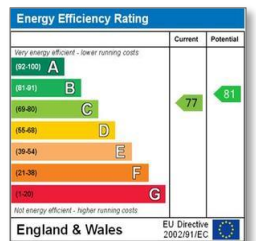




Milton Keynes Strategic Housing Market Assessment 2016-2031

Report of Findings
February 2017





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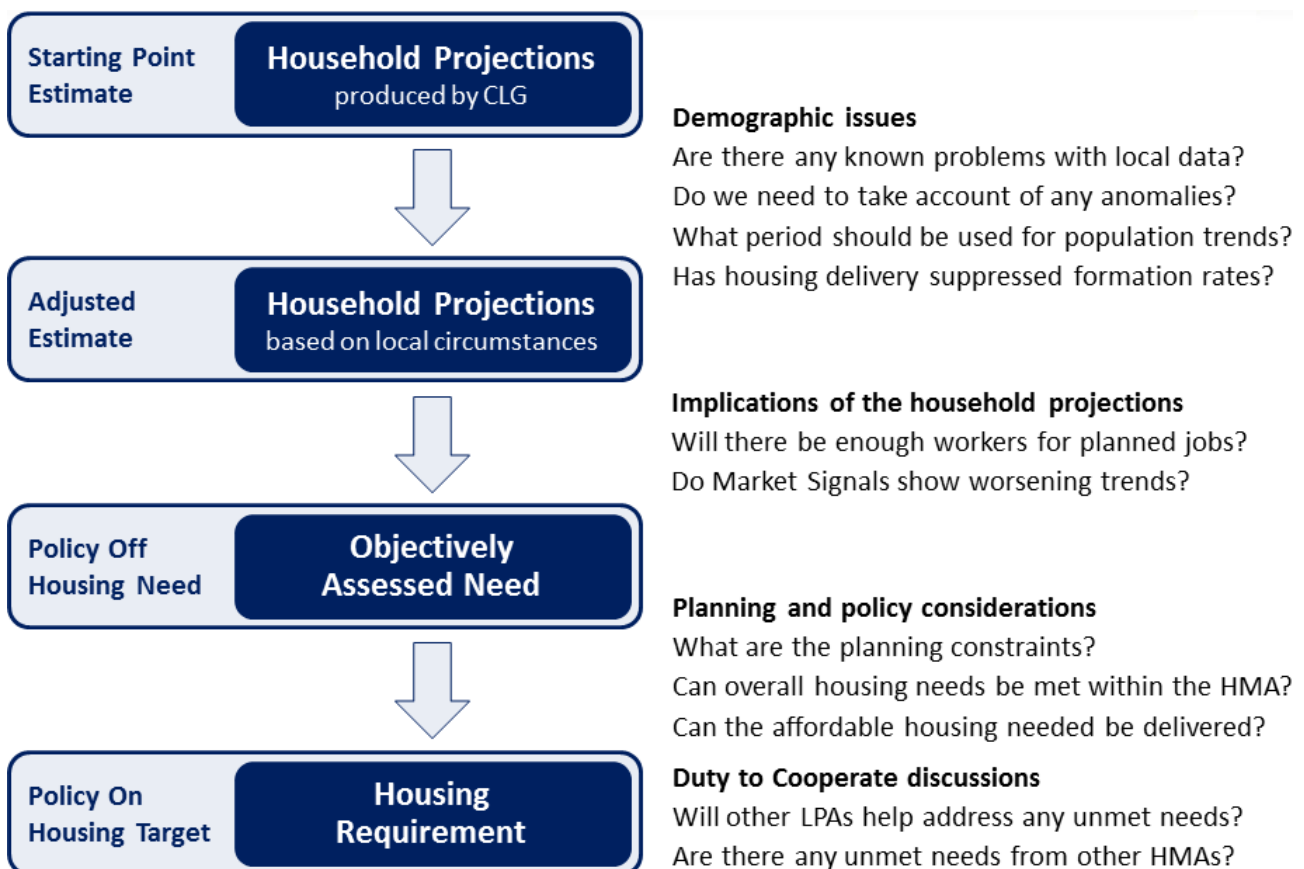
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Executive Summary

Summary of Key Findings and Conclusions

1. The National Planning Policy Framework (NPPF)¹ requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraphs 47 and 159).
2. Figure 1 sets out the process for establishing Objectively Assessed Need (OAN). Planning Policy Guidance (PPG)² identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” (ID 2a-015) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied (‘Market Signals’) in order to embed the need in the real world. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

Figure 1: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



¹ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

3. Opinion Research Services (ORS) was commissioned by Milton Keynes Council to undertake a new Strategic Housing Market Assessment (SHMA) to identify the Objectively Assessed Need (OAN) for housing in Milton Keynes over the 15-year period 2016-31, based on the most up-to-date information available. The SHMA also incorporates a Gypsy and Traveller Accommodation Assessment (GTAA) which provides a robust assessment of current and future need for Gypsy and Traveller accommodation in Milton Keynes over the same period. This report is fully compliant with the NPPF, PPG and PPTS. In addition, the study is mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice notes about OAN and Housing Targets published by the Planning Advisory Service (PAS).

Household Projections

4. The “starting point” estimate for OAN is the latest household projections published by the Department for Communities and Local Government (CLG). These projections suggest that **household numbers across Milton Keynes will increase by 21,992 over the 15-year period 2016-31**. However, the CLG household projections are based on short-term migration trends, and these are generally not appropriate for long-term planning as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends provide a more reliable estimate of future households.
5. ORS have reviewed and assessed household projections as part of this study; the key scenario, that which uses 10-year migration trends (based on information for the period 2005-15), shows household numbers across the study area would increase by 23,125 over the 15-year Plan period 2016-31. **Providing for an increase of 23,125 households yields a housing need of 23,939 dwellings over the Plan period**. Whilst this projection is higher than the CLG 2014-based household projection, as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

Affordable Housing Need

6. Based on evidence of current unmet need for affordable housing and the future household projections, the analysis has identified that the overall housing need should be increased by 804 households to take account of concealed families and homeless households that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established there to be **2,802 households in need of affordable housing at the start of the Plan in 2016**.
7. Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. Overall, there will be a need to provide additional affordable housing for 8,094 households (8,200 dwellings). This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Market Signals

8. NPPF sets out that *“Plans should take account of market signals...”* (ID 2a-017) and PPG identifies that *“the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”*.
9. The SHMA has considered the Market Signals for Milton Keynes and compared these to other areas which have similar demographic and economic characteristics. On the basis of this data we can conclude:
 - » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £162,500 compared to England’s £136,000 (based on 2014-15 prices). The current price in Milton Keynes is also higher than all of its comparator areas. In addition, whilst all have increased over the last 5 years, Milton Keynes has increased by the greatest proportion. Milton Keynes prices are likely to be higher due to its relative proximity to and connectivity with London;
 - » **Rents:** for average private sector rents in 2015-16, again Milton Keynes is higher than both the national average and its comparator areas. All have increased over the last 5 years, with Milton Keynes increasing by the greatest proportion;
 - » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is higher in Milton Keynes than across England as a whole (8.2 cf. 7.0). The current rate is also higher than its comparator areas, Northampton (7.4), Swindon (6.4) and Peterborough (6.3). Affordability ratios have got “worse” since 2010, with the ratio in Milton Keynes increasing from 7.2 to 8.2 representing a 5-year change of 14%. This is higher than the equivalent rate for England, where the ratio increased from 6.7 to 7.0, a change of 5% but a lower rate of change than for Northampton which increased from 5.9 to 7.4, a change of 25%;
 - » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that rate of development in Milton Keynes has been more than double that in England (18.0% cf. 8.3%). This rate is consistent with Swindon (17.9%), but higher than the rates of development in Peterborough (12.3%) and Northampton (9.7%);
 - » **Overcrowding** (in terms of Census occupancy rates) shows that 9.6% of households in Milton Keynes are overcrowded based on an objective measure, which is higher than England (8.7%). The proportion of overcrowded households has increased over the last 10 years at a similar rate to England. A greater percentage of households are overcrowded in Milton Keynes compared to all of its comparator areas, however there has been a much greater increase in the proportions of both Northampton and Peterborough compared to Milton Keynes.
10. There is no single formula or methodology that can be used to consolidate the implications of the Market Signals. Further, market signals will have been predominantly influenced by relatively recent housing market trends which, arguably, have had a degree of volatility. Nevertheless, on the basis of the Market Signals evidence, the indicators show moderate housing pressure in Milton Keynes which suggests that the level of **Objectively Assessed Need for Milton Keynes should be higher than suggested by household projections** in isolation.
11. **Based on comparisons with other areas, we would propose an overall uplift of 10% of the housing need identified based on the household projections, which represents an additional 2,394 dwellings over the 15-year Plan period 2016-31.** This includes the specific uplift identified to take account of **concealed families** and **homeless households** that would not be captured by the household projections; which together represent a need for 815 of the additional dwellings proposed.

Employment Trends

12. While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers. The SHMA analysis shows an **increase of 21,200 workers** over the 15-year period 2016-31, equivalent to an average of around 1,413 per year.
13. Employment growth forecasts from the East of England Forecasting Model (EEFM) show an increase of 31,900 jobs over 15-years, including **an additional 27,500 main jobs**. The SHMA analysis based on current commuting rates shows that there is likely to be an increase in the number of in-commuters, and this is consistent with the conclusions of the EEFM employment modelling. Nevertheless, the analysis identifies a **shortfall of 2,400 workers based on the increase in jobs that is currently forecast**. On this basis, **there is a need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area**. The ORS model indicates that this increase should be 1,739 dwellings.

Conclusions

14. We have calculated Objectively Assessed Need based on demographic projections and assessed these against Market Signals and aligning jobs and workers to determine if a higher rate of housing delivery is necessary. This takes account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends (which assume a higher rate of net migration to England); responds to suppressed household formation through providing for the growth of concealed families; considers the alignment between jobs and workers; responds to market signals; considers the extent of any housing backlog that exists at the start of the Plan period; and takes account of vacant and second homes.
15. Figure 2 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 2: Full Objectively Assessed Need for Housing for Milton Keynes 2016-31

Stage		Households	Dwellings
Demographic starting point CLG household projections 2016-31		21,922	22,693
Adjustment for local demographic factors and migration trends 10-year migration trend 2005-15		+1,203	+1,246
Baseline household projections taking account of local circumstances		23,125	23,939
Adjustment for suppressed household formation rates Concealed families and homeless households		+804	+815
Baseline housing need based on demographic projections		23,929	24,744
Further adjustments needed...	In response to balancing jobs and workers Forecast jobs growth yields shortfall of workers based on current commuting rates; uplift needed to the baseline housing need	-	+1,739
	In response to market signals 1,579 dwellings needed (in addition to the 815 dwellings for concealed families and homeless households) to deliver the overall uplift of 10% (a total of 2,394 extra dwellings)	-	10% x 23,939 = 2,394 2,394 - 815 = +1,579
	In response to backlog of housing provision between projection and Plan base dates 2015-16	-	+553
Combined impact of the identified adjustments		-	+1,739
Full Objectively Assessed Need for Housing 2016-31		25,592	26,493

16. CLG Household Projections suggest a growth of 21,922 households in Milton Keynes over the 15-year Plan period; however, this is based on short-term migration trends. Demographic projections based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. The SHMA has identified an **increase of 23,125 households over the 15-year Plan period 2016-31.**
17. The baseline household projections should be increased by 804 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. On this basis, the number of households is likely to increase by 23,929 households over the Plan period. This adjustment responds to identified un-met need for affordable housing and addresses suppressed household formation rates. **Providing for an increase of 23,929 households yields a baseline housing need of 24,744 dwellings over the 15-year Plan period 2016-31.**
18. On the basis of the Market Signals evidence, the indicators for Milton Keynes suggest that the level of **Objectively Assessed Need should be higher than suggested by household projections** in isolation. Based on comparisons with other areas, **we would propose an overall uplift of 10% of the housing need identified based on the household projections.** The evidence from planned jobs and workers identifies that there will be a **need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area.** There is also a backlog of housing need that should be considered.
19. The cumulative impact of these identified adjustments increases housing need by an additional 1,739 dwellings over the Plan period; yielding **an overall housing need of 26,493 dwellings over the 15-year Plan period 2016-31.**
20. Of course, it is important to remember that *“establishing future need for housing is not an exact science”* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.
21. The SHMA therefore identifies the **Full Objective Assessed Need for Housing in Milton Keynes to be 26,500 dwellings over the 15-year period 2016-31, equivalent to an average of 1,767 dwellings per year.** This includes the Objectively Assessed Need of Affordable Housing for 8,200 dwellings over the same period, equivalent to an average of 547 per year.
22. This is the average number of dwellings needed every year over the period 2016-31 and represents a 1.6% increase in the dwelling stock each year across the study area; notably higher than the 1.0% growth required across England to deliver 239,500 dwellings annually.

1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) was commissioned by Milton Keynes Council to undertake a new Strategic Housing Market Assessment (SHMA) to identify the Objectively Assessed Need (OAN) for housing in Milton Keynes over the 15-year period 2016-31, based on the most up-to-date information available. The SHMA also incorporates a Gypsy and Traveller Accommodation Assessment (GTAA) which provides a robust assessment of current and future need for Gypsy and Traveller accommodation in Milton Keynes over the same period.
- 1.2 The SHMA adheres to the requirements of the National Planning Policy Framework (NPPF) published in 2012 and Planning Practice Guidance (PPG). The study methodology was also mindful of Planning Inspector Decisions and Judgements, as well as emerging good practice including the technical advice note about Objectively Assessed Need (OAN) and Housing Targets published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015³. The GTAA takes full account of the revised version of Planning Policy for Traveller Sites (PPTS) published in August 2015, which included a change to the definition of Travellers for planning purposes.
- 1.3 The purpose of the study is to support the local authority in objectively assessing and evidencing the need for housing (both market and affordable) and Gypsy and Traveller accommodation, and to provide other evidence to inform local policies, plans and decision making.

Government Policy

- 1.4 The NPPF has a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. Given that Regional Spatial Strategies are now revoked, the responsibility for establishing the level of future housing provision required rests with the local planning authority.

*At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*

Local planning authorities should positively seek opportunities to meet the development needs of their area.

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

National Planning Policy Framework (NPPF), paragraph 14

³ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area.

National Planning Policy Framework (NPPF), paragraph 47

- 1.5 Given this context, Strategic Housing Market Assessments (SHMAs) primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish the Objectively Assessed Need (OAN) for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed.

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

They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.

The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- » *meets household and population projections, taking account of migration and demographic change;*
- » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- » *caters for housing demand and the scale of housing supply necessary to meet this demand;*

National Planning Policy Framework (NPPF), paragraph 159

- 1.6 Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.
- 1.7 The Department for Communities and Local Government's Planning Practice Guidance (PPG) is a web-based resource that was launched in March 2014 to bring together planning practice guidance for England in an accessible and usable way. Previous SHMA Guidance (2007) was rescinded at that time, so the approach taken in preparation of this report is focused on meeting the requirements of PPG. The PPG relating to the assessment of housing and economic development needs is of particular relevance to SHMA studies.
- 1.8 Planning Policy for Traveller Sites (PPTS) was revised in August 2015, which included a change to the definition of Travellers for planning purposes. The revised PPTS includes a number of requirements for local authorities which must be addressed in any assessment. This includes the need to pay particular attention to early and effective community engagement with both settled and traveller communities (including discussing travellers' accommodation needs with travellers themselves); identification of permanent and transit site accommodation needs separately; working collaboratively with neighbouring local planning authorities; and establishing whether households fall within the new PPTS definition for Gypsies, Travellers and Travelling Showpeople. The GTAA fully complies with the requirements of the revised version of Planning Policy for Traveller Sites (PPTS) and assesses the need Gypsy and Traveller accommodation based on the new definition of Travellers for planning purposes.

Duty to Co-operate

- 1.9 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “*the homes and jobs needed in the area*”.

*Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*

Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.

National Planning Policy Framework (NPPF), paragraphs 178-179

- 1.10 This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be “*a continuous process of engagement*” from “*thinking through to implementation*”.

Local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Cooperation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.

National Planning Policy Framework (NPPF), paragraph 181

- 1.11 Under the Duty-to-Cooperate, the emerging SHMA outputs have been discussed with officers and members at neighbouring local authorities and their feedback has been taken into account. Milton Keynes Council is continuing dialogue with neighbouring authorities.

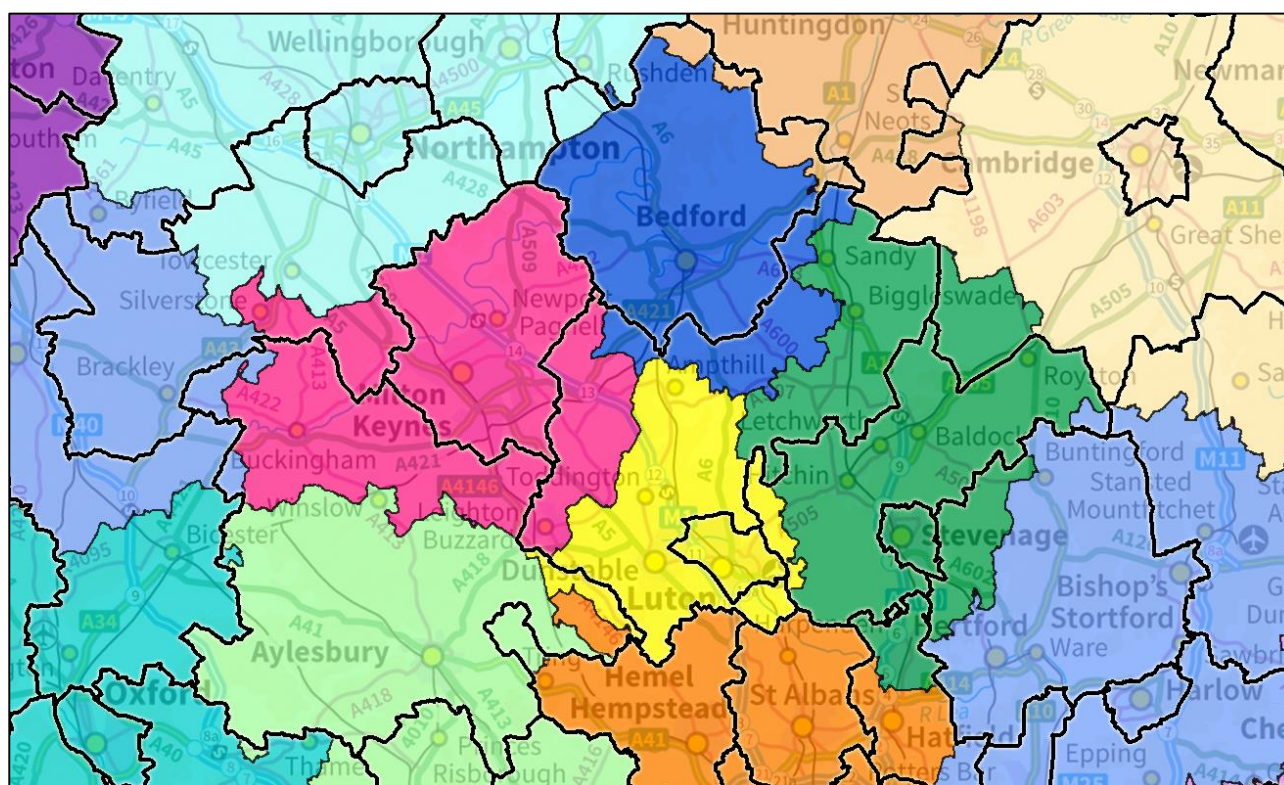
Overview of the SHMA

- 1.12 The objective of this SHMA was to establish the OAN for housing (both market and affordable) for the Milton Keynes housing market area over the 15-year period 2016-31, ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice.
- 1.13 The NPPF refers to Local Plans meeting the “*full objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47, emphasis added). It is important to agree the definitions for Housing Market Areas (HMAs) with neighbouring councils to ensure consistency as far as

possible; therefore it is helpful to undertake the required analysis across a wider geographical area. Milton Keynes Council together with a partnership of six other local authorities (Aylesbury Vale, Bedford, Central Bedfordshire, Luton, North Hertfordshire and Stevenage) commissioned ORS to identify HMAs for Bedfordshire and surrounding areas⁴.

- ^{1.14} The joint study took account of the evidence based on commuting zones, migration zones and house prices to establish the most appropriate functional housing market areas, based on majority agreement between the three geographies. Areas which fell within the same commuting zone, migration zone and BRMA were evidently allocated to that functional housing market area. Where there was disagreement between the three geographies, the functional housing market area was allocated based on the two geographies that did agree (and determined by the commuting zone in the few areas where all three geographies differed).
- ^{1.15} Whilst the study used the latest commuting flows, house prices and Broad Rental Market Area (BRMA) data available, detailed migration flows from the 2011 Census has not been published as public data, so migration data from the 2001 Census was used instead. ORS has since been granted access to the safeguarded migration flow data from the 2011 Census through the ONS Virtual Microdata Laboratory; so to ensure that the evidence that informed the analysis of HMAs remains as up-to-date as possible, this SHMA takes account of updated analysis of migration flows using data from the 2011 Census. Figure 3 illustrates the outcome of this analysis.

Figure 3: Functional Housing Market Areas (updated using 2011-based migration zones) with Local Authority Boundaries



- ^{1.16} The study identified that the whole of Milton Keynes local authority area was within the Milton Keynes functional housing market area; and that almost three quarters of the resident population currently living in the Milton Keynes housing market area lived in Milton Keynes borough. On this basis, the study concluded that for the purposes of establishing the evidence required and developing local policies the “best fit” to Milton Keynes HMA based on administrative boundaries was Milton Keynes borough.

⁴ Identifying Housing Market Areas in Bedfordshire and Surrounding Areas, December 2015 (ORS)

^{1.17} This SHMA therefore considers the overall need for housing (both market and affordable) for Milton Keynes borough as a “best fit” to the Milton Keynes functional housing market area identified in Figure 3. The methodology was based on secondary data, and sought to:

- » Provide evidence of the need and demand for housing based on demographic projections;
- » Consider market signals about the balance between demand for and supply of dwellings;
- » Establish the Objectively Assessed Need for housing;
- » Identify the appropriate balance between market and affordable housing; and
- » Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people, households with specific needs and Gypsies and Travellers.

^{1.18} It is important to recognise that the information from this document should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. This document does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

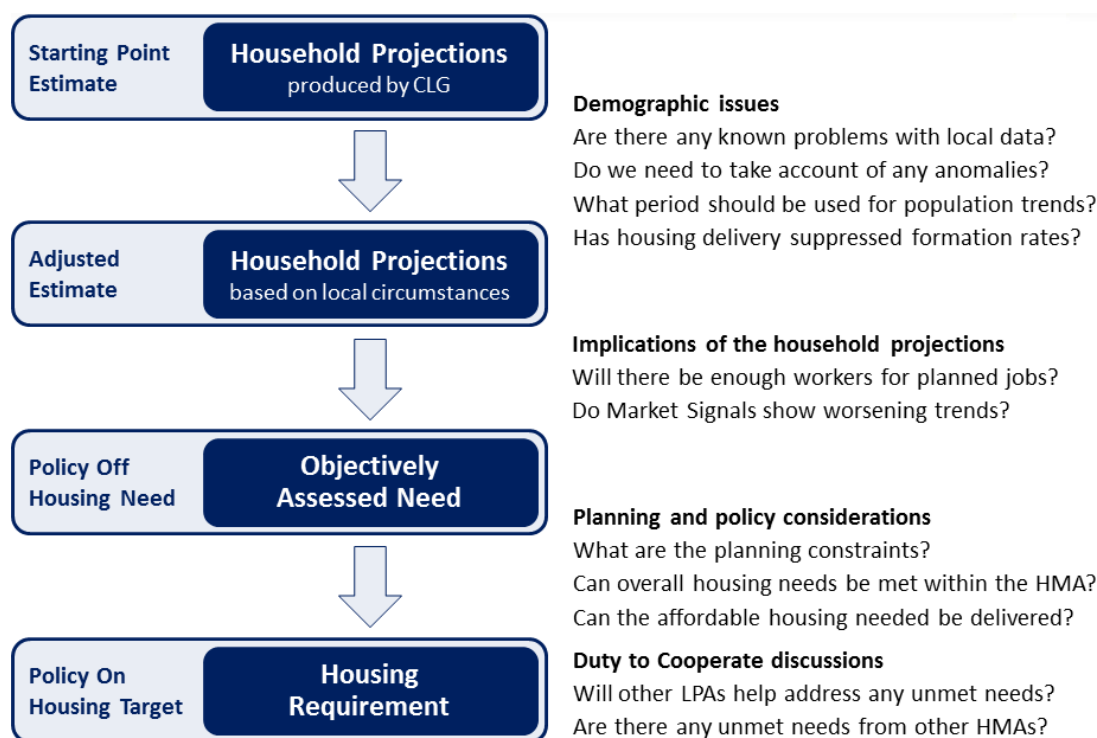
2. Demographic Projections

The starting point for Objectively Assessed Need

Process for Establishing Objectively Assessed Need

- 2.1 The Objective Assessment of Need (OAN) identifies the total amount of housing needed in the Housing Market Area (HMA). This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area). The process for developing OAN is now a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to embed the need in the real world.

Figure 4: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



- 2.2 It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

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

Planning Practice Guidance (March 2014), ID 2a-004

Official Population and Household Projections

- 2.3 Planning Practice Guidance places emphasis on the role of **CLG Household Projections** as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections, but has yet to be updated to reflect the publication of the 2014-based Household Projections.

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.

Planning Practice Guidance (March 2014), ID 2a-015

The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth.

Planning Practice Guidance (March 2015), ID 2a-016

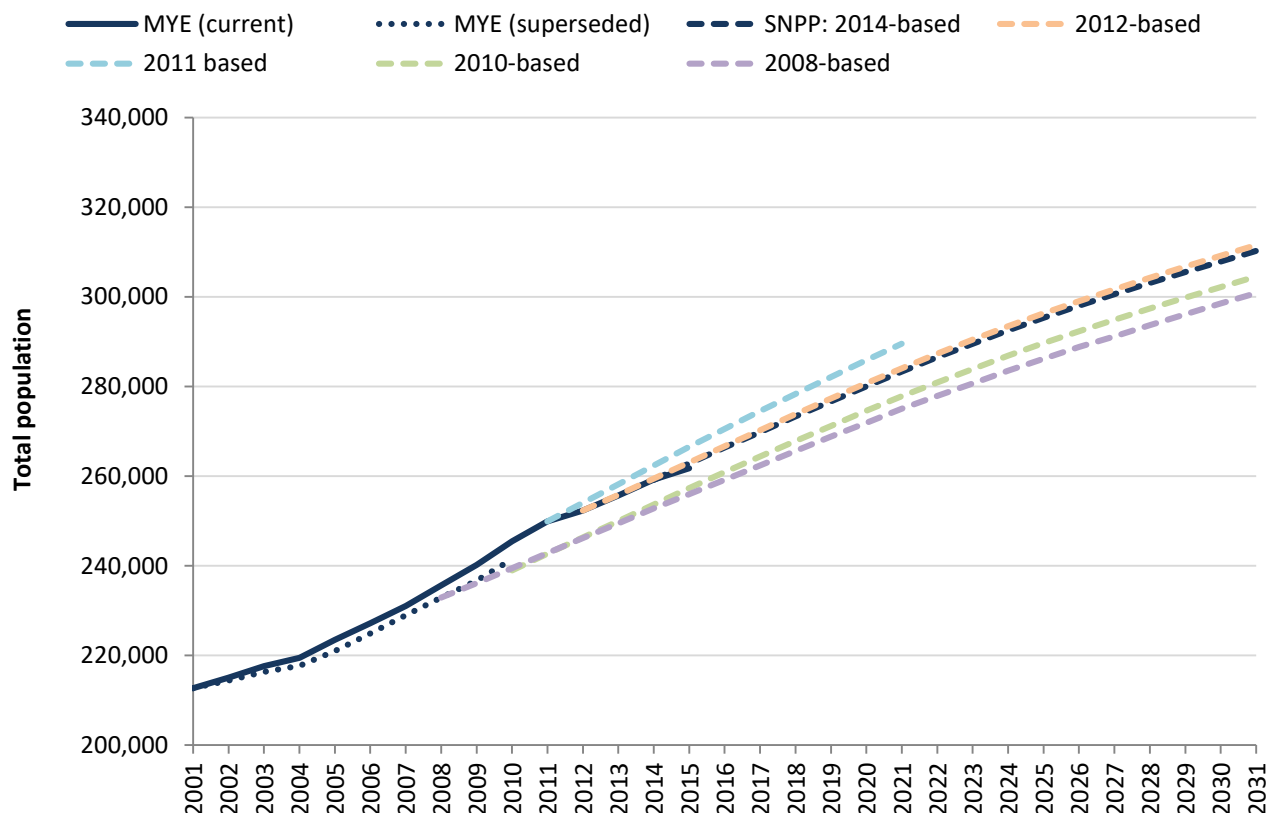
- 2.4 Given this context, Figure 5 sets out the 2014-based and 2012-based **household** projections, together with previous household projections that CLG has produced for the borough. It is clear that the projections have varied over time, with the projected increase in households in Milton Keynes ranging from 1,390 up to 1,690 additional households each year. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 5: CLG Household Projections for Milton Keynes (Source: CLG Household Projections)

CLG Household Projections	10-year period			25-year period		
	Period	Total Change	Annual Average	Period	Total Change	Annual Average
2014-based	2014-24	15,500	1,550	2014-39	34,800	1,390
2012-based	2012-22	16,100	1,610	2012-37	36,700	1,470
Interim 2011-based	2011-21	15,700	1,570	-	-	-
2008-based	2008-18	16,900	1,690	2008-33	39,000	1,560

- 2.5 The CLG 2014-based household projections show an increase of 1,390 households each year over the 25-year period 2014-39, and a marginally higher rate (1,550 p.a.) in the initial 10-year period. These figures project forward over the normal 25-year period and supersede the 2012-based household projections (which projected a household growth of 1,470 per year from 2012-37). The differences are largely due to changes in the ONS population projections (Figure 6) on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).
- 2.6 The CLG 2014-based household projections show an increase from 106,504 to 128,426 households in Milton Keynes over the 15-year Plan period 2016-31, we can establish that the “starting point estimate of overall housing need” for the Plan period should be based on an overall growth of 21,922 households, equivalent to an average of 1,461 households per year.

Figure 6: ONS Mid-Year Estimates and Sub-National Population Projections for Milton Keynes (Source: ONS)



- 2.7 Figure 6 shows the outputs from the latest (2014-based) SNPP together with the previous projections that have informed the various CLG household projections (though note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2014-based projections follow a similar trajectory to the 2012 based projections, which are themselves slightly higher than the 2010-based and 2008-based projections. The 2014 and 2012 based projections are slightly lower than the 2011 based projections.
- 2.8 Differences in the projected increase in population between the different projections are largely associated with the assumed migration rates, which are typically based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth.

Population and Household Projections based on Local Circumstances

- 2.9 Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence.

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

Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance (March 2014), ID 2a-017

- 2.10 Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13):

“To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. ... The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward.”

- 2.11 This issue has also been reinforced in PAS advice to Local Authorities⁵, where it has been emphasised that whilst the CLG household projections provide the starting point, these official projections can be very unstable given that they are based on migration trends covering only five years:

“For migration the base period is only five years:

- *Makes the official projections very unstable*
- *And recent projections lock in the recession”*

- 2.12 The second version of the PAS OAN technical advice note (July 2015)⁶ has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

“In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS’s five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable.”

- 2.13 The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in *Town and Country Planning* (April 2015)⁷.

“The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. ... A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections.”

- 2.14 The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015)⁸:

⁵ “SHLAA, SHMA and OAN aka ‘Pobody’s Nerfect’”, PAS presentation at Urban Design London (July 2015)

<http://learningspace.urbandesignlondon.com/course/view.php?id=339>

⁶ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvice/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

⁷ “Making sense of the new English household projections”, *Town and Country Planning* (April 2015)

“3.6 Migration. The demographic model used in the SHMNA and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS’ Unattributable Population Change component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing.”

2.15 On balance, we consider that:

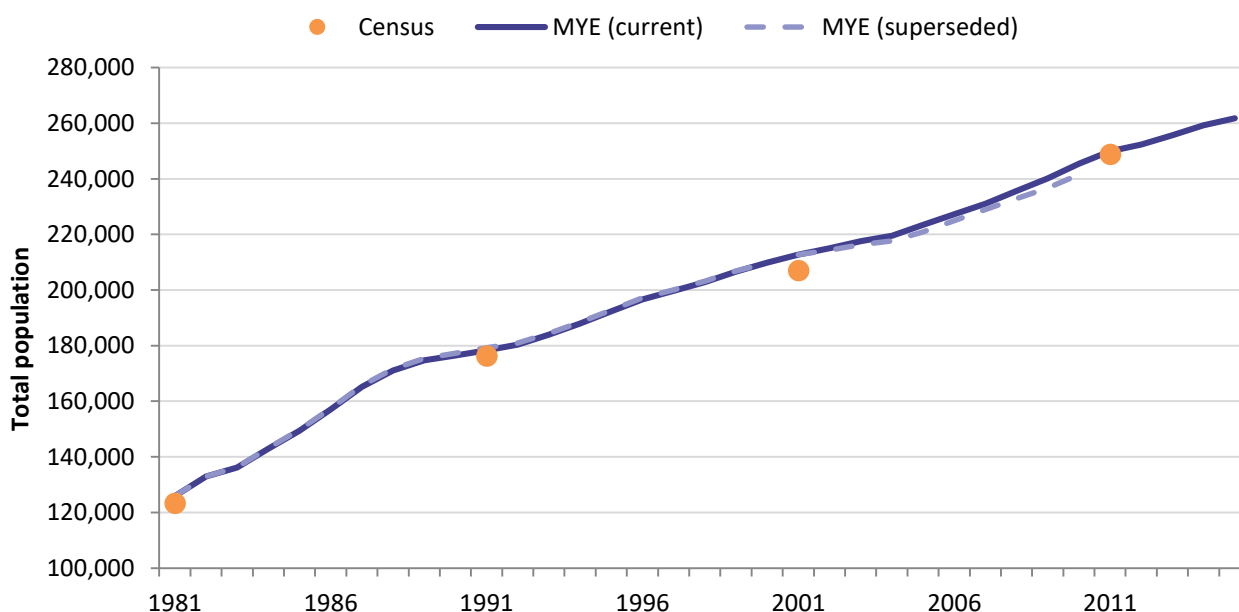
- » 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.
- » 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. **Therefore, we favour using 10-year migration trends as the basis for our analysis.**

2.16 This SHMA has, therefore, produced an additional projection based on long-term migration trends as part of the analysis. Whilst no one scenario will provide a definitive assessment of the future population; considering demographic projections where migration is based on long-term trends provides a more appropriate basis on which to consider future housing need.

Reviewing the Official Population Estimates

2.17 Figure 7 shows the current and historic mid-year population estimates and Census estimates for Milton Keynes over the period since 1981.

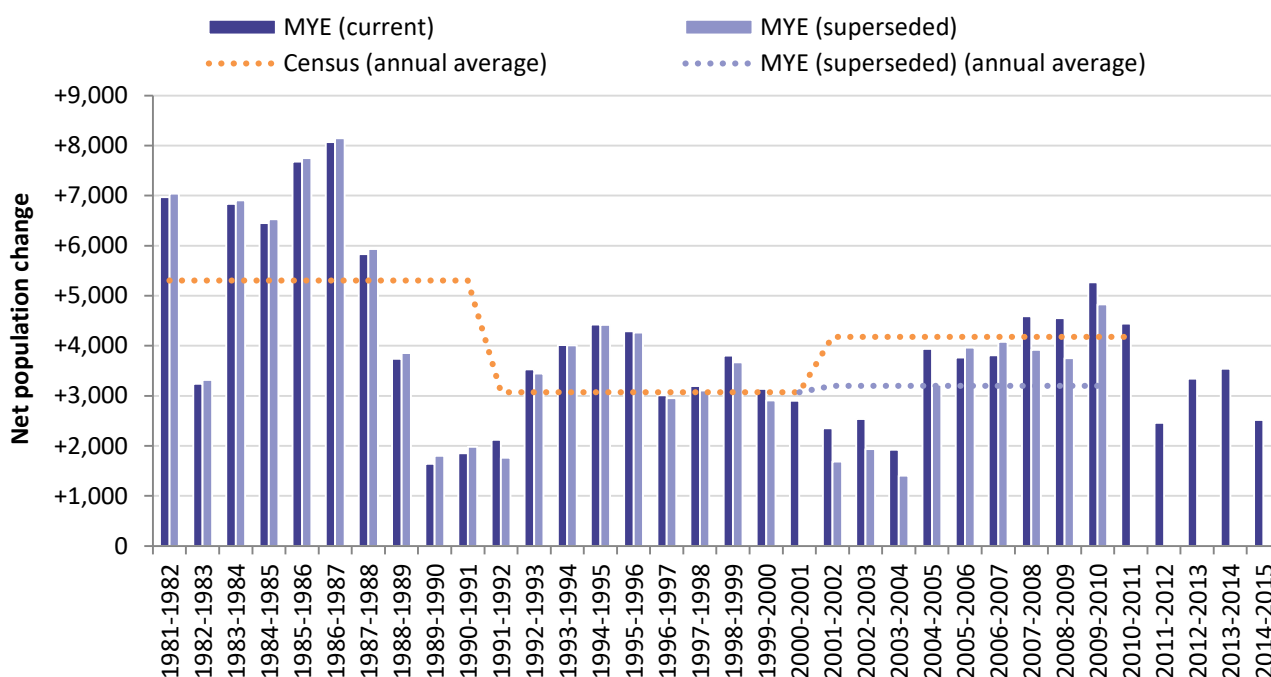
Figure 7: Official population estimates for the period 1981-2015 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



⁸ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

- 2.18 The data suggests that the borough's population increased rapidly over the period 1981-1991 but with slower growth over the following decade (1991-2001). ONS Mid-Year Estimates for the period since 2001 originally assumed that this growth had continued at a similar rate (Figure 8), but the 2011 Census suggested that there were more people living in the borough than had previously been estimated. The ONS therefore revised upwards the previous estimates to reflect the Census data, with higher levels of growth assumed for the period 2007-2010 in particular.

Figure 8: Annual net change in population based on official population estimates for the period 1981-2015 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

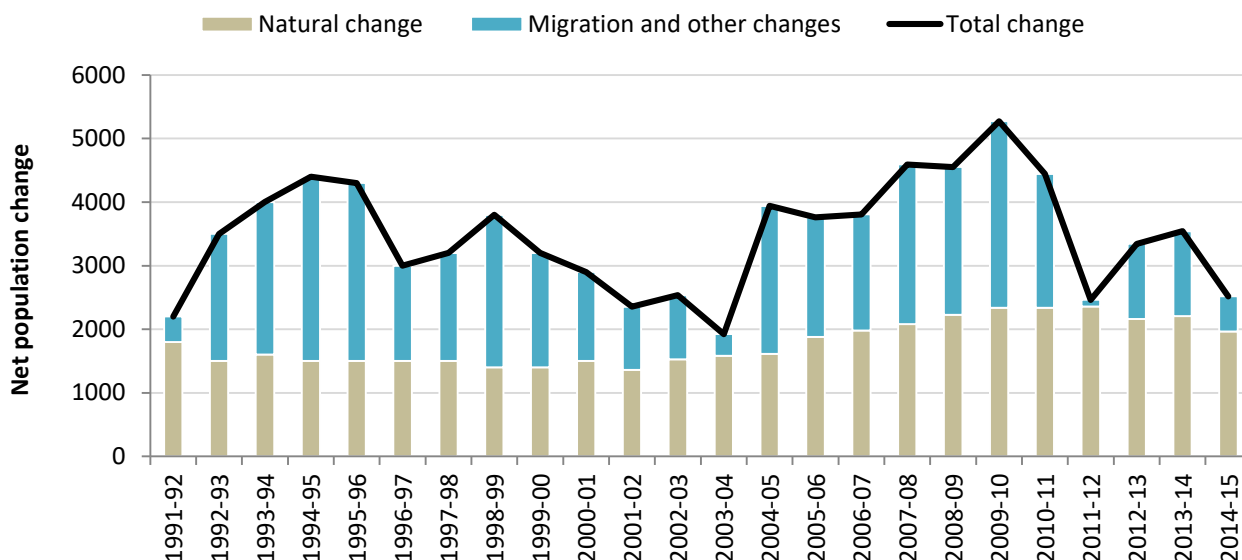


- 2.19 Population estimates for the post-census period 2011-2015 suggest that the current population growth is slightly lower than the preceding decades (1991-2011):
- » Population increase from 2011-2015 averaged 2,967 persons annually based on the current ONS Mid-Year Estimates;
 - » Population increase from 1991-2001 averaged 3,444 persons annually based on Census data; and
 - » Population increase from 2001-2011 averaged 3,719 persons annually based on Census data.

Components of Population Change

- 2.20 Changes in the population can be broadly classified into two categories: natural change in the population (in terms of births and deaths) and changes due to migration, both in terms of international migration and also moves within the UK. In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often "Unattributable Population Change". This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.

Figure 9: Components of population change (Source: ONS Mid-Year Population Estimates, revised)



- ^{2.21} It is evident from Figure 9 that natural change remained relatively consistent over the period 1991-2005, averaging an additional 1520 persons each year. Since then, in the period 2005-15, this rate has increased to an average increase of 2150 people a year annually; with a higher number of births and fewer deaths recorded. Migration and other changes vary much more – ranging from a net gain of more than 2,900 persons recorded for 2009-2010, down to a net gain of 106 persons recorded for 2011-12; with an **annual average total gain of 3481 persons each year over the period 1991-2015 due to migration and other changes** based on official ONS Mid-Year Population Estimates.
- ^{2.22} Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration, and it is recognised that the impact of international migration has been particularly difficult to measure; and although current estimates have been improved, some historic data can be unreliable.
- ^{2.23} Figure 10 presents the underlying data from the components of annual population change over the period 1991 to 2015.

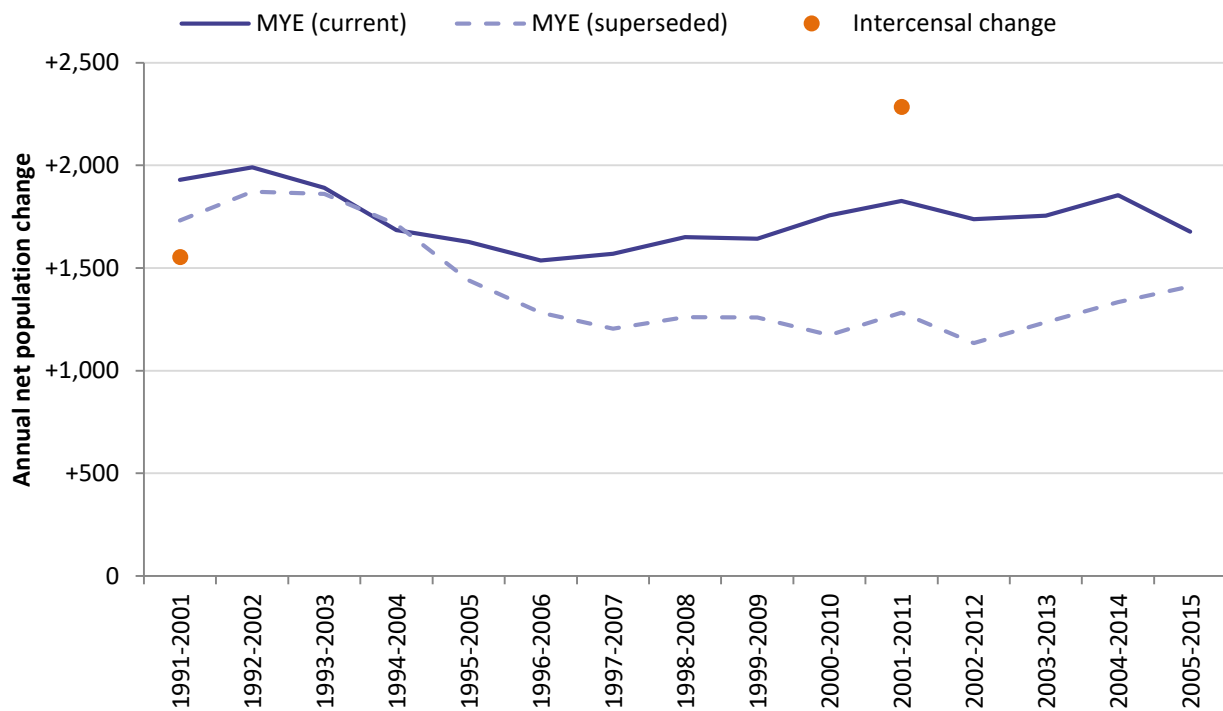
Figure 10: Components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Population Estimates, revised. Note: "Other Changes" includes adjustments for prisoners and armed forces. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)

	Births	Deaths	Natural Change	UK Migration		International Migration		Other Change	UPC	Migration and Other Changes	Total Change
				In	Out	In	Out				
1991-92	3,000	1,300	1,800	-	-	-	-	-	-	400	2,100
1992-93	2,800	1,300	1,500	-	-	-	-	-	-	2,000	3,500
1993-94	3,000	1,400	1,600	-	-	-	-	-	-	2,400	4,000
1994-95	2,800	1,300	1,500	-	-	-	-	-	-	2,900	4,400
1995-96	2,800	1,300	1,500	-	-	-	-	-	-	2,800	4,300
1996-97	2,900	1,400	1,500	-	-	-	-	-	-	1,500	3,000
1997-98	2,900	1,400	1,500	-	-	-	-	-	-	1,700	3,200
1998-99	2,900	1,500	1,400	-	-	-	-	-	-	2,400	3,800
1999-00	2,900	1,500	1,400	-	-	-	-	-	-	1,800	3,100
2000-01	2,800	1,400	1,500	-	-	-	-	-	-	1,400	2,900
2001-02	2,883	1,524	1,359	11,004	10,336	1,549	1,754	15	517	995	2,354
2002-03	3,024	1,498	1,526	10,623	10,594	1,482	1,026	12	513	1,010	2,536
2003-04	3,168	1,584	1,584	10,295	10,849	1,636	1,215	-28	501	340	1,924
2004-05	3,191	1,579	1,612	10,158	10,504	3,142	953	-14	500	2,329	3,941
2005-06	3,283	1,406	1,877	10,609	10,232	2,409	1,448	4	544	1,886	3,763
2006-07	3,443	1,465	1,978	10,639	10,240	2,562	1,701	9	561	1,830	3,808
2007-08	3,634	1,554	2,080	10,315	9,335	2,726	1,805	-7	618	2,512	4,592
2008-09	3,799	1,573	2,226	10,253	9,053	2,250	1,742	0	619	2,327	4,553
2009-10	3,861	1,521	2,340	10,745	9,091	1,730	1,094	2	640	2,932	5,272
2010-11	3,925	1,588	2,337	10,072	9,095	1,918	1,592	8	797	2,108	4,445
2011-12	3,947	1,590	2,357	10,712	10,301	1,494	1,769	-30	-	106	2,463
2012-13	3,861	1,699	2,162	11,110	9,747	1,561	1,783	41	-	1,182	3,344
2013-14	3,814	1,608	2,206	11,142	10,516	2,215	1,519	15	-	1,337	3,543
2014-15	3,740	1,773	1,967	10,675	10,735	2,238	1,573	-55	-	550	2,517

Considering Migration Assumptions

- ^{2.24} Figure 11 shows how 10-year migration trends have changed since 1991. The current mid-year estimates suggest that annual average migration peaked at a gain of around 2,000 persons in the period 1992-2002 and then steadily fluctuated around a gain of 1,700 persons each year in the subsequent periods to the most recent 10-year period (2005-15). These fluctuations vary from a minimum of 1,550 (1996-2006) up to maximum of 1,850 (2004-14).
- ^{2.25} The difference between the mid-year estimates 10-year trend data and the intercensal data points is accounted for by the difference between the 2001 Census and the MYE for mid-2001 (see Figure 7); after the ONS revised their population estimates based on subsequent data. Figure 11 supports the conclusion that long term migration has remained at a relatively constant rate over the entire period.

Figure 11: 10-year migration trends 1991-2001 to 2005-2015 (Source: UK Census of Population 1991, 2001 and 2011; ONS Mid-Year Population Estimates, revised)



Establishing Population Projections

2.26 Figure 12 compares the 2014-based sub-national population projections (SNPP) (based on short-term migration trends) with the projections based on longer-term migration trends over the 15-year period 2016-31. The SNPP projections suggest that the population will increase by 43,300 during this period, whilst the 10-year trends project a growth of 47,229 persons over the same time.

Figure 12: Milton Keynes population projection based on migration trends

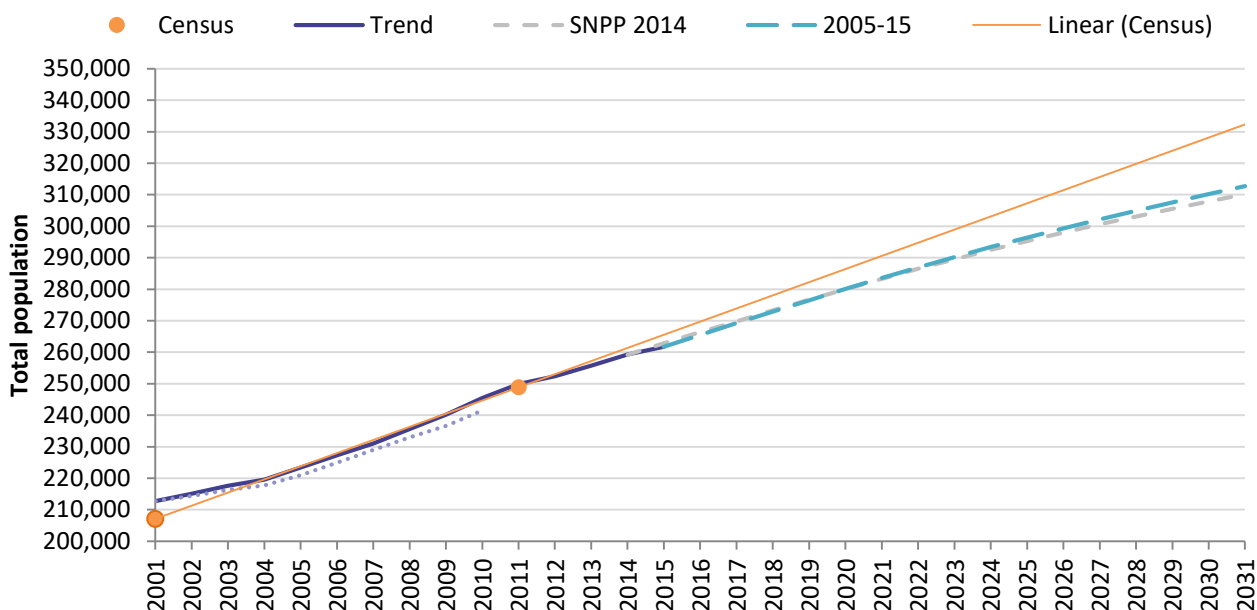


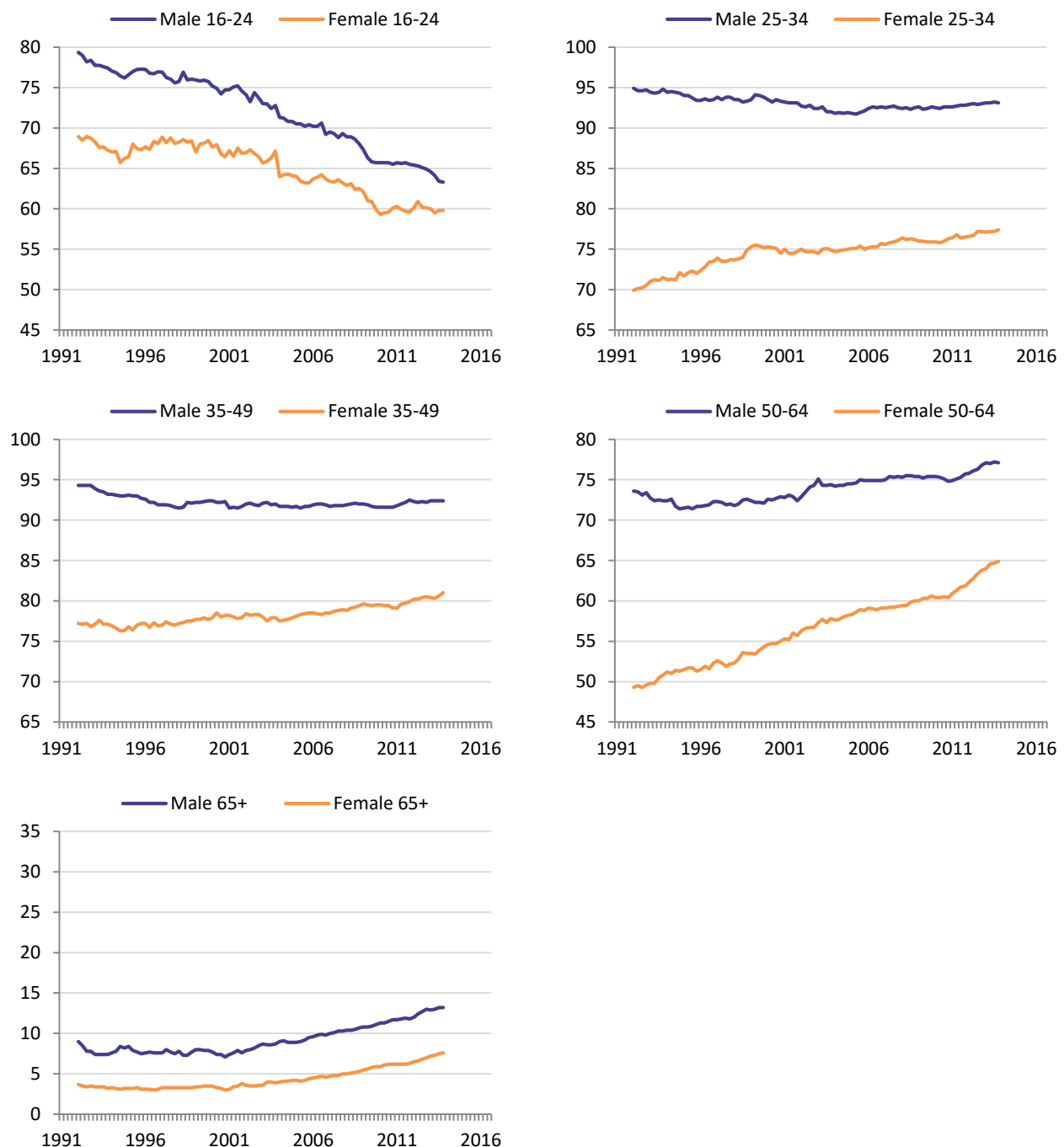
Figure 13: Milton Keynes population projections 2016-31 by gender and 5-year age cohort based on 2014-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2016			2031					
				2014-based SNPP			Alternative 10-yr trend (2005-15)		
	M	F	Total	M	F	Total	M	F	Total
Aged 0-4	10349	9725	20073	10,125	9,600	19,725	10,265	9,728	19,994
Aged 5-9	10591	10103	20695	10,798	10,094	20,892	10,910	10,198	21,108
Aged 10-14	8690	8242	16932	10,841	10,181	21,023	10,913	10,248	21,162
Aged 15-19	7545	7116	14662	10,167	9,235	19,402	10,234	9,303	19,537
Aged 20-24	6805	6360	13166	7,698	7,225	14,923	7,813	7,333	15,146
Aged 25-29	8192	8959	17151	8,322	8,366	16,687	8,497	8,513	17,010
Aged 30-34	10400	10772	21173	9,471	9,521	18,993	9,664	9,672	19,336
Aged 35-39	10972	10890	21862	11,030	10,788	21,817	11,218	10,911	22,129
Aged 40-44	9961	9845	19805	10,920	11,108	22,028	10,969	11,174	22,142
Aged 45-49	9348	9374	18721	10,867	11,016	21,883	10,942	11,106	22,047
Aged 50-54	8626	8931	17557	10,065	10,250	20,315	10,170	10,308	20,478
Aged 55-59	7736	7708	15444	8,977	9,133	18,110	9,044	9,183	18,227
Aged 60-64	6433	6913	13346	8,357	8,808	17,166	8,362	8,817	17,179
Aged 65-69	5936	6440	12376	7,503	8,211	15,713	7,520	8,229	15,749
Aged 70-74	4028	4383	8410	6,338	6,907	13,244	6,313	6,890	13,203
Aged 75-79	2658	3291	5949	4,890	5,866	10,756	4,895	5,856	10,751
Aged 80-84	1691	2352	4044	4,036	5,012	9,049	4,008	5,014	9,022
Aged 85+	1438	2680	4118	3,507	5,003	8,511	3,501	4,992	8,493
Total	131399	134085	265483	153,913	156,326	310,238	155,237	157,475	312,712

Economic Activity Projections

- 2.27 Forecasting future economic activity rates is a challenge: the analysis is inherently complex and dependent on a range of demographic, socio-economic and structural changes in the labour market. However, the performance of the labour market in future years (and especially the impact of changing employment patterns) is an important factor which affects demand for housing.
- 2.28 The Labour Force Survey (LFS) is a continuous survey of the employment circumstances of the nation's population: it provides the official measures of employment and unemployment. Figure 14 shows economic activity rates by age and gender for the UK since 1991, based on LFS data. It is evident that EAR rates are unlikely to remain constant in future as illustrated by past trends.

Figure 14: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)



2.29 There are a number of notable trends evident:

- » Economic activity rates for people aged under 25 have steadily declined, primarily as a consequence of the increased numbers remaining in full-time education;
- » Economic activity rates for women in all groups aged 25+ have tended to increase, in particular those aged 50-64 where the rate has increased by almost a third (from 49% to 65%); and
- » Economic activity rates for men and women aged 50+ have tended to increase, in particular over the period since 2001.

2.30 These changes in participation identified by the Labour Force Survey have been confirmed by Census data, which also shows that national trends are typically reflected at a local level.

2.31 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020⁹; however these figures suggested substantially lower changes in activity rates than actually experienced over the last decade. However, the performance of the labour market is important for national government, particularly in terms of forecasting the long term sustainability of tax revenues. As part of their scrutiny of Government finances, the Office for Budget Responsibility (OBR) provide an independent and authoritative analysis of the UK's public finances for Government, which includes detailed analysis of past and future labour market trends¹⁰.

Labour Market Participation Projections

2.32 The labour market participation projections produced by the OBR are based on historic profiles of different cohorts of the overall population – subsets that are grouped by year of birth and gender. Their analysis is not based on simplistic trends but is designed to capture dynamics that are specific to particular ages and those that cut across generations:

“We project each cohort into the future using age-specific labour market entry and exit rates as they age across time. These exit and entry rates are generally held constant, although we adjust entry rates for younger cohorts (discussed further below), and exit rates for people approaching the State Pension age (SPA), since the SPA rises over our projection period.”

2.33 Their analysis concludes:

- » **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;
- » **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and
- » **Young people;** economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

⁹ Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006

¹⁰ OBR Fiscal Sustainability Report, July 2014: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

Older People

^{2.34} Recent increases in State Pension age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London¹¹ concluded that:

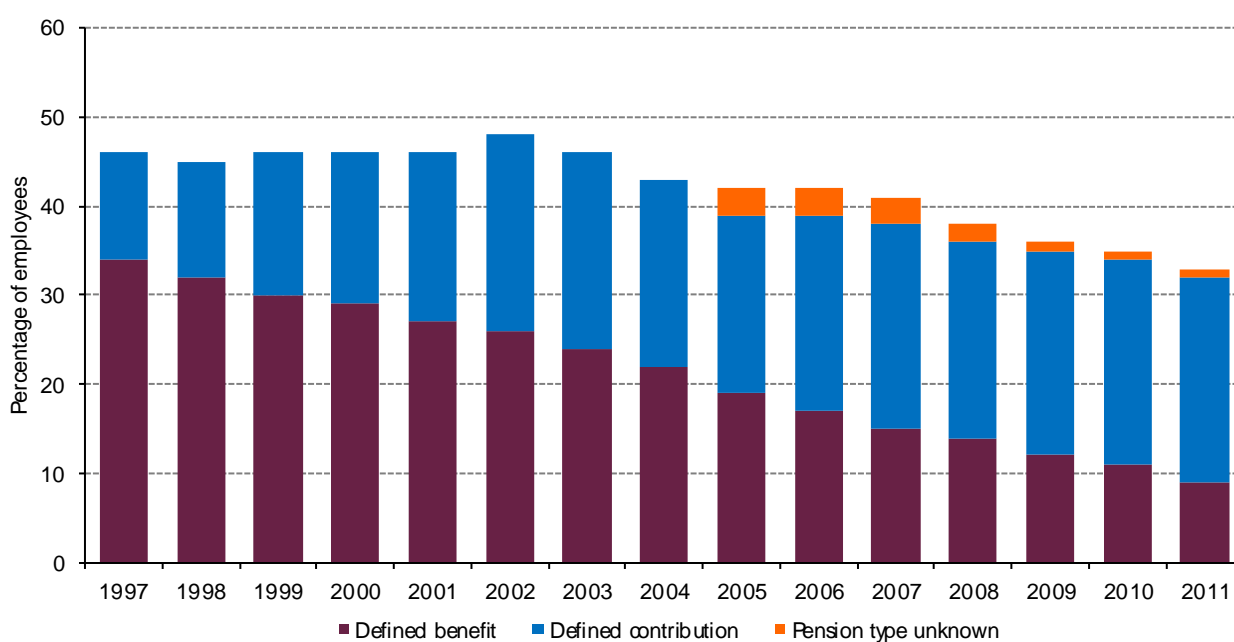
“Future increases in the state pension age will lead to a substantial increase in employment”.

^{2.35} However, the issue is complex: most people do not retire at the SPA precisely, and other factors influence retirement decisions:

- » **Health:** longer, healthier lives mean people spend longer in employment;
- » **Education:** higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) give new options for some people to work for longer;
- » **Family circumstances:** evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;
- » **Financial considerations:** expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and
- » **Compulsory retirement age:** the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don’t set a compulsory retirement age for their employees¹².

^{2.36} Nevertheless, the financial drivers are particularly important to the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes (Figure 15) will inevitably lead to higher economic activity rates amongst the older population.

Figure 15: Membership of private sector defined benefit and defined contribution schemes (Source: NAO)

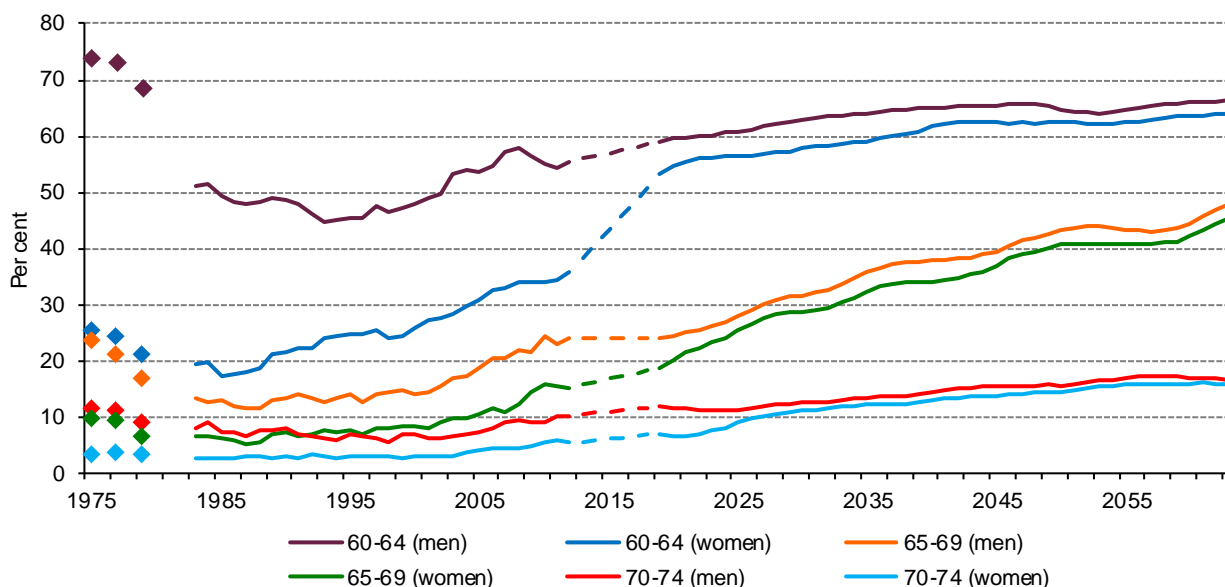


¹¹ http://www.ifs.org.uk/pr/spa_pr_0313.pdf

¹² <https://www.gov.uk/retirement-age>

2.37 Figure 16 shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

Figure 16: Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)



2.38 In summary, for those:

- » **Aged 60-64:** employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;
- » **Aged 65-69:** the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and
- » **Aged 70-74:** the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

Female Participation

2.39 Women's participation in the labour force has increased, particularly since the 1970s, for a complex range of societal and economic reasons:

- » **Childbirth:** decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);
- » **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;
- » **Support services for women in work:** an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);

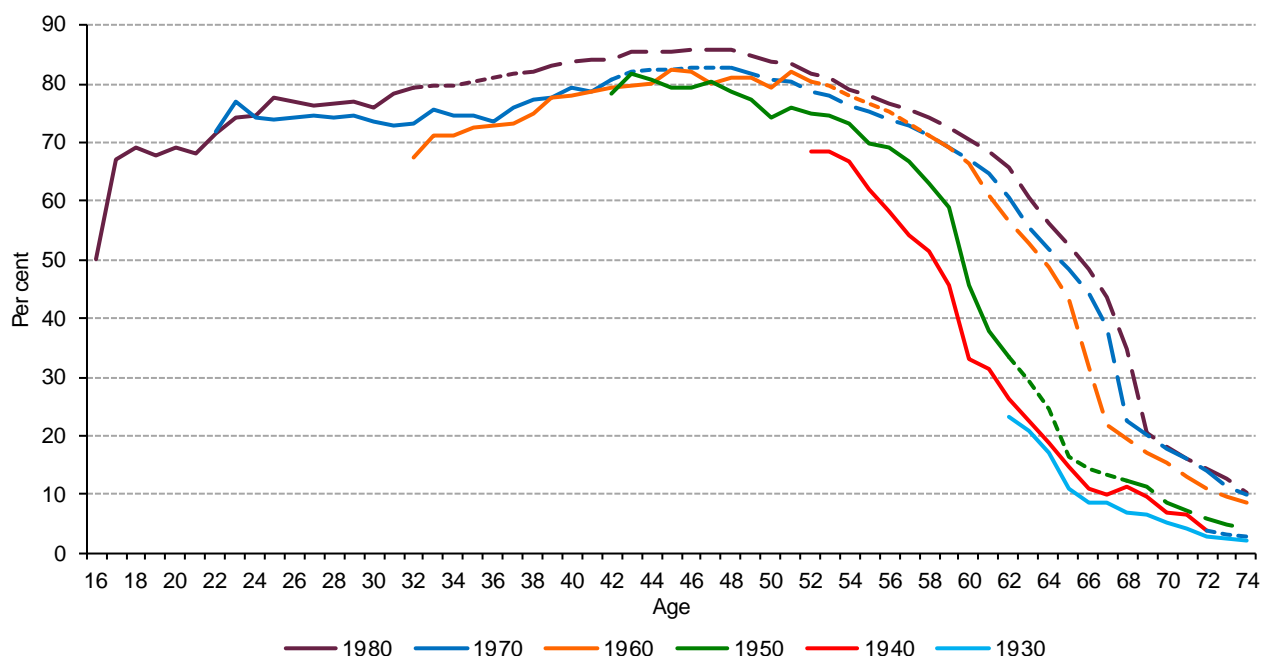
- » **Equal pay:** the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and
- » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.

2.40 National policy still aspires to encourage more women into work. The Government is seeking to “*incentivise as many women as possible to remain in the labour market*”¹³ and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women.

2.41 Historic data clearly shows that women born in the 1950s (who are now approaching retirement) have been less likely to be economically active than those born more recently, based on the comparison of data for individual ages. Participation rates for women have progressively increased over time: women born in the 1960s had higher rates than those born in the 1950s, women born in the 1970s had higher rates again, and women born in the 1980s have had the highest rates. The OBR projections take account of these historic differences between cohorts, but they do not assume that female cohorts yet to enter the labour market have even higher participation rates.

2.42 Figure 17 shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future.

Figure 17: Female participation rates by Cohort (Source: ONS, OBR)



¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

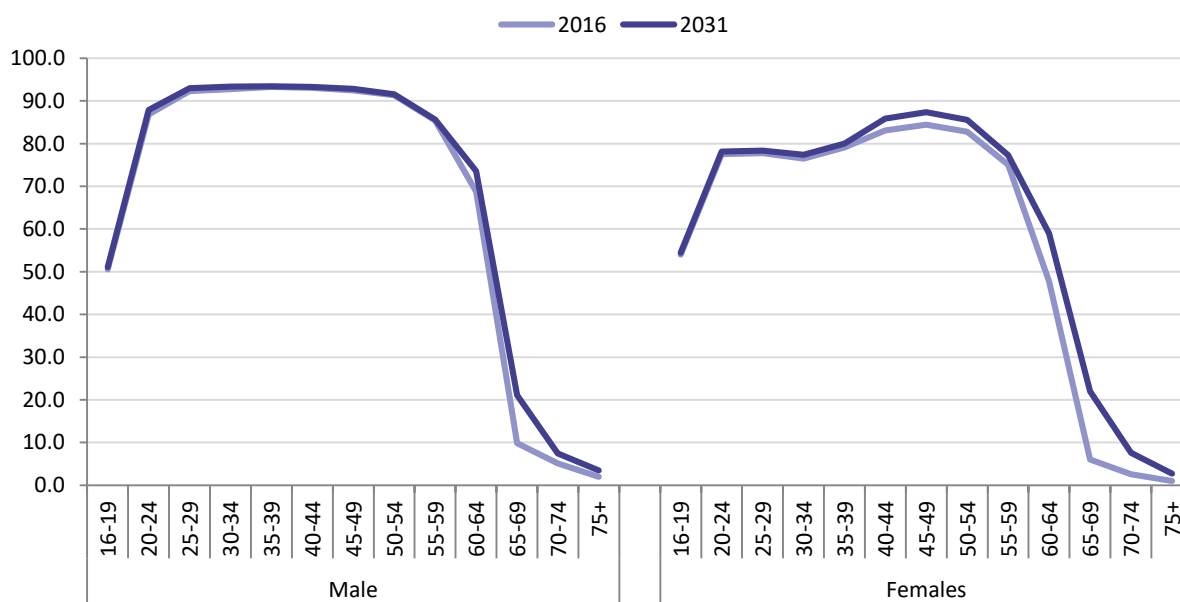
Young People

- 2.43 The key issue for young people is at what age they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education¹⁴. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- 2.44 National policy is also changing. The school leaving age rises to 18 in 2015 and the Government has removed the cap on student numbers attending higher education¹⁵.
- 2.45 The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.

Projecting Future Economic Activity for Milton Keynes

- 2.46 Figure 18 shows the estimated economic activity rates for 2016 and the projected rates for 2031 based on Census and Annual Population Survey (APS) data for Milton Keynes and the OBR labour market participation projections.

Figure 18: Economic activity rates in 2016 and 2031 by age and gender based on OBR Labour Market Participation Projections



- 2.47 Participation rates for men under 60 are forecast to remain fairly constant, whereas there is an increase in participation projected for men aged 60 and over. However, most of these changes are only relatively marginal, with the exception of the 65-69 age range. Participation rates for women are projected to change due to the cohort effects previously discussed. The rates for those aged under 40 increase marginally, but there are increased participation rates projected for all older age groups.

¹⁴ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

¹⁵ <http://www.bbc.co.uk/news/education-25236341>

- 2.48 Figure 19 shows the estimated economically active population for Milton Keynes in 2016 and the projected economically active population in 2031 based on the SHMA population projections.

Figure 19: Projected economically active population 2016-31 (Note: All figures presented unrounded for transparency)

Age	2016			2031		
				10-yr trend (2005-15)		
	M	F	Total	M	F	Total
Aged 16-19	3,035	3,007	6,042	4,132	3,974	8,107
Aged 20-24	5,910	4,931	10,841	6,865	5,730	12,595
Aged 25-29	7,561	6,969	14,530	7,900	6,671	14,571
Aged 30-34	9,648	8,238	17,885	9,023	7,487	16,510
Aged 35-39	10,235	8,615	18,850	10,484	8,730	19,214
Aged 40-44	9,268	8,182	17,450	10,232	9,597	19,829
Aged 45-49	8,642	7,912	16,555	10,154	9,697	19,851
Aged 50-54	7,877	7,396	15,273	9,309	8,817	18,126
Aged 55-59	6,604	5,788	12,392	7,747	7,098	14,845
Aged 60-64	4,422	3,299	7,721	6,150	5,200	11,350
Aged 65-69	586	385	971	1,587	1,807	3,394
Aged 70-74	207	113	320	468	520	988
Aged 75+	115	82	196	429	432	861
Total	74,109	64,917	139,026	84,481	75,761	160,242
<i>Total Change 2016-2031</i>	-	-	-	+10,372	+10,844	+21,216

- 2.49 The economically active population is likely to increase by approximately 21,000 people over the 15-year period 2016-31 given the population projections based on 10-year migration trends.

Establishing Household Projections

Household Population and Communal Establishment Population

- ^{2.50} Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments (institutional population). The methodology used by the SHMA is consistent with the CLG approach¹⁶:

“For the household projections, the assumption is made that the institutional population stays constant at 2011 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s. The rationale here is that ageing population will lead to greater level of population aged over 75 in residential care homes that would not be picked up if levels were held fixed but holding the ratio fixed will.” (page 12)

- ^{2.51} Figure 20 shows the breakdown between the household population and the population living in Communal Establishments for both of the scenarios.

Figure 20: Population projections 2016-31 by gender and 5-year age cohort (Note: Communal Establishment population held constant for population aged under 75 (light blue cells), and held proportionately constant for each relationship status for population aged 75 or over (orange cells))

Age	2016			2031		
	HH	CE	Total	10-yr trend (2005-15)		
				HH	CE	Total
Aged 0-4	20,064	9	20,073	19,985	9	19,994
Aged 5-9	20,691	4	20,695	21,104	4	21,108
Aged 10-14	16,926	6	16,932	21,156	6	21,162
Aged 15-19	14,572	90	14,662	19,447	90	19,537
Aged 20-24	13,044	122	13,166	15,024	122	15,146
Aged 25-29	17,006	145	17,151	16,865	145	17,010
Aged 30-34	21,055	118	21,173	19,218	118	19,336
Aged 35-39	21,764	97	21,861	22,032	97	22,129
Aged 40-44	19,694	111	19,805	22,031	111	22,142
Aged 45-49	18,632	89	18,721	21,958	89	22,047
Aged 50-54	17,486	71	17,557	20,407	71	20,478
Aged 55-59	15,380	64	15,444	18,163	64	18,227
Aged 60-64	13,297	49	13,346	17,130	49	17,179
Aged 65-69	12,327	49	12,376	15,700	49	15,749
Aged 70-74	8,342	68	8,410	13,135	68	13,203
Aged 75-79	5,809	140	5,949	10,502	249	10,751
Aged 80-84	3,828	216	4,044	8,565	457	9,022
Aged 85+	3,349	770	4,119	7,041	1,452	8,493
Total	263,266	2,218	265,484	309,462	3,250	312,712

- ^{2.52} It is important to recognise the growth of population aged 75 or over living in communal establishments when considering the needs for older person housing, which is considered further in chapter 6 of this document.

¹⁶ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Household Representative Rates

2.53 Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as “household representatives” or “heads of household”. The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.

2.54 The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

“Labour Force Survey (LFS) data suggests that there have been some steep falls in household representative rates for some age groups since the 2001 Census ... this can only be truly assessed once the 2011 Census results are available.”

2.55 The CLG 2012 based household projections technical document confirmed the findings (page 24):

“At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census.”

2.56 Prior to the publication of CLG 2012-based household projections, Inspectors had been keen to avoid perpetuating any possible “recessionary impact” associated with the lower formation rates suggested by the interim data. Nevertheless, the interim 2011-based household projections were prepared before the necessary Census data was available and it has become evident that some of the historic household representative rates were estimated inaccurately. The 2012-based household projections published in February 2015 incorporated far more data from the 2011 Census which has now been incorporated into the 2014-based household projections, which provide data for the 25-year period 2014-39 based on long-term demographic trends. The household representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

2.57 Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) considered the CLG household projections in an article published in Town and Country Planning (December 2014):

“Although it is sometimes claimed that the current household projections are based on the experience of changes between 2001 and 2011, this is true only of the allocation of households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011.”

2.58 It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the

2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

- 2.59 The 2014-based household projections supersede the 2012-based projections (which in turn superseded both the 2008-based projections and the interim 2011-based projections). The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

- 2.60 Through applying the CLG 2014-based household representative rates to the household population, we established the projected number of additional households. The projected increase in households for Milton Keynes is summarised in Figure 21. Figure 21 also provides an estimate of dwelling numbers, which takes account of vacancies and second homes.

Figure 21: Projected households and dwellings over the 15-year period 2016-31 (Note: Dwelling numbers all assume 3.4% vacancy rate)

Area	Total		Net change 2016-31	
	2016	2031	15-year change	Annual average
CLG 2014-based projection				
Households	106,504	128,426	21,922	1,461
Dwellings	110,253	132,945	22,693	1,513
10-year trend (2005-15)				
Households	106,085	129,209	23,125	1,542
Dwellings	109,818	133,757	23,939	1,596

- 2.61 Whilst the CLG 2014-based household projection identifies an increase of 1,461 households per year (which represents a need for around 1,513 dwellings per annum), the increase based on 10-year migration trends indicates 1,542 extra households annually (1,596 dpa).
- 2.62 This difference is mainly due to a lower projected increase in population: the 2014-based SNPP suggests that the population will increase by 43,300 people over the 15-year period 2016-31, whereas the SHMA projections based on 10-year migration trends identify a 9% higher increase of 47,229 people over the same 15-year period.

Conclusions

- 2.63 PPG identifies that the starting point for estimating housing need is the CLG 2014-based household projections. For the 15-year period 2016-31, these projections suggest an average increase of 1,461 households each year across Milton Keynes.
- 2.64 The long-term migration trends based on the most recent 10-year period data provides the most robust and reliable basis for projecting the future population, and therefore **the projected increase of 23,125 households over the 15-year period 2016-31 (an average of 1,542 per year) provides the most appropriate demographic projection on which to base the OAN for housing.** On the basis of this household growth, we can conclude that there is a need for 23,939 additional dwellings (an average of 1,596 per year) in Milton Keynes over the 15-year period 2016-31.

3. Affordable Housing Need

Identifying households who cannot afford market housing

- 3.1 Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.
- 3.2 PPG notes that affordable housing need is based on households “*who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market*” (paragraph 22) and identifies a number of different types of household which may be included:

What types of households are considered in housing need?

The types of households to be considered in housing need are:

- » *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
- » *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
- » *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- » *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
- » *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*

Planning Practice Guidance (March 2014), ID 2a-023

- 3.3 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):
- » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
 - » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.
 - » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.
- 3.4 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

- 3.5 Local authorities hold data on the number of homeless households and those in temporary accommodation. In Milton Keynes, the annual number of households accepted as being **homeless** and in priority need has increased over the period 2006 to 2016. There were 370 such households in 2006 which increased to 789 households by the end of March 2016 (the base data for establishing any backlog), a net increase of 419 households (Figure 22). The current annual rate represents 7.4 presentations per 1,000 households, which is much higher than the equivalent rate for England (2.5 per 1,000).
- 3.6 There has also been an increase from Quarter 1 2006 to Quarter 1 2016 in households accepted as homeless without temporary accommodation provided (net increase of 6 households), but a reduction in households living in **temporary accommodation** (net reduction of 439 households). Of the households in temporary accommodation in Quarter 1 2006, 47 were accommodated in bed & breakfast accommodation or hostels, 657 in Local Authority or RSL stock and a further 168 were in private sector leased stock or other. In Quarter 1 2016, 318 were accommodated in bed & breakfast accommodation or hostels, 92 in Local Authority or RSL stock and a further 23 were in private sector leased stock or other. The number living in temporary accommodation did increase to 564 households over the period to the end of September 2016, an increase of 131 households over six months. These additional households would not be counted as part of the housing backlog but are likely to form part of any housing shortfall arising during the early part of the Plan period.

Figure 22: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2006 and March 2016)

		Milton Keynes			England 2016
		2006	2016	Net change 2006-16	
Number accepted homeless and in priority need during year		370	789	+419	-
<i>Rate per 1,000 households</i>		4.1	7.4	+3.3	2.5
Households in temporary accommodation as at end of March	Bed and breakfast	7	272	+265	-
	Hostels	40	46	+6	-
	Local Authority or RSL stock	657	92	-565	-
	Private sector leased (by LA or RSL)	65	23	-42	-
	Other (including private landlord)	103	-	-103	-
	TOTAL	872	433	-439	-
	<i>Rate per 1,000 households</i>	9.6	4.1	-5.5	3.1
Households accepted as homeless but without temporary accommodation provided		0	6	+6	-

- 3.7 It is evident that homelessness levels have worsened in Milton Keynes over the last decade, but this does not necessarily reflect the full situation of households facing homelessness. Housing advice services provided by the council limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however, many households facing homelessness are now offered private rented housing.
- 3.8 Changes to the Law in 2011 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The

Localism Act 2011 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

- 3.9 The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their “host” household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

- 3.10 The number of **concealed families** living with households in Milton Keynes increased from 609 to 1,224 over the 10-year period 2001-11 (Figure 23), an increase of 615 households (101%).
- 3.11 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 615 families over the period 2001-11, over three quarters (480) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Figure 23: Concealed families in Milton Keynes by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	119	328	+209
Aged 25 to 34	233	425	+192
Aged 35 to 44	94	110	+16
Aged 45 to 54	34	98	+64
Sub-total aged under 55	481	961	+480
Aged 55 to 64	47	86	+39
Aged 65 to 74	59	110	+51
Aged 75 or over	22	67	+45
Sub-total aged 55 or over	128	263	+135
All Concealed Families	609	1,224	+615

Sharing Households

- 3.12 The number of **sharing households** reduced from 129 to 45 over the 10-year period 2001-11 (Figure 24), a reduction of 84 households (65%).

Figure 24: Shared Dwellings and Sharing Households in Milton Keynes (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	41	13	-28
Number of household spaces in shared dwellings	147	49	-98
All Sharing Households	129	45	-84
Household spaces in shared dwellings with no usual residents	18	4	-14

- 3.13 Figure 25 shows that the number of **multi-adult households** living in the area increased from 3,049 to 5,122 households over the same period, an increase of 2,073 (68%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities**, as well as **single people living together as a group and individuals with lodgers**.

Figure 25: Multi-adult Households in Milton Keynes (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	1,784	2,551	+767
Private rented	806	2,057	+1,251
Social rented	459	514	+55
All Households	3,049	5,122	+2,073

- 3.14 The growth in multi-adult households was focused particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 1,251 households (an increase from 806 to 2,057 households over the period).
- 3.15 Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.
- 3.16 There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

- 3.17 The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

“There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement.”

3.18 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

- » A one person household is assumed to require three rooms (two common rooms and a bedroom); and
- » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 - each couple (as determined by the relationship question)
 - each lone parent
 - any other person aged 16 or over
 - each pair aged 10 to 15 of the same sex
 - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 - each pair of children aged under 10 remaining
 - each remaining person (either aged 10 to 15 or under 10).

3.19 For Milton Keynes, **overcrowding** increased from 6,359 to 9,433 households (an increase of 3,074) over the 10-year period 2001-11 (Figure 26). This represents a percentage growth of 25%, which is much lower than comparator authorities; Northampton (43%) and Peterborough (50%) but higher than Swindon (19%). It is similar to the national increase for England (23%).

3.20 When considered by tenure, overcrowding has increased by 297 households in the owner occupied sector, by 544 households in the social rented sector; however the largest growth has been in the private rented sector where the number of overcrowded households has increased from 1,429 to 3,662, a growth of 2,233 households over the 10-year period. The highest percentage change in overcrowded households has been in the social rented sector, increasing from 17.0% to 19.3% (an increase of 14%).

Figure 26: Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11		N	%
	N	%	N	%	N	%		
MILTON KEYNES								
Owned	2,042	3.5%	2,339	3.7%	+297	+7%	1,390	2.2%
Private rented	1,429	18.6%	3,662	20.4%	+2,233	+10%	1,994	11.1%
Social rented	2,888	17.0%	3,432	19.3%	+544	+14%	1,520	8.6%
All Households	6,359	7.6%	9,433	9.6%	+3,074	+25%	4,904	5.0%
ENGLAND								
Owned	-	3.3%	-	3.3%	-	-3%	-	2.3%
Private rented	-	16.4%	-	20.2%	-	+23%	-	8.8%
Social rented	-	14.9%	-	16.9%	-	+14%	-	8.9%
All Households	-	7.1%	-	8.7%	-	+23%	-	4.6%
All Households								
Northampton	-	6.2%	-	8.8%	-	+43%	-	4.4%
Peterborough	-	5.6%	-	8.3%	-	+50%	-	5.1%
Swindon	-	5.8%	-	7.0%	-	+19%	-	3.3%

English Housing Survey Data

Overcrowding

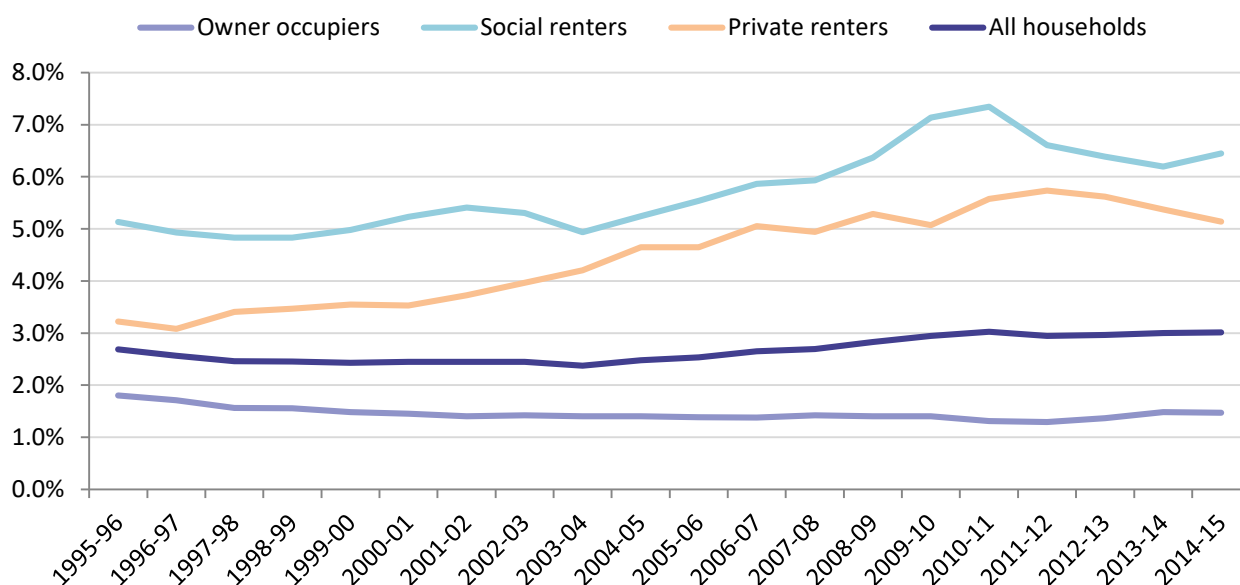
- 3.21 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.
- 3.22 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach¹⁷ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

“The ‘bedroom standard’ is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

“Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed.”

- 3.23 Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 27: Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)



¹⁷https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501065/EHS_Headline_report_2014-15.pdf

- 3.24 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance¹⁸ that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).
- 3.25 This Guidance, “Allocation of accommodation: Guidance for local housing authorities in England”, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:

- married or cohabiting couple
- adult aged 21 years or more
- pair of adolescents aged 10-20 years of the same sex
- pair of children aged under 10 years regardless of sex

- 3.26 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Milton Keynes, we can estimate overcrowding using the bedroom standard. Figure 28 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **835 owner occupied, 756 private rented and 1,127 social rented households were overcrowded** in Milton Keynes at the start of 2015. Student households in the private rented sector have been excluded from this calculation given that their needs are assumed to be transient.

Figure 28: Estimate of the number of overcrowded households in Milton Keynes by tenure based on the bedroom standard
(Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011	1.3%		5.6%		7.3%	
Percentage of households overcrowded [A]						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
MILTON KEYNES						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Number of overcrowded households [D]	1,390	2,339	1,994	3,662	1,520	3,432
Full-time student households [E]	235	271	672	818	136	148
Overcrowded households (excluding students) [F = D - E]	1,155	2,068	1,322	2,844	1,384	3,284
Estimate of overcrowded households based on the bedroom standard [G = C × F]	658	827	846	796	1,149	1,412
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	743		821		1,280	
EHS bedroom standard	+12%		-8%		-12%	
Change in overcrowding from 2011 to 2015						
Estimate of overcrowded households in 2015 based on the bedroom standard	835		756		1,127	

¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

Housing Condition and Disrepair

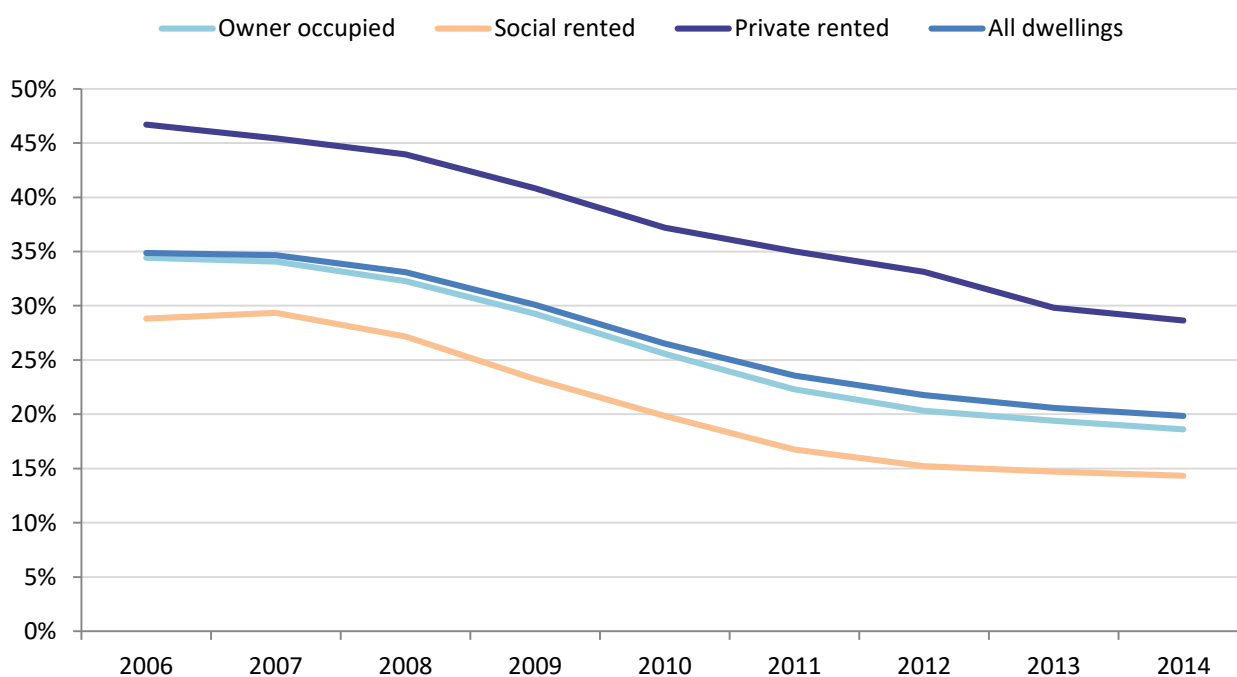
3.27 The EHS also provides useful information about **housing condition**. The Decent Homes Standard provides a broad measure which was intended to be a minimum standard that all housing should meet, and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

- » Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
- » Be in a reasonable state of repair; and
- » Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
- » Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

3.28 If a dwelling fails any one of these criteria, it is considered to be “non-decent”. A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: “A Decent Home – The definition and guidance for implementation” June 2006.

3.29 Figure 29 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, over a quarter of the private rented sector (29.8%) remains non-decent as of 2014 (most recent available data). This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 29: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)

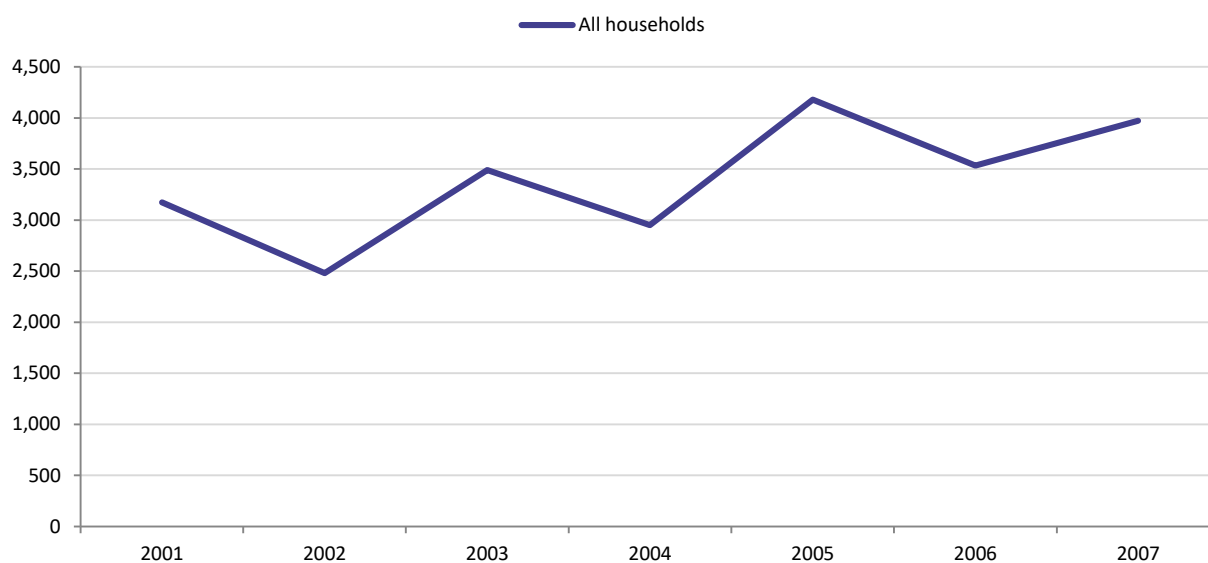


Housing Register Data

3.30 Figure 30 shows the trend in households on the housing register over the period between 2001 and 2007. After this time, Milton Keynes abandoned the traditional housing register, preferring instead to provide an advice based service, and only allocating housing to those in priority need:

“Milton Keynes Council does not keep a traditional waiting list. Instead we will offer you advice about the housing options open to you according to your circumstances at the time. Only if there are no other alternative options and you are in the highest housing need will we look at whether we can take either a housing options scheme application or a homeless application.” (miltonkeynes.gov.uk)

Figure 30: Number of households on the local authority housing register 2001-15 (Source: LAHS and HSSA returns to CLG)



3.31 Since 2007, Milton Keynes has worked within the standard definition of priority need¹⁹:

“We only have a duty to offer housing to households who are:

1. *homeless and*
2. *eligible and*
3. *in priority need and*
4. *not intentionally homeless and*
5. *have a local connection to Milton Keynes (or no connection to anywhere)”*

¹⁹ miltonkeynes.gov.uk

^{3.32} Despite this focus, the number of households per thousand accepted as being homeless and in priority need has continued to increase, as can be seen in Figure 31.

Figure 31: Number of households per thousand accepted as being homeless and in priority need (Source - CLG)

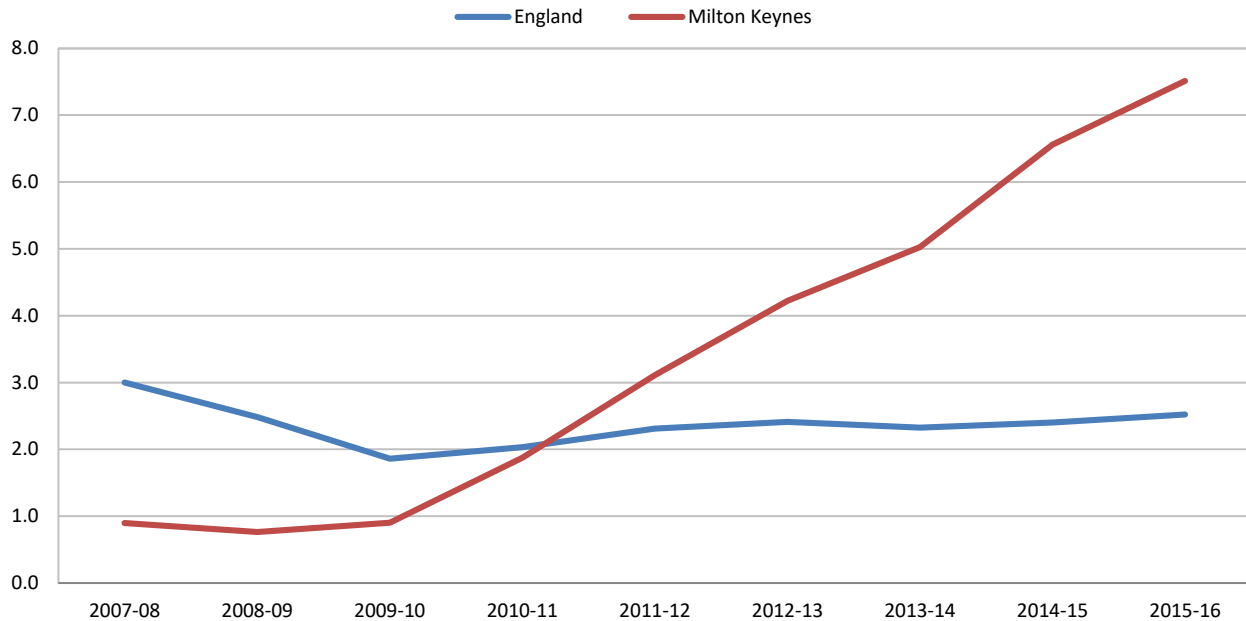


Figure 32: Household homelessness and temporary accommodation status in Milton Keynes 2012-16 (Source: CLG live tables 2016)

	2012-13	2013-14	2014-15	2015-16
Total accepted as being homeless and in priority need	426	511	678	789
Homeless and in priority need but intentionally	25	41	30	19
Eligible homeless but not priority need	15	17	8	10
Eligible but not homeless	70	65	57	41
Living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	141	139	146	433
Duty owed but no accommodation secured as of March 31st	0	71	0	6
Total	677	844	919	1,298

^{3.33} Figure 32 shows the numbers of households of differing status owed a duty under the housing act for the last four years. The number of households in priority need has increased steadily, and there has been a marked increase of almost 200% in households being provided temporary accommodation.

^{3.34} When considering the types of household to be considered in housing need, the PPG also identified “households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ” and “households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move”. For these households, if suitable accommodation is found and occupied, their previous dwelling is freed up for occupation by others, and as such they do not add to the overall housing need; but additional specialist housing may need to be provided to meet their specific needs. Section 5 of the SHMA report considers the housing needs of different groups, including the needs of older people and households with specific needs.

Households Unable to Afford their Housing Costs

- 3.35 The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

Plan makers ... will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (ID 2a-022, emphasis added)

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of ... those that cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (ID 2a-024, emphasis added)

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area (ID 2a-025, emphasis added)

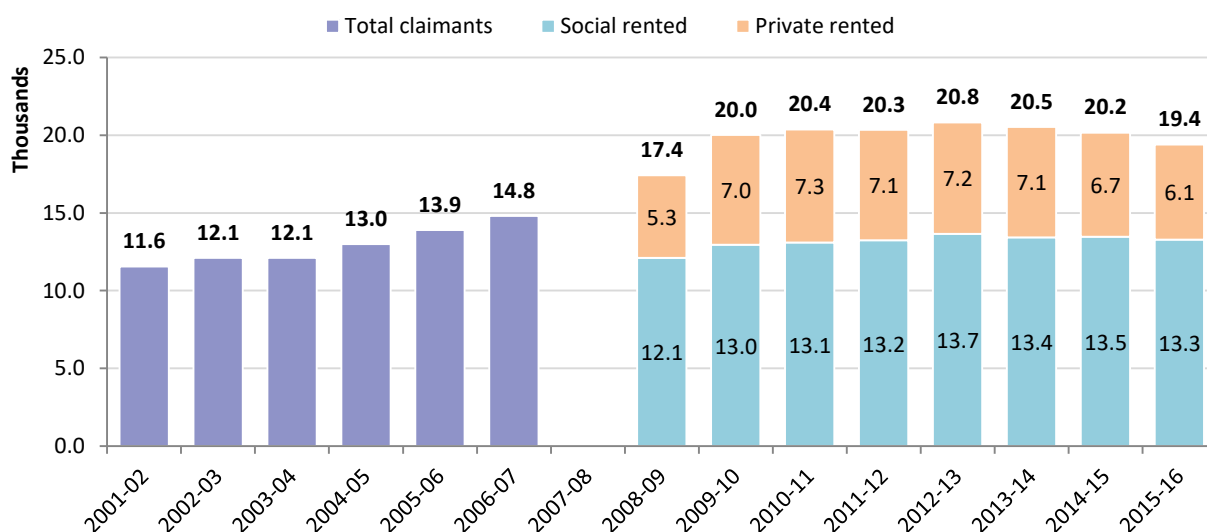
Planning Practice Guidance (March 2014), ID 2a-022-025

- 3.36 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in Milton Keynes

- 3.37 Figure 33 shows the trend in the number of housing benefit claimants in Milton Keynes.

Figure 33: Number of claimants in receipt of housing benefit in Milton Keynes by tenure (Source: DWP. Note: No breakdown by tenure is available for the period 2001-07 and data for 2007-08 was not published)



- 3.38 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 12,100 to 13,300 over the period 2008-09 to 2015-16 – an increase of 170 families (10%). Over the same period the number of claimants in private rented housing also increased from 5,300 to 6,100 families – an increase of 790 families (15%).

- 3.39 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

- 3.40 In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.
- 3.41 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

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

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

- 3.42 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (March 2014), ID 2a-024

3.43 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (using the start of the Plan period in 2016 as a reference point where possible). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

3.44 Households assumed to be unable to afford housing include:

- » All households that are currently **homeless**;
- » All those currently housed in **temporary accommodation**; and
- » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

3.45 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2016, with the exception of the third, since this register is no longer maintained by Milton Keynes.

3.46 Typically, many households living in overcrowded housing (based on the bedroom standard) are registered in a reasonable preference category, which partly reflects their affordability. However, in the absence of the housing register, our analysis works with other known information to count overcrowded households. It is likely that most owner occupiers living in overcrowded housing would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

3.47 **Our analysis counts the needs of all households living in overcrowded rented housing** when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) **but it does not count the needs of owner occupiers living in overcrowded housing** (which can be offset against any previous over-counting). Student households living in private rented housing are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Milton Keynes.

3.48 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council has a range of statutory enforcement powers to improve housing conditions.

3.49 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

3.50 **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered on the housing register) and assumes that all

such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

- 3.51 The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.** Figure 34 sets out the assessment of current affordable housing need for Milton Keynes.

Figure 34: Assessing current unmet gross need for affordable housing (Source: see Figures Figure 22, Figure 23 and Figure 28)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 22)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	318		318
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	23		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	92	92	
Households accepted as homeless but without temporary accommodation provided	6		6
Concealed households (see Figure 23)			
Growth in concealed families with family representatives aged under 55	480		480
Overcrowding based on the bedroom standard (see Figure 28)			
Households living in overcrowded private rented housing	756		
Households living in overcrowded social rented housing	1,127	1,127	
TOTAL	2,802	1,219	804

- 3.52 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **2,802 households are in affordable housing need in Milton Keynes and unable to afford their own housing.** This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).
- 3.53 Of these households, 1,219 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 1,583 households (2,802 less 1,219 = 1,583) who currently need affordable housing and do not currently occupy affordable housing in Milton Keynes** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).
- 3.54 This number includes 804 households that would not be counted by the household projections. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households. As for the household projections, we have also added an additional allowance for transactional vacancies. Data from the HCA Statistical Data Return identifies a vacancy rate of 1.3% for affordable housing in Milton Keynes, therefore adding an additional allowance for vacancies this increases the need for overall housing provision by 815 dwellings (804 plus 1.3% = 815).
- 3.55 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 779 households (1583 less 804) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

- 3.56 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How should the number of newly arising households likely to be in housing need be calculated?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance (March 2014), ID 2a-025

- 3.57 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 3.58 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 3.59 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 3.60 PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-025); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 3.61 The affordability percentages in Figure 35 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:
- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
 - » Households occupying owner occupied housing and those renting privately who aren’t eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
 - » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 35: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	44%	19%	28%	32%	36%	36%
Couple family with no dependent children	15%	5%	10%	9%	10%	16%
Couple family with 1 or more dependent children	52%	27%	17%	13%	15%	23%
Lone parent family with 1 or more dependent children	84%	79%	65%	50%	47%	40%
Other household type	34%	16%	23%	22%	22%	15%

Components of Projected Household Growth

- 3.62 PPG identifies that the CLG household projections “should provide the starting point estimate for overall housing need” (ID 2a-015) and that “the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth” (ID 2a-016). **However, when considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-025) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-029).**
- 3.63 The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.

3.64 Figure 36 shows the individual components of annual household growth.

Figure 36: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	Annual average based on 5-year period			Annual average 2016-31
	2016-21	2021-26	2026-31	
New household formation	2,171	2,217	2,400	2,263
Household dissolution following death	1,269	1,394	1,575	1,413
Net household growth within Milton Keynes	+902	+823	+825	+850
Household migration in	4,811	4,865	4,959	4,878
Household migration out	4,061	4,183	4,316	4,187
Net household migration	+749	+682	+643	+692
Total household growth	+1,652	+1,505	+1,468	+1,542

3.65 Over the initial 5-year period (2016-21) the model shows that:

- » There are projected to be 2,171 new household formations each year; but this is offset against 1,269 household dissolutions following death – so there is an **average net household growth of 902 households** locally in Milton Keynes;
- » There are also projected to be 4,811 households migrating to Milton Keynes offset against 4,061 households migrating away from the area – which yields an **additional 749 households attributable to net migration;**
- » The total household growth is therefore **projected to be 1,652 (902 plus 749) households each year** over the initial 5-year period of the projection.

3.66 During the course of the full 15-year projection period, annual net household growth is projected to decline (from a gain of 1,652 households in 2016-21 to a gain of 1,468 households in 2026-31). This coincides with a larger number of household dissolutions in later years (consistent with a larger number of deaths). Annual net household migration is also projected to decline over the full period.

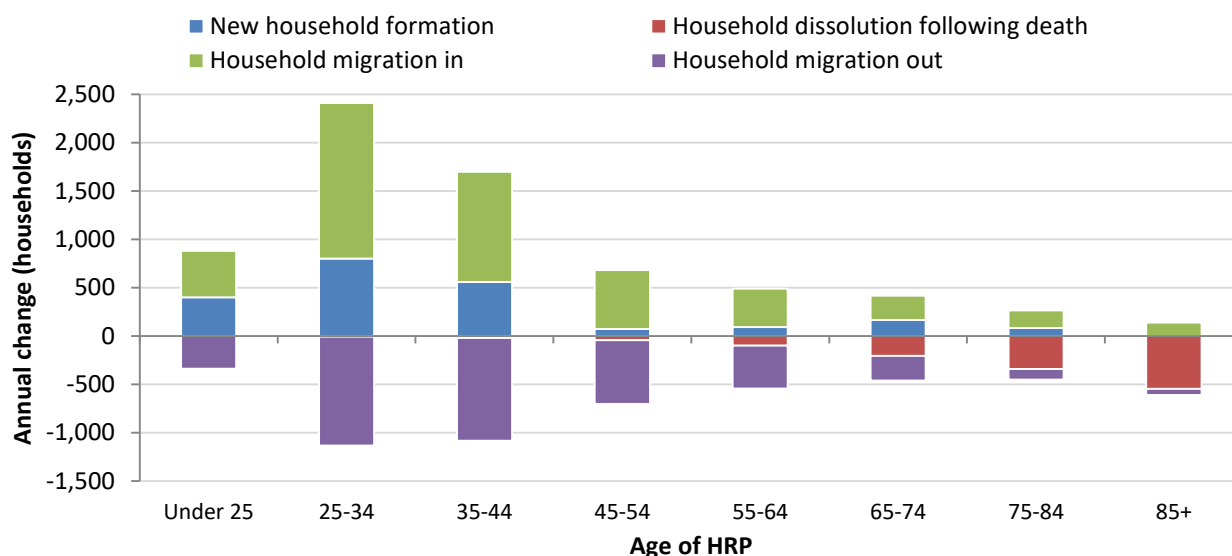
3.67 Over the 15-year Plan period 2016-31, total **household growth averages 1,542 households** each year.

Change in Household Numbers by Age Cohort

3.68 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 2,171 new households projected to form in Milton Keynes each year over the period 2016-21 (Figure 36) alongside the detailed information about household affordability (Figure 35).

3.69 Figure 37 shows the age structure of each of the components of household change. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 37: Annual change in household numbers in each age cohort over the 5-year period 2016-21 by age of HRP (Source: ORS Housing Model)



3.70 **Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.**

3.71 The Model identifies that 31% of all newly forming households are unable to afford their housing costs, which represents 671 households each year (Figure 38). The Model shows that a lower proportion of households migrating to the area are unable to afford (28%), but this still represents 1,358 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 2,029 new households each year who are unable to afford their housing costs.**

Figure 38: Affordability of new households over the initial 5-year period 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	2,171	1,500	671	31%
Households migrating in to the area	4,811	3,453	1,358	28%
All new households	6,982	4,953	2,029	29%

3.72 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “total available stock from total gross need” (ID 2a-029), **but this over-simplifies what is a very complex system.**

3.73 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:

- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
- » Similarly, not all households that are unable to afford housing are allocated affordable housing;
- » Some will choose to move to another housing market area and will therefore no longer require affordable housing.

3.74 **In these cases, and others, the gross need will need adjusting.**

- 3.75 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.
- 3.76 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **1,269 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 26% are unable to afford market housing: most living in social rented housing.
- 3.77 When considering **households moving away** from Milton Keynes, the Model identifies that an average of 4,061 households will leave the area each year including 1,094 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the HMA it is appropriate that their needs are discounted to ensure consistency with the household projections used to establish overall housing need.
- 3.78 Figure 39 summarises the total household growth. This includes the 2,029 new households on average each year who are unable to afford their housing costs, but offsets this against the 1,429 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Milton Keynes (as they have moved to live elsewhere).

Figure 39: Components of average annual household growth 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	2,171	1,500	671	31%
Households migrating in to the area	4,811	3,453	1,358	28%
All new households	6,982	4,953	2,029	29%
Household dissolutions following death	1,269	934	335	26%
Households migrating out of the area	4,061	2,967	1,094	27%
All households no longer present	5,331	3,902	1,429	27%
Average annual household growth 2016-21	1,652	1,051	600	36%

- 3.79 Overall, the Model projects that household growth will yield a net increase of 600 households on average each year (over the period 2016-21) that are unable to afford their housing, which represents 36% of the 1,652 overall annual household growth for this period.

Projecting Future Needs of Existing Households

- 3.80 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (ID 2a-025). Whilst established households that continue to live in Milton Keynes will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is

estimated that an average of **397 established households fall into need each year** in Milton Keynes. This represents an average rate of 3.6 per 1,000 household falling into need each year.

^{3.81} Finally, whilst the PPG recognises that established households' circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households' circumstances can improve**. For example:

- » When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 35 showed that 44% of single person households aged under 25 could not afford housing, compared to 15% of couples (without dependents) of the same age; and for those aged 25 to 34, the proportions were 19% and 5% respectively.
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 35 showed that 27% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 17% of such households aged 35 to 44.

^{3.82} Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that **the circumstances of 566 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 5.2 per 1,000 households climbing out of need each year.

^{3.83} Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 169 households** (566 less 397 = 169) **needing affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

^{3.84} Figure 40 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 40: Components of average annual household growth 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	2,171	1,500	671	31%
Households migrating in to the area	4,811	3,453	1,358	28%
All new households	6,982	4,953	2,029	29%
Household dissolutions following death	1,269	934	335	26%
Households migrating out of the area	4,061	2,967	1,094	27%
All households no longer present	5,331	3,902	1,429	27%
Average annual household growth 2016-21	+1,652	+1,051	+600	36%
Existing households falling into need	-	-397	397	100%
Existing households climbing out of need	-	566	-566	0%
Change in existing households	-	+169	-169	-
Average annual future need for market and affordable housing 2016-21	+1,652	+1,221	+431	26%

- 3.85 Overall, there is a projected need from 2,029 new households who are unable to afford their housing costs (671 newly forming households and 1,358 households migrating to the area); however, 1,429 households will either vacate existing affordable housing or will no longer need affordable housing in Milton Keynes (as they have moved to live elsewhere) thereby reducing the new need to a net total of 600 households.
- 3.86 Considering the needs of existing households, there are 397 households expected to fall into need each year (a rate of 3.6 per 1000 households) but this is offset against 566 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 169 existing households that need affordable housing each year.**
- 3.87 Based on the needs of new households and existing households, there is a projected increase of 431 households each year on average for the initial period 2016-21 who will need affordable housing (600 less 169).
- 3.88 Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 15-year projection period 2016-31. The Model identifies that **the number of households in need of affordable housing will increase by 6,511 households over the period 2016-31**, equivalent to an annual average of 434 households per year. This represents 28% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

- 3.89 Figure 41 brings together the information on assessing the unmet need for affordable housing in 2016 and the future affordable housing need arising over the 15-year Plan period 2016-31.

Figure 41: Assessing total need for market and affordable housing (Source: ORS Housing Model)

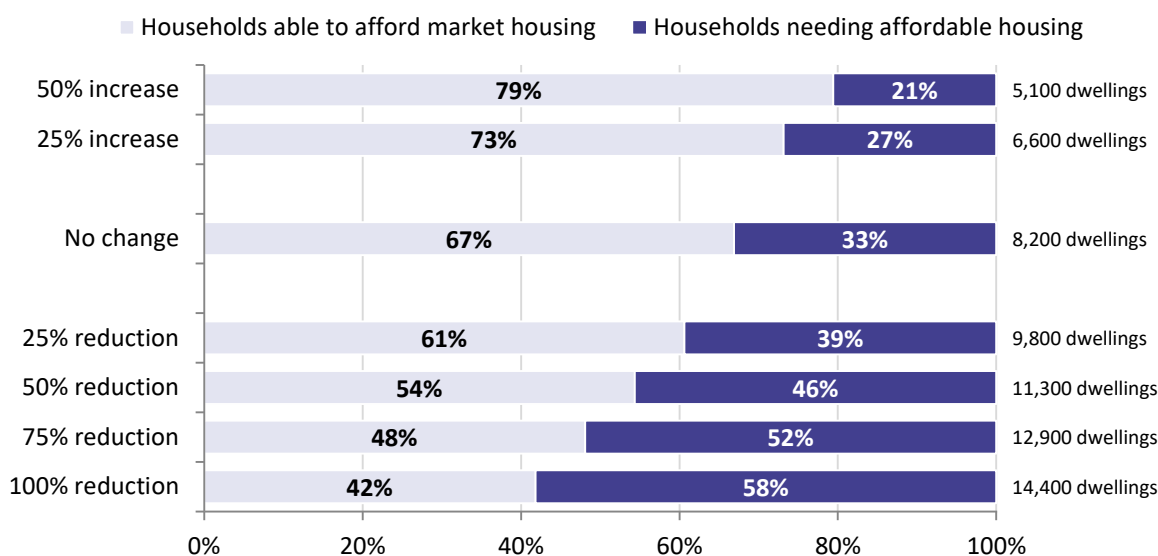
	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2016 (see Figure 34)			
Total unmet need for affordable housing	-	2,802	2,802
Supply of housing vacated	779	1,219	1,998
Overall impact of current affordable housing need	-779	+1,583	+804
Projected future housing need 2016-31			
Newly forming households	22,959	10,980	33,938
Household dissolutions following death	15,635	5,553	21,188
Net household growth within Milton Keynes	7,324	5,426	12,750
Impact of existing households falling into need	-6,948	6,948	-
Impact of existing households climbing out of need	9,683	-9,683	-
Impact of households migrating to/from the area	6,555	3,819	10,375
Future need for market and affordable housing 2016-31	16,614	6,511	23,125
Total need for market and affordable housing			
Overall impact of current affordable housing need	-779	1583	804
Future need for market and affordable housing 2016-31	16,614	6,511	23,125
Total need for market and affordable housing	15,835	8,094	23,929
Average annual need for housing	1,056	540	1,595
Proportion of overall need for market and affordable housing	66.17%	33.83%	100.00%

- 3.90 Figure 34 estimated there to be **2,802 households in need of affordable housing at the start of the Plan in 2016**. However, as 1,219 of these already occupied an affordable home, our previous conclusion was therefore a net need from 1,583 households (2,802 less 1,219 = 1,583) who need affordable housing and do not currently occupy affordable housing.
- 3.91 The 15-year projection period 2016-31 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 6,511 households over the period 2016-31**, alongside a net increase of 15,835 households able to afford market housing.
- 3.92 Overall, there will be a **need to provide additional affordable housing for 8,094 households** over the Plan period 2016-31 (33% of the projected household growth). This is equivalent to an average of 540 **households per year**.
- 3.93 As previously noted, data from the HCA Statistical Data Return identifies a vacancy rate of 1.3% for affordable housing in Milton Keynes, therefore adding an additional allowance for vacancies this **identifies a total affordable housing need of 8,200 dwellings** in addition to the current stock, an average of 547 dwellings per year. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Future Policy on Housing Benefit in the Private Rented Sector

- 3.94 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 3.95 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 3.96 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 3.97 To sensitivity test this position, Figure 42 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector.
- 3.98 If no households were to receive housing benefit support in the private rented sector, more than half of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 42: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-31 and associated number of affordable dwellings



Conclusions

- ^{3.99} Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 804 households to take account of concealed families and homeless households that would not be captured by the household projections. **These additional households increase the projected household growth from 23,125 to 23,929 households (24,744 dwellings) over the 15-year Plan period 2016-31; equivalent to an average of 1595 households and 1767 dwellings per year.**
- ^{3.100} **The housing mix analysis identified a need to provide additional affordable homes for 8,094 households (8,200 dwellings) over the 15-year Plan period 2016-31 (an average of 547 dwellings per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.
- ^{3.101} Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the total need to around 14,400 affordable dwellings over the Plan period (960 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

4. Objectively Assessed Need

Analysing the evidence to establish overall housing need

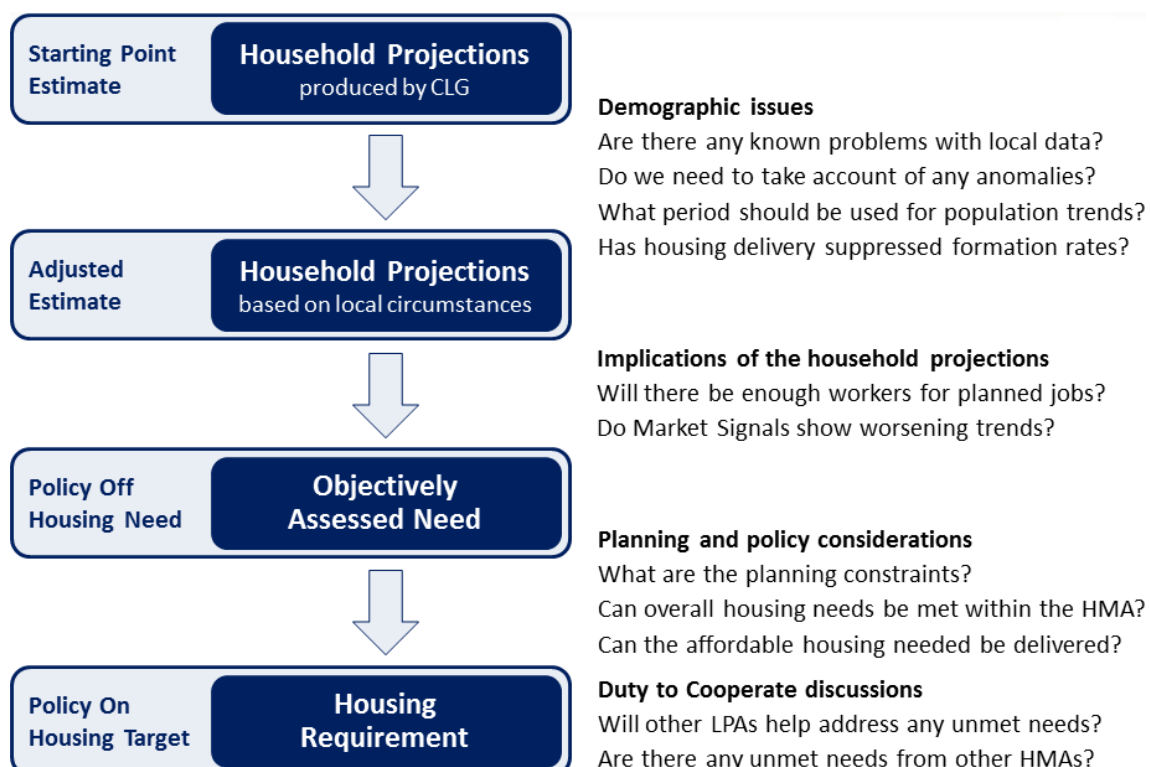
- 4.1 The primary objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area over future plan periods. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered before establishing the final Housing Requirement.

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

Planning Practice Guidance (PPG), paragraph 4

- 4.2 Figure 43 sets out the process for establishing OAN. It starts with a demographic process to derive housing need from a consideration of population and household projections, as set out in chapter 3 of the SHMA. To this, external market and macro-economic constraints are applied ('market signals'), in order to embed the need in the real world.

Figure 43: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



National Context for England

- 4.3 The NPPF requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraphs 47 and 159).
- 4.4 PPG further identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” (ID 2a-015 to 016).

Household Growth

- 4.5 The 2014-based CLG household projections show that the number of households in England will increase from 22.7 million to 28.0 million over the 25-year period 2014 to 2039. This represents a growth of 5.3 million households over 25 years, equivalent to an annual average of 210,300 households each year, and this provides the starting point estimate of overall housing need for England.
- 4.6 It should be noted that the annual average of 210,300 households is already much higher than current housing delivery: provisional data for England published by CLG for the period April 2015 to March 2016 identifies that construction started on 139,700 dwellings and 139,700 dwellings were also completed during the year. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by over 50% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

- 4.7 The 2014-based CLG household projections are based on the ONS 2014-based sub-national population projections. These projections identify an average net gain of 182,400 persons each year due to international migration, and a net loss of 6,200 persons each year from England to other parts of the UK. Therefore, the 2014-based projections are based on net migration averaging 176,100 persons each year.
- 4.8 However, these estimates for future international migration may be too low. Oxford University research (March 2015) showed net international migration to be 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually between the Census in 2001 and 2011. Both figures suggest that the 2014-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth. Nevertheless, it is important to recognise that future migration trends may also be affected by the UK leaving the EU; and whilst it is currently unclear what arrangements might be put in place to restrict immigration, it is possible that this could have a significant impact on future international migration.
- 4.9 As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS normally consider migration based on 10-year trends. As noted above, the Census identified that net migration to England averaged 211,200 persons each year over the period 2001-11 and more recent data from the ONS Mid-Year Estimates identifies an average of 210,800 persons each year from 2005-15. The approach taken for establishing migration based on longer-term trends is therefore based on a period when net migration to England was around 35,000 persons higher than assumed by the 2014-based SNPP. This would represent an additional 15,400 households each year (based on CLG average household sizes); increasing the growth for England from 210,300 households to 225,700 households each year on average.

Market Signals

- 4.10 The NPPF also sets out that *“Plans should take account of market signals, such as land prices and housing affordability”* (ID 2a-017) and PPG identifies that *“the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”*.
- 4.11 The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators *“demonstrate un-met need for housing”* and that *“longer term increase in the number of such households may be a signal to consider increasing planned housing numbers”* (ID 2a-019).
- 4.12 The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.
- 4.13 Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.
- 4.14 Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2014-39 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of 229,200 each year.

Converting to Dwellings

- 4.15 Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 229,200 households would require the provision of **239,500 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2014-39 and represents a 1.0% increase in the dwelling stock each year.
- 4.16 This takes account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market signals through providing for the growth of concealed families; and takes account of vacant and second homes.

- 4.17 Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 239,500 dwellings requires current housebuilding rates to increase by 71%** (based on dwelling starts in 2015-16).
- 4.18 Development industry campaigners (such as Homes for Britain²⁰) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)²¹. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families is consistent with this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

Establishing Objectively Assessed Need for Milton Keynes

- 4.19 The earlier part of this Chapter sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for Milton Keynes. Our approach for this section follows the format of the earlier section, albeit with specific reference to Milton Keynes. Essentially, therefore, this section is concerned with:
- » CLG 2014-based household projections (the starting point);
 - » Migration adjustments, based on Census, for longer-term migration trends (which incorporate higher international migration rates);
 - » Market signals, including an uplift for concealed families;
 - » Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.
- 4.20 In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers.

CLG Household Projections

- 4.21 The “starting point” estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. These projections suggest that household numbers across the study area will increase by 21,922 over the 15-year Plan period 2016-31, an average of 1,461 per year.
- 4.22 However, the notes accompanying the CLG Household Projections explicitly state that:
- The 2014-based household projections are linked to the Office for National Statistics 2014-based sub-national population projections. **They are not an assessment of housing need** or do not take account of future policies, they are an indication of the likely increase in households given the **continuation of recent demographic trends**.*
- 4.23 The ONS 2014-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2009-2014. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

²⁰ <http://www.homesforbritain.org.uk>

²¹ http://webarchive.nationalarchives.gov.uk/+/http://www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

Adjustments for Local Demography and Long-term Migration

- 4.24 ORS has calculated household projections based on a scenario using 10-year migration trends, using information from the ONS Mid-Year Estimates for the period 2005-15. This scenario projects that household numbers across the study area would increase by an average of 1,541 per year (based on trends for the period 2005-15) over the 15-year Plan period 2016-31.
- 4.25 This projection is higher than the CLG 2014-based household projection (1,461 p.a.). The reason for this is that the 10-year trend scenario takes account of issues affecting local demography and is based on long-term migration trends. It therefore provides the most reliable and appropriate demographic projection for establishing future housing need.

Affordable Housing Need

- 4.26 The SHMA has undertaken a comprehensive analysis of the existing unmet need for affordable housing. This analysis identified that **overall housing need should be increased by 804 households** to take account of **concealed families** and **homeless households** that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established there to be **2,802 households in need of affordable housing at the start of the Plan in 2016**.
- 4.27 Nevertheless, 1,219 of these households already occupy an affordable home (albeit unsuitable for their current needs) – so the home that will be vacated when their needs are resolved must be offset against the overall need to establish the unmet need. **There is an unmet need from 1,589 households (2,802 less 1,219 = 1,589) who will need affordable housing at the start of the Plan period 2016-31 and do not already occupy affordable housing in Milton Keynes.**
- 4.28 Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. The analysis identifies that **the number of households in need of affordable housing will increase by 6,511 households over the period 2016-31**, alongside an increase of 16,614 households able to afford market housing.
- 4.29 Overall, there will be a **need to provide additional affordable housing for 8,094 households over the 15-year Plan period 2016-31** (an average of 540 per year). This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Employment Trends

- 4.30 While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

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

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

Planning Practice Guidance (March 2014), ID 2a-018

- 4.31 As previously noted, the demographic analysis (based on 10-year migration trends) identified that on the basis of providing the 24,900 additional dwellings needed over the 15-year Plan period 2016-31 (based on 10-year migration trends), it is likely that the economically active population would increase by almost 21,200 people. This suggests that the number of available workers will increase by around 21,200 over the 15-year period 2016-31 (without any assumed change in unemployment), equivalent to an average of around 1,413 additional workers each year on average.

East of England Forecasting Model (EEFM)

- 4.32 The East of England Forecasting Model (EEFM) was originally developed by Oxford Economics to project economic, demographic and housing trends in a consistent manner. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run. The EEFM has provided regular forecasts of jobs growth for each local authority in the East of England, and the coverage of this model was further extended to provide outputs for the whole of the South East Midlands LEP area.
- 4.33 Cambridge Econometrics took responsibility for the EEFM in 2016, and the most recent outputs were published in July 2016. The baseline forecast for Milton Keynes from the EEFM 2016 suggested that total employment would increase from 186,600 in 2016 to 218,500 in 2031; an increase of 31,900 jobs over this 15-year period. Whilst the EEFM baseline forecast identifies an increase of 31,900 jobs, the number of workplace employed people is only forecast to increase by 27,500 workers – which implies that 4,416 of the extra jobs will be fulfilled by an increase in “double jobbing”.
- 4.34 There are a number of other factors which should be considered when relating jobs to workers, particularly the issue of commuting:
- » **Out-commuting:** Based on 2011 Census commuting flows, 78% of working residents in Milton Keynes are also employed in the local area. This implies that 22% commute to jobs outside the area. Therefore, of the additional 21,200 workers projected to live in the area, we would expect 16,500 (78%) would work locally and 4,700 (22%) would commute outside of the area. On this basis, we have assumed that the number of workers that out-commute from Milton Keynes to work elsewhere will increase by 2,400 over the 15-year period 2016-31.

- » **In-commuting:** at the time of the 2011 Census, 31% of jobs in Milton Keynes were filled by people travelling in from other authorities. Therefore, an extra 27,500 main jobs is likely to draw in 8,500(31%) additional in-commuters; leaving 19,000 main jobs that would need to be filled by workers living in the area (again assuming no change in commuting patterns).

- 4.35 Given this context, based on current commuting rates there is likely to be an increase in net in-commuting of around 3,800 workers (8,500 additional in commuters less 4,700 additional out commuters). This is marginally lower than the increase in net in-commuting of 4,416 extra workers that is forecast by the EEFM; therefore, the SHMA analysis is consistent with the employment modelling.
- 4.36 We can therefore conclude that the demographic projections (without any uplift for market signals) would provide around 16,500 extra workers locally whereas 19,000 extra workers would be needed. **There is therefore a shortfall of 2,400 workers based on the increase in jobs that is currently forecast.** Given this context, there is a need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area. The ORS model indicates that these 2,400 extra workers translate to a need for around 1,700 extra dwellings.

Conclusions on Jobs and Workers

- 4.37 While demographic projections form the starting point for OAN calculations it is necessary to ensure a balance between future jobs and workers. Figure 44 sets out the calculation for aligning jobs and workers in Milton Keynes HMA.

Figure 44: Balancing future jobs and workers for Milton Keynes HMA

	Milton Keynes
JOBS	
Forecast change in main jobs 2016-31	27,516
LESS Jobs fulfilled by workers commuting to the HMA (based on current commuting rates)	8,530
Extra local workers needed to balance with future jobs	18,986
WORKERS	
Projected change in economically active population 2016-31	21,216
LESS Workers commuting to jobs outside the HMA (based on current commuting rates)	4,668
Projected increase in local workers	16,548
BALANCING JOBS AND WORKERS	
Extra local workers needed to balance with future jobs	18,986
LESS Projected increase in local workers	16,548
Shortfall (or surplus) of local workers	+2,438
HOUSING	
Additional housing to balance jobs and workers 2016-31	+1,739
UPLIFT IN HOUSING NEED TO BALANCE JOBS AND WORKERS	+1,739

- 4.38 Based on the conclusions about future jobs, the overall increase in employment is likely to yield around 27,500 additional main jobs in Milton Keynes over the 15-year period 2016-31; so it is appropriate that we balance future workers against these extra jobs. Taking account of existing commuting patterns, the demographic projections (without any uplift for market signals) would provide 16,500 extra workers locally whereas 19,000 extra workers would be needed, a shortfall of around 2,400 workers. **Therefore, there is a need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area.** The ORS model indicates that this increase should be 1,739 dwellings.

- 4.39 Of course, any uplift to the overall housing need in response to market signals or uplift to the housing requirement to help to deliver affordable housing is also likely to draw in additional population, which would increase the number of workers (and potential number of jobs) yet further; so it will be important to consider the cumulative impact of any uplifts that are applied.

Market Signals

- 4.40 While demographic trends are important to the assessment of OAN, it is also important to consider current Market Signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (ID 2a-019)

A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections (ID 2a-020)

Planning Practice Guidance (March 2014), ID 2a-019/020

- 4.41 The Market Signals include:

- » Land and house prices;
- » Rents and affordability;
- » Rate of development; and
- » Overcrowding.

- 4.42 Furthermore, there are other issues that should be considered, for example the macro-economic climate (PAS OAN technical advice note, para 5.22). There are also wider market trends and drivers to consider. A full range of market signals are reviewed and their implications are considered especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

- 4.43 PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally.

Planning Practice Guidance (March 2014), ID 2a-020

- 4.44 To identify areas with similar demographic and economic characteristics to Milton Keynes, we have analysed a range of comparative data. The outcome of this analysis suggests that Milton Keynes shares

similar demographic and economic characteristics with Northampton, Peterborough and Swindon and have therefore adopted these areas as appropriate comparators.

House Prices

- 4.45 House prices in the UK have been relatively volatile in the past 10 years. Prices increased by 8.7% in the 12 months to June 2016²²; prices rose fastest in the East of England (14.3%), London (12.6%), and the South East (12.3%).
- 4.46 The average UK house price was £214,000 in June 2016 compared to the peak of the previous high of £190,000 in the three months August to October 2007, which was overtaken in 2014. Average house price trends 2006 - 2016 as demonstrated by the House Price Index (HPI) show the price divergence between London and the rest of the UK.

Figure 45: Annual house price rates of change, UK all dwellings 2004-2016 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

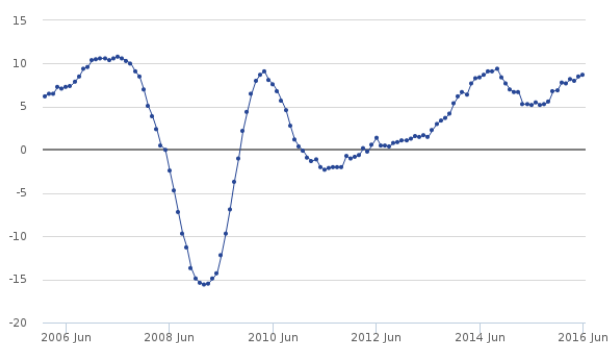
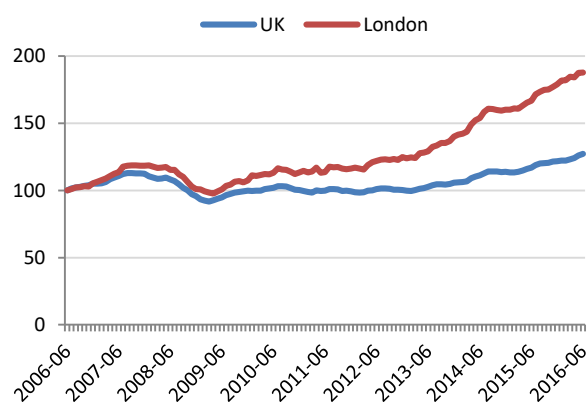


Figure 46: UK and London House Price Index 2008-2016 (Source: ONS)



- 4.47 The Bank of England has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery. In his speech at the Mansion House in June 2014, the Governor of the Bank said:

"The underlying dynamic of the housing market reflects a chronic shortage of housing supply, which the Bank of England can't tackle directly.

To be clear, the Bank does not target asset price inflation in general or house prices in particular.

It is indebtedness that concerns us.

This is partly because over-extended borrowers could threaten the resilience of the core of the financial system since credit to households represents the lion's share of UK banks' domestic lending.

It is also because rapid growth in or high levels of mortgage debt can affect the stability of the economy as a whole."

²² <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/june2016>

4.48 These concerns remain. The Financial Policy Committee (FPC) Financial Stability Report July 2016²³ states:

“The FPC is alert to risks arising from household indebtedness. Survey evidence on the housing market has been difficult to interpret in recent months because of the impact of the pre-announced increase in stamp duty, which boosted activity in March and has dampened activity in April and May. Nevertheless, in advance of the referendum, there was evidence that uncertainty about the outcome was contributing to a slowdown in housing activity. For example, the May RICS survey of chartered surveyors reported a sharp decline in new buyer enquiries ... to their lowest level since 2008”

4.49 The FPC also states concern about the effects of rapid growth in the buy-to-let sector:

“The stock of buy-to-let lending grew by 12.3% in the year to 2016 Q1. Activity fell off sharply in April, such that buy-to-let mortgage lending for house purchase was 85% lower than in March.”

4.50 The risk centres on the possibility of buy-to-let investments “amplifying cycles in the housing market as a whole” which “could put upward pressure on household indebtedness in an upswing and have an impact on consumption and broader economic activity in a downturn.”

4.51 The RICS UK Residential Market Survey²⁴ is updated monthly. While there are many uncertainties following the June 2016 referendum, the July 2016 Survey gives an early indication of the direction of prices in the short to medium term, and reports an increase in optimism among respondents:

“the net balance of those expecting prices to increase over the year ahead rising from zero to +23%. Even so, this still represents a significant softening compared to six months ago, when +66% more surveyors anticipated rising prices. For the second month running, the regional breakdown shows London and East Anglia are the only areas in which prices are expected to fall over the year ahead.”

4.52 Overall respondents to the Survey expect prices to rise over the medium term, with higher rises in London compared to the UK:

“London exhibits amongst the strongest projections over the medium term (three-month average), with respondents pencilling in around 4% growth, per annum, over the next five years. On the same basis, prices are expected to rise by close to 3% nationally.”

4.53 The Survey suggests that, currently, an “acute shortage of property for sale” could be underpinning prices.

Local House Prices

4.54 House price trends (2001-2015) are shown in Figure 47 based on lower quartile house prices. Of course, the value of money has also changed during this period, therefore Figure 48 shows data adjusted to take account of the impact of inflation. Therefore, the values in Figure 48 reflect real changes which have occurred since 2001 when removing the impact of background inflation.

²³ <http://www.bankofengland.co.uk/publications/Pages/fsr/2016/jul.aspx>

²⁴ <http://www.rics.org/uk/knowledge/market-analysis/rics-residential-market-survey/>

Figure 47: House Price Trends: Lower Quartile Prices (Source: ONS)

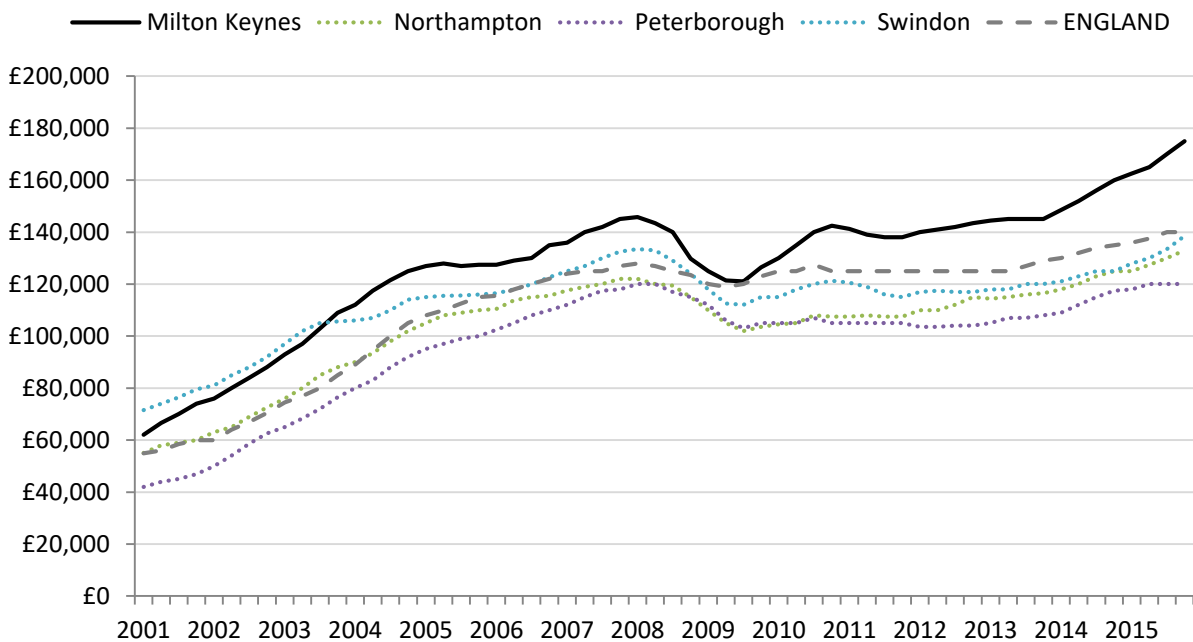
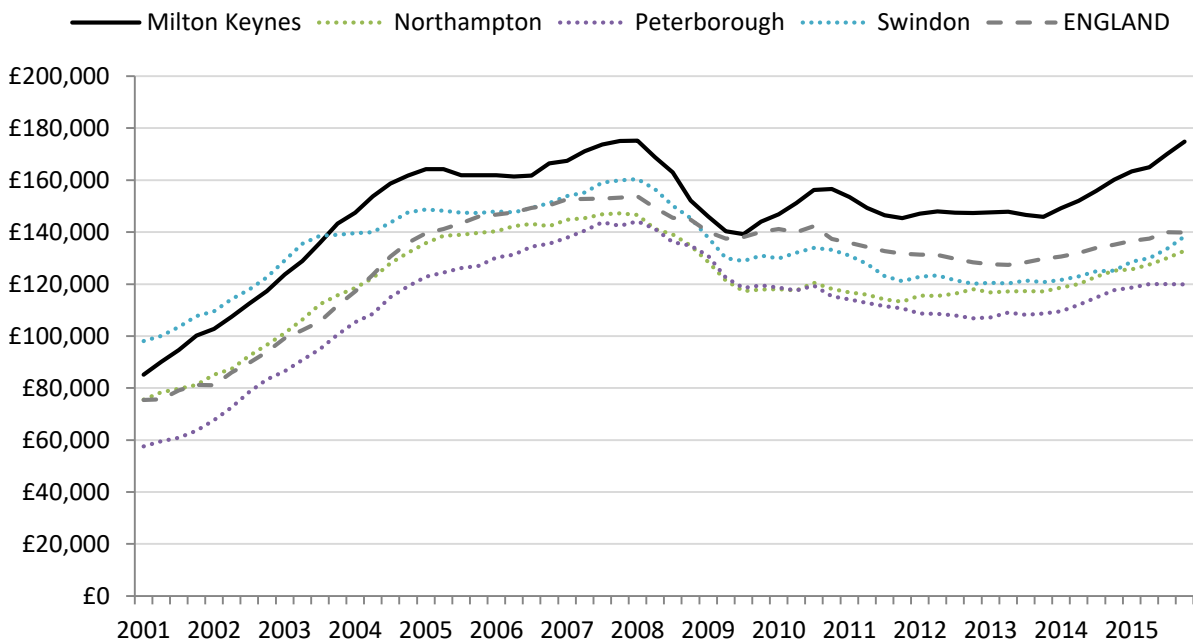


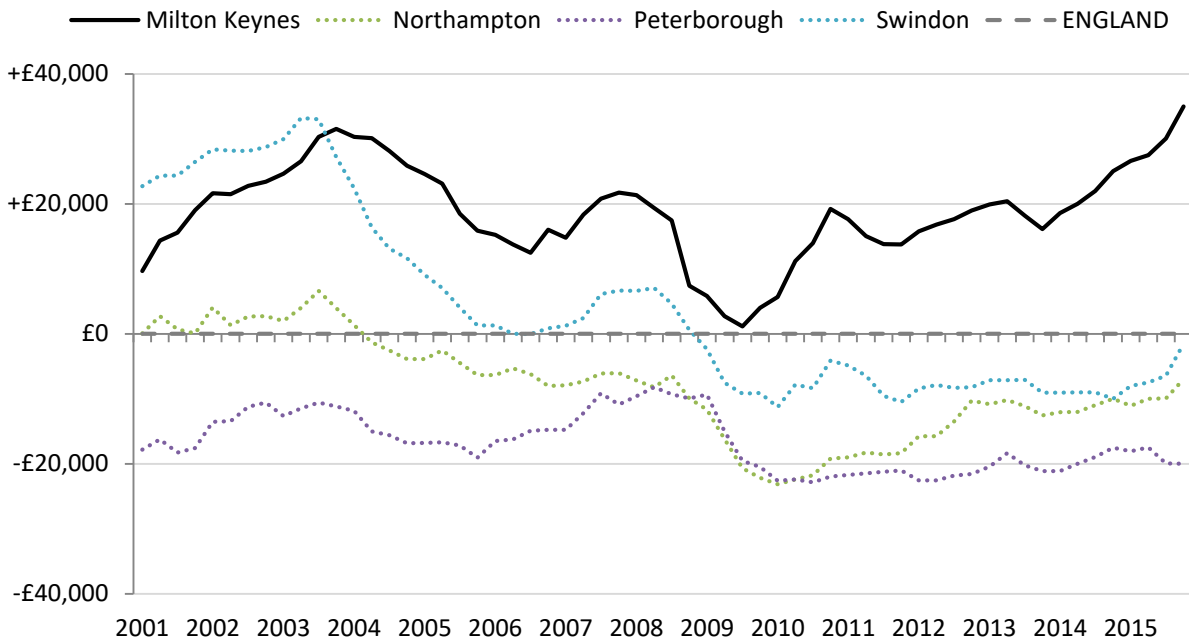
Figure 48: Real House Price Trends: Lower Quartile Prices adjusted to 2015 values using CPI (Source: ONS; Bank of England)



^{4.55} It is evident that real house prices across Milton Keynes increased substantially in the period 2001-2005 (from £85,101 to £164,220 at 2015 values, a real increase of 93%), and prices continued to rise to a peak of £175,122 by early 2008. Nevertheless, values reduced to £139,199 in 2009 with a subsequent plateau at around the £148,000 level, until 2014 when prices started to increase once more.

^{4.56} Figure 49 shows how real house prices in Milton Keynes and the comparator areas have varied when compared with the English average. This shows that real house prices in Milton Keynes have remained consistently above the English national average since 2001, and have risen at a notably faster rate than the national average since 2009.

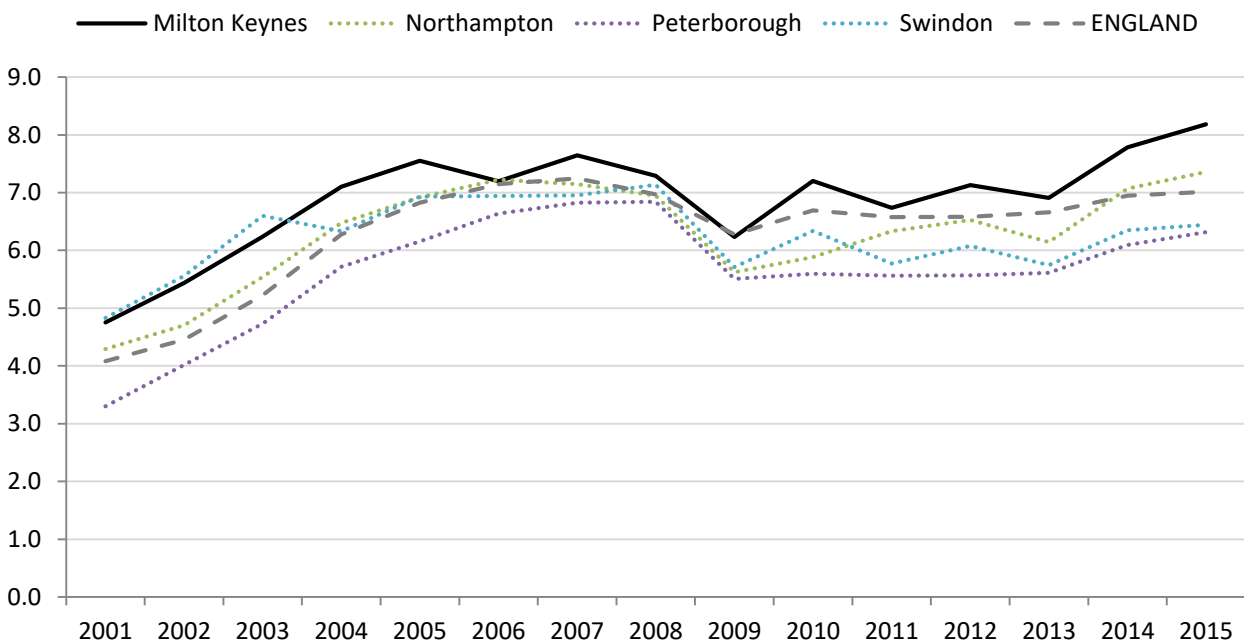
Figure 49: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2015 values using CPI (Source: ONS; Bank of England)



Affordability

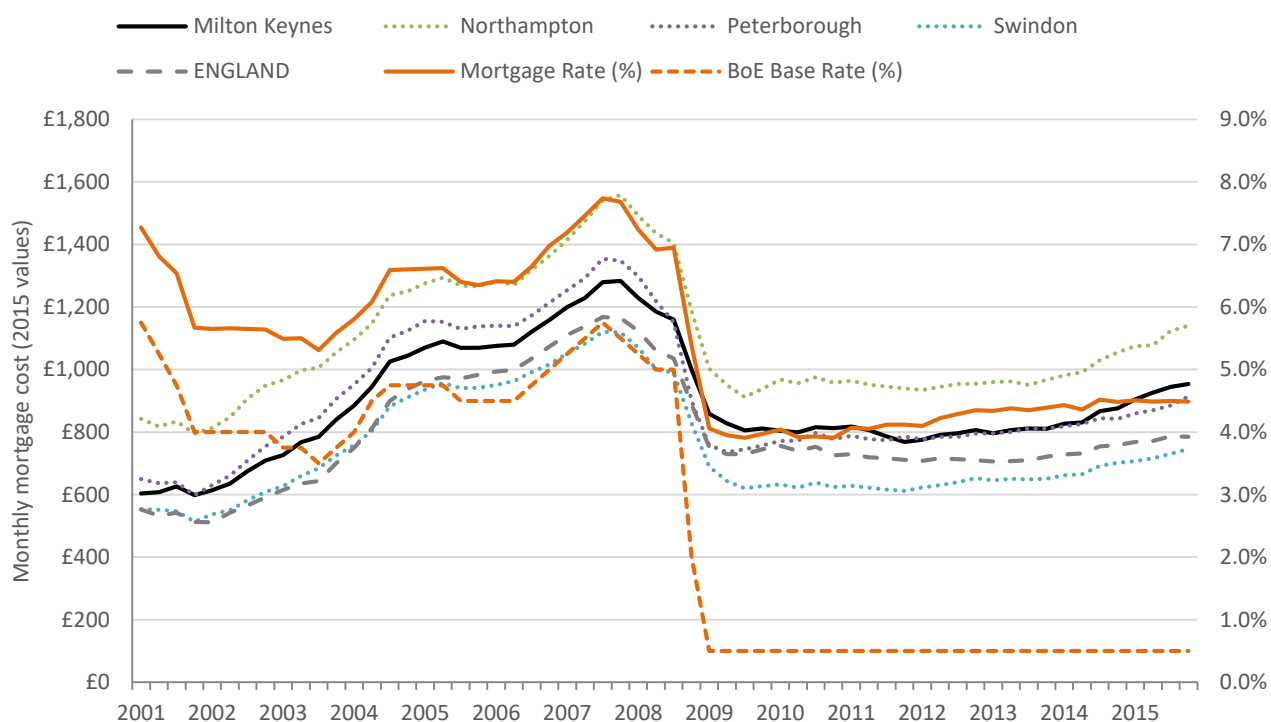
^{4.57} Figure 50 below shows the ratio of lower quartile house price to lower quartile earnings in Milton Keynes and the comparator areas between 2001 and 2015. This long term trend for the HMA is similar to comparator authorities; while worsening in the period 2001-05 (when there was an increase in real house prices), the multiplier has been relatively stable over the period 2005-13 with an increase reflecting the change in house prices over the last two years.

Figure 50: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: Ratios prior to 2013 are calculated using a different source of house price data)



- 4.58 Of course, it is important to remember that affordability can be influenced by both supply side issues (e.g. lower housing delivery levels) and demand side issues (e.g. availability of mortgage finance).
- 4.59 It is generally recognised that the availability and affordability of mortgage finance in the early part of the last decade contributed to house price growth during this period. Borrowers were readily able to access mortgages with high LTV rates (including rates of 100% or more) based on high income multipliers; with the associated interest rates being relatively low compared to previous years. Standard variable rate mortgages were typically around 8% in the late 1990s (having previously been much higher); but rates approached 5% by 2003 (when the Bank of England base rate was at 3.5%).
- 4.60 Figure 51 shows the real trends in monthly mortgage costs based on 2015 values. This is based on the lower quartile house price with a 100% repayment mortgage at the standard variable rate with a 25-year term. It is evident that house price increases around 2001 were being offset against interest rate reductions, although mortgage costs on lower quartile prices still increased over the period to 2007. The Bank of England base rate has been at an historic low of 0.5% since 2009, and whilst standard variable rate mortgages have stayed above 4% the mortgage costs for Milton Keynes (based on lower quartile house prices) have remained at around £800 pcm (at 2015 values) which is equivalent to the real cost in 2003 and slightly higher than the cost in 2001 (£610 pcm). Nevertheless, any increase in interest rates will lead to higher mortgage costs again unless the recent reduction in real house prices can be sustained.

Figure 51: Monthly mortgage costs based on 2015 values (Source: CLG Live Tables; Bank of England)



Private Rent

- 4.61 Private Rented Housing has become a significant part of the national housing offer; further, many households with housing need are now meeting those needs in the sector.
- 4.62 The English Housing Survey confirmed that more households in England rent from private landlords than councils or housing associations (4.3m cf. 3.9m in 2014-15). Given very limited new build private rent supply, sector growth is driven by conversion of existing owner occupied stock to private rent, either as individual homes or as Houses in Multiple Occupation (HMO).
- 4.63 The Institute of Mortgage Lenders Association (IMLA) forecasts suggest that the sector will continue to increase in size in coming years. More than a third of all households could rent privately within two decades – twice as many as today.

Figure 52: UK household tenure projections to 2032 (Source: DCLG/IMLA)

	Owner-occupied		Private rented		Social rented		Total
	units (thousan	% of total	its (thousan	% of total	its (thousan	% of total	
2007	18,206	68.00%	3,606	13.50%	4,886	18.30%	26,698
2012	17,835	64.20%	4,920	17.70%	4,936	17.80%	27,691
2017f	17,445	61.10%	6,106	21.40%	4,996	17.50%	28,548
2022f	17,064	57.50%	7,578	25.50%	5,058	17.00%	29,700
2032f	16,326	49.20%	11,672	35.20%	5,182	15.60%	33,181

Private Rented Sector in Milton Keynes

- 4.64 Whilst the dominant form of housing tenure in Milton Keynes continues to be owner occupation, the sector has declined relatively by 6.6% points since 2001. In the same period, the private rented sector has grown by 8.9% points, which is a higher relative rate than England. Affordable housing is also declining slightly.

Figure 53: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)



- 4.65 The rate of increase in the PRS is revealing: over the period 2001-11, the PRS sector percentage has grown by 97% across the area; which is higher than both England and the South East region, where the percentage growth has been 51% and 45% respectively over the same period.
- 4.66 It is important to recognise that the private rented sector in Milton Keynes is growing via the conversion of other tenures rather than new build. PRS does not contribute significantly to new housing supply; there is, however, considerable current interest in attracting investment to boost new build PRS supply, particularly from Government²⁵.

Private Sector Rents

- 4.67 Median rents have increased across all property sizes in Milton Keynes in the private rented sector over the period since 2013/14, suggesting that demand probably exceeds supply. Average rents in Milton Keynes are now higher than nationally across England. The upward trend would indicate that the sector still has growth potential both nationally and locally in Milton Keynes.

Figure 54: Median Monthly Rent Values (Source: Valuation Office Agency 2013-2016)

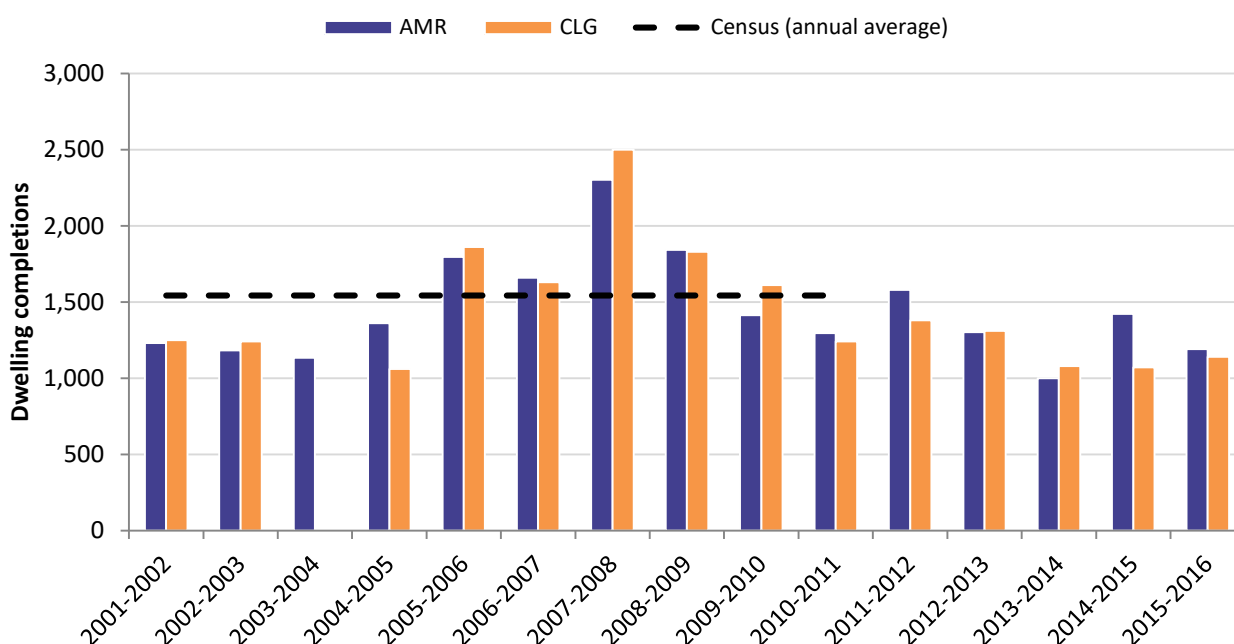
	April 2013- March 2014	April 2014- March 2015	April 2015- March 2016
Milton Keynes			
1 bedroom	£600	£595	£650
2 bedroom	£725	£750	£800
3 bedrooms	£800	£850	£920
4 or more bedrooms	£1,200	£1,250	£1,350
Northampton			
1 bedroom	£475	£495	£500
2 bedroom	£575	£595	£625
3 bedrooms	£650	£675	£710
4 or more bedrooms	£898	£900	£950
Peterborough			
1 bedroom	£425	£450	£450
2 bedroom	£550	£550	£575
3 bedrooms	£600	£625	£640
4 or more bedrooms	£825	£848	£871
Swindon			
1 bedroom	£475	£500	£550
2 bedroom	£585	£600	£650
3 bedrooms	£725	£750	£825
4 or more bedrooms	£950	£1,000	£1,100
England			
1 bedroom	£500	£525	£550
2 bedroom	£575	£595	£600
3 bedrooms	£650	£675	£695
4 or more bedrooms	£1,100	£1,175	£1,250

²⁵ Review of the Barriers to Institutional Investment in Private Rented Homes; Montague Review

Housing Development

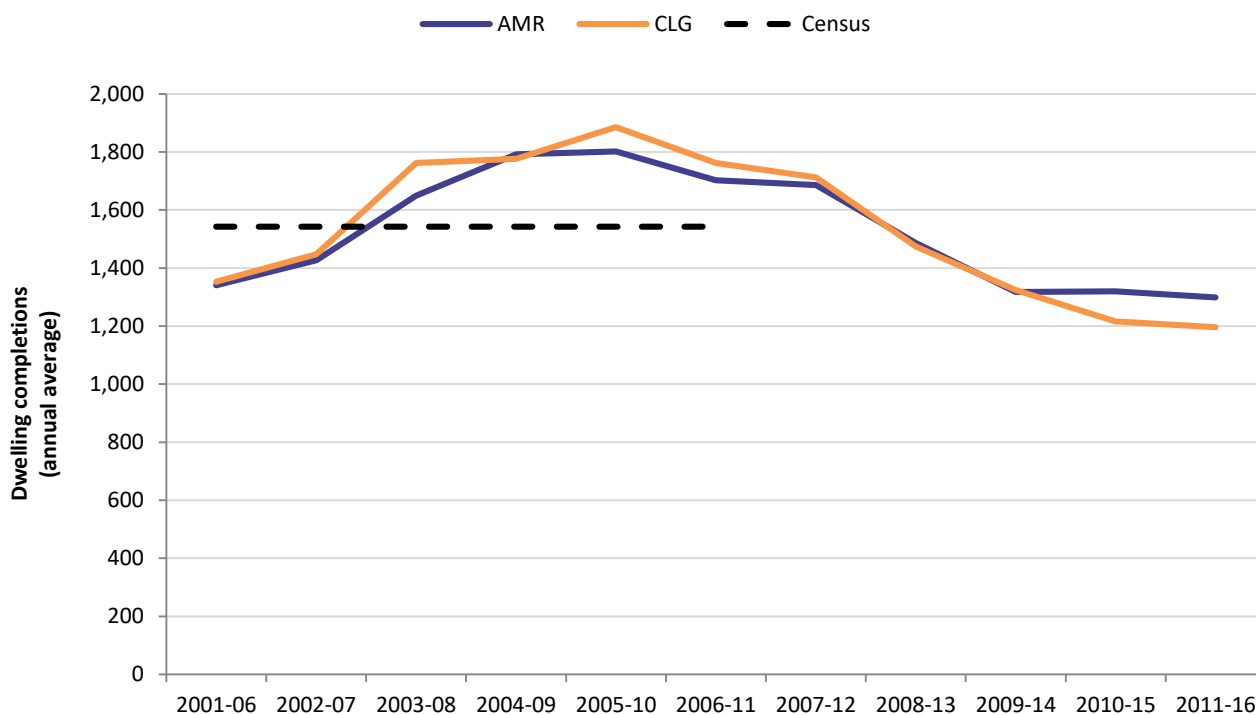
- 4.68 Census data shows that the number of dwellings in Milton Keynes increased from 86,500 to 102,000 over the 10-year period 2001-11. This represents an increase of 15,500 dwellings equivalent to 18% of the stock. Over the same period, the number of dwellings in England increased from 21.2 million to 23.0 million, equivalent to around 8.3% of the stock. Therefore, housing development in Milton Keynes has been around 116% higher than development across England over the last decade (18% divided by 8.3% = 216%).
- 4.69 Figure 55 compares the data from the Census against housing completions recorded in the Council’s Annual Monitoring Report (AMR) and data on housing completions published by CLG. The AMR data suggests an annual average of 1,521 additional dwellings over the period 2001-11 whilst the CLG data suggests an annual average of 1,580 additional dwellings over the period 2001-11 (note this does not include the unavailable data for 2003-04). These rates are close to the increase suggested by the Census (within 2.5% of the Census’ 1,543), therefore it is likely that at they remain broadly accurate in the post Census periods.

Figure 55: Annual Housing Completions for Milton Keynes (Source: Milton Keynes Council Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011) – note: no CLG data 2003-04



- 4.70 Figure 56 shows average annual housing completions based on rolling 5-year periods, which illustrates the changes in underlying trends. The AMR and CLG data show that completion rates have been relatively stable, consistently averaging around 1,500-1,600 dwellings each year; though more recently average rates have fallen and have been routinely below 1400 dwellings per year, with CLG data for the most recent 5-year period 2011-16 averaging 1140 annually.

Figure 56: Trends in 5-year Average Annual Housing Completions for Milton Keynes (Source: Milton Keynes Council Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011)



Overcrowding

- 4.71 Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard we estimated that 2,718 households were overcrowded in the HMA (Figure 28), including 835 owner occupiers, 756 households renting privately and 1,127 households in the social rented sector.
- 4.72 PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing:

Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.

Planning Practice Guidance (March 2014), ID 2a-019

- 4.73 These were also considered when establishing the need for affordable housing, and the overall housing number was increased to take account of the needs of homeless households and concealed families with younger family representatives who would not have been counted as part of the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing, and can be considered as part of the response to market signals.

Summary of Market Signals

4.74 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 57: Summary of Market Signals: Indicators Relating to Price (Note: Affordability Ratios prior to 2013 are calculated using a different source of house price data)

		Milton Keynes	Northampton	Peterborough	Swindon	England
INDICATORS RELATING TO PRICE						
House prices						
Lower quartile house price	2014-15 price	£162,500	£125,000	£118,000	£128,000	£136,000
	Relative to England	+19%	-8%	-13%	-6%	-
	2009-10 price	£130,000	£104,500	£105,000	£115,000	£125,000
	5-year change	+25%	+20%	+12%	+11%	+9%
Affordability						
Lower quartile house price to earnings	2015 ratio	8.2	7.4	6.3	6.4	7.0
	Relative to England	+17%	+5%	-10%	-8%	-
	2010 ratio	7.2	5.9	5.6	6.3	6.7
	5-year change	+14%	+25%	+13%	+2%	+5%
Rents						
Average monthly rent	2015-16 cost	£869	£614	£581	£672	£820
	Relative to England	+6%	-25%	-29%	-18%	-
	2010-11 cost	£721	£536	£548	£579	£694
	5-year change	+20%	+15%	+6%	+16%	+18%
INDICATORS RELATING TO QUANTITY						
Rate of development						
Increase in stock	2001-11 change	18.0%	9.7%	12.3%	17.9%	8.3%
	Relative to England	+115%	+16%	+48%	+115%	-
Overcrowding						
Overcrowded households	2011 proportion	9.6%	8.8%	8.3%	7.0%	8.7%
	Relative to England	+9%	+1%	-4%	-20%	-
	2001 proportion	7.6%	6.2%	5.6%	5.8%	7.1%
	10-year change	+25%	+43%	+50%	+19%	+23%

4.75 As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:

- » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £162,500 compared to England's £136,000 (based on 2014-15 prices). The current price in Milton Keynes is also higher than all of its comparator areas. In addition whilst all have increased over the last 5 years, Milton Keynes has increased by the greatest proportion. Milton Keynes prices are likely to be higher due to its relative proximity to and connectivity with London;

- » **Rents:** for average private sector rents in 2015-16, again Milton Keynes is higher than both the national average and its comparator areas. All have increased over the last 5 years, with Milton Keynes increasing by the greatest proportion;
- » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is higher in Milton Keynes than across England as a whole (8.2 cf. 7.0). The current rate is also higher than its comparator areas, Northampton (7.4), Swindon (6.4) and Peterborough (6.3). Affordability ratios have got “worse” since 2010, with the ratio in Milton Keynes increasing from 7.2 to 8.2 representing a 5-year change of 14%. This is higher than the equivalent rate for England, where the ratio increased from 6.7 to 7.0, a change of 5% but a lower rate of change than for Northampton which increased from 5.9 to 7.4, a change of 25%;
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that rate of development in Milton Keynes has been more than double that in England (18.0% cf. 8.3%). This rate is consistent with Swindon (17.9%), but higher than the rates of development in Peterborough (12.3%) and Northampton (9.7%). Of course, these figures will inevitably be influenced by local constraints as well as individual policies;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 9.6% of households in Milton Keynes are overcrowded based on an objective measure, which is higher than England (8.7%). The proportion of overcrowded households has increased over the last 10 years at a similar rate to England. A greater percentage of households are overcrowded in Milton Keynes compared to all of its comparator areas, however there has been a much greater increase in the proportions of both Northampton and Peterborough compared to Milton Keynes.

^{4.76} Given this context, it is apparent that the indicators generally indicate that housing market pressure in Milton Keynes are higher than those in similar areas; and given that many of these areas show greater pressures than the national average (in particular the market signals relating to price), conditions across Milton Keynes suggest that the level of **Objectively Assessed Need for Milton Keynes should be higher than suggested by household projections** in isolation.

^{4.77} The analysis of overcrowding for the SHMA has already identified that the overall housing need should be increased by 804 households to take account of **concealed families** and **homeless households** that would not be captured by the household projections. This specific adjustment should be incorporated as a response to market signals to take account of the identified un-met need for housing, representing an uplift of 3.4% on the household projections; nevertheless, given the market signals context, it is probably appropriate to increase this uplift.

Conclusions on Market Signals

^{4.78} There is no definitive guidance on what level of uplift is appropriate. Nevertheless, the Inspector examining the Eastleigh Local Plan judged 10% to be reasonable given the market signals identified for that HMA:

“It is very difficult to judge the appropriate scale of such an uplift ... Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself.”

^{4.79} On this basis, it is helpful to compare the Market Signals for Milton Keynes with those for Eastleigh and its wider HMA (which we have based on Southampton with Eastleigh and the New Forest). In summary:

- » **House prices** in Milton Keynes are lower than in Eastleigh (£162,500 cf. £179,000 at the lowest quartile), and also lower than Eastleigh's wider HMA (£169,100);
- » **Affordability** is better in Milton Keynes (8.2x) than in Eastleigh and its wider HMA (8.5x and 8.6x respectively);
- » **Market rents** in Milton Keynes (£869 pcm) are marginally higher than in Eastleigh and its wider HMA (£817 pcm and £831 pcm respectively);
- » **Overcrowding** in Milton Keynes is comparable with Eastleigh's wider HMA (9.6% cf. 9%); and
- » **Rates of development** over the last decade in Milton Keynes were double the rates achieved in Eastleigh's wider HMA (18% cf. 9%).

4.80 The indicators therefore identify similar housing pressures for Milton Keynes and Eastleigh (and its wider HMA), so it would seem reasonable for 10% to also be considered as a response to Market Signals for Milton Keynes. **On balance we would recommend an overall uplift of 10% of the housing need identified based on the household projections as a response to Market Signals for Milton Keynes**

4.81 The household projections previously identified an increase of 23,125 households (23,939 dwellings); so **the proposed market signals uplift represents an additional 2,394 dwellings over the 15-year period 2016-31, which provides an appropriate response to market signals.** This is consistent with the views of the Eastleigh Inspector in the context of the indicators for the two areas.

4.82 The previous analysis already identified that the overall housing need should be increased by a specific uplift of 804 households to take account of concealed families and homeless households that would not be captured by the household projections; which together represent a need for 815 dwellings. This adjustment has already been incorporated as a response to the identified un-met need for housing; however, it is appropriate for it to be considered as part of the response to market signals. **An additional increase of 1,579 dwellings is therefore needed to deliver the overall uplift of 2,394 dwellings identified in response to market signals.**

Housing Backlog

4.83 The Planning Advisory Service Good Plan Making Guide²⁶ identifies that the SHMA should “re-set the clock” and provide a new baseline assessment of all housing need. However, the SHMA must take account of ‘backlog’: any unmet need for housing that exists at the start of the plan period.

“Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be ‘double counting’. Make sure however that the Strategic Housing Market Assessment takes account of ‘backlog’ which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope.” (page 49)

4.84 This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation that will exist at the start of the new Plan period. However, it is also important to recognise that the SHMA identifies all housing need based on household projections from a baseline date

²⁶ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

of 2015, whereas the OAN is being established from the base date of the Plan which starts in 2016. It is therefore necessary to identify the extent of any under-provision during the year 2015-16 based on the housing need identified by the SHMA, as this will also represent an unmet need for housing at the start of the new Plan period.

- 4.85 Housing completions recorded for the period identify that housing delivery totalled 1,248 dwellings during the year 2015-16, whereas housing need based on the SHMA household projections identifies a need for 1,801 dwellings for the same year. **There is therefore likely to be a backlog of 553 dwellings** (1,801 less 1,248 = 553) **likely to have built up during the year 2015-16 that will need to be addressed as part of the OAN for the 15-year Plan period 2016-31.** This adjustment will ensure that the Plan will provide for all of the household growth projected for the period 2015-16, without it being constrained by any housing under-provision during this initial year.
- 4.86 The impact of this adjustment will be to phase the projected growth slightly differently to the demographic projections, but it will not change the overall number of dwellings needed by 2031 or the projected population and number of workers previously counted. Nevertheless, higher rates of housing delivery will need to be achieved over the Plan period to address this backlog.
- 4.87 It is also important to consider the relationship between current under-provision and market signals. Market signal indicators reflect past trends and will therefore be influenced by recent housing supply, so any under-provision is likely to have had an effect. If current housing delivery was keeping pace with household growth (with the necessary allowance for vacant and second homes) then the market signals should indicate less imbalance in the housing market, which would impact on the need for any uplift.
- 4.88 In summary, the SHMA has identified that:
- » Under-provision during the period 2015-16 will represent an unmet need for housing at the start of the new Plan period, so higher rates of housing delivery will need to be achieved over the Plan period to address this backlog; and
 - » Market signals indicate that there is some imbalance in the housing market based on current rates of housing delivery, so higher rates of housing delivery will need to be achieved over the Plan period to respond to this imbalance.
- 4.89 Both of these adjustments are a response to current rates of housing delivery and the impact of under-provision; so they are not cumulative and it will be necessary to consider their combined impact.

Conclusions

- 4.90 The “starting point” estimate for OAN is the CLG household projections, and the latest published data are the 2014-based projections for period 2014-39. These projections suggest that household numbers across the study area will increase by 21,922 over the 15-year Plan period 2016-31, an average of 1,461 per year.
- 4.91 However, a comprehensive review of the local demographic evidence identifies some inaccuracies with the official population projections. Consistent with PPG, the SHMA therefore takes full account of these “factors affecting local demography” through developing independent household and population projections based on 10-year migration trends using robust Census data. These projections identify that **household numbers across the study area are projected to increase by 23,125 households over the 15-year Plan period 2016-31.**
- 4.92 We have identified that the baseline household projections should be increased by 804 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates.
- 4.93 On this basis, the number of households in the borough is likely to increase by 23,929 households over the 15-year Plan period 2016-31. This adjustment responds to identified un-met need for affordable housing, addresses suppressed household formation rates and takes account of the future Extra Care housing. **Providing for an increase of 23,929 households yields a baseline housing need of 24,744 dwellings; an average of 1,650 dwellings per year over the 15-year Plan period 2016-31.**
- 4.94 While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing market problems. Further adjustments may be needed in response to balancing jobs and workers, market signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.
- 4.95 The evidence of baseline growth in jobs and workers identifies a **need to increase housing delivery by 1,739 dwellings** to provide enough workers for the 31,900 extra jobs in the area (and 27,500 main jobs) suggested by the EEFM 2016 forecast. Whilst the overall housing need has been increased by 815 dwellings to take account of concealed families and homeless households not captured by the household projections, these households will not increase the number of people (or the number of available workers) resident in the area and must therefore be considered separately to the need to balance jobs and workers.
- 4.96 **An uplift of 2,394 dwellings is proposed as an appropriate response to the market signal indicators.** However, as the overall housing need has already been increased by 815 dwellings to take account of concealed families and homeless households not captured by the household projections, this should be considered as part of the response to market signals (as it represents an increase in housing supply that should help alleviate the identified market signals); therefore an additional increase of 1,579 dwellings is needed to deliver the overall uplift of 2,394 dwellings that has been identified.
- 4.97 **A ‘backlog’ of 553 dwellings is likely to build up due to housing under-delivery in the year 2015-16.** This will need to be addressed during the 15-year Plan period 2016-31. Nevertheless, as previously noted, any increase in housing numbers to address this backlog will also contribute to improving market signals which are a reflection of current housing delivery; so the impact of these two adjustments will not be cumulative, but instead they should be considered together as a combined response.

4.98 Figure 58 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 58: Full Objectively Assessed Need for Housing for Milton Keynes 2016-31

Stage		Households	Dwellings
Demographic starting point CLG household projections 2016-31		21,922	22,693
Adjustment for local demographic factors and migration trends 10-year migration trend 2005-15		+1,203	+1,246
Baseline household projections taking account of local circumstances		23,125	23,939
Adjustment for suppressed household formation rates Concealed families and homeless households		+804	+815
Baseline housing need based on demographic projections		23,929	24,744
Further adjustments needed...	In response to balancing jobs and workers Forecast jobs growth yields shortfall of workers based on current commuting rates; uplift needed to the baseline housing need	-	+1,739
	In response to market signals 1,579 dwellings needed (in addition to the 815 dwellings for concealed families and homeless households) to deliver the overall uplift of 10% (a total of 2,394 extra dwellings)	-	10% x 23,939 = 2,394 2,394 - 815 = +1,579
	In response to backlog of housing provision between projection and Plan base dates 2015-16	-	+553
Combined impact of the identified adjustments		-	+1,739
Full Objectively Assessed Need for Housing 2016-31		25,592	26,493

4.99 Of course, it is important to remember that “*establishing future need for housing is not an exact science*” (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

4.100 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Milton Keynes to be 26,500 dwellings over the 15-year period 2016-31, equivalent to an average of 1,767 dwellings per year. This includes the Objectively Assessed Need of Affordable Housing for 8,200 dwellings over the same period, equivalent to an average of 547 per year.**

4.101 The OAN takes full account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends (which assume a higher rate of net migration to England); responds to suppressed household formation through providing for the growth of concealed families; considers the shortfall over 2015-16; adjusts appropriately to the need to balance jobs and workers; responds to market signals and takes account of vacant and second homes.

4.102 This is the average number of dwellings needed every year over the period 2016-31 and represents a 1.61% increase in the dwelling stock each year across the study area, notably higher than the 1.0% growth required across England to deliver 239,500 dwellings annually. The OAN is higher than rates of housing delivery over the 10-year period 2001-11, which averaged around 1,500-1,600 dwellings each year; and is notably higher than AMR/CLG data for the period 2011-16 have averaged around 1,200-1,300 annually.

5. Housing needs of different groups

Considering the need for all types of housing

- 5.1 The National Planning Policy Framework states that Local Plans should meet the “*full, objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47) and identifies that local planning authorities should seek to “*deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities*” and plan for the “*needs of different groups*”:

To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
- » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*

National Planning Policy Framework (NPPF), paragraph 50

- 5.2 On this basis, Planning Practice Guidance (PPG) sets out that:

Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:

- » *the proportion of the population of different age profile;*
- » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
- » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
- » *the tenure composition of housing.*

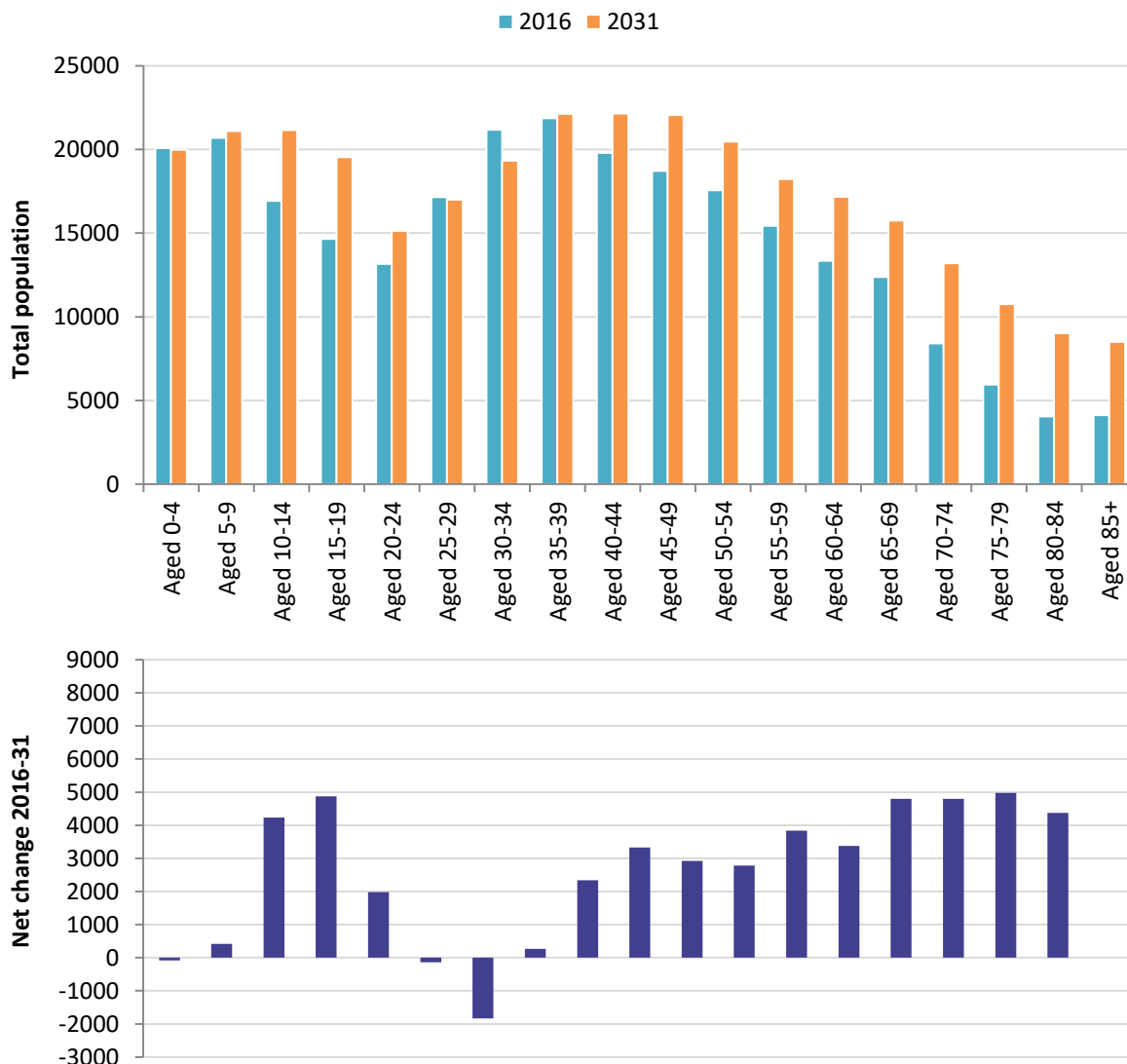
This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.

Planning Practice Guidance (March 2015), ID 2a-021

Projected Population Age Profile

- 5.3 Population projections based on long-term migration trends that also take account of local demographic factors were considered in chapter 3. These projections show that the population is likely to increase from 265,500 persons to 312,700 persons over the 15-year Plan period 2016-31; a 15-year increase of around 47,200 persons. Figure 59 shows the projected change in population by 5-year age band for the 15-year Plan period 2016-31 based on the detailed data previously presented (Figure 20).
- 5.4 The number of persons in almost all age groups is projected to increase. The population aged under 30 is projected to increase by almost 11,300 persons (which accounts for around a quarter of the overall growth, 23.8%) and an increase of another 13,600 persons aged between 30 and 65 accounts for around another quarter (28.8%). Nevertheless, almost half of the overall population growth (22,300 persons, equivalent to 47.2%) is projected to be aged 65 or over, including an increase of 14,100 persons aged 75 or over (30% of the overall growth). This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 59: Milton Keynes population projections 2016-31 by 5-year age cohort based SHMA population projections



Household Projections

- 5.5 Figure 60 summarises the total number of households in 2016 and 2031 in terms of the age of household representatives, together with the change in the number of households in each category over the 15-year Plan period 2016-31.
- 5.6 The trend-based household projections identified a growth of around 23,100 households based on the population projections above, which yielded a housing need of around 24,000 dwellings (Figure 58). Nevertheless, the SHMA recommended that a higher number of dwellings should be provided to respond to the need to balance jobs and workers and suppressed household formation.
- 5.7 The Full Objectively Assessed Need (OAN) was established to be 26,500 dwellings over the 15-year Plan period 2016-31. Providing a larger number of homes will yield a higher number of households than suggested by the trend-based projections; around an extra 2,500 households over the 15-year period. Therefore, the total household growth is likely to be around 25,600 additional households.

Figure 60: Total projected households for 2016 and 2031 and summary of 15-year change by age of household representative
(Source: ORS Model. Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2016	3,200	16,400	23,900	21,400	17,700	13,600	7,200	2,800	106,300
2031	3,700	14,700	26,200	25,600	22,300	19,400	14,000	5,900	131,900
TOTAL CHANGE 2016-2031	+500	-1,700	+2,300	+4,100	+4,600	+5,800	+6,800	+3,100	+25,600

- 5.8 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. Whilst the increase in people aged 65+ represented 47.2% of the overall population growth, the increase in households aged 65+ represents over three fifths (61%) of the household growth: 15,700 households out of the 25,600 total.
- 5.9 Many of these older households will already be established and living in existing homes in Milton Keynes; they will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.
- 5.10 Figure 61 shows the projected number of households in each cohort, showing their age in both 2016 and 2031.

Figure 61: Total projected households for 2016 and 2031 and summary of 15-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative									TOTAL
	Age in 2016	<10	10-19	20-29	30-39	40-49	50-59	60-69	70+	
	Age in 2031	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS										
2016	-	300	9,300	22,400	22,500	20,000	16,100	15,700		106,300
2031	3,700	14,700	26,200	25,600	22,300	19,400	14,000	5,900		131,900
TOTAL CHANGE 2016-2031	+3,700	+14,400	+16,900	+3,200	-200	-600	-2,000	-9,800		+25,600

- 5.11 For example, there were 22,400 households aged 30-39 in 2016 and these same households would be aged 45-54 by 2031. The trend-based projection identified that total number of households aged 45-54 in 2031 would be 25,600; an increase of 3,200 households: partly due to new household formations and partly due to net migration.
- 5.12 Based on the cohort analysis, it is apparent that around 38,000 extra households aged under 65 (in 2031) will be likely to form in Milton Keynes over the 15-year Plan period 2016-31. This includes 14,700 households aged 25-34 and 26,200 households aged 35-44 (although many of those aged 35-44 in 2031 may have already formed households by 2021, at which time that they were also aged 25-34).
- 5.13 We previously noted that the overall growth was 25,600 households over the 15-year Plan period 2016-31, which is lower than the number of new households forming. Nevertheless, the 38,000 extra households aged under 65 are offset against a reduction of 12,400 households aged 65 or over (in 2031). Most of this reduction is due to household dissolution following death (although some may be due to net migration):
- » 15,700 households were aged 70+ in 2016, who would be aged 85+ in 2031 if they had survived;
 - » The projected number of households aged 85+ in 2031 is 5,900, which represents a reduction of 9,800 households whose existing homes would be vacated.
- 5.14 Whilst the increase in overall households is largely amongst those aged 65+, most of the new households seeking housing will actually be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be almost one and half times the overall household growth; so it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

- 5.15 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.
- 5.16 Figure 62 shows the household numbers for 2016 and 2031 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that the housing needs are more likely to be influenced by the actual age rather than the year of birth.
- 5.17 In summary:
- » Single person households represent the smallest proportion (18%) of the overall household growth: an increase of 4,600 over the 15-year period, including 1,500 extra single person households aged 85 or over;
 - » Couples without dependent children represent over a fifth (23%) of the growth: an increase of 8,500 households aged 55+ offset against a reduction of 2,600 younger couples without children;
 - » Families with dependent children represent almost two fifths (39%) of the overall growth: an increase of 4,400 lone parent households and 5,700 extra couples with dependent children; and
 - » "Other" households represent 19% of the total, with an increase of 5,000 households over the 15-year Plan period.

Figure 62: Total projected households for 2016 and 2031 and summary of 15-year change by household type and age of household representative (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2016									
Single person	900	3,700	4,000	4,100	3,500	4,800	4,200	1,800	27,100
Couple without children	500	3,500	2,800	7,100	11,400	7,100	1,900	600	35,000
Couple with child(ren)	400	4,500	12,900	7,000	1,300	300	0	0	26,400
Lone parent	1,000	3,000	3,600	1,900	300	100	100	0	10,000
Other households	300	1,700	700	1,300	1,200	1,300	900	300	7,800
TOTAL	3,200	16,400	24,000	21,400	17,700	13,600	7,200	2,800	106,300
Total Households 2031									
Single person	800	2,500	3,500	4,900	3,300	6,500	7,000	3,300	31,800
Couple without children	400	2,500	2,100	6,300	14,700	9,300	3,900	1,600	40,800
Couple with child(ren)	500	3,700	15,400	9,700	2,100	600	100	0	32,100
Lone parent	1,600	3,700	4,600	3,200	500	300	400	100	14,400
Other households	400	2,300	600	1,500	1,700	2,700	2,700	900	12,800
TOTAL	3,700	14,700	26,200	25,600	22,300	19,400	14,000	5,900	131,900
Total Change 2016-2031									
Single person	-100	-1200	-500	+700	-200	+1,700	+2,800	+1,500	+4,600
Couple without children	-100	-1000	-700	-800	+3,300	+2,200	+2,000	+1,000	+5,900
Couple with child(ren)	+100	-800	+2,500	+2,800	+800	+300	0	0	+5,700
Lone parent	+600	+700	+1,100	+1,300	+200	+200	300	+100	+4,400
Other households	+100	+600	-100	+200	+500	+1,400	+1,700	+600	+5,000
TOTAL CHANGE	+500	-1700	+2,300	+4,100	+4,600	+5,800	+6,800	+3,100	+25,600

Housing Mix: Size and Tenure

- 5.18 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns, based on data from the 2011 Census. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.
- 5.19 Figure 63 identifies the need for market housing and affordable housing of different types (in terms of flats and houses) and sizes (in terms of number of bedrooms). Whilst there is projected to be an increase of 4,600 extra single person households, only 900 extra dwellings have one bedroom (100 market homes and 800 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.
- 5.20 Overall, most of the market housing need is for housing (18,000 dwellings over the 15-year period) with a need for 300 flats also identified (around 1.6%). The need for affordable housing is also predominantly for housing (around 6,700 dwellings) with a need for around 1,500 flats (around 18%). Whilst the need for affordable housing with four or more bedrooms is around 11% of the overall affordable need, this represents a need for 900 large affordable homes that need to be provided over the 15-year period 2016-31. Much of this need will be from existing households living in overcrowded accommodation.

Figure 63: Housing mix of OAN for market and affordable housing (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	100	800	900
	2+ bedrooms	200	700	900
House	2 bedrooms	2,000	2,700	4,700
	3 bedrooms	10,500	3,100	13,600
	4 bedrooms	4,500	700	5,200
	5+ bedrooms	1,000	200	1,200
TOTAL		18,300	8,200	26,500

Affordable Housing Tenure

- 5.21 Within the overall need of 8,200 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.
- 5.22 Figure 64 sets out the weekly rents for different property sizes in Milton Keynes. This includes:
- » Median private rent;
 - » Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however recent increases based on CPI and rates were frozen in the July 2015 Budget); and
 - » Affordable rent, based on 80% of the median private rent.

Figure 64: Weekly rent thresholds (Source: Valuation Office Agency)

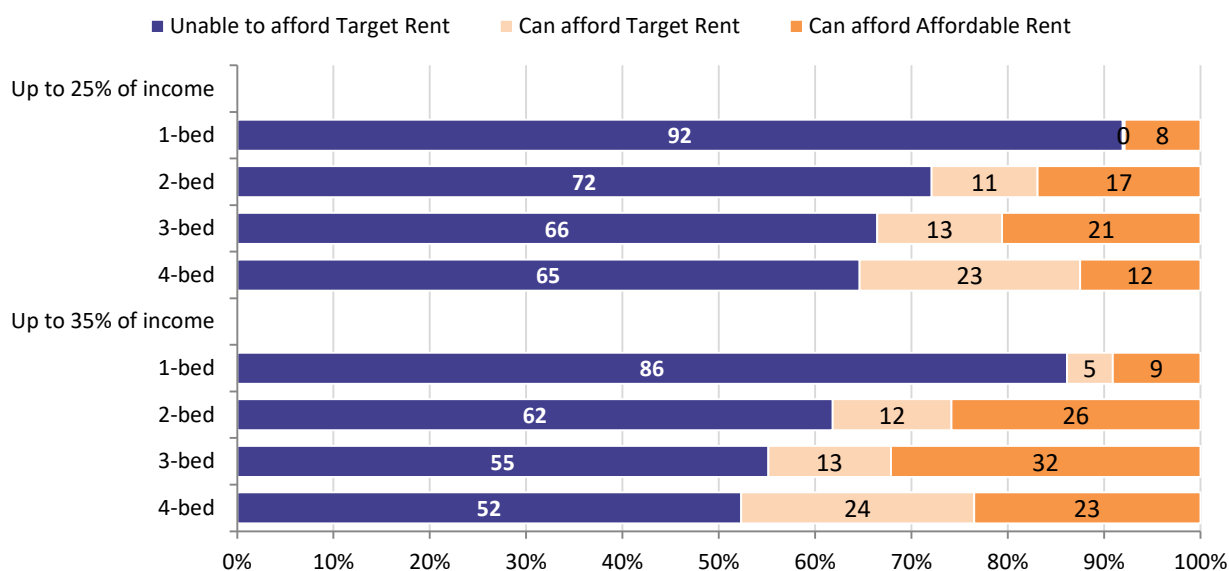
Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% of median)
1 bedroom	152.90	121.20	122.30
2 bedrooms	190.20	151.50	152.20
3 bedrooms	218.70	174.80	175.00
4+ bedrooms	326.60	223.60	261.30

- 5.23 It is evident that across all property sizes, the median private rent is the highest followed in turn by the affordable rent and maximum LHA. As affordable rent (at 80% of median private rent) is generally slightly higher than the maximum LHA rate for the equivalent property size, households would currently be unable to claim housing benefit to cover the full cost of affordable rent (where they were entitled to do so based on their circumstances); although the relationship between these two rates could change in future.
- 5.24 Households claiming out-of-work benefits are also subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single persons), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £20,000 per year (outside London) and this lower rate will affect more households. Nevertheless, households that qualify for Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

Household Affordability

- 5.25 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in the two local authority areas. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 5.26 Figure 65 illustrates the affordability of households needing affordable housing by property size in Milton Keynes; identifying those able to afford affordable rent and target rent (all without housing benefit subsidy) and those that would need financial support to afford target rent. The analysis is based on two scenarios:
- » Spending up to 25% of gross household income (excluding housing benefit) on housing costs; and
 - » Spending up to 35% of gross household income (excluding housing benefit) on housing costs.

Figure 65: Affordability of households needing affordable housing by property size and local authority area (Note: Weekly costs based on data in Figure 64)



- 5.27 Figure 66 sets out the affordable housing mix broken down by the modelled household affordability for the two scenarios. In both scenarios, more than half of the households in need of affordable housing would not be able to afford the relevant Target Social Rent for a property of the size needed:
- » 5,000 households (61%) based on up to 35% of income being spent on housing costs; and
 - » 5,800 households (71%) based on up to 25% of income being spent on housing costs.
- 5.28 Providing new affordable rented housing based on Target Social Rents would enable around 1,050 more households to pay their rent without housing benefit support than would be able to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents (based on 80% of median private rent), these households would continue to depend on housing benefit.
- 5.29 Between 1,400 and 2,100 households in need of affordable housing (depending on the proportion of income assumed) could afford Affordable Rent (without housing benefit support). Some of these households may also be able to afford shared equity or other forms of low cost home ownership, if this can be delivered based on a model where the weekly costs are similar to Affordable Rent.

Figure 66: Affordable housing mix by household affordability (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Unable to afford Target Rent	Can afford Target Rent	Can afford Affordable Rent	TOTAL
25% OF INCOME					
Flat	1 bedroom	730	0	70	800
	2+ bedrooms	500	80	120	700
House	2 bedrooms	1,930	310	460	2,700
	3 bedrooms	2,060	400	640	3,100
	4+ bedrooms	580	210	110	900
TOTAL		5,800	1,000	1,400	8,200
35% OF INCOME					
Flat	1 bedroom	690	40	70	800
	2+ bedrooms	430	100	170	700
House	2 bedrooms	1,680	340	680	2,700
	3 bedrooms	1,720	400	980	3,100
	4+ bedrooms	470	220	210	900
TOTAL		5,000	1,100	2,100	8,200

Low Cost Home Ownership

^{5.30} In addition to affordable housing for rent, a range of Low Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership. Figure 67 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices. This illustration is based on a typical shared ownership model.

- » 40% equity share purchased by the occupier;
- » 5% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 25-year repayment mortgage at 6.0% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

^{5.31} Based on this model, it is evident that the weekly costs are mostly higher than the maximum LHA, and are higher than the equivalent median private rent for properties of 3 bedrooms or more.

Figure 67: Shared ownership costs (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	5% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	125,000	50,000	2,500	71.26	39.55	10.00	120.82
2 bedrooms	180,000	72,000	3,600	102.62	56.96	10.00	169.58
3 bedrooms	240,000	96,000	4,800	136.82	75.95	10.00	222.77
4+ bedrooms	330,000	132,000	6,600	188.13	104.42	10.00	302.55

- 5.32 Figure 68 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. It would appear that the model currently promoted (based on 40% equity share) remains appropriate for the area, given that higher equity shares tend to yield weekly costs that are higher than private rent.
- 5.33 There may also be a role for LCHO products at higher equity shares targeted at households able to afford private rent but unable to afford home ownership. This would help “*widen opportunities for home ownership*” (NPPF paragraph 50), but would be in addition to the need to deliver 8,200 affordable homes in the HMA over the 15-year Plan period.

Figure 68: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in green are lower than the equivalent maximum LHA, cells in brown are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent)

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	125,000	103.98	109.59	115.20	120.82	126.43	132.04
2 bedrooms	180,000	145.33	153.41	161.49	169.58	177.66	185.74
3 bedrooms	240,000	190.45	201.22	211.99	222.77	233.54	244.31
4+ bedrooms	330,000	258.11	272.93	287.74	302.55	317.37	332.18

Affordable Housing Mix

- 5.34 When considering the overall mix of affordable housing, the needs of some households could be met through a range of different housing options. For example, most households that could afford shared ownership could also afford to rent a Social Rent or Affordable Rent property without financial support; therefore, there would be an element of choice.
- 5.35 Nevertheless, the analysis has identified that a large number of households needing affordable housing are unable to afford target social rents, so they cannot afford any affordable housing product and will therefore depend on housing benefit. On this basis, the rent that these households can afford to pay will depend on the welfare payments that they are eligible to receive to cover their housing cost. For example, based on housing benefit support typically covering the cost of Affordable Rented housing, this could be a suitable housing option for households otherwise unable to afford any affordable housing product. Nevertheless, it would be reasonable to provide Social Rented housing for these households if that was possible, given that this would reduce the housing benefit costs and households would have a more realistic prospect of paying their own rent if their economic circumstances were to improve.
- 5.36 Given this context, there is no single definitive mix of affordable housing need; and the affordable housing provided will inevitably depend on the economic viability of developments and the capital funding likely to be available for different housing options. Figure 69 sets out a reasonable mix where it is assumed that social rented housing is provided for all households unable to afford any affordable housing without financial support (and assuming 35% of their income was allocated to housing costs); and shared ownership housing is provided for those households able to afford this (again based on a 35% income threshold).²⁷ Affordable Rent is then assumed for all other households, where they could afford to pay more than target social rents (without needing financial support) but could not afford a shared ownership home.

²⁷ Note that many households able to afford shared ownership were existing affordable housing tenants whose economic circumstances had improved since being allocated their property, so some of these households might be more likely to exercise the Right to Buy

Figure 69: Affordable housing mix based on household affordability (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

		Social Rent	Affordable Rent	Shared Ownership	TOTAL
Flat	1 bedroom	690	40	70	800
	2+ bedrooms	430	110	160	700
House	2 bedrooms	1,680	410	620	2,700
	3 bedrooms	1,720	650	740	3,100
	4+ bedrooms	470	260	170	900
TOTAL		5,000	1,500	1,700	8,200

Starter Home Initiative

- 5.37 The NPPF identifies that local authorities should seek to “*widen opportunities for home ownership*” (paragraph 50). Given this context, the Housing and Planning Act 2015 furthers this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.
- 5.38 The Act defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap of £250,000 (outside Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy. Figure 70 sets out the weekly costs based on the same property values considered when analysing low cost home ownership housing options.

Figure 70: Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest)

	Property Value	80% Equity Share	10% Deposit	Weekly Costs		
				Mortgage	Service Charge	TOTAL
1 bedroom	125,000	100,000	10,000	135.02	10.00	145.02
2 bedrooms	180,000	144,000	14,400	194.43	10.00	204.43
3 bedrooms	240,000	192,000	19,200	259.24	10.00	269.24
4+ bedrooms	330,000	264,000	26,400	356.46	10.00	366.46

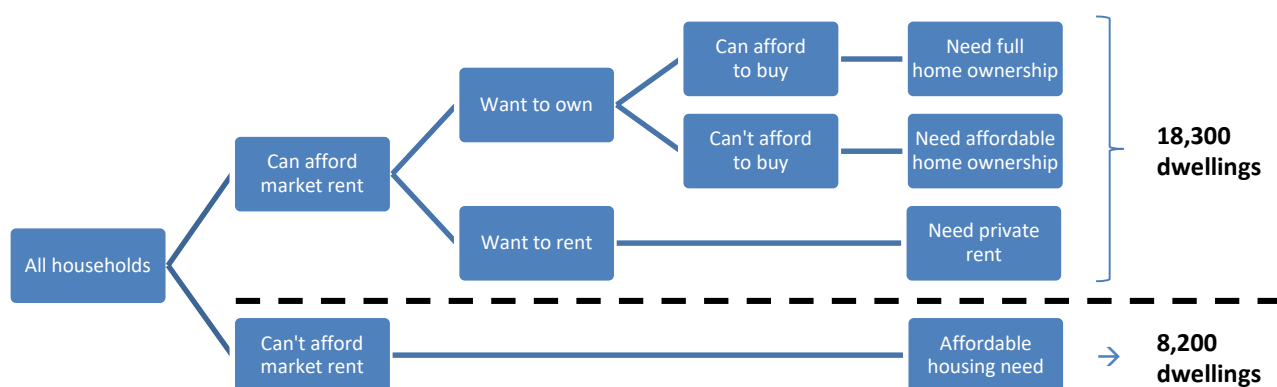
- 5.39 It is evident that the weekly costs associated with Starter Homes are notably higher than low cost home ownership and also higher than median private sector rents, and therefore they are unlikely to be affordable to those households identified as being unable to afford market housing. Nevertheless, the initiative could to widen opportunities for homeownership for those households able to afford market rents but unable to afford to buy housing in the HMA.
- 5.40 The NPPF definition of affordable housing identifies that it is “*provided to eligible households whose needs are not met by the market*” (Annex 2) and PPG confirms that affordable housing need should be counted based on those “*who cannot afford to meet their needs in the market*” (ID 2a-022) and notes that “*care should be taken ... to only include those households who cannot afford to access suitable market housing*” (ID 2a-024). Figure 71 summarises the weekly costs for the range of different housing options discussed above for each property size, where it is evident that the weekly cost of rent are notably lower than the weekly costs of homeownership.

Figure 71: Comparison of weekly housing costs by property size

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% median)
1 bedroom	145.00	120.80	152.90	121.20	122.30
2 bedrooms	204.40	169.60	190.20	151.50	152.20
3 bedrooms	269.20	222.80	218.70	174.80	175.00
4+ bedrooms	366.50	302.60	326.60	223.60	261.30

- 5.41 Neither the NPPF nor PPG make specific reference to tenure in terms of the overall affordable housing need; however, PPG states that when considering affordable housing need in the context of new household formation, it is necessary to consider “the proportion of newly forming households unable to buy or rent in the market area” (ID 2a-025). On this basis, such households are considered to be able to afford market housing where they can either afford to buy or they can afford to rent suitable housing.
- 5.42 Given this context, the assessment of affordable housing need in Chapter 3 was based on those households unable to afford to rent market housing (including those currently living in rented affordable housing). Where households could afford to rent privately without housing benefit support, they were not counted as part of the affordable housing need; it was only households unable to afford market rent that were assessed to need affordable housing. Households able to afford market rent were counted within the need for market housing, regardless of whether or not they wanted to own or rent or whether they could or could not afford home ownership.
- 5.43 Figure 72 illustrates this process, and shows that the overall need for affordable housing (8,200 dwellings over the 15-year period 2016-31) is fundamentally based on those households unable to afford market rent (albeit that some existing affordable housing tenants could afford shared ownership). On this basis, affordable home ownership products (including starter homes) are unlikely to help meet the majority of the affordable housing need identified.
- 5.44 Whilst providing Starter Homes could widen the opportunity for homeownership, it is unlikely that this would reduce the identified affordable housing need, which mainly relates to rented affordable housing products. Any target for Starter Homes should therefore be considered as being additional to the overall affordable housing need that the SHMA has identified; although both targets will need to be considered together to ensure that development viability is not compromised

Figure 72: Establishing the need for market and affordable housing: assessing affordability



The Private Rented Sector

- 5.45 The English Housing Survey (EHS) 2014-15²⁸ identified that 19% (4.3 million) of households were renting from a private landlord, much higher than the rate of 12% a decade earlier in 2004-05. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 24% in 2004-05. Owner occupation in this age group dropped from 57% to 37% over the same 10 year period.
- 5.46 Growth in the Sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices: the number of Buy-to-Let (BTL) mortgages granted in 2014 (c.30,000 monthly average) is higher than those granted to First-time Buyers (c.25,000); and
 - » Pensions reform: pension drawdowns invested in BTL property.
- 5.47 The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032²⁹. On this basis, the number of households renting privately could double again over the next twenty years.
- 5.48 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

The private rented sector

Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents.

Planning Practice Guidance (March 2014), ID 2a-021

- 5.49 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply³⁰ (including the Build to Rent investment scheme³¹). The Government published "*Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities*" in March 2015³², and the Forward by the Minister stated:

"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."

²⁸ <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

²⁹ <http://news.rla.org.uk/rpi-rent-revolution/>

³⁰ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

³¹ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

³² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

5.50 The policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending. However, there have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector, and these are set out below:

Figure 73: Summary of legislative changes affecting private tenants' LHA (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 'excess' above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government's contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	Setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy ('bedroom tax') introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants
April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

5.51 It is therefore important for local authorities to consider the role of the private rented sector at a local level and recognise the way in which private rented housing will continue to provide housing options for households unable to afford their housing costs in future. Nevertheless, local authorities need to understand the range of different households in their areas that currently rent from private landlords and consider their policy responses accordingly.

Private Rented Sector in Milton Keynes

5.52 Considering the trends of tenure mix for Milton Keynes, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

- » **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 21K to around 46K households, a gain of around twenty six thousand). This was partly as a consequence of the Right to Buy, which led to a decline in the number of social tenants (reducing from 20K to 17K households, a loss of three thousand). The number of private rented tenants increased from 2K to 4K.
- » **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from around 46K to around 59K households, a gain of twelve thousand); however this was alongside a growth of private tenants (increasing from 4K to 8K households, a gain of four thousand). The number of social tenants remained constant (at 17K households).
- » **From 2001-2011:** the number of owner occupiers increased marginally (increasing from 59K to 63K households, a gain of four thousand) whilst the number of private tenants increased substantially (from 8K to 18K households, a gain of ten thousand). The number of social tenants also increased marginally (from 17K to 18K households, a gain one thousand).

5.53 It is evident that the overall balance between owners and renters has changed in 2011 from the position in 1981, with almost half (49%) owning in 1981, increasing to almost two-thirds (64%) in 2011. The balance between social rent and private rent has also changed significantly: less than one-in-ten of tenants rented privately in 1981 (9% out of 51%) whereas half rented privately in 2011 (50% out of 36%).

Figure 74: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

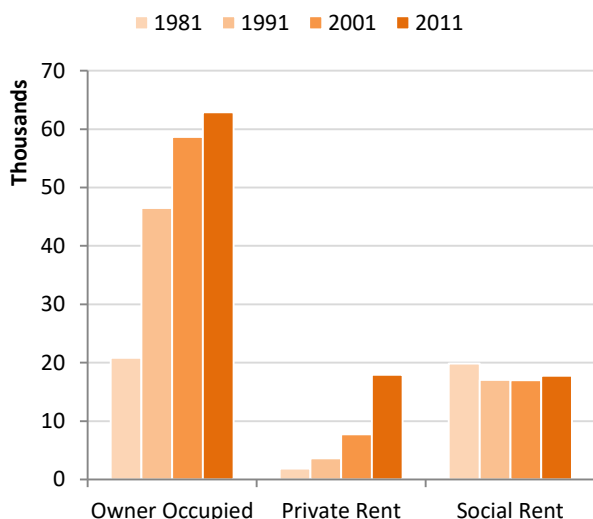


Figure 75: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

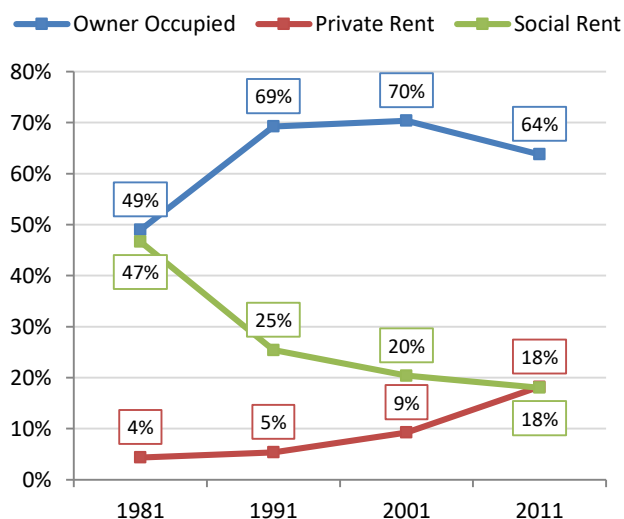


Figure 76: Households by Tenure 1981-2011 (Source: UK Census of Population)

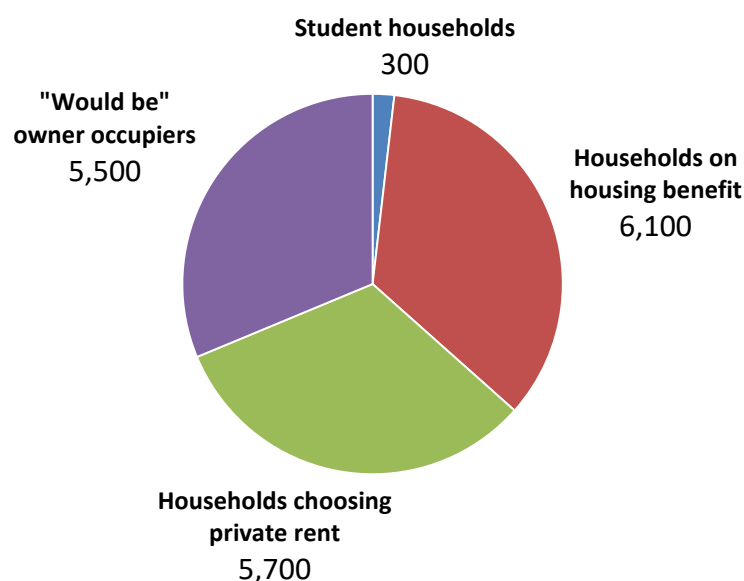
Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	20,800	46,500	58,700	62,900	+25,700	+12,200	+4,200
Private rent	1,900	3,600	7,700	17,900	+1,700	+4,100	+10,200
Social rent	19,800	17,100	17,000	17,800	-2,800	-100	+800
TOTAL	42,500	67,100	83,400	98,600	+24,700	+16,200	+15,200
Owner occupied	49.0%	69.2%	70.4%	63.8%	+104%	+75%	+28%
Private rent	4.4%	5.4%	9.2%	18.2%	+7%	+25%	+67%
Social rent	46.7%	25.4%	20.4%	18.0%	-11%	->1%	+5%

^{5.54} Based on the range of information available about tenants currently renting privately in Milton Keynes, it is helpful to consider the mix of different types of household living in the area. Based on our estimate for the 2016 position:

- » 300 properties are rented by households that are students, although this is only 1.8% of the sector;
- » 6,100 properties are rented by households in receipt of housing benefit, over third (35%) of the sector;
- » A further 11,200 households are renting privately; however if the proportion of owner occupiers had not changed between 2001 and 2016, 5,500 of these households would have owned their home. This represents almost a third (31%) of all households renting privately; and
- » 5,700 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances.

^{5.55} It is important to recognise that the 5,500 households identified as “would be” owner occupiers are not included within the need for affordable housing, as they are able to rent market housing without financial support through housing benefit even if they cannot afford to buy. As previously noted, the NPPF seeks to “widen opportunities for home ownership” (paragraph 50) and national schemes such as Help-to-Buy and the Starter Home Initiative aim to help people onto the housing ladder.

Figure 77: Mix of household types living in the private rented sector (Source: ORS Housing Model and Council Tax Base)



Student Housing

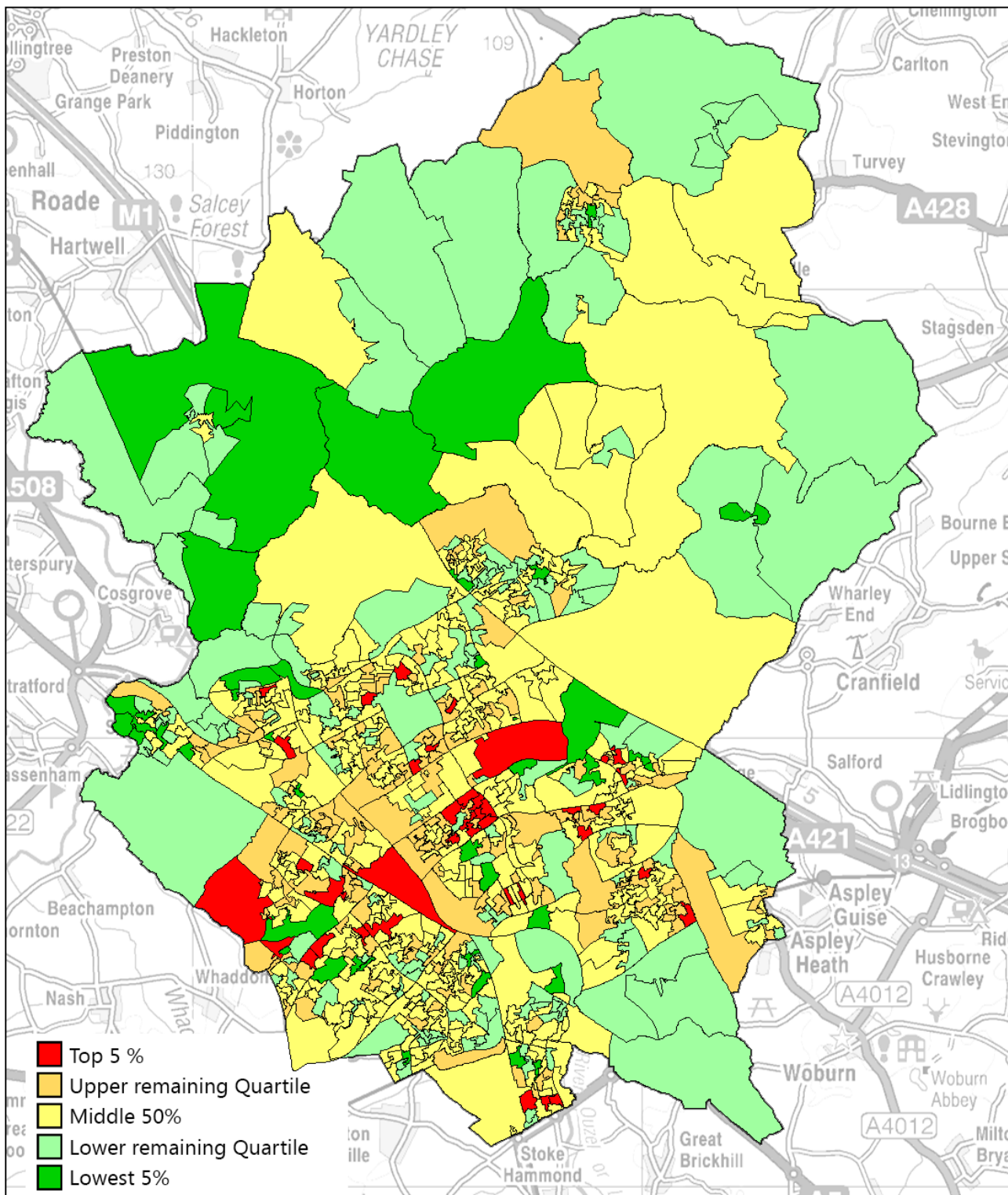
- 5.56 PPG was updated in March 2015 to include specific reference to identifying the needs of students:

Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.

Planning Practice Guidance 2014, paragraph 21

- 5.57 The Census identified that there were 12,840 students aged 16 to 74 living in Milton Keynes in 2011, including 5,700 identified as economically active and 7,140 as economically inactive.
- 5.58 There is a range of different higher education providers in Milton Keynes.
- 5.59 The presence of the Milton Keynes College (with a total 20,000 students of all types), implies that students are a potential driver in the housing market of MKC, especially in the urban area itself. The total number of students makes up c.8% of the MKC population (248,830); but there are no halls of residence and most students are aged 16-18 and so mostly live with parents.
- 5.60 The University of Bedfordshire has recently established the University Campus Milton Keynes (UCMK). UCMK expects the intake to include local, part time and distance learning students who will have little effect on housing demand. Some of their international students will enter the private rented sector and others may purchase accommodation. UCMK estimates that after 5 years there will be a requirement for around 300 residential places which they will meet by contracting with specialist providers. UCMK has no plans to develop any accommodation.
- 5.61 The Open University enrolls mainly distance learning students who will have no effect on the local housing market.
- 5.62 Given this context, there are no residential areas dominated by students inside Milton Keynes indicating no localised concentrations which could be affected by change in supply, i.e. if supply of new specialised student accommodation were created elsewhere and 'student flight' from a student area were to occur. The highest density of students is in the centre of Milton Keynes but even here it does not reach 20% of working age population. To give perspective, traditional University towns have student areas approaching 90% of the working age population being students.
- 5.63 This suggests that students will act as a limited driver on the housing market of Milton Keynes, and where this does occur it will do so mainly from international students at UCMK. Further, any changes to the private rented sector (for example, if supply were to reduce due to benefit reform) could increase demand for remaining stock from students although this will be limited.

Figure 78: Student Household concentrations (Census 2011)



5.64 Overall, a combination of the type of higher education provided, historic student residence patterns and the relatively modest plans for expanding student numbers indicates that students in Milton Keynes will act as a limited driver in the local housing market. Nevertheless, students were included in the trend-based analysis when establishing the OAN; therefore the needs of student households are counted as part of the overall housing need. The household projections assume that the number of students living in communal establishments (including university halls of residence and student housing provided by private sector providers) remains constant over the Plan period 2016-31.

Service Families

- 5.65 Paragraph 50 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families.
- 5.66 The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and *“Laying the Foundations: A Housing Strategy for England 2011”* (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. Whereas Local authorities had been **expected** to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this “additional preference” **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the *“Housing Act 1996”* who have urgent housing needs.
- 5.67 *“The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012”* and the *“Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012”* both strengthened the position of some armed forces personnel in seeking to access social housing. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England. In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.
- 5.68 Mandatory Disabled Facilities Grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *“The Nation’s Commitment: Cross Government Support to our Armed Forces, their Families and Veterans”* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.
- 5.69 Considering service families in Milton Keynes, Figure 79 shows the number of residents employed in the Armed Forces. There were a total of 199 service personnel living in the area at the time of the 2011 Census, the majority of these living in households.

Figure 79: Milton Keynes residents employed in the Armed Forces (Source: 2011 Census)

	Milton Keynes
Usual residents employed in the Armed Forces	
Living in a household	198
Living in a communal establishment	1
TOTAL	199
Percentage of population aged 16+	0.1%

- 5.70 This represents only 0.1% of the population aged 16 or over, therefore service families are relatively small in number in the area. The needs of these families are already included within the overall level of housing need identified for Milton Keynes HMA.

People Wishing to Build their Own Homes

- 5.71 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

People wishing to build their own homes

The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.

Planning Practice Guidance (March 2014), ID 2a-021

- 5.72 Over half of the population (53%) say that they would consider building their own home³³ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 5.73 The attractiveness of self-build is primarily reduced costs; however the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 5.74 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)³⁴ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 5.75 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act³⁵ 2015 will place a duty on local planning authorities to:
- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
 - » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
 - » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.
- 5.76 Limited Government funding³⁶ is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government

³³ Building Societies Association Survey of 2,051 UK consumers 2011

³⁴ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

³⁵ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

³⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either be market housing or low cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.

- 5.77 In May 2012 a Self-Build Portal³⁷ run by the National Custom and Self Build Association (NCSBA) was launched. Whilst there is clearly some interest in self-build across the HMA, this represents only a very limited number of people and an exceptionally small proportion of the overall housing need identified each year. Given the historic low supply of self-build homes it will take time for self-build to make a significant contribution locally to meeting housing need in its current form; but any self-build properties delivered would be a component of (and not additional to) the overall housing need identified.
- 5.78 The Council has put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including a self-build and custom housing register. This register will help inform the extent to which policy will need to be in place to reflect that demand and consideration will need to be given to schemes to determine the extent to which they contribute to affordable housing.

Housing for Older People

- 5.79 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 31.8m by 2039³⁸ for the over 60s, and from 1.5m (2014) to 3.6m by 2039 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

Housing for older people

The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over ... Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services, and providing more options for older people to move could also free up houses that are under occupied.

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.

Planning Practice Guidance (March 2015), ID 2a-021

- 5.80 The SHMA population projections identified that the population was likely to increase from 265,500 persons to 312,700 persons over the 15-year period 2016-31; a 15-year increase of 47,200 persons. The population in older age groups is projected to increase substantially during this period, with around half of

³⁷ <http://www.selfbuildportal.org.uk/>

³⁸

<http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29>

the overall population growth projected to be in the 65 or over group (22,300 over 65s out of a 47,200 person 15-year growth). Overall, this would indicate that the percentage of the total population of Milton Keynes that are over 65 will increase from 13% to 18%. Also of note is that the over 75 population is projected to double (increasing from 14,100 to 28,266 persons, representing a 100% increase) over the 15-year period 2016-31. This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing.

- 5.81 The Housing Learning and Improvement Network (LIN) published *“More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”*³⁹ in February 2008; and subsequently published the *“Strategic Housing for Older People (SHOP)”*⁴⁰ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over.

Figure 80: Benchmark Figures for Specialist Older Person Housing

Form of Provision	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Demand per 1,000 persons aged 75+						
Leasehold Schemes for the Elderly (LSE)	75	-	75	120	-	120
Conventional Sheltered Housing	-	50	50	-	60	60
Sheltered ‘plus’ or ‘Enhanced’ Sheltered	10	10	20	10	10	20
Extra care	12.5	12.5	25	30	15	45
Dementia	-	10	10	-	6	6
TOTAL	97.5	92.5	180	160	91	251

- 5.82 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures.
- 5.83 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:
- “...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions.”* (page 44)
- 5.84 Similarly, the SHOP resource pack acknowledges that the framework simply provides a baseline, which extrapolates *“...crude estimates of future demand from existing data”* (page 36).
- 5.85 Although there is no single correct answer when estimating the need for older person housing, using the rates set out in the SHOP resource pack together with information on existing supply of older person housing in Milton Keynes from the Elderly Accommodation Counsel, it is possible to consider the potential need for older person housing in Milton Keynes. The analysis identifies a backlog of 965 dwellings at the start of the Plan period in 2016; however, this comprises a need for 1,650 owner occupied properties (1,187 leasehold sheltered housing units and 463 owner occupied extra care homes), offset against a surplus of 384 conventional sheltered homes and 301 extra care homes for rent (Figure 81). This does not necessarily imply that the existing rented housing is currently vacant, but at least some dwellings may be occupied by residents who could have purchased their own home if there had been sufficient owner occupied housing for older people available at a price they could afford.

³⁹ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

⁴⁰ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

Figure 81: Modelled Demand for Older Person Housing (Source: ORS Housing Model)

		Rate per 1,000 persons aged 75+	Gross need 2016	Existing supply 2016	Backlog at start of Plan period	New need 2016-31	Total need 2031
Sheltered Housing	Owned	120	1,693	506	1,187	1,698	2,886
	Rented	60	847	1,231	-384	849	465
Extra Care	Owned	40	564	101	463	566	1,030
	Rented	31	437	738	-301	439	138
TOTAL		251	3,542	2,576	966	3,553	4,519

- 5.86 Over the 15-year Plan period 2016-31, the toolkit identifies a need for around 3,600 additional homes; yielding a potential for up to 4,500 specialist homes for older people to be provided over the Plan period. This includes around 3,400 sheltered homes (2,886 owner occupied and 465 for rent) and 1,200 extra care homes (1,030 owner occupied and 138 for rent).
- 5.87 When considering the provision of extra care housing, it is important to consider the possible impact on the need for bedspaces in residential care. The SHOP toolkit and the Housing LIN toolkit on the financial benefits of extra care⁴¹ both suggest that around a third of those older persons living in extra care housing would otherwise need residential care. Therefore, the provision of an additional 1,200 extra care homes could divert around 400 persons from residential care. Section 6 of the report considers the relationship between the OAN, the Housing Target and Housing Supply in the context of Older People in Residential Institutions (Use Class C2).
- 5.88 Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may differ from current needs;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
 - » **National strategy:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may be overstated.

⁴¹ [http://www.housinglin.org.uk/library/Resources/Housing/Support materials/Other reports and guidance/HSU/Extra Care - The Financial Benefits.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support%20materials/Other%20reports%20and%20guidance/HSU/Extra%20Care%20-%20The%20Financial%20Benefits.pdf)

Households with Specific Needs

- 5.89 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

Households with specific needs

There is no one source of information about disabled people who require adaptations in the home, either now or in the future.

The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.

Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.

Planning Practice Guidance (March 2015), ID 2a-021

- 5.90 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Higher Mobility Component (HMC) is awarded when applicants have “*other, more severe, walking difficulty*” above the Lower Mobility Component (which is for supervision outdoors).
- 5.91 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as “*not all of the people included within these counts will require adaptations in the home*”.
- 5.92 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:
- » Widening doors and installing ramps;
 - » Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;
 - » Providing a heating system suitable for needs; and
 - » Adapting heating or lighting controls to make them easier to use.
- 5.93 Local data about DFGs was published by CLG in Live Table 314⁴², and this indicated that 106 DFGs were funded in the study area in 2010/11 at an average cost of £5,890. This represents around 6% of the overall annual housing need identified, however PPG notes that whilst patterns of DFG applications “*provide an indication of expressed need*” it cautions that this could “*underestimate need*”. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

⁴² Table 314 has now been discontinued by CLG

5.94 As previously noted, the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)⁴³. This introduces three categories of dwellings:

- » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
- » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

5.95 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability. Planning Practice Guidance for Housing optional technical standards states:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance (March 2015), ID 56-007

5.96 The SHMA demographic projections showed that the population of Milton Keynes was projected to increase by around 47,200 persons over the 15-year period 2016-31 based on long-term migration trends. The number of people aged 65 or over is projected to increase by around 22,300 persons, which equates to almost half (47.2%) of the overall growth; which includes an extra 4,400 persons aged 85 or over. Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing.

5.97 Considering the increase in households, approaching two thirds (15,700 out of 25,600 households, 61%) are likely to have household representatives aged 65 or over. **Given this context, the evidence supports the need for at least 60% of all dwellings to meet Category 2 requirements, providing that this does not compromise viability.**

5.98 The CLG guide to available disability data⁴⁴ (referenced by PPG above) shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households, and given that the number of older person households is likely to increase over the period to 2031, the proportion of households needing wheelchair housing in future is also likely to be higher.

5.99 Figure 82 identifies the proportion of households with a wheelchair user currently living in market housing and affordable housing by age of household representative.

⁴³ <http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1>

⁴⁴ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

Figure 82: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

^{5.100} Figure 83 identifies the net change in the number of households with a wheelchair user over the 15-year Plan period 2016-31. It is evident that the number of households likely to need wheelchair adapted housing in Milton Keynes is likely to increase by almost 1,500 over the period, equivalent to around 6% of the overall OAN. This comprises 840 households in market housing (4.6% of the market housing OAN) and 620 households in affordable housing (7.5% of the affordable housing OAN).

Figure 83: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2016-31	% of OAN
	2016	2031	Net change 2016-31	2016	2031	Net change 2016-31		
Housing type								
Market housing	1,350	1,670	320	520	1,040	520	840	4.6%
Affordable housing	1,050	1,310	260	380	740	360	620	7.6%
All households	2,400	2,990	580	900	1,780	880	1,460	5.5%

^{5.101} The evidence therefore supports the need for a proportion of both market and affordable housing to be wheelchair accessible, and **the Council should plan for a minimum of 5% of all market housing and 10% of affordable housing to meet Category 3 requirements.**

^{5.102} When developing appropriate policies, it is important to note that Planning Practice Guidance for Housing optional technical standards states:

Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.

Planning Practice Guidance (March 2015), ID 56-009

^{5.103} On this basis, it is appropriate for the local authority to set a target requiring the provision of wheelchair accessible housing that meets Category 3 requirements in relation to affordable housing: an overall target of 10%. Furthermore, as there is clearly evidence to support the need to provide market housing that is wheelchair accessible, it would therefore be appropriate for the local authority to set a target requiring that a proportion of market housing is readily adaptable to wheelchair accessible housing that meets Category 3 requirements: an overall target of 5%.

^{5.104} It is evident that the majority of the identified growth (880 households, equivalent to 60%) are households aged 75 or over. It is likely that many of these households would also be identified as needing specialist housing for older persons. The earlier analysis identified a need for up to 4,500 specialist older person housing units for households aged 75 or over, whilst the above analysis identifies a need for around 880 wheelchair adapted dwellings for households in the same age group.

^{5.105} Whilst not all households aged 75 or over needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that at least a quarter of those living in specialist housing will need wheelchair adapted homes. However, it is important to recognise that as individual household circumstances change, it is likely that some households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, a higher proportion of specialist older person housing units will need to be wheelchair adapted. **The evidence supports the need for a target for all specialist housing for older people to meet Category 3 requirements.** As a consequence, the targets for general housing may be lower than the overall target, depending on the number of specialist homes for older person likely to be developed over the Plan period.

Supported Housing Needs

^{5.106} Whilst it is important for SHMAs to consider the support needs of disabled people in terms of the housing requirement, it is necessary for this to be within the context of their support needs more generally. Figure 84 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

Figure 84: Estimates of Vulnerable and Older People Needs in Milton Keynes 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit)

	2011	2021	Change 2011-21
People aged under 18 in need			
Teenage parents	532	607	75
Young people aged 16-17	37	40	3
People aged 18-64 in need			
Alcohol misuse	890	920	30
Learning disabilities	431	459	28
Mental health problems	686	734	48
Offenders	409	437	28
Moderate physical or sensory disability	289	321	32
Serious physical or sensory disability	84	95	11
Refugees	24	25	1
Rough sleepers	8	8	0
Single homeless with support needs	523	560	37
People aged 65+ in need			
Frail elderly	642	978	336
Older people with mental health needs	1,060	1,617	557
Older people with support needs	3,487	5,318	1,831

^{5.107} The modelling of supported housing needs is complex and it is essential that housing options are established within the context of the strategy for wider support. It therefore isn't appropriate for the SHMA to determine these figures in isolation. Nevertheless, the numbers of people involved are relatively low; so the overall need for various types of specialist housing is likely to represent a very small proportion of the overall housing need for 26,500 dwellings over the 15-year Plan period 2016-31.

5.108 There are also issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced, and the impact of Welfare reform will need to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy or capital contribution. On this basis, the proposed delivery level may be lower than the identified need due to viability constraints. It will therefore be important for housing and planning officers to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Milton Keynes' residents.

Gypsies and Travellers

5.109 The primary objective of the Milton Keynes Gypsy and Traveller Accommodation Assessment (GTAA) is to provide a robust assessment of current and future need for Gypsy and Traveller accommodation in Milton Keynes for the period 2016-2031 (there is no Travelling Showperson provision in the area). The primary reason for completing the assessment was the publication of a revised version of Planning Policy for Traveller Sites (PPTS) in August 2015. This included a change to the definition of Travellers for planning purposes.

5.110 The revised PPTS that was published in August 2015 contains a number of requirements for local authorities which must be addressed in any assessment. This includes the need to pay particular attention to early and effective community engagement with both settled and traveller communities (including discussing travellers' accommodation needs with travellers themselves); identification of permanent and transit site accommodation needs separately; working collaboratively with neighbouring local planning authorities; and establishing whether households fall within the new PPTS definition for Gypsies, Travellers and Travelling Showpeople.

Survey of Travelling Communities

5.111 ORS worked closely with the Council to identify all pitches on authorised and unauthorised sites in Milton Keynes. A full demographic study of all occupied pitches was completed as our experience suggests that a sample based approach very often leads to an under-estimate of current and future needs which can be the subject of challenge at subsequent appeals and examinations. Interviews sought to determine current demographic characteristics, any current or likely future accommodation needs, whether there were any concealed households or doubling-up, and travelling characteristics (to meet the new requirements in PPTS). Interviewers also sought to identify contacts living in bricks and mortar to interview.

5.112 Fieldwork was undertaken during September 2016 and a total of 18 interviews were completed with households living on the 2 public sites that were identified. Information about travelling was collected in all of the completed interviews. The table below sets out details of the sites that were visited, the number of interviews that were completed, and if applicable the reasons why interviews were not completed.

Figure 85: Site Interview Summary

Public Sites	Pitches/Plots	Interviews	Reasons for not completing interviews
Calverton Lane (1 doubled-up household)	12	10	3 x no contact possible
Willen Road (2 doubled-up households)	6	8	-
TOTAL	18	18	

Waiting Lists

5.113 There are currently no vacant pitches on either of the public sites and approximately 25 households on the waiting list for a pitch. A total of 5 households are currently living on the sites. Contact details for the remaining households are unknown. Households living on sites who are on the waiting list have been considered as components of need through doubled-up or concealed households or adults.

Bricks and Mortar

5.114 The 2011 Census recorded just 19 households in Milton Keynes living in a house or a flat that identified as Gypsy or Irish Traveller. Efforts were made to contact households living in bricks and mortar. These included seeking contacts from households that were interviewed, seeking contacts during the stakeholder interviews and seeking contacts from Council Officers who may deal with Travellers on a regular basis. Despite these efforts no households living in bricks and mortar were identified that were willing to be interviewed.

5.115 However, it should be noted that in a report that was commissioned by the Council and published in July 2014 entitled *Engagement with the Gypsy and Traveller Community in Milton Keynes* it was identified that there were a number of Irish Travellers living in bricks and mortar who had not been able to be allocated pitches on public sites but who expressed a wish to move to a site of their own. Participants in the research (all Irish Travellers) argued that *there is currently a significant shortage of housing on the sites, meaning that the Willen site is overcrowding, and some people are excluded from living on the site altogether due to lack of space.*

5.116 Four Gypsy or Traveller households living in bricks and mortar were interviewed but they did not meet the planning definition.

Stakeholder Interviews

5.117 Outcomes of the interviews with stakeholders and neighbouring local authorities are available to the Council as a separate briefing note.

Current and Future Pitch/Plot Needs

5.118 PPTS now requires a GTAA to determine whether households fall within the new 'planning' definition of a Gypsy or Traveller. Only if households fall within the new definition will their housing requirements need to be assessed separately from the wider population in the GTAA.

5.119 The site interviews collected information necessary to assess households against the new definition. The criteria for a qualifying household is that *household members need to be able to demonstrate that they travel for work purposes to meet the new definition, and stay away from their usual place of residence when doing so, or have ceased to travel temporarily due to education, ill health or old age.* This has been determined through various case law.

5.120 To identify need, PPTS requires an assessment for current and future pitch requirements, but does not provide a methodology for this. However, as with any housing assessment, the underlying calculation can be broken down into a relatively small number of factors. In this case, the key issue is to compare the supply of pitches available for occupation with the current and future needs of the population.

‘Non-Travelling’ Households

^{5.121} Whilst households who do not travel fall outside the new definition of a Traveller; Romany Gypsies and Irish and Scottish Travellers may be able to demonstrate a right to culturally appropriate accommodation under the Equalities Act 2010. In addition provisions set out in the new Housing and Planning Act (2016) now include a duty (under Section 8 of the 1985 Housing Act that covers the requirement for a periodical review of housing needs) for local authorities to consider the needs of people residing in or resorting to their district with respect to the provision of sites on which caravans can be stationed, or places on inland waterways where houseboats can be moored. Draft Guidance⁴⁵ has been published setting out how the government would want local housing authorities to undertake this assessment and it is the same as the GTAA assessment process. The implication is therefore that the housing needs of any Gypsy and Traveller households who do not meet the new ‘planning’ definition of a Traveller will need to be assessed as part of the wider housing needs of the area through the SHMA process, and will form a subset of the wider need arising from households residing in caravans. Need for ‘non-travelling’ households is discussed further below.

‘Unknown’ Households

^{5.122} As well as calculating need for households that meet the new planning definition, the needs of the households where an interview was not completed (either due to refusal to be interviewed or households that were not present during the fieldwork period) need to be considered at part of the assessment process if they are believed to be ethnic Gypsies and Travellers who *may* meet the new definition. Whilst there is no law or guidance that sets out how the needs of these households should be addressed, an approach has been taken that seeks an estimate of potential need from these households. This will be a maximum additional need figure over and above the need identified for households that do meet the new definition.

^{5.123} The estimate seeks to identify potential current and future need from many pitches known to be temporary or unauthorised, and through new household formation. For the latter the national rate of 1.50% has been used as the demographics of residents are unknown.

^{5.124} The outcomes of over 1,500 interviews completed with Gypsies and Travellers by ORS since changes to PPTS suggests that only 10% of households meet the new definition. It has therefore been assumed that 10% of need from unknown households will have to be addressed through the GTAA and that the remaining 90% of need will have to be addressed by the SHMA. It is recommended that a criteria-based local plan policy is used to deal with any potential need arising from unknown households. Need for ‘unknown’ households is discussed further below.

Applying the New Definition

^{5.125} The outcomes from the questions on travelling were used to determine the status of each household against the new definition in PPTS. Figure 86 sets out the travelling status of households that were interviewed in Milton Keynes.

Figure 86: Travelling Status of Households Interviewed in Milton Keynes

	Meets New Definition	Does Not Meet New Definition	Unknown
Public Sites	3	15	3
TOTAL	3	15	3

⁴⁵ “Draft guidance to local housing authorities on the periodical review of housing needs for caravans and houseboats.” (March 2016)

5.126 It is evident that only 3 households meet the new definition of a Traveller. The remaining 15 households that were interviewed were not able to demonstrate that they travel away from their usual place of residence for the purpose of work, or that they have ceased to travel temporarily due to children in education, ill health or old age. Some did travel for cultural reason to visit fairs, relatives or friends, and others had ceased to travel permanently.

5.127 In addition, the number of households on each site where an interview was not possible are recorded as unknown. The reasons for this include households that refused to be interviewed and households that were not present during the fieldwork period – despite up to 3 visits.

Pitch Needs – ‘Travelling’ Gypsies and Travellers

5.128 Based upon the evidence collected during the household interviews and following an assessment against the new definition of a Traveller, the additional pitch provision needed in Milton Keynes to 2031 from the 3 households who meet the new planning definition is for **5 additional pitches** (Figure 87). This is made up of 2 doubled-up households, and a further 3 households from new household formation (based on the demographics of the residents).

Figure 87: Additional Need for ‘Travelling Households in Milton Keynes to 2031

Gypsies and Travellers - Meeting New Definition	Pitches
Supply of Pitches	
Additional supply from vacant public and private pitches	0
Additional supply from pitches on new sites	0
Pitches vacated by households moving to bricks and mortar	0
Pitches vacated by households moving away from the study area	0
Total Supply	0
Current Need	
Households on unauthorised developments	0
Households on unauthorised encampments	0
Concealed households/Doubling-up/Over-crowding	2
Movement from bricks and mortar	0
Households on waiting lists for public sites	0
Total Current Need	2
Future Need	
5 year need from older teenage children	0
Households on sites with temporary planning permission	0
In-migration	0
New household formation	3
<i>(Formation from site demographics)</i>	
Total Future Needs	3
Net Pitch Need = (Current and Future Need – Total Supply)	5
Additional Need for ‘Travelling’ Households by 5 Year Periods	
2016-21	3
2021-26	1
2026-31	1

Pitch Needs – ‘Unknown’ Gypsies and Travellers

- 5.129 Whilst it was not possible to determine the travelling status of a total of 3 households as they were not on site at the time of the fieldwork, the needs of these households still need to be recognised by the GTAA as they are believed to be ethnic Gypsies and Travellers and **may** meet the new definition in PPTS.
- 5.130 Data that has been collected from over 1,500 household interviews that have been completed by ORS since the changes to PPTS in 2015 suggests that nationally approximately 10% of Gypsy and Traveller households that have been interviewed meet the new definition – and in some local authorities, particularly London Boroughs, 100% of households do not meet the new definition.
- 5.131 This would suggest that it is likely that only a small proportion of the potential need identified from these households will need new Gypsy and Traveller pitches, and that the needs of the majority will need to be addressed through other means.
- 5.132 Should further information be made available to the Council that will allow for the new definition to be applied to the ‘unknown’ households, the overall level of need could rise by up to 1 pitch from new household formation (this uses a base of the 3 households and a net growth rate of 1.50%⁴⁶). Tables setting out the components of need for unknown households are provided below.

Travelling Showpeople Needs

- 5.133 The assessment did not find any Travelling Showpeople yards in Milton Keynes so no additional need has been identified.

Transit Requirements

- 5.134 It is recommended that whilst there may be relatively high numbers of encampments in some areas, the situation relating to levels of unauthorised encampments should be continually monitored whilst any potential changes associated with the new PPTS develop.
- 5.135 A review of the evidence base relating to unauthorised encampments should be undertaken in autumn 2018 once there is a new 3-year evidence base following the changes to PPTS in August 2015 including attempts to try and identify whether households on encampments meet the new definition. This will establish whether there is a need for investment in more formal transit sites or emergency stopping places.
- 5.136 In the short-term the Councils should consider the use of short-term toleration or negotiated stopping agreements to deal with any encampments, as opposed to taking forward an infrastructure-based approach. At this point whilst consideration should be given as to how to deal with households that do and do not meet the new definition, from a practical point of view it is likely that households on all unauthorised encampments will need to be dealt with in the same way.
- 5.137 The term ‘negotiated stopping’ is used to describe agreed short term provision for Gypsy and Traveller caravans. It does not describe permanent ‘built’ transit sites but negotiated agreements which allow caravans to be sited on suitable specific pieces of ground for an agreed and limited period of time, with the provision of limited services such as water, waste disposal and toilets. Agreements are made between the authority and the (temporary) residents regarding expectations on both sides.

⁴⁶ The ORS Technical Note on Population and Household Growth has identified a national growth rate of 1.50% for Gypsies and Travellers which has been applied in the absence of further demographic information about these households.

- 5.138 Temporary stopping places can be made available at times of increased demand due to fairs or cultural celebrations that are attended by Gypsies and Travellers. A charge may be levied as determined by the local authority although they only need to provide basic facilities including: a cold water supply; portaloos; sewerage disposal point and refuse disposal facilities.

Assessment of Need for 'Non-Travelling' Households and 'Unknown' Households

- 5.139 It is not a requirement to include details of need from Non-Travelling Gypsies and Travellers in the GTAA. However, an assessment of this need has been made to support the Council with its SHMA. Analysis of the 15 household interviews for those who do not meet the new definition indicated that there is a need for 12 additional pitches over the 15-year period of the GTAA 2016-2031. Current need of 3 is made up of 1 doubled-up household and 2 adult children living in over-crowded conditions on pitches who are in need of a pitch of their own. Future need is made up of 1 older teenage child who will be in need of a pitch of their own in the first 5 years of the GTAA period, plus a further 9 from new household formation using a formation rate of 2.40% that has been derived from the demographics of the households that were interviewed (Figure 88).

Figure 88: Assessment of Need for 'Non-Travelling' Households and 'Unknown' Travellers in Milton Keynes to 2031

	Pitches	
	'Non-Travelling' Households	'Unknown' Travellers
Supply of Pitches		
Additional supply from vacant public and private pitches	0	0
Additional supply from pitches on new sites	0	0
Pitches vacated by households moving to bricks and mortar	0	0
Pitches vacated by households moving away from the study area	0	0
Total Supply	0	0
Current Need		
Households on unauthorised developments	0	0
Households on unauthorised encampments	0	0
Concealed households/Doubling-up/Over-crowding	3	0
Movement from bricks and mortar	0	0
Households on waiting lists for public sites	0	0
Total Current Need	3	0
Future Need		
5 year need from older teenage children	1	0
Households on sites with temporary planning permission	0	0
In-migration	0	0
New household formation	9	1
	<i>Base of 19 households; 2.40% formation rate</i>	<i>Base of 3 households; 1.50% formation rate</i>
Total Future Needs	10	1
Net Pitch Need = (Current and Future Need – Total Supply)	13	1
Additional Need for 'Non-Travelling' Households by 5 Year Periods		
2016-21	7	0
2021-26	3	0
2026-31	3	1

6. Housing Requirements

Considering the policy response to identified housing need

- 6.1 The SHMA has established the Full Objectively Assessed Need for Housing in Milton Keynes to be 26,500 dwellings over the 15-year Plan period 2016-31, however this figure will need to be tested through the statutory Plan-making process.
- 6.2 This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that *“housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply”* (ID 2a-030). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

“Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans. We would expect councils to actively consider this new evidence over time and, where over a reasonable period they do not, Inspectors could justifiably question the approach to housing land supply.

“However, the outcome of a Strategic Housing Market Assessment is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans.

“Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement. They also need to consider whether there are opportunities to co-operate with neighbouring planning authorities to meet needs across housing market areas. Only after these considerations are complete will the council’s approach be tested at examination by an Inspector. Clearly each council will need to work through this process to take account of particular local circumstances in responding to Strategic Housing Market Assessments.”

- 6.3 The local authority is currently in the process of preparing a Local Plan. In establishing the OAN, the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of the new Plan period; therefore any under-delivery against current housing targets need not be counted again. However, whilst the OAN identified by the SHMA will be a key part of the evidence base, the Local Plans will be the mechanism through which the SHMA evidence will be assessed against environmental and policy constraints to identify a sustainable and deliverable plan requirement.
- 6.4 The Local Plan will also consider the spatial distribution of the OAN across the functional housing market area for Milton Keynes.

Affordable Housing Need

- 6.5 The SHMA has identified a substantial need for additional affordable housing: a total of 8,200 dwellings in Milton Keynes over the 15-year Plan period 2016-31. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.
- 6.6 As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 6.7 PPG identifies that the Council should also consider “an increase in the total housing figure” where this could “help deliver the required number of affordable homes”; although this would not be an adjustment to the OAN, but a policy response to be considered in the Local Plan:

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

Planning Practice Guidance (March 2014), ID 2a-029

- 6.8 It will therefore be important for the Council to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings⁴⁷ (paragraphs 3.20-21):

*“National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*

Any uplift on the demographic starting point ... would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified.”

- 6.9 Given that the identified OAN already incorporates an uplift from the baseline household projections in response to market signals and to take account of suppressed household formation, this will contribute to increasing the supply of affordable homes through market housing led developments. The Council will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

⁴⁷ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

6.10 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

- » **Affordable Homes Programme:** the flagship HCA 2015-18 investment programme(s) for new affordable homes which ends in 2018 and will deliver c. 43,000 affordable homes. A new Shared Ownership & Affordable Homes Programme 2016-21 was launched in April 2016 which will reflect the Housing and Planning Act 2016
- » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
- » **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
- » **Community Right to Build:** (Outside London) including some provision for affordable homes
- » **Empty Homes programme**
- » **Estate Regeneration Programme:** often creating mixed tenure communities
- » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

6.11 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns.</p> <p>Rent formula reform The change to rent increase formula for Registered Providers has constrained capacity for new affordable developments.</p> <p>Registered Providers Many RPs have become more risk averse in their approach to developing new homes in the light of grant rate reductions for affordable homes and the absence of grant post the 2015-18 HCA investment programme.</p> <p>Stock rationalisation by Registered Providers The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might also reduce appetite for new development.</p> <p>Starter Homes Including Starter Homes in the affordable housing definition may lead to fewer affordable homes for rent being developed.</p>	<p>Starter Homes The Government has signalled its support for Home Ownership in general, and Starter Homes in particular. A planned broadening of the affordable housing definition to include Starter Homes may lead to an increase in affordable housing delivery if Starter Homes are also counted.</p> <p>Councils building more new homes Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

- 6.12 The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.
- 6.13 A Government task force was established in 2013 to encourage and support build-to-let investment⁴⁸. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale⁴⁹, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes⁵⁰. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.
- 6.14 National Government policy is also focused on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.
- 6.15 Given the substantial need for affordable housing identified for Milton Keynes, the Council will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Council to consider all of the options available to help deliver more affordable homes in the area.

⁴⁸ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

⁴⁹ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

⁵⁰ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

Older People in Residential Institutions (Use Class C2)

- 6.16 The identified OAN of 26,500 dwellings does not include the projected increase of institutional population, which represented a growth of 1,032 persons over the 15-year Plan period 2016-31 (Figure 20). This increase in institutional population is a consequence of the CLG approach to establishing the household population⁵¹, which assumes “that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s” on the basis that “ageing population will lead to greater level of population aged over 75 in residential care homes”.
- 6.17 Whilst these additional 1,032 persons aged 75 or over living in communal establishments are not counted as part of the OAN; an allowance is made for the dwellings that would be vacated by many of these people. Not all would vacate dwellings, as some will have a partner or other family remaining in the home; but further analysis of the data (assuming no growth in the institutional population) shows that housing need based on the household projections would be 878 dwellings higher if the additional bedspaces were not provided – so it is important to take account of these needs.
- 6.18 When considering housing supply, PPG states the following in relation to housing for older people:

How should local planning authorities deal with housing for older people?

Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.

Planning Practice Guidance (March 2014), ID 3-037

- 6.19 On this basis, given that housing provided for older people in Use Class C2 should be counted against the housing requirement, it is important that this need is also factored in when establishing the housing requirement. Furthermore, as older people are living longer, healthier lives, and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; specialist older person housing such as Extra Care may be more appropriate for the needs of some of these older people.
- 6.20 Therefore, when establishing housing requirement, it is necessary to take account of those dwellings that were assumed to be vacated by people moving into care. This would allow the supply of bedspaces in residential institutions in Use Class C2 to be counted against the housing requirement; providing that this was calculated on the basis of the number of dwellings likely to be vacated in the housing market.
- 6.21 Based on the SHMA analysis, an increase of 1,032 persons in the institutional population living in care would have released 878 dwellings over the 15-year Plan period 2016-31. Recent market analysis by Knight Frank⁵² suggests care home occupancy rates at around 88%, which would imply that 1,173 additional bedspaces would be needed to accommodate an increase of 1,032 persons. On this basis, providing 1,173 care home bedspaces would release 878 dwellings in the housing market – a ratio of 1.34 bedspaces per dwelling.

⁵¹ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

⁵² <http://content.knightfrank.com/research/548/documents/en/2015-3267.pdf>

- 6.22 Given this context, it may be appropriate to include the 878 dwellings assumed to be vacated by people moving into care as part of the housing requirement in addition to the OAN. Bedspaces in care homes would then be able to be counted towards the housing requirement, on the basis of 1 dwelling being counted for every 1.34 bedspaces provided.
- 6.23 Alternatively, the Council may choose to establish a separate target for bedspaces in Use Class C2 and monitor the associated supply of bedspaces provided. However, if this approach is preferred, it will be necessary to consider the extent to which some older persons assumed to need residential care (and therefore not counted as part of the OAN) may be diverted to Extra Care housing, and therefore should be counted as part of the housing requirement. As previously noted, the SHOP toolkit and the Housing LIN toolkit on the financial benefits of extra care⁵³ both suggest that around a third of those older persons living in extra care housing would otherwise need residential care, and this could provide the basis for a suitable adjustment.

Gypsies and Travellers

- 6.24 A Gypsy and Traveller Accommodation Assessment for Milton Keynes has been undertaken as part of this SHMA, and the identified need for Gypsy and Traveller accommodation was presented in Chapter 5.
- 6.25 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

- 6.26 An April 2015 High Court Judgement, '*Wenman v SSCLG and Waverley Borough Council*', has clarified the relationship between Gypsy and Traveller and Travelling Showpeople Needs Assessments and OAN. At paragraphs 42 and 43, the Judgement notes:

"42. However, under the PPTS, there is specific provision for local planning authorities to assess the need for gypsy pitches, and to provide sites to meet that need, which includes the requirement to "identify, and update annually, a supply of specific deliverable sites sufficient to provide five years' worth of sites against their local set targets" (paragraph 9(a)). These provisions have a direct parallel in paragraph 47 NPPF which requires local planning authorities to use their evidence base to ensure that the policies in their Local Plan meet the full objectively assessed needs for housing in their area, and requires, inter alia, that they "identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing".

"43. The rationale behind the specific requirement for a five year supply figure under paragraph 9 PPTS must have been to ensure that attention was given to meeting the special needs of travellers. Housing provision for this sub-group was not just to be subsumed within

⁵³ [http://www.housinglin.org.uk/library/Resources/Housing/Support materials/Other reports and guidance/HSU/Extra Care - The Financial Benefits.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support%20materials/Other%20reports%20and%20guidance/HSU/Extra%20Care%20-%20The%20Financial%20Benefits.pdf)

the general housing supply figures for the area. Therefore it seems to me most unlikely that the housing needs and supply figures for travellers assessed under the PPTS are to be included in the housing needs and supply figures under paragraph 47 NPPF, as this would amount to double counting.”

- 6.27 Along with retaining the requirement for local authorities to assess their own needs for Gypsies and travellers, PPTS, August 2015, paragraph 10(a) retains the requirement to: “*identify and update annually, a supply of specific deliverable sites sufficient to provide 5 years’ worth of sites against their locally set targets*”.
- 6.28 The position proposed by the judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore, any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.
- 6.29 This also means that any land supply for pitches and plots should be counted towards the general 5-year land supply as the needs they are addressing are included within the housing OAN.
- 6.30 It should be noted that PPTS, August 2015, sets out a new definition of Gypsies and Travellers who are to be included in the Gypsy and Traveller Accommodation Assessment (GTAA) which is on the basis of having a travelling lifestyle without reference to ethnicity:

Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family’s or dependants’ educational or health needs or old age have ceased to travel temporarily, but excluding members of an organised group of travelling showpeople or circus people travelling together as such.

Planning Policy for Traveller Sites, August 2015, Annex 1

- 6.31 This definition conflicts with the Housing Act (2004) definition used in the PPTS 2012. However, DCLG have stated that the Government will, when parliamentary time allows, seek to amend primary legislation to clarify the duties of local authorities to plan for the housing needs of their residents. This should bring the Housing Act definition in line with the PPTS definition.
- 6.32 Gypsies and Travellers who fall outside this definition will not necessarily be assessed in a GTAA and will need to be assessed separately under the NPPF because Romany Gypsies and Irish Travellers are recognised as having a protected characteristic under the Equality Act 2010 and culturally suitable accommodation should be provided. On this basis, the GTAA presented in Chapter 5 also identified the needs of ‘Non-Travelling’ Households and those travellers whose status under the PPTS definition is unknown; and the Council will need to consider how best to provide for these needs.

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