Leicester City

Local Housing Needs Assessment: Update Addendum 2022

Report of Findings

September 2022

Opinion Research Services | The Strand, Swansea SA1 1AF
Jonathan Lee | Trevor Baker | Belinda Herbert
Nigel Moore | Scott Lawrence | Hugo Marchant
enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

Contents

Executive Summary

Introduction

Opinion Research Services (ORS) was commissioned by Leicester City Council to prepare a Local Housing Needs Assessment (LHNA) in 2019 for the period 2019-2036 to identify the minimum Local Housing Need (LHN) using the standard method set out in Planning Practice Guidance (PPG). The study was subsequently updated in 2021 to consider the results in light of an update in the standard method figures covering the period 2020-2036.

This current study represents an Addendum to the LHNA Update 2021 in light of further changes to the standard method figure for Leicester. This current Addendum is not a full version of the LHNA Update 2021, but it does update key tables which were included in the Executive Summary of the LHNA Update 2021.

This Addendum also includes information, which was previously included in the LHNA 2019, but not updated in the LHNA Update 2021. This includes information on students, service families, studio flats and self and custom housebuilding.

Government Policy

A revised version of the National Planning Policy Framework was published in July 2018. This was then updated in February 2019 to incorporate a number of detailed changes following a technical consultation and these changes were retained in a further update of the NPPF in 2021. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs.

Under the Revised NPPF, local planning authorities are responsible for assessing their local housing needs; however, Paragraph 61 identifies that *"strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach"*. This represents a significant change from the pre 2018 NPPF, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing requirement continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.

Paragraph 62 of the NPPF 2021 states that they are now expected to produce a Local Housing Need Assessment (LHNA) for their local area in order to assess the size, type and tenure of housing needed for different groups in the community.

This update considers the impact of a change to the government's standard method for housing needs from 2,291 dwellings per annum in the LHNA Update 2021 study to the current figure of 2,464 dwellings per annum. This large change is due to changes in the affordability ratio of incomes to house prices in 2021 when compared to the same data in 2020.

Establishing Current Unmet Need for Affordable Housing

To assess the current need for affordable housing, In the LHNA Update 2021 we calculated the number of households in Leicester who are not suitably housed and who are unable to afford market housing. These include; all households that are currently homeless, those who currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in the social or private rented sector, and people otherwise not counted who are in a reasonable preference category on the housing register. Figure 1 sets out the assessment of current affordable housing need for Leicester. This data has not been updated in this Addendum because it is based upon historic data for2020 and is simply reproduced below.

Figure 1: Assessing current unmet gross need for affordable housing - households (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)

Affordable Housing	Gross Need	Supply	Net Need	Not part of the household projections
Homeless households in priority need [Source: CLG P1E returns]	-	-	-	-
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	425	-	425	425
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	65		65	-
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	0	0	0	-
Households accepted as homeless but without temporary accommodation provided	0	-	0	0
Concealed households [Source: Census 2001 and 2011]	-	-	-	-
Growth in concealed families with family representatives aged under 55	1,187		1,187	1,187
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	-	-	-	-
Households living in overcrowded private rented housing	2,061	-	2,061	-
Households living in overcrowded affordable rented housing	3,288	3,288	0	-
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	-	-	-	-
People (within a household) who need to move on medical or welfare grounds, including grounds relating to a disability	43	4	39	-
People (within a household) who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	0	0	0	-
TOTAL	**7,069**	**3,292**	**3,777**	**1,612**

Our analysis has concluded that **7,069 households are currently living in unsuitable housing in Leicester and unable to afford their own housing**. Of the 7,069 households in current need, 3,292 currently occupy affordable housing that does not meet the households' current needs. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 3,777 households** (7,069 less 3,292 = 3,777) **who currently need affordable housing and do not currently occupy affordable housing in Leicester.**

Overall Need for Affordable Housing

In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future and also those who aspire to home ownership.

It is important to note that Right to Buy Sales in Leicester are likely to amount to around 400 per annum for the foreseeable future and for every property sold under Right to Buy a replacement affordable dwelling will be required to be added to the affordable housing stock. Figure 2 shows the overall housing need for Leicester, including allowing for the impact of Right to Buy sales, with Figure 3 reproducing the same data as percentages for affordable and market housing. Any Right to Buy sales effectively deliver market housing for those making the purchase, but require their number to be replaced in the affordable housing rented sector.

The market housing figure contains both market rent and owned occupied dwellings. If there is not an improvement in affordability, market rent will grow by over 10,000 dwellings for those who aspire to own, plus further potential growth from student households and also from households receiving housing benefit in the private rented sector, if insufficient affordable to rent is supplied.

Figure 2: Overall need for Market and Affordable Dwellings including impact of Right to Buy Sales (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Number of bedrooms	Affordable Dwellings Unable to afford market rents	Able to afford 50% First Homes, but not 70% First Homes	Able to afford 70% First Homes	Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	1,702	95	521	2,318	1,948	**4,266**
2 bedrooms	4,231	200	587	5,019	4,782	**9,800**
3 bedrooms	7,312	262	599	8,173	13,076	**21,249**
4+ bedrooms	2,276	56	29	2,361	1,431	**3,792**
DWELLINGS	**15,522**	**613**	**1,736**	**17,871**	**21,237**	**39,108**
C2 Dwellings	-	-	-	-	316	**316**
LHN	**15,522**	**613**	**1,736**	**17,871**	**21,553**	**39,424**

Figure 3: Overall need for Market and Affordable Dwellings including impact of Right to Buy Sales (including affordable home ownership products) by property size as Percentages (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Number of bedrooms	Affordable Dwellings Unable to afford market rents	Able to afford 50% First Homes, but not 70% First Homes	Able to afford 70% First Homes	Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	9.5%	0.5%	2.9%	13.0%	9.0%	10.8%
2 bedrooms	23.7%	1.1%	3.3%	28.2%	22.2%	24.9%
3 bedrooms	40.9%	1.5%	3.4%	45.9%	60.7%	53.9%
4+ bedrooms	12.7%	0.3%	0.2%	13.2%	6.6%	9.6%
DWELLINGS	**86.9%**	**3.4%**	**9.7%**	**100.0%**	**98.5%**	**99.2%**
C2 Dwellings	-				1.5%	0.8%
LHN	**86.9%**	**3.4%**	**9.7%**	**100.0%**	**100.0%**	**100.0%**

Therefore, on the basis of the current backlog of need, trend based growth in housing needs and recent trends in Right to Buy sales, there is a need for around an extra 15,500 affordable rental properties in Leicester over the period 2020-36 for those who cannot around to rent plus 2,300 for those who aspire to own. This is very similar level of overall affordable housing need as contained in the LHNA Update 2021. The majority of the additional households in the standard method Local Housing Need change since 2021 are modelled as requiring market housing. This is unsurprising because the uplift in the standard method is designed as a policy to deliver more market housing to allow more households to form and to help to improve affordability.

Studio Apartments

There is no definitive need for studio apartment. There are risks of an over-supply of small dwellings which would exclude the ability of families to form in the area.

Figure 2 identifies a need for nearly 2,000 market 1-bedroom properties in Leicester over the period 2020-36. However, these are not assumed to be studio apartments, but are instead derived from a continuation of household formation trends in the city which will see the majority of these small market dwellings being identified for older person households and couples with children.

The demographic data for Leicester shows that while the number of single persons aged 25-34 years is projected to rise by nearly 1,000, single person households aged 25-34 years are projected to fall by 2036. Therefore, there will be more 25-34 year olds, but fewer of them will head a household as single persons. At the heart of this issue is that in areas with large student population like Leicester, many recent graduates will not form their own household immediately, but will instead share properties with other young adults.

A potential policy approach would be to monitor planning applications for studio apartments to assess demand through the planning system and consider an active policy if there is more evidence for a wider demand.

Student Housing

The 2019 LHNA identified that there are two major Higher Education Institutions (HEIs) in Leicester which are covered by Higher Education Statistics Agency (HESA) publications: University of Leicester and the De Montfort University. They had a combined total of 43,100 student registered in the 2017/18 academic year, which represents an increase of around 5,465 students since 2014/15 when there were 37,645 students registered. The Council estimate that there are around 25,000 students from these two universities living in Leicester at any one time.

In 2019 there were 8,389 ‘student exempt properties’ which do not have to pay council tax because of being all-student households in the Leicester. At the time of the 2011 Census there were 5,604 private sector dwellings occupied by all student households in Leicester, at an average occupancy of 2.5 students per dwellings. On this basis, there has been a very significant growth in the number of students occupying private sector dwellings in Leicester, which will have increased the pressure on the housing stock of the city particularly as there has also been a growth in households in receipt of housing benefit in the private rented sector and a growth in households renting privately.

Between 2015 and 2019 the Council granted planning permission for nearly 4,000 student bedspaces. However, the Council’s planning team is now reporting a trend towards student accommodation developers seeking to change student developments to general residential. This may indicate a falling in demand for new student accommodation. The impact of COVID 19, and Brexit is still not clear for the university sector, but if these effects limit the growth of student numbers in Leicester, then fewer student bedspaces will be required. Therefore, the case for additional student bedspaces in Leicester is now less pressing than was found in the 2019 LHNA.

Service Families

At the time of the 2011 Census there were 144 armed forces personnel living in Leicester, with 138 of these in private accommodation and 6 in communal barracks. On this basis it is clear that the number of MOD personnel deployed in Leicester is negligible and there is no identifiable housing need for service families.

People Wishing to Build their Own Homes

Leicester have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding registers. As of 2020/21, there have been 148 households accepted to join the register and 95 groups have also joined. However, this data covers both Part 1 and Part 2 of the housing register and the duty to meet its needs is only for Part 1 of the register.

In the past 6 years, the Council have granted planning permission for 29 plots. This therefore is insufficient to keep up with all the demand from the self and custom housebuilding register.

In practice it is possible that the self-build and custom housebuilding register is under-estimating demand for plots in Leicester and also that the number being delivered is being under-estimated. Some buyers on larger sites will also be customising their dwellings and some conversions will involve the eventual occupier of the property.

We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in Leicester. It is likely to be much higher than the total number of self-build permissions counted, and this information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.

Housing for Older People

The table below identifies the potential requirement for new specialist older person housing.

Figure 4: Modelled Demand for Older Person Housing in Leicester based on Housing LIN Toolkit

LEICESTER	Tenure type	Rate per 1,000 persons aged 75+	Gross need 2020	Existing supply	Unmet need in 2020	Additional need 2020-36	Overall need
Sheltered Housing	Owned	120	2,272	140	+2,132	+1,238	**+3,370**
Sheltered Housing	Rented	60	1,136	1,124	+12	+619	**+631**
Extra Care	Owned	40	757	0	+757	+413	**+1,170**
Extra Care	Rented	31	587	248	+339	+320	**+659**
TOTAL	**Both**	**251**	**4,752**	**1,512**	**+3,240**	**+2,590**	**+5,830**

The analysis of the need for specialist older person housing identifies a backlog of 3,240 dwellings in 2020. Over the 16-year Plan period 2020-36, this analysis identifies an increase in need of around 2,590 additional homes; yielding a total need of around 5,830 dwellings to be provided. These dwellings are included in Figure 2, not in addition to the total housing needs, and therefore the need for 1 and 2 bed market housing in Leicester overlaps heavily with the need for older person housing. However, the figure of 5,830 dwellings is based upon idealised outcomes for Leicester. If current rates of provision were to continue a further 800 specialist older person dwellings would be required.

Housing for People with Disabilities

In July 2022, the government issued their response to a consultation ran in 2020 on the future of accessibility standards.[1] Paragraph 73 of the response concluded that:

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

Previously, local authorities were required to assess the need to M4(2) accessible homes in their local area and develop policies to deliver these the properties. The government are now proposing that all homes be delivered to M4(2) standard and therefore this evidence is now longer required.

However, local authorities are still required to assess the need for the higher M4(3) standard which covers the need for wheelchair adapted and adaptable home. The evidence for Leicester indicates a need for at least 1,270 dwellings which will be required to be adapted to the needs of wheelchair users and hence built to M4(3) standard. This represents a minimum need and, the policy should aim to deliver more wheelchair accessible homes because at any point in time some M4(3) properties will be occupied by households who do not use a wheelchair.

[1] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response

Appendix A

Table of figures