

Local Housing Needs Assessment

RBWM, Slough and South Bucks Local Authorities

October 2019

Prepared by

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Limitations

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1 INTRODUCTION

- 1.1 GL Hearn was commissioned by the Royal Borough of Windsor and Maidenhead (RBWM) in conjunction with Slough Borough Council and South Bucks District Council to carry out a Local Housing Needs Assessment (LHNA) in light of the publication of the National Planning Policy Framework (NPPF (2018 and subsequently 2019)) to inform the emerging Local Plans.
- 1.2 RBWM is currently examining its Borough Local Plan, while Slough is about to submit its emerging Local Plan. South Bucks, in conjunction with Chiltern Borough Council, is currently preparing a single joint local plan to 2036.
- 1.3 The study seeks to identify the need for Eastern Berkshire and South Bucks HMA which was defined by South Bucks as RBWM, Slough and the Southern part of South Bucks typically identified as the area south of the M40.
- 1.4 To avoid confusion this is a slightly different HMA definition to that identified by GL Hearn in the previous Berkshire SHMA which came to the strategic conclusion that HMA should be defined at a local authority level for practical reasons. Thus the HMA in the document was RBWM, Slough and the entirety of South Bucks District.

NPPF (2019) and PPG

- 1.5 The methodology used in this report responds to the NPPF (2019) at the time of publication which sets out the Government's objective to significantly boost housing supply, and the current Planning Practice Guidance (PPG) on *Housing and Economic Needs Assessments*.
- 1.6 Chapter 5 of the NPPF (2019) relates to delivering a sufficient supply of homes. Paragraph 60 sets out that "To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard methodology" which is this report. However, in exceptional circumstances, an alternative approach could be justified.
- 1.7 In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for. This, however, would be part of the housing requirement rather than the housing need.
- 1.8 Paragraph 61 of the NPPF (2019) sets out that "Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed". It adds these specific groups include but are not limited to:

“those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes”.

1.9 It is clear from the NPPF (2019) and the PPG that the OAN derived from the standard methodology is to act as a minimum and there is ample scope and indeed it is encouraged for local authorities to provide housing in excess of this.

1.10 Paragraph 10 of the PPG¹ sets out the circumstances when a higher figure than the standard method needs to be considered include but are not limited to:

“growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);

strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or

an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;

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

1.11 There is, therefore, a clear allowance for the authorities to move away from the standard methodology when setting a housing requirement. It should be emphasised that this report does not set housing targets. It provides an assessment of housing need, based on Government guidance at the time of writing, which is intended to provide input to plan-making alongside wider evidence including on land availability, environmental and other development constraints and infrastructure.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/687239/Draft_planning_practice_guidance.pdf

2 HOUSING NEED

2.1 The Planning Practice Guidance (PPG) concerning Housing Need Assessment was revised in July 2018, again in September 2018 and most recently in February 2019. At paragraph 4 of the revised PPG sets out the standard methodology for assessing housing need.

2.2 Paragraph 214 of the revised NPPF (2019) states that any plans submitted after the 24th of January 2019 should be based on the 2019 version of the NPPF including the standard methodology. As the RBWM is currently at the examination of their local plan then it may choose to use the standard methodology. For South Bucks District Council and Slough Borough Council then the revised framework applies.

2.3 In assessing housing need and deriving a housing target that means adopting the three-step standard methodology as set out below.

Step 1 - Setting the baseline

2.4 The PPG advises that “the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being the first year)” should be used.

2.5 Our approach below sets out the standard method OAN using the worked example set out in the PPG.

2.6 **RBWM’s household projection** (2014-based projections) is:

- 62,915 households in 2019
- 68,348 households in 2029

2.7 This is a total of 5,433 new households over the 10 years, equivalent to an average household growth of 543 per year.

2.8 **Slough’s household projection** (2014-based projections) is:

- 57,036 households in 2019
- 63,715 households in 2029

2.9 This is a total of 6,679 new households over the 10 years, equivalent to an average household growth of 668 per year.

2.10 **South Bucks’ household projection** (2014-based projections) is:

- 28,773 households in 2019
- 31,852 households in 2029

- 2.11 This is a total of 3,079 new households over the 10 years, equivalent to an average household growth of 308 per year.

Step 2 - An adjustment to take account of affordability

- 2.12 Workplace-based affordability is used as an input into taking account of affordability as a part of estimating housing need. The formula used is presented below:

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

- 2.13 The minimum annual local housing need figure = (1 + adjustment factor) x projected household growth.

Table 1: Step 2 Calculations

	RBWM	Slough	South Bucks
2014-Based Household Change 2019-2029	5,433	6,679	3,079
Step 1 - Household Growth Per Annum	543	668	308
Workplace-based Affordability Ratio	13.16	9.40	18.36
Adjustment Factor	0.5725	0.3375	0.8975
Step 2 - Uncapped Housing Need	854	893	584

Source: OE

- 2.14 **RBWM's** workplace-based affordability ratio is 13.16. The adjustment factor is therefore 0.57 and the resulting figure is **854**. **Slough's** workplace-based affordability ratio is 9.40. The adjustment factor is therefore 0.34 (less than 40%) and the resulting figure is **893**. **South Bucks'** workplace-based affordability ratio is 18.36. The adjustment factor is therefore 0.89 and the resulting figure is **584**.

Step 3 - Capping the level of any increase

- 2.15 The application of the cap depends on the current status of the relevant strategic policies for housing. We have treated the three authorities as having no local plan, as none have had any updated housing figures issued within the past five years.
- 2.16 Slough and South Bucks have had local plans issued more recently than five years ago, but those figures are less than the household growth per annum. Furthermore, as the uplift in Step 2 is less than 40% in Slough then the cap does not apply.
- 2.17 For **Slough**, no cap is applied therefore the minimum OAN figure for this local authority is **893 dpa**. For **RBWM**, the figure is capped at 40% above the household growth figure step 1, therefore, the

minimum OAN figure for this local authority is **761 dpa**. For **South Bucks**, the figure is capped at 40% above the household growth figure (Step 1), therefore, the minimum OAN figure for this local authority is **431 dpa**.

Table 2: Step 3 Calculations

	RBWM	Slough	South Bucks	EBSB HMA
Step 1- Household Growth Per Annum	543	668	308	1,519
Step 2 - Uncapped Housing Need	854	893	584	2,331
Cap Applied	Yes (40%)	No	Yes (40%)	
Minimum OAN for Local Authority	761	893	431	2,085

Source: OE

- 2.18 Paragraph 12 of the PPG sets out that “The method provides authorities with an annual number, based on a 10-year baseline, which can be applied to the whole plan period.”

South of South Bucks

- 2.19 As mentioned in the introduction the purpose of this work is to examine the need for the Southern part of South Bucks alongside that of Slough and RBWM. This requires the disaggregation of the 431 dpa figure to the Southern and Northern parts of the district.
- 2.20 To do this we have taken a pro-rata approach based on the current split. As the table below demonstration for both population and households, the Southern part of South Bucks equates to almost 60% of the district total.

	2011 households	2017 population
South Bucks Total	26,514	69,785
South	15,858	41,716
North	10,656	28,069
% south	59.8%	59.8%

Source: 2011 Census

- 2.21 Assuming therefore that the future household growth is split across the same proportion then the 308 households per annum growth would see 184 households in the southern part of South Bucks and 124 households in the northern part.
- 2.22 To translate this to a housing need we are required to make an affordability adjustment. One way of achieving this is to assume that the 40% uplift is applied across the district. This would mean the 258 households in the southern part of South Bucks and 174 households in the northern part. Due to rounding, this would exceed the district total by 1 dpa

- 2.23 Alternatively, we can replicate the standard method we have sought to examine localised affordability for each area. We have used a range of data sources including the annual survey of hours and earnings, ONS data on small area income at HM Land Registry Data on sales for the 2018 period.
- 2.24 As the table below sets out in both locations affordability in the southern part of the district is less so that the northern part of the district. Indeed the localised affordability adjustment would be 34% in the southern part and 40% in the northern part. It should be noted that this calculation includes some assumptions including relating resident and workplace income.

Table 3: Affordability and Affordability Adjustments in Sub Areas of South Bucks (2018)

	North	South
Adjusted Workplace-Based Median Income	£37,620	£55,990
Median House Prices	£599,950	£531,000
Affordability Ratio	15.95	9.48
Affordability Adjustment	74.7%	34.3%
Capped affordability Adjustment	40%	34%

Source: ASHE, ONS and HMLR

- 2.25 Such an uplift would identify a need for 166 dpa (124*1.34) in the Southern part of the district. However, this would mean that the Northern part of the district would need an uplift of more than the capped 40% to ensure the district target is met.
- 2.26 It also highlights the difficulties in trying to disaggregate a district number to local areas. This would give more Credence to the first approach which at least sums to the district area and uses more robust data. This would give the South Bucks part of the HMA a need for 258 dpa. Combined with Slough and RBWM **this would give the HMA a minimum total need of 1912 dpa.**

Capacity Constraints

- 2.27 However, both South Bucks District Council and Slough Borough Council have already identified a capacity within their respective areas which is less than the identified need. In addition, RBWM is only just able to meet its own need.
- 2.28 In the case of Slough, the Council has only identified capacity for 650 dpa against a target 893 dpa (13,000 dwellings capacity. (2019-39). This would equate to an unmet need of 4,860 dwellings over the next 20 years.
- 2.29 The Southern part of South Bucks has an identified capacity of just 43 dpa compared to a target of 258 dpa (868 dwellings capacity (2019-39). This would equate to an unmet need of 4,300 dwellings over the next 20 years.

- 2.30 To give this study a level of pragmatic reality we have based much of the analysis on this capacity-driven approach. However, it will be for the local authorities to ensure that not only the unmet need is addressed but also that the uncapped need is addressed as well.

Population Growth

- 2.31 While the PPG is quite prescriptive as to the housing need it does not provide any indication of how this then translates into population growth. While the population projections in step 1 give us an indication of how the constrained level of growth translates into population growth is unclear.
- 2.32 An indication of how this should be tackled is set out in Paragraph 6 of the PPG which relates to the affordability adjustment:

“An affordability adjustment is applied as household growth on its own is insufficient as an indicator of housing demand because:

- *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- *people may want to live in an area in which they do not reside currently, for example, to be near to work, but be unable to find appropriate accommodation that they can afford.”*

- 2.33 In other words, the additional homes are to be filled and to address the issues set out above then a combination of reasonable improvements to household formation and increases to migration have to occur.
- 2.34 To allow for additional modelling to be undertaken in this report, a scenario has been developed which in the case of RBWM and Slough adjusts migration (from 2016-SNPP baseline) and also household formation rates.
- 2.35 The exception is for South Bucks (south) where the level of delivery is low and would actually need to see a reduction in migration from trend-based levels. In this case, it seems unreasonable to build in improvement to HRRs and figures have been taken from the 2014-SNHP (adjusted to local area rates).
- 2.36 To be clear, the view taken in this report is that in moving from household growth in the official projections to the household growth likely to be associated with the Standard Method, increases in both migration and household formation can be expected.

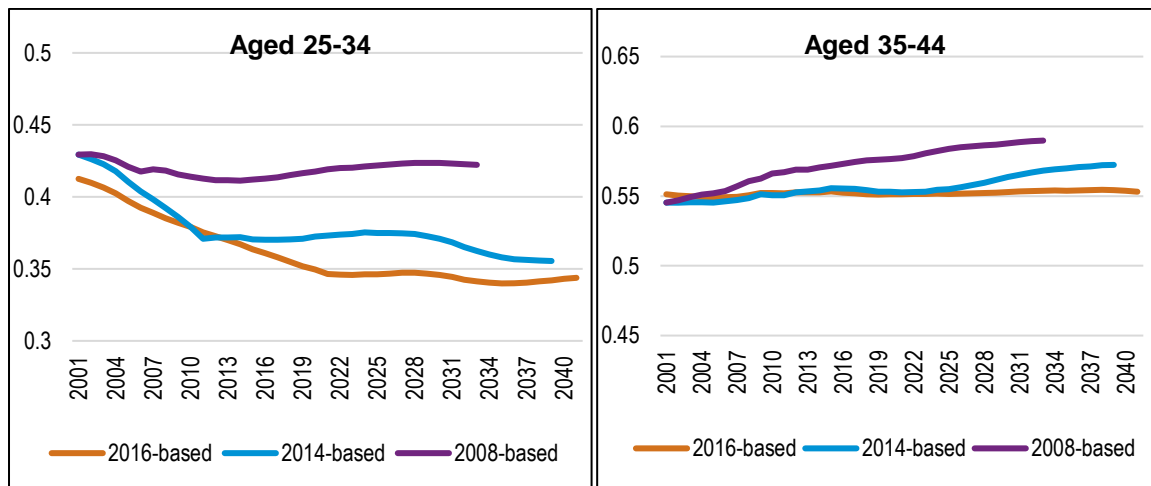
Household Formation Rates

- 2.37 We have first sought to establish what a reasonable improvement to household formation rates entails. The latest HRRs are contained in the ONS 2016-based sub-national household projections (SNHP) published in September 2018.

2.38 The 2016-based SNHP have come under some heavy criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The criticism of the 2016-Based HRR resulted in the consultation methodology employed in this report.

2.39 The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle. However, while the 2014- based projections are more positive than the 2016-based projections for those aged 25-34 there is still a clear and considerable deterioration in the ability to form a household since 1991 but particularly 2001 which is projected to continue.

Figure 1: Household Representative Rates – Eastern Berkshire and South Bucks



Source: ONS and CLG

2.40 In addition, when compared to the pre-recession 2008-based HRRs both the 25-34 and 35-44 age groups are much lower. The 2008-based figures draw from pre-recession trends and are therefore reflective of a more positive housing environment.

2.41 By maintaining either the 2014 or 2016-based figures it is clear that the objective of the affordability adjustment would not be met. This is because households in these age groups would still not be able to form in the way that they once did and arguably should.

2.42 The reduction in the 2014-based projection between 2001 and 2011 is likely to have increased the number of non-dependent children living with their parents and households sharing accommodation and concealed households.

- 2.43 In such circumstances, it would be reasonable to consider a further adjustment to HRR, as otherwise, local residents in these younger age groups would not be able to form in the way in which they would perhaps like to or had done so historically.
- 2.44 A sensitivity test has thus been developed to model an increase in the household formation rates of the population aged 25-44. This links back to the 2014-based SNHP and can be termed a 'part-return-to-trend', 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 suggested by the Local Plans Expert Group (LPEG).
- 2.45 These adjustments were applied at a local authority area level. Figures illustrating the Household Representative Rates for the key age groups in each local authority can be found in Appendix A.
- 2.46 However, even with the amended HRR applied to the population projections the household growth is still well short of the Standard Method figure of 2,085 dpa. This would result in empty homes without further in-migration.

Migration

- 2.47 As per the PPG, we must also examine the impact of increased migration from those who previously could not afford to move to the area. In most cases, projections have been developed that adjust migration (from 2016-SNPP baseline) and also use a part-return to trend HRR calculation.
- 2.48 The modelled changes in Slough and RBWM 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 2016-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. To reiterate for South Bucks (south) this results in a reduction in migration from trend-based levels.
- 2.49 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 2017 from the latest mid-year population estimates;
 - Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
 - The migration profile (by age and sex) in the same proportions as the 2016-based SNPP
- 2.50 In developing this projection, a notably higher level of population growth is derived (41,080 additional people compared with 24,400 in the 2016-based SNPP (as published)). This includes:
- Almost 17,000 additional people in Slough and
 - 25,000 additional people in RBWM.

2.51 However, in South Bucks, the population declines by just over 1,000.

2.52 The age structure of the two projections is also somewhat different, with the projection linked to the capacity showing much stronger growth in what might be considered as younger 'working-age' groups. The age structure change for each local can be found in the Appendix.

Table 4: Population change 2019 to 2039 by five-year age bands – Study Area

	Population 2019	Population 2039	Change in population	% change from 2019
Under 5	23,547	23,642	95	0.4%
5-9	25,501	23,672	-1,829	-7.2%
10-14	24,629	24,562	-68	-0.3%
15-19	19,581	23,036	3,455	17.6%
20-24	16,011	18,066	2,055	12.8%
25-29	19,108	22,971	3,863	20.2%
30-34	23,065	23,593	529	2.3%
35-39	27,260	22,862	-4,398	-16.1%
40-44	25,866	25,206	-659	-2.5%
45-49	24,688	24,595	-93	-0.4%
50-54	24,104	25,076	972	4.0%
55-59	21,046	25,757	4,710	22.4%
60-64	17,081	22,602	5,522	32.3%
65-69	14,322	20,140	5,818	40.6%
70-74	13,164	18,254	5,089	38.7%
75-79	9,608	15,076	5,468	56.9%
80-84	7,408	11,195	3,787	51.1%
85+	7,725	14,491	6,766	87.6%
Total	343,715	384,795	41,080	12.0%

Source: Demographic projections

2.53 This arises because ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children). The table above shows the age structure of the population projected to be consistent with the delivery of 2,085 dwellings per annum over the 20-years to 2039.

Housing Need and Population Growth: Summary Points

- The Standard Method housing need for RBWM results in 761 dpa, 893 dpa for Slough and 431 for South Bucks based on the 2014-based household projections. In total, the HMA has a housing need using the standard methodology of 2085 dpa.
- However, the standard methodology only calculates the minimum need and there may be reasons for the Council to adopt a housing requirement above this.
- Furthermore, the HMA does not include all of South Bucks. Or Calculations suggests that only including the area south of the M40 reduces the HMA need to 1,912 dpa.
- Further capacity constraints in the Southern part of South Bucks and in Slough means that the housing requirement for the HMA is unlikely to exceed 1454 dpa. We have therefore focused on this figure for other calculations in this assessment
- We have also translated this need into a population growth of 41,080. This is some 18,000 higher than the latest population projections.

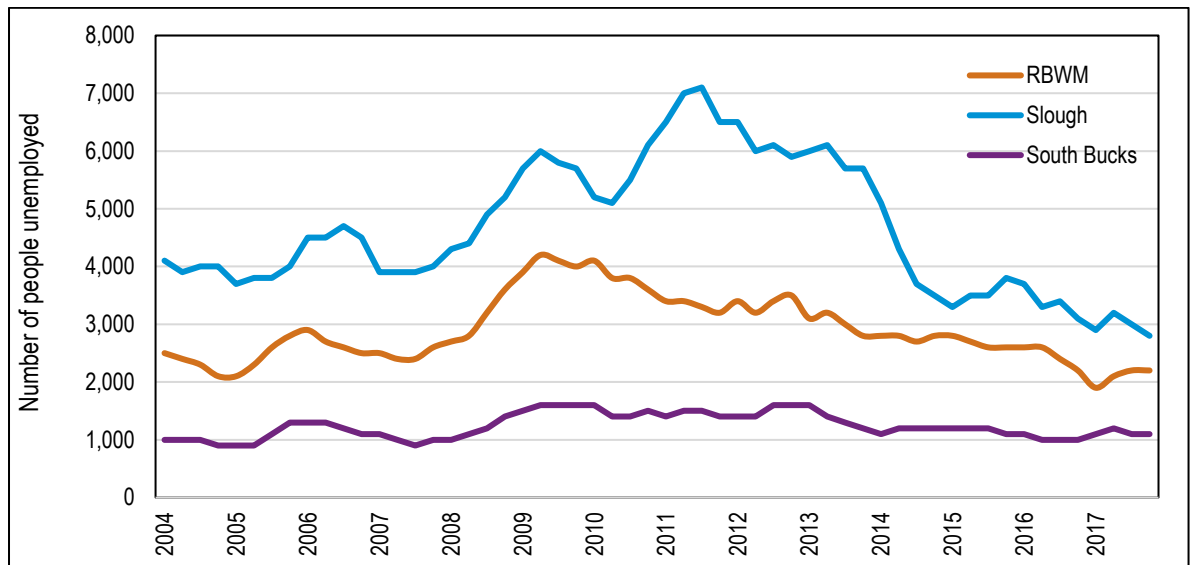
3 ECONOMIC GROWTH AND HOUSING NEED

- 3.1 In this section, consideration is given to the level of economic growth that the standard methodology could support. While that standard methodology removes any consideration of economic growth within the OAN, there is still a requirement for local authorities to align their economic and housing strategies.
- 3.2 By failing to do so they would either struggle to meet their economic growth aspirations or draw on a greater level of the workforce from outside their borough thus potentially creating unsustainable commuting patterns.
- 3.3 The PPG is clear that the standard methodology is also a minimum and that where growth strategies are in place this might entail the actual housing requirement being higher than the figure identified by the standard method.
- 3.4 This section of the report examines the housing need associated with the standard methodology and can be aligned with existing examinations of employment growth within each local authority.

Number of Jobs Supported by the Standard Method

- 3.5 As set out in the previous chapter the three-stage approach to circulating housing need results in a total need for 2,085 dpa across the EBSB HMA with capacity restricting this growth to 1,454 dpa. This results in population growth of 40,180. However, to translate this into a labour force growth and jobs growth a series of assumptions to be made.
- 3.6 The first step is to understand how economic activity might change and therefore what the resident labour force would be. There are several factors in relation to the economic activity including age profile, unemployment and changing pensionable ages.
- 3.7 Unemployment in the local authorities was also analysed to reveal changes over time. As the figure below shows the rates are somewhat in line with broader economic cycles. The level of unemployment in each area has remained similar relative to each other.
- 3.8 Slough notably experienced increasing unemployment of approximately 2,000 people from 2010-2011 when over the same period the other local authorities were experiencing a decline. Slough then took 2,000 workers out of unemployment from 2013-2015 while the others saw more modest improvements.

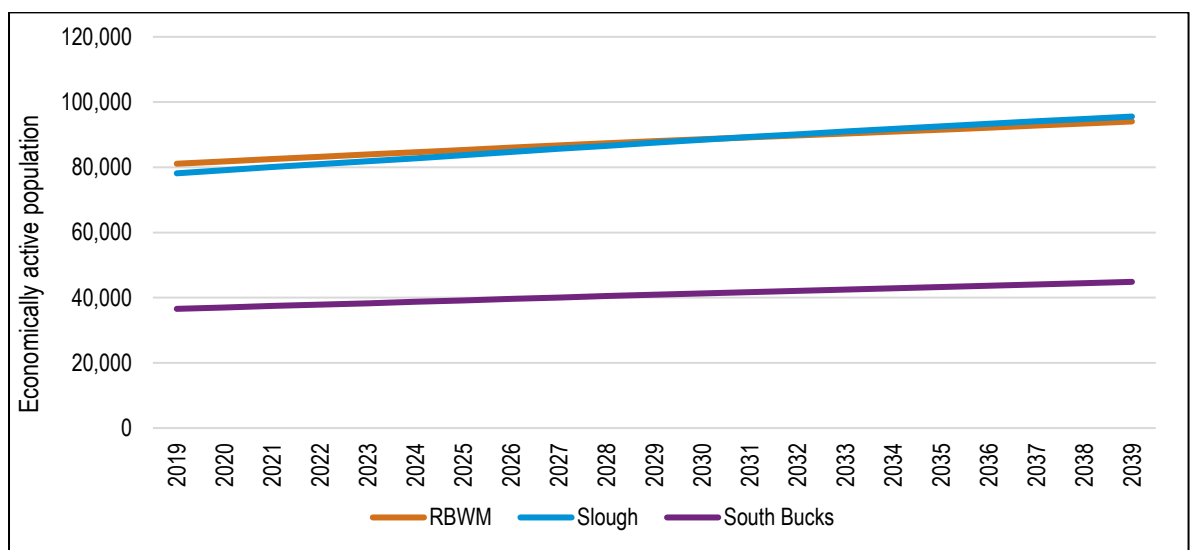
Figure 2: Number of people unemployed (2004-2018)



Source: Annual Population Survey

- 3.9 This could be due to Slough’s economy being more focused on manufacturing and therefore more exposed to macro-economic factors. Our approach assumes no future changes to current unemployment trajectories.
- 3.10 We next considered how economic activity in the three authorities may change between 2019 and 2039. From this, we drew on from the Office of Budget Responsibility (OBR) but adjusted to reflect the start point and age structure in each area.

Figure 3: Changes to the economically active population (2019-39) – linked to Standard Method



Source: Demographic projections

3.11 Applying these assumptions to the population growth emanating from the standard methodology it is possible to assess the growth in the economically active population in each local authority. As the table below shows across the study area the OBR rates would support an additional 21,662 persons in employment.

Table 5: Jobs supported by growth in the economically active population (2019-39)

	Economically active (2019)	Economically active (2039)	Change
RBWM	81,224	93,907	12,683
Slough	77,584	88,043	10,460
South Bucks	22,796	21,315	-1,481
Study area	181,603	203,265	21,662

Source: Range of sources

3.12 RBWM is expected to experience an increase in the economically active population from approximately 81,000 people in 2019 to just under 94,000 people. Slough is expected to experience an increase from approximately 78,000 participants, outstripping growth in RBWM to just over 88,000 participants. South Bucks' economically active population will experience a decline of just under 1,500 people in 2039.

3.13 The final step is to translate this growth to jobs taking account of those with more than one job and also those who are likely to commute in to and out of the borough for work.

3.14 It is important to understand the commuting ratio in each local authority. This ensures that the proportion of people commuting to and from each local authority isn't assumed to change even if the number of jobs does.

3.15 This is an important consideration to assume otherwise would see local authorities planning their labour force growth on a population which is no longer commuting to an area or housing growth which under or over-estimates the demand. The scenarios, therefore, assume commuting ratios to remain the same as those identified in the 2011 Census.

3.16 It is also not unreasonable to assume that commuting patterns will change in future however such changes should be agreed under the duty to cooperate. It will be for the local authorities to decide the merits of different policy approaches to changing commuting patterns.

3.17 The table below shows the commuting ratio 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).

- 3.18 As the table shows all authorities are net in-commuters. For example, the number of people resident in Slough who are working being about 10% lower than the total number who work in the area. This means that for every 1,000 jobs created in Slough then the district needs an additional 901 residents.

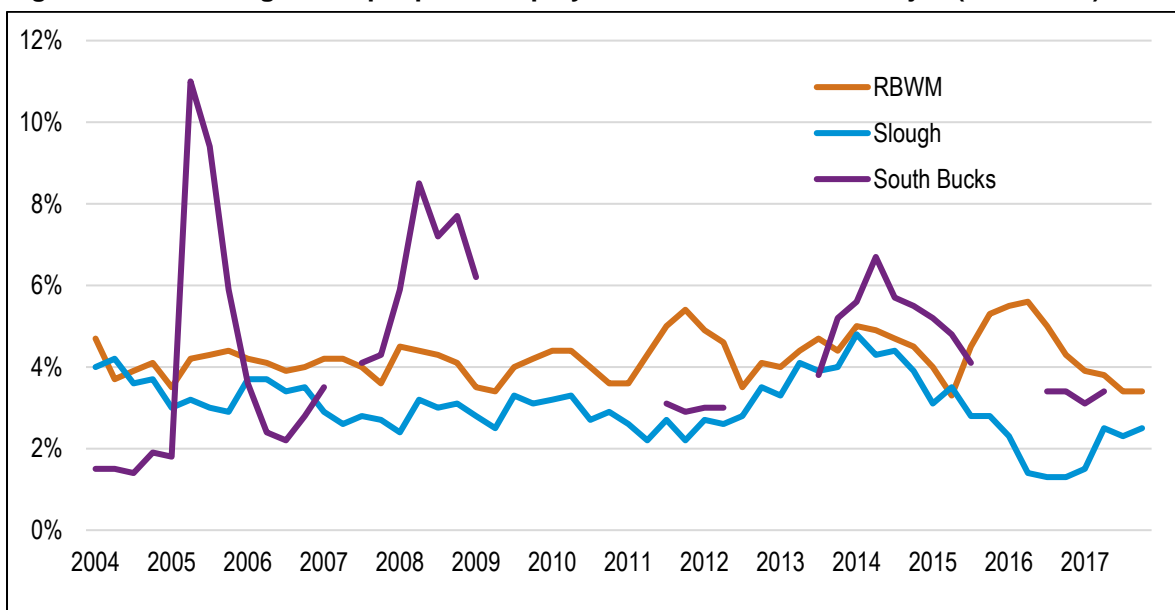
Table 6: Commuting Patterns (2011)

	RBWM	Slough	South Bucks	HMA
Live and work in District	23,072	24,062	4,819	
Home workers	11,072	5,017	5,354	
No fixed workplace	5,523	6,560	2,747	
In-commute	37,051	39,326	20,619	
Out-commute	34,832	31,918	20,522	
Total working in LA	76,718	74,965	33,539	185,222
Total living in LA (and working)	74,499	67,557	33,442	175,498
Commuting ratio	0.971	0.901	0.997	0.948

Source: 2011 Census

- 3.19 In terms of housing demand, this means that these areas currently rely on homes built elsewhere (in addition to those developed in their area) to provide them with a sufficient workforce.
- 3.20 We also need to consider the fact that some people will hold down more than one job. Where data is available, double jobbing has been analysed to show the percentage of people with multiple jobs at once. Slough and RBWM have typically maintained rates between 2% and 6%, whereas South Bucks has wider variations between less than 2% and 11%.

Figure 4: Percentage of all people in employment who have a second job (2004-2018)



Source: Annual Population Survey

3.21 Drawing the data together the following long-term averages of double jobbing have been used in our calculations. This is highest in South Bucks (4.4%) with RBWM slightly lower at 4.2%, Double jobbing is notably lower in Slough (3.0%).

3.22 The commuting ratio is multiplied by the double-jobbing rate to get to an adjustment factor which translates economically active population to jobs in a given area. As the table below shows across the study area, 24,050 jobs will be supported by 2019-2039.

Table 7: Jobs supported by growth in the economically active population (2019-39)

	Change in Economically Activity	Adjustment	Jobs supported
RBWM	12,683	13,061	13,634
Slough	10,460	11,607	11,970
South Bucks	-1,481	-1,485	-1,554
EBHMA	21,662	23,182	24,050

Source: Range of sources

3.23 The largest contributor of which will be RBWM with almost 14,000 additional jobs. The capacity led growth would support almost 12,000 additional jobs in Slough but would reduce the Southern Part of Slough workforce by over 1,500 additional jobs in South Bucks.

3.24 This would indicate the imperative for South Bucks to identify additional housing capacity to avoid impacting the local economy with a lack of labour force. Although it could be supported through increased in commuting if agreement can be met.

Economic Growth and Housing Need: Summary Points

- We have examined the link between housing and employment in RBWM, Slough and South Bucks.
- Linked to population growth RBWM will also experience the greatest rate of increase in the population who are economically active to 2039. Southern South Bucks will experience a decline linked to their identified capacity. This is linked to the age profile in each area.
- Across all three local authorities, all have a greater number of in-commuters than out-commuters. Meaning that additional jobs will be supported by increased in-commuting.
- Taking this into account along with double jobbing the standard method housing need would support an increase in jobs of around 24,000 over the plan period (1,202 per annum).
- The largest growth will be in RBWM with almost 14,000 additional jobs followed by 11,000 in Slough
- The Southern part of South Bucks is expected to see a decline in their local labour force suggesting a need for additional housing capacity to be found or agreement with neighbouring authorities

4 AFFORDABLE HOUSING NEED

- 4.1 This section seeks to update the analysis of the need for affordable housing in Eastern Berkshire. This is in particular to reflect the changed definition of affordable housing in Annex 2 of the National Planning Policy Framework (NPPF). The revised NPPF definition is slightly wider than the previous NPPF definition; in particular, a series of 'affordable home ownership' options are considered to be affordable housing.
- 4.2 The opportunity has also been taken to update aspects of the analysis to a 2019 base (including data on house prices/rents, incomes, levels of new household formation and the supply of affordable housing). The analysis looks at need in the 20 years from 2019 to 2039.
- 4.3 A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each.

Affordable Need – Established Definition

- 4.4 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) 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). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
 - Projected newly forming households in need (based on the most up-to-date (2016-based) household projections and projections linked to the delivery of approximately 8,000 additional homes (2019-33) along with an affordability test to estimate numbers unable to afford the market);
 - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
 - These three bullet points added together to indicate the gross need (the current need is divided by 20 to meet the need over the 2019-39 period);
 - Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe²); and
 - Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing
- 4.5 Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with

² The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

estimates of local household incomes. The following sections, therefore, look at different aspects of the analysis.

Local Prices and Rents

- 4.6 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'.
- 4.7 To establish affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes); establishing, in numerical terms, the overall need for affordable housing.
- 4.8 The analysis below considers the entry-level costs of housing to both buy and rent across the study area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) 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.
- 4.9 Data from the Land Registry for the year to March 2019 (i.e. Q2-Q4 of 2018 and Q1 of 2019) shows estimated lower quartile property prices in the area by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £200,000 for a flat in Slough and rising to almost £700,000 for a detached home in South Bucks (south). Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £355,000 in Windsor & Maidenhead, £238,000 in Slough and £381,000 in South Bucks (south).

Table 8: Lower quartile cost of housing to buy – year to March 2019

	RBWM	Slough	South Bucks (south)
Flat/maisonette	£266,000	£200,000	£250,000
Terraced	£359,000	£301,000	£354,000
Semi-detached	£400,000	£340,000	£430,000
Detached	£584,000	£433,000	£689,000
All dwellings	£355,000	£238,000	£381,000

Source: Land Registry

- 4.10 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this links to the Land Registry data along with an internet search of prices of homes for sale. To some extent the prices should be seen as indicative – in particular, the supply of 1-bedroom homes to buy was quite small in some locations (notably South Bucks (south)).

Table 9: Lower quartile cost of housing to buy (by size) – year to March 2019

	RBWM	Slough	South Bucks (south)
1-bedroom	£214,000	£183,000	£206,000
2-bedrooms	£285,000	£238,000	£278,000
3-bedrooms	£408,000	£342,000	£408,000
4-bedrooms	£594,000	£480,000	£605,000
All properties	£355,000	£238,000	£381,000

Source: Land Registry and internet price search

- 4.11 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2019. 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 £995 per month in Windsor & Maidenhead, £800 in Slough and £900 in South Bucks (south). For the South Bucks (south) area some consideration has also been given to an internet search for private rented homes to provide some indication of the difference in pricing between the north and south of the District.

Table 10: Lower Quartile Market Rents, year to March 2019

	RBWM	Slough	South Bucks (south)
Room only	£489	£475	-
Studio	£700	£600	-
1-bedroom	£850	£750	£750
2-bedrooms	£1,050	£950	£875
3-bedrooms	£1,300	£1,188	£1,100
4-bedrooms	£1,650	£1,450	£1,550
All properties	£995	£800	£900

Source: Valuation Office Agency

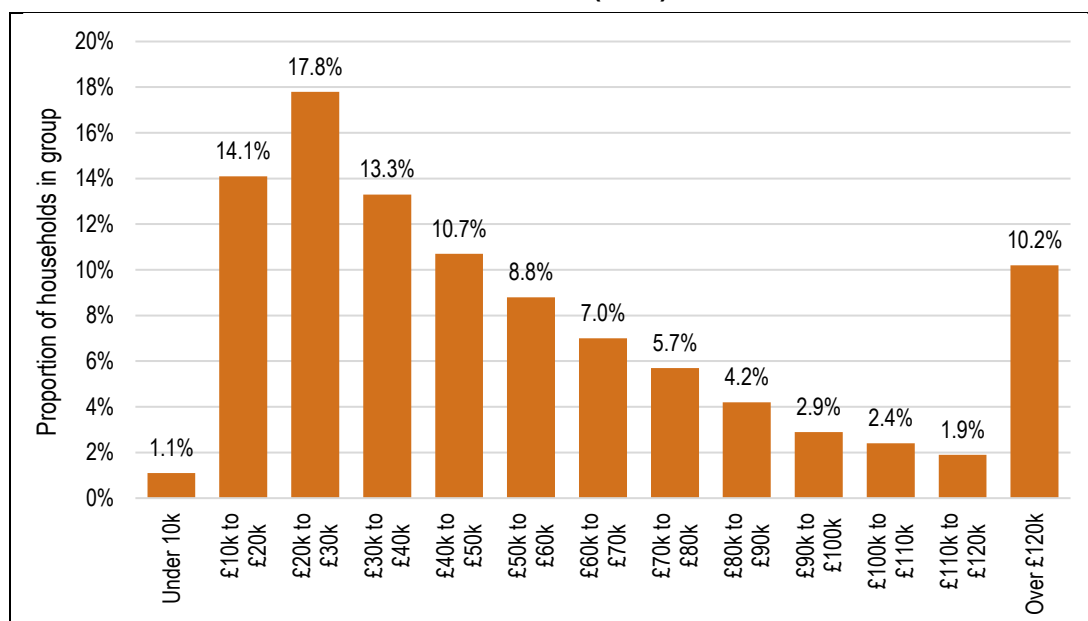
Income Levels

- 4.12 Following on from the assessment of local housing costs 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); the analysis also indicates the potential for intermediate housing to meet needs. Data about total household income has been modelled based on several different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:

- ONS modelled income estimates (published in April 2018 with a 2015/16 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to sub-areas and whole local authority areas;
- English Housing Survey (EHS) – to provide information about the distribution of incomes; and
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date.

4.13 Drawing all of this data together, an income distribution for 2018 has been constructed. The figure below shows the income distribution estimated across the study area. Overall the average (mean) income is estimated to be around £57,400, with a median income of £43,300; the lower quartile income of all households is estimated to be £25,100.

Table 11: Distribution of household income (2018) – Eastern Berkshire



Source: Derived from a range of data as discussed

4.14 The table below shows how incomes are estimated to vary across the three local authorities. This shows the highest incomes in Windsor & Maidenhead, with lower incomes in Slough.

Table 12: Estimated household income by local authority (2018)

	Mean	Median	Lower quartile
RBWM	£63,900	£48,600	£28,100
Slough	£49,100	£37,300	£21,600
South Bucks (south)	£60,200	£45,800	£26,500
HMA	£57,400	£43,300	£25,100

Source: Derived from a range of data as discussed

Affordability Thresholds

4.15 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, based on existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

- 4.16 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 (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.
- 4.17 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, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 4.18 The threshold of income to be spent on housing should be set by asking the question 'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?' The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively, an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can't afford market housing.
- 4.19 At £800-£995 per calendar month, lower quartile rent levels in West Berkshire are relatively high in comparison to those seen nationally (a lower quartile rent of £525 per month across England). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range.
- 4.20 Across England, the lowest lower quartile rents are around £400 per month, and if these areas are considered to be at the bottom end of the range (i.e. 25% of income to be spent on housing) then this would leave a residual income of £1,200 per month. With the same residual income applied to a £900 rent, the income required be £2,100 and so the percentage spent on housing would be 43%. The equivalent proportions for the three areas would be: Windsor & Maidenhead – 45%, Slough – 40% and South Bucks (south) – 43%.
- 4.21 However, it needs to be considered that the cost of living in Eastern Berkshire is likely to be higher than in cheaper parts of England and so a pragmatic approach to determining a reasonable proportion of income has been to take a midpoint between the bottom (25%) and the equivalent residual income

figure (40-45%). It has therefore been estimated that a threshold of between 32.5% and 35% would be appropriate (35% in Windsor & Maidenhead, 32.5% in Slough and 34% in South Bucks). These are the figures used in the modelling.

- 4.22 By way of an example, based on a rent of £900 per month, this would leave a residual income of £1,750 and a total household income of around £31,800 per annum. Therefore, for this assessment, it is estimated that any household with an income below £31,800 would not be able to afford a lower quartile rent without some degree of subsidy. The use of the percentages above is to some degree arbitrary but considered to be a reasonable position to take given the range of evidence available.
- 4.23 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the core analysis to follow is based on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF. Income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to broadly be in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 4.24 The table below sets out the income thresholds used in the analysis for both buying and privately renting a home. In all cases, the analysis identifies a gap between the likely income required to buy and rent, suggesting that there may be a need for affordable housing to be provided under the new NPPF definition of affordable home ownership; this is studied in more detail later in this section.

Table 13: Indicative incomes required to buy and rent homes

	Income required to buy	Income required to rent
Windsor & Maidenhead	£71,000	£34,000
Slough	£47,600	£29,500
South Bucks (south)	£76,200	£31,800

Source: a range of sources as described

Current Affordable Housing Need

- 4.25 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 bring their aspiration – this category is considered separately in this report (under the title of the expanded definition of affordable housing need).

Table 14: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households (and those in temporary accommodation)	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	The analysis was undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

4.26 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 the analysis to be undertaken to study the impact of this and so the figures presented may include a small element of double counting. 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.

4.27 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 consideration of affordability has been made and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently some 17,800 households living in unsuitable housing (or without housing); Slough sees a particularly high proportion, driven by high levels of overcrowding and concealed/homeless households.

Table 15: Estimated number of households living in unsuitable housing

Category of ‘need’	RBWM	Slough	South Bucks (south)	HMA
Households in overcrowded housing	2,409	7,402	522	10,333
Concealed/homeless households	855	2,440	407	3,702
Existing affordable housing tenants in need	175	236	47	458
Households from other tenures in need	1,471	1,537	311	3,320
Total	4,910	11,616	1,287	17,812

Source: CLG Live Tables, Census (2011) and data modelling

4.28 In taking this estimate forward, the data modelling 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. 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.

4.29 The table below shows it is estimated that around 11,000 households were living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

Table 16: Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	4,064	406
Affordable housing	3,155	0
Private rented	6,891	6,849
No housing (homeless/concealed)	3,702	3,702
Total	17,812	10,957

Source: CLG Live Tables, Census (2011) and data modelling

4.30 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. For an affordability test, 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 level of 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.

4.31 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). These figures are considered to be best estimates, and likely to approximately reflect the different income levels of different groups with a current housing problem.

4.32 Overall, just 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 reduced to around 6,000 households in the study area – over two-thirds of these are in Slough.

Table 17: Estimated Current Affordable Housing Need

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
RBWM	2,830	49.8%	1,410
Slough	7,386	56.3%	4,159
South Bucks (south)	740	58.4%	432
HMA	10,957	54.8%	6,001

Source: CLG Live Tables, Census (2011), data modelling and affordability analysis

Newly Forming Households

- 4.33 The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 4.34 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with the formation of younger households. The analysis utilises the 2014-based subnational household projections (SNHP) to be consistent with the Government’s Standard Method for assessing housing need. Using more recent (2016-based) projections would be expected to show a lower figure (for both household formation and need).
- 4.35 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. 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 the analysis of the English Housing Survey at a national level).
- 4.36 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that the average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall just under half of the newly-forming households will be unable to afford market housing (to rent) and that a total of 1,295 new households will have a need on average in each year to 2039.

Table 18: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)

	No. of new households	% unable to afford	Total in need
RBWM	1,207	41.1%	497
Slough	1,452	47.0%	682
South Bucks (south)	285	40.9%	117
HMA	2,944	44.0%	1,295

Source: Projection Modelling/affordability analysis

Existing Households Falling into Affordable Housing Need

- 4.37 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 4.38 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)’*.
- 4.39 Following the analysis through suggests a need arising from 313 existing households each year from 2019 to 2039.

Table 19: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum)

	Total additional need	% of total
RBWM	120	38.2%
Slough	162	51.8%
South Bucks (south)	31	10.0%
HMA	313	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing Through Relets

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

- 4.41 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 4.42 Based on past trend data it has been estimated that 594 units of social/affordable rented housing are likely to become available each year moving forward.

Table 20: Analysis of past social/affordable rented housing supply (per annum 2015/16 – 2017/18) – Eastern Berkshire

	General needs	Supported housing	Total
Total lettings	786	298	1,084
% as non-newbuild	86.3%	97.3%	89.3%
Lettings in existing stock	678	289	968
% non-transfers	59.1%	66.8%	61.4%
Lettings to new tenants	401	193	594

Source: CoRe

- 4.43 The table below shows the estimated supply of affordable housing from relets in each local authority (and the southern part of South Bucks). The latter figure has been based on the relative size of the stock in the sub-area as of 2011 (Census data).

Table 21: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
RBWM	221	37.1%
Slough	318	53.5%
South Bucks (south)	55	9.3%
HMA	594	100.0%

Source: CoRe/Census (2011)

- 4.44 It should be noted that the figures derived above include rented relets only (social/affordable rented housing). In the last assessment of affordable need (2016 SHMA) an additional allowance was made for relets of intermediate housing (shared ownership) although the number of resales was low (6 per annum in Windsor & Maidenhead and 13 in Slough). In this assessment, due to the expanded definition of affordable housing, it is considered that such resales should be considered when looking at the need for affordable home ownership and are therefore excluded from the analysis above. Given the relatively low number estimated, it is not expected that this change would have any significant impact on assessed levels of need.

4.45 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) and 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 Affordable Housing Need

4.46 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 1,314 dwellings per annum to be provided – a total of around 26,300 over the 20 years (2019-39). The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 22: Estimated Need for Affordable Housing (linking to trend-based projections) – Eastern Berkshire

	Per annum	2019-39
Current need	300	6,001
Newly forming households	1,295	25,898
Existing households falling into need	313	6,263
Total Gross Need	1,908	38,161
Relet Supply	594	11,880
Net Need	1,314	26,282

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

4.47 The table below shows the annualised information for individual local authorities. The analysis shows a need for additional affordable housing in all parts of the study area, with the highest figure being seen in Slough.

Table 23: Estimated Need for Affordable Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
RBWM	70	497	120	687	221	466
Slough	208	682	162	1,052	318	734
South Bucks (south)	22	117	31	169	55	114
HMA	300	1,295	313	1,908	594	1,314

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

- 4.48 The table below shows how the estimates in this report compare with those in the previous SHMA (which took a 2014 base) – this data is only provided for Windsor & Maidenhead and Slough due to the area definition for South Bucks being different in this report.
- 4.49 As noted previously, the supply of affordable housing now excludes shared ownership. However, the method for assessing need is essentially unchanged (still only considering those who cannot afford market rents). Whilst the previous (2016 SHMA) assessment indicatively included a potential need for shared ownership within the needs assessment it is quite possible that in reality the cost of shared ownership accommodation would fall at a level above that of renting privately (in terms of an income requirement) and would have been better placed in a separate affordable home ownership category (which did not exist as part of the previous NPPF affordable housing definition).
- 4.50 This needs to be borne in mind when comparing assessments – the modelling of need is unchanged, but supply estimates are reduced slightly by excluding intermediate housing resales.
- 4.51 The table below shows how the estimates in this report compare with those in the previous SHMA (which took a 2014 base). Overall, this report shows a slightly higher level of affordable need, this is entirely driven by a reduced level of supply from the existing stock of housing. Overall, the estimated gross need in this assessment is slightly lower than the previous figure (687 per annum compared with 769 in Windsor & Maidenhead and 1,205 down to 1,052 in Slough). The lower level of supply will in part be influenced by excluding the potential supply of intermediate housing resales (although this does account for only a fraction of the difference).
- 4.52 Establishing affordable need is not an exact science and so a direct comparison should be treated with caution. The evidence does not point to there having been any notable change in the level of affordable need over time.

Table 24: Estimated Need for Rented Affordable Housing – Comparing this Study with the 2016 SHMA

	RBWM		Slough	
	This Study	2016 SHMA	This Study	2016 SHMA
Current need	70	68	208	180
Newly forming households	497	548	682	743
Existing households falling into need	120	154	162	282
Total Gross Need	687	769	1,052	1,205
Re-let Supply	221	335	318	534
Net Need	466	434	734	671

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

What Types of Affordable (rented) Housing?

- 4.53 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, require some form of rented housing at a cost below typical market rates. Typically, there are two 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. The analysis then moves on to consider the concept of ‘Living Rents’ which uses a methodology developed by the Joseph Rowntree Foundation (JRF) to link rents to local incomes.
- 4.54 Initially, in terms of social and affordable rents, an analysis has been undertaken to compare the income distribution of households with the cost of different products. For affordable rented housing, it has been assumed that this would be available at a cost which is 80% of the established lower quartile costs set out earlier in this section. Any household able to afford a rent between 80% of the market and the market is assumed able to afford an affordable rent, with other households only able to afford social rent.
- 4.55 The analysis identifies that between 25% and 30% of the group of households unable to afford market housing to rent fall in the gap between the market and 80% of the market. It is therefore suggested that a target of 25-30% of all rented affordable housing as affordable rents would be reasonable (and therefore 70-75% of rents to be social rents). There were some differences in the areas with the income profile of Slough suggesting a potentially higher need for social rented housing than in the other two areas.
- 4.56 If the discount to the lower quartile rent of 60% were to be made available then the proportions able to afford increase notably – with up to two-thirds of households with a need for rented affordable housing potentially able to afford an affordable rent. The table below summarises the analysis undertaken.

Table 25: Estimated need for affordable rented housing at different levels of discount – figures as % of those unable to afford to rent privately

	% need for affordable rented (80% of market)	% need for affordable rented (60% of market)
RBWM	30%	67%
Slough	25%	58%
South Bucks (south)	30%	67%

Source: Affordability analysis

4.57 In terms of rent levels, an analysis below considers 'Living Rents'. This is a concept developed by JRF/Savills³ to suggest what rent levels might be appropriate given local incomes. The methodology differs from the rent setting for social rents which also takes account of the value of the property and the analysis below should not be seen as providing an alternative tenure to social rents. In many cases, the calculation of Living Rents shows similar figures to social rents and the findings can be used to consider the general levels of rents that might be affordable to local lower-wage households. The analysis uses the following methodology:

- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings;
- Adjustment for property size by recognised equivalence model; and
- Starting rent set at 28% of net earnings
- Rent set at Local Housing Allowance (LHA) limits where calculations show a higher figure

4.58 Across the whole of the study area, the analysis shows rents starting at about £390-430 for a 1-bedroom home in and rising to £620-690 for homes with 3-bedrooms. In all cases, the suggested Living Rents are lower than the relevant LHA (see the second table below). As a general rule, it is not considered sensible to be charging rent in excess of LHA, as this would mean many households having to top up their rent from other income sources. In setting rents, the local authority could, therefore, consider that the 'affordable level' is in the range from a Living Rent up to the maximum LHA level.

Table 26: Living rents (per month) – 2018

	1-bedroom	2-bedroom	3-bedrooms
RBWM	£419	£544	£670
Slough	£390	£507	£624
South Bucks (south)	£433	£563	£693

Source: ASHE and Living Rents methodology

4.59 The table below shows LHA limits in the four Broad Rental Market Areas (BRMAs) covering the study area. As noted, there is a case for ensuring that rents are capped at the maximum amount of benefit

³

<http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%202019%2006%202015.pdf>

able to be claimed. The issue of LHA limits should be a key consideration when setting rent levels for any new developments.

Table 27: Maximum Local Housing Allowance (Housing Benefit) by location and property size (September 2019)

	1-bedroom	2-bedroom	3-bedrooms
Chilterns	£669	£864	£1,055
East Thames Valley	£696	£891	£1,093
Reading	£683	£866	£990
Walton	£797	£990	£1,199

Source: Valuation Office Agency

Affordable Housing – Expanded NPPF Definition

- 4.60 Using the previously established method to look at affordable need, it was estimated that there is a need for around 1,314 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 4.61 The new NPPF introduces a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 4.62 This section considers the level of need for these types of dwellings in Eastern Berkshire. The NPPF states *“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.”* (NPPF2, para 64).

Establishing a Need for Affordable Home Ownership

- 4.63 The Planning Practice Guidance (PPG) of February 2019 confirms a widening definition of those to be considered as in affordable need; now including *‘households from other tenures in need and those that cannot afford their homes, either to rent, or to own, where that is their aspiration’*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 4.64 The methodology used in this report, therefore, draws on the current method and includes an assessment of current needs, projected need (newly forming and existing households). The key

difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

4.65 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.

4.66 Just by looking at the relative costs of housing to buy and to rent there will be households who can currently rent but who may be unable to buy. Taking the example of Windsor & Maidenhead, in the year to March 2019, the ‘average’ lower quartile private rent is shown by VOA to cost £995 a month, assuming a household spends no more than 35% of income on housing, this would equate to an income requirement of about £34,000. For the same period, Land Registry data records a lower quartile price in the Borough of about £355,000, which (assuming a 10% deposit and 4.5 times mortgage multiple) would equate to an income requirement of around £71,000.

4.67 Therefore, based on these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £34,000 (i.e. able to afford to privately rent) and £71,000 (the figure above which a household might reasonably be able to buy). The table below shows the equivalent figures for the three areas.

Table 28: Equivalent incomes in the rent/buy gap

	Income to afford to buy lower quartile home	Income to afford lower quartile private rent
RBWM	£71,000	£34,000
Slough	£47,600	£29,500
South Bucks (south)	£76,200	£31,800

Source: Affordability analysis

4.68 Using the income distributions developed for use in the previous analysis of affordable housing need it has been estimated that of all households living in the private rented sector, around 28% already have sufficient income to buy a lower quartile home, with 31% falling in the rent/buy gap. The final 41% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than around 35% of their income on housing costs (depending on location)).

4.69 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

- 4.70 The finding that a significant proportion of households (28%) 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).
- 4.71 To study current need, an estimate of the number of household living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. the start point is the number of households living in private rented accommodation; as of the 2011 Census, some 23,400 households were living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has increased notably and based on national changes it is estimated that there may currently be around 28,400 households in the sector in Eastern Berkshire.
- 4.72 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point and of these some 25% would expect this to happen in the next 2-years. This proportion (i.e. 25% of 60% = 15%) is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 4.73 As noted above, based on income it is estimated that around 31% of the private rented sector sits in the gap between renting and buying (varying by area); applying the relevant proportion for each location would suggest a current need for around 1,250 affordable home ownership products (62 per annum if annualised over 20 years).
- 4.74 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 1,070 per annum.
- 4.75 Bringing together all of this analysis suggests that there is a need for around 1,131 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2019-39 period.

Table 29: Estimated Gross Need for Affordable Home Ownership (per annum)

	RBWM	Slough	South Bucks (south)	HMA
Current need	30	26	6	62
Newly forming households	427	338	116	881
Existing households falling into need	91	78	18	187
Total Gross Need	549	442	140	1,131

Source: Census (2011)/Projection Modelling and affordability analysis

Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 4.76 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. The analysis below, therefore, provides a general discussion.
- 4.77 As noted above, the lower quartile cost of a home to buy in Windsor & Maidenhead is around £355,000. By definition, a quarter of all homes sold (noting that the data is for the year to March 2019) will be priced at or below this level (equivalent figure for Slough is £238,000 and £381,000 in South Bucks (south)). According to the Land Registry source, there were a total of 4,042 sales in this period and therefore around 1,011 would be priced below the lower quartile. This is 1,011 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is only slightly lower than the level of need calculated.
- 4.78 However, it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone can buy a home as long as they can afford it and it is possible that some lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). Furthermore, some homes sold at below a lower quartile house price are in poor condition and in need of investment/ repair and may not, therefore, be suitable for lower-income households.
- 4.79 A broad assumption has been used to provide outputs that around half of the lower quartile homes would be available to meet the needs of households with an income in the gap between buying and renting – this amounts to 505 dwellings per annum.
- 4.80 In addition, data from CoRe about resales of affordable housing (likely to mainly be shared ownership) shows an average of around 23 resales per annum (based on data for the 2015-18 period). These properties would also potentially be available for these households and can be included within the potential supply. Therefore, a total supply of 528 dwellings per annum is estimated to be available to meet the affordable home ownership need.

4.81 The table below brings together the analysis of need and supply. This does show a potential need for affordable home ownership products, albeit at a level lower than the potential need for social/affordable rented housing.

Table 30: Estimated Net Need for Affordable Home Ownership – per annum

	RBWM	Slough	South Bucks (south)	HMA
Current need	30	26	6	62
Newly forming households	427	338	116	881
Existing households falling into need	91	78	18	187
Total Gross Need	549	442	140	1,131
Supply (50% of LQ sales)	247	195	64	505
Supply (LCHO resales)	6	13	4	23
Net need	296	234	72	603

Source: Census (2011)/Projection Modelling/Land Registry/CoRe and affordability analysis

How Much Should Affordable Home Ownership Homes Cost?

4.82 The analysis and discussion above suggest that there are some households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Councils may need to seek up to 10% of additional homes on larger sites as some form of home ownership.

4.83 On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. For illustrative purposes, the analysis below considers Discounted market sales housing/Starter Homes and also shared ownership.

Discounted market sales housing/Starter Homes

4.84 Annex 2 of the NPPF suggests that discounted market sales housing/Starter Homes should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.

4.85 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are set out as a range with the bottom end being based on equalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. The upper level is set based on the estimated lower quartile price to buy a home. Setting higher prices would mean that such housing would not be available to households for whom the Government is seeking to provide an 'affordable' option.

4.86 In some cases, the range is quite wide and in general, it is recommended that the final purchase price of a home should not exceed the midpoint of the range shown below (with ideally homes also being available at a price below this midpoint and close to the lower limit figures).

Table 31: Affordable home ownership prices – 2019 base

		1-bedroom	2-bedroom	3-bedroom	4+-bedroom
RBWM	Lower limit	£145,000	£179,000	£222,000	£282,000
	Upper limit	£214,000	£285,000	£408,000	£594,000
Slough	Lower limit	£138,000	£175,000	£219,000	£268,000
	Upper limit	£183,000	£238,000	£342,000	£480,000
South Bucks (south)	Lower limit	£133,000	£155,000	£195,000	£274,000
	Upper limit	£206,000	£278,000	£408,000	£605,000

Source: derived from VOA and Land Registry data

4.87 If the Councils do seek for some additional housing to be in the affordable home ownership sector, the Councils might consider setting up a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be 'allocated' to households whose circumstances best meet the property on offer. Alternatively, the Councils and developers should liaise with the Help-to-Buy agent.

Shared Ownership

4.88 For shared ownership, a buyer will buy a share in a property (typically between 25% and 75%) and then pay rent on the remaining share. One advantage in affordability terms is that a lower deposit is likely to be required than for full or discounted purchase, whilst the rental part of the cost will typically be subsidised by a Registered Provider. For shared ownership to be affordable, it is considered that total outgoings should not exceed that needed to rent privately.

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

- OMV at LQ price plus 10% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above an LQ level)
- 10% deposit on the equity share
- Rent at 2.75% pa on unsold equity
- Repayment mortgage over 25-years at 4%
- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes)

- 4.90 The tables below show that to make shared ownership affordable, equity shares of 25%-40% might be needed although this does vary notably across the different areas and sizes of accommodation. In both Windsor & Maidenhead and Slough it looks likely that it will be difficult to make 4-bedroom homes affordable without a very low equity share (lower than 20%) whilst for South Bucks (south) all of the sizes of homes would need very low equity shares and suggests that it may be difficult to make shared ownership work (in affordability terms) in this area.
- 4.91 Where shared ownership affordability is problematic, the Councils should seek more rented affordable products – the finding that shared ownership may not work in some cases does not mean that discounted market sales housing or Starter Homes would be an acceptable alternative (as these will tend to be even less affordable and only available to households with higher incomes).
- 4.92 In interpreting the analysis of shared ownership, it is stressed that the figures need to be treated as indicative as the actual affordable share will depend on the costings of any specific scheme.

Table 32: Estimated affordable equity share by the size of dwelling – Windsor & Maidenhead

	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
OMV	£235,400	£313,500	£448,800	£653,400
Share	36%	30%	25%	10%
Equity bought	£85,686	£94,050	£110,405	£62,138
Mortgage needed	£77,117	£84,645	£99,364	£55,925
Monthly cost of mortgage	£407	£447	£525	£295
Retained equity	£149,714	£219,450	£338,395	£591,262
Monthly rent on retained equity	£343	£503	£775	£1,355
Service charge	£100	£100	£0	£0
Total cost	£850	£1,050	£1,300	£1,650

Source: Data based on housing market cost analysis

Table 33: Estimated affordable equity share by the size of dwelling – Slough

	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
OMV	£201,300	£261,800	£376,200	£528,000
Share	38%	39%	35%	18%
Equity bought	£76,494	£101,578	£132,422	£97,416
Mortgage needed	£68,845	£91,421	£119,180	£87,674
Monthly cost of mortgage	£363	£483	£629	£463
Retained equity	£124,806	£160,222	£243,778	£430,584
Monthly rent on retained equity	£286	£367	£559	£987
Service charge	£100	£100	£0	£0
Total cost	£750	£950	£1,188	£1,450

Source: Data based on housing market cost analysis

Table 34: Estimated affordable equity share by the size of dwelling – South Bucks (south)

	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
OMV	£226,600	£305,800	£448,800	£665,500
Share	23%	10%	6%	2%
Equity bought	£53,024	£30,274	£29,082	£10,315
Mortgage needed	£47,722	£27,247	£26,174	£9,284
Monthly cost of mortgage	£252	£144	£138	£49
Retained equity	£173,576	£275,526	£419,718	£655,185
Monthly rent on retained equity	£398	£631	£962	£1,501
Service charge	£100	£100	£0	£0
Total cost	£750	£875	£1,100	£1,550

Source: Data based on housing market cost analysis

Implications of the Analysis

- 4.93 The table below brings together the analysis of the need for both rented affordable and affordable home ownership housing, drawing together previous analysis. The evidence shows 31% of the total affordable need on the NPPF updated definition is for affordable home ownership housing – with a lower proportion in Slough and higher in the other two areas.

Table 35: Overall Annual Affordable Housing Need by Area

	RBWM	Slough	South Bucks (south)	HMA
Rented Affordable Housing	466	734	114	1,314
% Sub-Area Total	61%	76%	61%	69%
Affordable Home Ownership	296	234	72	603
% Sub-Area Total	39%	24%	39%	31%
Total Affordable Housing	763	968	186	1,917

Source: Affordable Housing Needs Analysis

- 4.94 Given the analysis above, it would be reasonable to conclude that there is a potential market under the new definition of 'affordable home ownership'. Many households in the study area 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 90% 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 notably (by 9%).
- 4.95 On this basis, it seems likely in Eastern Berkshire that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage

restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.

- 4.96 Hence, whilst the NPPF gives a clear steer that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is solely the best solution in the study area. If possible, it would be more appropriate for the Councils to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), as well as a discount to Open Market value (OMV). Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.
- 4.97 If the Councils do seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option – although this is not without difficulties in terms of ensuring its affordability. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Councils should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 4.98 It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use OMV as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size. One disadvantage with shared ownership (and arguably other forms of affordable home ownership) is that whilst a household will only own a portion of a home, they will be likely to have a 100% liability for upkeep; this could prove problematic for those on lower incomes who are only just able to stretch to affordable home ownership options.
- 4.99 Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Councils should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

- 4.100 Overall, therefore, it seems reasonable to suggest that the Councils could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF), although consideration will need to be given to the tenure of such housing, levels of discounts and other options (such as relating to deposits). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis from the needs evidence to increase the provision of affordable home ownership above the 10% figure. Clearly, when negotiating affordable housing provision on individual development schemes, the viability of the development scheme may also be relevant in negotiating the affordable housing mix.
- 4.101 It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and PPG, the additional group of households in need 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.
- 4.102 The link between the need for rented affordable housing and overall housing need is also complex and no direct relationship should be inferred. The main reason for this is that many of those households picked up as having a need by the modelling are already living in accommodation (existing households) and do not generate a need for additional homes to be provided (should they move to affordable housing).

Affordable Housing Need: Key Messages

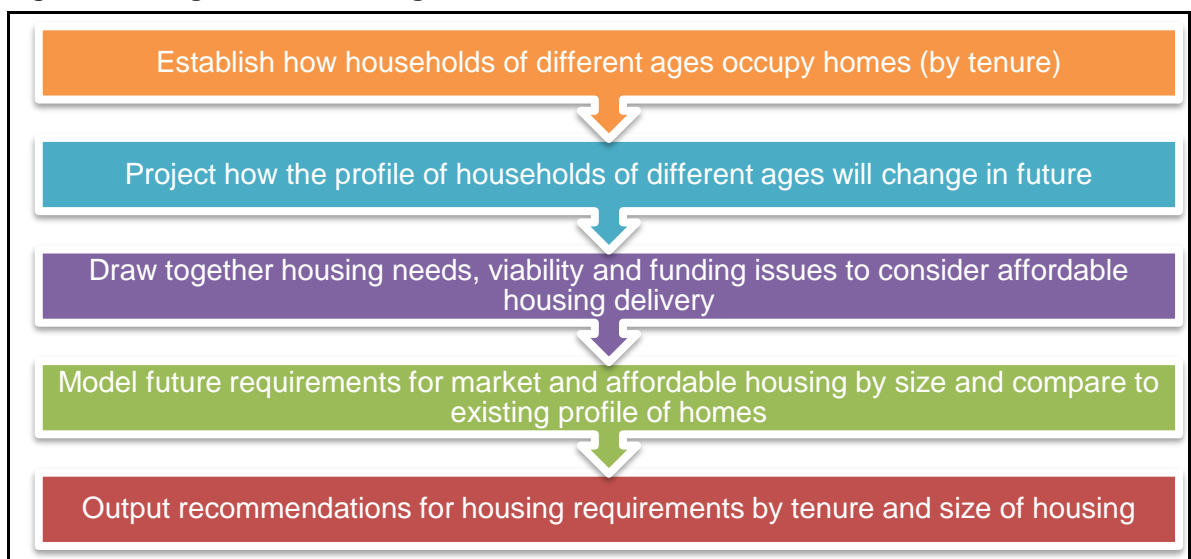
- Analysis has been undertaken to estimate the need for affordable housing in the 2019-39 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- Using the traditional method, the analysis suggests a need for 1,314 affordable homes per annum and therefore the Councils are justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the study area.
- It is also suggested that consideration is given to fixing the cost of housing to rent by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are some households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can contribute to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
- However, it does seem that many households in Eastern Berkshire are being excluded from the owner-occupied sector. The analysis would, therefore, suggest that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) and also potentially mortgage restrictions (e.g. where employment is temporary) as well as the cost of housing to buy.
- If the Councils do seek to provide 10% of housing as affordable home ownership (a figure suggested in the NPPF), then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Councils consider setting price at a level which (in income terms) are equivalent to the levels needed to access private rented housing (and not more than the midpoint between this price and current lower quartile values). This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the study area. It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise.

5 HOUSING MIX

Introduction

- 5.1 There is a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of the demand for different types, tenures, and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 5.2 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. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.
- 5.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future.
- 5.4 The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

Figure 5: Stages in the Housing Market Model



- 5.5 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling. The table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups.

5.6 The table identifies that the profile of housing in the HMA is broadly comparable to the wider South East Region. However, there are some differences across the three local authorities.

5.7 RBWM and South Bucks (South) have a broadly similar mix across all three tenures. In comparison to the wider South East both areas have slightly less 2- and 4-bedroom homes but considerably more, larger 4+ bedroom homes in the Owner-Occupied Sector. This is reflected in the modelled outputs but maybe an historic trend that the Council does not necessarily want to carry forward.

5.8 In the Social rental sector both RBWM and Southern part of South Bucks there is a higher percentage of one-bedroom homes, which typically have a higher turnover rate and thus a shorter waiting time, and a lower percentage of two-bedroom homes. In the PRS stock, the two districts have a higher percentage of 4-bedroom homes than the South East but fewer one-bedroom homes. This is particularly the case in the Southern part of South Bucks.

Table 36: Number of Bedrooms by Tenure, 2011

		RBWM	Slough	South Bucks (south)	ALL	South East	England
Owner-occupied	1-bedroom	4%	8%	3%	5%	5%	4%
	2-bedrooms	19%	23%	19%	20%	22%	23%
	3-bedrooms	39%	50%	40%	43%	44%	48%
	4+-bedrooms	38%	18%	38%	31%	30%	25%
	Total	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	39%	36%	35%	37%	32%	31%
	2-bedrooms	28%	32%	28%	30%	33%	34%
	3-bedrooms	30%	26%	34%	29%	31%	31%
	4+-bedrooms	3%	5%	3%	4%	4%	4%
	Total	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	19%	32%	17%	25%	24%	23%
	2-bedrooms	40%	34%	38%	37%	37%	39%
	3-bedrooms	26%	25%	30%	26%	27%	28%
	4+-bedrooms	15%	9%	16%	12%	12%	10%
	Total	100%	100%	100%	100%	100%	100%

Source: Census, 2011

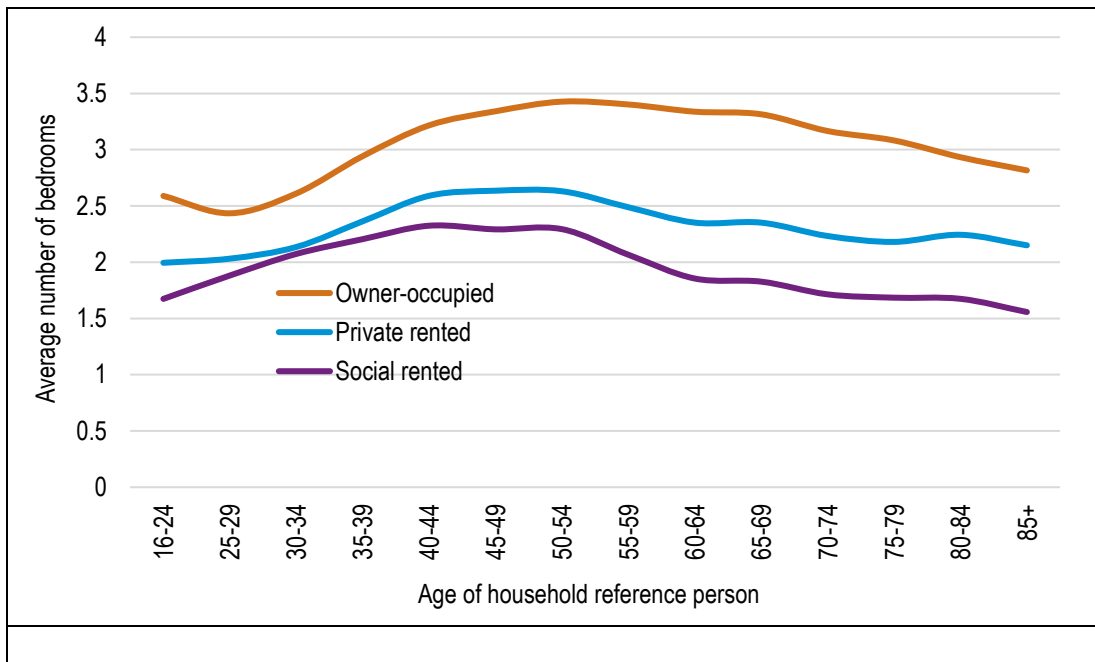
5.9 Slough has a considerably different mix to the other two parts of the HMA. In the Owner-Occupied sector there is a notably higher number of smaller 1-, 2- and 3-bedroom homes and far fewer 4-bedroom homes in Slough to RBWM and the Southern part of South Bucks. The Social Rental sector is broadly comparable. Slightly more 2 beds and slightly less 3 -beds.

5.10 However, in the PRS the Borough has far more one-bed homes and far less 4-bedroom homes. For the former, this is also the case against both the South East and England equivalents.

Understanding how Households Occupy Homes

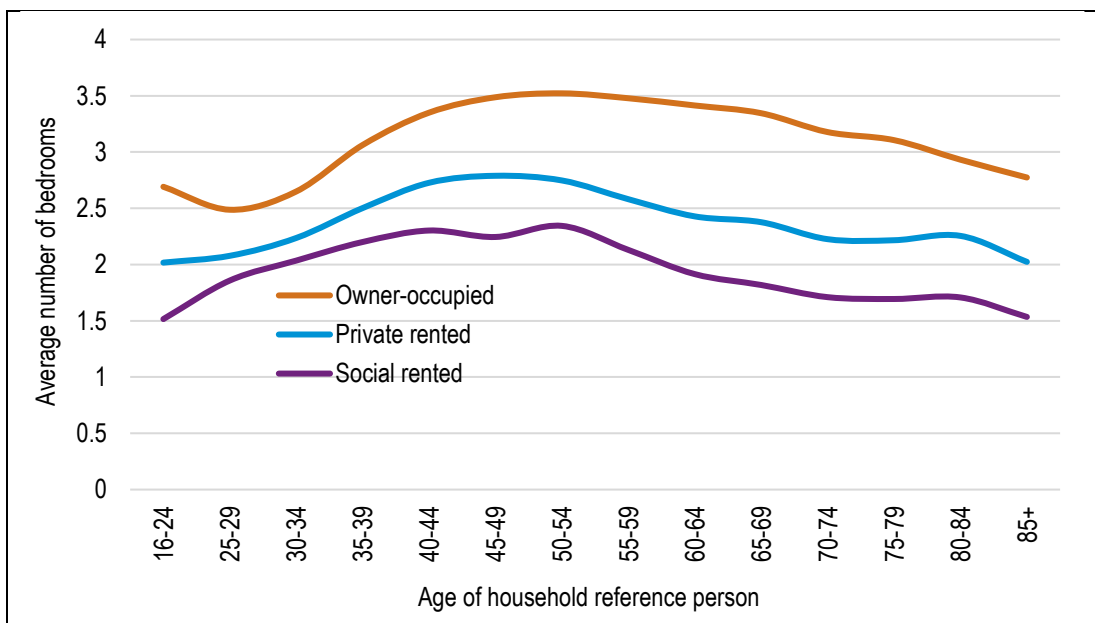
- 5.11 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided.
- 5.12 The main reason for this is that in the market sector households can buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 5.13 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home if they can afford it and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.
- 5.14 This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward regarding older persons and working households who may be able to under-occupy housing.
- 5.15 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).
- 5.16 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for the HMA and its constituent parts. In the owner-occupied sector, the average size of accommodation rises over time to typically reach a peak around the age of 50-54; a similar pattern (but with smaller dwelling sizes and an earlier 'peak') is seen in the social and private rented sectors. After this peak, the average dwelling size decreases – as typically some households downsize as they get older. It is also notable that the average size for rented dwellings is lower than those for owner-occupied housing for all age groups.

Figure 6: Average Bedrooms by Age and Tenure – Eastern Berkshire



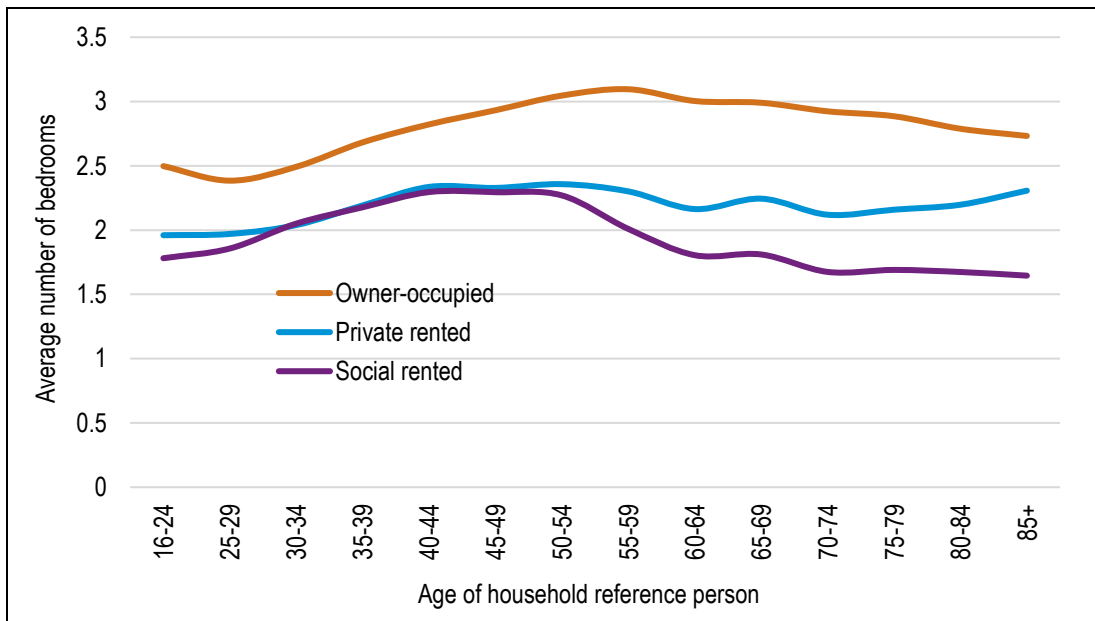
Source: Derived from ONS Commissioned Table CT0621

Figure 7: Average Bedrooms by Age and Tenure – Windsor & Maidenhead



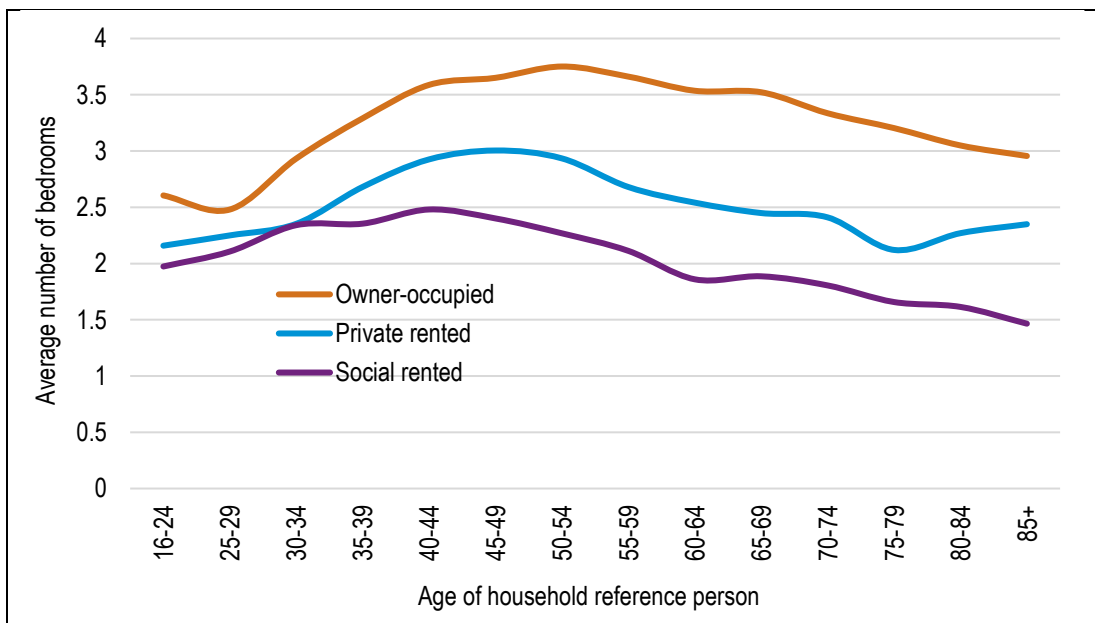
Source: Derived from ONS Commissioned Table CT0621

Figure 8: Average Bedrooms by Age and Tenure – Slough



Source: Derived from ONS Commissioned Table CT0621

Figure 9: Average Bedrooms by Age and Tenure – South Bucks (south)



Source: Derived from ONS Commissioned Table CT0621

5.17 The analysis below also looks at projected changes to households by household type. This includes analysis in the growth in a range of household typologies with three categories for dependent children depending on the number of children – these figures can indicate the number of family households. Unfortunately, the CLG projections no longer look at projecting lone parent households separately from couples.

5.18 The table below looks at a change to the number of households-based projections created for this assessment. This shows that the number of households with dependent children is projected to increase by about 3936 (8.5%) up to 2039 – this includes an 18.4% increase in households with one dependent child and a 2.3% increase in households with two dependent children.

Table 37: Change in household types 2019-39 – Eastern Berkshire

	2019	2039	Change	% change
One-person household (aged 65 and over)	15,606	21,626	6,020	38.6%
One-person household (aged under 65)	23,978	29,979	6,001	25.0%
Couple (aged 65 and over)	13,805	22,327	8,522	61.7%
Couple (aged under 65)	14,683	10,953	-3,730	-25.4%
A couple and one or more other adults: No dependent children	12,231	16,684	4,453	36.4%
Households with one dependent child	20,045	23,739	3,694	18.4%
Households with two dependent children	17,568	17,975	407	2.3%
Households with three dependent children	8,708	8,543	-165	-1.9%
Other households	9,188	12,227	3,039	33.1%
Total	135,812	164,053	28,241	20.8%
Total households with dependent children	46,321	50,257	3,936	8.5%

Source: Demographic projections

5.19 The change in the number of households with dependent children is projected to be less than the change in all households (20.8%). In terms of households with no dependent children, couple (aged 65 and over) households are projected to increase by 61% and yet couple (aged under 65) households are projected to decrease by 25%. The former is linked to improvements in Life expectancy and is the highest absolute and percentage growth in the HMA.

5.20 Notably, other households are projected to experience significant change, increasing by almost one third by 2039. This would include shared households such as HMOs. However, the changes to household formation rates (In RBWM and South Bucks) because of Step 2 of the standard method would likely change this again as it is intended to make housing more affordable.

Mix of housing

5.21 Linked to the Capacity led need of 1,454 dpa across the plan period. It should be noted that these projections will not necessarily be translated into policy but have been used to indicate the likely need for different sizes of homes moving forward.

5.22 It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes only, the analysis assumes a mix of 60% market, 10% affordable home ownership and 30% social/affordable rented.

This reflects the local policy of seeking 40% affordable housing on relevant schemes and the governments drive to deliver 10% low-cost home ownership.

5.23 It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this, but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds.

5.24 Equally, some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. **The figures used are not a policy position and has been applied simply to provide outputs from the modelling process.**

5.25 To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- 60% market
- 10% affordable home ownership
- 30% social/affordable rented

5.26 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20 years to 2039.

Key Findings and Recommended Mix

5.27 The tables below provide the output of the modelling by the number of bedrooms and by tenure. In both the market and affordable sectors the analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Table 38: Modelled Mix of Housing by Size and Tenure – Eastern Berkshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	21%	44%	31%
Affordable home ownership	25%	37%	26%	12%
Affordable housing (rented)	43%	27%	27%	3%

Source: Housing Market Model

5.28 It should be stressed that the analysis is undertaken at a local authority area and each tenure independent from the other. The output from the modelling for each part of the HMA are set out below.

Table 39: Modelled Mix of Housing by Size and Tenure

RBWM	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	22%	42%	32%
Affordable home ownership	20%	41%	26%	13%
Affordable housing (rented)	44%	26%	28%	2%
Slough	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	19%	57%	20%
Affordable home ownership	33%	32%	26%	10%
Affordable housing (rented)	44%	27%	25%	4%
Southern South Bucks	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	1%	29%	48%	21%
Affordable home ownership	16%	38%	28%	19%
Affordable housing (rented)	45%	27%	26%	2%

Source: Housing Market Model

- 5.29 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be considered in setting policies for provision.
- 5.30 This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result, can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.
- 5.31 The table below illustrates the demand for different sizes of in each part of the HMA as set out in the Housing Register. This influences our recommendations but should also be examined when looking at the mix of affordable homes on individual units.
- 5.32 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes in the affordable housing sector is typically quite small the ability for these needs to be met is even more limited. There are also localised issues about the stock of different sizes of homes which need to be considered in conclusions (the relative lack of 2-bedroom affordable accommodation).

Table 40: Profile of Affordable Rented Need by Households on Housing Register

	RBWM	Slough	South Bucks (south)	HMA
1-bedroom	41%	37%	61%	40%
2-bedrooms	44%	32%	21%	32%
3-bedrooms	13%	24%	15%	21%
4+-bedrooms	2%	8%	2%	6%
Total	100%	100%	100%	100%

Source: Local Authority Housing Statistics (2018 – 2017 for RBWM)

- 5.33 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one-bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more-bedroom homes also being appropriate.
- 5.34 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At an HMA-wide level, the analysis would support policies for the mix of affordable housing (rented) of:
- 1-bed properties: 35-40%
 - 2-bed properties: 25-30%
 - 3-bed properties: 25-30%
 - 4-bed properties: 5-10%
- 5.35 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 5.36 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 5.37 In the affordable home ownership and market sectors, a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant.
- 5.38 Based on these factors, it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:
- 1-bed properties: 20-25%

- 2-bed properties: 40-45%
- 3-bed properties: 25-30%
- 4-bed properties: 5-10%

5.39 Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The conclusions see a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 0 - 5%
- 2-bed properties: 20-25%
- 3-bed properties: 50-55%
- 4-bed properties: 20-25%

5.40 Although the analysis has quantified this based on the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan-making process.

5.41 The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply.

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

Housing Mix (Size of Homes Needed): Key Messages

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.
- The analysis linked to long-term (20-year) demographic change linked to capacity concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+-bed
Market	0-5%	20-25%	50-55%	20-25%
Affordable home ownership	20-25%	40 -45%	25-30%	5-10%
Affordable housing (rented)	35-40%	25-30%	25-30%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the HMA (by tenure).
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authorities through its local plan process. Equally, it will be of relevance to affordable housing negotiations.

6 NEEDS FOR SPECIFIC GROUPS

- 6.1 This Chapter of the report examines the housing needs for specific groups in the HMA. It focusses on the need for older persons and directly linked to this those with disabilities.
- 6.2 There are no higher education facilities and the local authorities manage their register for custom and self-build. Some of the other groups including households with families and the PRS are considered within the wider mix.
- 6.3 The PPG sets out that the reason for the approach to setting standards is designed to *'rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes'* (56-001) and that *'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area'* (56-002).
- 6.4 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there is a range of published statistics which can be considered, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
 - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
 - the accessibility and adaptability of existing housing stock;
 - how needs vary across different housing tenures; and
 - the overall impact on viability.
- 6.5 This section draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in the analysis below. The discussion below begins by looking at older persons' need.
- 6.6 Additionally, for some analysis, it is necessary to project the population forward. Reference for this is made to the demographic projections developed in this study (linking to a requirement of 1,454 dwellings per annum based on local capacity).

Older people

- 6.7 Assumptions from the Shop@ tool with adjustments based on the relative health of older people locally (from 2011 Census data) and a tenure split based on local deprivation levels (2015 IMD). The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is

provided for age groups from 65 and upwards; the data is for 2018 to reflect the latest published data for local authority areas and above.

Table 41: Older Person Population (2018)

	HMA		South East	England
	Population	% of population	% of population	% of population
Under 65	291,487	84.8%	80.9%	82.0%
65-74	27,486	8.0%	10.8%	9.9%
75-84	17,016	5.0%	6.0%	5.7%
85+	7,725	2.2%	2.3%	2.4%
Total	343,715	100.0%	100.00%	100.00%
Total 65+	52,227	15.2%	18.4%	18.00%

Source: ONS 2018 Mid-Year Population Estimates

6.8 The data shows that the HMA has a lower proportion of older population to those of England and the South East. It is estimated that 15.2% of the population of the HMA area was 65+ years old in 2018, which is slightly lower to 18.4% regionally and 18.0% nationally.

6.9 As well as providing a baseline position for the proportion of older persons in the HMA, population projections can be used to indicate how the numbers might change in the future compared with other areas. The data presented in Table 21 uses the population projection linked to the housing requirement of 1,454 dpa.

6.10 In total population terms, the projections show an increase in the population aged 65 and over of 7,700 people, this is against a backdrop of an overall increase of 19,400 and an increase in the population aged under 65 of 12,900.

Table 42: Projected Change in Population of Older Persons (2019 to 2039)

	Population 2019	Population 2039	Change	% change
Under 65	291,487	305,640	14,153	4.86%
65-69	14,322	20,140	5,818	40.60%
70-74	13,164	18,254	5,089	38.70%
75-79	9,608	15,076	5,468	56.90%
80-84	7,408	11,195	3,787	51.10%
85 & over	7,725	14,491	6,766	87.60%
Total	343,715	384,795	41,080	12.00%
Total 65+	52,227	79,156	26,928	51.6%

Source: ONS subnational population projections (2016-based)

6.11 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 analysis in this section draws on data from the Housing Learning and Information Network (Housing

LIN) along with demographic projections to indicate the potential level of additional specialist housing that might be required for older people in the future.

- 6.12 The data for need is calculated by applying prevalence rates to the population projection for those aged 75+. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health.
- 6.13 This database includes the need across the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing, extra care, residential care and nursing care. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodation Council (EAC) which indicates the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:

A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus, on-site supportive management. A regularly visiting scheme manager if s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

Enhanced sheltered housing:

Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically, there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided additional shared facilities. Also called assisted living and very sheltered housing.

Extra care housing:

Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically, at will be provided and there will be additional shared facilities. Some schemes specialise in dementia care or may have a dementia unit.

Care beds:

Care homes: Residential settings where a number of older people live, usually in single rooms, and have access to personal care services (such as help with washing and eating).

Care homes with nursing: These homes are similar to those without nursing care, but they also have registered nurses to provide care for more complex health needs.

Source: HOPSR

- 6.14 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation (essentially public vs. private provision), this varies depending on an area's level of deprivation. Data from the 2015 Index of Multiple Deprivation has been used

- 6.15 It is suggested that just under 40% of older persons accommodation supply should be rented accommodation (including social rents) and just over 60% leasehold (there is no tenure split for care beds). Consideration has also been given to overall levels of disability in the older person population; given that these are slightly higher than the national average a small upwards adjustment has been made.
- 6.16 In the table below two categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing).
- 6.17 The data suggests a current shortfall in all sectors of 1228 units and 459 bedspaces across the HMA. Projecting these rates forward the changing and ageing population results in an additional need for 2,492 units and 1,612 bed spaces. In total without additional supply, there will be a 3,720 shortfall in specialist units and 2,071 bedspaces by 2039.

Table 43: Older Persons' Dwelling and Care Bedspace Requirements 2019 to 2039 – Eastern Berkshire

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	43	1,595	1,059	-537	705	169
	Leasehold	70	468	1,735	1,267	1,127	2,394
Housing with care	Rented	18	197	457	260	304	564
	Leasehold	22	312	549	237	356	593
Total (dwellings)		154	2,572	3,800	1,228	2,492	3,720
Care bedspaces		99	2,000	2,459	459	1,612	2,071

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

- 6.18 The same calculations have also been made for each of the local authorities in the table overleaf. For the supply in South Bucks (south) a figure of 60% of the District-wide estimates has been used (reflective of the proportion of the population currently living in this sub-area).
- 6.19 As per the recently update PPG (Paragraph: 014 Reference ID: 63-014-20190626 it will for the “Local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwellinghouse) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided”.
- 6.20 The housing with support and housing with care units form part of the standard method figure as these are self-contained units and are those part of the household projections (C3). The care bed

spaces (C2) can also contribute towards housing need although as per the housing delivery test rulebook. However, this depends on the number of adults per household in each local authority. For Slough for every 2 bedspaces created one C3 unit can be counted towards housing supply. The equivalent figures fall to 1.93 in South Bucks and 1.87 in RBWM.

Table 44: Older Persons' Dwelling and Care Bedspace Requirements 2019 to 2039

RBWM		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	36	956	497	-459	316	-143
	Leasehold	69	289	964	675	611	1,286
Housing with care	Rented	16	71	219	148	139	287
	Leasehold	22	116	307	191	195	386
Total (dwellings)		143	1,432	1,987	555	1,260	1,815
Care bedspaces		93	1,272	1,286	14	816	829
Slough		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	62	398	412	14	313	327
	Leasehold	73	60	485	425	368	794
Housing with care	Rented	26	126	173	47	131	178
	Leasehold	23	0	150	150	114	264
Total (dwellings)		184	584	1,220	636	926	1,563
Care bedspaces		119	316	790	474	599	1,073
Southern part of South Bucks		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	35	241	149	-92	77	-15
	Leasehold	68	119	286	168	148	315
Housing with care	Rented	16	0	66	66	34	99
	Leasehold	22	196	91	-104	47	-57
Total (dwellings)		141	556	592	37	305	342
Care bedspaces		91	412	383	-28	197	169

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

Disabilities

- 6.21 Linked to the ageing population we have also examined the growth of people with disabilities which are likely to directly impact their demand for housing. This is drawn from projections from Projecting Older People Population Information (POPPI).
- 6.22 As set out below the population with dementia is expected to experience the greatest growth (approximately 69%). This is followed by the growth in the population of those with mobility problems, increasing by approximately 60% to 2039.

Table 45: Projected changes to population with a range of disabilities – Eastern Berkshire

Disability	Age range	2019	2039	Change	% change
Dementia	65+	3,782	6,384	2,602	68.8%
Mobility problems	65+	9,800	15,642	5,843	59.6%
Autistic Spectrum Disorders	18-64	2,054	2,206	152	7.4%
	65+	485	757	273	56.3%
Learning Disabilities	15-64	5,328	5,715	387	7.3%
	65+	1,084	1,635	551	50.8%
Challenging behaviour	15-64	98	105	7	7.3%
Impaired mobility	16-64	11,166	12,483	1,318	11.8%

Source: POPPI/PANSI and demographic projections

- 6.23 While some of these disabilities would not have a specific housing need it does suggest demand for accessible and lifetime homes in the HMA. The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations.
- 6.24 We have also developed the same analysis for each of the three parts of the HMA. This is set out in the table below.

Table 46: Projected changes to population with a range of disabilities

RBWM	Age range	2019	2039	Change	% change
Dementia	65+	2,131	3,629	1,498	70.3%
Mobility problems	65+	5,452	8,674	3,222	59.1%
Autistic Spectrum Disorders	18-64	881	968	87	9.9%
	65+	262	401	139	52.9%
Learning Disabilities	15-64	2,304	2,533	229	10.0%
	65+	590	871	281	47.5%
Challenging behaviour	15-64	43	47	4	10.0%
Impaired mobility	16-64	5,079	5,705	626	12.3%
Slough	Age range	2019	2039	Change	% change
Dementia	65+	1,015	1,754	740	72.9%
Mobility problems	65+	2,711	4,570	1,860	68.6%
Autistic Spectrum Disorders	18-64	932	1,027	95	10.2%
	65+	143	247	104	72.4%
Learning Disabilities	15-64	2,393	2,628	234	9.8%
	65+	315	523	208	66.0%
Challenging behaviour	15-64	44	48	4	9.9%
Impaired mobility	16-64	4,596	5,383	787	17.1%
South Bucks	Age range	2019	2039	Change	% change
Dementia	65+	636	1,001	364	57.2%
Mobility problems	65+	1,637	2,398	761	46.5%
Autistic Spectrum Disorders	18-64	241	211	-30	-12.3%
	65+	79	110	30	38.5%
Learning Disabilities	15-64	630	554	-76	-12.1%
	65+	179	241	62	34.9%
Challenging behaviour	15-64	12	10	-1	-11.9%
Impaired mobility	16-64	1,491	1,396	-95	-6.4%

Source: POPPI/PANSI and demographic projections

Service Families

- 6.25 MOD statistics report that at April 2018, there were a total of 970 military and civilian personnel located in the HMA. This was comprised entirely of personnel located in RBWM and there were none in South Bucks and Slough. This is a 15% decrease from 2015 where there were 1,130 personnel.
- 6.26 RBWM has a duty to ensure service personnel and their families are accommodated in suitable accommodation should they wish to live in not military stock. As part of this, in addition to accommodating the current need, the Council should engage with neighbouring local authorities through the Duty to Co-operate for any matter relating to housing need for service families.

- 6.27 The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) can establish a ‘local connection’ with the area in which they are serving or have served.
- 6.28 This means that ex-service personnel would not suffer disadvantage from any ‘residence’ criteria chosen by the Local Authority in their allocations policy. In addition, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.
- 6.29 The data suggests a current shortfall in all sectors of 1228 units and 459 bedspaces across the HMA. Projecting these rates forward the changing and ageing population results in an additional need for 2,492 units and 1,612 bed spaces. In total without additional supply, there will be a 3,720 shortfall in specialist units and 2,071 bedspaces by 2039.

Table 47: Older Persons’ Dwelling and Care Bedspace Requirements 2019 to 2039 – Eastern Berkshire

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	43	1,595	1,059	-537	705	169
	Leasehold	70	468	1,735	1,267	1,127	2,394
Housing with care	Rented	18	197	457	260	304	564
	Leasehold	22	312	549	237	356	593
Total (dwellings)		154	2,572	3,800	1,228	2,492	3,720
Care bedspaces		99	2,000	2,459	459	1,612	2,071

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

7 SUMMARY AND CONCLUSIONS

7.1 GL Hearn was commissioned by the Royal Borough of Windsor and Maidenhead (RBWM) in conjunction with Slough Borough Council and Chiltern and South Bucks District Council to carry out a Local Housing Needs Assessment (LHNA) in response to the National Planning Policy Framework (NPPF (2018 and subsequently 2019)) together with further work relating to housing to inform the emerging Local Plans.

7.2 This was to focus on the area covered by the Eastern Berkshire HMA which according to South Bucks only included that part of the district south of the M40.

7.3 Following the revised 2019 NPPF, housing need was established according to the suggested methodology that is the 2014-based household projections adjusted to reflect local affordability levels. This resulted in a housing need for:

- 761 dpa for RBWM;
- 893 dpa for Slough; and
- 431 dpa for South Bucks

7.4 However, for the Southern Part of South Bucks, we took a pro-rata approach whereby 60% of the need is located in that area. This would give the South Bucks part of the HMA a need for 258 dpa. Combined with Slough and RBWM **this would give the HMA a minimum total need of 1,912 dpa.**

Capacity Constraints

7.5 However, both South Bucks District Council and Slough Borough Council have already identified a capacity within their respective areas which is less than the identified need. In addition, RBWM is only just able to meet its own need.

7.6 In the case of Slough, the borough council has only identified capacity for 650 dpa against a target 893 dpa (13,000 dwellings capacity. (2019-39). This would equate to an unmet need of 4,860 dwellings over the next 20 years.

7.7 The Southern part of South Bucks has an identified capacity of just 43 dpa compared to a target of 258 dpa (868 dwellings capacity (2019-39). This would equate to an unmet need of 4,300 dwellings over the next 20 years.

7.8 To give this study a level of pragmatic reality we have based much of the analysis on this capacity-driven approach. **This gave the area a total housing requirement of 1,454 dpa** which has been the focus for the remainder of the assessment.

- 7.9 However, it will be for the local authorities to ensure that not only the unmet need is addressed but also that the uncapped need is addressed as well.

Population Growth

- 7.10 This growth (1,454 dpa across the study area) was then translated into a population growth taking account of improvements to household formation and increased migration brought about by the affordability adjustment (not in South Bucks).
- 7.11 The revised projection derives a notably high level of population growth compared to the 2016-based SNPP. The total population growth over the 2019-39 period for the HMA was 41,080. This includes around:
- 25,200 additional people in RBWM
 - 17,000 additional people in Slough, and
 - A decline of 1,100 people in Southern part of South Bucks
- 7.12 As a final step, this population growth was then translated into a job number taking account of economic activity rates, commuting patterns and the number of people with more than one jobs. In total, the calculations show that the standard method could support an additional 24,050 jobs. This can be disaggregated as follows.
- 13,600 additional jobs in RBWM
 - 12,000 additional jobs in Slough, and
 - A decline of 1500 jobs in Souther part of South Bucks

Affordable Housing Need

- 7.13 Using the traditional method of calculating affordable housing need, the analysis suggests a need for 1,314 affordable homes per annum. It is also suggested that consideration is given to fixing the cost of housing to rent by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- 7.14 When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are some households likely to be able to afford to rent privately but who cannot afford to buy a suitable home.
- 7.15 However, there is also a potential supply of homes within the existing stock that can contribute to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.

- 7.16 The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF. If the Councils do seek to provide 10% of housing as affordable home ownership (a figure suggested in the NPPF), then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
- 7.17 Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Councils considers setting price at a level which (in income terms) are equivalent to the levels needed to access private rented housing (and not more than the midpoint between this price and current lower quartile values). This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- 7.18 Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the study area. It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided.

Housing Mix

- 7.19 The mix analysis linked to long-term (20-year) demographic change linked to capacity concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+-bed
Market	0-5%	20-25%	50-55%	20-25%
Affordable home ownership	20-25%	40 -45%	25-30%	5-10%
Affordable housing (rented)	35-40%	25-30%	25-30%	5-10%

- 7.20 The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 7.21 The analysis of an appropriate mix of dwellings should also inform the ‘portfolio’ of sites which are considered by the local authorities through its local plan process. Equally, it will be of relevance to affordable housing negotiations.

Older Persons Need

- 7.22 Linked to the capacity led growth of 1454 dpa the population aged over 65 is expected to increase across the HMA by almost 27,000 people. This was linked to assumptions from the Shop@ tool with

adjustments based on the relative health of older people locally (from 2011 Census data) and a tenure split based on local deprivation levels (2015 IMD).

- 7.23 The data suggests a current shortfall in all sectors of 1,228 units and 459 bedspaces across the HMA. Projecting these rates forward the changing and ageing population results in an additional need for 2,492 units and 1,612 bed spaces. In total without additional supply, there will be a 3,720 shortfall in specialist units and 2,071 bedspaces by 2039.

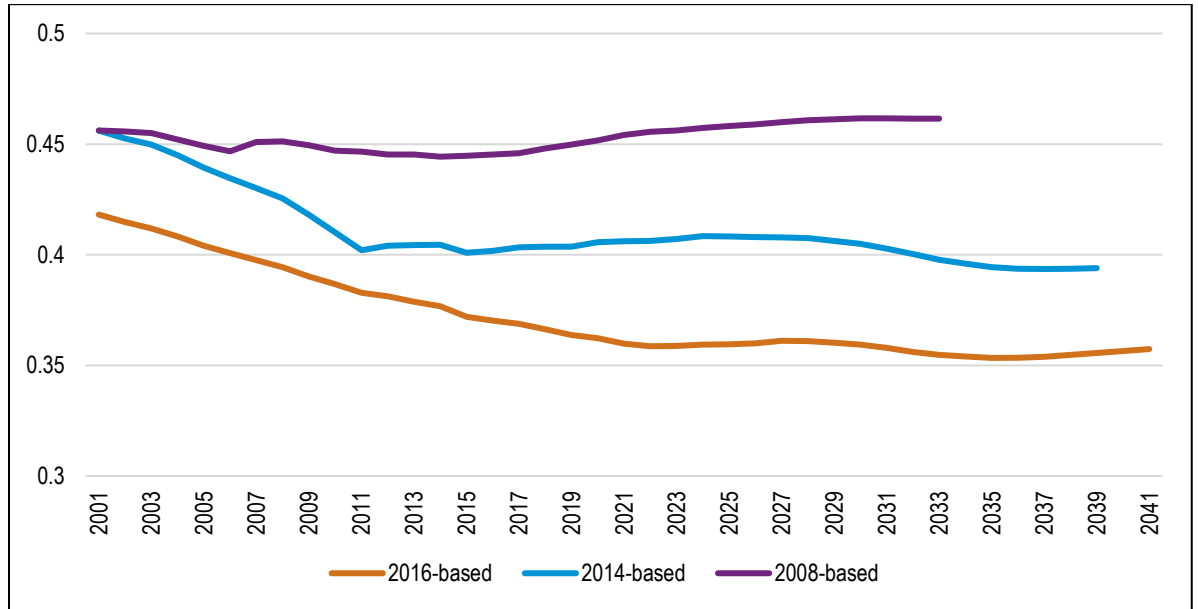
Table 48: Older Persons' Dwelling and Care Bedspace Requirements 2019 to 2039 – Eastern Berkshire

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	43	1,595	1,059	-537	705	169
	Leasehold	70	468	1,735	1,267	1,127	2,394
Housing with care	Rented	18	197	457	260	304	564
	Leasehold	22	312	549	237	356	593
Total (dwellings)		154	2,572	3,800	1,228	2,492	3,720
Care bedspaces		99	2,000	2,459	459	1,612	2,071

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

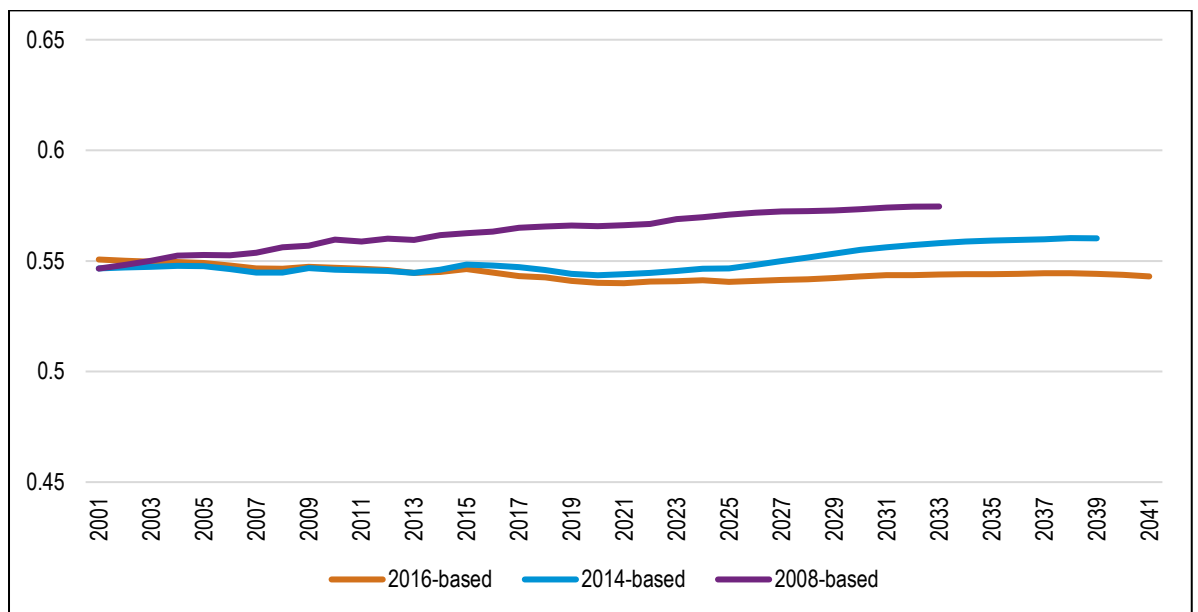
APPENDIX A: Household Formation Rates by Local Authority

Figure 10: Household Representative Rates – Windsor & Maidenhead (household population aged 25-34)



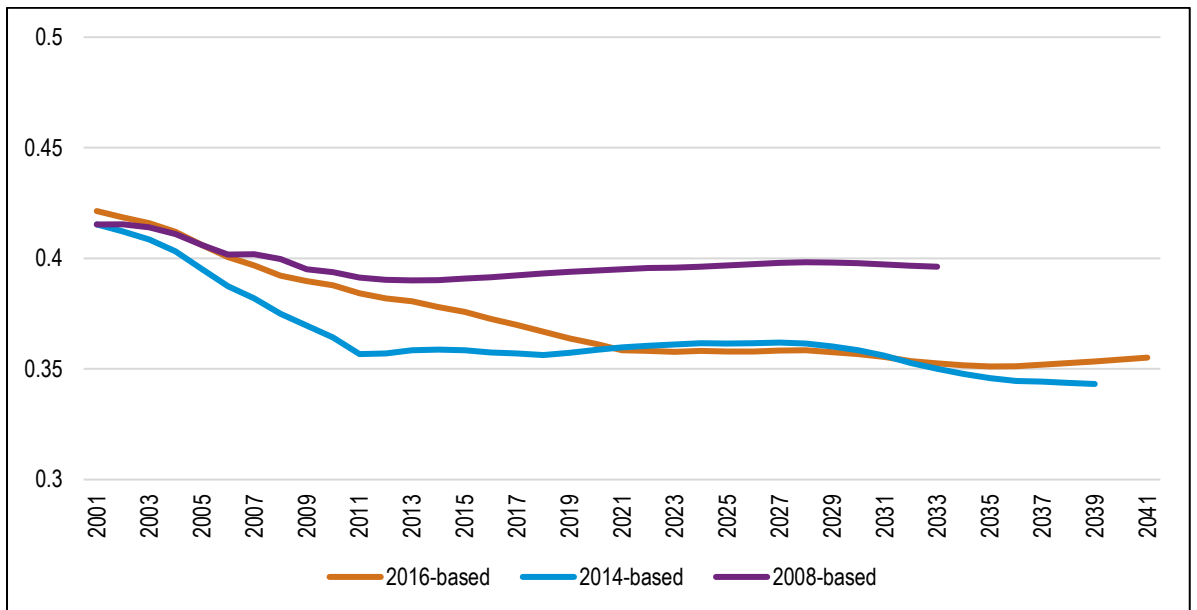
Source: ONS and CLG

Figure 11: Household Representative Rates – Windsor & Maidenhead (household population aged 35-44)



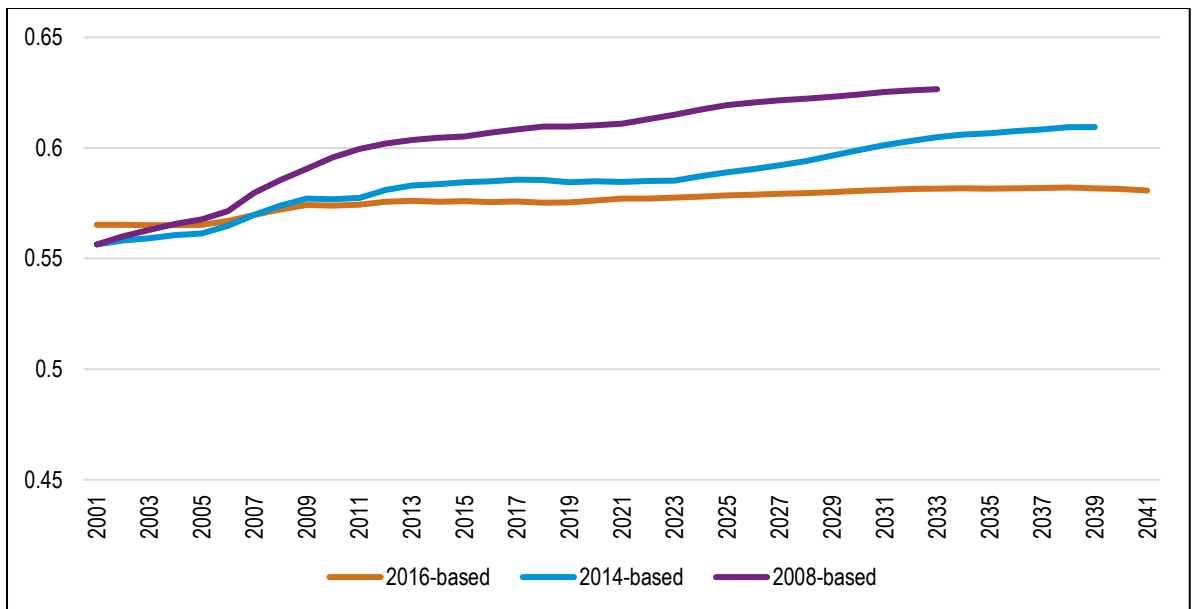
Source: ONS and CLG

Figure 12: Household Representative Rates – Slough (household population aged 25-34)



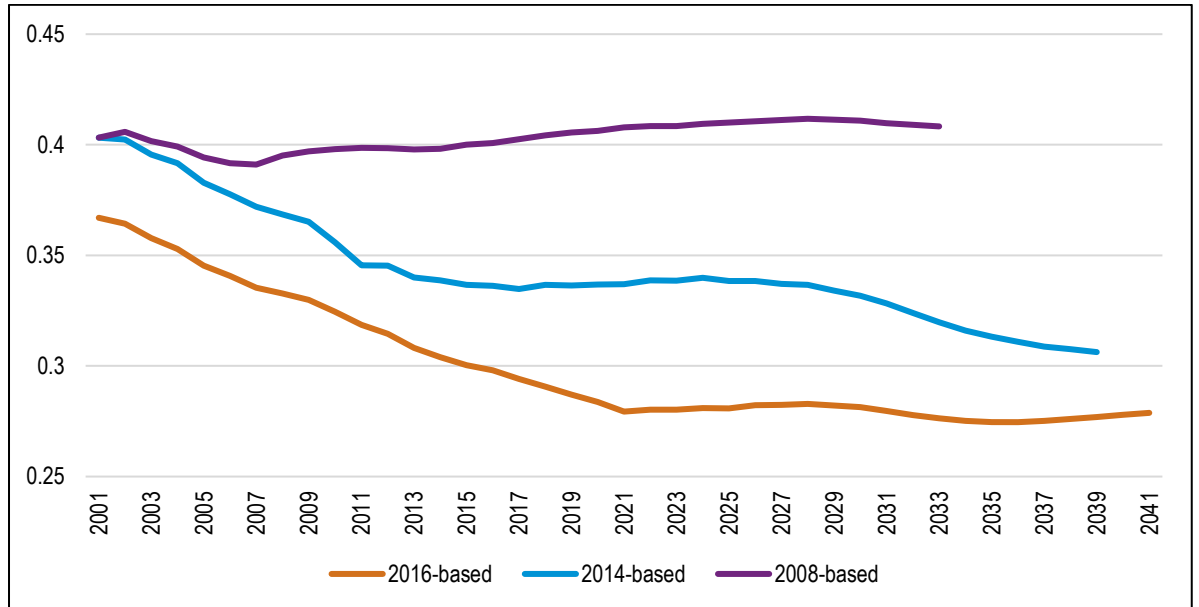
Source: ONS and CLG

Figure 13: Household Representative Rates – Slough (household population aged 35-44)



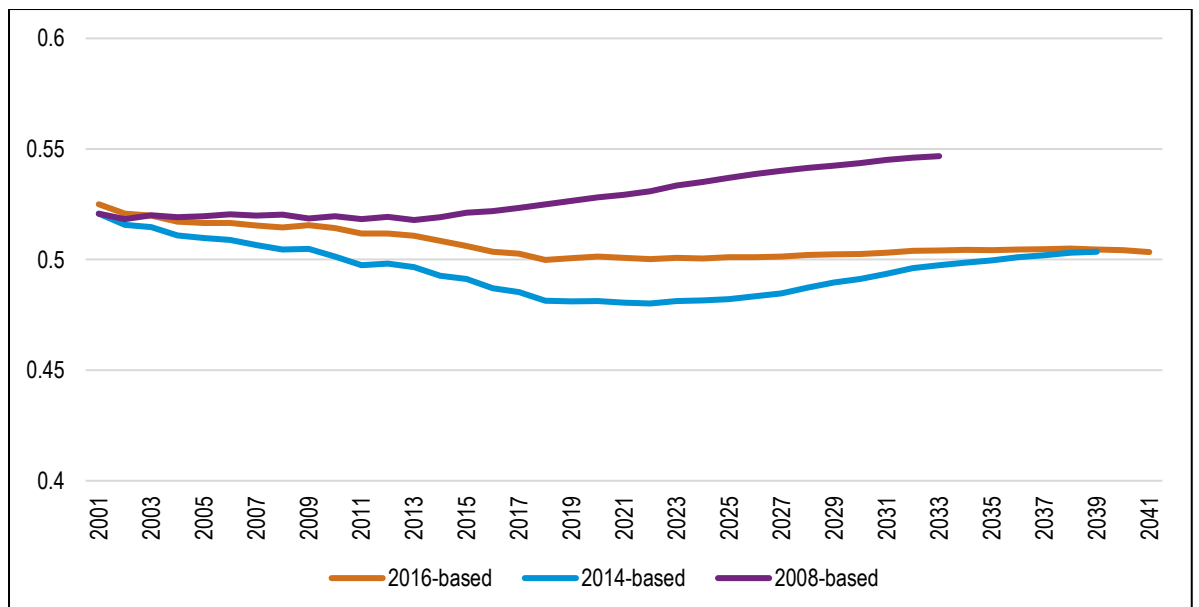
Source: ONS and CLG

Figure 14: Household Representative Rates – South Bucks (household population aged 25-34)



Source: ONS and CLG

Figure 15: Household Representative Rates – South Bucks (household population aged 35-44)



Source: ONS and CLG

APPENDIX B: Local Authority Based Population Growth resulting from Standard Method and C

Table 49: RBWM – Population Growth Associated with Standard Methodology

	2019	2039	Change	% Change
0-4	8,611	9,616	1,006	11.7%
5-9	9,728	9,960	231	2.4%
10-14	10,301	11,009	708	6.9%
15-19	8,714	10,175	1,462	16.8%
20-24	6,472	6,827	355	5.5%
25-29	7,654	9,651	1,997	26.1%
30-34	8,883	9,970	1,088	12.2%
35-39	10,460	10,248	-212	-2.0%
40-44	10,786	11,829	1,043	9.7%
45-49	11,571	11,353	-219	-1.9%
50-54	11,625	11,601	-24	-0.2%
55-59	10,255	11,714	1,460	14.2%
60-64	8,040	10,502	2,462	30.6%
65-69	7,069	10,072	3,003	42.5%
70-74	7,431	9,452	2,021	27.2%
75-79	5,303	8,028	2,725	51.4%
80-84	4,128	5,991	1,863	45.1%
85+	4,467	8,695	4,228	94.7%
TOT	151,497	176,695	25,197	16.6%

Table 50: Slough– Population Growth Associated with Capacity

	2019	2039	Change	% Change
0-4	12,523	11,978	-544	-4.3%
5-9	13,144	11,528	-1,616	-12.3%
10-14	11,783	11,266	-517	-4.4%
15-19	8,842	10,730	1,889	21.4%
20-24	7,632	9,854	2,223	29.1%
25-29	9,352	11,494	2,142	22.9%
30-34	11,830	11,757	-73	-0.6%
35-39	14,131	10,839	-3,291	-23.3%
40-44	12,504	11,059	-1,445	-11.6%
45-49	10,157	10,699	542	5.3%
50-54	9,085	10,550	1,465	16.1%
55-59	7,548	10,821	3,273	43.4%
60-64	6,343	9,248	2,905	45.8%
65-69	5,001	7,344	2,343	46.8%
70-74	3,572	6,195	2,622	73.4%
75-79	2,686	4,738	2,052	76.4%
80-84	1,969	3,445	1,476	75.0%
85+	1,983	3,492	1,509	76.1%
TOT	150,084	167,037	16,953	11.3%

Table 51: South Bucks– Population Growth Associated with Capacity

	2019	2039	Change	% Change
0-4	2,414	2,047	-366	-15.2%
5-9	2,628	2,184	-444	-16.9%
10-14	2,546	2,287	-259	-10.2%
15-19	2,026	2,130	104	5.2%
20-24	1,907	1,384	-523	-27.4%
25-29	2,103	1,826	-276	-13.1%
30-34	2,352	1,866	-486	-20.7%
35-39	2,670	1,774	-896	-33.5%
40-44	2,576	2,319	-257	-10.0%
45-49	2,960	2,543	-417	-14.1%
50-54	3,394	2,925	-468	-13.8%
55-59	3,244	3,221	-23	-0.7%
60-64	2,698	2,853	155	5.7%
65-69	2,252	2,724	472	20.9%
70-74	2,161	2,607	447	20.7%
75-79	1,619	2,310	691	42.7%
80-84	1,311	1,758	448	34.1%
85+	1,275	2,303	1,028	80.6%
TOT	42,134	41,064	-1,071	-2.5%

APPENDIX C: Change in household types 2019-39 in each local authority

Table 52: Change in household types 2019-39 – RBWM

	2019	2039	Change	% change
One-person household (aged 65 and over)	7,931	10,611	2,679	33.8%
One-person household (aged under 65)	9,995	12,375	2,380	23.8%
Couple (aged 65 and over)	8,144	13,360	5,216	64.0%
Couple (aged under 65)	8,420	7,306	-1,114	-13.2%
A couple and one or more other adults: No dependent children	5,015	6,496	1,481	29.5%
Households with one dependent child	8,084	9,830	1,745	21.6%
Households with two dependent children	8,149	9,262	1,113	13.7%
Households with three dependent children	2,853	2,921	69	2.4%
Other households	3,790	4,997	1,207	31.8%
Total	62,381	77,158	14,776	23.7%
Total households with dependent children	19,086	22,013	2,927	15.3%

Source: Demographic projections

Table 53: Change in household types 2019-39 – Slough

	2019	2039	Change	% change
One-person household (aged 65 and over)	5,349	8,198	2,850	53.3%
One-person household (aged under 65)	11,851	15,494	3,643	30.7%
Couple (aged 65 and over)	3,282	5,650	2,368	72.1%
Couple (aged under 65)	4,208	2,417	-1,791	-42.6%
A couple and one or more other adults: No dependent children	5,489	8,029	2,540	46.3%
Households with one dependent child	9,585	11,375	1,791	18.7%
Households with two dependent children	7,326	6,891	-435	-5.9%
Households with three dependent children	5,020	4,913	-107	-2.1%
Other households	4,459	6,221	1,763	39.5%
Total	56,568	69,189	12,621	22.3%
Total households with dependent children	21,931	23,179	1,249	5.7%

Source: Demographic projections

Table 54: Change in household types 2019-39 – South Bucks (south)

	2019	2039	Change	% change
One-person household (aged 65 and over)	2,326	2,817	491	21.1%
One-person household (aged under 65)	2,132	2,110	-22	-1.0%
Couple (aged 65 and over)	2,378	3,316	938	39.4%
Couple (aged under 65)	2,055	1,230	-825	-40.1%
A couple and one or more other adults: No dependent children	1,727	2,159	432	25.0%
Households with one dependent child	2,376	2,535	158	6.7%
Households with two dependent children	2,093	1,822	-271	-13.0%
Households with three dependent children	836	709	-127	-15.2%
Other households	939	1,009	70	7.4%
Total	16,863	17,706	843	5.0%
Total households with dependent children	5,305	5,065	-240	-4.5%

Source: Demographic projections

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This report has been prepared by GL Hearn Limited (GL Hearn) in favour of The Royal Borough of Windsor and Maidenhead, in conjunction with Slough Borough Council and South Bucks District Council (“the Client”) and is for the sole use and benefit of the Client in accordance with the agreement between the Client and GL Hearn dated September 2018 under which GL Hearn’s services were performed. GL Hearn accepts no liability to any other party in respect of the contents of this report. This report is confidential and may not be disclosed by the Client or relied on by any other party without the express prior written consent of GL Hearn.

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