



SEPTEMBER
2024

Sheffield Local Housing Needs Assessment

Final Report

Iceni Projects Limited on behalf of
Sheffield City Council

September 2024

ICENI PROJECTS LIMITED
ON BEHALF OF SHEFFIELD
CITY COUNCIL

Iceni Projects



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Assessment

FINAL REPORT

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1. INTRODUCTION

- 1.1 Sheffield City Council has commissioned Iceni Projects ('Iceni'), and Justin Gardner Consulting ('JGC') to prepare this Local Housing Needs Assessment 2024. The Assessment considers the affordable housing need in the city, as well as the need for different types of homes; and the needs of different groups within the local community.

Purpose of the Assessment

- 1.2 The Assessment has been prepared to inform, alongside other evidence, the City's Emerging Local Plan. It updates previous housing needs evidence set out in the 2019 Sheffield and Rotherham Strategic Housing Market Assessment.
- 1.3 The study comprises an analysis of Sheffield's affordable housing need, an assessment of current and future housing needs in terms of size, type and tenure. The brief also requires us to:
- Consider the characteristics and overall needs of older people;
 - Assess the need for technical standards for accessible housing to inform the policy approach.
 - Consider demand and needs in the private rented sector in Sheffield.
 - Consider requirements for self and custom-built housing in the City.

2. AFFORDABLE HOUSING NEED

Introduction

- 2.1 This section provides an assessment of the need for affordable housing in Sheffield. The analysis follows the methodology set out in the Planning Practice Guidance (Sections 2a-018 to 2a-024). The analysis looks at the need from households unable to buy OR rent housing; and from households able to rent but not buy who may generate a need for affordable home ownership products.

Affordable Housing Sector Dynamics

- 2.2 The 2021 Census indicated that 23% of households in Sheffield lived in social or affordable rented homes, with the sector accommodating around 52,300 households.
- 2.3 Data from the Regulator of Social Housing (RSH) for 2023 indicates that the Council and Registered Providers (RPs) owned 56,900 properties in the City, of which 92% were for general needs; 7% supported housing or housing for older people; and 1% low-cost home-ownership homes (such as shared ownership properties).
- 2.4 The majority of general needs homes are rented out at social rents (98% of all Council owned homes and 84% of Registered Provider homes) and the rest at affordable rents.

Table 2.1 Stock owned or Managed by the Council and Registered Providers – Sheffield

	LA	RP	Total	% of stock
General needs rented	37,109	15,411	52,520	92.4%
Supported/older persons housing	1,288	2,524	3,812	6.7%
Low-cost home ownership	8	528	536	0.9%
Total	38,405	18,463	56,868	100.0%

Source: RSR Geographical Look-Up Tool 2023

- 2.5 As of April 2023, there were 13,662 households on the Council's Housing Register. In addition, data for December 2023 shows there were 672 households accommodated in temporary accommodation – 29% of these were households with children.

Overview of Method

- 2.6 This section provides an assessment of the need for affordable housing in Sheffield. The analysis follows the methodology set out in Housing and Economic Needs Assessment Planning Practice

Guidance¹ (Sections 2a-018 to 2a-024) and provides two main outputs: firstly, an assessment of the need from households unable to buy OR rent housing; and secondly from households able to rent but not buy. In summary, the methodology looks at a series of stages as set out below:

- Current affordable housing need (annualised so as to meet the current need over a period of time);
- Projected newly forming households in need;
- Existing households falling into need; and
- Supply of affordable housing from existing stock

2.7 The first three bullet points above are added together to identify a gross need, from which the supply is subtracted to identify a net annual need for additional affordable housing. Examples of different affordable housing products are outlined in the box below.

Affordable Housing Definitions

Social Rented Homes – are homes owned by local authorities or private registered providers for which rents are determined by the national rent regime (through which a formula rent is determined by the relative value and size of a property and relative local income levels). They are low-cost rented homes.

Affordable Rented Homes – are let by local authorities or private registered providers to households who are eligible for social housing. Affordable rents are set at no more than 80% of the local market rent (including service charges).

Rent-to-Buy – where homes are offered, typically by housing associations, to working households at an intermediate rent which does not exceed 80% of the local market rent (including service charges) for a fixed period after which the household has the chance to buy the home.

Shared Ownership – a form of low-cost market housing where residents own a share of their home, on which they typically pay a mortgage; with a registered provider owning the remainder, on which they pay a subsidised rent.

Discounted Market Sale – a home which is sold at a discount of at least 20% below local market value to eligible households; with provisions in place to ensure that housing remains at a discount for future households (or the subsidy is recycled).

¹ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

First Homes – a form of discounted market sale whereby an eligible First-time Buyer can buy a home at a discount of at least 30% of market value. Councils are able to set the discounts and local eligibility criteria out in policies.

Affordability

- 2.8 An important first part of the affordable needs modelling is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 2.9 The table below shows estimated current prices to both buy and privately rent a lower quartile home in the City (excluding newbuild sales when looking at house prices). Across all dwelling sizes the analysis points to a lower quartile price of £145,000 and a private rent of £700 per month.

Table 2.2 Estimated lower quartile cost of housing to buy (existing dwellings) and privately rent (by size) – Sheffield

	To buy	Privately rent
1-bedroom	£85,000	£650
2-bedrooms	£125,000	£725
3-bedrooms	£175,000	£775
4-bedrooms	£285,000	£975
All dwellings	£145,000	£700

Source: Land Registry and Internet Price Search (August 2024)

- 2.10 The table below shows how prices and rents vary by location. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the South West Sheffield area and lowest in the East sub-area.

Table 2.3 Lower Quartile Prices and Market Rents, by Sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
City Centre	£110,000	£700
Urban West	£186,000	£865
Stocksbridge & Deepcar	£134,000	£725
Chapelton & Ecclesfield	£146,000	£750
North East	£121,000	£740
North West	£182,000	£825
Rural Upper Don Valley	£231,000	£950
Peak District Fringe	£238,000	£885
East	£90,000	£665
South East	£145,000	£765
South West	£299,000	£980
South	£150,000	£755
M/A/G	£121,000	£735
TOTAL	£145,000	£700

Source: Land Registry and Internet Price Search (August 2024)

- 2.11 Next it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS-modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes. Data has also been drawn from the Annual Survey of Hours and Earnings (ASHE) to consider changes since the ONS data was published.
- 2.12 Essentially the analysis starts with ONS household income estimates (which are presented as mean figures for Middle layer Super Output Areas (MSOAs). These are 2020-based and we have estimated how much these are likely to have changed based on ASHE estimates (looking at local, regional and national data, recognising error margins associated with smaller-area data). This then generates an estimated mean income for the City and sub-areas. An income distribution has then been generated using EHS data with the income bands being adjusted so the distribution matches the estimated mean income.
- 2.13 Overall, the average (mean) household income in the City is estimated to be around £47,800, with a median income of £37,100; the lower quartile income of all households is estimated to be £20,600.
- 2.14 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location – incomes are shown to be lowest in the East and North East sub-areas and highest in the South West.

Table 2.4 Estimated average (median) household income by sub-area

	Median Income	As a % of City average
City Centre	£30,300	82%
Urban West	£39,700	107%
Stocksbridge & Deepcar	£40,400	109%
Chapelton & Ecclesfield	£41,800	113%
North East	£28,500	77%
North West	£43,300	117%
Rural Upper Don Valley	£54,500	147%
Peak District Fringe	£59,900	162%
East	£29,100	78%
South East	£36,100	97%
South West	£63,300	171%
South	£37,100	100%
M/A/G	£26,300	71%
TOTAL	£37,100	-

Source: Iceni analysis

2.15 To assess affordability, two different measures are used; firstly, to consider what income levels are likely to be needed to access private rented housing and secondly to consider what income level is needed to access owner occupation. This analysis therefore brings together the data on household incomes with the estimated incomes required to access private-sector housing. For the purposes of analysis, the following assumptions (which are consistent with the 2019 SHMA) are used:

- Rental affordability – a household should spend no more than 30% of their gross household income on rent; and
- Mortgage affordability – assume a household has a 10% deposit and can secure a mortgage for four times (4x) their gross income.

2.16 The table below shows the estimated incomes required to both buy and rent privately in each sub-area. This shows in several areas that technically a lower income is required to buy a home (although there will be other barriers such as access to deposits). In other areas (particularly where prices are high) there is a notable 'gap' in income requirements – suggesting there may be a number of households able to afford to rent a home but not buy. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 2.5 Estimated Household Income Required to Buy and Privately Rent by Sub-area

	To buy	To rent (privately)	Income gap
City Centre	£24,750	£28,000	-£3,250
Urban West	£41,850	£34,600	£7,250
Stocksbridge & Deepcar	£30,150	£29,000	£1,150
Chapelton & Ecclesfield	£32,850	£30,000	£2,850
North East	£27,225	£29,600	-£2,375
North West	£40,950	£33,000	£7,950
Rural Upper Don Valley	£51,975	£38,000	£13,975
Peak District Fringe	£53,550	£35,400	£18,150
East	£20,250	£26,600	-£6,350
South East	£32,625	£30,600	£2,025
South West	£67,275	£39,200	£28,075
South	£33,750	£30,200	£3,550
M/A/G	£27,225	£29,400	-£2,175
TOTAL	£32,625	£28,000	£4,625

Source: Based on Housing Market Cost Analysis

Need for Affordable Housing

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

Current Need

- 2.18 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems (housing suitability). The table below sets out the categories in the PPG and the sources of data being used to establish numbers.

Table 2.6 Main Sources for Assessing the Current Need for Affordable Housing

	Source	Notes
Homeless households (and those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing ²	2021 Census table RM099	Analysis undertaken by tenure
Concealed households ³	2021 Census table RM009	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

- 2.19 The table below sets out estimates of the number of households within each category. This shows an estimated 18,000 households as living in 'unsuitable housing' with around 3,100 of these currently having no accommodation (homeless or concealed households).

² <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2199>

³ <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2109>

Table 2.7 Estimated number of households living in unsuitable housing (or without housing)

	Concealed and homeless households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	TOTAL
City Centre	47	510	41	452	1,050
Urban West	574	1,377	151	1,296	3,397
Stocksbridge & Deepcar	38	110	17	108	273
Chapelton & Ecclesfield	176	228	49	251	704
North East	416	1,769	249	464	2,897
North West	149	238	56	301	744
Rural Upper Don Valley	15	19	3	28	66
Peak District Fringe	60	43	6	82	191
East	719	2,058	99	365	3,241
South East	398	1,007	196	673	2,274
South West	165	159	20	355	699
South	143	470	100	342	1,055
M/A/G	209	847	151	250	1,456
TOTAL	3,110	8,835	1,137	4,965	18,047

Source: Iceni analysis based on a range of data sources

2.20 In taking this estimate forward, the data modelling next estimates the need by tenure and considers affordability. The affordability in different groups is based on estimates of how incomes are likely to vary, for owner-occupiers there is a further assumption about potential equity levels. For homeless and concealed households it is assumed incomes will be low and households unlikely to be able to afford. The table below shows around three-fifths of those households identified above are unlikely to be able to afford market housing to buy OR rent and therefore there is a current need from 10,800 households.

Table 2.8 Estimated housing need and affordability by tenure

	Number in need	% unable to afford	Current need after affordability
Owner-occupied	4,019	5.4%	218
Affordable housing	5,360	87.1%	4,668
Private rented	5,558	51.0%	2,834
No housing (homeless/concealed)	3,110	100.0%	3,110
TOTAL	18,047	60.0%	10,830

Source: Derived from a range of sources

- 2.21 Finally, from these estimates, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The total current need is therefore estimated to be 6,162 households (10,830-4,668). For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2022 to 2039, the need is annualised by dividing by 17 (to give an annual need for around 362 dwellings across all areas). This does not mean that some households would be expected to wait 17-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.
- 2.22 The table below shows this data for sub-areas – this is split between those unable to rent OR buy and those able to rent but NOT buy. Given the pricing of housing in the City this analysis only shows a need for those able to rent but not buy in a number of areas and in all cases the number unable to rent OR buy is notably higher.

Table 2.9 Estimated current affordable housing need by sub-area

	Number in need (excluding those in AH)	Annualised		
		TOTAL	Unable to rent OR buy	Able to rent but NOT buy
City Centre	387	23	23	0
Urban West	1,370	81	72	9
Stocksbridge & Deepcar	75	4	4	0
Chapelton & Ecclesfield	255	15	15	0
North East	772	45	45	0
North West	274	16	15	1
Rural Upper Don Valley	22	1	1	0
Peak District Fringe	87	5	4	1
East	1,247	73	73	0
South East	679	40	39	1
South West	306	18	14	4
South	292	17	16	1
M/A/G	396	23	23	0
TOTAL	6,162	362	345	17

Source: Iceni analysis

Newly Forming Households

- 2.23 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years

previously, to provide an estimate of gross household formation. This approach is consistent with the CLG guidance of 2007⁴.

- 2.24 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g., due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 2.25 In assessing the ability of newly forming households to afford market housing, data has been drawn from analysis of English Housing Survey data at a national level. This establishes that the average income of newly forming households is around 84% of the figure for all households.⁵
- 2.26 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all-household average. In doing this it is possible to calculate the proportion of households unable to afford market housing (whether to buy or rent separately).
- 2.27 The assessment suggests that overall around 57% of newly forming households will be unable to afford market housing. This equates to a total of 2,745 newly forming households per annum that will have an affordable housing need across the City – the vast majority are households unable to rent OR buy.

⁴ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance> (see pages 19-20 of Annexes)

⁵ Raw data from the 2013-14 and 2018-19 EHS has been analysed

Table 2.10 Estimated Need for Affordable Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford	Unable to rent OR buy (per annum)	Able to rent but NOT buy (per annum)
City Centre	127	55.3%	70	70	0
Urban West	766	61.1%	468	396	72
Stocksbridge & Deepcar	116	44.5%	52	49	2
Chapelton & Ecclesfield	281	46.9%	132	121	11
North East	665	60.7%	404	404	0
North West	330	56.0%	185	150	34
Rural Upper Don Valley	40	57.0%	23	16	7
Peak District Fringe	88	53.6%	47	29	19
East	381	54.3%	207	207	0
South East	838	53.2%	446	422	24
South West	417	63.0%	263	142	121
South	419	53.4%	224	204	20
M/A/G	354	63.8%	226	226	0
TOTAL	4,821	56.9%	2,745	2,435	310

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 2.28 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/Affordable Rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period.
- 2.29 From this, newly forming households (e.g., those currently living with family) have been discounted as well as households who have transferred from another social/Affordable Rented property. Data has been drawn from a number of sources, including Local Authority Housing Statistics (LAHS) and Continuous Recording of Sales and Lettings (CoRe).
- 2.30 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says:

“Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and

been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)".⁶

- 2.31 Following the analysis through suggests a need arising from 1,160 existing households each year across the City – virtually all households unable to buy OR rent.

Table 2.11 Estimated Need for affordable housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total	Unable to rent OR buy	Able to rent but NOT buy
City Centre	147	12.7%	147	0
Urban West	322	27.7%	301	21
Stocksbridge & Deepcar	19	1.6%	18	0
Chapelton & Ecclesfield	41	3.6%	39	2
North East	114	9.8%	114	0
North West	65	5.6%	59	6
Rural Upper Don Valley	4	0.3%	3	1
Peak District Fringe	14	1.2%	11	3
East	102	8.8%	102	0
South East	127	11.0%	124	4
South West	66	5.7%	50	17
South	71	6.1%	68	4
M/A/G	68	5.8%	68	0
TOTAL	1,160	100.0%	1,103	57

Source: Iceni analysis

Supply of Affordable Housing Through Relets/Resales

- 2.32 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets. Information from a range of sources (mainly CoRe and LAHS) has been used to establish past patterns of social housing turnover. Data for two-years has been used (2021-22 and 2022-23) as data for 2020-21 looks as if it may have been influenced by the Covid-19 pandemic (relet levels were very low).
- 2.33 The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. On the basis of past trend

⁶ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance> (see page 46)

data is has been estimated that 2,208 units of social/affordable rented housing are likely to become available each year moving forward.

Table 2.12 Analysis of Past Social/Affordable Rented Housing Supply, 2021/22 – 2022/23 (average per annum)

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2021/22	3,530	96.7%	3,414	60.5%	2,067
2022/23	3,446	98.6%	3,398	69.2%	2,352
Average	3,488	97.6%	3,406	64.8%	2,208

Source: CoRe

2.34 It is also possible to consider if there is any supply of affordable home ownership products from the existing stock of housing. One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2023 of 536 homes. If these homes were to turnover at a rate of around 5% then they would be expected to generate around 27 resales each year. These properties would be available for these households and can be included as the potential supply.

2.35 The table below shows the estimated supply of affordable housing from relets/resales in each sub-area – much of the relet supply is estimated to arise in the North East and South East areas of the City.

Table 2.13 Estimated supply of affordable housing from relets/resales of existing stock by sub-area (per annum)

	Social/affordable rented	LCHO	TOTAL
City Centre	79	1	80
Urban West	293	5	298
Stocksbridge & Deepcar	33	1	33
Chapelton & Ecclesfield	95	1	96
North East	483	3	485
North West	109	1	110
Rural Upper Don Valley	7	0	7
Peak District Fringe	12	1	13
East	191	2	193
South East	381	7	388
South West	40	1	41
South	194	1	196
M/A/G	292	2	295
TOTAL	2,208	27	2,235

Source: CoRe/LAHS, 2021 Census

- 2.36 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, whilst there is evidence of a stock of vacant homes it is uncertain what proportion will be brought back into use (and when) although the Council is aiming to reduce the number of Council voids over the next two-years. Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.
- 2.37 Whilst we have not included vacant homes and the pipeline in the supply it is worth quantifying this for reference. According to MHCLG Live tables (Table 615) there were 976 vacant Council homes (general needs) in 2023 and a further 195 vacant homes owned by Registered Providers. On the pipeline, at the time of the Council's Hearing Statement on Matter 3 (Housing Need) there was a pipeline of 830 dwellings (see paragraph 3.11.2)⁷. It is therefore clear there is a potential additional supply, over and above that coming through relets of the current stock.

Net Need for Affordable Housing

- 2.38 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 2,032 dwellings per annum across the area – an affordable need is seen in all sub-areas. The net need is calculated as follows:

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

⁷ https://017f5bf8-ff4d-415b-be58-79dae2836c33.usrfiles.com/ugd/017f5b_d5cee38245fd4394983d98bcd7792676.pdf

Table 2.14 Estimated Need for Affordable Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet/resale supply	Net Need
City Centre	23	70	147	240	80	160
Urban West	81	468	322	870	298	572
Stocksbridge & Deepcar	4	52	19	75	33	41
Chapelton & Ecclesfield	15	132	41	188	96	93
North East	45	404	114	563	485	78
North West	16	185	65	265	110	155
Rural Upper Don Valley	1	23	4	28	7	21
Peak District Fringe	5	47	14	67	13	54
East	73	207	102	382	193	189
South East	40	446	127	613	388	225
South West	18	263	66	347	41	306
South	17	224	71	312	196	116
M/A/G	23	226	68	317	295	22
TOTAL	362	2,745	1,160	4,267	2,235	2,032

Source: Iceni analysis

- 2.39 This can additionally be split between households unable to afford to BUY or rent and those able to rent but not buy. For this analysis it is assumed the LCHO supply would be meeting the needs of the latter group, although in reality there will be a crossover between categories. For example, it is likely in some cases that the cost of shared ownership will have an outgoing below that for privately renting and could meet some of the need from households unable to buy or rent – the issue of access to deposits would still be a consideration.
- 2.40 The table shows that a need from households able to rent but not buy only arises in some sub-areas and in all cases, it is clear the need is greater for households unable to buy OR rent and for whom a rented affordable product is likely to be most suitable.

Table 2.15 Estimated Need for Affordable Housing (per annum) – split between different affordability groups

	Unable to buy OR rent	Able to rent but not buy	TOTAL
City Centre	161	-1	160
Urban West	475	97	572
Stocksbridge & Deepcar	39	2	41
Chapelton & Ecclesfield	80	13	93
North East	80	-3	78
North West	115	41	155
Rural Upper Don Valley	14	7	21
Peak District Fringe	32	22	54
East	191	-2	189
South East	204	21	225
South West	166	140	306
South	94	23	116
M/A/G	24	-2	22
TOTAL	1,676	357	2,032

Source: Iceni analysis *numbers may not sum due to rounding

- 2.41 These figures can also be standardised based on the size of each location (in this case linked to the number of households shown in the 2021 Census). This shows the highest need to be in the City Centre and the lowest in the Manor/Arbourthorne/Gleadless area. The findings are to some degree linked to the current stock of housing (for example M/A/G has a large current stock of affordable housing) as well as different levels of affordability across areas.

Table 2.16 Standardised level of affordable housing need

	Net Need	Estimated households (2021)	Net need per 1,000 households
City Centre	160	8,979	17.86
Urban West	572	40,693	14.06
Stocksbridge & Deepcar	41	5,976	6.90
Chapelton & Ecclesfield	93	15,109	6.13
North East	78	29,026	2.67
North West	155	15,691	9.89
Rural Upper Don Valley	21	1,845	11.34
Peak District Fringe	54	4,578	11.84
East	189	15,177	12.43
South East	225	40,992	5.50
South West	306	19,237	15.91
South	116	19,336	6.01
M/A/G	22	15,315	1.42
TOTAL	2,032	231,954	8.76

Source: Iceni analysis

- 2.42 Whilst the need above is provided down to the sub-area level, it should be remembered that affordable need can be met across the City as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

Sensitivity to price/rent data

- 2.43 The analysis above has looked at affordability at a sub-area level – linking estimates of sub-area incomes to local prices and rents. In reality, households could seek housing in any part of the City (or indeed outside of the area) and below we have provided a sensitivity to show what the need would be estimated to be if all households are assessed against the lowest (most affordable) prices in the City – these are in the East sub-area (a lower quartile price of £90,000 and a lower quartile private rent of £665 per month).
- 2.44 This analysis shows a notably lower estimated level of affordable need (1,187 per annum compared with 2,032 in the main analysis) and highlights the impact different assumptions can have on the outputs.

Table 2.17 Estimated need for affordable housing – linking price/rent data to the East sub-area

Stage	Per annum
Current need	325
Newly forming households	2,084
Existing households falling into need	1,013
Total Gross Need	3,422
Relet/resale supply	2,235
Net Need	1,187

Source: Iceni analysis

Affordable need and overall housing numbers

- 2.45 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG (housing and economic needs) Ref ID 2a-024 states:

“The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes”

- 2.46 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015⁸. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are several reasons why the two cannot be 'arithmetically' linked.
- 2.47 Firstly, the modelling contains a category in the projection of 'existing households falling into need'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is, therefore, no net additional need arising. The modelling also contains 'newly forming households'; these households are a direct output from demographic modelling and are therefore already included in overall housing need figures (a point also made in the PAS advice note – see paragraph 9.5).
- 2.48 The analysis estimates an annual need for 2,032 rented affordable homes, which is notionally 97% of the emerging housing requirement for 2,090 dwellings per annum. However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 2.49 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 693 homes per annum across the Council area – notionally 33% of the proposed housing requirement. If the analysis is repeated on the sensitivity need estimate (based on lower prices and rents) the 'need' drops down to 32 per annum.
- 2.50 This figure is, however, theoretical and should not be seen to be minimising the need (which is clearly acute). That said, it does serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 2.51 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstration of a need for this group again should not be seen as additional to the overall figure from demographic projections.

⁸ <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>. While the technical note produced by PAS is arguably becoming dated, there is no more up-to-date guidance on this matter from a Government source and the remarks remain valid.

Table 2.18 Estimated Need for Affordable Housing (social/Affordable Rented) excluding households already in accommodation

	Main analysis		Sensitivity	
	Including existing households	Excluding existing households	Including existing households	Excluding existing households
Current need	362	183	325	183
Newly forming households	2,745	2,745	2,084	2,084
Existing households falling into need	1,160	0	1,013	0
Total Gross Need	4,267	2,928	3,422	2,267
Re-let Supply	2,235	2,235	2,235	2,235
Net Need	2,032	693	1,187	32

Source: Iceni analysis

- 2.52 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e., needing to spend more than 30% of income on housing).
- 2.53 In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis.
- 2.54 One example would be a newly forming household with an income level that means they spend more than 30% of their income on housing. As the household's income rises, they would potentially pass the affordability test and therefore not have an affordable need.
- 2.55 Additionally, there is the likelihood when looking over the longer term that a newly forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 2.56 It also needs to be remembered the affordability test used for analysis is based on assuming a household spends no more than 30% of their income on housing (when privately renting). In reality, many households will spend more than this and so would be picked up by modelling as in need but in fact, are paying for a private sector tenancy. The English Housing Survey (2022-23) estimates private tenants are paying an average of 32% of their income on housing (including benefit support) and this would imply that more than half are spending more than the affordable level assumed in this report.
- 2.57 A further consideration is that some 357 of the 2,032 per annum affordable need (based on the main analysis) is a need for affordable home ownership. Technically, these households can afford market housing (to rent) and historically would not have been considered as having a need in assessment

such as this – until recently only households unable to buy OR rent would be considered as having a need for affordable housing.

- 2.58 Finally, it should be recognised that the Planning Practice Guidance does not envisage that all needs will be met (whether this is affordable housing or other forms of accommodation such as for older people). Paragraph 67-001 of housing needs of different groups states:

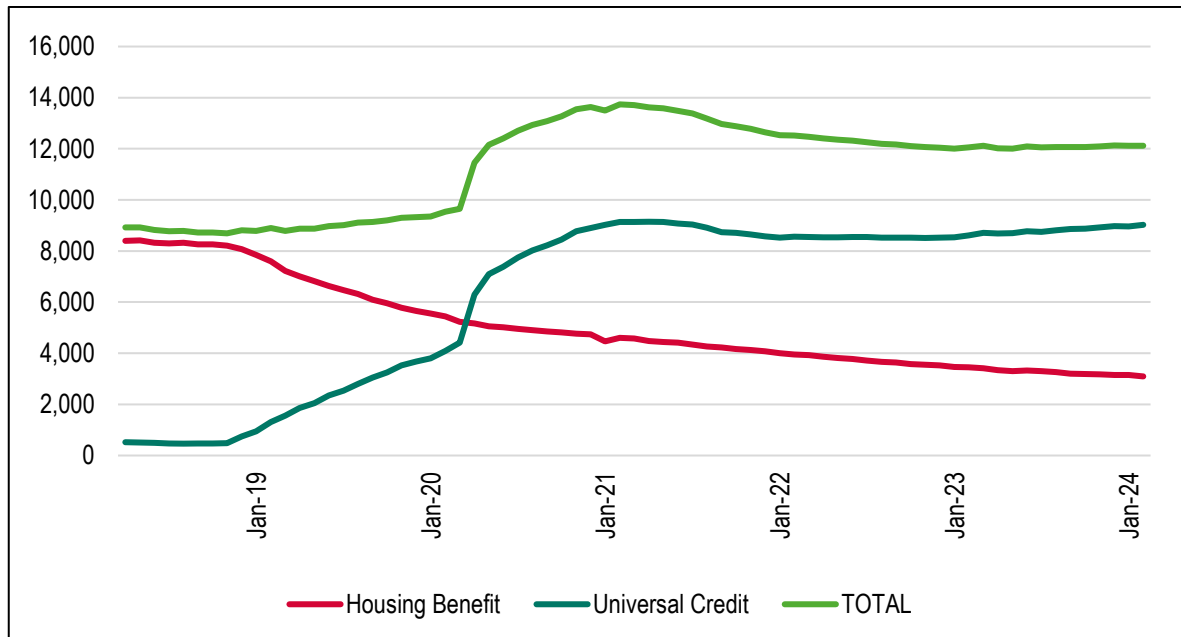
“This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people. This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs 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”.

The Role of the Private Rented Sector (PRS)

- 2.59 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall housing provision. However worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support to meet their housing needs should be recognised.
- 2.60 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. The government recognises this and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” by providing an offer of a suitable property in the PRS.
- 2.61 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2024, it is estimated that there were around 12,000 benefit claimants in the Private Rented Sector in Sheffield. From this, it is clear that the PRS contributes to the wider delivery of ‘affordable homes’ with the support of benefit claims.
- 2.62 Whilst the PRS is providing housing for some households, there are however significant risks associated with future reliance on the sector to meet an affordable housing need. The last couple of years have seen rents increase whilst Local Housing Allowance (LHA) levels have remained static. It is a welcome relief that in the Autumn Statement 2023, the Government increased the LHA rent to the 30th percentile of market rents; and Universal Credit will also rise. However, demand pressure could nonetheless have some impact on restricting the future supply of PRS properties to those in need; emphasising the need to support delivery of genuinely affordable homes.

- 2.63 The figure below shows the trend in the number of claimants in the City. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 9,000 households).

Figure 2.1: Number of Housing Benefit claimants in the PRS



Source: Department of Work and Pensions

- 2.64 Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivering affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.
- 2.65 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and in interpreting the affordable need figure, consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally, the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
- 2.66 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue across the Council area. It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can

viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Split between Social and Affordable Rented Housing

- 2.67 The analysis above has clearly pointed to a need for rented forms of affordable housing for households unable to buy OR rent with the analysis below looking at the need for social rented versus affordable rented accommodation.
- 2.68 The table below shows current rent levels in the City for a range of products along with relevant local housing allowance (LHA) rates. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile market rents. This analysis shows that social rents are significantly lower than affordable rents; the analysis also shows that affordable rents are below lower quartile market rents.
- 2.69 The LHA rates for all sizes of home are below lower quartile market rents for all sizes of accommodation. This does potentially mean that households seeking accommodation in many locations may struggle to secure sufficient benefits to cover their rent.

Table 2.19 Comparison of rent levels for different products – Sheffield

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Sheffield)
1-bedroom	£307	£403	£650	£573
2-bedrooms	£348	£457	£725	£618
3-bedrooms	£385	£502	£775	£678
4-bedrooms	£447	£604	£975	£947
All	£347	£469	£700	-

Source: RSH, ONS and VOA

- 2.70 To some extent it is easier to consider the data above in terms of the percentage of one housing cost of another and this is shown in the tables below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focuses on 2-bedroom homes. This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 63% of a current lower quartile rent.

Table 2.20 Difference between rent levels for different products – Sheffield

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	76%	47%	62%
2-bedrooms	76%	48%	63%
3-bedrooms	77%	50%	65%
4-bedrooms	74%	46%	62%
All	74%	50%	67%

Source: RSH, ONS and VOA

- 2.71 The table below suggests that around 13% of households who cannot afford to rent privately could afford an affordable rent at 80% of market rents, with a further 11% being able to afford current affordable rents. There are also an estimated 18% who can afford a social rent (but not an affordable one). A total of 58% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure). This analysis points to a clear need for social rented housing.

Table 2.21 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford 80% of market rent	13%
Afford current affordable rent	11%
Afford social rent	18%
Need benefit support	58%
All unable to afford market	100%

Source: Affordability analysis

- 2.72 The analysis indicates that provision of around 75% of rented affordable housing at social rents could be justified (based on estimates of the proportion of households only able to afford a social rent or needing benefit support); albeit in setting planning policies, this will need to be considered alongside viability evidence. Higher provision at social rents will reduce the support through housing benefits required to ensure households can afford their housing costs.

Different Affordable Home Ownership Products

- 2.73 Whilst the analysis above did not identify any significant need for affordable home ownership (i.e. housing for those able to rent but not buy) it is the case that some delivery might be expected – for example where viability is an issue or to help diversify stock in some locations. It is also possible that some forms of affordable home ownership could be priced to be affordable for some households unable to buy OR rent. The analysis below therefore looks at some of the main options available under the affordable home ownership banner.
- 2.74 The table below sets out a suggested purchase price for affordable home ownership/First Homes in Sheffield by size. It works through first (on the left-hand side) what households with an affordable

home ownership need could afford (based on a 10% deposit and a mortgage at 4 times' income). The right-hand side of the table then sets out what Open Market Value (OMV) this might support, based on a 30% discount (the discount chosen is illustrative but does match the baseline discount expected for First Homes). The lower end of the range is based on households who could afford to rent privately without financial support at LQ rents; with the upper end based on the midpoint between this and the lower quartile house price.

- 2.75 Focussing on 3-bedroom homes, it is suggested that an affordable price is between £137,800 and £156,400 and therefore the open market value of homes would need to be in the range of £196,800 and £223,400 (if discounted by 30%).

Table 2.22 Affordable home ownership prices – Sheffield

	What households with an affordable home ownership need could afford	Open Market Value (OMV) of Home with 30% Discount
1-bedroom	£85,000	£121,400
2-bedrooms	£125,000	£178,600
3-bedrooms	£137,800-£156,400	£196,800-£223,400
4+-bedrooms	£173,300-£229,200	£247,600-£327,400

Source: Iceni analysis

- 2.76 It is difficult to definitively analyse the cost of newbuild homes as these will vary from site-to-site and will be dependent on a range of factors such as location, built-form and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the table below providing a general summary of existing schemes.
- 2.77 This analysis is interesting as it shows the median newbuild price for all sizes of homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting. That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered affordable.
- 2.78 This analysis shows how important it will be to know the OMV of housing before discount to be able to determine if a product is going to be genuinely affordable in a local context – providing a discount of 30% will not automatically mean it becomes affordable housing.
- 2.79 Overall, it is considered the evidence does not support the central Government's current position that 25% of affordable housing should be provided as First Homes in a local context.

Table 2.23 Estimated newbuild housing cost by size – Sheffield

	No. of homes advertised	Range of prices	Median price
1-bedroom	15	£103,000-£225,000	£155,000
2-bedrooms	45	£117,000-£450,000	£210,000
3-bedrooms	59	£210,000-£850,000	£295,000
4+-bedrooms	47	£195,000-£675,000	£400,000

Source: *Iceni analysis of Rightmove (August 2024)*

- 2.80 The analysis below moves on to consider shared ownership, for this analysis an assessment of monthly outgoings has been undertaken with a core assumption being that the outgoings should be the same as for renting privately so as to make this tenure genuinely affordable. The analysis has looked at what the OMV would need to be for a shared ownership home to be affordable with a 10% 25% and 50% share. To work out outgoings the mortgage part is based on a 10% deposit (for the equity share) and a repayment mortgage over 25-years at 4% with a rent at 2.75% per annum on unsold equity.
- 2.81 The findings for this analysis are interesting and do point to the possibility of shared ownership being a more affordable tenure than discounted market housing (including First Homes) – particularly for smaller (1- and 2-bedroom) homes.
- 2.82 By way of an explanation of this table (focussing on 3-bedroom homes) – if a 50% equity share scheme came forward then it is estimated the OMV could not be above £220,000 if it is to be genuinely affordable (due to the outgoings being in excess of the cost of privately renting). However, given the subsidised rents, the same level of outgoings could be expected with a 10% equity share but a much higher OMV of £305,000. Although affordability can only be considered on a scheme-by-scheme basis, it is notable that we estimate a median 3-bedroom newbuild to cost around £295,000 in the City – this points to it being difficult to make 50% and 25% share schemes genuinely affordable, but a 10% share could be.

Table 2.24 Estimated OMV of Shared Ownership with a 50%, 25% and 10% Equity Share by Size – Sheffield

	50% share	25% share	10% share
1-bedroom	£185,000	£224,000	£256,000
2-bedroom	£206,000	£249,000	£286,000
3-bedroom	£220,000	£267,000	£305,000
4-bedrooms	£277,000	£335,000	£384,000

Source: *Iceni analysis*

- 2.83 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate).

The expectation is that the discount provided in the first five years is saved to put towards a deposit on the purchase of the same property. **Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken onto the homeownership ladder.**

- 2.84 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 2.85 In order to access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Summary

- 2.86 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. The evidence indicates that there is an acute need for affordable housing in the City and a need in all sub-areas. The vast majority of need is from households who are unable to buy OR rent and therefore points particularly towards a need for rented affordable housing rather than affordable home ownership.
- 2.87 Despite the level of need being high (relative to overall housing requirements), it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home as their current home would be vacated should a more suitable home arise). In addition, the private rented sector is providing benefit-supported accommodation for many households. That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.
- 2.88 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable, particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

- 2.89 The study also considers different types of AHO (notably First Homes and shared ownership) as each may have a role to play. Shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent. There was no evidence of a need for First Homes or discounted market housing more generally.
- 2.90 Given the cost of housing locally, it seems very difficult for affordable home ownership products to be provided and be considered as 'genuinely affordable' (particularly for larger (3+-bedroom) homes. This again points to the need for the Council to prioritise the delivery of rented affordable housing where possible.
- 2.91 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- 2.92 Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

3. NEED FOR DIFFERENT SIZES OF HOMES

Introduction

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

Background Data

- 3.2 The number of families in Sheffield (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 62,800 as of the 2021 Census, accounting for 27% of households; this proportion is broadly similar to that seen across the region and nationally.

Table 3.1 Households with Dependent Children (2021)

	Sheffield		Yorkshire/ Humber	England
	No.	%	%	%
Married couple	30,742	13.3%	13.1%	14.4%
Cohabiting couple	10,756	4.6%	5.1%	4.5%
Lone parent	16,618	7.2%	7.2%	6.9%
Other households	4,662	2.0%	2.2%	2.7%
All other households	169,173	72.9%	72.3%	71.5%
Total	231,951	100.0%	100.0%	100.0%
Total with dependent children	62,778	27.1%	27.7%	28.5%

Source: Census (2021)

- 3.3 The table below shows the same information for each of the thirteen sub-areas. There are some significant variations in the proportion of households with dependent children, this being highest in the East sub-area (41% of households) and lowest in the City Centre (11% of households).

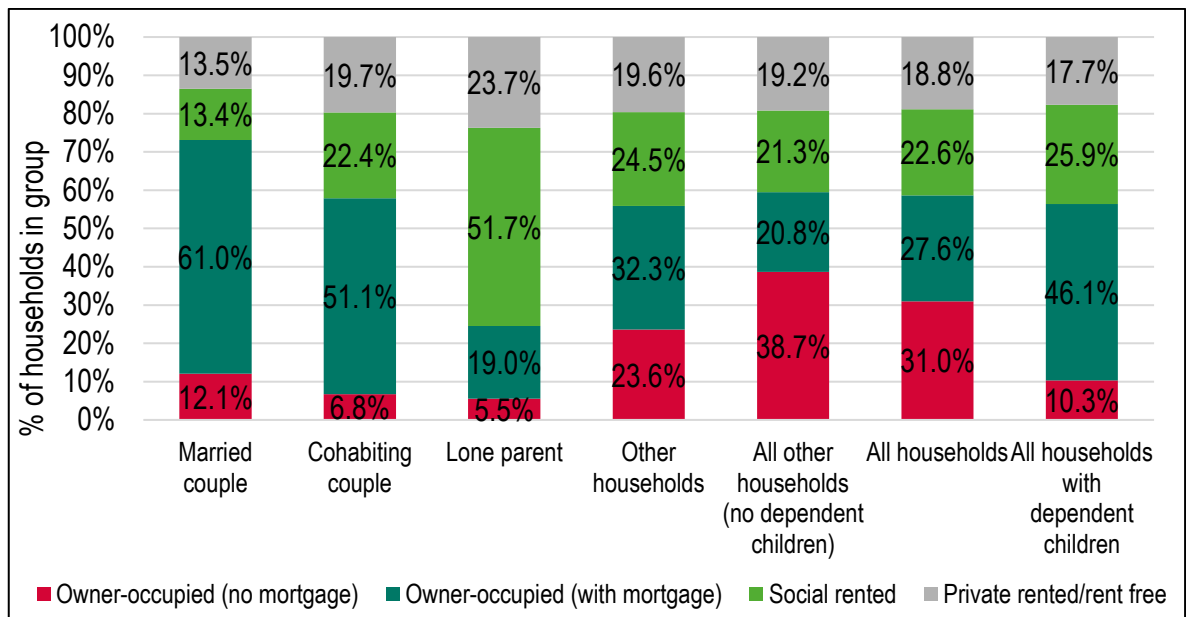
Table 3.2 Households with dependent children (2021)

	Married couple	Co-habiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
City Centre	6.3%	0.7%	2.8%	1.0%	89.2%	100%	10.8%
Urban West	12.0%	3.1%	4.3%	1.9%	78.7%	100%	21.3%
Stocksbridge & Deepcar	12.2%	5.6%	6.2%	1.2%	74.9%	100%	25.1%
Chapelton & Ecclesfield	12.4%	5.0%	5.5%	1.2%	75.9%	100%	24.1%
North East	11.4%	6.5%	12.4%	2.5%	67.3%	100%	32.7%
North West	13.1%	4.7%	5.5%	1.3%	75.4%	100%	24.6%
Rural Upper Don Valley	19.5%	4.9%	5.2%	0.9%	69.5%	100%	30.5%
Peak District Fringe	18.3%	4.1%	3.5%	1.6%	72.6%	100%	27.4%
East	20.6%	3.5%	9.3%	7.1%	59.5%	100%	40.5%
South East	11.6%	5.7%	7.3%	1.4%	74.0%	100%	26.0%
South West	21.8%	3.7%	3.8%	1.2%	69.5%	100%	30.5%
South	12.8%	5.2%	8.1%	1.5%	72.4%	100%	27.6%
M/A/G	10.2%	5.4%	13.2%	2.4%	68.7%	100%	31.3%
TOTAL	13.3%	4.6%	7.2%	2.0%	72.9%	100%	27.1%

Source: Census (2021)

3.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Sheffield, only 25% of lone parent households are owner-occupiers compared with 73% of married couples with children.

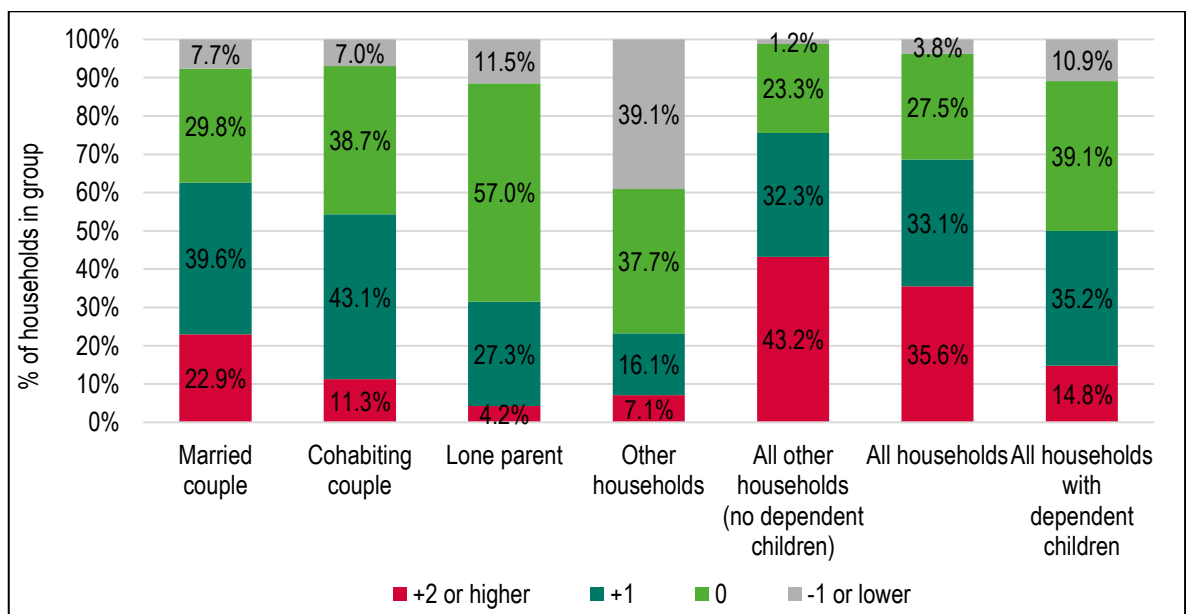
Figure 3.1: Tenure of households with dependent children (2021) – Sheffield



Source: Census (2021)

3.5 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding (minus figure) for all household types with dependent children with 11% of all lone parents and 39% of ‘other’ households being overcrowded. Overall, some 11% of households with dependent children are overcrowded, compared with 1% of other households. Levels of under-occupancy (positive figure) are also notably lower in households with dependent children.

Figure 3.2: Occupancy rating of households with dependent children (2021) – Sheffield



Source: Census (2021)

The Mix of Housing

- 3.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need aligned with the growth scenario in the emerging Local Plan., it is possible to see which age groups are expected to change in number, and by how much.
- 3.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period (taken to be 2022-39 to be consistent with other analysis in this report).
- 3.8 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 78% of the total in this tenure group, a similar proportion to that seen in other areas). The profile of the social rented sector is broadly similar across areas whilst the private rented sector is also similar to other locations. Observations about the current mix feed into conclusions about future mix later in this section.

Table 3.3 Number of Bedrooms by Tenure, 2021

		Sheffield	Yorkshire/ Humber	England
Owner-occupied	1-bedroom	2%	2%	4%
	2-bedrooms	19%	21%	21%
	3-bedrooms	55%	50%	46%
	4+-bedrooms	23%	27%	29%
	Total	100%	100%	100%
	Ave. no. beds	3.00	3.01	3.01
Social rented	1-bedroom	31%	29%	29%
	2-bedrooms	37%	37%	36%
	3-bedrooms	30%	30%	31%
	4+-bedrooms	3%	4%	4%
	Total	100%	100%	100%
	Ave. no. beds	2.04	2.09	2.10
Private rented	1-bedroom	21%	17%	21%
	2-bedrooms	34%	39%	39%
	3-bedrooms	32%	33%	29%
	4+-bedrooms	12%	10%	11%
	Total	100%	100%	100%
	Ave. no. beds	2.36	2.37	2.30

Source: Census (2021)

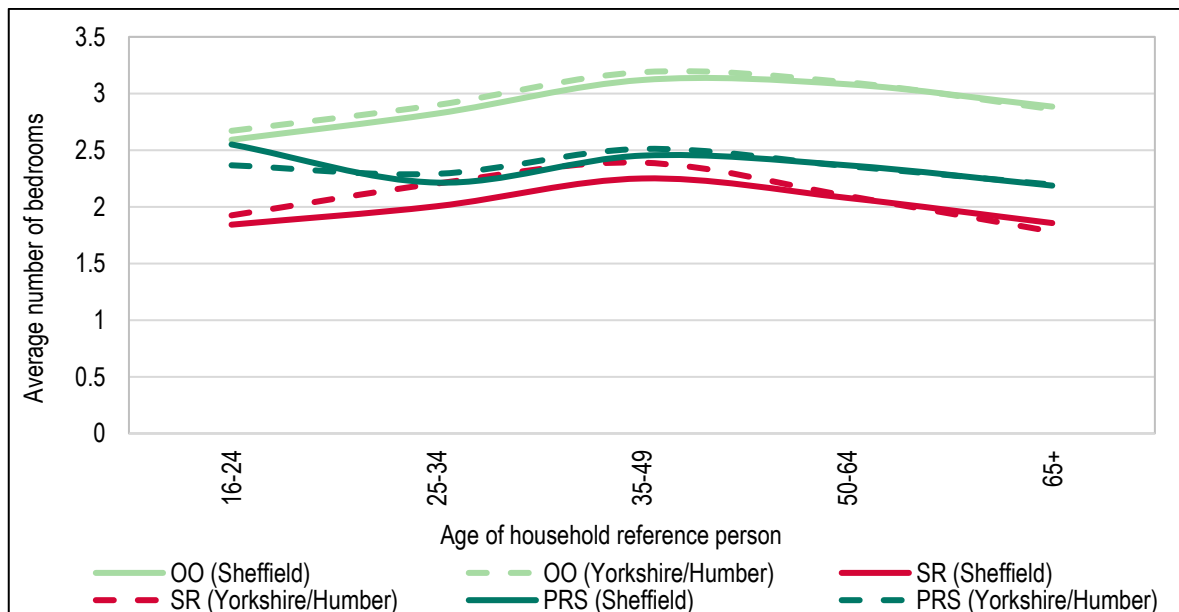
Overview of Methodology

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

Understanding How Households Occupy Homes

- 3.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 3.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.
- 3.12 That said, issues of supply can also impact occupancy patterns, for example, it may be that a supply of additional smaller-level access homes would encourage older people to downsize but in the absence of such accommodation, these households remain living in their larger accommodation.
- 3.13 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 3.14 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).
- 3.15 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Sheffield and the Yorkshire/Humber region. In all sectors, the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies both Sheffield and the region as following similar patterns by age in all tenures.

Figure 3.3 - Average Bedrooms by Age and Tenure in Sheffield



Source: Census (2021)

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

- **Market Housing** – which is taken to follow the occupancy profiles in the market sector (i.e. owner-occupiers and the private rented sector);
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

3.17 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular older age groups. The number of households headed by someone aged 50-64 is however projected to see a more modest increase over the period studied. The analysis is aligned with the growth scenario using the emerging Local Plan (35,558 dwellings over the 2022-39 period).

Table 3.4 Projected Change in Household by Age of HRP in Sheffield

	2022	2039	Change in Households	% Change
Under 25	11,428	13,962	2,534	22.2%
25-34	38,013	44,976	6,963	18.3%
35-49	58,852	72,902	14,051	23.9%
50-64	63,656	59,019	-4,637	-7.3%
65-74	29,324	36,196	6,872	23.4%
75-84	24,444	29,780	5,336	21.8%
85+	10,263	13,667	3,403	33.2%
TOTAL	235,979	270,501	34,522	14.6%

Source: Demographic Projections

Initial Modelled Outputs

- 3.18 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. The analysis is based on considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 3.19 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data shows a pattern of need which is focussed on 1-bedroom homes and with around 13% of households requiring 3+-bedroom accommodation.

Table 3.5 Size of Social/Affordable Rented Housing – Housing Register Information (March 2023)

	Number of households	% of households
1-bedroom	9,003	66%
2-bedrooms	2,813	21%
3-bedrooms	1,407	10%
4+-bedrooms	439	3%
TOTAL	13,662	100%

Source: LAHS

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

Table 3.6 Initial Modelled Mix of Housing by Size and Tenure

	1- bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	26%	47%	20%
Affordable home ownership	18%	35%	32%	14%
Affordable housing (rented)	28%	35%	30%	7%

Source: *Housing Market Model*

Rightsizing

- 3.21 The analysis above sets out the potential need for housing if occupancy patterns remain the same as they were in 2021 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 3.22 There is however a case to seek for new stock to more closely match actual size requirements. Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Further analysis has been undertaken to take account of overcrowding and under-occupancy (by tenure).
- 3.23 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 116,700 households with some degree of under-occupation and around 2,400 overcrowded households – some 86% of all owner-occupiers have some degree of under-occupancy.

Table 3.7 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2 spare bedrooms	0	0	44,733	25,289	70,022
+1 spare bedrooms	0	20,885	21,052	5,024	46,961
0 "Right sized"	3,011	4,555	7,924	1,039	16,529
-1 too few bedrooms	148	653	1,243	396	2,440
TOTAL	3,159	26,093	74,952	31,748	135,952

Source: *Census (2021)*

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

Table 3.8 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2 spare bedrooms	0	0	4,304	550	4,854
+1 spare bedrooms	0	9,326	4,221	361	13,908
0 "Right sized"	15,280	8,286	5,488	295	29,349
-1 too few bedrooms	815	1,731	1,501	172	4,219
TOTAL	16,095	19,343	15,514	1,378	52,330

Source: Census (2021)

Table 3.9 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2 spare bedrooms	0	0	5,006	2,577	7,583
+1 spare bedrooms	0	9,378	5,036	1,494	15,908
0 "Right sized"	8,724	4,754	3,339	1,190	18,007
-1 too few bedrooms	503	805	667	189	2,164
TOTAL	9,227	14,937	14,048	5,450	43,662

Source: Census (2021)

- 3.25 In using this data we have considered what mix might be needed if new stock were to be occupied by households who are neither overcrowded nor under-occupied. It should be noted this modelling is not looking at 'rightsizing' in current stock and so the high levels of under-occupation would remain. It can be seen in all sectors a high potential need for smaller homes, particularly with 1-bedroom; this makes sense and with a strict bedroom requirement, all single person households and childless couples would have a 1-bedroom need.

Table 3.10 Modelled Mix of Housing by Size and Tenure – 'rightsizing' in new dwellings

	1- bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	51%	36%	11%	3%
Affordable home ownership	53%	29%	13%	5%
Affordable housing (rented)	55%	27%	14%	4%

Source: Housing Market Model

- 3.26 There are clearly substantial differences in the modelling when looking at current occupancy and rightsizing. We do not consider that either of these outputs are on their own reasonable to take forward, and in drawing initial conclusions we suggest that a midpoint between the two analysis would be a good start point. This is shown in the table below.

Table 3.11 Modelled Mix of Housing by Size and Tenure – midpoint analyses

	1- bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	29%	31%	29%	11%
Affordable home ownership	36%	32%	23%	9%
Affordable housing (rented)	42%	31%	22%	5%

Source: *Housing Market Model*

- 3.27 Across the City, the analysis points to around two-fifths of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.
- 3.28 This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.
- 3.29 The 2, 3, and 4+-bedroom categories have been merged for the purposes of older persons as we would not generally expect many (if any) households in this category to need (or indeed be able to be allocated) more than 2-bedrooms in the rented affordable housing sector.

Table 3.12 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Sheffield

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	36%	33%	25%	6%
65 and over	52%	48%		
All affordable housing (rented)	42%	31%	22%	5%

Source: *Housing Market Model*

- 3.30 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 2,032 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.
- 3.31 This analysis is quite clear in showing the very low supply of larger homes relative to the need for 4+-bedroom accommodation in particular, where it is estimated the supply is only around 12% of the need arising each year, whereas for 1-bedroom homes some 65% of the need can be met.

Table 3.13 Need for rented affordable housing by number of bedrooms

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	1,697	1,097	600	35.8%	64.6%
2-bedrooms	1,304	758	546	32.6%	58.1%
3-bedrooms	760	338	421	25.2%	44.5%
4+-bedrooms	122	15	108	6.4%	12.0%
Total	3,883	2,208	1,676	100.0%	56.9%

Source: Iceni analysis

Indicative Targets for Different Sizes of Property by Tenure

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

Social/Affordable Rented

- 3.33 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people). It is suggested that the following mix of social/affordable rented housing would be appropriate:

Table 3.14 Recommended Social/ Affordable Rented Housing Mix

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

Source: Iceni Analysis

- 3.34 Regarding older persons housing, the above recommendations aim to promote the opportunity for older person households to downsize, with a 2-bed offering being more likely to encourage this than 1-bed homes. Also, whilst technically most older person households will only have a 'need' for a 1-bed home, a larger property remains affordable as most older person households are not impacted by the bedroom tax / spare room subsidy. While we have identified a need for 45% of affordable

older person homes to be 2+ bedrooms it is likely that delivery will be focused on those with only 2-bedrooms.

- 3.35 It should be noted that the above recommendations are to a considerable degree based on projecting the need forward to 2039 and will vary over time. It may be at a point in time the case that Housing Register data identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Affordable Home Ownership

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

Table 3.15 Recommended Affordable Home Ownership Housing Mix

	Affordable Home Ownership
1-bed	35%
2-bed	35%
3-bed	25%
4+ bed	5%

Source: Iceni Analysis

Market Housing

- 3.37 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy).
- 3.38 We have also had regard to the potential for rightsizing but also recognise that in the market sector there is limited ability to control what households purchase. This sees a slightly larger recommended profile compared with other tenure groups:

Table 3.16 Recommended Market Housing Mix

	Market Housing
1-bed	30%
2-bed	30%
3-bed	30%
4+ bed	10%

Source: Iceni Analysis

- 3.39 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market (including the stock profile in different tenures as set out earlier in this section), it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the City) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.
- 3.40 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also relevant considerations as to what the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

- 3.41 The analysis above has focussed on overall City-wide needs with conclusions at the strategic level. It should however be recognised that there will be variations in the need within areas due to the different role and function of a location and the specific characteristics of local households (which can also vary over time). This report does not seek to model smaller-area housing mix although the report does contain a range of data that can help inform specific local issues (including data about household composition, current housing mix and overcrowding/under-occupation). Below are some points for consideration when looking at needs in any specific location:
- a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
 - b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;
 - c) That said, some of these areas will have very few small/cheaper stocks and so consideration needs to be given to diversifying the stock; and
 - d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.

- 3.42 Overall, it is suggested the Council should broadly seek the same mix of housing in all locations as a starting point in policy; but would be flexible to a different mix where specific local characteristics suggest (such as site characteristics and location). Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Summary

- 3.43 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Sheffield is fairly average with around 27% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.
- 3.44 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population as well as seeking to make more efficient use of new stock by not projecting forward the high levels of under-occupancy (which is notable in the market sector).
- 3.45 In all sectors the analysis points to a particular need for smaller accommodation, with varying proportions of 3+-bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 35% to have at least 3-bedrooms of which 10% should have at least 4-bedrooms. Our recommended mix is set out below:

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	35%	30%	55%
2-bedrooms	30%	35%	35%	45%
3-bedrooms	30%	25%	25%	
4+-bedrooms	10%	5%	10%	

Source: Iceni Analysis

- 3.46 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which

feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

- 3.47 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas affordable housing registered providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices there are potential difficulties in making (larger) AHO genuinely affordable.
- 3.48 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

4. OLDER AND DISABLED PEOPLE

Introduction

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

Older People

- 4.2 The table below provides baseline population data about older persons in Sheffield and compares this with other areas. The table shows the City has slightly younger age structure than seen regionally or nationally with 17% of the population being aged 65 and over. The proportion of people aged 75 and over and 85 and over is also slightly below equivalent figures for other areas.

Table 4.1 Older Persons Population, 2023

	Sheffield	Yorkshire/ Humber	England
Under 65	83.1%	81.3%	80.7%
65-74	8.4%	9.5%	9.9%
75-84	6.1%	6.7%	6.8%
85+	2.3%	2.5%	2.5%
Total	100.0%	100.0%	100.0%
Total 65+	16.9%	18.7%	19.3%
Total 75+	8.4%	9.2%	9.3%

Source: ONS

- 4.3 The table below shows the same data for sub-areas. This is based on the 2022 mid-year population estimates (MYE) and so is slightly different to the 2023 MYE as shown above. The analysis points to some considerable variation in the proportion of older people, this being notably higher in the Peak District Fringe and Chapeltown & Ecclesfield (around 26% aged 65 and over). In contrast, only 2% of the City Centre population is aged 65+.

Table 4.2 Older Persons Population, 2022 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
City Centre	97.9%	1.3%	0.5%	0.3%	100.0%	2.1%	0.8%
Urban West	88.0%	6.4%	3.8%	1.8%	100.0%	12.0%	5.6%
Stocksbridge & Deepcar	75.9%	12.0%	9.2%	2.9%	100.0%	24.1%	12.1%
Chapelton & Ecclesfield	74.0%	12.6%	10.0%	3.4%	100.0%	26.0%	13.4%
North East	85.0%	7.6%	5.5%	1.9%	100.0%	15.0%	7.4%
North West	79.1%	10.3%	7.7%	3.0%	100.0%	20.9%	10.7%
Rural Upper Don Valley	77.4%	11.1%	8.9%	2.6%	100.0%	22.6%	11.4%
Peak District Fringe	73.9%	12.5%	9.6%	4.0%	100.0%	26.1%	13.6%
East	89.1%	5.5%	3.7%	1.6%	100.0%	10.9%	5.3%
South East	78.8%	10.5%	7.9%	2.9%	100.0%	21.2%	10.8%
South West	76.7%	11.6%	8.2%	3.6%	100.0%	23.3%	11.8%
South	80.5%	9.7%	6.7%	3.0%	100.0%	19.5%	9.8%
M/A/G	86.6%	7.5%	4.7%	1.2%	100.0%	13.4%	5.9%
TOTAL	83.0%	8.5%	6.1%	2.3%	100.0%	17.0%	8.4%

Source: ONS, Population Estimates

Projected Future Change in the Population of Older People

- 4.4 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Sheffield is projected to see a notable increase in the older person population. The projection linked to delivery of 35,558 dwellings (2022-39) shows a projected increase in the population aged 65+ of around 24% - the population aged under 65 is in contrast projected to see a more modest increase (of 8%).
- 4.5 In total population terms, the projections show an increase in the population aged 65 and over of 22,800 people. This is against a backdrop of an overall increase of 62,200 – population growth of people aged 65 and over therefore accounts for 37% of the total projected population change.

Table 4.3 Projected Change in Population of Older Persons, 2022 to 2039 – Sheffield (linking to delivery of 35,558 dwellings)

	2022	2039	Change in population	% change
Under 65	468,698	508,122	39,424	8.4%
65-74	48,398	59,610	11,212	23.2%
75-84	34,331	41,619	7,288	21.2%
85+	13,275	17,589	4,314	32.5%
Total	564,702	626,939	62,237	11.0%
Total 65+	96,004	118,817	22,813	23.8%
Total 75+	47,606	59,208	11,602	24.4%

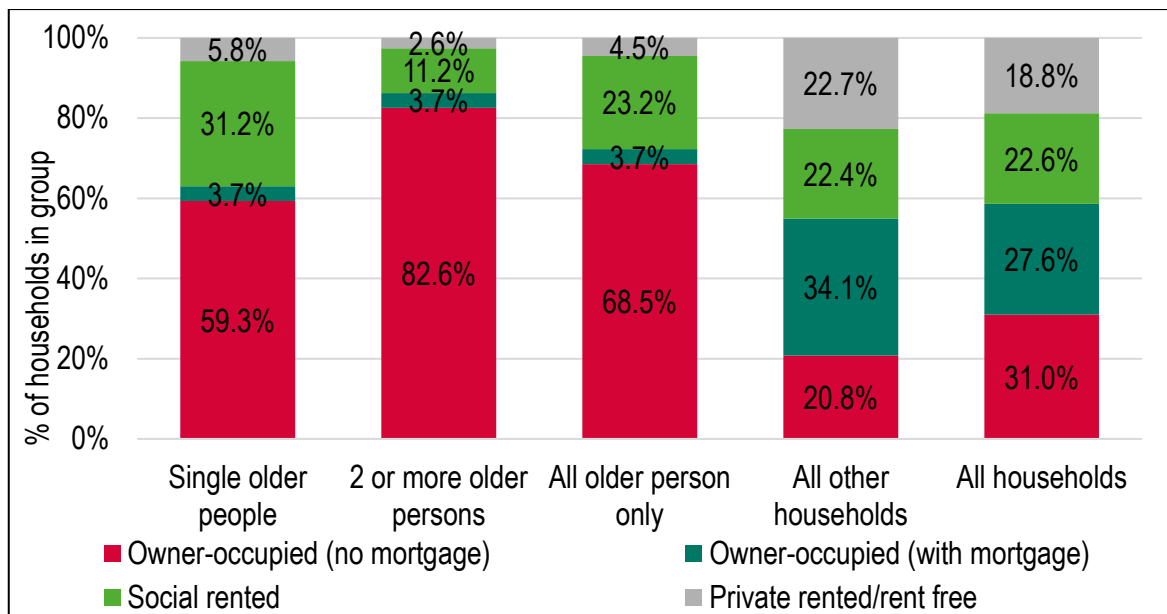
Source: Iceni/JGC - Demographic projections

Characteristics of Older Person Households

4.6 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (72% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 23% of older person households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 5%).

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

Figure 4.1: Tenure of Older Persons Households in Sheffield, 2021



Source: 2021 Census

4.8 The table below shows the tenure of older person households by sub-area (figures are for all older person households). This shows some considerable differences between locations with 87% of all older-person households being outright owners in the South West, and only 35% in the City Centre (although this area has relatively few older-person households).

Table 4.4 Tenure of Older Persons Households in Sheffield, 2021 – sub-areas

	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	TOTAL
City Centre	34.6%	0.5%	57.3%	7.6%	100.0%
Urban West	64.2%	3.6%	26.4%	5.7%	100.0%
Stocksbridge & Deepcar	74.8%	3.9%	15.9%	5.4%	100.0%
Chapelton & Ecclesfield	74.9%	3.4%	17.5%	4.3%	100.0%
North East	56.1%	3.1%	36.8%	4.0%	100.0%
North West	70.4%	3.3%	20.9%	5.4%	100.0%
Rural Upper Don Valley	84.3%	3.9%	8.9%	2.9%	100.0%
Peak District Fringe	84.0%	4.7%	6.3%	4.9%	100.0%
East	58.8%	2.6%	33.1%	5.5%	100.0%
South East	68.4%	4.7%	22.7%	4.2%	100.0%
South West	86.7%	4.3%	5.5%	3.4%	100.0%
South	70.9%	3.9%	21.0%	4.3%	100.0%
M/A/G	47.0%	2.6%	46.1%	4.2%	100.0%
TOTAL	68.5%	3.8%	23.2%	4.5%	100.0%

Source: 2021 Census

Disabilities

- 4.9 The table below shows the proportion of people who are considered disabled under the definition within the 2010 Equality Act⁹, drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 36% of households in the City contain someone with a disability. This figure is slightly higher than that seen across other areas. The figures for the population with a disability show similar patterns compared with other areas – some 20% of the population having a disability.

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

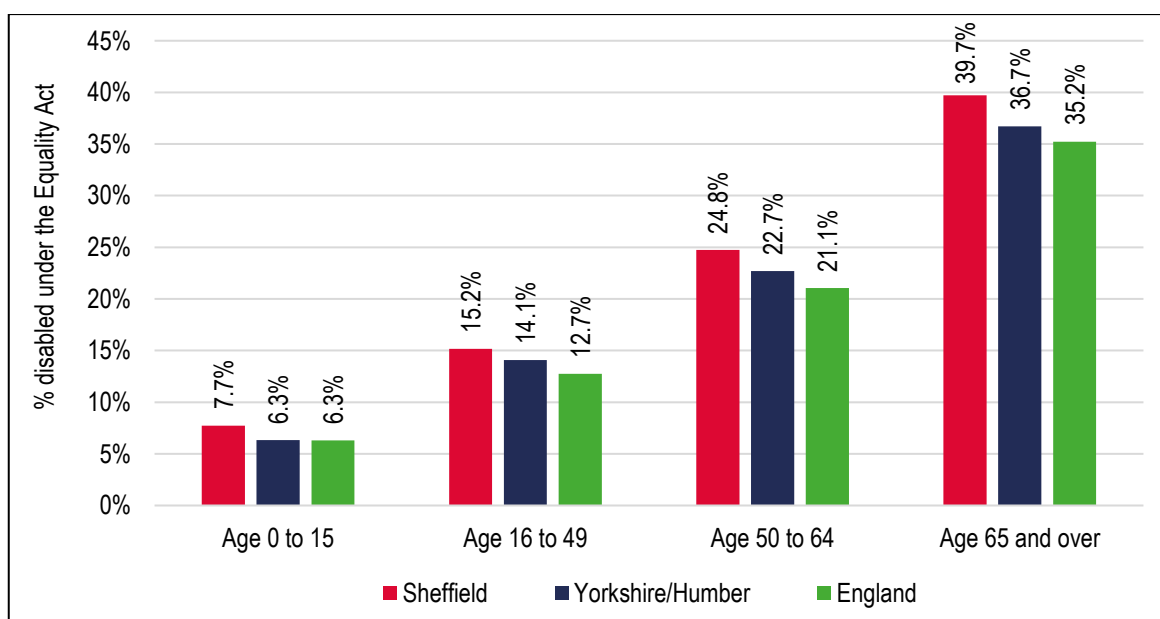
Table 4.5 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Sheffield	82,980	35.8%	109,869	19.7%
Yorkshire/Humber	786,454	33.7%	1,021,326	18.6%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

4.10 As noted, it is likely that the age profile will impact the number of people with a disability, as older people tend to be more likely to have a disability. The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. The analysis also shows higher levels of disability in each age band within Sheffield when compared with the regional and national positions.

Figure 4.2: Population with Disability by Age



Source: 2021 Census

Health-Related Population Projections

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

4.12 Of particular note are the large increases in the number of older people with dementia (increasing by 27% from 2022 to 2039 and mobility problems (up 25% over the same period). Changes for younger

age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 8% of total projected population growth.

Table 4.6 Projected Changes to Population with a Range of Disabilities – Sheffield

Disability	Age Range	2022	2039	Change	% Change
Dementia	65+	7,710	9,824	2,114	27.4%
Mobility problems	65+	20,167	25,248	5,082	25.2%
Autistic Spectrum Disorders	18-64	4,206	4,738	532	12.6%
	65+	1,007	1,262	255	25.3%
Learning Disabilities	15-64	10,941	12,126	1,185	10.8%
	65+	2,247	2,781	534	23.8%
Impaired mobility	16-64	20,871	21,500	629	3.0%

Source: POPPI/PANSI and Demographic Projections

- 4.13 Invariably, there will be a combination of those with disabilities and long-term health problems who continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 4.14 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council has already tested the viability of providing 100% M4(2) and 10% and 20% M4(3) as part of the Whole Plan Viability Assessment.¹⁰ Paragraph 10.64 of that document sets out the policy requirements, for 100% Accessible and Adaptable (M4(2) with 2% Wheelchair Adaptable (M4(3).

Disabilities

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

¹⁰ [017f5b_65251df642554e9aa4ad1f32cb9fad21.pdf \(localplanservices.co.uk\)](https://www.localplanservices.co.uk/017f5b_65251df642554e9aa4ad1f32cb9fad21.pdf)

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

- 4.16 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored. In addition, innovations in Technology Enabled Care (TEC) which is an area of focus in Sheffield would also support people living in their own homes for longer. This includes assistive technology and access to telecare for example.
- 4.17 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

- 4.18 Whilst there are no definitive rates, the PPG [63-004] notes that ‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example, SHOP@ for Older People Analysis Tool). The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 4.19 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publication). In 2016, Housing LIN published a review document which noted that the 2008 rates are ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 4.20 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence-based localised adjustments).
- 4.21 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report, the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 4.7 Range of suggested baseline prevalence rates (units per 1,000 people aged over 75) from several tools and publications

Type/Rate	SHOP@ (2008) ¹¹	Housing in Later Life (2012) ¹²	2016 Housing LIN Review ¹³
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 (‘proactive range’)
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: *Housing LIN*

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

- The prevalence rates used should be considered and assessed taking into account of an authority’s strategy for delivering specialist housing for older people. For example, the council’s Adult Social Care Team want to see more extra care and new alternative models (such as care suites) to provide alternatives to the reducing demand for traditional residential care.;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking into account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area’s population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

¹¹ Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

¹² https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

¹³ <https://edocs.elmbridge.gov.uk/IAM/IAMCache/3793607/3793607.pdf>

- 4.23 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focusing where possible on providing households with care in their own home such as through Technology Enabled Care. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.
- 4.24 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on the delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).
- 4.25 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 75 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Sheffield, the data shows slightly worse health in the 75+ population and so a modest increase has been made to the prevalence rates.
- 4.26 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Sheffield is the 93rd most deprived local authority in England (out of 317) – i.e. a relatively high level of deprivation – this suggests a slightly greater proportion of affordable housing than a local authority in the middle of the range (for housing with support and housing with care).
- 4.27 The following prevalence rates, expressed as a need per 1,000 people aged 75 and over have been used in the analysis:
- Housing with support (market) – 43 units;
 - Housing with support (affordable) – 95 units;
 - Housing with care (market) – 23 units;
 - Housing with care (affordable) – 26 units;
 - Residential care– 44 bedspaces; and
 - Nursing care– 50 bedspaces

- 4.28 It is also important to understand the supply of different types of specialist accommodation with the tables below showing various categories by sub-area. The first table is for housing with support and housing with care which are more likely to be self-contained dwellings with the second table looking at residential and nursing care bedspaces. The total figures have also been standardised on the basis of the number of units per 1,000 people aged 75 and over.
- 4.29 The analysis shows a total of just over 3,000 units of housing with support or care, which represents around 64 per 1,000 people aged 75 and over. There is some variation by sub-area with the South East seeing the highest number (508 units) although the City Centre sees the highest number per 1,000 people (aged 75+) – although again it needs to be noted that both the supply and the number of older persons is quite low.
- 4.30 For nursing and residential care, a higher level of supply is shown, with a total of 4,200 bedspaces, the highest number again being in the Urban West area although the East sees the highest supply per 1,000 people aged 75+.

Table 4.8 Current supply of housing with support and housing with care by sub-area

	Housing with support		Housing with care		Total	Popn aged 75+	Supply per 1,000 aged 75+
	Market	Afford-able	Market	Afford-able			
City Centre	0	70	0	0	70	215	326
Urban West	68	305	0	37	410	5,887	70
Stocksbridge & Deepcar	54	126	0	0	180	1,610	112
Chapelton & Ecclesfield	0	374	0	0	374	4,598	81
North East	0	102	0	257	359	5,229	69
North West	43	143	75	0	261	3,701	71
Rural Upper Don Valley	0	40	0	0	40	530	75
Peak District Fringe	0	0	0	0	0	1,514	0
East	0	37	0	0	37	2,454	15
South East	0	291	11	206	508	10,038	51
South West	124	105	93	0	322	5,431	59
South	0	150	68	57	275	4,255	65
M/A/G	0	164	0	40	204	2,144	95
TOTAL	289	1,907	247	597	3,040	47,606	64

Source: ONS

Table 4.9 Current supply of residential and nursing care bedspaces by sub-area

	Resident- ial care	Nursing care	Total	Popn aged 75+	Supply per 1,000 aged 75+
City Centre	31	0	31	215	144
Urban West	520	446	966	5,887	164
Stocksbridge & Deepcar	0	141	141	1,610	88
Chapelton & Ecclesfield	79	165	244	4,598	53
North East	308	311	619	5,229	118
North West	19	0	19	3,701	5
Rural Upper Don Valley	0	0	0	530	0
Peak District Fringe	47	19	66	1,514	44
East	95	697	792	2,454	323
South East	341	335	676	10,038	67
South West	114	133	247	5,431	45
South	194	195	389	4,255	91
M/A/G	9	0	9	2,144	4
TOTAL	1,757	2,442	4,199	47,606	88

Source: ONS

- 4.31 Taking the supply forward and using the prevalence rates suggested the table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 4.32 Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing), particularly in the affordable sector (62%). The analysis also points to a need for housing with care (e.g. extra-care) in both the market and affordable sectors (54% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces in the longer term, but that need/demand and supply are currently broadly in balance.
- 4.33 The analysis does not attempt to break down the need into sub-areas; however, the data on supply can be used to understand which locations currently have a higher or lower supply of different types of housing.

Table 4.10 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-39 – Sheffield

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2039	Shortfall /surplus by 2039
Housing with support	Market	43	289	2,069	1,780	504	2,284
	Affordable	95	1,907	4,522	2,615	1,102	3,716
Total (housing with support)		138	2,196	6,590	4,394	1,606	6,000
Housing with care	Market	23	247	1,113	866	271	1,137
	Affordable	26	597	1,260	663	307	970
Total (housing with care)		50	844	2,372	1,528	578	2,107
Residential care bedspaces		44	1,757	2,109	352	514	866
Nursing care bedspaces		50	2,442	2,372	-70	578	509
Total bedspaces		94	4,199	4,481	282	1,092	1,374

Source: Derived from Demographic Projections and Housing LIN/EAC

- 4.34 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'downsize' which can help improve their quality of life.
- 4.35 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

- 4.36 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.
- 4.37 The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user –

with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 4.11 Proportion of wheelchair user households by age of household reference person – England

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

Source: English Housing Survey (2018/19)

- 4.38 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 9,400 wheelchair user households in 2022, and that this will rise to 10,900 by 2039.

Table 4.12 Estimated number of wheelchair user households (2022-39) – Sheffield

	Prevalence rate (% of households)	Households 2022	Households 2039	Wheel-chair user households (2022)	Wheel-chair user households (2039)
24 and under	0.5%	11,428	13,962	61	75
25-34	0.8%	38,013	44,976	311	368
35-49	2.3%	58,852	72,902	1,377	1,706
50-64	3.8%	63,656	59,019	2,413	2,237
65 and over	8.2%	64,031	79,643	5,271	6,557
All households		235,979	270,501	9,434	10,943

Source: Derived from a range of sources

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

- 4.40 Applying this to the current number of wheelchair user households gives a current need for 2,359 additional wheelchair user homes. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) then a further need for 377 homes in the 2022-39 period can be identified. **Added together this leads to a need estimate of 2,736 wheelchair user homes – equating to 161 dwellings per annum.**

Table 4.13 Estimated need for wheelchair user homes, 2022-39

	Current need	Projected need (2022-39)	Total current and future need
Sheffield	2,359	377	2,736

Source: Derived from a range of sources

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

Table 4.14 Proportion of wheelchair user households by tenure of household reference person – England

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

Source: English Housing Survey (2018/19)

- 4.42 To meet the identified need, the Council could seek a proportion (potentially up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (potentially up to 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 4.43 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

- 4.44 It is worth noting that the Government has now reported on a consultation (Raising Accessibility Standards for New Homes¹⁴) on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds.
- 4.45 The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'. This change is due to shortly be implemented through a change to building regulations.
- 4.46 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.
- 4.47 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.
- 4.48 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 4.49 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary – Older and Disabled People

- 4.50 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by

¹⁴ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

- 4.51 The data shows that Sheffield has a slightly younger age structure, but higher levels of disability compared with the national average. The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (69% of all older person households are outright owners).
- 4.52 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-39 period include:
- a 24% increase in the population aged 65+ (potentially accounting for 37% of total population growth);
 - a 27% increase in the number of people aged 65+ with dementia and a 25% increase in those aged 65+ with mobility problems;
 - a need for around 6,000 additional housing units with support (sheltered/retirement housing) – around 62% in the affordable sector;
 - a need for around 2,100 additional housing units with care (e.g. extra-care) – the majority (around 54%) in the market sector;
 - a need for additional nursing and residential care bedspaces (around 1,400 in the period but need/demand and supply being currently broadly in balance); and
 - a need for around 2,700 dwellings to be for wheelchair users (meeting technical standard M4(3)).
- 4.53 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector). This is slightly higher than the emerging Local Plan which seeks 2% only on schemes of 50 or more new homes.
- 4.54 Where the authority has nomination rights the supply of M4(3) dwellings would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

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

5. PRIVATE RENTAL SECTOR

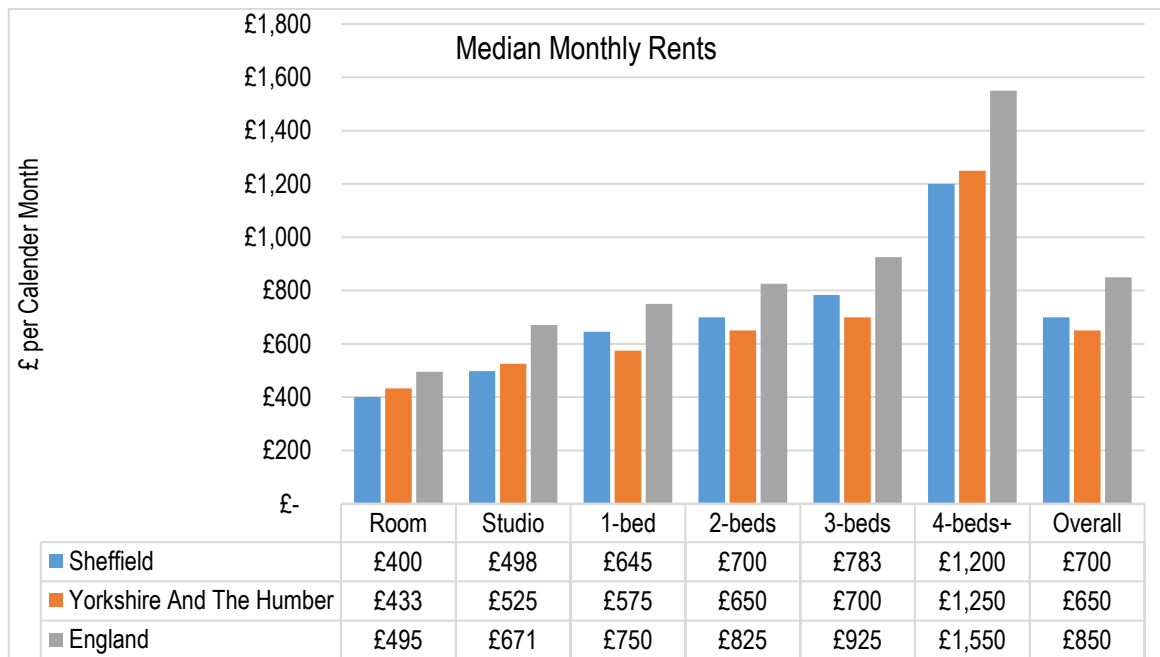
- 5.1 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.
- 5.2 This section of the report examines the rental market including its costs, scale and role in providing affordable housing. It also examines particular aspects of the rental market including build to rent and Co-living development.
- 5.3 As with the housing market as a whole, the Private Rental Sector is in a period of flux. This is a result of interest rates rises meaning fewer people can afford to buy but also fewer landlords being able to sustain their property and therefore leaving the market.
- 5.4 As a result of increased demand and reduced supply, rents are increasing at a considerable rate. The website Homelet¹⁵ produced a summary for Yorkshire and the Humber rental market which shows to July 2024 average rents have increased by around £30 in the last year or 5.3%.
- 5.5 This section does not examine the need for purpose-built student accommodation which is covered elsewhere.

Rental Costs

- 5.6 The table below shows the median rental prices per calendar month (“PCM”) by size of property. Sheffield shows significantly lower median rents (£700) in comparison to the Country (£850) but above the regional average (£650). However, rents for rooms, studios and 4-bedroom properties in Sheffield are lower than the national equivalent with the reverse being true for other size of properties.

¹⁵<https://homelet.co.uk/homelet-rental-index/yorkshire-and-humberside>

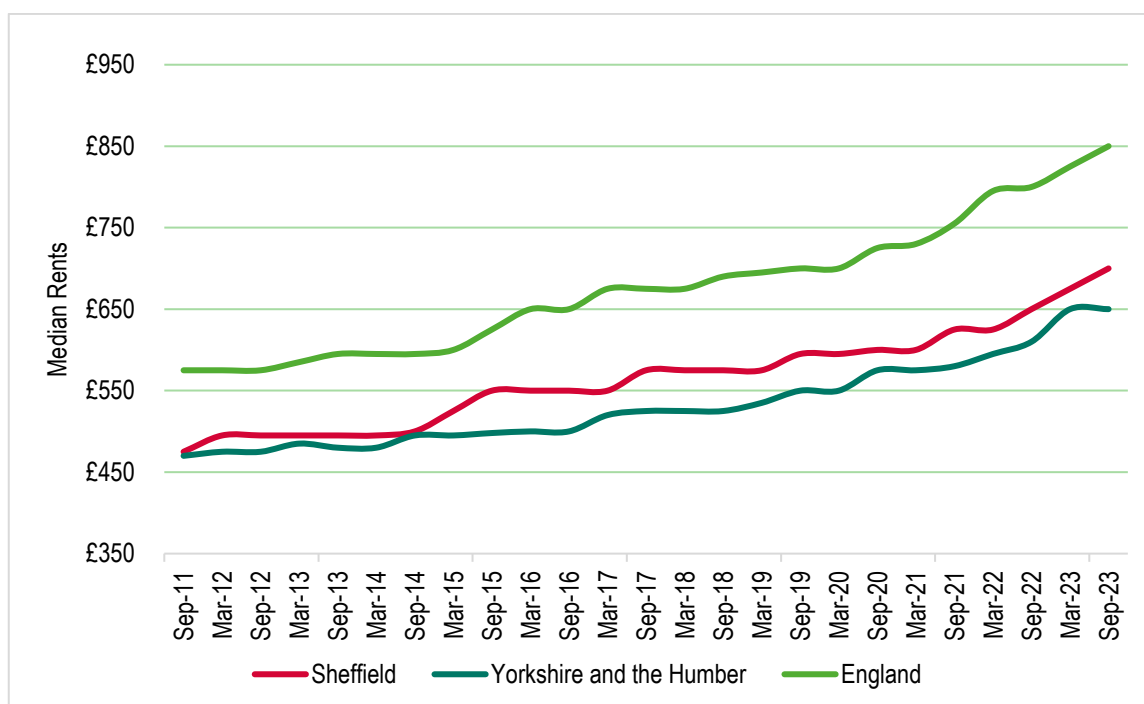
Figure 5.1 - Median Rental prices by size (PCM) – Year to September 2023



Source: *Iceni analysis of ONS private rental market summary statistics, 2023*

- 5.7 The highest percentage of transactions in the City have been for 2-bedroom homes which account for 40% of transactions. The next most frequent are 3-bed and 1-bed which combined account for around 49% of all transactions. Only around 5% of transactions have been in homes with 4-beds or more and even fewer are studio flats (3%). This is likely to reflect supply rather than demand as the City has many HMOs which service a similar market. Around 2% of transactions are room only transactions.

- 5.8 The figure below shows the change in median rental costs for all properties over time. Median rents in the City have increased since 2011 by 37%. As is clear, Sheffield and the wider Yorkshire and Humber have shown a consistently lower median rental cost than England.

Figure 5.2 Rental Change Over Time in Sheffield (2013 – 2023)

Source: Iceni analysis of ONS private rental market summary statistics, 2023

- 5.9 The median rent in Sheffield has increased steadily and to a slightly greater degree than the Yorkshire and Humber Region but below that of the Country. The recent spikes – most evident regionally and nationally – in rental prices over the year to September 2023 (and anecdotally since) are in part due to increases in interest rates pushing greater numbers of households into the rental market (increasing demand) and from private landlords seeking to sell (reducing the supply). It is notable however that this trend is more pronounced in Sheffield than in the wider region.
- 5.10 Based on property size, there has been particularly strong growth across the board but most notably for 3-bed family homes, which have increased by 42%. In contrast, studio flats only increased by 28%.

Table 5.1 Total Growth in Monthly Rents Sheffield, 2014 – 2023

	2014	2023	Change	% Change
Room	£312	£400	£88	28%
Studio	£395	£498	£103	26%
1-bed	£475	£645	£170	36%
2-bed	£525	£700	£175	33%
3-bed	£550	£783	£233	42%
4+ bed	£895	£1,200	£305	34%
All Lettings	£500	£700	£200	40%

Source: Iceni analysis of ONS Private Rental Market Statistics.

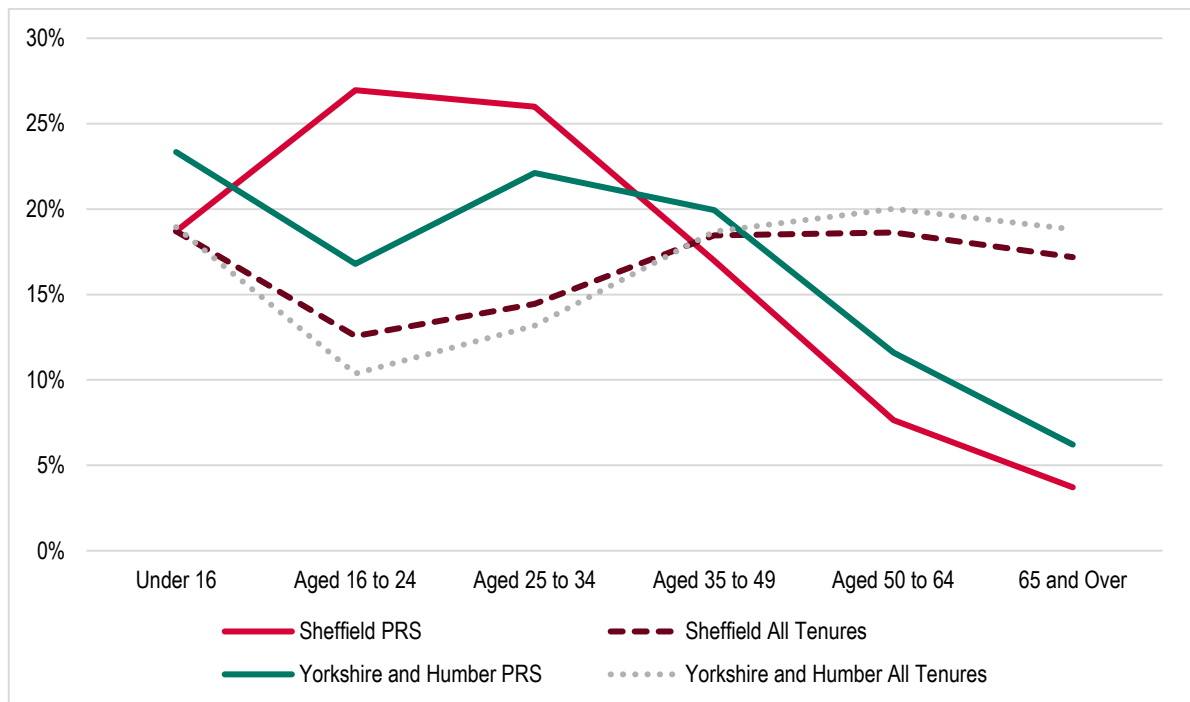
Growth in the Rental Market

- 5.11 Between 2011 and 2021 the Private Rental Sector in Sheffield saw a 2.2%-point growth which was in line with the region. There are now almost 43,000 households renting privately in the City. The growth in rental accommodation reflects the structural shift from owner occupation to rental accommodation which is a national trend.
- 5.12 There are many reasons for this including the affordability of homes for sale, lack of access to mortgage products, and latterly increasing mortgage costs. Investment in such properties is also attractive to landlords when savings interest rates are low as it provides a steady return.
- 5.13 This has particularly impacted younger households who can no longer enter the housing ladder in the numbers that they once did. National policy changes are being brought forward to address the shift include the introduction of First Homes and other affordable routes to home ownership.
- 5.14 In this context coupled with a national housing shortage, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development which is explored later in this section.

Profile of Tenants

- 5.15 As is shown in the figure below, the age of those renting at the point of the 2021 Census in Sheffield was significantly comprised of those aged 16 to 24. When compared with all tenures in Sheffield and PRS in the Yorkshire and Humber region, the private rented sector in Sheffield accounted for a significantly larger proportion of this age group. This will include a high number of students in the City which will not be the case in all areas across the Region.

Figure 5.3: Age Profile of Private Rented Sector Residents, Sheffield



Source: 2021 Census

- 5.16 Turning to household composition, the Table below analyses the best available data on how those living in the private rented sector typically occupy homes in Sheffield set against wider comparators.
- 5.17 The analysis shows that the largest household group in PRS in Sheffield are HMOs including all student households (22.7%), Married Couples with Dependent Children (17%) and Single Person Households aged under 65 (13.2%)
- 5.18 In relative terms, the PRS in Sheffield hosts a high percentage of HMOs including All FT student Households in comparison to the region and country. There is also a relatively high percentage of cohabiting couples with no children which is probably linked to the younger age profile in the city and a follow-on of all student households. Conversely, there are relatively fewer people in cohabiting couples with non-dependent children.

Table 5.2 Household Composition of Private Renters in Sheffield

	Sheffield	Sheffield %	Yorkshire and The Humber	England
One-person household: Aged 66 years and over	1,732	1.7%	2.7%	2.2%
One-person household: Other	13,457	13.2%	13.2%	11.0%
Other HH types: Other related household: Other family composition	1,510	1.5%	1.3%	1.7%
Other HH types: Other, inc, all FT students and all aged 66+	23,136	22.7%	10.6%	13.2%
Other HH types: With dependent children	4,690	4.6%	4.9%	7.2%
SFH: All aged 66 years and over	1,011	1.0%	1.8%	1.4%
SFH: Cohab: All children non-dependent	350	0.3%	0.7%	0.6%
SFH: Cohab: No children	11,906	11.7%	9.4%	9.2%
SFH: Cohab: With dependent children	8,002	7.8%	11.7%	9.3%
SFH: Lone parent family: All children non-dependent	1,831	1.8%	2.7%	2.5%
SFH: Lone parent family: With dependent children	11,163	10.9%	16.2%	12.8%
SFH: Married or CP couple: All children non-dependent	1,503	1.5%	2.2%	2.5%
SFH: Married or CP couple: Dependent children	17,328	17.0%	17.5%	21.0%
SFH: Married or CP: No children	4,474	4.4%	5.0%	5.4%
Total	102,093	100%	100%	100%
Total With Dependent Children	23,855	23.4%	32.8%	29.3%
Total with Non-Dependent Childre	3,684	3.6%	5.6%	5.6%
All Single Person Households	15,189	14.9%	15.9%	13.2%

Source: Census 2021

- 5.19 Approximately 23.4% of PRS residents in the City (23,855 persons) live in a household with dependent children. The percentage of households with Non-dependent children (3.6%) is slightly lower than the national and regional positions (both 5.6%).

Houses in Multiple Occupation

- 5.20 A house in multiple occupation (HMO) is a property rented out by at least 3 people who are not from 1 'household' (for example a family) but share facilities like the bathroom and kitchen. It is sometimes called a 'house share'.

- 5.21 One definition¹⁶ of use class C4 (HMO) is “small, shared houses or flats occupied by between three and six unrelated people who share basic amenities” such as a toilet, personal washing facilities or cooking facilities. Where there are more than six unrelated individuals sharing amenities, this is termed an HMO in Sui Generis use.
- 5.22 Sheffield, being a university city, has a significant demand for student accommodation, which often includes HMOs. However, this section focuses on the majority of HMOs which are not occupied by students and where demand arises from young professionals and others seeking affordable housing options in the City.
- 5.23 Landlords of large HMOs rented to 5 or more people who form more than one household, some or all tenants share toilet, bathroom or kitchen facilities and where at least one tenant pays rent require licensing. However, smaller HMOs do not require a license, and this makes knowing the extent of them difficult.
- 5.24 HMOs typically do not require planning permission for a change of use from a C3 dwelling unless there is an Article 4 Direction which mandates it. This has been the case in Central and South West Sheffield since 2011 but anything pre-2011 may not be picked up in the data. The Article 4 Direction does not mean the HMOs are banned only that they require planning permission for a change of use from a C3 dwelling.
- 5.25 The number of licenced HMOs in the City is 1,941 as of 2023, which includes student accommodation. Although, the Council estimates that the total number of HMOs is as high as 11,600 which includes those too small to require a license.
- 5.26 As of September 2023, the median price of rooms to rent in the City was £400 per calendar month. This has increased by 28% since 2014 (see Table 5.1). Excluding studios, this is a slower rate of growth than for any other size of home or the equivalent rental growth for rooms in the region (33%) and nation (43%).
- 5.27 Nationally, the HMO market has changed significantly in the last year with many landlords exiting the market¹⁷ by selling their property and not always to other HMO landlords. As a consequence, the

¹⁶ <https://www.gov.uk/government/publications/changes-to-planning-regulations-for-dwellinghouses-and-houses-in-multiple-occupation-circular-08-2010>

¹⁷ <https://www.lettingagenttoday.co.uk/breaking-news/2023/2/hmo-numbers-falling-despite-need-for-more-rental-properties>

supply of HMOs has fallen. Some estimates¹⁸ suggest that as many as 21,000 HMOs have been lost since 2020/21 in England.

- 5.28 This trend is potentially also evident in homelessness statistics, where the end of a private rented tenancy was the most common reason for households being owed a prevention duty in England, accounting for 14,470 or 41.5% of households in the second quarter of 2023.
- 5.29 This was an increase of 6.9% from the same quarter in the previous year (Q2 2022), which would have predated the increase in interest rates. Of these, around 9,500 representations were due to landlords wishing to sell or re-let their property. While not all of these will be HMOs being sold it is likely that some will be. Although there are uncertainties around the scale of this trend in Sheffield it is unlikely that the supply of HMOs has grown at the same rate as demand, consequently, HMO rental costs have increased albeit to a lesser degree than other-sized homes.
- 5.30 Outside of the student market, the demand for HMOs likely comes from a range of sources including recent graduates and professionals new to the City and working at some of the City's major employers. There will also be demand from low-wage workers, vulnerable people (previously homeless), and asylum seekers. In most cases people choose HMOs for financial reasons i.e. they are cheaper than studios (£498 pcm) or one-bedroom homes (£645 pcm).

Demand for HMOs

- 5.31 It is difficult to quantify demand for HMO accommodation as it provides accommodation for disparate reasons. For many, it is their only accommodation choice available to them for others it is accommodation of last resort due to a lack of affordable alternatives while for others it is a convenient resting place while working in the City either temporarily or only during the week. For others, who are perhaps new to the City, it offers the possibility to socialise with people when no friends or family are nearby.
- 5.32 One way to examine the demand for HMOs is to look at those single-person households aged under 35 who are in affordable housing need and cannot afford to rent a 1-bedroom flat in the market. As the majority of this group is in a low-priority banding, they are unlikely to receive an affordable home and thus need to find an alternative solution.
- 5.33 The affordable needs modelling identified 4,821 newly-forming households per annum – this was based on looking at households aged under 45 (as per guidance) and further analysis suggests

¹⁸ <https://www.property118.com/hmo-market-in-england-shrinks-by-21000-properties/>

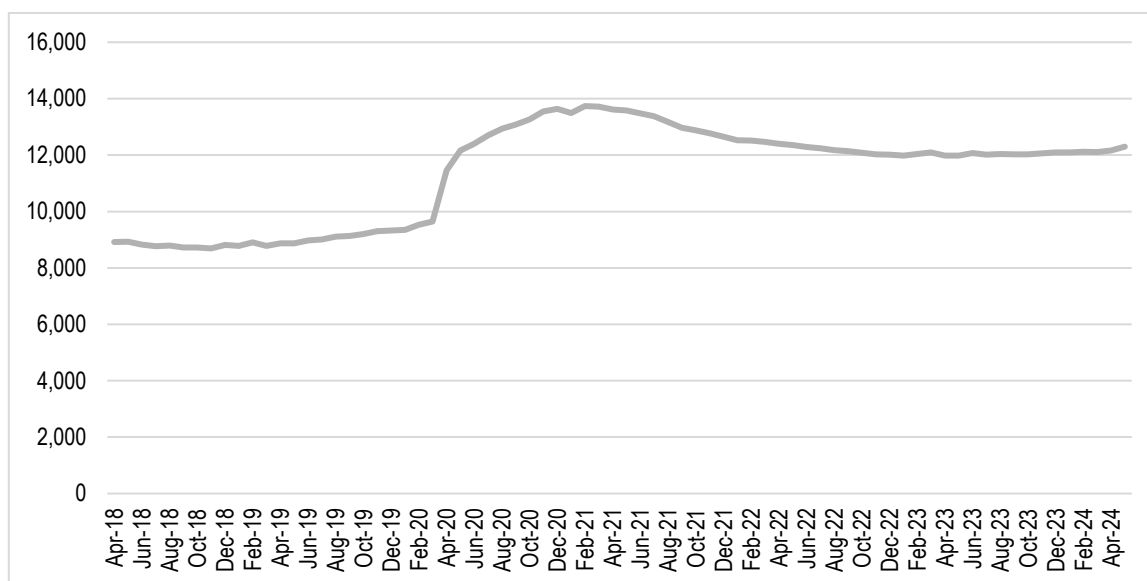
around 3,156 will be aged under 35 (and many would therefore only be eligible for a room rate of Housing Benefit if a claim were to be made) while 1,665 will be aged between 35 and 44.

- 5.34 There will also be people aged over 45 who will seek HMO accommodation in the City. However, the 45 to 64 age group is not projected to see strong population growth in the period to 2039 (increasing by 2,600 people, most of whom will have already formed independent accommodation – it is estimated this age group might only be generating around 50 new households per annum). HMO growth should focus on the under-45 age group.
- 5.35 Looking at the estimated incomes of this group and the cost to access a 1-bedroom private rented home it is estimated around 42% of this group would need to spend more than 30% of their income and might therefore seek shared accommodation (equivalent to around 2,000 per annum).
- 5.36 In reality, many households would choose to spend more than 30% of income on housing whilst some households may be allocated a social tenancy. Additionally, some households (e.g. with a disability) would qualify for at least a 1-bedroom rather than a shared accommodation rate.
- 5.37 If more 1-bedroom affordable units are delivered, then arguably the needs of those living in HMOs would be partly addressed. The demand for HMOs therefore needs to be considered in the context of the likely scale of delivery of affordable housing.
- 5.38 For these reasons it is difficult to definitively show the future need for shared accommodation, but the data does point to there potentially being a large cohort of people who may seek this type to live in an HMO if self-contained accommodation alternatives are not available.
- 5.39 HMOs therefore meet a need and serve an important role within the City's economy. However, high concentrations of HMOs can lead to an erosion of the character and community cohesion of an area and the council may wish to take a view about where and how many of these are allowed.

Benefit Claimants

- 5.40 The private rented sector in the City also supports many tenants claiming Housing Benefit or Universal Credit which includes an element for housing (as does the affordable housing sector). Since 2018, the number of claimants in the City has increased. This is primarily due to a large increase of around 1,800 new claimants in April 2020 caused by the first COVID-19 lockdown. Since that time the number of claimants has remained high and has not fallen below 11,900.

Figure 5.4 – PRS Tenants with Housing Benefit or Universal Benefit (with housing) claimants in Sheffield (2018 – 2023)



Source: Iceni analysis of DWP Stat-Xplore

- 5.41 The continuation of raised levels of claimants indicates that Sheffield's economy and employment structure have still not fully recovered from the effects of the pandemic and that those on low incomes are continuing to need to claim some benefits to maintain accommodation. This is also relevant in the context of increasing rents and other costs meaning tenants continue to rely on benefits.

Build to Rent: The Policy Context

- 5.42 In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build to Rent).
- 5.43 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.
- 5.44 This was realised through the publication of the revised NPPF (February 2019) which recognises the emergence of the strength of the private rented sector. The Framework, which continues to recognise the role of the private rented sector in the current December 2023 version, says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need) (paragraph 62).
- 5.45 The Framework's glossary also introduces a definition for Build to Rent development, thus recognising it as a sector:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development”.

- 5.46 It represents development which is constructed with the intention that it will be let rather than sold.
- 5.47 The most recent consultation NPPF (July 2024) also adds that the new government recognises that “Mixed tenure sites can provide a range of benefits including creating diverse communities and supporting timely build out rates and local planning authorities should support their development through their policies and decisions. Mixed tenure sites can include a mixture of ownership and rental tenures, including rented affordable housing and build to rent”

Benefits of Build to Rent

- 5.48 The benefits of Build to Rent are best summarised in the Government’s ‘A Build to Rent Guide for Local Authorities’ which was published in March 2015. The Guide notes the benefits are wide-ranging but can include:
- Helping local authorities to meet the demand for private rented housing whilst increasing tenants’ choice “as generally speaking tenants only have the option to rent from a small-scale landlord”.
 - Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
 - Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
 - Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.
- 5.49 This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.
- 5.50 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent

Market Update¹⁹ for Q2 2024 states that the market now had 115,000 completed units, 45,400 under construction and 100,700 in the development pipeline, a total of 261,870 units.

The Profile of Build to Rent Tenants

- 5.51 The British Property Federation (“BPF”), London First and UK Apartment Association (“UKAA”) recently published (November 2022) a report²⁰ profiling those who live in Build to Rent accommodation in England.
- 5.52 Around 40% of residents were aged between 25 and 34, which is broadly similar to the wider private rented sector market. The survey-based data identified that incomes are similar to those in private rented sector accommodation with 18% earning between £26,000 and £32,000, and 23% earning between £32,000 and £44,000. Typically, Build to Rent residents spend between 28% and 33% of their income on accommodation.
- 5.53 The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector.
- 5.54 The report also identified a broadly similar balance of people working in the public and private sectors with 17% of residents employed in the public sector living in Build to Rent accommodation compared with 19% in the private rented sector.

The Existing Provision

- 5.55 It is our understanding that there has been significant activity in the way of existing and forthcoming Build to Rent development in the City. The Council’s data estimates that there are 1,424 existing units and a further 2,669 in the pipeline. The vast majority of the existing and pipeline supply are flats with only around 2% being houses.
- 5.56 Nationally, it is clear that the sector is growing and given the relative youth of the population, the scale of the rental market and rental increases, we do not consider that demand from developers in the City will diminish any time soon.

Build to Rent - The Recommended Policy Response

- 5.57 The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent.

¹⁹ https://www.savills.co.uk/research_articles/229130/364472-0

²⁰ <https://bpf.org.uk/our-work/research-and-briefings/who-lives-in-build-to-rent-2022/>

While it is difficult to fully quantify demand, we think it would be prudent for the Council to consider a policy nevertheless in order to respond to future applications.

- 5.58 The Council has included support for build to rent in area-specific policies within the Emerging Draft Local Plan (e.g. CA3). However, it may wish to consider a more detailed policy on Build to Rent development in order to set out parameters (such as design, contract lengths, space standards, communal space standards (even if just stipulating wider standards apply) and facilities, outdoor space, bike storage and active transport measures etc.), regarding how schemes would be considered, with the expectation that there is likely to be additional applications in future – and this policy should also deal with how affordable housing policies would be applied.
- 5.59 Given that the sector is still evolving, we would recommend that the Council is not overly prescriptive on the mix of dwelling sizes within new Build to Rent development. The Framework’s definition of Build to Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control.
- 5.60 The Council may wish to consider either revising its draft affordable housing policies to specifically address the Build to Rent sector or produce an SPD on affordable housing from Build to Rent Accommodation. In doing so it will need to take account of the viability of Build to Rent development which differs from that of a typical mixed tenure development in the sense that returns from the Build to Rent development are phased over time whereas, for a typical mixed tenure scheme, capital receipts are generated as the units are sold.
- 5.61 In general terms, it is expected that a proportion of Build to Rent units will be delivered as ‘Affordable Private Rent’ housing. Planning Practice Guidance²¹ states that:

“The National Planning Policy Framework states that affordable housing on build-to-rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build-to-rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build-to-rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build-to-rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment and set the policy out in their local plan. Similarly, the guidance on

²¹ ID: 60-002-20180913

viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development”

- 5.62 The Council should have regard to the PPG on build-to-rent developments. This states that at least 20% of the units within a Build to Rent development should be let as Affordable Private Rented units at a discount of 20% to local market rents. We would advise that this is capped at Local Housing Allowance rates in order for it to be truly affordable.

Co-living

- 5.63 Co-living is a small but growing sub-sector of the build-to-rent market. Neither the NPPF nor PPG defines Co-living, but it is widely accepted that it is comprised of a private furnished bedroom or studio flat with shared common areas. The bedrooms are typically en-suite and are used by single people and couples. Tenancies typically range from 9-12 months (3 months minimum) but can be as long as 3 years.
- 5.64 Research by Savills²² suggests that there are around 3,400 Co-living bedspaces in the UK with a further 21,600 in the pipeline or under construction. The vast majority of the operational Co-living bedspaces are located in London (82%). Other areas that have seen activity are primarily major cities. This includes 197 bedspaces across two schemes in Sheffield City Centre (High Street and South Parade). These developments have planning permission, and one is under construction. The developments are likely to be operational by 2026/27.

The Profile of Co-living Tenants

- 5.65 The City should work with the developers of the proposed schemes to monitor who is living there and where they are moving from. Target residents of Co-living developments are typically students, recent graduates and young professionals.

²² https://www.savills.com/research_articles/255800/347501-0

- 5.66 Savills also profiled residents of Co-living developments in Guildford and Wembley (which will be different markets to Sheffield) and noted that they have attracted residents working in “healthcare, gaming, and technology”.
- 5.67 The same research showed that only around 41% of residents had lived in London previously and 35% of residents were from overseas. Although open to all ages, residents of Co-living developments are predominantly aged 18–40 years old. This outlines the product’s attractiveness to newcomers to an area and can often act as a springboard to more permanent accommodation.

Benefits of Co-living

- 5.68 As well as addressing housing need, Co-living benefits young professionals facing affordability pressures, as well as those that are new to an area, as it allows them to establish roots and make friendships when otherwise they might face a degree of isolation.
- 5.69 The Savills research also stated that Co-living has a number of pull factors (extensive amenities, interaction with fellow residents, flexible leases and all-inclusive bills) but demand is also aided by the push factors of high house prices, a lack of PRS stock, high rents and people seeking to avoid house-shares.

Co-living the Recommended Policy Response

- 5.70 Much of the Build to Rent policy response set out earlier in this chapter can also be applied to Co-living. In addition, the London Plan Policy H16 is a rare example of an adopted Co-Living policy, although in that case it is referred to as Large-Scale Purpose-Built Shared Living²³. The policy seeks to ensure that Co-living development:

- Is of good quality and design;
- contributes towards mixed and inclusive neighbourhoods;
- is located in an area well-connected to local services and employment by sustainable transport means;
- is under single management;
- its units are all for rent with minimum tenancy lengths of no less than three months;
- its communal facilities and services are provided that are sufficient to meet the requirements of the intended number of residents and offer at least:
 - convenient access to a communal kitchen
 - outside communal amenity space (roof terrace and/or garden)
 - internal communal amenity space (dining rooms, lounges)
 - laundry and drying facilities

²³ https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf

- a concierge
- bedding and linen changing and/or room cleaning services.
- The private units provide adequate functional living space and layout, and are not self-contained homes or capable of being used as self-contained homes;
- A management plan is provided with the application; and
- it delivers a cash-in-lieu contribution (either upfront or in perpetuity) towards conventional C3 affordable housing.

5.71 The Greater London Authority also published further guidance for consultation on how this policy should be implemented²⁴. This guidance included more detail on design standards and the provision of required and optional communal facilities.

Private Rented Sector and Build to Rent / Co-living: Summary

5.72 The private rented sector has been the key tenure growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

5.73 In the City, the private rented sector is significant and accounts for around 18.7% of all stock at the point of the 2021 Census and has increased by over 7,600 households since 2011. On the basis of our analysis of the size and nature of the private rented sector in the City alongside increasing rental values and recent development, there is demand for rental properties in the City and this could be met through the uptake of Build to Rent and Co-living development.

5.74 In response, the Council could therefore consider the inclusion of a policy on Build to Rent and Co-living development to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be managed.

²⁴ https://www.london.gov.uk/sites/default/files/lspbsl_lpg_pre-consultation_draft_planning_27jan22.pdf

6. SELF AND CUSTOM BUILD

- 6.1 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.
- 6.2 The Sheffield Self-Build and Custom Housebuilding Register was introduced on the 1st of April 2016 and there have now been seven and a half base periods²⁵ up to 30th October 2023 when the latest data covers.
- 6.3 The Sheffield custom and self-build register does not have any eligibility criteria for entry to the self and custom-build housing register and therefore it is only in one part.
- 6.4 The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended) within 3 years of the end of each base period. However, there is no reporting requirement to identify if self-build homes have actually been delivered on these plots nor if the people on the register have secured a plot.
- 6.5 The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in the City.

²⁵ A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended 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.

Table 6.1 Sheffield Self and Custom Build Register (2016 – 2023)

Base Period	Annual Entries Individuals	Total Cumulative Entries	Permitted Serviced Plots	Cumulative Permitted Serviced Plots
Base Period 1 (1 st April 2016 to 30 th October 2016)	301	301	0	0
Base Period 2 (31 st October 2016 to 30 th October 2017)	76	377	3	3
Base Period 3 (31 st October 2017 to 30 th October 2018)	46	423	36	39
Base Period 4 (31 st October 2018 to 30 th October 2019)	95	518	31	70
Base Period 5 (31 st October 2019 to 30 th October 2020)	83	601	27	97
Base Period 6 (31 st October 2020 to 30 th October 2021)	106	707	35	132
Base Period 7 (31 st October 2021 to 30 th October 2022)	109	816	22	142
Base Period 8 (31 st October 2022 to 30 th October 2023)	56	872	27	169
Total		872		169
Average		116		23

Source: Right to build register monitoring and council data

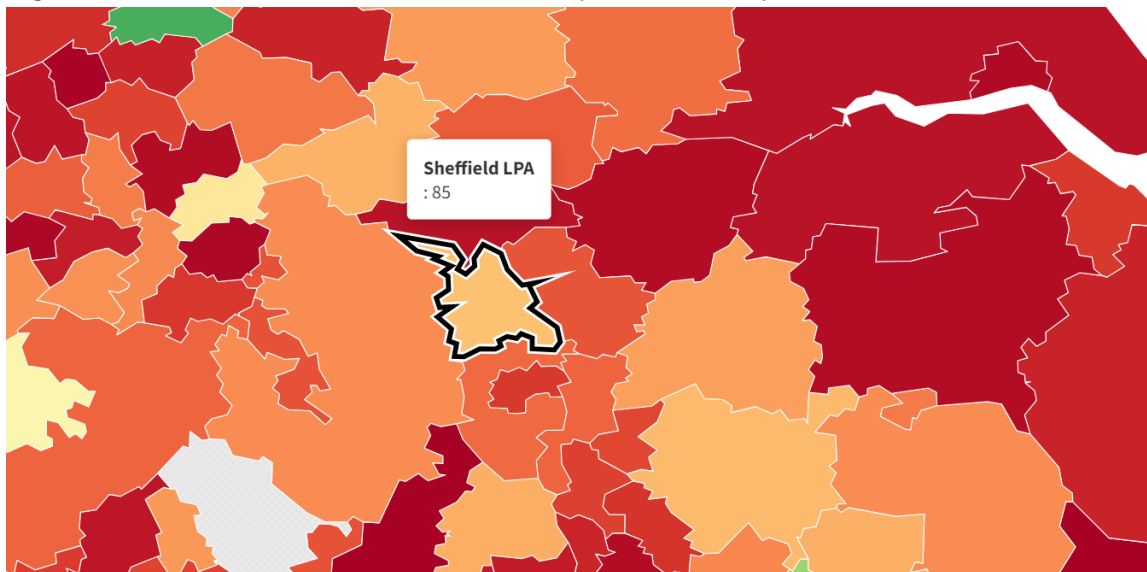
- 6.6 If assessed over the seven-and-a-half base periods that registration information is available for, there has been a total of 872 individuals registered expressions of interest in a serviced plot of land in Sheffield. This is an average of 116 plots per base period. In addition, 20 groups have expressed an interest in a plot(s) in the City or 3 per base period. Combined this gives a total average demand for 119 plots per base period.

- 6.7 This is a gross need and any delivery since 2016 will need to be netted off from this need. To date, the Council has only permitted around 23 plots per base period (169 plots). This highlights a considerable unmet need for such plots in the City.
- 6.8 Under the Levelling Up and Regeneration Act (2023) this historic shortfall (703 plots) will also need to be addressed. Similarly, it would appear that the government will be more stringent around what counts as serviced plots for custom and self-build housing. In response, the Council may wish to review their supply position and how this has been counted.
- 6.9 The register also records where in Sheffield those joining the register would consider buying a plot. The most popular areas were Nether Edge and Abbeydale (S7), Crookes, Broomhill and Crosspool (S10) and Greystones and Nether Edge (S11)

Broader Demand Evidence

- 6.10 To supplement the data from the Councils' registers, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the National Custom and Self-Build Association.
- 6.11 First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property.
- 6.12 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Sheffield in relative terms. The association published an analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2020. This includes an output on the demand for serviced plots as a proportion of the total population relative to all other local authorities across England.
- 6.13 One of the key maps within the report highlights the areas of strongest demand and this is shown in the figure below. This shows that Sheffield needs 85 units per 100,000 head of population. With a population of 573,252 in 2023, this level of demand would result in a current need of 487 plots.

Figure 6.1 - Overall Demand for Self-Build Plots per 100,000 Population



Source: NaCSBA, 2020

Policy Response

- 6.14 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector.
- 6.15 The PPG²⁶ is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward. Councils are also encouraged to focus on playing a key role in facilitating relationships to bring land forward. There are several measures which can be used to do this, including but not limited to:
- Supporting Neighbourhood Planning groups where they choose to include self-build and custom-build housing policies in their plans;
 - Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom-build housing;
 - When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested; and

²⁶ Paragraph: 025 Reference ID: 57-025-20210508

- Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

6.16 As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies. Policy H1 in the Emerging Draft Sheffield Plan relates to the scale and supply of new housing and includes support for a wide range of new housing to meet identified needs including custom build and self-build homes.

Self and Custom Build Housing: Summary

6.17 There is significant demand for Self and Custom Build Housing in the City as demonstrated by the City's register. Demand from individuals and groups combined indicates that the Council would need to permit 119 plots per base period. The scale of demand should be monitored and addressed as should backlog needs.