Peterborough Local Plan 2023 to 2044

Peterborough Housing & Economic Needs Assessment

Housing type, mix & affordable housing need

October 2024

Planning & Development

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1. Introduction

Purpose

1.1 Peterborough is a unitary authority located in the East of England, approximately 125 km north of London. It comprises of the City of Peterborough and 25 villages set in countryside extending over an area of approximately 344 square kilometres. The area borders the local authorities of Fenland, Huntingdonshire, North Northamptonshire, Rutland, South Kesteven and South Holland.

1.2 Peterborough has a diverse economy, ranging from innovative small business to large global headquarters. The high performing business sectors include engineering and manufacturing; agriculture; food and drink; digital and creative; energy and environment; and financial services. Peterborough fared well during the national and global economic downturn with increased investment underpinned by the city's ambitions and new initiatives to support economic growth. Peterborough has become one of the fastest growing and changing cities in the UK. Growing at more than twice the national average for England and Wales over the last 10 years.

1.3 The Council's Local Plan was adopted in July 2019, which set a requirement for 19,440 new homes by 2036. The Council is undertaking a review of the Local Plan which will replace the current adopted Local Plan. As part of this process, the Council consulted on its 'Issues and Options' paper during summer 2023 to gather responses to help shape the scope and direction of the draft Local Plan.

1.4 The Council believes the Local Plan has a key role to play in responding to current needs and shaping the future Housing and Employment Needs and requirements for Peterborough. This Housing and Economic Needs Assessment (HENA) will provide a key element of the Local Plan Evidence Base and will help inform the development of the overall spatial strategy and policies. Specifically, the HENA will identify the employment need requirement, and the amount of employment land required to 2044 to meet this need. It will also provide an understanding of the levels and details of the different housing needs across the district to ensure all housing delivery is based on robust evidence of need.

1.5 There are two distinct outputs to the work with the HENA, this report focuses on the housing outputs required, whilst the partner study by Rapley's considers the employment requirements. These two reports have been jointly produced and should be read together.

1.6 A Strategic Housing Market Assessment (SHMA) was undertaken in Peterborough 2017. Since then, there have been alterations to both Government guidance and changing demographic and housing market pressures. This report provides a new evidence base that reflects the current market situation, utilises the latest data available and adheres to the current Government guidance as set out in the 2023 National Planning Policy Framework (NPPF), and the Planning Practice Guidance (PPG)[1], described below.

Government Guidance

1.7 In February 2019, the NPPF was updated, and the new PPG published[2], which theoretically ended a period of considerable change in the planning system and in the wider development industry. The NPPF was further updated in December 2023. Paragraph 35 (a) of the NPPF requires that plans are '*positively prepared'*. As a minimum, the NPPF requires strategic policies to provide for objectively assessed needs for housing. This carried forward the requirements under the 2012 NPPF and concerns the overall housing requirement.

> *60. To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay. The overall aim should be to meet as much of an area's identified housing need as possible, including with an appropriate mix of housing types for the local community.*
>
> *61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area. There may be exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*
>
> *62. The standard method incorporates an uplift which applies to certain cities and urban centres, as set out in national planning guidance. This uplift should be accommodated within those cities and urban centres themselves except where there are voluntary cross boundary redistribution agreements in place, or where it would conflict with the policies in this Framework.*
>
> *63. Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.*
>
> *Paragraphs 60 to 63 – 2023 NPPF*

[1] The latest iteration of the PPG before this report was finalised was the version of 22nd July 2019. The report has been written so that it responds to the PPG as at this date.

[2] It should be noted that subsequently the PPG on housing needs assessments was divided into three different elements: 'housing and economic needs assessments', 'housing needs of different groups' and 'housing needs of older and disabled people'. This report contains the information that meets the requirements within each of these.

1.8 The requirement for housing is derived through the Standard Method and is then disaggregated into the different types of housing the future population will need. Following which an assessment of the number of households in need of affordable housing must be undertaken. In essence, the first output[3] required by the NPPF, for a study of this type, is to disaggregate the new housing number as derived through the Standard Method. The second task is the assessment of Affordable Need, and the final task is the understanding of the needs of groups with specific housing requirements.

1.9 The NPPF outlines how a Housing Market Assessment fits into the wider housing policy framework and the PPG sets out how the various elements of a Housing Market Assessment should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need (Chapter 6 of this report). The affordable housing need figure is an unconstrained figure set in the current housing market situation. It is not a component of the overall housing need, but is entirely independent, calculated using a different approach and different data sources.

1.10 This Housing Market Assessment includes a Long-Term Balancing Housing Markets (LTBHM) model (Chapter 5 of this report) which breaks down the overall housing need into the component types (tenure and size) of housing required. Whilst both the Affordable Needs model (Chapter 6) and the LTBHM model (Chapter 5) produce figures indicating an amount of affordable housing required, they are not directly comparable as, in line with the PPG, they use different methods and have different purposes. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether a Local Planning Authority should plan for more houses where it could help meet the need for affordable housing. The figure produced by the LTBHM model is based on the population projections and occupation patterns of household groups (considering the trends in how these occupation patterns are changing). This is the mix of housing for which the authority should be planning. How these figures should be used in Peterborough is summarised at the conclusion of this report, in Chapter 8.

1.11 In December 2020, the Government revised the Standard Method calculation. This has resulted in the slight modification to the Standard Method originally set out, with the guidance in the PPG detailing how the Standard Method is updated to reflect this. This report has followed the approach set out in the PPG (as revised December 2020). In May 2021, the Government published detail on First Homes and their implementation[4]. This report assesses the requirement for First Homes as part of the housing mix required to accommodate the future population.

[3] Before this is done it is necessary to profile the local housing market and demographic situation, to ensure that the subsequent outputs have a meaning in a local situation. However, there are no outputs required within the NPPF from this contextual study.

[4] https://www.gov.uk/guidance/first-homes

Draft NPPF 2024

1.12 On 30th July 2024, just before the finalisation of this report, the new government published their consultation for the proposed reforms to the NPPF (including a revised Standard Method calculation)[5]. The consultation process is due to run until late September 2024 and the intention is that the finalised revised NPPF will be published before the end of 2024. This means that this report is being produced at a time of uncertainty. To future proof this housing market assessment, the results are being presented based on the extant (as at August 2024) guidance, but additional analysis has been added to set out the outputs within the proposed revised Standard Method. The new Standard Method figure is detailed at the end of Chapter 4.

Report coverage

1.13 This report is focused on detailing the amount of new housing required over the plan-period in Peterborough, the size and tenure of housing that would be most suitable for the future population, the housing requirements of specific groups of the population and the level of affordable housing need that exists in the city. The report contains the following:

Chapter 2 presents an examination of the latest data on the resident population in Peterborough and the changes that have occurred within them. It also profiles the current housing stock, and the changes recorded within it.

Chapter 3 contains a detailed analysis of the cost of property in Peterborough and the affordability of the different forms of housing for residents.

Chapter 4 paragraph 008 of the PPG indicates that '*Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process*[6]*.'* The chapter sets out the calculation of the local housing need figure for Peterborough.

Chapter 5 disaggregates the local housing need to show the demographic profile of the future population in Peterborough. The chapter uses this information to produce an analysis of the nature of future housing required within the long-term balancing housing markets model (LTBHM).

Chapter 6 sets out the calculation of outputs for the affordable housing needs model strictly in accordance with the PPG approach. The chapter identifies both the type of households in housing need and the tenure of affordable housing that would meet this housing need.

[5] Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK (www.gov.uk)

[6] Reference ID: 2a-008-20190220

Chapter 7 contains an analysis of the specific housing situation of the particular sub-groups of the population identified within the NPPF.

Chapter 8 is a conclusion summarising the implications of these results.

Local housing market boundaries

1.14 This section of the report will assess what the most recent data indicates around the housing market area around Peterborough. Data on migration and commuting flows from the 2021 Census have recently been published providing an up-to-date and robust data source and allowing a comparison with the equivalent 2011 data to understand how the situation has changed in Peterborough.

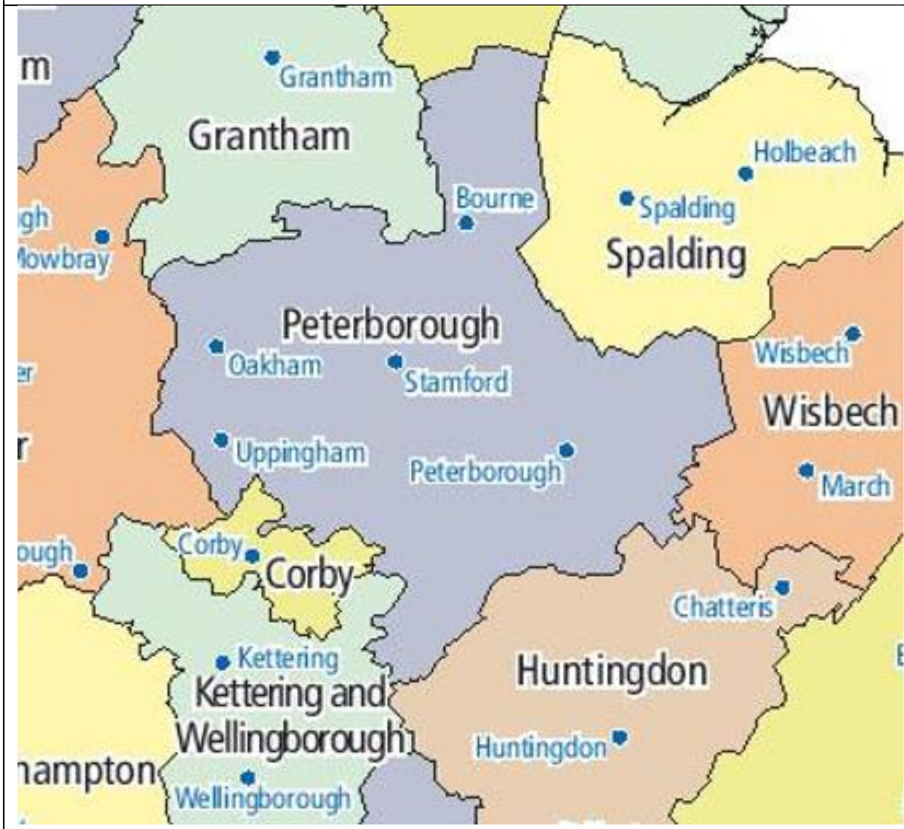
1.15 This data on population flows will be supported by a comparison of property prices in the City and the neighbouring authorities, which uses the most recent Land Registry data to establish the housing market linkages that exist in the region. This evidence presents the functional and geographic context in which the local housing market operates and determines whether Peterborough forms its own housing market area.

Commuting flows

1.16 Before the most recent data is discussed, the outputs generated from the 2011 Census data are presented for context. The Office of National Statistics (ONS) used the data on commuting flows collected in the 2011 Census to derive travel to work area boundaries. These outputs were published in 2015. The figure below shows an excerpt of the national map produced in this process, which concentrates on the travel to work areas around Peterborough. This shows that in 2011 the whole of the authority was located in the Peterborough travel to work area, which extended notably beyond the authority boundary, especially to the south and north. These boundaries were defined according to the criteria and thresholds used by the ONS[7] and they are totally distinct from local authority boundaries. The local authority of Peterborough is much smaller in scale than the travel to work area of Peterborough.

[7] The criteria applied by the ONS was that the travel to work areas had to have a working population of at least 3,500 and that at least 75% of an area's resident workforce work within the area and at least 75% of the people who work in the area also live in the area. For areas with a working population in excess of 25,000, self-containment rates as low as 66.7% were accepted.

Figure 1.1 2011 travel to work areas around Peterborough



Source: Office of National Statistics, 2015

1.17 The 2021 Census contains a detailed profile of commuting flows occurring at the local level. This indicates that of the 100,950, usual residents in Peterborough aged 16 years and over and in employment the week before the Census, 45.3% have a workplace also in Peterborough. A further 38.1% of residents mainly work at or from home or have no fixed workplace. These are also categorised as people working within the City. This means that in total, 83.4% of residents in employment in Peterborough in 2021 also worked in the City. The equivalent self-containment figure from the 2011 Census for Peterborough was 78.1%. It should be noted that the reason for the greater level of self-containment recorded in 2021 is principally due to a substantially larger number of people working at or mainly from home, partly as a consequence of the impact of COVID-19 and the national lockdown policies in place at that time, but also a more general trend for employees to work from home with better technological solutions available.

1.18 Table 1.1 below shows the 10 authorities in which residents in Peterborough most travelled to work in 2021. The table also contains a column that details the equivalent number of workers from Peterborough in 2011 that had the same destination – this enables a comparison of the changing relationship between these authorities and Peterborough. People working from home or with no fixed workplace are considered to work in Peterborough as this is how they are classified by the ONS in their Census analysis.

1.19 The data indicates that Huntingdonshire is the authority to which employed residents from Peterborough most commonly travel to for work, followed by Fenland and South Kesteven. Fenland, Huntingdonshire, Rutland and East Cambridgeshire are the only authorities on this list in which more people travelled to work there from Peterborough in 2021 than in 2011, the remaining other authorities have seen a reduction in commuting flows.

Table 1.1 The ten authorities that are the most common place of work for employed residents of Peterborough

Location of work for employed residents of Peterborough

Destination authority area	***2021***		***2011***
	Number of Peterborough residents that work there	*Proportion of all Peterborough residents in work that work there*	*Number of Peterborough residents that work there*
Peterborough	84,190	83.4%	69,026
Huntingdonshire	4,391	4.3%	3,843
Fenland	2,793	2.8%	2,190
South Kesteven	2,227	2.2%	2,682
North Northamptonshire	1,612	1.6%	1,834
South Holland	916	0.9%	1,141
Cambridge	435	0.4%	647
Rutland	426	0.4%	414
South Cambridgeshire	405	0.4%	462
East Cambridgeshire	222	0.2%	168

Source: Census 2011 and 2021

1.20 Although not as significant in terms of determining the self-containment of an area, it is interesting to understand where people that work in Peterborough reside. Overall, of the 106,641 people that worked in Peterborough in 2021, 78.9% also resided there. The equivalent figure from 2011 was 67.8%, again showing a reduction in the significance of commuting flows into Peterborough.

1.21 Table 1.2 below shows the 10 authorities in which those working within Peterborough most commonly lived in 2021. The table also contains a column that details the equivalent number of workers within Peterborough in 2011 that came from the same origin location. The data indicates that South Kesteven is the authority from which people most commonly commute to Peterborough, followed by Huntingdonshire and Fenland. The commuting flows from South Kesteven and Huntingdonshire have notably reduced since 2011 (by 35.3% and 36.1% respectively), with the number of commuters from all areas other than Cambridge and Boston also reducing. Whilst this trend partly reflects the increase in people working from home, there are other areas within England in which the commuting flows have increased between 2011 and 2021, so it also reflective of a specific change in behaviour in Peterborough.

Table 1.2 The ten authorities that are the most common place of residence for people employed within Peterborough			
Location of residence for people employed within Peterborough			
Local authority area of residence	***2021***		***2011***
	Number of people working in Peterborough that live in the authority	*Proportion of all Peterborough workers that live there*	*Number of people working in Peterborough that live in the authority*
Peterborough	84,190	78.9%	69,026
South Kesteven	5,042	4.7%	7,791
Huntingdonshire	3,849	3.6%	6,026
Fenland	3,815	3.6%	4,980
South Holland	2,962	2.8%	3,266
North Northamptonshire	1,623	1.5%	2,225
Rutland	636	0.6%	1,015
Cambridge	565	0.5%	323
King's Lynn and West Norfolk	404	0.4%	520
Boston	301	0.3%	269

Source: Census 2011 and 2021

Migration trends

1.22 The Census details the migration flows recorded in the year prior to the survey. It provides estimates on all usual residents who were living at a different address one year before the Census. Overall, of the 20,629 residents of Peterborough in 2021 that had moved home within the UK in the previous year, some 64.6% had moved from elsewhere in the City. The equivalent self-containment figure from the 2011 Census for Peterborough was 70.9%.

1.23 Table 1.3 below shows the 10 authorities from which residents most commonly moved into a home within Peterborough in the year up to April 2021. The table also contains a column that details the equivalent number of movers to Peterborough in the year up to the 2011 Census that originated from the same location.

1.24 The data indicates that Huntingdonshire is the authority from which people that moved into Peterborough most commonly came, followed by Fenland, South Kesteven and South Holland. The scale of flows from all authority areas have increased between 2011 and 2021. Of the residents in Peterborough that had moved in the year prior to the 2021 Census, Huntingdonshire is the only origin authority that constituted more than 3% of these moves.

Table 1.3 The ten authorities from which people most commonly moved into a home in Peterborough			
People that moved from within the UK into a home in Peterborough in the preceding year			
Original authority area of residence	***2021***		***2011***
	Number of people that moved to a home in Peterborough	*Proportion of all people moving to a home in Peterborough*	*Number of people that moved to a home in Peterborough*
Peterborough	13,322	64.6%	15,072
Huntingdonshire	735	3.6%	656
Fenland	506	2.5%	457
South Kesteven	501	2.4%	495
South Holland	303	1.5%	264
North Northamptonshire	230	1.1%	173
Cambridge	156	0.8%	113
King's Lynn and West Norfolk	143	0.7%	89
West Northamptonshire	119	0.6%	47
South Cambridgeshire	96	0.5%	68

Source: Census 2011 and 2021

1.25 In terms of the new location of people who moved from a home in Peterborough in the year prior to the 2021 Census (and remained in the UK), the data shows that 62.8% remained in the City. In comparison in 2011, this figure for Peterborough was 67.3%. Table 1.4 below shows the 10 authorities to which residents in Peterborough most commonly moved to a new home in the year up to the 2021 Census. The table also contains a column that details the equivalent number of movers from Peterborough in the year up to the 2011 Census that had the same destination.

1.26 The data indicates that South Kesteven is the authority to which people from Peterborough most commonly moved in the year up to April 2021, followed by Huntingdonshire, South Holland and Fenland. The flows to all of these destinations other than North Northamptonshire have increased since the previous Census however South Kesteven and Huntingdonshire are the only authorities in which the flows are notable in scale.

Table 1.4 The ten authorities which Peterborough residents most commonly moved to			
Destinations of Peterborough home movers in the preceding year			
Destination authority area	***2021***		***2011***
	Number of Peterborough residents that moved there	*Proportion of all residents leaving a home in Peterborough that moved there*	*Number of Peterborough residents that moved there*
Peterborough	13,322	62.8%	15,072
South Kesteven	918	4.3%	693
Huntingdonshire	751	3.5%	665
South Holland	650	3.1%	289
Fenland	562	2.7%	415
North Northamptonshire	289	1.4%	290
Nottingham	257	1.2%	108
Cambridge	213	1.0%	135
Lincoln	155	0.7%	78
Leicester	153	0.7%	113

Source: Census 2011 and 2021

Housing market indicators

1.27 It is useful to compare the price of housing in Peterborough with its neighbouring authorities to see the similarities and differences between the housing markets in the area. Table 1.5 below presents the average (mean) property price for dwellings sold in Peterborough and the surrounding authorities in 2023. The table shows the overall average price of homes sold as well as the average for each dwelling type categorised by the Land Registry.

1.28 The table indicates that homes in Rutland are clearly the most expensive with Huntingdonshire also recording properties prices notably above the other areas. Peterborough records prices, which are close to, but slightly below South Kesteven and North Northamptonshire, but higher than that recorded in South Holland and Fenland, the two cheapest authorities.

Table 1.5 Average (mean) prices by property types in 2023 in Peterborough and surrounding authorities					
Location	Detached	Semi-detached	Terraced	Flat	Overall average price
Peterborough	£397,575	£240,389	£200,320	£123,713	£259,695
South Holland	£307,221	£197,817	£164,821	£93,774	£251,141
North Northamptonshire	£399,251	£255,288	£213,033	£137,505	£275,736
Huntingdonshire	£466,907	£306,622	£257,679	£170,899	£332,233
Fenland	£314,661	£223,279	£171,126	£112,220	£248,080
South Kesteven	£397,806	£250,037	£211,236	£140,049	£294,918
Rutland	£573,767	£308,967	£279,263	£257,125	£428,246

Source: Land Registry, 2023

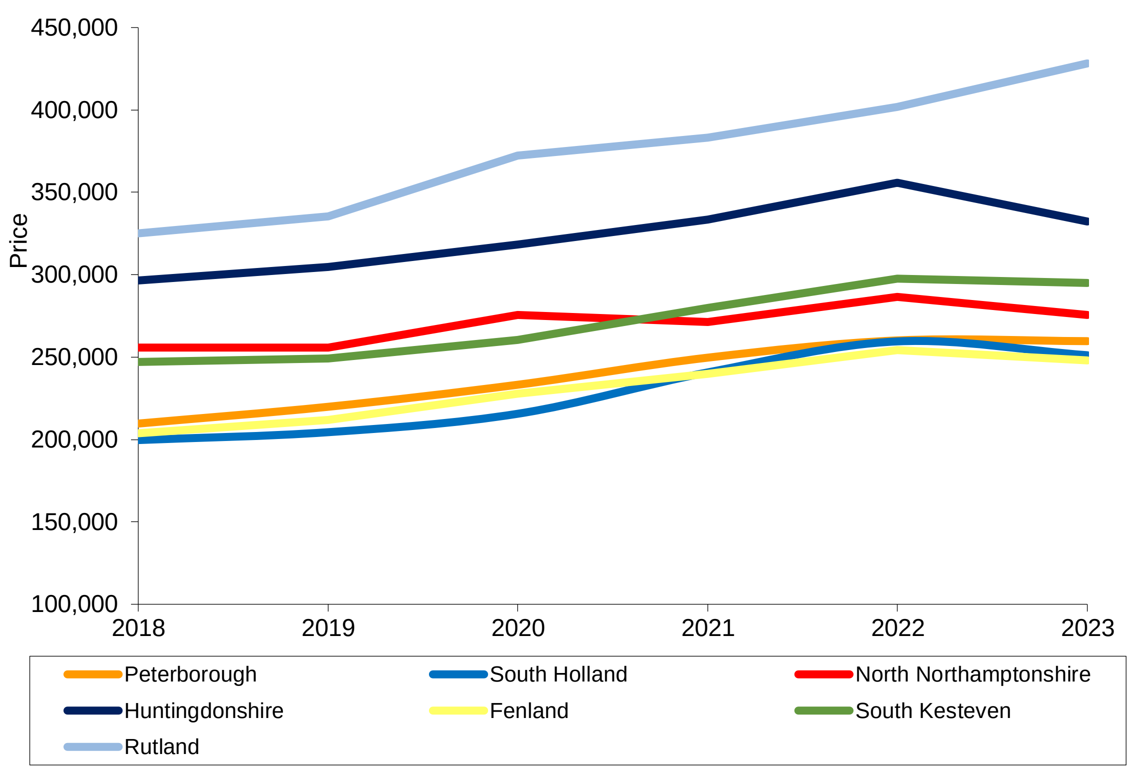
1.29 Table 1.6 below shows the distribution of sales by property type in each of these areas in 2023, which allows comparison of the profile of dwelling stock in each authority. The data indicates that in Peterborough sales of semi-detached houses are most common and sales of flats are least frequent. The data implies that North Northamptonshire is the authority with the accommodation profile most similar to Peterborough.

Table 1.6 Distribution of sales by property types in 2023					
Location	Detached	Semi-detached	Terraced	Flat	Total sales
Peterborough	28.3%	30.9%	29.4%	11.4%	1,313
South Holland	56.0%	28.1%	12.2%	3.7%	829
North Northamptonshire	29.1%	34.2%	28.9%	7.9%	2,707
Huntingdonshire	34.8%	27.7%	23.8%	13.6%	1,422
Fenland	43.8%	31.2%	21.2%	3.8%	876
South Kesteven	41.7%	28.2%	23.2%	7.0%	1,289
Rutland	48.4%	24.8%	23.3%	3.6%	335

Source: Land Registry, 2023

1.30 Figure 1.2 shows the change in average overall property price in each local authority area over the last five years. The figure shows that prices have continued to rise in the last few years in all areas. Over the last five years, prices have increased the most in Rutland (by 31.7%) with the smallest increase being recorded in North Northamptonshire (13.5%). Prices in Peterborough have risen by 23.9% between 2018 and 2023, which is most similar to the price rises in South Holland (25.8%).

Figure 1.2 Change in overall average price since 2018



Source: Land Registry, 2023

Conclusion

1.31 The analysis of Peterborough and its neighbouring authorities presented above suggests that the most established linkages are those with Huntingdonshire, South Kesteven and Fenland, both in terms of commuting and migration flows. However, the absolute number of people moving between Peterborough and these authorities represents a relatively small proportion of the total flows of people in Peterborough. The travel to work self-containment for Peterborough has increased notably between 2011 and 2021, and whilst the self-containment for migration has decreased slightly over this time period it remains a very high figure. The housing market suggests that Peterborough is not untypical when compared with neighbouring authorities in terms of price and accommodation profile. The evidence however indicates that Peterborough is a distinct housing market area, with links to neighbouring authorities. It's status as a sub-regional hub means that its influence extends beyond the city, but it can be considered a housing market area in its own right.

2. Local housing market drivers

Introduction

2.1 Two main drivers of the housing market are the resident population and the income profile of residents. They affect the nature of housing demand, including household formation rates and households' investment in housing. This socio-economic situation is important context to be understood before the level of housing need is calculated. The first half of this chapter uses the most recently available data to document the current demographic profile in Peterborough and how it has changed. The financial profile of households is also presented.

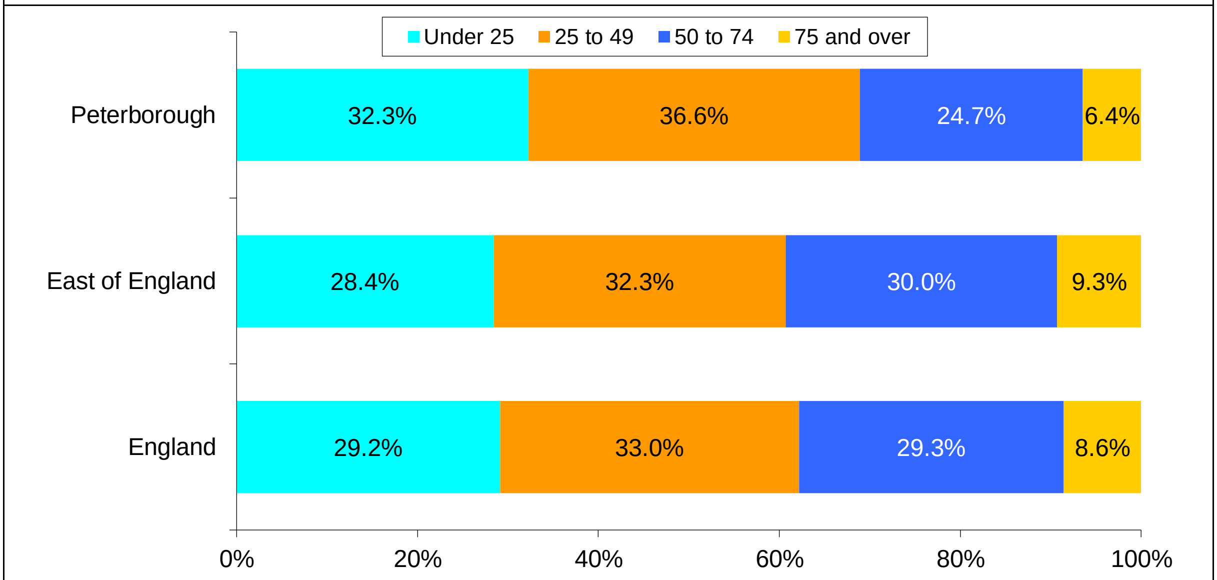
2.2 Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. Data from the 2021 Census is used to provide an overview of the housing stock in Peterborough and a comparison to the regional and national situation will be presented. The changes recorded over the last ten years will also be profiled.

Demography

2.3 The 2021 Census indicates that the resident population in Peterborough in 2021 was 215,676 and that, since 2011, the population had increased by 17.5%, by around 32,045 people. In comparison, the population of the East of England region increased by 8.3% over the same period, whilst the population of England grew by 6.6%.

2.4 Figure 2.1 illustrates the age composition of the population of Peterborough, the East of England, and England in 2021. The data shows that Peterborough has a relatively large proportion of those under 25 and 25 to 49 year olds and relatively fewer people aged 50 and over. The City has an atypically young population when compared with the national pattern.

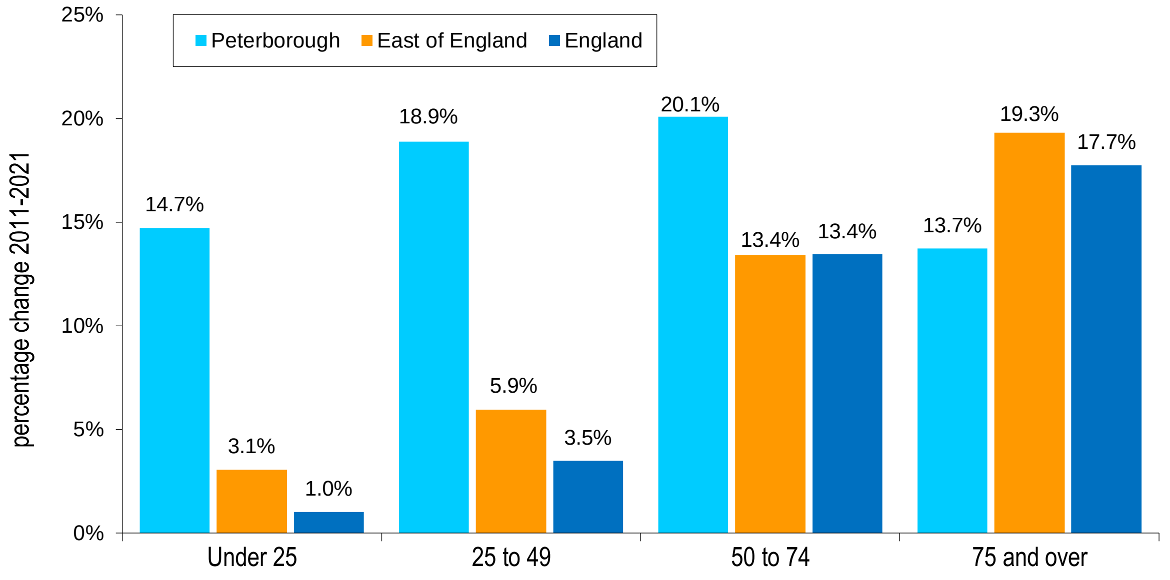
Figure 2.1 Population composition in Peterborough 2021



Source: 2021 Census

2.5 Figure 2.2 shows the change in the age profile in Peterborough between 2011 and 2021 as recorded by the Census. The regional and national equivalents are presented in addition. The figure shows that in Peterborough the number of people aged between 50 and 74 has grown by over 20%, with a notable increase in those also aged between 25 and 49 recorded. At a national and regional level there has been a clear trend for an ageing population, however in Peterborough there is much more even growth in the age groups of the population.

Figure 2.2 Change in number of people in each age band between 2011 to 2021



Source: 2011 and 2021 Census

2.6 Table 2.1 provides a range of demographic details for Peterborough, the East of England and England, including the average household size, the population density, the proportion of disabled residents and the proportion of people with a non-White ethnicity.

2.7 The population density in Peterborough in 2021 was 628 people per sq. km according to the 2021 Census, notably higher than the figure for England as a whole (434 people per sq. km) and the East of England (331 people per sq. km). In 2021, the average household size in Peterborough was 2.53, higher than the national and the regional average of 2.37. Peterborough recorded 16.3% of the population as disabled under the Equality Act in 2021, lower than the regional and national averages.

2.8 Some 24.6% of the population of the City was non-White according to the Census, higher than the national figure of 19.0% and the regional total of 13.5%. The largest non-White ethnic group in Peterborough is the Asian or Asian British group, which constitutes 14.3% of the population. The 2021 Census indicates that 2.7% of the population of Peterborough had moved into the UK from abroad within the last two years, compared to 1.9% across England and 1.6% in the region. This indicates that not only has Peterborough got a younger population, it also has a more dynamic population flow that average.

Table 2.1 Demographic profile of Peterborough in 2021			
Metric	*Peterborough*	*East of England*	*England*
Total population in households	213,464	6,238,659	55,504,302
Total households	84,532	2,628,782	23,436,090
Average household size	2.53	2.37	2.37
Population density	628	331	434
Proportion people disabled under the equality act	16.3%	16.6%	17.3%
Proportion people with a non-White ethnicity	24.6%	13.5%	19.0%
Proportion resident in the UK for less than 2 years	2.7%	1.6%	1.9%

Source: 2021 Census

2.9 Both the 2011 and 2021 Census collected data on the overall general health of the population. Table 2.2 shows the overall results recorded in 2021 in Peterborough, the East of England and England for this measure alongside the relative change in the number of people in these different groups since the previous Census.

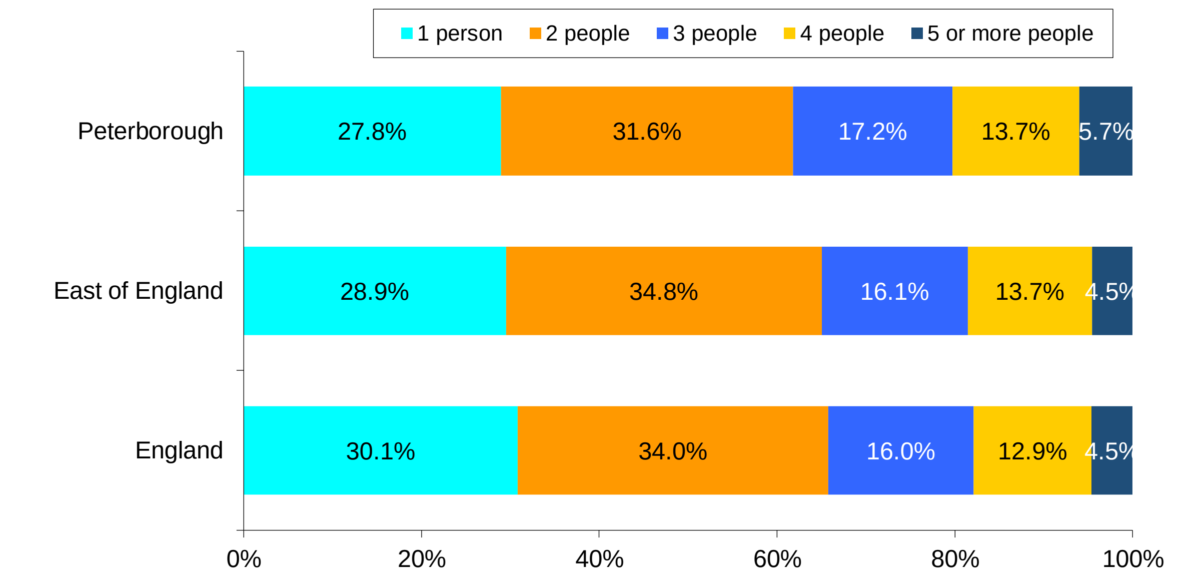
2.10 Overall, Peterborough records a similar profile to the regional and national situation, with the City having a slightly lower proportion of residents with very good health but a higher proportion of residents with good health. The biggest change recorded in Peterborough between 2011 and 2021 is an increase in the number of people with very good health, replicating national and regional trends. In Peterborough, the second largest growth is number of people with very bad health and then people with bad health.

Table 2.2 General health 2011 and 2021						
General health	*Peterborough*	*East of England*	*England*	*Change in number of people in Peterborough since 2011*	*Change in number of people in East of England since 2011*	*Change in number of people in England since 2011*
Very good health	46.2%	48.3%	48.5%	22.5%	10.8%	9.5%
Good health	35.9%	34.6%	33.7%	13.0%	6.5%	5.0%
Fair health	12.9%	12.5%	12.7%	13.8%	5.2%	2.8%
Bad health	4.0%	3.6%	4.0%	15.6%	6.5%	-0.1%
Very bad health	1.1%	1.0%	1.2%	17.2%	5.1%	0.3%
Total	100.0%	100.0%	100.0%	-	-	-

Source: 2011 and 2021 Census

2.11 Figure 2.3 shows the size of households in Peterborough, the East of England and England. It shows that, in 2021 some 19.5% of households in Peterborough contained four or more people, higher than the regional and national figures. The proportion of one and two person households was however lower than the other geographies, although two person households were still the most common within the City.

Figure 2.3 Household size in Peterborough 2021



Source: 2021 Census

2.12 Table 2.3 shows the composition of households in Peterborough. It shows that, in 2021, about a quarter of households (26.5%) in the City contained a couple with children and 17.3% of households were non older single people. Peterborough has a higher proportion of lone parent and other households and a smaller proportion of single older person and older couple households than is recorded across the region and nationally.

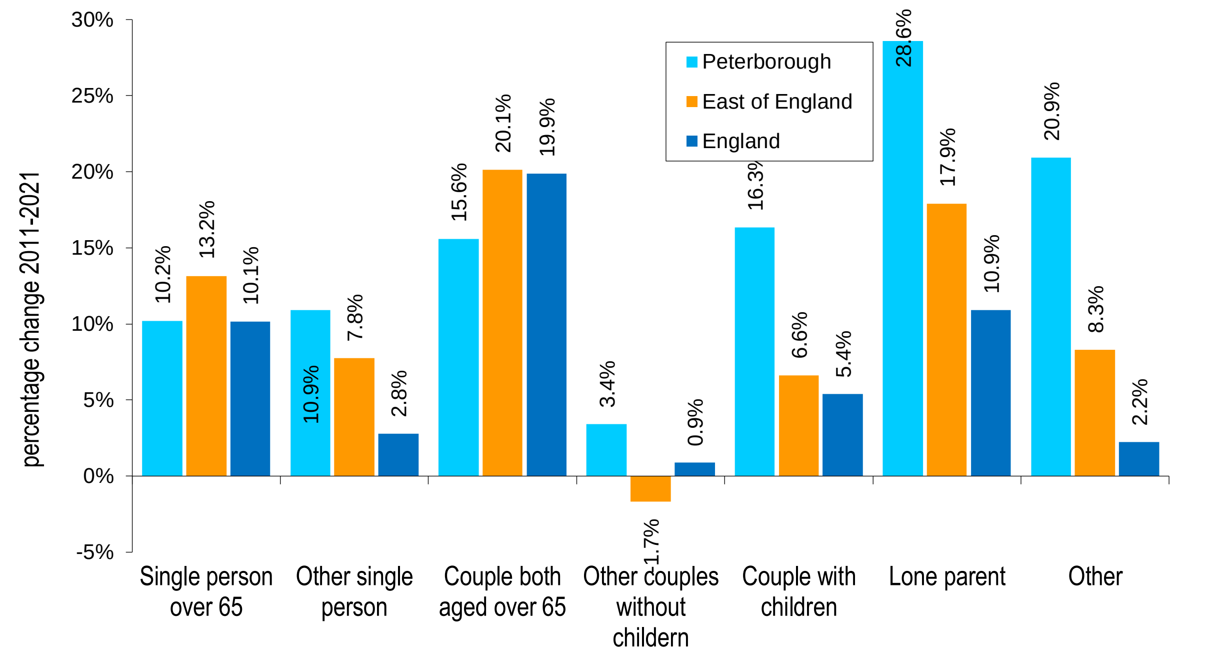
Table 2.3 Household type in Peterborough in 2021

Household type	*Peterborough*	*East of England*	*England*
Single person over 65	10.6%	13.2%	12.8%
Other single person	17.3%	15.7%	17.3%
Couple both aged over 65	7.1%	10.4%	9.2%
Other couples without children	15.9%	17.2%	16.8%
Couple with children	26.5%	26.9%	25.2%
Lone parent	12.6%	10.2%	11.1%
Other	10.1%	6.5%	7.7%
Total	100.0%	100.0%	100.0%

Source: 2021 Census

2.13 Figure 2.4 shows the change in the household composition in Peterborough between 2011 and 2021 as recorded by the Census. The equivalent data for the East of England and England is also presented. The figure shows that regionally and nationally, the number of households containing two or more pensioners has increased the most, however in Peterborough the number of lone parent households, other households and couple households with children have grown the most.

Figure 2.4 Change in household composition between 2011 to 2021



Source: 2011 and 2021 Census

Economic profile of residents

2.14 An understanding of the economic situation of the resident population is useful context for this study. The Census presents a 'Standard Occupation Classification' which categorises all residents aged 16 years and over in employment the week before the census into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As Table 2.4 illustrates, some 36.7% of employed residents in Peterborough work in Groups 1 to 3, lower than the figure for the East of England region and England as a whole. The proportion of people employed in Groups 8 to 9 in Peterborough is significantly higher than in the East of England and England. Further analysis shows that, since 2011, there has been a considerable increase in the number of people resident in Peterborough employed within Groups 1 to 3 and Groups 8 to 9, and a fall in the number of people employed within Groups 4 to 5.

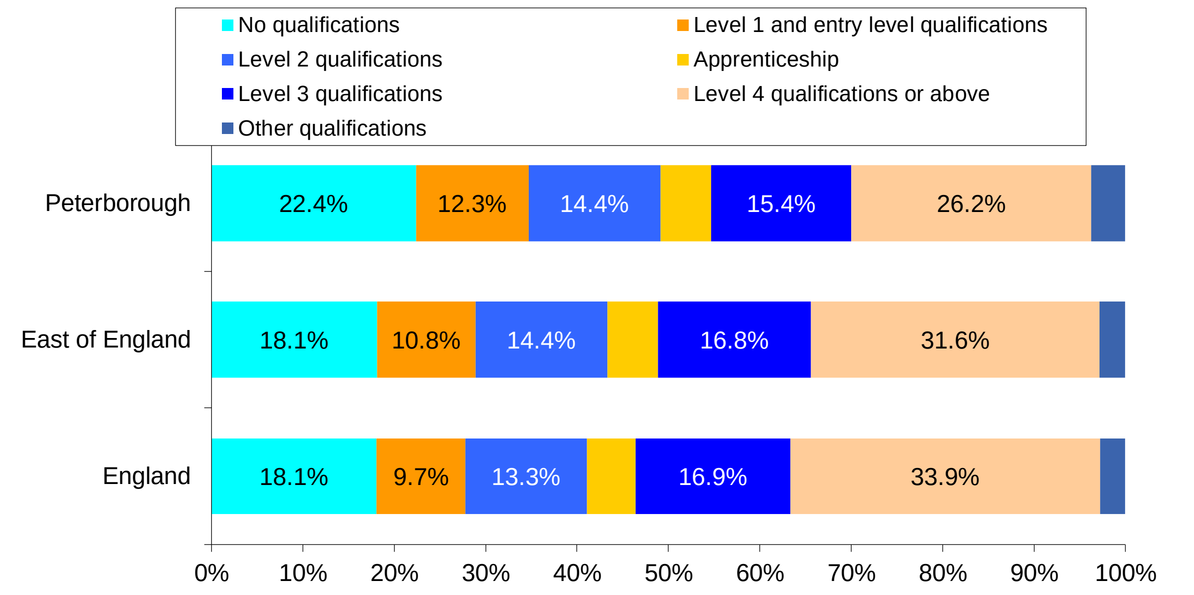
Table 2.4 Occupation structure (2021)				
Occupation Groups	*Peterborough*	*East of England*	*England*	*Change in number of people employed in Peterborough since 2011*
Group 1-3: Senior, Professional or Technical	36.7%	46.6%	46.4%	25.8%
Group 4-5: Administrative, skilled trades	17.9%	20.5%	19.4%	-4.0%
Group 6-7: Personal service, Customer service and Sales	17.7%	16.1%	16.7%	9.7%
Group 8-9: Machine operatives, Elementary occupations	27.7%	16.8%	17.4%	19.2%
Total	100.0%	100.0%	100.0%	-

Source: 2011 and 2021 Census

Qualifications

2.15 An important factor in the ability of any economy to grow is the level of skill of the workforce. Figure 2.5 shows the highest qualification level of the working-age residents of Peterborough, compared to the regional and national equivalents as recorded in the 2021 Census. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-Level) and Level 4 the highest (undergraduate degree or higher). The data indicates that 26.2% of working-age residents in Peterborough have Level 4 or higher qualifications, lower than the figures for the East of England region (31.6%), and England (33.9%). Peterborough has more residents with no qualifications than is found regionally.

Figure 2.5 Highest qualification level of residents (2021)



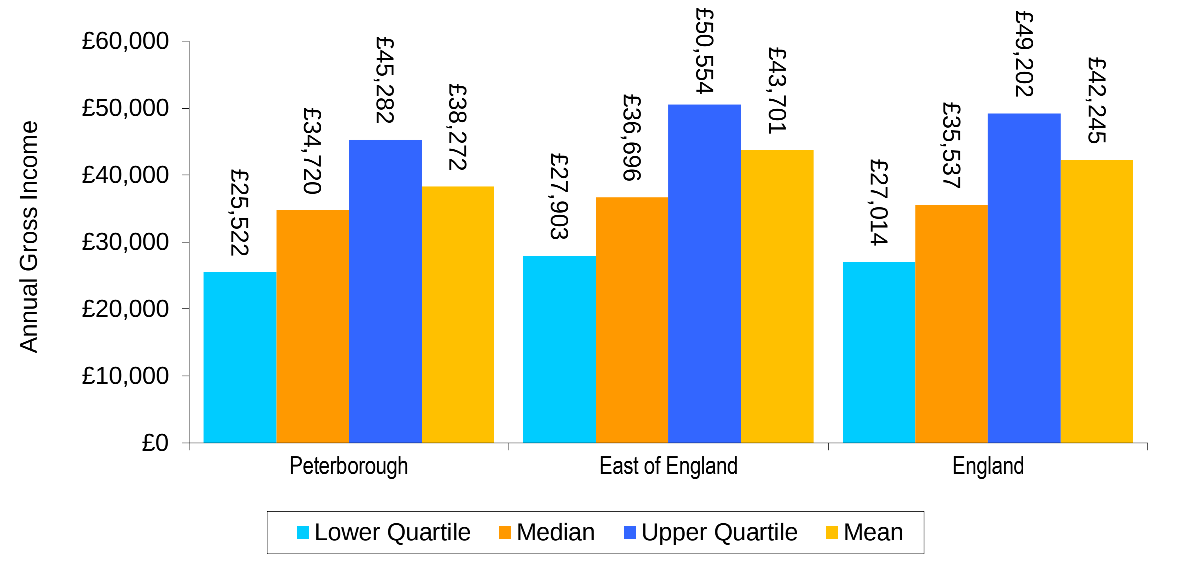
Source: Census, 2021

2.16 Income has a core effect on the level of choice a household has when determining their future accommodation. The mean earned gross income[8] for full-time employees resident in Peterborough in 2023 was £38,272, according to the ONS Annual Survey of Hours and Earnings. In comparison, the regional figure was £43,701 and the national average was £42,245. It is important to note that these figures assess individual incomes rather than household incomes. It should also be noted that the median figures (set out in Figure 2.6) provide a more accurate average than the mean figures as they are less influenced by extreme values, however the mean figures are presented for context.

2.17 Figure 2.6 shows that at all points on the distribution, annual gross income for residents in Peterborough is lower than the national and regional equivalents. In Peterborough there is a relatively large difference between higher earners and lower earners (in comparison to nationally).

[8] This is obtained from employers about employees living in the area who are on adult rates of pay and whose pay was not affected by absence. It does not include those that are self-employed or in-work benefits for the low-paid received in addition to their salary.

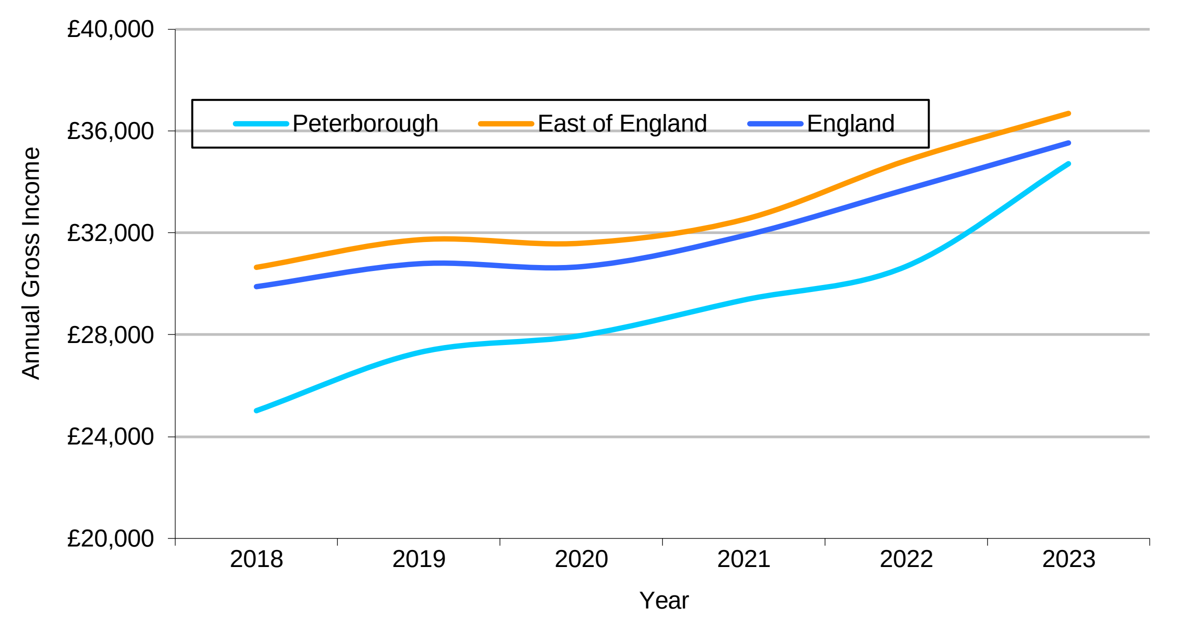
Figure 2.6 Annual gross income of full-time employed residents 2023 (residence based earnings)



Source: ONS Annual Survey of Hours and Earnings (2023)

2.18 Figure 2.7 shows the change in the median income of full-time employees' resident in Peterborough, the East of England region and England since 2017. Peterborough has recorded the greatest increase since 2018 (at 38.8%) followed by the East of England (19.7%), then England (18.9%).

Figure 2.7 Change in median annual income of full-time employed residents 2018-2023



Source: ONS Annual Survey of Hours and Earnings (2018-2023)

2.19 It is worth noting that the mean earned gross income for full-time employees working in Peterborough in 2023 was £38,880, which is marginally higher than the equivalent figure for those resident in the City (£38,272 as described above). It is interesting to note that lower quartile incomes for employees working in Peterborough are higher than the equivalent for residents (£27,123 compared to £25,522), whilst median incomes for employees working in Peterborough are lower than residents (£33,634 compared to £34,720), suggesting that Peterborough contains a lot of jobs within a relatively narrow income range at the lower end of the income-scale.

2.20 The workplace-based affordability ratio is used within the Standard Method calculation and is seen as the relevant metric for understanding market pressure. This figure is discussed at the end of Chapter 3 and in Chapter 4. The equivalent residence-based affordability ratio is also published annually and is useful to discuss for contextual purposes.

2.21 The residence-based affordability ratio is currently 7.13 in Peterborough. In comparison, the residence-based affordability ratio in 2023 in the East of England was 9.35, whilst the national figure was 8.26. The residence-based affordability ratio in Peterborough has fallen from 7.33 since 2018. In comparison, over the same five-year period, the residence-based affordability ratio has risen from 9.01 in the East of England and from 8.04 nationally. This suggests that unlike at a regional and national, level housing has become slightly more affordable for residents in Peterborough over the last five years.

Household income

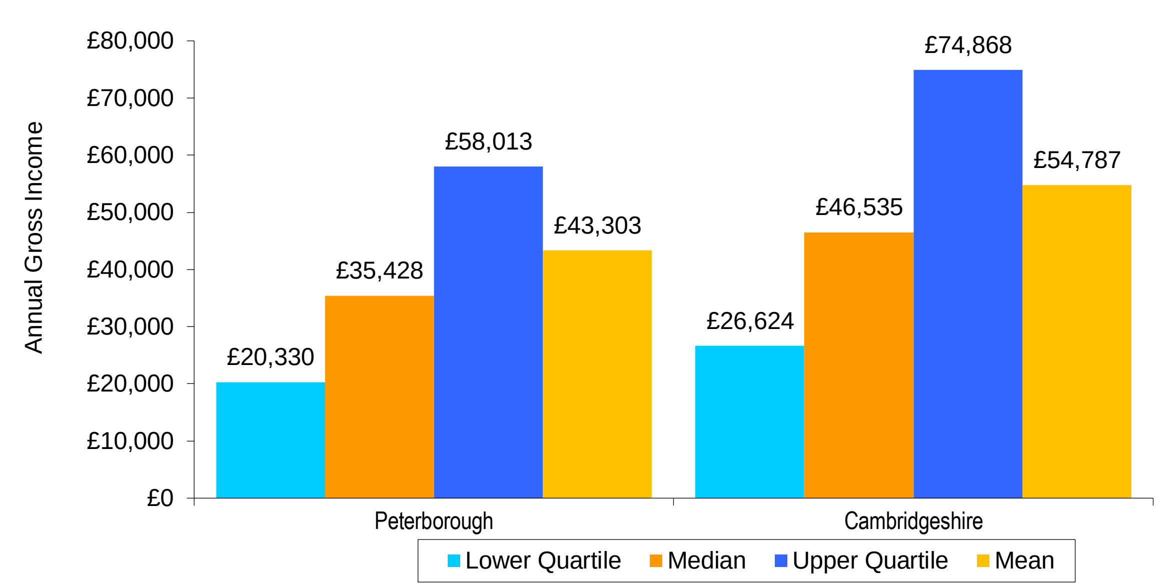
2.22 CACI Paycheck[9] estimates that the mean gross annual household income[10] in Peterborough in 2023 was £43,303 which is 21.0% below the figure for Cambridgeshire (£54,787). Figure 2.8 shows household income at various points on the income distribution[11] for the City alongside the county-wide equivalents. The data indicates that households in Peterborough are substantially less affluent than equivalent county-wide households at all points on the income distribution.

[9] CACI is a commercial company that provides household income data.

[10] Thiis figure includes all sources of household income, including benefits (such as in-work benefits for the low paid) as well as both self-employed and employed earned income by household members.

[11] This is the summary outputs that we are licensed to publish in the report. We receive more notably granular detail which we use for affordability modelling and other analysis (we are not however permitted to publish this additional detail).

Figure 2.8 Annual gross household income, 2023 (residence based)



Source: CACI Paycheck, 2023

2.23 A comparison between the incomes shown for Peterborough in Figures 2.6 and 2.8 shows that lower quartile earned employee incomes are higher than lower quartile household incomes. This is because household incomes include households containing those not in work (such as pensioners) and therefore the range of incomes is greater across households than employees. The lower quartile figure for household incomes is lower, but the upper quartile income figure for households is higher as this will include households where two or more residents are in work. The median figures for household incomes and employee incomes are broadly similar.

Dwelling stock

2.24 The Census indicates that there were 87,903 dwellings in Peterborough in 2021. The Census show that the number of dwellings in the City grew by 14.5% between 2011 and 2021 (some 11,143 dwellings)[12]. This growth is in excess of that recorded regionally (the number of dwellings grew by 9.1% across the East of England between 2011 and 2021), and nationally (growth in dwellings of 8.5% over the same time period). In 2021, some 3.8% of dwellings were empty or used as a second home, a lower vacancy rate than recorded for the East of England (4.8%) and England (6.0%). This reflects a marginal increase in the vacancy rate recorded in the City since 2011 (3.8% of dwellings were empty or second homes at the time

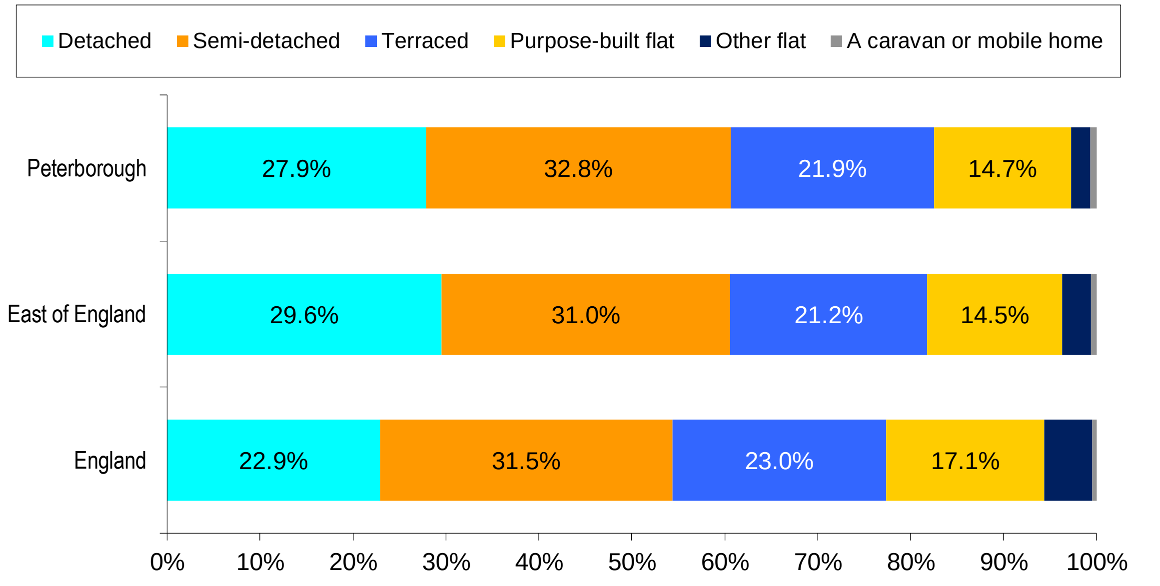
[12] It should be noted that the Council's monitoring figures suggest that the number of net completions in Peterborough between April 2011 and March 2021 (the same period as the Census) was 9,489, which is less than the total recorded by the Census.

of the previous Census). The level of vacant dwellings increased at a higher rate at the regional and national level (it was 4.4% in 2011 across the East of England and 4.3% in England).

Accommodation profile

2.25 Figure 2.9 compares the type of accommodation in Peterborough in 2021 with that recorded for the East of England and England. Peterborough contains more semi-detached dwellings than the regional and national averages. The City contains slightly fewer flats than is found across the country. The most common property type in Peterborough is semi-detached houses followed by detached dwellings.

Figure 2.9 Dwelling type in Peterborough, East of England and England, 2021



Source: 2021 Census

2.26 Table 2.6 compares the size of accommodation (in terms of bedrooms) in Peterborough with the East of England and England. The table indicates that Peterborough has a greater proportion of three-bedroom homes than the East of England and England as a whole. The proportion of four or more bedroom homes in Peterborough is lower than the regional average but higher than the national figure. Overall, some 42.0% of properties contain three bedrooms.

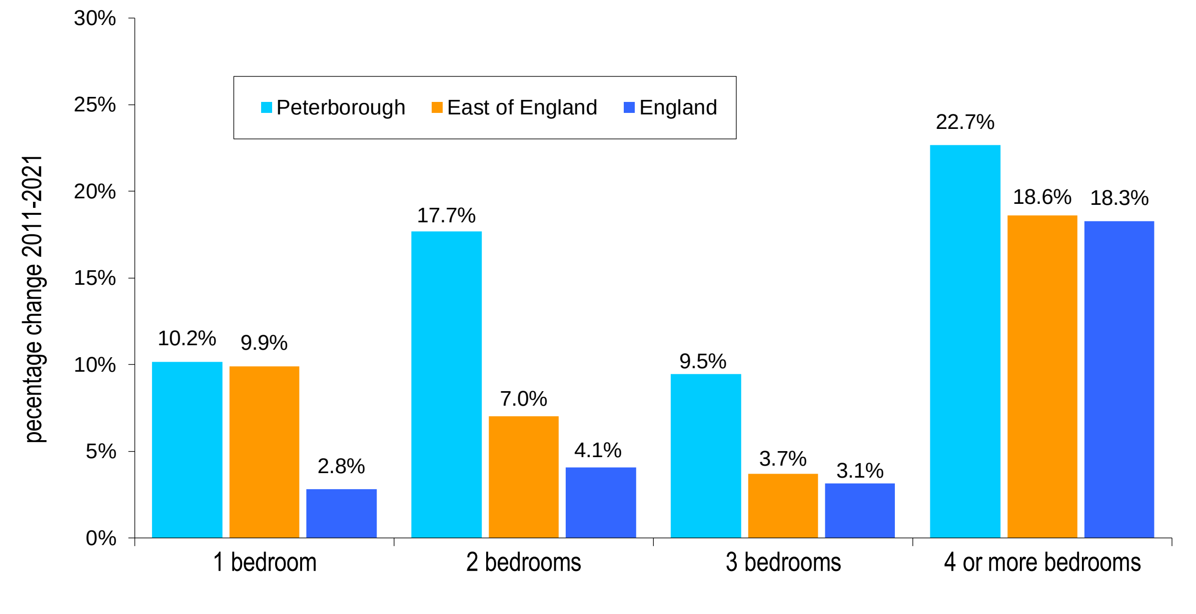
Table 2.5 Size of dwelling stock in Peterborough, East of England and England, 2021

Property size	Peterborough	East of England	England
1 bedroom	11.4%	10.7%	11.6%
2 bedrooms	25.0%	25.8%	27.3%
3 bedrooms	42.0%	39.6%	40.0%
4 or more bedrooms	21.6%	23.9%	21.1%
Total	100.0%	100.0%	100.0%

Source: 2021 Census

2.27 Figure 2.10 shows the change in the number of dwellings by number of bedrooms between 2011 and 2021. The figure shows that, in all areas, the number of four-bedroom homes has increased the most and at a notably greater rate than any other property size. In Peterborough, the number of three-bedroom homes recorded the smallest inter-Census growth.

Figure 2.10 Change in the number of homes by dwelling size 2011 and 2021

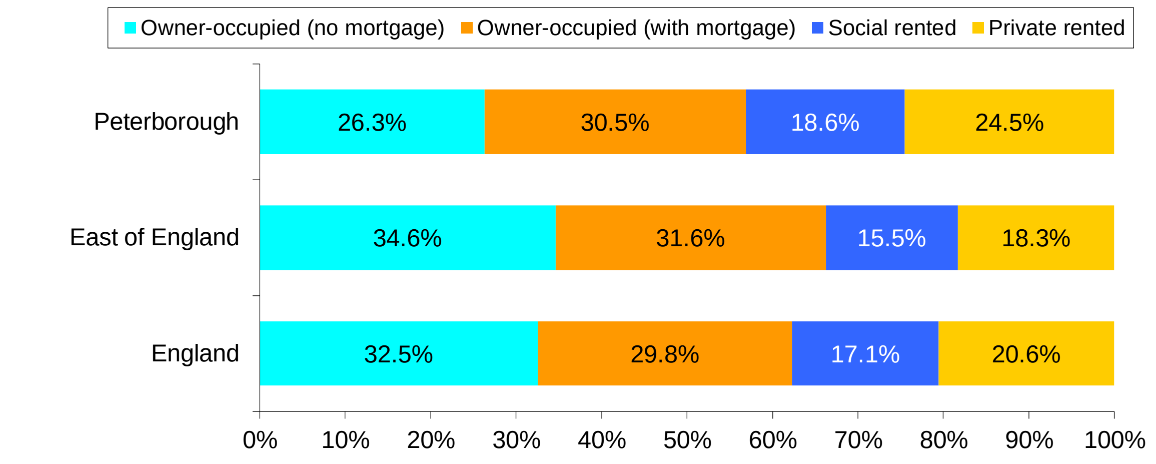


Source: 2011 and 2021 Census

Tenure

2.28 Figure 2.11 compares the tenure of households in Peterborough in 2021 with that recorded for the East of England and England. The data indicates that 26.3% of households in the City are owner-occupiers without a mortgage, compared to 34.6% in the region and 32.5% nationally. This lower figure reflects that the population in the City is notably younger than average. The proportion of owner-occupiers with a mortgage in Peterborough (30.5%) is higher than the national average (29.8%). Some 18.6% of households in Peterborough are resident in the Social Rented sector, higher than the figure for the East of England (15.5%) and England (17.1%). Finally, some 24.5% of households in Peterborough live in private rented accommodation, notably higher than the East of England (18.3%) and England (20.6%). The relatively large private rented sector is partly in response to the more dynamic nature of the population flows in Peterborough and partly reflects the low income levels of many households which impacts their ability to access a mortgage to enable home ownership or save for the deposit required to buy a home.

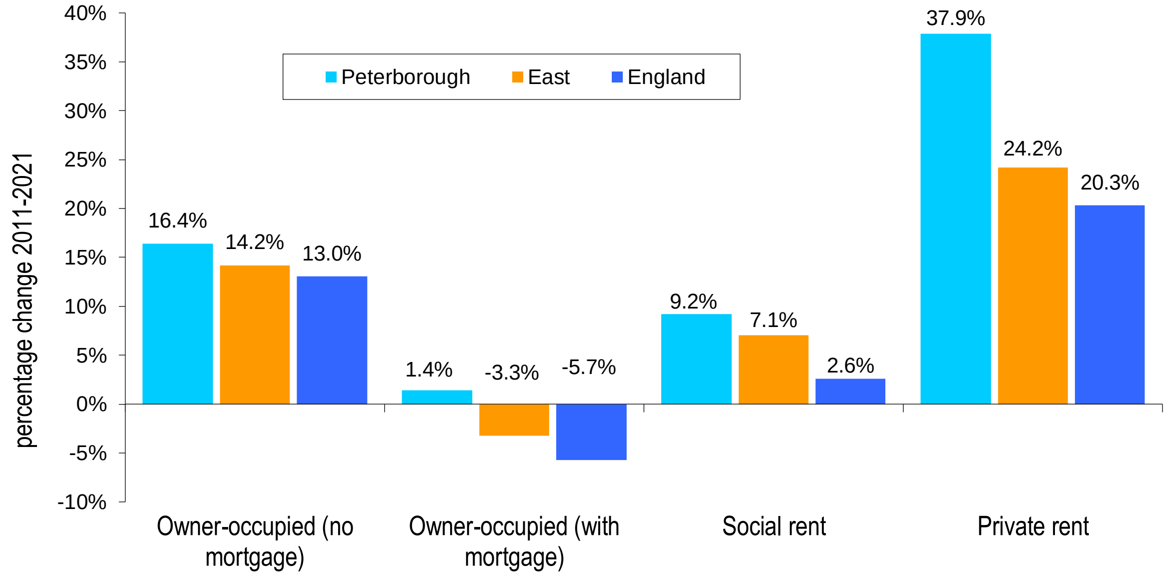
Figure 2.11 Tenure profile in Peterborough, East of England and England, 2021



Source: 2021 Census

2.29 Figure 2.12 shows the change in the size of each tenure between 2011 and 2021. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown substantially. In comparison, the number of owner-occupiers with a mortgage has decreased slightly regionally and nationally (with a marginal growth in Peterborough). The Social Rented sector has recorded a modest growth. Generally, the trends recorded in Peterborough align with the regional and national trends, although the rate of growth is more substantial in Peterborough reflecting the dramatic growth in households recorded as well. Notwithstanding this fact, the growth in the private rented sector in the City has been significantly larger than has been recorded elsewhere.

Figure 2.12 Change in number of households in each tenure 2011 to 2021

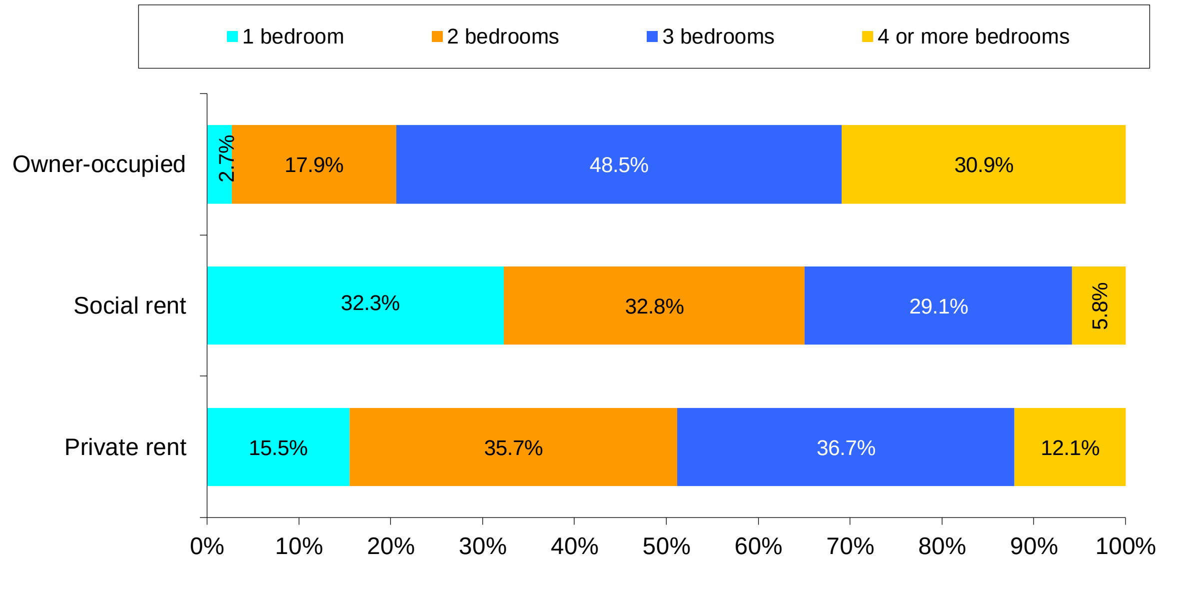


Source: 2011 and 2021 Census

Tenure by bedroom

2.30 Finally, it is useful to understand the size of accommodation within each tenure as recorded by the Census. This is shown in Figure 2.13. The data indicates that, Peterborough, rented accommodation is smaller on average than owned dwellings. This pattern is common across the country and reflects of the profile of dwellings built in each sector alongside the size of homes lost from the affordable stock through Right-to-Buy, rather than the aspirations of those in the different tenures. Generally, the private rented stock is larger than that recorded in the social rented sector.

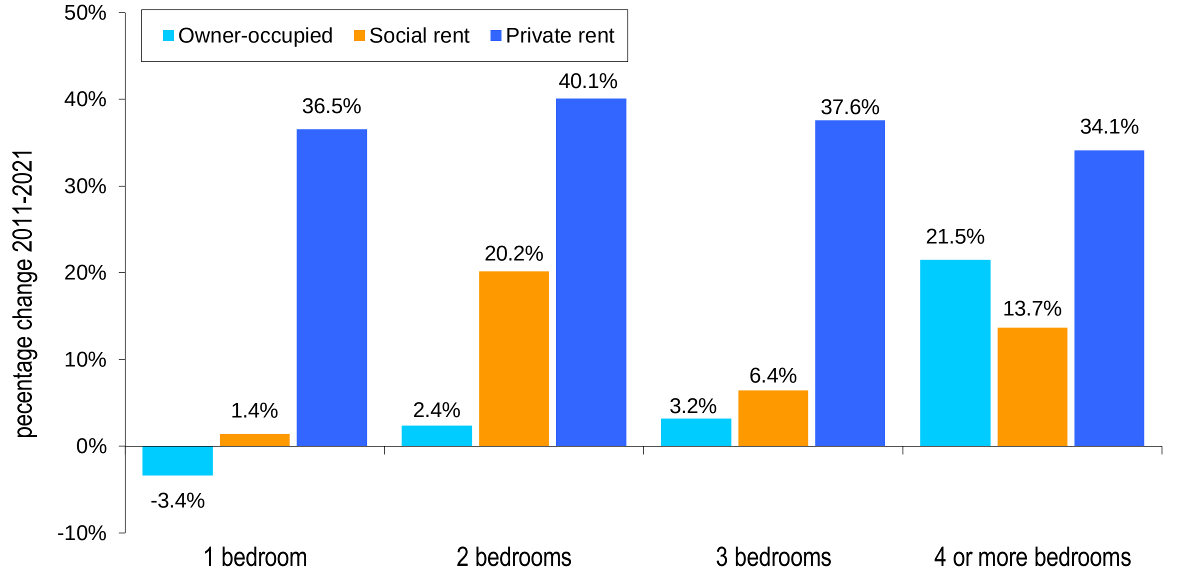
Figure 2.13 Dwelling size within each tenure in Peterborough, 2021



Source: 2021 Census

2.31 Figure 2.14 shows the change in the change of the stock profile within each tenure in Peterborough between 2011 and 2021. The figure indicates that, whilst almost all the growth in the owner-occupied sector homes has been from homes with four or more bedrooms, there has been a reduction in the number of one- bedroom dwellings in this tenure in Peterborough since 2011. The private rented sector has recorded growth across all property sizes, with the biggest increase in two-bedroom accommodation. Growth in the social rented sector has been highest amongst two bedroom with a notable increase also recorded for four-bedroom homes (although from a relatively low base). The number of one-bedroom social rented homes in Peterborough changed only marginally since 2011.

Figure 2.14 Change in the number of homes in Peterborough by tenure and dwelling size 2011 and 2021



Source: 2011 and 2021 Census

Conclusion

2.32 Peterborough has recorded significant demographic growth between 2011 and 2021 (the population has grown by 17.5%, compared to 8.3% regionally and 6.6% nationally). The City also has a younger than average age profile. The population is healthier than the national average and the city also contains an above average proportion of the population that are relatively new to the UK. The employed residents in Peterborough are less likely to be in highly skilled professions than is the case in England and incomes are lower than regional and national averages. Peterborough has a larger than average Social Rented sector and a notably large private rented tenure. The private rented sector has grown most notably over the last 10 years in Peterborough.

3. The cost and affordability of housing

Introduction

3.1 An effective housing needs assessment is founded on a thorough understanding of local housing – what it costs and how this varies. This chapter initially considers the cost of market housing in Peterborough in a regional and national context. Subsequently, it assesses the entry-level costs of housing across the City as a whole. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist. Finally, the chapter will report changes in affordability as well as the affordability of housing for different groups of the population currently.

Relative prices

3.2 Table 3.1 shows the average (mean) property price by dwelling type in 2023 in Peterborough, the East of England and England as a whole as presented by the Land Registry[13]. The data indicates that the overall average property price in Peterborough is 28.2% lower than the national figure and 22.4% lower than the figure for the East of England. Prices in Peterborough are lower across all property types, however the relative difference is smallest for detached homes.

3.3 The dwelling profile is not the same across the three areas (with Peterborough having a greater proportion of sales of detached houses and a smaller proportion of flats than nationally), so a mix adjusted average has therefore been derived to work out what the average price would be were the dwelling mix in Peterborough and the East of England to be the same profile as is recorded across England. The mix adjusted average price indicates that equivalent properties in Peterborough are around 32.5% lower than those found nationally and 19.9% lower than those across the East of England as a whole.

[13] http://landregistry.data.gov.uk/app/standard-reports/report-design?utf8=%E2%9C%93&report=avgPrice

Table 3.1 Average (mean) property prices* 2023						
Dwelling type	Peterborough		East of England		England & Wales	
	Average price	% of sales	Average price	% of sales	Average price	% of sales
Detached	£397,575	28.3%	£458,875	35.6%	£533,619	23.1%
Semi-detached	£240,389	30.9%	£300,478	28.0%	£323,736	29.4%
Terraced	£200,320	29.4%	£260,246	26.1%	£298,065	29.7%
Flat	£123,713	11.4%	£184,675	10.2%	£306,591	17.8%
Overall average price	£259,695	100.0%	£334,577	100.0%	£361,594	100.0%
Mixed adjusted overall average price	£244,114	-	£304,589	-	£361,594	-

*This is average price per sold property. Source: Land Registry, 2024

3.4 The average property price in Peterborough has risen by 23.9% over the last five years compared to an increase of 21.5% nationally and a growth of 20.8% across the region. Appendix 6 sets out more contextual detail on the nature of the housing market change in Peterborough and nationally.

3.5 Table 3.2 shows the average (median) private rents by dwelling size in 2022-2023 in Peterborough, the East of England and England as recorded by Hometrack. The data indicates that on average private rents in Peterborough are 24.7% lower than private rents across the region and on average 32.3% lower than private rents across England.

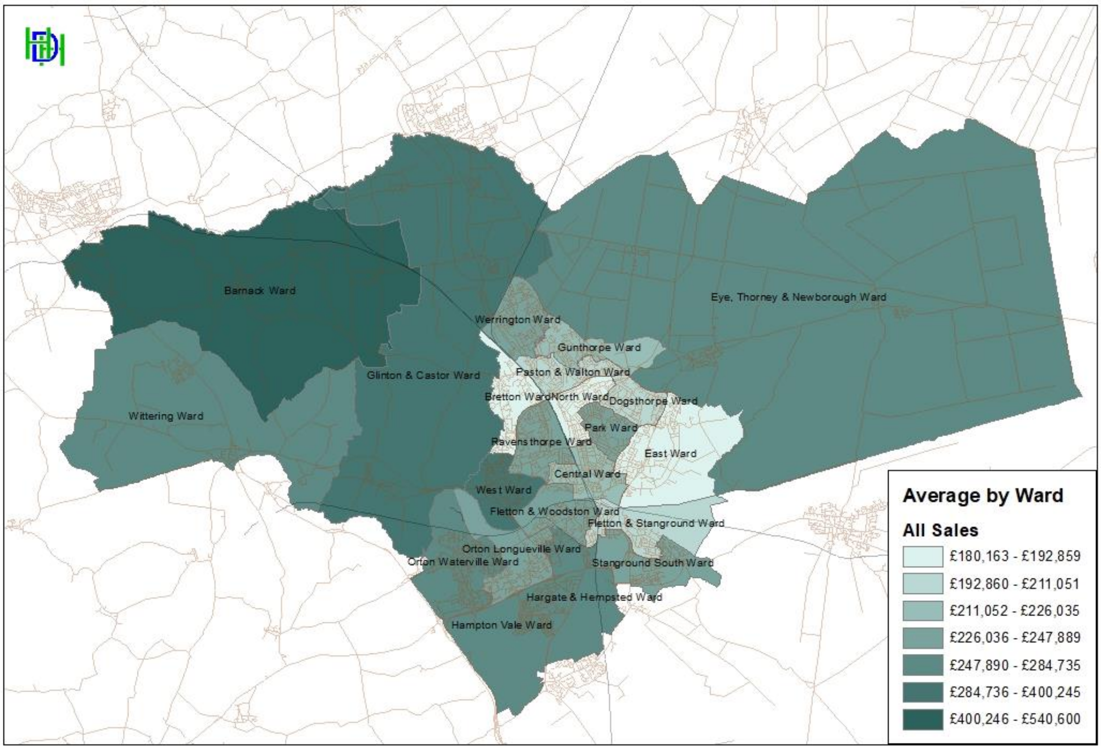
Table 3.2 Average (median) private rents in December 2023 (price per month)			
Dwelling size	Peterborough	East of England	England
One bedroom	£680	£870	£1,095
Two bedroom	£870	£1,195	£1,250
Three bedroom	£1,050	£1,400	£1,400
Four bedroom	£1,390	£1,845	£2,150

Source: Hometrack, 2024

The cost of housing

3.6 The figure below shows the variations in the cost of housing across the City as recorded by the Land Registry data on dwellings sold. It illustrates that there is some variation, with prices generally slightly cheaper in the centre of Peterborough and the most expensive areas being the western rural part of the City. These higher value areas feature larger accommodation and lower density neighbourhoods. Appendix 6 includes more detail on the variation of property prices across Peterborough.

Figure 3.1 Variation in median sales prices by ward Jan 2021 to December 2023



This data covers transactions received at Land Registry from 2021 to 2023. © Crown Copyright 2023. Contains Ordnance Survey data © Crown Copyright and Database Right 2023. Contains public sector information licensed under the Open Government Licence v3.0.

Source: Land Registry, 2023

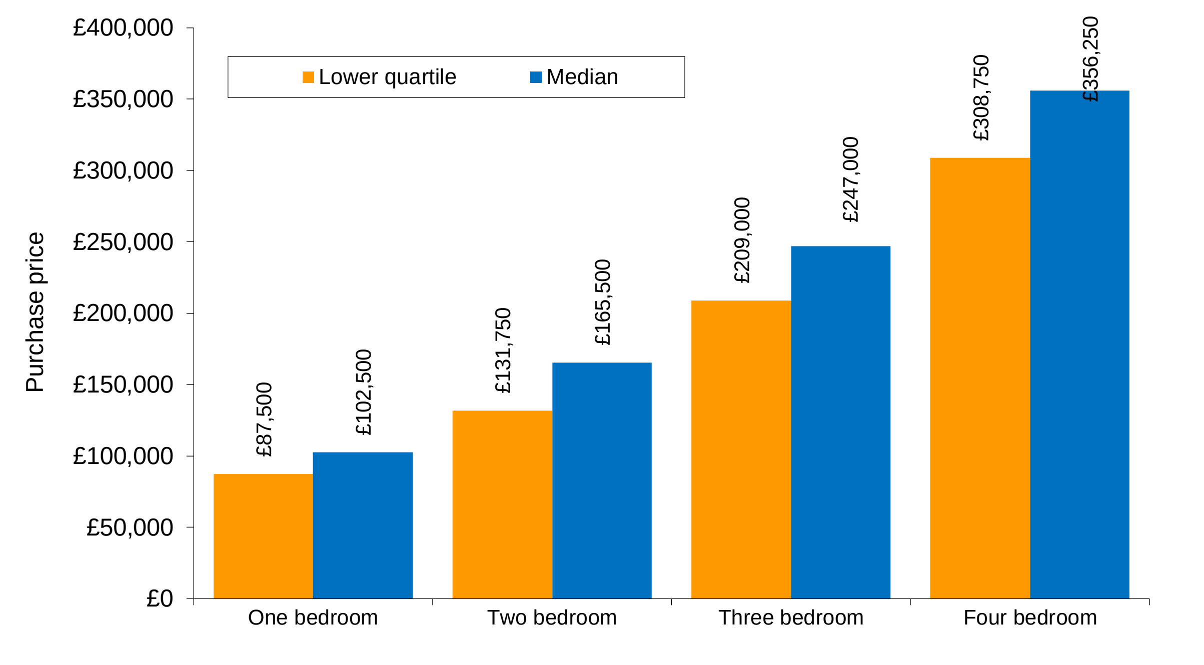
3.7 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. No published secondary data contains this information at a local authority level. As part of this study a price survey was undertaken to assess the current cost of market (owner-occupied and private rented) and affordable housing in Peterborough. At the time of the price survey there were over 1,500 homes advertised for sale, and over 400 properties available to rent in Peterborough, providing a suitably large sample size for this process. Of these dwellings for sale, 41.4% were three bedroom homes, 26.1% four bedroom properties, 23.0% two bedroom dwellings and 9.6% one bedroom accommodation.

3.8 Median property prices by number of bedrooms were obtained in the City via an online search of non-new build properties advertised for sale during January 2024. The results of this online price survey are presented in Figure 3.2. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 5% lower).

3.9 Entry-level property prices are also presented in Figure 3.2. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 021 Reference ID: 2a-021-20190220). This lower quartile price reflects the cost of a home in suitable condition for habitation, some of the properties available in the lowest quartile are sub-standard and will require modernisation and updating which will add further expense to the purchase price.

3.10 The figure indicates that entry-level prices in the City range from £87,500 for a one bedroom home up to £308,750 for a four-bedroom property. Median prices are generally around 15-20% higher than entry-level prices. In terms of market availability, the analysis showed that three-bedroom properties are most commonly available to purchase in Peterborough, with four-bedroom homes the next most widely available. The smallest supply is of one-bedroom homes.

Figure 3.2 Non newbuild property prices by size in Peterborough



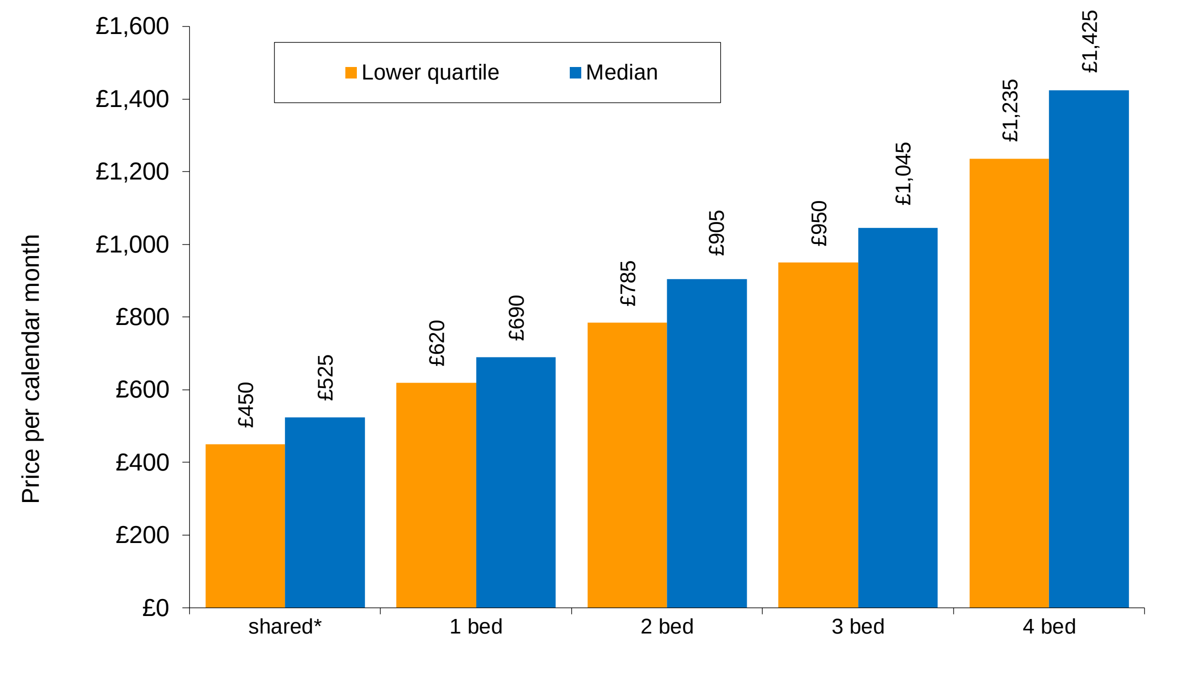
Source: Online estate agents survey January 2024

Private rents

3.11 Whilst private rent levels vary across the City, the distinction between the areas is less marked than with owner-occupation, reflecting that location is not as important a determinant in rent levels as the condition and quality of the property. There was some variation noted however with rents in the north of the city generally cheaper than those in the south and rents in the rural areas the highest. The median and lower quartile price for private rented accommodation by property size is presented in Figure 3.3. The figure also includes the cost of a shared room within the private rented sector.

3.12 The entry-level and median price for private rented accommodation by property size across the whole of Peterborough is presented in Figure 3.3. The figure indicates that entry-level rents range from £620 per month for a one-bedroom home, up to £1,235 per month for a four-bedroom property. The profile of properties available is somewhat different to that for purchase, with a greater proportion of one and two-bedroom homes available to rent in the City.

Figure 3.3 Private rents by size in Peterborough



* Shared room is a room in a shared dwelling. Source: Online estate agents survey January 2024, Hometrack data 2024

Social and Affordable Rents

3.13 The cost of Social and Affordable Rented accommodation by dwelling size in Peterborough can be obtained from the Regulator of Social Housing's Statistical Data Return dataset[14]. Table 3.3 illustrates the cost of Social and Affordable Rented dwellings in Peterborough. The costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant gap between the Affordable Rented and market sectors. These costs are based on the rents to all tenants in the sector. The Council have highlighted that the new lettings are generally more expensive. The final row in the table therefore shows the average advertised rent by property size for affordable homes available for re-let within 2023-24. This shows that new lettings are generally 10-20% more expensive that existing letting levels.

[14] https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023

Table 3.3 Average Social and Affordable Rented costs in Peterborough (per month)

Bedrooms	*Social rent**	*Affordable Rent**	***CBL rents advertised 2023/24*
One bedroom	£370	£429	£446
Two bedrooms	£420	£522	£522
Three bedrooms	£435	£569	£625
Four bedrooms	£476	£621	£683

Source: *HCA's Statistical Data Return 2023, **Peterborough Council, 2024
*The data is based on all rents, both new and existing tenants. The figures include the service charge.
**Average general needs rents advertised through the Choice-based Letting Scheme in Peterborough

Analysis of housing market 'gaps'

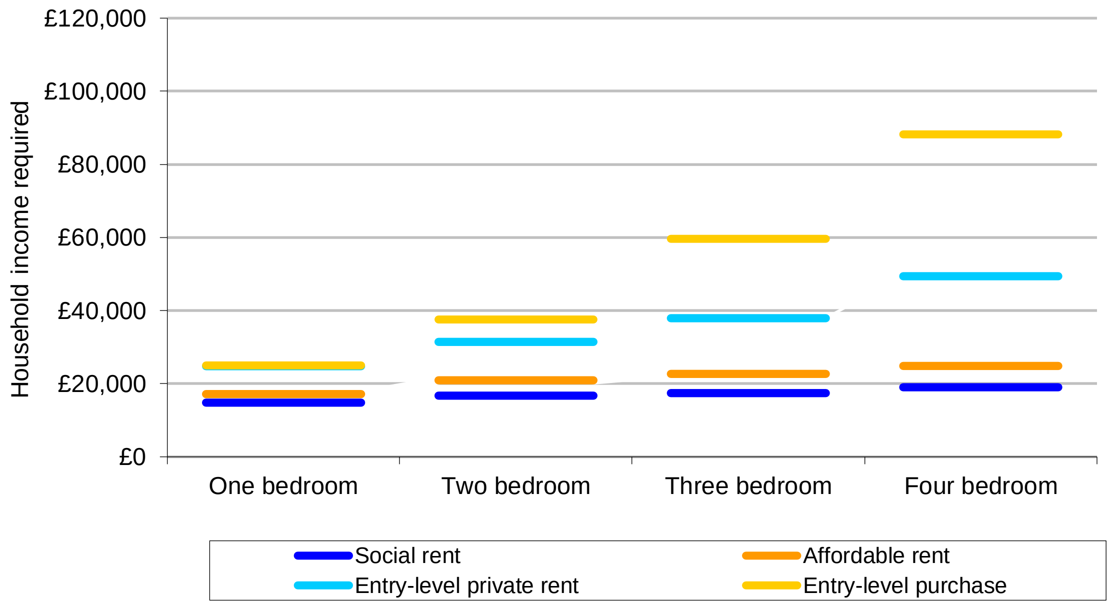
3.14 Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. The figure below shows the housing ladder that exists for different sizes of property. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them.

3.15 To establish the income required to afford the entry-level property purchase (lower quartile property prices set out in Figure 3.2) has been divided by 3.5[15] to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property)[16]. To produce a comparable figure for the income required to afford rental costs, annual rents have been multiplied by 3.333. This approach assumes a household spends no more than 30% (1/0.30 = 3.333) of gross household income on rent[17]. This latter step was carried out for Social Rents and Affordable Rents (set out in Table 3.3) and market rents (set out in Figure 3.6). This figure is used as this broadly reflects current practice in the market, however the suitability of 30% in Peterborough is discussed further in Chapter 6 (paragraph 6.11 to 6.18).

3.16 Figure 3.4 shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures – the smaller the gaps, the easier it is for a household to ascend the ladder.

[15] The most recent data available from the Bank of England suggests that the multiple of 3.5 for owner-occupation is most appropriate. (https://www.bankofengland.co.uk/-/media/boe/files/statistics/mortgage-lenders-and-administrators/mlar-longrun-detailed.xlsx?la=en&hash=C19A1AC6C462416B0DA71926A744233793B8049B (table 1.31)).
[16] To present a simplified model of the income difference requirements across the housing ladder, the requirement to obtain a deposit (typically 10% of the purchase price) has been excluded.
[17] The figure of 3.333 is multiplied by the monthly rent which is then multiplied by 12 to create an annual income. For example, the one bedroom social rent of £370 per month is multiplied by 3.333 and then by 12 to give an annual income requirement of £14,815.

Figure 3.4 Household income required to access housing in Peterborough, by number of bedrooms



Source: Online survey of property prices January 2024; HCA's Statistical Data Return 2023

3.17 The figure indicates that, for one and two bedroom homes, the gap between the income required to access Affordable Rent and market rent is larger than the gap between the income required to access market rent and entry-level purchase, with the reverse true for three and four bedroom properties. The income gaps for four-bedroom accommodation are large; an additional £24,550 per year is required to access a four-bedroom private rented home over the cost of a four-bedroom Affordable Rented property, with a further £38,800 in household income required to move to an owner-occupied home (the gap between Social Rent and Affordable Rent is £5,800 in comparison).

3.18 Table 3.4 shows the size of the gaps between income levels required to access each dwelling by size and by tenure in Peterborough displayed in the figure above but in percentage terms. The table indicates, for example, that three-bedroom market entry rents in the City are 67.0% higher (in terms of income required) than the cost of Affordable Rented. The very large gap recorded between Affordable Rents and market entry rents for most dwelling sizes indicates that intermediate housing could potentially be useful for many households.

Table 3.4 Scale of the gaps between incomes required to access key property tenures (by size)

Property size	*Social Rent < Affordable Rent*	*Affordable Rent < entry-level rent*	*Entry-level rent < entry-level purchase*
One bedroom	15.8%	44.5%	0.8%
Two bedrooms	24.4%	50.4%	19.9%
Three bedrooms	30.6%	67.0%	57.1%
Four bedrooms	30.6%	98.8%	78.6%

Source: Online survey of property prices January 2024; HCA's Statistical Data Return 2023

Intermediate products

3.19 A range of intermediate options are potentially available for households in Peterborough, the costs of these are profiled below. It should be noted that the prioritisation of First Homes since the publication of a separate Planning Guidance specifically on this topic in December 2021, has meant that other intermediate products are not getting as much attention as was the case five years ago. However, the cost profile of housing in Peterborough, with the gap between private rent and affordable accommodation being much larger than is typically found in local authorities outside of London, means that other intermediate products are likely to be more useful in the City.

Intermediate Rent/Rent-to-Buy

3.20 Rent-to-Buy is a route to home ownership where homes are let to working households at an Intermediate Rent (i.e. less than the full market rent) to give them the opportunity to save for a deposit to buy their first home. It is planned that, by RSLs providing a discounted rent for tenants for a minimum of five years, they will have sufficient time to acquire a deposit so that they may purchase the home. It is set out that the Intermediate Rent must not exceed 80% of the current market rent (inclusive of service charge), however the product is distinct from Affordable Rent which is available to tenants on the same basis as Social Rent.

3.21 Although the availability of Rent-to-Buy in the area is limited currently, its potential suitability for households can be tested by modelling its theoretical cost. Table 3.5 sets out the costs of Intermediate Rent in Peterborough, presuming that the rent is set at 80% of median market rents.

3.22 The table shows that, in all instances, Intermediate Rent is cheaper than market entry rent and can be considered an affordable product. In all cases, it is also more expensive than the Affordable Rent currently charged within Peterborough. This is because it is modelled from median private rent levels and is not capped at Local Housing Allowance rates. As in all instances Intermediate Rent is more expensive than Affordable Rent (and is therefore serving a separate portion of the housing market), it will be considered for its suitability for meeting those in housing need in Chapter 6.

Table 3.5 Estimated cost of Intermediate Rent within Peterborough (monthly cost)

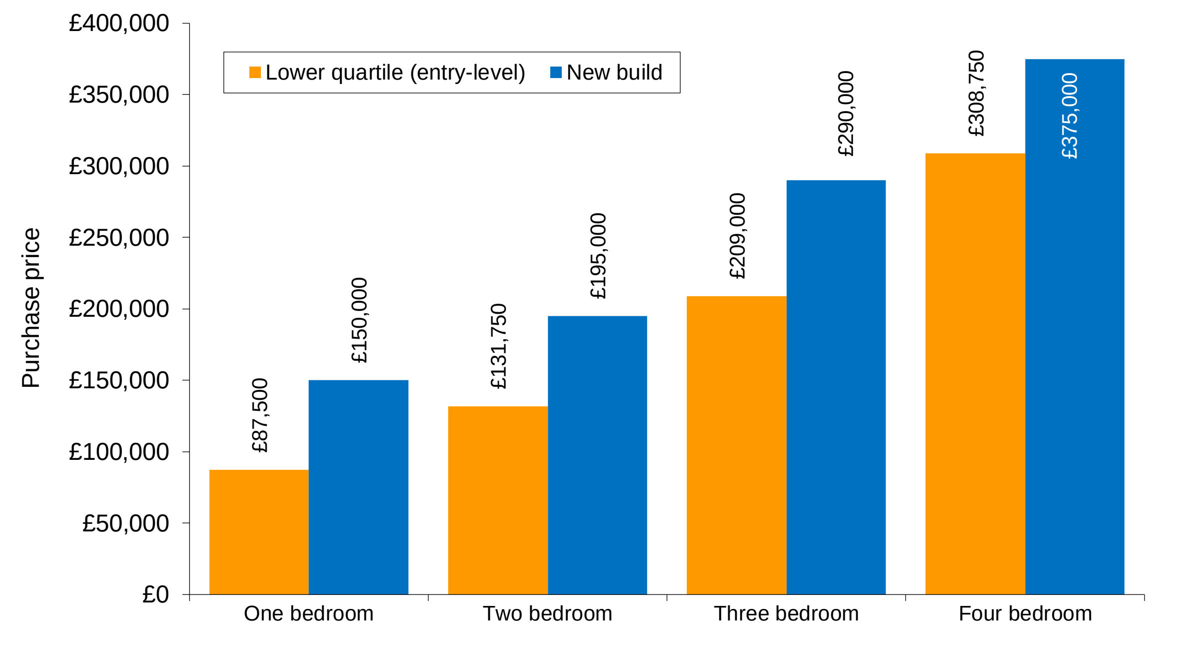
Bedrooms	*Intermediate Rent*	*Entry-level private rent*	*Affordable Rent*
One bedroom	£552	£620	£429
Two bedrooms	£724	£785	£522
Three bedrooms	£836	£950	£569
Four bedrooms	£1,140	£1,235	£621

Source: Online survey of property prices January 2024; HCA's Statistical Data Return 2023

3.23 The remainder of the intermediate products profiled are principally available as a new home (whilst some products are available for resale, this supply is very limited). It is therefore useful to set out the purchase price of newbuild dwellings in Peterborough at the time of the price survey. These are set out in Figure 3.5. The cost of lower-quartile (entry-level) non-newbuild house prices are also included for reference.

3.24 It should be noted that newbuild properties in Peterborough are significantly more expensive than second hand housing in the City, especially for one and two-bedroom homes. In many other parts of the country this difference is not so substantial meaning that products based on newbuild housing are able to address a larger part of the intermediate market. The viability study produced in parallel with this report emphasises the gap between newbuild and second-hand housing for sale in Peterborough, noting both that new homes do not always follow the values of existing homes, particularly in those areas where the existing housing stock is less aspirational, and also that there has been a significant increase in newbuild values over the last year.

Figure 3.5 Newbuild home prices by bedrooms



Source: Online estate agents survey January 2024, Hometrack data 2024

Shared Ownership

3.25 Table 3.6 presents the estimated costs of Shared Ownership housing in Peterborough as obtained from the online estate agent survey. The open market values are based on newbuild prices set out above. The monthly costs of purchasing the property with a 40% equity share, a 25% equity share, and a 10% equity share are presented. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 5.20%[18] paid on the equity share owned and a rent payable at 2.75% on the remaining equity (i.e. the part of the house not purchased).

3.26 The table shows that a 10% equity share, and a 25% equity share Shared Ownership home is cheaper than market entry rented housing in all instances. A 40% equity share Shared Ownership is more expensive than market entry owner-occupation for one bedroom homes and more expensive than entry-level private rent for three and four bedroom dwellings, but cheaper than market entry accommodation for two bedroom properties.

Shared Equity

3.27 Shared Equity is a product similar to Shared Ownership that is typically offered by the private sector rather than Registered Providers. With Shared Equity a mortgage is offered on the equity owned but with no rent due on the remaining equity. The typical proportion of the equity sold for a shared equity product is 75%. The monthly costs of purchasing a Shared Equity property with a 75% equity share are set out in table 3.6. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 5.20% paid on the equity share owned. Shared Equity accommodation with a 75% equity share is more expensive than entry-level market accommodation for all accommodation sizes. It is also more expensive than all sizes of Shared Ownership accommodation.

Table 3.6 Estimated cost of intermediate housing in Peterborough (monthly cost)

Bedrooms	*Shared Ownership – 40% equity*	*Shared Ownership – 25% equity*	*Shared Ownership – 10% equity*	*Shared equity*	*Entry-level private rent*	*Entry-level owner-occupation**
One bedroom	£536	£464	£392	£618	£620	£480
Two bedrooms	£696	£603	£509	£803	£785	£723
Three bedrooms	£1,036	£897	£757	£1,194	£950	£1,148
Four bedrooms	£1,339	£1,159	£979	£1,544	£1,235	£1,695

*The monthly cost of entry-level owner-occupation presuming a 30-year repayment mortgage with an interest rate of 5.20%. Source: Online estate agents survey, January 2024

[18] This interest rate is available as a two-year fixed product to potential homeowners with a high loan to value ratio as at January 2024. It is also a rate with no additional product fee associated with it. Whilst there are lower interest rates available for those with lower loan to value ratios this report is principally assessing households looking to purchase a home for the first time who are likely to have higher loan to value ratios.

First Homes

3.28 On 24th May 2021, the Government published the First Homes Guidance[19]. First Homes are a new initiative to help deliver discounted homes to local people. They are intended to be newly built properties sold with a discount of at least 30% below market value. It is anticipated that no interest will be paid on the un-bought equity, rather, when the home is sold on in the future, it will be available at the same proportion of discount for which it was originally bought. First Homes are subject to price caps – outside of London a First Home cannot be sold for more than £250,000 (once the discount has been applied). The cap only applies to the first time that a First Home is sold – it does not apply to subsequent sales of the property.

3.29 Local Planning Authorities can set specific local connection restrictions provided they are evidenced; however, these restrictions should only apply for the first three months the property is available for sale, to ensure First Homes do not remain unsold[20]. First-time buyers are the target market for this product and this group is identified using the same definition that is used for Stamp Duty Relief for First-Time Buyers as set out in the Finance Act 2003. However, mechanisms also exist to help prioritise members of the armed forces and key workers.

3.30 Whilst the product is available to those with notable savings levels, First Homes can only be purchased using mortgage finance or equivalent which covers at least 50% of the purchase value. The product is not suitable for investors as a First Home can only be bought if it is the buyer's only home. Outside of London, households acquiring a First Home cannot have an income over £80,000. Whilst the Government does allow Local Planning Authorities to set lower income caps, where the need and viability of this option can be evidenced, these local caps are time limited to the first three months that the property is for sale.

3.31 The guidance is clear that 30% is the minimum level of discount applied, however Local Planning Authorities will *'be able to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this'*[21]. It is useful therefore to understand whether a larger discount would be required in Peterborough currently. This is presented in Table 3.7

3.32 The table suggests that a 30% discount will be sufficient to ensure newbuild properties are cheaper than entry-level owner-occupation for three- and four-bedroom properties and will therefore address a gap in the housing market locally. For one and two bedroom accommodation a First Home is more expensive than market-entry to buy. In terms of market-entry rent, a First Home is more expensive for three and four bedroom homes.

[19] https://www.gov.uk/guidance/first-homes

[20] Local connections can be applied to prioritise those currently resident in the City, those whose employment is crucial to the City's economy and those with family connections or caring responsibilities in the City. Local connections should be disapplied to those associated with the Armed Forces.

[21] Paragraph: 004 Reference ID: 70-004-20210524

Table 3.7 A comparison of the potential price of a First Home with entry-level owner-occupation

Bedrooms	*Newbuild prices*	*Newbuild prices with a 30% discount*	*Entry-level owner-occupation*
One bedroom	£150,000	£105,000	£87,500
Two bedrooms	£195,000	£136,500	£131,750
Three bedrooms	£290,000	£203,000	£209,000
Four bedrooms	£375,000	£262,500	£308,750

Source: Online survey of property prices January 2024

3.33 Four-bedroom homes with a 30% discount are still priced in excess of the cap level of £250,000 (a discount of 33.3% is required for a four-bedroom home to be priced at the cap level of £250,000). It is therefore presumed that the cap will be the limiting factor for four-bedroom homes, rather than the level of discount, and all modelling done on the future demand for four bedroom First Homes will be based on the assumption that they are available for £250,000. First Homes will principally be useful to households aspiring to own a three or four-bedroom home, but it does not constitute affordable housing as it is more expensive than entry-level market accommodation (either to rent or buy) for all dwelling sizes.

Local Housing Allowance

3.34 Local Housing Allowance (LHA) is the mechanism for calculating Housing Benefit and the housing element of Universal Credit outside of the Social Rented sector. It is designed to assist people in their ability to pay for their housing, however there is a limit as to how much financial assistance will be provided dependent on the location and size of the property. The LHA cap sets out what this maximum limit for the Broad Rental Market Area (BRMA) in which the claim is made as determined by the Valuation Office Agency. If the rent charged is in excess of this cap, it is the responsibility of the household to pay the shortfall.

3.35 Table 3.8 sets out the monthly LHA caps that apply in Peterborough, which is covered by just one BRMA, the Peterborough BRMA. The Peterborough BRMA extends beyond the City and also includes parts of neighbouring authorities. A comparison with the Affordable Rent levels in Peterborough (set out in Table 3.3) indicates that the local Affordable Rents are currently cheaper than the LHA caps. A comparison with the entry-level private rents in Peterborough (set out in Figure 3.5) suggests that the LHA caps are 10-15% lower than entry-level private rent, which is a notable difference. This means that households in receipt of the full LHA applicable in the private rented sector are likely to need additional income sources to be able to pay for their rent.

Table 3.8 Local Housing Allowance Cap (per month)	
Bedrooms	Peterborough BRMA
Shared room	£344
One bedroom	£573
Two bedrooms	£698
Three bedrooms	£808
Four bedrooms	£1,047

Source: Valuation Office Agency 2024.

Land Values

3.36 The viability assessment that has been produced in parallel to this report considers the land values in Peterborough including looking at the strength of demand in the residential property market.

Affordability of housing

3.37 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. As discussed further in Chapter 4, the affordability ratio is currently 7.03 in Peterborough (with a figure over 4 indicating a market adjustment is required). In comparison, the affordability ratio in 2023 in the East of England was 9.76, whilst the national figure was 8.26. The affordability ratio in Peterborough has risen from 6.82 since 2018. In comparison, over the same five-year period, the affordability ratio has risen from 9.78 in the East of England and from 8.04 nationally.

Affordability for specific household groups

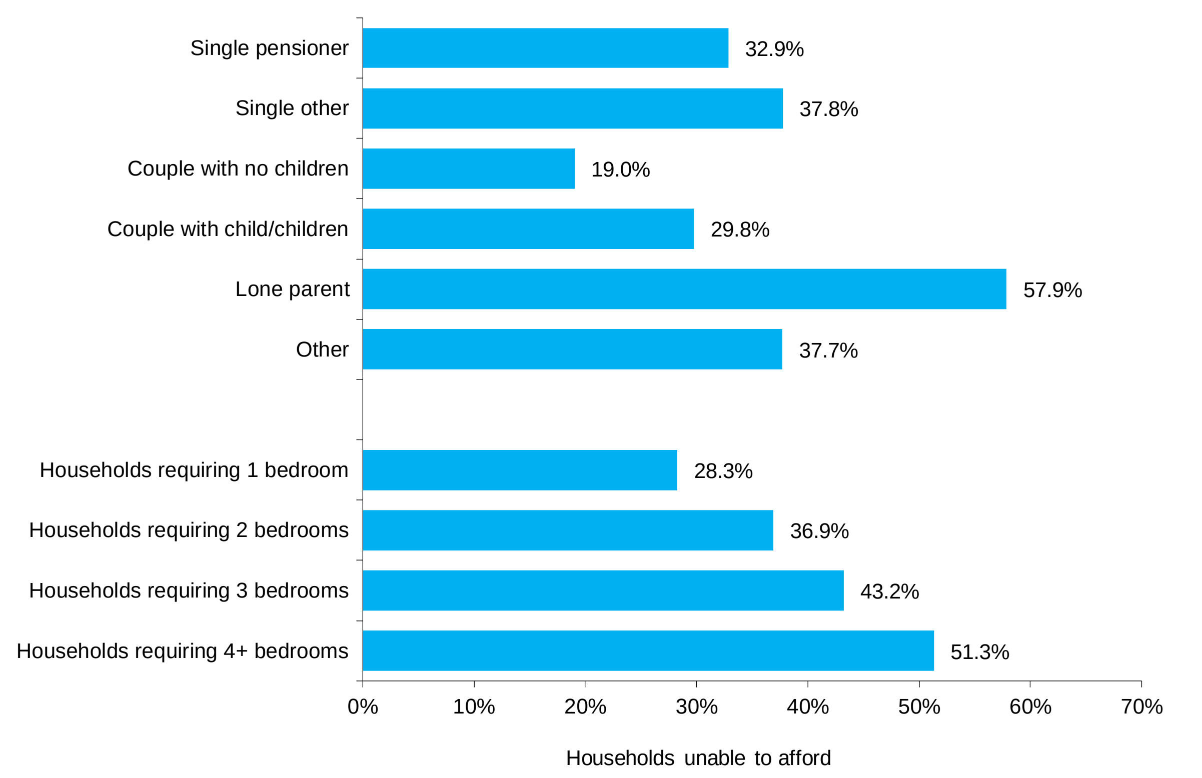
3.38 The household income distribution referred to in Figure 2.8, differentiated by household type, can be used to assess the ability of households in Peterborough to afford the size of home that they require (according to the bedroom standard[22]). The lower quartile cost (which represents the entry-level) of housing by bedroom size is presented in Figures 3.2 and 3.3 and the test is based on the affordability criteria discussed above.

[22] This is the number of bedrooms that is required and is calculated depending on the age, sex and relationship status of the members to the household. A separate bedroom is allocated for each couple and any single person aged 21 or over. Any children aged 10-20 of the same sex is presumed to be able to share a bedroom as are each pair of children under 10 (regardless of gender). Any unpaired child aged 10-20 is paired, if possible, with a child under 10 of the same sex, or, if that is not possible, they are counted as requiring a separate bedroom, as is any unpaired child under 10.

3.39 Figure 3.6 shows the current affordability of lower quartile market housing for households in Peterborough by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move. It is used to demonstrate the comparative affordability of different household groups for contextual purposes and does not represent information that the Council needs to plan against.

3.40 The data indicates that 57.9% of lone parent households in Peterborough would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford, whilst couple households without children are most likely to be able to afford market housing in the city. Households requiring a four-bedroom home are least likely to be able to afford this size of market housing in Peterborough.

Figure 3.6 Theoretical affordability of market housing* in Peterborough



*Unable to afford both entry-level private rent and entry-level home ownership

Conclusion

3.41 Property prices and private rents in Peterborough are lower than national and regional equivalents, however local private rents are closer to the national averages than house prices are, indicating that private rent is relatively more expensive in the City. A price survey was undertaken to establish the entry-level cost of market housing in the city and how this compares to the cost of affordable housing. This identified that there are notable gaps in the housing market and intermediate and discount home ownership products could be suitable to help households in Peterborough not able to access the traditional tenures.

4. Overall housing need

4.1 The NPPF indicates that planning authorities should use the Standard Method to establish the overall need for housing. The Standard Method was introduced in 2018 to allow a simple and transparent assessment of the minimum number of homes needed in an area. The full Standard Method was then set out within the PPG published in February 2019. In August 2020, the Government opened a consultation on changes to the Standard Method, which led to a revised Standard Method being published within the PPG in December 2020.

4.2 The revised Standard Method calculation retains the majority of the features of the previous iteration to retain stability in the plan-making process, however greater emphasis has been placed on delivering houses in the largest urban areas with the addition of a further step in the calculation that affects the 20 largest cities in England. The aim is to ensure that the Government's ambition for 300,000 new homes per year nationally is deliverable, but the strain is not too great in rural areas and instead there will be greater opportunity for development on brownfield sites in large cities. This prioritization of large cities is intended to make the best use of existing infrastructure, to provide the flexibility for housing development to respond to the structural change currently taking place in the retail and commercial sector related to both technological developments and behavioral changes resulting from the coronavirus pandemic, and finally to reduce the environmental impact of new housing development. The approach is still based on a standardised calculation using publicly available data.

4.3 This chapter will describe the steps involved in the Standard Method, following the approach described in the revised PPG[23]. It is expected that the authority will follow the Standard Method to determine the minimum annual local housing need figure. The latest approach will be followed to calculate the housing need figure for Peterborough. The PPG makes it clear that, whilst it is not mandatory, any deviation from the Standard Method should only be pursued in exceptional circumstances. However, this does not mean that the Council cannot decide to pursue a figure higher than that indicated by the Standard Method, Paragraph 10 of the PPG[24] states: '*The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*'

4.4 This chapter sets out the policy-off calculation of the Standard Method figure.

[23] All the steps are described in paragraph 004 (Reference ID: 2a-004-20201216).

[24] Reference ID: 2a-010-20201216.

Step 1 – Setting the baseline

4.5 The baseline is set using the 2014-based household projections in England[25]. The PPG indicates that '*Using these projections, calculate the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period)*.' Table 4.1 sets out the results of Step 1 of the Standard Method. The baseline figure in Peterborough for the current year (2024) is therefore 787.

Table 4.1 Calculating the baseline figure in Peterborough

Local authority area	*Totals households in 2024*	*Totals households in 2034*	*Average annual household growth*
Peterborough	86,968	93,841	787

Source: 2014-based household projections, 2016

Step 2 – An adjustment to take account of affordability[26]

4.6 The average annual projected household growth figure produced in Step 1 should then be adjusted to reflect the affordability of the area using the most recent median workplace-based affordability ratios. Paragraph 006 of the PPG describes why an affordability ratio is applied, to account for any constrained household formation and to ensure that people aren't prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace.

4.7 The PPG is also absolute that the affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG[27], which states that '*the standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately.* Furthermore Paragraph 002 of the PPG[28] makes it clear that following the Standard Method is sufficient to address any historic under-supply.

4.8 An affordability adjustment is only required where the ratio is higher than 4 and *'for each 1% the ratio is above 4 (with a ratio of 8 representing a 100% increase), the average household growth should be increased by a quarter of a percent.'* The full formula is detailed in the PPG:

[25] https://www.gov.uk/government/collections/household-projections. Paragraph 005 of the PPG (Reference ID: 2a-005-20190220) states that the 2014-based projections are used (in preference to the more recently published 2016-based projections) as they are more suitable for meeting *'the Government's objective of significantly boosting the supply of homes.'*
[26] Paragraph 006 of the PPG (Reference ID: 2a-006-20190220) describes why an affordability ratio is applied – principally to account for any constrained household formation and to ensure that people aren't prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace. The affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG (Reference ID: 2a-011-20190220).
[27] Reference ID: 2a-011-20190220
[28] Reference ID: 2a-002-20190220

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

4.9 Table 4.2 sets out the results of Step 2 of the Standard Method calculation for Peterborough. The baseline figure, adjusted to take account of the 2023 affordability ratios in the city, is 936.

Table 4.2 Adjusting to take account of affordability

Local authority area	*Current affordability ratio (a)*	*Adjustment factor (((a-4)/4)*0.25)+1*	*Baseline figure*	*Baseline figure adjusted for affordability*
Peterborough	7.03	1.189375	787	936

Source: Ratio of median house price to median gross annual workplace-based earnings by local authority 2023

Step 3 – Capping the level of any increase

4.10 As the PPG describes:

> *A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.[29]' Alternatively 'where the relevant strategic policies for housing were adopted more than 5 years ago…, the local housing need figure is capped at 40% above whichever is the higher of:*
>
> a. *the projected household growth for the area over the 10-year period identified in step 1; or*
>
> b. *the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).*

4.11 In Peterborough, the most recent planning document is the Local Plan which was adopted in July 2019. This is over five years old, so the second of the two approaches described by the PPG is applied.

4.12 The first potential cap is based on a 40% increase of the annual household growth identified in Step 1. This cap is therefore 1,102 in Peterborough (787 x 1.4). The second potential cap is based on a 40% increase to the annual housing requirement set out in the 2019 Local Plan. This document stated an aim to provide 19,440 new homes in the City over the plan period 2016-2036, an annual average of 972. This second cap is therefore 1,361 in Peterborough (972 x 1.4).

[29] *'This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and found to not require updating.'*

4.13 The second of the two caps is higher and represents the upper boundary for any increase. The annual local housing need figure of 936[30] per year in Peterborough is within this cap and therefore the cap does not need to be applied.

Step 4 – Cities and urban centres uplift

4.14 This is the step that has been introduced within the December 2020 modifications to the calculation. The PPG states that, after the housing need figure has been adjusted as a consequence of the cap, *'a 35% uplift is then applied for those urban local authorities in the top 20 cities and urban centres list.'* The PPG advises that the list of the top 20 cities and urban centres in England is identified by ranking the ONS's list of Major Towns and Cities by population size based on the most recent mid-year population estimates.

4.15 The boundaries of the urban areas created by the ONS's method for identifying the major towns and cities in England are not conterminous with local authority boundaries, with urban areas often spread over several local authorities. The PPG therefore clarifies that it is only the 20 authorities which contain the largest proportion of the city or urban centre's population in which the 35% uplift is applied – any other local authority in which the urban area is partly situated is not required to apply the uplift[31]. The PPG finally lists the twenty largest cities and urban centres, as at December 2020, as London, Birmingham, Liverpool, Bristol, Manchester, Sheffield, Leeds, Leicester, Coventry, Bradford, Nottingham, Kingston upon Hull, Newcastle upon Tyne, Stoke-on-Trent, Southampton, Plymouth, Derby, Reading, Wolverhampton, and Brighton and Hove. None of these urban areas are in the City of Peterborough and therefore no adjustment is required to the figure.

Overall level of housing need

4.16 The final housing need in Peterborough, as assessed using the revised Standard Method in 2024, is **936** dwellings per year. Paragraph 008 of the PPG[32] notes that whilst *'the standard method may change as the inputs are variable…, local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination.'*

[30] This figure is slightly lower than the total of 946 published in the Council's Issues and Options paper in 2023 as the Issues & Options paper used a starting date of 2023 and the affordability ratio from 2022, whereas this report is based on 2024 and uses the 2023 affordability ratio.

[31] In London the uplift applies to all the authorities that comprise Greater London.

[32] Reference ID: 2a-008-20190220

4.17 As noted in Paragraph 012 of the PPG[33], this approach provides an annual figure which can be applied to a whole plan-period. The NPPF requires strategic plans to identify a supply of sites for a minimum of 15 years from adoption (due in 2026). The Local Plan for Peterborough is intended to run from 2023 to 2044. The modelling of the Local Housing Need will therefore be presented up to 2044 to facilitate this.

A suitable baseline

4.18 The results of the 2021 Census can be compared with the most recent population projections, which are used to inform the local housing need calculations. If the Census indicates that the population in 2021 is notably different to these projections it is likely that the next iteration of the projections will be materially different.

4.19 Table 4.3 sets out the population in 2021 nationally, regionally and in Peterborough, as indicated by the 2018-based projections, the 2014-based projections and the 2021 Census.

Table 4.3 Population estimates 2021

Data source	*Peterborough*	*East of England*	*England*
2014-based projected estimate	204,900	6,396,900	57,248,400
2018-based projected estimate	207,884	6,313,058	56,989,570
2021 Census	215,676	6,335,075	56,490,045

Source: ONS 2014 and 2018 household projections, 2021 Census

4.20 At a national level, the Census has reported a lower population in 2021, and a notably lower population than was projected for 2021 in both the 2014-based and 2018-based projections. The most likely reason for lower population growth on a national level is Brexit, with the 2014-based projections (which recorded the highest projected population in 2021) being pre-Brexit and containing a projection with too high international migration. The largest discrepancy between the Census and the 2014-based projections relates to London, where the impact of international migration trends is likely to be most pronounced. The potential effect of the coronavirus pandemic on these population figures has not yet been fully explored.

4.21 The pattern of the figures for the East of England is notably different. The Census figure for 2021 is higher than the 2021 estimate from the 2018-based projections. The Census figure however is notably lower than the population projected for 2021 in the 2014-based projections. This suggests that the national divergence from the projections is not as great at a regional level.

[33] Reference ID: 2a-012-20190220

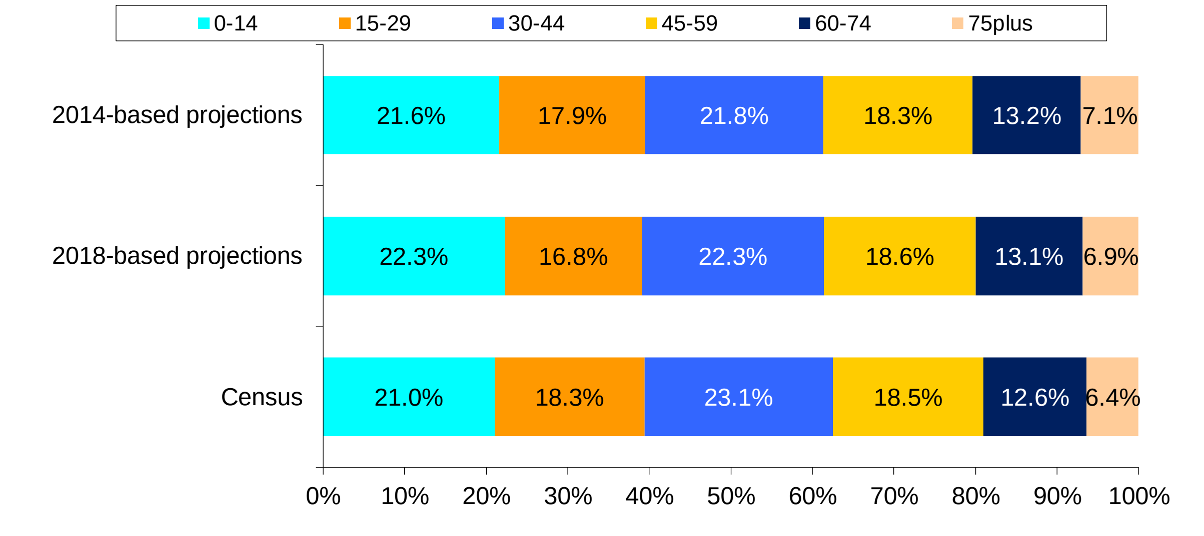
4.22 Finally, the figures in Peterborough are opposite those recorded nationally, with the population in 2021 notably higher than that estimated from either of the projections. It is clear that the population growth in the City has been significantly greater than expected over the last 10 years.

Age profile

4.23 Figure 4.1 compares the Peterborough age profiles in 2021 from three different sources, the 2021 Census, the 2014-based projections and the 2018-based projections. Unsurprisingly, there are not huge differences in the age structure recorded. However, in the 2021 Census, the proportion of the population aged between 15 and 44 is higher than was estimated by both the 2014 and 2018-based projections. This is the age group that is typically most economically active.

4.24 By contrast, the proportion of the population aged 60 and over according to the Census is lower in 2021 than was projected in both earlier versions.

Figure 4.1 Age structure in Peterborough in 2021 as estimated by different sources



Source: ONS 2014 and 2018 household projections, 2021 Census

4.25 The household profiles have been published from the 2021 Census; however this uses a different household categorisation from the projections meaning it is appropriate to only compare the household totals from the different sources. The table below sets out the number of households in 2021 nationally, regionally and in Peterborough as indicated by the 2018-based projections, the 2014-based projections and the 2021 Census.

Table 4.4 Household totals 2021			
Data source	*Peterborough*	*East of England*	*England*
2014-based projected estimate	83,617	2,702,704	24,371,273
2018-based projected estimate	80,663	2,612,836	23,688,898
2021 Census	84,533	2,628,778	23,436,085

Source: ONS 2014 and 2018 household projections, 2021 Census

4.26 Nationally, the Census has reported a lower household total in 2021 than was projected for 2021 in both the 2014-based and 2018-based estimates, whilst in Peterborough the opposite was true with more households recorded in 2021 than either of the projections anticipated. Across all geographies, the average household size in 2021 was notably higher than the 2014-based projections anticipated, but slightly higher than was projected from the 2018-based projections.

Table 4.5 Average household size 2021			
Data source	*Peterborough*	*East of England*	*England*
2014-based projected estimate	2.43	2.30	2.31
2018-based projected estimate	2.52	2.36	2.36
2021 Census	2.53	2.37	2.37

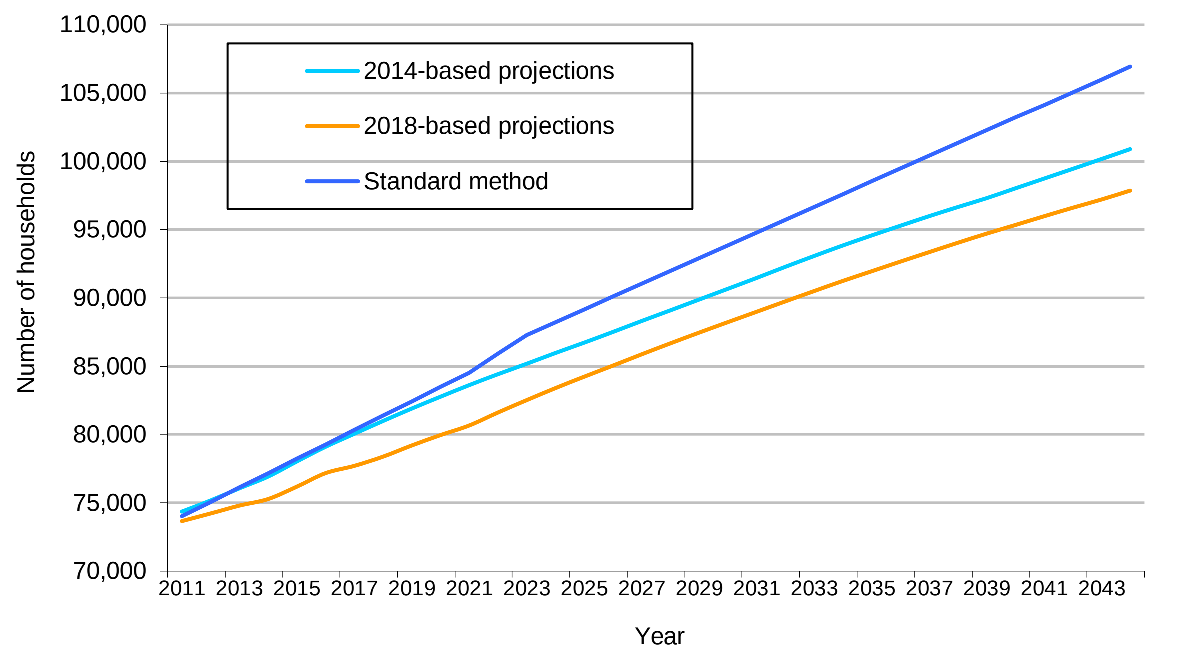
Source: ONS 2014 and 2018 household projections, 2021 Census

4.27 The figure of 936 is the final annual housing need figure in Peterborough. It is however useful to compare the trajectory that it results in with both 2014-based household projections (from which the number is derived) and the 2018-based household projections (which are the most recent estimates published).

4.28 Figure 4.2 shows the projected household total in Peterborough for every year from 2011 through to the end of the modelling period in 2044. The figure shows the data as recorded by the 2014-based household projections[34], the 2018-based equivalent, and the Standard Method scenario in which the 2018-based projections grow by 936 every year from 2023 onwards (with the 2023 household total informed by the 2021 Census data).

[34] It should be noted that the 2014-based projections only extended as far as 2039, the figure for 2040 and beyond has therefore been derived by applying the average annual change in the five years prior to 2039 and applying that to the figure for 2039.

Figure 4.2 Projected number of households under different scenarios



Source: ONS 2014 and 2018 household projections, 2001, 2011 & 2021 Census

4.29 Whilst the graph indicates that there is a divergence between the 2014 and 2018-based projections, the Standard Method figure is still notably in excess of both the 2014-based and 2018-based projections by the end of the modelling period in 2044. There is no reasonable basis to divert from the Standard Method approach which is designed to be applied consistently across all authorities in England wherever possible.

4.30 In accordance with the PPG, the 2014-based projections have been used to determine the local housing need and the Standard Method figure is therefore correctly calculated. The 2018-based projections are considered the best sub-national projections however the publication of the 2021 Census data has shown that they have some flawed assumptions. The 2018-based projections for Peterborough have therefore been adjusted to account for these known differences indicated by the Census (this process is detailed further in Chapter 5). It is these adjusted projections that have been used to disaggregate the Standard Method figure in terms of age and gender profile.

Past rates of delivery

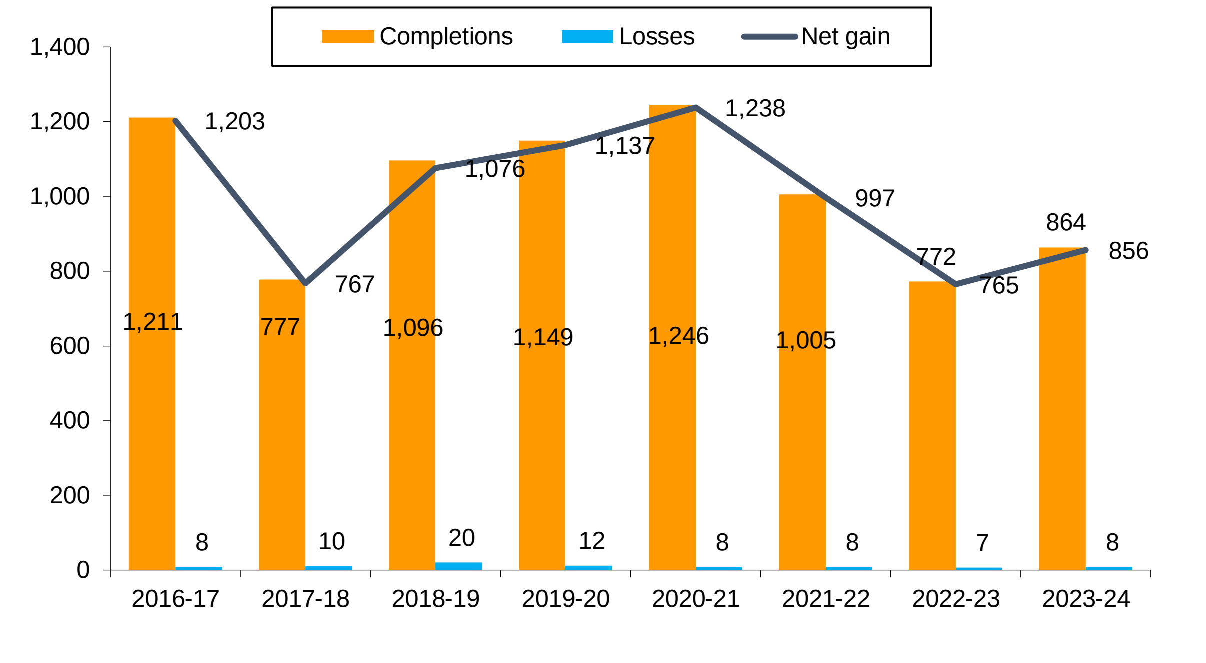
4.31 At paragraph 10 of the PPG it states *'there may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method….. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.*[35]*'*

4.32 The 2017 SHMA identified a housing need in Peterborough of 981 per year (this was derived as the Objectively Assessed Need as the Standard Method did not yet exist. This is not materially larger than the figure of 936 identified by the Standard Method currently.

4.33 Figure 4.7 shows housing completions in Peterborough since 2016 as recorded in the Council's most recent Authority Monitoring Report (AMR)[36]. Over this timeframe, the average net annual housing completions in Peterborough was 1,010 dwellings per annum. Recent housing delivery within Peterborough has averaged more than the current housing need calculation. This reflects that Peterborough has recorded an exceptional level of additional household growth (14.2% between 2011 and 2021 compared to a growth of 8.5% across the East of England and 6.2% nationally). As discussed earlier in the chapter, this was notably higher than was originally projected for the City and this level of above average growth is not projected to continue at the same level.

[35] Reference ID: 2a-010-20201216
[36] 2024 Housing Monitoring Report

Figure 4.3 Past rates of delivery in Peterborough



Source: Peterborough Council, 2024

The Standard Method in the 2024 NPPF consultation

4.34 The proposed reforms to the Standard Method are set out in the July 2024 NPPF consultation (Chapter 4). The proposals represent a notable change to the existing approach and will result in an increase to the overall requirement for housing nationally. The changes to the Standard Method figures at a Local Authority level vary, with some very substantial increases recorded in certain locations and other authorities recording a notable reduction.

4.35 The most significant change in the methodology is that the proposed new Standard Method does not use household projections to form its baseline but it instead uses the current dwelling stock. It proposes that the baseline annual growth is 0.8% of the existing housing stock in each local planning authority. This is sourced from the dwelling stock figures[37] published annually by the Ministry of Housing, Communities and Local Government. The most recent figures indicate that, as at the end of March 2023, there are 89,665 dwellings in Peterborough. Applying the proposed figure of 0.8% gives a baseline figure of 717 within this version of the Standard Method.

[37] Dwelling stock (including vacants) - GOV.UK (www.gov.uk)

4.36 As with the current Standard Method, an affordability uplift is applied to the baseline figure. The same source data is used (workplace-based median house price to median earnings ratio), however there are two adjustments. Firstly, the figure used is not the most recent annual affordability ratio published as in the current Standard Method, but the figure is an average affordability ratio derived from the three most recent years for which data is available. The affordability ratio for Peterborough following this approach is 7.26 (compared to a ratio of 7.03 used in the current method).

4.37 The second adjustment is an increase in the multiplier where affordability is identified as a problem (this is for areas in which the affordability ratio is higher than 4). In the proposed new Standard Method, the multiplier is 0.6% (instead of 0.25% used in the current method). The affordability ratio of 7.26 is therefore converted to a multiplier of 1.489 using this new adjustment.

4.38 The affordability adjustment of 1.4189 is applied to the baseline figure of 717 to create the annual requirement for housing of 1,068 in Peterborough under the proposed new Standard Method. This is significantly larger than the Standard Method figure calculated following the current approach. Currently, the figure of **936** remains the correct Standard Method (as it follows the current official NPPF) and the Council should use this figure for planning for the time being and until a new NPPF is published. This report is focused on outlining the requirements related to this Standard Method figure. However, to best future-proof this study, Appendix 4 contains a duplicate of the key outputs from Chapter 5 and sets out the tenure and size of dwellings required that would be required were the Council to plan for an increase in households of 1,068 per year over the 21-year plan period. Similarly, Appendix 5 sets out the requirement for older persons specialist housing in Peterborough within this alternative Standard Method scenario following the same approach as described in Chapter 7.

Conclusion

4.39 The final housing need in Peterborough, as assessed using the revised Standard Method in 2024, is 936 dwellings per year. The Standard Method will result in household growth notably in excess of what was originally envisaged for Peterborough within both the 2014 and 2018-based projections. The Census has shown that the population and household profile is larger and different in structure to what was originally projected. New Census-based projections have been created to model the population in the City over the plan-period.

5. Type and tenure of future housing needed

Introduction

5.1 The requirement within paragraph 61 of the NPPF to disaggregate the local housing need figure to *'assess the size, type and tenure of housing needed for different groups in the community'* is reiterated in Paragraph 17 of the PPG. This chapter describes the long-term balancing housing markets (LTBHM) model which determines the future demand for housing by size and tenure based on the profile of the population derived within the local housing need calculation (set out in Chapter 4).

5.2 There are two stages to this process, the first is to disaggregate the local housing need as derived in Chapter 4 to produce a population profile for the City at the end of the modelling period in 2044. The second process uses secondary data to model the future demand for housing arising from this future population and compare it to the current housing stock so that a profile of new accommodation required can be determined[38].

5.3 The demand modelling is described in more detail subsequently; however, this chapter initially presents the process for disaggregating the future local population. The change in the household composition indicated within these projections drives the size and tenure demand profiles generated by the model.

Disaggregating the local housing need

5.4 The application of the Standard Method local housing need figure of 936 for Peterborough will require the construction of notably more homes than is implied by the official projections as the affordability adjustment made in the Standard Method calculation lifts the housing need above the growth identified in the 2014-based household projections (as described in Chapter 4). If these 936 homes are built, the number of households will be larger than projected in the baseline projections (as is shown in Figure 4.3). It is necessary to determine the profile of this additional household growth and disaggregate the total local housing need, using the NMSS model,[39] so that appropriate accommodation can be provided for the whole population of Peterborough up to and including 2044.

[38] This will include a figure for the amount of affordable accommodation required over the plan-period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 6, as described in chapter 1, and the two should not be compared.

[39] The model is detailed in Appendix 1.

5.5 The model takes as its starting point the 2023 sub-national population estimates and the 2021 Census, which are used to inform the population profile and household composition in Peterborough in 2023, the start of the modelling period. The 2018-based population projections[40] are re-based to account for the population profile in Peterborough recorded in 2021 by the Census. The demographic flows within the 2018-based population projections have been adjusted to take account of post-Census national data on fertility and mortality rates alongside national and local data on the migration flows that occurred in Peterborough[41]. The trend period embedded in the 2018 projections has therefore been adjusted to reflect what the Census and post-Census data indicates. The 2018-based household projections have also been updated to reflect what the Census revealed about the occupancy rates of communal housing by age and gender in Peterborough and also household composition trends (for example changes in the number of single person households and the average household size).

5.6 These refreshed base-projections are then adjusted to make them align with the local housing need figures in Peterborough using the following assumptions:

- The Standard Method makes it clear that the uplift in housing it is trying to achieve is partly to reverse the falling level of household formation that have been recorded amongst younger people. The first step is therefore to progressively increase the household formation for all age groups under 45 until it reaches the rate recorded in 2001. This group is prioritised ahead of an increase in migrants moving into the City in response to guidance in the PPG, and because the 2018-based population projections for the City have a built-in presumption of a low level of household formation in younger age groups.
- The age and gender profile of this adjusted population (increased household formation and increased in-migrants) will be aged-on and have the same propensity to have children, move away from the area and die as other residents in Peterborough of the same gender and age. In this way it will be possible to estimate how the additional population (above that suggested by the latest population projections) is likely to develop over time.

[40] The 2018-based population projections are used as a basis as these are the most recent and benefit from the ONS's latest methodology. The first sub-national post-Census population projections are not due to be published until Spring 2025. It should be noted that the government have chosen to use the 2014-based projections for the Standard Method simply because they happen to produce a national housing need total that is closer to their objective of building 300,000 homes a year, not because they have doubts about the ONS's methodology in the latest projections.

[41] The 2018-based projections have the most recent local authority data and assumptions on key factors such as fertility and mortality rates and migration flows, however the most recent projected national mortality and fertility rates (published in 2023) have been compared to what was recorded nationally in the 2018-based projections and a suitable local authority-based adjustment has been made. Similarly national data on changes in immigration flows alongside a comparison between the local migration flows recorded within Peterborough in the Census with those recorded in the 2018-based projections have been used to create a new migration trend period.

Total future population in Peterborough

5.7 Table 5.1 sets out the age profile of the population in Peterborough in 2044 according to these population projections in comparison to the age profile of the City at the start of the plan-period (2023). The table suggests that those aged 75 or over are going to constitute a greater section of the population by the end of the modelling period – those aged 75 or over will rise from 15,092 in 2023 to 26,191 in 2044, an increase of 73.5%. Some 28.0% of all people in Peterborough in 2044 will be aged between 50 and 74 with 26.1% aged under 25.

Table 5.1 Age of projected population in Peterborough in 2044 compared with current age profile

Age	*2023 Population*	*2023 Percentage*	*2044 Population*	*2044 Percentage*
Under 25	72,022	32.6%	69,224	26.1%
25 to 49	79,993	36.2%	95,559	36.0%
50 to 74	53,932	24.4%	74,129	28.0%
75 and over	15,092	6.8%	26,191	9.9%
Total	221,040	100.0%	265,103	100.0%

Source: Standard Method modelled population and household projections

5.8 The projections profiling the change to the population arising as the local housing need for Peterborough is met between 2023 and 2044 are summarised in the table above. These projections indicate that the working age population (those aged between 16 and 64) in Peterborough will grow by 30,860 people between 2023 and 2044, an increase of 23.1%. This data on the projected change in the population composition has been fed into the Council's separate portfolio of economic work. This work identified that this growth in the working age population will be sufficient to meet the growth in employment that is likely to occur over the plan-period within Peterborough.

Household profile

5.9 This population projection is then converted into a household projection by:

- Removing from the population projection an estimate of those living in communal establishments such as old people's homes. This is done using the same assumptions as in the official projections with an adjustment to account for the latest data on the communal housing occupation rates of different age and gender groups as published in the 2021 Census. The resulting population is known as the household population.
- Household formation rates are then applied to the household population to produce a household projection. The household formation rates are taken from the official 2018-based household projections with an adjustment for the Census data. A further adjustment is applied to return household formation rates to 2001 levels amongst younger age groups as described earlier in the chapter.

5.10 Table 5.2 sets out the projected number of households that will be resident in Peterborough in 2044 disaggregated by broad household type according to these projections. The 2023 household profile is also presented as a reference point, as 2023 is the base date for this model.

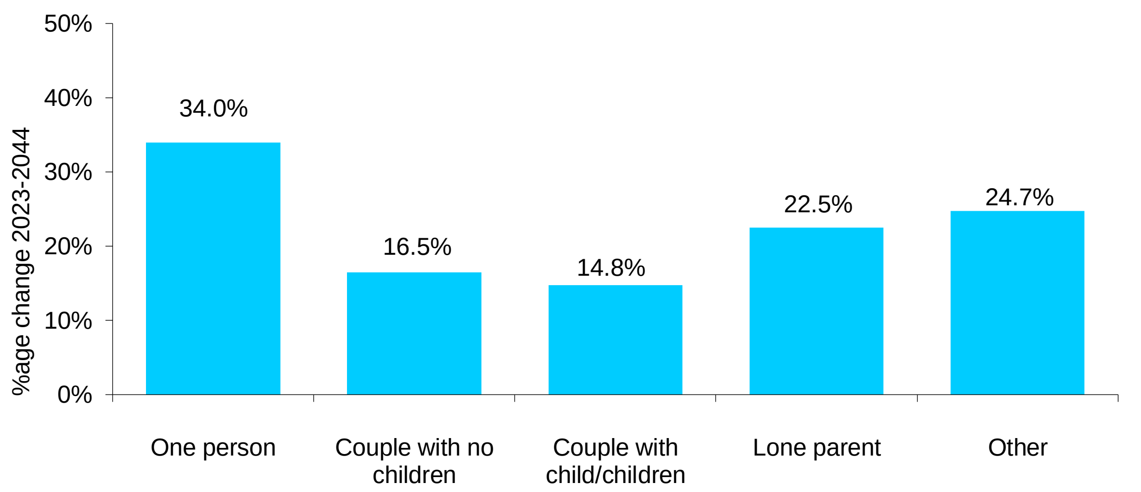
Table 5.2 Projected household population in Peterborough in 2044 by household type

Household type	*2023 Number*	*2023 Percentage*	*2044 Number*	*2044 Percentage*
One person	24,693	28.3%	33,088	30.9%
Couple with no children	20,024	22.9%	23,323	21.8%
Couple with child/children	23,285	26.7%	26,725	25.0%
Lone parent	11,107	12.7%	13,606	12.7%
Other*	8,177	9.4%	10,199	9.5%
Total	87,286	100.0%	106,941	100.0%

Source: Standard Method modelled population and household projections. *Other households include multi-generational households, student households, households of unrelated people sharing accommodation as well as other groups. The household projections available do not allow the breakdown into all of the different household groups recorded in the Census so it is not possible to duplicate the categories shown in table 2.3.

5.11 Figure 5.1 indicates the change in these household types that will occur between 2023 and 2044 in Peterborough. The figure indicates that the largest relative and absolute growth will be in one person households.

Figure 5.1 Change in household structure in Peterborough, 2023 – 2044



Source: Standard Method modelled population and household projections

Methodology of the demand model

5.12 The demand model uses secondary data to determine the future demand for housing by size and tenure as derived from the profile of households resident in the area at the end of the modelling period in 2044. It is based on both a detailed understanding of the current stock of housing in the City, and also the occupation patterns of households in Peterborough and how they are changing. It is driven by the changes projected to the composition of the population over the 21-year period, as set out above.

5.13 The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in Peterborough in 2021. This has been adjusted to reflect the changes since 2021 to provide an accommodation profile in 2023.

5.14 The 2021 Census also provides detail on the occupational patterns of different household groups in Peterborough, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2011 and 2021 Census in Peterborough, with the changes in the size of accommodation occupied within each tenure also accounted for) and models their continuation through to 2044. This approach is in line with the PPG.

5.15 A further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model[42]. This means that the future housing stock will better reflect the requirements of the future population in the area.

5.16 This profile of suitable accommodation for each household type is applied to the size of the household group in 21 years' time. The accommodation profile required in 2044 is then compared to the current accommodation profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households, so the figures are based on the change in number of households identified within the housing need calculations.

[42] Using the example of a lone parent household residing in a two bedroom property but requiring a three bedroom home, the modelled accommodation profile for this household group would assign this household a three bedroom property rather than a two bedroom dwelling. This means that it is anticipated that for equivalent households in the future, none would be expected to live in an overcrowded home.

Tenure of housing required

5.17 Table 5.3 shows the projected tenure profile in Peterborough at the end of the modelling period. The profile in 2023 at the start of the plan-period is also set out for context. The data shows that, in 2044, the housing stock across Peterborough should comprise 55.3% owner-occupied accommodation, 23.4% private rented homes, 2.5% Shared Ownership properties and 18.7% Social Rented/Affordable Rented housing.

Table 5.3 Current tenure and tenure profile projected in Peterborough in 2044

Tenure	*Base tenure (2023)*		*Projected tenure (2044)*	
	Number	*Percentage*	*Number*	*Percentage*
Owner-occupied	48,380	55.4%*	59,153	55.3%
Private rented	21,885	25.1%	25,068	23.4%
Shared Ownership	1,156	1.3%	2,686	2.5%
Social Rent/Affordable Rent	15,865	18.2%	20,035	18.7%
Total	87,286	100.0%	106,941	100.0%

*The tenure profile in Peterborough in Figure 2.11 includes Shared Ownership within the owner-occupied group. The proportion of households that were owners (including those in Shared Ownership in 2011 in Peterborough was 56.8% (as compared to 56.7% in 2023) Source: LTBHM Modelling

5.18 Table 5.4 shows the tenure profile required by households resident in Peterborough in 2044, in comparison to the tenure profile recorded in the City at the start of the plan-period. The difference between these two distributions is the change required to the housing stock over this period. The results show that 54.8% of new housing in Peterborough should be owner-occupied, 16.2% private rented, 7.8% should be Shared Ownership and 21.2% Social Rent/Affordable Rent.

Table 5.4 Tenure of new accommodation required in Peterborough over the 21-year modelling period

Tenure	*Base tenure profile (2023)*	*Tenure profile 2044*	*Change required*	*% of change required*
Owner-occupied	48,380	59,153	10,773	54.8%
Private rent	21,885	25,068	3,183	16.2%
Shared Ownership	1,156	2,686	1,530	7.8%
Social Rent/Affordable Rent	15,865	20,035	4,170	21.2%
Total	87,286	106,941	19,655	100.0%

Source: LTBHM Modelling

First Homes

5.19 As discussed in Chapter 3, First Homes are an intermediate product that have been introduced specifically to help potential first-time buyers access home ownership. It is clear from the cost profile of First Homes, set out in Chapter 3, that their likely price-level will mean that they could be suitable for a notable number of households seeking a three or four bedroom home that would otherwise reside in the private rented sector (and would not previously have been home owners). However, as it is a product that has only recently been introduced into the market, it cannot be modelled using the same trend data as is utilised for the rest of the LTBHM model.

5.20 The potential demand for this new product over the modelling period can be derived by making assumptions about the likelihood of different household groups within the private rented sector to try and acquire this form of housing, informed by an affordability analysis of the tenure and the length of time required to save a deposit. Based on an assumption that over the plan-period the relative difference between newbuild and second hand property prices reduces, particularly for smaller homes, it is assumed that First Homes become an option for households requiring all bedroom sizes[43]. In this scenario, there is an identified demand for this product, although it may be fairly limited[44].

5.21 This approach identifies that, between 2023 and 2044, there would be a potential demand for 473 First Homes in Peterborough (see Table 5.9), which would represent 2.4% of all new housing over this period[45]. These figures are therefore deducted from the total requirement for private rented accommodation (where the LTBHM model presumes they would otherwise be housed). The demand for 473 First Homes in Peterborough over the plan-period, identified using this process, should be treated as an indicative figure. Whilst the current guidance prioritises First Homes, there is limited demand for this type of accommodation in Peterborough and it is possible that priorities will change when a new PPG and NPPF are published later in 2024.

Size of housing required within each tenure

5.22 Table 5.5 presents the size of owner-occupied accommodation required in Peterborough in 21 years' time in comparison to the size profile recorded in the sector at the base date. The implied change to the housing stock is also presented. The data shows that some 29.5% of new owner-occupied housing in Peterborough should be one-bedroom homes, with 26.9% being two bedroom units, 24.4% should have four or more bedrooms and 19.3% should be three bedroom accommodation.

[43] The uplift from entry-level for one and two bedroom homes to purchase and the equivalent newbuild price is unusually large in Peterborough currently and it would be an expectation for this difference to reduce in the future.
[44] It is also possible that households suitable for First Homes may choose a Shared Ownership product instead.
[45] The figure of 473 represents 0.4% of all households in Peterborough at the end of the plan-period in 2044.

Table 5.5 Size of new owner-occupied accommodation required in Peterborough over the next 21 years				
Size of home	*Base size profile (2023)*	*Size profile 2044*	*Change required*	*% of change required*
One bedroom	1,261 (2.6%)	4,441 (7.4%)	3,179	29.5%
Two bedroom	8,506 (17.5%)	11,406 (19.3%)	2,900	26.9%
Three bedroom	23,105 (47.8%)	25,174 (42.6%)	2,069	19.3%
Four or more bedrooms	15,508 (32.1%)	18,133 (30.7%)	2,625	24.4%
Total	48,380	59,153	10,773	100.0%

Source: LTBHM Modelling. Figures do not always sum due to rounding.

5.23 This analysis can be repeated for private rented housing and is presented in Table 5.6. The data indicates that, of the 3,183 private rented homes required within Peterborough, 30.5% should be properties with four or more bedrooms and a further 26.4% should have one bedroom. Some 23.9% should be two-bedroom homes and 19.2% should be three-bedroom accommodation.

Table 5.6 Size of new private rented accommodation required in Peterborough over the next 21 years				
Size of home	*Base size profile (2023)*	*Size profile 2044*	*Change required*	*% of change required*
One bedroom	3,374 (15.4%)	4,215 (16.8%)	842	26.4%
Two bedroom	7,816 (35.7%)	8,577 (34.2%)	761	23.9%
Three bedroom	7,991 (36.5%)	8,602 (34.3%)	611	19.2%
Four or more bedrooms	2,703 (12.4%)	3,673 (14.7%)	970	30.5%
Total	21,885	25,068	3,183	100.0%

Source: LTBHM Modelling Figures do not always sum due to rounding.

5.24 Table 5.7 sets out the equivalent analysis for Shared Ownership housing. The data indicates that of the 1,530 Shared Ownership dwellings required within Peterborough, 25.7% should be two-bedroom properties with a further 25.5% one-bedroom accommodation. There are currently not many one and two bedroom Shared Ownership homes available in the City. Some 25.2% should have three bedrooms and 23.6% should have four or more bedrooms.

Table 5.7 Size of new Shared Ownership accommodation required in Peterborough over the next 21 years				
Size of home	*Base size profile (2023)*	*Size profile 2044*	*Change required*	*% of change required*
One bedroom	214 (18.5%)	605 (22.5%)	391	25.5%
Two bedroom	327 (28.3%)	720 (26.8%)	393	25.7%
Three bedroom	393 (34.0%)	779 (29.0%)	386	25.2%
Four or more bedrooms	222 (19.2%)	583 (21.7%)	361	23.6%
Total	1,156	2,686	1,530	100.0%

Source: LTBHM Modelling Figures do not always sum due to rounding.

5.25 Table 5.8 shows the size of accommodation required in the Affordable Rented/Social Rented sector. The table shows that, of the 4,169 additional Affordable Rented/Social Rented units required within Peterborough over the 21-year modelling period, 32.2% should be four-bedroom accommodation with a further 23.5% three-bedroom properties. 22.9% should have one bedroom and 21.4% should have two bedrooms. It should be noted that this is the net requirement for new Affordable Rented/Social Rented homes over the modelling period. If there is loss of affordable stock through Right-to-Buy, this will also need to be replaced.

Table 5.8 Size of new Social Rent/Affordable Rent required in Peterborough over the next 21 years				
Size of home	*Base size profile (2023)*	*Size profile 2044*	*Change required*	*% of change required*
One bedroom	5,697 (35.9%)	6,653 (33.2%)	956	22.9%
Two bedroom	5,221 (32.9%)	6,113 (30.5%)	891	21.4%
Three bedroom	4,188 (26.4%)	5,168 (25.8%)	980	23.5%
Four or more bedrooms	759 (4.8%)	2,101 (10.5%)	1,341	32.2%
Total	15,865	20,035	4,169	100.0%

Source: LTBHM Modelling Figures do not always sum due to rounding.

5.26 Table 5.9 shows the size of First Homes that would be required to house some households that would otherwise reside in the private rented sector. The residual private rented requirement, once the potential demand from households for this alternative product has been deducted, is also set out in the table. The model indicates that in Peterborough, 48.7% of the First Homes should have four or more bedrooms, 28.2% three bedrooms, 12.8% two bedrooms and 10.3% one bedroom.

Table 5.9 Potential demand for First Homes in Peterborough over the next 21 years				
Size of home	*First Homes*		*Residual private rented homes*	
	Number required	*Proportion required*	*Number required*	*Proportion required*
One bedroom	49	10.3%	793	29.3%
Two bedroom	61	12.8%	700	25.8%
Three bedroom	133	28.2%	478	17.6%
Four or more bedrooms	230	48.7%	740	27.3%
Total	473	100.0%	2,710	100.0%

Source: LTBHM Modelling Figures do not always sum due to rounding.

5.27 The Council wants to understand the relative requirement for Social Rented and Affordable Rented accommodation in Peterborough. Table 5.10 sets out the number of households identified as being in the sector at the end of the plan-period in 2044, split between those able to afford Affordable Rent and the remainder (presumed to require Social Rent). The table shows that in 2044, some 83.7% of households in the affordable sector would require a Social Rented property rather than an Affordable Rented home. Affordable Rent is generally more affordable for larger accommodation.

Table 5.10 Relative requirement for Social Rent and Affordable Rent in Peterborough in 2044 (gross requirement)				
Size of home	*Affordable rent*		*Social rent*	
	Number of households in 2044	*Proportion of households 2044*	*Number of households in 2044*	*Proportion of households 2044*
One bedroom	513	15.7%	6,140	36.6%
Two bedroom	785	24.1%	5,328	31.8%
Three bedroom	1,299	39.8%	3,870	23.1%
Four or more bedrooms	666	20.4%	1,435	8.6%
Total	3,262	100.0%	16,773	100.0%

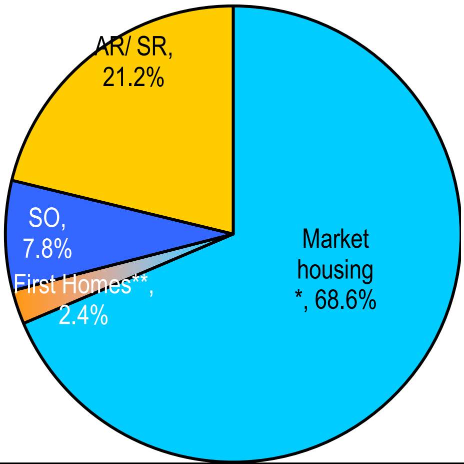
Source: LTBHM Modelling Figures do not always sum due to rounding.

5.28 Figure 5.2 summarises the results for each tenure individually above (with the two market tenures merged) and shows the profile of new housing required in Peterborough over the next 21 years. The Council has requested that the table also present the current housing register data by number of bedrooms needed for comparison. It is however important to note that these figures are gross and take no account of the supply of housing available to meet this need (there are relatively few four bedroom homes in the existing stock so households requiring this size of accommodation are likely to have to wait longer to be housed). The figures in the rest of the table are a net position, taking account of the current stock as well as the future requirement to identify the net requirement for new housing.

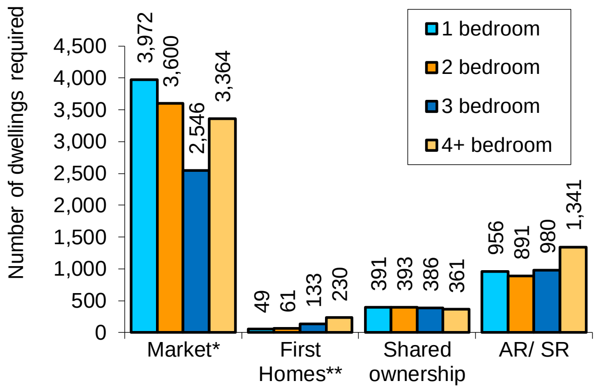
5.29 Whilst the current guidance prioritises First Homes, there is limited demand for this type of accommodation in Peterborough and it is possible that priorities will change when a new PPG and NPPF are published later in 2024. Within the Affordable Rented/ Social Rented sector it is clear that Social Rented housing is notably cheaper than Affordable Rent. The affordability analysis of households in affordable need presented in Table 5.10 indicates that between 80% and 85% of all Affordable Rented housing at the end of the plan-period in 2044 should be Social Rented with the remainder Affordable Rented. Social Rented accommodation is appropriate for the majority of households in this sector.

Figure 5.2 Profile of new accommodation required in Peterborough

Tenure split



Size profile



Size of home	*Market housing**	*First Homes***	*Shared Ownership*	Social/ Affordable Rented *(Size requirement of those on the current housing register)****
1 bedroom	3,972	49	391	956 (*1,115*)
2 bedroom	3,600	61	393	891 (*805*)
3 bedroom	2,546	133	386	980 *(591)*
4+ bedrooms	3,364	230	361	1,341 *(226)*
Total	13,483	473	1,530	4,169

Source: LTBHM Modelling. *Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand rather than a requirement. These figures represent the distribution of housing that should be delivered. ***Size requirement of households on the Council's housing register currently. Gross figure, not accounting for current stock profile, (source: Peterborough City Council, 2024) Figures do not always sum due to rounding.

Further outputs

5.30 Appendix 4 shows the equivalent results under the Standard Method scenario presented within the proposed new NPPF. This is based on growth in Peterborough of 1,068 households per year. Under this scenario a notable additional increase in in-migration to the City would be required to generate these additional households.

Conclusion

5.31 The LTBHM model identifies the nature of housing required to accommodate the household population in Peterborough across the plan period. This is compared to the current stock profile and the net requirement for housing is calculated. Overall, some 68.6% of new housing in Peterborough should be market properties, 2.4% First Homes, 7.8% Shared Ownership and 21.2% Social Rent/ Affordable Rent. Within each tenure a range of different dwelling sizes are required.

6. Affordable housing need

Introduction

6.1 As indicated in the PPG, it is necessary to undertake a separate calculation of affordable housing need. Paragraph 18 (Reference ID: 2a-018-20190220) to Paragraph 24 (Reference ID: 2a-024-20190220) of the PPG details how affordable housing need should be calculated. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether the Local Planning Authority should plan for more dwellings where it could help meet the need for affordable housing.

6.2 The model outlined in the PPG is an assessment of the housing market at a particular point of time (December 2023), and does not consider likely future changes to the housing market that may impact the results (such as future loss of affordable stock through Right to Buy), i.e. it is based on what is known at the time of the assessment. The PPG (Paragraph 19) defines affordable housing need as *'the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'*.

6.3 Appendix 3 presents the results of the three broad stages of the model used to calculate affordable housing need. This chapter sets out the overall annual estimate of the affordable housing need in Peterborough[46] as a consequence of following the steps detailed in the appendix, and the tenure of accommodation most appropriate to meet this need is discussed.

Estimate of net annual affordable housing need

6.4 Once all of the steps of the calculation of the affordable housing needs model (detailed in Appendix 3) have been completed, it is necessary to bring this evidence together to determine the overall net annual affordable housing need. This is set out below.

6.5 Paragraph 024 of the PPG[47] states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

[46] This will imply a figure for the amount of affordable accommodation required over the plan-period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 4, as described in Chapter 1, and the two should not be compared.

[47] Reference ID: 2a-024-20190220.

6.6 The second step is to convert this total net current need figure into an annual flow. The PPG indicates that annual flows should be based on the plan-period. For the purposes of this study the period of 21 years will be used to fit in with the timeframe of the emerging Local Plan (through to 2044). The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). Table 6.1 sets out this process. It leads to a total need for affordable housing of 477 per year in Peterborough. In accordance with paragraph 024 of the PPG, this figure should be compared with the local housing need identified following the Standard Method to determine whether an uplift to the local housing need is required. This is discussed in Chapter 8.

Table 6.1 Results of the affordable housing needs model in Peterborough

Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total) (Table A3.3)	3,725
Stage 2: Newly arising affordable housing need (Annual) (Table A3.5)	1,066
Stage 3: Current affordable housing supply (Total) (Table A3.6)	3,142
Stage 4: Future housing supply (Annual) (Table A3.9)	617
Stage 5.1 Net current need (Stage 1 - Stage 3) (Total)	583
Stage 5.2 Annualised net current need (Stage 5.1/21) (Annual)	28
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	**477**
Total gross annual need (Stage 1/21 + Stage 2) (Annual)	1,244
Total gross annual supply (Stage 3/21 + Stage 4) (Annual)	767

6.7 The figure of 477 is an annual net need for affordable homes that accounts for both households in need of affordable housing and the likely supply of affordable homes available to accommodate these households. Appendix 7 compares the need of 477 affordable homes per year with the equivalent from the previous SHMA. The methodology used in the previous SHMA was different in some respects and it is important to understand these differences before comparing the figures.

Overall households in affordable housing need by type (gross)

6.8 Table 6.2 gives a breakdown of the gross annual households in need, by household type, in Peterborough. The table shows that some 3.9% of lone parent households are in housing need compared with 0.5% of other households. Overall, lone parent households comprise over a third of all households in need.

Table 6.2 Annual need requirement by household type in Peterborough					
	Need requirement				
Household type	*No. of h'holds in need (gross)*	*Not in need*	*Total Number of h'holds*	*% of h'hold type in need*	*As a % of those in need*
One person	255	24,438	24,693	1.0%	20.5%
Couple with no children	213	19,811	20,024	1.1%	17.2%
Couple with child/children	296	22,989	23,285	1.3%	23.8%
Lone parent	438	10,668	11,107	3.9%	35.2%
Other	41	8,136	8,177	0.5%	3.3%
Total	1,244	86,042	87,286	1.4%	100.0%

Type of affordable home required

6.9 As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in Peterborough. This section will consider the suitability of these different products for meeting affordable housing need.

6.10 As the relative cost of each product is not always the same (for example, in some instances, Shared Ownership housing with a 40% equity share is more expensive than Intermediate Rent, but in other cases the reverse is true), each product is tested individually. Table 6.3 illustrates how many households in affordable housing need in Peterborough are able to afford the different affordable products. Several intermediate options are affordable to some households, so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

6.11 The table shows that of the 1,244 households in need each year in Peterborough, 2.5% could afford Shared Ownership with a 40% share, 15.4% could afford Shared Ownership with a 25% share, 37.8% could afford Shared Ownership with a 10% share, 5.0% could afford Intermediate Rent and 44.0% could afford Affordable Rent. Some 51.2% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in Chapter 3.

Table 6.3 Size and type of affordable home required by those in need (per annum) in Peterborough						
Product	*One bed*	*Two bed*	*Three bed*	*Four bed*	*Total*	*Total (%)*
Shared Ownership – 40% equity share	-	31	-	-	31	2.5%
Shared Ownership – 25% equity share	20	137	22	13	192	15.4%
Shared Ownership – 10% equity share	107	244	78	42	471	37.8%
Intermediate Rent	-	-	46	16	62	5.0%
Affordable Rent	62	229	155	101	547	44.0%
Social Rent/requires assistance	254	271	86	26	637	51.2%
All households	361	514	241	128	1,244	100.0%

Sensitivity analysis - affordability threshold

6.12 As part of the process of identifying future needs for affordable housing, the Planning Practice Guidance (Paragraph: 021 Reference ID: 2a-021-20190220) states that planning authorities should *'identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages)'.* Current cost can be identified as the percentage of household income spent on housing in the local market at the time of the assessment.

6.13 In most areas in the southern half of England (excluding London) this affordability threshold is currently around 35%, with the range fluctuating between 30% and 40%. Peterborough is an area with relatively higher private rents, so it would be expected that the affordability threshold would be towards the upper end of this range. One of the drivers for high rent levels is high demand. The limited supply of affordable rented accommodation and the high cost of owner-occupation creates a large band of households that utilise the private rented sector. The relatively high proportion of households in the tenure in receipt of benefits to assist with their housing cost (42.4% as discussed further in Chapter 7), would suggest that the affordability threshold to be at the lower end of the range.

6.14 A comparison of the median private rent across Peterborough ascertained from the housing market price survey (set out in Figure 3.3), with the median household income in the private rented sector in the City (using the CACI income profiles summarised in Figure 2.8), shows that on average households in the private rent tenure in Peterborough spend 34.5% of the household income on rent. When lower quartile household incomes in the private rented sector are compared to lower quartile rents it can be seen that households at this level in Peterborough typically spend 39.8% of their income on rent, although stakeholders indicated that they did not believe that this was sustainable in the long-term.

6.15 The affordability thresholds in operation in the market have also been substantiated through discussions with letting agents about the workings of the local market. Letting agents use credit reference agencies (such as Experian).

6.16 The comments from letting agents were varied (some did not wish to engage). It was clear that multi-person households (either living as couples or just together) spend a relatively greater proportion of their income on housing and that for larger properties this may be over 50%. Lower down the market, at the level being considered (i.e. the lower quartile point) the general feedback was in the range of 30% to 40% of gross household income was affordable, however the most commonly cited figure was 40% of household income could be spent on rent (the agents indicated that they would let to tenants as long as there annual income was at least thirty times greater than the monthly rent, this equates to a ratio of 40%). There were some landlords that would prefer not to let to tenants in receipt of Housing Benefit (or Local Housing Allowance). Landlords serving those in receipt of benefit would accept lower affordability percentages, generally between 30% and 35% of household income.

6.17 The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 30% of gross income and still be affordable in Peterborough. This threshold has been chosen as it was felt by stakeholders to represent the limit of what could be reasonably sustained by households at the lower end of the market[48].

6.18 The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across Peterborough where the cost of housing could constitute no more than 25% of gross household income, 35% of gross household income and 40% of gross household income, as well as the 30% of gross household income base scenario.

6.19 In paragraph 020 of the PPG, it is noted that households should be considered against their ability to afford owner-occupation, where that is their aspiration. Unfortunately, the data sources do not collect information on the tenure that the households in need aspire to. To gauge the impact of presuming all households aspire to owner occupation, the final column in the table shows the results of the affordable housing need model if households were tested for their ability to afford market entry owner-occupation rather than market rents.

6.20 The table indicates that the net requirement would decrease from 477 to 374 affordable homes per year in Peterborough if 35% of gross household income could be spent on housing costs. It would decrease further to 263 if 40% of income could be spent on housing costs. The figure would increase to 558 affordable homes per year if 25% of income could be spent on housing costs. If it was presumed that home ownership was the market access point, then there would be a need for 664 affordable homes per year.

[48] Although it was acknowledged that a higher percentage (around 35%) is the reality in much of the private rented sector in Peterborough.

Table 6.4 Impact of different affordability assumptions on affordable housing requirement in Peterborough

	Rent payable constitutes no more than:				*Market entry is based on owner-occupation*
	Affordability threshold: 30% of gross household income	*40% of gross household income*	*35% of gross household income*	*25% of gross household income*	
Stage 1: Current gross need	3,725	3,107	3,315	4,183	4,682
Stage 2: Newly arising need	1,066	864	972	1,128	1,212
Stage 3: Current supply	3,142	2,769	2,920	3,186	3,233
Stage 4: Future supply	617	617	617	617	617
Stage 5.1 Net current need	583	338	395	997	1,449
Stage 5.2 Annual net current need	28	16	19	47	69
Stage 5.3 Total annual need	**477**	**263**	**374**	**558**	**664**

Conclusion

6.21 As indicated in the PPG, it is necessary to undertake a separate calculation of affordable housing need. Following the model used to determine the figure, as set out in the PPG, it has been identified that there is a total need for affordable housing of 477 per year in Peterborough. Lone parent households are particularly likely to be in housing need. Within the affordable housing need calculation, it is presumed that a household can afford up to 30% of their gross household income on their housing costs and still be able to afford housing.

7. Requirements of specific groups

Introduction

7.1 Paragraph 60 of the NPPF seeks *'... that the needs of groups with specific housing requirements are addressed ...'*, and then paragraph 63 requires:

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

7.2 This chapter considers profiles of the specific groups of the population. For each group the analysis will present the relative prevalence of the population, the current accommodation situation and information on their future requirements. As stated in Paragraph: 001 (Reference I D: 67-001-20190722) of the PPG, '*Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area'.* Whilst the LTBHM model (set out in Chapter 5 above) considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. It should be noted that, in the PPG, housing needs assessments are divided into three different elements: *'housing and economic needs assessments'*, *'housing needs of different groups'* and *'housing needs of older and disabled people'*. This chapter will contain information that meets the requirements within each of these.

7.3 The chapter looks at the following groups of the population which all have an appreciable impact on the housing market in Peterborough:

- Older persons
- People with disabilities
- Family households
- Looked after children
- Students
- Service families

7.4 This chapter will also comment on the level of demand from people wishing to build their own homes and present a detailed profile of the private rented sector.

Housing Needs of Older People

7.5 Paragraph: 001 of the PPG[49] recognises that '*the need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing…. Offering older people, a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems.'* Page 72 of the NPPF provides the following definition of older people: *'People over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.'* The analysis of older people presented here will be focused on people aged 65 and over.

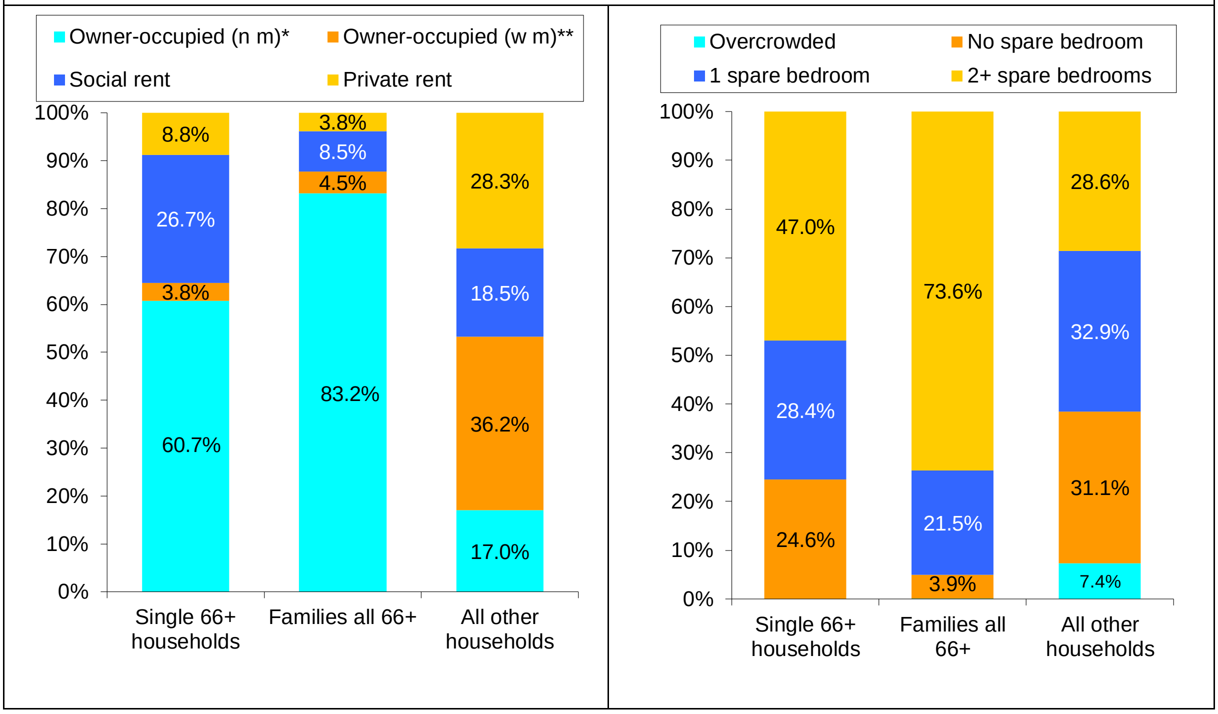
Current situation

7.6 The 2021 Census data shows that some 14.2% of the population in the City were aged 65 or over. This compares to a figure of 19.6% across the East of England region and 18.4% nationally. This indicates that the profile of the population in Peterborough is currently notably younger than average. According to the 2021 Census, 17.7% of households in Peterborough were older person only households (households where all members are 66 and over), compared to 23.6% regionally and 22.0% nationally. Of these older persons only households in Peterborough in 2021, 59.8% contained only one person, a figure higher than that recorded in the East of England region (56.0%) and England (58.3%).

7.7 Figure 7.1 shows the tenure profile of older person only households in Peterborough in 2021 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The results show that older person groups record a higher level of owner-occupation than other households and were also more likely than average to have multiple spare bedrooms in their home.

[49] Reference ID: 63-001-20190626

Figure 7.1 Profile of accommodation for older person households in Peterborough



Source: 2021 Census *Owner–occupied no mortgage **Owner-occupied with mortgage, includes shared ownership

Future requirement

7.8 The disaggregated local housing need projections (set out in Chapter 5) indicate that the population aged 65 or over is going to increase notably in Peterborough over the modelling period; from 31,861 in 2023, to 50,027 in 2044, a rise of 57.0%. The projections also suggest that there will be an increase in the number of households headed by someone over 65 in Peterborough from 16,988 in 2023, to 30,066 in 2044, an increase of 77.0%. The projections indicate that the proportion of older persons living alone in Peterborough will increase from 59.0% in 2023, to 64.5% in 2044.

7.9 The results of the LTBHM model can be disaggregated into different household groups within the whole population. Table 7.1 shows the projected accommodation profile for older person households in Peterborough in 2044 arising from that model.

Table 7.1 Type of accommodation projected for 'older person only' households in Peterborough in 2044*

Size of home	*Owner occupied*	*Private rented*	*First Homes***	*Shared Ownership*	*Social/ Affordable Rented*
1 bedroom	3,070	524	1	179	3,679
2 bedroom	7,432	1,117	0	64	1,585
3 bedroom	9,521	533	0	13	102
4+ bedrooms	2,073	133	0	0	40
Total	22,097	2,307	1	255	5,407

*This represents housing demand within the market sector and includes a notable amount of under-occupying within the owner-occupied tenure, reflecting that some older persons households choose to remain in their home rather than downsize to a smaller property. **'Older persons households occupying First Homes at the end of the plan-period are households that will not be old when they purchase the home but will be classified as old by the end of the plan-period. This also applies to those in Shared Ownership.

7.10 In line with the updated PPG that says '*offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems*' it will be necessary for the Council to consider how the requirements of these groups could be accommodated in the future. It is anticipated that the majority of older person households will reside in the general housing stock in Peterborough in 2044 (as they do now) so it is important that new housing is suitable for the widest range of groups.

7.11 There are a range of tools for achieving this, such as following the HAPPI[50] design principles so housing may be suitable for older people (although these design features will appeal more widely across the population), adoption of the Building for Life[51] Standards (these are broad design principles) and adopting the Accessible and Adaptable Standards[52] of construction, as set out in the Building Regulations. The Council will need to determine which approach is most suitable for their requirements and this may vary for different sites in the City.

Specialist accommodation

7.12 Given the dramatic growth in the older population, and the higher levels of disability and health problems amongst older people (illustrated in Figure 7.2), there is likely to be an increased requirement for specialist housing options. As Paragraph 004 of the PPG[53] notes *'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'*. This need has been assessed using

[50] https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/

[51] https://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012_0.pdf

[52] See paragraph 63-009-20190626 of the PPG and https://www.gov.uk/guidance/housing-optional-technical-standards.

[53] Reference ID: 63-001-20190626

the approach advocated by the Housing Learning and Improvement Network's (Housing LIN) Strategic Housing for Older People (SHOP) tool, which is the model recommended within Paragraph 004 of the PPG. It should be noted that this tool is only driven by demographic changes and does not consider people's choices or aspirations as to what form of accommodation they would prefer.

7.13 According to the latest information provided by the Council, the 2021 Census and the HCA's Statistical Data Return 2023, there are 1,859 units of Sheltered housing for older people/retirement housing[54] in Peterborough currently, alongside 728 Extracare units/supported living housing[55]. It is worth noting that around 77.2% of the Sheltered housing for older people/retirement housing is in the affordable sector as is 86.5% of the Extracare units/supported living housing, despite the overwhelming propensity of older persons only households to be owner-occupiers. It should be noted that this balance reflects how both provisions have developed in the City and the tenure of those in need.

7.14 The current prevalence of Sheltered housing for older people/retirement housing in Peterborough is 123 per thousand head of population aged 75 or over, with the prevalence rate for Extracare units/supported living housing 48 per thousand head of population aged 75 or over. The SHOP model helps authorities to plan to deliver more of this type of accommodation in response to the growth of the population that utilizes it (principally those aged 75 or over). The SHOP model uses these prevalence rates as the key variant when modelling future demand. For the purposes of this study, it is presumed that these prevalence rates will match the base national levels that the SHOP model has identified as suitable. The target prevalence rates for Peterborough are 125 per thousand head of population aged 75 or over for Sheltered housing for older people/retirement housing and 25 per thousand head of population aged 75 or over for Extracare units/supported living housing.

7.15 To establish the potential demand for these accommodation types in Peterborough at the end of the modelling period, these target prevalence rates are applied to the total number of people aged 75 or over in Peterborough in 2044 according to the disaggregated local housing need projections. The demand that is derived is then compared to the current stock. This process is summarised in Table 7.2. The future tenure profile of this specialist stock takes account of the modelling that indicates that almost three quarters of all older person households will live in market accommodation in 2044, as evidenced in Table 7.1.

[54] A collection of self-contained units of accommodation (usual bedsits within a communal block), which have on-site warden support (usually daytime only with on call service at night) and communal social areas and activities. This is very similar to the housing type *'Retirement living or sheltered housing'* as defined in the PPG.
[55] Extracare housing is similar to sheltered accommodation, but with enhanced provision for personal care of frailer older people. On-site support is usually provided on a 24 hour rather than daytime only basis. Extracare housing is often focused on addressing the needs of people with dementia. Supported living is a combination of suitable accommodation, with some forms of personal care (like help with washing or cooking). These two housing types are similar to the 'Extra care housing or housing-with-care' definition in the PPG.

7.16 To meet likely future demand rates in 2044, the model identifies a requirement for 1,415 additional units of Sheltered housing for older people/ retirement housing and 189 additional Extracare units/ supported living housing in Peterborough over the modelling period. Of the 1,415 new units of Sheltered housing for older people/retirement housing, some 69% should be market accommodation, with the remainder affordable. Of the 189 new Extracare housing/ supported living housing, 90% should be market and 10% affordable. These are Class C3 dwellings.

Table 7.2 Projected requirement for specialist accommodation for older person households in Peterborough over the modelling period

Type of specialist accommodation	*Tenure*	*Base profile (2023)*	*Profile 2044*	*Additional units required*
Sheltered housing for older people/ retirement housing	Market	424	1,399	975
	Affordable	1,435	1,874	439
	Total	1,859	3,274	1,415
Extracare housing/supported living housing	Market	98	269	171
	Affordable	630	647	17
	Total	728	917	189
All specialist accommodation for older person households	Market	522	1,669	1,147
	Affordable	2,065	2,522	457
	Total	2,587	4,191	1,604

7.17 The requirement for 1,604 additional specialist units for older person households represents 8.2% of the total household growth in Peterborough for the period 2023 to 2044. The actual numbers and type of specialist accommodation needed may depend on changes in patterns of demand and expectations. It is therefore appropriate to consider this level of need with the acknowledgement that the form of accommodation delivered should not be too prescriptive.

7.18 As well as the need for specialist housing for older people, there will also be an additional requirement for Registered Care[56] (these are distinct from the previous type of specialist accommodation and constitute Class C2 dwellings). According to the care home database[57], there are around 1,185 spaces in nursing and residential care homes in Peterborough currently. It is estimated that around 5% of these are in the affordable sector (owned by a Register Provider), with the remaining being in market tenure.

[56] Residential care homes and nursing homes: 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. This is the same as the definition in the PPG.

[57] https://www.carehome.co.uk/

7.19 As part of the process of projecting the future household typology within the disaggregation of the overall housing need figure as described in Chapter 5, the population that will reside in communal establishments is calculated. The model identifies that, in 2044, there will be 1,371 people aged 65 and over in Peterborough that will be resident in Registered Care[58]. This implies that there will be a requirement for 186 additional Registered Care spaces between 2023 and 2044. All of these new spaces would be required in the affordable sector with a small surplus of accommodation in the market sector recorded at the end of the plan period. The table below details these calculations.

Table 7.3 Projected requirement for Registered Care for older persons in Peterborough over the modelling period

Tenure	*Base profile (2023)*	*Profile 2044*	*Additional units required*
Market	1,121	1,102	-19
Affordable	64	269	205
Total	1,185	1,371	186

7.20 Table 7.4 brings together the analysis presented in the previous three tables, to show the full profile of accommodation required by older persons in Peterborough at the end of the modelling period. Appendix 5 presents the equivalent results for the previous two tables under the Standard Method scenario presented within the proposed new NPPF. This is based on growth in Peterborough of 1,068 households per year.

[58] This figure is dependent on the communal population rates (separated by age and gender), that have been produced through to 2044 as part of the 2018-based household projections dataset, which has been adjusted to reflect what the 2021 Census showed was the situation in Peterborough. The Census revealed that nationally demand for registered care (discussed below) has reduced amongst older persons between 2011 and 2021.

Table 7.4 Type of accommodation required for older persons in Peterborough in 2044

Size of home	*Market*			*Affordable*		
	*General housing**	Sheltered housing/ retirement housing	Extra care housing/ supported living housing	*General housing**	Sheltered housing/ retirement housing	Extra care housing/ supported living housing
1 bedroom	2,908	525	161	2,176	1,226	456
2 bedrooms	7,566	875	108	810	648	191
3 bedrooms	10,054	-	-	115	-	-
4+ bedrooms	2,206	-	-	40	-	-
Total in households	22,734	1,399	269	3,141	1,874	647
Residential care	1,102			269		

*This includes 'age-restricted general market housing' as defined in the PPG (the type of housing is generally for people aged 55 and over and the active elderly) as well as general housing available to all people. This analysis is focused only on those where all household members are aged 65 or over, there is likely to be additional requirement for age-restricted general market housing from those aged between 55 and 64.

7.21 The majority of older person households in Peterborough are likely to remain in general housing, as the Paragraph 012 (ID: 63-012-20190626) of the PPG notes *'Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.'* The next section looks at the role of adaptations to help households remain in their own home.

7.22 It should be noted that the general housing that older people aspire to reside in includes age-restricted general market housing. This is non-specialist housing located on sites that are exclusively used by older people, typically those aged 55 or over. It is hard to gauge the future demand for this accommodation as there is limited evidence of the current supply in Peterborough, however it is envisaged that this will increase as the population ages over the modelling period and the Council should monitor whether the existing provision is able to meet demand.

People with disabilities

7.23 Paragraph: 002 of the PPG[59] notes that '*The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in ensuring that they live safe and independent lives…. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives'.* Page 73 of the NPPF provides the following definition of disabled people: *'People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.'* Due to a lack of accurate data on the individual groups within this population, the analysis in this section will consider all those with a specific need unless otherwise stated.

Current situation

7.24 As is noted in paragraph 005 (Reference ID: 63-005-20190626) of the PPG, *'Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness'.* The 2011 Census collected data under this definition, however the 2021 Census has collected slightly different data on disability. It identified people who were disabled under the Equality Act[60], separated between those whose day-to-day activities are limited a lot and those whose day-to-day activities are limited a little, and those not disabled under the Equality Act but who have a long term physical or mental health condition that limits their day-to-day activities. The data from the 2021 Census is therefore used as a starting point.

7.25 The table below summarises the data on disability in Peterborough within the Census in comparison with the regional and national equivalents. It shows that, in 2021, some 16.3% of the resident population in Peterborough are disabled under the Equality Act, compared to 16.6% in the East of England and 17.3% nationally. The table also shows a greater proportion of those disabled under the Equality Act in Peterborough were limited in their day-to-day activities than was recorded regionally (with the figure similar to the national level). Finally, the data shows that 5.8% of residents in Peterborough are not disabled under the Equality Act but have a long term physical or mental health condition which does not limit their day-to-day activities, compared to 7.2% regionally and 6.8% nationally.

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[59] Reference ID: 63-002-20190626

[60] This definition of a disabled person meets the harmonised standard for measuring disability and is in line with the Equality Act (2010). https://www.ons.gov.uk/census/census2021dictionary/variablesbytopic/healthdisabilityandunpaidcarevariablescensus2021/disability

Table 7.5 Disability in Peterborough in 2021

	Proportion of residents disabled under the equality act	*Disabled under the Equality Act*		*Not disabled under the Equality Act: Has long term physical or mental health condition but day-to-day activities are not limited*
		Day-to-day activities limited a lot	*Day-to-day activities limited a little*	
Peterborough	16.3%	42.3%	57.7%	5.8%
East of England	16.6%	39.9%	60.1%	7.2%
England	17.3%	42.4%	57.6%	6.8%

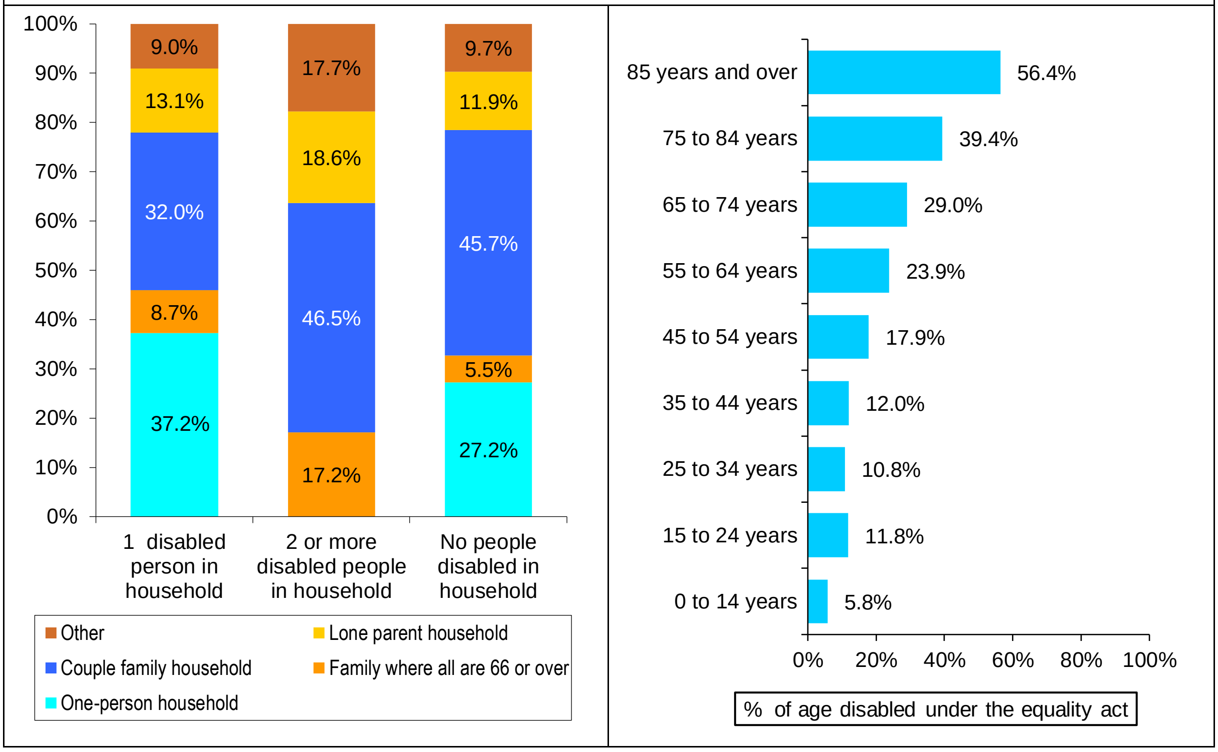
Source: 2021 Census

7.26 The Joint Strategic Needs Assessment (JSNA)[61] reports further data on the health of the population in Peterborough. It specifically notes that *'Peterborough has high mortality rates when compared to England for dementia and Alzheimer's disease (all age), severe mental illness (under 75), deaths due to and involving COVID-19 (all-age), specified communicable diseases including influenza and smoking attributable deaths from heart disease. The most prevalent conditions, recorded on GP registers, in Peterborough are hypertension (12.1%), depression (10.9%), and diabetes (7.6%), with all of these being significantly lower than the national averages (14.4%, 13.2% and 7.5% respectively)'*

7.27 Figure 7.2 shows the household profile of people disabled under the Equality Act in Peterborough in 2021 compared with the remainder of the population. The figure also sets out the prevalence of disability in the different age groups of the population. The results show that in Peterborough, some 37.2% of households with a single disabled resident are one person households, whilst households with two or more disabled people are more likely than average to be a family in which every member is 66 and over. The analysis also reveals a strong correlation between age and disability.

[61] https://cambridgeshireinsight.org.uk/jsna-2023/jsna-district-summaries/

Figure 7.2 Household type and age profile of people disabled under the Equality Act in Peterborough



Source: 2021 Census

7.28 The Adult Social Care commissioning team at Peterborough Council have provided some further detail about the accommodation situation of residential situation of those with learning disabilities. They noted *that ‘data from the 2021 ONS Annual Population Survey suggests that individuals with learning disabilities or learning difficulties have a very different pattern of housing to the adults who do not have a disability. A high proportion live with their parents, and as this group ‘age better’ and live longer, this is likely to impact on housing need. Nationally only 15% of adults with learning disabilities have a secure long-term tenancy or their own home. This is in comparison with 70% of the general adult population who own their own home and nearly 30% who rent.’*

Number of people in receipt of relevant benefits

7.29 The PPG indicates that an up-to-date estimate of the number of people with a disability can be acquired by looking at the number of people in an area that are in receipt of Personal Independence Payment or Attendance Allowance. Personal Independence Payment (PIP) helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health. Data from the Department of Work & Pensions indicates that, as at October 2023, there were 11,857 people in Peterborough in receipt of PIP, which equated to 5.4% of the population in the City. In comparison, some 4.3% of the population across the East of England and 5.1% of the population of England were in receipt of PIP.

7.30 Attendance Allowance is a benefit for people over the age of 65 who are so severely disabled, physically or mentally, that they need a great deal of help with personal care or supervision. The Department of Work & Pensions data shows that, as at February 2023, there were 4,518 people in Peterborough in receipt of Attendance Allowance, which equated to 2.0% of the population in the City. In comparison, some 2.5% of the population in the East of England and 2.4% of the population nationally were in receipt of Attendance Allowance.

7.31 The PPG notes that *'whilst these data sources can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.'*

Projected health of the future population

7.32 The Projecting Older People Information System (POPPI) website[62] and the parallel Projecting Adult Needs and Service Information (PANSI) website[63] model the current and likely future incidence of a range of health issues for each authority in England. Table 7.5 sets out the number of people estimated to have one of five health conditions in 2023 as determined by these data sources. The table also indicates the number of people projected to have these conditions in 2044, derived by applying the future prevalence rates used by the POPPI and PANSI modelling to the disaggregated future population for Peterborough in 2044, as identified within the local housing need calculation. The table then goes on to report the current and future population in Peterborough that require assistance with activities. These figures are derived using the same approach as described for the health condition modelling. The data from PANSI and POPPI is based on current and recent prevalence rates and, whilst these may vary in the future, the figures provide a useful baseline estimate.

7.33 The table shows that the number of those aged 65 or over disabled under the Equality Act, is expected to increase by 62.0% between 2023 and 2044 in Peterborough. This compares to an increase of 31.5% in the number of people aged 18-64 in the City with impaired mobility, a rise of 22.8% in the number of people aged 18-64 in Peterborough with a common mental health disorder, an increase of 85.6% in the number of people aged 65 or over with dementia[64], and an increase of 30.4% in the number of people in Peterborough with a moderate or severe learning disability.

62 https://www.poppi.org.uk/

63 https://www.pansi.org.uk/

64 Paragraph 019 (Reference ID: 63-019-20190626) of the PPG notes that *'Evidence has shown that good quality housing and sensitively planned environments can have a substantial impact on the quality of life of someone living with dementia. People with dementia need to have access to care and support to enable them to live independently and homes need to be designed with their needs in mind.'*

7.34 The table also shows that the number of those aged 65 or over that are unable to manage at least one mobility activity on their own, is expected to increase by 96.9% between 2023 and 2044, compared to an increase of 108.7% in the number of people aged 65 and over who need help with at least one domestic task, an increase of 88.7% in the number of people aged 65 and over who need help with at least one self-care activity and an increase of 27.7% in the number of people aged 18-64 with a serious personal care disability. It should be noted that these changes better reflect the projected change in the demographics of the population (an ageing population) rather than a notable change in the overall health of people.

Table 7.6 Number of people with particular health issues projected over the modelling period in Peterborough

Condition	2023	2044	Total change	% change
Health condition				
People aged 65 or over disabled under the equality act	11,513	18,646	7,133	62.0%
People aged 18-64 with impaired mobility	9,272	12,196	2,924	31.5%
People aged 18-64 with a common mental health problem	25,299	31,077	5,778	22.8%
People aged 65 and over with dementia	2,193	4,070	1,877	85.6%
People all ages with a learning disability	4,051	5,281	1,230	30.4%
People requiring assistance with activities				
People aged 65 and over that are unable to manage at least one mobility activity on their own*	4,967	9,780	4,813	96.9%
People aged 65 and over who need help with at least one domestic task**	7,167	14,957	7,791	108.7%
People aged 65 and over who need help with at least one self-care activity***	7,815	14,746	6,931	88.7%
People aged 18-64 with a serious personal care disability****	1,102	1,406	305	27.7%
All people	221,040	265,103	44,063	19.9%

*Activities include going out of doors and walking down the road; getting up and down stairs; getting around the house on the level; getting to the toilet; getting in and out of bed. **These are activities which, while not fundamental to functioning, are important aspects of living independently such as doing routine housework or laundry, shopping for food, doing paperwork or paying bills. ***These are activities relating to personal care and mobility about the home that are basic to daily living. ****Their physical disability means that they require someone else to help from getting in and out of bed, or getting in and out of a chair, dressing, washing, feeding, and use of the toilet. Source: The Projecting Older People Information System and Projecting Adult Needs and Service Information, 2023, disaggregated local housing need figures, 2023.

Accessible and adaptable housing

7.35 The Nationally Described Space Standards (which set out national minimum space standards) published by the Department for Communities and Local Government in 2015[65] detail the minimum gross internal floor areas required in new dwellings and also the size of storage area required. The Nationally Described Space Standards also provide detail on the requirements of dwellings to meet the Accessible and Adaptable dwellings M4(2) and Wheelchair accessible dwellings M4 (3b) standards[66].

7.36 Paragraph 008 of the PPG[67] sets out that *'Accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future.'* The same paragraph then goes onto clarify that *'accessible and adaptable housing will provide safe and convenient approach routes into and out of the home and outside areas, suitable circulation space and suitable bathroom and kitchens within the home. Wheelchair user dwellings include additional features to meet the needs of occupants who use wheelchairs, or allow for adaptations to meet such needs.'*

7.37 The PPG[68] also details the data sources that can be used to provide evidence of the need in local planning authorities for dwellings that meet higher accessibility, adaptability standards (Building Regulations M4(2)) and wheelchair housing standards (Building Regulations M4(3). All of these have been researched, and whilst some have been used to provide the contextual information presented above, others have been used to model the future requirement for adaptable and accessible housing. The most important data input into the model is the CORE LA Area Lettings Reports which provide details about the accessibility requirements of those that have moved into affordable accommodation – both general and specialist housing. The other data sources used in the model include the age profile of people in receipt of Disability Living Allowance in the City, the LTBHM modelling outputs on the current and future tenure profile of different household groups, the POPPI and PANSI projections (set out above) and analysis in the English Housing Survey.

7.38 The steps followed in the model to derive the future requirement for adaptable and accessible housing M4(2) are set out below:

- The CORE LA Area Lettings Reports for the last three years (2019/20 to 2021/22) were examined and the total number of lettings that required a home to meet a mobility need

[65] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard____Final_Web_version.pdf

[66] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/540330/BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf

[67] Reference ID: 63-008-20190626

[68] Reference ID: 56-007-20150327

was totalled alongside the total number of lettings (of all types). This was done within the general housing stock and separately within the supported housing[69] stock.

- To determine the requirement for accessible and adaptable housing within the general stock that arises from households over 65, the proportion of people in receipt of the higher rate of the Disability Living Allowance that are aged 65 or over in the authority as at August 2023 is calculated using the data published by the Department for Work and Pensions[70]. In Peterborough this figure is 77.0%. It is therefore presumed that this proportion of the demand for accessible and adaptable housing within the general stock arises from households over 65, with the remainder arising from younger households.
- The totals of the number of lettings of housing that has been adapted to accommodate the residents over the last three years to these three groups; (those in sheltered accommodation, older person households in general housing and households under 65 in the general stock) are then compared to the total number of lettings to each of these groups over the last three years, to generate a requirement rate for adapted housing for these three household groups in the affordable sector.
- To produce an equivalent requirement rate for adapted housing amongst the same groups of households resident in the market sector, the rate identified for each of these three groups in the affordable sector is adjusted by the difference between the proportion of affordable homes with adaptations nationally and the proportion of market homes with adaptations nationally as recorded by the Survey of English Housing.
- The requirement rate for these three groups across the two broad tenures are then applied to the total number of households in these groups in 2023 as indicated by the LTBHM model. This provides an estimate of the current requirement for accessible and adaptable housing, differentiated both by the three household groups and the two broad tenures.
- To profile the future requirement, the total number of households under 65 in the general stock that require an adapted home currently is multiplied by the projected change in the number of people aged 18-64 with an impaired mobility as modelled using the PANSI data set out in Table 7.5 above.
- The total number of households aged 65 and over in the general stock that require an adapted home currently is multiplied by the projected change in the number of people aged 65 and over that are unable to manage at least one mobility activity on their own in each authority as modelled using the POPPI data set out in Table 7.5 above. The

[69] Supported housing in this context refers to specialist housing for households (mainly older person households), such as that listed in Table 7.2.

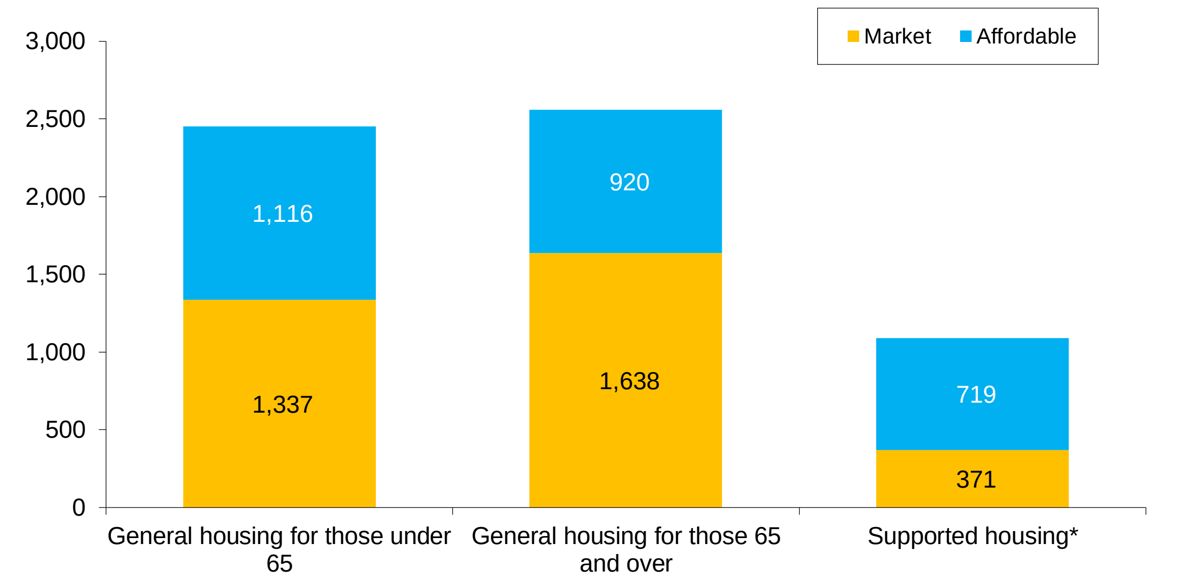
[70] https://stat-xplore.dwp.gov.uk

total number of households in sheltered accommodation that require an adapted home currently is also multiplied by this figure derived from the POPPI modelling.

- This provides a total requirement for accessible and adaptable housing in 2044 in Peterborough for the three different household groups. These are then divided by tenure, based on the tenure profile of these groups recorded in 2023, but also taking account of the changes in the tenure profile for each group that are projected to happen by 2044 according to the LTBHM model.

7.39 Figure 7.3 below shows the final results of the LTBHM model.

Figure 7.3 Number of accessible and adaptable homes required in Peterborough in 2044



*Supported housing is specialist housing for older person households, such as those listed in Table 7.2.

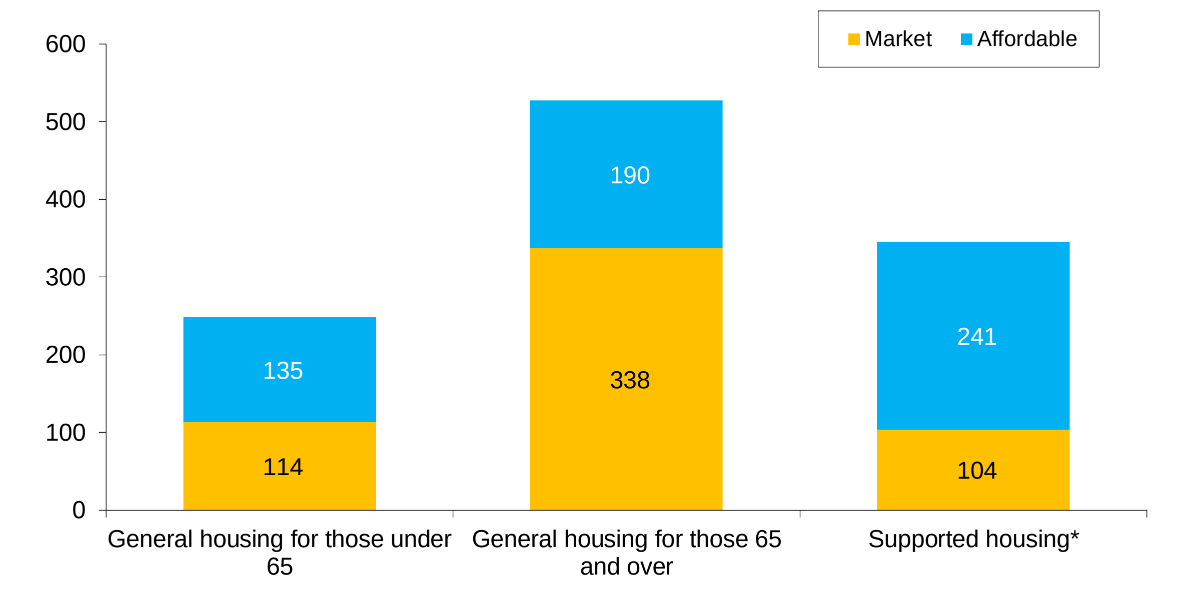
7.40 The figure indicates the requirement for accessible and adaptable homes in Peterborough in 2044, differentiated by setting, age group and tenure. In total 6,101 accessible and adaptable homes are required in 2044 in Peterborough, of which 3,346 should be in the market sector and 2,755 in affordable accommodation. Of the 6,101 accessible and adaptable homes required, 5,010 should be in the general housing stock and 1,091 in supported accommodation. The Council's existing Housing Needs Policy in the Local Plan requires all dwellings to be built to M4(2) unless there are exceptional design reasons for not being able to do so. This policy has been in place for new planning permissions since July 2019.

7.41 The outputs of the LTBHM model and the older person accommodation modelling have compared the future requirement with the current stock to identify the net change required to be delivered over the modelling period. Whilst the future requirement for accessible and adaptable homes has been identified, there is limited information on the number of dwellings that fulfill this criterion in Peterborough currently, and therefore there is not a detailed profile of the current stock from which to derive a net requirement.

7.42 Overall, the requirement for 6,101 accessible and adaptable homes implies that a notable uplift will be required to the number of homes that meet this standard currently, and, that by the end of the modelling period, around about 5.7% of the total stock should be available that meet this criterion. This is an estimated requirement for M4(2) Category 2 accessible and adaptable homes.

7.43 There is also a requirement for wheelchair user dwellings. Using the same data sources but focusing specifically on those that require fully wheelchair adaptable housing M4(3)(a) Category 3 homes within the CORE LA Letting Reports figures and the data specifically on wheelchair dwellings within the English Housing Survey, it is possible to follow the same method to produce equivalent results that identify the future requirement for a wheelchair accessible home in Peterborough in 2044.

Figure 7.4 Number of wheelchair user dwellings required in Peterborough in 2044



*Supported housing is specialist housing for older person households, such as those listed in Table 7.2.

7.44 Figure 7.4 indicates the requirement for wheelchair user dwellings in Peterborough in 2044, differentiated by setting, age group and tenure. In total, 1,121 wheelchair user dwellings are required in 2044 in Peterborough, of which 555 should be in the market sector and 566 in affordable accommodation. Of the 1,121 wheelchair user dwellings required, 775 should be in the general housing stock and 345 in supported accommodation. Overall, the requirement for 1,121 wheelchair user dwellings will mean that by the end of the modelling period, around 1.0% of the total stock should be available to meet this criterion.

7.45 It is important to note that the PPG[71] is clear that the suitability of these requirements should be assessed to determine whether they are viable, and also that the authority should not impose any further requirements to the building regulations beyond what is set out in the building regulations for M4(2) and M4(3) dwellings.

Specialist housing for non-older households

7.46 The Adult Social Care commissioning team at Peterborough Council have identified that *'one of the biggest challenges facing Adult Social Care in Peterborough is the lack of housing for individuals with learning disabilities, neurodiversity or mental health needs.'* This is noted as one of the key themes in the JSNA for Learning Disabilities (2023)[72].

7.47 The commissioning team state that the *'client group often require complex, high cost packages of care.'* They are however priced out of the market, the private rental sector in Peterborough is unusually expensive meaning *'there is limited stock available to care providers to establish supported living services, limiting the Council's ability to meet demand'.* A further factor is that *'people with Learning Disabilities, Neurodiversity or Mental Health needs are also living longer, often with co-occurring conditions resulting in the need for high quality and adaptation housing options that can support an individual throughout their whole life.'*

7.48 The Adult Social Care commissioning team have advised that '*the preferred model of delivery for this client group is now Supported Living rather than residential / institutional care. Individuals are either supported in homes of 2-3 residents, or in single-user settings'*. However, there is insufficient capacity currently within Peterborough to meet the demand and the commissioning team indicate that the average wait for a Learning Disability Supported Living placement in the City is 118 days and for a Mental Health Supported Living placement is 30 days. It is important that provision is well-located next to public transport both to allow residents independence and to provide access to carers and support workers.

7.49 The Adult Social Care commissioning team have also set out some of the very specific housing needs of the learning disability cohort, which might include:

- *'Wide corridors (to aid staff in managing behaviours that challenge and avoid pinch points)*
- *Lighting (some dimmer switches create a small noise which can be a trigger)*
- *Colour schemes such as beige, greys, creams or tan or low arousal colours are mostly preferred. White, black or red colours can be triggers for behaviour that challenges.*
- *Minimal corners and easy to navigate floor plans*
- *Noise cancellation, such as sound proofing or specialist insulation*

[71] Reference IDs: 56-003-20150327 & 56-008-20160519

[72] https://cambridgeshireinsight.org.uk/jsna/published-joint-strategic-needs-assessments/

- *Heating solutions – underfloor heating often preferred; radiators can be targeted if not boxed in.*
- *Specialist sensory equipment that requires larger rooms (e.g. hydrotherapy bath)*
- *Reinforced structures (including toughened doors, windows, furniture fixed to the floor and reinforced bathroom features)*
- *Anti-ligature or anti-vandal fixtures and furnishings (No exposed wires, shower curtains or potential ligature risks)*
- *Space away from neighbours due to behaviours (e.g. throwing items or loud verbalisation)'*

7.50 The Adult Social Care commissioning team worked on the 2023 JSNA and identified 116 service users with complex needs living in supported living services in Peterborough, which they projected to increase to 165 by 2040. They identified a requirement for between 30 and 50 additional supported living homes/ settings to meet this growth. There are barriers to overcome with regard to acquiring appropriate housing stock to establish new supported living settings (either via the rental market or purchase via an investor). If the new accommodation can be, the team have identified the provision that should be delivered:

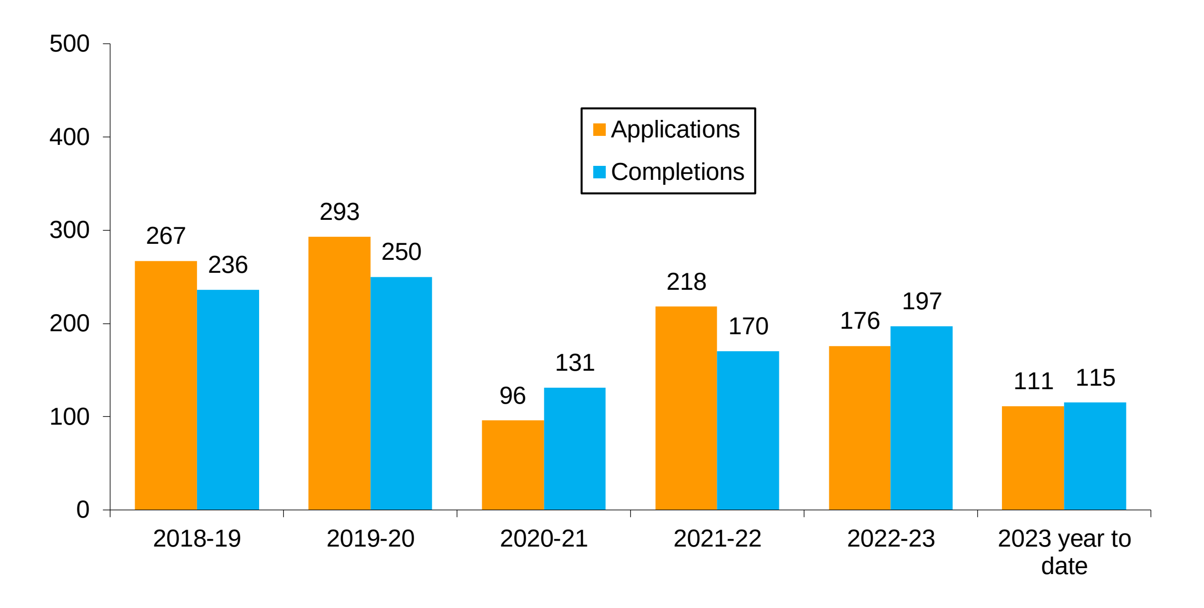
- **Use Core and cluster models** – a set of flats or units that allow an individual to live with some independence, but with a 'core' office on site where carers are based.
- **Provide bespoke single-user supported living** – due to the growth in the number of individuals presenting with complex needs and behaviours that challenge. It is a much better outcome for these individuals to be housed in specific new setting rather than the conversion of an existing property, which take a longtime to convert. Although this impacts a small number of individuals, their health and care needs are often very high, so ensuring there is an adequate supply of appropriate single service user accommodation, with appropriate support, will be crucial to manging both their needs and Council budgets.
- **Include a number of bungalows –** to reflect the ageing of the learning disability population. As a result, social care are seeking suitable housing where individuals with learning disability can maintain their independence while receiving the care they need.

Adaptations and support

7.51 In addition to specialist accommodation, the Council helps people to remain in their current home by providing support and assistance. Any adaptations to dwellings provided through this mechanism could reduce the requirement for new homes meeting the M4(2) standard, depending on the nature of the adaptation work completed.

7.52 Figure 7.5 shows the number of applications and completions within the Disabled Facilities Grants program within the Council's housing stock over the last five years. Other than a reduction in 2020 related to the coronavirus pandemic, the figures do not fluctuate greatly, but there is a slight decline over time.

Figure 7.5 Disabled Facilities Grant applications and completions* in Peterborough



Source: Peterborough Council, 2023.
*It should be noted that there are more completions than applications in some years to deal with the back log of applications.

7.53 In this context, paragraph 005 of the PPG[73] notes that '*Applications for Disabled Facilities Grant (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation, but would not have applied to the DFG.'* The provision of M4(2) homes would reduce the need for these adaptations to be applied to existing dwellings retroactively and make the housing stock more responsive to the evolving needs of the local population.

Families with children

Current situation

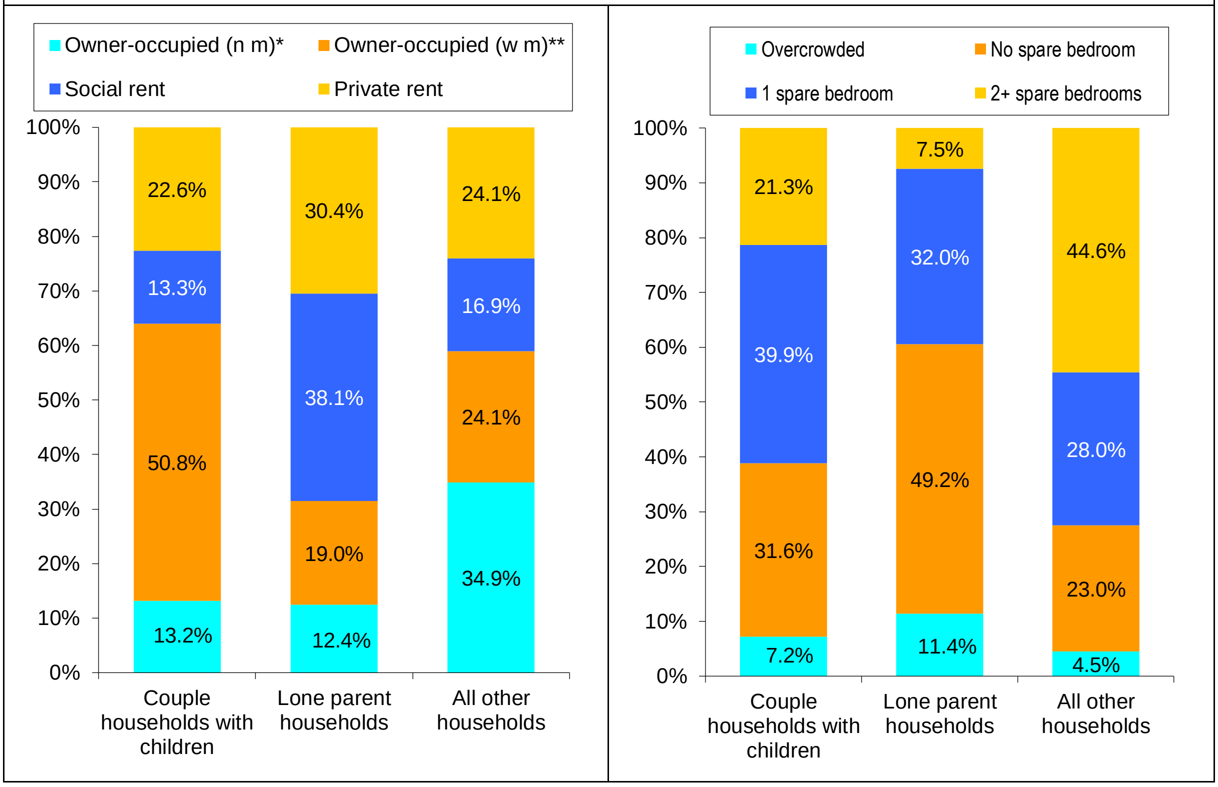
7.54 The Census provides detail on the housing situation of households with children at a local level. It is worth noting that in 2021, according to the Census, 39.1% of households in Peterborough were families with children, a figure higher than both the regional (37.1%) and national (36.3%) average.

7.55 Figure 7.6 shows the tenure profile of the two main types of 'family with children' households in Peterborough in 2021 compared with the remainder of the household population. The figure also sets out the occupancy level of these groups.

[73] Reference ID: 63-005-20190626

7.56 The data shows that there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst other households in Peterborough. The proportion of this group in the social and private rented sector is also lower than recorded for other households. Lone parents, however, are notably more likely than other households to be in both Social Rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied in Peterborough.

Figure 7.6 Profile of accommodation for family households in Peterborough



Source: 2021 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership.

Future requirement

7.57 The disaggregated local housing need projections indicate that the total population of families with children is going to rise from 34,392 in 2023 to 40,332 by 2044, a growth of 17.3%. It is estimated that the proportion of lone parent families within this group will grow from 32.3% in 2023 to 33.7% in 2044.

7.58 Table 7.7 shows the projected accommodation profile for family households in Peterborough in 2044 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation. This identifies that intermediate housing will be particularly useful for family households; it is estimated that, by 2044, 53.4% of Shared Ownership dwellings and 77.1% of First Homes will be occupied by family households.

Table 7.7 Type of accommodation projected for households with dependent children in 2044 in Peterborough

Size of home	*Owner occupied*	*Private rented*	*First Homes*	*Shared Ownership*	*Social/ Affordable Rented*
1 bedroom	0	0	0	0	0
2 bedroom	2,859	858	31	361	2,670
3 bedroom	11,947	2,426	114	661	4,598
4+ bedrooms	10,103	1,244	219	413	1,829
Total	24,909	4,528	365	1,434	9,096

The private rented sector (PRS)

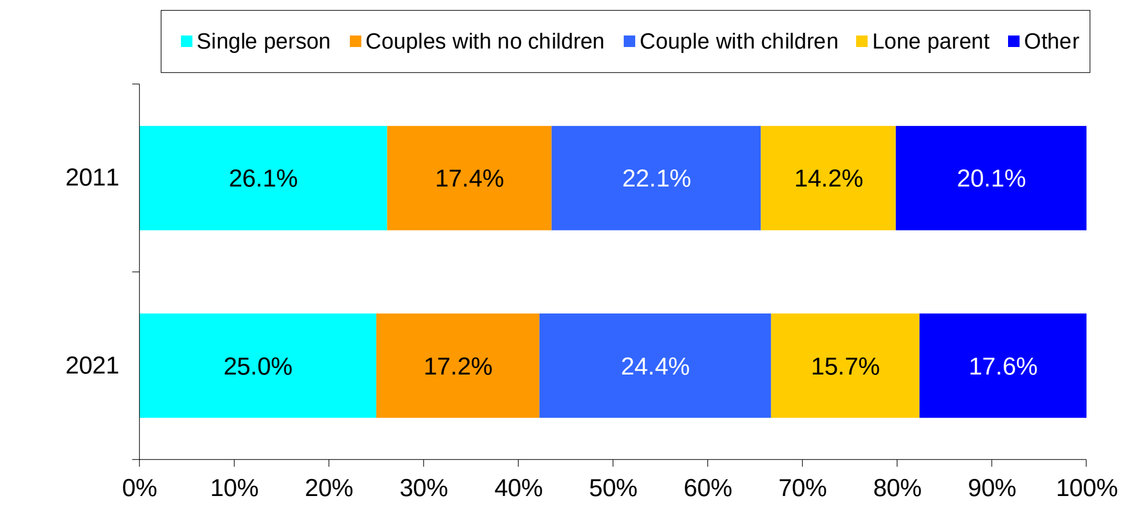
Growth

7.59 The current tenure profile in the City was modelled as part of the LTBHM model. This estimated that there are 21,885 private rented households in Peterborough in 2023, which represents 25.1% of households in the City. The private rented sector (PRS) is becoming increasingly important in Peterborough; as shown in Figure 2.12, the data indicates that it increased by 37.9% in the City between 2011 and 2021 – at a greater rate than was recorded regionally and nationally.

Those resident in the tenure

7.60 Figure 7.7 compares the household composition of the private rented sector in Peterborough in 2021, with the profile of households resident in this tenure in Peterborough in 2011. The data shows that not only has the private rented sector expanded, but the households in it have diversified and it has become increasingly common for households with children to be resident in this tenure.

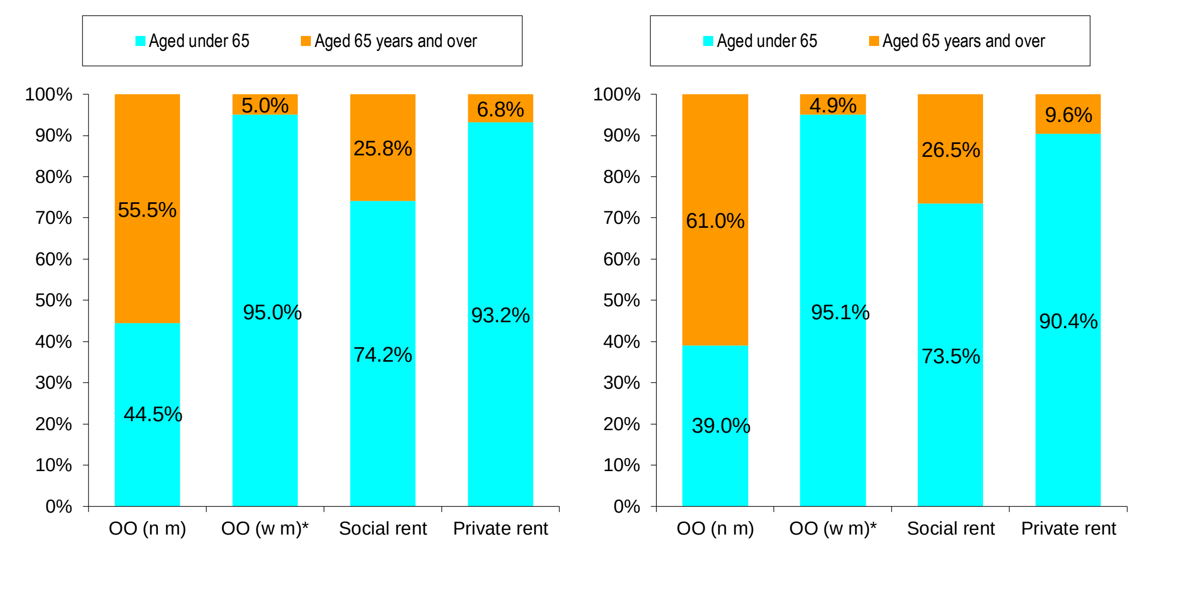
Figure 7.7 Change in the household composition of the PRS in Peterborough



Source: 2011 and 2021 Census

7.61 Figure 7.8 shows that the private rented sector is notably unlikely to be occupied by older households, with over 90% of household reference persons aged 64 or under. The proportion of older households in this tenure has however increased between 2011 and 2021.

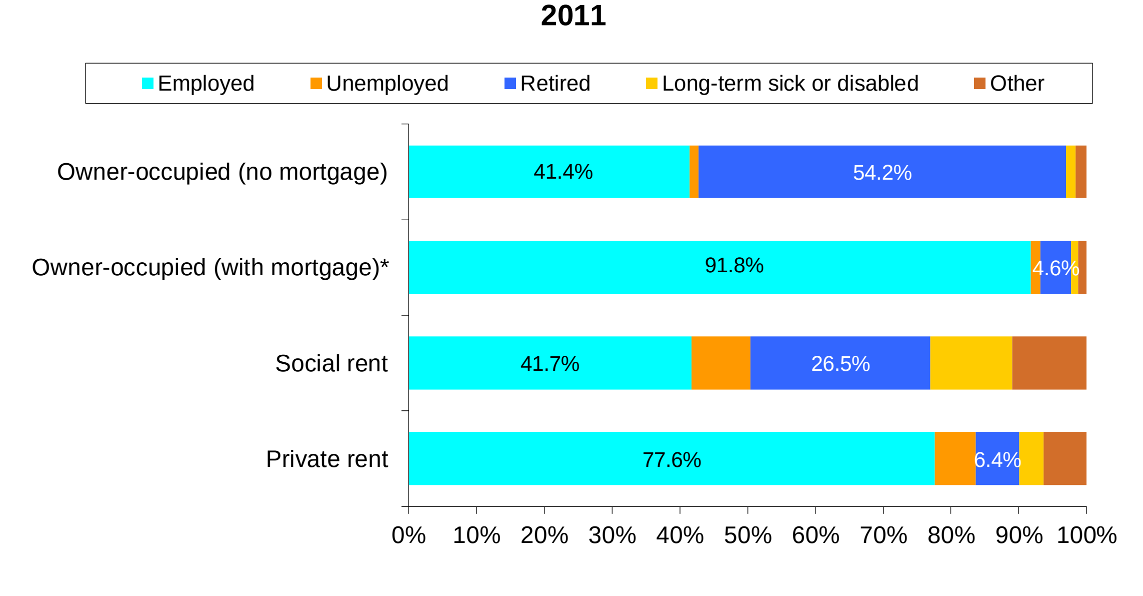
Figure 7.8 Age of household reference person within each tenure in Peterborough, 2011 & 2021

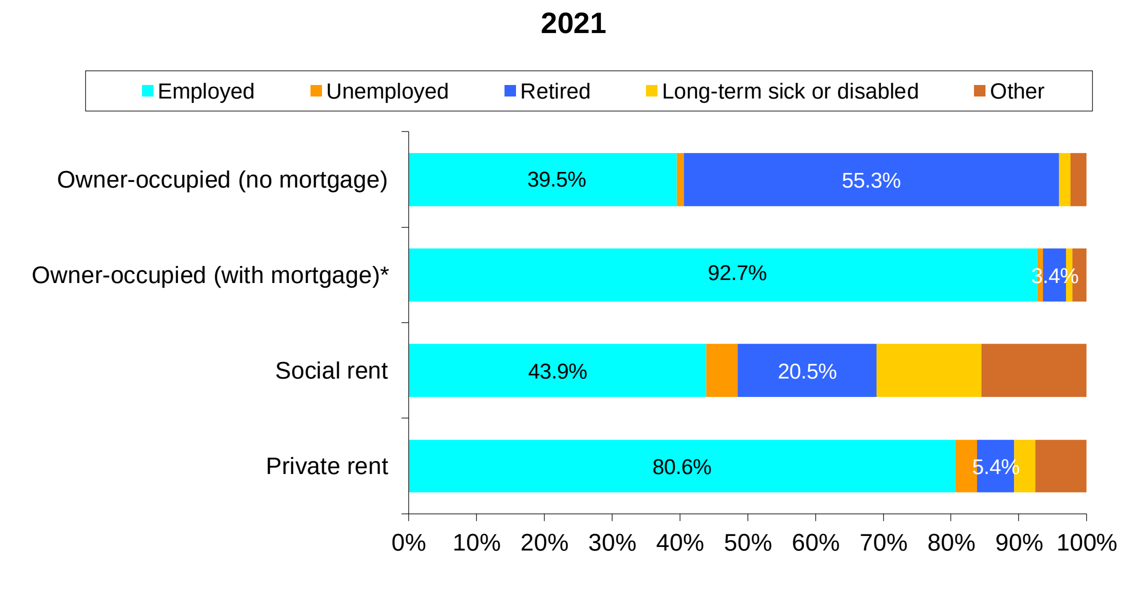


*Includes Shared Ownership Source: 2011 and 2021 Census

7.62 Figure 7.8 shows that whilst the majority of heads of households in the private rented sector in Peterborough are in work, there are a number where the head of household is unemployed or retired. It is also clear that the proportion of employed heads of households in the private rented sector has increased over the last decade. It should be noted that 42.4% of people on Universal Credit in Peterborough in June 2024 were in employment, a higher figure than is recorded for the East of England (41.0%) or nationally (38.7%). This suggests that cross-tenure mobility in the housing market for those in employment will be more limited than average in Peterborough.

Figure 7.9 Change in the economic activity of household reference person by tenure in Peterborough, 2011 to 2021





*Includes Shared Ownership, Source: 2011 and 2021 Census

7.63 The LTBHM model set out in Chapter 4 has been used to model the future housing market. This indicates that the private rented sector is likely to grow further in importance in Peterborough over the plan-period with the number of homes in the tenure projected to increase 2,710 households by 2044, a growth of 12.4%. The overall proportion of households resident in the private rented sector at the end of the plan period in 2044 is however projected to decrease. This reflects that the sector in Peterborough is already notably larger than average and its growth is likely to plateau, but also that households in the private rented sector will increasingly more into intermediate housing options where that is suitable as their supply grows and some will instead reside in affordable rented accommodation where that would be a more appropriate tenure for their situation. This relative reduction in the size of the private rented sector is however dependent on the alternative affordable housing becoming available.

Current trends

7.64 The PPG suggests that *'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents.'* Therefore, to assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. The table below shows the change in private rents over the last five years at both the median and lower quartile level. This data is disaggregated by accommodation size and location. The table shows for example that, between 2017/18 and 2022/23, two bedroom lower quartile rents increased by 17.6% in Peterborough.

7.65 Overall, the data suggests that whilst substantial growth in private rents have been recorded in Peterborough, the sector in the City is not under unusual pressure, as rent levels have generally risen at a lower rate than recorded nationally. The data does suggest that four bedroom rents are the most pressurised, as the largest increase has been recorded for this dwelling size at both lower quartile and median levels.

Table 7.8 Change in private rents charged in Peterborough, the East of England and England between 2017/18 and 2022/23

Lower quartile prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Peterborough	17.3%	17.6%	20.0%	20.0%
East of England	23.8%	20.2%	20.7%	17.2%
England	22.3%	23.8%	22.5%	30.6%
Median prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Peterborough	19.0%	18.5%	20.7%	25.6%
East of England	15.4%	16.1%	22.2%	11.1%
England	25.0%	26.9%	23.3%	17.4%

Source: Valuation Office Agency, 2017-18, 2022-23

7.66 Further analysis of the data shows that not only has the private rented sector increased in Peterborough, but the turnover rate in the sector has increased, the growth in lettings of 39.6% is greater than the growth in the size of the total tenure. The data shows that one bedroom lettings have increased by 23.4% over the last five years (between 2017/18 and 2022/23), compared with a growth of 42.7% for two bedroom private rented homes, 36.9% for three bedroom private rented accommodation and 16.7% for four bedroom dwellings.

The benefit-supported private rented sector

7.67 Data available from the Department of Work & Pensions[74] indicates that there were 9,286 households in the private rented sector in Peterborough who were either in receipt of Housing Benefit or were receiving the Housing Element of Universal Credit in November 2023. This represents 42.4% of all households in the tenure and is notably higher than the equivalent proportion of households in the sector both regionally and nationally (some 32.1% of private rented households in the East of England were in receipt of one of these benefits as were 35.9% of private rented households across England). The private rented sector is unaffordable for these households who would not be able to afford to live there without financial support.

7.68 Further analysis shows that the number of private rented tenants in receipt of assistance with their housing costs in Peterborough has increased by 87.7% between 2018 and 2023, in comparison to a regional growth of 48.2% and a national rise of 39.7% over the same period.

7.69 It is important to recognise the role that the benefit-supported private rented sector plays in alleviating the pressure on the affordable housing stock, by housing some households that would otherwise be resident within the sector; however, it is not an official form of affordable housing as defined by the NPPF. In addition, a comparison of the entry-level private rents with the LHA caps, as set out in Chapter 3, showed there is a substantial gap between the two and the housing costs of households in need would not be fully met if they were to reside in this sector as noted in Chapter 3.

People wishing to build their own homes

7.70 It should be noted that the NPPF specifically refers to people *wishing to build or commission their own homes* within the examples cited in paragraph 61. Peterborough launched a list for people interested in undertaking a self-build development to register themselves in 2016. There are currently (Winter 2023) 6 active applicants[75] on the list and the number of new applicants has decreased recently (an annual average of 9 applications were received in the first two years of the register's existence as compared with an average of 2.3 per annum in the last six years).

[74] https://stat-xplore.dwp.gov.uk

[75] The majority of the applicants to the list have been subsequently removed either because they have successfully found a self-build plot or they have taken themselves from the waiting list.

7.71 Across all those that have registered on the list since its inception (33 in total), 97.0% indicated they had a local connection. People interested in self-build generally aspire towards a larger home; 90.0% of self-build applicants that gave details on this topic intend to build a home with at least three bedrooms, with 66.7% aspiring to build a home with four or more bedrooms. It should be noted that these intentions were not tested to determine whether they are likely to be able to be achieved and it may be that not all of these aspirations are realized.

7.72 The PPG suggests that data from the Council's self-build register can be supplemented by secondary data where it exists. The Office of National Statistics has recently published the Right to Build Register Monitoring[76] on an annual basis. This presents a limited amount of data on the scale of demand for self-build properties across all authorities in England. This data indicates that, as at the time the data was collected in 2022, there were 33 people on the register, which when compared to the population estimated for the authority, equates to a demand of 15.3 self-build dwellings per 100,000 people resident in the authority. Across England the demand is for 114.1 self-build dwellings per 100,000 people. Overall, of the 313 Local Authorities in England in which sufficient data exists to allow this calculation, Peterborough is ranked as having the 291st greatest demand for self-build homes per head.

Looked-after children

7.73 In May 2023, the Ministry of Housing and Planning emphasized that within the requirements of the NPPF that require local planning authorities to assess the size, type and tenure of housing needed for different groups in the community and reflect this in planning policies and decisions (what is now paragraph 63), they should specifically consider whether it is appropriate to include accommodation for children in need of social services care as part of that assessment[77].

7.74 The latest statistics published by the Government on looked-after children[78], indicate that as of the 31st March 2023, there were 412 looked-after children in Peterborough. This represents around 0.7% of all children in the City, which is equal to the national average and marginally higher than the regional figure (0.5%). Table 7.9 shows the age profile of looked-after children in Peterborough in comparison to regional and national equivalents. The data shows that there is a notably greater proportion of looked-after children aged under 1 year and also children aged between 5 and 9 years old in Peterborough than recorded regionally and nationally and a smaller proportion of older looked-after children than is recorded at these geographies. The most common age band for looked-after children in Peterborough is 5 to 9 years old.

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[76] https://www.gov.uk/government/publications/self-build-and-custom-housebuilding-data-2016-2016-17-2017-18-and-2018-19/data-release-self-build-and-custom-housebuilding-data-2016-to-2020-21

[77] https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws795

[78] https://explore-education-statistics.service.gov.uk/data-catalogue/data-set/28209fd1-9c01-4c44-ad6c-10374fa58a6b

Table 7.9 Age of looked-after children in Peterborough in 2023			
Age	*Peterborough*	*East of England*	*England*
Under 1 year	8.0%	4.7%	4.6%
1 to 4 years	7.3%	11.5%	13.3%
5 to 9 years	43.9%	38.1%	17.8%
10 to 15 years	28.9%	30.9%	38.0%
16 years and over	11.9%	15.0%	26.3%
Total	100.0%	100.0%	100.0%

Source: Data set from Children looked after in England, 2023

7.75 Table 7.10 shows the placement location of looked-after children in Peterborough in comparison to regional and national equivalents. The data shows that some 36.2% of children are placed within the authority, whilst nationally 56.3% of placements are within the local authority of origin and regionally the figure is 61.5%. Where placements are outside the local authority, they are most commonly within 20 miles away, a pattern that is replicated nationally, but not regionally.

Table 7.10 Placement location of looked-after children in Peterborough in 2023			
Location	*Peterborough*	*East of England*	*England*
Placed inside the LA boundary, 20 miles or less from home	27.2%	41.6%	47.6%
Placed outside the LA boundary, 20 miles or less from home	32.0%	13.0%	22.1%
Placed inside the LA boundary, more than 20 miles from home	1.9%	11.5%	4.3%
Placed outside the LA boundary, more than 20 miles from home	27.2%	20.1%	16.8%
Placed inside the LA boundary, distance not known or not recorded	7.0%	8.4%	4.4%
Placed outside the LA boundary, distance not known or not recorded	4.6%	5.4%	4.9%
Total	100.0%	100.0%	100.0%

Source: Data set from Children looked after in England, 2023

7.76 Table 7.11 shows the place providers of looked-after children in Peterborough in comparison to regional and national equivalents. The data shows that some 42.7% of children are in private provision, a figure similar to the regional and national equivalents. A further 39.8% are in provision provided by the local authority, lower than is recorded across the East region and England.

Table 7.11 Place providers of looked-after children in Peterborough in 2023			
Place providers	*Peterborough*	*East of England*	*England*
Parents or other person with parental responsibility	2.2%	3.0%	6.8%
Own provision (by the LA)	39.8%	46.3%	44.5%
Other LA provision	7.8%	1.4%	1.3%
Other public provision (e.g. by a PCT etc)	0.7%	0.3%	0.4%
Placement provider not reported	1.0%	0.4%	1.0%
Private provision	42.7%	45.8%	39.5%
Voluntary/third sector provision	5.8%	2.8%	6.4%
Total	100.0%	100.0%	100.0%

Source: Data set from Children looked after in England, 2023

7.77 The City Council's Children's Commissioning team have provided updated figures that indicate that as at March 2024, there are 429 looked-after children in Peterborough. Of these 47 live in residential children's homes. The Children's Commissioning team state that *'whilst this demonstrates a significant increase in Peterborough's demand for this type of home for children in care, it's also reflective on ongoing challenges in the sufficiency of foster carers locally and nationally. Enabling children and young people to live in their local area's where it is safe and appropriate to do so remains a priority for Peterborough, and a key focus of our sufficiency strategy*[79]*, Market position statement*[80]*, and commissioning activities.'*

7.78 The team goes onto provide further detail on the current provision in Peterborough and the challenges faced:

> *'Locally, Peterborough is home to fourteen children's homes, a secure welfare residential home, and a short breaks home (for children with complex needs and disabilities). On average, these fourteen homes are registered to accommodate 4.4 children and young people. As is seen nationally, there is a growing demand for residential homes able to meet the needs of children and young people with complex needs, often displaying more challenging behaviours; often, this cohort of young people have their needs better met in smaller homes for 1-2 children.*
>
> *Multiple Children's Services Transformation workstreams are focused on mitigating the challenges with foster carer recruitment and retention, to support positive outcomes for children and young people in care, and to respond to sufficiency challenges locally.*

[79] PCC-SUFFICIENCY-PDF.pdf (cambridgeshireinsight.org.uk)

[80] Children-in-Care-Market-Position-Statement-August-2023.pdf (peterborough.gov.uk)

Further to the needs for our children and young people in care, our care experienced young people require access to good quality, local homes, often via social housing routes. Accommodation is one element of our Care Leaver Local offer.'

Students

7.79 In 2022, the Anglia Ruskin University opened a campus in Peterborough. The University was contacted and asked about the current accommodation provision for its students, what expectations it has for future growth and where this growth will be accommodated. The response received is summarised below.

Current profile

7.80 The University envisages that there will be a consistent presence of more than a thousand learners on the Peterborough campus throughout the academic year 2023/24. Additionally, there is a substantial cohort engaged in short courses and/or participating in distance learning programs, and these individuals are less inclined to be on campus. Currently, around 80% of the student population are undergraduates, with the remaining 20% postgraduate students.

7.81 Currently around 70% of the student population live at home and commute to the university campus, there are 40 students that live in commercial halls of residence (there are currently no halls of residence provided by the University). The remaining students are likely to be living in the local private rented sector (although the University does not have any official data on this). The University work with several letting agencies and private landlords who sign up via our "Student Pad" website to coordinate the offer within the sector and students most commonly live in the PE1 to PE8 postcodes.

Plans for growth

7.82 The University has advised that a critical mass of 5,000 students would be needed before the city would look at providing any student specific accommodation. The accommodation would be provided by the private sector with multiple sites across the city to be determined. It is clear that the future growth of the University will mean an increase in the local population beyond what was envisaged in the most recent sub-national projections or recorded in the Census data. It will therefore be necessary to liaise with the university over how to manage the impact on the housing market in the initial stage of the student population growth (before the critical mass of 5,000 is reached and the University introduces student specific accommodation).

Service families

7.83 The Ministry of Defence (MoD) operates RAF Wittering in the Peterborough local authority area. RAF Wittering was contacted and asked about the current accommodation provision for its service personnel, what expectations it has for future growth, and where this growth will be accommodated. The response received is summarised below.

Current profile

7.84 There are around 1,000 service personnel working at RAF Wittering. This consist of around 350 single people living at the base along with a further 250 multi-person householders living on-site. It was not known how many military personnel form multi-person householders living off-site within Peterborough, as that is their own personal responsibility. It was indicated that many of those that live off-site, do so in Lincolnshire, as there are several Royal Air Force bases in this area. The majority of personnel who live away from the base own their own property, very few rent privately as military housing is available. There is no rented accommodation specifically available for service personnel in the wider housing market. It was indicated that majority of personnel serve between 3 to 5 years; however, there are personnel who serve for a lesser time for a variety of employment related reasons.

Future plans

7.85 There are no known plans to alter the military population at RAF Wittering. It was noted that over the past 2 years, 55 properties have been handed back into the wider housing market via Annington Homes. It is clear that the barracks has little impact on the wider housing market area as the vast majority of service personnel reside in specific Ministry of Defence accommodation. As there are no plans to notably alter the size of this site, it is not necessary to make an adjustment to the proposed housing target to meet the needs of this group.

Conclusion

7.86 A range of household groups have been profiled in detail within this chapter. In terms of specialist dwellings for older persons (Class C3), it is evidenced that in Peterborough, 1,415 additional units of Sheltered housing for older people/ retirement housing and 189 additional Extracare units/ supported living housing are required over the plan period. Chapter 7 also identifies that an additional 186 Registered Care spaces (nursing and residential care homes) will be required over the next 21 years in Peterborough (Class C2). In addition, it is calculated that adapted housing M4(2) Category 2 will be required for 6,101 households by 2044 in Peterborough, of which around 1,121 dwellings should be Wheelchair user M4(3) Category homes.

8. Conclusions and Implications

8.1 Chapter 1 considered the geographic context in which the local housing market operates using the latest data on commuting flows, migration patterns and housing market linkages. This analysis concluded that Peterborough's most established linkages are those with Huntingdonshire, South Kesteven and Fenland, both in terms of commuting and migration flows. However, the absolute number of people moving between Peterborough and these authorities represents a relatively small proportion of the total flows of people in Peterborough. The travel to work self-containment for Peterborough has increased notably between 2011 and 2021, and whilst the self-containment for migration has decreased slightly over this time period, it remains a very high figure. The housing market suggests that Peterborough is not untypical when compared with neighbouring authorities in terms of price and accommodation profile. The evidence however indicates that Peterborough is a distinct housing market area, with links to neighbouring authorities. It's status as a sub-regional hub means that its influence extends beyond the City, but it can be considered a housing market area in its own right.

8.2 Chapter 2 considered the drivers of the local housing market in Peterborough. It was shown that the population in the City has grown between 2011 and 2021, at a notably faster rate than the national and regional average, and that the age profile is younger. The employment profile of residents in Peterborough indicated that there are fewer people employed in the most highly skilled roles. This is reflected in the household incomes recorded across Peterborough which are lower than the national average. Finally, the chapter noted that Peterborough also has a larger than average private rented stock currently and a smaller proportion of owner-occupiers. Between 2011 and 2021 the number of four bedroom homes has increased at the greatest rate, this is especially pronounced in the owner-occupied sector.

8.3 Chapter 3 examined the cost of housing in the City. Whilst market accommodation in Peterborough is cheaper than regional equivalents, lower local incomes mean the affordability of the market housing remains an issue in the City. The analysis of the local housing market indicated that there is a notable gap between the cost of Affordable Rent and entry-level market housing which could potentially be filled by intermediate products, although shared ownership is generally better suited in the local housing market than First Homes. It is important to note that the suitability of these intermediate and sub-market products to meet housing need to the extent identified in the report is contingent on them being priced at the levels set out in Chapter 3.

8.4 Chapter 4 documented the derivation of the overall housing need in Peterborough following the current Standard Method set out in paragraph 004 of the PPG[81]. This indicated that the requirement is for 936 dwellings per year which equates to 19,656 new homes over the 21-year plan period (2023 to 2044). Under the proposed reforms to the Standard Method (set out

[81] Reference ID: 2a-004-20201216

in the July 2024 NPPF the annual requirement for housing in Peterborough becomes 1,068 instead of 936.

8.5 The report has presented two main models, the Long Term Balancing Housing Markets (LTBHM) model (Chapter 5), which disaggregates the revised Standard Method local housing need calculations to identify the tenure and size of housing that should be sought over the plan period to best accommodate the future population, and the Affordable Housing Need model (Chapter 6), an unconstrained estimate of the amount of affordable housing required. The affordable housing need figure is calculated in isolation from the rest of the housing market and is only used to indicate whether the Standard Method local housing need figure should be increased. On completion of the calculation of the need for affordable housing paragraph 024 of the PPG[82] says:

> *'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, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.'*

8.6 Planning Authorities should consider whether the housing target in the Local Plans should be increased to assist with meeting the need for affordable housing. Once this has been established, the future mix of all housing required over the plan-period should be identified. In accordance with the PPG this is derived using a separate approach.

8.7 The total annual affordable housing need in Peterborough of 477 per year (as set out in Chapter 6) represents 51.0% of the annual planned growth in the City of 936 dwellings per year. If the proposed new Standard Method approach were to be adopted, which requires 1,068 dwellings per year in Peterborough, the affordable housing need of 477 per year, would represents 44.7% of the annual planned growth. It would not be reasonable to expect the proportions of new affordable housing in either of these scenarios to be delivered on a large housing site in Peterborough, where a figure of 30% would be plausible (subject to viability). The Council could therefore consider an increase in the total housing figures included in the Plan to help deliver an increased number of affordable homes. This would align with the guidance set out in paragraph 024 of the PPG.

8.8 To determine the size and tenure of the new housing required within the Standard Method local housing need to accord with the PPG, the LTBHM model outputs are used (the change required between 2023 and 2042). This model, presented in chapter 5, provides the profile of housing appropriate to meet the population over the plan-period and is directly derived from the calculations used to determine the Standard Method local housing need.

[82] Reference ID: 2a-024-20190220

8.9 Figure 8.1 (which is a duplicate of figure 5.2) sets out the size and tenure requirement for the 19,656 dwellings (936 per annum) to be delivered over the plan-period (between 2023 and 2044). The Government's guidance on First Homes[83] makes it clear *'a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes.'* The guidance is clear that there will be an expectation for local authorities to also provide Affordable Rented/ Social Rented accommodation where this meets the identified needs.

8.10 As identified in chapter 5, the overall requirement is for 21.2% of housing to be Affordable Rented/ Social Rented and 10.2% affordable home ownership (of which 7.8% could be Shared Ownership[84] and 2.4% First Homes) reflects the mix of housing that would best address the needs of the local population. It does not take into account the funding that will be available to help provide subsidised housing, and it is acknowledged that current funding stream priorities mean that it will be easier to deliver intermediate housing rather than Affordable Rent/ Social Rent. It is important to note that in this scenario First Homes would represent 7.7% of all new affordable housing, so the 25% minimum threshold cited in the guidance is not reached. If the Council decides to pursue the 25% minimum threshold, then it would be suitable to reduce the proportion of Shared Ownership homes required as a consequence. The affordable housing mix would become 25.0% First Homes, 7.5% Shared Ownership and 67.5% Affordable Rented/ Social Rented instead of 7.7% First Homes, 24.8% Shared Ownership and 67.5% Affordable Rented/ Social Rented.

8.11 Whilst the current guidance prioritises First Homes, there is limited demand for this type of accommodation in Peterborough and it is possible that priorities will change when a new PPG and NPPF are published later in 2024. Within the Affordable Rented/ Social Rented sector it is clear that Social Rented housing is notably cheaper than Affordable Rent. The affordability analysis of households in affordable need presented in Table 5.10 indicates that between 80% and 85% of all Affordable Rented housing at the end of the plan-period in 2044 should be Social Rented with the remainder Affordable Rented. Social Rented accommodation is appropriate for the majority of households in this sector.

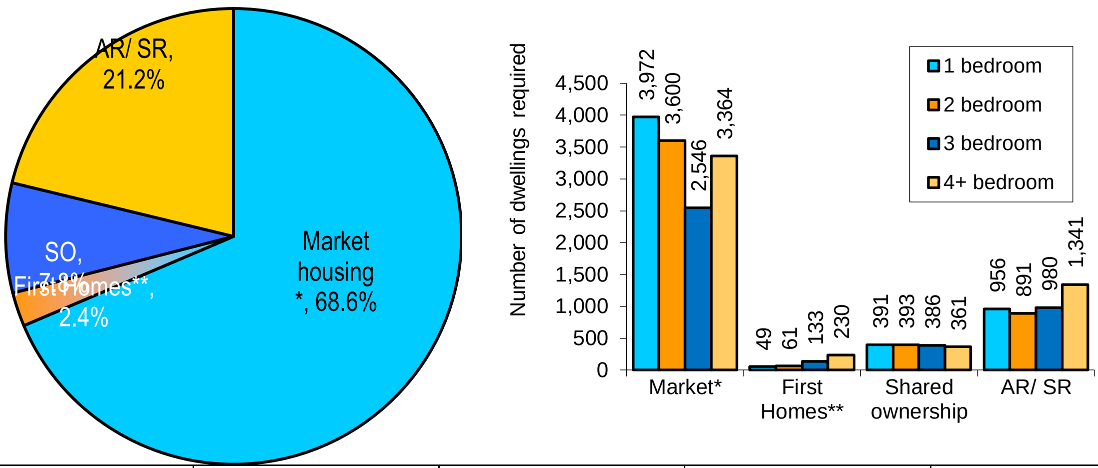
8.12 The profile set out in Figure 8.1 is a guide to the overall mix of accommodation required in Peterborough although it is acknowledged that the Council may wish to divert away from this profile in particular instances. It should also be noted that the potential demand for First Homes is less robustly evidenced than for the other tenures, and should therefore be treated with caution.

[83] https://www.gov.uk/guidance/first-homes (Paragraph: 012 Reference ID: 70-012-20210524)

[84] Shared Ownership refers to the version with a 25% equity share as this has been evidenced to cost less than market entry housing in Chapter 3.

Figure 8.1 Requirement for all new housing in Peterborough over the plan-period

Tenure split | **Size profile**



Size of home	*Market housing**	*First Homes***	Shared Ownership (SO)	Affordable Rent (AR)/ Social Rent (SR)
1 bedroom	3,972	49	391	956
2 bedroom	3,600	61	393	891
3 bedroom	2,546	133	386	980
4+ bedrooms	3,364	230	361	1,341
Total	**13,483**	**473**	**1,530**	**4,169**

*Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand. These figures represent the distribution of housing that should be delivered.

8.13 Chapter 7 considered the housing requirement of particular groups of the population. Paragraph 006 of the PPG[85] notes that '*Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people….They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period.'*

[85] Reference ID: 63-006-20190626

8.14 In terms of specialist dwellings for older persons (Class C3), it is evidenced that in Peterborough, 1,415 additional units of Sheltered housing for older people/ retirement housing[86] and 189 additional Extracare units/ supported living housing[87] are required over the plan-period within the housing target. Chapter 7 also identifies that an additional 186 Registered Care spaces (nursing and residential care homes) will be required over the next 21 years in Peterborough (Class C2).

8.15 In addition, it is calculated that adapted housing M4(2) Category 2 will be required for 6,101 households by 2044 in Peterborough, of which around 1,121 dwellings should be Wheelchair M4(3) Category 3 homes.

[86] See footnote 54.

[87] See footnote 55.

Appendix 1. Stakeholder consultation

Introduction

This appendix describes the stakeholder consultation that occurred during the production of this report. This appendix details the consultation process – who was contacted and the nature of the consultation. It also describes the event that took place, including what was discussed. Finally, the appendix sets out the submissions received in response to the consultation and the actions that they have resulted in.

Stakeholder workshop

A consultation event on the draft report findings, took place on 20th February 2024. This was a specifically created stakeholder session to which all businesses associated with the local housing market were invited. The value of the participants to the process was highlighted in the invitation sent round to the event which noted that the Planning Practice Guidance sets out the importance of consultation saying:

'It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.'

Over 54 organisations were invited to attend to observe the preliminary outputs of the study and to discuss the methodological assumptions used to derive the estimates. A range of different organisations were invited including developers, agents, Registered Providers and planning professionals. In total, there were 28 different stakeholder organisations at the second event. A full list of those that attended either stakeholder event is set out in the table below. Representatives of housing and planning from Peterborough Council were also present.

Table A1.1 List of attendees to the stakeholder event

Organisation	*Organisation*	*Organisation*
Blestoes	MTVH	Newlands UK
AEGP UK	Leon Hewitt	Richborough
Homes England	Freeths	Accent Group
Longhurst Group	Brint CPM	Ashley Butterfield
Larkfleet Group	Robbie Reid	BDW Homes
Gladman	Matt Taylor	ORS
Milton Estate	Arthey Associates	Persimmon Homes
Distinctive Developments	BDW Homes	Rapleys
Ian J Croft	Clarion Housing	
Hereward Homes	Allison Group	

The event was a presentation of the relevant national guidance which provides the framework for the study, an overview of the purpose of the report, and the two main models used to obtain the outputs, the assumptions used within the models and the initial study-wide outputs that had been derived. Questions were encouraged throughout.

Written consultation

A copy of the slides used in the presentation was sent to all the attendees subsequently, as well as those originally invited that were unable to attend. All recipients were encouraged to feedback their views. The deadline for the consultation responses was 12th March (over a 3-week period).

In total two submissions were received[88]. The table below sets out the key points within the submissions – those that imply an alteration to the report or require a specific response. The responses and actions taken as a consequence of these points are set out in the final column. Some of the submissions were long and contained notable background information. For ease of presentation only the key points from the submission are set out in the table below.

[88] There were also a further two questions asking for more detail on what was shown in the presentation, which were responded to. These questions did not however include feedback on the method or results.

Table A1.2 Summary of key points in the stakeholder submission and responses to these points

Organisation marking the submission	Comment that implies alteration to the report or requires a specific response	Action taken, or response to comment
Gladman	It was stated in the meeting that a rental affordability threshold of 35% of gross household income will be used to calculate Peterborough's affordable housing need, which would result in an annual need figure of 328. However, if payable rent is to be used as an affordability indicator, the Office for National Statistics deem a private rent to be affordable if it costs no more than 30% of a household's income (Private rental affordability, England, Wales and Northern Ireland QMI, October 2023). This is the standard threshold used to calculate affordable housing need, and provides a more accurate representation of what households are able to afford.	The affordable housing needs model has been altered and now uses 30% as the correct affordability test in Peterborough.
	Additionally, it appears that rental prices will be used to determine a household's ability to afford market housing. However, this does not account for those households who aspire to own their own home, who can currently afford market rental accommodation, but who are unable to afford to purchase a market home. As their needs could be met through specific affordable products, such as shared ownership properties, an approach which accounts for these households has been taken when calculating affordable housing needs in other Local Planning Authorities.	Table 6.4 shows the extent of affordable housing need when owner-occupation is presumed to be the boundary to market entry.
Robbie Reid	The % figures on private rental cannot be good for the population of Peterborough, as a transient flux cannot be good for the future development of the city.	The high proportion of private rented tenants in the City has many causes and the sector accommodates a variety of houses as set out in chapter 7. The LTBHM modelling indicates that the sector will continue to grow over the plan period however the rate of growth will slow.
	Setting this baseline at 787 per year makes the assumption employment will continue to increase in the area, however the birth rate is falling. Or will the aim be to keep Peterborough a relatively cheap commuter city for the capital and Cambridge.	The baseline of 787 is derived from the 2014-based household projections and use a 5-year trend period in the projection. It does include a presumption of continued in-migration to Peterborough, however there is no flexibility to use another source within this step of the Standard Method and the results from the 2021 Census (set out in table 4.4) suggest that the household projections for the City were relatively accurate.

	Could there be more consideration given to the effects of large scale sites on there surroundings. (Local Communities / Settlements / the environment)	This is sadly outside the remit of this report.
	The report would benefit from additional information, such as an estimate of the number of GP surgeries, nursing homes, and children's nurseries et cetera needed in Peterborough to meet the growing population demand.	This is sadly outside the remit of this report.

Appendix 2. Details of the NMSS model

Overview

The NMSS model is an Excel spreadsheet model which seeks to replicate as closely as is reasonably practicable the methods used by MHCLG and ONS in producing the official population and household projections. It was developed by Neil McDonald to support local authorities and others in estimating objectively assessed housing needs. It has been widely used in Local Plan preparation; Local Plan examinations; and S78 planning appeals and inspectors have been happy to rely on its conclusions.

The model takes as its starting point a set of official projections – current the 2018-based projections (before adjusting them to the latest intra-projection data available). It is a 'stepping model' which means it takes one year's population figures and estimates of births, deaths and migration flows in the ensuing 12-month period to produce an estimate of the following year's population. That process is then repeated year by year until the end of the projection period is reached.

The estimates of births, deaths and migration flows are based on flow rates derived from official projections and these can be adjusted to produce variant projections. The flow rates are applied to the previous year's population which means that if the model is being used to explore, say, the consequences of assuming higher outflows of students than envisaged in the official projections, the impact this will have on births, deaths and migration flows is automatically taken into account.

Appendix 3. Detail of the calculation of the affordable housing need

This appendix sets out the results of the three broad stages of the model used to calculate affordable housing need. Within each of the three stages there are a number of detailed calculations many of which themselves have a number of components. This appendix presents details of how each of these stages is calculated using locally available data for Peterborough.

Stage 1: Current unmet gross need for affordable housing

The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing and are therefore in current need.

The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in the table below for Peterborough, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double counting between them has been taken into account. Households can be unsuitably housed for more than one reason, so it is important that they are only counted once.

The first table shows that there are 7,386 households currently in unsuitable housing or lacking their own housing in Peterborough and the most common reason for unsuitability is overcrowding. This figure of 7,386 represents 8.5% of all households in the City.

Table A3.1 Current households who lack their own housing or live in unsuitable housing in Peterborough			
Element	*Source*	*Number of households*	*Revised number of households*
Homeless households	The Council's housing register as of December 2023.	509	323
Households in temporary accommodation	The Council's housing register as of December 2023.	265	247
Overcrowded households	2021 Census modelled to December 2023. This was done by calculating the annual change in the number of overcrowded households recorded in Peterborough between the 2011 and 2021 Census by tenure and applying this to the tenure profile for 2023.	5,522	4,327[89]
Concealed households	2021 Census modelled to December 2023. This was done by calculating the annual change in the number of concealed households recorded in Peterborough between the 2011 and 2021 Census and applying this to the profile for 2023.	1,849	1,849
Other groups	The Council's housing register as of December 2023.Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above).	639	639
Total		8,785	7,386

Source: 2021 Census data modelled to 2023, the Council's Housing Register

Affordability

Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size (set out in Figures 3.2 and 3.3) is therefore tested. The housing register details the size of accommodation required by homeless households, households in temporary accommodation and households unsuitably housed for other reasons. For overcrowded households and concealed households the household composition recorded for these households in the Census is used to determine the size requirement profile.

[89] The Census indicated that 64.6% of concealed households were also overcrowded in Peterborough.

To test overcrowded households the income distribution for each dwelling size requirement, identified using the CACI income profile for the City, is adjusted to reflect that nationally the income of overcrowded households is 104.6% of the figure for all households (according to the English Housing Survey)[90]. For concealed households the income distribution is adjusted to reflect that nationally the income of newly forming households is 83.1% of the figure for all households (according to the English Housing Survey). Finally, for homeless, concealed and 'other' unsuitably housed households the income distribution is adjusted to reflect that nationally the income of Social Rented households is 51.7% of the figure for all households (according to the English Housing Survey).

These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 30% of gross income and still be affordable in Peterborough. The impact of using other thresholds is examined in the analysis in Chapter 6. The table below shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households unable to afford the market-entry point (either to rent or to buy, whichever is cheaper) without their income being supplemented by housing related benefits (the test uses gross household income excluding housing related benefits). The number of households that are therefore in current need is shown in the final column.

Table A3.2 Affordability of households in unsuitable housing in Peterborough

Number of bedrooms required	*Unsuitable housed households*	*Percentage unable to afford both entry-level private rent and entry-level owner-occupation*	*Households in current need*
One bedroom	1,277	47.9%	612
Two bedroom	2,681	47.8%	1,280
Three bedroom	2,128	51.3%	1,093
Four or more bedrooms	1,301	56.9%	740
Total	7,386	50.4%	3,725

Some 50.4% (3,725 households) of unsuitably housed households or households lacking their own housing in Peterborough are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when

[90] Overcrowded households have higher incomes than other households because overcrowded households can include those with more than two people in work and generally there are very few overcrowded pensioner households (who typically have low incomes). Overcrowded households include owners or private renters households that are overcrowded and are not on the Council's waiting list.

they move (this includes occupiers of Social Rented and Shared Ownership accommodation that are not living with another household currently), and other households. It is estimated that some 2,107 households in need in Peterborough currently live in affordable housing that would become available for reuse[91].

Total current need

The table below summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 3,725 households in current need in Peterborough.

Table A3.3 Stage 1: Current unmet gross need in Peterborough

Component	
Homeless households and those in temporary accommodation	545
Overcrowded and concealed households	2,690
Other groups	490
Total current housing need (gross)	3,725

Stage 2: Newly arising affordable housing need

In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This calculation, as per paragraph 021 of the PPG (Reference ID: 2a-021-20190220), is based on two elements:

- Number of newly forming households each year (× proportion unable to afford market housing)
- Plus existing households falling into need per year

Need from newly forming households

One of the outputs produced within the process of disaggregating the total housing need into a future population and household typology (as described in Chapter 5) is the calculation of the number of households that will form over the modelling period in Peterborough. This figure is then averaged to provide an annual estimate for the number of newly forming households. Using this methodology, it is estimated that 1,813 new households will form per year in

[91] For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of housheolds in each category, but also their current tenure so this information is obtained form the data sources in table A3.1 (the housing regsiter or the Census).

Peterborough. This represents a household formation rate of 2.1%, higher than the figure of 1.4% recorded nationally by the English Housing Survey[92].

To assess the ability of these households to afford entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size, the household composition for these new households identified within the disaggregation process are used to determine the appropriate size requirement profile. To test newly forming households' ability to afford market housing, the income distribution for each dwelling size requirement is adjusted to reflect that nationally the income of newly forming households is 83.1% of the figure for all households (as described above). The table below details the derivation of newly arising need from newly forming households. It shows that 30.3% of newly forming households will be unable to afford market housing in Peterborough (both private rent and owner-occupation), which means that there will be an annual affordable housing requirement from 549 newly forming households.

Table A3.4 Newly arising need from new household formation (per annum) in Peterborough

Component	
Number of newly forming households	1,813
Proportion unable to afford entry-level market housing (both entry-level private rent and entry-level owner-occupation)	30.3%
Number of newly forming households requiring affordable accommodation	549

Existing households falling into need

The current PPG does not provide detail on how this step should be calculated, however the previous version (of the PPG) recommended that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the lettings of affordable accommodation within Peterborough over the last three years indicates that there were an average of 517 households that fell into need per year in Peterborough, excluding those that were newly forming households (which have featured in the previous step)[93].

[92] The relatively high household formation rate reflects that increased household formation is being prioritised within the disaggregation of the local housing need figure as discussed in Chapter 5. It is also worth noting that whilst the figure of 2.1% may appear high, the household formation rate nationally was above 2% between 1995/96 and 2000/01 (and also in 2004/05) and it is only more recently that it has dropped below 1.8% for a sustained period (it was most recently 1.8% four years ago in 2012/13).

[93] This is the annual average number of households from the housing register that have been accommodated excluding those that were newly forming households.

Total newly arising need

The table below summarises the second stage of the assessment of affordable housing need as set out by the PPG. The table indicates that 1,066 (549+517) households will be in newly arising need per annum in Peterborough.

Table A3.5 Stage 2 Newly arising need (per annum) in Peterborough	
Component	
New household formation (gross per year)	1,813
Proportion of new households unable to buy or rent in the market	30.3% (549)
Existing households falling into need	517
Total newly arising housing need (gross per year)	1,066

Stage 3: Current affordable housing supply

Paragraph 022 (Reference ID: 2a-022-20190220) of the PPG indicates that the current supply of stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and the committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Current occupiers of affordable housing in need

It is important when establishing net need levels to include the affordable dwellings of households living in unsuitable affordable housing in the supply. This is because the movement of such households within affordable housing stock will release a dwelling on moving and therefore have an overall nil effect in terms of housing need. As established when calculating current need, there are 2,107 households currently in need already living in affordable housing in Peterborough.

Surplus stock

A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. Peterborough records a vacancy rate in the affordable sector of 0.9%. As the vacancy rate is lower than the 3%

benchmark[94], no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing in Peterborough.

Committed supply of new affordable units

The PPG indicates that '*the committed supply of new net affordable homes at the point of the assessment (number and size)'* be taken into account within the model. The Council has reviewed its committed supply and provided an indication of the number of affordable units with planning permission that are anticipated to be built in the next few years. In total, there are 1,035 new affordable homes committed across Peterborough currently.

Planned units to be taken out of management

The PPG states that the *'units to be taken out of management'* should be quantified. The Council has indicated that there are no affordable housing replacement schemes that will lead to a net loss of affordable accommodation and so a figure of 0 is used for this stage.

Total current affordable housing supply

Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in the tables below. The data shows that there will be an estimated 3,142 affordable homes available in Peterborough.

Table A3.6 Stage 3 Affordable housing supply in Peterborough

Component	
Affordable dwellings occupied by households in need	2,107
Surplus stock	0
Committed supply of affordable housing	1,035
Units to be taken out of management	0
Total affordable housing stock available	3,142

94 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/11812/Strategic_Housing_Market_Assessments-_Practice_Guidance.pdf (page 47)

Stage 4: Future housing supply of social re-lets and intermediate affordable housing

The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need[95]. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector[96].

The future supply of Social/Affordable Rented housing

This is an estimate of likely future re-lets from the existing RSL rented stock (both Social Rent and Affordable Rent). Data on the affordable accommodation lettings within Peterborough over the last three years as recorded in the CORE LA Area Lettings tables[97] is used for this figure. The table below sets out the number of rented lettings that have occurred in the last three years, excluding lets made within brand new properties (the figures only include re-lets). The average number of re-lets across the Social and Affordable Rented sector over the three-year period was 575 per annum in Peterborough.

Table A3.7 Past RSL rented supply (re-lets only)

Year	*Number of re-lets*
2020/21	611
2021/22	591
2022/23	524
Average	575

Source: Social Housing Lettings in England 2020/21, 2021/22 and 2022/23

Supply of intermediate housing

In most local authorities, the amount of intermediate housing (mostly Shared Ownership) available in the stock is fairly limited (as is the case in Peterborough). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing.

[95] Whilst this is not a step that is detailed in the current PPG, it is logically required to reflect that there is a flow of housing becoming available to meet need as well as a flow of households requiring affordable housing (Stage 2 of the model). This stage has also been included in all previous iterations of this model that have been published in government guidance.

[96] The intermediate sector includes all affordable tenures other than Social Rented and Affordable Rented.

[97] CORE (COntinuous REcording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

https://www.gov.uk/government/collections/rents-lettings-and-tenancies

Therefore, we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the Social Rented sector[98] (3.6% in Peterborough) to the estimated stock for each form of intermediate housing. This is set out in the table below. It is estimated that around 42 units of intermediate housing will become available to meet housing needs from the existing stock each year in Peterborough.

Table A3.8 Estimated intermediate supply in Peterborough

Intermediate tenure	*Stock*	*Annual re-lets*
Shared Ownership	1,155	42

Source: HCA's Statistical Data Return 2023

Annual future supply of affordable housing

The total future supply of affordable housing is the sum of the Social Rented supply and the intermediate supply as set out in the table below.

Table A3.9 Stage 4 Future supply of all affordable housing (per annum) in Peterborough

Component	
Annual supply of Social/Affordable Rented re-lets	575
Annual supply of intermediate housing available for re-let or resale at sub-market levels	42
Annual supply of all affordable housing	617

[98] This is calculated by dividing the average number of relets (575 as set out in the previous step) by the total stock of social and affordable housing as set out in the HCA's Statistical Data Return, 2023.

Appendix 4. LTBHM outputs under new Standard Method scenario

Introduction

As discussed at the end of chapter 4, the proposed reforms to the NPPF includes a new Standard Method calculation. This amounts to an increase in 1,068 households per year in Peterborough. To future-proof this study this appendix presents the key outputs from the LTBHM model under this growth scenario.

Demographic changes

Table A4.1 Age of projected population in Peterborough in 2044 under the growth of proposed new Standard Method scenario (1,068 additional households per year)

Age	*2023 Population*	*2023 Percentage*	*2044 Population*	*2044 Percentage*
Under 25	72,022	32.6%	71,395	26.2%
25 to 49	79,993	36.2%	99,398	36.5%
50 to 74	53,932	24.4%	75,364	27.6%
75 and over	15,092	6.8%	26,426	9.7%
Total	221,040	100.0%	272,583	100.0%

Table A4.2 Projected household population in Peterborough in 2044 by household type under the growth of proposed new Standard Method scenario (1,068 additional households per year)

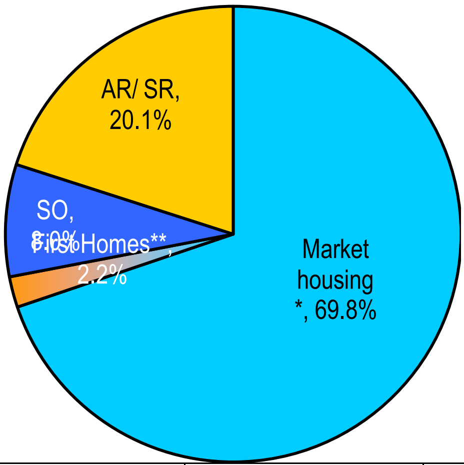
Household type	*2023 Number*	*2023 Percentage*	*2044 Number*	*2044 Percentage*
One person	34,039	31.9%	33,767	30.8%
Couple with no children	20,527	19.2%	23,755	21.7%
Couple with child/children	27,781	26.0%	27,646	25.2%
Lone parent	15,679	14.7%	14,075	12.8%
Other*	8,835	8.3%	10,471	9.5%
Total	106,861	100.0%	109,714	100.0%

*Other households include multi-generational households, student households, households of unrelated people sharing accommodation as well as other groups.

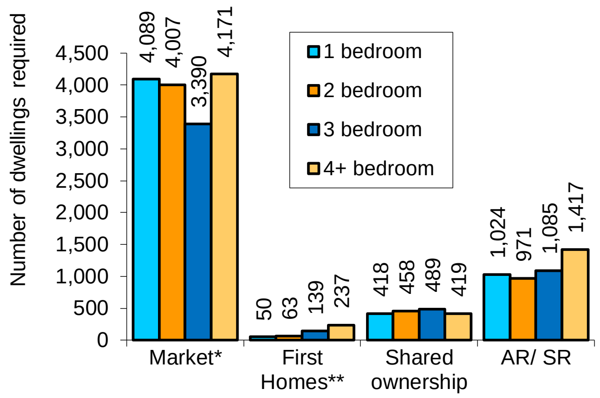
Dwelling requirements

Figure A4.1 Profile of new accommodation required in Peterborough under the proposed new Standard Method scenario (1,068 additional households per year)

Tenure split



Size profile



Size of home	*Market housing**	*First Homes***	*Shared Ownership*	*Social/ Affordable Rented*
1 bedroom	4,089	50	418	1,024
2 bedroom	4,007	63	458	971
3 bedroom	3,390	139	489	1,085
4+ bedrooms	4,171	237	419	1,417
Total	15,657	489	1784	4,498

*Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand. If the proposed changed to the PPG and NPPF are adopted, then this product may no longer be a required tenure to plan for. In this instance, the demand for First Homes indicated here could most suitably addressed by shared ownership housing.

These figures represent the distribution of housing that should be delivered.

Appendix 5. LTBHM outputs under new Standard Method scenario

Introduction

As discussed at the end of chapter 4, the proposed reforms to the NPPF includes a new Standard Method calculation. This amounts to an increase in 1,227 households per year in Peterborough. To future-proof this study this appendix presents the key outputs from the older persons accommodation model (as set out in chapter 7), under this growth scenario.

Specialist accommodation for older person households

Table A5.1 Projected requirement for specialist accommodation for older person households in Peterborough under the growth of proposed new Standard Method scenario (1,068 additional households per year)

Type of specialist accommodation	*Tenure*	*Base profile (2023)*	*Profile 2044*	*Additional units required*
Sheltered housing for older people/ retirement housing	Market	424	1,412	988
	Affordable	1,435	1,891	456
	Total	1,859	3,303	1,444
Extracare housing/supported living housing	Market	98	272	174
	Affordable	630	653	23
	Total	728	925	197
All specialist accommodation for older person households	Market	522	1,684	1,162
	Affordable	2,065	2,544	479
	Total	2,587	4,228	1,641

Residential accommodation for older persons

Table A5.2 Projected requirement for Registered Care for older persons in Peterborough under the growth of proposed new Standard Method scenario (1,068 additional households per year)

Tenure	*Base profile (2023)*	*Profile 2044*	*Additional units required*
Market	1,121	1,112	-9
Affordable	64	271	207
Total	1,185	1,383	198

Appendix 6. Additional housing market context

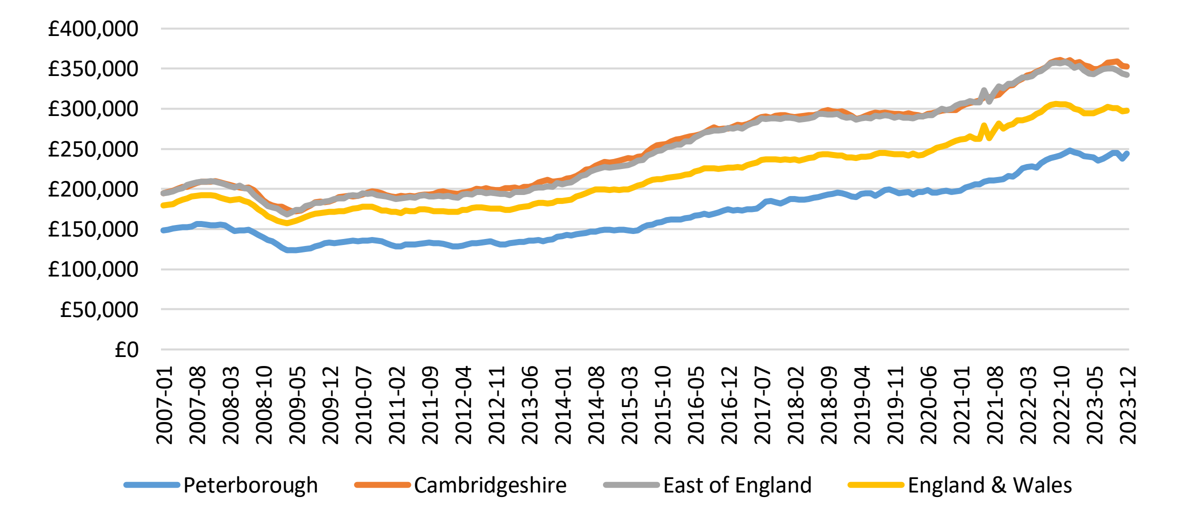
Introduction

This appendix sets out some additional context to the Peterborough housing market which is included in the parallel viability study (chapter 4). It is repeated here for easy reference.

National Trends and the relationship with the wider area

The local housing market peaked in September 2007 and then fell considerably in the 2008/2009 recession during what became known as the 'Credit Crunch'. Since then, house prices have increased steadily, but are now widely perceived to have peaked. Locally, average house prices in the area returned to their pre-recession peak in September 2015. This recovery was substantially slower than across England and Wales where prices returned to the pre-recession peak in May 2014. In Peterborough, average prices are now about 56% above the 2007 peak. This a substantial increase. similar to that seen in England and Wales (55%), but significantly less than that seen in Cambridgeshire (68%) and across the East of England (64%).

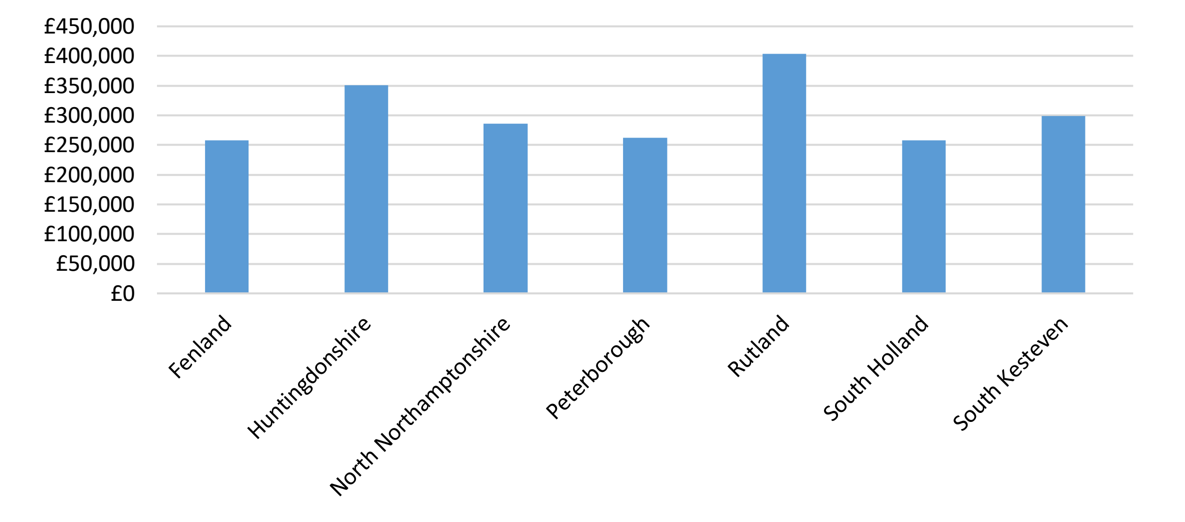
Figure A6.1 Average House Prices (£)



Source: Land Registry (February 2024).

The average prices in Peterborough are somewhat lower than in nearby authority areas.

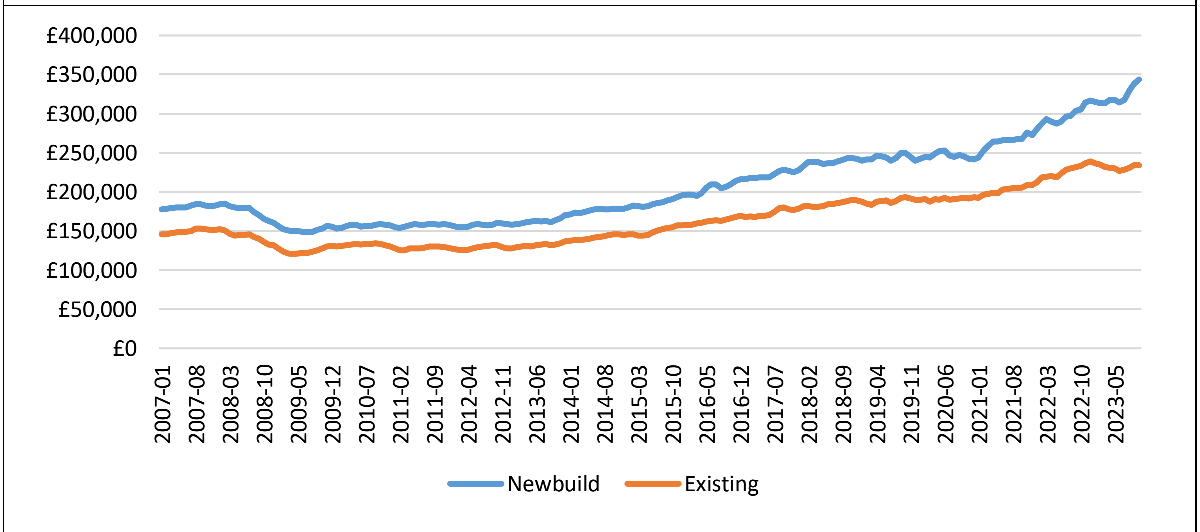
Figure A6.2 Mean house prices for administrative geographies



Source: HPSSA dataset 12 (Release 20th September 2023).

Based on data published by the Office for National Statistics (ONS), when ranked across England and Wales, the average house price for Peterborough is 229th (out of 331) at £262,088[99]. To set this in context, the council at the middle of the rank (166th – West Suffolk), has an average price of £337,186. The Peterborough median price is lower than the average at £235,000[100].

Figure A6.3 Change in House Prices in Peterborough. Existing v Newbuild



Source: Land Registry (February 2024).

[99] Mean house prices for administrative geographies: HPSSA dataset 12 (Release 20th September 2023).

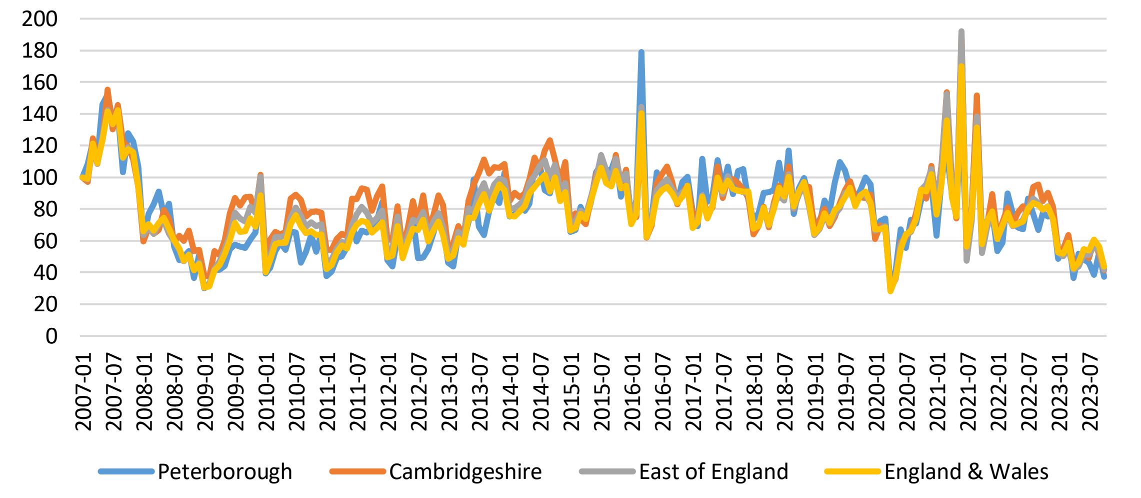
[100] Median house prices for administrative geographies: HPSSA dataset 9 (Release 20th September 2023)

This study concerns new homes. The figure above shows that prices in the Council area have seen a significant recovery since the bottom of the market in 2009. Newbuild homes have increased more quickly than existing homes, particularly more recently.

The Land Registry shows that the average price paid for newbuild homes in Peterborough (£343,718) is £109,441(or 57%) more than the average price paid for existing homes (£234,277).

The rate of sales (i.e. sales per month) in the area is a little greater than the wider country, suggesting that the local market is an active market. At the time of this report, the most recent data published by the Land Registry is for October 2023.

Figure A6.4 Sales per Month – Indexed to January 2007



Source: Land Registry (February 2024).

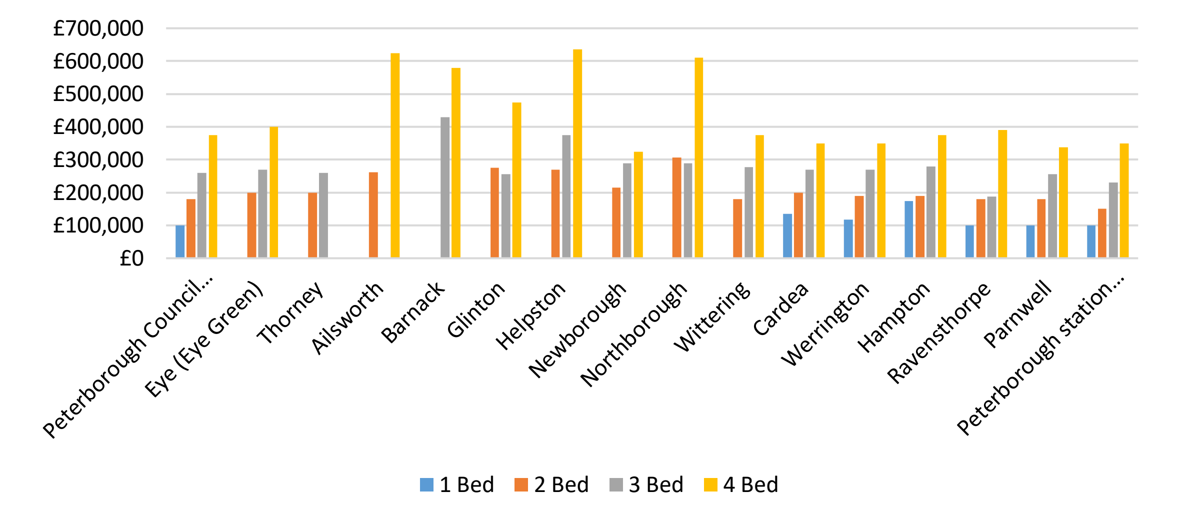
The rise in house prices over the last 12 or so years has, at least in part, been enabled by the historically low mortgage rates offered to home buyers. In addition, the housing market is to be actively supported by the Government through products and initiatives such as Help-to-Buy. A Stamp Duty 'holiday' was introduced to support prices during the COVID-19 pandemic, although this has been phased out.

The housing market and wider economy has been through various uncertainties, including that of the COVID-19 pandemic. A range of views as to the impact on house prices of the pandemic and Brexit were expressed which covered nearly the whole spectrum of possibilities, but the consensus was that there would be a fall in house prices, however, as can be seen from the above, prices increased substantially. The pandemic, Brexit, Russia's invasion of Ukraine and more recently the issues in the Middle East, all add uncertainty.

Variations in house prices within Peterborough

A survey of asking prices across the Council area was carried out in October 2023. Through using online tools such as rightmove.co.uk and zoopla.co.uk, median asking prices were estimated by location within Peterborough.

Figure A6.5 Median asking price by location

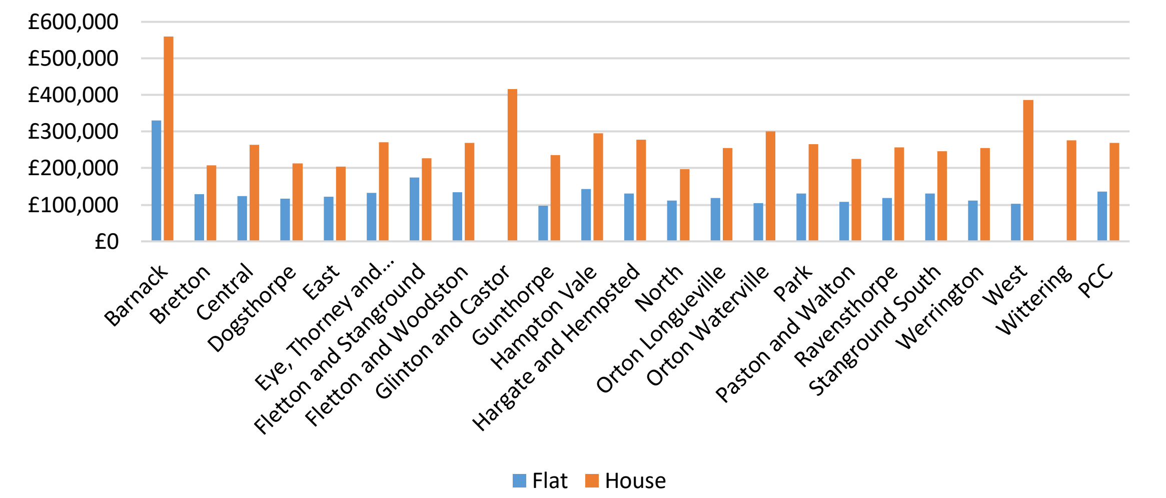


Source: Rightmove.co.uk (November 2023)

The above data are asking prices which reflect the seller's aspiration of value, rather than the actual value, they are however a useful indication of how prices vary across areas.

As part of the research, data from Landmark has also been used. This brings together data from the following sources and allows the transactions recorded by the Land Registry to be analysed by floor area and number of bedrooms. The data once anomalous properties have been excluded can be summarised as follows:

Figure A6.6 Residential Prices Paid – From January 2021 – Existing Only



Source: Landmark (November 2023)

The ONS provides data at ward level for median house prices as set out in the following table.

Table A6.1 Median Price Paid by Ward - Year Ending March 2023 (£)

	Existing			
	Detached	Semi-detached	Terraced	Flats
Barnack	£540,000	£291,000		
Central	£390,000	£337,500	£177,000	£120,000
Bretton	£337,000	£220,000	£189,000	£125,000
Dogsthorpe	£270,000	£210,000	£190,000	£115,000
East	£260,000	£212,500	£197,500	£124,750
Fletton and Woodston	£350,000	£232,000	£189,000	£130,000
Gunthorpe	£295,000	£232,000	£195,500	
Orton Waterville	£379,000	£230,000	£190,000	£94,000
North	£250,000	£215,000	£170,000	£132,000
Eye, Thorney and Newborough	£315,000	£235,000	£194,500	
Park	£320,000	£257,000	£155,000	£114,500
Paston and Walton	£340,000	£212,500	£181,250	£109,500
Hargate and Hempsted	£350,000	£260,000	£198,750	£135,000
Orton Longueville	£381,500	£225,000	£178,000	
Fletton and Stanground	£325,000	£250,000	£190,000	£145,000
Glinton and Castor	£576,000	£295,000	£270,000	
Ravensthorpe	£356,500	£236,500	£176,250	£120,000
Hampton Vale	£386,750	£265,000	£278,250	£143,000
Werrington	£307,750	£234,000	£180,000	£70,500
Stanground South	£290,000	£221,000	£217,500	£150,000
West	£427,000	£205,000	£215,000	
Wittering	£650,050	£270,000	£180,000	

Source: HPSSA Dataset 37 (Data Release 20th September 2023)

Appendix 7. Comparison of affordable housing needs output with previous SHMA

Introduction

As is set out in chapter 6 the total need for affordable housing per year in Peterborough is 477. In the previous SHMA (published in 2017) an annual affordable housing need of 559 was identified in the City. Although there is a six year time period which would be expected to be responsible for a difference in the output produced, the reason that the figure is lower in this study than in the 2017 SHMA is largely methodological, with the previous SHMA using a different approach to a few stages within the model. This appendix will set out these differences.

A comparison of outputs

The table sets out totals identified at each stage of the affordable housing needs model as set out in this report, with the equivalent totals from the 2017 SHMA also presented.

Table A7.1 Comparison of the affordable housing need outputs

	Current LHMA	*2017 SHMA*
Stage 1: Current gross need (annual)	177	136
Stage 2: Newly arising need	1,066	1,322
Stage 3: Current supply (annual)	150	0
Stage 4: Future supply	617	898
Stage 5: Total annual need	477	559

The figure for stage 1, current annual gross need, is slightly higher in the current report than in the previous study. This would suggest that the number of households in affordable housing need in Peterborough is larger currently, however it may be that the 2017 report does not include households in current need that already reside in affordable accommodation (whose current affordable accommodation becomes part of the current supply within stage 3). This group is not clearly identified within the 2017 SHMA, however as there is no current supply stage calculated in the 2017 report it is presumed that they are netted off at stage 1. If they are netted off. It makes it harder to compare the two figures of 177 and 136. If they are included within the figure of 136 and then not also included within stage 3, this would mean the overall figure of 559 presented is an overestimate of the true level of affordable housing need.

For stage 2, the newly arising need, a lower figure is recorded in this study than was calculated in the 2017 SHMA. Looking into the approaches taken within this stage there is a relatively small difference in the annual estimate of existing households falling into need between the two studies (598 in 2017 compared to 517 in 2023). Likewise, the number of newly forming households expected to form each year is also similar annual (1,768 in 2017 compared to

1,813 in 2023). The calculation of which of these newly forming households would be unable to afford market housing and would therefore be in housing need is responsible for the majority of the discrepancy recorded at this stage.

It is not clear within the explanation set out in the 2017 SHMA, but it appears that newly forming households are tested against their ability to afford a generic lower quartile rent level (for all dwellings available in the private rented sector). This study however considers the ability of newly forming households to afford the lower-quartile entry price for the size of home that their household type would indicate that they would require. The approach in this study therefore is more refined and would more accurately identify the affordability of newly forming households, whilst in the 2017 all households are tested against an overall lower quartile price which is probably in the region of a two bedroom private rented house at around the 40th percentile. The approach taken in the 2017 SHMA is likely to have overestimate the number of newly forming households unable to afford market accommodation.

This study identified an annual supply of 150 at stage 3, whilst the 2017 does not record a value for this stage. The 2017 SHMA specifically notes that it 'excludes supply arising from sites with planning permission, which form one of the four potential elements within stage 3. No other commentary however is given on this stage so it is unclear as to what approach has been taken and why it has diverged from what is set out in the PPG. A comparison between these figures is therefore not possible.

At stage 4, the future supply, the same sources have been used in the two reports and the lower figure recorded in the current study, reflects the notable reduction in the number of re-lets occurring in the affordable sector between 2017 and 2023.

Overall, the reduction in the amount of annual affordable housing need from 559 in 2017 to 477 currently would suggest that there has been a decrease in the number of households needing affordable accommodation. This appendix makes it clear that this is not a valid interpretation because a comparison of the approaches used in the two reports shows that the figures are not calculated on the same basis. The current affordable housing need is 477 and there is no indication that the need for affordable housing in Peterborough is reducing.

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