

## MDC Affordable Housing Note

### Introduction

1. In response to discussions which took place during the Main Matter 4 Hearing Session the Council have provided this note on Affordable Housing in order to assist the Examination.
2. Justin Gardener Consulting (JGC) has been commissioned to prepare the following:
  - An assessment of the level of affordable housing need based on the proposed target of 325 dwellings per annum (attached as Appendix 1); and
  - A note on whether the housing target should be increased to take account of affordable housing need and, if so, by how much (attached as Appendix 2).
3. This note pulls together the information and views provided by JGC and up to date information about affordable housing delivery in Mansfield district. It also presents the option of uplifting the housing target by 2.5% to take account of affordable housing need.

### Delivery of Affordable Housing

4. Table 3 of the Housing Technical Paper (August 2018) (H1) sets out the past delivery of affordable housing in Mansfield district. The table below provides an updated picture for the period April 2013 to March 2019 (i.e. the plan period so far) in terms of completed affordable homes.

<b>Completions in Plan Period</b>			
<b>Year</b>	<b>Net Completions</b>	<b>Affordable Homes Completed</b>	<b>Percentage</b>
2013/14	295	20	7%
2014/15	254	76	30%
2015/16	391	71	18%
2016/17	367	76	20%
2017/18	237	25	10%
2018/19	391	75	19%
<b>Total</b>	<b>1935</b>	<b>343</b>	<b>17%</b>

5. As part of the response to Hearing Matter 4 details for Affordable Housing delivery during the whole plan period were provided (Annex A of MDC Matter 4 Hearing Statement). This showed a total expected delivery of 1115 affordable homes (including the completions identified above); this is based on the levels agreed through s106 and the level that would be expected if sites without planning permission complied with Policy H4. This is 13% of the total expected supply for the plan period (8726 homes).

6. Whilst this is lower than the average achieved during the plan period so far it reflects the evidence on viability which takes account of the larger range of contributions that are expected in the future. It is also noted that some of the sites identified as part of the supply may not deliver homes or may not be able to support the full requirement identified by Policy H4. This potential loss could be offset by additional affordable housing delivered through by the Council's housing revenues account and other Registered Providers (RP).
7. A Full Council report (attached as Appendix C) at table two and three sets out proposed and future affordable housing schemes; in addition we have been made aware of additional sites which have been proposed. The table below summaries and provides an update on the schemes which have been included in the trajectory:

Site	No. of dwellings (net)	Note
Land off Rosemary Avenue	10	Site allocated (H1u) and granted full planning permission; included in the trajectory.
Sandy Lane	30	HELAA ref 290; delivery expected after 2024/25 due to lack of planning permission.
Shirland Drive Boiler House	10	HELAA ref 291; delivery expected after 2024/25 due to lack of planning permission.
Melville Court	-25	Demolition of 38 flats and replacement with 11 houses and 2 bungalows.

8. Other sites identified in Appendix C have not been included in the trajectory as consultation with affected residents has not yet taken place options are still being scoped and details are not yet known. It was considered inappropriate to include sites where consultations are still ongoing or details are yet to be confirmed as the situation may change.
9. There is no evidence at this time in terms of sites or resources to justify the inclusion of any additional affordable housing over and above the supply already included. It is acknowledged that additional sites may come forward on sites owned by the Council or through other registered providers.

#### Affordable Housing Need

10. Based on a housing target of 325dpa, the updated assessment of affordable need by JGC (Appendix A) identifies a need for up to 87 affordable homes per year from 2018 to 2033. This is based on an affordability threshold of 25% (i.e. the proportion of household income that could be reasonably spent on housing costs); if the affordability threshold were increased to 30%, affordable housing need would reduce to -30dpa.

11. Given that, as identified in paragraph 2.12 of Appendix A, the Government's starting point is 25% it is considered appropriate to set affordable housing need as 87dpa for the period 2018 to 2033.

### Potential Uplift

12. It is noted that the note provided at Appendix B identifies that in the Peterborough examination the Inspector concluded that no uplift was required to local housing need as the standardised methodology already includes an uplift for affordability. The NPPG (paragraph 006) identifies that this is to respond to price signals and it is unclear if it also applies to affordable housing. Paragraph 024 of the NPPG sets out that "*an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes*"; paragraph 024 was last updated in February 2019 at the same time as paragraph 006.
13. Assuming an affordable housing delivery rate of 13%, there would be a need to achieve an annual build rate of 669dpa to deliver 87 affordable homes per year. Given that the average build rate since 2001 is about 308dpa, achieving the full level of affordable housing need is not considered possible.
14. Appendix B also identifies that a 5% uplift was applied in the case of South East Lincolnshire (a joint plan by Boston BC and South Holland DC). Paragraph 44 of the Inspectors Report identifies that affordable housing need was 263dpa of target of 310dpa for Boston and 282dpa of a target of 467dpa for South Holland<sup>1</sup>.
15. Given the lower level of affordable housing need in Mansfield (87dpa compared to a local housing need of 325dpa) it is considered that an uplift of 2.5% would be an appropriate level an uplift is not already accounted for under the standardised methodology. When rounded to the nearest 5 dwellings this uplift results in a housing target of 335dpa.
16. The Sustainability Appraisal has already assessed the impacts of a range of housing targets including 328dpa. As such it is not considered proportionate or necessary to undertake a separate assessment of 335dpa. We would also be able to demonstrate a supply of 5.22 years against 335 (if applied to whole plan period and there are no changes to the supply currently set out in the trajectory).

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1. <sup>1</sup> Both targets identified include the 5% uplift for affordable housing.

# Appendix A

**Report to:**

**Mansfield  
District Council**

**Affordable Housing  
Needs Update**

May 2019



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## Summary

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### Introduction

1. This report provides a limited update to the Nottingham Outer Strategic Housing Market Assessment (SHMA) by GL Hearn of 2015 and the more recent analysis of Housing Needs of Particular Groups (JGC – 2018). The particular focus of the work is to link analysis to the Council's proposed housing requirement of 6,500 additional homes in the 2013-33 period (an average of 325 per annum). The analysis is limited to considering the overall need for affordable housing.

### Affordable Housing Need

2. Analysis has been undertaken to estimate the need for affordable housing in the 2018-33 period – this period is used rather than the full plan period to reflect the fact that the analysis is forward looking and has a base date of 2018 (in terms of much of the data available). The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the 2019 National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). The definition now includes housing for those who can afford to rent privately but cannot afford to buy a home.
3. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given to estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
4. Using the traditional method, the analysis suggests a need for 87 affordable homes per annum using a 25% affordability threshold) and a small surplus if a 30% threshold is applied. These figures are lower than shown in the 2015 SHMA although overall it is considered that the Council is justified in seeking to secure additional affordable housing.
5. When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) there is limited evidence of a need for this type of accommodation although in gross need terms there is a need if affordability is tested on the basis of a 30% income threshold.
6. However, it does seem that there are many households in Mansfield who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy. This conclusion was also drawn in the 2018 JGC report.
7. The emerging Local Plan affordable housing policy (H4) seeks between 5% and 20% of housing on qualifying sites to be affordable (depending on location and the type of site). In a national context this level of target is low, although it should also be noted that the need for affordable housing is quite modest and needs to take account of viability. Overall, therefore the policy looks to be reasonable.

8. However, given that the NPPF expects 10% of housing (on larger sites) to be affordable home ownership it is unclear if this policy would deliver sufficient rented housing (which is clearly the overwhelming need) should the NPPF be followed. It should however be noted that paragraph 65 of the NPPF does allow authorities not to provide the 10% where this will '*significantly prejudice the ability to meet the identified affordable housing need*'. Therefore, whilst there may be an expectation of 10% to be AHO, it is considered on the basis of the evidence in this report that the Council should view this as over and above the levels of affordable housing required by policy.

# 1. Introduction

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## Introduction

- 1.1 Justin Gardner Consulting (JGC) have been commissioned by Mansfield District Council to prepare a limited update to the Nottingham Outer Strategic Housing Market Assessment (SHMA) by GL Hearn of 2015 and the more recent analysis of Housing Needs of Particular Groups (JGC – 2018). The particular focus of the work is to link analysis to the Council's proposed housing requirement of 6,500 additional homes in the 2013-33 period (an average of 325 per annum) and to update key aspects of the affordable need analysis (e.g. around housing costs, incomes and the supply of affordable housing).
- 1.2 Affordable housing need was estimated in the 2015 SHMA for the Outer Nottingham Housing Market Area (HMA), comprising Ashfield, Mansfield and Newark & Sherwood Council). Whilst the JGC report of 2018 looked at affordable housing need, no new calculation of the level of need was undertaken; the analysis focussed on the types of affordable housing that might be needed, recognising likely forthcoming changes to the National Planning Policy Framework (NPPF). This report therefore provides a full update to the 2015 analysis and also touches on the work carried out in the 2018 report.

## The Council's Emerging Housing Requirement

- 1.3 Mansfield Council submitted the District Local Plan (2013-2033) to the Secretary of State for Housing Communities and Local Government on Wednesday 19<sup>th</sup> December 2018 for independent examination. Within the plan Policy S2 (the spatial strategy) sets out a housing requirement to provide 6,500 new homes at an average rate of 325 per annum.
- 1.4 Paragraphs 3.8 to 3.10 provide supporting text for the policy. In particular paragraph 3.9 notes that: *'Application of the standardised housing methodology results in a local housing need of 279 homes per year or 5,580 over the whole plan period. However, due to the growth aspirations of the district council and national government, it is proposed to set the housing target at 325 homes per year or 6,500 homes over the plan period. This provides an 5% increase over the average number of homes built per year since 2001 and also broadly matches the housing needs that result from the Local Economic Partnership Growth Strategy'*. The emerging Plan also notes that further information about the housing requirement is set out in a Housing Technical Paper (2018).
- 1.5 This report does not seek to examine the rationale behind the 325 figure, although as a general point it is certainly within the range of figures that have been provided to the Council in the past, whether in the SHMA research (and subsequent update) or by using the Government's Standard Method. This report does however consider the amount of housing to still be delivered (from 2018 and moving through to 2033) and therefore projects what this might mean in terms of future population growth.
- 1.6 As noted, the emerging Plan sets a housing requirement for 6,500 dwellings (excluding any buffer) in the 2013-33 period. Table 5.1 of the plan shows that between 2013 and 2018, a total of 1,543 dwellings were completed; this leaves 4,957 to be built in the remaining 15-years of the plan period (at an average of 330 dwellings per annum).

## Developing a projection linking to 330 dwellings per annum (2018-33)

- 1.7 As noted above, given the overall housing requirement (2013-33) and completions in the 2013-18 period, there is a residual requirement to provide around 330 dwellings per annum for the remainder of the plan period (2018-33). Given the analysis to follow in this report, it is necessary to develop a projection that seeks to understand how the population and household structures might change if delivery of 330 dpa is achieved. This projection is then used to look at certain aspects of the analysis, in particular estimates of the level of newly forming households.
- 1.8 To develop a projection, a demographic model has been set up and adjustments then made to migration so that the population increases sufficiently to be sufficient to fill 330 homes each year. The model has been built up from 2016-based ONS subnational population projections (SNPP) and 2014-based subnational household projections (SNHP) and also includes the most up-to-date mid-year population estimates (MYE). A small adjustment has also been made to Household Representative Rates (HRRs)<sup>1</sup> of households in the 25-34 and 35-44 age groups to model for a part-return to trend<sup>2</sup>. This approach is consistent with previous suggestions by the Local Plans Expert Group (LPEG) and also broadly consistent with previous SHMA research in the area.
- 1.9 The table below shows the projected change to the population if 330 dwellings per annum are provided. This shows that by planning for the residual number of homes, the population might be expected to increase by 6,200 people over the 15-year period. In contrast, the 2014-based projections (which underpin the Standard Method) show slightly lower population growth of 5,100. Both projections show an ageing of the population, although with the higher level of population growth, there is a proportionately greater increase (or lower decrease) in the number of people of 'working-age'.

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<sup>1</sup> The HRR is the proportion of people in a particular demographic group (based on age and sex) who are considered to be a household reference person (HRP). This is essentially the 'head of household'

<sup>2</sup> The part-return to trend (PRT) methodology assumes that HRRs will return to the midpoint between figures in the 2008- and 2014-based SNHP by 2033 and as noted is a consistent method to that suggested for use by LPEG

**Figure 1.1: Projected change in population by age – Mansfield**

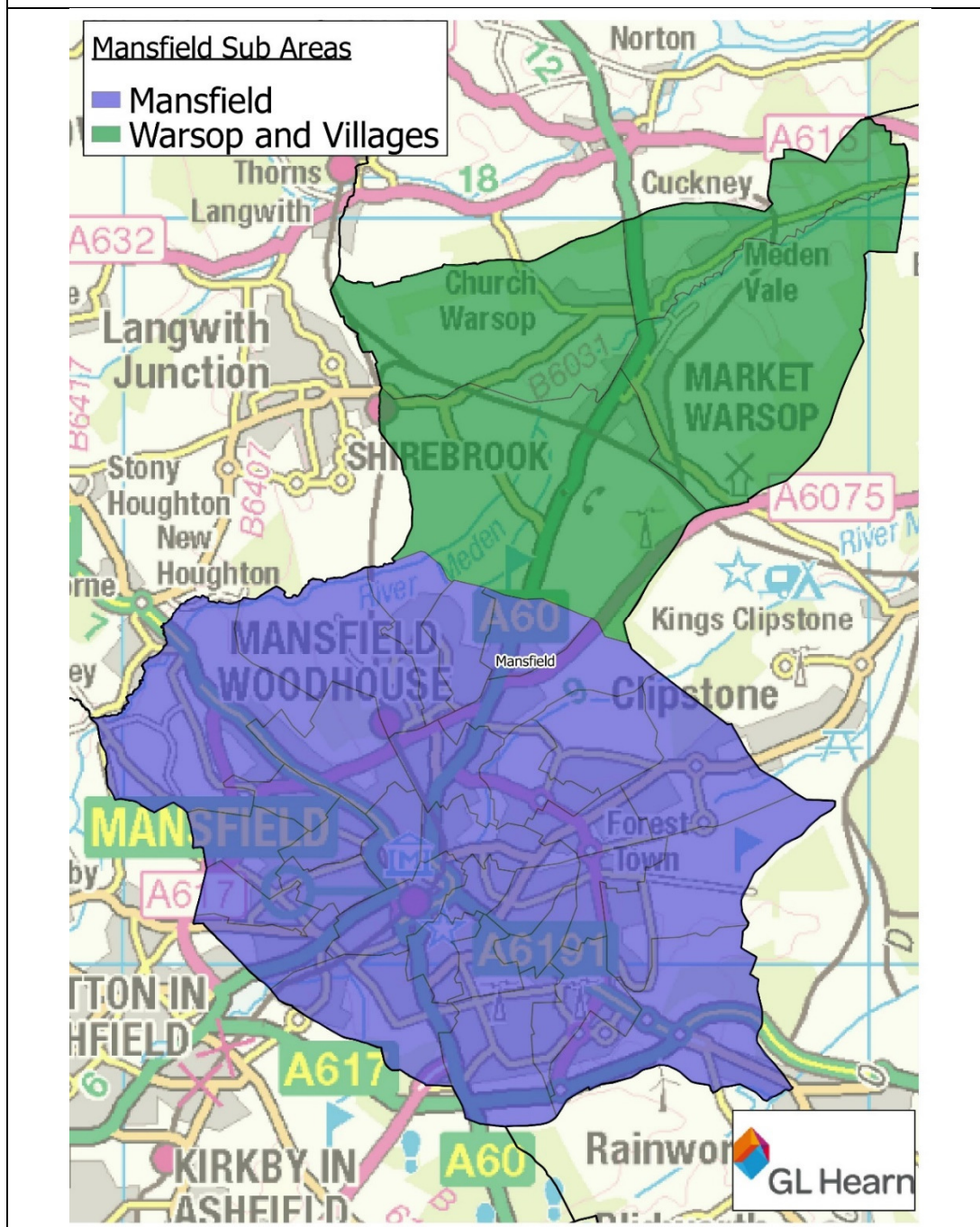
	2014-based SNPP				Linked to OAN of 330 dpa			
	Popn 2018	Popn 2036	Change in popn	% change	Popn 2018	Popn 2033	Change in popn	% change
0-4	6,389	6,164	-226	-3.5%	6,620	6,116	-503	-7.6%
5-9	6,661	6,253	-408	-6.1%	6,816	6,273	-542	-8.0%
10-14	5,845	6,271	426	7.3%	5,986	6,296	311	5.2%
15-19	5,234	6,054	820	15.7%	5,318	6,380	1,061	20.0%
20-24	5,846	5,982	136	2.3%	5,901	6,125	224	3.8%
25-29	7,037	6,344	-693	-9.8%	7,131	6,504	-627	-8.8%
30-34	7,232	6,334	-898	-12.4%	7,438	6,496	-942	-12.7%
35-39	6,752	6,933	181	2.7%	7,113	7,264	151	2.1%
40-44	5,936	7,187	1,252	21.1%	6,058	7,561	1,503	24.8%
45-49	7,272	6,870	-401	-5.5%	7,473	7,319	-154	-2.1%
50-54	7,972	6,553	-1,419	-17.8%	8,120	7,071	-1,049	-12.9%
55-59	7,702	5,913	-1,789	-23.2%	7,778	6,217	-1,561	-20.1%
60-64	6,460	7,064	604	9.4%	6,646	7,463	817	12.3%
65-69	5,948	7,430	1,482	24.9%	6,024	7,716	1,692	28.1%
70-74	5,595	6,679	1,084	19.4%	5,600	6,859	1,259	22.5%
75-79	3,849	5,222	1,373	35.7%	3,814	5,360	1,546	40.6%
80-84	2,851	4,237	1,386	48.6%	2,756	4,156	1,401	50.8%
85 & over	2,648	4,879	2,231	84.2%	2,566	4,218	1,651	64.3%
Total	107,228	112,370	5,142	4.8%	109,156	115,394	6,238	5.7%

Source: 2014-based SNPP and demographic projections

## Sub-area analysis

- 1.10 Most of the analysis in this report focusses on the District as a whole. However, when looking at affordable need, an additional (and indicative) split is provided between the Mansfield and Warsop areas. The map below shows the two areas and the split is considered to be indicative as there is clearly a link between the different locations such that needs arising in one area could well be met in the other.
- 1.11 It is noted that the emerging Local Plan seeks a roughly 90:10 split of housing delivery between Mansfield Town and Warsop. The modelling in this report has not sought to replicate this split; however, it is the case with the majority of the population currently being in the Town, that the modelling has broadly confirmed this 90:10 position (the baseline modelling shows an 86:14 split between the two locations).

Figure 1.2: Map of sub-areas in Mansfield District



Source: 2015 SHMA

### Introduction: Key Messages

- This report provides a limited update to the Nottingham Outer Strategic Housing Market Assessment (SHMA) by GL Hearn of 2015 and the more recent analysis of Housing Needs of Particular Groups (JGC – 2018). The particular focus of the work is to link analysis to the Council's proposed housing requirement of 6,500 additional homes in the 2013-33 period (an average of 325 per annum). The analysis is limited to considering the overall need for affordable housing.



## 2. Affordable Housing Need

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### Introduction

- 2.1 This section seeks to update analysis of the need for affordable housing in Mansfield. The last similar analysis was undertaken as part of the 2015 Nottingham Outer SHMA. The analysis in this section recognises the changed definition of affordable housing in Annex 2 of the National Planning Policy Framework (NPPF). The revised NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 2.2 The opportunity has also been taken to update aspects of the analysis to a 2018 base (including data on house prices/rents, incomes, levels of new household formation and the supply of affordable housing. The analysis looks at need in the 15-year period from 2018 to 2033, to be consistent with the end date of the emerging Local Plan.
- 2.3 A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each.

### Affordable Need – Established Definition

- 2.4 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
  - Projected newly forming households in need (based on the demographic projections previously developed) along with an affordability test to estimate numbers unable to afford the market);
  - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
  - These three bullet points added together provide an indication of the gross need (the current need is divided by 15 so as to meet the need over the 2018-33 period);
  - Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe<sup>3</sup>); and
  - Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing

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<sup>3</sup> The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

- 2.5 Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with estimates of local household incomes. The following sections therefore look at different aspects of the analysis.

## Local Prices and Rents

- 2.6 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’.
- 2.7 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes); establishing, in numerical terms, the overall need for affordable housing.
- 2.8 Analysis below considers the entry-level costs of housing to both buy and rent across the study area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.
- 2.9 Data from the Land Registry for the year to September 2018 (i.e. Q4 of 2017 and Q1-Q3 of 2018) shows estimated lower quartile property prices in the area by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £66,000 for a flat and rising to £160,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile ‘average’ price of £93,000. The Land Registry analysis also suggests that prices are slightly lower in Warsop, although the difference between areas is not substantial. When compared with equivalent data in the 2015 SHMA it can be seen that there has been a 20% increase in the lower quartile price (up from around £77,700 for the equivalent period in 2014).

<b>Figure 2.1: Lower quartile cost of housing to buy – year to September 2018 – Mansfield</b>			
	Warsop	Mansfield	District
Flat/maisonette	£74,000	£65,000	£66,000
Terraced	£62,000	£67,000	£67,000
Semi-detached	£95,000	£100,000	£100,000
Detached	£146,000	£160,000	£160,000
All dwellings	£85,000	£95,000	£93,000

Source: Land Registry

- 2.10 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to September 2018. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £425 per month. This figure is only slightly higher than equivalent data from the 2015 SHMA (2014 data) where the overall lower quartile rent was shown to be £400 per month – the latest figure is therefore only 6% higher.



- 2.11 A further analysis of private rental costs was carried out looking at online sources (mainly Rightmove). From this there was no strong evidence of notably different rent levels in each of the two sub-areas.

<b>Figure 2.2: Lower Quartile Market Rents, year to September 2018 – Mansfield</b>	
	Lower Quartile rent, pcm
Room only	£325
Studio	£422
1-bedroom	£375
2-bedrooms	£450
3-bedrooms	£475
4-bedrooms	£650
All properties	£425

Source: Valuation Office Agency

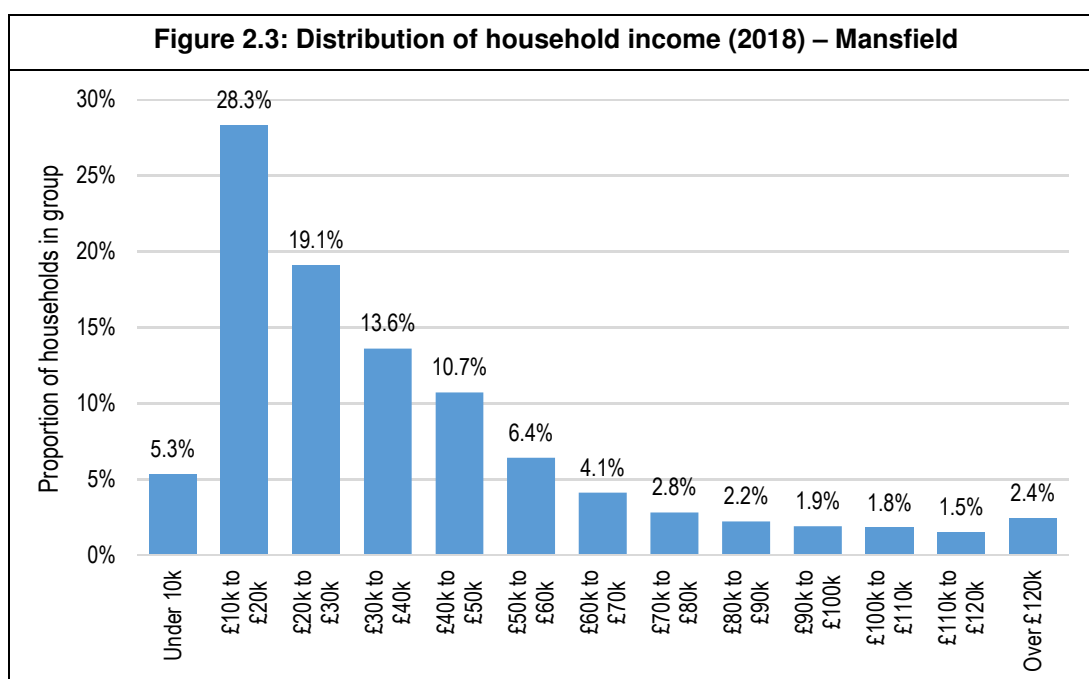
- 2.12 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 2.13 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can’t afford market housing.
- 2.14 Rent levels in Mansfield are somewhat lower than those seen nationally (a lower quartile rent of £525 per month across England). This would suggest that a proportion of income to be spent on housing would be at the bottom end of the range and it is considered that a proportion of 25% is reasonable. In the original SHMA a range of thresholds were tested, including the 25% figure. However, outputs linked to 30% were used to draw key conclusions and so additional analysis in this report also tests this higher threshold.
- 2.15 Generally, the income required to access owner-occupied housing is very slightly higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF and are returned to when looking at this new definition.

## Income Levels and Affordability

2.16 Following on from the assessment of local housing costs it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy); the analysis also provides an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:

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

2.17 Drawing all of this data together, an income distribution for 2018 has been constructed. The figure below shows the income distribution estimated across the District. Overall the average (mean) income is estimated to be around £37,500, with a median income of £28,500; the lower quartile income of all households is estimated to be £16,500. The incomes estimated in this report are somewhat higher than used in the 2015 SHMA (which had a base of 2014). In that report the median income for the District was estimated to be £22,100 (the latest figure therefore being some 29% higher). This may not reflect a real change and the difference is likely, at least in part, to the use of more up-to-date ONS income estimates.



Source: Derived from a range of data as discussed

- 2.18 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.
- 2.19 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

## Current Affordable Housing Need

- 2.20 In line with PPG paragraph 2a-023, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it bring their aspiration – this category is considered separately in this report (under the title of the expanded definition of affordable housing need).

<b>Figure 2.4: Main sources for assessing the current unmet need for affordable housing</b>		
	Source	Notes
Homeless households (and those in temporary accommodation)	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-023]

- 2.21 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

- 2.22 The table below shows the initial estimate of the number of households within the District with a current housing need. These figures are before any consideration of affordability has been made and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently some 3,000 households living in unsuitable housing (or without housing).

<b>Figure 2.5: Estimated number of households living in unsuitable housing</b>	
Category of ‘need’	Households
Homeless households	54
Households in overcrowded housing	1,408
Concealed households	391
Existing affordable housing tenants in need	184
Households from other tenures in need	998
Total	3,035

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

- 2.23 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 2.24 The table below shows it is estimated that there were 1,700 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

<b>Figure 2.6: Unsuitable housing by tenure and numbers to take forward into affordability modelling</b>		
	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	771	77
Affordable housing	662	0
Private rented	1,158	1,158
No housing (homeless/concealed)	445	445
Total	3,035	1,680

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

- 2.25 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.

- 2.26 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.
- 2.27 Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to around 800 households in the District. With the 30% threshold the need is shown to be slightly lower (at around 700 households).

<b>Figure 2.7: Estimated Current Affordable Housing Need – 25% affordability threshold</b>			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Warsop	173	55.2%	95
Mansfield	1,507	48.9%	736
District	1,680	49.5%	832

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

<b>Figure 2.8: Estimated Current Affordable Housing Need – 30% affordability threshold</b>			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Warsop	173	46.9%	81
Mansfield	1,507	40.7%	613
District	1,680	41.3%	694

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

## Newly Forming Households

- 2.28 The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 2.29 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

- 2.30 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 2.31 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 370 new households will have a need on average in each year to 2033. With a 30% threshold the need is estimated to be from 300 households per annum.

<b>Figure 2.9: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 25% affordability threshold</b>			
	No. of new households	% unable to afford	Total in need
Warsop	100	43.5%	43
Mansfield	777	42.1%	327
District	877	42.2%	370

Source: Projection Modelling/affordability analysis

<b>Figure 2.10: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 30% affordability threshold</b>			
	No. of new households	% unable to afford	Total in need
Warsop	100	35.4%	35
Mansfield	777	34.1%	265
District	877	34.2%	300

Source: Projection Modelling/affordability analysis

## Existing Households Falling into Affordable Housing Need

- 2.32 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 2.33 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that '*Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)*'.

- 2.34 Following the analysis through suggests a need arising from 329 existing households each year from 2018 to 2033 when using a 25% affordability threshold, this decreases to 291 per annum with a 30% threshold.

<b>Figure 2.11: Estimated Level of Affordable Housing Need from Existing Households Falling into need (per annum) – 25% affordability threshold</b>		
	Existing households falling into need	% of need
Warsop	42	13%
Mansfield	287	87%
District	329	100%

Source: CoRe/affordability analysis

<b>Figure 2.12: Estimated Level of Affordable Housing Need from Existing Households Falling into need (per annum) – 30% affordability threshold</b>		
	Existing households falling into need	% of need
Warsop	37	13%
Mansfield	254	87%
District	291	100%

Source: CoRe/affordability analysis

## Supply of Affordable Housing Through Relets

- 2.35 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 2.36 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 2.37 On the basis of past trend data it has been estimated that 668 units of social/affordable rented housing are likely to become available each year moving forward. The relatively high proportion of this supply projected to come from supported housing (26% of the total) is noteworthy given that much of the affordable needs model focusses on younger households. The majority of supported housing is likely to be restricted to older people and therefore not generally available to all households. This means that whilst such housing exists, there may be a mismatch between households with a need and the available supply.

<b>Figure 2.13: Analysis of past social/affordable rented housing supply (per annum 2015/16 – 2017/18)</b>			
	General needs	Supported housing	Total
Total lettings	752	234	986
% as non-newbuild	94.3%	99.0%	95.4%
Lettings in existing stock	709	231	940
% non-transfers	69.9%	74.3%	71.0%
Lettings to new tenants	496	172	668

Source: CoRe

- 2.38 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2018, CLG data shows around 69 vacant social rented homes across the District – less than 1% of stock. Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

## Net Affordable Housing Need

- 2.39 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 87 dwellings per annum to be provided – a total of 1,221 over the 15-year period (2018-33). If using a 30% threshold, the analysis suggests a very modest surplus of affordable housing (around 30 dwellings per annum). The net need is calculated as follows:

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

<b>Figure 2.14: Estimated Need for Affordable Housing – Mansfield</b>				
	25% affordability threshold		30% affordability threshold	
	Per annum	2018-33	Per annum	2018-33
Current need	55	776	46	648
Newly forming households	370	5,182	300	4,198
Existing households falling into need	329	4,608	291	4,073
Total Gross Need	755	10,567	637	8,920
Re-let Supply	668	9,346	668	9,346
Net Need	87	1,221	-30	-426

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

- 2.40 The table below sets out this information for the two sub-areas. This shows a need in both locations when using the 25% threshold, with a particular focus on the larger urban area of Mansfield Town. With the 30% threshold, both areas see a modest surplus of affordable housing.



<b>Figure 2.15: Estimated Need for Affordable Housing – Mansfield (per annum) – 25% affordability threshold</b>			
	Warsop	Mansfield	District
Current need	6	49	55
Newly forming households	43	327	370
Existing households falling into need	42	287	329
Total Gross Need	92	663	755
Re-let Supply	83	584	668
Net Need	8	79	87

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

<b>Figure 2.16: Estimated Need for Affordable Housing – Mansfield (per annum) – 30% affordability threshold</b>			
	Warsop	Mansfield	District
Current need	5	41	46
Newly forming households	35	265	300
Existing households falling into need	37	254	291
Total Gross Need	78	559	637
Re-let Supply	83	584	668
Net Need	-6	-25	-30

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

- 2.41 The table below shows how the estimates in this report compare with those in the previous SHMA (which took a 2014 base). Overall, this report shows a notably lower level of affordable need – this is despite the estimated supply through relets having fallen. The difference is likely to be due to modelling of higher incomes in this report (based on more up-to-date ONS data) and a relative lack of change in the cost of housing. The fact that housing costs have not increased to any great degree does suggest that further consideration should be given to the findings set against the lower (25%) threshold and this does show a modest level of need.
- 2.42 It should be remembered that the figures in this report are linked to a projection which provides 325 dwellings per annum (330 per annum in the 2018-33 period). It is likely that the housing requirement would be considered as a minimum, with the potential for additional development to be provided. Any additional homes would be expected to further increase population projections, which in turn could have an upward impact on the assessed levels of affordable housing need.
- 2.43 Given the number of variables involved in the analysis, and the assumptions that need to be made, some degree of caution should be exercised in interpreting any figures as being overly precise. Overall, it is considered that the analysis shows that there is a need to provide additional affordable housing where the opportunities arise, although the overall level of need is quite modest when set in a national context.

<b>Figure 2.17: Estimated Need for Affordable Housing – Mansfield – comparing this study with 2017 SHMA update</b>				
	25% affordability threshold		30% affordability threshold	
	This study	2015 SHMA	This study	2015 SHMA
Current need	55	44	46	38
Newly forming households	370	436	300	361
Existing households falling into need	329	430	291	395
Total Gross Need	755	910	637	794
Re-let Supply	668	730	668	730
Net Need	87	180	-30	64

Source: This study and 2015 SHMA (Tables 56 and 57)

## Affordable Housing – Expanded NPPF Definition

- 2.44 Using the previously established method to look at affordable need, it was estimated that there is a need for up to 87 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 2.45 The new NPPF introduces a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 2.46 This section considers the level of need for these types of dwellings in Mansfield. The NPPF states *“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”* (NPPF, para 64).

## Establishing a Need for Affordable Home Ownership

- 2.47 The Planning Policy Guidance of July 2018 confirms a widening definition of those to be considered as in affordable need; now including *‘households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home’*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 2.48 The methodology used in this report therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

- 2.49 The first part of the analysis seeks to understand what the gap between renting and buying actually means in Mansfield – in particular establishing the typical incomes that might be required.
- 2.50 Just by looking at the relative costs of housing to buy and to rent it seem possible that there will be a limited number of households in the District who can currently rent but who may be unable to buy. In the year to September 2018, the ‘average’ lower quartile private rent is shown by VOA to cost £425 a month, assuming a household spends no more than 25% of income on housing, this would equate to an income requirement of about £20,400 (using a 30% threshold the income figure drops to £17,000). For the same period, Land Registry data records a lower quartile price in the District of about £93,000, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of around £20,925.
- 2.51 Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £17,000/£20,400 (i.e. able to afford to privately rent) and £20,925 (the figure above which a household might reasonably be able to buy).
- 2.52 Using the income distributions developed for use in the previous analysis of affordable housing need (and using a 25% affordability threshold) it has been estimated that of all households living in the private rented sector, around 59% already have sufficient income to buy a lower quartile home, with just 1% falling in the rent/buy gap. The final 40% are estimated to have an income below which they cannot afford to rent privately. With a 30% threshold, the analysis identifies a much higher (9%) of households as being in the rent/buy gap.
- 2.53 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 2.54 The finding that a significant proportion of households (59%) in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). This point was also noted in the ‘Particular Groups’ report.
- 2.55 To study current need, an estimate of the number of household living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. the start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 6,115 households living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has risen by about 26% - if the same proportion is relevant to Mansfield then the number of households in the sector would now be around 7,700.

- 2.56 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (4,620 households if applied to Mansfield) and of these some 25% (1,155 households) would expect this to happen in the next 2-years. The figure of 1,155 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing. The remaining PRS households who expect to become owners are picked up as a projected future need (over the 15-years to 2033).
- 2.57 As noted above, on the basis of income it is estimated that around 1%-9% of the private rented sector sit in the gap between renting and buying (depending on the affordability threshold used); applying this proportion to the 1,155 figure would suggest a current need for around 14-106 affordable home ownership products (1-8 per annum if annualised over a 15-year period).
- 2.58 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 15-124 dwellings (around two-thirds of this from newly forming households and the remainder from existing households in the private rented sector).
- 2.59 Bringing together all of this analysis suggests that there is a need for around 16 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2018-33 period when using a 25% affordability threshold and a much higher figure (of 131 per annum) with the higher threshold.

<b>Figure 2.18: Estimated Gross Need for Affordable Home Ownership – Mansfield</b>				
	25% affordability threshold		30% affordability threshold	
	Per annum	2018-33	Per annum	2018-33
Current need	1	14	8	106
Newly forming households	10	143	81	1,131
Existing households falling into need	5	66	43	601
<b>Total Gross Need</b>	<b>16</b>	<b>223</b>	<b>131</b>	<b>1,838</b>

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

## Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 2.60 As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below therefore provides a general discussion.

- 2.61 As noted previously, the lower quartile cost of a home to buy in Mansfield is around £93,000. By definition, a quarter of all homes sold (noting that the data is for the year to September 2018) will be priced at or below this level. According to the Land Registry source, there were a total of 1,839 sales in this period and therefore around 460 would be priced below the lower quartile. This is 460 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is clearly in excess of the level of need calculated regardless of the threshold used.
- 2.62 An alternative way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to accessing the private rented sector. If the rental figure (25% affordability threshold) is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about £90,700 (calculated as  $(20,400 \times 4) \div 0.9$ ). Any home sold at a price at or below £90,700 would (in income terms) be available to all households currently in the rent/buy gap. In the year to September 2018 there were 445 sales in Mansfield at or below £90,700, a figure which is again substantially higher than the need.
- 2.63 With a 30% threshold the equivalent purchase price is around £75,600, with the supply of homes below this level being 249 per annum – this is again below the estimated need with this higher threshold.
- 2.64 These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all of the sales could go to households who could afford a more expensive home or potentially to investment buyers). There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government's revised definition of affordable housing need.

## Implications of the Analysis

- 2.65 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of 'affordable home ownership' – whilst there are clearly some household in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can make a contribution to this need.
- 2.66 However, it does seem that there are many households in Mansfield who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 107% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by 3%).
- 2.67 On this basis, and as previously noted, it seems likely in Mansfield that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.

- 2.68 Hence, whilst the NPPF gives a clear steer that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the District. If possible, it would be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), as well as a discount to OMV. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Rent-to-Buy or Help-to-Buy could potentially form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.
- 2.69 If the Council does seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 2.70 It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.
- 2.71 Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 2.72 Overall therefore, it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF), although consideration will need to be given to the tenure of such housing, levels of discounts and other options (such as relating to deposits). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.
- 2.73 It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

## The Emerging Local Plan Affordable Housing Policy

- 2.74 Policy H4 (Affordable housing) of the emerging Local Plan sets out the Councils approach to affordable provision from market led schemes. The policy sets out a target of 10% to 20% on greenfield land depending on location and a 5%-10% target on brownfield land. The policy is to be applied on sites of more than 10 dwellings. Importantly the policy states that *'the council will consider the type of property and tenure in relation to identified needs'*.
- 2.75 The levels of affordable housing being sought are quite low when compared with policies in many parts of the Country, where targets of up to 50% can regularly be found. The lower targets will reflect lower levels of viability in Mansfield, although it should also be noted that the assessed level of need is relatively modest.
- 2.76 One issue that must be considered when looking at the emerging policy is around affordable home ownership (AHO). As noted, Government is expecting 10% of all homes (on larger sites) to be in this tenure but the analysis above has shown that there is not really a need for this type of accommodation – the need being focussed on rented housing (social/affordable rents). Were 10% of homes to be provided as AHO then it seems unlikely that policy would deliver any notable level of rented housing.
- 2.77 Therefore, whilst there may be an expectation of 10% to be AHO, it is considered on the basis of the evidence in this report that the Council should view this as over and above the levels of affordable housing required by policy. The line in policy quoted above should assist in ensuring that any affordable housing delivered will best meet local needs. Where viability is a concern, it may be possible to deliver some AHO – it does however need to be remembered that there is no evidence of a need for such housing (although it may help to diversify the housing stock).
- 2.78 The NPPF does however say in paragraph 64 that the 10% AHO should be provided unless doing so would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. It is not entirely clear what is meant in this context as 'specific groups' but arguably in Mansfield the provision of AHO would prejudice the ability to meet the needs of those who require rented housing (given that this is clearly the overwhelming need in the area).
- 2.79 Overall, the emerging policy seems reasonable, although some caution will need to be exercised when considering how it fits with the definition of affordable housing in the revised NPPF.



### **Affordable Housing Need: Key Messages**

- Analysis has been undertaken to estimate the need for affordable housing in the 2018-33 period – this period is used rather than the full plan period to reflect the fact that the analysis is forward looking and has a base date of 2018 (in terms of much of the data available). The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the 2019 NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given to estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
- Using the traditional method, the analysis suggests a need for 87 affordable homes per annum using a 25% affordability threshold) and a small surplus if a 30% threshold is applied. These figures are lower than shown in the 2015 SHMA although overall it is considered that the Council is justified in seeking to secure additional affordable housing.
- When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) there is limited evidence of a need for this type of accommodation although in gross need terms there is a need if affordability is tested on the basis of a 30% income threshold.
- However, it does seem that there are many households in Mansfield who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy. This conclusion was also drawn in the 2018 JGC report.
- The emerging Local Plan affordable housing policy (H4) seeks between 5% and 20% of housing on qualifying sites to be affordable (depending on location and the type of site). In a national context this level of target is low, although it should also be noted that the need for affordable housing is quite modest and needs to take account of viability. Overall, therefore the policy looks to be reasonable.
- However, given that the NPPF expects 10% of housing (on larger sites) to be affordable home ownership it is unclear if this policy would deliver sufficient rented housing (which is clearly the overwhelming need) should the NPPF be followed. Therefore, whilst there may be an expectation of 10% to be AHO, it is considered on the basis of the evidence in this report that the Council should view this as over and above the levels of affordable housing required by policy.



# Appendix B

## **Mansfield – affordable housing – note by Justin Gardner Consulting**

*Q: Should the housing requirement in Mansfield be increased to take account of the affordable housing need? If so, by how much?*

In short, it is considered that the evidence does not support there being any need for the Council to increase housing provision as a result of the level of affordable need. The key reasons for this (which are expanded on below) include:

- The level of need is fairly modest with a more up to date analysis suggesting that it is difficult to exactly determine the level of need – albeit it is low in a national context
- The Council is already planning for additional housing over and above the level suggested by demographic projections and also the Standard Method and therefore can expect to provide more affordable housing than would otherwise be the case
- The emerging policy seeks a fairly modest level of affordable provision from qualifying sites, but at a level that is reasonable on the basis of the level of need (and also the viability of providing such housing)
- Inspectors elsewhere have suggested that as long as the housing requirement includes the Standard Method uplift (which it does in Mansfield) then there is no need for a further increase due to affordable housing
- The link between affordable need and OAN is complex, with the identification of an affordable need not generally having any impact on the overall need for housing

### **a) Level of affordable housing need**

The main evidence base of the need for affordable housing in Mansfield is the 2015 Nottingham Outer Strategic Housing Market assessment (SHMA) undertaken with Ashfield and Newark & Sherwood (N&S) Councils.

Table 90 of that report summarises key findings in relation to affordable need. This shows under an assumption that households spend no more than 30% of income on housing costs that there would be a need for 64 additional units of affordable housing per annum in Mansfield for all needs to be met. This is substantially lower than the equivalent figures for Ashfield and N&S (164 and 177 dwellings per annum respectively).

The same table also shows how sensitive the affordable needs assessment is to assumptions around the proportion of income spent on housing. In the case of Mansfield, increasing the threshold to 35% would theoretically show a surplus of housing – this is not the case in the other two areas; emphasising that needs in Mansfield are more modest than in other areas.

In addition, GL Hearn and JGC have undertaken similar analysis across much of the country and can confirm that the levels of affordable need shown in Mansfield (and indeed across the Housing Market Area) are not as substantial as seen in other locations – including across the East Midlands region.

JGC have prepared a short report to look at affordable housing need using more up-to-date information (particularly around housing costs/incomes, new demographic projections and updating estimates of relet supply). This analysis shows that with the same assumptions (i.e. a 30% affordability threshold) that the need for affordable housing is less clear cut. However, given current private sector rent levels (which do not appear to have changed significantly since the 2015 SHMA) it is suggested that a lower threshold might be appropriate – with a 25% threshold the analysis does show a need for affordable housing. Overall, this

updated analysis can be seen as confirming that there is a need for additional affordable housing to be provided, but that the level of need is not substantial.

Putting data for Mansfield in a wider context, it can be observed that private sector rents are low (median rent of £475 vs. £690 nationally), house prices are low (£136,000 (median) compared with £239,000 nationally) and that the affordability ratio is low (5.93 for Mansfield in 2018, compared with 8.00 nationally). All of these wider indicators point to affordability (and affordable need) as being less acute in Mansfield than many other locations.

#### **b) Council already planning for more housing**

Paragraph 3.9 of the emerging Local Plan sets out that the Standard Method leads to a housing need of 279 dwellings per annum and that the plan is proposing a target of 325 homes each year as an uplift to housing need to take account of past trends and economic growth. The 279 figure is based on household growth of 247 per annum (linked to the 2018-28 period) and a 13% uplift for the affordability ratio. Therefore, it can be calculated that the proposed housing requirement (for 325 dwellings per annum) is some 32% higher than the base projections – this is considered to be a high uplift in the context of the sort of level of uplifts typically applied to household projections.

Furthermore, it would be expected that the 32% uplift (which amounts to 78 dwellings per annum, or 1,560 dwellings in total over the 20-year plan period) would help to improve affordability and crucially would provide the opportunity to deliver additional affordable housing.

#### **c) Emerging policy**

Policy H4 (Affordable housing) of the emerging Local Plan sets out the Council's approach to affordable provision from market led schemes. The policy sets out a target of 10% to 20% on greenfield land depending on location and a 5%-10% target on brownfield land.

It is not entirely clear how many affordable homes this policy might provide, and it needs to be remembered that affordable housing can also be provided using other methods (e.g. 100% schemes directly provided by Registered Providers). Information from the Council suggests in the 2013-19 period, that an average of 17% of newbuild homes have been affordable. For the rest of the plan period (2019-33) a slightly lower proportion (around 13%) is expected.

To deliver 87 affordable homes each year (see update report for derivation of figure) and the 13% delivery figure, the Council would require overall delivery of 669 dwellings per annum. Using the 64 per annum affordable need in the 2015 SHMA, the notional requirement would be for 492 dwellings per annum. Given past delivery, it is considered highly likely that these levels are unlikely to be deliverable.

#### **d) Other inspectors' comments in similar situations**

The Mansfield Local Plan is interesting given that the plan was submitted for examination prior to the 24<sup>th</sup> January 2019 deadline and yet the housing requirements are to a substantial degree based on the Standard Method. One similar plan can be seen in Peterborough (again using the Standard Method but tested under the 2012 NPPF (transitional arrangements)). The inspector's report for this plan can be found on the following link:

[https://drive.google.com/file/d/12wQr7q5sLllyCwnPoWusk\\_Lj85C\\_cTjI/view?usp=drive\\_web](https://drive.google.com/file/d/12wQr7q5sLllyCwnPoWusk_Lj85C_cTjI/view?usp=drive_web)

Issue 4 of the inspector's report deals with the issue of *'Whether the Plan appropriately identifies the overall level of affordable housing need and makes appropriate provision to meet it'* (see paragraphs 43 to 46 of the inspector's report).

Crucially the inspector notes (paragraph 43) that *'Given that the Council are using the LHN [Standard Method] figure as the basis for their housing target **there is no need to consider whether an uplift is needed to potentially increase the supply of affordable housing** as the LHN figure has a local affordability ratio built into the calculation'* [emphasis added]. This is exactly the situation in Mansfield, who in addition are proposing a housing requirement that is some 16% above the LHN. Given this, there is no reason to expect the Council in this case to provide additional housing over and above the 325 dwellings per annum figure.

That said, there are other precedents for including an increase to housing requirements to specifically deal with affordable housing. The most recent and relevant is in relation to the Joint Strategic Plan for South Holland and Boston. (see <http://www.southeastlincslocalplan.org/wp-content/uploads/2019/02/Inspectors-Report-including-Schedule-of-Main-Modifications.pdf>). In paragraph 38 of the inspector's report a 5% uplift from the OAN is suggested. Specifically, *'On this basis, and taking account of the evidence, a 5% uplift to the OAHN would be realistic and would make a reasonable contribution to meeting affordable housing need'*. The level of affordable housing need shown in the South Holland and Boston area was however more acute than shown for Mansfield.

#### **e) The link between affordable need and OAN**

The link between affordable housing need and the OAN is complex and this is highlighted in some detail in the 2015 SHMA (see paragraphs 7.71 to 7.109). The key point to note is that many of the households picked up as having a need in the modelling already have accommodation (e.g. a household living in overcrowded housing). Therefore, if such a household were to move to a different home then a dwelling would become available for use by another household, and there is no net need for additional dwellings.

There are cases where the affordable need might imply a need to increase provision; the most obvious one is where the level of need from households without housing (i.e. homeless/concealed households and newly forming households) outstrips supply and projected new supply. In such a circumstance there would be a case to consider increasing housing provision as the analysis would be identifying a physical shortage of dwellings. This is not the case in Mansfield, as can be seen from the more detailed analysis in tables 56 to 59 of the 2015 SHMA).

#### **Conclusion**

Overall it is concluded that the level of affordable housing need in Mansfield does not suggest any need for the Council to increase overall housing provision above the 325 dwellings per annum in the emerging Local Plan. The 325 dpa figure is already some 32% higher than the baseline household projection it was drawn from and if delivered would be expected to provide additional affordable housing. This is a consistent conclusion to that of the recent Peterborough Local Plan, in which it is clear that affordable needs are a more pressing issue than they are in Mansfield.

Justin Gardner  
20<sup>th</sup> May 2019

# Appendix C

**Report of Director of Communities  
To  
Portfolio Holder for Housing  
On  
14 June 2018**

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**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME  
NEW HOUSING PROVISION**

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**1. SUMMARY**

- 1.1 Various parcels of land in the Council's ownership have been identified as being suitable for new housing development and existing buildings suitable for conversion into residential accommodation. With the potential to deliver around 100 new homes, this report seeks approval for the schemes to be included within the Housing Revenue Account Capital Programme.
- 1.2 The total figure is, at this stage, an estimated maximum which will be off-set by other funding and will be split over five years. During that five year period the Council will increase its rent roll to generate more income and reducing costs and liabilities through the decommissioning of district heating schemes.
- 1.3 This is not a Key Decision as it does not relate to an Executive function.

**2. RECOMMENDATIONS**

**That the Portfolio Holder recommends to Council**

- (i) That the Housing Revenue Account Capital Programme for 2018/19 – 2022/23 is amended to include £21,450,000 for the development of new Council homes.

**3. BACKGROUND**

- 3.1 The Council has been developing new housing since 2010. In this time, it has built 161 new homes at a gross cost of £20,553,605 and a net cost (taking into account grant funding and other contributions) of £12,239,351.
- 3.2 Members will be aware that there is also currently a scheme being developed at the former General Hospital site. When this completes this year, the total number of properties that the Council will have developed since 2010 will be 215 at a gross cost of £29,122,538 and a net cost of £19,997,193.
- 3.3 At the end of the 2017/18 financial year, the Council had received £2,279,769 in rental income from the new build properties.

- 3.4 As at 11 April 2018 there were 6,474 applications registered with Homefinder. There is clearly a demonstrable demand for more social housing and Officers have been reviewing sites in the Council's ownership with a view to developing more social housing.
- 3.5 Table 1 below shows the current HRA programme provision for new housing in 2018/19.

**Table 1 – Current HRA Provision**

<b>Scheme</b>	<b>Number of Units</b>	<b>Comments</b>
Town View – Senior Persons Living Scheme	54	Scheme due for completion in June 2018 (although the bungalows for Older Persons Shared Ownership completed in March). Retention will be held for 12 months after completion.
Bonington Road	2	Scheme completed. Retention payment still to be paid.
Poppy Fields extra care scheme phases 1 and 2	84	Scheme completed. Retention payment still to be paid.
Pye Avenue New Build	12	Scheme completed. Retention payment still to be paid.
Friar Lane New Build	2	Scheme completed. Retention payment still to be paid.
Homesteads and Hawthorns	4	Within the tenants meeting room budget. The conversions are now completed and a retention will be held for 12 months.
Shireoaks conversion	8	Approved budget. Scheme due to start 2018/19.
Tenant Meeting Room Conversions - Kelstedge Drive, Willoughby Court, Bamford Drive, Sawley Drive	11	There is already a Tenant Meeting Rooms budget provided for within the capital programme. The cost of these schemes is estimated to be £720,000 and will require funding to be brought forward from future years.
Tenant Meeting Room Conversions - Barrow Hill Walk, Saundby Avenue	4	There is already a Tenant Meeting Rooms budget provided for within the capital programme. The cost of these schemes is estimated to be £200,000. Planned for a 2019/20 start on site. Apartments for rent.

- 3.6 Table 2 below provides an indicative development programme for inclusion in the Housing Revenue Account Capital Programme that the Council's Design Services team are currently designing with a view to delivering between 2018/19 – 2022/23. The estimated cost is £21.4m.

**Table 2 – Proposed HRA Provision**

<b>Scheme</b>	<b>Indicative number of Units</b>	<b>Indicative Scheme Costs</b>	<b>Comments</b>
Rosemary Avenue new build	10	£1,500,000	2018/19 start on site 4 houses for shared ownership and 6 houses for rent
The Newark's new build	22	£2,600,000	2018/19 start on site Houses for rent
Bellamy Road Community Heart	36	£5,600,000	2019/20 start on site Houses for rent and shared ownership
Rock Court	12	£1,500,000	2019/20 start on site Apartments for rent
Sandy Lane	30	£9,200,000	Start on site 2019/20 Apartments for elderly people
Centenary Road (Phase 3)	18	£1,000,000	Acquisition of affordable housing allocation required through s106 obligations

- 3.7 Table 3 below shows schemes that are yet to be worked up but will be included in the HRA Capital Programme at a later date when more detail is available.

**Table 3 – Future Schemes to be Scoped**

<b>Scheme</b>	<b>Costs</b>	<b>Comments</b>
Manor Road development	£50,000 for scheme design costs	Tenant Meeting room which has been declared surplus to requirements. Options are to be considered.
Land at Shirland Drive		Previously used as a garage site. There is an opportunity to combine with the decommissioned boiler house at Sawley Drive.
Victoria Court	There is already a budget of £14,750 within the programme.	Cleared land. Options are to be considered.

- 3.8 At this stage some schemes are in the design stage to be delivered starting 2018/19 and some schemes will not start until 2019/20 therefore costs are very indicative until the designs are completed and tendered. In addition to this, as the designs evolve unit numbers may change from what is shown in the table. It does however provide an opportunity to include these schemes within the capital programme to provide a development programme and allow feasibility work to be undertaken. In addition to the schemes in the table above there may be further schemes that are brought forward on an ad-hoc basis.



- 3.9 The development of these sites will support the increase of social housing in the district. Officers will ensure that further development is maximised as far as possible within the constraints of the Housing Revenue Account, the borrowing cap and the commitment to planned and capital works to existing stock to ensure this remains a high standard and meets the needs of residents. Wherever possible other funding sources will be explored to further stretch the budget including grant funding bids to Homes England, contributions from partners and the use of section 106 funding received from private developments.

#### **4. OPTIONS AVAILABLE**

##### **4.1 Option 1 (recommended option) – As set out in the recommendations at section 2**

- 4.1.1 As set out in section 3 of the report there is a clear need for more social housing. The Council's Housing Revenue Account is in a position whereby further house building can be funded.

##### **4.2 Option 2 – That the Housing Revenue Account Capital Programme is not amended to allow for the development of new Council homes.**

- 4.2.1 If members choose not to amend the capital programme the Council will be unable to develop more new homes.

#### **5. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS**

- 5.1 The inclusion of the developments in the Housing Revenue Account Capital Programme is considered to be low risk. A risk register for the individual schemes will be prepared at the time to enable risks to be monitored and mitigated.

#### **6. ALIGNMENT TO COUNCIL PRIORITIES**

- 6.1 The development of social housing will help the Council achieve its priority of enabling people to live independent lives through the provision of good quality, affordable housing and developing homes for life

#### **7. IMPLICATIONS**

##### **Relevant Legislation**

- 7.1 Mansfield District Council is a local housing authority. By virtue of section 8 of the Housing Act 1985, a local housing authority is required to consider the needs of the district with respect to the provision of further housing accommodation. Section 9 allows the local housing authority to provide housing accommodation by erecting housing or by acquiring housing.

##### **Human Rights**

- 7.2 There are no implications.

### Equality and Diversity

- 7.3 There are no implications.

### Climate change and environmental sustainability

- 7.4 Any housing developed will comply with Building Regulations and in particular the Approved Document relating to conservation of fuel and power.

### Crime and Disorder

- 7.5 All developments will have regard to Secured by Design which will incorporate principles of designing out crime.

### Budget /Resource

#### *HRA Resources*

- 7.6 The HRA currently has resources of £40 million and also capacity to borrow (headroom) of £16 million. At 31 March 2018 (subject to audit) the breakdown of the resources was as follows:

<b>HRA Resources</b>	<b>At 31 March 2018 (£000)</b>	<b>Forecast changes 2018/2019 (£000)</b>	<b>At 31 March 2019 (£000)</b>
HRA unallocated Balance	7,264	(136)	7,128
Capital Receipts Reserve	567	(510)	57
Capital Grants	311	(311)	0
1-4-1 Replacement Receipts	633	(187)	446
Recycled Capital Grants	67	0	67
<b>Sub Total</b>	<b>8,842</b>	<b>(1,144)</b>	<b>7,698</b>
Major Repairs Reserve (MRR)	13,680	1,098	14,778
Allocated HRA	1,404	0	1,404
Loan Repayment Provision	16,074	3,348	19,422
<b>Total HRA Resources</b>	<b>40,000</b>	<b>3,302</b>	<b>43,302</b>
Headroom Capacity to Borrow	16,234	1,500	17,734

- 7.7 The table above shows that there is £7,698,000 that could be used for financing new build schemes. There is currently £13,680,000 in the Major Repairs Reserve (MRR). These funds can be used for the financing of capital

expenditure on the HRA's existing assets or for debt repayment. Further funds could be released for new build if the annual revenue contribution to the MRR was reduced or funds were used from the MRR for debt repayment.

7.8 The forecast in the above table does not include any further HRA capital receipts from right to buys and HRA land sales which would add to the funds available for new build schemes. In 2017/2018 the HRA retained £1,152 000 from right to buy sales.

7.9 The proposed HRA building programme would result in a decrease of the HRA resources by £21,450,000 however this would be reduced should grant funding be obtained or future capital receipts be generated.

#### *HRA Revenue*

7.10 Any additional expenditure from managing the dwellings would be covered by the additional income from the rents received.

### **8. COMMENTS OF STATUTORY OFFICERS**

#### Monitoring Officer

8.1 No specific comments.

#### Section 151 Officer

8.2 The budgetary implications are as set out within the report.

### **9. CONSULTATION**

9.1 None.

### **10. BACKGROUND PAPERS**

10.1 None.

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