

# Fylde Coast SHMA – Wyre Addendum 3

## Supplementary Note

### Size and Type of Housing Needed in Wyre

May 2018

#### Introduction and Scope of this Supplementary Note

1. During the course of the Wyre Local Plan Examination, it was identified that the evidence contained within the 2013/14 Fylde Coast Strategic Housing Market Assessment<sup>1</sup> (SHMA) with regards the identified need for different sizes and types of housing had not been updated as part of the series of addendum reports<sup>2</sup> produced to update the calculated objectively assessed need (OAN) for housing in Wyre.
2. Housing Policy H2 within the draft Local Plan directly references the latest SHMA evidence to ensure that the broad mix of sizes and types of housing needed in the borough are taken into account within proposed housing developments.
3. It was therefore identified that there was a need to ensure the evidence regarding these aspects of the SHMA was brought up-to-date, and aligned with the evidence underpinning the latest calculated OAN in the SHMA Wyre Addendum 3 report produced in July 2017.
4. A similar position was also identified as being the case with regards to the assessment of the need for older persons' housing. This is a specific housing need that was again directly referenced within the Local Plan's housing policies in recognition of the issues associated with an ageing population in Wyre.
5. This supplementary note provides an update to the evidence contained within the SHMA, and should be read as a replacement for the conclusions presented with regards to both the calculated need for different sizes and types of homes (all tenures) in Wyre and older persons' housing needs. The Addendum 3 report contains the latest evidence with regards to the size of affordable housing needed in the borough<sup>3</sup>.
6. Specifically the evidence and conclusions within this report directly update and replace the following tables in the SHMA, which have not previously been updated through any of the SHMA addendum reports:

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<sup>1</sup> Turley (2013/14) Fylde Coast Strategic Housing Market Assessment

<sup>2</sup> Turley (2014) Analysis of Housing Need in Light of the 2012 Sub-National Population Projections: Fylde Coast Strategic Housing Market Assessment Addendum; Turley (2016) Wyre Addendum 2: Analysis of Housing Need in Light of the 2012 Sub-National Household Projections and ELS Update; Turley (2017) Wyre Addendum 3: OAN Update

<sup>3</sup> Turley (2017) Wyre Addendum 3: OAN Update, Table 6.8

- **Figure 7.23 of the SHMA<sup>4</sup>** which showed the calculated need for new homes by the size of property and by implication with reference to Figure 7.19 the broad type of new housing in Wyre<sup>5</sup>. This need was presented for all tenures of housing; and
  - The analysis of older persons' housing needs in **section 10 of the SHMA**.
7. The note is structured to present the latest evidence, in alignment with the OAN set out in the Addendum 3 report, with regards to each of these aspects in turn. It therefore initially presents an estimation of the size of housing likely to be required by the changing profile of households projected to form in Wyre over the emerging plan period, and subsequently presents the type of housing which may be required to meet this need. The note then presents updated modelling on the number of older people assumed to require specialist or communal accommodation. In the case of the latter, it is noted that the identified level of need represents a distinct housing need output that is additional<sup>6</sup> to the scale of the OAN concluded in Addendum 3<sup>7</sup>.
  8. The analysis presented in this supplementary note fully aligns with the modelling which underpins the most recent OAN for Wyre<sup>8</sup> and therefore takes full account of the most recently published official 2014-based household projections.

### **Size and Type of Housing Needed (update to Figure 7.23 of the SHMA)**

9. The SHMA estimated the size of housing required in Wyre through reference to modelling produced by Edge Analytics, and its implied change in the household profile of the borough over the plan period. Two variants of each modelled scenario were referenced, with a slightly different household profile suggested when applying the 2008-based or interim 2011-based headship rates available at the time<sup>9</sup>.
10. The size of property likely to be required by households forming under each variant was estimated using national data from the English Housing Survey, given that comparable data was not available at local authority level. The outputs of the modelling are presented for Wyre at Figure 7.23 of the SHMA, which also presented an average derived from each variant which provided a basis through which the Council could monitor the size and type of housing needed across the borough.
11. The population and household projection modelling produced to inform the SHMA has been superseded by up-to-date scenarios developed by Edge Analytics to inform subsequent updates to the OAN, most recently contained within Addendum 3. The latest demographic modelling in Addendum 3 takes account of and was underpinned by the latest available official 2014-based household projections. These household projections are broken down by household category and provide a basis both for the '*starting point*' demographic projection of housing need and the variant scenarios developed by Edge Analytics through POPGROUP and presented in Addendum 3.

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<sup>4</sup> Turley (2013/14) Fylde Coast Strategic Housing Market Assessment, p125

<sup>5</sup> *Ibid*, p122

<sup>6</sup> The fact that the need for communal accommodation falls outwith and is therefore additional to the OAN was identified at paragraph 10.11 of the 2013/14 Fylde Coast Strategic Housing Market Assessment

<sup>7</sup> Turley (2017) Wyre Addendum 3: OAN Update, Table 7.1

<sup>8</sup> *Ibid*

<sup>9</sup> Turley (2013/14) Fylde Coast Strategic Housing Market Assessment, Figure 7.17 and Figure 7.18

12. This modelling informed the conclusion of an OAN range of between 457 and 479 dwellings per annum presented within the Wyre Addendum 3 report<sup>10</sup>:
- The lower end of this range was underpinned by the **preferred demographic scenario, which suggested a need for 435 dwellings per annum**<sup>11</sup>. In the calculation of the OAN, this was uplifted by 5% to 457 dwellings per annum in response to market signals, although this supply-led adjustment cannot be attributed to a single household type and does not specifically form part of the modelling outputs presented below. This does not have a direct bearing on the conclusions noting that need by size and type are presented as proportions rather than absolute figures; and
  - The upper end of the range was based on the application of a judgement as to a reasonable level of need associated with supporting economic growth and affordable housing provision. For the purposes of this note, the two jobs-led scenarios presented in Addendum 3 are input into the modelling, recognising that they frame the upper end of the OAN range by suggesting **a need for between 415 and 513 dwellings per annum**<sup>12</sup>. While this does not precisely align with the upper end of the OAN range – which is not attributed to a single scenario in Addendum 3 – the analysis below demonstrates that the size of housing required does not significantly vary between the different scenarios which are used to inform the OAN range.
13. Figure 1 illustrates how the household profile of Wyre is projected to change under each of the scenarios introduced above over the plan period (2011 – 2031). The overall change in households over the plan period is broken down by five broad household categories.

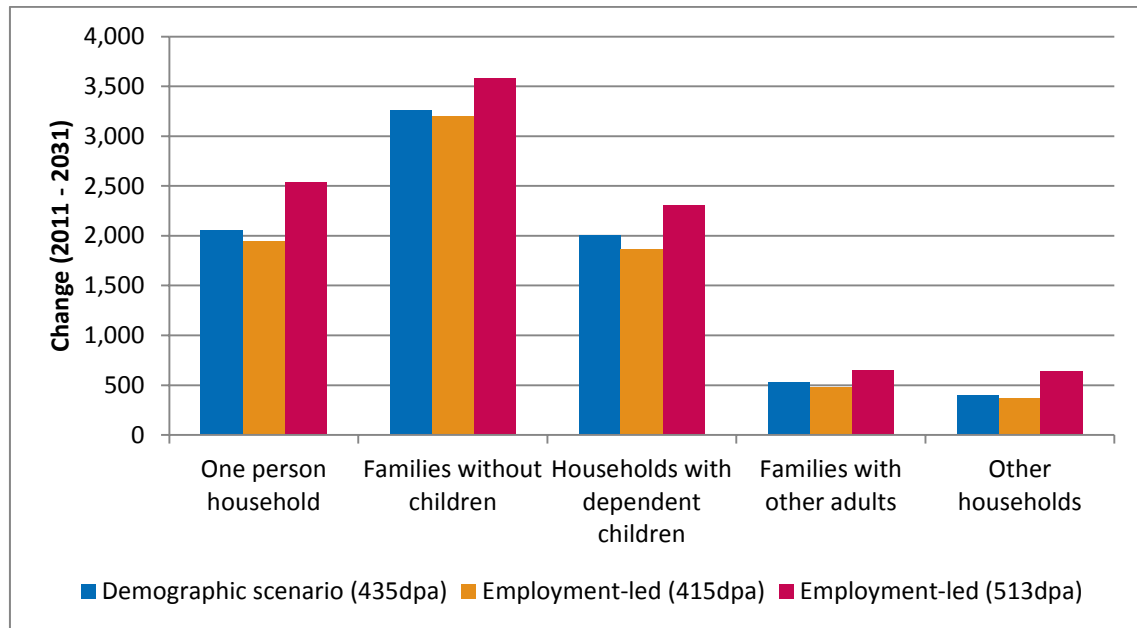
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<sup>10</sup> Turley (2017) Wyre Addendum 3: OAN Update, paragraphs 7.30 and 7.35

<sup>11</sup> *Ibid.* This scenario was based on 12 year migration trends excluding unattributable population change (UPC) with an adjustment to younger household formation rates (paragraphs 7.10 – 7.11)

<sup>12</sup> Paragraph 7.14 of Addendum 3 indicates that the provision of 415 dwellings per annum could support forecast job growth in Wyre, but the implied change in the projected population of Wyre would not allow for a modelled growth in the working age population. This was judged as presenting a potential risk in supporting forecast job growth. A higher need for 513 dwellings per annum was suggested by a sensitivity scenario which applied more modest adjustments to the economic activity rates of older age groups, as described at paragraph 7.15 of Addendum 3. Neither scenario was preferred, with a judgement reached that a level of need within this range would be reasonable in supporting the OAN for housing in Wyre in accordance with the Planning Practice Guidance (PPG)

**Figure 1: Projected Change in Household Profile of Wyre (2011 – 2031)**



Source: Edge Analytics, 2017

14. The analysis presented in Figure 1 confirms that growth across all household types is projected under each scenario. A notably higher level of growth in the number of families without children is suggested under each projection. This exceeds anticipated growth in the number of one person households and the number of households with dependent children, with more limited growth projected amongst families living with other adults – which may include non-dependent children – and other households. It is noted that the above scenarios all apply the adjustment to the formation rates of younger households, which assumes a return to stronger rates of household formation for these age groups potentially contributing in part to this profile.
15. While the SHMA referenced the English Housing Survey in estimating the size of housing required by each household type – with this considered as the most appropriate data source at the time – local evidence from the 2011 Census is now available to show the number of bedrooms in properties occupied by each household type in Wyre<sup>13</sup>. This is summarised in Table 1 and provides a local insight into the relationship between different household types and the sizes (number of bedrooms) of home they occupy.

<sup>13</sup> Census Table DC1402EW – Household composition by number of bedrooms

**Table 1: Number of Bedrooms by Household Type in Wyre 2011**

	1 bed	2 beds	3 beds	4+ beds	Total
One person households	19%	42%	32%	7%	100%
Families without children	5%	36%	43%	16%	100%
Households with dependent children	1%	14%	53%	31%	100%
Families with other adults	1%	18%	54%	27%	100%
Other households	4%	28%	44%	24%	100%

*Source: Census 2011*

16. As would be expected, the above indicates that one person households in Wyre demonstrated the strongest tendency towards occupying smaller housing, with 61% occupying homes with two bedrooms or fewer. However, it is noted that over one in three (39%) lived in a larger property with three or more bedrooms at the 2011 Census.
17. Families without children in Wyre predominantly occupied housing with two or three bedrooms, with the presence of dependent children further increasing the tendency towards occupying larger properties to the extent that some 84% of such households lived in homes with three or more bedrooms. Families with other adults were similarly more likely to live in larger properties, and other households predominantly occupied homes with two or three bedrooms.
18. Reflecting these propensities to occupy different sizes of home, the overall profile of household growth – illustrated at Figure 1 – would be expected to shape demand for different sizes of housing in Wyre over the plan period. An illustrative profile of the size of housing likely to be required by additional households forming over the plan period can therefore be established by proportionately applying households’ existing tendencies to occupy different sizes of housing. As in the SHMA, this assumes that these tendencies are sustained throughout the plan period, and does not seek to estimate how market factors – such as changes to house prices, incomes and household preferences – will impact upon households’ propensities to occupy different sizes of housing in future. Recognising market volatility over the longer term, this approach is considered reasonable as it ensures that the analysis is grounded in a robust evidence-based position of household choices and does not require the application of unsubstantiated assumptions around changing household preferences.
19. It is, however, also recognised that the above profile at least partially reflects the availability of the current housing stock in Wyre. It is, however, considered to provide a sufficiently robust representation of the sizes of housing which households are currently choosing to live in at the start of the plan period and therefore forms a robust basis from which to consider housing needs over the remainder of the plan period. It is also important to note that the analysis relates to all additional households projected to form in the borough and is not broken down by tenure.
20. Table 2 summarises the proportion of all households who could be anticipated to require each size of property in Wyre over the plan period. Reflecting the broad alignment in the overall household profile – presented at Figure 1 – it can be observed that there is a complete alignment in terms of the proportionate breakdown of the size of property required across all of the

scenarios. The conclusions in relation to the proportionate need for each size of property are therefore representative for the full OAN range presented in the Addendum 3 report.

**Table 2: Implied Size of Housing Required in Wyre (2011 – 2031)**

	1 bed	2 beds	3 beds	4+ beds
Demographic scenario (435dpa)	7%	31%	43%	18%
Employment-led (415dpa)	7%	31%	43%	18%
Employment-led (513dpa)	7%	31%	43%	18%

Source: Turley; Edge Analytics; Census 2011

21. The above indicates that circa 43% of households forming under each scenario will require a property with three bedrooms, which accounts for the largest proportion of overall need. Around one third (31%) of households may require two bedrooms, with just under one in five (18%) requiring larger properties with four bedrooms or more. A smaller proportion of households (7%) may require one bedroom homes.
22. As in the SHMA, this confirms that a range of house sizes will be needed in Wyre. This includes a need for almost 40% of homes with one or two bedrooms – which can be considered as representing smaller housing – and a slightly higher need for larger homes with three or more bedrooms.
23. The type of property, i.e. houses or apartments that may be required to provide homes of this size in Wyre can also be estimated through reference to 2011 Census data<sup>14</sup> using the underpinning modelling of changing household types and their preferences.
24. This is presented in Table 3, which suggests that the provision of houses could meet circa 70% of households’ needs under each scenario. There is a residual requirement for circa 30% of homes to be flats or apartments. As above, a consistent position is implied across each scenario.

**Table 3: Implied Type of Housing Required in Wyre (2011 – 2031)**

	Houses	Flats
Demographic scenario (435dpa)	70%	30%
Employment-led (415dpa)	70%	30%
Employment-led (513dpa)	70%	30%

Source: Turley; Edge Analytics; Census 2011

**Interpreting the Evidence**

25. This modelling exercise provides an illustrative interpretation of available historic evidence to estimate the size of housing which may be required in Wyre over the plan period. The analysis above should be used for guidance in its translation into the Wyre Local Plan policy and for the

<sup>14</sup> Census Table CT0551 – Accommodation type (excluding caravans/temporary structures) by tenure by number of bedrooms

monitoring of future development to ensure that a breadth of housing is provided to meet the full range of housing needs in the borough over the plan period.

26. While this evidence provides a valuable overall indication of the broad mix of housing which may be required, it is recommended that housing policies are not overly prescriptive in directly basing the requirements for the sizes of homes on individual sites on the illustrative mix presented above. The individual mix of housing provided on a site-by-site basis will need to take account of local market evidence – recognising different local market characteristics in different parts of the borough – and viability considerations, which will have an important influence on the appropriate mix.

### Older Persons’ Housing Needs (Update to Section 10 of the SHMA)

27. Section 10 of the SHMA considered projected change in the older population of Wyre under the Edge Analytics modelling which informed its concluded OAN range. Whilst subsequent updates presented in the SHMA addendum reports have considered the age profile implied by more recently modelled scenarios, the associated need for older persons’ housing has not been re-presented and updated.
28. As above, the analysis in this section uses the household projection modelling presented within the Wyre Addendum 3 report and therefore takes full account of the latest and most up-to-date 2014-based household projections.
29. Table 4 shows projected change in older age cohorts under each of the scenarios of household growth listed at paragraph 12 of this note. It confirms that strong growth in the older population is a feature of each of the scenarios introduced above as having informed the OAN range concluded for Wyre in Addendum 3. This aligns with and reaffirms the acknowledged ageing of the population of Wyre which was identified as a key feature of Wyre’s housing market, as it was across the Fylde Coast, in the SHMA<sup>15</sup>.

**Table 4: Projected Change in Older Population of Wyre (2011 – 2031)**

	Demographic scenario 435dpa	Employment led 415dpa	Employment led 513dpa
65 to 74	4,358	4,069	4,625
75 to 84	3,929	3,981	4,315
85 and over	2,948	2,955	3,141
<b>65 and over</b>	<b>11,234</b>	<b>11,005</b>	<b>12,082</b>
75 and over	6,877	6,936	7,456

Source: Edge Analytics, 2017

30. Over the plan period, each scenario would see the population of residents aged 65 and over in Wyre increase by over 11,000 persons. Those aged 75 and over evidently represent a large component of this population growth associated with each scenario.

<sup>15</sup> Turley (2013/14) Fylde Coast Strategic Housing Market Assessment, paragraph 10.7

31. This increase in the number of households in these age groups forms an important consideration for the Council in its Local Plan policies to ensure that the needs of this specific group are accommodated as part of the provision of new housing over the plan period.
32. While recognising that many older people will choose to live independently, a number of older residents are likely to require specialist accommodation. The PPG recommends the use of ‘*online tool kits provided by the sector*’ to assess such needs<sup>16</sup>.
33. The Housing Learning and Improvement Network (LIN) is a leading source of knowledge on housing for older people, with involvement with Government and other key professional, public and voluntary bodies. The Strategic Housing for Older People Analysis (SHOP@) toolkit was produced by Housing LIN to show the prevalence of those aged 75 and over to require different forms of specialist housing provision. In Wyre, this suggests demand could be generated for:
- **125 sheltered housing units** per 1,000 residents aged 75+;
  - **20 enhanced sheltered housing units** per 1,000 residents aged 75+; and
  - **25 extra care units with 24/7 support** per 1,000 residents aged 75+.
34. Edge Analytics’ modelling presented above suggests that the population of Wyre residents aged 75 and over will increase by a minimum of 6,877 persons over the plan period, with this level projected under the demographic scenario which underpins the lower end of the OAN range. As set out in the introduction, it is noted that the modelling assumes that a component of this growth is accommodated within communal establishments<sup>17</sup> or residential institutions (Use Class C2), with such residents therefore not classified as living as private households. The number of residents aged 75 and over living as private households – *excluding* those in communal accommodation, considered separately later in this note – is projected to grow by at least 6,447 persons. The resultant demand for specialist housing units under each scenario is illustrated in Table 5, using the estimates of demand introduced in paragraph 33.

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<sup>16</sup> PPG Reference ID 2a-021-20160401

<sup>17</sup> The Census defined communal establishments as those ‘*providing managed residential accommodation*’; “*managed*” in this context means *full-time or part-time supervision of the accommodation*. Residents of communal establishments are those persons whose place of usual residence is in managed residential accommodation



**Table 5: Projected Need for Specialist Housing in Wyre (2011 – 2031)**

	Demographic scenario 435dpa	Employment led 415dpa	Employment led 513dpa
Projected growth in 75+	6,877	6,936	7,456
Excluding growth in communal population	6,447	6,504	6,989
Sheltered housing	806	813	874
Enhanced sheltered housing	129	130	140
Extra care units with 24/7 support	161	163	175
<b>Total over plan period (2011 – 2031)</b>	<b>1,096</b>	<b>1,106</b>	<b>1,188</b>
Average per annum	55	55	59

Source: Edge Analytics; Turley; Housing LIN

35. The modelling suggests that growth in the older private household population of Wyre will generate an annual demand for circa 55 – 59 specialist housing units over the plan period. Given that this projected change is incorporated within the household projections, this modelled need for specialist housing is **included** within the objectively assessed need for housing concluded in Addendum 3. It needs to be considered in the context of the overall and more significant growth in older person households, of which this need is a component, recognising as stated earlier that many older households will want to continue to live independently and safely in their own home. This collectively forms an important point for consideration by the Council in ensuring that the mix of housing provided meets the specific needs of housing for older people.
36. As referenced above, the modelling treats those individuals assumed to live in communal establishments/ residential institutions as a separate and distinct component. These individuals are usually classified as living in C2 accommodation for older households, and fall outside of the OAN's calculated need for C3 housing.
37. Under each of the scenarios, the number of people assumed to live in communal establishments increases over the plan period. In treating the communal population as a distinct and separate component, Edge Analytics' approach aligns with that taken in producing official projections, specifically assuming that:
  - For all ages up to 74, the *number* of people in each age group that are not in households is recorded at the start of the projection period and held constant; and
  - For ages 75 and over, the *proportion* of the population that are not in households at the start of the projection period is recorded as a percentage. Within these age groups, the population that is not in households therefore varies over the projection period, depending on the size of the population.
38. Consequently, growth in the number of people living in communal establishments is therefore entirely attributable to an increased population of older people aged 75 and over. As referenced

in the original SHMA<sup>18</sup>, these persons are not assumed to live within dwellings, and are therefore **excluded from and additional to** the overall OAN presented for Wyre. As such, they should be considered and presented separately in terms of a housing need. Table 6 shows that on the basis of the household projection scenarios circa 21 – 23 additional Use Class C2 bedspaces will be required annually in addition to the OAN in Wyre. Over the plan period this equates to a need for between 429 and 467 bedspaces<sup>19</sup>.

**Table 6: Projected Change in Communal Population of Wyre (2011 – 2031)**

	Demographic scenario 435dpa	Employment led 415dpa	Employment led 513dpa
Total change in communal population	429	432	467
Average annual change	21	22	23

Source: Edge Analytics, 2017

## Conclusion

39. This note provides updated evidence on the size and type of housing likely to be needed in Wyre over the plan period. The analysis presented provides a breakdown of the overall OAN range for Wyre – 457 dpa to 479 dpa – that is concluded in the 2014 SHMA Wyre Addendum 3 report.
40. The analysis presents an updated position which supersedes the original analysis of the size and type of property required presented within the 2013/14 Fylde Coast SHMA. It therefore represents the most up-to-date evidenced position in this regard as of May 2018. In particular, the analysis presented should be read in place of:
  - Figure 7.23 of the SHMA by providing updated evidence at Table 2 of this note of the proportionate breakdown of the homes needed by the number of bedrooms likely to be required by newly forming households in Wyre; and
  - The analysis of older persons’ housing needs in section 10 of the SHMA. Table 4 of this note quantifies the projected growth in the number of older persons over the plan period in Wyre. This illustrates the overall scale of need for housing to cater for this specific group in the housing market. Table 5 of this note provides further detail with regards the specialist accommodation need of older cohorts in compliance with PPG. Finally, Table 6 estimates the separate and additional need for older person residential institution housing (Use Class C2) in Wyre.

## Size and type of housing (all tenures)

41. The analysis presented at Table 2 continues to show that there will be a need for all sizes of new homes in Wyre over the plan period. Specifically it identifies an approximate breakdown of:
  - 7% 1-bedroom properties

<sup>18</sup> Turley (2013/14) Fylde Coast Strategic Housing Market Assessment, paragraph 10.11

<sup>19</sup> These figures are taken directly from the modelling and are not based on an extrapolation of the annual figures over the 20 year plan period.

- 31% 2-bedroom properties
  - 43% 3-bedroom properties
  - 18% 4+ bedroom properties
42. Whilst the update to the methodology applied to provide this breakdown has evolved and therefore limits the ability to directly compare with the calculated need in the 2013/14 SHMA (Figure 7.23) it is apparent that there is a broad level of consistency with the analysis continuing to show:
- A need for smaller properties i.e. 1 and 2 bedroom properties with this representing almost 40% of all housing need. This should be considered in the context of an identified shortage of smaller properties in Wyre based on the 2013/4 SHMA's analysis of the current stock profile<sup>20</sup>; and
  - A need for family housing i.e. 3+ bedroom properties
43. The analysis presented in Table 3 which shows the breakdown of need by flats and houses again confirms that the predominant need will be for houses but as with the earlier SHMA that there is also a need for flats as part of the overall mix.
44. It is noted that while the analysis presented at Tables 2 and 3 provides a valuable overall indication of the broad mix of housing which may be required across the borough, it is recommended that housing policies are not overly prescriptive in directly basing the requirements for the sizes of homes on individual sites on the illustrative mix presented above. The individual mix of housing provided on a site-by-site basis will need to take account of local market evidence – recognising different local market characteristics in different parts of the borough – and viability considerations, which will have an important influence on the appropriate mix.

### **Older Persons' Housing Needs**

45. The analysis presented at Table 4, in alignment with the conclusions of the 2013/14 SHMA, confirms that the growth in older persons households represents an important feature of Wyre's housing market over the plan period<sup>21</sup>. Over the plan period the evidence suggest that the number of residents in Wyre aged 65 and over will increase by a minimum of 11,000 persons.
46. It is recognised that many of these older people and households will choose to live independently. It is therefore important that the Council in setting planning policy ensures that new housing is able to allow them to live independently and safely in their own home for as long as possible.
47. The analysis does, however, recognise that a component of this population will need more specialist housing provision. The analysis in Table 5 highlights that projected growth in the older population of Wyre could generate demand for circa 55 – 59 specialist housing units annually, which is included within the OAN concluded in Addendum 3.

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<sup>20</sup> Turley (2013/14) Fylde Coast Strategic Housing Market Assessment, 1<sup>st</sup> bullet page 201

<sup>21</sup> *Ibid*, 1<sup>st</sup> bullet page 202

48. Table 6 of this note also, in accordance with the PPG, sets out the separate need for residential institutions (Use Class C2). This suggests that a further 21 – 23 bedspaces will also be required each year to accommodate the communal older population, which are excluded from and additional to the OAN.