

# Telford & Wrekin Assessment of Affordable Housing Needs and Housing Mix

Edge Analytics Ltd  
DLP Planning Ltd

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# 1 INTRODUCTION

- 1.1 This document sets out updated technical evidence on the need for affordable housing and housing mix recommendations to inform the Telford & Wrekin Local Plan (2020-2040). This provides an update to evidence previously published in the Part 1 Economic and Housing Development Needs Assessment (EHDNA) (DLP and Edge Analytics, October 2020) to take account of 2021 Census data.
- 1.2 The Part 1 EHDNA developed a range of housing need scenarios using POPGROUP forecasting technology which were provided as part of a Housing and Demographics Report (September 2020), appended to the Part 1 EHDNA (October 2020).
- 1.3 In Summer 2021, DLP also produced a Draft Part 2 EHDNA. This focussed on the Needs of Different Groups, including affordable housing needs, demand in the private rented sector, the housing needs of older people, people with disabilities and other groups, and overall housing mix recommendations.
- 1.4 The Part 1 EHDNA, provided an overall assessment of housing and economic development needs which concluded that the 2018-SNPP 2014 Return scenario was an appropriate basis on which to base future housing needs. The assessment of overall housing need has since been updated to reflect the initial release of 2021 Census data, including a rebased version of the 2018-SNPP 2014 Return scenario. The outcome of this updated assessment is presented in the accompanying **Housing Technical Paper (October 2023)**. This identifies an objectively assessed housing need of 930 dwellings per annum (dpa) and an overall housing requirement of 1,010 dpa.
- 1.5 Since the EHDNA and rebased scenario were produced, there have been continued data releases from the 2021 Census, such as household compositions and occupancy, general health and disability, tenure and dwellings. Further data releases are expected over the coming months. The Office for National Statistics (ONS) was planning to release its rebased mid-year population estimates (MYEs) in September 2023, to better align the 2012–2020 MYEs with the 2011 and 2021 Census population estimates, however this release has been postponed to ensure population estimates are consistent with migration statistics.
- 1.6 Considering the newly-available data from the 2021 Census, it is appropriate to consider the implications of this for not only the overall level of housing need in Telford and Wrekin, but also the needs of specific groups, including affordable housing needs. Edge Analytics has therefore used its existing POPGROUP model setup for Telford and Wrekin (at district-level) to produce a dwelling-led scenario linked to the housing need figure of 930 dpa, from a 2021 Census base-year.
- 1.7 POPGROUP technology is widely used by local authorities and planning consultancies across the UK. The POPGROUP suite includes a ‘cohort component’ forecasting model which enables the development of population forecasts using key inputs and assumptions on births (fertility), deaths (mortality) and migration (domestic and international). POPGROUP also includes the Derived Forecast (DF) model which enables forecasts to be generated for households, housing, labour force and employment.
- 1.8 In this scenario, the relationship between population and household growth is modelled using assumptions from the MHCLG 2014-based household projections, with higher rates of household

formation amongst young adult populations also considered in the scenario analysis (consistent with the previous projections for Telford and Wrekin).

1.9 This report takes account of this newly available data by providing an updated assessment of affordable housing needs and housing mix recommendations, including:

- An additional **dwelling-led scenario** within the existing POPGROUP model setup, using the preferred housing figure of 930 dpa, rebased to the 2021 Census population estimate.
- Updated **affordable housing need estimates**, including the latest house price, income and affordability data, and the latest 2021 Census data where possible (e.g. overcrowding).
- Updated **housing mix recommendations**, using the latest available Census data on household occupancy and the appropriate demographic scenario as identified at Step 1. This analysis also takes into account the requirement to deliver First Homes.

## 2 AFFORDABLE HOUSING NEEDS

### Introduction

- 2.1 In this section, an assessment of affordable housing need is presented for Telford and Wrekin, in line with the requirements of the National Planning Policy Framework (NPPF) and following the method outlined in the Planning Practice Guidance (PPG).<sup>1</sup>
- 2.2 Affordable housing is defined in the NPPF as: “...*housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)*”.<sup>2</sup> This includes affordable housing for rent (either social or affordable), First Homes, discounted market sales housing, and other affordable routes to home ownership (including shared ownership, relevant equity loans, rent to buy).
- 2.3 The need for affordable housing has been assessed following the steps outlined in the PPG. This includes an assessment of current and future need, estimates of current affordable housing stock and potential future affordable housing supply. The total net need for affordable housing (calculated by subtracting total available stock from the gross need) is converted into an annual flow based on the plan period (Figure 1). This section is split into two. The first section considers the need for social and affordable rent, with the second section considering the need for affordable home ownership.

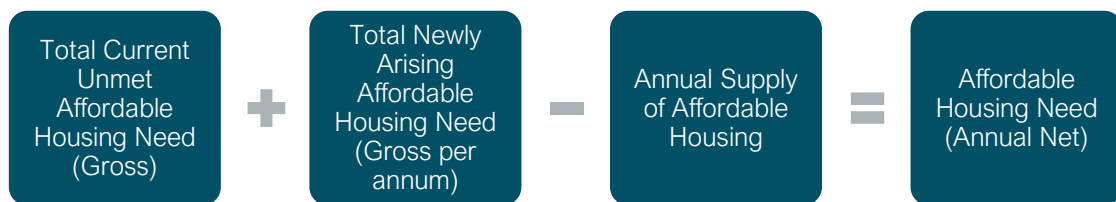


Figure 1: Methodology for the Assessment of Affordable Housing Need

### Affordable Need: Social & Affordable Rent

#### Step 1: Current Need

- 2.1 As outlined in PPG, the assessment of current affordable need should include only those households who cannot afford to access suitable housing in the market, including (but not limited to): homeless households and those in temporary accommodation, overcrowded households, concealed households, and households in unsuitable housing. PPG suggests a range of data sources from which this evidence can be drawn, although cautions that practitioners should be aware of the risks of double counting households. While PPG states that Housing Registers and transfer lists held by local authorities and registered providers can provide relevant information, the guidance does not specify that these must be used. There is no current Housing Register for Telford & Wrekin. Therefore, to

<sup>1</sup> PPG paragraph 020 Reference ID: 2a-020-20190220

<sup>2</sup> NPPF Annex 2: Glossary

assess the current 'backlog' of need for affordable housing in Telford and Wrekin, evidence has been drawn from a range of secondary data sources.

### *Homelessness & Households in Temporary Accommodation*

- 2.2 From the latest DLUHC statutory homelessness statistics<sup>3</sup>, the number of households for whom a duty has ended without accommodation being secured has been calculated. For Telford and Wrekin, there were a total of 911 households for whom a prevention, relief or main duty ended in 2021/22. Of these, 500 secured accommodation, leaving **411** households in need.
- 2.3 The detailed local authority statistics also included detail on the number of households in temporary accommodation. This includes households whose temporary accommodation is listed as private rented stock (including where this is leased by the local authority or a registered provider) and affordable housing for rent. Households within the affordable sector do not generate an additional net need on the basis that they would free up existing stock for other households in need and have therefore been excluded. In total, as of March 2022, 46 households in Telford and Wrekin were in temporary accommodation. Of these, 33 were living in local authority/housing association stock. **13** households are therefore included within the estimate of households in need.
- 2.4 It is assumed that all of the homeless (411) and temporary accommodation (13) households will be unable to afford lower quartile rents and therefore no affordability adjustment has been applied, resulting in a unmet need figure of **424**.

### *Households with Priority Needs*

- 2.5 To account for those households with priority needs, such as those in insanitary or unsatisfactory housing, or those in medical/welfare need or in hardship, data has been drawn from the DLUHC Continuous Recording (CoRe) database.<sup>4</sup> This lettings data does not identify the current tenure of those in a reasonable preference category, so all households are included here (with the exception of homeless households). A 3-year average (2019/20–2021/22) of lettings indicates **82** households per year fall within one of the included reasonable preference categories:
- Insanitary/Unsatisfactory Housing – 33 per year
  - Medical Welfare – 33 per year
  - Hardship – 16 per year.
- 2.6 As with the homelessness statistics, no affordability adjustment is applied to these households.

### *Overcrowded Households*

- 2.7 The latest 2021 Census data suggests that there are 1,860 overcrowded households in Telford and Wrekin (for households with the Household Representative Person is aged 65 and under) (Table 1). This is based on an occupancy rating (bedrooms) of -1 or less, which suggests that a household's accommodation has fewer bedrooms than required.
- 2.8 For the purposes of this calculation, overcrowding within the social rented sector is not considered within the overall total for unmet needs, on the basis that these households would free up existing properties if they were rehoused. Within the owner-occupied sector, it is also necessary to consider that many of these households could have equity or funds to access alternative, more appropriately

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<sup>3</sup> <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

<sup>4</sup> <https://core.communities.gov.uk/>

sized, market housing. Therefore, only 10% of owner-occupied overcrowded households (53) are carried forward within the calculation, together with all overcrowded private rent households (762).

- 2.9 To this total (815), affordability adjustments are applied to account for those that are unable to afford lower quartile rent in Telford and Wrekin, which is estimated at £550 per calendar month.<sup>5</sup> This equates to annual housing cost of £6,600. On the assumption that 30% of a household's income is spent on housing costs,<sup>6</sup> the minimum household income needed to afford lower quartile rents is estimated to be £22,000 in Telford and Wrekin.
- 2.10 To estimate the proportion of households that earn less than this threshold and may therefore be in need of affordable/social rental housing, TransUnion CAMEO Income data for Telford has been adjusted to reflect the lower average income for private rent households. On average, private renters earn 85% of the 'all households' average in the West Midlands (English Housing Survey). With the CAMEO income bands adjusted accordingly, it is estimated that 52% of private rent households in Telford and Wrekin cannot afford lower quartile rents. For owner-occupiers, who on average earn 114% of the 'all households' average, approximately 37% cannot afford lower quartile open market rents. Applied to the respective figures from the 2021 Census overcrowding data results in **413** households in need.

Table 1: 2021 Census Overcrowding: Telford & Wrekin

2021 Census Overcrowding	Private Rent	Social Rent	Owner Occupied	Total
Total Households	16,273	13,788	46,449	76,510
Total Households (HRP aged 65 and under)	14,997	9,908	31,563	56,468
Households with Occupancy Rating of -1 or less (HRP aged 65 and under)	762	564	534	1,860
% Overcrowded	5.1%	5.7%	1.7%	3.3%
Total carried forward in calculation	762	-	53	815
% Unable to afford LQ market rent	52%	-	37%	-
<b>Number of overcrowded households in need</b>	<b>393</b>	<b>-</b>	<b>20</b>	<b>413</b>

Source: 2021 Census, EHS, Edge Analytics, TransUnion CAMEO Income. Note that figures may not sum due to rounding. Affordability adjustments based on CAMEO Income household income profile, local rental costs and the assumption that 30% of a household's income is spent on housing costs.

### *Concealed Households*

- 2.11 PPG indicates that care should be taken to avoid potential double-counting of unmet affordable housing needs, particularly in terms of the relationship between overcrowded dwellings and concealed families. It is also the case that any estimate of concealed families may comprise an overestimate on the basis that for a proportion of households these living arrangements will be preferential (e.g. for medical or lifestyle reasons). To account for this, this assessment considers only concealed families with a Family Reference Person aged 64 or under, therefore omitting, for example, instances of older family members returning to live with adult children.

<sup>5</sup> ONS Private Rental Market Stats (2022-23 Apr-Mar), Table 2.7 (PR1)

<sup>6</sup> Proportion of household income spent on housing costs derived from English Housing Survey 2020/21.

- 2.12 There is no reporting as part of the standard Census outputs that allows for the living arrangements of concealed families to be assessed in terms of occupancy rating, or their representation as a proportion of the total number of overcrowded households. From a 2011 Census Commissioned Census Table CT0851<sup>7</sup> it has been possible to identify that 27% of households with a concealed family are also overcrowded (no comparable dataset exists from the 2021 Census). It is therefore assumed that 25% of concealed families are also overcrowded; these are excluded from the calculation here. No tenure adjustment is necessary, as even concealed families living in social housing will not free up a property once rehoused.
- 2.13 With an appropriate affordability adjustment applied, **249** concealed families are included within the backlog estimate of need.

Table 2: 2021 Census Concealed Families: Telford & Wrekin

2021 Census Concealed Families	
Total Families	54,549
Total Families (HRP aged 64 and under)	42,839
Concealed Families (HRP aged 64 and under)	763
% overlap with overcrowded households	25%
Total carried forward in calculation	572
% Unable to afford LQ market rent	43%
<b>Number of concealed families in need</b>	<b>249</b>

Source: 2021 Census, 2011 Census, Edge Analytics, DLP SPRU analysis, TransUnion CAMEO Income. Note that figures may not sum due to rounding. Affordability adjustments based on CAMEO Income household income profile, local rental costs and the assumption that 30% of a household's income is spent on housing costs.

### Step 1 Summary: Current Need

- 2.14 Adding together those households that are homeless or in temporary accommodation (424), with priority needs (82), or in overcrowded (416) or concealed (249) households produces a current estimate of need of 1,172. Annualised, this equates to **62** households per year (Table 3).

Table 3: Step 1 summary: households in need

Category of Need	
Homeless Households including Temporary Accommodation	424
Lettings to Reasonable Preference Categories (insanitary/unsatisfactory, hardship, medical/welfare)	82
Overcrowded Households	413
Concealed Families	249
<b>Gross need</b>	<b>1,172</b>
<b>Annual quota of current need (gross need / 19)</b>	<b>62</b>

Source: DLUHC, COR, Edge Analytics

<sup>7</sup> CT0851 - Concealed family in household by occupation rating (bedrooms) by tenure by household size.



## Step 2: Future Need

- 2.15 The second step of the affordable need calculation involves an assessment of the number of newly arising households likely to be in affordable housing need in the future which includes:
- New household formation, and the proportion of these unable to rent in the market area.
  - An estimate of the number of existing households falling into need.

### *New Household Formation*

- 2.16 The number of newly forming households has been estimated through demographic modelling and the application of an affordability test. By considering the change in the number of households by 10-year age group and household type over 10-year periods from 2021, the annual change in the number of households aged 15–44 has been calculated. Household growth in the 45+ age groups has not been considered as new household formation is concentrated in the younger age groups.
- 2.17 Based on the latest ONS population projection (2018-based SNPP, rebased to the 2021 Census), gross household formation is calculated at **1,574** per year in Telford and Wrekin<sup>8</sup>.
- 2.18 To estimate the proportion of these households that earn less than the income threshold required to access lower quartile open market housing (£22,000 per annum), the CAMEO Income data for Telford and Wrekin has been adjusted to reflect the lower average income for newly forming households. On average, younger households (aged 16-44) earn 96% of the 'all households' average. With the income bands adjusted accordingly, it is estimated that 45% of newly forming households earn less than the threshold required to afford lower quartile rents.
- 2.19 Applying these proportions to the relevant gross household formation figures results in **712** newly forming households per year unable to afford open market rents over the plan period in Telford and Wrekin.

### *Existing Households Falling into Need*

- 2.20 The number of existing households that might be expected to fall into affordable need in the future is derived from COntinuous REcording of Lettings and Sales in Social (CORE),<sup>9</sup> which records information on the characteristics of new social housing tenants.
- 2.21 By examining the previous tenure of households that have secured social housing accommodation in Telford and Wrekin over the last four years (2019/20–2021/22), an estimated 'flow' of existing households impacting upon total lettings for affordable rented housing has been calculated, averaging **294** households per year. This step *excludes* newly-forming households (those previously living with family) and those previously living in social or affordable housing (i.e., transfers). No affordability adjustment is applied, as it is assumed that most social housing tenants will have household incomes below the threshold required to afford to rent in the open market.

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<sup>8</sup> SNPP-2018 scenario has been run with the 2014-based household headship rates applied, rebased to the 2021 Census population (by age and sex) and the household total.

<sup>9</sup> [DHLUC CORE](#)

Table 4: Existing households falling into need

Year	Total Social Housing Lettings (a)	Previous Tenure LA or PRP/HA (b)	Newly-Forming Households (other + living with friends or family) (c)	Existing households falling into need (a-(b+c))
2019/20	985	450	244	291
2020/21	814	342	202	270
2021/22	880	368	192	320
<b>Average</b>	<b>893</b>	<b>387</b>	<b>213</b>	<b>294</b>

Source: DHLUC CORE, includes general needs housing only.

### Step 2 Summary: Total Future Need

- 2.22 Adding the number of newly forming households unable to afford lower quartile rents to the number of existing households falling into need produces an estimated gross figure of **1,006** households per year falling into need over the plan period.

### Step 3: Affordable Housing Supply

- 2.23 To calculate the net need for affordable housing, an estimate of the current and future affordable housing supply is required, to offset against the gross need figures identified above.
- 2.24 The supply of affordable housing is calculated from re-lets data and committed supply, based on past trends, in line with PPG. Re-lets data is drawn from CORE data for general needs housing (affordable and social rent). The re-lets estimate *excludes* internal transfers and renewals of tenancies. Over the 2019/20–2021/22 period, the rate of general needs re-lets averaged **457** per year.

Table 5: Estimated future supply of General Needs re-lets (2017/18–2020/21)

Year	Total Lettings	New Lets	Re-Lets*
2019/20	985	216	534
2020/21	814	159	455
2021/22	880	286	383
<b>Average</b>	<b>893</b>	<b>220</b>	<b>457</b>

Source: DLUHC CORE, Social Housing Lettings in England. \*Categories excluded are: Internal transfers, Re-let to tenant who occupied same property as temp accommodation, and Renewal of fixed term tenancy.

- 2.25 PPG also recommends considering the pipeline of affordable housing within the supply calculation, as an indication of committed supply. Drawing on Homes England affordable starts on site data, an estimated supply figure of **259** per year is applied, based on a 3-year average rate. An average based on past trends in starts on sites has been included in-lieu of fully reconciled Council data for current commitments providing the existing pipeline of supply for the supply of affordable housing.
- 2.26 It is acknowledged that this projection may not necessarily correspond to past trends in delivery where current commitments reflect different levels of contributions towards affordable housing or may comprise the residual elements of previous scheme totals that have already been partly delivered. The

projected trend may therefore partly reflect a proportion of supply that has yet to be allocated or identified via the draft Local Plan.

- 2.27 For this reason, care should be taken to avoid double-counting additional provision towards future needs identified by the draft Local Plan where it would already be factored into the calculation of net needs, net of actual existing commitments (i.e., the difference between projected starts and actual commitments). It is expected that the calculation of net needs will be updated subject to reconciliation of full commitments data. In advance of this, the total needs for affordable housing net of re-lettings only can be illustrated as 630 dwellings per annum<sup>10</sup>. This treats the total of current commitments for affordable housing (once confirmed) as part of the total supply to be identified and can be compared with past rates of delivery on a like-for-like basis.
- 2.28 PPG and the previous 2007 CLG SHMA guidance states that if the vacancy rate of the social and affordable housing stock exceeds 3%, it can be considered as surplus and therefore available for letting. The relevant data for this step of the analysis is drawn from DLUHC Local Authority Housing Statistics (LAHS) and Statistical Data Returns (SDR).<sup>11,12</sup> Vacancy rates over the last three years have consistently been less than 3%. Therefore, the level of surplus stock is assumed to be **zero**.
- 2.29 To calculate the number of units taken out of supply, data from the council has been used to estimate the number of 'other sales' that are likely to occur in the future and broadly reflective of some of the housing stock originally transferred to registered providers being lost to general market needs (typically private rented housing). Over the 2014/15 to 2018/19 period, the council recorded 'other sales' averaging 178 units per annum for the period. Over the same period, annual re-lets (excluding first lets) declined, resulting in 96 fewer annual re-lets – an average cumulative reduction of 19 per annum. On the assumption that this trend is likely to continue, an estimate of **20** units has therefore been removed from the annual supply figure within these calculations.

### *Step 3 Summary: Housing Supply*

- 2.30 Adding together the annual supply of re-lets (457) to the committed supply figure (259) and subtracting the units to be taken out of supply (20) results in an annual supply figure of **696**.

## Finalising the Calculation

- 2.31 The current and future supply of affordable rental housing (696) is subtracted from the need (1,067) to give a net annual affordable housing need figure of **371** per year (Table 6).

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<sup>10</sup> 371 net overall affordable housing needs + -259 dwellings per annum net starts to illustrate total needs net of re-lets and units to be lost from supply only

<sup>11</sup> [Local Authority Housing Statistics](#), DLUHC 2022

<sup>12</sup> [Statistical Data Return 2018 to 2019](#), ONS 2020

Table 6: Social and affordable rental housing need calculation: Telford & Wrekin

Step 1: Current Need		
1a	Homeless Households including Temporary Accommodation	424
	Lettings to Reasonable Preference Categories (insanitary, hardship, medical/welfare)	82
	Overcrowded Households	413
	Concealed Households	249
1b	Gross need	1,168
1c	<b>Annual quota of current need (1b / 19)</b>	<b>61</b>
Step 2: Future Need		
2a	New household formation (gross p.a.)	1,574
2b	% households that cannot afford to rent in the open market	45%
2c	No. households that cannot afford to rent in the open market (2a x 2b)	712
2d	Existing households falling into need	294
2e	<b>Total newly-arising housing need (gross each year) (2c + 2d)</b>	<b>1,006</b>
Step 3: Housing Supply		
3a	Existing Affordable Tenure Units occupied by households in need (accounted for at Step 1)	0
3b	Annual supply of re-lets (net)	457
3c	Committed Supply	259
3d	Surplus stock (vacant but available for letting)	0
3e	Units to be taken out of supply	20
3f	<b>Total affordable housing supply available per year ((3b + 3c) - (3d + 3e))</b>	<b>696</b>
Step 4: Estimate of Annual Housing Need		
4a	Gross annual affordable need (1c + 2e)	1,067
4b	Annual affordable Supply (3f)	696
<b>NET Annual Affordable Housing Need (to rent) (4a - 4b)</b>		<b>371</b>

## Affordable Home Ownership

- 2.32 PPG states that households that cannot afford to buy their own homes should also be considered in the estimation of affordable need. To estimate the current need for affordable home *ownership* in Telford and Wrekin, a similar approach has been followed to that taken to calculate the need for affordable housing to rent, starting with an estimate of current and future needs, and taking into account the supply of affordable housing through re-sales.
- 2.33 Households that fall into the 'gap' between being able to afford lower quartile market rents and open market property prices are the ones targeted for affordable home ownership products (such as First Homes, Shared Ownership, and Rent to Buy).
- 2.34 To afford lower quartile market rents (£550 pcm), an income of £22,000 is required in Telford and Wrekin. To purchase an entry-level (lower quartile) property, at a price of £155,000<sup>13</sup>, an income of £37,643 is required (assuming a loan to income ratio of 3.0 and a mortgage deposit of 15%). Using the CAMEO Income profile, it is estimated that 28% of all households fall into this 'gap' in Telford and

<sup>13</sup> ONS HPSSA Dataset 15, lower quartile house price year ending December 2022

Wrekin. With lower overall household incomes, 30% of private renter households in Telford and Wrekin fall into this ‘gap’ between being able to afford lower quartile rents and lower quartile property prices.

## Current & Future Need

- 2.35 To determine the current (backlog) need for affordable home ownership, the current number of households in the private rental sector has been drawn from the 2021 Census.<sup>14</sup> In Telford and Wrekin, there are an estimated 16,273 households in private rent, equivalent to 21% of the household total (an increase from 16% at the 2011 Census). Assuming that just under a third of these households fall into the gap between being able to afford to rent and purchase lower quartile properties, an estimated **4,814** households are identified as being potentially in need (Table 7).

Table 7: Households in Private Rent: Telford and Wrekin

2021 Census household total	76,510
2021 Census households in private rent	16,273
% households in private rent	21%
% private renters unable to afford LQ rents	52%
% private renters unable to afford LQ property prices	81%
% private renters in the LQ rent/purchase gap	30%
<b>No. private renter households in the LQ rent/purchase gap</b>	<b>4,814</b>

Note: Figures may not sum due to rounding.

- 2.36 However, some of these households will remain in the private rented sector, either through choice or due to affordability issues (e.g., due to a lack of savings or inability to secure a mortgage). The English Housing Survey<sup>15</sup> reports that around three fifths of private renters (61%) expect to buy a property at some point in the future, with just under 36% of these expecting to buy in the next 2 years. With these assumptions applied to the estimate of private renters in the rent/buy ‘gap’, it is estimated that the current backlog of need is 1,042 in Telford and Wrekin. Annualised over the 2021–2040 plan period, this equates to **55** households per year.
- 2.37 The future need for affordable home ownership is calculated by estimating the likely number of newly-forming households that will fall into this same ‘gap’ between being able to afford lower quartile rents and lower quartile property prices. As with the affordable need (rent) calculations, the future household growth assumptions are drawn from the POPGROUP scenario modelling (SNPP-2018 rebased to the 2021 Census, with HH-14 headship rate assumptions applied) to identify the gross household formation.
- 2.38 With the CAMEO Income data adjusted to account for the income differences of newly-forming households, it is estimated that 29% of newly forming households in Telford and Wrekin fall into the rent/buy ‘gap’. Applying the same EHS home ownership aspiration assumptions as outlined above produces a future need figure of **98** households per year.
- 2.39 Combined with the current backlog of need, this suggests a gross affordable home ownership need figure of **153** per year in Telford and Wrekin.

<sup>14</sup> ONS 2021 Census, table TS054

<sup>15</sup> [English Housing Survey 2019-20 Headline Report \(December 2020\)](#)

## Affordable Home Ownership Supply

- 2.40 Affordable home re-sales data has been used to estimate the 'flow' of stock that could be offset against the identified level of need. Affordable home ownership sales data from DLUHC suggests that, on average, **7** shared ownership properties per year have been re-sold in Telford and Wrekin between 2016/17 and 2018/19.<sup>16</sup> As with the calculation of affordable need (rent), an element of 'committed supply' is included in the affordable home ownership calculation, based on Homes England starts on site data, averaging **34** per year. It is recognised that past trends in the delivery of affordable housing for sale will not necessarily be an accurate predictor of current levels of demand and the preference of registered providers; nor will it reflect recent changes to national policy surrounding First Homes. Total committed supply of properties to be provided for affordable home ownership may therefore exceed this average at points over the plan period.
- 2.41 Combining the identified level of need (**153**) with the re-sales and committed supply data (**41**) results in a net annual net need for **112** affordable homes (for ownership) per year in Telford and Wrekin (Table 8).

Table 8: Need for Affordable Home Ownership: Telford & Wrekin

<b>Step 1: Current Need</b>		
1a	Current households in private rent	16,273
1b	No. private rent households in 'gap' between open market rent and purchase (1a x 30%)	4,814
1c	No. seeking to become a homeowner (EHS) ((1b x 61%) x 35.5%)	1,042
1d	<b>Annual quota of current need (1a / 19)</b>	<b>55</b>
<b>Step 2: Future Need</b>		
2a	New household formation (Gross p.a.)	1,574
2b	No. newly-forming households in 'gap' open market rent and purchase (2a x 29%)	453
2c	<b>Newly-forming households seeking to become a homeowner (EHS) (2b x 61%) x 35.5%</b>	<b>98</b>
<b>Step 3: Affordable Housing Supply</b>		
3a	Affordable resales per annum	7
3b	Affordable Home Ownership committed supply	34
3c	<b>Total supply (3a + 3b)</b>	<b>41</b>
<b>Step 4: Estimate of Annual Housing Need</b>		
4a	Gross need for Affordable Home Ownership (1d+ 2c)	153
4b	Total annual supply (3c)	41
<b>NET Annual Affordable Housing Need (to purchase) (4a - 4b)</b>		<b>112</b>

<sup>16</sup> MHCLG CORE – there is no data available on sales beyond 2018/19.

## Affordable Needs Split

2.42 The analysis presented above has identified a net need for **483** affordable homes per year to 2040 in Telford and Wrekin.

- Social and affordable rent = **371** (77%)
- Affordable home ownership = **112** (23%)

## Affordable/Social Rent Split & First Homes

2.43 To estimate an appropriate split between social and affordable rent, and to consider the implications of First Homes, the proportion of all households unable to afford each housing option have been calculated, using the CAMEO Income profile and assumptions relating to the proportion of income spent on housing costs (Table 9). These proportions have then been used to calculate the number of households within each income range, generating a set of proportions of households that cannot afford social rent, affordable rent, and lower quartile rents.

Table 9: Housing costs and affordability

Housing Option	Cost	Income Needed	% all HHs unable to afford
Lower Quartile Purchase	£155,000	£37,643	72%
Lower Quartile Rent (pcm)	£550	£22,000	43%
Affordable Rent (pcm)	£518	£20,724	41%
Social Rent (pcm)	£394	£15,765	25%

Source: LQ Rents and LQ purchase prices, ONS, Affordable and social rent prices drawn from Regulator for Social Housing and CORE, %s unable to afford calculated using CAMEO Income profiles for Telford and Wrekin.

2.44 On the basis of these income requirements and affordability thresholds, it is estimated that the split between the need for affordable and social rent is for 38%/62% (Table 10).

Table 10: Housing need split

Housing Option	No.	% of total Affordable Need	% affordable/ social rent split
Affordable Home Ownership	112	23%	-
Affordable Rent	142	29%	38%
Social Rent	229	47%	62%
<b>Total</b>	<b>483</b>	<b>100%</b>	<b>100%</b>

### First Homes

2.45 The above provides an indicative need for each social/affordable housing option, based on household income variations by tenure and housing costs in Telford and Wrekin. However, with the introduction

of the First Homes scheme in June 2021, there is now a requirement for 25% of all affordable housing units delivered by developers through planning obligations to be First Homes.<sup>17</sup>

- 2.46 First Homes must be discounted by a minimum of 30% against the market value, at a value no greater than £250,000 for the first sale.
- 2.47 For the remaining 75% of affordable housing, social rent should be delivered 'in the same percentage as set out in the local plan', with the remainder of affordable housing tenures delivered in line with the proportion set out in local plan policy.
- 2.48 With emerging Policy HO4 of the draft Local Plan the Council is proposing to retain flexibility in terms of the overall mix of affordable housing tenures to be provided and does not therefore propose to specify the mix of tenures to be sought outside of 25% contributions to First Homes. The Council will seek to maximise the level of affordable housing delivery achievable as part of this approach. The suggested mix provided by the updated modelling, including 47% of affordable housing for rent to satisfy Government policy for 'social rent', should therefore be treated as indicative unless subject to further testing or specification within policy<sup>18</sup>.
- 2.49 The updated modelling of affordable housing needs nevertheless identifies a potential split of affordable housing tenures, including levels of provision for social rent, that the evidence base would support subject to details of scheme viability and expressions of support from Registered Providers seeking to take up this tenure mix.
- 2.50 The implications of this of the identified affordable need are summarised below in Table 11 and Figure 2, based on the proportional split between social rent, affordable rent, and affordable home ownership as identified in the analysis above.

Table 11: Implication of First Homes requirement on affordable needs: Telford and Wrekin

Step	Calculation	%
a	First Homes proportion (as per PPG)	25%
b	Social Rent proportion (identified in affordable needs analysis)	47%
c	Remaining proportion (100% - a - b)	28%
d	Original Affordable Rent proportion	29%
e	Original Affordable Home Ownership proportion	23%
f	Affordable Rent & Affordable Home Ownership combined proportion (d + e)	53%
g	Affordable Rent proportion with First Homes ( $c \times (d/f)$ )	15%
h	Affordable Home Ownership proportion with First Homes ( $c \times (e/f)$ )	12%

<sup>17</sup> [PPG First Homes](#)

<sup>18</sup> In-line with PPG ID: 70-014-20210524 and ID: 70-015-20210524



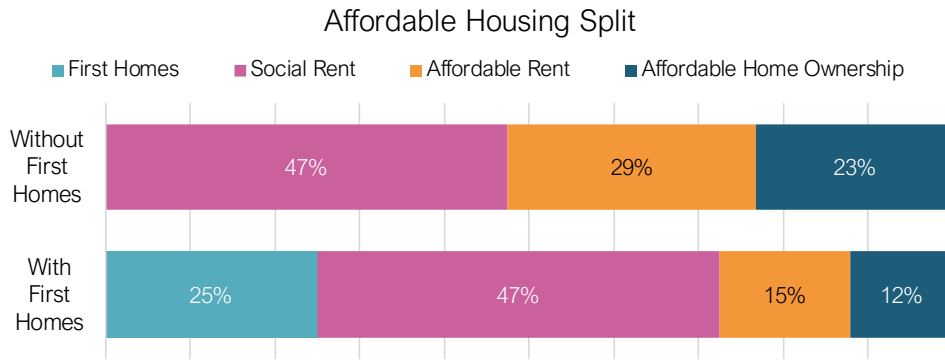


Figure 2: Telford & Wrekin – affordable housing split with and without First Homes

## Conclusions on Affordable Housing Needs

### Overall Affordable Housing Need

- 2.51 In terms of overall affordable housing needs, this updated assessment identifies a net annual need for social and affordable rented housing in Telford & Wrekin of 371 dwellings per annum and a net annual need for affordable home ownership of 112 dwellings per annum.
- 2.52 National policy and guidance are clear that affordable housing needs are an important component of the overall needs assessment and planning policy should seek to maximise the delivery of affordable housing in the context of the need identified.
- 2.53 The influence of affordable housing needs upon recommendations for the housing requirement should also be considered by the Council. As set out in PPG, once the total annual affordable housing need has been calculated, *“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”* (PPG Ref. ID: 2a-024-20190220).
- 2.54 The net affordable housing requirement set out in policy and how this is delivered will have to have regard to scheme viability and its contribution as a proportion of the total housing need. When developing new planning policies for affordable housing contribution requirements, it is therefore recommended that any percentage requirements have regard to scheme viability and that consideration is given to providing policy support for 100% affordable housing schemes subject to an appropriate housing and tenure mix being agreed.
- 2.55 In terms of its response towards the approach for assessing and providing for affordable housing needs in accordance with national policy and guidance it should be noted that the Council has identified the levels of housing need are greater than those indicated by the result of the Government’s standard method. The Council has proposed a justified alternative to the standard method producing a result significantly in excess of this figure to respond to market signals (equivalent to a housing need of 930 dwellings per annum).

- 2.56 With particular regard to the above it is specifically noted that the Council's assessment of future needs for affordable housing identified at step 2 through trends in gross household formation takes account of current demographic trends as identified within the 2018-based subnational household projections. This acknowledges that future net needs may be greater than the equivalent total for gross household formation that would be generated by 2014-based inputs to step 2 if provided in accordance with the standard method and making provision for local housing need. In response to this the Council's justified alternative to the standard method contains recommendations to make provision for current demographic trends and an uplift for increased household formation and improvements to affordability that increase the total level of housing need identified relative to the step 2 assumptions for gross household formation.
- 2.57 In addition to its proposed justified alternative to the standard method the Council's proposed housing requirement also includes a contribution of 80 dwellings per annum towards unmet needs from the Association of Black Country Authorities and that would be expected to attract further contributions towards affordable housing as a proportion of this additional supply. Finally, the total potential delivery of affordable housing should be considered relative to overall levels of provision and forecast supply identified by the draft Local Plan including any buffer in addition to the proposed housing requirement.
- 2.58 As a result, no further increase to the total housing figure within the Plan is considered necessary and the Council will seek to maximise the delivery of affordable housing towards net needs within the levels of provision identified. The policies of the draft Local Plan also provide support for schemes providing up to 100% affordable housing that have the potential to boost the supply of affordable housing relative to total identified provision.

## Affordable Housing Mix

- 2.59 The Council has a First Homes Policy Position Statement<sup>19</sup> which sets out how First Homes will be delivered in the context of the currently adopted Local Plan. This applies a 40% discount to the open market value of First Homes and applies a tenure mix on applicable sites of 25% First Homes and 75% social or affordable rented housing, with some flexibility applied on a site-by-site basis where there are exceptional circumstances.
- 2.60 This note presents recommendations on the affordable tenure mix that would best reflect delivery in accordance with the updated assessment of affordable housing need. Taking account of the requirement for First Homes (as set out in PPG), the suggested affordable housing split by tenure type for Telford & Wrekin is as follows:
- 25% First Homes
  - 47% Social Rent
  - 15% Affordable Rent
  - 12% Affordable Home Ownership
- 2.61 It is recommended that this split is considered as a policy option for on-site affordable housing delivery, subject to viability considerations. The Council may wish to make adjustments to this suggested split when developing policies to reflect localised property market characteristics and deliverability, in

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<sup>19</sup> [https://www.telford.gov.uk/downloads/file/20337/first\\_homes\\_-\\_policy\\_position\\_statement](https://www.telford.gov.uk/downloads/file/20337/first_homes_-_policy_position_statement)

particular noting that this split may be difficult to achieve due to viability considerations and a more flexible approach may therefore be required.

- 2.62 The suggested mix for affordable housing tenures provided by the modelling should also be considered in the context of national policy at paragraph 65 of the NPPF2023 that sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership. Subject to an assessment of viability implications the evidence provided by this update indicates that achieving this objective of national policy through the provision of other forms of opportunities for affordable home ownership would be consistent with overall evidence of affordable housing need.
- 2.63 Supporting the delivery of a further 12% of development under contributions for affordable housing to provide for affordable home ownership products additional to the 25% of contributions to be provided as First Homes would be consistent with evidence of future needs. The suggested mix of affordable housing tenures including additional opportunities for affordable home ownership would broadly correspond to the requirements of national policy at NPPF2023 paragraph 65<sup>20</sup> based on provision for affordable housing at 25% of the scheme total as currently sought in Telford<sup>21</sup>. The 10% requirement within national policy would be exceeded by contributions sought in Newport and the Rural Area of 35%.
- 2.64 For proposed contributions towards affordable housing at either level (as retained in Policy HO4 of the draft Plan or any alternative to be established as part of the plan-making process) supporting further opportunities for affordable home ownership is considered to be broadly in-line with increased demand identified by providers and may be associated with improved viability for development based on the findings of the Council's emerging evidence base although it remains the case that the requirements in national policy may need to be considered flexibly based on the characteristics for individual schemes.

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<sup>20</sup> For example for a 100-unit scheme this would equate to the provision of 6.25 First Homes at 25% of the total contributions for affordable housing and 3 additional affordable home ownership properties based on 12% of the total contributions.

<sup>21</sup> Confirmed by the Council's First Homes Position Statement

# 3 HOUSING MIX

## Introduction

- 3.1 Paragraph 62 of the NPPF2023 stipulates that the size, type, and tenure of housing needed for different groups in the community should be considered in the context of the housing needs assessment.
- 3.2 In this section, the overall mix of housing required is presented, in terms of size, type, and tenure, based on the projected level of household growth to 2040. The methodology firstly utilises data on the future size and structure of Telford and Wrekin’s population and the associated household characteristics from the SNPP-2018 (rebased to the 2021 Census) growth scenario, in combination with 2021 Census data on household composition, bedrooms and property type. This produces a profile of growth for each dwelling size, type and tenure (owned, private rent, social rent), by age of the household representative person (HRP), and a suggested mix profile across market and affordable housing (split between social/affordable rent, and affordable home ownership).

## Household Growth Profile

### Projected Household Growth

- 3.3 Under the SNPP-2018 (rebased to the 2021 Census) scenario, the number of households in Telford and Wrekin is projected to increase by 18,366 respectively over the 2021–2040 plan period. Household growth is concentrated in the 65+ age groups, which is reflected in the growth by type (one person and couple with no child).

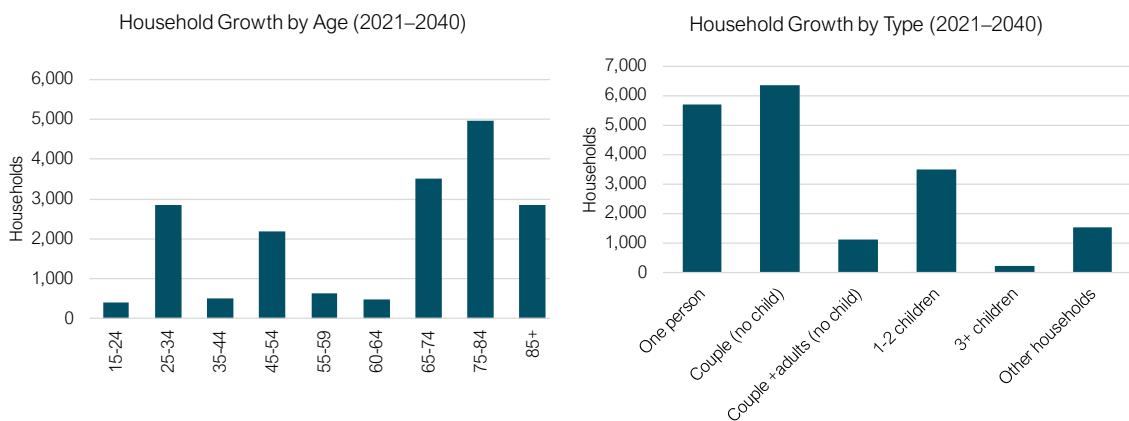


Figure 3: Household growth by age of household representative person (HRP) and type  
Source: Edge Analytics POPGROUP modelling.

# Household Growth by Age, Dwelling Size & Type

3.4 Data from the 2021 Census<sup>22</sup> has been used to model the potential impact of the projected household growth by age of the household representative person (HRP) on the future profile of housing by type and size in Telford and Wrekin (Figure 3). It is important to note that this split does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing.

HOUSEHOLD GROWTH BY DWELLING SIZE, TYPE & AGE OF HRP (2021–2040)

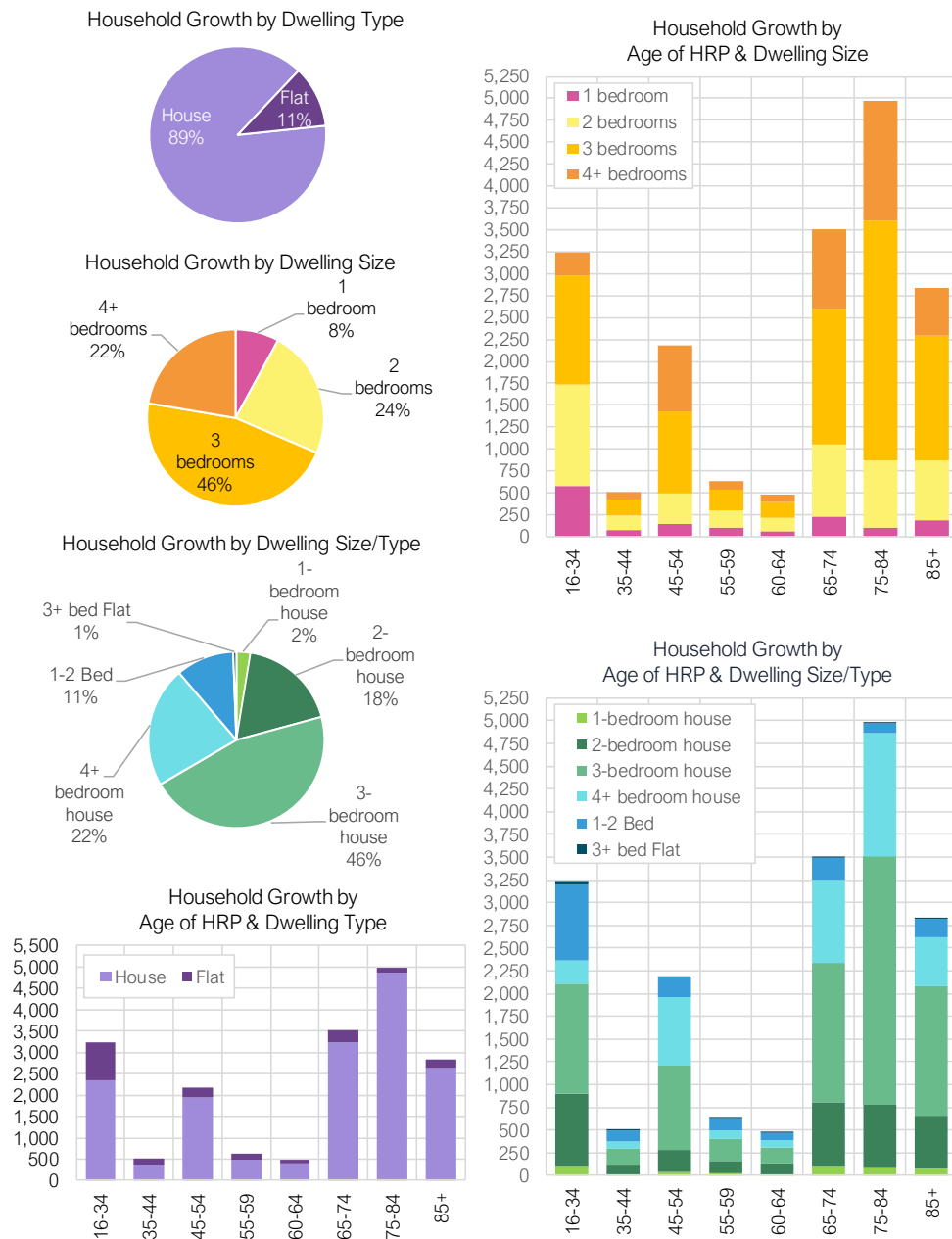


Figure 4: Household Growth by dwelling size, type and age of HRP, 2021–2040

Source: Edge Analytics POPGROUP modelling; 2021 Census

<sup>22</sup> 2021 Census Commissioned Table

3.5 When viewed by tenure (owner occupied, private rent and social rent), the Census-led analysis suggests that the greatest proportion of household growth will occur in the owner occupied sector, accounting for 65% of household growth in Telford and Wrekin (Table 12). In terms of percentage growth, the number of households in private rent are projected to increase by 19%, compared to 25% growth in the owner occupied and social rent sectors.

Table 12: Household growth by tenure (2021–2040)

	2021	2040	Change	% Growth	% share of Growth
Owner occupied	46,689	58,575	11,886	25%	65%
Private rent	15,875	18,867	2,992	19%	16%
Social Rent	13,937	17,424	3,487	25%	19%
All tenures	76,500	94,866	18,366	24%	100%

Source: Edge Analytics POPGROUP modelling; 2021 Census. Numbers may not sum due to rounding.

3.6 For the owner occupied sector a greater proportion of household growth is in houses, with a greater proportion of growth in 1-2 bed flats in the private and social rent sectors (Figure 5).

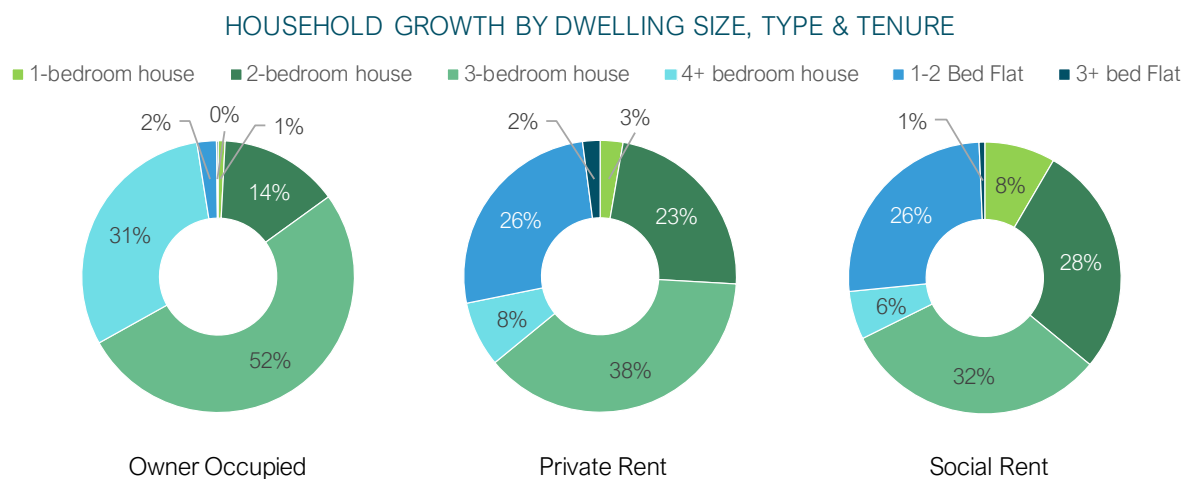


Figure 5: Household Growth by dwelling size, type and tenure, 2021–2040

Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA)

## Housing Mix

3.7 The household growth by size, type and tenure has been used to illustrate what an appropriate housing mix might be across market, social/affordable rent, and affordable home ownership. It is important to note that, as above, this assessment does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing over time, rather it assesses what the housing mix profile would look like with the current patterns of occupation.

3.8 For market housing, the mix across property size and type (dwelling/flats) has been derived from the Census-led analysis on occupancy characteristics in the owner occupied and private rented sector. For affordable home ownership, the profile of occupancy is based on the private rented sector characteristics, and for social/affordable rent, the mix is derived from the social rent occupancy profile.

3.9 Table 13, Table 14 and Figure 6 below set out recommendations for the overall housing mix by tenure and number of bedrooms for Telford and Wrekin. This mix is based on an assumed overall tenure profile of 70% market, 10% affordable ownership and 20% social/affordable rent.

Table 13: Recommendations for Overall Housing Mix – Telford and Wrekin

Change by Delivery Modelling	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Total Projected Households (2040)	6,360	21,642	44,251	22,613
Total Net Change by Bedroom Number	1,464	4,312	8,490	4,101
% Of Total Change	8%	23%	46%	22%
Range	5-15%	20-40%	30-50%	15-30%

Table 14: Recommendations for Housing Mix by Tenure – Telford & Wrekin

Housing Mix by Need	1-bed	2-bed	3-bed	4+-bed	Total
Market (Owned and Private occupancy, overall average)	5%	20%	50%	26%	100%
Affordable Home Ownership (based on PRS occupancy)	17%	35%	39%	9%	100%
Affordable/social rent (based on social rent occupancy)	22%	39%	32%	6%	100%

### HOUSING MIX BY DWELLING SIZE/TYPE

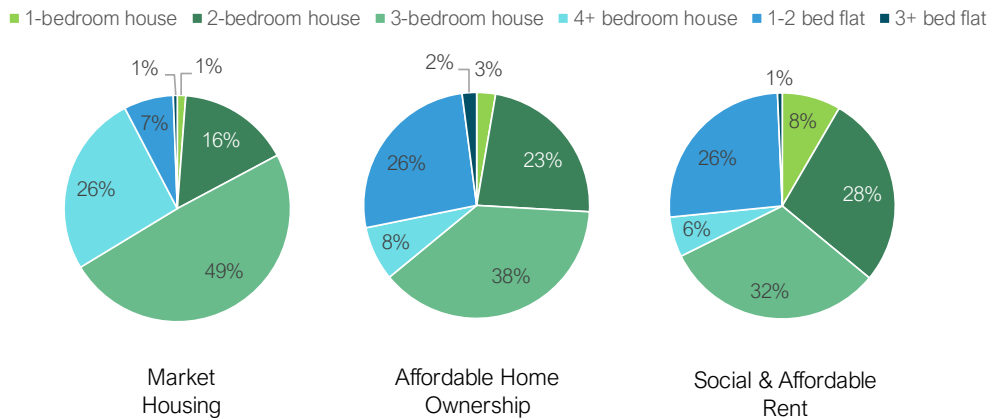


Figure 6: Telford & Wrekin – Housing Mix by dwelling size, type and tenure, 2021–2040  
Source: Edge Analytics POPGROUP modelling; 2021 Census

## Conclusions on Housing Mix

3.10 Overall household growth has been modelled to reflect existing occupancy patterns and does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing. The findings of the modelling are in-turn dependent on the current characteristics of housing in Telford & Wrekin, which overall comprise a higher proportion of properties with 3 or more bedrooms than the average for the West Midlands.

- 3.11 To support the overall housing mix across Telford & Wrekin it is recommended that accommodation of all sizes continues to be provided. A purposefully broad range has been adopted in terms of the recommendations for overall housing mix:
- 1 bedroom: 5-15%
  - 2 bedrooms: 20-40%
  - 3 bedrooms: 30-50%
  - 4+ bedrooms: 15-30%
- 3.12 The range of housing mix recommendations provided by the updated occupancy and tenure profile incorporating details of the 2021 Census is unchanged from the outputs of the draft Part 2 EHDNA produced previously and referenced at Table 6 of the draft Local Plan. The recommended range for each element of the housing mix is purposefully broad. The updated modelled would suggest optimising the provision of 3-bedroom properties within this range and seeking an overall mix (based on different elements of the tenure profile) that satisfies the mid-point in the recommended range for 1-bed and 4-bed properties.
- 3.13 The sub-area indicators of housing mix provided as part of this table have not been updated as part of the updated modelling, reflecting that re-profiled mid-year population estimates are not yet available to run alternative sub-area population projections. Given the consistency in the overall recommendations for housing mix the draft Part 2 EHDNA outputs would continue to provide a relevant starting point to assess the implications of housing mix for specific schemes by sub-area.
- 3.14 Reflecting the analysis below the indicative tenure profile used to generate the overall recommendations for housing mix would support the achievement of mix and balanced communities in-line with national policy. While in absolute terms the majority of projected delivery would be provided by 3+ bedroom properties the relative increase would reflect a slightly smaller proportion of the existing profile of stock for 3-bed (around 24%) and 4-bed (22%) although this would be dependent on all schemes providing for a mix of tenures and properties in line with the indicative modelling. Slightly higher proportions of 1-bed (30%) and 2-bed (25%) properties would be achieved to reflect modelled characteristics of demand by occupancy within the age and tenure profile of households summarised below. Actual outputs from development in terms of housing mix should be reflected in the Council's monitoring.
- 3.15 Recommendations on housing mix resulting from this modelling do not take account of differences by tenure or the characteristics of individual sites that might determine the most appropriate mix of provision.
- 3.16 The updated modelling provides greater detail in Table 14 to illustrate how the overall recommendations on mix would be achieved based on an indicative tenure split for delivery, and taking into account projected change by tenure reflecting the existing occupancy profile by age (see Table 12 and paragraph 2.35 for a summary of change within the private rented sector since 2011). The updated analysis reflects growth in the private rented between 2011 and 2021 of around 59% and the resultant effect on the occupancy profile. Similar levels of growth in the private rented sector were predicted by the draft Part 2 EHDNA prior to release of the 2021 Census estimates.
- 3.17 The recommended mix for market housing takes into account occupancy trends within the private rented sector as part of the overall coverage for market tenures. The actual occupancy profile of households by bedroom within the private rented sector is shown in the third row of Table 14. This is



used to provide a suggested mix for affordable home ownership accommodating households who would likely otherwise rent privately. The occupancy profile in the private rented sector demonstrates the highest proportion of 3-bed households. This is largely a reflection of the current profile of housing stock but also corresponds to the overall current and projected future demographic profile in terms of relatively high proportions of families with children.

- 3.18 The occupancy profile of the private rented sector is also associated with a lower proportion of the largest 4+ bedroom dwellings and proportions of 1-bed and 2-bed properties more in-line with the characteristics of affordable housing for rent ('social rent'). These differences both ends of the range of properties, relative to the occupancy profile in the owner occupied dwellings (comprising the majority of housing stock) are more likely to be associated with pressure on housing costs (as well as partly the younger age profile of households renting privately).
- 3.19 Based on the projected demographic profile of the population the private rented sector is expected to remain at around 20% of all household tenures, which may not correspond to socio-economic conditions and continued demand in this part of the market. In absolute terms this would reflect a 19% growth in stock in the private rented sector, compared to 25% in both owner occupation and affordable housing for rent (which according to 2021 Census estimates only grew 9% and 6% respectively overall since 2011). Pressure upon the profile for housing mix within the private rented sector may therefore be greater than suggested by the indicative tenure profile and projected trends by tenure although in part this would be addressed by provide increased opportunities for affordable home ownership in-line with national policy and the recommended mix for these tenures identified in Table 14 (and which form part of the overall recommendations in the preceding Table 13).
- 3.20 The occupancy profile for social rent/affordable rent corresponds to the existing characteristics of households within these tenures and is generally reinforced by the effects of an ageing population in terms of projected trends for occupying smaller properties within this sector. Projected needs for 3+ bedroom properties providing affordable housing for rent nevertheless make up 38% of the overall suggested total mix for these tenures.