AH001

Chelmsford City Council

Strategic Housing Needs Assessment

Final Report

October 2023

jg **Consulting**
Quality Specialist Research

Contents

Summary

Background

1. This report provides a new Strategic Housing Needs Assessment (SHNA) for Chelmsford City Council. This report focusses on overall housing need, including consideration of the Standard Method as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes) and the needs of specific groups such as older people.

2. The study follows the approach set out in the latest published National Planning Policy Framework (NPPF) and supporting Planning Practice Guidance (PPG) and uses the latest available demographic data from the Office for National Statistics (ONS) and a range of other available datasets to provide a contextual picture and analysis of the housing market for the Council's administrative area.

3. To understand the area, an initial phase of work was carried out to talk with key players in the housing market (including estate and letting agents). From this, agents noted the private rented sector in Chelmsford, like most other parts of the country, cannot deliver the supply needed and that this is particularly acute in Chelmsford due to the scale of out-migration from London. Additionally, both registered providers and the County Council highlighted delivery of extra-care housing for older people as a particular issue and this is picked up later in this report.

4. Overall, the report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:

    - Section 2 – Area Profile;
    - Section 3 – Overall Housing Need;
    - Section 4 – Affordable Housing Need;
    - Section 5 – Housing Mix;
    - Section 6 – The Needs of Older People and People with Disabilities;
    - Section 7 – Private Rented Sector; and
    - Section 8 – Other Groups

Area Profile

5. Analysis was carried out to provide background information about population and housing in Chelmsford. Data is compared with local, regional and national data as appropriate. The analysis can be summarised as covering three main topic headings:

    - Demographic baseline (including data on population age structure and changes);
    - Housing stock (including type and tenure); and
   - Housing market (including data on house prices)

6. As of mid-2021, the population of Chelmsford is 181,800 and since 2011 the City Council area population has grown by around 8% which is a similar rate of growth as across Essex and the east of England, but a slightly faster rate than nationally. The City Council area also saw a similar level of population growth in the 2001-2011 period.

7. The age structure of the population is also slightly different to other areas, with fewer people aged in their late teens and early 20s, and higher proportions in their late 30s and 40s. Over the past decade, the City Council area has seen an ageing of the population, with the number of people aged 65 and over increasing by 24%; there have however also been increases in the number of children and people of 'working-age' (taken to be 16-64).

8. Population growth in the City Council area is largely driven by internal migration – moves from one part of the UK to another, although there are also generally positive levels of natural change (births minus deaths) and international migration.

9. ONS dwelling stock data indicates there were 78,700 dwellings in the City Council area as of 2021, a net increase of 7,500 dwellings between 2011 and 2021. Rates of change in dwelling numbers have been in excess of that seen in other areas, and particularly the last 4-5 years.

Figure 1: Indexed change in dwelling stock (2001-21) – (2011=1)
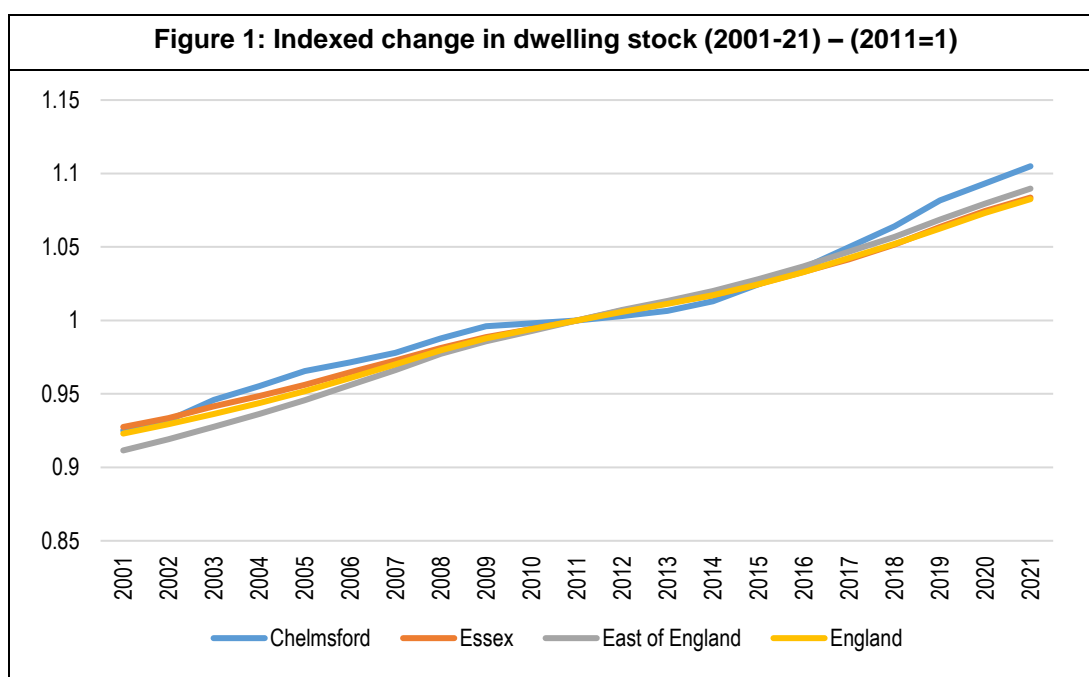
Source: DLUHC

10. Some 71% of all households in the City Council area are owner-occupiers, notably higher than the national average of 62% (and higher than other benchmark areas), consequently the proportion of households living in the social rented (13%) and private rented (16%) sectors is lower than seen in other locations.

11. The housing stock sees a relatively high proportion of detached homes, making up 30% of all dwellings (23% nationally) and related to this the stock is generally larger in nature, with around 29% having 4+-bedrooms. Again linked to this, the City Council area sees high levels of under-occupancy, with 42% of all households living in homes with at least two spare bedrooms. Levels of overcrowding are relatively low – at just 2.7% of all households.

12. In the year to September 2022 the median house price in Chelmsford was £385,000. This is significantly above the median house price for comparator areas, and is 40% above the national average. Prices have also been increasing significantly, rising by 71% (£160,000) over the decade to September 2022. Over the past five years price rises have been more modest, increasing by 17%. When looking at median prices by property type, Chelmsford also typically sees higher prices for different types of property than Essex, the East of England region and England as a whole.

Figure 2: Median House Prices 1995-2021 (year ending September 2022)
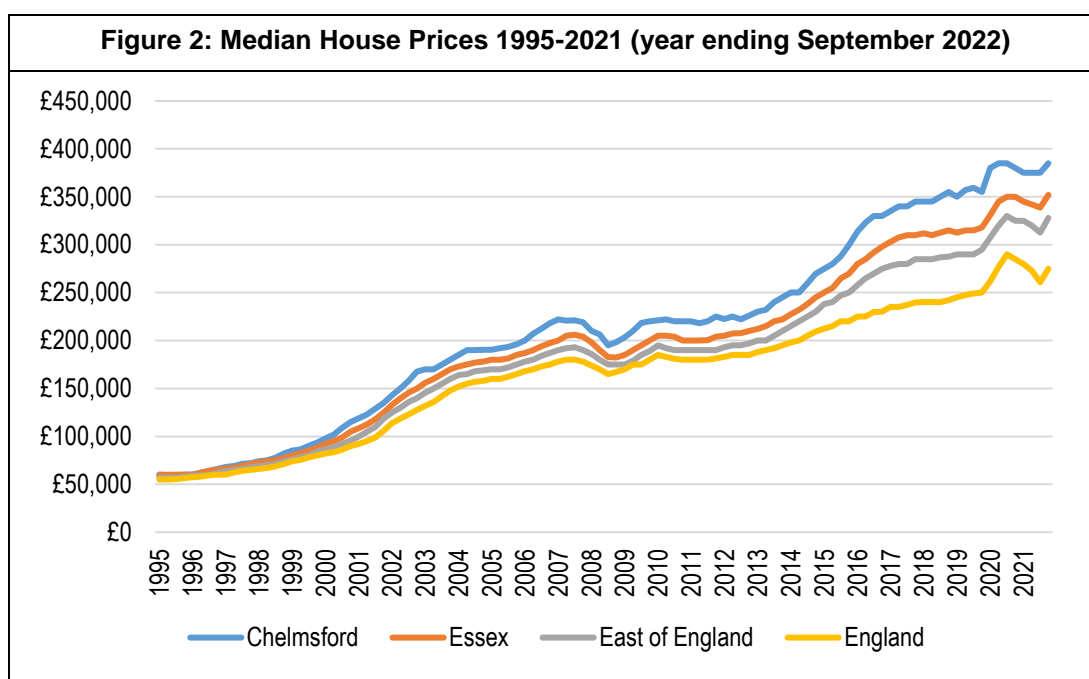
Source: Land Registry

13. As well as higher house prices, the City Council area typically sees higher private rental costs, with the median private rent for a 2-bedroom home standing at £1,000 per month in the year to September 2022. Rents overall are around 24% above the national average (compared with 40% when looking at median house prices). Over the past five years rents have increased by around 33%, higher than the increase in house prices over the same period.

14. In line with national trends, affordability in the City Council area has worsened with the workplace based median affordability ratio in Chelmsford at 12.21 in 2022 – this is based on the ratio between median house prices and full-time earnings.

15. Overall, the data points to Chelmsford as an affluent area with higher house prices and large proportions of households living in owner-occupied housing. The City Council area also sees a housing mix of larger and detached homes. The analysis points to relatively high levels of housing demand. This can be seen in analysis of house prices and strong levels of delivery.

16.   That said, there are clearly issues suggested by the data. The house price to income ratio is high, pointing to potential difficulties in first-time-buyers (in particular) accessing the market – private rents are also high. At the same time, the relative lack of social rented housing means it will be difficult for the Council to meet affordable housing needs when they arise.

Overall Housing Need

17.   The SHNA studied the overall housing need set against the NPPF and the framework of PPG – specifically the Standard Method for assessing housing need. This shows a need for 955 dwellings per annum. This is based on household growth of 631 per annum and an uplift for affordability of 51%.

Figure 3: Standard Method Housing Need Calculations using 2014-based Household Projections	
	Chelmsford
Households 2023	78,037
Households 2033	84,351
Change in households	6,314
Per annum change	631
Affordability ratio (2022)	12.21
Uplift to household growth	51%
Uncapped need (per annum)	955

Source: Derived from DLUHC and ONS data

18.   The report has considered whether there are exceptional circumstances to move away from the Standard Method (either in an upward or downward direction). This looked at up-to-date demographic trends and is also mindful of the NPPF consultation of December 2022 which points to there being some strengthening of the encouragement for local authorities to consider exceptional circumstances. The consultation NPPF suggests that consideration will be given to 2021-based projections when these are published in 2024.

19.   The report looks at more recent demographic trends – taking account of 2021 Census data and ONS mid-year population estimates up to 2021, this data was compared with the 2014-based projections. Whilst there were differences between sources, these were not considered to be substantial and did not point to any exceptional circumstances.

20.   Data about household growth from the Census also showed a similar pattern to that in the 2014-based projections, again pointing to the projections underpinning the Standard Method as remaining reasonable.

21.   Past build rates were also considered as areas with strong growth might be able to provide more homes than the Standard Method (also high delivery might point to an over-supply of housing). In Chelmsford, whilst delivery has been strong, averaging approaching 814-958 dwellings per annum over the past 5- and 10-years it is again not considered that this provides any evidence to suggest a higher or lower figure than the Standard Method.

22. As a final test on exceptional circumstances, the Standard Method projection was used to look at potential changes to the resident labour supply and the number of additional jobs that might be supported. Overall, it was projected the labour supply would increase by around 21% over the 2022-41 period and that this could support around 21,000 additional jobs – this is above an economic forecast (just over 12,400 jobs for the same period) and again points to there being no need to plan for housing in addition to the Standard Method.

23. Overall, it was therefore concluded that the Standard Method is a reasonable assessment of housing need for Chelmsford (noting the premise of the method itself has not been challenged in this report). On that basis a bespoke demographic projection was developed to look at how the population might change if 955 homes per annum were delivered over the 2022-41 period. This showed continued strong population growth and an ageing of the population, although an increase in the number of children and those of 'working-age' is also projected.

Affordable Housing Need

24. Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

25. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

26. When looking at needs from households unable to buy OR rent, the analysis suggests a need for 623 affordable homes per annum across the City Council area – a need is shown in all parts of the Council area.

Figure 4: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)						
	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Urban	23	415	100	538	156	382
Rural	5	226	31	262	70	192
South Woodham Ferrers	2	44	11	57	8	48
TOTAL	30	685	142	857	234	623

Source: Affordable Housing Need analysis (see Section 4)

27.   Despite the level of need being high in relation to the Standard Method, it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.

28.   The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes. Increasing in the number of people living in temporary accommodation also points to the need for social rented housing ahead of other tenures.

29.   When looking at AHO products, the analysis is inconclusive about the scale of the need. Although the evidence does suggest that there are many households in Chelmsford who are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector). It is likely that a key issue in the City Council area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

30.   The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

31.   However, given the cost of housing locally, it seems very difficult for affordable home ownership products to be provided and be considered as 'genuinely affordable'. This again points to the need for the Council to prioritise delivery of rented affordable housing where possible.

32.   In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

33.   Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Housing Mix

34.   Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Chelmsford is fairly average with around 29% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

35.   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Chelmsford is notable in the market sector).

36.   In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 40% of general needs housing to have at least 3-bedrooms. Our recommended mix is set out below:

Figure 5: Suggested size mix of housing by tenure – Chelmsford				
	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	5-10%	25%	25%	55%
2-bedrooms	30-35%	45%	35%	45%
3-bedrooms	35-40%	25%	30%	
4+-bedrooms	20-25%	5%	10%	

Source: Housing Mix analysis (see Section 5)

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

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

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

40.   Given the nature of the area and the needs identified, the analysis suggests that units would comprise a mix of both houses and flats although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development). There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation may be unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

Older and Disabled People

41.   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

42.   The data shows that Chelmsford has a similar age structure to other areas in terms of the proportion of older people. The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (79% of all older person households are outright owners).

43.   The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-41 period include:

- a 35% increase in the population aged 65+ (potentially accounting for 36% of total population growth);
- a 52% increase in the number of people aged 65+ with dementia and a 44% increase in those aged 65+ with mobility problems;
- a need for around 770 housing units with support (sheltered/retirement housing) – all within the market sector;
- a need for around 750 additional housing units with care (e.g. extra-care) – the majority (around 70%) in the market sector;
- a need for additional residential and nursing care bedspaces (around 890 in the period); and
- a need for up to 1,060 dwellings to be for wheelchair users (meeting technical standard M4(3)).

44.	This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector).

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

Private Rented Sector

46.	The private rented sector (PRS) accounts for around 16% of all households in Chelmsford (as of 2021) – a smaller proportion to that seen across the East of England, and below the national average (20%). The number of households in this sector has however grown substantially (increasing by 40% in the 2011-21 period).

47.	The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relativity high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller accommodation when compared with the owner-occupied sector. That said, around 37% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.

48.	Additional analysis suggests that rent levels have increased over time (when looking at the 2012-22 period) but that increases in rents fall behind the increase in house prices over the same period. Increases in both rents and house prices have been in excess of the growth in earnings over the same period and arguably points to a shortage of private rented accommodation. The lack of homes to buy does appear to be a more pressing issue.

49.	This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

50.   That said, the Council could be supportive of new private rented sector housing (including Built-to-Rent) where this can be seen to be of higher quality and potentially providing a housing offer that does not exist in any great quantity. Stock conditions in the PRS are generally worse than in other sectors and BtR housing could help to improve this situation. In addition, the age of tenants in the sector seems to be getting slightly older, and may contain more households with higher incomes. There may also be a market for essential local (key) workers due to income levels typically sitting between buying and renting a home.

51.   If accepting proposals for BtR it will however be important for the Council to ensure reasonable deliver of affordable housing. It is recommended the Council investigates targets in excess of 20% (which is the benchmark set out in PPG) and also to set rent levels at no more than the relevant Local Housing Allowance (to ensure homes are 'genuinely affordable'). The mix of homes to be developed will also need to be monitored with the evidence pointing to the main needs being likely to be smaller family sized dwellings (2- and 3-bedroom) and also smaller dwellings for single people and childless couples (1- and 2-bedroom).

Other Groups

52.   The final part of the report looked briefly at two specific groups in the population. Firstly those people wishing to commission or build their own homes (self- and custom-build housing) and secondly to review the potential need for accommodation for children in need of social services care following a Ministerial Statement in May 2023.

53.   As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.

54.   To help meet the demand for self- and custom-build housing the Council has Local Plan Policy DM1 which states that within developments of 100 dwellings or more, the Council will require 5% of dwellings to be self/custom build. Data from the Council suggests that the demand has successfully been met with enough suitable permissions before the relevant deadlines. On that basis, it is suggested the Council continues with their current approach to custom- and self-build housing.

55.   In a Written Ministerial Statement (WMS) made in May 2023, the Housing and Planning Minister reminded local authorities of their requirement to assess the housing need of different groups in the community including "accommodation for children in need of social services care". The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs and all parties in the development process should work together closely to facilitate the timely delivery of such vital accommodation for children across the country.

56.   Across Essex and Chelmsford, the proportion of children in care (CiC) is low in a national context; 21.6 per 10,000 children in Chelmsford, 34 per 10,000 across Essex and 67 per 10,000 nationally. The majority of CiC in Essex are in foster care (68%) with only 8% in residential care.

57.   Using the Chelmsford prevalence rate and linking to demographic projections it is estimated the number of CiC would increase by 11 in the period to 2041 and this does not point to any significant additional need in the future although the Council should monitor numbers as it is likely these can fluctuate over time (including due to the influence of separated migrant children).

58.   If additional supply for children is required, the Council could seek to include such accommodation as part of wider, appropriately located, housing developments and could be covered by Policy DM1C – Specialist Residential Accommodation. This might be in the form of 3-4 bedroom "ordinary homes" and could be managed by a combination of the County Council and through external providers.

Overall Summary

59.   Chelmsford has characteristics of an affluent area, including high house prices and a high proportion of households living in owner-occupied housing. However, the high house prices (also when considered relative to local incomes) and the general lack of social rented housing does point to potential affordability and the need for affordable housing.

60.   The Standard Method for shows a housing need for 955 dwellings per annum in the City Council area. This figure looks to be reasonable and there are no exceptional circumstances pointing towards a higher or lower figure - this conclusion takes account of up-to-date demographic trends.

61.   There is a significant need for affordable housing, particularly for lower income households likely to need rented accommodation. The Council should prioritise delivery of social rented housing where it is viable to do so. There is also a potential need for affordable home ownership, although it seems difficult to make such homes genuinely affordable in a local context, thus lending further support for the provision of rented, and particularly social rented housing.

jg_c

1.   Background

Introduction

1.1   Justin Gardner Consulting (JGC) in association with CNB Housing Insights were commissioned to carry out a new Strategic Housing Needs Assessment (SHNA) for Chelmsford City Council. This report focusses on overall housing need, including consideration of the Standard Method as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes) and the needs of specific groups such as older people.

1.2   The Council is in the process of reviewing the evidence base for the new Local Plan and on that basis a key purpose of the study is to assess how many, and determine the types of, homes that need to be planned for to ensure that the Local Plan remains up to date and continues to meet changing needs.

1.3   The study follows the approach set out in the latest published National Planning Policy Framework (NPPF) and supporting Planning Practice Guidance (PPG) and uses the latest available demographic data from the Office for National Statistics (ONS) and a range of other available datasets to provide a contextual picture and analysis of the housing market for the Council's administrative area.

National Policy Context

1.4   The sub-sections below set out an overview of the key national planning policy and guidance in relation to housing need before moving on to look at proposed changes where these are relevant to this study.

NPPF – July 2021

1.5   The latest version of the National Planning Policy Framework (NPPF) was published by Government on 20th July 2021. Paragraph 7 in the NPPF states that the purpose of planning is to contribute to the achievement of sustainable development. It sets out that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.

1.6   The development plan must include strategic policies to address Council's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development and for plan-making, this means that the plan should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change and strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so.

1.7   Paragraph 11 reiterates that "strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring area, unless…the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area".

1.8   In order to support the Government's objective of significantly boosting the supply of homes, Paragraph 60 in the NPPF states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.

1.9   Paragraph 61 sets out that in order to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

1.10   Paragraph 62 goes on to set out that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.

1.11   Paragraphs 63 – 65 address affordable housing provision. They set out that where an affordable housing need is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off-site provision or a financial contribution in lieu can be robustly justified, or the agreed approach contributes to the objectives of creating mixed and balanced communities.

<u>Planning Practice Guidance</u>

1.12   Government's Planning Practice Guidance (PPG) includes several sections which are relevant to the assessment of housing need. Guidance on Housing and economic needs assessments explains that housing need is "an unconstrained assessment of the number of homes needed in an area" and should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

1.13   The PPG explains that policy-making authorities are expected to follow the Standard Method for assessing housing need and that the method is designed to identify the minimum number of homes expected to be planned for, addressing both projected household growth and historical under-supply.

1.14   The guidance does however note that the use of the standard method for strategic policy making purposes is not mandatory but that alternative methods should only be used in exceptional circumstances and will be tested at examination. Where an authority uses an approach leading to a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. The PPG also notes that any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method.

1.15   The current guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be used. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP. On their own these would not currently constitute exceptional circumstances.

1.16   Guidance in Housing Needs of Different Groups sets out how affordable housing need can be assessed, as well as the needs of students, and how planning policies can support rural communities. It makes clear that the housing needs of individual groups may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method, as these will often be calculated having consideration to the whole population as opposed to new households.

1.17   The Council will need to take into account these needs including the need for affordable housing - having regard to the overall housing need identified, the extent to which this can be translated into a housing requirement figure over the plan period, and the anticipated deliverability of different forms of provision, having regard to viability.

1.18   The Guidance section for Housing for Older and Disabled people describes the need to provide housing for older people as critical, as people are living longer, and the older population is increasing. It sets out that the health, lifestyle and housing needs of older people will differ greatly with housing needs ranging from accessible and adaptable general needs housing to specialist housing with high levels of care and support.

1.19   It provides guidance on how the housing needs of older and disabled people can be assessed, and sets out that this should inform clear policies within plans which may include specific site allocations to provide greater certainty to developers. Separate guidance is provided on optional technical standards including for accessible and adaptable housing, use of national space standards and wheelchair-accessible housing.

1.20   Separate guidance sections have also been prepared which address Build to Rent and Self-Build and Custom Housebuilding. The Build-to-Rent Guidance requires authorities to assess need, and where a need is identified to include a plan policy setting out the circumstances and locations where build-to-rent development will be encouraged.

1.21   The Self-Build Guidance section sets the requirements of the Self-Build and Custom Housebuilding Act 2015 (as amended) including the requirements on Councils to maintain a Register of those interested in self-build housing and to grant consents to meet the need shown. It also sets out that needs assessments can consider other secondary data sources.

NPPF – Consultation (December 2022)

1.22   On the 22nd December 2022 the DLUHC published a new draft NPPF for consultation. This document clearly shows the Government's direction of travel in terms of planning policy and includes a number of proposals which may be relevant to Chelmsford.

1.23   In paragraph 11 dealing with the presumption in favour of sustainable development additional text has been added to criteria b(ii) along with a new b(iii). The underlined text below shows the proposed changes.

ii. 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.; such adverse impacts may include situations where meeting need in full would mean building at densities significantly out of character with the existing area"

iii: there is clear evidence of past over-delivery, in terms of the number of homes permitted compared to the housing requirement in the existing plan,; in which case this over-delivery may be deducted from the provision required in the new plan.

1.24   Under 'Examining Plans' (notably paragraph 35) it is proposed that Local Plans should be positively prepared – *'providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs so far as possible, taking into account the policies in this Framework'*. The same paragraph sees a watering down of the tests of soundness by removing the requirement for plans to be justified.

1.25   Section 5 of the consultation NPPF deals with 'Delivering a sufficient supply of homes' and contains a number of proposed changes.

Para 60 - *The overall aim should be to meet as much housing need as possible with an appropriate mix of housing types to meet the needs of communities*

Para 61 - *The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area (see paragraph 67 below). There may be – unless exceptional circumstances relating to the particular characteristics of an authority which justify an alternative approach to assessing housing need; in which case the alternative used which should also reflects current and future demographic trends and market signals.*

1.26   Finally, in Section 13 'Protecting Green Belt Land' Green Belt boundaries are not required to be reviewed and altered if this would be the only means of meeting the objectively assessed need for housing over the plan period.

1.27   An accompanying Scope of Consultation document published alongside the consultation NPPF includes some additional information about the direction of travel. Most notable for this project is the suggestion that future estimates of housing need could move away from using the 2014-based subnational household projections (SNHP). Specifically the text says:

The standard method for assessing local housing need was introduced in 2018 to make sure that plan-making by local authorities is informed by an objective assessment of projected household growth and affordability pressures, while speeding up the process of establishing housing requirement figures through local plans. It remains important that we have a clear starting point for the plan-making process and we are not proposing any changes to the standard method formula itself through this consultation. However, we will review the implications on the standard method of new household projections data based on the 2021 Census, which is due to be published in 2024.

1.28   There is also additional text about being more flexible in the use of the Standard Method. Under the heading of Using an Alternative Method the document states:

Local authorities will be expected to continue to use local housing need, assessed through the standard method, to inform the preparation of their plans; although the ability to use an alternative approach where there are exceptional circumstances that can be justified will be retained. We will, though, make clearer in the Framework that the outcome of the standard method is an advisory starting-point to inform plan-making – a guide that is not mandatory – and also propose to give more explicit indications in planning guidance of the types of local characteristics which may justify the use of an alternative method, such as islands with a high percentage of elderly residents, or university towns with an above-average proportion of students.

<u>Housing and Social Care Legislation</u>

1.29   Wider legislation affecting housing need includes the 1996 Housing Act (as amended), the Housing and Social Care Act 2012, the 2014 Care Act and 2017 Homelessness Reduction Act.

1.30   The 2014 Care Act sets out local authorities' duties in relation to assessing people's needs and their eligibility for publicly funded care and support. Under the Act, local authorities must carry out an assessment of anyone who appears to require care and support and focus the assessment on the person's needs and how they impact on their wellbeing, and the outcomes they want to achieve. Local authorities must also consider other things besides care services that can contribute to the desired outcomes (e.g. preventive services, community support and specialised housing needs).

1.31   The Homelessness Reduction Act 2017 places new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help. Local Authorities have a duty to produce homelessness strategies to prevent homelessness in their respective areas.

Chelmsford Local Plan 2013 to 2036 adopted 2020

1.32   The plan identifies Chelmsford as part of a wider North and Central Essex Housing Market area. Relevant agreed key objectives of the HMA authorities are to provide new and improved infrastructure and ensure it is provided alongside development. A second relevant objective is to provide sufficient new homes to meet the needs of a growing and ageing population and provide a better balance between the location of jobs and housing.

1.33   The first two strategic priorities of the Chelmsford local plan are a) Ensuring sustainable patterns of development; and b) Meeting the need for new homes. The plan includes a number of Strategic and Development Management Policies which are relevant to this report:

- S1 – Spatial Principles includes an encouragement to optimise the use of previously developed land and to protect the Green Belt;
- S6 sets out the housing and employment requirements. For housing this means provision of 18,515 net new dwellings in the 2013-36 period at an average of 805 per annum.
- S7 – the Spatial Strategy provides for sustainable urban extensions and development around key service settlements in accordance with a settlement hierarchy. S7 goes on to state that there will be opportunities for small scale rural exception sites and windfall sites.
- S11 contains measures for protecting the green belt and Chelmsford's "Green Wedge".

- Policy DM1 states the council's policy regarding dwelling mix, accessible or adaptable dwellings, wheelchair user dwellings and self and custom build homes. This includes seeking 50% of homes to meet M4(2) accessible or adaptable dwelling standards and 5% of affordable housing to be built as M4(3) wheelchair user dwellings.
- DM2 states the Council's policy on affordable housing and Rural Exception sites. The headlines of the policy are a 35% affordable housing target on sites of 11 or more units and that the mix, size, type and cost should meet needs as established by housing needs assessments.

Local Plan Review 2022

1.34   The issues and options consultation has been completed and a feedback report has been prepared. According to the local development scheme (LDS) 8th review, the reviewed local plan will have a plan period covering 2022 to 2041. The LDS envisages adoption in quarter 1 or quarter 2 2025.

Neighbourhood planning

1.35   Neighbourhood development plans and other community plans can become part of the Local Plan with equal legal status. According to the Council's website 3 neighbourhood plans (Little Baddow, South Woodham Ferrers and Writtle have been adopted) – five plans are in different stages of formulation.

Housing Key Performance Indicators

1.36   In May 2023, the Council published Housing Key Performance Indicators (KPI) which provides a range of data about housing in the City Council area, much of which is relevant to analysis in this report. Key information from the KPI is summarised below, providing a good up-to-date baseline of data for this study – particularly regarding the need for affordable housing.

1.37   The KPI shows a substantial increase in the number of Housing Register applicants, increasing from 522 in March 2020/21 to 1,231 in May 2023 – a 136% increase. Within this, the number in the highest priority bands (Bands 1 and 2) has also increased, from 277 to 460 (a 66% increase). The number of households in Bands 1 and 2 has increased for all sizes of accommodation, but particularly larger homes – a 78% increase in those needing 3-bedroom accommodation and a 148% increase in those needing 4+-bedrooms. This points to a need for additional (and larger) affordable housing.

1.38   The number of household living in temporary accommodation (TA) has also increased substantially over time, from 243 in March 2020/21 up to 396 in May 2023 – a 63% increase. There has been a significant increase in those in TA requiring larger homes – the number needing 4+-bedrooms increasing from 22 to 56 over the period. The main increase in TA has been in nightly paid accommodation.

Qualitative research and stakeholder consultation

1.39   Whilst much of the project is based on analysis of a wide range of data sources covering a number of topics an initial stage of the project sought to speak to key players in the housing market to help provide some context for the analysis to follow. Below is a summary of these discussions and initial impressions of the City Council area.

Introduction

1.40   We visited the main settlements in City Council area to obtain context to the study and undertake face to face interviews with estate and letting agents. Detailed visits included Boreham, Chelmsford (and Chelmer Village), South Woodham Ferrers, and Writtle. We drove through many of the rural settlements along the A131, A414 and A1008. We undertook stakeholder consultation including selected registered providers and strategic housing officials employed by Essex County Council. We had a small but informative response to our questions for large businesses.

Overview of the City Council area

1.41   Whilst the Chelmsford built up area is large, the city administrative area as a whole is predominantly rural and agricultural. The largest settlements other than the Chelmsford built up area are Boreham, South Woodham Ferrers, and Writtle. These offer a wide range of services to local residents, surrounding villages and rural enterprises.

1.42   Writtle High Street is architecturally distinctive due to the age of its buildings, many of which are listed. There is a high proportion of local independent businesses. Writtle is also host to Writtle University College which specialises in land-based, animal, environmental, design and sport education. The Anglia Ruskin University (ARU) Chelmsford campus is a central, city-based campus that provides a wider range of subjects.

<u>Consultation with Estate and Letting Agents</u>

1.43   Interviews with agents covered the topics of gaps in supply, in-migration, investors. 5 agents were interviewed. Interviews took place at Writtle and Chelmsford.

1.44   At Writtle, agents reported high levels of transactions for sale or rent from households moving to the area, up to 60% of transactions. The combination of interest from those moving to the area, the rural character of the core village combined with a high proportion of listed buildings mean that prices are relatively high. They remain high also because of low levels of supply. Agents told us that when residents come to the area they tend to stay. Investors are active, relying on a reliable income stream from professionals and students rather than return on capital. There is strong demand for vacancies from university staff.

1.45   Agents told us that the high proportion of incomers to Chelmsford built up area, including its townships, were mostly from households moving out of London. We were told that relocation out of London allows wider choice of housing, lower living costs, better state education for their children and the ability to commute back to their place of work. The mainline station in Chelmsford itself is centrally situated.

1.46   Agents told us that due to the cost of living crisis, house shares and spare room lettings were becoming popular particularly if bills were included, however landlords were moving away from including energy costs.

1.47   Agents told us that market supply was reasonably balanced in respect of demand for most house types however there was an acute shortage of flats.

1.48   Agents told us that there is a shortage of flats for shared student accommodation. Residential landlords and letting agents are reluctant to let to student households because of the processing that is involved. Whilst there is a clear student residential area consisting of converted terraced housing close to the ARU Chelmsford campus, student lettings outside this area are sparse. We were told that a block of purpose-built student housing had recently been provided by a company specialising in this market.

1.49   We were told that supply of rented housing was not keeping up with demand because of an unwillingness to invest by a largely demoralised private rented sector. This was due to the cumulative effect of high purchase prices, changes to the tax system, increased regulation, and measures in the white paper "A Fairer Private Rented Sector" (2022). All agents reported high levels of demand citing long waiting lists. Most agents had only one or two vacancies at any time and were having to put a cap on the number of viewings for each vacancy. Agents told us that there was little evidence of build to rent initiatives and little scope for commercial to residential conversion on any significant scale.

1.50   In the urban area, agents commented that Chelmer Village has lower than average prices for relatively modern housing and was of interest to first time buyers both local and from incomers. We were told that a further driver of demand is the area's proximity to well performing schools.

1.51   Agents told us demand from incomers to rural villages was largely older people seeking retirement destinations. These would be a mix of Chelmsford urban area residents and London households.

Consultation with Registered Providers

1.52   Questionnaires were sent to a selection of registered providers who were seeking to expand their stock holding. Two responses were received with the findings summarised below.

1.53   On the supply of social and affordable rented housing some difficulty was reported in letting 1-bedroom first floor sheltered flats and larger adapted dwellings. One registered provider reported that gaps in supply existed for larger 3 and 4-bedroom new build dwellings provided through S106 agreements.

1.54   Regarding regeneration, one respondent envisaged management intervention or regeneration that would involve decanting 70 to 100 tenants over the next 5-years and this would potentially put some pressure on the existing stock being needed to rehouse current tenants.

1.55   Both respondents were aware of the council's priorities for tenure and bedroom mix from large scale development of housing and the supply of affordable housing arising from it (through s106 agreements). One respondent considered that the main requirements are for 1-bedroom and larger 3- and 4-bedroom units.

1.56   The respondents were also asked about supported housing and both brought different insights to commissioning and service delivery although it was agreed that outsourcing of specialist care was necessary. One registered provider expressed an interest in working with learning disabilities and Gypsy Roma and Traveller groups. Registered providers agreed that there was little information available to them on the housing and care needs of specialist groups, relying on evidence and commissioning from the county council.

1.57   Regarding the need for affordable home ownership the respondents raised different issues which can be summarised as: a) changes in the help to buy agent system will necessitate closer working with the local authority regarding demand and strengthen the effectiveness of registered provider internal application processes; and b) shared ownership remains a highly popular product.

1.58   Homeoption (homeoption.org) is the Choice Based Lettings scheme which enables applicants to choose where they want to live by expressing an interest in (bidding on) suitable properties in areas of their choice. As well as Chelmsford, the scheme includes the six local authorities of Brentwood, Broxbourne, East Herts, Epping Forest and Uttlesford. When asked about the system both Registered Providers were favourable of the quality and efficiency of the service.

<u>Consultation with Essex County Council strategic housing team</u>

1.59   Telephone interviews took place with members of the strategic housing team. It is unusual that a non-unitary county council employs a team of housing specialists. It was explained to us that the role of the team was to ensure that strategic county functions that had implications for housing was well co-ordinated with local planning authorities (LPA) and local housing authorities (LHA). The critical issues identified by the team were:

- refresh of the Essex wide housing strategy;
- infrastructure for new development (roads, transport, community services);
- designing and delivering the garden villages;
- delivery of social care in areas of housing growth;
- health and social care; and
- co-ordination of homelessness related services.

1.60   Regarding garden villages, officers were keen to learn from the older "New Towns" and more recent urban extensions.

1.61   Officers pointed out that social care was the largest area of spending of the council. The council was engaging with registered providers and there was a specific programme for extra care housing. The aim here was to influence LPA/LHA policy providers and seek to replicate the Hertfordshire commissioning strategy. Officers told us that addressing the needs of the aging population was a major challenge for the county. The strategic approach was to assist people to live independently with appropriate support and adaptation for as long as possible.

1.62   Officers told us about the impact of out of (London) borough placements of homeless and vulnerable people and the bi-lateral agreement that had been reached. Also, the partnership working with the nine Essex local authorities to address rough sleeping.

1.63   We expressed our concern over problems in achieving effective consultation with the NHS on housing issues across the country. Officers explained that the county was responsible for public health and working with that team provided the housing team with data and insights that helped to shape strategy and policy. There was a focus on delivering healthy outcomes through the design of garden communities through addressing car dependency, housing density and social isolation.

<u>Consultation with large and medium sized businesses</u>

1.64   A confidential consultation was undertaken in the form of a short survey to understand the extent to which Chelmsford's housing offer (in terms of supply, house type, price and location) was a barrier to recruiting and retaining the employer's labour force. The questionnaire was designed to enable respondents to answer the key question succinctly, with the option of providing more detailed information, including the extent to which the enterprise employed essential local workers.

1.65   Three responses were received. All three answered the first question. One considered that the housing offer was a major barrier to recruitment and retention. One considered it was a factor but not a major factor, the other considered it was no barrier at all. The third response did not answer our detailed questions. One detailed response was from a major employer with a workforce of over 500 employees. The second full response was from a medium sized employer with between 50 and 100 employees.

1.66   The major employer told us that employees were mostly full time permanent employees with few fixed term employees and sub-contractors. There were none on zero hours contracts. Around 4% of employees were apprentices. It did not employ any essential local workers. The company experiences 15% turnover in staff per annum and this was increasing annually. The company would not provide assistance with housing other than relocation allowance for key roles. The company expected the size of the workforce not to change over the next few years. The company told us that apprentices and production operators or staff on were proving difficult to recruit from national living wage were difficult to recruit from outside the area. The company considered that this affected the diversity of the company's workforce. Staff particularly faced difficulty in finding good quality private rented sector housing. The company thought that access to lodgings, house share and flats for singles and couples could assist.

1.67   The medium sized company mostly employed full time permanent staff with small proportions of part time and zero hours workers. It does not employ any essential local workers. It does not provide any accommodation for staff. The company expects its workforce to grow by around 10% over the next 5-years and considers that local housing supply is a major barrier to recruitment and retention of all grades of staff. Again, it was highlighted that staff faced difficulty in finding good quality private rented housing and that access to lodgings, house share and flats for singles and couples could assist.

Further Observations on Employment and the Housing Market

1.68   The announcement of the employment strategy for the NHS (July 2023) will have implications for Chelmsford. The planned and funded first 5-years of the strategy will increase the number of medical students and employees particularly in hospitals. In particular, the number of apprentices will increase. These measures are likely to put further pressure on the private rented sector. Falling private rented sector capacity is a key finding of this qualitative research and action is needed if the NHS strategy is not to be impacted.

Structure of this Report

1.69   This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:

- Section 2 – Area Profile – Provides background analysis including looking at demographic trends, house prices and house price changes;
- Section 3 – Overall Housing Need – Uses the Standard Method to calculate housing need and also considers circumstances where an alternative housing requirement might be justified;
- Section 4 – Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering changes in the NPPF since the previous assessment and more recent Government announcements;
- Section 5 – Housing Mix – This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures.
- Section 6 – The Needs of Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities;
- Section 7 – Private Rented Sector – studies a range of statistics about household living in private rented accommodation and considers the potential for Build-to-Rent homes in the City Council area; and
- Section 8 – Other Groups – Provides information about the demand for and supply of custom- and self-build housing plots and reviews the requirement for accommodation for children in need of social services care following a Ministerial Statement in May 2023.

Rounding

1.70   It should be noted that the numbers included in tables and figures throughout the report may not sum exactly due to rounding.

Background: Key Messages

- This report provides a new Strategic Housing Needs Assessment (SHNA) for Chelmsford City Council. This report focusses on overall housing need, including consideration of the Standard Method as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes) and the needs of specific groups such as older people.

- The study follows the approach set out in the latest published National Planning Policy Framework (NPPF) and supporting Planning Practice Guidance (PPG) and uses the latest available demographic data from the Office for National Statistics (ONS) and a range of other available datasets to provide a contextual picture and analysis of the housing market for the Council's administrative area.

- To understand the area, an initial phase of work was carried out to talk with key players in the housing market (including estate and letting agents). From this, agents noted the private rented sector in Chelmsford, like most other parts of the country, cannot deliver the supply needed and that this is particularly acute in Chelmsford due to the scale of out-migration from London. Additionally, both registered providers and the County Council highlighted delivery of extra-care housing for older people as a particular issue and this is picked up later in this report.

- Overall, the report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:

    - Section 2 – Area Profile;
    - Section 3 – Overall Housing Need;
    - Section 4 – Affordable Housing Need;
    - Section 5 – Housing Mix;
    - Section 6 – The Needs of Older People and People with Disabilities;
    - Section 7 – Private Rented Sector; and
    - Section 8 – Other Groups.

jgc

jg_c

2. Area Profile

Introduction

2.1 This section provides some background analysis about population and housing in Chelmsford, with data also provided for each of three sub-areas. Data is compared with local, regional and national data as appropriate. The analysis can be summarised as covering three main topic headings:

- Demographic baseline (including data on population age structure and changes)
- Housing stock (including type and tenure)
- Housing market (including data on house prices)

2.2 The sub-areas used in analysis have been based on groups of wards. The table below shows the sub-areas names and the wards included within each area.

Figure 2.1: Sub-areas of Chelmsford	
Area name	Wards
Urban	Chelmer Village and Beaulieu Park, Goat Hall, Great Baddow East, Great Baddow West, Marconi, Moulsham and Central, Moulsham Lodge, Patching Hall, St Andrews, Springfield North, The Lawns, Trinity, Waterhouse Farm
Rural	Bicknacre and East and West Hanningfield, Boreham and The Leighs, Broomfield and The Walthams, Chelmsford Rural West, Galleywood, Little Baddow, Danbury and Sandon, Rettendon and Runwell, South Hanningfield, Stock and Margaretting, Writtle
South Woodham Ferrers	South Woodham-Chetwood and Collingwood, South Woodham-Elmwood and Woodville

Population

2.3 As of mid-2021, the population of Chelmsford is estimated to be 181,800 this is a growth of around 13,300 people over the previous decade. This equates to a growth of around 8% since 2011 which is a similar rate of growth to that across Essex and the East of England region, and slightly higher than seen nationally (6.5%).

Figure 2.2: Population change (2011-21)				
	Population (2011)	Population (2021)	Change	% change
Chelmsford	168,491	181,763	13,272	7.9%
Essex	1,396,599	1,506,345	109,746	7.9%
East of England	5,862,418	6,348,096	485,678	8.3%
England	53,107,169	56,536,419	3,429,250	6.5%

Source: Mid-year population estimates

jg_c

2.4 The table below considers population growth rate in the 20-year period from 2001 to 2021. The analysis shows over this longer period that the population of Chelmsford has grown at a broadly similar rate to that seen in other areas.

Figure 2.3: Population Annual Growth Rate (2001-2021)			
	Growth Rate (2001 – 2011)	Growth Rate (2011 – 2021)	Growth Rate (2001 – 2021)
Chelmsford	0.7%	0.8%	0.8%
Essex	0.6%	0.8%	0.7%
East of England	0.9%	0.8%	0.9%
England	0.7%	0.6%	0.7%

Source: Mid-year population estimates

2.5 The table below shows the current (2021) population in each of the sub-areas – this is based on the 2021 Census and so totals differ very slightly from those above (which are mid-year estimates). The analysis shows around three-fifths of the population as living in the Urban area with the next largest area being Rural, with 32% of the population.

Figure 2.4: Population by sub-area (2021)		
	Population	% of population
Urban	107,205	59.1%
Rural	58,269	32.1%
South Woodham Ferrers	16,021	8.8%
TOTAL	181,495	100.0%

Source: Census (2021)

Age Structure

2.6 The figure below shows the age structure by single year of age (compared with a range of other areas). From this it is clear that Chelmsford has a similar age structure to than seen across the County and region, with the main difference to the national position being a lower proportion of people in their late teens and early 20s – this will be related to students with many people leaving the City to study compared with the number of students moving in the opposite direction. The age structure regarding older persons is broadly similar to that seen in other locations.

Figure 2.5: Population profile (2021)
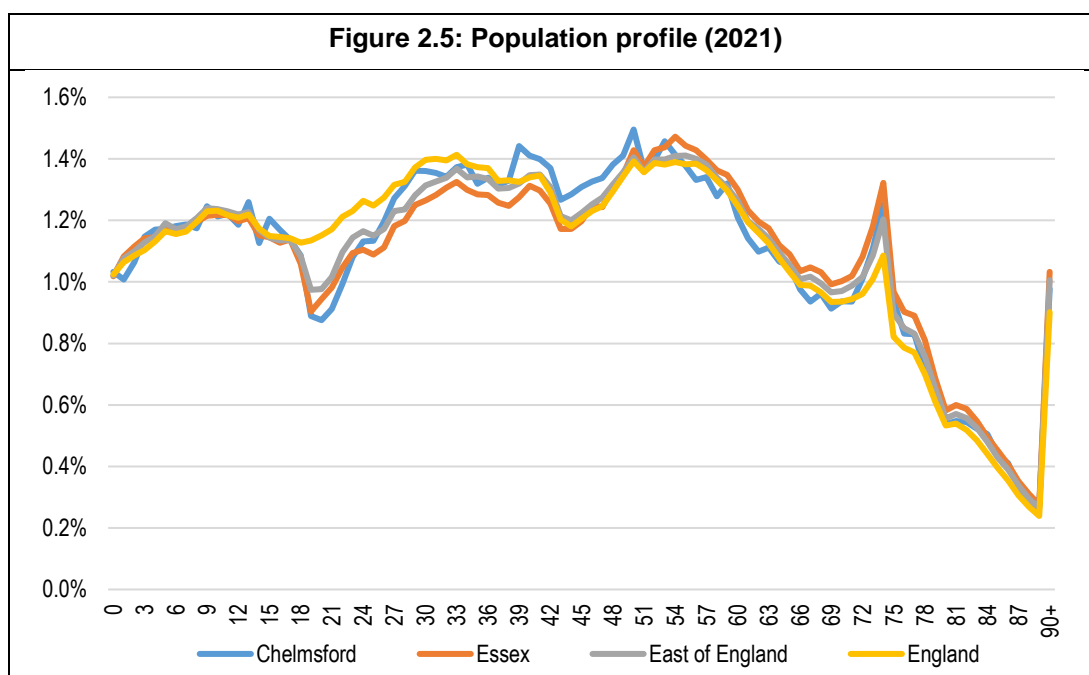
Source: Mid-year population estimates

2.7   The analysis below summarises the above information (including total population numbers for Chelmsford) by assigning population to three broad age groups (which can generally be described as a) children, b) working age and c) pensionable age). This analysis points to a similar broad age structure in the City compared with other locations.

	Chelmsford		Essex	East of England	England
Figure 2.6: Population profile (2021) – summary age bands					
	Population	% of population	% of population	% of population	% of population
Under 16	33,797	18.6%	18.6%	18.7%	18.5%
16-64	112,690	62.0%	60.7%	61.6%	63.0%
65+	35,276	19.4%	20.7%	19.7%	18.5%
All Ages	181,763	100.0%	100.0%	100.0%	100.0%

Source: Mid-year population estimates

2.8   The figure below shows the population profile by sub-area (from the 2021 Census). This shows some notable differences between locations – particularly with regard to the proportion of the population aged 65 and over – this ranges from 17% in the Urban area up to 24% in Rural locations.

Figure 2.7: Population profile by sub-area (2021)
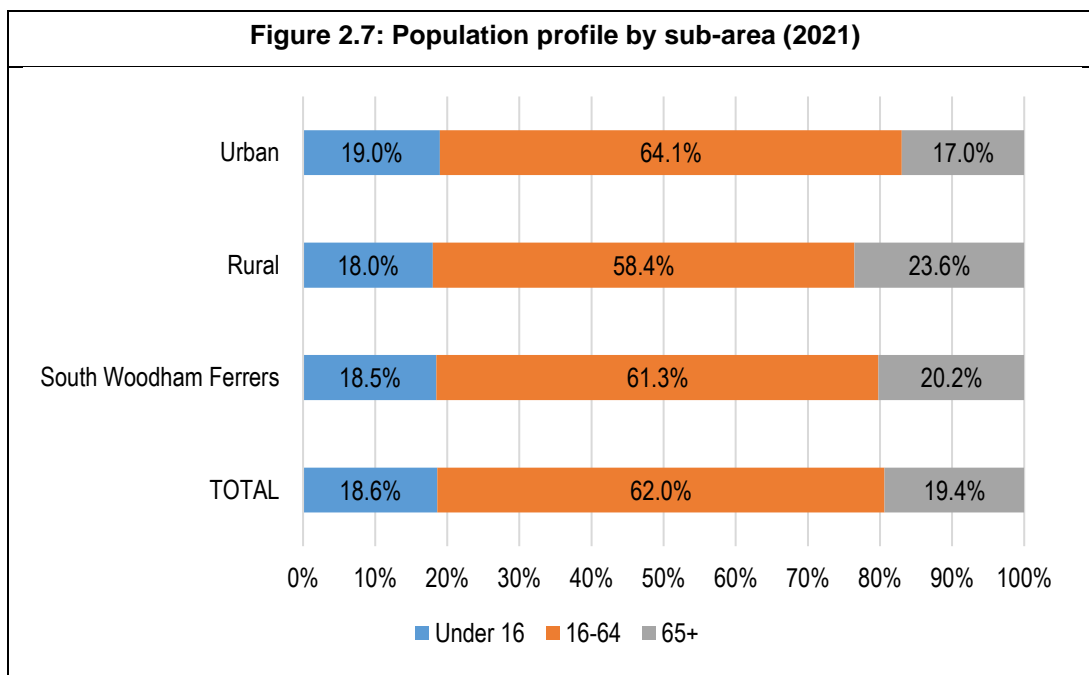
Source: Census (2021)

Age Structure Changes

2.9   The figure below shows how the age structure of the population has changed in the 10-year period from 2011 to 2021 – the data used is based on population so will also reflect the increase seen in this period. There have been some changes in the age structure, including increases in the population in their 50s; the number of people aged 65 and over also looks to have increased notably. Where there are differences, it is often due to cohort effects (i.e. smaller or larger cohorts of the population getting older over time).

Figure 2.8: Population age structure (people) (2011 and 2021)
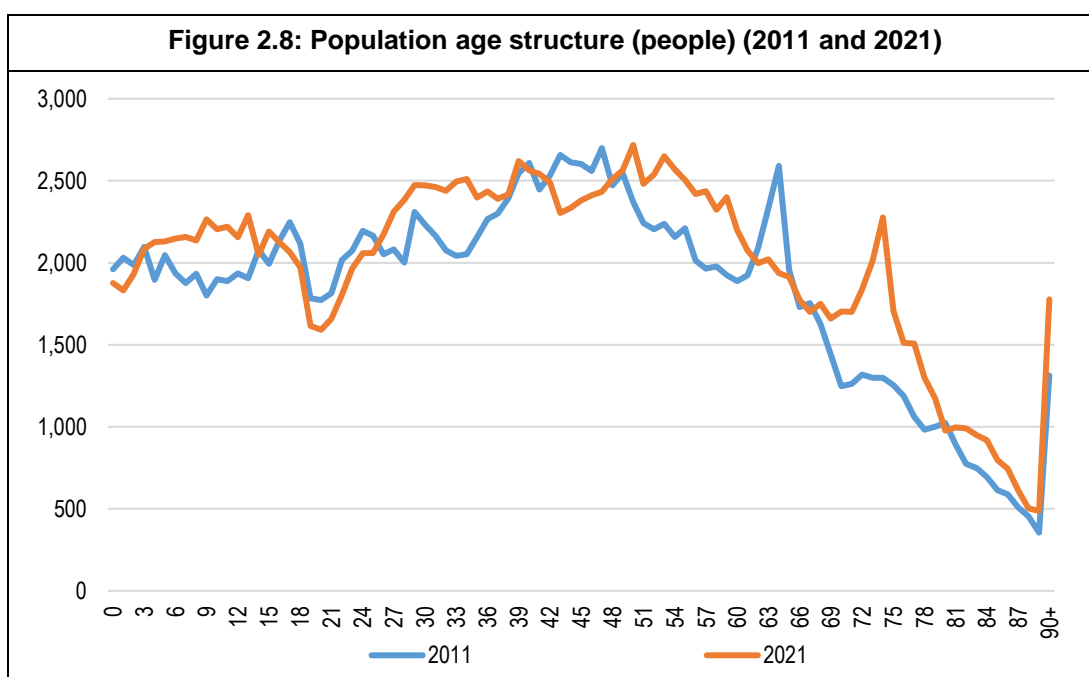
Source: Mid-year population estimates (2021)

2.10   The information above is summarised into three broad age bands to ease comparison. The table below shows an increase of 4% in the 16–64 age group and a much larger increase of 24% in the 65+ age group. The population aged 65 and over accounts for 52% of all population change over this period.

Figure 2.9: Change in population by broad age group (2011-21) – Chelmsford				
	2011	2021	Change	% change
Under 16	31,257	33,797	2,540	8.1%
16-64	108,856	112,690	3,834	3.5%
65+	28,378	35,276	6,898	24.3%
TOTAL	168,491	181,763	13,272	7.9%

Source: Mid-year population estimates

Components of Population Change

2.11   The table below consider the drivers of population change 2001 to 2021 – this is data published prior to any corrections due to the 2021 Census and shows ONS monitoring of population estimates. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international).

2.12   There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which for Chelmsford are relatively low (and in both a positive and negative direction depending on the year) – these changes are often related to armed forces personnel or boarding school pupils.

2.13   The data shows natural change (births minus deaths) to generally be dropping over time and migration is variable, with no clear trend – it is however clear that migration, and particularly internal (domestic) migration is the main driver of population change in the City.

2.14   The analysis also shows (for the 2001-11 period) a modest positive level of UPC, this suggests when the 2011 Census was published ONS had previously under-estimated population change (albeit the figures are not significant).

2.15   Overall the data shows a continuing trend of strong population growth throughout the period studied and it is notable that population is estimated to have grown by in excess of 700 people every year back to 2008/9.

Figure 2.10: Components of population change, mid-2001 to mid-2021 – Chelmsford						
	Natural change	Net internal migration	Net intern- ational migration	Other changes	Other (unattri- butable)	Total change
2001/2	346	1,064	-121	12	116	1,417
2002/3	507	902	151	8	106	1,674
2003/4	534	1,574	-41	-34	112	2,145
2004/5	473	220	250	27	95	1,065
2005/6	738	-280	-235	-6	92	309
2006/7	559	-2	-189	34	100	502
2007/8	757	-338	164	-17	100	666
2008/9	682	447	-69	25	76	1,161
2009/10	695	164	289	-52	137	1,233
2010/11	626	224	107	-21	114	1,050
2011/12	664	-76	307	-7	0	888
2012/13	502	289	206	-65	0	932
2013/14	657	114	376	132	0	1,279
2014/15	460	37	636	-4	0	1,129
2015/16	507	463	402	106	0	1,478
2016/17	512	1,244	242	-1	0	1,997
2017/18	440	344	223	-122	0	885
2018/19	321	668	293	27	0	1,309
2019/20	69	759	391	-58	0	1,161
2020/21	265	299	182	-5	0	741

Source: ONS

Housing Stock

2.16   As of 2021 there were 78,700 dwellings in Chelmsford, an increase of 7,500 over the 10-year period from 2011 – this represents a 10% increase in the number of homes, higher than seen across a range of benchmark areas. The figure below the table shows dwelling completions to have broadly followed trends in other areas at least as far back to 2001 – with a slight upturn over the past 4-5 years.

Figure 2.11: Change in dwellings (2011-21)				
	Dwellings (2011)	Dwellings (2021)	Change	% change
Chelmsford	71,247	78,724	7,477	10.5%
Essex	603,842	654,333	50,491	8.4%
East of England	2,531,907	2,759,088	227,181	9.0%
England	22,976,066	24,873,321	1,897,255	8.3%

Source: DLUHC (Live Table 125)

Figure 2.12: Indexed change in dwelling stock (2001-21) – (2011=1)
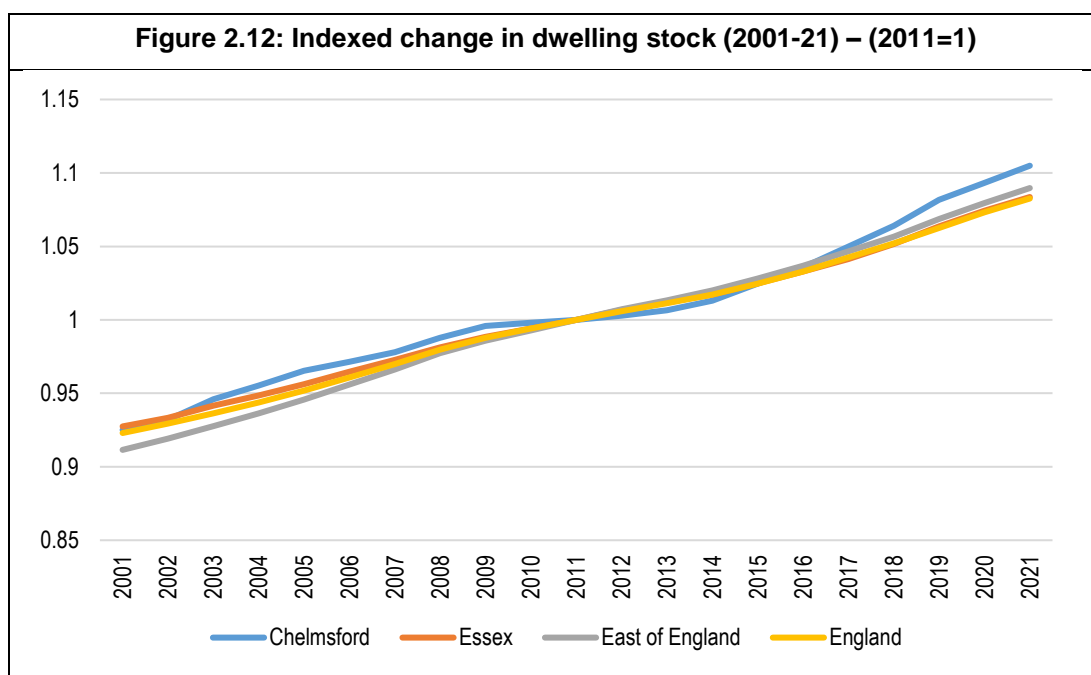
Source: DLUHC (Live Table 125)

2.17   By using Census data about the number of households it is possible to estimate the number of vacant homes in the City and how this has changed from 2011 to 2021. In 2011, there were 69,667 households in the City, implying a vacancy rate of 2.2%; by 2021 there were 75,400 households and an implied vacancy rate of 4.2%. This suggests the proportion of vacant homes has increased, which is also the general trend see across other areas, the proportion of vacant homes nationally is estimated to have increased from 4.0% to 5.8% over the 2011-21 decade.

Figure 2.13: Estimated proportion of vacant homes (2011 and 2021)		
	2011	2021
Chelmsford	2.2%	4.2%
Essex	3.7%	4.3%
East of England	4.3%	4.7%
England	4.0%	5.8%

Source: DLUHC (Live Table 125) and Census

2.18   The table below shows estimates of vacant homes by sub-area from the Census – as the Census shows a slightly different dwelling count to the tables above the overall vacancy rate from this analysis is shown to be 4.0% - this figure varies from 2.2% of homes being vacant in South Woodham Ferrers, up to 4.2% in both the Urban and Rural sub-areas.

Figure 2.14: Estimated proportion of vacant homes by sub-area (2021)			
	Households	Dwellings	% vacant
Urban	45,055	47,025	4.2%
Rural	23,748	24,794	4.2%
South Woodham Ferrers	6,597	6,743	2.2%
TOTAL	75,400	78,562	4.0%

Source: Census (2021)

Tenure

2.19   The table below shows household tenure compared with a number of other locations. The analysis identifies a relatively high proportion of owner-occupiers, particularly those with a mortgage. The proportion of households living in both the social rented sector and private rented accommodation is lower than observed in other areas. The figures for private rent include a small number of households categorised as living rent free.

Figure 2.15: Tenure (2021)					
	Chelmsford		Essex	East of England	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
Owns outright	27,058	35.9%	36.3%	34.6%	32.5%
Owns with mortgage/loan	26,572	35.2%	33.5%	31.6%	29.8%
Social rented	10,017	13.3%	14.1%	15.5%	17.1%
Private rented	11,757	15.6%	16.0%	18.3%	20.6%
TOTAL	75,404	100.0%	100.0%	100.0%	100.0%

Source: 2021 Census

2.20   As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows data from the 2011 and 2021 Census. From this it is clear that there has been notable growth in the number of households who are outright owners and a modest decline in owners with a mortgage. Both the social and private rented sectors have seen increases over time (with the private rented sector increasing by 29% in the decade).

Figure 2.16: Change in tenure (2011-21) – Chelmsford				
	2011	2021	Change	% change
Owns outright	23,696	27,058	3,362	14.2%
Owns with mortgage/loan	27,732	26,572	-1,160	-4.2%
Social rented	9,120	10,017	897	9.8%
Private rented	9,119	11,757	2,638	28.9%
TOTAL	69,667	75,404	5,737	8.2%

Source: Census (2011 and 2021)

2.21   The figure below shows the tenure split by sub-area – this shows owner-occupation to be the main tenure in all areas. The proportion of households living in social rented housing is fairly low in all locations and in particular South Woodham Ferrers at just 5.4% of stock. There are wide variations in the proportion of households living in the private rented sector, ranging from 10% in Rural areas, up to 19% in Urban locations.

Figure 2.17: Tenure (2021) by sub-area

	Owns outright	Owns with mortgage/loan	Social rented	Private rented
Urban	31.9%	34.7%	14.8%	18.6%
Rural	42.5%	35.0%	12.7%	9.8%
South Woodham Ferrers	39.2%	39.8%	5.4%	15.6%
TOTAL	35.9%	35.2%	13.3%	15.6%

Source: Census (2021)
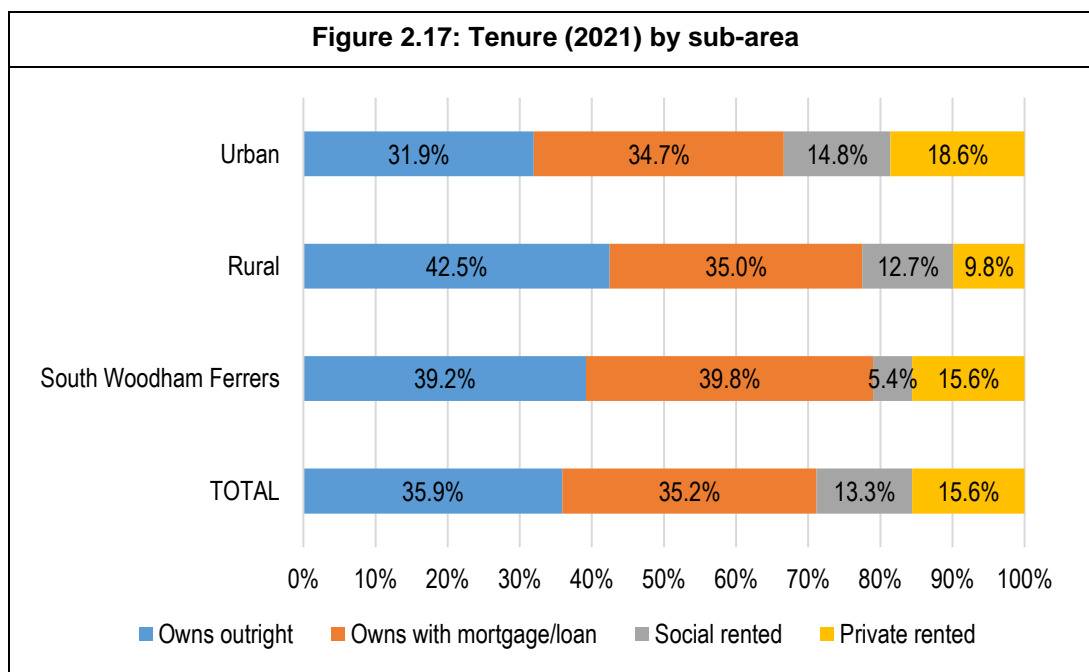
Dwelling Type

2.22   The 2021 Census shows that, semi-detached homes were the most common dwelling type within Chelmsford at 31% of total dwelling stock, although overall the stock has a broadly similar proportion of different types of home – with proportions also broadly similar to that seen in other locations.

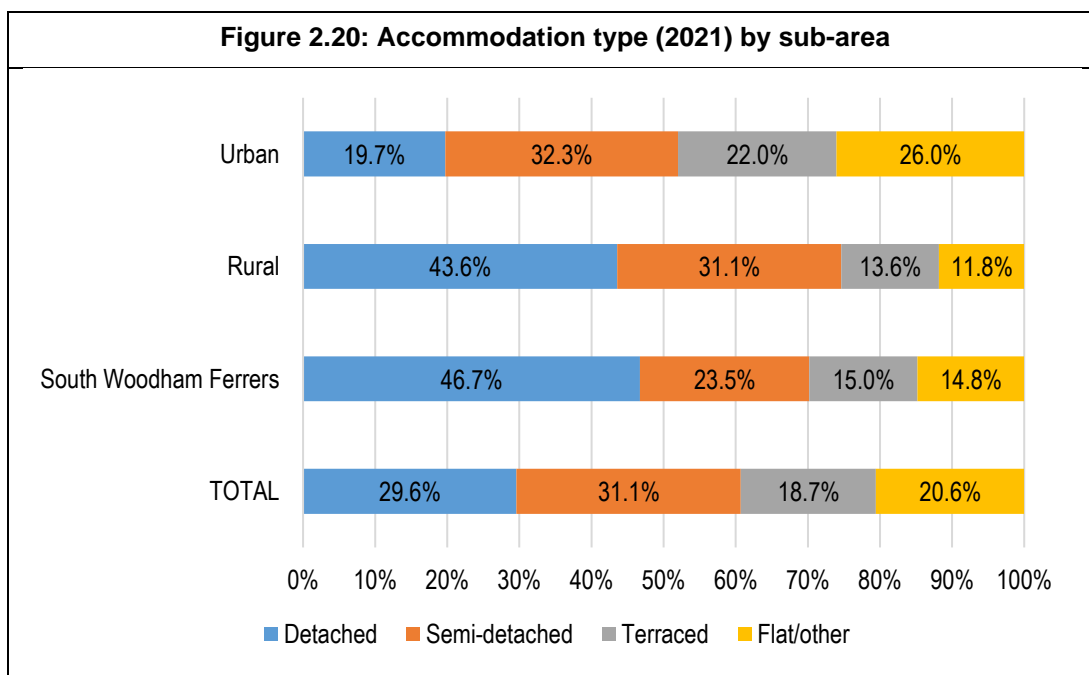| Figure 2.18: Accommodation type (2021)					
	Chelmsford		Essex	East of England	England
	Dwellings	% of dwellings	% of dwellings	% of dwellings	% of dwellings
Detached	22,310	29.6%	30.5%	29.6%	22.9%
Semi-detached	23,467	31.1%	31.5%	31.0%	31.5%
Terraced	14,117	18.7%	19.9%	21.2%	23.0%
Flat/other	15,510	20.6%	18.1%	18.2%	22.6%
TOTAL	75,404	100.0%	100.0%	100.0%	100.0%

Source: Census (2021)

2.23   The Census can also be used to look at changes in dwelling types over the 2011-21 decade. This shows a notable increase in the number of flats in the City, increasing by 25% over the decade and accounting for over half of all dwelling change. Around a quarter of all dwelling change is accounted for by each of detached and semi-detached homes, with the data suggesting a modest decline in the number of terraced homes.

| Figure 2.19: Change in accommodation type (2011-21) – Chelmsford					
	2011	2021	Change	% change	% of change
Detached	20,909	22,310	1,401	6.7%	24.4%
Semi-detached	22,008	23,467	1,459	6.6%	25.4%
Terraced	14,319	14,117	-202	-1.4%	-3.5%
Flat/other	12,431	15,510	3,079	24.8%	53.7%
TOTAL	69,667	75,404	5,737	8.2%	100.0%

Source: Census (2011 and 2021)

2.24   The figure below shows accommodation type and sub-area – this shows the main type of housing varies by location with detached homes being the main stock in Rural areas and South Woodham Ferrers, in Urban areas detached has the lowest proportions. The proportion in the flat/other group ranges from 12% of homes in Rural areas (including 2% of homes in this area classified as 'caravan or other mobile or temporary structure') up to 26% in Urban locations.

Figure 2.20: Accommodation type (2021) by sub-area

Source: Census (2021)

2.25   The figure below shows a cross-tabulation of tenure and accommodation type. This clearly shows the majority of owners (notably outright owners) as living in detached or semi-detached homes, whereas the social and private rented sectors are heavily concentrated on flats – only 8% of outright owners live in a flat compared with 48% in the private rented sector and 46% for social rented housing.

Figure 2.21: Tenure and accommodation type (2021)
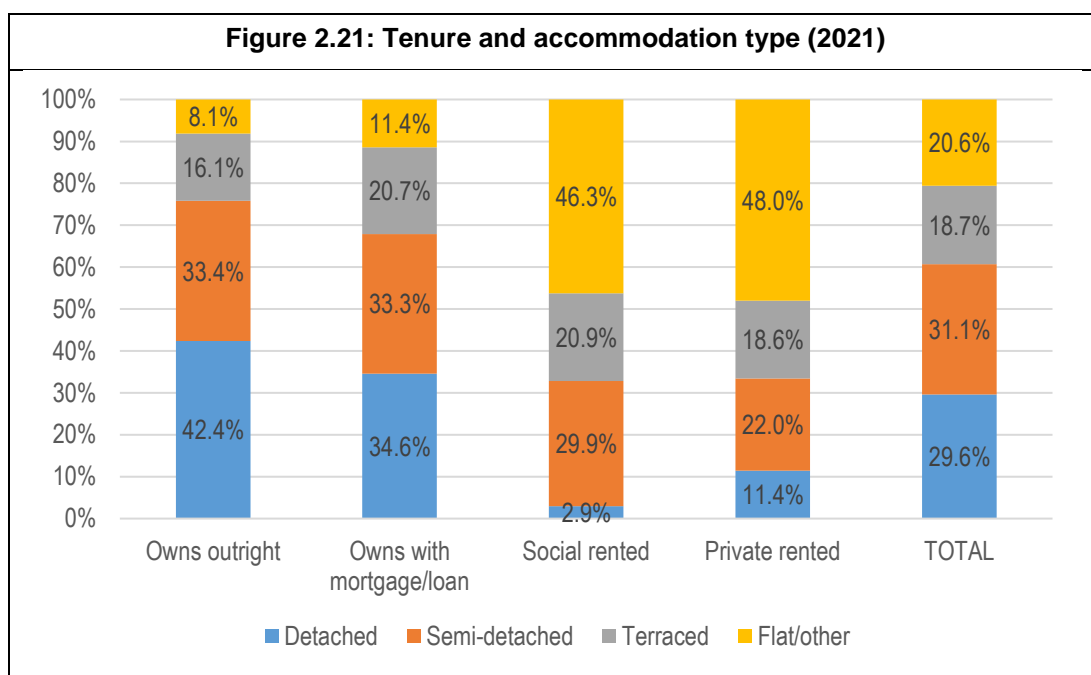
Source: Census (2021)

Bedrooms (accommodation size)

2.26   The analysis below shows the number of bedrooms available to households as of the 2021 Census. Generally, the size profile in Chelmsford is one of slightly larger homes with 29% of homes having 4+-bedrooms – this compares with just 21% nationally. The proportion of 2-bedroom homes is relatively low compared with other locations. Overall, the average number of bedrooms in a home is 2.83, higher than both the regional (2.77) and national (2.71) average. The actual average number of bedrooms will actually be higher than these figures as the Census data has a cut-off at 4+-bedrooms (and for the purposes of calculating an average 4+-bedroom homes are treated as having 4-bedrooms).

	Figure 2.22: Number of bedrooms (2021)			East of England	England
	Chelmsford		Essex	East of England	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
1-bedroom	8,712	11.6%	10.6%	10.7%	11.6%
2-bedrooms	16,866	22.4%	26.3%	25.8%	27.3%
3-bedrooms	28,151	37.3%	37.8%	39.6%	40.0%
4+-bedrooms	21,671	28.7%	25.2%	23.9%	21.1%
TOTAL	75,400	100.0%	100.0%	100.0%	100.0%
Average bedrooms	2.83		2.77	2.77	2.71

Source: Census (2021)

2.27   The table below shows how the number of bedrooms has changed over the 2011-21 decade for the whole of the City. This shows that in excess of 50% of the change is accounted for by 4+-bedroom homes, with increases also seen for 1- and 2-bedroom homes. The analysis points to homes with 3-bedrooms having declined slightly over the decade, although 3-bedroom homes are still the main size in the stock.

Figure 2.23: Change in dwelling size (2011-21) – Chelmsford					
	2011	2021	Change	% change	% of change
1-bedroom	7,504	8,712	1,208	16.1%	21.1%
2-bedrooms	15,429	16,866	1,437	9.3%	25.1%
3-bedrooms	28,303	28,151	-152	-0.5%	-2.7%
4+-bedrooms	18,431	21,671	3,240	17.6%	56.5%
TOTAL	69,667	75,400	5,733	8.2%	100.0%

Source: Census (2011 and 2021)

Overcrowding and Under-Occupation

2.28   The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2021 Census. The box below shows how the standard is calculated, this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

(a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
(b) A person aged 21 years or more
(c) Two persons of the same sex aged 10 years to 20 years
(d) Two persons (whether of the same sex or not) aged less than 10 years
(e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
(f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

2.29   The analysis shows that levels of overcrowding in Chelmsford are low in a national context with only 2.7% of households being overcrowded in 2021 (compared with 4.4% nationally). This level of overcrowding is also below the regional average. Levels of under-occupation are also relatively high with around 42% of households having a rating of +2 or more – this is higher than seen in other areas.

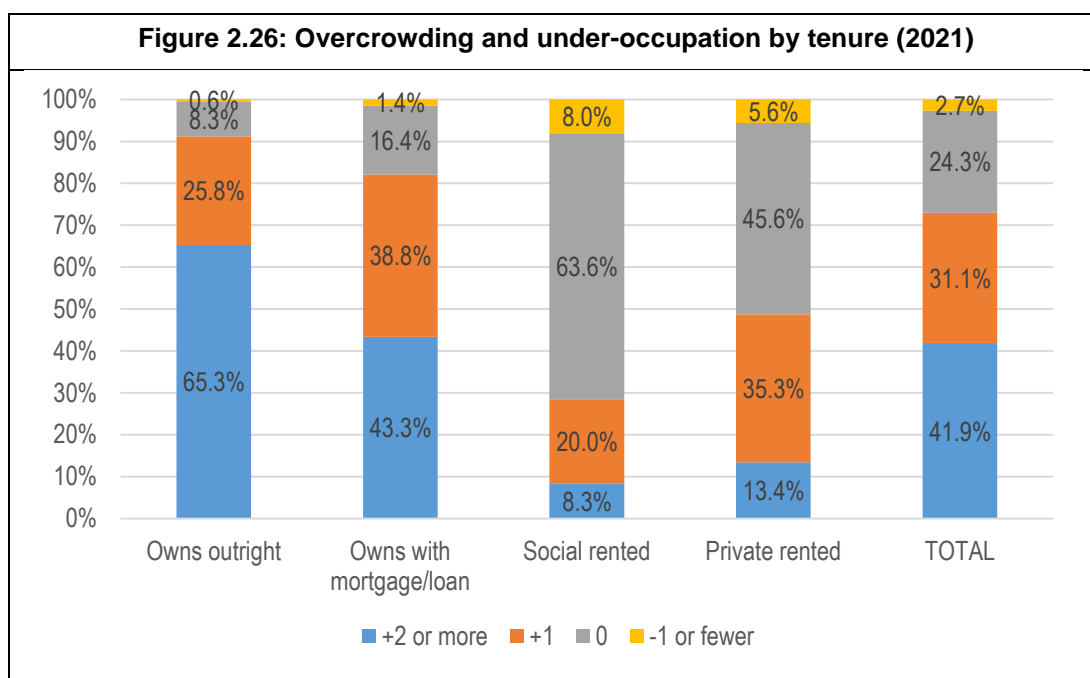| Figure 2.24: Overcrowding and under-occupation (2021) – bedroom standard					
	Chelmsford		Essex	East of England	England
	Number of households	% of households	% of households	% of households	% of households
+2 or more	31,600	41.9%	38.3%	38.5%	35.6%
+1	23,446	31.1%	33.5%	32.9%	33.2%
0	18,347	24.3%	25.0%	25.2%	26.8%
-1 or fewer	2,011	2.7%	3.2%	3.4%	4.4%
TOTAL	75,404	100.0%	100.0%	100.0%	100.0%

Source: Census (2021)

2.30   The figure below shows overcrowding and under-occupation by sub-area. This shows low levels of overcrowding across the City and that all locations have levels of overcrowding below the regional and national average.

Figure 2.25: Overcrowding and under-occupation (2021) by sub-area
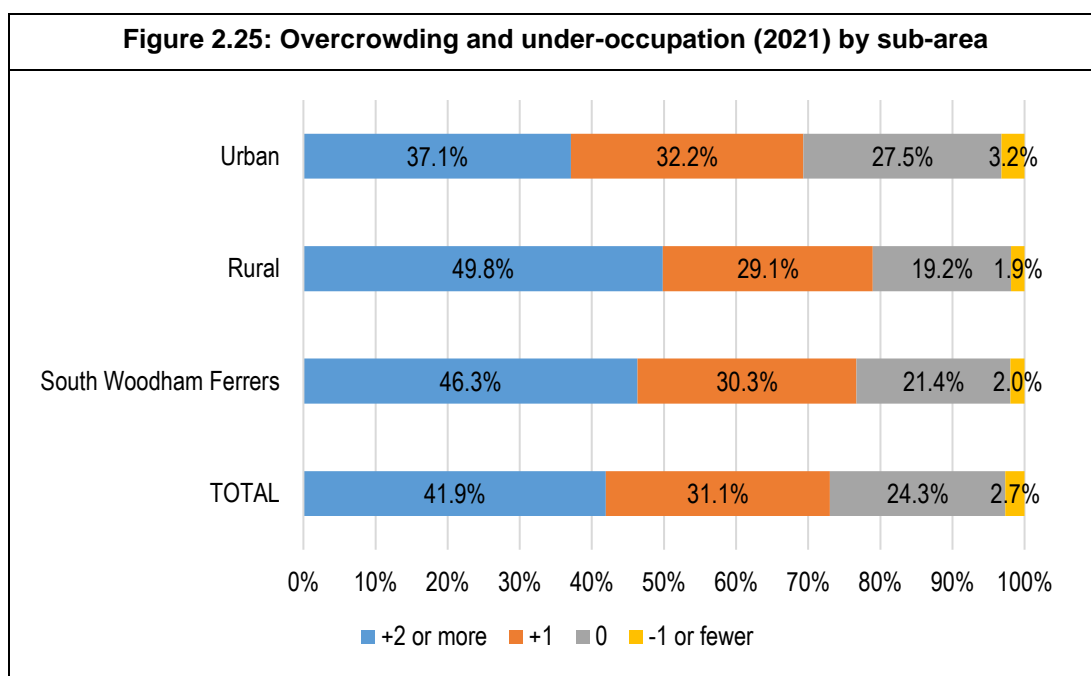
Source: Census (2021)

2.31   The figure below shows overcrowding and under-occupation by tenure. This shows low levels of overcrowding in the owner-occupied sector, particularly outright owners with the highest level being seen in social rented housing (8% of all households are overcrowded). Levels of under-occupation are also high in the owner-occupied sector and much lower for social rented homes.

Figure 2.26: Overcrowding and under-occupation by tenure (2021)

Source: Census (2021)

2.32   The table below shows how levels of overcrowding and under-occupancy have changed in the 2011-21 decade. This shows a significant increase in the number of household under-occupying homes and a more modest increase in overcrowding.

Figure 2.27: Change in overcrowding and under-occupation (2011-21) – Chelmsford				
	2011	2021	Change	% change
+2 or more	29,018	31,600	2,582	8.9%
+ 1	22,674	23,446	772	3.4%
0	16,110	18,347	2,237	13.9%
-1 or fewer	1,865	2,011	146	7.8%
TOTAL	69,667	75,404	5,737	8.2%

Source: Census (2011 and 2021)

2.33   Focussing on overcrowding, the table below shows changes in the 2011-21 decade by tenure. This shows a significant increase in the number of overcrowded households in the social rented stock (a 23% increase over the 10-year period) along with a 15% increase in the private rented sector. The number of overcrowded owner-occupiers fell by 14% over the period studied.

Figure 2.28: Change in overcrowding by tenure (2011-21) – Chelmsford				
	2011	2021	Change	% change
Owner-occupied	636	546	-90	-14.2%
Social rented	655	804	149	22.7%
Private rented	574	661	87	15.2%
TOTAL	1,865	2,011	146	7.8%

Source: Census (2011 and 2021)

House Prices

2.34   In the year to September 2022 the median house price in Chelmsford was £385,000 – this is above the average seen in the benchmark areas, including being some 40% above the national average.

Figure 2.29: Median House Prices (Year ending September 2022)		
	Price	Difference from England
Chelmsford	£385,000	+40%
Essex	£352,000	+28%
East of England	£328,000	+19%
England	£275,000	-

Source: ONS Small Area House Price Statistics

2.35   At a sub area level, Rural locations see the highest median prices at £455,500 with the lowest in South Woodham Ferrers at £360,000 – which is similar to Urban locations at £365,000. All areas have an average price above the County, regional and national average.

| Figure 2.30: Median House Prices by sub-area (Year ending September 2022)	
	Median price
Urban	£365,000
Rural	£455,500
South Woodham Ferrers	£360,000
ALL	£385,000

Source: Land Registry Price Paid data

2.36   The table below shows median prices by dwelling type. This again shows some significant differences between prices in Chelmsford and other locations – it is however the case that a median flat price in the City Council area is slightly lower than the national average (which is likely to be influenced by prices of flats in London). The higher prices in Chelmsford do point to relatively strong housing demand.

Figure 2.31: Median House Prices (year to September 2022)					
	Flat/ Maisonette	Terraced	Semi-Detached	Detached	All Sales
Chelmsford	£219,000	£350,000	£415,000	£600,000	£385,000
Essex	£200,000	£317,000	£369,500	£515,000	£352,000
Differential	*£19,000*	*£33,000*	*£45,500*	*£85,000*	*£33,000*
East of England	£200,000	£294,625	£335,150	£465,000	£328,000
Differential	*£19,000*	*£55,375*	*£79,850*	*£135,000*	*£57,000*
England	£220,000	£225,000	£260,000	£425,000	£275,000
Differential	*-£1,000*	*£125,000*	*£155,000*	*£175,000*	*£110,000*

Source: ONS Small Area House Price Statistics

House Price Changes

2.37   The figure below shows growth in the median house price over the period since 1995. House prices in Chelmsford closely followed the national trend across England over time, with stronger price growth in the pre-recessionary period between 2003 and 2008, a dip during the recession and a strong increase to 2018 before seeing some variation over the last couple of years or so.

Figure 2.32: Median House Prices 1995-2021 (year ending September 2022)
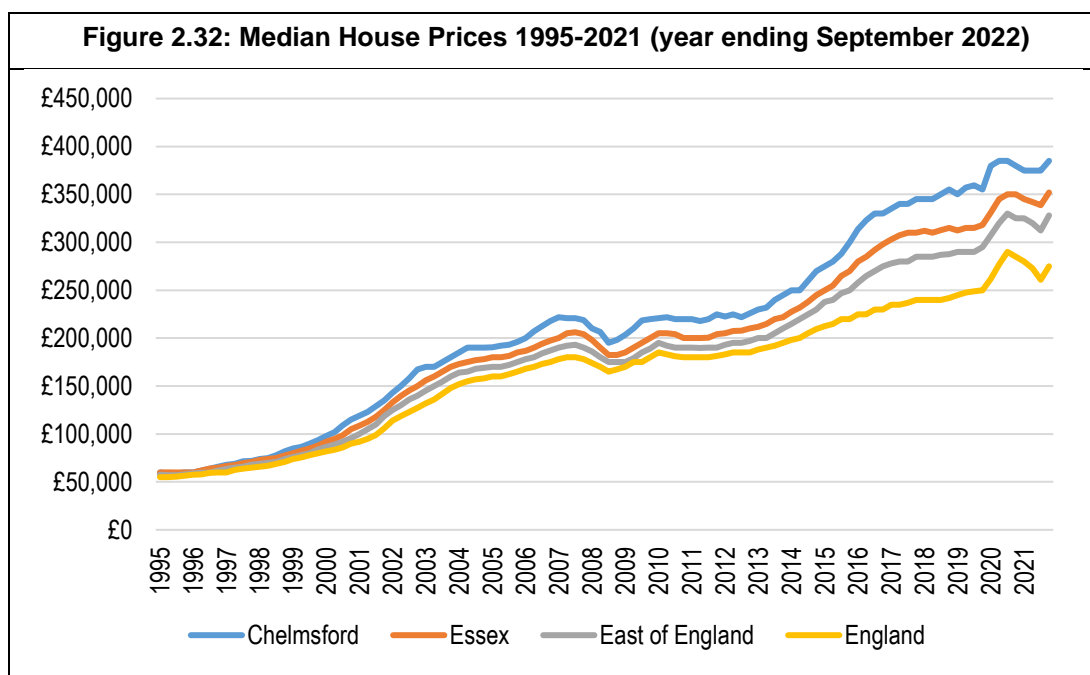
Source: ONS Small Area House Price Statistics

2.38   Relative to other areas, percentage house price increases in Chelmsford have been very slightly lower than seen across Essex and the East of England, however in actual cost terms, the change in Chelmsford has been notably higher. It is also notable that house prices in the City have increased at a faster rate in both percentage and actual cost terms than has been seen nationally.

Figure 2.33: Median House Price Change year ending September 2012 to year ending September 2022				
	Year ending Sept 2012	Year ending Sept 2022	Change	% change
Chelmsford	£225,000	£385,000	£160,000	71.1%
Essex	£204,000	£352,000	£148,000	72.5%
East of England	£190,000	£328,000	£138,000	72.6%
England	£181,500	£275,000	£93,500	51.5%

Source: ONS Small Area House Price Statistics

2.39   Trends in the values of different types of properties in Chelmsford are shown in the figure below. It shows that in the longer-term, the strongest value growth has been for detached properties although all dwelling types have seen increased values. It is also notable that all dwelling types saw a drop in price through the early part of the 2008 recession, but that detached homes look to have been particularly affected by this.

Figure 2.34: Trends in Median Price by Property Type, Chelmsford

Source: ONS Small Area House Price Statistics
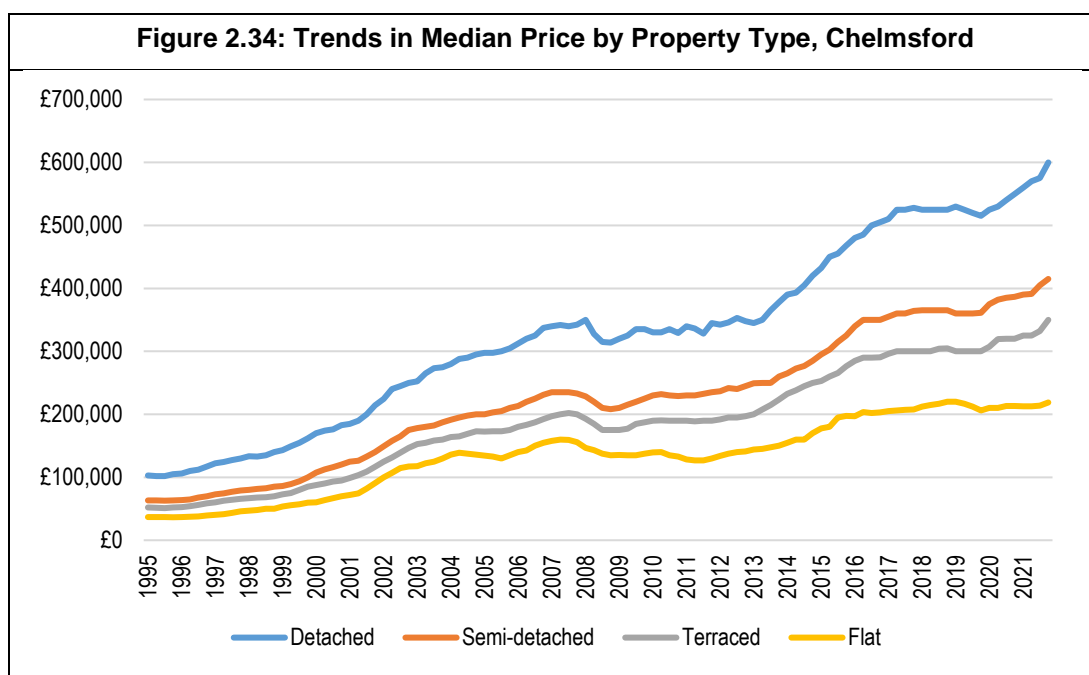
2.40   The table below shows data for the last decade (to September 2022) – this shows all house types increasing by a broadly similar percentage, with the percentage increase for flats being somewhat slightly lower.

Figure 2.35: Median House Price Change year ending September 2012 to year ending September 2022 by dwelling type - Chelmsford				
	Year ending Sept 2012	Year ending Sept 2022	Change	% change
Detached	£345,000	£600,000	£255,000	73.9%
Semi-detached	£235,000	£415,000	£180,000	76.6%
Terraced	£190,000	£350,000	£160,000	84.2%
Flat	£130,000	£218,750	£88,750	68.3%

Source: ONS Small Area House Price Statistics

Sales

2.41   Transaction levels (sales) reflect the relative buoyancy of the market and provide an indication of 'effective demand' for market housing. Sales volumes averaged about 3,900 per annum over the 10-year period to 2007. They fell dramatically as a result of the 'credit crunch', before picking up from 2012 onwards as availability of mortgage finance improved and as a result of Government support for the housing market. Sales of market housing in Chelmsford have however been trending down since 2016 (with the exception of a high number in 2021).

2.42   The drop in sales volumes seen since 2016 is likely to have been influenced by the effects of macro-economic uncertainty on the market – linked to Brexit – coupled with changes to mortgage interest relief which have affected the buy-to-let market. The most recent data will also be starting to pick up the impact of the war in Ukraine and associated 'cost of living crisis'.

Figure 2.36: Sales of Market Housing in Chelmsford, 1996-2022 (year to September 2022)
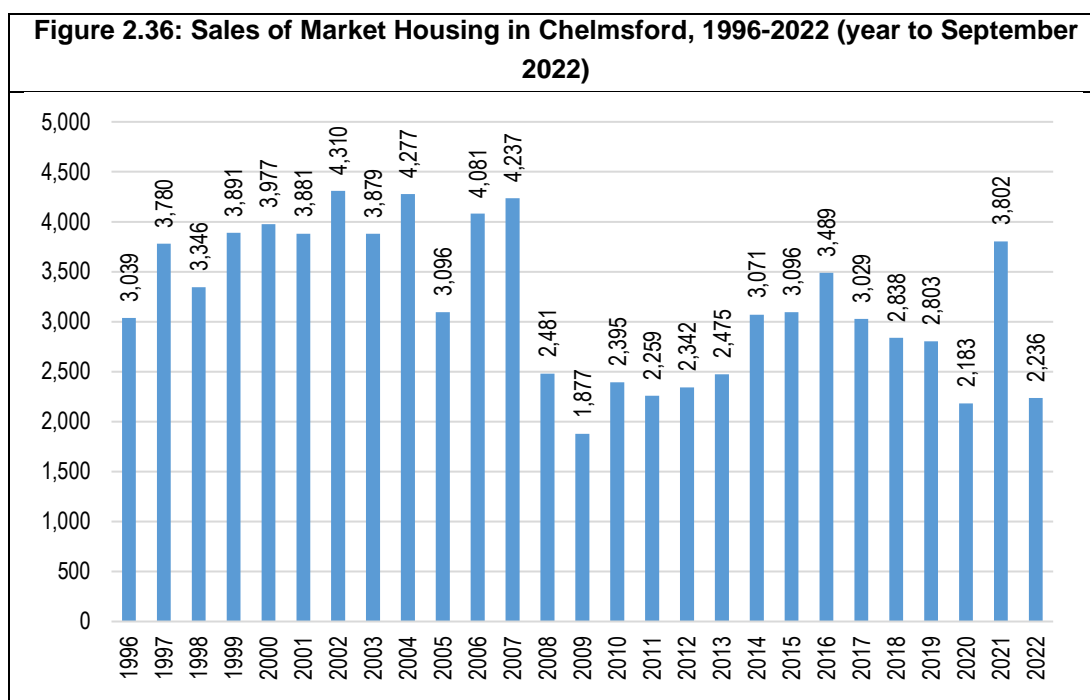
Source: ONS Small Area House Price Statistics

Private Rental Values

2.43 The analysis below reviews current private rents in Chelmsford against the County, regional and national average. The data is drawn from the ONS Private Rental Market Statistics. Median monthly rents vary from £500 for a room only let, up to £1,695 for 4+-bedroom properties in the City.

Figure 2.37: Monthly Rents in Chelmsford, Year to September 2022			
	Mean	Lower Quartile	Median
Room	£522	£465	£499
Studio	£630	£550	£625
1-bed	£847	£750	£850
2-bed	£1,032	£895	£1,000
3-bed	£1,252	£1,100	£1,250
4+ bed	£1,714	£1,425	£1,695
All Lettings	£1,042	£850	£995

Source: ONS Private Rental Market Statistics

2.44 The median rent for all properties is 5% above the Essex average, 14% higher than the East of England average and 24% above the England average. Rents in Chelmsford for all property sizes are all above the national average. It is however notable that differences between areas for private rents are not a great as for sale prices – analysis earlier showed the average house price in the City Council area to be 40% higher than the national average, compared with private rents being 'just' 24% higher.

Figure 2.38: Median Monthly Rents versus Wider Comparators, Year to September 2022
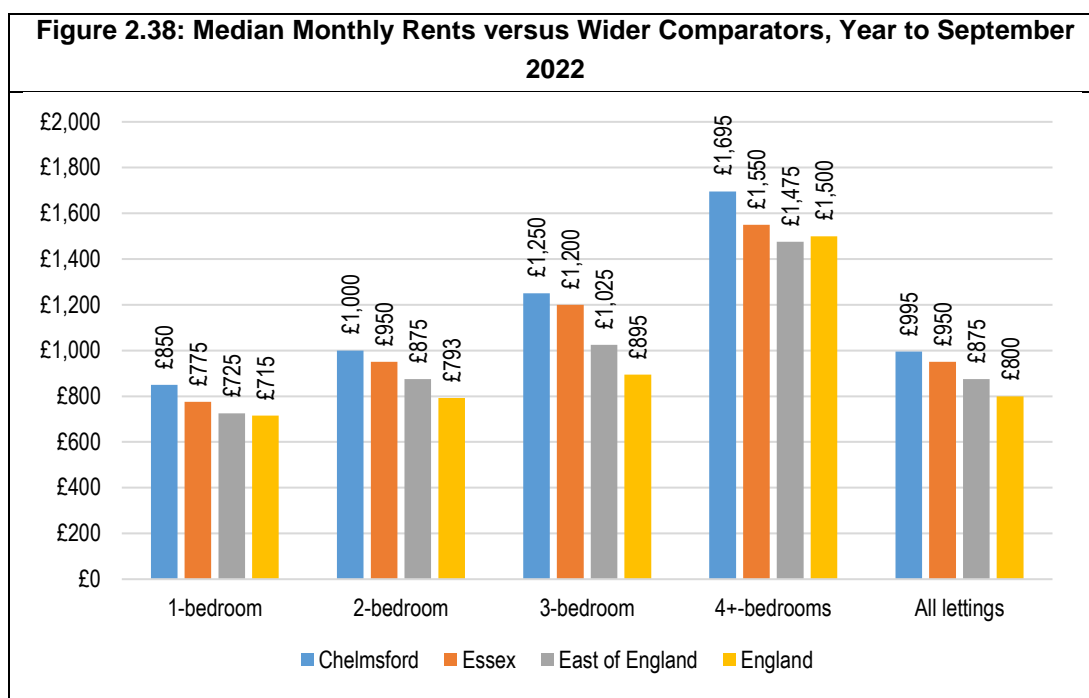
Source: ONS Private Rental Market Statistics

2.45   Analysis below has also sought to consider rental trends over the last 5 years to provide a relative indication of where there is a supply/demand imbalance. The evidence indicates that over this period rents have grown by an average of 33%. The strongest growth has been for smaller (1- and 2-bedroom) properties although the percentage increases do not really vary substantially across dwelling sizes. It should be noted the 'all lettings' figure will be influenced by the types of property let.

| Figure 2.39: Median Rental Change in Chelmsford, 2016/17 – 2021/22				
	2016/17	2021/22	Change	% Change
1-bedroom	£650	£850	£200	31%
2-bedrooms	£790	£1,000	£210	27%
3-bedrooms	£995	£1,250	£255	26%
4+-bedrooms	£1,350	£1,695	£345	26%
All Lettings	£750	£995	£245	33%

Source: ONS Private Rental Market Statistics

2.46   The table below compares changes in overall median private sector rents in Chelmsford with other locations. This shows substantially higher rental increases in Chelmsford than other locations. All other areas saw an average increase of £125 per month, with Chelmsford being almost double this figure.

Figure 2.40: Median Rental Change in a range of areas, 2016/17 – 2021/22				
	2016/17	2021/22	Change	% Change
Chelmsford	£750	£995	£245	33%
Essex	£825	£950	£125	15%
East of England	£750	£875	£125	17%
England	£675	£800	£125	19%

Source: ONS Private Rental Market Statistics

Market Affordability

2.47   The figure below shows median workplace-based affordability ratios over time. This is the ratio between median house prices and median earnings of those working in the City Council area. In all areas affordability has worsened between 1997 and 2022, Chelmsford now sees an affordability ratio of 12.21, which is worse than those seen in other locations. In terms of trends the Chelmsford and other area figures see a broad alignment although data for Chelmsford can be a bit more variable year-on-year – as the earnings estimates are derived from survey based data they can be prone to fluctuations particularly in smaller areas.
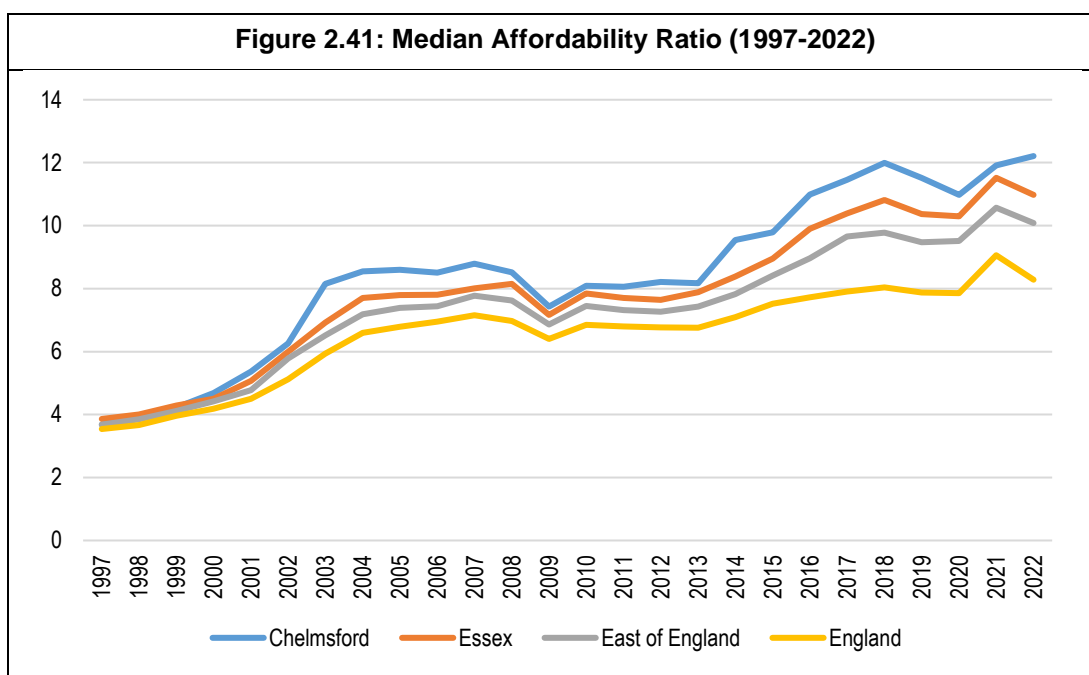
Source: ONS, Housing Affordability in England and Wales

Area Profile: Key Messages

- Analysis was carried out to provide background information about population and housing in Chelmsford. Data is compared with local, regional and national data as appropriate. The analysis can be summarised as covering three main topic headings:

  - Demographic baseline (including data on population age structure and changes);
  - Housing stock (including type and tenure); and
  - Housing market (including data on house prices)

- As of mid-2021, the population of Chelmsford is 181,800 and since 2011 the City Council area population has grown by around 8% which is a similar rate of growth as across Essex and the east of England, but a slightly faster rate than nationally. The City Council area also saw a similar level of population growth in the 2001-2011 period.

- The age structure of the population is also slightly different to other areas, with fewer people aged in their late teens and early 20s, and higher proportions in their late 30s and 40s. Over the past decade, the City Council area has seen an ageing of the population, with the number of people aged 65 and over increasing by 24%; there have however also been increases in the number of children and people of 'working-age' (taken to be 16-64)

- Population growth in the City Council area is largely driven by internal migration – moves from one part of the UK to another, although there are also generally positive levels of natural change (births minus deaths) and international migration.

- ONS dwelling stock data indicates there were 78,700 dwellings in the City Council area as of 2021, a net increase of 7,500 dwellings between 2011 and 2021. Rates of change in dwelling numbers have been in excess of that seen in other areas, and particularly the last 4-5 years.

- Some 71% of all households in the City Council area are owner-occupiers, notably higher than the national average of 62% (and higher than other benchmark areas), consequently the proportion of households living in the social rented (13%) and private rented (16%) sectors is lower than seen in other locations.

- The housing stock sees a relatively high proportion of detached homes, making up 30% of all dwellings (23% nationally) and related to this the stock is generally larger in nature, with around 29% having 4+-bedrooms. Again linked to this, the City Council area sees high levels of under-occupancy, with 42% of all households living in homes with at least two spare bedrooms. Levels of overcrowding are relatively low – at just 2.7% of all households.

- In the year to September 2022 the median house price in Chelmsford was £385,000. This is significantly above the median house price for comparator areas, and is 40% above the national average. Prices have also been increasing significantly, rising by 71% (£160,000) over the decade to September 2022. Over the past five years price rises have been more modest, increasing by 17%. When looking at median prices by property type, Chelmsford also typically sees higher prices for different types of property than Essex, the East of England region and England as a whole.

- As well as higher house prices, the City Council area typically sees higher private rental costs, with the median private rent for a 2-bedroom home standing at £1,000 per month in the year to September 2022. Rents overall are around 24% above the national average (compared with 40% when looking at median house prices). Over the past five years rents have increased by around 33%, higher than the increase in house prices over the same period.

jg c

Area Profile: Key Messages (cont…)

- In line with national trends, affordability in the City Council area has worsened with the workplace based median affordability ratio in Chelmsford at 12.21 in 2022 – this is based on the ratio between median house prices and full-time earnings.

- Overall, the data points to Chelmsford as an affluent area with higher house prices and large proportions of households living in owner-occupied housing. The City Council area also sees a housing mix of larger and detached homes. The analysis points to relatively high levels of housing demand. This can be seen in analysis of house prices and strong levels of delivery.

- That said, there are clearly issues suggested by the data. The house price to income ratio is high, pointing to potential difficulties in first-time-buyers (in particular) accessing the market – private rents are also high. At the same time, the relative lack of social rented housing means it will be difficult for the Council to meet affordable housing needs when they arise.

3.   Overall Housing Need

Introduction

3.1   This section of the report considers overall housing need set against the framework of Planning Practice Guidance (PPG) – specifically the Standard Method for assessing housing need. The section also considers recent demographic trends to test if there are 'exceptional circumstances' that would point to the Standard Method as no longer being reasonable. Where projections are discussed in this section, the analysis generally looks at the 2023-33 period (as this fits with the Standard Method) although projections have also been developed to cover the 2022-41 emerging plan period.

Standard Method

3.2   The analysis below considers the level of local housing need for Chelmsford using the Standard Method. The methodology for calculating housing need is clearly set out by Government in Planning Practice Guidance and follows a four-step process worked through in the following sub-sections. We consider first the implications of use of the 2014-based Household Projections, the use of which is required in the Planning Practice Guidance.

Step One: Setting the Baseline

3.3   The first step in considering housing need against the Standard Method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year being the first year i.e. 2023 to 2033. This results in growth of 6,314 households (631 per annum) over the ten-year period.

3.4   Although this figure is calculated over a ten-year period from 2023 to 2033, Paragraph 12 of the PPG states that this average household growth and the local housing need arising from it can then "be applied to the whole plan period" in calculating housing need.

Step Two: Affordability Adjustment

3.5   The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available.

3.6   The latest (workplace-based) affordability data is for 2022 and was published by ONS in March 2023. The Government's Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 6.25%, with the calculation being shown below. For Chelmsford, the ratio for 2022 was 12.21, giving an uplift of 51% - this leads to a housing need of 955 dwellings per annum.

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ -4}{4}\right) x\ 0.25 + 1$$

Step Three: The Cap

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

•   The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.

•   The second situation is where plans and evidence are more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

3.8   The Chelmsford Local Plan was adopted in May 2020 (i.e. within the last 5 years). The cap is therefore calculated as 40% above the housing target in that plan (805 dwellings per annum). The outcome of Step 2 is lower than the capped figure (local plan target plus 40%). Therefore, regardless of the date of adoption of the local plan, the capping in this case does not impact the level of housing need in Chelmsford.

Step Four: Urban Uplift

3.9   The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift ensures that the Governments stated target of 300,000 dwellings per annum is met and that "homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable." (Paragraph: 035 Reference ID: 2a-035-20201216). Chelmsford is not listed within the top 20 urban areas in the country and therefore there is no additional uplift.

Standard Method Calculation using 2014-based Household Projections

3.10   The table below works through the Standard Method calculations for the City Council area and shows a need for 955 dwellings per annum.

Figure 3.1: Standard Method Housing Need Calculations using 2014-based Household Projections	
	Chelmsford
Households 2023	78,037
Households 2033	84,351
Change in households	6,314
Per annum change	631
Affordability ratio (2022)	12.21
Uplift to household growth	51%
Uncapped need (per annum)	955

Source: Derived from a range of ONS and MHCLG sources

Divergence from the Standard Method (Exceptional Circumstances)

3.11   The table above sets out housing need using the Standard Method and whilst this is a relevant consideration Planning Practice Guidance does allow for divergence from these figures (in both an upward and downward direction) where exceptional circumstances can be demonstrated. An important start point is to understand Government Guidance on this topic. This can be found in Planning Practice Guidance 2a and below are some key quotes for the purposes of this document.

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

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

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

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated).

3.12   Paragraph 2a-010 also sets out circumstances where it might it be appropriate to plan for a higher housing need figure than the standard method indicates; this includes noting that the method *'does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates'*. In Chelmsford, economic growth potential (increases in jobs) could put pressure on the need to provide housing delivery in excess of the Standard Method, and this is discussed later in this report.

3.13   Regarding demographic trends and projections, the guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP. The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations:

- Firstly that demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and
- Secondly that demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8-years old.

3.14   The analysis below principally focuses on the second of the two bullet points above before moving on to look at what might be seen as a reasonable trend-based projection using available information. The focus is particularly on population projections and the report does not seek to challenge the market signals element of the Standard Method with the latest figures published affordable by ONS being used to generate estimates of need. The first analysis below briefly considers the validity of the 2014-based projections.

2014-based projections and more recent demographic trends

3.15   Above it was noted that one exceptional circumstance might be that the 2014-based subnational household projections (SNHP) that underpin the Standard Method are clearly wrong – in this instance we are looking to consider if the trends that have actually occurred are substantially different from those projected back in 2014. One way of considering this is to compare data for 2021 with recently published Census data and also MYE data (prior to a Census adjustment). Comparisons are made for both population (as this underpins the household projections) and household estimates.

3.16   The table below shows population figures for 2011 and 2021 from these sources – a start point of 2011 is used as it is the last consistent estimate for all three sources studied. The data shows the 2014-based projections had projected the population of Chelmsford to reach 180,106 by 2021 and ONS in their monitoring of data had actually estimated a very slightly higher population figure (180,290). Following publication of the 2021 Census, ONS has revised upwards slightly its estimate of population in 2021 to 181,763, potentially suggesting the 2014-SNPP did under estimate population change.

3.17   Overall, it is however not considered that the difference between sources, including more up-to-date information point to an exceptional circumstance such that the 2014-based projection could be rejected as not showing a realistic level of population change. Whilst the Census shows higher growth from 2011, it is the case that differences are fairly minor, and the Census (as with unadjusted MYE data) does potentially have some degree of error associated with it.

Figure 3.2: Estimated Population in 2011 and 2021 -range of sources – Chelmsford				
	2011	2021	Change	% change
2014-based SNPP/SNHP	168,491	180,106	11,615	6.9%
MYE (unadjusted)	168,491	180,290	11,799	7.0%
MYE (adjusted for Census)	168,491	181,763	13,272	7.9%

Source: ONS

3.18   In terms of more recent trends, we can also look at household changes as projected in the 2014-SNHP and as now shown by the Census, this is shown in the table below. This shows slightly lower growth in the Census than was projected in the 2014-based data – this difference is in the opposite direction to population data and is again not considered to be substantial and does not point to any exceptional circumstance regarding more recent trends.

| Figure 3.3: Estimated Households in 2011 and 2021 -range of sources – Chelmsford				
	2011	2021	Change	% change
2014-based SNPP/SNHP	69,755	76,696	6,941	10.0%
Census	69,667	75,404	5,737	8.2%

Source: ONS

Components of Change

3.19   Although concluding that different population change estimates do not point to anything 'exceptional', it is however of interest to look at how the components of population change differ between the 2014-SNPP and more recent estimates. Whilst this analysis is not being specifically used to consider exceptional circumstances it does help to understand if there have been changes in population dynamics that should be recognised moving forward.

Natural Change

3.20   The figure below shows past trends in natural change (going back to 2011) and how this was projected forward in the 2014-SNPP. The data is clear that natural change has been falling but that the 2014-SNPP did not pick up on this trend (projecting forward a relatively flat level of natural change). The most recent (2018-based) SNPP does seem to have recognised this reduced level of natural change although actual trends have been lower than even this reduction.

Figure 3.4: Past trends and projected natural change – Chelmsford
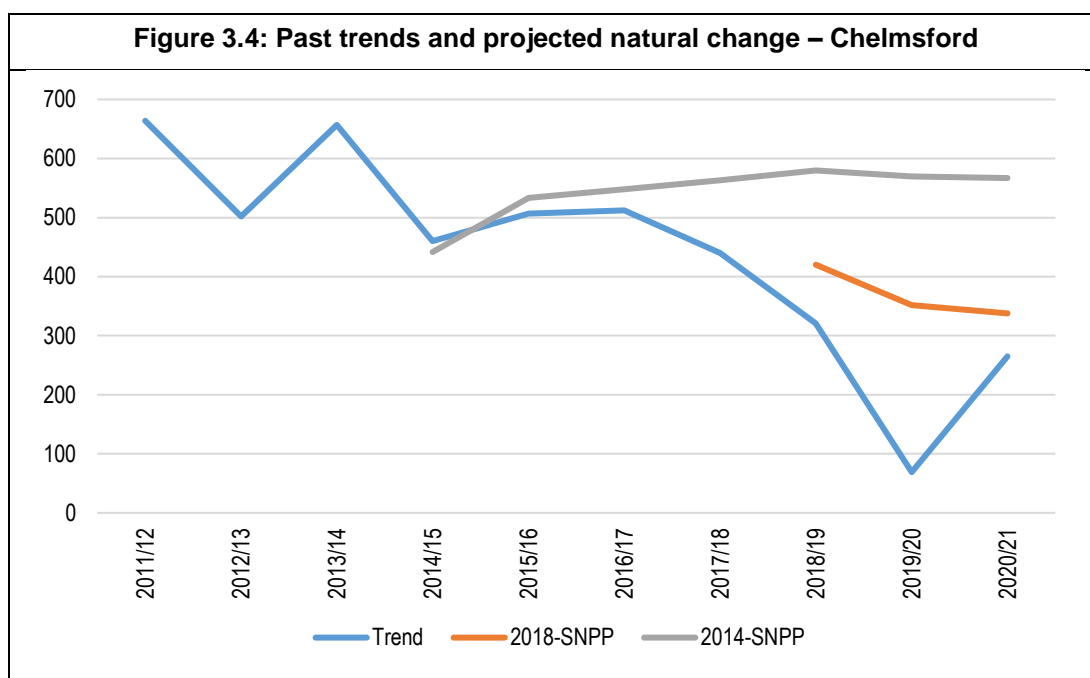
Source: ONS

3.21   The table below shows the above data along with averages for relevant time periods. This confirms the reduction in natural change over time and shows natural change in the past 7-years to have been an average of 368 per annum, notably below the projected level in 2014-based projections. The analysis also shows a lower level of natural change in the 2018-SNPP but that recent trends suggest it has been even lower.

Figure 3.5: Natural Change (2011-21) – Chelmsford			
	MYE Trend	2014-based	2018-based
2011/12	664	-	-
2012/13	502	-	-
2013/14	657	-	-
2014/15	460	442	-
2015/16	507	533	-
2016/17	512	548	-
2017/18	440	563	-
2018/19	321	580	420
2019/20	69	570	352
2020/21	265	567	338
Average (2014-21)	368	543	-
Average (2018-21)	218	572	370

Source: ONS

3.22   Natural change is lower because of a combination of lower births, which could potentially be influenced by housing supply constraints as households are unable to set up independent households until later in life; but also increases in life expectancy which have not been as strong as predicted in the 2014-based Household Projections (and therefore higher mortality). These are factors seen in more recent data nationally, rather than trends specific to Chelmsford. There is also the possibility of a Covid-related spike in deaths within the data for the City Council area (as nationally).

Net migration

3.23   The figure below shows the same information for net migration which is more variable on a year by year basis than natural change. Net migration is the balance between in- and out-migration. Based on the (pre-Census) MYE trend data, net migration has generally been increasing (albeit with year-on-year variability) and this does seem to have been picked up to some degree by the most recent (2018-based) projections.

Figure 3.6: Past trends and projected net migration – Chelmsford
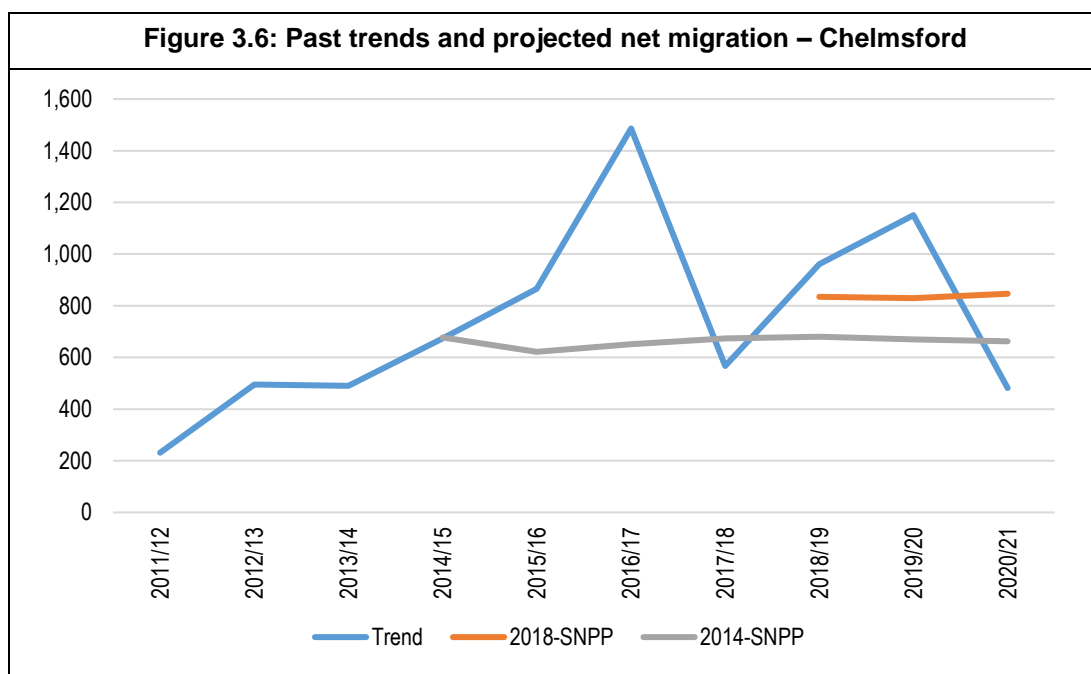
Source: ONS

3.24   The table below shows the same data for each year and selected averages. This shows the MYE trend being higher than the projected levels in the 2014-SNPP. This analysis also highlights the 2018-SNPP as showing a similar level of net migration into Chelmsford over the past three years as have been seen in past trends based on the MYE estimates (albeit without the year-on-year variation).

| Figure 3.7: Net Migration Trends and Projections – Chelmsford			
	MYE Trend	2014-based	2018-based
2011/12	231	-	-
2012/13	495	-	-
2013/14	490	-	-
2014/15	673	677	-
2015/16	865	621	-
2016/17	1,486	651	-
2017/18	567	674	-
2018/19	961	680	834
2019/20	1,150	670	829
2020/21	481	662	846
Average (2014-21)	883	662	-
Average (2018-21)	864	671	837

Source: ONS

3.25   However, it should also be noted that there is a difference of 1,473 people between MYE data (as estimated by ONS) and MYE once adjusted for the Census. ONS in making adjustments for this difference would call it Unattributable Population Change (UPC) in that they do not know which component of change it relates to, or if it relates to errors in Census counts (either in 2011 or 2021). It is possible that the difference could be attributed to errors in the recording of migration – i.e. migration to Chelmsford could have been under-estimated. ONS does recognise that migration is more difficult to accurately measure than other components of population change.

Past build rates

3.26   The next sub-section uses information about past trends to consider what a (2021-based) trend-based projection might look like. However before doing this, the report has sought to consider if past housing delivery is a factor to be considered when looking at housing need. This is a key part of the PPG, which says (2a-010):

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

3.27   The figure below shows housing completions over the period from 2011 to 2022 – this shows average completions of 814 per annum over the past decade and a higher figure of 958 per annum over the past 5-years. Generally, these figures would point to a housing need of 955 per annum as being reasonable – supply has not consistently exceeded the Standard Method and in recent years is virtually identical to the Standard Method need.

Figure 3.8: Net Completions (2011-22) – Chelmsford
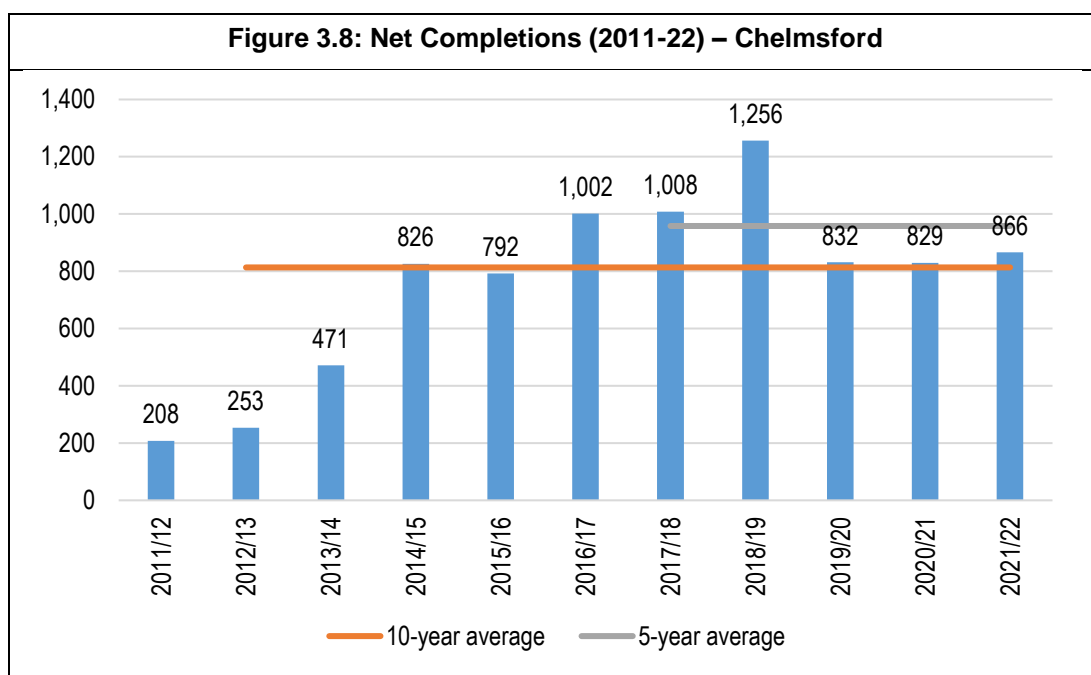
Source: DLUHC

Developing Trend-Based Projections

3.28   The purpose of this section is to develop trend-based population projections. A key driver of this is due to publication of new (2021) Census data which has essentially reset estimates of population (size and age structure) compared with previous mid-year population estimates (MYE) from ONS (ONS has subsequently updated 2021 MYE figures to take account of the Census).

3.29   It is also the case the 2014-based projections from which the Standard Method is based are now over eight years old and even more recent projections (2018-based being the most recent) pre-date the Census (and MYE data to 2021).

3.30   The analysis seeks to provide projections rebased to 2021 (Census data) and draws on ONS MYE data up to 2021 – including data about births, deaths and migration. The trend-based projections have been developed so that further analysis in the report can readily be undertaken. For example, when looking at older persons' needs it is necessary to understand how the older person population might grow and for the mix of housing a model has been used that looks at the implications of demographic change.

3.31   Four projections have been developed looking at estimated migration trends over the past 5- and 10-years. A 5-year period has been chosen as it is consistent with the time period typically used by ONS when developing subnational population projections whilst 10-years has been used as it fits with the period between the two Census, and arguably the longer period can provide more stable outputs.

3.32   Within the 5- and 10-year projection categories, two projections have been developed, these are to look at population growth in the period to 2021 as recorded by the MYE second is based on the MYE to 2021 once corrected for Census data (under the broad assumption that UPC can be attributed to migration). The four projections can be summarised as:

- 5-year trend using migration estimates in the MYE for the 2016-21 period;
- 10-year trend using migration estimates in the MYE for the 2011-21 period;
- 5-year trend taking account of population growth shown by the Census for 2011-21; and
- 10-year trend taking account of population growth shown by the Census for 2011-21.

3.33   Below the general method used for each of the components and the outputs from a trend based projection are set out. The latest ONS projections are a 2018-based set of SNPP and whilst these are not directly used in the analysis, reference is made to allow comparisons between the ONS position (which was pre-Census) and projections developed below.

Natural change

3.34   Natural change is made up of births and deaths and analysis above has shown a general downward trend over time. To project trends forward the analysis looks at each of births and deaths separately and compares projected figures in the 2018-SNPP with actual recorded figures in the MYE. The analysis also takes account of differences between the estimated population size and structure in 2021 (in the 2018-SNPP) and the ONS MYE (as revised to take account of Census data). Overall, it is estimated recent trends in fertility are lower than figures in the 2018-SNPP with mortality rates typically being slightly higher.

Migration

3.35   When looking at migration our start point is to consider levels of migration over the past 5-years (2016-21). Analysis also seeks to determine a baseline start position for each of in- and out-migration and to do this data from MYE up to 2021 has been used. To be consistent with the methodology used by ONS when developing SNPP data for the previous five years has been studied (with a 10-year trend sensitivity). Information about migration estimates is shown in the table below with average figures provided for 2016-21 (latest 5-years) and 2011-21 (10-years).

Figure 3.9: Past trends in net migration – Chelmsford			
	Internal (domestic)	International	All net migration
2011/12	-76	307	231
2012/13	289	206	495
2013/14	114	376	490
2014/15	37	636	673
2015/16	463	402	865
2016/17	1,244	242	1,486
2017/18	344	223	567
2018/19	668	293	961
2019/20	759	391	1,150
2020/21	299	182	481
Average (2016-21)	663	266	929
Average (2011-21)	414	326	740

Source: ONS

3.36   As with fertility and mortality data, the information above has been used to make adjustments to the 2018-based SNPP to reflect recent trends – this has been done separately for both internal and international migration.

3.37   The figures in the table above are for migration as recorded by ONS in their mid-year population estimates. It has previously been noted that the MYE estimated population in 2021 to be around 1,473 people lower than has now been shown by the Census (180,290 vs. 181,763). For the purposes of the sensitivities around Census growth based projections it has been modelled that the difference between the two figures can be attributed to migration, and hence as a projection start point, migration is assumed to be around 147 people higher each year (net).
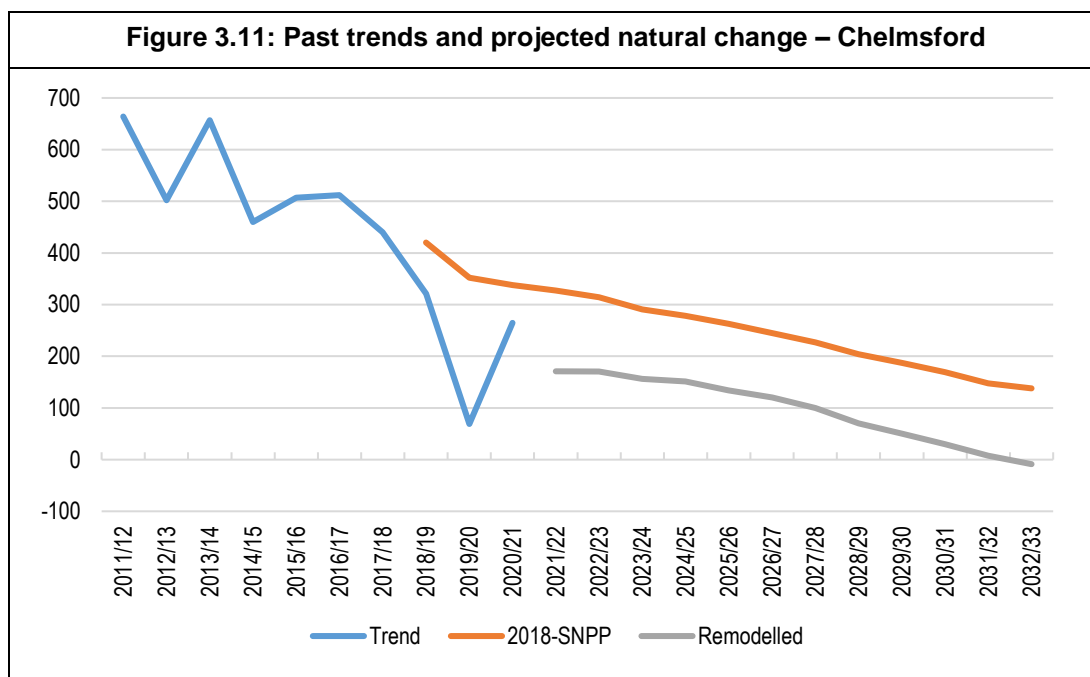
City-wide Projection Outputs

3.38   The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop a projection for the period to 2033 – this date being chosen as it is consistent with the period used when studying the Standard Method. The table below shows projected population growth for each of the scenarios. These show population increases of between 4% and 6% (7,800 to 10,900 people). The figures can be put in the context of past trends, with the Census based MYE showing growth of 13,300 people over a 10-year period.

Figure 3.10: Projected population growth under a range of scenarios				
	Population 2023	Population 2033	Change	% change
5-year trend (MYE)	183,962	193,459	9,497	5.2%
10-year trend (MYE)	183,587	191,387	7,800	4.2%
5-year trend (Census)	184,255	195,121	10,866	5.9%
10-year trend (Census)	183,880	193,072	9,192	5.0%

Source: Demographic projections

jgc

3.39   It is difficult to say which scenario is the most realistic but taking everything in the round it is considered that the first 5-year trend projection is probably the best of the scenarios in methodological terms. This is because this scenario uses the time period and data ONS would be using if developing a new projection – ONS would be unlikely to model the implications on migration of Census data.

3.40   Below are a series of charts showing key components of change (using the 5-year trend (MYE) projection). For contrast, data is compared with that from the 2018-based SNPP, that being the most recent projection released by ONS.

Figure 3.11: Past trends and projected natural change – Chelmsford

Source: ONS and demographic projections

Figure 3.12: Past trends and projected net migration – Chelmsford
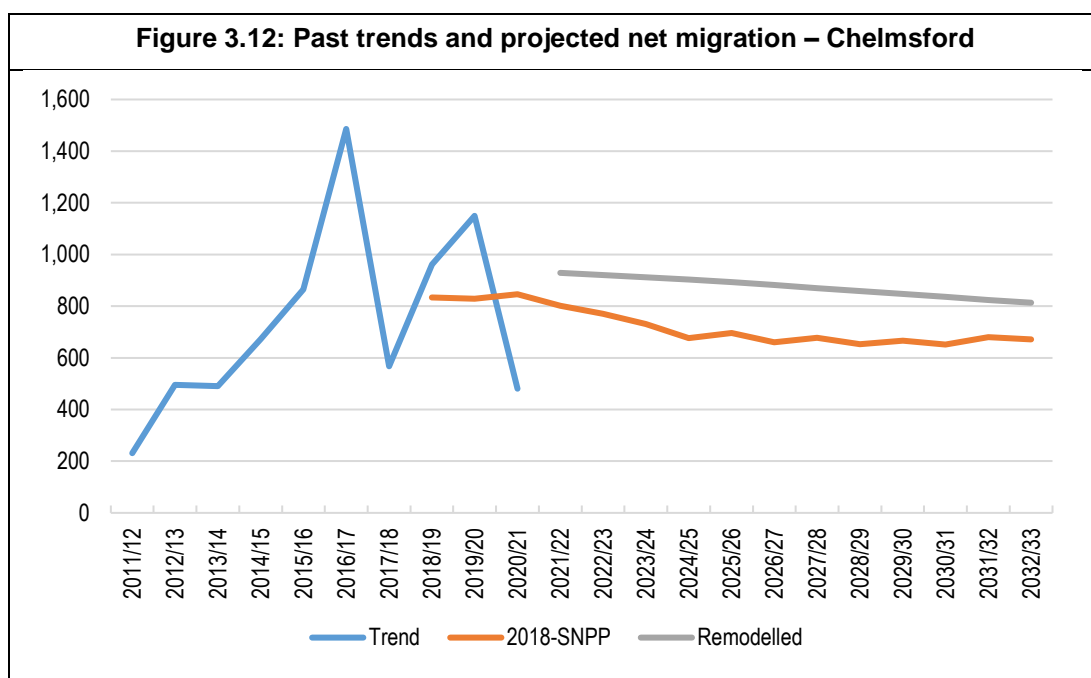
Source: ONS and demographic projections

Household Projections

3.41   The final part of the projection is to convert population estimates into households by discounting the communal population (to give a household population) and then applying household representative rates (HRR). The first analysis is however to estimate the number of households as of 2021.

3.42   The 2021 Census showed a total of 75,400 households and this has been used as a base figure. However, it should be noted that the Census figure is for March whereas the projections typically use mid-year as a data point. This is only a small difference but does mean that the actual estimate of households in mid-2021 will be slightly different. For the purposes of projecting forward, this will however have a negligible impact on figures.

3.43   By applying the population age structure (by sex) to HRRs (taken from the 2018-SNHP) it is possible to estimate households, the HRRs are then adjusted to match the 75,400 estimate (rolled forward to mid-year) and then these revised HRRs can be applied to the population projections.

3.44   The analysis projects an increase of between 496 and 611 households per annum over the 2023-33 period with the 5-year trend (MYE) projection showing a figure of 559 per annum.

Figure 3.13: Projected change in households – range of scenarios				
	Households 2023	Households 2033	Change in households	Per annum
5-year trend (MYE)	76,634	82,228	5,594	559
10-year trend (MYE)	76,502	81,458	4,956	496
5-year trend (Census)	76,737	82,844	6,108	611
10-year trend (Census)	76,605	82,084	5,478	548

Source: Demographic projections

Standard Method using alternative trend-based projections

3.45   The analysis below calculates housing need using the Standard Method, but replacing the 2014-based SNHP with the alternative projections shown above. With the preferred projection, the need is lower than the analysis using 2014-based projections, with a need shown for around 846 dwellings per annum (compared with 955) – although the need is as high as 924 per annum under the highest scenario.

Figure 3.14: Standard Method Housing Need Calculations using revised demographic projections				
	5-year trend (MYE)	10-year trend (MYE)	5-year trend (Census)	10-year trend (Census)
Households 2023	76,634	76,502	76,737	76,605
Households 2033	82,228	81,458	82,844	82,084
Change in households	5,594	4,956	6,108	5,478
Per annum change	559	496	611	548
Affordability ratio (2022)	12.21	12.21	12.21	12.21
Uplift to household growth	51%	51%	51%	51%
Need (per annum)	846	750	924	829

Source: Derived from a range of ONS and MHCLG sources

3.46   Overall, it is considered that demographic trends do not point to a housing need above the Standard Method – arguably a lower figure could be used, although it is not considered that the difference between 846 and 955 is exceptional.

Developing a Projection linking to the Standard Method

3.47   The data above suggests the Standard Method is a reasonable number to use in estimating housing need for the City Council area and it is worthwhile looking at how population might change if providing this level of homes. A bespoke projection has been developed, linking to provision of 955 dwellings per annum, and this projection is then used for other analysis in the report (including looking at the mix of housing).

3.48   A scenario has been developed which flexes migration to and from Chelmsford such that there is sufficient population for 955 additional homes each year. The modelling links to 2018-based population and household projections and also rebases population and households to the levels shown in the 2021 Census (and subsequent MYE). Within the modelling, migration assumptions have been changed so that across the City Council area the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

3.49   A further adjustment has been made to deal with any suppression of household formation within the projections. To do this a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2018-based projections and equivalent data for 2001 (a period when the housing market was arguably less suppressed). This general approach has been widely used in analysis of this nature and was an approach previously suggested by the Local Plans Expert Group (LPEG).

3.50   In developing this projection, the population is projected to increase by 34,700 people – the strongest increase being in the 16-64 age group, although in proportionate terms the strongest growth is in people aged 65 and over (a 35% increase over the 19-years).

| Figure 3.15: Population change 2022 to 2041 by broad age bands – Chelmsford (linked to Standard Method)				
	2022	2041	Change in population	% change from 2022
Under 16	33,976	38,713	4,738	13.9%
16-64	113,913	131,381	17,469	15.3%
65 and over	35,790	48,272	12,481	34.9%
Total	183,678	218,366	34,688	18.9%

Source: Demographic Projections

Relationship Between Housing and Economic Growth

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

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

Growth in Resident Labour Supply

3.52   The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report) – this data has then been rebased to information in the 2011 Census (on age, sex and economic activity) and the 2021 (for an updated number of people who are economically active).

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

Figure 3.16: Projected changes to economic activity rates (2022 and 2041) – Chelmsford
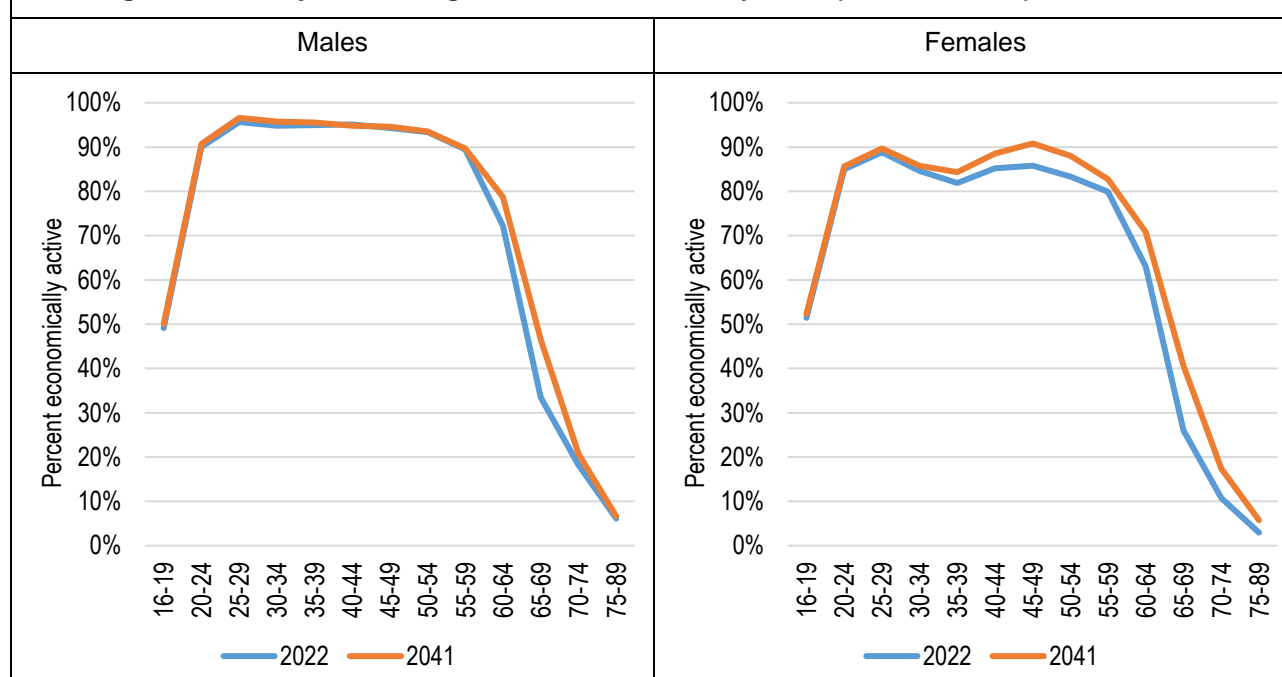
Source: Based on OBR and Census (2011 and 2021) data

Figure 3.17: Projected changes to economic activity rates (2022 and 2041) – Chelmsford						
	Males			Females		
	2022	2041	Change	2022	2041	Change
16-19	49.2%	50.1%	0.9%	51.5%	52.3%	0.9%
20-24	90.0%	90.7%	0.6%	85.0%	85.6%	0.6%
25-29	95.6%	96.6%	1.0%	88.8%	89.7%	0.9%
30-34	94.8%	95.7%	0.9%	84.6%	85.8%	1.1%
35-39	95.0%	95.5%	0.5%	81.9%	84.3%	2.4%
40-44	95.1%	94.8%	-0.3%	85.2%	88.5%	3.3%
45-49	94.3%	94.6%	0.3%	85.8%	90.8%	5.0%
50-54	93.3%	93.5%	0.1%	83.3%	88.0%	4.7%
55-59	89.4%	89.7%	0.2%	79.9%	82.7%	2.8%
60-64	72.2%	78.7%	6.5%	63.0%	70.8%	7.8%
65-69	33.5%	46.5%	13.1%	26.0%	40.6%	14.7%
70-74	18.2%	20.8%	2.6%	10.7%	17.4%	6.7%
75-89	6.1%	6.7%	0.5%	2.9%	5.8%	2.8%

Source: Based on OBR and Census (2011 and 2021) data

3.54   Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the City Council area – this is set out in the table below. The analysis shows that the projection linked to the Standard Method results in growth in the economically-active population of 21,200 people – a 21% increase.

Figure 3.18: Estimated change to the economically active population (2022-41) – Chelmsford				
	Economically active (2022)	Economically active (2041)	Total change in economically active	% change
Trend-based	99,923	110,715	10,792	10.8%
Standard Method	100,378	121,544	21,166	21.1%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

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

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

3.56   The table below shows summary data about commuting to and from Chelmsford from the 2011 Census. Overall, the data shows the City Council area sees a level of net out-commuting for work with the number of people resident in the area who are working being about 5% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Figure 3.19: Commuting patterns (2011)	
	Chelmsford
Live and work in Local Authority (LA)	36,228
Home workers	9,002
No fixed workplace	7,265
In-commute	30,605
Out-commute	34,430
Total working in LA	83,100
Total living in LA (and working)	86,925
Commuting ratio	1.046

Source: 2011 Census

3.57   In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working).

Double Jobbing

3.58   The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) for the past 5-years suggests across the City Council area that typically about 2.2% of workers have a second job.

3.59   For the purposes of this assessment it has been assumed that around 2.2% of people will have more than one job moving forward. A double jobbing figure 2.2% gives rise to a ratio of 0.978 (i.e. the number of jobs supported by the workforce will be around 2.2% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

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

Jobs Supported by Growth in the Resident Labour Force

3.61   The table below shows how many additional jobs might be supported by population growth under the Standard Method projection. Given estimates about double jobbing and different commuting pattern scenarios it is estimated that around 20,700 and 21,600 additional jobs could be supported by the changes to the resident labour supply. If modelling against the preferred trend-based projection, the number of jobs potentially supported is lower (around 11,000 with 2011 commuting patterns).

Figure 3.20: Jobs supported by demographic projections (2022-41)		Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Trend-based	Census commuting	10,792	11,035	10,549
	1:1 commuting	10,792	11,035	11,035
Standard Method	Census commuting	21,166	21,642	20,689
	1:1 commuting	21,166	21,642	21,642

Source: Derived from a range of sources

Economic Growth and Housing Need – Job Forecasts

3.62   To look at estimates of the numbers of homes required to support jobs growth, the method which is followed is identical to that set out for translating homes into jobs but completed in reverse to get to a population growth.

3.63   This level of population growth is then applied to the household formation rates developed earlier in this report to get to a household growth. A final adjustment to reflect a level of vacancy in the housing stock is applied to the household growth to get to dwelling growth. The stages can be summarised as:

- Start with estimates of job growth;
- Estimate changes required to the economically active population to meet the jobs growth – this takes account of information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment;
- Flex levels of migration within the demographic model so that the change in the economically active population equals the change required to meet the number of jobs (migration can be 'flexed' up or down with stronger economic growth resulting in higher net in-migration as more people are required in the labour-supply); and
- Apply household representative rates to the resulting population projection and apply a vacancy allowance to calculate the number of households and dwellings needed.

3.64   A job forecast has been accessed that suggests a potential increase from 99,434 jobs in 2022, up to 111,852 by 2041 – an increase of 12,400 jobs over the 19-year period (654 per annum). Past trends and the future job forecast is shown on the figure below.

Figure 3.21: Job growth trends and forecast (2011-2041)
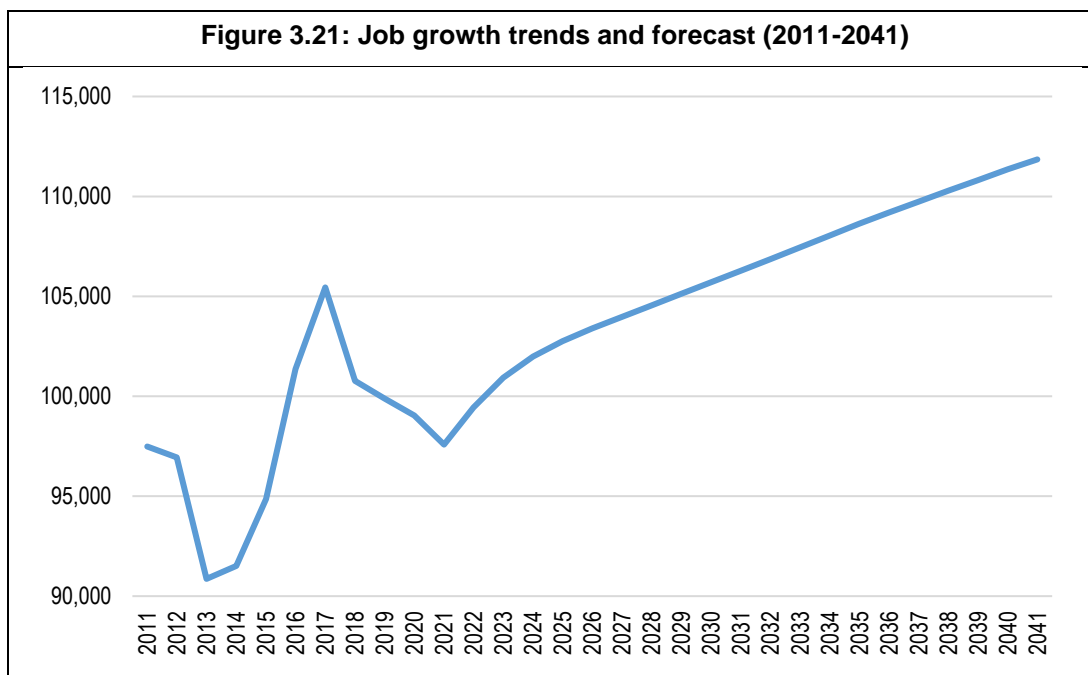
Source: Cambridge Econometrics

Economic Growth and Housing Need

3.65   The demographic model developed to look at housing need has been used to consider the link between jobs and housing. Within the modelling, migration assumptions have been changed so that the increase in the economically active population matches the increase in the resident workforce required. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

3.66   In line with earlier assumptions on changes in economic participation and commuting, we assume an increase in the resident workforce in line with the growth in people in employment (i.e. a 1:1 ratio between growth in people working in Chelmsford and residents in work) as well as modelling a continuation of commuting dynamics shown by the 2011 Census. The analysis also assumes that 2.2% of people hold down more than one job.

3.67   The modelling also builds in assumptions on changes to economic participation taking account of increased longevity and later retirement. Assumptions from the Office for Budget Responsibility's 2018 Fiscal Sustainability Report have been adopted, which shows some increased economic participation in those in their 60s in particular (and particularly amongst females).

3.68   Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against the HRRs, using the HRRs with a 'part return to trend' adjustment to headship rates. The assumptions assume affordability improves in order to support improved household formation amongst younger households, moving back towards longer-term trends over time. A 3% vacancy allowance is then included in relating household growth to housing need, consistent with the approach earlier in this report.

3.69 The first part of the analysis is to estimate what level of growth in the labour supply would be needed for the job growth forecast to be met. This calculation is shown below; there are two scenarios with differing assumptions about commuting patterns for additional jobs. The table shows growth in the resident labour supply of between 12,100 and 12,700 people.

Figure 3.22: Forecast job growth and change in resident workforce (2022-41)			
	Total additional jobs	Allowance for double jobbing (=change in economically active)	Allowance for commuting
Census commuting	12,418	12,145	12,704
1:1 commuting	12,418	12,145	12,145

Source: Derived from a range of sources

3.70 Drawing through the modelling assumptions set out upfront, the table below shows estimates of housing need set against the job growth scenarios. The analysis shows a range of need across the City Council area of between 647 and 666 dwellings per annum – these figures are below the Standard Method (955 per annum).

Figure 3.23: Economic-led Housing Need – Chelmsford					
	Households 2022	Households 2041	Change in households	Per annum	Dwellings (per annum)
Census commuting	76,076	88,369	12,294	647	666
1:1 commuting	76,062	88,004	11,942	629	647

Source: Demographic projections

Overall Housing Need: Key Messages

- The SHNA studied the overall housing need set against the NPPF and the framework of PPG – specifically the Standard Method for assessing housing need. This shows a need for 955 dwellings per annum. This is based on household growth of 631 per annum and an uplift for affordability of 51%.

- The report has considered whether there are exceptional circumstances to move away from the Standard Method (either in an upward or downward direction). This looked at up-to-date demographic trends and is also mindful of the NPPF consultation of December 2022 which points to there being some strengthening of the encouragement for local authorities to consider exceptional circumstances. The consultation NPPF suggests that consideration will be given to 2021-based projections when these are published in 2024.

- The report looks at more recent demographic trends – taking account of 2021 Census data and ONS mid-year population estimates up to 2021, this data was compared with the 2014-based projections. Whilst there were differences between sources, these were not considered to be substantial and did not point to any exceptional circumstances.

- Data about household growth from the Census also showed a similar pattern to that in the 2014-based projections, again pointing to the projections underpinning the Standard Method as remaining reasonable.

- Past build rates were also considered as areas with strong growth might be able to provide more homes than the Standard Method (also high delivery might point to an over-supply of housing). In Chelmsford, whilst delivery has been strong, averaging approaching 814-958 dwellings per annum over the past 5- and 10-years) it is again not considered that this provides any evidence to suggest a higher or lower figure than the Standard Method.

- As a final test on exceptional circumstances, the Standard Method projection was used to look at potential changes to the resident labour supply and the number of additional jobs that might be supported. Overall, it was projected the labour supply would increase by around 21% over the 2022-41 period and that this could support around 21,000 additional jobs – this is above an economic forecast (just over 12,400 jobs for the same period) and again points to there being no need to plan for housing in addition to the Standard Method.

- Overall, it was therefore concluded that the Standard Method is a reasonable assessment of housing need for Chelmsford (noting the premise of the method itself has not been challenged in this report). On that basis a bespoke demographic projection was developed to look at how the population might change if 955 homes per annum were delivered over the 2022-41 period. This showed continued strong population growth and an ageing of the population, although an increase in the number of children and those of 'working-age' is also projected.

4.   Affordable Housing Need

Introduction

4.1   This section provides an assessment of the need for affordable housing in Chelmsford and the three sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.

4.2   The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership' although in reality it is possible for an affordable home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership.

4.3   The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

4.4   The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for *'affordable housing for rent'* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:

- **Current affordable housing need**: an estimate of the number of households who have a need now, at the point of the assessment, based on a range of secondary data sources – this figure is then annualised so as to meet the current need over a period of time;
- **Projected newly forming households in need**: using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
- **Existing households falling into need**: based on studying past trends in the types of households who have accessed social/affordable rented housing; and
- **Supply of affordable housing**: an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

4.5   The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

jg_c

4.6   This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

4.7   The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need.

4.8   This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

4.9   The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

4.10   Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

4.11   An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

4.12   The analysis below considers the entry-level costs of housing to both buy and rent across the City Council area. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

4.13 Data from the Land Registry for the year to September 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £180,000 for a second-hand flat and rising to £490,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £290,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Figure 4.1: Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to September 2022 – Chelmsford	
	Lower quartile price
Flat/maisonette	£180,000
Terraced	£315,000
Semi-detached	£365,000
Detached	£490,500
All dwellings	£290,000

Source: Land Registry

4.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £180,000 for a 1-bedroom home, rising to £525,000 for homes with 4-bedrooms.

Figure 4.2: Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to September 2022 – Chelmsford	
	Lower quartile price
1-bedroom	£180,000
2-bedrooms	£240,000
3-bedrooms	£375,000
4-bedrooms	£525,000
All Dwellings	£290,000

Source: Land Registry and Internet Price Search

4.15 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to September 2022. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £834 per month.

| Figure 4.3: Lower Quartile Market Rents, year to September 2022 – Chelmsford	
	Lower Quartile rent, pcm
Room only	£465
Studio	£550
1-bedroom	£750
2-bedrooms	£895
3-bedrooms	£1,100
4-bedrooms	£1,425
All properties	£850

Source: ONS

4.16   It is of interest for this study to see how prices and rents vary by location. The table below shows an estimate of the overall lower quartile house price and private rent in each of the sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in Rural areas. The lowest prices and rents were found to be in South Woodham Ferrers.

Figure 4.4: Lower Quartile Prices and Market Rents, by sub-area		
	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Urban	£263,000	£790
Rural	£360,000	£1,070
South Woodham Ferrers	£262,000	£710
All properties	£290,000	£850

Source: Internet private rental cost search and Land Registry

Household Incomes

4.17   Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

4.18   Drawing this data together an income distribution for the whole City Council area has been constructed for 2022. The figure below shows that around a third of households have incomes below £30,000 with a further quarter in the range of £30,000 to £50,000. Overall, the average (mean) income is estimated to be around £53,200, with a median income of £44,900; the lower quartile income of all households is estimated to be £25,800.

Figure 4.5: Distribution of household income (2022) – Chelmsford
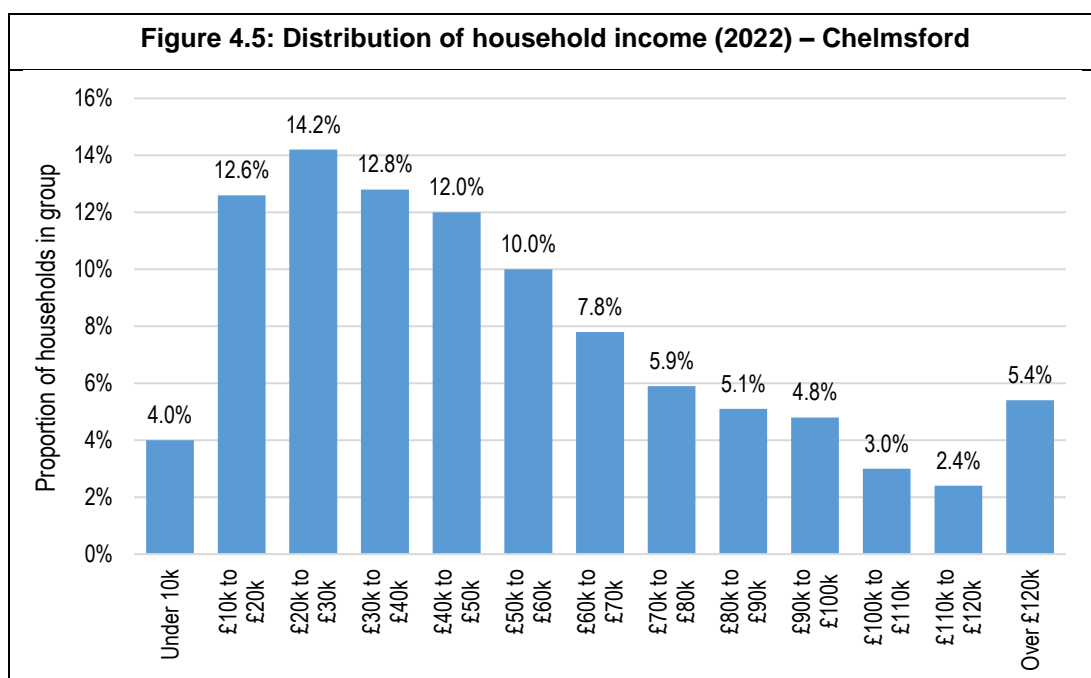
Source: Derived from a range of data

4.19   Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the City Council area average. There is some variation in the estimated incomes by area, median figures ranging from £43,300 in the Urban area, up to £47,500 in Rural locations.

Figure 4.6: Estimated average (median) household income by sub-area (2022)		
	Median income	As a % of City Council area average
Urban	£43,300	96%
Rural	£47,500	106%
South Woodham Ferrers	£46,800	104%
All households	£44,900	-

Source: Derived from a range of data

Affordability Thresholds

4.20   To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

jg c

4.21 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

4.22 At £850 per calendar month, lower quartile rent levels in Chelmsford are above average in comparison to those seen nationally (a lower quartile rent of £610 for England in the year to September 2022). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford an £850 pcm rent would imply a gross household income of about £34,000 (and in net terms the rent would likely be around 37% of income).

4.23 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.

4.24 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

4.25 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.

4.26 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable 'gap' in all areas across the City Council area, particularly locations with higher house prices. The information in the tables below is taken forward into further analysis in this section to look at affordable needs in different locations.

Figure 4.7: Estimated Household Income Required to Buy and Privately Rent by sub-area			
	To buy	To rent (privately)	Income gap
Urban	£52,600	£31,600	£21,000
Rural	£72,000	£42,800	£29,200
South Woodham Ferrers	£52,400	£28,400	£24,000
City Council area-wide	£58,000	£34,000	£24,000

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

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

Current Need

4.28   In line with the PPG the current need for affordable housing is assessed through analysis of Housing Register information. As part of this project a download of the whole register was provided (as of October 2022) which has been interrogated to estimate the number of households with an affordable housing need – as of October 2022 there were 902 households on the Register.

4.29   The table below shows the locations (based on correspondence address postcode) of those in need. The majority of households live in the Urban part of the authority with a lower proportion being in South Woodham Ferrers. Some 146 households are shown in the table below as unknown/out-of-area; these households will have been verified and assessed as being in housing need.

Figure 4.8: Households on Housing Register by area		
	Number of households	% of households
Urban	566	62.7%
Rural	153	17.0%
South Woodham Ferrers	37	4.1%
Unknown/out-of-area	146	16.2%
TOTAL	902	100.0%

Source: Chelmsford Council

4.30   As well as looking at the level of need of households on the register, it is important to understand the living circumstances of those households. In particular, this focusses on current tenure, recognising that households already living in affordable housing would release a home for use by another household if they were to move and hence there is no additional need for housing to be provided (although there may be a mismatch between the homes needed and those released, both in terms of size and location). The table below shows around 244 households are currently living in affordable housing leaving 566 within private sector housing or without accommodation (e.g. concealed households). There are a further 6 households for whom tenure data was not available, these have been excluded from further analysis. Where location data was unknown, the modelling includes additional households on a pro-rata basis, depending on the numbers in need in each sub-area (shown as the final row in the table below).

4.31   Given that this report typically looks at needs in the period from 2022 to 2041, the need (566 households) is annualised by dividing by 19 (to give an annual need for around 30 dwellings across all areas). This does not mean that some households would be expected to wait 19-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Figure 4.9: Current tenure of households on Housing Register by sub-area					
	Urban	Rural	South Woodham Ferrers	Unknown/ out-of-area	TOTAL
LA/RP housing	184	73	6	63	326
No housing (e.g. concealed/homeless)	150	37	13	44	244
Private sector	227	42	18	35	322
Unknown	5	1	0	4	10
TOTAL	566	153	37	146	902
In need for modelling	377	79	31	79	566
Including Unknown	438	92	36	-	566

Source: Chelmsford Council

Newly-Forming Households

4.32   The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

4.33   The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

4.34   The number of newly forming households has been estimated through demographic modelling (linked to the main trend-based projection set out in the previous section). This is considered to provide the best view about household formation in Chelmsford.

4.35   In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

4.36   The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.

4.37   The assessment suggests overall that around 45% of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 685 newly forming households will have a need per annum on average across the City Council area – the table below provides a breakdown by sub-area.

Figure 4.10: Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)			
	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Urban	979	42.4%	415
Rural	422	53.6%	226
South Woodham Ferrers	130	33.9%	44
TOTAL	1,530	44.8%	685

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

4.38   The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.

4.39   This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*. Following the analysis through suggests a need arising from 142 existing households each year across the City Council area. The table below breaks this down by sub-area.

Figure 4.11: Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)		
	Total Additional Need	% of Total
Urban	100	70.3%
Rural	31	22.0%
South Woodham Ferrers	11	7.7%
TOTAL	142	100.0%

Source: Derived from a range of sources

Supply of Social/Affordable Rented Housing Through Relets

4.40   The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

4.41 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

4.42 On the basis of past trend data is has been estimated that 234 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need. It should be noted from the table (and confirmed by the Council) that relets have been falling over time and a continuation of this trend would mean a lower level of supply in the future than has been assumed in this assessment (which in turn would increase estimates of the need for additional affordable housing).

Figure 4.12: Analysis of Past Social/Affordable Rented Housing Supply, 2019/20 – 2021/22 (average per annum) – Chelmsford					
	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2019/20	549	83.2%	457	63.0%	288
2020/21	426	71.8%	306	69.5%	213
2021/22	402	77.9%	313	64.2%	201
Average	459	78.1%	359	65.4%	234

Source: CoRe

4.43 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2021 (Census data).

Figure 4.13: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)		
	Annual supply	% of supply
Urban	156	66.4%
Rural	70	30.0%
South Woodham Ferrers	8	3.6%
TOTAL	234	100.0%

Source: CoRe/Census (2021)

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

Net Need for Social/Affordable Housing

4.45   The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 623 dwellings per annum across the City Council area – an affordable need is seen in all sub-areas. The net need is calculated as follows:

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

Figure 4.14: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)						
	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Urban	23	415	100	538	156	382
Rural	5	226	31	262	70	192
South Woodham Ferrers	2	44	11	57	8	48
TOTAL	30	685	142	857	234	623

Source: Derived from a range of sources

4.46   Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the City Council area as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

The Relationship Between Affordable Need and Overall Housing Numbers

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

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

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

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

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

4.51   The analysis estimates an annual need for 623 rented affordable homes, which is notionally 65% of a Local Housing Need of 955 dwellings per annum (as calculated using the Standard Method). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else) – although there can still be a mismatch between homes needed and those available (e.g. by size).

4.52   It is possible to investigate this is some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 463 homes per annum across the City Council area – notionally 48% of the Standard Method. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

4.53   The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 12 per annum (current need) is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic start point to an estimate of housing need using the Standard Method.

Figure 4.15: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Chelmsford		
	Including existing households	Excluding existing households
Current need	30	12
Newly forming households	685	685
Existing households falling into need	142	0
Total Gross Need	857	697
Re-let Supply	234	234
Net Need	623	463

Source: Derived from a range of sources

4.54   Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

4.55   The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

4.56   Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

4.57   It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose <u>needs are not met by the market</u>'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

4.58   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2022, it is estimated that there were around 3,100 benefit claimants in the private rented sector in Chelmsford. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

4.59   The figure below shows the trend in the number of claimants in the City Council area. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 2,000 households).

Figure 4.16: Number of Housing Benefit claimants in the private rented sector – Chelmsford
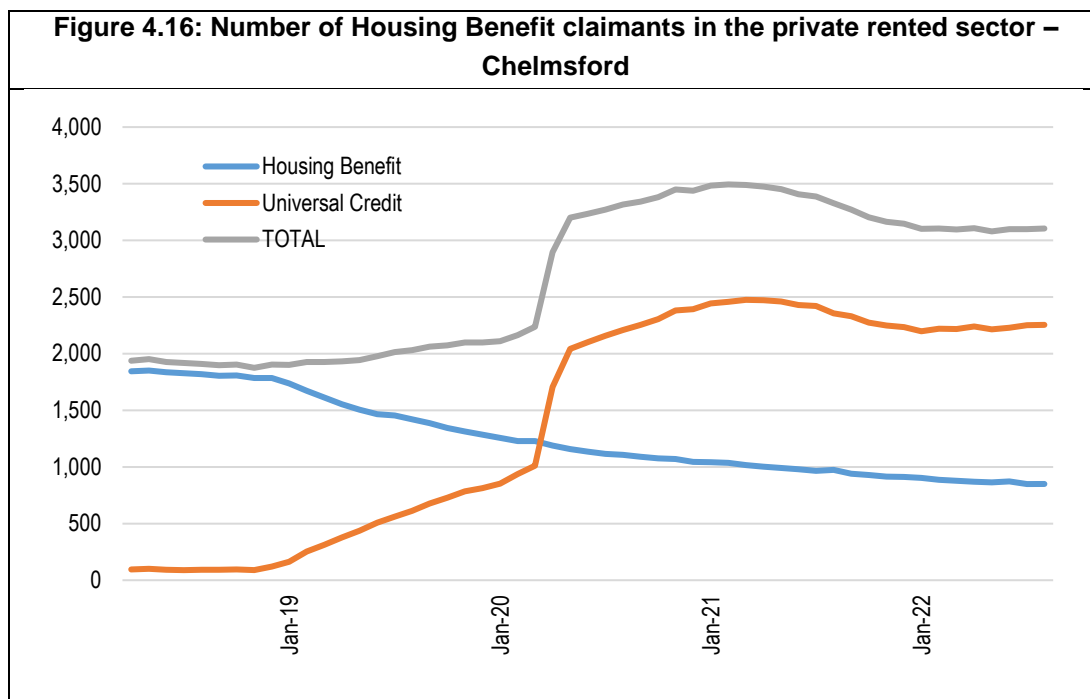
Source: Department of Work and Pensions

4.60   Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

4.61   Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

4.62   Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the City Council area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

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

Split Between Social and Affordable Rented Housing

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

4.65   The table below shows current rent levels in the City Council area for a range of products along with relevant local housing allowance (LHA) rates. The majority of Chelmsford falls into the Chelmsford Broad Rental Market Area (BRMA) for the purposes of LHA, with a small area being part of the South West Essex BRMA.

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

4.67   The LHA rates for all sizes of home are lower than lower quartile market rents and notably below median figures. This does potentially mean that households seeking accommodation in many locations (notably those areas with higher rents) may struggle in some cases to secure sufficient benefits to cover their rent.

Figure 4.17: Comparison of rent levels for different products – Chelmsford					
	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (Chelmsford)
1-bedroom	£396	£560	£750	£850	£648
2-bedrooms	£452	£678	£895	£1,000	£793
3-bedrooms	£509	£813	£1,100	£1,250	£982
4-bedrooms	£611	£912	£1,425	£1,695	£1,291
All	£452	£668	£850	£995	-

Source: RSH, ONS and VOA

4.68   To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in the table below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focusses on 2-bedroom homes (this is the main stock size held by Affordable Housing Providers, 31% of social rented housing and 51% of affordable rents). This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) but that affordable rents (as currently charged) represent 76% of a current lower quartile rent (68% if comparing with a median rent).

jg_c

Figure 4.18: Difference between rent levels for different products – Chelmsford						
	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	71%	53%	47%	75%	66%	88%
2-bedrooms	67%	51%	45%	76%	68%	90%
3-bedrooms	63%	46%	41%	74%	65%	88%
4-bedrooms	67%	43%	36%	64%	54%	84%
All	68%	53%	45%	79%	67%	85%

Source: RSH, ONS and VOA

4.69   For the affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category. The table below suggests that around 29% of households who cannot afford to rent privately could afford an affordable rent, with a further 34% being able to afford a social rent (but not an affordable one). A total of 37% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

4.70   Essentially this table is saying that 29% of households have an income in the gap between affording a private rent and an affordable rent (which is typically around 75% of a market rent); 34% of households have an income which would enable affording a social rent without the need for benefit but not afford an affordable rent. The final 37% have incomes at the very bottom end of the distribution and would need to claim benefit to pay rent even on the cheapest properties (social rented homes).

Figure 4.19: Estimated need for affordable rented housing (% of households able to afford)	
	% of households able to afford
Afford affordable rent	29%
Afford social rent	34%
Need benefit support	37%
All unable to afford market	100%

Source: Affordability analysis

4.71   The finding that only 29% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

4.72   There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

4.73   On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required.

Temporary Accommodation

4.74   In looking at the need for different types of rented affordable housing, it is considered that trends in the number of people in temporary accommodation is also relevant – this is because such households are likely to have very low incomes/be fully benefit dependent and would therefore need a social rented solution were one to be available.

4.75   In Chelmsford, the number of households in temporary accommodation has been rising rapidly, from 69 households in 2012/13 to 360 by December 2022 – a 500% rise over the past decade. Whilst this section does not consider the size mix of affordable housing (see section on housing mix) it is also the case that a large proportion of those in temporary accommodation need larger homes (32% needing a 3+-bedroom home as of December 2022). The table below shows the number in temporary accommodation and the number/proportion needing a larger home.

Figure 4.20: Number of households in temporary accommodation (TA) - Chelmsford				
Year	Nos. in TA	Needing 3-bed	Needing 4-bed+	% needing 3+-bedrooms
2012/13	69	-	-	-
2013/14	117	-	-	-
2014/15	153	-	-	-
2015/16	249	-	-	-
2016/17	343	-	-	-
2017/18	319	-	-	-
2018/19	275	-	-	-
2019/20	270	55	20	28%
2020/21	254	51	31	32%
2021/22	307	61	31	30%
Dec 2022	360	64	50	32%

Source: Chelmsford Council

4.76   As numbers increase, so too does the waiting time and therefore a growing backlog of families in TA. The lack of 4-beds is having an impact on those overcrowded in smaller social homes being unable to transfer and release their homes, hence an ongoing reduction in supply from the existing stock.

jgc

4.77   Another significant change has been the number of single people/1-bed need in temporary accommodation since the pandemic – the number of households needing a 1-bedroom home and being in TA rising from 52 in March 2020, up to 149 by December 2022.

4.78   Most homeless families will be in priority need (and owed a duty to be accommodated) because of children. For single people priority need is not so self-evident and will usually be as result of either fleeing domestic abuse or more likely mental health. Physical disability and other reasons are less common.

4.79   The lack of suitable supported housing means that for a growing number including those with complex needs, temporary accommodation with move-on into conventional social housing with low-level or no support is the most common option. This can lead to cyclical homelessness.

4.80   The most common support needs of those presenting as homeless to Chelmsford in mental health – 404 cases in 2021/22 however the Council has no direct access to accommodation with support although some households may be receiving help from existing services such as NHS and primary care.

4.81   Overall, the data on temporary accommodation clearly points to an increasing problem, and one which suggests a need for social housing where possible, due to lower costs. There are also issues surrounding care needs; whilst this is outside any assessment of the physical need for dwellings, it does still point to a need for social housing for these groups – as they are likely to have very low incomes and be benefit dependent.

4.82   Therefore whilst the initial conclusion above is not to have a rigid split between social and affordable rents, there is a clear need for a (probably significant) proportion of homes to be at social rents.

Establishing a Need for Affordable Home Ownership

4.83   The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.

4.84   The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

4.85   The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

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

4.87   Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 30% already have sufficient income to buy a lower quartile home, with 27% falling in the rent/buy 'gap'. The final 43% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

4.88   The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by sub-area. This shows a similar proportion of households in the rent/buy gap in all areas, although the proportions able to afford to buy OR rent and unable to buy OR rent do vary, with affordability generally looking better in South Woodham Ferrers and worse in Rural locations.

Figure 4.21: Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing			
	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Urban	33%	27%	40%
Rural	22%	27%	51%
South Woodham Ferrers	37%	31%	32%
TOTAL	30%	27%	43%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

4.89   The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests for some households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

4.90   To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2021 Census there were some 11,723 households living in the sector across the City Council area (renting from private landlord or letting agency).

4.91   Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (7,000 households if applied to Chelmsford) and of these some 40% (2,800 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

4.92   As noted above, on the basis of income it is estimated that around 30% of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 771 affordable home ownership units (41 per annum if annualised over a 19-year period).

4.93   In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 482 dwellings (421 from newly forming households and 61 from existing households in the private rented sector).

4.94   Bringing together the above analysis suggests that there is a need for around 523 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the City Council area. This is before any assessment of the potential supply of housing is considered.

Figure 4.22: Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)				
	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Urban	29	268	43	340
Rural	8	112	12	132
South Woodham Ferrers	4	41	6	51
TOTAL	41	421	61	523

Source: Derived from a range of sources

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

4.95   As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

4.96 One source is likely to be resales of low cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2022 of 875 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 22 resales each year. These properties would be available for these households and can be included as the potential supply.

4.97 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Chelmsford there were a total of 2,190 resales (i.e. excluding newly-built homes) in the last year (year to September 2022) and therefore around 548 would be priced below the lower quartile. This is 548 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in approaching of the level of need calculated.

4.98 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyer with a mortgage buy at or below the lower quartile[1]. Other recent data suggests that first time buyers account for around half of home purchase loans[2] with a total of around 65% of all homes being bought with a loan (35% as cash buyers[3]).

4.99 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% × 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

4.100 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (22 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (296 per annum (274+22)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (570 per annum (548+22)).

4.101 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 501 dwellings per annum and this reduces to 227 if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then a surplus of affordable home ownership is shown. Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is.

---

[1] https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf
[2] https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009
[3] https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb

Figure 4.23: Estimated Net Need for Affordable Home Ownership (per annum)			
	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	523	523	523
LCHO supply	22	296	570
Net need	501	227	-47

Source: Derived from a range of sources

4.102 Focussing on the middle of the three scenarios above (50% of lower quartile sales) the table below shows a need for affordable home ownership in all areas, but particularly in urban locations, likely to be linked to concentrations of private rented accommodation in this area.

Figure 4.24: Estimated Need for Affordable Home Ownership by sub-area (per annum)			
	Total Gross Need	Supply	Net need
Urban	340	186	153
Rural	132	80	52
South Woodham Ferrers	51	29	22
TOTAL	523	296	227

Source: Derived from a range of sources

Implications of the Analysis

4.103 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although there is clearly a large range depending on the assumptions made about potential supply.

4.104 Regardless, it does seem that there are many households in Chelmsford who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 29% from 2011 to 2021 (following a much higher increase in the 2001-11 period. Over the same period (2011-21), the number of owners with a mortgage decreased by 4%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

4.105 On this basis, and as previously noted, it seems likely in Chelmsford that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

4.106   The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

4.107   Firstly regarding the 10%, it is not clear that this is the best solution in the City Council area. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. In Chelmsford, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

4.108   Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.

4.109   Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.

4.110   The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

4.111   There may also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

4.112   In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

4.113   The analysis and discussion above suggest there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council may need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).

4.114   The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

4.115   The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

<u>Discounted Market Sales Housing (focussing on First Homes)</u>

4.116   In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:
First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

a) must be discounted by a minimum of 30% against the market value;
b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

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

4.117   In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

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

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Chelmsford is £895 per month;
- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,980 per month to afford (£895/0.3) or £35,800 per annum; and
- With an income of £35,800, it is estimated that a household could afford to buy a home for around £179,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as £35,800*4.5/0.9.

4.119   Therefore, £179,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Chelmsford. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

4.120   On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £240,000, giving a midpoint of £209,500). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

4.121   To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

4.122   The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average 'premium' (of 18%) will be influenced by the profile of homes.

4.123   If the figures for different dwelling types are standardised on the basis of the volume of newbuild sales in different categories then it is estimated that the typical newbuild premium in the City Council area is around 22% (slightly above the overall figure) – this figure has therefore been used in calculations of OMV and against which a discount can be judged.

Figure 4.25: Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to September 2022 – Chelmsford			
	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£172,000	£242,000	41%
Terraced	£280,000	£395,000	41%
Semi-detached	£325,000	£400,000	23%
Detached	£430,000	£476,000	11%
All dwellings	£280,000	£330,000	18%

Source: Land Registry

4.124   The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 30%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £350,000 (rather than the modelled £292,800) then the discount would be up to 49%.

4.125   On the basis of the specific assumptions used, the analysis points to a discount of at least 30% for 2-bedroom homes and a figure potentially in excess of 40% for larger (3+-bedroom) properties. Given there is a cap of £250,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 4+-bedroom homes to be provided as First Homes. Given that a single discount figure is likely to needed for plan making purposes it is suggested that a 30% discount is reasonable, with the expectation that most First Homes will be 2-bedroom – this is however based on the estimated OMV which could well be different on specific schemes (and which would therefore point to a different level of discount as being affordable).

Figure 4.26: Affordable home ownership prices – data for year to September 2022 – Chelmsford			
	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£150,000-£165,000	£219,600	25%-32%
2-bedrooms	£179,000-£209,500	£292,800	28%-39%
3-bedrooms	£220,000-£297,500	£457,500	35%-52%
4+-bedrooms	£285,000-£405,000	£640,500	37%-56%

Source: Derived from a range of sources

4.126   It should also be noted that the analysis above is for the whole of the local authority area; the pricing of housing does vary across the City Council area and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

Key Points in Relation to First Homes

4.127   The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be?*

4.128   Arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. In addition, the analysis does suggest that larger homes could potentially need a higher discount to make them affordable (with 3-bedroom homes needing at least a 45% discount to get below the £250,000 cap).

4.129   However, providing a higher discount may well have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Council could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30%, unless this can be proven to not impact on overall affordable delivery

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

4.130   In Chelmsford the answer to this is certainly, yes. Chelmsford is a high price area and there is really no scope for this price cap to be lowered (it cannot be increased). As can be seen from previous analysis, a 30% price discount on a 2-bedroom home would still lead to an estimated purchase price of around £205,000 (a figure approaching the cap). A 30% discount on a 3-bedroom home is estimated to be likely to exceed the cap (at around £320,000).

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

4.131   Given the conclusions regarding the price cap, and the fact that there is likely to be a link between prices and incomes (in terms of guidance) it seems reasonable that the upper end threshold is maintained. However, the analysis in this report assumes a household could secure a 4.5 times mortgage multiple (and a 10% deposit). Applying these figures to a £250,000 home would actually lead to an income of £50,000, however it is likely that many households with a higher income are currently unable to afford to buy a home and therefore the higher figure is reasonable. Additionally, it is unclear at this stage what size of multiple lenders might offer against a First Home.

jg c

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

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

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

- *Should the Council set local eligibility criteria?*

4.134 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Council can therefore prioritise key workers for First Homes, and are encouraged to do so, especially if they have an identified local need for certain professions.

4.135 To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used. This could be in-line with any criteria within local allocations policy and for example could require potential purchasers to demonstrate that they:

- Live in Chelmsford (for a period of time (possibly 2-years));
- Work over 16 hours a week in Chelmsford, or
- Have a close relative (parent, adult son or daughter or adult sibling) who has lived in Chelmsford for a period of time

4.136 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is <u>for essential local workers</u>'* [emphasis added]. Essential local workers are defined as *'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'*.

Shared Ownership

4.137   Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared
        Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020
        consultation) – this includes a number of proposals, with the main one for the purposes of this
        assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of
        shared ownership over other tenures is that a lower deposit is likely to be required than for full or
        discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered
        Provider and therefore keeps monthly outgoings down.

4.138   For the purposes of the analysis in this report it is considered that for shared ownership to be
        affordable, total outgoings should not exceed that needed to rent privately.

4.139   Because shared ownership is based on buying part of a property, it is the case that the sale will need
        to be at open market value. Where there is a large gap between the typical incomes required to buy
        or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the
        level of renting privately). The analysis below therefore seeks to estimate the typical equity share
        that might be affordable for different sizes of property with any share lower than 10% likely to be
        unavailable. The key assumptions used in the analysis are:

        • OMV at LQ price plus 22% (reflecting likelihood that newbuild homes will have a premium attached
          and that they may well be priced above a LQ level) – it should be noted that this is an assumption for
          modelling purposes and consideration will need to be given to the OMV of any specific product;
        • 10% deposit on the equity share;
        • Rent at 2.75% pa on unsold equity;
        • Repayment mortgage over 25-years at 4% (this is taking a longer-term view and it is recognised
          interest rates in Spring 2023 are typically higher);
        • Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom
          homes); and
        • It is also assumed that shared ownership would be priced for households sitting towards the bottom
          end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than
          the equivalent private rent (lower quartile) cost for that size of property.

4.140   The table below shows that to make shared ownership affordable, equity shares in the region of
        around 27% could work for 1-bedroom homes, with much lower figures for other sizes of
        accommodation (a negative figure is calculated for homes with 4+-bedrooms). It seems likely that it
        will be quite difficult to make shared ownership 'work' for homes with 3+-bedrooms (and indeed
        possibly 2-bedrooms). The Council could consider additional rented homes of these sizes where it is
        difficult to make homes genuinely affordable.

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

Figure 4.27: Estimated Affordable Equity Share by Size – Chelmsford				
	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£219,600	£292,800	£457,500	£640,500
Share	27%	17%	5%	-3%
Equity Bought	£59,700	£50,400	£21,000	-£17,300
Mortgage Needed	£53,800	£45,300	£18,900	-£15,600
Monthly Cost of Mortgage	£284	£239	£100	-£82
Retained Equity	£159,900	£242,400	£436,500	£657,800
Monthly Rent on Retained Equity	£366	£556	£1,000	£1,507
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£750	£895	£1,100	£1,425

Source: Data based on Housing Market Cost Analysis

4.142   In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 27% equity share for a 1-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 27% share, but a total cost in excess of £750 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

4.143   A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

4.144   At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

4.145   In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Comments on Affordable Housing Policy

4.146   Policy DM2 of the adopted Local Plan deals with affordable housing with the main text setting out a target of 35% on larger sites (11 or more units). The policy itself does not set out a tenure split, although supporting text does explain that viability analysis worked on the basis of a 67:33 split between affordable rent housing and shared ownership.

4.147   On the basis of analysis in this report, it is recommended the Council test higher figures than the 35% - this is on the basis of a clear need for affordable housing as part of the general housing mix. A 40% target could be tested and it is also recommended the Council seeks to increase the proportion of rented homes within the mix, and to specifically set out social rented housing as a specific tenure – a 75:25 split between rented and affordable home ownership is considered reasonable in a local context.

4.148   Within the 75 figure for rented accommodation, it is recommended the Council seeks at least half as social rents and with the 25 home ownership proportion a maximum of half as First Homes might be appropriate. It is appreciated that this would provide only half the level desired by Government – but the evidence for Chelmsford is not one pointing to prioritisation of First Homes. Overall the following might be appropriate for viability testing:

- 40% target for affordable housing on sites of 10 or more dwellings;
- 75% of affordable housing (30% of all housing) to be rented affordable homes, with at least half to comprise social rented
- 25% of affordable housing (10% of all housing) to be affordable home ownership with no more than half of these to be First Homes (the remainder likely to be shared ownership)

4.149   This is a recommendation based on the analysis of need and does not take account of viability – it is possible a higher target would be viable; alternatively a lower target (such as the current 35%) could be maintained if this reduces significant site-by-site viability work being required (which will be an additional cost and may not end up delivering additional affordable housing). The Council will therefore need to balance a number of considerations in developing policy for the next Local Plan.

jgc

Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

- When looking at needs from households unable to buy OR rent, the analysis suggests a need for 623 affordable homes per annum across the City Council area – a need is shown in all parts of the Council area.

- Despite the level of need being high in relation to the Standard Method, it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.

- The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes. Increasing in the number of people living in temporary accommodation also points to the need for social rented housing ahead of other tenures.

- When looking at AHO products, the analysis is inconclusive about the scale of the need. Although the evidence does suggest that there are many households in Chelmsford who are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector). It is likely that a key issue in the City Council area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

- The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

- However, given the cost of housing locally, it seems very difficult for affordable home ownership products to be provided and be considered as 'genuinely affordable'. This again points to the need for the Council to prioritise delivery of rented affordable housing where possible.

- In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

Affordable Housing Need: Key Messages (cont…)

- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

5. Housing Mix

Introduction

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

Background Data

5.2 The number of families in Chelmsford (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 22,100 as of the 2021 Census, accounting for 29% of households; this proportion is similar to that seen in other areas. However, within this group a higher proportion of married couple households can be observed and relatively few lone parent and 'other' households.

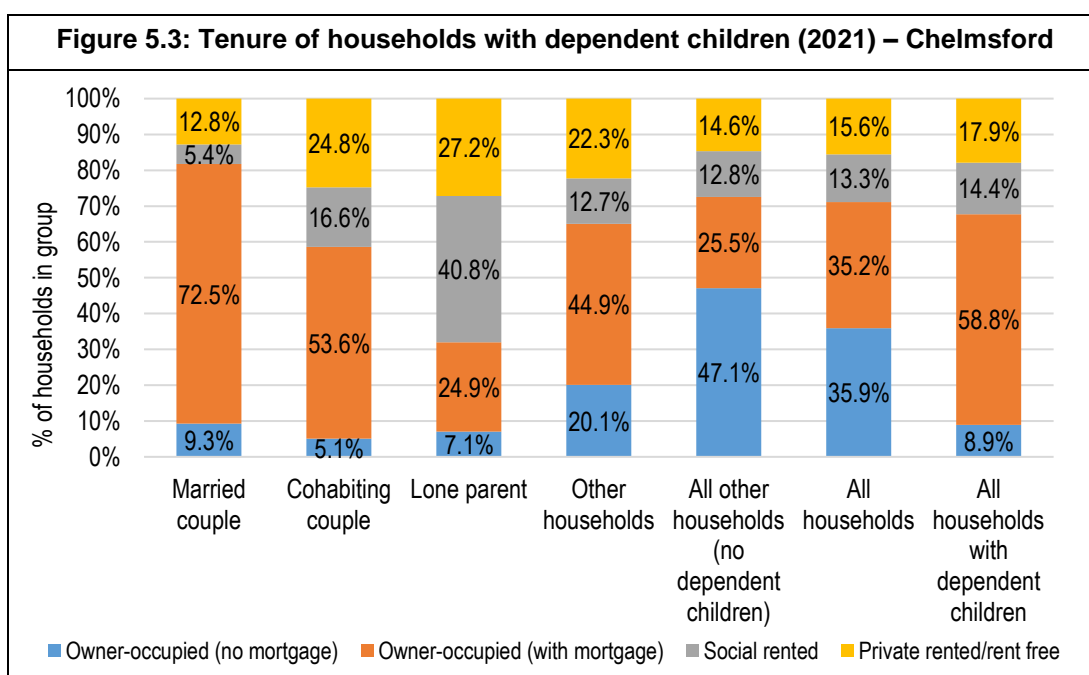| Figure 5.1: Households with dependent children (2021)					
	Chelmsford		Essex	East of England	England
	No.	%	%	%	%
Married couple	13,240	17.6%	15.3%	13.8%	14.4%
Cohabiting couple	3,202	4.2%	5.0%	5.1%	4.5%
Lone parent	4,303	5.7%	6.4%	6.5%	6.9%
Other households	1,366	1.8%	2.2%	2.4%	2.7%
All other households	53,289	70.7%	71.1%	72.2%	71.5%
Total	75,400	100.0%	100.0%	100.0%	100.0%
Total with dependent children	22,111	29.3%	28.9%	27.8%	28.5%

Source: Census (2021)

5.3 The table below shows the same information for each sub-area. The analysis shows broadly similar patterns across areas although Urban areas do have a slightly higher proportion of lone parent households.

jgc

Figure 5.2: Households with dependent children (2021) – sub-areas				
	Urban	Rural	South Woodham Ferrers	TOTAL
Married couple	17.5%	17.5%	18.0%	17.6%
Cohabiting couple	4.3%	4.0%	4.5%	4.2%
Lone parent	6.1%	5.2%	5.1%	5.7%
Other households	1.8%	1.9%	1.7%	1.8%
All other households	70.3%	71.4%	70.7%	70.7%
Total	100.0%	100.0%	100.0%	100.0%
Total with dependent children	29.7%	28.6%	29.3%	29.3%

Source: Census (2021)

5.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Chelmsford, only 32% of lone parent households are owner-occupiers compared with 82% of married couples with children.

Figure 5.3: Tenure of households with dependent children (2021) – Chelmsford

Source: Census (2021)

5.5 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children, including 11% of all lone parents and 30% of 'other' households being overcrowded. Overall, some 6.9% of households with dependent children are overcrowded, compared with 0.9% of other households. Levels of under-occupancy are also notably lower in households with dependent children.

Figure 5.4: Occupancy rating of households with dependent children (2021) – Chelmsford

Source: Census (2021)
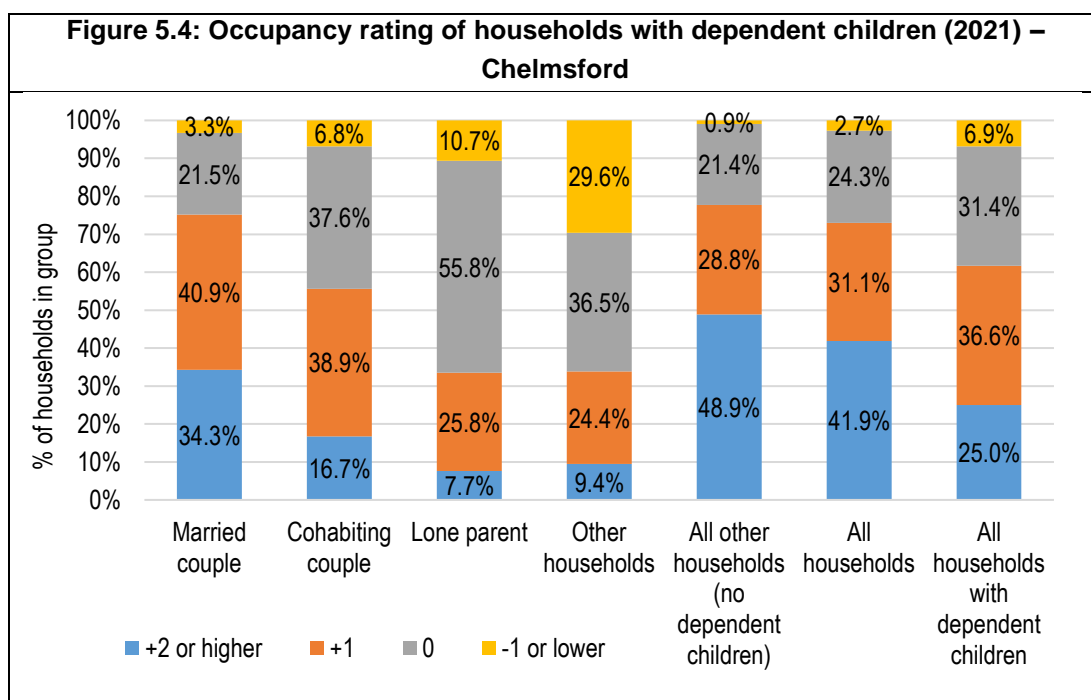
The Mix of Housing

5.6   A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much.

5.7   On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period to 2041 (from 2022).

5.8   An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 79% of the total in this tenure group, a slightly higher proportion to that seen in other locations). The profile of the social rented sector is broadly similar across areas as is the private rented sector. Observations about the current mix feed into conclusions about future mix later in this section.

| Figure 5.5: Number of Bedrooms by Tenure, 2021		Chelmsford	Essex	East of England	England
Owner-occupied	1-bedroom	4%	4%	4%	4%
	2-bedrooms	17%	21%	20%	21%
	3-bedrooms	41%	41%	44%	46%
	4+-bedrooms	38%	33%	32%	29%
	Total	100%	100%	100%	100%
	Ave. no. beds	3.12	3.03	3.05	3.01
Social rented	1-bedroom	36%	32%	29%	29%
	2-bedrooms	32%	34%	35%	36%
	3-bedrooms	29%	30%	32%	31%
	4+-bedrooms	3%	4%	4%	4%
	Total	100%	100%	100%	100%
	Ave. no. beds	1.98	2.07	2.11	2.10
Private rented	1-bedroom	23%	21%	21%	21%
	2-bedrooms	40%	41%	38%	39%
	3-bedrooms	26%	29%	30%	29%
	4+-bedrooms	11%	10%	11%	11%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.24	2.28	2.31	2.30

Source: Census (2021)

Overview of Methodology

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

<u>Understanding How Households Occupy Homes</u>

5.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

5.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

5.12 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

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

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

5.15   The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Chelmsford and the East of England region. In all sectors the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies only modest differences between Chelmsford and the region across all tenures.

Figure 5.6: Average Bedrooms by Age and Tenure in Chelmsford and the East of England

Source: Census (2021)
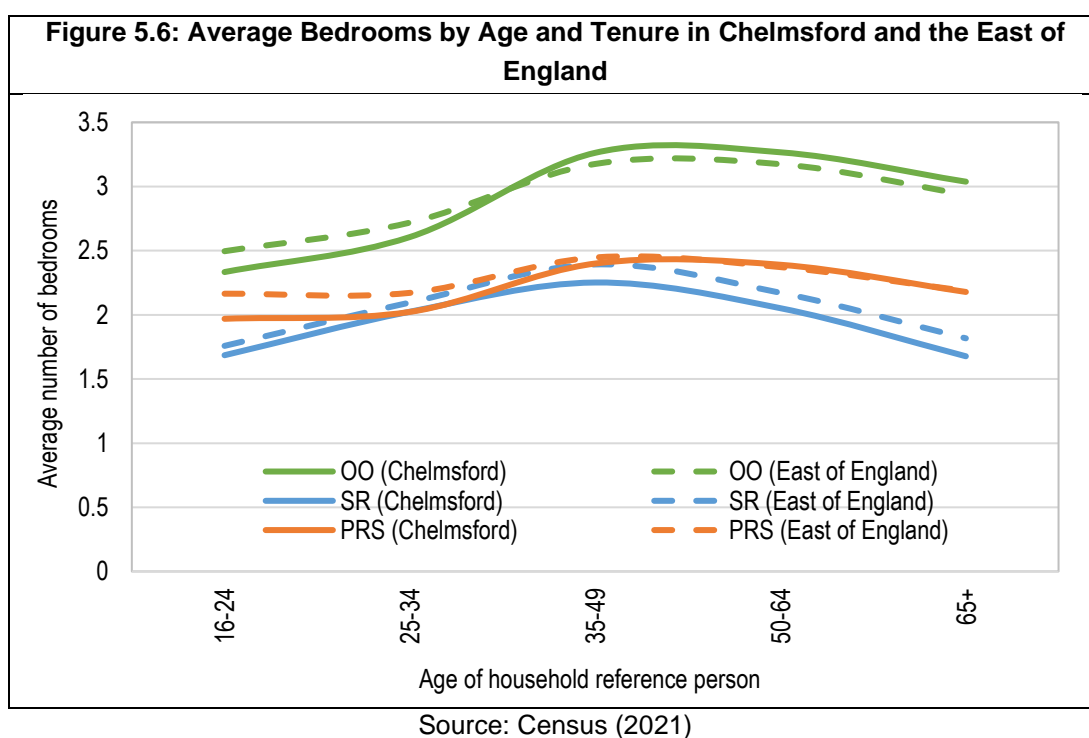
5.16   Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the East of England region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

5.17   The analysis has been used to derive outputs for three broad categories. These are:

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

<u>Changes to Households by Age</u>

5.18   The table below presents the projected change in households by age of household reference person, this shows growth as being expected in many age groups and in particular older age groups. The number of households headed by someone aged 50-64 is projected to see a more modest increase over the period studied.

Figure 5.7: Projected Change in Household by Age of HRP in Chelmsford – linking to Standard Method projection				
	2022	2041	Change in Households	% Change
16-24	1,340	2,051	711	53.1%
25-34	8,931	11,524	2,593	29.0%
35-49	21,045	24,046	3,001	14.3%
50-64	21,900	24,010	2,110	9.6%
65-74	10,159	13,586	3,427	33.7%
75-84	9,017	12,178	3,161	35.1%
85+	3,894	6,507	2,613	67.1%
TOTAL	76,285	93,901	17,616	23.1%

Source: Demographic Projections

Initial Modelled Outputs

5.19   By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

5.20   The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from a spreadsheet provided by the Council in October 2022 and shows a pattern of need which is focussed on 1- and 2-bedroom homes but in excess of a third of households as requiring 3+-bedroom accommodation (including 10% in the 4+-bedroom category).

Figure 5.8: Size of Social/Affordable Rented Housing – Housing Register Information		
	Number of households	% of households
1-bedroom	339	38%
2-bedrooms	241	27%
3-bedrooms	234	26%
4+-bedrooms	88	10%
TOTAL	902	100%

Source: Chelmsford Council

5.21   The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Figure 5.9: Modelled Mix of Housing by Size and Tenure in Chelmsford (linked to local occupancy patterns)				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	19%	43%	34%
Affordable home ownership	25%	40%	24%	10%
Affordable housing (rented)	38%	32%	27%	3%

Source: Housing Market Model

Figure 5.10: Modelled Mix of Housing by Size and Tenure in Chelmsford (linked to regional occupancy patterns)				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	23%	45%	29%
Affordable home ownership	22%	39%	29%	10%
Affordable housing (rented)	31%	35%	31%	4%

Source: Housing Market Model

Figure 5.11: Modelled Mix of Housing by Size and Tenure in Chelmsford (combining methodologies)				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	21%	44%	31%
Affordable home ownership	24%	40%	26%	10%
Affordable housing (rented)	35%	33%	29%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

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

jgc

5.23   Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2021) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

5.24   The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 46,500 households with some degree of under-occupation and just 550 overcrowded households.

Figure 5.12: Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Chelmsford					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	12,799	16,386	29,185
+1	0	7,267	6,785	3,242	17,294
0	2,269	1,539	2,376	419	6,603
-1	89	159	214	86	548
TOTAL	2,358	8,965	22,174	20,133	53,630

Source: Census (2021)

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

Figure 5.13: Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Chelmsford					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	707	127	834
+1	0	1,126	804	74	2,004
0	3,454	1,747	1,100	75	6,376
-1	169	352	258	22	801
TOTAL	3,623	3,225	2,869	298	10,015

Source: Census (2021)

Figure 5.14: Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Chelmsford					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	886	695	1,581
+1	0	2,518	1,262	368	4,148
0	2,494	1,884	849	140	5,367
-1	236	271	115	38	660
TOTAL	2,730	4,673	3,112	1,241	11,756

Source: Census (2021)

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

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

Figure 5.15: Adjusted Modelled Mix of Housing by Size and Tenure – Chelmsford				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	33%	38%	20%
Affordable home ownership	25%	42%	24%	8%
Affordable housing (rented)	35%	34%	25%	5%

Source: Housing Market Model (with adjustments)

5.28   Across the study area, the analysis points to just over a third of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.

5.29   This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

jg c

Figure 5.16: Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Chelmsford				
Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	28%	37%	28%	7%
65 and over	54%	26%	20%	
All affordable housing (rented)	35%	34%	25%	5%

Source: Housing Market Model (with adjustments)

5.30   A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 623 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.

5.31   This analysis is quite clear in showing the very low supply of larger homes relative to the need. For 4+-bedroom accommodation, it is estimated the supply is only around 6% of the need arising each year, whereas for 1-bedroom homes around 38% of the need can be met.

Figure 5.17: Need for rented affordable housing by number of bedrooms					
	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	280	105	175	28.0%	37.6%
2-bedrooms	323	92	230	37.0%	28.6%
3-bedrooms	211	34	177	28.5%	16.0%
4+-bedrooms	43	3	41	6.5%	6.3%
Total	857	234	623	100.0%	27.3%

Source: Derived from a range of sources

Indicative Targets for Different Sizes of Property by Tenure

5.32   The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family) – the analysis also reflects the availability of stock of different dwelling sizes.

<u>Social/Affordable Rented Housing</u>

5.33   Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children and also have a lower turnover). That said, there will be a need for 1-bedroom social housing arising due to homelessness which the Council will give a reasonable priority (typically such homeless households are more likely to be younger single people).

5.34   As noted, the conclusions also consider the Housing Register (and also take account of the current profile of housing in this sector). In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate – separated into general needs and housing for older people:

General Needs

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

Housing for Older People

- 1-bedroom: 55%
- 2+-bedroom: 45%

<u>Affordable Home Ownership</u>

5.35   In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate (although it is recognised that analysis did not definitively show a need for this tenure of housing):

- 1-bedroom: 25%
- 2-bedroom: 45%
- 3-bedroom: 25%
- 4+-bedroom: 5%

<u>Market Housing</u>

5.36   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a larger recommended profile compared with other tenure groups – figures for market housing have been set out as a range as this is likely to allow a more flexible approach in policy terms and will make it more practical for the Council to monitor delivery.

- 1-bedroom: 5-10%
- 2-bedroom: 30-35%
- 3-bedroom: 35-40%
- 4+-bedroom: 20-25%

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

5.38   The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Built-form

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

Bungalows

5.40   The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the City Council area as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

5.41   The table below shows a notable proportion of homes in Chelmsford are bungalows (9% of all flats and houses) with about half of these having 2-bedrooms, and a further 27% 3-bedrooms); a similar proportion (9%) of homes across England are bungalows.

Figure 5.22: Number of dwellings by property type and number of bedrooms (March 2020) – Chelmsford						
	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	1,070	3,230	1,800	500	10	6,610
Flat/Maisonette	6,930	8,020	470	80	30	15,530
Terraced house	760	3,890	10,450	1,490	-	16,590
Semi-detached house	50	2,240	13,670	2,610	-	18,580
Detached house	30	550	5,720	12,400	30	18,730
All flats/houses	8,840	17,930	32,110	17,080	70	76,040
Annexe	-	-	-	-	-	200
Other	-	-	-	-	-	750
Unknown	-	-	-	-	-	240
All properties	-	-	-	-	-	77,230

Source: Valuation Office Agency

5.42   In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

5.43   Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

5.44   As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

5.45   There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

5.46   Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive.

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

Flats versus Houses

5.48   Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 82% of all 1-bedroom homes are flats, 38% of 2-bedroom homes and just 5% of homes with 3-bedrooms.

5.49   The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Chelmsford, the region and England. This shows a relatively high proportion of flats in Chelmsford (45% of all 2-bedroom homes) although this would arguably point to the majority of 2-bedroom homes in the future being houses. The analysis does also show a higher proportion of flats in the social and private rented sectors (over half of 2-bedroom homes in these sectors are flats).

Figure 5.23: Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)			
	Chelmsford	East of England	England
Owner-occupied	32%	20%	25%
Social rented	54%	42%	48%
Private rented	65%	47%	52%
All (2-bedroom)	45%	32%	38%

Source: 2021 Census

5.50   For completeness, the table below shows the proportion of flats in Chelmsford for all sizes of accommodation and different tenures. Of particular note is the very small proportion of 3+-bedroom homes as flats.

Figure 5.24: Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size) – Chelmsford				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	69%	32%	1%	0%
Social rented	75%	54%	3%	17%
Private rented	82%	65%	8%	5%
All	76%	45%	2%	1%

Source: 2021 Census

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

Housing Mix: Key Messages

- Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Chelmsford is fairly average with around 29% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Chelmsford is notable in the market sector).

- In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 40% of general needs housing to have at least 3-bedrooms. Our recommended mix is set out below:

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	5-10%	25%	25%	55%
2-bedrooms	30-35%	45%	35%	45%
3-bedrooms	35-40%	25%	30%	
4+-bedrooms	20-25%	5%	10%	

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

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

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

- Given the nature of the area and the needs identified, the analysis suggests that units would comprise a mix of both houses and flats although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development). There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation may be unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

jgc

6.   Older and Disabled People

Introduction

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

Understanding the Implications of Demographic Change

6.2   The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Chelmsford are presented.

Current Population of Older People

6.3   The table below provides baseline population data about older persons in Chelmsford and compares this with other areas. The population data has been taken from 2021 mid-year population estimates (as updated to take account of Census data). The table shows that Chelmsford has a similar age structure to other areas with 19% of the population being aged 65 and over, this compares with 20% regionally and 19% nationally.

Figure 6.1: Older Persons Population, 2021				
	Chelmsford	Essex	East of England	England
Under 65	80.6%	79.3%	80.3%	81.5%
65-74	10.1%	10.8%	10.3%	9.8%
75-84	6.6%	7.1%	6.7%	6.2%
85+	2.7%	2.8%	2.7%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	19.4%	20.7%	19.7%	18.5%
Total 75+	9.3%	9.9%	9.4%	8.7%

Source: ONS

6.4   The table below shows similar information for sub-areas – in this case taken from the 2021 Census. This shows some variation in the proportion of people aged 65 and over, ranging from 17% in the Urban area, up to 24% of the population in Rural locations.

Figure 6.2: Older Persons Population, 2021 – sub-areas				
	Urban	Rural	South Woodham Ferrers	TOTAL
Under 65	83.0%	76.4%	79.8%	80.6%
65-74	8.8%	12.0%	12.6%	10.2%
75-84	5.7%	8.4%	5.6%	6.6%
85+	2.5%	3.2%	2.0%	2.7%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	17.0%	23.6%	20.2%	19.4%
Total 75+	8.2%	11.6%	7.7%	9.2%

Source: 2021 Census

Projected Future Change in the Population of Older People

6.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Chelmsford is projected to see a notable increase in the older person population. The Standard Method projection shows a projected increase in the population aged 65+ of around 35% - the population aged Under 65 is in contrast projected to increase by a more modest 15%.

6.6 In total population terms, the projections show an increase in the population aged 65 and over of 12,500 people. This is against a backdrop of an overall increase of 34,700 – population growth of people aged 65 and over therefore accounts for 36% of the total projected population change.

| Figure 6.3: Projected Change in Population of Older Persons, 2022 to 2041 – Chelmsford (Standard Method projection)				
	2022	2041	Change in population	% change
Under 65	147,888	170,094	22,206	15.0%
65-74	17,754	22,148	4,394	24.7%
75-84	12,936	17,446	4,510	34.9%
85+	5,101	8,678	3,578	70.1%
Total	183,678	218,366	34,688	18.9%
Total 65+	35,790	48,272	12,481	34.9%
Total 75+	18,036	26,124	8,088	44.8%

Source: Demographic projections

Characteristics of Older Person Households

6.7   The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (84% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 12% of older persons households across the City Council area live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 4%).

6.8   There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 6.4: Tenure of Older Persons Households in Chelmsford, 2021
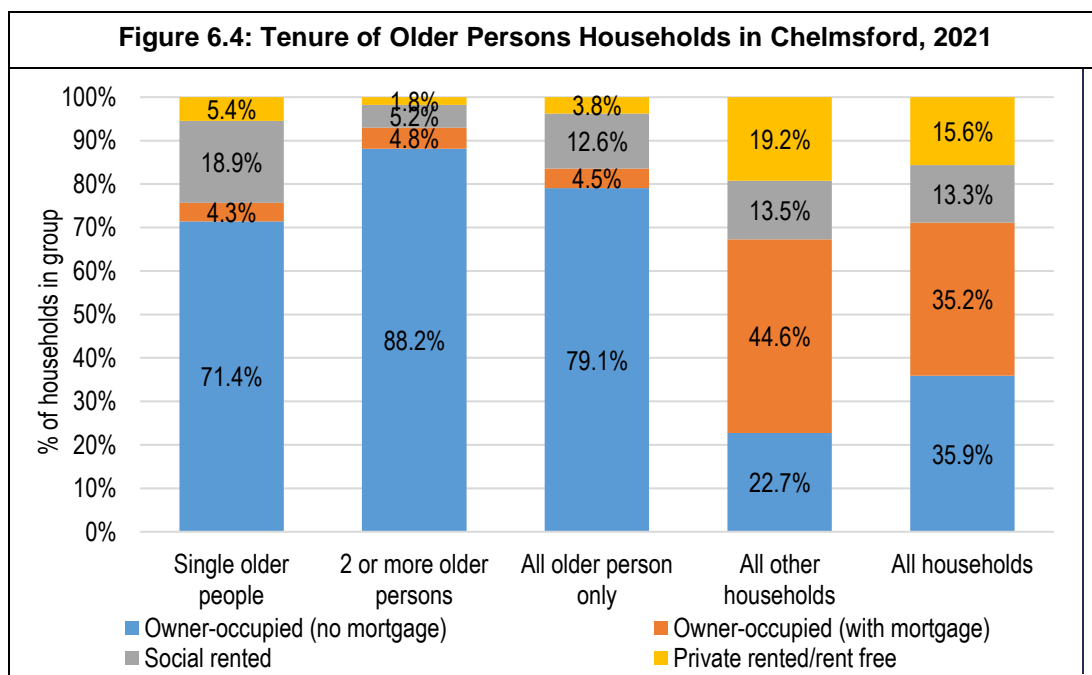
Source: 2021 Census

6.9   The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies slightly across the City Council area although all areas see the majority of older person households as owner-occupiers (largely mortgage free).

Figure 6.5: Tenure of Older Persons Households in Chelmsford, 2021 – sub-areas
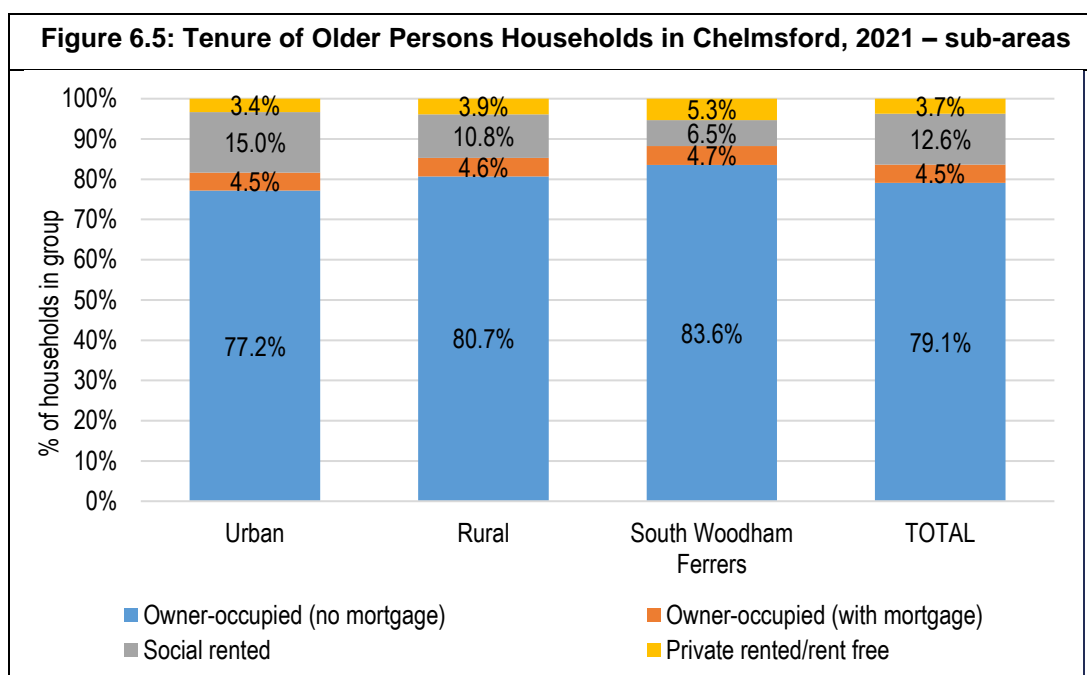
Source: 2021 Census

Prevalence of Disabilities

6.10   The table below shows the proportion of people who are disabled under the Equality Act drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 27% of households in Chelmsford contain someone with a disability. This figure is below that seen across Essex, the East of England and nationally. The figures for the population with a disability show a similar pattern when compared with other locations – some 14% of the population having a disability.

| Figure 6.6: Households and People with a Disability, 2021				
	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Chelmsford	20,630	27.4%	26,188	14.4%
Essex	194,096	31.0%	250,552	16.7%
East of England	811,942	30.9%	1,053,832	16.6%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

6.11   The analysis also shows some differences between different parts of the City Council area although there are no clear patterns – all areas see a proportion of population and households with a disability as being below both the regional and national average.

Figure 6.7: Households and People with a Long-Term Health Problem or Disability, 2021 – sub-areas – Chelmsford				
	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Urban	12,140	26.9%	15,424	14.4%
Rural	6,820	28.7%	8,670	14.9%
South Woodham Ferrers	1,682	25.5%	2,097	13.1%
TOTAL	20,642	27.4%	26,191	14.4%

Source: 2021 Census

6.12   As noted, it is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD (data from the 2021 Census). It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows lower levels of LTHPD in each age band within Chelmsford when compared with the national and regional position.

Figure 6.8: Population with Long-Term Health Problem or Disability by Age
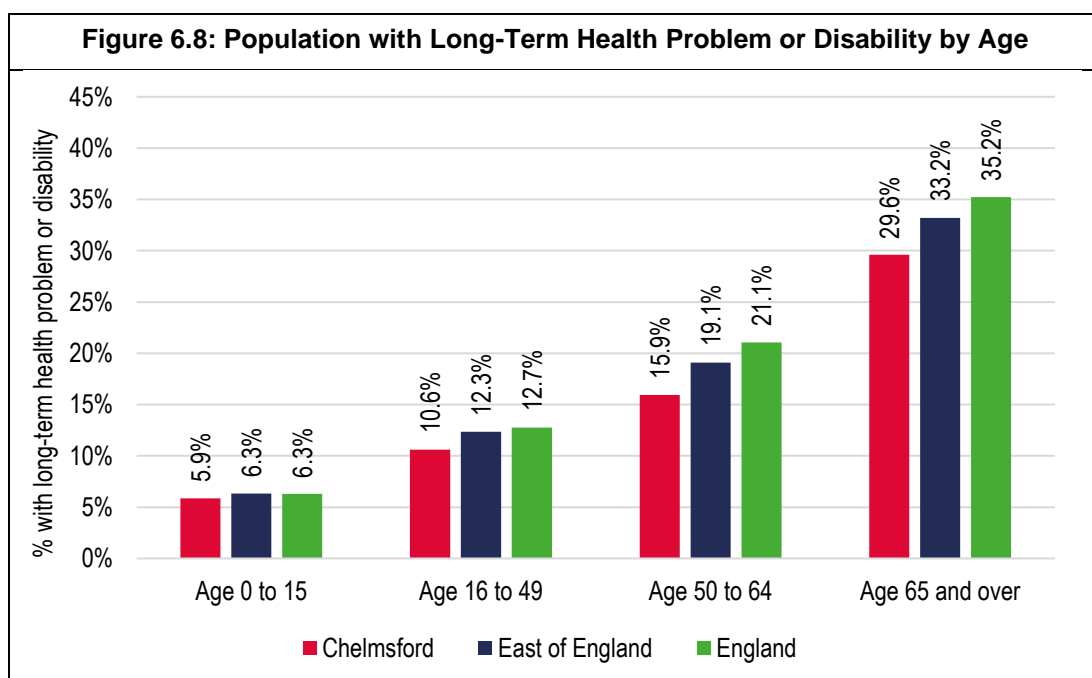
Source: 2021 Census

Health Related Population Projections

6.13   The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

6.14   The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.

6.15   Of particular note are the large increases in the number of older people with dementia (increasing by 52% from 2022 to 2041 and mobility problems (up 44% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 7% of total projected population growth.

Figure 6.9: Projected Changes to Population with a Range of Disabilities – Chelmsford (linked to Standard Method projection)					
Disability	Age Range	2022	2041	Change	% Change
Dementia	65+	2,156	3,283	1,127	52.3%
Mobility problems	65+	5,631	8,116	2,485	44.1%
Autistic Spectrum Disorders	18-64	869	1,006	138	15.9%
	65+	281	383	103	36.6%
Learning Disabilities	15-64	2,276	2,627	351	15.4%
	65+	625	838	213	34.1%
Impaired mobility	16-64	4,905	5,527	621	12.7%

Source: POPPI/PANSI and Demographic Projections

6.16   Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

6.17   The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

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

Definitions of Different Types of Older Persons' Accommodation

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

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

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

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

Source: Planning Practice Guidance [63-010]

6.19   The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

6.20   There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

6.21   Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)'*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

jg c

6.22   The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

6.23   Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

6.24   For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Figure 6.10: Range of suggested baseline prevalence rates from a number of tools and publications			
Type/Rate	SHOP@ (2008)[4]	Housing in Later Life (2012)[5]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

---

[4] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.
[5] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

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

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

6.26   JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

6.27   We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

6.28   Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 75 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Chelmsford, the data shows better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 13%) – these figures are based on comparing the proportion of people aged 75 and over with a LTHPD in Chelmsford (38.2%) with the equivalent figure for England (43.9%).

6.29   A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Chelmsford is the 260th most deprived local authority in England (out of 317) – i.e. a lower than average level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care).

6.30 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation). The table includes estimates of the current supply of different types of accommodation, this information draws on data from the Elderly Accommodation Counsel (EAC) supplemented by data from the Council.

6.31 Overall, the analysis suggests that there will be a need for housing with support in the market sector and housing with care (about 70% for market housing). The analysis also suggests a need for some additional residential and nursing care bedspaces.

Figure 6.11: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-41 – Chelmsford (linked to Standard Method projection)							
		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2041	Shortfall /surplus by 2041
Housing with support	Market	63	828	1,133	305	508	814
	Affordable	46	1,237	826	-411	370	-41
Total (housing with support)		109	2,196	1,959	-106	878	772
Housing with care	Market	28	189	499	310	224	533
	Affordable	11	85	207	122	93	214
Total (housing with care)		39	143	705	431	316	747
Residential care bedspaces		35	439	627	188	281	469
Nursing care bedspaces		39	604	705	101	316	417
Total bedspaces		74	1,009	1,332	289	597	886

Source: Derived from Demographic Projections and Housing LIN/EAC

6.32 It can be seen by 2041 there is an estimated need for 1,520 additional dwellings with support or care across the whole City Council area. In addition, there is a need for 886 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 492 dwellings. In total, the older persons analysis therefore points towards a need for around 2,012 units over the 2022-41 period (106 per annum). Much of this is due to the suggestion there is a current 'backlog' of need and if looking at just the projection, a lower need is shown – 1,526 dwellings (80 per annum).

6.33 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

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

Wheelchair User Housing

6.35   The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

6.36   The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Figure 6.12: Proportion of wheelchair user households by age of household reference person – England					
Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

6.37   The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population). The data estimates a total of 1,928 wheelchair user households in 2022, and that this will rise to 2,503 by 2041.

Figure 6.13: Estimated number of wheelchair user households (2022-41) – Chelmsford					
Age of HRP	Prevalence rate (% of households)	Households 2022	Households 2041	Wheelchair user households (2022)	Wheelchair user households (2041)
24 and under	0.7%	1,340	2,051	9	14
25-34	0.6%	8,931	11,524	49	64
35-49	1.2%	21,045	24,046	246	281
50-64	1.9%	21,900	24,010	418	458
65 and over	5.2%	23,070	32,271	1,205	1,685
All households	-	76,285	93,901	1,928	2,503

Source: Derived from a range of sources

6.38   The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households.

6.39   Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 1,057 additional wheelchair user homes in the 2022-41 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) leads to a need estimate of 626 homes. These figures equate to a need for 33-57 dwellings per annum. If the estimate of current need is excluded (so as to just look at future changes) the need drops to just 8-30 dwellings per annum.

Figure 6.14: Estimated need for wheelchair user homes, 2022-41			
	Current need	Projected need (2022-41)	Total current and future need
Total	482	575	1,057
@ 25% of projected	482	144	626

Source: Derived from a range of sources

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

Figure 6.15: Proportion of wheelchair user households by tenure of household reference person – England					
	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

6.41   To meet the identified need, the Council could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

6.42   As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

6.43   It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds[6].

6.44   The key outcome is: *'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'*. This change is due to shortly be implemented though a change to building regulations.

6.45   The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating *'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'*.

6.46   It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

---

[6] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

jgc

6.47   A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Older and Disabled People: Key Messages

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

- The data shows that Chelmsford has a similar age structure to other areas in terms of the proportion of older people. The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (79% of all older person households are outright owners).

- The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-41 period include:

  ➢ a 35% increase in the population aged 65+ (potentially accounting for 36% of total population growth);
  ➢ a 52% increase in the number of people aged 65+ with dementia and a 44% increase in those aged 65+ with mobility problems;
  ➢ a need for around 770 housing units with support (sheltered/retirement housing) – all within the market sector;
  ➢ a need for around 750 additional housing units with care (e.g. extra-care) – the majority (around 70%) in the market sector;
  ➢ a need for additional residential and nursing care bedspaces (around 890 in the period); and
  ➢ a need for up to 1,060 dwellings to be for wheelchair users (meeting technical standard M4(3)).

- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector).

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

7. Private Rented Sector

Introduction

7.1   Planning Practice Guidance on housing needs of different groups highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed, although there is little advice on the analysis expected and the outputs. Specifically, the PPG says: *'tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing'* and *'the level of changes in rents may reflect the demand in the area for private rented sector housing'*.

7.2   This section therefore looks at a range of statistics in relation to the PRS in Chelmsford. Where reasonable, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to understand the role played by the sector, and to consider if there is any need to provide additional housing in this tenure.

7.3   The section also includes a discussion of Build-to-Rent (BtR) housing which is another component of the PRS market. As the name suggests this is purpose built accommodation that is designed for rent and is a tenure now specifically included in the NPPF (along with a related PPG[7]). Currently there are no BtR schemes in Chelmsford but there has been developer interest in this tenure over the past year or so.

Size of the Private Rented Sector

7.4   The table below shows the tenure split of housing in 2021 in Chelmsford and a range of other areas. This shows a total of 11,700 households living in private rented housing in the City Council area – 15.5% of all households. This proportion is similar to the County average, and below regional and national equivalent figures. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although around 1,245 (1.7% of all households) are recorded as living in 'other' PRS accommodation, this is likely to be mainly households living in housing owned by a relative or friend.

Figure 7.1: Tenure (2021)				
	Chelmsford	Essex	East of England	England
Owns outright	27,057	227,592	910,112	7,624,693
Owns with mortgage/loan	26,570	210,037	830,690	6,980,323
Social rented	10,017	88,529	407,152	4,005,663
Private rented	11,724	99,764	478,574	4,794,889
Living rent free	33	548	2,254	30,517
Total	75,401	626,470	2,628,782	23,436,085
% private rented	15.5%	15.9%	18.2%	20.5%

Source: Census (2021)

---

[7] https://www.gov.uk/guidance/build-to-rent

7.5   As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows (for the whole of the City Council area) data from the 2011 and 2021 Census. From this it is clear that there has been significant growth in the number of households living in privately rented accommodation as well as an increase in outright owners (this will be due to mortgages being paid off, which may have been assisted by a period of low interest rates). There has been a decline in the number of owners with a mortgage and an increase in the number of households in social rented accommodation. The apparent large drop in people 'living rent free' is likely to largely be due to an improvement in the Census where previously it was likely that some households who were receiving full housing benefit recorded themselves as being rent free.

Figure 7.2: Change in tenure (2011-21) – Chelmsford				
	2011 households	2021 households	Change	% change
Owns outright	23,696	27,057	3,361	14.2%
Owns with mortgage/loan	27,732	26,570	-1,162	-4.2%
Social rented	9,120	10,017	897	9.8%
Private rented	8,349	11,724	3,375	40.4%
Other	770	33	-737	-95.7%
Total	69,667	75,401	5,734	8.2%

Source: 2011 and 2021 Census

7.6   The general pattern of tenure changes in Chelmsford is broadly similar to that seen in other areas – i.e. an increase in the PRS and outright owners and a reduction in owners with a mortgage. However, the proportionate increase in the number of households in the PRS is more notable in the City Council area than other locations; nationally, over the 10-year period the PRS grew by 29%, but by 40% in Chelmsford.

Figure 7.3: Change in tenure (2011-21)				
	Chelmsford	Essex	East of England	England
Owns outright	14.2%	12.9%	14.2%	13.0%
Owns with mortgage/loan	-4.2%	-3.0%	-3.3%	-5.7%
Social rented	9.8%	6.1%	7.1%	2.6%
Private rented	40.4%	35.4%	34.3%	29.0%
Other	-95.7%	-91.4%	-92.7%	-89.7%
TOTAL	8.2%	7.7%	8.5%	6.2%

Source: 2011 and 2021 Census

7.7   The data above shows information for all households and it is of interest to study this information by age with the table below showing the strongest change to have been in the 35-49 age group (increasing by 1,350 households) – in proportionate terms the number of households aged 50-64 has increased by 82%. The growth in younger households has by comparison been quite modest. It should be noted that the total change shown in this table is lower than shown in tables above, this is due to the private rented data also including households living 'rent free'.

Figure 7.4: Change in age of households in private rented sector (2011-21) – Chelmsford				
	2011	2021	Change	% change
Under 25	853	680	-173	-20.3%
25-34	3,142	3,498	356	11.3%
35-49	3,061	4,414	1,353	44.2%
50-64	1,241	2,254	1,013	81.6%
65+	822	909	87	10.6%
TOTAL	9,119	11,755	2,636	28.9%

Source: 2011 and 2021 Census

Profile of Private Renters

7.8   This section presents a profile of people/households living in the private rented sector. Whenever possible comparisons are made with those living in other tenures.

Age

7.9   Private renters are younger than social renters and owner occupiers. In 2021, the average age of household reference persons (HRPs) in the private rented sector was 43 years (compared with 57 years for owner occupiers and 53 for social renters). Nearly three-quarters (73%) of private rented sector HRPs were aged under 50 compared with 44% of social renters and 34% of owner occupiers.

Figure 7.5: Age of household reference person by tenure (2021) – Chelmsford
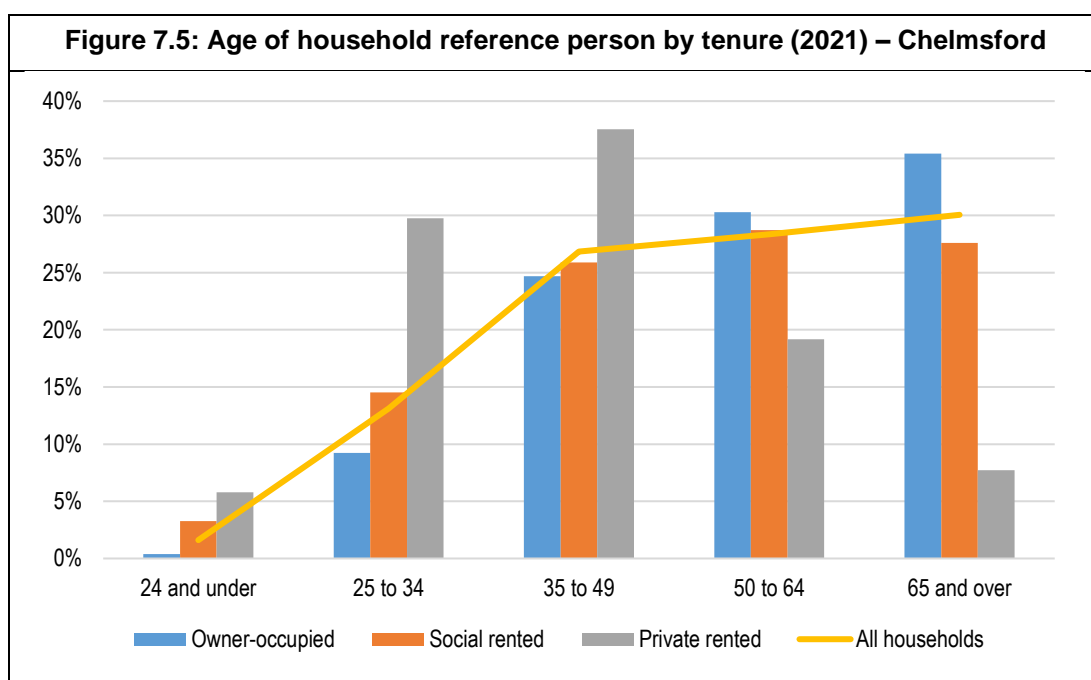
Source: Census (2021)

7.10   The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a particularly high proportion of households with dependent children, making up 34% of the PRS and younger single person households (26% of the sector). The sector also sees a relatively high proportion of households in the 'other' category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).

7.11   Between 2011 and 2021, Census data shows that the number of households with dependent children in the PRS rose from 2,732 to 3,964 – a 45% increase. The proportion of the PRS made up of households with dependent children has increased from 30% to 34% over the same period. The EHS also shows a similar pattern nationally.

Figure 7.6: Household composition by tenure (2011) – Chelmsford				
	Owner-occupied	Social rented	Private rented	Total
Single person aged 66+	13.5%	18.0%	4.4%	12.7%
Single person aged <66	11.3%	24.2%	26.1%	15.4%
Couple aged 66+	14.0%	4.2%	1.2%	10.7%
Couple, no children	18.6%	7.0%	20.6%	17.4%
Couple, dependent children	23.7%	12.5%	21.2%	21.8%
Couple, all children non-dependent	8.4%	4.7%	2.4%	7.0%
Lone parent, dependent children	2.6%	17.5%	10.0%	5.7%
Lone parent, all children non-dependent	3.5%	7.1%	2.9%	3.9%
Other households with dependent children	1.7%	1.7%	2.6%	1.8%
Other households	2.7%	2.9%	8.6%	3.7%
Total	100.0%	100.0%	100.0%	100.0%
Total households	53,629	10,014	11,758	75,401
Total dependent children	27.9%	31.7%	33.7%	29.3%

Source: Census (2021)

Size of accommodation

7.12   The table below shows the size of accommodation in the PRS compared with other sectors. From this it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 66% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (79% of the total in this tenure) whilst social renting has the highest proportion of 1-bedroom homes (36%).

Figure 7.7: Accommodation size by tenure (households) – Chelmsford				
	Owner-occupied	Social rented	Private rented	Total
1-bedroom	4.4%	36.2%	23.2%	11.6%
2-bedrooms	16.7%	32.2%	39.7%	22.4%
3-bedrooms	41.3%	28.6%	26.5%	37.3%
4+-bedrooms	37.5%	3.0%	10.6%	28.7%
Total	100.0%	100.0%	100.0%	100.0%
	53,627	10,018	11,755	75,400

Source: Census (2021)

Overcrowding and under-occupation

7.13   The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2021 Census. The analysis shows that levels of overcrowding in the PRS are higher than for households generally, with 5.6% of households being overcrowded in 2011 (lower than the 8% figure in social rented accommodation, but notably above the owner-occupied figure of 1%). Levels of under-occupation are slightly higher than in the social rented sector, with around 49% of households having at least one spare bedroom (87% in the owner-occupied sector).

Figure 7.8: Overcrowding and under-occupation by tenure (households) – Chelmsford				
	Owner-occupied	Social rented	Private rented	Total
+2 or more	54.4%	8.3%	13.4%	41.9%
+1	32.2%	20.0%	35.3%	31.1%
0	12.3%	63.6%	45.6%	24.3%
-1 or fewer	1.0%	8.0%	5.6%	2.7%
Total	100.0%	100.0%	100.0%	100.0%
	53,628	10,019	11,757	75,404

Source: Census (2021)

Economic activity

7.14   Data from the 2021 Census shows that 84% of private renters in Chelmsford were working, this is higher than the proportion of owner occupiers (65%) and somewhat higher than the proportion of social renters in work (5%). Smaller proportions of private renters were retired (6%) compared with nearly a third (32%) of owner-occupiers and around a quarter (24%) of social rented sector tenants.

jg c

Figure 7.9: Economic activity – household reference person – Chelmsford				
	Owner-occupied	Social rented	Private rented	Total
In employment	65.1%	44.5%	83.6%	65.3%
Unemployed	0.7%	4.3%	2.9%	1.5%
Retired	32.1%	24.0%	5.7%	26.9%
Looking after home or family	0.6%	7.8%	2.3%	1.8%
Long-term sick or disabled	0.6%	13.5%	2.0%	2.5%
Other	0.9%	5.8%	3.5%	2.0%
Total	100.0%	100.0%	100.0%	100.0%
	53,624	10,017	11,755	75,396

Source: Census (2021)

Quality of accommodation

7.15   There is no specific secondary data source about the quality of private rented accommodation in Chelmsford. However, at a national level (from the English Housing Survey (EHS)) it is clear that the private rented sector is typically of lower quality but with higher rents (and rents that are not regulated in the same way as for social housing).

7.16   As of 2021, the EHS recorded 22.9% of PRS homes as being 'non-decent', this was more than double the rate for social rented homes (9.6%); energy efficiency was also found to be somewhat lower in the PRS. The EHS also shows that private renters reported higher rental costs than social renters, spending on average (median) £173 per week in rent compared with £97 for social renters.

Housing Costs

7.17   The analysis of affordable housing need describes the current cost of housing in the PRS in Chelmsford. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) and ONS using a time series back to 2012 – the data provided in this section looks at the year to the end of September (for any given year). The figure below shows a time-series of average (median) rents from 2012 to 2022; this shows across the City Council area that there has been an increase in rent levels, with rents being consistently above those seen in other areas.

Figure 7.10: Average (median) private sector rent (per month) 2012-22
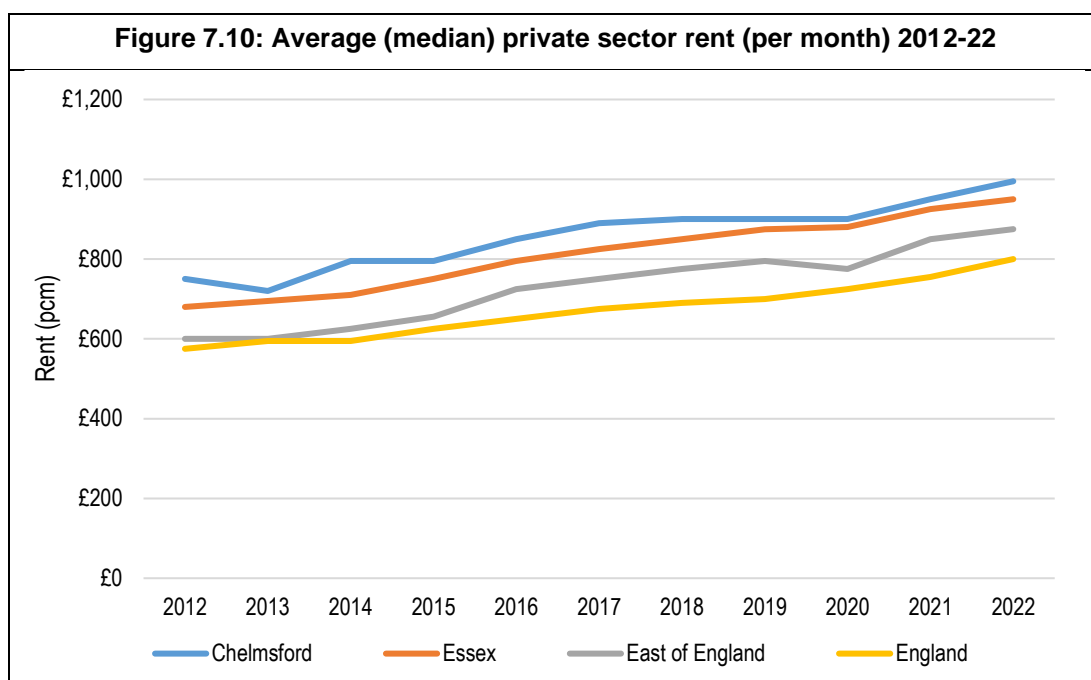

Source: VOA and ONS

7.18   The table below shows that the overall average rent in Chelmsford increased by £245 per month (a 33% increase) in the decade to 2022, with higher increases seen for 1- and 3-bedroom homes. In comparison, rents increased by 40% across Essex, 46% in the East of England region and 39% nationally.

| Figure 7.11: Average (median) private sector rent (per month) 2012 and 2022 – Chelmsford				
	2012	202	Change	% change
1-bedroom	£575	£850	£275	48%
2-bedrooms	£758	£1,000	£242	32%
3-bedrooms	£895	£1,250	£355	40%
4+-bedrooms	£1,350	£1,695	£345	26%
All dwellings	£750	£995	£245	33%

Source: VOA and ONS

7.19   The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2012-22 period – the chart also shows workplace based earnings (as used in the Standard Method). The analysis shows that house prices have increased by around 70% in Chelmsford, compared with a 33% change in rents respectively. Both of these increases are in excess of the growth in earnings over the same period. This analysis arguably points to a shortage of private rented accommodation but less so when compared with the owner-occupied sector.

Figure 7.12: Change in house prices, private rents and workplace based earnings (2012-22) – Chelmsford

Source: VOA and ONS
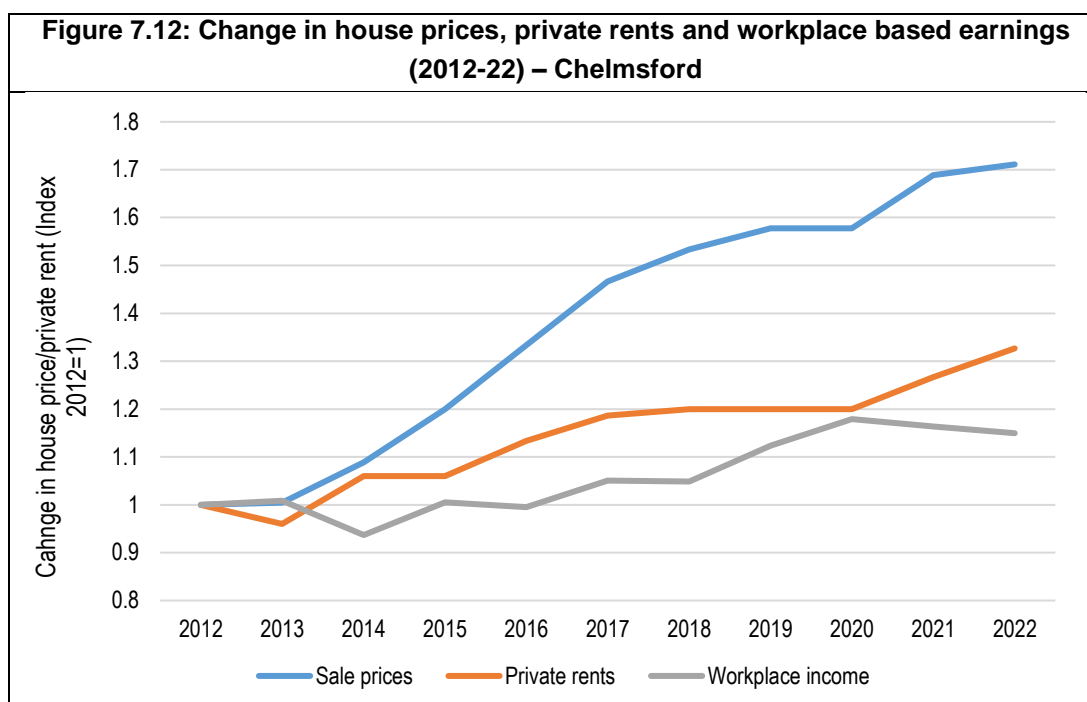
Housing Benefit Claimants

7.20   A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack to affordable housing (e.g. in the social rented sector). It should however be noted that some of these households may also be in the sector through choice.

7.21   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2022, it is estimated that there were around 3,100 benefit claimants in the private rented sector in Chelmsford. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims.

7.22   The figure below shows the trend in the number of claimants in the City Council area. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 2,000 households).

Figure 7.13: Number of Housing Benefit claimants in the private rented sector – Chelmsford
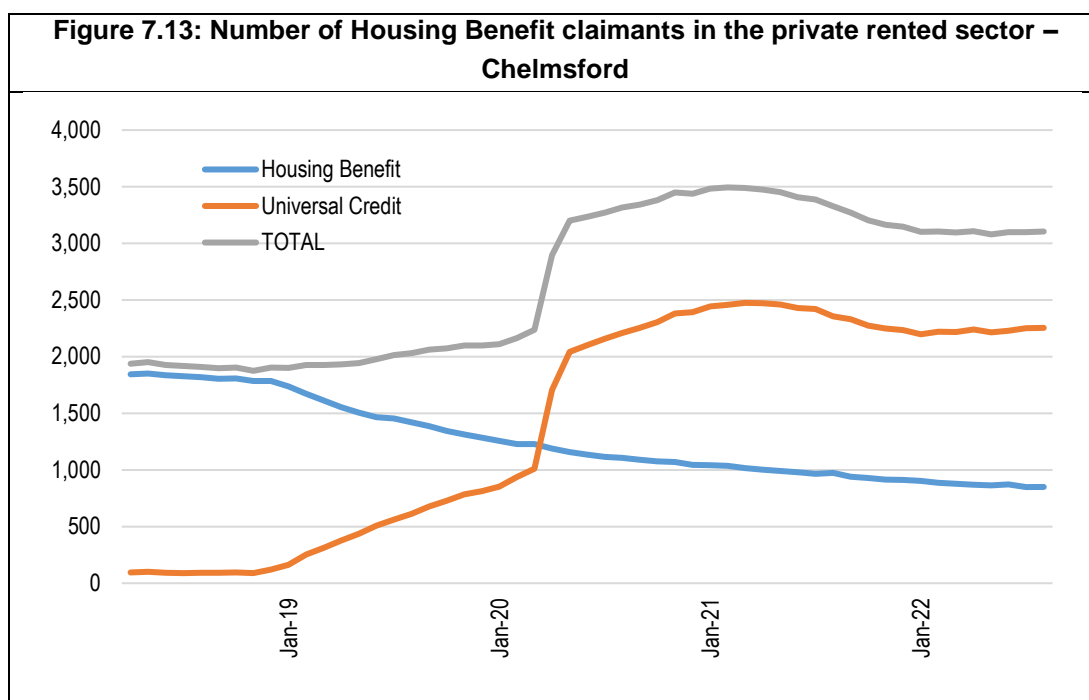
Source: Department of Work and Pensions

Build-to-Rent

7.23   Build to Rent (BtR) is another component of the PRS market. As the name suggests this is purpose built accommodation that is designed for rent, not sale and is typically (but not exclusively) in the form of large scale apartment schemes under single management. There are currently no BtR schemes in Chelmsford but there has been developer interest. This section therefore initially provides some background information about this tenure.

7.24   In the context of the significant growth in the PRS sector over the last 20+ years and a national housing shortage, successive Governments have looked to the PRS to play a greater role in providing more new build housing and have sought to encourage "Build to Rent" development . At paragraph 3.23 the Housing White Paper[8] in 2017 states that the Government's key proposal were to:

"• change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing;

• ensure that family-friendly tenancies of three or more years are available for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector."

8
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

7.25   This resulted in specific guidance and changes to the NPPF to include the addition of affordable private rent as a distinct tenure and changes to the definition of affordable housing to include this within it as well as a build to rent definition:

"Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control."

7.26   There are a number of sub sectors within the wider purpose built rental sector including 'Co-Living' and Purpose Built Student Accommodation (PBSA). This section focusses primarily on Built to Rent (BtR) which is defined by the NPPF as "Purpose built housing that is typically 100% rented out". This would be self-contained accommodation distinct from Co-living which is generally defined as non-self-contained units with shared communal space and amenities (e.g. shared kitchen and dining facilities).

Build-to-Rent – The Policy Context

7.27   In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale housing which is purpose-built for market rent (i.e. Build to Rent).

7.28   At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.

7.29   This was realised through the publication of the revised NPPF (February 2019) which recognises the emergence of purpose-built private rented accommodation as a distinct sector of the housing market.

7.30   The NPPF (paragraph 61) also says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need).

7.31   The Build to Rent Planning Practice Guidance[9] states that *"If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent. This should recognise the circumstances and locations where build to rent developments will be encouraged – for example as part of large sites and/or a town-centre regeneration area."* (Paragraph: 001 Reference ID: 60-001-20180913).

---

[9] https://www.gov.uk/guidance/build-to-rent

7.32   The PPG also provide Guidance as to how Local Authorities can ensure "Family Friendly" tenancy of three years of more. "In granting planning permission for build to rent developments, authorities should set in place a planning condition requiring scheme operators to offer tenancies of 3 or more years to all tenants in the development, who are eligible to live in the country for that period (under the right to rent). This should apply to all tenants, whether paying market rent or affordable private rent." (Paragraph: 010 Reference ID: 60-010-20180913).

7.33   It also adds that there is no obligation on customers to take up that option if they prefer a shorter term contract and can give notice to terminate the contract at any point. It also adds that any rent or service charge reviews should be in line with an agreed percentage or linked to inflation.

7.34   In relation to minimum standards the PPG states that *"Individual schemes should meet any relevant local and national planning policy requirements. Affordable private rental homes within any particular scheme should be constructed and managed to the same high quality standards as the market private rental homes. There are no extra national standards in addition to this".* (Paragraph: 011 Reference ID: 60-011-20180913).

7.35   It also notes that there is *"no national requirement for authorities to apply national space standards in their area"* and *"Where authorities choose to apply them the national policy does not preclude authorities from dis-applying them for particular parts of the local plan area, or for particular development types, such as build to rent schemes."* (Paragraph: 011 Reference ID: 60-011-20180913).

7.36   Neither the NPPF, Planning Practice Guidance or local policy specifically relate to Co-living. Although a number of local authorities have addressed this issue including the Greater London Authority (GLA).

Benefits of Build-to-Rent

7.37   The potential benefits of Build to Rent are best summarised in the Government's A Build to Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are wide ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants' choice "as generally speaking tenants only have the option to rent from a small-scale landlord".
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside properties built for sale and affordable housing; and
- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

7.38   This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

7.39   Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent Market Update[10] for Q4 2022 states that the market now had 78,700 completed units (up from 50,800 in Q1 2021). There was also an additional 50,500 under construction and 113,400 in the development pipeline, a total of 242,400 units complete or in the pipeline. This is around 42,000 more units than in Q2 2021 and is a significant growth since Q4 2013 when the number was only around 22,000.

7.40   Previous editions of the report stated that around 88% of the operational stock was located in City Centre flats but the most recent report states that much of the growth has been in Single Family units with growth seen across an additional 29 local authorities.

7.41   This is expected to continue with developers looking at alternative sales strategies including towards BtR management companies in order to de-risk their pipelines. This comes as the number of mortgage offers fall and people are more unable to buy and thus needing to rent.

7.42   It is also that case that Buy to Let landlords continue to withdraw from the market at an increasing rate with nationally over 330,000 Buy to Let mortgage redemptions since April 2016. This has reduced the supply of private rented housing.

7.43   Research by JLL on the Co-Living market suggested the market was around 3,100 Units in 2021 with pipeline of around 24,000 units. The majority of existing and pipeline development is in London but there are operators outside of London including in Guildford and Brighton.

Profile of Tenants

7.44   The British Property Federation ("BPF"), London First and UK Apartment Association ("UKAA") published a report[11] (February 2021) profiling those who live in Build to Rent accommodation in London. This is likely to be reflective of the potential demand in Chelmsford to some degree.

7.45   The report shows that around 62% of Build to Rent residents were aged between 25 and 34 compared with 47% in the wider PRS market. The remaining residents included 17% aged between 16 and 24 and 13% aged 35-44, both of which were below the corresponding values for the wider PRS market.

7.46   The survey based data identified that incomes are similar to those in PRS accommodation with 43% earning less than £32,000 and 29% earning between £32,000 and £47,000. Typically, Build to Rent residents spend between 29% and 35% of their income of accommodation. This compares to between 29% and 32% in the wider PRS demonstrating a willingness to pay slightly more.

7.47   The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector.

---

[10] https://www.savills.co.uk/research_articles/229130/330310-0

[11] https://buildtorent.files.wordpress.com/2021/01/who-lives-in-build-to-rent-1.pdf?mc_cid=624df5d223&mc_eid=e05cc2220b

7.48   The report also identified a broadly similar balance of people working in the public and private sectors with 90.5% of residents employed in the private sector living in Build to Rent accommodation compared with 80% in the PRS. The most common industries included Finance and Insurance (25%), Other Services (20%) and IT and Communications (including marketing) (15%).

Stakeholder Consultation Relevant to the PRS

7.49   A full account of the stakeholder consultation can be found in Section 1 of this report and the text below just highlights some of the key findings.

7.50   Discussions with letting agents did highlight some concerns with the PRS, in particular it was noted the supply of rented housing was not keeping up with demand because of an unwillingness to invest due to issues such as high purchase prices, changes to the tax system and increased regulation.

7.51   Consultation with local employers highlighted that local housing supply is a major barrier to recruitment and retention and that staff particularly faced difficulty in finding good quality private rented sector housing. In interpreting this it should however be noted that the employer consultation was limited to only three companies taking part.

Need for Additional PRS housing (including BtR)

7.52   The analysis in this section points to strong demand in the private rented sector, the number of households living in PRS housing has been increasing over time and rent levels are also increasing at a faster rate than incomes (albeit not as rapidly as house prices).

7.53   However, this study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, who would otherwise be renting.

7.54   That said, the Council could be supportive of new private rented sector housing (including Built-to-Rent) where this can be seen to be of higher quality and potentially providing a housing offer that does not exist in any great quantity. It has previously been noted that stock condition in the PRS is generally worse than in other sectors and BtR housing could help to improve this situation. In addition, the age of tenants in the sector seems to be getting slightly older, and may contain more households with higher incomes. There may also be a market for essential local (key) workers due to income levels typically sitting between buying and renting a home.

7.55   If applications do come forward for BtR schemes, these should be treated on their merits and it is considered that delivering affordable housing on such schemes should be a key consideration. The BtR PPG states that *'20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme'*. Given the level of affordable housing need in the City Council area, it is recommended the Council tests (through a viability assessment) whether a higher proportion could be achieved.

jg c

7.56   In terms of affordable rent levels on BtR schemes the PPG notes that *'national affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents'*. Without knowing what rents will be on any BtR scheme it is difficult to definitively understand if the 20% figure is reasonable. However, research by Dixon Searle for Brighton & Hove Council[12] suggests BtR rents are typically around 20% above market rents (paragraph 3.14) – that being the case it is clear a higher discount would be required to make homes 'genuinely affordable' as 20% would simply take the cost back to market levels. It is recommended the Council caps the affordable rent levels at the relevant Local Housing Allowance rate to ensure affordability.

7.57   It will also be important to consider the mix of homes in BtR. The housing mix section of this report did not specifically look at this sector, however the analysis of affordable home ownership was based on the profile of households living in private rented accommodation and so the conclusions for that tenure will be a reasonable starting point for considering mix. For clarity, these are set out below although it must be stressed these are indicative with the actual mix also likely to be influenced by factors such as the nature of sites which may point towards a particular built-form/size of accommodation as being appropriate:

- 1-bedroom – 25%
- 2-bedrooms – 45%
- 3-bedrooms – 25%
- 4+-bedrooms – 5%

7.58   The mix points towards the main need being for smaller family sized dwellings (2- and 3-bedroom) and also smaller dwellings (1- and 2-bedroom). This is consistent with findings about household types in the sector, which has a higher than average proportion of households with dependent children and also single (non-older) people.

---

[12] https://www.brighton-hove.gov.uk/sites/default/files/2021-05/ED02a%20Build%20to%20Rent%20Study%20Aug%202019.pdf

The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounts for around 16% of all households in Chelmsford (as of 2021) – a smaller proportion to that seen across the East of England, and below the national average (20%). The number of households in this sector has however grown substantially (increasing by 40% in the 2011-21 period).

- The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relativity high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller accommodation when compared with the owner-occupied sector. That said, around 37% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.

- Additional analysis suggests that rent levels have increased over time (when looking at the 2012-22 period) but that increases in rents fall behind the increase in house prices over the same period. Increases in both rents and house prices have been in excess of the growth in earnings over the same period and arguably points to a shortage of private rented accommodation. The lack of homes to buy does appear to be a more pressing issue.

- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

- That said, the Council could be supportive of new private rented sector housing (including Built-to-Rent) where this can be seen to be of higher quality and potentially providing a housing offer that does not exist in any great quantity. Stock conditions in the PRS are generally worse than in other sectors and BtR housing could help to improve this situation. In addition, the age of tenants in the sector seems to be getting slightly older, and may contain more households with higher incomes. There may also be a market for essential local (key) workers due to income levels typically sitting between buying and renting a home.

- If accepting proposals for BtR it will however be important for the Council to ensure reasonable deliver of affordable housing. It is recommended the Council investigates targets in excess of 20% (which is the benchmark set out in PPG) and also to set rent levels at no more than the relevant Local Housing Allowance (to ensure homes are 'genuinely affordable'). The mix of homes to be developed will also need to be monitored with the evidence pointing to the main needs being likely to be smaller family sized dwellings (2- and 3-bedroom) and also smaller dwellings for single people and childless couples (1- and 2-bedroom).

8.   Other Groups

Introduction

8.1   The final section of the report looks briefly at two specific groups in the population. Firstly those
         people wishing to commission or build their own homes (self- and custom-build housing) and
         secondly to review the potential need for accommodation for children in need of social services care
         following a Ministerial Statement in May 2023.

Self- and Custom-Build

8.2   The Self-build and Custom Housebuilding Act 2015 (as amended) places a duty on Chelmsford City
         Council to keep a Self-Build and Custom Housebuilding Register ('the Register') of individuals and
         groups who wish to acquire serviced plots of land to bring forward self-build and custom
         housebuilding projects.

8.3   The Council has a duty to grant sufficient planning permissions to meet the demand identified on the
         Register. Part of Chelmsford's policy response to this duty is Local Plan Policy DM1 which states
         that within developments of 100 dwellings or more, the Council will require 5% of dwellings to be
         self/custom build.

8.4   The level of demand is established by reference to the number of entries added to the Register
         during a "base period". The first base period begun on the day on which the register was
         established, 1 April 2016, and ended on 30 October 2016. Each subsequent base period is then the
         12-month period immediately after the end of the previous base period. Subsequent base periods
         therefore run from 31 October to 30 October each year.

8.5   From the end of each base period, the Council has three years in which to permit an equivalent
         number of plots of land, which are suitable for self-build and custom housebuilding, as there are
         entries for that base period on the Register.

8.6   The Council has identified a total of 186 suitable development permissions that have contributed to
         meeting the identified demand on the Register. The following table is drawn from a Chelmsford City
         Council internal report[13].

---

[13] https://www.chelmsford.gov.uk/media/cnyjcrm1/self-build-monitoring-statement-november-2022.pdf

Figure 8.1: Chelmsford's performance in meeting demand identified through the Self and Custom Build Register based upon permissions granted			
Base period	Total no. applicants on register	Deadline for meeting base period demand	Development permissions granted to meet demand
1	20	30/10/2019	**38**
2	25	30/10/2020	**41**
3	39	30/10/2021	**39**
4	68	30/10/2022	**68**
TOTAL	152	-	186

Source: Chelmsford Council (figures in bold indicate where a number of permissions granted following the respective base period have been sufficient in meeting demand)

8.7 The table shows that to date, Chelmsford has successfully met the demand identified on the Self-Build and Custom Housebuilding Register through granting enough suitable permissions before the relevant deadlines.

8.8 It is worth noting that supply of self-build and custom housing is also driven by individuals who manage to acquire individual plots in conformance with appropriate policies of the Local Plan in towns and villages in addition to the large allocated sites.

Looked After Children

8.9 The Care Standards Act 2000 provides a definition of Children's Home stating 'an establishment is a children's home… if it provides care and accommodation wholly or mainly for children'. 'Wholly or mainly' means that most of the people who stay at a home must be children.

8.10 Key legislation relating to the accommodation and maintenance of a looked after child is defined and outlined in Sections 22A to 22D of the Children Act 1989. The legislation provides a framework within which decisions about the most appropriate way to accommodate and maintain children must be considered:

- Section 22A of the Children Act 1989 imposes a duty on the responsible authority when a child is in their care to provide the child with accommodation.
- Section 22B of the Children Act 1989 sets out the duty of the responsible authority to maintain a looked after child in other respects apart from providing accommodation.
- Section 22C of the Children Act 1989 sets out the ways in which a looked after child is to be accommodated.
- Section 22D of the Children Act 1989 imposes a duty on the responsible authority to formally review the child's case prior to making alternative arrangements for accommodation.
- Section 22G of the Children Act 1989 requires local authorities to take strategic action in respect of those children they look after and for whom it would be consistent with their welfare for them to be provided with accommodation within their own local authority area.

8.11   In a Written Ministerial Statement (WMS)[14] made in May 2023, the Housing and Planning Minister reminded local authorities of their requirement to assess the housing need of different groups in the community including "accommodation for children in need of social services care".

8.12   The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs and all parties in the development process should work together closely to facilitate the timely delivery of such vital accommodation for children across the country.

8.13   The WMS follows on from the Department of Education Implementation Strategy[15] to fix children's social care from February 2023. The "Stable Homes Built on Love" Strategy has undergone a recent consultation the result of which have not yet been published.

8.14   The strategy outlines an ambition to transform Children's Care through six pillars. The first of these pillars makes it clear that providing support to families is the first priority. This ensures that children can remain in their family home for as long as possible (Pillar 1) and then within their wider family if this is not possible (Pillar 3).

8.15   If both the immediate and wider family cannot look after a child then Pillar 4 seeks to ensure that "when care is the best choice for a child, it is critical that the care system provides stable, loving homes close to children's communities."

8.16   To achieve this the strategy aims to increase and support foster carers; develop a programme to support improvements in the quality of leadership and management in the children's homes sector and pathfind Regional Care Cooperatives to plan, commission and deliver care places.

8.17   The report sets out a mission to "see an increase of high-quality, stable and loving homes available for every child in care, local to where they are from". To do this it suggests that an immediate action is to "boost the number of the right homes in the right places available for children as a matter of urgency."

8.18   The strategy notes "Local authorities have primary responsibility for the children in their care. This includes ensuring there is sufficient accommodation locally to meet the range of needs of children in care in their area" and that there is a "statutory duty to ensure there is sufficient provision for their children in care".

8.19   It also states that the DfE "will continue to build on our work reforming supported accommodation for 16- to 17-year-olds. Semi-independent provision, including supported lodgings, can be the right option for some older children, but only where it is high-quality and the young person is ready for the level of independence it promotes."

---

[14] https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws795
[15]
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147317/Children_s_social_care_stable_homes_consultation_February_2023.pdf

jg c

8.20   The Department will also continue "with the Children's Home Capital Programme, which has seen £259 million of capital funding invested to increase provision in local authority-run open and secure children's homes. We are working with local authorities to create new children's homes and increase provision in their local area."

8.21   At a similar time the government also launched a consultation on the "Children's Social Care National Framework[16]" and the "Children's Social Care Dashboard".

8.22   The Framework sets out some of the outcomes to be measured including Outcome 4 relating to those seeking to insure "children in care and care leavers have stable, loving homes children in care and care leavers have stable, loving homes".

8.23   The indicators include the percentage of children in care living in foster care and living in residential care and the distance of placements from home. This is important to ensure stability of schooling and contact with their siblings. The framework recognises that this will mean prioritising foster homes rather than residential homes.

8.24   The outcome can also be achieved by leaders undertaking "sufficiency planning and work with other local authorities and partners to jointly invest in care options that meet the future needs of children."

8.25   In two-tier authorities such as Chelmsford the responsibility for children's services falls with the County Council in this case that is Essex County Council. In January 2023, the County Council published the Essex Sufficiency Strategy for Children in Care and Care Leavers[17]. The narrative below draws on key data and information from this document.

8.26   As of August 2022, there were 1,140 Children in Care in Essex with the Sufficiency Strategy forecasting this to rise to 1,250 over the next two years – in part due to pressures from increasing numbers of separated migrant children. The proportion of children in care across Essex is however low in the context of other locations, representing around 34 per 10,000 children, compared with a national figure of 67 per 10,000. For Chelmsford the figure is even lower (21.6 per 10,000).

8.27   Across Essex, fostering is the most used form of care (68% of children) with a relatively low proportion in residential care (8%). The strategy also notes that whilst three-quarters of children in care are white, the numbers from minority ethnic groups has been rising.

8.28   Given the forecast increase in the number of Children in Care from 1,140 to 1,250 the Strategy also forecasts additional needs over the next two years, this includes:

• additional residential placements;
• 76 additional foster placements; and
• 17 additional supported accommodation placements for young people

---

8.29   In terms of meeting demand, the County Council has used a traffic light system to highlight areas where difficulties in meeting demand are experienced currently and where difficulties are expected over the next four years. Over the four year period the only area with a 'red' flag is Tier 4 – which is understood to be Child and Adolescent Mental Health Services for those aged 13-18 years. In the short-term (currently) 'red' flags are attached to a number of areas, including mainstream residential, specialist residential and emergency beds.

8.30   The Sufficiency Strategy seeks to forecast demand over the next two years; this looks to be based on historic placement trends and an understanding of increases in separated migrant children.

8.31   In the longer-term it is possible to use the demographic projections developed in this report; the population projections linked to the Standard Method show an increase in those aged under 18 of around 5,200 between 2021 and 2040. This equates to a 14% increase. The table below shows this projection broken down into single year of age up to age 17 and it is notable that much of the projected growth is for younger cohorts within the 'children' category.

8.32   Some caution should be exercised in interpreting this data as projections of the number of children will be heavily influenced by fertility rates, which van be difficult to project/predict into the future – generally at a national level fertility rates have been dropping substantially over the past decade or so.

Figure 8.2: Under 18s Population change 2022 to 2041 – Chelmsford (linked to Standard Method)				
Age	2022	2041	Change	% Change
0	1,891	2,437	546	28.9%
1	1,848	2,373	525	28.4%
2	1,967	2,469	502	25.5%
3	2,019	2,513	494	24.5%
4	2,088	2,469	381	18.3%
5	2,138	2,437	299	14.0%
6	2,167	2,429	262	12.1%
7	2,134	2,376	242	11.3%
8	2,244	2,427	183	8.2%
9	2,127	2,382	255	12.0%
10	2,324	2,411	87	3.7%
11	2,166	2,343	177	8.2%
12	2,302	2,400	98	4.3%
13	2,235	2,456	222	9.9%
14	2,244	2,390	146	6.5%
15	2,082	2,402	320	15.4%
16	2,281	2,471	190	8.3%
17	2,151	2,472	321	14.9%
Total (0-17)	38,408	43,657	5,249	13.7%

Source: Demographic Modelling

8.33   As per the current rate of 21.6 per 10,000 of children in care, this additional population would result in 11 additional children requiring to be looked after (a higher figure of 19 if using the Essex prevalence rate and 35 with national figures). This would only be required if current rates are continued, and it is possible that these numbers may be able to be cared for in home or within a foster home.

8.34   The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs".

8.35   The national policy direction is to provide in-situ support, followed by familial and foster support. Therefore the demand for care homes will largely be determined by the success of these policies. Where this is not possible, then local authorities will be required to provide safe accommodation in the right places.

8.36   If additional supply for children is required, the Council could seek to include such accommodation as part of wider, appropriately located, housing developments and could be covered by Policy DM1C – Specialist Residential Accommodation. This might be in the form of 3-4 bedroom "ordinary homes" and could be managed by a combination of the County Council and through external providers.

8.37   Such sites should align with most appropriate locations according to Ofsted's Location Assessment[18] for such accommodation. In summary, this includes ensuring safeguarding concerns are met and that children have access to services.

8.38   There will also be a need for supported accommodation for young adults and the Council should work with County Council and Registered Providers to explore opportunities to provide this through developer contributions and in the existing stock. This would also include meeting the needs of homeless households and those in temporary accommodation – these groups being highlighted in the Chelmsford Housing Strategy[19] as having the greatest housing needs.

---

[18] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/339545/Children_s_homes_regulations_amendments_2014.pdf

[19] https://www.chelmsford.gov.uk/media/fzeis02v/chelmsford-housing-strategy-2022-to-2027.pdf

Other Groups: Key Messages

- As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.

- To help meet the demand for self- and custom-build housing the Council has Local Plan Policy DM1 which states that within developments of 100 dwellings or more, the Council will require 5% of dwellings to be self/custom build. Data from the Council suggests that the demand has successfully been met with enough suitable permissions before the relevant deadlines. On that basis, it is suggested the Council continues with their current approach to custom- and self-build housing.

- In a Written Ministerial Statement (WMS) made in May 2023, the Housing and Planning Minister reminded local authorities of their requirement to assess the housing need of different groups in the community including "accommodation for children in need of social services care". The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs and all parties in the development process should work together closely to facilitate the timely delivery of such vital accommodation for children across the country.

- Across Essex and Chelmsford, the proportion of children in care (CiC) is low in a national context; 21.6 per 10,000 children in Chelmsford, 34 per 10,000 across Essex and 67 per 10,000 nationally. The majority of CiC in Essex are in foster care (68%) with only 8% in residential care.

- Using the Chelmsford prevalence rate and linking to demographic projections it is estimated the number of CiC would increase by 11 in the period to 2041 and this does not point to any significant additional need in the future although the Council should monitor numbers as it is likely these can fluctuate over time (including due to the influence of separated migrant children).

- If additional supply for children is required, the Council could seek to include such accommodation as part of wider, appropriately located, housing developments and could be covered by Policy DM1C – Specialist Residential Accommodation. This might be in the form of 3-4 bedroom "ordinary homes" and could be managed by a combination of the County Council and through external providers.

- The Council should work with Registered Providers to explore opportunities to provide supported housing through developer contributions and in the existing stock to meet the needs of homeless households and those in temporary accommodation – these groups being highlighted in the Chelmsford Housing Strategy as having the greatest housing needs.

jgc