Melton Local Housing Needs Assessment 2024

Final Report

Iceni Projects Limited on behalf of

Melton Borough Council

June 2024

Contents

1. Executive Summary

1.1 This Local Housing Needs Assessment (LHNA) has been prepared to provide an up-to-date local evidence base regarding the housing needs of Melton Borough. The Assessment is intended to inform the Partial Review of the Melton Local Plan 2011-36, which the Council is progressing, as well as its development management decision-making on individual planning applications for development in the Borough.

1.2 The LHNA provides a local based assessment which sits alongside the strategic evidence in the Leicester & Leicestershire Housing & Economic Needs Assessment (HENA) and updates elements of the analysis therein, such as to take account of 2021 Census data which has been subsequently released.

Overall Housing Need

1.3 The Council prepared a 5 Year Review of its Local Plan in 2023, which concluded that Policy SS2: Development Strategy in the 2018 Local Plan, which set the housing requirement, remained up-to-date. This report finds that this remains the case.

1.4 National policies set out that the starting point for considering housing need is the standard method. Using the data available in 2023, the standard method generates a local housing need figure of 185 dpa for Melton Borough. Updating the calculation to take account of 2023 data, including new affordability ratios published in March 2024, the local housing need has increased slightly to 192 dpa. The demographic evidence suggests that there are not exceptional circumstances which justify the use of an alternative demographic projection.

1.5 However the Council has agreed to take unmet need from Leicester (1,104 dwellings over the period from 2020 to 2036).

1.6 If unmet need is added on, the resultant housing need is for 266 dpa over the 2021-36 period. This falls below the residual requirement from the adopted 2018 Local Plan (299 dpa).

1.7 With this level of provision, there is no need for any further increase to support the local economy, with sufficient workforce generated to support job creation and provide flexibility for stronger (above trend) employment growth.

1.8 The affordable housing need remains relatively high compared to the overall need. However this is partly a reflection of a tenure imbalance within the existing housing stock. Whilst it is reasonable, taking account of the wider evidence and viability, to conclude that it would not be realistic to meet the affordable housing need in full, it nonetheless provides a clear basis for seeking to plan for housing provision above the standard method figure (185-192 dpa) as the 2018 Local Plan does.

1.9 Bringing together the different strands, the evidence indicates that the conclusions reached in the Regulation 10A Review, that the local plan housing requirement remains up-to-date and does not need review, remain sound.

Affordable Housing Need

1.10 This report provides an updated assessment of affordable housing need. It indicates an annual need for 138 rented affordable homes (see Table 6.11) and up to 58 affordable home ownership homes a year (see Table 6.18) across Melton Borough.

1.11 The recent rise in housing costs, particularly for private rented homes, has contributed to the growth in the rented affordable need and for which there are limited alternative solutions. Social rents are more affordable for local households and should be prioritised where it does not prejudice overall affordable housing delivery.

1.12 The evidence suggests that the affordable home ownership need is less acute and will be sensitive to a range of factors including interest rates and the availability of properties at the lower end of the market. However affordable home ownership products have a role to play in supporting the economy and retaining workers in the Borough; and the evidence indicates some decline in home ownership since 2011. The Council should look to provide a range of affordable home ownership products, including both Shared Ownership and First Homes as appropriate.

Table 1.1 Affordable Housing Need – Melton Borough

	Rented Affordable Need	Affordable Home Ownership Need
Urban	72	29
Rural	66	29
Melton Borough	138	58

Source: Iceni analysis

1.13 The LHMA recommends an appropriate affordable housing mix to test, for the purpose of setting a strategic policy, would be a 70/30 split between rented and affordable home ownership homes in both Melton Mowbray and in the rural areas, subject to viability testing.

1.14 The evidence of needs at a more local level set out in Appendix A2 and the existing housing mix, are relevant considerations in negotiations on the mix of affordable housing on individual sites.

Housing Mix

1.15 The LHNA report provides updated modelling of the mix of homes needed, taking account of up-to-date demographic data. It considers potential for rightsizing within the housing stock, market evidence, gaps in the housing stock and home working and in drawing conclusions.

1.16 The table below sets out strategic conclusions on the mix of homes which should be sought across the Borough, and against which delivery can be monitored. In applying this to individual sites, consideration can be given to site location and characteristics; as well as to other local evidence, including the local analysis of affordable needs herein.

Table 1.2 Strategic Recommendations on Housing Mix

	Market Housing	Affordable Home Ownership	Rented Affordable Housing	
			General Needs	Housing for Older People
1-bed	0-10%	15-20%	30-35%	45-50%
2-bed	25-35%	45%	25-30%	50-55%
3-bed	40-50%	30%	25-30%	
4+ bed	15-25%	10-15%	10-15%	

Source: Iceni analysis

1.17   The evidence suggests that the Council should have regard to the attractiveness of bungalows for a growing older population; and that the Council should consider requiring provision of 5% bungalows on suitable major sites. It is notable that there is a relatively weakly developed market for flats in the Borough.

1.18   In the rented affordable stock, there is limited existing provision of larger (4+ bed) homes and delivery of these larger homes will be important in addressing overcrowding. The LHMA recommends that national space standards should be applied to affordable housing and promotes delivery of homes at the larger end of the size range to provide flexibility for households' changing circumstances.

Older & Disabled People

1.19   Melton has an older age structure and slightly lower levels of disability when compared with the national average. 77% of all older person households are own their homes outright. Over the 2021-36 plan period, the population in older age groups is expected to grow, increasing the need for specialist homes and adaptable properties. In particular, the analysis shows:

- a 43% increase in the population aged 65+, but significant growth in those aged 75+ influenced by growing life expectancy;

- an 59% increase in the number of people aged 65+ with dementia and 53% increase in those aged 65+ with mobility problems;

- a need for around 350 housing units with support (sheltered/retirement housing), equivalent to 23 per year – all in the market sector;

- a need for around 320 additional housing units with care (e.g. extra-care), equivalent to 21 per annum – around three-quarters in the market sector;

- a need for additional nursing and residential care bedspaces to accommodate demographic change over time, but with current need and supply in broad balance as set out in Section 8 in the report; and

- a need for 200-340 dwellings to be for wheelchair users (meeting technical standard M4(3)) over the plan period.

1.20   This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector and a higher proportion of around 10% in the affordable sector.

Table 1.3 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-36 – Melton

		Unit/ Bedspace Need
Housing with support	Market	516
	Affordable	-166
Total (housing with support)		**350**
Housing with care	Market	250
	Affordable	68
Total (housing with care)		**318**
Residential care bedspaces		50
Nursing care bedspaces		209
Total bedspaces		**260**

Source: Iceni analysis

Other Market Segments

1.21 The LHMA has also considered the need for Build to Rent development, where it finds that delivery of 'multi-family' flatted build-to-rent development is unlikely in the Borough; but that there is potential for suburban or 'single family' build to rent to come forwards on residential development schemes, particularly within larger development schemes. This is likely to focus on 2- and 3-bed properties and can contribute to diversity in the housing offer.

1.22 The economics of build-to-rent development are different to standard 'for sale' or mixed tenure residential schemes. Government is keen to secure growth in the sector and in this context, the PPG proposes 20% affordable housing as a 'suitable benchmark' for affordable private rent within BTR developments. However affordable housing policies need should be sector specific, and informed by detailed viability testing which specifically addresses the BTR sector focusing on suburban build-to-rent.

1.23 Self- and custom housebuilding data indicates that demand is focused towards more rural locations within the Borough, with a higher interest in the Vale of Belvoir area in the north of the District. The evidence points to a cumulative shortfall of 21 plots to October 2022. It supports the retention of Local Plan Policy C8 which requires provision of at least 5% of serviced dwelling plots for self-building and custom builders on sites of over 100 homes enabling detached dwellings of 2-3 bed homes to be delivered which will complement the expected growth in supply which can be delivered through small windfall developments.

2. Introduction

2.1 Planning policies and decisions need to be based on an up-to-date understanding of housing needs. This Local Housing Needs Assessment (LHNA) has therefore been commissioned by Melton Borough Council to provide an up-to-date local evidence base regarding the housing needs of the Borough and different parts of the Borough.

2.2 The Assessment is intended to inform the Partial Review of the Melton Local Plan 2011-36, which the Council is progressing, as well as its development management decision-making on individual planning applications for development in the Borough.

2.3 The assessment has been prepared by a consultancy team comprising Iceni Projects and Justin Gardner Consulting (JGC). It uses a consistent methodology (and had has been prepared by the same consultancy team) which prepared the sub-regional evidence in the Leicester & Leicestershire Housing & Economic Needs Assessment ('HENA') which was published in June 2022.[1] The LHNA includes selective updating of data in the HENA where appropriate, including to take account of the release of 2021 Census data. It also provides a more localised assessment within different parts of Melton Borough.

2.4 The assessment is intended to update and replace the 2016 Housing Needs Study, prepared by JGC.

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[1] https://www.llstrategicgrowthplan.org.uk/latest-updates/publication-of-statement-of-common-ground-relating-to-housing-and-employment-land-needs/

Study Objectives

2.5 This assessment's main objectives, as drawn from the Council's project brief, are to:

Explore the appropriateness and relevance of the Standard Method in the Borough, including more specifically the relevance of the data used to calculate the affordability ratio, and make robust recommendations concerning the use of an alternative local housing need figure where appropriate.

Identify the tenures of housing needed across the Borough. This is to include affordable housing (both affordable housing for rent (Social Rented and Affordable Rented) and affordable home ownership), using all of the current National Planning Policy Framework affordable housing definition tenure types for analysis.

Identify the types of housing needed across the Borough. This is to include the need for bungalows; other one storey accommodation; accessible and adaptable housing; and wheelchair accessible housing.

Identify the mix of housing needed across the Borough. This is to include both open market and affordable housing regarding the different bedroom size of properties and the internal spacing of properties.

Identify the need for certain types of housing and the needs of different groups (broken down by tenure, type and size) such as:

- Young people and family housing
- Older People (e.g. sheltered and extra care)
- Households with specific needs e.g. wheelchair users
- Keyworkers/essential local workers
- Build to Rent
- First Homes
- Self-build and custom-build
- Housing incorporating home offices.

Housing Market Geographies

2.6 A key purpose of the LHNA is to understand the housing needs at a *local* level, within Melton Borough. The report therefore considers and provides key data for the town of Melton Mowbray and for individual rural parishes within the Borough.

2.7 Comparator analysis is provided for key indicators for the wider Housing Market Area in which the Borough sits, and for the East Midlands region. The Housing Market Area covers Leicester and Leicestershire, with the evidence for this set out in the HENA Report (See Appendix 1).

Report Structure

2.8 The remainder of this report is structured to address:

- Section 3: Housing Stock & Supply Trends;

- Section 4: Housing Market Dynamics;

- Section 5: Affordable Housing Need;

- Section 6: Demographics & Overall Housing Need;

- Section 7: Need for different Types & Sizes of Homes;

- Section 8: Older & Disabled People's Housing Needs;

- Section 9: Other Specific Market Segments;

- Section 10: Conclusions and Recommendations.

3. Housing Stock & Supply Trends

3.1 This section includes a profile of the housing stock in different areas and considers trends in housing supply. As new-build housing typically makes up a small proportion of the overall housing stock, understanding the existing stock provision is important in considering what mix of new-build homes are needed.

Housing Delivery Trends

3.2 Melton Borough had a dwelling stock of 23,970 homes in March 2022. Figure 3.1 tracks changes in the dwelling stock over time. It shows that the housing stock grew more slowly in the Borough over the last decade as a whole (7.4%) than in both the previous decade and wider comparators.

Figure 3.1 Percentage Change in Housing Stock
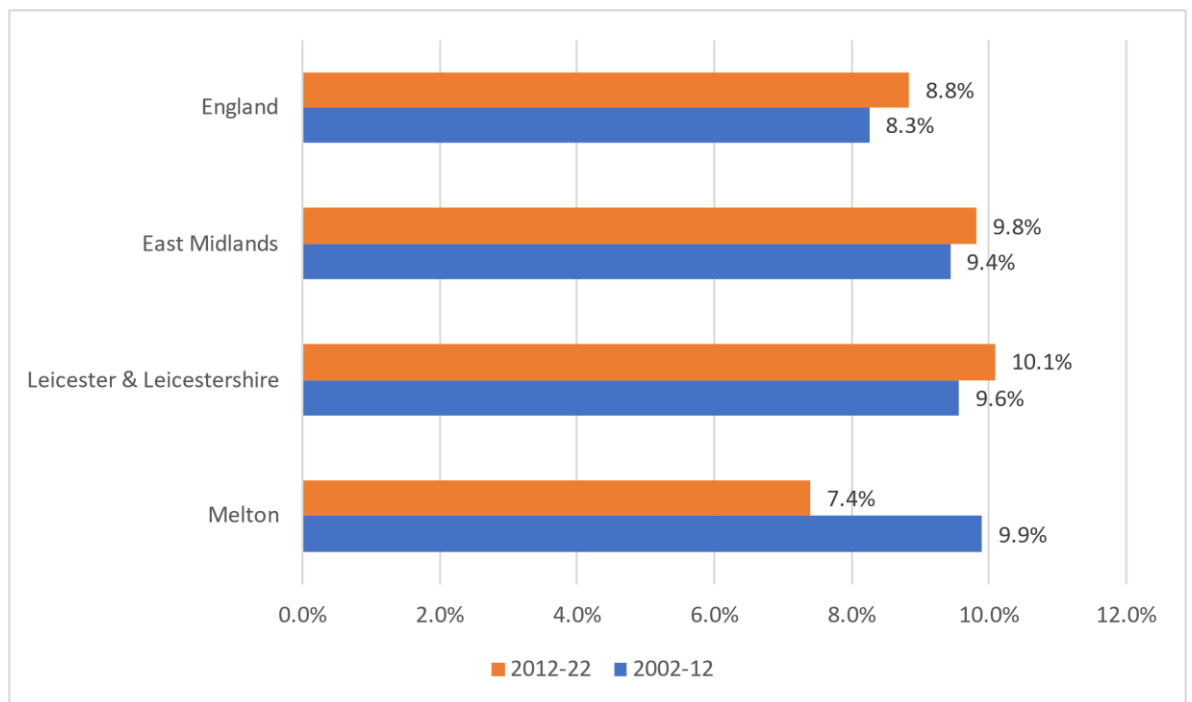
Source: DLUHC Live Tables

3.3 However as Figure 3.2 shows, the rate of housing delivery in the Borough has been increasing over the last decade. The Council adopted a new Local Plan in October 2018 planning for higher housing provision. It is common to see increased housing

delivery immediately after the adoption of a plan, as the plan provides support for planning applications to be progressed. The Borough has seen housing delivery increase since 2018, with the last four years (2019-23) seeing an average of 344 homes per annum delivered. This is equivalent to a growth rate in the housing stock of 1.4% per annum.

Figure 3.2 Net Completions: Melton Borough
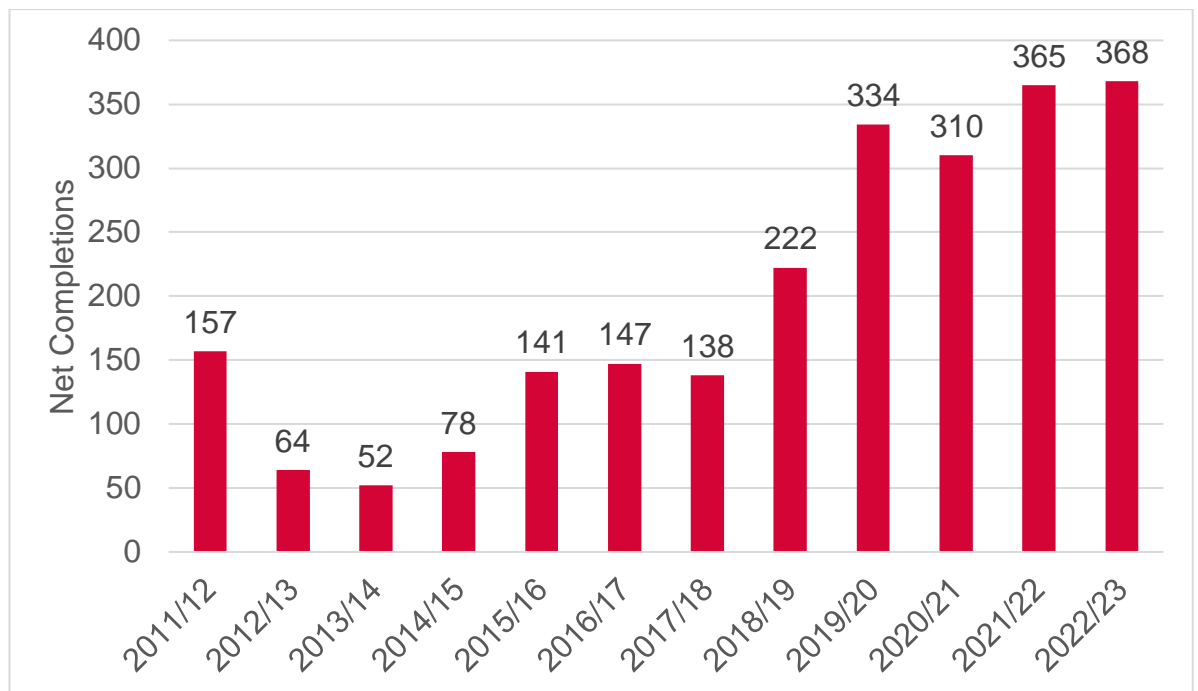
Source: MBC Monitoring Data

3.4   Looking back over 3 decades, Melton Mowbray has been the focus for development in the District and accommodated around 53% of total new housing completions. Housing delivery has averaged over this period just over 100 homes a year.

3.5   The remaining development has taken place in rural settlements; with the strongest delivery in Bottesford and Asfordby; which have accommodated 9% and 6% of the total Borough housing growth. The remaining development has been spread out between a range of rural parishes.

Figure 3.3 Housing Delivery by Parish, outside of Melton Mowbray – 1991-2023
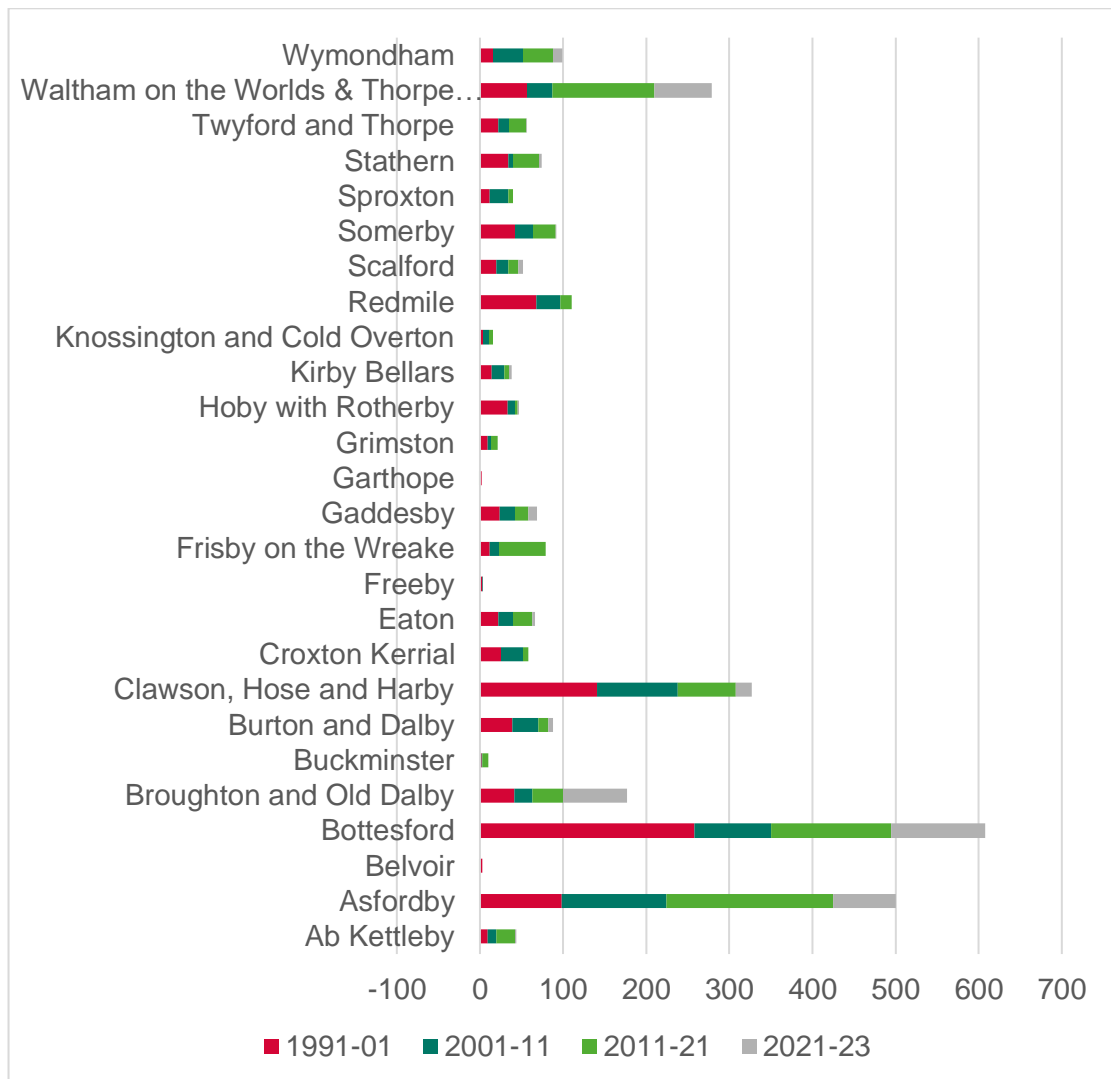
Source: MBC Monitoring Data

3.6   These trends are shown visually in the map overleaf, which uses data on new housing delivery from Energy Performance Certificates to plot the locations of new development in the Borough over the period since 2011.

Figure 3.4 Spatial Distribution of New Housing Development in the Borough
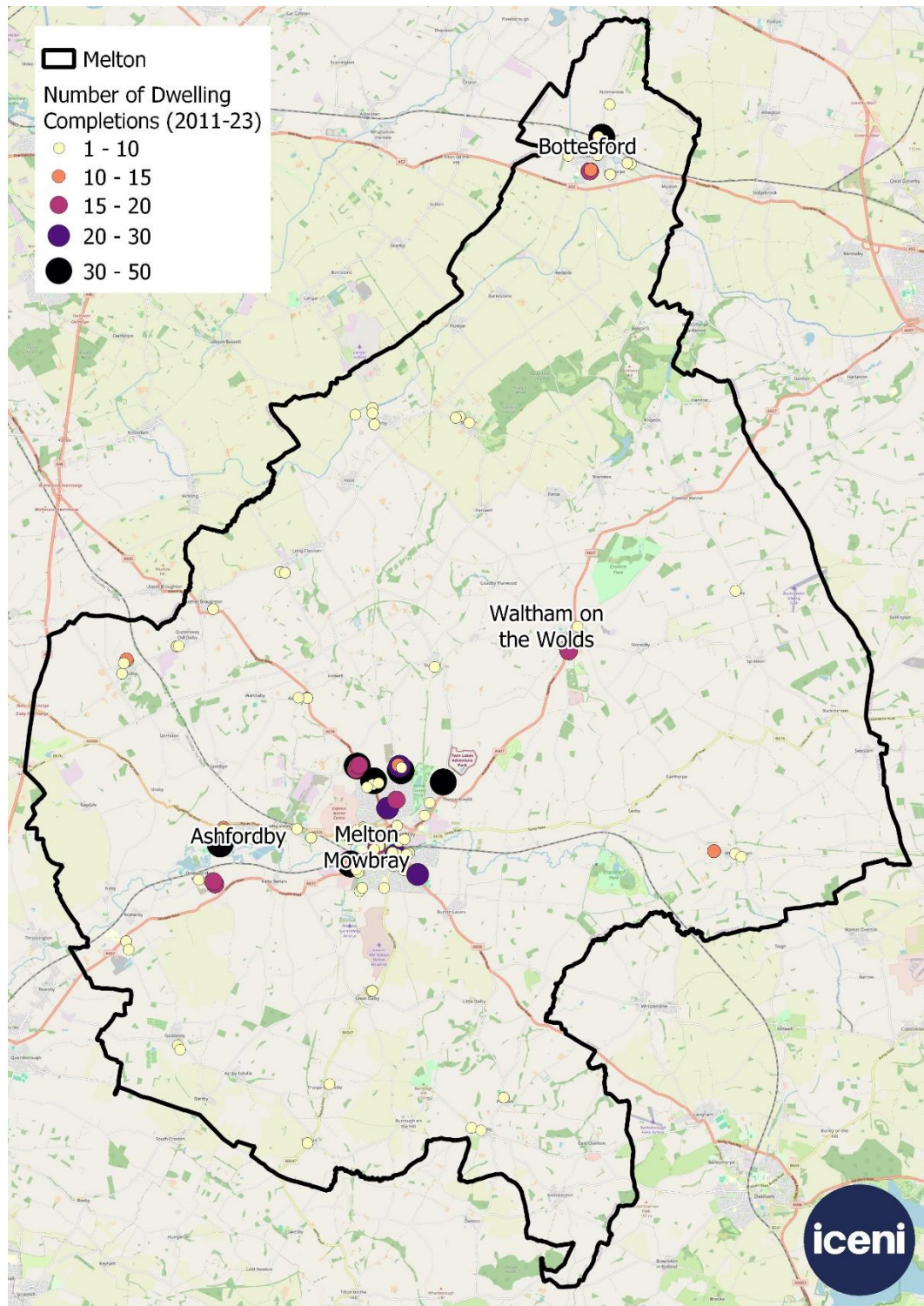
Source: Iceni analysis of EPC data

Housing Trajectory

3.7　Melton's 2018 Local Plan has planned for major growth at Melton Mowbray to support the delivery of affordable homes, the local economy and to deliver strategic investment into the area. Development in Melton Mowbray will be primarily focussed on two new large scale sustainable neighbourhoods to the north and the south of the town.

3.8　The local plan identified 100ha of land to the north of Melton Mowbray for the delivery of one of the sustainable neighbourhoods. The local plan identifies the area as suitable for the delivery of 1,700 houses making up 25% of the overall housing requirement of the borough.

3.9　The Local Plan also identified 120ha of land to the south of Melton Mowbray and identifies the area as suitable to bring forward approximately 2000 houses making up 30% of the overall housing requirement of the borough.

3.10　Figure 3.5 shows the housing trajectory for the borough. The figure shows projected completions against the stepped Local Plan housing requirement in two different periods. The first period to March 2026 sees a requirement for 245 dwellings per annum (dpa) which then rises to 320 dpa for the last 10 years of the plan period (2026-36).

3.11　Housing delivery performance has been running ahead of the housing requirement since the adoption of the Local Plan in 2018, having fallen below it prior to this. As at April 2023, there is a modest over-delivery against the requirement (which was a minimum figure) of around 8%, or 186 dwellings. The trajectory indicates a potential supply to support increased delivery in the short-term, in particular as the two Sustainable Neighbourhoods at Melton Mowbray start to deliver. However there is the potential for delivery to be moderated in the short-term by weaker housing market conditions.

Figure 3.5 Melton Borough Housing Trajectory
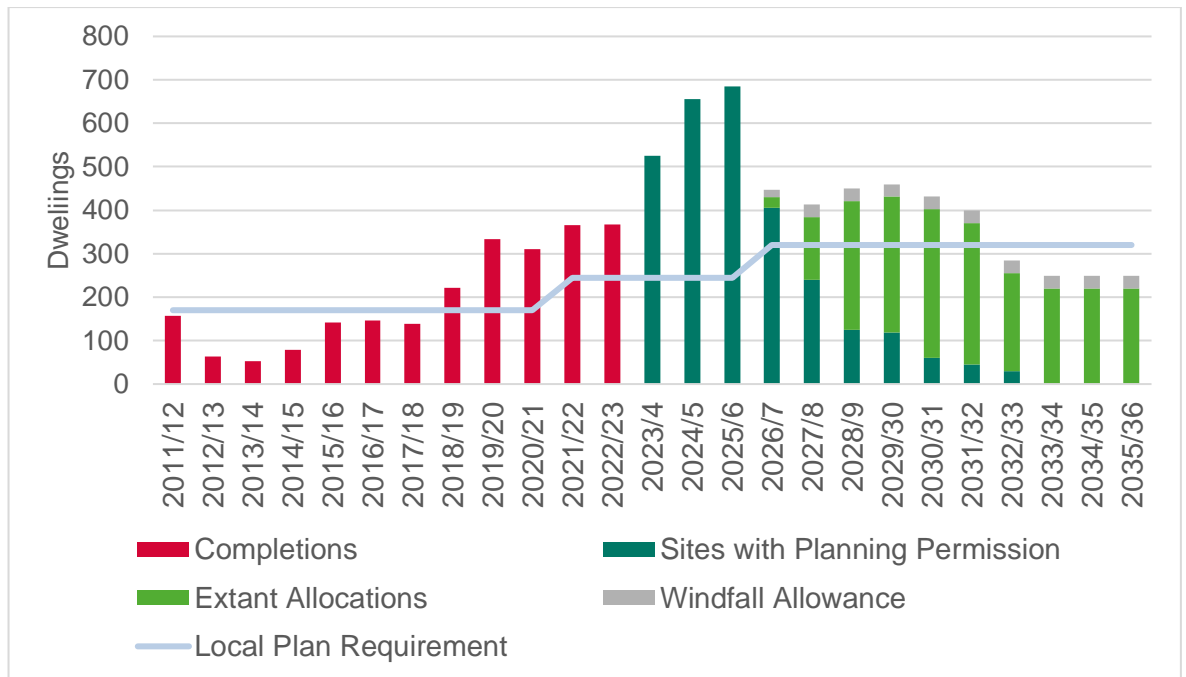
Source: MBC Housing Trajectory, 2023

Housing Tenure

3.12 The Borough has relatively strong levels of home ownership, with the 2021 Census showing 71% of households owned their home – above both the HMA and regional averages. The Borough has a correspondingly smaller relative social rented sector in particular; as well as a smaller private rented sector.

Table 3.1 Tenure Profile – Melton Borough, 2021

	Melton – Households	% Melton	% Leicester & Leicestershire HMA	% East Midlands
Owned	16,031	70.9%	65.3%	65.5%
Shared ownership	249	1.1%	0.9%	0.9%
Social rented	2,416	10.7%	14.3%	14.9%
Private rented	3,881	17.2%	19.3%	18.7%
Lives rent free	22	0.1%	0.1%	0.1%

Source: 2021 Census

3.13 Over the period 2011-21 period, growth in households has been focused on those who are private renting (increasing 3pp from 14.2% to 17.2% of households); with home ownership increasing in absolute terms but falling as a proportion of households (from 72.1% to 70.9%, -1.2pp).

Figure 3.6 Changes in Households by Tenure – Melton Borough, 2011-21
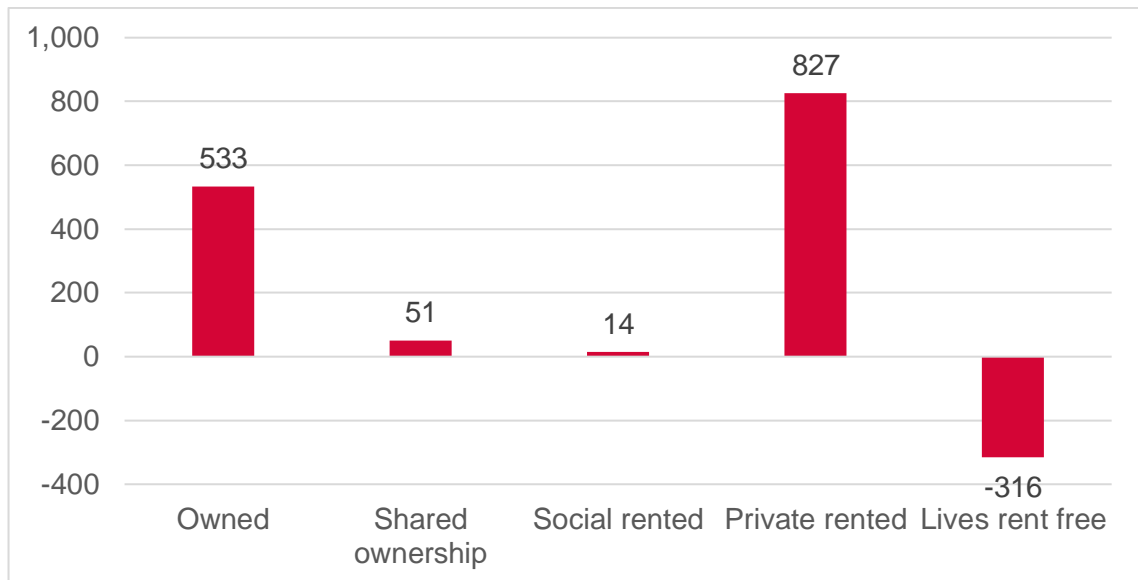
Source: 2011 Census & 2021 Census

3.14 As might be expected for an urban area, the level of households living in private and social rented homes in the town of Melton Mowbray is in excess of the wider Borough average (albeit not significantly so), with conversely slightly lower levels of home ownership.

Figure 3.7 Tenure Profile in Melton Mowbray, 2021
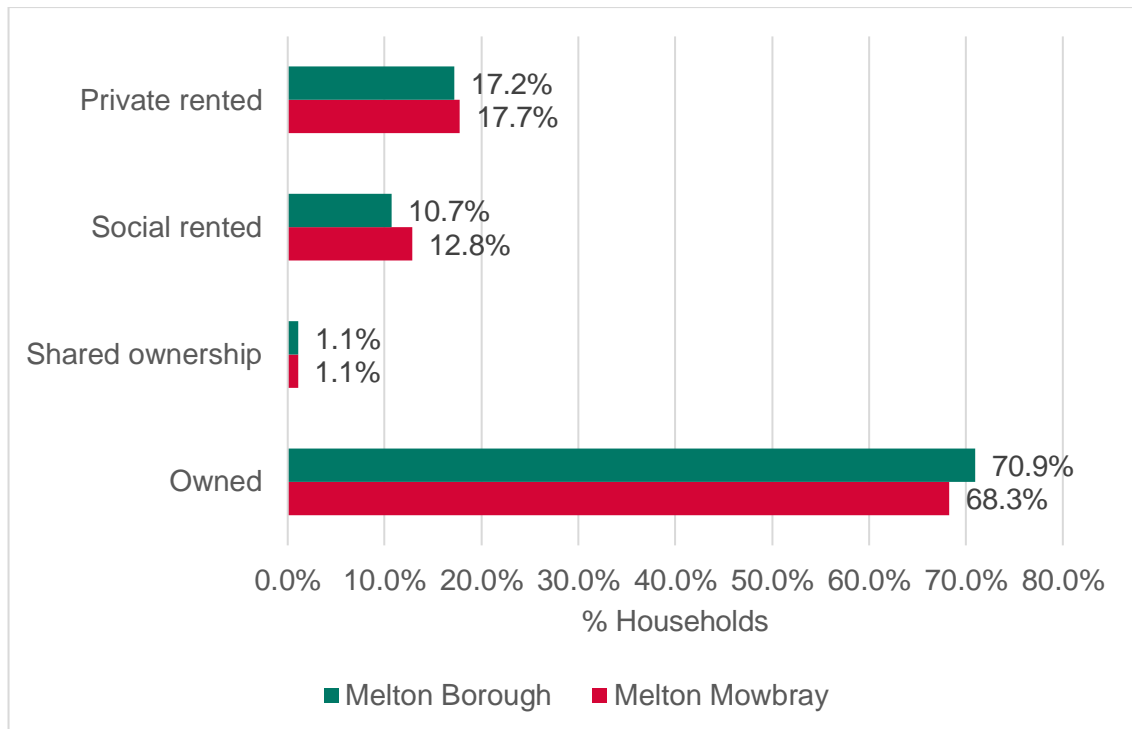
Source: 2021 Census

3.15   Table 3.2 shows the different tenure types in Melton by parish in 2022. The figure indicates that the majority of houses in Melton across all parishes are owned or shared ownership. The parishes with the highest levels of home ownership were Asfordby with approximately 1,188 owned dwellings, Melton (Bottesford and Eaton) with 1,912 dwellings and Clawson, Hose and Harby with approximately 1,113 owned homes.

3.16   Within the rural areas within the District, there are some areas where the Census showed particular concentrations of private renting, which may reflect retained ownership of properties by landed estates. This includes Belvoir, Buckminster, Freeby and Garthorpe. Private renting is also above average in Croxton Kerrial, Kirby Bellars, Sproxton and Wymondham.

3.17   The concentration of social rented properties is relatively low in a range of rural parishes. Those with a higher incidence of social renting are Asfordby and Somerby.

Table 3.2 Tenure Profile in Rural Parishes, 2021

	% Owned	% Social Rented	% Private Rented
Ab Kettleby	74.2%	8.5%	17.3%
Asfordby	72.8%	14.8%	12.4%
Belvoir	29.4%	7.3%	63.3%
Bottesford	79.9%	7.6%	12.5%
Broughton and Old Dalby	79.8%	7.5%	12.7%
Buckminster	33.1%	2.7%	64.2%
Burton and Dalby	77.6%	9.6%	12.8%
Clawson, Hose and Harby	77.2%	10.5%	12.3%
Croxton Kerrial	53.9%	8.2%	37.9%
Eaton	83.8%	5.5%	10.7%
Freeby	46.6%	0.0%	53.4%
Frisby on the Wreake	84.2%	7.4%	8.4%
Gaddesby	82.3%	1.9%	15.8%
Garthorpe	20.0%	5.7%	74.3%
Grimston	76.1%	7.1%	16.8%
Hoby with Rotherby	89.5%	0.4%	10.0%
Kirby Bellars	72.3%	0.0%	27.7%
Knossington and Cold Overton	83.9%	3.6%	12.4%
Redmile	77.6%	3.9%	18.4%
Scalford	76.8%	6.8%	16.3%
Somerby	70.7%	12.3%	17.1%
Sproxton	70.5%	4.3%	25.2%
Stathern	82.9%	6.3%	10.9%
Twyford and Thorpe	84.8%	3.7%	11.5%
Waltham on the Wolds and Thorpe Arnold	76.4%	7.4%	16.2%
Wymondham	66.6%	6.2%	27.3%

Source: 2021 Census

3.18   The Council has retained its own housing stock, but like many areas, the delivery of affordable housing is particularly funded through developer contributions on mixed-tenure development sites. Some affordable housing is also delivered directly by the Council and Registered Providers, often with grant funding support; and thorough development of Rural Exception Sites.

3.19   The 2018 Local Plan Policy C4 includes a target for delivery of 1,800 affordable homes. It sets out different percentages of affordable housing sought from different value areas within the Borough, which were based on the Plan's viability evidence, ranging from 5-10% in Melton Mowbray, 15% in the Sustainable Neighbourhoods to 25% / 32% and 40% in the different rural value areas.

3.20   The chart below shows that to date, development in Value Areas 2 and 3 has been particularly important to overall affordable housing delivery. Moving forward, the Sustainable Neighbourhoods are expected to contribute to increasing the delivery of affordable housing. Around 24% of overall housing completions over the 2018-23 period have been of affordable housing.

Figure 3.8 Affordable Housing Delivery Performance
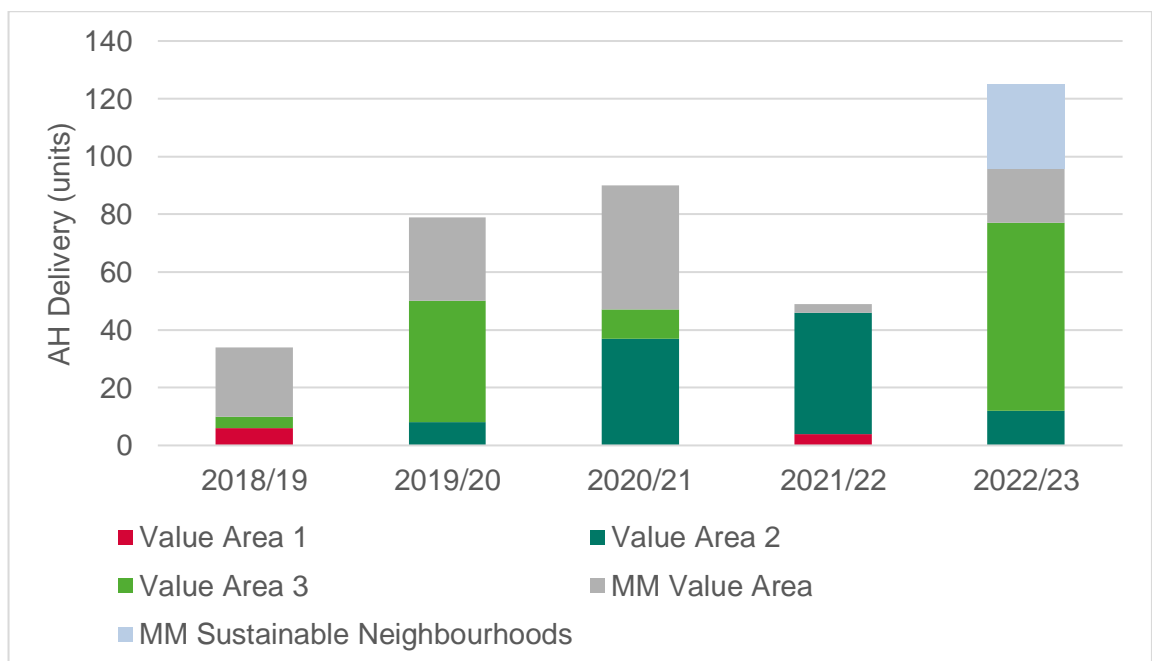
Source: MBC data/ Iceni analysis

Types and Sizes of Homes

3.21   Table 3.3 below shows the size of homes in Melton Borough by tenure. There are relatively few 1-bed properties, with most homes having 2 or more bedrooms and 3-bed homes being the most prevalent across tenures. However there are some distinct differences in terms of the profile by tenure:

- The majority of owner occupied properties have 3- or more bedrooms, with just 17% of owner occupied homes having 1- or 2-beds;

- In the social rented sector, dwelling size is more closely related to household size. Nonetheless, 2- and 3-bed properties are the most prevalent; with a very limited number of 4+ bed homes in the sector;

- The private rented sector is similarly focused on 2- and 3-bed properties, which account for 78% of homes in the sector, with the latter being the most prevalent.

Table 3.3 Homes by Size and Tenure – Melton Borough, 2021

	All Households	Owned	Social Rented	Private Rented
1-bed	5.9%	1.2%	28.0%	12.0%
2-bed	21.6%	15.9%	37.5%	35.6%
3-bed	45.4%	48.3%	30.9%	42.2%
4+ bed	27.0%	34.5%	3.7%	10.2%

Source: 2021 Census

3.22   Relative to the Leicester & Leicestershire HMA, the stock profile is more focused towards larger (3 and 4-bed) homes; however in the social rented sector there is a higher proportion of 2-bed stock in the Borough, with lower 1-bed private rented properties.

3.23   Overall, as the graph below shows, the stock profile by number of bedrooms is relatively similar to that across Leicestershire (with a slightly higher incidence of 3-bed properties being the main difference).

Figure 3.9 Dwelling Stock by Size vs Wider Geographies, 2021
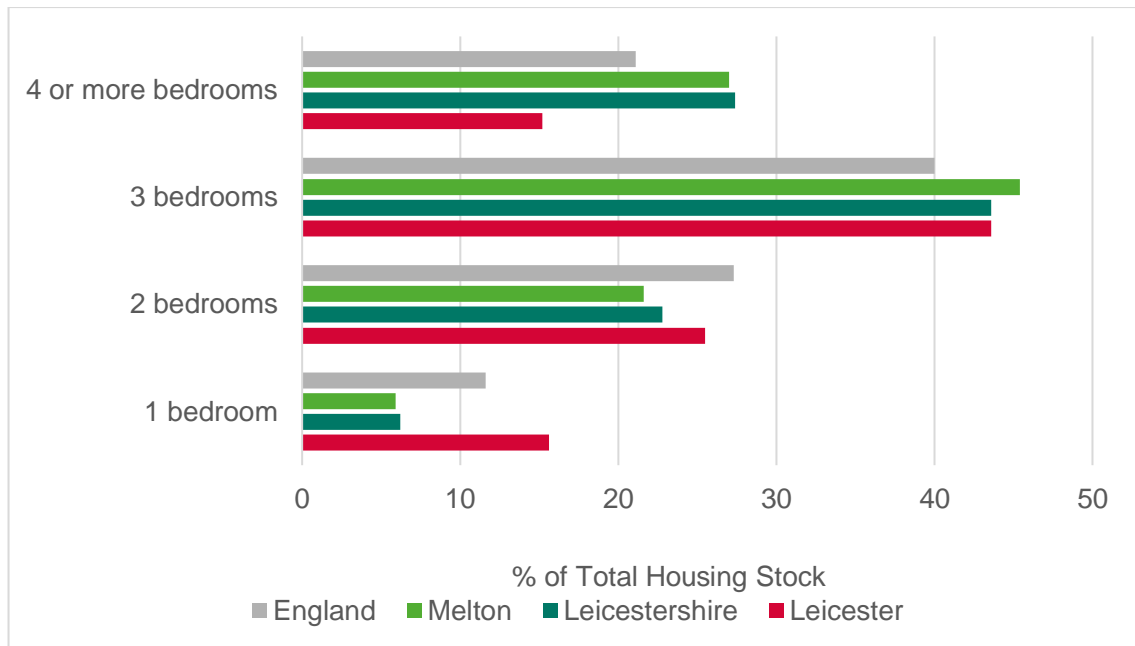
Source: 2021 Census

3.24 The rural nature of the Borough has resulted in the majority of the housing stock being made up of houses, with very few flats – which make up just 5% of the dwelling stock in 2021. The profile of homes by type has not changed significantly between 2011-21. Detached and semi-detached homes remain the most prevalent, contributing to the focus on larger 3+ bed homes.

Figure 3.10 Profile of Types of Dwellings – Melton Borough
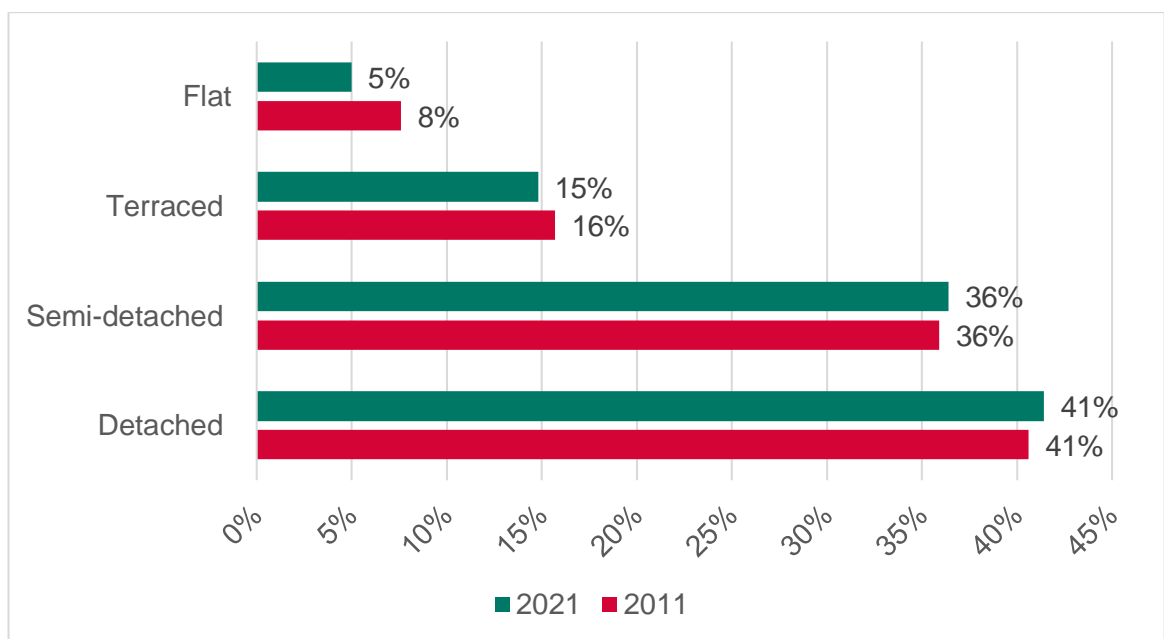
Source: 2021 Census

3.25   Parish-level data on the types/sizes of homes from the 2021 Census has not been published by ONS. Instead, Iceni has therefore sought to use ward data to understand the distinctions between Melton Mowbray and the Rural Areas. The data, as shown in the tables below, indicates:

- There are a higher proportion of larger 4+ bed properties and lower 1-beds in the rural areas than Melton Mowbray, as might be expected;

- In the owner occupied sector, which is the largest, 3+ bed homes predominate, both in the town and rural areas. There are higher larger, 4+ bed properties in the rural areas;

- There are some more substantive urban/rural distinctions in the social rented sector, with a notably higher proportion of 1-bed properties in Melton Mowbray; and a greater focus on 2-bed homes in Rural Areas;

- In the private rented sector, whilst 2- and 3-bed properties predominate, there is a greater focus on larger 3 and 4+ bed homes in the Rural Areas, and more 1-beds in Melton Mowbray.

Table 3.4 Sizes of Properties by Tenure – Melton Mowbray, 2021

	Households	1-bed	2-bed	3-bed	4+ bed
All Households	12,169	7.6%	22.2%	49.1%	21.1%
Owned	8,444	1.5%	16.0%	54.4%	28.2%
Social Rented	1,563	31.4%	33.9%	30.8%	3.9%
Private Rented	2,162	14.2%	38.0%	41.8%	6.0%

Source: 2021 Census

Table 3.5 Sizes of Properties by Tenure – Rural Areas, 2021

	Households	1-bed	2-bed	3-bed	4+ bed
All Households	10,406	3.9%	20.9%	41.1%	34.0%
Owned	7,835	1.1%	15.8%	41.7%	41.4%
Social Rented	850	21.1%	43.9%	31.5%	3.5%
Private Rented	1,721	8.6%	32.9%	42.8%	15.7%

Source: 2021 Census

Occupancy of Homes

3.26 Council tax data on vacant homes indicates that the vacancy rate of housing stock in Melton Borough has remained relatively low at 2.5%, which is broadly in line with the national average vacancy rate of 2.6% and what we consider necessary to support turnover and stock repairs in a functioning housing market.

3.27 An analysis of overcrowding points to notable overcrowding in the social rented sector in particular, with low levels amongst market housing. This correlates in particular with a low supply of 4+ bed stock.

Table 3.6 Overcrowding, Melton Borough, 2021

	All Households	Owned	Social Rented	Private Rented
Overcrowded	299	85	157	57
% Overcrowded	1.3%	0.5%	6.5%	1.5%

Source: 2021 Census

4. Housing Market Dynamics

4.1 In this section we turn to consider housing market dynamics, addressing both the sales and lettings market; and social rented sector.

National Market Dynamics

4.2 The long-term trend in the housing market nationally has been of rising housing prices and a persistent supply/demand imbalance with insufficient new-build development coming forwards over a sustained period.

4.3 The market is cyclical, with house prices increasing relatively strongly through the 2000s to 2018/19 when the credit crunch reduced mortgage availability dramatically and lead to a colling of market demand. Market demand picked up in 2013 with the Bank of England's Funding for Lending Scheme and the Government's Help-to-Buy scheme supporting demand, with supply being somewhat slower to respond. These factors, coupled with low interest rates which enabled households to afford relatively large mortgages, help to fuel house price growth.

4.4 In 2020 and 2021, the market was further fuelled by households re-evaluating their living circumstances as a result of Covid-19 (with associated growth in home and hybrid working) together with a Stamp Duty Holiday.

4.5 However since early 2022 the war in Ukraine, rising energy prices and associated inflation have led the Bank of England to raise interest rates. Alongside this, market support from the Help-to-Buy Equity Loan scheme, which had enabled the new-build market to outperform other segments of the market, has come to an end. Coupled with a relatively weak economic backdrop, since Autumn 2022 market conditions have weakened notably.

Figure 4.1 National House Price Averages (August 2005-2023)
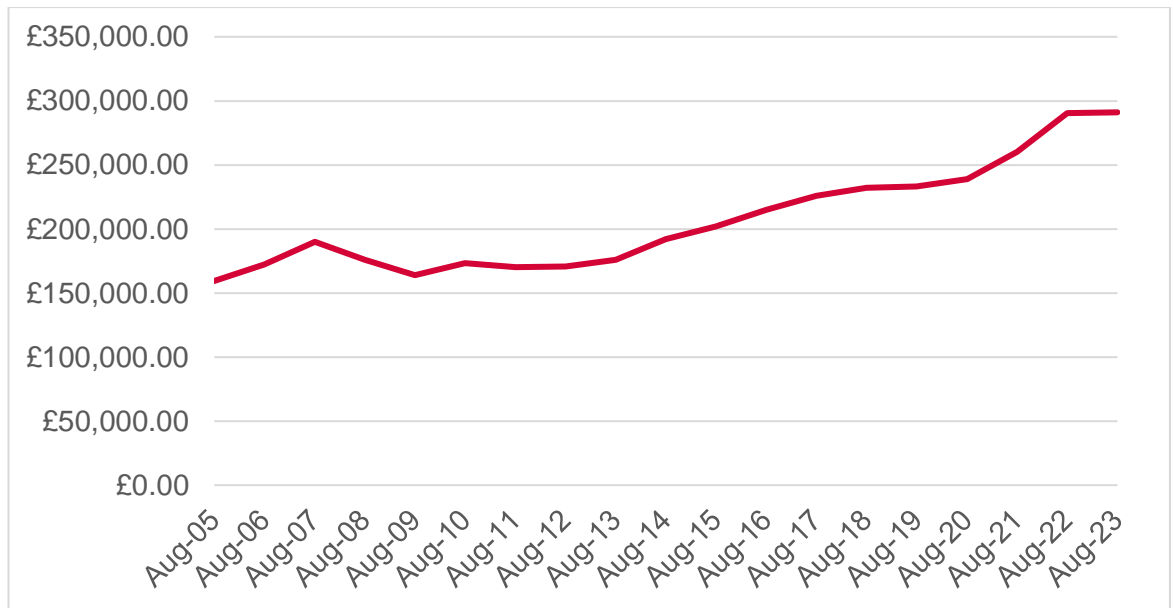
Source: HM Land Registry/ Iceni

4.6   Sales volumes nationally over the last decade have not matched those pre-2008, influenced by a range of issues including a growing older population who move less frequently; and higher housing costs which mean that the transactional costs of moving are greater.

Figure 4.2 Number of Residential Property Sales England (March 2000-23)
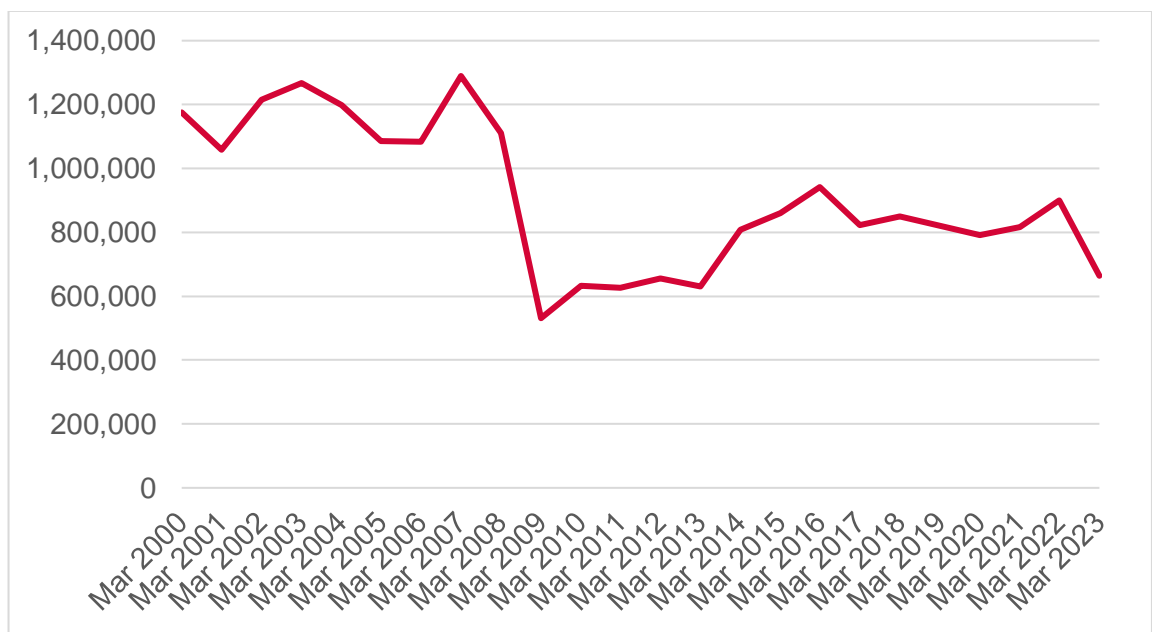
Source: ONS Residential Property Sales

4.7   Sales volumes at the time of writing in Autumn 2023 have however fallen to the lowest level seen for a decade. In the short-term this points to a weaker outlook for the new-build market and may impact on housing delivery.

Sales Market Dynamics

4.8   The median house price in Melton Borough stands at £255,000, based on sales over the year to March 2023. This is around 7% above the East Midlands average but below that in other parts of Leicestershire. Detached homes stand out in commanding a higher premium relative to other house types.

Table 4.1 Median House Prices – Melton Borough

£	Detached	Semi-Detached	Terraced	Flat/Maisonette	All Properties
Melton Borough	£390,000	£237,000	£187,475	£140,000	£255,000
Leicestershire	£375,000	£255,000	£205,000	£135,000	£270,000
East Midlands	£340,025	£225,000	£185,000	£130,000	£238,000
Difference to Region	14.7%	5.3%	1.3%	7.7%	7.1%

Source: ONS Small Area House Price Statistics

4.9   Median house prices have increased by a substantial £92,000 over the previous decade, which represents growth of 56%. The stronger growth has been in the values of larger detached and semi-detached homes; with vales for detached homes growing more strongly than the average across the East Midlands.

Table 4.2 Growth in Median House Prices, 2013-23

	Detached	Semi-Detached	Terraced	Flat/Maisonette	All Properties
Actual Change - Melton	£160,000	£102,000	£69,475	£46,350	£92,000
Actual Change - East Midlands	£140,025	£100,000	£76,000	£40,000	£100,000
% Change - Melton	70%	76%	59%	49%	56%
% Change - East Midlands	70%	80%	70%	44%	72%

Source: ONS Small Area House Price Statistics

4.10   The chart below shows variance in sales year-on-year. It shows a period of weaker market activity (effective demand) between 2008-13, after which the market picked up. Strong sales performance was evident in 2022-22; but there has been a weakening in market activity since. Sales in 2022/23 were 35% lower than in the previous year. This broadly mirrors wider trends.

Figure 4.3 Sales Trend – Melton Borough
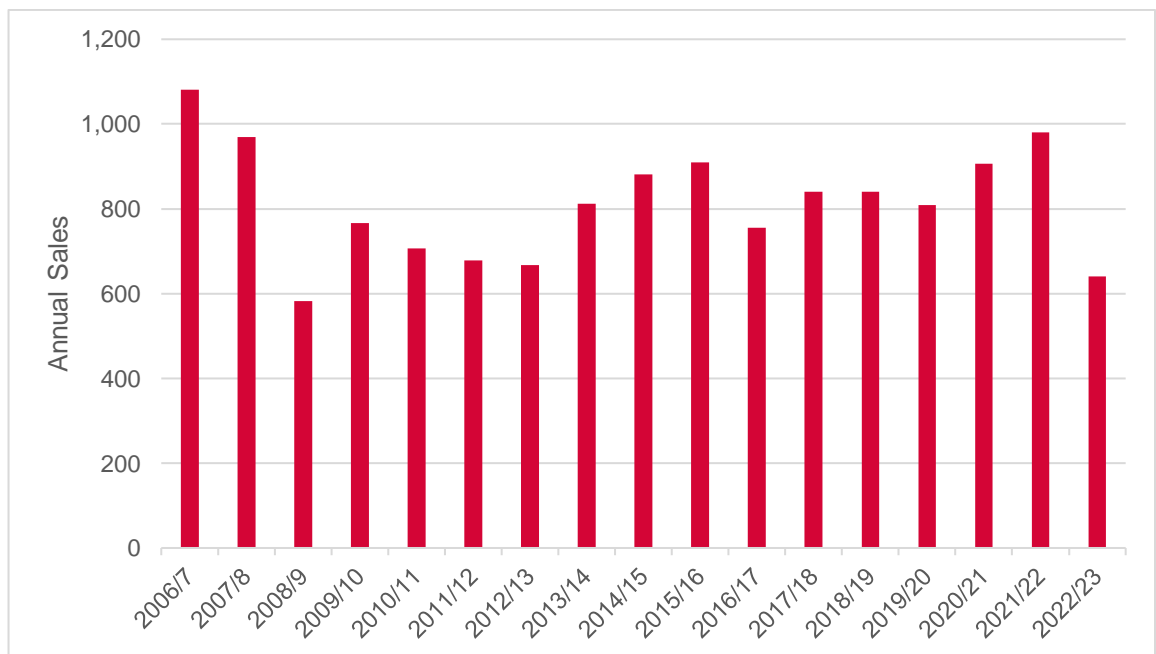
Source: ONS Small Area House Price Statistics

4.11   The chart below shows sales by property type. Consistently, the majority of sales of market housing in Melton Borough have been of detached and semi-detached stock,

which have accounted for 45% and 35% of sales respectively over the last 5 years. Just 20% of sales have been of terraced (18%) and flatted stock (2%).

4.12   As the chart shows, sales of detached and semi-detached properties grew between 2013-22; but with the growth in interest rates have seen a greater recent drop.

Figure 4.4 Property Sales by Type – Melton Borough
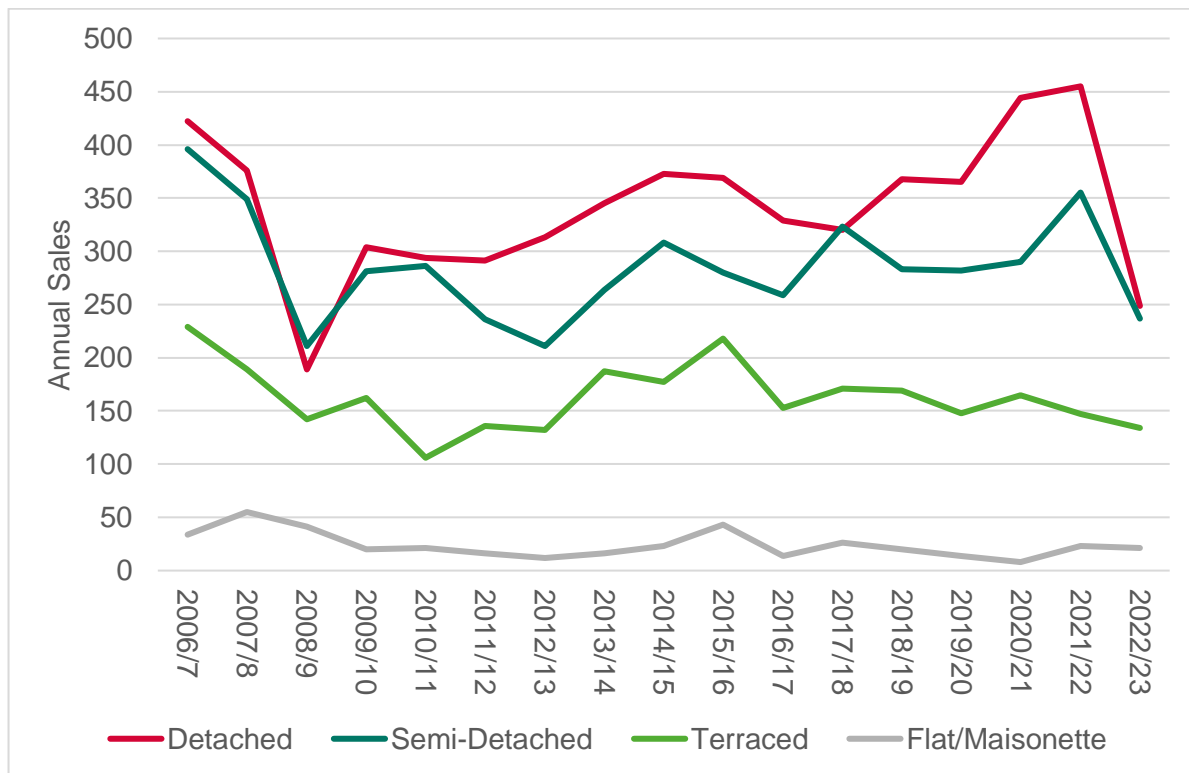
Source: ONS Small Area House Price Statistics

4.13   The map below provides a heat map showing areas of higher house prices in the Borough. Higher house prices are evident in specific villages, such as Munston in the north of the Borough; in Scalford, Wycombe and Waltham on the Wolds in the centre of the District; and in settlements such as Barnsby, Twyford, Knossington and Cold Overton in the south of the Borough.

Figure 4.5 House Price Heatmap
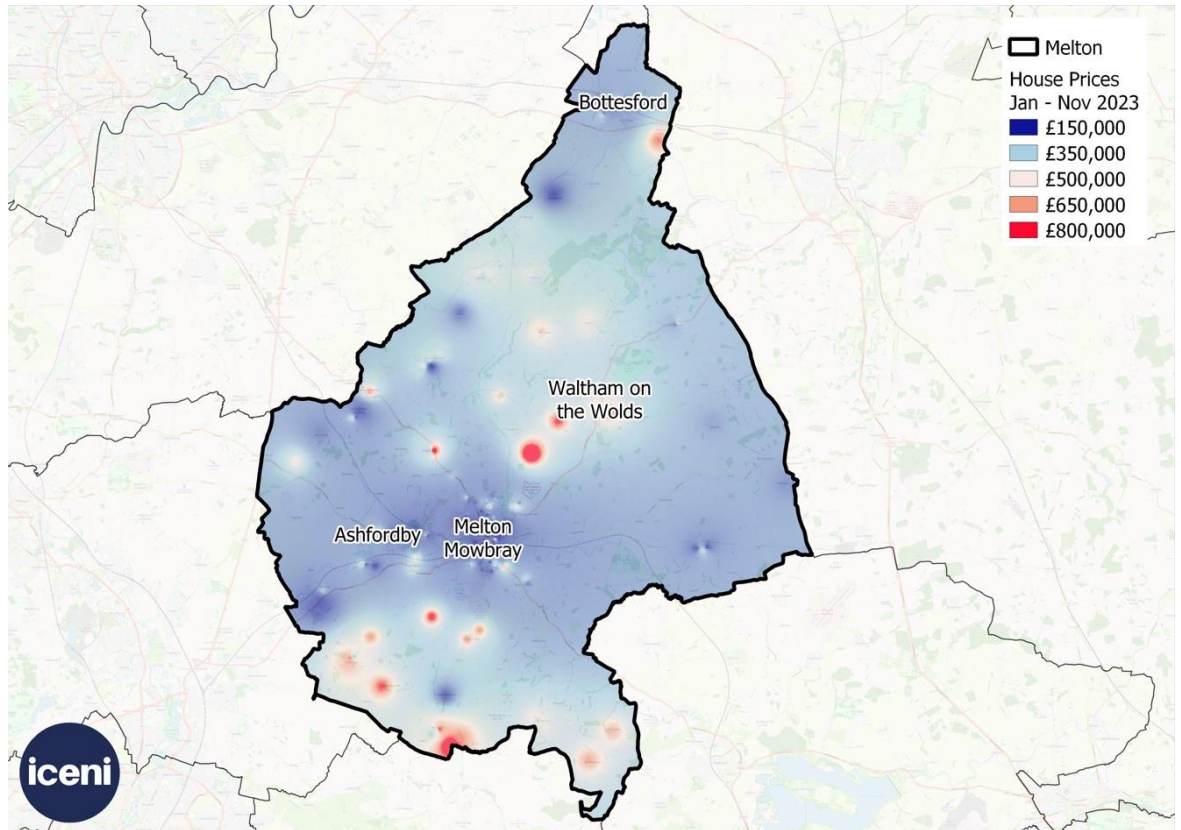
Source: Iceni analysis of HM Land Registry data

4.14   The chart below shows median house prices at a ward level. The highest recorded prices are in Frisby-on-the-Wreake; Wymondham; and Gaddsby wards; with these areas having seen the strongest price growth. Lower values are evident in parts of Melton Mowbray. These spatial variations will in part reflect the mix of properties sold.

Table 4.3 Median House Prices and Price Growth – Wards

	Mar-13	Mar-23	Change
Asfordby	125,000	225,000	100,000
Melton Newport	126,000	252,000	126,000
Bottesford	187,500	320,000	132,500
Melton Sysonby	163,000	260,000	97,000
Long Clawson and Stathern	243,000	385,000	142,000
Melton Warwick	220,000	270,000	50,000
Old Dalby	195,000	290,000	95,000
Somerby	225,000	380,000	155,000
Melton Craven	125,000	221,000	96,000
Croxton Kerrial	250,000	375,000	125,000
Frisby-on-the-Wreake	295,000	650,000	355,000
Melton Dorian	134,725	223,500	88,775
Gaddesby	239,000	408,778	169,778
Melton Egerton	141,000	218,000	77,000
Waltham-on-the-Wolds	248,450	349,500	101,050
Wymondham	245,000	467,500	222,500

Source: Iceni analysis of ONS Small Area House Price Data

4.15   The table below shows prices by type at a ward level (over the year to March 2023). This highlights the influence of the mix of sales on average values, with some wards having only sales of detached properties; and many rural areas seeing no sales of terraced or flatted properties which tend to be lower value.

Table 4.4 Median House Prices by Type – Wards

	Detached	Semi-Detached	Terraced	Flat/Maisonette
Asfordby	307,500	226,000	170,000	:
Melton Newport	325,000	255,000	175,100	:
Bottesford	400,000	240,000	:	:
Melton Sysonby	309,995	238,750	186,498	:
Long Clawson and Stathern	475,000	250,000	242,000	:
Melton Warwick	425,000	231,000	178,000	:
Old Dalby	530,000	255,000	:	:
Somerby	555,000	380,000	303,750	:
Melton Craven	355,000	230,000	219,950	145,000
Croxton Kerrial	450,000	:	:	:
Frisby-on-the-Wreake	695,000	:	:	:
Melton Dorian	315,000	221,000	180,000	:
Gaddesby	576,000	:	:	:
Melton Egerton	366,250	222,500	164,975	:
Waltham-on-the-Wolds	349,000	:	:	:
Wymondham	655,000	:	:	:

Source: Iceni analysis of ONS Small Area House Price Data

4.16 Turning to the affordability of market housing for sale, the chart below shows the trend in house prices relative to earnings of those in full-time work (based on earnings of those working in the Borough). The earnings data is drawn from the Annual Survey of Hours and Earnings, with recent year-on-year variance broadly reflecting the lower sample size for the Borough.

4.17 The chart shows that broadly over the longer-term, the house price to income ratio has generally tracked the national trend. The latest data points to house prices which are 7.6 times the earnings of those working in the Borough. This is slightly above the regional average of 7.4, but below the Leicestershire average of 8.1.

4.18 Relative to residents earnings, the ratio is similar at 7.5 for 2022, but there are issues with the reliability of the data.

Table 4.5 Median Workplace-based House Price to Earnings Ratio
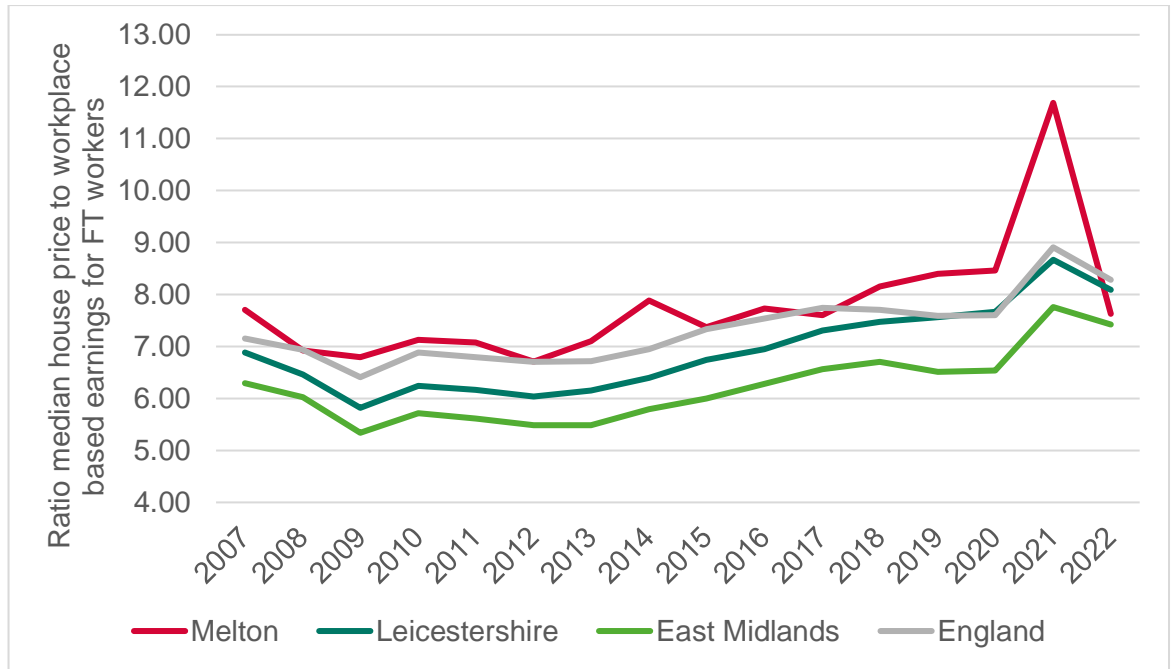
Source: ONS Affordability Ratios

4.19 The lower quartile house price to earnings ratio is currently shown at 8.2, for 2022, but is generally over time been slightly above the Leicestershire average; and above regional/ national benchmarks.

Figure 4.6 LQ House Price-to-Earnings Ratio
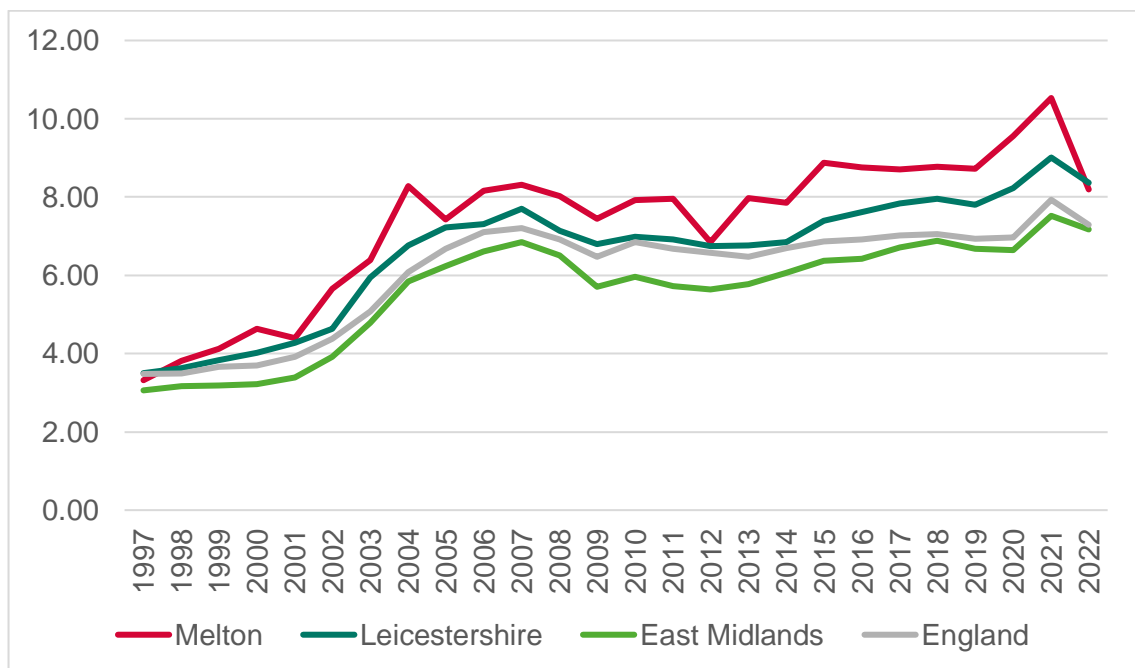
Source: ONS Affordability Ratios

Rental Market Dynamics

4.20   Turning to the rental market, the median rent in the Borough (for year to March 2023) was £650 per month, with the LQ rent being £550 PCM. Rental costs by property size and relative to wider geographies are shown below. Rents are generally below the HMA and regional averages, except for larger 4+ bed properties.

Table 4.6 Rental Market Dynamics

	LQ	Median	1 Bed	2 Bed	3 Bed	4+ Bed
Melton	£550	£650	£470	£600	£695	£1,225
HMA	£620	£700	£550	£675	£825	£1,150
East Midlands	£550	£675	£550	£650	£775	£1,100

Source: ONS Private Rental Market Statistics

4.21   The growth in interest rates seen since early 2022 has made it more difficult to buy a home and increased rental demand. There is evidence that rental supply has not been keeping up (this is explored further in the next section), helping to drive rental growth; alongside wider inflationary pressures in the economy.

4.22   The data for Melton Borough indicates that we have seen median rents increase by over 9% over the last 2 years, equivalent to £55 per month (or £660 per year). The strongest proportional growth has been for larger family-sized homes, with particular growth for 4+ bed properties.

Table 4.7 Growth in Rents in Melton Borough, 2020/21 – 2022/23

	LQ	Median	1 Bed	2 Bed	3 Bed	4+ Bed
2022/23	£550	£650	£470	£600	£695	£1,225
2021/22	£525	£625	£425	£575	£675	£1,150
2020/21	£515	£595	£450	£575	£650	£1,100
% Change	6.8%	9.2%	4.4%	4.3%	6.9%	11.4%

Source: ONS Private Rental Market Statistics

4.23   Rental data is not published on a consistent basis below local authority level.

Engagement with Estate and Letting Agents

4.24   Iceni have undertaken market research speaking to estate and letting agents operating within the Borough. The commentary reflects market conditions at the time of the assessment in November 2023.

4.25   Agents working in Melton Mowbray have reported weaker buyer demand for properties in the area, with the rise in interest rates having a significant impact on the local housing market; however they also reported that the end of Help-to-Buy Equity Loan Scheme had not significantly impacted the market as new build sales remained relatively low.

4.26   Demand for 2 and 3 bed properties remains stronger than other house sizes, despite a slower market. One agent reported a lack of availability of different property types - identifying very little flats were available on the market. This is likely to be partly a reflection of the stock profile.

4.27   Amongst new-build properties the size most in demand was 2 and 3 bed properties. Demand for new build properties was concentrated in central Melton Mowbray and south Melton Mowbray.

4.28   In general, the type of buyers seen in Melton Mowbray was a mix of predominantly first-time buyers and landlords. Buyers were mainly from the local and surrounding areas. Agents have generally seen house prices continue to steadily increase in recent years.

4.29   Agents working in Melton Mowbray have continued to see a strong rental market. Several agents reported higher demand for rental properties than supply, with many claiming this was a result of landlords exiting the market since the pandemic, further exacerbated by rising interest rates. Despite this, there continues to be investors in the local area, although investor participation is lower than usual.

4.30   Tenants were predominantly from the local area with some from nearby settlements. Agents in Melton Mowbray reported a mix of renters, including families, young couples and single renters.

4.31   One agent explained that demand for 2 bed and 3 bed properties was highest amongst renters in the local area. The most popular area for renters is Melton

Mowbray town.

4.32   Rental demand in nearby settlements remains lower than in Melton Mowbray town. Of the nearby settlements, Asfordby Hill and Asfordby are popular areas.

Melton Borough Economic Characteristics

4.33   Melton's Borough is a £1.2 billion economy.[2] Historically GVA growth has been below the regional average: Melton Borough had a GVA per head of £24,300 in 2016[3] which is 9% below the national (UK) average but is 13% above the average GVA per head across the East Midlands Region (£21,500). This will be influenced both by the economic structure and the proportion of the population in work.

4.34   The latest ONS data estimates total employment of around 26,000 in the Borough in 2021, with employment growing by around 1,000 over the previous decade (2011-21). Jobs density has been climbing as the working has been ageing, with the Borough showing 84 jobs per 100 working-age residents (16-64): broadly in line with the national average.

4.35   BRES data indicates that around 53% of the Borough's jobs are at Melton Mowbray and 47% in the Rural Areas. An analysis of the sectoral structure highlights key sectors in the economy:

- Manufacturing – which accounts for c. 5,000 jobs, 21% of the Borough total, with a strong relative concentration in Melton Mowbray where it makes up a quarter of employment. Within manufacturing, there is a particular focus on food production;

- Agriculture – which generates 11% of employment in the rural areas and support a range of wider economic activities across other sectors;

- Tourism / visitor economy – which transcends a number of sectors including retail, accommodation and food, and arts/entertainment. In a number of these areas employment in the rural parts of the Borough is similar to that in Melton Mowbray;

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[2] ONS Local GVA estimates 2020

[3] 2016 ONS Regional GVA balanced by Local Authority. This is the latest local data available

- Health and education – which are typically sizeable sectors and where housing and population growth will influence future demand.

Table 4.8 Employment Structure, 2021

	Melton Mowbray	Rural Areas	Melton Borough	England	Borough LQ
Agriculture, forestry & fishing	0.0%	11.4%	5.4%	1.3%	4.1
Mining, quarrying & utilities	0.6%	0.9%	0.7%	1.1%	0.7
Manufacturing	24.6%	17.8%	21.4%	7.3%	2.9
Construction	4.6%	6.2%	5.4%	4.9%	1.1
Motor trades	2.6%	1.1%	1.9%	1.7%	1.1
Wholesale	2.6%	3.4%	3.0%	3.6%	0.8
Retail	11.3%	5.5%	8.6%	9.0%	0.9
Transport & storage	2.2%	3.0%	2.6%	5.2%	0.5
Accommodation & food	6.3%	6.6%	6.4%	7.4%	0.9
Information & communication	0.7%	1.3%	1.0%	4.5%	0.2
Financial & insurance	2.2%	0.7%	1.5%	3.6%	0.4
Property	0.8%	3.6%	2.1%	2.0%	1.1
Prof, scientific & technical	6.5%	6.4%	6.4%	9.3%	0.7
Business admin & support	6.7%	10.7%	8.6%	8.9%	1.0
Public admin & defence	4.8%	0.0%	2.6%	4.1%	0.6
Education	7.7%	7.3%	7.5%	8.5%	0.9
Health	9.7%	5.0%	7.5%	13.1%	0.6
Arts, entertainment etc	6.1%	9.1%	7.5%	4.3%	1.7

Source: ONS Business Register & Employment Survey

4.36 The chart below shows has employment has changed by sector over the past 5 years. Growth has been focused in service sector activities, with it being notable that manufacturing employment has been stable. It is notable that employment in accommodation & food has fallen, which may have been influenced by a combination of Covid and recruitment difficulties for lower paid roles.

Table 4.9 Employment Change 2017-21, Melton Borough

Horizontal bar chart titled "Employment by Sector" (x-axis from -400 to 800). Sectors from top to bottom:

- Business admin & support: ~750
- Arts, entertainment & other services: ~500
- Prof, scientific & technical: ~250
- Construction: ~250
- Public admin & defence: ~100
- Financial & insurance: ~100
- Motor trades: ~100
- Mining, quarrying & utilities: ~75
- Property: ~50
- Education: 0
- Retail: 0
- Manufacturing: 0
- Agriculture, forestry & fishing: 0
- Information & communication: ~-75
- Wholesale: ~-100
- Transport & storage: ~-200
- Health: ~-250
- Accommodation & food: ~-250

Source: Business Register and Employment Survey (Employment includes employees, plus the number of working owners)

4.37 Relatively high self-employment is also a feature of the Borough's economy with the Annual Population Survey recording self-employment at 13.5% in 2022, which is well above the HMA and regional benchmarks (8.3% and 8.6%).

4.38 The Borough's demographics together with housing supply and affordability have been recognised in previous research to constrained workforce growth and informed the planning strategy in the 2018 Local Plan. The evidence below substantiates this and shows that over the period to 2019, the Borough's workforce (aged 16-64) fell – declining by over 5% - but that since 2019, as housing delivery has increased, this has started to recover and grow.

4.39 A declining workforce and tight labour market will however have constrained economic performance. With the delivery of the two Sustainable Neighbourhoods and associated Melton Mowbray Distributor Road opening up new employment land and opportunities for new business investment, there is potential for stronger economic performance and growth moving forwards. Housing delivery will help to support this.

Figure 4.7 Working Age Population aged 16-64
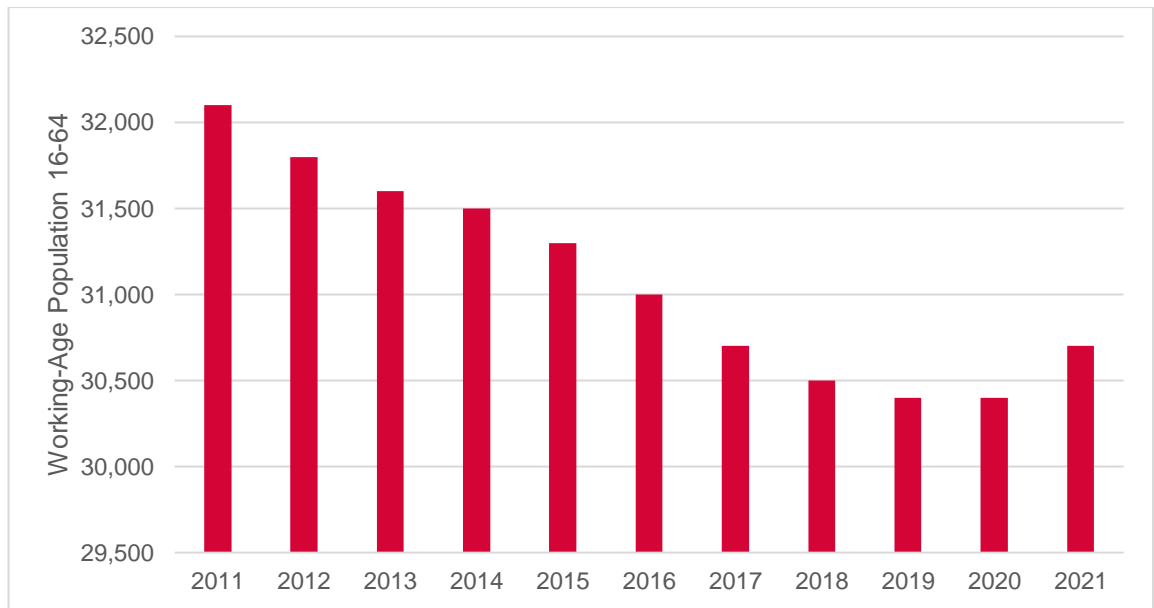
Source: ONS Mid-Year Population Estimates

4.40   The Borough's employment rate fell through the pandemic but has recovered since, and stood at 85.2% in 2022, which is well above the HMA and regional averages. Unemployment stands at 3.4% in 2022 which is similar to the Leicester & Leicestershire level. The economic activity rate overall at 89% is very high – overall economic participation is strong.

Table 4.10 Employment Rate
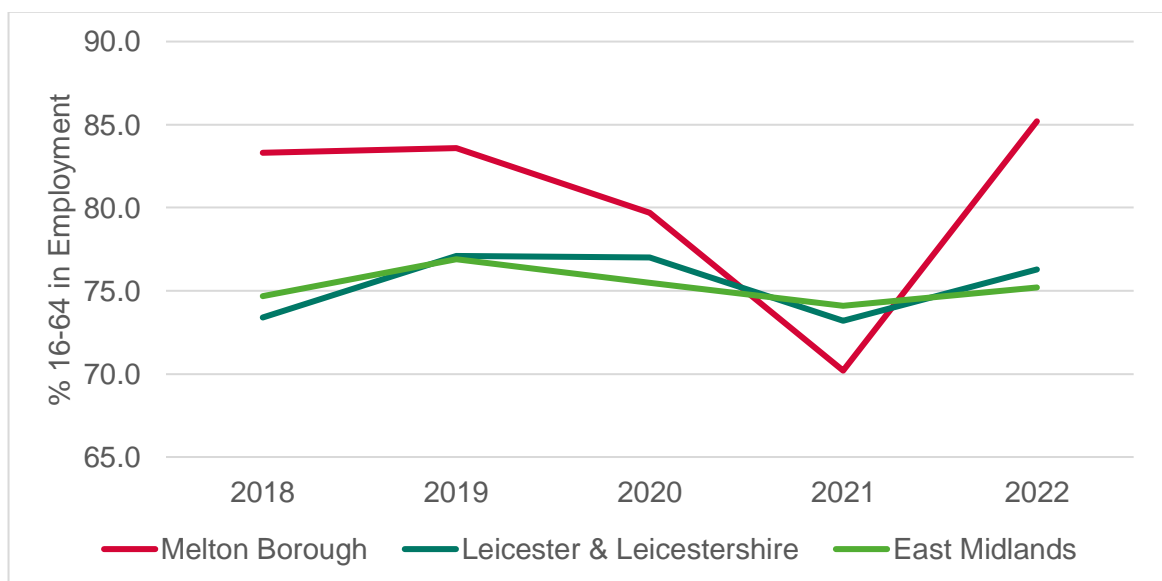
Source: Annual Population Survey

4.41   The position overall is one of a relatively tight labour market, where employment growth can be constrained by the available labour supply. Housing growth is thus important in supporting the economy.

4.42   In particular given the size of the local economy, there are notable in- and outward commuting flows. The analysis below shows the situation based on 2011 Census data. There are key outflows of Melton residents to Leicester and Nottingham, but also to Charnwood, Rutland, South Kesteven and Rushcliffe. On the other hand, there are notable inflows of workers to jobs in the Borough – in particular from Charnwood, Leicester and South Kesteven. This in part reflects the Borough's geography and proximity to larger employment centres.

Figure 4.8 Commuting Flows to/from Melton Borough
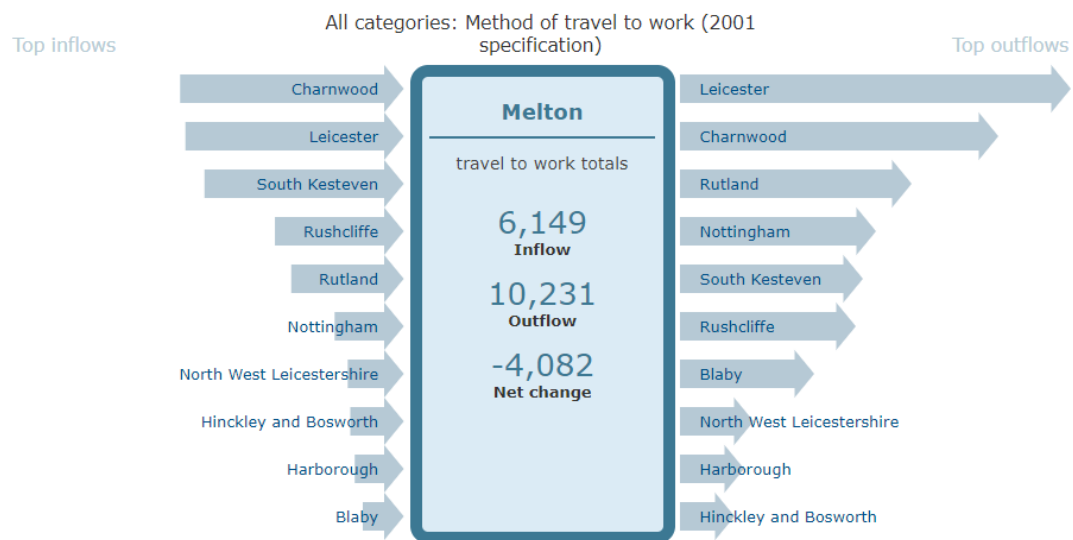
Source: 2011 Census

4.43   The 2021 Census commuting data needs to be treated with some caution because it reflects the position in 2021 at the point of a Covid-19 lockdown. It however shows in-commuting of 7,354 into the Borough; and an outflow of 6,778 persons – generating a net in-flow of 576 persons. This is substantively different to the position 10 years previously.

4.44   Iceni are also aware that key local employers have struggled to recruit locally, and transport workers to work in the Town from larger urban centres such as Leicester and Nottingham. Recruitment is particularly an issue for lower paid jobs, and the availability of lower cost housing options locally feeds into this.

5. Demographics & Overall Housing Need

5.1 The Council prepared a 5 Year Review of its Local Plan in 2023, which concluded that Policy SS2: Development Strategy in the 2018 Local Plan, which set the housing requirement, remained up-to-date. This section considers whether this remains the case.

5.2 It first sets out the standard method calculations for Melton – based on the latest evidence at the point when the report was drafted in Winter 2023/24. The section also considers recent demographic trends to test if there are 'exceptional circumstances' that would point to the Standard Method as no longer being reasonable. Where projections are discussed in relation to the Standard Method, the analysis looks at the 2023-33 period, with projections also being developed for the 2023-36 period to be consistent with the current plan period.

5.3 Consideration is then given to unmet housing need and the inter-relationship to affordable housing and expected jobs growth to inform emerging conclusions on overall housing provision.

Current Local Plan Requirement

5.4 The current Melton Local Plan was adopted in October 2018. It sets out in Policy SS2 a housing requirement for at least 6,125 homes over the 2011-36 plan period, which is equivalent to an average of 245 dpa over the plan period. The Policy envisages phasing of housing delivery with 170 dpa envisaged to 2021, rising to 245 dpa between 2021-26 and then 320 dpa from 2026-36 (with the housing land supply measured against this phased requirement). This takes account of the lead-in time for delivery of the new Sustainable Neighbourhoods at Melton Mowbray (north and south).

5.5 The housing requirement in the Plan was set above the minimum 'objectively assessed need' for 170 dpa, based on the 2017 Leicestershire HEDNA, taking account of the need to support workforce and economic growth in the Borough, to support the delivery of affordable housing, to support delivery of strategic

infrastructure – in particular the Melton Mowbray Sustainable Transport Package, and to support affordable housing delivery. The specific justification was set out within the 2017 *Towards a Housing Requirement* Report. It was also recognised that setting the housing requirement at this level would provide 'headroom' to accommodate unmet needs from Leicester (see Para 4.4.2 in the Plan and the Inspector's Report).

Standard Method

5.6   National policy now sets out that the standard method should be the starting point for considering housing provision. The standard method generates an annualised housing need figure.

5.7   The analysis below considers the level of local housing need for Melton using the Standard Method. The methodology for calculating housing need is clearly set out by Government in Planning Practice Guidance and follows a four-step process worked through in the following sub-sections.

Step One: Setting the Baseline

5.8   The first step in considering housing need against the Standard Method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year being the first year i.e. 2023 to 2033. This results in growth of 1,492 households (149 per annum) over the ten-year period.

5.9   Although this figure is calculated over a ten-year period from 2023 to 2033, Paragraph 12 of the PPG states that this average household growth and the local housing need arising from it can then "be applied to the whole plan period" in calculating housing need.

Step Two: Affordability Adjustment

5.10   The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative

affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available.

5.11   The latest (workplace-based) affordability data when the report was drafted is for 2022 and was published by ONS in March 2023. The Government's Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 6.25%, with the calculation being shown below. For the Borough, the ratio for 2022 was 7.85, giving an uplift of 24% - this leads to a housing need of 185 dwellings per annum.

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

5.12   It should be noted that Melton's affordability ratio has improved since the preparation of the 2022 Leicester & Leicestershire Housing & Economic Needs Assessment (HENA). The 2021 data from ONS used in that report showed an affordability ratio of 12.27 for the Borough (generating a 52% affordability adjustment); whereas for 2022, the affordability ratio has fallen to 7.85 (generating a 24% adjustment).

5.13   The substantial swings in the affordability ratios do raise question marks over the reliability of the data. We have gone back to the source information on earnings from the ONS Annual Survey of Hours and Earnings. This suggests that the earnings data for 2021 as particularly low; but shows that the 2022 data for average earnings could be inflated. It has a 13% confidence interval.

Table 5.1 Earnings shown by ASHE Data – Annual Earnings for those in Full-time Work

	Melton	**L&L HMA**	**Differential**	**East Midlands**	**Differential**
2018	24,546	26,391	-7.0%	26,711	-8.1%
2019	25,593	27,313	-6.3%	28,044	-8.7%
2020	24,793	28,535	-13.1%	29,043	-14.6%
2021	21,374	28,115	-24.0%	28,363	-24.6%
2022	31,864	31,277	1.9%	30,326	5.1%
2019-22 Growth	25%	15%		8%	
2023	28,190	32,161	-12.3	31,634	-10.9%

Source: ONS Annual Survey of Hours and Earnings. 2023 data is provisional

5.14   At a late stage in the preparation of this report, new affordability data has been released for 2023 by ONS. This shows an affordability ratio of 9.13 based on a median house price of £257,250 and a median income for full-time workers of £28,190 as above. This generates an affordability uplift of 32%.

Step Three: The Cap

5.15   The third step of the Standard Method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:

- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.

- The second situation is where plans and evidence are more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

5.16   The last Local Plan was adopted in October 2018 and is therefore more than 5-years old (and so housing need cannot be capped against this plan). Given the affordability ratio is below 40% however, there is no capping relevant for Melton.

Step Four: Urban Uplift

5.17   The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift ensures that the Governments stated target of 300,000 dwellings per annum is met and that "homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable." (Paragraph: 035 Reference ID: 2a-035-20201216). Melton is not listed within the top 20 urban areas in the country and therefore no additional uplift is applied.

Standard Method Calculation using 2014-based Household Projections

5.18   The table below works through the Standard Method calculations for the Borough. This confirms the need for 185 dwellings per annum using the 2022 data. This is the main scenario used in this report.

5.19   In addition we show the 2023 calculation which reflects the affordability data released in late March 2024. This shows a slightly higher need for 192 dwellings per annum. The calculations for both dates are shown in Table 5.2.

Table 5.2 Standard Method Housing Need Calculations using 2014-based Household Projections – Melton

	2023 Calculation	2024 Calculation
Households 2023 (2024)	23,451	23,616
Households 2033 (2034)	24,943	25,073
Change in households	1,492	1,457
Per annum change	149	146
Affordability ratio (2022)	7.85	9.13
Uplift to household growth	24%	32%
Uncapped need (per annum)	185	192

Source: Derived from a range of ONS and MHCLG sources. 2024 calculations assess household growth 2024-34.

5.20   Government has amended the NPPF in December 2023 to make clear (in Para 61) that the standard method is an advisory starting point for establishing a housing requirement for an area. It sets out that there may – in exceptional circumstances – be a justification for using an alternative approach to assessing housing need, in which case this should reflect current and future demographic trends and market signals. NPPF Para 61 also makes clear that in addition, unmet housing needs from neighbouring areas also need to be taken into account in establishing the amount of housing to be planned for.

5.21   NPPF Para 67 also sets out that Councils can set a housing requirement in Plans above the identified housing needs, such as where they are making provision for neighbouring areas or to reflect growth ambitions linked to economic development or infrastructure investment.

5.22   These issues, including the latest demographic evidence; past housing completions; unmet needs from Leicester; and the inter-relationship with economic growth and the affordable need are considered further below.

Demographic Trends

5.23   The Standard Method is driven by published household projections which in turn draw on population projection data. Given the projections used in the standard Method data back to 2014 it is worthwhile setting out a baseline of data to a more

up-to-date period with information available to 2021, in part as a result of Census data resetting any previous estimates.

5.24 As of mid-2021, the population of Melton Borough is estimated to be 51,800; this is a growth of around 1,300 people over the previous decade. This equates to a growth of around 2.5% since 2011 which is a lower rate of growth than across the East Midlands region (7.6%) and nationally (6.5%).

Table 5.3 Population change (2011-21)

	Population (2011)	Population (2021)	Change	% change
Melton	50,495	51,773	1,278	2.5%
Leicestershire	651,179	712,572	61,393	9.4%
East Midlands	4,537,448	4,880,094	342,646	7.6%
England	53,107,169	56,536,419	3,429,250	6.5%

Source: Mid-year population estimates

5.25 The figure below shows the age structure by single year of age (compared with a range of other areas). From this it is clear that Melton Borough has an older age profile to other areas, with differences being seen for most age groups from 50 onwards and also the population in their late teens and early 20s – this will be linked to the student population and reflecting the lack of any higher education establishment in the Borough.

Figure 1.1: Population profile (2021)
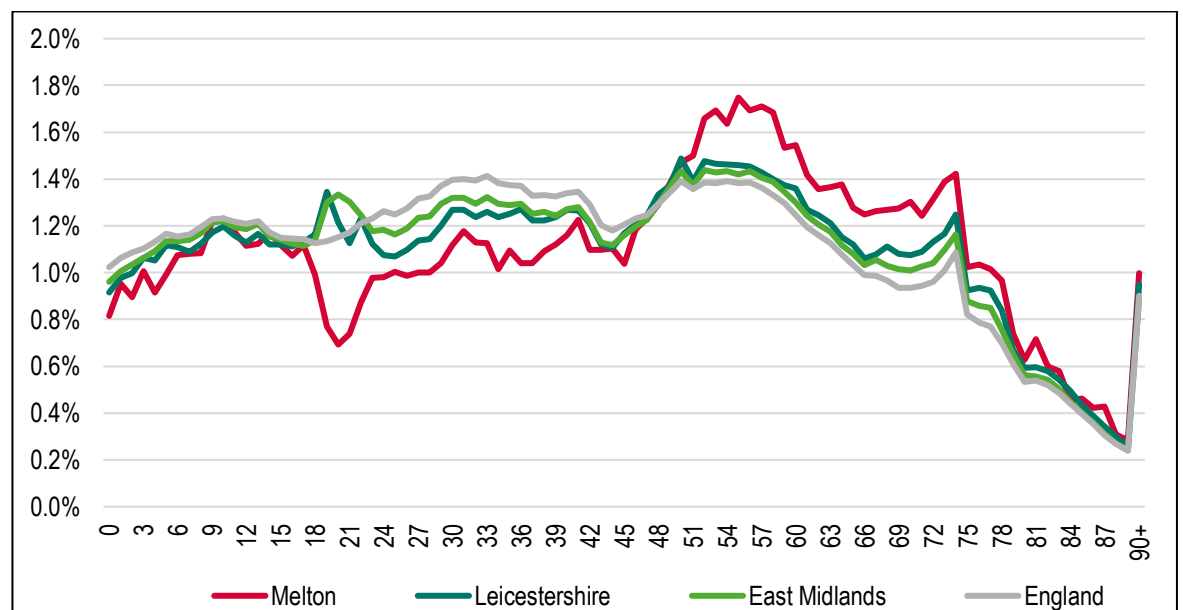
Source: Mid-year population estimates

5.26   The analysis below summarises the above information (including total population numbers for Melton Borough) by assigning population to three broad age groups (which can generally be described as a) children, b) working age and c) pensionable age). This analysis highlights the older age profile of the Borough compared with other locations.

Table 5.4 Population profile (2021) – summary age bands

	Melton		Leicestershire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
Under 16	8,780	17.0%	17.5%	18.1%	18.5%
16-64	30,747	59.4%	61.6%	62.3%	63.0%
65+	12,246	23.7%	20.9%	19.6%	18.5%
All Ages	51,773	100.0%	100.0%	100.0%	100.0%

Source: Mid-year population estimates

5.27   The figure below shows how the age structure of the population has changed in the 10-year period from 2011 to 2021 – the data used is based on population so will also reflect the (modest) increase seen in this period. There have been some changes in the age structure, including increases in the population in their 50s; the number of people aged 65 and over also looks to have increased notably. Where there are differences, it is often due to cohort effects (i.e. smaller or larger cohorts of the population getting older over time).

Figure 5.1 Population age structure (people) (2011 and 2021) – Melton
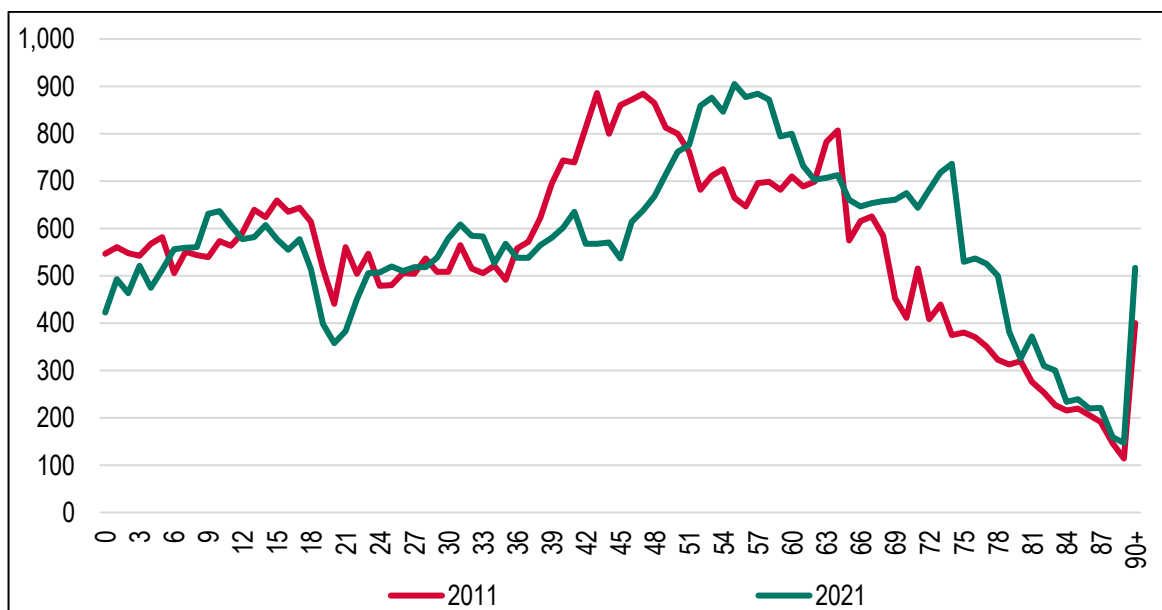
Source: Mid-year population estimates

5.28   The information above is summarised into three broad age bands to ease comparison. The table below shows a decrease in both the Under 16 and 16-64 age groups; and a notable increase (of 32%) in the 65+ age group. By implication there may be issues supporting workforce growth with housing provision in line with historical trends.

Table 5.5 Change in population by broad age group (2011-21) – Melton

	2011	**2021**	**Change**	**% change**
Under 16	9,133	8,780	-353	-3.9%
16-64	32,059	30,747	-1,312	-4.1%
65+	9,303	12,246	2,943	31.6%
TOTAL	50,495	51,773	1,278	2.5%

Source: Mid-year population estimates

5.29   The table below consider the drivers of population change 2001 to 2021 – this is data published prior to any corrections due to the 2021 Census and shows ONS monitoring of population estimates. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international).

5.30   There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other

changes', which for Melton are relatively low (and in both a positive and negative direction depending on the year) – these changes are often related to armed forces personnel or boarding school pupils.

5.31   The data shows natural change to generally be dropping over time – there are now more deaths than births in the Borough and migration is variable, with no clear trend. Looking at overall population growth the data does shows stronger growth over the past four years, relative to data from 2012, although much stronger growth was recorded in the 2009-12 period, which will have formed part of the trend-based period used by the 2014-based projections (as used in the Standard Method).

Table 5.6 Components of population change, mid-2001 to mid-2021 – Melton

	Natural change	Net internal migration	Net inter-national migration	Other changes	Other (unattri-butable)	Total change
2001/2	27	86	42	35	15	205
2002/3	78	223	44	-13	17	349
2003/4	5	149	19	-19	35	189
2004/5	4	32	-77	3	25	-13
2005/6	57	17	27	2	16	119
2006/7	70	294	36	7	22	429
2007/8	42	-5	70	0	27	134
2008/9	72	52	58	-5	17	194
2009/10	129	443	18	2	4	596
2010/11	111	269	12	12	14	418
2011/12	118	177	-20	15	-	290
2012/13	66	3	-4	18	-	83
2013/14	51	36	37	20	-	144
2014/15	39	-121	26	0	-	-56
2015/16	35	-89	41	24	-	11
2016/17	-32	-111	46	3	-	-94
2017/18	-2	284	-49	-6	-	227
2018/19	-19	135	2	-9	-	109
2019/20	-54	181	32	26	-	185
2020/21	-136	364	0	-28	-	200

Source: ONS

Exceptional Circumstances to Diverge from the Standard Method

5.32   The table above sets out housing need using the Standard Method and whilst this is a relevant consideration Planning Practice Guidance does allow for divergence from these figures (in both an upward and downward direction) where exceptional circumstances can be demonstrated.

5.33   An important start point is to understand Government policy and Guidance on this topic. This can be found in NPPF Paras 61 and 67 (as described earlier) and

Planning Practice Guidance 2a and below are some key quotes for the purposes of this document.

"Is the use of the standard method for strategic policy making purposes mandatory?

No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances." - Paragraph: 003 Reference ID: 2a-003-20190220.

"*If authorities use a different method how will this be tested at examination?*

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated).

5.34 Paragraph 2a-010 also sets out circumstances where it might it be appropriate to plan for a higher housing need figure than the standard method indicates; this includes noting that the method *'does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates'.*

5.35 Regarding demographic trends and projections, the guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP.

5.36 NPPF Para 61 provides, in exceptional circumstances, for use of an alternative demographic evidence (rather than 2014-based projections) reflecting the particular demographic characteristics of an area, and the Government has indicated it

expects more such circumstances to arise in the future. The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations having regard to demographic factors:

- Firstly, that demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and

- Secondly that demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8-years old.

5.37   The analysis below principally focuses on population projections as these are the main driver of household growth. The analysis additionally does not seek to challenge the market signals (affordability) element of the Standard Method which NPPF Para 61 set out need to be applied in any alternative calculation of housing need.

Data used in 2014-based projections

5.38   On the 22nd March 2018 ONS released revised population estimates for England and Wales: mid-2012 to mid-2016. The main justification ONS listed for this were that improvements had been made to international emigration and foreign armed forces dependents and that the distribution of people aged in their 20s and 30s has changed more than for other age groups.

5.39   By updating previous estimates of population change and migration (including in the period 2011-14) ONS were essentially changing the data used to underpin part of the 2014-based projections. It is therefore worthwhile seeing how significant these changes were for Melton and if updated information point to the 2014-based projections as being substantially wrong.

5.40   The table below shows estimated population in 2014 from the original and revised MYE. For the whole of the Borough the revised population estimate for 2014 is slightly higher than for previous data (data used for the 2014-SNPP). This would actually suggest the 2014-based projections slightly underestimated population

growth. However, the scale of difference is not at all substantial and would be unlikely to have a notable impact on projections.

Table 5.7 Original & Revised Estimate of Population in 2014

	Original estimate	**Revised estimate**	**Difference**
Melton	50,969	51,012	+43

Source: ONS

Population Trends

5.41 The analysis below looks at population trends across the Borough. Two main sources are initially used, these are:

- MYE (unadjusted) – unadjusted ONS mid-year population estimates (MYE) – these are estimates of population made by ONS through its tracking of births, deaths and migration from 2021. This is an important source as the data contained within this data source (notably about migration) is likely to be used by ONS as part of the next round of population projections (2021-based SNPP); and

- MYE (Census adjusted) – these are estimates of population in 2021 that take account of 2021 Census data. Essentially, ONS use the Census (which dates from March 2021) and roll forward to a mid-year estimates based on births, deaths and migration in the 3 month period. The Census adjusted MYE replace the unadjusted figures as the ONS view of population in 2021.

5.42 Eventually, ONS will revise the full back series of data from 2011 to take account of the new 2021 MYE. However, at the time of writing this had not been done and so there are only two reasonable data points (2011 and 2021) – much of the analysis to follow therefore looks at trends in this 10-year period.

5.43 Above it was noted that one exceptional circumstance might be that the 2014-based subnational household projections (SNHP) that underpin the Standard Method are clearly wrong – in this instance we are looking to consider if the trends that have actually occurred are substantially different from those projected back in 2014 and that this is locally exceptional. One way of considering this is to compare data for

2021 with recently published Census data and also MYE data (prior to a Census adjustment). Comparisons are made for both population (as this underpins the household projections) and household estimates.

5.44   The table below shows population figures for 2011 and 2021 from these sources. The data shows the 2014-based projections had projected the population of the Borough to reach 53,000 by 2021 and ONS in their monitoring of data had actually estimated a lower population figure (51,600). Following publication of the 2021 Census, ONS has revised upwards slightly its estimate of population in 2021 to 51,800, a figure still below where the 2014-SNPP had projected.

Table 5.8 Estimated Population in 2011 and 2021 -range of sources

	2011	**2021**	**Change**	**% change**
2014-based SNPP/SNHP	50,495	53,040	2,545	5.0%
MYE (unadjusted)	50,495	51,594	1,099	2.2%
MYE (Census adjusted)	50,495	51,773	1,278	2.5%

Source: ONS

5.45   There is clearly a difference between the projections as used in the Standard Method and the reality of what seems to have happened in the 2011-21 period and arguably this could be considered to be 'exceptional'. However, as demonstrated below the equivalent data for England also shows a downward trend in more recent sources when compared with the 2014-based projections.

Table 5.9 Estimated Population in 2011 and 2021 -range of sources – England

	2011	**2021**	**Change**	**% change**
2014-based SNPP/SNHP	53,107,200	57,248,400	4,141,200	7.8%
MYE (unadjusted)	53,107,200	56,536,400	3,429,300	6.5%
MYE (Census adjusted)	53,107,200	56,334,700	3,227,600	6.1%

Source: ONS

5.46   It is also relevant to note that trend-based projections based on what has happened over the last decade would generate really very modest growth.

Household Trends

5.47   In terms of more recent trends, we can also look at household changes as projected in the 2014-SNHP and as now shown by the Census, this is shown in the table below. This shows across the Borough that household growth in the 10-year period to 2021 was projected to be at a higher level in the 2014-SNHP than the Census. This trend is virtually identical to that seen regionally and nationally and not exceptional.

Table 5.10 Estimated Households in 2011 and 2021 – range of sources

		2011	**2021**	**Change**	**% change**
Melton	2014-based SNHP	21,562	23,128	1,566	7.3%
	Census	21,490	22,599	1,109	5.2%
East Midlands	2014-based SNHP	1,897,445	2,070,504	173,059	9.1%
	Census	1,895,604	2,037,334	141,730	7.5%
England	2014-based SNHP	22,103,878	24,371,273	2,267,395	10.3%
	Census	22,063,368	23,436,085	1,372,717	6.2%

Source: ONS

Housing Completions

5.48   A further consideration for a housing requirement is looking at past housing delivery. This is a key part of the PPG, which says (2a-010):

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

5.49   The figure below shows housing completions over the period from 2011 to 2022 – this shows average completions of 185 per annum over the past decade and a higher figure of 274 per annum over the past 5-years (reflecting the period immediately after the adoption of the current Local Plan). Completions in the early

part of the period studied below are particularly low and may in part be explained by weaker economic and market circumstances pre-2013.

5.50   Here it is worth reflecting on the planning strategy for the area. A new Local Plan was adopted in 2018 which planned for higher growth, in order to:

- Support the Borough's economy;

- Support the delivery of affordable housing;

- Support investment in strategic infrastructure and regeneration, in particular the delivery of the Melton Mowbray Transport Package; and

- To provide headroom to help provide for unmet need from Leicester.

5.51   There are key considerations here which remain relevant today, and certainty do not point to reducing housing delivery to levels below the 192 dpa standard method figure, which broadly aligns to long-term housing delivery trends.

Figure 5.2 Net Completions (2011-22)
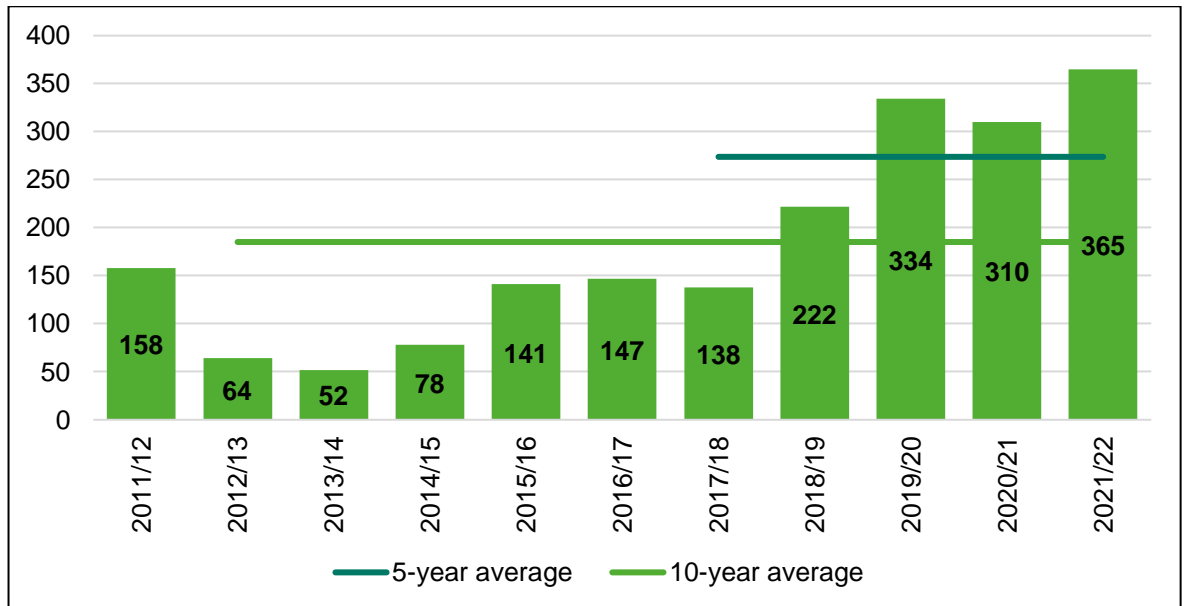
Source: DLUHC Live Table 122

5.52   It is interesting to overlay the completions data with demographic trends, in particular migration, as the delivery of homes can provide opportunities for people to move to the area. It was previously noted there had been a slightly upturn in population growth over the past four years (to 2021) although growth was still lower than seen in some more historic periods.

5.53   The figure below shows there is a clear relationship between completions and net migration in Melton, with migration increasing as the number of homes increases (which in turn helps to support workforce growth).

Figure 5.3 Net Completions and net migration (2011-22)
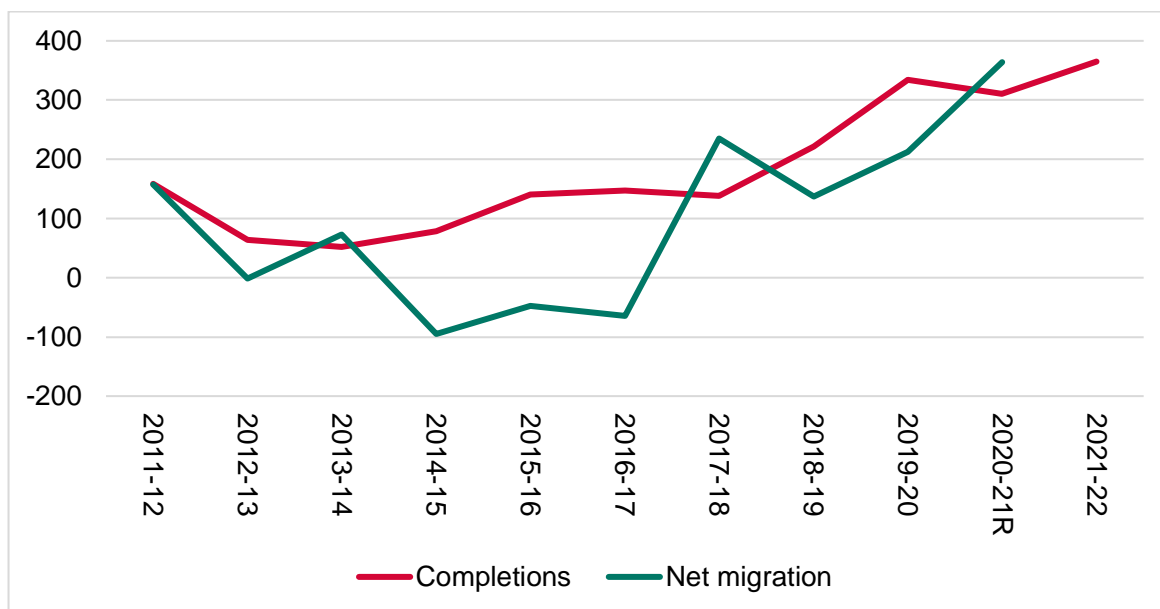
Source: ONS and DLUHC

Studying More Recent Projection Releases

5.54   The analysis above points to weaker demographic trends – both in terms of population and household growth than had been projected in the 2014-based subnational population and household projections although the trends have generally followed the national pattern.

5.55   A starting point for the analysis to follow is to look at more recent projections, although this is done in the knowledge that the PPG clearly states *'… any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method'.*

5.56   The first projections published since the 2014-based release were a 2016-based set and there is now also a 2018-based release and both are studied below. The 2018-based SNPP contain a number of assumptions that have been changed from the

2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;

- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and

- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

5.57   As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection

- an alternative internal migration variant

- a 10-year migration variant

5.58   In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

5.59   The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

5.60   The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

5.61   The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that all projections since the 2014-based release show much lower levels of population growth.

Table 5.11 Projected population growth (2023-33) – Melton – range of SNPP releases

	Population 2023	Population 2033	Change in population	% change
2018 (principal)	51,608	52,680	1,072	2.1%
2018 (alternative internal)	51,238	51,616	378	0.7%
2018 (10-year trend)	51,930	53,090	1,160	2.2%
2016-based	51,602	52,608	1,006	1.9%
2014-based	53,691	56,502	2,812	5.2%

Source: ONS

5.62   As well as looking at population growth, it is important to consider household growth as this is ultimately what drives estimates of housing need. In the ONS subnational household projections the same scenarios are run where estimates of households are set against the different population projections. The table shows the 2018-based principal projection with a change in households of 115 per annum, the alternative internal migration projection sits at 76 – the 2014-based figure (149 per annum) it notably above these figures.

Table 5.12 Projected household growth (2023-33) – Melton – range of SNHP releases

	Households 2023	Households 2033	Change in households	% change
2018 (principal)	22,965	24,113	1,148	5.0%
2018 (alternative internal)	22,778	23,542	764	3.4%
2018 (10-year trend)	23,029	24,083	1,054	4.6%
2016-based	22,787	23,640	853	3.7%
2014-based	23,451	24,943	1,492	6.4%

Source: ONS

5.63   The latest demographic evidence suggests that the household growth used in the standard method would be at the upper end of recent official projections. However the latest 2022-based ONS projections are showing much greater population growth than the 2016- and 2018-based projections; and this could in turn influence future projections for the Borough in due course. The evidence does not however point to particular demographic circumstances in the Borough which warrant or would justify deviation from the standard method approach.

5.64   The PPG (Reference ID: 2a-015-20190220) states "Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method".

5.65   In conclusion **the standard method would seem a reasonable assessment of need in Melton based on the demographic evidence.**

Unmet Needs from Leicester

5.66   The Leicestershire authorities have been working together with Leicester City Council to consider issues related to unmet needs from Leicester. The City Council has submitted its draft Local Plan 2020-36 to the Secretary of State for Examination in September 2023.

5.67   The draft Leicester Local Plan makes provision for 20,730 homes over the 2020-36 plan period, against its housing need for 39,424 dwellings (based on the Standard Method 2021 figures). There is therefore an unmet need for 18,694 dwellings (see Table 1 in the draft Leicester Local Plan).

5.68   Leicester's local housing need as calculated in 2021 (2,464 dpa) is relatively similar to the current 2022 position (2,459 dpa) – the differential being 0.2%. The difference is considered immaterial or de minimus. We note that the 2023 calculation has seen the need fall to 2,435 dpa but this is post submission of Leicester's Plan at which point the need is fixed It is reasonable therefore to continue to work on the basis of the HENA position.

5.69   The HMA authorities have worked collaboratively to consider the redistribution of unmet need from Leicester to the Leicestershire local authorities, through a process which culminated in a Statement of Common Ground relating to Housing and

Employment Land Needs (June 2022). This identified (see Table 3 therein) that Melton Borough should contribute 69 dpa to meeting unmet need from Leicester over the 2020-36 period (i.e. 1,104 dwellings over the 16 year period). Melton BC agreed this in July 2022.

5.70 As has been accepted through Melton BC's last Local Plan Examination, meeting unmet need from Leicester will also support workforce and employment growth within the Borough which can help to support the local economy.

5.71 Bringing together Melton's housing need and the unmet need, the position to 2036 (in line with the end of the current plan period) is as follows:

Table 5.13 Melton's Housing Need and Unmet Needs

	2021-36
Melton's Annual Local Housing Need	192
LHN over period shown	2,880
Leicester Unmet Need to 2036	1,104
Total housing need	**3,984**
Annualised figure	**265.6**

5.72 The needs shown (including unmet need) fall below the residual requirement from the 2018 Local Plan (299 dpa), noting that this included a phased housing trajectory. The Local Plan is thus shown to be planning to fully meet Melton's housing need as well as contributing to Leicester's unmet need. The evidence thus shows that Policy SS2: Development Strategy remans up-to-date and does not need to be reviewed.

Developing a Projection linking to the Housing Requirement

5.73 On the basis of the above, a demographic projection has been developed aligned to the Local Plan residual housing requirement which is equivalent to 299 dpa between 2021-36. A projection is also shown of workforce growth over the 2023-36 period for comparison with the Employment Land Study.

5.74 A scenario has been developed which flexes migration to and from the Borough such that there is sufficient population for 299 additional homes each year. The modelling links to 2018-based population and household projections and also rebases population and households to the levels shown in the 2021 Census.

5.75   Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

5.76   In developing this projection a population increase of around 9,000 people is shown, with strong population growth shown in the 65 and over age band – a projected increase of 43% in this age band from 2021 numbers, with this age group accounting for 59% of all population growth. Both the Under 16 and 16-64 populations are projected to see more modest increases in numbers over the period studied.

Table 5.14 Projected population change 2021 to 2036 by broad age bands – Melton (linked to delivery of 299 dwellings per annum)

	2021	2036	Change in population	% change from 2021
Under 16	8,780	9,633	853	9.7%
16-64	30,747	33,612	2,865	9.3%
65 and over	12,246	17,525	5,279	43.1%
Total	51,773	60,770	8,997	17.4%

Source: Demographic Projections

5.77   The figures below show how both natural change and net migration are projected to change with this projection, along with data about past trends. With natural change, this is projected to continue to be negative in the future (i.e. more deaths than births) although the rate of change does slow down from past trends. With migration, the figures are projected to be above any past trend seen over the previous decade, although arguably the figures do look consistent with an increasing trend seen over the past four years. The relatively high figures for 2021/22 and 2022/23 are due to the modelling linking to housing delivery in these periods; and at 365 and 368 dwellings respectively, delivery is above the overall 15-year modelled average of 299 dwellings per annum.

Figure 5.4 Past trends and projected natural change – Melton
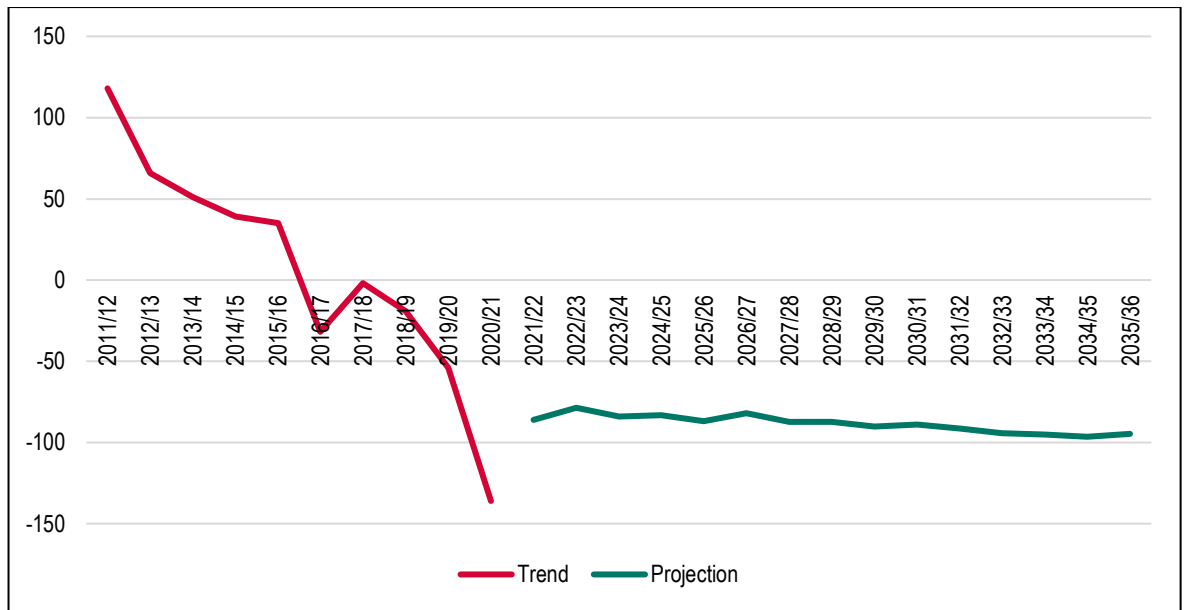
Source: ONS and demographic projections

Figure 5.5 Past trends and projected net migration – Melton
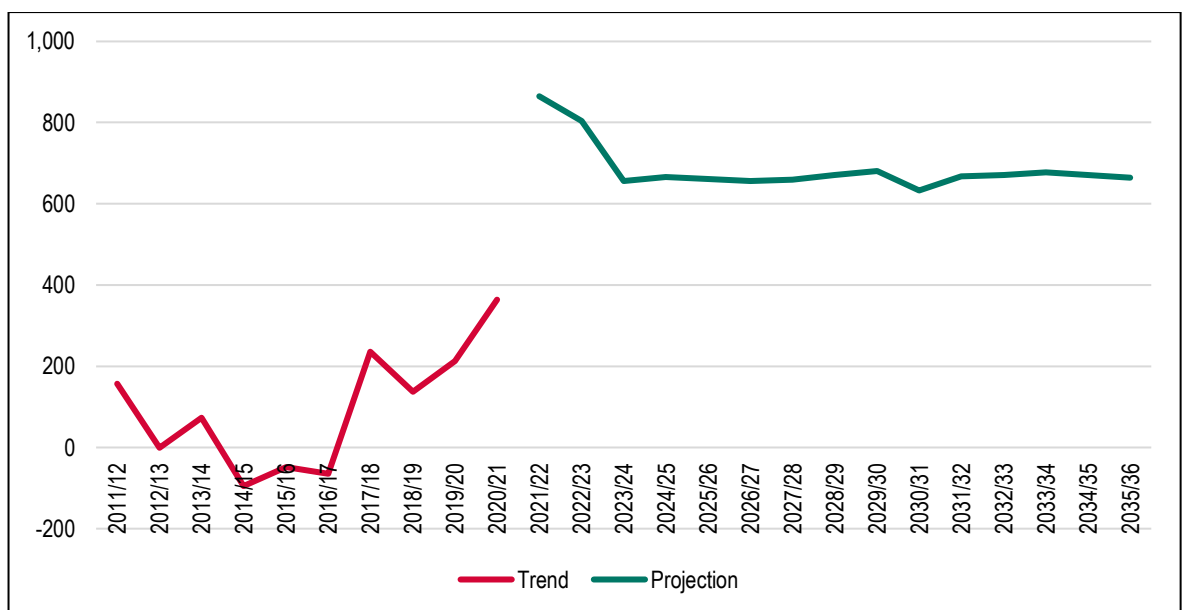
Source: ONS and demographic projections

Relationship between Housing and Economic Growth

5.78   The analysis to follow considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change). To look at

estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);

- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and

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

Growth in Resident Labour Supply

5.79   The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report) – this data has then been rebased to information in the 2021 Census (for an updated estimate of the number of people who are economically active).

5.80   The table below show the assumptions made for the Borough. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

5.81   The table shows data for 2021, 2023 and 2036 – this is to allow outputs for the 2023-36 period which align with employment land evidence (discussed below).

Table 5.15 Projected changes to economic activity rates (2021, 2023 and 2036) – Melton

	Males			Females		
	2021	**2023**	**2036**	**2021**	**2023**	**2036**
16-19	41.4%	40.9%	41.3%	44.7%	44.3%	44.6%
20-24	86.2%	86.1%	85.9%	81.8%	81.7%	81.6%
25-29	91.2%	91.2%	91.2%	84.9%	84.9%	84.9%
30-34	93.0%	92.8%	92.8%	82.8%	83.3%	83.3%
35-39	93.4%	93.4%	93.0%	85.9%	85.9%	87.4%
40-44	92.7%	92.3%	91.4%	85.9%	87.0%	89.1%
45-49	92.0%	92.2%	91.3%	85.6%	86.0%	89.8%
50-54	90.1%	90.2%	89.2%	83.3%	83.0%	86.8%
55-59	83.8%	83.8%	83.2%	73.9%	73.9%	76.0%
60-64	71.5%	73.0%	78.3%	54.4%	56.9%	62.9%
65-69	35.7%	36.3%	48.5%	20.7%	23.6%	36.3%
70-74	15.3%	15.1%	17.6%	7.5%	7.4%	14.1%
75-89	7.0%	7.5%	7.9%	2.9%	3.3%	5.9%

Source: Based on OBR and Census data

5.82   Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the study area – this is set out in the table below. The analysis shows that the residual Local Plan requirement results in growth in the economically-active population of 4,100 people in the 2021-36 period and a lower figure (of 3,400) when looking at 2023-36.

Table 5.16 Estimated change to the economically active population (2021/23-2036)

	Economically active (2021/2023)	Economically active (2036)	Total change in economically active	% change
2021-36	26,308	30,436	4,128	15.7%
2023-36	27,072	30,436	3,364	12.4%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

5.83 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa

Commuting Patterns

5.84 The table below shows summary data about commuting to and from Melton from the 2011 Census. Overall, the data shows the Borough having a notable level of net out-commuting. In the Borough of Melton the number of people resident in the area who are working being about 18% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 5.17 Commuting patterns (2011)

	Melton – 2011
Live and work in Local Authority (LA)	10,770
Home workers	3,578
No fixed workplace	1,801
In-commute	6,149
Out-commute	10,231
Total working in LA	22,298
Total living in LA (and working)	26,380
Commuting ratio	1.183

Source: 2011 Census

5.85   In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working).

Double Jobbing

5.86   The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) for the past 5-years suggests that typically about 5.3% of workers have a second job and this has been used in the assessment. It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

5.87   The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs.

5.88   At this stage we have not built in any specific provision for unemployment, as this will depend on what time period is being considered in the economic study, and 'bounce bank' issues associated with Covid-19.

Jobs Supported by Growth in the Resident Labour Force

5.89   The table below shows how many additional jobs might be supported by population growth under the Standard Method plus unmet need projection. Given different assumptions about commuting patterns and estimates about double jobbing, it is estimated that around 3,700-4,400 additional jobs could be supported by the changes to the resident labour supply over the 2021-36 period and 3,000-3,600 for 2023-36.

Table 5.18 Jobs supported by demographic projections (2021-36)

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Census commuting	4,128	4,359	3,684
1:1 commuting	4,128	4,359	4,359

Source: Iceni analysis

Table 5.19 Jobs supported by demographic projections (2023-36)

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Census commuting	3,364	3,552	3,002
1:1 commuting	3,364	3,552	3,552

Source: Iceni analysis

Forecast Employment Growth

5.90   The final stage is to compare this to the forecast employment growth. The Council has provided a 2023 projection from Cambridge Econometrics for employment growth in the Borough. This is being used to inform the Employment Land evidence.

5.91   The projection indicates employment growth over the 2021-36 period of 1,600 jobs (with total employment rising from 25,400 in 2021 to 27,000 in 2036). Comparing this to the table above indicates that there is no need to further increase the housing need to support the economy. The equivalent figure for the employment growth 2023-36 for reference is of a net growth of 750 jobs.

Drawing the Evidence Together

5.92   Drawing the analysis together:

- The current local plan provides for 245 dpa, which is above the assessed housing need, with a view to supporting the Borough's economy, the delivery of affordable housing, delivery of strategic infrastructure and to provide headroom to accommodate unmet need from Leicester;

- The standard method figure of 192 dpa provides a realistic assessment of the Borough's minimum local housing need;

- The demographic evidence suggests that there are not exceptional circumstances which justify the use of an alternative demographic projection;

- If unmet need is added on, the resultant housing need is for 3,984 dwellings over the 2021-36 period, bringing together the local housing need for 2,880 dwellings and an unmet need for 1,104 dwellings. This is equivalent to 266 dpa.

- With this level of provision, there is no need for any further increase to support the local economy, with sufficient workforce generated to support job creation and provide flexibility for stronger (above trend) employment growth.

- The affordable housing need remains relatively high compared to the overall need. However this is partly a reflection of a tenure imbalance within the existing housing stock. Whilst it is reasonable, taking account of the wider evidence and viability, to conclude that it would not be realistic to meet the affordable housing need in full, it nonetheless provides a clear basis for seeking to plan for housing provision above the standard method figure (192 dpa).

- The residual housing requirement figure in the adopted Local Plan (equivalent to 299 dpa 2021-36) was set above housing need, and still provides in full for the Borough's housing needs and the agreed contribution to unmet needs. It thus remains an appropriate and up-to-date figure for housing provision.

6. Affordable Housing Need

6.1 This section provides an assessment of the need for affordable housing in Melton. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.

Affordable Housing Sector Dynamics

6.2 The 2021 Census indicated that 10.7% of households in Melton Borough lived in Social Rented homes, with the sector accommodating around 2,400 households.

6.3 Local Authority Housing Statistics (LAHS) returns indicate that as at March 2022, Melton Borough Council owned 1,798 properties almost all of which were for social rent, with 22 properties let out at affordable rents.

6.4 In addition there are properties which are rented by Registered Providers. Data from the Regulator of Social Housing indicates that RPs managed 883 and owned 1,125 properties in the Borough, of which 71% were for general needs; 6% supported housing; 8% housing for older people; and 16% low cost home-ownership homes (such as shared ownership properties).

6.5 Combined the data suggests that the affordable stock is around 2,900 properties, which is above the Census level.

Table 6.1 Stock owned or Managed by Registered Providers – Melton Borough

	Owned	Managed	Total
General needs rented	708	708	1,416
Supported housing	52	69	121
Housing for older people	77	77	154
Low cost home ownership	288	29	317
Total	1,125	883	2,008

Source: RSR Geographical Look-Up Tool 2023

6.6   As at Autumn 2023, there were 747 households on the Council's Housing Register seeking social housing, of which 119 had a high or priority housing need.

Table 6.2 Housing Register Profile, Autumn 2023

List Category	No of Applications
Priority Housing Need	22
High Housing Need	97
Medium Housing Need	552
Low Housing Need	73
Unknown	3

Source: Melton Borough Council

6.7   The Council is able to find accommodation to meet the needs of those with the acutest needs, with the evidence indicating that as at March 2023 there were 14 households accommodated in temporary accommodation; with no households accommodated outside of the Borough. This is a better position than found in many local authorities across England. However, the size of the waiting list indicates a continuing need for affordable housing delivery.

Overview of Approach to assessing Affordable Housing Need

6.8   The analysis in this section considers affordable housing need and follows the approach set out in the Planning Practice Guidance (PPG) (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership'.

6.9   The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home and require support to do so. The PPG includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need. This widened definition has been introduced by national Government to support

increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so.

6.10   The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and considers a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

6.11   The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

6.12   Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. **Appendix A1** provides an assessment of local prices and rents, and the income necessary to be able to afford to either rent or buy without financial support.

6.13   The analysis indicates that having regard to local incomes, it is reasonable to assume that households will spend up to 30% of gross income on rent; with the ability to buy influenced by households ability to provide a 10% deposit and be able to get a mortgage for 4.5 times their income.

6.14   The housing costs analysis indicates that rents start at around £500 PCM for 1-bed properties, with an average of £775 PCM across types. House prices in the Borough start at £165,000 for 2-bed properties, with a LQ price of £204,000 across all property types.

Need for Rented Affordable Housing

6.15   The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the Borough. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

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

**Table 6.3 Main Sources for Assessing the Current Need for Affordable
Housing**

	Source	Notes
Homeless households (and those in temporary accommodation	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing[4]	2021 Census table RM099	Analysis undertaken by tenure
Concealed households[5]	2021 Census table RM009	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

6.17   The table below sets out estimates of the number of households within each need
        category. This shows an estimated need from around 1,050 households, with
        around 60% of these households living in the Melton Mowbray area.

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4 https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2199
5 https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2109

Table 6.4 Estimated current housing need by category of household

	Concealed and homeless households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	TOTAL
Urban Area	96	206	34	267	603
Rural Areas	115	87	18	225	445
BOROUGH	211	293	52	492	1,049

Source: Iceni analysis

6.18   In taking this estimate forward, the data modelling next estimates the need by tenure and considers affordability. The affordability in different groups is based on estimates of how incomes are likely to vary, for owner-occupiers there is a further assumption about potential equity levels. For homeless and concealed households it is assumed incomes will be low and households unlikely to be able to afford. The table below shows around half of those households identified above are unlikely to be able to afford market housing to buy OR rent and therefore there is a current need from 560 households.

Table 6.5 Estimated housing need and affordability by tenure

	Number in need	% unable to afford	Current need after affordability
Owner-occupied	268	4.5%	12
Affordable housing	206	81.8%	169
Private rented	363	46.3%	168
No housing (homeless/concealed)	211	100.0%	211
TOTAL	1,049	53.4%	560

Source: Iceni analysis

6.19   Finally, from these estimates, 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 total current need is therefore estimated to be around 391. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at

needs in the period from 2021 to 2036, the need is annualised by dividing by 15 (to give an annual need for around 26 dwellings across all areas). This does not mean that some households would be expected to wait 15-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

6.20 The table below shows this data for sub-areas – this includes the number in need (once taking account of affordability), the number once excluding housing in affordable housing and the annual figure this represents.

Table 6.6 Estimated current housing need by sub-area

	Number in need	Excluding those in affordable housing	Annualised
Urban Area	317	199	13
Rural Areas	243	193	13
BOROUGH	560	391	26

Source: Iceni analysis

Newly-Forming Households

6.21 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.

6.22 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.

6.23 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of

the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

6.24   The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.

6.25   The assessment suggests overall that around half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 146 newly forming households will have a need per annum on average across the Borough.

Table 6.7 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	**% unable to afford**	**Annual newly forming households unable to afford to rent**
Urban Area	182	46.6%	85
Rural Areas	125	48.9%	61
BOROUGH	307	47.5%	146

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

6.26   The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property.

Data has been drawn from a number of sources, including Local Authority Housing Statistics (LAHS) and Continuous Recording of Sales and Lettings (CoRe).

6.27   In the absence of any guidance in the PPG, 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)'*. Following the analysis through suggests a need arising from 40 existing households each year across the Borough.

Table 6.8 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	**% of Total**
Urban Area	22	55.3%
Rural Areas	18	44.7%
BOROUGH	40	100.0%

Source: Iceni analysis

Supply of Social/Affordable Rented Housing Through Relets

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

6.29   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 a range of sources (CoRe, LAHS and Melton BC) has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

6.30   On the basis of past trend data is has been estimated that 74 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 6.9 Analysis of Past Social/Affordable Rented Housing Supply, 2019/20 – 2021/22 (average per annum)

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2019/20	145	72.8%	106	66.9%	71
2020/21	124	64.5%	80	77.4%	62
2021/22	151	73.6%	111	79.7%	89
Average	140	70.6%	99	74.6%	74

Source: CoRe/LAHS, 2021 Census and Melton BC

6.31   The table below shows the estimated supply of affordable housing from relets in each sub-area – around two-thirds of the relet supply is estimated to arise in Melton Mowbray.

Table 6.10 Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Urban Area	48	64.9%
Rural Areas	26	35.1%
BOROUGH	74	100.0%

Source: CoRe/LAHS, 2021 Census and Melton BC

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

Net Need for Social/Affordable Rented Housing

6.33   The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 138 dwellings per annum across the area – an affordable need is seen in both broad sub-areas. The net need is calculated as follows:

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

Table 6.11 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Urban Area	13	85	22	120	48	72
Rural Areas	13	61	18	92	26	66
BOROUGH	26	146	40	212	74	138

Source: Iceni analysis

6.34   The evidence points to a clear need to support the delivery of rented affordable housing as far as possible. This is a consideration in setting out the overall housing target within the Local Plan Review.

6.35   It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit or Universal Credit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

6.36   Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011

Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

6.37   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit and Universal Credit supported private rented homes. As of August 2023, it is estimated that there were around 1,100 benefit claimants in the Private Rented Sector in Melton. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

6.38   The figure below shows the trend in the number of claimants in the Borough. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 800 households).

Figure 9.1: Number of Housing Benefit/ Universal Credit claimants in the PRS
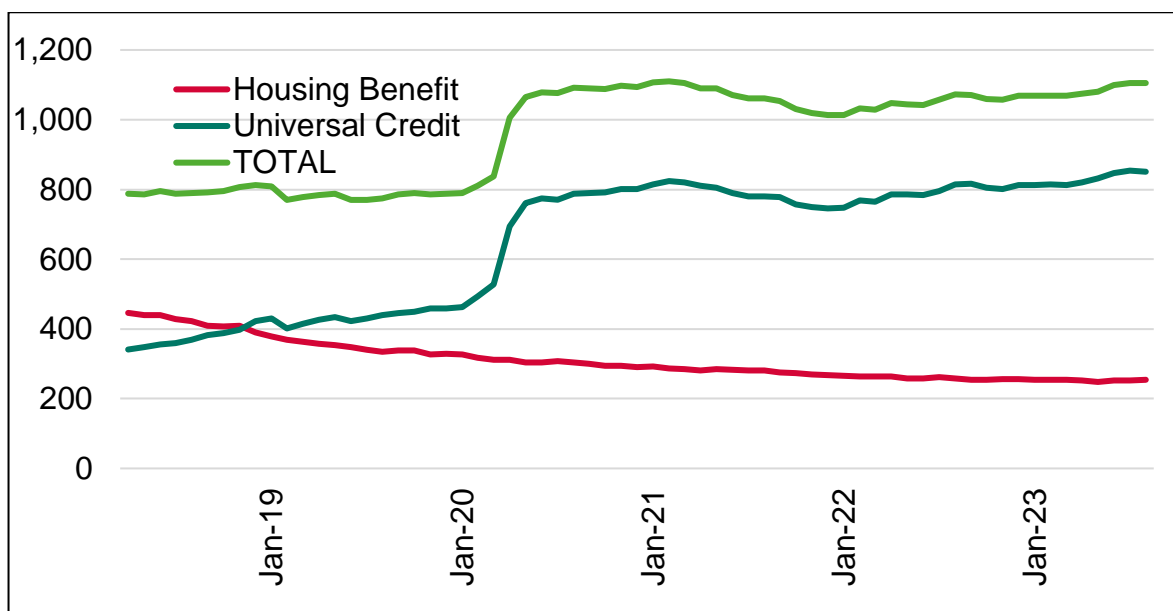
Source: Department of Work and Pensions

6.39   There are however risks associated with future reliance on the sector to meet an affordable housing need. The last couple of years have seen rents increase whilst Local Housing Allowance (LHA) levels have remained static. It is welcome relief that

in the Autumn Statement 2023, the Government increased the LHA rent to the 30th percentile of market rents; and Universal Credit will also rise. However demand pressure could nonetheless have some impact of restricting future supply of PRS properties to those in need; emphasising the need to support delivery of genuinely affordable homes.

Split between Social and Affordable Rented Housing

6.40   The table below shows current rent levels in the Borough for a range of products along with relevant local housing allowance (LHA) rates. Although parts of the Borough fall within a number of Broad Rental Market Areas (BRMA) for the purposes of LHA, it is the case that the majority of the population (including the town of Melton Mowbray) are within the Leicester BRMA.

6.41   Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile market rents. This analysis shows that social rents are significantly lower than affordable rents; the analysis also shows that affordable rents are below lower quartile market rents.

6.42   The LHA rates for all sizes of home are below lower quartile market rents for all sizes of accommodation. This does potentially mean that households seeking accommodation in many locations may struggle to secure sufficient benefits to cover their rent.

Table 6.12 Comparison of rent levels for different products – Melton

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Leicester)
1-bedroom	£338	£421	£500	£449
2-bedrooms	£424	£515	£750	£563
3-bedrooms	£460	£588	£900	£673
4-bedrooms	£504	£755	£1,300	£893
All	£424	£531	£775	-

Source: RSH, ONS and VOA

6.43   To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in the tables below. Caution should be exercised when looking at the overall averages as these will be influenced by the

profile of stock in each category and so the discussion focusses on 2-bedroom homes. This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 69% of a current lower quartile rent.

Table 6.13 Difference between rent levels for different products – Melton

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	80%	68%	84%
2-bedrooms	82%	56%	69%
3-bedrooms	78%	51%	65%
4-bedrooms	67%	39%	58%
All	80%	55%	69%

Source: RSH, ONS and VOA

6.44   For the affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category. The table below suggests that around 23% of households who cannot afford to rent privately could afford an affordable rent, with a further 15% being able to afford a social rent (but not an affordable one). A total of 62% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure).

Table 6.14 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	23%
Afford social rent	15%
Need benefit support	62%
All unable to afford market	100%

Source: Affordability analysis

6.45   The finding that only 23% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an

affordable rent – hence a higher proportion of affordable rented housing might be appropriate. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

6.46   There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided.

6.47   Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

6.48   On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of home (and particularly socially rented housing) are likely to be required.

Establishing a Need for Affordable Home Ownership

6.49   The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *'that cannot afford their own homes, either to rent, or to own, where that is their aspiration'*. However, at the time of writing, there is no guidance about how the number of households with a need for affordable home ownership should be measured.

6.50   The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is

used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

6.51   The analysis has been developed in the context of First Homes with national policy now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

6.52   The first part of the analysis seeks to understand what the gap between renting and buying actually means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

6.53   Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 39% already have sufficient income to buy a lower quartile home, with 15% falling in the rent/buy 'gap'. The final 45% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.

6.54   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).

Table 6.15 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

Households Living in	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Urban Area	43%	13%	44%
Rural Areas	35%	19%	47%
BOROUGH	39%	15%	45%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

6.55 The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests for some households, barriers to accessing owner-occupation are not just about income/the cost of housing but also other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving location with employment).

6.56 In terms of the potential for deposits to be a barrier to home ownership it needs to be remembered the analysis in this report does not specifically factor in deposits due to good local information not typically being available; however, the English Housing Survey (2021-22) did collect data on savings (nationally) and this showed that 22% of owners, 48% of households in the private rented sector and 74% of social tenants did not have any savings. Access to deposits will therefore be a potential barrier to accessing housing for some households.

6.57 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2021 Census there were some 3,377 households living in the sector across the Borough (renting from private landlord or letting agency).

6.58 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (2,026 households if applied to Melton) and of these some 40% (810 households) would expect this to happen in the next 2-years. These

figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

6.59 As noted above, on the basis of income it is estimated that around 15% of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 122 affordable home ownership units (8 per annum if annualised over a 15-year period).

6.60 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 59 dwellings (47 from newly forming households and 12 from existing households in the private rented sector).

6.61 Bringing together the above analysis suggests that there is a need for around 67 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the Borough. This is before any assessment of the potential supply of housing is considered.

Table 6.16 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Urban Area	4	24	6	34
Rural Areas	4	23	6	33
BOROUGH	8	47	12	67

Source: Iceni analysis

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

6.62 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case

that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

6.63   One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2022 of 288 homes. If these homes were to turnover at a rate of around 3% (which is the typical figure seen nationally and similar to the turnover rate in the social housing stock) then they would be expected to generate around 9 resales each year. These properties would be available for these households and can be included as the potential supply.

6.64   In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in the Borough there were a total of 579 resales (i.e. excluding newly-built homes) in the last year (year to March 2023) and therefore around 145 would be priced below the lower quartile. This is 145 homes that would potentially be affordable to the target group for affordable home ownership products and is a supply higher than the estimated gross need.

6.65   It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyer with a mortgage buy at or below the lower quartile[6]. Other recent data suggests that first time buyers account for around half of home purchase loans[7] with a total of around 65% of all homes being bought with a loan (35% as cash buyers[8]).

6.66   Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% × 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

[6] https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

[7] https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009

[8] https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb

6.67   We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (9 per annum);

- Include the supply from affordable home ownership and half of resales of lower quartile homes (81 per annum (72+9)); and

- Include the supply from affordable home ownership and all resales of lower quartile homes (153 per annum (144+9)).

6.68   The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of Affordable Home Ownership (AHO) shows a need for 58 dwellings per annum and this reduces to a modest surplus if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a notable surplus need for affordable home ownership shown.

Table 6.17 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	67	67	67
LCHO supply	9	81	153
Net need	58	-14	-86

Source: Iceni analysis

6.69   Focussing on the first of the three scenarios above (AHO resales only and the only figure that points to a net need) the table below shows a modest need for affordable home ownership in both areas but that the 'need' is much lower than for rented products.

Table 6.18 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Urban Area	34	5	29
Rural Areas	33	4	29
BOROUGH	67	9	58

Source: Iceni analysis

Housing Needs of Key & Essential Workers

6.70   The NPPF identifies Essential Local Workers as public sector employees who provide front line services including health, education and community safety. This can include NHS staff, teachers, emergency services, military personnel and childcare workers. A broader issue for Melton Borough is also the housing needs of agricultural workers given the rural nature of the local economy.

6.71   The Leicester and Leicestershire Local Enterprise Partnership (LLEP) undertake a Business Survey in late 2022. This identified that 63% of businesses had tried to recruit over the preceding 6 months, with 60% of these finding difficulties in recruiting. Key issues were a lack of applicants with relevant skills or work experience; or low numbers of applicants overall. Business solutions to these challenges had included increasing salaries, offering training to recruits and existing staff as well as diversifying recruitment methods.

6.72   The analysis below uses 2022 BRES data to consider the level of employment in Melton Borough in key sectors. There is a strong relative representation of employment in agriculture; with c. 4,200 roles in public administration, health, education and social care.

Table 6.19 Employment in Key Sectors – Melton Borough, 2022

	Employment	% Employment, Melton	% Employment, L&L HMA
Agriculture	1,250	5.3%	1.1%
Waste, Recycling	125	0.6%	0.3%
Public Admin & Defence	500	2.1%	3.8%
Education	1,750	7.5%	9.0%
Health	900	3.8%	6.7%
Residential Care	450	1.9%	1.7%
Social Work	500	2.1%	2.7%
Total	5,475	23.4%	25.4%

Source: ONS Business Register & Employment Survey (BRES)

6.73 The affordability analysis indicates that households would typically need an annual gross income of £31,000 to be able to afford to rent privately (£28,200 in Melton Mowbray), and over £40,800 to be able to buy (£36,400 in Melton Mowbray).

6.74 The median salary of workers for the Council is £25,500 (rounded) as at Feb 2022. With Council and other public sector employees, earnings will vary depending on grade, skills, length of service etc. However indicative salaries (based on analysis at indeed.com) for different roles are shown below.

Table 6.20 Indicative Gross Annual Salaries, 2023

	Annual Salary
Agricultural Worker - Min Wage	£19,000 - £21,000
Social Care - Support Worker - Min Wage	£19,000 - £21,000
NHS Admin Assistant - Min Wage	£19,000 - £21,000
Food Production Operative	£21,000 - £23,800
Food Production – Stock Controller	£22,600
NHS Healthcare Assistant	£23,600
Council Staff - Median	£25,500
Food Production – Team Leader	£26,300
Social Care - Deputy Care Home Manager	£29,300
Firefighter	£24,200 - £32,350
NHS Nurse	£33,300
Food Production – Maintenance Engineer	£52,600

Source: Indeed.com

6.75 Recruitment information at the time of writing (November 2023) pointed in particular to significant vacancies within the agricultural and goods production sectors; and in residential care. The Council itself was not advertising any notable number of vacant roles.

6.76 The evidence shows that:

- There are a range of roles in the local economy where pay is at, or close to, the minimum wage. At this level, a household would require more than one income to be able to afford housing without financial support;

- Individuals would not have sufficient earnings in key occupations in low and middle pay grades to be able to afford to buy a home in the District.

6.77 It is recognised by the Council that the Borough has a concentration of lower earnings jobs, including in agriculture, tourism and food production. Lower skilled roles in these sectors have earnings which are insufficient for individuals to be able to afford housing without financial support; meaning that more than one income is needed or households will require support (such as through access to affordable housing or housing benefits). In these sectors, it is recognised that there can be local recruitment difficulties, and key employers have sought to recruit those from other areas (including Leicester and Nottingham). Enhanced affordable housing delivery will be important in enabling households to live more locally and avoid the need to travel; whilst also supporting the local economy.

6.78 However even for those in higher earning roles of £30,000+, earnings are typically insufficient for individuals to be able to buy. A household would require two incomes, and in many cases may have insufficient savings. Low cost home ownership products are therefore important in retaining these households in the local area and there is a case for some targeting of provision at these groups (essential local and agricultural workers).

Policies for First Homes

6.79 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It

is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

6.80   The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

6.81   For First Homes, the purchaser must be a first-time buyer with a combined annual household income not exceeding £80,000 (currently) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. A First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

6.82   The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. This report considers and sets out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices with consideration also given to the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home in Melton:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Melton is £750 per month;

- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,500 per month to afford (£750/0.3) or £30,000 per annum; and

- With an income of £30,000, it is estimated that a household could afford to buy a home for around £150,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as £30,000*4.5/0.9.

6.83   Therefore £150,000 is the equivalent price for a 2-bed property which is affordable for a household who can just afford to rent privately. However in reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford. On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £165,000, giving a midpoint of £157,500). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

6.84   The table below set out a suggested purchase price for affordable home ownership/First Homes in Melton by size. The table also shows an estimated Open Market Value (OMV) if these prices were considered to be 70% of OMV. Focussing on 2-bedroom homes, it is suggested that an affordable price is between £150,000 and £157,500 and therefore the open market value of homes would need to be in the range of £214,300 and £225,000 (if discounted by 30%).

Table 6.21 Affordable home ownership prices – 2022/23 – Melton

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required - midpoint	OMV required – PRS
1-bedroom	£100,000		£142,900	
2-bedrooms	£150,000	£157,500	£214,300	£225,000
3-bedrooms	£180,000	£197,500	£257,100	£282,100
4+-bedrooms	£260,000	£300,000	£371,400	£428,600

Source: Iceni analysis

6.85   It is difficult to definitively analyse the cost of newbuild homes as these will vary from site-to-site and will be dependent on a range of factors such as location, built-form

and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the table below providing a general summary of existing schemes.

6.86   This analysis is interesting as it shows the median newbuild price for all sizes of homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting (other than 4-bedroom homes although with a median price of £400,000 a 30% discount would still leave the price above the cap for First Homes). That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered as affordable.

6.87   This analysis shows how important it will be to know the OMV of housing before discount to be able to determine if a product is going to be genuinely affordable in a local context – proving a discount of 30% will not automatically mean it becomes affordable housing.

Table 6.22 Estimated newbuild housing cost by size – Melton

	No. of homes advertised	Range of prices	Median price
1-bedroom	1	£142,500	-
2-bedrooms	26	£175,000-£550,000	£260,000
3-bedrooms	46	£230,000-£795,000	£303,000
4+-bedrooms	60	£275,000-£1,200,000	£400,000

Source: Market survey

6.88   There is a case for providing First Homes at a higher discount (more than 30%), but this would impact negatively on residential development viability and could ultimately reduce the level of affordable housing secured overall (and supply of rented affordable homes for which there is a more acute need). A higher discount is not therefore recommended.

6.89   It is likely that First Homes supply would be focused on 2- and 3-bed properties. There is a case for adopting a lower cap, which would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, it is considered that a cap of around £200,000 might be appropriate (based on the highest 3-bedroom

figure). This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

6.90   In Melton's specific circumstances, an income of £80,000 appears too high: households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered), it is considered that an income cap of around £45,000 might be appropriate across the Borough.

Table 6.23 Incomes Required to Afford First Homes

	Affordable Price (lower end)	**Affordable Price (midpoint)**
1-bedroom	£20,000	
2-bedrooms	£30,000	£31,500
3-bedrooms	£36,000	£39,500
4+-bedrooms	£52,000	£60,000

Source: Iceni analysis

6.91   First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Council can therefore prioritise key workers for First Homes (for the first three months of marketing), and are encouraged to do so, especially if they have an identified local need for certain professions.

6.92   To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used. This could be in-line with any criteria within local allocations policy and for example could require potential purchasers to demonstrate that they:

- Live in the Borough (for a period of time (possibly 2-years));

- Work over 16 hours a week in the area, or

- Have a close relative (parent, adult son or daughter or adult sibling) who has lived in the area for a period of time

6.93   Additional preference could be given to essential workers.

Shared Ownership

6.94 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation). This includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider which keeps monthly outgoings down.

6.95 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

6.96 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below looks at what the OMV would need to be with equity shares of 50% and 25% and uses the following key assumptions used in the analysis are:

- 10% deposit on the equity share;

- Rent at 2.75% pa on unsold equity;

- Repayment mortgage over 25-years at 4% (this is based on typical longer-term interest rates and it is noted at the time of writing that such a figure is unlikely to be achieved); and

- It is also assumed that shared ownership would be priced for households towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

6.97 The tables below test the costs of a 50% equity share shared ownership and the 25%. Focussing on 2-bedroom homes this shows to be genuinely affordable the OMV would need to sit in the range of £213,000-£258,000. This does suggest it

might be difficult to make shared ownership affordable (given current estimates of newbuild costs) however it is also clear there is more chance of making shared ownership affordable when compared with First Homes (as to achieve the equivalent level of affordability a First Homes would need an OMV of no more than £214,300.

Table 6.24 Estimated OMV of Shared Ownership with a 50% Equity Share by Size – Melton

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
Open Market Value	£142,000	£213,000	£255,500	£369,000
Share	50%	50%	50%	50%
Equity Bought	£71,000	£106,500	£127,750	£184,500
Mortgage Needed	£63,900	£95,850	£114,975	£166,050
Monthly Cost of Mortgage	£337	£506	£607	£877
Retained Equity	£71,000	£106,500	£127,750	£184,500
Monthly Rent on Retained Equity	£163	£244	£293	£423
Total Cost per month	£500	£750	£900	£1,300

Source: Data based on Housing Market Cost Analysis

Table 6.25 Estimated OMV of Shared Ownership with a 25% Equity Share by Size – Melton

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
Open Market Value	£172,000	£258,000	£309,700	£447,300
Share	25%	25%	25%	25%
Equity Bought	£43,000	£64,500	£77,425	£111,825
Mortgage Needed	£38,700	£58,050	£69,683	£100,643
Monthly Cost of Mortgage	£204	£307	£368	£531
Retained Equity	£129,000	£193,500	£232,275	£335,475
Monthly Rent on Retained Equity	£296	£443	£532	£769
Total Cost per month	£500	£750	£900	£1,300

Source: Data based on Housing Market Cost Analysis

Rent to Buy

6.98   A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for

five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

6.99 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated or the tenancy renewed.

6.100 In order to access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Implication of the Analysis

6.101 The evidence above indicates that there is an acute need for rented affordable homes; with a need for 138 rented affordable homes across the Borough and a need in both rural and urban areas.

6.102 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit and Universal Credit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

6.103   When looking at affordable home ownership products, the analysis is less conclusive about the scale of the need, although it is certainly much lower than the need for rented affordable housing. The evidence shows households in Melton who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 23% from 2011 to 2021 (following a much higher increase in the 2001-11 period). Over the same period (2011-21), the number of owners with a mortgage has decreased by around 11%.

6.104   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 (although this will be a factor for some households). Affordable home ownership products will have an important role in helping to retain and embed households in the local area, which can have economic benefits – in particular for key sectors including essential local workers – where the ability to buy a home will help to ensure that households remain in the area.

6.105   The NPPF currently gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

6.106   Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households alongside provision of First Homes.

6.107   The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable

housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

6.108   Further consideration of potential affordable housing policies is set out in the conclusions section.

7. Need for Different Types & Sizes of Homes

7.1 This section considers the appropriate mix of housing across Melton, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

7.2 The number of families in Melton (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 5,700 as of the 2021 Census, accounting for 25% of households; this proportion is lower than that seen across the County, region and nationally.

Table 7.1 Households with dependent children (2021)

	Melton		Leicester shire	East Midlands	England
	No.	%	%	%	%
Married couple	3,055	13.5%	15.1%	13.8%	14.4%
Cohabiting couple	1,100	4.9%	5.0%	5.1%	4.5%
Lone parent	1,251	5.5%	5.7%	6.5%	6.9%
Other households	332	1.5%	2.0%	2.4%	2.7%
All other households	16,861	74.6%	72.2%	72.2%	71.5%
Total	22,599	100.0%	100.0%	100.0%	100.0%
Total with dependent children	5,738	25.4%	27.8%	27.8%	28.5%

Source: Census (2021)

7.3 The table below shows the same information for each of the two sub-areas. There is some variation in the proportion of households with dependent children, this being slightly higher in Urban areas (Melton Mowbray) – this area also has a higher proportion of lone parent households (and fewer married couples with children).
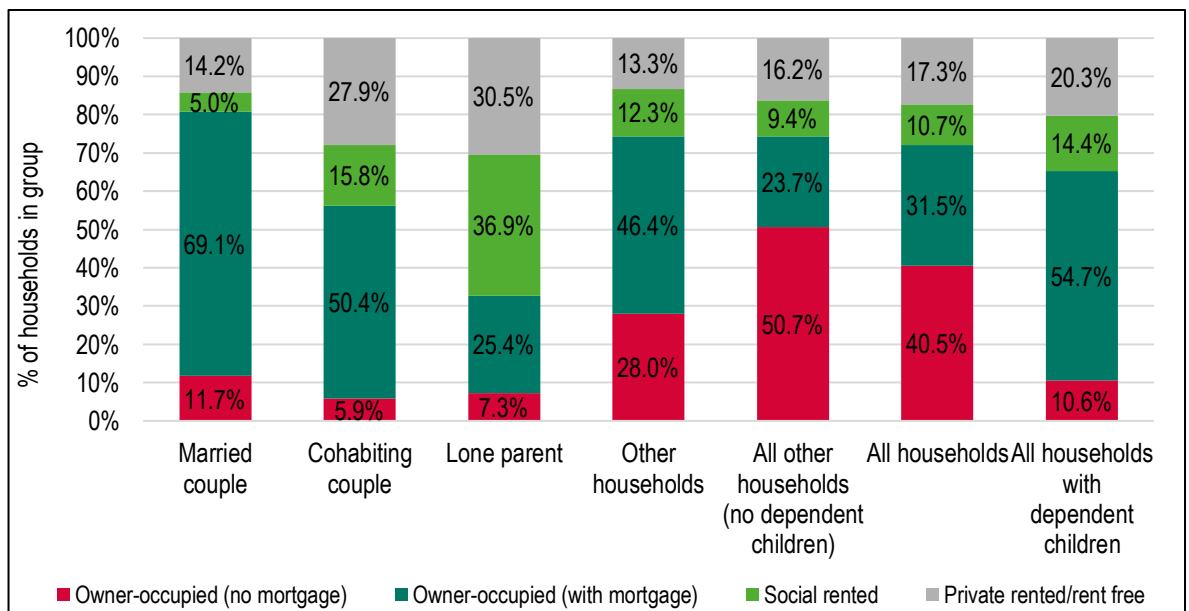
Table 7.2 Households with dependent children (2021)

	Urban	Rural	BOROUGH
Married couple	12.7%	14.4%	13.5%
Cohabiting couple	5.7%	3.9%	4.8%
Lone parent	6.5%	4.5%	5.6%
Other households	1.5%	1.4%	1.4%
All other households	73.5%	75.8%	74.6%
Total	100.0%	100.0%	100.0%
Total with dependent children	26.5%	24.2%	25.4%

Source: Census (2021)

7.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Melton, only 33% of lone parent households are owner-occupiers compared with 81% of married couples with children.

Figure 10.1: Tenure of households with dependent children (2021) – Melton
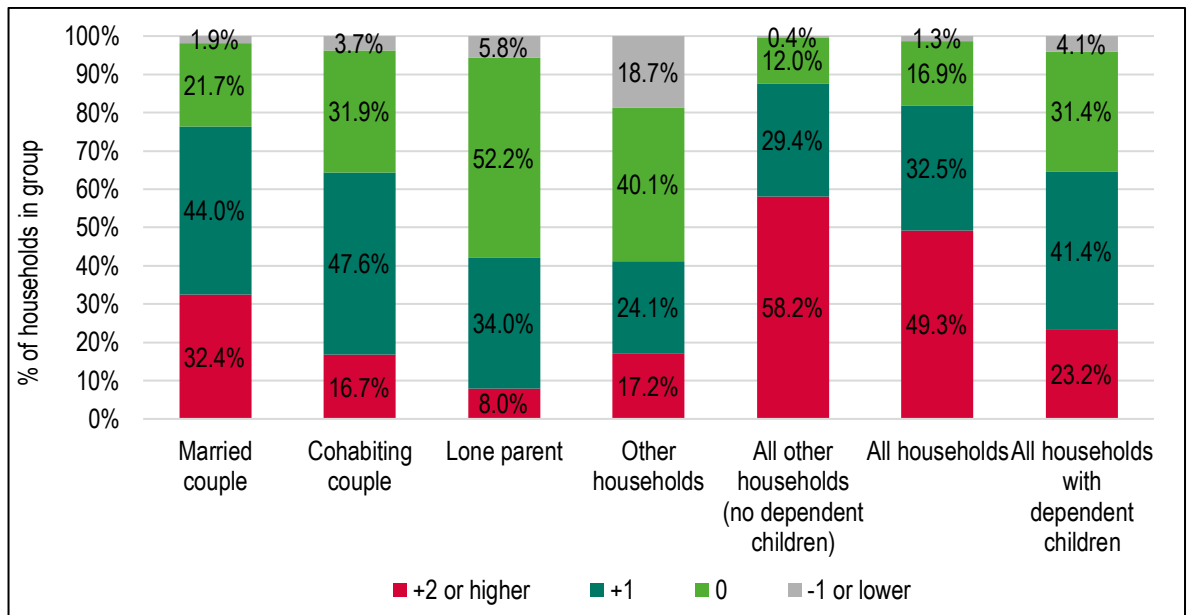

Source: Census (2021)

7.5 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children with 6% of all lone parents and 19% of 'other'

households being overcrowded. Overall, some 4% of households with dependent children are overcrowded, compared with 0.4% of other households. Levels of under-occupancy are also notably lower in households with dependent children.

Figure 7.1 Occupancy rating of households with dependent children (2021) – Melton

Source: Census (2021)

The Mix of Housing

7.6   A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated though the standard method, it is possible to see which age groups are expected to change in number, and by how much.

7.7   On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period (taken to be 2021-36 to be consistent with other analysis in this report).

7.8   An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across

areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 83% of the total in this tenure group, a slightly higher proportion to that seen in other areas). The profile of the social rented sector is broadly similar across areas whilst the private rented sector is slightly larger than seen nationally, but consistent with other locations. The analysis also shows larger average dwelling sizes in all tenures in rural parts of the Borough. Observations about the current mix feed into conclusions about future mix later in this section.

Table 7.3 Number of Bedrooms by Tenure, 2021

		Urban	Rural	Melton Borough	Leicester-shire	East Midlands	England
Owner-occupied	1-bedroom	1%	1%	1%	2%	2%	4%
	2-bedrooms	16%	16%	16%	18%	20%	21%
	3-bedrooms	55%	42%	48%	47%	49%	46%
	4+-bedrooms	28%	42%	35%	34%	29%	29%
	Total	100%	100%	100%	100%	100%	100%
	Ave. no. beds	3.10	3.24	3.16	3.13	3.06	3.01
Social rented	1-bedroom	31%	21%	28%	29%	28%	29%
	2-bedrooms	34%	43%	37%	35%	36%	36%
	3-bedrooms	31%	32%	31%	32%	32%	31%
	4+-bedrooms	4%	3%	4%	3%	4%	4%
	Total	100%	100%	100%	100%	100%	100%
	Ave. no. beds	2.07	2.17	2.10	2.09	2.11	2.10
Private rented	1-bedroom	14%	8%	12%	12%	14%	21%
	2-bedrooms	38%	33%	36%	39%	39%	39%
	3-bedrooms	41%	43%	42%	37%	36%	29%
	4+-bedrooms	6%	16%	10%	12%	11%	11%
	Total	100%	100%	100%	100%	100%	100%
	Ave. no. beds	2.39	2.66	2.51	2.48	2.43	2.30

Source: Census (2021)

Overview of Methodology

7.9   The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

7.10   Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

7.11   The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

7.12   That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller level access homes would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

7.13   The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

7.14   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this

to the profile of housing within these groups (data being drawn from the 2021 Census).

7.15 The figure below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Melton and the East Midlands region. In all sectors the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies only modest differences between Melton and the region with both following similar patterns by age in all tenures.

Figure 7.2 Average Bedrooms by Age and Tenure in Melton
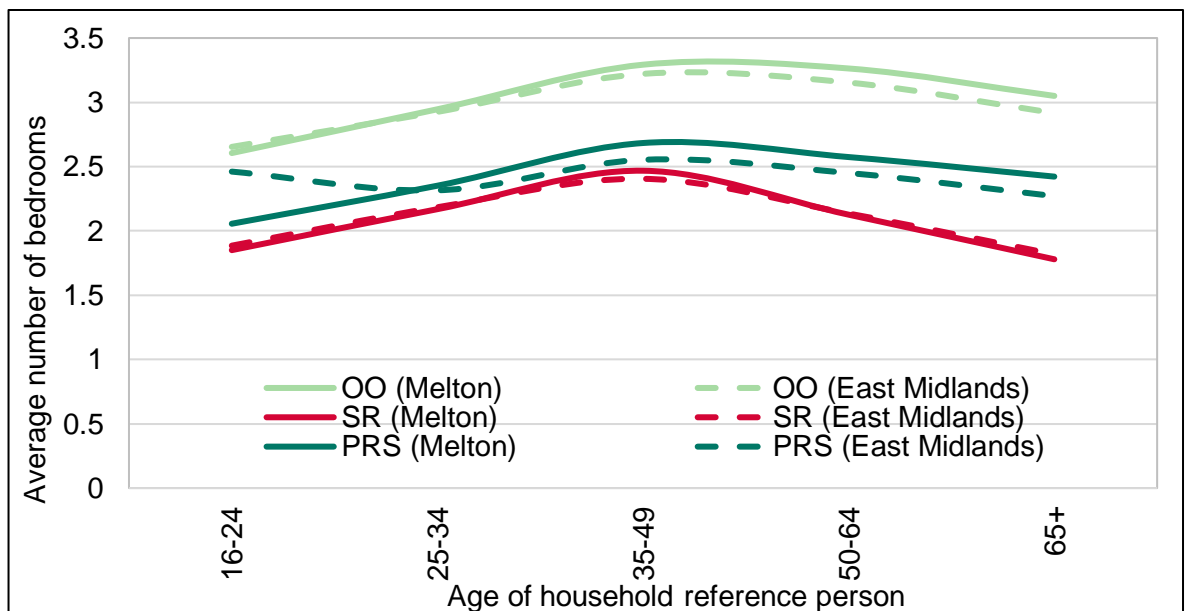
Source: Census (2021)

7.16 The analysis uses the existing occupancy patterns at a local level as a start point for analysis and applies these to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;

- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the

Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and

- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

7.17   The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular older age groups. The number of households headed by someone aged 50-64 is however projected to decrease over the period studied. The analysis is aligned to dwelling provision at an average of 299 homes per annum in the 2021-36 period).

Table 7.4 Projected Change in Household by Age of HRP in Melton

	2021	**2036**	**Change in Households**	**% Change**
Under 25	332	431	98	29.6%
25-34	2,358	2,909	551	23.4%
35-49	4,876	5,783	907	18.6%
50-64	7,219	6,517	-702	-9.7%
65-74	3,818	4,979	1,160	30.4%
75-84	2,892	4,275	1,383	47.8%
85+	1,116	2,074	958	85.8%
TOTAL	22,612	26,966	4,354	19.3%

Source: Demographic Projections

Initial Modelled Outputs

7.18   By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. The analysis is based on considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area,

whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

7.19 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data shows a pattern of need which is focussed on 1-bedroom homes and with around a fifth of households requiring 3+-bedroom accommodation.

Table 7.5 Size of Social/Affordable Rented Housing – Housing Register Information (March 2022)

	Number of households	**% of households**
1-bedroom	367	54%
2-bedrooms	186	27%
3-bedrooms	93	14%
4+-bedrooms	32	5%
TOTAL	678	100%

Source: LAHS

7.20 The table below show the modelled outputs of need by dwelling size in the three broad tenures. Market housing focusses on 3+-bedroom homes, affordable home ownership on 2- and 3-bedroom accommodation and rented affordable housing showing a slightly smaller profile again.

Table 7.6 Initial Modelled Mix of Housing by Size and Tenure

	1-bedroom	**2-bedrooms**	**3-bedrooms**	**4+-bedrooms**
Market	2%	23%	50%	25%
Affordable home ownership	14%	39%	38%	9%
Affordable housing (rented)	31%	37%	29%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

7.21 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2021 (with differences from the current stock

profile being driven by demographic change). It is however worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

7.22   Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

7.23   The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 14,900 households with some degree of under-occupation and less than 100 overcrowded households

Table 7.7 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				
	1-bed	**2-bed**	**3-bed**	**4+-bed**	**TOTAL**
+2	0	0	5,114	4,780	9,894
+1	0	2,203	2,010	745	4,958
0	196	364	693	91	1,344
-1	4	26	47	7	84
TOTAL	200	2,593	7,864	5,623	16,280

Source: Census (2021)

7.24   For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 7.8 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	200	29	229
+1	0	437	234	27	698
0	659	402	247	23	1,331
-1	17	65	66	10	158
TOTAL	676	904	747	89	2,416

Source: Census (2021)

Table 7.9 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	720	294	1,014
+1	0	977	621	86	1,684
0	457	396	283	16	1,152
-1	11	21	24	1	57
TOTAL	468	1,394	1,648	397	3,907

Source: Census (2021)

7.25   In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).

7.26   The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller

profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 7.10 Adjusted Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	37%	39%	15%
Affordable home ownership	19%	45%	29%	6%
Affordable housing (rented)	33%	38%	24%	5%

Source: Housing Market Model

7.27   Across the Borough, the analysis points to around two-fifths of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.

7.28   This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

Table 7.11 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Melton

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	25%	40%	28%	7%
65 and over	44%	56%		
All affordable housing (rented)	33%	38%	24%	5%

Source: Housing Market Model

7.29   A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 138 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.

7.30   This analysis is quite clear in showing the very low supply of larger homes relative to the need for 4+-bedroom accommodation where it is estimated the supply is only around 17% of the need arising each year, whereas for all other sizes between 29% and 40% of the need can be met.

Table 7.12 Need for rented affordable housing by number of bedrooms

	Gross Annual Need	**Gross Annual Supply**	**Net Annual Need**	**As a % of total net annual need**	**Supply as a % of gross need**
1-bedroom	48	14	34	24.9%	28.5%
2-bedrooms	92	37	55	40.0%	40.1%
3-bedrooms	59	21	38	27.8%	35.3%
4+-bedrooms	12	2	10	7.3%	16.6%
Total	212	74	138	100.0%	34.8%

Source: Iceni analysis

Demand for Home Offices

7.31   The latest ONS research indicates that amongst working adults nationally, 16% work solely at home (home workers) whilst 28% are hybrid workers, working both at home and traveling to work. These total 44%. Higher paid / skilled workers, in particular those in managerial/ professional occupations, are more likely to work from home.

7.32   DEFRA Homeworking Research indicates that, in general, rural areas have a higher rate of home working than urban areas.

7.33   Comprehensive data on home working is not available at a local level. However, when considering the economic sectors which are strongly represented in the Borough; and equally Annual Population Survey data on which sectors Melton

residents work in, we would note that sectors which are strongly represented in relative terms in the Borough include: manufacturing; agriculture; and distribution, hotels and restaurants (reflecting the tourism economy). There are sectors in which home/ hybrid working is *not* strongly represented. It is therefore highly likely that home and hybrid working levels are under-represented in Melton Borough relative to wider regional/ national benchmarks.

7.34   Working patterns have evidently changed over the period since 2000, with increasing home and hybrid working. The Covid-19 pandemic did evidently lead to some households to re-evaluate their housing circumstances. We saw increased housing market activity in 2020/21 influenced by the Stamp Duty Holiday, but this was focused on properties of over £250,000 in value.

7.35   However market conditions have changed since, as interest rates have risen and Government support through the Help-to-Buy Equity Loan scheme has ended. Households thus now need to balance questions regarding space to work from home, with the level of space which they can afford. Furthermore, larger employers are increasingly seeking to require employees to return for a number of days per week to their offices; whilst some are requiring staff in full-time.

7.36   Overall, we find no specific evidence that trends in home working are having a specific measurable effect on the need for different types of homes.

Indicative Targets for Different Sizes of Property by Tenure

7.37   The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented

7.38   Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people). In drawing conclusions we have also taken account of evidence of a particular concentration of existing 2-bed stock.

7.39   As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector. In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

Table 7.13 Recommended Social/ Affordable Rented Housing Mix

	General Needs Rented	Housing for Older People
1-bed	30-35%	45-50%
2-bed	25-30%	50-55%
3-bed	25-30%	
4+ bed	10-15%	

Source: Iceni analysis

Affordable Home Ownership

7.40   In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households and childless couples. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

Table 7.14 Recommended Affordable Home Ownership Housing Mix

	Affordable Home Ownership
1-bed	15-20%
2-bed	45%
3-bed	35-40%
4+ bed	

Source: Iceni analysis

7.41   We would expect development schemes to focus in particular on 2- and 3-bed properties; with demand for 1- and 4+ bed units being more limited in the Borough.

Market Housing

7.42   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy).

7.43   We have also had regard to the potential for rightsizing, but recognise that in the market sector there is limited ability to control what households purchase; and some of the wider evidence which continues to point towards demand for larger homes.

7.44   The conclusions have also slightly boosted figures for larger (4+-bedroom) homes and away from 1-bedroom accommodation to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

Table 7.15 Recommended Market Housing Mix

	Market Housing
1-bed	0-10%
2-bed	25-35%
3-bed	40-50%
4+ bed	15-25%

Source: Iceni analysis

7.45   Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that

such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the Borough) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

7.46   The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also relevant considerations as to what the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

7.47   The analysis above has focussed on overall Borough-wide needs with conclusions at the strategic level. It should however be recognised that there will be variations in the need within areas due to the different role and function of a location and the specific characteristics of local households (which can also vary over time). This report does not seek to model smaller-area housing mix although the report does contain a range of data that can help inform specific local issues (including data about household composition, current housing mix and overcrowding/under-occupation). Below are some points for consideration when looking at needs in any specific location:

a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;

b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;

c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock; and

d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.

7.48 Overall, it is suggested the Council should broadly seek the same mix of housing in all locations as a starting point in policy; but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site in a similar location might provide a mix which includes more homes for younger/smaller family households and childless couples.

7.49 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-form

7.50 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

7.51 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data

from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

7.52   The table below shows a notable proportion of homes in Melton are bungalows (12% of all flats and houses). The majority of bungalows have 2- or 3-bedrooms (88% of the total). A slightly lower proportion (9%) of homes across England are bungalows.

Table 7.16 Number of dwellings by property type and number of bedrooms (March 2020)

	Number of bedrooms					All
	1	**2**	**3**	**4+**	**Not Known**	
Bungalow	190	1,450	990	160	10	2,780
Flat/Maisonette	960	630	90	20	10	1,700
Terraced house	130	1,620	2,240	210	10	4,210
Semi-detached house	30	1,130	5,350	450	10	6,960
Detached house	10	340	2,790	3,740	50	6,940
All flats/houses	1,320	5,170	11,460	4,580	90	22,590
Annexe	-	-	-	-	-	50
Other	-	-	-	-	-	80
Unknown	-	-	-	-	-	490
All properties	-	-	-	-	-	23,210

Source: Valuation Office Agency

7.53   In general, discussions with local estate agents working across the country, find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

7.54   Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

7.55   As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a

particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

7.56   There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

7.57   Overall, the Council could consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive and this may limit opportunities for development – particularly in more urban locations.

7.58   Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats versus Houses

7.59   Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 82% of all 1-bedroom homes are flats, 38% of 2-bedroom homes and just 5% of homes with 3-bedrooms.

7.60   The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Melton, the East Midlands and England. This shows a low proportion of flats in Melton (12% of all 2-bedroom homes). This would arguably point to the majority of 2-bedroom homes in the future being houses. The analysis does also show a higher proportion of flats in

the social and private rented sectors (although it is still the case that the majority of homes in these sectors are houses).

Table 7.17 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Melton	**East Midlands**	**England**
Owner-occupied	4%	8%	25%
Social rented	22%	31%	48%
Private rented	19%	30%	52%
All (2-bedroom)	12%	19%	38%

Source: 2021 Census

7.61 For completeness, the table below shows the proportion of flats in Melton for all sizes of accommodation and different tenures. Of particular note is the very small proportion of 3+-bedroom homes as flats – particularly in the market sector.

Table 7.18 Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size)

	1-bedroom	**2-bedrooms**	**3-bedrooms**	**4+-bedrooms**
Owner-occupied	22%	4%	0%	0%
Social rented	83%	22%	3%	3%
Private rented	69%	19%	3%	2%
All	69%	12%	1%	0%

Source: 2021 Census

7.62 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats given the nature of the current stock. Any decisions will have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing.

National Space Standards

7.63 Ensuring that new build homes are of appropriate size for modern living and provide enough amenity space is essential. In 2015 the Government released the nationally described space standards for new build dwellings across all tenures. These are shown in the table below.

Table 7.19 Minimum gross internal floor area and storage (m^2)

Number of Bedrooms	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	37	-	-	1.0
	2p	50	58	-	1.5
2b	3p	61	70	-	2.0
	4p	70	79	-	
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

Source: DCLG – Technical Housing Standards 2015

7.64 The Planning Practice Guidance on Optional Technical Standards sets out that to justify adoption the national space standards there is a need for evidence on need, for consideration of the impacts on viability and a transitional period. However in Melton Borough's specific circumstances, there is an existing Local Plan policy (Policy C3) which promotes the national space standard for market homes of up to 3 bedrooms.

7.65   Iceni has sought to consider the justification for requiring affordable homes to be delivered in line with the national space standards (alongside market homes – as per the existing policy). Working with MBC, we have interrogated examples of schemes being brought forward. There are a number of examples of developers initially seeking to promote properties at the smaller end of the ranges (or below the ranges given) on schemes in the Borough. These includes schemes coming forwards at a range of locations.

7.66   There is a strong rationale for seeking to deliver newly constructed dwellings of sizes which at the larger end of the range. Doing so will encourage sustainable communities through allowing natural growth within occupying households and preventing a high turnover of new build properties. We would recommend that the Council generally seek minimum size for affordable housing (by bedrooms) to be as below (subject to viability):

- 1 bed/2 person houses: 58 sq.m

- 2 bed/4 person: 79 sq.m

- 3 bed/5 person: 93 sq.m)

- 4 bed/6 person: 106 sq.m

Summary

7.67   Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Melton is relatively low with around 25% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

7.68   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following

represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

7.69   In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 35% to have at least 3-bedrooms. Our recommended mix is set out below:

Table 7.20 Recommended Housing Mix

	Market	**Affordable home ownership**	**Affordable housing (rented)**	
			General needs	**Older persons**
1-bedroom	0-10%	15-20%	30-35%	45-50%
2-bedrooms	25-35%	45%	25-30%	50-55%
3-bedrooms	40-50%	35-40%	25-30%	
4+-bedrooms	15-25%		10-15%	

Source: Iceni analysis

7.70   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

7.71   The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas affordable housing registered providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices there are potential difficulties in making (larger) AHO genuinely affordable.

7.72   Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence

of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

7.73   Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development).

7.74   There is a demand for bungalows which is expected to be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There is also an identified need arising from the growth in households with mobility problems (as shown in Section 8) and of wheelchair user households (which account for between 4-8% of the total housing need). On this basis we would recommend that the Council consider provision of up to 5% bungalows on suitable major sites.

8. Older & Disabled People's Housing Needs

8.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

8.2 At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below, a series of statistics is set out about the older person population in Melton Borough.

Current Population of Older People

8.3 The table below provides baseline population data about older persons in Melton and compares this with other areas. The table shows the Borough has an older age structure than seen regionally or nationally with 24% of the population being aged 65 and over. The proportion of people aged 75 and over and 85 and over is also above equivalent figures for other areas. The table also shows a higher proportion of older people living in Rural areas.

Table 8.1 Older Persons Population, 2021

	Urban	Rural	Melton Borough	Leicester-shire	East Midlands	England
Under 65	78.1%	74.6%	76.3%	79.1%	80.4%	81.5%
65-74	11.7%	14.3%	13.0%	11.2%	10.5%	9.8%
75-84	7.4%	8.1%	7.7%	7.1%	6.6%	6.2%
85+	2.8%	3.0%	2.9%	2.7%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	21.9%	25.4%	23.7%	20.9%	19.6%	18.5%
Total 75+	10.2%	11.1%	10.7%	9.8%	9.1%	8.7%

Source: ONS

Projected Future Change in the Population of Older People

8.4   Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Melton is projected to see a notable increase in the older person population. The projection linked to an average delivery of 299 dwellings per annum shows a projected increase in the population aged 65+ of around 43% - the population aged Under 65 is in contrast projected to see a more modest increase (of 9%).

8.5   In total population terms, the projections show an increase in the population aged 65 and over of 5,300 people. This is against a backdrop of an overall increase of 9,000 – population growth of people aged 65 and over therefore accounts for 59% of the total projected population change.

**Table 8.2 Projected Change in Population of Older Persons, 2021 to 2036 – Melton**

	2021	2036	Change in population	% change
Under 65	39,527	43,246	3,719	9.4%
65-74	6,732	8,850	2,118	31.5%
75-84	4,012	5,905	1,893	47.2%
85+	1,502	2,770	1,268	84.4%
Total	51,773	60,770	8,997	17.4%
Total 65+	12,246	17,525	5,279	43.1%
Total 75+	5,514	8,675	3,161	57.3%

Source: Demographic projections

Characteristics of Older Person Households

8.6   The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (81% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 10% of older persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 9%).

8.7   There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 13.1: Tenure of Older Persons Households in Melton, 2021
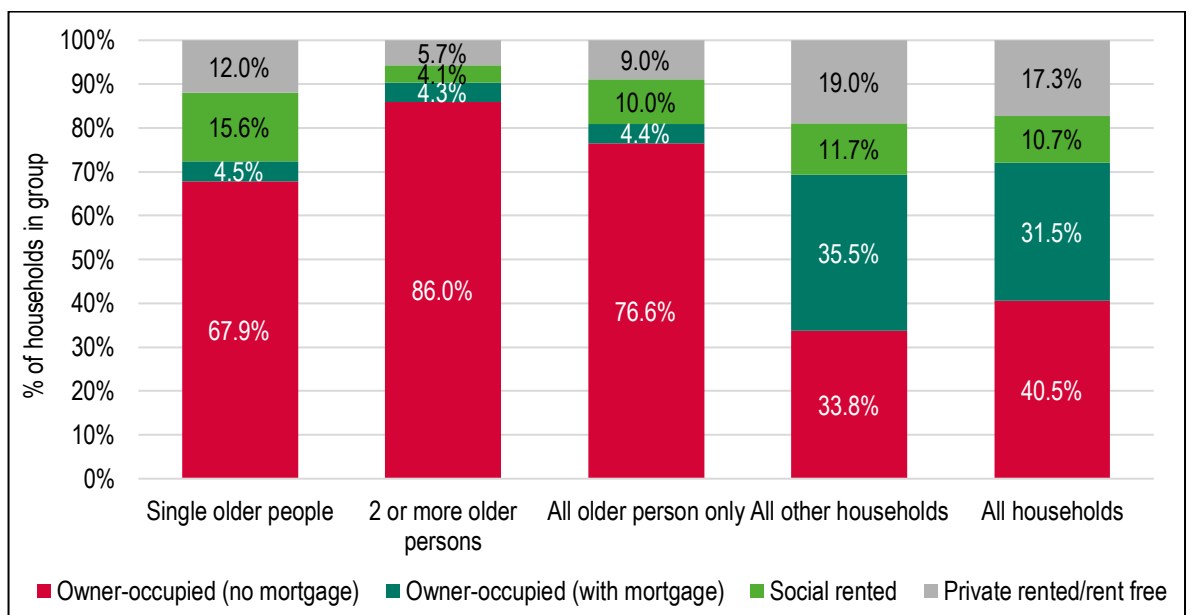
Source: 2021 Census

Prevalence of Disabilities

8.8   The table below shows the proportion of people who are considered as disabled under the definition within the 2010 Equality Act[9], drawn from 2021 Census data, and the proportion of households where at least one person has a disability. This includes those with mobility problems as well as other physical and mental impairment including dementia. The data suggests that some 31% of households in the Borough contain someone with a disability. This figure is similar to that seen across Leicestershire and slightly below the regional and national average. The figures for the population with a disability show similar patterns compared with other areas – some 17% of the population having a disability. The table also shows slightly lower levels of disability in Rural areas.

**Table 8.3 Households and People with a Disability, 2021**

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Urban	3,820	31.4%	4,849	17.5%
Rural	3,097	29.7%	3,878	16.1%
Melton Borough	6,917	30.6%	8,727	16.9%
Leicestershire	91,463	30.9%	118,062	16.6%
East Midlands	680,791	33.4%	894,920	18.3%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

8.9   As noted, it is likely that the age profile will impact upon the numbers of people with a disability, as older people tend to be more likely to have a disability. The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. For older age groups, the analysis also shows lower levels of disability in each age band within Melton when compared with the regional and national position.

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[9] The Census uses the same definition of disability as described in the Equality Act. This defines disability as a person with a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities.

Figure 13.2: Population with Disability by Age
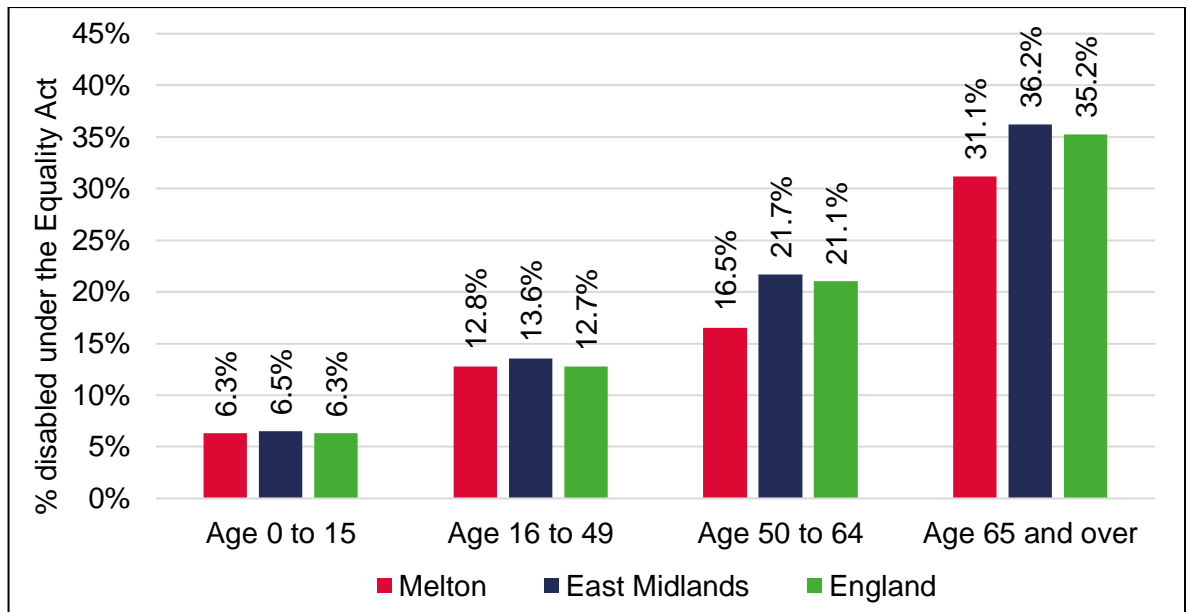
Source: 2021 Census

Health Related Population Projections

8.10   The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.

8.11   Of particular note are the large increases in the number of older people with dementia (increasing by 59% from 2021 to 2036 and mobility problems (up 53% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 11% of total projected population growth.

Table 8.4 Projected Changes to Population with a Range of Disabilities – Melton

Disability	Age Range	2021	2036	Change	% Change
Dementia	65+	716	1,138	422	58.9%
Mobility problems	65+	1,926	2,945	1,019	52.9%
Autistic Spectrum Disorders	18-64	266	289	23	8.6%
	65+	103	147	44	42.7%
Learning Disabilities	15-64	698	766	67	9.7%
	65+	226	322	95	42.0%
Impaired mobility	16-64	1,714	1,712	-1	-0.1%

Source: POPPI/PANSI and Demographic Projections

8.12   Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

8.13   The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

8.14   Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

> **Definitions of Different Types of Older Persons' Accommodation**
>
> **Age-restricted general market housing:** This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.
>
> **Retirement living or sheltered housing (housing with support):** This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.
>
> **Extra care housing or housing-with-care (housing with care):** This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.
>
> **Residential care homes and nursing homes (care bedspaces):** These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

8.15 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

8.16 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly

sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

8.17   Whilst there are no definitive rates, the PPG [63-004] notes that 'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)'. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

8.18   The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

8.19   Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

8.20   For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 8.5 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008)[10]	Housing in Later Life (2012)[11]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

8.21   In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which

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[10] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

[11] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

8.22 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

8.23 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

8.24 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Melton, the data shows slightly better health in the older person population and so a modest reduction has been made to the prevalence rates.

8.25 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Melton is the 248th most deprived local authority in England (out of 317) – i.e. a lower than average

level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care).

8.26 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

8.27 Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing) in the market sector, but there is sufficient supply of affordable housing. The analysis also points to a strong potential need for housing with care (e.g. extra-care) in both the market and affordable sectors (79% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces although need and supply are currently broadly in balance.

Table 8.6 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-36 – Melton

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Additional demand to 2036	Shortfall /surplus by 2036
Housing with support	Market	64	41	354	313	203	516
	Affordable	51	604	279	-325	160	-166
Total (housing with support)		115	645	632	-13	363	350
Housing with care	Market	29	0	159	159	91	250
	Affordable	12	40	69	29	39	68
Total (housing with care)		41	40	228	188	131	318
Residential care bedspaces		37	268	202	-66	116	50
Nursing care bedspaces		41	149	228	79	131	209
Total bedspaces		78	417	430	13	247	260

Source: Derived from Demographic Projections and Housing LIN/EAC

8.28   The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'downsize' which can help improve their quality of life.

8.29   It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will

be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

8.30   The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

8.31   The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 8.7 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

8.32   The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward –

adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 609 wheelchair user households in 2021, and that this will rise to 799 by 2036.

Table 8.8 Estimated number of wheelchair user households (2021-36) – Melton

	Prevalence rate (% of households)	Households 2021	Households 2036	Wheelchair user households (2021)	Wheelchair user households (2036)
24 and under	0.5%	332	431	2	2
25-34	0.7%	2,358	2,909	17	21
35-49	1.3%	4,876	5,783	62	73
50-64	1.6%	7,219	6,517	115	104
65 and over	5.3%	7,827	11,327	414	599
All households	-	22,612	26,966	609	799

Source: Iceni analysis

8.33 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households.

8.34 Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 342 additional wheelchair user homes in the 2021-36 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) leads to a need estimate of 200 homes. These figures equate to a need for 13-23 dwellings per annum.

Table 8.9 Estimated need for wheelchair user homes, 2021-36

	Current need	Projected need (2021-36)	Total current and future need
Total	152	190	342
@ 25% of projection	152	47	200

Source: Iceni analysis

8.35 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair user (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 8.10 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

8.36 To meet the identified need, the Council could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

8.37 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision

of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

8.38   It is worth noting that the Government has recently reported on a consultation (Raising Accessibility Standards for New Homes[12]) on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds.

8.39   The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'. This change is due to be shortly implemented though a change to building regulations.

8.40   The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.

8.41   As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

8.42   It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

8.43   A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights.

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[12] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary

8.44 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

8.45 The data shows that Melton has an older age structure and slightly lower levels of disability when compared with the national average. The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (77% of all older person households are outright owners).

8.46 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-36 period include:

- a 43% increase in the population aged 65+ (potentially accounting for 59% of total population growth);

- an 59% increase in the number of people aged 65+ with dementia and 53% increase in those aged 65+ with mobility problems;

- a need for around 350 housing units with support (sheltered/retirement housing) – all in the market sector;

- a need for around 320 additional housing units with care (e.g. extra-care) – around four-fifths in the market sector;

- a need for additional nursing and residential care bedspaces but current need and supply in broad balance; and

- a need for 200-340 dwellings to be for wheelchair users (meeting technical standard M4(3)).

8.47   This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector).

8.48   Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

8.49   In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

9. Other Specific Market Segments

9.1 This section moves on to consider the dynamics in specific housing market segments, including for build to rent; and the custom and self-build housing sector.
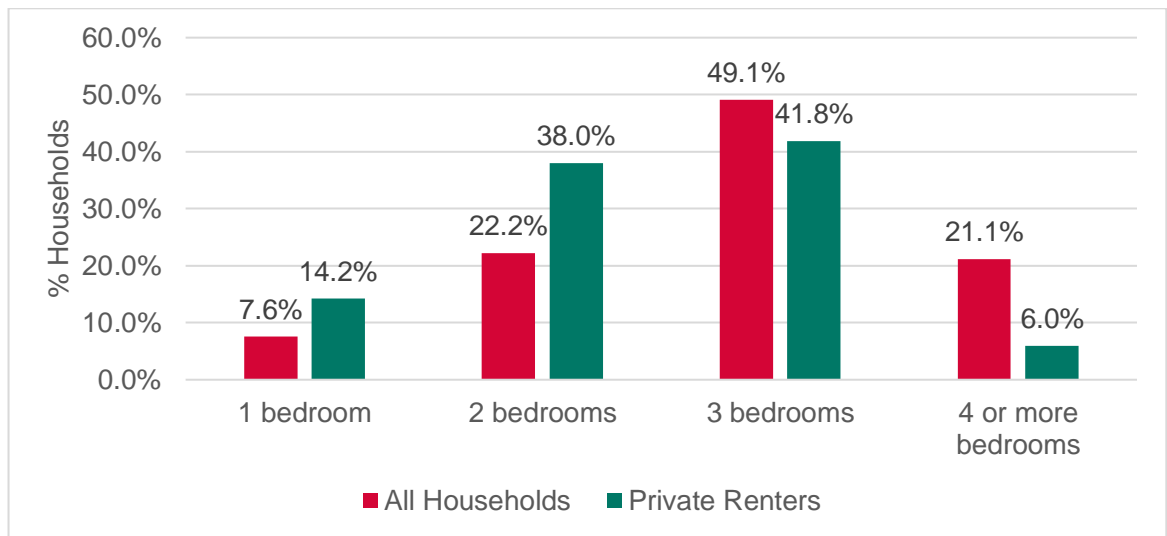
Private Rented Sector and Build to Rent

9.2 The 2021 Census showed around 3,900 households in the Borough living in the Private Rented Sector. Private renting was slightly higher in Melton Mowbray (17.8%) than in Rural Parishes (16.5%) but not significantly so; nonetheless Melton Mowbray is the location within the Borough where there is a concentration of private rented households (1,700 in 2021).

9.3 The Build to Rent sector has emerged in the context of growth in private renting, increasing house prices and shortfall in overall housing delivery. Nationally, Government has sought to support its growth, with the 2017 Housing White Paper supportive of investment in Build-to-Rent in recognition of the role which this could play in helping to drive up overall housing supply and increase choice and housing standards for those living in private rented homes; as well as providing more stable rented accommodation for families (as schemes often include longer-term tenancies). The Government's *'A Build to Rent Guide for Local Authorities'* identifies similar benefits.

9.4 The NPPF provides a definition of Build-to-Rent development, which is "Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development."

9.5 Evidence, such as the British Property Federation's *Who lives in Built to Rent*, note that the profile of tenants is focused on those aged under 44 (with the 25-34 age group the most prevalent) and includes single people, couples, sharers and families. However this is reflective of the current state of the BTR market which has to date been more focused towards cities and larger towns where there are stronger concentrations of renters.

9.6 Melton Mowbray does not currently have a particularly strong concentration of private rented homes, influenced in particular by the town's size. Housing delivery has been focused on houses (rather than flats), influenced in part by existing residential values; whilst the Build-to-Rent market has been focused to date more towards higher density flatted schemes in more urban locations. The size of the private rented market locally will make the delivery of flatted schemes challenging in the town.

9.7 However there is an emerging trend of delivery of 'surburban build-to-rent' development, with such schemes progressing as part of larger strategic development schemes/ urban extensions in other East Midlands towns including Drakelow Park, Burton on Trent (Simple Life Homes),[13] at Fairham, Nottingham (Start Living)[14] and at Hugglescote Grange, SE Coalville.

9.8 Having regard to the distribution of private renting households by unit size in Melton Mowbray, the lower income profile and growth in private renting seen over the last decade, we do consider that there could be a market for single family build-to-rent development (this refers to Build-to-Rent development of individual houses over blocks of flats) to come forward as part of a mixed housing offer within the Sustainable Neighbourhoods / urban extensions to the town. The existing distribution of private renting households in Melton Mowbray is focused on 2- and 3-bed properties (accounting for 80% of total households); and we would envisage that suburban Build-to-Rent product is focused on these house sizes.

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[13] https://www.simplelifehomes.co.uk/developments/dracan-village-burton-upon-trent/

[14] https://www.countrysidepartnerships.com/news-and-media/countryside-partnerships-gets-green-light-start-work-333-brand-new-homes-fairham-nottingham

Figure 9.1 Distribution of Private Renting Households by Unit Size – Melton Mowbray

Source: 2021 Census

9.9   As the chart below shows, residents living in the private rented sector are focused towards those aged under 50. There are c. 2,200 households in the Town who are aged between 25-49 (as shown by the Census) which could form a potential market for suburban Build-to-Rent development.

Figure 9.2 Age Structure of those living within the PRS – Melton Mowbray

Source: 2021 Census

9.10   It is appropriate, therefore, for the Council to consider the inclusion of policies related to build-to-rent development within the new Local Plan which address their expectation for such development provision for longer-term tenancies of 3+ years,

policies regarding affordable housing provision and clawback provisions in the event of scheme/ unit disposal. The NPPF Glossary expects schemes to include conditions requiring operators to offer tenancies of 3 or more years, additionally the Build to Rent PPG allows options for tenants to break (without a fee) after 6 months with a 1 month notice period. A policy related to Build to Rent provision would help to provide a clear basis for assessing schemes should they come forwards.

9.11   In respect of affordable housing, the economics of build-to-rent development are different to standard 'for sale' or mixed tenure residential schemes. The emphasis is on creating a longer-term investment with investment returns phased over a longer period of time (patient capital). This means that finance costs may be higher and viability will also be sensitive to changes in interest rates.

9.12   Government is keen to secure growth in the sector and in this context, the PPG proposes 20% affordable housing as a 'suitable benchmark' for affordable private rent within BTR developments. A minimum rent discount relative to local market rents is expected to be set out in policy, with a 20% discount proffered. Councils can set higher discounts, and there may be a case to consider this to ensure a supply of 'genuinely affordable homes' however this needs to be balanced against the effects on viability and the growth of the sector, which is currently not particularly well established locally. Affordable housing policies need therefore to be informed by detailed viability testing which specifically addresses the BTR sector and which should focus on suburban build-to-rent.

Self- and Custom-Build Development

9.13   The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) ("the 2015 Act") provides a legal definition of 'self-build and custom housebuilding' which are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.

9.14   The Government has long had a clear agenda for supporting and promoting the self-build and custom-building sector; and sees that its growth can help support increased product diversity and housing delivery. Local authorities are required by

the 2015 Act to maintain and publicise a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land to build their own self-build and custom homes. The Council set up its Register in Sept 2015.

9.15   The Housing and Planning Act 2016 ("the 2016 Act"), which received Royal Assent on 12th May 2016, formally introduced the 'Right to Build'. It has placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period (commencing on 31st October 2016). The fundamental intention is to increase the supply of land for those considering self and custom-build.

9.16   Using the Council's Self-Build Register data, Iceni has analysed the numbers of individuals and groups joining in the relevant base periods. The data indicates 128 individuals on the Register as at October 2022 and three groups.

9.17   However the Council has since reviewed the Register and there are currently 33 households on it (as at October 2023).

Table 9.1 Self- and Custom-Build Need shown by the Register

Melton Borough	Individual	Group
Base Period 1 (1st April 2016 to 30th October 2016)	21	3
Base Period 2 (31st October 2016 to 30th October 2017)	33	2
Base Period 3 (31st October 2017 to 30th October 2018)	19	0
Base Period 4 (31st October 2018 to 30h October 2019)	14	0
Base Period 5 (31st October 2019 to 30th October 2020)	7	0
Base Period 6 (31st October 2020 to 30th October 2021)	17	2
Base Period 7 (31st October 2021 to 30th October 2022)	17	1
Total	**128**	**8**

Source: Melton BC Self- & Custom-Housebuilding Register 2022

9.18   Analysis of the underlying data indicates that 16% of those Registered have a plot; whilst 84% (67 households) do not. The main drivers of interest in self-build are in those applying wanting to be involved in the building design, and to build sustainable

homes which reduce environmental impact and have low running costs. The majority (over 90%) want to build a detached property.

9.19   Of those who have provided information, 56% of registrants seek self-build housing; 9% custom-build; with the remaining 35% interested in either option. By property size, demand is focused on 3- and 4-bed homes.

Table 9.2 Type of Self- or Custom-Build Home Sought – Melton Borough

	Type of Home Sought
Self-build	56%
Self or Custom-Build	35%
Custom-Build	9%

Source: Melton BC Self- & Custom-Housebuilding Register 2022

Figure 9.3 Size of Self- or Custom-Build Home Sought
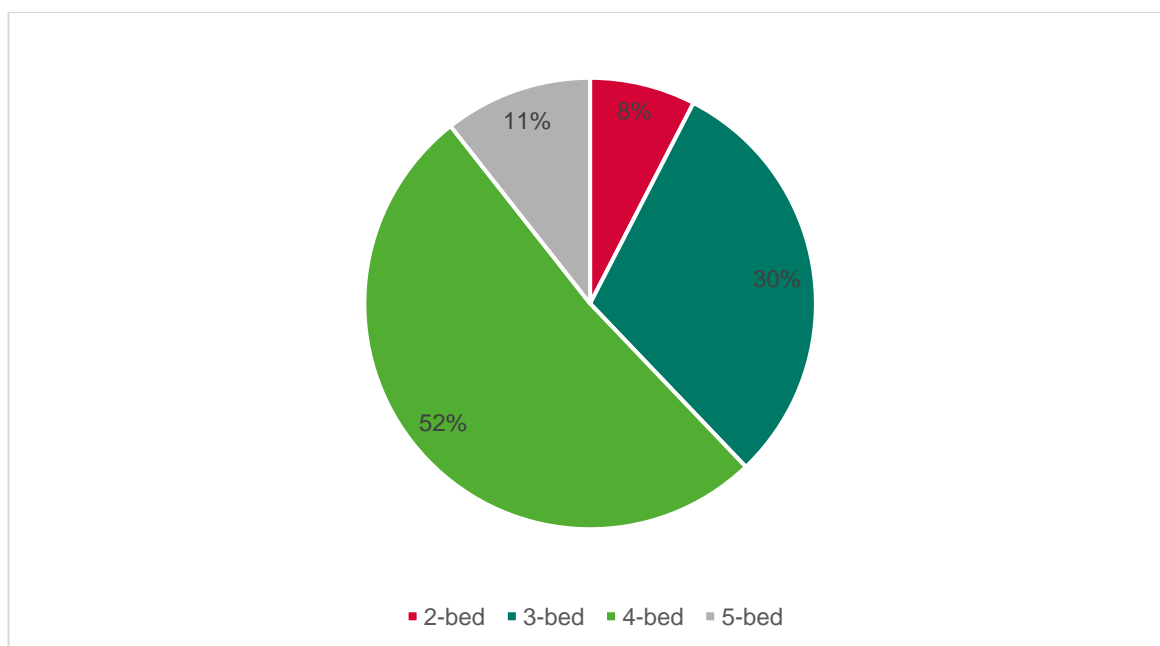
Source: Melton BC Self- & Custom-Housebuilding Register 2022

9.20   The Register data indicates that demand is focused towards more rural locations within the Borough, with a higher interest in the Vale of Belvoir area in the north of the District.

9.21   Turning next to supply, the evidence, as shown below, indicates that the supply coming forwards has fallen slightly short of demand as shown on the Register with a shortfall of 21 homes. This reflects a growth in demand in recent years against a stable supply position.

Table 9.3 Plots for Self & Custom-Build Homes Granted Consent by Melton BC relative to Demand

Base Period	Demand	Permissions Granted	Shortfall/ Oversupply
Base Period 1 (1st April 2016 to 30th October 2016)	0	0	0
Base Period 2 (31st October 2016 to 30th October 2017)	0	7	+7
Base Period 3 (31st October 2017 to 30th October 2018)	0	0	0
Base Period 4 (31st October 2018 to 30h October 2019)	21	18	-3
Base Period 5 (31st October 2019 to 30th October 2020)	33	21	-12
Base Period 6 (31st October 2020 to 30th October 2021)	19	11	-8
Base Period 7 (31st October 2021 to 30th October 2022)	14	9	-5
Total	87	66	-21

Source: MBC/ Right-to-Build Register Monitoring

9.22   The 2018 Local Plan includes a policy, Policy C8, supporting Self-Build and Custom Build Housing; which requires provision of at least 5% of serviced dwelling plots for self-building and custom builders on sites of over 100 homes enabling detached dwellings of 2-3 bed homes to be delivered. As the SUEs come forwards and deliver homes this may contribute to increasing supply. It will be important that these policy requirements are maintained; and the Council might consider a reduced size threshold to support self- and custom-build delivery.

9.23   In addition, the Council might consider further the contribution which windfall sites make, in particular noting that self-build developments of small schemes of under 10 units are exempt from the national policy requirements to provide a biodiversity net gain. This may increase the delivery of self- and custom-build homes on such sites.

Military Personnel and Veterans Housing

9.24   There is one military establishments in Melton - Remont Barracks, which is home to the Defence Animal Training Regiment. The most recent Ministry of Defence (MOD) statistics suggest that there are 80 serving MOD personnel stationed in the Borough: many of these will be based at Remont. Overall, the number of personnel stationed in Melton makes up only 0.8% of the total number of MOD personnel stationed in the East Midlands.

9.25   Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. The Council supports the principles of the Armed Forces Community Covenant and this is taken into account in the allocation of affordable housing, with the Council's Housing Allocations Policy awarding an additional 9 months waiting time to current and former Armed Forces' personnel. It does not require services personnel or veterans to have a local connection.

9.26   Similarly Planning Practice Guidance for First Homes includes ensuring that any local connection criteria are disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces.

9.27   The most acute and pressing issue is likely to be finding accommodation for those transitioning out of the forces. Affordable housing (including First Homes) will play a part in meeting the needs of veterans. There may also be some current services personnel who need homes locally (including those with families). However the Council has appropriate policies in place to help to facilitate access to housing.

10. Conclusions & Recommendations

10.1 This section draws together conclusions and recommendations of the Local Housing Needs Assessment.

Overall Housing Need

10.2 The report has considered overall housing need. National policies set out that the starting point for doing so is the standard method. Using the current data, the standard method generates a local housing need figure of 192 dpa. The demographic evidence suggests that there are not exceptional circumstances which justify the use of an alternative demographic projection.

10.3 The current local plan provides for 245 dpa, which is above the assessed housing need, with a view to supporting the Borough's economy, the delivery of affordable housing, delivery of strategic infrastructure and to provide headroom to accommodate unmet need from Leicester;

10.4 If unmet need is added on, the resultant housing need is for 266 dpa over the plan period to 2036. This falls below the residual requirement from the adopted 2018 Local Plan (299 dpa).

10.5 With this level of provision, there is no need for any further increase to support the local economy, with sufficient workforce generated to support job creation and provide flexibility for stronger (above trend) employment growth.

10.6 The affordable housing need remains relatively high compared to the overall need. However this is partly a reflection of a tenure imbalance within the existing housing stock. Whilst it is reasonable, taking account of the wider evidence and viability, to conclude that it would not be realistic to meet the affordable housing need in full, it nonetheless provides a clear basis for seeking to plan for housing provision above the standard method figure (185-192 dpa) as the 2018 Local Plan does.

10.7   Bringing together the different strands, the evidence indicates that the conclusions reached in the Regulation 10A Review, that the local plan housing requirement remains up-to-date and does not need review, remain sound.

Affordable Housing Need

10.8   This report provides an updated assessment of affordable housing need. It indicates an annual need for 138 rented affordable homes and up to 58 affordable home ownership homes a year.

10.9   The recent rise in housing costs, particularly for private rented homes, has contributed to the growth in the rented affordable need and for which there are limited alternative solutions. The evidence suggests that the affordable home ownership need is less acute, and will be sensitive to a range of factors including interest rates and the availability of properties at the lower end of the market.

10.10   Bringing the evidence together, the analysis suggests:

- The Council should seek to maximise the provision of affordable housing, but this is likely to be constrained by available funding and development viability;

- Reliance on the private rented sector as an alternative source of supply comes with increasing risks. The evidence points to a need for provision at both social rented and affordable rented levels, albeit in the context of the increase in market rents, there is a case for capping affordable rents at LHA levels;

- The low cost home ownership need is less intense, but can still be expected to play a role in providing housing pathways which have a role in supporting the Borough's economy and sustainable mixed, communities, particularly in the context of the end of the Help-to-Buy scheme. LCHO provision can help to ensure that as households in key sectors progress, there are opportunities for them to move onto the housing ladder locally, which can help to retain workers and skills in the local area. The Council should look to provide a range of affordable home ownership products, including both Shared Ownership and First Homes.

Table 10.1 Affordable Housing Need – Melton Borough

	Rented Affordable Need	**Affordable Home Ownership Need**
Urban	72	29
Rural	66	29
Melton Borough	138	58

Source: Iceni analysis

10.11 Drawing the analysis together, we consider that an appropriate affordable housing mix to test, for the purpose of setting a strategic policy, would be a 70/30 split between rented and affordable home ownership homes in Melton Mowbray and in the rural areas, subject to viability testing. However the local needs evidence set out in Appendix A2, is a relevant consideration in negotiations on the mix of housing expected to come forwards on individual sites.

Housing Mix

10.12 The LHNA report provides updated modelling of the mix of homes needed, taking account of up-to-date demographic data. It considers potential for rightsizing within the housing stock, growth in home working and in drawing conclusions takes into account broader market evidence.

10.13 The table below sets out strategic conclusions on the mix of homes which should be sought across the Borough, and against which delivery can be monitored. In applying this to individual sites, consideration can be given to site location and characteristics; as well as to other local evidence, including the local analysis of affordable needs herein.

Table 10.2 Strategic Recommendations on Housing Mix

	General Needs	Housing for Older People	Affordable Home Ownership	Market Housing
1-bed	30-35%	45-50%	15-20%	0-10%
2-bed	25-30%	50-55%	45%	25-35%
3-bed	25-30%		30%	40-50%
4+ bed	10-15%		10-15%	15-25%

Source: Iceni analysis

10.14 The evidence suggests that the Council should have regard to the attractiveness of bungalows for a growing older population. It is notable that there is a relatively weakly developed market for flats in the Borough.

Older & Disabled People

10.15 Melton has an older age structure and slightly lower levels of disability when compared with the national average. 77% of all older person households are own their homes outright. Over the plan period, the population in older age groups is expected to grow, increasing the need for specialist homes and adaptable properties. In particular, the analysis shows:

- a 43% increase in the population aged 65+

- an 59% increase in the number of people aged 65+ with dementia and 53% increase in those aged 65+ with mobility problems;

- a need for around 350 housing units with support (sheltered/retirement housing) – all in the market sector;

- a need for around 320 additional housing units with care (e.g. extra-care) – around four-fifths in the market sector;

- a need for additional nursing and residential care bedspaces but current need and supply in broad balance; and

- a need for 200-340 dwellings to be for wheelchair users (meeting technical standard M4(3)).

10.16   This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector).

10.17   Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

10.18   In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

Table 10.3 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-36 – Melton

		Need over 2021-36 period
Housing with support	Market	516
	Affordable	-166
Total (housing with support)		**350**
Housing with care	Market	250
	Affordable	68
Total (housing with care)		**318**
Residential care bedspaces		50
Nursing care bedspaces		209
Total bedspaces		**260**

Source: Iceni analysis

Other Market Segments

10.19   The report has also considered the need for Build to Rent development, where it finds that that delivery of 'multi-family' flatted build-to-rent development is unlikely in the Borough; but that there is potential for suburban or 'single family' build to rent to come forwards on residential development schemes, particularly within larger development schemes. This is likely to focus on 2- and 3-bed properties, and can contribute to diversity in the housing offer.

10.20   It is appropriate, therefore, for Council to include policies related to build-to-rent development within the new Local Plan which address their expectation for such development provision for longer-term tenancies of 3+ years, policies regarding affordable housing provision and clawback provisions in the event of scheme/ unit disposal. The NPPF Glossary expects schemes to include conditions requiring operators to offer tenancies of 3 or more years, but with options for tenants to break (without a fee) after 6 months with a 1 month notice period.

10.21   The economics of build-to-rent development are different to standard 'for sale' or mixed tenure residential schemes. Government is keen to secure growth in the sector and in this context, the PPG proposes 20% affordable housing as a 'suitable benchmark' for affordable private rent within BTR developments. However affordable housing policies need should be sector specific, and informed by detailed viability testing which specifically addresses the BTR sector focusing on suburban build-to-rent.

10.22   Self- and custom housebuilding data indicates that demand is focused towards more rural locations within the Borough, with a higher interest in the Vale of Belvoir area in the north of the District. The evidence indicates an increase in demand in recent years which has not been fully met through supply, with a shortfall of 21 self- and custom-build homes accruing. The evidence supports the retention of Policy C8 which requires provision of at least 5% of serviced dwelling plots for self-building and custom builders on sites of over 100 homes enabling detached dwellings of 2-3 bed homes to be delivered. The Council might reasonably consider either reducing the size threshold in this policy and/or the potential for an enhanced contribution from windfall sites to delivery and how this may be supported through policies as part of the Local Plan Review.