Report to:

Copeland Borough Council

Strategic Housing Market Assessment Update

Final Report

October 2021



Contents

| Su | mmary | 1 |
|----|--|-----|
| 1. | Introduction | 11 |
| 2. | Housing Stock, Supply Trends and Market Dynamics | 21 |
| 3. | Demographic Trends and Projections | 39 |
| 4. | The Link Between Housing and Economic Growth | 57 |
| 5. | Affordable Housing Need | 71 |
| 6. | Drawing the Analysis Together for Overall Housing Need | 97 |
| 7. | The Needs of Older People and People with Disabilities | 99 |
| 8. | Housing Mix | 115 |

Summary

Introduction

- This report provides an update to key aspects of the Strategic Housing Market Assessment (SHMA) and Objectively Assessed Housing Need (OAN) Report completed by Justin Gardner Consulting (JGC) in October 2019 (but taking a 2018 base). This report focusses on overall housing need, including the link between jobs (labour supply) and housing as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes).
- 2. The Council undertook a Preferred Options consultation in late 2020 and is working through responses to this with the aim to provide a Publication Draft (Regulation 19) shortly. In terms of the SHMA and this update there are a number of draft Local Plan policies that are influenced by this evidence, including:
 - Policy H2PO: Housing Requirement
 - Policy H7PO: Housing Density and Mix
 - Policy H8PO: Affordable housing
 - Policy H11PO: Residential Establishments, including Specialist, older persons housing and purpose built student and key-worker accommodation
- 3. The 2019 SHMA/OAN study concluded a base housing need for 140 dwellings per annum, but that consideration could be given to a figure of 200 dwellings per annum to help support economic growth these figures being taken forward in Policy H2PO. The Policy identifies 140 dwellings per annum as the housing requirement which will be used when calculating the 5 year housing land supply and the 200 dwellings per annum figure is the number of homes that will planned for in the emerging Local Plan.
- 4. To provide an evidence base, this 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 Housing Stock, Supply Trends and Market Dynamics;
 - Section 3 Demographic Trends and Projections;
 - Section 4 The Link Between Housing and Economic Growth
 - Section 5 Affordable Housing Need;
 - Section 6 Drawing the Analysis Together for Overall Housing Need;
 - Section 7 The Needs of Older People and People with Disabilities; and
 - Section 8 Housing Mix.

Housing Stock, Supply Trends and Market Dynamics

5. An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure, size and cost) and how the mix of properties varies between tenures.

- 6. Around 18% of housing stock in Copeland is socially rented, a very slightly higher figure than seen across the North West and nationally (both at 17%), the stock is also dominated by 3-bedroom and semi-detached homes 3-bed homes making up 52% of all housing and semi-detached being at 38%.
- 7. Focussing on the social stock, it can be seen that the supply of supported housing (including for older people) and low cost home ownership is very low in a regional/national context virtually all social housing is general needs rented (93% of the total).
- 8. Looking at occupancy it is notable that Copeland has very low levels of overcrowding and that this seems to have been decreasing over time (whereas overcrowding regionally and nationally has increased) Copeland also sees a high proportion of households under-occupying homes.
- 9. Over the past decade there have been around 1,200 net completions of dwellings (120 per annum), adding about 3.5% to the housing stock, this is a low level of delivery, with the stock across England increasing by over 7%.
- 10. House prices in the Borough are very low in comparison with other areas; the overall median cost of a home in the Borough in 2020 was less than half the national average, prices are also substantially lower than seen across the region and County. Whilst historically, prices in the Borough have been low, it is notable that recent trends show a widening gap from other locations. Over the decade to 2020, prices in Copeland rose by 7%, this compares with 22% across Cumbria, 35% in the North West and 40% nationally.
- 11. Private rental costs are also notably lower than seen in other locations and have seen only modest increases over the past few years. As of March 2021, the median private rent in Copeland was £495 per month, compared with £585 across the North West and £730 nationally. Over the past 5-years rents have increased by 10%, compared with 12% nationally.
- 12. Despite the low prices, Copeland does see relatively high levels of earned income, particularly for people working in the Borough (rather than living in the Borough) this is likely to be linked to jobs at Sellafield. As a result, price:income affordability ratios show the Borough to be the most affordable place in the country as of 2020 the workplace-based affordability ratio stood at 2.62.
- 13. Overall, the picture is one of a low value area with values that have been fairly stable, this does point to a relatively low level of market demand at the present time. The cost of housing cannot therefore be seen as a major barrier to home ownership.

Demographic Trends and Projections

14. Analysis has been carried out to look at demographic trends, in particular looking at past trends in population growth and future projections. Consideration has also been given to the Government's Standard Method for assessing housing need. Projections have been developed for the 2021-38 Local Plan period.

- 15. The Standard Method is prescribed by Government as way of setting local housing needs that is consistent with the aim of providing 300,000 homes per year nationally. For Copeland however, this method suggests a need for just 8 homes to be provided each year and it is therefore reasonable for the Council to consider exceeding this so as to be planning positively in the housing market.
- 16. The population of the Borough has been declining for at least the last decade with a 3.7% drop in the number of people over the 2011-20 period (in contrast the population of England rose by 6.5%). One consequence of the population decline has been a significant ageing of the population and falling numbers of children and people of working-age. Official population projections (from ONS) are projecting for population decline to continue into the future, with a further ageing of the population.
- 17. One further (positive) consequence of the declining population appears to be that access to housing may have improved, with more people being considered as a head of household than would be expected in household projections, there is no reason to believe that this trend will not continue.
- 18. Overall however, the falling population, and reductions in the number of people of working-age does point to a situation where the Council should seek to encourage growth, in particular, if additional jobs are to be created it will be necessary for there to be an additional labour supply to fill those jobs, and this points to a need to provide housing at levels significantly above the 8 per annum set out by the Government.

The Link Between Housing and Economic Growth

- 19. To look at what sort of uplift to housing need might be required, analysis has been undertaken to look at the link between housing and economic growth. This takes the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. It is also of interest to estimate what level of job growth the projections might support.
- 20. 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.
 - Bringing together this information will provide an estimate of the potential job growth supported by the population projections
- 21. Initial analysis points to a projected reduction in the resident labour supply, with around 1,800 fewer economically active residence in 2038 compared with 2021, given the commuting and double jobbing dynamics, this would potentially lead to 2,000 jobs being lost (or jobs for whom there is an insufficient labour supply).

- 22. However, rather than jobs losses, economic forecasts (provided through a recent Economic Development Needs Assessment) suggest that some modest job growth could be expected. Furthermore, there are a series of projects that might see above baseline employment growth (including from the Sellafield Supply Chain, Clean Energy Park, Woodhouse Colliery and Al Campus). The highest base forecast suggested job growth of 2,200 in the 2021-38 period, with a potential for a further 4,900 jobs if all the projects were to come forward.
- 23. Analysis has been carried out to look at the housing need associated with various economic forecasts, and it is concluded that there is a need to provide around 149 dwellings per annum in the borough to meet the highest of the baseline employment forecasts, and up to 281 dpa if all the jobs linked to the aspirational projects identified in the Economic Development Need Assessment (EDNA) come forward which is unlikely to happen during the plan period. A midpoint forecast taking a midpoint of baseline forecasts and future projects suggests a need for around 194 dpa¹.
- 24. It is considered that a midpoint is more appropriate for planning purposes; it is significantly above past completion trends and substantially above the Standard Method need. The midpoint need estimate also reflects the unlikelihood that all projects will come forward at once, as a number of them are dependent upon decisions and financial commitments from Government, and that some may not happen at all. Some jobs won't be required until later in the plan period and planning to provide at this midpoint figure would allow the Council to review the situation (including considering the list of projects and associated jobs levels) at the 5 year review period.
- 25. Planning for more homes with the significant uncertainties, including the need to recognise that Copeland does display some characteristics of low demand (e.g. low house prices and house price changes) would risk unnecessarily swamping the market in the early stages of the plan period.
- 26. To these figures it is suggested that around 7 dwellings per annum should be added to allow for some increase in the institutional population (e.g. increases in the number of people likely to be living in residential or nursing care).

Affordable Housing Need

- 27. Analysis has been undertaken to estimate the need for affordable housing in the 2021-38 period. The analysis is split between a need for social/affordable rented accommodation and is 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.
- 28. 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).
- 29. When looking at rented needs, the analysis suggests a need for 99 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.

¹ The 'midpoint' forecast is based on assuming baseline job growth in-line with the average shown in both CE and Experian forecasts PLUS half of the jobs potential shown in the Growth Scenarios.

- 30. When looking at the need for AHO products, the analysis also suggests a need across the Borough, albeit (at 33 dwellings per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a more limited need for AHO.
- 31. Analysis does suggest that there are many households in Copeland who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough 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.
- 32. The study also considers different types of AHO (notably First Homes and shared ownership) as each could have a role to play. In Copeland, where house values are low and newbuild prices look to be substantially higher it may be difficult to make forms of AHO genuinely affordable and therefore AHO products might be viewed as helping to diversify the market rather than directly meeting an affordable need.
- 33. The emerging Local Plan affordable housing policy (H8PO) only seeks for 10% of housing to be affordable and this report suggests that the Council revisit this to see if a higher percentage would be viable (maybe looking at 20-25%). The policy also has a 60:40 split between rented and affordable home ownership which feels about right (particularly if the council will need to provide 25% of all affordable housing as First Homes (see First Homes guidance Paragraph 70-001)²).
- 34. 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 Borough. 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.

Drawing the Analysis Together for Overall Housing Need

- 35. Overall, official projections show negative levels of population and household growth in the future which would point to no particular need for additional housing. Even the Government's Standard Method, which is designed to boost housing supply only shows a need for 8 dwellings each year in the Borough.
- 36. These low levels of housing need would continue to see a falling population and a falling number in the resident labour supply, this would make it difficult for the Council to support additional jobs without expecting to see significant increases to in-commuting to the area. Modelling was therefore undertaken to look at matching homes and jobs across the area.

² <u>https://www.gov.uk/guidance/first-homes</u>

- 37. To provide a baseline position data was taken from a recent EDNA, produced earlier this year this included two main base economic forecasts for the borough and a series of what might be described as 'policy-on' forecasts. The table below shows a summary of the housing need linked to each of these forecasts, with the addition of subtracting the need in the National Park to give the need for the Copeland Local Plan area. The highest of the baseline forecasts points to a housing need of 146 dwellings per annum, whilst the number of homes linked to higher economic growth suggests a figure of 191 dpa, potentially going as high as 278 dpa (although this final figure would only be valid if all potential economic delivery is achieved by 2038, which whilst possible is unlikely).
- 38. It is considered that the midpoint need would be the most appropriate for planning purposes; as previously noted, it is significantly above past completion trends and substantially above the Standard Method need. While it is sensible to take this midpoint approach for growth, if all projects in the economic growth scenario start to happen it could trigger a review the associated housing needs and the Council may consider reviewing the Local Plan and releasing more land if required.

| Figure 1: Total housing need associated with economic forecasts including communal | | | | | | | | |
|--|-----------------|---|--------------|------------|----------|----------|--|--|
| | establis | shment allow | ance (per ar | nnum) | | | | |
| Additional Additional Need in Need | | | | | | | | |
| | Housing need | communal dwellings population (at 1.8) | dwellings | Total need | the | Copeland | | |
| | | | | | National | (LPA) | | |
| | | | (at 1.0) | | Park | | | |
| Baseline-CE | 65 | 12 | 7 | 71 | 10 | 61 | | |
| Baseline-Experian | 10 | 146 | | | | | | |
| Growth scenario-midpoint 194 13 7 201 10 | | | | | | | | |
| Growth scenario | 281 | 14 | 8 | 288 | 10 | 278 | | |

Source: Demographic projections and affordable need analysis

39. The analysis in this report, and the dwelling need figures for different scenarios, generally points to the figures in the emerging Plan (Policy H2PO) as continuing to be of the right order; it is suggested that the Council maintain the annual figures contained within the Local Plan Preferred Options Draft (albeit for a slightly different plan period).

The Needs of Older People and People with Disabilities

40. Analysis has been carried out to study 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).

- 41. Copeland has a relatively old population, with 23% of people being aged 65 and over in 2020, compared with regional and national figures of 19%. The population aged 65 and over is projected to increase by 25% in the 2021-38 period, with an even higher (41%) increase in the number of people aged 75+ (from 7,100 people in 2021 to just over 10,000 by 2038) the population aged 75+ is projected to change from 10% of the total population to 14% over the 17-year period. These increases are likely to see changes to the number of people with specific disabilities and it is projected that the number of people aged 65+ with dementia will increase by 40% along with a 33% increase in those with mobility problems currently it is estimated that around 5% of the population aged 65+ have dementia and 13% have a mobility problem.
- 42. The increased number of older people is likely to also see an increased need and demand for specialist older persons accommodation. Analysis suggests that there will be a need for around 900 units with support (such as sheltered/retirement housing) and 400 homes with care (e.g. extra-care housing) the needs will be in both the market and affordable sectors. There is also expected to be a need for additional nursing care bedspaces.
- 43. The ageing population also points to a need for additional wheelchair accessible or adaptable homes, with modelling suggesting a need for around 600 units over the 2021-38 period (mainly in the affordable sector).
- 44. In reality, given overall housing need and potential viability issues it is unlikely that this scale of delivery will be achieved (either for specialist older persons or wheelchair housing), but the analysis does point to maximising opportunities to provide such housing where possible this is consistent with Policy H11PO of the emerging Local Plan which says 'the Council will work collaboratively with providers and partners to identify sites which may be suitable for specialist or older persons housing, including sheltered accommodation, extra care housing [and] residential nursing care accommodation'.

Housing Mix

- 45. The proportion of households with dependent children is slightly lower than the regional and national average but above equivalent data for Cumbria. Projecting forward, there is expected to be a modest increase in the number of households with dependent children in Copeland increasing by 8% (650 more households).
- 46. 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 below is linked to long-term (17-year) 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.

| Figure 2: Suggested Mix of Housing by Size and Tenure – Copeland | | | | | | | |
|--|-----|-----|-----|-----|--|--|--|
| 1-bedroom 2-bedrooms 3-bedrooms 4+-bedrooms | | | | | | | |
| Market | 5% | 35% | 40% | 20% | | | |
| Affordable home ownership | 15% | 45% | 35% | 5% | | | |
| Affordable housing (rented) | 30% | 40% | 25% | 5% | | | |

- 47. The strategic conclusions set out above are broadly similar to those set out in supporting text to emerging Policy H7PO (Housing Density and Mix). The main difference being that this report suggests a slightly lower proportion of market homes to be 3-bedrooms (recognising the large current stock of this size) and also a slightly greater proportion of 1-bedroom rented affordable units (which reflects the current low stock and also the Housing Register). Overall, the analysis suggests that the text in Policy H7PO remains sound, but the council could consider updating the mix table if they wished to.
- 48. Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows with the mix such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

Overall Summary

- 49. Analysis in this report updates core elements of the 2019 SHMA/OAN report; in particular focussing on overall housing need and also considering relevant policies in the emerging Local Plan.
- 50. Policy H2PO: sets the housing requirement for the whole Borough and sets out for a minimum of 140 dwellings per annum to be delivered on average over the period. The policy also notes that to plan positively and support employment growth additional sites are allocated so that an average of 200 dwellings per annum could be provided. Whilst this report shows slightly different figures it does point to the requirement in the emerging Plan as continuing to be of the right order and it is suggested that the Council maintain the annual figures (albeit for a slightly different plan period).
- 51. The supporting text to Policy H7PO (Housing Density and Mix) includes a table from the 2019 SHMA/OAN which suggests a mix of housing by the number of bedrooms for both affordable and market housing. Again, analysis in this report does not suggest any substantial changes as being required, although the Council could consider the suggestion to reduce the number of 3-bedroom market homes and increase 1-bedroom rented affordable homes within the overall mix.
- 52. On affordable housing (Policy H8PO) the analysis in this report (as indeed the previous SHMA/OAN report) would suggest that a higher than 10% target for affordable housing should be investigated to see if this would be viable (maybe to look at 20% or 25%). The split between rented and affordable home ownership (AHO) tenures (at 60:40) is however considered sound although we recognise that it may be difficult for the AHO component to be genuinely affordable given local house prices and the typical cost of newbuild housing.

53. Finally, Policy H11PO encourages the provision of accommodation for older persons where the opportunities arise. The Borough has an ageing population and the potential need for specialist housing could be relatively high, however, given viability it is unlikely that significant delivery will occur and so the policy appears justified in terms of seeking to identify sites that would be suitable for this type of housing.

1.

1. Introduction

Background

- 1.1 This report provides an update to key aspects of the Strategic Housing Market Assessment (SHMA) and Objectively Assessed Housing Need (OAN) Report completed by Justin Gardner Consulting (JGC) in October 2019 (but taking a 2018 base). This report focusses on overall housing need, including the link between jobs (labour supply) and housing as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes).
- 1.2 The Borough stretches along the West Cumbrian coast from Parton, north of Whitehaven, to Millom in the south. The borough covers an area of 284 square miles, two thirds of which lies within the Lake District National Park. The borough encompasses a wide-range of communities, including deprived urban areas and smaller rural settlements. The majority of the population reside within the four market towns of Whitehaven, Cleator Moor, Egremont and Millom. Copeland is a diverse mix of residents on higher than average wages in the nuclear sector, a low wage economy from tourism and agriculture and, an elderly and core group of low income households.
- 1.3 The Council undertook a Preferred Options consultation in late 2020 and is working through responses to this with the aim to provide a Publication Draft (Regulation 19) shortly. In terms of the SHMA and this update there are a number of policies that are influenced by this evidence, including:
 - Policy H2PO: Housing Requirement
 - Policy H7PO: Housing Density and Mix
 - Policy H8PO: Affordable housing
 - Policy H11PO: Residential Establishments, including Specialist, older persons housing and purpose built student and key-worker accommodation
- 1.4 It should be noted that the Copeland Local Plan relates to the part of the borough outside the Lake District National Park although the assessment of need in this report (as with the previous SHMA) also considers needs (particularly affordable need) within the National Park area.
- 1.5 The Preferred Options Consultation set out a plan covering the period from 2017 to 2035 a time period consistent with the previous SHMA/OAN research. However, now this report is being written in 2021 it is prudent to update this period as clearly anything that has happened since 2017 has occurred and will not be planned for. In addition, Government expects Local Plans to have at least a 15-year time horizon from adoption, which would mean a 2035 finish date as being too early. Therefore this report uses a period of 2021-38 for analysis and it is understood that the Council is likely to update the plan to reflect this.

National Policy Context

1.6 The sub-sections below set out an overview of the key national planning policy and guidance underpinning the preparation of this SHMA update which applies at time of writing. There are potential implications for this assessment arising from the national policy proposals set out in the Government's White Paper: Planning for the Future (August 2020).

National Planning Policy Framework (July 2021)

- 1.7 The latest version of the National Planning Policy Framework (NPPF) was published by Government in 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.
- 1.8 The development plan must include strategic policies to address each local planning authority'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 plans 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.
- 1.9 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.
- 1.10 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.
- 1.11 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.
- 1.12 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.
- 1.13 Paragraph 64 states provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas.

- 1.14 Paragraph 65 sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. In addition, other exemptions to this 10% requirement include instances where a site or proposed development:
 - Provides solely for Build to Rent homes;
 - Provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
 - Is proposed to be developed by people who wish to build or commission their own homes; or
 - Is exclusively for affordable housing, an entry-level exception site or a rural exception site.
- 1.15 The NPPF's Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.

Planning Policy Guidance

- 1.16 The Government's Planning Practice Guidance (PPG) includes a number of sections which are relevant to the assessment of housing need.
- 1.17 Guidance on *Housing and economic needs assessments*³ sets out 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.
- 1.18 Guidance in *Housing needs of different groups*⁴ 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.
- 1.19 Councils 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.
- 1.20 The Guidance section for *Housing for older and disabled people*⁵ sets out that the need to provide housing for older people is 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.

³ <u>https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments</u>

⁴ <u>https://www.gov.uk/guidance/housing-needs-of-different-groups</u>

⁵ <u>https://www.gov.uk/guidance/housing-for-older-and-disabled-people</u>

- 1.21 It provides guidance on how the housing needs of older and disabled people can be assessed, which this report has had regard to, 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.
- 1.22 Separate Guidance sections have also been prepared which address *Build to Rent*⁶ and *Self-Build and Custom Housebuilding*⁷. 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.
- 1.23 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.
- 1.24 In May 2021, a new PPG was published relating to First Homes⁸, this sets out that:

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.

1.25 The First Homes PPG also provides detail on qualifying criteria (i.e. what makes something a First Home) and also a range of issues such as eligibility criteria. First Homes are discussed in more detail in the affordable housing section of this report.

Housing and Social Care Legislation

1.26 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.

⁶ <u>https://www.gov.uk/guidance/build-to-rent</u>

⁷ <u>https://www.gov.uk/guidance/self-build-and-custom-housebuilding</u>

⁸ <u>https://www.gov.uk/guidance/first-homes</u>

- 1.27 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).
- 1.28 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. Copeland has a Homeless and Rough Sleeper Strategy in place – one key driver is to provide specialist supported accommodation for people with multiple complex needs – including domestic violence, drug and alcohol and mental health.

Conclusions from the 2019 SHMA/OAN Study

1.29 The box below sets out the main conclusions from the 2019 SHMA/OAN study, the text is simply lifted from the Conclusions section of the Executive Summary (at the front of the document) and overall concludes a base housing need for 140 dwellings per annum, but that consideration could be given to a figure of 200 dwellings per annum, to help support economic growth.

Overall Conclusions From 2019 SHMA/OAN

The main overall conclusion is around the objective assessment of housing need (OAN). On the basis of the analysis carried out, this is concluded (annually over the 2017-35 period) to be for up to 146 dwellings per annum when looking at demographic trends. This figure is based on analysis of the whole Borough, for the National Park areas (and based on analysis of affordable housing need) it is concluded that there is an annual need for 7 dwellings. Hence the need in the Copeland planning authority area is for up to 140 dwellings per annum (rounded).

The 140 dwellings per annum figure is based on demographic trends; with a similar analysis linking to economic growth it is concluded that the OAN is for up to 207 dwellings per annum (200 excluding the National Park) – this is based on the highest of the economic forecasts provided by the County Council. Hence, to support the growth aspirations of the Borough, including development of Moorside, the Council would need to plan for up to 200 dwellings per annum.

Overall, it is concluded that the OAN (just for the planning authority area) sits in the range from 140 to 200 dwellings per annum. Both of these figures are substantially above the proposed MHCLG standard method, which suggests a need for around 32 dwellings per annum (including the National Park).

Any figure within this range would be reasonable and justified, although a figure at the top end is likely to be the maximum required, as it relies on achieving the highest of the economic forecasts and there is clear uncertainty about future economic growth. Evidence of past delivery would also suggest that a housing requirement at the top end of the range might be difficult to achieve.

To be clear, it can be concluded that the OAN (for the planning authority area) to support demographic change, the general economy and affordable housing provision is for 140 dwellings per annum. It is suggested that the Council consider allocating enough land for a higher figure, which could be up to 200 dwellings per annum, to provide range and choice in the market and to support the growth associated with major projects. This would mean that the Local Plan would include a requirement that can meet the lower end of the range, but still be aspirational enough should economic growth mean there is a need to provide additional dwellings over and above this baseline position.

Turning to affordable housing, it is clear that there is a need to provide additional affordable homes in all parts of the Borough. Strictly speaking, the bulk of the need is likely to be best met through provision of rented options (social/affordable rented), however it is recognised that there is a clear desire from Central Government to provide more 'affordable' home ownership options and so some discounted market/shared ownership could be considered as part of any mix.

Finally, in terms of housing mix, the analysis broadly suggests a need for 70% of market homes to have 3 or more bedrooms (and 30% 1-2 bedrooms); a need for 45% of low-cost market home ownership properties to have 3 or more bedrooms (55% 1-2 bedrooms) and a need for 35% of rented homes (social/affordable) to have 3 or more bedrooms (65% 1-2 bedrooms). Whilst the analysis in the report has looked at individual size requirements (i.e. 1, 2, 3 and 4+ bedrooms separately) it may be better in policy terms to use a broad 1-2 and 3+ bedroom category. This would assist in negotiations in areas where provision of 1-bedroom homes might not be considered appropriate (likely to be in terms of affordable housing in more rural locations with fewer facilities).

Emerging Local Plan Policies

1.30 Four key policies from the emerging Local Plan have been identified as being relevant to this research and the previous SHMA/OAN. For reference, these are discussed below.

Policy H2PO: Housing Requirement

1.31 This policy sets the housing requirement for the whole Borough. The figures used draw from the previous SHMA/OAN and sets out for a minimum of 140 dwellings per annum to be delivered on average over the period – this is a net completions figure. The policy also notes that to plan positively and support employment growth additional sites are allocated so that an average of 200 dwellings per annum could be provided.

Policy H7PO: Housing Density and Mix

1.32 This policy promotes the need for developments to make the most effective use of land. The policy also notes that proposals should meet the housing needs set out in the latest SHMA and housing needs assessments in terms of house type, size and tenure. The supporting text to this policy includes a table from the SHMA/OAN which suggests a mix of housing by the number of bedrooms for both affordable and market housing.

Policy H8PO: Affordable housing

1.33 This policy sets out the expectations for affordable housing provision on sites of 10 or more units (5 or more in the Whitehaven Rural area) – the policy seeks for 10% of delivery to be affordable housing. The policy seeks for 60% of affordable homes to be in a rented tenure (social/affordable rents) and 40% as some form of affordable home ownership. The policy also allows for financial contributions to be accepted in lieu of on-site affordable housing provision in some circumstances, including to bring vacant units back into use where settlements have high proportions of empty homes. The supporting text for this policy includes a number of analyses from the previous SHMA/OAN report, including a table showing how needs were estimated to vary across different areas of the Borough.

Policy H11PO: Residential Establishments, including Specialist, older persons housing and purpose built student and key-worker accommodation

1.34 The final policy of interest to this report considers needs for a range of different groups. Arguably the most significant (given an ageing population) is the potential need for specialist accommodation for older people and on this topic the policy states that the Council *'will work collaboratively with providers and partners to identify sites which may be suitable for specialist or older persons housing, including sheltered accommodation, extra care housing, residential nursing care accommodation'.* The supporting text notes the relatively high proportion of older people in the area and also notes comments in documents from the Council and a recent (survey-based) housing needs study.

Housing Market Geographies and Sub-Areas

- 1.35 The 2019 SHMA/OAN report studied key information for the Borough as a whole and for smaller sub-areas. The study concluded that Copeland can be considered a Housing Market Area (HMA) in its own right. At a local level, the Copeland HMA was split into three local HMAs (Whitehaven, the Lake District National Park and Millom) and the Whitehaven local HMA split further into four sub-market areas (Whitehaven, Egremont, Cleator Moor and Whitehaven Rural). The three main HMAs were consistent with previous definitions used by Cumbria County Council (CCC).
- 1.36 The maps below show the HMAs used in this report and the additional sub-areas in the Whitehaven HMA. The map shows the actual boundaries (as defined by CCC) and it should be noted that those parts of a HMA within the National Park are actually included in the National Park sub-area for analytical purposes in this report. This does not have any significant impact on the analysis as for the most part, those areas affected do not contain large population or household numbers.



Source: 2019 SHMA/OAN report

Structure of this Report

- 1.37 This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:
 - Section 2 Housing Stock, Supply Trends and Market Dynamics Provides background analysis including looking at house prices and house price changes;
 - Section 3 Demographic Trends and Projections Reviews a range of data about population and household growth and sets out how population might change under trend-based scenarios;
 - Section 4 The Link Between Housing and Economic Growth Looks at the number of homes likely to be needed to house a growing workforce, linked to economic forecasts;
 - Section 5 Affordable Housing Need Updates previous analysis about the need for affordable housing and builds on this by considering changes in the 2019 NPPF and more recent Government announcements;
 - Section 6 Drawing the Analysis Together for Overall Housing Need Considers the outputs from analysis in previous sections to set out a view about the housing need in the LPA area of Copeland;
 - Section 7 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; and
 - Section 8 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.

Introduction: Key Messages

This report provides an update to key aspects of the Strategic Housing Market Assessment (SHMA) and Objectively Assessed Housing Need (OAN) Report completed by Justin Gardner Consulting (JGC) in October 2019 (but taking a 2018 base). This report focusses on overall housing need, including the link between jobs (labour supply) and housing as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes).

The Council undertook a Preferred Options consultation in late 2020 and is working through responses to this with the aim to provide a Publication Draft (Regulation 19) shortly. In terms of the SHMA and this update there are a number of policies that are influenced by this evidence, including:

- Policy H2PO: Housing Requirement
- Policy H7PO: Housing Density and Mix
- Policy H8PO: Affordable housing
- Policy H11PO: Residential Establishments, including Specialist, older persons housing and purpose built student and key-worker accommodation

The 2019 SHMA/OAN study concluded a base housing need for 140 dwellings per annum, but that consideration could be given to a figure of 200 dwellings per annum to help support economic growth – these figures being taken forward in Policy H2PO.

To provide an evidence base, this 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 Housing Stock, Supply Trends and Market Dynamics;
- Section 3 Demographic Trends and Projections;
- Section 4 The Link Between Housing and Economic Growth
- Section 5 Affordable Housing Need;
- Section 6 Drawing the Analysis Together for Overall Housing Need;
- Section 7 The Needs of Older People and People with Disabilities; and
- Section 8 Housing Mix.

2. Housing Stock, Supply Trends and Market Dynamics

Introduction

2.1 In this section we move on to profile the current housing offer. An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure and size) and how the mix of properties varies between tenures. The section also considers the recent housing market dynamics in Copeland in respect of house prices, sales, rental values and affordability.

Housing Offer

2.2 There were 33,600 dwellings in Copeland in 2020 (MHCLG Live Tables). Of these, 82% are in the private sector (which includes both owner-occupied and private rented properties) and 18% owned by public sector organisations (all Registered Providers in the case of Copeland). Copeland has a slightly higher proportion of social housing when compared with the North West and England, and a notably higher stock in comparison with Cumbria.



Source: MHCLG Table 100 and Table 109

- 2.3 Within the private sector, there is limited reliable local data available on the split between owner occupied housing and private renting. The 2011 Census showed:
 - Levels of home ownership in Copeland were higher than comparator areas (71%), compared to the North West (65%) and England (64%).
 - In Copeland, 9% of dwellings were in the private rented sector. This compares to 15% in the North West and 17% in England.

2.4 The English Housing Survey can be used to assess trends at a national level. What this shows is that across England, the private rented sector now accommodates 20% of all households, with this proportion having doubled since 2006-7. Growth in Private Rented accelerated from 2006/7, but appears to have slowed in more recent years (since 2014).

House Types and Sizes

2.5 To assess the profile of homes of different sizes, we have used 2011 Census data as a baseline. In Copeland, 52% of the stock consisted of 3-bedrooms, higher than seen in other areas. Generally, the proportion of homes with 2- or 4+-bedrooms is similar to other areas, with the proportion of 1-bedroom homes (at 4%) being very low in comparison with other locations.



In terms of the types of properties in Copeland, the highest proportion (38%) are semi-detached, which is significantly higher than the proportion of these types of properties for England (31%).
 Copeland has a lower proportion of flats compared to any other area studied (8% compared to 22% nationally).



2.7 The Regulator of Social Housing provides a summary overview of social rented units by type for local authorities in England. Currently in Copeland, there are 15 private registered providers (RPs). Virtually all of the stock 99% of the stock is owned by large RPs⁹, mainly the LSVT RP (Home Group

Limited). Looking at the table below, it can be seen that the vast majority of the stock in Copeland is General Needs Rented (93% of the total) and that there is a very small stock classified as Low Cost Home Ownership (LCHO).

| Figure 2.4: Total Social Units by Provision Type, 2020 | | | | | | | | |
|--|--------|---------|-----------|--|--|--|--|--|
| Copeland North West England | | | | | | | | |
| General Needs Rented | 5,592 | 431,498 | 2,182,746 | | | | | |
| LCHO (Shared Ownership / Equity) | 8 | 15,415 | 194,670 | | | | | |
| Supported Housing | 75 | 23,250 | 140,458 | | | | | |
| Housing for Older People | 50,943 | 260,004 | | | | | | |
| Total | 5,993 | 521,106 | 2,777,878 | | | | | |

Source: The Regulator of Social Housing, 2020

2.8 Whilst proportions of supported housing in the Borough are low, the Council are seeking to address this (e.g. Home Group are to be providing 50+ units supported housing funded through Homes England which is due to come on line in late 2021).

⁹ <1,000 units owned

How Households Occupy Housing

- 2.9 Overcrowding is defined as the number of properties which have fewer rooms than their households require. The requirement is calculated based on the size, age and relationship of household members. Under-occupied properties on the other hand are those with more bedrooms than the household needs. For instance, an under-occupied property can relate to a couple with no children living in a two or more-bedroom property.
- 2.10 There has been a notable increase in overcrowded households at a national level (including young people living with their parents for longer) and Houses in Multiple Occupation (HMOs). This has been a symptom of affordability pressures, restrictions on access to mortgage finance and housing under-supply.
- 2.11 The English Housing Survey (2016-2017) states the rate of overcrowding in England for 2016/17 was 3%, with approximately, 682,000 households living in overcrowded conditions. Overcrowding was more prevalent in the rented sectors than for owner occupiers. Only 1% of owner occupiers nationally (183,000 households) were overcrowded in 2016-17 compared with 7% of social renters (268,000) and 5% of private renters (231,000).
- 2.12 The English Housing Survey indicates that number and proportion of overcrowded households in the owner-occupied sector has remained relatively stable over the last 20 years or so. In the social rented sector, overcrowding peaked at 7% in 2010-11, before dropping to 6% in 2012-13. It remained at 6% until 2014-15 but increased to 7% in 2015-16 where it remained in 2016-17.
- 2.13 However, the proportion of overcrowded households in the private rented sector increased from 3% in 1995-96 to a peak of 6% in 2011-12, and since then has decreased slightly to 5%. The rapid overall growth in private renters between 1995-96 and 2016-17 explains the pronounced increase in actual numbers of overcrowded households from 63,000 in 1995-96 to 231,000 in 2016-17.
- 2.14 This national trend is however not evident in Copeland where the proportion of residents living in over-occupied properties decreased by 11% between 2001 and 2011. We have measured the occupancy of housing against the Census occupancy rating based on rooms, which allows comparison of trends over time. In 2011, the proportion of overcrowded dwellings was 3.5% for Copeland (as a total of the current housing stock) this compares with 8.7% nationally.

| Figure 2.5: Changes in Under and Over Occupied Households, Occupancy Rating, | | | | | | | | | |
|--|--|------------|----|-----------|-----------|------|--|--|--|
| 2001-2011 | | | | | | | | | |
| | Under-occupying households Over-occupying households | | | | | | | | |
| 2001 2011 % Change 2001 2011 % Chan | | | | | | | | | |
| Copeland | 24,362 | 25,833 | 6% | 1,208 | 1,080 | -11% | | | |
| Cumbria | 172,352 | 185,115 | 7% | 7,854 | 8,242 | 5% | | | |
| North West 2,180,337 2,302,256 6% 152,248 187,816 23% | | | | | | | | | |
| England | 15,274,290 | 16,027,853 | 5% | 1,457,512 | 1,928,596 | 32% | | | |

Source: 2001 and 2011 Census

- 2.15 Under occupation in Copeland increased by 6% between 2001 and 2011. However, the bedroom standard can be used to provide a more accurate representation of overcrowding and under-occupancy, as it takes account of the age/sex of occupants and relationships between then.
- 2.16 In terms of under-occupancy, in 2011 82% of the housing stock in Copeland was under-occupied, which is significantly higher when compared to the region (72%) and nationally (69%). This is influenced by high owner occupation and the age structure; whereby older owner occupying households can afford in essence to have more bedrooms than they might necessarily need, or this group may indeed lack suitable alternative housing options.

| Figure 2.6: Under and Over Occupied Households, Bedroom Standard, 2011 | | | | | | | |
|--|------------|------------|--|--|--|--|--|
| Under-Occupying Over-Occupyin | | | | | | | |
| | Households | Households | | | | | |
| Copeland | 81.5% | 2.0% | | | | | |
| Cumbria | 79.3% | 1.8% | | | | | |
| North West 71.6% 3.6% | | | | | | | |
| England | 68.7% | 4.6% | | | | | |

Source: Census 2011

2.17 Whilst levels of overcrowding are generally low, the Council has highlighted a problem in relation to young single people 'sofa surfing'. This problem is thought to be in part due to the housing mix in the Borough where there are very few 1-bedroom homes, and a large supply of 3-bedroom homes (many of which are occupied by older people). Within the social stock, as older people move some homes can be hard to fill due to under-occupancy rules.

Housing Completions

2.18 Between 2011 and 2021, the were 1,208 net dwelling completions in Copeland (at an average of around 120 per annum). The figure below shows a range from 51 dwellings (2011/12, up to 154 in 2016/17).



2.19 In terms of changes to the housing stock over the period from 2011 (to 2020 to allow for comparisons with other areas) it can be seen that the number of dwellings in Copeland has risen at a slower rate than seen in other locations. In 2020, it was estimated that the dwelling stock of the borough had risen by 3.6% from 2011 levels, this compares with 5.4% across Cumbria, 6.0% for the North West and 7.3% nationally.



Source: MHCLG Live Table 125

House Prices

2.20 The median value of house sales in Copeland in 2020 was £126,000. This was 28% (£49,000) below the North West average and over 50% (£133,000) below the national average. Relative to the national average, prices for all properties in Copeland are substantially lower (pointing to weaker relative demand).

| Figure 2.9: Median House Prices, 2020 | | | | | | | |
|---------------------------------------|-----------|-----------|-----------|------------|-----------|--|--|
| | Detached | Semi- | Terraced | Flat/ | All Sales | | |
| | | Detached | | Maisonette | | | |
| Copeland | £250,000 | £130,000 | £85,000 | £85,000 | £126,000 | | |
| Cumbria | £283,000 | £166,000 | £114,000 | £127,000 | £173,000 | | |
| Differential | -£33,000 | -£36,000 | -£29,000 | -£42,000 | -£47,000 | | |
| North West | £295,000 | £180,000 | £123,000 | £128,000 | £175,000 | | |
| Differential | -£45,000 | -£50,000 | -£38,000 | -£43,000 | -£49,000 | | |
| England | £368,000 | £230,000 | £201,000 | £221,000 | £259,000 | | |
| Differential | -£118,000 | -£100,000 | -£116,000 | -£136,000 | -£133,000 | | |

Source: ONS Small Area House Price Statistics

2.21 The figure below charts growth in the median house price over the period since 1995. House prices in Copeland have fallen behind the national trend over time. In 2020, the median house price in Copeland was 3.2 times higher than seen in 1995, whereas equivalent figures are 3.8 across Cumbria, 3.9 for the North West and 4.7 nationally. The figure below also shows the recessionary impact on prices in 2008/9 which interestingly suggests Copeland was less affected than other locations. Since 2010, prices across the Borough have remained fairly static, whilst increases have been seen in all other locations studied. Over the decade to 2020, prices in Copeland rose by 7%, this compares with 22% across Cumbria, 35% in the North West and 40% nationally.



Source: ONS Small Area House Price Statistics

2.22 Trends in the values of different types of properties in Copeland are shown in the figure below. It shows that in the longer-term, the strongest value growth has been for detached properties which have continued to increase since about 2012, whilst other dwelling types have generally seen little change in prices (the figures for flats are quite volatile due to the relatively small number of sales).



Source: ONS Small Area House Price Statistics

2.23 An analysis of changes in the median house price over time shows the cyclical nature of the market. Prices grew by 34% between 2005-10, which is substantially higher than the growth seen between 2010-15 (1.7%) and also the past 5-years (2015-20 – 5.0%). The strongest growth in absolute and percentage terms over the last 5-10 years has been in values of detached and to a lesser extent semi-detached properties.

| Figure 2.12: Growth in House Prices in Copeland over different time periods | | | | | | | | |
|--|-------------------------|--------|--------|--------|---------|--------|--|--|
| | 2005-10 2010-15 2015-20 | | | | | | | |
| | Price | % | Price | % | Price | % | | |
| | change | change | change | change | change | change | | |
| Detached | £25,250 | 13.5% | £6,725 | 3.2% | £30,975 | 14.1% | | |
| Semi-Detached | £25,000 | 26.3% | £0 | 0.0% | £9,950 | 8.3% | | |
| Terraced £9,000 12.7% £3,750 4.7% £1,250 | | | | | | 1.5% | | |
| Flat/Maisonette £27,000 34.2% -£18,000 -17.0% | | | | | -£3,000 | -3.4% | | |
| All Sales | £30,000 | 34.1% | £2,000 | 1.7% | £6,000 | 5.0% | | |

Source: ONS Small Area House Price Statistics

Sales

2.24 Transaction levels (sales) reflect the relative buoyancy of the market and provide an indication of 'effective demand' for market housing. Sales volumes averaged 1,330 per annum over the 10-year period to 2008. 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 Copeland have however been trending down since 2015, with the exception of 2019.

2.



Source: ONS Small Area House Price Statistics

- 2.25 Structural issues with the housing market have inhibited a recovery in sales volumes to pre-2008 levels at a national level which is also clear in Copeland. Access to mortgage finance is more restricted with lower availability of mortgages on high loan to value ratios and requirements for 'stress testing', which includes assessing the ability of households to pay higher interest rates than the current level.
- 2.26 A growing older population which typically moves less often has also restricted housing market activity and chains, with fewer older households moving in part because of a compression of prices between 2- and 3-bed properties according to analysis from UK Finance. A consistent low inflation environment has less reduction in the real value of debt.
- 2.27 The growth in house prices has created affordability issues which serve both to restrict the ability of non-home owners to purchase a home and has led to significant rises in Stamp Duty, which means that the 'transactional cost' of moving is now significant, with many households looking to extend homes, rather than move. It is this combination of issues which underlies lower market housing sales and transactional activity over the last decade.
- 2.28 The analysis below benchmarks sales trends relative to average over the 1995-2020 period. It shows a strong correlation between sales trends in Copeland and nationally.



Source: ONS Small Area House Price Statistics

- 2.29 The drop in sales volumes seen since 2016 is likely to have been influenced by the effects of macroeconomic uncertainty on the market – linked to Brexit – coupled with changes to mortgage interest relief which have affected the buy-to-let market. The drop in sales in early 2020 is likely to be influenced by the Covid-19 pandemic.
- 2.30 Influenced by Government support for the housing market, in many areas we have seen growth in the proportion of sales accounted for by new-build properties, this however does not appear to be the case in Copeland where newbuild accounts for 7% of sales over the past 5-years (compared with 10% across Cumbria, 11% in the North West and 12% nationally). This would suggest potential to grow the newbuild market in Copeland.



Source: ONS Small Area House Price Statistics

2.31 Our analysis suggests that new-build sales volumes have been strongly supported by the Government's Help-to-Buy Equity Loan Scheme, which has supported an average of 27% of new-build sales over the 2013-20 period.

| Figure 2.16: Market Support from Help-to-Buy Equity Loan, Copeland | | | | | | | |
|--|-----------------|----------------|--------------|--|--|--|--|
| | Total New-Build | Sales with HTB | % Supported | | | | |
| | Sales | Loan | 78 Supported | | | | |
| 2013 | 13 | 61 | 21% | | | | |
| 2014 | 3 | 51 | 6% | | | | |
| 2015 | 15 | 74 | 20% | | | | |
| 2016 | 29 | 87 | 33% | | | | |
| 2017 | 26 | 77 | 34% | | | | |
| 2018 | 17 | 64 | 27% | | | | |
| 2019 | 13 | 62 | 21% | | | | |
| 2020 | 25 | 45 | 56% | | | | |
| Total | 141 | 521 | 27% | | | | |

Source: HTB Equity Loan Statistics and New-Build Sales (from ONS Small Area House Price Statistics)

Private Rental Values

2.32 The analysis below reviews current private rents in Copeland against the County, regional and national average. The data is drawn from the Valuation Office Agency ("VOA") Private Rental Market Statistics. Median monthly rents vary from £328 for a Studio to £785 for 4+-bedroom properties in Copeland.

| Figure 2.17: Monthly Rents in Copeland, Year to March 2021 | | | | | | | | | |
|--|-----|------|------|------|--|--|--|--|--|
| Count of Rents Lower Quartile Median Upper Quartile | | | | | | | | | |
| Room | 0 | - | - | - | | | | | |
| Studio | 10 | £288 | £328 | £330 | | | | | |
| 1-bed | 120 | £368 | £428 | £475 | | | | | |
| 2-bed | 320 | £410 | £475 | £550 | | | | | |
| 3-bed | 220 | £475 | £550 | £633 | | | | | |
| 4+ bed | 40 | £600 | £785 | £900 | | | | | |
| All Lettings | 710 | £425 | £495 | £595 | | | | | |

Source: ONS Private Rental Market Statistics

2.33 The median rent for all properties is 6% below the Cumbria average, 15% lower than the North West average and 32% below the England average. Rents in Copeland for all property sizes are all below the national and regional average.



Source: ONS Private Rental Market Statistics

2.34 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 10%. The strongest growth has been for 3-bedroom properties although overall it is difficult to firmly conclude if this analysis points to any specific shortages of rented housing.
| Figure 2.19: Rental Growth in Copeland, 2015/16 – 2020/21 | | | | | | |
|---|---------|---------|--------|----------|--|--|
| | 2015/16 | 2019/20 | Change | % Change | | |
| Room | £347 | - | - | - | | |
| Studio | £315 | £328 | £13 | 4.1% | | |
| 1-bed | £395 | £428 | £33 | 8.4% | | |
| 2-bed | £450 | £475 | £25 | 5.6% | | |
| 3-bed | £500 | £550 | £50 | 10.0% | | |
| 4+ bed | £750 | £785 | £35 | 4.7% | | |
| All Lettings | £450 | £495 | £45 | 10.0% | | |

Source: ONS Private Rental Market Statistics

Market Affordability

2.35 The median house price-to-earnings ratio in Copeland in 2020 at 2.62 is significantly lower than both the North West and England averages, at 5.75 and 7.84 respectively, pointing to weaker affordability pressures. This is based on workplace-based earnings. Residents' earnings are lower than workplace-based earnings, by an average of around £6,000 per year. The median house price for residents is therefore a higher figure of 2.99 times earnings.

| Figure 2.20: Median House Prices to Earnings Ratio in Copeland, 2020 | | | | | |
|--|----------|----------|--|--|--|
| Residence-based Workplace-based | | | | | |
| Median House Price, year to Sept 2020 | £130,000 | £130,000 | | | |
| Median Annual Earnings, 2020 | £43,463 | £49,541 | | | |
| Median House Price-to-Income Ratio | 2.99 | 2.62 | | | |

Source: ONS House Price to Earnings Ratio

2.36 Over the last 15 years the median house price-to-earnings ratio has decreased by 0.3 points, from 2.94 in 2005 to 2.62 in 2020. This compares with increased ratios regionally and nationally and points to improving affordability in the Borough. As affordability is an input into the Government's standard method, the current ratio and changes to this can influence future housing needs.

| Figure 2.21: Trend in Workplace-based House Price-to-Earnings Ratio | | | | | | |
|---|------|------|------|------|--------|---------|
| | 2005 | 2010 | 2015 | 2020 | 5 Year | 15 Year |
| | | | | | Change | Change |
| Copeland | 2.94 | 3.31 | 2.59 | 2.62 | 0.03 | -0.32 |
| Cumbria | 5.56 | 5.72 | 5.76 | 5.29 | -0.47 | -0.27 |
| North West | 5.35 | 5.47 | 5.55 | 5.75 | 0.20 | 0.40 |
| England | 6.79 | 6.85 | 7.52 | 7.84 | 0.32 | 1.05 |

Source: ONS House Price to Earnings Ratio

Qualitative information about the housing market

- 2.37 We undertook a detailed analysis in 2017 for the SHMA which involved visiting the borough and conducting face to face interviews with estate agents and stakeholders. The following remarks update this on the basis that due to the Covid 19 pandemic and 'pingdemic' only telephone and email interviews were achieved. This was with some difficulty mainly due to the pandemic placing a strain on staffing resources.
- 2.38 Our key findings in 2017 were:
 - Sellafield and BAE have significant but different impacts on different parts of the local housing market;
 - The local housing market in Millom is unbalanced and may not prove sustainable if it were not for BAE contractors;
 - House prices are such that most local households can become homeowners if they want to;
 - As such there was less pressure on the private rented sector as would be apparent in high price areas;
 - The main role of the private rented sector would appear to be to support the short-term contractors needed to sustain and develop the Sellafield Complex; and
 - The lack of new build housing is notable but is consistent with other parts of the peninsular.
- 2.39 On the basis of testimony from local stakeholders and national published information it is clear that the single most important factors that have driven change since 2017 is the Covid 19 pandemic and Brexit, each of which has had a number of impacts. It was also pointed out to us that the Brexit impact too, primarily affected the rural labour force and the care sector. At this point in time it is impossible to say whether the impacts are temporary or permanent. Potential impacts include:
 - Impact on housing supply and demand;
 - A movement from commuting to working from home; and
 - Impact on business and the 'high street'.
- 2.40 In 2017 we reported that, according to estate agents, pressure on the local market from incomers was high. Agents have reported a spike in demand due to Covid 19 largely due to 'city flight' from other parts of the country. However there has been some adjustment to this position due to another impact of Covid 19: the 'staycation'. We are now seeing a proportion of new incomers 'flipping' across to the tourism sector through holiday lettings or second homes or both.
- 2.41 Agents thought it was too early to say whether the economic impact of Covid 19 locally would lead to market churn through repossessions, as of October 2021, the furlough scheme had only just been withdrawn.
- 2.42 Regarding house prices and rents evidence from estate agents suggests that over the last year prices have been stable in Millom and Whitehaven, however prices at Cleator Moor have weakened.

- 2.43 Agents told us that there was some evidence of demand from households wishing to upsize and linked this to homeworking. However, they pointed out that this was limited as only office based service sector workers could home work. The major local employers needed their workforce on-site. This also has to be considered a minor impact due to the pressure on many household budgets due to furlough.
- 2.44 Regarding new build housing we note that Story Homes has secured planning consent for a third phase of its development at Whitehaven. We are also aware that Story Homes has publicly drawn attention to labour shortages, which are being addressed by higher wages rather than productivity and supply chain problems which can be attributed to both Covid 19 and Brexit impacts.
- 2.45 Regarding the high street, local and national opinion is that Covid in particular has accelerated preexisting trends in the high street¹⁰ citing large increases in the proportion of goods bought online and the disappearance of some national anchor tenants especially in the retail sector. We note from local listings that the trend of former public houses being converted to apartment continues. That said, we noted a high-level support for the council led initiative to repurpose the Whitehaven high street. However, based upon newspaper articles, the problems associated with the Cleator Moor high street apparently remain.
- 2.46 We were anxious to understand the views of major employers specifically the extent to which lack of housing supply was impacting on recruitment and retention of their workforce. We asked for information from the NHS, Sellafield Ltd. and the Cumbria Chamber of Commerce. Whilst all acknowledged our request for an interview, we only received substantive responses from NHS and Sellafield Ltd. spokespersons.
- 2.47 The response from the NHS requires no further emphasis from us other than to recommend that the dialogue between the NHS and the Council continues:

"Housing in the locality of West Cumberland Hospital is, in our experience, in woefully short supply and is a key factor affecting the NHS ability to recruit to and retain staff in all kinds of roles – students, nurses, doctors, consultants. Whether they be singletons or with a family we are finding it increasing problematic to source housing to support the staff we need to run the services at WCH. This situation has been particularly difficult for our recent (and continued) reliance on recruitment of nurses and doctors from overseas. Due to visa and / or wage criteria we find that despite being key workers they cannot access the key worker accommodation through the housing authorities and there is simply nothing available in the private rented sector locally. I'm sure we could share lots of data and details if that would be of use. Let me know how we can help."

2.48 A spokesperson from Sellafield Ltd. provided a number of insights about challenges facing the company's workforce and supply chain. We were told that the group that experienced the greatest challenge of finding suitable accommodation was the annual intake of graduates. Whilst this is not a large group, many find difficulty in finding rented accommodation due to lack of supply and a proportion do not take up their offer of employment.

¹⁰ The LGA: The future of the high street, House of Commons, 10 December 2020

- 2.49 The spokesperson considered that housing was a factor but not the main factor within wider set of issues that affect the workforce in different ways. For example, recruitment to senior posts from higher managers and professionals that involved relocation worked as partners, themselves likely to be professionals, could also find suitable employment locally. This may not be the case for younger, more junior workers. They face the challenge of a relatively remote place of work and daily travel to schooling or childcare. This can be challenging as public transport is considered to be poor. Whilst housing is generally affordable, it can be of poor quality and obsolete in design and below the aspirations and expectations of households. The spokesperson remarked that the cultural and night-time economy in the area was weak compared to other towns and cities, and this is likely to be a factor when households are considering relocating to the area. There is also little infrastructure or community to support a more ethnically diverse workforce.
- 2.50 On a wider point, our attention was drawn to the demographic profile of the workforce. One third of the workforce is aged 50 or over with 10% over the contractual age of retirement. The spokesperson raised the issue of these people being lost to the local economy and communities if the post retirement housing offer was not appropriate and they opt to relocate upon retirement.

Housing Stock, Supply Trends and Market Dynamics: Key Messages

An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure, size and cost) and how the mix of properties varies between tenures.

Around 18% of housing stock in Copeland is socially rented, a slightly higher figure than seen across the North West and nationally, the stock is also dominated by 3-bedroom and semi-detached homes – 3-bed homes making up 52% of all housing and semi-detached being at 38%.

Focussing on the social stock, it can be seen that the supply of supported housing (including for older people) and low cost home ownership is very low in a regional/national context – virtually all social housing is general needs rented (93% of the total).

Looking at occupancy it is notable that Copeland has very low levels of overcrowding and that this seems to have been decreasing over time (whereas overcrowding regionally and nationally has increased – Copeland also sees a high proportion of households under-occupying homes.

Over the past decade there have been around 1,200 net completions of dwellings, adding about 3.5% to the housing stock, this is a low level of delivery, with the stock across England increasing by over 7%.

House prices in the Borough are very low in comparison with other areas; the overall median cost of a home in the Borough in 2020 was less than half the national average, prices are also substantially lower than seen across the region and County. Whilst historically, prices in the Borough have been low, it is notable that recent trends show a widening gap from other locations. Over the decade to 2020, prices in Copeland rose by 7%, this compares with 22% across Cumbria, 35% in the North West and 40% nationally.

Private rental costs are also notably lower than seen in other locations and have seen only modest increases over the past few years.

Despite the low prices, Copeland does see relatively high levels of earned income, particularly for people working in the Borough (rather than living in the Borough) – this is likely to be linked to jobs at Sellafield. As a result, price:income affordability ratios show the Borough to be the most affordable place in the country – as of 2020 the workplace-based affordability ratio stood at 2.62.

Overall, the picture is one of a low value area with values that have been fairly stable, this does point to a relatively low level of market demand at the present time. The cost of housing cannot therefore be seen as a major barrier to home ownership.

3. Demographic Trends and Projections

Introduction

- 3.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP) both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020 (smaller-area data available to 2019).
- 3.2 The section begins with reviewing the Government's Standard Method for assessing housing need and returns to this to consider potential population growth and changes to population/household structures when using this method. Projections have been developed for the 2021-38 period.

Standard Method

3.3 The analysis below considers the level of local housing need for Copeland having due regard to the (a) the Standard Method and (b) a discussion of the circumstances which could justify planning for a higher figure over and above 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.

Step One: Setting the Baseline

- 3.4 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. 2021 to 2031. This results in household growth of 84 households (8.4 per annum) over the ten-year period.
- 3.5 Although this figure is calculated over a ten-year period from 2021 to 2031, Paragraph 12 of the PPG states that this average household growth and the local housing need arising from it can then "be applied to the whole plan period".

Step Two: Affordability Adjustment

3.6 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.

3.7 The latest (workplace-based) affordability data is 2020-based and was published by ONS in March 2021. 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 as follows:

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

3.8 In Copeland the latest affordability ratio is below 4 (2.62) and would therefore lead to a negative 'uplift'. Therefore, no change is made to the household growth figure and the local housing need is for 8.4 dwellings per annum moving forward from 2021.

Step Three: The Cap

- 3.9 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.
- 3.10 Given the housing requirement of the most recent adopted plan 230-300 dwellings per annum and the fact that the uplift is lower than 40%, there is no cap applied for Copeland.

Step Three: Urban Uplift

- 3.11 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).
- 3.12 As Copeland is not listed within the top 20 urban areas in the country it is not subject to this additional uplift. The minimum housing need therefore remains at 8.4 dpa; this would equate to 143 homes over the 2021-38 period.

Exceeding the Standard Method

3.13 The PPG is clear that the standard method is a minimum number and that "consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies". (Reference ID: 2a-007-20190220).

- 3.14 The PPG also sets out examples of when it might be appropriate for local authority areas to consider whether to plan for higher levels of housing need than the standard method. The examples in Paragraph 10 (Reference ID: 2a-010-20201216) include (but are not limited to):
 - growth strategies for the area that are likely to be deliverable;
 - strategic infrastructure improvements; or
 - an authority agreeing to take on unmet need from neighbouring authorities.
- 3.15 In Copeland it is clear that the Standard Method generates a low housing need figure although future job growth might put pressure on housing if people taking up new jobs are to live in the local area. It is therefore considered that the Council should investigate higher housing numbers linked to scenarios for job growth. This analysis is set out in the next section of this report.

Demographic Trends

3.16 The analysis below looks at some key statistics about demographic trends in Copeland; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow. The data presented is mainly for Copeland as a whole, although key demographic data for sub-areas is also provided.

Population

3.17 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2019) and the proportion of the Copeland total this amounts to. As of 2019, the population of Copeland was estimated to be around 68,200 with over a third of people living in the Whitehaven area – around 6% of people living in the National Park. Data has also been published for 2020 (not at a smaller-area level) and this suggests a slight decline in population in the 2019-20 period – the population in 2020 estimated to be 68,041.

| Figure 3.1: Estimated population by sub-area (2019) – Copeland | | | | |
|--|----------------------|-----------------|--|--|
| | Estimated population | % of population | | |
| Whitehaven | 24,536 | 36.0% | | |
| Cleator Moor | 6,752 | 9.9% | | |
| Egremont | 7,768 | 11.4% | | |
| Whitehaven Rural | 17,218 | 25.3% | | |
| National Park | 3,966 | 5.8% | | |
| Millom | 7,943 | 11.6% | | |
| COPELAND | 68,183 | 100.0% | | |

Source: ONS

Age Structure

3.18 The figure below shows the population age profile of Copeland compared with a range of other areas. For Copeland, the data shows a relatively old age structure in comparison with the regional and national position (albeit a profile more in line with that seen across Cumbria). Notably, the proportion of the population is higher than seen regionally or nationally for virtually all age groups from about 48 onwards. This does mean that Copeland has a relatively low proportion of younger adults and children.



Source: ONS mid-year population estimates

3.19 The analysis below summarises the above information 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 shows that, compared with the region and national position, Copeland has a high proportion of people aged 65 and over (23%) and consequently lower proportions of both children and people of working-age (although the 16-64 population is higher than seen across the County).

| Figure 3.3: Population profile (2019) – summary age bands | | | | | | |
|---|------------|------------|------------|------------|------------|--|
| | Copeland | | Cumbria | North West | England | |
| | Population | % of | % of | % of | % of | |
| | Population | population | population | population | population | |
| Under 16 | 11,418 | 16.8% | 16.4% | 19.1% | 19.2% | |
| 16-64 | 41,000 | 60.3% | 58.9% | 62.1% | 62.3% | |
| 65+ | 15,623 | 23.0% | 24.7% | 18.8% | 18.5% | |
| All Ages | 68,041 | 100.0% | 100.0% | 100.0% | 100.0% | |

Source: ONS mid-year population estimates

3.20 The figure below takes this data forward to look at some differences by sub-area (data for 2019). The analysis shows quite different are profiles in sub-areas of the Borough with the National Park having a particularly old population (31% of people aged 65 and over). Cleator Moor sees the lowest proportion of people aged 65+, whilst Whitehaven has the highest proportion of children.



Source: ONS mid-year population estimates

Past population change

3.21 The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). The analysis shows over this period that the population of Copeland has fallen, compared with limited change in Cumbria and a growing population across the region and nationally. In 2020, it is estimated that the population of Copeland had fallen by 2% from 2001 levels, with a 2% increase seen in Cumbria. These figures are in contrast with a 9% rise across the region and 14% nationally.



Source: ONS (mid-year population estimates)

3.22 The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has data at a smaller area level and is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of Copeland fell by 4%, with there being virtually no change across Cumbria. This is a low level of population change and compares with increases of 4% in the North West and 6% in England.

| Figure 3.6: Population change (2011-20) | | | | | | |
|--|------------|------------|-----------|-------|--|--|
| Population (2011)Population (2020)Change% change | | | | | | |
| Copeland | 70,627 | 68,041 | -2,586 | -3.7% | | |
| Cumbria | 499,817 | 499,781 | -36 | 0.0% | | |
| North West | 7,055,961 | 7,367,456 | 311,495 | 4.4% | | |
| England | 53,107,169 | 56,550,138 | 3,442,969 | 6.5% | | |

Source: ONS mid-year population estimates

3.23 The figure below shows population change by age (again for the 2011-20 period). This generally identifies the greatest increases to be in older age groups (aged 65 and over) along with population decline for many younger age groups. The population decline of people aged in their 40s and early 50s is particularly notable.



Source: ONS mid-year population estimates

3.24 This information has been summarised into three broad age bands to ease comparison. The data shows a decrease of 5% in the number of children and a more substantial decrease (9% - 4,200 people) in people aged 16-64. Despite these two groups declining in number, the population aged 65 and over has increased notably, increasing by 2,200 people in the 2011-20 period – a 16% increase. It is clear without the increase in the number of older people in the Borough that population declines would have been even more notable.

| Figure 3.8: Change in population by broad age group (2011-20) – Copeland | | | | | | | |
|--|---------------------------|--------|--------|-------|--|--|--|
| | 2011 2020 Change % change | | | | | | |
| Under 16 | 11,981 | 11,418 | -563 | -4.7% | | | |
| 16-64 | 45,199 | 41,000 | -4,199 | -9.3% | | | |
| 65+ | 13,447 | 15,623 | 2,176 | 16.2% | | | |
| TOTAL | 70,627 | 68,041 | -2,586 | -3.7% | | | |
| Source: ONS | | | | | | | |

3.25 Additional analysis is provided below to look at the sub-areas. The data shows for the 2011-19 period that all sub-areas of the Borough have seen a decline in population; the highest decline being in Millom (an 8% decrease in population) with the lowest reduction being seen in Whitehaven (at 1%).

| Figure 3.9: Change in population (2011-19) by sub-area – Copeland | | | | | | |
|---|--------|--------|--------|----------|--|--|
| | 2011 | 2019 | Change | % change | | |
| Whitehaven | 24,806 | 24,536 | -270 | -1.1% | | |
| Cleator Moor | 6,939 | 6,752 | -187 | -2.7% | | |
| Egremont | 8,191 | 7,768 | -423 | -5.2% | | |
| Whitehaven Rural | 17,977 | 17,218 | -759 | -4.2% | | |
| National Park | 4,120 | 3,966 | -153 | -3.7% | | |
| Millom | 8,594 | 7,943 | -652 | -7.6% | | |
| COPELAND | 70,627 | 68,183 | -2,444 | -3.5% | | |



Components of Population Change

- 3.26 The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. 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 relevant to the 2001-11 period.
- 3.27 The data typically shows a negative level of natural change throughout the period (i.e. more deaths than births) although there are a number of positive years. Internal migration has been quite variable negative in all years from 2007-19 but interestingly showing a small net in-migration in the last year for which data is available; the last five years for which data is available shows an average of about 160 people (net) moving from the area to other parts of the United Kingdom. International migration is also variable but generally quite modest in scale; over the past five years international migration has averaged about 30 people per annum (net).
- 3.28 The data also shows a positive level of UPC, suggesting that between 2001 and 2011, ONS may have initially underestimated population growth within population estimates (and this was corrected once Census data had been published).

| Figure 3.10: Components of population change, mid-2001 to mid-2020 – Copeland | | | | | | |
|---|---------|-----------|-------------|-----------------------|-----------|--------|
| | Natural | Net | Net intern- | Other | Other | Total |
| | change | internal | ational | changes ¹¹ | (unattri- | change |
| | | migration | migration | | butable) | |
| 2001/2 | -83 | -155 | -29 | 38 | 73 | -156 |
| 2002/3 | -58 | 119 | 55 | -9 | 71 | 178 |
| 2003/4 | -58 | 475 | 40 | -34 | 54 | 477 |
| 2004/5 | -86 | 82 | 68 | 7 | 78 | 149 |
| 2005/6 | 61 | 222 | 56 | 12 | 79 | 430 |
| 2006/7 | -11 | 185 | 92 | -9 | 91 | 348 |
| 2007/8 | 42 | -42 | 15 | 7 | 90 | 112 |
| 2008/9 | -9 | -291 | 66 | 12 | 95 | -127 |
| 2009/10 | 33 | -211 | 21 | 18 | 106 | -33 |
| 2010/11 | 23 | -154 | 85 | -43 | 87 | -2 |
| 2011/12 | 62 | -321 | -21 | -38 | 0 | -318 |
| 2012/13 | -25 | -231 | -19 | 18 | 0 | -257 |
| 2013/14 | -38 | -153 | -4 | 9 | 0 | -186 |
| 2014/15 | -89 | -100 | 19 | -8 | 0 | -178 |
| 2015/16 | -29 | -387 | 17 | 17 | 0 | -382 |
| 2016/17 | -101 | -188 | -2 | -326 | 0 | -617 |
| 2017/18 | -181 | -130 | 52 | -6 | 0 | -265 |
| 2018/19 | -142 | -139 | 40 | 0 | 0 | -241 |
| 2019/20 | -242 | 32 | 40 | 28 | 0 | -142 |
| Source: ONS | | | | | | |



¹¹ In Copeland, the 'other changes' are likely to largely be in relation to the prison population of Haverigg.

Other measures of past population growth

- 3.29 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR data is shown for Copeland, Cumbria, the North West region and England.
- 3.30 In Copeland, the MYE shows population decline of 3.7% in the 2011-20 period, whereas the PR is a slightly lower decline (at 3.1%); for Cumbria there is also a difference in the percentage change from the two sources, although the difference between the two is less marked. It is notable in all the areas studied that the PR shows higher estimated growth (lower decline for Copeland).
- 3.31 Overall, it is difficult to draw any conclusions from this data, as on the one hand the MYE arguably under-estimates population growth, or over-estimates population decline. However, if the MYE at a national level are considered to be accurate then the data simply suggests similar level of discrepancy from the two sources across all areas.
- 3.32 On balance, it is not considered that the analysis of PR data shows anything sufficiently compelling to suggest setting aside the MYE, either in terms of current population estimates, or trend levels of growth. This analysis can therefore be seen as mainly included for reference purposes.

| Figure 3. | Figure 3.12: Comparing ONS mid-year population estimates with estimates of | | | | | | |
|-------------|--|----------------|---------------|-----------|----------|--|--|
| | popul | ation from the | Patient Regis | ster | | | |
| | | 2011 | 2020 | Change | % change | | |
| Copeland | MYE | 70,630 | 68,050 | -2,580 | -3.7% | | |
| | Patient Register | 71,350 | 69,170 | -2,180 | -3.1% | | |
| Cumbria | MYE | 499,830 | 499,820 | -10 | 0.0% | | |
| | Patient Register | 513,510 | 515,960 | 2,450 | 0.5% | | |
| North West | MYE | 7,055,990 | 7,367,470 | 311,480 | 4.4% | | |
| | Patient Register | 7,387,610 | 7,915,360 | 527,750 | 7.1% | | |
| England | MYE | 53,107,200 | 56,550,160 | 3,442,960 | 6.5% | | |
| | Patient Register | 55,312,750 | 60,870,990 | 5,558,240 | 10.0% | | |
| Source: ONS | | | | | | | |

2018-based Subnational Population Projections (SNPP)

3.33 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.

- 3.34 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:
 - ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
 - The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
 - Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.
- 3.35 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:
 - Principal projection
 - an alternative internal migration variant
 - a 10-year migration variant
- 3.36 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.
- 3.37 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.
- 3.38 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.
- 3.39 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows the principal projection projecting population decline of 6%, with the alternative internal migration scenario being higher (lower) than this (7%) the 10-year trend variant is virtually identical to the alternative internal migration variant. Population decline in the 2016-based projections is similar to the 2018-based variants whilst the 2014-based projection shows the lowest population decline of any of the scenarios studied. The comparison with the 2014-based SNPP is particularly important as it underpins the 2014-based SNHP which is used in the Standard Method).

| Figure 3.13: Projected population growth (2021-2038) – Copeland – range of SNPP | | | | | | | |
|---|--------|--------|------------|-------|--|--|--|
| releases | | | | | | | |
| Population Population Change in % chang | | | | | | | |
| | 2021 | 2038 | population | | | | |
| 2018 (principal) | 67,667 | 63,392 | -4,274 | -6.3% | | | |
| 2018 (alternative internal) | 67,565 | 62,524 | -5,041 | -7.5% | | | |
| 2018 (10-year trend) | 67,624 | 62,596 | -5,028 | -7.4% | | | |
| 2016-based | 67,845 | 62,933 | -4,912 | -7.2% | | | |
| 2014-based | 68,594 | 65,778 | -2,816 | -4.1% | | | |

Source: ONS

- 3.40 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18). The alternative internal migration variant is also based on a broadly similar methodology to previous SNPP releases.
- 3.41 The table below shows projected population growth from 2021 to 2038 (using alternative internal migration assumptions) in Copeland and a range of comparator areas. The data shows that the population decline is substantially higher than projected across the County, whilst both the region and nationally, there is projected to be an increase in the number of people. The difference between areas will reflect the different levels of population growth seen in the period to 2018.

| Figure 3.14: Projected population growth (2021-2038) – 2018-based SNPP | | | | | | |
|--|-----------|-----------|------------|-------|--|--|
| (alternative internal migration assumptions) | | | | | | |
| Population Population Change in % change | | | | | | |
| | 2021 | 2038 | population | | | |
| Copeland | 67,565 | 62,524 | -5,041 | -7.5% | | |
| Cumbria | 498,340 | 486,756 | -11,584 | -2.3% | | |
| North West | 7,380,488 | 7,701,235 | 320,747 | 4.3% | | |
| England 56,989,570 60,766,253 3,776,683 6.6% | | | | | | |
| Source: ONS | | | | | | |

3.42 With the overall change in the population will also come changes to the age profile. The tables below summaries findings for key age groups. This analysis emphasises a projected increase on the population aged 65 and over, along with notable declines in the number of people aged 16-64 and also children.

| Figure 3.15: Population change 2021 to 2038 by broad age bands – Copeland (2018- | | | | | | |
|--|------------|------------|------------|----------|--|--|
| based SNPP – alternative internal migration assumptions) | | | | | | |
| | Population | Population | Change in | % change | | |
| | 2021 | 2038 | population | | | |
| Under 16 | 11,367 | 9,466 | -1,901 | -16.7% | | |
| 16-64 | 40,397 | 34,313 | -6,084 | -15.1% | | |
| 65 and over | 15,801 | 18,744 | 2,943 | 18.6% | | |
| Total | 67,565 | 62,524 | -5,041 | -7.5% | | |
| | | | | | | |

Source: ONS

Household Representative Rates (Household Formation)

- 3.43 Having studied the population size and age structure changes, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 3.44 The latest HRRs are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.
- 3.45 This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable).
- 3.46 Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figures below and clearly identify less suppression being built into future projections.
- 3.47 The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971). It should also be noted that the 2014-based figures do take a slightly different approach to establishing the households reference person. In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.

- 3.48 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). Therefore, three HRR scenarios have been used as described below:
 - Linking directly to 2018-based SNHP 2018-SNHP HRRs;
 - Linking directly to 2014-based SNHP 2014-SNHP HRRs; and
 - Linking to the 2014-based SNHP but with a part-return to previous trends for the under 44 age groups – 2014-PRT
- 3.49 To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups. It is also noted that these figures have been rejected by MHCLG as part of the Standard Method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some small degree of suppression of household formation in younger age groups (although this is less clear cut than in the 2018-based release).
- 3.50 The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, taking account of an apparent suppression in the formation of households from the population aged 25-34.



Source: Derived from ONS and CLG data

Household Growth

- 3.51 The table below shows estimates of household growth with each of the two HRR scenarios, the table also shows an estimate of the number of additional dwellings this might equate to. All of the figures link to population growth in the 2018-based SNPP (alternative internal migration variant).
- 3.52 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 3.53 The analysis shows an overall negative housing need for 78 dwellings per annum (dpa) across the Council area when using the 2018-based SNHP as the underlying household projection. This figure increases (but is still negative) to minus 66 dpa with the 2014-based HRRs, and changes again (to minus 48) with a further adjustment to the formation rates of the population aged under 45.

| Figure 3.17: Projected housing need – range of household representative rate assumptions – Copeland (linked to 2018-based SNPP) | | | | | | |
|---|------------|------------|------------|-----------|-------------|--|
| | Households | Households | Change in | Per annum | Dwellings | |
| | 2021 | 2038 | households | | (per annum) | |
| 2018-SNHP | 29,518 | 28,229 | -1,290 | -76 | -78 | |
| 2014-SNHP | 30,090 | 28,999 | -1,091 | -64 | -66 | |
| 2014-PRT | 30,090 | 29,295 | -795 | -47 | -48 | |

| Source: Demographic projections |
|---------------------------------|
|---------------------------------|

- 3.54 One observation from the figures above is that the projections suggest around 29,500-30,100 households in 2021 and it is worth investigating if this figure is correct. As of the 2011 Census, there were 30,536 households in the Borough; in the period to 2021, 1,208 net additional dwellings have been provided in the Borough whilst there is no firm evidence of any notable changes in the number of vacant homes. On this basis, it seems likely that the number of households in 2021 is approximately 31,700 (31,731 unrounded estimate), a figure slightly higher than projections when linking to the 2014-based HRRs.
- 3.55 This would imply that from 2011 to 2021 the HRRs have typically been above those suggested in the 2014-SNHP and given a potential falling population it is possible that further increases might continue in the future (positive increases have been modelled under the 2014-PRT scenario). A model has therefore been developed that adjusts the HRRs so as to produce 31,731 households in 2021 and tracking the 2014-PRT scenario thereafter.
- 3.56 The table below shows the output of including this adjustment. It will be seen that the number of households in 2021 now equals the estimated figure (based on the 2011 Census and changes since 2011) whilst moving forward the estimated number of households has actually fallen very slightly from that shown in the initial modelling (slightly higher negative figures) the differences are however very modest. This adjusted modelling has only been applied to the scenarios that use the 2014-based SNHP for the base HRRs.

| Figure 3.18: Projected housing need – updated household representative rate | | | | | | |
|---|------------|------------|------------|-----------|-------------|--|
| assumptions – Copeland (linked to 2018-based SNPP) | | | | | | |
| | Households | Households | Change in | Per annum | Dwellings | |
| | 2021 | 2038 | households | | (per annum) | |
| 2014-SNHP | 31,731 | 30,580 | -1,151 | -68 | -70 | |
| 2014-PRT | 31,731 | 30,893 | -838 | -49 | -51 | |

Source: Demographic projections

Developing a Projection linking to the Standard Method

- 3.57 Earlier in this report it has been noted that based on the Standard Method, there is a requirement to provide 143 homes in the 2021-38 period at an average rate of 8 dwellings per annum. It can be seen from the analysis above, that even by taking a fairly positive approach to HRRs there would not be the level of household growth required to fill this number of homes. Therefore, a final scenario has been developed which increases migration (as well as building in the improvement to household formation discussed above) such that there is sufficient population for 143 additional homes.
- 3.58 In summary, an approach has therefore been developed that both improves household formation and increases migration to project how population and household structures might change with delivery of the Standard Method (2021-38). This approach is consistent with that set out in the PPG (2a-006).
- 3.59 Within the modelling, migration assumptions have been changed so that across the area the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP (alternative internal migration variant) with adjustments being consistently applied to both internal (domestic) and international migration. 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%). In summary the method includes the following assumptions:
 - Base population in 2020 from the latest mid-year population estimates;
 - Population in 2021 estimated on basis of housing completions (i.e. what population change is likely given the number of additional homes to fill). Delivery of 85 dwellings (net) has been modelled;
 - Household representative rates from the 2014-based SNHP with an adjustment for suppression in younger age groups (plus the adjustment to bring households in 2021 in line with estimates); and
 - The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)
- 3.60 In developing this projection, a lower level of population decline is derived (2,900 fewer people compared with 5,000 in the SNPP). The age structure of the two projections is also slightly different, with projections linked to the Standard Method showing a lower decline in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children). It is still the case that there is projected to be a notable increase in the population aged 65 and over.

| Figure 3.19: Population change 2021 to 2038 by broad age bands – Copeland | | | | | | | |
|---|---|------------|------------|---------------|--|--|--|
| | (linked to delivery of 143 dwellings (2021-38)) | | | | | | |
| | Population | Population | Change in | % change from | | | |
| | 2021 | 2038 | population | 2021 | | | |
| Under 16 | 11,417 | 10,110 | -1,308 | -11.5% | | | |
| 16-64 | 40,719 | 35,872 | -4,847 | -11.9% | | | |
| 65 and over | 15,917 | 19,209 | 3,292 | 20.7% | | | |
| Total | 68,053 | 65,190 | -2,862 | -4.2% | | | |

Source: Demographic Projections

Demographic Trends and Projections: Key Messages

Analysis has been carried out to look at demographic trends, in particular looking at past trends in population growth and future projections. Consideration has also been given to the Government's Standard Method for assessing housing need. Projections have been developed for the 2021-38 period.

The Standard Method is prescribed by Government as way of setting local housing needs that is consistent with the aim of providing 300,000 homes per year nationally. For Copeland however, this method suggests a need for just 8 homes to be provided each year and it is therefore reasonable for the Council to consider exceeding this so as to be planning positively in the housing market.

The population of the Borough has been declining for at least the last decade with a 3.7% drop in the number of people over the 2011-20 period (in contrast the population of England rose by 6.5%). One consequence of the population decline has been a significant ageing of the population and falling numbers of children and people of working-age. Official population projections (from ONS) are projecting for population decline to continue into the future, with a further ageing of the population.

One further (positive) consequence of the declining population appears to be that access to housing may have improved, with more people being considered as a head of household than would be expected in household projections, there is no reason to believe that this trend will not continue.

Overall however, the falling population, and reductions in the number of people of working-age does point to a situation where the Council should seek to encourage growth, in particular, if additional jobs are to be created it will be necessary for there to be an additional labour supply to fill those jobs, and this points to a need to provide housing at levels significantly above the 8 per annum set out by the Government.

Encouraging growth would also help to retain talent and prevent losing younger people from the Borough. As part of the Towns Fund¹² the Council in relation to Cleator Moor is seeking to increase the presence of the University of Central Lancashire for student accommodation, teaching and health facilities and this could help in maintaining and growing a younger population.

¹² https://www.copeland.gov.uk/node/45845

4. The Link Between Housing and Economic Growth

4.

Introduction

- 4.1 Before the Standard Method, and under the previous PPG, it was conventional for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. It is also of interest to estimate what level of job growth the projections might support.
- 4.2 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.
 - Bringing together this information will provide an estimate of the potential job growth supported by the population projections

Growth in Resident Labour-Supply

- 4.3 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).
- 4.4 The figure and table below show the assumptions made (for Copeland). 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).



Source: Based on OBR and Census (2011) data

| Figure 4.2: Projected changes to economic activity rates (2021 and 2038) - | | | | | | | |
|--|----------|-------|--------|-------|---------|--------|--|
| | Copeland | | | | | | |
| | | Males | | | Females | | |
| | 2021 | 2038 | Change | 2021 | 2038 | Change | |
| 16-19 | 49.6% | 49.4% | -0.1% | 51.3% | 51.2% | -0.1% | |
| 20-24 | 90.4% | 90.2% | -0.2% | 86.0% | 85.8% | -0.1% | |
| 25-29 | 89.0% | 88.9% | 0.0% | 86.3% | 86.4% | 0.0% | |
| 30-34 | 88.6% | 88.4% | -0.2% | 83.0% | 83.6% | 0.5% | |
| 35-39 | 90.0% | 89.6% | -0.4% | 87.4% | 89.0% | 1.6% | |
| 40-44 | 90.4% | 89.1% | -1.3% | 86.5% | 89.7% | 3.1% | |
| 45-49 | 89.6% | 88.9% | -0.7% | 83.8% | 88.0% | 4.2% | |
| 50-54 | 87.5% | 86.8% | -0.8% | 77.1% | 79.9% | 2.8% | |
| 55-59 | 78.3% | 78.2% | -0.1% | 69.6% | 71.2% | 1.5% | |
| 60-64 | 56.5% | 62.2% | 5.6% | 50.1% | 56.9% | 6.9% | |
| 65-69 | 22.6% | 33.7% | 11.2% | 16.6% | 30.4% | 13.8% | |
| 70-74 | 11.8% | 14.0% | 2.2% | 8.4% | 15.0% | 6.7% | |
| 75-89 | 5.8% | 6.4% | 0.6% | 2.7% | 5.3% | 2.6% | |

Source: Based on OBR and Census (2011) data

4.5 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 Borough – this is set out in the table below. The analysis shows that with the SNPP there would be an estimated decrease in the economically active population of around 3,000 people (a 9% decrease over 17-years). With the lower population decrease associated with the Standard Method this number increases slightly (a negative figure of 1,800, a 6% decrease over 17-years.

| Figure 4.3: Estimated change to the economically active population (2021-38) – | | | | | |
|--|---------------|---------------|-----------------|--|--|
| | Copeland | ł | | | |
| | Economically | Economically | Total change in | | |
| | active (2021) | active (2038) | economically | | |
| | | | active | | |
| 2018-SNPP | 33,207 | 30,234 | -2,973 | | |
| Standard Method | 33,468 | 31,619 | -1,848 | | |

4.

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

- 4.6 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

4.7 The table below shows summary data about commuting to and from Copeland from the 2011 Census. Overall, the data shows that the Borough sees a level of net in-commuting for work with the number of people resident in the area who are working being about 5% lower 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 4.4: Commuting patterns in Copeland | | | |
|--|------------------|--|--|
| | Number of people | | |
| Live and work in Local Authority (LA) | 22,371 | | |
| Home workers | 2,850 | | |
| No fixed workplace | 1,683 | | |
| In-commute | 8,022 | | |
| Out-commute | 6,169 | | |
| Total working in LA | 34,926 | | |
| Total living in LA (and working) | 33,073 | | |
| Commuting ratio | 0.947 | | |

| Source: | 2011 | Census |
|---------|------|--------|
|---------|------|--------|

4.8 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. It is arguable that some changes to the commuting ratio could be modelled although keeping the ratio constant is considered to be a reasonably balanced approach to use, but is does mean that estimates of potential job growth should be treated with some degree of caution.

Double Jobbing

4.9 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) suggests across the Borough that typically between about 4.2% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).



4.10 For the purposes of this assessment it has been assumed that around 4.2% of people will have more than one job moving forward. A double jobbing figure of 4.2% gives rise to a ratio of 0.958 (i.e. the number of jobs supported by the workforce will be around 4.2% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

4.11 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 the assessment takes a 2021 base, a time where there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be previse about numbers, particularly as the impact of the ending of the furlough scheme are unknown.

4.12 The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment until about 2011 and that since then, the number of people unemployed has dropped notably – by 2019/20, the number of unemployed people was below the level observed in 2004. The data is noteworthy as it only shows a modest increase in unemployment moving into 2020. However, the final period for which data is available is for a 12-month period to December 2020 and may well have not picked up impacts of COVID-19 yet.

4.



- 4.13 On the basis of the above data, it seems sensible to consider other data about unemployment changes, with the analysis below looking at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to April 2021 with the data below showing a trend for the previous decade.
- 4.14 The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) rising from around 1,200-1,300 to between 1,900 and 2,000 over the most recent months for which data is available. For the purposes of modelling, no adjustments are made for the increased unemployment. Essentially, the modelling assumes that job losses as a result of the pandemic will be recovered by the end of the projection period in 2038. This is discussed in more detail when linking to future job forecasts.



Jobs Supported by Growth in the Resident Labour Force

4.15 The table below shows how many additional jobs might be supported by population growth under the 2018-SNPP and the Standard Method. Given current commuting patterns and estimates about double jobbing, it is estimated that due to a falling economically active population the number of jobs that could be supported would be negative. Around 3,300 fewer jobs under the SNPP and 2,000 with the Standard Method. It should be noted that these figures exclude any additional jobs resulting from people returning to work following the pandemic.

| Figure 4.8: Jobs supported by demographic projections (2021-38) – Copeland | | | | | | |
|--|-------------------------------------|-----------------------------|---|--|--|--|
| | Total change in economically active | Allowance for net commuting | Allowance for double jobbing (= jobs supported) | | | |
| 2018-SNPP | -2,973 | -3,139 | -3,277 | | | |
| Standard Method | -1,848 | -1,952 | -2,037 | | | |

Source: Derived from a range of sources as described

Baseline Job Growth Forecasts

4.16 As well as looking at the growth in the economically active population linked to a range of demographic projections, it is of use to consider what level of housing might be required for economic forecasts to be met. For this project data has been taken from an Economic Development Needs Assessment (EDNA) by DLP Planning (a draft report of May 2021). The report sets out a view of both a baseline position and what might be described as 'Policy-on' Growth scenarios. Forecasts were provided from each of Oxford Economics (OE), Cambridge Econometrics (CE) and Experian although the report only took forward the CE and Experian forecasts.

4.17 The table below shows the baseline forecasts in the EDNA (Table 28 of that report). The figures are for job growth in the 2021-38 period and include an adjustment to the base forecasts to take account of manufacturing jobs. This shows a range from 1,100 to 2,200 additional jobs.

4.

| Figure 4.9: Baseline Scenarios – Including Adjustments to Manufacturing, 2021-38 | | | | | |
|--|-------|------|--|--|--|
| Jobs Growth Growth Rate | | | | | |
| CE (manufacturing adjusted) | 1,100 | 0.2% | | | |
| Experian (manufacturing adjusted)2,2000.4% | | | | | |
| | | | | | |

Source: EDNA – Table 28

4.18 These job figures are from 2021 onwards and do not therefore take account of any losses from 2019 to 2021 as a result of Covid. As previously noted, the number of unemployment benefit claimants in the Borough has increased notably and the approach in this report is to assume that the job losses will be recovered moving through to 2038. It is therefore important to also look at the losses in each of these forecasts and take these away from the additional jobs shown above to provide an indication of 'net' new jobs in the Borough. The table below shows estimated jobs in each of 2019 and 2021 in the CE and Experian forecasts.

| Figure 4.10: Jobs numbers in 2019 and 2021 and change in this period | | | | | |
|--|--------|--------|-------|--|--|
| 2019 2021 Jobs lost | | | | | |
| CE | 37,047 | 35,203 | 1,844 | | |
| Experian | 36,300 | 35,300 | 1,000 | | |
| Source: Data provided by DLP | | | | | |

4.19 The analysis shows that both forecasts show a loss of jobs in the 2019-21 period, although the estimates are quite different with CE putting the figure at over 1,800 and Experian just 1,000. The data on job losses is brought together with that for jobs growth (from 2021) to provide a 'net' jobs growth estimate as shown in the table below. Because CE showed a higher level of losses and a lower level of future growth there is now quite a difference between the two forecasts (CE showing a net loss of 744 jobs and Experian a gain of 1,200).

| Figure 4.11: Jobs numbers in 2019 and 2021 and change in this period | | | | | |
|--|--------------------|--------------------|----------|--|--|
| | Job losses (19-21) | Job growth (21-38) | Net jobs | | |
| CE | -1,844 | 1,100 | -744 | | |
| Experian | -1,000 | 2,200 | 1,200 | | |

Source: EDNA – Table 28 and data provided by DLP

Housing Need Linked to Baseline Job Growth Forecasts

- 4.20 Having established potential future jobs growth, the analysis below seeks to establish level of housing might be required for forecasts to be met. In short this requires modelling of the population size and structure that would be needed to provide a sufficient labour-supply to fill the jobs, and taking account of commuting, double jobbing and changes to economic activity rates. It will be noted that the baseline forecasts on balance show positive job growth, whereas the demographic projections (SNPP or Standard Method) typically point to population growth not being able to support additional jobs.
- 4.21 Within the modelling, migration assumptions have been changed so that across the Borough the increase in the economically active population matches the increase in the resident workforce required. The method is similar to that developing a projection linked to the Standard Method, with changes to migration being applied on a proportionate basis. Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against the HRRs in the SNHP (including the 16-44 uplift) to see what level of housing provision that might imply.
- 4.22 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 is essentially the same as the analysis above, but working in reverse order. This calculation is shown below and shows that to meet the Experian (1,200 jobs) there would need to be an increase in the economically active population of about 1,089 (assuming a constant commuting ratio and levels of double jobbing) the figure for CE is -675 these figures are fed through into the modelling which is again set against the economic activity rates discussed previously.

| Figure 4.12: Forecast job growth and change in resident workforce with double jobbing and commuting allowance (2021-38) – Copeland | | | | | |
|--|-------|-------|--|--|--|
| CE Experian | | | | | |
| Number of net additional jobs | -744 | 1,200 | | | |
| Double jobbing allowance | 0.958 | 0.958 | | | |
| Number of workers required | -713 | 1,150 | | | |
| Commuting ratio | 0.947 | 0.947 | | | |
| Total change in economically active | -675 | 1,089 | | | |

Source: Derived from a range of sources as described

4.23 The table below shows estimates of housing need set against the job growth scenarios. The analysis shows that to support the economic forecast there would need to be provision of around 65-149 homes each year in Copeland. These figures are all well above the 8 dwellings per annum derived from the Standard Method and suggests that delivering at the Standard Method OAN would not provide a sufficient labour-supply for additional jobs to be filled. It should be noted that these figures will include any delivery of jobs/homes within the National Park

| Figure 4.13: Projected housing need – job-led scenarios – Copeland | | | | | | |
|--|------------|------------|------------|-----------|-------------|--|
| | Households | Households | Change in | Per annum | Dwellings | |
| | 2021 | 2038 | households | | (per annum) | |
| CE | 31,731 | 32,798 | 1,067 | 63 | 65 | |
| Experian31,73134,1912,460145149 | | | | | | |

4.

| Source: [| Demographic | projections |
|-----------|-------------|-------------|
|-----------|-------------|-------------|

Policy-on/Growth scenarios

4.24 The EDNA also considered a range of possible future growth scenarios in the Borough which look at specific opportunities that might come forward over the period to 2038 and which would be expected to be in addition to the jobs set out in baseline forecasts. The table below sets out the various growth scenarios considered and it can be seen that by 2038 if all came forward there would be an additional 4,923 jobs created in the Borough.

| Figure 4.14: Employment Growth – Growth Scenarios 2021-38 | | | | |
|---|-----------------------|---|--|--|
| Project | Job Growth 2021-38 | Notes | | |
| Sellafield Off-Siting | 0 | No additional employment, 1,364 relocated | | |
| Sellafield Supply Chain | 2,762 | | | |
| Clean Energy Park | 796 | 3,123 at peak employment in 2035 | | |
| Woodhouse Colliery | 1,038 | | | |
| AI Campus | 327 | | | |
| All Growth Scenarios | 4,923 | | | |

Source: EDNA Table 40 and data from DLP

4.25 It can be noted from the table above that the Clean Energy Park is forecast to have a peak employment in 2035 of 3,123 jobs but this falls to 796 by 2038 – this is due to many of the jobs being related to construction and jobs that will be temporary. For information, the figure below shows the job trend on an annual basis from these growth scenarios (excluding Sellafield Off-Siting).



- 4.26 In terms of modelling the housing need associated with the growth scenarios (and to keep the number of housing related scenarios to a manageable number) two scenarios have been run. The first is to model all of these jobs coming forward over the period and the second is for half of the jobs to happen.
- 4.27 Whilst looking at half of the jobs is arbitrary, it does reflect the unlikelihood that all projects will come forward at once and that some may not happen at all. Additionally, some jobs won't be required until later in the plan period. The Council should review the situation (including considering and the list of projects and associated jobs levels) at the 5 year review period to consider whether housing targets need to be varied.
- 4.28 As these jobs are in addition to those in the baseline forecasts they will need to be added to the baseline, and for the purposes of modelling the midpoint baseline (i.e. midpoint between CE and Experian forecasts) has been used (this is 228 jobs). Therefore, the modelling looks at 2,690 and 5,151 additional jobs (in total) over the 2021-38 period.
- 4.29 The method used to convert jobs into homes is essentially the same as for the baseline, with the exception of a different approach to commuting dynamics. Because the growth scenarios are additional to the baseline it would not be appropriate to use the Census commuting. The Census commuting is essentially a two-way movement from a base position whereas the growth scenarios would be a particular 'shock' in terms of job growth which would be expected to draw in labour from a range of areas and not just Copeland.
- 4.30 For example, using a standard commuting ratio would not be appropriate given that in looking at the impact of the scenarios the analysis is only looking at where the new workers are coming from (and not the net flow between locations). If all areas with commuting links to Copeland were also proposing something of the scale of that shown above then there would be merit in looking at a two-way movement; however, this is not likely to be the case.

4.31 Therefore, to consider how many additional residents in employment might be expected, the analysis has looked solely at where people who work in Copeland live and uses the analysis of commuting patterns previously set out (and repeated below with a different commuting ratio calculated). Analysis of commuting patterns in the table below shows that (as of the 2011 Census) there were 34,926 people working in the Borough, included within this are 8,022 people who commute in. Therefore, the proportion of local jobs taken up by in-commuters can be calculated as 23%. This figure is potentially higher given that the number of people working in the Borough includes those working from home and with no fixed workplace.

4.

| Figure 4.16: Commuting patterns in Copeland (2011) | | | |
|--|------------------|--|--|
| | Number of people | | |
| Live and work in Local Authority (LA) | 22,371 | | |
| Home workers | 2,850 | | |
| No fixed workplace | 1,683 | | |
| In-commute | 8,022 | | |
| Out-commute | 6,169 | | |
| Total working in LA | 34,926 | | |
| Total living in LA (and working) | 33,073 | | |
| % of local workers commuting into Borough | 0.230 | | |

Source: 2011 Census

- 4.32 If this ratio (0.230) remained the same then it would be expected that 1,131 of the jobs (based on the full 4,923) would be filled by people commuting from other areas (with 3,792 being filled by residents of the Borough).
- 4.33 Clearly an assumption that a substantial proportion of the new jobs would be taken up by incommuters does potentially have an impact on levels of population growth (and housing need) in other areas which will need to be considered as part of duty-to-cooperate discussions. However, it is clear (given current commuting patterns) that it would be unrealistic to expect more than about threequarters of the additional jobs to be undertaken by people resident in the Borough.
- 4.34 The table below calculates the resident labour-supply requirement arising from the growth scenarios, taking account of the above commuting pattern (and also an adjustment for double jobbing). This shows a labour-supply need for 2,023 people with the midpoint and 3,839 for all of the growth scenarios.

| Figure 4.17: Forecast job growth and change in resident workforce with double | | | | | |
|---|------------------------|-------|--|--|--|
| jobbing and commuting allowance (2021-38) – growth scenarios – Copeland | | | | | |
| | Midpoint All scenarios | | | | |
| Number of net additional jobs | 2,462 | 4,923 | | | |
| Double jobbing allowance | 0.958 | 0.958 | | | |
| Number of workers required | 2,358 | 4,717 | | | |
| Commuting ratio | 0.770 | 0.770 | | | |
| Change in economically active | 1,816 | 3,632 | | | |
| Plus baseline change ¹³ | 207 | 207 | | | |
| Total change in economically active | 2,023 | 3,839 | | | |

Source: Derived from a range of sources as described

4.35 The table below shows estimates of housing need set against the growth job scenarios. The analysis shows that to support the midpoint forecast there would need to be provision of around 200 homes each year whilst achieving all of the jobs in the growth scenarios increases this figure up to around 280 dwellings per annum.

| Figure 4.18: Projected housing need – growth job-led scenarios – Copeland | | | | | |
|---|------------|------------|------------|-----------|-------------|
| | Households | Households | Change in | Per annum | Dwellings |
| | 2021 | 2038 | households | | (per annum) |
| Midpoint ¹⁴ | 31,731 | 34,930 | 3,199 | 188 | 194 |
| All scenarios | 31,731 | 36,365 | 4,634 | 273 | 281 |

Source: Demographic projections

Communal Housing Needs

- 4.36 When using the Standard Method it is generally accepted that the figures produced would include an allowance for communal accommodation (such as residential/nursing care bedspaces). However, when linking jobs to homes this category of household is excluded. It is therefore important to briefly consider what additional needs might be from and projected changes to the number of people in institutional accommodation.
- 4.37 This is a direct output of the demographic modelling, which is presented in terms of the number of people. To convert into an equivalent dwelling count it is normal to use standard multiples, and for residential/nursing care (which will be the growth category shown in the projections) the typical multiple is 1.8. This mean that if an extra 18 people are projected to be in communal accommodation then this is equivalent to around 10 dwellings.

¹³ Based on the average change to economically active population in the two (CE and Experian) forecasts. Data can be seen in Figure 4.12 and calculated as (1,089-675)/2.

¹⁴ The 'midpoint' forecast is based on assuming baseline job growth in-line with the average shown in both CE and Experian forecasts PLUS half of the jobs potential shown in the Growth Scenarios.
4.38 For the four main projections developed in this section (CE and Experian baseline, Growth scenariomidpoint and Growth scenario) it is possible to calculate the equivalent addition dwellings and this is shown in the table below. This shows a need in the range of 71 to 288 dwellings per annum depending on the scenario. It should however be noted that these figures also include needs arising in the National Park area which is a point returned to when looking at affordable housing in the following section.

4.

| Figure 4.19: Total housing need associated with economic forecasts including | | | | |
|--|-----------------|-----------------|---------------|------------|
| commu | nal establishme | ent allowance (| per annum) | |
| | Housing | Additional | Additional | |
| | nousing | communal | dwellings (at | Total need |
| | Tieed | | 1.8) | |
| Baseline-CE | 65 | 12 | 7 | 71 |
| Baseline-Experian | 149 | 12 | 7 | 156 |
| Growth scenario-midpoint | 194 | 13 | 7 | 201 |
| Growth scenario | 281 | 14 | 8 | 288 |

Source: Demographic projections

The Link Between Housing and Economic Growth: Key Messages

To look at what sort of uplift to housing need might be required, analysis has been undertaken to look at the link between housing and economic growth. This takes the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. It is also of interest to estimate what level of job growth the projections might support.

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.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

Initial analysis points to a projected reduction in the resident labour supply, with around 1,800 fewer economically active residence in 2038 compared with 2021, given the commuting and double jobbing dynamics, this would potentially lead to 2,000 jobs being lost (or jobs for whom there is an insufficient labour supply).

However, rather than jobs losses, economic forecasts (provided through a recent Economic Development Needs Assessment) suggest that some modest job growth could be expected. Furthermore, there are a series of projects that might see above baseline employment growth (including from the Sellafield Supply Chain, Clean Energy Park, Woodhouse and AI Campus). The highest base forecast suggested job growth of 2,200 in the 2021-38 period, with a potential for a further 4,900 jobs if all the projects were to come forward.

Analysis has been carried out to look at the housing need associated with various economic forecasts, and it is concluded that there is a need to provide around 149 dwellings per annum in the borough to meet the highest of the baseline employment forecasts, and up to 281 dpa if all the jobs linked to the aspirational projects identified in the Economic Development Needs Assessment (EDNA) come forward which is unlikely to happen during the plan period. A midpoint forecast taking a midpoint of baseline forecasts and future projects suggests a need for around 194 dpa.

It is considered that a midpoint is more appropriate for planning purposes; it is significantly above past completion trends and substantially above the Standard Method need. The midpoint need estimate also reflects the unlikelihood that all projects will come forward at once, as a number of them are dependent upon decisions and financial commitments from Government, and that some may not happen at all. Some jobs won't be required until later in the plan period and planning to provide at this midpoint figure would allow the Council to review the situation (including considering the list of projects and associated jobs levels) at the 5 year review period.

Planning for more homes with the significant uncertainties, including the need to recognise that Copeland does display some characteristics of low demand (e.g. low house prices and house price changes) would risk unnecessarily swamping the market in the early stages of the plan period.

To these figures it is suggested that around 7 dwellings per annum should be added to allow for some increase in the institutional population (e.g. increases in the number of people likely to be living in residential or nursing care).

5. Affordable Housing Need

Introduction

- 5.1 This section provides an assessment of the need for affordable housing in Copeland and six subareas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 5.2 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 for social/affordable rented housing and secondly to consider the need for affordable home ownership products.
- 5.3 The analysis also briefly 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

- 5.4 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 data modelled from local information 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.
- 5.5 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.
- 5.6 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.

- 5.7 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.
- 5.8 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 10-15 years. 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.
- 5.9 For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).
- 5.10 Additionally, information drawn from local surveys previously undertaken by JGC across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.
- 5.11 This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our 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).
- 5.12 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

5.13 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).

- 5.14 The analysis below considers the entry-level costs of housing to both buy and rent across the 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 substandard quality.
- 5.15 Data from the Land Registry for the year to March 2021 shows estimated lower quartile property prices in the Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £53,000 for a second-hand flat and rising to £190,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £85,000 (existing dwellings).
- 5.16 The analysis is also split between newly-built and existing dwelling which shows higher prices for new homes. For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the Borough.

| Figure 5.1: Lower quartile cost of housing to buy – year to March 2021 – Copeland | | | | |
|---|--------------------|--------------------------|---------------|--|
| | Existing dwellings | Newly-built dwellings | All dwellings | |
| Flat/maisonette | £53,000 | - | £53,000 | |
| Terraced | £67,000 | - | £67,000 | |
| Semi-detached | £95,000 | £170,000 | £96,000 | |
| Detached | £191,000 | £266,000 | £198,000 | |
| All dwellings | £85,000 | £186,000 | £86,000 | |
| | ^ . | | | |

Source: Land Registry

5.17 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 £60,000 for a 1-bedroom home, rising to £135,000 for homes with 4-bedrooms. To some extent the prices should be seen as indicative, in particular the supply of 1-bedroom homes to buy was quite small.

| Figure 5.2: Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2021 – Copeland | | | |
|--|----------------------|--|--|
| | Lower quartile price | | |
| 1-bedroom | £60,000 | | |
| 2-bedrooms | £75,000 | | |
| 3-bedrooms | £95,000 | | |
| 4-bedrooms | £135,000 | | |
| All Dwellings | £85,000 | | |

Source: Land Registry and Internet Price Search

5.18 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2021. 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 £425 per month.

| Figure 5.3: Lower Quartile Market Rents, year to March 2021 – Copeland | | | |
|--|--------------------------|--|--|
| | Lower Quartile rent, pcm | | |
| Room only | - | | |
| Studio | £288 | | |
| 1-bedroom | £368 | | |
| 2-bedrooms | £410 | | |
| 3-bedrooms | £475 | | |
| 4-bedrooms | £600 | | |
| All properties | £425 | | |

| Source: | ONS |
|---------|-----|
|---------|-----|

- 5.19 The rental figures above have been taken from ONS data; it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from ONS. In some areas there was no evidence of any significant supply from the Rightmove source and so the estimates have been supplemented by analysis of the relative cost of housing (looking at purchases prices) and also an understanding of the profile of stock in the private rented sector (drawn from Census data). The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source but also taking account of data over the last five years to help provide an estimate in smaller areas).
- 5.20 The analysis shows some variation in prices and rents, although it should be confirmed that in smaller areas a best estimate has been provided. Prices (and indeed rents) are estimated to be lowest in Cleator Moor, with highest prices being seen in the National Park. To some extent the overall averages are influenced by the mix of housing in each area, and this should be borne in mind when interpreting the figures.

| Figure 5.4: Lower Quartile Prices and Market Rents, by sub-area | | | | |
|---|----------------------|------|--|--|
| Lower quartile price Lower Quartile rent, | | | | |
| | (existing dwellings) | pcm | | |
| Whitehaven | £89,000 | £400 | | |
| Cleator Moor | £70,000 | £395 | | |
| Egremont | £81,000 | £430 | | |
| Whitehaven Rural | £93,000 | £450 | | |
| National Park | £178,000 | £675 | | |
| Millom | £74,000 | £425 | | |
| All properties | £85,000 | £425 | | |

Source: Internet private rental cost search and Land Registry

Household Incomes

- 5.21 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 a range of sources including ONS modelled income estimates and data from CACI provided by the County Council, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 5.22 Drawing all of this data together an income distribution for the whole Borough has been constructed for 2020. The figure below shows that around a third of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £37,100, with a median income of £27,900; the lower quartile income of all households is estimated to be £16,200.



Source: Derived from a range of data as discussed

5.23 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 area, the table also shows the variance in incomes from the Borough average. There is some variation in the estimated incomes by area, median figures ranging from £24,400 in Cleator Moor, up to £36,300 in the National Park area.

| Figure 5.6: Estimated average (median) household income by sub-area (mid-2020 | | | | |
|---|---------------|-----------------------|--|--|
| estimate) | | | | |
| | Median income | As a % of the Borough | | |
| | Median income | average | | |
| Whitehaven | £26,700 | 96% | | |
| Cleator Moor | £24,400 | 87% | | |
| Egremont | £25,800 | 92% | | |
| Whitehaven Rural | £32,000 | 114% | | |
| National Park | £36,300 | 130% | | |
| Millom | £26,400 | 94% | | |
| All households | £27,900 | - | | |

Source: Derived from a range of data as discussed

Affordability Thresholds

- 5.24 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).
- 5.25 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).
- 5.26 At £425 per calendar month, lower quartile rent levels in Copeland are low on average in comparison to those seen nationally (a lower quartile rent of £565 for England in the year to March 2021). This would suggest that a proportion of income to be spent on housing should be at the bottom end of the range and so a proportion on housing of 25% has been used in analysis.
- 5.27 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.
- 5.28 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.

- 5.29 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 three 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.
- 5.30 The table below shows the estimated incomes required to both buy and rent (privately) in each subarea. This shows a notable 'gap' in some areas of the Borough (particularly the National Park) – locations with higher house prices. The table does also suggest that in Cleator Moor and Millom a lower income might actually be needed to buy a home than to rent. However, this doesn't take account of other issues when buying a home (such as access to a deposit) and this is discussed later in this section.

| Figure 5.7: Estimated Household Income Required to Buy and Privately Rent by | | | | | |
|--|---------|-------------|------------|--|--|
| sub-area | | | | | |
| | To buy | To rent | Income gap | | |
| | | (privately) | | | |
| Whitehaven | £22,900 | £19,200 | £3,700 | | |
| Cleator Moor | £18,000 | £19,000 | -£1,000 | | |
| Egremont | £20,800 | £20,600 | £200 | | |
| Whitehaven Rural | £23,900 | £21,600 | £2,300 | | |
| National Park | £45,800 | £32,400 | £13,400 | | |
| Millom | £19,000 | £20,400 | -£1,400 | | |
| All households | £21,900 | £20,400 | £1,500 | | |

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

5.31 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in each sub-area. 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

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

| Figure 5.8: Main sources for assessing the current unmet need for affordable | | | | | |
|--|-------------------------|-----------------------------------|--|--|--|
| | housing | | | | |
| | Source | Notes | | | |
| Homeless households | MHCLG Statutory | Household in temporary | | | |
| (those in temporary | Homelessness data | accommodation at end of quarter. | | | |
| accommodation | | | | | |
| Households in | Census table | Analysis undertaken by tenure and | | | |
| overcrowded housing | LC4108EW | updated by reference to national | | | |
| | | changes (from the English Housing | | | |
| | | Survey (EHS)) | | | |
| Concealed households | Census table | Number of concealed families | | | |
| | LC1110EW | | | | |
| Existing affordable | Modelled data linking | Excludes overcrowded households - | | | |
| housing tenants in need | to past survey analysis | tenure estimates updated by | | | |
| Households from other | Modelled data linking | reference to the EHS | | | |
| tenures in need | to past survey analysis | | | | |

Source: PPG [2a-020]

- 5.33 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.
- 5.34 The table below shows the initial estimate of the number of households within the study area with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently some 1,715 households living in unsuitable housing (or without housing).

| Figure 5.9: Estimated Number of Households Living in Unsuitable Housing | | | | | | |
|---|-----------|-------------|------------|------------|-------|--|
| | Homeless/ | Households | Existing | Households | Total | |
| | concealed | in | affordable | from other | | |
| | household | overcrowded | housing | tenures in | | |
| | | housing | tenants in | need | | |
| | | | need | | | |
| Whitehaven | 121 | 289 | 55 | 183 | 649 | |
| Cleator Moor | 32 | 84 | 18 | 51 | 185 | |
| Egremont | 36 | 83 | 17 | 62 | 199 | |
| Whitehaven Rural | 65 | 157 | 24 | 140 | 386 | |
| National Park | 24 | 31 | 3 | 45 | 103 | |
| Millom | 26 | 84 | 11 | 73 | 194 | |
| All households | 304 | 728 | 128 | 555 | 1,715 | |

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 5.35 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.
- 5.36 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 5.37 The table below shows it is estimated that there are around 800 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

| Figure 5.10: Unsuitable Housing by Tenure and Number to Take Forward into | | | | | | |
|---|-----------------------|------------------------|--|--|--|--|
| Affordability Modelling (Copeland) | | | | | | |
| | In Unsuitable Housing | Number to Take Forward | | | | |
| for Affordability Testing | | | | | | |
| Owner-occupied | 579 | 58 | | | | |
| Affordable housing | 397 | 0 | | | | |
| Private rented | 436 | 435 | | | | |
| No housing (homeless/concealed) | 304 | 304 | | | | |
| Total | 1,715 | 797 | | | | |

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 5.38 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 5.39 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 5.40 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

5.41 Overall, over half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 440 households in the Borough. The table below also shows how this is estimated to vary by sub-area.

| Figure 5.11: Estimated Current Affordable Housing Need (for social/affordable | | | | | |
|---|---------------------|------------------|-----------------|--|--|
| rented housing) | | | | | |
| | In unsuitable | % Unable to | Revised Gross | | |
| | housing (taken | Afford Market | Need (including | | |
| | forward for | Housing (without | Affordability) | | |
| | affordability test) | subsidy) | | | |
| Whitehaven | 285 | 55.5% | 158 | | |
| Cleator Moor | 78 | 58.4% | 46 | | |
| Egremont | 92 | 58.8% | 54 | | |
| Whitehaven Rural | 169 | 51.3% | 87 | | |
| National Park | 67 | 62.5% | 42 | | |
| Millom | 105 | 52.2% | 55 | | |
| All households | 797 | 55.4% | 442 | | |

| Source: CLG Live | Tables, | Census 2011 | and Data | Modelling |
|------------------|---------|-------------|----------|-----------|
|------------------|---------|-------------|----------|-----------|

5.42 The estimated figure shown above (442) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2021 to 2038, the need is annualised by dividing by 17 (to give an annual need for 26 dwellings across all areas). This does not mean that some households would be expected to wait 17-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

- 5.43 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.
- 5.44 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.
- 5.45 The number of newly forming households has been estimated through demographic modelling (linked to dwelling delivery of 140 per annum). This is the housing requirement in the emerging Local Plan and can be seen from this report to still be broadly reasonable.

- 5.46 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).
- 5.47 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.
- 5.48 The assessment suggests overall that around two-fifths of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 215 newly forming households will have a need per annum on average the table below provides a breakdown by sub-area.

| Figure 5.12: Estimated Need for Social/Affordable Rented Housing from Newly | | | | | | | |
|---|--------------------------------|-------------|------------------|--|--|--|--|
| Form | Forming Households (per annum) | | | | | | |
| | Number of new | % unable to | Annual newly | | | | |
| | households | afford | forming | | | | |
| | | | households | | | | |
| | | | unable to afford | | | | |
| | | | to rent | | | | |
| Whitehaven | 193 | 42.5% | 82 | | | | |
| Cleator Moor | 45 | 46.3% | 21 | | | | |
| Egremont | 60 | 47.5% | 28 | | | | |
| Whitehaven Rural | 119 | 39.7% | 47 | | | | |
| National Park | 27 | 53.3% | 14 | | | | |
| Millom | 48 | 45.9% | 22 | | | | |
| All households | 492 | 43.7% | 215 | | | | |

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

5.49 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.

- 5.50 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)'.
- 5.51 Following the analysis through suggests a need arising from 103 existing households each year. The table below breaks this down by sub-area.

| Figure 5.13: Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum) | | | | |
|--|-----------------------|------------|--|--|
| | Total additional need | % of total | | |
| Whitehaven | 44 | 42.7% | | |
| Cleator Moor | 15 | 14.2% | | |
| Egremont | 15 | 14.1% | | |
| Whitehaven Rural | 18 | 17.5% | | |
| National Park 2 2.4% | | | | |
| Millom | 9 | 9.1% | | |
| All households | 103 | 100.0% | | |

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

- 5.52 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.
- 5.53 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.
- 5.54 On the basis of past trend data is has been estimated that 245 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures.

| Figure 5.14: Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – | | | | | |
|--|----------|---------------|---------------|-----------|-------------|
| | 2019/2 | 20 (per annum | ı) – Copeland | | |
| | Total | % as Non- | Lettings in | % Non- | Lettings to |
| | Lettings | New Build | Existing | Transfers | New |
| | | | Stock | | Tenants |
| 2017/18 | 521 | 100.0% | 521 | 51.2% | 267 |
| 2018/19 | 511 | 99.6% | 509 | 53.8% | 274 |
| 2019/20 | 397 | 99.7% | 396 | 49.1% | 195 |
| Average | 476 | 99.8% | 475 | 51.6% | 245 |

Source: CoRe/LAHS

5.55 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 2011 (Census data).

| Figure 5.15: Estimated supply of affordable housing from relets of existing stock by | | | | |
|--|----------------------|-------------|--|--|
| | sub-area (per annum) | | | |
| | Annual supply | % of supply | | |
| Whitehaven | 106 | 43.2% | | |
| Cleator Moor | 34 | 13.8% | | |
| Egremont | 33 | 13.5% | | |
| Whitehaven Rural | 45 | 18.4% | | |
| National Park 5 2.2% | | | | |
| Millom | 22 | 8.9% | | |
| All lettings | 245 | 100.0% | | |

Source: CoRe/LAHS/Census (2011)

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

Net Need for Social/Affordable Rented Housing

5.57 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 99 dwellings per annum to be provided with an affordable need being seen in all sub-areas within the Borough. The net need is calculated as follows:

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

| Figure 5.16: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum) | | | | | | |
|--|----------|---------|---------------|-------------|--------|----------|
| | Current | Newly | Existing | Total Gross | Relet | Net Need |
| | need | forming | house- | Need | Supply | |
| | (annual- | house- | holds falling | | | |
| | ised | holds | into need | | | |
| Whitehaven | 9 | 82 | 44 | 135 | 106 | 30 |
| Cleator Moor | 3 | 21 | 15 | 38 | 34 | 4 |
| Egremont | 3 | 28 | 15 | 46 | 33 | 13 |
| Whitehaven Rural | 5 | 47 | 18 | 70 | 45 | 25 |
| National Park | 2 | 14 | 2 | 19 | 5 | 14 |
| Millom | 3 | 22 | 9 | 35 | 22 | 13 |
| TOTAL | 26 | 215 | 103 | 344 | 245 | 99 |

Source: Range of sources as discussed

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

Comparison with previous Assessment of Affordable Need

- 5.59 It is worthwhile to briefly make a comparison between the findings in this report and the last assessment of affordable housing need. The last full assessment was undertaken in the 2019 SHMA/OAN report update with data being drawn from Figure 6.18 of that report. Whilst this study and the previous SHMA update both followed the same broad methodology (linked to Planning Practice Guidance) there are some minor differences that need to be noted. Firstly, the 2019 study looked at meeting the current need over an 18-year period rather than the 17-years assumed in this assessment and secondly, the 2017 study included a small allowance for resales of intermediate housing (e.g. shared ownership) these are included as part of the assessment of the need for affordable home ownership for the purposes of this report. Overall, the small methodological differences will have only a limited impact on the comparison to follow.
- 5.60 The analysis appears to show a higher affordable need in this assessment compared with previous work a need for 99 dwellings per annum, compared with 83. The difference is driven by a lower level of relet supply in this study, and it is notable that this study actually estimates a lower level of gross need (i.e. need before account is taken of the supply). Regardless of any changes to the need estimate, both studies show a need for additional affordable housing, and the Council should seek to provide such accommodation where opportunities arise.

| Figure 5.17: Comparing affordable housing need in this assessment with 2019 | | | | | | |
|---|------------|---------------|--|--|--|--|
| study | | | | | | |
| | This study | 2019 SHMA/OAN | | | | |
| Current need | 26 | 10 | | | | |
| Newly forming households | 215 | 254 | | | | |
| Existing households falling into need | 103 | 184 | | | | |
| Total Gross Need | 344 | 448 | | | | |
| Relet Supply | 245 | 364 | | | | |
| Net Need | 99 | 83 | | | | |

Source: This study and 2019 SHMA (Figure 6.18)

5.61 The table below provides a comparison between the two studies at a sub-area level (figures for the need on a per annum basis). Generally, the two studies show similar patterns with only modest difference for any specific location. For the National Park area, the estimated need has however increased from 7 to 14 per annum, whilst this is a doubling, it is based on some very small numbers in the context of the analysis undertaken. Overall, it is considered that the need position is fundamentally unchanged in the period between studies.

| Figure 5.18: Comparing affordable housing need in this assessment with 2019 | | | | |
|---|------------|---------------|------------|--|
| | study – by | / sub-area | | |
| | This study | 2019 SHMA/OAN | Difference | |
| Whitehaven | 30 | 34 | -4 | |
| Cleator Moor | 4 | 1 | +3 | |
| Egremont | 13 | 5 | +8 | |
| Whitehaven Rural | 25 | 22 | +3 | |
| National Park | 14 | 7 | +7 | |
| Millom | 13 | 14 | -1 | |
| TOTAL | 99 | 83 | +16 | |

Source: This study and 2019 SHMA (Figure 6.18)

The Relationship Between Affordable Need and Overall Housing Need

5.62 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'

5.63 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.

- 5.64 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.
- 5.65 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 (e.g. to support economic growth and improve household representative rates) would be expected to deal with such households.
- 5.66 In addition, it is 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 increasing 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.
- 5.67 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.
- 5.68 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.
- 5.69 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2021, it is estimated that there were around 1,450 benefit claimants in the private rented sector in the Borough (Housing Benefit and Universal Credit with a housing entitlement). In addition, as well as through HB, many will get additional help through Discretionary Housing Payment scheme. 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.

- 5.70 The Standard Method housing need for Copeland is for just 8 dwellings per annum and it is likely that the Council will plan to provide for many more homes than this. In delivering more homes, it can be expected that there will be an increase in the delivery of affordable housing. This can be expected to reduce pressure on housing those in need in the PRS. Delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Council also works with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.
- 5.71 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.
- 5.72 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 in the Borough. 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.

Split Between Social and Affordable Rented Housing

- 5.73 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.
- 5.74 An analysis has been undertaken to compare the income distribution of households with the cost of different products. 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 less than both lower quartile and median market rents. Compared to many areas where a similar analysis has been undertaken it is noteworthy that the difference between social and affordable rents is fairly slight.

| Figure 5.19: Comparison of rent levels for different products – Copeland (2019/20) | | | | | | |
|--|-------------|------------|---------------|-------------|------------|------------|
| | Social rent | Affordable | Lower | Median | AR as % of | AR as % of |
| | | rent (AR) | quartile (LQ) | market rent | LQ | median |
| | | | market rent | | | |
| 1-bedroom | £313 | £322 | £368 | £428 | 88% | 75% |
| 2-bedrooms | £351 | £369 | £410 | £475 | 90% | 78% |
| 3-bedrooms | £386 | £420 | £475 | £550 | 88% | 76% |
| 4-bedrooms | £418 | £452 | £600 | £785 | 75% | 58% |
| All | £367 | £392 | £425 | £495 | 92% | 79% |

Source: RSH and ONS

5.75 For the affordability test, a standardised overall average rent for each product has been used and some caution should be noted as the different profile of tenures clearly has some impact on housing costs. The table below suggests that around 16% of households who cannot afford to rent privately could afford an affordable rent, with a further 8% being able to afford a social rent (but not an affordable one). A total of 76% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

| Figure 5.20: Estimated need for affordable rented housing | | | |
|---|--------------------------------|--|--|
| | % of households able to afford | | |
| Afford affordable rent | 16% | | |
| Afford social rent 8% | | | |
| Need benefit support | 76% | | |
| All unable to afford market | 100% | | |

| 0 | A ((| |
|---------|---------------|----------|
| Source: | Attordability | analysis |

- 5.76 The finding that only 16% 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.
- 5.77 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.

5.78 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 are likely to be required in all areas.

Housing Need and the National Park

- 5.79 As in the previous SHMA/OAN study it is important to consider the needs arising in the National Park. This is because Copeland Council is only the planning authority for that area sitting outside of the National Park, hence any housing targets (e.g. in the Local Plan) would not apply to the whole Borough.
- 5.80 The analysis above points to a need in the National Park of 14 dwellings per annum, which is higher than the figure of 7 found in a similar analysis in the previous research. However it needs to be noted that when looking at numbers of newly forming households the model has used an uplifted projection which takes account of economic growth potential. In reality, it is unlikely that the National Park would also be expected to provide an uplift and therefore the affordable needs model has been rerun for the National Park, but replacing the base demographic projection to a trend-based one (linking to official projections).
- 5.81 This sees the affordable need estimated to be around 10 dwellings per annum and this figure can reasonably be considered as the OAN for the National Park and should be taken off any Borough-wide estimate of need to establish the number of homes to be provided within the Copeland Council planning area. Basing the National Park housing need on affordable housing can be considered as consistent with the adopted Local Plan¹⁵ which in Policy 15 does not support open market housing.

Establishing a Need for Affordable Home Ownership

- 5.82 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.
- 5.83 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.

Gross Need for Affordable Home Ownership

5.84 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study 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.

¹⁵ <u>https://www.lakedistrict.gov.uk/planning/planningpolicies/local-plan</u>

- 5.85 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 5% already have sufficient income to buy a lower quartile home, with 53% falling in the rent/buy 'gap'. The final 42% 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).
- 5.86 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 higher proportion of households in the rent/buy gap in the National Park, with both Cleator Moor and Millom showing no households in the 'gap' (this is due to the income to buy a home in these areas being estimated to be lower than the income needed to rent).

| Figure 5.21: Estimated proportion of households living in Private Rented Sector | | | | | |
|---|--------------------|------------------|------------------|--|--|
| able to | buy and/or rent ma | arket housing | | | |
| | Can afford to | Can afford to | Cannot afford to | | |
| | buy OR rent | rent but not buy | buy OR rent | | |
| Whitehaven | 51% | 8% | 40% | | |
| Cleator Moor | 56% | - | 44% | | |
| Egremont | 54% | <1% | 45% | | |
| Whitehaven Rural | 58% | 5% | 38% | | |
| National Park | 33% | 17% | 51% | | |
| Millom | 56% | - | 44% | | |
| All households | 53% | 5% | 42% | | |

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 5.87 The finding that a significant 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 that for many 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).
- 5.88 To study current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 2,700 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% if the same proportion is relevant to the Borough then the number of households in the sector would now be around 3,200.

- 5.89 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (1,900 households if applied to the study area) and of these some 40% (760 households) would expect this to happen in the next 2-years. The figure of 760 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 5.90 As noted above, on the basis of income it is estimated that around 5% of the private rented sector sit in the gap between renting and buying (depending on location). Applying this proportion to the 760 figure would suggest a current need for around 40 affordable home ownership units (2 per annum if annualised over a 17-year period).
- 5.91 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 31 dwellings (27 from newly forming households and 4 from existing households in the private rented sector).
- 5.92 Bringing together the above analysis suggests that there is a need for around 33 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum. This is before any assessment of the potential supply of housing is considered. The analysis shows a likely need in just three of the six sub-areas.

| Figure 5.22: Estimated Gross Need for Affordable Home Ownership by sub-area | | | | | | | |
|---|---------|------------|--------------|-------------|--|--|--|
| (per annum) | | | | | | | |
| | Current | Newly | Existing | Total Gross | | | |
| | need | forming | households | Need | | | |
| | | households | falling into | | | | |
| | | | need | | | | |
| Whitehaven | 1 | 17 | 2 | 20 | | | |
| Cleator Moor | 0 | 0 | 0 | 0 | | | |
| Egremont | 0 | 0 | 0 | 0 | | | |
| Whitehaven Rural | 0 | 5 | 1 | 7 | | | |
| National Park | 1 | 4 | 1 | 6 | | | |
| Millom | 0 | 0 | 0 | 0 | | | |
| All households | 2 | 27 | 4 | 33 | | | |

| Source: | Range | of | sources | as | discussed |
|---------|-------|----|---------|----|-----------|
|---------|-------|----|---------|----|-----------|

Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 5.93 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.
- 5.94 The main source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows no resales (based on data for the 2016-19 period). The net need is therefore as shown in the table above.

An Alternative view of the Supply of Affordable Home Ownership Properties

- 5.95 The analysis above has looked at the supply of resales of affordable housing. However, it should be noted that the analysis to consider need 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, there were a total of 872 resales (i.e. excluding newly-built homes) in the last year (year to March 2021) and therefore around 218 would be priced below the lower quartile. This is 218 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.
- 5.96 If a further supply of 218 dwellings per annum were taken from the estimated need (33 per annum) then it would be suggested that there is actually a surplus of affordable home ownership properties (of around 185 per annum). This figure should be treated as theoretical, not least because it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). However, it is clear that looking at a wider definition of supply does make it difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

Implications of the Analysis

- 5.97 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 this conclusion is based on only considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 5.98 Regardless, it does seem that there are many households in Copeland who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 35% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by about 7%. 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).
- 5.99 On this basis, and as previously noted, it seems likely in Copeland 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 just being due to the cost of housing to buy.

- 5.100 The February 2019 NPPF (updated in July 2021) gave 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).
- 5.101 It is not clear at this stage 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.
- 5.102 Whilst there are clearly some households in the gap between renting and buying, they in many 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 in this respect.
- 5.103 In the case of Copeland, the area has relatively low property values which means in income terms there is very little difference between the incomes required to buy a home or to privately rent. The role of affordable home ownership could therefore be viewed as a tenure that will help to diversify the stock (i.e. to provide opportunities for types of dwellings that may not exist in any great number (including simply being a newbuild product)) and also potentially being a product that can support viability. Therefore, this report recommends that the Council continues to seek forms of affordable home ownership within its affordable delivery, but that it is also recognised that the pricing of such products may technically be pitched at an income group who could arguably already afford market housing to buy.
- 5.104 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 authority has 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).
- 5.105 There will 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.
- 5.106 In addition, it should also be noted that the finding of any '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.

Comments on Emerging Policy

5.107 At this stage it is worth reflecting on the affordable housing policy in the emerging Local Plan; the box below sets this out in full.

Policy H8PO: Affordable housing

On sites of 10 units or more (or of 0.5ha or more in size), or on sites of 5 units or more within the Whitehaven Rural subarea, at least 10% of the homes provided should be affordable as defined in the NPPF 2019 (or any document that replaces it) unless:

this would exceed the level of affordable housing required in the area as identified in the Housing Needs Study; or
The development falls into an exemption category listed in the NPPF

Where the proposal involves the re-use or redevelopment of vacant buildings, a proportionate reduction in the affordable home contribution, equivalent to the existing gross floorspace of existing buildings, will be supported.

The following tenure split should be applied to affordable housing developments:

- 40% discounted market sales housing, starter homes or other affordable home ownership routes
- 60% affordable or social rented.

A financial contribution may be accepted in lieu of on-site affordable housing provision, to secure the equivalent provision off site where this is justified and helps create mixed and balanced communities. Where the number of empty homes within the settlement is above the national average, this contribution may be used to improve the standard of empty properties within that settlement and bring them back into use as affordable housing.

A lower proportion of affordable housing or an alternative tenure split will only be accepted in exceptional circumstances. In such cases developers must demonstrate, to the Council's satisfaction, why the current site specific circumstances mean that meeting the requirements of this policy would render the development unviable. This should be in the form of a clear, bespoke viability assessment.

- 5.108 On the basis of the policy, this report recommends that the Council looks at the overall affordable target as a 10% figure does look to be very low in the context of need and also typical custom and practice nationally (although it is recognised that Copeland is a lower value area). The Council should investigate if it is possible to increase this figure to say 20% or 25%.
- 5.109 Regarding the split between rented and affordable home ownership it is suggested that the 60:40 split is reasonable. Given the similar costs for social and affordable rented housing there does not seem to be any need to specify the type of rented tenure. Within affordable home ownership, it seems likely that the Council will need to seek 25% as First Homes (which would be around 60% of the affordable home ownership tenure) and it is recommended that shared ownership should make up much of the balance in this category. 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.

5.110 Given the cost of housing to buy in the Borough, and the apparent premium that newbuild attracts (earlier data from Land Registry pointed towards new semi-detached homes being 79% more expensive than existing homes, along with a figure of 39% for detached homes) it may be difficult for affordable home ownership products to be genuinely affordable. However, provision of new and discounted homes can help to diversify the market and provide a housing offer that may be in short supply across the Borough.

Implications of Covid-19

- 5.111 Much of the data accessed and used in this report pre-dates the Covid-19 Emergency. Whilst it is currently too early to know what the full impact of Covid-19 will be on the housing market, it will be important for outcomes to be monitored and consideration given to any short- or long-term consequences for a range of groups. It does however seem likely that there will be a specific impact on the need for affordable housing particularly in the short-term and below is a short discussion of possible outcomes.
- 5.112 It seems almost inevitable that one impact of Covid will be to see an increased need for affordable housing. Unemployment has been rising, and can be expected to rise further as the furlough scheme is reduced/removed. This will make it difficult for many households to afford their housing and would lead them to need to seek a housing solution through the local authority or Registered Providers.
- 5.113 There is already some evidence of the impact of Covid on housing need, with data from the Department of Work and Pensions showing the number of Housing Benefit (or Universal Credit with a housing element) claimants in the private rented sector in Copeland increased from 1,200 in February 2020, up to 1,450 in February 2021 an increase of over 20%. This points to an impact of Covid-19 being to see increased pressure on affordable housing, albeit a 20% increase is lower than seen in many locations.



Source: Department of Work and Pensions

Affordable Housing Need: Key Messages

Analysis has been undertaken to estimate the need for affordable housing in the 2021-38 period. The analysis is split between a need for social/affordable rented accommodation and is 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).

When looking at rented needs, the analysis suggests a need for 99 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.

When looking at the need for AHO products, the analysis also suggests a need across the Borough, albeit (at 33 dwellings per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a more limited need for AHO.

Analysis does suggest that there are many households in Copeland who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough 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 could have a role to play. In Copeland, where house values are low and newbuild prices look to be substantially higher it may be difficult to make forms of AHO genuinely affordable and therefore AHO products might be viewed as helping to diversify the market rather than directly meeting an affordable need.

The emerging Local Plan affordable housing policy (H8PO) only seeks for 10% of housing to be affordable and this report suggests that the Council revisit this to see if a higher percentage would be viable (maybe looking at 20-25%). The policy also has a 60:40 split between rented and affordable home ownership which feels about right (particularly if the council will need to do 25% of all affordable housing as First Homes).

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 Borough. 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.

6. Drawing the Analysis Together for Overall Housing Need

- 6.1 The previous sections have looked at the need for housing across the Borough using official published population and household projections and adjustments to take account of economic growth potential. The analysis has also looked at affordable housing need, particularly in relation to the need within the National Park, which would not form part of the Copeland Local Plan.
- 6.2 Overall, official projections show negative levels of population and household growth in the future which would point to no particular need for additional housing. Even the Government's Standard Method, which is designed to boost housing supply only shows a need for 8 dwellings each year in the Borough.
- 6.3 These low levels of housing need would continue to see a falling population and a falling number in the resident labour supply, this would make it difficult for the Council to support additional jobs without expecting to see significant increases to in-commuting to the area. Modelling was therefore undertaken to look at matching homes and jobs across the area.
- 6.4 To provide a baseline position data was taken from a recent Economic Development Needs Assessment – this included two main base economic forecasts for the borough and a series of what might be described as 'policy-on' forecasts. The table below shows a summary of the housing need linked to each of these forecasts, with the addition of subtracting the need in the National Park to give the need for the Copeland Local Plan area. The highest of the baseline forecasts points to a housing need of 146 dwellings per annum, whilst the number of homes linked to higher economic growth suggests a figure of 191 dpa, potentially going as high as 278 dpa (although this final figure would only be valid if all potential economic delivery is achieved by 2038, which whilst possible is unlikely).

| Figure 6.1: Total housing need associated with economic forecasts including communal | | | | | | | | |
|--|---------|------------|-----------------|------------|----------|----------|--|--|
| establishment allowance (per annum) | | | | | | | | |
| | | Need in | Need in | | | | | |
| | Housing | need | nunal dwellings | Total need | the | Copeland | | |
| | need | | | | National | | | |
| | | population | (at 1.0) | | Park | | | |
| Baseline-CE | 65 | 12 | 7 | 71 | 10 | 61 | | |
| Baseline-Experian | 149 | 12 | 7 | 156 | 10 | 146 | | |
| Growth scenario-midpoint | 194 | 13 | 7 | 201 | 10 | 191 | | |
| Growth scenario | 281 | 14 | 8 | 288 | 10 | 278 | | |

Source: Demographic projections and affordable need analysis

6.5 This analysis is relevant to Policy H2PO (Housing Requirement) of the emerging Local Plan which is set out in full below:

Policy H2PO: Housing Requirement

The Housing requirement is for a minimum of 2520 net additional dwellings (an average of 140 dwellings per annum) to be provided between 2017 and 2035. This figure will be used when calculating the five year supply of deliverable housing sites in the Borough.

In order to plan positively and support employment growth over the Plan period, the Plan identifies a range of attractive allocated housing sites, which when combined with future windfall development, previous completions and extant permissions, will provide a minimum of 3600 dwellings (an average of 200 dwellings per annum) over the Plan period.

Housing delivery will be monitored closely and where development is not coming forward as anticipated, interventions will be sought as set out in Policy H3PO.

- 6.6 The supporting text to this policy notes *'In terms of the alternative options, Paragraph 48 of the SHMA states that "It can be concluded that the OAN for the planning authority area of Copeland lies in the range of 140 to 200 dwellings per annum".* The analysis in this report, and the dwelling need figures for different scenarios, generally points to the figures in the emerging Plan (Policy H2PO) as continuing to be of the right order; it is suggested that the Council maintain the annual figures contained within the Local Plan Preferred Options Draft (albeit for a slightly different plan period).
- 6.7 It is considered that the midpoint need would be the most appropriate for planning purposes; as previously noted, it is significantly above past completion trends and substantially above the Standard Method need. Additionally, there is no certainty that all (or indeed any) of the Growth Scenarios will come forward. If it appears that all of the projects identified in the growth scenario are happening, the Council could review the forecasts and potentially increase the growth target and release additional land if required.
- 6.8 For analysis in the following two sections a housing need of 149 dwellings per annum has been used (i.e. in looking at changes to the number of older people and implications for the mix of housing). This figure is the Baseline-Experian projection prior to any adjustments for institutional population or the National Park.

7. The Needs of Older People and People with Disabilities

Introduction

7.1 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 Changes

7.2 The population of older persons is increasing, driven by demographic changes including increasing life expectancy. This is a key driver of the need for housing which is capable of meeting the needs of older persons.

Current Population of Older People

7.3 The tables below provide baseline population data about older persons in the Borough and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The first table shows that Copeland has a fairly old age structure (older people for the purposes of this report generally considered to be people aged 65 and over), with 23% of the population being aged 65 and over in 2020. This compares with 19% regionally and nationally. The proportion of older people across Cumbria is however slightly higher than seen in Copeland.

| Figure 7.1: Older Persons Population, 2020 | | | | | | |
|--|----------|---------|------------|---------|--|--|
| | Copeland | Cumbria | North West | England | | |
| Under 65 | 77.0% | 75.3% | 81.2% | 81.5% | | |
| 65-74 | 12.7% | 13.3% | 10.2% | 9.9% | | |
| 75-84 | 7.6% | 8.2% | 6.2% | 6.1% | | |
| 85+ | 2.7% | 3.2% | 2.4% | 2.5% | | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | | |
| Total 65+ | 23.0% | 24.7% | 18.8% | 18.5% | | |
| Total 75+ | 10.3% | 11.4% | 8.6% | 8.6% | | |

Source: ONS Mid-Year Population Estimates

7.4 The table below shows the same information for sub-areas, this shows some notable variations in the proportion of people aged 65 and over, ranging from 20% in Cleator Moor, up to nearly a third of the population in the National Park.

| Figure 7.2: Older Persons Population, 2019 – sub-areas | | | | | | | |
|--|----------|-------|-------|------|--------|-----------|-----------|
| | Under 65 | 65-74 | 75-84 | 85+ | Total | Total 65+ | Total 75+ |
| Whitehaven | 79.3% | 11.4% | 6.8% | 2.6% | 100.0% | 20.7% | 9.4% |
| Cleator Moor | 80.1% | 10.5% | 7.2% | 2.2% | 100.0% | 19.9% | 9.4% |
| Egremont | 77.8% | 12.3% | 7.6% | 2.3% | 100.0% | 22.2% | 9.9% |
| Whitehaven Rural | 76.1% | 13.3% | 7.9% | 2.7% | 100.0% | 23.9% | 10.6% |
| National Park | 68.5% | 17.6% | 9.9% | 3.9% | 100.0% | 31.5% | 13.8% |
| Millom | 75.1% | 14.2% | 8.0% | 2.7% | 100.0% | 24.9% | 10.7% |
| TOTAL | 77.3% | 12.6% | 7.5% | 2.6% | 100.0% | 22.7% | 10.2% |

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 7.5 Population projections can next be used to provide an indication of how the numbers of older persons might change in the future. Copeland is projected to see a notable increase in the older person population, with the total number of people aged 65 and over projected to increase by 25% over the 17-years to 2038. This compares with overall population growth of 3% and a decrease in the Under 65 population of 3%.
- 7.6 In total population terms, the projections show an increase in the population aged 65 and over of around 4,000 people. This is against a backdrop of an overall increase of 2,300 population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change.

| Figure 7.3: Projected Change in Population of Older Persons, 2021 to 2038 – | | | | | | | |
|---|--------|--------|------------|----------|--|--|--|
| Copeland (based on delivery of 149 dwellings per annum) | | | | | | | |
| | 2021 | 2038 | Change in | % change | | | |
| | | | population | | | | |
| Under 65 | 52,136 | 50,455 | -1,681 | -3.2% | | | |
| 65-74 | 8,819 | 9,875 | 1,056 | 12.0% | | | |
| 75-84 | 5,248 | 7,082 | 1,834 | 34.9% | | | |
| 85+ | 1,849 | 2,939 | 1,090 | 58.9% | | | |
| Total | 68,053 | 70,351 | 2,299 | 3.4% | | | |
| Total 65+ | 15,917 | 19,897 | 3,980 | 25.0% | | | |
| Total 75+ | 7,097 | 10,021 | 2,924 | 41.2% | | | |

Source: Demographic Projections

Characteristics of Older Person Households

7.7 The tenures in which older persons currently live provides a useful indication of the potential tenure profile of demand for new-build development.

- 7.8 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 (74%) are owner occupiers, and indeed 68% are owner occupiers with no mortgage and thus may have equity which can be put towards the purchase of a new home (albeit it is recognised that property values in Copeland are relatively low). Some 20% of older persons households across the study area live in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (about 6%).
- 7.9 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.



7.10 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 across the study area; the main notable differences are the high level of owner-occupation amongst older people in the National Park and Whitehaven Rural, with lower proportions in Whitehaven and Cleator Moor.



Prevalence of Disabilities

7.11 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 38% of households contain someone with a LTHPD. This figure is higher than seen nationally and slightly higher than seen across the region and County. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 21% of the population of the Borough having a LTHPD).

| Figure 7.6: Households and People with a Long-Term Health Problem or Disability, | | | | | | | | |
|--|----------------|----------------|-------------------|----------------|--|--|--|--|
| 2011 | | | | | | | | |
| | Households | Containing | Population with a | Health Problem | | | | |
| | Someone with a | Health Problem | | | | | | |
| No. % No. % | | | | | | | | |
| Copeland | 11,491 | 37.6% | 15,061 | 21.3% | | | | |
| Cumbria | 78,919 | 35.5% | 101,721 | 20.3% | | | | |
| North West | 1,100,812 | 36.6% | 1,426,805 | 20.2% | | | | |
| England | 7,217,905 | 32.7% | 9,352,586 | 17.6% | | | | |
| Source: 2011 Census | | | | | | | | |

7.12 The analysis also shows only modest difference between different parts of the study area, with the Cleator Moor sub-area seeing a slightly higher proportion of the population and households with a LTHPD, the lowest proportion is seen in the National Park (households) and Whitehaven Rural (population).

| Figure 7.7: Households and People with a Long-Term Health Problem or Disability, | | | | | | | |
|--|--|-------|--------|-------|--|--|--|
| 2011 – sub-areas | | | | | | | |
| | Households Containing Population with a Heal | | | | | | |
| | Someone with a Health Problem | | | | | | |
| | Pro | blem | | | | | |
| | No. % No. | | | | | | |
| Whitehaven | 4,203 | 38.8% | 5,455 | 22.0% | | | |
| Cleator Moor | 1,204 | 39.5% | 1,555 | 22.4% | | | |
| Egremont | 1,356 | 37.6% | 1,758 | 21.5% | | | |
| Whitehaven Rural | 2,734 | 35.7% | 3,579 | 19.9% | | | |
| National Park | 650 | 35.3% | 849 | 20.6% | | | |
| Millom | 1,345 | 38.0% | 1,865 | 21.7% | | | |
| Total | 11,491 | 37.6% | 15,061 | 21.3% | | | |
| Source: 2011 Census | | | | | | | |

7.13 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. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows higher levels of LTHPD in most age bands within Copeland when compared with the national position.



7.14 The table below shows the proportion of the population aged 65 and over with a LTHPD by subarea. This shows some notable differences, from 48% of the population in the National Park, up to 60% in Whitehaven and Cleator Moor.



Source: 2011 Census

Health Related Population Projections

- 7.15 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.
- 7.16 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. In all cases the analysis links to estimates of population growth based on the Standard Method (2021-38).
- 7.17 Of particular note are the large increases in the number of older people with dementia (increasing by 40% from 2021 to 2038) and mobility problems (33% increase over the same period). Changes for younger age groups are smaller (negative), 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 774 people with a mobility problem represents 34% of the total projected population growth.
- 7.18 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.
| Figure 7.10: Projected Changes to Copeland Population with a Range of Disabilities | | | | | | | |
|--|-------|-------|-------|--------|----------|--|--|
| Disability | Age | 2021 | 2038 | Change | % Change | | |
| | Range | | | | | | |
| Dementia | 65+ | 864 | 1,211 | 348 | 40.3% | | |
| Mobility problems | 65+ | 2,321 | 3,094 | 774 | 33.3% | | |
| Autistic Spectrum | 18-64 | 273 | 263 | -10 | -3.7% | | |
| Disorders | 65+ | 129 | 161 | 32 | 25.1% | | |
| Learning Disabilities | 15-64 | 700 | 678 | -23 | -3.2% | | |
| | 65+ | 276 | 343 | 67 | 24.3% | | |
| Challenging behaviour | 15-64 | 13 | 12 | 0 | -3.8% | | |
| Impaired mobility | 16-64 | 1,714 | 1,470 | -244 | -14.2% | | |

Source: POPPI/PANSI and Demographic Projections

- 7.19 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.
- 7.20 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.
- 7.21 The PPG for Housing for Older and Disabled People [63-006] refers only to specialist housing for older people; however, clearly the local authority should support specialist housing schemes for younger adults which come forward across the plan area. Despite the projected decrease in the number of people aged under 65 there is still likely to be a range of disabilities that are likely to require some degree of support, or potentially some form of specialised housing solution.
- 7.22 This report seeks to provide an indication of how the number of people with different disabilities might change in the future. It does not seek to be specific about the exact number of units that need to be provided for different groups, nor where such accommodation should be located; it is the case that some types of specialist accommodation might have a wide catchment, and would be suitable for clients from outside of the study area (it is also possible that some people in the area would be placed in accommodation elsewhere). Given this, the Council will need to work with the County Council regarding provision of housing for people with disabilities.

Need for Specialist Accommodation for Older Persons

7.23 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]

- 7.24 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.
- 7.25 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.
- 7.26 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.

- 7.27 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. 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).
- 7.28 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) with the middle of the range shown for housing with care forming the base position for analysis.

Figure 7.11, Denge of our goated becaling providence rates from a number of tools

| Figure (nange of suggested baseline prevalence rates from a number of tools | | | | | | | | |
|--|----------------------|------------------|--------------|--|--|--|--|--|
| and publications | | | | | | | | |
| Type/Rate | SHOP@ | Housing in Later | 2016 Housing | | | | | |
| | (2008) ¹⁶ | Life (2012) 17 | LIN Review | | | | | |
| Age-restricted general market | - | - | 25 | | | | | |
| housing | | | | | | | | |
| Retirement living or sheltered | 125 | 180 | 100 | | | | | |
| housing (housing with support) | | | | | | | | |
| Extra care housing or housing- | 45 | 65 | 30-40 | | | | | |
| with-care (housing with care) | | | ('proactive | | | | | |
| | | | range') | | | | | |
| Residential care homes | 65 | (no figure apart | 40 | | | | | |
| | | from 6 for | | | | | | |
| Nursing homes (care | 45 | dementia) | 45 | | | | | |
| bedspaces), including | | | | | | | | |
| dementia | | | | | | | | |

Source: Range of sources as identified

7.29 As noted, this report uses the 2016 Review figures as a starting point. However, it is clear that:

- The prevalence rates used should be 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; and
- 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. 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.

¹⁶ 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. ¹⁷ https://www.housinglin.org.uk/ assets/Resources/Housing/Support materials/Toolkit/Housing in Later Life Toolkit.pdf

- 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.
- 7.30 It is considered that the lower prevalence rates shown in the 2016 Housing LIN Review are an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, it is suggested that the starting point for housing with care should be the higher rate shown in the SHOP@ Report.
- 7.31 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Copeland, the data shows slightly worse health in the older person population and so the prevalence rates used have been increased slightly (by an average of about 6%) these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in Copeland (56.5%) with the equivalent figure for England (53.1%).
- 7.32 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 Copeland is the 78th most deprived local authority in England (out of 317). This suggests a lower proportion of market housing than for an authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).
- 7.33 The table below show 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). Overall, the analysis suggests that there will be a need for both housing with support and housing with care in both market and affordable sectors, as well as a need for additional nursing care bedspaces.

| Figure 7.12: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-38 – | | | | | | | |
|--|------------|-----------|----------|---------|------------|-----------|-----------|
| | | | Copeland | d l | | | |
| | | Housing | Current | Current | Current | Addition- | Shortfall |
| | | demand | supply | demand | shortfall/ | al | /surplus |
| | | per 1,000 | | | surplus (- | demand | by 2038 |
| | | 75+ | | | ve) | to 2038 | |
| Housing with | Market | 39 | 39 | 279 | 240 | 115 | 354 |
| support | Affordable | 94 | 398 | 665 | 267 | 274 | 541 |
| Total (housing with | support) | 133 | 437 | 943 | 506 | 389 | 895 |
| Housing with care | Market | 21 | 0 | 147 | 147 | 61 | 208 |
| | Affordable | 27 | 60 | 192 | 132 | 79 | 212 |
| Total (housing with | care) | 48 | 60 | 340 | 280 | 140 | 419 |
| Residential care bedspaces | | 43 | 443 | 302 | -141 | 124 | -17 |
| Nursing care bedspaces | | 48 | 146 | 340 | 194 | 140 | 333 |
| Total bedspaces | | 90 | 589 | 641 | 52 | 264 | 317 |

Source: Derived from Demographic Projections and Housing LIN/EAC

- 7.34 It can be seen by 2038 there is an estimated need for 1,314 additional dwellings with support or care. In addition, there is a need for 317 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 176 dwellings. In total, the older persons analysis therefore points towards a need for around 1,490 units over the 2021-38 period (about 88 per annum).
- 7.35 Given overall housing need it is unlikely that this level of delivery will be achieved, but the analysis does point to maximising opportunities to provide such housing where possible this is consistent with Policy H11PO of the emerging Local Plan which says 'the Council will work collaboratively with providers and partners to identify sites which may be suitable for specialist or older persons housing, including sheltered accommodation, extra care housing [and] residential nursing care accommodation'.
- 7.36 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.
- 7.37 It should also be noted that within any category of need there may be a range of products. For example, many market extra-care schemes are 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.

- 7.38 The table above should be considered as providing an indicative view of need based on a single set of prevalence rates (which have drawn on a range of sources). The ultimate level of provision the Council seeks to support will be influenced by its broader strategy for older persons housing and care.
- 7.39 The analysis has not attempted to break these figures down into the sub-areas. However, the data previously provided in this section would help to indicate how needs might vary across locations. In particular, it is notable that the population of older persons does vary across the Borough, with those areas with higher proportions potentially expected to see a higher demand for older person accommodation. The proportion of older people who are owner-occupiers also varies across the Borough, which might point to a different tenure split in different locations.

Wheelchair User Housing

- 7.40 Information about the need for housing for wheelchair users is difficult to obtain, particularly at a local level and estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. 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.
- 7.41 The analysis below sets out estimates of the proportion of wheelchair users in different age groups nationally; this has been based on estimating the number of wheelchair user households from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user and the oldest person in the household was aged under 60; the 2011 Census showed around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

| Figure 7.13: Baseline prevalence rates by age used to estimate wheelchair user | | | | | | |
|--|------------|------------|-------------------|--|--|--|
| | house | eholds | | | | |
| | Number of | Household | Prevalence (per | | | |
| | households | population | 1,000 population) | | | |
| under 60 years | 183,938 | 40,562,374 | 5 | | | |
| 60 - 74 years | 204,822 | 7,668,495 | 27 | | | |
| 75 - 84 years | 191,249 | 2,831,815 | 68 | | | |
| 85 years or over | 145,842 | 997,247 | 146 | | | |

Source: Derived from EHS (2011-12) and 2011 Census

7.42 The analysis also considers the relative health of the population of Copeland. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in Copeland and England, and also shows the adjustment made to reflect differences in heath between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows higher levels of disability for all age groups in Copeland, pointing to a slightly higher than average proportion of wheelchair user households.

| Figure 7.14: Proportion of people with day to day activities limited a lot (by age) – | | | | | | | | | |
|---|----------------|-----------------|---------------|-----------------|--|--|--|--|--|
| 2011 – Copeland | | | | | | | | | |
| | % of age group | with day to day | Copoland as % | Prevalence rate | | | | | |
| | activities li | mited a lot | of England | (per 1,000 | | | | | |
| | Copeland | England | or England | population) | | | | | |
| under 60 years | 5.7% | 4.2% | 136.9% | 6 | | | | | |
| 60-74 years | 17.0% | 13.9% | 122.0% | 33 | | | | | |
| 75-84 years | 33.0% | 29.1% | 113.4% | 77 | | | | | |
| 85 years or over | 53.8% | 52.3% | 102.8% | 150 | | | | | |

Source: 2011 Census

7.43 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,359 wheelchair user households in 2021, and that this will rise to 1,629 by 2038 (an increase of 270).

| Figure 7.15: Estimated number of wheelchair user households (2021-38) – Copeland | | | | | | | |
|--|-------------|------------|-------------|------------|------------|--|--|
| | Prevalence | Household | Llouischold | Wheelchair | Wheelchair | | |
| | rate (per | nonulation | nonulation | user | user | | |
| | 1,000 | 2021 | 2029 | households | households | | |
| | population) | | 2030 | (2021) | (2038) | | |
| under 60 years | 6 | 46,262 | 45,751 | 287 | 284 | | |
| 60 - 74 years | 33 | 13,823 | 13,709 | 450 | 447 | | |
| 75 - 84 years | 77 | 5,091 | 6,864 | 390 | 526 | | |
| 85 years or over | 150 | 1,540 | 2,478 | 232 | 373 | | |
| TOTAL | | 66,716 | 68,802 | 1,359 | 1,629 | | |
| | | | | | | | |

Source: Derived from a range of sources

7.44 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. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for 604 additional wheelchair user homes in the 2021-38 period – this equates to 24% of all housing need (as set out in the table below).

| Figure 7.16: Estimated need for wheelchair user homes, 2021-2038 (housing need | | | | | | | |
|--|---------|-----------|-------------|-----------|---------|--|--|
| based on 149 dpa for illustrative purposes) | | | | | | | |
| | Current | Projected | Total | Housing | % of | | |
| | need | need | current and | need | Housing | | |
| | | (2021-39) | future need | (2021-38) | Need | | |
| Copeland | 334 | 270 | 604 | 2,533 | 24% | | |

Source: Derived from a range of sources

- 7.45 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair uses, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for 19% of market homes to be M4(3) along with 49% of affordable.
- 7.46 Again, these figures are unlikely to be delivered, not least due to the viability of providing wheelchair adaptable and accessible housing; however, this does again point to the Council needing to seek to provide such housing where opportunities arise.

| Figure 7.17: estimated need for wheelchair user homes by tenure, 2021-2038 | | | | | |
|--|--------|------------|--|--|--|
| | Market | Affordable | | | |
| Copeland | 19% | 49% | | | |

Source: Derived from demographic projections and EHS prevalence rates

Cost of Providing M4(2) and M4(3) Housing

- 7.47 It is worth noting that the Government is currently consulting 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 grounds¹⁸.
- 7.48 One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.
- 7.49 The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

¹⁸ Raising accessibility standards for new homes, a consultation paper, page 10

| Figure 7.18: Access Cost Summary | | | | | | | | |
|----------------------------------|-----------|-----------|---------|----------|----------|--|--|--|
| | 1-Bed | 2-Bed | 2-Bed | 3-Bed | 4-Bed | | | |
| | Apartment | Apartment | Terrace | Semi | Semi- | | | |
| | | | | Detached | Detached | | | |
| M4(2) | £940 | £907 | £523 | £521 | £520 | | | |
| M4(3)(A) – Adaptable | £7,607 | £7,891 | £9,754 | £10,307 | £10,568 | | | |
| M4(3)(B) – Accessible | £7,764 | £8,048 | £22,238 | £22,791 | £23,052 | | | |

Source: EC Harris, 2014

- 7.50 However, 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.
- 7.51 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.

The Needs of Older Persons & Those with Disabilities: Key Messages

Analysis has been carried out to study 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).

Copeland has a relatively old population, with 23% of people being aged 65 and over in 2020, compared with regional and national figures of 19%. The population aged 65 and over is projected to increase by 25% in the 2021-38 period, with an even higher (41%) increase in the number of people aged 75+. These increases are likely to see changes to the number of people with specific disabilities and it is projected that the number of people aged 65+ with dementia will increase by 40% along with a 33% increase in those with mobility problems

The increased number of older people is likely to also see an increased need and demand for specialist older persons accommodation. Analysis suggests that there will be a need for around 900 units with support (such as sheltered/retirement housing) and 400 homes with care (e.g. extra-care housing) – the needs will be in both the market and affordable sectors. There is also expected to be a need for additional nursing care bedspaces.

The ageing population also points to a need for additional wheelchair accessible or adaptable homes, with modelling suggesting a need for around 600 units over the 2021-38 period (mainly in the affordable sector).

In reality, given overall housing need and potential viability issues it is unlikely that this scale of delivery will be achieved (either for specialist older persons or wheelchair housing), but the analysis does point to maximising opportunities to provide such housing where possible – this is consistent with Policy H11PO of the emerging Local Plan which says 'the Council will work collaboratively with providers and partners to identify sites which may be suitable for specialist or older persons housing, including sheltered accommodation, extra care housing [and] residential nursing care accommodation'.

8. Housing Mix

Introduction

8.1 This section considers the appropriate mix of housing across the Borough, 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 numbers are projected to change moving forward.

Background data

8.2 The number of families in Copeland (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 8,100 as of the 2011 Census, accounting for 27% of households; this proportion is lower than the regional and national average (29%) and slightly above the equivalent figure for Cumbria (25%).

| Figure 8.1: Households with dependent children (2011) | | | | | | | | | |
|---|-----|---------|------------|--------|------------|------------|--------|------------|--|
| | | Married | Cohabiting | Lone | Other | All other | Total | Total with | |
| | | couple | couple | parent | households | households | | dependent | |
| | | | | | | | | children | |
| Copeland | No. | 4,438 | 1,316 | 1,803 | 558 | 22,421 | 30,536 | 8,115 | |
| | % | 14.5% | 4.3% | 5.9% | 1.8% | 73.4% | 100.0% | 26.6% | |
| Cumbria | % | 13.9% | 4.0% | 5.7% | 1.5% | 74.9% | 100.0% | 25.1% | |
| North West | % | 14.1% | 4.3% | 8.1% | 2.3% | 71.2% | 100.0% | 28.8% | |
| England | % | 15.3% | 4.0% | 7.1% | 2.6% | 70.9% | 100.0% | 29.1% | |

Source: Census (2011)

8.3 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. Only 31% of lone parent households are owner-occupiers compared with 86% of married couples with children.



8.4 Household projections have been developed, linked to delivery of 149 homes per annum over the 2021-38 period as set out in the table below. The projections show a projected increase in the number of households with dependent children – increasing by 8% (about 650 households) over the projection period. The projections show particularly strong increases in older person age groups.

| Figure 8.3: Projected Change in Family Households (2021-38) – Copeland | | | | | | | |
|--|--------|--------|--------|--------|--|--|--|
| | 2021 | 2038 | Change | % | | | |
| | | | in | change | | | |
| | | | house- | | | | |
| | | | holds | | | | |
| One Person 65+ | 4,270 | 4,588 | 318 | 7.5% | | | |
| One Person <65 | 5,337 | 5,634 | 297 | 5.6% | | | |
| Couple 65+ | 4,942 | 7,031 | 2,088 | 42.3% | | | |
| Couple <65 | 4,859 | 3,970 | -889 | -18.3% | | | |
| Adult households with no dependent children | 2,509 | 2,372 | -137 | -5.5% | | | |
| Households with one dependent child | 4,261 | 4,899 | 638 | 15.0% | | | |
| Households with two dependent children | 2,862 | 2,917 | 55 | 1.9% | | | |
| Households with three dependent children | 995 | 955 | -39 | -4.0% | | | |
| Other households | 1,696 | 1,826 | 130 | 7.7% | | | |
| TOTAL | 31,731 | 34,191 | 2,460 | 7.8% | | | |
| Total with dependent children | 8,118 | 8,771 | 653 | 8.0% | | | |

Source: Demographic Projections

8.5 The level of growth in family households does not automatically translate into an equivalent need for family-sized accommodation, not least as many older households will continue to live in family-sized properties that offer space for friends and relatives to come and stay.

8.6 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the Borough, the tendency is for family households to occupy 3-bedroom housing with varying degrees of 2-and 4+-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.



Source: 2011 Census

The Mix of Housing

- 8.7 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated though the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 8.8 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 2038 (from 2021).
- 8.9 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. When compared with regional data the main differences between Copeland and the North West are a higher proportion of 3+-bedroom market homes (78% of all market accommodation in the Borough compared with 74%) and a low proportion of 1-bedroom homes in the social rented sector (11% of all homes in this tenure). The profile of the private rented sector also shows more 3-bedroom homes and fewer homes with 1-bedroom. Observations about the current mix feed into conclusions about future mix later in this section.

| Figure 8.5: Number of Bedrooms by Tenure, 2011 | | | | | | | |
|--|-------------|----------|---------|------------|---------|--|--|
| | | Copeland | Cumbria | North West | England | | |
| Owner- | 1-bedroom | 1% | 2% | 2% | 4% | | |
| occupied | 2-bedrooms | 20% | 25% | 24% | 23% | | |
| | 3-bedrooms | 55% | 50% | 52% | 48% | | |
| | 4+-bedrooms | 23% | 23% | 22% | 25% | | |
| | Total | 100% | 100% | 100% | 100% | | |
| Social | 1-bedroom | 11% | 22% | 29% | 31% | | |
| rented | 2-bedrooms | 39% | 38% | 32% | 34% | | |
| | 3-bedrooms | 46% | 36% | 34% | 31% | | |
| | 4+-bedrooms | 3% | 3% | 4% | 4% | | |
| | Total | 100% | 100% | 100% | 100% | | |
| Private | 1-bedroom | 12% | 14% | 18% | 23% | | |
| rented | 2-bedrooms | 41% | 43% | 43% | 39% | | |
| | 3-bedrooms | 36% | 31% | 30% | 28% | | |
| | 4+-bedrooms | 10% | 11% | 9% | 10% | | |
| | Total | 100% | 100% | 100% | 100% | | |

Source: 2011 Census

Overview of Methodology

8.10 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.

Understanding how Households Occupy Homes

- 8.11 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.
- 8.12 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.
- 8.13 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.

- 8.14 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')).
- 8.15 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. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 8.16 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Copeland and the North West. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases as typically some households downsize as they get older. The analysis identifies some small differences between Copeland and the region, with Copeland typically having larger dwelling sizes, particularly in the social and private rented sectors.



Source: Derived from ONS Commissioned Table CT0621

8.17 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 North west region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

- 8.18 The analysis has been used to derive outputs for three broad categories. These are:
 - market housing which is taken to follow the occupancy profiles in the owner-occupied sector
 - **affordable home ownership** which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
 - **rented affordable housing** which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

8.19 The tables below present the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups (and to some extent some younger age groups e.g. those aged up to 49). The number of households headed by someone aged 50-64 is projected to drop over the period studied.

| Figure 8.7: Projected Change in Household by Age of HRP in Copeland | | | | | | |
|---|--------|--------|------------|----------|--|--|
| | 2021 | 2038 | Change in | % Change | | |
| | | | Households | | | |
| 16-24 | 919 | 1,127 | 207 | 22.5% | | |
| 25-29 | 1,681 | 2,012 | 331 | 19.7% | | |
| 30-34 | 2,019 | 2,471 | 452 | 22.4% | | |
| 35-39 | 2,114 | 2,363 | 249 | 11.8% | | |
| 40-44 | 1,996 | 2,534 | 538 | 26.9% | | |
| 45-49 | 2,288 | 2,522 | 234 | 10.2% | | |
| 50-54 | 3,024 | 2,448 | -576 | -19.1% | | |
| 55-59 | 3,384 | 2,434 | -950 | -28.1% | | |
| 60-64 | 3,158 | 2,340 | -818 | -25.9% | | |
| 65-69 | 2,825 | 3,143 | 318 | 11.3% | | |
| 70-74 | 3,004 | 3,384 | 381 | 12.7% | | |
| 75-79 | 2,229 | 3,008 | 780 | 35.0% | | |
| 80-84 | 1,751 | 2,309 | 559 | 31.9% | | |
| 85 & over | 1,339 | 2,095 | 756 | 56.5% | | |
| Total | 31,731 | 34,191 | 2,460 | 7.8% | | |

Source: Demographic Projections

Modelled Outputs

8.20 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.

8.21 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 the Local Authority Housing Statistics ("LAHS") and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing approaching a sixth of households as requiring 3+- bedroom homes.

| Figure 8.8: Size of Social/Affordable Rented Housing – Housing Register Information – Copeland | | | | | | | |
|---|-------|--------|--|--|--|--|--|
| Number of households % of households | | | | | | | |
| 1-bedroom | 900 | 61.7% | | | | | |
| 2-bedrooms | 326 | 22.4% | | | | | |
| 3-bedrooms | 199 | 13.6% | | | | | |
| 4+-bedrooms | 2 | 0.1% | | | | | |
| Unspecified | 31 | 2.1% | | | | | |
| Total | 1,458 | 100.0% | | | | | |

Source: Local Authority Housing Statistics, 2020

8.22 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 8.9: Modelled Mix of Housing by Size and Tenure in Copeland (linked to local | | | | | | | |
|---|-----|-----|-----|-----|--|--|--|
| occupancy patterns) | | | | | | | |
| 1-bedroom 2-bedrooms 3-bedrooms 4+-bedrooms | | | | | | | |
| Market | 2% | 33% | 55% | 10% | | | |
| Affordable home ownership | 12% | 42% | 38% | 7% | | | |
| Affordable housing (rented) | 14% | 41% | 42% | 3% | | | |

Sources: Housing Market Model

| Figure 8.10: Modelled Mix of Housing by Size and Tenure in Copeland (linked to regional occupancy patterns) | | | | | | | |
|---|-----|-----|-----|----|--|--|--|
| 1-bedroom 2-bedrooms 3-bedrooms 4+-bedrooms | | | | | | | |
| Market | 5% | 39% | 50% | 6% | | | |
| Affordable home ownership | 18% | 44% | 30% | 8% | | | |
| Affordable housing (rented)37%31%29%3% | | | | | | | |

Sources: Housing Market Model

| Figure 8.11: Modelled Mix of Housing by Size and Tenure in Copeland (combining methodologies) | | | | | | | |
|---|-----|-----|-----|----|--|--|--|
| 1-bedroom 2-bedrooms 3-bedrooms 4+-bedrooms | | | | | | | |
| Market | 3% | 36% | 53% | 8% | | | |
| Affordable home ownership | 15% | 43% | 34% | 7% | | | |
| Affordable housing (rented) | 25% | 36% | 35% | 3% | | | |

Sources: Housing Market Model

Indicative Targets for Different Sizes of Properties by Tenure

Social/Affordable Rented Housing

- 8.23 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). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).
- 8.24 The conclusions also consider the Housing Register, but recognises that this will be based on a strict determination of need using the bedroom standard; there will be some households able to afford a slightly larger home or who can claim benefits for a larger home than they strictly need (i.e. are not caught by the spare room subsidy ('bedroom tax') this will include older person households). The conclusions also take account of the current profile of housing in this sector (which shows a lower than average proportion of 1-bedroom homes in the current stock).
- 8.25 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 (which is close to the modelled outputs) would be appropriate:
 - 1-bedroom: 30%
 - 2-bedrooms: 40%
 - 3-bedrooms: 25%
 - 4+-bedrooms: 5%

Affordable Home Ownership

- 8.26 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:
 - 1-bedroom: 15%
 - 2-bedrooms: 45%
 - 3-bedrooms: 35%
 - 4+-bedrooms: 5%

Market Housing

- 8.27 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). This sees a slightly larger recommended profile compared with other tenure groups. The recommendations take account of the high proportion of 3-bedroom homes in the market sector currently, and slightly boosts the figures for 4+-bedroom homes to provide an opportunity for higher earning households to move to the Borough (particularly if the Council is successful in creating new job opportunities). The following mix of market housing is therefore suggested:
 - 1-bedroom: 5%
 - 2-bedrooms: 35%
 - 3-bedrooms: 40%
 - 4+-bedrooms: 20%
- 8.28 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 which the Council has done in the supporting text to emerging Policy H7PO) demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.
- 8.29 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.
- 8.30 For information, the strategic conclusions set out above can be compared with those set out in the supporting text to emerging Policy H7PO. Overall, it can be seen that the conclusions are broadly similar with the main difference being this report suggesting a slightly lower proportion of market homes to be 3-bedrooms. Additionally, this report provides a single rounded figure, whereas the emerging Plan sets out a range (the range being taken from the SHMA/OAN report). Overall, the analysis suggests that the text in Policy H7PO remains sound, but the council could consider updating the mix table if they wished to.

| Figure 8.12: Comparing mix set out in emerging Local Plan and this report | | | | | | |
|---|-------------|------------|----------|----------|----------|--|
| | | 1 bodroom | 2- | 3- | 4+- | |
| | | 1-bearoonn | bedrooms | bedrooms | bedrooms | |
| Market | Policy H7PO | 0-5% | 25-30% | 50-55% | 15-20% | |
| | This study | 5% | 35% | 40% | 20% | |
| Affordable home | Policy H7PO | 10-15% | 40-45% | 35-40% | 5-10% | |
| ownership | This study | 15% | 45% | 35% | 5% | |
| Affordable | Policy H7PO | 20-25% | 40-45% | 25-30% | 5-10% | |
| housing (rented) | This study | 30% | 40% | 25% | 5% | |

Source: Local Plan data from page 168

Smaller-area Housing Mix

- 8.31 The analysis looks at the whole of the Borough, but does note that there may be reasons why a different mix might be sought for different locations. There may be a case on a site-by-site basis, or at a specific point in time for some minor adjustments. Some potential factors are summarised below:
 - a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes (e.g. a lack of smaller homes in rural areas does not necessarily mean that smaller homes should be prioritised);
 - b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced rural areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
 - c) That said, some of these areas will have very little small/cheaper stock and so consideration needs to be given to diversifying the stock;
 - d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the centre of towns may be more suited to flatted development (as well as recognising the point above about role and function) whereas a rural site on the edge of an existing village may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;
- 8.32 Overall, it is suggested that Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site to come along might provide a mix which includes more homes for younger/smaller family households and childless couples; and
- 8.33 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-form

8.34 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.

<u>Bungalows</u>

- 8.35 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough 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.
- 8.36 The table below shows a notable proportion of homes in Copeland are bungalows (14% of all flats and houses) with around half of these having 2-bedrooms (and most of the rest 3-bedrooms); a smaller proportion (9%) of homes across England are bungalows.

| Figure 8.13: Number of dwellings by property type and number of bedrooms (March | | | | | | | |
|---|-------|--------------------|--------|-------|-------|--------|--|
| 2020) – Copeland | | | | | | | |
| | | Number of bedrooms | | | | | |
| | 1 | 2 | 3 | 4+ | Not | | |
| | | | | | Known | | |
| Bungalow | 110 | 2,130 | 1,950 | 480 | 50 | 4,720 | |
| Flat/Maisonette | 1,110 | 1,300 | 160 | 50 | 20 | 2,630 | |
| Terraced house | 90 | 3,620 | 5,860 | 960 | 30 | 10,570 | |
| Semi-detached house | 10 | 1,610 | 8,210 | 1,070 | 20 | 10,920 | |
| Detached house | 10 | 200 | 1,490 | 2,230 | 60 | 3,990 | |
| All flats/houses | 1,330 | 8,860 | 17,670 | 4,790 | 180 | 32,830 | |
| Annexe | - | - | - | - | - | 20 | |
| Other | - | - | - | - | - | 280 | |
| Unknown | - | - | - | - | - | 630 | |
| All properties | - | - | - | - | - | 33,760 | |

Source: Valuation Office Agency

- 8.37 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).
- 8.38 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).
- 8.39 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.

- 8.40 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.
- 8.41 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.
- 8.42 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people). 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 vs. Houses

- 8.43 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, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 8.44 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both Copeland and England. This shows a fairly low proportion of flats in Copeland (some 14% of all 2-bedroom homes) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (around a fifth of 2-bedroom homes are flats in the social rented sector).

| Figure 8.14: Proportion of 2-bedroom homes that are a flat, maisonette or apartment | | | | | | |
|---|-----|-----|--|--|--|--|
| (by tenure) | | | | | | |
| Copeland England | | | | | | |
| Owner-occupied | 6% | 21% | | | | |
| Social rented | 22% | 48% | | | | |
| Private rented | 21% | 50% | | | | |
| All (2-bedroom) 14% 35% | | | | | | |

Source: 2011 Census

8.45 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still 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, although it is still the case that houses could make up the majority of the need in this sector.

Housing Mix: Key Messages

The proportion of households with dependent children is slightly lower than the regional and national average but above equivalent data for Cumbria. Projecting forward, there is expected to be a modest increase in the number of households with dependent children in Copeland – increasing by 8% (650 more households).

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 below is linked to long-term (17-year) 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:

| Suggested Mix of Housing by Size and Tenure – Copeland | | | | | | |
|--|-----|-----|-----|-----|--|--|
| 1-bedroom 2-bedrooms 3-bedrooms 4+-bedrooms | | | | | | |
| Market | 5% | 35% | 40% | 20% | | |
| Affordable home ownership | 15% | 45% | 35% | 5% | | |
| Affordable housing (rented) | 30% | 40% | 25% | 5% | | |

The strategic conclusions set out above are broadly similar to those set out in supporting text to emerging Policy H7PO (Housing Density and Mix). The main difference being that this report suggests a slightly lower proportion of market homes to be 3-bedrooms (recognising the large current stock of this size) and also a slightly greater proportion of 1-bedroom rented affordable units (which reflects the current low stock and also the Housing Register). Overall, the analysis suggests that the text in Policy H7PO remains sound, but the council could consider updating the mix table if they wished to.

Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development. Additionally, the Council should consider the role of bungalows with the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.