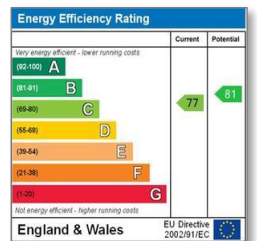




## City of Bristol Local Housing Needs Assessment

Report of Findings  
November 2023





Opinion Research Services | The Strand, Swansea SA1 1AF  
Jonathan Lee | Scott Lawrence | Nigel Moore  
Hugo Marchant | Elliot Muldoon | Trevor Baker | Hanna Lloyd  
enquiries: 01792 535300 · [info@ors.org.uk](mailto:info@ors.org.uk) · [www.ors.org.uk](http://www.ors.org.uk)

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# 1. Introducing the Study

## Background to the project

### Introduction

- 1.1 Bristol City Council appointed Opinion Research Services (ORS) to prepare a Local Housing Needs Assessment (LHNA).
- 1.2 The latest (September 2023 at time of writing) National Planning Policy Framework and Planning Practice Guidance (PPG) sets out how Local Plans should provide for objectively assessed needs for housing (including affordable housing). The LHNA provides robust evidence about the need for housing over the period 2020-2040.

### Government Policy

- 1.3 NPPF Paragraph 60 identifies that Local Plans should support the Government's objective of significantly boosting the supply of homes. Paragraphs 61 and 62 state that:

*To determine the minimum number of homes needed, 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 which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*

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

**National Planning Policy Framework, September 2023 – Para 61 and 62**

- 1.4 The “standard method in national planning guidance” sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is constrained to a minimum figure that is determined centrally by the Government.
- 1.5 When considering the need for affordable housing, it is important to recognise that the NPPF has introduced a new definition. Whilst affordable housing was previously for households “whose needs are not met by the market”, the current definition also includes “housing that provides a subsidised route to home ownership and/or is for essential local workers”. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need, which states that assessments must now include the needs of “those that cannot afford their own homes, either to rent, or to own, where that is their aspiration” [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership are now counted as being in affordable housing need.

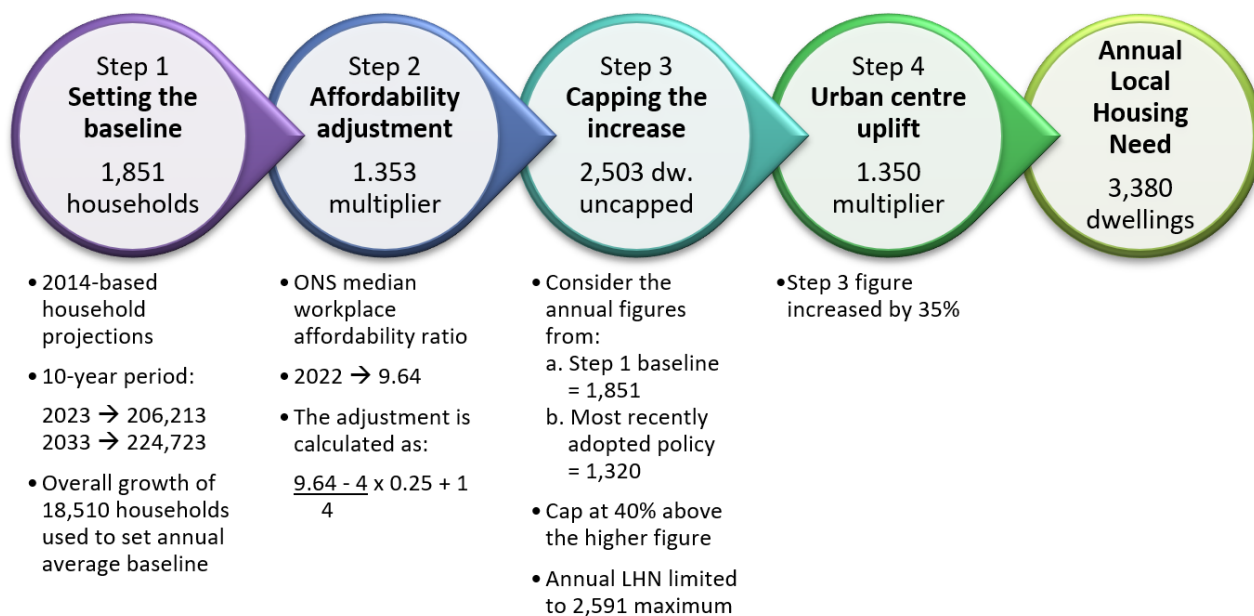
## 2. Establishing Local Housing Need

### Standard Method in National Planning Guidance

#### Introduction

- 2.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20201216] the minimum annual Local Housing Need figure can be established as follows. Based on these calculations, the minimum Local Housing Need figure for Bristol is currently 2,503 dwellings per year uncapped, which the urban centre uplift increases to 3,380 dwellings.

Figure 1: Annual Local Housing Need for the City of Bristol based on the Government's standard method calculation



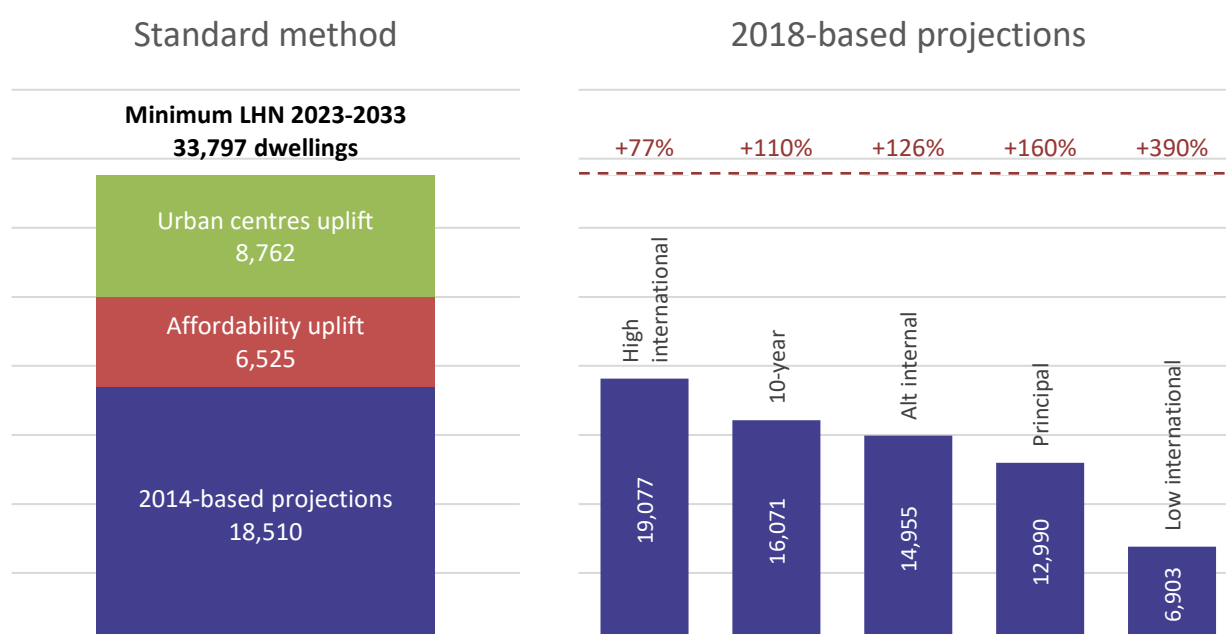
#### Setting the Local Housing Need in Context

- 2.2 The minimum Local Housing Need figure that the Government's standard method calculation identifies for Bristol can be set in the context of the current and future demographic trends.
- 2.3 The latest figures published by the ONS are the 2018-based household projections, informed by the 2018-based sub-national population projections. The Office for Statistics Regulation (OSR) has designated both publications as National Statistics, which means that they are fully compliant with the Code of Practice for Statistics and meet the highest standards of trustworthiness, quality and value.
- 2.4 There is often debate around how many years of data should be used to inform the projected population change at local level. In general, the ONS uses five years of data, but just two years of data was used for internal migration in the 2018-based principal population projection as only two years of data was available using the current method. The ONS also published a range of variant projections:

- » High international migration variant;
- » Low international migration variant;
- » Alternative internal migration variant;
- » 10-year migration variant.

2.5 The high and low international migration variants assume either higher or lower levels of net international migration to England as a whole, but the proportional distribution at local authority level remains the same. The alternative internal migration variant uses five years of data for internal migration (two using the new method and three using the old method); and the 10-year migration variant uses 10 years of data for all migration trends (internal, cross-border and international).

**Figure 2: Comparing the standard method figure with the official household projections for the City of Bristol 2023-2033**  
(Source: 2014-based household projections, CLG; 2018-based household projections, ONS)



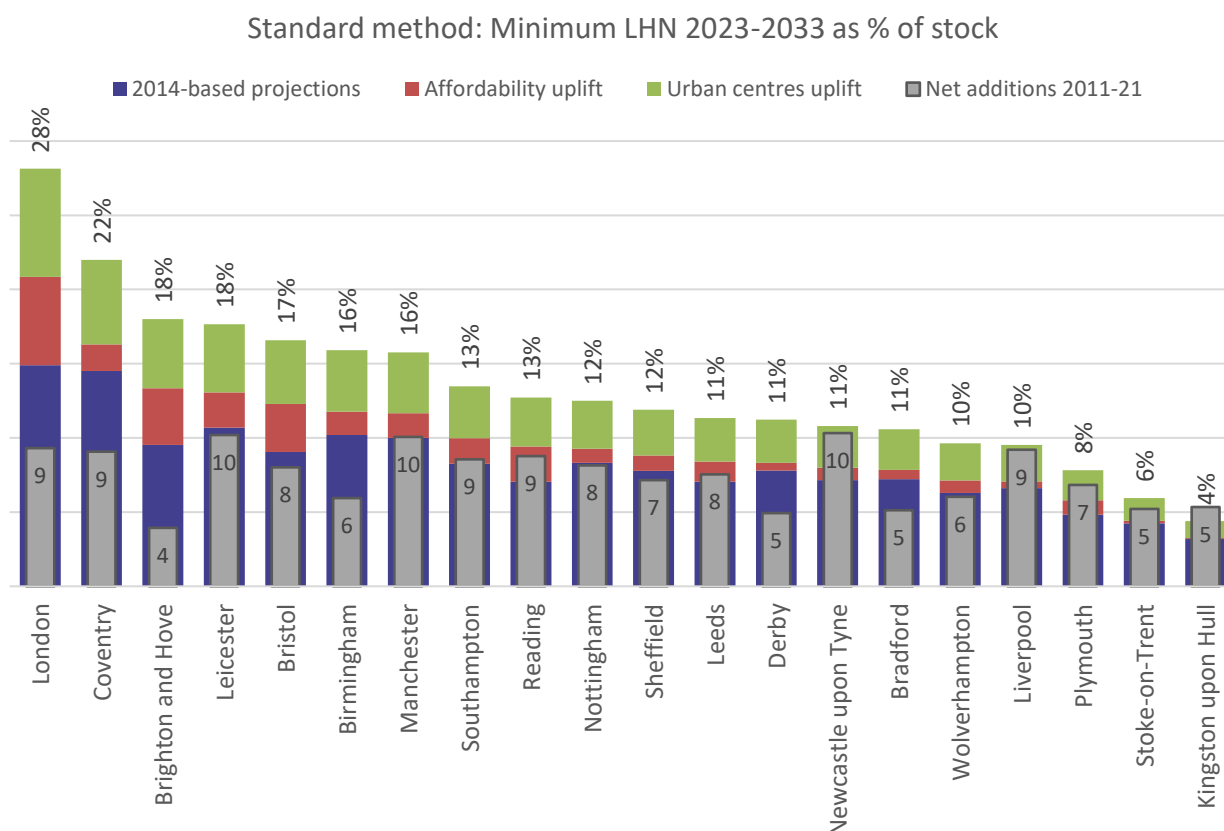
2.6 For the 10-year period 2023-2033, the latest official projections identify a growth of between 6,903 and 19,077 households for the City of Bristol, which are based on the low and high international migration variant projections respectively. On this basis, the Local Housing Need figure identified by the Government's standard method calculation represents an uplift of between 77% and 390% of the household growth projected by the most up-to-date official figures.

2.7 Considering the other projections:

- » The principal projection identifies a growth of 12,990 households (based on 2-year trends for internal migration) and the standard method figure represents an uplift of 160%
- » The alternative internal migration variant identifies a growth of 14,955 households (based on 5 years of data for all migration trends) and the standard method figure represents an uplift of 126%
- » The 10-year migration variant identifies a growth of 16,071 households, and the standard method figure represents an uplift of 110%.

- 2.8 For the purposes of assessing housing need, ORS would normally take a 10-year migration trend as this typically provides a more stable projection for plan-making. This was the approach that was recommended by the Strategic Housing Market Assessment that ORS produced for the West of England before the Government's standard method was introduced. Whilst the 10-year migration trend variant scenario projects the second highest rate of growth for the City of Bristol from the 2018-based population and household projections, it provides a reasonable demographic scenario for the LHNA to consider as a baseline. On this basis, it is clear that the standard method figure would provide considerably more homes than needed to meet the household projection-based housing need.
- 2.9 The figure that the standard method calculation identifies for Bristol can also be set in the context of the housing need identified for other major cities in England. Figure 3 shows the rate of growth identified by the standard method local housing need figure for the next decade (2023-2033) together with the rate of housing that was delivered over the last decade (2011-2021) for the City of Bristol and each of the other areas that are subject to cities and urban centres uplift at step 4 of the standard method calculation.

**Figure 3: Comparing the minimum LHN 2023-33 and net dwelling additions 2011-21 as percentage of stock for Bristol with the other areas subject to the "urban centres" uplift at step 4 of the standard method**



- 2.10 This clearly demonstrates two points:
- » Firstly, the rate of growth that the standard method identifies for Bristol is at the upper quartile of the rates across the most populated cities and urban centre – the growth rate for Bristol is 17% which is higher than fifteen of the twenty areas;
  - » Secondly, past growth in Bristol has been higher over the last decade than many of the other most populated cities and urban centre – net additions represent 8% of the stock compared to a maximum of 10% elsewhere.



- 2.11 It is also notable that the housing need identified by the standard method for the City of Bristol before the uplift at Step 4 is applied, is actually higher than ten of the other most populated cities and urban centre when considered as a proportion of the existing stock.

## Establishing the Housing Target

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

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

Planning Practice Guidance, ID 2a-001-20190220

- 2.13 In determining the local plan housing target, it will be necessary for the local authority to consider whether, or not, the LHN could be met within the area, taking account of any constraints on land availability. Where local authorities are unable to meet their LHN in full, it is necessary to engage with neighbouring authorities through the Duty to Co-operate (DtC) discussions. This should establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas.
- 2.14 It is important to recognise that the Duty to Co-operate itself constitutes a legal obligation, and failure to comply is likely to result in the Local Plan being found unsound and having to be withdrawn. It is therefore essential for these cross-boundary issues to be properly addressed as part of the plan-making process. However, the PPG also indicates that the housing comprising the 35% housing uplift (which applies to Bristol) is expected to be met within the boundaries of the authority in question (rather than the surrounding areas) and therefore this part of the Local Housing Need figure would be excluded from any DtC discussion relating to unmet need:

### ***Where should the cities and urban centres uplift be met?***

*This increase in the number of homes to be delivered in urban areas is expected to be met by the cities and urban centres themselves, rather than the surrounding areas, unless it would conflict with national policy and legal obligations...*

Planning Practice Guidance, ID 2a-035-20201216

- 2.15 This is particularly relevant given that Bristol already extends up to, and beyond, the local planning authority boundary. Previously, both the West of England Joint Strategic Plan (JSP) and the West of England Combined Authority (WECA) Spatial Development Strategy (SDS) had planned to deliver a proportion of Bristol City's housing needs across the wider area.
- 2.16 Given this context, it seems unlikely that the Bristol Local Plan will be able to meet the identified housing needs in full. Therefore, it is necessary to consider the needs identified at Step 1 to 3 of the standard method calculation (which would need to be addressed under the Duty to Co-operate) separately from the additional needs identified through the uplift at Step 4 (which are not intended to be delivered in surrounding areas).

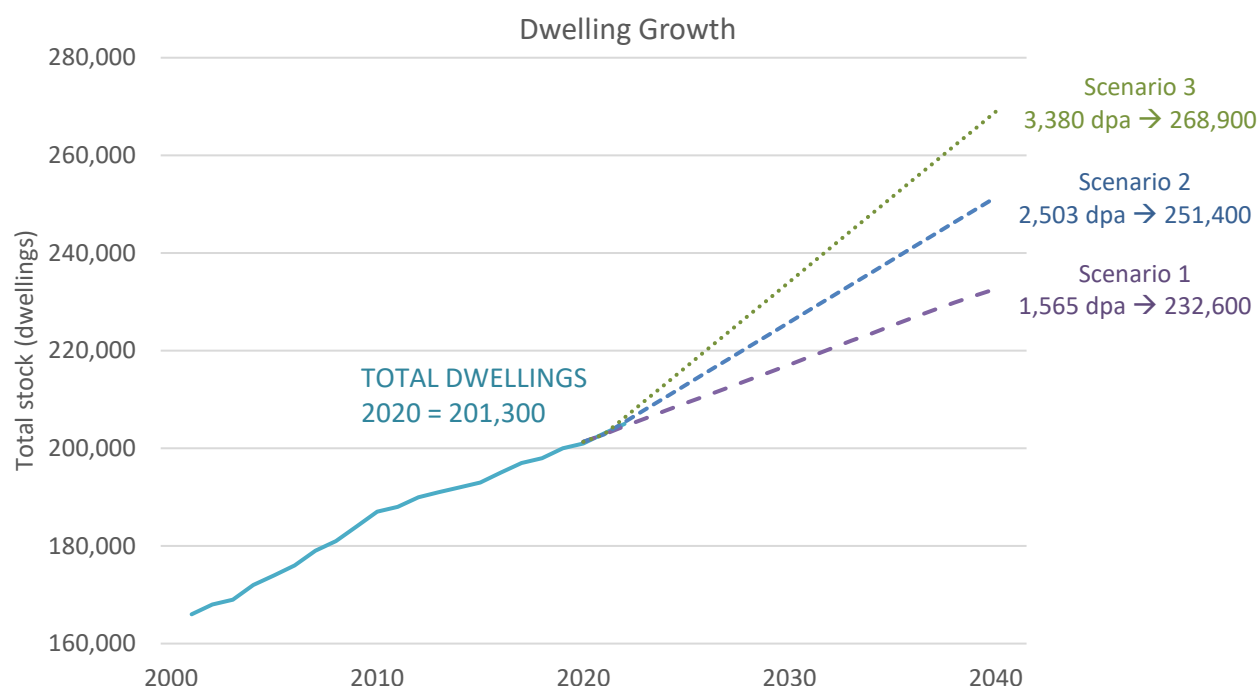
This will ensure that any discussions relating to potential unmet housing need can be properly informed by the evidence.

- 2.17 Therefore, the LHNA has tested a number of different scenarios for housing need, with dwelling-led population and household projections established for each.

## Dwelling-led Population and Household Projections

- 2.18 Although the standard method calculation is informed by the 2014-based household projections, the affordability adjustments result in the LHN figure being notably higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation. Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected based on past trends alone. In assessing the appropriate mix of housing, it is necessary to establish projections that align with the number of homes identified.
- 2.19 The demographic projections for the LHNA are based on the latest official projections and cover the 20-year period 2020-40. They are informed by the latest ONS mid-year estimates (for the period to mid-2021) and outputs from the 2021 Census and take account of the most up-to-date fertility and mortality rates and the latest migration trends.
- 2.20 Whilst recent trends provide the starting point, the dwelling-led projections seek to align household growth with the LHN target through aggregating key assumptions:
- » The starting population is the mid-2021 Census-based estimates, projected back to 2020 based on the detailed modelling data from the ONS 2018-based sub-national population projections;
  - » Household growth is established for the 20-year plan period 2020-2040 using trend-based projections informed by the 2018-based 10-year migration trend variant scenario;
  - » Institutional population growth needing communal accommodation over the 20-year plan period is established using rates from the 2021 Census;
  - » Dwellings without a usually resident household either vacant homes, second homes or holiday lets are estimated based on rates from the 2021 Census. This includes any properties which are temporarily vacant due to households moving out before a new household moves in, as well as properties which have no usual resident due to them being second homes or holiday lets;
  - » Household formation rates are based on rates from the 2021 Census, but higher formation rates are also tested with each age group assumed to return to peak of all rates recorded since 2001; and
  - » The rate of inward domestic migration is increased to ensure that population and household growth aligns with the number of dwellings identified by the LHN target.
- 2.21 Dwelling-led demographic projections can result in a larger or smaller resident population, depending on the assumptions taken about household formation and the resulting average household sizes. In other words, the same number of homes could accommodate fewer people living in smaller households, or more people as larger households.

- 2.22 It is often argued that if more housing had been delivered over the period since 2001 at a price that was sufficiently affordable for local residents, more young people would have been able to form new households and average household sizes would have continued to fall. However, there are many socio-economic factors driving the change in household formation.
- » Increased participation rates for higher education mean that many young adults will no longer seek a job when they leave school; and whilst youngsters entering employment would often leave home permanently at that time and many would not return, far more tend to return to their family home after completing university – especially those that have yet to secure employment after graduating;
  - » Young couples are now less likely to form lifetime partnerships in their late teens and early twenties than had been the norm for previous generations; and the absence of such long-term relationships inevitably leads to fewer couples choosing to get married or otherwise cohabit;
  - » There are different cultural approaches to young adults living independently, with some groups choosing to live as extended families, so changes in the ethnic mix of the population over time has also impacted on household formation.
- 2.23 On this basis, it is clear that housing supply and affordability is one of many drivers affecting household formation – but when establishing housing need, it is important to also take account of any historic under-supply which could have resulted in higher numbers of multi-adult and multi-family households and more young adults living with their parents. The LHNA projection is based on increased household formation for residents aged under 45, assuming that household representative rates are no lower than the rates recorded in 2001 for each age group. Whilst it is not possible to directly influence household formation, ensuring that sufficient housing is provided will help enable young households to form should they choose to do so.
- 2.24 The LHNA has tested three primary scenarios for housing need:
- » Scenario 1 is based on the demographic baseline, which reflects household growth reducing in later years of the projection as a consequence of the increasing number of deaths projected, with dwelling growth averaging 1,565 dpa over the period to 2040;
  - » Scenario 2 is based on Steps 1 to 3 of the standard method local housing need of 2,503 dpa, which leads to higher rates of domestic migration in latter years to offset the increasing deaths
  - » Scenario 3 is based on the standard method local housing need including the urban centre uplift applied at Step 4, which yields an overall need of 3,380 dpa.
- 2.25 Figure 4 shows the dwelling growth identified and Figure 5 sets out the key outputs for each of the three housing need scenarios.

**Figure 4: Dwelling growth identified by the LHNA scenarios for housing need (Source: LHNA modelling, ORS)****Figure 5: Key outputs from the LHNA housing need scenarios (Source: LHNA modelling, ORS)**

	Scenario 1 Demographic baseline with 10-yr migration	Scenario 2 Standard Method Steps 1-3 exc. urban uplift	Scenario 3 Standard Method Steps 1-4 inc. urban uplift
Annual average dwelling growth	1,565	2,503	3,380
Total 20-year dwelling growth	31,300	50,100	67,600
Population projected in 2040	535,100	551,200	592,200
Economically active population growth	39,800	49,800	75,400

2.26 Housing need based on the most recent official household projections (Scenario 1) identified a much lower rate of growth than the standard method, suggesting that providing 31,300 dwellings (1,565 per year) would be sufficient to enable current demographic trends to continue. This would yield an overall population of 535,100 persons resident in the City by 2040 with an increase of almost 40,000 economically active. Nevertheless, it is likely that a larger increase in employment could be supported, given the well-established patterns of net inward commuting from surrounding areas.

2.27 Considering the housing need identified by Steps 1 to 3 of the standard method (excluding the cities and urban centres uplift) (Scenario 2) identifies a housing need of 50,100 dwellings (2,503 per year) is needed to provide for future household growth and also address past housing under-delivery. This is likely to yield an extra 16,000 residents over the 20-year Plan period, with an overall population of 551,200 persons by 2040. The analysis also identified an additional 10,000 economically active residents, with an overall increase of nearly 50,000 workers.

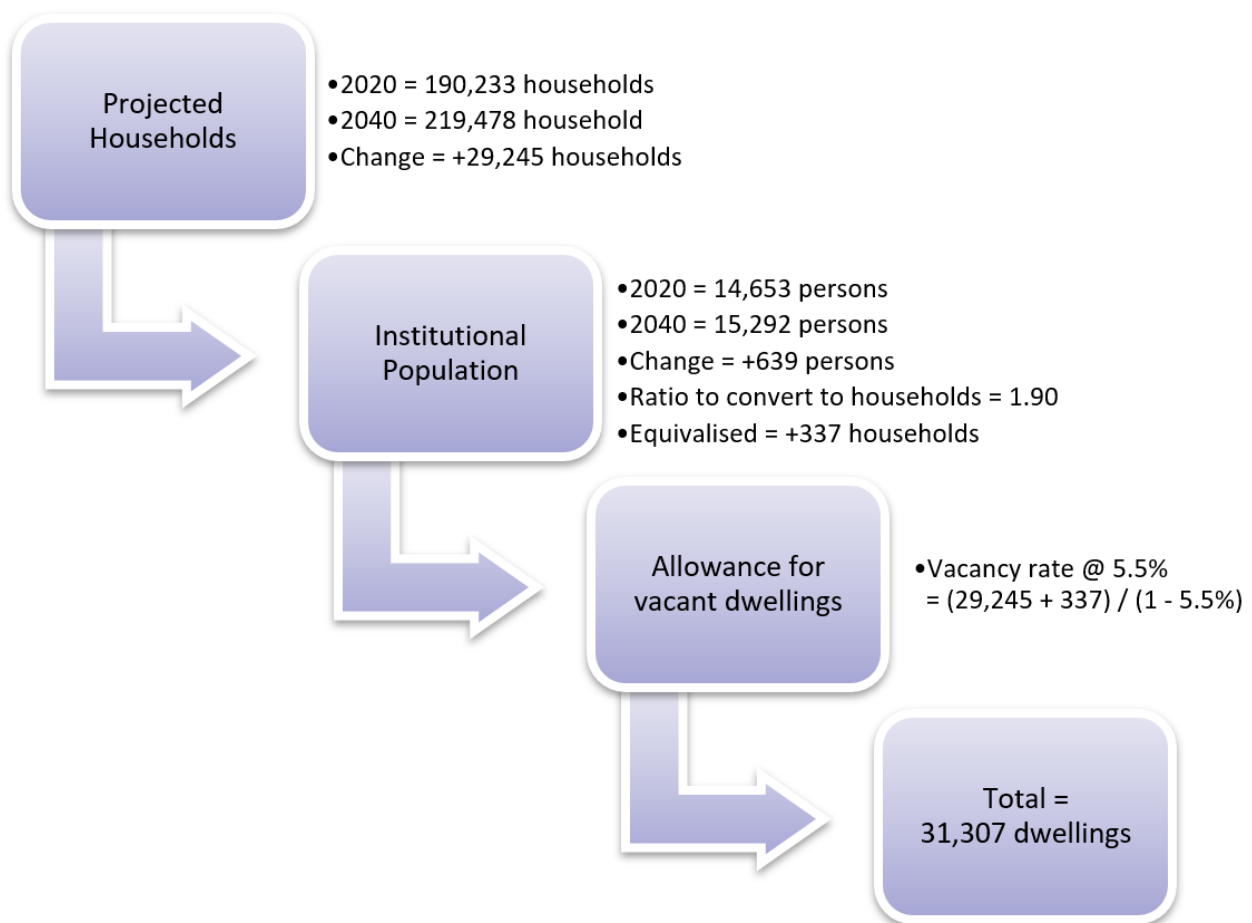
- 2.28 Incorporating the cities and urban centres uplift at Step 4 of the standard method (Scenario 3) increases the overall housing need to 67,600 dwellings (3,380 per year). This not only provides for the City's own growth but provides an additional contribution to meeting the national housing need. This would yield 57,000 more residents by 2040 than identified by the demographic growth based on past trends, with an overall population of 592,200 persons. This increase in housing would also yield considerably more workers, with an overall increase of more than 75,000 economically active residents over the 20-year period.
- 2.29 As previously noted, any housing need identified in Scenario 2 that could not be accommodated within the City of Bristol would need to be considered under the Duty to Co-operate, with the unmet need ideally provided elsewhere in the Housing Market Area. Therefore, the LHNA analysis is primarily based on the Scenario 2 dwelling-led household and population projections. However, key outputs have also been provided based on the Scenario 3 projections, and these are presented in Chapter 6 of the report.

## Disaggregating the Local Housing Need figure for Bristol

- 2.30 Although the LHN figures are informed by the trend-based household projections, the uplifts that are applied mean that the LHN figure is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation. Figure 6 sets out the separate elements that contribute to the LHN, which include:
- » Household growth over the 20-year period calculated on trend-based projections;
  - » Institutional population growth over the 20-year period needing communal accommodation;
  - » Dwellings without a usually resident household (either vacant homes or second homes);
  - » Additional dwellings to respond to pent-up housing market pressure.
- 2.31 Institutional population growth refers to the increase in the population living in communal establishments, such as care homes, prisons, defence bases and student halls of residence. This group are not counted within the household population (those that live as household in a dwelling); but are within the total population.
- 2.32 The Housing Delivery Test measurement rule book includes bedspaces in communal accommodation as part of the housing delivery.<sup>1</sup> The calculation used to establish the housing need arising from the project growth in communal establishment residents (i.e. convert the communal population to a household equivalent) is the change in communal/institutional population divided by the average number of adults per household based on Census data. For Bristol, the average number of number of adults per household is 1.90.

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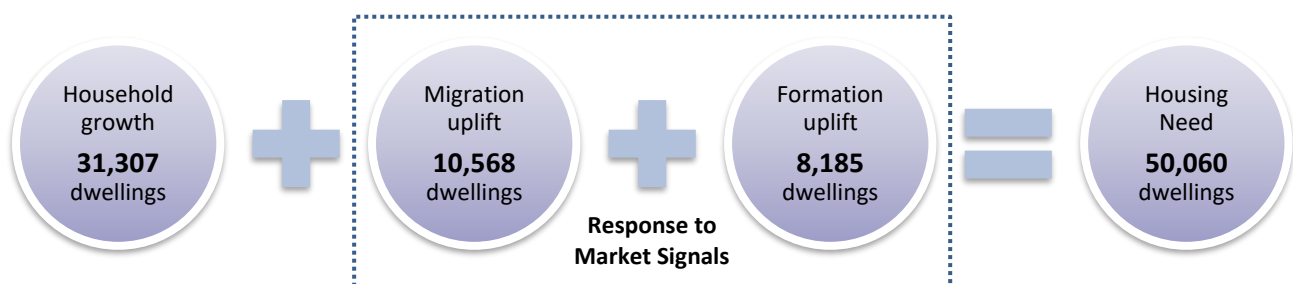
<sup>1</sup> <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

**Figure 6: Elements of housing need - Bristol (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)**

2.33 On this basis, we can conclude that the household projection-based housing need is 31,307 dwellings over the 20-year period 2020-2040. This provides the basis for Scenario 1.

2.34 Scenario 2 identified the local housing need to be 2,503 dwellings per annum based on Steps 1 to 3 of the standard method, which translates to 50,060 dwellings over the 20-year Plan period. This represents 18,753 dwellings additional to the Scenario 1 household projection-based housing need. This additional need is made up from two elements:

- » Enabling more households to form<sup>2</sup> (from the pent-up housing demand) = 8,185 dwellings
- » Enabling more net inward migration<sup>3</sup> = 10,568 dwellings

**Figure 7: Components of the evidence-based annual Local Housing Need figure for the City of Bristol**

<sup>2</sup> Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

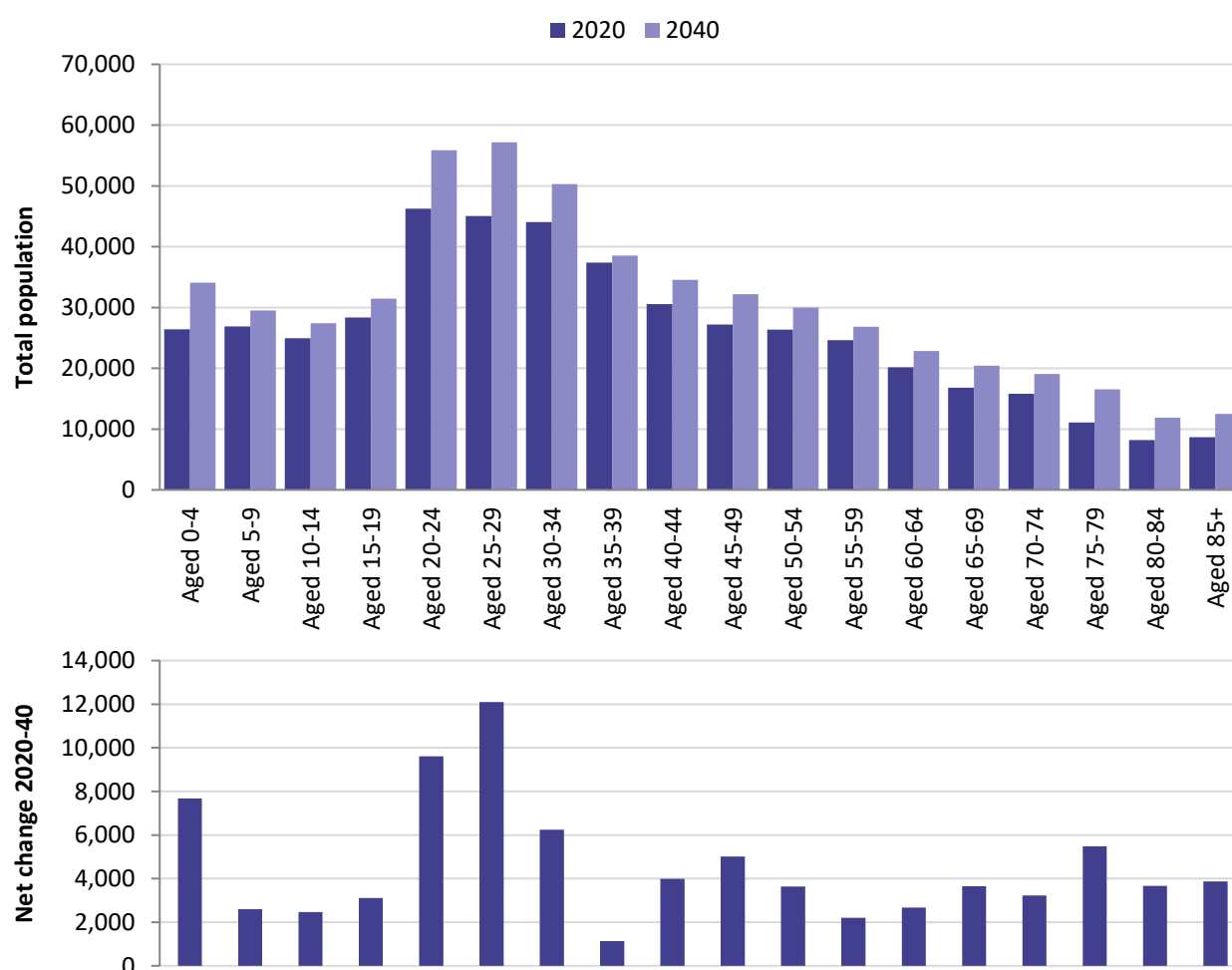
<sup>3</sup> Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration

## Projected Population Age Profile

2.35 Figure 8 shows the projected change in the City of Bristol population by 5-year age band for the 20-year period 2020-40 based upon demographic growth as set out in Scenario 2.

2.36 The overall population is projected to increase from around 468,900 persons in 2020 to 551,200 persons by 2040, which represents a growth of 82,300 persons (18%) over the 20-year period. The older age groups account for a significant proportion of the overall growth: the population aged 65 to 74 is projected to increase by 6,900 persons with an increase of 13,000 persons aged 75 or over (including 3,900 aged 85+), which collectively represent 24% of the overall growth. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

**Figure 8: Population projections 2020-40 by 5-year age cohort for Bristol (Source: LHNA modelling, ORS)**



## Household Projections by Age

2.37 Figure 9 summarises the total number of households in the City of Bristol in 2020 and 2040 in terms of the age of household representatives (the eldest economically active person in the household) together with the change in the number of households in each category over the period 2020-40 using 10-year age bands. Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. The increase in households aged 65+ represents nearly 30% of the overall household growth. Many of these older households will already be established and living in existing homes; they will simply get older during the 20-year period. It is therefore also important to consider household growth in relation to age cohorts.

**Figure 9: Total projected households in Bristol for 2020 and 2040 and summary of 20-year change by age of household representative (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)**

Age of Household Representative	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	9,900	39,300	38,600	33,300	28,900	20,200	13,600	6,600	190,200
2040	15,200	52,800	44,400	38,700	32,000	24,500	20,000	9,500	237,200
<b>TOTAL CHANGE 2020-40</b>	<b>+5,300</b>	<b>+13,500</b>	<b>+5,800</b>	<b>+5,400</b>	<b>+3,100</b>	<b>+4,300</b>	<b>+6,400</b>	<b>+3,000</b>	<b>+46,900</b>

2.38 Figure 10 shows the projected number of households in each cohort, showing their age in 2020 and 2040.

**Figure 10: Total projected households in Bristol for 2020 and 2040 and summary of 20-year change by age cohort of household representative (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)**

Age in 2020	0-4	5-14	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Age in 2040	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2020	-	-	9,900	39,300	38,600	33,300	28,900	40,300	190,200
2040	15,200	52,800	44,400	38,700	32,000	24,500	20,000	9,500	237,200
<b>TOTAL CHANGE 2020-40</b>	<b>+15,200</b>	<b>+52,800</b>	<b>+34,600</b>	<b>-600</b>	<b>-6,600</b>	<b>-8,800</b>	<b>-8,800</b>	<b>-30,800</b>	<b>+46,900</b>

2.39 Based on the cohort analysis, it is apparent that a total of around 102,600 extra households aged under 45 (in 2040) will be likely to form in Bristol over the 20-year period 2020-40. However, this growth is offset against a reduction of 55,700 households aged 45 or over (in 2040) to yield an increase of 46,900 households overall. Most of this reduction is due to household dissolution following death (although some may result from net migration); for example:

- » Around 40,300 households were aged 65+ in 2020, who would be aged 85+ by 2040 if they were survive to that age;
- » However, by 2040 the number of households aged 85+ is projected to be around 9,500 (after allowing for deaths) which represents a reduction of 30,800 households.

2.40 Therefore, although the increase in overall households is largely within the groups aged 65 or over, most of the new households seeking housing will be in their twenties and thirties at the time that they form. However, the overall number of new households will be considerably higher than the net household growth; and it is important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.



## Projected Household Types

- 2.41 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.
- 2.42 Figure 11 shows the household numbers for the City of Bristol for 2020 and 2040 based on the Scenario 2 projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that housing needs are more likely to be influenced by the actual age rather than the year of birth.

**Figure 11: Total projected households for 2020 and 2040 and summary of 20-year change by household type and age of household representative for Bristol (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)**

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	Single person	2,060	8,920	7,900	8,330	9,740	9,220	6,940	4,330	57,500
2020	Couple without children	1,380	12,860	6,100	6,430	11,430	8,770	5,450	1,630	54,100
2020	Families with child(ren)	630	8,620	19,930	13,780	2,910	250	30	10	46,200
2020	Other households	5,770	8,890	4,660	4,760	4,790	1,930	1,170	590	32,600
<b>2020</b>	<b>TOTAL</b>	<b>9,900</b>	<b>39,300</b>	<b>38,600</b>	<b>33,300</b>	<b>28,900</b>	<b>20,200</b>	<b>13,600</b>	<b>6,600</b>	<b>190,200</b>
2040	Single person	3,180	11,990	9,090	9,680	10,800	11,190	10,230	6,290	72,500
2040	Couple without children	2,130	17,290	7,020	7,470	12,680	10,640	8,030	2,360	67,600
2040	Families with child(ren)	980	11,590	22,950	16,010	3,230	300	50	10	55,100
2040	Other households	8,900	11,960	5,360	5,540	5,310	2,350	1,720	850	42,000
<b>2040</b>	<b>TOTAL</b>	<b>15,200</b>	<b>52,800</b>	<b>44,400</b>	<b>38,700</b>	<b>32,000</b>	<b>24,500</b>	<b>20,000</b>	<b>9,500</b>	<b>237,200</b>
Change	Single person	+1,120	+3,070	+1,200	+1,350	+1,060	+1,960	+3,290	+1,960	+15,000
Change	Couple without children	+750	+4,430	+920	+1,040	+1,250	+1,870	+2,580	+740	+13,600
Change	Families with child(ren)	+340	+2,970	+3,020	+2,230	+320	+50	+20	+0	+9,000
Change	Other households	+3,120	+3,060	+710	+770	+520	+410	+550	+270	+9,400
Change	<b>TOTAL</b>	<b>+5,300</b>	<b>+13,500</b>	<b>+5,800</b>	<b>+5,400</b>	<b>+3,100</b>	<b>+4,300</b>	<b>+6,400</b>	<b>+3,000</b>	<b>+46,900</b>

- 2.43 In summary, over the 20-year period 2020-40 for Bristol, the projections show (Figure 11):
- » An overall growth of 46,900 households;
  - » Single person households represent almost a third of the overall household growth (15,000, 32%) with almost half of these (7,210) being single persons aged over 65;
  - » Couples without dependent children represent almost a further third of the growth (13,600, 29%);
  - » Families with dependent children make up approximately one fifth of the overall household growth (9,000, 19%);
  - » Other types of household contribute a further 9,400 households. These include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

# 3. Local Housing Market

## Housing trends and cost of housing in the City of Bristol

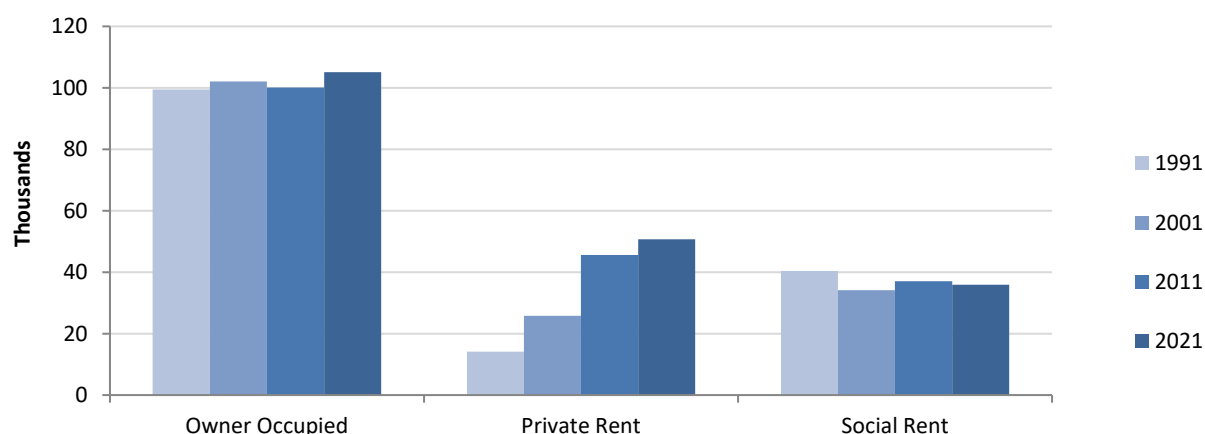
### Introduction

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

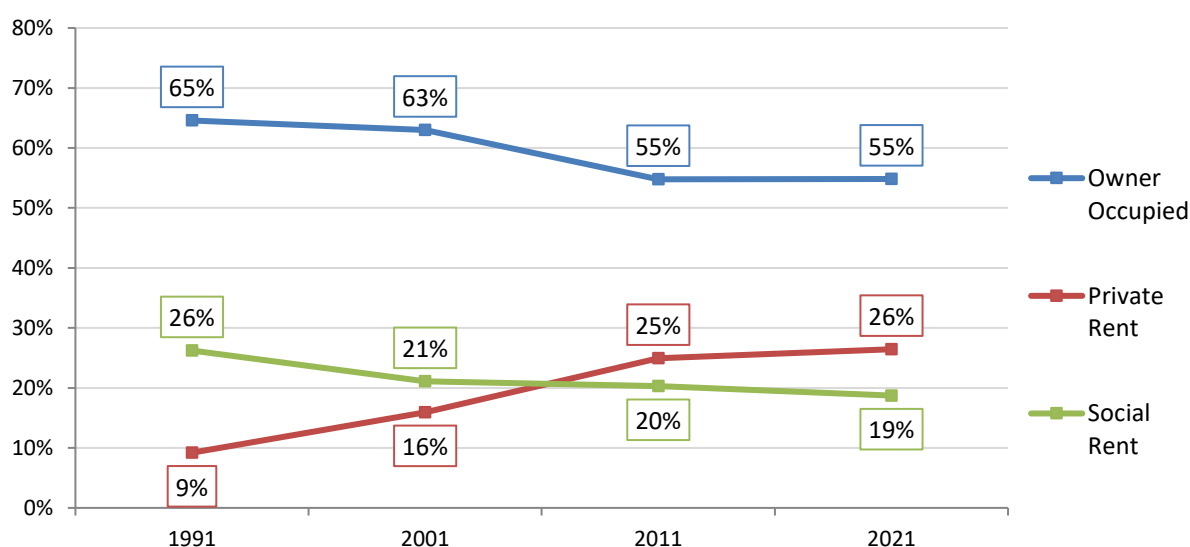
### Housing Tenure Trends

- 3.2 When considering the local housing market, it is worth noting the historic changes to tenure in Bristol, as recorded by past Censuses.
- 3.3 The following figures summarise the changing trends based on detailed Census data for Bristol:

**Figure 12: Number of Households by Tenure in the City of Bristol 1991-2021 (Source: UK Census of Population)**



**Figure 13: Percentage of Households by Tenure in City of Bristol 1991-2011 (Source: UK Census of Population)**



**Figure 14: Number of Households in the City of Bristol by Tenure 1991-2021 (Source: UK Census of Population)**

BRISTOL	Number of Households				Net Change		
	1991	2001	2011	2021	1991-2001	2001-2011	2011-2021
Owner occupied	99,475	102,084	100,093	105,076	+2,609	-1,991	+4,983
Private rent	14,174	25,846	45,571	50,683	+11,672	+19,725	+5,112
Social rent	40,405	34,160	37,083	35,879	-6,245	+2,923	-1,204
<b>TOTAL</b>	<b>154,054</b>	<b>162,090</b>	<b>182,747</b>	<b>191,638</b>	<b>+8,036</b>	<b>+20,657</b>	<b>+8,891</b>
Owner occupied	64.6%	63.0%	54.8%	54.8%	-1.6%	-8.2%	0.1%
Private rent	9.2%	15.9%	24.9%	26.4%	6.7%	9.0%	1.5%
Social rent	26.2%	21.1%	20.3%	18.7%	-5.2%	-0.8%	-1.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>+4.7%</b>	<b>+5.2%</b>	<b>+12.7%</b>

- 3.4 Over the 30-year period 1991-2021, the number of households resident in Bristol has increased from 154,054 to 191,638 households.
- 3.5 Notably, the number of households in social rent has fallen from 40,405 to 35,879 over the period, and whilst the proportion in social rent represented more than a quarter of all households (26.2%) in 1991, it now represents less than a fifth (18.7%). There has been an increase of 5,601 owner occupiers since 1991, however as a proportion of all households, this has declined from 64.6% to 54.8% over the 30-year period – although most change occurred between 2001 and 2011, with no change in the proportion over the last decade. In contrast, private rent has seen a significant growth, with over three times the number of households living in private rent, increasing from 9.2% in 1991 to more than a quarter (26.4%) by 2021.
- 3.6 The PPG recognises the importance of understanding the likely future role of the private rented sector.

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

**Planning Practice Guidance, ID 67-002-20190722**

- 3.7 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
  - » Recent reductions in incomes (in real terms);
  - » Reducing affordability of owner occupation;
  - » Changing Bank lending practices;
  - » Pension reform: pension drawdowns invested in Buy-to-Let (BTL) property.
- 3.8 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032.<sup>4</sup>

<sup>4</sup> <http://news.rla.org.uk/rpi-rent-revolution/>

- 3.9 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs without financial assistance, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.
- 3.10 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)<sup>5</sup>:

*"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. ... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating."* (paragraphs 4.152-154)

- 3.11 Importantly, the Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 3.12 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply<sup>6</sup> (including the Build to Rent investment scheme<sup>7</sup>). The Government published "Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities" in March 2015<sup>8</sup>, and the Foreword by the Minister stated:

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

- 3.13 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

<sup>5</sup> <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

<sup>6</sup> <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

<sup>7</sup> <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

<sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/412921/Improving\\_private\\_rented\\_sector.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf)

## The Future Role of the Private Rented Sector

- 3.14 PRS is an important tenure that has grown since 1991 to house a significant proportion of households in the area. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.
- 3.15 Further, there have been other changes announced (Right to Buy for housing association tenants and the new First Homes scheme) which may influence the demand for Private Rented Sector accommodation. The Housing and Planning Act 2016 contained proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes.
- 3.16 Starter Homes were intended to provide affordable housing for first time buyers by selling newbuild properties at a discount of at least 20% below their market prices. The discount was not in perpetuity, so the buyer of the property stood to gain from buying a home at 80% or less than its market price; but owning 100% of the property. However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes<sup>9</sup>.
- 3.17 The consultation for First Homes ran from February to May 2020, with a Government response to the consultation published in April 2021. First Homes will be newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher if a local need can be demonstrated.
- 3.18 Local authorities can prioritise these homes for local people and/or key workers, as required locally. The reduction of at least 30% will remain in perpetuity when the property is sold on the second-hand market, so the buyer will not own more than 70% of the property's open market value at the time of purchase. When the property is to be sold, the home will be independently valued and sold to eligible purchasers with the discount being applied, to ensure the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 3.19 There are many households residing in the private rented sector in Bristol who aspire to home ownership and if affordable First Homes were to be provided for this group it would, potentially, reduce the size of the private rented sector by giving alternative options to renters that aspire to buy, but cannot afford to purchase on the open market.
- 3.20 However, if the new supply of affordable homes changes to include a large proportion of First Homes or other affordable to own properties (for example shared ownership), and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB) then demand for PRS stock may continue or increase further – as households in need for whom First Homes remain out of reach have few other options than entering the private rented sector.
- 3.21 As a result, much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household. In practice this implies that unless current trends are reversed there will be a further growth in the private rented sector.

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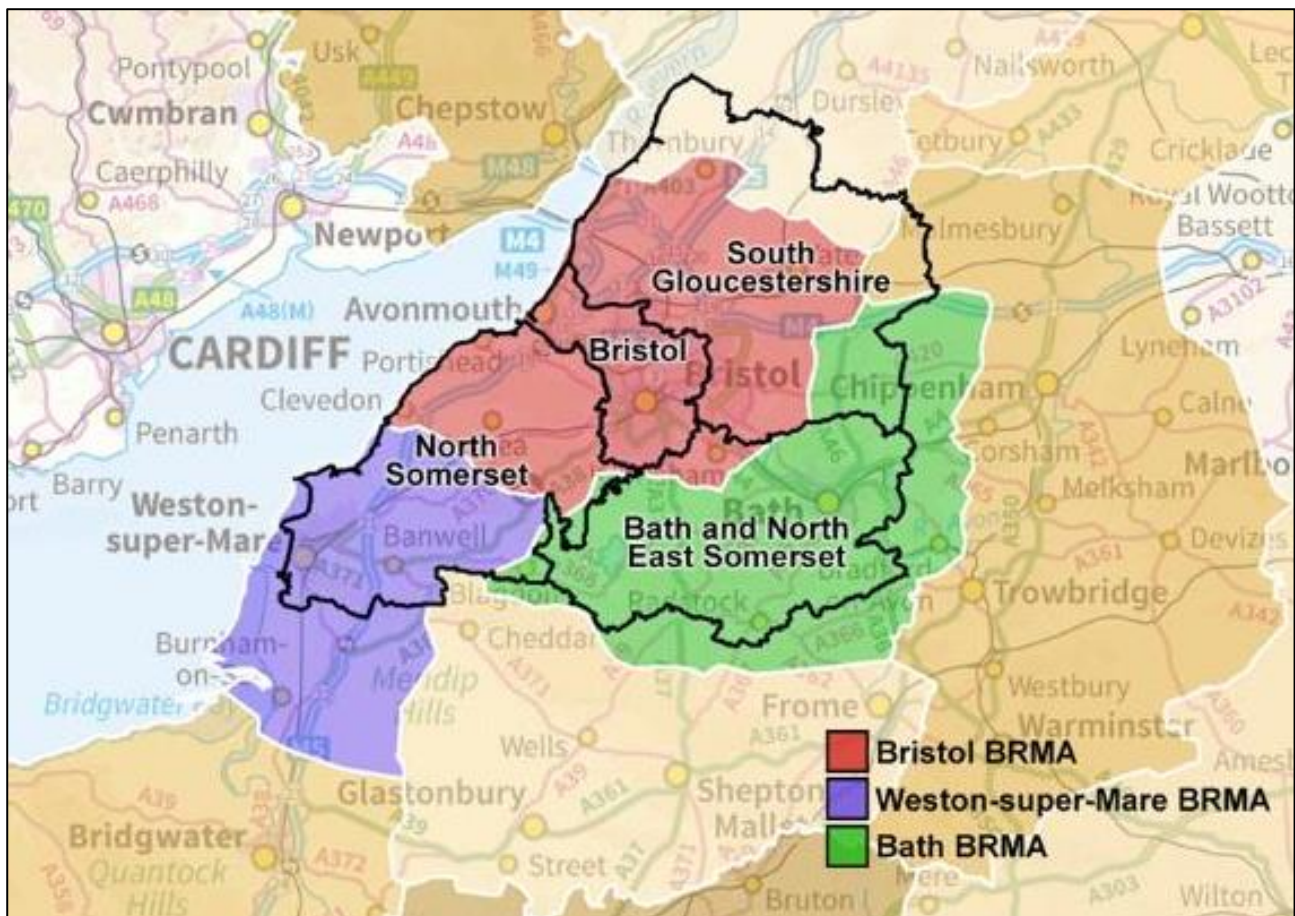
<sup>9</sup> <https://www.gov.uk/government/consultations/first-homes>



## Cost of Renting

- 3.22 When considering renting in Bristol it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in the area:
- » Median private rent;
  - » Lower quartile private rent;
  - » Local Housing Allowance (LHA) in the applicable BRMA;
  - » Affordable rent; based on average rents charged for existing dwellings.
- 3.23 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30<sup>th</sup> percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget. The rates were increased back to the 30<sup>th</sup> percentile in April 2020, and the Government have indicated that they will be frozen at their current level (in cash terms) from 2021/22 onwards<sup>10</sup>.
- 3.24 The BRMA deemed appropriate to use for the purposes of this study is the Bristol BRMA, which covers the whole of Bristol and some parts of North Somerset, South Gloucestershire and Bath and North East Somerset.

Figure 15: Broad Rental Market Areas in the West of England (Source: VOA. Note: BRMA = white border, LA = black border)



<sup>10</sup> Office of Budgetary Responsibility – Economic and Fiscal Outlook (November 2020) – page 179: [http://cdn.obr.uk/CCS1020397650-001\\_OBR-November2020-EFO-v2-Web-accessible.pdf](http://cdn.obr.uk/CCS1020397650-001_OBR-November2020-EFO-v2-Web-accessible.pdf)

- 3.25 Figure 16 sets out the median weekly rents for different property sizes in Bristol together with the local housing allowances and the calculated affordable rent rates. It may be noted that there are local variations in rental costs, and those presented below are representative of the Bristol BRMA as a whole.

Figure 16: Weekly rent thresholds in Bristol (Source: Valuation Office Agency 2021-22; SDR 2022<sup>11</sup>)

BRISTOL	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance (Bristol BRMA)	Affordable Rent
1 bedroom	£218.48	£195.48	£159.95	£123.09
2 bedrooms	£281.72	£241.48	£189.86	£143.91
3 bedrooms	£344.97	£287.47	£218.63	£161.90
4+ bedrooms	£584.15	£482.96	£304.93	£203.99

- 3.26 Across all property sizes, the median private rent and lower quartile private rent is higher than the maximum LHA in Bristol. This means that those on housing benefit cannot afford properties of median or lower quartile rents.
- 3.27 Affordable rent is consistently lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of affordable rent (where they were entitled to do so).
- 3.28 Households claiming out-of-work benefits are subject to a cap of £423.46 per week for lone parents and couples or £283.71 per week for single people (outside of London). This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying up to £722 or more, depending on age and status) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

### Income Needed to Rent Housing

- 3.29 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)<sup>12</sup> stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income” (page 42)*

- 3.30 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of national Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that “care should be taken ... to include only those households who cannot afford to access suitable housing in the market” (ID 2a-024).

<sup>11</sup> SDR = Statistical Data Return

<sup>12</sup> <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 3.31 The English Housing Survey (EHS) 2015-16<sup>13</sup> provides information about the percentage of gross household income that households currently spend on their housing costs<sup>14</sup>:
- » For the total gross income (including housing benefit) of the Household Reference Person and partner, households renting privately spent on average 41% of their income on rent, whilst the average was 31% for households in social rent;
  - » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent;
  - » For the total gross income (including housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 35% of their income on rent, whilst the average was 28% for those in social rent;
  - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.
- 3.32 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.
- 3.33 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 3.34 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 3.35 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in the Bristol private rented sector based on a 35% income multiplier:
- » The median weekly rent recorded was £218.48;
  - » Based on a 35% (of gross) income multiplier, a weekly income of £624.23 would be needed which equates to a gross annual income of £32,571 (approximately £2,181 per month after tax).
- 3.36 To rent the same property based on a 25% income multiplier would increase the gross income required to £45,566 per year whereas households with an annual income of £25,314 per year could afford the rent if 45% of their income was allocated to housing costs.

<sup>13</sup> <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

<sup>14</sup> "Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16"



- 3.37 Figure 17 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent if 35% is spent on housing.

**Figure 17: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size Bristol (Source: ORS based on Valuation Office Agency data October 2021 to September 2022; SDR 2022)**

BRISTOL	Private Rent		Affordable Rent (SDR 2019)	Social Rent
	Median	Lower Quartile		
1 bedroom	£32,571	£29,143	£18,350	£12,664
2 bedrooms	£42,000	£36,000	£21,454	£14,950
3 bedrooms	£51,429	£42,857	£24,136	£16,675
4+ bedrooms	£87,086	£72,000	£30,411	£18,828

- 3.38 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is *“housing that is too expensive compared to disposable income”* that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

- 3.39 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £17,622 (£339 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 39.7% of their net income and would leave £204 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £44,000 from employment would have up to £37,965 (£730 per week) after income tax and national insurance contributions (assuming both earned £22,000). Therefore, housing costs at 35% of gross income would represent 40.5% of their net income and would leave £550 per week as disposable income to cover their other living expenses.

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

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £74.70 for those aged 25 or over and £59.20 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £254.60 (if one or both are aged 18 or over).

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

- 3.42 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 18 sets out the maximum incomes for housing benefit eligibility for different types of households in Bristol:

**Figure 18: Maximum income for households in receipt of housing benefit support by household type**  
(Source: ORS based on Department for Work and Pensions data; Valuation Office Agency data)

		BRISTOL BRMA
ROOM ONLY	Single person aged 16-24	£10,254
	Single person aged 25-34	£11,047
1 BEDROOM PROPERTIES	Single person aged 35+	£16,654
	Couple (both aged under 18)	£17,406
	Couple (one or both aged 18 or over)	£18,833
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£22,546
	Lone parent (aged 18 or over) with 2 children	£26,037
	Couple (aged 18 or over) with 1 child	£24,724
	Couple (aged 18 or over) with 2 children	£28,215

## Build to Rent

- 3.43 There are a variety of housing options potentially available for Bristol, including Build to Rent options. Build to Rent is defined by the NPPF Glossary as:

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

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

National Planning Policy Framework, September 2023 - Annex 2 (Glossary)

- 3.44 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.45 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL<sup>15</sup> shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in Bristol, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF/PPG) for the affordable units, then the range of rental costs available would be as Figure 19:

**Figure 19: Weekly rent thresholds in Bristol (Source: Valuation Office Agency 2021-22; SDR 2022, JLL. Red indicates Affordable Build to Rent is higher than equivalent lower quartile rent)**

BRISTOL	Build to Rent (Median +9.3%)	Median Private Rent	Affordable Build to Rent (B2R - 20%)	Lower Quartile Private Rent	Local Housing Allowance	Affordable Rent
1 bedroom	£238.80	£218.48	£191.04	£195.48	£159.95	£123.09
2 bedrooms	£307.93	£281.72	£246.34	£241.48	£189.86	£143.91
3 bedrooms	£377.05	£344.97	£301.64	£287.47	£218.63	£161.90
4+ bedrooms	£638.47	£584.15	£510.78	£482.96	£304.93	£203.99

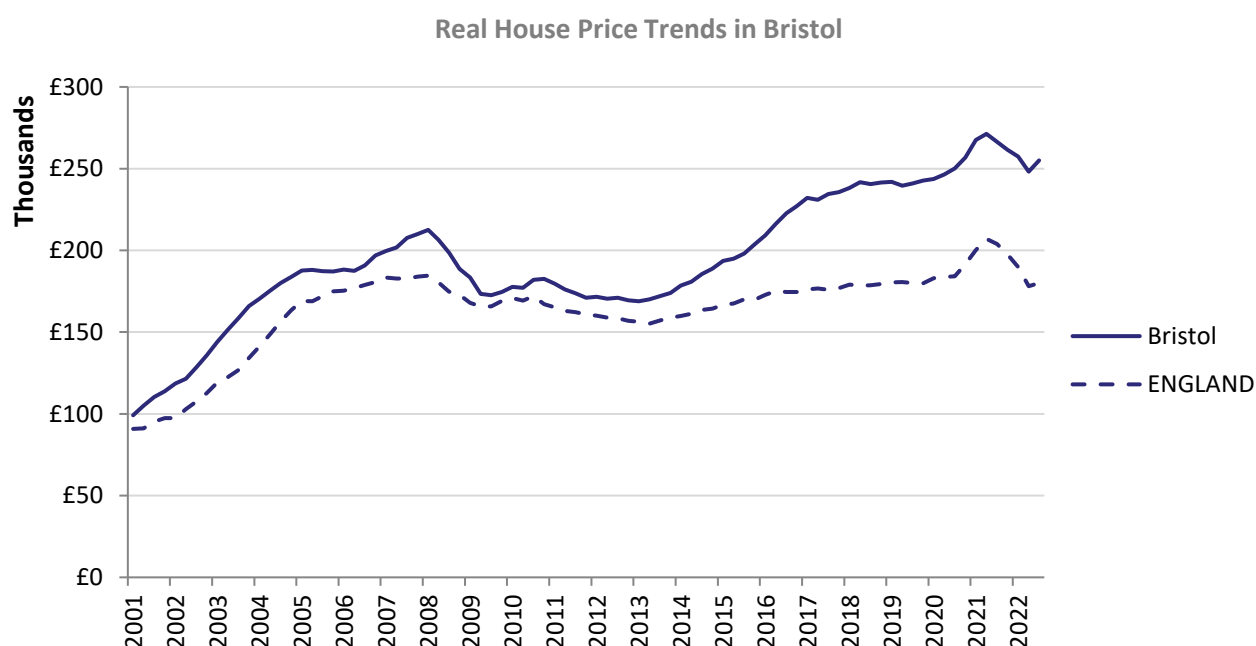
<sup>15</sup> <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

- 3.46 In three quarters of the illustrative rents in Figure 19 the costs of affordable build to rent are higher than those of lower quartile private rents (shown in red), and in every case the rental costs are higher than the maximum weekly housing allowance.
- 3.47 On this basis, the number of prospective tenants that could access affordable build to rent options but would not be able to access lower quartile market rents (without subsidy) would be limited. Therefore, while the promotion of build to rent by local authorities could be a potentially useful mechanism for bringing forward affordable housing options, the level of rent discount suggested by the NPPF renders such options of limited utility in servicing the housing needs of the localities. To mitigate this, larger discounts than the suggested 20% would need to be sought by the authority in question, or the Build to Rent basic rent pre-discount would need to be meaningfully lower.

## Cost of Home Ownership

- 3.48 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2022) are shown in Figure 20. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 3.49 Real house prices in Bristol, whilst somewhat higher, have historically mirrored those in England as a whole. However, a notable upward divergence from the England average can be seen in Bristol beginning in 2013/14. Overall prices increased substantially in the period 2001-2008. Values then reduced from the beginning of 2008 and fell to their low point in late 2013, since when they have grown steadily. As of 2020, prices in the Bristol exceeded their previous peak prices in 2008, reaching their highest point in mid-2021, since which there has been a modest decline. However, it should be noted that there is considerable local variability in house prices across the authority.

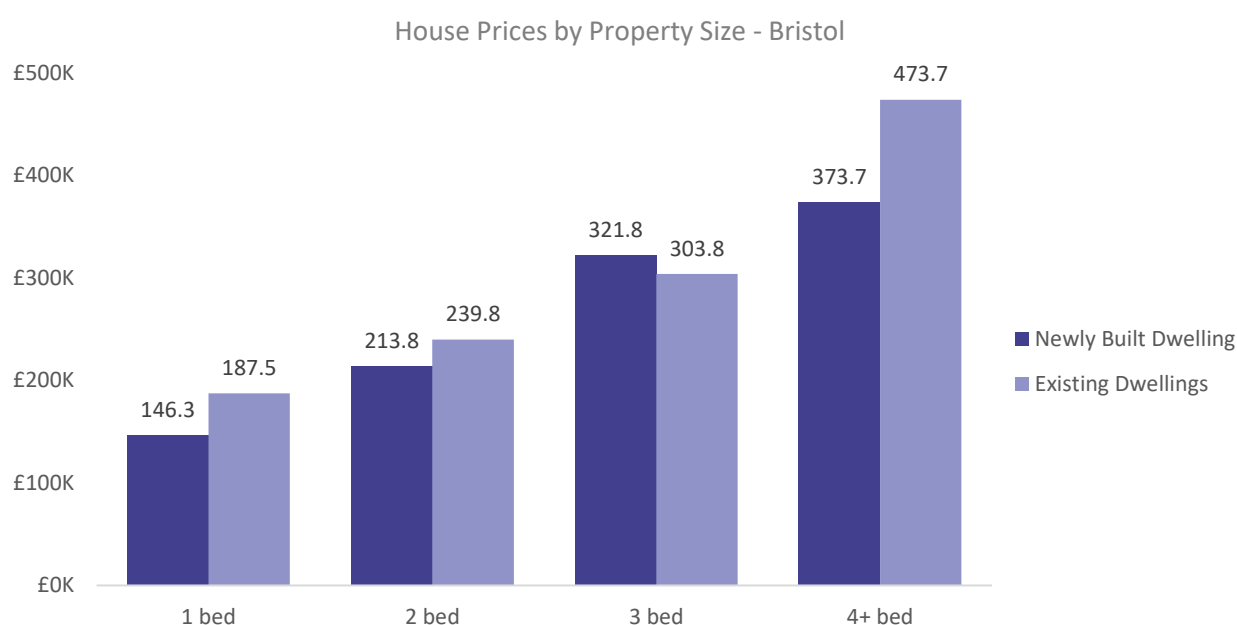
**Figure 20: Real House Price Trends: Lower Quartile Prices adjusted to September 2022 values using CPI (Source: ONS; Bank of England)**



- 3.50 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key.

- 3.51 Figure 21 shows lower quartile house prices in Bristol by bedroom size. There is also a difference between existing properties and new build dwellings. Existing dwellings in the city generally attract a premium, and it is only three-bed properties where newly built dwellings are more expensive. The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.
- 3.52 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build estates. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

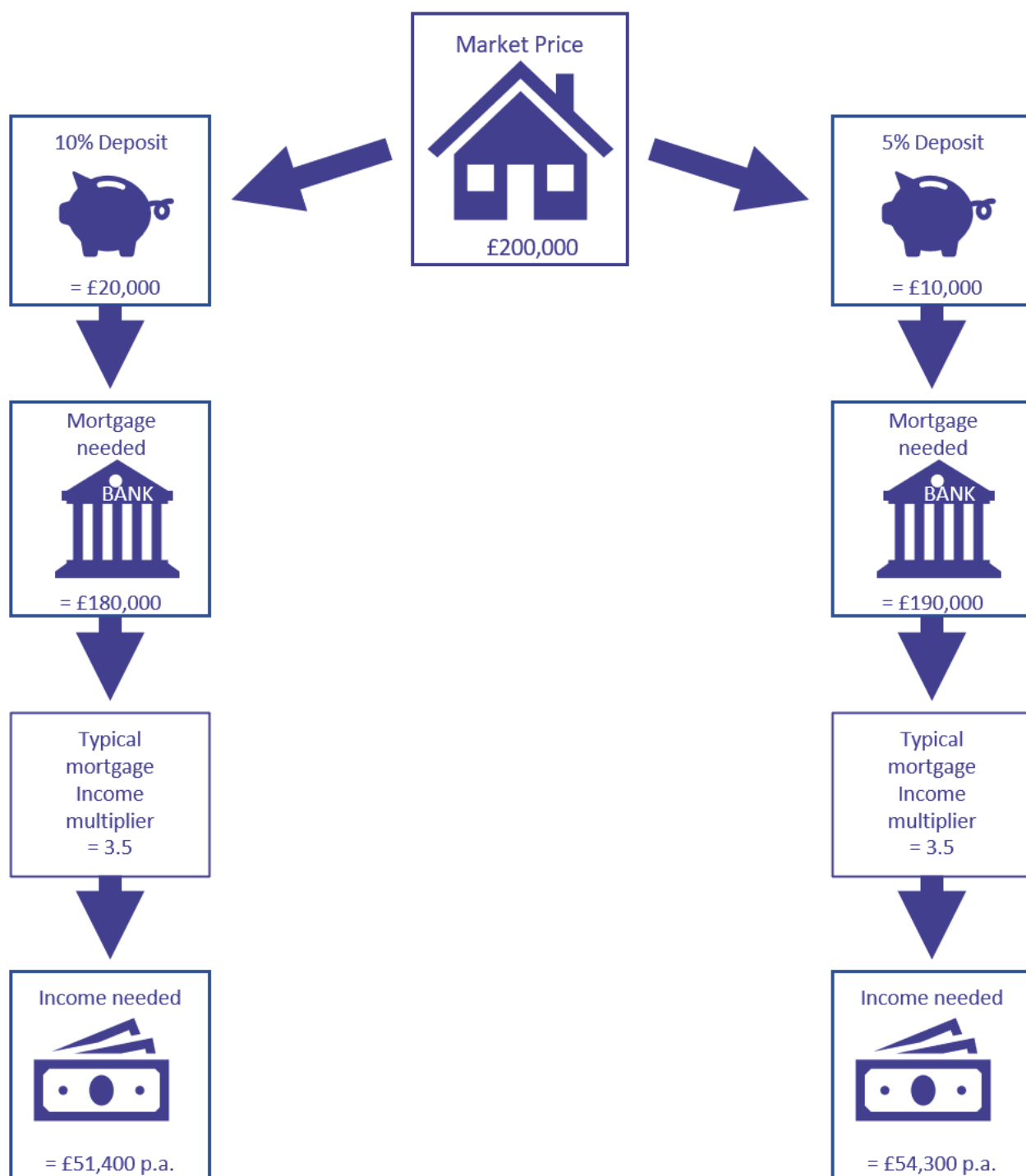
**Figure 21: Bristol - Lower quartile prices (adjusted by CPI) (Apr 2021-Mar 23) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)**



### Income Needed for Home Ownership

- 3.53 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 3.54 For example, if we consider a property costing £200,000, and assume the buyer could afford a deposit of 10%. The outstanding mortgage requirement would be £180,000. Using a typical income multiple of 3.5 we can calculate an income of just over £51,400 would be needed ( $51,429 \times 3.5 = £180,000$ ). If the buyer could only afford a 5% deposit (£10,000) then a larger mortgage and larger income would be needed.
- 3.55 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, the initial assumptions of a 10% deposit and a 3.5 x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to buy a home in the area. Based on these assumptions, Figure 23 shows the household income levels needed to buy 1 and 2-bedroom properties in terms of both existing and newly built properties. When purchasing larger homes, households will typically have larger deposits available, often include equity from the sale of another property. On this basis, it is relatively artificial to consider incomes in isolation for larger properties.

Figure 22: Example calculating income needed for home ownership



## Identifying the Gap for Affordable Home Ownership

- 3.56 When identifying the need for Affordable Home Ownership (AHO - this includes Shared Ownership and First Homes), it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 3.57 Figure 23 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents which emphasises that owner occupation is much less affordable than renting.

**Figure 23: Annual income thresholds for different housing options, single bedroom and two-bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)**

BRISTOL: Annual Income Thresholds		Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£37,600	£55,000
	Existing dwelling	£48,200	£61,700
Minimum income needed for rent to be less than 35%	Median private rent	£32,600	£42,000
	Lower quartile private rent	£29,100	£36,000
	Affordable rent	£18,400	£21,500
	Social rent	£12,700	£14,900
Maximum income for Housing Benefit support	Upper end of range	£18,800	£28,200
	Lower end of range	£16,700	£22,500

- 3.58 For single-bedroom properties, there is large income gap between being able to afford market rent and being able to afford home ownership. Comparing the income required to afford median private rent (where rent = 35% of income) compared to the income required to afford one bed dwellings (based on 10% deposit and 3.5x mortgage), this gap is approximately £15,600 for existing properties, and £5,000 for newly built, which, in theory, leaves a large gap for affordable home ownership housing products (AHO's). The gap is even wider for two-bedroom properties (£19,700 for existing, £13,000 for new built), and wider still if incomes to afford lower quartile rents are compared to home ownership.
- 3.59 AHO products need to be aimed at this income gap, recognising that some households who could afford market rent would prefer to own their own home.

### Shared Ownership

- 3.60 A range of shared ownership products have also been developed to assist households into homeownership. The shared ownership scheme offers households with incomes of below £80,000 per year (£90,000 in London) that cannot afford to buy on the open market a route into home ownership.
- 3.61 Subject to certain eligibility criteria<sup>16</sup>, applicants can purchase a share in a property (usually between 25% and 75%, but it is possible to buy a 10% share on some homes) on a leasehold basis, paying rent to the landlord (i.e. the holder of the retained equity). A larger share in the property can be purchased in the future (known as "staircasing"), with a corresponding reduction in the rent payable to the landlord. In the majority of cases there is the option of staircasing up to 100% (i.e. full ownership) of the value of the home.

<sup>16</sup> <https://www.gov.uk/shared-ownership-scheme/who-can-apply>

3.62 The applicant would usually obtain a mortgage on the initially purchased share of the property, typically with a deposit of 5-10% of the value of the share. The flexibility of shared ownership lies in the ability for the applicant to purchase an initial percentage of the property that is within their budget (once rent and service charges etc. are taken into account), and as a consequence, it is a viable option for a range of household incomes.

3.63 Figure 24 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 30-year repayment mortgage at 6.25% interest (a typical rate for a shared ownership mortgage);
- » Rent based on 1.5% of the retained equity paid each year; and
- » Service charge of £10 per week.

3.64 This calculation demonstrates that the weekly costs for a typical shared ownership product in Bristol are lower than the equivalent median private rent for all property sizes (Figure 24).

**Figure 24: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week)**

BRISTOL	Lower Quartile Property Value (New)	40% Equity Share	10% Deposit	Weekly Costs				
				Mortgage	Rent	Service Charge	TOTAL	Median Private Rent
1 bedroom	£146,250	£58,500	£5,850	£75.33	£25.24	£10.00	£110.57	£218.48
2 bedrooms	£213,750	£85,500	£8,550	£110.10	£36.89	£10.00	£156.99	£281.72
3 bedrooms	£321,818	£128,727	£12,873	£165.76	£55.55	£10.00	£231.30	£344.97
4+ bedrooms	£373,684	£149,474	£14,947	£192.47	£64.50	£10.00	£266.97	£584.15

3.65 Figure 25 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. This model uses a 6.25% interest rate for modelling purposes, if rates are lower in the future, then shared ownership will be more affordable, conversely higher rates will make it less affordable. As can be seen, for all of the examined equity shares across all sizes of property, a shared ownership product on this basis proves to be cheaper than median market rent for the same size property.

**Figure 25: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week.)**

BRISTOL	Median Private Rent	New Lower Quartile Property Value	Equity Share (10% deposit, rent = 1.5% of retained)			
			10%	25%	40%	50%
1 bedroom	£218.48	£146,250	£66.70	£88.63	£110.57	£125.20
2 bedrooms	£281.72	£213,750	£92.86	£124.93	£156.99	£178.36
3 bedrooms	£344.97	£321,818	£134.76	£183.03	£231.30	£263.49
4+ bedrooms	£584.15	£373,684	£154.87	£210.92	£266.97	£304.34

- 3.66 Figure 26 shows the impact of rent based on 2.75% of retained equity in contrast to the 1.5% in Figure 25. If rent was charged at this level, clearly weekly costs in each case would be higher when compared directly with the previous 1.5% example. However, the costs still do not exceed the median private rent.

**Figure 26: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the equivalent median private rent.)**

BRISTOL	Median Private Rent	New Lower Quartile Property Value	Equity Share (10% deposit, rent = 2.75% of retained)			
			10%	25%	40%	50%
1 bedroom	£218.48	£146,250	£98.25	£114.93	£131.61	£142.73
2 bedrooms	£281.72	£213,750	£138.98	£163.36	£187.73	£203.98
3 bedrooms	£344.97	£321,818	£204.19	£240.89	£277.59	£302.06
4+ bedrooms	£584.15	£373,684	£235.49	£278.11	£320.72	£349.13

## Summary of Low-Cost Home Ownership Options

- 3.67 This chapter has considered in some detail the relative cost of low-cost home ownership options depending on tenure type and property size based on standardised shared ownership products. However, local authorities have the option of introducing products with alternative discounts where viable. To assist in this, Figure 27 summarises the cost for each property size based on a range of potential shared ownership equity shares, first homes discounts and 20% discounted market sales housing (see September 2023 NPPF Annex 2 [Glossary] – affordable housing (c), page 64), as compared to various rent levels.

**Figure 27: Comparison of weekly Shared Ownership/First Homes/Discount LCHO costs by property size and equity share (Source: VOA 2021-2022, Land Registry, ORS model. Assumptions as in Figure 24 excluding equity share.)**

BRISTOL	Equity Share				First Homes			Discount LCHO
	10%	25%	40%	50%	50% FH	60% FH	70% FH	80%
1-bed	£66.70	£88.63	£110.57	£125.20	£86.84	£104.21	£121.58	£138.95
2-bed	£92.86	£124.93	£156.99	£178.36	£126.92	£152.31	£177.69	£203.08
3-bed	£134.76	£183.03	£231.30	£263.49	£191.10	£229.31	£267.53	£305.75
4+ bed	£154.87	£210.92	£266.97	£304.34	£221.89	£266.27	£310.65 <sup>17</sup>	£355.03

KEY	Below Affordable Rent:	Above Affordable Rent and below Max LHA:	Above max LHA and below Lower Quartile Rent:	Above Lower Quartile Rent and below Median Rent:
	X<AR	AR<X<LHA	LHA<X<LQ	LQ<X<Median

- 3.68 It terms of comparative costs that a 25% equity share shared ownership product is comparable in terms of weekly cost to a 50% First Home, and that a 50% equity share is comparable to the weekly cost of a 70% First Home. It may also be noted that the weekly cost of all of the options shown above are cheaper than the median rent on an equivalently sized property (see median rents in the leftmost data column of Figure 26 preceding).

<sup>17</sup> It should be noted that the maximum permitted cost of a First Home after discount is £250,000 outside of London. Based on the £373,300 lower quartile price of a four-bedroom property shown in Figure 21, this discount would make the cost of such a First Home £261,310, which exceeds the threshold. Therefore, this figure is included only for comparison purposes as in practice this product could not be offered.



## 4. Affordable Housing Need

### Identifying households who cannot afford market housing

#### Introduction

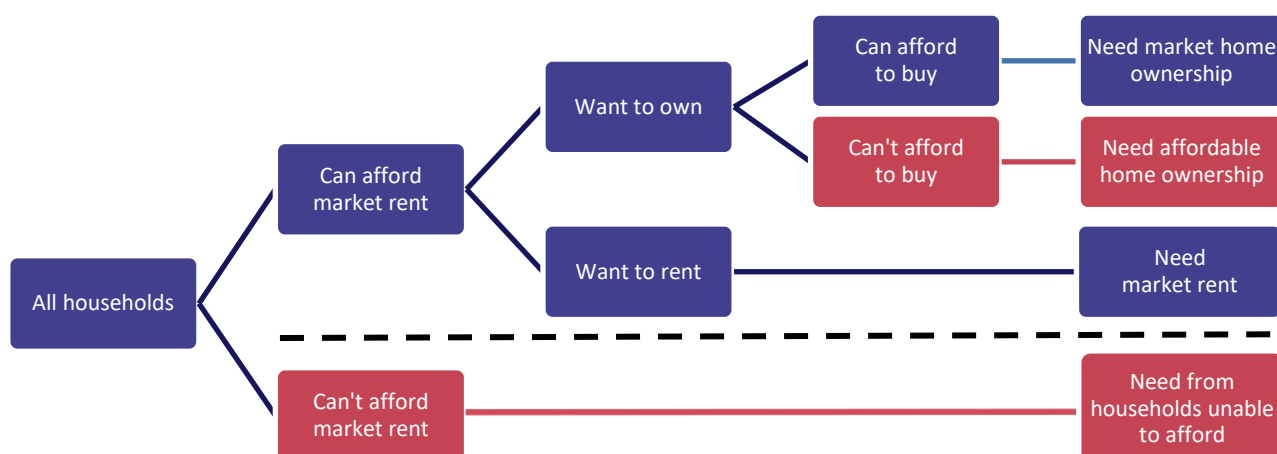
- 4.1 This section represents a technical exercise to comply with the requirements of the NPPF and the PPG. Demographic projections provide the basis for identifying the housing needs for all types of housing, including both market and affordable housing.
- 4.2 The definition of affordable housing was changed by the National Planning Policy Framework in 2019, with a specific emphasis placed on affordable homeownership. Annex 2 of the Framework now defines affordable housing as being:

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

National Planning Policy Framework September 2023 - Annex 2 (Glossary)

- 4.3 To reflect this change, relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include “those that cannot afford their own homes, either to rent, or to own, where that is their aspiration” [PPG ID 2a-020-20190220].
- 4.4 The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 28: Establishing the need for market and affordable housing



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

## Assessing the Needs of Households Unable to Afford Market Rent

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 29 are calculated using detailed information from the 2021 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

**Figure 29: Assessing affordability by household type and age (Source: Census 2021 and DWP)**

BRISTOL: Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	28%	14%	34%	47%	42%	36%
Couple family with no dependent children	5%	2%	6%	11%	11%	13%
Couple family with 1 or more dependent children	65%	27%	17%	14%	15%	30%
Lone parent family with 1 or more dependent children	99%	92%	73%	55%	50%	80%
Other household type	10%	12%	27%	34%	29%	21%

## Current Unmet Needs of Households Unable to Afford

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

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

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

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

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

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

- 4.11 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
  - » All those currently housed in **temporary accommodation**; and
  - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 4.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2020.
- 4.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in West of England.
- 4.14 **Concealed families** are an important part of unmet housing need. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).
- 4.15 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family

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

- 4.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.
- 4.17 Figure 30 sets out an assessment of the existing affordable housing need for the City of Bristol at the start of the Plan period in 2020.

**Figure 30: Assessing current unmet gross need for affordable housing (Source: CLG P1E returns, Census, EHS, LAHS)**

BRISTOL	Affordable Housing			Current unmet Housing Need
	Gross Need	Supply	Net Need	
<b>Homeless households in priority need</b> [Source: CLG P1E returns 2022]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	316		316	316
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	343		343	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	214	214	0	
Households accepted as homeless but without temporary accommodation provided	1		1	1
<b>Concealed households</b> [Source: Census 2001 and 2021]				
Growth in concealed families with family representatives aged under 55	957		957	957
<b>Overcrowding based on the bedroom standard</b> [Source: Census 2021 and English Housing Survey]				
Households living in overcrowded private rented housing	2,743		2,743	
Households living in overcrowded social rented housing	3,338	3,338	0	
<b>Other households living in unsuitable housing that cannot afford their own home</b> [Source: CLG Local Authority Housing Statistics 2022]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	2,630	178	2,452	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	30	2	28	
<b>TOTAL</b>	<b>10,572</b>	<b>3,732</b>	<b>6,840</b>	<b>1,274</b>

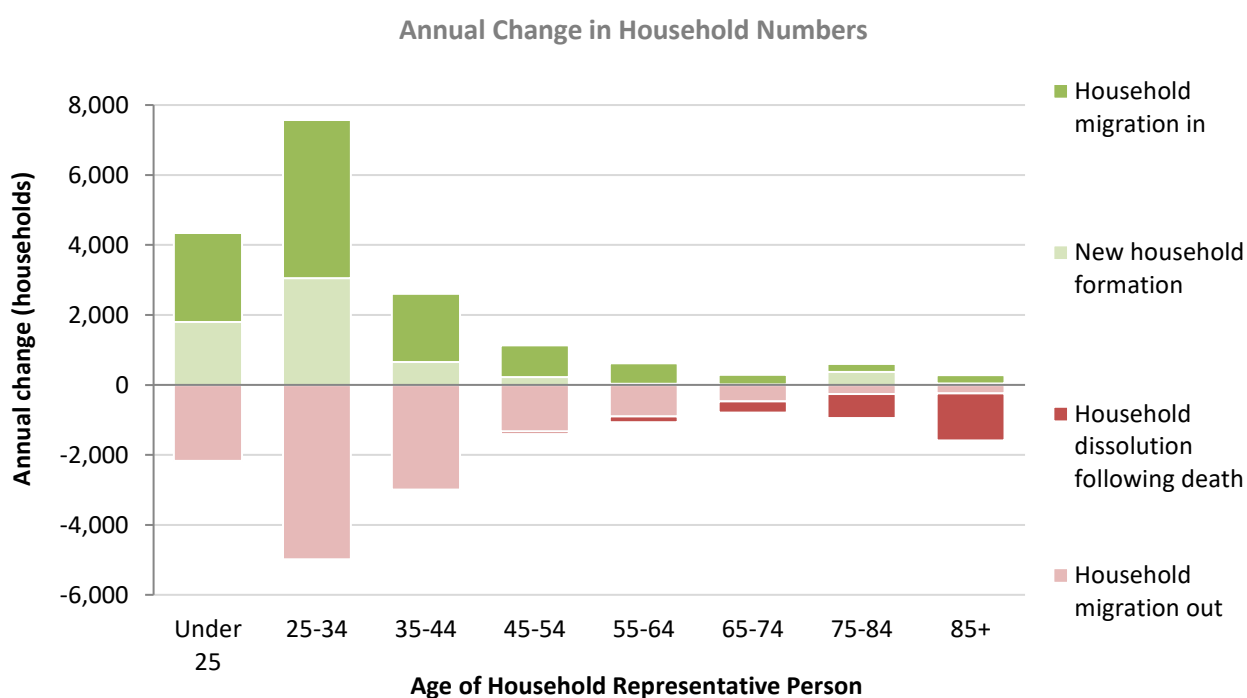
- 4.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 10,572 households in the City of Bristol are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting as far as possible.

- 4.19 Of these households, 3,732 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
- 4.20 There is, therefore, a net current affordable housing need of 6,840 households (10,572 less 3,732 = 6,840). However, depending on property types and size of households in need, a higher number of new homes may be needed to ensure there is no overcrowding.
- 4.21 Providing the net current affordable housing need for 6,840 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 5,566 households (6,840 less the 1,274 households which are homeless or concealed and thus do not release dwellings). Overall, 1,274 households are currently either homeless or concealed, constituting the unmet housing need in Bristol. Together with the 5,566 in market dwellings who should be in affordable, this 6,840 represents the total net affordable housing need for the City of Bristol.

## Projected Future Need of Households Unable to Afford

- 4.22 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a "gross annual estimate" (ID 2a-021) suggesting that "the total need for affordable housing should be converted into annual flows" (ID 2a-024).
- 4.23 Figure 31 show the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

**Figure 31: Annual change in household numbers in each age cohort by age of Household Representative Person in Bristol**  
(Source: ORS Housing Model)



- 4.24 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables (Figure 32) looks at the impact of different types of household.

**Figure 32: Annual components of Household Growth for Bristol 2020-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

BRISTOL 2020-40	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	6,144	4,911	1,232	20%
Households migrating into the area	11,248	8,834	2,415	21%
<b>All new households</b>	<b>17,392</b>	<b>13,745</b>	<b>3,647</b>	<b>21%</b>

- 4.25 The ORS Model identifies new households projected to form in Bristol each year, along with the number that will be unable to afford their housing costs. The model also considers new households migrating to the area which results in the total new households in need of affordable housing (Figure 32).
- 4.26 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022)
- 4.27 The model also identifies the households are likely to dissolve following the death of all household members. Many of these households will own their homes outright, however, some of these are likely to have been unable to afford market housing and will mostly be living in social rented housing (Figure 33).
- 4.28 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies the households that will migrate out of the area each year, including those households who are unable to afford their housing costs.
- 4.29 A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 4.30 Figure 33 shows the annual number of households who will vacate affordable dwellings or will no longer be waiting for a home over the period:

**Figure 33: Annual components of Household Growth Bristol 2020-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

BRISTOL 2020-40	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	2,617	1,900	717	27%
Households migrating <u>out</u> of the area	13,312	10,351	2,961	22%
<b>All households no longer present</b>	<b>15,930</b>	<b>12,252</b>	<b>3,678</b>	<b>23%</b>

- 4.31 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Bristol will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and the estimate of the number of established households that will fall into need in each year is shown in Figure 34.
- 4.32 However, established households’ circumstances can also improve. For example:
- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
  - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.
- 4.33 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies the number of households whose circumstances will improve such that they become able to afford their housing costs having previously being unable to do so.
- 4.34 Therefore, considering the changing needs of existing households overall, **there remains a net increase of existing households needing affordable housing each year** in Bristol (Figure 34).

**Figure 34: Annual components of Household Growth Bristol 2020-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

BRISTOL 2020-40	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-1,125	+1,125	100%
Existing households climbing out of need	-	+737	-737	0%
<b>Change in existing households</b>	-	<b>-388</b>	<b>+388</b>	-

- 4.35 The following table (Figure 35) summarises the overall impact of:
- » new households adding to housing need,
  - » the households no longer present reducing housing need and
  - » the changes in circumstances impacting existing households.

**Figure 35: Annual components of Household Growth Bristol 2020-40 (Source: ORS Housing Model)**

BRISTOL 2020-35	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	17,392	13,745	3,647
All households no longer present	15,930	12,252	3,678
Change in existing households	-	-388	388
<b>Future affordable housing need 2020-40</b>	<b>Annual average</b>	<b>1,462</b>	<b>1,106</b>
	<b>20-year Total</b>	<b>29,246</b>	<b>22,112</b>
			<b>7,133</b>

- 4.36 Overall reviewing the contribution of each element amounts to a projected additional 7,133 households needing affordable housing in Bristol over the 20-year period 2020-40.

## Overall Affordable Housing Need for Households Unable to Afford

- 4.37 Below, Figure 36 brings together the information on assessing the unmet need for affordable housing in 2020 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 20-year period 2020-40.

**Figure 36: Assessing total need for market and affordable housing for the City of Bristol (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

BRISTOL 2020-2040	Households able to afford market rent	Households unable to afford market rent	Overall Housing Need
<b>Unmet need for affordable housing in 2020</b> (see Figure 30)			
Total unmet need for affordable housing (a)	-	10,572	10,572
Supply of housing vacated (b)	5,566	3,732	9,298
<b>Current housing need (c) = (a) - (b)</b>	<b>-5,566</b>	<b>+6,840</b>	<b>+1,274</b>
<b>Projected future housing need 2020-40</b> (see Figure 35)			
Average annual housing need (d)	1,106	357	1,462
<b>Future housing need (e) = (d) x 20</b>	<b>+22,112</b>	<b>+7,133</b>	<b>+29,246</b>
<b>Total need for market and affordable housing (f) = (c) + (e)</b>	<b>+16,546</b>	<b>+13,973</b>	<b>+30,124</b>
Average annual household growth (g) = (f) / 20	+827	+699	+1,506

- 4.38 Overall, in the City of Bristol, there is a need to provide affordable housing for 13,973 households unable to afford to rent or buy over the Plan period 2020-40, which equates to **699 households per year**.
- 4.39 The appropriate mix of affordable housing products will depend on the mix of households needing affordable housing,<sup>18</sup> and the type of affordable housing households can afford is influenced by the percentage of income available. Figure 17 identified the minimum annual income needed to afford Affordable Rents in Bristol by property size (based on spending up to 35% of total income).<sup>19</sup> To profile affordability, data from the English Housing Survey and ONS Survey of Personal Incomes has been combined to establish a distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.

**Figure 37: Overall need for Affordable Housing in Bristol 2020-40 disaggregated based on ability to access affordable rents by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Households unable to afford market rent		Total Households
	Unable to afford affordable rent	Able to afford affordable rent	
1 bedroom	2,634	271	2,905
2 bedrooms	3,015	781	3,796
3 bedrooms	3,476	1,271	4,747
4+ bedrooms	1,890	636	2,526
<b>TOTAL HOUSING NEED</b>	<b>11,014</b>	<b>2,959</b>	<b>13,973</b>
Overall Percentage	79%	21%	100%

<sup>18</sup> This section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

<sup>19</sup> The rent for affordable rent housing (inclusive of service charges) must not exceed 80% of gross market rent.



## Future Policy on Housing Benefit in the Private Rented Sector

- 4.40 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control.
- 4.41 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 4.42 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.43 PPG (both the current version and previous versions) states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level. It is well-established that housing need should be established leaving aside policy considerations,<sup>20</sup> so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need.
- 4.44 The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households rented privately in receipt of housing benefit as a policy aspiration. That wouldn't change the need, but it could influence the affordable housing policy target.
- 4.45 Given this context, it will be necessary for the local authority to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. However, in determining the affordable housing requirement, the authority may want to consider a local policy target to reduce the number of households living in private rented housing who rely on housing benefit – but this could only be achieved after the affordable housing need that has been identified has been met in full.

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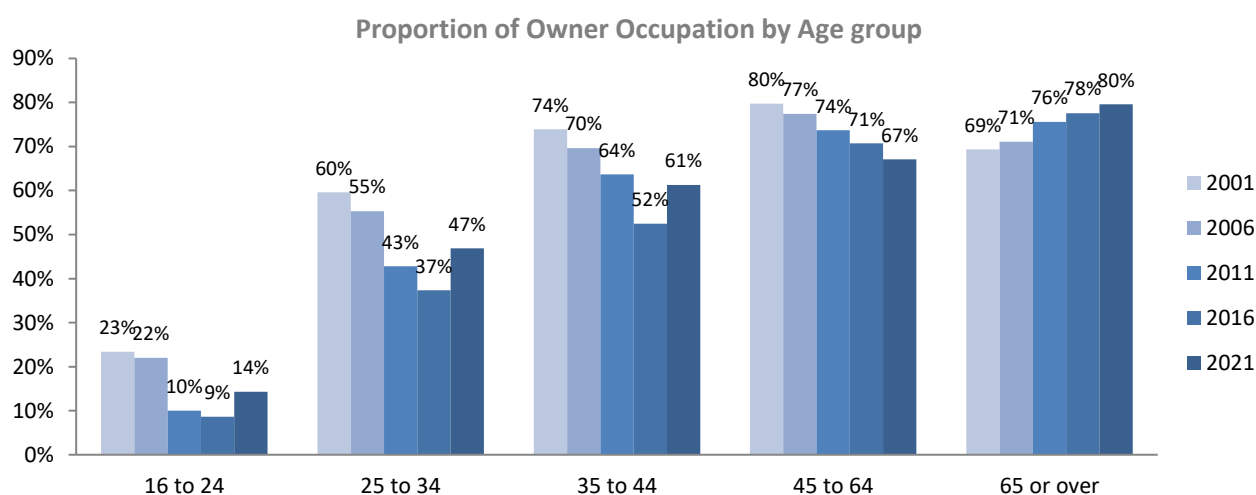
<sup>20</sup> Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

## Assessing the Needs of Households Aspiring to Homeownership

### Home Ownership Trends

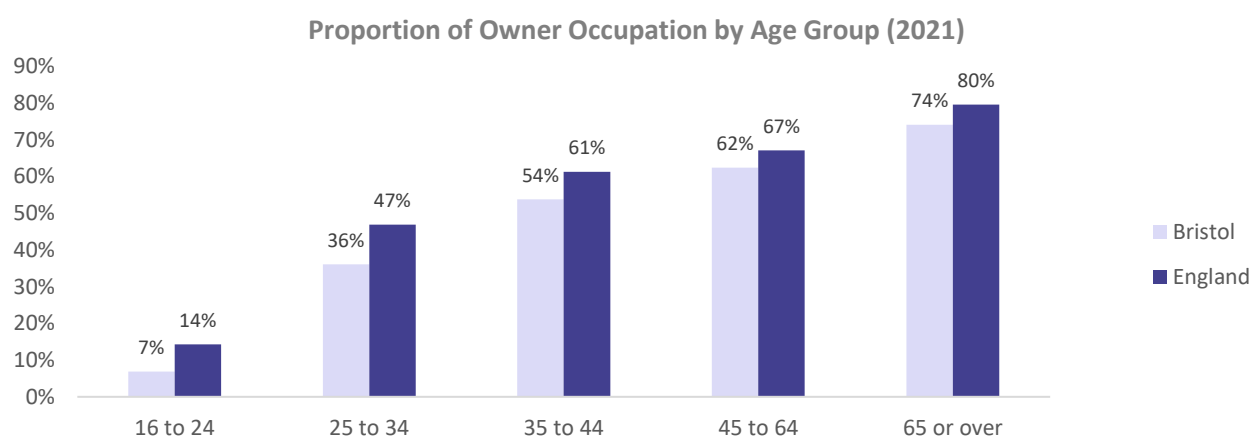
- 4.46 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
- 4.47 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 38).

**Figure 38: Percentage of Owner Occupiers in England by Age Group 2001-2021 (Source: English Housing Survey)**



- 4.48 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in Bristol versus the national average can be gathered from the 2021 Census (Figure 39). Rates of owner occupation in Bristol are lower than the national average across all age groups reported by the 2021 Census.

**Figure 39: Proportion of Owner Occupation by age group 2021 (Source: Census 2011)**



## Establishing the number of households aspiring to home ownership

- 4.49 English Housing Survey data shows that almost all (97.1%) of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (56.6%) of households who rent privately and a fifth (21.1%) of those in social rented housing aspire to homeownership.

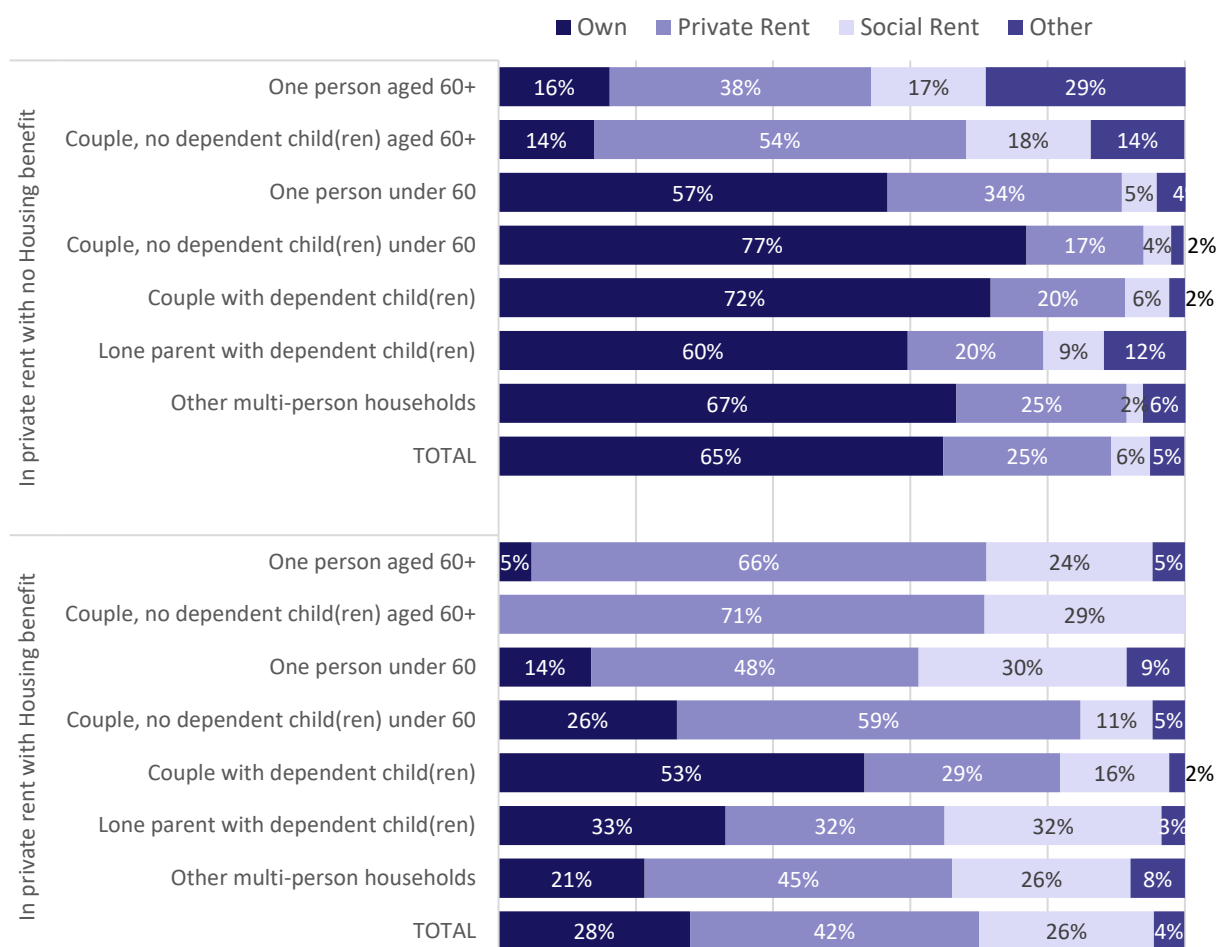
**Figure 40: Long-term aspirations (Source: English Housing Survey 2021-22)**

Current Tenure	Long-term Tenure Plan			
	Owner Occupier	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	97.1%	0.3%	0.5%	2.1%
Private rent	56.6%	29.2%	9.5%	4.7%
Social rent	21.1%	1.4%	74.2%	3.3%

- 4.50 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy. Figure 41 shows long-term tenure aspirations of different types of households currently renting privately either with or without housing benefit.

**Figure 41: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)**

### Long-term tenure expectations of those currently in private rented sector



- 4.51 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with a Household Representative Person (HRP) over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- 4.52 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

## Identifying the Need for Affordable Homeownership

- 4.53 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS, Figure 42 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, so would typically not be considered for social or Affordable Rent.

**Figure 42: Households currently living in the Private Rented Sector in Bristol and paying their own rent that aspire to home ownership by Age of Household Representative (Note: Figures may not sum due to rounding)**

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	671	2714	1,198	134	46	21	4,783
Couple without children	856	5,995	1,295	313	149	60	8,667
Families with child(ren)	25	780	1,168	273	0	0	2,247
Other households	1,073	4,472	1,119	295	213	0	7,172
<b>Total Volume</b>	<b>2,625</b>	<b>13,960</b>	<b>4,781</b>	<b>1,015</b>	<b>408</b>	<b>80</b>	<b>22,869</b>
<b>Percentage of households</b>	<b>11%</b>	<b>61%</b>	<b>21%</b>	<b>4%</b>	<b>2%</b>	<b>&lt; 1%</b>	<b>100%</b>

- 4.54 Based on this analysis, we can estimate that there is a total of around 22,869 households currently resident in Bristol who do not own their own home but aspire to do so. Of these households, 61% are aged 25-34 with the substantial majority (93%) aged under 45. As previously reported (Figure 12 to Figure 14), Census data identified significant increases in households renting privately over the period to 2021. On this basis, the number of households identified as currently renting privately that aspire to homeownership is consistent with growth of the private rented sector.
- 4.55 In addition to the current need, it is also important to consider new households that are projected to form over the period to 2040. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 37,674 households that form over the 20-year period who will be able to afford to pay market rent but are unlikely to own, despite that being their aspiration.
- 4.56 Together, this yields a total of 60,543 households who do not own their own home but aspire to do so. However, it is likely that around 9,135 of these households could afford homeownership despite having chosen to currently rent, and these households should not be counted as part of the need for affordable homeownership. **Overall, in Bristol there are likely to be 51,408 households who aspire to homeownership who are unlikely to own their own home over the period 2020-40, a net annual need of 2,570 per year.**
- 4.57 As previously noted, the Government have recently introduced First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 51,408 households who aspire to homeownership in the City of Bristol sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

- 4.58 It is important to recognise that the figures for those who aspire to homeownership are based upon those households who currently can afford market rent without the support of housing benefit. But these households would not necessarily choose new build affordable homeownership if it was available. Similarly, some households may not ultimately need affordable homeownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if affordable homeownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 4.59 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided.
- 4.60 Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

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

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

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

**Planning Practice Guidance, ID: 70-002-20210524**

- 4.61 It goes on at paragraph 4 to outline that:

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

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

*In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home.*

**Planning Practice Guidance, ID: 70-004-20210524**

- 4.62 Previously, Figure 21 showed that the current lower quartile newbuild prices for a 4-bedroom property in the City of Bristol is around £373,700, so 70% of this price would be above the cap limit. It would be necessary to apply a larger discount to bring these properties within the First Homes maximum value of £250,000. While 1 to 3-bedroom properties would come in below the £250,000 with a discount of 30%, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme as a proxy for a maximally low-cost affordable homeownership product. As can be seen from Figure 27, this is comparable to a 25% shared ownership product with 1.5% rent on the retained equity in terms of weekly cost.
- 4.63 Given this context, Figure 43 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, and those households with savings of less than £5,000<sup>21</sup>. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 4.64 Of the 51,409 households who aspire to homeownership and cannot afford to buy, it is likely that around 18,055 households would have incomes too low to have a realistic prospect of being able to afford 50% of open market values, and of the remaining households it is estimated that there would be 24,707 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (and other up-front costs) of purchasing a home in the local area (Figure 43).

**Figure 43: Affordable homeownership housing mix by household affordability in the City of Bristol 2020-2040 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

BRISTOL 2020-40	Households aspiring to homeownership who cannot afford to buy	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford with savings of £5,000 or more
1 bedroom	13,561	3,702	9,858	6,912	2,946
2 bedrooms	22,200	6,799	15,400	11,934	3,467
3 bedrooms	13,493	6,369	7,123	5,205	1,918
4+ bedrooms	2155	1,184	971	657	314
<b>TOTAL</b>	<b>51,409</b>	<b>18,055</b>	<b>33,354</b>	<b>24,707</b>	<b>8,646</b>

- 4.65 On this basis, there are estimated to be around 8,646 households that aspire to homeownership but cannot afford to buy, who also have at least £5,000 in savings and incomes above the relevant threshold. This represents only 17% of the total 51,409 that was originally identified.

<sup>21</sup> This is the amount assumed necessary to cover stamp duty, legal fees, moving costs, surveys etc.

- 4.66 As previously noted, it is likely that the vast majority of these 8,646 households would be first-time buyers and providing affordable homeownership products that they are able to afford will reduce the demand for properties in the private rented sector. However, it is also important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration unless suitable products can be provided.

## Identifying the Overall Affordable Housing Need

- 4.67 Figure 90 brings together the information on the need from households unable to afford market rent and those aspiring to home ownership who cannot afford to buy.

**Figure 44: Total households needing affordable housing in Bristol 2020-2040 (Source: ORS Housing Model)**

BRISTOL 2020-40	Total Households Needing Affordable Housing	
	20-year total	Annual average
Households unable to afford market rent	13,973	699
Households aspiring to home ownership and unable to afford to buy	51,409	2,570
<b>ALL HOUSEHOLDS</b>	<b>65,382</b>	<b>3,269</b>

- 4.68 On this basis, we can conclude that a total of 65,382 households are likely to need affordable housing over the 20-year period 2020-2040, equivalent to an average of 3,269 per year.
- 4.69 This is far higher than the household growth identified by the ONS 2018-based projections, as a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

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

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

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

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

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

**Planning Practice Guidance, ID 67-001-20190722**



- 4.70 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the established affordable housing need. However, it would be reasonable to only plan for the needs of those 8,646 households likely to form an effective demand (i.e. those able to afford the various products that will be available) as it would seem irrational for the plan to seek to provide affordable homeownership for households who are not afford the products available.

## Establishing Overall Housing Mix

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

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

*The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.*

**Planning Practice Guidance, ID 2a-017-20190220**

- 4.72 Figure 45 identifies the overall dwelling mix based on the analysis of Local Housing Need over the 20-year period 2020-2040 together with the identified need for affordable housing, allowing for a proportion of dwellings without a usually resident household. This is based on the summary of households in unable to afford market rent (Figure 37) and those aspiring to homeownership but unable to afford to buy (Figure 43) with the overall affordable housing need subtracted from the overall Local Housing Need to establish the need for market housing.
- 4.73 Therefore, the LHNA identifies an overall affordable housing need of around 22,700 dwellings delivered over the 20-year period 2020-40, equivalent to 46% of the LHN. This will provide for the needs of all households unable to afford to rent or own market housing and also provide for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to purchase an affordable homeownership product.
- 4.74 The analysis further disaggregates dwellings for those aspiring to homeownership with a realistic chance of accessing an affordable homeownership product (see Figure 43) into dwellings for those that could afford a 40% shared ownership product and dwellings for those that cannot. This 40%-based sub-division serves to illustrate the need for a typical shared ownership product, however, as noted in paragraph 3.62, the shared ownership product covers a range of equity purchases, both above and below 40%. As such, an appropriately managed shared ownership scheme could serve the needs of a wide range of households aspiring to home ownership. Bristol's intended approach to the affordable homeownership sector is primarily (but not exclusively) focused on fulfilling the needs of these households through shared ownership products.
- 4.75 It is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change. In determining the affordable housing requirement, the Council may want to consider these households alongside those households living in private rented housing who aspire to home ownership.

- 4.76 The analysis also includes an allowance for housing provision in Use Class C2, which represents bedspaces in communal establishments such as care homes. The projected growth in communal establishments is taken from the population and household projections, which assume that the percentage of persons aged 75 years and over living in communal establishments will remain constant – so as the overall older population grows, the number in communal establishments also increases.
- 4.77 The allowance for C2 provision is equivalised using the calculation set out in the Housing Delivery Test measurement rule book.<sup>22</sup> Where Class C2 bedspaces are delivered, they can be counted at a ratio of 1.90 bedspaces to each dwelling in the LHN figure.

**Figure 45: Overall need for Market and Affordable Housing in Bristol 2020-40 by property type and size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

BRISTOL 2020-40		Affordable Housing Need				Total Market Housing	Total Housing
		Unable to afford Market Rent		Affordable homeownership			
		Social Rent	Affordable Rent	Unable to afford shared ownership 40%/1.5%	Able to afford shared ownership 40%/1.5%		
Number of Dwellings							
Flat	1 bedroom	2,565	264	477	2,339	2,651	8,295
	2+ bedrooms	2,380	616	465	1,848	5,807	11,115
House	1-2 bedrooms	1,008	261	271	1,124	3,072	5,736
	3 bedrooms	3,280	1,199	544	1,318	13,923	20,266
	4 bedrooms	1,285	432	69	182	1,502	3,472
	5+ bedrooms	562	189	14	38	-	803
ALL DWELLINGS		11,080	2,962	1,840	6,850	26,955	49,687
Allowance for C2 provision (equivalised)		-	-	-	-	-	373
TOTAL HOUSING NEED		11,080	2,962	2,123	6,568	26,955	50,060
Percentage of LHN (excluding C2)							
Flat	1 bedroom	5.2%	0.5%	1.0%	4.7%	5.3%	16.7%
	2+ bedrooms	4.8%	1.2%	0.9%	3.7%	11.7%	22.4%
House	1-2 bedrooms	2.0%	0.5%	0.5%	2.3%	6.2%	11.5%
	3 bedrooms	6.6%	2.4%	1.1%	2.7%	28.0%	40.8%
	4 bedrooms	2.6%	0.9%	0.1%	0.4%	3.0%	7.0%
	5+ bedrooms	1.1%	0.4%	0.0%	0.1%	-	1.6%
ALL DWELLINGS		22.3%	6.0%	4.3%	13.2%	54.2%	100.0%
Affordable Housing Need		48.7%	13.0%	8.1%	30.1%	-	-

<sup>22</sup> <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

- 4.78 It is important to note that the LHNA is not assuming that the equivalent of 373 dwellings in Bristol will be delivered as C2 bedspaces. Instead, the population and household projections assume that the equivalent of 373 dwellings will be vacated by those moving to communal establishments, and these properties would therefore be released for sale or relet. If, in practice, this number of C2 bedspaces are not delivered then these residents would not move and their properties would remain occupied – which would mean that a further 373 dwellings would need to be provided in Use Class C3. Conversely, if a larger number of C2 bedspaces are provided, then more dwellings would be released which would reduce the number of additional C3 dwellings needed.

## Establishing the Affordable Housing Policy Target

- 4.79 Further work will be needed to establish the appropriate policy target which will only become available later in the plan-making process. This will need to take account of the overall housing supply to be included in any future plan and establish which sites would not be subject to the affordable housing policy. It would also be necessary to make allowance for any completions within the plan period and housing on sites with existing permissions, both in terms of the overall number of homes and any affordable housing that this includes.
- 4.80 This information on supply would need to be considered alongside any Duty-to-Cooperate discussions and/or agreements relating to meeting unmet needs. Only then will it be possible to consider how the number of homes identified within the affordable housing need can be delivered on qualifying sites to establish the relevant percentage. The affordable housing policy target would ideally need to be higher than the identified percentage as some qualifying sites will not deliver at the policy target due to their specific constraints.
- 4.81 Nevertheless, the identified need for affordable housing will also need to be considered in the context of economic viability when establishing appropriate policy targets. Local viability assessments are likely to determine the actual affordable housing target (as a proportion of market housing sites) in each area and should help in providing a view on the deliverability of such a tenure mix, based upon local market evidence. However, in the context of the housing needs evidence it would be appropriate to maximise the amount of affordable housing that is delivered. Other factors which need to be considered include affordable housing thresholds on development sites, in particular the number of smaller sites and larger sites which may have different thresholds.
- 4.82 If an identified target is higher than the maximum identified by viability work it would have to be reduced, which is likely to result in unmet affordable housing need. Given this position, the council would need to consider whether an uplift to the LHN could be justified when establishing the housing requirement. However, as the LHN itself already incorporates a significant uplift beyond the household projection-based housing need, a further uplift to market housing may prove difficult to sustain. On this basis, whilst an uplift might be appropriate, it would be necessary to fully understand the impact of any proposed increase on other aspects of the plan (such as employment growth) to ensure consistency. It would also be important to ensure that there was clearly identified demand for the additional market housing and that this could be sustained over the longer-term plan period; and where there was uncertainty, it may be more appropriate to consider any uplift being identified as additional supply to provide flexibility within the plan rather than increasing the housing requirement and associated affordable housing target.
- 4.83 If an identified target is lower than the maximum identified by viability, there is the prospect to consider if there are any justifications for a higher target. This might include helping to meet unmet affordable housing need from elsewhere in the HMA (or other neighbouring areas) or other strategic decisions, such as reducing the number of households renting privately in receipt of housing benefit.

- 4.84 The appropriate balance between rented affordable housing and affordable home ownership would also need to be considered in the context of economic viability; though it will be important to meet the identified affordable housing need for those households unable to afford to rent or own market housing to avoid any increase to the number of households dependent on housing benefit in the private rented sector. It will also be necessary to consider the target for affordable homeownership in the context of the Government's target of at least 10% of new housing to be provided in this way, unless this would significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

## 5. Needs of Different Groups

### Identifying the housing needed for different groups

#### Introduction

- 5.1 Paragraph 62 of the NPPF requires that local planning authorities consider the needs of a range of groups within the population.

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

National Planning Policy Framework, September 2023 – Para 62

- 5.2 Earlier chapters have already considered affordable housing, the needs of families with children and those who rent their homes in detail. This chapter considers the housing needs for the remaining groups in turn. An assessment of the needs of Gypsies and Travellers is being developed by ORS for the West of England authorities separately. No community groups with specific housing needs beyond those set out in the NPPF have been identified in the West of England.

#### Housing for Older People

- 5.3 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.<sup>23</sup>
- 5.4 Given this context, PPG recognises the importance of providing housing for older people. Additional PPG “Housing for older and disabled people” was published in June 2019, which states [ID 63-004-20190626]:

*The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.*

Planning Practice Guidance, ID 63-004-20190626

- 5.5 It is important to plan for housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes; those that do move in

<sup>23</sup> ONS 2016-based sub-national population projections.

their later years are likely to be looking for housing suitable for older people. This housing comes in a number of different forms and the distribution between these different types needs to be explored.

- 5.6 The Housing Learning and Improvement Network (LIN) published “More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”<sup>24</sup> in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)”<sup>25</sup> resource pack in December 2011.
- 5.7 Both the toolkit and the resource pack provide standardised rates for estimating the demand for specialist older person housing products per 1,000 people aged 75 or over. These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures. There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand and these toolkits these have informed the evidence base for many adopted Local Plans.
- 5.8 The Older People housing options considered in this section follow the definitions in the 2012 “Housing Our Ageing Population” report (HAPPI2).<sup>26</sup> This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes).
- 5.9 The LHNA applies the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012).<sup>27</sup> This applies a benchmark need for each housing types per thousand people aged 75+.

Figure 46: Strategic Housing for Older People (SHOP) Resource pack – benchmark need per thousand persons aged 75+

Provision Type	Owned (per 1000)	Rented (per 1000)	TOTAL (per 1000)
Leasehold scheme for the Elderly (LSE)	120	0	120
Conventional Sheltered Housing	0	60	60
Sheltered ‘plus’ or ‘Enhanced’ sheltered (provision with some care needs)	10	10	20
Extra care	30	15	45
Dementia	0	6	6
<b>TOTAL</b>	<b>160</b>	<b>91</b>	<b>251</b>

<sup>24</sup> [http://www.housinglin.org.uk/library/Resources/Housing/Support\\_materials/Reports/MCGVdocument.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf)

<sup>25</sup> <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

<sup>26</sup> [http://www.housinglin.org.uk/library/Resources/Housing/Support\\_materials/Other\\_reports\\_and\\_guidance/Housing\\_our\\_Ageing\\_Population\\_Plan\\_for\\_Implementation.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf)

<sup>27</sup> [www.housinglin.org.uk/housinginlaterlife\\_planningtool](http://www.housinglin.org.uk/housinginlaterlife_planningtool)

- 5.10 The population projections underlying the Local Housing Need figure for the City of Bristol show a substantial increase in the older population with an additional 13,000 persons aged 75 or over in the period 2020-40.

Figure 47: Projected population aged 75+ (Source: LHNA modelling, ORS)

BRISTOL	75-84	85+	TOTAL
2020	19,288	8,648	27,936
2040	28,435	12,514	40,949
CHANGE	+9,147	+3,866	+13,013

- 5.11 Data published by the Elderly Accommodation Counsel (EAC)<sup>28</sup> identifies that there is currently a total of 4,389 specialist Older Person units across the City of Bristol.

Figure 48: Existing Stock of Specialist Older Person Housing for Bristol (Source: EAC 2015)

BRISTOL: Property Type	Owned	Rented	TOTAL
Housing with support	1,052	2,604	3,656
Housing with care	191	542	733
TOTAL	1,243	3,146	4,389

- 5.12 The SHOP model can be used to assess that there is already a shortfall in the provision of housing for elderly people. The current population of 27,900 persons aged 75+ requires around 7,000 specialist homes based on the toolkit rates, whilst EAC data shows an existing stock of around 4,400 specialist older person homes. This results in a current unmet need of around 2,600 homes.
- 5.13 The projected increase in population results in a need for an additional 3,300 homes by 2040 based on the SHOP formula, resulting in an overall need for around 5,900 specialist homes for older persons.

Figure 49: Modelled Demand for Older Person Housing in Bristol 2020-40 based on Housing LIN Toolkit

BRISTOL		Rate per 1,000 persons aged 75+	Gross need 2020	Existing supply	Unmet need in 2020	Additional need 2020-40	Overall need
Sheltered Housing	Owned	120	3,352	1052	+2,300	+1,562	+3,862
	Rented	60	1,676	2604	-928	+781	-147
Extra Care	Owned	40	1,117	191	+926	+521	+1,447
	Rented	31	866	542	+324	+403	+727
TOTAL		251	7,012	4,389	+2,623	+3,266	+5,889

- 5.14 The model assumes a continuation of current types of housing although it is unclear, if older people will aspire to these types of specialist housing in the future. Some types of specialist housing are already experiencing lower demand, and other, newer types of provision may appear to meet changing aspirations in the future. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand.

<sup>28</sup> <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

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

- 5.15 In practice, the level of delivery identified as being required is likely to represent a significant challenge. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.
- 5.16 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current need;
  - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
  - » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
  - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
  - » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.



## Housing for People with Disabilities

- 5.17 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).<sup>29</sup>
- 5.18 Three standards are covered:
- » M4(1) Category 1: Viable dwellings – Mandatory, broadly about accessibility to ALL properties
  - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
  - » M4(3) Category 3: Wheelchair user dwellings – Optional, wheelchair accessible standard.
- 5.19 The Government has recently consulted on the future of these standards and how they will be applied.<sup>30</sup> The consultation proposals recommended that all homes are built to M4(2) standard and a fixed proportion to M4(3) standard. They also noted that *"Some local authorities already apply the M4(2) standard as a minimum (e.g. the London Plan)"* (para 28) and that *"In terms of benefits, the mandating [of] M4(2) may potentially reduce the need for social care"* (para 46). If these proposals were adopted, then it could see these issues become less contested in the future. However, as the outcome of the consultation is unknown, the assessment is based on current policy and guidance.
- 5.20 In terms of new developments, Part M states that: *"Where no condition is imposed, dwellings only need to meet requirements M4(1)"* (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.
- 5.21 Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

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

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

Planning Practice Guidance, ID 56-007-20150327

<sup>29</sup> <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

<sup>30</sup> <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

5.22 Local planning authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. However, the PPG recognises that there is no single source of information by which to assess demand and some limitations to the available data. Not all of those in receipt of PIPs or Attendance Allowance necessarily require home adaptations whilst DFG applications may underestimate need.

5.23 The PPG states:

*Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment<sup>31</sup> (replacing Disability Living Allowance) / Attendance Allowance<sup>32</sup> benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant<sup>33</sup> (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.*

Planning Practice Guidance, ID 63-005-20190626

## Need for Accessible and Adaptable Dwellings

5.24 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

5.25 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

*“The provision made must be sufficient to-*  
*(a) meet the needs of occupants with differing needs, including some older or disabled people, and*  
*(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.”*

Access to and use of buildings: Approved Document M v1, Page 10

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

<sup>31</sup> Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

<sup>32</sup> Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

<sup>33</sup> Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

- 5.27 Overall 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 50).

Figure 50: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

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

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

Figure 51: Households with a long-term illness or disability in Bristol in 2020 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

BRISTOL	TOTAL
<b>Households with one or more persons with a limiting long-term illness or disability</b>	56,386
Does not affect their housing need	39,073
Current home suitable for needs	14,162
Current home requires adaptation	1,561
Need to move to a more suitable home	1,590
<b>Total households where a limiting long-term illness or disability affects their housing need:</b>	<b>17,313</b>

- 5.30 The model (Figure 51) identifies that there were around 56,400 households living in the City of Bristol in 2020 with one or more persons with a limiting long-term illness or disability. In around 39,100 of these households, this does not affect their housing need, but in around 17,300 households an illness or disability does impact on housing need.
- 5.31 Amongst those households where it does affect housing needs around 14,200 households are already living in a suitable home (having moved or made adaptations). This leaves 1,561 households needing adaptations to their current home and 1,590 households needing to move to a more suitable home. The 1,590 households needing to move represent an existing **unmet need** either for M4(2) housing or, given that some may actually be wheelchair users, for M4(3) housing.

- 5.32 The identified need for 1,590 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires *"the changing needs of occupants over time"* to be considered. Therefore, even without any change to the number of households in Bristol, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older (Figure 52).

**Figure 52: Households with a long-term illness or disability in Bristol 2020-40 affecting their housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	TOTAL
<b>Households where an existing illness or disability affects their housing need in 2020</b>	
Current home suitable for needs	14,162
Current home requires adaptation	1,561
Need to move to a more suitable home	1,590
<b>Total households where a limiting long-term illness or disability affects their housing need in 2020</b>	<b>17,313</b>
Existing households in 2020 likely to develop health problems that affect their housing need within 10 years	7,735
Additional households in 2050 projected to experience problems or likely to develop problems within 10 years	13,152
<b>Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years</b>	<b>20,887</b>

- 5.33 Whilst around 17,300 households living in the City of Bristol in 2020 have a health problem that already affected their housing requirement, it is likely that a further 7,700 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.
- 5.34 Based on the household projections and the overall housing need, we can also establish the future need for adapted housing in the City based on the projected household growth and the changing demographics of the area.
- 5.35 Further modelling of health needs suggests that by 2040 there will be an additional 13,200 households either already experiencing health problems or likely to develop health problems within 10 years. Many of these may be new households, but a number will be existing households resident in 2020 whose health has deteriorated over the Plan period.
- 5.36 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 20,887 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 1,590 households needing to move and the 1,561 households needing adaptations based on their current health at the start of the Plan period.
- 5.37 To provide M4(2) housing for all of the identified need would require housing for up to 24,000 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.

- 5.38 Although some households would prefer not to move, many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the existing housing mix in the City of Bristol, it is likely that just over 10,000 households will live in dwellings that could be converted to meet the M4(1) standard.
- 5.39 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 12,352 households need to move to adapted or adaptable housing, including the 1,590 households identified as needing to move at the start of the Plan period.

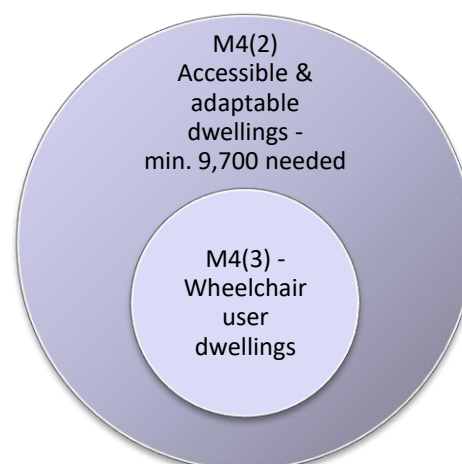
**Figure 53: Households with a long-term illness or disability in Bristol by effect on housing need (Source: ORS Housing Model.**  
**Note: Figures may not sum due to rounding)**

BRISTOL	TOTAL	% of LHN
<b>Existing need in 2020</b>		
Households where an existing illness or disability affects their housing need and need to move in 2020	1,590	-
<b>Projected future need 2020-40</b>		
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	20,887	-
<b>Maximum need for adapted housing 2020-40 (households)</b>	<b>22,477</b>	<b>48%</b>
Less households living in dwellings adaptable to M4(1) standard	10,125	-
<b>Minimum need for adapted housing 2020-40 (households)</b>	<b>12,352</b>	<b>26%</b>

- 5.40 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 12,352 households and maximum of 22,477 households identified in Figure 53 provide an appropriate range for the local authority to consider.

## Housing for Wheelchair Users

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



*“The provision made must be sufficient to-*

*(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;*

*(b) to meet the needs of occupants who use wheelchairs.”*

**the Building Regulations 2010 Approved Document Part M: Access to and use of buildings, Page 23**

5.43 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

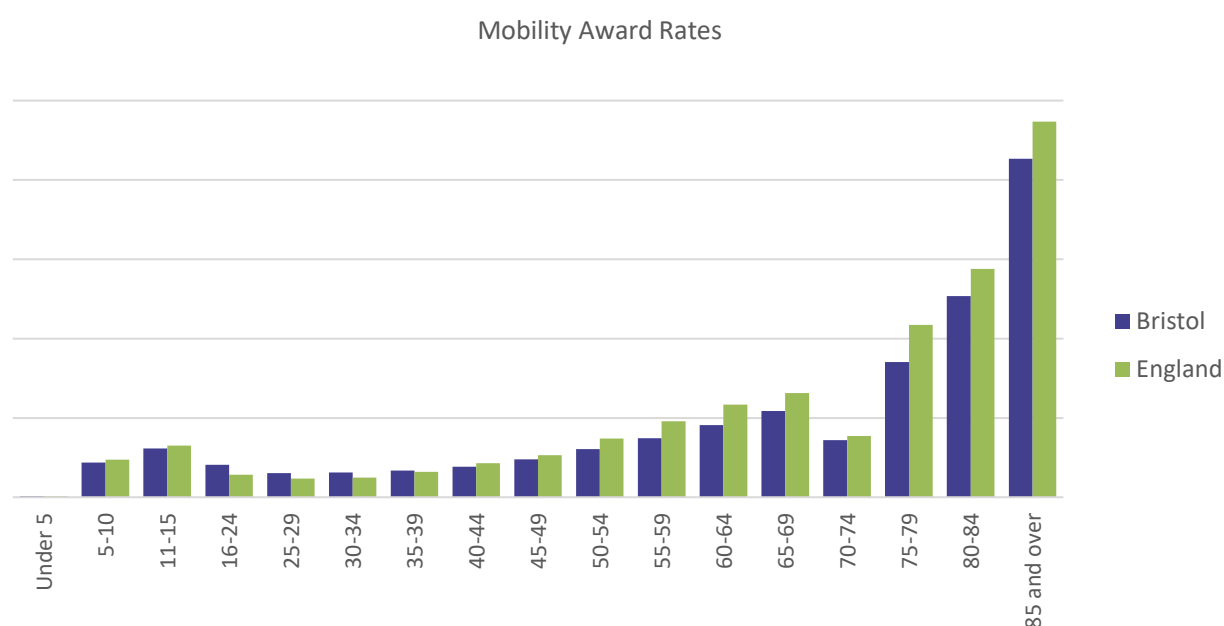
5.44 The CLG guide to available disability data<sup>34</sup> referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 54 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

**Figure 54: Percentage of households with a wheelchair user by type of housing and age of household representative**  
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
<b>Housing type</b>								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

5.45 To get a better understanding of the local data for the City of Bristol, Figure 55 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Bristol against the figures for England.

**Figure 55: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2022)**



<sup>34</sup> <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

- 5.46 Through combining the information on local rates with the national data, we can establish the proportion of households likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 56).

**Figure 56: Percentage of households with a wheelchair user in Bristol, by type of housing and age of household representative (Source: EHS, DWP)**

BRISTOL	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.1%	4.1%	6.5%	10.2%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.2%	10.5%	13.5%	21.6%

- 5.47 If we apply these proportions to the population and household data for the area then we can identify the net change in the number of households with a wheelchair user over the period 2020 to 2040 (Figure 57).

**Figure 57: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Modelled Need for Wheelchair Adapted Housing	2020	2040	Net change 2020-40	Percentage of LHN
Market housing	3,220	4,070	+850	2.5%
Affordable housing	2,870	3,940	+1,070	8.1%
<b>Total</b>	<b>6,090</b>	<b>8,010</b>	<b>+1,920</b>	<b>4.1%</b>

- 5.48 Using this approach, the number of households likely to need wheelchair adapted housing in Bristol is likely to increase by 1,920 over the 20-year period. This amounts to 4% of the housing need over the same time period, so would suggest a need for 4% of new dwellings to be built to M4(3) standard (albeit the target may need to be higher, as not all new housing schemes would deliver the necessary percentage).
- 5.49 Importantly, as the model has included household age, it is possible to identify that over half of this growth (53%) comes from households which are aged over 75. This can be seen in Figure 58.

**Figure 58: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2020	2040	Net change 2020-40	2020	2040	Net change 2020-40
Market housing	2,070	2,430	+370	1,160	1,640	+480
Affordable housing	2,030	2,570	+550	840	1,370	+530
<b>Total</b>	<b>4,090</b>	<b>5,000</b>	<b>+910</b>	<b>2,000</b>	<b>3,010</b>	<b>+1,010</b>

- 5.50 This means that there are likely to be some people who are identified in both categories – wheelchair adapted housing and specialist older person housing.
- 5.51 Earlier analysis of housing for older people identified a need for around 5,900 specialist older person housing units for households aged 75 or over in the City of Bristol. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that many of those living in specialist older housing could need wheelchair adapted homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health.



Considering that a given older persons residence may house multiple residents in its lifetime, it becomes even more likely that at some stage a resident requires a wheelchair. Furthermore, it may be noted that where it is possible to retrospectively adapt residences, this may be costly or difficult.

- 5.52 On this basis it may be appropriate to adopt a target of 100% wheelchair accessibility (where viable) for specialist accommodation for older people to avoid potential inequality of provision. This could also reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

## Student Housing

- 5.53 PPG 2019 includes specific reference to identifying the needs of students:

*Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements*

Planning Practice Guidance, ID 67-004-20190722

- 5.54 Bristol has significant student numbers, mainly studying at two Higher Education Providers (HEPs) with a possibility of a third for the future. The 2021 Census recorded 43,700 full time students aged over 18 living in Bristol;<sup>35</sup> but although the Bristol Census Dashboard notes that: *Students are counted at their term-time address*, many students (in particular overseas students) did not have a “usual term time address” at the time of the 2021 Census due to the Covid-19 pandemic lockdown.
- 5.55 Based on the latest figures available at the time of writing (HESA 2021/22), it is currently estimated that there are around 59,400 students studying at institutions in the City of Bristol, and there are plans for this to increase to around 65,900 by 2030. This is based only on full-time students, who are those most likely to require accommodation.<sup>36</sup>
- 5.56 The increase only represents growth at the University of Bristol, as the university of the West of England (UWE) is not planning for significant growth over the period to 2030, the end of their current plan period. However it is the case that beyond this point their growth plans may change. Assuming that UWE does not increase student numbers, it is estimated that increases in student numbers will generate a need for around 8,800 extra bed spaces<sup>37</sup> related to the University of Bristol between 2023/24 and 2039/40.
- 5.57 Considering the individual HEPs:
- » The number of full-time students at the University of Bristol has increased from around 19,900 in 2014/15 to 24,300 students in 2018/19 and 29,500 full time students in 2021/22. The University of Bristol has plans to grow by 4,700 additional students between 2023/4 and 2030/31, and a further 5,400 between 2030/31 and 2039/40 (increase is FTE: full time equivalent). This total planned growth of approximately 10,100 corresponds to a need for around 8,800 extra bedspaces.
  - » The number of full-time students at the University of the West of England (UWE) increased from around 20,400 in 2014/15 to 22,000 in 2018/19 and 29,750 full time students in 2021/22. UWE has no plans for significant growth, at least as far as 2030.

<sup>35</sup> [Bristol Census 2021 Dashboard](#)

<sup>36</sup> HESA: [Table 1 - HE student enrolments by HE provider 2014/15 to 2021/22 | HESA](#)

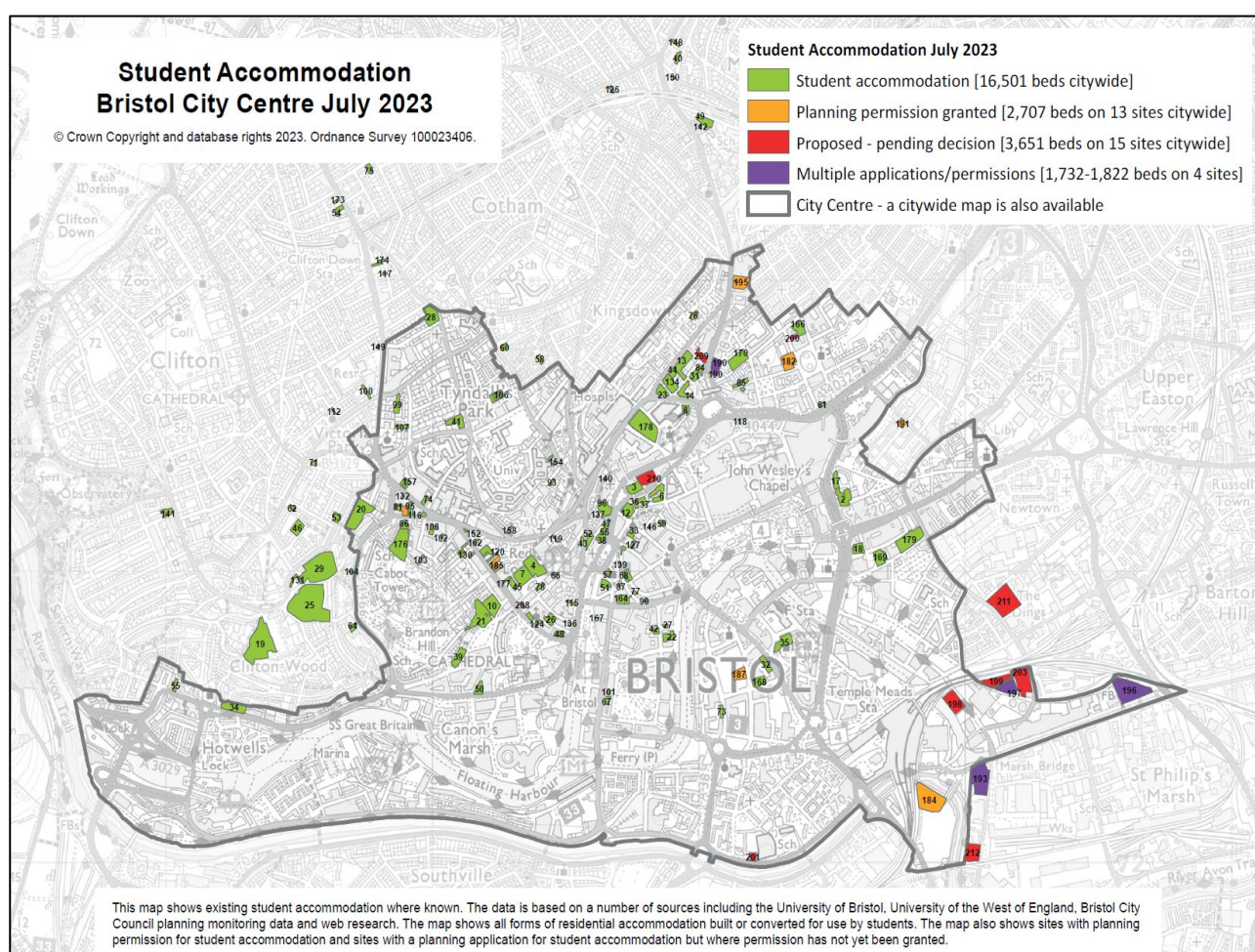
<sup>37</sup> This is approximately 85% of the forecast growth in student headcount due to studying abroad, industry placements, distance learning and those who register living at home as their term time address not generating a need for bedspaces.



» Neither Bristol Baptist College and Trinity College Bristol have significant numbers of students.

- 5.58 The population projections (Figure 8) identified a growth of around 12,000 residents aged 16 to 24 over the 20-year period 2020-2040. Whilst this projection is dwelling-led, changes to the structure of the population are trend-based and will be influenced by past changes in student numbers. Given this context, the planned growth of 11,900 additional students<sup>38</sup> (FTE) is already captured within the population projections and there is no need to factor in any further increase. The number of part time students has fluctuated over time between 7,950 in 2014/15 to 9,500 in 2021/22. Since the start of the Plan period in April 2020, the number of part-time students has increased from 8,200 in academic year 2019/20 to 9,500 in 2021/22.
- 5.59 Most students are resident in Bristol city, concentrated in the north and north west of the centre close to the Universities. There was a total of 16,500 bed spaces provided as Purpose Built Student Accommodation (PBSA) in 2023. The distribution of existing and growth in PBSA is shown in Figure 59.

**Figure 59: Student population distribution in Bristol (Source: Bristol City Council 2023)**



- 5.60 Future supply includes 2,700 PBSA bedspaces across the City that have planning permission. Another 1,800 are bedspaces on sites with multiple planning permissions. Finally, 3,650 are proposed pending decision. The new and proposed PBSA provision includes a concentration of sites to the south east of the City centre. In total, 8,150 PBSA places are planned, a 49% increase in PBSA student accommodation.

<sup>38</sup> Noting that not all of these students will be resident in Bristol, see footnote 37.

- 5.61 If all the planned provision were to be built then the total supply of PBSA would increase to 24,650 bedspaces compared to a prospective 65,900 full time students by 2030, and (adding in the extra 5,400 previously mentioned) 71,300 by 2040. This future provision could therefore provide accommodation for around 35% of the 2040 student population, compared to the 28% accommodated by the existing 16,500 bedspaces. The number of students requiring accommodation in the Private Rented Sector would fall slightly despite the increase in student numbers to 2030; as the 42,500 existing students who are not in PBSA will reduce to around 41,300. By 2040 (assuming no further increase to the PBSA nor student numbers in UWE over the 2030-40 period), the number will have increased to 46,650, but it should again be noted that not all of these students will require accommodation in Bristol (see footnote 37).
- 5.62 The household projections do not assume any growth of students living in communal establishments, so any net increase in bedspaces provided in halls of residence (or other university accommodation) across the area would reduce the demand from student households as detailed above. However, PPG highlights how encouraging more dedicated student accommodation may provide low-cost housing that takes the pressure off the private rented sector and increases the overall housing stock.
- 5.63 **Overall, the evidence suggests that the Bristol student housing market is well established and is unlikely to change significantly, as future HEP expansion will be relatively limited. However, demand exists for specialist student housing and both the market and the Council have responded by working up proposals and creating the necessary structures to enable significant new supply.**

## Essential Local Workers

- 5.64 Annex 2 of the post 2019-Revised NPPF also mentions the needs of essential local workers in its definition of affordable housing:

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

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

National Planning Policy Framework, September 2023 - Annex 2 (Glossary)

- 5.65 It is notable that the definition provided by the 2023 NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.
- 5.66 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers in need.

## Service Families

- 5.67 The Ministry of Defence (MoD) publish annual location statistics of service personnel, and the most recent iteration (April 2022) indicates there is no significant number of service personnel deployed in Bristol; 100 individuals, which will translate to fewer than 100 households.<sup>39</sup>
- 5.68 Given that the small number of MoD personnel deployed in the City of Bristol has remained relatively constant over time since 2012, there is no specifically identifiable housing need for service families.

## People Wishing to Build their Own Homes

- 5.69 Over half of the population (53%) say that they would consider building their own home<sup>40</sup> (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK<sup>41</sup>, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 5.70 Planning practice guidance requires that people wishing to build their own homes are considered and states:

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

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

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

**Planning Practice Guidance, ID: 67-003-20190722**

- 5.71 The Self-Build and Custom Housebuilding Act<sup>42</sup> 2015 and subsequent amendments in the Housing and Planning Act 2016<sup>43</sup> place a duty on local planning authorities to:
- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
  - » Provide sufficient serviced plots with planning permission for self-build or custom housebuilding to meet the need on the register, and offer these plots to those on the register at market value; and
  - » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

<sup>39</sup> <https://www.gov.uk/government/statistics/location-statistics-for-uk-regular-armed-forces-and-civilians-2022>

<sup>40</sup> Building Societies Association Survey of 2,051 UK consumers 2011

<sup>41</sup> Self-build and custom build housing (England) House of Commons Brief Paper March 2017

<sup>42</sup> <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

<sup>43</sup> <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

## February 2021 Policy Update

- 5.72 In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding<sup>44</sup>. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met.
- 5.73 The new guidance defines self-build and custom housebuilding as:

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

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

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

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

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

*Self-build and Custom Housebuilding Regulations 2016*

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

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

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

**Planning Practice Guidance, ID: 57-016-20210208**

- 5.74 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 5.75 Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. It is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.

<sup>44</sup> [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/self-build-and-custom-housebuilding)



- 5.76 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted.
- 5.77 The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

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

**Planning Practice Guidance, ID: 57-028-20210208**

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

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

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

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

**Planning Practice Guidance, ID: 57-023-20210208**

- 5.78 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register within three years. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31<sup>st</sup> of October until 30<sup>th</sup> of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 5.79 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. The guidance is also clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

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

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

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

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

Planning Practice Guidance, ID: 57-011-20210208

## April 2021 Self and Custom Build Action Plan

<sup>5.80</sup> In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.<sup>45</sup> This focused upon four key areas:

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

<sup>45</sup> [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/92441/self-and-custom-build-action-plan.pdf)

## Review into Scaling Up Self and Custom Housebuilding

- 5.81 As part of the April 2021 Action Plan, the government commissioned an independent review into the scaling up of self and custom housebuilding. This report was published in August 2021<sup>46</sup> and the government responded to this review in June 2022<sup>47</sup>.
- 5.82 The review focuses primarily on supply side factors limiting the delivery of self and custom housebuilding and produced 6 key recommendations which were broadly supported by the government:
- » Greater role for Homes England;
  - » Raise awareness of the Right to Build;
  - » Support community-led Housing, diversity of supply and Levelling Up;
  - » Promote greener homes and more use of advanced manufacturing;
  - » Support custom and self-build housebuilding through the planning reforms; and
  - » Iron out any tax creases.

## Local Evidence

- 5.83 Bristol has put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding register. No local connection test has been introduced, there is no financial viability test and no charge for joining the register. Whilst the adopted Local Plan does not include any specific proposals relating to self and custom housebuilding, there are adopted Neighbourhood Plans which incorporate policies and draft policies have also been included in the emerging Local Plan.
- 5.84 Figure 60 shows that as of October 2022, Bristol has not provided enough self and custom housebuilding plots to meet the needs identified on the register. The delivery of plots is calculated from planning permissions granted and CIL exemptions. For a property to qualify for a CIL exemption, the final occupier must either have a significant input into either the design or construction of the property. Therefore, this is a quite restrictive definition of self and custom housebuilding which rules out many properties which have some customisation attached to them, but where the developer cannot guarantee that the final occupier will remain in situ for at least three years.

**Figure 60: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data)**

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016- Oct 2017	Oct 2017- Oct 2018	Oct 2018- Oct 2019	Oct 2019- Oct 2020	Oct 2020- Oct 2021	Oct 2021- Oct 2022
New applicants on the register	85	320	302	323	234	221	154
Number on register – individuals	85	405	677	1,005	1,229	1,425	1,579
Number on register – groups	0	0	1	2	2	2	2
Total number on register – registrations	85	405	678	1,007	1,231	1,427	1,581
Planning permissions for serviced plots granted	-	29	33	53	11	12	16

<sup>46</sup> [Independent review into scaling up self-build and custom housebuilding: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101444/independent-review-into-scaling-up-self-build-and-custom-housebuilding-report.pdf)

<sup>47</sup> [Government response to the independent review into scaling up self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101444/government-response-to-the-independent-review-into-scaling-up-self-build-and-custom-housebuilding.pdf)

## Future Need for Self-build and Custom Housebuilding

- 5.85 As highlighted above, Bristol is currently not providing sufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. A key reason for this is that the Local Plan was adopted some years in advance of the Self-Build and Custom Housebuilding Act coming into play; therefore the Council currently has no policy to promote serviced plots and no requirement for a proportion of plots on larger sites to be made available.
- 5.86 As noted earlier, PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However, this now reverts back to council registers, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual uptake of plots.
- 5.87 The first priority of the Council should be to ensure that they are complying with national policy and meet the demand from the self and custom housebuilding register. The evidence from areas like Germany indicate that the demand for self and custom housebuilding can be close to the total housing supply and that delivery is more supply constrained, with small and medium size builders delivering many of the custom housebuilding plots. It is these supply constraints that much of government policy is now focused towards addressing.
- 5.88 We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in the City of Bristol. This information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.
- 5.89 We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites and as part of multi-plot sites. There is less evidence that those with lower budgets are having their needs met because the price of plots remains high. This in turn can be taken as a reflection that the market for self and custom housebuilding is supply constrained and that suitable plots attract a premium which is offsetting reductions from CIL exemptions. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings where they can be heavily involved in the building of their final property. The Government's new help to build scheme may help to make self and custom housebuilding more accessible and affordable.
- 5.90 It is for these two groups that Bristol could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing; and could both be encouraged with the provision of small and larger sites.
- 5.91 Meanwhile, Bristol could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing; but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.



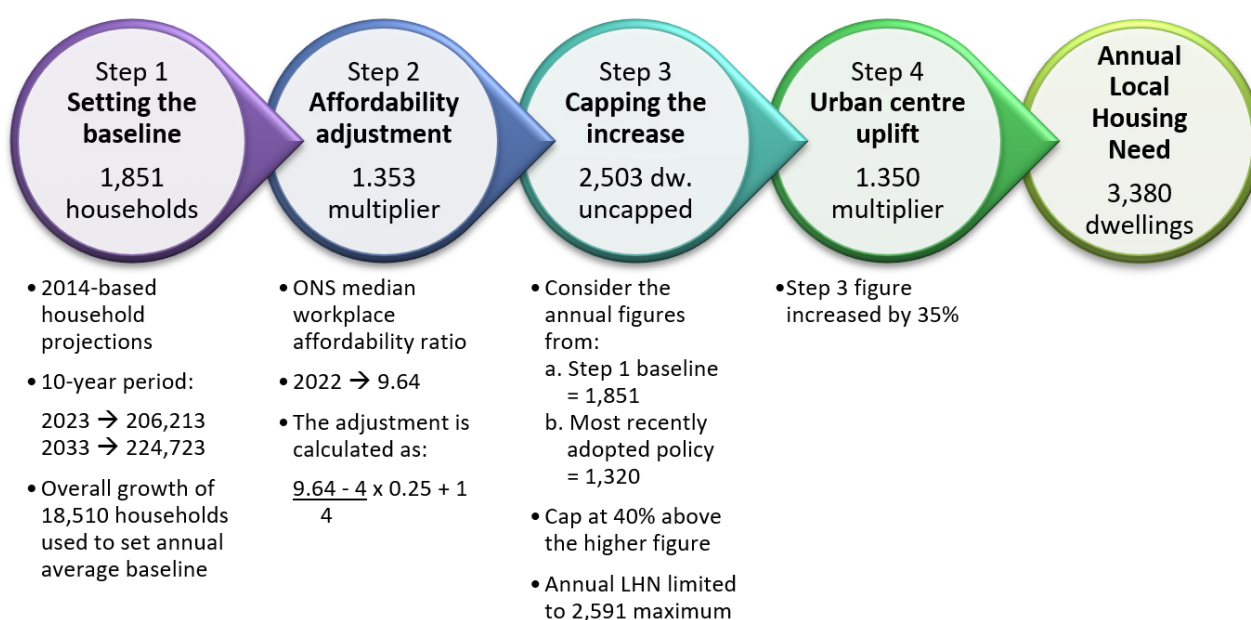
# 6. Impact of the Urban Centre Uplift

## Reviewing the contribution to national housing need

### Introduction

- 6.1 Whilst the LHNA has primarily been based on the housing need figure identified by Steps 1 to 3 of the standard method calculation (Scenario 2) given that it is this need that would be subject to any discussions that may be necessary under the Duty to Co-operate. However, it is important to recognise that Step 4 of the calculation incorporates a further uplift which applies given that the City of Bristol is one of the largest cities and urban centres in England.

Figure 61: Annual Local Housing Need for the City of Bristol based on the Government's standard method calculation



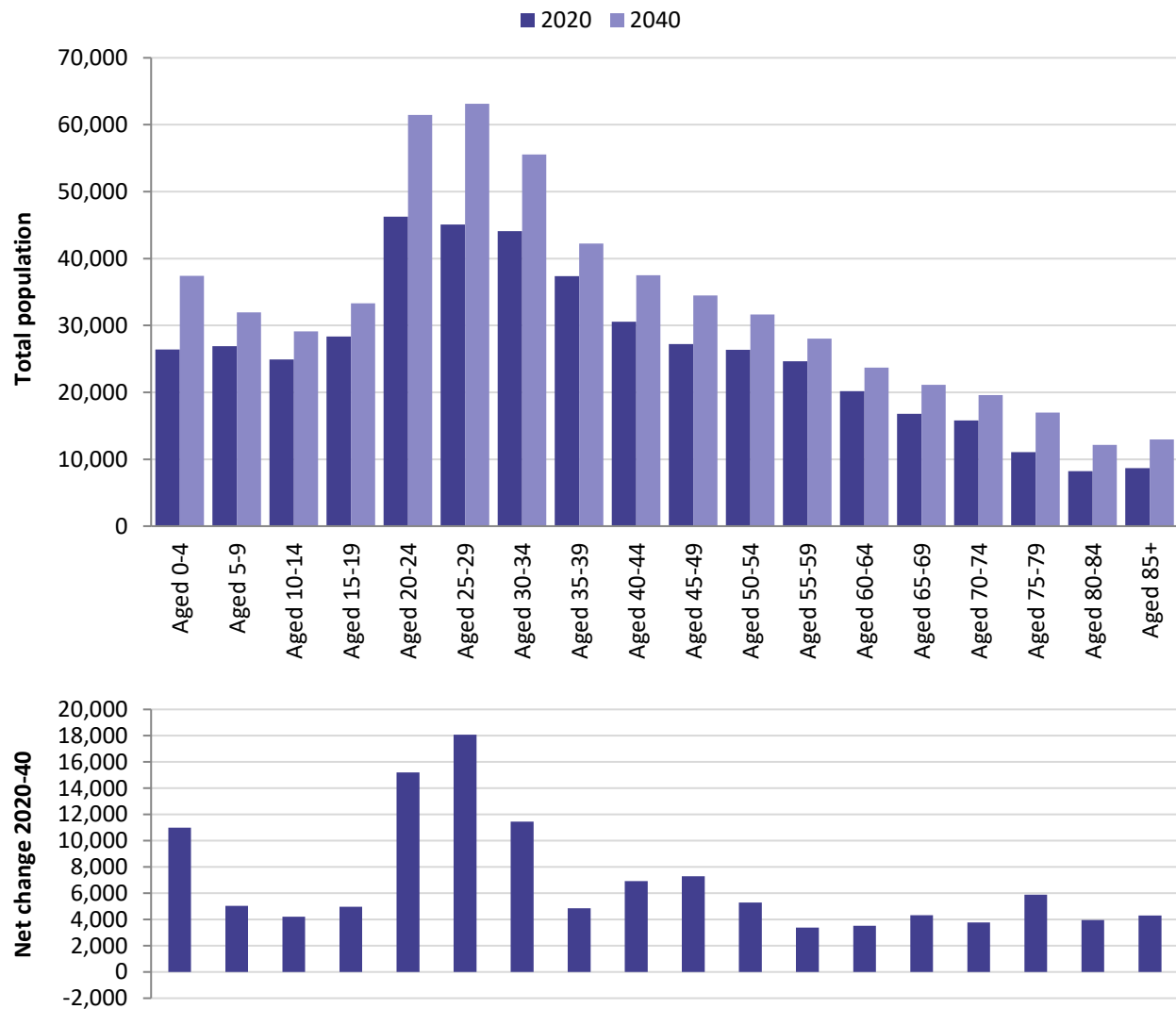
- 6.2 The overall housing need of 3,380 dwellings formed the basis for Scenario 3 of the LHNA analysis. This chapter provides key outputs based on the Scenario 3 analysis, reproducing relevant figures presented earlier in the LHNA report.

## Projected Population Age Profile

6.3 Figure 62 shows the projected change in the City of Bristol population by 5-year age band for the 20-year period 2020-40 based upon demographic growth as set out in Scenario 3.

6.4 This can be compared to the outputs for Scenario 2 presented at Figure 8.

**Figure 62: Population projections 2020-40 by 5-year age cohort for Bristol (Source: LHNA modelling, ORS)**



## Projected Household Types

6.5 Figure 63 shows the household numbers for the City of Bristol for 2020 and 2040 based on the Scenario 3 projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that housing needs are more likely to be influenced by the actual age rather than the year of birth.

6.6 This can be compared to the outputs for Scenario 2 presented at Figure 11.

**Figure 63: Total projected households for 2020 and 2040 and summary of 20-year change by household type and age of household representative for Bristol (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)**

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	Single person	2,060	8,920	7,900	8,330	9,740	9,220	6,940	4,330	57,500
2020	Couple without children	1,380	12,860	6,100	6,430	11,430	8,770	5,450	1,630	54,100
2020	Families with child(ren)	630	8,620	19,930	13,780	2,910	250	30	10	46,200
2020	Other households	5,770	8,890	4,660	4,760	4,790	1,930	1,170	590	32,600
<b>2020</b>	<b>TOTAL</b>	<b>9,900</b>	<b>39,300</b>	<b>38,600</b>	<b>33,300</b>	<b>28,900</b>	<b>20,200</b>	<b>13,600</b>	<b>6,600</b>	<b>190,200</b>
2040	Single person	3,520	13,250	9,930	10,290	11,240	11,530	10,480	6,510	76,700
2040	Couple without children	2,360	19,100	7,660	7,940	13,200	10,960	8,230	2,450	71,900
2040	Families with child(ren)	1,080	12,810	25,050	17,020	3,360	310	50	10	59,700
2040	Other households	9,830	13,210	5,850	5,890	5,520	2,420	1,760	880	45,400
<b>2040</b>	<b>TOTAL</b>	<b>16,800</b>	<b>58,400</b>	<b>48,500</b>	<b>41,100</b>	<b>33,300</b>	<b>25,200</b>	<b>20,500</b>	<b>9,900</b>	<b>253,700</b>
Change	Single person	+1,450	+4,330	+2,030	+1,960	+1,500	+2,310	+3,530	+2,180	+19,300
Change	Couple without children	+970	+6,240	+1,570	+1,510	+1,760	+2,200	+2,770	+820	+17,800
Change	Families with child(ren)	+450	+4,190	+5,120	+3,240	+450	+60	+20	+0	+13,500
Change	Other households	+4,060	+4,320	+1,200	+1,120	+740	+480	+600	+300	+12,800
<b>Change</b>	<b>TOTAL</b>	<b>+6,900</b>	<b>+19,100</b>	<b>+9,900</b>	<b>+7,800</b>	<b>+4,500</b>	<b>+5,100</b>	<b>+6,900</b>	<b>+3,300</b>	<b>+63,500</b>

## Establishing Overall Housing Mix

- 6.7 Figure 64 identifies the overall dwelling mix based on the analysis of Local Housing Need over the 20-year period 2020-2040 together with the identified need for affordable housing, allowing for a proportion of dwellings without a usually resident household. This is based on the households unable to afford market rent and those aspiring to homeownership but unable to afford to buy, with the overall affordable housing need subtracted from the overall Local Housing Need to establish the need for market housing.
- 6.8 This can be compared to the outputs for Scenario 2 presented at Figure 45.

**Figure 64: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Bristol 2020-40** (Source: LHNA modelling, ORS. Note: Figures may not sum due to rounding)

BRISTOL 2020-40		Affordable Housing Need				Market Housing	Total Housing
		Unable to Afford Market Rent		Affordable home ownership			
		Social Rent	Affordable Rent	Unable to afford shared ownership 40%/1.5%	Able to afford shared ownership 40%/1.5%		
Flat	1 bedroom	2,565	264	509	2,501	5,422	11,261
	2+ bedrooms	2,380	616	497	1,977	9,786	15,255
House	1-2 bedrooms	1,008	261	291	1,201	4,994	7,755
	3 bedrooms	3,280	1,199	582	1,410	20,743	27,215
	4 bedrooms	1,285	432	74	195	2,776	4,763
	5+ bedrooms	562	189	15	41	129	936
ALL DWELLINGS		11,080	2,962	1,968	7,323	43,851	67,186
Allowance for C2 provision						415	415
TOTAL HOUSING NEED		11,080	2,962	1,968	7,323	44,266	67,600

## Needs of Different Groups

### Older Persons Housing

- 6.9 Figure 65 summarises the need for specialist older person's housing, taking account of the current stock, unmet demand, and population growth for the period.
- 6.10 This can be compared to the outputs for Scenario 2 presented at Figure 49.

**Figure 65: Modelled Demand for Older Person Housing in Bristol based on Housing LIN Toolkit**

		Rate per 1,000 persons aged 75+	Gross need 2020	Existing supply	Unmet need in 2020	Additional need 2020-40	Overall need
Sheltered Housing	Owned	120	3,352	1,052	+2,300	+1,697	+3,997
	Rented	60	1,676	2,604	-928	+848	-80
Extra Care	Owned	40	1,117	191	+926	+566	+1,492
	Rented	31	866	542	+324	+438	+762
TOTAL		251	7,012	4,389	+2,623	+3,549	+6,172

## Adapted Housing

- 6.11 Figure 66 summarises the range of need for adapted housing.
- 6.12 This can be compared to the outputs for Scenario 2 presented at Figure 53.

**Figure 66: Households with a long-term illness or disability in Bristol by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Market	Affordable	TOTAL
<b>Existing need in 2020</b>			
Households where an existing illness or disability affects their housing need and need to move in 2020	644	946	1,590
<b>Projected future need 2020-40</b>			
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	12,120	10,438	22,558
<b>Maximum need for adapted housing 2020-40 (households)</b>	<b>12,764</b>	<b>11,384</b>	<b>24,148</b>
Less households living in dwellings adaptable to M4(1) standard	5,876	5,060	10,935
<b>Minimum need for adapted housing 2020-40 (households)</b>	<b>6,889</b>	<b>6,324</b>	<b>13,213</b>

## Wheelchair Adapted Housing

- 6.13 Figure 67 below identifies the need for wheelchair adapted housing 2020-40 by age.
- 6.14 This can be compared to the outputs for Scenario 2 presented at Figure 58.

**Figure 67: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2020	2040	Net change 2020-40	2020	2040	Net change 2020-40
Market housing	2,070	2,410	+350	1,160	1,370	+210
Affordable housing	2,030	2,880	+850	840	2,060	+1,220
<b>Total</b>	<b>4,090</b>	<b>5,290</b>	<b>+1,200</b>	<b>2,000</b>	<b>3,430</b>	<b>+1,430</b>

# Appendix A

## Glossary of Terms

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

**Affordable housing** includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework, Annex 2 (Glossary):

*Affordable housing:*

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

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

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

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

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

**National Planning Policy Framework, September 2023 - Annex 2 (Glossary)**

**Category 2 and 3** are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

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

**Concealed families** are defined as; “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”<sup>48</sup>.

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

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

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

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

**Headship rates** are defined by CLG as: “the proportion of people in each age group and household type who are the ‘head’ of a household”<sup>49</sup>

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

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

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

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

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

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

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

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom, or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom, or toilet facilities;

<sup>48</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6338/1776873.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf)

<sup>49</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/182417/MethodologyFinalDraft.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf)

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

**Registered Social Landlord/Registered Provider** see Housing Association.

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

**Shared ownership** see Low-Cost Home Ownership.

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

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

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Revision History:

Version	Revision Date	ORS Personnel	Summary of Changes
1	20/11/2023	Scott Lawrence	Document completed
2	15/01/2024	Scott Lawrence	Revised student section to include data up to 2040 in line with client feedback
3	24/01/2024	Scott Lawrence	Changed references to “NPPF 2023” to “NPPF September 2023” for clarity in light of the release of a further iteration in December 2023