Colchester Local Housing Needs Assessment

Final Report

Iceni Projects Limited on behalf of
Colchester City Council

September 2024

Contents

Appendices

Sub-Areas

NB: Appendix A provides an update to reflect the implications of the revised Standard Method and should be read to check whether any updates apply to each section of the main report

Executive Summary

- Colchester City Council has commissioned Iceni Projects and Justin Gardner Consulting to prepare this Local Housing Needs Assessment.

- The Assessment considers the overall need for housing in the city, as well as the need for different types of homes; and the needs of different groups within the local community.

- The Assessment has been prepared to inform the review of the City's Local Plan; and the preparation of a new Housing and Homelessness Strategy for the City.

Housing Market and Sub-Market Geographies

- The previously defined HMA that included Colchester, Chelmsford, Tendring and Braintree is no longer relevant.

- There remains a clear link between Colchester, Tendring and Braintree. Chelmsford has a different set of dynamics but also has close links with Braintree. It is also likely that Babergh has some links with Colchester.

- It is pragmatic to draw HMA boundaries at the local authority level although in practice it is likely to expand across administrative boundaries. On this basis and based on more recent evidence the HMA should be seen as **Colchester and Tendring.**

Housing Stock and Supply Trends

- Housing delivery has been stronger than the housing requirement of 920 dpa in Colchester over recent years.

- The housing stock overall is focused towards 2- and 3-bed homes; with semi-detached and detached properties the most prevalent.

- Home ownership is significant in Colchester, with 65% of household owner-occupiers, however, access to home ownership has become more difficult for younger households and there has been a notable shift towards the private rental sector over the last decade.

Housing Market Dynamics

- In the year to March 2023, the median house price in Colchester was £325,000.

- Colchester has comparatively lower house prices than surrounding areas as the housing stock is focused on smaller dwellings.

- Although house price growth has been relatively strong it is lower than its comparators.

- In Colchester, there has been a significant weakening of the sales market since the pandemic, at a rate faster than that seen within comparator geographies across Essex, influenced by rising interest rates.

- While Colchester can be considered more affordable in comparison to its county and regional neighbours, this is driven

by the smaller properties seen in the Urban Area for the most part.

Demographics and Overall Housing Need

- The Standard Method shows a need for 1,043 dwellings per annum (over the plan period from 2023 to 2041 period). This could support up to 21,400 additional jobs in Colchester.

- It is not considered that exceptional circumstances exist to justify a departure from the Standard Method in Colchester.

Affordable Housing Need

- The analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the area.

- When looking at needs from households unable to buy OR rent, the analysis suggests a need for 877 affordable homes per annum across the city.

- The analysis does suggest that affordable housing delivery should be maximised where opportunities arise, but caution should be used in trying to make any direct links between the affordable need and the overall need.

- This is because part of the affordable need is existing households who already have accommodation (and therefore do not give rise to a net need for housing) and also because the role of the wider housing market needs to be understood – particularly the extent to which the private rented sector provides benefit supported lettings to those unable to afford.

- As of November 2023, 5,250 households were claiming Housing Benefit or Universal Credit (with a housing component) in the private rented sector. There will however be concerns about the potential gap between rents paid and the amount of benefit received.

- An affordable housing target is not provided as the amount of affordable housing delivered will be limited to the amount that can viably be provided.

- The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable, particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit.

- It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

Need for Different Types and Sizes of Homes

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our recommended mix over the 2023-41 period is set out below:

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	20%	20%	60%
2-bedrooms		45%	35%	40%
3-bedrooms	45%	35%	35%	
4+-bedrooms	25%		10%	

- These conclusions are largely based on demographic modelling through to 2041 and in considering the mix at a point in time (or on any specific site) consideration should also be given to other evidence. For example, currently, the Council's Housing Register shows a lower need for 2-bedroom homes than is implied above and therefore the mix could be adjusted to include a greater proportion of 1- and 3+-bedroom homes.

- Overall, the suggested mix should therefore not be applied prescriptively but could be used as a monitoring tool.

- There will be other considerations, including the finding that there may be difficulties in the current market in making larger family-sized affordable home ownership homes genuinely affordable due to house prices.

- There is a potential demand for bungalows to promote downsizing and the release of family-sized homes and address the growth in households with mobility issues.

- While we have identified a need for 40% of affordable older person homes to have 2+ bedrooms it is likely that delivery will be focused on those with only 2 bedrooms.

Older and Disabled Persons

- The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2023-41 period include:

- a 37% increase in the population aged 65+ (potentially accounting for 34% of total population growth);

- a 51% increase in the number of people aged 65+ with dementia and a 45% increase in those aged 65+ with mobility problems;

- a need for around 1,600 housing units with support (sheltered/retirement housing) – just over half in the market sector;

- a need for around 1,000 additional housing units with care (e.g. extra-care) – the majority (around 63%) in the market sector;

- a need for additional nursing and residential care bedspaces (around 850 in the period and mainly for nursing care); and

- a need for around 800 dwellings to be for wheelchair users (meeting technical standard M4(3)).

- There is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as provide specific provisions for older persons housing.

- Given the evidence, the Council could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) –

wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector).

Students

- There are sufficient bedspaces available in Colchester for full-time enrolments at the University of Essex up to 2028 given the current and pipeline provision of Halls of Residence, PBSA and HMOs in Colchester.

- There will likely be a need for additional bedspaces arising over the plan period should the University of Essex's growth plans materialise, however, much of this is dealt with through the emerging Tendring Colchester Borders DPD policy.

- It is not therefore recommended that additional PBSA allocations are needed through the Local Plan Review at this time. A flexible policy approach is appropriate.

Service families

- Colchester is Garrison Town and is home to three Army Barracks. The most recent MOD statistics suggest that there are 3,220 MOD personnel stationed in Colchester, 180 of which are Civilian. This makes up 19% of the total MOD presence within the East of England region.

Children in Need of Accommodation

- For Colchester, the Children in Care rate per 10,000 under 18s is 34.7 which is one of the highest rates in Essex County.

- Currently, there is not an urgent need for general children's homes, but the main pressure lies in post-16 space for care leavers.

- Additionally, there are homeless 16-17-year-olds who need accommodation but not support.

Asylum seekers and refugees

- Colchester has the most asylum seekers in Essex and the government has put a temporary stop on procuring additional homes in the area.

- Separately, Colchester has a significant number of Ukrainian refugees (+400). Most asylum seekers are located in Greenstead, a deprived area frequented by students, but also scattered around the city in areas with lower rents.

- The costs associated with housing these various groups, particularly asylum seekers can be substantial for the council.

Private Rental Sector

- The median monthly rent in 2023 in Colchester was £900. Overall median monthly rental costs for Colchester are lower than comparator geographies across Essex and the East of England.

- The evidence points to the Private Rented Sector playing a reduced role in meeting affordable housing needs and compensating for a shortfall in genuinely affordable housing.

HMOs

- Colchester has an above average level of HMOs when compared to other areas however these only represent a small percentage of the total stock.

- HMOs are important in offering choice to renters and in providing an affordable option, particularly given issues with affordability in the East of England.

1. Introduction

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

Purpose of the Assessment

1.2   The Assessment has been prepared to inform, alongside other evidence, the review of the City's Local Plan; and to inform the preparation of a new Housing and Homelessness Strategy for the City. It updates previous housing needs evidence set out in the 2015 Strategic Housing Market Assessment and the 2016 Objectively Assessed Housing Need Study Update.

1.3   The study comprises an analysis of Colchester's local housing market, including an assessment of current and future housing needs in terms of size, type and tenure. The brief also requires us to:

- Provide an area profile of the city including demographic and housing stock information;

- Analyse the price of property and affordability of housing for residents considering within Colchester;

- Assess the overall housing need for Colchester and comment on the use of the standard method;

- Analysis of Affordable Housing Need over the Local Plan period, including the need for all types of tenure including First Homes.

- Analyse factors which will influence the mix of housing for different tenures;

- Establish a baseline of the current need and provision of temporary accommodation;

- Consider the characteristics and overall needs of older people;

- Assess the need for technical standards for accessible housing to inform the policy approach.

- Consider demand and needs in the private rented sector in Colchester.

- Consider requirements for a range of other groups in the housing market in accordance with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

Purposes of this Draft Report

1.4   This **Draft Report** is prepared at an intermediate stage in the preparation of the Local Housing Needs Assessment; and provides analysis arising from secondary sources data sources and engagement with stakeholders.

2. Housing Market & Sub-Market Geographies

2.1   Paragraph 18 of the Plan Making Planning Practice Guidance (PPG)[1] defines what a Housing Market Area (HMA) is and sets out the approach local authorities should take when defining these.

2.2   According to the Guidance a housing market area is a "geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work." The PPG goes on to add:

"These can be broadly defined by analysing:

- *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*

- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*

- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use)."*

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[1] Reference ID: 61-018-20190315

2.3   The guidance finally sets out a range of suggested data sources for doing this. These are:

"Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census."

2.4   This slimmed-down guidance notably omits any self-containment threshold for defining HMAs. This is unlike the previous version of the PPG which stated that migration self-containment of "typically 70 per cent" excluding long-distance moves can help identify a suitable HMA.

2.5   The scale of a Housing Market Area and its required self-containment rate is therefore less definitive if it is identified using the approach in the PPG. However, it is considered that the Government's previous advice remains of some relevance.

2.6   It is also worth noting that HMA boundaries do not stop and start at administrative boundaries. Despite this, it is often commonplace for housing market areas to be defined using local authority boundaries. This is because many of the key datasets used in both defining housing market geographies and housing need (such as the household projections) are only published at a local authority level.

2.7   A pragmatic response is therefore to define HMAs at a local authority level but recognises that the functional geography likely goes beyond administrative boundaries.

2.8   These issues were touched upon in the Planning Advisory Services Technical Advice Note on Objectively Assessed Housing Need and Housing Targets (July 2015) which concluded that:

"It is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex. There may also be 'cliff edge' effects at the HMA boundary, for example, development allowed on one side of a road but not the other."

2.9   However, the Technical Advice Note notably adds:

"This is not always possible, and it may be the case that some areas, particularly those covering an expansive area fall into more than one HMA".

Previously defined Geographies

2.10   The 2007 Colchester Borough Council Strategic Housing Market Assessment (SHMA) concluded:

"Census and survey data…suggests that in terms of household and population moves Colchester is somewhere between 54% and 60% self-contained….Travel to work patterns suggest a higher level of self-containment (over 70%) although strong links are shown with the four adjoining local authority areas (i.e. Braintree, Maldon, Tendring and Babergh)….Overall, and for the purposes of this research, we suggest that it is reasonable to consider the whole study area (Colchester, Braintree and Colchester [sic this should read Chelmsford]) as an HMA if not Colchester as a stand-alone unit."

2.11   This analysis was then updated in the November 2016 "Objectively Assessed Housing Need Study" conducted by PBA which concluded at 2.30 that "Our analysis suggests that an HMA comprising Braintree,

Colchester, Chelmsford and Tendring Council areas forms a sound basis for assessing housing need. The rest of this report focuses on this area, which we call simply 'the HMA'."

2.12   Therefore, the historic definitions agree on a consistent relationship with Braintree and Chelmsford but are divided by whether Tendring should be included.

Migration and Self-Containment

2.13   This section of the report updates the previous definition using data from the 2021 Census. It should be noted that the 2021 Census was taken during a period of partial lockdown therefore dynamics in both migration and commuting terms may be affected.

2.14   We have sought to appraise gross migration flows (the sum of flows in both directions) between areas to understand the relative strength of the housing market interactions between different local authorities.

2.15   We use gross flows to understand the strength of the migration relationship between areas, and then benchmark them for the combined population size of the two local authorities to understand the relative strength of links. This recognises that two larger authorities will have a larger absolute flow than smaller authorities.

2.16   The table below shows the top ten local authorities in terms of gross migration per 1,000 and in migration and out-migration from Colchester. In terms of gross migration per 1,000 population, the greatest relationship is between Colchester and Tendring. This is unsurprising given the fact that these are neighbouring Local Authorities.

2.17   By this measure Tendring should clearly be included in the same HMA as Colchester. If we accept the relationship with Chelmsford, it may also

be worthwhile considering Babergh which has a stronger relationship with Chelmsford.

Table 2.1 Top Ten Migration Flows with Colchester

	Gross Migration Per 1,000		Out Migration		In Migration	
1st	Tendring	7.43	Tendring	1569	Tendring	970
2nd	Braintree	4.29	Braintree	671	Braintree	825
3rd	Babergh	3.22	Babergh	609	Chelmsford	582
4th	Chelmsford	2.21	Ipswich	285	Havering	321
5th	Maldon	2.00	Chelmsford	245	Maldon	317
6th	Ipswich	1.52	East Suffolk	242	Babergh	310
7th	East Suffolk	0.86	Maldon	201	Redbridge	227
8th	Havering	0.82	Mid-Suffolk	171	Ipswich	220
9th	Mid-Suffolk	0.78	Norwich	160	Barking and Dagenham	207
10th	Southend-on-Sea	0.66	Wiltshire	155	Thurrock	171

Census 2021

2.18   However, when we look at Babergh it clearly has a much stronger relationship with Ipswich than any other local authority and its relationship with Colchester is similar to that with Mid-Suffolk.

2.19   Similarly, if we look at Chelmsford its strongest relationships are with Braintree (as Braintree is with Chelmsford), Basildon and Maldon rather than Colchester.

2.20   These findings are therefore more in line with those of the 2016 OAN study than the previous definition.

2.21   One of the previous benchmarks for identifying a HMA was self-containment levels although this has subsequently been removed from the PPG. Self-containment rates are the percentage of moves to or from an area originating from the same area. The guidance suggested that a self-containment rate of 70% would be typical of an HMA.

2.22   The guidance also suggested long-distance moves should be excluded as these would include such things as people retiring to the area or

moving for university which would typically be outside of the HMA they reside.

2.23 We have used data from the 2021 Census which reports on internal moves. In migration terms, 22,383 people moved from a home in Colchester in the year before the 2021 census, of these 12,846 moved to another home in Colchester. This equates to an origin self-containment rate of around 57%.

2.24 Alternatively, 22,991 people moved to Colchester in the year before the 2021 census, of these 12,846 moved from elsewhere in Colchester. This equates to a destination self-containment rate of around 56%.

2.25 However, if long-distance moves (defined as those outside of the East of England region) are excluded, then the self-containment rates increase to 73%.

2.26 By this measure Colchester is therefore meeting and exceeding the 70% self-containment threshold indicating that it could be considered an HMA in its own right.

Commuting and ONS Travel to Work Areas

2.27 Commuting flows provide important evidence of the relationships between different areas. The Planning Practice Guidance directs planning authorities to consider commuting flows as a source of contextual information about the spatial dynamics of the local labour market as these will somewhat influence search patterns and location choices within the housing market.

Travel to Work Areas

2.28 The map below shows the 2011 Travel to Work Area (TTWA) overlaid with Local Authority boundaries. Despite their age, these are still the

latest set of published TTWAs. TTWAs are defined as the smallest area in which two-thirds of the population live and work.

2.29 As shown, all of Colchester falls within the Colchester TTWA which also extends to parts of Maldon, Babergh, Braintree and Tendring although none of these are predominantly in the Colchester TTWA.

Figure 2.1 ONS Travel to Work Areas
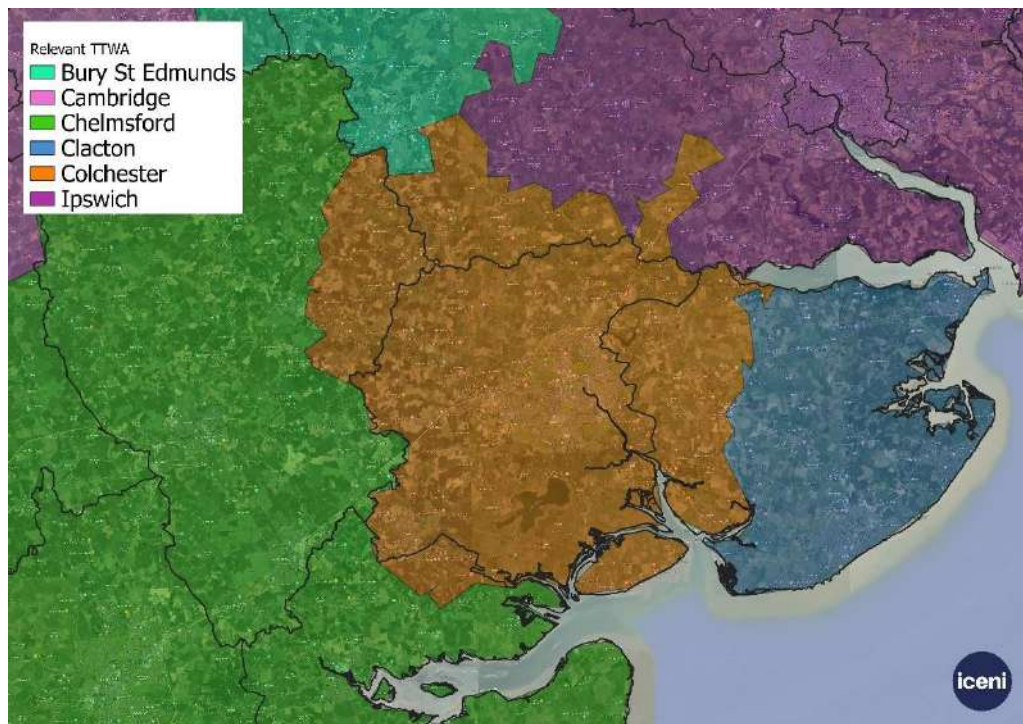
Source: Iceni mapping of ONS TTWA 2011

2.30 Whilst TTWAs provide a useful starting point in terms of defining HMAs, the data on which they are based (2011 Census data) is now very dated. For this reason, analysis of more recent data on commuting patterns is important and this is examined below.

2021 Commuting Flows

2.31 In 2021, Colchester had a job self-containment ratio of 81% meaning that 81% of jobs in the city are taken by people residing there. This figure includes the 32,900 who work from home as well as those 42,200 working elsewhere in the city.

2.32   It also had a resident self-containment rate of 82%, meaning that 82% of working residents in Colchester are employed within the city. This again includes those working from home.

2.33   These rates are significantly higher than those derived from the 2011 Census data, however, comparisons between the 2011 and 2021 census data should be treated with caution due to changes in working patterns as a result of the covid-19 pandemic. This particularly relates to the much higher incidence of people working from home and conversely fewer people commuting.

2.34   As set out in the table below, around 7% of jobs in Colchester are taken up by Tendring residents. There is also a four-figure inflow from Babergh and Braintree. However, only 0.7% of jobs are taken up by Chelmsford residents (including those working from home) and Ipswich and Maldon send more.

2.35   Around 3,300 people commute to Tendring and a further 3,000 to Braintree. Around 2,000 commute to Chelmsford and 1,000 Colchester residents work in Babergh and Maldon.

2.36   In net terms Colchester is a notable recipient from Tendring and Babergh while it sends many more people to Chelmsford than it receives.

Table 2.2 Top Commuting Flows to and from Colchester (2021) – excluding home workers

In-commuting	Commuters	% Workforce	Out-Commuting	Commuters	% Residents
Tendring	6,731	7.3%	Tendring	3,329	3.6%
Braintree	2,736	3.0%	Braintree	3,031	3.3%
Babergh	1,797	1.9%	Chelmsford	1,983	2.2%
Ipswich	953	1.0%	Babergh	1,042	1.1%
Maldon	736	0.8%	Maldon	1,001	1.1%
Chelmsford	622	0.7%	Ipswich	969	1.1%

Source: ONS, Census 2021

2.37   This analysis suggests that in commuting terms Colchester, Babergh Tendring and Braintree are closely linked while Chelmsford has a one-way flow from Colchester.

2.38   In examining Chelmsford's commuting patterns, it receives many more commuters from Basildon, Braintree and Maldon than it does from Colchester.

House Prices and House Price Change

2.39   The PPG also suggests that when identifying HMAs analysis should be undertaken regarding the "relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas."

2.40   The table below analyses median house prices by property type for Colchester and nearby local authorities. These local authorities were chosen as they have established a link in either commuting or migration terms.

2.41   Across most property types, Chelmsford has higher median house prices while Tendring has the lowest. This would suggest they are operating in different housing market areas.

Table 2.3 Median house price by type, year ending March 2023

	Overall	Detached	Semi	Terrace	Flat
Colchester	£320,500	£457,500	£335,000	£280,000	£178,000
Tendring	£280,000	£380,000	£273,000	£229,000	£158,000
Braintree	£335,000	£509,995	£340,000	£295,000	£180,000
Babergh	£338,000	£460,000	£320,000	£260,000	£165,000
Chelmsford	£395,000	£618,500	£427,000	£358,750	£225,000
East of England	£342,500	£480,000	£350,000	£310,000	£210,000
England	£290,000	£440,000	£274,000	£240,000	£232,000

Source: ONS House Price Statistics for Small Areas (HPSSAs)

2.42   Colchester sits slightly closer to the overall prices in Tendring than those in Chelmsford.

2.43   Chelmsford also saw considerably stronger growth than the other areas. A similar level of growth in Colchester was seen in Babergh and Braintree while Tendring saw lower growth.

Figure 2.2 House Price Growth (Median Price Paid)
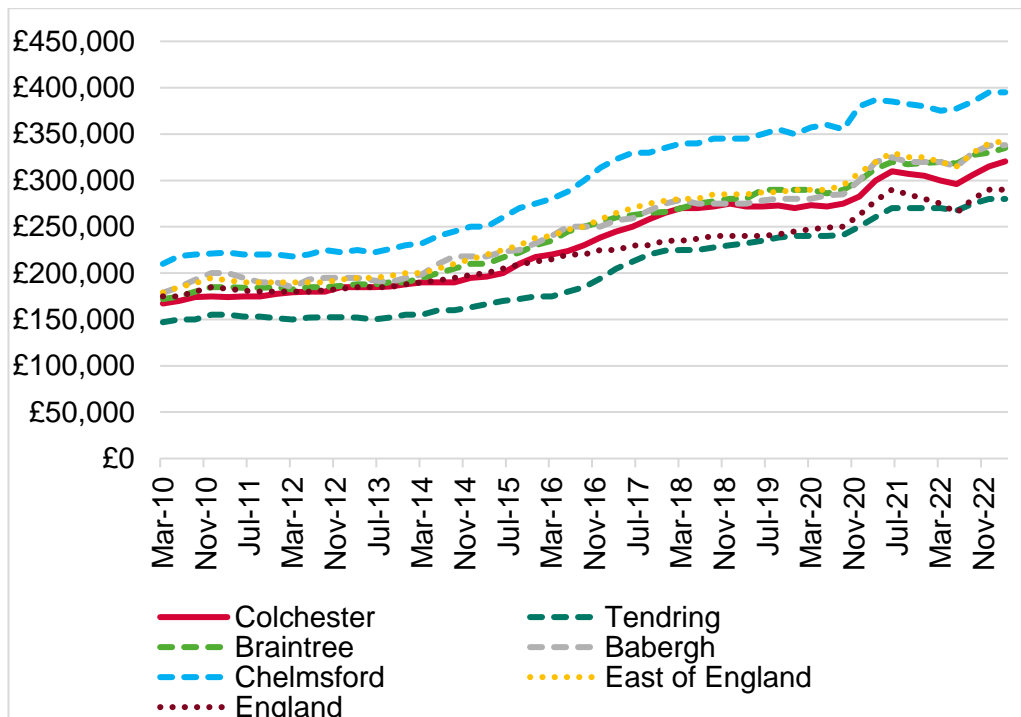
Source: Derived from 2023 ONS Small Area House Price Statistics

Summary and Conclusions - HMA

2.44   A Housing Market Area was last defined within the 2016 "Objectively Assessed Housing Need Study" that concluded, "Our analysis suggests that an HMA comprising Braintree, Colchester, Chelmsford and Tendring Council areas forms a sound basis for assessing housing need."

2.45   The analysis undertaken herein using more recent data on migration, commuting and house prices does suggest some divergence from this

with Chelmsford not as strongly related to Colchester as Tendring, Braintree and to a lesser degree Babergh.

2.46   In terms of both migration and commuting, Colchester's strongest relationships were with Tendring and Braintree. Babergh appears more closely linked to Ipswich in migration terms.

2.47   In terms of migration self-containment rates, Colchester does not meet the 70% threshold set out by historic guidance from the PPG when long-distance moves are removed.

2.48   With regards to commuting, it is notable that a very small proportion of commuters travel between Colchester and Chelmsford and even a few in the opposite direction.

2.49   In terms of the housing market, Chelmsford's housing market is clearly stronger than Colchester's and has seen stronger growth. Meanwhile, Colchester has seen similar rates of growth to Braintree and Babergh while Tendring's is lower still.

2.50   There remains a clear link between Colchester, Tendring and Braintree. Chelmsford has a different set of dynamics but also has close links with Braintree. It is also likely that Babergh has links with Colchester.

2.51   Overall, the updated evidence suggests that the previously defined HMA is no longer relevant. In reality, the HMA will likely extend into Babergh and Braintree, but these are more influenced by Ipswich and Chelmsford respectively.

2.52   However, it is a pragmatic solution to draw HMA boundaries at the local authority level although in practice it is likely to expand across administrative boundaries. On this basis therefore the HMA should be seen as Colchester and Tendring.

Sub Areas

2.53   Whilst the HMA provides the spatial basis for much of the analysis to follow, some analysis is also undertaken at a sub-area level to aid policy development at a more local level.

2.54   The map shown in Figure 2.3 below shows the geographies of the defined sub-areas in Colchester. How these sub-areas are comprised of wards is set out in Appendix 1.

2.55   These areas were collated by Iceni Projects and the Council reflecting house prices, the role of the area and the housing stock.

Figure 2.3 Map of Sub-area geographies in Colchester City
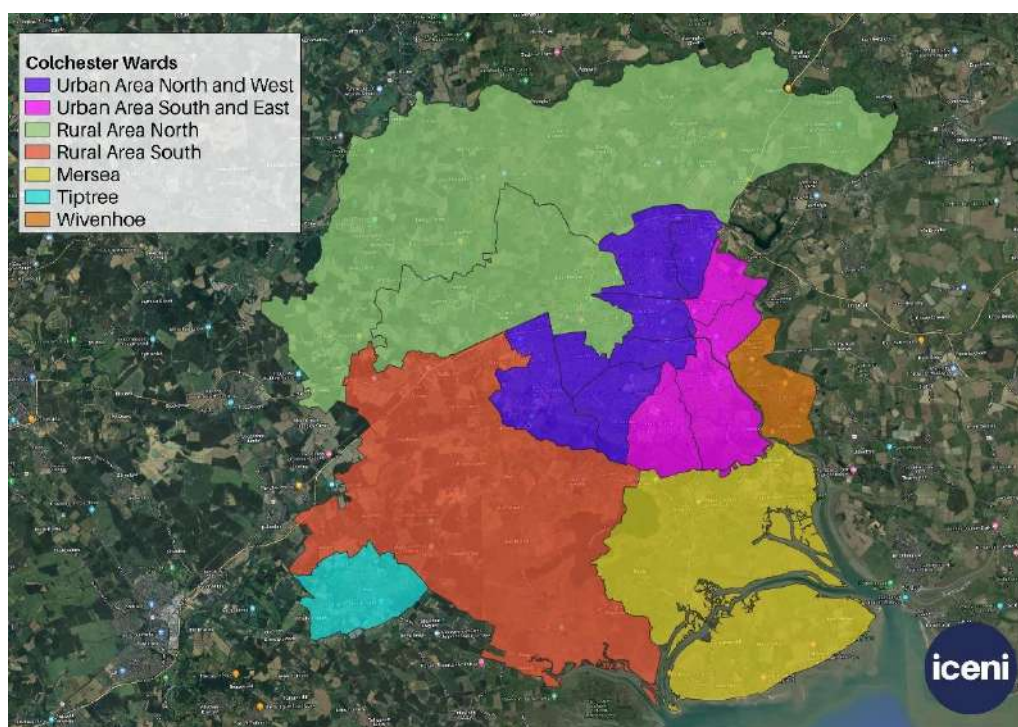
Source: Iceni Projects

3. Housing Stock and Supply Trends

3.1   This section of the report considers the existing housing stock in Colchester and wider comparators and how these have changed over time.

3.2   As a geographical comparator, the North Essex Area (NEA) has been identified and comprises the local government districts of Colchester, Tendring, Chelmsford and Braintree.

3.3   References made to Essex are not inclusive of the Southend-on-Sea and Thurrock local government districts unless specified.

Growth in the Housing Stock

3.4   There are 74,538 dwellings in Colchester as of 2021. This includes an additional 8,630 dwellings delivered since 2011.

3.5   At 11.6% growth in the housing stock in Colchester has been stronger over the 2011-21 period than in the NEA (9.4%) and the county (8.2%), region (9.1%) and national levels (8.5%).

Table 3.1 Number of Dwellings

Area	2021	2011	Net Change	% change
Colchester	83,168	74,538	+8,630	11.6%
NEA	301,315	275,417	+25,898	9.4%
Essex	807,198	746,314	+60,884	8.2%
East	2,762,295	2,531,907	+230,388	9.1%
England	24,927,591	22,976,066	+1,951,525	8.5%

Source: Census 2011 and 2021

3.6 Of the sub-areas in Colchester, the Urban Area South and East and Urban Area North and West have the highest number of dwellings as shown in Table 3.2 below. Between them, these sub-areas account for around two-thirds of all dwellings in the borough.

Table 3.2 Dwellings in Colchester Sub-areas, 2021

Sub-area	Number of Dwellings	% of Colchester's total
Urban Area South and East	20,940	25.2%
Urban Area North and West	36,412	43.8%
Rural Area North	8,667	10.4%
Rural Area South	4,527	5.4%
Mersea	4,771	5.7%
Tiptree	4,268	5.1%
Wivenhoe	3,583	4.3%
Colchester total	**83,168**	**100%**

Source: Census 2021

Housing Delivery

3.7 The Adopted Colchester Local Plan is in 2 sections. Section 1 provides a shared strategic policy context and addresses cross-boundary matters for North Essex, with Braintree and Tendring Councils. These matters include the Tendring Colchester's Borders Garden Community.

3.8 Section 2 of the Local Plan applies to Colchester only and was adopted in 2022.

3.9 To understand where growth in dwellings has occurred within Colchester, it is necessary to look at where housing has been delivered. The Figure below shows net completions since 2013/2014.

3.10   The average annual delivery over the past 5 years is 955 dwellings, the same as the average over the past 10 years of 955 dwellings. However, yearly volatility over the past 5 years is higher than in the 5 years prior, correlating with volatility and uncertainty seen in macroeconomic market dynamics.

Figure 3.1 Net Dwelling Completions in Colchester, 2013/2014 to 2022/2023
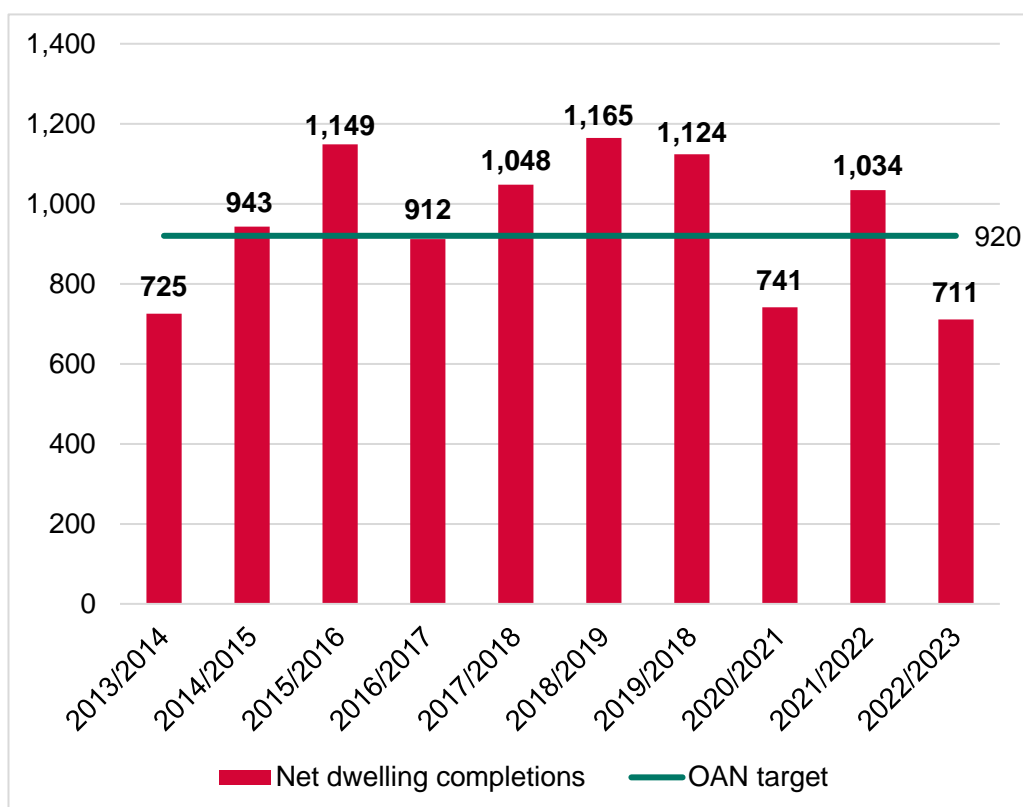
Source: Local Authority Annual Monitoring Reports

3.11   Over the previous decade, the annual average net dwelling delivery of 955 units is therefore at 104% of the annualised housing requirement established by Objectively Assessed Needs (OAN) at 920 dwellings per annum (dpa). The current expectation is that this strong delivery performance should continue in the short term.

3.12   A large percentage of delivery in the previous 5 years has been in the Urban Area North and West, which, by a significant margin, has also seen the highest number of dwellings delivered year on year in Colchester.

3.13   There has been a gradual increase year-on-year in delivery in the Rural Area North and Tiptree while delivery has been more subdued in the Rural Area South and Mersea and Wivenhoe. This may be contributing to pressures on prices within these areas.

Figure 3.2 Cumulative net dwelling completions in Colchester sub-areas, 2018/2019 to 2022/2023
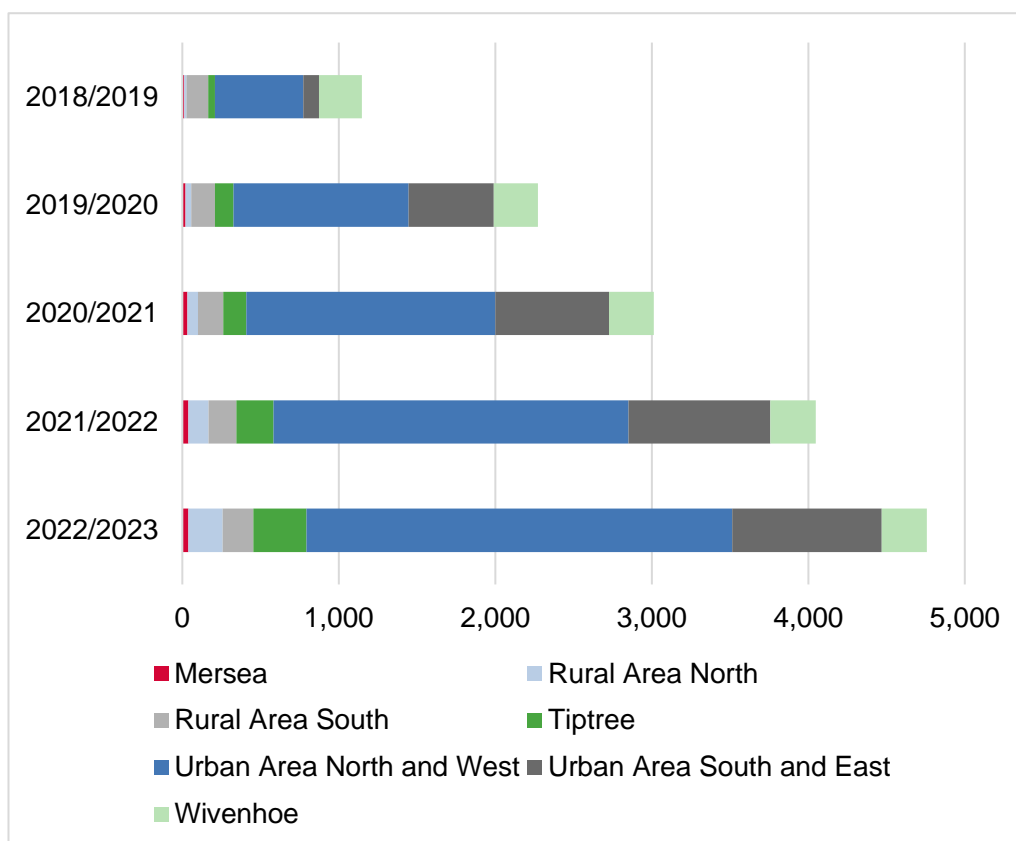
Source: Colchester City Council Annual Monitoring Reports

3.14   The delivery of affordable housing across Colchester over the same period is even more varied as is shown in Figure 3.3 below. There was a significant drop off in the delivery of affordable housing in 2020/2021 and 2021/2022, however, this did recover somewhat in 2022/2023. The annual average delivery of affordable housing over the previous decade was 121 dwellings per annum, around 12.7% of the annualised average overall net completions per annum.

Figure 3.3 Net Affordable Dwelling Completions

	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023
■ Shared Ownership	57	11	11	13	25	23	43	5	10	51
■ First Homes	0	0	0	0	0	0	0	0	0	10
■ Social Rent	0	0	0	38	0	0	0	0	6	20
■ Affordable Rent	76	85	248	55	65	87	159	35	29	49
Total AH	133	96	259	106	90	110	202	40	45	130
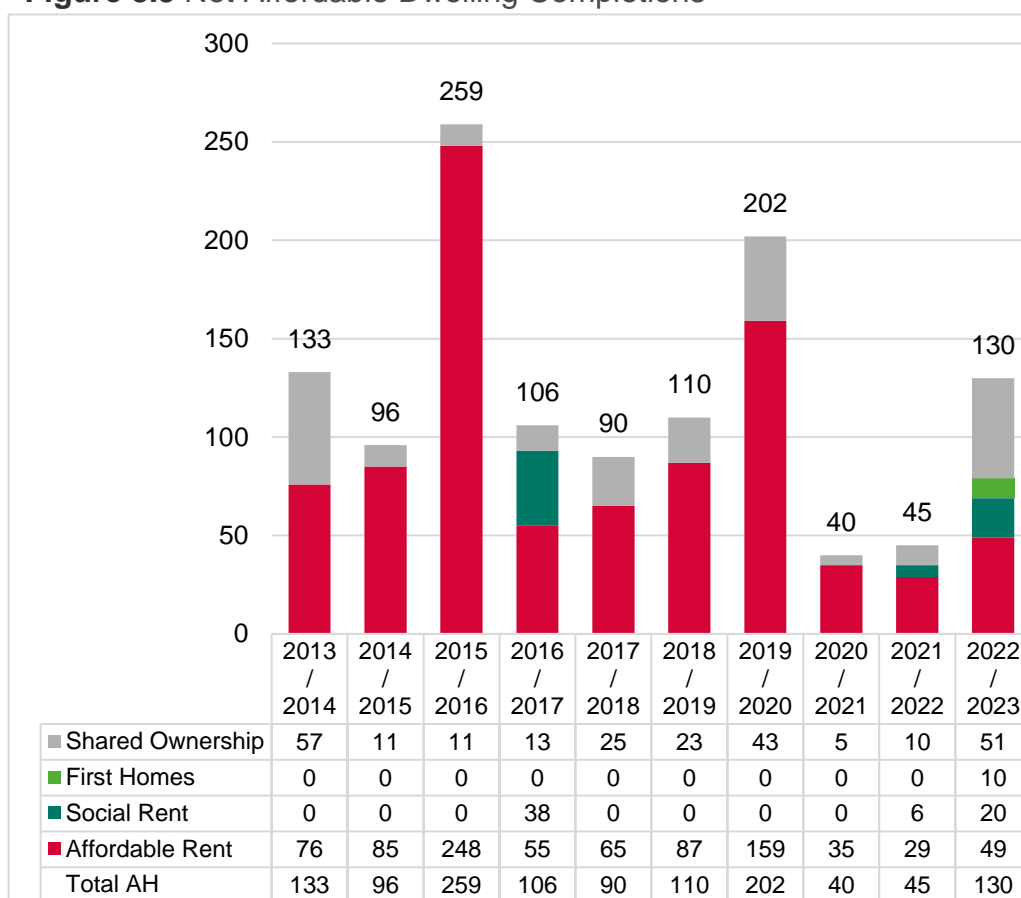
Source: Local Authority Annual Monitoring Reports

3.15   In addition to the delivery of new affordable housing the Council has also been very successful in the acquisition of affordable housing back from the private sector (predominantly ex local authority housing sold under Right to Buy). Between 2020/21 and 2023/24 the Council's acquisition programme has resulted in an additional 173 homes.

3.16   A level of vacancy is required to ensure there is sufficient churn of stock, too low a vacancy rate can indicate a constrained supply and market. Figure 3.4 shows that in 2023, Colchester's vacancy rate was 2.4%, and of those vacant properties, 30% were long-term vacancies. Vacancies in Colchester are lower than in the NEA authorities and England but above the rest of Essex.

Figure 3.4 Vacancy rate in Colchester against comparator geographies, 2014 to 2023
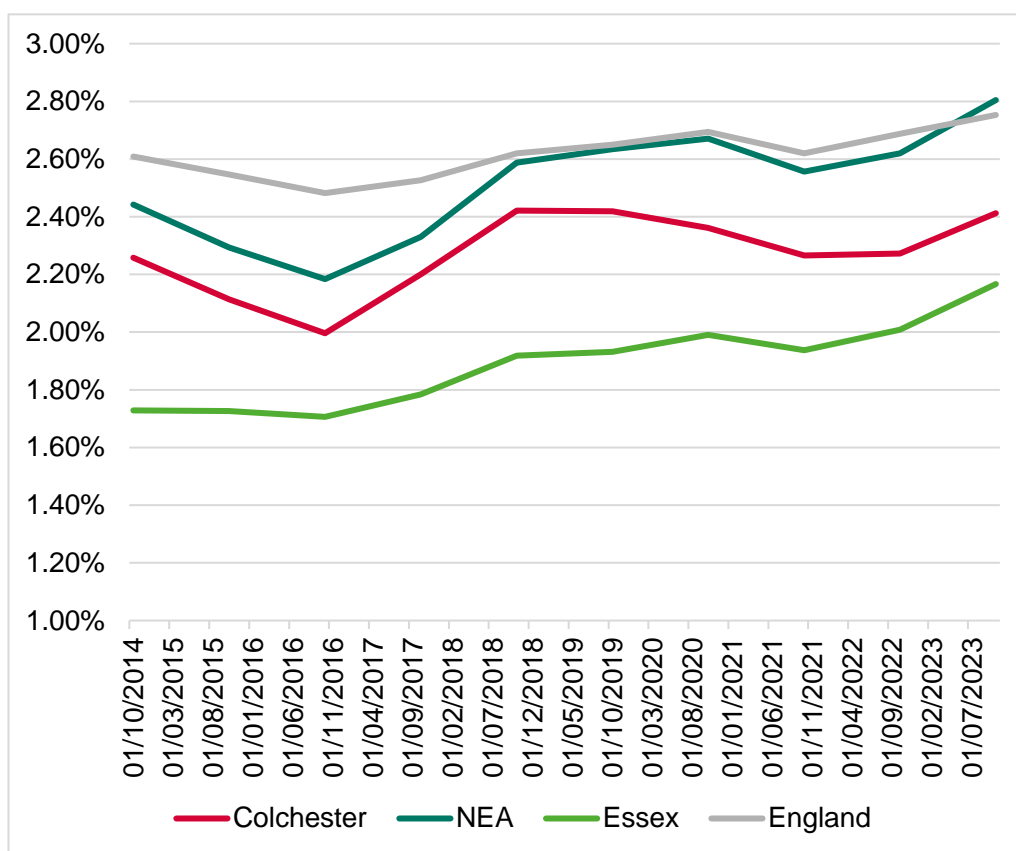
Source: DLUHC LT100 and LT615 tables, Iceni analysis

Tenure

3.17   Most homes in the city are owner-occupied, with 65% of households owning their own homes. This is slightly lower than wider benchmarks and will be in part due to a higher number of student households.

3.18   Reflecting this the city sees a higher proportion of private renting (22% of households) when compared to all other geographies. Social renting is significantly less common than private renting within Colchester and the City's rate is slightly below the wider comparators (see below).

Figure 3.5 Tenure (2021)
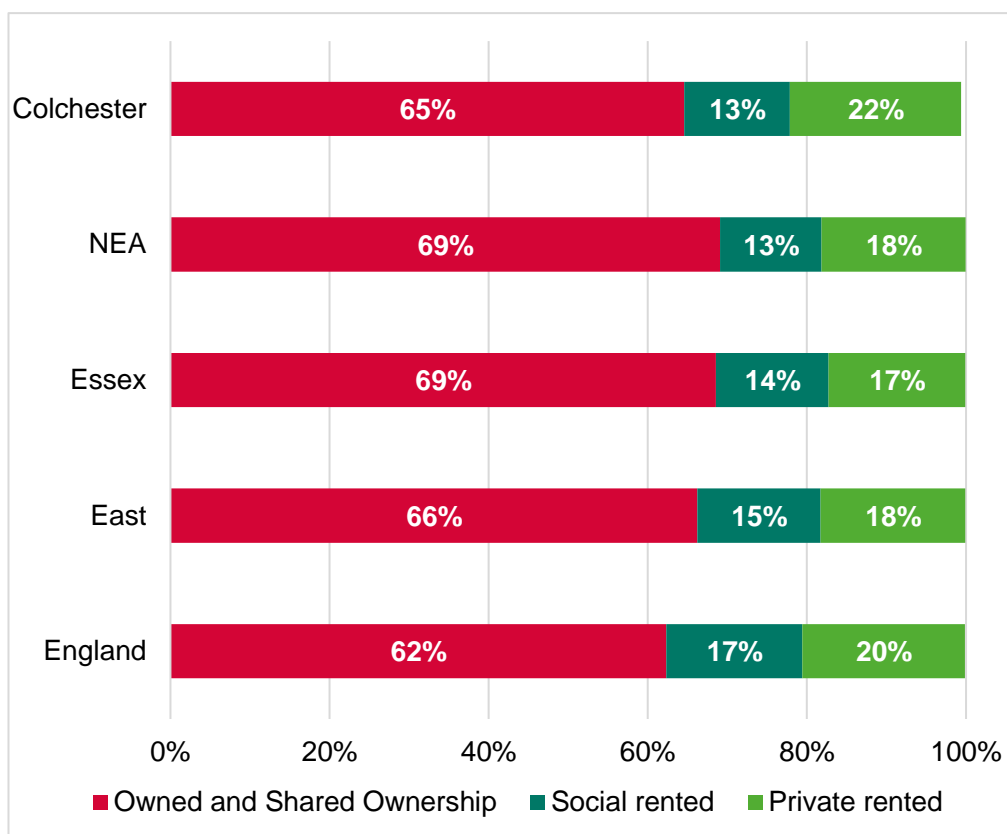
Source: Census 2021

3.19   As shown by Figure 3.6 below the tenure profile varies quite significantly
         at a sub-area level. The urban areas unsurprisingly have the lowest levels
         of home ownership, particularly the Urban Area South and East, which
         see higher concentrations of students and HMOs (see Private Rented
         Sector section below).

3.20   There are relatively lower levels of home ownership in Wivenhoe, and
         very low levels of social renting (4%). Conversely, private renting in
         Wivenhoe is much larger as a proportion when compared to all areas
         outside of the Urban Areas of Colchester.

Figure 3.6 Tenure by Sub-Area, 2021
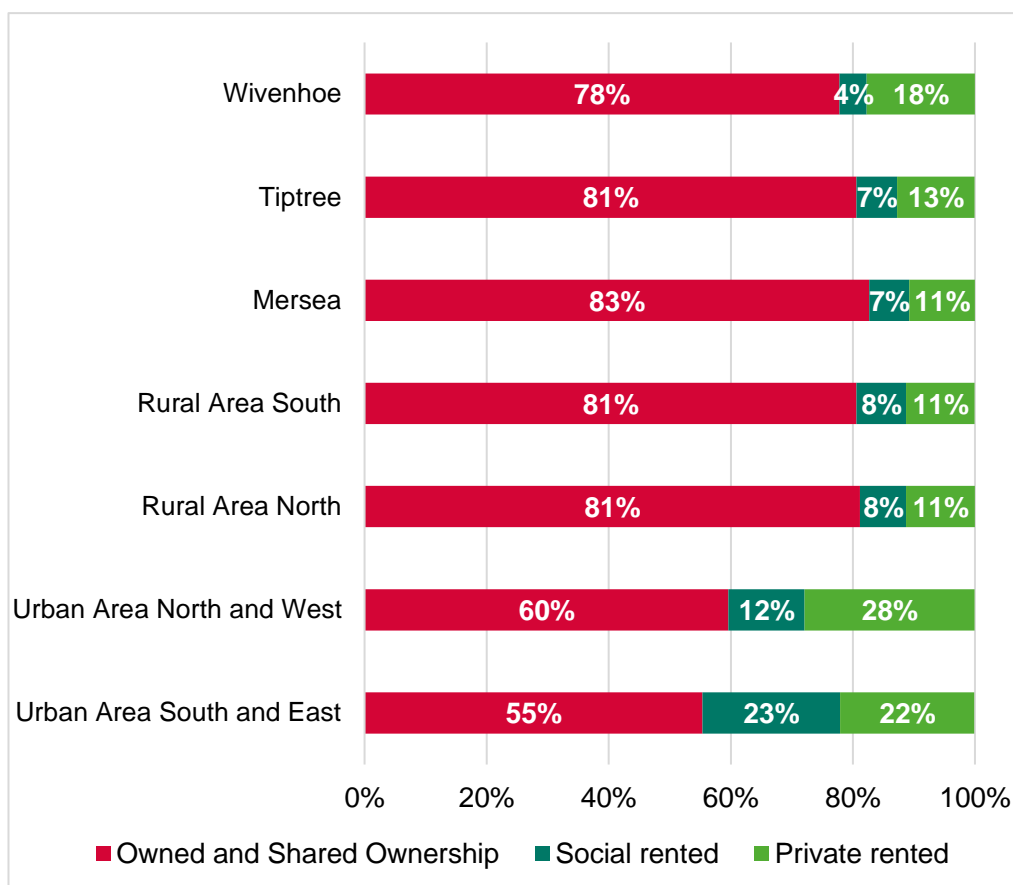
Source: Census 2021

3.21   Analysis of the change in tenure between Colchester and its comparators is shown in the Figure below and shows that Colchester has not changed as significantly as its comparators in terms of ownership and private renting.

3.22   Households living in social rented accommodation have fallen more than in North Essex and marginally more than in the East of England Region as a whole, but the decline in Colchester is not as great as that seen across the country and in Essex as a whole.

3.23   The social rented tenure has likely declined through a combination of right-to-buy losses and new property not coming forward through Registered Providers or S106 agreements.

3.24   The increase in Private renting follows the trends across the country as the affordability of home ownership has declined over the past decade. The increase in Private Rented Sector (PRS) and decrease in home ownership are not as pronounced in Colchester as elsewhere. This may signal that Colchester has retained some affordability in comparison to other geographies or that the PRS sector was already relatively large in the city.

Figure 3.7 Change in Tenure 2011-2021 (%)
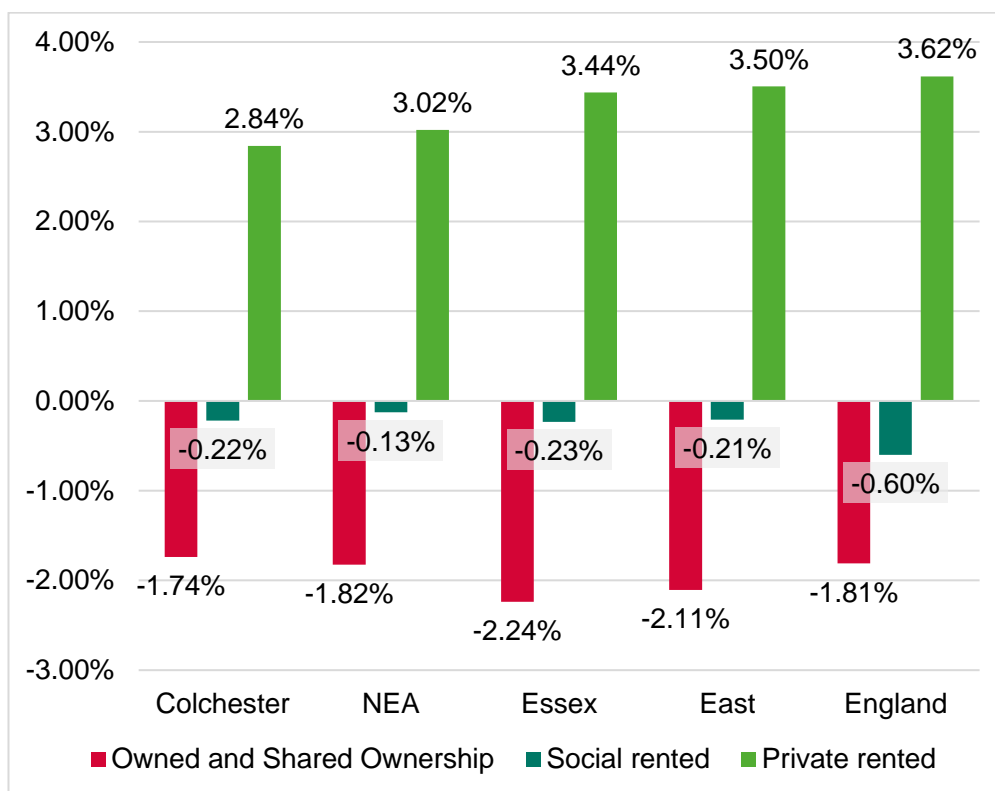
Source: Census 2011 and 2021

Dwelling Type and Size Profile

3.25   Colchester had slightly more flatted properties when compared to neighbouring areas and slightly greater numbers of detached homes when compared to Essex and the East of England.

Figure 3.8 Dwelling Types
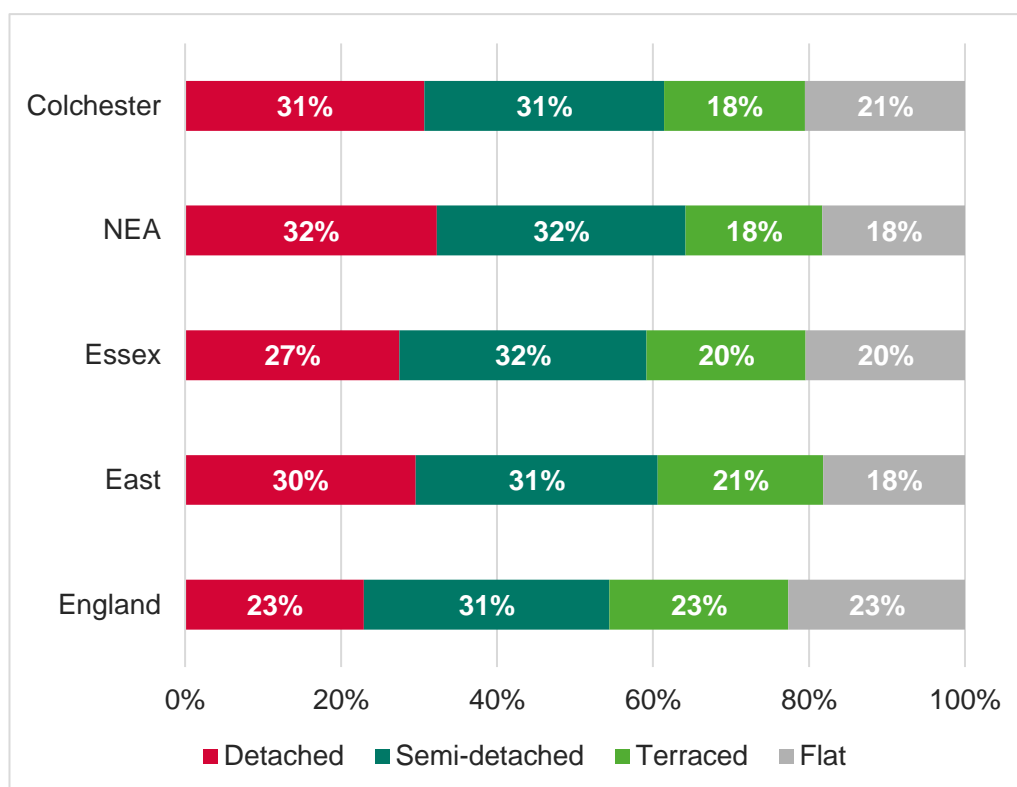
Source: Census 2021

3.26   The Urban Areas have a more balanced housing offer than the other sub-
        areas and are more reflective of the national average. The stock outside
        of the Urban Areas is naturally less dense, and properties are much more
        likely to be detached or semi-detached.

3.27   There are particularly low percentages of flatted and terraced properties
        outside the Urban Areas. In the more suburban areas of Wivenhoe and
        Tiptree, semi-detached properties are most common.

Figure 3.9 Dwelling Type, Sub-Areas
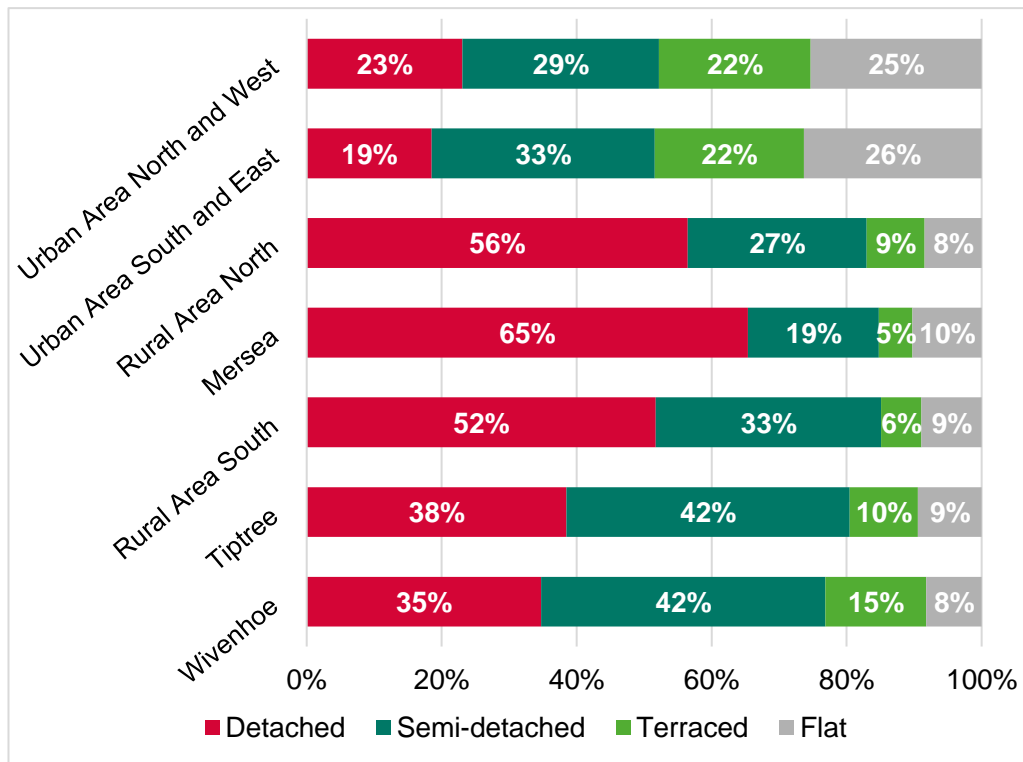
Source: Census 2021

3.28   Regarding the size of properties, Colchester broadly aligns with the wider neighbouring markets, and there is no outlying stock size category in Colchester as shown in Figure 3.10 below. Colchester and neighbouring authorities see slightly lower rates of 1-bedroom and 3-bedroom properties when compared nationally.

Figure 3.10 Sizes of Dwellings, Districts
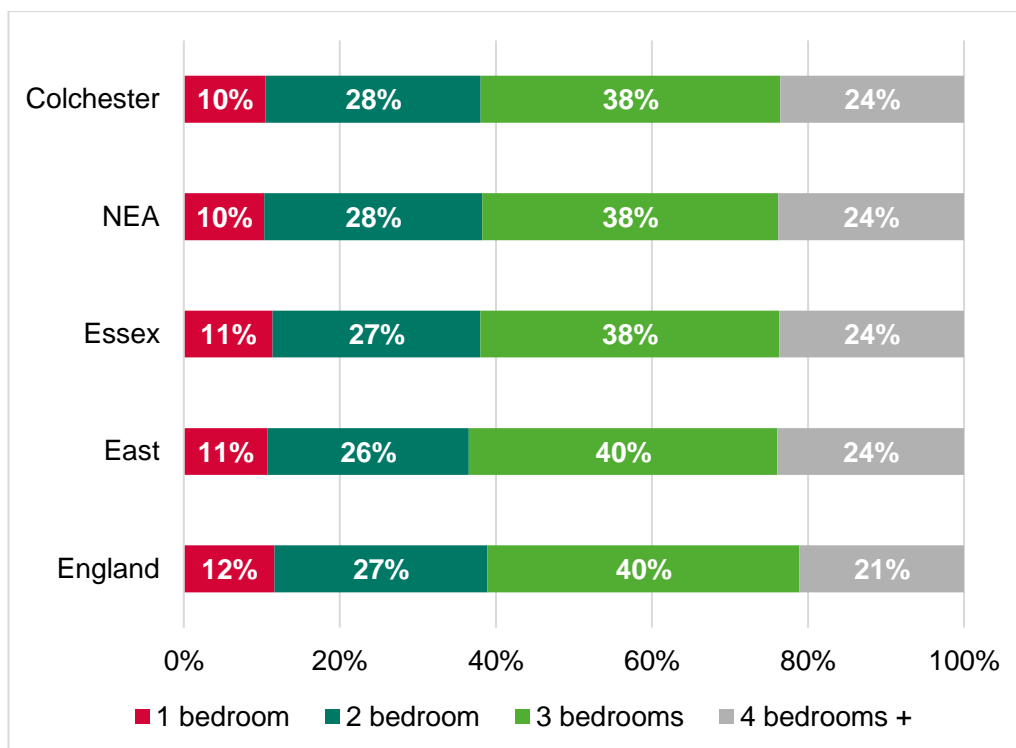
Source: Census 2021

3.29   When dwelling sizes are examined at a sub-area level (see Figure below), significant distinctions can be made. The Urban Area South and East particularly sees significantly higher rates of 3-bedroom properties but has the lowest proportion of larger properties at 4+ beds. In comparison to the other sub-areas.

3.30   Perhaps as expected the Rural Areas and Mersea, but particularly the Rural Area North, see significantly higher proportions of 3- and 4-bed and larger properties. There are very low levels of 1-bedroom properties seen outside of both Urban Areas.

3.31   Wivenhoe and Tiptree have higher rates of 1 and 2-bed properties in comparison to the Rural Areas, with Wivenhoe having the highest proportion of 2-bedroom properties outside of the Urban Areas.

3.32   Mersea, despite having significantly higher rates of detached and semi-detached properties in comparison to all other areas, sees the highest rates of smaller, 1- and 2-bed properties outside of the Urban Areas.

Figure 3.11 Sizes of Dwellings, Sub-Areas
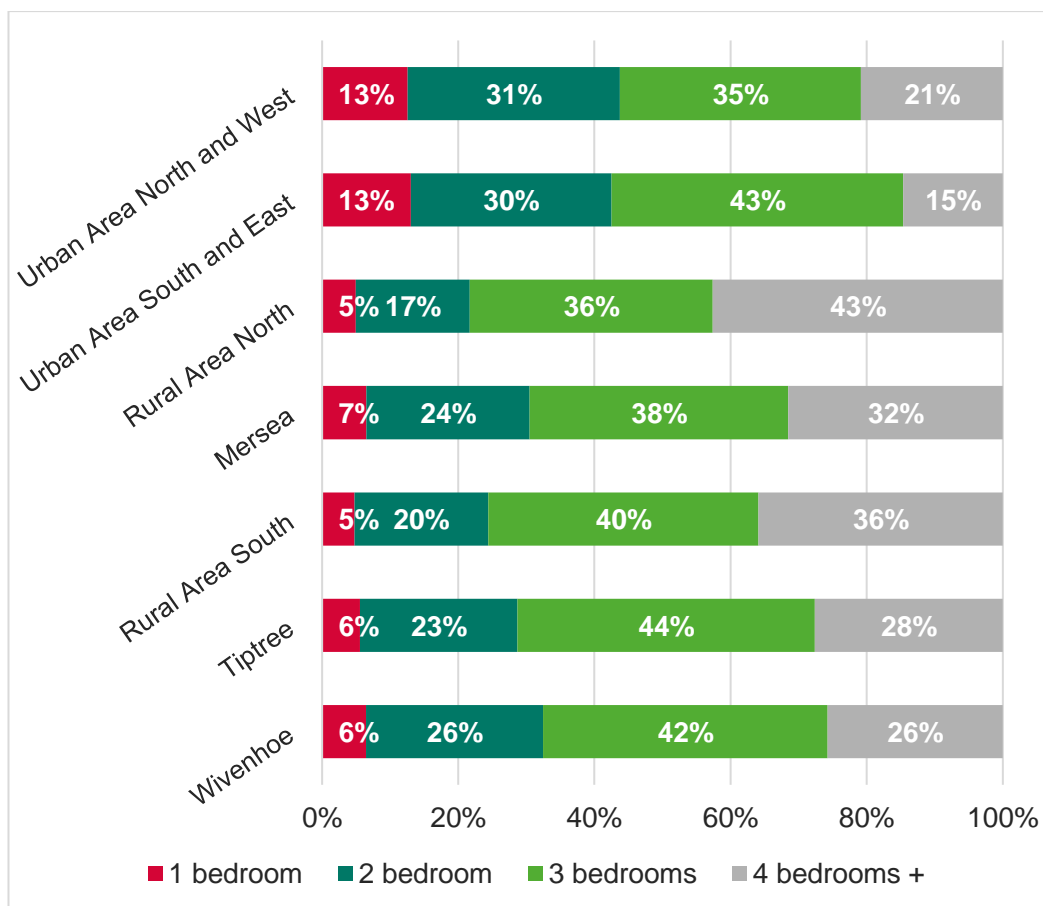
Source: Census 2021

Occupancy Rating

3.33   The Census bedroom occupancy rating standard compares the number of bedrooms in a home to those required by the resident household. It can indicate how homes are occupied: a positive score of +1 or more indicates that a dwelling is under-occupied (it has one or more bedrooms than the household needs), 0 indicates a dwelling that is at capacity and -1 or less a dwelling that is over-occupied (it has at least 1 bedroom too few than the household needs).

3.34   As shown in the figure below, Colchester has a higher proportion of dwellings which are under-occupied (37.8%) and a lower proportion of at-capacity or overcrowded dwellings than comparator areas.

Table 3.3 Bedroom occupancy rating of Colchester and comparators

	Under Occupancy (+2 or more)	At capacity (0)	Overcrowding (-1 or less)
Colchester	37.3%	26.1%	2.9%
NEA	38.2%	24.5%	2.6%
Essex	38.3%	25.0%	3.2%
East	38.5%	25.2%	3.4%
England	35.6%	26.8%	4.4%

Source: Census 2021

3.35   At a sub-area level, the Urban Area South and East have the highest levels of overcrowding, which likely owes to the prevalence of smaller stock and a higher percentage of HMOs. While high, these levels of overcrowding are not above that seen nationally.

3.36   The Rural Areas and Mersea, but particularly the Rural Area North, have significantly higher levels of under-occupancy, likely owing to the larger and less dense housing stock seen in those areas. Wivenhoe has the lowest amount of overcrowding in Colchester at just 1.0%.

Table 3.4 Bedroom Occupancy Rating in Colchester Sub-areas, 2021

Sub-area	Under Occupancy (+2 or more)	At capacity (0)	Overcrowding (-1 or less)
Urban Area South and East	29.9%	32.9%	4.3%
Urban Area North and West	31.8%	29.6%	3.1%
Rural Area North	57.0%	14.0%	1.3%
Rural Area South	49.4%	16.1%	1.7%
Mersea	51.1%	15.5%	1.5%
Tiptree	46.0%	17.0%	1.4%
Wivenhoe	45.6%	16.9%	1.0%
Colchester	**37.3%**	**26.1%**	**2.9%**

Source: Census 2021

3.37   Whilst the level of under-occupancy appears high in both the Rural Areas and Mersea, households in the market sector can occupy whatever size of property they can afford.

3.38   Households often seek additional bedrooms to provide space for friends and family to come and stay and/or to provide space to work from home. Nonetheless, with a growing older population there may be opportunities to improve the efficiency of use of the housing stock through supporting 'rightsizing.'

Housing Stock: Key Issues

3.39   Housing delivery has been stronger on average than the Objectively Assessed Needs target in Colchester over recent years but has seen variability in terms of the numbers delivered each year.

3.40   The housing stock overall is focused towards 2- and 3-bed homes; with semi-detached and detached properties the most prevalent.

3.41   Home ownership is significant in Colchester, with 65% of household owner-occupiers, however, access to home ownership has become more difficult for younger households and there is a notable shift towards the PRS.

4. Housing Market Dynamics

4.1   This section of the report considers housing market dynamics in different parts of Colchester and addresses both the sales and lettings markets. It combines information from published data sources and engagement with local sales and lettings agents.

National Market Dynamics

4.2   The COVID-19 pandemic has been widely attributed to the rapid increase in house prices in England in recent years (2020-2022), as shown in Figure 4.1 below.

4.3   Factors such as upsizing and access to open space and increased working from home, coupled with the Stamp Duty Holiday have all sparked the "race for space" and the increased demand has increased prices for housing, particularly larger type properties outside of major urban centres.

4.4   For the first time since 2011, the year-on-year change in house prices has been negative for the past six months to December 2023 (see Figure 4.1). It can be expected that this will start to offset some of the rapid and volatile house price changes that were seen between 2020 and 2023.

4.5   Interest rates have been increasing since 2022 and are the highest they have been since 2008, with the Bank of England reversing its prolonged period of sub 1.0% Bank Rate in 2009[2]. In the period following the COVID-19 pandemic and the commencement of the Ukraine conflict, Bank Rates have increased at nearly every Monetary Policy Committee

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[2] https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx

(MPC) review to decade highs to control overheating inflation in the UK economy.

Figure 4.1 Monthly UK House Price Inflation 2011 to 2024
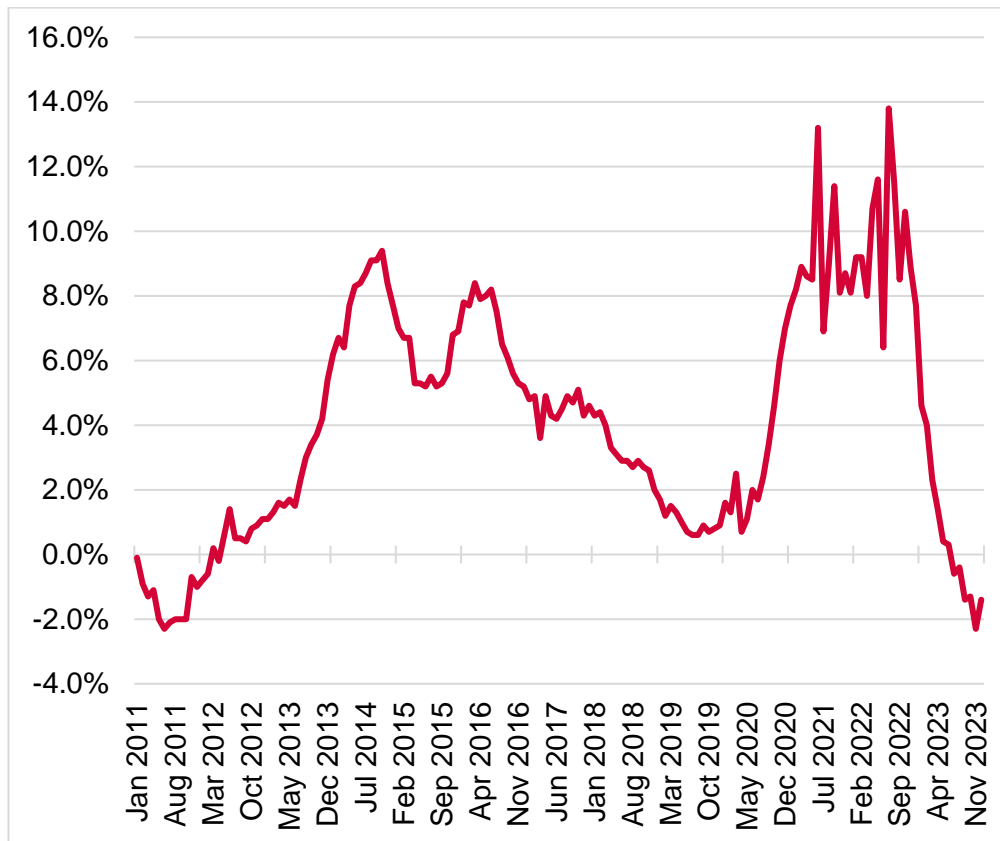
Source: ONS

4.6   In combination, the inflationary pressures in the UK economy coupled with sub-par wage growth have contributed to a 'cost-of-living crisis', with some commentators suggesting a period of 'stagflation' has occurred.

4.7   In response to monetary policy tightening, lending rates at retail banks have increased, increasing the costs of mortgage finance and reducing market confidence. With demand for housing therefore restricted in recent years, this is a key factor in explaining the recent reversal in the trend of house price inflation in the UK.

4.8   The Help-to-Buy Equity Loan Scheme was a government scheme launched in 2013 and was designed to help first-time buyers and existing homeowners purchase a new-build property. The scheme provided

financial assistance in the form of an equity loan – an interest-free loan for a set period.

4.9   Help-to-Buy was criticised as contributing to an increase in house prices leading to the peak in 2014. The scheme ended in March 2023, and this is a likely factor in the recent negative house price inflation as demand falls with affordability for first-time buyers being negatively affected.

4.10   Savills' capital value forecast for second-hand mainstream housing considers that this decline in house prices will continue in 2024, however, growth in prices will return in 2025 and this will continue beyond the next year.

4.11   JLL expects a similar trend, however, they are slightly more optimistic in the immediate term, but more pessimistic into the mid-to-long term. Growth in the East of England is expected to be higher than the UK overall by Savills, however, JLL forecast this to be slightly lower overall.

Table 4.1 Savills Capital Value Forecast for Second-hand Mainstream Housing

	2024	2025	2026	2027	2028	5 years to 2028
Savills – UK	-3.0%	3.5%	5.0%	6.5%	5.0%	17.9%
JLL – UK	2.0%	3.0%	3.5%	4.5%	3.5%	17.6%
Savills – East	-2.5%	4.0%	5.5%	6.5%	5.0%	19.6%
JLL – East	1.5%	3.0%	4.5%	3.5%	3.5%	17.0%

Source: Savills Research (2023), JLL Research 2024

Sales Market Dynamics

4.12   In the year to March 2023, the median house price in Colchester was £325,000, which while above that seen nationally (£290,000), is slightly

below that for surrounding local authorities, Essex and the East of England.

4.13   The relatively lower property prices in the City compared to other areas will in part be an effect of the City's urban character which brings higher levels of flats and terraces which typically attract lower values.

4.14   That said, Colchester is cheaper across all types when compared to neighbouring authorities, the county and the region. Flats nationally are more expensive than anywhere we have examined, and this is likely driven by the very high values in London. The higher number of lower-value flats and terraces in Colchester has contributed to a lower overall median price.

Table 4.2 Median Price by Type

Name	All	Detached	Semi-detached	Terraced	Flats
Colchester	£325,000	£455,000	£335,000	£275,000	£175,750
NEA	£330,000	£477,500	£337,500	£285,000	£177,875
Essex	£364,000	£517,000	£380,000	£325,000	£205,000
East	£340,000	£478,000	£350,000	£305,000	£205,650
England	£290,000	£440,000	£273,000	£237,500	£230,000

Source: ONS Median House Price for Administrative Geographies

4.15   Figure 4.2 below illustrates the spread of property prices across the City on a heat map. There is clearly an urban-rural price dynamic with generally higher values seen in the more rural areas of Colchester.

4.16   In addition, there is a notable east and west distinction within the Urban Area, with the West, South West, and pockets of the North West of the Urban Area seeing significantly higher values.

4.17   The Wivenhoe sub-area is split with a cheaper north and a more expensive south towards the Colne. The Mersea sub-area sees higher

prices arising from its main settlements such as West Mersea and Rowhedge.

Figure 4.2 House Price Heat Map (2023)
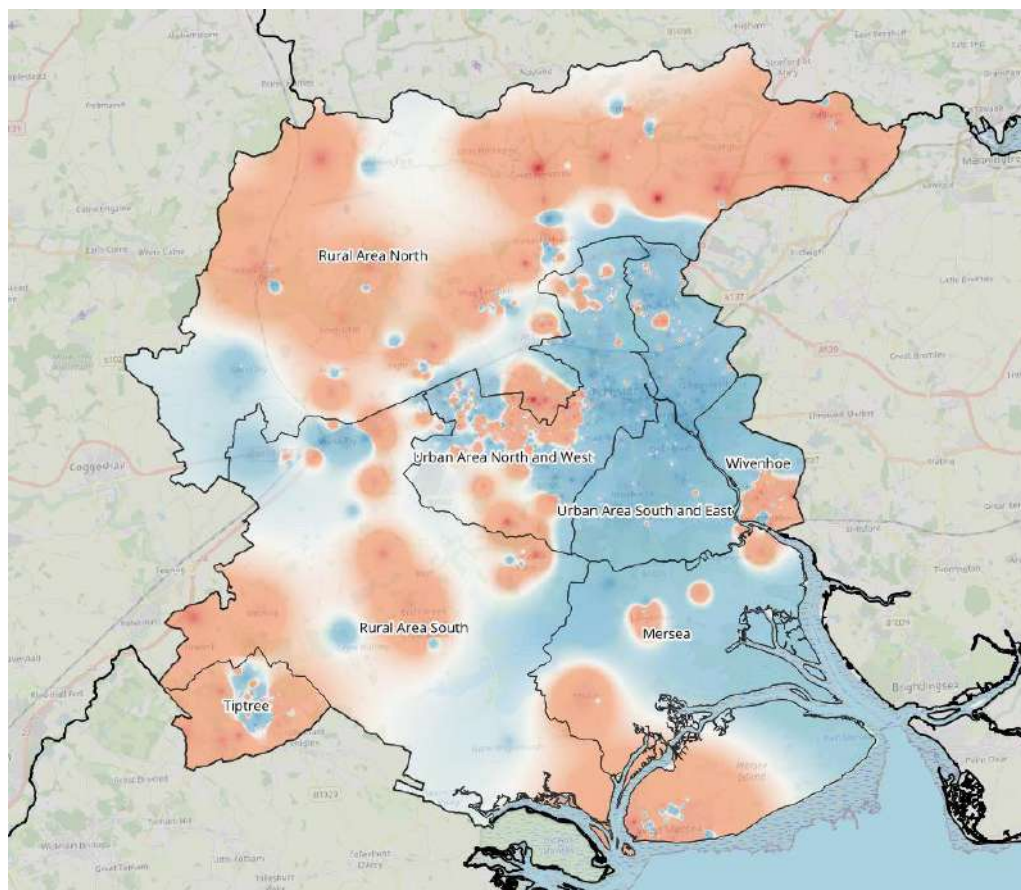
Source: Iceni analysis of Land Registry data

4.18   The table below shows the median average prices paid in each sub-area of Colchester in 2023. The Rural Area North sees the highest median overall at £447,500, but also across detached and semi-detached property prices. This is followed by Mersea.

4.19   Both Urban Areas, but particularly the South and East see the lowest values overall (£284,375) and see significantly lower prices than the rest of the City across most housing types.

4.20   The sales price of flats in Wivenhoe is and has been significantly higher than the other sub-areas and that seen nationally, suggesting a demand and supply imbalance.

Table 4.3 Median Price by Type and Sub-area

Geography	All	Detached	Semi-detached	Terraced	Flat
Rural Area North	£447,500	£620,750	£380,000	£281,500	£190,500
Mersea	£418,750	£505,000	£372,250	No data	£205,000
Tiptree	£382,575	£486,250	£368,000	£302,500	£184,000
Rural Area South	£365,000	£450,000	£345,000	£300,000	£205,000
Wivenhoe	£355,000	£460,000	£327,000	£325,000	£254,000
Urban Area North and West	£301,482	£483,857	£341,071	£287,286	£180,643
Urban Area South and East	£284,375	£393,625	£302,000	£272,000	£165,100
Colchester	**£325,000**	**£455,000**	**£335,000**	**£275,000**	**£175,750**

Source: Iceni analysis of Land registry data

House Price Change

4.21   Since 2010, a steady increase has been seen across all areas to March 2020 when the impact of the Covid pandemic and associated Stamp Duty Holiday increased prices sharply. There is a slight stabilisation in March to December 2021 followed by a drop up to March 2022 as prices level out following the end of the stamp duty holiday.

Figure 4.3 Trends in Median House Prices
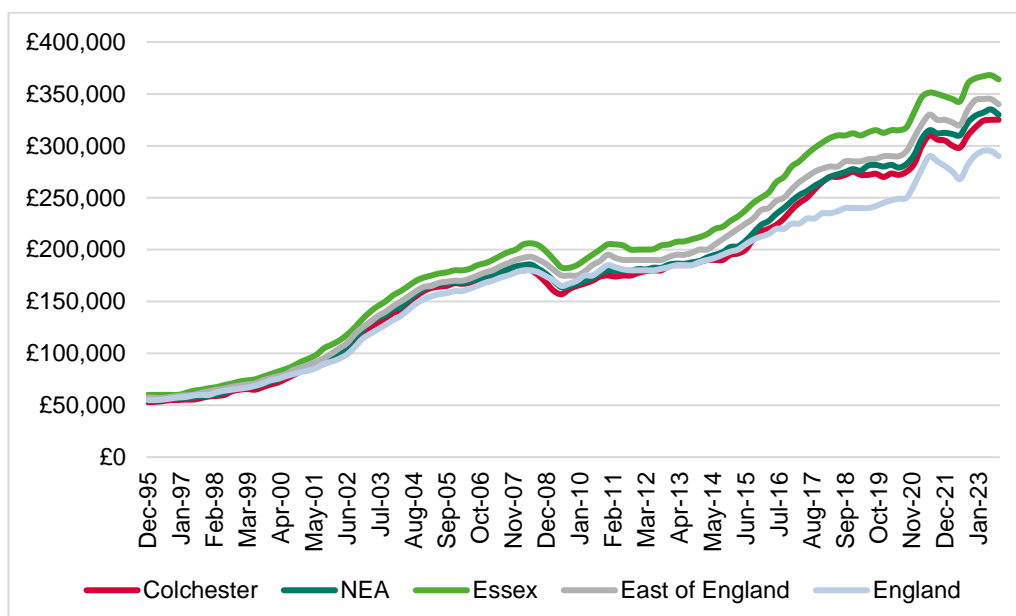
Source: ONS, Median House Price for Administrative Geographies

4.22   Prices from March 2022 onwards prices started to increase again however more recently this appears to be tailing off. Increases in mortgage rates and a generally weakening market start to have an impact at this point and as such property prices have fallen to compensate for this.

4.23   The table below summarises the median house price change over the last 5 and 10 years. Colchester and neighbouring authorities in North Essex have seen a slightly higher Compound Annual Growth Rate (CAGR) since 2014 when compared to the rest of Essex.

4.24   Over the 5 years to 2023, the CAGR of median house prices has been weaker across the entire East of England region, including Colchester than that seen across England. This may represent a relative 'cooling-off' of demand in the East of England over the past few years – however, this growth is still relatively strong.

Table 4.4 House Price Compound Annual Growth Rates (CAGR)

Name	5-year CAGR March 2018 – March 2023	10-year CAGR March 2012 – March 2023
Colchester	3.62%	5.77%
NEA	3.73%	5.80%
Essex	3.26%	5.65%
East of England	3.59%	5.61%
England	3.86%	4.60%

Source: ONS, Median House Price for Administrative Geographies

4.25   In the sub-areas of Colchester, Table 4.5 below shows how median prices have changed over the decade to 2023. Since 2013 house prices in all areas have increased with values in Tiptree increasing the most, and prices in the Rural Area South the least.

Table 4.5 Colchester sub-areas median house price index (2013 to 2023)

Name	5-year CAGR March 2018 – March 2023	10-year CAGR March 2012 – March 2023
Urban Area North and West	3.0%	5.7%
Urban Area South and East	3.5%	6.6%
Rural Area North	2.7%	6.2%
Rural Area South	3.1%	4.7%
Mersea	3.6%	5.5%
Wivenhoe	4.1%	5.4%
Tiptree	4.7%	7.5%

Source: ONS

Sales Activity

4.26   In the year ending March 2023 there were 2,561 sales across all property types in Colchester, and there have been 16,055 total sales in Colchester since 2019.

4.27   The Figure below demonstrates the trend of sales activity in Colchester since 2014. By and large, the areas assessed track each other from 2014 onwards.

4.28   After recovery from early 2013 to a peak in 2016, all areas, including Colchester, median sales trended downward year on year to September 2020.

Figure 4.4 Index of sales volumes in Colchester and comparators, 2013 to 2023
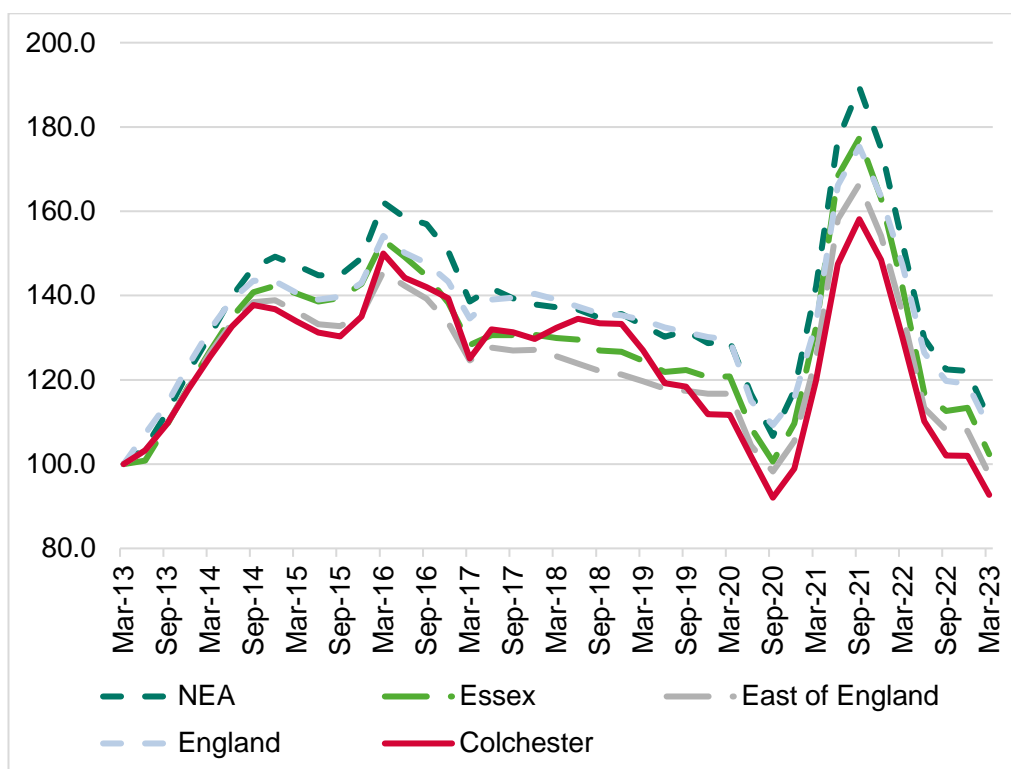
Source: ONS

4.29   The Figure above highlights the influence of recent national and wider macroeconomic factors on the housing market in more recent years. All areas shown saw a jump in sales volumes between 2020 and 2021, as the combination of pent-up demand from 2020 during COVID-19 as well as households re-evaluating their living circumstances, together with a Stamp Duty Holiday. Since the end of the Stamp Duty Holiday in 2021, sales volumes in the assessed areas have risen to below pre-pandemic levels, with Colchester decreasing faster than its comparators. This will be a function of rising interest rates inhibiting purchases, as mortgages become less affordable and market confidence weakens.

4.30   At the sub-area level, activity has followed a similar trend to that seen above. As shown in Figure 4.5 below, the Rural Area South has been an outlier in terms of changes in sales activity and has seen significant increases in sales activity, particularly on the run from March 2013 to January 2019. While these rapid increases in sales activity have cooled

off following the pandemic, we can see that the change overall shows that activity in the Rural Area South has outperformed, relatively, the other sub-areas in Colchester.

4.31   Broadly, the Rural Area South and the rest of the sub-areas followed the trends seen across the larger geographies shown. Sales activity within Colchester was on the whole decreasing steadily from around April 2015. There was then a significant increase in sales activity arising from the Stamp Duty holiday and the COVID-19 demand, which has since fallen.

Figure 4.5 Indexed Property Sales – Colchester
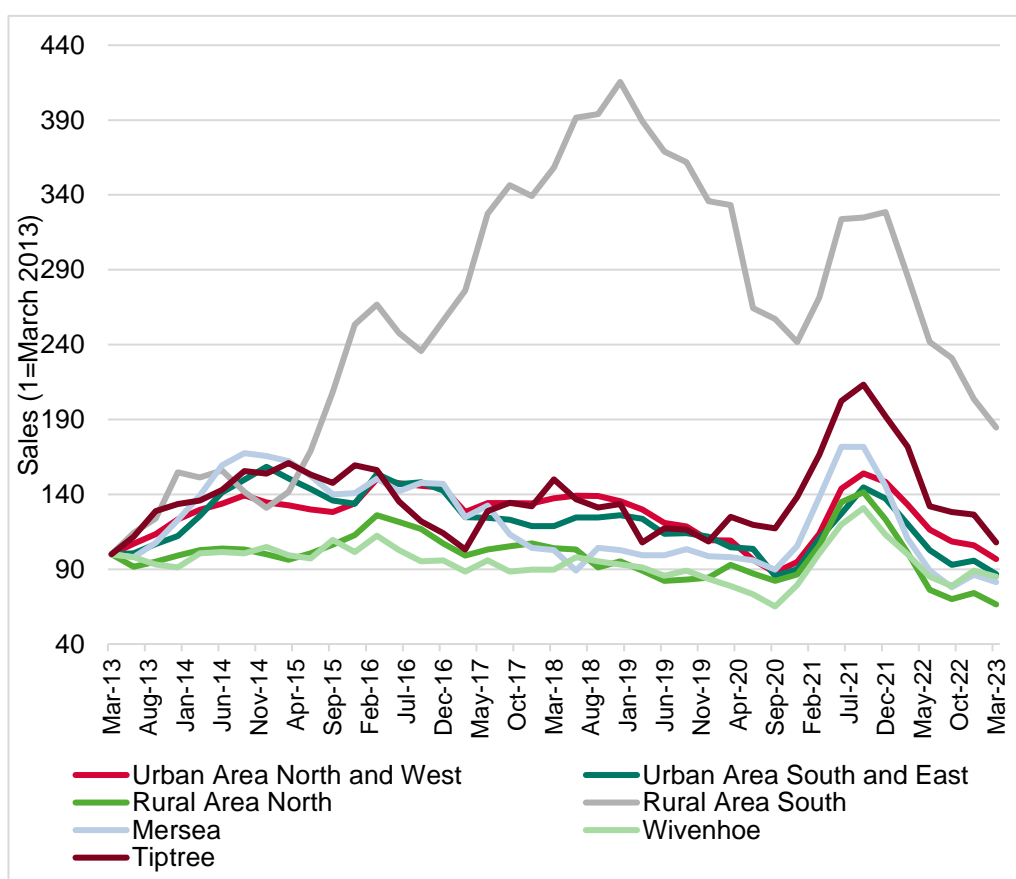
Source: ONS HPSSA dataset 36

4.32   The split in transactions by property type is demonstrated in the figure below. Reflecting the stock profile, sales activity for detached dwellings has been the most popular in Colchester between 2019 and 2023.

4.33   The trend across the areas assessed clearly shows an overall movement toward the sales of larger properties with activity around more dense built forms such as flats and terraced housing being squeezed across all the assessed areas.

4.34   The general trend bears some reflection of the upsizing and 'race for space' seen during the pandemic. It is clear in comparison that activity during both periods assessed show that Colchester has seen less sales activity around detached and semi-detached dwellings when compared to NEA, Essex and the East of England with comparatively high activity rates for terraced and flatted dwellings.

4.35   The greater proportion of sales activity around more dense and smaller dwelling types will be a factor contributing to Colchester's slightly better affordability in comparison to other areas of the county and region and owes to its more urban form.

Figure 4.6 Total Property Sales Volumes by Type, 2014 to 2018 and 2019 to 2023
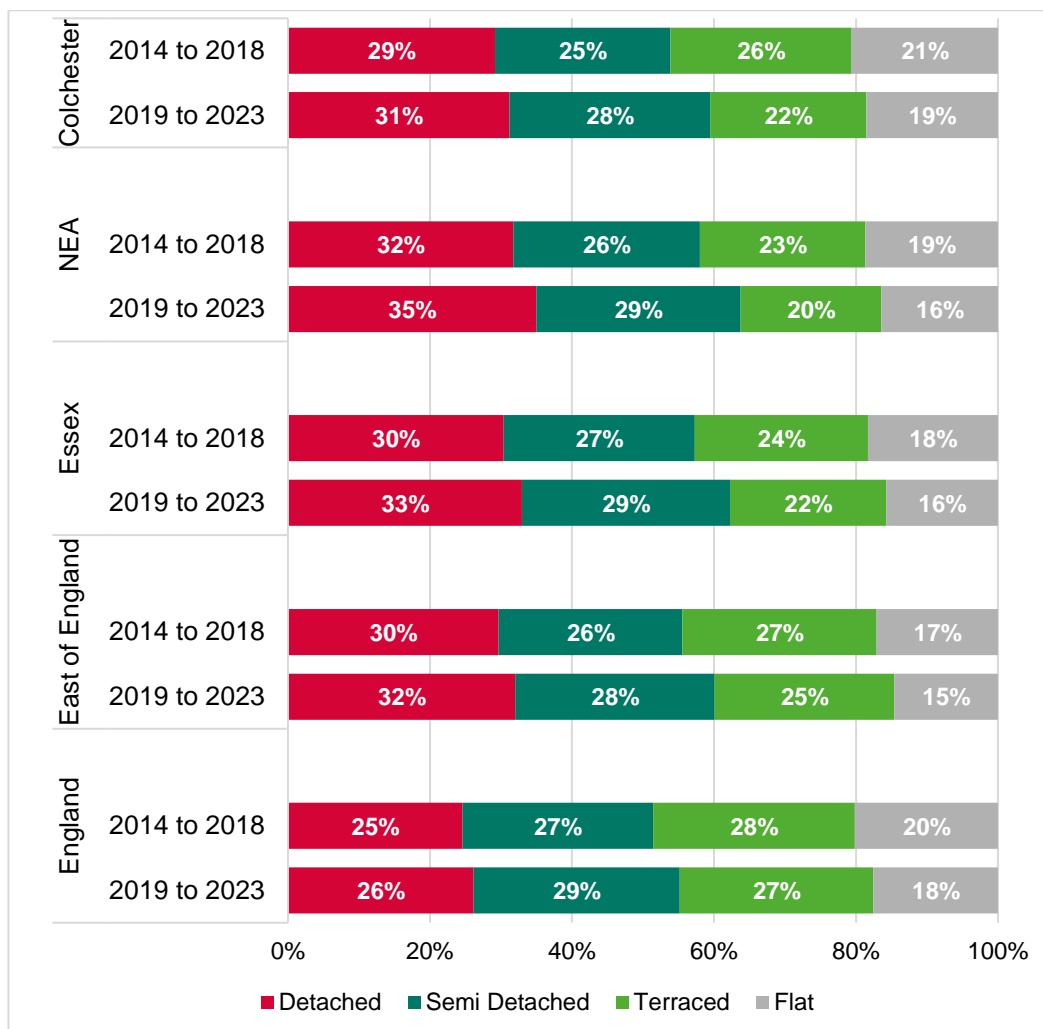
Source: Iceni analysis of ONS data

4.36   Analysis of the split of housing sales between new build and existing properties shows an increase in new-build sales in Colchester from 2014 up to 2021; since which time there has been a decline overall.

4.37   There has been very little sales activity for newly built properties in Wivenhoe, Mersea, the Urban Area South East, and the Rural Area North over the past decade to 2023. The Rural Area South, Tiptree, and the Urban Area North and West have seen significantly greater levels of sales activity in comparison to new dwellings, both during the previous five years and the decade to 2023.

4.38   Only Tiptree has seen an increase in new build sales activity greater than 1% when comparing the activity of the last 5 years to the last 10 years, with a decline overall that points to falling levels of new builds coming onto the market.

Table 4.6 New build and existing accommodation sales activity across sub-areas in Colchester

Sub-area	5-years to Sep 2023		10-years to Sep 2023	
	New build	**Existing**	**New build**	**Existing**
Rural Area South	29.6%	70.4%	35.7%	64.3%
Urban Area North and West	15.4%	84.6%	18.2%	81.8%
Urban Area South and East	5.0%	95.0%	8.4%	91.6%
Rural Area North	4.4%	95.6%	3.9%	96.1%
Wivenhoe	0.3%	99.7%	1.1%	98.9%
Tiptree	14.6%	85.4%	10.4%	89.6%
Mersea	1.3%	98.7%	1.1%	98.9%
Total volume	**11.9%**	**88.1%**	**14.1%**	**85.9%**

Source: Land Registry data

Affordability

4.39   The table below shows the median workplace-based affordability ratio for Colchester and comparator geographies. Colchester is one of the more affordable parts of Essex and the East of England but is still less affordable than the national average.

Table 4.7 Median Workplace-Based Affordability Ratio

Name	2023
Colchester	**9.57**
NEA (median)	9.86
Essex	10.63
East of England	9.76
England	8.26

Source: ONS

4.40   Figure 4.7 shows how affordability has changed from 1997 to date across the comparators. In all areas, affordability has worsened over time. However, from 2021 to 2022 affordability ratios in most areas have improved as prices stagnate and wages grow. At 9.57 however, affordability in Colchester is still at a level where considerable equity is required to enter the housing market.

Figure 4.7 Affordability Ratio (1997-2023)
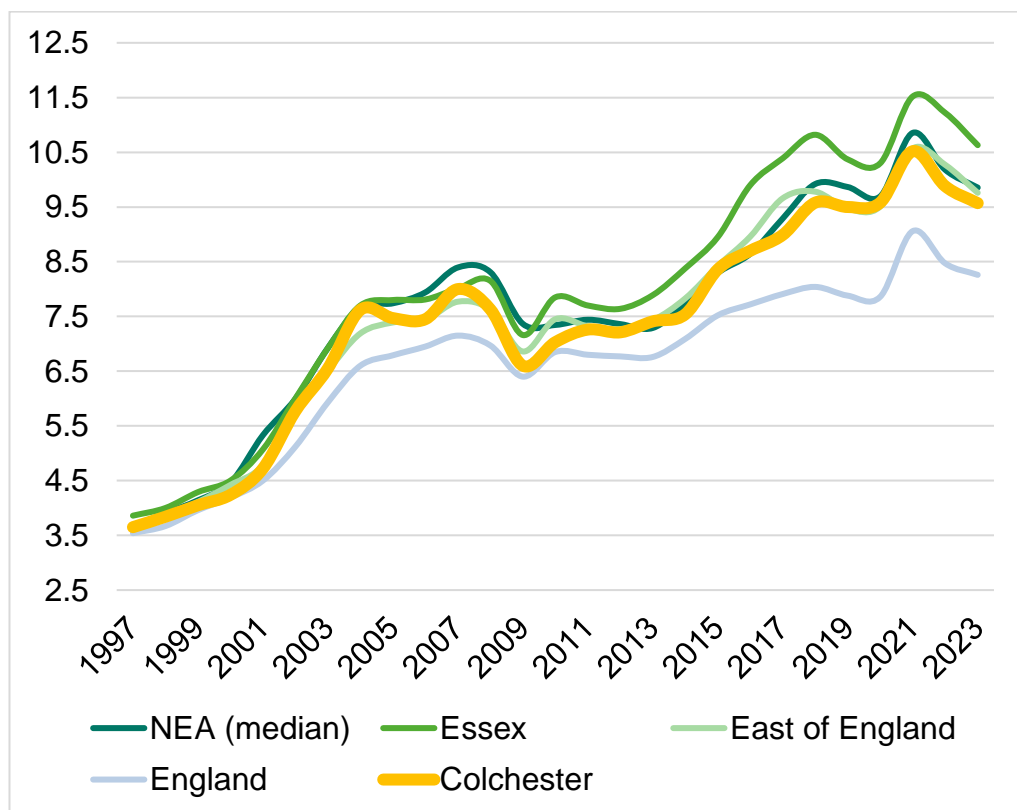
Source: ONS, Housing Affordability in England and Wales

4.41   The ONS affordability ratio is only one metric that considers affordability in an area, it looks at median earnings and median property prices overall. As above, it does not consider additional factors of affordability such as savings, stamp duty and other associated moving costs.

4.42   An additional factor that impacts property sales is interest rates, if interest rates are high on borrowing mortgages become less affordable. Raising interest rates can discourage buyers from taking larger mortgages and discourage first-time buyers entirely.

4.43   The Figure below shows the indexed number of property sales against UK interest rates over time. What is clear is that in November 2021 when UK interest rates started climbing, sales started falling.

Figure 4.8 England Sales and UK Interest Rates
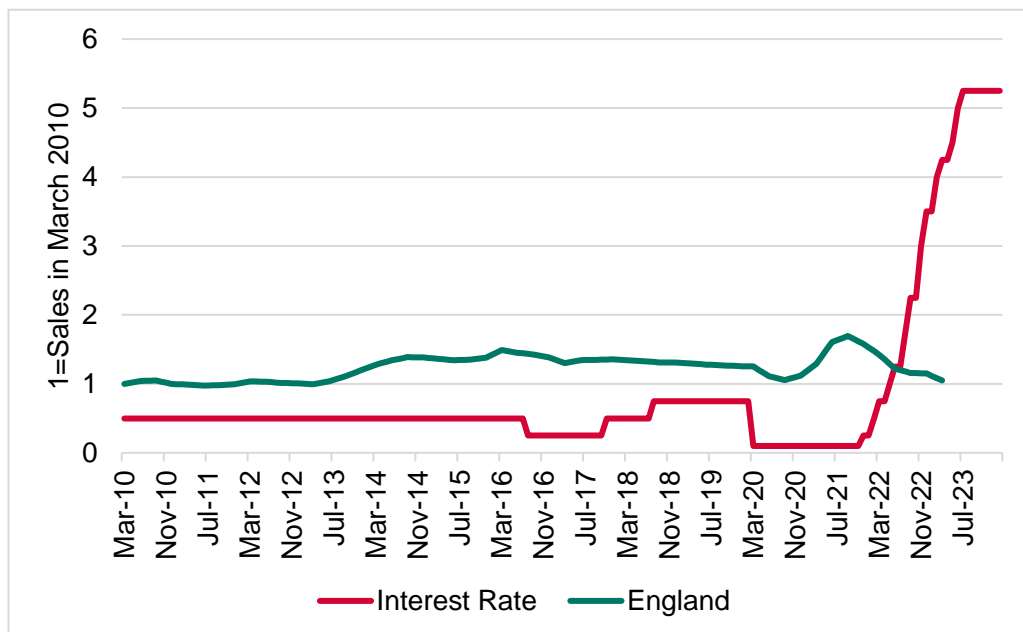
Source: Iceni analysis of ONS and Bank of England data

4.44   As mentioned, interest rates rising make mortgages less affordable and this can be examined further by looking at how much take-home pay goes towards mortgage payments. The Figure below shows data from Nationwide on the percentage of pay first-time buyers in the UK and the East of England spend on mortgages.

Figure 4.9 First-time buyer mortgage payments as % take-home pay
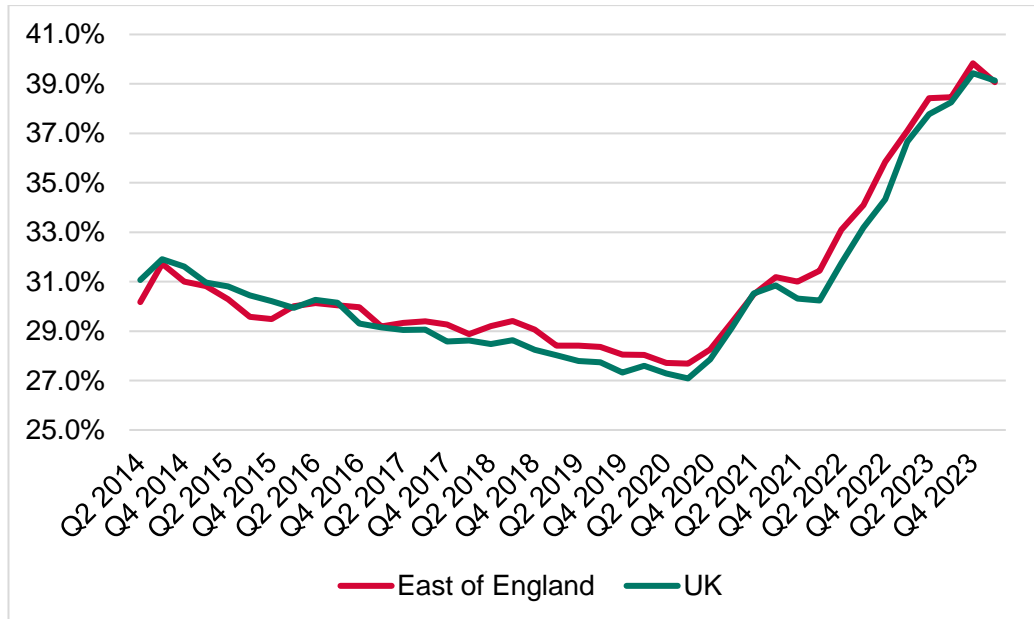
Source: Nationwide

4.45   What is clear is that although the overall UK percentage is slightly lower than for the East of England, since 2022 the percentage of income which First-time Buyers on average have had to spend on mortgages has climbed quickly. Ultimately mortgage costs are rising, and this will discourage first-time buyers from purchasing particularly given the cost-of-living crisis which has increased the cost of many other essentials such as energy and food.

4.46   The Help-to-Buy Equity Loan Scheme is a government scheme designed to help first-time buyers and existing homeowners purchase a new-build property. The scheme provided financial assistance in the form of an interest-free equity loan.

4.47   The number of buyers that utilised the scheme across the North Essex comparator authorities can be seen in Figure 4.10 below.

Figure 4.10 Help-to-Buy equity loan statistics in Colchester and neighbouring comparators, 2013 to 2022
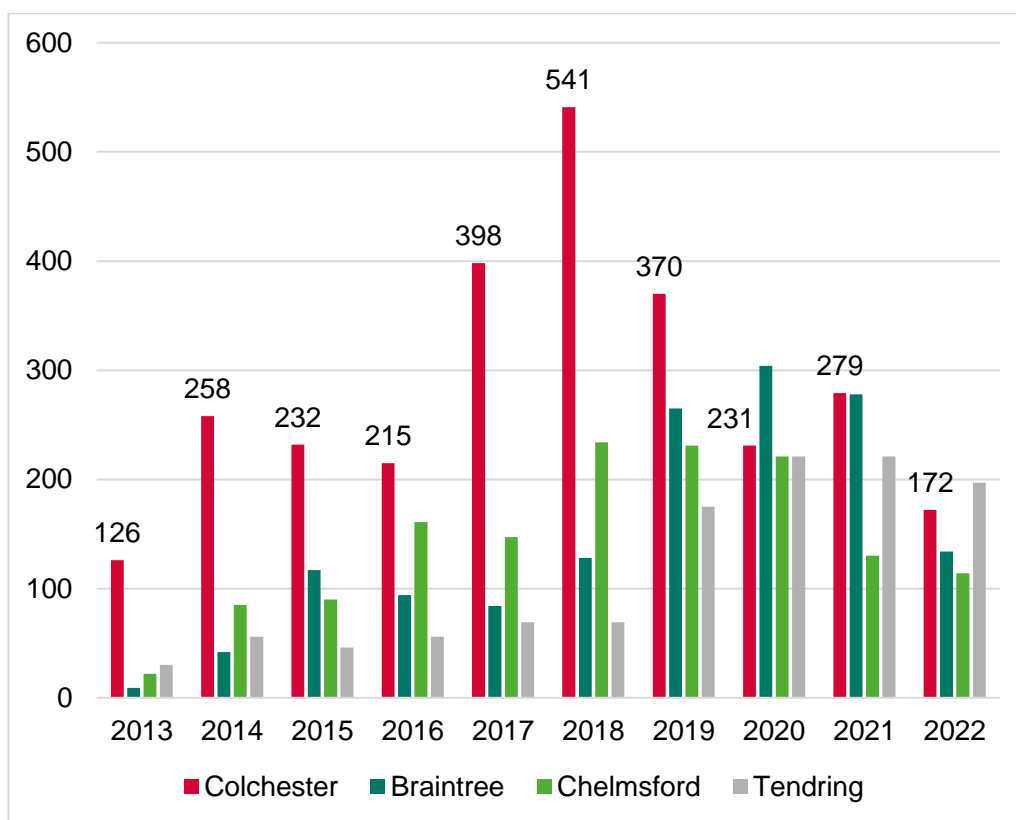
Source: Iceni analysis of DLUHC data

4.48   Between 2013-22, 100 or more new-build sales each year were being supported by the Help-to-Buy Scheme. Colchester has seen significantly more Help-to-Buy equity loans than all its neighbouring local authorities, particularly in the years 2017 to 2019. Its end can thus be expected to affect sales rates (and thus delivery rates) for new-build schemes; however, as is seen in Figure 4.10 above sales activity for new-build schemes has been significantly outsized by market activity for existing dwellings over the previous decade and has been decreasing.

4.49   It is not entirely clear why Colchester's Help-to-Buy loan numbers have so strongly outstripped neighbouring authorities over the past decade, however, it may be a combination of factors such as Colchester's relative affordability and its relatively strong record in housing delivery, resulting in an attractive location for First-Time Buyers.

Agency Engagement

4.50   Iceni has undertaken market research speaking to estate agents operating within the city and surrounding areas. Key locations include Tiptree, Mersea Island, and the main Colchester City urban areas.

4.51   The analysis below reflects market conditions at the time of the assessment in May 2024. The responses are also anecdotal and may not align with the quantitative analysis or comments from other agents.

Colchester City

4.52   The agents suggested that the market is generally slow. However, with inflation continuing to decrease, people are waiting to buy, and they don't want to commit to a mortgage at higher rates. The agents consider that as soon as bank rates start to decrease the demand for properties will increase.

4.53   The agents consider that most people are moving to Colchester from within Colchester, as well as there being demand from people moving out of London.

4.54   There is not considered to be any area of Colchester that is particularly busier than any other in terms of activity and buyer interest. Buyers and renters are attracted to Lexden as it has good proximity to schools.

4.55   Buyers and renters are also attracted to areas surrounding the train stations in Colchester for ease of commuting to London and other major employment centres.

4.56   Buyers and particularly renters who are seeking better value or have limited budgets are typically attracted to the areas surrounding the New Town.

4.57   Properties marketed for sale don't typically achieve the asking price at present. When compared to two years previous, asking prices would have been met or exceeded, typically within days of properties being marketed.

4.58   At present, properties can take up to two weeks to secure a viewing from a potential customer, and the asking price is typically not achieved as buyers are aware of lower levels of demand.

4.59   Less people generally want to buy flats in Colchester because of the cost-of-service charges and amenity factors such as the lack of a garden.

4.60   Properties listed at prices up to £400,000 are most attractive to buyers. Additionally, there is relatively good demand for properties at the £1 million and above level. However, there does appear to be weaker demand for properties priced between £400,000-£800,000.

4.61   Landlords have also been impacted by increasing interest rates, the Renters Reform Bill, and so notably some landlords have been selling properties. It is considered that if the Bill doesn't become legislation (it was not passed in this parliament) there will likely be more landlords buying properties to let again.

4.62   Agents considered that people are typically seeking to rent for longer periods so that they don't have to worry about rent increases as much.

Tiptree

4.63   Buyers in Tiptree are typically First-Time Buyers seeking properties in the £200,000 to £300,000 range. The sales market is considered busier this year in terms of number of properties sold, but it was noted by agents that prices are lower when compared to a year previous.

4.64   People who move to Tiptree are typically those moving 'further into Essex' from London and particularly Brentwood. There is not considered

to be a particular demand from commuters seeking to buy due to the lack of a train station in Tiptree.

4.65   The agents noted that 3-bedroom semi-detached properties appear to be popular in Tiptree. The length of time that houses are on the market is considered dependent on price. There is a gap in the market for bungalows in Tiptree.

4.66   Compared to the year previous, agents consider that sales prices have reduced, but that they will hold at the reduced price.

West Mersea / Mersea Island

4.67   Agents consider Mersea attractive due to it having a seaside location, being well-serviced by amenities, and being commutable to London despite the lack of a train station.

4.68   The sales market in Mersea was not as busy as last year (2023), with interest rates rising, buyers were dropping off as mortgage rates became unaffordable. The outlook was considered uncertain and unpredictable.

4.69   The agents considered that there is demand for a range of different prices, sizes, and locations and it is therefore hard to pinpoint or predict what exactly is in demand.

4.70   One agent stated that the time spent on the market depends on price. Asking prices are normally achieved.

Housing Market Dynamics – Summary

4.71   In the year to March 2023, the median house price in Colchester was £325,000.

4.72   Colchester has comparatively lower house price than surrounding areas as the housing stock is focused more on smaller dwellings.

4.73   House price growth has been relatively strong however again lower than comparators.

4.74   Sales volumes have been falling since their pandemic drive peak in 2021, and in Colchester, at a rate faster than that seen by comparator geographies across Essex.

4.75   Annualised price increases measured over the past five years are lower across all comparator geographies and sub-areas are lower than that seen when measured over the past decade, showing some slowdown.

5. Demographics and Overall Housing Need

Introduction

5.1   This section of the report considers overall housing need set against the framework of Planning Practice Guidance (PPG) – specifically the Standard Method for assessing housing need.

5.2   For context, the section also considers recent demographic trends to test if there are 'exceptional circumstances' that would point to the Standard Method as no longer being reasonable.

5.3   A projection has also been developed to consider the implications of housing delivery in line with the Standard Method, this projection looks at a 2023-2041 period – the end date to align with the emerging Local Plan.

Demographic Trends

Population

5.4   As of mid-2022 (the latest date for which ONS has published mid-year population estimates (MYE)), the population of Colchester is estimated to be 194,400 this is a growth of around 18,600 people over the previous decade.

5.5   This equates to a growth of around 11% since 2012 which is a notably higher rate of growth than that seen across any of the County, the East of England region and nationally.

Table 5.1 Population Change (2012-22)

	2012	2022	Change	% change
Colchester	175,840	194,394	18,554	10.6%
Essex	1,407,607	1,519,509	111,902	7.9%
East of England	5,915,033	6,398,497	483,464	8.2%
England	53,506,812	57,106,398	3,599,586	6.7%

Source: Mid-year population estimates

Age Structure

5.6   The figure below shows the age structure by single year of age (compared with a range of other areas). From this Colchester has slightly fewer people in age groups from about 50 onwards, the data also shows a spike of people aged in their late teens and early 20s which will be linked to students in the city.

Figure 5.1 Population Profile (2022)
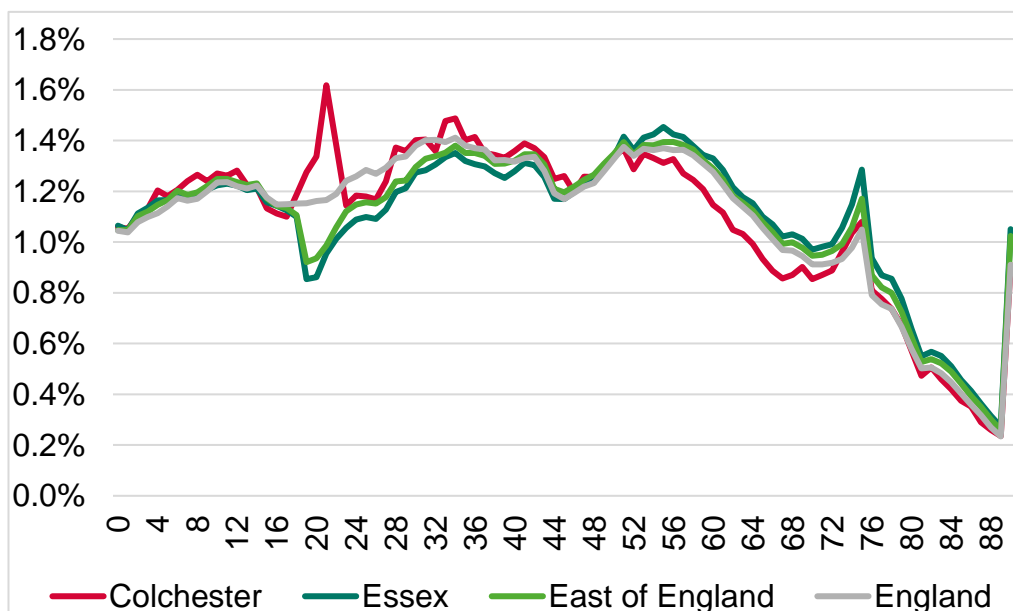
Source: Mid-year population estimates

5.7   The analysis below summarises the above information (including total population numbers for Colchester) by assigning the population to three broad age groups (which can generally be described as a) children, b) working age and c) pensionable age). This analysis highlights a lower

proportion of people aged 65 and higher proportions aged 16-64; when compared with national data any differences are fairly minor.

Table 5.2 Population Profile (2022) – Summary Age Bands

	Colchester		Essex	East of England	England
	Population	*% of population*	*% of population*	*% of population*	*% of population*
Under 16	37,061	19.1%	18.7%	18.8%	18.5%
16-64	122,378	63.0%	60.5%	61.3%	62.9%
65+	34,955	18.0%	20.8%	19.9%	18.6%
All Ages	194,394	100.0%	100.0%	100.0%	100.0%

Source: Mid-year population estimates

Age Structure Changes

5.8   The figure below shows how the age structure of the population has changed in the 10-year period from 2012 to 2022 – the data used is based on population so will also reflect the increase seen in this period.

5.9   There have been some changes in the age structure, including increases in the population in their 50s; the number of people aged 70 and over also looks to have increased notably. Where there are differences, it is often due to cohort effects (i.e. smaller or larger cohorts of the population getting older over time). Those in their late 20s/ early 30s have also grown.

Figure 5.2 Population Age Structure (people) (2012 and 2022)
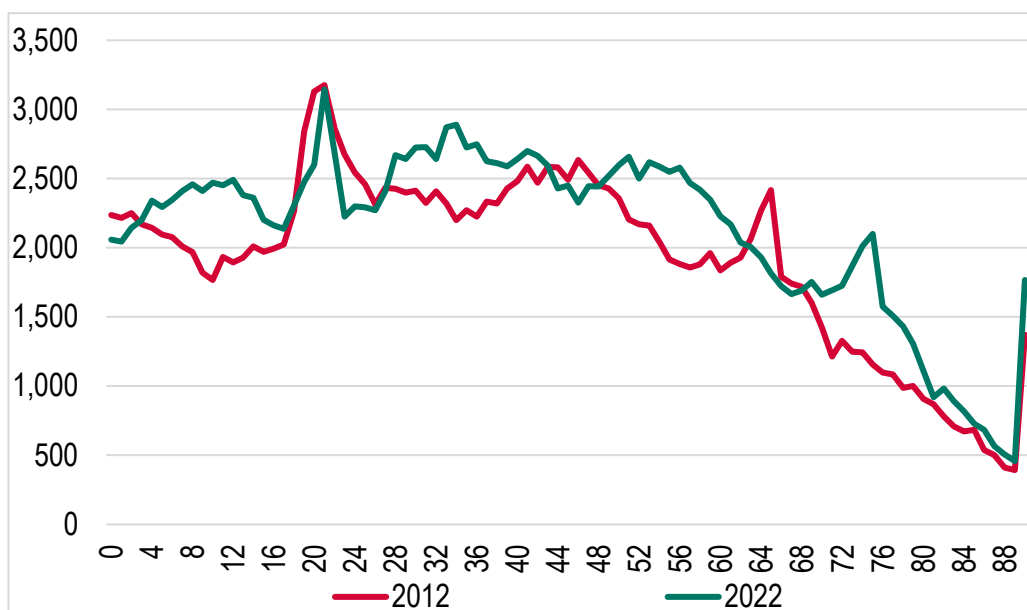
Source: Mid-year population estimates

5.10   The information above is summarised into three broad age bands to ease comparison. The table below shows an increase of 14% in the Under 16 population and a 7% rise for those aged 16–64. The largest increase (of 21%) is seen in the 65+ age group – the population aged 65 and over accounts for 33% of all population change over this period.

Table 5.3 Change in population by broad age group (2012-22) – Colchester

	2012	2022	Change	% change
Under 16	32,489	37,061	4,572	14.1%
16-64	114,464	122,378	7,914	6.9%
65+	28,887	34,955	6,068	21.0%
TOTAL	175,840	194,394	18,554	10.6%

Source: Mid-year population estimates

Components of Population Change

5.11   The table below considers the drivers of population change from 2011 to 2022. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international).

5.12   There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if the population has been under- or over-estimated (this is only calculated for the 2011-21 period). There are also 'other changes', which for Colchester are relatively low – these changes are often related to armed forces personnel or boarding school pupils.

5.13   The data shows natural change to be generally dropping over time – although there have been more births than deaths throughout the period studied. Migration is variable, and generally on a downward trend for internal (domestic) movers but an upward trend for international migration. The data is however clear that migration is the main driver of population growth in the city.

Table 5.4 Components of population change, mid-2011 to mid-2022 – Colchester

	Natural change	Net internal migration	Net inter-national migration	Other changes	Other (unattri-butable)	Total change
2011/12	847	1,272	657	-161	-389	2,226
2012/13	832	317	894	-198	-377	1,468
2013/14	797	1,532	945	221	-389	3,106
2014/15	674	1,399	1,069	85	-399	2,828
2015/16	628	589	1,290	25	-413	2,119
2016/17	594	1,087	627	3	-495	1,816
2017/18	565	1,109	803	-5	-548	1,924
2018/19	472	491	1,013	1	-608	1,369
2019/20	477	737	773	111	-589	1,509
2020/21	218	-1,042	2,280	-19	-758	679
2021/22	368	-1,027	2,424	-29	0	1,736

Source: ONS

5.14   The analysis also shows (for 2011-21) period a notable negative level of UPC (totalling nearly 5,000 people over the 10 years), this suggests when the 2021 Census was published ONS had previously overestimated population change.

5.15   Overall, the data shows a continuing trend of population growth throughout the period studied and in particular some of the earlier years (up to 2016).

ONS Admin-based Population Estimates

5.16   Over the last couple of years ONS has been developing new 'admin-based' population estimates with data now available for mid-2021 to mid-2023 – the latest data, therefore, is more recent than the latest MYE. Thus, it is of interest to look at population estimates from this source, although we would point out that ONS note the following on their website:

'These are official statistics in development because we continue to refine our methods. They do not replace official mid-year population and international migration estimates and should not be used for decision making'.

5.17   The table below shows population estimates from the admin-based data and the MYE. For 2021-22 the admin-based figures show a similar population growth to the MYE, and they also include a slightly higher estimated level of growth for the 2022-23 period. This does point to the growth shown in the MYE for the last few years as having continued through 2023.

Table 5.5 ONS admin-based population estimates (2021-23) and comparison with MYE – Colchester

	ONS MYE	Change	ONS Admin-based Estimate	Change
2021	192,658	-	192,886	-
2022	194,394	1,736	194,747	1,861
2023	-	-	196,808	2,061

Source: ONS

Standard Method Local Housing Need

5.18   The NPPF sets out a 'standard method' which is used to calculate an area's local housing need and is intended to be an advisory starting point for establishing a housing requirement within a new local plan.

5.19   The standard method has four steps, as set out in Planning Practice Guidance which generate an annual housing need figure over the next 10 years, which is then intended to be applied to the whole plan period.

Step One: Setting the Baseline

5.20   The first step is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year being the first year i.e. 2024-34.

5.21   The average household growth projected for Colchester over this period is 773 per annum.

Step Two: Affordability Adjustment

5.22   The second step is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). It is intended to address households that could not form or did not move to the area because of the cost of housing.

5.23   The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published median affordability ratios from ONS based on workplace-based median house prices and median earnings for 2023, which is the latest available data and was published by ONS in March 2024.

5.24   The Government's Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 0.25%, with the calculation being shown below.

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

5.25   For Colchester, the 2023 ratio was 9.57, giving an uplift of 35%. This leads to a housing need of 1,043 dwellings per annum.

Step Three: The Cap

5.26   The third step of the Standard Method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered.

5.27   There are two situations where a cap is applied:

- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance, the need may be capped at 40% above the requirement figure set out in the plan.

- The second situation is where plans and evidence are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

5.28   Colchester's Section 1 Local Plan sets out the housing target for the city and was adopted in February 2021 and is therefore three years old and therefore the need is capped at 405 above the housing requirement.

5.29   The Adopted Section 1 Local Plan sets out a housing target of 920 dpa therefore the cap would be 50% above this figure or 1,288 dpa. As the

housing need in Step 2 is 1,043 dpa the cap is therefore not applied, and the housing need remains at 1,043 dpa.

Step Four: Urban Uplift

5.30   The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift ensures that the Government's stated target of 300,000 dwellings per annum is met and that *"homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable."* (Paragraph: 035 Reference ID: 2a-035-20201216).

5.31   Colchester is not listed within the top 20 largest urban areas in the country and therefore no additional uplift is applied.

5.32   The table below works through the Standard Method calculations for the city. This confirms the need for 1,043 dwellings per annum.

Table 5.6 Standard Method Housing Need Calculations using 2014-based Household Projections

	Colchester
Households 2024	83,689
Households 2034	91,423
Change in households	7,734
Per annum change	773
Affordability ratio (2023)	9.57
Uplift to household growth	35%
Uncapped need (per annum)	1,043

Source: Derived from a range of ONS and MHCLG sources

5.33   The PPG sets out that this figure needs to be kept under review until the point of submission of the Plan. New affordability data is released annually in late March.

Considering Wider Demographic Evidence

5.34   We move on next to consider wider evidence related to demographic trends to consider whether the demographic characteristics of the area provide a basis for using an alternative approach, as per Paragraph 61 in the NPPF.

Data used in 2014-based projections

5.35   On the 22nd of March 2018, the ONS released revised population estimates for England and Wales: mid-2012 to mid-2016. The main justification ONS listed for this was that improvements had been made to international emigration and foreign armed forces dependents and that the distribution of people aged in their 20s and 30s has changed more than for other age groups.

5.36   By updating previous estimates of population change and migration (including in the period 2011-14) ONS were essentially changing the data used to underpin part of the 2014-based projections. It is therefore worthwhile seeing how significant these changes were for Colchester and if updated information points to the 2014-based projections as being substantially wrong.

5.37   The table below shows the estimated population in 2014 from the original and revised MYE. For the City, the revised population estimate for 2014 is slightly higher than for previous data (data used for the 2014-SNPP). This would suggest the 2014-based projections might slightly underestimate population growth. However, the scale of difference is not considered substantial (or exceptional) and would be unlikely to have a notable impact on projections.

Table 5.7 Original & Revised Estimate of Population in 2014

	Original estimate	**Revised estimate**	**Difference**
Colchester	180,420	180,973	+553

Source: ONS

Demographic Trends

5.38   The analysis below looks at population trends across the city, including more recent demographic data. Two main sources are initially used, these are:

- **MYE (unadjusted)** – unadjusted ONS mid-year population estimates (MYE) – these are estimates of the population made by ONS by tracking births, deaths and migration from 2021. This is an important source as the data contained within this data source (notably about migration) is likely to be used by ONS as part of the next round of population projections (2022-based SNPP); and

- **MYE (Census adjusted)** – these are estimates of population in 2021 that take account of the 2021 Census data. Essentially, ONS use the Census (which dates from March 2021) and roll forward to a mid-year estimate based on births, deaths and migration in the 3 months between March and June. The Census adjusted MYE replaced the unadjusted figures as the ONS view of population in 2021.

5.39   From these sources there are only two consistent data points (2011 and 2021). Much of the analysis to follow therefore looks at trends in these 10 years.

5.40   Above it was noted that one exceptional circumstance might be that the 2014-based subnational household projections (SNHP) that underpin the Standard Method are clearly wrong – in this instance, we are looking to consider if the trends that have actually occurred are substantially

different from those projected back in 2014 and that this is locally exceptional.

5.41   One way of considering this is to compare data for 2021 with recently published Census data and MYE data (prior to a Census adjustment). Comparisons are made for both population (as this underpins the household projections) and household estimates.

5.42   The table below shows population figures for 2011 and 2021 from these sources. The data shows the 2014-based projections had projected the population of the City to reach 194,600 by 2021 and ONS in their monitoring of data had estimated a higher population figure (197,600).

5.43   Following the publication of the 2021 Census, ONS has revised downwards its estimate of population in 2021 to 192,700 – a figure below the 2014-based projections. Overall, this does not point to anything exceptional.

Table 5.8 Estimated Population in 2011 and 2021

	2011	**2021**	**Change**	**% change**
2014-based SNPP/SNHP	173,614	194,640	21,026	12.1%
MYE (unadjusted)	173,614	197,623	24,009	13.8%
MYE (Census adjusted)	173,614	192,658	19,044	11.0%

Source: ONS

5.44   In terms of more recent trends, we can also look at household changes as projected in the 2014-SNHP and as now shown by the Census, this is shown in the table below.

5.45   This shows that household growth in the 10-year period to 2021 was projected to be at a higher level in the 2014-SNHP than the Census has

now shown. Again, whilst there is a difference it is arguable (given the scale) that this is not particularly exceptional.

Table 5.9 Estimated Households in 2011 and 2021 – range of sources

	2011	**2021**	**Change**	**% change**
2014-based SNHP	71,789	81,257	9,468	13.2%
Census	71,634	79,710	8,076	11.3%

Source: ONS

5.46   The demographic evidence does not thus clearly point to a set of exceptional circumstances which justify moving away from the Standard Method in Colchester.

5.47   To confirm, the data above suggests the Standard Method is a reasonable number to use in estimating housing need for the City, whilst some recent trends look to be slightly below those projected in the 2014-based household projections, the differences are not considered to be so great as to be called 'exceptional'.

Historic Completions Trends

5.48   A further consideration is to look at past housing delivery. This is a key part of the PPG, which says (2a-010):

'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'

5.49   The chart below shows consistent delivery over time – an average of 932
        dwellings per annum delivered since 2011 and a similar figure (955
        dwellings average) over the last five years (2018-23). These figures
        would point to a housing need of 1,043 per annum as being reasonable
        – supply has not consistently exceeded the Standard Method.

Figure 5.3 Net Completions – Colchester
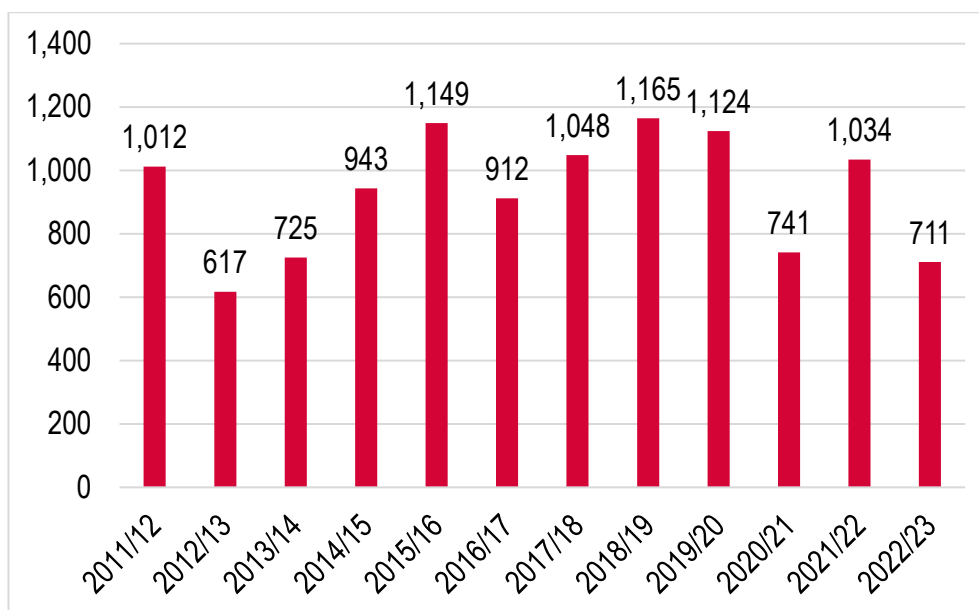
Source: Colchester Annual Monitoring Report

Developing a Projection Linking to the Standard Method

5.50   The data above suggests the Standard Method is a reasonable number
        to use in estimating housing need for the city and it is worthwhile looking
        at how the population might change if providing this level of homes.

5.51   A bespoke projection has been developed, linking to the provision of
        1,043 dwellings per annum, and this projection is then used for other
        analysis in the report (including looking at the mix of housing) – the
        projection looks at demographic change over the 2023-41 period.

5.52   A scenario has been developed that flexes migration to and from the City such that there is sufficient population for 18,774 additional homes (1,043 × 18) to be filled.

5.53   The modelling links to 2018-based population and household projections and rebases population and households to the levels shown in the 2021 Census and includes MYE data up to 2022.

5.54   To generate a base population for 2023, data has been drawn from the ONS 'admin-based' population estimates – whilst these are official statistics 'in development' they do point to being broadly consistent with the MYE and have the advantage of being available to 2023 (MYE only to 2022 at the time of drafting this section)

5.55   Within the modelling, migration assumptions have been changed so that across the city the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

5.56   In developing the Standard Method projection, a population increase of around 37,900 people is shown, with population growth mainly shown in the 16-64 age band.

Table 5.10 Projected population change 2023 to 2041 by broad age bands – Colchester (linked to the delivery of 1,043 dwellings per annum)

	2023	2041	Change in population	% change from 2023
Under 16	35,279	39,718	4,439	12.6%
16-64	126,117	146,556	20,439	16.2%
65 and over	35,412	48,387	12,975	36.6%
Total	196,808	234,662	37,854	19.2%

Source: Demographic Projections

5.57   In proportionate terms, the greatest increase is, however, projected to be in the 65 and over age band – a projected increase of 37% in this age band from 2023 numbers, with this age group accounting for around 34% of all population growth.

Employment Provision Supported

5.58   The analysis to follow considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change).

5.59   To look at estimates of the job growth which could be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);

- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and

- Bringing together this information will provide an estimate of the potential job growth supported by the population projections.

Growth in Resident Labour Supply

5.60   The approach taken in this report is to derive a series of age and sex-specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop.

5.61   This is a typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report) – this data has then been rebased to information in the 2021 Census (on age, sex and economic activity).

5.62   The table below shows the assumptions made for the city. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will, to a considerable degree, link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Table 5.11 Projected changes to economic activity rates (2023 and 2041) – Colchester

	Males			Females		
	2023	**2041**	**Change**	**2023**	**2041**	**Change**
16-19	37.0%	37.5%	0.4%	38.3%	38.7%	0.4%
20-24	65.8%	65.6%	-0.2%	65.6%	65.5%	-0.1%
25-29	88.0%	88.0%	0.0%	80.8%	80.8%	0.0%
30-34	91.2%	91.2%	0.0%	80.7%	80.7%	0.0%
35-39	91.6%	91.2%	-0.4%	80.5%	82.0%	1.5%
40-44	90.4%	89.5%	-0.9%	82.9%	85.0%	2.1%
45-49	90.4%	89.5%	-0.9%	82.5%	86.3%	3.9%
50-54	87.9%	87.0%	-0.9%	80.0%	83.8%	3.8%
55-59	82.0%	81.4%	-0.6%	73.1%	75.3%	2.1%
60-64	69.6%	74.9%	5.3%	57.2%	63.2%	6.0%
65-69	33.1%	45.3%	12.2%	24.0%	36.7%	12.7%
70-74	12.6%	15.1%	2.5%	7.4%	14.1%	6.7%
75-89	5.4%	5.8%	0.4%	2.5%	5.1%	2.6%

Source: Based on OBR and Census (2021) data

5.63   Working through an analysis of age and sex-specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the city – this is set out in the table below. The analysis shows that a projection linked to the Standard Method results in growth in the economically active population of 20,700 people – a 21% increase.

Table 5.12 Estimated change to the economically active population (2023-41) – Colchester

	Economically active (2023)	Economically active (2041)	Total change in economically active	% change
Standard Method	99,354	120,013	20,659	20.8%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

5.64 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support.

5.65 The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

5.66   The table below shows summary data about commuting to and from Colchester from the 2011 and 2021 Census. Data from both sources is used as the 2011 data is quite old, but the 2021 data could be influenced by the COVID-19 pandemic.

5.67   Overall, from both sources the data shows a fairly balanced commuting profile with the number of people resident in the area who are working being similar to the total number who work in the area – a very modest level of net out-commuting in 2011 and a small net in-commute in the 2021 data.

5.68   Figures for a commuting ratio are shown in the final row of the table and are calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

5.69   When comparing the two sources it is clear the main difference is a large increase in the number of home workers (or those of no fixed workplace) in 2021 compared with 2011. As the country has moved away from the pandemic, this figure may have started to reduce slightly.

Table 5.13 Commuting Patterns – Colchester

	2011	**2021**
Live and Work in LA	45,269	32,912
Home workers or no fixed workplace	15,956	42,210
In-commute	23,036	17,301
Out-commute	24,850	16,893
Total working in LA	84,261	92,423
Total living in LA and working	86,075	92,015
Commuting Ratio	1.022	0.996

Source: Census 2011, 2021

5.70   In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the Census (a 2011 and a 2021 scenario).

5.71   A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working). Given the figures, there is little difference in the scenarios.

Double Jobbing

5.72   The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs.

5.73   Data from the Annual Population Survey (available on the NOMIS website) for the past 5-years (for which data exists) suggests across the city that typically about 3.1% of workers have a second job.

5.74   For this assessment it has therefore been assumed that around 3.1% of people will have more than one job moving forward – this means the number of jobs supported by the workforce will be around 3.1% higher than workforce growth. It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

5.75   The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs.

5.76   This is particularly important given there are likely to have been notable
        increases in unemployment due to Covid-19, although it will be difficult to
        be precise about numbers.

5.77   Given the estimates of economic activity and job growth are taken from
        mid-2023 it is considered that there is no need to include a further
        adjustment to take account of the pandemic.

5.78   Essentially, it is assumed that people who lost employment through the
        pandemic will now be back in work (if they are seeking work) and so there
        is no latent labour supply available to fill additional jobs.

Jobs Supported by Growth in the Resident Labour Force

5.79   The table below shows how many additional jobs might be supported by
        population growth under the Standard Method. Given different
        assumptions about commuting patterns and estimates about double
        jobbing, it is estimated that between 20,900 and 21,400 additional jobs
        could be supported by the changes to the resident labour supply over the
        2023-41 period.

Table 5.14 Jobs supported by demographic projections (2023-41)

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
2011 commuting	20,659	21,319	20,870
2021 commuting	20,659	21,319	21,414
1:1 commuting	20,659	21,319	21,319

Source: Iceni analysis

Demographic and Housing Need Summary

5.80   The LHNA studied the overall housing need set against the NPPF and the framework of PPG – specifically the Standard Method for assessing housing need. This shows a need for 1,043 dwellings per annum. This is based on household growth of 773 per annum and an uplift for affordability of 35%.

5.81   The report has considered whether there are exceptional circumstances to move away from the Standard Method (either in an upward or downward direction). This looked at up-to-date demographic trends and is also mindful of the NPPF December 2023 which sees some strengthening of the encouragement for local authorities to consider exceptional circumstances.

5.82   Firstly, the report tested the data used in the 2014-projections as ONS has subsequently revised key trend data for migration. In Colchester, the revisions were very minor and unlikely to have any notable impact on the projections.

5.83   The report than looks at more recent demographic trends – taking account of 2021 Census data and ONS mid-year population estimates up to 2021, this data was compared with the 2014-based projections.

5.84   Whilst there were differences between sources, these did not show a clear trend (sources showing both higher and lower population estimates than had previously been projected) and did not point to any exceptional circumstance.

5.85   Data about household growth from the Census also showed a similar pattern to that in the 2014-based projections, again pointing to the projections underpinning the Standard Method as remaining reasonable.

5.86   Past build rates were also considered as areas with strong growth might
be able to provide more homes than the Standard Method (also high
delivery might point to an over-supply of housing). In Colchester, whilst
delivery has been strong averaging 955 dwellings per annum over the
past 5-years), it is again not considered that this provides any evidence
to suggest a higher or lower figure than the Standard Method.

5.87   Overall, it was therefore concluded in demographic terms that the
Standard Method is a reasonable assessment of housing need for
Colchester (noting the premise of the method itself has not been
challenged in this report).

5.88   On that basis a bespoke demographic projection was developed to look
at how the population might change if 1,043 homes per annum were
delivered over the period to 2041 (from 2023). This showed continued
strong population growth and ageing of the population, although notable
growth in the number of children and those of 'working age' is also
projected.

5.89   The Standard Method projection was used to look at potential changes
to the resident labour supply and the number of additional jobs that might
be supported.

5.90   Overall, it was projected the labour supply linked to the Standard Method
would increase by around 21% over the 2023-41 period and that this
could support around 20,900-21,400 additional jobs.

6. Affordable Housing Need

Introduction

6.1   This section provides an assessment of the need for affordable housing in Colchester. The analysis follows the methodology set out in Planning Practice Guidance (Sections 2a-018 to 2a-024) and provides two main outputs: firstly, an assessment of the need from households unable to buy OR rent housing; and secondly from households able to rent but not buy. For convenience, these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership.'

Affordable Housing Sector Dynamics

6.2   The 2021 Census indicated that 13% of households in Colchester lived in social rented homes, with the sector accommodating around 10,600 households.

6.3   Data from the Regulator of Social Housing (RSH) for 2023 indicates that Registered Providers (RPs) owned 11,806 properties in the City, of which 84% were for general needs; 13% supported housing or housing for older people; and 3% low-cost home-ownership homes (such as shared ownership properties).

6.4   Most general needs homes are rented out at social rents (all Council owned homes and 68% of Registered Provider homes) and the rest at affordable rents.

Table 6.1 Stock Owned or Managed by the Council and Registered Providers – Colchester City

	LA	RP	Total	% of stock
General needs rented	5,403	4,539	9,942	84.2%
Supported/older persons housing	526	951	1,477	12.5%
Low-cost home ownership	6	381	387	3.3%
Total	5,935	5,871	11,806	100.0%

Source: RSR Geographical Look-Up Tool 2023

6.5   As of April 2023, there were 1,824 households on the Council's Housing Register, of which 1,023 were in a reasonable preference category (i.e. with more acute needs). In addition, data for December 2023 shows there were 289 households accommodated in temporary accommodation – over half (149) were households with children; a small proportion of these (8%) being accommodated outside of the City.

Overview of Method

6.6   This section provides an assessment of the need for affordable housing in Colchester. The analysis follows the methodology set out in Planning Practice Guidance (Sections 2a-018 to 2a-024) and provides two main outputs: firstly, an assessment of the need from households unable to buy OR rent housing; and secondly from households able to rent but not buy. For convenience, these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership'. In summary, the methodology looks at a series of stages as set out below:

- Current affordable housing need (annualised to meet the current need over a period of time);

- Projected newly forming households in need;

- Existing households falling into need; and

•   Supply of affordable housing from existing stock

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

Affordable Housing Definitions

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

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

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

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

Discounted Market Sale – a home which is sold at a discount of at least 20% below local market value to eligible households; with

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provisions in place to ensure that housing remains at a discount for future households (or the subsidy is recycled).

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

Affordability

6.8   An important first part of the affordable needs modelling is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. To establish affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

6.9   The table below shows estimated current prices to both buy and privately rent a lower quartile home in the city (excluding newbuild sales when looking at house prices). Across all dwelling sizes the analysis points to a lower quartile price of £230,000 and a private rent of £995 per month.

Table 6.2 Estimated lower quartile cost of housing to buy (existing dwellings) and privately rent (by size) – Colchester

	To buy	Privately rent
1-bedroom	£125,000	£750
2-bedrooms	£180,000	£1,000
3-bedrooms	£300,000	£1,300
4-bedrooms	£415,000	£1,600
All dwellings	£230,000	£995

Source: Land Registry and Internet Price Search

6.10   The table below shows how prices and rents vary by location. The
        analysis shows some variation in prices and rents, with prices (and rents)
        estimated to be highest in Rural areas and lower in Urban areas.

Table 6.3 Lower Quartile Prices and Market Rents, by Sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Urban North & West	£210,000	£935
Urban South & East	£210,000	£1,020
Rural Area North	£315,000	£1,195
Rural Area South	£295,000	£1,195
Mersea	£315,000	£1,245
Tiptree	£285,000	£1,160
Wivenhoe	£275,000	£1,200
TOTAL	£230,000	£995

Source: Land Registry and Internet Price Search

6.11   Next it is important to understand local income levels as these (along with
        the price/rent data) will determine levels of affordability (i.e. the ability of
        a household to afford to buy or rent housing in the market without the
        need for some sort of subsidy). Data about total household income has
        been based on ONS-modelled income estimates, with additional data
        from the English Housing Survey (EHS) being used to provide
        information about the distribution of incomes. Data has also been drawn
        from the Annual Survey of Hours and Earnings (ASHE) to consider
        changes since the ONS data was published.

6.12   Overall, the average (mean) household income in the city is estimated to
        be around £56,000, with a median income of £46,700; the lower quartile
        income of all households is estimated to be £26,800.

6.13   Analysis has also been undertaken to estimate how incomes vary by sub-
        area, with the table below showing the estimated median household
        income in each location – incomes are shown to be highest in rural areas.

Table 6.4 Estimated average (median) household income by sub-area

	Median Income	**As a % of the City's average**
Urban North & West	£59,100	106%
Urban South & East	£49,400	88%
Rural Area North	£61,200	109%
Rural Area South	£62,600	112%
Mersea	£53,800	96%
Tiptree	£50,100	89%
Wivenhoe	£53,700	96%
TOTAL	£56,000	-

Source: Iceni affordable needs modelling

6.14   To assess affordability, two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private-sector housing. For the purposes of the analysis, the following assumptions are used:

- Rental affordability – a household should spend no more than 30% of their income on rent; and

- Mortgage affordability – assume a household has a 10% deposit and can secure a mortgage for four and a half times (4.5x) their income.

6.15   The table below shows the estimated incomes required to both buy and rent privately in each sub-area. This shows a notable 'gap' in all areas across all areas, particularly locations where house prices are higher.

The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 6.5 Estimated Household Income Required to Buy and Privately Rent by Sub-area

	To buy	**To rent (privately)**	**Income gap**
Urban North & West	£42,000	£37,400	£4,600
Urban South & East	£42,000	£40,800	£1,200
Rural Area North	£63,000	£47,800	£15,200
Rural Area South	£59,000	£47,800	£11,200
Mersea	£63,000	£49,800	£13,200
Tiptree	£57,000	£46,400	£10,600
Wivenhoe	£55,000	£48,000	£7,000
TOTAL	£46,000	£39,800	£6,200

Source: Based on Housing Market Cost Analysis

Need for Social & Affordable Rented Housing

6.16   The analysis below sets out an estimate of the need for social and affordable rented housing across the city and sub-areas. The methodology used follows Planning Practice Guidance and draws on a range of data sources, including 2021 Census information where relevant.

6.17   The table below sets out the overall City-wide estimate of need and includes a brief description of the sources of information and methodology used. The analysis suggests **an annual need for 877 rented affordable homes** if all needs were to be met.

Table 6.6 Assessment of need for social and affordable rented housing – Colchester (2023) – per annum

Stage	Number	Notes
Current need	124	Based on Census data (e.g. about overcrowding) and homelessness statistics and based on 2,235 households in need annualised over an 18-year period
New household formation	845	Figures based on the latest ONS household projections and based on gross formation of 1,614 households with 52% unable to afford the market.
Existing households falling into need	185	Households from other tenures annually receiving lettings or registering need.
Gross Annual Need	1,154	Total of the above categories
Lettings to new tenants	277	Based on lettings in the 2020-23 period
Net Annual Need	877	Gross need - lettings

Source: Iceni affordable needs modelling

6.18   The table below summarises this information by sub-area and shows a notable need in all locations.

Table 6.7 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Re-let Supply	Net Need
Urban North & West	55	335	100	490	114	376
Urban South & East	36	273	50	359	118	241
Rural Area North	12	69	11	92	17	75
Rural Area South	6	44	6	55	9	46
Mersea	6	33	6	44	8	36
Tiptree	5	40	6	52	7	44
Wivenhoe	4	51	7	62	4	58
Total	124	845	185	1,154	277	877

Source: Iceni affordable needs modelling

6.19   The analysis does suggest that affordable housing delivery should be maximised where opportunities arise, but caution should be used in trying to make any direct links between the affordable need and the overall need.

6.20   This is because part of the affordable need is existing households who already have accommodation (and therefore do not give rise to a net need for housing) and also because the role of the wider housing market needs to be understood – particularly the extent to which the private rented sector provides benefit supported lettings to those unable to afford.

6.21   As of November 2023, 5,250 households were claiming Housing Benefit or Universal Credit (with a housing component) in the private rented

sector. There will however be concerns about the potential gap between rents paid and the amount of benefit received.

6.22   Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below considering what a reasonable split might be between these two tenures. The analysis has looked at current social and affordable rents, along with market rents to see what proportion of households are likely to be able to afford different products.

6.23   The table below suggests that around 11% of households who cannot afford to rent privately could afford an affordable rent at 80% of market rents, with a further 12% being able to afford current affordable rents.

6.24   There are also an estimated 26% who can afford a social rent (but not an affordable one). A total of 51% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure). This analysis points to a clear need for social rented housing.

Table 6.8 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford 80% of market rent	11%
Afford current affordable rent	12%
Afford social rent	26%
Need benefit support	51%
All unable to afford market	100%

Source: Affordability analysis

6.25   The analysis indicates that the provision of around 75% of rented affordable housing at social rents could be justified; albeit in setting planning policies, this will need to be considered alongside viability evidence. Higher provision at social rents will reduce the support through

housing benefits required to ensure households can afford their housing costs.

Need for Affordable Home Ownership

6.26   The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *'that cannot afford their own homes, either to rent, or to own, where that is their aspiration'*. However, at the time of writing, there is no guidance about how the number of households with a need for affordable home ownership should be measured.

6.27   The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households).

6.28   The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

6.29   The analysis has been developed in the context of First Homes with national policy now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

6.30   The first part of the analysis seeks to understand what the gap between renting and buying means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been

provided earlier in this section and so the discussion below is a broad
example.

6.31   Using the income distributions developed (as set out earlier in this
section) along with data about price and rents, it has been estimated that
of all households living in the private rented sector, around 43% already
have sufficient income to buy a lower quartile home, with 7% falling in the
rent/buy 'gap'. The final 51% are estimated to have an income below
which they cannot afford to rent privately (i.e. would need to spend more
than the calculated threshold of their income on housing costs) although
it should be noted that many households will spend a higher proportion
of their income on housing.

6.32   These figures have been based on an assumption that incomes in the
private rented sector are around 88% of the equivalent figure for all
households (a proportion derived from the English Housing Survey) and
are used as it is clear that affordable home ownership products are likely
to be targeted at households living in or who might be expected to access
this sector (e.g. newly forming households).

Table 6.9 Estimated proportion of households living in Private
Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	**Can afford to rent but not buy**	**Cannot afford to buy OR rent**
Urban North & West	52%	6%	42%
Urban South & East	41%	1%	57%
Rural Area North	32%	15%	52%
Rural Area South	37%	12%	50%
Mersea	25%	12%	63%
Tiptree	27%	11%	63%
Wivenhoe	32%	7%	61%
TOTAL	43%	7%	51%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

6.33   The finding that a proportion of households in the private rented sector
         are likely to have an income that would allow them to buy a home is also
         noteworthy and suggests for some households, barriers to accessing
         owner-occupation are not just about income/the cost of housing but also
         other factors (which could for example include the lack of a deposit or
         difficulties obtaining a mortgage (for example due to a poor credit rating
         or insecure employment)). However, some households will choose to
         privately rent, for example as it is a more flexible option that may be more
         suitable for a particular household's life stage (e.g. if moving location with
         employment).

6.34   In terms of the potential for deposits to be a barrier to home ownership it
         needs to be remembered the analysis in this report does not specifically
         factor in deposits due to good local information not typically being
         available; however, the English Housing Survey (2021-22) did collect
         data on savings (nationally) and this showed that 22% of owners, 48% of
         households in the private rented sector and 74% of social tenants did not
         have any savings. Access to deposits will therefore be a potential barrier
         to accessing housing for some households.

6.35   To study current need, an estimate of the number of household living in
         the Private Rented Sector (PRS) has been established, with the same
         (rent/buy gap) affordability test (as described above) then applied. The
         start point is the number of households living in private rented
         accommodation; as of the 2021 Census there were some 17,200
         households living in the sector across the city.

6.36   Additional data from the EHS suggests that 60% of all PRS households
         expect to become an owner at some point and of these some 40% would
         expect this to happen in the next 2-years (4,100 households if applied to
         Colchester). This figure is taken as the number of households potentially
         with a current need for affordable home ownership before any
         affordability testing.

6.37   As noted above, based on income it is estimated that around 7% of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 238 affordable home ownership units (13 per annum if annualised over an 18-year period).

6.38   In projecting forward, the analysis can consider newly forming households and the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 118 dwellings (98 from newly forming households and 20 from existing households in the private rented sector).

6.39   Bringing together the above analysis suggests that there is a need for around 131 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the city. This is before any assessment of the potential supply of housing is considered.

Table 6.10 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Urban North & West	8	45	11	63
Urban South & East	1	7	1	10
Rural Area North	2	19	3	23
Rural Area South	1	10	1	12
Mersea	1	6	1	8
Tiptree	1	6	1	8
Wivenhoe	1	6	1	7
TOTAL	13	98	20	131

Source: Affordable need modelling

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

6.40   As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

6.41   One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2023 of 387 homes. If these homes were to turnover at a rate of around 5% then they would be expected to generate around 19 resales each year. These properties would be available for these households and can be included as the potential supply.

6.42   In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level.

6.43   According to the Land Registry, in the city there were a total of 2,479 resales (i.e. excluding newly built homes) in the last year (year to March 2023) and therefore around 620 would be priced below the lower quartile. This is 620 homes that would potentially be affordable to the target group for affordable home ownership products and is a supply higher than the estimated gross need.

6.44   It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). A range of research projects have been considered including by Bramley and Wilcox in 2010[3] and data from mortgage

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[3] https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

solutions[4] and the financial times[5]. These sources would point to around half of lower quartile sales being to first-time buyers and therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

6.45   We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (43 per annum);

- Include the supply from affordable home ownership and half of resales of lower quartile homes (221 per annum (178+43)); and

- Include the supply from affordable home ownership and all resales of lower quartile homes (398 per annum (355+43)).

6.46   The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 112 dwellings per annum and this reduces to a surplus of 50% if lower quartile sales are included. If all lower quartile sales are included in the supply, then there a notable surplus need for affordable home ownership shown.

[4] https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009
[5] https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb

Table 6.11 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	131	131	131
LCHO supply	19	329	639
Net need	112	-198	-508

Source: Affordable need modelling

6.47   Focussing on the first of the three scenarios above (AHO resales only and the only figure that points to a net need) the table below shows a modest need for affordable home ownership in all areas but that the 'need' is much lower than for rented products.

Table 6.12 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Urban North & West	63	10	53
Urban South & East	10	4	6
Rural Area North	23	1	22
Rural Area South	12	2	10
Mersea	8	1	7
Tiptree	8	1	7
Wivenhoe	7	1	6
TOTAL	131	19	112

Source: Affordable need modelling

Different Affordable Home Ownership Products

6.48   Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although it is difficult to fully quantify this 'need' and the analysis below focuses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before

moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered).

6.49   The table below sets out a suggested purchase price for affordable home ownership/First Homes in Colchester by size. It works through first (on the left-hand side) what households with affordable home ownership need could afford (based on a 10% deposit and a mortgage at 4.5 times' income).

6.50   The right-hand side of the table then sets out what Open Market Value (OMV) this might support, based on a 30% discount. The lower end of the range is based on households who could afford to rent privately without financial support at LQ rents; with the upper end based on the midpoint between this and the lower quartile house price.

6.51   For 3-bedroom homes, it is suggested that an affordable price is between £260,000 and £280,000 and therefore the open market value of homes would need to be in the range of £371,400 and £400,000 (if discounted by 30%).

6.52   Given the £250,000 price cap on First Homes, this data suggests it might be very difficult to make First Homes genuinely affordable in a local context for larger homes.

Table 6.13 Affordable home ownership prices – Colchester (local authority)

	What households with an affordable home ownership need could afford	Open Market Value (OMV) of Home with 30% Discount
1-bedroom	£125,000	178,600
2-bedrooms	£180,000	£257,100
3-bedrooms	£260,000-£280,000	£371,400-£400,000
4+-bedrooms	£320,000-£367,500	£457,100-£525,000

Source: Derived from market survey data

6.53   It is difficult to definitively analyse the cost of newbuild homes as these will vary from site to site and will be dependent on a range of factors such as location, built form and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the table below providing a general summary of existing schemes.

6.54   This analysis is interesting as it shows the median newbuild price for 3+-bedroom homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting. That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered as affordable.

6.55   This analysis shows how important it will be to know the OMV of housing before a discount to be able to determine if a product is going to be genuinely affordable in a local context – providing a discount of 30% will not automatically mean it becomes affordable housing.

6.56   Overall, it is considered the evidence does not support the central Government's position that 25% of affordable housing should be provided as First Homes in a local context as homes would be likely to be limited to those with no more than 2 bedrooms and a good mix is unlikely to be achievable.

Table 6.14 Estimated newbuild housing cost by size – Colchester

	No. of homes advertised	Range of prices	Median price
1-bedroom	0	-	-
2-bedrooms	26	£182,000-£415,000	£231,000
3-bedrooms	74	£325,000-£795,000	£405,000
4+-bedrooms	98	£405,000-£1,575,000	£565,000

Source: Derived from market survey data

6.57   The analysis below moves on to consider shared ownership, for this analysis an assessment of monthly outgoings has been undertaken with a core assumption being that the outgoings should be the same as for

renting privately to make this tenure genuinely affordable. The analysis has looked at what the OMV would need to be for a shared ownership home to be affordable with a 25% and 50% share.

6.58   Taking 2-bedroom homes as an example (from the table below) it is suggested with a 50% equity share that the OMV would need to be around £284,000 to make the outgoings similar to lower quartile private rents and therefore 'genuinely affordable' to those able to rent but not buy.

6.59   Given an estimated newbuild price of £231,000 (table above) this suggests shared ownership of this size could be an affordable product in Colchester.

6.60   Overall, the findings for this analysis do point to the likelihood of shared ownership being a more affordable tenure than discounted market housing (including First Homes). That said, even with 25% equity shares the OMVs needing to be achieved are below the median newbuild prices shown above for 4+-bedroom homes.

Table 6.15 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Colchester

	50% share	25% share
1-bedroom	£213,000	£258,000
2-bedroom	£284,000	£344,000
3-bedroom	£369,000	£447,000
4-bedrooms	£454,000	£550,000

Source: Derived from market cost analysis

6.61   A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved to put towards a deposit on the purchase of the same property.

Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken onto the home ownership ladder.

6.62   At the end of the five years, depending on the scheme, the property is either sold as a shared ownership product or purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

6.63   To access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Implication of the Analysis

6.64   Given the analysis above, there may be a case to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is largely based on only considering supply from resales of affordable housing. If supply estimates are expanded to include market housing for sale below a lower quartile price, then the need for AHO is less clear-cut. Regardless, the analysis is clear, there is a much greater need for rented forms of affordable housing.

6.65   Regardless, it does seem that there are many households in Colchester who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented

accommodation increasing by 28% from 2011 to 2021 (following a much higher increase in the 2001-11 period. Over the same period (2011-21), the number of owners with a mortgage increased by a more modest 3%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

6.66   On this basis, and as previously noted, it seems likely in Colchester that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

6.67   The NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable, then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

6.68   Firstly, regarding the 10%, it is not clear that this is the best solution in the city. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*.

6.69   In Colchester, the clear need for additional rented housing would arguably mean that providing affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

6.70   Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play.

6.71   It is possible that the provision of First Homes could squeeze out other forms of Low-Cost Home Ownership (LCHO) such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.

6.72   Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs.

6.73   That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.

6.74   The evidence points to a clear and acute need for rented affordable housing for lower-income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

6.75   There may also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enable a range of tenures and therefore potential client groups to access housing.

6.76   In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is, therefore, no net change in the total number of households, or the number of homes required.

Affordable Housing Need Summary

6.77   Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy OR rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

6.78   The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

6.79   When looking at needs from households unable to buy OR rent, the analysis suggests a need for 877 affordable homes per annum across the city.

6.80   Despite the level of need being high in relation to the Standard Method, it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of

those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). In addition, the private rented sector is providing benefit-supported accommodation for many households. That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.

6.81   The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable, particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

6.82   When looking at AHO products, the analysis is inconclusive about the scale of the need, although the evidence does suggest that there are many households in Colchester who are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector).

6.83   It is likely that a key issue in the City is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potential mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

6.84   The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

6.85   However, given the cost of housing locally, it seems very difficult for affordable home ownership products to be provided and be considered

as 'genuinely affordable' (particularly for larger (3+1-bedroom) homes. This again points to the need for the Council to prioritise the delivery of rented affordable housing where possible.

6.86   In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

6.87   Overall, the analysis identifies a notable need for affordable housing, and the provision of new affordable housing is an important and pressing issue in the area.

6.88   It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

7. Need for Different Types & Sizes of Homes

Introduction

7.1   This section considers the appropriate mix of housing across Colchester, with a particular focus on the sizes of homes required in different tenure groups.

7.2   This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

7.3   The number of families in Colchester (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 23,500 as of the 2021 Census, accounting for 29% of households; this proportion is like that seen across the County, region and nationally.

Table 7.1 Households with dependent children (2021)

	Colchester		Essex	East of England	England
	No.	*%*	*%*	*%*	*%*
Married couple	12,372	15.5%	15.3%	15.5%	14.4%
Cohabiting couple	3,915	4.9%	5.0%	4.8%	4.5%
Lone parent	5,583	7.0%	6.4%	6.3%	6.9%
Other households	1,635	2.1%	2.2%	2.4%	2.7%
All other households	56,205	70.5%	71.1%	71.0%	71.5%
Total	79,710	100.0%	100.0%	100.0%	100.0%
Total with dependent children	23,505	29.5%	28.9%	29.0%	28.5%

Source: Census (2021)

7.4   The table below shows the same information for each of the seven sub-
areas. There is some variation in the proportion of households with
dependent children, this being highest in Urban North & West and Rural
Area South and lowest in Mersea.

Table 7.2 Households with dependent children (2021)

	Married couple	Co-habiting couple	Lone parent	Other house-holds	All other house-holds	Total	Total with depend-ent children
Urban North & West	17.1%	5.2%	8.0%	2.2%	67.5%	100%	32.5%
Urban South & East	11.9%	5.3%	8.6%	2.3%	71.9%	100%	28.1%
Rural Area North	17.9%	4.1%	4.0%	2.1%	71.8%	100%	28.2%
Rural Area South	20.1%	5.3%	5.4%	1.7%	67.5%	100%	32.5%
Mersea	11.0%	3.2%	3.4%	1.4%	81.0%	100%	19.0%
Tiptree	14.9%	4.5%	4.1%	1.7%	74.9%	100%	25.1%
Wivenhoe	14.9%	3.9%	4.7%	1.2%	75.2%	100%	24.8%
TOTAL	15.5%	4.9%	7.0%	2.1%	70.5%	100%	29.5%

Source: Census (2021)

7.5   The figure below shows the current tenure of households with dependent
children. There are some considerable differences by household type

with lone parents having a very high proportion living in the social rented sector and in private rented accommodation.

7.6   In Colchester, only 26% of lone parent households are owner-occupiers compared with 74% of married couples with children.

Figure 7.1 Tenure of households with dependent children (2021) – Colchester
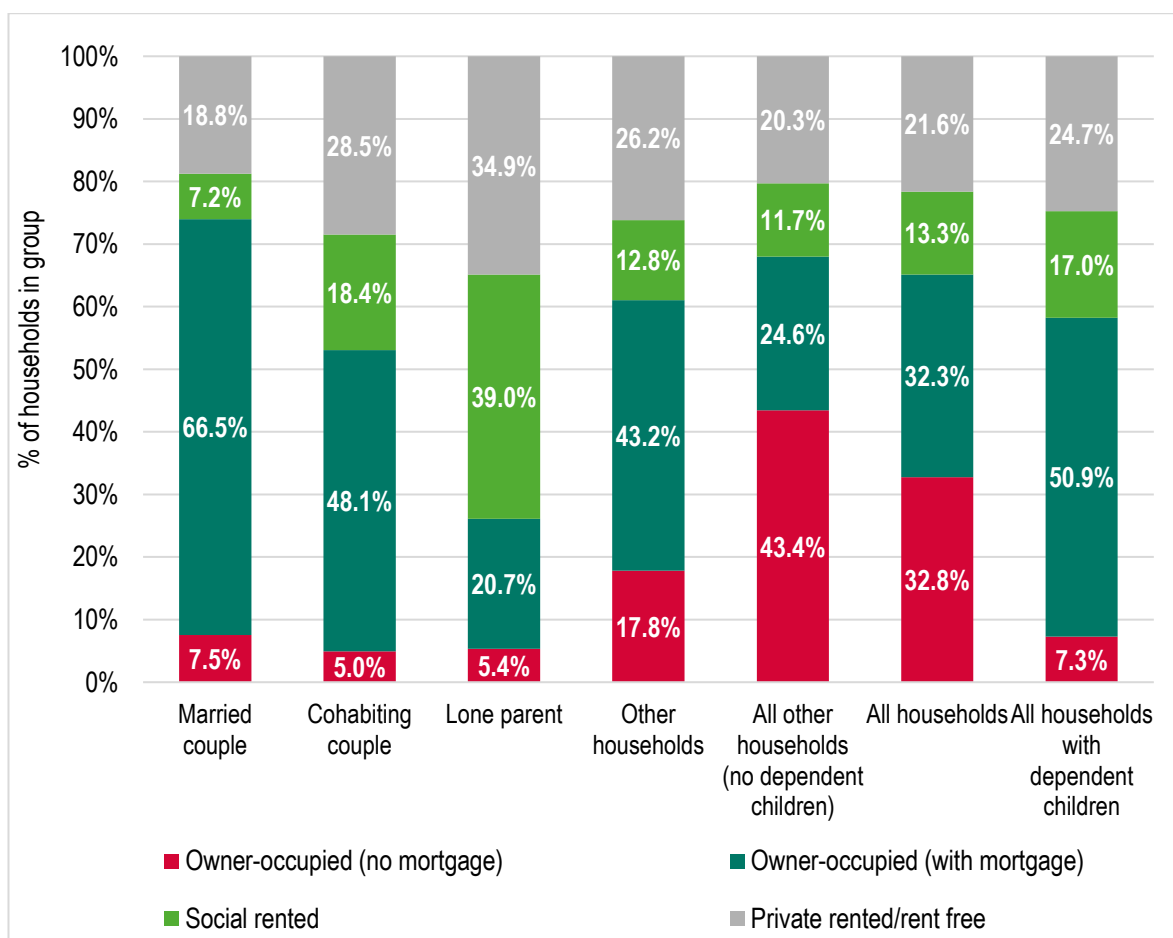
Source: Census (2021)

7.7   The figure below shows the levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children when compared with other households (i.e. those without dependent children)

7.8   Overall, some 7% of households with dependent children are overcrowded with 10% of all lone parent households and 29% of 'other'

households being overcrowded. This compares with 1% of other households (without dependent children). Levels of under-occupancy are also notably lower in households with dependent children.

Figure 7.2 Occupancy rating of households with dependent children (2021) – Colchester
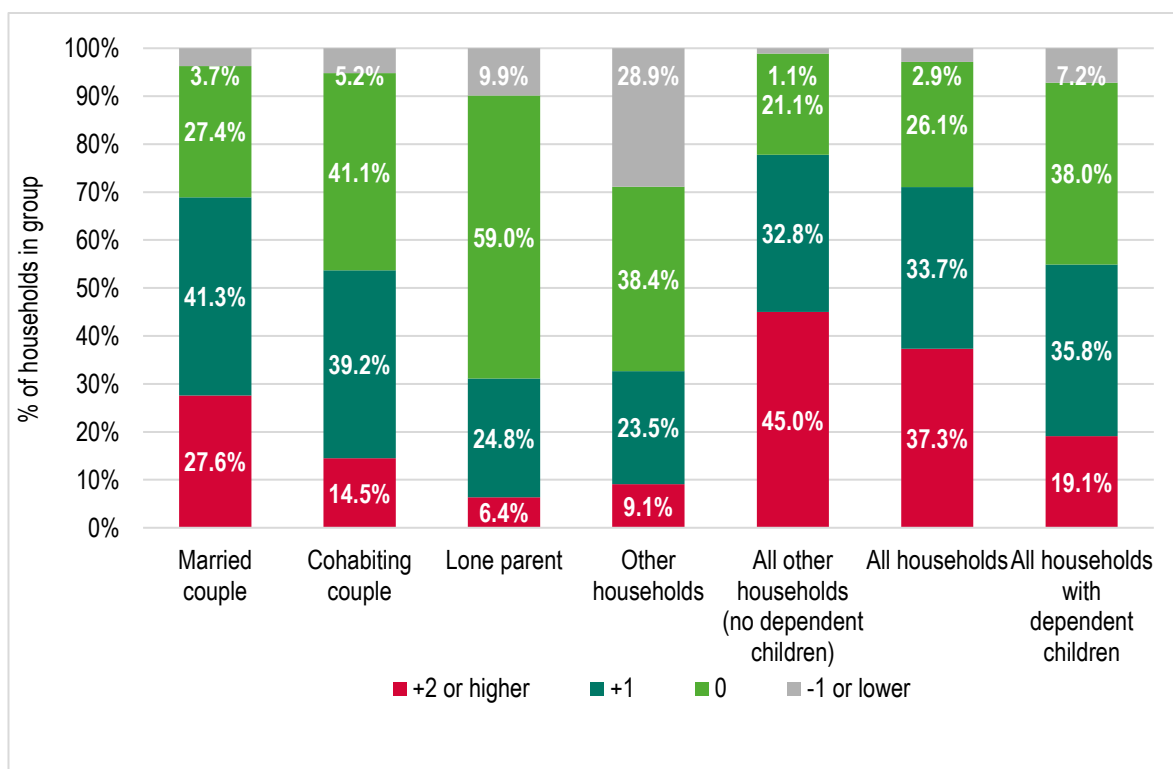
Source: Census (2021)

The Mix of Housing

7.9   A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy.

7.10   By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.

7.11   On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period (taken to be 2023-41 to be consistent with other analysis in this report).

7.12   An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 75% of the total in this tenure group, a similar proportion to that seen in other areas).

7.13   The profile of the social rented sector is broadly similar across areas whilst the private rented sector is also similar to other locations. Observations about the current mix feed into conclusions about future mix later in this section.

Table 7.3 Number of Bedrooms by Tenure, 2021

		Colchester	Essex	East of England	England
Owner-occupied	1-bedroom	3%	4%	4%	4%
	2-bedrooms	21%	21%	20%	21%
	3-bedrooms	44%	41%	44%	46%
	4+-bedrooms	31%	33%	32%	29%
	Total	100%	100%	100%	100%
	Ave. no. beds	3.04	3.03	3.05	3.01
Social rented	1-bedroom	31%	32%	29%	29%
	2-bedrooms	35%	34%	35%	36%
	3-bedrooms	29%	30%	32%	31%
	4+-bedrooms	5%	4%	4%	4%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.07	2.07	2.11	2.10
Private rented	1-bedroom	19%	21%	21%	21%
	2-bedrooms	43%	41%	38%	39%
	3-bedrooms	27%	29%	30%	29%
	4+-bedrooms	11%	10%	11%	11%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.30	2.28	2.31	2.30

Source: Census (2021)

Overview of Methodology

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

### Understanding How Households Occupy Homes

7.15 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of

property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

7.16   The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason a single person cannot buy (or choose to live in) a 4-bedroom home if they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

7.17   That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller level access homes would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

7.18   The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

7.19   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).

7.20   The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Colchester and the East of England region. In all sectors the average size of accommodation rises over time to typically reach a peak around the

age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies both Colchester and the region as following similar patterns by age in all tenures.

Figure 7.3 Average Bedrooms by Age and Tenure in Colchester
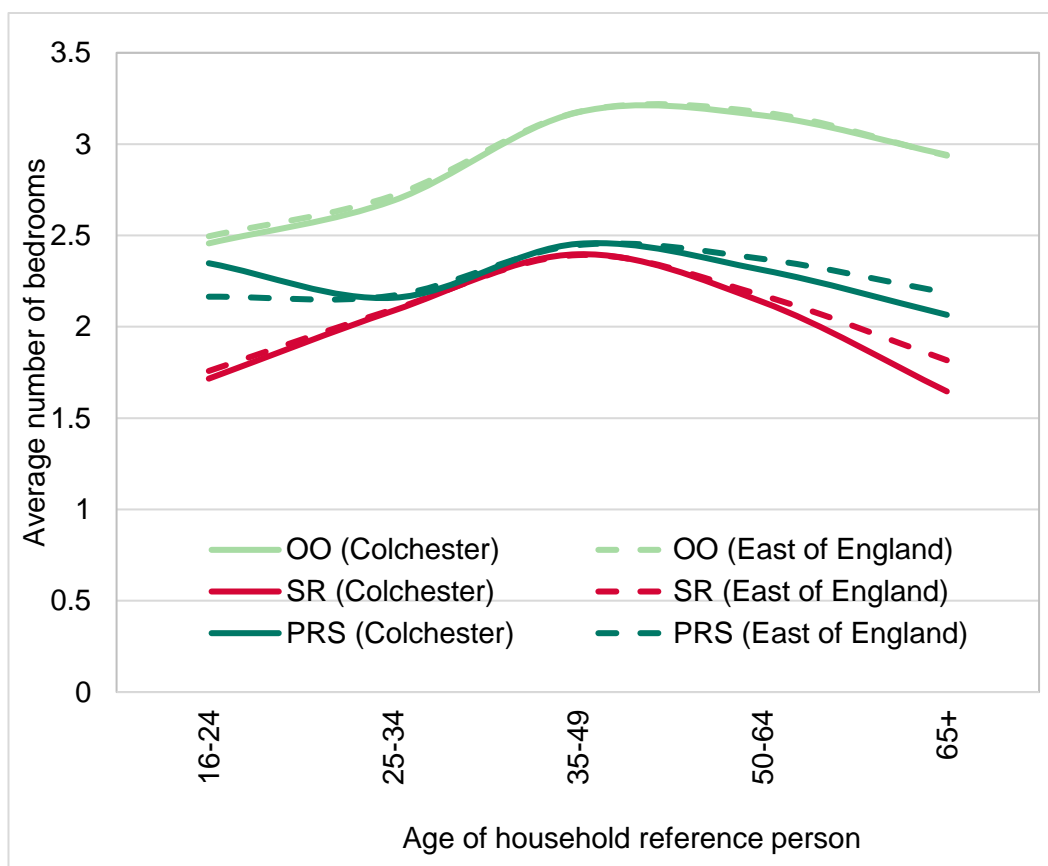
Source: Census (2021)

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

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;

- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home

ownership looks to be largely driven by a wish to see households move out of private renting); and

- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

7.22   The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular older age groups.

7.23   The number of households headed by someone aged 50-64 is however projected to see a more modest increase over the period studied. The analysis is aligned to the growth scenario using the current Standard Method (18,774 dwellings over the 2023-41 period).

Table 7.4 Projected Change in Household by Age of HRP in Colchester

	2023	2041	Change in Households	% Change
Under 25	2,660	3,357	697	26.2%
25-34	11,645	14,073	2,428	20.8%
35-49	22,361	26,344	3,983	17.8%
50-64	22,259	24,541	2,282	10.3%
65-74	10,061	13,253	3,192	31.7%
75-84	9,265	12,383	3,118	33.7%
85+	3,660	6,188	2,527	69.1%
TOTAL	81,912	100,139	18,227	22.3%

Source: Demographic Projections

Initial Modelled Outputs

7.24   By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level.

7.25   The analysis is based on considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

7.26   The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data in the table below is split between all households on the register and those in priority bands A-C (households with the highest housing need). The figures include transfer applicants.

7.27   The data shows a pattern of need which is focussed on 1-bedroom homes and with 38% households in bands A-C requiring 3+-bedroom accommodation. The data is also notable for showing a relatively low level of need currently for 2-bedroom homes.

Table 7.5 Size of Social/Affordable Rented Housing – Housing Register Information (March 2024)

	All register		**Bands A-C**	
	Number of households	% of households	Number of households	% of households
1-bedroom	1,128	44.1%	654	45.1%
2-bedrooms	711	27.8%	251	17.3%
3-bedrooms	583	22.8%	434	29.9%
4+-bedrooms	135	5.3%	112	7.7%
TOTAL	2,557	100.0%	1,451	100.0%

Source: Colchester Council Key Housing Statistics[6]

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

Table 7.6 Initial Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	22%	45%	29%
Affordable home ownership	21%	41%	27%	11%
Affordable housing (rented)	32%	35%	29%	4%

Source: Housing Market Model

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[6] https://cbccrmdata.blob.core.windows.net/noteattachment/CBC-null-Key-Housing-Needs-Statistics-Key%20Housing%20Needs%20Statistics%20April%202024%20%20(1).pdf

Adjustments for Under-Occupation and Overcrowding

7.29   The analysis above sets out the potential need for housing if occupancy patterns remain the same as they were in 2021 (with differences from the current stock profile being driven by demographic change).

7.30   It is, however, worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

7.31   Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

7.32   The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 44,900 households with some degree of under-occupation and around 600 overcrowded households

Table 7.7 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	13,448	13,254	26,702
+1	0	8,684	6,882	2,587	18,153
0	1,676	1,948	2,406	407	6,437
-1	76	216	244	72	608
TOTAL	1,752	10,848	22,980	16,320	51,900

Source: Census (2021)

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

Table 7.8 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	609	145	754
+1	0	1,234	873	165	2,272
0	3,190	2,087	1,312	145	6,734
-1	141	393	253	39	826
TOTAL	3,331	3,714	3,047	494	10,586

Source: Census (2021)

Table 7.9 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,265	1,043	2,308
+1	0	4,006	1,830	590	6,426
0	3,037	3,034	1,297	260	7,628
-1	240	375	185	65	865
TOTAL	3,277	7,415	4,577	1,958	17,227

Source: Census (2021)

7.34   In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy.

7.35   This does need to be recognised as an assumption but can be seen to be reasonable as they do retain some (considerable) degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home.

7.36   For overcrowded households a move in the other direction is made, in this case, households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).

7.37   The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 7.10 Adjusted Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	29%	44%	23%
Affordable home ownership	21%	43%	26%	10%
Affordable housing (rented)	31%	34%	29%	6%

Source: Housing Market Model

7.38   Across the City, the analysis points to around a third of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households.

7.39   In the future, household sizes are projected to drop whilst the population of older people will increase. Older-person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.

7.40   This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people.

7.41   This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

7.42   The 2, 3, and 4+-bedroom categories have been merged for the purposes of older persons as we would not generally expect many (if any) households in this category to need (or indeed be able to be allocated) more than 2-bedrooms in the rented affordable housing sector.

Table 7.11 Adjusted Modelled Mix of Housing by Size and Age – Affordable Housing (rented) – Colchester

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	21%	38%	33%	8%
65 and over	56%	44%		
All affordable housing (rented)	31%	34%	29%	6%

Source: Housing Market Model

7.43   A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 310 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.

7.44   This analysis is quite clear in showing the very low supply of larger homes relative to the need for 3- and 4+-bedroom accommodation where it is estimated the supply is only around 15% of the need arising each year, whereas for 1-bedroom homes some 34% of the need can be met.

Table 7.12 Need for rented affordable housing by number of bedrooms

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	273	92	182	20.7%	33.6%
2-bedrooms	457	122	335	38.2%	26.7%
3-bedrooms	345	52	293	33.4%	15.1%
4+-bedrooms	78	11	67	7.6%	14.4%
Total	1,154	277	877	100.0%	24.0%

Source: Iceni affordable needs and housing mix modelling

Indicative Targets for Different Sizes of Property by Tenure

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

Social/Affordable Rented

7.46   Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger

homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people). It is suggested that the following mix of social/affordable rented housing would be appropriate:

Table 7.13 Recommended Social/ Affordable Rented Housing Mix

	General Needs Rented	**Housing for Older People**
1-bedroom	20%	60%
2-bedrooms	35%	40%
3-bedrooms	35%	
4+ bedrooms	10%	

Source: Iceni Analysis

7.47   It should be noted that the above recommendations are to a considerable degree based on projecting the need forward to 2041 and will vary over time. In particular, it can be noted from the earlier analysis that the need from households in the Housing Register (and in Bands A-C) currently shows lower figures for 2-bedroom accommodation and therefore it would be reasonable for the mix to be adjusted to include fewer 2-bedroom homes (and more 1- and 3+- bedroom homes).

7.48   Earlier analysis has also shown a high proportion of households in temporary accommodation as having children which does also point to a need for 3+-bedroom homes. The Council should therefore monitor needs over time, including through the annual Key Housing Needs Statistics document (referred to above when looking at the Housing Register).

7.49   Regarding older persons housing, the above recommendations aim to promote the opportunity for older person households to downsize, with a 2-bed offering being more likely to encourage this than 1-bed homes. Also, whilst technically most older person households will only have a 'need' for a 1-bed home, a larger property remains affordable as most

older person households are not impacted by the bedroom tax / spare room subsidy.

7.50   Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

7.51   While we have identified a need for 40% of affordable older person homes to be 2+ bedrooms it is likely that delivery will be focused on those with only 2 bedrooms.

Affordable Home Ownership

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

Table 7.14 Recommended Affordable Home Ownership Housing Mix

	Affordable Home Ownership
1-bed	20%
2-bed	45%
3-bed	35%
4+ bed	

Source: Iceni Analysis

7.53   We would expect development schemes to focus in particular on 2- and 3-bed properties; with demand for 1- and 4+ bed units being more limited in the City.

Market Housing

7.54   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy).

7.55   We have also had regard to the potential for rightsizing but recognise that in the market sector, there is limited ability to control what households purchase; and some of the wider evidence continues to point towards demand for larger homes. This sees a slightly larger recommended profile compared with other tenure groups:

Table 7.15 Recommended Market Housing Mix

	Market Housing
1-bed	30%
2-bed	
3-bed	45%
4+ bed	25%

Source: Iceni Analysis

7.56   Although the analysis has quantified this based on the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan-making process (although it will be useful to include an indication of the broad mix to be sought across the City) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

7.57   The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

7.58   The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could

expect justification for a housing mix on such sites which significantly differs from that modelled herein.

7.59   Site location and area characteristics are also relevant considerations as to what the appropriate mix of market housing is on individual development sites.

Smaller-area Housing Mix

7.60   The analysis above has focussed on overall City-wide needs with conclusions at the strategic level. It should however be recognised that there will be variations in the need within areas due to the different roles and functions of a location and the specific characteristics of local households (which can also vary over time).

7.61   This report does not seek to model smaller-area housing mix although the report does contain a range of data that can help inform specific local issues (including data about household composition, current housing mix and overcrowding/under-occupation). Below are some points for consideration when looking at needs in any specific location:

a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;

b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;

c) That said, some of these areas will have very few small/cheaper stock so consideration needs to be given to diversifying the stock; and

d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.

7.62 Overall, it is suggested the Council should broadly seek the same mix of housing in all locations as a starting point in policy; but would be flexible to a different mix where specific local characteristics suggest.

7.63 The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site in a similar location might provide a mix which includes more homes for younger/smaller family households and childless couples.

7.64 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built form

7.65 A final issue is a discussion of the need/demand for different built forms of homes. In particular, this discussion focuses on bungalows and the need for flats vs. houses.

Bungalows

7.66 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the City as Census data (which is used

to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

7.67   The table below shows a notable proportion of homes in Colchester are bungalows (11% of all flats and houses). The majority of bungalows have 2- or 3-bedrooms (82% of the total). A slightly lower proportion (9%) of homes across England are bungalows.

Table 7.16 Number of dwellings by property type and number of bedrooms (March 2020)

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	970	4,340	2,920	580	10	8,830
Flat/Maisonette	7,450	9,500	480	750	140	18,320
Terraced house	500	5,830	10,300	2,020	-	18,650
Semi-detached house	80	2,830	14,160	2,190	-	19,270
Detached house	40	710	6,830	10,270	30	17,870
All flats/houses	9,040	23,210	34,690	15,810	180	82,940
Annexe	-	-	-	-	-	240
Other	-	-	-	-	-	150
Unknown	-	-	-	-	-	110
All properties	-	-	-	-	-	83,430

Source: Valuation Office Agency

7.68   In general, discussions with local estate agents working across the country, find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

7.69   Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from

specialist accommodation for older people which would have some degree of care or support).

7.70   As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

7.71   There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and are environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

7.72   Overall, the Council could consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive and this may limit opportunities for development – particularly in more urban locations.

7.73   Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+ bedrooms).

Flats versus Houses

7.74   Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 82% of all 1-bedroom homes are flats, 38% of 2-bedroom homes and just 5% of homes with 3-bedrooms.

7.75   The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Colchester, the East of England and England. This shows a slightly higher proportion of flats in Colchester (40% of all 2-bedroom homes) than seen in other areas, although the majority of this dwelling size are houses. This would arguably point to the majority of 2-bedroom homes in the future being houses although the analysis does also show a higher proportion of flats in the social and private rented sectors.

Table 7.17 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Colchester	East of England	England
Owner-occupied	24%	20%	25%
Social rented	61%	42%	48%
Private rented	53%	47%	52%
All (2-bedroom)	40%	32%	38%

Source: 2021 Census

7.76   For completeness, the table below shows the proportion of flats in Colchester for all sizes of accommodation and different tenures. Of particular note is the very small proportion of 3+-bedroom homes as flats – particularly in the market sector.

Table 7.18 Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	68%	24%	1%	0%
Social rented	79%	61%	2%	6%
Private rented	86%	53%	7%	6%
All	79%	40%	2%	1%

Source: 2021 Census

7.77   Overall, this analysis would point to a broad split of 2-bedroom homes as both houses (or bungalows) or flats given the nature of the current stock.

7.78   However, any decisions will have to take account of site characteristics, which in some cases might point towards a particular built form of development as being most appropriate.

7.79   The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than market housing will.

Housing Mix Summary

7.80   Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Colchester is fairly average with around 29% of all households containing dependent children in 2021 (compared with around 29% both regionally and nationally).

7.81   There are notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.

7.82   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.

7.83   The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

7.84   In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing, there is a clear need for a range of different sizes of homes, including 45% to have at least 3 bedrooms. Our recommended mix is set out below

Table 7.19 Recommended Housing Mix

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	20%	20%	60%
2-bedrooms		45%	35%	40%
3-bedrooms	45%	35%	35%	
4+-bedrooms	25%		10%	

Source: Iceni Analysis

7.85   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and the size requirements shown on the Housing Register.

7.86   The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas affordable housing registered providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices there are potential difficulties in making (larger) AHO genuinely affordable.

7.87   Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

7.88   Given the nature of the area and the needs identified, the analysis suggests that there will be a broad split between flats and houses (for 2-bedroom units) although consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development).

7.89   There is a potential demand for bungalows which might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

7.90   While we have identified a need for 40% of affordable older person homes to be 2+ bedrooms it is likely that delivery will be focused on those with only 2-bedrooms.

7.91   There is also an identified need arising from the growth in households with mobility problems and of wheelchair user households. On this basis we would recommend that the Council could consider seeking provision of a proportion of homes as bungalows (say 5%) on suitable major sites.

8.   Older and Disabled Persons

Older Persons

8.1   At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Colchester are presented.

Current Population of Older People

8.2   The table below provides baseline population data about older persons in Colchester and compares this with other areas. The table shows the city has a very slightly younger age structure than seen regionally or nationally with 18% of the population being aged 65 and over. The proportion of people aged 75 and over and 85 and over is also slightly below equivalent figures for other areas.

Table 8.1 Older Persons Population, 2022

	Colchester	Essex	East of England	England
Under 65	82.0%	79.2%	80.1%	81.4%
65-74	9.1%	10.4%	10.0%	9.6%
75-84	6.5%	7.6%	7.1%	6.5%
85+	2.4%	2.9%	2.8%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	18.0%	20.8%	19.9%	18.6%
Total 75+	8.9%	10.4%	9.9%	9.0%

Source: ONS

Projected Future Change in the Population of Older People

8.3   Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table

below showing that Colchester is projected to see a notable increase in the older person population.

8.4   The projection linked to the delivery of 18,774 dwellings (2023-41) shows a projected increase in the population aged 65+ of around 37% - the population aged Under 65 is, in contrast, projected to see a more modest increase (of 15%).

8.5   In total population terms, the projections show an increase in the population aged 65 and over of 13,000 people. This is against a backdrop of an overall increase of 37,900 – population growth of people aged 65 and over therefore accounts for 34% of the total projected population change.

Table 8.2 Projected Change in Population of Older Persons, 2023 to 2041 – Colchester (linking to delivery of 18,774 dwellings)

|	**2023**	**2041**	**Change in population**	**% change**
Under 65	161,396	186,275	24,879	15.4%
65-74	17,250	22,500	5,249	30.4%
75-84	13,356	17,754	4,398	32.9%
85+	4,806	8,134	3,327	69.2%
Total	196,808	234,662	37,854	19.2%
Total 65+	35,412	48,387	12,975	36.6%
Total 75+	18,162	25,888	7,726	42.5%

Source: Demographic projections

Characteristics of Older Person Households

8.6   The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples).

8.7   The data shows that the majority of older persons households are owner occupiers (83% of older person households), and indeed most are owner

occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home.

8.8   Some 11% of older persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 6%).

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

Figure 8.1 :   Tenure of Older Persons Households in Colchester, 2021
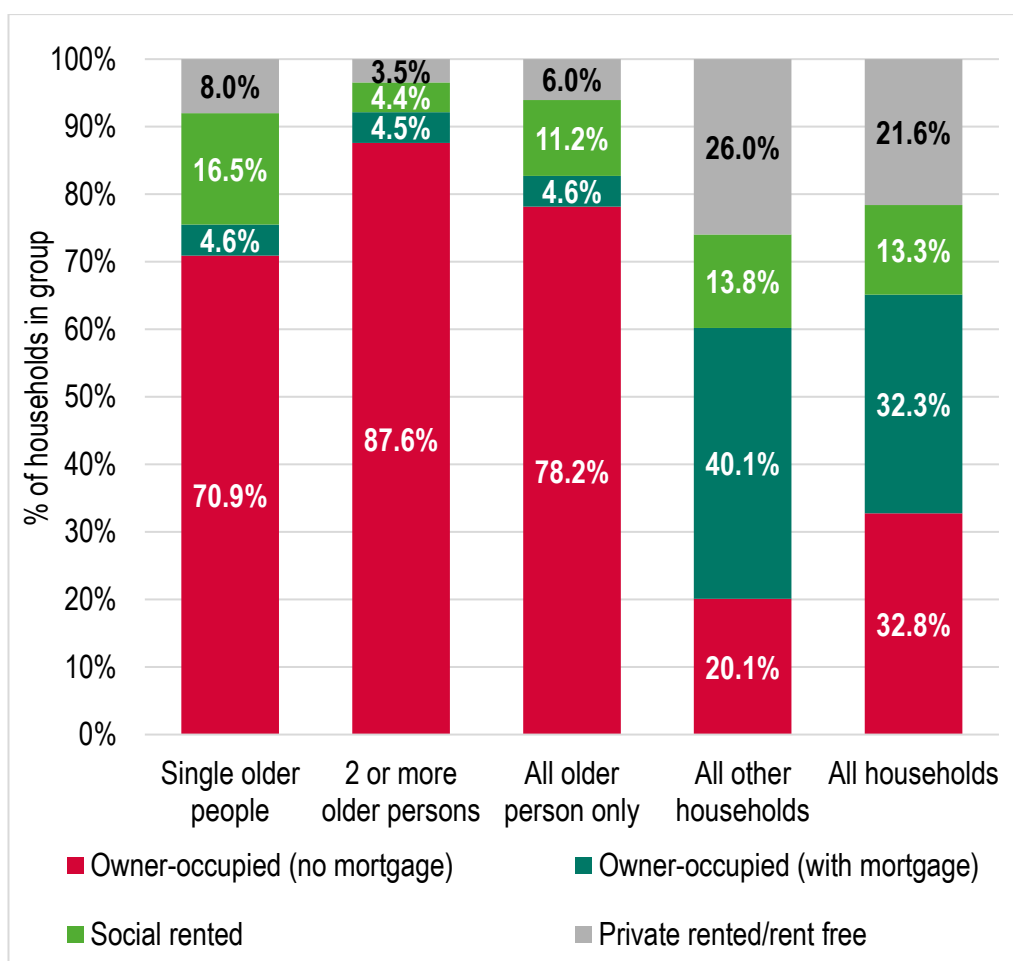
Source: 2021 Census

Disabilities

8.10   The table below shows the proportion of people who are considered as disabled under the definition within the 2010 Equality Act[7], drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 31% of households in the city contain someone with a disability. This figure is similar to that seen across other areas.

8.11   The figures for the population with a disability show similar patterns compared with other areas – some 17% of the population having a disability.

Table 8.3 Households and People with a Disability, 2021

|	Households Containing Someone with a Disability		Population with a Disability	
	No.	*%*	*No.*	*%*
Colchester	24,819	31.1%	32,624	16.9%
Essex	194,096	31.0%	250,552	16.7%
East of England	811,942	30.9%	1,053,832	16.6%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

8.12   As noted, it is likely that the age profile will impact the numbers of people with a disability, as older people tend to be more likely to have a disability.

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

8.13   The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability.

8.14   The analysis also shows similar levels of disability in each age band within Colchester when compared with the regional and national positions.

Figure 8.2 : Population with Disability by Age
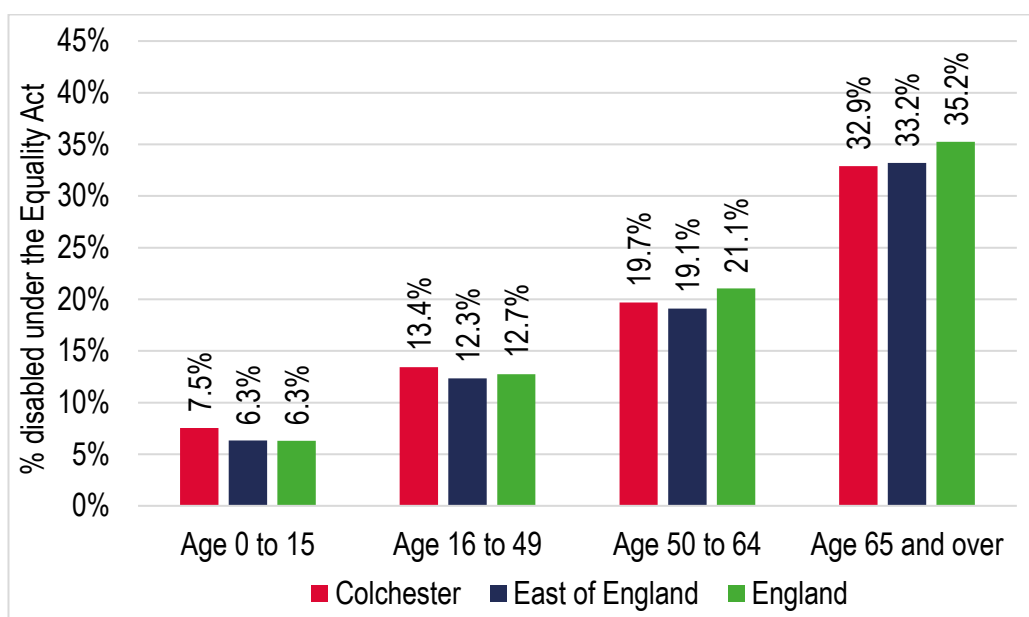
Source: 2021 Census

Health-Related Population Projections

8.15   The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

8.16   The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age-specific health/disabilities previously shown.

8.17   Of particular note are the large increases in the number of older people with dementia (increasing by 51% from 2023 to 2041 and mobility problems (up 45% over the same period).

8.18   Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 7% of total projected population growth.

Table 8.4 Projected Changes to Population with a Range of Disabilities – Colchester

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	2,362	3,563	1,200	50.8%
Mobility problems	65+	6,163	8,904	2,741	44.5%
Autistic Spectrum Disorders	18-64	1,200	1,409	209	17.4%
	65+	306	425	119	38.9%
Learning Disabilities	15-64	3,123	3,633	510	16.3%
	65+	687	935	248	36.1%
Impaired mobility	16-64	6,378	7,153	774	12.1%

Source: POPPI/PANSI and Demographic Projections

8.19   Invariably, there will be a combination of those with disabilities and long-term health problems who continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

8.20   The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability.

8.21   The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting

this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

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

Definitions of Different Types of Older Persons' Accommodation

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

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

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

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

Source: Planning Practice Guidance [63-010]

8.23   The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply.

8.24   There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues.

8.25   Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

8.26   There are several 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

8.27   Whilst there are no definitive rates, the PPG [63-004] notes that 'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from several online tool kits provided by the sector, for example, SHOP@ for Older People Analysis Tool)'.

8.28   The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

8.29   The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publication). In 2016, Housing LIN published a review document which noted that the 2008 rates were 'outdated' but also noted that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

8.30   Whilst the 2016 review rates do not appear to have ever led to an update
of the website, it does appear from reviewing work by Housing LIN over
the past couple of years as if it is these rates which typically inform their
own analysis (subject to evidence-based localised adjustments).

8.31   For clarity, the table below shows the base prevalence rates set out in
the various documents described above. For the analysis in this report,
the age-restricted and retirement/sheltered have been merged into a
single category (housing with support).

Table 8.5 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008)[8]	Housing in Later Life (2012)[9]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

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

- The prevalence rates used should be considered and assessed taking into account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;

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

[9] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life _Toolkit.pdf

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking into account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents can stay in their own homes for longer.

8.33   These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular, focussing where possible on providing households with care in their own home. This could however be the provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

8.34   We consider that the prevalence rates shown in the 2016 Housing LIN Review are an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on the delivery of housing with care.

8.35   Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

8.36   Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 75 and over who have a long-term health problem or disability (LTHPD) compared with the England average.

8.37   In Colchester, the data shows slightly better health in the 75+ population and so a modest reduction has been made to the prevalence rates.

8.38   A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector.

8.39   Using the 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Colchester is the 181st most deprived local authority in England (out of 317) – i.e. a relatively low level of deprivation – this suggests a slightly greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care).

8.40   The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

8.41   Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing), particularly in the market sector. The analysis also points to a need for housing with care (e.g. extra-care) in both the market and affordable sectors (63% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces.

Table 8.6 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Colchester

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall / surplus (-ve)	Add-itional demand to 2041	Shortfall /surplus by 2041
Housing with support	Market	53	506	967	461	411	872
	Affordable	65	918	1,175	257	500	757
Total (housing with support)		118	1,424	2,142	718	911	1,629
Housing with care	Market	26	53	479	426	204	630
	Affordable	16	38	292	254	124	378
Total (housing with care)		42	91	771	680	328	1,008
Residential care bedspaces		38	603	686	83	292	374
Nursing care bedspaces		42	624	771	147	328	475
Total bedspaces		80	1,227	1,457	230	620	849

Source: Derived from Demographic Projections and Housing LIN/EAC

8.42   The provision of a choice of attractive housing options to older households is a component of achieving a good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes that no longer meet their housing needs or are expensive to run.

8.43   The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'downsize' which can help improve their quality of life.

8.44   It should also be noted that within any category of need, there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top end' of the market and may have significant service charges (due to the level and quality of facilities and services).

8.45   Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

8.46   The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

8.47   The table below shows at a national level the proportion of wheelchair-user households by the age of the household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of the household reference person and the likelihood of there being a wheelchair user in the household.

Table 8.7 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheel-chair all the time	Uses wheel-chair indoors only	Uses wheel-chair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100%
25-34	99.3%	0.3%	0.1%	0.2%	100%
35-49	98.2%	0.5%	0.1%	1.2%	100%
50-64	96.9%	0.7%	0.4%	2.0%	100%
65 and over	93.1%	0.9%	0.4%	5.6%	100%
All households	96.6%	0.6%	0.3%	2.5%	100%

Source: English Housing Survey (2018/19)

8.48   The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 2,435 wheelchair-user households in 2023, and that this will rise to 3,119 by 2041.

Table 8.8 Estimated number of wheelchair user households (2023-41) – Colchester

	Prevalence rate (% of households)	House-holds 2023	House-holds 2041	Wheelchair user house-holds (2023)	Wheelchair user house-holds (2041)
24 and under	0.7%	2,660	3,357	19	24
25-34	0.7%	11,645	14,073	78	94
35-49	1.7%	22,361	26,344	375	442
50-64	2.5%	22,259	24,541	564	621
65 and over	6.1%	22,986	31,824	1,399	1,938
All households		81,912	100,139	2,435	3,119

Source: Iceni analysis

8.49   The finding of an estimated current number of wheelchair-user households does not indicate how many homes might be needed for this

group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation or a move to an alternative home.

8.50   Data from the EHS (2014-15) shows that of the 814,000 wheelchair-user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair-user households.

8.51   Applying this to the current number of wheelchair-user households gives a current need for 609 additional wheelchair-user homes. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair-user households will already be in accommodation) then a further need for 171 homes in the 2023-41 period can be identified. Added together this leads to **a need estimate of 780 wheelchair-user homes – equating to 43 dwellings per annum.**

Table 8.9 Estimated need for wheelchair user homes, 2023-41

	Current need	Projected need (2023-41)	Total current and future need
Colchester	609	171	780

Source: Iceni analysis

8.52   Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors).

8.53   These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 8.10 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheel-chair	Uses wheel-chair all the time	Uses wheel-chair indoors only	Uses wheel-chair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100%
Social sector	92.9%	1.6%	0.6%	4.8%	100%
Private renters	98.8%	0.1%	0.1%	0.9%	100%
All households	96.6%	0.6%	0.3%	2.5%	100%

Source: English Housing Survey (2018/19)

8.54   To meet the identified need, the Council could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

8.55   As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, the provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build-out costs (see table below).

8.56   It is worth noting that the Government has now reported on a consultation (Raising Accessibility Standards for New Homes[10]) on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in

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[10] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

particular those with disabilities) is being compromised on viability grounds.

8.57   The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes. This change is due to shortly be implemented through a change to building regulations.

8.58   The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.

8.59   As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

8.60   It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

8.61   A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under-delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence of wheelchair use within social rent tenures. This should be considered when setting policy.

Engagement with Essex County Council

8.62   To inform this document, engagement with Essex County Council's Adult Social Care Team took place in May 2024. The team are in the process of developing an accommodation strategy and has previously produced cohort-specific strategies which for example examined accommodating care leavers and individuals with mental health challenges.

8.63   One of the main aims of the ASC team is to future-proofing housing by incorporating M4(2) (accessible and adaptable dwellings) and M4(3) (wheelchair user dwellings) standards into general housing stock by stipulating these standards in new developments. Although they recognise the latter has prohibitively high costs.

8.64   The County Council also emphasised the need to shift to an Extra Care model, moving away from residential care. This provides a cost-effective solution for the council and provides prospective residents with a more appropriate level of care for some of their needs.

8.65   By providing this model it also ensures people are supported at home as long as possible through adaptations and technology. As such, the modelling above could see a further need for extra-care and a freezing of residential care needs and potentially even a decline.

8.66   The County Council's Market Position Supplement (MPS) and Market Shaping Strategy set out the County Council's plan to intervene where there is a market failure by developing accommodation on their own land.

8.67   They are also investing in small schemes, such as the 38-unit and 64-unit projects in Colchester. ECC is also addressing gaps in extra-care housing, especially affordable options for the lower end of the market.

8.68   These reports also take a data-driven modelling to forecast demand and identify optimal locations for extra care. The County Council's MPS sets out a demand for 510 Extra Care Units in Colchester.

8.69   The ECC also recognises the challenges with this and has identified Areas of Focus. The main challenge is addressing the aging stock some of which is from the late 90s, especially self-contained accommodations in clusters.

8.70   One area of focus is supporting people with learning disabilities and autism who fall between care gaps. They are developing pathways for supported living and local support teams without commissioned care

8.71   They are also promoting the integration of adults with disabilities into the existing housing supply.

8.72   One gap in the specialist housing market is specialist housing for those with a disability and they are seeking capital funding for this as well as collaborating with Registered Providers for purchasing and reusing accommodation. The County Council is also Developing strategies for individuals with complex support needs and early-onset dementia

8.73   The County Council would like to see the City Council develop policies for older people and their reflecting needs in the Local Plan. They would also like to see an allocation of a strategic site or sites to meet local needs.

8.74   They are also ensuring a consistent response to planning applications for new residential and nursing care provisions.

8.75   As a side note, while the goal is to deliver additional specialist accommodation there are recruitment and retention challenges, especially in domiciliary care in achieving this.

8.76   Overall, the new accommodation strategy represents a proactive approach to housing and care in Essex, emphasising independent living, market shaping, and data-driven decision-making to support diverse care needs effectively.

8.77   The integration of adaptable and accessible housing standards will also play a crucial role in future-proofing the county's housing stock.

Summary – Older and Disabled People

8.78   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.

8.79   The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by the Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

8.80   The data shows that Colchester has a very slightly younger age structure and similar levels of disability compared with the national average. The older person population shows high proportions of owner-occupation, particularly outright owners who may have significant equity in their homes (78% of all older person households are outright owners).

8.81   The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2023-41 period include:

- a 37% increase in the population aged 65+ (potentially accounting for 34% of total population growth);

- a 51% increase in the number of people aged 65+ with dementia and a 45% increase in those aged 65+ with mobility problems;

- a need for around 1,600 housing units with support (sheltered/retirement housing) – just over half in the market sector;

- a need for around 1,000 additional housing units with care (e.g. extra-care) – the majority (around 63%) in the market sector;

- a need for additional nursing and residential care bedspaces (around 850 in the period and mainly for nursing care); and

- a need for around 800 dwellings to be for wheelchair users (meeting technical standard M4(3)).

8.82   This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as provide specific provisions for older persons housing. Given the evidence, the Council could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector).

8.83   Where the authority has nomination rights M4(3) would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector, they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user).

8.84   It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

8.85   In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).

8.86   There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

8.87   The County Council's new accommodation strategy represents a proactive approach to housing and care in Essex, emphasising independent living, market shaping, and data-driven decision-making to support diverse care needs effectively.

8.88   The integration of adaptable and accessible housing standards will also play a crucial role in future-proofing the county's housing stock.

9.   Housing Needs of Specific Groups

9.1   This report section at this stage includes a selected analysis of the needs of specific groups within the population drawing on secondary data. It can be developed in due course using the survey data.

Self and Custom Build

9.2   As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.

9.3   The Colchester Self-Build and Custom Housebuilding Register was introduced on the 1st of April 2016 and there have now been seven and a half base periods[11] up to 30th October 2023.

9.4   It does not have any eligibility criteria for entry to the self and custom build housing register and therefore it is only in one part. However, it does collect information on Local connections and around 90% of those do claim to have a connection.

9.5   The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended) within 3 years of the end of each base period. However, there is no

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[11] A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

reporting mechanism to know if self-build homes have actually been delivered or if the people on the register have secured a plot.

9.6   The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in the City.

Table 9.1 Colchester Self and Custom Build Register (2016 – 2023**)**

Base Period	Annual Entries	Total Cumulative Entries
Base Period 1 (1st April 2016 to 30th October 2016)	22	22
Base Period 2 (31st October 2016 to 30th October 2017)	86	108
Base Period 3 (31st October 2017 to 30th October 2018)	51	159
Base Period 4 (31st October 2018 to 30th October 2019)	29	188
Base Period 5 (31st October 2019 to 30th October 2020)	49	236
Base Period 6 (31st October 2020 to 30th October 2021)	73	309
Base Period 7 (31st October 2021 to 30th October 2022)	41	350
Base Period 7 (31st October 2022 to 30th October 2023)	35	385
Total	**385**	
Average	**51**	

Source: Right to build register monitoring and council data

9.7   If assessed over the seven-and-a-half base periods that registration information is available for, there has been a total of 385 registered expressions of interest in a serviced plot of land in Colchester. This is an average of 51 plots per annum.

9.8   This is a gross need and any delivery since 2016 will need to be netted off from this need. The Council are currently reviewing their supply

position in light of the recent changes set out in the Levelling Up and Regeneration Act (2023).

9.9   Those joining the location were asked where their preferences for a plot are. Respondents were allowed to respond to multiple choices and 238 suggested they were seeking a plot in Colchester Town while 289 were seeking a plot in the village.

Broader Demand Evidence

9.10   To supplement the data from the Councils' registers, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the National Custom and Self-Build Association.

9.11   First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property

9.12   Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Colchester in relative terms. The association published an analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2020. This includes an output on the demand for serviced plots as a proportion of the total population relative to all other local authorities across England.

9.13   One of the key maps within the report highlights the areas of strongest demand and this is shown in the figure below. This shows that Colchester needs 97 units per 100,000 head of population.

Figure 9.1 - Overall Demand for Self-Build Plots per 100,000 Population
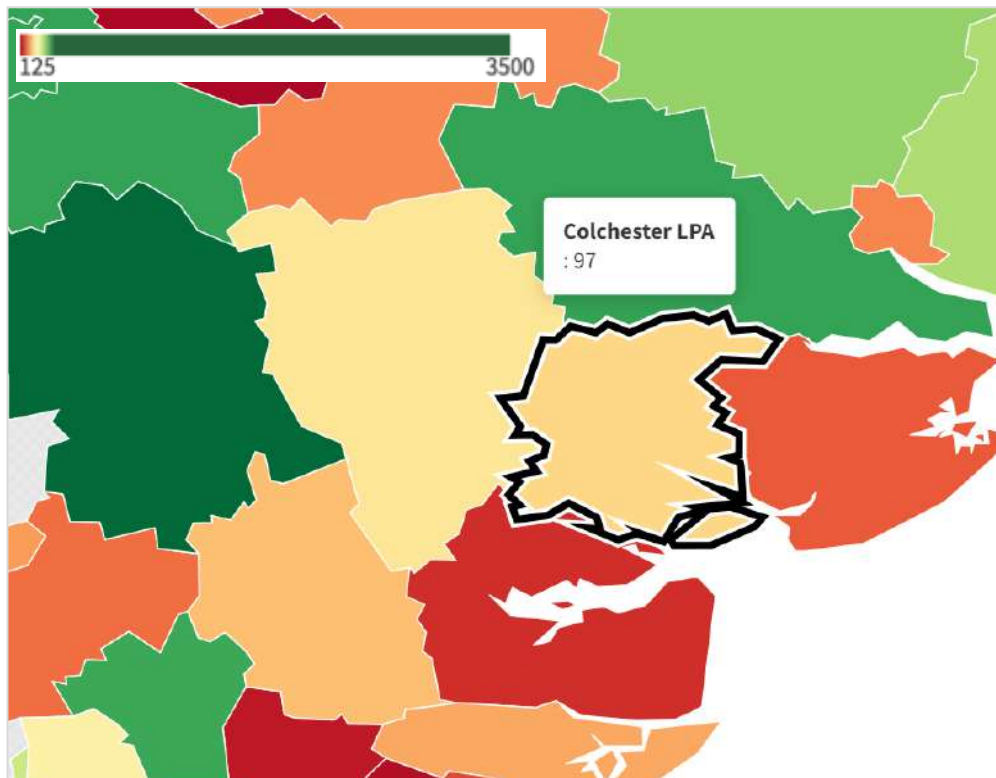
Source: NaCSBA, 2020

9.14   With a population of 196,800 in 2023 this level of demand would result in a current need of 182 plots. This would increase to 218 plots with additional population associated with growth in line with the Standard Method.

Policy Response

9.15   The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector.

9.16   The PPG[12] is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission

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[12] Paragraph: 025 Reference ID: 57-025-20210508

come forward. Councils are also encouraged to focus on playing a key role in facilitating relationships to bring land forward. There are several measures which can be used to do this, including but not limited to:

- Supporting Neighbourhood Planning groups where they choose to include self-build and custom-build housing policies in their plans;

- Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom-build housing;

- When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested; and

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

9.17   Colchester Local Plan Section 1 encourages the construction of self and custom build homes as part of the housing mix on the proposed garden community and the Colchester Tendring Borders Garden Community.

9.18   The Section 2 Local Plan states that:

"The Council will work with developers and housing providers to bring forward self-build allocations to meet identified need in appropriate development sites. The Garden Community (Part One policy SP9) will provide specific allocations for self-build allocations".

9.19   Policy DM10 also states that:

"The Local Planning Authority will support proposals for self-build/custom-build housing, to meet demand as indicated by registrations on the Council's Self-Build Register. Registrations should accord with

eligibility criteria as appropriate, which may include a demonstration of sufficient financial resources and a sufficient local connection. Proposals will be encouraged both on individual sites and as part of larger schemes, including rural exception sites."

9.20   As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies and policy DM10 achieves this.

Students

9.21   The NPPF requires that the housing needs of students are assessed and reflected in planning policies. This section examines the need for student housing in the city, particularly Purpose-Built Student Accommodation (PBSA). This is important as the provision of PBSA directly impacts the wider housing market as without it more students would be living in the general housing stock.

9.22   Only the need for students at higher education establishments has been examined. This is for two reasons, firstly, there is a lack of data for further and tertiary education establishments and secondly, most further and tertiary education students do not require accommodation as they already live locally.

9.23   In the 2022/2023 academic year, the University of Essex had 18,110 enrolments, of which 15,695 were full-time students. It is understood from engagement with the University that this figure has fallen further since, however, at the time of writing, HESA data is not available for years after 2021/2022 to corroborate this.

Figure 9.2 Full-time enrolments by domicile of students at the University of Essex
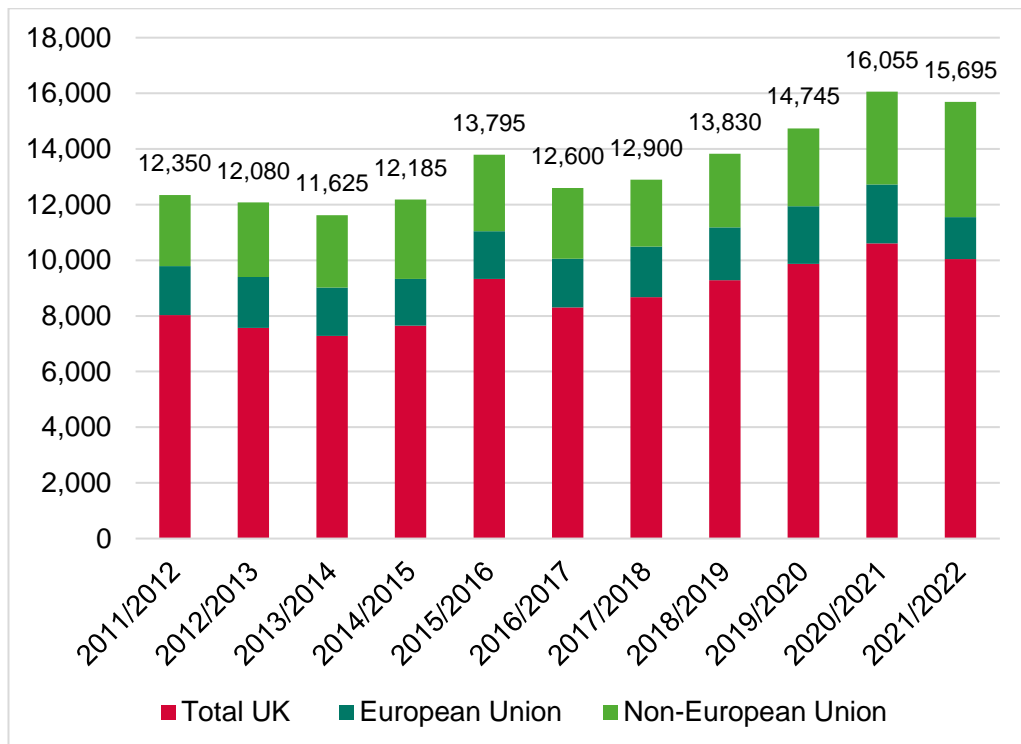
Source: HESA

9.24   Most students study at the Colchester campus, but they also have campuses in Southend (1,200) and Loughton (500).

9.25   The Higher Education Statistics Agency (HESA) provide survey-based data on the accommodation choices of Full-Time students. This data (set out below) comes with a health warning in that respondents self-declare and often do so erroneously. For example, the "own residence" category can pick up those in HMOs or living with parents because respondents mistakenly believe that this is their "own" residence.

9.26   According to HESA, around 0.4% live in other Private Rented Sector which is typically student housing in HMOs, which is very significantly below the average of 27% nationally. It is therefore possible that this data may have been misreported, with 6,700 students in the 'Other category'.

9.27   In the year previous in 2020/2021, there were 1,885 in 'Other', and 3,905 in Other PRS, at a total of 5,790, and it is therefore likely that the 6,700 in 'Other' represents other PRS.

9.28   This is more in line with the rough estimate provided by the University that 40% of students live off campus which was raised through engagement with the University.

9.29   The HESA data also does not correlate well in terms of numbers in private PBSA, with figures provided by the University which show nearly 2,000 bedspaces are available in private PBSA. In conclusion, the validity of the below data is not proven concerning those not living in a parental home.

Table 9.2 Accommodation of Full-Time Students (2021/22)

	Uni Owned Halls	Private-PBSA	Parental home	Own residence	Other PRS	Other	Remote	Not known
FT students	3,605	545	2,835	1,460	65	6,700	300	190
FT students %	23.0%	3.5%	18.1%	9.3%	0.4%	42.7%	1.9%	1.2%

Source: HESA

9.30   The 2021 Census provides alternative accommodation information for residents aged over 18 who are in Full-Time education. However, it is important to note that this will include some school students and those studying at other non-University institutions in Colchester, and some who study outside of the city. The 2021 Census was conducted at a time when not all Universities had returned to in-person teaching following the COVID-19 pandemic.

9.31   The Census shows 9,701 students aged between 18 and 24 in Colchester which is significantly lower than HESA full-time enrolments at the University.

9.32   In terms of where these students live, Table 9.3 below shows that around 34.1% of FT Students live in communal establishments which includes those who live in university-owned halls of residence.

Table 9.3 Accommodation of Students aged 18-24, Census 2021

	Living with parents	Living in a communal establishment	Living in an all-student household	Living alone	Living in another household type
FT students	2,466	3,103	2,636	302	594
FT students %	27.1%	34.1%	29.0%	3.3%	6.5%

Source: Census 2021

9.33   In addition, around 18.1% of students live in their parental homes, which is slightly lower than the national average of 20%.

9.34   If we combine the HESA figures for those shown as living with parents or guardians, living in their own residence, or remote, then at least 29.3% of FT students already have accommodation. This would indicate that 70.7% or 11,096 full-time students need accommodation.

9.35   Taking this figure of 11,096 full-time students and subtracting the number of students who are studying at the Loughton and Southend (1,700) campus results in 9,396 full-time enrolments at the University of Essex Colchester campus as of 2021/2022 who need accommodation in Colchester. This is 52% of all students enrolled at the University and 57% of all students who attend the Colchester campus.

Existing student accommodation stock

9.36   The University's own data shows that there are around 6,000 bedspaces on campus, spread across 9 named developments:

Table 9.4 University of Essex On-campus Accommodation
Schedule

	Type	Bed spaces
University Owned		
North Towers	Shared bathroom	652
South Towers	Shared bathroom	457
Wolfson Court	Shared bathroom	56
The Houses – Standard	Ensuite	48
The Houses – Twin	Twin	6
The Houses – Enhanced	Ensuite	194
The Houses – Premium	Ensuite	18
South Courts – Standard	Ensuite	916
South Courts – Twin	Twin	26
South Courts – Enhanced	Ensuite	219
South Courts – Premium	Ensuite	57
Self – Contained Flats	Self-contained flats	14
ULiving owned		
Meadows Townhouses	Shared bathroom	228
Meadows – Standard	Ensuite	420
The Copse – Standard	Ensuite	601
The Copse – Premium	Ensuite	22
The Copse – Studio	Studio	20
The Pastures – Budget	Shared bathroom	285
The Pastures - Standard	Ensuite	919
The Pastures – Studio	Studio	58
The Quays – Standard	Ensuite	735
The Quays – Premium	Ensuite	18
The Quays – Double	Double	26
Self – Contained Flats	Self – Contained Flats	2
Total		**5,997**

Source: University of Essex

9.37   The vast majority of on-campus provision are cluster flats. The University
has no nomination agreements with the private sector at the time of
writing.

9.38   There is therefore accommodation available for 5,997 of the 9,396 full-
time students requiring accommodation in Colchester, resulting in a
residual 3,400 full-time students who will need accommodation through
other means.

9.39   Table 9.5 below shows that there are 1,967 beds available in private
sector PBSA in Colchester. The University stated that PBSA bed spaces

have grown rapidly, there was no PBSA provision prior to 2012 and most has been developed from 2015 onwards.

Table 9.5 Private Sector PBSA bed spaces available in Colchester

Property	Bed spaces
The Maltings	779
Hythe Mills	282
Host Students	252
Enso	282
Elmstead Place	138
Beyond the Box	234
Total	**1,967**

Source: University of Essex

9.40   Combining the figures for on-campus bedspaces as discussed above, and the private PBSA spaces identified above (assuming 100% availability), there is, therefore, accommodation available for 7,964 of the 9,396 full-time students requiring accommodation in Colchester. This results in a residual of 1,432 full-time students who currently need accommodation in Colchester through other means.

HMOs and other private rented student accommodation

9.41   We do not have accurate information on student HMOs available. However, we are aware of 359 *licensed* HMOs and the Council considers that there may be up to 2,000 HMOs in total across Colchester. Not all of these will be available or suitable for students, but many will be, and they more than likely represent sufficient capacity in the supply to address the residual need.

Current student needs considerations

9.42   The University identified a level of vacancy in on-campus accommodation given that a significant number of beds were delivered at the Pastures (around 1,262 beds) in advance of the 2023/2024 academic year.

9.43   Historically, when the university has had an undersupply of
        accommodation, rooms would be made available to guaranteed students
        only – i.e. 1st years, international students, and students with disabilities.

9.44   However, as there is now considered to be an oversupply in on-campus
        accommodation the University has offered spaces to returning students
        also. Despite this, there is still understood to still be a level of vacancy at
        present.

9.45   Student lettings agents in Colchester considered that private activity on
        properties for students has fallen, and the market demand for such
        properties has decreased between now and four years ago, particularly
        because of the impacts of COVID-19.

9.46   Overall, there is considered more than adequate accommodation
        available to meet existing need arising from students in Colchester.

Price of accommodation

9.47   Table 9.6 below shows the cost of accommodation for the 2024/2025
        academic year across the on-campus accommodation assets. There are
        more bedspaces owned by ULiving on-campus than by the University of
        Essex. The ULiving owned properties are also more expensive on a per
        bed per week basis.

9.48   The schedules in the Figures below show that overall, there are around
        6,000 beds available on campus, with an overall weighted average room
        cost across all assets of £176 per week.

Table 9.6 On-campus Accommodation Schedule

University Owned	Type	2024/25 weekly price
North Towers	Shared bathroom	£119.14
South Towers	Shared bathroom	£126.56
Wolfson Court	Shared bathroom	£129.92
The Houses – Standard	Ensuite	£170.80
The Houses – Twin	Twin	£114.66
The Houses – Enhanced	Ensuite	£174.51
The Houses – Premium	Ensuite	£185.50
South Courts – Standard	Ensuite	£188.16
South Courts – Twin	Twin	£114.73
South Courts – Enhanced	Ensuite	£190.89
South Courts – Premium	Ensuite	£194.74
Self – Contained Flats	Self – Contained Flats	£247.59 (Median)
Total University Owned On-campus	**2,663 rooms**	**£157.94 (Weighted average room cost)**
Uliving Owned	**Type**	**Bed spaces**
Meadows Townhouses	Shared bathroom	£187.74
Meadows – Standard	Ensuite	£196.00
The Copse – Standard	Ensuite	£200.97
The Copse – Premium	Ensuite	£223.16
The Copse – Studio	Studio	£231.15
The Pastures – Budget	Shared bathroom	£164.29
The Pastures - Standard	Ensuite	£195.65
The Pastures – Studio	Studio	£231.15
The Quays – Standard	Ensuite	£179.48
The Quays – Premium	Ensuite	£191.59
The Quays – Double	Double	£210.91
Self – Contained Flats	Self – Contained Flats	£260.70 (Median)
Total ULiving Owned On-campus	**3,334 rooms**	**£191.01 (Weighted average room cost)**

Source: University of Essex

9.49   For privately rented accommodation off-campus, the number of listings was derived from the SU Homes page, and their size, location, and per-week rental price were also analysed.

9.50   While this is just a snapshot it shows that there are 416 beds available in the private sector. The data shows that bedspaces are most likely found in 5-and 6-bedroom properties.

9.51   The most expensive median rent per week per bedspace are found in houses over 1- and 2-beds in size. The weighted average weekly rent in Colchester at the time was £114.

Table 9.7 SU Homes listing summary, May 2024

Number of bedrooms	Number of beds	Median p/w
1	31	£181
2	48	£149
3	54	£108
4	132	£100
5	115	£105
6+	36	£95
Total	**416**	**Weighted average: £114**

Source: SU Homes 2024

9.52   Figure 9.3 shows the location of the marketed properties in the City and the location of the University of Essex campus. It is clear that the vast majority are within the Urban Area South and East – specifically, the Greenstead and Hythe areas. There is also a smaller concentration of available student properties in Wivenhoe.

Figure 9.3 Geographical concentration of marketed student properties through SU Homes, May 2024
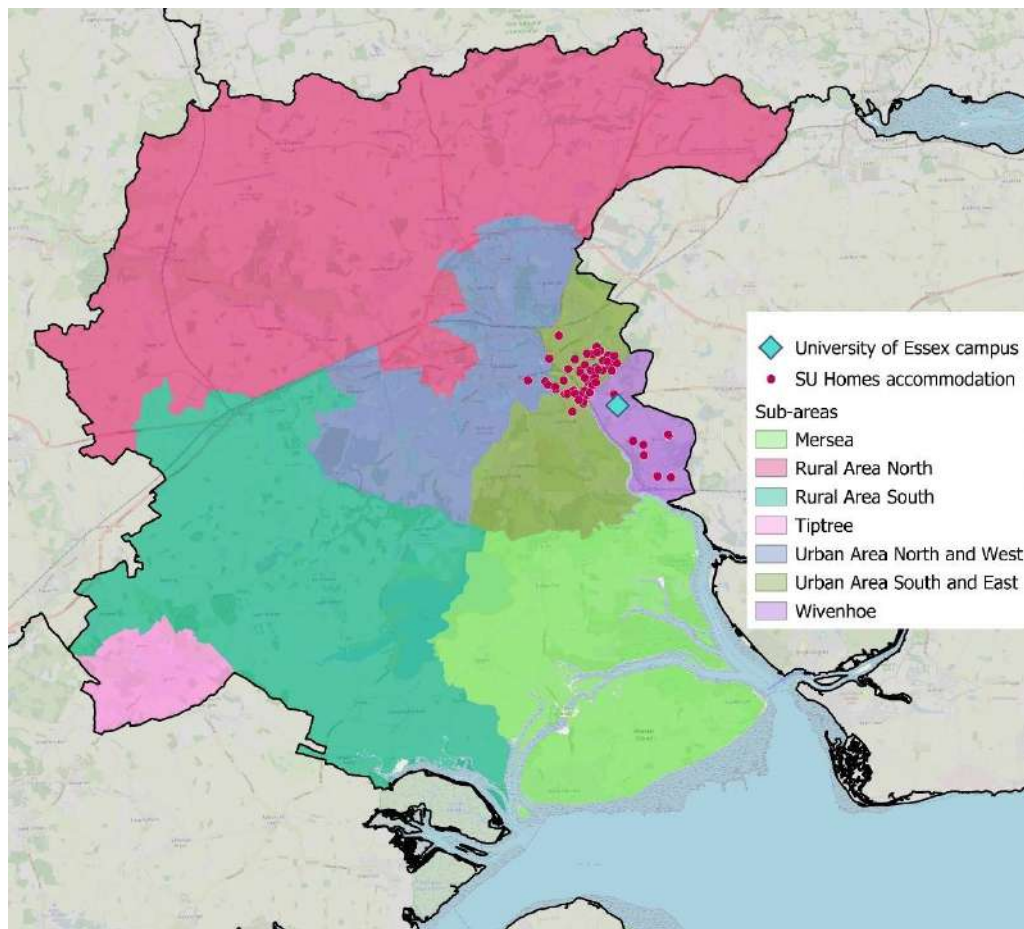
Source: SU Homes

9.53   It is apparent when comparing figures in Table 9.6, 9.7 and 9.8 above that on a weighted average basis, off-campus accommodation is less expensive overall and presents a more affordable option for students.

Future Plans and Need

9.54   The University of Essex's Strategy 2019-2028[13] seeks to grow the University to around 20,000 students and 1,000 researchers. It is also understood that there are additional ambitions to reach 30,000 students by 2035.

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[13] https://www.essex.ac.uk/governance-and-strategy/university-strategy

9.55   The 20,000 students would not all be based in Colchester, and they would not all be full-time students. Applying the existing ratio of those who study at the University of Essex and need accommodation in Colchester then 52% would need a bedspace.

9.56   This would result in a need for approximately 10,400 bedspaces for students in Colchester. This is an additional 1,004 bedspaces on top of the estimated existing bed space needs by 2028 for Colchester.

9.57   For 30,000 students, the University expects around 27,800 to be studying at the Colchester campus, with the remaining numbers at our other campuses in Southend and Loughton.

9.58   A survey undertaken by the University in recent years open to all students focussed on the desired location of accommodation and it is reported that 98% of students wanted to live as close to the campus as possible rather than in Colchester City Centre. This was based on a sample size of around 500 respondents.

9.59   The University would not be against growth in student accommodation within the City Centre, but they don't consider that there is a market there for students – but that this might be enabled by the emerging Rapid Transit System.

9.60   The University of Essex has identified that around 4,500 bedspaces on campus would be needed to accommodate the increase in student numbers from 20,000 to 30,000. This would result in 5,500 students that will need to be accommodated elsewhere, whether off-campus in Colchester, remotely, in their own homes or with parents.

9.61   It Is understood from the Council's pipeline information that there are several schemes due to be delivered within the next five years at the time of writing these include:

Table 9.8 Five-year supply of student accommodation.

Site name	Units provided
Ewer House	12
Museum Resource Centre	18
Total	**30**

Source: Colchester City Council

9.62   In addition to the above, the Council have also informed Iceni of a pipeline scheme at Colne Quay consisting of 123 units for students. If successful, this would bring the incoming known supply up to 153 units which includes the 30 identified in the Figure above.

9.63   The Table below summarises the paragraphs and section above and shows a timeline of bedspace need and supply based on the University's enrolment ambitions. This assumes that the pipeline of 153 units will be built out by 2028.

9.64   In reaching 2035, it is assumed that 4,500 additional beds will be supplied by the University of Essex through delivery at the TCB Garden Community as per their estimates. There will be a need for 6,169 additional bedspaces in Colchester by 2035. By the same time, there will be an estimated unmet need for 2,948 bedspaces which will need to be addressed either through the HMO and private market or by building additional PBSA.

Table 9.9 Estimated Future Student Needs

Year	Total UoE enrolments	Colchester bedspaces need (52% UoE Roll)	Additional bedspace need	PBSA supply	Potential HMO, PRS and other demand
2024	18,110	9,396	-	7,964	1,432
2028	20,000	10,377	981	8,117	2,260
2035	30,000	15,565	5,188	12,617	2,948
Additional bedspaces need to 2035		**6,169**			

Source: University of Essex, Iceni analysis

9.65   In conclusion, it is considered that in meeting the University's target of 20,000 students by 2028, there are sufficient bedspaces available particularly with the pipeline supply being included.

9.66   However, in meeting the 2035 target of 30,000 students, there will be a need for additional bedspaces. Ensuring as much as possible to meet this need will minimise the impact on the general housing stock.

Policy approach

9.67   Policy DM10 of the adopted Section 2 Local Plan for Colchester provides for a range of housing types and tenures for particular groups, including students, and states that:

"Planning permission will be granted for purpose-built student accommodation subject to other policies in this plan and where:

    (i)   the location is appropriate in terms of access to public transport and university and college facilities; and

    (ii)   the proposal will not result in an excessive concentration of student accommodation in any one locality.

Specific proposals for university-based accommodation are contained in policy EC1."

9.68   Policy EC1 provides for the Knowledge Gateway and University of Essex Strategic Economic Area, which specifically recognises the role of the University of Essex in Colchester economically and socially.

9.69   The Tendring Colchester Borders DPD states the Council is supportive of plans of expansion and Policy 4: Meeting Housing Needs of the draft DPD sets out the Council's expectations for new homes within the Garden Community, including for Student Accommodation.:

"Part H: Student Accommodation

The University of Essex has long-term plans to expand student numbers and to extend its accommodation provision. Student accommodation will be encouraged in accessible locations within the 'South Neighbourhood' where it would have good sustainable links to the University of Essex and where it will contribute to a mixed and diverse community. The size and specification of any student accommodation will be determined through the Housing Strategy (see Part B) and will be informed by evidence held by the Councils in partnership with the University of Essex."

9.70   The policy is not specific on the number of bedspaces to be provided, however, a report submitted as part of the evidence base sets out land requirements needed to accommodate this growth.

9.71   It is recommended that the approach set out in Policy 4 of the TCB DPD, pending consideration by the Planning Inspectorate, is sufficient to meet the future ambitions of the University of Essex and resulting bedspace needs as this provides flexibility.

9.72   It is recommended, based on information obtained through this assessment, that reflects student preferences additional PBSA should be concentrated in and around the University campus, and in areas with good public transport links to it. The Council may also wish to seek

affordable accommodation through new proposals for student accommodation.

9.73   However, there may be demand for student accommodation within the City Centre that arises over the Plan period. A flexible policy approach for areas outside of the Garden Community and surrounds is recommended to allow this.

9.74   Policy DM10 of the adopted Section 2 Local Plan (2022) is considered sufficient for the assessment of such proposals. It may be useful for developers for the Local Plan to provide guidance in supporting text on the types of locations in the City Centre that would be appropriate (particularly considering those around the proposed Rapid Transit Scheme) and the types of evidence to be provided to satisfy the policy criteria, such as a student needs assessment.

9.75   It may also be wise to ensure such accommodation is designed flexibly so that it can be converted to other residential uses if the demand does not materialise or changes.

9.76   The Council might consider additional elements, including a provision for cluster flats rather than just studios. This creates a more affordable product and is also more communal which provides the students with a better experience and support network.

Service families

9.77   Colchester is Garrison Town and is home to three Army Barracks, Merrville Barracks situated on Gryphon Road is the largest of these and is home to several battalions including the Parachute Regiment.

9.78   The other barracks are the Goojerat Barracks on Goojerat Road which is home to the Royal Military Police and the Berechurch Hall Camp on Berechurch Hall Road which is a Military Corrective Training Centre.

9.79   The most recent MOD statistics suggest that there are 3,220 MOD personnel stationed in Colchester, 180 of which are Civilian. This makes up 19% of the total MOD presence within the East of England region.

9.80   The Planning Practice Guidance for First Homes also allows local authorities to set out their own criteria for accessing such housing. One such criterion could be a key worker requirement which would include service personnel.

9.81   The most acute and pressing issue is likely to be finding accommodation for those transitioning out of the forces as well as existing personnel who are seeking to buy in the City. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.

9.82   In addition, the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.

9.83   This means that ex-service personnel would not suffer a disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy.

9.84   Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Children in need of accommodation

9.85   The Care Standards Act 2000 defines a Children's Home stating 'an establishment is a children's home… if it provides care and accommodation wholly or mainly for children'. 'Wholly or mainly' means that most of the people who stay at a home must be children.

9.86   Key legislation relating to the accommodation and maintenance of a
         looked-after child is defined and outlined in Sections 22A to 22D of the
         Children Act 1989. The legislation provides a framework within which
         decisions about the most appropriate way to accommodate and maintain
         children must be considered:

- Section 22A of the Children Act 1989 imposes a duty on the
  responsible authority when a child is in their care to provide the
  child with accommodation.
- Section 22B of the Children Act 1989 sets out the duty of the
  responsible authority to maintain a looked-after child in other
  respects apart from providing accommodation.
- Section 22C of the Children Act 1989 sets out the ways in which
  a looked-after child is to be accommodated.
- Section 22D of the Children Act 1989 imposes a duty on the
  responsible authority to formally review the child's case prior to
  making alternative arrangements for accommodation.
- Section 22G of the Children Act 1989 requires local authorities to
  take strategic action with respect of those children they look after
  and for whom it would be consistent with their welfare for them to
  be provided with accommodation within their own local authority
  area.

9.87   In a Written Ministerial Statement[14] (WMS) made in May 2023, the
         Housing and Planning Minister reminded local authorities of their
         requirement to assess the housing need of different groups in the
         community including "accommodation for children in need of social
         services care".

9.88   The WMS statement said, "Local planning authorities should give due
         weight to and be supportive of applications, where appropriate, for all
         types of accommodation for looked after children in their area that reflect
         local needs and all parties in the development process should work

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

together closely to facilitate the timely delivery of such vital accommodation for children across the country".

9.89   The WMS follows on from the Department of Education Implementation Strategy[15] to fix children's social care from February 2023. The "Stable Homes Built on Love" Strategy has undergone a recent consultation the results of which have not yet been published.

9.90   The strategy outlines an ambition to transform Children's Care through six pillars. The first of these pillars makes it clear that providing support to families is the priority. This ensures that children can remain in their family home for as long as possible (Pillar 1) and then within their wider family if this is not possible (Pillar 3).

9.91   If both the immediate and wider family cannot look after a child then Pillar 4 seeks to ensure that "when care is the best choice for a child, the care system must provide stable, loving homes close to children's communities."

9.92   To achieve this the strategy aims to increase and support foster carers; and develop a programme to support improvements in the quality of leadership and management in the children's homes sector.

9.93   The report sets out a mission to "see an increase of high-quality, stable and loving homes available for every child in care, local to where they are from". To do this it suggests that an immediate action is to "boost the number of the right homes in the right places available for children as a matter of urgency."

9.94   The strategy notes "Local authorities have primary responsibility for the children in their care. This includes ensuring there is sufficient

[15]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147317/Children_s_social_care_stable_homes_consultation_February_2023.pdf

accommodation locally to meet the range of needs of children in care in their area" and that there is a "statutory duty to ensure there is sufficient provision for their children in care".

9.95   It also states that the DfE "will continue to build on our work reforming supported accommodation for 16- to 17-year-olds. Semi-independent provision, including supported lodgings, can be the right option for some older children, but only where it is high-quality, and the young person is ready for the level of independence it promotes."

9.96   The Department will also continue "with the Children's Home Capital Programme, which has seen £259 million of capital funding invested to increase provision in local authority-run open and secure children's homes. We are working with local authorities to create new children's homes and increase provision in their local area."

9.97   At a similar time, the government also launched a consultation on the "Children's Social Care National Framework[16]" and the "Children's Social Care Dashboard". The Framework sets out some of the outcomes to be measured including Outcome 4 relating to those seeking to ensure "children in care and care leavers have stable, loving homes".

9.98   The indicators include the percentage of children in care living in foster care and living in residential care and the distance of placements from home. This is important to ensure stability of schooling and contact with their siblings. The framework recognises that this will mean prioritising foster homes rather than residential homes.

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[16] https://consult.education.gov.uk/children2019s-social-care-national-framework/childrens-social-care-national-framework/supporting_documents/Childrens%20Social%20Care%20National%20Framework%20Consultation%20Document%20February%202023.pdf

9.99   The outcome can also be achieved by leaders undertaking "sufficiency planning and work with other local authorities and partners to jointly invest in care options that meet the future needs of children."

Essex County Council

9.100   A sufficiency strategy was published in 2023. This along with the Market Position Statement provides the most reliable information regarding the sufficiency of housing for young people and care leavers.

9.101   The Sufficiency Strategy[17] states that there are 1,140 Children in Care of which 69% are in Foster Care. The most common ages of those in care are those aged 14-17.

9.102   Over the last four years, the number of children who were looked after continuously for at least 2.5 years has increased by 7%, from 316 children in 2017/18 to 339 in 2020/21, with a 5.9% increase from 2019/20 to 2020/21. Around 76% of placements for Essex's Children in Care are in the County

9.103   For Colchester, the Children in Care rate per 10,000 under 18s is 34.7 which is one of the highest rates in the County.

9.104   The Council prioritises what is best for the individual, and sometimes that means residential care. They have initiated a programme of in-house care for those under 16.

9.105   While there is a significant market in Essex owned by third parties, 46% of it is occupied by other local authorities placing children there. This is because the housing stock is cheaper and provides large homes.

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[17] https://www.essexproviderhub.org/media/uvpm52dj/sufficiency.pdf

9.106   The County Council prefers not to open many more care homes but instead focuses on targeted homes for vulnerable and harder-to-place children. They aim to provide intermediate support for a return to home or a stable placement.

9.107   They are converting properties they own with a care provider in place to provide the care element. Typically, these are one-bedroom homes, but they are also opening larger 4-bedroom homes for complex care cases. There is a large facility in Colchester, but the County Council would prefer smaller accommodations to disperse the young people.

9.108   The County Council's medium-term plan is in place as they have sourced all necessary properties and invested capital in this. They have, for example, converted caretaker housing at schools.

9.109   Currently, there is no urgent need for general children's homes, but the main pressure lies in post-16 space for care leavers. Providers struggle to find suitable housing in appropriate locations.

9.110   Additionally, there are homeless 16-17-year-olds who need accommodation but not support, along with care leavers accessing supported housing.

Demographic Growth

9.111   The population projections linked to the City's housing need show a growth in the population aged under 16 of 4,439 of 12.6%. This in itself would point to a need for more housing although reclaiming some of the existing supply used by other local authorities could address this.

9.112   The WMS statement said, "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs".

9.113   As noted, the County Council would like to see any additional Children's homes prioritising local children, the Council should therefore consider including such accommodation as part of wider, appropriately located, housing allocations or larger permissions or setting out criteria directing growth to the most appropriate locations.

9.114   One solution would be for Colchester City Council to adopt the Basildon approach where applications for Children's Care Homes specify that ECC gets first refusal on nominations within a given period to increase access to accommodation in the area. This benefits everyone by allowing children to maintain community and education links.

9.115   The current best practice is to deliver these 3-4 bedroom "ordinary homes" on sites in with most appropriate locations according to Ofsted's Location Assessment[18]. In summary, this includes ensuring safeguarding concerns are met and that children have access to services.

9.116   Efforts are being made to make homes resemble regular houses and reduce the reliance on children's care homes, given the significant cost difference between care homes and fostering.

9.117   There will also be a need for supported accommodation for young adults and the Council should work with Registered Providers to explore opportunities to provide this through developer contributions and in the existing stock.

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[18]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/339545/Children_s_homes_regulations_amendments_2014.pdf

Asylum seekers and refugees

9.118   We have engaged with an officer from Colchester City Council in relation to the need of Asylum Seekers and Refugees in the City. The key points from this discussion are outlined below.

Refugee Housing

9.119   Since December 2022 Colchester has become a clearing area for asylum seekers. These are typically single males, housed in 4- and 5-bedroom Houses in Multiple Occupation (HMOs), mainly managed by Clear Springs Ready Homes who have taken over the lease on many private HMOs in the City.

9.120   Clear Springs offers better deals, attracting landlords from Colchester Borough Homes which has an impact on the provision of TA and general HMOs in the City.

9.121   Most asylum seekers are located in Greenstead, a deprived area frequented by students, but also scattered around the city in areas with lower rents.

9.122   Colchester has the most asylum seekers in Essex and the government has put a temporary stop on procuring additional homes in the area. However, Clear Springs has issues finding suitable accommodation and may need to revert to Colchester.

Government Policy and Backlog Clearing

9.123   Asylum seekers are from various countries particularly Afghanistan, Iraq, Iran, Somalia and Syria, with many having mental health issues. These typically come to the county in small boats and in the back of lorries.

9.124   They are distinct from the refugees which come through official channels. This includes Ukrainians and Afghans moved by the MOD.

9.125   Asylum Seekers spend up to two years in the area before they are cleared and, in this time, they get to know the area and make roots and connections and about 75% want to stay in the area.

9.126   The government aimed to clear a backlog of Asylum Seekers as soon as possible and made about 200 decisions last year. Once approved they get 28 days' notice to leave HMOs. This impacts the Council's ability to find suitable accommodation in such a short period. However, once cleared the accommodation is refilled by an additional asylum seeker.

9.127   Of the 200 Cleared:

- 50 were housed by the Council, particularly those with mental health needs

- 50 were housed in the PRS with support (deposits and rent) from the Council.

- 40 were housed by Cast with support from the Council

- 40 were housed by other local housing associations and charities and

- 15 were housed by friends and volunteers

9.128   The Illegal Migration Act from March 2023 impacts asylum seekers as it makes them unable to claim housing benefit and other support, potentially leading to homelessness (rough sleeping) or people disappearing from the System.

9.129   Once granted asylum this group are not a priority need (only a handful due to their mental health). Some will sofa surf and RAMA will give money to go to another area. Around 30 will end up sleeping rough at some stage.

9.130   Currently the home office covers rents, and they are provided with £40 per week for food. If it was not for Home Office Funding around 90 would be homeless.

Support Agencies

9.131   Most asylum seekers use the RAMA agency which is partly funded by
          the council. This agency provides support to house refugees locally.

9.132   There is also a local charity CAST which houses some refugees, while
          the council provides support for housing and resettlement. Additional
          support includes English lessons and mental health support.

Ukrainian Refugees

9.133   Colchester has a significant number of Ukrainian refugees (+400),
          distinct from asylum seekers, on visas with uncertain extensions (some
          with less than a year. Typically, this group are young females sometimes
          with Children.

9.134   Most of the refugees are with host families but sometimes this
          breakdowns and other host families are required. If this is not possible,
          they are accommodated in private accommodation but because of the
          uncertainty with visa lengths, some landlords are refusing to take them
          on.

Other Refugees

9.135   The Home Office opened two bridging hotels in the city these housed
          around 241 people including around 15 families as large as 12. The
          Council was then responsible, along with the Home Office to find
          accommodation elsewhere in the country.

9.136   However, at the end of this process the bridging hotels closed and there
          were still 7 large families left and they presented themselves as homeless
          as they had made links there. The council had to find accommodation for
          them and most ended up back in the same hotel as no suitable
          alternatives were available. The lack of larger affordable accommodation
          is a real issue nationally.

9.137   The MOD offered some homes but only on short-term tenancies. The Council have refused this as they will eventually become homeless, but the Home Office might circumvent this.

9.138   Colchester also has quite a large number of (+300) Hong Kong nationals but they tend to be more affluent and will have impacted the rental market, which pushed up competition and thus rents.

Other Issues

9.139   Housing refugees cost the council millions, with varying levels of funding from the Home Office and significant costs for temporary accommodations.

9.140   Landlords are requesting 12 months' rent and are potentially exploiting the funding structure from the Home Office. Although many are put off by the lack of guarantors which can lead to difficulties in accessing housing for these groups.

9.141   Some landlords may find it more lucrative or socially rewarding to cater to asylum seekers rather than traditional tenants of low-paid workers or students. As a result, this is diminishing the supply for these groups and pushing up rents. It can also lead to evictions which can exacerbate homelessness in the city.

9.142   Some landlords had philanthropic tendencies and provided housing at Local Housing Allowance (LHA) rates. However, with rising living costs and uncertainty about future arrangements, there's concern that this support may not be sustainable, potentially leading to increased homelessness among families.

9.143   The affordability of alternative accommodation in Colchester is also a concern as in many Afghan and Syrian families, only men typically work. This may further strain household finances and increase reliance on support systems.

9.144   The costs associated with housing these various groups, particularly asylum cohorts, can be substantial for local councils. The disparity between the funding provided by the Home Office and the actual costs incurred can strain local resources and budgets.

Recommendations:

9.145   Suggestions from officers include delivering more affordable larger family homes and smaller supported accommodations to reduce reliance on HMOs.

9.146   It is a complex set of challenges faced by local authorities in housing and supporting refugees and asylum seekers, requiring coordinated efforts from various stakeholders to address housing needs effectively.
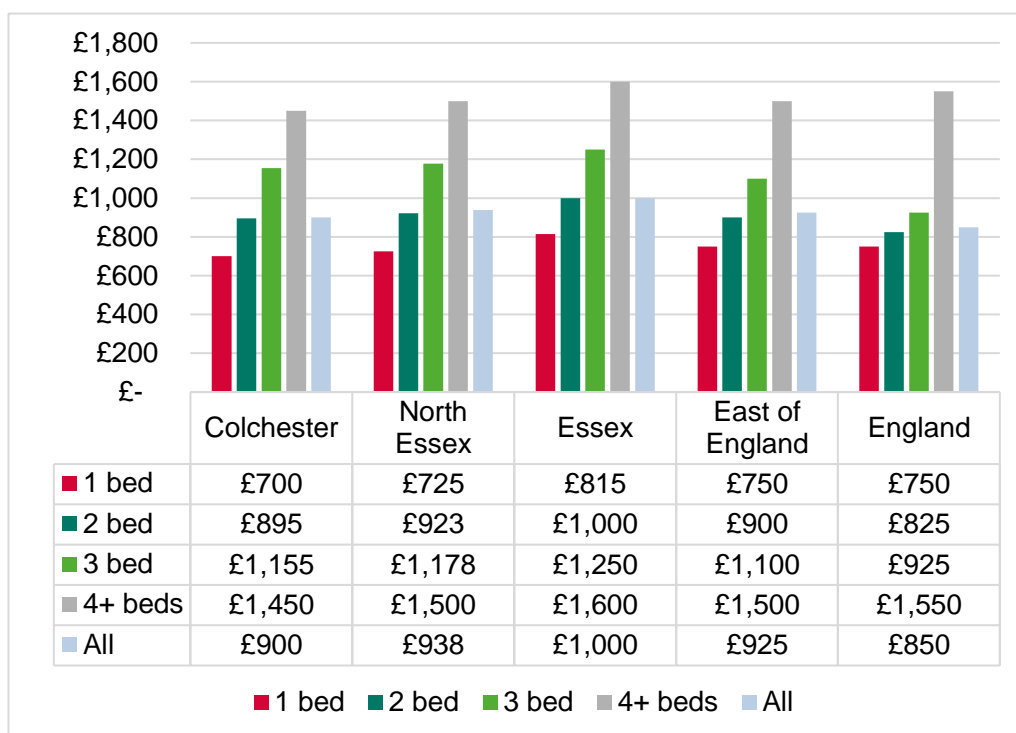
Private Rental Sector

9.147   The Private Rental Sector (PRS) makes an important contribution to the overall market, particularly for those people who cannot afford to buy and are not eligible for social housing.

Private Rental Market Dynamics

9.148   The Figure below shows the median rental costs for different property sizes. As shown, the overall median monthly rental cost in Colchester in 2023 was £900.

9.149   Colchester is less expensive than the national medians for 1- and 4+ bedroom properties and overall. This indicates a level of affordability in Colchester in comparison to its neighbours for these property sizes.

9.150   However, for 2- and 3-bedroom properties in Colchester, as it is in other areas in the East of England, rental costs are less affordable and are

above the national average cost. This likely makes Colchester and the East of England less affordable for small families.

Figure 9.4 Rental Costs (£ pcm)

	Colchester	North Essex	Essex	East of England	England
■ 1 bed	£700	£725	£815	£750	£750
■ 2 bed	£895	£923	£1,000	£900	£825
■ 3 bed	£1,155	£1,178	£1,250	£1,100	£925
■ 4+ beds	£1,450	£1,500	£1,600	£1,500	£1,550
■ All	£900	£938	£1,000	£925	£850

■ 1 bed ■ 2 bed ■ 3 bed ■ 4+ beds ■ All

Source: Iceni analysis of VOA/ONS data

9.151   Consistent with the national trend, median monthly rents have been increasing consistently in Colchester since 2011. This may be an indicator of decreasing affordability in the purchase market increasing demand in PRS as a more affordable option.

Figure 9.5 Private Rental costs over time
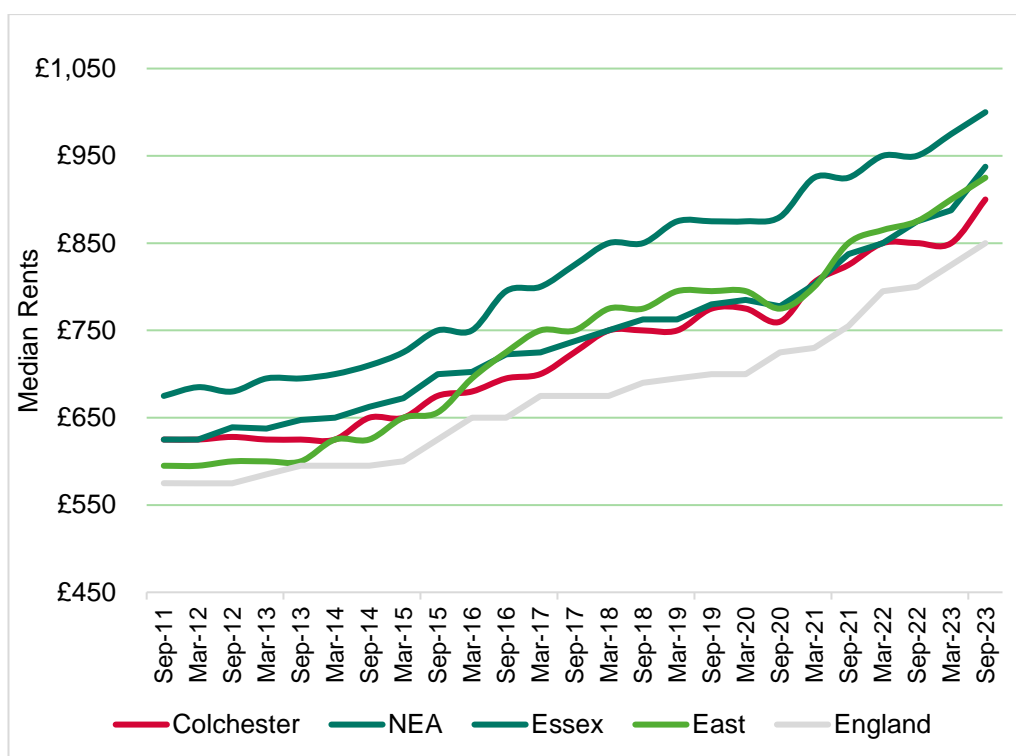
*Source: Iceni analysis of VOA/ONS data*

Agent Engagement

9.152   The agents consider that the rental market in Colchester has been increasing steadily for 4 years. Demand has recently slowed down however, and the cost of living is 'biting' with rents too high and most renters cannot afford the rents priced over £1,000 per month plus bills.

9.153   The supply of rental properties on the market is considered very low. Enquiries are being made from every profile of potential tenant although there is low demand from older households.

9.154   Renters are also attracted to areas surrounding the train stations in Colchester for ease of commuting to London and other major employment centres. Renters who are seeking better value or have limited budgets are typically attracted to the areas surrounding the New Town. Those with larger budgets may seek properties in Lexden.

9.155   Rental properties on Mersea Island were described as few and far between, and that any that do come onto the market deals are made very quickly. The agents reported that renters who live on Mersea Island do typically want to stay on the island but may not be able to because of affordability issues. Rental values are considered similar across Mersea. The agents did not consider there to be any particular gaps in the market although overall the market is limited in stock and mix.

Benefit Supported Rents

9.156   The Private Rental Sector has an important role in providing affordable housing, with many tenants only able to do so with the help of Universal Credit (or Housing Benefit). The Figure below shows the number of housing benefit claimants and claimants of the housing element of Universal Credit in PRS within each of the NEA authorities.

9.157   Looking at the change over time it is clear that the COVID-19 lockdown impacted all areas with the number of claimants jumping in March 2020, this will be a factor in many people losing jobs and income.

9.158   What is clear is that the increase seen in Colchester over that period (12%) was higher than that seen across the neighbouring authorities.

Figure 9.6 Universal Credit and Housing Benefit Claimant by Local Authority (2018-2023)
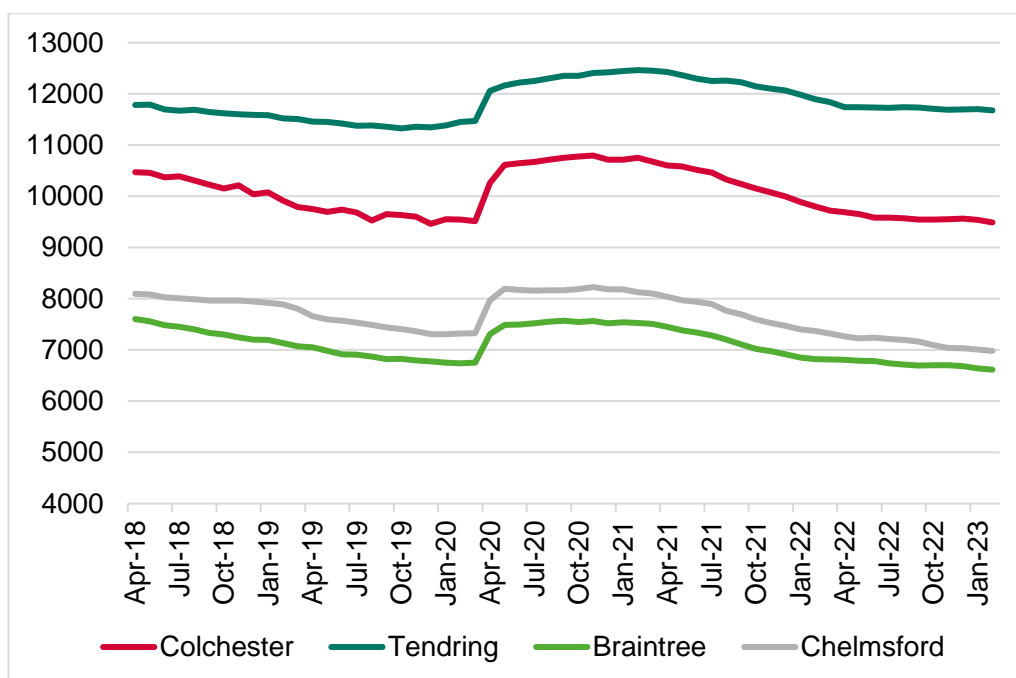
Source: DWP, 2023

9.159   The number of overall claimants in Colchester has however dropped since the pandemic, to the extent that there are now 3% fewer claimants in November 2023 than there were in March 2020; and 12% less than there were in April 2018.

9.160   The decrease in Colchester since April 2018 has not been as significant as that seen in Braintree (16%) and Chelmsford (13%) but is much more significant than that seen in Tendring at -3% over the same period.

9.161   This evidence points to the Private Rented Sector playing a reduced role in meeting affordable housing needs and compensating for a shortfall in genuinely affordable housing.

Houses in Multiple Occupation (HMOs)

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

9.163   One definition[19] of use class C4 (HMO) is "small, shared houses or flats occupied by between three and six unrelated people who share basic amenities" such as a toilet, personal washing facilities or cooking facilities. Where there are more than six unrelated individuals sharing amenities, this is termed an HMO in Sui Generis use.

9.164   Colchester, being a city with a large University, has a significant demand for student accommodation, which often includes HMOs. This is explored earlier in this document. This section focuses on the HMOs which are not occupied by students and where demand arises from young professionals and others seeking affordable housing options in the city.

9.165   Landlords of large HMOs rented to 5 or more people who form more than one household and where some or all tenants share toilet, bathroom or kitchen facilities and where at least one tenant pays rent require licensing.

9.166   However, smaller HMOs do not require a license, and this makes knowing the full extent of them difficult.

9.167   HMOs typically do not require planning permission for a change of use from a C3 dwelling unless there is an Article 4 Direction which mandates it.

9.168   HMOs are required to meet certain standards and require a higher level of management due to the shared occupation and increased fire risk. Poorly managed HMOs can present a risk to the occupiers and cause issues in the neighbourhood, for example, with regard to noise and refuse.

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

9.169   Data at October 2023 according to the Housing Insight Report[20] prepared by Colchester City Council stated that there were 345 HMOs with a live licence, with approximately a further 100 licence cases being processed at any one time. Data provided by the Council in May 2024 shows an increased figure of 359 HMOs.

9.170   The Council estimates that the actual number may be as high as 2,000, as noted in the Local Authority Housing Statistics return. If correct, this would equate to around 2.4% of total dwelling stock in Colchester.

9.171   The Census as of 2021 has started to record the number of dwellings that are HMOs. There is therefore no 2011 equivalent to identify trends between households living in HMOs. The data is only available at local authority level and above and shows that as of 2021 there are 697 HMOs in Colchester, of which 175 are large HMOs.

9.172   Colchester has a relatively high number of HMOs compared to the rest of Essex. 46% of the total HMOs in Essex are within Colchester. In comparison to neighbouring authorities, HMOs represent 0.84% of total dwellings (2021 Census) in Colchester, which is a greater concentration than that seen across the other areas assessed.

[20] https://www.colchester.gov.uk/housing-insight-report

Table 9.10 Detail of Houses in Multiple Occupation in Colchester and Comparator

	Total HMOs	Is a small HMO	Is a large HMO	Total dwellings	HMOs as % of dwellings
Colchester	697	522	175	83,168	0.84%
NEA	1,064	782	282	301,315	0.35%
Essex	1,516	1,102	414	807,198	0.19%
East	10,725	7,795	2,930	2,762,295	0.39%
England	175,661	130,733	44,928	24,927,591	0.70%

Source: Census 2021

9.173   Figure 9.7 below shows the sub-areas within which the May 2024 provided HMOs are licensed.

Figure 9.7 Number of HMOs in Colchester sub-areas
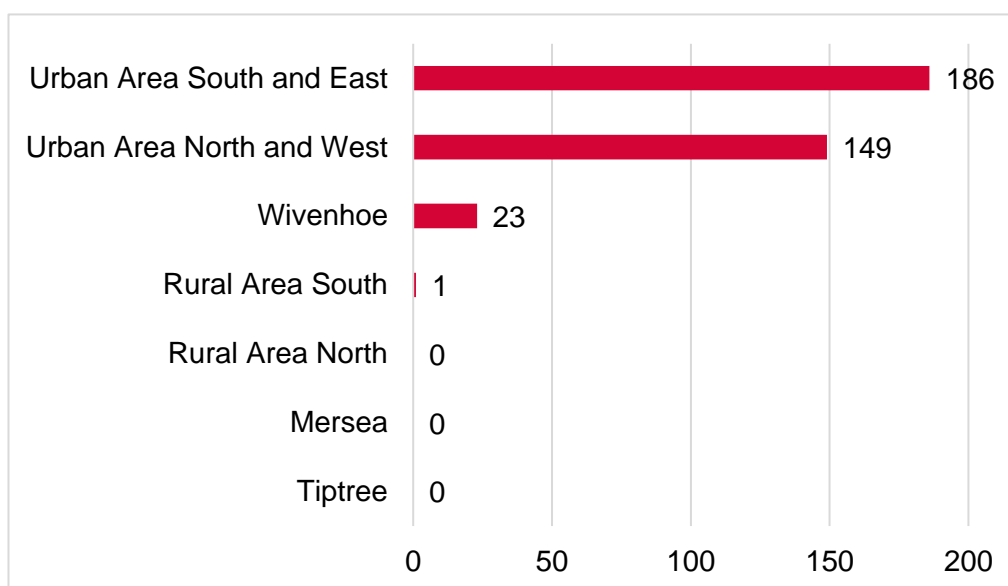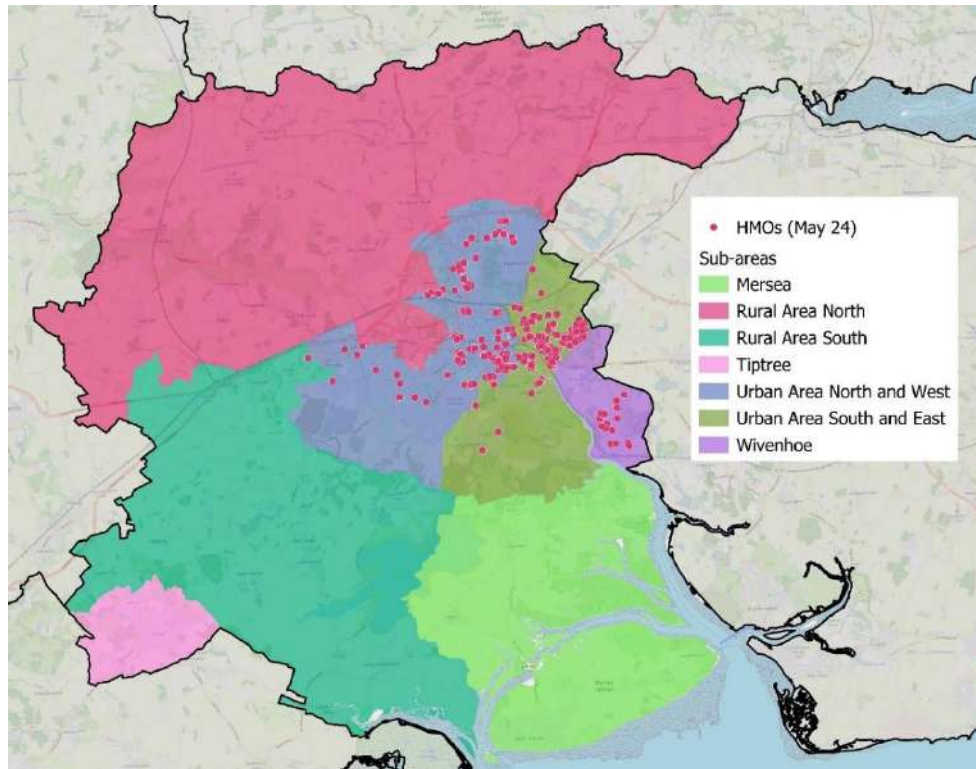

Source: Colchester City Council

9.174   HMOs are most highly concentrated in the Urban Area South and East and to a lesser extent the Urban Area North and West as is shown on the map in the Figure below. The Greenstead ward sees the highest number and concentration of licensed HMOs (May 2024) in Colchester, representing 2.4% of the total dwelling stock in Greenstead.

Figure 9.8 Location of HMOs in Colchester (May 2024)

Source: Colchester City Council

9.175   This higher prevalence of HMOs in Colchester when compared to neighbouring areas is in part due to the large number of students living off-campus. There are also nearly 60 HMOs which each accommodate up to 6 asylum seekers under the Government's asylum seeker dispersal programme.

9.176   In addition, for many of Colchester residents this is the only affordable housing option, particular for those relying on the LHA single-person room rate to pay their rent. This type of accommodation can also be used by the Council as temporary accommodation, to assist homeless clients into housing.

9.177   Nationally, the HMO market has changed significantly in the last year with many landlords exiting the market by selling their homes and not always to other HMOs landlords. As a consequence, the supply of HMO has fallen. Some estimates suggest that as many as 21,000 HMOs have been

lost since 2020/21. The University also report this is occurring locally within the student HMO market.

9.178   This trend is potentially also evident in homelessness statistics, where the end of a private rented tenancy was the most common reason for households being owed a prevention duty in England, accounting for 14,470 or 41.5% of households in the second quarter of 2023.

9.179   In conclusion, HMOs represent a small percentage of the total stock across all areas assessed but are important in offering choice to renters and provide an affordable option, particularly given issues with affordability in the East of England. Particularly in areas surrounding the University, HMOs will play an increasing role as the University of Essex seeks to expand. There is no suggestion of the need for an Article 4 direction at this time, however the Council should continue to monitor HMO proliferation and continue to build a picture of the HMO market using robust data.

Build to Rent

9.180   In respect of Build to Rent, the Housing White Paper (February 2017) set out that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build to Rent).

9.181   The government set out that this would drive up the overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.

9.182   The NPPF sets out that the needs of people who rent their homes (as separate from affordable housing) should be assessed and reflected in planning policies (Para 63). Its glossary also includes a definition for Build to Rent development:

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

9.183   It therefore represents development which is constructed with the intention that it will be let rather than sold.

Benefits of Build-to-Rent

9.184   The benefits of Build to Rent are best summarised in the Government's A Build to Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are wide-ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants' choice "as generally speaking tenants only have the option to rent from a small-scale landlord".

- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income-focused business model;

- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build-for-sale and affordable housing; and

- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

9.185   This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

9.186   Over recent years there has been rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Savills' UK

Build to Rent Market Update[21] for Q3 2023 states that the BTR market now had 92,140 completed units, 59,043 under construction and 112,511 in the development pipeline, a total of 263,694 units.

Tenant profile

9.187   The British Property Federation ("BPF"), London First and UK Apartment Association ("UKAA") published (November 2022) a report[22] profiling those who live in Build to Rent accommodation in England. Whilst this is focused on more urban locations, it is helpful at understanding the broad profile of tenants.

9.188   According to their research around 40% of residents were aged between 25 and 34, which is broadly similar to the in the wider private rented sector. The survey-based data identified that incomes are similar to those in private rented sector accommodation with 18% earning between £26,000 and £32,000, and 23% earning between £32,000 and £44,000. The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers.

Existing provision

9.189   The Council advised that there was currently one Build to Rent Scheme in the City and this is for single family living, which is the term used to describe non-flatted BTR schemes rather than its typical form of flatted development with shared facilities.

9.190   This development is the Leaf Living Scheme in Chesterwell / Mile End and has 200 units and is being built out by Countryside. The available units at the time of writing range from 2-4 beds with prices ranging from £1,475 to £2,410 per calendar month. They are therefore a premium

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[21] https://www.savills.co.uk/research_articles/229130/353636-0

[22] https://bpf.org.uk/our-work/research-and-briefings/who-lives-in-build-to-rent-2022/

product, and these rental costs considerably exceed 2023 median prices across Colchester. It is likely that there are other such schemes within the City, but they are not easily definable.

Recommended policy response

9.191   The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent. In recognition of the potential growth of the sector, the Council might consider including a policy on Build-to-Rent development to set out parameters (such as design, contract lengths, space standards, communal space standards (even if just stipulating wider standards apply) and facilities, outdoor space, bike storage and active transport measures etc.), regarding how schemes would be considered, with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied.

9.192   Given that the sector is still evolving, we would recommend that the Council is not overly prescriptive on the mix of dwelling sizes within new Build to Rent development. The NPPF's definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control.

9.193   The Council will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build to Rent development will however differ from that of a typical mixed tenure development in the sense that returns from the Build to Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are sold.

9.194   In general terms, it is expected that a proportion of Build to Rent units will be delivered as 'Affordable Private Rent' housing. Planning Practice Guidance[23] states that:

> "The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.
>
> 20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.
>
> National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development"

9.195   The Council should have regard to the PPG on Build-to-Rent developments. This states that at least 20% of the units within a Build to Rent development should be let as Affordable Private Rented units at a discount of 20% to local market rents. The Council might consider whether these should be capped at LHA rates, subject to viability.

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[23] ID: 60-002-20180913

A1.   Definition of Sub Areas

A1.1   The table below shows how sub-areas are comprised of Ward areas within Colchester.

Table A1.1 Colchester Wards (2023) and corresponding Sub-areas

WD23CD	WD23NM	Sub-area
E05010833	Mersea and Pyefleet	Mersea
E05010831	Lexden and Braiswick	Rural Area North
E05010838	Rural North	Rural Area North
E05010832	Marks Tey and Layer	Rural Area South
E05010842	Tiptree	Tiptree
E05010830	Highwoods	Urban Area North and West
E05010834	Mile End	Urban Area North and West
E05010828	Castle	Urban Area North and West
E05010837	Prettygate	Urban Area North and West
E05010840	Shrub End	Urban Area North and West
E05010841	Stanway	Urban Area North and West
E05010835	New Town and Christ Church	Urban Area North and West
E05010839	St Anne's and St John's	Urban Area South and East
E05010827	Berechurch	Urban Area South and East
E05010836	Old Heath and The Hythe	Urban Area South and East
E05010829	Greenstead	Urban Area South and East
E05010843	Wivenhoe	Wivenhoe

Source: Census 2021, Iceni

A2. Analysis of the Proposed Changes to the Standard Method

A2.1   In July 2024, the new labour government announced a consultation on changes to the NPPF. As part of this consultation they made proposed changes to the standard method for calculating housing need.

A2.2   This was a simplified approach which amended Step 1 and 2 and removed Step 3 and 4 from the current calculations. Step 1 is no longer linked to demographic projections and is now a flat 0.8% growth in housing stock per annum.

A2.3   Step 2 continues to be an affordability uplift but with two modifications. Firstly, rather than taking the most recent year's affordability ratio an average of the last three years is used. Secondly, rather than add a 0.25% uplift for every 1% above 4 the affordability ratio is, the uplift is now 0.6%. The table below sets out the Standard Method for Colchester.

Table A2.1 Standard Method – Colchester

	Colchester
Total Dwelling Stock	84,917
Step 1. Annual Dwellings Stock Increase (0.8%)	679
Average Affordability Ratio (2021-23)	9.99
Uplift	90%
Step 2. Housing Need	1,290

Source: MHCLG, 2024

A2.4   This represents an increase of 247 dwellings per annum or 24% from the existing standard method of 1,043 dpa.

A2.5   The following tables set out the key findings of this report should the revisions to the standard method be adopted. In all cases this takes

account of the increased population driven by higher migration should this level of housing be delivered and occupied.

A2.6   The methodology is the same herein as for the other aspects of the report and should be referred to if required.

Population

A2.7   The table below shows with delivery of 1,290 dpa (23,220 homes over 18-years) it is projected the population would increase by 49,500 people, a 25% increase – changes are seen across all broad age groups.

A2.8   This is a notably higher level of population growth than projected using the current Standard Method (37,900 additional people – a 19% increase).

Table A2.2 Projected population change 2023 to 2041 by broad age bands – Colchester (linked to delivery of 1,290 dpa)

	2023	2041	Change in population	% change from 2023
Under 16	35,279	42,355	7,076	20.1%
16-64	126,117	154,692	28,575	22.7%
65 and over	35,412	49,244	13,832	39.1%
Total	196,808	246,291	49,483	25.1%

Source: Demographic Projections

Labour Force

A2.9   Given the stronger population growth and changes to people of working-age, the labour supply under the consultation Standard Method is projected to be quite substantial – increasing by 27,300 compared to 20,700 with the current method. This in turn could lead to up to 28,300

additional jobs being supported, depending on assumptions made about commuting.

Table A2.3 Jobs supported by demographic projections (linked to delivery of 1,290 dpa) (2023-41)

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
2011 commuting	27,284	28,155	27,562
2021 commuting	27,284	28,155	28,281
1:1 commuting	27,284	28,155	28,155

Source: Derived from a range of sources

Affordable Housing Need

A2.10   Projecting how affordable need might change is arguably to most difficult analysis when set against a different housing number. That is because it is the Government's view that building more homes will improve affordability and therefore arguably the affordable housing need should, in theory at least, go down.

A2.11   On the flip side, building more homes will increase the number of households and therefore over time might increase the number of households who might have a need.

A2.12   Finally, increased delivery might see additional affordable homes being built and therefore translate into higher relet supply in the longer term. Although it is difficult to estimate this future supply.

A2.13   Given these uncertainties, the analysis below looks solely at the demographic implications of an increase housing number, in this case the likely increase in the number of newly-forming households. It is estimated that the number of newly-forming households would increase by around 8% under the consultation Standard Method compared with

the current method; this increase being lower than the change when looking at population or households – reflecting the fact that many newly-forming households are projected to arise from existing households in the Borough.

A2.14   Overall, it is estimated there would be a need for 941 affordable homes per annum, compared with 877 in the main report analysis – a 7% increase.

A2.15   This increase compares with an increase of 24% in the number of households and 31% increase in population (if comparing the two Standard Methods).

Table A2.4 Estimated Need for Social/Affordable Rented Housing (linked to delivery of 1,290 dpa) – per annum

	Current need	Newly forming HHs	Existing HHs falling into need	Total Gross Need	Relet Supply	Net Need
Urban North & West	55	361	100	516	114	401
Urban South & East	36	294	50	380	118	262
Rural Area North	12	74	11	97	17	81
Rural Area South	6	47	6	59	9	49
Mersea	6	35	6	46	8	39
Tiptree	5	43	6	55	7	47
Wivenhoe	4	55	7	66	4	62
Total	124	909	185	1,219	277	941

Source: Derived from a range of sources

A2.16   As shown, the highest need is in the Urban Area reflecting the location of the current population. This may well change once capacity and distribution of growth is factored in.

Housing Mix

A2.17   The table below shows the modelling housing mix if linking to the higher consultation Standard Method figure – this can be compared with Tables 7.10 and 7.11 in the main body of the report.

A2.18   Generally, the higher housing number drives a very slightly larger profile of homes being needed in the market sector (very minor difference) and minor change for affordable home ownership. Overall the differences are not sufficiently large to change the overall conclusions in the main body of the report.

Table A2.5 Modelled Housing Mix (linked to delivery of 1,290 dpa) (2023-41)

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	4%	21%	21%	56%
2-bedrooms	29%	44%	38%	44%
3-bedrooms	44%	26%	33%	
4+-bedrooms	24%	8%	8%	

Source: Iceni Analysis

Older and Disabled Persons Need

A2.19   The last two tables below look at the analysis of needs from older person households and the need for wheelchair user housing. In both case the needs increase from the main analysis in the report, although the uplifts are quite modest in comparison with the general increases (in population and households) envisaged when going from the Standard Method to the consultation Standard Method – this is because the modelling builds in additional migration (to get to the higher housing figure) and in-migrants are more likely to be people of working-age (and

associated children) and therefore not needing older persons housing and less likely to be a wheelchair user.

A2.20   Consequently, the proportion of the total housing figure showing as a 'need' in these groups goes down as the overall housing number goes up.

Table A2.6 Specialist Housing Need in Colchester using adjusted SHOP@Review Assumptions (linked to delivery of 1,290 dpa) -2023-41

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall / surplus (-ve)	Add-itional demand to 2041	Shortfall / surplus by 2041
Housing with support	Market	53	506	967	461	432	893
	Affordable	65	918	1,175	257	525	782
Total (housing with support)		118	1,424	2,142	718	958	1,676
Housing with care	Market	26	53	479	426	214	640
	Affordable	16	38	292	254	130	384
Total (housing with care)		42	91	771	680	345	1,025
Residential care bedspaces		38	603	686	83	306	389
Nursing care bedspaces		42	624	771	147	345	492
Total bedspaces		80	1,227	1,457	230	651	881

Source: Derived from Demographic Projections and Housing LIN/EAC

Table A2.7 Estimated need for wheelchair user homes (linked to delivery of 1,290 dpa), 2023-41

	Current need	Projected need (2023-41)	Total current and future need
Colchester	609	193	802

Source: Derived from a range of sources