considerable proportion privately renting. In these cases, this could suggest that needs are not being sufficiently met in the private rented sector or market housing for these households. It is important to recognise, however, that the movement of these households into affordable housing would 'free-up' the market stock they currently occupy for other households to move into.

The above figures are based solely on households identifying themselves as in need of affordable housing by registering for affordable housing via the waiting list. A range of other data sources can also be considered to understand the extent to which there are other households' whose needs are potentially not being met.

Within the market signals analysis within section 5, Census 2011 data was used to consider the changing number of households identified as 'concealed' as well as those classified as living in 'over-crowded circumstances'. While this data cannot be directly compared to the waiting list data presented within this section, it is nevertheless important to establish whether there are likely to be further households that could be viewed as living in unsuitable housing but may not have registered as being in need of affordable housing.

The following table compares the total number of overcrowded households and concealed families in Stoke-on-Trent and Newcastle-under-Lyme, based on the 2011 Census.

Figure 6.3 Concealed Families and Overcrowded Households 2011

	Concealed families	Overcrowded households
Newcastle-under-Lyme	382	1,394
Stoke-on-Trent	1,086	4,729

Source: Census 2011

It is important to note that there are evidently more overcrowded households in particular but also concealed households in the two authorities than the number earlier identified as being in need of affordable housing. While the Census data is from 2011, evidently covering a different time period and therefore not being directly comparable, this could therefore indicate that there could be additional households in Stoke-on-Trent and Newcastle-under-Lyme who are living in unsuitable accommodation but are not registered as being in need of affordable housing.

It is, however, difficult to ascertain with certainty the extent to which households not identifying themselves as in need for affordable housing via the register can be classified in 'need'. This requires a range of assumptions to be applied regarding the household circumstances and in particular the incomes of these households as well as the extent to which they regard themselves as living in unsuitable accommodation as opposed to being statistically classified in this manner.

The PPG notes the issues potentially associated with double-counting and the importance of only included those who cannot afford to access suitable housing:

"Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market"[133]

Evidently by simply inputting those who have taken the step of nominating themselves as requiring affordable housing and been duly classified through the register process as in need avoids any such double-counting and the inclusion of households who could meet their needs through other solutions. This therefore presents a reasonable albeit potentially tight definition of the current need for affordable housing. It is possible that the current unmet need could be higher than included in the stepped calculation based on the Census 2011 data and it will be important that the authority continue to monitor the most acute examples of need demonstrated in particular by those identified as homeless and in the priority bandings on the housing register.

Stage 2 – Affordable Housing Supply

At the current point in time, there is an estimated amount of affordable housing available to address this backlog. This includes vacant stock which could be brought back into use, which is offset by a known amount of stock which will be taken out of the supply. As per the PPG[134], this has been factored in to the calculation through the:

133 http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_024

134 http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_029

- Identification of households on the waiting list and identified as in housing need who are currently occupying affordable housing. This recognises that at the stage that their housing needs are met that they will release their existing property for re-occupation by another household in need. This therefore has a nil effect in terms of housing need (Step 2.1);

- Identification of long-term vacant surplus stock in Stoke-on-Trent based on information provided by the Councils. Whilst there is a small amount of vacant suitable accommodation in Stoke-on-Trent no such stock exists in Newcastle-under-Lyme. The absence of 'surplus' stock across both authorities highlights the scale of current need implied through the Stage 1 assessment (Step 2.2);

- Integration of the committed supply for new affordable housing in 2014/15 and over the next five years, consisting of 617 units in Stoke-on-Trent and 144 units in Newcastle-under-Lyme. This is drawn from data supplied by the Councils, which shows schemes currently under construction and expected to complete in 2014/15 and developments with planning permission with remaining affordable housing capacity to be built-out (Step 2.3); and

- Identification of units planned to be demolished or removed from management. This takes account of planned demolitions in Stoke-on-Trent, although it is understood that there are no such demolitions planned in Newcastle-under-Lyme (Step 2.4).

This is presented in the following table.

Figure 6.4 Stage 2 – Affordable Housing Supply

Step	Methodology/Source	Newcastle-under-Lyme	Stoke-on-Trent
2.1 Affordable dwellings occupied by households in need	Figure relates to number of households identified in Stage 1 who are transfers	241	920
2.2 Surplus stock	Long-term vacant (ie 6 months plus)	0	42
2.3 Committed supply of new affordable housing	Commitments for next five years	144	617
2.4 Units to be taken out of management	Planned demolitions and stock removal	0	61
2.5 Total affordable housing stock available	**2.1 + 2.2 + 2.3 – 2.4**	**385**	**1,518**

There is evidently a comparatively strong existing supply of affordable housing in Newcastle-under-Lyme and particularly Stoke-on-Trent which will become available early in the plan period to meet the backlog need. This includes the freeing up of stock by transfer tenants if there needs are met, the return to use of long-term vacant stock and the committed supply of new affordable housing across the two authorities. This will help to offset the planned demolitions and stock removal in Stoke-on-Trent.

Stage 3 – Shortfall in Affordable Housing to meet current 'backlog' housing need (annual)

The output from Stage 1 is subtracted from Stage 2 to provide an estimate of the total shortfall in affordable housing to meet the current 'backlog' of housing need. This is then divided by five to translate into an annual figure that would address backlog early in the plan period. This reflects the guidance in the PPG, which states that:

"Local authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible. Where this cannot be met in the first 5 years, local planning authorities will need to work with neighbouring authorities under the Duty to Co-operate"[135]

Figure 6.5 Stage 3 – Historically Accumulated 'Backlog' Need (Net Annual)

Step	Methodology/Source	Newcastle-under-Lyme	Stoke-on-Trent
3.1 Shortfall in affordable housing to meet current 'backlog' housing need (annual)	**(1.4 – 2.5) / 5**	**60**	**93**

The calculation indicates that there is a need to provide an additional 60 affordable homes per annum in Newcastle-under-Lyme for the first five years of the plan period to meet the shortfall and clear the existing backlog. A further 93 units will be required annually in Stoke-on-Trent to address this need.

It is important to recognise that this assumes that the backlog of need is addressed in full early in the plan period. This will need to be carefully monitored and considered in the context of the likely potential to deliver this level of stock, recognising delivery mechanisms and the availability of finance and funding.

It is also important to recognise that this backlog cannot be directly factored in to the objective assessment of need – or the demographic modelling presented in section 6 – given the relationship between market and affordable housing. Evidently the provision of new affordable housing to meet those households currently in need and living within other tenures will result in their existing dwellings become available for other households to occupy.

Calculating Annual Net New Need

As with market housing, there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market, a significant proportion of these newly forming households face significant challenges in gaining entry to market housing, subsequently driving demand for affordable housing. In addition to new households, existing households also fall into affordable housing need as household

[135] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-land-availability-assessment/stage-5-final-evidence-base/#paragraph_035

circumstances change, resulting in their current housing situation no longer being appropriate and a requirement for affordable housing arising. This needs to be balanced against the supply of affordable housing available in an area to meet these needs. Again, a stepped approach is required, as set out below.

Stage 4 – Future Housing Need

A projected gross annual household formation rate is input, based on the SNHP 2012 scenario modelled by Edge Analytics[136]. This reflects the status of this dataset as the 'starting point' for assessing housing need, although it is noted that other scenarios – summarised below – include a higher rate of gross household formation. However, given that these scenarios are driven by assumptions around an increased migration of people attracted to the area to take up employment, it is considered that any migrants moving to the area for employment purposes would be less likely to be classified as in need of affordable housing. Integrating these higher household formation rates from these scenarios would therefore be likely to over inflate the number of households in need, given that no assumptions are made regarding changing income or wage levels over the projection period in the modelling.

It is also important to note that the initial release of the 2012 household projections did not include a significant level of detail regarding the projected formation of different types of households, with this expected to be included in a Stage 2 release later this year. This stage of the calculation should therefore be revisited following publication of this data, given that the limited scope of the current dataset may understate future household formation.

Figure 6.6 Gross Annual Household Formation (15 – 44) 2012 – 2032

Scenario	Newcastle-under-Lyme	Stoke-on-Trent
SNPP 2012	**783**	**1,520**
10 Year Past Growth (inc UPC)	856	1,686
10 Year Past Growth (exc UPC)	865	1,602
Employment-led (Experian)	985	1,923
Employment-led (LEFM)	1,000	1,638

Source: Edge Analytics, 2015

The proportion of these households who are unable to afford market housing is estimated at Step 4.2, deriving an estimation of newly forming households in need. This is based on an analysis of the relationship between income and housing, with income an important factor in determining the ability of households to exercise choice and realise their housing aspirations. The following table shows the mean household income for Stoke-on-Trent, Newcastle-under-Lyme and their sub-areas, in addition to the West Midlands and England for comparison. The data is sourced from 2014 CACI data purchased by the Councils.

[136] This is based on the average annual gross household formation rate derived from the SNHP 2012 demographic scenario, recognising that this official ONS projection is advocated as the 'starting point' in the PPG. This average covers a period from 2012 to 2032 and focuses on households aged 15 to 44. This does not include the application of the sensitivity regarding a return to 2001 household formation rates for selected younger age groups given that the provision of sufficient numbers of affordable properties will be one of the contributing factors to achieving this improvement.

Figure 6.7 Mean Household Income by Sub-Area 2014

Sub-Area	Average (Mean) Income
Stoke-on-Trent	**£26,933**
Inner Urban Core	£23,546
Zone 1	£31,007
Zone 2	£25,905
Zone 3	£25,291
Zone 4	£23,145
Zone 5	£24,513
Zone 6	£29,276
Zone 7	£31,007
Newcastle-under-Lyme	**£34,387**
Audley and Rural North	£37,835
Central	£29,399
Clayton	£38,292
Keele	£46,509
Kidsgrove and Talke	£29,958
Madeley	£39,139
Rural South	£48,028
West Midlands	**£35,611**
England	**£36,764**

Source: CACI 2014

As shown, the mean income in Newcastle-under-Lyme is higher on average than in Stoke-on-Trent. The two authorities both have average incomes which are below the regional and national averages with this particularly true for Stoke-on-Trent.

Whilst this provides a useful headline analysis of the comparative levels of income, the sub-area analysis provides an important indication of spatial differences within the authorities. In Stoke-on-Trent, average household income is lowest in the Inner Urban Core and Zone 4, with higher average incomes in Zone 1 and Zone 7 to the south of the authority. In Newcastle-under-Lyme, the highest household income is seen on average in the Rural South and Keele, with lower incomes in the Central area and Kidsgrove and Talke.

Based on this income profile, a more detailed analysis of the ability of households to access different tenures of housing can be undertaken, through the application of average prices and rents introduced in section 5. The table below presents the household income required to purchase an entry level (lower quartile) home, or rent either privately or socially. This is based on a number of standard assumptions:

- Lower quartile house prices are utilised to represent lower market entry properties, with data sourced from Land Registry sales data from September 2013 to August 2014;

- Lower quartile private rent prices are used to represent entry into the private rented sector, with sub-authority rents using primary research conducted in October 2014. Where data is unavailable – and to derive whole authority lower quartile values – VOA private rental market statistics are used;

- An individual with a single income is considered able to buy a home if it costs 3.5 times the gross household income, with a 5% deposit;

- A household is considered able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income;

- ‘Rent payable’ is defined as the entire rent due, even if it is partially or entirely met by housing benefit; and

- Annual social housing rents are calculated from an average of RSL rental levels, utilising the HCA Statistical Data Return 2013. Due to an absence of available data, the cost of social rented housing is not assumed to vary across each authority.

Figure 6.8 Household Income Required to Access Housing in Stoke-on-Trent and Newcastle-under-Lyme

Sub-Area	Purchase an entry level home	Privately rent a 2 bedroom dwelling	Socially rent a 2 bedroom dwelling
Stoke-on-Trent	**£18,186**	**£20,400**	**£15,160**
Inner Urban Core	£13,571	£18,672	£15,160
Zone 1	£23,071	£18,912	£15,160
Zone 2	£23,071	£18,960	£15,160
Zone 3	£14,929	£18,000	£15,160
Zone 4	£17,100	£18,000	£15,160
Zone 5	£16,014	£17,328	£15,160
Zone 6	£20,347	£20,400	£15,160
Zone 7	£19,543	£20,064	£15,160
Newcastle-under-Lyme	**£25,786**	**£22,800**	**£14,660**
Audley and Rural North	£24,425	£22,944	£14,660
Central	£23,071	£20,400	£14,660
Clayton	£33,928	£22,800	£14,660
Keele	£36,100	£22,800	£14,660
Kidsgrove and Talke	£24,429	£21,552	£14,660
Madeley	£31,146	£22,800	£14,660
Rural South	£46,075	£29,712	£14,660

Source: Turley, 2015

The benchmarks presented above highlight a spatial variation across Stoke-on-Trent and Newcastle-under-Lyme – with higher incomes required to access housing in certain areas – which is illustrated in Figure 4.8 of Appendix 2. The Rural South of Newcastle-under-Lyme, for example, requires a high income – of almost £30,000 per year – to even access private rented accommodation, with a similar income required to afford the cost of purchasing a house at the lower end of the market in Madeley, Clayton, Keele and, most pronouncedly, the Rural South.

The income required to access different tenures is notably lower in Stoke-on-Trent than in Newcastle-under-Lyme, with housing in the more urban areas – such as the Inner Urban Core and Zone 3 – typically very affordable to those on lower incomes. Indeed, in these areas – and in several others in Stoke-on-Trent – it is cheaper to purchase a property than rent, suggesting that housing in the city is relatively affordable.

With the cost of accessing different housing tenures in Stoke-on-Trent and Newcastle-under-Lyme now established, the following table shows the proportion of households within each sub-area who are able to afford housing in their area. This is based on further analysis of CACI data, which includes a breakdown of the number of households within each £5,000 income bracket.

Figure 6.9 Proportion of Households Able to Access Housing in their Sub-Area

Sub-Area	Purchase an entry level home	Privately rent a 2 bedroom dwelling	Socially rent a 2 bedroom dwelling
Stoke-on-Trent	**54.3%**	**54.3%**	**66.8%**
Inner Urban Core	62.3%	49.1%	62.3%
Zone 1	48.7%	57.8%	69.6%
Zone 2	45.8%	55.6%	68.1%
Zone 3	65.9%	53.2%	65.9%
Zone 4	61.6%	48.3%	61.6%
Zone 5	64.9%	64.9%	64.9%
Zone 6	56.2%	56.2%	68.5%
Zone 7	58.8%	58.8%	70.9%
Newcastle-under-Lyme	**51.1%**	**51.1%**	**72.3%**
Audley and Rural North	55.4%	55.4%	76.0%
Central	46.0%	55.8%	68.4%
Clayton	41.1%	56.2%	75.6%
Keele	55.4%	70.0%	85.8%
Kidsgrove and Talke	47.7%	58.0%	70.7%
Madeley	49.5%	57.5%	77.0%
Rural South	45.3%	65.6%	87.4%

Source: CACI, 2014; Turley, 2015

As shown, just over half of households in Stoke-on-Trent and Newcastle-under-Lyme are able to afford the cost of purchasing a home or renting a two bedroom dwelling, suggesting that just under half are unable to afford these options. Indeed, one in three households in Stoke-on-Trent and just under 30% of households in Newcastle-under-Lyme cannot afford the cost of social renting, although in reality this is slightly misleading as many in this tenure receive financial support to supplement income.

There are a number of interesting spatial trends within each authority. In Clayton, almost 60% of households cannot afford the cost of purchasing a home, whereas many areas in Stoke-on-Trent are relatively affordable for residents looking to buy an entry level home. For private renting, over half of households in some areas – such as the Inner Urban Core and Zone 4 – are unable to afford the cost of privately renting a 2 bedroom dwelling.

It is, however, important to recognise that this assessment makes standard assumptions on the relationship between housing costs and income. Assuming that households pay a greater proportion of their earnings on rent would increase the proportion of households able to access different tenures of housing in Stoke-on-Trent and Newcastle-under-Lyme. This has, though, been addressed by the Planning Inspectorate during the recent East Hampshire Examination:

"It may well be that, in order to live in a decent home, people are forced to spend more. However, it is not right, in my view, to plan on the basis that it is acceptable for those in need to have their already limited incomes squeezed just so they can live in a decent home"[137]

Step 4.2 of the calculation presented below integrates these affordability benchmarks, assuming that households who cannot afford the most affordable market tenure will require affordable housing, assuming that those who can afford market purchase or rent will meet their needs through these tenures. This results in an estimation of the number of newly forming households in need, which is applied locally to sub-areas of each authority. The totals at Step 4.2 are therefore calculated by totalling the number of newly forming households unable to access housing in each sub-area and dividing this by the total number of households projected to form, rather than being directly applied to reach the figures in Step 4.2. This ensures that local variation is more accurately reflected.

In addition to these newly forming households, a number of households fall into need from other tenures, and require affordable housing on an annual basis. These are labelled as 'existing households falling into need', and in order to estimate the toal number of such households annually two components are identified:

- Number of lettings to households registering and being classified as in need of affordable housing from other tenures[138], with this representing all those who fell into need and had their affordable housing need met within the same year. A three year average is taken, drawn from the calendar years of 2011, 2012 and 2013 for Newcastle-under-Lyme and the financial years (April – March) of 2011 – 2014 for Stoke-on-Trent; and

- Number of households who remain on the Housing Register having registered as being in priority need during the same periods, indicating that they did not receive a letting and therefore their need was not met during this time.

Collectively, the above components result in an annual flow of households who have fallen into affordable housing need from other tenures, irrespective of their receiving a letting or not.

[137] PINS/M1710/429/7

[138] Stoke-on-Trent – All tenures with exception of Council tenant, housing association tenant, living with friends, parents or relatives or no fixed address; Newcastle-under-Lyme – All tenures with exception of Council/housing association tenant, living with family or friends, tenant of Aspire Housing or sleeping rough, homeless or no fixed abode

Figure 6.10 Stage 4 – Future Housing Need (Annual)

Step	Methodology/Source	Newcastle-under-Lyme	Stoke-on-Trent
4.1 New household formation (annual)	Household projections (gross formation – SNPP 2012)	783	1,520
4.2 Newly forming households in need (annualised)	Proportion of households unable to afford to purchase or rent in the open market (assuming LQ purchase or rent)[139]	43%	40%
	Number of households unable to afford to purchase or rent in the open market (assuming LQ purchase or rent)	337	613
4.3 Existing households falling into need	Households registering from other tenures and either receiving a letting or joining the Housing Register	321	776
4.4 Total newly arising need (gross per year)	**(4.1 x 4.2) + 4.3**	**658**	**1,390**

In Newcastle-under-Lyme, there is a total newly arising need for 658 affordable homes annually, driven by newly forming households falling into need and existing households falling into need. There is a need for 1,390 affordable homes annually in Stoke-on-Trent.

Clearly, the number of households falling into need from other tenures represents an important component of newly arising need in both authorities. The available data allows the tenure from which these households have moved to be considered in further detail. This shows that, in Newcastle-under-Lyme, an average of around 56% of households falling into need move from the private rented sector, with 21% moving from owner occupation. In Stoke-on-Trent, an average of around 47% move from the private rented sector, with around 18% moving from owner occupation.

This shows that the private rented sector in particular shares an important relationship with affordable stock. It is notable, therefore, that increasing the number of existing households whose needs are met through the provision of affordable housing will have an impact on the

[139] Derived from local analysis – as set out in Figure 7.14 and 7.15 – rather than through application of benchmarks In Figure 7.9

level of available housing in other tenures, most notably private rented stock. It has, however, been noted through stakeholder engagement that there is also a flow in the opposite direction, moving from affordable housing to the private rented sector.

It is also important to recognise that a comparable analysis of the lettings data reveals that an average of 269 lettings are made annually to newly forming households[140] in Newcastle-under-Lyme, with 562 such lettings made in Stoke-on-Trent. Given that this is lower than the number of newly forming households unable to purchase or rent in the open market – identified at Step 4.2 of the calculation above – this highlights the importance of increasing the supply of affordable stock in order to address needs more fully and avoid a further increasing of the number of households classified as in need.

Stage 5 – Affordable Housing Supply

Using lettings data supplied by the Councils, the annual amount of affordable housing anticipated to be made available each year is estimated based on all lettings – from all Housing Register bands – over the past three years, excluding transfers.

An estimate has also been made of the number of intermediate units likely to become available each year. Given the relatively small size of this tenure, there is an absence of comprehensive data on the role of intermediate housing, and therefore a proxy calculation has been used to forecast future supply. First, the turnover rate for general social rented stock has been calculated, by dividing the number of lettings in 2011/12 by the total number of households socially renting from the 2011 Census. For the purposes of this assessment, we have made a reasonable assumption that the turnover rate for intermediate stock is 30% that in the social rented sector. This turnover rate has been applied to the total number of shared ownership households recorded in the 2011 Census.

Figure 6.11 Stage 5 – Affordable Housing Supply (Annual)

Step	Methodology/Source	Newcastle-under-Lyme	Stoke-on-Trent
5.1 Annual supply of social re-lets (annual net)	Re-lets excluding transfers (3 year average)	549	1,214
5.2 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Estimated turnover rate applied to 2011 Census data	6	8
5.3 Annual supply of affordable housing	**5.1 + 5.2**	**555**	**1,222**

Evidently, there is a sizeable supply of social re-lets available annually in both Stoke-on-Trent and Newcastle-under-Lyme. It is, however, important for this level of lettings to be monitored,

140 Living with friends, family or with no fixed abode in Newcastle-under-Lyme; living with friends, parents or relatives – or no fixed address – in Stoke-on-Trent

with factors such as Right to Buy – which should not be taken into account in affordable housing needs assessments, as this will meet needs and will not require rehousing – potentially reducing supply over the long-term.

Furthermore, it is important to recognise that intermediate housing is an emerging market in Stoke-on-Trent and Newcastle-under-Lyme, and is unlikely to currently make a significant contribution towards meeting housing need. Indeed, the analysis earlier in this report has highlighted a fall in the number of shared ownership households in both authorities between 2001 and 2011, although it is recognised that both authorities have seen development of intermediate housing stock since the Census. The contribution of intermediate housing should therefore continue to be monitored by the Councils.

Stage 6 – Annual Net New Need

The output of stage 5 is subtracted from stage 4 to produce an estimate of the number of households likely to have unmet needs for affordable housing, which – unless sufficient new stock is available to meet annual calculated needs in full – will add to the backlog position annually.

Figure 6.12 Stage 6 – Annual Net New Need

Step	Methodology/Source	Newcastle-under-Lyme	Stoke-on-Trent
6.1 Net new need	**4.4 – 5.3**	**103**	**168**

Total Affordable Housing Need

The final element of the calculation is the identification of the total affordable housing need on a net annual basis, which is calculated by adding the two components introduced above together to derive the net annual need. This follows the guidance in the PPG:

"The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow"[141]

Recognising the importance of seeking to address the backlog within a reasonable time frame, and following the guidance in the PPG, the analysis in this section assumes that the backlog is cleared within a five year time horizon. On this basis, a five year affordable need figure is presented, alongside a longer term net affordable need figure.

This shows an estimated extrapolation of projected need once the backlog has been cleared, although it is important to note that this is based on information at a fixed point in time, and does not take account of future changes to the housing market. The longer term net need over the plan period therefore assumes that future need is simply associated with the annual net new need for the remainder of the plan period.

---

[141] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_029

Figure 6.13 Stage 7 – Total Affordable Housing Need (Net Annual)

Step	Methodology/Source	Newcastle-under-Lyme	Stoke-on-Trent
7.1 Shortfall in affordable housing to meet current ‘backlog’ housing need (annual)	3.1	60	93
7.2 Newly arising (future) need (net annual)	6.1	103	168
7.3 Net annual affordable housing need	**3.1 + 6.1 (annual)**	**163**	**261**

The calculation indicates that Newcastle-under-Lyme has a **net need for 163 affordable homes per annum over the next five years**, in order to clear the existing backlog and meet future newly arising household need. Once the backlog is cleared, only newly arising need will need to be met, requiring **103 affordable units annually for the remainder of the plan period**.

In Stoke-on-Trent, the calculation suggests that there is a **net need for 261 affordable homes per annum over the next five years**, in order to address the backlog and meet newly arising need in the future. Once the backlog is cleared, **168 affordable units will be needed annually for the remainder of the plan period** to meet newly arising needs.

Turley
1 New York Street
Manchester
M1 4HD

T 0161 233 7676