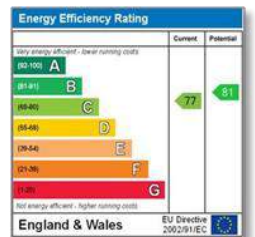




## Milton Keynes Council

### Strategic Housing Market Assessment 2013



### Report of Findings

May 2014





Opinion Research Services The Strand, Swansea SA1 1AF  
Jonathan Lee | David Harrison | Nigel Moore  
enquiries: 01792 535300 · [info@ors.org.uk](mailto:info@ors.org.uk) · [www.ors.org.uk](http://www.ors.org.uk)

© Copyright May 2014

**Working in partnership with**



# Contents

<b>Executive Summary.....</b>	<b>8</b>
Private Rented Sector.....	8
Local Economy.....	8
Housing delivery.....	8
Benefit Reform.....	9
Population.....	9
Older People.....	9
Conclusion.....	10
<b>1. Introducing the Study.....</b>	<b>11</b>
Background to the project and wider policy context	
Project Overview.....	11
What is a Strategic Housing Market Assessment?.....	11
Method Overview.....	12
National Policy and Strategy Context.....	12
Duty to Co-operate.....	13
Local Economic Partnership.....	14
Local Policy and Strategy Context.....	15
Corporate Plan 2012-2016.....	15
Housing Strategy 2012-15.....	16
Core Strategy 2010-2026.....	16
Economic Development Strategy 2011-16.....	17
<b>2. Housing Market Areas.....</b>	<b>18</b>
Identifying the local functional housing markets	
Guidance.....	18
The Development in Understanding of the Housing Market Area in Milton Keynes.....	19
Sub Regional Housing Markets (2004).....	19
Research Paper 1: Clarifying the Geographical Boundaries of the Sub-regional Housing Market Areas (Bedfordshire and Luton Sub-Region Strategic Housing Market Assessment 2008, ORS).....	21
SHMA Milton Keynes 2009.....	24
Key Statistics for the Milton Keynes HMA identified by ORS.....	25
Geography of Housing Market Areas in England (NHPAU/Centre for Urban and Regional Development Studies; 2010).....	28
Valuation Office Agency Broad Rental Market Areas.....	30
The Housing Market Area - Conclusion.....	31

### 3. The Socio-economic Context.....33

An overview of the existing population

#### Local Population Characteristics ..... 33

Age Profile ..... 33

Older People..... 35

Minority Ethnic Groups ..... 36

Migrant Workers ..... 36

Disabled People..... 37

Service Families ..... 38

Housing Members of the Armed Forces ..... 38

#### The Local Economy..... 39

Local Employment..... 39

Occupation and Earnings ..... 41

Industry ..... 42

Working at Home ..... 43

Students ..... 44

#### Impact of Welfare Reform on the Housing Market ..... 46

Specific Changes to Housing Benefit ..... 46

Capping of Total Household Benefits at £500 per Week ..... 48

Potential Impact of Benefit Reform on the Private Rented Sector ..... 48

### 4. Current Housing Stock.....51

An overview of the existing housing stock

#### Existing Housing Stock..... 51

Dwelling Type ..... 51

Dwelling Characteristics ..... 52

Dwelling Age and Condition ..... 52

Overcrowding ..... 53

Houses in Multiple Occupation ..... 54

Communal Establishments..... 55

#### Housing Tenure ..... 55

House Prices ..... 56

Mortgage Repossessions..... 58

#### Affordable and Social Housing Sector ..... 58

#### Private Rented Sector ..... 61

Private Rent in Milton Keynes..... 62

Policy Developments..... 63

<b>5. Current Housing Market.....</b>	<b>69</b>
The relationship between households and housing	
Housing Affordability.....	69
Turnover of Private Housing for Sale .....	69
Right to Buy .....	70
Meeting Housing Need in the Private Rented Sector: Housing Benefit.....	71
Acute Housing Need: Homelessness .....	75
Migration Trends .....	76
Impact of Migration on the Housing Market .....	76
UK Migration to and from Milton Keynes .....	77
Migration Flows.....	78
Using migration trends to develop future migration projections.....	79
<b>6. Projecting Housing Requirements .....</b>	<b>85</b>
Modelling the future need and demand for housing	
Projecting the requirements of the local population.....	85
Impact of migration.....	86
Official Projections of Population and Household Growth .....	87
Market Signals .....	87
Establishing Objectively Assessed Need.....	89
Future Household Type and Age .....	90
Future Workforce.....	91
Modelling Future Housing Requirements .....	93
Housing Supply .....	96
Understanding Housing Requirements .....	98
Core Modelling Assumptions .....	99
Future Housing Requirements for Milton Keynes.....	100
Scenario Testing .....	102
Considering the Mix of Housing Required.....	105
Current Housing Market and the Local Economy .....	108
Considering the Mix of Housing for Migrant Households.....	111
Source of Overall Housing Requirement .....	113
Housing for Older People .....	114
Requirements for Gypsies and Travellers and Travelling Showpeople .....	123
<b>7. Duty to Co-operate .....</b>	<b>131</b>
Considering the housing needs of adjoining areas and how those needs will be met	
The Milton Keynes Housing Market Area.....	135
Projected Household Growth and Housing delivery .....	136

<b>8. Housing Delivery .....</b>	<b>139</b>
Recent Trends and Future Trajectory for New Housing .....	
Viability in Delivering New Housing .....	140
Help to Buy .....	140
Delivery of Affordable Housing .....	141
Affordable Rents .....	142
Self Builders .....	143
Future Housing Delivery .....	143
Market Housing in the UK .....	144
Attempts to stimulate delivery of market housing .....	144
Affordable Housing.....	145
Government Funding of Affordable Housing .....	146
Other Issues Affecting Delivery of New Affordable Homes .....	146
<b>9. Viability .....</b>	<b>149</b>
Introduction.....	149
Affordable Housing Policy in Milton Keynes .....	149
The Approach to Modelling.....	150
Threshold Land Values .....	151
Appraisal Results .....	153
<b>10. Key Findings and Conclusions.....</b>	<b>157</b>
Future policy implications for the authorities to consider .....	
Introduction.....	157
National Economy .....	157
Housing and the SHMA .....	158
Overview.....	159
Market Drivers .....	159
Strategic Issues.....	159
Housing Market Areas.....	159
Socio Economic Factors.....	159
Housing Stock .....	161
Local Housing Market.....	163
Housing Requirement and the Local Economy .....	164
Meeting the housing requirements of Older People .....	165
Gypsies and Travellers and Travelling Showpeople .....	166
Housing Delivery.....	166
Housing Viability.....	167

<b>Appendix A.....</b>	<b>168</b>
Planning Policy	
Excerpts from the National Planning Policy Framework.....	168
<b>Appendix B.....</b>	<b>171</b>
Audit of SHMA against Government Guidance issued as a Consultation Draft in August 2013	
<b>Appendix C.....</b>	<b>173</b>
Data Sources: Advantages and Disadvantages	
<b>Appendix D .....</b>	<b>176</b>
Glossary of Terms	
Definitions .....	176
Acronyms and Initials .....	178
<b>Appendix E .....</b>	<b>179</b>
Table of figures	

# Executive Summary

This Strategic Housing Market Assessment (SHMA) has been undertaken at a time of considerable change in both the Milton Keynes and the national housing market. The SHMA raises several important issues, some worthy of further detailed consideration to inform forward strategy. This Foreword, therefore, seeks to summarise the key strategic issues emerging from the SHMA and where the Milton Keynes might focus its future strategic response.

## Private Rented Sector

One of the most significant housing changes in the past decade, both in Milton Keynes and nationally, has been the rise in the private rented sector and the decline in owner occupation. In Milton Keynes, this trend towards a larger private rented sector is faster than in either the South East or England. The trend seems likely to continue further due to a combination of declining affordability, a requirement for more equity from purchasers in order to buy, changes to how home purchase is financed and a relatively low new housing supply. Future generations may aspire to home ownership, but, for many, it will remain that.

The relative immaturity of the Private Rented Sector offers the Council an opportunity to continue to shape the sector by working with investors and developers to increase supply, and with landlords to improve the quality and management of existing stock. Overall, the change noted here indicates a fundamental shift in the shape of the Milton Keynes housing market to which the Council should respond.

## Local Economy

The connectivity between future housing requirements and the success of the local economy is a key focus for Milton Keynes. As a relatively successful area, there is a continuing strategic emphasis on sustained economic success and this is reflected in Milton Keynes strategic approach and its status as a key member of the South East Midlands Local Enterprise Partnership.

A key question concerns the type of housing that is required to support the future economy, not only in terms of the type of housing but also in terms of its tenure. A successful economy requires a broad range of people and the type of housing needed, therefore, has to be wide enough to meet the aspirations of workers, both the highly skilled and those with lower skills. In tenure terms, there is a mix of market and affordable housing required including intermediate, affordable rent and market housing; a further challenge is to consider the housing needed from the private rented sector not only from existing supply but from new.

## Housing delivery

While the Private Rented Sector has grown, new housing delivery nationally has fallen substantially although Milton Keynes has performed well in sustaining supply through difficult market circumstances. However, future delivery still presents a forward challenge in Milton Keynes. A strategic response which combines flexibility in planning requirements, a partnership approach to viability and the exploration of



new delivery options and vehicles could enable the Council to deliver the levels of new homes it needs to meet the requirements of future population.

Affordable housing delivery is a further challenge identified in the SHMA and the slow start to delivery of the Affordable Housing Programme 2011-15 (AHP) is noticeable and could, potentially, continue into the AHP programme for 2015-18; many traditional affordable housing providers are cautious in the current market and this poses a future delivery risk. Looking forward, the Council may wish to develop positive relationships with both 'non-profit' and 'with profit' Affordable Housing Providers in order to ensure delivery is sustained. In addition, it may wish to seek to maximise the investment from various other available housing investment streams beyond the AHP and with emerging bespoke delivery models.

## Benefit Reform

Benefit reforms pose a considerable risk to existing households renting within Milton Keynes in both the Private and Public sectors. The combination of the Benefit 'cap', changes regarding under-occupation (the so called 'Bedroom tax') and changes in Local Housing Allowance are likely to mean significant adjustment in the rented sectors. The full implications of this are not yet known. However, a number of key risks have been identified in terms of how Landlords and Tenants may respond: Landlords may review their lettings to Housing Benefit supported households, and Tenants may respond by migrating to 'cheaper' areas. Further, demand and supply pressures indicate the trend towards conversion of existing stock to Private Rent and Houses in Multiple Occupation will continue.

## Population

The Milton Keynes population is growing and this growth is partly driven by in migration from within England and from international sources. International migrants are mainly moving for economic reasons and come to Milton Keynes to find work. These migration trends are relatively consistent over time and seem likely to continue for some time to come. Many international migrants are initially housed in the Private Rented Sector and this may be a further strategic issue to be addressed as part of wider responses to the PRS.

## Older People

The Milton Keynes population is also ageing, although at a relatively lower rate than the South East and England. The future housing needs of the older population present a considerable conundrum; older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years. Current policy means the number of current Care and Nursing homes can be expected to decline as people are supported longer in their own homes. Health and Adult Social Care reform complicate any strategic response and Milton Keynes may wish to co-ordinate its overall strategy with Adult and Social Care teams.

Overall, any future specialist housing offered needs to both understand not just the numbers of specialist homes required but also the aspirations of what older people want from new supply. New supply for older people is a complex issue and may be worthy of further study. In addition, the challenge of how to remodel or redevelop existing surplus provision may also need a co-ordinated response across the sub-region.

## Housing Requirement

Additional future housing requirements are driven by both natural growth and migration and by the impact of changes in household structure (Chapter 6 & 10). Natural growth also accounts for a higher proportion of the Affordable Housing required for households able to afford less than target rents.

Milton Keynes requires 35,000 new homes in the period 2011-2031, equivalent to 1,750 dwellings per annum.

Net migration to the area accounts for 40% of the new housing requirement (14,000 dwellings) over the next 20-year period. The combined effects of key drivers within the local housing market (affordability, earnings, house prices and migration), indicate a relatively young in-migrant population (predominantly aged 25-44) and many are likely to be in the Higher or Lower managerial, administrative and professional occupations. Given these factors, it is important that the area continues to support the local economy by offering suitable housing options in the owned and private rented sectors to maintain these migrant households in the future. For skilled and other migrants, this will be mainly for 2 and 3 bedroom homes.

For social housing, the requirement identified is that which would be necessary to prevent the number of households in the private rented sector with Housing Benefit support from rising. Based on our core assumptions, almost 35% of the requirement is for affordable housing (with 65% being effective demand for market housing). However, it should be noted this mix is sensitive to the assumptions taken.

## Conclusion

Milton Keynes has a positive housing offer which continues to attract and retain people in the area for a mix of reasons, not least the quality of life. However, there remain challenges that the housing market faces both now and in the future: fundamental tenure adjustment, the challenge of new housing delivery, Benefit reform and a changing population. Overall, therefore, the need for a continued co-ordinated approach by Milton Keynes towards the varied housing challenges it faces is essential to ensure future success.

**Opinion Research Services**  
**May 2014**

# 1. Introducing the Study

## Background to the project and wider policy context

### Project Overview

- 1.1 Opinion Research Services (ORS) were commissioned by Milton Keynes Council (MKC) in early 2013 to undertake a Strategic Housing Market Assessment (SHMA), to assist the Council in the preparation of its Local Development Framework documents, Land Use Planning and Development Control functions, Housing Strategy and other service planning issues.

### What is a Strategic Housing Market Assessment?

- 1.2 SHMAs assess the full range of housing requirements for an area to deepen understanding of sub-regional housing markets and to develop future strategy, all based on the best available evidence. Critically, their evidence base shapes and assists with the production of the Local Plan which sets out the spatial policy for a local area. They also provide evidence to support development of local housing strategies and can also inform the planning of other services such as education, health and transport.
- 1.3 The SHMA also:
- » Provides evidence-based forecasts of need and demand for housing of different types, sizes and tenures (including market housing, intermediate tenures and Social Rent/Affordable Rent) to inform local, sub-regional and regional spatial planning and housing strategies.
  - » Increases the capability of the commissioning authority to monitor and forecast housing market activity and trends.
  - » Enables the commissioning authority to develop its spatial planning policies and housing strategies so they may intervene positively in the local housing market, on the basis of sound knowledge of local economic, social and cultural relationships.

#### ***The Role of SHMAs***

*A SHMA is a framework that local authorities can follow to develop a good understanding of how housing markets operate. It promotes an approach to assessing housing need and demand which can inform the development of local plans and housing policies.*

*The purpose of the SHMA is to form part of a wider evidence base for the development of housing and planning policies, which should be considered alongside other factors such as the viability of delivering Affordable Housing, land availability and local policy priorities including the creation of mixed and balanced communities. Therefore, the evidence provided in the SHMA should not be viewed in isolation and its results cannot be used in support of development applications, as it does not set housing or planning policy. A SHMA provides part of the evidence needed to inform policy development, and other factors are equally important in the policy development process.*

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

## Method Overview

- 1.5 The preparation of the SHMA Review was overseen by the Milton Keynes Strategic Housing Partnership (SHP) which includes representatives from:
- » Officers from the Planning and Housing Departments of MKC;
  - » Landowners, house builders, estate agents and developers;
  - » The Homes and Communities Agency;
  - » The Home Builders Federation;
  - » Registered Providers or housing associations;
  - » Shelter;
  - » Councillors from each political party.
- 1.6 The SHMA is based on a wide range of information collated from many sources, including:
- » Existing policy documents and supporting information published by the Local Authority and their partners;
  - » Stakeholder fieldwork with various representative agencies;
  - » Secondary data and official statistics from a wide range of local, regional and national sources.

## National Policy and Strategy Context

- 1.7 The SHMA review is being undertaken at a time of significant policy and strategy change in housing and related areas in England, and significant changes have informed the SHMA development:
- » Welfare Benefit Reform (Welfare Reform Act 2012)
  - » Reform of Health Services (Health & Social Care Act 2012)
  - » Reform of Adult Social Care (Draft Care and Support Bill 2012)
  - » Planning: a new National Planning Policy Framework (2012)
- 1.8 Planning policy has undergone recent significant recent change. In July 2010 Government announced that Regional Spatial Strategies (RSS) are to be revoked. The RSS for the South East (RPG9 2011 – 2016) was revoked on 25 March 2013 by S.I. 2013/427 (apart from Policy NRM6 relating to the Thames Basin Heaths Special Protection Area). Planning Policy Statements were replaced by the National Planning Policy Framework (NPPF) in March 2012. As a replacement for the RSS, the NPPF states (paragraph 159) that:

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

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

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

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

- <sup>1.9</sup> Therefore, in the absence of any direct guidance on matters such as housing targets, responsibility for establishing the level of future housing provision required rests solely with the local planning authority. The key objective of this study is to produce a range of household forecasts of the likely levels of housing which satisfy the NPPF criteria. The SHMA has also taken into consideration other key aspects of the National Planning Policy Framework 2012 and these are set out in Appendix A.

## SHMA Guidance

- <sup>1.10</sup> Planning Practice Guidance on assessing housing and economic development needs was published as this study was being finalised in March 2014 ('Assessment of housing and economic development needs'), and following the Taylor Review of Planning (2012).
- <sup>1.11</sup> The approach taken in preparation of the SHMA since early 2013 is based on ORS' established methodology, which has been tested and found robust on numerous occasions. This methodology has ensured that the study is compliant with various historic SHMA Guidance (Practice Guidance and Annexes; CLG 2007) and other relevant CLG studies (including the "Geography of Housing Market Areas 2010" and Advice Note on "Identifying sub-regional housing market areas" 2007).
- <sup>1.12</sup> Although the new Guidance has been available for only limited number of weeks, it builds on draft Guidance (issued in August 2013) and we are confident that the approach undertaken in this SHMA is consistent with new Guidance requirements. An initial compliance audit of the SHMA against the new Guidance is provided in Appendix B.

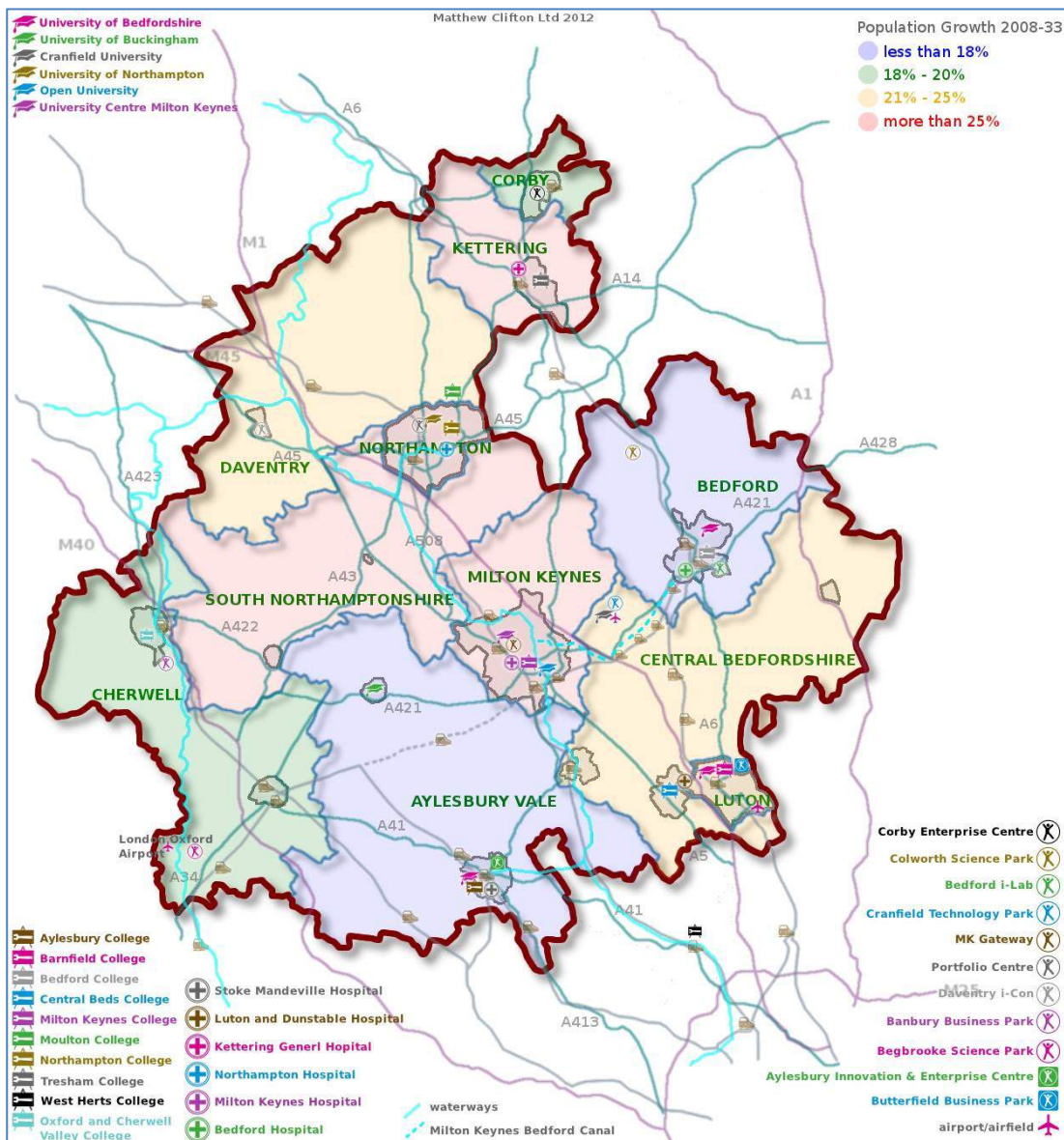
## Duty to Co-operate

- <sup>1.13</sup> One further issue to highlight is the Duty to Co-operate. The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The National Planning Policy Framework (NPPF) has an expectation (Paragraphs 178-181 – see Appendix 1) that local authorities co-operate with others on issues with any cross-boundary impact. This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). Co-operation is 'a continuous process of engagement' from 'thinking through to implementation'.

## Local Economic Partnership

- 1.14 The South East Midlands Local Economic Partnership (SEMLEP) was established in 2011 aiming ‘to play a central role in determining local economic priorities and to undertake activities that drive economic growth and the creation of local jobs’ (SEMLEP Business Plan 2013-14). SEMLEP aims to develop further to become the established route for distributing Government Growth funds in the South Midlands area (which covers a considerable geographic area across 2 regions - East Midlands, East of England and South East – and 11 local authority areas).

Figure 1: SEMLEP area (Source: SEMLEP)



- 1.15 SEMLEP is still in the early stages of its development and this is recognised in its Business Plan 2013-14: in the current year, SEMLEP’s focus in relation to housing is on infrastructure investment that may bring schemes forward:

*‘Actions to be undertaken between April 2013-March 2014*



- » develop a SEMLEP Strategic Investment Plan identifying and prioritising key infrastructure projects whose delivery will accelerate growth in jobs, businesses and homes across the area'

*Source: SEMLEP Business Plan 2013-2014*

<sup>1.16</sup> In terms of the Business Plan, SEMLEP 'will determine successful impact by measuring achievement of the following outcomes' (highlighted text show jobs and homes measures):

- » **number of net new jobs delivered in the South East Midlands**
- » number of new jobs created through inward investment in SEMLEP's showcase sectors (advanced technology & manufacturing, creative industries, green economy, high performance engineering, logistics and visitor economy)
- » number of new businesses and social enterprises successfully operating in the South East Midlands
- » **number of homes completed in the South East Midlands**
- » successful delivery of key infrastructure projects as agreed in the South East Midlands Local Infrastructure Plan
- » extent of the availability of super-fast broadband throughout the South East Midlands
- » increase in skills levels in secondary, further and higher education in the South East Midlands
- » growth in Gross Value Added (GVA) per head in SEMLEP relative to other LEPs
- » effectiveness and reputation of collective leadership provided by local authority and private sector partners of SEMLEP

<sup>1.17</sup> Specific measures for each of the above will be determined against a baseline for each outcome.

<sup>1.18</sup> All LEP's now have a Growth Plan, and, following the Heseltine Review (No Stone Unturned; In Pursuit of Growth 2013), are producing Strategic Economic Plans for which the Government produced initial guidance (Growth Deals; July 2013) with the pledge of more detailed guidance in September 2013. The aim is to produce the strategic structure in planning sufficient to access £5bn in European Structural and Investment Funds for England for the period 2014-2020.

<sup>1.19</sup> Clearly, there is a need to align Milton Keynes Housing and Economic Development activity with the emerging SEMLEP Strategic Investment Plan, and other activity, in order to maximise opportunities for access to EU funding.

## Local Policy and Strategy Context

<sup>1.20</sup> The SHMA has also considered the range of local strategies, plans and assessments carried out by MKC, with summaries of each set out below.

## Corporate Plan 2012-2016

<sup>1.21</sup> The Corporate Plan Vision for Milton Keynes is:

- » To ensure Milton Keynes is the premier 'can do' place of the 21st century. The city, together with the rural parts of our Borough, will continue to be a wonderful place to live, work, learn, shop and relax;

- » To secure sustainable housing and employment growth that is advantageous for Milton Keynes, subject to the timely provision of infrastructure and proactive regeneration to ensure no areas are left behind and that a two-speed city does not result;
- » That people and firms will want to move here and stay here, and visitors will want to come here and come back often. Milton Keynes will have a compelling “offer” that includes rising standards of living and a safe and good quality of life for all;
- » To create homes and neighbourhoods in new areas or through regeneration that help make our compelling “offer” a reality;
- » That our residents have access to all the services they need and have the support to access opportunities and enjoy a healthy and good quality of life;
- » Above all we must ensure that Milton Keynes offers job and career opportunities for all through an enterprising and thriving economy.

## Housing Strategy 2012-15

<sup>1.22</sup> The fourth Corporate Plan Objective (above) notes the importance of housing to Milton Keynes and the Council will seek to deliver this via its Housing Strategy which sets out to deliver the Objective in three themes:

- 1) To increase the supply of housing;
- 2) To tackle poor housing conditions;
- 3) To improve access to and affordability of housing.

<sup>1.23</sup> For the purposes of the SHMA, the three themes interweave although a key issue is housing supply which we have explored in some depth within the SHMA Report.

## Core Strategy 2010-2026

<sup>1.24</sup> MKC’s new Core strategy was adopted on 10 July 2013, and MKC is committed to commencing work on a new Local Plan (Plan: MK), to cover the period up to 2031.

<sup>1.25</sup> MKC has a particular heritage as a new town and its housing requirements are, therefore, different from those of adjacent boroughs. This is reflected in the Core Strategy (excerpt from Chapter 10 Housing below):

*“10.2 Milton Keynes does not follow national household profiles or trends because it has had 40 years of growth as a New Town. During that time, households have risen from 21,900 in 1971 to 83,000 in 2001. Those who chose to move to the city have been predominantly young adults and young families. This has resulted in continuing pressure for “first-time homes” for young adults and larger homes for growing families. In addition, the city must plan for a significant increase in elderly residents, for the first time in its history. Despite population growth slowing over recent years (19% across the Borough since 1995), the type of housing provided needs to reflect the changes in the population evidenced by the Population Bulletin, 2009, up to 2031 - increase in young people (17-24 year age group) increase by 31% compared with 8% nationally and increase in the elderly (60+ age group) increase by 145% compared with 55% nationally.”*



- <sup>1.26</sup> In addition, MKC is keen to ensure that the link between housing and the local economy is explored within the SHMA in order that any housing requirement can support, as far as possible, the Council's growth strategy (as set out in the Core Strategy: excerpt from Chapter 10 'Housing' ):

*"10.4 The number, type, tenure, size and mix of homes built for new residents must be planned to support the Council's growth strategy (further development of the skill and industry mix within the local economy; the continued development of MK as a sub-regional hub for business, leisure, retail, entertainment and culture; and as a city of national and international significance). For example, further major employers could be attracted by development of more homes for directors and high-income employees. There could also be a requirement for student housing in the latter part of the Core Strategy plan period."*

## Economic Development Strategy 2011-16

- <sup>1.27</sup> MKC's Economic Development Strategy 2011-16 sets out a vision for Milton Keynes to 'become the key powerhouse in a thriving South East Midlands economy'. Thus delivery of the strategy means that a significant requirement for housing has been determined to meet identified needs.

### **"Housing**

*One of the Milton Keynes Core Strategy objectives is to deliver land for at least 28,000 new homes within the Borough between 2010 and 2026. This will comprise an annual average completion of rate of 1,750 homes per year. Housing is a key economic driver producing and requiring jobs, Council Tax and New Homes Bonus."*

- <sup>1.28</sup> The delivery of the Economic Development Strategy is also set within the context of extensive partnership working between MKC and the other partners in the South East Midlands Local Enterprise Partnership (SEMLEP) as part of the Localism agenda. SEMLEP aims to develop further existing partnership working to strengthen the performance of what is a functioning sub regional economy.
- <sup>1.29</sup> The Economic Development Strategy is supported by a Local Economic Assessment (LEA) and the data used within the LEA has been considered as part of the production of the SHMA. LEAs were produced in 2011 with an Update for 2012/13.

### **Other current strategies**

- <sup>1.30</sup> The Regeneration Strategy was drawn up in December 2008. Its vision is summarised by the statement "This is a city that thinks differently, embraces evolution and champions change". The strategy identifies 19 neighbourhoods as targets for support and aims "to close the gap between the most and least affluent neighbourhood by improving the conditions and life chances of the most deprived". This fits in the context of the National Strategy for Neighbourhood Renewal which sets out how in 10-20 years no-one should be disadvantaged by where they live.

## 2. Housing Market Areas

### Identifying the local functional housing markets

- <sup>2.1</sup> The identification of Housing Market Areas (HMAs) is the first relevant building block in the evidence for identifying objectively assessed needs for the SHMA. This Chapter, therefore, considers the historic and current evidence regarding the Milton Keynes HMA and its current robustness.

#### Guidance

- <sup>2.2</sup> A key issue concerns whether the geographic coverage of MKC's new SHMA, in relation to its Housing Market Areas (HMAs), provides an adequate basis for the objective assessment of housing needs in accordance with the NPPF. Guidance regarding HMAs is found in:

- » National Planning Policy Framework (2012)
- » Planning Practice Guidance on the Assessment of housing and economic development needs (March 2014):
- » Advice Note on "Identifying sub-regional housing market areas" (CLG; 2007)
- » Geography of Housing Market Areas' (CLG; 2010)

- <sup>2.3</sup> NPPF advises local planning authorities that (Paragraph 159):

*"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."*

- <sup>2.4</sup> Paragraph 47 refers to Local Plans meeting the full objectively assessed needs for market and affordable housing in the housing market area.

- <sup>2.5</sup> Planning Practice Guidance on the Assessment of housing and economic development needs (March 2014) states:

*'A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work'.*

- <sup>2.6</sup> This is consistent with the definition set out by previous Government Guidance (DETR 2001) stated that a:

*'Housing Market Area is the geographical area in which a substantial majority of the employed population both live and work, and where most of those changing house without changing employment choose to stay'.*

- <sup>2.7</sup> The Guidance, therefore, requires an understanding of the housing market areas which lie within MKC and identified 3 key data sources:

- » House prices and rates of change in house prices
- » Household migration and search patterns

- » Contextual data (eg travel to work area boundaries, retail and school catchment areas)
- 2.8 The Department for Communities and Local Government (CLG) issued an Advice Note on “Identifying sub-regional housing market areas” (2007) which identifies three sources of information which help to evidence housing markets areas, namely:
- » House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
  - » Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
  - » Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.
- 2.9 In November 2010 CLG issued a further report ‘Geography of Housing Market Areas’, which explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. ‘Geography of Housing Market Areas’ (page 35) outlines three overlapping tiers of geography for housing markets:
- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
  - » **Tier 2:** local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage;
  - » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.
- 2.10 Critically, both CLG publications outline that no one single approach (nor one single data source) provides a definitive solution to identifying local housing markets. However, by using a range of available data, judgements on appropriate geography can be made.

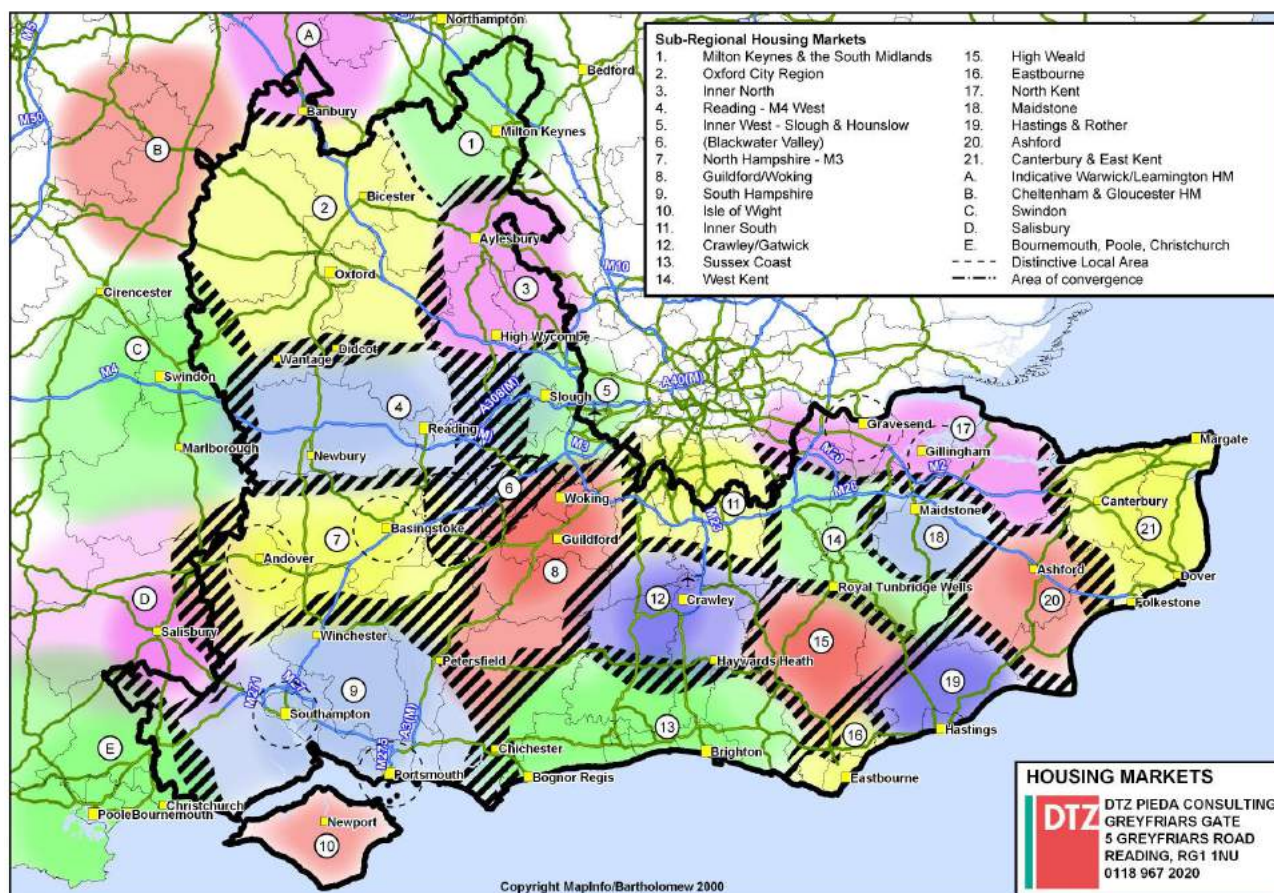
## The Development in Understanding of the Housing Market Area in Milton Keynes

- 2.11 The development, evidence and understanding of Housing Market Areas has developed considerably in the last 10 years.

### Sub Regional Housing Markets (2004)

- 2.12 DTZ undertook a regional assessment of sub-regional housing markets in 2004 for the then Regional Assembly. The evidence used was travel to work (TTW) and migration data, together with house price data. DTZ also considered the catchment areas for employment and retail centres.
- 2.13 Milton Keynes was identified as part of a sub-regional housing market (Milton Keynes and South Midlands), principally centred on the Local Authority area with some spread into Aylesbury Vale, South Northants and Central Bedfordshire.

**Figure 2: Proposed Sub-Regional Housing Markets with Shaded Overlaps (DTZ 2004; for the South East Regional Housing Board)**



**Figure 3: Excerpt from: Proposed Sub-Regional Housing Markets with Shaded Overlaps (DTZ 2004)**

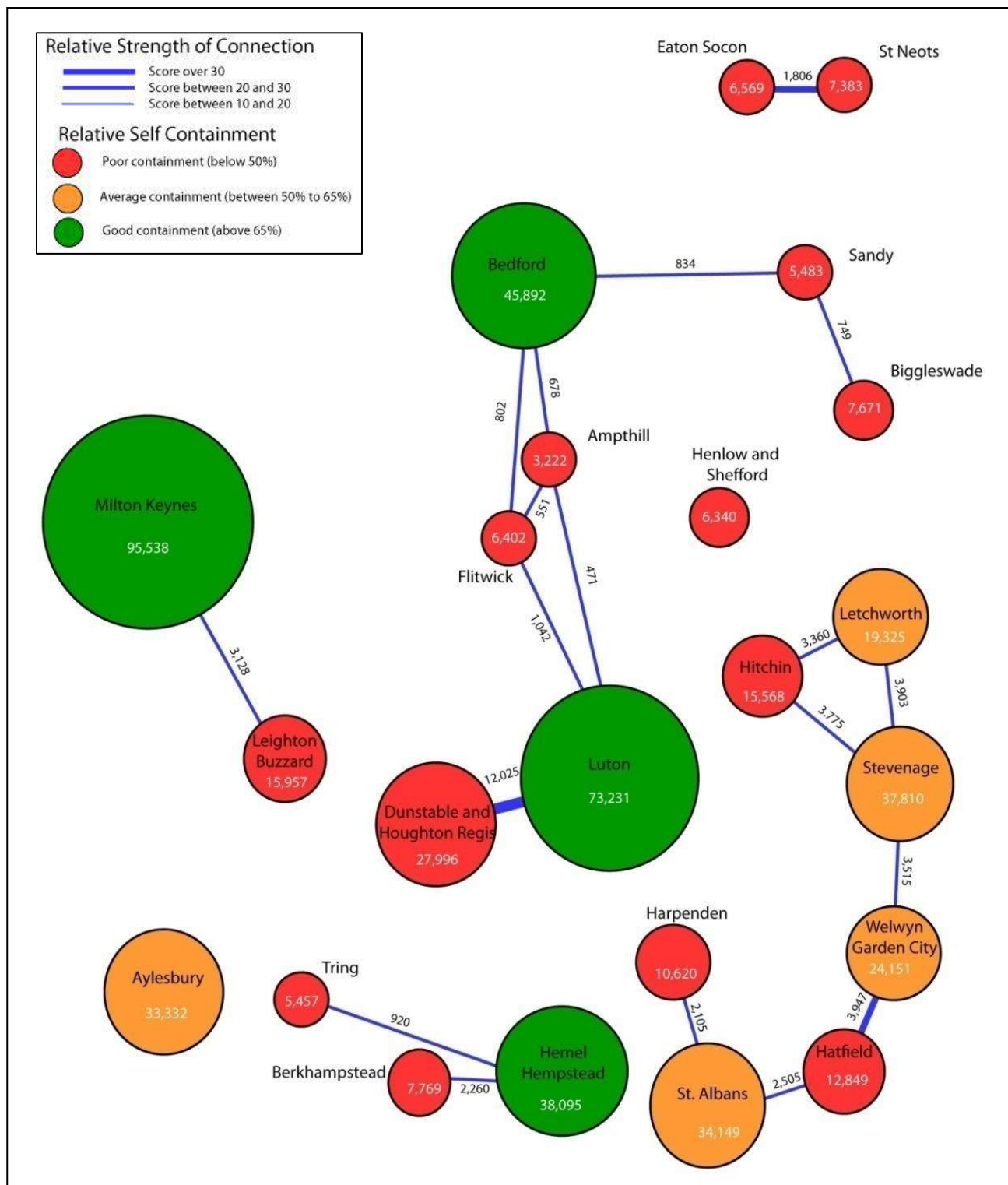




## Research Paper 1: Clarifying the Geographical Boundaries of the Sub-regional Housing Market Areas (Bedfordshire and Luton Sub-Region Strategic Housing Market Assessment 2008, ORS)

- <sup>2.14</sup> The Milton Keynes HMA was considered as part of the assessment of the HMA for Bedfordshire and Luton SHMA (ORS; 2008). This approach combined the use of three strands of evidence: commuting, migration and house prices.
- <sup>2.15</sup> The methodology evaluated the inter-relationships between areas within the Bedfordshire and Luton sub-region, where those Census Output Areas that are either (i) classified “urban” by the DEFRA classification or (ii) had large workplace populations, were grouped together to form nodes. Surrounding areas outside the sub-region were included for completeness and this included Milton Keynes.
- <sup>2.16</sup> The urban centres (or nodes) were colour coded according to their relative self-containment. The figure inside the settlement denotes the number of residents who both live and work in that urban centre. The colour of the node represents this as a proportion of all workers living in the area (excluding those who commute to London) as an indicator of the areas self-containment, on the basis of the following bands:
- » Green = above 65% of employees living in the area also work in the area;
  - » Amber = 50 to 65% of employees living in the area also work in the area; and
  - » Red = below 50% of employees living in the area also work in the area.
- <sup>2.17</sup> The links that exist between the urban centres are also illustrated by the joining lines, with stronger links having heavier lines.
- <sup>2.18</sup> One key output from the approach was Leighton Buzzard showing a close connection with Milton Keynes while it did not appear to link to Luton, Houghton Regis or Dunstable. Therefore, Leighton Buzzard appears to fit most naturally within the Milton Keynes HMA. Further, a significant part of the western side of Mid Bedfordshire and South Bedfordshire (now Central Bedfordshire UA) fell within the HMA centred on Milton Keynes.

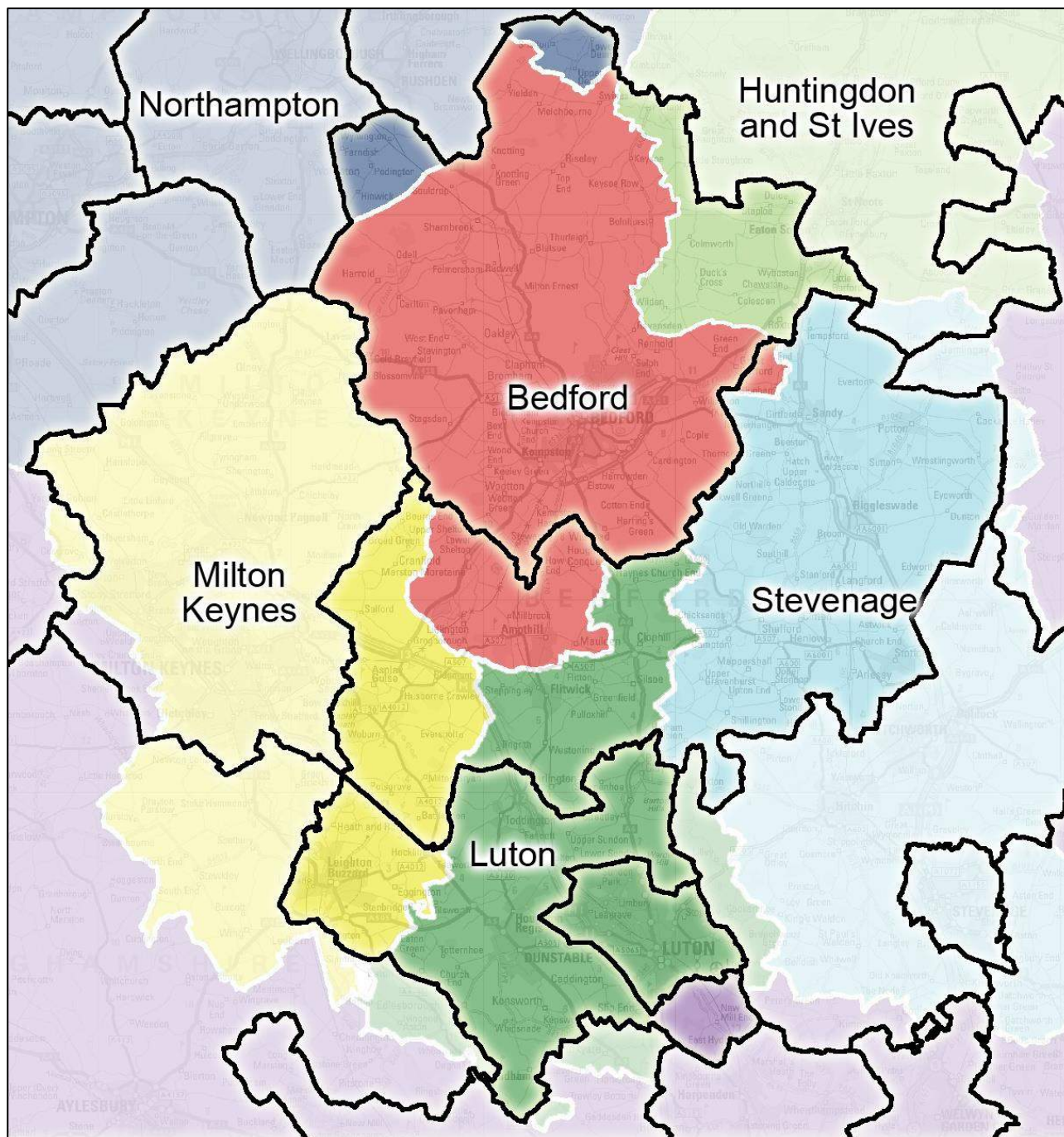
**Figure 4: Identifying the Links between Urban Centres in the Study Area (Source: UK Census of Population 2001 combined with DEFRA Classifications)**



<sup>2.19</sup> Given that many of the identified settlements (above) had relatively poor levels of self-containment, the next step was to combine them to form larger housing sub-markets. Whilst there is no definitive answer to the final groupings, the outcome of analysis was able to show the HMAs in the area. Solid black lines represent local authority boundaries.

- 2.20 From this assessment it can be seen that the Milton Keynes HMA included the district authority with an extension beyond into South Northamptonshire and Aylesbury Vale.

**Figure 5: Identifying the Functional Housing Sub-Markets in the Sub-Region (Source: Bedfordshire Strategic Housing Market Assessment 2008. Note: Area outside the sub-region shown in lighter shading)**



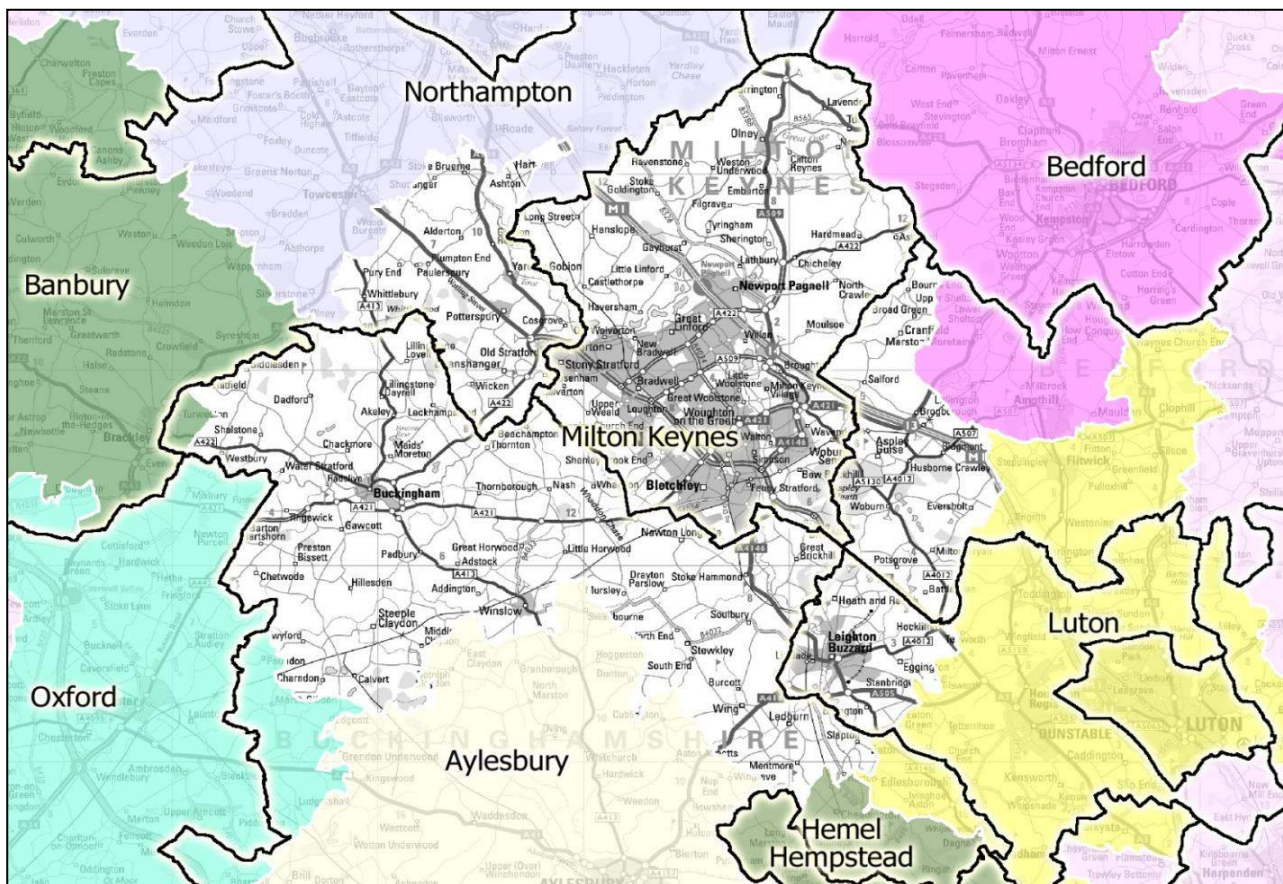






- 2.24 Given that many of the smaller settlements have relatively poor levels of self-containment, the next step was to combine them to form larger housing sub-markets.
- 2.25 Figure 7 illustrates the outcome of the computer aided analysis following the process above. Solid black lines represent local authority boundaries. The map identifies that the borough of Milton Keynes all falls within the Milton Keynes housing market. It is also the case that areas in Mid Bedfordshire, South Bedfordshire (now Central Bedfordshire) and Aylesbury Vale also fall inside the Milton Keynes housing market. These areas include the relatively large towns of Leighton Buzzard and Buckingham.

**Figure 7: Functional Housing Sub-Markets in the Sub-Region (Source: Milton Keynes Strategic Housing Market Assessment 2008 and Updates. Note: Area outside the sub-region shown in lighter shading)**



- 2.26 The SHMA (2009), showed that MKC's HMA was identified as being focussed on Milton Keynes yet extended beyond their boundaries into Aylesbury, Central Bedfordshire and South Northants in a slightly different configuration to that identified in 2008.
- 2.27 At the time of writing, this HMA analysis remains consistent. New Census data to undertake a fundamental review is not expected until 2014 at the required granularity.

## Key Statistics for the Milton Keynes HMA identified by ORS

- 2.28 Figure 8 shows the distribution of the HMA resident population by local authority area, together with information about the remaining population in these areas. It is evident that the substantial majority of the Milton Keynes HMA population (over 70%) live in the Milton Keynes local authority area and all of the local authority's population live in the identified HMA. The other local authority areas each account for less than 15% of the HMA's population.

**Figure 8: Resident Population in 2011 by Housing Market Area (as defined in the ORS SHMA) and Local Authority Area**

Local Authority Area	Milton Keynes HMA		Elsewhere	% of LA	
	Number	% of HMA	Number	Milton Keynes HMA	Elsewhere
<b>RESIDENT POPULATION</b>					
Milton Keynes	248,800	70.1%	0	100.0%	0.0%
Aylesbury Vale	42,700	12.0%	131,400	24.5%	75.5%
Central Bedfordshire	51,100	14.3%	203,300	20.1%	79.9%
South Northamptonshire	12,300	3.5%	72,800	14.5%	85.5%
<b>TOTAL</b>	<b>355,000</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Land Distribution by Local Authority

- 2.29 When the distribution of land is considered, it is apparent that only a third of the Milton Keynes HMA falls within the Milton Keynes local authority area, with over two fifths (41%) in Aylesbury Vale. Therefore, in planning the appropriate location of any new housing provision, Milton Keynes Council will need to work in partnership with neighbouring authorities to ensure that housing is provided in the most appropriate location in the context of the entire HMA.

**Figure 9: Distribution of Land by Housing Market Area (as defined in the ORS SHMA) and Local Authority Area**

Local Authority Area	Milton Keynes HMA		Elsewhere	% of LA	
	Number	% of HMA	Number	Milton Keynes HMA	Elsewhere
<b>HECTARES</b>					
Milton Keynes	30,900	33.7%	0	100.0%	0.0%
Aylesbury Vale	37,600	41.0%	52,700	41.6%	58.4%
Central Bedfordshire	13,600	14.8%	58,000	19.0%	81.0%
South Northamptonshire	9,600	10.5%	53,800	15.2%	84.8%
<b>TOTAL</b>	<b>91,700</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Travel to Work Patterns

- 2.30 Figure 10 shows that over 75% of people that work in the Milton Keynes HMA also live in the HMA; whilst Figure 11 shows that almost two thirds (65%) of people that live in the Milton Keynes HMA also work in the HMA. Many of those that don't work in the area commute to areas further afield, including London.

**Figure 10: Residence Location by Area of Workplace**

Live in...	Work in Milton Keynes HMA			
	Live in Milton Keynes HMA		Live Elsewhere	
	Number	% of HMA	Number	% of HMA
Milton Keynes	90,400	55.3%	0	0.00%
Aylesbury Vale	13,100	8.0%	2,500	1.6%
Central Bedfordshire	15,100	9.3%	5,800	3.5%
South Northamptonshire	4,400	2.7%	4,100	2.5%
Elsewhere	-	-	28,000	17.1%
<b>TOTAL</b>	<b>122,900</b>	<b>75.3%</b>	<b>40,400</b>	<b>24.7%</b>

**Figure 11: Workplace Location by Area of Residence**

Work in...	Live in Milton Keynes HMA			
	Work in Milton Keynes HMA		Work Elsewhere	
	Number	% of HMA	Number	% of HMA
Milton Keynes	90,400	47.4%	18,900	9.9%
Aylesbury Vale	13,100	6.9%	8,400	4.4%
Central Bedfordshire	15,100	7.9%	9,000	4.8%
South Northamptonshire	4,400	2.3%	1,600	0.8%
Elsewhere	-	-	29,600	15.5%
<b>TOTAL</b>	<b>122,900</b>	<b>64.6%</b>	<b>67,500</b>	<b>35.4%</b>

## Migration Patterns

- 2.31 When we consider migration patterns, a total of 21,000 residents currently living in the Milton Keynes HMA had moved from another address in the HMA in the 12 months prior to the Census 2001. However, in determining the proportion of movers within the HMA, it is necessary to consider the appropriate base for the calculation.
- 2.32 The definition for a Housing Market Area sets out that it is the area “where most of those changing house without changing employment choose to stay”. Unfortunately, no data is available that relates migration with changes in employment circumstances; but given that most working people will live relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work.
- 2.33 Figure 12 shows that 70.4% of Milton Keynes HMA residents that had moved in the 12 months prior to the Census previously lived in the HMA; where the move was up to 60km. Similarly, Figure 13 shows that 73.7% of residents that moved from an address in the Milton Keynes HMA stayed within the HMA. Of course, the percentage depends on the distance threshold that is adopted, but migrants moving 60km or more are less likely to not change their place of work.

**Figure 12: Previous Area of Residence (12 months prior to Census) by Area of Residence (Source: 2001 Census of Population)**

Previously lived in...	Live in Milton Keynes HMA			
	Previously lived in Milton Keynes HMA		Previously lived Elsewhere	
	Number	% of moves	Number	% of moves
Moves of up to 40km	21,000	78.1%	5,900	21.9%
Moves of up to 60km	21,000	<b>70.4%</b>	8,800	29.6%
Moves of up to 80km	21,000	60.2%	13,900	39.8%
Moves of up to 100km	21,000	55.9%	16,600	44.1%

**Figure 13: Area of Residence by Previous Area of Residence (12 months prior to Census) (Source: 2001 Census of Population)**

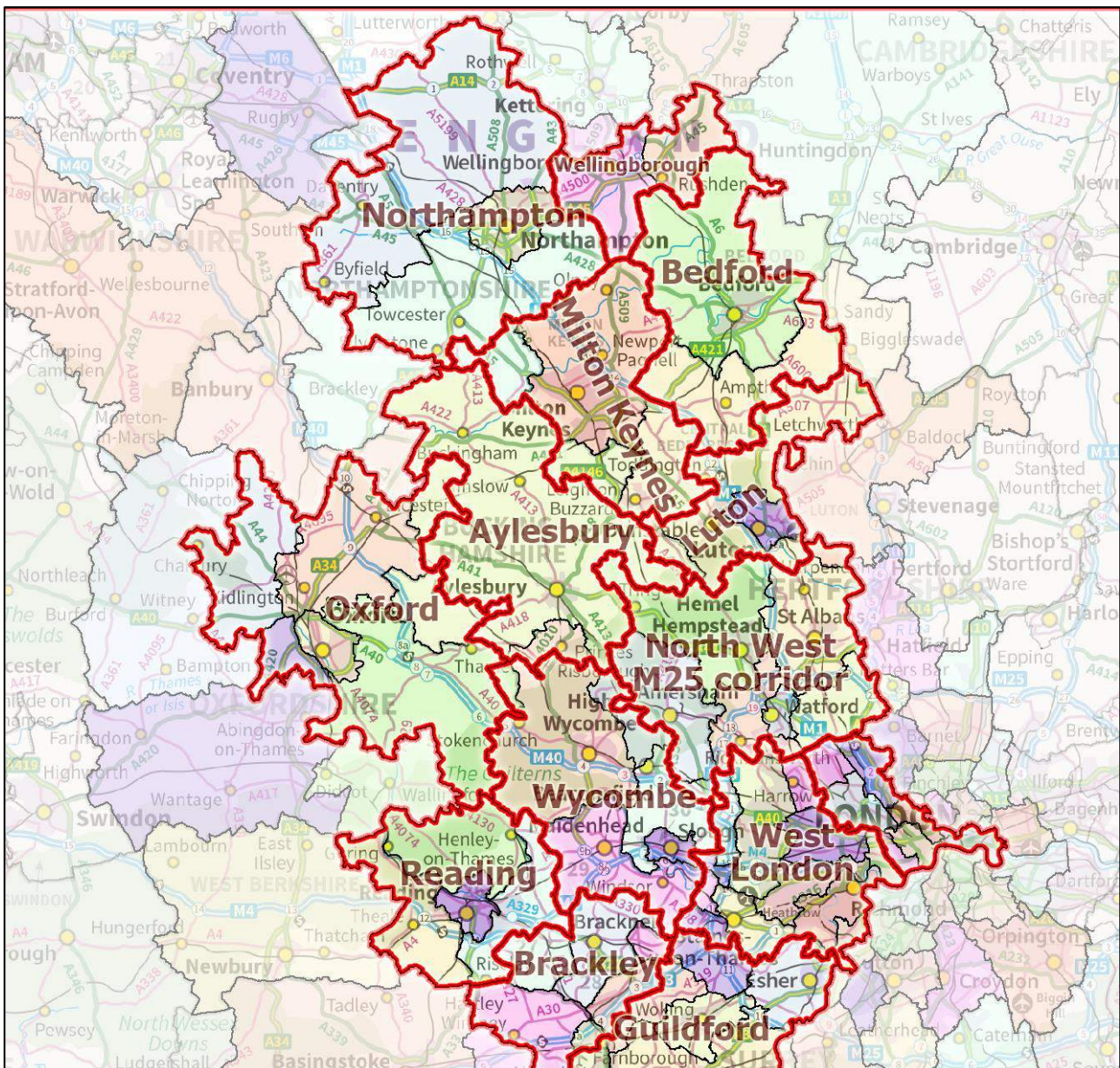
Live in...	Previously lived in Milton Keynes HMA			
	Live in Milton Keynes HMA		Live Elsewhere	
	Number	% of moves	Number	% of moves
Moves of up to 40km	21,000	78.9%	5,600	21.1%
Moves of up to 60km	21,000	<b>73.7%</b>	7,500	26.3%
Moves of up to 80km	21,000	65.5%	11,100	34.5%
Moves of up to 100km	21,000	61.6%	13,100	38.4%



## Geography of Housing Market Areas in England (NHPAU/Centre for Urban and Regional Development Studies; 2010)

- <sup>2.34</sup> A further study was prepared by CURDS for NHPAU in 2010, and ‘aimed to produce the first rigorously defined geography of HMAs taking account of all the three strands of evidence: commuting, migration and house prices’.
- <sup>2.35</sup> However, the study acknowledged the difficulties in establishing HMA geographies, (*‘There are no easy answers to the construction of a geography of HMAs as there are both theoretical and practical challenges’*), but was able to demonstrate a structured approach to HMAs based on ‘strategic’ and ‘local’ HMAs.
- <sup>2.36</sup> For Milton Keynes, the study showed an HMA based on Milton Keynes itself with parts of Central Bedfordshire and Aylesbury Vale (albeit excluding Buckingham from the Milton Keynes HMA).

**Figure 14: Excerpt from Geography of Housing Market Areas in England (NHPAU/CURDS; 2010)**



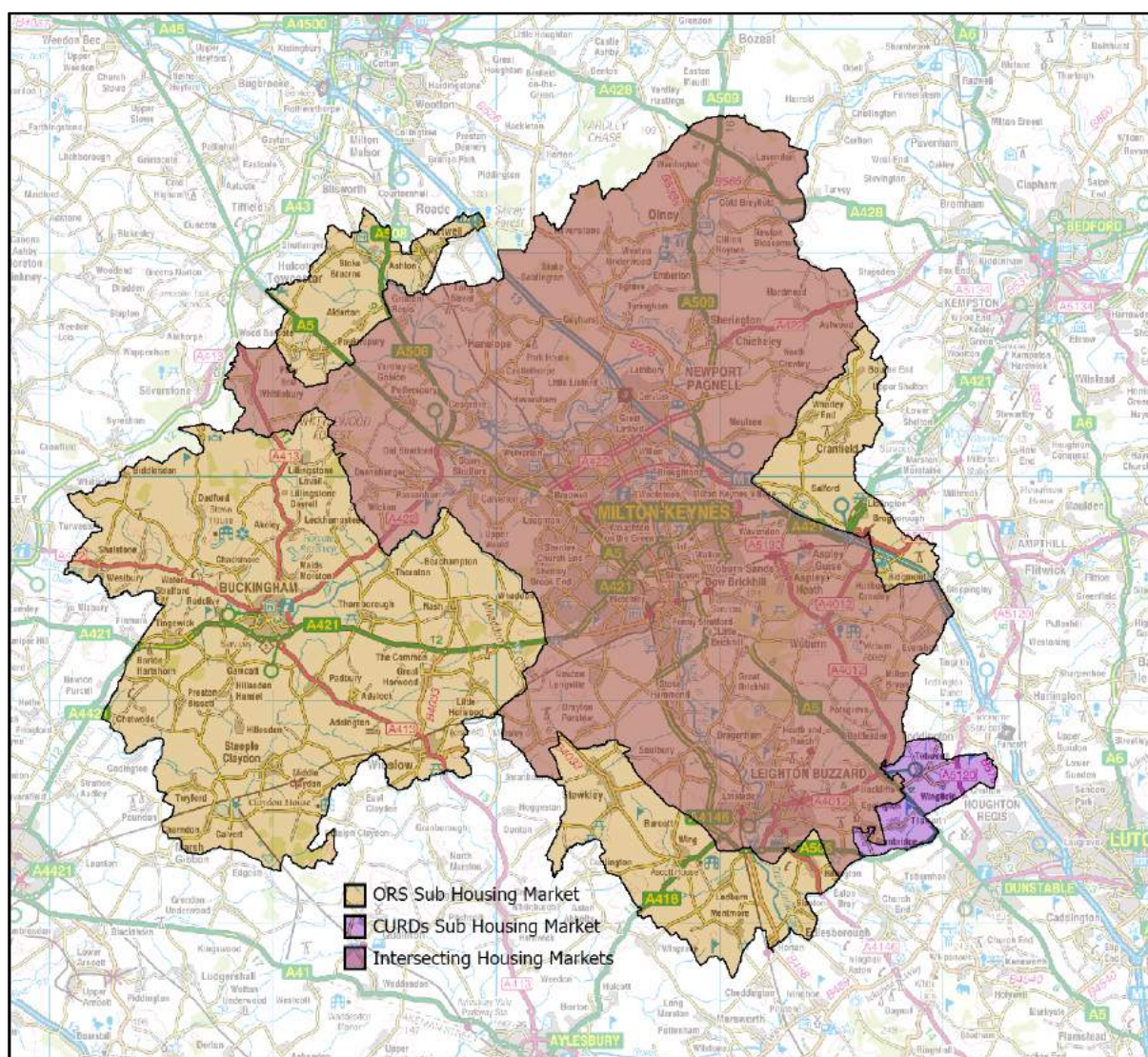


## Comparing the ORS Milton Keynes HMA analysis with CURDS

<sup>2.37</sup> Figure 15 illustrates the outcome of the ORS 2013 analysis with CURDS studies to consider the alignment between them. This shows:

- » The ORS and CURDS HMAs align with minor exceptions for South Northants and Central Bedfordshire
- » The ORS and CURDS HMAs have a different alignment with regards to parts of the north of Aylesbury Vale, particularly the town of Buckingham: in CURDS analysis this is outside the Milton Keynes HMA, but within the HMA in the ORS analysis

**Figure 15: Comparison of CURS and ORS HMA analysis**







## The Housing Market Area - Conclusion

- <sup>2.41</sup> On the basis of the evidence, we would conclude that the functional HMA for Milton Keynes is a Housing Market Area that is not the same as the Milton Keynes local authority area but is the slightly larger area identified in the 2009 SHMA Study. This also aligns with the BRMA area identified by VOA. The HMA includes parts of Bedfordshire, Buckinghamshire and Northamptonshire, including the key towns of Buckingham and Leighton Buzzard.
- <sup>2.42</sup> It should also be noted that the substantial majority of the population within the HMA identified is also within the Milton Keynes administrative area (over 70%). All other local authority areas covered by the Milton Keynes HMA account for less than 15% of the overall population.
- <sup>2.43</sup> A recent Inspectors findings regarding HMA areas considered an approach, on the basis of evidence, of a District only basis towards the HMA (Bath & North East Somerset; September 2013) and said:
- ‘However, the NPPF’s clear advice (paragraph 159) is that SHMAs should be based on HMAs. If there is sufficient alignment between a SHMA and the main HMA relating to a district it would be unjustified to require a Council to undertake a SHMA covering a multi-authority area.’*
- <sup>2.44</sup> Albeit, the Inspector also highlighted the following issues regarding how this position may develop on the basis of:
- » Newly available evidence: If the new data indicates a change in HMA boundaries sufficient to justify a revised approach, then this should be undertaken.
  - » Positive partnership working: the local authority should still respond positively to partnership working with its neighbours on housing needs issues and with the Local Economic Partnership.
- <sup>2.45</sup> Given this context, it is appropriate for the SHMA analysis to focus upon the core area (i.e. the administrative area served by Milton Keynes Council) and therefore all results presented in this study relate to the administrative area of Milton Keynes. Nevertheless, it will be important for Milton Keynes Council to take the following steps to ensure the HMA is relevant and up to date:
- » Consider the needs of other authorities in surrounding areas, their relationship with Milton Keynes and issues relating to the Duty to Co-operate are discussed further in Chapter 7.
  - » The HMA analysis should be updated when further data is available: relationships and patterns can change over time. In particular, origin-destination data from the 2011 Census will be published in 2014 which will allow a comprehensive review of the migration and travel-to-work patterns that underwrite this analysis.

**Chapter 2 Summary**

*The Housing Market Area analysis undertaken in previous HMA studies remains relatively consistent, while the degree of connectivity and self-containment between the various urban centres around Milton Keynes has stayed coherent.*

*Migration patterns identified in previous SHMAs, SHMA Updates and the 2013 SHMA remain consistent.*

*From this it can be seen that the functional HMA is not the same as the Milton Keynes administrative area but is a slightly larger area. However, the vast majority of the population is within the Milton Keynes area itself. Consequently, this SHMA focuses upon the area formed by the administrative area served by Milton Keynes Council.*

*Overall, No new data has been published at the required granularity subsequent to previous studies and the previous conclusions continue to apply. New Census data, which could inform a revised view, is not expected until 2014 at the required granularity. Milton Keynes should consider updating its HMA when new data is available.*

*Milton Keynes and its environs, therefore, form a Tier 1 Housing Market Area which extends, to a small extent, into Bedfordshire, Buckinghamshire and Northamptonshire.*



## 3. The Socio-economic Context

### An overview of the existing population

- 3.1 This chapter considers key features of the local population and the local economy and how this may be changing. Recent years have seen various, often rapid, changes, as population movements, demographic change and economic volatility work their way into local housing market transactions. Such change can have longer term implications and there may be a need for strategy and policy to adapt.

### Local Population Characteristics

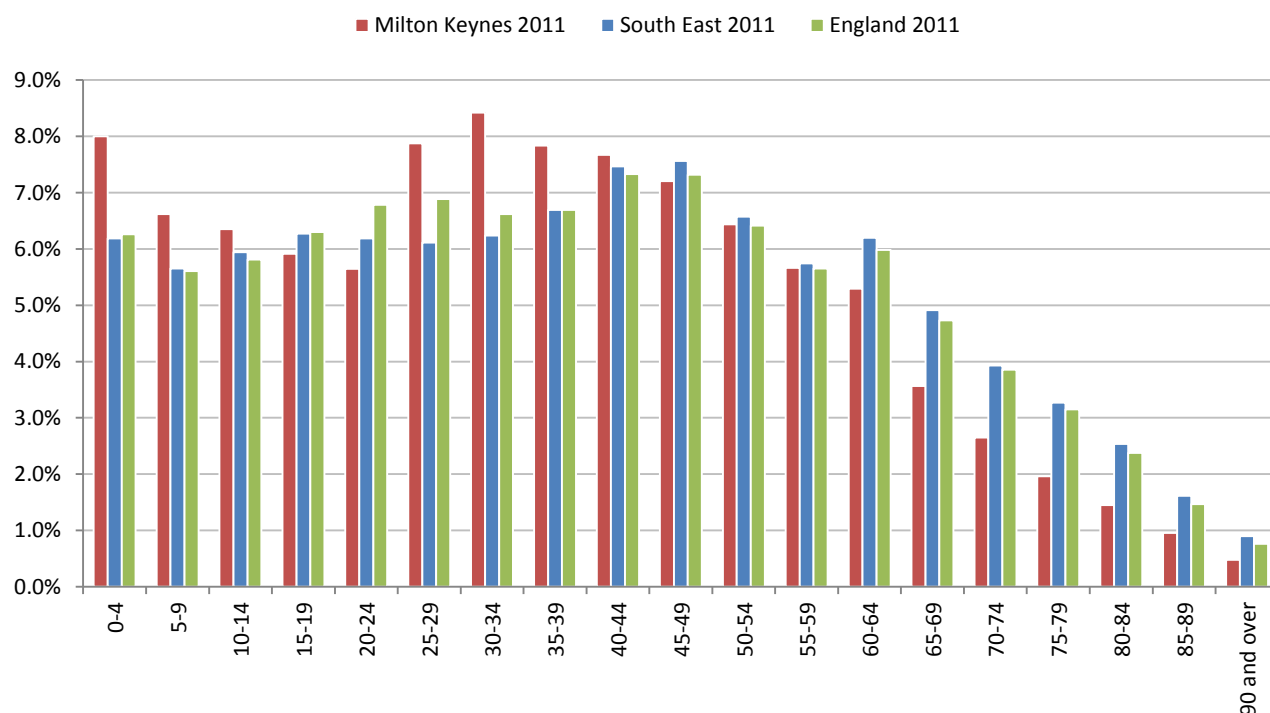
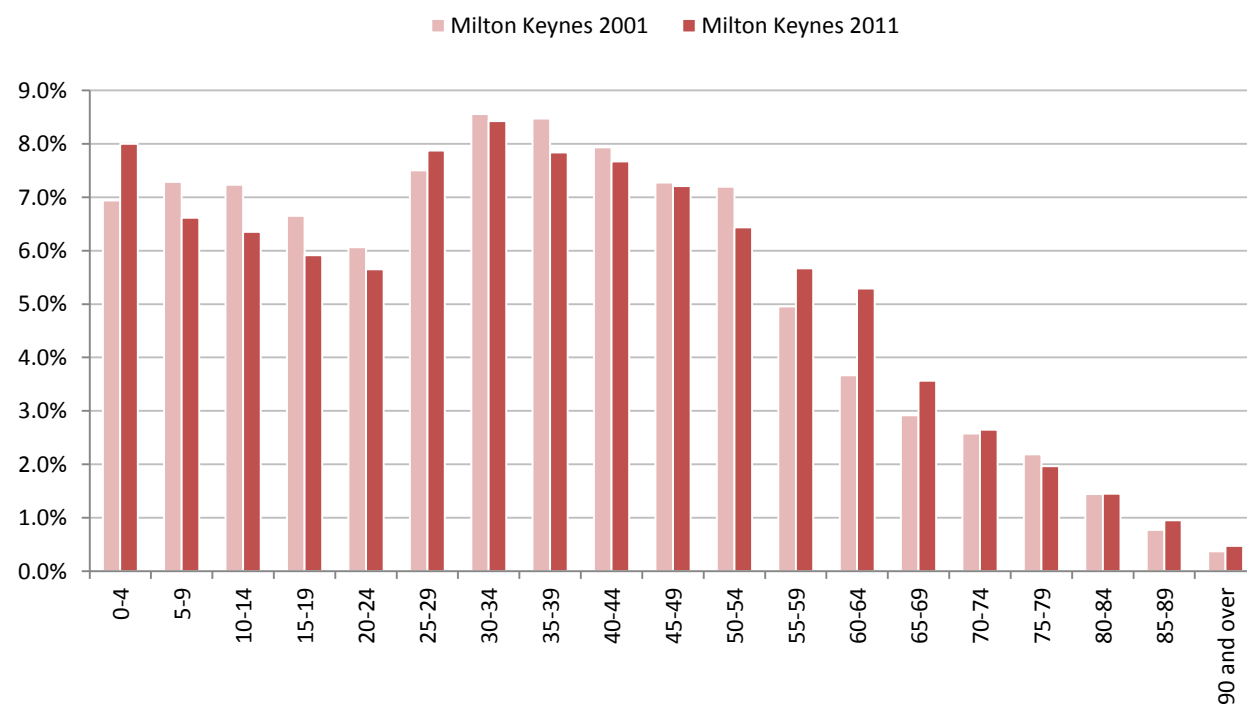
- 3.2 This section of the report considers the main characteristics of the local population and how these are changing.
- 3.3 Figure 17 below summarises the total population for the study area based on results from the 2001 and 2011 UK Census of Population. MKC population has increased 41,750 or 20% over the period, a much faster rate than that for the South East region (+7.9%). The number of household residents increased by 20.2% (South East 8.2%) while the number of communal establishment residents increased by 16.6% (South East down 1.3%). (Note: communal establishments are defined in Para. 4.10). There has been an 18.3% increase in the number of households in Milton Keynes in the period (compared with 8.2% for the South East), with average household sizes increasing from 2.46 to 2.50 persons.

**Figure 17: Population in Milton Keynes (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)**

Local Authority	Persons			Households	
	Number of persons	Household residents	Communal establishment residents	Number of households	Average household size
<b>Milton Keynes</b>					
2001	207,060	205,260	1,810	83,360	2.46
2011	248,830	246,720	2,110	98,580	2.50
<i>Change</i>	+41,750	+41,460	+300	+15,220	-
<b>Percentage Change</b>					
Milton Keynes	+20.2%	+20.2%	+16.6%	+18.3%	-
South East	+7.9%	+8.2%	-1.3%	+8.2%	-

### Age Profile

- 3.4 Figure 18 shows a comparison of the age structure for the population in MKC against the South East and England while Figure 5 compares the change for MKC between 2001 and 2011 Census.

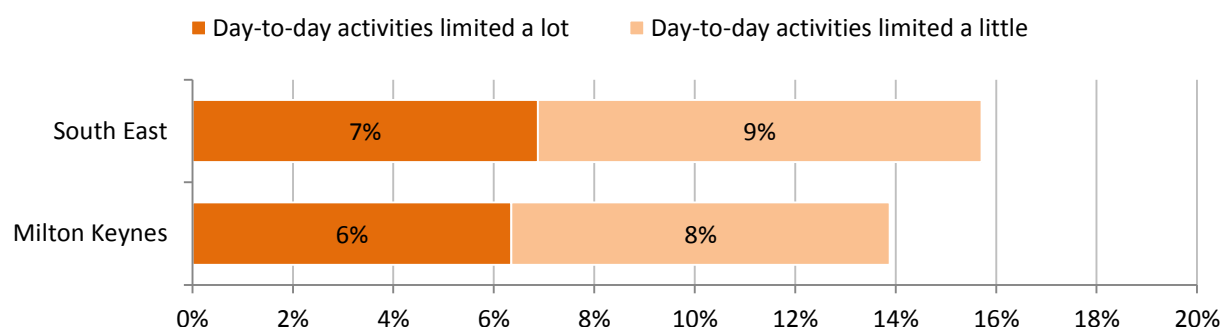
**Figure 18: Age Profiles for Milton Keynes Compared with the South East and England (Source: UK Census of Population 2011)****Figure 19: Ten Year Difference in Age Profiles for Milton Keynes (Source: UK Census of Population 2001 and 2011)**

	Key Changes
<b>Children</b>	Higher percentages of children relative to South East and England in all cohorts below 14 years. Between 2001-2011 the number of pre-school children (0-4 years) has relatively increased while the number of children aged 5-14 has relatively declined, indicating increased numbers of local births and outward migration of families with children of school age.
<b>Young Adults</b>	Lower numbers relative to South East and England both for 15-19 year olds and 20-24 year olds. There are decreases in the 15-19 and 20-24 year cohort between 2001 and 2011.
<b>Adults</b>	MKC has higher numbers of adults aged 25-44 compared with South East and England. However, between 2001 and 2011 only the 25-29 cohort has increased in size, the 30-44 cohort's relative size has decreased in MKC. MKC has a relatively similar number of adults aged 45-59 relative to England. However, only the 55-59 cohort has increased in size.
<b>Older People</b>	From age 60 cohort upwards, MKC has significantly lower numbers of older people compared with South East and England in every cohort. MKC has seen an increase in the number of older people aged 60+ in all but the 75-79 cohort between 2001 and 2011.

## Older People

- 3.5 Figures 4 and 5 show how the population of older people is relatively low in MKC compared with South East and England, but that the local older people population has relatively increased between 2001 and 2011.
- 3.6 The 2011 Census indicates that 14% of people in MKC had a limiting long-term illness (Figure 20 ) compared with 16% in the South East (2011 Census). This starts at 29% of those aged under 69, but rises rapidly to 73% of those aged 85+ indicating that frailty increases with age.
- 3.7 Looking forward, a future increase in the need for support could occur as the current 'middle aged' population cohorts age and the 'older' persons' population expands. However, care should be taken in view of the reasons for the growth in older population and recent relative longevity compared with past centuries; increased lifespan is often driven by better health plus associated improvements in quality of life. Therefore, the relative health of older people in 2001 is unlikely to be representative of people of the same age by 2035.

**Figure 20: Limiting Long-term Illness Rates by Severity (Source: UK Census of Population 2011)**



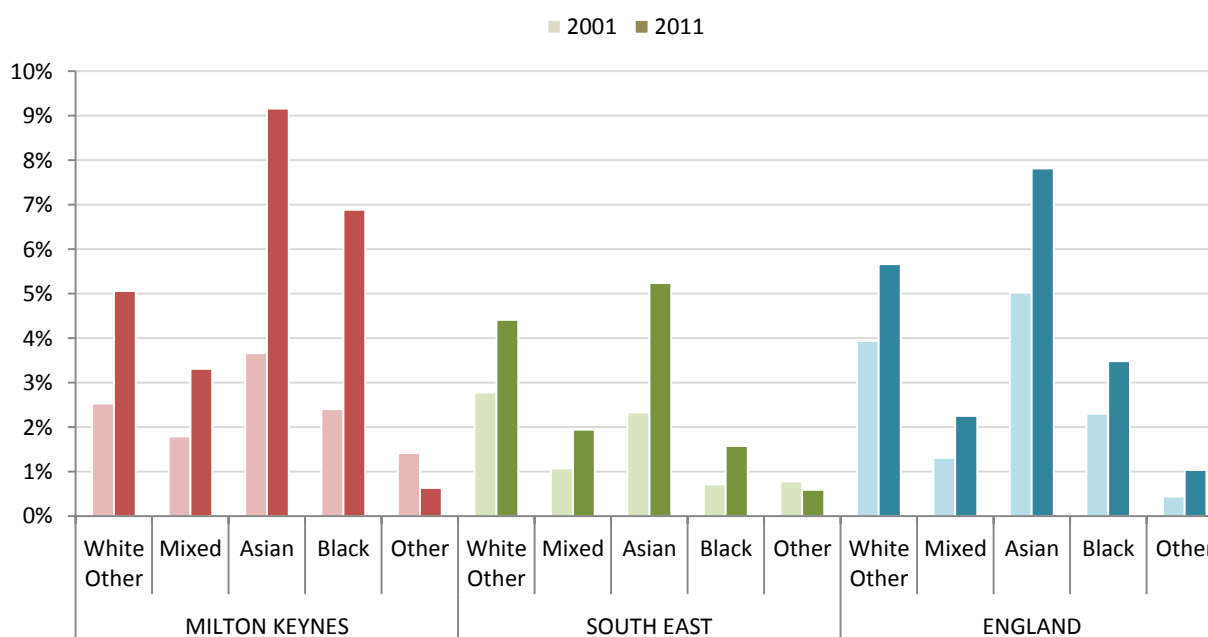
## Minority Ethnic Groups

- 3.8 The number of people from a minority ethnic group has increased by 13.2% since 2001 Census (Figure 21), a larger increase than the South East and England.
- 3.9 There has been significant change in the size of certain minority groups (Figure 22 ); the Asian population has more than doubled from 3.6% to 9.0% of the total population, while the Black group has almost tripled from 2.3% to 6.9%. Overall, MKC has seen a greater relative increase in BME populations compared with the South East and England.

**Figure 21: Change of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)**

BME Group	Milton Keynes	South East	England
White Other	+2.5%	+1.6%	+1.7%
Mixed	+1.5%	+0.9%	+0.9%
Asian	+5.5%	+2.9%	+2.8%
Black	+4.5%	+0.9%	+1.2%
Other	-0.8%	-0.2%	+0.6%
<b>Total</b>	<b>+13.2%</b>	<b>+6.1%</b>	<b>+7.2%</b>

**Figure 22: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)**



## Migrant Workers

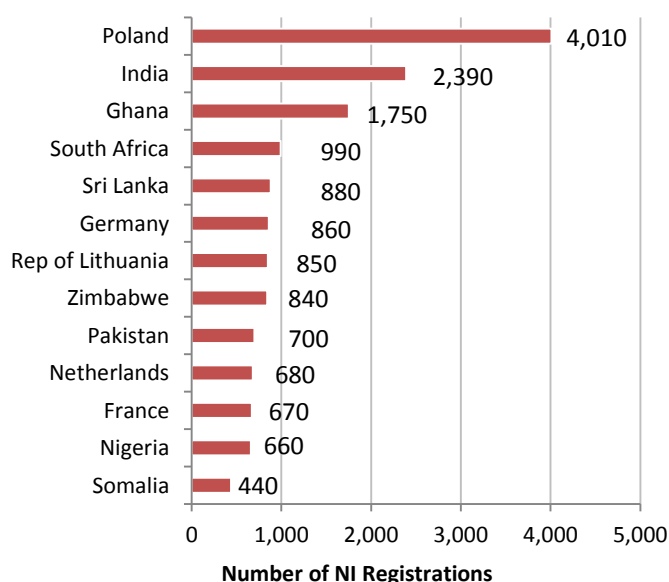
- 3.10 This section considers where migrant workers originate from and should be considered alongside details regarding wider migration given in Chapter 4.
- 3.11 New National Insurance registration numbers issued to workers provide data showing the location of migrant workers. Figure 23 shows the number of new National Insurance numbers issued to non-UK nationals between 2002 and 2011. This highlights a growth in the number of migrants after 2004 when rules on migration from Eastern Europe were relaxed. In addition, they show that the impact of two

recessions has not acted to depress international migration for work to MKC (with the exception of 2009/10).

**Figure 23: New National Insurance Registrations of Non-UK Nationals in by Local Authority**  
(Source: DWP. Notes: All figures rounded. Figures may not sum due to rounding)

Year	Milton Keynes
2002/03	1,600
2003/04	2,090
2004/05	2,310
2005/06	2,960
2006/07	3,180
2007/08	3,210
2008/09	3,010
2009/10	2,090
2010/11	3,180
<b>5-year total 2006-2011</b>	<b>14,670</b>
<b>5-year average</b>	<b>2,930</b>

**Figure 24: New National Insurance Registrations of Non-UK Nationals in Milton Keynes 2002-2011 by Country of Origin** (Source: DWP)



<sup>3.12</sup> Figure 24 shows that between 2002 and 2011 the vast majority of all new National Insurance registrations were issued to Eastern Europeans (primarily from Poland). Other non-UK migrants came from Africa and the Indian sub-continent. Interestingly, many migrants came from within the EU. Further, it should also be noted that migration restrictions for EU citizens of Romania and Bulgaria are to be lifted from 2014 and an increase in-migration from these countries to the UK is predicted by various commentators. Further international migration to MKC therefore seems likely.

<sup>3.13</sup> Note: figures relate only to employees who have received new National Insurance numbers and do not include any of their dependants. New NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace. Figures exclude those leaving the UK.

## Disabled People

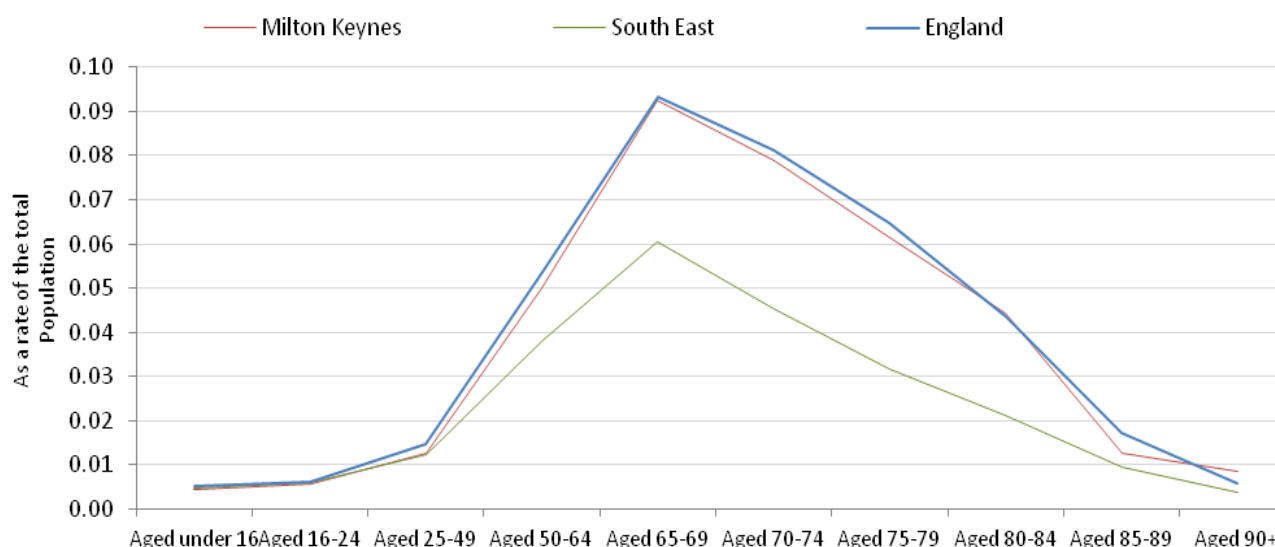
<sup>3.14</sup> This section considers potential future housing demand from disabled people. This is a challenge to establish as limited data is available, and projections should be treated as indicative.

<sup>3.15</sup> To consider the scale of disability in MKC we have used Disability Living Allowance Higher Mobility Allowance. Disability Living Allowance (DLA) is awarded to people under 65 years old who incur extra costs due to disability. Once awarded, DLA continues without an age limit, as long as applicants satisfy either the care or the mobility conditions. DLA Higher Mobility Component (HMC) is awarded when applicants have 'other, more severe, walking difficulty' above the Lower Mobility Component (which is for supervision outdoors). By considering Higher Mobility Component we can see a profile of disability across MKC. NOTE: DLA is being replaced by Personal Independence Payments (PIP) from April 2013.

<sup>3.16</sup> Figure 25 shows the age profile for DLA HMC awards in MKC. MKC has a higher level of claimants compared with the South East, but is close to the England profile. This indicates the MKC has significant levels of

disability which may require a strategic housing response. To derive indicative projections, we have used modelled DLA HMC data against the population projection scenarios for MKC.

**Figure 25: Higher mobility allowance by age as (%) of population (Source: DWP Work and Pensions Longitudinal Study (WPLS))**



## Service Families

<sup>3.17</sup> The 2010 Strategic Defence and Security Review (2010) introduced reductions in the number of service personnel, with further reductions announced in 2012:

- » Army: Personnel to be reduced by 7,000 to 95,500 by 2015 (now 82,000 by 2015 following further Defence statement 2012)
- » Air Force: Personnel to be reduced by 5,000 to 33,000
- » Navy: Personnel to be reduced by 5,000 to 30,000

<sup>3.18</sup> Such a reduction might be expected to translate into increased demand for housing in local markets. However, the 2011 Census shows that there are no communal establishments or barracks in the MKC area with only 198 Armed forces personnel in households within the MKC area (one in a communal establishment).

<sup>3.19</sup> Armed forces personnel living in MKC, therefore, are relatively small in number and live in non-military accommodation, such as market housing subject to normal market mechanisms. It is unlikely, therefore, that service personnel reductions will contribute significantly to increased demand for housing in MKC.

## Housing Members of the Armed Forces

<sup>3.20</sup> The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and 'Laying the Foundations: A Housing Strategy for England 2011' (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. In addition, following consultation, the Government brought into force The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012 and the Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012 which have strengthened the position of some armed forces personnel in seeking to access social housing (the regulations are considered further below).

- 3.21 Further, whereas Local authorities have been **expected** to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this ‘additional preference’ **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the 1996 *Housing Act* and who have urgent housing needs.

### Adapted social housing for Injured Service Personnel

- 3.22 Mandatory disabled facilities grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *The Nation’s Commitment: Cross Government Support to our Armed Forces, their Families and Veterans* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.

### Affordable housing schemes for Services Personnel

- 3.23 There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England.
- 3.24 In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.

### Overall

- 3.25 We do not expect increased demand for housing in MKC as a result of overall service personnel reductions. However, there may be an increase in obligation towards housing armed forces personnel as a result of the changes to allocation of affordable and social housing which may necessitate a response that includes maximising options under Allocations Policies as well as HomeBuy options.

## The Local Economy

### Local Employment

- 3.26 Figure 26 shows the change in those economically active over the last 10 years. The economically active population has increased overall (+24,820; +22%), although this has been driven by a relatively steep rise in part time and self-employed working and working students.
- 3.27 There has been an increase in the economically inactive population in MKC (+6,831; +19%). The key group witnessing a change are Retired and Students; the number of inactive students has increased by +3,035. There has been a reduction in those looking after home or family (-1,050).

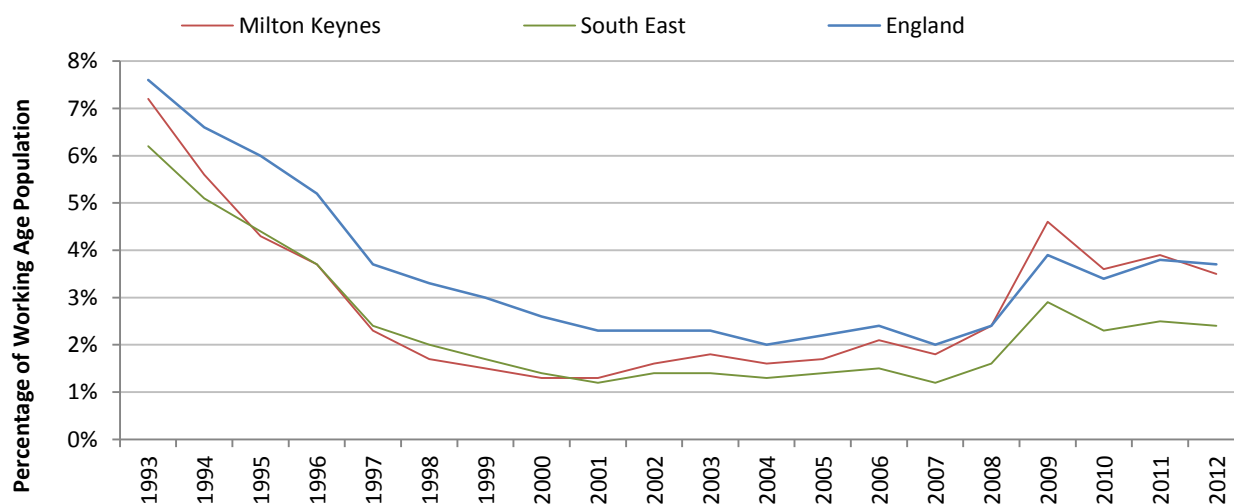
**Figure 26: Economic Activity/Inactivity in Milton Keynes (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)**

	2001	2011	Change
<b>Economically Active</b>			
Employee: Full-time	76,600	84,000	7,400
Employee: Part-time	17,000	23,600	6,600
Self-employed	10,900	15,700	4,800
Unemployed	4,400	8,600	4,200
Full-time student	4,000	5,700	1,700
<b>Total Economically Active</b>	<b>112,900</b>	<b>137,700</b>	<b>24,800</b>
<b>Economically Inactive</b>			
Retired	13,400	18,700	5,200
Students	4,100	7,100	3,000
Looking after home or family	9,400	8,300	-1,100
Long-term sick or disabled	5,900	5,800	-100
Other	4,000	3,700	-300
<b>Total Economically Inactive</b>	<b>36,800</b>	<b>43,700</b>	<b>6,800</b>

3.28 Figure 27 shows the long-term unemployment rate in MKC; while MKC's rate is close to that for England, it is significantly higher than for the South East. Data from recent years (2008 onwards) reflects the state of the wider national economy; employment has improved slightly from 2009, although this is now levelling off.

3.29 However the decline in unemployment over recent years may not entirely reflect the strength of the local economy; many working age persons not in jobs are not eligible for, or do not claim, unemployment benefit.

**Figure 27: Unemployment Rate for Working Age Population for MKC: 1993-2011 (Source: DWP Claimant Count. Note: Data relates to October each year)**

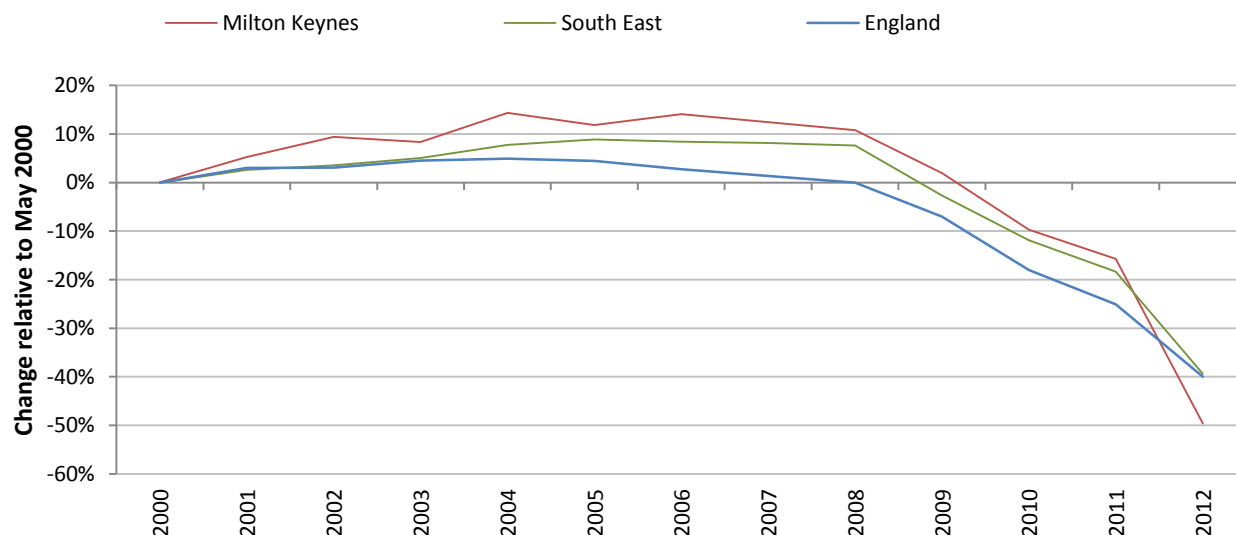


3.30 Incapacity benefit (IB) is more generous than unemployment benefit and until recently placed less onus on the individual to seek a job. However, since 2008 the number of IB claimants has been falling at a rapid rate, possibly owing to increased difficulty in claiming this benefit. The number of claimants in MK was



higher than for England and the South East until 2011/12 when Milton Keynes fell below the England and South East levels (Figure 28).

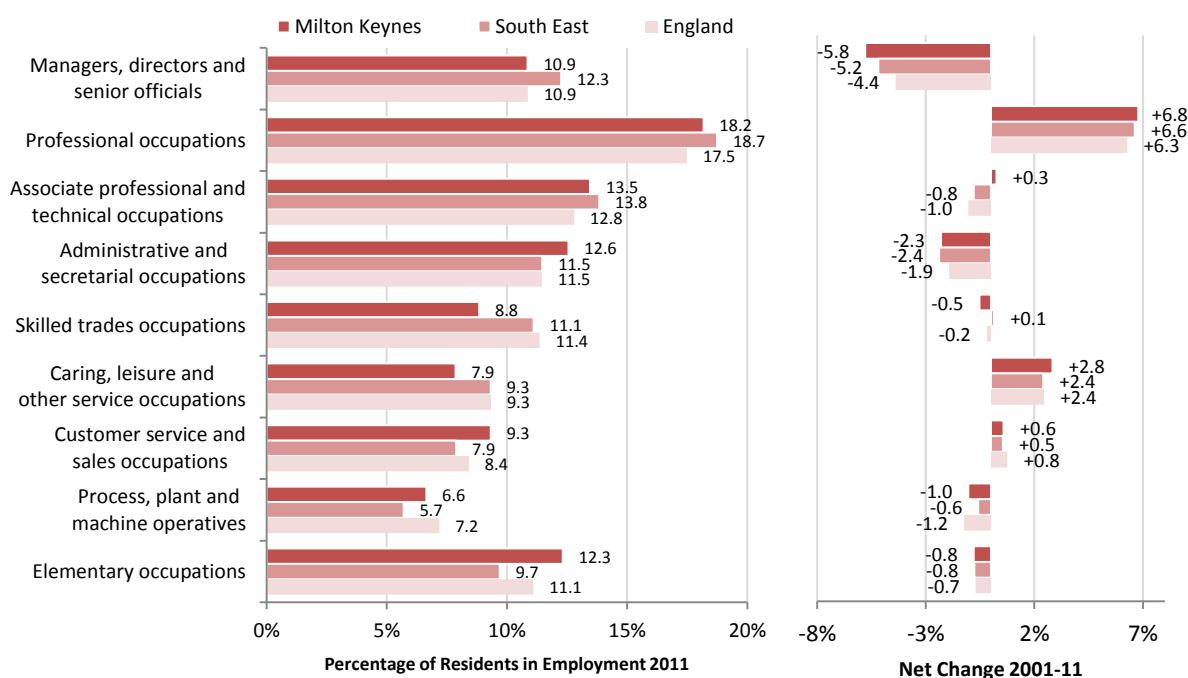
**Figure 28: Incapacity Benefit Claims by Working Age persons by Local Authority 2000-2011 (Source: DWP. Note: Data relates to May of each year)**



## Occupation and Earnings

- 3.31 The MKC occupation profile (Figure 29) shows how the area has seen growth in Professional occupations (up 6.8%) which marginally exceeds that for England and the South East. There has also been an increase in the Caring, Leisure and Other Service occupations.
- 3.32 There has been a decrease in those in Managerial positions (down 5.8%). This may reflect the increasing numbers in self-employment (shown previously in Figure 4) and wider national trends in how people work.

**Figure 29: Proportion of Employees by Occupation 2011 and change 2001-11 (Source: UK Census of Population 2001 and 2011)**



- <sup>3.33</sup> When considering local earnings, it is possible to consider the income of those people that live in the area (as used above as a basis for occupation) or alternatively to consider the income for local jobs, which will include at least some employees that commute into the area to work. Given that the workplace population (i.e. local employees) are not necessarily residents, the results will inevitably differ.
- <sup>3.34</sup> The Annual Survey of Hours and Earnings (ASHE) record both measures for all local authorities and can show how relative incomes have changed over time.
- <sup>3.35</sup> Figure 30 shows the comparisons for median gross annual earnings for 2011 and compares them with adjacent areas.

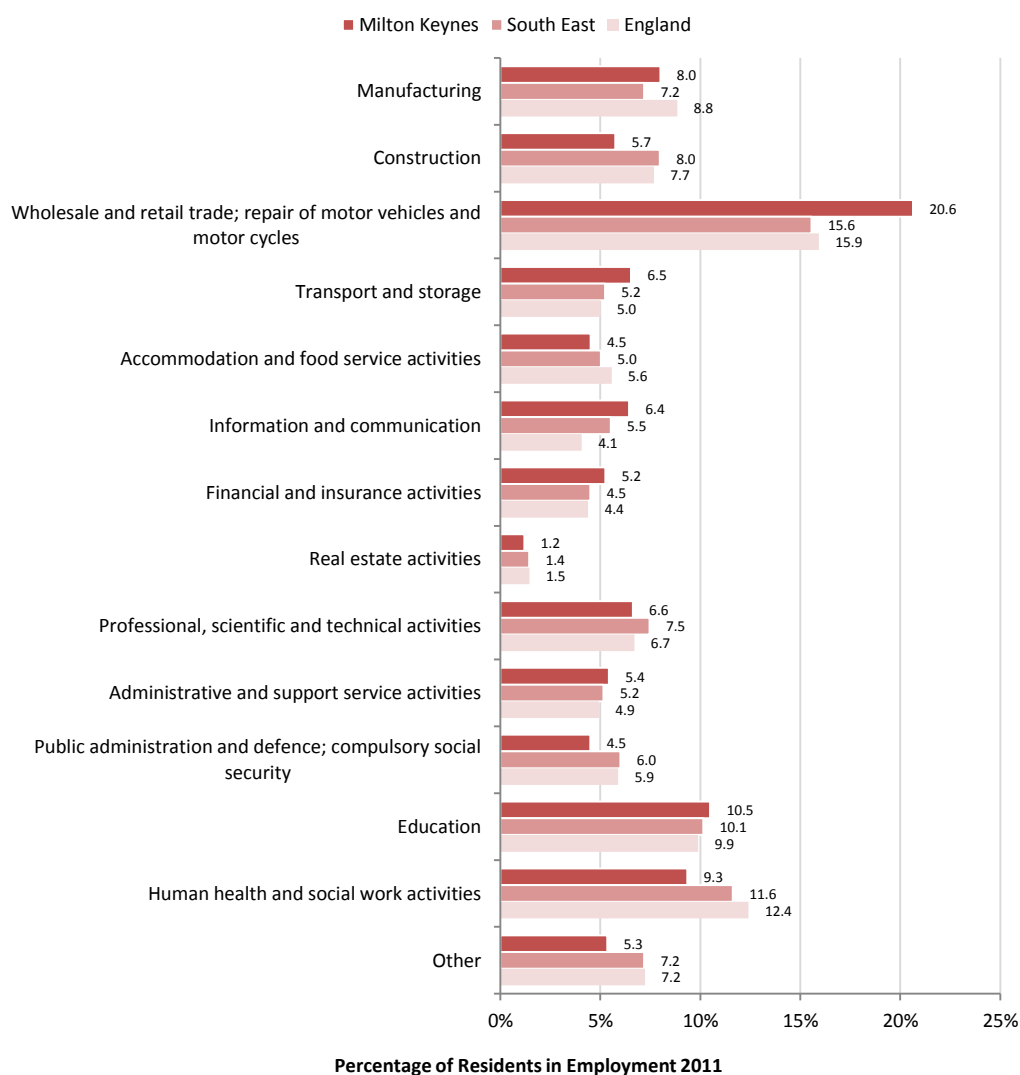
**Figure 30: Median Gross Annual Earnings for Employees and Residents in Milton Keynes, by All Employees and Full-time Employees (Source: ASHE 2012)**

Employment Status	Milton Keynes	Aylesbury	Bedford	Northampton	South East	England
<b>Residents (living in area)</b>						
All employees	£24,003	£22,949	£22,582	£21,193	£24,000	£21,794
Full-time employees	£28,150	£29,988	£26,970	£25,087	£29,491	£26,804
<b>Employees (working in area)</b>						
All employees	£24,117	£21,906	£20,995	£21,705	£22,928	£21,790
Full-time employees	£27,442	£27,820	£24,591	£26,126	£28,181	£26,800

- <sup>3.36</sup> The results show that Milton Keynes residents earn similar incomes to those who only work in the MKC area and live elsewhere. MKC incomes (residents and employees) are higher for all employees than those for the South East and England, as well as neighbouring areas. However, for both residents and employees working full time, their incomes are lower than the South East. All employees and residents earn more than the England average.

## Industry

- <sup>3.37</sup> Milton Keynes' Economic Development Strategy 2011-16 aligns with the Corporate Plan Strategic Aim 4 to 'Develop an Economy with a Sustainable and Long-term Future'. The first of six key priorities is:
1. Diverse and competitive knowledge based economy: Create an environment that will foster business and employment growth within a diverse, more knowledge based and competitive economy by encouraging innovation, enterprise and skills improvement.
- <sup>3.38</sup> Figure 31 shows the proportion of employees resident in each local authority area by industry. Overall, MKC has a diverse local economy:
- » Wholesale and retail is, relatively, the largest employment sector, followed by Education and Health & Social Work;
  - » Construction is lower in MKC than in the South East or England.

**Figure 31: Proportion of Employees by Industry 2011 Milton Keynes (Source: UK Census of Population 2011)**

## Working at Home

<sup>3.39</sup> The Census 2001 and 2011 allows us to consider trends in those working at home. Between 2001 and 2011, the numbers working from home have reduced by 27.8%. Although indicative, this also suggests that those who might aspire to a specialist home (e.g. a live/work unit) to enable homeworking may also be limited in number, or, indeed, reducing.

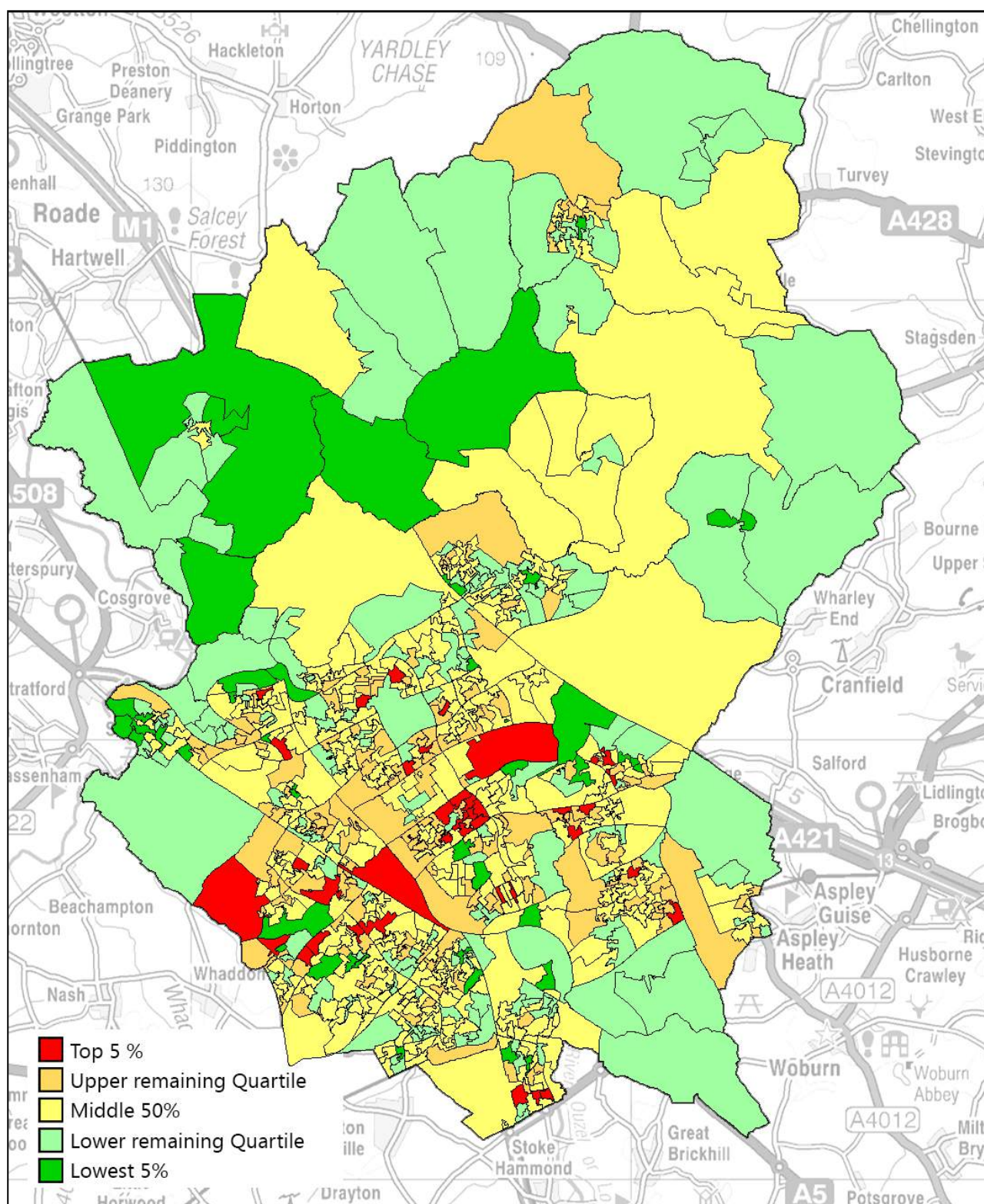
**Figure XX: Working population working from home (Source: Census 2001 and 2011)**

Census	Working population	Working population who work mainly at or from home	(%) working mainly at or from home
2001	108,078	9,253	8.6%
2011	127,800	6,689	5.2%
		-27.8%	

## Students

- 3.40 The presence of the Milton Keynes College (with a total 20,000 students of all types), implies that students are a potential driver in the housing market of MKC, especially in the urban area itself. The total number of students makes up c.8% of the MKC population (248,830).
- 3.41 Milton Keynes College has a total of 20,000 students of all types. There are no halls of residence and most students are aged 16-18 and so mostly live with parents.
- 3.42 The University of Bedford has recently established the University Campus Milton Keynes (UCMK) which plans to enrol its first 100 students in September 2013 and to have enrolled a total of 1,000 students after 5 years. UCMK expects the intake to include local, part time and distance learning students who will have little effect on housing demand. Some of their international students will enter the private rented sector and others may purchase accommodation. UCMK estimates that after 5 years there will be a requirement for around 300 residential places which they will meet by contracting with specialist providers. UCMK has no plans to develop any accommodation.
- 3.43 The Open University enrolls mainly distance learning students who will have no effect on the local housing market.
- 3.44 This suggests that students will act as a limited driver on the housing market of Milton Keynes, and where this does occur it will do so mainly from international students at UCMK. Further, any changes to the private rented sector (for example, if supply were to reduce due to benefit reform) could increase demand for remaining stock from students although this will be limited.
- 3.45 Nationally, the introduction of tuition fees may be beginning to impact on student applications; these are showing signs of reducing (down 12.7% in 2012 compared with 2011: Source UCAS). However, demand for places still outstrips supply (50,000 more applications than acceptances in 2012). Long term trends, therefore, remain unclear. In Milton Keynes, however, any potential change seems unlikely to have significant impact on the local housing market.
- 3.46 Figure 31 above shows the concentrations of students in MKC (Census 2011). The Census identifies that there are 12,840 students aged 16 to 74 within Milton Keynes, 5,700 of which are identified as economically active and 7,140 as economically inactive.
- 3.47 There are no residential areas dominated by students inside Milton Keynes indicating no localised concentrations which could be affected by change in supply, i.e. if supply of new specialised student accommodation were created elsewhere and 'student flight' from a student area were to occur. The highest density of students is in the centre of Milton Keynes but even here it does not reach 20% of working age population. To give perspective, traditional University towns have student areas approaching 90% of the working age population being students.
- 3.48 Overall, a combination of the type of higher education provided, historic student residence patterns and the relatively modest plans for expanding student numbers indicates that students in Milton Keynes will act as a limited driver in the local housing market.

Figure 32: Student Household concentrations (Census 2011)





## Impact of Welfare Reform on the Housing Market

3.49 This section considers the Private Rented Sector and how this might change as a result of wider benefit reform, including Housing Benefit. It is structured as follows:

- » Benefit Reform and the Private Rented Sector (PRS) - Overview
- » Relationship between PRS and Housing Benefit in MKC
- » Benefit Reform and Specific Housing Benefit Changes
- » Potential Impact of Benefit Reform on the PRS

3.50 Housing Benefit paid to private rented sector tenants has allowed the sector to house increasing numbers of households on low incomes and/or in housing need (see Chapter 4). Arguably, some existing private rented stock has become in effect part of the “Affordable Housing” stock. The scale of this market activity has local variations in terms of availability, cost of renting, and the size of Social Rented and private rented stock in an area.

3.51 However, the cost to the Treasury is significant and Housing Benefit Reform is in hand, part of which is to reduce the overall cost. The Coalition Government has identified two key problems with the current overall benefits system:

- » work incentives are poor, and
- » the system is too complex.

3.52 As a result, new legislation has been introduced. Key changes relevant to the SHMA include:

- » Welfare Reform Act 2012: the Act legislates for the biggest change to the welfare system for over 60 years, including:
- » Introduction of Universal Credit from 2013: part of the Welfare Reform Act 2012 introduces a new single payment for people who are looking for work or on a low income;
- » Changes to Housing Benefit with the aims of bringing stability to the market and improving incentives to work
- » Localism Act 2011: introducing flexible tenancies with changes to assured tenancies

## Specific Changes to Housing Benefit

### Calculation of Local Housing Allowances

3.53 Local housing allowance (LHA) rates are now capped and set at the 30th percentile of local rents (previously the 50th percentile). Figure 33 shows the local housing allowance rates for March 2011 (based on the 50th percentile) alongside the 30th percentile rents from December 2011 which set the LHA limit.

3.54 The change from using the 50th percentile to the lower 30th percentile for calculating local housing allowance rates may have a significant impact on the MKC sub-region as the market adjusts and private rent levels change.



**Figure 33: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in MKC – March 2011 and December 2011 (Source: LHA Direct)**

Weekly Rent	MKC BRMA			
	1 bed	2 bed	3 bed	4 bed
March 2011 LHA 50 <sup>th</sup> percentile	£121.15	£150.00	£173.08	£242.31
December 2011 LHA 30 <sup>th</sup> percentile	£114.23	£144.23	£167.31	£219.23
March 2013 LHA 50 <sup>th</sup> percentile	£115.38	£144.23	£173.08	£219.23

### Under-occupation – Social Tenants

- 3.55 The Government estimates that nearly a third of working-age social housing tenants on Housing Benefit are living in accommodation which is too big for their needs. The Act includes provision for reducing the benefit paid to social housing tenants of working age if they are assessed as having spare room(s). In England, the policy is estimated to affect 660,000 households, who will lose £14 a week on average. £430 million of savings are forecast to result although this forecast has subsequently been revised downwards.

***Example:** a working age couple with two adult children occupy a 3 bed Social Rented property and receive Housing Benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive Housing Benefit for a 3 bedroom property but a 1 bed. They will either:*

- » *be required to pay the balance of rent from their own funds, or*
- » *move to a small dwelling and continue to receive Housing Benefit covering the full rent.*

- 3.56 There are a range of possible implications arising from such a change although the quantification of this is still awaited (Note: we have excluded the ethical implications of the change):
- » More households may downsize from family sized Social Rented dwellings into smaller units, if these are available;
  - » Some larger properties may thus become available for overcrowded households with children;
  - » There may be or may not be a corresponding ‘balancing effect’, as larger homes and smaller homes are vacated;
  - » Adult children may subsidise their parents to allow them to remain in the larger family home.

### Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

- 3.57 Any single person aged 34 years or younger is entitled to only the Shared Accommodation Rate (SAR) LHA, rather than the allowance for a self-contained dwelling. The SAR LHA enables the single person only to occupy a part of a dwelling as part of a shared household.
- 3.58 A major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will need to share accommodation for longer. More of the existing housing stock seems likely to be converted into HMOs. HMO data (see Chapter 4) indicates a significant increase in the number of HMOs within Milton Keynes 2001-11 and benefit changes seem likely to drive further conversions.

## Non-dependants

- 3.59 Deductions for non-dependants are now up rated on the basis of prices, which could increase pressure for non-dependants to move out.

*Example: a pensioner couple with two adult children occupy a 3 bed Social Rented property and receive Housing Benefit. Increased deductions for non-dependants now rise on the basis of prices, hence reducing the amount of Housing Benefit received by this household. If the adult children move out of the house, the couple will be allowed to remain in their dwelling because they are not working age and will receive more Housing Benefit.*

- 3.60 The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, meaning the rate of household formation could rise.

## Capping of Total Household Benefits at £500 per Week

- 3.61 The total level of benefit received by any household is to be capped at £500 per week. The amount of Housing Benefit any household can receive will be assessed after any Jobseekers Allowance, Income Support, Council Tax Benefit, Child Tax Credit and Child Benefit have been deducted.

## Potential Impact of Benefit Reform on the Private Rented Sector

- 3.62 Changes to the LHA may mean considerable changes in the supply of dwellings available for households who require financial support in the private rented sector. The changes are not likely to reduce the number of households seeking Affordable Rent/Social Rent housing. However, it may increase the demand on local authorities to find housing solutions for these households.
- 3.63 The ability of authorities to meet housing need is dependent upon many issues. For example, how will private landlords respond over time? Will they be less likely to accept those households in receipt of Housing Benefit at the new reduced levels? Possible scenarios include:
- » Market rent levels fall as landlords accept lower rent on their properties.
  - » If the new rent thresholds are too low then some landlords may simply not be willing to accept Housing Benefit dependent households.
  - » This in turn may see house prices and rents fall as more housing becomes available to buy or rent, so more households may be able to meet their housing requirements in the open market.
- 3.64 However, if landlords are not prepared to accept households in receipt of Housing Benefit, where will these households live? Social housing has limited supply. The number of homelessness presentations may increase and overcrowding might rise. The percentage of disposable income paid in rent may rise in households seeking housing in the private sector.
- 3.65 The impact of Welfare Reform in the sector is still unquantified, however, various press and lobbyist surveys (e.g. British Property Federation) indicate Landlords are withdrawing properties from those Benefit recipients affected by reform. The longer term implications of this remain, as yet, unclear.

## **Chapter 3 Summary**

### **Population**

*The MKC population has increased 41,750 or 20% between 2001-2011, increasing at a much faster rate than for the South East region (+634,110 or 7.9%). There has been an 18.3% increase in the number of households in that period (compared with 8.2% for the South East).*

### **Age**

*MKC has higher percentages of children relative to the South East and England in all age cohorts.*

*MKC has significantly lower relative numbers of older people compared with South East and England in every cohort, although the local population of older people increased between 2001 and 2011.*

### **Black and Minority Ethnic Groups**

*The population of people from a minority ethnic group has increased by 13.2% since 2001, a larger increase than in the South East and England. There are significant changes within certain minority groups; the Asian population has more than doubled from 3.6% to 8.0%, while Black group has almost tripled from 2.3% to 6.9%.*

*MKC has also seen a growth in the number of migrants after 2004 when EU migration rules were relaxed. The subsequent impact of two recessions has not acted to depress international migration. Overall, continued international migration to MKC seems likely.*

### **Disability**

*MKC has higher levels of disability than the South East, but is close to the England profile.*

### **Service families**

*We do not expect increased demand for housing in MKC as a result of overall service personnel reductions. However, there may be an increase in obligation towards housing armed forces personnel as a result of the changes to allocation of affordable and social housing.*

### **Local Economy**

*MKC's economically active population has increased overall (+24,820; +22%), although this has been driven by a rise in part time and self-employed working and working students. There has also been an increase in the economically inactive population in MKC (+6,831; +19%).*

*Long-term unemployment rates in MKC are close to that for England, but higher than the South East. Since 2008 the number of Incapacity Benefit claimants has been falling at a rapid rate.*

*MKC's occupation profile shows growth in Professional occupations (up 6.8%) since 2001 which marginally exceeds that for England and the South East.*

*MKC residents earn similar incomes to those who only work in the MKC area and live elsewhere. MKC incomes (residents and employees) are higher for all employees than those for the South East and England.*

*Students have a limited impact on MKC's housing market. There are no residential areas dominated by students inside Milton Keynes; the highest density in the centre of Milton Keynes does not reach 20% of working age population whereas traditional University towns have up to 90%.*

### **Impact of Welfare Reform**

*The potential impact of Benefit Reform on the Private Rented Sector is currently unknown.*

*Potentially, there could be reduced household formation rates which may reduce the number of households seeking Affordable Housing. However, some changes in the LHA could see formation rates rise.*

*The supply of private rented dwellings may change significantly, especially for households on lower incomes.*

*The total number of Housing Benefit claimants in the private rented sector is unlikely to fall dramatically, despite recent MKC trends, but their locations may change towards lower priced areas.*

*Alternatively, where landlords do not accept the lower rents, more properties may return to ‘pure’ market housing, out of reach for households on Housing Benefit.*

*Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs; homelessness presentations and overcrowding may also rise further.*

## 4. Current Housing Stock

### An overview of the existing housing stock

#### Existing Housing Stock

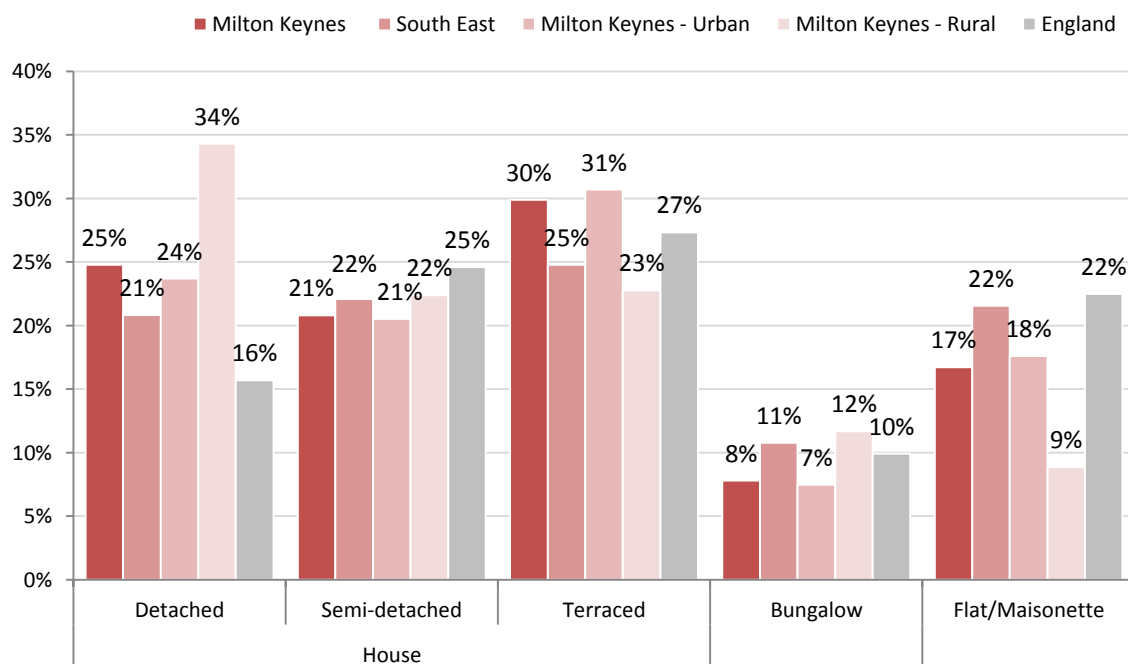
- 4.1 A key SHMA task is to understand the current housing offer to residents, including by type, character, age, and location. The stock on offer affects choices for renters, purchasers and investors.

#### Dwelling Type

- 4.2 Figure 34 shows stock distribution by type across the study area including a split between rural and urban areas of MKC. Key points to note include:

- » MKC has a similar dwelling type profile to the South East and England, albeit with more detached and terraced houses and fewer flats and bungalows;
- » Rural areas of MKC have notably more detached homes and more bungalows than urban MKC;
- » Urban areas of MKC have more terraced and flat/maisonette dwellings than rural MKC;
- » Semi-detached homes are relatively similar in both rural and urban MKC;
- » MKC has relatively fewer flats than the South East and England.

**Figure 34: Proportion of Dwelling Type by Area (Source: Valuation Office Agency, August 2012)**

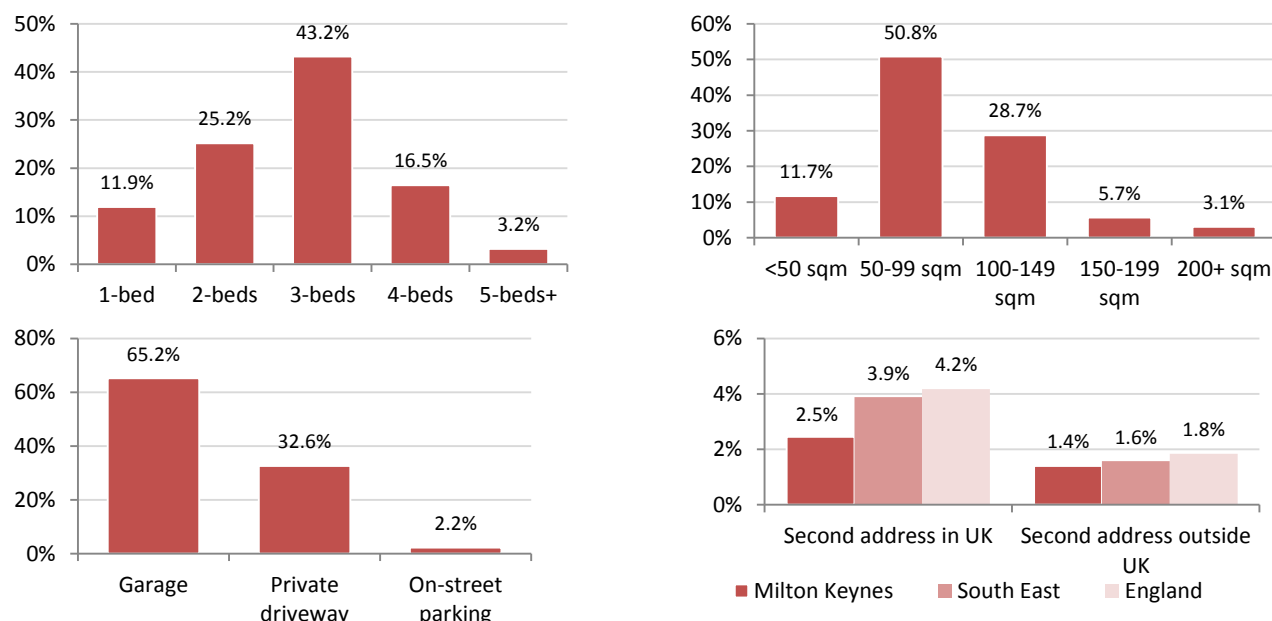




## Dwelling Characteristics

- 4.3 Dwelling characteristics show that bedroom sizes as a proportion of the overall stock vary (see Figure 35). There is a spread of bedroom sizes with 3 bedrooms predominating. Most homes have a floor area of 50-149 sqm. 98% of homes have a garage or private driveway, with only 2% reliant on on-street parking. Milton Keynes has lower second home ownership relative to the South East and England.

**Figure 35: Dwelling Characteristics (Source for Bedrooms, Area and Parking: Valuation Office Agency, September 2010; Second Homes: UK Census of Population 2011)**



## Dwelling Age and Condition

- 4.4 Figure 36 shows the age of housing stock in Milton Keynes compared to England. The age of housing stock is a usually strong factor in determining stock condition, as the latest data from the England Housing Survey shows. The majority of MKC stock was built after 1960, echoing the new town status of the borough. However, c.6% is pre 20<sup>th</sup> century. Interestingly, 29% of homes have been developed since 1993.

**Figure 36: Dwelling Age by Area (Source: Valuation Office Agency, August 2012; English Housing Survey, 2011)**

	Milton Keynes	England	England % Non-decent	England % Cat 1 Hazards
Pre 1919	6.9%	22.1%	43.1%	31.1%
1919-1944	2.7%	16.7%	27.2%	17.3%
1945-64	7.3%	18.3%	20.3%	12.0%
1965-72	7.1%	10.6%	18.8%	9.9%
1973-82	25.5%	9.9%	20.3%	6.7%
1983-92	20.5%	5.6%	3.0%	2.7%
1993-99	12.4%	9.2%		
2000 or later	17.6%			

- 4.5 Data from the 2011 Census suggests that 1.3% of dwellings in Milton Keynes have no central heating, whilst the latest data about fuel poverty published by DECC (again for 2011) suggests that 6.2% of households in Milton Keynes spend more than 10% of their income on fuel costs (the previous definition of fuel poverty) and 5.0% are currently fuel poor (having low incomes and high fuel costs).

## Overcrowding

- 4.6 The level of overcrowding within the stock has increased relatively between 2001 and 2011 Census, and is increasing in Milton Keynes (+1.9% overall) at a faster rate than the South East (1.5%). For families, the increase is particularly noticeable (+7.5%) compared to the South East (+5.8%)

**Figure 37: Proportion of overcrowded households 2011 and change 2001-11 for Milton Keynes and South East (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)**

	Milton Keynes 2011	Milton Keynes 2001	Net Change	South East 2011	South East 2001	Net Change
<b>One person household</b>	<b>9.3%</b>	<b>9.8%</b>	<b>-0.5%</b>	<b>8.6%</b>	<b>8.4%</b>	<b>+0.2%</b>
Aged 65 and over	5.1%	7.4%	-2.3%	4.7%	5.9%	-1.3%
Other	11.5%	11.1%	+0.3%	11.6%	10.9%	+0.8%
<b>One family only</b>	<b>7.4%</b>	<b>5.7%</b>	<b>+1.7%</b>	<b>5.4%</b>	<b>3.9%</b>	<b>+1.5%</b>
All aged 65 and over	1.0%	1.8%	-0.9%	0.6%	0.9%	-0.3%
Married or same-sex civil partnership couple: No children	1.9%	1.3%	+0.6%	1.4%	1.0%	+0.4%
Married or same-sex civil partnership couple: Dependent children	8.2%	6.5%	+1.7%	6.2%	4.9%	+1.3%
Married or same-sex civil partnership couple: All children non-dependent	3.5%	3.2%	+0.3%	2.7%	2.6%	+0.1%
Cohabiting couple: No children	6.1%	4.0%	+2.1%	5.9%	4.3%	+1.5%
Cohabiting couple: Dependent children	12.3%	10.0%	+2.3%	11.2%	8.3%	+2.9%
Cohabiting couple: All children non-dependent	4.3%	4.4%	-0.2%	5.1%	4.3%	+0.8%
Lone parent: Dependent children	18.7%	15.3%	+3.4%	15.9%	11.5%	+4.4%
Lone parent: All children non-dependent	8.9%	6.8%	+2.1%	7.4%	5.5%	+1.9%
<b>Other household types</b>	<b>27.3%</b>	<b>19.9%</b>	<b>+7.5%</b>	<b>21.5%</b>	<b>15.7%</b>	<b>+5.8%</b>
With dependent children	32.4%	30.1%	+2.3%	26.1%	23.2%	+2.9%
Other (including all full-time students and all aged 65 and over)	24.2%	13.6%	+10.5%	19.5%	12.5%	+7.0%
<b>All Households</b>	<b>9.6%</b>	<b>7.6%</b>	<b>+1.9%</b>	<b>7.5%</b>	<b>5.9%</b>	<b>+1.5%</b>

- 4.7 Overcrowding by tenure has increased relatively between 2001-2011 Census, particularly for accommodation those in Social Rent.

**Figure 38: Overcrowded households by tenure 2011 and change 2001-11 for Milton Keynes and South East (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)**

	All Tenures	Owned	Social Rent	Private Rent
Milton Keynes 2001	7.6%	3.5%	17.0%	18.6%
Milton Keynes 2011	9.6%	3.7%	19.3%	20.4%
<b>Net change</b>	<b>+1.9%</b>	<b>+0.2%</b>	<b>+2.3%</b>	<b>+1.9%</b>
South East 2001	5.9%	2.7%	15.0%	15.3%
South East 2011	7.5%	2.7%	17.3%	18.4%
<b>Net change</b>	<b>+1.5%</b>	<b>+0.0%</b>	<b>+2.3%</b>	<b>+3.1%</b>

## Houses in Multiple Occupation

- 4.8 Not all private rented stock consists of self-contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). An HMO is 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.
- 4.9 The accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.
- 4.10 HMOs make an important contribution to the private rented sector by providing housing for specific groups/households. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self-contained market housing.

**Figure 39: Houses in Multiple Occupation (Source: Census 2001/2011)**

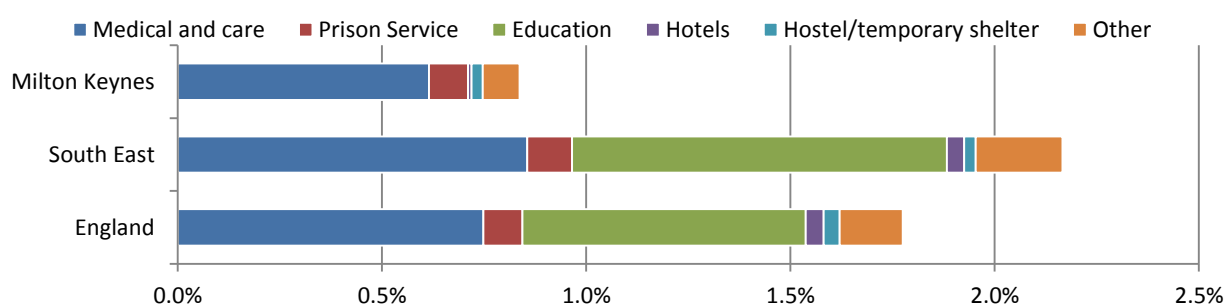
	Students	Other households	Total
<b>Household Composition</b>			
2001	59	2,817	<b>2,876</b>
2011	51	4,925	<b>4,976</b>
Change (%)	-8 -(13.6%)	+2,108 +(74.8%)	<b>+2,100</b> <b>+(73.0%)</b>

- 4.11 Using Census information between 2001 and 2011, it can be seen that the number of HMOs has increased by 2,100 to almost 5,000 homes (a rise of 73.0%). At the same time, the number of Student HMOs has declined slightly.
- 4.12 The increase indicates a demand driver in the housing market for HMO's. This seems likely to continue due to a combination of issues including unmet demand for 1 bedroom properties (see Chapter 6 Projecting Housing Requirements) and changes driven by Benefit Reform (see Chapter 3 Impact of Welfare Reform).
- 4.13 One option to meet the demand driver may be via flexibility in the supply of typical property types which could include high quality, new build products such as studio flats, cluster flats, and bedsits, in different tenures (such as market or Intermediate rent). Such supply may, as a consequence, slow the HMO conversion rate within the existing stock.

## Communal Establishments

- 4.14 Many people also live in non-traditional household units. Figure 40 shows that MKC has lower relative proportions in all categories of Communal housing than the South East or England. In particular, there is a significant difference in Education establishments.
- 4.15 'Communal establishments' refers to managed residential accommodation where there is full or part time supervision of the accommodation. Medical and care establishments include Hospitals, Nursing/Care and Extra Care homes as well as Children's homes.

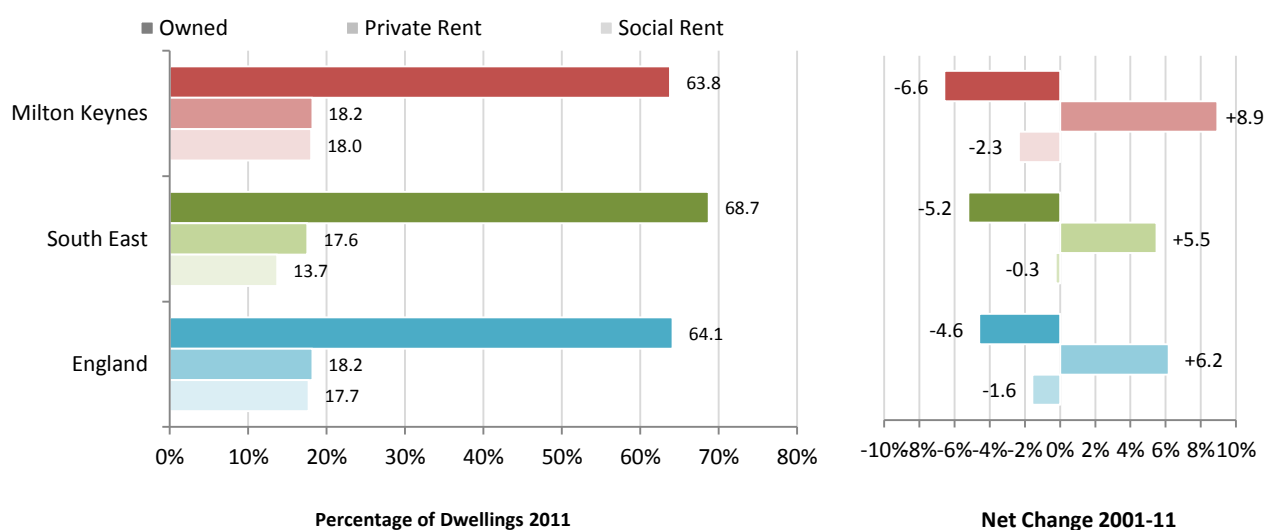
**Figure 40: Proportion of People in Communal Housing by Type of Establishment in MKC (Source: UK Census of Population 2011)**



## Housing Tenure

- 4.16 The dominant form of housing tenure continues to be owner occupation, although the sector has declined 6.6% since 2001. In the same period, the private rented sector (PRS) has grown significantly, at a higher rate than both the South East and England. Affordable housing is also declining relative to other tenures. Effectively, the private rent sector would appear to be growing via the conversion of other tenures (Figure 41).

**Figure 41: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)**



## 4.17 In summary:

- » 63.8% of all properties across the area were owned outright or owned with a mortgage (South East 68.7%)
- » 18.2% of stock is privately rented – up +8.9% since 2001
- » 18.0% is Social Rent - down 2.3% since 2001

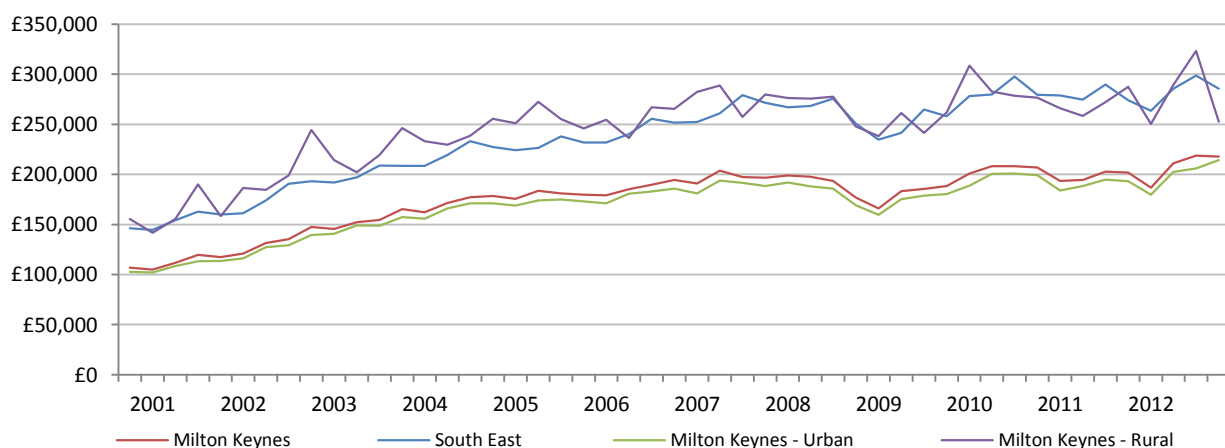
## House Prices

4.18 Figure 42 shows relative house prices across the MKC area between 2000 and 2012; in that period, prices have effectively doubled, and the market, despite a decline in values in 2007-09, has seen an upward trend since 2009, indicating that prices have recovered to their values at the market peak in 2007. This indicates that MKC sale values are outperforming the national average, especially for rural properties.

NOTE: Affordability is considered in Chapter 5.

4.19 There is a considerable value differential between 'urban' (i.e. within the Milton Keynes urban area) and 'rural' properties (i.e. outside the urban Milton Keynes area).

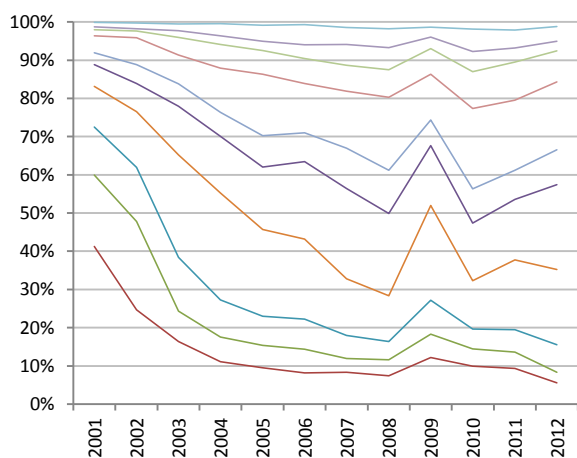
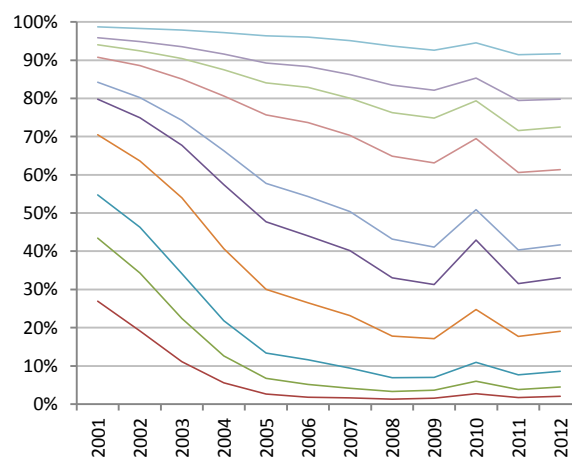
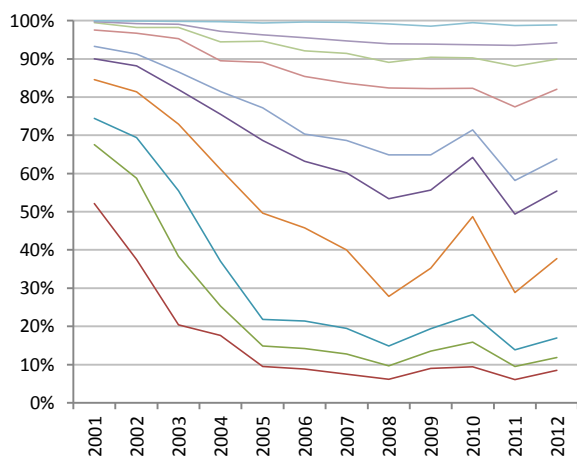
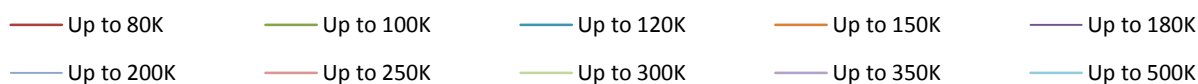
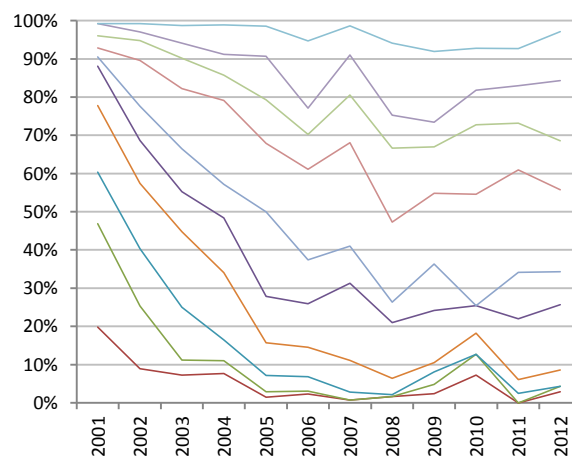
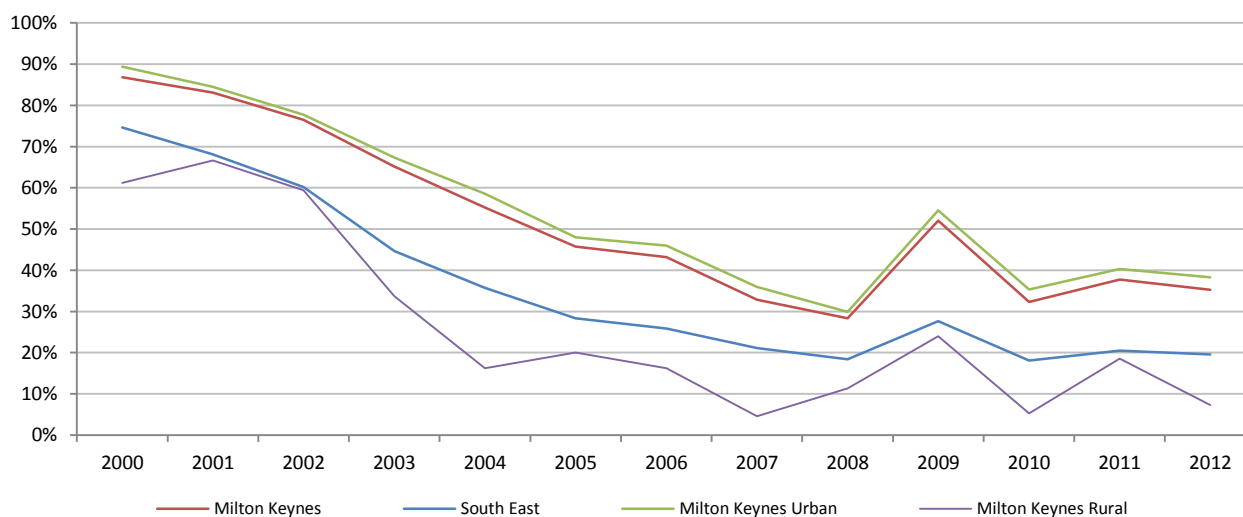
**Figure 42: Average Price of Properties Sold in each LA: Q4 2000-Q4 2012 (Source: HM Land Registry)**



4.20 Nevertheless, by looking at house price trends by band, the number of available properties below £150,000 has declined considerably, especially in non-urban parts of Milton Keynes. First time buyers, a key market driver for the sales sector, have fewer properties at higher values to purchase; affordability for them, therefore, has continued to decline in the last decade despite the 2007-2009 period.

4.21 Since 2004/5 very few transactions have occurred below £150,000 in rural areas of Milton Keynes. Figure 44 shows that less than 10% of rural properties are sold in this band. In urban Milton Keynes, there are more properties still available in the sub £150,000 market than in the South East region.



**Figure 43: Percentage of Houses Sold for Key Price Bands in 2000-12 (Source: HM Land Registry)****Milton Keynes****South East****Milton Keynes - Urban****Milton Keynes - Rural****Figure 44: Percentage of Houses Sold at £150k: 2000-11 (Source: HM Land Registry)**

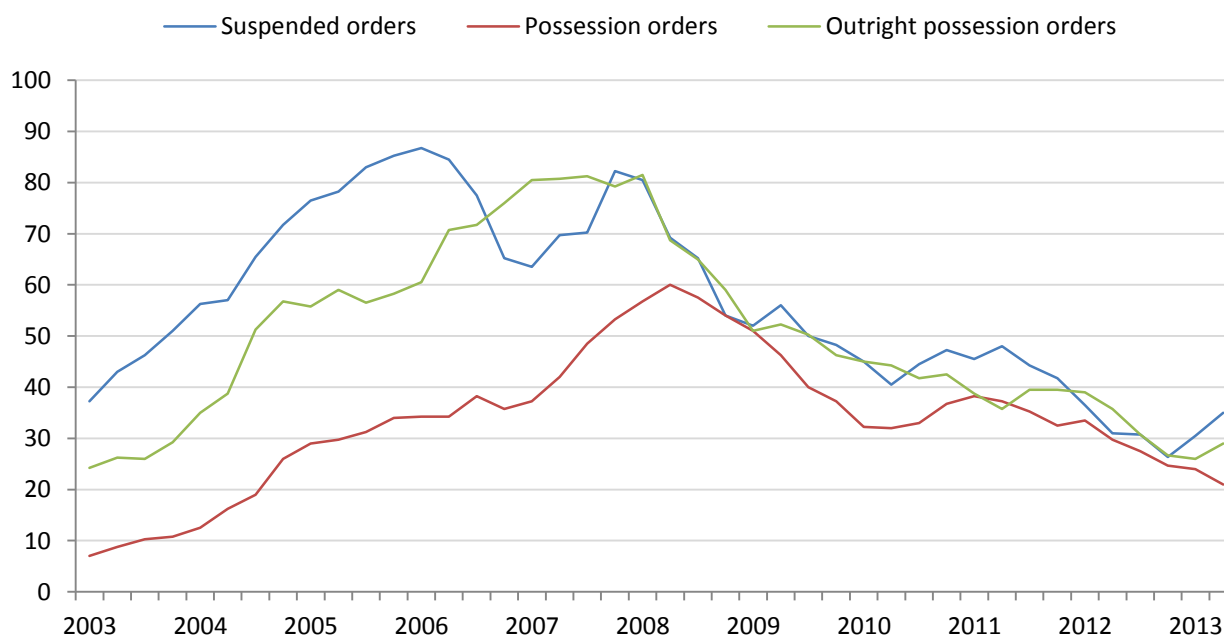
## Mortgage Repossessions

- 4.22 The number of possession proceedings and orders in Milton Keynes has fallen significantly since 2007, reflecting the banking sector's increasingly preventative approach to mortgagees in debt.

*"Wherever possible, lenders will work with borrowers to manage periods of temporary financial difficulty and enable them to keep their home." (Council for Mortgage Lenders 2013)*

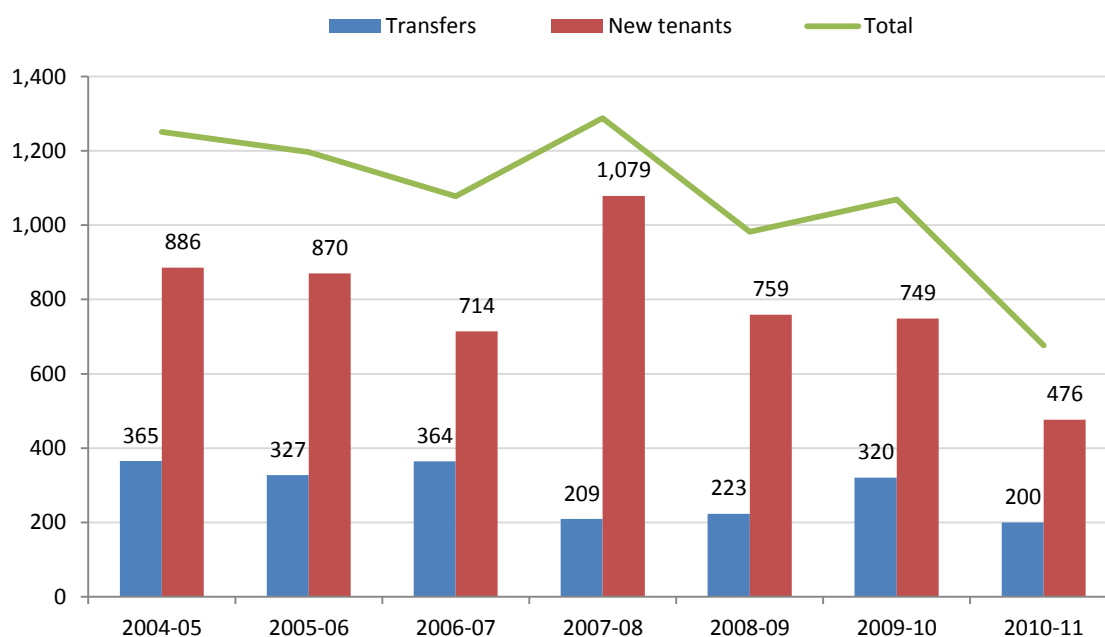
- 4.23 Nationally, the Council of Mortgage Lenders reports a fall in the number of properties taken into possession by mortgage lenders (down from 8,200 in the third quarter of 2012-13 to 7,700 in the fourth quarter), a repossession rate of 0.07%. This is the lowest quarterly number since the fourth quarter of 2007. The number of households experiencing mortgage arrears also fell, although the number of those in more serious arrears continues to increase.

**Figure 45: Mortgage Repossessions in Milton Keynes (Source: Ministry of Justice Mortgage and Landlord Possession statistics Q1 2003-Q4 2013)**

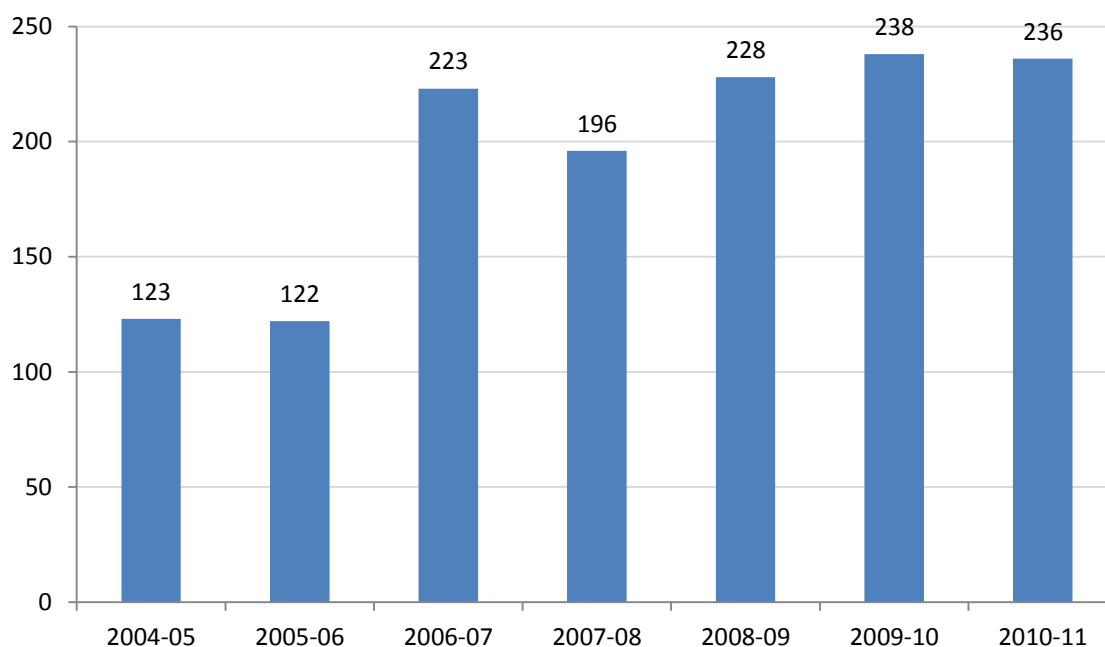


## Affordable and Social Housing Sector

- 4.24 Affordable housing (including both Social Rent and, more recently, Affordable Rent) make a significant contribution to meeting housing need in Milton Keynes and the turnover and mobility within the stock is a useful indicator of the Affordable Housing supply to prospective households.
- 4.25 Local authority turnover has been relatively consistent from 2004 to 2011, with between 1,000 and 1,200 lettings to new and transfer tenants each year, although this reduced in 2010-11. The number of lets to transfers has also reduced in recent years although increased as a proportion of overall lettings (Figure 46).
- 4.26 Looking forward, the long term trend appears to be moving to a reduction in turnover, and, consequently, any increase in the proportion of lettings to transfers may need to be monitored. A further issue concerns Benefit Reform and the implications this may have for turnover in coming years.

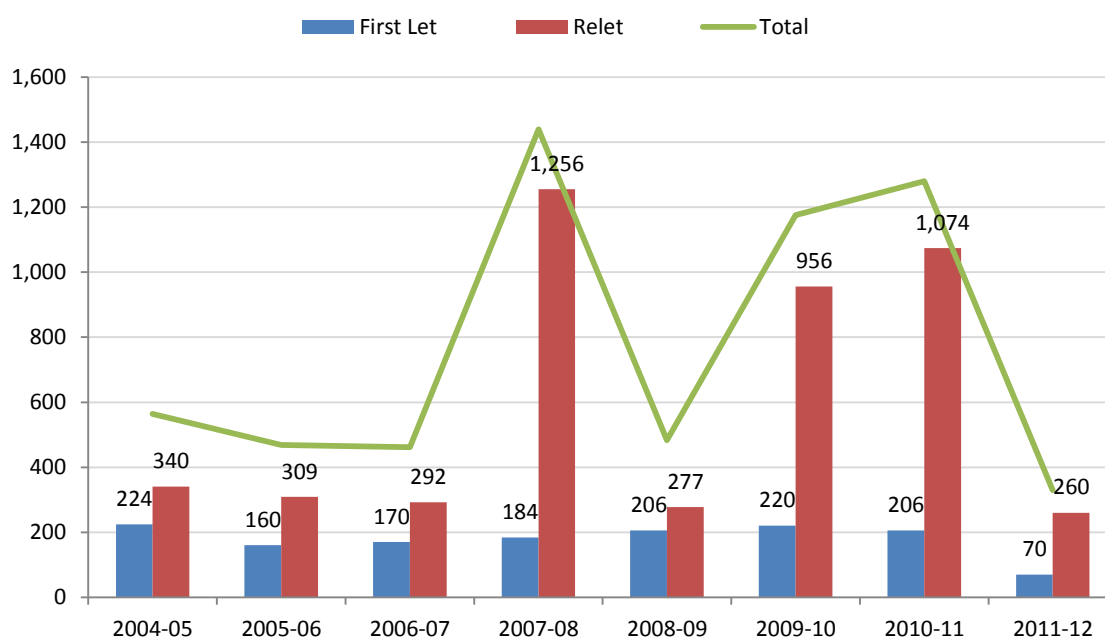
**Figure 46: Local Authority Relets for Milton Keynes (Source: Housing Strategy Statistical Appendix 2005-2011)**

<sup>4.27</sup> Conversely, the level of mutual exchanges has increased since 2005-06, although the trend in subsequent years has been relatively even (Figure 47).

**Figure 47: Local Authority Dwellings let through mutual exchange in Milton Keynes (Source: Housing Strategy Statistical Appendix 2005-2011)**

<sup>4.28</sup> Registered Provider lettings in Milton Keynes are shown in Figure 48. Turnover is relatively consistent although there are surges in 3 years (2007-8, 2009-10 and 2010-11).

**Figure 48: Registered Social Landlords Relets for Milton Keynes (Source: The Continuous Recording of Lettings and Sales in Social Housing in England 2005-2012)**



- 4.29 The turnover in supply of existing stock is c.250 for Registered Providers and c.700 for MKC in the period since 2005. At the same time, Right to Buy sales from the social housing stock, which had been falling throughout much of the last decade, may now be increasing following reform (see Chapter 5).
- 4.30 One initiative to secure additional turnover of under-occupied social housing stock has been the Council's downsizing scheme within its Housing Options service; in the year 2012/13, 40 moves were achieved with a budget of £20,000 in the scheme (Source: Milton Keynes Council). Essentially, the scheme is inter-generational; moves are primarily from 2/3 bedroom general needs houses to 1/2 bedroom older person bungalows. At an average £500 per move to release an under-occupied home, the scheme appears to offer value for money.
- 4.31 In Chapter 7, the supply of new affordable housing by Registered Providers appears to be lower in 2013/14 than in previous years, albeit this could be for cyclical reasons within the overall three year HCA programme; delivery following the Spending review settlement for housing in 2013 may constrain this delivery rate further.
- 4.32 At the same time, demand for affordable homes remains high and the affordable housing requirements identified in Chapter 6 are significant. One aspect of this demand is the response of the Private Rented Sector and the increase in supply of private rented homes and, further, via conversion of existing stock to HMO's (see later in this Chapter).

## Private Rented Sector

- 4.33 The growth of the Private Rented Sector (PRS) has become a key feature of England's housing stock and a significant driver in the local housing market. The development of the sector may have a special role to play in aiding labour mobility in support of the local economy
- 4.34 Nationally, there has been recognition that Private Rent offers a viable future tenure for many UK households, including those in housing need or on lower incomes. Around 25% of low to middle income families are currently unable to access home ownership, and many households in housing need are unable to access Affordable Rent/Social Rent homes. This group of 'households in the middle' represent a significant market for an alternative housing offer.
- 4.35 The number of people renting homes in England from private landlords has almost doubled in 10 years, from 1.9 million in 2001 to 3.6 million in 2011, a rise of 88% (Census 2011). Indeed, the number of households living in the private rented sector has risen to the same level as those in social housing (English Housing Survey 2011/12).
- 4.36 PRS rents are still rising nationally in the current market even though it was hoped that benefit reform would depress rises. However, the rate of increase has slowed. The LSL Property Services Buy to Let index showed rents increased 0.9% 2013/14, the lowest rise rate since 2010.
- 4.37 Migration is a key driver of the PRS market. The population of England and Wales increased 7% between 2001 and 2011, with 55% of this increase being due to migration (Census 2011).
- 4.38 The sector is still relatively immature in that most landlords have small portfolios. Only 1% of PRS landlords own more than 10 properties. There has yet to be any significant entry into the sector by institutional investors or organisations assembling large portfolios, similar to that seen in other EU states.
- 4.39 Further, the PRS has not contributed to new housing supply, being reliant for growth on the tenure conversion of existing owner occupied stock. There is, however, considerable current interest in attracting institutional investment to boost new build PRS supply.
- 4.40 The number of buy to let landlords entering the UK market fell away sharply in 2008 and 2009 when compared with earlier years, as shown in Figure 49. There is considerable current interest by Government in stimulating growth in the sector and this is discussed in Chapter 9.
- 4.41 The Buy to Let Sector has started to show signs of recovery albeit from a low base:
- 'Lenders advanced 40,000 mortgages, worth £5.1 billion, to buy-to-let investors in the second quarter of 2013, according to data published today by the CML. Both the number of buy-to-let loans, and the value of lending, were the highest since the third quarter of 2008.'*  
(Council for Mortgage Lenders: August 2013)

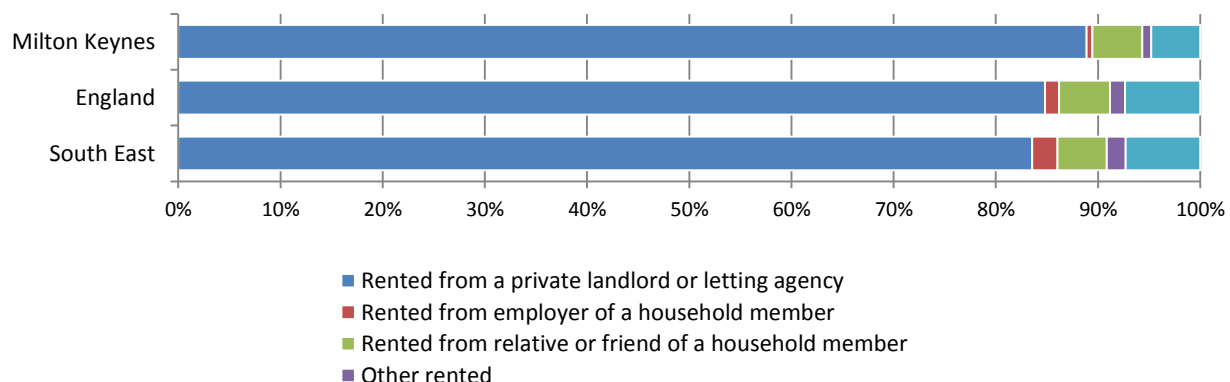


**Figure 49: Buy to Let Mortgages 2006-2011 (Source: Council of Mortgage Lenders)**

- 4.42 Housing stakeholders, generally, are relatively well disposed towards the sector, seeing a possible way of meeting housing need and delivering new supply. However, there is some caution around the quality of existing management (in terms of length of tenure, security of tenure and rent levels) as well as some quality issues with existing stock. Further, for any new supply, there are issues around keeping PRS stock available for rent and concerns that any public investment in PRS may deflect much needed investment away from Affordable Housing supply.

## Private Rent in Milton Keynes

- 4.43 The private rented sector forms an increasingly important part of the overall housing offer in Milton Keynes (18.3% of households live in the sector). The relative share of the Milton Keynes housing market which is privately rented grew by 8.9% between 2001 and 2011, a significant rise, mostly from the conversion of existing tenures. This rapid growth, therefore, poses a considerable strategic issue for the area for which a considered response is required.
- 4.44 Figure 50 illustrates the different Census categories for broad “private rent” classification. Private rent includes not only homes rented from private landlords and letting agents, but also tied housing where employees are provided with accommodation linked to their jobs and other variants.
- 4.45 Around 88% of households who rent privately do so from a landlord or agency and this is higher than the South East or England. Further, some c.5% of private renters live rent free, with a further 5% who rent from friends or family.

**Figure 50: Categories of Private Rented Housing by Area (Source: UK Census of Population 2011)**

## Policy Developments

<sup>4.46</sup> Policy for the PRS has, arguably, been slow to respond to the fundamental change in tenure that has occurred nationally, especially in London and the greater South East. Two key Government initiated reviews have focussed on issues within the sector:

- » The Private Rented Sector: Its Contribution and Potential (Rugg and Rhodes, 2008) considered how the sector was changing and growing. Key themes from the research highlighted the impact of buy-to-let, the challenge of institutional investment, the professionalism and quality of property management, and the potential of the sector to meet housing need.
- » Review of the barriers to institutional investment in private rented homes (David Montague, August 2012) considered the sector further, especially how new investment might be attracted to boost supply.

## Benefit Reform

<sup>4.47</sup> As highlighted elsewhere in this SHMA, there are several implications for the PRS from benefit reform that need to be considered:

- » Possible reduction in PRS supply: Landlords may remove properties from the Housing Benefit supported 'pool';
- » Redistribution of PRS tenants from other areas: there may be a move by HB households out of other areas and into HMO properties in MKC;
- » Increased demand on local authority housing advice: pressure on Local Authorities from increases in homeless presentations and from 'households in the middle'.

<sup>4.48</sup> The response of PRS landlords is as yet unknown although stakeholders indicate that they are keenly aware of the reforms and some landlords are already responding by serving notice on Housing Benefit households.

## Existing Housing Supply and the PRS

<sup>4.49</sup> A key change that has occurred in local markets is the conversion rate of existing privately owned stock to private rent and, further, the rate of conversion of PRS to Houses in Multiple Occupation (HMO).

<sup>4.50</sup> The experience in London may provide an indication of how the PRS may develop further, especially in higher value and/or high demand areas. In some London authorities, the conversion rate to PRS has been swift, half of all households in London now rent.

<sup>4.51</sup> At the same time, PRS occupation levels have increased; essentially, households form at a faster rate than new supply so existing stock has to accommodate them. Hometrack analysis (December 2012) found 50% of London's PRS homes were fully occupied and commented *'The luxury of a spare room is a thing of the past for many London tenants'*.

## Strategy Responses – Existing Stock

<sup>4.52</sup> Housing strategists have primarily responded to the PRS change in existing stock by seeking to improve management and property standards via licensing or self-regulation schemes,

- » Self-regulation by landlords to an agreed standard: for example, London (GLA) is aiming to improve conditions via self-regulation in a London Rental Standard.
- » Licensing and accreditation schemes: other authorities are introducing formal licensing schemes (e.g. Liverpool).

4.53 In addition, authorities are improving their monitoring of HMO conversion rates. The introduction of Green Deal/ECO in January 2013 has seen a shift to improving PRS homes, via programmes to tackle fuel poverty and improve energy efficiency for eligible PRS households.

### New PRS Supply

- 4.54 Previous Governments have wrestled with the challenge of encouraging institutions to invest in new PRS development on a large scale, seeing this as a very attractive solution to the UK's housing requirements.
- 4.55 Previous initiatives have met with little success, the HCA launched a private rented sector initiative in 2009 but it met with limited interest and it has since been dropped.
- 4.56 More recently, commentators have indicated that institutional investors are more inclined to developing Private Rented Schemes (especially in London) but there are perceived barriers around tax, viability, scale and yield.
- 4.57 Currently, the options to increase supply are varied, and range from policy type responses (arising from the Montague Review) or via market or Registered Providers' (RP) responses to opportunity. These are highlighted below.

### Government

- 4.58 Following the Montague Review recommendations, the Government is currently establishing a private rented sector task force to encourage and support build-to-let investment from the private sector, and to develop voluntary standards that future landlords would meet and tenants could expect. In addition, bids for the HCA Build to Rent Fund (a £200m fund in response to Montague, subsequently expanded to £1bn in the 2013 Budget) sought Expressions of Interest by February 2013.
- 4.59 However, an increase in PRS new build delivery will likely mean increased HB cost to the Treasury, should new homes target lower income households who may qualify for Housing Benefit. This may yet act as a brake on policy towards future supply which targets HB eligible households.

### Councils

- 4.60 Several options have been identified whereby Councils could enable new PRS supply to come forward and some Councils are considering this; for example, Manchester City Council is considering a scheme to use pension fund money to build 240 new private rented homes.
- 4.61 Other options for Councils include:
- » **More planning flexibility:** one option is for local authorities to make greater use of their flexibilities in the planning system to encourage new private rented supply, including allowing reduced delivery of affordable homes through planning obligations or conversion of commercial/retail units. Not all authorities will find this an attractive option, however, given current historic lows in housing supply this may prove tempting in some areas to deliver 'some' homes rather than 'none'.

- » **Land investment:** A further option is for government and local authorities to "invest" land they own with private developers or RPs to improve viability. These agencies often find they can raise money to build homes but cannot afford to buy land as well. However, whether public sector land could be released quickly enough is a risk, given the restrictions public bodies face when selling assets.
- » **Financial support:** Councils could offer loan guarantees (similar to the 'Get Britain Building' fund) to support larger scale new-build private rented developments. However, again there may be barriers to this (such as borrowing limitations).

## Registered Providers

<sup>4.62</sup> RPs are potential key players in the delivery of new PRS supply and have taken a more interest in the sector:

- » **RPs delivering new PRS homes:** A Resolution Foundation report (Making Institutional Investment in the Private Rent Sector Work, 2012) recognised that new build-to-let developments could be funded by institutional investors, such as pension and life funds. However, the long development phase, which can often last more than two years, would act as a disincentive for institutions. Consequently it foresees a role for RPs to build new PRS units which would then be sold on to an investment fund, enabling social housing providers to build further new homes and, possibly, retain management of the PRS stock. Sale and leaseback arrangements are also possible although this may attract regulatory concern.
- » **RPs acquiring new PRS portfolios from existing stock:** Several larger RPs are currently considering building up a PRS portfolio from existing private stock. London & Quadrant is looking at spending £250 million on a 1,000-home private rented sector portfolio, with institutional investor backing. Hyde Group is looking at a Real Estate Investment Trust (REIT) to deliver off-balance sheet private rented housing. The Home Group bought a private rented sector property management business for £15.9 million in November 2012 (Home has had a PRS subsidiary since 1999). Thames Valley Housing is also set to expand its activity in the sector. Places for People recently acquired a portfolio of 925 private rented homes and seems set to expand this further. Arguably, these initiatives are focused on relatively high value and/or high yield areas; there may be viability issues in MKC.

## Local Enterprise Partnerships (LEPs)

<sup>4.63</sup> The Autumn Statement 2012 increased the proportion of spending which is awarded through a single funding pot to LEPs from April 2015. The pot can be used for housing. Any funding will reflect the quality of strategic proposals put forward by LEPs, and is likely to include funding for local transport, schemes to get people back into work, skills and any additional local growth funding, as well as housing. There are questions, however, regarding whether the pot will include any ring-fencing for housing and whether there will be flexibility to move funds to areas of housing need.

<sup>4.64</sup> Potentially, LEPs could enable new PRS housing delivery and some attempts have been made in this regard to increase supply. For example, the Sheffield City Region LEP is currently considering how to bring in up to £100 million of institutional investment to boost their PRS.

## Other Barriers

<sup>4.65</sup> While new build PRS may be attractive in some areas, there are barriers that have historically restricted supply and these still offer a challenge to new schemes:

- » **Tax:** for investment institutions, commercial property enjoys tax advantages over residential in terms of stamp duty, capital gains and VAT. If new PRS is to come forward, it seems likely that this imbalance will need to be remedied by Government.

The Labour Party has indicated that it may offer private landlords tax incentives in order to persuade them to provide longer-term tenancies and predictable rents to families (Private rented housing: providing stability and affordability for renters and families - December 2012).

- » **Guarantees that new build PRS will remain in the sector:** Montague identified that any reduced obligations must be backed by guarantees that homes will be available for private rent in the longer term rather than being sold. For example, one proposal is that Authorities could use s106 agreements to treat 'market rent' dwellings as Affordable Housing through a covenant that all units on a development will be rented for a minimum period of 10 years from first occupation



## **Chapter 4 Summary**

### **Dwelling type**

MKC has a relatively similar dwelling type profile to the South East region and England, albeit with more detached and terraced houses and fewer flats and bungalows. Rural areas of MKC have noticeably more detached homes and more bungalows than urban MKC.

- » Dwelling characteristics
- » MKC properties vary as to the number of bedrooms but 3 bedrooms predominate. 98% of homes have a garage or private driveway, with only 2% reliant on on-street parking.
- » The majority of MKC stock was built after 1960, echoing the new town status of the borough. However, c.6% is pre 20<sup>th</sup> century and 29% of homes have been developed since 1993.

MKC has lower relative proportions of communal housing (such as Nursing or Care homes) than the South East or England.

### **Houses in Multiple Occupation**

The conversion of existing stock into HMOs between 2001 and 2011 has been significant as the market has responded to demand by increasing supply.

Future housing requirements show considerable requirements for 1 bedroom properties in both market and affordable sectors to meet projected demand. This demand may increase further as Benefit reform is rolled out. One way of meeting requirements might be by developing a high quality, new build product in a variety of alternative models to meet 1 bedroom demand: studio flats, cluster flats, bedsits etc. either as market or Intermediate rent. Such new supply may slow the HMO conversion rate.

### **Tenure**

The dominant form of housing tenure continues to be owner occupation, although the sector has declined 6.6% since 2001.

In the same period, the private rented sector has grown significantly to 18.2%, at a higher rate than both the South East and England. The sector may have a key future role to play in aiding labour mobility in support of the local economy.

House prices have effectively doubled since 2001, and the market, despite a decline in values in 2007-09, has seen an upward trend since 2009.

The number of properties below £150,000 has declined considerably since 2001, especially in non-urban parts of Milton Keynes. First time buyers have many fewer potential purchases as a result. Rural areas of MKC have even fewer properties below £150,000 to buy.

### **Social and Affordable Housing**

The interaction of relative supply and demand for affordable homes indicates continuing pressure on other sectors to meet demand, which seems likely to increase demand for private rented homes and from within HMO's.

### **Private Rented Sector**

The PRS sector in MKC has grown in the past decade and can be expected to grow further. The conversion rate of housing stock to HMOs increased between 2001 and 2011 and this trend seems likely to continue as a response to Benefit reform. In responding to the challenge this fundamental change is making, MKC has various options to consider by way of response:

Existing provision

- » *Monitor the impact of Benefit reform*
- » *Consider the role of RPs in developing the PRS locally*
- » *Consider the overall approach to licensing or self-regulation schemes for landlords*
- » *Maximise opportunities to improve property condition via the Green Deal and ECO schemes*

*New provision*

- » *Take a view whether to engage actively in seeking new PRS supply and, if so, the most effective routes to do so including accessing new funding programmes*

## 5. Current Housing Market

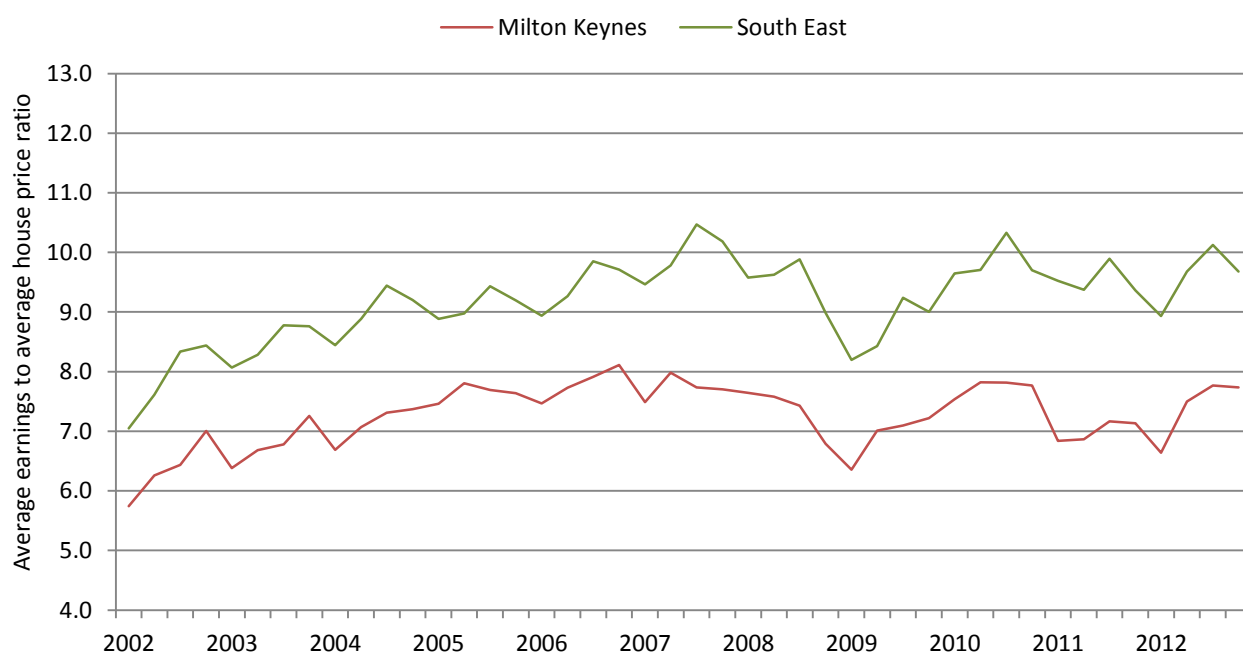
### The relationship between households and housing

- 5.1 This chapter considers key aspects of the current housing market and how this currently operates, especially in terms of the relationships between households and housing. It explores affordability, housing need, housing delivery, sale transactions and the impact of migrant workers.

#### Housing Affordability

- 5.2 Figure 51 shows the ratio of median full time earnings to average house prices in MKC between 2003 and 2012 (April 2011 - Average house price: £194,349; Median earnings £28,299; Ratio 6.86). The figure shows affordability has worsened in that period, despite some improvement 2008-09. However, housing in Milton Keynes is relatively more affordable than in the South East and that the situation has improved between 2002 and 2012. Interestingly, the ratio in 2012 is almost back to the peak of the market in 2007. Affordability is further complicated by lower national housing delivery levels, lower availability of mortgage finance for first time buyers and reduced numbers of sales transactions. Nevertheless, as the graph shows, affordability in Milton Keynes is better than in the South East of England.

**Figure 51: Median Full-time Earnings to Average House Price Ratio for Properties Sold by LA (Source: ASHE and HM Land Registry)**

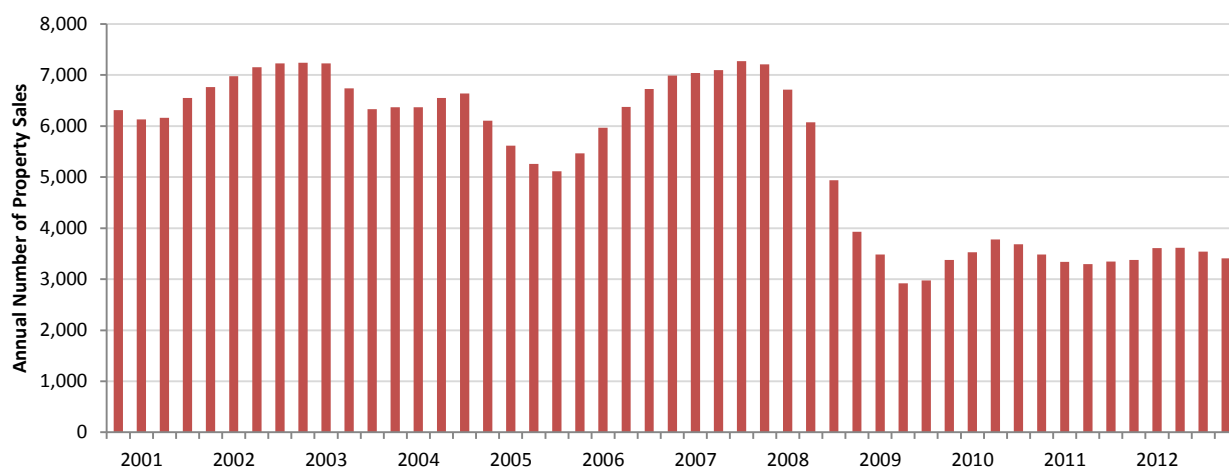


#### Turnover of Private Housing for Sale

- 5.3 The impact of the post 2007/08 housing market downturn can be seen by considering market transactions since the 2007 peak (Figure 52). The level of transactions beyond 2008/09 was lower than in previous years.

- 5.4 It is also the case that at least some of the properties at the very lowest prices would not be fit for habitation in their current state and would require significant investment to bring them up to an appropriate standard.

**Figure 52: Volume of Properties Sold Across MKC: Q4 2000-Q4 2012 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)**



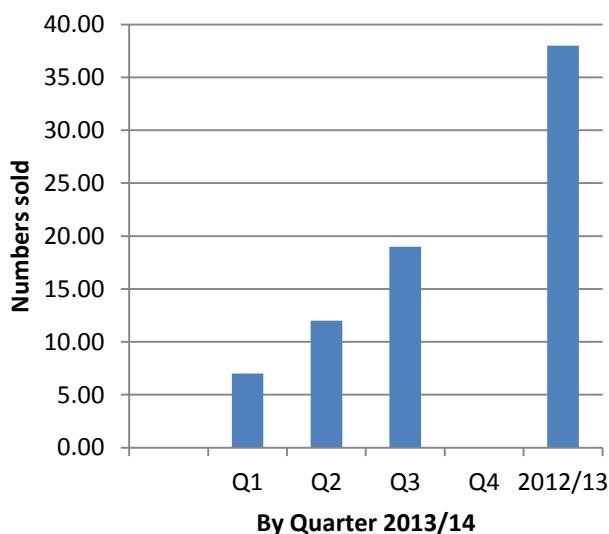
## Right to Buy

- 5.5 "Right to Buy" is a scheme under which longstanding local authority tenants are entitled to purchase their homes at a heavily discounted price.
- 5.6 Right to Buy in MKC has declined from peak levels in earlier years as values and discount arrangements became less attractive for potential purchasers.
- 5.7 The scheme was re-launched in April 2012 with increased maximum discount levels (maximum of £75,000 or 60% of the house value/70% for a flat depending on which is lower). The discounts are higher than previously available (e.g. £16,000 in London, up to £38,000 in parts of the south east). The re-launch aimed to achieve 100,000 sales.
- 5.8 In addition, the Budget 2013 has reduced the qualifying period for Right to Buy from 5 to 3 years to incentivise applications further.
- 5.9 The aim of the re-launched scheme is that, for every additional home sold, a new Affordable Rent home will be built. Receipts from sales will be used to fund new affordable homes on a 'one for one' basis, and the Government expects to deliver up to 100,000 new homes and support 200,000 jobs.
- 5.10 Levels of interest in Right to Buy in MKC since the re-launch have increased: 27 homes were sold up to Q3 in 2012/13. However, an Inside Housing survey (Sept 2012) revealed that, despite a surge in expressions of interest in purchasing by tenants following the re-launch, few had proceeded to completion (4%).
- 5.11 Overall, it is possible that the Right to Buy re-launch may increase sales further which could impact on the overall net supply of Affordable Housing for rent in MKC, although it is still too early to demonstrate this.

Figure 53: Right to Buy 1998-2013 (Source: CLG)



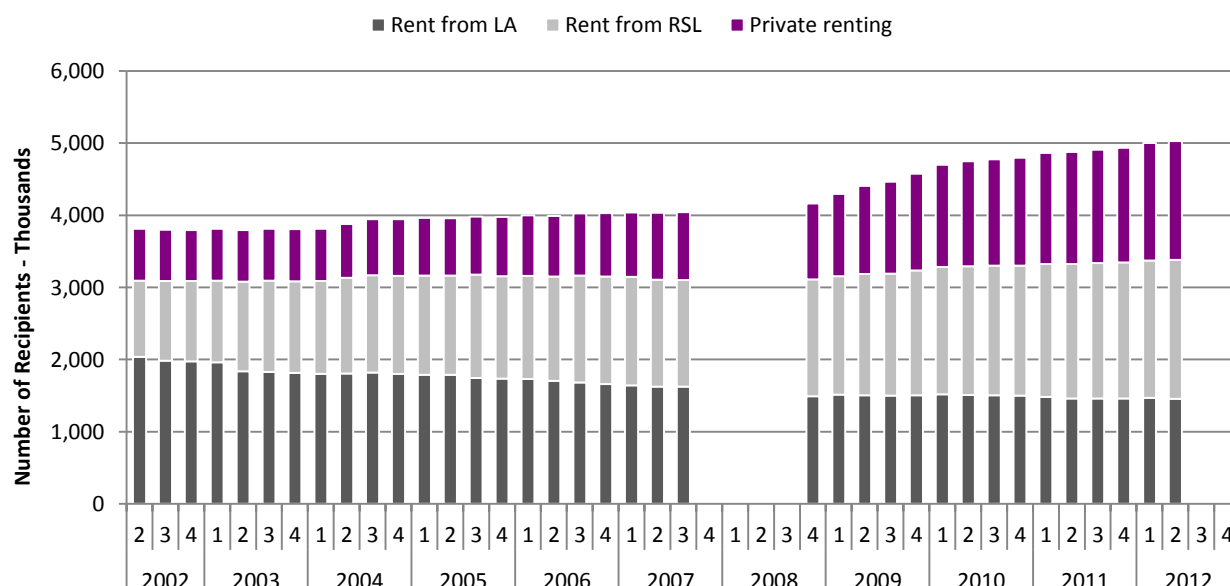
Figure 54: Right to Buy 2013-14 (Source: CLG)



## Meeting Housing Need in the Private Rented Sector: Housing Benefit

- 5.12 Many households in both the social and private rented sectors are able to claim support with rent costs in the form of Housing Benefit. The Department of Work and Pensions (DWP) publishes quarterly statistics for Housing Benefit recipients. Figure 55 shows the longer term trends in the number of Housing Benefit recipients in England, especially in the private rented sector.

Figure 55: Trends in the number of Housing Benefit claimants in England (Source: DWP)

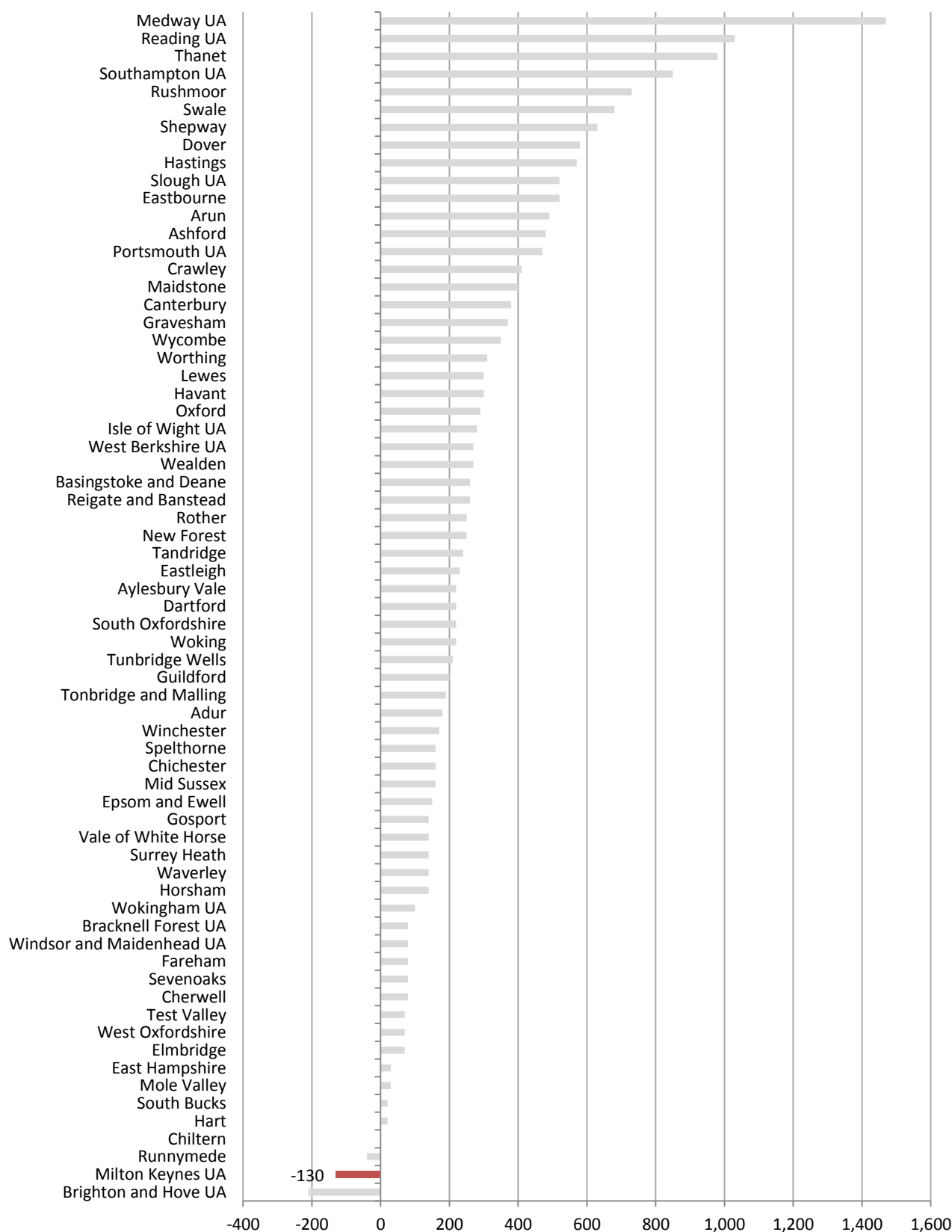


- 5.13 The number of Private Rented Sector Housing Benefit claimants in MKC increased from 6,550 in October 2009 to 7,240 in June 2011 but fell back slightly to 7,090 in May 2012. This could reflect strong demand for private rented housing from households not dependent on Housing Benefit, and possibly limited capacity for further growth in private rented stock in MKC, rather than suggesting lower levels of need.



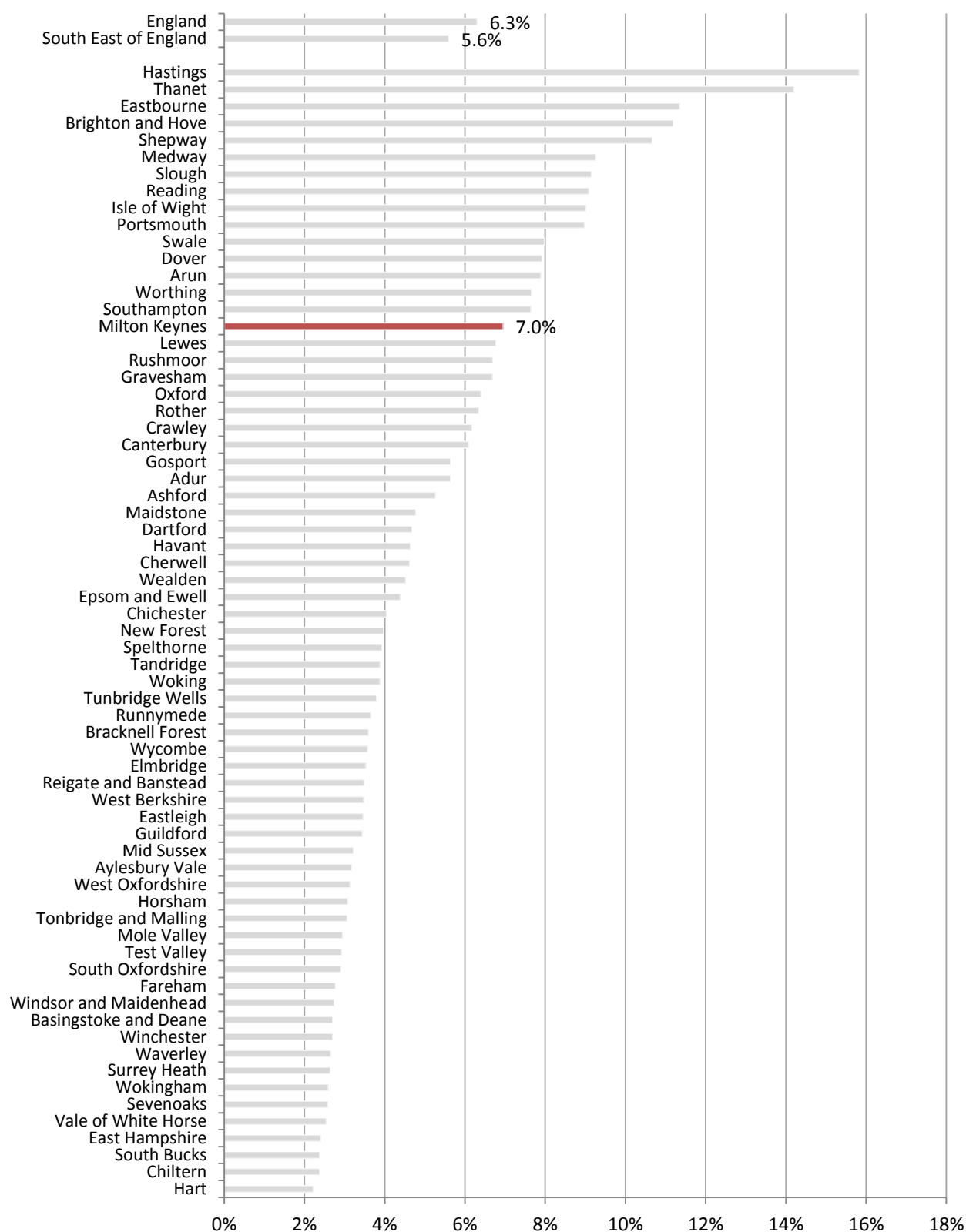
<sup>5.14</sup> Figure 56 sets this change in Housing Benefit claimant numbers in the private rented sector between 2010 and 2012 in the context of all local authorities across South East England.

**Figure 56: Growth in Housing Benefit Claimants in the Private Rented Sector April 2010-May 2012 for Local Authorities in the South East of England (Source: DWP)**



5.15 Figure 57 shows those households in MKC which claim Housing Benefit while living in the private rented sector as a share of all dwellings (7.0%).

**Figure 57: Housing Benefit in Private Rented Sector as a Share of Total Dwellings (Source: CLG Live Table 100 March 2011; DWP March 2012)**

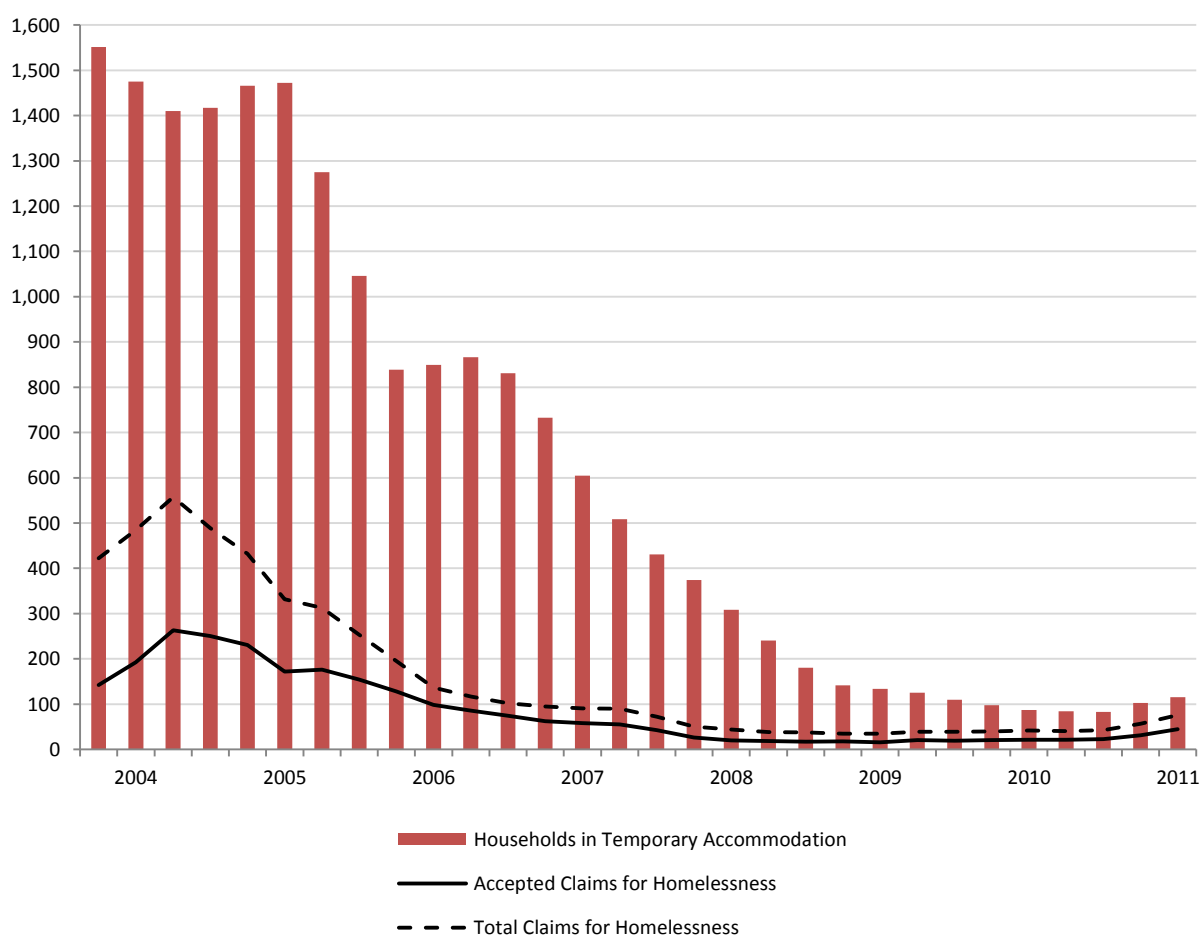


- 5.16 This shows MKC in the upper half of South East authorities and highlights the importance of Housing Benefit to support private renters.
- 5.17 While many households choose to live in private rented accommodation with Housing Benefit support, other households may prefer an affordable tenancy, but are unable to access one due to unavailability of existing or new Affordable Rent/Social Rent stock. To reduce the number of households claiming Housing Benefit in the private rented sector, more Affordable Housing would need to be provided.

## Acute Housing Need: Homelessness

- 5.18 A key duty of local authorities is to provide a service to households who become homeless or are at risk of becoming homeless where they are satisfied that the applicant has a priority need. Figure 58 shows the trends in total and accepted number of claims for homelessness and the number of households in temporary accommodation for MKC. Although the long term trend is downwards, more recently homeless claims and acceptances have begun to rise.

**Figure 58: Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q1 2011**  
(Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)



## Migration Trends

- 5.19 Figure 59 shows a net migration gain every year in Milton Keynes from 2006-2010, with the highest gains experienced in 2006 (2,500 persons) and 2010 (1,900 persons). Although migration in 2009 was lower, the pattern from 2006-2010 is relatively consistent at c.2,000 persons per year.
- 5.20 Overall, migration meant an annual average net gain of 2,000 people for MKC, with migration within the UK accounting for a net gain of +4,600 people 2006-2010 and international migration a net gain of +5,300 people for the same period. Nevertheless, it is interesting to note that net international migration reduced over the 5-year period (from +3,200 in 2006-07 to +2,200 in 2008-10) whereas net UK migration increased correspondingly (from +800 in 2006-07 to +3,800 in 2008-10).

**Figure 59: In-migration, Out-migration and Net Migration 2006-2010 by MKC (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)**

	2006	2007	2008	2009	2010	5 Year Total	Annual Average
<b>IN-MIGRATION</b>							
UK	10,600	10,600	10,300	10,200	10,700	<b>52,400</b>	<i>10,500</i>
International	3,100	3,500	2,800	2,100	2,000	<b>13,500</b>	<i>2,700</i>
<b>TOTAL</b>	<b>13,700</b>	<b>14,100</b>	<b>13,100</b>	<b>12,300</b>	<b>12,700</b>	<b>65,900</b>	<b>13,200</b>
<b>OUT-MIGRATIONS</b>							
UK	10,200	10,200	9,300	9,000	9,100	<b>47,800</b>	<i>9,600</i>
International	1,500	1,900	1,900	1,800	1,100	<b>8,200</b>	<i>1,600</i>
<b>TOTAL</b>	<b>11,700</b>	<b>12,100</b>	<b>11,200</b>	<b>10,800</b>	<b>10,200</b>	<b>56,000</b>	<b>11,200</b>
<b>NET MIGRATION</b>							
UK	+400	+400	+1,000	+1,200	+1,600	<b>+4,600</b>	<i>+900</i>
International	+1,600	+1,600	+900	+300	+900	<b>+5,300</b>	<i>+1,100</i>
<b>TOTAL</b>	<b>+2,000</b>	<b>+2,000</b>	<b>+1,900</b>	<b>+1,500</b>	<b>+2,500</b>	<b>+9,900</b>	<b>+2,000</b>

## Impact of Migration on the Housing Market

- 5.21 As can be seen above, data regarding migration has to be assembled from various sources:
- “There is no national, regularly updated, specific source of statistics about recent migrants in the UK that tells us about their patterns of housing tenure. Instead, the published data that tracks housing trends simply provides indications, for example, of migrants’ limited access to new lettings in the social sector, that suggest the vast majority of migrants use the PRS, at least for the initial years that they are in the UK. (UK Migrants and the Private Rented Sector; Joseph Rowntree Foundation (JRF) 2012).”*
- 5.22 However, what is known (e.g. from research by JRF, Housing Migration Network and Labour Force Survey) is that:
- » New migrants often enter the UK housing market in the least desirable housing, frequently in disadvantaged areas or where demand for housing is lowest;
  - » Most recent migrants live in the private rented sector, including Houses in Multiple Occupation, frequently in poorer quality properties;
  - » Increased migration to the UK also coincides with a shortage of, and high demand for, Affordable Housing;



- » Poor housing, competition for housing and high levels of population 'churn' have a detrimental impact on relationships at local level between different groups, particularly in areas not used to such change.

- 5.23 Overall, in terms of migration, MKC has seen consistent levels of migration 2006-2010 and net in-migration gain.
- 5.24 Figure 24 also shows that between 2002 and 2011 the vast majority of all new National Insurance registrations were issued to Eastern Europeans (primarily from Poland), which indicates that international migration may be largely employment driven.
- 5.25 The data also indicates that many in-migrants are aged 25-44. The net gain of pre-school children also indicates that many of these younger in-migrant households have young children.
- 5.26 The MKC in-migration relationship is primarily with London and the South East and East Regions, with out-migration being with the East Midlands.
- 5.27 In the light of the above, MKC should continue to keep under review the migration relationships it enjoys. Further, given the levels of international migration, MKC may wish to monitor the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified.

## UK Migration to and from Milton Keynes

- 5.28 Using NHS data, we can profile some details about the characteristics of migrant persons. Overall Figure 60 shows the key age cohort for net in-migrants gain were 0-15, 25-44 and 65+. The key cohorts for net out-migrants were aged 16-24 years and 45-64. Most UK migrant gains were from London and the East of England, with net out-migration mainly to the East Midlands.

**Figure 60: UK Average Annual Net Migration 2005-2010 by Age Group and Region (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)**

	In-migration	Out-migration	Net Migration
<b>BY AGE</b>			
0-15 years	2,000	1,600	+300
16-24 years	2,100	2,400	-300
25-44 years	4,600	3,800	+800
45-64 years	1,300	1,400	-100
65+ years	600	400	+200
<b>BY REGION</b>			
North East	200	200	0
North West	500	500	0
Yorkshire and Humberside	500	400	+100
East Midlands	1,600	2,100	-500
West Midlands	600	600	0
Eastern	2,600	1,900	+700
London	2,000	1,200	+700
South East	1,700	1,600	+100
South West	500	600	-100
Wales	200	200	0
<b>TOTAL</b>	<b>10,500</b>	<b>9,600</b>	<b>+900</b>

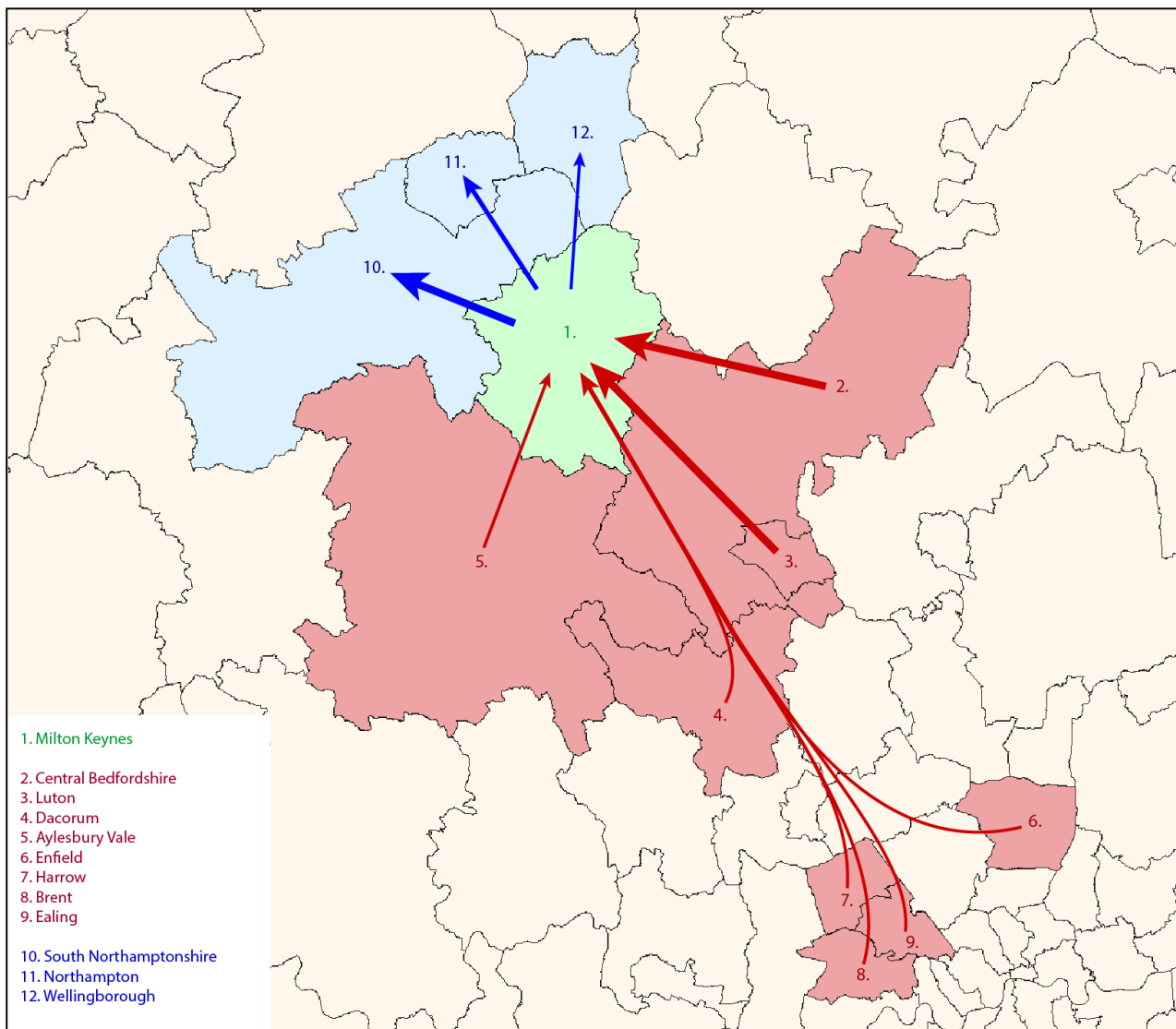
## Migration Flows

5.29 Figure 61 identifies the migratory relationship within London, South East and East regions local authorities in terms of the net migration to and from MKC. Net in-migration is from East region authorities (plus Brent) with net out-migration being towards the East Midlands.

**Figure 61: Top 5 Local Authorities with the Highest Net Migration to and from MKC over the period 2005-2010 (Source: ONS Migration Statistics Unit)**

In-migrants moving TO MKC		Out-migrants moving FROM MKC	
Central Bedfordshire UA	+1,440	South Northamptonshire	-1,070
Luton UA	+1,250	Northampton	-480
Dacorum	+400	Wellingborough	-390
Brent	+340	Corby	-130
Aylesbury Vale	+300	East Northamptonshire	-130

Figure 62: Relative Strength of Net Migration Flow 2005-2010 (Source: ONS Migration Statistics Unit)



5.30 Figure 62 illustrates the statistics in Figure 61; that is, the relative strength of net migration flow between MKC and adjacent authorities.

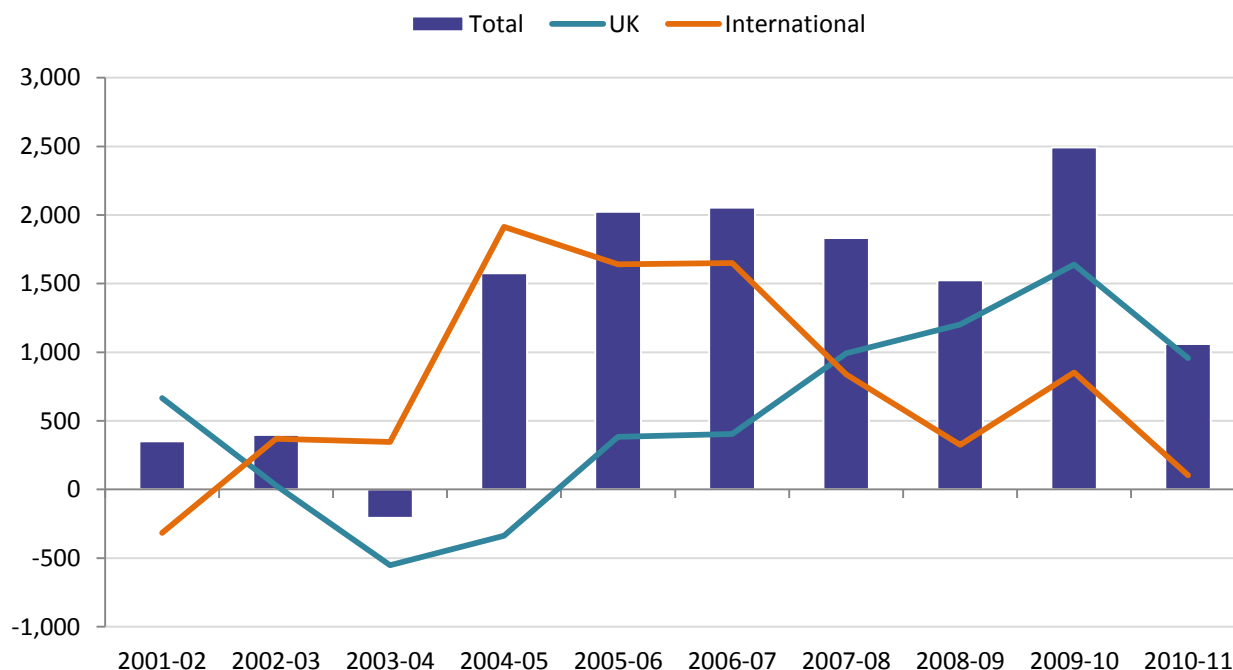
5.31 The thickness of the line indicates the 'strength' of net flow while red arrows indicate where net migration is *into* MKC, and the blue arrows indicate net migration *out of* MKC. There is a particular in-migration connection with East Region authorities and out-migration connection with East Midlands authorities.

### Using migration trends to develop future migration projections

5.32 This section outlines the scenarios which can be used to develop different assumptions around migration trends to MKC. The migration data is based upon published ONS estimates for the period 2001-2011.

5.33 Over the 10 year period, average annual migration showed a net gain of 1,310 persons; however annual rates have ranged from a net loss of 210 persons in 2003-04 to a net gain of 2,490 persons in 2009-10. Figure 63 illustrates the overall levels of net migration over the 10-year period. It also shows the net impact of moves within the UK and international moves.

**Figure 63: Migration Trends 2001-02 to 2010-11: UK and International Net Migration (Source: ONS Mid-Year Estimates Components of Change)**



- <sup>5.34</sup> It is evident that international migration trends peaked during the period 2004-07, averaging a net gain of over 1,700 persons annually during this period. This is likely to have been driven by the A10 Accession States joining the European Union. Since that period, international migration has averaged around 500 persons annually.
- <sup>5.35</sup> In contrast, UK migration climbed steadily year-on-year over the period 2003-04 to 2009-10, from a net annual loss of over 500 persons to a net annual gain of over 1,600 persons. Nevertheless, this trend did not continue in 2010-11, as UK migration reduced to a gain of just under 1,000 persons. Without any further data, it is unclear if this change is the start of a sustained downward trend (as experienced immediately before 2003-04), so any projections would need to be kept under review.
- <sup>5.36</sup> The migration data has then been combined to form a series of rolling averages to help identify high and low periods of migration and also to eliminate year-on-year variability. The annual net UK migration to MKC and the consequent year on year rolling averages are shown in Figure 64, with net international migration to MKC shown in Figure 65. Overall migration trends are shown in Figure 66.

Figure 64: UK Migration Trends 2001-02 to 2010-11 (Source: ONS Mid-Year Estimates Components of Change)

Year	Annual Net Total	Annual average over								
		2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs
2001-02	670									
2002-03	30	350								
2003-04	-550	-260	50							
2004-05	-340	-450	-290	-50						
2005-06	380	20	-170	-120	40					
2006-07	400	390	150	-30	-10	100				
2007-08	990	700	590	360	180	150	230			
2008-09	1,200	1,100	870	750	530	350	300	350		
2009-10	1,640	1,420	1,280	1,060	920	710	530	470	490	
2010-11	960	1,300	1,270	1,200	1,040	930	750	590	520	540
Average	540	510	470	450	450	450	450	470	510	540
Minimum	-550	-450	-290	-120	-10	100	230	350	490	540
Maximum	1,640	1,420	1,280	1,200	1,040	930	750	590	520	540
Range	2,190	1,870	1,560	1,320	1,050	830	520	240	30	0

Figure 65: International Migration Trends 2001-02 to 2010-11 (Source: ONS Mid-Year Estimates Components of Change).

Note: Highlighted cells show figures influenced by the peak following the A10 accession)

Year	Annual Net Total	Annual average over								
		2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs
2001-02	-320									
2002-03	370	30								
2003-04	350	360	130							
2004-05	1,910	1,130	880	580						
2005-06	1,640	1,780	1,300	1,070	790					
2006-07	1,650	1,640	1,730	1,390	1,180	930				
2007-08	840	1,240	1,380	1,510	1,280	1,130	920			
2008-09	320	580	940	1,110	1,270	1,120	1,010	850		
2009-10	850	590	670	920	1,060	1,200	1,080	990	850	
2010-11	100	480	430	530	750	900	1,050	960	890	770
Average	770	870	930	1,010	1,060	1,060	1,010	930	870	770
Minimum	-320	30	130	530	750	900	920	850	850	770
Maximum	1,910	1,780	1,730	1,510	1,280	1,200	1,080	990	890	770
Range	2,230	1,750	1,600	980	520	300	160	150	50	0

**Figure 66: Overall Migration Trends 2001-02 to 2010-11 (Source: ONS Mid-Year Estimates Components of Change)**

Year	Annual Net Total	Annual average over								
		2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs
2001-02	350									
2002-03	400	370								
2003-04	-210	100	180							
2004-05	1,580	680	590	530						
2005-06	2,020	1,800	1,130	950	830					
2006-07	2,050	2,040	1,880	1,360	1,170	1,030				
2007-08	1,830	1,940	1,970	1,870	1,460	1,280	1,150			
2008-09	1,530	1,680	1,800	1,860	1,800	1,470	1,310	1,190		
2009-10	2,490	2,010	1,950	1,980	1,990	1,920	1,610	1,460	1,340	
2010-11	1,060	1,780	1,690	1,730	1,790	1,830	1,790	1,540	1,420	1,310
<b>Average</b>	<b>1,310</b>	<b>1,380</b>	<b>1,400</b>	<b>1,470</b>	<b>1,510</b>	<b>1,510</b>	<b>1,470</b>	<b>1,400</b>	<b>1,380</b>	<b>1,310</b>
Minimum	-210	100	180	530	830	1,030	1,150	1,190	1,340	1,310
Maximum	2,490	2,040	1,970	1,980	1,990	1,920	1,790	1,540	1,420	1,310
Range	2,700	1,940	1,790	1,450	1,160	880	650	350	80	0

- 5.37 It is evident that net migration to Milton Keynes is well established from elsewhere in the UK and internationally, and in planning for future housing it is important that migration is properly taken into account. Nevertheless, there is clearly no single “correct” migration assumption, given that the flows can change quite markedly from year to year.
- 5.38 Given the above context, in planning for the period to 2031 it would not be unreasonable to consider trends for the last 10 years, accepting that the future is also likely to include years of both higher and lower levels of migration. Simply adopting the 10-year average would suggest an annual gain of 540 persons from the UK and 770 persons from overseas, i.e. an overall net gain of 1,310 persons each year. Nevertheless, it seems unlikely that the international migration over the period 2004-07 will be repeated (given this was primarily driven by economic growth), and excluding these years from the average for international migration would reduce the net gain to 360 persons from overseas, yielding a total gain of 900 persons annually.
- 5.39 Of course, it would be possible to argue that future migration should simply be based on trends from the most recent years; population forecasts often consider migration data over the latest 5-year period. The average for the last 5-years (2006-11) shows a net gain of 1,790 persons each year, considerably higher than the 10-year trend. Annual averages over 5-year periods have ranged from a gain of 830 persons in 2001-06 up to a gain of 1,990 persons in 2005-10, although excluding the impact of international migration recorded in 2004-07 reduces the figures to a gain of 170 persons in 2001-06 up to a gain of 1,570 persons in 2006-11.
- 5.40 These figures are summarised in Figure 67 .



**Figure 67: Summary of Migration Trends by Persons (Source: ONS Mid-Year Estimates Components of Change)**

Period	Years	Average Annual Migration		
		UK	International	Total
Including A10 peak				
10-year average	2001-11	540	770	1,310
5-year average – most recent	2006-11	1,040	750	1,790
5-year average – lowest	2001-06	40	790	830
5-year average – highest	2005-10	920	1,060	1,990
Excluding A10 peak				
10-year average	2001-11	540	360	900
5-year average – most recent	2006-11	1,040	530	1,570
5-year average – lowest	2001-06	40	130	170
5-year average – highest	2006-11	1,040	530	1,570

<sup>5.41</sup> Even within this summary, the possible range for projecting future net migration is relatively large.

<sup>5.42</sup> Nevertheless, after excluding the “outliers”, we can establish that a “low” migration trend would yield a net gain of around 800-900 persons annually. Similarly, we can establish that a “high” migration trend would yield a net gain of around 1,600-1,800 persons each year, and therefore a “mid” migration trend would be a net gain of around 1,200-1,350 persons annually.

## **Chapter 5 Summary**

### **Affordability**

*Affordability has worsened in the last decade despite some improvement 2008-09. Interestingly, the affordability ratio in 2012 is now almost back to the peak of the market in 2007.*

### **Volume of Sales**

*The level of sales transactions in MKC beyond 2008/09 has been lower than in previous years.*

### **Right to Buy**

*The Right to Buy re-launch (2012) has had a modest impact so far and may increase sales further. This could impact on the overall net supply of Affordable Housing for rent in MKC, if RTB sales exceed new Affordable Housing delivery.*

### **Private Rented Sector and Housing Benefit**

*The take up of Housing Benefit in the MKC Private Rented Sector has seen a decline recently. However, this could reflect the lack of capacity in private rented stock available to house Housing Benefit claimants rather than suggesting there are lower levels of need.*

### **Homelessness**

*Although the long term trend in homelessness is downwards, more recently the number of homeless claims and acceptances has begun to rise.*

### **Migration**

*MKC has seen a net migration gain in every year from 2006-2010, with the highest gains experienced in 2006 (2,500 persons) and 2010 (1,900 persons). Although migration in 2009 was lower, the pattern from 2006-2010 is relatively consistent at an average of 2,000 persons per year. Most UK migrants who come to or leave the area do so from within the East region and from London, and MKC has a net gain over 2005-2010 from each of these two regions.*

*The possible range for projecting future net population gain is relatively large, with a “low” scenario yielding 800-900 persons, a “mid” scenario yielding 1,200-1,350 persons and a “high” scenario yielding 1,600-1,800 persons each year.*

*MKC should continue to keep migration under regular review, to monitor the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified.*

## 6. Projecting Housing Requirements

### Modelling the future need and demand for housing

- 6.1 Modelling future need and demand for housing requires a consideration of the future housing market from a high-level, strategic perspective. In this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered. Further, it needs to be produced in a way that is consistent, strategic and robust.

### Projecting the requirements of the local population

- 6.2 Milton Keynes Council has undertaken a range of household and population modelling using the PopGroup model. This model produces detailed estimates of the number of people and households and their associated characteristics (such as age, gender and household types) based on a range of assumptions. Different assumptions will produce different results, therefore it is important that the assumptions used are properly understood.
- 6.3 As a baseline position, MKC has analysed the requirements of the local population on the basis of a net nil migration scenario. This assumes that there will be migration to and from MKC, but the number of persons moving to the area will balance against the number of persons moving away, that is, migration does not change the number of people in the area, although it could impact on the local age structure. Changes to the number of people in different age cohorts will influence the number of births and deaths over the projection period.
- 6.4 Figure 68 shows a summary of the modelled projections using the net nil migration scenario.

**Figure 68: Summary of 20-year Projection 2011-31 – Net Nil Migration**

Components of Population Change	Net nil migration	
	20-year Total	Annual Average
Number of births	69,600	3,480
Number of deaths	33,700	1,690
<b>Natural change</b>	<b>+35,900</b>	<b>+1,790</b>
Net UK migration	0	0
Net international migration	0	0
<b>Net migration</b>	<b>0</b>	<b>0</b>
<b>Net population change</b>	<b>+35,900</b>	<b>+1,790</b>
Additional households	20,400	1,020

- 6.5 The scenario shows a projected increase from 243,800 to 279,700 persons over the 20-year period 2011-31 with the number of households increasing from 101,100 to 121,500 over the same period. This implies that average household sizes will reduce from 2.41 to 2.30 persons per household.

- 6.6 On this basis, it is possible to consider the increase in households as two components: (i) additional households associated with people living in smaller household units, and (ii) additional households associated with the larger population.
- » Assuming that the population had remained at its 2011 level of 243,800 persons, but that average household sizes had reduced from 2.41 to 2.30 persons per household, the number of households would have increased by 4,800;
  - » The increase of 35,900 additional people with an average of 2.30 persons per household accounts for the remaining 15,600 additional households.
- 6.7 Therefore, in Milton Keynes, changing household structure accounts for 24% of the natural growth in the number of households and net population increase accounts for the remaining 76% over the next 20 years.
- 6.8 Whilst this scenario provides an important baseline for comparison, we would note that in itself it is unlikely be compliant with the requirements of the National Planning Policy Framework (NPPF). The NPPF states that local planning authorities must:

*“identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraph 159, emphasis added)*

## Impact of migration

- 6.9 Milton Keynes Council has also produced detailed 20-year projections that assume a net gain of 29,200 migrant persons. This scenario yields an increase of 33,500 households (1,680 per annum), 13,100 households more than the net nil scenario (660 per annum). Therefore, it is reasonable to estimate that an additional household will be created by every 2.2 migrant persons on average.
- 6.10 As discussed in the previous chapter, net in-migration trends to Milton Keynes have fluctuated from year-to-year. However, the evidence would suggest a low-trend scenario based on 800-900 persons, a mid-trend scenario based on 1,200-1,350 persons and a high-trend scenario based on 1,600-1,800 persons each year.
- 6.11 Given this context, by taking the mid-point of each range we can establish that:
- » The low-trend migration scenario would contribute 7,700 additional households to the net nil scenario, yielding an overall increase of 28,100 households over 20 years (1,400 per annum);
  - » The mid-trend migration scenario would contribute 11,600 additional households to the net nil scenario, yielding an overall increase of 32,000 households over 20 years (1,600 per annum); and
  - » The high-trend migration scenario would contribute 15,500 additional households to the net nil scenario, yielding an overall increase of 35,900 households over 20 years (1,800 per annum).
- 6.12 Considering the range of migration scenarios, we can conclude that the total number of additional households in Milton Keynes over the period 2011-31 is likely to be around 32,000 (a rate of around 1,600 per annum). However, this could realistically range from 28,100 up to 35,900 households (between 1,400 and 1,800 each year) depending on the actual levels of migration experienced.

## Official Projections of Population and Household Growth

- <sup>6.13</sup> The most recent population and household projections produced for Milton Keynes are the Interim 2011-based Subnational Population Projections produced by the Office of National Statistics (ONS), which formed the basis of Department of Communities and Local Government (CLG) 2011-based household projections for the period to 2021.
- <sup>6.14</sup> The ONS projections show that for the period 2011-21 the population of Milton Keynes is projected to rise from 249,900 to 289,500 (up 39,600, a rate of 4,000 per annum). This is based on the likely number of births and deaths in the area (taking into account the age structure of the population and local fertility and mortality rates) and migration trends from the 5-year period 2006-11. This rate is notably higher than the 2010-based population projections, which showed that for the period 2011-2026 the population of Milton Keynes was projected to rise at a rate of 3,300 per annum (from 242,700 to 292,300), and also the 2008-based projections which showed an annual rate of 3,100 persons (from 242,800 to 288,800).
- <sup>6.15</sup> The 2011-based household projections show for the 10-year period 2011-21 that the number of households is projected to rise from 99,000 to 114,700, a growth of 1,570 households per year on average. Despite the higher rate of population growth projected by the 2011-based figures, the latest projected household growth is consistent with the previous 2008-based figures which identified a rate of 1,600 households each year (from 101,000 to 125,000 over the 15-year period 2011-26).

## Market Signals

- <sup>6.16</sup> Planning Practice Guidance (March 2014) identifies a range of housing market signals that should be considered when determining the future housing number. These signals include:
- » Land prices and house prices;
  - » Rents and affordability;
  - » Rate of development; and
  - » Overcrowding.

*Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. (Paragraph 020)*

**Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

- <sup>6.17</sup> Using data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation, we have identified that Milton Keynes shares similar demographic and economic characteristics with Northampton, Swindon and Peterborough, and have therefore adopted these areas as appropriate comparators.
- <sup>6.18</sup> Figure 69 summarises the key indicators for each of the market signals in Milton Keynes, the comparator areas and nationally. Data is included based on current values and longer-term trends, both in absolute terms and as rates of change.

**Figure 69: Market signals for Milton Keynes, similar demographic and economic areas, and nationally (Source: House Prices and Affordability: CLG Live Tables; Rents: Valuation Office Agency, DataSpring; Overcrowding and Rate of Development: Census 2001 and 2011)**

		Milton Keynes	Similar demographic and economic areas			England
			Northampton	Swindon	Peterborough	
INDICATORS RELATIING TO PRICE						
House prices						
Lower quartile house price	2011 value	£138,000	£107,625	£116,000	£104,995	£122,500
	Relative to England	+13%	-12%	-5%	-14%	-
	2006 value	£135,000	£115,500	£122,725	£110,000	£120,000
	5-year change	+2%	-7%	-5%	-5%	+2%
Rents						
Average monthly rent	2013 value	£731	£567	£577	£561	£724
	Relative to England	+1%	-22%	-20%	-23%	-
	2008 value	£555	£479	£488	£461	£502
	5-year change	+32%	+18%	+18%	+22%	+44%
Affordability						
Lower quartile house price to earnings	2012 ratio	6.5	6.9	6.1	5.4	6.6
	Relative to England	2%	+5%	-8%	-19%	-
	2007 ratio	7.2	7.6	7.0	6.8	7.3
	5-year change	-10%	-9%	-12%	-22%	-9%
INDICATORS RELATIING TO QUANTITY						
Overcrowding						
Overcrowded households	2011 proportion	7%	10%	8%	9%	9%
	Relative to England	-20%	+9%	-4%	+1%	-
	2001 proportion	6%	8%	6%	6%	7%
	10-year change	+25%	+43%	+19%	+50%	+23%
Rate of development						
Increase in stock	2001-11 change	+18%	+10%	+18%	+12%	+8%
	Relative to England	+121%	+18%	+118%	+51%	-

6.19 It must be recognised that there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced recent housing market trends. Nevertheless, on the basis of this data we can conclude:

- » **House Prices** (in terms of lower quartile prices) are above the national average (with a lower quartile price of £138,000) and are also higher than all three comparator areas, probably due to the good connectivity between Milton Keynes and London. However, house price trends in Milton Keynes are consistent with the national average: +2% over the 5-year period 2006-11;
- » **Rent** (in terms of average private sector rents) is in line with the national average (£731 cf. £724), but higher than the comparator areas; consistent with house prices in those areas. Whilst average rents in all areas have increased in the last 5 years, rents in Milton Keynes have only increased by 32% compared to an average increase of 44% across England (although this is higher than increases in the comparator areas);



- » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) in Milton Keynes is consistent with England as a whole (6.5x cf. 6.6x), marginally higher than Swindon and Peterborough, but lower than Northampton. Furthermore, the Milton Keynes affordability ratio has improved over the last 5 years, again consistent with the national average;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 7% of households in Milton Keynes are overcrowded based on an objective measure, 20% lower than the rate for England (9%). The proportion of overcrowded households has increased by a quarter over the last 10 years, but this is in line with the change in the national rate for England (+23%);
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Milton Keynes has been more than double the national average rate for England (18% cf. 8%). The rate in Milton Keynes is consistent with Swindon, and substantially higher than both Peterborough and Northampton. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

<sup>6.20</sup> On the basis of this evidence, it is apparent that the market signals for Milton Keynes do not suggest any need to increase housing delivery. This is not surprising given the consistently high rate of housing delivery in the area over many decades – Milton Keynes is already providing housing at a substantially higher rate than most local authorities in the country. Therefore, in establishing the Objectively Assessed Need for future housing in the borough, there is no reason to move away from the estimate identified by the demographic projections on the basis of the market signals.

## Establishing Objectively Assessed Need

<sup>6.21</sup> The existing Milton Keynes population is projected to grow over the next 20 years. The number of births is projected to be higher than the number of deaths which will lead to a larger number of people living in the area. Furthermore, changes in household structure will mean fewer people, on average, living in each household. Together, these factors lead to 20,400 additional households over the period 2011-31, a natural growth equivalent to 1,020 households each year.

<sup>6.22</sup> When we consider migration trends to and from Milton Keynes, it is apparent that the area has routinely gained population through migration. The number of people moving to and from the area varies from year-to-year, but a mid-trend migration scenario would suggest a further 11,600 additional households over the period 2011-31. Low-trend and high-trend scenarios suggest that this could realistically range between 7,700 and 15,500 additional households over the period.

<sup>6.23</sup> Taking migration into account, Milton Keynes is likely to gain between 28,100 and 35,900 households over the period 2011-31 (1,400-1,800 each year); but on the basis of the mid-trend migration scenario, there will be an overall growth of around 32,000 additional households, equivalent to **1,600 households each year**.

<sup>6.24</sup> When we consider the official projections of population and household growth for the area, these figures can also vary, but the most recent projections project an overall growth of around 15,700 additional households over the 10-year period 2011-21, equivalent to **1,570 households each year**.

<sup>6.25</sup> All projections will inevitably be based on assumptions, and future levels of migration are inevitably unknown, but in establishing the objectively assessed need for additional housing in Milton Keynes, it would seem appropriate for the Council to plan to provide housing for 1,570-1,600 additional households

each year. Of course, the number of dwellings required will inevitably be higher than this to allow for transactional vacancies and any second home ownership, and a rate between 3% and 5% would suggest 1,620-1,680 dwellings annually: **an objectively assessed need for 1,650 dwellings each year.**

- 6.26 The Milton Keynes Core Strategy planned for 1,750 additional dwellings each year. Whilst this target is 6.1% higher than the objectively assessed need of 1,650 dwellings each year, it would seem appropriate for the Council to continue to plan for this level of housing delivery but to keep this under review through continuing to monitor migration trends.
- 6.27 On this basis, Milton Keynes Council has produced detailed population and household projections for the 20-year period 2011-31 on the basis of providing 1,750 additional dwellings each year.

**Figure 70: Summary of 20-year Projection based on 1,750 additional dwellings each year**

Components of Population Change	Dwelling-led (1,750 p.a.)	
	20-year Total	Annual Average
Number of births	76,900	3,850
Number of deaths	40,300	2,020
<b>Natural change</b>	<b>+36,600</b>	<b>+1,830</b>
Net UK migration	+1,100	+50
Net international migration	+28,100	+1,400
<b>Net migration</b>	<b>+29,200</b>	<b>+1,460</b>
<b>Net population change</b>	<b>+65,800</b>	<b>+3,290</b>
Additional households	33,500	1,680
Additional dwellings	35,000	1,750

- 6.28 The scenario shows a projected increase from 245,800 to 311,600 persons over the 20-year period 2011-31 with the number of households increasing from 101,900 to 135,400 over the same period. This implies that average household sizes will reduce from 2.41 to 2.30 persons per household.

## Future Household Type and Age

- 6.29 Figure 71 summarises the projected number of households by 2031 in terms of household type and the age of household representatives (the eldest economically active household member); whilst Figure 72 shows the change in the number of households in each category over the 20-year period 2011-31.

**Figure 71: Total projected households for 2031 by household type and age of household representative**

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Single person	2,100	6,400	7,400	8,800	7,000	7,000	8,600	4,500	51,800
Couple without children	100	2,600	2,700	3,900	10,500	8,500	4,300	2,000	34,600
Couple with child(ren)	700	3,100	10,300	7,600	4,200	800	100	-	26,900
Lone parent	2,100	4,600	5,300	3,400	500	300	500	100	16,900
Other households	200	1,200	200	500	600	1,000	1,200	400	5,200
<b>TOTAL</b>	<b>5,200</b>	<b>17,900</b>	<b>26,100</b>	<b>24,200</b>	<b>22,800</b>	<b>17,700</b>	<b>14,600</b>	<b>7,000</b>	<b>135,400</b>

**Figure 72: Summary of 20-year change in household type by age of household representative**

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Single person	+700	+1,000	+1,900	+3,500	+2,200	+3,100	+4,600	+2,600	+19,700
Couple without children	-300	-1,000	-100	-400	+2,500	+3,400	+2,700	+1,400	+8,300
Couple with child(ren)	+100	-1,400	-1,000	-500	+700	+200	-	-	-1,800
Lone parent	+1,100	+1,500	+1,600	+1,600	+300	+200	+400	+100	+6,800
Other households	-100	+200	-300	-400	-100	+400	+700	+200	+600
<b>TOTAL</b>	<b>+1,600</b>	<b>+200</b>	<b>+2,200</b>	<b>+3,900</b>	<b>+5,500</b>	<b>+7,300</b>	<b>+8,400</b>	<b>+4,300</b>	<b>+33,500</b>

- 6.30 It is notable that 19,700 of the additional households are projected to be single persons; including 10,300 aged 65+. Of course, not all of these single persons will be “new” households: many will be couple households where one partner is projected to die, leading to the existing household becoming a single person household. Nevertheless, there are also projected to be 3,600 single person households aged under 45; and most of these will be newly forming households during the projection period.
- 6.31 There are also significant increases projected in the number of couples without children (a total 8,300 comprised of an increase of 10,100 aged 55+ offset against a reduction of 1,800 aged under 55) and an extra 6,800 lone parents (mostly aged under 55).

## Future Workforce

- 6.32 As previously identified, the number of older people in Milton Keynes is projected to increase significantly over the period to 2031; and if no new dwellings were delivered, it is likely that the resident workforce would reduce by 29,300 people (even after taking account of trends in changing economic activity rates across the workforce). Providing 20,400 new dwellings to accommodate natural growth (without migration) is projected to yield around 35,600 additional workers (1.7 per dwelling); but a large part of this gain simply offsets the reduction of workers in the existing stock as current residents retire, so providing 20,400 new dwellings would only yields a net increase of 6,200 people in the workforce.
- 6.33 Milton Keynes Council previously planned to provide 1,750 dwellings each year (a total of 35,000 new dwellings over 20-years) and whilst that figure is marginally higher than identified by the household projections, we have concluded that this is likely to be an appropriate target for the area. Providing 35,000 additional dwellings is likely to yield around 61,000 additional workers from the new housing, which yields a net increase of 31,600 additional workers (after taking account of the reduction in the workforce as existing residents retire).
- 6.34 It is important to consider the future workforce in the context of the projected number of jobs in the local area. The ONS estimate the number of jobs based on the number of:
- » employees (from the Annual Business Inquiry);
  - » self-employment jobs (from the Annual Population Survey);
  - » government-supported trainees (from DfES and DWP); and
  - » HM Forces (from MoD).

- 6.35 Over the period 2001-11, the ONS estimate that number of jobs in Milton Keynes has increased from 144,000 to 160,000; a total increase of 16,000 jobs (equivalent to an average increase of 1,600 each year). Nevertheless, it is important to recognise that some components of this estimate are based on survey data and therefore estimates for individual years can be imprecise. Figure 73 shows the estimated number of jobs each year over the period 2001 to 2011, together with the average annual increase based on 1-year, 5-year and 10-year periods. The number of jobs in 2014 is also shown, based on an estimate from the East of England Forecasting Model (EEFM).
- 6.36 It is evident that the estimate of the number of jobs has varied from year-to-year, but this is likely to be largely due to fluctuations in the estimate rather than real changes in the actual number of jobs – however, there is a clear trend evident showing that the number of jobs has increased. ONS data suggests that the average increase has ranged from around 1,600 additional jobs per year; but the latest EEFM data suggests that rate of increase over the 10-year period 2004-14 was 2,170 additional jobs per year, and that the rate over the 5-year period 2009-14 has been an additional 3,940 jobs annually (on the assumption that the EEFM definitions are consistent with those used by ONS).

**Figure 73: Estimated number of jobs in Milton Keynes 2001-11 (Source: ONS, EEFM. Note: ONS data is published rounded to the nearest 1,000; EEFM data is rounded to the nearest 100)**

	Total Jobs	Annual Change in Jobs		
		1-year	5-year average	10-year average
ONS Estimate				
2001	144,000	-	-	-
2002	144,000	0	-	-
2003	144,000	0	-	-
2004	148,000	+4,000	-	-
2005	146,000	-2,000	-	-
2006	144,000	-2,000	0	-
2007	151,000	+7,000	+1,400	-
2008	155,000	+4,000	+2,200	-
2009	150,000	-5,000	+400	-
2010	156,000	+6,000	+2,000	-
2011	160,000	+4,000	+3,200	+1,600
Average	-	+1,600	+1,530	+1,600
EEFM Estimate				
2014	169,700	-	+3,940	+2,170

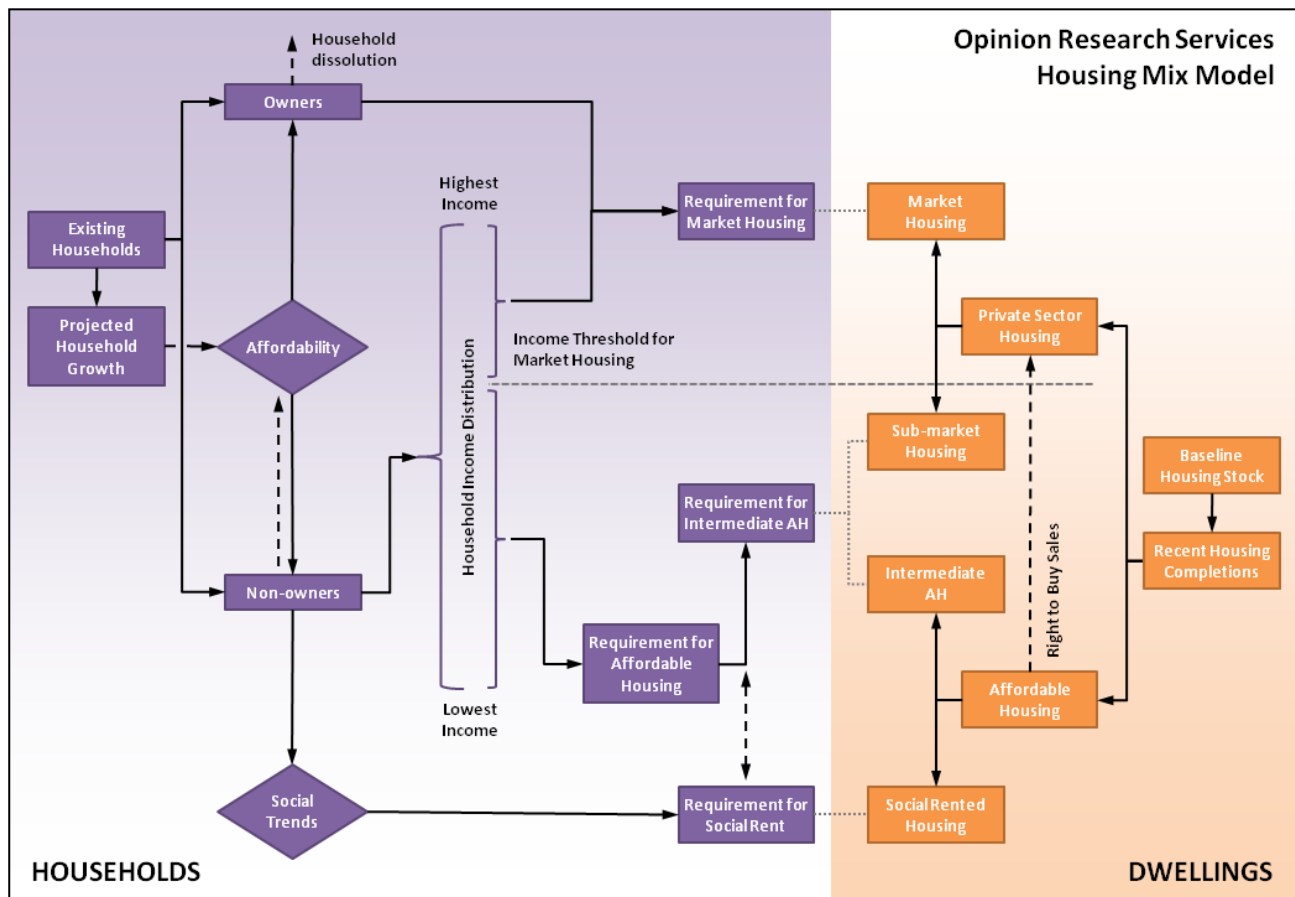
- 6.37 Projections from the East of England Forecasting Model (EEFM) currently suggest that the number of jobs in Milton Keynes will increase from 169,700 to 208,600 over period 2014-31; a projected increase of 38,900 jobs over 17 years, equivalent to an average increase of almost 2,300 jobs each year. This projection is broadly consistent with the 10-year trend for the period 2004-14 (based on the EEFM estimate for 2014) but 43% higher than the ONS trend for 2001-11 – so the EEFM projection is suggesting that Milton Keynes will sustain a relatively high level of jobs growth over the period to 2031.

- 6.38 The annual increase in jobs projected by the EEFM would require the Milton Keynes workforce to increase by 45,800 over a 20-year period if there was no change in the number of workers commuting to or from the area. This is notably higher than the net increase of 31,600 additional workers projected by the demographic projections given 35,000 new dwellings; and further analysis shows that it would be necessary to provide 43,100 new homes to yield an additional 45,800 workers, an average of 2,160 dwellings each year.
- 6.39 Nevertheless, if future job growth was actually in line with trends from the ONS estimates (and lower than suggested by the current EEFM projection) then the likely increase would then be around 1,600 additional jobs per year on average. This would suggest 32,000 additional jobs over a 20-year period, which is broadly consistent with the 31,600 additional workers projected based on 35,000 new homes.
- 6.40 **Given this context, it is apparent that delivering an average of 1,750 new dwellings each year will provide an increase in workers that is consistent with trends in the number of additional jobs created over the period 2001-11.**
- 6.41 However, if the Council seek to pursue a higher growth target in terms of the number of jobs to be created in the area (i.e. more than the net gain of 32,000 jobs suggested by recent trends) then it may be necessary to consider whether a higher dwelling target is necessary. If a higher level of jobs growth is expected in Milton Keynes, the Council will need to consider whether it is appropriate for all of the additional workers to be accommodated within their administrative area and to what extent some workers may live in the wider Milton Keynes HMA (given the well-established travel to work patterns that already exist). It will therefore be important for the Council continue discussions with neighbouring local authorities under the Duty to Cooperate to understand whether or not any of their projected workforce and jobs show a likely surplus of workers that could contribute to any additional growth in jobs in Milton Keynes.

## Modelling Future Housing Requirements

- 6.42 The ORS Housing Mix Model considers both housing need and overall housing requirements on a longer-term basis, providing robust and credible evidence about the required mix of housing over the full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.
- 6.43 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. These secondary data sources are readily updateable as new information is published, and a range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 6.44 Figure 74 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the Model interact.
- » The left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements.
  - » The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.

Figure 74: Detailed Overview of the ORS Housing Mix Model



- 6.45 The Housing Mix Model considers the projected household population alongside the existing dwelling stock in order to establish the necessary balance between Market Housing and Affordable Housing in relation to the additional dwellings to be provided, and within the Affordable Housing dwelling provision the appropriate role of Intermediate Affordable Housing, Affordable Rent and Social Rent Housing.
- 6.46 The first stage of the Model starts by separating households into two groups, owners and non-owners, on the basis of baseline information about existing households from the Census.
- 6.47 Household projections do not typically provide information about changing tenure patterns so the Model estimates the number of households likely to become owners and non-owners on the basis of an affordability assessment. The affordability assessment considers both the likely affordability of newly forming households and the changing affordability patterns of existing households.
- 6.48 The Model also takes account of the dissolution of households that are existing owner occupiers that is projected to occur over the household projection period. This is based on Government Actuaries Department survival rates and Census data on the tenure mix for older households. This enables the loss of owner occupiers to be offset against any new owners identified through the affordability analysis.
- 6.49 The outcome is to establish the number of households who are owners and non-owners at each stage of the household projection.
- 6.50 In developing the Housing Model, ORS recognised the need for local level data about household incomes and originally secured a licence to use the CACI Paycheck data within the Model. This dataset provides



information at postcode level, detailing the mean and median income for the area and also the number of households in each £5,000 income band. ORS has compared this distribution to that obtained using ORS collected household survey data and has found that the results from the CACI model tend to underestimate the proportion of households in the lower income bands.

- 6.51 ORS has developed and applied a tool that improves the accuracy of the distribution of local household incomes. The Model integrates existing household survey data with local secondary data sources including income data from the Annual Population Survey (and previously the Annual Survey of Hours and Earnings) together with national secondary data sources including the Retail Price Index. The ORS Income Model also identifies the income distribution of owners and non-owners to directly inform the Housing Mix Model affordability profiling.
- 6.52 By taking information from the Land Registry transaction database, it is possible to profile the distribution of purchase prices for transactions over time across a given area. Combining the Land Registry data with information from the 2001 Census on the balance between owner occupiers and private renters, specific to the location and property type of each sale, the Model establishes the likelihood of the transaction being a property that will be occupied by the purchaser or let privately.
- 6.53 The Housing Mix Model considers housing cost distribution profiles for both owned and privately rented housing in order to establish the distribution of incomes required to access all market housing. This profile is considered alongside the income distribution profile for non-owners. The household income threshold for market housing is set at the lowest level where there is sufficient market housing available. If there is less market housing available than households can afford, 'affordable' housing will be required to address the shortfall and therefore the threshold price for market housing must be set above this level.
- 6.54 Once the income threshold for market housing has been established, the Housing Mix Model estimates the number of households who are non-owners that can afford market housing. Combining this with the projected number of owner occupiers estimates the total number of households requiring market housing within the area.
- 6.55 The requirement for Affordable Housing is estimated by subtracting the total number of households requiring market housing from the overall household projections.
- 6.56 The Housing Mix Model considers the need for Social Rented housing on the basis of social trends. The social trends for each household type, for example, single person or single parent households, are then applied to the household projection data to establish the level of Social Rented requirement for future years for each type of household. The Model establishes a total requirement for Social Rented housing.
- 6.57 The requirement for Intermediate Affordable Housing is estimated by offsetting the total number of households requiring Affordable Rent/Social Rent housing from the projected number of households requiring Affordable Housing overall.
- 6.58 To establish the current housing stock profile, the Model considers the baseline housing stock from the 2001 Census broken down by tenure. It supplements this information with data on housing completions broken down by tenure reported in local authority annual monitoring reports. The Housing Mix Model also considers data on losses from the Affordable Housing stock based on right-to-buy sales, and projects the likely future losses from stock on the basis of trends in sales since the recent change in legislation.

- 6.59 The Housing Mix Model considers the future requirement for market housing alongside the current stock of market housing and establishes the net additional dwellings that are required as market housing.
- 6.60 The future requirement for Intermediate Affordable Housing is considered alongside the stock of existing Intermediate Affordable Housing and the stock of sub-market housing, which is affordable to households on incomes below the income threshold for market housing, to establish the net additional dwellings that are required to be provided as Intermediate Affordable Housing.
- 6.61 The future requirement for Social Rented housing is considered alongside the stock of existing Social Rented housing to establish the net additional dwellings that are required to be provided as Social Rented housing.
- 6.62 The Housing Mix Model considers the size and tenure of housing that was occupied by different household types recorded by the 2001 Census. The Model recognises that many households under-occupy their homes, choosing to live in larger properties than they need on the basis of the bedroom standard set out in the Housing Act. However, housing allocation policies mean that new social tenants are less likely to under-occupy their homes.
- 6.63 A trend-based occupancy profile is applied to the projected household mix of households in each housing tenure to establish an overall size mix of future housing requirements. This is then set alongside information about the existing housing stock to establish the net additional dwellings that are required by size and tenure. The SHMA considers the broad scale of demand relating to neighbouring authorities, adjacent to MKC, for 2011-2031.
- 6.64 Any additional strategic allocation would increase the overall population and number of households, and therefore the requirements for additional housing. The need for such an allocation is therefore best considered after a local baseline is established, when it is possible to understand the extent to which migration is already being considered.
- 6.65 This would still leave the issue of the strategic requirements for adjoining areas which may need to be delivered in MKC and these can only be understood by comparing land capacity in those areas against their projected growth. Therefore, it is important for MKC to continue to work with its neighbouring authorities, under the Duty to Co-operate, to identify its role in meeting sub-regional housing requirements.

## Housing Supply

- 6.66 National Planning Policy Framework March 2012 contains the following statements on the supply of new dwellings across all tenures.
- » **Affordable housing:** Social rented, Affordable Rented and Intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative Affordable Housing provision.
  - » **Social rented housing** is owned by local authorities and Registered Providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

- » **Affordable rented housing** is let by Registered Providers of social housing to households who are eligible for Social Rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- » **Intermediate housing** is homes for sale and rent provided at a cost above Social Rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost market homes for sale and Intermediate rent, but not Affordable Rent housing.
- » Homes that do not meet the above definition of Affordable Housing, such as “low cost market” housing, may not be considered as Affordable Housing for planning purposes.

<sup>6.67</sup> Affordable Rent is now likely to be developed in place of Social Rent because of changes in the Government’s grant funding system.

<sup>6.68</sup> The key issue these definitions raise is how to define market housing costs. In practice the very cheapest second hand open market dwellings can be cheaper than any Intermediate (and on some occasions Social Rented) dwelling. Therefore, for the definitions in the NPPF to have practical relevance there is a need to identify a market housing threshold price which then sets the upper limit for the cost of Intermediate Affordable Housing products.

<sup>6.69</sup> On this point, SHMA Practice Guidance (Chapter 3, page 27) states that for house prices, ‘Entry-level prices should be approximated by lower-quartile house prices’. The cheapest available property prices should not be used since these often reflect sub-standard quality or environmental factors,’ and for private rents, ‘As with house prices, lower-quartile rents should be used to estimate the entry level’. Therefore SHMA Practice Guidance identifies that the threshold point for market housing commences at the lowest quartile for owner occupation and private rents. In practice private rents are more affordable in MKC than owner occupation, so it is these which define the point where market housing costs begin and act as the upper limit for Intermediate Affordable Housing costs. This also means the threshold for market housing is dependent upon private rents, so if these rise then fewer households will be able to afford Intermediate housing.

<sup>6.70</sup> This issue is very important because the NPPF is predominantly about the delivery of new dwellings. However, while the ORS Housing Market Model is also in part about the delivery of new dwellings, the majority of households requiring accommodation will be housed in the existing housing stock of MKC. Therefore, while the NPPF sets out clear definitions for newbuild dwellings, the role of second hand housing makes the classification of dwellings by tenure much more complicated.

<sup>6.71</sup> Such an example is for housing which is available to those who can afford no more than Social Target Rents. For this group, it is possible to consider the supply to comprise dedicated supply such as Council and RP lettings, but also Housing Benefit supported private rented dwellings. The rationale for this is to recall the NPPF definition of households in housing need (as outlined in Chapter 5 of SHMA Practice Guidance) and the requirement for financial assistance within the definition:

- » **Housing need is:** ‘Households who are lacking their own housing or who are living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their own housing needs in the market without some financial assistance.’

<sup>6.72</sup> Whilst Housing Benefit supported private rent does not have the same tenancy rights as full Social Rent, it nevertheless contributes to the effective supply of Affordable Housing in that it is affordable to households

who require social housing. In practical terms there is a shortage of Affordable Rent/Social Rent housing and households unable to access it will seek housing in the private rented sector with Housing Benefit support.

- <sup>6.73</sup> Similarly, further supply assumptions can be considered for Intermediate Affordable Housing. The current supply of dedicated Intermediate housing products in MKC as defined by the NPPF is relatively small. However, MKC has a large private rented sector. The lower quartile private rented sector falls below the entry threshold for 'market' housing as defined by the NPPF and SHMA Practice Guidance. While not enjoying the same tenancy or ownership rights as dedicated Intermediate Affordable Housing products, cheaper (lower quartile) private rented properties are affordable to households within the Intermediate Affordable Housing income band and are counted as part of the supply to this group of households in a number of the scenarios set out below.
- <sup>6.74</sup> Support for these positions can be found in SHMA Practice Guidance where it is noted, (Chapter 5, Stage 4: The Housing Requirements of Households in Need Page 49) *"Furthermore, some households in need may choose to live in the private rented sector (possibly with the use of Housing Benefit) or housing that would be classified as unsuitable, even though they are eligible for Affordable Housing."*
- <sup>6.75</sup> This leads to a conclusion there are a number of private sector dwellings which are not market housing under the NPPF and SHMA Practice Guidance definitions because they are below market rents thresholds. Similarly, they are not Intermediate or social supply under the NPPF definition because they are not a dedicated supply of Affordable Housing.
- <sup>6.76</sup> However, lower quartile private rented and Housing Benefit supported private rented sector dwellings will continue to be occupied by households despite not meeting the definition of market, Intermediate or social housing in the NPPF. When considering the appropriate housing supply, the following sources of supply are therefore considered within the Model:
- » **Social rented housing** – social housing provided to rent from local authorities and Registered Providers, Affordable Rent with Housing Benefit support and Housing Benefit supported private rented accommodation at 2011 levels;
  - » **Intermediate housing** – dedicated Intermediate housing products (such as shared ownership, discount market sale, sub-market rent but not shared equity sales), Affordable Rent without Housing Benefit support and a proportion of the housing in the private rented sector with rents below the market rent threshold (i.e. within the lowest quartile); and
  - » **Market housing** – owner-occupied housing and housing in the private rented sector above market rent thresholds.

## Understanding Housing Requirements

- <sup>6.77</sup> Using the NPPF and SHMA Practice Guidance definitions, affordability tests are used to apportion households to specific housing tenures;
- » **Social rented housing** – for those households unable to afford any more than Social Rents;
  - » **Intermediate housing** – for those households able to afford more than Social Rents, but unable to afford to buy owner-occupied housing or to rent privately at the market rent threshold; and
  - » **Market housing** – for those households able to afford to buy owner-occupied housing or able to afford to rent privately at rents at or above the market rent threshold.

6.78 The requirement for housing is therefore defined purely on affordability grounds with those who have incomes above market housing thresholds being identified as requiring market housing. It is also the case that those with incomes below market housing thresholds who report no difficulties with their housing costs are also identified as requiring market housing because, using the NPPF definition:

- » **Housing need** is households who are lacking their own housing or who are living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their own housing needs in the market without some financial assistance.

6.79 On this basis households meeting their own housing requirements in the market are deemed to be suitably housed, do not require financial assistance and are not in housing need.

6.80 Next we have modelled local incomes of existing households to determine the income distribution of those households without existing equity (non-owners). This enables us to start to distinguish between households who may have no choice but to seek Affordable Housing and those who can afford market housing. It is assumed that most households with equity who intend to move have the means to access market housing whether owned or rented. This is because equity extends the spending power of households when they are seeking to move home.

## Core Modelling Assumptions

6.81 For the current document we wish to be explicit on the assumptions which underlie the Model. For the results presented, the following assumptions are contained within the Model:

- » The housing stock is held at its configuration at the time of the 2001 Census. The private rented sector and number of converted dwellings and HMOs are both held at this level initially to highlight the importance of changes which have occurred since 2001 in the later modelling.
- » Mortgage multiplier used is 3.5, so households can borrow up to 3.5 times their household income;
- » Households can spend up to 25% of their income for rent in accordance with CLG Practice Guidance recommendations;
- » The annual rental yield for private rented dwellings is 6.5%. This is the rate of return on private rented dwellings so a property valued at £100,000 is assumed to yield a rent of £6,500 per annum. There are no official statistical sources for rental yields, so the figure used in the Model is based on local house prices and rents;
- » House prices are set as a baseline rate of their levels for the period January-December 2012;
- » It is assumed that any Right to Buy/Right to Acquire sales since 2001 are required to be replaced within the Model by additional new build of Social Rented dwellings. This is because a Right to Buy/Right to Acquire sale represents a loss of a Social Rented dwelling without any reduction in the number of households seeking Social Rent, so each sale require a new build to replace it. Projected Right to Buy/Right to Acquire sales are based upon average number of sales since 2008.
- » Intermediate Affordable housing is housing whose cost is above Target Social rents, but below the cost of market housing (rent or owner occupier). Therefore, Intermediate Affordable housing must be cheaper than the cost of renting a dwelling at the lower quartile of private rents.
- » The private rented sector is held at its 2011 Census level;
- » The period for results is 2011-2031; and
- » All figures are rounded to the nearest 100.

## Future Housing Requirements for Milton Keynes

<sup>6.82</sup> Figure 75 shows the housing requirement projections for Milton Keynes using ORS's Housing Mix Model tied to the Core Strategy dwelling delivery of 1,750 dwellings per annum over the period 2011-31.

**Figure 75: Tenure Mix of Housing Requirement for Milton Keynes to 2031** (Note: The "Social housing" category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures represented by "-" show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

Housing Type	Gross Requirement 2031	Existing Stock: Projected Mix in 2031	Net Requirement 2011-31	%	Annual Requirement
<b>Net Requirement 2011-31</b>					
Market housing	96,500	73,600	22,900	65.4%	1,145
Intermediate Affordable Housing	13,600	11,800	1,800	5.1%	90
Social housing and other Affordable Housing for rent	26,800	16,400	10,300	29.4%	515
<b>TOTAL</b>	<b>137,000</b>	<b>102,000</b>	<b>35,000</b>	<b>100.0%</b>	<b>1,750</b>

<sup>6.83</sup> For social housing, the requirement identified is that which would be necessary to prevent the number of households in the private rented sector with Housing Benefit support from rising. Recent policy changes will encourage more social housing requirements to be met in the private rented sector. These include:

### Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

- » Previously, a single person aged 24 years or younger was entitled to only the bedsit LHA, rather than the allowance for a self-contained dwelling. In January 2012 this was extended to any single person aged 34 years or younger.
- » The bedsit allowance enables the single person only to pay for a share of a dwelling. Therefore, a major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will be forced to share accommodation for longer and this is likely to see more of the existing housing stock turned over to HMOs.

### Priority Need Homeless No Longer Able to Refuse Private Sector Housing

- » Previously, homeless applicants whom local authorities had a duty to house under Part 7 of the Housing Act 1996 could refuse an offer of private sector accommodation. Under the Localism Act 2011, the offer of a private sector tenancy of 12 months to a priority need household is accepted as a discharge of the local authority's duty towards the applicant.
- » The main aim of this measure is to reduce the pressures on the social housing stock as most priority need is currently met in Social Rent. However, the indirect result of the change is that there will be further demands placed upon the private rented sector as councils increasingly seek to house their priority need households outside the Social Rented sector.

<sup>6.84</sup> It is important to note that consistent with the definitions set out in the NPPF, market housing includes housing available to either buy or rent at market prices, so the demand for market housing includes households able to afford local rents as well as those able to buy. Nevertheless, there will be a number of households that can afford to rent privately but cannot afford to buy their own home. Whilst these households are not considered within the affordability analysis as a need for Intermediate housing, they



still create a demand for Intermediate housing in the context of various forms of shared equity and other low cost home ownership such as shared ownership housing.

- 6.85 Discussions with the Council and local Registered Providers identified that there has been strong demand and there continues to be demand for shared equity homes from local households unable to afford equivalent full ownership. Therefore, although the affordability analysis does not identify a strict need for Intermediate Affordable Housing, there is likely to be a continued demand for suitable low cost home ownership products which should help to ease the growing pressure on the private rented sector.
- 6.86 Providing Intermediate Affordable Housing in the form of low cost home ownership may be particularly relevant in large-scale new developments, where there is no existing older and less expensive housing stock already available in the area. Without any Intermediate Affordable Housing, there is a risk that the new development would only provide housing for two groups of households, namely:
- » Households with relatively high incomes (or current homeowners with large amounts of existing equity) that can afford full ownership, and
  - » Households who are most disadvantaged (or existing social tenants) that are therefore likely to be allocated Affordable Rent/Social Rent housing.
- 6.87 It is unlikely that working households on relatively low or moderate incomes could afford to purchase homes in such new developments, yet they would be unlikely to be allocated Affordable Housing for rent. Therefore, an element of Intermediate Affordable Housing in larger-scale developments is likely to contribute to establishing more mixed and balanced communities in these areas.

### Housing Requirement in Urban and Rural Areas

- 6.88 The Milton Keynes local authority area can be considered in terms of its urban area and the rural area to the North of the borough. Around 206,300 persons lived in the urban area in 2011, equivalent to 85% of the population; with the remaining 37,500 persons living in the rural areas. The population in the rural area tends to be older, with 20% having reached the traditional retirement age (65 for men and 60 for women) compared to only 14% for the urban area. Consequently, household sizes also tend to be smaller (given the proportion of elderly persons that live alone) with an average of 2.24 persons per household in the rural area compared to 2.45 persons per household in the urban area.

**Figure 76: Summary of 20-year Projection 2011-31 – Net Nil Migration by Urban Area and Rural Area**

Components of Population Change	Urban area		Rural area	
	20-year Total	Annual Average	20-year Total	Annual Average
Number of births	61,100	3,050	8,500	430
Number of deaths	27,200	1,360	6,500	330
<b>Natural change</b>	<b>+33,900</b>	<b>+1,690</b>	<b>+2,000</b>	<b>+100</b>
Net UK migration	0	0	0	0
Net international migration	0	0	0	0
<b>Net migration</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net population change</b>	<b>+33,900</b>	<b>+1,690</b>	<b>+2,000</b>	<b>+100</b>
Additional households	18,800	940	1,590	80

- <sup>6.89</sup> By excluding the impact of migration, it is apparent that the population of the urban area is projected to increase by 33,900 persons (16%) with an increase of 18,800 households (22%); whilst the population of the rural area is projected to increase by only 2,000 persons (5%), but with an increase of 2,000 households (9%). The differential change in population relates directly to the differences in age structure previously noted (proportionately more older people leading to a greater number of deaths per head of population, and fewer women of childbearing age leading to a lower number of births). On this scenario (with net nil migration), average household sizes are projected to reduce to 2.33 persons in the urban area and 2.15 persons in the rural area.
- <sup>6.90</sup> Given this context, it is clear that there is a need to provide for at least 1,590 more households (around 1,650 dwellings) in the rural part of the local authority area over the 20-year period 2011-31. Of course, there is also need to plan for migration – but within a local authority, historic migration patterns will inevitably be shaped by previous housing deliver; and future migration patterns will be shaped by planned housing provision. Given this context, it is appropriate for the Council to consider how much of the borough's migration should be accommodated in the rural area; providing that the locally generated needs are properly addressed in the area (or alternative arrangements are put in place to satisfy these needs elsewhere).
- <sup>6.91</sup> As previously noted, Milton Keynes Council has produced detailed population and household projections for the 20-year period 2011-31 on the basis of providing 1,750 additional dwellings each year. These projections show an increase of 30,300 households in the urban area and 4,100 households in the rural area, equivalent to 88% and 12% of the total respectively. This would suggest a distribution of around 1,540 dwellings on average each year in the urban area and the remaining 210 dwellings in the rural area – approximately 85 dwellings to meet local need and a further 125 dwellings to provide for migration.
- <sup>6.92</sup> When considering the mix of housing in rural areas, house price data (Figure 43 and Figure 44) showed that very few properties sold for less than £150,000; and it is unlikely that many properties would be affordable to local newly forming households without a substantial deposit. Given this context, if the Council wants to provide housing in the rural area for local newly forming households then it would be necessary to maximise the amount of affordable housing that can be provided without compromising development viability. It is important to recognise that re-sales of existing stock will tend to be at prices above £150,000 and therefore new housing provision will be particularly important in providing intermediate affordable housing in the rural area.

## Scenario Testing

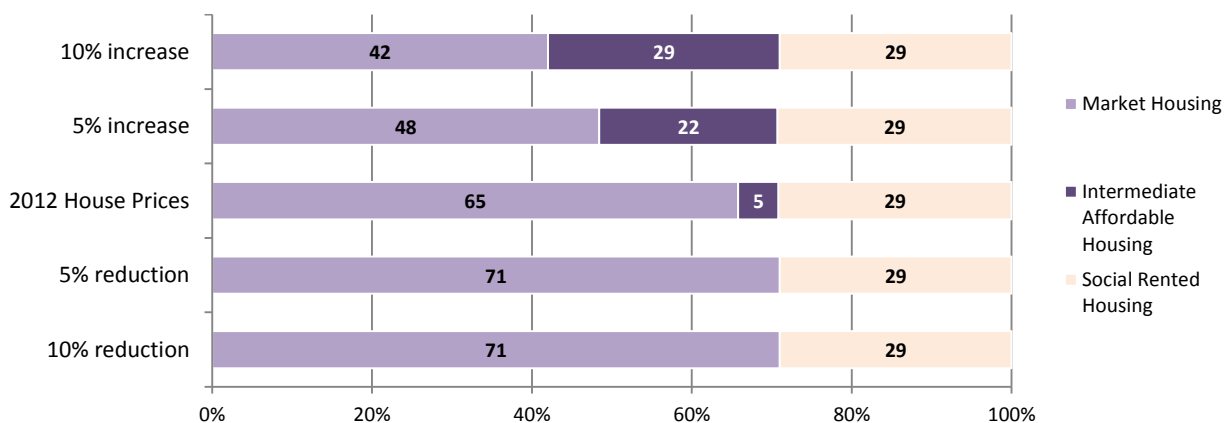
- <sup>6.93</sup> The findings outlined above are based on one set of assumptions. Many of the assumptions in the Model can be varied to consider the impact of possible future changes to the housing market in Milton Keynes or to look at possible policy options.

## House Prices

- <sup>6.94</sup> When considering the required housing mix on the basis of 2012 house price levels, the Model identifies that the overall Intermediate Affordable Housing requirement is only 5.1% of the total requirement.
- <sup>6.95</sup> It is important to note that this scenario is based on 2012 house prices. SHMA Practice Guidance recommends that partnerships consider affordability trends, to understand how changes in affordability might affect the future housing mix. As house prices fall or rise, dwellings in the private sector will become

more or less affordable to households without equity, so the need for Intermediate Affordable Housing will change. Figure 77 shows the housing mix given a range of differing house price scenarios.

**Figure 77: Scenario Testing of Overall Housing Requirement in Milton Keynes 2011-31 for House Price Changes (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. Figures may not sum due to rounding)**

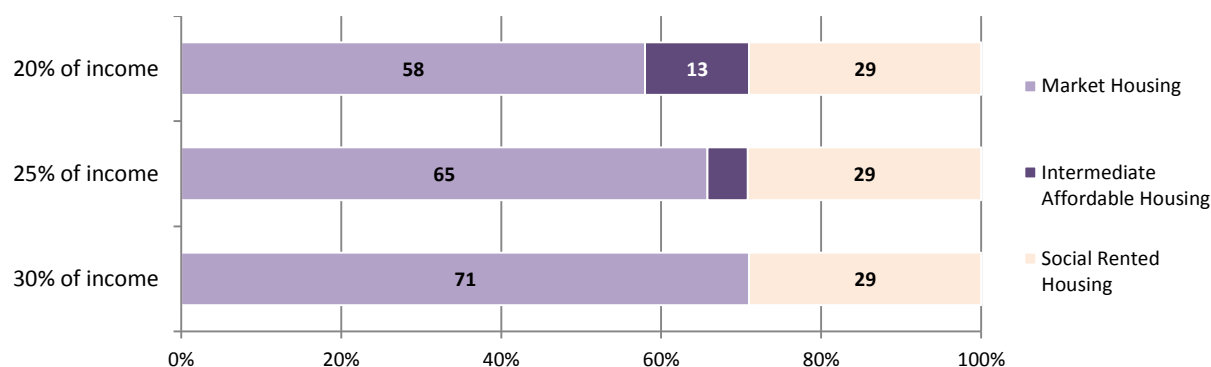


<sup>6.96</sup> This very clearly identifies that the required housing mix is very sensitive to house prices changes. A fall in house prices of 5% relative to incomes would completely eliminate the Intermediate Affordable Housing gap. However, a rise in house prices of 5% would increase the requirement for Intermediate Affordable Housing; however, changes in house prices are also likely to affect the viability of housing development and might require reconsideration of the Councils affordable housing target.

### Income multipliers

<sup>6.97</sup> It is also possible to vary the proportion of income allocated to housing costs. Figure 78 shows that assuming households could spend up to 30% of their income on housing costs would increase market housing requirement to 71%; whereas assuming households were only able to spend 20% of their income on housing costs would reduce market housing requirements to 58% and increase the need for intermediate affordable housing to 13%.

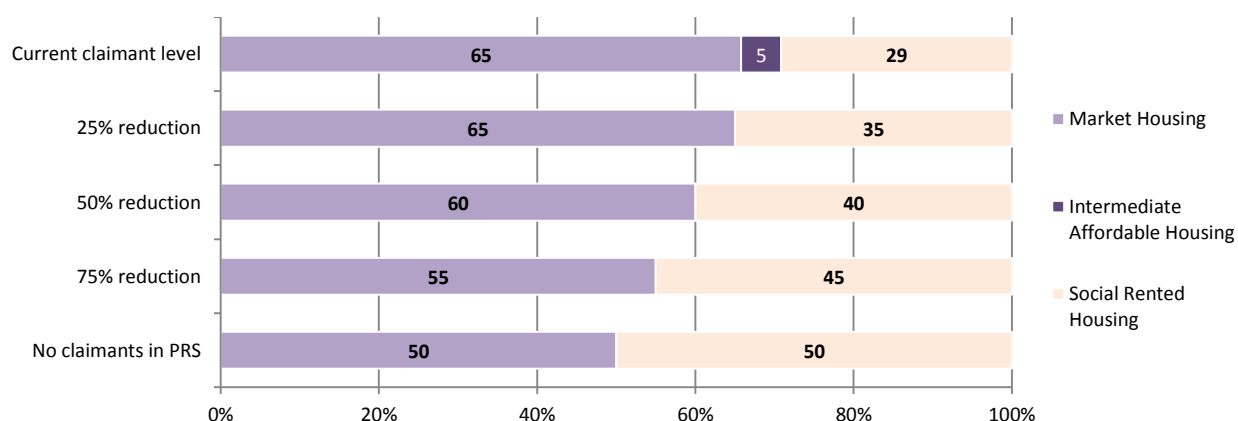
**Figure 78: Scenario Testing of Overall Housing Requirement in Milton Keynes 2011-31 for Different Income Multipliers (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. Figures may not sum due to rounding)**



## Housing Benefit in the Private Rented Sector

- <sup>6.98</sup> The Model results outlined in Figure 75 assume that Housing Benefit in the private rented sector is held at its current levels to 2031. As outlined earlier in this report, the Housing Benefit supported private rented sector has not grown substantially in recent years, but 7% of households are in this tenure so it plays a key role in meeting housing need in the area.
- <sup>6.99</sup> Figure 79 shows the impact of different assumptions around Housing Benefit claimants in the private rented sector. Any attempt to reduce the number of Housing Benefit claimants in the private rented sector would require a larger Social Rent/Affordable Rent figure to be provided, and to eliminate all dependency on Housing Benefit in the private rented sector would require 50% of all new homes to be provided as Social Rent (or provided as Affordable Rent, with Housing Benefit paid to households otherwise unable to afford it).

**Figure 79: Scenario Testing Different Levels of Reductions in Housing Benefit Claimants in the Private Rented Sector (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. Figures may not sum due to rounding)**



## Considering the Mix of Housing Required

<sup>6.100</sup> The Model also estimated the size mix for all tenures and shows the market requirement is more heavily focused on 3 bedroom properties, while a range of dwelling sizes are required in the social sector.

**Figure 80: Mix of Overall Housing Requirement 2011-31** (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

Housing Size	Number of Dwellings Required 2011-31			
	Market Housing	Affordable Housing		TOTAL
		Intermediate	Social	
<b>TOTAL REQUIREMENT</b>				
1 bedroom	2,800	400	4,200	<b>7,400</b>
2 bedrooms	6,200	900	3,000	<b>10,100</b>
3 bedrooms	10,400	500	2,900	<b>13,800</b>
4 bedrooms	2,900	-	200	<b>3,100</b>
5+ bedrooms	600	-	-	<b>700</b>
<b>Total</b>	<b>22,900</b>	<b>1,800</b>	<b>10,300</b>	<b>35,000</b>
<b>ANNUALISED REQUIREMENT</b>				
1 bedroom	140	20	210	<b>370</b>
2 bedrooms	310	45	150	<b>505</b>
3 bedrooms	520	25	145	<b>690</b>
4 bedrooms	145	-	10	<b>155</b>
5+ bedrooms	30	-	-	<b>30</b>
<b>Total</b>	<b>1,145</b>	<b>90</b>	<b>515</b>	<b>1,750</b>

<sup>6.101</sup> As this is a stock based model (and not a flow based model as ORS used for previous housing needs analysis in Milton Keynes), only results for net requirement can be calculated.

<sup>6.102</sup> Over a 20-year period, some dwellings will be vacated many times which cannot be estimated with precision based on the secondary data available, and therefore it isn’t possible to set out the total properties released (and such a figure is unlikely to be meaningful when considering a 20-year planning horizon) – but it is possible to analyse the total stock, and consider the overall net change that is required.

<sup>6.103</sup> It should also be noted that it is not possible to objectively separate the modelled results into more detailed possible categories which will inevitably overlap with each other (such as houses and bungalows; or 1-bed self-contained flats, bedsit/studio flats, HMOs and cluster flats; etc.) although some of these potential demands are considered below.

<sup>6.104</sup> MKC stock is currently 8% bungalows (compared to 10% for England) indicating some historic demand. However, we are unable to robustly quantify this in terms of current and future demand – although it is worth noting that Figure 71 identified that there would be 20,100 additional households aged 65+, and whilst many of these will live in Milton Keynes already (they are simply projected to get older) it is likely that at least some would consider moving to more appropriate housing as they get older. More detail on what Older People may aspire to is given in section 6.147-6.156.

<sup>6.105</sup> For studio flats/bedsits, again, it is not possible to robustly quantify any need using the modelled approach. However, as highlighted in paragraph 4.12, supply of alternative, price sensitive accommodation to those households who would otherwise seek HMO accommodation, may ease demand for HMO's and, possibly, slow the HMO conversion rate of existing stock. Once again, Figure 71 identified that there would be 1,700 additional single person households aged under 35, and whilst at least some of these will be able to afford market housing, many will not be able to afford self-contained accommodation and are likely to rent a room. The provision of inexpensive cluster housing may provide an attractive option for these households, but many may look to HMO accommodation as the only housing available at a price they can afford; and the HMO market will inevitably respond to any increase in demand.

<sup>6.106</sup> When considering the requirements for “basic”, “mid-range” and “premium” housing products, it is important to recognise that any new housing provided will always carry a premium – it will be the older housing stock that will tend to fulfil the demands for more basic housing. Nevertheless, there will be types of housing that are particularly sought after; and if Milton Keynes is seeking to attract senior professionals to the area then it may be appropriate to consider the “premium” housing offer – although the housing offer will not be considered in isolation, and other considerations (such as quality of life, local schools, etc.) will also be important factors in the decision making process. Given the complexities involved and the reliance on individual aspirations, it unfortunately isn't possible to objectively separate the modelled requirements into the various categories possible on the basis of secondary data alone.

<sup>6.107</sup> However, it is possible to consider the dwelling requirement arising from natural growth of the existing population and the requirement associated with migration as two separate elements. Based on the previous analysis, we can conclude that 60% of the additional households projected are associated with an increase in the population and the impact of changes in household structure. This equates to 21,000 dwellings over the 20-year period as detailed in Figure 81.

**Figure 81: Mix of Housing Requirement to meet Natural Growth 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)**

Housing Size	Number of Dwellings Required			
	Market Housing	Affordable Housing		TOTAL
		Intermediate	Social	
1 bedroom	2,200	100	3,300	<b>5,400</b>
2 bedrooms	4,300	200	2,200	<b>6,700</b>
3 bedrooms	5,400	100	1,800	<b>7,500</b>
4 bedrooms	1,000	-	100	<b>1,200</b>
5+ bedrooms	200	-	-	<b>200</b>
<b>Total</b>	<b>13,100</b>	<b>500</b>	<b>7,400</b>	<b>21,000</b>
<b>Proportion of Overall Housing Requirement</b>				
1 bedroom	78%	32%	80%	<b>76%</b>
2 bedrooms	69%	28%	71%	<b>67%</b>
3 bedrooms	52%	24%	62%	<b>54%</b>
4 bedrooms	35%	24%	62%	<b>37%</b>
5+ bedrooms	29%	24%	63%	<b>31%</b>
<b>Total</b>	<b>57%</b>	<b>28%</b>	<b>72%</b>	<b>60%</b>



<sup>6.108</sup> Whilst natural growth accounts for 60% of the additional dwellings overall, it accounts for a higher proportion of the Affordable Housing required for households able to afford less than target rents (72%) but a lower proportion for households able to afford Intermediate Affordable Housing (i.e. those able to afford more than target rent but unable to afford to buy or rent market housing). Natural growth also contributes more to the requirement for 1-bed and 2-bed dwellings (76% and 67% respectively) and conversely less of the requirement for dwellings with 3 or more bedrooms.

<sup>6.109</sup> When we consider the housing requirement arising from net migration to the area, this accounts for 40% of the total and equates to 14,000 dwellings over the 20-year period as detailed in Figure 82.

**Figure 82: Mix of Housing Requirement to meet Net Migration 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)**

Housing Size	Number of Dwellings Required			
	Market Housing	Affordable Housing		TOTAL
		Intermediate	Social	
1 bedroom	600	300	900	<b>1,800</b>
2 bedrooms	1,900	600	900	<b>3,400</b>
3 bedrooms	4,900	400	1,100	<b>6,400</b>
4 bedrooms	1,900	0	100	<b>2,000</b>
5+ bedrooms	400	0	0	<b>500</b>
<b>Total</b>	<b>9,800</b>	<b>1,300</b>	<b>2,900</b>	<b>14,000</b>

<sup>6.110</sup> Households moving to Milton Keynes from elsewhere will normally consider their housing options across a wider search area, and choose Milton Keynes as it offers them a suitable home in a place that they want to live.

<sup>6.111</sup> For some such households moving to the area, their initial options may be limited to renting privately and claiming Housing Benefit to pay the rent; so they are actually unable to afford local housing, and are therefore allocated to the “Social” category in the Model on an affordability basis. Others may choose to rent privately (and pay a higher proportion of their income on rent than the Model assumes) or purchase a shared equity home in the area; an analysis of their affordability allocates them to the “Intermediate” Affordable Housing in the Model.

<sup>6.112</sup> It is also interesting to note that migrant households are more likely to require larger homes, as many will be families that are moving with children or young people projected to have children during the projection period.

## Current Housing Market and the Local Economy

<sup>6.113</sup> MKC's Economic Development Strategy 2011-16 sets out a vision for Milton Keynes to 'become the key powerhouse in a thriving South East Midlands economy'. Thus delivery of the strategy means that a significant requirement for housing has been determined to meet identified needs.

### ***"Housing***

*One of the Milton Keynes Core Strategy objectives is to deliver land for at least 28,000 new homes within the Borough between 2010 and 2026. This will comprise an annual average completion of rate of 1,750 homes per year. Housing is a key economic driver producing and requiring jobs, Council Tax and New Homes Bonus."*

<sup>6.114</sup> The delivery of the Economic Development Strategy is also set within the context of extensive partnership working between MKC and the other partners in the South East Midlands Local Enterprise Partnership (SEMLEP) as part of the Localism agenda. SEMLEP develops further existing partnership working to strengthen the performance of what is a functioning sub regional economy.

<sup>6.115</sup> The Economic Development Strategy is supported by a Local Economic Assessment (LEA) and the data used within the LEA has been considered as part of the production of the SHMA. LEAs were produced in 2011 with an Update for 2012/13.

<sup>6.116</sup> The current housing market plays a key role in supporting the local economy both directly (through house building) and indirectly (through provision of housing to support the labour force). For Milton Keynes a key issue is what kind of new housing provision might offer support to the local economy growth aspirations.

<sup>6.117</sup> However, evidence is limited which establishes a link between housing and economy, particularly in how economic requirements translate into housing provision (see The Barker Review of Housing Supply Report; 2004). Since 2010, the Government has recognised role housing plays in economic growth but initiatives have focussed on increasing labour mobility amongst lower income labour, for example, by increasing Private Rented Sector supply (see Montague Report: Review of the barriers to institutional investment in private rented homes 2012). Lower income labour is subject to reduced mobility over high income labour given house price discrepancies and social housing transfer/exchange issues. Higher income labour is usually able to resolve its own housing issues by commuting further, renting locally and buying 'away' or buying locally on the basis of lifestyle (e.g. for a rural lifestyle).

<sup>6.118</sup> In Milton Keynes, the combined effects of key drivers within the local housing market (affordability, earnings, house prices and migration), indicate a relatively young in-migrant population (predominantly aged 25-44), plus an average house price of £194,300 and median earnings of £28,300, creating affordability issues for some.

<sup>6.119</sup> Nevertheless, the migrant population tends to work in relatively higher skilled occupations and is therefore better able to compete in the housing market than local households of a similar age working in less skilled occupations. This is evident in Figure 92 to Figure 85, which show the National Statistics Socio-economic Category (NS-SeC) for wholly moving households to Milton Keynes in terms of both gross and net migration.

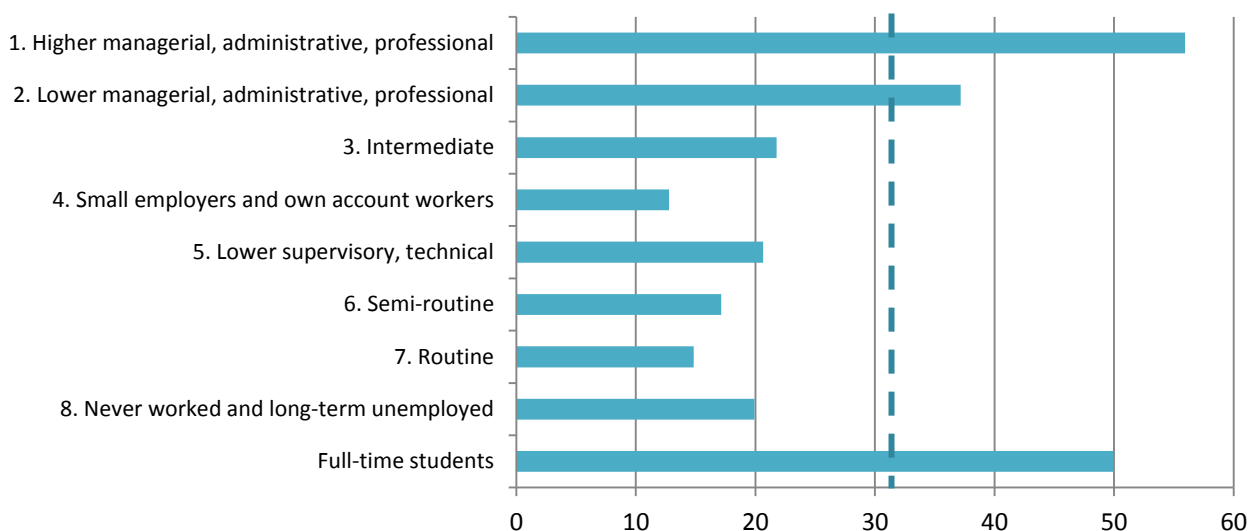
<sup>6.120</sup> Household representatives working in both Higher and Lower managerial, administrative and professional occupations are more likely to migrate to Milton Keynes than other occupation categories. Together, they represent almost two fifths of all households (15% and 24% respectively) but account for more than half of

those wholly moving households that moving to the area each year (55% of the total, and 62% of households classified). They also account for two-thirds of the gain from net migration (65% of the net total, and 69% of households classified). Migration data has not yet been released from the 2011 Census, but it is unlikely that there will be a change in this overall trend.

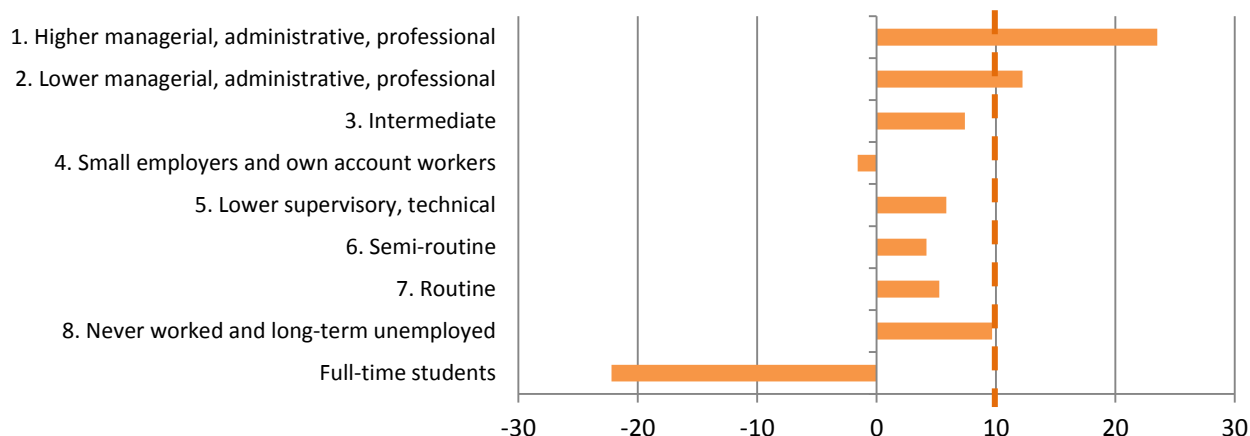
**Figure 83: Milton Keynes Wholly Moving Households by NS-Se Category of Household Representative Person (Source: UK Census of Population 2001 and 2011. Note: Gross migration includes moves from overseas. Net migration includes moves from overseas but excludes moves to overseas. All figures rounded. Figures may not sum due to rounding)**

NS-SeC Category	All Households (2011)	Gross Migration		Net Migration	
		Annual (2000-01)	Per '000 population	Annual (2000-01)	Per '000 population
1. Higher managerial, administrative and professional occupations	15,000	840	56	+350	+24
2. Lower managerial, administrative and professional occupations	23,600	880	37	+290	+12
3. Intermediate occupations	13,100	290	22	+100	+7
4. Small employers and own account workers	9,600	120	13	-20	-2
5. Lower supervisory and technical occupations	8,200	170	21	+50	+6
6. Semi-routine occupations	12,400	210	17	+50	+4
7. Routine occupations	12,000	180	15	+60	+5
8. Never worked and long-term unemployed	3,600	70	20	+40	+10
Full-time students	1,100	50	50	-20	-22
Not classified for other reasons	-	300	-	+80	-
<b>TOTAL</b>	<b>98,600</b>	<b>3,100</b>	<b>32</b>	<b>+1,000</b>	<b>+10</b>

**Figure 84: Annual Migration (Gross) per 1,000 by NS-Se Category of Household Representative Person (Source: UK Census of Population 2001 and 2011. Note: Gross migration includes moves from overseas)**



**Figure 85: Annual Migration (Net) per 1,000 by NS-Se Category of Household Representative Person (Source: UK Census of Population 2001 and 2011. Note: Net migration includes moves from overseas but excludes moves to overseas)**



<sup>6.121</sup> When we consider the housing circumstances of households with representatives aged under 35 and aged 35-44 who are currently working in either Higher or Lower managerial, administrative and professional occupations, it is apparent that there is a higher rate of owner occupation amongst these groups (Figure 86). This is particularly the case for those in the Higher category, who are almost 20% points more likely than average to own in both age groups.

<sup>6.122</sup> The proportions in the private rented sector are broadly equal to the average across both age groups. Nevertheless, this will mask any differences between sub-sectors of the private rental market, e.g. these households are unlikely to be renting cheaper properties with Housing Benefit support. Furthermore, many may be renting through choice, given that they require flexibility during the early part of their career.

<sup>6.123</sup> Notably, relatively few households in these categories are renting from the Council or another social landlord.

**Figure 86: Migrant Households where the Household Representative Person is aged under 35 or aged 35-49 and working in either Higher or Lower managerial, administrative and professional occupations (Source: UK Census of Population 2011. Note: All figures rounded. Figures may not sum due to rounding)**

NS-SeC Category	Owned		Private Rent		Social Rent	
	%	Difference	%	Difference	%	Difference
<b>Aged under 35</b>						
All categories	40%	-	40%	-	20%	-
1. Higher managerial, administrative and professional occupations	59%	+19%	37%	-3%	5%	-16%
2. Lower managerial, administrative and professional occupations	54%	+14%	37%	-3%	9%	-11%
<b>Aged 35 to 49</b>						
All categories	65%	-	19%	-	16%	-
1. Higher managerial, administrative and professional occupations	82%	+18%	15%	-4%	3%	-13%
2. Lower managerial, administrative and professional occupations	75%	+10%	16%	-3%	9%	-7%
<b>Higher and Lower managerial, administrative and professional occupations; Aged under 50</b>	<b>70%</b>	<b>+15%</b>	<b>23%</b>	<b>-4%</b>	<b>7%</b>	<b>-11%</b>

- <sup>6.124</sup> Given that two thirds of net migrant households are likely to be in the Higher or Lower managerial, administrative and professional occupations, and that the migrant population is predominantly aged 25-44, it is important that the area continues to offer suitable housing options in the owned and private rented sectors to maintain these migrant households in future.
- <sup>6.125</sup> Of course, households with less financial resources will also continue to move to the area, in particular given the growing private rented sector (now accounting for almost 1-in-5 dwellings in Milton Keynes) and the availability of Housing Benefit support. Arguably, the market has responded to these drivers by increasing the Private Rented Sector's relative market share and increasing the number of HMOs (which is further considered below). The well-established stock of shared ownership housing in the area also provides an attractive alternative to full home ownership for some lower income earners looking for housing in the area.
- <sup>6.126</sup> In responding to these drivers and providing support to the local economy, Milton Keynes will seek to enable new housing supply for ownership and Affordable Housing of various types. However, it might also consider its approach to the Private Rented Sector, both in terms of the quality of existing stock and the delivery of new high quality supply.

## Considering the Mix of Housing for Migrant Households

- <sup>6.127</sup> On the basis of this evidence, we can consider the overall housing mix that the Housing Mix Model identified for migration households in terms of the requirement arising from skilled migrant households and from other migrant households; although the model only considers this in terms of net migration.
- <sup>6.128</sup> To do this, we have assumed skilled migrant households to be those where the household representative is working in Higher or Lower managerial, administrative and professional occupations, which account for 65% of net migrants to the area.
- <sup>6.129</sup> For skilled migrant households, we have based the social housing requirement on the existing tenure of households working in these sectors where they are aged under 50. The Intermediate housing requirement has been split proportionately between skilled and other migrant households, and the market housing accounts for the balance. For other migrant households, we have calculated their housing mix on a residual basis, but considering the difference between the mix for skilled migrants and the mix for all migrant households.

<sup>6.130</sup> Figure 87 details the resulting outputs.

**Figure 87: Mix of Housing Requirement to meet Net Migration from Skilled and Other Migrant Households 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)**

Housing Size	Number of Dwellings Required			
	Market Housing	Affordable Housing		TOTAL
		Intermediate	Social	
<b>Housing for Skilled Migrants</b>				
1 bedroom	500	200	200	<b>800</b>
2 bedrooms	1,500	400	200	<b>2,100</b>
3 bedrooms	3,900	300	200	<b>4,400</b>
4 bedrooms	1,500	-	-	<b>1,500</b>
5+ bedrooms	300	-	-	<b>300</b>
<b>Total</b>	<b>7,700</b>	<b>900</b>	<b>600</b>	<b>9,200</b>
<b>Housing for Other Migrants</b>				
1 bedroom	100	100	700	<b>900</b>
2 bedrooms	400	200	700	<b>1,300</b>
3 bedrooms	1,100	100	900	<b>2,100</b>
4 bedrooms	400	-	100	<b>500</b>
5+ bedrooms	100	-	-	<b>100</b>
<b>Total</b>	<b>2,100</b>	<b>400</b>	<b>2,300</b>	<b>4,800</b>

<sup>6.131</sup> It is apparent that market housing represents 84% of the requirement from skilled migrant households, with social housing accounting for less than 7%. In contrast, market housing represents only 43% of the requirement from other migrant households, with social housing accounting for almost half (47%).

**Figure 88: Tenure Mix of Housing Requirement for Milton Keynes to meet Net Migration from Skilled and Other Migrant Households 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)**

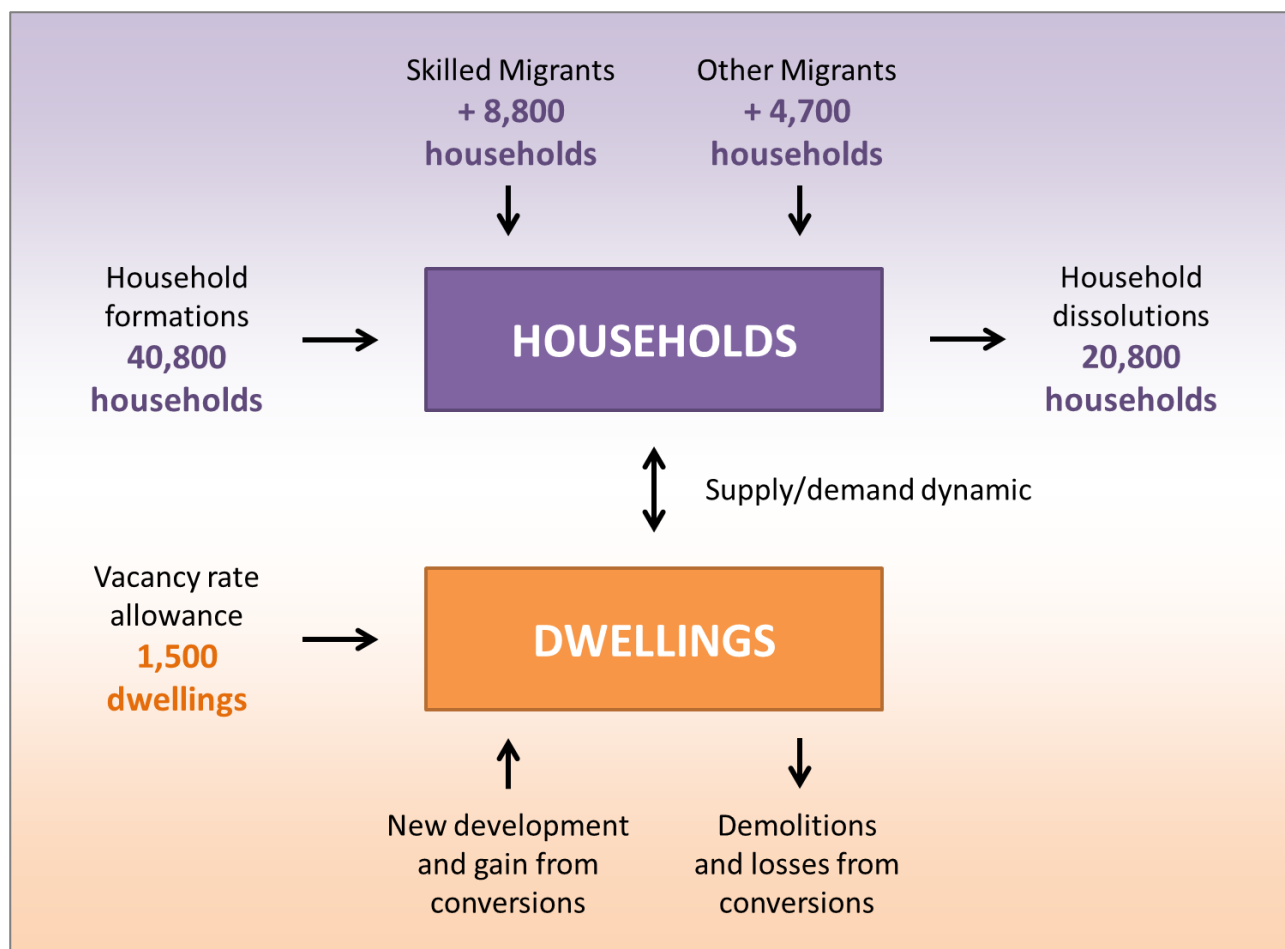
Housing Type	Migrant Households		
	Skilled	Other	Total
<b>Net Requirement 2011-31</b>			
Market housing	84.0%	43.4%	70.0%
Intermediate Affordable Housing	9.3%	9.3%	9.3%
Social housing and other Affordable Housing for rent	6.7%	47.3%	20.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Source of Overall Housing Requirement

<sup>6.132</sup> When we consider the individual components from the household projections together with outputs from the Housing Mix Model, it is possible to summarise the overall housing requirement in terms of the gross and net flows.

<sup>6.133</sup> Figure 89 illustrates the flows arising from the Model for Milton Keynes over the 20-year period 2011-31.

**Figure 89: 20-year requirement flow analysis 2011-31**



<sup>6.134</sup> As previously established, natural growth accounts for 20,000 additional households over the 20-year period (1,000 households per year, Figure 68). This is comprised of 40,800 household formations offset against 20,800 household dissolutions.

<sup>6.135</sup> When migration is also taken into account, the overall number of additional households increases 33,500 over the 20 year period (Figure 70). Migration therefore contributes a net 13,500 additional households. Our analysis has identified that 65% of this net gain is skilled migrants (8,800 households, requiring an additional 9,200 dwellings: Figure 87) with other migrants accounting for the additional 4,700 households.

<sup>6.136</sup> Whilst the 33,500 additional households generate a requirement for housing, there is also a requirement to provide for a level of transactional vacancies, which are assumed to be around 5%. This equates to an additional 1,500 dwellings over the 20-year period (Figure 70).



## Housing for Older People

### The UK's ageing population

- <sup>6.137</sup> The UK faces a significant challenge as people live longer. 'Living Well At Home - 2011' (All Party Parliamentary Group on Housing and Care For Older People) identified that the older population will grow from 10.1m to 16.7m by 2036 for the over 65s, and from 1.3m to 3.3m by 2033 for the over 85s. Already over half of NHS spending is on people over 65.
- <sup>6.138</sup> Both Health and Adult Social Care services are currently undergoing significant reform. The Health & Social Care Act 2012 initiated Health reforms which came into effect in April 2012 with the establishment of Adult Health and Well Being Boards and Clinical Commissioning Groups. A draft Care Bill 2013, covering Adult Social Care, is currently progressing through Parliament. Reforms are underpinned by a principle of sustaining older people at home for as long as possible, thereby avoiding expensive hospital and care home services, while ensuring co-operation, fairness and high quality in those services which support older people at home.
- <sup>6.139</sup> National Health and Adult Social Care reform is underpinned by a principle of sustaining people at home for as long as possible, thereby avoiding expensive hospital and care home services. However, there remains a need for specialist housing as the population ages.

### MKC and Older People

- <sup>6.140</sup> MKC's population of older people is shown in Figure 18. In this, it can be seen that MKC has a lower population of older people relative to the South East and England. Further, population projections show increasing older people populations in all cohorts except the 75-79 year band with a significant increase in the 60-64 cohort for the period 2001-2011. It is therefore necessary to consider the requirements of older people in terms of future housing requirements.
- <sup>6.141</sup> The local strategic issues relating to Older People are contained in:
- » Health and Well Being Strategy 2012-15
  - » Housing Strategy 2012-15
  - » Joint Strategic Needs Assessment 2011-12

### National Planning Policy Framework 2012

- <sup>6.142</sup> The National Planning and Policy Framework Paragraph 159 says 'the Local planning authorities should have a clear understanding of housing needs in their area' and that this need for 'all types of housing' should include 'Older People'.
- <sup>6.143</sup> In addition, the Framework contains a useful definition of older people in its glossary:
- 'People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs'.*

## National Housing Strategy

<sup>6.144</sup> In addition, in ‘Laying the Foundations – A Housing Strategy for England’ (HM Government 2011), local authorities are encouraged to make provision for a wide range of housing types across all tenures, including accessible and adaptable general needs retirement housing, and specialised housing options including sheltered and Extra Care Housing

<sup>6.145</sup> The advantages of providing specialist housing provision for older people have been highlighted often, usually in terms of:

- » **Financial benefits of specialist accommodation for other services:** for example, Research into the financial benefits of the Supporting People programme, 2009; Capgemini for CLG (2009) showed that £258.7 million spent on housing-related support in sheltered housing for older people produced £1.1 billion of benefits, including savings in social care and health.
- » **Specialist accommodation releasing general housing:** for example, HAPPI2 (Housing our Ageing Population; Plan for Implementation – 2012) identified how developing more retirement housing could reduce under-occupancy and make more family homes available for younger people. Further, more retirement housing may mitigate the impact of the government’s bedroom tax, which will penalise people living in homes considered too large for their needs.

<sup>6.146</sup> In relatively affluent areas, developers report considerable interest in the specialist older people’s market and investment funds for these are available. Schemes with a full range of provision from private sale through to hospice units are likely to be more viable in the current market.

<sup>6.147</sup> There is some Government funding to support schemes via the Care and Support Specialised Housing Fund (see below).

## Care Bill 2013

<sup>6.148</sup> The new Care Bill 2013 Part 1 s.6 includes a provision for local authorities ‘co-operating generally’ on the needs of adults with needs for care and support. This includes District and County Councils and Housing and Adult Social Care, including the authority’s functions relating to housing.

## Connecting Health and Social Care with Housing and Planning

<sup>6.149</sup> Both Health and Adult Social Care are currently undergoing significant reform. Housing and Planning Strategy will need to respond to these reforms by forging closer relationships with Health and Adult Social Care colleagues. In particular, there is a need to connect health and social care strategies with housing and planning regarding new specialist accommodation, as there may be new opportunities to bid for funding.

### *Example: New funding opportunities following Health and Adult Social Care Reform*

*Care and Support Specialised Housing Fund: £160m of NHS funding for specialised housing to run for 5 years from 2013/14. Programme managed by the HCA (Bidding closed in January 2013).*

<sup>6.150</sup> The SHMA should also link with the Joint Strategic Needs Assessment (JSNA) and Health and Well-being Strategy (HWBS) to ensure the requirements for new housing, and support needs to Older People in existing stock are met.

## Supported Housing Requirements

<sup>6.151</sup> Whilst it is important for SHMAs to consider the support needs of disabled people in terms of the housing requirement, it is necessary for this to be within the context of their support needs more generally. Figure 90 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

**Figure 90: Estimates of Vulnerable and Older People Needs in Milton Keynes 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit)**

Client Group	Estimated Number of People		Change 2011-21	
	2011	2021	Number of People	% Change
<b>People aged under 18 in need</b>				
Teenage parents	532	607	75	14.1%
Young people aged 16-17	37	40	3	7.9%
<b>People aged 18-64 in need</b>				
Alcohol misuse	890	920	30	3.4%
Learning disabilities	431	459	29	6.7%
Mental health problems	686	734	49	7.1%
Offenders	409	437	29	7.1%
Moderate physical or sensory disability	289	321	32	11.0%
Serious physical or sensory disability	84	95	11	13.7%
Refugees	24	25	2	7.1%
Rough sleepers	8	8	1	7.1%
Single homeless with support needs	523	560	37	7.1%
<b>People aged 65+ in need</b>				
Frail elderly	642	978	337	52.5%
Older people with mental health needs	1,060	1,617	557	52.5%
Older people with support needs	3,487	5,318	1,831	52.5%

<sup>6.152</sup> The relevant teams at MKC have yet to determine specific details on supported housing requirements at the time that the SHMA was prepared, and given the need to consider accommodation within the context of the strategy for wider support it isn't appropriate for the SHMA to determine these figures in isolation. However work in the neighbouring Buckinghamshire County Council suggests the following needs per 100,000 resident households over a 25-year period 2010-35:

- » 100-117 specialist units for learning disabilities;
- » 12-15 specialist units for mental health; and
- » 10-12 specialist units for physical disabilities.

<sup>6.153</sup> The modelling of such housing requirements is complex and the numbers of people involved relatively low, but adopting the above rates and applying them to the projected number of households for Milton Keynes over the 20-year period 2011-31 would suggest the following possible requirements:

- » 108-127 specialist units for learning disabilities;
- » 14-16 specialist units for mental health; and
- » 11-14 specialist units for physical disabilities.

<sup>6.154</sup> Of course, this simplistic approach cannot replace the sophisticated analysis that is required for this complex group of people – but it does identify that the overall requirements are likely to be modest in the context of an overall housing development programme of around 35,000 dwellings. It will be important for MKC housing and planning staff to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Milton Keynes residents.

<sup>6.155</sup> It should also be noted that there are issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) lives drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced and the impact of Benefit reform needs to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy or capital contribution. Given this context, in Buckinghamshire the County Council has indicated a proposed delivery level of only one third of the identified requirement; and similar viability constraints may also apply in Milton Keynes.

## Modelling Older People's Housing Requirements

<sup>6.156</sup> For MKC, a key policy issue is how the current projected Older People population growth translates into a requirement for new provision of specialist accommodation.

<sup>6.157</sup> Many models have been produced to calculate specialist housing requirements based on population increase and these continue to mature. They tend to use a people to property ratio based on forecast population and are often in a 'toolkit' form to aid local authorities in planning for housing their ageing population. They also highlight the benefits of specialist housing and encourage planners to join up housing, planning and social care policies.

<sup>6.158</sup> Two key examples are:

- » *More Choice, Greater Voice (CLG, Housing LIN, Care Services Improvement Partnership - 2008)*
- » *Housing in later life: planning ahead for specialist housing for older people* (National Housing Federation, McCarthy and Stone, Housing LIN, Contact Consulting and Tetlow King Planning; 2012)

<sup>6.159</sup> The challenge of calculating specialist housing requirements can be seen by the variation in population to accommodation ratios in different models over time (Figure 91).

**Figure 91: Benchmark Figures for Specialist Accommodation**

	'More Choice, Greater Voice' 2008		Section A: Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012	
	Places per 1,000 people aged 75+	Tenure split	Demand per 1,000 people aged 75+	Tenure split
<b>Extra care</b>	25	-	45	30 sale 15 rent
<b>Supported housing</b>	125	50 rent 75 sale	-	-
<b>Sheltered 'plus' or 'Enhanced' Sheltered</b>	20	-	20	10 sale 10 rent
<b>Dementia</b>	10	-	6	-
<b>LSE</b>	-	-	120	-

## Modelling Future Requirements

<sup>6.160</sup> The specialist housing requirements for MKC have been modelled using the Housing LIN 2012 ratios. These were developed in 2012 by a partnership which included Suffolk and Essex County Councils, Elderly Accommodation Council (EAC), and the Housing Learning and Information Network (Housing LIN). It is a secondary data based model which uses data from various sources including EAC, POPPI and Census.

<sup>6.161</sup> Modelled requirements are a key output from applying the Housing LIN ratios to the forecast future population.

<sup>6.162</sup> However, a key task is how the future population is modelled. The Housing LIN approach takes population forecasts and applies certain factors and assumptions about how any gross population projections may be constrained by various factors:

- » Older people who may wish to downsize to smaller accommodation.
- » Life expectancy of older people.
- » The need for alternative accommodation such as registered Care or Nursing Homes.

<sup>6.163</sup> There are other factors which Housing LIN does not incorporate but which can also have an impact on modelling assumptions. These should be noted when considering the outputs from using the Housing LIN model:

- » Drivers of the growth in older population: the increase in the projected population of older people is often driven by health and environmental factors (e.g. better diet, improvements in medicine, smoking cessation etc) to extend life expectancy. Therefore, the relative health of older people in 2001 or 2011 is unlikely to be representative of people of the same age by 2031.
- » Impact of 'at home' adult care and support services in reducing the requirement for specialist accommodation: the move to support people in their own homes for as long as possible may reduce the need for specialist accommodation over time.

- » Propensity of older people to move into specialist accommodation: older people with a physical dependency may need to move, or express a desire to move, to specialist accommodation, but many will actually refuse to do so when opportunities are presented to them
- » Population forecasts may overstate the number requiring specialist accommodation as many households will contain more than one older person: effectively, the population numbers will be higher than household numbers
- » Only rented and owner occupation tenures are considered in the Housing LIN model, not Intermediate tenures.
- » Non-aspirational moves, which occur when people have to move (e.g. in a 'crisis' situation), are not included.

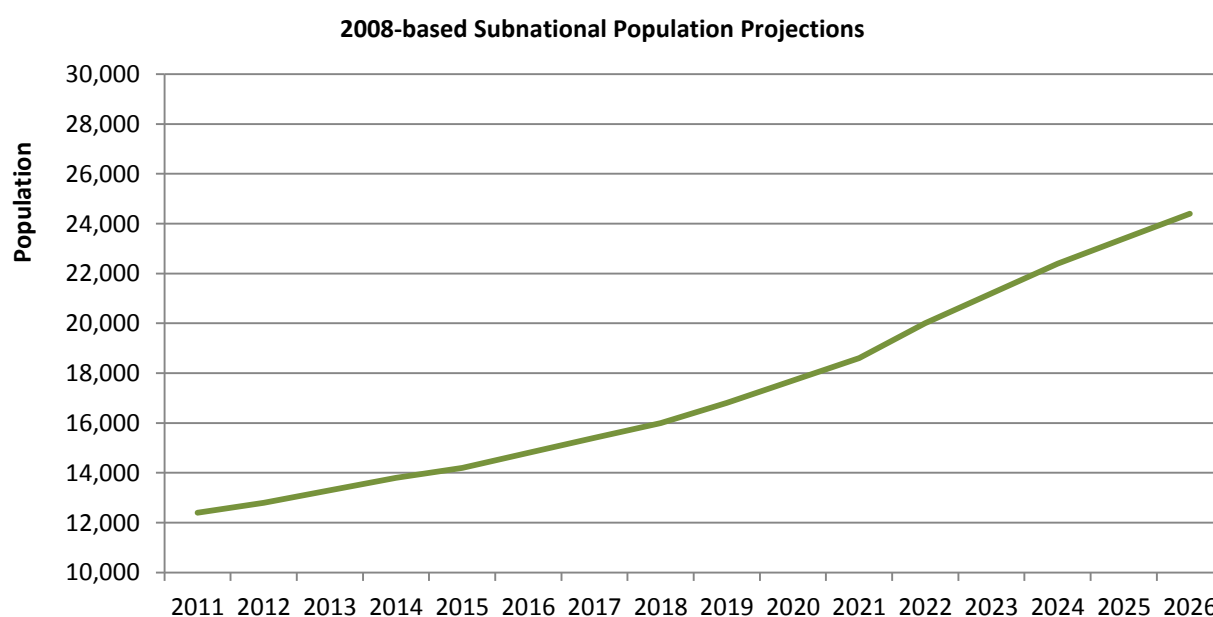
<sup>6.164</sup> Nevertheless, the Housing LIN Model ratios offer a useful starting point to begin the modelling of housing requirements for older people.

<sup>6.165</sup> ORS has undertaken a study for the Retirement Housing Group (Modelling the Housing Requirements for Older People; 2010) which considered specialist requirements using the 'More Choice, Greater Voice' ratios as a starting point, but then applying a more detailed demographic modelling which incorporated further issues such as those outlined above. The study concluded that many requirements for extra care and residential care are likely to be overstated if wider factors are not built into modelling assumptions.

## Older People's Population Forecast

<sup>6.166</sup> Population projections show that the older people's population in the MKC area is likely to increase between 2011 and 2026. In particular, the number of people aged 75 years and above is expected to grow considerably. Figure 92 shows the forecast population of older people aged 75+ for MKC based on the ONS Subnational Population Projections 2008.

**Figure 92: Older people aged 75+ Population Growth Projections 2011-2026 (Source: ONS)**



<sup>6.167</sup> The impact of the growth in the population aged 75+ can be seen in Figure 93 below. MKC's 75+ population is forecast to increase by 96.8% by 2026.

**Figure 93: Older People aged 75+ Population Growth Projections to 2026 Milton Keynes (Source: ONS)**

	Milton Keynes
2010 population	12,400 5.1%
2026 Projected Population	24,400 8.4%
Net change	12,000 3.3%
% growth in population	96.8%
% growth in percentage of population	65.4%

<sup>6.168</sup> Based on the growth in population aged 75+ identified across the population projection scenarios, Figure 94 identifies the potential gross requirement of specialist housing implied by the ratios set out in the Older People Resource Pack 2012, together with the average 5 year growth (to set this in the context of potential schemes rather than units). As can be seen, there is a significant need for Extra Care and Leasehold Scheme for the Elderly (LSE) schemes.

**Figure 94: Implications of Older People Resource Pack Ratios based on Population Projection Scenarios (Note: figures may not sum due to rounding)**

Area	Extra care	Enhanced Sheltered	Dementia	LSE	All Types
<b>GROSS REQUIREMENT</b>					
Milton Keynes (2026)	1,100	500	100	2,900	4,700
<b>5 Year Requirement</b>					
Milton Keynes (2026)	180	80	20	480	760

<sup>6.169</sup> Although the modelling of housing requirements has matured, one area of risk concerns actual (as opposed to modelled) demand for specialist schemes in future years. This is particularly relevant given the Housing LIN forecast for an additional 4,700 units of specialist housing to 2026 (in addition to any turnover within the existing stock).

<sup>6.170</sup> Therefore, these modelled requirements should be seen as the basis for discussion with Adult Social Care and Health colleagues rather than a definitive requirement.

## Other Housing Options for Older People

<sup>6.171</sup> There are a range of market and subsidised housing options for Older People (above). However, these are not the only ones sought by, or aspired to, by older people. Other options include bungalows (both unadapted and adapted) as well as more bespoke solutions such as 'granny flats' or annexes to a family home. However, it is important to consider these additional options in terms of what is needed to meet housing need, and what is needed to meet aspiration.



*‘It is important to distinguish between housing needs and housing aspirations. The former relates to requirements while the latter relates to an individual’s preferences and the manner in which an individual’s needs are met can be by a range of ‘preferred’ options. Having said that, much research has acknowledged that people’s aspirations are largely influenced by their assessment of what is available to meet their particular needs.’*

*(A Qualitative Assessment of the Housing Needs and Aspirations of Older People in Leicestershire Report for Leicester and Leicestershire Housing Market Area Partnership (HMA) 2010; University of Salford)*

- <sup>6.172</sup> Generally, older peoples aspirations are a mix of property issues (tenure, property type, having a second bedroom), as well as personal (a reluctance to move to sheltered accommodation, support services location and proximity to other amenities).
- <sup>6.173</sup> Further, there is a need to consider the differences in aspiration amongst older people in both urban and rural areas. For example, rural *‘demand for supported housing schemes in villages is limited’* (Housing aspirations of Older People living in rural Devon – Devon Rural Housing Partnership 2011).
- <sup>6.174</sup> For more general delivery by the market, developers already have established methodologies for assessing demand and viability before seeking to develop. In terms of demand, new bespoke retirement housing which uses equity older people may have in their current home are already well established, and continue to expand their range of services into personal care and assisted living.
- <sup>6.175</sup> Given that policy is currently focussed on supporting older people in their existing home, there has been consideration of equity release schemes and what is possible. In *‘Aspiration Age: Delivering capital solutions to promote greater choice and independence for older people’* (I&GP Project - One Housing 2010), the research highlighted older people’s interest in equity release schemes although it recognised that this is still a complex area despite private sector products being currently available:
- » The current market is underdeveloped: no existing commercial or non-commercial equity products fully meet the ‘ideal equity release product’ brief and the market for outright sale extra care housing is very immature.
  - » Viability is a concern: access to land at below market rates is needed to make shared ownership extra care housing schemes viable in areas where land value is higher.
  - » Staircasing down to release equity provides a potential alternative for funding care and support in specialist retirement housing, but no commercial products are currently available.
  - » Registered providers could play an enhanced role through equity swap, buying back to rent and buying back to shared ownership.
- <sup>6.176</sup> Other market or aspiration solutions include ‘granny flats’ or annexes to existing family homes. These may become more attractive to families as a result of interaction of market changes, the ageing population, individual aspiration and increased multi-generational living. However, any increase in supply is likely to be as a result of policy change rather than via delivery of housing requirements. Recent policy initiatives which affect may affect increased supply in annexes:
- » planning relaxation on single storey extensions which, subject to size, will not require permission.
  - » the Government also publicised it is considering removing liability for Council tax on live-in annexes in 2012, as a means of stimulating supply. However, it has been claimed that such an

exemption for dependants has been in place since 1997 for relatives who are over 65, "mentally impaired", or "substantially and permanently disabled".

<sup>6.177</sup> For housing need, bungalows or 'granny flats/annexes', could be considered as part of overall housing requirements (see Figure 80). These can either meet needs directly (via new supply) or indirectly (by providing, for example, bungalows for Older People, thereby freeing up family homes elsewhere). MKC already meet need indirectly via existing stock through their downsizing scheme (see paragraph 4.29). However, when considering meeting needs with new supply, these should ideally be delivered in alignment with wider commissioning strategies of Adult and Social Care strategies for Older People.

<sup>6.178</sup> Overall, innovations in housing options (for all tenures) for older people seem likely as the population profile ages. While recognising the difference between aspiration and requirement, and the relatively immature nature of the current market, it seems likely that the established specialised options will continue to be the preferred offer of the specialist sector (both affordable and market). However, there may be a role for Local Authorities, in their enabling role, to consider bespoke local solutions.

## Planning Policy and Older People

<sup>6.179</sup> *'Housing in later life: planning ahead for specialist housing for older people' (2012)* contains detailed advice in Chapter 6 on 'tools to help officers plan for this form of housing in their local policies and strategies' and headlines are given below:

- » Incorporate specialist housing for older people into local plans
  - **Planners:** Seek to include policies that encourage the delivery of specialist housing for older people where the need is identified, in their local plans.
  - **Adult social care officers:** Look to work with officers compiling local plans to join up thinking about remodelling existing specialist housing for older people across local and neighbourhood plans.
- » Local strategies for older people
  - **Planners:** Engage with providers and older people at an early stage to produce Supplementary Planning Documents that reflect the needs illustrated in the local authority's housing and accommodation strategy for older people.
- » Connect health and social care strategies with housing and planning
  - Help to ensure that the JSNA and the Health and Well-being Boards link with the objectives of planning and housing.
  - Seek cross-departmental agreement and support between housing, health and planning on procurement, asset management and any land disposals to meet the strategic needs of the local authority.

## Example policy wording for Local Plans

- <sup>6.180</sup> ‘Housing in later life: planning ahead for specialist housing for older people’ (2012) also contains a suggested policy wording for Local Plans:

### ***Excerpt Chapter 6: Housing in Later Life***

*‘No one planning approach will be appropriate for all areas, but the following provides an example policy wording that could be included in a local plan where a need for specialist housing has been identified:*

*“The Council will encourage the provision of specialist housing for older people across all tenures in sustainable locations.*

*“The Council aims to ensure that older people are able to secure and sustain their independence in a home appropriate to their circumstances and to actively encourage developers to build new homes to the ‘Lifetime Homes’ standard so that they can be readily adapted to meet the needs of those with disabilities and the elderly as well as assisting independent living at home.*

*“The Council will, through the identification of sites, allowing for windfall developments, and/or granting of planning consents in sustainable locations, provide for the development of retirement accommodation, residential care homes, close care, Extra Care and assisted care housing*

## Requirements for Gypsies and Travellers and Travelling Showpeople

- <sup>6.181</sup> The MKC SHMA has also included an assessment of the needs of Gypsies and Travellers and Travelling Showpeople (as part of the overall SHMA project), the results of which are set in this section. The assessment includes on site liaison with local Gypsies and Travellers and Travelling Showpeople about the assessment.
- <sup>6.182</sup> The study seeks to provide an evidence base to enable the authority to comply with their wider requirements towards Gypsies and Travellers and Travelling Showpeople under the Housing Act 2004, the National Planning Policy Framework 2012 and Planning Policy for Traveller Sites 2012. The main objective of the study is to provide the Council with robust, defensible and up-to-date evidence about the accommodation needs of Gypsies and Travellers and Travelling Showpeople in Milton Keynes in the 19 year period until 2031.
- <sup>6.183</sup> We would note at the outset that the study covers the needs of Gypsies, Irish Travellers, New Travellers and Travelling Showpeople, but for ease of reference we have referred to the study as a Gypsy and Traveller and Travelling Showpeople Accommodation Assessment.

## Definitions

- <sup>6.184</sup> For the purposes of the planning system, Gypsies and Travellers means:

*Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family’s or dependants’ educational or health needs or old age have ceased to travel temporarily or permanently, but excluding members of an organised group of Travelling Showpeople or circus people travelling together as such.  
(Planning Policy for Traveller Sites, CLG, March 2012)*

<sup>6.185</sup> Within the main definition of Gypsies and Travellers, there are a number of main cultural groups which include:

- » Romany Gypsies;
- » Irish Travellers; and
- » New Travellers.

<sup>6.186</sup> Romany Gypsies and Irish Travellers are recognised in law as distinct ethnic groups and are legally protected from discrimination under the Equalities Act 2010.

<sup>6.187</sup> Alongside Gypsies and Travellers, a further group to be considered are Travelling Showpeople. They are defined as:

<sup>6.188</sup> Members of a group organised for the purposes of holding fairs, circuses or shows (whether or not travelling together as such). This includes such persons who on the grounds of their family's or dependants' more localised pattern of trading, educational or health needs or old age have ceased to travel temporarily or permanently, but excludes Gypsies and Travellers as defined above. (Planning Policy for Traveller Sites, CLG, March 2012).

## Planning Policy for Traveller Sites

<sup>6.189</sup> The document 'Planning Policy for Traveller Sites' sets out the direction of government policy. Among other objectives the new policies aims in respect of Traveller sites are (Planning Policy for Traveller Sites Page 1-2):

- » that local planning authorities should make their own assessment of need for the purposes of planning;
- » to ensure that local planning authorities, working collaboratively, develop fair and effective strategies to meet need through the identification of land for sites;
- » to encourage local planning authorities to plan for sites over a reasonable timescale;

<sup>6.190</sup> The Guidance includes a number of limited requirements for local authorities. Milton Keynes have long-standing mechanism in place to engage with their communities and therefore, no additional engagement was undertaken as part of this study:

- » Pay particular attention to early and effective community engagement with both settled and traveller communities (including discussing travellers' accommodation needs with travellers themselves, their representative bodies and local support groups);
- » Co-operate with travellers, their representative bodies and local support groups, other local authorities and relevant interest groups to prepare and maintain an up-to-date understanding of accommodation needs;

## Sites in Milton Keynes

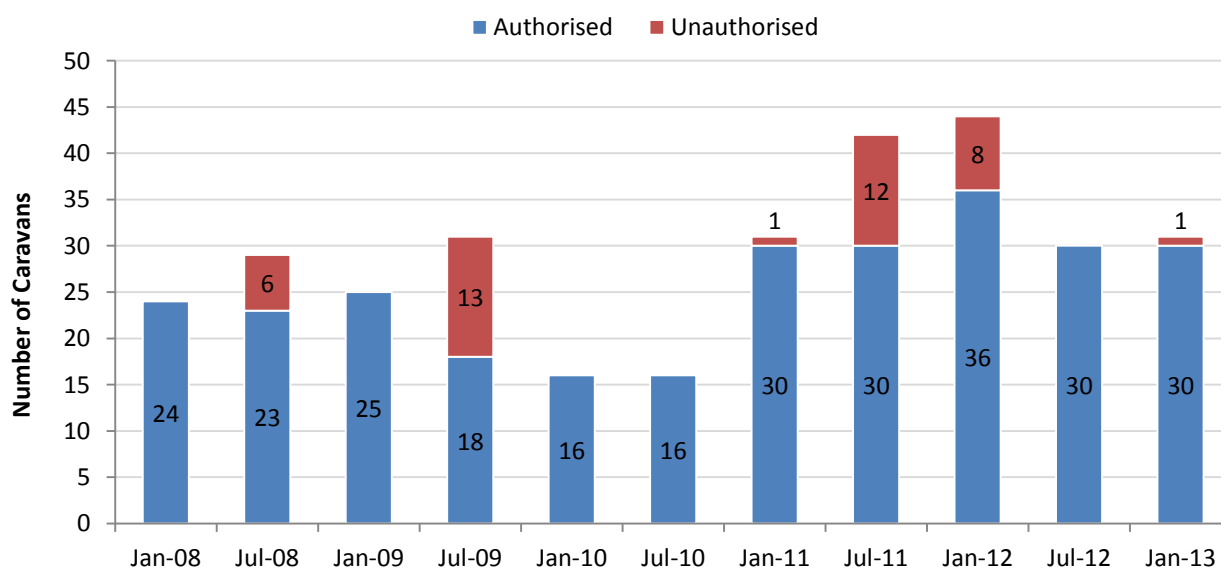
<sup>6.191</sup> At the time of writing, there are 18 pitches on Gypsy and Traveller sites with permanent permission, all of which are on public sites. There are no known Travelling Showpeople living in Milton Keynes.

Figure 95: Current Gypsy and Traveller Sites and Pitches in Milton Keynes

Site	Number of Pitches
<b>LOCAL AUTHORITY SITES</b>	
Calverton Road, Calverton	12
Willen Road, Willen	6
<b>TOTAL PITCHES ON LOCAL AUTHORITY SITES</b>	<b>18</b>
<b>PRIVATE SITES</b>	
Sites with Permanent Permission	-
Sites with Temporary Permission	-
Unauthorised Developments	-
<b>TOTAL PITCHES ON PRIVATE SITES</b>	<b>-</b>
<b>TOTAL PITCHES</b>	<b>18</b>

<sup>6.192</sup> The CLG bi-annual caravan count identifies that recently there have been around 30 caravans on the 18 pitches in Milton Keynes, and this number has been relatively consistent since January 2011 (Figure 96). Whilst the historic data has occasionally recorded caravans on unauthorised pitches in Milton Keynes, these have never been recorded on land owned by Gypsies and Travellers and there is no evidence that any would need permanent pitches in Milton Keynes.

Figure 96: Gypsy Caravan Count for Milton Keynes: January 2008 – January 2013 (Source: CLG Bi-annual Local Authority Caravan Count)



## Future Site Provision

<sup>6.193</sup> This section focuses on the extra site provision which is required in Milton Keynes currently and over the next 19 years.

<sup>6.194</sup> The March 2012, the CLG document ‘Planning Policy for Traveller Sites’, requires an assessment for future pitch requirements, but does not provide a suggested methodology for undertaking this calculation. However, as with any housing assessment, the underlying calculation can be broken down into a relatively small number of factors. In this case, the key issue for residential pitches is to compare the supply of pitches available for occupation with the current and future needs of the households.

<sup>6.195</sup> The key factors in each of these elements are set out below:

### **Supply of pitches**

*Pitches which are available for use can come from a variety of sources. These include*

- » *Currently vacant pitches;*
- » *Any pitches currently programmed to be developed within the study period;*
- » *Pitches vacated by people moving to housing;*
- » *Pitches vacated by people moving out of the study area*
- » *Pitches vacated due to the dissolution of households (normally through the death of a single person household).*

### **Current Need**

*There are four key components of current need. Total current need is simply:*

- » *Households on unauthorised developments for which planning permission is not expected;*
- » *Concealed households;*
- » *Households in brick and mortar wishing to move to sites; and*
- » *Households on waiting lists for public sites.*

### **Future Need**

*There are three key components of future need. Total future need is simply the sum of the following:*

- » *Households living on sites with temporary planning permissions;*
- » *New household formation expected during the study period; and*
- » *Migration to sites from outside the study area.*

## Current Gypsy and Traveller Site Provision

<sup>6.196</sup> There are currently 18 pitches on public sites and no private sites in Milton Keynes. Currently, all authorised public site pitches are occupied, so there is no available space. In addition, there are two overcrowded families on the Willen site.

<sup>6.197</sup> For out-migration to other areas or movements to bricks and mortar, other households will also wish to move in the opposite direction. Therefore, we have treated these as being part of the current and future need sections of the calculation.

<sup>6.198</sup> The dissolution of a household occurs when all the members leave the household. Common ways for a household to dissolve are for a person living on their own to die, or to move to an existing household. Given that households will also form in the future we have treated the net growth in household numbers as being part of the future need.

### Additional Site Provision: Current Need

<sup>6.199</sup> The next stage of the process is to assess how many households are currently seeking pitches in the area. Groups of people who are likely to be seeking pitches will include:

- » Newly formed households
- » Households moving into the area
- » Households wishing to move out of bricks and mortar

### Current Unauthorised Developments

<sup>6.200</sup> There are currently no known pitches on unauthorised developments in Milton Keynes.

### Concealed Households

<sup>6.201</sup> Milton Keynes is familiar with the circumstances of all households on site and there are no known concealed households.

### Bricks and Mortar

<sup>6.202</sup> Identifying households in bricks and mortar has been frequently highlighted as an issue with Gypsy and Traveller Accommodation Assessments. The 2011 UK Census of Population identified a population of 72 Gypsy and Traveller persons in Milton Keynes. The figure of 72 persons is likely to be an under-estimate of the total population due to some Gypsies and Travellers not declaring their ethnic status or completing the Census at all, but it does still indicate a relatively low population in bricks and mortar.

<sup>6.203</sup> We would note that for a number of recent studies undertaken by ORS we have worked with national Gypsy and Traveller representatives to identify households in brick and mortar. For a number of recent studies the representatives reported over 100 known households in housing and they encouraged them to come forward to take part in the survey. The actual number who eventually took part in the surveys ranged from zero to six households per area, and not all wished to move back to sites. Therefore, while there is anecdotal evidence of many Gypsies and Travellers in housing most appear to be content to remain there and when provided with the opportunity by national representatives to register an interest in returning to sites few choose to do so.

<sup>6.204</sup> It is also the case that within most face to face surveys undertaken on-site by ORS a small number of households are seeking to move to bricks and mortar. Therefore, it should be remembered that movement between housing and sites runs in both directions and typically comes extremely close to balancing out to zero. On this basis we have modelled the future pitch requirement on the basis that as many households will want to move from sites to housing as will want to move from housing to sites and therefore the new requirement is zero.

### Waiting List for Public Sites

<sup>6.205</sup> In line with their policy for social housing, Milton Keynes does not hold a waiting list for their public sites.



## Additional Site Provision: Future Need

- <sup>6.206</sup> The next stage of the process is to assess how many households are likely to be seeking pitches in the area in the future.

### Temporary Planning Permissions

- <sup>6.207</sup> Milton Keynes currently has no sites with temporary planning permissions, and thus no projected need arising from the expiry of permissions.

### New Household Formation

- <sup>6.208</sup> It is recognised that an important group for future pitch provision will be older children who form their own households. Many studies of Gypsy and Traveller populations assume a net growth in the population of around 3% per annum, and this figure was used in the South East of England Regional plan. Long-term trends indicate that the number of Gypsy and Traveller caravans on site has grown by 134% nationally in the past 34 years, which equates to a net growth of around 2.5% per annum and it is this figure we have used in this study. When including the impact of compound growth, a 2.5% growth per annum provides for 60% growth over 19 years.
- <sup>6.209</sup> On the basis that there are 18 households on site, a growth rate of 60% would see an additional 10 households in the area by 2031.

### In-migration from Other Sources

- <sup>6.210</sup> The most complicated area for a survey such as this is to estimate how many households will require accommodation from outside the area. Potentially Gypsies and Travellers could move to the Milton Keynes from anywhere in the country. The number of households seeking to move to Milton Keynes is likely to be heavily dependent upon pitch provision elsewhere. It has been noted that a weakness of many Gypsy and Traveller Accommodation Assessments conducted across the country has been that they either allowed for out-migration without in-migration which led to under-counting of need, or they over-counted need by assuming every household visiting the area required a pitch.
- <sup>6.211</sup> Overall the level of in-migration to Milton Keynes is a very difficult issue to predict. We have allowed for a balanced level of migration to existing sites. The advantage of allowing for net migration to sum to zero is that it avoids the problems seen with other Gypsy and Traveller Accommodation Assessments where the modelling of migration clearly identified too low or high a level of total pitch provision. An assumption of net nil migration implies that the net pitch requirement is driven by locally identifiable need.
- <sup>6.212</sup> Beyond this number, rather than assess in-migrant households seeking to develop new sites in the area, we would propose that each case is assessed as a desire to live in the area and that site criteria rules are followed for each new site. It is important for Milton Keynes to have clear criteria-based planning policies in place for any new potential sites which do arise.

## Overall Needs for Milton Keynes

- <sup>6.213</sup> **The estimated extra site provision that is required until 2031 is 12 pitches.** As there are no unauthorised sites, temporary permissions due to expire or individuals on waiting lists, this figure is purely due to growth in household numbers as a result of household formation plus two families in overcrowded conditions on the Willen site.

Figure 97: Extra Pitches which are required in Milton Keynes from 2013-2031

Reason for Requirement/Vacancy	Gross Requirement	Supply	Net Requirement
<b>Supply of Pitches</b>			
Additional supply from empty pitches	-	0	
Additional supply new sites	-	0	
<b>Total Supply</b>		<b>0</b>	
<b>Current Need</b>			
Current unauthorised developments or encampments and seeking to stay in the area	0	-	
Concealed households	0	-	
Net movement from bricks and mortar	0	-	
Waiting list for public sites	0	-	
<b>Total Current Need</b>	<b>0</b>		
<b>Future Needs</b>			
Currently on sites with temporary planning permission	0	-	
Net migration to the area	0	-	
Net New household formation	12	-	
<b>Total Future Needs</b>	<b>12</b>	-	
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>12</b>

## Travelling Showpeople

<sup>6.214</sup> **There is no evidence of any need for Travelling Showpeople or circus performer plots in Milton Keynes.** It is still important for Milton Keynes to have criteria-based planning policies in place in the event of someone seeking to develop a new Travelling Showpeople's yard in the area.

## **Chapter 6 Summary**

### **Modelling Future Housing Requirements**

*Milton Keynes requires 35,000 new homes in the period 2011-31, 1,750 dwellings per annum.*

*60% of the additional households projected for Milton Keynes are derived from the natural growth of the existing population and the impact of changes in household structure (21,000 dwellings).*

*Natural growth also accounts for a higher proportion of the Affordable Housing required.*

*Net migration to the area accounts for 40% of the new housing requirement (14,000 dwellings) over the 20-year period*

*The size mix for all tenures shows the market requirement is more heavily focused on 3 bedroom properties, while a range of dwelling sizes are required in the social sector.*

### **Local Economy**

*The combined effects of key drivers within the local housing market (affordability, earnings, house prices and migration), indicate a relatively young in-migrant population predominantly aged 25-44.*

*Two thirds of net migrant households are likely to be in the Higher or Lower managerial, administrative and professional occupations.*

*Given these factors, it is important that the area continues to support the local economy by offering suitable housing options in the owned and private rented sectors to maintain these migrant households in future. For skilled and other migrants, this will be mainly for 2 and 3 bedroom homes.*

### **Housing for Older People**

*In taking forward the implications of the ageing population in MKC, the Council should:*

- » *Work closely with colleagues in Health and Adult Social Care, and with the new Health and Well Being Board and Clinical Commissioning Group(s) locally regarding new specialised accommodation requirements for Older People*
- » *Consider the modelling of specialist housing requirements in the light of recent approaches and ratios and consider older people's wider demand issues, including the propensity to move*
- » *Consider the Planning Policy recommendations from 'Housing in later life: planning ahead for specialist housing for older people' (2012) and incorporate, where appropriate, planning policies to support the specialist housing provision.*

*It seems likely that the established older people's housing options will continue to be the preferred offer of the specialist sector (both affordable and market). However, there may be a role for Local Authorities, in their enabling role, to consider bespoke local solutions which recognise specific local aspirations.*

### **Gypsies and Travellers**

*There are currently 18 pitches on Gypsy and Traveller sites with permanent permission, all of which are on public sites.*

*There are no unauthorised sites, temporary permissions due to expire or individuals on waiting lists.*

*The estimated extra site provision that is required over the period to 2031 is 12 pitches.*

### **Travelling Showpeople**

*There are no known Travelling Showpeople currently living in Milton Keynes and there is no evidence of any need for Travelling Showperson or circus performer plots in Milton Keynes.*

## 7. Duty to Co-operate

### Considering the housing needs of adjoining areas and how those needs will be met

- 7.1 This Chapter outlines how the Council is seeking to ensure the production of the SHMA is included in the wider Duty to Co-operate (DtC) requirements on particular areas of planning policy relevant to the SHMA; particularly, the Housing Market Area and the meeting of requirements in neighbouring authorities.
- 7.2 There have been several examples of DTC processes which have been of concern to Inspectors:
- » Constructive engagement with neighbouring authorities (Coventry; January 2013/Kirklees; April 2013)
  - » Comprehensive engagement with neighbouring authorities (Waverley; June 2013/Kirklees April 2013)
  - » Net nil migration scenario as basis for requirements (Waverley; June 2013)
  - » Assumed meeting of housing requirements in neighbouring authorities (Hart; January 2013/ Waverley June 2013)
  - » Defining the Housing Market Area (Bath & NE Somerset; September 2013)

#### Legal basis

- 7.3 Section 110 of the Localism Act 2011 amends section 33 of the Planning and Compulsory Purchase Act 2004 and imposes a 'duty to co-operate' on Councils who submit plans for Examination after 15 November 2011.
- 7.4 The Planning and Compulsory Purchase Act (2004) also requires that the local authority engage constructively with its neighbours.

#### Duty to Co-operate Guidance

- 7.5 Recent Guidance on this process is contained in '*A Simple Guide to Strategic Planning and the Duty to Co-operate*' produced by the Planning Advisory Service and in '*Transition to the Localism Act and the NPPF*' produced by the Planning Officers Society.

#### National Planning Policy Framework (2012)

- 7.6 There are various parts of the NPPF relevant to the Duty to Co-operate:
- » Paragraph 181 of the National Planning Policy Framework (NPPF) clarifies how co-operation should be a continuous process of engagement from initial thinking through to implementation. In determining whether the 'duty to co-operate' has been fulfilled it is necessary to consider both the process that has been gone through and the outcome. The objective is effective plan-making.

- » Paragraph 181 of the NPPF notes that Local Planning Authorities will be expected to demonstrate evidence of having effectively co-operated to plan for issues with cross boundary impacts.
- » Paragraph 47 covers housing supply and needs around “objectively assessed needs for market and affordable housing in the housing market area”
- » Paragraph 156 says ‘Local planning authorities should set out the strategic priorities for the area in the Local Plan. This should include strategic policies to deliver...the homes and jobs needed in the area;

## Assessment of housing and economic development needs (2014)

- 7.7 New Guidance on assessing housing market needs was published as this study was being finalised in March 2014. This Guidance states:

*Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area in line with the duty to cooperate. (Paragraph 007)*

*The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate. (Paragraph 010)*

**Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

## The Duty to Co-operate Process

- 7.8 As part of the development of the Final SHMA Report, a process of engagement has been followed between Wycombe District Council and neighbouring authorities; emerging SHMA outputs were shared and discussed as part of this process. The neighbouring authorities who were part of this process were:

- » Luton BC
- » West Northamptonshire JPU
- » Bedford BC
- » Central Bedfordshire
- » Aylesbury Vale DC

- 7.9 The key issues which emerged from these discussions were:

- » Housing Market Area: queries and concerns were raised as to how the HMA was defined and the evidence which had established this. There was an acknowledgement of how new Census 2011 data at the fine grain required will be available in 2014 to enable a further review the HMA. Some authorities suggested that the definition of HMA in an area of complex geography might be better undertaken jointly between several authorities.
- » Population and household forecasts: some queries regarding the methodology for deriving the household data used as the input into modelled housing requirements were raised. The implications of economic growth for housing requirements, and the need for compatibility with other studies, were also highlighted.

- <sup>7.10</sup> In response, the SHMA has sought to set out the existing evidence for the Housing Market Area and to consider any more recently available data. Milton Keynes Borough Council are continuing their dialogue with neighbouring authorities.

Figure 98: Summary of Local Authority Views on the Draft SHMA

Authority	Comments
Luton BC	<p>While recognizing the technical difficulties (given the absence of new SHMA data) to review the Housing Market Area in defensible detail, and given recent Inspector findings on HMA's, Luton had concerns that:</p> <ul style="list-style-type: none"> <li>» The HMA might be wider than the MKC boundary</li> <li>» If this were the case, would not a review of HMA be better undertaken by the several authorities involved?</li> <li>» If this were undertaken, might joint work on population and households projections also be undertaken jointly</li> </ul> <p>Given the complexity of local markets, Luton also saw merit in using collaborative working to meet Duty to Co-operate requirements. Indeed, Luton has invited MKC to be part of their SHMA review.</p> <p>Overall, Luton are happy to endorse the approach set out in the draft SHMA.</p>
West Northamptonshire JPU	<p>West Northants said the 'draft appears to present a robust assessment of housing needs in Milton Keynes based on natural change and also takes account of likely future migration. As such it would appear to comply with the requirements of the NPPF. The JPU is therefore content that the SHMA will provide an appropriate evidence base for future development planning in the Milton Keynes area.</p>
Bedford BC	<p><b>Housing Market Area</b></p> <ul style="list-style-type: none"> <li>» The HMA defined appears largely as MKC administrative boundaries (albeit slightly wider) and does not consider wider, strategic implications of an HMA defined to consider implications for other authorities.</li> <li>» There is a concern that the review of HMA should be more extensive and consider revisiting the existing data (Census 2001) that defined the original HMA in 2009. Especially, the SHMA should consider commuting and house price information again in case there are any 'signals' to consider.</li> </ul> <p><b>Population Forecasts</b></p> <ul style="list-style-type: none"> <li>» Migration: there appears to be a non-match between migration data at Fig 39 and that used in the modelling Fig 46. Can this be reviewed to i) ensure the baseline is sound and ii) whether there are any implications for outputs?</li> <li>» Employment: the implications of job growth aren't explored. For example, MK is saying there'll be extra 40,000 jobs, but they'll only deliver, say, 20,000 jobs; what are the implications from this for surrounding LA's like Bedford?</li> <li>» Household size reduction: this reduction, and the reasons for it, are not transparent and would benefit from more explanation. How have household forecasts been sensitivity tested?</li> </ul> <p><b>Current Housing Market</b></p> <ul style="list-style-type: none"> <li>» New 2014 Guidance has a section on market signals and this needs to be acknowledged.</li> </ul> <p><b>Housing requirements</b></p> <ul style="list-style-type: none"> <li>» Some graphs on population scenarios would help in understanding how population has been factored in.</li> <li>» Housing requirements: there is a concern that the various population figures in the</li> </ul>

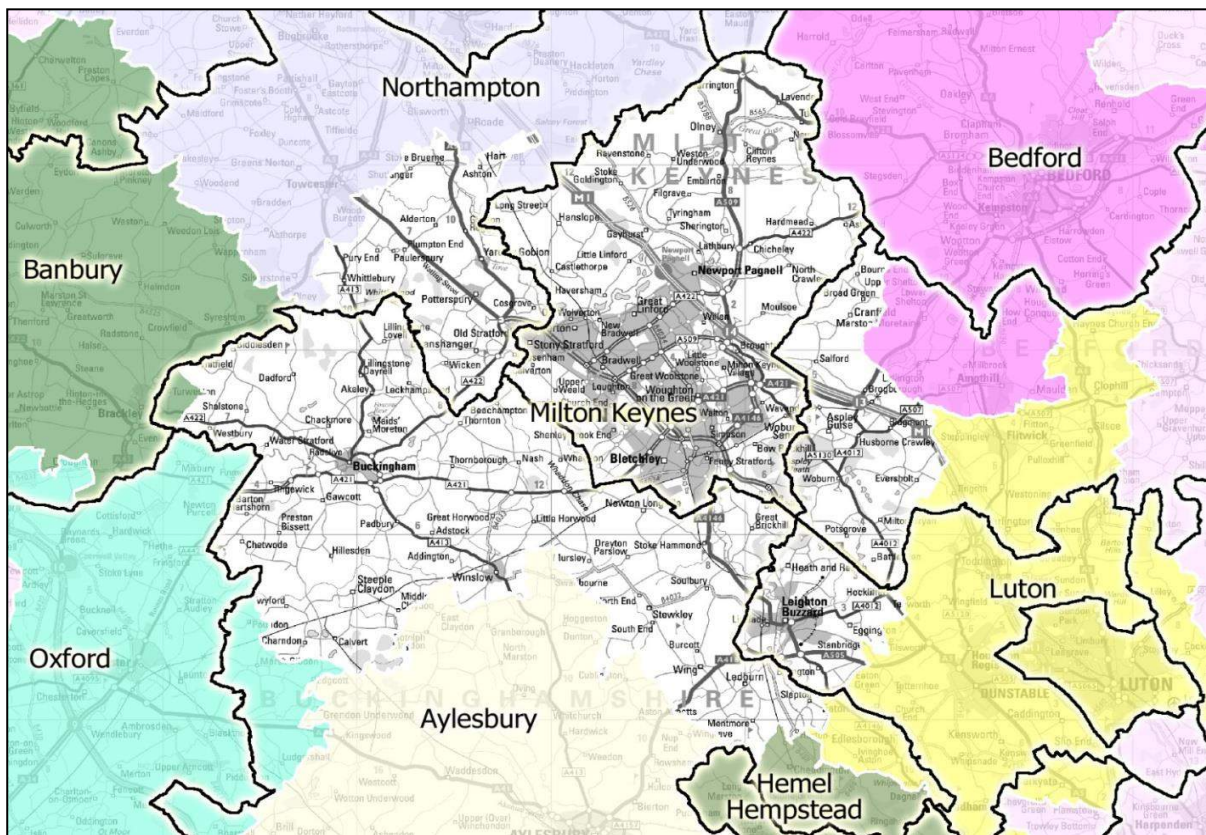
Authority	Comments
	<p>narrative (eg in 6.5, 6.14, 6.23) don't seem to be consistent. If not, will this have implications for modelled outputs/requirements?</p> <p>» How have economic growth scenarios been considered (including impact on migration) and the wider implications for requirements?</p>
Central Bedfordshire	<p><b>Housing Market Area</b></p> <p>» The definition of the MK HMA seems consistent with that defined in the Bedfordshire SHMA of 2010, at least as far as it relates to the Bedfordshire area (the new HMA boundary stretches further west than Central Beds plan in 2010 but doesn't have a significant impact).</p> <p>» There is a concern is that, while the HMA is defined, the outputs of the study don't relate to the HMA but only the MK local authority boundary. Central Beds acknowledge that this is a difficult area and that guidance lacks clarity; however, they note it is now increasingly clear that objectively assessed housing need must relate not only to local authority boundaries but also to the HMAs.</p> <p>» This presents methodological difficulties as well as practical difficulties. For example, on timing; there might be occasions when LA plan-making timetables don't coincide at all and it would be very difficult to produce results across the HMA.</p> <p>» However, given that Central Beds are updating their SHMA concurrently with MK, it would seem difficult to argue that it is not possible to produce results for at least the Beds/MK part of the HMA.</p> <p><b>Population forecasts 'enhanced' HMA</b></p> <p>» Central Beds queried how the production of an SHMA for a full (possibly sub-regional) HMA when population and household projections only relate to LA boundaries, could be undertaken; however, they believe this is necessary. .</p> <p>» This would require a joint approach using consistent assumptions. These could then be applied to proportion of the Central Bedfordshire need which falls within the MK HMA. There may be starting point for this using historic studies.</p>
Aylesbury Vale DC	<p>Aylesbury Vale commented on several areas of the SHMA draft:</p> <p><b>Housing Market Area</b></p> <p>» The HMA for MK is different to that in the AVDC SHMA; AVDC would like to see some acknowledgement of this in the MKC SHMA narrative and any implications arising</p> <p><b>Population Forecasts</b></p> <p>» Economic forecasts: AVDC SHMA included a scenario based on population growth from their economic forecasts. AVDC have a concern that these may be incompatible with any economic scenarios MKC have used. Could this be looked at for any discrepancies? Will MKC be undertaking further work to consider work on economic driven population forecasts to feed into their SHMA?</p> <p>» Migration: migration data used in AVDC population modelling uses 2006-11 data, MKC SHMA uses 2005-10. Will this have nay implications?</p> <p>» SNPP 2013: AVDC understand these will have to be taken into account in SHMAs and asks if MKC will consider this.</p> <p><b>Housing requirements</b></p> <p>» Size/Mix: AVDC have had independent advice that the SHMA size/mix requirement may not meet CLG Guidance.</p> <p>» Redistributive growth: AVDC are not planning for any redistributive growth (as set out in previous RSS): does this need to be acknowledged in the SHMA?</p>



## The Milton Keynes Housing Market Area

- 7.11 Chapter 2 of this SHMA considers the historic and current evidence regarding the extent of the Milton Keynes Housing Market Area (HMA). This includes both historic assessments of the HMA area and their evolution, together with more recent demographic data.
- 7.12 On the basis of this evidence, the SHMA, therefore, concludes that the functional HMA for Milton Keynes is a Housing Market Area which is not the same as the Milton Keynes local authority but is the slightly larger area identified in Figure 99 below.

**Figure 99: Functional Housing Sub-Markets in and around Milton Keynes (Source: Milton Keynes Strategic Housing Market Assessment 2008)**



- 7.13 The HMA assessment also considered recent population, land distribution and travel to work and migration data shows that
- » Population: It is evident that the substantial majority of the Milton Keynes HMA population (over 70%) live in the Milton Keynes local authority area and all of the local authority's population live in the identified HMA. The other local authority areas each account for less than 15% of the HMA's population.
  - » Land distribution: When the distribution of land is considered, it is apparent that only a third of the Milton Keynes HMA falls within the Milton Keynes local authority area, with over two fifths (41%) in Aylesbury Vale. Therefore, in planning the appropriate location of any new housing provision, Milton Keynes Council will need to work in partnership with neighbouring authorities to ensure that housing is provided in the most appropriate location in the context of the entire HMA.

- » Travel to work: over 75% of people that work in the Milton Keynes HMA also live in the HMA; whilst almost two thirds (65%) of people that live in the Milton Keynes HMA also work in the HMA. Many of those that don't work in the area commute to areas further afield, including London.
- » Migration patterns: When we consider migration patterns, a total of 21,000 residents currently living in the Milton Keynes HMA had moved from another address in the HMA in the 12 months prior to the Census 2001. 70.4% of Milton Keynes HMA residents that had moved in the 12 months prior to the Census previously lived in the HMA (where the move was up to 60km). Similarly, 73.7% of residents that moved from an address in the Milton Keynes HMA stayed within the HMA. Of course, the percentage depends on the distance threshold that is adopted, but migrants moving 60km or more are less likely to not change their place of work.

<sup>7.14</sup> The definition for a Housing Market Area sets out that it is the area “where most of those changing house without changing employment choose to stay”. Unfortunately, no data is available that relates migration with changes in employment circumstances; but given that most working people will live relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work.

<sup>7.15</sup> Therefore, in planning the appropriate location of any new housing provision, Milton Keynes District Council will need to work in partnership with neighbouring authorities to ensure that housing is provided in the most appropriate location in the context of the entire HMA.

<sup>7.16</sup> A recent Inspector finding regarding HMA areas considered an approach, on the basis of evidence, of a District only basis towards the HMA (Bath & North East Somerset; September 2013) and said:

<sup>7.17</sup> ‘However, the NPPF’s clear advice (paragraph 159) is that SHMAs should be based on HMAs. If there is sufficient alignment between a SHMA and the main HMA relating to a district it would be unjustified to require a Council to undertake a SHMA covering a multi-authority area.’

<sup>7.18</sup> Albeit, the Inspector also highlighted the following issues regarding how this position may develop on the basis of:

- » Newly available evidence: If the new data indicates a change in HMA boundaries sufficient to justify a revised approach, then this should be undertaken.
- » Positive partnership working: the local authority should still respond positively to partnership working with its neighbours on housing needs issues and with the Local Economic Partnership.

## Projected Household Growth and Housing delivery

<sup>7.19</sup> The Figure below considers projected demand from household growth (using CLG Household projections) and potential identified supply (using local authority data). The inability to meet demand from projected supply raises implications for the meeting of housing requirements identified in the SHMA. All authorities in the table have either a connection to the Housing Market Area or have a relatively close proximity. The table shows that each authority has a future site supply to meet need although the forward timeline for this varies.

<sup>7.20</sup> Discussions with the authorities indicate that they all recognise demand for new homes within the Housing Market Area is strong mainly due to relatively successful local economies, its attractiveness and the

proximity of London employment market. However, the co-operation process has highlighted, too, the complexity of delivering new homes; these raise significant challenges within the supply chain alongside core delivery issues of land supply and viability.

**Figure 100: Comparison of Housing Demand and Supply in the HMA (Source: CLG, AMR, SHLAA)**

		Milton Keynes	Aylesbury Vale	West Northants	Bedford Borough	Central Bedfordshire	Luton
<b>HOUSING DEMAND</b>							
<b>CLG Household Projections (Annual Average)</b>							
2006-based	10 years: 2006-16	1,700	1,100	3,200	1,100	2,100	700
	25 years: 2006-31	1,600	1,000	2,960	1,080	1,840	720
2008-based	10 years: 2008-18	1,700	700	2,600	700	1,500	800
	25 years: 2008-33	1,560	720	2,400	720	1,400	800
Interim 2011-based	10 years: 2011-21	1,600	990	2,100	900	1,600	1,100
	25 years: not published	-	-	-	-	-	-
Range (lowest to highest)		1,560-1,700	700-1,100	2,100-3,200	700-1,100	1,400-2,100	700-1,100
Average (mean)		1,630	900	2,650	900	1,680	820
Average (median)		1,600	990	2,600	900	1,600	800
<b>HOUSING SUPPLY</b>							
<b>Annual Housing Target from Annual Monitoring Report</b>		<b>1,750</b>	<b>675</b>	<b>2,485</b>	<b>1,040</b>	<b>1,435</b>	<b>360</b>
Net difference from CLG Household Projections		+150	-320	-120	+140	-170	-440
Percentage difference from CLG Household Projections		+9.4%	-31.8%	-4.4%	15.6%	-10.3%	-55.0%
<b>Total Housing Land Supply identified by SHLAA</b>		<b>25,531</b>	<b>8,212</b>	<b>39,636</b>	<b>13,883</b>	<b>28,860</b>	<b>3,225</b>
Housing land supply period based on AMR target (years)		14	12	15	13	20	8

	Source
<b>General</b>	AMR targets do not take under and over delivery into account
<b>Milton Keynes</b>	<p><b>Annual Housing Target:</b> AMR 2011-12 Page 25 Para 5.1  <a href="http://www.milton-keynes.gov.uk/planning-and-building/planning-policy/annual-monitoring-report-five-year-housing-land-supply">http://www.milton-keynes.gov.uk/planning-and-building/planning-policy/annual-monitoring-report-five-year-housing-land-supply</a></p> <p><b>Total Housing Land Supply Source:</b> AMR 2011-12 Page 27 5.14</p>
<b>Aylesbury Vale</b>	<p><b>Annual Housing Target:</b> AMR Monitoring Report 2012 Page 21 Table; SEP Target 2013-18 of 6723  <a href="http://www.aylesburyvaldc.gov.uk/planning-policy/monitoring-information/annual-monitoring-report/">http://www.aylesburyvaldc.gov.uk/planning-policy/monitoring-information/annual-monitoring-report/</a></p> <p><b>Total Housing Land Supply Source:</b> Aylesbury Vale District Council SHLAA March 2013; Page 1 Summary table – 8,212 2013-31  <a href="http://www.aylesburyvaldc.gov.uk/planning-policy/monitoring-information/housing-land-supply-housing-trajectory/">http://www.aylesburyvaldc.gov.uk/planning-policy/monitoring-information/housing-land-supply-housing-trajectory/</a></p>
<b>West Northants (Daventry, Northampton, South Northants)</b>	<p><b>Annual Housing Target:</b> AMR 2011/12 p87 Table 36 2001-26 Total divided by 25 years  <a href="http://www.westnorthamptonshirejpu.org/connect.ti/website/view?objectId=2737648">http://www.westnorthamptonshirejpu.org/connect.ti/website/view?objectId=2737648</a></p> <p><b>Total Housing Land Supply Source:</b> Table 1 SHLAA Final Report January 2012; Page 8/9 Table 1 2011-26  <a href="http://www.westnorthamptonshirejpu.org/connect.ti/website/view?objectId=2748048">http://www.westnorthamptonshirejpu.org/connect.ti/website/view?objectId=2748048</a></p>
<b>Bedford Borough</b>	<p><b>Annual Housing Target:</b> AMR 2011-12 Page 21 Indicator H2  <a href="http://www.bedford.gov.uk/environment_and_planning/planning_town_and_country/planning_policy_its_purpose/monitoring.aspx">http://www.bedford.gov.uk/environment_and_planning/planning_town_and_country/planning_policy_its_purpose/monitoring.aspx</a></p> <p><b>Total Housing Land Supply Source:</b> SHLAA Update 2011 Tables on Page 5 &amp; 6 for 2010-21  <a href="http://www.bedford.gov.uk/environment_and_planning/planning_town_and_country/planning_policy_its_purpose/technical_reports.aspx">http://www.bedford.gov.uk/environment_and_planning/planning_town_and_country/planning_policy_its_purpose/technical_reports.aspx</a></p>
<b>Central Bedfordshire</b>	<p><b>Annual Housing Target:</b> AMR 2011-12 Page 28 Target 2011-31 3<sup>rd</sup> table on page 28,700  <a href="http://www.centralbedfordshire.gov.uk/Images/AMR%2011%2012%20Final%20Web_tcm6-39099.pdf#False">http://www.centralbedfordshire.gov.uk/Images/AMR%2011%2012%20Final%20Web_tcm6-39099.pdf#False</a></p> <p><b>Total Housing Land Supply Source:</b> Housing trajectory 2013 Page 8 Summary  <a href="http://www.centralbedfordshire.gov.uk/planning/strategic-planning/monitoring.aspx">http://www.centralbedfordshire.gov.uk/planning/strategic-planning/monitoring.aspx</a></p>
<b>Luton</b>	<p><b>Annual Housing Target:</b> 2012 AMR Page 12 Para 3.5 360 to 2021  <a href="http://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Planning/Regional%20Planning/Luton%20AMR%202012.pdf">http://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Planning/Regional%20Planning/Luton%20AMR%202012.pdf</a></p> <p><b>Total Housing Land Supply Source:</b> 2012 SHLAA Page 16 Para 4.1, Table 4.1 5 year supply <b>3225</b>  <a href="http://www.luton.gov.uk/Environment/Planning/Regional%20and%20local%20planning/Pages/Planning-policy-evidence.aspx">http://www.luton.gov.uk/Environment/Planning/Regional%20and%20local%20planning/Pages/Planning-policy-evidence.aspx</a></p>

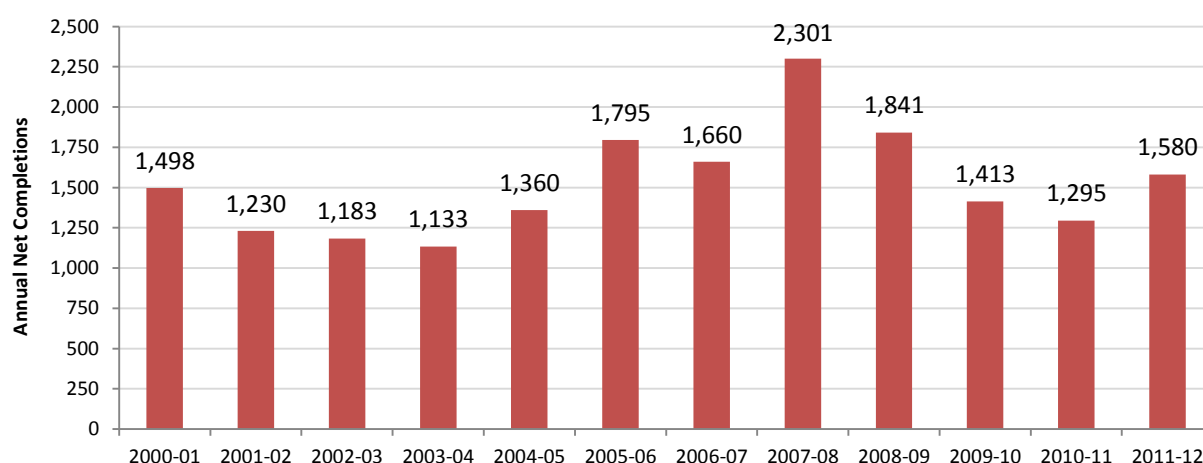
## 8. Housing Delivery

### Recent Trends and Future Trajectory for New Housing

#### Housing Delivery

- 8.1 Housing delivery has slowed across the UK since the market peaked in 2007/08. Various current forecasts regarding national recovery to 2008 levels vary from 3 years to 10.
- 8.2 In MKC, the impact of the market slowdown was less marked and delivery levels ( Figure 101) have been relatively consistent across the period 2001-2013, even though significant changes have happened in the wider economy and the construction sector. MKC completions were boosted by flat developments in central Milton Keynes, driven by the investor market.

**Figure 101: Housing Delivery 2001-2012 (Source: Local Authority Records)**



- 8.3 Milton Keynes Proposed Submissions Core strategy contains a target of 28,000 new homes for 2010-2026 (average 1,750 new homes per year; 1,640 for the urban area and 110 for the rural).
- 8.4 Completions were 1,295 (2010/11) and 1,580 (2011/12). Local planning authorities also monitor the stock and flows of land allocated, permissions granted, and take-up of those permissions in terms of completions. For Milton Keynes, these indicate that there is a supply of developable sites to meet the Core Strategy target.

**Figure 102: Developable sites in Milton Keynes (Source: AMR 2011-12)**

Source	Homes
Full permissions	3,140
Outline permissions	12,004
Local Plan Allocations and deliverable brownfield sites	10,387
<b>Developable sites</b>	<b>25,531</b>
+ Completions 2010/12	2,875
<b>Completions plus Developable sites</b>	<b>28,406</b>
<b>Core Strategy target 2010/26</b>	<b>28,000</b>
<b>Difference (+/-)</b>	<b>+406</b>

## Viability in Delivering New Housing

- 8.5 Even within relatively high value areas, such as MKC, there can be viability issues. In practice, many local delivery targets for any one authority form part of the wider delivery target for a sub-region, and therefore more localised viability can affect the delivery for this wider area.
- 8.6 Delivery of lower numbers of dwellings in any area will marginally reduce the requirement for Affordable Rent/Social Rent and Intermediate housing, but this is due to lower overall delivery. A lower level of delivery will not per se impact upon the requirements of those seeking Affordable Housing as these low income households do not typically have options to move elsewhere. However, higher levels of development go some way to mitigate this. Higher delivery would normally also incentivise migrants (who typically occupy market sector dwellings) to move to the area. Conversely, lower levels of development will provide disincentives to in-migrants. Figure 101 shows MK Housing Delivery 2001-12. While the peak delivered in 2007-08 has fallen recently the long term trend is relatively even.

## Help to Buy

- 8.7 There are a variety of home ownership support schemes (under the Help to Buy banner) to enable social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England:
- » HomeBuy Direct: shared-equity scheme where the buyer buys a new home, on a designated development, with equal equity loans from Government and house builder to a maximum of 30% of the full purchase price;
  - » FirstBuy: an equity loan product which helps buyers buy a new home with the help of an equity loan of up to 20% of the full purchase price;
  - » Shared Ownership: purchase of new high quality homes available on a 'part-buy/part-rent' basis (also known as NewBuild HomeBuy). The buyer can buy shares of 25% to 75% of the purchase price;
  - » Rent to Buy: a "Try Before You Buy" scheme which, like Intermediate rent, lets eligible households rent a newly built home from a Registered Provider at 80% or less of the current market rate, with an expectation that the household will buy as shared owners after a limited period, usually 3 to 5 years;
  - » Social HomeBuy: a scheme to let social housing tenants to buy their current home at a discount either outright or on a part-buy/part-rent basis, the minimum initial share being 25%;
  - » Mortgage Rescue scheme: for vulnerable home-owners at risk of repossession to remain in their homes;
  - » Armed Forces Home Ownership Scheme: available to those with 4-6 years service, this scheme provides equity loans of 15-50% of the market value of the home;
  - » Help to Buy: introduced in the 2013 Budget and running from 1 April 2013, the scheme offers a 20% equity loan towards the cost of a new home to buyers with a 5% deposit. From January 2014 a Mortgage Guarantee will be available for purchase of a new or existing home and the maximum value for which support is available rises to £600,000. The HBF reported that 4,000 buyers had reserved a new home in the first two months of the scheme. Concerns have been



expressed (for example by the IMF) that the scheme is contributing to a recent improvement in market values and sales transactions.

- 8.8 Help to Buy schemes form a useful contribution to housing options. Overall, schemes are varied and continue to expand. Most are aimed at assisting people into home ownership (via shared equity, equity loan or variants). Similar schemes are operated by local authorities (e.g. Local Authority mortgage schemes). A key benefit of such schemes is that they can aid those households who are not in sufficient housing need to access Affordable Housing, yet are unable to purchase outright. However, there are concerns about how recent schemes might stimulate demand and inflate house prices further, thus putting them more out of reach of their target clients. Arguably,
- 8.9 Recently, the housing sales market is reported as becoming more active with a rise in values and increased first time buyer activity (Source: various reports – Halifax, RICS, LSL/Rightmove). While the sales market, in the short term, may be improving, the Bank of England has said that it will intervene to prevent any ‘bubble’ (Source: Mark Carney, Governor of the Bank of England, interview with the Daily Mail, August 2013). The impact of Help to Buy schemes in stimulating the market in this way is not known.
- 8.10 MKC should monitor the schemes, especially where these may be inflating values and, indirectly, affordability.

## Other Market Housing Schemes

- 8.11 There are other schemes outside Help to Buy range which have been implemented to try and help households into home ownership. However, some can be considered ‘affordable’ housing for planning purposes, but some cannot (see NPPF Annex 2). For example:
- » Low cost market housing derives from schemes which sell properties at discounted values to qualifying applicants (for example, in a high value rural area qualifying criteria would include a local connection) usually via a form of subsidy such as land at discounted values. The lower cost/discount must be protected in perpetuity if this is to be considered ‘affordable’ provision for planning purposes.
  - » Fixed Equity is a scheme where a fixed percentage of a property (say 60%) is purchased by an applicant who then pays no rent on the remainder of the total equity. This equity share is retained by the vendor (for example, the developer) in perpetuity. A service charge may also be payable. Although this can, arguably, meet the housing aspirations of households unable to afford full value market housing, they are not ‘affordable’ housing for planning purposes.

*‘Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.’*

*NPPF Annex 2 Glossary*

## Delivery of Affordable Housing

- 8.12 Delivery of Affordable Housing is a key output to help meet housing need in MKC and this section considers the current status of the Affordable Housing Programme 2011-15. MKC has a programme of 1,141 homes between 2011 and 2015 via the National Affordable Housing Programme 2008-11 (NAHP) and the Affordable Housing Programme 2011-15 (AHP). 658 (58%) are scheduled to complete between 2013 and 2015. 323 affordable homes were delivered 2011-12.



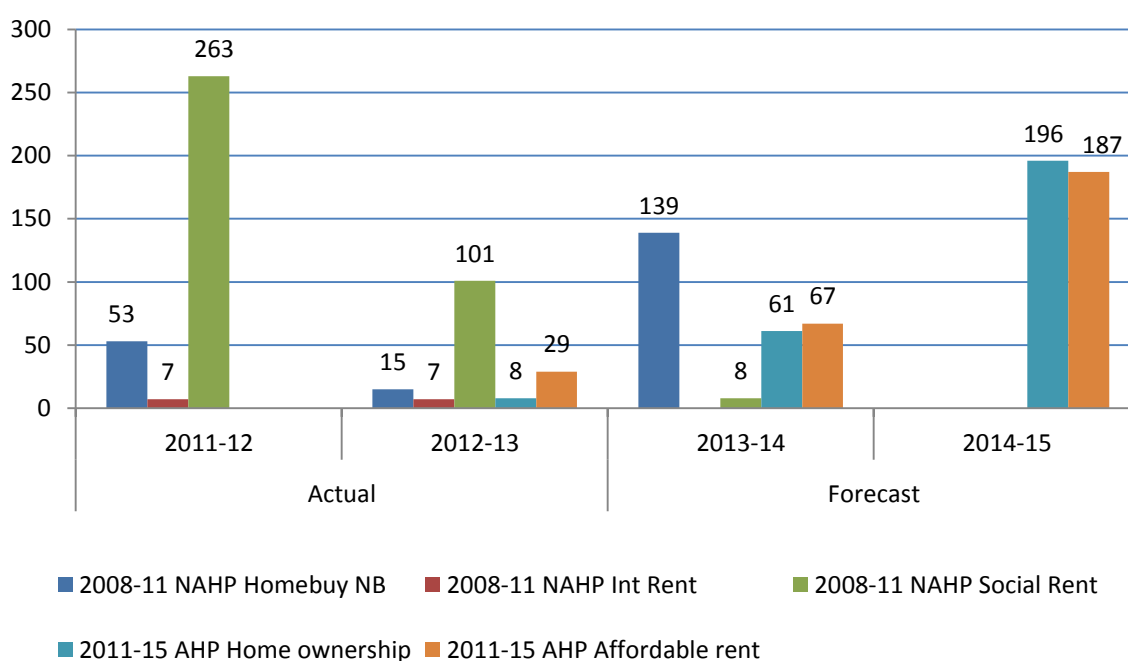
## Registered Providers

- 8.13 The main delivery agents for new affordable homes are Registered Providers. Most Registered Providers report that the current market and changes within how the Affordable Housing Programme works have affected their appetite for new schemes. A combination of recent capital grant changes and revenue risk, via Welfare Benefit reform has all combined to make RPs more cautious. Viability pressures also make providers pessimistic.
- 8.14 Registered Providers say that any new Social Rent schemes are very unlikely to proceed and, for many providers, are now unviable. Affordable Rent schemes will still come forward, albeit in heightened awareness of the risks schemes carry.

## Completions

- 8.15 Completions via the NAHP 2008-11 have continued into 2013-14 when the programme completes. Completions via the AHP 2011-15 highlight considerable delivery in the programme's final year. One issue to note is that the delivery levels of Affordable Rent and home ownership are currently lower than for Social Rent and Homebuy.

**Figure 103: Actual v Forecast Completions (Source: Homes and Communities Agency)**



## Affordable Rents

- 8.16 The Government's policy on the conversion of existing social homes, and the letting of new homes, to Affordable Rents could bring benefits for future Affordable Housing delivery:
- » landlords' Social Rent/Affordable Rent housing revenues increase
  - » more funds are thus released for RP development even at lower grant levels
  - » additional affordable homes are delivered to increase supply

- » the increased supply can house those in need who currently live in the Private Rented Sector
- » there is a reduced reliance by affordable home providers on capital grant

8.17 However, there may be unforeseen consequences, principally that the Housing Benefit bill will also rise as the new/existing affordable homes are let to households in need who require Housing benefit support at the higher Affordable Rent. Stakeholder RPs are currently cautious about the change to Affordable Rent and wider Benefit changes; any increased revenue may not, therefore, improve delivery of new affordable homes.

## Self Builders

8.18 In 2010, only one in 10 new homes in Britain was self-built (although this proportion varies as volume and speculative build rates vary). Plots are difficult to find, and finance and mortgage products restricted, while regulations and planning permissions are challenging. Self-build is more popular in Belgium and the Netherlands where, for example, the figure is three in 10.

8.19 In Laying the Foundations – a Housing Strategy for England (2011), the Government announced up to £30m of funding available via the Custom Build programme (administered by the HCA) to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

8.20 However, the first loan under the Custom Build programme was only made in February 2013.

8.21 Research into the self-build market is limited, however, the Joseph Rowntree Foundation report 'The current state of the self-build housing market (2001)' showed how the sector had changed in recent years, principally, the shift from self-build by those who cannot afford mainstream housing/ineligible for social housing to those who want an individual property or a particular location.

8.22 Home Builders Federation (2010) said "everyone likes the idea of self-build but it probably won't make a big contribution to supply in the next few years".

8.23 The attraction of self-build is the reduced cost; the average self-build house in the UK costs c.60% of its final value, as self-builders cut out certain developer costs, principally labour.

8.24 Given the historic low supply of self-build homes, the challenges in bringing schemes forward and the slow take up of the Custom Build Fund, it seems unlikely that self-build will make a significant contribution to housing supply in MKC.

## Future Housing Delivery

8.25 The MKC Core Strategy 2010-2026 indicates a substantial requirement for new housing to be delivered. New housing delivery would help meet both housing requirements and the needs of local people, as well as providing a significant contribution to the local economy. However, new supply is constrained in the current market and the construction sector has been in downturn since 2007. Housing delivery is therefore, a challenge for MKC and this chapter considers what can be done to stimulate supply.

8.26 Housing delivery is important for two key reasons:

- » **New housing helps meet housing requirements and needs locally:** Chapter 6 of the SHMA shows a significant housing requirement for MKC.
- » **Housing delivery provides a boost to the local economy:** the Local Economic Assessment Update 2012/13 shows 8.8% of local MKC employment is in the construction sector. House building and construction make a positive contribution to both national and local economies.

- 8.27 The Montague Report (Review of the barriers to institutional investment in private rented homes 2012) showed house building nationally having a direct impact on economic output (on average 3% of GDP over the last 10 years). It supports more jobs than investment in many other sectors of the economy: every £1m spent on house building supports 12 new jobs and for every £1 invested in construction, £2.60 is generated elsewhere in the supply chain.
- 8.28 One key strategic issue, therefore, is how housing supply can be delivered given current constraints in the market, to both boost delivery and support the local economy.

## Market Housing in the UK

- 8.29 Housing delivery in the UK has been at relatively low levels since 2008. Various forecasts have been made trying to predict when the construction sector will recover to pre-2008 levels.
- 8.30 The most recent HBF Pipeline Report (Dec 2012) showed 33,881 approvals in England during Q3 of 2012, an increase of 36% on the previous quarter, and 17% on the same period last year. However, the number is *'still well short of the 60,000 per quarter needed to meet demand, or the 64,500 that were being granted on average during 2006/07'*.
- 8.31 A Construction Skills Network report (Dec 2012) predicts that it will be 2022 before 2007 delivery levels are restored. The sector lost a further 60,000 jobs in 2012, while output fell 9%, in large part because of public spending cuts. Construction employment is expected to continue to fall every year until 2016.

## Attempts to stimulate delivery of market housing

- 8.32 There have been several Government initiatives to stimulate the delivery of new homes.
- 8.33 In September 2012, the Government launched a housing and planning stimulus package that aims to deliver up to 70,000 new homes (including Affordable Housing and first-time buyers) by relaxing planning requirements, a 140,000 jobs boost to the construction sector and a £40 billion guarantee scheme for major infrastructure projects (including £10 billion for new homes).
- 8.34 In the Autumn Statement 2012, the government committed a further £225 million to support the development of 50,000 homes on top of the stimulus package. The initiatives from the stimulus package and from other initiatives included:
- » **Relaxation of planning rules:** initially, a relaxation of planning rules (e.g. for home and business extensions), in January 2013 and a further relaxation that will make it easier to turn empty offices into homes (following a proposal in the 2011 Budget).
  - » **Relaxing requirements for Affordable Housing on s106 sites:** the Government has suggested councils could help deliver more homes by being willing to negotiate the affordable homes requirement on those s106 schemes which have become unviable due to the economic climate. This could deliver the 75,000 stalled homes identified in the stimulus package.

LGA research (November 2012) suggested c.80% of local authorities may now negotiate affordable house building in a bid to kick start stalled sites, with 41% already having done so. However, there are concerns that such flexibility may reduce Affordable Housing delivery.

- » **Using the New Homes Bonus to support housing delivery:** since April 2011, under the New Homes Bonus the Government has matched the council tax on any new properties for their first six years, thereby providing an incentive for communities to support development by providing or improving local facilities. As at December 2012, Councils had received £1.3 billion through the scheme (CLG). However, a survey by Inside Housing in January 2012 showed that more than 70% of councils in England have used the bonus to support their General Fund.
- » **Using the LEP single funding pot for housing:** The Autumn Statement 2012 increased the proportion of spending awarded through the single funding pot to LEPs from April 2015. The pot can be used for housing although it has to compete with other strategic proposals (including funding for local transport, schemes to get people back into work, skills and any additional local growth funding). There are questions, therefore, about whether the pot will include any ring-fencing for housing and whether there will be flexibility to move funds to areas of housing need.

<sup>8.35</sup> Although the stimulus package is significant, the NHF commented *‘It is at a much smaller scale than we expected’*, and timescales for delivery of the targets are not known.

<sup>8.36</sup> In addition the Government has attempted to support those seeking to buy a home in two ways:

- » a 20% FirstBuy Shared Equity Loan scheme (also known as ‘Help to Buy’: now expanded in the 2013 Budget)
- » Mortgage Guarantee schemes (‘NewBuy’) which offers government security to encourage lenders to offer 95% loan to value mortgages and will run for 3 years from 2014 (up to £130bn of mortgages).

## Affordable Housing

<sup>8.37</sup> Delivery of Affordable Housing is also an important source of new UK housing supply and a key means to meet new and existing housing need.

<sup>8.38</sup> The ‘model’ for Affordable Housing delivery since the 1988 Housing Act was to shift to lower capital subsidy (via lower grants rates) and move to higher revenue subsidy (via Housing Benefit). RPs have historically filled any viability ‘gap’ this model creates by cross subsidising from other forms of tenure (e.g. sales) and private finance. This model is becoming less viable given the current Benefit reform programme, grant changes and the appetite of RPs for risk. Overall, many RPs forecast new Affordable Housing supply being limited as a result.

<sup>8.39</sup> CLG figures show how the number of affordable homes provided in England fell by 4% in 2011:

- » 57,950 new affordable homes were built in 2011/12, compared with 60,430 in 2010/11.
- » 930 of the new homes were as part of Year 1 of the £1.8 billion affordable homes programme.
- » 19,490 homes were provided as Intermediate housing schemes (including shared ownership and shared equity), down by 10% on 2010/11.

## Government Funding of Affordable Housing

8.40 There are several Government funding streams delivered via the HCA, the key ones being:

- » **Affordable Housing Programme 2011-15:** the flagship HCA £4.5bn programme for affordable homes. The AHP programme is changing: it was opened to non-registered RP providers for the first time in 2011. In addition, there has been considerable debate within the RP sector, and many historic providers have scaled back their programmes to mitigate perceived risks. The future of the AHP post 2015 is currently unknown although the Government has indicated (January 2013) that they are keen to clarify post 2015 plans speedily.
- » **Get Britain Building package:** a £570m programme launched as part of the Government's Housing Strategy for England (November 2011), aiming to unlock locally-backed stalled sites holding planning permission and deliver up to 16,000 new homes. Based on recoverable funding in a shared risk approach, Expressions of Interest for the current round close in February 2103.
- » **Care and Support Specialised Housing Fund:** £160m NHS funding to be used to accelerate the development of the specialised housing market which will run for 5 years from 2013/14. Bidding closed in January 2013.

8.41 It seems likely that further initiatives could be launched during the life of this Parliament and MKC may wish to monitor these for opportunities to bring forward new affordable homes.

## Other Issues Affecting Delivery of New Affordable Homes

8.42 **Registered Providers:** many RPs have become more risk averse in their approach to developing new homes in the new AHP era. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced.

8.43 **Benefit Reform:** Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform.

- » RPs highlight how the introduction of Universal Credit poses a risk to revenue. Credit rating agency Moody's (December 2012), which rates 26 UK RPs, highlighted the risks posed by Benefit Reform to RP revenues, and to RPs which have exposure to variable rate debt.
- » RPs and PRS landlords identify Housing Benefit reform as a risk in terms of housing suitability and availability to lower income households. PRS landlords are reported as already ending tenancies for Housing Benefit households
- » Further, new caps on non-Housing Benefits announced in the Autumn Statement 2012 and direct payment of benefit to claimants could lead to higher arrears and bad debts

8.44 **Affordable Housing Programme Delivery:** The AHP 2011-15 has been slow in delivery in its initial phases, arguably as a result of RP caution over the delivery model and programme management arrangements (e.g. new AHP contracts). Throughout 2012/13, some concerns have been expressed that the full HCA AHP may not deliver its target by 2015. However, an alternative view is that, historically, the HCA has delivered its programme even in the recent challenging years 2010/11 and 2011/12.

8.45 **Future AHP Funding Uncertainty Post 2015:** The NHF/HBF (November 2012) as part of their submissions for the Autumn Statement highlighted how RPs are increasingly reluctant to buy s106 homes from developers as they do not know what funding will be in place once the current AHP ends in 2015. This

makes it difficult for private developers to forecast Affordable Housing obligations and revenues, which in turn is preventing them from buying land, creating a potential future shortage of available sites for future programmes.

- 8.46 **Councils building more new homes:** there had been lobbying of Government to lift the cap on local authority borrowing in advance of the Autumn Statement. Considerable latent potential for increased supply to deliver a further 60,000 homes over 5 years was identified ('Let's get building'; National Federation of ALMOs - 2012). However, nothing was forthcoming in the Autumn Statement although the proposal seems likely to continue to be promoted.
- 8.47 **Social Housing Real Estate Investment Trust (SREITs):** although the Government initially (December 2012) ruled out social housing REITs as a means to deliver more affordable homes, it is now reconsidering the issue and has announced a consultation on whether REITs can be included within the definition of 'institutional investors'.
- 8.48 **Sale and Leaseback:** an initiative whereby investors buy a PRS portfolio and then lease it to RPs who then collect rent and manage the properties on a leaseback arrangement. One of the first was recently announced by Genesis for 401 homes in a 35 year deal. However, almost immediately, the HCA expressed concerns on the risk of sale and leaseback (especially on the Index-linked loans used to set them up).
- 8.49 **New 'for profit' providers:** 18 'for profit' providers to deliver AHP homes have so far registered with the HCA in order to deliver non-grant Affordable Housing. At this stage, only shared ownership or Intermediate homes delivered have been delivered, until concerns about affordable homes for rent are resolved (the main concern is around 'asset stripping' where 'for profit' providers might sell affordable homes on). However, arguably, there is potential for increased supply of affordable homes for rent by 'for profit' providers.
- 8.50 **Stock rationalisation by RPs:** the new regulatory framework for RPs places an emphasis on economic regulation. This could, potentially, reduce current supply of Affordable Housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation. Two examples have occurred in the South West (Western Challenge to Sovereign, Knightstone to Spectrum). Most activity relates only to deals between RPs but there is the potential for different approaches. In some housing markets, this may have longer term implications on Affordable Housing supply.
- 8.51 **Co-operative Housing:** Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or Affordable Housing. The Confederation of Co-operative Housing, working in partnership with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the current AHP.

**Chapter 7 Summary****Housing Delivery Trends**

*Housing supply has remained relatively buoyant since 2001, despite the impact of the national market slowdown.*

**Affordable Housing Delivery**

*The delivery of Affordable Housing has seen a significant change from Social Rent to Affordable Rent properties. The Affordable Housing Programme 2011-2015 is forecast to deliver relatively similar numbers of Affordable Rent and home ownership products that are similar to historic levels.*

**Self Build**

*Given the historic low supply of self-build homes, the challenges in bringing schemes forward and the slow take up of the Custom Build Fund, it seems unlikely that self-build will make a significant contribution to housing supply in MKC.*

**Future Housing Delivery**

*Delivery of new housing in the current market is challenging and tends to reward the proactive. MKC, therefore, may wish to enhance further its approach to ensure future delivery. Possible initiatives might include:*

**Enhance Joint working**

- » *More effective programme delivery management, especially on the Affordable Housing and related programmes*
- » *Regular reviews of viability drivers such as land values and build costs*
- » *Enhance lobbying for changes that might improve delivery*

**Seek new funding from new programmes**

- » *Work with LEPs on possible housing funding*
- » *Work closely with NHS and Adult Social Services on specialist provision for older people and bids for new funding programmes*
- » *Work with Affordable Housing providers on potential bids for schemes under post 2015 Affordable Housing Programme arrangements*

**Develop relationships with new Affordable Housing providers**

- » *Develop relationships towards 'with profit' providers*
- » *Support development of new housing co-operatives*

**Seek to improve scheme viability**

- » *Review flexibility towards Affordable Housing requirements on s106 sites*
- » *Consider approach to use of any New Homes Bonus*
- » *Consider use of land holdings to improve viability*



## 9. Viability

### Introduction

- <sup>9.1</sup> One key element of the overall brief for the SHMA has been to better understand, and make an assessment of, the viability of the Council's newly adopted affordable housing policies.
- <sup>9.2</sup> This Chapter, therefore, sets out the conclusions from consideration of viability and draws upon the modelling undertaken by DTZ who were commissioned in April 2013 to advise MKC on the setting of the Council's Community Infrastructure Levy (CIL).
- <sup>9.3</sup> It is a necessary part of work for a CIL viability study to assess the viability of residential development, given existing affordable housing policies. Likewise any affordable housing viability study should consider the level of s106 and/or CIL obligations associated with residential development. Though a CIL viability study has a wider remit (looking at commercial development viability) the approach used to modelling residential viability should be identical for both an affordable housing viability study (AHVS) and a CIL viability study.
- <sup>9.4</sup> It was therefore agreed with MKC that, rather than duplicating the modelling work for the AHVS and CIL study, DTZ's work would be used both to develop CIL policy and as the basis of the Affordable Housing Viability Study. Further, the CIL and AHVS should be aligned for reasons of consistency and compatibility.

### Affordable Housing Policy in Milton Keynes

- <sup>9.5</sup> Milton Keynes Council (MKC) adopted a new Affordable Housing Supplementary Planning Document (SPD) in March 2013. The broad purpose of the SPD is to help ensure that the Council meets the Local Plan and Core Strategy policy objectives with regards to housing and to help meet housing need; and ensure delivery of good quality affordable housing through the planning process.
- <sup>9.6</sup> The SPD sets out that it will be MKC's policy *'to secure 30% of all residential development on sites of 15 or more dwellings, as affordable units'*.
- <sup>9.7</sup> In terms of tenure mix, MKC seek *'25% of units for rent at a range of levels up to 80% of market rents, under the Affordable Rent model, including approximately 5% at a level broadly equivalent to Social Rent (at the time an application is considered)'; and '5% of units as shared ownership/Newbuild Homebuy (with a minimum 25%-50% equity range)'*.
- <sup>9.8</sup> The SPD states that the affordable housing element of a residential development should reflect the mix of unit types and sizes being delivered across the wider scheme; though the tenure mix, dwelling type and size mix may be a matter for negotiation.
- <sup>9.9</sup> The SPD makes it clear that the provision of affordable housing should be balanced with the need to deliver other services and infrastructure through planning obligations. But, subject to consideration of viability, the general expectation is that all eligible residential development should meet both the affordable housing requirements set out in the SPD and developer contributions in line with Local Plan Policy.

- <sup>9.10</sup> The SPD identifies MKC's intention to have an adopted Community Infrastructure Levy Charging Schedule in place by April 2014. The SPD recognises that the level of CIL charged on housing has the potential to affect the level of affordable housing that can be provided. The SPD therefore states that the costs of meeting the Council's standard affordable housing requirement will be taken into account in determining the level of CIL charged on residential development.

## The Approach to Modelling

- <sup>9.11</sup> This study presents the results of testing the viability of MKC's affordable housing policies using the CIL Economic Viability Model developed by DTZ. A full report on the assumptions used in the modelling (which have been reviewed and agreed with MKC) is available separately.
- <sup>9.12</sup> In this section a brief overview is given of the modelling approach, which follows standard best practice.
- <sup>9.13</sup> The approach used to determine viability is a residual valuation approach. In simple terms the costs (including finance charges) associated with residential development other than land, and an appropriate allowance for profit, are deducted from the revenues associated with the project. The residual value is the maximum amount that a developer could pay for development land, consistent with a viable scheme.
- <sup>9.14</sup> A comparison is made between this residual land value and a benchmark land value. This benchmark land value should be indicative of the value at which land will be made available by landowners on a sufficient scale to deliver the development plan. This recognises that the supply of development land depends on the price at which landowners can sell; and that landowner expectations of land value will influence supply.
- <sup>9.15</sup> The approach set out above can be used to test the viability of development on a particular site, using specific information on costs and revenues for a particular development proposal. When undertaking viability assessment to inform policy development, be that in relation to affordable housing policy, CIL charges, or other development obligations, then it is important to test viability for a variety of different sorts of schemes in different parts of the study area.
- <sup>9.16</sup> The CIL and Affordable Housing Viability Study has tested viability for 7 different types of scheme, which are differentiated in terms of the scale of development (eg large, medium, small) and type of site (eg expansion area, infill, Central Milton Keynes). For each of these 7 schemes there is an assumed mix of dwelling types and sizes (measured in sq m). Where affordable housing policy applies, a policy compliant tenure mix is assumed.
- <sup>9.17</sup> These 7 'typical' schemes are referred to as 'archetypes'. They aim to capture the degree of variation in the types of development sites and schemes that can be expected to come forward in Milton Keynes over the next 5 years of the development plan timetable. Figure 1 gives details of the 7 scheme archetypes developed through discussion with MKC, which have been subject to policy testing.
- <sup>9.18</sup> The revenue associated with each developing the market housing associated with each of these archetypes is based on applying an estimated sales value per sq m to the size of the dwellings associated with each archetype. The contribution that affordable housing makes to scheme revenues is calculated by capitalising the estimated rent associated with different sizes and type of rented affordable housing; and for shared ownership by a mix of capitalising rent and valuation of part sales of the equity in the dwelling.

**Figure 104: Milton Keynes Residential Development Archetypes**

Archetype	Description	Total Units	Private	Affordable	Site Area (ha)	Units per hectare
A	Large Site – Expansion Area	152	106	46	4	38
B	Large Site - Standalone	124	87	37	4	31*
C	Medium Site	50	35	15	1.3	38.5
D	Small Site	20	14	6	0.52	38.5
E	Small Infill Site	6	6	0	0.15	38.5
F	Single Unit Infill	1	1	0	0.03	38.5
G	CMK Specific	200	140	60	2	100

\*The lower density for the large standalone sites (compared to the large expansion area sites) reflects the fact that standalone sites would need to accommodate non-housing uses that in the expansion areas are provided by a master developer outside of the individual large areas that are sold off individually for housing development.

- 9.19 New build residential sales values vary across the Borough of Milton Keynes. This reflects differences in the appeal of different parts of the Borough to buyers of residential property, and the relative demand and supply of property for sale in each area. Areas of different residential value/character areas have been mapped by MKC and this generates 6 different value/character areas (details are available separately).
- 9.20 The viability of each of the 7 development archetypes is tested in each of the 6 value/character areas. Thus the viability testing generates a matrix of results for a total of 42 development schemes (7 x 6 = 42). In practice not all archetypes are likely to be developed in each value/character area. Thus the large site – expansion area archetype (Archetype A) is particularly associated with the East West Flanks value/character area. The rural area is likely to be characterised more by development of small sites (Archetypes D, E and F).
- 9.21 Costs of development will not vary significantly across the different parts of the Borough, but will vary in terms of dwelling type and size. The key cost assumptions included in the modelling are:
- » Build costs based on Building Cost Information Service data for Milton Keynes
  - » Uplifts on build costs to allow for building to Code Level 4 (9% uplift)
  - » Contingency on build cost of 5%
  - » Allowance of 12.5% of build costs for external works within the individual development
  - » Allowance for achievement of economies of scale on larger developments
  - » Development finance at 6.5%
  - » Standard assumptions for fees, marketing, and acquisition costs.
- 9.22 It should be noted that DTZ have specifically excluded the costs of infrastructure works from the study, which are likely to be £15,000 to £20,000 per dwelling, but can be very site specific. Thus the appropriate benchmark land value, particularly for the larger schemes, should reflect serviced residential land values rather than bulk land values.
- 9.23 Allowance for developer profit is set at 17% of Gross Development Value.

## Threshold Land Values

- 9.24 The approach set out above generates a residual value for each residential development archetype in each of the value/character areas. This represents the most that developers can pay for land, and still achieve

their target rate of return. The key question then turns to whether this provides a sufficient return to the landowner to sell land to the developer. To answer this question it is necessary to establish indications of the Threshold Land Values at which land will be made available for residential development by existing owners.

- <sup>9.25</sup> The report '*Viability Testing in Local Plans – Advice for Practitioners*' published by the Local Housing Delivery Group in June 2012 provides an excellent discussion of the concept and the recommended process of establishing threshold land values. Detailed discussion of the issues surrounding selection of an appropriate threshold land value is contained in pages 28-31 of the report.
- <sup>9.26</sup> The LDHG report notes that different approaches are taken to establish Threshold Land Values and in part this depends on the sources of land for residential development. The report recommends that Threshold Land Value is based on a premium over current use values and credible alternative use values; this is the approach that DTZ has adopted in assessing viability.
- <sup>9.27</sup> It is worth noting the LHDG's comments on use of market values. It indicates that a market value approach should not be used as the starting point for assessing Threshold Land Values, because '*this carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy*'. However the LDHG do state that '*market values can still provide a useful 'sense-check' on the threshold land values that are being used...*'
- <sup>9.28</sup> In Milton Keynes a significant proportion of new development is likely to continue to take place on essentially greenfield land, or land that has not been previously developed. The HCA in Annex 1 of its Area Wide Toolkit reviews benchmarks for the uplift required to enable development of agricultural land and puts this at 10-20 times existing use value.
- <sup>9.29</sup> The value of land in existing agricultural use in the South East/East of England in January 2011 was at most £21,000. At a multiple of 10 this would place a minimum value on greenfield development land of £210,000 per ha; land at multiple of 20 this would value land for residential development on greenfield sites at around £420,000 per ha.
- <sup>9.30</sup> DTZ are of the view that viability testing should be based on the higher of these two figures, £420,000, to ensure that the uplift not only recompenses the landowner adequately, but also covers the costs of promoting and bringing forward the site for development.
- <sup>9.31</sup> In practice this would probably not make full allowance for the fact that not all of the land that has to be acquired for major developments is developable and additional costs over and above land cost would be required for major site infrastructure. As noted in the previous section site servicing costs on large new developments are very variable but can be as much as £15,000 to £20,000 per dwelling.
- <sup>9.32</sup> It is also important to note that a significant proportion of new supply may come forward through intensification within the existing urban area, with enhanced use of smaller sites left over in previous phases of development; redevelopment of non-residential property; and potentially release of some employment land for residential development.
- <sup>9.33</sup> In January 2009 the VOA reported industrial land values of around £1.04 million in Milton Keynes within a range of £925,000 to £1,155,000. These values probably relate to good quality, well located employment sites, rather than secondary properties and locations. It is these secondary sites and locations that may offer opportunities for residential development, and the value of these buildings and sites will be

substantially below these values. Rents on secondary industrial properties are about 40% of those on prime properties and values will be further depressed by high levels of vacancy and higher yields on poor quality properties.

- 9.34 Further work would be required to identify typical Existing Use Values for these locations and properties, but a reasonable assumption would be that sites which are effectively redundant for employment or retail uses could be brought forward for residential development at around £500,000 per ha.
- 9.35 As indicated above market values are not the best basis for establishing benchmark value, but it is relevant to review past data on what values were reported to be in relatively recent years. The most recent VOA residential land value data for bulk land sales, in areas adjacent to Milton Keynes dates from July 2010. This indicates that values for bulk land in Aylesbury Vale were around £2.45 million per hectare; and values in Northampton were recorded at £1.2 million per ha.
- 9.36 Values in July 2010 would probably have bottomed out, but have probably not increased since. DTZ would expect bulk residential land values in Milton Keynes generally to be somewhere in between those for Aylesbury Vale and Northampton, say, £1.5 million per hectare.
- 9.37 This brief review of Threshold Land Values serves to highlight some of the issues for the viability assessment; in particular there is a need to have a good understanding of the future pipeline of housing sites and of land ownerships. Put simply it may well prove easier to deliver new residential developments within the existing framework of the city, be this on sites not currently used for residential use or smaller residential sites that can tap into and make use of existing infrastructure. A threshold land value of £500,000 might well be consistent with viability on these sites
- 9.38 It is likely to be the case that viability is more challenged on major development sites, because of the substantial requirement for investment in infrastructure. At the same time land may have been acquired some considerable time in the past at values now regarded as low; and it may be in the landowners' interest to unlock the capital tied up in the land. Equally they may take the view that the current market does not give them sufficient return.
- 9.39 DTZ conclude that the minimum threshold land value should be set at £500,000 per hectare, but the expectation is that sites which require heavy investment in infrastructure will require a higher value of at least £750,000 per ha, and possibly as high as £1 million per ha – though this depends on how infrastructure is funded.

## Appraisal Results

- 9.40 Figure 105 shows the residual values associated with each of the development archetypes, cross tabbed with the character areas. Figures are expressed in £000, and rounded. Not all archetypes are likely to be developed in every character area, so Wessex Economics has taken a view of which results are particularly worth highlighting, showing these in red and bold, with other less relevant results in black and italics.
- 9.41 It is important to stress that the residual values shown here are for schemes that are fully compliant with affordable housing policy (with no grant support), but they do not include any CIL or other s106 obligations. Consistent with the approach discussed in previous sections, no allowance has been made for the cost of significant site infrastructure provision – which is most relevant to the largest schemes.

**Figure 105: Scheme Residual Value (£'000 per hectare) excluding CIL and Site Infrastructure Costs**

Archetype	£'000 Zero CIL & s106 Major site infrastructure excluded	East West Flanks	High Value	CMK	Older City	City Core	Rural
A	Large Site - Expansion Area (150 units)	1,062	1,223	1,555	1,223	227	1,223
B	Large Site - Standalone (125 units)	863	1,001	1,269	1,001	186	1,001
C	Medium Site (50 units)	1,316	1,503	1,865	1,503	339	1,503
D	Small Site (20 units)	1,315	1,499	1,870	1,499	401	1,499
E	Small Infill Site (5 units)	1,921	2,187	2,705	2,187	614	2,187
F	Single Unit Infill	1,920	2,213	2,705	2,213	35	2,213
G	CMK Specific (200 units)			1,061			

<sup>9.42</sup> Some very clear messages emerge from this analysis

- » **First**, across the board it is small schemes of less than 10 units that deliver the highest residual land values - over £2 million per ha in those areas where small schemes are most likely to come forward. This is a measure of the substantial impact that affordable housing policies have on development values. Small schemes are also less likely to have to bear significant infrastructure costs, and with a multiplicity of land owners, land supply and sensitivity to land values is likely to be less of an issue. This would indicate that small schemes are viable except in the City Core area, since benchmark land values are very unlikely to exceed £1 million.
- » **Second**, development viability is significantly challenged in the City Core area, a function of the low values prevailing in this area. Development (or redevelopment) in this area would require landowners to forgo any expectation of realising significant value from land and/or breaking out of the prevailing low residential values associated with the area. It will be useful to discuss with MKC the characteristic of land ownerships in this area. Is it for example, characterised by significant levels of public land ownership?
- » **Third**, in terms of schemes that are required to provide affordable housing, most schemes deliver a residual value below or at the level of market land values reported to have been achieved in the past few years (estimated at £1.5 million), and certainly below those likely to have been recorded prior to the market downturn. This does not mean that schemes would not come forward at a lower land value, but to determine this would require investigation into the structure of land ownership and expectations.
- » **Fourth**, the inclusion of CIL at any significant level reduces viability, but does not fundamentally change the pattern of residual values. A £50 per sq m CIL charge roughly reduces RV per ha by £100,000; and £100 per sq m CIL charge by roughly £200,000 per ha. Such changes are not material if Threshold Land Values are £750,000 or less. They become material if Threshold Land Values are £1 million or more. Hence the critical area for refinement specifically in relation to setting CIL is to undertake additional work on justifying Threshold Land Values.

<sup>9.43</sup> With respect to MKC's Affordable Housing Policy, the new policy clearly does reduce land values from what they would have been had a lower quota and a higher threshold been adopted; or had it been assumed that the delivery of affordable housing would attract grant aid. However residential development will continue to be the highest value land use in Milton Keynes, and given extensive allocation of land for non-

residential uses, there is little competition for residential land from other uses. The new affordable housing policy is therefore deliverable, but any increase in the affordable housing requirement (beyond the 30% set out in the new affordable housing policy) would further reduce land values; which might start to compromise some development coming forwards.

- <sup>9.44</sup> The new affordable housing policy will also have an impact on the level of CIL which can be levied; the level of CIL that will be able to be levied on residential development will be significantly limited by the impact of the affordable housing policy on development values. Once again, any increase in the affordable housing requirement would further impact on the level of CIL which can be levied.
- <sup>9.45</sup> Wessex Economics, in line with the recommendation made in the August 2011 DTZ report '*Milton Keynes Planning Obligations and CIL Residential Viability*' would recommend that more work is required to investigate the pattern of existing use values, the extent to which there are genuine alternative use values for residential sites in Milton Keynes, and the structure of land ownerships to determine likely behaviour short and long term to introduction of CIL on residential development.
- <sup>9.46</sup> This investigation needs to mesh with a detailed understanding of where and which sites can only come forward if the developer/landowner invests significantly in main estate roads, utilities, drainage etc; the extent that this already exists, or would be funded by the public sector through CIL; and the overlap between existing s106 obligations and what in future would be funded by CIL.



### **Chapter 8 Summary**

*The assessment of housing viability shows that:*

- » ***Small schemes of less than 10 units*** deliver the highest residual land values making them more viable, except in the City Core area, since benchmark land values here are very unlikely to exceed £1 million.
- » ***Development viability is significantly challenged in the City Core area***, a function of the low values prevailing in this area.
- » ***In terms of schemes required to provide affordable housing***, most schemes deliver a residual value below or at the level of market land values meaning schemes could come forward, but to determine at what rate would require further investigation into the structure of land ownership and expectations.
- » ***The inclusion of CIL at any significant level reduces viability***, but does not fundamentally change the pattern of residual values.
- » ***The new affordable housing policy is deliverable***, but it will have an impact on the level of CIL which can be levied; the level of CIL that will be able to be levied on residential development will be significantly limited by the impact of the affordable housing policy on development values.

*It is recommended that more work is required to:*

- » ***Investigate the pattern of existing use values;***
- » *The extent to which there are genuine alternative use values for residential sites in Milton Keynes; and*
- » *The structure of land ownerships to determine likely behaviour short and long term to introduction of CIL on residential development.*

*This is in line with the recommendation made in the August 2011 DTZ report 'Milton Keynes Planning Obligations and CIL Residential Viability'*

# 10. Key Findings and Conclusions

## Future policy implications for the authorities to consider

### Introduction

<sup>10.1</sup> This chapter considers the main policy issues that have arisen from the SHMA Update and their implications. The SHMA report has been published at a time of uncertainty:

- » The impact of the current economic climate is noted in several places in the report. These implications are brought together here as an added dimension to identified policy issues;
- » The housing market is at a low point in its cycle and the rate of recovery remains uncertain;
- » Modelled future housing requirements, especially Intermediate Affordable Housing products, are sensitive to market dynamics (e.g. house price change), and this is acknowledged

### National Economy

<sup>10.2</sup> Inevitably, the performance of the national economy is the key to recovery for the UK housing market and a more benign housing delivery environment. Currently, national economic performance is weak and recovery and growth are the subject of considerable debate. The Government strategy to reduce the national deficit is, arguably, under pressure; for example, the Institute for Fiscal Studies 'Green Budget' (February 2013) suggests that Government spending will continue to rise, even after the 2015 Election, mainly as a result of social security spending pressures. Whether Government responds via further reductions in public spending or increased taxes or a slower rate of deficit reduction is, as yet, unknown.

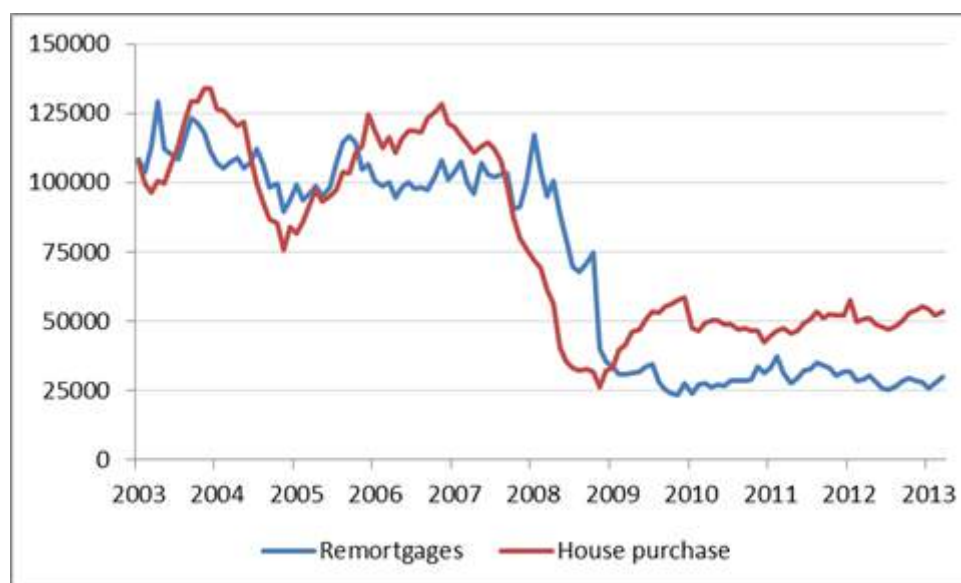
<sup>10.3</sup> Financial markets are still recovering from 2007, and the availability of finance for housing related activity is severely constrained. Ironically, housing delivery is still seen as a key mechanism to stimulate economic growth. Mortgage and development finance is still much reduced from peak market levels in 2007. However, the Bank of England quarterly lender survey (Q4 2012), said that the availability of credit to households 'increased significantly' in the three months to mid-December 2012, with 'a further significant increase' expected in the coming quarter. Bank of England interest rate policy (as at September 2013) still sees any interest rate rise as 'unwarranted'. The new Governor has also issued forward guidance (August 2013) that the Bank would keep official interest rates on hold at least until unemployment fell to 7%.

<sup>10.4</sup> Demand and the aspiration to home ownership are still strong. 'Housing as a catalyst for sustainable economic growth' (CIH South East 2012) highlighted how individuals still see ownership as a popular leveraged investment capable of long term return. Further, long term house price trends over the last century bear this out; prices still remain on an upward trajectory despite the recession and market downturns post 2007. Demand is, however, constrained by other factors such as mortgage availability and their current loan to value requirements.

<sup>10.5</sup> At the same time, the national economic position has seen a fall in housing supply with significant capacity being removed from the construction sector.

- <sup>10.6</sup> Affordable housing has recently received its settlement for 2015-18 in the Spending Review (2013), although this indicates reduced grant levels, which, combined with Benefit Reform, makes Registered Providers more risk averse in their approach to new delivery.
- <sup>10.7</sup> Recently, commentators have suggested that the market is beginning to recover. The housing sales market is reported as becoming more active with a rise in values and increased first time buyer activity (Source: various reports – Halifax, RICS, LSL/Rightmove). While the sales market, in the short term, may be improving, the Bank of England has said that it will intervene to prevent any ‘bubble’ (Source: Mark Carney, Governor of the Bank of England, interview with the Daily Mail, August 2013). Mortgage lending remains still significantly below that of the peak market in 2008 (Figure 106).

Figure 106: Recent trends in mortgage lending (Source: Regulated Mortgage Survey)



- <sup>10.8</sup> Overall, this backdrop suggests that the housing market will continue to be weak in the short term, and the delivery of new homes will likely receive relatively limited further Government support from investment programmes in either housing or related sectors, such as infrastructure.

## Housing and the SHMA

- <sup>10.9</sup> England has an identified shortage of housing and delivery of supply has been a key policy aspiration of successive governments. Various initiatives and programmes to encourage housing delivery via key supply side agencies (land owners, developers, investors, Registered Providers and Local Authorities) have been put in place. However, the current economic downturn has had a significant impact on delivery. This presents a considerable challenge in achieving delivery of new homes.
- <sup>10.10</sup> First time buyers are a key driver of market activity. The Home Builders Federation (Broken Ladder report: 2013) says the number of first-time buyers has fallen sharply in recent years, from an average of 543,000 in the five years to 2002 to an average of 197,000 in the five years to 2012. The HBF estimates that first-time buyers need to save for 10 years (London 24 years) before they can get on the housing ladder. A potential first-time buyer in England would on average need to set aside half their net income after council tax, rent, energy and water bills for a decade to get together the deposit needed to buy a home.
- <sup>10.11</sup> Local Authorities have a major role in enabling the delivery of additional housing. A key output of the SHMA Update is to provide the evidence base to support Local Planning's Affordable Housing policies. The SHMA

Update evidence can inform the size, type and tenure mix of what should be built to meet the housing requirements of future generations.

<sup>10.12</sup> The SHMA, however, goes further. It also considers the needs of vulnerable groups, those who have fewer options in the housing market and are often heavily dependent on Affordable Housing and local support services, particularly older people.

<sup>10.13</sup> The SHMA Update, therefore, arrives at important conclusions about the size and nature of the future housing requirement, set within a deeper understanding of the local housing market and positioning this within the wider policy and economic landscape current in 2013.

<sup>10.14</sup> The SHMA is also cognisant of the requirements of the National Planning Policy Framework 2012.

## Overview

<sup>10.15</sup> The SHMA has considered various factors regarding the housing market in MKC. It is intended to update the current evidence base and inform housing and planning policies for the MKC area. The issues are similar to those identified in the 2010 SHMA Update although many of the issues identified then have continued to develop.

<sup>10.16</sup> In terms of the drivers to the housing market, these can be split between those factors driving the current housing market and longer terms strategic issues where a co-ordinated response is required.

## Market Drivers

- » Household and population growth
- » Housing need
- » Local Economy
- » Benefit reform and households in housing need

## Strategic Issues

- » Older People
- » Private rent sector growth
- » Housing delivery constraints

## Housing Market Areas

<sup>10.17</sup> The review of the Housing Market Areas has considered the degree of connectivity and self-containment between the various urban centres around MKC against previous SHMA HMA analysis. From this it can be seen that the current HMA area is still relevant and robust.

## Socio Economic Factors

<sup>10.18</sup> The SHMA has identified key features regarding the local population and the local economy.

## Population

<sup>10.19</sup> The MKC population has increased 41,750 or 20% between 2001-2011, increasing at a much faster rate than the South East region (+634,110 or 7.9%). There has been an 18.3% increase in the number of households in that period (compared with 8.2% for the South East).

## Age

<sup>10.20</sup> MKC has higher percentages of children relative to South East and England in all age cohorts below 14 years.

<sup>10.21</sup> MKC has significantly lower relative numbers of older people compared with South East and England in every cohort. However, the local population of older people has relatively increased in the period 2001-2011 in all cohorts apart from 75-79 years.

## Black and Minority Ethnic Groups

<sup>10.22</sup> The population of people from a minority ethnic group has increased by 13.2% since 2001, a higher increase than in the South East and England. There are significant changes within certain minority groups; the Asian population has more than doubled from 3.6% to 8.0%, while the Black group has almost tripled from 2.3% to 6.9%.

<sup>10.23</sup> MKC has also seen a growth in the number of migrants since 2004 when EU migration rules were relaxed. The subsequent impact of two recessions has not acted to depress international migration.

<sup>10.24</sup> The lifting of migration restrictions for EU citizens of Romania and Bulgaria from 2014 may see an increase in migration from these countries. Overall, continued international migration to MKC seems likely.

## Disability

<sup>10.25</sup> MKC has relatively higher levels of disability compared with the South East, but is close to the England profile.

## Service families

<sup>10.26</sup> We do not anticipate increased demand for housing in MKC as a result of overall service personnel reductions. However, there may be an increase in obligation towards housing armed forces personnel as a result of the changes to allocation of Affordable Rent and Social Rent housing.

## Local Economy

<sup>10.27</sup> MKC's economically active population has increased overall (+24,820; +22%), although this has been driven by a rise in part time and self-employed working and working students. There has also been an increase in the economically inactive population in MKC (+6,831; +19%).

<sup>10.28</sup> Long-term unemployment rates in MKC are close to that for England, but they are significantly higher than for the South East. Since 2008 the number of Incapacity Benefit claimants has been falling at a rapid rate.

<sup>10.29</sup> MKC's occupation profile shows growth in Professional occupations (up 6.8%) since 2001 which marginally exceeds that for England and the South East.

<sup>10.30</sup> MKC residents earn similar incomes to those who only work in the MKC area and live elsewhere. MKC incomes (residents and employees) are higher for all employees than those for the South East and England.

<sup>10.31</sup> Students have a limited impact on MKC's housing market. There are no residential areas dominated by students inside Milton Keynes; the highest density in the centre of Milton Keynes does not reach 20% of working age population whereas traditional University towns have up to 90%.

### Welfare Reform

<sup>10.32</sup> A key risk for the local housing market concerns Welfare reform and, in particular, how this might impact on the Private Rented Sector. The potential impact of Benefit Reform on the Private Rented Sector is currently unknown.

<sup>10.33</sup> Potentially, there could be reduced household formation rates which may reduce the number of households seeking Affordable Housing. However, some changes in the LHA could see formation rates rise.

<sup>10.34</sup> The supply of private rented dwellings may change significantly, especially for households on lower incomes.

<sup>10.35</sup> The conversion rate of housing stock to HMOs increased between 2001 and 2011 and this trend seems likely to continue as a response to reform.

<sup>10.36</sup> The total number of Housing Benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.

<sup>10.37</sup> Alternatively, where landlords do not accept the lower rents, more properties may return to 'pure' market housing and be out of reach to households on Housing Benefit.

<sup>10.38</sup> Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs; homelessness presentations and overcrowding may also rise further.

### Housing Stock

<sup>10.39</sup> In terms of the local housing stock, certain key features have been identified:

#### Dwelling type

<sup>10.40</sup> MKC has a similar dwelling type profile to the South East region and England, albeit with more detached and terraced houses and fewer flats and bungalows. Rural areas of MKC have notably more detached homes and more bungalows than urban MKC.

#### Dwelling characteristics

<sup>10.41</sup> MKC properties vary as to the number of bedrooms but 3 bedroom properties predominate.

<sup>10.42</sup> 98% of homes have a garage or private driveway, with only 2% reliant on on-street parking.

<sup>10.43</sup> The majority of MKC stock was built after 1960, echoing the new town status of the borough. However, c.6% is pre 20<sup>th</sup> century and 29% of homes have been developed since 1993.

## Tenure

- <sup>10.44</sup> The dominant form of housing tenure continues to be owner occupation, although the sector has declined 6.6% since 2001. In the same period, the private rented sector has grown significantly to 18.2%, at a higher rate than both the South East and England
- <sup>10.45</sup> House prices have effectively doubled since 2001, and the market, despite a decline in values in 2007-09, has seen an upward trend since 2009,
- <sup>10.46</sup> The number of properties below £150,000 has declined considerably since 2001, especially in non-urban parts of Milton Keynes. First time buyers have many fewer potential purchases as a result. Rural areas of MKC have even fewer properties below £150,000 to buy. However, MKC is relatively more affordable than the South East or England.
- <sup>10.47</sup> MKC has lower relative proportions of Communal housing (such as Nursing or Care homes) than the South East or England.

### Social and Affordable Housing

- <sup>10.48</sup> The interaction of relative supply and demand for affordable homes indicates continuing pressure on other sectors to meet demand, which seems likely to increase demand for private rented homes and from within HMO's.

## The Private Rented Sector

- <sup>10.49</sup> The PRS sector in MKC has changed significantly in the past decade and can be expected to grow further. In responding to the challenge this change is making, MKC has various options to consider by way of response:
- » **Existing provision:**
    - Monitor the impact of Benefit reform
    - Consider the role of RPs in developing the PRS locally
    - Consider the overall approach to licensing or self-regulation schemes for landlords
    - Maximise opportunities to improve property condition via the Green Deal and ECO schemes
  - » **New provision:** Take a view whether to actively engage in seeking new PRS supply and, if so, the most effective routes to do so, especially as this may aid labour mobility in support of the local economy

## Houses in Multiple Occupation

- <sup>10.50</sup> The conversion of existing stock into HMOs between 2001 and 2011 has been significant as the market has responded to demand by increasing supply. Future housing requirements show considerable requirements for 1 bedroom properties in both market and affordable sectors to meet projected demand. This demand may increase further as Benefit reform is rolled out. One way of meeting requirements might be by developing a high quality, new build product in a variety of alternative models to meet 1 bedroom demand: studio flats, cluster flats, bedsits etc. either as market or Intermediate rent. Such new supply may slow the HMO conversion rate.



## Local Housing Market

<sup>10.51</sup> The local housing market has experienced considerable change in its operation in recent years:

### Affordability

<sup>10.52</sup> Affordability has worsened in the last decade despite some improvement 2008-09. Interestingly, the affordability ratio in 2012 is now almost back to the peak of the market in 2007.

### Volume of Sales

<sup>10.53</sup> The level of sales transactions in MKC beyond 2008/09 has been lower than in previous years.

### Right to Buy

<sup>10.54</sup> The Right to Buy re-launch (2012) has had a modest impact so far and may increase sales further. This could impact on the overall net supply of Affordable Housing for rent in MKC, if RTB sales exceed new Affordable Housing delivery.

### Private Rented Sector and Housing Benefit

<sup>10.55</sup> The take up of housing Benefit in the MKC Private Rented Sector has seen a decline recently. However, this could reflect the lack of capacity in private rented stock available to house Housing Benefit claimants rather than suggesting there are lower levels of need.

### Homelessness

<sup>10.56</sup> Although the long term trend in homelessness is downwards, more recently homeless claims and acceptances have begun to rise.

### Migration

<sup>10.57</sup> MKC has seen a net migration gain in every year from 2006-2010, with the highest gains experienced in 2006 (2,500 persons) and 2010 (1,900 persons). Although migration in 2009 was lower, the pattern from 2006-2010 is relatively consistent at c.2,000 persons per year. Most UK migrants who come to or leave the area do so from/to within the East region and London, and MKC has a net gain over 2005-2010 from each of these 2 regions.

<sup>10.58</sup> MKC should continue to keep migration under regular review, to monitor to quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified.

## Housing Requirement and the Local Economy

- <sup>10.59</sup> Milton Keynes requires 35,000 new homes in the period 2011-2031, equivalent to 1,750 dwellings per annum.
- <sup>10.60</sup> For social housing, the requirement identified is that which would be necessary to prevent the number of households in the private rented sector with Housing Benefit support from rising
- <sup>10.61</sup> The size mix for all tenures shows the market requirement is more heavily focused on 3 bedroom properties, while a range of dwelling sizes is required in the social sector.
- <sup>10.62</sup> 60% of the additional households projected for Milton Keynes are derived from the natural growth of the existing population and the impact of changes in household structure (21,000 dwellings). Natural growth also accounts for a higher proportion of the Affordable Housing required for households able to afford less than target rents.
- <sup>10.63</sup> Net migration to the area accounts for 40% of the new housing requirement (14,000 dwellings) over the 20-year period.
- <sup>10.64</sup> The combined effects of key drivers within the local housing market (affordability, earnings, house prices and migration), indicate a relatively young in-migrant population (predominantly aged 25-44). Two thirds of net migrant households are likely to be in the Higher or Lower managerial, administrative and professional occupations.
- <sup>10.65</sup> Given these factors, it is important that the area continues to support the local economy by offering suitable housing options in the owned and private rented sectors to maintain these migrant households in future. For skilled and other migrants, this will be mainly for 2 and 3 bedroom homes.
- <sup>10.66</sup> Based on our core assumptions, almost 35% of the requirement is for affordable housing (with 65% being effective demand for market housing). However, this mix is sensitive to the assumptions taken. If households are assumed to spend a higher proportion of their income on housing costs (based on current incomes and house prices) or if incomes were to increase 5% more than house prices over the 20-year period to 2031, then the requirement for market housing would increase to 71%. Conversely, if house prices increase faster than incomes, then the need for intermediate affordable housing could increase substantially from the 5% that the model currently shows.

**Figure 107: Summary of Housing Requirement for Milton Keynes 2011-31 (Note: The “Social housing” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures may not sum due to rounding)**

Housing Type	Total Requirement	%
<b>Net Requirement 2011-31</b>		
Market housing	22,900	65.4%
Intermediate Affordable Housing	1,800	5.1%
Social housing and other Affordable Housing for rent	10,300	29.4%
<b>TOTAL</b>	<b>35,000</b>	<b>100.0%</b>

**Figure 108: Source of Housing Requirement 2011-31 (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding)**

Source	Number of Dwellings Required			
	Market Housing	Affordable Housing		TOTAL
		Intermediate	Social	
Natural growth	13,100	500	7,400	<b>21,000</b>
Skilled migrant households	7,700	900	600	<b>9,200</b>
Other migrant households	2,100	400	2,300	<b>4,800</b>
<b>Total</b>	<b>22,900</b>	<b>1,800</b>	<b>10,300</b>	<b>35,000</b>

**Figure 109: Size Mix of Housing Requirement 2011-31 (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)**

Housing Size	Number of Dwellings Required			
	Market Housing	Affordable Housing		TOTAL
		Intermediate	Social	
1 bedroom	2,800	400	4,200	<b>7,400</b>
2 bedrooms	6,200	900	3,000	<b>10,100</b>
3 bedrooms	10,400	500	2,900	<b>13,800</b>
4 bedrooms	2,900	-	200	<b>3,100</b>
5+ bedrooms	600	-	-	<b>700</b>
<b>Total</b>	<b>22,900</b>	<b>1,800</b>	<b>10,300</b>	<b>35,000</b>

## Meeting the housing requirements of Older People

<sup>10.67</sup> Chapter 7 considers the current position regarding the housing requirements of older people. MKC faces a significant future challenge from its ageing population.

<sup>10.68</sup> NPPF Paragraph 159 says ‘the Local planning authorities should have a clear understanding of housing needs in their area’ and that this need for ‘all types of housing’ should include older people.

<sup>10.69</sup> Reforms in Health and Adult Social Care offer both risk and opportunity for Housing and Planning to work collaboratively to develop their understanding of the future housing requirements of older people.

<sup>10.70</sup> The estimated requirement for specialist housing for older people (including both market and affordable options) represents a potentially significant proportion of the total housing requirement.

<sup>10.71</sup> In taking forward the implications of the ageing population, MKC may wish to:

- » **Work closely with colleagues in related sectors:** for example, Health and Adult Social Care, and with the new Health and Well Being Board(s) and Clinical Commissioning Group(s) locally on new specialised accommodation for older people

- » **Review specialist housing requirement:** MKC could revisit requirements in the light of more recent approaches and ratios and consider the wider demand issues of older people, including the propensity to move
- » **Consider recent Good Practice developments:** Consider the Planning Policy recommendations from *‘Housing in later life: planning ahead for specialist housing for older people’ (2012)* and incorporate, where appropriate, planning policies to support the specialist housing provision

## Gypsies and Travellers and Travelling Showpeople

<sup>10.72</sup> The estimated extra site provision that is required until 2031 is 12 pitches. There is no evidence of any need for Travelling Showperson or circus performer plots in Milton Keynes.

## Housing Delivery

<sup>10.73</sup> NPPF Paragraph 14 says ‘local planning authorities should positively seek opportunities to meet the development needs of their area’.

### Housing Delivery Trends

<sup>10.74</sup> Housing supply has remained relatively buoyant since 2001, despite the impact of the national market slowdown.

### Affordable Housing Delivery

<sup>10.75</sup> The delivery of Affordable Housing has seen a significant change from Social Rent to Affordable Rent properties. The Affordable Housing Programme 2011-2015 is forecast to deliver relatively similar numbers of Affordable Rent and home ownership products that are similar to historic levels.

### Self Build

<sup>10.76</sup> Given the historic low supply of self-build homes, the challenges in bringing schemes forward and the slow take up of the Custom Build Fund, it seems unlikely that self-build will make a significant contribution to housing supply in MKC.

### Future Housing Delivery

<sup>10.77</sup> Dwelling delivery targets are challenging given the issues relating to the current economic climate. These seem likely to reduce dwelling delivery in the short to medium term, with implications for the scale of delivery in the long term:

- » Lower supply of dwellings in any area will marginally reduce the requirement for social and Intermediate housing, but will mainly impact on the market housing requirement.
- » A lower level of completions will not significantly impact upon the requirements of those seeking Affordable Housing.

<sup>10.78</sup> Chapter 8 considers the delivery issues for new homes (both market and affordable) and the tools available to increase supply. Given the state of the market, it should be noted that achieving delivery tends to reward the proactive. MKC may, therefore, wish to enhance its current approach and possible initiatives might include:

- » Enhance joint working with partners and stakeholders:

- More effective delivery management, especially on the Affordable Housing and related programmes
  - Regular reviews of viability drivers such as land values and build costs
  - Enhance lobbying for changes that might improve delivery
  - Seek new funding from new programmes
  - Work with LEPs on possible housing funding
  - Work closely with NHS and Adult Social Services on specialist provision for older people and bids for new funding programmes
  - Work with Affordable Housing providers on potential bids for schemes under post 2015 Affordable Housing Programme arrangements
- » Develop relationships with new Affordable Housing providers
- Develop relationships with ‘with profit’ providers
  - Support development of new housing co-operatives
- » Seek to improve scheme viability
- Review flexibility on Affordable Housing requirements on s106 sites
  - Consider approach to use of any New Homes Bonus
  - Consider use of land holdings to improve viability

## Housing Viability

<sup>10.79</sup> The assessment of housing viability shows that:

- » **Small schemes of less than 10 units** deliver the highest residual land values making them more viable, except in the City Core area, since benchmark land values here are very unlikely to exceed £1 million.
- » Development viability is significantly challenged in the City Core area, a function of the low values prevailing in this area.
- » **In terms of schemes required to provide affordable housing**, most schemes deliver a residual value below or at the level of market land values meaning schemes could come forward, but to determine at what rate would require further investigation into the structure of land ownership and expectations.
- » **The inclusion of CIL at any significant level reduces viability**, but does not fundamentally change the pattern of residual values.
- » **The new affordable housing policy is deliverable**, but it will have an impact on the level of CIL which can be levied; the level of CIL that will be able to be levied on residential development will be significantly limited by the impact of the affordable housing policy on development values.

<sup>10.80</sup> **It is recommended that more work is required to investigate the pattern of existing use values**, the extent to which there are genuine alternative use values for residential sites in Milton Keynes, and the structure of land ownerships to determine likely behaviour short and long term to introduction of CIL on residential development. This is in line with the recommendation made in the August 2011 DTZ report ‘Milton Keynes Planning Obligations and CIL Residential Viability’

# Appendix A

## Planning Policy

### Excerpts from the National Planning Policy Framework

Paragraph 159 on cross boundary working and the scale/mix of requirements:

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

- *prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
  - *meets household and population projections, taking account of migration and demographic change;*
  - *addresses the need for all types of housing, including Affordable Housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
  - *caters for housing demand and the scale of housing supply necessary to meet this demand;”*

Paragraph 14 on needs:

*“local planning authorities should positively seek opportunities to meet the development needs of their area; Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change.”*

Paragraph 47 regarding supply:

*“identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;”*

## Paragraph 178-181 regarding co-operation:

### ***Planning strategically across local boundaries***

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

*179. Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans.<sup>36</sup> Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.*

*180. Local planning authorities should take account of different geographic areas, including travel-to-work areas. In two tier areas, county and district authorities should co-operate with each other on relevant issues. Local planning authorities should work collaboratively on strategic planning priorities to enable delivery of sustainable development in consultation with Local Enterprise Partnerships and Local Nature Partnerships. Local planning authorities should also work collaboratively with private sector bodies, utility and infrastructure providers.*

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



## National Planning Policy Framework 2012 Annex 2

**Affordable housing:** Social rented, Affordable Rented and Intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative Affordable Housing provision.

Social rented housing is owned by local authorities and private Registered Providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private Registered Providers of social housing to households who are eligible for Social Rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). Intermediate housing is homes for sale and rent provided at a cost above Social Rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and Intermediate rent, but not Affordable Rented housing.

Homes that do not meet the above definition of Affordable Housing, such as “low cost market” housing, may not be considered as Affordable Housing for planning purposes.

# Appendix B

## Audit of SHMA against Government Guidance issued as a Consultation Draft in August 2013

Guidance	SHMA Approach
<b>CHAPTER 1</b>	
Overview	This Chapter is background on the purpose of HMAs
<b>CHAPTER 2</b>	
Housing market area	A comprehensive review of the available evidence and existing studies was undertaken to update the HMA. This review concluded that the substantial majority of the HMA was within the LPA boundary, and that the LPA provided a reasonable basis for undertaking the SHMA
<b>CHAPTER 3</b>	
'...avoid expending significant resources on primary research (surveys, focus groups or interviews etc)...They should instead look to rely predominantly on secondary data...	The SHMA has been undertaken using secondary data
<b>Starting point for establishing housing needs</b>	
Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need	CLG Household projections have been used as a starting point for assessing objectively assessed need, and the latest figures revised upwards
...household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography	Adjustments to Household projections have been considered using population statistics
<b>Updating projections</b>	
...plan makers would need to assess likely trends after 2021 to align with their development plan periods.	This has been assessed
Adjustments to household projections	
Sensitivity testing household projections	Sensitivity testing has been applied using different assumptions including migration and economic growth
<b>Employment trends</b>	
Growth in job numbers	Taken into account
Cross boundary migration	This has been assessed
Supply of working age population	Taken into account
<b>Market signals</b>	
Land prices	Taken into account as part of the viability assessment
House prices	Taken into account
Rents	Taken into account
Affordability	Taken into account
Rate of development stock/flow of land allocated, permissions granted and take up	Taken into account
Overcrowding	Taken into account
Responding to market signals: Appropriate comparison of indicators, Longer term trends locally, demographic and economic areas and nationally	Taken into account

Guidance	SHMA Approach
<b>Need for all types of housing</b>	
Breakdown by tenure, household type (singles, couples and families) and household size: - the proportion of the population of different age profile; - the types of household (eg singles, couples, families by age group, numbers of children and dependents); - the current housing stock size of dwellings (eg one, two+ bedrooms); - the tenure composition of housing.	Housing requirements assessed by type, size, mix and tenure
Private rented sector: understand the future need for private sector housing	Market signals considered and assessed, including rental trends, the impact of welfare reform and the impact of unmet demand for affordable housing for rental and HMO demand
People wishing to build their own homes: building plot website search, enquiries for building plots from local estate agents	Self-build considered, but no fieldwork undertaken to quantify the level of enquiries
Family housing using local household projections	Taken into account
Housing for Older people	Taken into account
Households with specific needs	Partly taken into account, but further work likely to be required when information is available from social care
<b>Calculating affordable housing</b>	
Current and projected unmet need and subtracting from supply of stock Types of household Unmet gross need for affordable housing Number of newly arising households Current total affordable housing supply Likely level of future housing supply of social relets (net) and intermediate affordable housing (excluding transfers) Relationship between current housing stock and future needs Total need for affordable housing	Taken into account using the ORS Housing Mix Model and the derived modelled output requirements
<b>CHAPTER 4</b>	
Current market in relation to economic and main town centre uses	Outside the scope of the SHMA Project Brief
<b>CHAPTER 5</b>	
Clear conclusions and any assumptions made...on predicted need	Taken into account
Consider existing and emerging housing and economic strategies	Taken into account
New assessments every 5 years	The 2013 study updates work previously completed in 2009
Monitoring information to include - housing and employment land and premises (current stock) database; - housing and employment permissions granted, by type; - housing and employment permissions developed by type, matched to allocated sites; - housing and employment permissions for development of sites where change of use is involved; - housing and employment land and premises available and recent transactions; - housing and employment premises enquiries (if the authority has an estates team); - housing developer or employer requirements and aspirations for houses and economic floorspace; housing waiting lists applications; - the market signals.	Monitoring arrangements to be set out during the closing of the SHMA Project

# Appendix C

## Data Sources: Advantages and Disadvantages

A range of data sources were used in the preparation of the SHMA, and the various merits are highlighted below:

Data source	Advantage	Disadvantage	Statistical Reliability & Validity	Reference
2011 UK Census of Population	Most comprehensive data source for small areas	Lacking data on incomes and affordability. Data on small area migration and travel to work will not be published until late 2013	Up to date as of 2011, but will progressively lose accuracy	Population Age Migration Household Growth BME Service families Communal housing
ONS Mid Year Population Estimates	Long-term trends for population by age cohort	2011 Census contradicted their findings for many areas, but they have been subsequently revised	Official ONS data	Population
ONS Population projections	Provide forecasts of population up to 2035	Based on trend data, so if trends change they become out of date	Official ONS data using up to date evidence	Population
CLG Household projections	Currently provide forecasts for household numbers by type up to 2033 and will be updated in February 2013	Based on trend data, so if trends change they become out of date.	Derived from ONS population projections. New versions will need to take into account changing headship rates and households sizes as found by the 2011 Census	Households
ONS (NHS Customer Records)	Shows migration with the UK from GP records	Not everyone registers with a GP and not everyone moves their GP when they move	Best known estimate for migration with the UK which are published annually.	Migration
DWP New National Insurance numbers	Shows new workers from overseas to give an indication of the number of migrant workers	Does not show dependants of workers or those who have left an area	Published quarterly and accurately reflects new workers	Migration Disabled
CLG P1E	Show priority need claimants	Councils have become more efficient at managing homelessness so while the numbers have been falling, real housing need may have been rising.	Formally published quarterly, but now annually. Reflect one component of housing need, but not all housing need	Homelessness
Land Registry transactions	A record of all properties sold with 7 digit postcodes with data back to 2000	Can be issues with discounted sales such as First Buy	Published monthly and used for official house price indices	House prices

Data source	Advantage	Disadvantage	Statistical Reliability & Validity	Reference
Homes and Communities Agency	Includes all Affordable housing investment programmes	Sometimes doesn't match Local Authority records	Published annually and is bespoke	Affordable housing completions
Labour Force Survey	Largest regular social survey in the UK showing employment circumstances of the population	Runs on calendar quarters but data prior to 2006 runs on seasonal quarters	Official ONS data	Employment/unemployment Economic activity/inactivity Occupation training Hours of work
Business Register and Employment Survey	Official source of employee and employment estimates by detailed geography and industry		Official ONS data	Employee and employment estimates by detailed geography and industry split by full-time/part-time workers and public/private businesses
Annual Population Survey	Combines data from the Labour Force Survey and national boosts and provides data that can produce reliable estimates at local authority level. improves intercensal monitoring of key variables for a range of policy purposes		Official ONS data	Education Employment Health Ethnicity
Annual Survey of Hours and Earnings	Estimates of the level and distribution of earnings and paid hours for employee jobs	Does not cover the self-employed nor does it cover employees not paid during the reference period.	Official ONS data – released annually	Pay and hours of employees by resident analysis (people resident of the area) and workplace analysis (people working in the area)
DWP Work and Pensions Longitudinal Study (WPLS)	Links benefit and programme information held by DWP, with employment records HMRC and provides a quarterly snapshot of benefit claimants at particular points in time	Claims are for households, not dwellings, so HMOs can be double counted.	Published monthly and very up to date	Housing benefit Jobseekers claimant count IB/SDA
Annual Monitoring Report	Document submitted to Government by a local planning authority to assess the progress and effectiveness of the Local Development Framework	Can sometimes have missing data	Published annually by local authorities	Housing Land Supply Completions Completions by tenure Housing trajectory
Data Spring	Housing markets database with data at district, regional and national level	Can sometimes have missing data	Published at regular intervals by Cambridge Centre for Housing Studies	Affordable Housing programmes Rents Stock

Data source	Advantage	Disadvantage	Statistical Reliability & Validity	Reference
Valuation Office Agency (VOA)	Mean, median, lower quartile, and upper quartile gross monthly rent paid for a number of bedroom/room categories)	Data has not been adjusted to produce statistics representative of the private rental property market mix in England. Not drawn from a statistical sample and does not consist of tracked properties. This means that the statistics presented in this release should be considered as indicative only and do not represent accurate measures of the population.	Published quarterly	Private sector rents for a number of bedroom categories
Housing Strategy Statistical Appendix (HSSA)	A return that provide evidence to support the local authorities' housing strategies whether they own stock or not		Published annually	Vacancy by tenure
Right to Buy Sales - Communities and Local Government (CLG)	Official statistics on the number of sales of dwellings under the Right to Buy scheme	Relates only to sales by local authorities under the Right to Buy scheme, excluding sales by registered providers under preserved Right to Buy	Published quarterly	Right to Buy

# Appendix D

## Glossary of Terms

### Definitions

**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 2012

**Affordable Rented** homes are owned by Registered Providers and let at a maximum of 80% of the open market rent to eligible households.

**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.

**Energy Company Obligation (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.

**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 not-for-profit 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.

**Housing market areas** are geographical areas in which a substantial majority of the employed population both live and work and where those moving 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.

**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 you buy a share in the property 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.

**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.

**Specialised 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

<b>ASHE</b>	Annual Survey of Hours and Earnings
<b>BME</b>	Black and Minority Ethnic
<b>CACI</b>	Private sector company providing modelled data
<b>CORE</b>	The Continuous Recording System (for Housing Association and Local Authority lettings)
<b>DEFRA</b>	Department for Environment, Food and Rural Affairs
<b>DWP</b>	Department of Work & Pensions
<b>ECO</b>	Energy Company Obligation
<b>GIS</b>	Geographical Information Systems
<b>HBF</b>	Home Builders Federation
<b>HMO</b>	House in Multiple Occupation
<b>IMD</b>	Indices of Multiple Deprivation
<b>LA</b>	Local Authority
<b>LDF</b>	Local Development Framework
<b>LDP</b>	Local Development Plan
<b>LHA</b>	Local Housing Allowance
<b>NS-SeC</b>	National Statistics Socio-economic Category
<b>NHSCR</b>	National Health Service Central Register
<b>NPPF</b>	National Planning Policy Framework
<b>ONS</b>	Office for National Statistics
<b>ORS</b>	Opinion Research Services
<b>POPPI</b>	Projecting Older Person Population Information
<b>REIT</b>	Real Estate Investment Trust
<b>RP</b>	Registered Provider
<b>SAR</b>	Shared Accommodation Rate
<b>SHMA</b>	Strategic Housing Market Assessment
<b>UDP</b>	Unitary Development Plan

# Appendix E

## Table of figures

Figure 1:	SEMLEP area (Source: SEMLEP) .....	14
Figure 2:	Proposed Sub-Regional Housing Markets with Shaded Overlaps (DTZ 2004; for the South East Regional Housing Board) .....	20
Figure 3:	Excerpt from: Proposed Sub-Regional Housing Markets with Shaded Overlaps (DTZ 2004) .....	20
Figure 4:	Identifying the Links between Urban Centres in the Study Area (Source: UK Census of Population 2001 combined with DEFRA Classifications) .....	22
Figure 5:	Identifying the Functional Housing Sub-Markets in the Sub-Region (Source: Bedfordshire Strategic Housing Market Assessment 2008. Note: Area outside the sub-region shown in lighter shading) .....	23
Figure 6:	Identifying the Links between Urban Centres in the Study Area (Source: SHMA 2010/UK Census of Population 2001 combined with DEFRA Classifications) .....	24
Figure 7:	Functional Housing Sub-Markets in the Sub-Region (Source: Milton Keynes Strategic Housing Market Assessment 2008 and Updates. Note: Area outside the sub-region shown in lighter shading) .....	25
Figure 8:	Resident Population in 2011 by Housing Market Area (as defined in the ORS SHMA) and Local Authority Area .....	26
Figure 9:	Distribution of Land by Housing Market Area (as defined in the ORS SHMA) and Local Authority Area .....	26
Figure 10:	Residence Location by Area of Workplace .....	26
Figure 11:	Workplace Location by Area of Residence .....	27
Figure 12:	Previous Area of Residence (12 months prior to Census) by Area of Residence (Source: 2001 Census of Population) .....	27
Figure 13:	Area of Residence by Previous Area of Residence (12 months prior to Census) (Source: 2001 Census of Population) .....	27
Figure 14:	Excerpt from Geography of Housing Market Areas in England (NHPAU/CURDS; 2010) .....	28
Figure 15:	Comparison of CURS and ORS HMA analysis .....	29
Figure 16:	Milton Keynes Broad Rental Market Area .....	30
Figure 17:	Population in Milton Keynes (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding) .....	33
Figure 18:	Age Profiles for Milton Keynes Compared with the South East and England (Source: UK Census of Population 2011) .....	34
Figure 19:	Ten Year Difference in Age Profiles for Milton Keynes (Source: UK Census of Population 2001 and 2011) .....	34
Figure 20:	Limiting Long-term Illness Rates by Severity (Source: UK Census of Population 2011) .....	35
Figure 21:	Change of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011) .....	36
Figure 22:	Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011) .....	36
Figure 23:	New National Insurance Registrations of Non UK Nationals in by Local Authority (Source: DWP. Notes: All figures rounded. Figures may not sum due to rounding) .....	37
Figure 24:	New National Insurance Registrations of Non-UK Nationals in Milton Keynes 2002-2011 by Country of Origin (Source: DWP) .....	37
Figure 25:	Higher mobility allowance by age as (%) of population (Source: DWP Work and Pensions Longitudinal Study (WPLS)) .....	38

Figure 26:	Economic Activity/Inactivity in Milton Keynes (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding).....	40
Figure 27:	Unemployment Rate for Working Age Population for MKC: 1993-2011 (Source: DWP Claimant Count. Note: Data relates to October each year).....	40
Figure 28:	Incapacity Benefit Claims by Working Age persons by Local Authority 2000-2011 (Source: DWP. Note: Data relates to May of each year).....	41
Figure 29:	Proportion of Employees by Occupation 2011 and change 2001-11 (Source: UK Census of Population 2001 and 2011).....	41
Figure 30:	Median Gross Annual Earnings for Employees and Residents in Milton Keynes, by All Employees and Full-time Employees (Source: ASHE 2012).....	42
Figure 31:	Proportion of Employees by Industry 2011 Milton Keynes (Source: UK Census of Population 2011).....	43
Figure 32:	Student Household concentrations (Census 2011).....	45
Figure 33:	Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in MKC – March 2011 and December 2011 (Source: LHA Direct).....	47
Figure 34:	Proportion of Dwelling Type by Area (Source: Valuation Office Agency, August 2012).....	51
Figure 35:	Dwelling Characteristics (Source for Bedrooms, Area and Parking: Valuation Office Agency, September 2010; Second Homes: UK Census of Population 2011).....	52
Figure 36:	Dwelling Age by Area (Source: Valuation Office Agency, August 2012; English Housing Survey, 2011).....	52
Figure 37:	Proportion of overcrowded households 2011 and change 2001-11 for Milton Keynes and South East (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011).....	53
Figure 38:	Overcrowded households by tenure 2011 and change 2001-11 for Milton Keynes and South East (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011).....	53
Figure 39:	Houses in Multiple Occupation (Source: Census 2001/2011).....	54
Figure 40:	Proportion of People in Communal Housing by Type of Establishment in MKC (Source: UK Census of Population 2011).....	55
Figure 41:	Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free).....	55
Figure 42:	Average Price of Properties Sold in each LA: Q4 2000-Q4 2012 (Source: HM Land Registry).....	56
Figure 43:	Percentage of Houses Sold for Key Price Bands in 2000-12 (Source: HM Land Registry).....	57
Figure 44:	Percentage of Houses Sold at £150k: 2000-11 (Source: HM Land Registry).....	57
Figure 45:	Mortgage Repossessions in Milton Keynes (Source: Ministry of Justice Mortgage and Landlord Possession statistics Q1 2003-Q4 2013).....	58
Figure 46:	Local Authority Relets for Milton Keynes (Source: Housing Strategy Statistical Appendix 2005-2011).....	59
Figure 47:	Local Authority Dwellings let through mutual exchange in Milton Keynes (Source: Housing Strategy Statistical Appendix 2005-2011).....	59
Figure 48:	Registered Social Landlords Relets for Milton Keynes (Source: The Continuous Recording of Lettings and Sales in Social Housing in England 2005-2012).....	60
Figure 49:	Buy to Let Mortgages 2006-2011 (Source: Council of Mortgage Lenders).....	62
Figure 50:	Categories of Private Rented Housing by Area (Source: UK Census of Population 2011).....	62
Figure 51:	Median Full-time Earnings to Average House Price Ratio for Properties Sold by LA (Source: ASHE and HM Land Registry).....	69
Figure 52:	Volume of Properties Sold Across MKC: Q4 2000-Q4 2012 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data).....	70

Figure 53:	Right to Buy 2001-2012 (Source: CLG).....	71
Figure 54:	Right to Buy 2012-13 (Source: CLG).....	71
Figure 55:	Trends in the number of Housing Benefit claimants in England (Source: DWP).....	71
Figure 56:	Growth in Housing Benefit Claimants in the Private Rented Sector April 2010-May 2012 for Local Authorities in the South East of England (Source: DWP).....	73
Figure 57:	Housing Benefit in Private Rented Sector as a Share of Total Dwellings (Source: CLG Live Table 100 March 2011; DWP March 2012).....	74
Figure 58:	Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q1 2011 (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter).....	75
Figure 59:	In-migration, Out-migration and Net Migration 2006-2010 by MKC (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding).....	76
Figure 60:	UK Average Annual Net Migration 2005-2010 by Age Group and Region (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding).....	78
Figure 61:	Top 5 Local Authorities with the Highest Net Migration to and from MKC over the period 2005-2010 (Source: ONS Migration Statistics Unit).....	78
Figure 62:	Relative Strength of Net Migration Flow 2005-2010 (Source: ONS Migration Statistics Unit).....	79
Figure 63:	Migration Trends 2001-02 to 2010-11: UK and International Net Migration (Source: ONS Mid-Year Estimates Components of Change).....	80
Figure 64:	UK Migration Trends 2001-02 to 2010-11 (Source: ONS Mid-Year Estimates Components of Change).....	81
Figure 65:	International Migration Trends 2001-02 to 2010-11 (Source: ONS Mid-Year Estimates Components of Change. Note: Highlighted cells show figures influenced by the peak following the A10 accession).....	81
Figure 66:	Overall Migration Trends 2001-02 to 2010-11 (Source: ONS Mid-Year Estimates Components of Change).....	82
Figure 67:	Summary of Migration Trends by Persons (Source: ONS Mid-Year Estimates Components of Change).....	83
Figure 68:	Summary of 20-year Projection 2011-31 – Net Nil Migration.....	85
Figure 69:	Market signals for Milton Keynes, similar demographic and economic areas, and nationally (Source: House Prices and Affordability: CLG Live Tables; Rents: Valuation Office Agency, DataSpring; Overcrowding and Rate of Development: Census 2001 and 2011).....	88
Figure 70:	Summary of 20-year Projection based on 1,750 additional dwellings each year.....	90
Figure 71:	Total projected households for 2031 by household type and age of household representative.....	90
Figure 72:	Summary of 20-year change in household type by age of household representative.....	91
Figure 73:	Estimated number of jobs in Milton Keynes 2001-11 (Source: ONS, EEFM. Note: ONS data is published rounded to the nearest 1,000; EEFM data is rounded to the nearest 100).....	92
Figure 74:	Detailed Overview of the ORS Housing Mix Model.....	94
Figure 75:	Tenure Mix of Housing Requirement for Milton Keynes to 2031 (Note: The “Social housing” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding).....	100
Figure 76:	Summary of 20-year Projection 2011-31 – Net Nil Migration by Urban Area and Rural Area.....	101
Figure 77:	Scenario Testing of Overall Housing Requirement in Milton Keynes 2011-31 for House Price Changes (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. Figures may not sum due to rounding).....	103
Figure 78:	Scenario Testing of Overall Housing Requirement in Milton Keynes 2011-31 for Different Income Multipliers (Note: The “Social” category would include Social Rented Housing as well as any other forms	

	of Affordable Housing for rent which would be eligible for Housing Benefit support. Figures may not sum due to rounding) .....	103
Figure 79:	Scenario Testing Different Levels of Reductions in Housing Benefit Claimants in the Private Rented Sector (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. Figures may not sum due to rounding) .....	104
Figure 80:	Mix of Overall Housing Requirement 2011-31 (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding) .....	105
Figure 81:	Mix of Housing Requirement to meet Natural Growth 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding) .....	106
Figure 82:	Mix of Housing Requirement to meet Net Migration 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding) .....	107
Figure 83:	Milton Keynes Wholly Moving Households by NS-Se Category of Household Representative Person (Source: UK Census of Population 2001 and 2011. Note: Gross migration includes moves from overseas. Net migration includes moves from overseas but excludes moves to overseas. All figures rounded. Figures may not sum due to rounding) .....	109
Figure 84:	Annual Migration (Gross) per 1,000 by NS-Se Category of Household Representative Person (Source: UK Census of Population 2001 and 2011. Note: Gross migration includes moves from overseas) .....	109
Figure 85:	Annual Migration (Net) per 1,000 by NS-Se Category of Household Representative Person (Source: UK Census of Population 2001 and 2011. Note: Net migration includes moves from overseas but excludes moves to overseas) .....	110
Figure 86:	Migrant Households where the Household Representative Person is aged under 35 or aged 35-49 and working in either Higher or Lower managerial, administrative and professional occupations (Source: UK Census of Population 2011. Note: All figures rounded. Figures may not sum due to rounding) .....	110
Figure 87:	Mix of Housing Requirement to meet Net Migration from Skilled and Other Migrant Households 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding) .....	112
Figure 88:	Tenure Mix of Housing Requirement for Milton Keynes to meet Net Migration from Skilled and Other Migrant Households 2011-31 (Note: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding) .....	112
Figure 89:	20-year requirement flow analysis 2011-31 .....	113
Figure 90:	Estimates of Vulnerable and Older People Needs in Milton Keynes 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit) .....	116
Figure 91:	Benchmark Figures for Specialist Accommodation.....	118
Figure 92:	Older people aged 75+ Population Growth Projections 2011-2026 (Source: ONS) .....	119
Figure 93:	Older People aged 75+ Population Growth Projections to 2026 Milton Keynes (Source: ONS) .....	120
Figure 94:	Implications of Older People Resource Pack Ratios based on Population Projection Scenarios (Note: figures may not sum due to rounding) .....	120
Figure 95:	Current Gypsy and Traveller Sites and Pitches in Milton Keynes.....	125
Figure 96:	Gypsy Caravan Count for Milton Keynes: January 2008 – January 2013 (Source: CLG Bi-annual Local Authority Caravan Count) .....	125
Figure 97:	Extra Pitches which are required in Milton Keynes from 2013-2031 .....	129

Figure 98: Summary of Local Authority Views on the Draft SHMA.....	133
Figure 99: Functional Housing Sub-Markets in and around Milton Keynes (Source: Milton Keynes Strategic Housing Market Assessment 2008) .....	135
Figure 100: Comparison of Housing Demand and Supply in the HMA (Source: CLG, AMR, SHLAA) .....	137
Figure 101: Housing Delivery 2001-2012 (Source: Local Authority Records).....	139
Figure 102: Developable sites in Milton Keynes (Source: AMR 2011-12) .....	139
Figure 103: Actual v Forecast Completions (Source: Homes and Communities Agency) .....	142
Figure 104: Milton Keynes Residential Development Archetypes .....	151
Figure 105: Scheme Residual Value (£'000 per hectare) excluding CIL and Site Infrastructure Costs .....	154
Figure 106: Recent trends in mortgage lending (Source: Regulated Mortgage Survey) .....	158
Figure 107: Summary of Housing Requirement for Milton Keynes 2011-31 (Note: The “Social housing” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures may not sum due to rounding) .....	164
Figure 108: Source of Housing Requirement 2011-31 (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding) .....	165
Figure 109: Size Mix of Housing Requirement 2011-31 (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding) .....	165