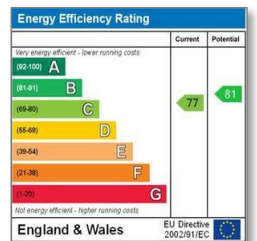




Exeter Local Housing Needs Assessment: Report of Findings December 2024





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Executive Summary

Summary of key findings and conclusions

Introduction

1. In 2021, Opinion Research Services (ORS) was commissioned by East Devon District, Exeter City, Mid Devon District and Teignbridge District Councils to prepare Local Housing Needs Assessments for the four local authority areas, to understand and investigate the nature and make-up of current and future housing needs across the areas, providing robust evidence to support future plan-making. This report comprises an updated Local Housing Needs Assessment for Exeter. At the time of writing, the plan period for the Exeter Local Plan is 2021-2041, so the evidence base uses that timeframe.
2. This work adheres to the requirements of the most recent National Planning Policy Framework (NPPF) published in December 2023 and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment. The LHN element of this assessment is calculated based on the standard method, as outlined in the PPG in December 2020.
3. This study uses the same underlying methodology as the Exeter LHNA 2022, with the exception of the modelled need for older persons, which uses a new methodology introduced by ORS in 2023. Therefore any differences in outputs are purely due to changes in underlying data, in particular, the Census 2021, mid-year population estimates for 2022 and 2023 and new data on house prices and rents. The main impact of these changes is to see a higher growth in the total projected population of Exeter, with a lower need for adapted homes and larger issues with affordability.

Government Policy

4. The Government published the original National Planning Policy Framework (the Original NPPF) in 2012. Revised versions were published in July 2018, February 2019, July 2021 and December 2023 to incorporate a number of detailed changes. The revisions introduced a new definition of affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households *"whose needs are not met by the market"*, revisions added that this should include *"housing that provides a subsidised route to home ownership and/or is for essential local workers"*. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.
5. Since 2019, the NPPF has required local planning authorities to inform strategic policy making with a local housing needs assessment. The Local Housing Needs Assessment (LHNA) should establish a minimum Local Housing Need (LHN) figure, which in turn is set by a Standard Method formula issued by MHCLG (now the Department for Levelling Up, Housing and Communities - DLUHC). As of November 2024 (i.e. using the source data available at the time of modelling, released at the end of March 2024), this gives a figure of 642 dwellings per annum for Exeter. In addition, the LHNA should explore the size, type and tenure of housing needed for a range of different groups in the community.

Establishing Current Unmet Need for Affordable Housing

6. Based on a detailed review of both past trends and current estimates, our analysis has concluded that 1,769 households in Exeter are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting as far as possible.
7. Of these households, 587 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
8. There is, therefore, a net current affordable housing need of 1,182 households (1,769 less 587 = 1,182). In providing the net current affordable housing need, 972 dwellings will be released back into the market, mainly in the private rented sector. These dwellings are currently occupied by a total of 972 households, calculated as 1,182 minus the 210 homeless or concealed households (which do not release dwellings). The 210 homeless or concealed households are made up of 39 households currently in temporary accommodation in communal establishments and 171 concealed households. This data is summarised in Figure 29 of the LHNA.

Future Need for Affordable Housing

9. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership.
10. The following table (Figure 1) summarises the overall impact on the numbers of households who cannot afford market rents of:
 - » new households adding to housing need,
 - » households no longer present reducing housing need and
 - » changes in circumstances impacting existing households.

Figure 1: From Figure 34: Annual components of household growth in Exeter 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER 2021-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	5,688	4,650	1,038
All households no longer present	5,480	4,405	1,075
Change in existing households	-	-80	80
Future affordable housing need 2021-41 (Annual average)	208	164	43
Future affordable housing need 2021-41 (20 Year change)	4,151	3,287	862

11. Overall, reviewing the contribution of each element amounts to a projected additional 862 households needing affordable housing in Exeter over the 20-year period 2021-41.

Needs of Households Aspiring to Homeownership

12. The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
13. The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years, whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 35). However, rates of home ownership among younger households did increase between 2016 and 2021.
14. The LHNA concludes that, in Exeter in 2021, there were 7,436 existing households unable to afford a market property despite wanting to who were not counted in the affordable housing need data (see Figure 39) and a further 6,611 new households will add to that category by 2041.

Overall Need for Affordable Housing

15. Figure 2 brings together the information on assessing the unmet need for affordable housing in 2021 (see Figure 29) together with the future need for affordable housing (Figure 1 and Figure 34) and those aspiring to home ownership arising over the 20-year period 2021-41. It can be noted that this assessment (Figure 1) has no regard for whether those aspiring can access affordable home ownership options.

Figure 2: From Figure 40: Assessing total need for affordable housing in Exeter 2021-2041 (Source: ORS Housing Model)

EXETER 2021-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current affordable housing need in 2021	1,182	7,436	8,618
Future affordable housing need 2021-41	863	6,611	7,474
TOTAL AFFORDABLE HOUSING NEED	2,045	14,047	16,092

16. On this basis, we can conclude that the overall need for affordable housing for Exeter comprises a total of 16,092 households over the 20-year period 2021-2041, equivalent to an average of 805 per annum.
17. Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly access affordable homeownership products if they were provided.
18. Given this context, Figure 3 identifies those households that have sufficient income and savings to purchase an open market property but nonetheless choose to rent, those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, and those households with savings of less than £5,000. These are deducted from the 14,047 previously identified, to leave a remainder that could plausibly access a form of affordable homeownership product if it were provided.

Figure 3: From Figure 41: Aspiring affordable homeownership housing mix by household affordability 2021-2041 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	3,066	115	2,950	1,964	986	488	498
2 bedrooms	5,363	362	5,001	2,974	2,027	1,344	683
3 bedrooms	4,811	346	4,465	2,494	1,971	1,466	505
4+ bedrooms	808	89	719	439	280	189	90
TOTAL	14,047	912	13,136	7,871	5,265	3,488	1,777

19. On this basis dwellings are needed for 1,777 households that:
- » Aspire to homeownership but cannot afford to purchase on the open market;
 - » Have incomes sufficient to afford a property at 50% of market value;
 - » Have at least £5,000 in savings.
20. The LHNA identifies an overall affordable housing need from 3,821 households (Figure 4) over the 20-year period 2021-41 (191 per annum). This includes the needs from all households unable to afford to rent or own market housing and those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access an affordable homeownership product.

Figure 4: From Figure 42: Overall need for Affordable Housing 2021-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	516	498	1,014
2 bedrooms	475	683	1,158
3 bedrooms	731	505	1,236
4+ bedrooms	322	90	412
TOTAL HOUSING NEED	2,044	1,777	3,821

Local Housing Need

21. The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum LHN figure, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. Using the process set out in PPG for Housing Need Assessment [ID2a-004-20201216] the minimum annual LHN figure for Exeter for 2024 can be established as follows)

Figure 4: Establishing the minimum LHN figure for Exeter (Source: CLG, ORS; Note: Annual housing figures are rounded to the nearest whole number)

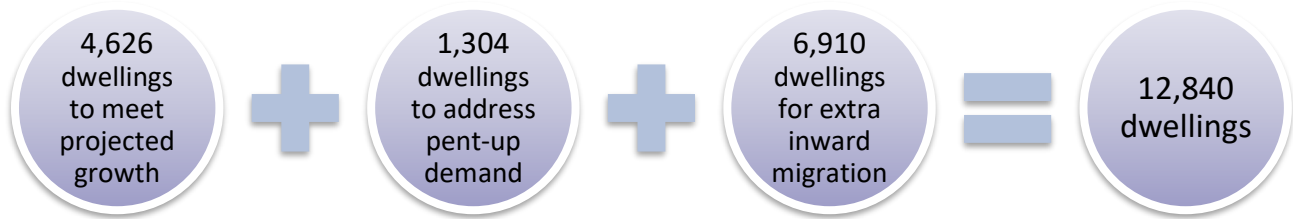
Local Authority	CLG 2014-based Avg Annual HH Increase 2024-34	Afford Ratio 2023	SM Uplift	40% Cap applies?	Annual HH Increase x Uplift	35% uplift applies?	Final Annual LHN (inc 35% uplift where applicable)	20 yr LHN (LHN x 20)
Exeter	486	9.14	1.32	No	642	No	642	12,840

22. Based on these calculations, the minimum LHN figure for Exeter is 642 dwellings per annum. This translates to 12,840 dwellings (642 x 20) across the twenty-year period.
23. The LHN provides the starting point for establishing the overall housing requirement. The NPPF states that the requirement may be higher than the identified housing need if, for example, it includes provision for neighbouring areas or reflects growth ambitions linked to economic development or infrastructure investment. In terms of the first example, no neighbouring or nearby local planning authorities have to date demonstrated that they are unable to meet their housing need. In terms of the second example, the East Devon, Exeter, Mid Devon and Teignbridge LHNA: Jobs and Workers Balance Assessment (September 2024) concludes that there is no case for a housing requirement figure that is higher than the standard method in Exeter.
24. At this point in our reporting, we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.
25. As explained in chapter 6 of the LHNA, there is a difference between the housing need figure of 12,840 dwellings and the demographically projected need of 4,626 dwellings, giving a figure of 8,214 additional dwellings required. This difference is much larger than identified in the Exeter LHNA 2022, where the equivalent figure was 6,376 additional dwellings being required. The main driver of this change is data from the 2021 Census and MYEs for 2022 and 2023 which show a younger population in Exeter, but one which is living on average in larger household sizes. The demographic projections for Exeter therefore contain more people, but fewer households than in 2021.
26. The 8,214 additional requirement is made up from two elements:

- » Enabling more households to form¹ (from the pent-up housing demand) = 1,304 dwellings
- » Enabling more net inward migration² = 6,910 dwellings

¹ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

² Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration



27. These 12,840 overall dwellings can be separated into market and affordable housing. Details are provided in chapter 5 and the conclusions are summarised in Figures 5 and 6 below.

Figure 5: From Figure 48: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	437	95	374	200	1,106	901	2,007
2 bedrooms	359	130	516	272	1,277	2,049	3,326
3 bedrooms	538	215	364	219	1,336	4,549	5,884
4+ bedrooms	210	121	67	38	436	910	1,346
DWELLINGS	1,544	562	1,320	728	4,155	8,409	12,563
C2 Dwellings	-	-	-	-	-	277	277
LHN	1,544	562	1,320	728	4,155	8,685	12,840

28. It may also be noted that given that the LHN represents close to three times the need implied by the demographic trend alone, that **there is no basis in these figures, nor in the NPPF/PPG itself, to uplift the LHN due to any previous under-delivery of housing because this has already been factored into the affordability uplift.** The affordable housing need as calculated fully enumerates the current and future affordable housing needs, and the current need component itself encompasses those households impacted by any previous under-delivery of affordable dwellings.
29. Figure 6 shows the components of housing need presented in Figure 5 as percentages of the 12,840 overall dwelling need calculated with the proposed standard method figure.

Figure 6: From Figure 49: Overall need for Market and Affordable Dwellings as percentages of the LHN (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	3.4%	0.7%	2.9%	1.6%	8.6%	7.0%	15.6%
2 bedrooms	2.8%	1.0%	4.0%	2.1%	9.9%	16.0%	25.9%
3 bedrooms	4.2%	1.7%	2.8%	1.7%	10.4%	35.4%	45.8%
4+ bedrooms	1.6%	0.9%	0.5%	0.3%	3.4%	7.1%	10.5%
DWELLINGS	12.0%	4.4%	10.3%	5.7%	32.4%	65.5%	97.8%
C2 Dwellings	-	-	-	-	-	2.2%	2.2%
LHN	12.0%	4.4%	10.3%	5.7%	32.4%	67.6%	100.0%
%age of total affordable	37.2%	13.5%	31.8%	17.5%	100.0%		

Needs of Different Groups in the Population

30. The needs of families with children and those who rent their homes are encompassed by the affordable housing and overall housing need assessments. Older people and people with disabilities are a significant proportion of the Exeter population and this LHNA explicitly considers their needs, mindful that the groups' needs overlap. An assessment of the needs of Gypsies and Travellers is being developed for the Greater Exeter (East Devon, Exeter, Mid Devon and Teignbridge collectively) authorities separately, and an assessment of the housing needs of students in Exeter is being prepared separately for Exeter City Council in the form of the Greater Exeter: Student Housing Needs Assessment November 2024. There are no other distinct groups in Exeter with significant housing needs who require consideration beyond those mentioned in the NPPF.

Housing for Older People

31. It is important to plan housing which is suitable for the increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area, and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people.
32. The table below (Figure 7) summarises the potential requirement for new specialist housing, taking account of the current stock, unmet demand, and population growth for the plan period.
33. The current rate of provision in Exeter for dedicated older person housing is around 161 units per 1,000 persons aged 75+ years. The modelled target rate is 165 per 1,000 persons aged 75+ years, so this will see the relative size of the older persons stock grow. There is a need to increase the affordable housing stock, as the key driver predicting the need for affordable older persons housing is the scale of the total affordable housing stock in an area.

34. On this basis, there would be a need to provide an additional 880 specialist older person housing units in Exeter (equivalent to an average of 44 dwellings per year) of which 49% would need to be provided as affordable housing, which will typically be rented, but could be any property which meet the definitions set out in Annex 2 of the NPPF. The need for specialist older person housing represents 7% of the overall housing need identified for Exeter.

Figure 7: From Figure 61: Modelled Need for Specialist Older Person Housing in Exeter 2021-2041

Form of Provision	Existing supply	Baseline rate per 1000 persons aged 75+	Benchmark range per 1000 persons aged 75+	Target rate per 1000 persons aged 75+	Gross need in 2041	Housing need 2021-2041
Market Housing	928	87	-	87	1,374	446
Housing with Care	217	20	6-23	20	321	104
Housing with Support	711	67	47-50	67	1,053	342
Affordable Housing	795	75	-	78	1,229	434
Housing with Care	53	5	11.55	8	130	77
Housing with Support	742	70	50	70	1,099	357
TOTAL	1,723	161	-	165	2,603	880
<i>Housing with Care - extra care or enhanced sheltered</i>	270	25	-	28	451	181
<i>Housing with Support - retirement living or sheltered housing</i>	1,453	136	-	137	2,152	699

35. The model assumes a continuation of current types of housing although it is unclear if older people will aspire to these types of specialist housing in the future. Some types of housing are already experiencing lower demand than others (e.g., rented sheltered housing – existing supply is larger than current gross need, in contrast to owned sheltered housing), and other, newer types of provision may appear to meet changing aspirations. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand. National and local policies may result in an increase in the stock of adapted and accessible new build and second-hand properties in the coming years. This would allow more households to remain in their own homes for longer and could address some of the need for specialist older person housing. This will not completely eliminate the need for new older person housing schemes, particular those for extra-care, but it offers the potential for the need for dedicated older person housing to fall over time.

Housing for People with Disabilities

36. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings.
37. Three standards are covered:
- » M4(1) Category 1: Visable dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

38. Figure 8 summarises the assessed need for adapted housing between 2021 and 2041 as a range between 2,687 and 5,191. There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing.

Figure 8: From Figure 65: Households with a long-term illness or disability in Exeter by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER	Affordable	% of Total Affordable (Figure 50)	Market	% of Total Market (Figure 50)	TOTAL	% of Total LHN (Figure 50)
Existing need in 2021						
Households where an existing illness or disability affects their housing need and need to move in 2021	248	-	215	-	462	-
Projected future need 2021-41						
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	1,789	-	2,940	-	4,729	-
Maximum need for adapted housing 2021-41 (households)	2,037	36%	3,154	49%	5,191	40%
Less households living in dwellings adaptable to M4(1) standard	948		1,557		2,504	
Minimum need for adapted housing 2021-41 (households)	1,089	18%	1,598	26%	2,687	21%

39. Given the number of households likely to need to move due to a limiting long-term illness or disability affecting housing need (a significant proportion when compared to the LHN, see Figure 65), the evidence supports consideration of a high proportion of affordable homes being built to at least M4(2) standards. This is further impacted by the rates of limiting long-term illness or disability affecting housing need being much higher in affordable tenures (see Figure 62). The data indicates that there is a clear need for a similar proportion of market homes to be built to M4(2) standards also (Figure 65).
40. The overall need in Figure 8 represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.
41. Figure 9 summarises the assessed need for wheelchair accessible housing over the plan period. Note that these are gross figures and many of the households identified in 2021 are likely to already live in a wheelchair accessible home.

Figure 9: From Figure 69: Households needing wheelchair accessible housing in Exeter (Source: ORS Housing Model. Note: Figures may not sum due to rounding. Percentage of tenure in LHN column is calculated by dividing net change for a given tenure by the total identified need for that tenure in the LHN, as indicated by row labels.)

EXETER: Gross Modelled Need for Wheelchair Accessible Housing	2021	2041	Net change 2021-41	%age of tenure in LHN
Market housing	1,090	1,300	+210	2.5%
Affordable housing	760	1,190	+430	11.0%
Total	1,850	2,490	+640	5.3%

42. The evidence supports at least 11% of all new affordable housing for rent to be wheelchair accessible, as the Council will be able to allocate affordable rented households with wheelchair needs to appropriate homes. However, the Council may consider a slightly higher target (e.g. 15%, subject to viability), to ensure that a situation does not arise in which a property is not available for a wheelchair user in affordable need.
43. The evidence supports at least 2.5% of all market housing being fully (and simply) adaptable to the needs of a wheelchair occupant. However, since the Council cannot allocate market wheelchair homes, it is likely that some of these dwellings may be occupied by households that do not contain a wheelchair user. To avoid there being insufficient market homes that are fully wheelchair adaptable to meet the needs of the wheelchair using population, it is reasonable to plan for a higher proportion of fully wheelchair adaptable homes, (e.g. 10%), subject to viability and similar constraints.

Other Groups

44. **Co-living** - Exeter is projected to see a very small increase in single young person households. The household projections therefore envisage little role for co-living housing and this is reflected in the LHNA's modelled size and tenure mix. However, as a policy led response to the increasing lack of housing for younger people in Exeter, the co-living offers greater opportunities for groups such as recent graduates looking to establish themselves in the city as an alternative to living in HMOs.
45. **Service families** - Publicly available evidence indicates that there will be no meaningful need for additional housing specifically for service families in Exeter between 2021 and 2041.
46. **People Wishing to Build their Own Homes** - Exeter is currently not providing sufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. A key reason for this is that the Exeter Core Strategy was adopted some years in advance of the Self-Build and Custom Housebuilding Act coming into play; therefore the Council currently has no policy to promote serviced plots and no requirement for a proportion of plots on larger sites to be made available. The first priority of the Council should be to ensure that they are complying with national policy and meet the demand from the self and custom housebuilding register. This would amount to providing an on-going supply of around 96 plots over the period October 2023-September 2026, but also addressing the past under-provision of plots. As of September 2023, the supply of plots was 12 less than the number of households who had joined the register before October 2020, so that need must be added, so 108 plots are required before September 2026 and then a further 20 plots per annum will be required from that point to meet on-going need.
47. **Essential Local Workers** - Essential local worker households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers in need. It is also possible that some households who are Essential Local Workers will earn too much to be considered for Social and Affordable Rent.

1. Introducing the Study

Background to the project

Introduction

- 1.1 In 2021, Opinion Research Services (ORS) was commissioned by East Devon District, Exeter City, Mid Devon District and Teignbridge District Councils to prepare Local Housing Needs Assessments for the four local authority areas, to understand and investigate the nature and make-up of current and future housing needs across the areas, providing robust evidence to support future plan-making. This report comprises an updated Local Housing Needs Assessment for Exeter. At the time of writing, the plan period for the Exeter Local Plan is 2021-2041, so the evidence base uses that timeframe.
- 1.2 This work adheres to the requirements of the most recent National Planning Policy Framework (NPPF) published in December 2023 and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment. The LHN element of this assessment is calculated based on the standard method, as outlined in the PPG in December 2020.
- 1.3 We would note that in June 2022 the first results from the UK Census of Population 2021 were released. These cover the number of persons in Exeter by age and sex, and the number of households. They show a population in March 2021 of 130,700 persons compared with the ONS mid-year population estimate for June 2020³ of 133,333 persons, a difference of around 2,600 persons. A key reason for this difference will doubtless be the 9 months between June 2020 and March 2021. In 2019-20 the MYEs suggested an increase in population of approximately 1,600 persons, so assuming a similar change in the period in question, this reasonably accounts for around half of the difference, some 1,200 persons (9 months = $\frac{3}{4}$ of 1 year, $\frac{3}{4}$ of 1,600 = 1,200).
- 1.4 The remaining discrepancy of a further 1,400 persons is well within the uncertainty measure of the MYEs. For context, the 95% confidence interval for the 2011 Census (noting of course that the census is generally considered to be more accurate than the Mid-Year Estimates) in Exeter was plus or minus 1,800 persons⁴.
- 1.5 The ONS produced “Measures of uncertainty with proportional contributions”⁵ suggests a 2019 MYE uncertainty measure⁶ of 12.79% of the population (16,800 persons in 2019 - the equivalent for the 2020 MYEs has not yet been released). This suggests that a discrepancy of approximately 1,400 persons in the MYEs over the ten years between censuses is not noteworthy.

³ The June 2020 Mid-Year Estimates (release date 25 June 2021) are at the time of writing the most recently published MYE. The 2021 MYE are due to be published in Sept 2022.

⁴ 2011 Census: 95% confidence interval widths by age group - ONS December 2013:

<https://webarchive.nationalarchives.gov.uk/ukgwa/20160110120507/http://www.ons.gov.uk/ons/guide-method/census/2011/census-data/2011-census-user-guide/quality-and-methods/quality/quality-measures/confidence-intervals/index.html>

⁵ Measures of uncertainty with proportional contributions - ONS December 2020:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/measuresofuncertaintywithproportionalcontributions>

⁶ A relative measure of uncertainty that can be used for cross local authority comparisons.

- 1.6 The vacancy rate for Exeter in March 2021 was 5.5%, which is much higher than the 2.9% seen in Census 2011. This in turn would imply that around 1,500 more dwellings would normally be occupied in Exeter than were recorded as being occupied in the 2021 Census and therefore, the population of Exeter is probably higher. The most likely explanation for this is the impact of the pandemic on students, with many not being present at their term-time addresses at the time of the Census. However, there is nothing in the results of the UK Population of Census 2021 in Exeter which concerns us in relation to this study because it is underwritten by mid-year population data.
- 1.7 The release of data from Census 2021 underscores the fact that new data is constantly being released; and housing and planning policy shifts over time. At the time of writing, the government are consulting on updates to the National Planning Policy Framework and the standard method for calculating housing need. As a result a document such as this can rapidly become out of step with the absolute latest data and policy. It should be noted that this inevitability does not render any of its overall findings and conclusions wrong or significantly incorrect; and that for plan making purposes a position has to be taken at a point in time, based on the most recent evidence available at that time. This point concerning continuously updated data was echoed by the Inspector at the Luton Local Plan Examination:

“102. Firstly, a local plan inevitably takes some years to prepare and at some stage the evidence must become fixed if conclusions are to be reached and plans adopted. Indeed, the PPG accepts that although, where possible, local needs assessments should be informed by the latest available information, this does not automatically mean that housing assessments are rendered outdated every time new projections are issued. It is also worth noting that the Inspector examining the Central Bedfordshire Development Strategy expressed sympathy with views that ‘at some point, a local planning authority has to climb off the carousel of ever updated demographic data and publish a plan.’”

Report on the Examination of the Luton Local Plan – August 2017

- 1.8 This study uses the same underlying methodology as the Exeter LHNA 2022, with the exception of the modelled need for older persons, which uses a new methodology introduced by ORS in 2023. Therefore, any differences in outputs are purely due to changes in underlying data, in particular the Census 2021, mid-year population estimates for 2022 and 2023 and new data on house prices and rents. The main impact of these changes is to see a higher growth in the total projected population of Exeter with a lower need for adapted homes and larger issues with affordability.

2. Government Policy

An overview of the National Planning Policy Framework

Introduction

- 2.1 The Government published the National Planning Policy Framework (the 2012 NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 2.2 The 2012 NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *“the full, objectively assessed needs for market and affordable housing in the housing market area”*. The responsibility for establishing housing need rested with the local planning authority and paragraph 159 of the 2012 NPPF set out that they *“should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”*.
- 2.3 Revised versions of the NPPF were published in July 2018, February 2019, July 2021 and December 2023. Under the 2023 NPPF, local planning authorities are still responsible for assessing their local housing needs; however, paragraph 61 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.
- 2.4 Local planning authorities no longer have to prepare a Strategic Housing Market Assessment (SHMA) for the Housing Market Area (HMA), but they are now expected to produce a Local Housing Need Assessment (LHNA) for their local area in order to assess the size, type and tenure of housing needed for different groups in the community.
- 2.5 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the 2023 NPPF, paragraph 61 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and Planning Practice Guidance (PPG) identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [PPG ID 61-017-20190315]. A full examination of HMA areas can be found in Appendix B.
- 2.6 The 2019 NPPF also introduced a new definition for affordable housing, and this was carried over in to the 2023 NPPF. Whilst the original (2012) NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the PPG for assessing affordable housing need.

- 2.7 Under the 2012 NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn't afford to do so. However, the latest PPG supporting the 2023 NPPF states that assessments must now include the needs of *"those that cannot afford their own homes, either to rent, or to own, where that is their aspiration"* [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to buy, but are unable to afford homeownership, must now be counted as being in affordable housing need.

The Standard Method for Local Housing Need Assessment

- 2.8 The 2012 NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *"Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need"*⁷ but allowed for adjustment based on local factors: *"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends."*⁸ Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 2.9 On 14 September 2017, the Ministry of Housing, Communities and Local Government (MHCLG)⁹ published a consultation on potential revisions to the NPPF¹⁰, including a standardised methodology for calculating the LHN. This included a number of key proposals:

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by MHCLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by MHCLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its MHCLG household projections or current Local plan housing target.

- 2.10 At the same time, MHCLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014-based household projections.
- 2.11 The standard method seeks to identify the LHN, which is the minimum number of homes expected to be planned for. It does not produce a housing requirement figure, which will take into account capacity and

⁷ PPG 2015 – Housing and Economic Development Needs Assessments – ID: 2a-015-20140306

⁸ Ibid.

⁹ The Ministry of Housing, Communities and Local Government was renamed the Department for Levelling Up, Housing and Communities in 2021, before returning to its old name in 2024.

¹⁰ MHCLG, (2017), Planning for the right homes in the right places: consultation proposals, www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals

deliverability. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere.

- 2.12 PPG also suggests that local planning authorities will need to calculate their LHN figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate [PPG ID 2a-008-20190220]. As the housing need figure may change as the inputs are variable; it may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes while reviewing local plans.

Changes to the Standard Method

- 2.13 Since the publication of the figures in September 2017 a range of new data has been released which supersedes previous relevant data. This includes:
- » New affordability data released annual to March 2024;
 - » New 2016-based sub-national population projections (SNPP) released in May 2018;
 - » A new methodology for calculating household projections released by the Office for National Statistics in June 2018;
 - » New 2016-based household projections released in September 2018;
 - » New 2018-based sub-national population projections (SNPP) released in March 2020; and
 - » New 2018-based household projections released in June 2020.
- 2.14 The national housing need produced using these new data is lower than previous estimates, falling short of the then-Government's stated 300,000 dwelling per year target¹¹. As a consequence, the MHCLG consulted on changes to the standard method approach, and on 26 October 2018 published "Technical consultation on updates to national planning policy and guidance October 2018"¹².
- 2.15 At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and*

¹¹ 5 out of 6 local authorities had their household projection to 2039 revised downwards.

¹² MHCLG (2018) – "Technical consultation on updates to national planning policy and guidance" https://webarchive.nationalarchives.gov.uk/ukgwa/20181112152436mp/https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751810/LHN_Consultation.pdf

» 3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.¹³

2.16 The “Government response to the technical consultation on updates to national planning policy and guidance”¹⁴ was published on 19 February 2019.

2.17 The Government’s response stated:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government’s aspirations for the housing market.

A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

2.18 The end of the 18-month period that the Government cited (August 2020) was after the release of the 2018-based Sub National Population Projections (published in March 2020), and also the publication of the associated 2018-based Household Projections (June 2020).¹⁵

2.19 The most recent (at the time of writing) 2018-based principal sub-national population projection is based on two years of internal migration data, as the methodology for producing this data was substantially revised, and the ONS felt the new methodology was sufficiently incompatible with the old to omit data produced using the older method from informing the principal projection. However, some of the variant projections produced do utilise this data (e.g. the alternative internal migration variant is based on five years of internal migration data, combining three years of the older data with the available two years based on the new methodology).

2.20 On the 1st of August 2020, the Government released a consultation document proposing a new standard method incorporating the 2018-based household projections. The Government, having reviewed the responses to that consultation, decided in December 2020 to introduce a slightly modified version of the original standard method utilising the 2014 projections, instead of the method proposed in the consultation. The only difference between the new and original standard method is the introduction of a 35% uplift applied for those urban local authorities in the ONS-derived top 20 cities and urban centres list¹⁶. As with the original standard method, the housing need figure may change over time as the inputs are variable.

¹³ MHCLG, (2017), Planning for the right homes in the right places: consultation proposals, www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals

¹⁴ MHCLG (2019) – “Government response to the technical consultation on updates to national planning policy and guidance”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779792/LHN_Gov_response.pdf

¹⁵ National population projections are published every two years, with the 2018-based projections released in October 2019. Sub National Population Projections usually follow approximately 6 months later, and household projections later that same year. The 2016-based SNPP were released in May 2018, and the 2016-based household projections were released in September 2018.

¹⁶ The cities and urban centres list is devised by ranking the Office for National Statistics list of Major Towns and Cities by population size using the latest mid-year population estimates.

2.21 The appropriate extracts from the PPG that outline the methodology are as follows:

Step 1 - Setting the baseline

Set the baseline using national household growth projections (2014-based household projections in England, table 406 unitary authorities and districts in England) for the area of the local authority. Using these projections, calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period) ...

Step 2 - An adjustment to take account of affordability

Then adjust the average annual projected household growth figure (as calculated in step 1) based on the affordability of the area.

The most recent median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level, should be used.

No adjustment is applied where the ratio is 4 or below. For each 1% the ratio is above 4, the average household growth baseline should be increased by a quarter of a percent. An authority with a ratio of 8 will have a 25% increase on its annual average household growth baseline.

Where an adjustment is to be made, the precise formula is as follows:

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

Step 3 - Capping the level of any increase

A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing.

Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies...

Step 4 - cities and urban centres uplift

A 35% uplift is then applied for those urban local authorities in the top 20 cities and urban centres list....

PPG Reference ID: 2a-004-20201216

2.22 The calculation of LHN in this document proceeds on the above basis. We would note that, at the time of writing, the Government is consulting on a revised standard method. However, it is unlikely that this will be adopted before the end of 2024.

Assessing Housing Needs

- 2.23 The 2023 NPPF no longer requires local planning authorities to produce a SHMA to establish housing need for HMAs, but instead requires local planning authorities to inform strategic policy making with a LHNA:

63. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

63. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- b) the agreed approach contributes to the objective of creating mixed and balanced communities*

National Planning Policy Framework, December 2023

- 2.24 The 2023 NPPF does not contain any explicit reference to SHMAs, and housing needs are to be established at a local authority level. The LHNA should establish a minimum LHN figure. It should also identify the size, type and tenure of housing need for a range of different groups in the community. This is largely consistent with the scope for SHMAs that the 2012 NPPF identified.
- 2.25 Whilst the original NPPF expected SHMAs to be undertaken to assess needs across Housing Market Areas (HMAs), the focus of the revised NPPF is on the needs of individual local planning authorities without any mention of HMAs.
- 2.26 In terms of plan-making, PPG has retained the concept of the HMA [ID 61-010-20180913] within the Duty to Co-operate context, where joint working continues to be required.

Summary of the ORS Approach to Modelling Housing Need

- 2.27 As noted above, the government have stipulated that all local authorities should follow the standard method for assessing LHN, unless exceptional circumstances require an alternative figure to be calculated. This represents the total number of dwellings required in the area.
- 2.28 However, the standard method is underwritten by the 2014 based household projections and a significant amount of more up to date demographic information is now available. While the final outputs of this study are based upon the standard method based LHN, we achieve these outputs through a series of stages.
- 2.29 In Chapter 4, we consider the demographic profile of the population and households. The demographic projections for this LHNA are based on the latest official projections and cover the 20-year period 2021-2041. They are informed by the latest ONS mid-year estimates,¹⁷ and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018 based 10-year migration trends variant population and household projections. The data within these projections is then adjusted in light of the Census 2021 and mid-year population estimates for 2021, 2022 and 2023. The

¹⁷ The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published.

- 2.30 The estimates for affordable housing need in Chapter 5 are therefore based upon adjusted 2018 based population and household projections. The figures contained within this chapter therefore reflect the need for affordable housing based upon much more recent trends than the data underwriting the LHN.
- 2.31 However, delivering the number of dwellings required by the standard method will require a different population and household growth than the trend-based population and household growth. This issue is reconciled in Chapter 6. To move from the household growth in Chapter 5 to the total need for dwellings in Chapter 6 requires a series of additional elements. These include:
- » The need to include the impact of vacant and second homes to uplift the household projection to become the need for dwellings;
 - » The need to include an allowance for additional Use Class C2 bedspaces such as nursing homes to ensure that persons otherwise not included in the population and household projections are included within the overall LHN;
 - » The standard method seeks to address housing market pressures, so the ORS model adjusts household formation rates for younger households on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and
 - » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target.
- 2.32 When all relevant factors have been added, the outputs produced in Chapters 4 and 5 are consistent with the LHN in Chapter 6. Therefore, the figures produced in Chapter 6 are the overall conclusions for housing need based upon the standard method LHN.

3. Local Housing Market

Housing trends and cost of housing in Exeter

Introduction

- 3.1 This chapter explores the cost of housing in Exeter and the incomes needed to rent or buy at market prices.
- 3.2 It highlights the potential income gaps and seeks to identify where and how people may fall into affordable housing need. This includes consideration of social and affordable rent and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies.

Housing Tenure Trends

- 3.3 When considering the local housing market, it is worth noting the historic changes to tenure in Exeter, as recorded by past censuses. Figure 10 below provides the detailed census data for Exeter:

Figure 10: Number of Households in Exeter by Tenure 1981-2021 (Source: UK Census of Population)

Tenure	Total Households 1981	Total Households 1991	Total Households 2001	Total Households 2011	Total Households 2021	Net Change 1981-1991	Net Change 1991-2001	Net Change 2001-2011	Net Change 2011-2021
Owner occupied	20,941	27,314	31,043	29,913	30,655	+6,373	+3,729	-1,130	+742
Private rent	3,973	3,748	7,339	10,943	13,172	-225	+3,591	+3,604	+2,229
Social rent	9,810	8,343	8,191	8,386	8,727	-1,467	-152	+195	+341
W TOTAL	34,724	39,405	46,573	49,242	52,554	+4,681	+7,168	+2,669	+3,312
Owner occupied	60.3%	69.3%	66.7%	60.7%	58.3%	9.0%	-2.7%	-5.9%	-2.4%
Private rent	11.4%	9.5%	15.8%	22.2%	25.1%	-1.9%	6.2%	6.5%	2.8%
Social rent	28.3%	21.2%	17.6%	17.0%	16.6%	-7.1%	-3.6%	-0.6%	-0.4%

- 3.4 It should be noted that Figure 1 does not include Shared Ownership, as the amount of shared ownership in Exeter was minimal (less than 500) at the time of the 2021 census; and does not change the analysis presented. Furthermore, it may be noted that social rent covers households that are renting from the council (local authority), and any other cases of social rented households (e.g. housing associations).¹⁸
- 3.5 During the 1981-2021 period the total volume of housing in Exeter had risen from 34,724 to 52,554 households. Notably, the volume of households in social rent had fallen from 9,810 to 8,727 households whilst other forms of tenure had increased in volume.

¹⁸ An example of the minimal impact of shared ownership, and the breakdown of how social rent is presented can be found here: <https://www.nomisweb.co.uk/census/2011/KS402EW/view/1946157359?cols=measures>

3.6 The table also shows that the most notable change was the decline in the proportion of people in social rent, this had reduced by over a third during the period 1981 and 2011 (from 28% to 17%). In contrast, private rent had doubled. Between 1981 and 1991 there was a notable growth in the proportion of owner occupiers, partly as a consequence of the introduction of right to buy policies. This peaked at 69.3% of households and has since fallen to levels closer to those in 1981.

3.7 The PPG recognises the importance of understanding the likely future role of the private rented sector.

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

Planning Practice Guidance, ID 67-002-20190722

3.8 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

- » Increasing demand from more households;
- » Recent reductions in incomes (in real terms);
- » Reducing affordability of owner occupation;
- » Changing bank lending practices;
- » Pension reform: pension drawdowns invested in Buy-to-Let (BTL) property.

3.9 The growth of the sector has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. MHCLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032.¹⁹ On this basis, the number of households renting privately could double again over the next twenty years.

3.10 As the private rented sector expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the 2008 recession.

3.11 The Office for Budget Responsibility analysis of the UK’s public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)²⁰:

“The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating.”

OBR - Economic and Fiscal Outlook (March 2014) paragraphs 4.152-154

¹⁹ <http://news.rla.org.uk/rpi-rent-revolution/>

²⁰ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

- 3.12 The Government sees the private rented sector having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 3.13 Policy by both Government and Local Authorities is focused on improving management and maintenance in the sector (via licensing or self-regulation schemes) and expanding supply²¹ (including the Build to Rent investment scheme²²). The Government published “*Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities*” in March 2019²³, and the Foreword by the Minister stated:

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

- 3.14 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property. The private rented sector therefore makes an important contribution towards providing housing options for low-income households, and it is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 3.15 The Housing and Planning Act 2016 contained proposals to further the Government’s policy of encouraging home ownership through promoting Starter Homes. Starter Homes were intended to provide affordable housing for first time buyers by selling newbuild properties at a discount of at least 20% below their market prices. The discount was not in perpetuity, so the buyer of the property stood to gain from buying a home at 80% or less than its market price; but owning 100% of the property.
- 3.16 However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government has now introduced an alternative policy entitled First Homes²⁴.

²¹ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

²² <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

²³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

²⁴ <https://www.gov.uk/government/consultations/first-homes>

- 3.17 Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes are prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. A reduction in the sale price of at least 30% is in perpetuity, so the buyer will not own more than 70% of the property. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. Use of First Homes is restricted so that they cannot be used as buy to let or holiday homes.
- 3.18 There are many households residing in the private rented sector in Exeter who aspire to home ownership (see Figure 39) and if affordable First Homes were to be provided for this group it would, potentially, reduce the size of the private rented sector by giving alternative options to renters that aspire to buy, but cannot afford to purchase on the open market. However, while some have been delivered, the current government no longer sees First Homes as a priority, with a greater focus on the delivery of affordable to rent housing.

Cost of Renting

- 3.19 When considering renting in Exeter it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area:
- » Median private rent;
 - » Lower quartile private rent;
 - » Local Housing Allowance (LHA) in the applicable broad rental market area (BRMA);
 - » Affordable rent; based on average rents charged for existing dwellings.
- 3.20 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was originally calculated on the 30th percentile private rent, with increases based on consumer price inflation (CPI) until rates were frozen in the July 2015 budget. Rates were then increased to the 30th percentile in April 2020 and again in April 2024. The Government now intends to freeze the rates in cash terms again.
- 3.21 Figure 11 sets out the median weekly rents for different property sizes in Exeter together with the local housing allowances and the calculated affordable rent rates. In Figure 11, Affordable Rent does not include affordable private rent provided as the affordable housing element of Built to Rent schemes. Affordable Private Rent is discussed in paragraphs 3.46 to 3.47 of this chapter.

Figure 11: Weekly rent thresholds Exeter (Source: Valuation Office Agency 2022-23; SDR 2023²⁵)

EXETER	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance (Exeter BRMA)	Affordable Rent
1 bedroom	£172.48	£155.24	£144.99	£113.89
2 bedrooms	£218.48	£195.48	£182.96	£142.35
3 bedrooms	£280.57	£232.28	£218.63	£159.45
4+ bedrooms	£459.96	£341.52	£299.18	£174.53

²⁵ SDR = Statistical Data Return:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/963127/GEO_PR_P_TOOL_2020_FINAL.xlsx

- 3.22 Across all property sizes, the median and lower quartile private rent is higher than the maximum LHA in Exeter. This means that those on housing benefit cannot afford properties of median and lower quartile private rents.
- 3.23 Affordable rent is consistently lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of affordable rent (where they were entitled to do so).
- 3.24 Households claiming out-of-work benefits are subject to a cap of £384 per week for lone parents and couples or £257 per week for single people (outside of London). This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of private rented property that they need in their BRMA.

Income Needed to Rent Housing

- 3.25 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)²⁶ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income”*

Strategic housing market assessments: practice guidance – CLG 2007, page 42

- 3.26 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new PPG. The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include only those households who cannot afford to access suitable housing in the market”* (ID: 2a-020-20190220).
- 3.27 The English Housing Survey (EHS) 2015-16²⁷ provides information about the percentage of gross household income that households currently spend on their housing costs²⁸:
- » For the total gross income (including housing benefit) of the Household Representative and partner, households renting privately spend on average 41% of their income on rent, whilst the average is 31% for households in social rent;
 - » For the total gross income (excluding housing benefit) of the Household Representative and partner, households renting privately spend on average 48% of their income on rent, whilst the average is 40% for households in social rent;

²⁶ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

²⁷ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

²⁸ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16”

- » For the total gross income (including housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spend on average 35% of their income on rent, whilst the average is 28% for those in social rent;
- » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spend on average 41% of their income on rent, whilst the average is 37% for those in social rent.

3.28 The EHS thus demonstrates that many households, in both private and social rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs²⁹. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.

3.29 As an example, we can establish the income needed to rent a 1-bedroom property in Exeter's private rented sector based on a 35% income multiplier:

- » The median weekly rent recorded was £172.48;
- » Based on a 35% (of gross) income multiplier, a weekly income of £492.80 would be needed which equates to a gross annual income of £25,700 (365.25 days*£492.80/7).

3.30 To rent the same property based on a 25% income multiplier would increase the gross income required to £35,900 per year whereas households with an annual income of £19,900 per year could afford the rent if 45% of their income was allocated to housing costs.

3.31 Figure 12 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent if 35% is spent on housing.

Figure 12: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Exeter (Source: ORS based on Valuation Office Agency data Oct 2022 to Sep 2023; SDR 2023)

Exeter	Private Rent Median	Private Rent Lower Quartile	Affordable Rent (SDR 2023)	Social Rent
1 bedroom	£25,714	£23,143	£16,979	£12,105
2 bedrooms	£32,571	£29,143	£21,222	£14,021
3 bedrooms	£41,829	£34,629	£23,771	£15,496
4+ bedrooms	£68,571	£50,914	£26,019	£18,777

3.32 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid,

²⁹ This is coincidentally also the figure Shelter deem reasonable - <https://blog.shelter.org.uk/2015/08/what-is-affordable-housing/>

3.33 Considering some examples of disposable income (based on 2023-24 income tax and national insurance rates):

- » A single person household with a gross income of £20,000 from employment would have £17,240 (£332 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 52% of their net income and would leave £1,59.50 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,880 (£382 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 45.2% of their net income and would leave £209.50 per week as disposable income to cover their other living expenses.

3.34 We should also consider the differing potential levels of housing benefit.

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).

3.35 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing.

3.36 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 13 sets out the maximum incomes for housing benefit eligibility for different types of households:

Figure 13: Maximum income for households in receipt of housing benefit support by household type
(Source: ORS based on data held by Shelter England³⁰; Valuation Office Agency data³¹)

Property type	Household type	EXETER BRMA
ROOM ONLY	Single person aged 16-24	£13,427
ROOM ONLY	Single person aged 25-34	£14,345
1 BEDROOM PROPERTIES	Single person aged 35+	£16,064
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£16,935
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£18,594
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£23,171
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£26,662
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£25,702
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£29,761

3.37 The data in Figure 13 is presented for purposes of comparison with other income levels that appear later in this chapter.

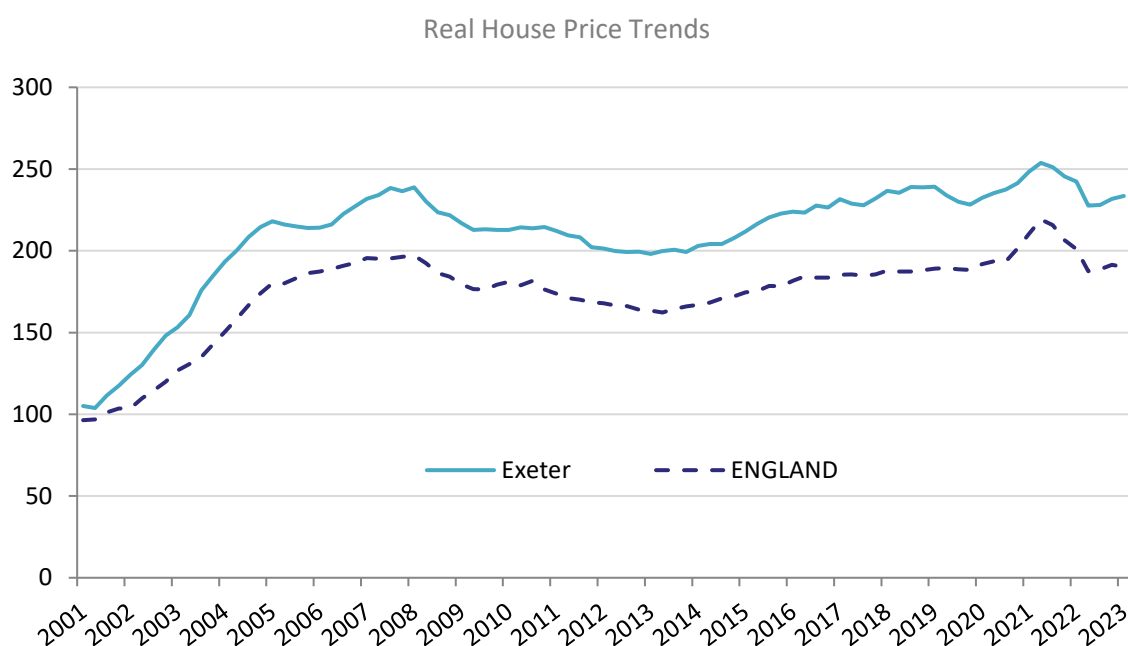
³⁰ [Shelter Legal England - Housing benefit calculation rates 2020 to 2021 - Shelter England](#)

³¹ <https://lha-direct.voa.gov.uk>

Cost of Home Ownership

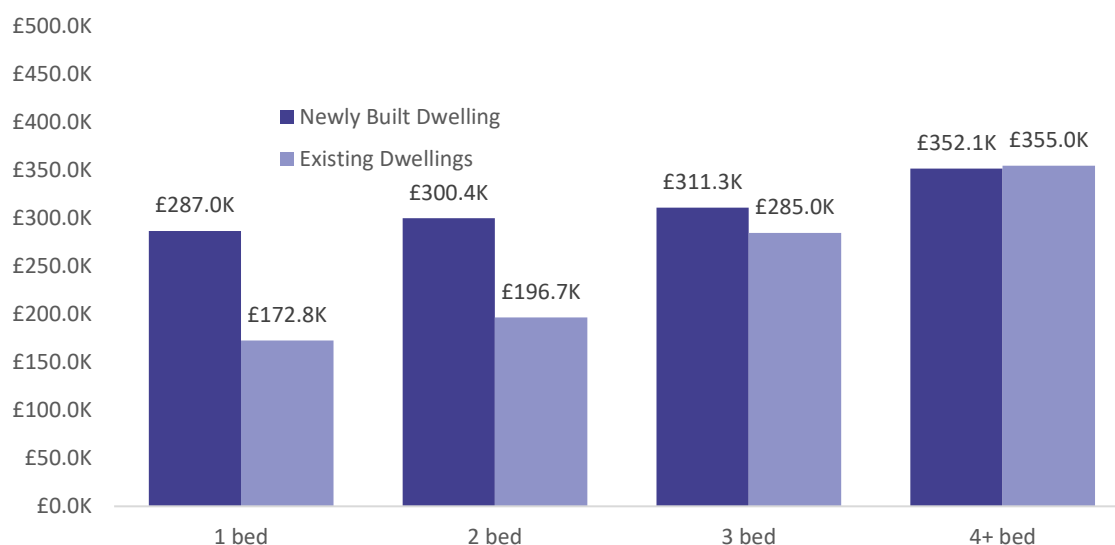
- 3.38 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2023) are shown in Figure 14. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 3.39 Real house prices in Exeter, whilst somewhat higher, have historically mirrored those in England as a whole. Overall prices increased substantially in the period 2001-2008. Values then reduced from the beginning of 2008 and fell to their low point in late 2013, since when they have grown steadily. Since 2019, prices in Exeter have been similar to the previous peak prices in 2008.

Figure 14: Real House Price Trends: Lower Quartile Prices adjusted to 2023 values using CPI (Source: ONS; Bank of England)



- 3.40 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 15 shows lower quartile house prices in Exeter by bedroom size.
- 3.41 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium. Although this is not always the case, in particular when relating to 4+-bedroom properties as shown in Figure 28.

Figure 15: Exeter - Lower quartile prices (adjusted to 2023 values using CPI) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



- 3.42 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.
- 3.43 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build estates. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

Income Needed for Other Types of Housing

- 3.44 Another housing option that could be made available in Exeter, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2023 (Glossary)

- 3.45 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low-Cost Home Ownership options.
- 3.46 The National Planning Policy Framework states that affordable housing on Build to Rent schemes should be provided in the form of affordable private rent. The Build to Rent PPG offers a “generally suitable” benchmark that 20% of any given Build to Rent scheme should be provided as affordable private rent (maintained in perpetuity). In terms of setting affordable private rent levels, PPG requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).

- 3.47 However, the affordability of affordable private rent is highly dependent on the rent being discounted. At the time of writing, no Build to Rent or affordable private rent housing has been delivered in Exeter, although some is in the pipeline. However, research by JLL³² shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels are the case in Exeter, and a discount of 20% is applied to these rents (as is suggested by the NPPF) for the affordable units, then the range of rental costs available will be as Figure 16. ORS believes JLL's assumptions to be reasonable, in the absence of any current evidence of the cost of Build to Rent housing specifically in Exeter. However, if further evidence were to be made available on the cost of such units specifically in Exeter, it would of course change the analysis:

Figure 16: Weekly rent thresholds in Exeter (Source: Valuation Office Agency 2021-24; SDR 2023, JLL)

Weekly Rent £	Local Housing Allowance	Upper Quartile Private Rent	Build to Rent (Median + 9.3%)	Median Private Rent	Lower Quartile Private Rent	Affordable Private Rent (Build to Rent with 20% discount)	Affordable Rent	Social Rent
1 bed	£144.99	£195.48	£188.53	£172.48	£155.24	£150.82	£113.89	£81.20
2 bed	£182.96	£241.48	£238.80	£218.48	£195.48	£191.04	£142.35	£94.05
3 bed	£218.63	£321.97	£306.67	£280.57	£232.28	£245.33	£159.45	£103.94
4+ bed	£299.18	£655.44	£502.74	£459.96	£341.52	£402.19	£174.53	£125.95

- 3.48 The LHA would be insufficient to cover the costs of affordable private rent units and would be close to the lower quartile rental levels. For the affordable component of Build to Rent to be consistent with the LHA rates would require a discount around 25%, not 20%. However, Build to Rent could still represent a useful affordable housing option for help with public sector workers who may earn too much to be considered for Social and Affordable Rent, but who may not be able to access Shared Ownership or other affordable to own schemes.
- 3.49 In terms of pricing, full price Build to Rent options in Exeter are roughly equivalent to upper quartile private rent for properties of 3 bedrooms or smaller (as illustrated in Figure 16); but remain more accessible than affordable home ownership options (as illustrated in Figure 17). The assumptions underlying the calculations can be seen in Figure 18 following. While shared ownership mortgages are typically at a higher interest rate due to the retained charge on the property, changes announced in May 2021 see the minimum share lowered to 10%, and this is intended to reduce deposit levels to make home ownership more accessible.

Figure 17: Income required for a variety of housing options in Exeter assuming 35% of income spent on rent, and a 3.5x income multiplier (Source: VOA 2021-2024, Land Registry, ORS model)

Size	Incomes necessary to afford private rents based on spending 35% of income				Income necessary to afford home ownership based on 3.5x multiplier from bank (~19% of income on housing)		
	Access Lower Quartile Rent	Access Median Rent	Access Upper Quartile Rent	Build to Rent	First Homes (30% discount)	Shared Ownership	Home Ownership
1 bed	£23,143	£25,714	£29,143	£28,106	£51,663	£43,062	£73,804
2 bed	£29,143	£32,571	£36,000	£35,601	£54,065	£45,064	£77,235
3 bed	£34,629	£41,829	£48,000	£45,719	£56,034	£46,705	£80,048
4+ bed	£50,914	£68,571	£97,714	£74,949	£63,387	£52,834	£90,553

³² <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

Figure 18: Assumptions underlying Figure 17

Assumptions	First Homes	Shared Ownership	Home Ownership
Equity share	70%	40%	100%
Deposit	10%	10%	10%
Interest rate	5.25%	6%	5.25%
Mortgage term	30	30	30
Rent on retained equity	0%	2.75%	0%
Weekly service charge	£0	£15	£0

- 3.50 The accessibility of affordable home ownership options is partly due to restrictions on the amount a customer can borrow for mortgage purposes. The often-used standard income multiplier of 3.5x translates to an equivalent of approximately 19% of income being used on housing costs, although it should be noted that many lenders offer larger income multipliers. However, a tenant is not subject to these restrictions, and can pay more of their income towards rent, such as 35% in the example above.
- 3.51 If the rental market were hypothetically subject to the same restrictions as the mortgage market (which of course it is not), i.e. 19% of income is the appropriate amount to spend on housing (equivalent to a 3.5x income multiplier), then renting would be a choice comparable to home ownership options, as demonstrated below:

Figure 19: Approximate income required for a variety of housing options in Exeter assuming 19% of income spent on rent, and a 3.5x income multiplier (Source: VOA 202-2024, Land Registry, ORS model)

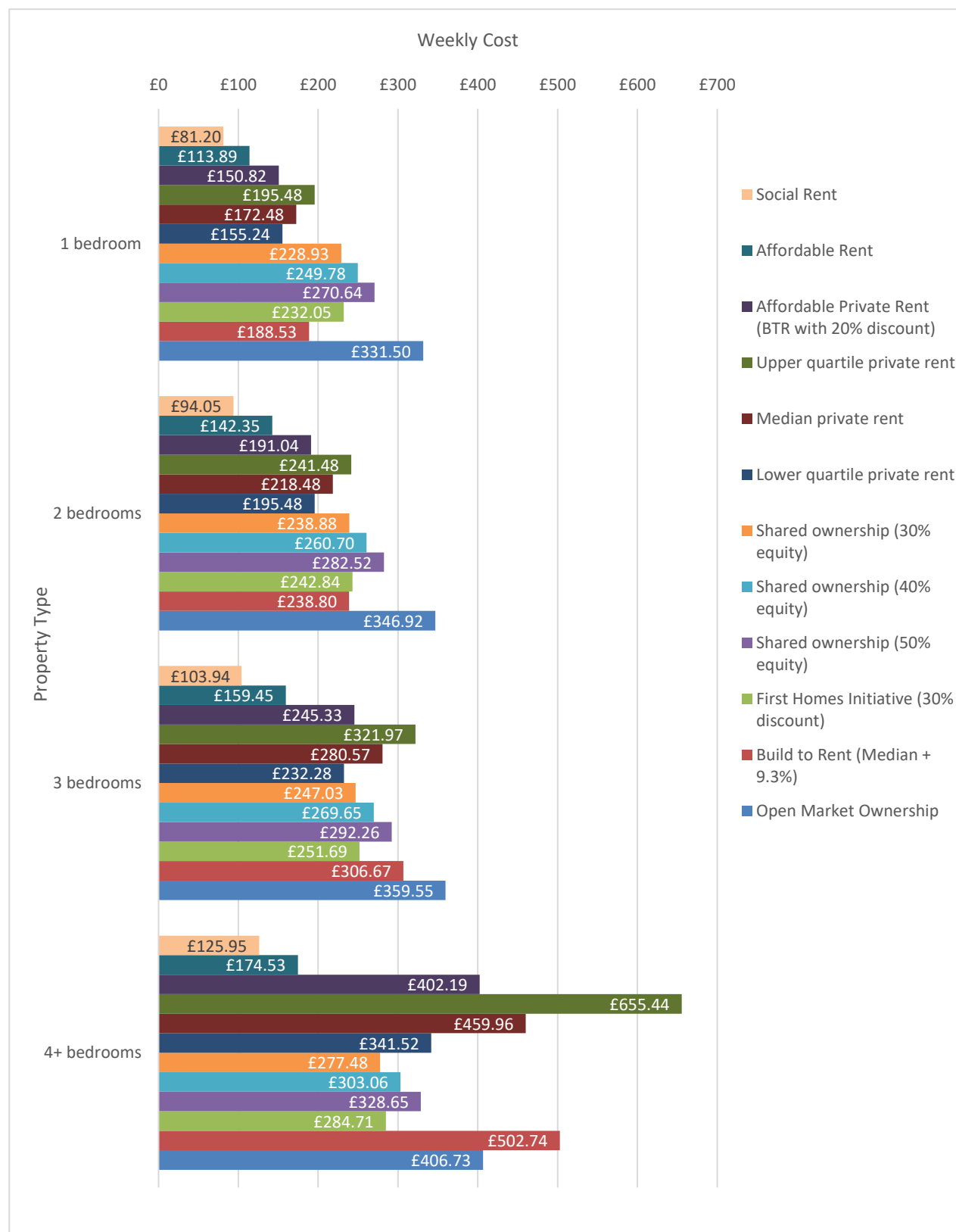
Size	Incomes necessary to afford private rents based on spending 19% of income				Income necessary to afford home ownership based on 3.5x multiplier from bank (≈19% of income on housing)		
	Access Lower Quartile Rent	Access Median Rent	Access Upper Quartile Rent	Build to Rent	First Homes (30% discount)	Shared Ownership	Home Ownership
1 bedroom	£42,632	£47,368	£53,684	£51,774	£51,663	£54,464	£73,804
2 bedrooms	£53,684	£60,000	£66,316	£65,580	£54,065	£56,996	£77,235
3 bedrooms	£63,789	£77,053	£88,421	£84,219	£56,034	£59,072	£80,048
4+ bedrooms	£93,789	£126,316	£180,000	£138,063	£63,387	£66,823	£90,553

- 3.52 In summary, regardless of the home ownership option, affordable or otherwise, the income levels required to access these products are considerably higher than the equivalent to access rented property. This is due to the constraint of mortgage income multipliers. It may be noted that this is not the case in the weekly costs of these mortgage options, which may in some cases be lower than rents on properties of equivalent size.

Summary of Housing Costs

^{3.53} This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 20 summarises these costs for each property size.

Figure 20: Comparison of weekly housing costs by property size (Source: VOA 2019-2020, Land Registry, ORS model)



- ^{3.54} Unsurprisingly, for each property size social rent is the cheapest in terms of weekly costs, with open market ownership being the most expensive in terms of weekly costs for 1, 2 and 3-bed room properties and upper quartile private rent being the most expensive for 4+ bedroom properties. For 4+ bedroom properties, lower quartile market rent is more expensive than First Homes with a 30% discount.
- ^{3.55} The cost of shared ownership predictably varies depending on the equity size purchased, however in each equity share shown above it is cheaper than a 30% discounted First Home in terms of weekly costs. In addition, 30% shared ownership is generally cheaper than median rents. It is also much more flexible than First Homes and therefore may meet the needs of different households.
- ^{3.56} Overall, compared to rental options, the affordable home ownership products shown appear to be relatively accessible, however it should be noted that the chart takes no account of the initial cost of a deposit on a property, which is a barrier to many households that seek to get onto the housing ladder. Furthermore, despite the weekly costs, the underlying income necessary to obtain a mortgage on a First Home or Shared Ownership property may be meaningfully higher than the underlying income required to rent a property due to the constraint of mortgage income multipliers discussed previously.

4. Demographic Projections

The baseline for establishing housing need

Introduction

- 4.1 This chapter introduces the ORS demographic projection for Exeter, based on the 10-year variant of the 2018-based population and household projections for Exeter (modified to include the 2021 Census and 2021, 2022 and 2023 Mid-Year Estimate of population to ensure that it is as current as possible at the time of writing) to illustrate the projected growth of households during the plan period. This overall growth is broken down by age and household type to support planning. This projection forms the basis of the calculation of affordable housing needs (Chapter 5) and the projected household component (see Figure 45) of the LHN disaggregation found in Chapter 6.

Official Household Projections

- 4.2 The first step in analysing housing needs must be to identify the trend-based household projections for Exeter, which are used as the basis for this report.
- 4.3 Figure 21 sets out a range of the various household projections from both CLG and ONS methodologies for purposes of comparison. It also includes the associated outputs using a sensitivity analysis approach.

Figure 21: Household projections 2024-34 for Exeter (Source: CLG, ONS; Note: All figures presented unrounded for transparency)

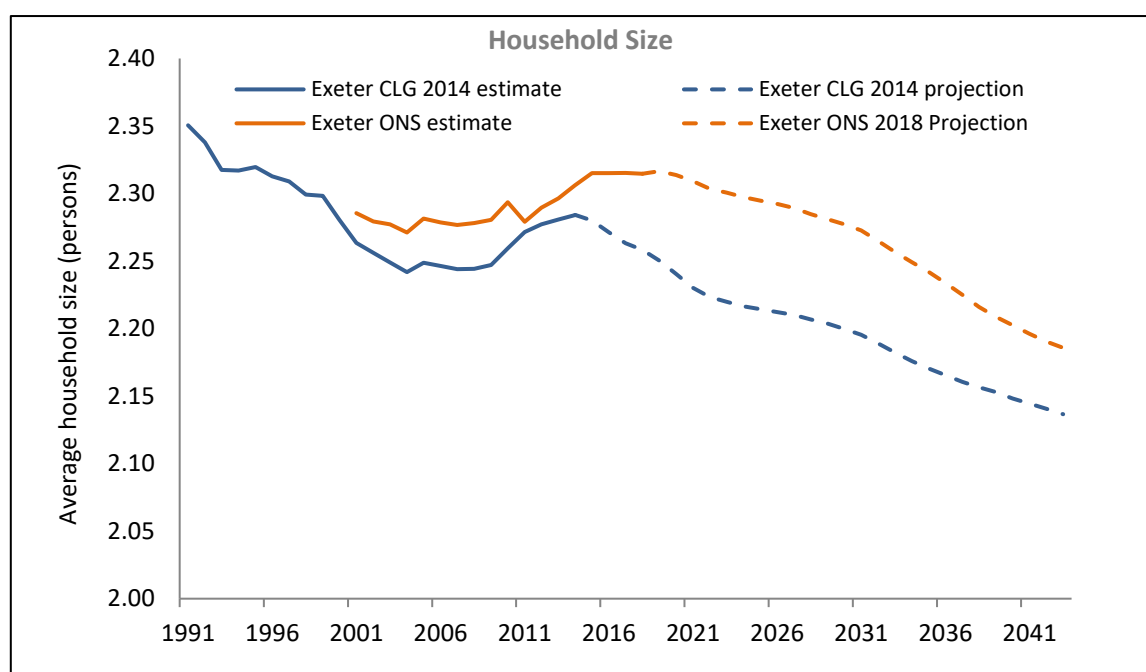
EXETER	Migration trends	10-year change in Households 2024-2034	Annual average change in Households 2024-2034
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+4,843	+484
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+3,786	+379
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+4,708	+471
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+3,851	+385
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+8,085	+809
Alternative Internal (5-year trend): 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+5,544	+554
10-year trend: 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+3,604	+360

- 4.4 In Exeter, there is an increased projected household change based on the most recent principal projections, and the sensitivity analysis indicates that falling household formation projections have limited this increase. In the 2018-based projections, it is notable that the 10-year household change is lower than the projections based on a shorter migration trend, primarily due to the impact of three years of high inward migration in 2014-17³³.

Projected Household Size

- 4.5 The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 22) divides the population in the area by the associated household projection.

Figure 22: Average household size estimates and projections for Exeter for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections)



- 4.6 As the chart shows, average household size is projected to steadily decline over the plan period. This is largely attributable to the aging population within the United Kingdom, as older individuals tend to typically be single persons or couples without children.
- 4.7 The ONS projections suggest that household sizes will remain larger than previously projected by CLG. This difference in household sizes is due to differences between the ONS and CLG's methodologies.³⁴ The key difference is ONS' use of the 2001 and 2011 census in establishing trends in household representative rates, whereas CLG utilised census data dating back to 1971.
- 4.8 Within this report, all demographic reporting is based on a modified 10-year variant of the 2018-based population and trend-based household projections unless otherwise stated. The 10-year variant of the 2018-

³³ Source: ONS - Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland – detailed time series: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

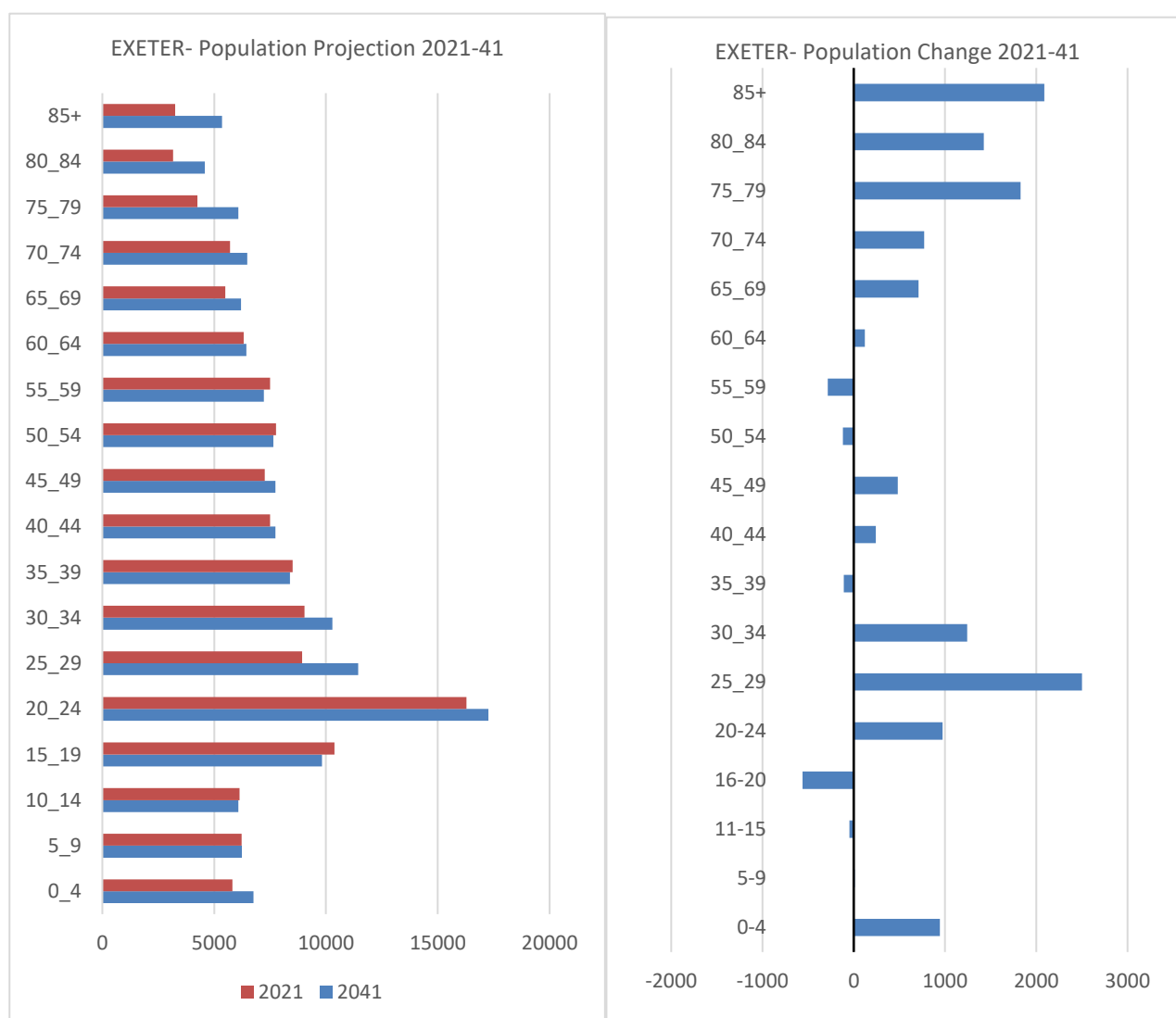
³⁴ ONS methodology statement can be found at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/methodologyusedtoproducehouseholdprojectionsforengland2018based>

based projection has been updated by ORS to include the data from the 2021 Census and 2021, 2022 and 2023 Mid-Year Estimates (MYE) of Population, ensuring a robust projection including the most up-to-date evidence available.

ONS Projected Population Age Profile

- 4.9 The ONS 2018-based (10-year variant) population projections show that the overall population of Exeter is projected to grow by 6,700 from 133,300 people to 140,000 people between 2021 and 2041.
- 4.10 The ORS population projection shows an increase from 129,500 people to 141,750 people from 2021 to 2041. We would note that this is a higher rate of growth than projected in the Exeter LHNA 2022, which projected a growth of 8,735 persons between 2020 and 2040. The age distribution has also changed, with the LHNA 2022 showing a decline in many younger age groups, while the current assessment shows a population growth for almost every age group. The key explanation for this change is the addition of the Census 2021 and MYE 2022 and 2023 data, which are showing a younger age profile for the population of Exeter. Figure 23 following shows the resultant 20-year population projections used in the report along with change over the period, by 5-year age group:

Figure 23: Exeter – Population 2021, 2041 and Change 2021-41 by 5-year cohort (Source: ORS)



20 Year Household Projections by Age

- 4.11 An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 24: Total projected households in Exeter for 2021 and 2041 (Note: Figures may not sum due to rounding. Source: ORS Model)

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	3,900	8,400	9,400	9,600	9,200	7,200	5,400	2,500	55,700
2041	3,900	9,700	9,000	9,400	8,700	7,700	7,400	3,900	59,800
TOTAL CHANGE	+0	+1,200	-400	-200	-500	+600	+2,000	+1,400	+4,200

- 4.12 The table shows an overall increase of 4,200 households in Exeter over the 20-year period 2021-2041, with the vast majority of this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 20-year period.
- 4.13 It is important to consider household growth in relation to age cohorts. Figure 25 shows the projected number of households in each cohort, showing their age in both the start and the end of the projections. Clearly, no household representatives are aged under 5, but children aged under 5 at the base date of the projection will be aged 15-24 after the twenty years elapse, and thus will be potentially heads of households.

Figure 25: Total projected households in 2021-41 by age cohort of household representative (Note: Figures may not sum due to rounding)

Age in 2021	<5	5-14	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Age in 2041	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	-	-	3,900	8,400	9,400	9,600	9,200	15,100	55,700
2041	3,900	9,700	9,000	9,400	8,700	7,700	7,400	3,900	59,800
TOTAL CHANGE	+3,900	+9,700	+5,100	+900	-700	-1,900	-1,800	-11,200	+4,200

- 4.14 For example, in Exeter there were 9,400 households with a household representative aged 35-44 in 2021 and these same households would be aged 55-64 in 2040. The trend-based projection identifies that the total number of households aged 55-64 in 2041 would be 8,700. The projection shows a reduction of 700 households in this cohort due to net migration.
- 4.15 In Exeter, based on the cohort analysis, around 18,900 extra households will be formed over the 20-year period 2021-41 by those who will be aged under 65 in 2040. These extra households are offset against a reduction of 14,900 households aged 65 or over by that time.
- 4.16 In each case, most of the anticipated reduction in the older cohorts is due to household dissolution following death (although some may be due to net migration). Whilst the overall volume increase in households is largely due to a growing older population most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form. Many of these households will buy or rent existing

housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

- 4.17 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements. "Other households" incorporates other multi-person households, such as unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults, i.e. any household type not encompassed by the other three categories.
- 4.18 Figure 26 shows the household numbers and net change for Exeter from 2021 to 2041 separated out by the age of the household representative person (HRP).

Figure 26: Total projected households for 2021 and 2041 and change by household type and age of household representative for Exeter (Note: Figures rounded to nearest 10; total figures rounded to nearest 100. All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	Single person	740	2,110	1,900	2,330	3,160	3,190	2,800	1,670	17,900
2021	Couple without children	450	2,490	1,430	2,220	4,110	3,340	2,290	670	17,000
2021	Families with child(ren)	190	2,540	5,230	3,740	720	70	10	0	12,500
2021	Other households	2,520	1,300	840	1,310	1,260	550	320	160	8,300
2021	TOTAL	3,900	8,400	9,400	9,600	9,200	7,200	5,400	2,500	55,700
2041	Single person	770	2,460	1,770	2,210	2,960	3,500	3,740	2,600	20,000
2041	Couple without children	440	2,810	1,370	2,130	3,810	3,540	3,280	1,080	18,500
2041	Families with child(ren)	160	2,870	5,050	3,670	690	80	10	0	12,500
2041	Other households	2,530	1,550	850	1,360	1,260	610	420	240	8,800
2041	TOTAL	3,900	9,700	9,000	9,400	8,700	7,700	7,400	3,900	59,800
Change	Single person	+40	+350	-130	-120	-200	+310	+930	+920	+2,100
Change	Couple without children	-10	+320	-70	-90	-300	+200	+990	+410	+1,500
Change	Families with child(ren)	-30	+330	-180	-60	-30	+10	+0	+0	+0
Change	Other households	+0	+250	+20	+50	+0	+60	+100	+80	+600
Change	TOTAL	+0	+1,200	-400	-200	-500	+600	+2,000	+1,400	+4,200

- 4.19 In summary, over the 20-year period 2021-41 for Exeter, the projections show (Figure 26):
- » Single person households are half of the overall household growth (2,100) with the majority (1,850) being single people aged over 75;
 - » Couples without dependent children are projected to increase (1,500) and are primarily over 65 (an increase of 1,600 offset against a decrease of 150 in younger age groups);
 - » Families with dependent children are projected to see no change; and
 - » Other types of household contribute a further 600.
- 4.20 Overall, 95% of the household growth is for households aged over 65 suggesting homes meeting older persons requirements are a priority.

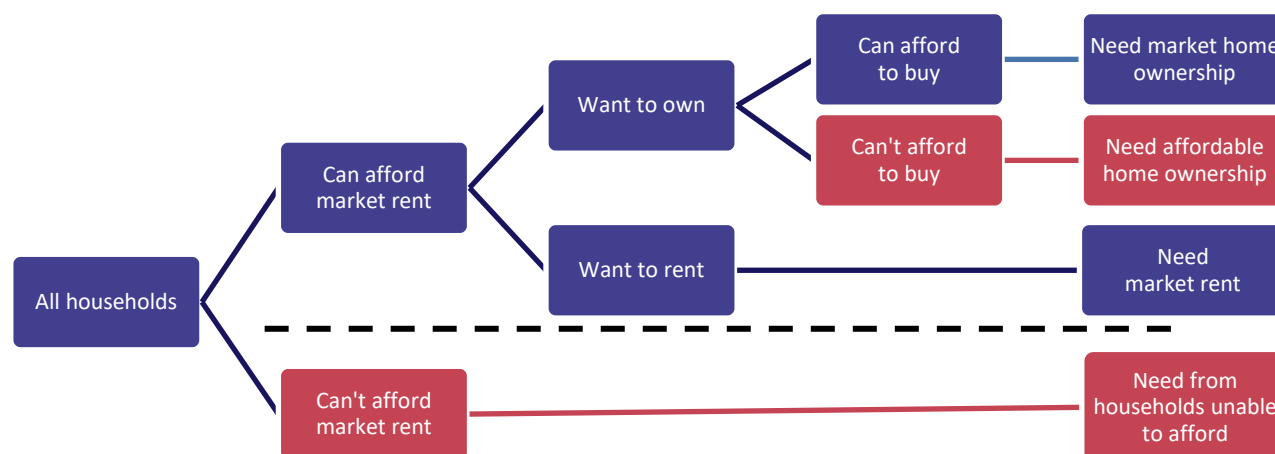
5. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 5.1 This section represents a technical exercise to comply with the requirements of the NPPF and the PPG. Demographic projections provide the basis for identifying the housing needs for all types of housing, including both market and affordable housing.
- 5.2 The definition of affordable housing was changed by the National Planning Policy Framework in 2018 and this has been carried forward in to the 2023 NPPF, with a specific emphasis now placed on affordable homeownership. The glossary to the 2023 NPPF (Annex 2) contains the following definition of affordable housing:
- Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)*
- National Planning Policy Framework 2023, Annex 2**
- 5.3 To reflect this change, the PPG confirms that the types of household to be considered in housing need include *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [PPG ID 2a-020-20190220].
- 5.4 The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 27: Establishing the need for market and affordable housing



- 5.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed.

Assessing Affordable Housing Needs

- 5.6 Utilising the ORS projection population as discussed in Chapter 4, the ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with trend-based household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 5.7 The model provides robust and credible evidence about the required mix of housing over the full plan period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 5.8 The PPG identifies that “*projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need*” (ID 2a-021-20190220). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household; and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 5.9 The affordability percentages in Figure 28 are calculated using detailed information from the 2021 Census alongside data published by the Department for Work and Pensions (DWP) about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households currently unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 28: Assessing affordability by household type and age (Source: Census 2021 and DWP)

EXETER: Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	27%	13%	29%	36%	33%	30%
Couple family with no dependent children	6%	3%	8%	11%	7%	13%
Couple family with 1 or more dependent children	54%	27%	17%	12%	10%	20%
Lone parent family with 1 or more dependent children	86%	90%	64%	46%	35%	38%
Other household type	6%	10%	22%	26%	27%	20%

Current Unmet Needs of Households Unable to Afford

- 5.10 Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

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

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

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

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

Planning Practice Guidance (February 2019), ID 2a-020-20190220

- 5.11 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 5.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2021.
- 5.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Exeter.
- 5.14 **Concealed families** are an important part of unmet housing need. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).
- 5.15 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family

representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

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

- 5.17 Figure 29 sets out the assessment of current (as of 2021) affordable housing need for Exeter:

Figure 29: Assessing current unmet gross need for affordable housing (Source: CLG P1E returns, Census, EHS, LAHS)

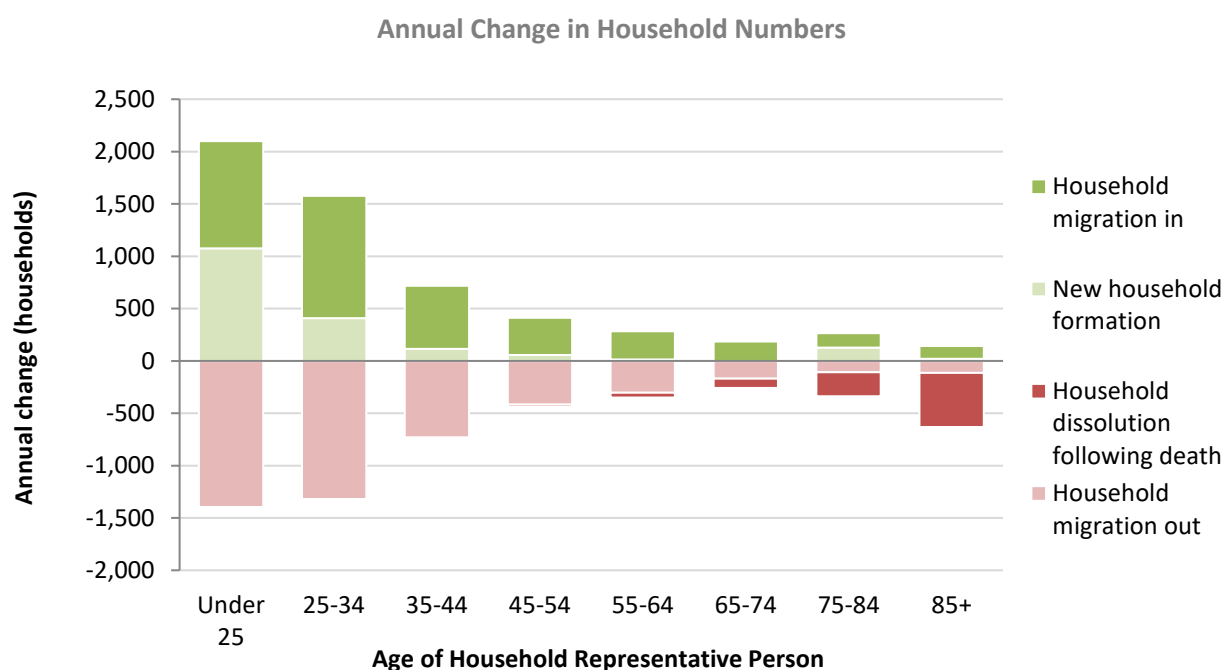
Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Not currently in a permanent property
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	39		39	39
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	67		67	
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	32	32	0	
Homeless households in priority need [Source: CLG P1E returns]	Households accepted as homeless but without temporary accommodation provided	0		0	0
Concealed households [Source: Census 2001 and 2011]	Growth in concealed families with family representatives aged under 55	171		171	171
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded private rented housing	415		415	
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded social rented housing	509	509	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	536	46	490	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	0	0	0	
TOTAL	TOTAL	1,769	587	1,182	210

- 5.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 1,769 households in Exeter are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting as far as possible.
- 5.19 Of these households, 587 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
- 5.20 There is, therefore, a net current affordable housing need of 1,182 households (1,769 less 587 = 1,182). However, depending on property types and size of households in need, a higher number of new homes may be needed to ensure there is no overcrowding.
- 5.21 In providing the net current affordable housing need, 972 dwellings will be released back into the market, mainly in the private rented sector. These dwellings are currently occupied by a total of 972 households, calculated as 1,182 minus the 210 homeless or concealed households (which do not release dwellings). The 210 homeless or concealed households are made up of 39 households currently in temporary accommodation in communal establishments and 171 concealed households from Figure 29.

Projected Future Need of Households Unable to Afford

- 5.22 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “*gross annual estimate*” (ID 2a-021) suggesting that “*the total need for affordable housing should be converted into annual flows*” (ID 2a-024).
- 5.23 Figure 30 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age by the end of 2041. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group. Increases (green bars - household migration in and new household formation) and decreases (pink bars – household migration out and household dissolution following death) are shown. Where there is a larger combined bar above the axis, this indicates a net increase in the number of households with a housing representative of that age group, and a larger bar below a net decrease.

Figure 30: Annual change in household numbers in each age cohort by age of Household Representative Person in Exeter
(Source: ORS Housing Model)



- 5.24 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following table (Figure 31) looks at the impact of different types of household:

Figure 31: Annual components of Household Growth for Exeter 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER 2021-41	All households	Households able to afford housing costs	Households unable to afford housing costs	% Unable to afford housing costs
Newly forming households	1,816	1,520	296	16%
Households migrating into the area	3,872	3,129	742	19%
All new households	5,688	4,650	1,038	18%

- 5.25 The ORS Model identifies new households projected to form in Exeter each year, along with the number that will be unable to afford their housing costs. The model also considers new households migrating to the area which results in the total new households in need of affordable housing in each authority (Figure 31).
- 5.26 PPG identifies that “*there will be a current supply of housing stock that can be used to accommodate households in affordable housing need*” and that it is necessary to establish “*the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need*” (ID 2a-022).
- 5.27 The model also identifies the households that are likely to dissolve following the death of all household members. Many of these households will own their homes outright, however, some of these are likely to have been unable to afford market housing and will mostly be living in social rented housing (Figure 32).
- 5.28 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the trend-based household projections. The model identifies the households that will migrate out of the area each year, including those households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting (it should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 5.29 Figure 32 shows the annual number of households who will vacate dwellings through deaths or will no longer be living in Exeter over the period in question:

Figure 32: Annual components of household growth in Exeter 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% Unable to afford housing costs
Household dissolutions following death	921	705	215	23%
Households migrating <u>out</u> of the area	4,560	3,700	860	19%
All households no longer present	5,480	4,405	1,075	20%

- 5.30 PPG also identifies that it is important to estimate “*the number of existing households falling into need*” (ID 2a-021). Whilst established households that continue to live in Exeter will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and the estimate of the number of established households that will fall into need in Exeter each year is shown in Figure 33.
- 5.31 However, established households’ circumstances can also improve. For example:
- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

5.32 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies the number of households whose circumstances will improve such that they become able to afford their housing costs having previously being unable to do so.

5.33 Therefore, considering the changing needs of existing households overall, **there remains a net increase of existing households needing affordable housing each year** (Figure 33).

Figure 33: Annual components of household growth in Exeter 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER 2021-41	All households	Households able to afford housing costs	Households unable to afford housing costs	% Unable to afford housing costs
Existing households falling into need	-	-278	278	100%
Existing households climbing out of need	-	198	-198	0%
Change in existing households	-	-80	80	-

5.34 The following table (Figure 34) summarises the overall impact of:

- » new households adding to housing need,
- » the households no longer present reducing housing need and
- » changes in circumstances impacting existing households.

Figure 34: Annual components of household growth in Exeter 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

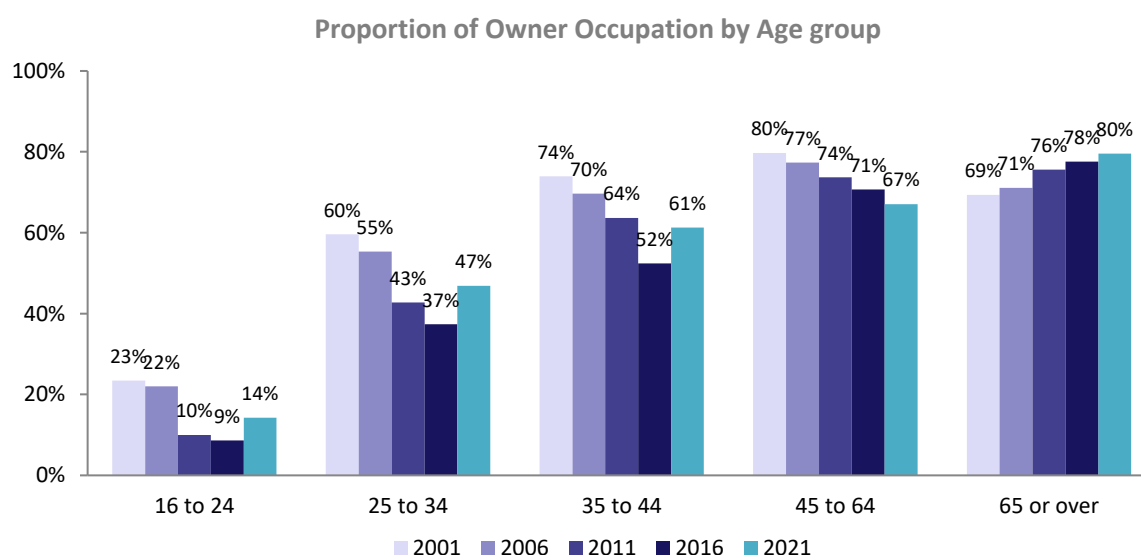
EXETER 2021-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	5,688	4,650	1,038
All households no longer present	5,480	4,405	1,075
Change in existing households	-	-80	80
Future affordable housing need 2021-41 (Annual average)	208	164	43
Future affordable housing need 2021-41 (20 Year change)	4,151	3,287	862

5.35 Overall, reviewing the contribution of each element amounts to a projected additional 862 households needing affordable housing in Exeter over the 20-year period 2021-41.

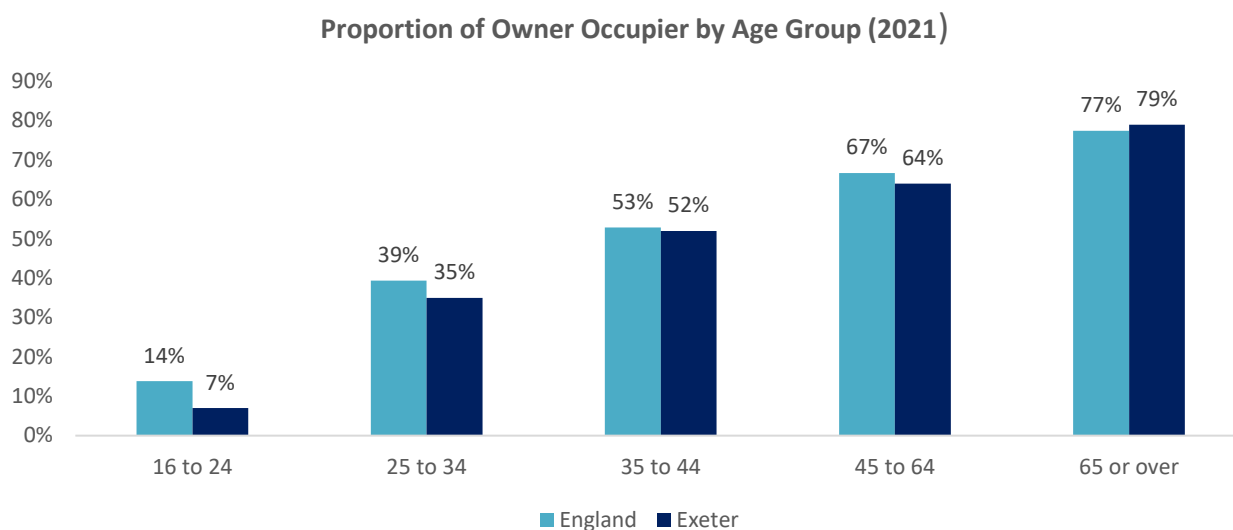
Needs of Households Aspiring to Homeownership

- 5.36 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
- 5.37 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 35). However, rates of home ownership among younger households did increase between 2016 and 2021.

Figure 35: Percentage of Owner Occupiers in England by Age Group 2001-2021 (Source: English Housing Survey)



- 5.38 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in Exeter versus the national average can be gathered from the 2021 Census (Figure 36).

Figure 36: Proportion of Owner Occupation by age group 2021 (Source: Census 2021)

- 5.39 Figure 36 identifies that, whilst there are fewer owner occupiers than the national average in Exeter aged between 16 and 34, for older groups (35-64) the percentage is much closer to the national average. Figure 36 also identifies that the percentage of owner occupiers aged 65 and over in Exeter exceeds the average percentage of owner occupiers in England.

Establishing the number of households aspiring to home ownership

- 5.40 English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to homeownership.

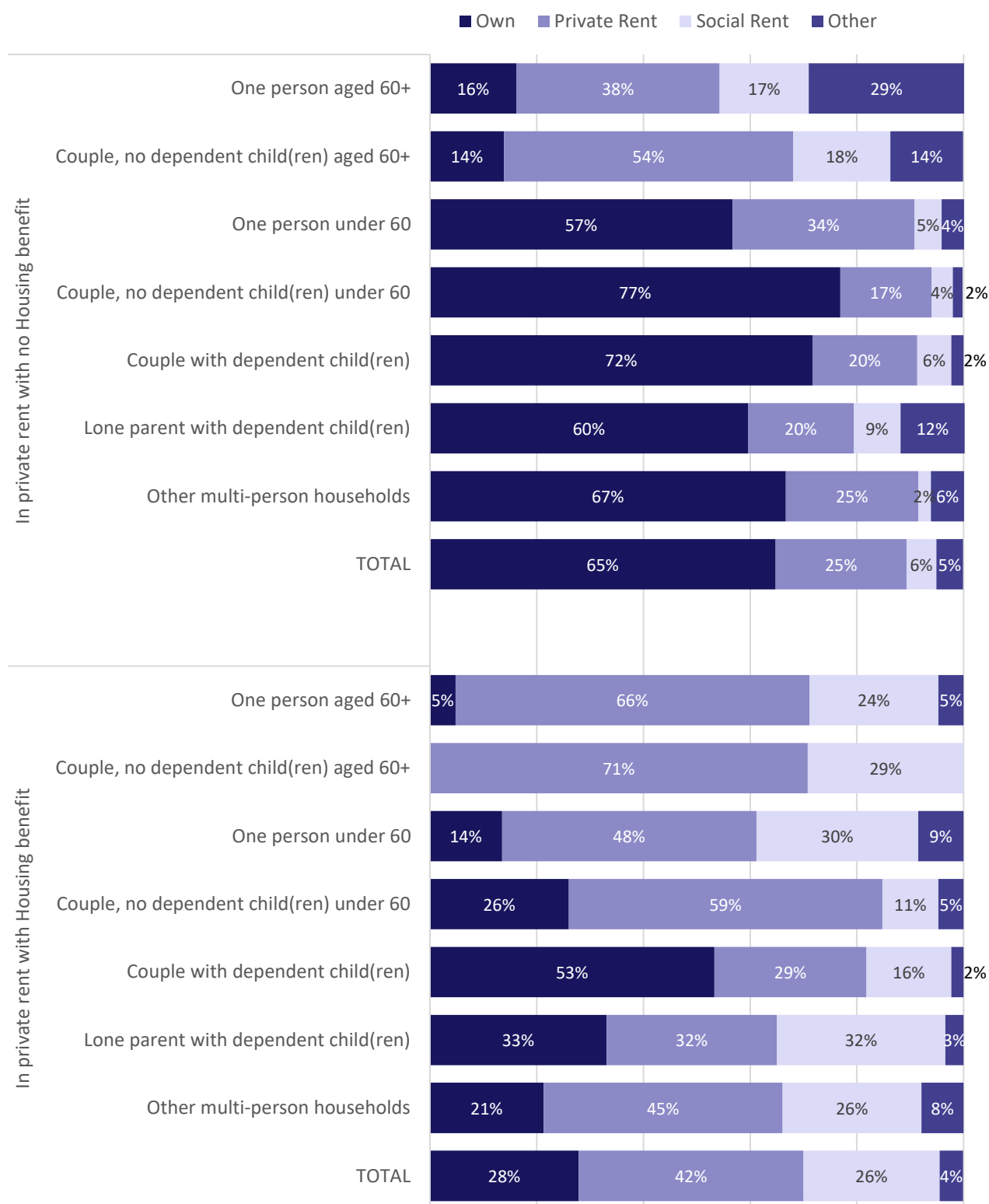
Figure 37: Long-term aspirations (Source: English Housing Survey 2013/14)

Current Tenure	Long-term Tenure Plan to be Owner Occupier	Long-term Tenure Plan for Shared Ownership	Long-term Tenure Plan to Rent from Private Landlord	Long-term Tenure Plan to Rent from Social Landlord	Long-term Tenure Plan is Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

- 5.41 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- 5.42 The following chart (Figure 38) shows long-term tenure expectations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- 5.43 Almost two in three (65%) of those who are currently renting privately and not receiving housing benefit expect to buy their own home in the future. The proportion is much lower for those households with an HRP over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).

- 5.44 Just under three in ten (28%) of households in the private rented sector who are in receipt of housing benefit expect to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 38: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
(Source: English Housing Survey 2013-14. Note: Own includes shared ownership)



Additional Need for Affordable Homeownership

- 5.45 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent in Exeter with the previous data presented in Figure 38, Figure 39 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need.

Figure 39: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	280	765	373	115	58	18	1609
Couple without children	303	1182	287	115	73	30	1990
Families with child(ren)	21	360	467	167	0	0	1015
Other households	1632	702	249	145	94	0	2823
Total Volume	2,236	3,010	1,376	542	225	47	7,436
<i>Percentage of households</i>	<i>30%</i>	<i>40%</i>	<i>19%</i>	<i>7%</i>	<i>3%</i>	<i>1%</i>	<i>100%</i>

- 5.46 Based on this analysis, we can estimate the total households currently resident in Exeter who cannot afford to own their own home but would aspire to do so (Figure 39).
- 5.47 As previously reported (Figure 10), Census data identified significant increases in households renting privately over the decade 2001-11. More recent EHS data shows that the private rented sector has continued to grow over the years since the Census. On this basis, the number of households in Exeter identified as currently renting privately that aspire to homeownership is consistent with growth of the private rented sector over a 20-year period.
- 5.48 In addition to the current need, it is also important to consider new households that are projected to form over the 20-year period. Through combining this data with the aspiration data from the EHS in a similar fashion to the calculation of current need, we can derive the further households that will form over the 20-year period who will be able to afford to pay market rent without support from housing benefit; but will be unable to afford to own a market property, despite that being their aspiration.
- 5.49 Overall, the projections in Exeter suggest that there are likely to be 6,611 newly forming households within this category between 2021 and 2041. This equates to a net annual need of 331 households per year (summarised in Figure 40). This is a much higher number than in the Exeter LHNA 2022 where the equivalent figure was 3,879. The main reasons for this are that house prices are now higher, so fewer households will be able to afford to become owner occupiers and that more younger households will exist in general.

Identifying the Overall Affordable Housing Need

- 5.50 Figure 40 brings together the information on assessing the unmet need for affordable housing in 2021 with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2021-41. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 40: Assessing total need for affordable housing in Exeter 2021-2041 (Source: ORS Housing Model)

EXETER 2021-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	1,182	7,436	8,618
Future housing need 2021-41	863	6,611	7,474
TOTAL AFFORDABLE HOUSING NEED	2,045	14,047	16,092

- 5.51 On this basis, we can conclude that the overall need for affordable housing for Exeter would comprise a total of 16,092 households over the 20-year period 2021-2041, equivalent to an average of 805 per annum.
- 5.52 This represents a very high share of the overall household growth. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 5.53 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people...

Planning Practice Guidance, ID: 67-001-20190722

- 5.54 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established by the LHN in Chapter 6. It will be important for the local authority to plan for the needs of all households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing.
- 5.55 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent without the support of housing benefit. However, these households would not necessarily choose new build affordable home ownership if it was available, as some may prefer to secure full ownership in the less expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if affordable home ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 5.56 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly access affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, the previous Conservative Government identified the First Homes product as their preferred discounted market tenure. The First Homes product was introduced via the Ministerial Statement in May 2021:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

- a) a First Home must be discounted by a minimum of 30% against the market value;*
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*

Planning Practice Guidance, ID: 70-002-20210524

5.57 It goes on at paragraph 4 to outline that:

Can the required minimum discount be changed?

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.

Planning Practice Guidance, ID: 70-004-20210524

- 5.58 Figure 15 shows that the current lower quartile newbuild price for a 4-bedroom property in Exeter is around £355,000, so 70% of this price would be £248,500. This is slightly below the cap; but is certainly close enough to be within the margin of error in the data. Considering the variation of house prices in different areas of Exeter, we can assume that any 4-bed First Homes will be constructed and located in such a manner that they will cost close to or exactly £250,000 after discount. Therefore, we have not applied any caps on the discount applied to First Homes based upon the maximum £250,000 value.
- 5.59 It is the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. However, we then assess in Chapter 6 how many of these households can also afford at a 30% discount.
- 5.60 Given this context, Figure 41 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent.

- 5.61 It should be remembered that, as set out in Figure 20, First Homes (30% discount) are typically less affordable than shared ownership in Exeter, and of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for Exeter using indices from the ONS gross disposable household income (GDHI) tables.

Figure 41: Aspiring affordable homeownership housing mix by household affordability 2021-2041 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	3,066	115	2,950	1,964	986	488	498
2 bedrooms	5,363	362	5,001	2,974	2,027	1,344	683
3 bedrooms	4,811	346	4,465	2,494	1,971	1,466	505
4+ bedrooms	808	89	719	439	280	189	90
TOTAL	14,047	912	13,136	7,871	5,265	3,488	1,777

- 5.62 Figure 41 shows that of the 14,047 households who can afford to rent, and who aspire to homeownership, there are 912 that can afford market home ownership but choose not to purchase (but aspire to do so at some point in the future). There are a further 7,871 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values. Of the remaining households with incomes above the minimum threshold, 3,488 have savings of less than £5,000 and are therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in Exeter.
- 5.63 On this basis, 1,777 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than 13% of the total that was originally identified. As previously noted, it is likely that the vast majority of these households would be first-time buyers.
- 5.64 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 1,777 households likely to form an effective demand (i.e. those able to afford the various products that could potentially be made available) in addition to the 2,044 households unable to afford to rent or own market housing. Figure 42 provides a breakdown of the planned affordable housing on this basis.

Figure 42: Overall need for Affordable Housing 2021-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	516	498	1,014
2 bedrooms	475	683	1,158
3 bedrooms	731	505	1,236
4+ bedrooms	322	90	412
TOTAL HOUSING NEED	2,044	1,777	3,821

- 5.65 The LHNA identifies an overall affordable housing need from 3,821 households over the 20-year period 2021-41 (191 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property.
- 5.66 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Affordable Rent

- 5.67 Within the overall need of 3,821 affordable homes identified, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing³⁵. In order to profile affordability, income data from the English Housing Survey (2012-14) and ONS Survey of Personal Incomes (2014 and 2018) has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 5.68 As discussed in Chapter 4, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 12 identified the minimum annual income in Exeter needed to afford Affordable Rents by property size (based on spending up to 35% of total income). This allows for disaggregation of the cohort that are unable to afford market rents to be disaggregated into those who can, and those that cannot afford Affordable Rents. Figure 43 presents the same data as Figure 42, but with those unable to afford disaggregated in this manner. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but it should be noted that additional households may prefer to access shared ownership as a means to home ownership.
- 5.69 Only 546 of the 3,820 households identified in Figure 42 (14%) could afford Affordable Rent without housing benefit support. This is 27% of the 2,044 identified as being unable to afford housing costs, and the remaining 1,499 would require social rent or similar.

³⁵ Note that this section is about need and not supply. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

Figure 43: Overall need for Affordable Housing 2021-41 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Households aspiring to home ownership (Figure 42)	Planned Affordable Housing (Households)
1 bedroom	424	92	498	1,014
2 bedrooms	348	127	683	1,158
3 bedrooms	522	209	505	1,236
4+ bedrooms	204	118	90	412
TOTAL HOUSING NEED	1,499	546	1,777	3,820
Overall Percentage	39%	14%	47%	100%

Future Policy on Housing Benefit in the Private Rented Sector

- 5.70 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control.
- 5.71 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 5.72 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 5.73 PPG states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn.
- 5.74 It is well-established that housing need should be established leaving aside policy considerations,³⁶ so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households renting privately and in receipt of housing benefit as a policy aspiration. That wouldn't change the need, but it could influence the affordable housing policy target.

³⁶ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

6. Overall Housing Need

Local Housing Need based on the Standard Method

Introduction

6.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum LHN figure, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. Using the process set out in PPG for Housing Need Assessment [ID2a-004-20201216] the minimum annual LHN figure for 2024 can be established as follows:

Figure 44: Establishing the minimum LHN figure for Exeter (Source: CLG, ORS; Note: Annual housing figures are rounded to the nearest whole number)

Local Authority	CLG 2014-based Avg Annual HH Increase 2024-34	Afford Ratio 2023	SM Uplift	40% Cap applies?	Annual HH Increase x Uplift	35% uplift applies?	Final Annual LHN (inc 35% uplift where applicable)	20 yr LHN (LHN x 20)
Exeter	486	9.14	1.32	No	642	No	642	12,840

6.2 Based on these calculations, the minimum LHN figure across Exeter is 642 dwellings per annum. This translates to 12,840 dwellings (642 x 20) across the twenty-year period.

Establishing the Housing Target

6.3 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

Planning Practice Guidance, ID 2a-001-20190220

6.4 In determining the local plan housing target, it will be necessary for the local authority to consider whether the LHN could be met within their area, taking account of other relevant factors, such as any constraints on land availability.

In such cases the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area. It will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area.

Planning Practice Guidance, ID 2a-013-20201216

- 6.5 Where local authorities are unable to meet their LHN in full, it will be necessary for them to engage with neighbouring authorities through the Duty to Co-operate discussion. This should establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas.
- 6.6 To date, no neighbouring authority has demonstrated that they are unable to meet their own housing need.

Jobs and Workers Balance

- 6.7 Paragraph 67 of the current NPPF states that:

Strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. The requirement may be higher than the identified housing need if, for example, it includes provision for neighbouring areas, or reflects growth ambitions linked to economic development or infrastructure investment.

National Planning Policy Framework, Paragraph 67, December 2023

- 6.8 Therefore, planning authorities must consider if their standard method figure requires to increase to accommodate their economic aspirations.
- 6.9 As a separate study alongside this LHNA Update, ORS have produced a study considering the balance between the economic aspirations of Exeter and how this impacts upon its housing needs entitled, 'East Devon, Exeter, Mid Devon and Teignbridge Local Housing Needs Assessment: Jobs and Workers Balance Assessment: September 2024'. This built upon the Greater Exeter Economic Development Needs Assessment 2023 produced by Hardisty Jones Associates.
- 6.10 The Greater Exeter Economic Development Needs Assessment 2023 study contains four scenarios for the period 2020-2040, based upon the outputs from economic forecasts produced by Cambridge Econometrics and Experian. The four scenarios are:
- » A 'Minimum' scenario which is based on selecting the lowest employment growth in each sector regardless of which baseline forecast this is.
 - » A 'Mid-point' scenario which takes the mid-point between the Cambridge Econometrics and Experian forecasts for every sector.
 - » A 'Clean growth' scenario which applies an uplift on the mid-point scenario to employment growth in the Information & Communication and Professional, Scientific & Technical Activities sectors.
 - » A 'Maximum+' scenario, which is based on selecting the baseline forecast with the highest growth for each sector, plus accounting for the uplift in the clean growth scenario.
- 6.11 The key finding for Exeter from the East Devon, Exeter, Mid Devon and Teignbridge Local Housing Needs Assessment: Jobs and Workers Balance Assessment: September 2024' is that even with the Maximum+ growth scenario, there would still be a small surplus of workers contained in the standard method dwelling target. Therefore, there is no case for a housing requirement figure higher than the standard method in Exeter.

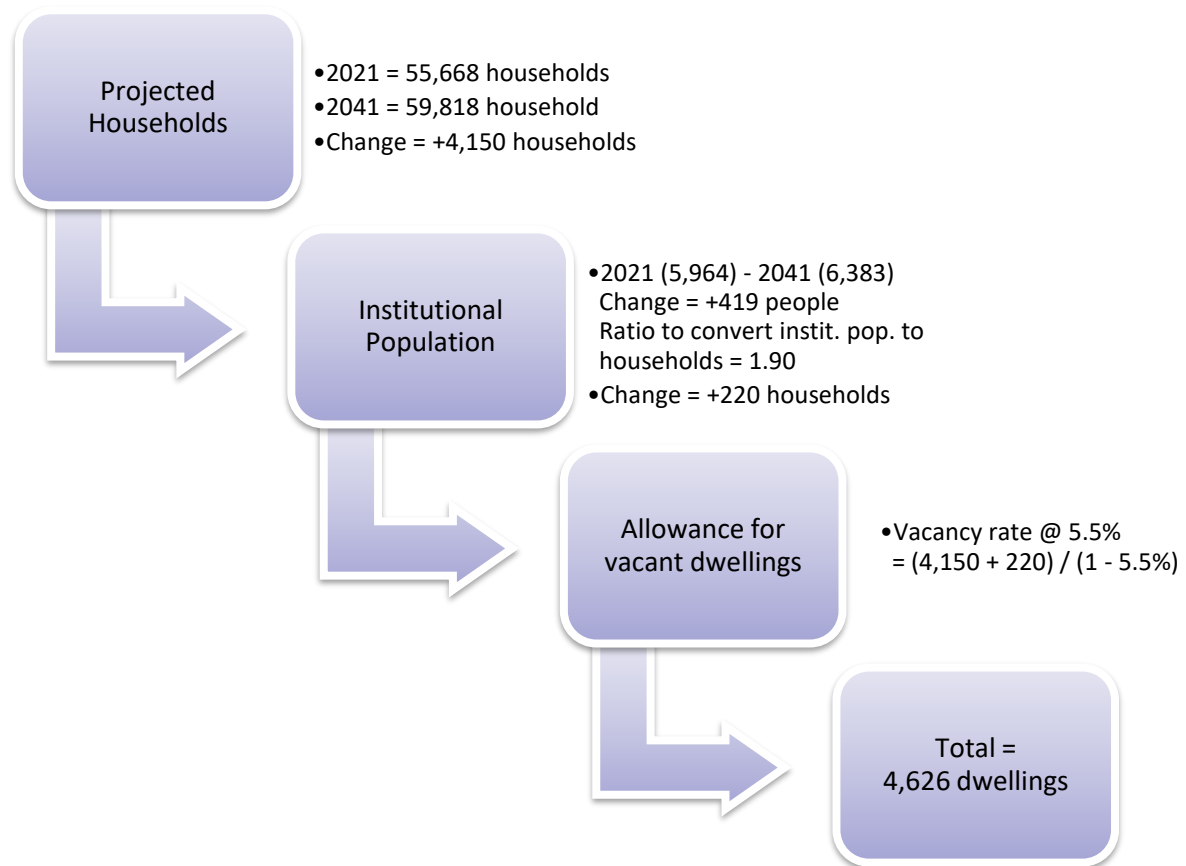
Disaggregating the Minimum Local Housing Need figure for Exeter 2021-41

- 6.12 Although the LHN figures are informed by the trend-based household projections, the affordability adjustment (32%) means that the LHN figure is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 6.13 Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected using past trends alone. In assessing the appropriate mix of housing, it is necessary to establish demographic projections to align with the number of homes identified by the standard method.
- 6.14 The demographic projections for the LHNA are based on the latest official projections and cover the 20-year period 2021-2041. They are informed by the latest ONS mid-year estimates³⁷, and take account of the most up-to-date fertility and mortality rates and the latest migration trends. Whilst recent trends provide the starting point, the model aligns household growth with the LHN target through varying two key assumptions:
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and
 - » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target.
- 6.15 Figure 45 sets out the initial elements of housing need based on the demographic baseline projection that will contribute to the LHN. These include:
- » Household growth over the 20-year period calculated on trend-based projections;
 - » Institutional population growth over the 20-year period needing communal accommodation;
 - » Dwellings without a usually resident household (either vacant homes or second homes);
- 6.16 Institutional population growth refers to the increase in the population living in communal establishments, such as care homes, prisons, defence bases and student halls of residence. This group are not counted within the household population (those that live as a household in a dwelling); but are within the total population.
- 6.17 The Housing Delivery Test Measurement Rule Book³⁸ requires that communal accommodation is included as part of delivery. The calculation used to establish the communal accommodation requirement (i.e. convert the communal population to a household equivalent) is the change in communal/institutional population divided by the average number of adults per household based on Census data. For Exeter, the average number of number of adults per household is 1.90. Figure 45 calculates the total dwellings based on the ORS demographic projection outlined in Chapter 4, combined with data from ONS in regard to institutional population, and further uses the vacancy rate derived from the 2011 Census.

³⁷ The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

³⁸ <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

Figure 45: Elements of housing need – Exeter (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

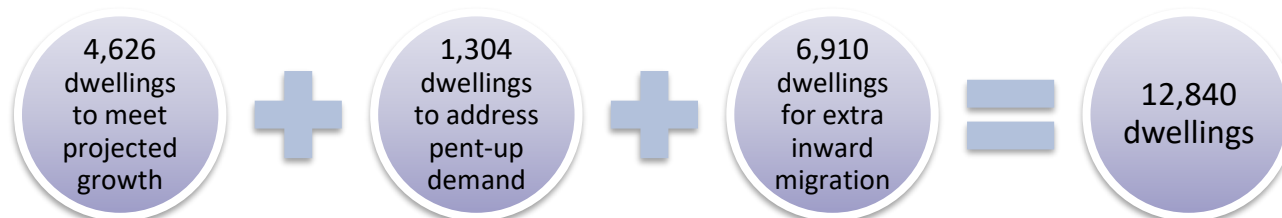


- 6.18 At this point in our reporting, we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.
- 6.19 Thus, the number of dwellings needed between 2021 and 2041 to deal with the projected household and institutional population growth is 4,370. However, if we assume that 5.5%³⁹ of dwellings will be unoccupied at any one time this means that a total of 4,626 dwellings are required.
- 6.20 The LHN has already been identified as 642 dwellings per annum, which translates to 12,840 dwellings (642 x 20) across the twenty-year period. This leaves a difference between the housing need figure of 12,840 dwellings and the demographically projected need of 4,626 dwellings, giving a figure of 8,214 additional dwellings required. This difference is much larger than in the Exeter LHNA 2022 where the equivalent figure was 6,376 additional dwellings being required. The main driver of this change is data from the 2021 Census and MYE 2022 and 2023 which show a younger population in Exeter, but one which is living on average in larger household sizes. The demographic projections for Exeter therefore contain more people, but fewer households than in 2021.

³⁹ Based on 2021 Census data at a local authority level

6.21 This additional need is made up from two elements:

- » Enabling more households to form⁴⁰ (from the pent-up housing demand) = 1,304 dwellings
- » Enabling more net inward migration⁴¹ = 6,910 dwellings



6.22 These 12,840 overall dwellings can be separated into market and affordable housing. A component of affordable housing as outlined in Chapter 5 is affordable home ownership for those that aspire to own. Some of the 8,214 (1,304 + 6,910) extra dwellings for pent-up demand and in-migration to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers calculated in Chapter 5 is calculated below.

Figure 46: Extra households from pent-up demand and in-migration beyond projected (LHN scenario): Affordable homeownership housing mix by household affordability 2021-2041 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	366	14	352	234	118	58	59
2 bedrooms	640	43	597	355	242	160	82
3 bedrooms	574	41	533	298	235	175	60
4+ bedrooms	96	11	86	52	33	23	11
TOTAL	1,676	109	1,567	939	628	416	212

6.23 Figure 46 applies the same calculation to the extra residents as was presented in Figure 41 for households that formed projected growth. Dwellings suitable for 212 extra households are needed to accommodate those that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold.

6.24 The previous analysis (Figure 41) identified 1,777 households that could afford an affordable homeownership option and had savings of £5,000 or more. Combined with the 212 extra households identified in Figure 46, this totals 1,989⁴² households that will aspire to homeownership and have the financial means to be able to afford First Homes at a 50% discount. Application of the affordable vacancy rate (under 1%)⁴³ yields 2,049 affordable homeownership dwellings (Figure 47).

⁴⁰ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

⁴¹ Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration

⁴² Note that the 1,777 from Figure 41 and 212 from Figure 46 are rounded values. When the underlying figures are summed the total value rounds to 1,989.

⁴³ Affordable vacancy rate data from Regulator of Social Housing - Statistical Data Return 2023

Figure 47: Summary of households likely to be able to access affordable home ownership in LHN scenario (Source ORS Housing Model, Census. Note that figures may not sum due to rounding)

EXETER	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Households	Dwellings (including a vacancy rate)
1 bedroom	498	59	557	574
2 bedrooms	683	82	765	788
3 bedrooms	505	60	566	583
4+ bedrooms	90	11	101	104
TOTAL	1,777	212	1,989	2,049

6.25 Figure 48 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 43 and Figure 47, and further disaggregates those that aspire to homeownership into:

- » Those that can afford First Homes with a 30% discount (“able to afford 70% first homes”) and;
- » Those that can afford First Homes with a 50% discount, but not with a 30% discount (“unable to afford 70% first homes”).

6.26 This latter group will therefore require the provision of a more accessible product than 70% First Homes (e.g. a form of shared ownership, first homes with a larger discount, or similar). The total affordable dwellings are subtracted from the overall dwelling need, therefore disaggregating the number of homes implied by the LHN into market and affordable.

6.27 The figures also contain market needs which represents the need for Use Class C2 bedspaces, such as care homes, converted to dwellings. The Class C2 figure is outlined in Figure 45 which considers the projected growth in those in Class C2 in the population and household projections. It is important to note that we are not assuming that the equivalent of 277 dwellings in Exeter are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent of 277 dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered, then 277 more Class C3 dwellings will be required. If Class C2 bedspaces are delivered, they can be counted at a ratio of 1.9 bedspaces equals 1 dwelling in the LHN figures.

Figure 48: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	437	95	374	200	1,106	901	2,007
2 bedrooms	359	130	516	272	1,277	2,049	3,326
3 bedrooms	538	215	364	219	1,336	4,549	5,884
4+ bedrooms	210	121	67	38	436	910	1,346
DWELLINGS	1,544	562	1,320	728	4,155	8,409	12,563
C2 Dwellings	-	-	-	-	-	277	277
LHN	1,544	562	1,320	728	4,155	8,685	12,840

6.28 It may also be noted that given that the LHN represents close to three times the need implied by the demographic trend alone (see paragraph 6.21), that **there is no basis in these figures, nor in the NPPF/PPG itself, to uplift the LHN due to any previous under-delivery of housing because this has already been factored into the affordability uplift.** The affordable housing need as calculated fully enumerates the current and future affordable housing needs, and the current need component itself encompasses those households impacted by any previous under-delivery of affordable dwellings.

6.29 Figure 49 shows the components of housing need presented in Figure 48 as percentages of the 12,840 overall dwelling need calculated with the proposed standard method in Figure 44.

Figure 49: Overall need for Market and Affordable Dwellings as percentages of the LHN (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	3.4%	0.7%	2.9%	1.6%	8.6%	7.0%	15.6%
2 bedrooms	2.8%	1.0%	4.0%	2.1%	9.9%	16.0%	25.9%
3 bedrooms	4.2%	1.7%	2.8%	1.7%	10.4%	35.4%	45.8%
4+ bedrooms	1.6%	0.9%	0.5%	0.3%	3.4%	7.1%	10.5%
DWELLINGS	12.0%	4.4%	10.3%	5.7%	32.4%	65.5%	97.8%
C2 Dwellings	-	-	-	-	-	2.2%	2.2%
LHN	12.0%	4.4%	10.3%	5.7%	32.4%	67.6%	100.0%
%age of total affordable	37.2%	13.5%	31.8%	17.5%	100.0%		

- 6.30 The 2023 NPPF states at paragraph 65 that:

Provision of affordable housing should not be sought for residential developments that are not major developments⁴⁴, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.

NPPF 2023: Paragraph 65

- 6.31 On this basis, not every site in Exeter will necessarily deliver affordable housing at 32.4% (Figure 49), so a higher level of affordable housing may need to be delivered on those sites capable of doing so, in order to meet the overall identified need. This higher level should be set such that it is sufficient to offset those smaller/brownfield developments on which less affordable housing is sought.

Sensitivity Testing First Homes

- 6.32 The following section sensitivity tests the impact of introducing a larger discount on First Homes as a percentage of affordable housing; and goes on to examine other potential strategies for meeting the Government requirement for First Homes.

- 6.33 Government guidance on First Homes states⁴⁵:

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

Guidance: First Homes - Para 1

- 6.34 It also states that the First Homes discount can be varied from a standard 30% discount to 40% or 50% if there is a demonstrable need:

...the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this.

Guidance: First Homes - Para 4

- 6.35 As can be seen in Figure 49, a calculation based purely on ability to access the product that assumes a 70% First Homes discount results in only 17.5% of affordable homes being First Homes, as opposed to the Government's requirement of 25%. There is therefore a clear need for more households to be able to access First Homes to meet the 25% level.
- 6.36 One way to achieve the Government's requirement would be to increase the proposed discount, since this would increase the number of households that can afford the product, potentially to the point that 25% of households in affordable need could access First Homes in accordance with the Government's preference.

⁴⁴ The 2021 NPPF defines the term "major development" in its glossary (Annex 2) as "For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more." (page 68)

⁴⁵ <https://www.gov.uk/guidance/first-homes>

- 6.37 The effect of increased discounts is essentially to reduce the need for alternative tenures for those that can afford to rent but cannot afford a First Home, i.e. those that would form a market for alternative affordable home ownership products such as shared ownership if a 30% discount were made available.

Sensitivity Test 1 – 40% Discount

Figure 50: Sensitivity Test 1 (adapted from Figure 48) - Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size where a 40% First Homes discount is made available (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Unable to afford market ownership and unable to afford 60% First Homes	Unable to afford market ownership but able to afford 60% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	437	95	210	364	1,106	901	2,007
2 bedrooms	359	130	282	506	1,277	2,049	3,326
3 bedrooms	538	215	199	384	1,336	4,549	5,884
4+ bedrooms	210	121	35	69	436	910	1,346
DWELLINGS	1,544	562	726	1,323	4,155	8,409	12,563
C2 Dwellings	-	-	-	-	-	277	277
LHN	1,544	562	726	1,323	4,155	8,685	12,840

Figure 51: Sensitivity Test 1 (adapted from Figure 49) - Overall need for Market and Affordable Dwellings as percentages of the LHN (including affordable home ownership products) by property size, where a 40% First Homes discount is made available (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need: Households only able to afford Social Rents	Affordable Housing Need: Households able to afford Affordable Rents	Unable to afford market ownership and Unable to afford 60% First Homes	Unable to afford market ownership but able to afford 60% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	3.4%	0.7%	1.6%	2.8%	8.6%	7.0%	15.6%
2 bedrooms	2.8%	1.0%	2.2%	3.9%	9.9%	16.0%	25.9%
3 bedrooms	4.2%	1.7%	1.5%	3.0%	10.4%	35.4%	45.8%
4+ bedrooms	1.6%	0.9%	0.3%	0.5%	3.4%	7.1%	10.5%
DWELLINGS	12.0%	4.4%	5.7%	10.3%	32.4%	65.5%	97.8%
C2 Dwellings	-	-	-	-	-	2.2%	2.2%
LHN	12.0%	4.4%	5.7%	10.3%	32.4%	67.6%	100.0%
%age of total affordable	37.2%	13.5%	17.5%	31.8%	100.0%		

- 6.38 Offering a 40% First Homes discount would increase the number of dwellings for households that can access the product by 595 (1,323 in Figure 50 vs 728 in Figure 48).

- 6.39 Given that the methodology used to establish affordable homeownership eligibility assumes that affordable home ownership options would have a maximum discount of 50% (see LHNA para 5.59), then a 40% discount increases the identified households able to afford. As a consequence, this reduces the need for an alternative affordable homeownership product (e.g. shared ownership), as 595 more of households under “unable to afford market ownership” would be able to afford First Homes. This increased discount increases the percentage of overall affordable dwellings that would be First Homes to 31.8%, which is well above the 25% government requirement, and the NPPF requirement (at paragraph 66) that 10% of the total number of homes built should be available for affordable home ownership.

7. Needs of Different Groups

An exploration of need for target groups

Introduction

- 7.1 Paragraph 63 of the 2023 NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers the specific groups in turn.

62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

2023 NPPF, paragraph 63

- 7.2 However, the needs of families with children and those who rent their homes have already been considered in detail within both the affordable housing and overall housing need chapters (5 and 6) and are therefore not repeated. An assessment of the needs of Gypsies and Travellers is being developed for the Greater Exeter (East Devon, Exeter, Mid Devon and Teignbridge collectively) authorities separately, and an assessment of the housing needs of students in Exeter is being prepared separately for Exeter City Council in the form of the Greater Exeter: Student Housing Needs Assessment November 2024. There are no other distinct groups in Exeter with significant housing needs who require consideration beyond those mentioned in the NPPF.
- 7.3 As discussed in Chapter 6, the number of dwellings implied by the LHN calculation is in excess of the housing need implied by the demographic household projection set out in Chapter 4. An LHN-based dwelling-led population/household projection has been derived based on the projected in-migrating population that would occupy these extra dwellings being added to the trend-based demographic projection, in tandem with the extra households that would be expected to form due to release of pent-up housing demand (see paragraph 6.21). The remainder of this chapter discusses the needs of both the current population and the needs of the future population growth implied by this LHN-based dwelling led projection.

Housing for Older People

- 7.4 The UK population is aging, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow by 3.8 million from 2021-41 for the over 65s, and from 5.8 million (2021) to 8.1m by 2041 for the over 75s.⁴⁶
- 7.5 The UK population is ageing, and people can expect to live longer healthier lives than previous generations, so the older population living in England is forecast to grow significantly over the next 20 years. Given this context, PPG recognises the importance of providing housing for older people. These national trends are also evident across local areas, and the following section considers the evidence for Exeter.

Older People in Exeter

- 7.6 The 2021 Census identified a total of around 21,700 persons aged 65 or over resident in the local authority area at that time (Figure 52). This included around 10,500 persons aged 75 or over. Most residents were living in households, but 641 were recorded as living in communal establishments (mainly residential care or nursing care). There was a total of around 14,500 household representatives aged 65 or over, of which over half (51%) lived as single person households. Over 10,550 persons lived in an "other type of household", which could have included anyone living in a multi-generational household with their children. Living in a couple households can include one member being aged over 65 years old and the other being younger.

Figure 52: Resident population and living arrangements of population aged 65+ living in Exeter by age and population aged 75+ (Source: 2021 Census)

	Aged 65-74	Aged 75-84	Aged 85+	Total Aged 65+	Total Aged 75+
RESIDENT POPULATION					
Household population ⁴⁷	11,112	7,127	2,849	21,088	9,976
Communal Establishment population ⁴⁸	70	202	369	641	571
Total Resident Population	11,182	7,329	3,218	21,729	10,547
HOUSEHOLD POPULATION					
Living as a single person household	3,047	2,688	1,655	7,390	4,343
Living in a couple household without anyone other person	2,656	419	72	3,147	491
Living in other types of household ⁴⁹	5,409	4,020	1,122	10,551	5,142
Total Household Population	11,112	7,127	2,849	21,088	9,976
HOUSEHOLD REPRESENTATIVES⁵⁰					
Single person household representative	3,047	2,688	1,655	7,390	4,343
Couple household representative	3,248	2,201	661	6,110	2,862
Other household representative	532	312	157	1,001	469
Total Household Representatives	6,827	5,201	2,473	14,501	7,674

⁴⁶ ONS 2018-based UK national population projections (principal variant).

⁴⁷ The household population is comprised of anyone living in a household, as opposed to communal housing.

⁴⁸ A communal establishment is an establishment with full-time or part-time supervision providing residential accommodation, such as student halls of residence, boarding schools, armed forces bases, hospitals, care homes, and prisons. For older persons, these are typically nursing and residential care homes.

⁴⁹ Other types of households are any household not comprising a single person or just a couple, so includes multi-generation living and unrelated people living together.

⁵⁰ The household reference person is determined by the family structure of the households with priority to the oldest active person.

- 7.7 Whilst the proportion of residents living in communal establishments represented only 2.9% of the overall population aged 65 or over, the proportion was markedly higher for older age groups: 8.2% of those aged 85 to 89 and 16.6% of those aged 90 or over (Figure 53).
- 7.8 The proportion of residents living as single person households was also notably higher for older age groups, with more than a third of all household residents aged 75-79 (35.0%), 42% of those aged 80-84 and over half of those aged 85 or over (58.1%), identified as living alone. The overall household representative rates ranged from 0.597 for those aged 65 to 69 (i.e. for every 1,000 persons in the household population, 597 represented a household) up to 0.869 for those aged 85 or over (Figure 54).

Figure 53: Resident population living in communal establishments by age (Source: 2021 Census)

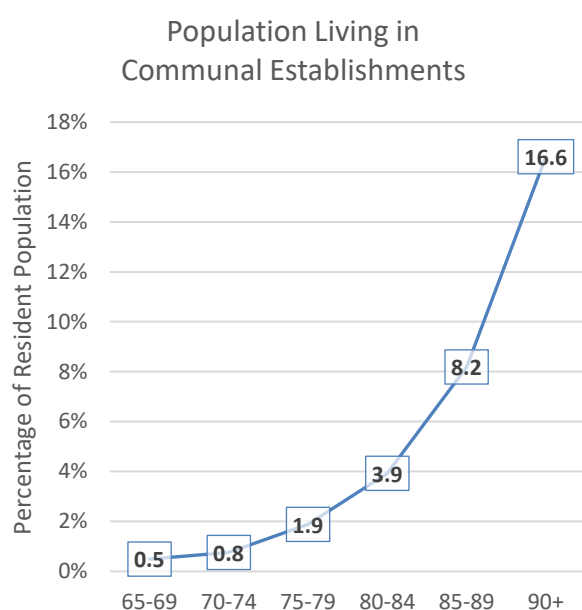
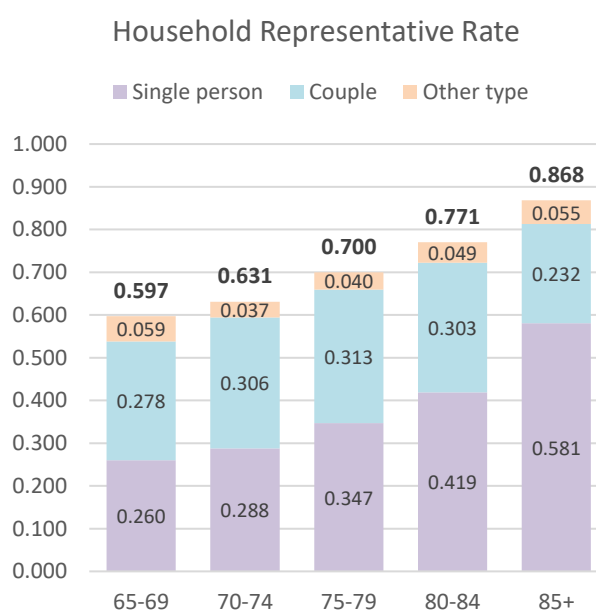


Figure 54: Household representative rates by age and household type (Source: 2021 Census)



- 7.9 Figure 55 identifies the type of dwellings occupied by households aged 75 or over based on 2021 Census data. Around 6,200 households were owner occupiers (81.3%), 400 rented privately (5.3%) and just over 1,000 lived in social rented homes (13.4%). Almost half of owner occupiers aged 75 or over had three bedrooms (46.7%) and approximately one sixth have four bedrooms or more (16.7%). In contrast, just over a quarter of those in social rent had three bedrooms or more (29.1%) with over a third living in single bedroom properties (36.9%).
- 7.10 The Census does not provide details about specialist older person housing, but information about this stock is maintained by the Elderly Accommodation Counsel (EAC).⁵¹ The EAC are a body who help older people reach informed decisions about meeting their housing and care needs. One of their key functions is to collate a record of all available specialist older persons accommodation in both the private and affordable sectors. This data is available under licence for studies such as this one. Based on estimates for Exeter, there is a stock of 795 specialist social rented units (typically managed by Registered Social Landlords) and 928 specialist units that are owned. There are currently shared ownership older persons properties in the area, and they have been counted as owned.

⁵¹ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC data is based on the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". This includes Extra Care, assisted living, and other forms of 'housing with care' but other forms of specialist older person housing may not be included within this definition.

Figure 55: Existing dwelling stock in Exeter occupied by households aged 75+ (Source: 2021 Census; Specialist Housing Person Housing based on data published by EAC for 2024)

Exeter	Owner Occupied	Private rent	Social rent	TOTAL
DWELLINGS OCCUPIED BY HOUSEHOLDS AGED 75+				
1 bedroom	443	151	501	1,095
2 bedrooms	1,777	139	319	2,235
3 bedrooms	2,911	88	195	3,194
4 or more bedrooms	1,105	31	13	1,149
Total Households	6,236	409	1,028	7,673
SPECIALIST OLDER PERSON HOUSING UNITS				
Housing with Support	711	0	742	1,453
Housing with Care	217	0	53	270
Total Specialist Older Person Housing Units	928	0	795	1,723

- 7.11 It is notable that the number of specialist social rent units (795 homes) is only marginally lower than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census (820 households).
- 7.12 The owner-occupied stock of specialist older person housing (928 homes) represents around two fifths (41.8%) of all one- and two-bedroom dwellings occupied by owner occupiers aged 75 or over. Nevertheless, as many older owner occupiers live in properties with three bedrooms or more, the specialist older person housing stock represents only 14.9% of households when considering all owner occupiers aged 75 or over.

Identifying the need for Specialist Older Person Housing

- 7.13 National Planning Practice Guidance for “*Housing for older and disabled people*” was published in June 2019. This states [ID 63-004-20190626]:

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 ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.

- 7.14 Meanwhile, the NPPF at paragraph 63 sets out the need to consider the needs of those who require retirement housing, housing with care and care homes:

63. *Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.*

National Planning Policy Framework December 2023, Paragraph 63

- 7.15 It is important to plan housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area, and many will not move from their current homes, those that do move in their later years are likely to be looking for housing suitable for older people.
- 7.16 This housing comes in a number of different forms and the distribution between these different types needs to be explored. In terms of formal definitions and terminology, the following list was developed by Three Dragons for a joint study undertaken with ORS:
- » Age Exclusive housing: housing which is age restricted (typically to age 55 and over) and may offer access to the careline service which is available to households living in general needs housing but does not offer warden support or any communal facilities, meals or bespoke site-specific care packages. Residents in age exclusive housing tend to be younger than residents in sheltered or extra care housing and are less likely to experience a range of frailties or disabilities;
 - » Sheltered housing: this is also age restricted but will normally have either an onsite or visiting scheme manager or access to a bespoke helpline. There will normally be communal facilities which may include a café or shop but there is no bespoke site-specific care package. Scheme residents are typically 75 or over, but the scheme may include some residents aged 65-74;
 - » Extra Care housing: this is also age restricted, will normally have an onsite scheme manager and provide a range of communal facilities. However, residents will also have access to a site-specific bespoke care package, usually including paying for a specified minimum number of hours of care a week with the option to increase usage if required. The care provider is Care Quality Commission (CQC) registered with specific carers allocated to the scheme. Scheme residents are typically 75 or over. Extra care housing can also be known as very sheltered housing, assisted living, enhanced sheltered or as housing with care;
 - » Dementia housing: this type of housing is designed to offer specific support to people with mid-stage dementia who struggle with general needs housing but are not so frail that they need to live in a care home. Scheme layout is dementia friendly and there will normally be onsite care and support as well as a range of communal activities and a café. The care provider is CQC registered with specific carers allocated to the scheme;
 - » Care Homes: this type of housing comprises residential and nursing homes, both providing non-independent Use Class C2 accommodation for people with high care needs. Care Homes are not directly considered in this chapter, but are factored into the household projections as set out in chapter 6 and also in Figure 60;
 - » Accessible housing - housing which is, or can be, adapted for the use of someone with a limiting health condition or who is a wheelchair user. This is considered below in a separate section.
- 7.17 The Housing Learning and Improvement Network (LIN)⁵² has published a number of different online toolkits that provide standardised rates for estimating demand for specialist older person housing products. These rates have been applied to calculate demand per 1,000 persons aged 75 or over and the conclusions are summarised in Figure 56.^{53, 54} The table also presents baseline rates from a model developed by Sheffield

⁵² Housing LIN are a research agency specialising in the needs of older persons and those with support need who have been commissioned on several occasions by central government to review older person need modelling.

⁵³ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

⁵⁴ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

Hallam University Centre for Regional Economic and Social Research (CRESR).⁵⁵ All of the data presented in Figure 56 are national benchmark rates. All the models focus upon the need for housing with support, housing with care, residential and nursing homes, which, in the case of the models, includes dementia housing. Age exclusive housing for households aged over 50 years would be considered in the housing with support sector, while dementia housing would sit in the residential or nursing care schemes.

7.18 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but there is limited detail about the derivation of the figures published by the Housing LIN.

7.19 The More Choice, Greater Voice toolkit recognises that its suggested framework simply:

“...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions.” (page 44)

7.20 Similarly, the SHOP resource pack acknowledges that the SHOP framework simply provides a baseline, which extrapolates “...crude estimates of future demand from existing data” (page 36) and the 2016 Review acknowledged that the Housing in Later Life report had “suggested a large increase in leasehold housing for older people which were not substantiated at the time” (page 4).

7.21 In contrast, the baseline rates for the CRESR model were established based on:

“the level and composition of supply of age-exclusive housing, specialist housing, and care beds across the 100 English local authorities with the highest overall provision of each broad type of older person housing per 1,000 older people (aged 75 years or older).” (page 26)

Figure 56: Benchmark Figures for Specialist Older Person Housing

Form of Provision <i>Demand per 1,000 persons aged 75+</i>	More Choice, Greater Voice Toolkit	Housing in Later Life SHOP Resource Pack	SHOP@ National Benchmark	Housing LIN Review Proposals	Sheffield Hallam CRESR Model
	2008	2011	2016	2016	2017
Housing with Support: Retirement Living or Sheltered Housing	125	180	100	100	153.2
Housing with Care: Extra Care or Enhanced Sheltered	45	65	14	35 “Proactive” rate	19.5
Sub-total	170	245	114	135	172.7
Residential care	65	-	43	40	110.8
Nursing care	45	-	45	45	
Sub-total	110	-	88	85	110.8
OVERALL TOTAL	280	-	202	220	283.5

7.22 The Housing LIN states that the More Choice, Greater Voice Toolkit and SHOP Resource Pack are both now out-of-date and remain published only as an ‘archived’ resource for public policy interest purposes. The more recent SHOP@ analysis tool is provided through the Housing LIN consultancy services, where target prevalence rates are established based on local circumstances.

⁵⁵ <https://www.shu.ac.uk/centre-regional-economic-social-research/projects/all-projects/older-peoples-housing-care-and-support-needs-in-greater-cambridge-2017-2036>

- 7.23 The Housing LIN 2016 Review identified the following benchmarks for tenure mix across the entire older person housing stock based on the relative affluence or deprivation of the local authority area (Figure 57). Given that the English indices of deprivation ranked Exeter in the upper quartile of all local authorities,⁵⁶ the relevant tenure mix benchmark would be that proposed for the “Most Affluent” areas so the split will be 33% rented and 67% leasehold for sheltered housing and 25% rented and 75% leasehold for extra care. We would note that leasehold is effectively ownership and rented is almost exclusively social rented properties.

Figure 57: Proposed tenure mix for 2035 influenced by the affluence/deprivation ratio from the Housing LIN 2016 Review

Form of Provision	Most Deprived		Deprived		Affluent		Most Affluent	
	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold
Sheltered, Age Exclusive	80	20	67	33	50	50	33	67
Housing With Care	75	25	50	50	33	67	25	75
Split based on quantiles of ONS deprivation index								
It can be expected that the % of public sector sheltered, age exclusive accommodation will retain a higher % than housing with care as there already exists a substantial level of current service provision								

- 7.24 In contrast, the CRESR Model determined the tenure mix for each type of housing based on the proportion of residents aged 75 or over living in owner occupation. Given the high rate of owner occupation set out in Figure 55 for Exeter, the “Above median” benchmark applies.

Figure 58: Tenure splits for 2035 influenced by the affluence/deprivation ratio from the CRESR Model

Form of Provision	Tenure	Proportion of 75 years and over in owner occupation	
		Above Median	Below Median
Age Exclusive	Rented	84	92
	Owned	16	8
Sheltered	Rented	69	84
	Owned	31	16
Enhanced Sheltered	Rented	47	55
	Owned	53	45
Extra care	Rented	71	87
	Owned	29	13

- 7.25 It is important to recognise that the CRESR Model is based on the mix of current provision, which may not reflect the most appropriate distribution when planning for additional provision.

“These tenure splits reflect current provision, which is significantly skewed towards social rented provision. If there is a desire to expand the provision of older people’s housing beyond current levels, this is likely to require disproportionate increases in ownership forms of supply. This is in part due to demand being focused on these ownership forms, particularly in areas with high levels of existing older homeowners.”

⁵⁶ <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

Reviewing the Existing Stock of Specialist Older Person Housing

7.26 As previously noted, the 2021 Census identified a total of around 10,500 persons aged 75 or over resident in Exeter at that time (Figure 52) and data published by the Elderly Accommodation Counsel (EAC) identifies that there is an overall stock of just over 1,700 specialist older person housing units across the area (Figure 55). On this basis, we can determine that the current provision of stock in the area equates to around 161 (1,723 dwellings/10,547 persons = 161 per 1,000) dwellings per 1000 persons aged 75 or over.

7.27 Figure 59 compares the rates for the different types of specialist housing for sale and rent with the suggested target benchmark rates from the Housing LIN Review and the baseline rates from the CRESR Model. This suggests that the rates of owned and rented stock with support are above the respective benchmark rates suggested by the Housing LIN (88 and 75 vs 73.5 and 61.6 respectively). In contrast, in comparison with baseline rates from the CRESR Model, the rate of existing owned stock is somewhat higher (88 vs 53.1), whilst the existing rented stock is lower than would be expected at 75 vs 119.6 (based on the 100 English local authorities with the highest overall provision).

Figure 59: Existing Specialist Older Person Housing for Exeter

Form of Provision	Existing Supply			Housing LIN 2016 Review		CRESR Model	
	Number of dwellings	Percentage	Rate per 1000 persons aged 75+	Benchmark rates	Supply-Demand balance	Benchmark rates	Supply-Demand balance
Housing with Support – Retirement living or sheltered housing	1,453	-	136	100.0	36	153.2	-17
Owned	711	49%	67	50.0	17	47.5	19
Rented	742	51%	70	50.0	20	105.7	-36
Housing with Care – extra care or enhanced sheltered	270	-	25	35.0	-10	19.5	6
Owned	217	80%	20	23.5	-3	5.7	15
Rented	53	20%	5	11.6	-7	13.8	-9
TOTAL	1,723	-	161	135	26	172.7	-11
Owned	928	54%	88	73.5	14	53.1	34
Rented	795	46%	75	61.6	13	119.6	-45

7.28 Figure 55 previously established that the existing owner-occupied stock of specialist older person housing represented only 14.9% of owner occupiers aged 75 or over living in the area. Nevertheless, the CRESR Model identifies that the current rate (88 per 1000) is higher than the average for the 100 English local authorities with most provision based on actual stock (53 per 1000). The current rate is also higher than the benchmark from the Housing LIN Review (73.5 per 1000). On this basis, the current owner-occupier stock meets the needs of existing residents, but this analysis does not take account of any future growth in the older population.

7.29 With regard to specialist older person housing for rent, it was previously noted that the existing stock was only marginally lower than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census. Therefore, it is perhaps not surprising that the current rate (75 per 1000) is higher than the Housing LIN benchmark (61.6 per 1000) suggesting sufficient rented stock in Exeter.

Despite this, the current rate is lower than the benchmark from the CRESR Model (119.6 per 1000) due to many other local authority areas having much higher rates of provision.

- 7.30 When considering the different types of specialist older person rented housing, it is apparent that the benchmark rates of rented Housing with Support and Housing with Care are higher than the existing stock (70 and 5 per 1000), and the differences relate primarily to Housing with Support. Although the CRESR Model suggests there could be a substantial shortfall, the Housing LIN benchmark rates suggest a surplus in this area, which on balance would seem to not be credible.

Establishing the Future Need for Specialist Older Person Housing

- 7.31 As shown in Figure 60, the population projections underlying the Local Housing Need figure for Exeter show a substantial increase in the older population over the period 2021-2041 with an additional 6,361 persons and 4,162 households resident in the local area.

Figure 60: Projected population aged 75+ (Source: LHNA modelling, ORS)

	Total population 2021	Total population 2041	20-year change 2021-2041
RESIDENT POPULATION			
Household population	9,938	15,802	+5,864
Communal Establishment population	733	1,230	+497
Total Resident Population	10,671	17,032	+6,361
HOUSEHOLD POPULATION			
Living as a single person household	4,473	6,737	+2,264
Living in a couple or another type of household	5,464	9,065	+3,600
Total Household Population	9,938	15,802	+5,864
HOUSEHOLD REPRESENTATIVES			
Single person household representative	4,473	6,737	+2,264
Couple household representative	2,961	4,637	+1,677
Other household representative	482	704	+222
Total Household Representatives	7,916	12,078	+4,162

- 7.32 It is important to recognise that many of these extra residents will be aged 85 or over and likely to have increasingly complex care and support needs, including dementia, but also mental health needs and frailty related needs. Therefore, there is a clear need for more dedicated older person accommodation.
- 7.33 However, others are households who ideally would not wish to leave their current homes and if adaptations can be provided for them, they will remain in situ. The modelled need outputs set out below allow for the growth in the population requiring dedicated older persons accommodation at current or enhanced rates of provision.
- 7.34 The household projections assume that the population aged 75 or over living in communal establishments will remain constant as a proportion for each 5-year age group, based on the rates identified by the 2021 Census (Figure 53). On this basis, it is projected that an additional 497 residents will need bedspaces to be provided in residential or nursing care homes in Exeter over the 20-year period 2021-2041. The reason for adopting this assumption is that it is the same as is used in producing all household projections from a given population projection. We would note that the same assumptions have been used by Savills in their recent

review of care homes⁵⁷ and they found that the rate of development of new care homes is only around 30% of the required rate to meet this demand. However, it should be noted that the propensity for a person to move to a care home has fallen sharply in the past 20 years, so it may be that rates will continue falling, as noted in our discussion around Figure 48 and Figure 49.

7.35 Figure 61 considers the need for specialist older person housing for older households in Exeter over the 20-year period 2021-2041. This uses the baseline rates previously established based on existing supply (Figure 59) and considers appropriate target rates taking account of the range of different benchmarks identified by the toolkits.

- » The target rates are based on the average of (i) the baseline rate for the local authority, and (ii) the mid-point of the benchmark range;
- » Based on the identified target rates, the projected number of residents aged 75 or over at the end of the 20-year period in 2041 (Figure 60) is used to establish the overall gross need.
- » The existing supply is then offset to identify the housing need for the 20-year period 2021-2041.

7.36 On this basis, there would be a need to provide an additional 880 specialist older person housing units in Exeter (equivalent to an average of 44 dwellings per year) of which 49% would need to be provided as affordable housing, which will typically be rented, but could be any property which meet the definitions set out in Annex 2 of the NPPF. The need for specialist older person housing represents 7% of the overall housing need identified for Exeter.

7.37 The current rate of provision in Exeter for dedicated older person housing is 161 units per 1,000 persons aged 75+ years. The modelled target rate is 165 per 1,000 persons aged 75+ years, so this will see the relative size of the older persons stock grow. There is a need to increase the affordable housing stock, as the key driver predicting the need for affordable older persons housing is the scale of the total affordable housing stock in an area.

Figure 61: Modelled Need for Specialist Older Person Housing in Exeter 2021-2041

Form of Provision	Existing supply	Baseline rate per 1000 persons aged 75+	Benchmark range per 1000 persons aged 75+	Target rate per 1000 persons aged 75+	Gross need in 2041	Housing need 2021-2041
Market Housing	928	87	-	87	1,374	446
Housing with Care	217	20	6-23	20	321	104
Housing with Support	711	67	47-50	67	1,053	342
Affordable Housing	795	75	-	78	1,229	434
Housing with Care	53	5	11-55	8	130	77
Housing with Support	742	70	50	70	1,099	357
TOTAL	1,723	161	-	165	2,603	880
<i>Housing with Care - extra care or enhanced sheltered</i>	270	25	-	28	451	181
<i>Housing with Support - retirement living or sheltered housing</i>	1,453	136	-	137	2,152	699

⁵⁷ [Savills UK | Spotlight: UK Care Home Development 2023](#)

- 7.38 This analysis above assumes a continuation in the provision of current types of housing although it is unclear if older people will aspire to these types of specialist housing in the future. It makes no consideration of national or local policies or how the aspirations and attitudes of households may be changing. Previous household surveys undertaken by ORS have shown around 25% of people would consider older person housing, but not all will act on this and we are also aware that MHCLG have commissioned further research on this issue which we believe will be published in the near future. Some types of specialist housing are already experiencing lower demand with fewer people moving to nursing homes, and other newer types of provision may appear to meet changing aspirations in the future.

Conclusions

- 7.39 The core analysis of future needs for specialist older person accommodation in Exeter in this report assumes that the growth in the older person population will require accommodation at current or enhanced rates of provision. On this basis, there would be a need to provide an additional 880 specialist older person housing units in Exeter (equivalent to an average of 44 dwellings per year) of which 49% would need to be provided as affordable housing.
- 7.40 However, national and local policies may result in an increase in the stock of adapted and accessible new build and second-hand properties in the coming years. This would allow more households to remain in their own homes for longer and could address some of the need for specialist older person housing. This will not completely eliminate the need for new older person housing schemes, particular those for extra-care, but it offers the potential for the need for dedicated older person housing to fall over time.
- 7.41 New specialist older persons schemes will still be required, and delivery should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of older people mean people will live increasingly healthy longer lives and their future housing needs may be different from current need;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs; and
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of older people, particularly local authority Supporting People Teams and the Health Service.

Housing for People with Disabilities

- 7.42 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).⁵⁸
- 7.43 Three standards are covered:
- » M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties;
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes;
 - » M4(3) Category 3: Wheelchair user dwellings – Optional and further divided into wheelchair adaptable and wheelchair accessible homes.
- 7.44 In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.
- 7.45 PPG for Housing: Optional Technical Standards explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

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

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

Planning Practice Guidance, ID 56-007-20150327

⁵⁸ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

7.46 The PPG states:

Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment⁵⁹ (replacing Disability Living Allowance) / Attendance Allowance⁶⁰ benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant⁶¹ (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.

Engagement at all levels can help plan-makers identify the housing needs of people with disabilities. This could include with occupational therapists and specialist access or inclusive design officers. Discussions with disabled people and disabled people's groups can also provide insights into the types of impairments and number of people likely to require accessible homes in the future.

Planning Practice Guidance, ID 63-005-20190626

- 7.47 For this section we have considered existing propensity rates for people who have their housing needs affected by health problems to consider the need for adapted homes.

Assessing need for M4(2) Category 2: Accessible and adaptable dwellings

- 7.48 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.
- 7.49 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

"The provision made must be sufficient to-

(a) meet the needs of occupants with differing needs, including some older or disabled people, and;

(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time."

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- 7.50 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.

⁵⁹ Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

⁶⁰ Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

⁶¹ Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

- 7.51 Overall, 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 62).

Figure 62: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%

- 7.52 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.
- 7.53 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in Exeter to estimate the number of households likely to require adaptations or needing to move to a more suitable home.

Figure 63: Households with a long-term illness or disability in Exeter in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER	TOTAL
Households with one or more persons with a limiting long-term illness or disability	17,323
Does not affect their housing need	12,489
Current home suitable for needs	3,917
Current home requires adaptation	455
Need to move to a more suitable home	462
Total households where a limiting long-term illness or disability affects their housing need:	4,834

- 7.54 The model (Figure 63) identifies that there were 17,323 households living in Exeter in 2021 with one or more persons with a limiting long-term illness or disability. In 12,489 of these households, this does not affect their housing need, but in 4,834 households an illness or disability does impact on housing need.
- 7.55 Amongst those households where it does affect housing needs, 3,917 households are already living in a suitable home (having moved or made adaptations). This leaves 455 households needing adaptations to their current home and 462 households needing to move to a more suitable home. These households needing to move represent an existing **unmet need** for M4(2) housing and some may actually be wheelchair users needing M4(3) housing.
- 7.56 The identified need at the start of the period is based on households' current needs. Even without any growth in the number of households, the proportion with one or more persons with a limiting long-term illness or disability can be expected to increase as the population ages.

- 7.57 Based on household projections and the overall dwelling-led housing need, we can establish the future need for adapted housing (M4[2] and M4[3]) based on the projected household growth and the changing demographics of the area. Figure 64 shows our calculation that there will be an additional 4,729 households either needing adaptations to their existing housing or suitable new housing to be provided by the end of the period in question.

Figure 64: Households with a long-term illness or disability in Exeter 2021-2041 affecting their housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER	TOTAL
Existing households in 2021 likely to develop health problems that affect their housing need within 10 years	1,515
Additional households in 2041 projected to experience problems or likely to develop problems within 10 years	3,214
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	4,729
Unmet Need in 2021 for an adapted home (from Figure 63)	462
Total need for adapted housing	5,191

- 7.58 To provide M4(2) housing for all of the identified need would require housing for up to 5,191 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock which can be adapted to the standard required.
- 7.59 Although some households would prefer not to move, the EHS identifies that many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works and therefore these households would require to move to meet their housing needs. Still fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in Exeter in combination with this EHS data, a robust estimate of the number of dwellings that could be converted to meet the M4(1) standard can be derived.
- 7.60 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we can calculate the need for adapted housing that could not be met by adaptation of existing homes; these households should be added to the households identified as needing to move at the start of the period (Figure 65). This figure clearly has a significant overlap with the need for older persons dwellings set out in the preceding section of this report. Therefore, there is a need for a high number of homes which can be used to accommodate people as their health deteriorates.

Figure 65: Households with a long-term illness or disability in Exeter by effect on housing need (Source: ORS Housing Model.
Note: Figures may not sum due to rounding)

EXETER	Affordable	% of Total Affordable (Figure 50)	Market	% of Total Market (Figure 50)	TOTAL	% of Total LHN (Figure 50)
Existing need in 2021						
Households where an existing illness or disability affects their housing need and need to move in 2021	248	-	215	-	462	-
Projected future need 2021-41						
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	1,789	-	2,940	-	4,729	-
Maximum need for adapted housing 2021-41 (households)	2,037	36%	3,154	49%	5,191	40%
Less households living in dwellings adaptable to M4(1) standard	948		1,557		2,504	
Minimum need for adapted housing 2021-41 (households)	1,089	18%	1,598	26%	2,687	21%

- 7.61 Therefore the need for adapted housing 2021-41 can be expressed as a range between 2,687 and 5,191 dwellings (between 134 and 260 dwellings per annum). There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing.
- 7.62 The figure is lower than in the Exeter LHNA 2022 where the minimum need was 4,088 dwellings. The main explanation for this is that new data from the 2021 Census has been added to the modelling and this shows a lower rate of long-term illness for Exeter, so fewer households are likely to require adapted homes.
- 7.63 Given the number of households likely to need to move due to a limiting long-term illness or disability affecting housing need (a significant proportion when compared to the LHN, see Figure 65), the evidence supports consideration of a high proportion of affordable homes being built to at least M4(2) standards. This is further impacted by the rates of limiting long-term illness or disability affecting housing need being much higher in affordable tenures (see Figure 62). The data indicates that there is a clear need for a similar proportion of market homes to be built to M4(2) standards also (Figure 65).
- 7.64 It is important to recognise that the range presented in Figure 65 represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.
- 7.65 It should be noted that the Government have stated in their response to the September 2020 consultation on raising accessibility standards of new homes: "Raising accessibility standards for new homes: summary of consultation responses and government response"⁶² that their intent is to change the building regulations so that M4(2) is the default minimum standard for new homes. M4(1) will apply by exception only:

⁶² Raising accessibility standards for new homes: summary of consultation responses and government response – updated July 2022: <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response>

73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.

Raising accessibility standards for new homes: summary of consultation responses and government response

- 7.66 The timescale for this proposed change has not yet been released, with no response from the new Government on this issue. Therefore, it is currently not appropriate to assume that all properties must be delivered to M4(2) standard until further policy clarifications are issued.

Housing for Wheelchair Users

- 7.67 The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.
- 7.68 Building Regulations for M4(3) Category 3: Wheelchair user dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-
(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;
(b) to meet the needs of occupants who use wheelchairs.”

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- 7.69 In establishing the need for M4(3) Category 3 housing it is again important to consider the LHN dwelling-led population projections and health demographics of the area, but with specific reference to households with wheelchair users.
- 7.70 The CLG guide to available disability data⁶³ referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 66 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

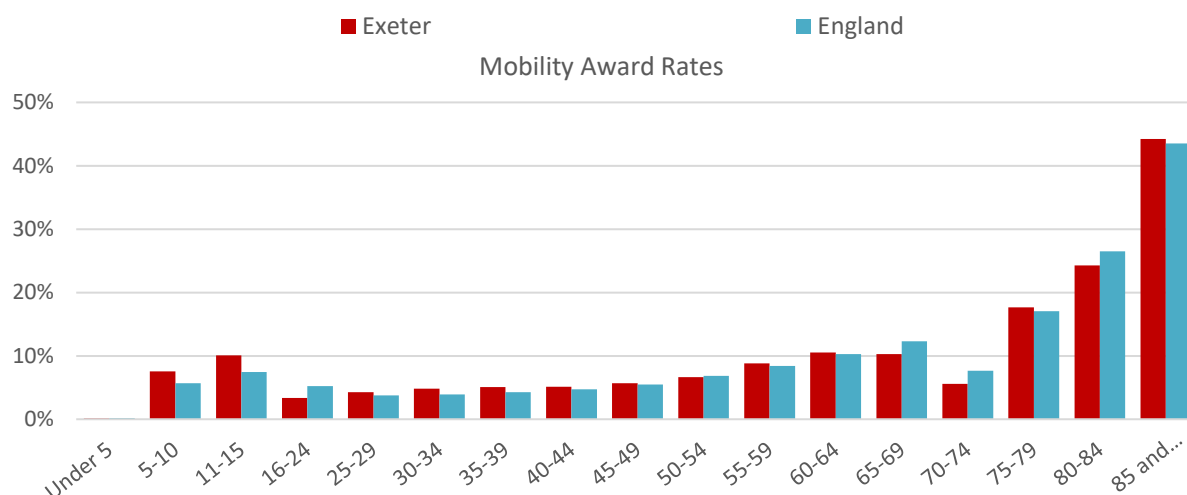
Figure 66: Percentage of households with a wheelchair user by type of housing and age of household representative
 (Source: English Housing Survey 2013-14)

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

⁶³ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

- 7.71 To gain a better understanding of the local data, Figure 67 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Exeter against the figures for England.

Figure 67: Disability benefit claimants in receipt of mobility award by age in Exeter and England (Source: DWP, Feb 2024)



- 7.72 Through combining the information on local rates with the national data, we can establish the proportion of households in Exeter likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 68):

Figure 68: Percentage of households with a wheelchair user in Exeter, by type of housing and age of household representative (Source: EHS, DWP)

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	3.9%	6.0%	9.3%
Affordable housing	0.3%	2.1%	3.0%	6.0%	6.0%	10.0%	12.6%	20.0%

- 7.73 If we apply these proportions to the population and household data for the area, then we can identify the net change in the number of households with a wheelchair user over the period 2021 to 2041 (Figure 69). Using this approach, we can calculate the number of households likely to need wheelchair accessible housing in Exeter is likely to increase by 640 over the 20-year period. Note that these are gross figures, and many of the households identified in 2021 are likely to already live in wheelchair accessible housing.

Figure 69: Households needing wheelchair accessible housing in Exeter (Source: ORS Housing Model. Note: Figures may not sum due to rounding. Percentage of tenure in LHN column is calculated by dividing net change for a given tenure by the total identified need for that tenure in the LHN, as indicated by row labels.)

EXETER: Gross Modelled Need for Wheelchair Accessible Housing	2021	2041	Net change 2021-41	%age of tenure in LHN
Market housing	1,090	1,300	+210	2.5%
Affordable housing	760	1,190	+430	11.0%
Total	1,850	2,490	+640	5.3%

- 7.74 Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth comes from households which are aged over 75. This can be seen in Figure 70.

Figure 70: Households needing Wheelchair Accessible Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

EXETER: Modelled Need for Wheelchair Accessible Housing	Households in 2021 aged under 75	Households in 2041 aged under 75	Net change 2021-41	Households in 2021 aged over 75	Households in 2041 aged over 75	Net change 2021-41
Market housing	660	710	+60	440	590	+150
Affordable housing	500	590	+90	260	600	+340
Total	1,150	1,300	+150	700	1,190	+490

- 7.75 This means that there are likely to be some people who are identified in both categories – wheelchair accessible housing and specialist older person housing.
- 7.76 Whilst not all over 75 households needing wheelchair accessible housing will live in specialist older person housing, it is likely that at least 7.8%⁶⁴ of those moving to specialist older housing will need wheelchair accessible homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health. Considering that a given older persons residence may house multiple residents in its lifetime, it becomes even more likely that at some stage a resident will require a wheelchair. Furthermore, it may be noted that where it is possible to retrospectively adapt residences, this may be costly or difficult.
- 7.77 On this basis it may be appropriate to adopt a target of 100% wheelchair accessibility (where viable) for specialist accommodation for older people to avoid potential inequality of provision. This could also reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.
- 7.78 The evidence (Figure 69) supports at least 11% of all new affordable housing for rent to be wheelchair accessible, as the Council will be able to allocate affordable rented households with wheelchair needs to appropriate homes. However, the Council may consider a slightly higher target (e.g. 15%, subject to viability), to ensure that a situation does not arise in which a property is not available for a wheelchair user in affordable need.
- 7.79 In market housing, the evidence supports at least 2.5% of all market housing being fully (and simply) adaptable to the needs of a wheelchair occupant. However, since the Council cannot allocate market wheelchair homes, it is likely that some of these dwellings may be occupied by households that do not contain a wheelchair user. To avoid there being insufficient market homes that are fully wheelchair adaptable to meet the needs of the wheelchair using population, it is reasonable to plan for a higher proportion of fully wheelchair adaptable homes, (e.g. 10%), subject to viability and similar constraints.

⁶⁴ Given an increase of 6,361 households over 75 (Figure 60), of whom 490 will require a wheelchair accessible home (Figure 70), this is approximately 7.8% of all households over 75. It is therefore reasonable to assume that if 7.8% of all older persons will need a wheelchair accessible home, then at least 7.8% of older persons in specialist older housing will require a wheelchair accessible home.

Co-living Housing

- 7.80 One startling statistic from the demographic data for Exeter is that single person households aged 15-24 years are projected to increase by a very modest 40 households to a rounded figure of 770 by 2041, with an increase of 350 for those aged 25-34 years (Figure 26). At the same time, the number of 'Other' households headed by someone aged 25-34 years is projected to rise by 250 households in the same timeframe. At the heart of this increase in "Other" households in Exeter is the growing student population combined with the increasing pressures for social housing and rising private rents, which have seen fewer young households living on their own and more living in HMO type accommodation. Changes to the benefit system introduced in the past 10 years have seen these pressures amplified.
- 7.81 One type of housing that may address this issue is high quality co-living or co-housing comprising small purpose-built homes with shared amenity space, rather than traditional HMOs. A succinct definition of co-housing is:
- "Cohousing, a generic term, covers various forms of housing, owned and rented, that are developed and/or owned and/or managed by their residents as a distinct community"*⁶⁵
- 7.82 Exeter City Council work to a very specific definition of co-living which is that it is high quality accommodation purposely built for private sector rent, comprising at least 50 non-self-contained homes where the residents have their own private bedroom and access to a range of communal spaces and facilities.
- 7.83 Given that Exeter is projected to see a very small increase in single young person households, then the household projections would envisage little role for this type of dwelling, and this is reflected in our modelled size and tenure mix. However, as a policy led response to the increasing lack of housing for younger people in the area the schemes offer greater opportunities for groups such as recent graduates looking to establish themselves in Exeter as an alternative to living in HMOs.
- 7.84 At the same time, the Private Rental Sector (PRS) is an important tenure that has grown since 1991 to house a significant proportion of other households. It may be that dwellings are currently being built as family housing but are being occupied by sharing young households. In the future these properties could be re-used as family housing if high quality purpose built co-living schemes could be developed for single person or couples housing.
- 7.85 It is difficult to project a need for co-living schemes because it may be that many young people prefer to share and save for their own property rather than have their own potentially more expensive separate unit. However, the scale of the student numbers in Exeter would suggest that there is a market for co-living units and that this is likely in turn to reduce the need for larger market properties to be converted to HMOs. However, as with any active policy, there are risks of an over-supply of small dwellings which would exclude the ability of families to form in the area.

⁶⁵ http://www.cih.org/resources/PDF/Wales%20Events/older_peoples_housing/Jon%20Stevens.pdf

Service Families

- 7.86 Paragraph 62 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families. Local planning authorities should:

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes

National Planning Policy Framework February 2019, Paragraph 62

- 7.87 Ministry of Defence (MoD) annual location statistics⁶⁶ show that there have not been significant changes to MoD personnel stationed in Exeter. Unless any significant changes are planned, the needs of service personnel will not impact the identified LHN.

Figure 71: MoD personnel in Exeter 2015-2023 (Source: MoD Annual location statistics 2023)

Exeter	Apr 2015	Apr 2016	Apr 2017	Apr 2018	Apr 2019	Apr 2020	Apr 2021	Apr 2022	Apr 2023
Military – Officers	10	10	10	10	10	10	10	10	10
Military – Other Ranks	50	50	50	40	30	30	30	40	30
Total	60	60	60	50	40	40	40	40	40
Civilians – Non-Industrial	40	40	40	40	40	40	40	~	~
Civilians – Industrial	10	10	10	10	10	10	10	-	-
Civilians – Trading Funds	-	-	-	-	-	-	-	-	-
Total	40	50	50	50	50	40	40	~	~
Grand Total	100	110	100	100	80	80	80	40	40

- 7.88 As part of the plan making process, the council may choose to engage with the MoD to establish what (if any) housing need future personnel may comprise as part of the LHN, however the publicly available evidence indicates that there will be no meaningful impact.

⁶⁶ <https://www.gov.uk/government/statistics/location-of-uk-regular-service-and-civilian-personnel-annual-statistics-2020>

People Wishing to Build their Own Homes

7.89 PPG requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

7.90 As an initial distinction, a self-build home is one built to the plans or specifications of the occupant on a single plot or multi-plot site. A custom build is built to the plans or specifications of the occupant on a multi-plot site which is actively managed by a third-party enabler.

7.91 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act⁶⁷ 2015 places a duty on local planning authorities to:

- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
- » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

7.92 The 2015 Act was amended by the Housing and Planning Act 2016⁶⁸ which placed a duty on local planning authorities to provide serviced plots which have planning permission that allows for self-build or custom housebuilding:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Housing and Planning Act 2016 Section 2(a)(2)

⁶⁷ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

⁶⁸ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

Background Evidence

- 7.93 Planning practice guidance requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

- 7.94 Over half of the UK population (53%) say that they would consider building their own home⁶⁹ (either directly or using the services of architects and contractors) and an Ipsos MORI poll commissioned by the National Custom and Self Build Association (NaCSBA) in 2016 found that: “one in seven (14%) Britons (around 7 million people) now expect to research or plan how to build a home for themselves in the next 12 months; up from 12% last year. The poll also suggested that around one in 50 (2%) expect to buy a building plot, obtain detailed planning consent, start or complete construction work on their own new home during the coming year or so”⁷⁰. Nevertheless, given that the growth in the housing stock is only around 1% per annum, it is likely that these figures conflate aspiration with effective market demand. Self-build and custom housebuilding currently represents only around 10% of housing completions in the UK, so in practice around 0.1% of households utilise self-build and custom housebuilding each year, not 2%. The 10% of housing completions in UK can be compared to rates of around 40% in France and 70 to 80% elsewhere in Europe. In our opinion the evidence from the NaCSBA survey is not a credible measure of the demand for self and custom housebuilding.
- 7.95 The Joseph Rowntree Foundation report “The current state of the self-build housing market” (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location. The attractiveness of self-build is that it can reduce costs, improve affordability, offer a greater diversity of architectural design styles and materials, greater community cohesion, more energy efficient homes, and improve housing choice and quality.
- 7.96 “Laying the Foundations – a Housing Strategy for England” (HM Government, 2011)⁷¹ aimed to double the size of this market, creating up to 100,000 additional homes over the decade. “Build-it-yourself? Understanding the changing landscape of the UK self-build market” (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build ‘Vanguards’ in 2014 to test how the ‘Right to Build’ could work in practice in a

⁶⁹ Building Societies Association Survey of 2,051 UK consumers 2011

⁷⁰ <https://www.ipsos-mori.com/researchpublications/researcharchive/3347/One-in-seven-Britons-expect-to-look-into-building-their-own-home.aspx>

⁷¹ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

range of different circumstances. Individual local authorities produced their own reviews of their experiences⁷², but no detailed review of all 11 Vanguard was produced.

February 2021 Policy Update

- 7.97 In February 2021 the Government updated Planning Practice Guidance in the form of Self-build and custom housebuilding⁷³. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey').

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016)

Self-build and Custom Housebuilding Regulations 2016

Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Planning Practice Guidance

Paragraph: 016 Reference ID: 57-016-20210208

- 7.98 Within this definition, new builds and conversions can be counted as self-build and custom housebuilding if they involve the first occupant having primary input into the final design and layout, but homes bought directly off-plan cannot. A situation where the buyer can have input from a range of options before building commences could be considered "custom build" in terms of the "final design and layout" input.
- 7.99 Alongside the updated planning practice guidance, DLUHC have published detailed data from local authority registers for the period 2016 to 2022, with 8,100 new entries being recorded in 2021/22.
- 7.100 The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

⁷² [Right to Build Vanguard.pdf](#) and [Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf](#) (cambridgeshireinsight.org.uk)

⁷³ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](#)

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Planning Practice Guidance

Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Planning Practice Guidance

Paragraph: 023 Reference ID: 57-023-20210208

- 7.101 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on Part 1 of their register within three years of the end of the base period. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 7.102 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Self-build and Custom Housebuilding Planning Practice Guidance

Paragraph: 011 Reference ID: 57-011-20210208

7.103 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this. However, as discussed earlier, frequently cited data sources such as the NaCSBA survey from 2016 are not robust enough to rely upon as a measure of demand.

7.104 A further dataset which has been used in assessing the demand for self and custom housebuilding comes from Buildstore, who offer mortgages to self and custom housebuilders and record interest from their users for sites in particular areas. However, this data appears to contain multiple double counts where households appear in more than one location and there is no clear method available to remove these because the data is held by a private company. Therefore, we do not consider that this data can be used for studies such as this one.

April 2021 Self and Custom Build Action Plan

7.105 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.⁷⁴ This review included commissioning the Bacon Review House Report discussed below⁷⁵. This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF allocated up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.

⁷⁴ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/92441/self-and-custom-build-action-plan.pdf)

⁷⁵ [Independent review into scaling up self-build and custom housebuilding: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/92441/independent-review-into-scaling-up-self-build-and-custom-housebuilding-report.pdf)

- » **Expertise/knowledge gap:** The NaCSBA's Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Review into Scaling Up Self and Custom Housebuilding – The Bacon Review House Report

- 7.106 As part of the April 2021 Action Plan, the Government commissioned an independent review into the scaling up of self and custom housebuilding. This report was published in August 2021⁷⁶ and the Government responded to this review in June 2022⁷⁷.
- 7.107 The review focuses primarily on supply side factors limiting the delivery of self and custom housebuilding and produced 6 key recommendations which were broadly supported by the government:
- » Greater role for Homes England;
 - » Raise awareness of the Right to Build;
 - » Support community-led housing, diversity of supply and Levelling Up;
 - » Promote greener homes and more use of advanced manufacturing;
 - » Support custom and self-build housebuilding through the planning reforms; and
 - » Iron out any tax creases.

Levelling Up and Regeneration Act 2023

- 7.108 A number of provisions in the Levelling Up and Regeneration Act, which was granted Royal Assent on 26th October 2023, should be noted
- » The Act imposes a new duty on councils to include pre-existing unmet demand for self-build and custom build housing when calculating their current level of demand.
 - » The demand for self-build and custom housebuilding in any “12-month base period should be treated as including any demand from an earlier 12-month base period which has not been met within the time period allowed for complying with the duty to meet that demand”.
- 7.109 Therefore, the Act states that it is only sites where self and custom housebuilding plots are explicitly permissioned which can be counted against demand, so meeting the demand for plots will require more proactive permissions for many councils.

Evidence for Exeter

- 7.110 Exeter have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding register.
- 7.111 Figure 72 shows that as of October 2023, Exeter has not provided enough self and custom housebuilding plots to meet the needs identified on the register. The delivery of plots is calculated from CIL exemptions

⁷⁶ [Independent review into scaling up self-build and custom housebuilding: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101444/independent-review-into-scaling-up-self-build-and-custom-housebuilding-report.pdf)

⁷⁷ [Government response to the independent review into scaling up self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101444/government-response-to-the-independent-review-into-scaling-up-self-build-and-custom-housebuilding.pdf)

and also from direct evidence from applicants for consent for housing who are emailed to ask if they are intending to provide any self and custom housebuilding plots on their sites. This will pick up any delivery which has not directly sought CIL exemption and will be a more accurate method than simply relying on CIL exemptions, as was the case previously.

Figure 72: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016-Oct 2017	Oct 2017-Oct 2018	Oct 2018-Oct 2019	Oct 2019-Oct 2020	Oct 2020-Oct 2021	Oct 2021-Oct 2022	Oct 2022-Oct 2023
New applicants on the register	5	21	9	15	17	57	20	19
Record of consented custom and self-build plots	*	14	7	2	9	14	6	3

Future Need for Self-build and Custom Housebuilding

- 7.112 As highlighted above, Exeter is currently not providing sufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. A key reason for this is that the Exeter Core Strategy was adopted some years in advance of the Self-Build and Custom Housebuilding Act coming into play; therefore the Council currently has no policy to promote serviced plots and no requirement for a proportion of plots on larger sites to be made available.
- 7.113 We would note that PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However, this now reverts back to council registers, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual up take of plots.
- 7.114 The evidence from countries like Germany indicate that the demand for self and custom housebuilding can be close to the total housing supply and that delivery is more supply constrained, with small and medium size builders delivering many of the custom housebuilding plots. It is these supply constraints that much of government policy is now focused towards addressing.
- 7.115 The first priority of the Council should be to ensure that they are complying with national policy and meet the demand from the self and custom housebuilding register. This would amount to providing an on-going supply of around 96 plots over the period October 2023-September 2026, but also addressing the past under-provision of plots. As of September 2023, the supply of plots was 12 less than the number of households who had joined the register before October 2020, so that need must be added, so 108 plots are required before September 2026 and then a further 20 plots per annum will be required from that point to meet on-going need.

Essential Local Workers

- 7.116 Annex 2 of the 2021-Revised NPPF also mentions the needs of essential local workers in its definition of affordable housing:

Affordable housing: *Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);*

Essential local workers: *Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.*

NPPF 2023 – Annex 2

- 7.117 It is notable that the definition provided by the 2023 NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.
- 7.118 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers in need.
- 7.119 It is also possible that some households who are Essential Local Workers will earn too much to be considered for Social and Affordable Rent. This group may benefit from the affordable element of Build to Rent, as discussed in Chapter 3 of this report.

Appendix A

Glossary of Terms

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework Glossary:

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

(a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

(b) Starter homes: is as specified in sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

(c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

(d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to government or the relevant authority specified in the funding agreement.

National Planning Policy Framework Glossary, February 2019

Category 2 and 3 are classifications of accessible housing. They refer to Building Regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and includes standards for wheelchair adaptable and wheelchair accessible homes.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as: "family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"⁷⁸.

A Dwelling is a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained; but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

Headship rates are defined by CLG as: "*the proportion of people in each age group and household type who are the 'head' of a household*"⁷⁹

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household.

⁷⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁷⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Houses in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low-cost home ownership products and intermediate rent.

Institutional Population (also known as Communal Establishment Population) are those living in managed residential accommodation, for example, nursing homes, student halls of residence, military barracks and prisons. The full definition of a Communal Establishment can be found in the 2011 Census glossary: <https://www.ons.gov.uk/census/2011census/2011censusdata/2011censususerguide/glossary>.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low-cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, a share in the property is purchased with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low-Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialist housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

AHC	Affordable Housing Commission
AHO	Affordable Homeownership
BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
CPI	Consumer Prices Index
DFG	Disable Facilities Grant
DWP	Department of Work and Pensions
EHS	English Housing Survey
HB	Housing Benefit
HMA	Housing Market Area
HPSSA	House Price Statistics for Small Areas
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long-Term Illness
LPA	Local Planning Authority
LQ	Lower Quartile
LRR	Local Reference Rent
LSE	Leashold Schemes for the Elderly
MHCLG	Ministry for Housing, Communities and Local Government
MSOA	Middle-layer Super Output Area
NPPF	National Planning Policy Framework
OAN	Objectively Assessed [Housing] Need
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
PPTS	Planning Policy for Traveller Sites
PRS	Private Rental Sector
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

Appendix B

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