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Sandwell Housing Market Assessment  
Update  
Second Draft

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August 2024

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### **HDH Planning & Development Ltd**

Clapham Woods Farm  
Keasden, Nr. Clapham  
Lancaster. LA2 8ET  
info@hdhplanning.co.uk  
015242 51831 / 07989 975 977  
Registered in England  
Company Number 08555548

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# 1. Introduction

## Purpose

- 1.1 Sandwell is an urban borough in central England within the Black Country and to the west of Birmingham forming part of the West Midlands conurbation. It contains the old towns of Oldbury, Blackheath, Smethwick, Tipton, Wednesbury, Cradley Heath and West Bromwich although these individual locations now form part of a broadly continuous urban area that extends beyond the authority. Sandwell along with the other Black Country authorities, is famous for its industrial heritage including mining and manufacturing.
- 1.2 Sandwell was one of the four authorities (alongside Dudley, Walsall and Wolverhampton) that produced the Black Country's strategic Local Plan document, the 'Black Country Core Strategy'<sup>1</sup> in 2011. The Black Country Councils are now moving towards producing independent Local Plans (although still with partnership within the process). As part of the Local Plan development the evidence base is being updated. A Housing Market Assessment was undertaken for the Black Country authorities in 2021. Since this date there have been alterations to both Government guidance and changing demographic and housing market pressures. This report provides a new evidence base that reflects the current market situation, utilises the latest data available and adheres to the current Government guidance.
- 1.3 This report is a local housing needs assessment that provides evidence for the Local Plan. The information presented in this report complies with the current Government guidance on undertaking these studies as set out in the December 2023 National Planning Policy Framework (NPPF), and the Planning Practice Guidance (PPG)<sup>2</sup>, described below.

## Government Guidance

- 1.4 In December 2022, the NPPF was updated, following the publication of the latest PPG<sup>3</sup>, which theoretically ended a period of considerable change in the planning system and in the wider development industry. Paragraph 35 (a) of the NPPF requires that plans are '*positively prepared*'. As a minimum, the NPPF requires strategic policies to provide for objectively assessed needs for housing.

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<sup>1</sup> <https://blackcountryplan.Sandwell.gov.uk/t1/p2/>

<sup>2</sup> The latest iteration of the PPG before this report was finalised was the version of 16<sup>th</sup> December 2020. The report has been written so that it responds to the PPG as at this date.

<sup>3</sup> In the latest PPG the housing needs assessments were divided into three different elements: 'housing and economic needs assessments', 'housing needs of different groups' and 'housing needs of older and disabled people'. This report contains the information that meets the requirements within each of these.

*60. To support the government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay. The overall aim should be to meet as much of an area's identified housing need as possible, including with an appropriate mix of housing types for the local community.*

*61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area (see paragraph 67 below). There may be exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*

*62. The standard method incorporates an uplift which applies to certain cities and urban centres, as set out in national planning guidance. This uplift should be accommodated within those cities and urban centres themselves except where there are voluntary cross boundary redistribution agreements in place, or where it would conflict with the policies in this Framework.*

*63. Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers<sup>28</sup>; people who rent their homes and people wishing to commission or build their own homes*

*Paragraphs 60 to 63 – December 2023 NPPF*

- 1.5 The base requirement for housing is derived through the Standard Method. Following which an assessment of the number of households in need of affordable housing must be undertaken. In essence, the first output<sup>4</sup> required by the NPPF, for a study of this type, is to calculate the new housing number as derived through the Standard Method. The second task is the assessment of Affordable Need, and the final task is the understanding of the needs of groups with specific housing requirements. Once the appropriate future housing requirement is identified, this will be disaggregated into the different types of housing the future population will need.
- 1.6 The NPPF outlines how a Strategic Housing Market Assessment fits into the wider housing policy framework and the PPG sets out how the various elements of a Housing Market Assessment should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need (Chapter 6 of this report). The affordable housing need figure is an unconstrained figure set in the current housing market situation. It is not a component of the overall housing need, but is entirely independent, calculated using a different approach and different data sources.

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<sup>4</sup> Before this is done it is necessary to profile the local housing market and socio-economic situation, to ensure that the subsequent outputs have a meaning in a local situation.



- 1.7 This Strategic Housing Market Assessment includes a Long-Term Balancing Housing Markets (LTBHM) model (Chapter 5 of this report) which breaks down the overall housing need into the component types (tenure and size) of housing required. Whilst both the Affordable Needs model (Chapter 6) and the LTBHM model (Chapter 5) produce figures indicating an amount of affordable housing required, they are not directly comparable as, in line with the PPG, they use different methods and have different purposes. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether a Local Planning Authority should plan for more houses where it could help meet the need for affordable housing. The figure produced by the LTBHM model is based on the population projections and occupation patterns of household groups (considering the trends in how these occupation patterns are changing). This is the mix of housing for which the authority should be planning. How these figures should be used in Sandwell is summarised at the conclusion of this report, in Chapter 8.
- 1.8 In December 2020, the Government revised the Standard Method calculation. This has resulted in the slight modification to the Standard Method originally set out, with the guidance in the PPG detailing how the Standard Method is updated to reflect this. This report has followed the approach set out in the PPG (as revised December 2020). In May 2021, the Government published detail on First Homes and their implementation<sup>5</sup>, after a period of consultation on the concept in the second half of 2020. This report assesses the requirement for First Homes as part of the housing mix required to accommodate the future population.

*Draft NPPF 2024*

- 1.9 On 30<sup>th</sup> July 2024, just before the finalisation of this report, the new government published their consultation for the proposed reforms to the NPPF (including a revised Standard Method calculation)<sup>6</sup>. The consultation process is due to run until late September 2024 and the intention is that the finalised revised NPPF will be published before the end of 2024. This means that this report is being produced at a time of uncertainty. To future proof this housing market assessment, the results are being presented based on the extant (as at August 2024) guidance, but additional analysis has been added to set out the outputs within the proposed revised Standard Method. The new Standard Method figure is detailed at the end of Chapter 4.

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<sup>5</sup> <https://www.gov.uk/guidance/first-homes>

<sup>6</sup> [Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/proposed-reforms-to-the-national-planning-policy-framework-and-other-changes-to-the-planning-system)

## Report coverage

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

- Chapter 2** presents an examination of the latest data on the labour market and the resident population in Sandwell and the changes that have occurred within them. It also profiles the current housing stock, and the changes recorded within it.
- Chapter 3** contains a detailed analysis of the cost of property in Sandwell and the affordability of the different forms of housing for residents.
- Chapter 4** paragraph 008 of the PPG indicates that '*Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process*<sup>7</sup>.' The chapter sets out the calculation of the local housing need figure for the Borough.
- Chapter 5** disaggregates the local housing need to show the demographic profile of the future population in the Borough. The chapter uses this information to produce an analysis of the nature of future housing required within the long-term balancing housing markets model (LTBHM).
- Chapter 6** sets out the calculation of outputs for the affordable housing needs model strictly in accordance with the PPG approach. The chapter identifies both the type of households in housing need and the tenure of affordable housing that would meet this housing need.
- Chapter 7** contains an analysis of the specific housing situation of the particular sub-groups of the population identified within the NPPF.
- Chapter 8** is a conclusion summarising the implications of these results.

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<sup>7</sup> Reference ID: 2a-008-20190220

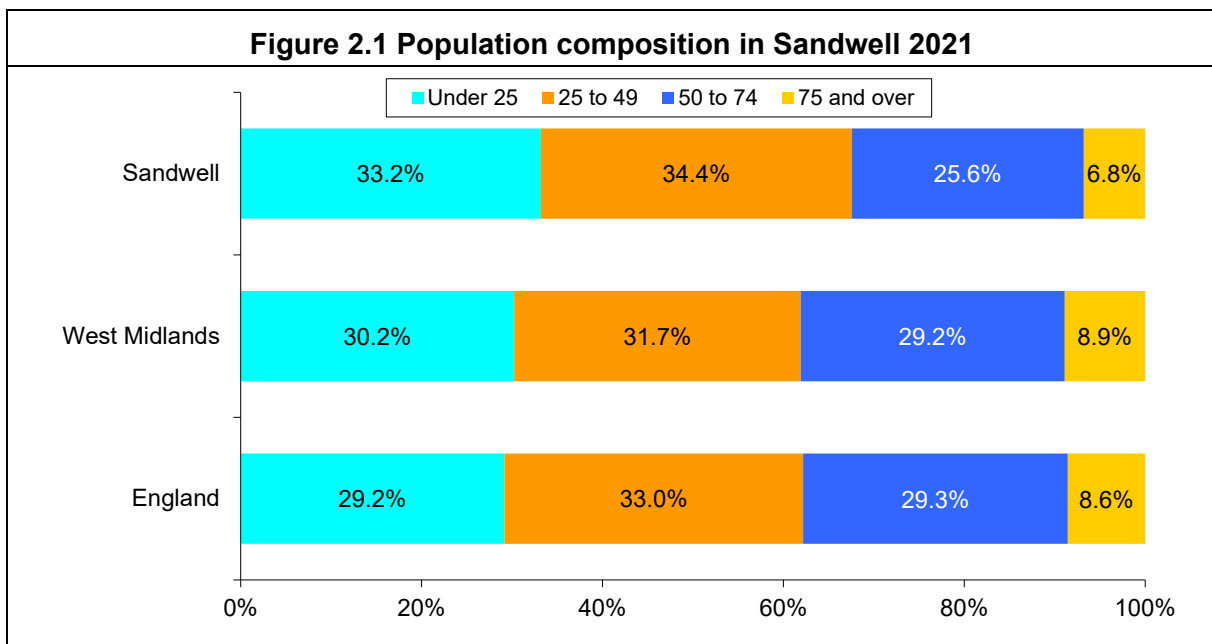
## 2. Local housing market drivers

### Introduction

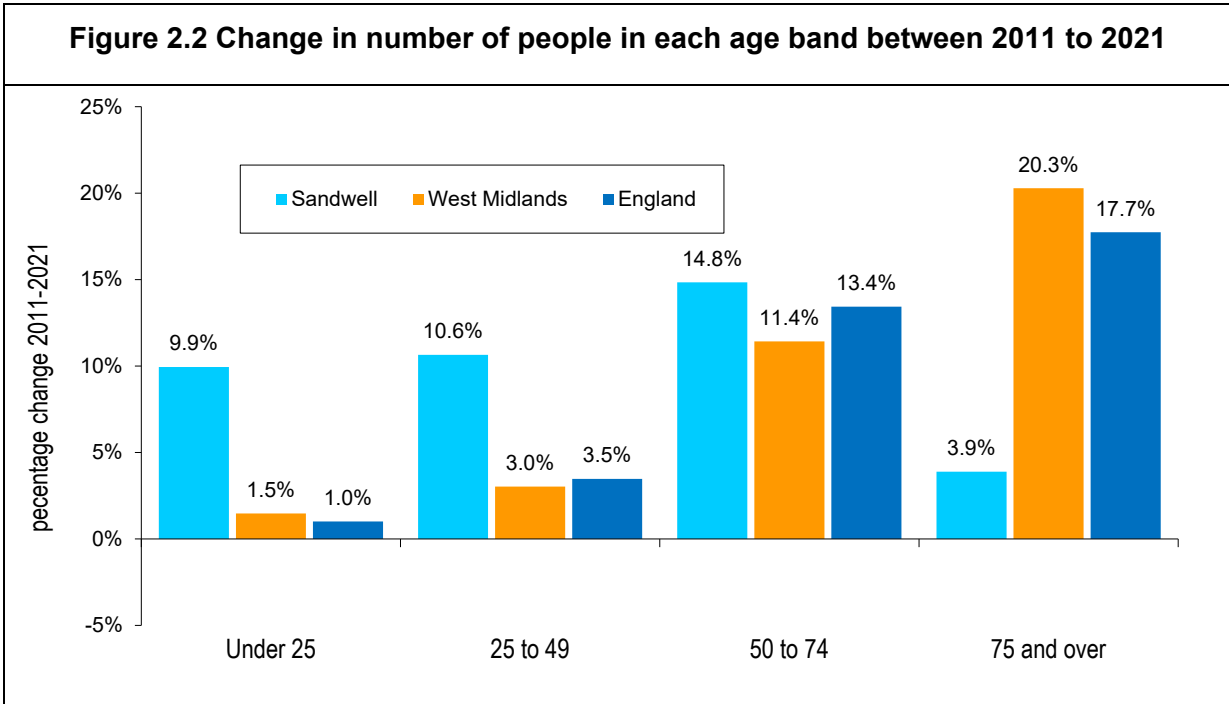
- 2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand, including household formation rates and households' investment in housing. This socio-economic situation is important context to be understood before the level of housing need is calculated. The first half of this chapter uses the most recently available data to document the current demographic profile in Sandwell and how it has changed. The current labour market conditions are then discussed in the second half of this chapter.
- 2.2 Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. Data from the 2021 Census is used to provide an overview of the housing stock in Sandwell and a comparison to the regional and national situation will be presented. The changes recorded over the last ten years will also be profiled.

### Demography

- 2.3 The 2021 Census indicates that the resident population in Sandwell in 2021 was 341,835 and that, since 2011, the population had increased by 11.0%, around 33,800 people. In comparison, the population of the West Midlands region increased by 6.2% over the same period, whilst the population of England grew by 6.6%. The Borough therefore has had a slower growing population than the regional and national averages over the last 10 years. The figure below illustrates the age composition of the population of Sandwell, the West Midlands, and England in 2021. The data show that Sandwell has a larger proportion of people aged under 25 and fewer people aged 50 and over. The population is younger than average.



2.4 The figure below shows the change in the age profile in Sandwell between 2011 and 2021 as recorded by the Census. The regional and national equivalents are presented in addition. The figure shows that in Sandwell the smallest growth was in those aged 75 and over, the opposite of the regional and national trends. The growth in those aged under 25 and those aged 25 and 49 was notably higher than both the West Midlands and England. Overall, the largest growth in Sandwell was recorded amongst those aged between 50 and 74.



2.5 The table below provides a range of demographic details for Sandwell, the West Midlands and England, including the average household size, the population density, the proportion of disabled residents and the proportion of people with a non-White ethnicity.

2.6 The population density in Sandwell in 2021 was 3,995 people per sq. km according to the 2021 Census, notably higher than both the figure for England as a whole (434 people per sq. km) and the figure for the West Midlands (434 people per sq. km). In 2021, the average household size in Sandwell was 2.61, notably higher than the national figure of 2.37 and the average regional figure of 2.41. Sandwell recorded 17.9% of the population as disabled under the Equality Act in 2021, lower than the regional average but higher than the national figure.

2.7 Some 42.8% of the population of the Borough was non-White according to the Census, higher than the national figure of 19.0% and the regional total of 23.0%. The largest non-White ethnic group in Sandwell is the Asian, Asian British or Asian Welsh group, which constitutes 25.8% of the population. The 2021 Census indicates that 2.2% of the population of Sandwell had moved into the UK from abroad within the last two years, compared to 1.9% across England.



<b>Table 2.1 Demographic profile of Sandwell in 2021</b>			
<i>Metric</i>	<i>Sandwell</i>	<i>West Midlands</i>	<i>England</i>
Total population in households	339,791	5,854,512	55,504,302
Total households	130,246	2,429,493	23,436,090
Average household size	2.61	2.41	2.37
Population density	3,995	458	434
Proportion people disabled under the equality act	17.9%	18.1%	17.3%
Proportion people with a non-White ethnicity	42.8%	23.0%	19.0%
Proportion resident in the UK for less than 2 years	2.2%	1.7%	1.9%

Source: 2021 Census

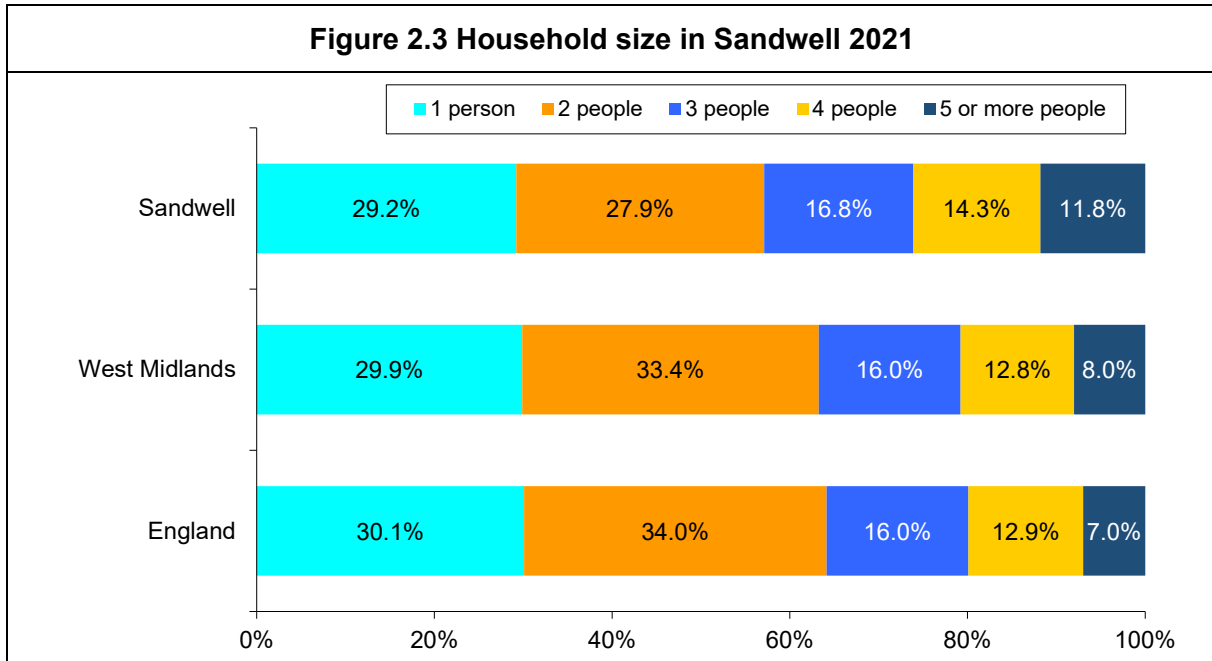
2.8 Both Census collected data on the overall general health of the population. The table below shows the overall results recorded in 2021 in Sandwell, the West Midlands and England for this measure alongside the relative change in the number of people in these different groups since the previous Census.

2.9 Overall, Sandwell records a lower proportion with very good health and a higher proportion with either bad health or very bad health than is recorded nationally and regionally. The biggest change recorded in Sandwell between 2011 and 2021 is an increase in the number of people with very good health, replicating the regional and national pattern (although the increase in Sandwell is more substantial). Overall, Sandwell recorded a reduction in the number of people with bad or very bad health.

<b>Table 2.2 General health 2011 and 2021</b>						
<i>General health</i>	<i>Sandwell</i>	<i>West Midlands</i>	<i>England</i>	<i>Change in # in Sandwell since 2011</i>	<i>Change in # in West Midlands since 2011</i>	<i>Change in # in England since 2011</i>
Very good health	44.9%	46.4%	48.5%	18.7%	9.3%	9.5%
Good health	34.2%	34.4%	33.7%	9.0%	5.1%	5.0%
Fair health	14.3%	13.5%	12.7%	2.0%	2.5%	2.8%
Bad health	5.1%	4.4%	4.0%	-3.8%	-1.2%	-0.1%
Very bad health	1.5%	1.3%	1.2%	-5.9%	-1.6%	0.3%
Total	100.0%	100.0%	100.0%	-	-	-

Source: 2011 and 2021 Census

2.10 The figure below shows the size of households in Sandwell, the West Midlands and England. It shows that, in 2021, over a third of households (26.1%) in Sandwell contained four or more people, higher than the regional and national figures. The proportion of small households (containing one or two people) was however lower than the other geographies.



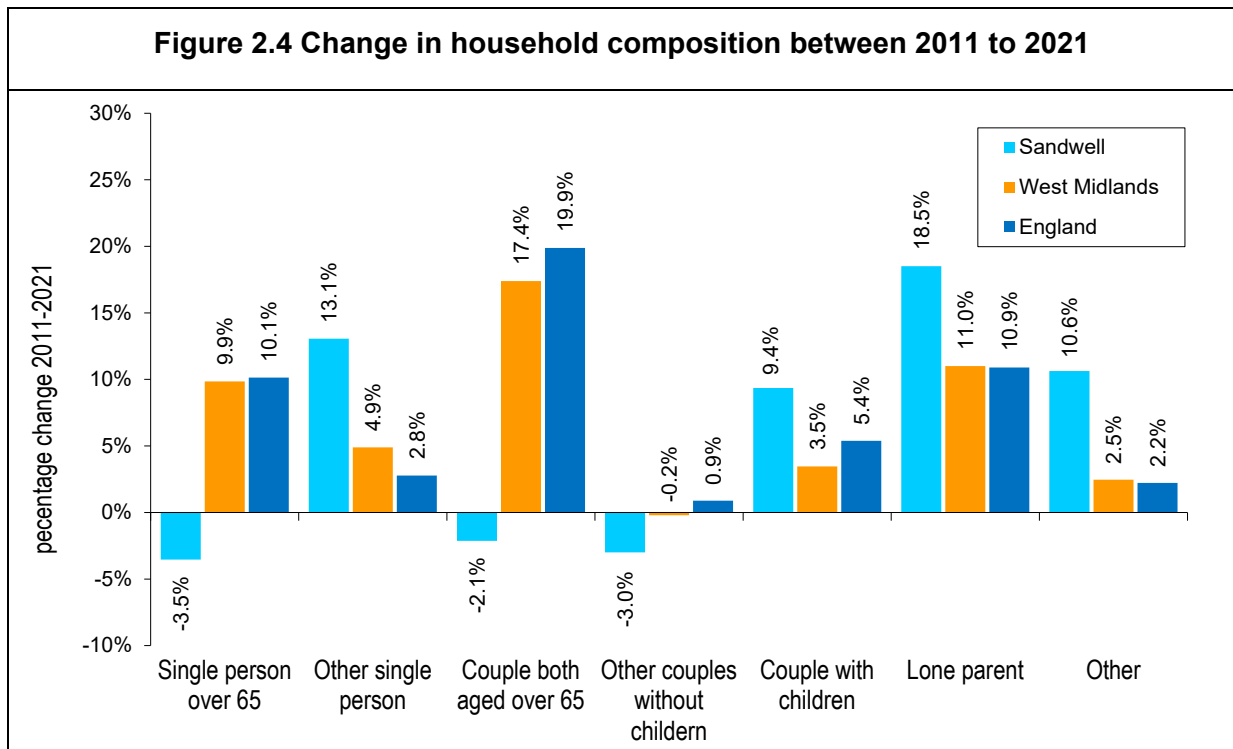
2.11 The table below shows the composition of households in Sandwell. It shows that, in 2021, about a quarter of households (28.0%) in the Borough contained a couple with children and 14.9% of households were lone parent households. These figures are both higher than the national and regional equivalents. Sandwell also contains an above average proportion of other households and single person households aged 65. Sandwell does however record a smaller proportion of households where all the residents are over 65.

**Table 2.3 Household type in Sandwell in 2021**

<i>Household type</i>	<i>Sandwell</i>	<i>West Midlands</i>	<i>England</i>
Single person over 65	11.5%	13.1%	12.8%
Other single person	17.7%	16.8%	17.3%
Couple both aged over 65	6.3%	9.5%	9.2%
Other couples without children	12.3%	15.9%	16.8%
Couple with children	28.0%	25.8%	25.2%
Lone parent	14.9%	11.8%	11.1%
Other	9.3%	7.1%	7.7%
Total	100.0%	100.0%	100.0%

Source: 2021 Census

2.12 The figure below shows the change in the household composition in Sandwell, the West Midlands and England between 2011 and 2021 as recorded by the Census. The figure shows that in the West Midlands and England as a whole, the number of households containing two or more pensioners has increased the most, whilst in Sandwell the number of these households has decreased. In Sandwell the number of lone parent households has increased the most followed by single non-pensioner households. Overall, the change in the household profile recorded in Sandwell is substantially different from the regional and national situation.



Source: 2011 and 2021 Census

### Economy

2.13 Considerable data is available on the economic context in Sandwell, which enables a profile of the current local economy to be presented.



### *Employment in Sandwell*

- 2.14 NOMIS<sup>8</sup> data on 'job density' (this is a measure of the number of individual jobs<sup>9</sup> per person of working age) for 2022 shows that there are 0.64 jobs per working age person in the Borough, compared to 0.83 jobs per working age person across the West Midlands region and 0.8 for England as a whole. The level of job density nationally and regionally has not changed notably over the last five years (from 0.82 to 0.83 in the West Midlands and from 0.87 to 0.88 in England). In Sandwell however, a decrease in job density has been recorded over this period (from 0.71 to 0.64). It should be noted that, at a local authority level, the job density figures vary from year to year, so not too much emphasis should be placed on the trend information at this scale.
- 2.15 Measured by the ONS Business Register and Employment Survey, there were 126,000 individual employee jobs<sup>10</sup> in Sandwell in 2022. This is 4.5% lower than the number recorded in the Borough in 2017. The number of employee jobs in the West Midlands has increased by 3.6% between 2017 and 2022, compared to 4.8% nationally over the same time period. It is worth noting that all the figures produced by this data source are rounded to the nearest thousand so fluctuations will appear larger where there is a lower base population.
- 2.16 Data is also available from the ONS about the number of businesses in the area and how this has changed. This can provide an indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship. The ONS indicates that in 2023 there were 9,935 enterprises in Sandwell. A slightly lower proportion of enterprises were micro (with 9 or fewer employees) across Sandwell (87.9%) compared with the West Midlands (88.9%) and England (89.2%). In Sandwell the number of enterprises has increased by 13.2% between 2018 and 2023 (a rise of 1,160), higher than the rate of change for the region (2.5%) and nationally (2.2%).

### *Employment profile of residents in Sandwell*

- 2.17 Although the overall economic performance of the Borough provides important context, an understanding of the effect of the economic climate on the resident population is more pertinent to this study.

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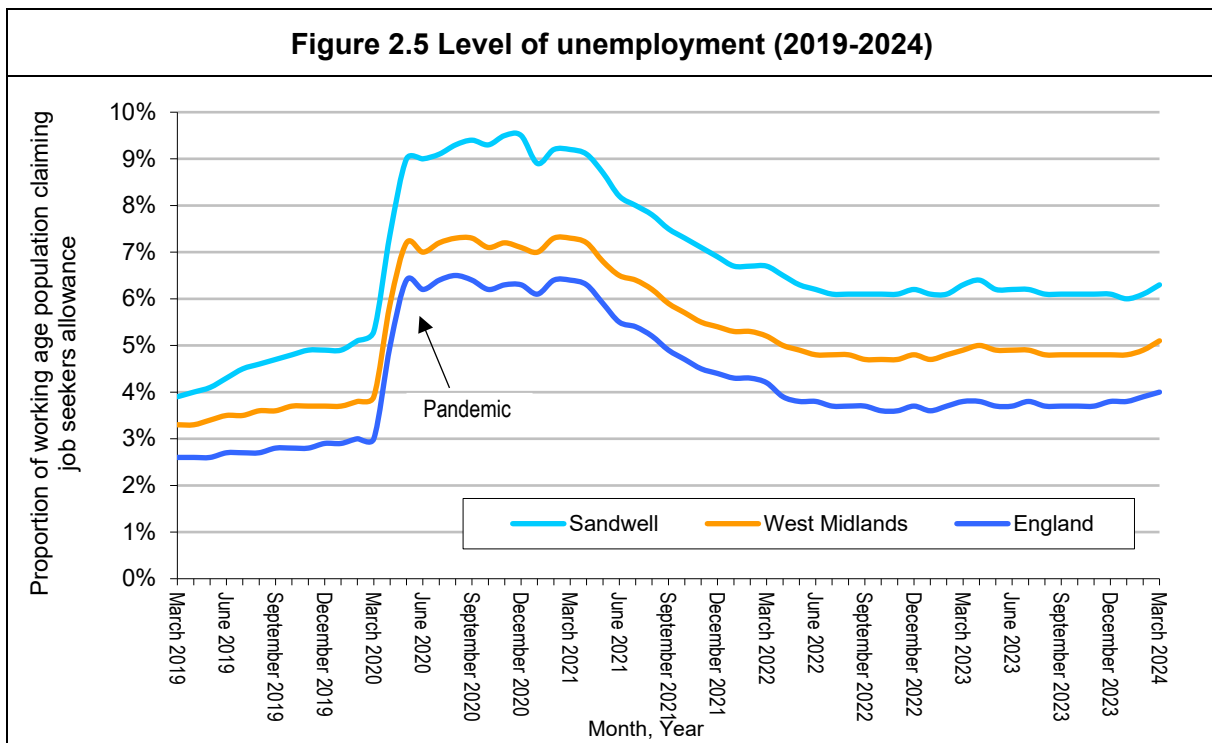
<sup>8</sup> NOMIS is a website provided by the Office for National Statistics that contains a range of labour market data at a local authority level. [www.nomisweb.co.uk](http://www.nomisweb.co.uk).

<sup>9</sup> Jobs includes employees (both full and part-time), self-employed, Government-supported trainees and HM Forces.

<sup>10</sup> Employee jobs excludes self-employed, government-supported trainees and HM Forces. Employee jobs can be both part-time and full-time. Data also excludes farm-based agriculture.



2.18 The ONS publishes, on a monthly basis, the number of people claiming Job Seekers Allowance. This provides a very up-to-date measure of the level of unemployment of residents in an area. The figure below shows the change in the proportion of the working age population claiming Job Seekers Allowance in Sandwell, the West Midlands and England over the last five years. The figure indicates that, in all areas, the level of unemployment increased notably in Spring 2020, as restrictions were put in place in response to the coronavirus pandemic. The level of unemployment remained at this higher level for a year, before beginning to fall gradually. The figure indicates that the unemployment level in Sandwell, whilst fluctuating, has been notably higher than the regional and national level. Currently (March 2024), 6.3% of the working age population in Sandwell are unemployed, compared to 5.1% regionally and the national average of 4.0%.



Source: ONS Claimant Count

2.19 The Census presents a ‘Standard Occupation Classification’ which categorises all residents aged 16 years and over in employment the week before the census into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As the table below illustrates, some 31.9% of employed residents in Sandwell work in Groups 1 to 3, notably lower than the figure for the West Midlands region and England as a whole. The proportion of people employed in Groups 8 to 9 in Sandwell is notably higher than in the West Midlands and England.

2.20 Further analysis shows that, since 2011, there has been a considerable increase in the number of people resident in Sandwell employed within Groups 1 to 3 with growth also recorded in those employed in Groups 8 to 9 and 6 to 7. A fall in the number of people employed in Groups 4 to 5 was however recorded between 2011 and 2021 in Sandwell.



<b>Table 2.4 Occupation structure (2021)</b>				
<i>Occupation Groups</i>	<i>Sandwell</i>	<i>West Midlands</i>	<i>England</i>	<i>Change in # of people employed in Sandwell since 2011</i>
Group 1-3: Senior, Professional or Technical	31.9%	41.7%	46.4%	17.8%
Group 4-5: Administrative, skilled trades	20.6%	20.1%	19.4%	-8.0%
Group 6-7: Personal service, Customer service and Sales	19.7%	17.4%	16.7%	3.5%
Group 8-9: Machine operatives, Elementary occupations	27.9%	20.8%	17.4%	9.7%
Total	100.0%	100.0%	100.0%	-

Source: 2011 and 2021 Census

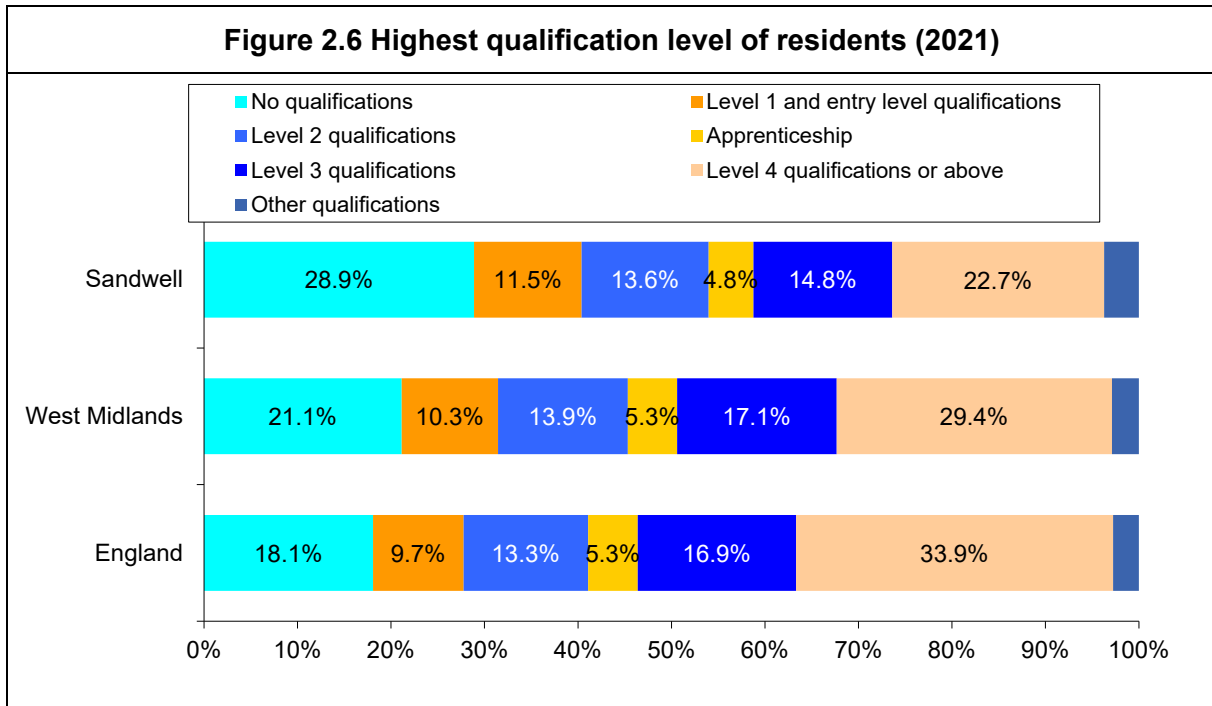
### Qualifications

- 2.21 An important factor in the ability of any economy to grow is the level of skill of the workforce. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-Level) and Level 4 the highest (undergraduate degree or higher). The table below outlines the full classification of qualification levels used in the Census.

<b>Table 2.5 Census qualification levels</b>	
<i>Qualification Group</i>	<i>Qualifications within the group</i>
Level 1 and entry level qualifications	1 to 4 GCSEs grade A* to C, Any GCSEs at other grades, O levels or CSEs (any grades), 1 AS level, NVQ level 1, Foundation GNVQ, Basic or Essential Skills
Level 2 qualifications	5 or more GCSEs (A* to C or 9 to 4), O levels (passes), CSEs (grade 1), School Certification, 1 A level, 2 to 3 AS levels, VCEs, Intermediate or Higher Diploma, Welsh Baccaalaureate Intermediate Diploma, NVQ level 2, Intermediate GNVQ, City and Guilds Craft, BTEC First or General Diploma, RSA Diploma
Apprenticeship	Apprenticeship
Level 3 qualifications	2 or more A levels or VCEs, 4 or more AS levels, Higher School Certificate, Progression or Advanced Diploma, Welsh Baccaalaureate Advance Diploma, NVQ level 3; Advanced GNVQ, City and Guilds Advanced Craft, ONC, OND, BTEC National, RSA Advanced Diploma
Level 4 qualifications or above	Degree (BA, BSc), higher degree (MA, PhD, PGCE), NVQ level 4 to 5, HNC, HND, RSA Higher Diploma, BTEC Higher level, professional qualifications (for example, teaching, nursing, accountancy)
Other qualifications	Vocational or work-related qualifications, other qualifications achieved in England or Wales, qualifications achieved outside England or Wales (equivalent not stated or unknown)

Source: 2021 Census

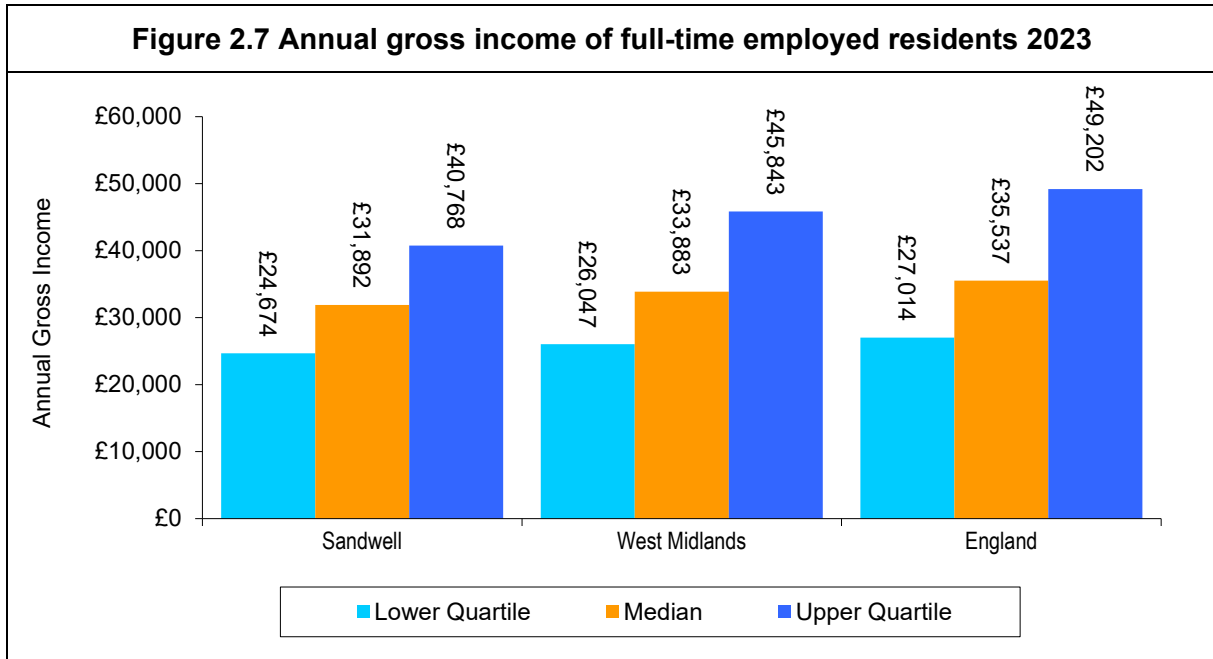
2.22 The figure below shows the highest qualification level of the working-age residents of Sandwell, compared to the regional and national equivalents as recorded in the 2021 Census. The data indicates that 22.7% of working-age residents in Sandwell have Level 4 or higher qualifications, lower than the figures for the West Midlands region (29.4%), and England (33.9%). Sandwell has more residents with no qualifications than is found nationally and regionally.



### Income

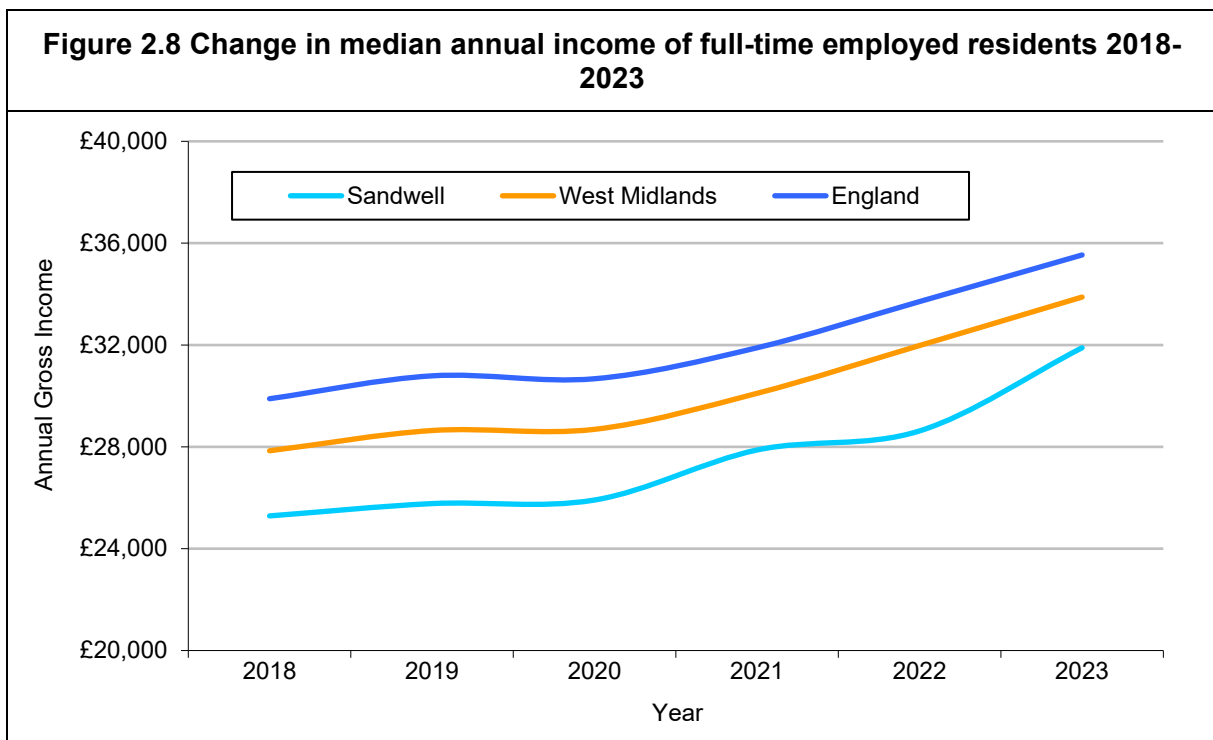
2.23 Income has a core effect on the level of choice a household has when determining their future accommodation. The mean earned gross income for full-time employees resident in Sandwell in 2023 was £34,128, according to the ONS Annual Survey of Hours and Earnings. In comparison, the regional figure was £39,478 and the national average was £42,245. It is important to note that these figures assess individual incomes rather than household incomes. It should also be noted that the median figures (set out in the figure below) provide a more accurate average than the mean figures as they are less influenced by extreme values, however the mean figures are presented for context.

2.24 The figure below shows that at all points on the distribution, annual gross income in Sandwell is lower than the regional and national equivalents. In Sandwell there is a relatively small difference between higher earners and lower earners (in comparison to nationally).



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

2.25 The figure below shows the change in the median income of full-time employees' resident in Sandwell, the West Midlands region and England since 2017. Sandwell has recorded the highest increase since 2018 (at 26.1%) followed by the West Midlands (21.7%), then England (18.9%). The data for Sandwell fluctuates over this period to a greater degree than the regional and national figures because the sample of data it is based on is smaller. It is therefore more susceptible to year-to-year variation than the national and regional figures where outlying figures are subsumed within a larger sample.

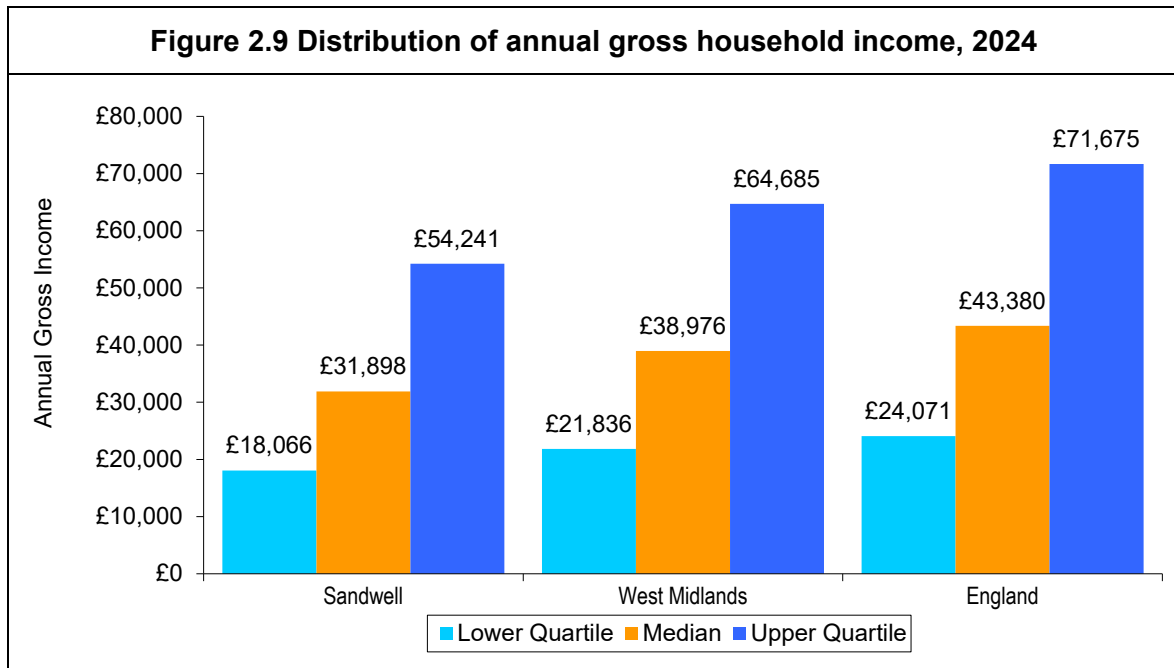


Source: ONS Annual Survey of Hours and Earnings (2018-2023)



*Household income*

2.26 CACI Paycheck<sup>11</sup> estimates that the mean gross annual household income in Sandwell is £40,140, which is 23.0% below the equivalent for England (£52,118) and 15.7% below the figure for the West Midlands (£47,621). The figure below shows household income at various points on the income distribution for the Borough alongside the national and regional equivalents. The data indicates that households in Sandwell are less affluent than equivalent nationwide households at all points on the income distribution, with this difference most distinct at the upper quartile. Mean household incomes have increased by 36.1% and median household incomes have increased by 18.3% over the last four years (CACI household income data from March 2020 was presented within the most recent Black Country HMA).



Source: CACI Paycheck, 2024

**Dwelling stock**

2.27 The Census indicates that there were 134,758 dwellings in Sandwell in 2021. The Census show that the number of dwellings in the Borough grew by 6.0% between 2011 and 2021 (some 7,686 dwellings). This growth is lower than that recorded regionally (the number of dwellings grew by 7.3% across the West Midlands between 2011 and 2021), and nationally (growth in dwellings of 8.5% over the same time period).

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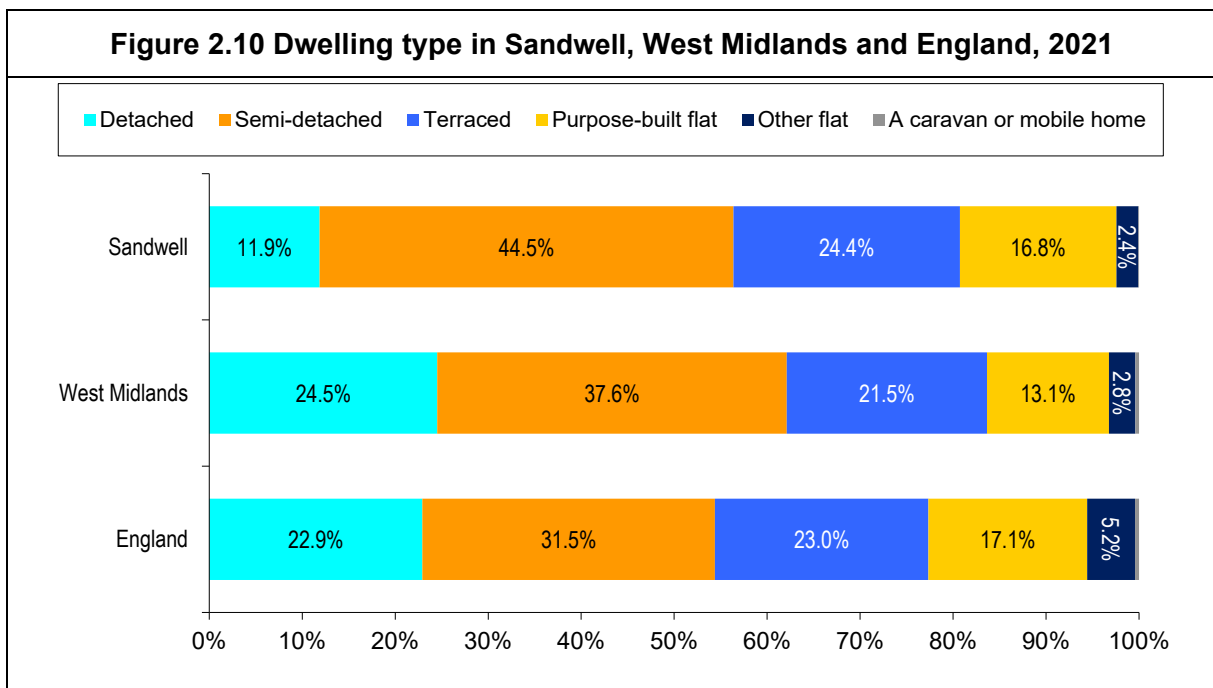
<sup>11</sup> CACI is a commercial company that provides household income data.



2.28 In 2021, some 3.3% of dwellings were empty or used as a second home, a lower vacancy rate than recorded for the West Midlands (4.8%) and England (6.0%). This was a decrease in the vacancy rate recorded in the Borough in 2011 (4.5% of dwellings were empty or second homes at the time of the previous Census).

*Accommodation profile*

2.29 The figure below compares the type of accommodation in Sandwell in 2021 with that recorded for the West Midlands and England. Sandwell contains more semi-detached dwellings than the regional and national averages. The Borough contains notably fewer detached houses than is found across the region and nationally. The most common property type in Sandwell is semi-detached houses followed by terraced dwellings.



2.30 The table below compares the size of accommodation (in terms of bedrooms) in Sandwell with the West Midlands and England. The table indicates that Sandwell has a greater proportion of homes with three bedrooms and fewer four bedroom properties than the West Midlands and England as a whole. Overall, some 52.9% of homes contain three bedrooms.

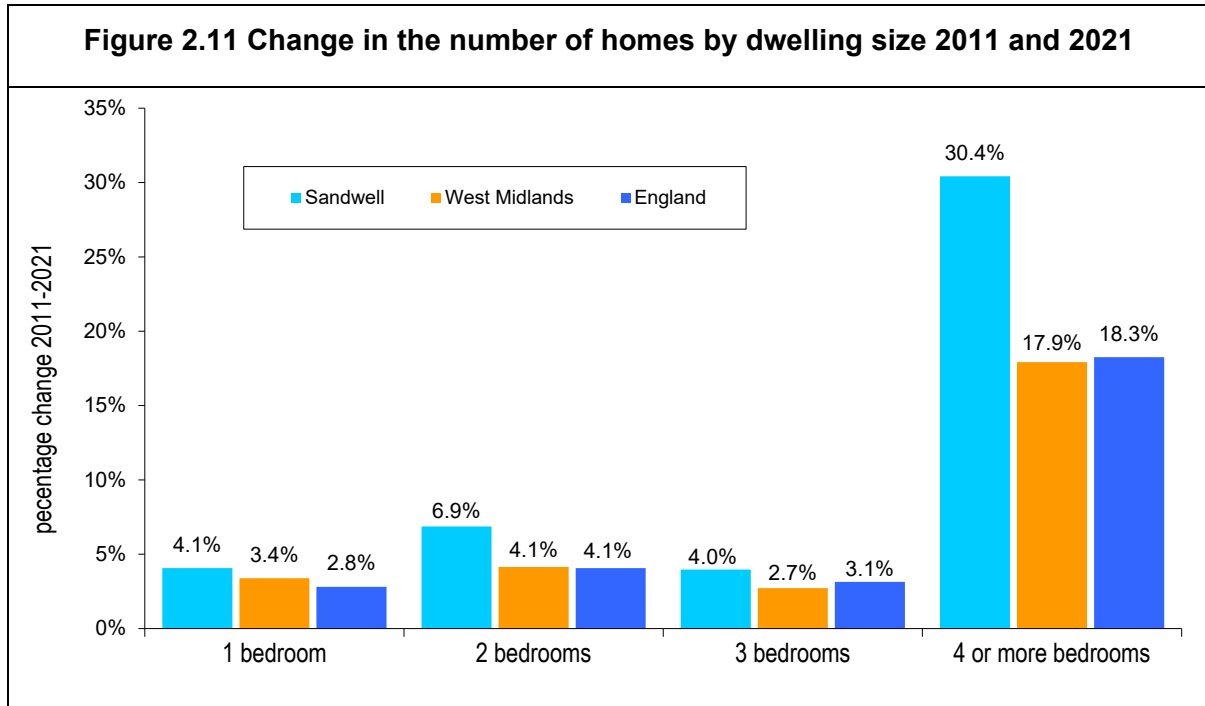
**Table 2.6 Size of dwelling stock in Sandwell, West Midlands and England, 2021**

Property size	Sandwell	West Midlands	England
1 bedroom	10.8%	9.7%	11.6%
2 bedrooms	24.8%	24.8%	27.3%
3 bedrooms	52.9%	45.6%	40.0%
4 or more bedrooms	11.5%	19.9%	21.1%
Total	100.0%	100.0%	100.0%

Source: 2021 Census



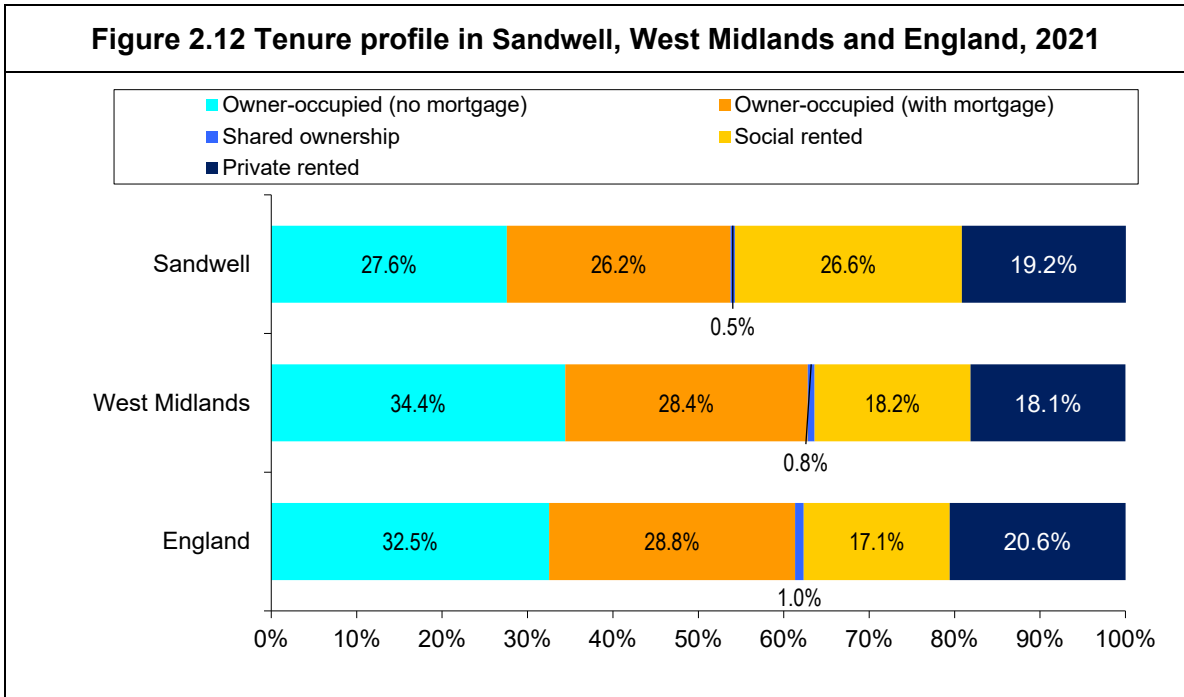
2.31 The figure below shows the change in the number of dwellings by number of bedrooms between 2011 and 2021. The figure shows that, in all areas, the number of four bedroom homes has increased the most and at a notably greater rate than any other property size. In Sandwell, the number of three bedroom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



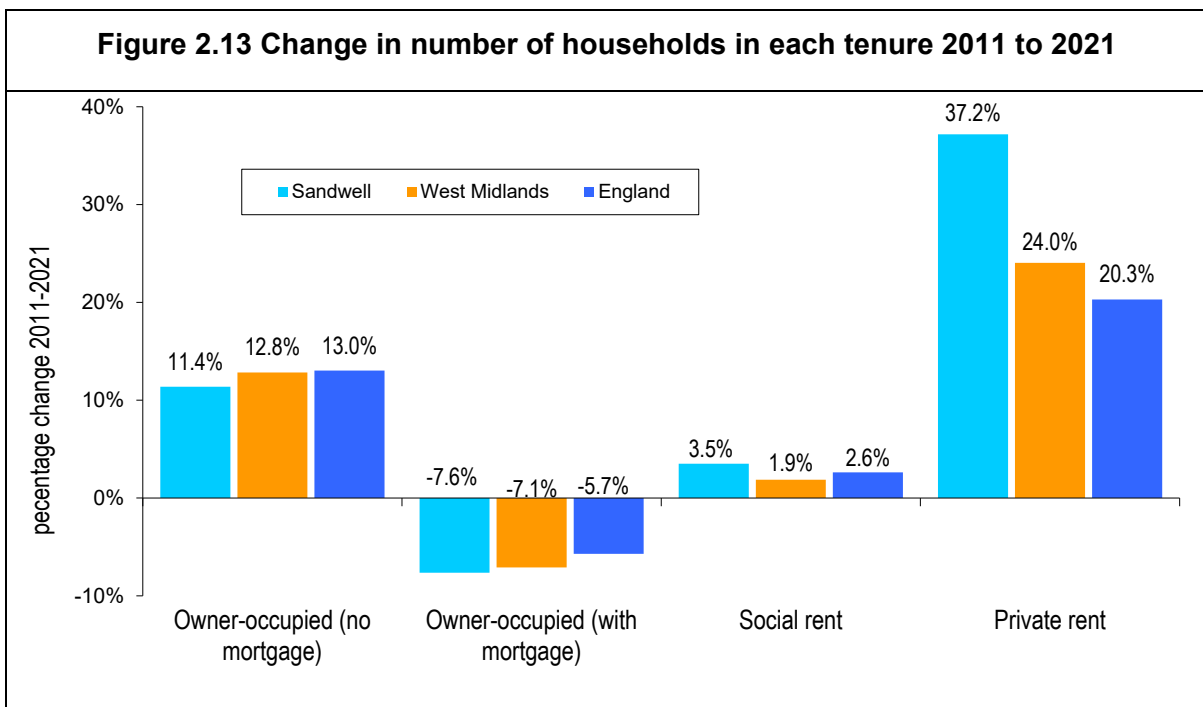
Source: 2011 and 2021 Census

*Tenure*

2.32 The figure below compares the tenure of households in Sandwell in 2021 with that recorded for the West Midlands and England. The data indicates that 27.6% of households in the Borough are owner-occupiers without a mortgage, compared to 34.4% in the region and 32.5% nationally. The proportion of owner-occupiers with a mortgage in Sandwell (26.2%) is also lower than both the regional (28.4%) and national average (28.8%). In Sandwell the proportion of households in shared ownership accommodation (at 0.5%) is lower than the regional and national equivalents (0.8% and 1.0% respectively). Some 26.6% of households in Sandwell are resident in the Social Rented sector, notably higher than the figure for the West Midlands (18.2%) and England (17.1%). Finally, some 19.2% of households in Sandwell live in private rented accommodation, compared to 18.1% in the West Midlands and 20.6% in England.



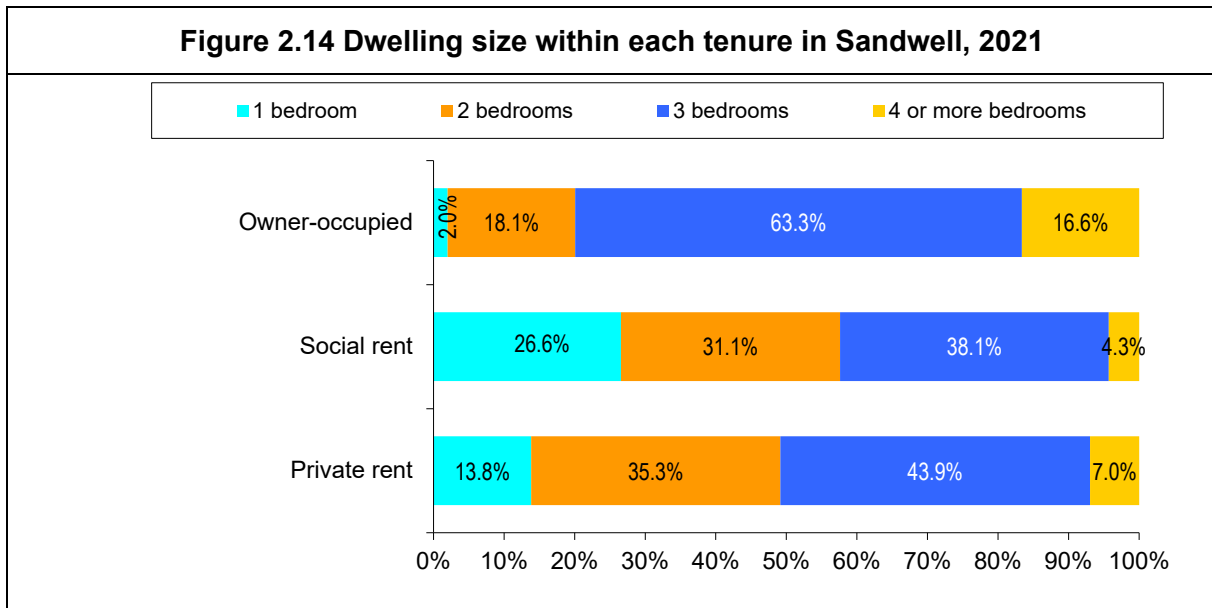
2.33 The figure below shows the change in the size of each tenure between 2011 and 2021. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown. In comparison, the number of owner-occupiers with a mortgage has decreased. The Social Rented sector has recorded a modest growth. Generally, the trends recorded in Sandwell align with the regional and national trends, although the growth in the private rented sector is notably larger in size within the Borough.





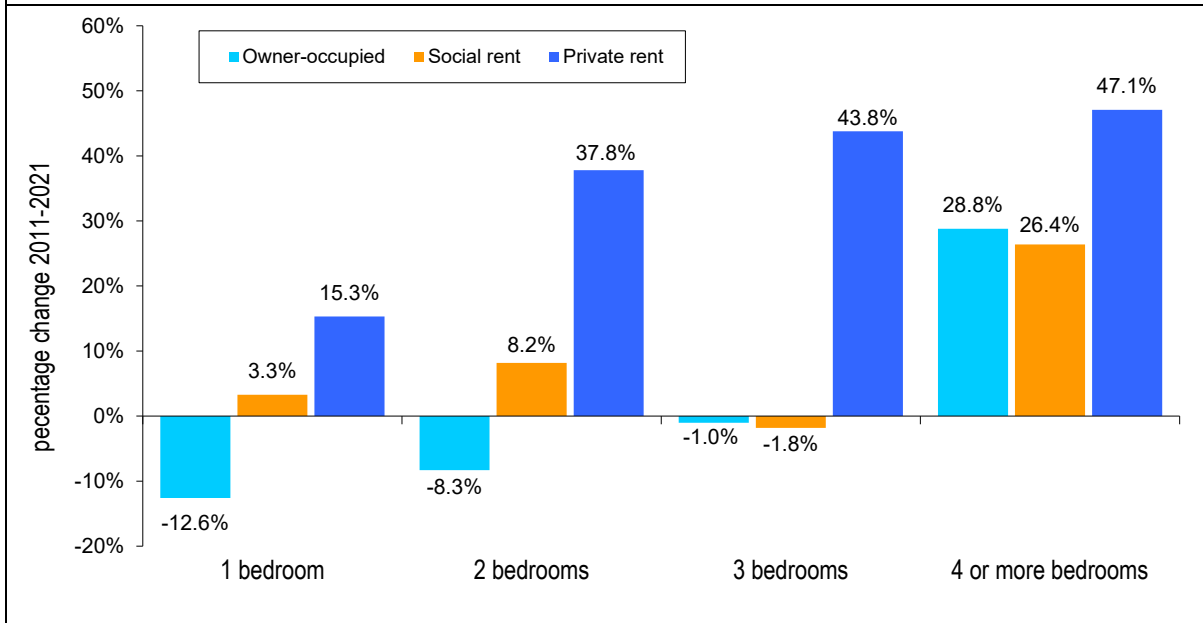
*Tenure by bedroom*

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



2.35 The figure below shows the change in the stock profile within each tenure in Sandwell between 2011 and 2021. The figure indicates that, whilst all the growth in the owner-occupied sector homes has been from homes with four or more bedrooms, there has been a reduction in the number of one, two and three bedroom dwellings in this tenure in Sandwell since 2011. The private rented sector has recorded growth across all property sizes, with the biggest increase in two bedroom accommodation. Growth in the Social Rented sector has also been concentrated amongst four bedroom homes (although from a relatively low base), with an increase also recorded for two and one bedroom homes. The number of three bedroom Social Rented homes in Sandwell has reduced since 2011.

**Figure 2.15 Change in the number of homes in Sandwell by tenure and dwelling size 2011 and 2021**



Source: 2011 and 2021 Census

## 3. The cost and affordability of housing

### Introduction

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

### Relative prices

- 3.2 The table below shows the average property price by dwelling type in 2023 in Sandwell, the West Midlands and England as a whole as presented by the Land Registry<sup>12</sup>. The data indicates that the overall average property price in Sandwell is 42.9% lower than the national figure and 25.4% lower than the figure for the West Midlands. Prices in Sandwell are lower across all property types, however the relative difference is largest for detached homes and flats.
- 3.3 The dwelling profile is not the same across the three areas (with Sandwell having a greater proportion of sales of semi-detached houses and a smaller proportion of detached houses and flats than regionally or nationally), so a mix adjusted average has therefore been derived to work out what the average price would be were the dwelling mix in Sandwell and the West Midlands to be the same profile as is recorded across England. The mix adjusted average price indicates that equivalent properties in Sandwell are around 41.1% lower than those found nationally and 20.4% lower than those across the West Midlands as a whole.

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<sup>12</sup> <http://landregistry.data.gov.uk/app/standard-reports/report-design?utf8=%E2%9C%93&report=avgPrice>

<b>Table 3.1 Average property prices* 2023</b>						
Dwelling type	Sandwell		West Midlands		England & Wales	
	Average price	% of sales	Average price	% of sales	Average price	% of sales
Detached	£317,014	9.8%	£451,967	24.7%	£533,012	23.4%
Semi-detached	£220,831	45.5%	£255,246	35.5%	£322,601	29.6%
Terraced	£192,077	33.8%	£206,953	28.2%	£299,086	29.4%
Flat	£102,898	10.9%	£153,168	11.6%	£313,777	17.6%
Overall average price	£207,642	100.0%	£278,408	100.0%	£363,441	100.0%
Mixed adjusted overall average price	£214,127	-	£269,156	-	£363,441	-

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

3.4 The average property price in Sandwell has risen by 30.4% over the last five years compared to an increase of 22.2% nationally and a growth of 22.4% across the region. The number of sales in Sandwell over this period has fallen by 41.9% compared to a decrease of 36.9% in England & Wales and a fall of 35.7% for the West Midlands.

3.5 The table below shows the average private rents by dwelling size in 2022-2023 in Sandwell, the West Midlands and England as recorded by the Valuation Office Agency. The data indicates that the overall average rental price in Sandwell is 23.3% lower than the national figure and 4.0% lower than the figure for the West Midlands. The mix adjusted average rent indicates that equivalent properties in Sandwell are around 23.0% lower than those found nationally and 5.6% below those in the West Midlands.

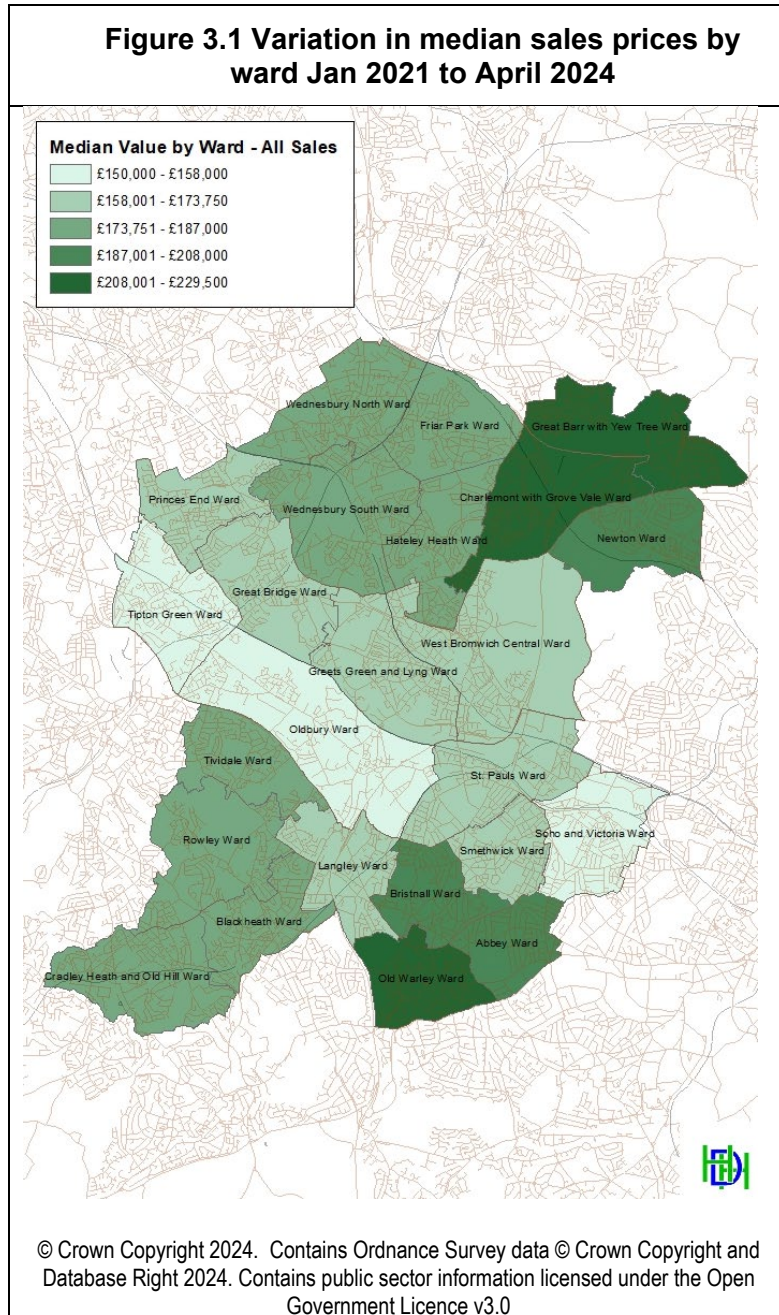
<b>Table 3.2 Average private rents in 2022-2023* (price per month)</b>						
Dwelling size	Sandwell		West Midlands		England	
	No. of sales	Average price	No. of sales	Average price	No. of sales	Average price
One bedroom	280	£586	7,220	£635	84,820	£838
Two bedroom	680	£720	17,340	£746	190,540	£932
Three bedroom	670	£864	13,370	£886	121,700	£1,068
Four bedroom	70	£1,117	2,670	£1,343	34,180	£1,791
Overall average rent**	1,750	£764	42,590	£796	459,340	£994
Mixed adjusted rent	-	£766	-	£811	-	£994

\* Recorded between 1 October 2022 to 30 September 2023 \*\*This figure includes the rents for room and studio accommodation which are not presented in this table. Source: Valuation Office Agency, 2024

- 3.6 The average rents in Sandwell have risen by 35.7% over the last five years, compared to an increase of 17.8% nationally and a growth of 23.8% across the wider region. The number of lettings in Sandwell over this period has grown by 0.6%, compared to a fall of 5.5% in England and the decrease of 1.2% for the West Midlands.

### **The cost of housing**

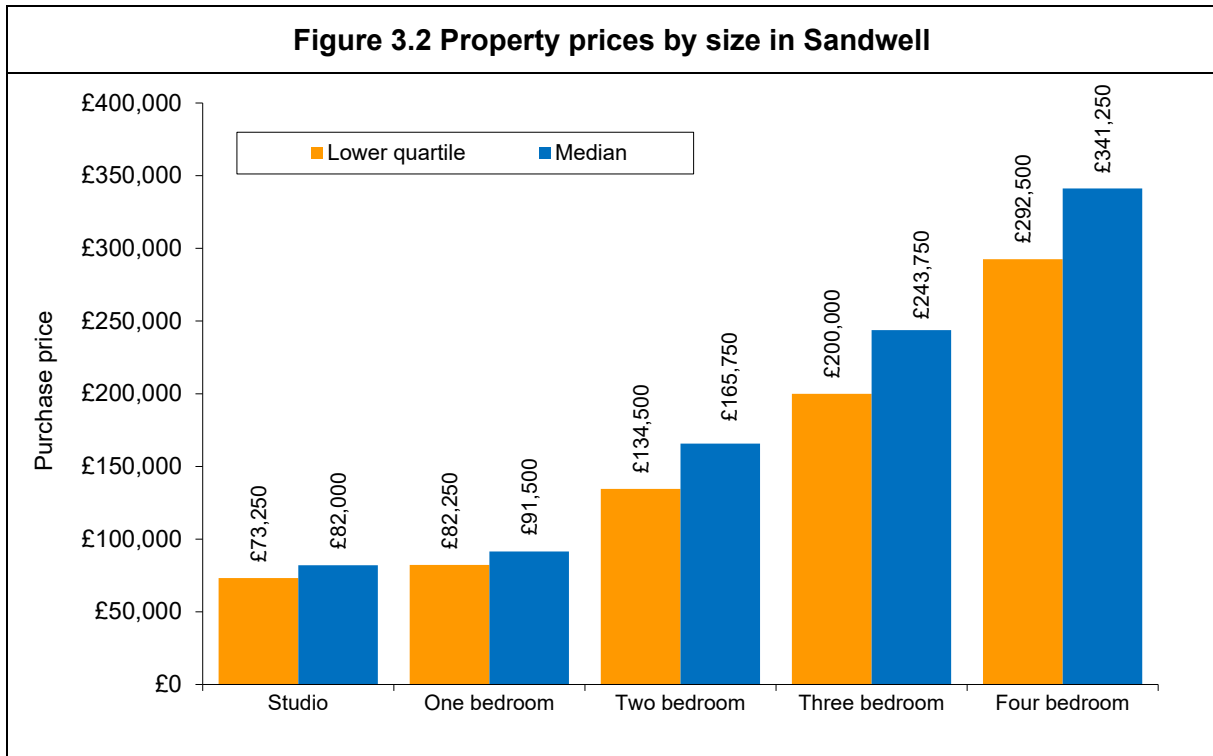
- 3.7 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. No published secondary data contains this information at a local authority level. As part of this study a price survey was undertaken to assess the current cost of market (owner-occupied and private rented) and affordable housing in Sandwell. At the time of the price survey there were over 1,190 homes advertised for sale, and over 380 properties available to rent in Sandwell, providing a suitably large sample size for this process. The figure below shows the variations in the cost of housing across the Borough and illustrates that there is some variation, with prices generally slightly cheaper in the central part of Sandwell, with the most expensive area being the south east and north east corners of the Borough.



Source: Land Registry, 2024

- 3.8 Median property prices by number of bedrooms were obtained in the Borough via an online search of non-newbuild properties advertised for sale during May 2024. The results of this online price survey are presented in the figure below. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 2.5% lower).
- 3.9 Entry-level property prices for are also presented. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 021 Reference ID: 2a-021-20190220). This lower quartile price reflects the cost of a home in suitable condition for habitation, some of the properties available in the lowest quartile are sub-standard and will require modernisation and updating which will add further expense to the purchase price.

3.10 The figure indicates that entry-level prices in the Borough range from £82,250 for a one bedroom home up to £292,500 for a four-bedroom property. Median prices are generally around 10-20% higher than entry-level prices. In terms of market availability, the analysis showed that three-bedroom properties are most commonly available to purchase in Sandwell, with two-bedroom homes the next most widely available. The smallest supply is of one-bedroom homes or studios.

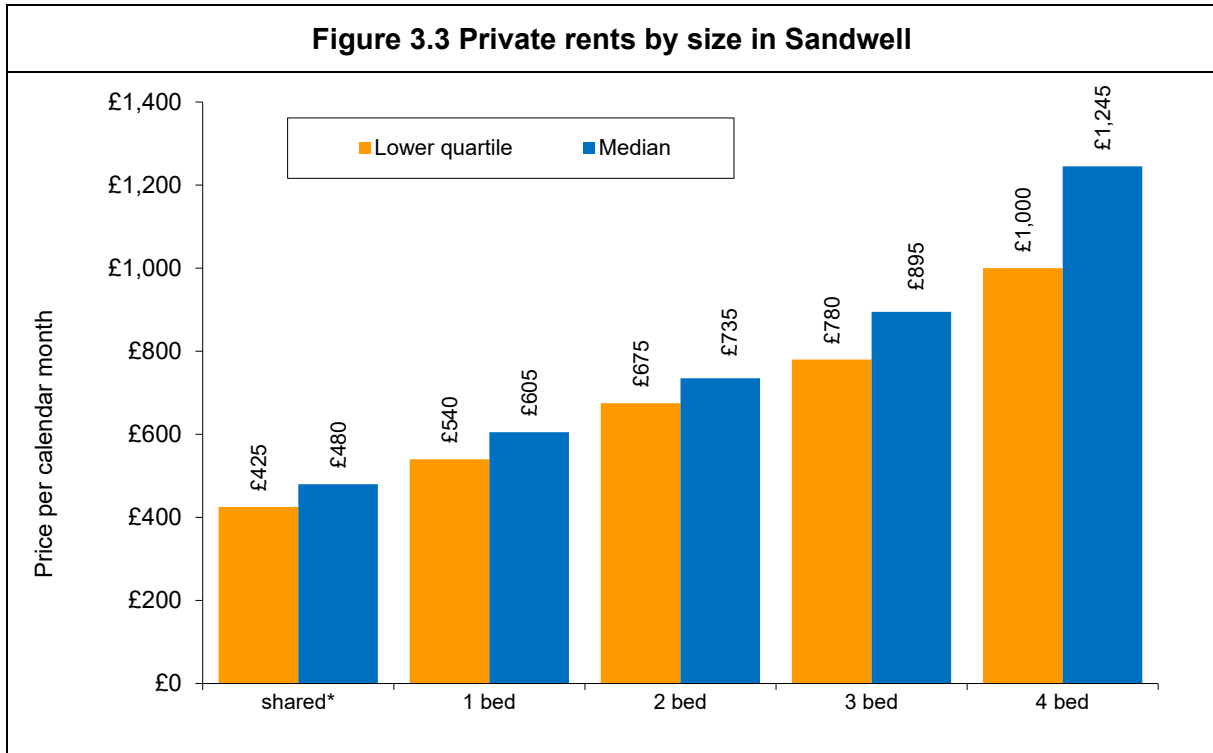


Source: Online estate agents survey May 2024

*Private rents*

3.11 The entry-level and median price for private rented accommodation by property size across the whole of Sandwell is presented in the figure below. The figure also includes the cost of a shared room within the private rented sector. The figure indicates that entry-level rents range from £540 per month for a one-bedroom home, up to £1,000 per month for a four-bedroom property. The profile of properties available is somewhat different to that for purchase, with a greater proportion of one and two-bedroom homes available to rent in the Borough.





\* Shared is a room in a shared dwelling. Source: Online estate agents survey May 2024

### Social and Affordable Rents

3.12 The cost of Social and Affordable Rented accommodation by dwelling size in Sandwell can be obtained from the Regulator of Social Housing’s Statistical Data Return dataset<sup>13</sup>. The table below illustrates the cost of Social and Affordable Rented dwellings in Sandwell. The costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant gap between the Affordable Rented and market sectors.

<i>Bedrooms</i>	<i>Social rent</i>	<i>Affordable Rent</i>
One bedroom	£404	£424
Two bedrooms	£438	£500
Three bedrooms	£463	£568
Four bedrooms	£530	£643

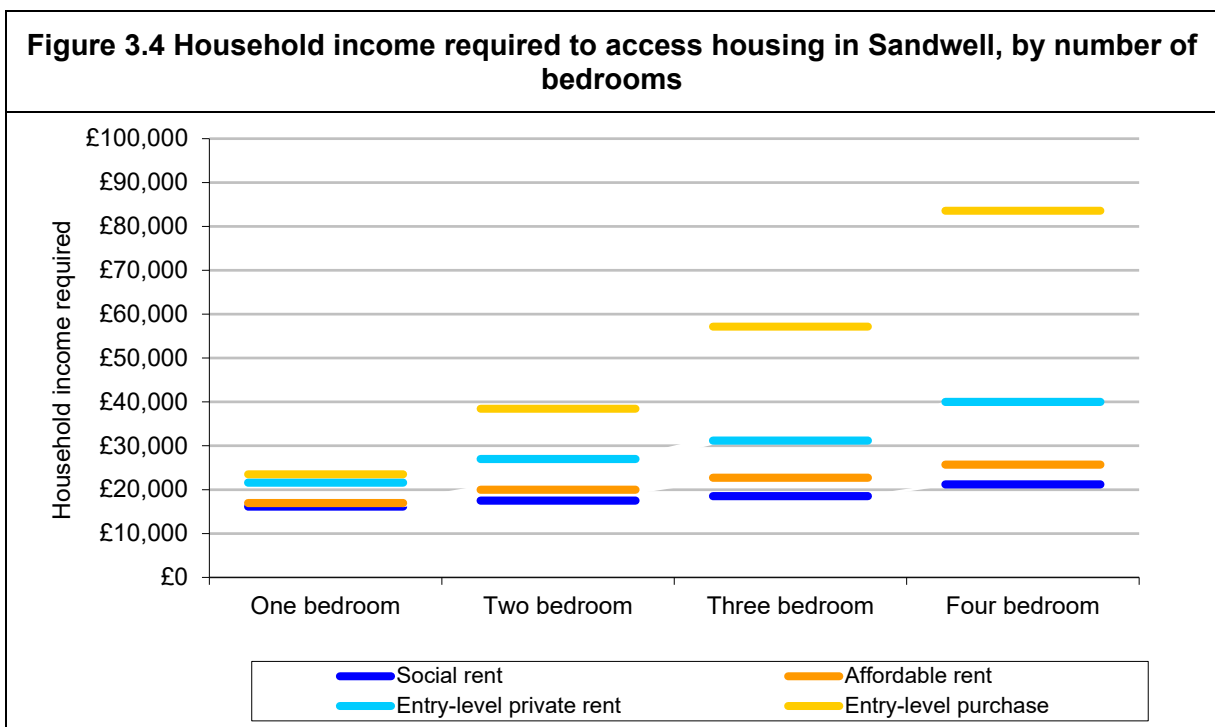
Source: Regulator of Social Housing’s Statistical Data Return 2023

<sup>13</sup> <https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023>



**Analysis of housing market ‘gaps’**

- 3.13 Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. The figure below shows the housing ladder that exists for different sizes of property. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them.
- 3.14 To do this, the entry-level property price (set out in Figure 3.2) has been divided by 3.5<sup>14</sup> to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property) and multiplied the annual rent by 3.333 to produce a comparable figure. This latter step was carried out for Social Rents and Affordable Rents (set out in Table 3.3) and market rents (set out in Figure 3.3). These approaches assume a household spends no more than 30% (1/30 = 3.333) of gross household income on rent. This figure is used as this reflects current practice in the market.
- 3.15 The figure shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these ‘rungs of the ladder’ helps assess the feasibility of households moving between the tenures – the smaller the gaps, the easier it is for a household to ascend the ladder.



Source: Online survey of property prices May 2024; Regulator of Social Housing’s Statistical Data Return 2023

<sup>14</sup> The most recent data available from the Bank of England suggests that the multiple of 3.5 for owner-occupation is most appropriate. (<https://www.bankofengland.co.uk/-/media/boe/files/statistics/mortgage-lenders-and-administrators/mlar-longrun-detailed.xlsx?la=en&hash=C19A1AC6C462416B0DA71926A744233793B8049B> (table 1.31)).

- 3.16 The figure indicates that, for all dwelling sizes, the gap between Affordable Rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are large; an additional £14,300 per year is required to access a four bedroom private rented home over the cost of a four bedroom Affordable Rented property, with a further £43,600 in household income required to move to an owner-occupied home (the gap between Social Rent and Affordable Rent is only £4,500 in comparison).
- 3.17 The table shows the size of the gaps for each dwelling size in Sandwell. The table indicates, for example, that three-bedroom market entry rents in the Borough are 37.4% higher (in terms of income required) than the cost of Affordable Rented. The notable gap recorded between Affordable Rents and market entry rents for most dwelling sizes indicates that intermediate housing could potentially be useful for many households. The very large gap between market entry rents and market entry purchase in all cases (other than one bedroom homes) indicates notable potential demand for part-ownership products for households in this gap.

<b>Table 3.4 Scale of key housing market gaps</b>			
<i>Property size</i>	<i>Social Rent &lt; Affordable Rent</i>	<i>Affordable Rent &lt; entry-level rent</i>	<i>Entry-level rent &lt; entry-level purchase</i>
One bedroom	5.0%	27.4%	8.8%
Two bedrooms	14.2%	35.1%	42.3%
Three bedrooms	22.6%	37.4%	83.2%
Four bedrooms	21.2%	55.6%	108.9%

Source: Online survey of property prices May 2024; Regulator of Social Housing's Statistical Data Return 2023

### **Intermediate products**

- 3.18 A range of intermediate options are potentially available for households in Sandwell, the costs of these are profiled below.

#### *Intermediate Rent/Rent-to-Buy*

- 3.19 Rent-to-Buy is a route to home ownership where homes are let to working households at an Intermediate Rent (i.e. less than the full market rent) to give them the opportunity to save for a deposit to buy their first home. It is planned that, by landlords providing a discounted rent for tenants for a minimum of 5 years, they will have sufficient time to acquire a deposit so that they may purchase the home. It is set out that the Intermediate Rent must not exceed 80% of the current market rent (inclusive of service charge), however the product is distinct from Affordable Rent which is available to tenants on the same basis as Social Rent. Although the availability of Rent-to-Buy in the area is extremely limited currently, its potential suitability for households can be tested by modelling its theoretical cost.

3.20 The table below sets out the costs of Intermediate Rent in Sandwell, presuming that the rent is set at 80% of median market rents. The table shows that for one, two and three bedroom homes, Intermediate Rent is notably cheaper than market entry rent and can be considered a useful affordable product. For four bedroom homes it is marginally less expensive than market entry rent so will not meet the need of many households. In all cases, it is also more expensive than the Affordable Rent currently charged within Sandwell. It will be considered for its suitability for meeting those in housing need in Chapter 6.

<i>Bedrooms</i>	<i>Intermediate Rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£484	£540	£424
Two bedrooms	£588	£675	£500
Three bedrooms	£716	£780	£568
Four bedrooms	£996	£1,000	£643

Source: Online survey of property prices May 2024; Regulator of Social Housing's Statistical Data Return 2023

3.21 As the main purpose of this intermediate housing option is to allow households the opportunity to save for a deposit to buy their first home, it is useful to consider whether this product is likely to allow households to build up their savings sufficiently. The table below shows the average income of households in the private rented sector by the number of bedrooms that they require, alongside the income required to afford the Intermediate Rent<sup>15</sup>. The cost of a 10% deposit<sup>16</sup> for an entry-level owner-occupied home in Sandwell is presented in the fourth column<sup>17</sup>. The next column indicates the time in years it would take on average for a household in the private rented sector to save enough money to afford the deposit required if they were to reside in a home available at Intermediate Rent<sup>18</sup>. The final column sets out the time it would take on average for a household to save for the deposit required were they to reside in entry-level private rented accommodation instead. This analysis is only presented for one to three bedroom accommodation as four bedroom Intermediate Rent priced at 80% of median market rent is not cheaper than entry-level private rented accommodation, as discussed above.

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<sup>15</sup> Following the approach used in Figure 3.4 the annual intermediate rent was multiplied by 3.333 to produce a figure for the annual income required to afford this accommodation (based on 30% of gross income being spent on rent).

<sup>16</sup> This is the typical minimum level of deposit required.

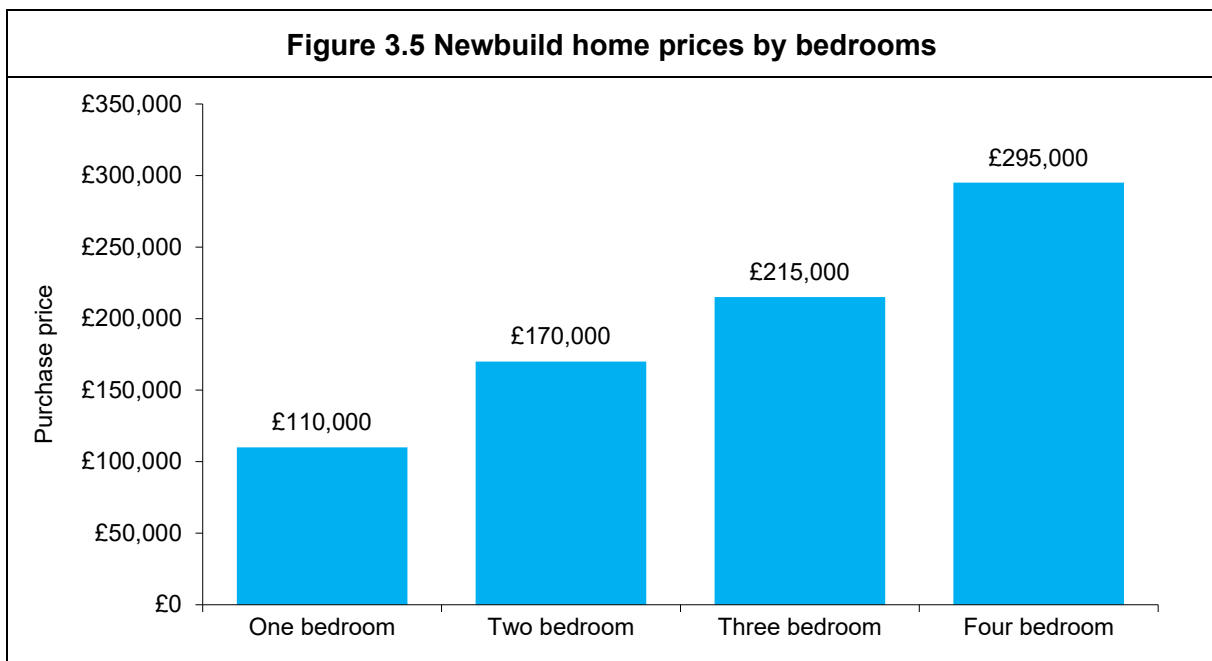
<sup>17</sup> Entry-level purchase prices are set out in Figure 3.2.

<sup>18</sup> This is calculated by taking the difference between the average income of households in the private rented sector and the income required to afford Intermediate Rent housing and dividing this figure by the cost of a 10% deposit.

3.22 The table shows that households in the private rented sector in Sandwell that require a two bedroom home would take on average 8.6 years to save enough money to afford a 10% deposit on a two bedroom entry-level home to purchase in the Borough. If these households were to reside in a home priced at Intermediate Rent, they would be able to save for this deposit within 2.7 years. For one, two and three bedroom homes, private rented households would be able to afford a 10% deposit notably quicker if they were to reside in a home priced at Intermediate Rent rather than within the private rented sector. For four bedroom accommodation the reduction in time is relatively negligible.

<b>Table 3.6 Average time taken to afford a 10% deposit by households residing in Intermediate Rented accommodation</b>					
<i>Bedrooms</i>	<i>Average income of applicable* households</i>	<i>Annual income required to afford Intermediate Rent</i>	<i>Cost of 10% deposit of entry-level owner-occupied home</i>	<i>Length of time in years taken to acquire deposit</i>	<i>Length of time in years taken to acquire deposit if household were to reside in private rented sector</i>
One bedroom	£23,316	£19,360	£8,225	2.1	4.8
Two bedrooms	£28,567	£23,520	£13,450	2.7	8.6
Three bedrooms	£32,839	£28,640	£20,000	4.8	12.2
Four bedrooms	£42,451	£39,840	£29,250	11.2	11.9

3.23 The remainder of the intermediate products profiled are principally available as a new home (whilst some products are available for resale, this supply is very limited). It is therefore useful to set out the purchase price of newbuild dwellings in Sandwell at the time of the price survey. These are set out in the figure below.



Source: Online estate agents survey May 2024



### *Shared Ownership*

- 3.24 The table below presents the estimated costs of Shared Ownership housing in Sandwell as obtained from the online estate agent survey. The open market values are based on newbuild prices set out above. The monthly costs of purchasing the property with a 75% equity share, a 40% equity share, and a 25% equity share are presented. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 4.29%<sup>19</sup> paid on the equity share owned and a rent payable at 2.75% on the remaining equity (i.e. the part of the house not purchased).
- 3.25 The table shows that a 25% equity share Shared Ownership home is cheaper than market entry rented housing for all dwelling sizes. A 40% equity share Shared Ownership home is cheaper than market entry rented housing for one, two and three bedroom homes, but more expensive for four-bedroom dwellings. but more expensive for larger accommodation. A 75% equity share Shared Ownership home is more expensive than market entry housing in all instances and cannot be considered an affordable product. All forms of Shared Ownership housing, other than one and two bedroom homes with a 75% equity share, are cheaper than entry-level home ownership.

### *Shared Equity*

- 3.26 Shared Equity is a product similar to Shared Ownership that is typically offered by the private sector rather than by Registered Providers. With Shared Equity a mortgage is offered on the equity owned but with no rent due on the remaining equity. The typical proportion of the equity sold for a shared equity product is 75%. The monthly costs of purchasing a Shared Equity property with a 75% equity share are set out in the table below. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 4.29% paid on the equity share owned.
- 3.27 Shared Equity accommodation with a 75% equity share is more expensive than entry-level private rented accommodation for all accommodation sizes other than one bedroom homes. It is however cheaper than entry-level home ownership in Sandwell for all property sizes other than one bedroom homes.

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<sup>19</sup> This interest rate is available as a five-year fixed product to potential homeowners with a high loan to value ratio currently. It is also a rate with no additional product fee associated with it. Whilst there are lower interest rates available for those with lower loan to value ratios this report is principally assessing households looking to purchase a home for the first time who are likely to have higher loan to value ratios. Lower interest rates are available for those choosing a shorter fixed-term period, however, the use of a five-year period provides a known cost for households becoming owners for a good amount of time.

<b>Table 3.7 Estimated cost of intermediate housing in Sandwell (monthly cost)</b>						
<i>Bedrooms</i>	<i>Shared Ownership – 75% equity</i>	<i>Shared Ownership – 40% equity</i>	<i>Shared Ownership – 25% equity</i>	<i>Shared equity</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£484	£516	£393	£340	£453	£540
Two bedrooms	£588	£798	£607	£526	£700	£675
Three bedrooms	£716	£1,009	£768	£665	£885	£780
Four bedrooms	£996	£1,384	£1,054	£912	£1,215	£1,000

\*The monthly cost of entry-level owner-occupation presuming a 30-year repayment mortgage with an interest rate of 4.29%. Source: Online estate agents survey, May 2024

### *First Homes*

- 3.28 In May 2021, the Government ended the period of consultation on a First Homes policy by publishing the First Homes Guidance<sup>20</sup>. First Homes are a new initiative to help deliver discounted homes to local people. They are intended to be newly built properties sold with a discount of at least 30% below market value. It is anticipated that no interest will be paid on the un-bought equity, rather, when the home is sold on in the future, it will be available at the same proportion of discount for which it was originally bought. First Homes are subject to price caps – outside of London a First Home cannot be sold for more than £250,000 (once the discount has been applied). The cap only applies to the first time that a First Home is sold – it does not apply to subsequent sales of the property.
- 3.29 Local Planning Authorities can set specific local connection restrictions provided they are evidenced; however, these restrictions should only apply for the first three months the property is available for sale, to ensure First Homes do not remain unsold. First-time buyers are the target market for this product and this group is identified using the same definition that is used for Stamp Duty Relief for First-time buyers as set out in the Finance Act 2003. However, mechanisms also exist to help prioritise members of the armed forces and key workers.
- 3.30 Whilst the product is available to those with notable savings levels, First Homes can only be purchased using mortgage finance or equivalent which covers at least 50% of the purchase value. The product is not suitable for investors as a First Home can only be bought if it is the buyer's only home. Outside of London, households acquiring a First Home cannot have an income over £80,000. Whilst the Government does allow Local Planning Authorities to set lower income caps where the need and viability of this option can be evidenced, these local caps are time limited to the first three months that the property is for sale.

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<sup>20</sup> <https://www.gov.uk/guidance/first-homes>

3.31 The guidance is clear that 30% is the minimum level of discount applied, however Local Planning Authorities will *'be able to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this'*<sup>21</sup>. It is useful therefore to understand whether a larger discount would be required in Sandwell currently. This is presented in the table below. The table suggests that a 30% discount will be sufficient to ensure newbuild properties are notably cheaper than entry-level owner-occupation for all dwelling sizes and will therefore address a gap in the housing market locally. The cost of a four bedroom home with a 30% discount however is also below the £250,000 threshold set out in the First Homes Guidance.

<b>Table 3.8 A comparison of the potential price of a First Home with entry-level owner-occupation</b>			
<i>Bedrooms</i>	<i>Newbuild prices</i>	<i>Newbuild prices with a 30% discount</i>	<i>Entry-level owner-occupation</i>
One bedroom	£110,000	£77,000	£82,250
Two bedrooms	£170,000	£119,000	£134,500
Three bedrooms	£215,000	£150,500	£200,000
Four bedrooms	£295,000	£206,500	£292,500

Source: Online survey of property prices May 2024

3.32 It is useful to assess the ability of households to build up the 10% deposit likely to be required for a First Home in Sandwell. The total discounted price of these homes is set out in Table 3.8. Following the approach used to produce the analysis set out in Table 3.6, the table below sets out the average time it would take for households resident in the private rented sector, paying lower quartile rents, to afford a 10% deposit for a First Home.

3.33 The table shows that many households in the private rented sector would be able to build up the deposit required for a First Home in between 4 and 9 years. A comparison with the final column in Table 3.6 shows that it is a faster avenue into home ownership than purchasing a second-hand home. Although it will prove a useful entry-point for many households, it will be unobtainable for a notable number of households in the private rented sector.

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<sup>21</sup> Paragraph: 004 Reference ID: 70-004-20210524

<b>Table 3.9 Average time taken for households residing in the private rented sector to afford a 10% deposit for a First Home</b>				
<i>Bedrooms</i>	<i>Average income of applicable* households</i>	<i>Annual income required to afford entry-level private Rent</i>	<i>Cost of 10% deposit of discount market housing</i>	<i>Length of time in years taken to acquire deposit</i>
One bedroom	£23,316	£21,600	£7,700	4.5
Two bedrooms	£28,567	£27,000	£11,900	7.6
Three bedrooms	£32,839	£31,200	£15,050	9.2
Four bedrooms	£42,451	£40,000	£20,650	8.4

### Local Housing Allowance

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

3.35 The table below sets out the monthly LHA caps that apply in Sandwell, which is covered by two BRMAs – the majority of the Borough is in the Black Country BRMA with the eastern part within the Birmingham BRMA. A comparison with the Affordable Rent levels in Sandwell (set out in Table 3.3) indicates that the local Affordable Rents are currently cheaper than the LHA caps. A comparison with the entry-level private rents in Sandwell (set out in Figure 3.6) suggests that the LHA caps in the Black Country BRMA are 5-10% lower than entry-level private rent. This means that households in receipt of the full LHA applicable in the private rented sector are likely to need additional income sources to be able to pay for their rent. In the Birmingham BRMA the LHA caps are in excess of entry-level private rents.

<b>Table 3.10 Local Housing Allowance Cap (per month)</b>		
<i>Bedrooms</i>	Black Country BRMA	Birmingham BRMA
Room in a shared dwelling	£319	£341
One bedroom	£494	£693
Two bedrooms	£623	£748
Three bedrooms	£748	£823
Four bedrooms	£922	£1,019

Source: Valuation Office Agency 2024



### **Affordability of housing**

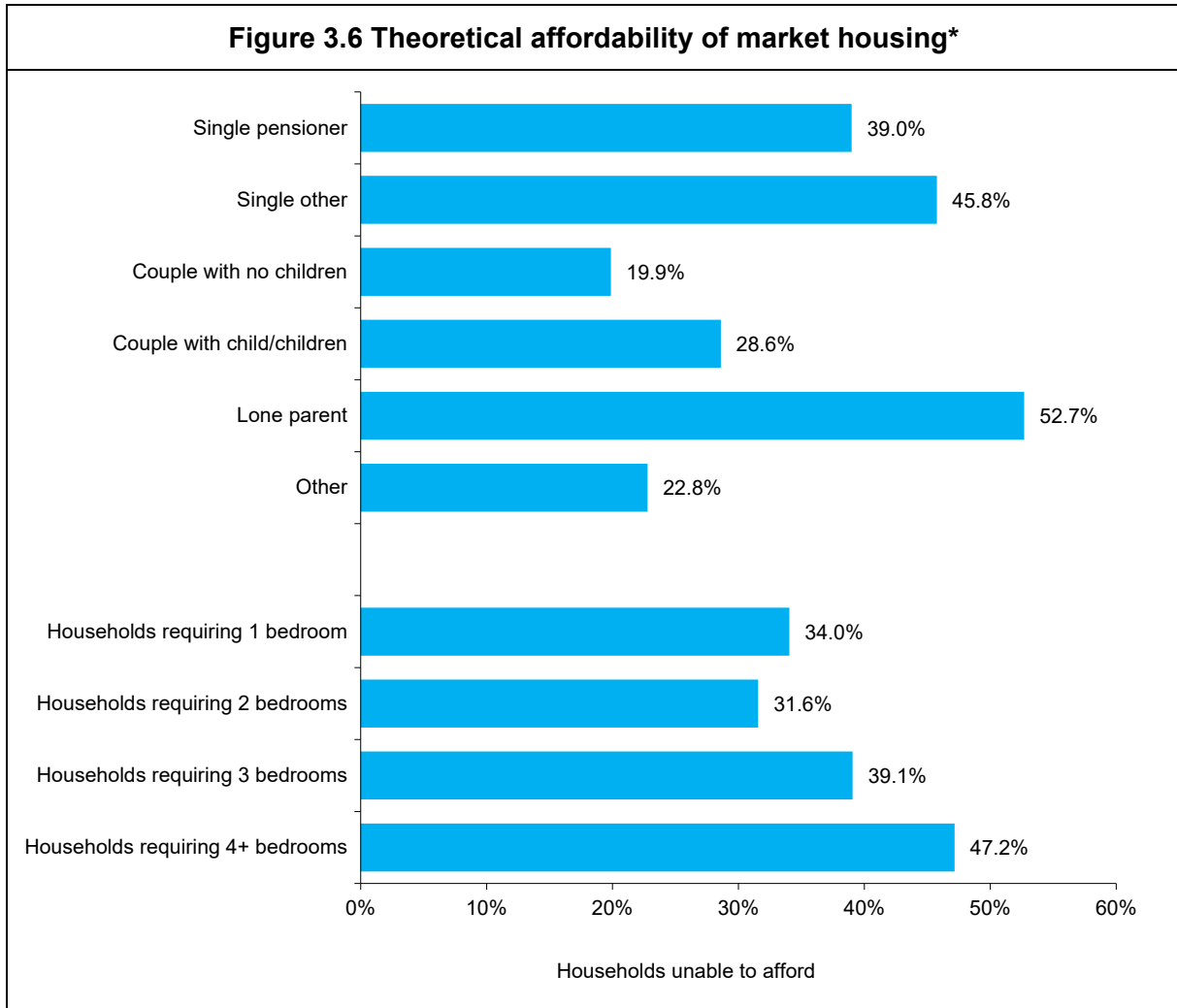
- 3.36 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. As discussed further in Chapter 4, the affordability ratio is currently 6.61 in Sandwell (with a figure over 4 indicating a market adjustment is required). In comparison, the affordability ratio in 2023 in the West Midlands was 7.18, whilst the national figure was 8.26. The affordability ratio in Sandwell has risen from 5.68 since 2018. In comparison, over the same five-year period, the affordability ratio has risen from 6.79 in the West Midlands and from 8.04 nationally.

#### *Affordability for specific household groups*

- 3.37 The household income distribution referred to in Figure 2.9, differentiated by household type, can be used to assess the ability of households in Sandwell to afford the size of home that they require (according to the bedroom standard<sup>22</sup>). The entry-level cost of housing by bedroom size is presented in Figures 3.2 and 3.3 and the test is based on the affordability criteria discussed above.
- 3.38 The figure below shows the current affordability of households in Sandwell by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move. It is used to just demonstrate the comparative affordability of different household groups for contextual purposes and does not represent information that the Council needs to plan against.
- 3.39 The data indicates that 52.7% of lone parent households in Sandwell would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford market housing, whilst couple households without children are most likely to be able to afford market housing in the Borough. Households requiring a four-bedroom home are least likely to be able to afford this size of market housing in Sandwell.

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



\*Percentage of households unable to afford both entry-level private rent and entry-level home ownership

## 4. Overall housing need

- 4.1 The NPPF indicates that planning authorities should use the Standard Method to establish the overall need for housing. The Standard Method was introduced in 2018 to allow a simple and transparent assessment of the minimum number of homes needed in an area. The full Standard Method was then set out within the PPG published in February 2019. In August 2020, the Government opened a consultation on changes to the Standard Method, which led to a revised Standard Method being published within the PPG in December 2020.
- 4.2 The revised Standard Method calculation retains the majority of the features of the previous iteration to retain stability in the plan-making process, however greater emphasis has been placed on delivering houses in the largest urban areas with the addition of a further step in the calculation that affects the 20 largest cities in England. The aim is to ensure that the Government’s ambition for 300,000 new homes per year nationally is deliverable, but the strain is not too great in rural areas and instead there will be greater opportunity for development on brownfield sites in large cities. This prioritization of large cities is intended to make the best use of existing infrastructure, to provide the flexibility for housing development to respond to the structural change currently taking place in the retail and commercial sector related to both technological developments and behavioural changes resulting from the coronavirus pandemic, and finally to reduce the environmental impact of new housing development. The approach is still based on a standardised calculation using publicly available data.
- 4.3 This chapter will describe the steps involved in the Standard Method, following the approach described in the revised PPG<sup>23</sup>. It is expected that the authority will follow the Standard Method to determine the minimum annual local housing need figure. The latest approach will be followed to calculate the housing need figure for Sandwell. The PPG makes it clear that, whilst it is not mandatory, any deviation from the Standard Method should only be pursued in exceptional circumstances. However, this does not mean that the Council cannot decide to pursue a figure higher than that indicated by the Standard Method, Paragraph 10 of the PPG<sup>24</sup> states: *‘The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.’*
- 4.4 This chapter sets out the policy-off calculation of the Standard Method figure.

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<sup>23</sup> All the steps are described in paragraph 004 (Reference ID: 2a-004-20201216).

<sup>24</sup> Reference ID: 2a-010-20201216.

*Step 1 – Setting the baseline*

4.5 The baseline is set using the 2014-based household projections in England<sup>25</sup>. The PPG indicates that ‘Using these projections, calculate the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period).’ The table below sets out the results of Step 1 of the Standard Method. The baseline figure in Sandwell for the current year (2024) is therefore 1,333.

<b>Table 4.1 Calculating the baseline figure in Sandwell</b>			
<i>Local authority area</i>	<i>Total households in 2024</i>	<i>Total households in 2034</i>	<i>Average annual household growth</i>
Sandwell	138,077	151,406	1,333

Source: 2014-based household projections, 2016

*Step 2 – An adjustment to take account of affordability<sup>26</sup>*

4.6 The average annual projected household growth figure produced in Step 1 should then be adjusted to reflect the affordability of the area using the most recent median workplace-based affordability ratios.<sup>35</sup> Paragraph 006 of the PPG<sup>36</sup> describes why an affordability ratio is applied, to account for any constrained household formation and to ensure that people are not prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace.

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

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<sup>25</sup> <https://www.gov.uk/government/collections/household-projections>. Paragraph 005 of the PPG (Reference ID: 2a-005-20190220) states that the 2014-based projections are used (in preference to the more recently published 2016-based projections) as they are more suitable for meeting ‘the Government’s objective of significantly boosting the supply of homes.’

<sup>26</sup> Paragraph 006 of the PPG (Reference ID: 2a-006-20190220) describes why an affordability ratio is applied – principally to account for any constrained household formation and to ensure that people aren’t prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace. The affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG (Reference ID: 2a-011-20190220).

<sup>27</sup> Reference ID: 2a-011-20190220

<sup>28</sup> Reference ID: 2a-002-20190220

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

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

4.9 The table below sets out the results of Step 2 of the Standard Method calculation for Sandwell. The baseline figure, adjusted to take account of the 2023 affordability ratios in the Borough, is 1,550.

<b>Table 4.2 Adjusting to take account of affordability</b>				
<i>Local authority area</i>	<i>Current affordability ratio (a)</i>	<i>Adjustment factor (((a-4)/4)*0.25)+1</i>	<i>Baseline figure</i>	<i>Baseline figure adjusted for affordability</i>
Sandwell	6.61	1.163125	1,333	1,550

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

**Step 3 – Capping the level of any increase**

4.10 As the PPG describes:

*A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.<sup>29</sup> Alternatively ‘where the relevant strategic policies for housing were adopted more than 5 years ago..., the local housing need figure is capped at 40% above whichever is the higher of:*

- a. the projected household growth for the area over the 10-year period identified in step 1; or*
- b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).*

4.11 In Sandwell, the most recent planning document is the Black Country 2011 Core Strategy. This is over five years old, so the second of the two approaches described by the PPG is applied.

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<sup>29</sup> ‘This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and found to not require updating.’

- 4.12 The first potential cap is based on a 40% increase of the annual household growth identified in Step 1. This cap is therefore 1,866 in Sandwell (1,333 x 1.4). The second potential cap is based on a 40% increase to the annual housing requirement set out in the 2011 Core Strategy. This document stated an aim to provide 1,074 dwellings per year in the Borough over the plan-period. This second cap is therefore 1,504 in Sandwell (1,074 x 1.4).
- 4.13 The first of the two caps is higher and represents the upper boundary for any increase, however the annual local housing need figure of 1,550 per year in Sandwell is within this cap and therefore the cap does not need to be applied.

*Step 4 – Cities and urban centres uplift*

- 4.14 This is the step that has been introduced within the December 2020 modifications to the calculation. The PPG states that, after the housing need figure has been adjusted as a consequence of the cap, ‘a 35% uplift is then applied for those urban local authorities in the top 20 cities and urban centres list.’ The PPG advises that the list of the top 20 cities and urban centres in England is identified by ranking the ONS’s list of Major Towns and Cities by population size based on the most recent mid-year population estimates.
- 4.15 The boundaries of the urban areas created by the ONS’s method for identifying the major towns and cities in England are not conterminous with local authority boundaries, with urban areas often spread over several local authorities. The PPG therefore clarifies that it is only the 20 authorities which contain the largest proportion of the city or urban centre’s population in which the 35% uplift is applied – any other local authority in which the urban area is partly situated is not required to apply the uplift<sup>30</sup>. The PPG finally lists the twenty largest cities and urban centres, as at December 2020, as London, Birmingham, Liverpool, Bristol, Manchester, Sheffield, Leeds, Leicester, Coventry, Bradford, Nottingham, Kingston upon Hull, Newcastle upon Tyne, Stoke-on-Trent, Southampton, Plymouth, Derby, Reading, Wolverhampton, and Brighton and Hove. None of these urban areas are in Sandwell and therefore no adjustment is required to the figure for the Borough.

*Overall level of housing need*

- 4.16 The final housing need in Sandwell, as assessed using the revised Standard Method in 2024, is **1,550** dwellings per year. Paragraph 008 of the PPG<sup>31</sup> notes that whilst ‘*the standard method may change as the inputs are variable..., local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination.*’

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<sup>30</sup> In London the uplift applies to all the authorities that comprise Greater London.

<sup>31</sup> Reference ID: 2a-008-20190220

4.17 As noted in Paragraph 012 of the PPG<sup>32</sup>, this approach provides an annual figure which can be applied to a whole plan-period. The NPPF requires strategic plans to identify a supply of sites for 15 years and therefore the Local Plan for Sandwell is intended to run from 2024 to 2041 (17 years). The modelling of the Local Housing Need will therefore be presented up to 2041 to facilitate this.

**A suitable baseline**

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

4.19 The table below sets out the population in 2021 nationally, regionally and in Sandwell, as indicated by the 2018-based projections, the 2014-based projections and the 2021 Census.

<b>Table 4.3 Population estimates 2021</b>			
<i>Data source</i>	<i>Sandwell</i>	<i>West Midlands</i>	<i>England</i>
2014-based projected estimate	335,595	5,854,000	57,248,400
2018-based projected estimate	333,727	6,024,087	56,989,570
2021 Census	341,833	5,950,764	56,490,045

Source: Office of National Statistics

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

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

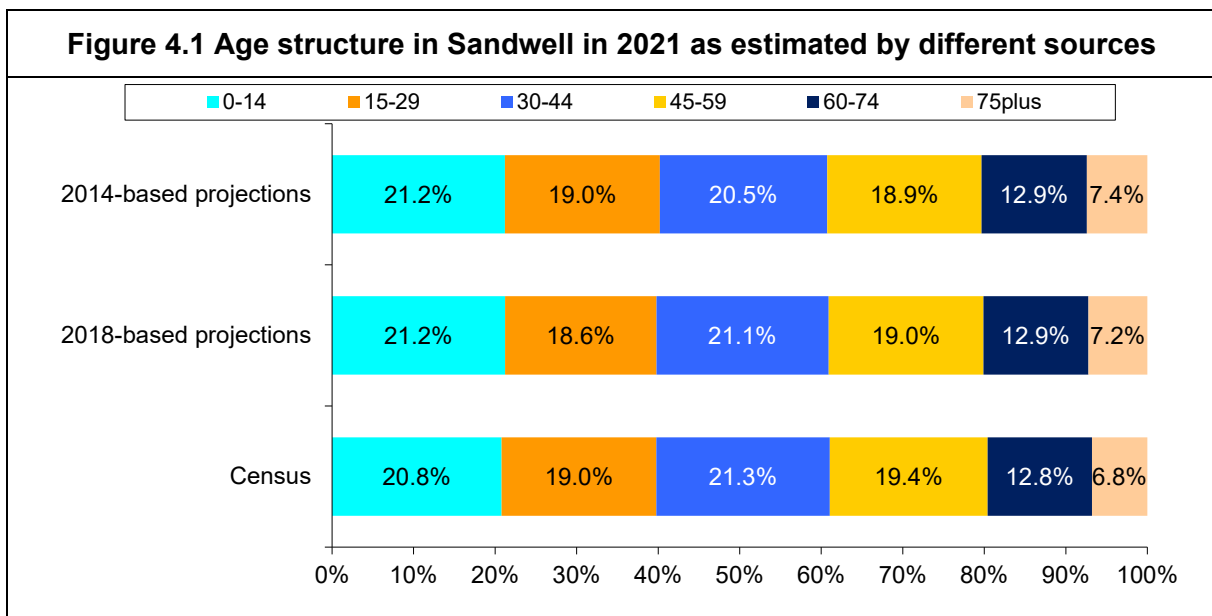
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<sup>32</sup> Reference ID: 2a-012-20190220

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

*Age profile*

4.23 The figure below compares the age profiles in 2021 from three different sources, the 2021 Census, the 2014-based projections and the 2018-based projections. Unsurprisingly, there are not huge differences in the age structure recorded. However, in the 2021 Census, the proportion of the population aged between 15 and 44 is higher than was estimated by both the 2014 and 2018-based projections. This is the age group that is typically most economically active. By contrast, the proportion of the population aged 60 and over according to the Census is lower in 2021 than was projected in both projections. The age profile within the 2018-based projections is closer to that recorded by the Census.



Source: Office of National Statistics

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

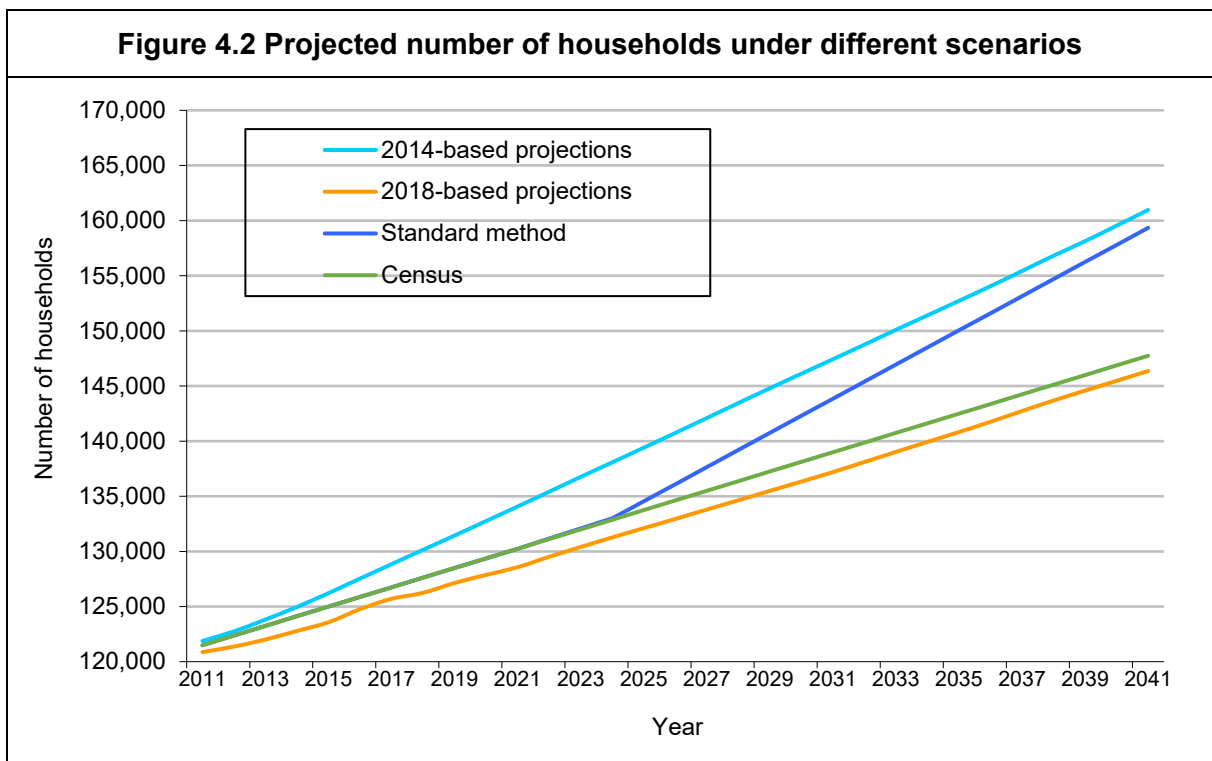
<b>Table 4.4 Household totals 2021</b>			
<i>Data source</i>	<i>Sandwell</i>	<i>West Midlands</i>	<i>England</i>
2014-based projected estimate	134,074	2,485,304	24,371,273
2018-based projected estimate	128,571	2,458,618	23,688,898
2021 Census	130,246	2,429,494	23,436,085

Source: Office of National Statistics





- 4.25 Nationally and regionally, the Census has reported a lower household total in 2021 than was projected for 2021 in the 2014-based and 2018-based estimates. However, in Sandwell the household total, recorded at the 2021 Census, is higher than was projected in the 2018-based projections, but notably lower than that projected within the 2014-based projections.
- 4.26 The figure of 1,055 is the final standard method annual housing need figure in Sandwell. It is however useful to compare the trajectory that it results in with both 2014-based household projections (from which the number is derived) and the 2018-based household projections (which are the most recent estimates published).
- 4.27 Figure 4.2 shows the projected household total in Sandwell for every year from 2011 through to the end of the modelling period in 2041. The figure shows the data as recorded by the 2014-based household projections<sup>33</sup>, the 2018-based equivalent, and the Standard Method scenario in which the 2018-based projections grow by 1,055 every year from 2024 onwards (with the 2024 household total informed by the 2021 Census data). The household growth indicated by the Census between 2011 and 2021 modelled forward at the same rate is also presented for reference<sup>34</sup>.



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

<sup>33</sup> It should be noted that the 2014-based projections only extended as far as 2039, the figure for 2040 and beyond has therefore been derived by applying the average annual change in the five years prior to 2039 and applying that to the figure for 2039.

<sup>34</sup> It is assumed that household growth is uniform in the 10-year periods between the Census.

- 4.28 Whilst the graph indicates that there is a divergence between the 2014 and 2018-based projections, the Standard Method figure is notably in excess of the 2018-based and records a quicker rate of growth than the 2014-based projections. It will also represent a notable uplift in the level of household growth recorded between 2011 and 2021 in Sandwell.
- 4.29 The Census results show that the 2018-based projections were a more accurate projection for Sandwell than the 2014-based equivalents in terms of age profile and number of households (but not total population size), but also that the profile of the population in Sandwell is quite different to what was projected. The 2014-based projections contained (on which the Standard Method is based) an overestimated household growth in Sandwell, meaning that the Standard Method figure is in excess of what would be modelled if more recent demographic data was used as a basis. There is no demographic evidence to indicate that the housing need is higher than the standard method indicates<sup>35</sup> and here is no reasonable basis to divert from the Standard Method approach which is designed to be applied consistently across all authorities in England wherever possible.
- 4.30 It has been assessed that there is no demographic evidence to suggest it would be suitable to divert from the Standard Method. The PPG<sup>36</sup> also indicates that

*There will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:*

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

- 4.31 In Sandwell no growth strategy is in place, no strategic infrastructure improvements are scheduled that will drive an increase in homes and the authority is unlikely to take unmet need from neighbouring authorities. These circumstances do not therefore apply and the Standard Method remains the most suitable figure to plan towards.

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<sup>35</sup> That the Standard Method figure of 1,550 is suitably ambitious (and does not require an uplift as a consequence of exceptional circumstances) is supported by the fact that Sandwell is one of the 11.1% of authorities in which the proposed revised Standard Method is lower than the existing Standard Method. The figure of 1,550 is higher than would be achieved under the approach proposed to be even more ambitious nationally. This is discussed in the following section.

<sup>36</sup> Reference ID: 2a-010-20201216

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

#### **The Standard Method in the 2024 NPPF consultation**

- 4.33 The proposed reforms to the Standard Method are set out in the July 2024 NPPF consultation (Chapter 4). The proposals represent a notable change to the existing approach and will result in an increase to the overall requirement for housing nationally. The changes to the Standard Method figures at a Local Authority level vary, with some very substantial increases recorded in certain locations and other authorities recording a notable reduction.
- 4.34 The most significant change in the methodology is that the proposal new Standard Method does not use household projections to form its baseline but it instead uses the current dwelling stock. It proposes that the baseline annual growth is 0.8% of the existing housing stock in each local planning authority. This is sourced from the dwelling stock figures<sup>37</sup> published annually by the Ministry of Housing, Communities and Local Government. The most recent figures indicate that, as at the end of March 2023, there are 135,759 dwellings in Sandwell. Applying the proposed figure of 0.8% gives a baseline figure of 1,086 within this version of the Standard Method.
- 4.35 As with the current Standard Method, an affordability uplift is applied to the baseline figure. The same source data is used (workplace-based median house price to median earnings ratio), however there are two adjustments. Firstly, the figure used is not the most recent annual affordability ratio published as in the current Standard Method, but the figure is an average affordability ratio derived from the three most recent years for which data is available. The affordability ratio for Sandwell following this approach is 6.60 (compared to a ratio of 6.61 used in the current method).
- 4.36 The second adjustment is an increase the multiplier where affordability is identified as a problem (this is for areas in which the affordability ratio is higher than 4). In the proposed new Standard Method, the multiplier is 0.6% (instead of 0.25% used in the current method). The affordability ratio of 6.60 is therefore converted to a multiplier of 1.39 using this new adjustment.

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<sup>37</sup> [Dwelling stock \(including vacants\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

- 4.37 The affordability adjustment of 1.39 is applied to the baseline figure of 1,086 to create the annual requirement for housing of 1,509 in Sandwell under the proposed new Standard Method. This is slightly lower than the Standard Method figure calculated following the current approach. Currently, the figure of **1,550** remains the correct Standard Method (as it follows the current official NPPF) and the Council should use this figure for planning for the time being and a new NPPF is published. This report is focused on outlining the requirements related to this Standard Method figure. However, to best future-proof this study, Appendix 4 contains a duplicate of the key outputs from Chapter 5 and sets out the tenure and size of dwellings required that would be required were the Council to plan for an increase in households of 1,509 per year over the 21-year plan period. Similarly, Appendix 5 sets out the requirement for older persons specialist housing in Sandwell within this alternative Standard Method scenario following the same approach as described in Chapter 7.

## 5. Type and tenure of future housing needed

### Introduction

- 5.1 The requirement within paragraph 61 of the NPPF to disaggregate the local housing need figure to ‘*assess the size, type and tenure of housing needed for different groups in the community*’ is reiterated in Paragraph 17 of the PPG. This chapter describes the long-term balancing housing markets (LTBHM) model which determines the future demand for housing by size and tenure based on the profile of the population derived within the local housing need calculation (set out in Chapter 4).
- 5.2 There are two stages to this process, the first is to disaggregate the local housing need as derived in Chapter 4 to produce a population profile for the Borough at the end of the modelling period in 2041. The second process uses secondary data to model the future demand for housing arising from this future population and compare it to the current housing stock so that a profile of new accommodation required can be determined<sup>38</sup>.
- 5.3 The demand modelling is described in more detail subsequently; however, this chapter initially presents the process for disaggregating the future local population. The change in the household composition indicated within these projections drives the size and tenure demand profiles generated by the model.

### Disaggregating the local housing need

- 5.4 In Sandwell, the Standard Method local housing need of 1,055 will lead to the construction of notably more homes than is implied by the official projections, as the affordability adjustment made in the Standard Method calculation lifts the housing need above the growth identified in the 2014-based household projections (as described in Chapter 4). If these 1,055 homes are built, the population will be larger than projected. It is necessary to determine the profile of this additional population and disaggregate the total local housing need, using the NMSS model,<sup>39</sup> so that appropriate accommodation can be provided for the whole population of Sandwell in 2041.

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

<sup>39</sup> The model is detailed in Appendix 2.

- 5.5 The model takes as its starting point the 2023 sub-national population estimates and the 2021 Census, which are used to inform the population profile and household composition in Sandwell in 2024, the start of the modelling period. The 2018-based population projections<sup>40</sup> are re-based to account for the population profile in Sandwell recorded in 2021 by the Census. The demographic flows within the 2018-based population projections have been adjusted to take account of post-Census national data on fertility and mortality rates alongside national and local data on the migration flows that occurred in Sandwell<sup>41</sup>. The trend period embedded in the 2018 projections has therefore been adjusted to reflect what the Census and post-Census data indicates. The 2018-based household projections have also been updated to reflect what the Census revealed about the occupancy rates of communal housing by age and gender in Sandwell and also household composition trends (for example changes in the number of single person households and the average household size).
- 5.6 These refreshed base-projections are then adjusted to make them align with the local housing need figures in Sandwell using the following assumptions:
- The Standard Method makes it clear that the uplift in housing it is trying to achieve is partly to reverse the falling levels of household formation that have been recorded amongst younger people. The first step is therefore to progressively increase the household formation for all age groups under 45 until it reaches the rate recorded in 2001<sup>42</sup>. This group is prioritised ahead of an increase in in-migrants moving into the Borough in response to guidance in the PPG, and because the 2018-based population projections for the Borough have a built-in presumption of a low level of household formation in younger age groups.
  - The age and gender profile of this adjusted population (increased household formation and increased in-migrants) will be aged-on and have the same propensity to have children, move away from the area and die as other residents in Sandwell of the same gender and age. In this way it will be possible to estimate how the additional population is likely to develop over time.

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

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

<sup>42</sup> The English Housing Survey indicates that almost all (around 98%) new household formation occurs amongst people aged under 45. Likewise, the English Housing Survey shows that between 1996 (when the data was first recorded) and 2001 the household formation rate nationally fluctuated between 2.3% and 2.0% before falling steadily from 2001 onwards (typically between 1.1% and 1.4% in recent years).

## Total future population in Sandwell

5.7 The table below sets out the age profile of the population in Sandwell in 2041 according to these population projections, in comparison to the age profile of the Borough at the start of the plan-period (2024). The table suggests that those aged 75 or over are going to constitute a greater section of the population by the end of the modelling period – those aged 75 or over will rise from 24,129 in 2024 to 34,881 in 2041, an increase of 44.6%. Around a quarter of all people in Sandwell in 2041 will be aged 60 or over with a third aged under 30.

<b>Table 5.1 Age of projected population in Sandwell in 2041 compared with current age profile</b>				
<i>Age</i>	<i>2024 Population</i>	<i>2024 Percentage</i>	<i>2041 Population</i>	<i>2041 Percentage</i>
0-14	76,923	22.0%	75,355	18.8%
15-29	62,264	17.8%	70,848	17.7%
30-44	74,905	21.4%	82,279	20.5%
45-59	65,981	18.9%	77,785	19.4%
60-75	45,819	13.1%	59,572	14.9%
75+	24,129	6.9%	34,881	8.7%
Total	350,020	100.0%	400,721	100.0%

5.8 The projections profiling the change to the population arising as the local housing need for Sandwell is met between 2024 and 2041 are summarised in the table above. These projections indicate that the working age population (those aged between 16 and 64) in Sandwell will grow by 30,919 people between 2024 and 2041.

### *Household profile*

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

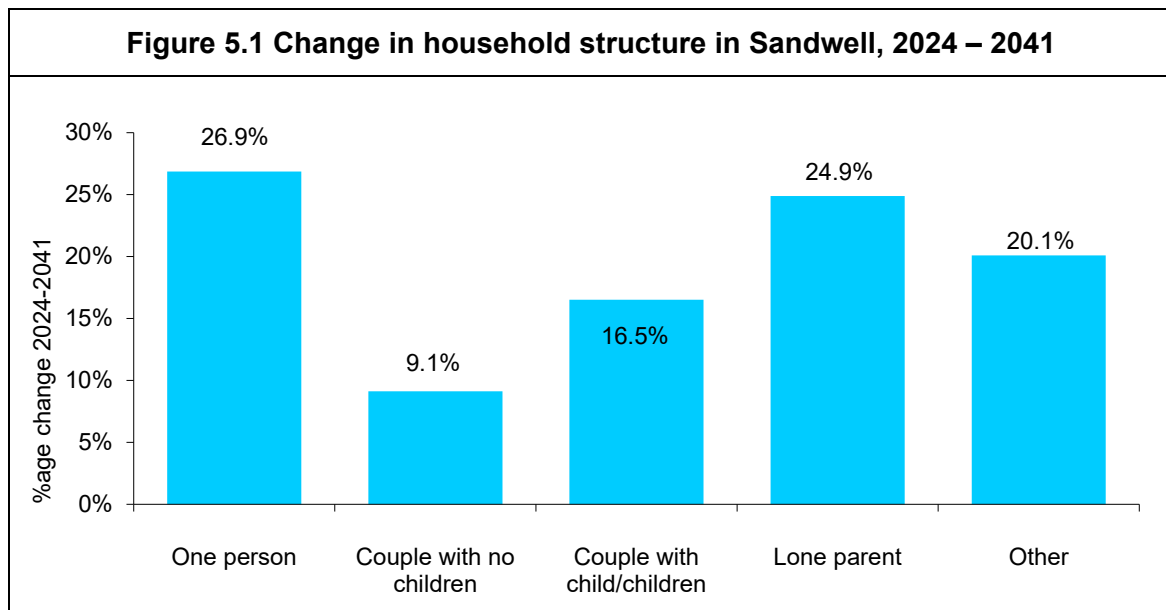
- Removing from the population projection an estimate of those living in communal establishments such as residential care homes. This is done using the same assumptions as in the official projections with an adjustment to account for the latest data on the communal housing occupation rates of different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

5.10 The table below sets out the number of households that will be resident in Sandwell in 2041 disaggregated by broad household type according to these projections. The 2024 household profile is also presented as a reference point, as 2024 is the base date for this model.

<i>Household type</i>	<i>2024 Number</i>	<i>2024 Percentage</i>	<i>2041 Number</i>	<i>2041 Percentage</i>
One person	39,673	29.8%	50,331	31.6%
Couple with no children	24,424	18.4%	26,652	16.7%
Couple with child/children	37,381	28.1%	43,555	27.3%
Lone parent	19,976	15.0%	24,948	15.7%
Other*	11,541	8.7%	13,860	8.7%
Total	132,996	100.0%	159,346	100.0%

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

5.11 The figure below indicates the change in these household types that will occur between 2024 and 2041 in Sandwell. The figure indicates that the largest absolute and relative growth will be in single person households. In contrast, the number of couple households with children is projected to decrease slightly.





### **Methodology of the demand model**

- 5.12 The demand model uses secondary data to determine the future demand for housing by size and tenure as derived from the profile of households resident in the area at the end of the modelling period in 2041. It is based on both a detailed understanding of the current stock of housing in the Borough, and also the occupation patterns of households in Sandwell and how they are changing. It is driven by the changes projected to the composition of the population over the 17-year period, as set out above.
- 5.13 The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in Sandwell in 2021. This has been adjusted to reflect the changes since 2021 to provide an accommodation profile in 2024.
- 5.14 The 2021 Census also provides detail on the occupational patterns of different household groups in Sandwell, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2011 and 2021 Census in Sandwell, with the changes in the size of accommodation occupied within each tenure also accounted for), and models their continuation through to 2041. An affordability check is applied to ensure that this is a sustainable option. This approach is in line with the PPG.
- 5.15 A further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model<sup>43</sup>. This means that the future housing stock will better reflect the requirements of the future population in the area.
- 5.16 This profile of suitable accommodation for each household type is applied to the size of the household group in 17 years' time. The accommodation profile required in 2041 is then compared to the current accommodation profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households, so the figures are based on the change in number of households identified within the housing need calculations.

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<sup>43</sup> Using the example of a lone parent household residing in a two bedroom property but requiring a three bedroom home, the modelled accommodation profile for this household group would assign this household a three bedroom property rather than a two bedroom dwelling. This means that it is anticipated that for equivalent households in the future, none would be expected to live in an overcrowded home.

### Tenure of housing required

5.17 The tables below show the projected tenure profile in Sandwell at the end of the modelling period. The profile in 2024 at the start of the plan-period is also set out for context. The data shows that, in 2041, the housing stock across Sandwell should comprise 53.8% owner-occupied accommodation, 19.6% private rented homes, 1.7% Shared Ownership properties and 24.9% Social Rented/Affordable Rented housing.

<b>Table 5.3 Current tenure and tenure profile projected in Sandwell in 2041</b>				
<i>Tenure</i>	<i>Base tenure (2024)</i>		<i>Projected tenure (2041)</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Owner-occupied	71,302	53.6%	85,761	53.8%
Private rented	25,992	19.5%	31,215	19.6%
Shared Ownership	586	0.4%	2,645	1.7%
Social Rent/Affordable Rent	35,117	26.4%	39,726	24.9%
Total	132,996	100.0%	159,346	100.0%

5.18 The table below shows the tenure profile required by households resident in Sandwell in 2041, in comparison to the tenure profile recorded in the Borough at the start of the plan-period. The difference between these two distributions is the change required to the housing stock over this period. The results show that 54.9% of new housing in Sandwell should be owner-occupied, 19.8% private rented, 7.8% should be Shared Ownership and 17.5% Social Rent/Affordable Rent.

<b>Table 5.4 Tenure of new accommodation required in Sandwell over the 20-year modelling period</b>				
<i>Tenure</i>	<i>Base tenure profile (2024)</i>	<i>Tenure profile 2041</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	71,302	85,761	14,459	54.9%
Private rent	25,992	31,215	5,223	19.8%
Shared Ownership	586	2,645	2,059	7.8%
Social Rent/Affordable Rent	35,117	39,726	4,609	17.5%
Total	132,996	159,346	26,350	100.0%

*First Homes*

- 5.19 As discussed in Chapter 3, First Homes are an intermediate product that have been introduced specifically to help potential first-time buyers access home ownership. It is clear from the cost profile of First Homes, set out in Chapter 3, that their likely price-level will mean that they could be suitable for a notable number of households that would otherwise reside in the private rented sector. However, as it is a product that has only recently been introduced into the market, it cannot be modelled using the same trend data as is utilised for the rest of the LTBHM model.
- 5.20 The potential demand for this new product over the modelling period can be derived by making assumptions about the likelihood of different household groups within the private rented sector to try and acquire this form of housing, informed by an affordability analysis of the tenure and the length of time required to save a deposit. It is presumed that, over the plan-period, the relative difference between newbuild and second-hand property prices reduces, particularly for smaller homes, so that First Homes become an option for households requiring all bedroom sizes.
- 5.21 This approach identifies that, between 2024 and 2041, there would be a potential demand for 2,184 First Homes in Sandwell, which would represent 8.3% of all new housing over this period. These figures are therefore deducted from the total requirement for private rented accommodation (where the LTBHM model presumes they would otherwise be housed). The demand for 2,184 First Homes in Sandwell, identified using this process, should be treated as an indicative figure.

**Size of housing required within each tenure**

- 5.22 The tables below present the size of owner-occupied accommodation required in Sandwell in 17 years' time in comparison to the size profile recorded in the sector at the base date. The implied change to the housing stock is also presented. The data shows that some 28.3% of new owner-occupied housing in Sandwell should be three-bedroom homes, with 26.8% being for units of four or more bedrooms, 27.6% should have two bedrooms and 17.3% be one bedroom accommodation.

<b>Table 5.5 Size of new owner-occupied accommodation required in Sandwell over the next 17 years</b>				
<i>Size of home</i>	<i>Base size profile (2024)</i>	<i>Size profile 2041</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,367	3,874	2,507	17.3%
Two bedroom	12,471	16,458	3,987	27.6%
Three bedroom	44,692	48,780	4,089	28.3%
Four or more bedrooms	12,773	16,649	3,877	26.8%
Total	71,302	85,761	14,459	100.0%

5.23 This analysis can be repeated for private rented housing and is presented in the table below. The data indicates that, of the 5,223 private rented homes required within Sandwell, 32.8% should be properties with four or more bedroom bedrooms and a further 26.9% should have two bedrooms. Some 23.7% should be three bedroom homes and 16.6% should be one bedroom accommodation.

<b>Table 5.6 Size of new private rented accommodation required in Sandwell over the next 17 years</b>				
<i>Size of home</i>	<i>Base size profile (2024)</i>	<i>Size profile 2041</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	3,375	4,240	865	16.6%
Two bedroom	9,176	10,584	1,407	26.9%
Three bedroom	11,587	12,823	1,236	23.7%
Four or more bedrooms	1,853	3,568	1,715	32.8%
Total	25,992	31,215	5,223	100.0%

5.24 The table below sets out the equivalent analysis for Shared Ownership housing. The data indicates that of the 2,059 Shared Ownership dwellings required within Sandwell, 31.8% should be two bedroom properties with a further 27.6% three bedroom accommodation. Some 24.6% should have one bedroom and 16.0% should have four or more bedrooms.

<b>Table 5.7 Size of new Shared Ownership accommodation required in Sandwell over the next 17 years</b>				
<i>Size of home</i>	<i>Base size profile (2024)</i>	<i>Size profile 2041</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	129	636	507	24.6%
Two bedroom	265	919	654	31.8%
Three bedroom	147	715	568	27.6%
Four or more bedrooms	45	375	330	16.0%
Total	586	2,645	2,059	100.0%

5.25 The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector. The table shows that, of the 4,609 additional Affordable Rented/ Social Rented units required within Sandwell over the 17-year modelling period, 34.5% should be four bedroom properties with a further 25.6% one bedroom accommodation. Some 20.3% should have three bedrooms and 19.6% should have two bedrooms. It should be noted that this is the net requirement for new Affordable Rented/Social Rented homes over the modelling period. If there is loss of affordable stock through Right-to-Buy, this will also need to be replaced. The relatively large requirement for four bedroom Affordable Rented/Social Rented homes partly reflects that the current stock of this size of property in the tenure is so low.

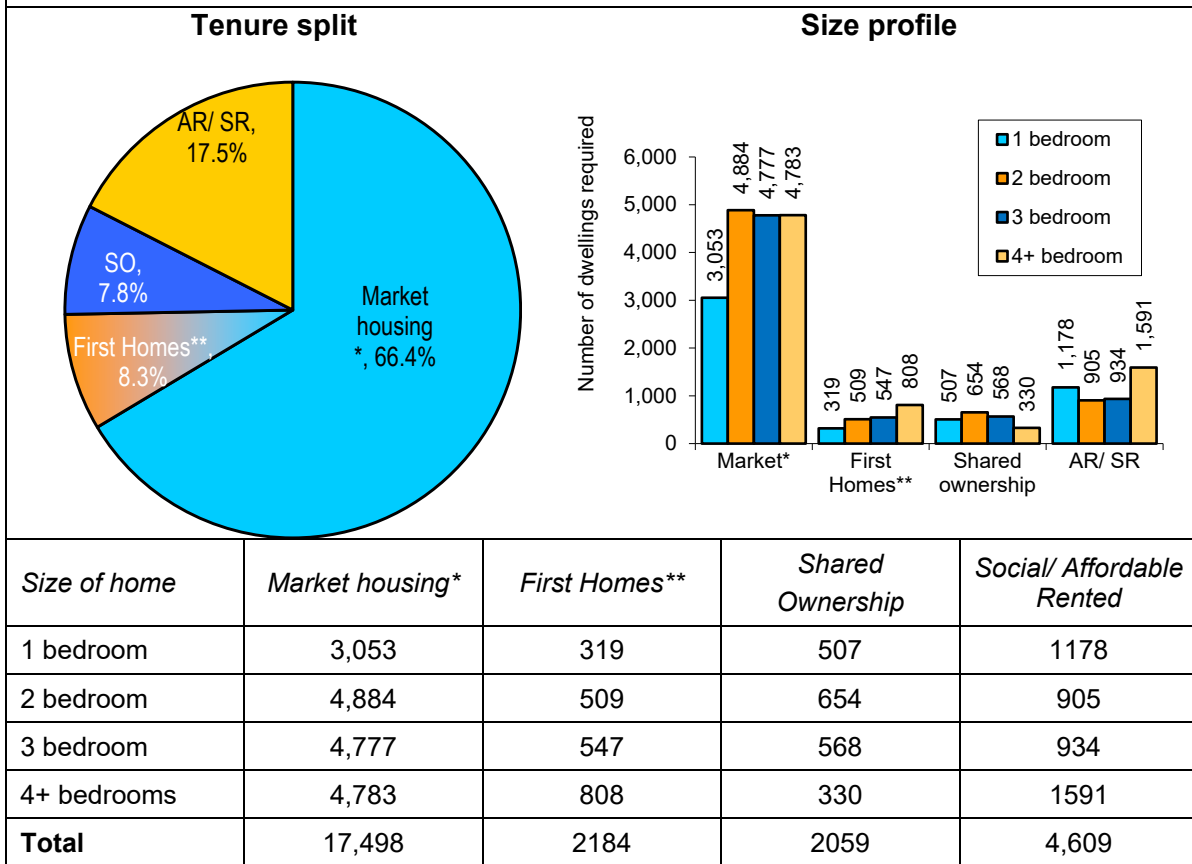
<i>Size of home</i>	<i>Base size profile (2024)</i>	<i>Size profile 2041</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	10,492	11,670	1,178	25.6%
Two bedroom	11,136	12,041	905	19.6%
Three bedroom	11,960	12,894	934	20.3%
Four or more bedrooms	1,530	3,121	1,591	34.5%
<b>Total</b>	<b>35,117</b>	<b>39,726</b>	<b>4,609</b>	<b>100.0%</b>

5.26 The table below shows the size of First Homes that would be required to house some households that would otherwise reside in the private rented sector. The residual private rented requirement, once the potential demand from households for this alternative product has been deducted, is also set out in the table. The model indicates that in Sandwell, 37.0% of the First Homes should have four or more bedrooms, 25.1% three bedrooms, 23.3% two bedrooms and 14.6% one bedroom. The high demand for new four bedroom First Homes, reflects that for this dwelling size there is the biggest gap between the cost of private rent and entry-level owner-occupation, therefore First Homes will assist numerous households that would not otherwise be able to afford to purchase a home. In addition, there is a lack of four bedroom private rented stock where these households are likely to otherwise reside.

<i>Size of home</i>	<i>First Homes</i>		<i>Residual private rented homes</i>	
	<i>Number required</i>	<i>Proportion required</i>	<i>Number required</i>	<i>Proportion required</i>
One bedroom	319	14.6%	546	18.0%
Two bedroom	509	23.3%	898	29.5%
Three bedroom	547	25.1%	688	22.7%
Four or more bedrooms	808	37.0%	907	29.8%
<b>Total</b>	<b>2,184</b>	<b>100.0%</b>	<b>3,039</b>	<b>100.0%</b>

5.27 The figure and table below summarises the results presented for each tenure individually above (with the two market tenures merged) and shows the profile of new housing required in Sandwell over the next 17 years.

**Figure 5.2 Profile of new accommodation required in Sandwell**



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

**Further outputs**

5.28 Appendix 4 shows the equivalent results under the Standard Method scenario presented within the proposed new NPPF. This is based on growth in Sandwell of 1,509 households per year. Under this scenario a slight reduction in in-migration to the Borough would occur.

## 6. Affordable housing need

### Introduction

- 6.1 As indicated in the PPG, it is necessary to undertake a separate calculation of affordable housing need. Paragraph 18 (Reference ID: 2a-018-20190220) to Paragraph 24 (Reference ID: 2a-024-20190220) of the PPG details how affordable housing need should be calculated. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether the Local Planning Authority should plan for more dwellings where it could help meet the need for affordable housing.
- 6.2 The model outlined in the PPG is an assessment of the housing market at a particular point of time (May 2024) and does not consider likely future changes to the housing market that may impact the results, i.e. it is based on what is known at the time of the assessment. The PPG (Paragraph 19) defines affordable housing need as *‘the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market’*.
- 6.3 Appendix 2 presents the results of the three broad stages of the model used to calculate affordable housing need. This chapter sets out the overall annual estimate of the affordable housing need in Sandwell<sup>44</sup> as a consequence of following the steps detailed in the appendix, and the tenure of accommodation most appropriate to meet this need is discussed.

### Estimate of net annual affordable housing need

- 6.4 Once all of the steps of the calculation of the affordable housing needs model (detailed in Appendix 2) have been completed, it is necessary to bring this evidence together to determine the overall net annual affordable housing need. This is set out below.
- 6.5 Paragraph 024 of the PPG<sup>45</sup> states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

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<sup>44</sup> This will imply a figure for the amount of affordable accommodation required over the plan-period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 4, as described in Chapter 1, and the two should not be compared.

<sup>45</sup> Reference ID: 2a-024-20190220.

6.6 The second step is to convert this total net current need figure into an annual flow. The PPG indicates that annual flows should be based on the plan-period. For the purposes of this study the period of 17 years will be used to fit in with the remaining timeframe of the Local Plan (through to 2041). The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). The table below sets out this process. It leads to a total need for affordable housing of 365 per year in Sandwell. In accordance with paragraph 024 of the PPG, this figure should be compared with the local housing need identified following the Standard Method to determine whether an uplift to the local housing need is required. This is discussed in Chapter 8.

<b>Table 6.1 Results of the affordable housing needs model in Sandwell</b>	
<i>Stage in calculation</i>	
Stage 1: Current unmet gross need for affordable housing (Total) (Table A2.3)	5,388
Stage 2: Newly arising affordable housing need (Annual) (Table A2.5)	1,997
Stage 3: Current affordable housing supply (Total) (Table A2.6)	3,768
Stage 4: Future housing supply (Annual) (Table A2.9)	1,727
Stage 5.1 Net current need (Stage 1 minus Stage 3) (Total)	1,620
Stage 5.2 Annualise net current need (Stage 5.1 divided by 20) (Annual)	95
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>365</b>
Total gross annual need (Stage 1 divided by 20 + Stage 2) (Annual)	2,314
Total gross annual supply (Stage 3 divided by 20 + Stage 4) (Annual)	1,949

#### **Overall households in affordable housing need by type (gross)**

6.7 The table below gives a breakdown of the gross annual households in need, by household type, in Sandwell. The table shows that some 3.8% of lone parent households are in housing need compared with 1.2% of other and single person households. Overall, lone parent households comprise a third of all households in need.



<b>Table 6.2 Annual need requirement by household type in Sandwell</b>					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	470	39,203	39,673	1.2%	20.3%
Couple with no children	311	24,114	24,424	1.3%	13.4%
Couple with child/children	628	36,753	37,381	1.7%	27.1%
Lone parent	763	19,214	19,976	3.8%	33.0%
Other	143	11,399	11,541	1.2%	6.2%
<b>Total</b>	2,314	130,682	132,996	1.7%	100.0%

### **Type of affordable home required**

- 6.8 As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in Sandwell. This section will consider the suitability of these different products for meeting affordable housing need.
- 6.9 As the relative cost of each product is not always the same (for example, in some instances, Shared Ownership housing with a 25% equity share is more expensive than Intermediate Rent, but in other cases the reverse is true), each product is tested individually. The table below illustrates how many households in affordable housing need in Sandwell are able to afford the different affordable products. Several intermediate options are affordable to some households, so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.
- 6.10 The table shows that, of the 2,314 households in need each year in Sandwell, 6.2% could afford a First Home, 15.9% could afford Shared Ownership with a 40% share, 39.2% could afford Shared Ownership with a 25% share, 13.1% could afford Intermediate Rent and 42.5% could afford Affordable Rent. Some 46.7% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in Chapter 3.

**Table 6.3 Size and type of affordable home required by those in need (per annum) in Sandwell**

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total</i>	<i>Total (%)</i>
First Homes	87	57	-	-	143	6.2%
Shared Ownership – 40% equity share	176	178	14	-	368	15.9%
Shared Ownership – 25% equity share	335	393	129	50	906	39.2%
Intermediate Rent	-	229	72	2	302	13.1%
Affordable Rent	84	460	237	201	983	42.5%
Social Rent/requires assistance	343	426	199	112	1,080	46.7%
All households	678	887	436	313	2,314	100.0%

**Sensitivity analysis - affordability threshold**

- 6.11 The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 30% of gross income and still be affordable in Sandwell, reflecting the current market reality. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across Sandwell where the cost of housing could constitute no more than 25% of gross household income and 35% of gross household income, as well as the 30% of gross household income base scenario.
- 6.12 In paragraph 020 of the PPG, it is noted that households should be considered against their ability to afford owner-occupation, where that is their aspiration. Unfortunately, the data sources do not collect information on the tenure that the households in need aspire to. To gauge the impact of presuming all households aspire to owner occupation, the final column in the table shows the results of the affordable housing need model if households were tested for their ability to afford market entry owner-occupation rather than market rents.
- 6.13 The table indicates that the net requirement would increase from 365 to 631 affordable homes per year in Sandwell if 25% of gross household income could be spent on housing costs. If 35% of gross household income could be spent on housing costs, then the net need would be for 165 affordable homes per year. If it was presumed that home ownership was the market access point, then there would be a need for 993 affordable homes per year.

<b>Table 6.4 Impact of different affordability assumptions on affordable housing requirement in Sandwell</b>				
	<i>Rent payable constitutes no more than:</i>			<i>Market entry is based on owner-occupation</i>
	<i>Affordability threshold: 30% of gross household income</i>	<i>25% of gross household income</i>	<i>35% of gross household income</i>	
Stage 1: Current gross need	5,388	6,304	4,849	9,005
Stage 2: Newly arising need	1,997	2,217	1,817	2,424
Stage 3: Current supply	3,768	3,896	3,579	3,961
Stage 4: Future supply	1,727	1,727	1,727	1,727
Stage 5.1 Net current need	1,620	2,408	1,270	5,044
Stage 5.2 Annual net current need	95	142	75	297
Stage 5.3 Total annual need	<b>365</b>	<b>631</b>	<b>165</b>	<b>993</b>



## 7. Requirements of specific groups

### Introduction

7.1 Paragraph 59 of the NPPF seeks that ‘... that the needs of groups with specific housing requirements are addressed ...’, and then paragraph 63 requires:

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

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

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

- Older persons
- People with disabilities
- Family households

7.4 This chapter will also comment on the level of demand from people wishing to build their own homes and present a detailed profile of the private rented sector. A separate Gypsy and Traveller Assessment profiles this group in detail. The student population of Sandwell was addressed in the previous Housing Market Assessment and there is no more recent data available, so this will not be reviewed here. There is also no military base containing military personnel in the Borough so this group will not be considered.

## Housing Needs of Older People

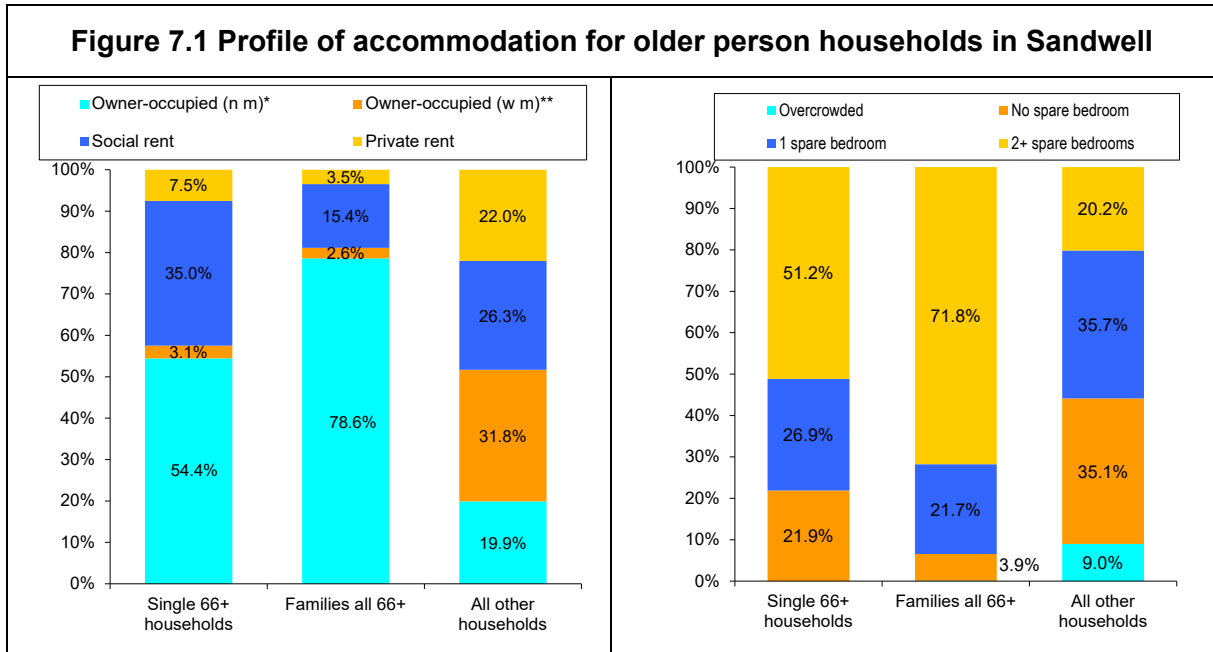
- 7.5 Paragraph: 001 of the PPG<sup>46</sup> recognises that *‘the need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing.... Offering older people, a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems.’* Page 69 of the NPPF provides the following definition of older people: *‘People over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.’* The analysis of older people presented here will be focused on people aged 65 and over.

### *Current situation*

- 7.6 The figure below, from the 2021 Census data, shows that 14.5% of the population in the Borough were aged 65 or over. This compares to a figure of 18.8% across the West Midlands region and 18.4% nationally. This indicates that the profile of the population in Sandwell is currently younger than average. According to the 2021 Census, 17.8% of households in Sandwell were older person only households (households where all members are 66 and over), compared to 22.6% regionally and 22.0% nationally. Of these older person only households in Sandwell in 2021, 54.6% contained only one person, a figure lower than that recorded in the West Midlands (57.9%) and England (58.3%).
- 7.7 The figure below shows the tenure profile of older person only households in Sandwell in 2021 compared to the remainder of the household population. The figures also set out the occupancy level of these groups. The results show that both of the older person groups record a higher level of owner-occupation with no mortgage than other households. Single older person households were also more likely to live in the Social Rented sector. Older person households were also more likely than average to have multiple spare bedrooms in their home.

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<sup>46</sup> Reference ID: 63-001-20190626



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

*Future requirement*

- 7.8 The disaggregated local housing need projections (set out in Chapter 5) indicate that the population aged 65 or over is going to increase notably in Sandwell over the modelling period; from 51,258 in 2024, to 72,608 in 2041, a rise of 41.7%. The projections also suggest that there will be an increase in the number of households headed by someone over 65 in Sandwell from 28,978 in 2024, to 46,203 in 2041, an increase of 59.4%. The projections indicate that the proportion of older persons living alone in Sandwell will increase from 54.4% in 2024, to 56.3% in 2041.
- 7.9 The results of the LTBHM model can be disaggregated into different household groups within the whole population. The table below shows the projected accommodation profile for older person households in Sandwell in 2041 arising from that model.

<b>Table 7.1 Type of accommodation projected for 'older person only' households in Sandwell in 2041*</b>					
<i>Size of home</i>	<i>Owner occupied</i>	<i>Private rented</i>	<i>First Homes**</i>	<i>Shared Ownership</i>	<i>Social/ Affordable Rented</i>
1 bedroom	2,038	660	2	68	6,759
2 bedroom	10,397	1,579	1	24	4,759
3 bedroom	16,522	874	0	5	898
4+ bedrooms***	1,354	107	0	0	154
<b>Total</b>	<b>30,311</b>	<b>3,221</b>	<b>3</b>	<b>97</b>	<b>12,570</b>

\*This represents housing demand within the market sector and includes a notable amount of under-occupying within the owner-occupied tenure, reflecting that some older persons households choose to remain in their home rather than downsize to a smaller property. \*\*Older persons households occupying First Homes at the end of the plan-period are households that will not be old when they purchase the home but will be classified as old by the end of the plan-period. \*\*\*The requirement for four-bedroom homes reflects that there will multi-generational households headed by someone aged over 65 that will require a large dwelling and also that there will continue to be a small amount of under-occupation by older persons households (especially in the owner-occupied sector).

- 7.10 In line with the updated PPG that says '*offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems*' it will be necessary for the Council to consider how the requirements of these groups could be accommodated in the future. It is anticipated that the majority of older person households will reside in the general housing stock in Sandwell in 2041 (as they do now) so it is important that new housing is suitable for the widest range of groups.
- 7.11 There are a range of tools for achieving this, such as following the HAPPI<sup>47</sup> design principles so housing may be suitable for older people (although these design features will appeal more widely across the population), adoption of the Building for Life<sup>48</sup> Standards (these are broad design principles) and adopting the Accessible and Adaptable Standards<sup>49</sup> of construction, as set out in the Building Regulations. The Council will need to determine which approach is most suitable for their requirements and this may vary for different sites in the Borough.

<sup>47</sup> <https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/>

<sup>48</sup> [https://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012\\_0.pdf](https://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012_0.pdf)

<sup>49</sup> See paragraph 63-009-20190626 of the PPG and <https://www.gov.uk/guidance/housing-optional-technical-standards>.



## Specialist accommodation

- 7.12 Given the notable growth in the older population, and the higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options. As Paragraph 004 of the PPG<sup>50</sup> notes *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed'*. This need has been assessed using the approach advocated by the Housing Learning and Improvement Network's (Housing LIN) Strategic Housing for Older People (SHOP) tool, which is the model recommended within Paragraph 004 of the PPG. It should be noted that this tool is only driven by demographic changes and does not consider people's choices or accommodation aspirations.
- 7.13 According to the latest information provided by the Council and the latest Census data, there are 908 units of Sheltered Housing for older people/retirement housing<sup>51</sup> in Sandwell currently, alongside 494 Extracare units/supported living housing<sup>52</sup>. It is worth noting that 80.7% of the Sheltered Housing for older people/retirement housing is in the affordable sector, as is 97.9% of the Extracare units/supported living housing, despite the overwhelming propensity of older persons only households to be owner-occupiers.
- 7.14 The current prevalence of Sheltered Housing for older people/retirement housing in Sandwell is 38 per thousand head of population aged 75 or over, with the prevalence rate for Extracare units/supported living housing 21 per thousand head of population aged 75 or over. The SHOP model helps authorities to plan to deliver more of this type of accommodation in response to the growth of the population that utilizes it (principally those aged 75 or over). The SHOP model uses these prevalence rates as the key variant when modelling future demand. For the purposes of this study, it is presumed that these prevalence rates will rise to reflect the latest trends in the occupation of this accommodation nationally, demand for Extracare units/supported living housing has notably expanded as the demand for registered care (discussed below) has reduced. The target prevalence rates for Sandwell are 75 per thousand head of population aged 75 or over for Sheltered Housing for older people/retirement housing and 25 per thousand head of population aged 75 or over for Extracare units/supported living housing.

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<sup>50</sup> Reference ID: 63-001-20190626

<sup>51</sup> A collection of self-contained units of accommodation (usual bedsits within a communal block), which have on-site warden support (usually daytime only with on call service at night) and communal social areas and activities. This is very similar to the housing type *'Retirement living or sheltered housing'* as defined in the PPG. The specific labels align with what is mentioned in the PPG, however we acknowledge that there is a diversity of classifications used within this housing offer for a diversity of products.

<sup>52</sup> Extracare housing is similar to sheltered accommodation, but with enhanced provision for personal care of frailer older people. On-site support is usually provided on a 24 hour rather than day-time only basis. Extracare housing is often focused on addressing the needs of people with dementia. Supported living is a combination of suitable accommodation, with some forms of personal care (like help with washing or cooking). These two housing types are similar to the *'Extra care housing or housing-with-care'* definition in the PPG. The specific labels align with what is mentioned in the PPG, however it is acknowledged that there is a diversity of classifications used within this housing offer for a diversity of products.

- 7.15 To establish the potential demand for these accommodation types in Sandwell at the end of the modelling period, these target prevalence rates are applied to the total number of people aged 75 or over in Sandwell in 2041 according to the disaggregated local housing need projections. The demand that is derived is then compared to the current stock. This process is summarised in the table below. The future tenure profile of this specialist stock takes account of the modelling that indicates that over three quarters of all older person households will live in market accommodation in 2041, as evidenced in Table 7.1.
- 7.16 To meet likely future demand rates in 2041, the model identifies a requirement for 1,708 additional units of Sheltered housing for older people/ retirement housing and 378 additional Extracare units/ supported living housing in Sandwell over the modelling period. Of the 1,708 new units of Sheltered housing for older people/retirement housing, some 56.8% should be market accommodation, with the remainder affordable. Of the 378 new Extracare housing/ supported living housing, 73% should be market and 27% affordable. These are Class C3 dwellings.

<b>Table 7.2 Projected requirement for specialist accommodation for older person households in Sandwell over the modelling period</b>				
<i>Type of specialist accommodation</i>	<i>Tenure</i>	<i>Base profile (2024)</i>	<i>Profile 2041</i>	<i>Additional units required</i>
Sheltered housing for older people/ retirement housing	Market	175	1,144	970
	Affordable	733	1,472	739
	Total	908	2,616	1,708
Extracare housing/supported living housing	Market	10	286	276
	Affordable	484	586	102
	Total	494	872	378
All specialist accommodation for older person households	Market	185	1,430	1,245
	Affordable	1,217	2,058	841
	Total	1,402	3,488	2,086

- 7.17 The requirement for 2,086 additional specialist units for older person households represents 7.9% of the total household growth in Sandwell for the period 2024 to 2041. The actual numbers and type of specialist accommodation needed may depend on changes in patterns of demand and expectations. It is therefore appropriate to consider this level of need with the acknowledgement that the form of accommodation delivered should not be too prescriptive.

- 7.18 As well as the need for specialist housing for older people, there will also be an additional requirement for Registered Care<sup>53</sup>. According to the Council and 2021 Census figures, there are around 1,967 spaces in nursing and residential care homes in Sandwell currently. It is estimated that around 15% of these are in the affordable sector, with the remaining being a market tenure.
- 7.19 As part of the process of projecting the future household typology within the disaggregation of the overall housing need figure as, described in Chapter 5, the population that will reside in communal establishments is calculated. The model identifies that, in 2041, there will be 1,777 people aged 65 and over in Sandwell that will be resident in Registered Care<sup>54</sup>. This implies that there will be a surplus of 190 Registered Care spaces from the current stock. All of this surplus is in the market sector and there is however a need for 104 additional affordable Registered Care spaces between 2024 and 2041. The table below details these calculations.

<b>Table 7.3 Projected requirement for Registered Care for older persons in Sandwell over the modelling period</b>			
<i>Tenure</i>	<i>Base profile (2024)</i>	<i>Profile 2041</i>	<i>Additional units required</i>
Market	1,659	1,365	-294
Affordable	308	412	104
Total	1,967	1,777	-190

- 7.20 The table below brings together the analysis, presented in the previous three tables, to show the full profile of accommodation required by older persons in Sandwell at the end of the modelling period. Appendix 5 presents the equivalent results for the previous two tables under the Standard Method scenario presented within the proposed new NPPF. This is based on growth in Sandwell of 1,509 households per year.

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<sup>53</sup> Residential care homes and nursing homes: These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes. This is the same as the definition in the PPG.

<sup>54</sup> This figure is dependent on the communal population rates (separated by age and gender), that have been produced through to 2041 as part of the 2018-based household projections dataset, which has been adjusted to reflect what the 2021 Census showed was the situation in Sandwell.

**Table 7.4 Type of accommodation required for older persons in Sandwell in 2041**

Size of home	Market			Affordable		
	General housing*	Sheltered housing/retirement housing	Extra care housing/supported living housing	General housing*	Sheltered housing/retirement housing	Extra care housing/supported living housing
1 bedroom	2,075	484	139	5,443	974	411
2 bedrooms	11,169	660	147	4,112	497	175
3 bedrooms	17,396	-	-	903	-	-
4+ bedrooms	1,462	-	-	154	-	-
Total in households	32,102	1,144	286	10,612	1,472	586
Residential care	1,365			412		

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

- 7.21 The majority of older person households in Sandwell are likely to remain in general housing, as the Paragraph 012 (ID: 63-012-20190626) of the PPG notes '*Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.*' The next section looks at the role of adaptations to help households remain in their own home.
- 7.22 It should be noted that the general housing that older people aspire to reside in includes age-restricted general market housing. This is non-specialist housing located on sites that are exclusively used by older people, typically those aged 55 or over. It is hard to gauge the future demand for this accommodation as there is limited evidence of the current supply in Sandwell, however it is envisaged that this will increase as the population ages over the modelling period and the Council should monitor whether the existing provision is able to meet demand.

## **People with disabilities**

- 7.23 Paragraph: 002 of the PPG<sup>55</sup> notes that *‘The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in ensuring that they live safe and independent lives.... Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives.’*
- 7.24 Page 70 of the NPPF provides the following definition of disabled people: *‘People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.’* Due to a lack of accurate data on the individual groups within this population, the analysis in this section will consider all those with a specific need unless otherwise stated.

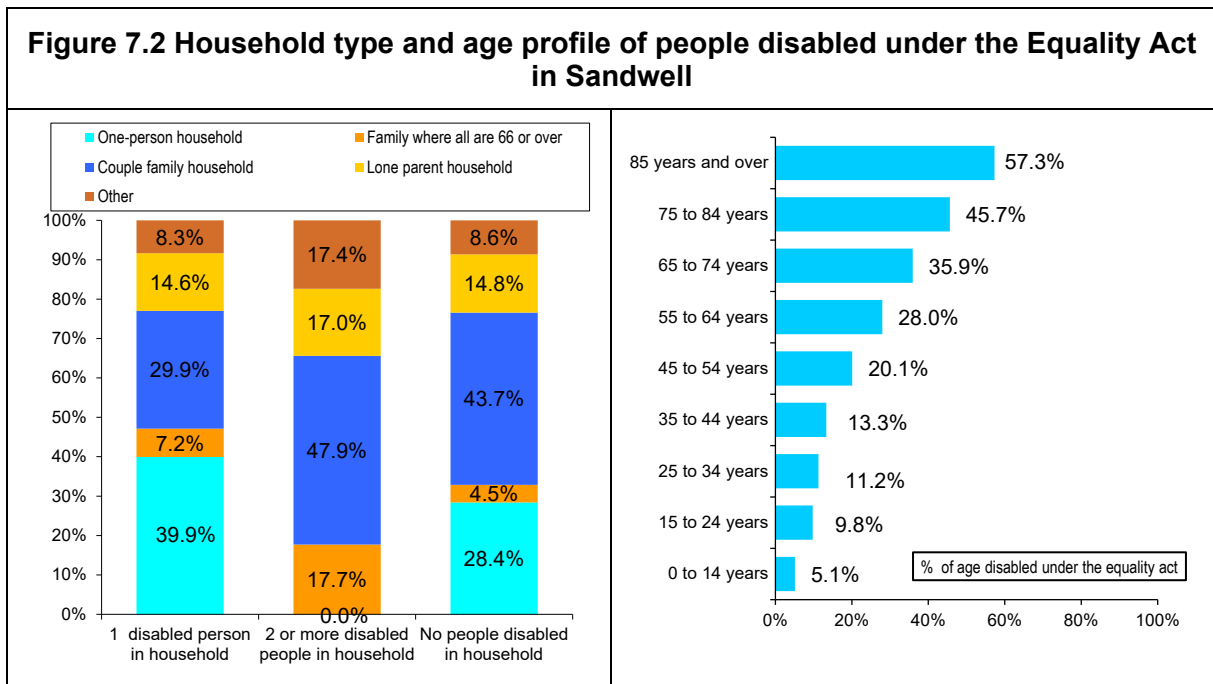
### *Current situation*

- 7.25 As is noted in paragraph 005 (Reference ID: 63-005-20190626) of the PPG, *‘Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness.’* The 2011 Census collected data under this definition, however the 2021 Census has collected slightly different data on disability. It identified people who were disabled under the Equality Act, separated between those whose day-to-day activities limited a lot and those whose day-to-day activities limited a little, and those not disabled under the Equality Act but who have a long term physical or mental health condition that limits their day-to-day activities. The data from the 2021 Census is therefore used as a starting point.
- 7.26 The Census shows that, in 2021, some 17.9% of the resident population in Sandwell are disabled under the Equality Act, compared to 18.1% in the West Midlands and 17.3% nationally. Further analysis shows some 48.5% of all residents disabled under the Equality Act in Sandwell had a condition that limited day-to-day activities a lot, with 51.5% having a condition that limited activities a little. In the West Midlands, 43.5% of all residents disabled under the Equality Act had a condition that limited day-to-day activities a lot and 56.5% had a condition that limited activities a little, with the equivalent national figures being 42.4% and 57.6% respectively. Finally, the 2021 Census shows that 4.9% of residents in Sandwell are not disabled under the Equality Act but have a long term physical or mental health condition but day-to-day activities are not limited, compared to 6.5% regionally and 6.8% nationally.

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<sup>55</sup> Reference ID: 63-002-20190626

7.27 The figure below shows the household profile of people disabled under the Equality Act in Sandwell in 2021 compared with the remainder of the population. The figure also sets out the prevalence of a disability in the different age groups of the population. The results show that in Sandwell, some 39.9% of households with a single disabled resident are one person households, whilst households with two or more disabled people are more likely than average to be a family in which every member is 66 and over. The analysis also reveals a strong correlation between age and disability.



Source: 2021

*Number of people in receipt of relevant benefits*

7.28 The PPG indicates that an up-to-date estimate of the number of people with a disability can be acquired by looking at the number of people in an area that are in receipt of Personal Independence Payment or Attendance Allowance. Personal Independence Payment (PIP) helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health. Data from the Department of Work & Pensions indicates that, as at January 2024, there were 24,507 people in Sandwell in receipt of PIP, which equated to 7.1% of the population in the Borough. In comparison, some 5.9% of the population across the West Midlands and 5.3% of the population of England were in receipt of PIP.

7.29 Attendance Allowance is a benefit for people over the age of 65 who are so severely disabled, physically or mentally, that they need a great deal of help with personal care or supervision. The Department of Work & Pensions data shows that, as at August 2023, there were 8,909 people in Sandwell in receipt of Attendance Allowance, which equated to 2.6% of the population in the Borough. In comparison, some 2.6% of the population in the West Midlands and 2.4% of the population nationally were in receipt of Attendance Allowance.

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

*Projected health of the future population*

- 7.31 The Projecting Older People Information System (POPPI) website<sup>56</sup> and the parallel Projecting Adult Needs and Service Information (PANSI) website<sup>57</sup> model the current and likely future incidence of a range of health issues for each authority in England. The table below sets out the number of people estimated to have one of five health conditions currently as determined by these data sources. The table also indicates the number of people projected to have these conditions in 2041, derived by applying the future prevalence rates used by the POPPI and PANSI modelling to the disaggregated future population for Sandwell in 2041, as identified within the local housing need calculation. The table then goes on to report the current and future population in Sandwell that require assistance with activities. These figures are derived using the same approach as described for the health condition modelling. The data from PANSI and POPPI is based on current and recent prevalence rates and, whilst these may vary in the future, the figures provide a useful baseline estimate.
- 7.32 The table shows that the number of those aged 65 or over disabled under the Equality Act, is expected to increase by 42.3% between 2024 and 2041 in Sandwell. This compares to an increase of 14.0% in the number of people aged 18-64 in the Borough with impaired mobility, a rise of 14.4% in the number of people aged 18-64 in Sandwell with a common mental health disorder, an increase of 52.2% in the number of people aged 65 or over with dementia<sup>58</sup>, and an increase of 21.0% in the number of people in Sandwell with a moderate or severe learning disability.
- 7.33 The table also shows that the number of those aged 65 or over that are unable to manage at least one mobility activity on their own, is expected to increase by 43.8% between 2024 and 2041, compared to an increase of 80.0% in the number of people aged 65 and over who need help with at least one domestic task, an increase of 42.3% in the number of people aged 65 and over who need help with at least one self-care activity and an increase of 15.1% in the number of people aged 18-64 with a serious personal care disability. It should be noted that these changes better reflect the projected change in the demographics of the population (an ageing population) rather than a notable change in the overall health of people.

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<sup>56</sup> <https://www.poppi.org.uk/>

<sup>57</sup> <https://www.pansi.org.uk/>

<sup>58</sup> Paragraph 019 (Reference ID: 63-019-20190626) of the PPG notes that *'Evidence has shown that good quality housing and sensitively planned environments can have a substantial impact on the quality of life of someone living with dementia. People with dementia need to have access to care and support to enable them to live independently and homes need to be designed with their needs in mind.'*

<b>Table 7.5 Number of people with particular health issues projected over the modelling period in Sandwell</b>				
Condition	2024	2041	Total change	% change
<b>Health condition</b>				
People aged 65 or over disabled under the equality act	21,527	30,631	9,104	42.3%
People aged 18-64 with impaired mobility	11,229	12,805	1,575	14.0%
People aged 18-64 with a common mental health problem	40,293	46,078	5,785	14.4%
People aged 65 and over with dementia	3,492	5,316	1,824	52.2%
People all ages with a learning disability	6,505	7,867	1,363	21.0%
<b>People requiring assistance with activities</b>				
People aged 65 and over that are unable to manage at least one mobility activity on their own*	9,308	13,380	4,072	43.8%
People aged 65 and over who need help with at least one domestic task**	11,635	20,943	9,308	80.0%
People aged 65 and over who need help with at least one self-care activity***	14,570	20,727	6,157	42.3%
People aged 18-64 with a serious personal care disability****	1,785	2,054	269	15.1%
All people	350,020	400,721	50,701	14.5%

\*Activities include going out of doors and walking down the road; getting up and down stairs; getting around the house on the level; getting to the toilet; getting in and out of bed. \*\*These are activities which, while not fundamental to functioning, are important aspects of living independently such as doing routine housework or laundry, shopping for food, doing paperwork or paying bills. \*\*\*These are activities relating to personal care and mobility about the home that are basic to daily living. \*\*\*\*Their physical disability means that they require someone else to help from getting in and out of bed, or getting in and out of a chair, dressing, washing, feeding, and use of the toilet. Source: The Projecting Older People Information System and Projecting Adult Needs and Service Information, 2024, disaggregated local housing need figures, 2024.



*Accessible and adaptable housing*

- 7.34 The Nationally Described Space Standards (which set out national minimum space standards) published by the Department for Communities and Local Government in 2015<sup>59</sup> detail the minimum gross internal floor areas required in new dwellings and also the size of storage area required. The Nationally Described Space Standards also provide detail on the requirements of dwellings to meet the Accessible and Adaptable dwellings M4(2) and Wheelchair user dwellings M4 (3) standards<sup>60</sup>.
- 7.35 Paragraph 008 of the PPG<sup>61</sup> sets out that *‘Accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future.’* The same paragraph then goes on to clarify that *‘accessible and adaptable housing will provide safe and convenient approach routes into and out of the home and outside areas, suitable circulation space and suitable bathroom and kitchens within the home. Wheelchair user dwellings include additional features to meet the needs of occupants who use wheelchairs, or allow for adaptations to meet such needs.’*
- 7.36 The PPG<sup>62</sup> also details the data sources that can be used to provide evidence of the need in local planning authorities for dwellings that meet higher accessibility, adaptability and wheelchair housing standards. All of these have been researched, and whilst some have been used to provide the contextual information presented above, others have been used to model the future requirement for adaptable and accessible housing. The most important data input into the model is the CORE LA Area Lettings Reports which provide details about the accessibility requirements of those that have moved into affordable accommodation – both general needs and specialist homes. The other data sources used in the model include the age profile of people in receipt of Disability Living Allowance in the Borough, the LTBHM modelling outputs on the current and future tenure profile of different household groups, the POPPI and PANSI projections (set out above) and analysis in the English Housing Survey.

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<sup>59</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/524531/160519\\_Nationally\\_Described\\_Space\\_Standard\\_Final\\_Web\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard_Final_Web_version.pdf)

<sup>60</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/540330/BR\\_PDF\\_AD\\_M1\\_2015\\_with\\_2016\\_amendments\\_V3.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/540330/BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf)

<sup>61</sup> Reference ID: 63-008-20190626

<sup>62</sup> Reference ID: 56-007-20150327

7.37 The steps followed in the model to derive the future requirement for adaptable and accessible housing are set out below:

- The CORE LA Area Lettings Reports for the last three years (2020/21 to 2022/23) were examined and the total number of lettings that required a home to meet a mobility need was totalled alongside the total number of lettings (of all types). This was done within the general housing stock and separately within the supported housing<sup>63</sup> stock.
- It is presumed that all of the requirement for adapted housing in the supported housing stock is from older persons households. To determine the requirement for adapted housing within the general stock that arises from households over 65, the proportion of people in receipt of the higher rate of the Disability Living Allowance that are aged 65 or over in the authority as at August 2023 is calculated using the data published by the Department for Work and Pensions<sup>64</sup>. In Sandwell this figure is 80.9%. It is therefore presumed that this proportion of the demand for adapted housing within the general stock arises from households over 65, with the remainder arising from younger households.
- The totals of the number of lettings of adapted housing over the last three years to these three groups; (those in sheltered accommodation, older person households in general housing and households under 65 in the general stock) are then compared to the total number of lettings to each of these groups over the last three years, to generate a requirement rate for adapted housing for these three household groups in the affordable sector.
- To produce an equivalent requirement rate for adapted housing amongst the same groups of households resident in the market sector, the rate identified for each of these three groups in the affordable sector is adjusted by the difference between the proportion of affordable homes with adaptations nationally and the proportion of market homes with adaptations nationally as recorded by the Survey of English Housing.
- The requirement rate for these three groups across the two broad tenures are then applied to the total number of households in these groups in 2024 as indicated by the LTBHM model. This provides an estimate of the current requirement for accessible and adaptable housing, differentiated both by the three household groups and the two broad tenures.
- To profile the future requirement, the total number of households under 65 in the general stock that require an adapted home currently is multiplied by the projected change in the number of people aged 18-64 with an impaired mobility in Sandwell as modelled using the PANSI data set out in Table 7.5 above.

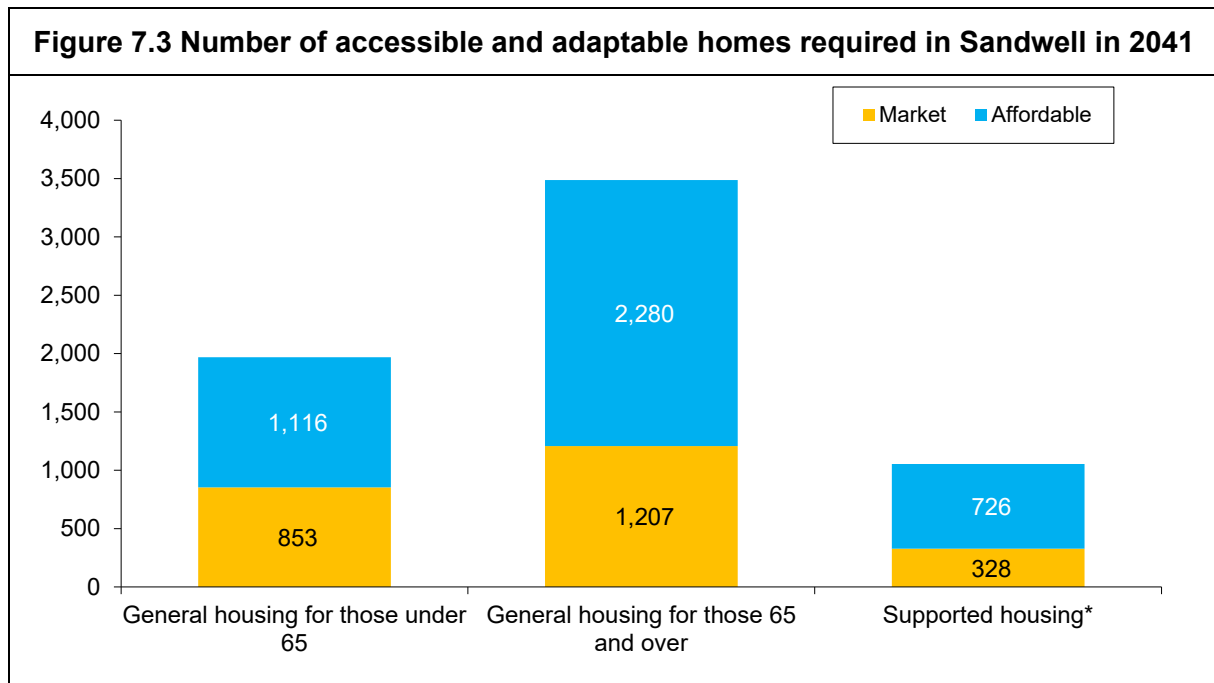
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<sup>63</sup> Supported housing in this context refers to specialist housing for households (mainly older person households), such as that listed in table 7.2.

<sup>64</sup> <https://stat-xplore.dwp.gov.uk>

- The total number of households aged 65 and over in the general stock that require an adapted home currently is multiplied by the projected change in the number of people aged 65 and over that are unable to manage at least one mobility activity on their own in Sandwell as modelled using the POPPI data set out in Table 7.5 above. The total number of households in sheltered accommodation that require an adapted home currently is also multiplied by this figure derived from the POPPI modelling.
- This provides a total requirement for accessible and adaptable housing in 2041 in Sandwell for the three different household groups. These are then divided by tenure, based on the tenure profile of these groups recorded in 2024, but also taking account of the changes in the tenure profile for each group that are projected to happen by 2041 according to the LTBHM model.

7.38 The figure below shows the final results of this model.

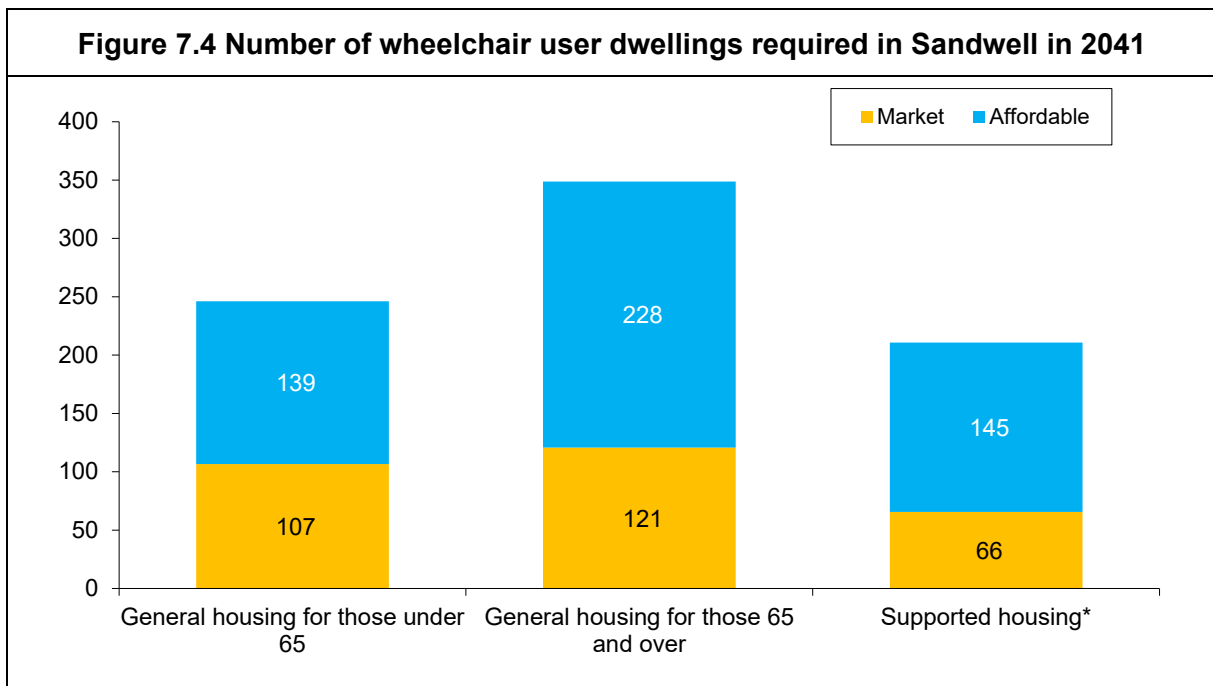


\*Supported housing is specialist housing for older person households, such as those listed in Table 7.2.

7.39 The figure indicates the requirement, for accessible and adaptable homes, in Sandwell in 2041, differentiated by setting, age group and tenure. In total 6,510 accessible and adaptable homes are required in 2041 in Sandwell, of which 2,388 should be in the market sector and 4,122 in affordable accommodation. Of the 6,510 accessible and adaptable homes required, 5,456 should be in the general housing stock and 1,053 in supported accommodation.

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

- 7.41 Overall, the requirement for 6,510 accessible and adaptable homes implies that a notable uplift will be required to the number of homes that meet this standard currently, and, that by the end of the modelling period, around about 4.3% of the total stock should be available that meet this criteria. This is an estimated requirement for M4(2) Category 2 accessible and adaptable homes.
- 7.42 There is also a requirement for M4(3) Category 3 homes - wheelchair user dwellings. Using the same data sources (but focusing specifically on those that require fully wheelchair accessible housing within the CORE LA Letting Reports figures and the data specifically on wheelchair dwellings within the English Housing Survey), it is possible to follow the same method to produce equivalent results that identify the future requirement for a wheelchair accessible home in Sandwell in 2041.



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

- 7.43 The figure indicates the requirement for wheelchair user dwellings in Sandwell in 2041, differentiated by setting, age group and tenure. In total, 806 wheelchair user dwellings are required in 2041 in Sandwell, of which 293 should be in the market sector and 513 in affordable accommodation. Of the 806 wheelchair user dwellings required, 595 should be in the general housing stock and 211 in supported accommodation. Overall, the requirement for 806 wheelchair user dwellings will mean that by the end of the modelling period, around about 0.5% of the total stock should be available to meet this criteria.

- 7.44 It is important to note that the PPG<sup>65</sup> is clear that the suitability of these requirements should be assessed to determine whether they are viable, and also that the authority should not impose any further requirements to the building regulations beyond what is set out in the building regulations for M4(2) and M4(3) dwellings. This is Sandwell's current Local Plan policy.

*Adaptations and support*

- 7.45 In addition to specialist accommodation, the Council helps people to remain in their current home by providing support and assistance. Any adaptations to dwellings provided through this mechanism could reduce the requirement for new homes meeting the M4(2) standard, depending on the nature of the adaptation work completed. The Council have indicated that 916 applications have been received within the Disabled Facilities Grants program over the last five years (2018 to 2023). From this 869 Disabled Facilities Grants were awarded and work was completed to adapt the accommodation.
- 7.46 In this context, paragraph 005 of the PPG<sup>66</sup> notes that '*Applications for Disabled Facilities Grant (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation, but would not have applied to the DFG.*' The provision of M4(2) homes would reduce the need for these adaptations to be applied to existing dwellings retroactively, and make the housing stock more responsive to the evolving needs of the local population.

**Families with children**

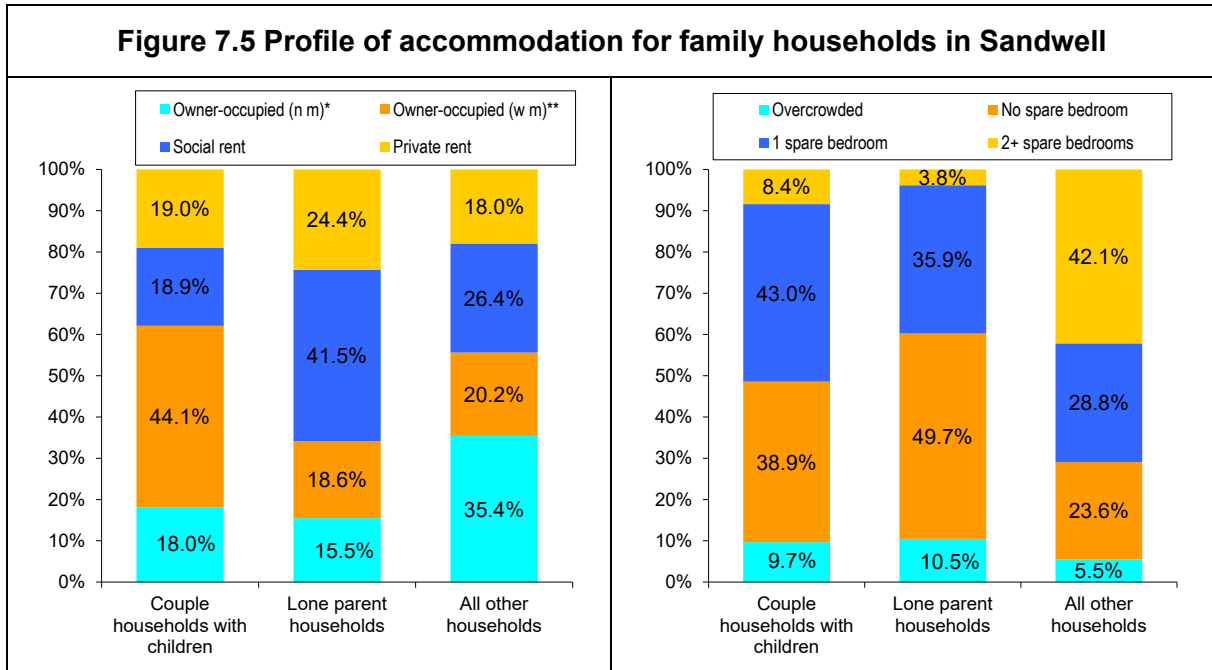
*Current situation*

- 7.47 The Census provides detail on the housing situation of households with children at a local level. It is worth noting that in 2021, according to the Census, 42.9% of households in Sandwell were families with children, a figure higher than both the regional average (37.7%) and the national average (36.3%).
- 7.48 The figure below shows the tenure profile of the two main types of 'family with children' households in Sandwell in 2021 compared with the remainder of the household population. The figure also set out the occupancy level of these groups. The data shows that there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst other households in Sandwell. Lone parents are notably more likely than other households to be in both Social Rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied in Sandwell.

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<sup>65</sup> Reference IDs: 56-003-20150327 & 56-008-20160519

<sup>66</sup> Reference ID: 63-005-20190626



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

*Future requirement*

7.49 The disaggregated local housing need projections indicate that the total population of families with children is going to rise from 57,357 in 2024 to 68,503 by 2041, a growth of 19.4%. It is estimated that the proportion of lone parent families within this group will grow from 34.8% in 2023 to 36.4% in 2041.

7.50 The table below shows the projected accommodation profile for family households in Sandwell in 2041 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation. This identifies that intermediate housing will be particularly useful for family households. It is estimated that, by 2041, 56.6% of Shared Ownership dwellings and 59.7% of First Homes will be occupied by family households.

<b>Table 7.6 Type of accommodation projected for households with dependent children in 2041 in Sandwell</b>					
<i>Size of home</i>	<i>Owner occupied</i>	<i>Private rented</i>	<i>First Homes</i>	<i>Shared Ownership</i>	<i>Social/ Affordable Rented</i>
1 bedroom	0	0	0	0	0
2 bedroom	4,102	378	147	464	5,553
3 bedroom	27,748	2,377	419	688	11,946
4+ bedrooms	9,855	799	737	346	2,944
<b>Total</b>	<b>41,705</b>	<b>3,554</b>	<b>1,304</b>	<b>1,497</b>	<b>20,443</b>

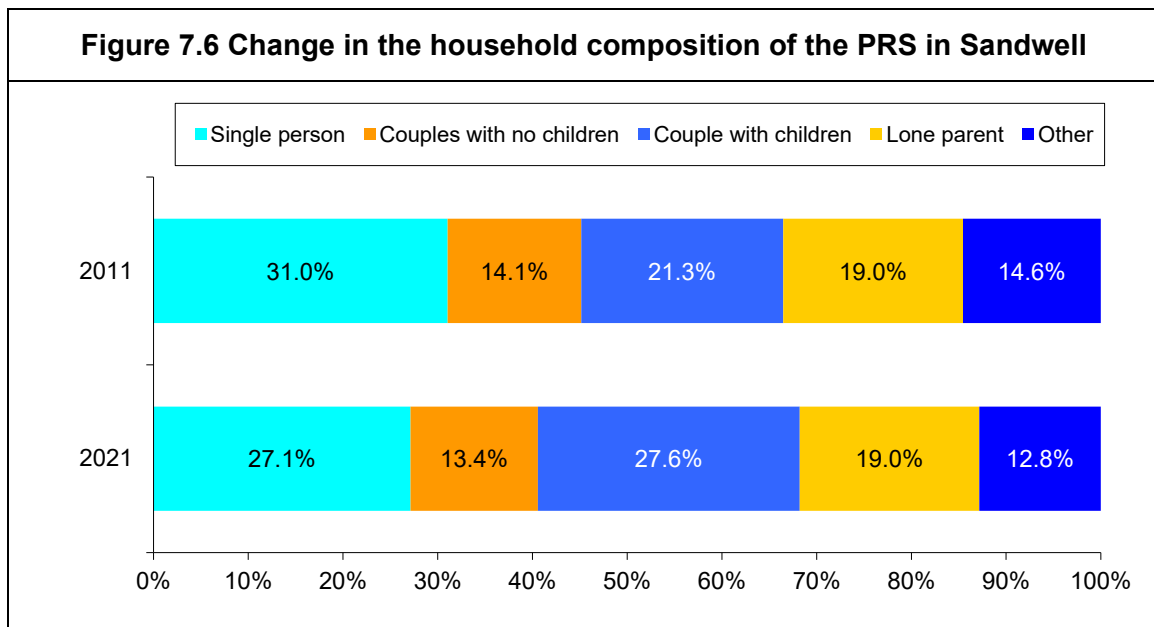
**The private rented sector (PRS)**

*Growth*

7.51 The current tenure profile in the Borough was modelled as part of the LTBHM model. This estimated that there are 25,992 private rented households in Sandwell in 2024, which represents 19.5% of households in the Borough. The private rented sector (PRS) is becoming increasingly important in Sandwell; as shown in Figure 2.13, the data indicates that it increased by 37.2% in the Borough between 2011 and 2021 – at a greater rate than was recorded regionally and nationally.

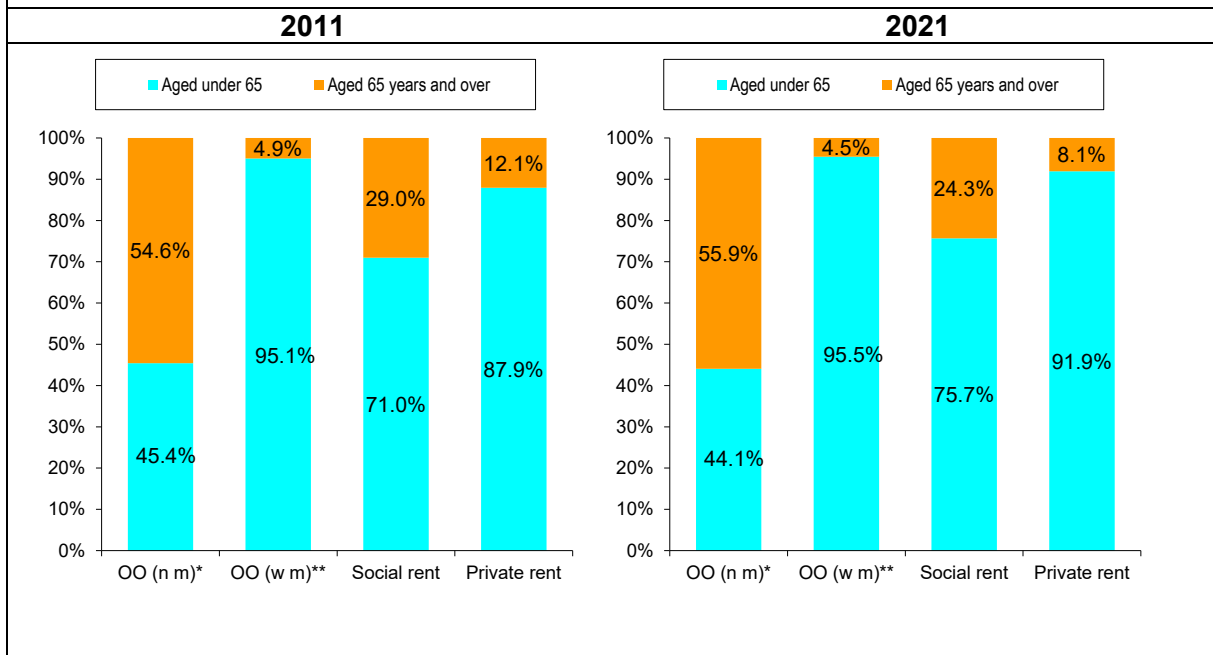
*Those resident in the tenure*

7.52 The figure below compares the household composition of the private rented sector in Sandwell in 2021, with the profile of households resident in the private rented sector in Sandwell in 2011. The data shows that not only has the tenure grown, but the households in it have diversified.



7.53 The figure below shows that whilst the private rented sector has diversified, it is still notably unlikely to be occupied by older households, with over 90% of household reference persons aged 64 or under. The proportion of older households in this tenure has reduced between 2011 and 2021.

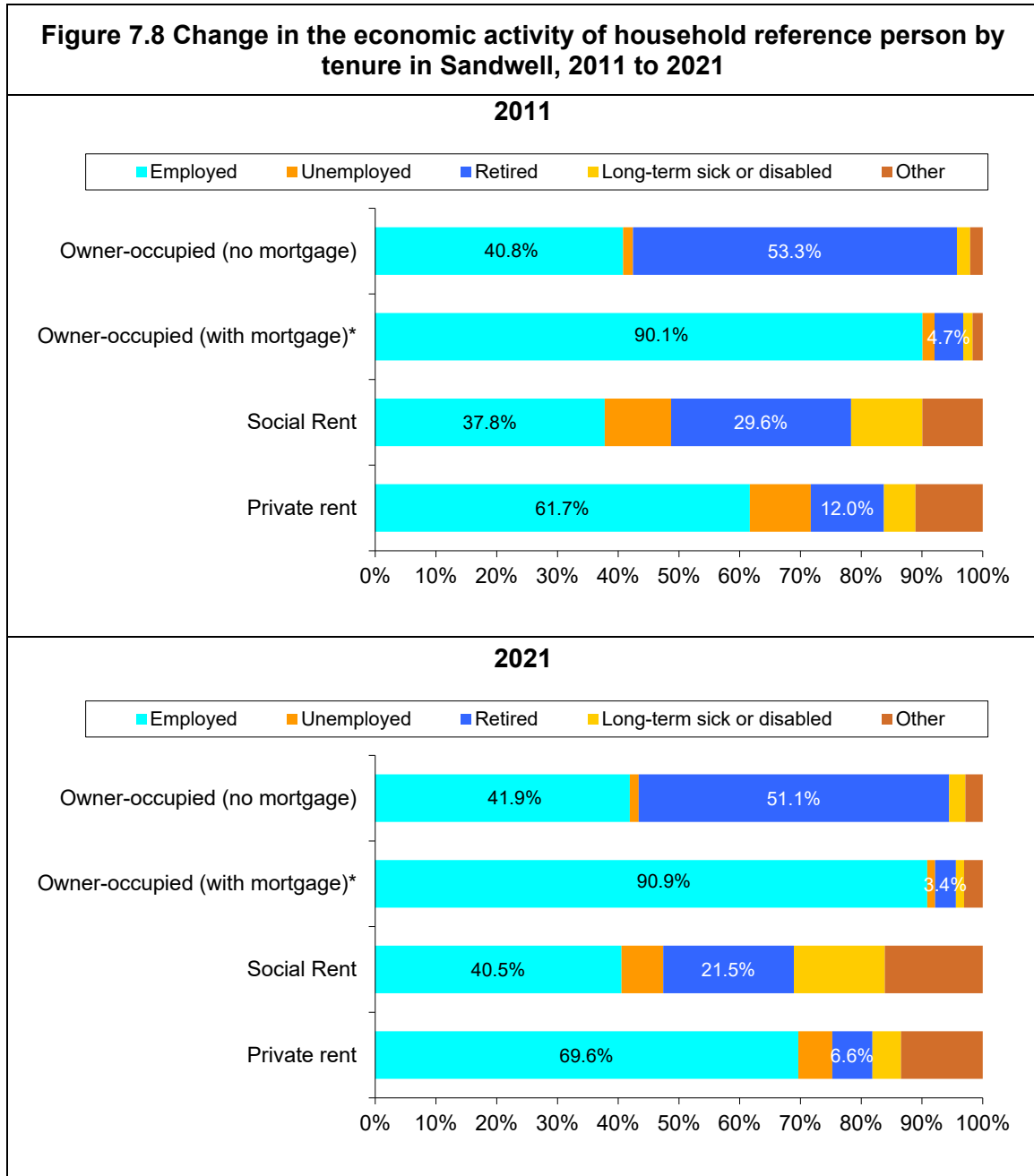
**Figure 7.7 Age of household reference person within each tenure in Sandwell, 2011 & 2021**



Census \*Owner-occupied no mortgage \*\* Owner-occupied with mortgage, includes Shared Ownership. Source: 2011 and 2021 Census

7.54 The figure below shows that whilst the majority of household heads in the private rented in Sandwell are in work, there are a number where the household head is unemployed or retired. It is also clear that the proportion of employed household heads in the private rented sector has increased over the last decade.





7.55 The LTBHM model set out in Chapter 4 has been used to model the future housing market. This indicates that the private rented sector is likely to grow further in importance in Sandwell over the plan-period with the number of homes in the tenure projected to increase by 3,039 households by 2041, a growth of 9.7%.

*Current trends*

7.56 The PPG suggests that ‘market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents.’ Therefore, to assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. The table below shows the change in private rents over the last five years at both the median and lower quartile level. This data is disaggregated by accommodation size and location. The table shows for example that, between 2017/18 and 2022/23, two bedroom lower quartile rents increased by 31.3% in Sandwell.

7.57 Overall, the data suggests that the private rented sector is under greater pressure in Sandwell than regionally and nationally, as rent levels have generally risen at a greater rate. The data does suggest that rents at both the lower quartile and median levels are pressurized and that the rises in four bedroom rents in Sandwell are overall the highest, but there is not a great difference between the dwelling sizes.

<b>Table 7.7 Change in private rents charged in Sandwell, the West Midlands and England between 2017/18 and 2022/23</b>				
<b>Lower quartile prices</b>				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Sandwell	30.4%	31.3%	31.6%	36.7%
West Midlands	22.4%	19.0%	21.7%	21.2%
England	22.3%	23.8%	22.5%	30.6%
<b>Median prices</b>				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Sandwell	30.7%	30.8%	36.0%	46.7%
West Midlands	23.2%	21.8%	22.3%	25.6%
England	25.0%	26.9%	23.3%	17.4%

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

*The benefit-supported private rented sector*

- 7.58 Data available from the Department of Work & Pensions<sup>67</sup> indicates that there were 10,308 households in the private rented sector in Sandwell who were either in receipt of Housing Benefit or were receiving the Housing Element of Universal Credit in November 2023. This represents 39.7% of all households in the tenure and is marginally higher than the equivalent proportion of households in the sector both regionally and nationally (some 33.7% of private rented households in the West Midlands were in receipt of one of these benefits as were 33.9% of private rented households across England).
- 7.59 Further analysis shows that the number of private rented tenants in receipt of assistance with their housing costs in Sandwell has increased by 56.0% between 2018 and 2023, in comparison to a regional growth of 36.9% and a national rise of 35.3% over the same period.
- 7.60 It is important to recognise the role that the benefit-supported private rented sector plays in alleviating the pressure on the affordable housing stock, by housing some households that would otherwise be resident within the sector; however, it is not an official form of affordable housing as defined by the NPPF. In addition, a comparison of the entry-level private rents with the LHA caps, as set out in Chapter 3, showed there is a notable gap between the two. The housing costs of households in need would not be fully met if they were to reside in this sector, as noted in Chapter 3.

**People wishing to build their own homes**

- 7.61 It should be noted that the NPPF specifically refers to people *wishing to build or commission their own homes* within the examples cited in paragraph 61. Sandwell launched a list for people interested in undertaking a self-build development to register themselves in 2018. There are currently (Spring 2024) 11 applicants on the list and the number of applicants has only risen by 1 in the last four years (after a flurry of interest in the first three years that the register was introduced).
- 7.62 The PPG suggests that data from the Council's self-build register can be supplemented by secondary data where it exists. The Office of National Statistics has recently published the Right to Build Register Monitoring<sup>68</sup> on an annual basis. This presents a limited amount of data on the scale of demand for self-build properties across all authorities in England. This data indicates that, as at the time the data was collected in 2022, there were 7 people on the register, which when compared to the population estimated for the authority, equates to a demand of 2.0 self-build dwellings per 100,000 people resident in the authority.

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<sup>67</sup> <https://stat-xplore.dwp.gov.uk>

<sup>68</sup> <https://www.gov.uk/government/publications/self-build-and-custom-housebuilding-data-2016-2016-17-2017-18-and-2018-19/data-release-self-build-and-custom-housebuilding-data-2016-to-2020-21>

- 7.63 Across England the demand is for 105.5 self-build dwellings per 100,000 people. Overall, of the 307 Local Authorities in England in which sufficient data exists to allow this calculation, Sandwell is ranked as having the 5<sup>th</sup> smallest demand for self-build homes per head.

## 8. Conclusions and Summary

- 8.1 Sandwell was one for the four authorities (alongside Wolverhampton, Walsall and Dudley) that produced the Black Country’s strategic Local Plan document, the ‘Black Country Core Strategy’ in 2011. The Black Country Councils are now moving towards producing independent Local Plans (although still with partnership within the process). As part of the Local Plan development the evidence base is being updated. This report provides a new evidence base that reflects the current market situation, utilises the latest data available and adheres to the current government guidance. The purpose of this report is to provide the Council with a robust and up-to-date evidence base that enables an understanding of the Borough’s current and future housing needs through to the end of the new Local Plan period (2041).
- 8.2 Chapter 2 considered the drivers of the local housing market in Sandwell. It was shown that the population in the Borough has grown between 2011 and 2021 at a faster rate than the national average and the age profile is younger than that recorded for England. The employment profile of residents in Sandwell indicated that unemployment is higher than nationally and there are fewer people employed in the most highly skilled roles. This is reflected in the household incomes recorded across Sandwell which are lower than the national average. Finally, the chapter noted that Sandwell also has a larger than average affordable stock currently and a smaller proportion of owner-occupiers. Between 2011 and 2021 the number of four bedroom homes has increased at the greatest rate, this is especially pronounced in the owner-occupied sector.
- 8.3 Chapter 3 examined the cost of housing in the Borough. Whilst market accommodation in Sandwell is cheaper than regional equivalents, lower local incomes mean the affordability of the market housing remains an issue in the Borough. The analysis of the local housing market indicated that there is a notable gap between the cost of Affordable Rent and entry-level market housing which could potentially be filled by intermediate products including discount home ownership options, such as First Homes. It is important to note that the suitability of these intermediate and sub-market products to meet housing need to the extent identified in the report is contingent on them being priced at the levels set out in Chapter 3.
- 8.4 Chapter 4 documented the derivation of the overall housing need in Sandwell following the revised Standard Method set out in paragraph 004 of the PPG<sup>69</sup>. This indicated that the requirement is for 1,550 dwellings per year which equates to 26,350 new homes over the 17-year plan period (2024 to 2041).

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<sup>69</sup> Reference ID: 2a-004-20201216

8.5 The report has presented two main models, the Long Term Balancing Housing Markets (LTBHM) model (Chapter 5), which disaggregates the revised Standard Method local housing need calculations to identify the tenure and size of housing that should be sought over the plan period to best accommodate the future population, and the Affordable Housing Need model (Chapter 6), an unconstrained estimate of the amount of affordable housing required. The affordable housing need figure is calculated in isolation from the rest of the housing market and is only used to indicate whether the Standard Method local housing need figure should be increased. On completion of the calculation of the need for affordable housing paragraph 024 of the PPG<sup>70</sup> says:

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

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

8.7 The total annual affordable housing need in Sandwell of 365 per year (as set out in Chapter 6) represents 23.6% of the annual planned growth in the Borough of 1,550 dwellings per year. It would be reasonable to expect this proportion of new housing as affordable to be delivered on a large housing site in Sandwell, where a figure of 25% would be plausible (subject to viability).

8.8 To determine the size and tenure of the new housing required within the Standard Method local housing need to accord with the PPG, the LTBHM model outputs are used (the change required between 2024 and 2041). This model provides the profile of housing appropriate to meet the population over the plan-period and is directly derived from the calculations used to determine the Standard Method local housing need.

8.9 Figure 8.1 sets out the size and tenure requirement for the 26,350 dwellings (1,550 per annum) to be delivered over the plan period (between 2024 and 2041). The Government's guidance on First Homes<sup>71</sup> makes it clear *'a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes.'* The guidance is clear that there will be an expectation for local authorities to also provide Affordable Rented/ Social Rented accommodation where this meets the identified needs.

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<sup>70</sup> Reference ID: 2a-024-20190220

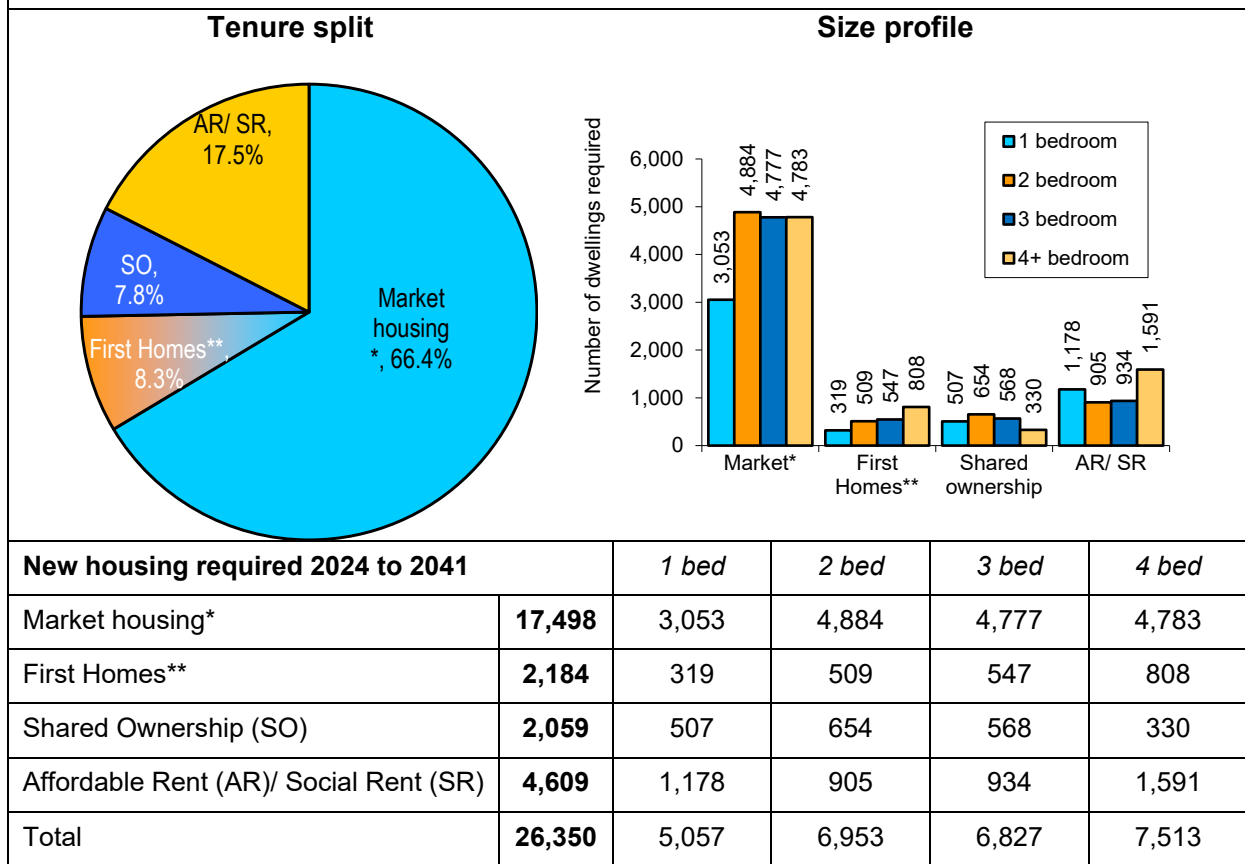
<sup>71</sup> <https://www.gov.uk/guidance/first-homes> (Paragraph: 012 Reference ID: 70-012-20210524)

- 8.10 The overall requirement for 17.5% of housing to be Affordable Rented/ Social Rented and 16.1% affordable home ownership (of which 7.8% could be Shared Ownership<sup>72</sup> and 8.3% First Homes) reflects the mix of housing that would best address the needs of the local population. It does not take into account the funding that will be available to help provide subsidised housing, and it is acknowledged that current funding stream priorities mean that it will be easier to deliver intermediate housing rather than Affordable Rent/ Social Rent. It is important to note that in this scenario First Homes would represent 24.7% of all new affordable housing, so the 25% minimum threshold cited in the guidance is not quite reached. If the Council decide to pursue the 25% minimum threshold then it would be suitable to reduce the proportion of shared ownership homes required as a consequence. The affordable housing mix would become 25.0% First Homes, 22.9% shared home ownership and 52.1% Affordable Rented/ Social Rented instead of 24.7% First Homes, 23.3% shared home ownership and 51.2% Affordable Rented/ Social Rented.
- 8.11 Whilst the current guidance prioritises First Homes, it is possible that priorities will change when a new PPG and NPPF are published later this in 2024. First Homes cost more than market-entry level housing in Sandwell and would be utilised by a different group of households than shared ownership (those otherwise residing in the private rented sector). Should First Homes no longer meet the definition of affordable housing within the new NPPF the suitable mix of affordable housing in Sandwell over the plan period would become 30.9% shared ownership and 69.1% Affordable Rented/ Social Rented.
- 8.12 The profile set out is a guide to the overall mix of accommodation required in Sandwell although it is acknowledged that the Council may wish to divert away from this profile in particular instances. It should also be noted that the potential demand for First Homes is less robustly evidenced than for the other tenures and should therefore be treated with caution.

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<sup>72</sup> Shared Ownership refers to the version with a 25% equity share as this has been evidenced to cost less than market entry housing in Chapter 3.

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



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

- 8.13 Chapter 7 considered the housing requirement of particular groups of the population. Paragraph 006 of the PPG<sup>73</sup> notes that ‘*Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people....They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period.*’
- 8.14 In terms of specialist dwellings for older persons (Class C3), it is evidenced that in Sandwell, 1,708 additional units of Sheltered housing for older people/ retirement housing<sup>74</sup> and 378 additional Extracare units/ supported living housing<sup>75</sup> are required over the plan-period within the housing target. Chapter 7 also identifies that a surplus of 190 Registered Care spaces from the current stock (nursing and residential care homes) over the next 17 years in Sandwell (Class C2).

<sup>73</sup> Reference ID: 63-006-20190626

<sup>74</sup> See footnote 51.

<sup>75</sup> See footnote 52.



- 8.15 In addition, it is calculated that adapted housing M4(2) Category 2 will be required for 6,510 households by 2041 in Sandwell, of which around 806 dwellings should be M4(3b) Category 3 homes - wheelchair adaptable dwellings.



# Appendix 1. Stakeholder consultation

## Introduction

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

## Stakeholder workshop

A consultation event on the draft report findings, took place on 5<sup>th</sup> June 2024. This was a specifically created stakeholder session to which all businesses associated with the local housing market were invited. The value of the participants to the process was highlighted in the invitation sent round to the event which noted that the Planning Practice Guidance sets out the importance of consultation saying:

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

Over 40 organisations were invited to attend to observe the preliminary outputs of the study and to discuss the methodological assumptions used to derive the estimates. A range of different organisations were invited including developers, agents, Registered Providers and planning professionals. In total, there were 12 different stakeholder organisations at the event. A full list of those that attended either stakeholder event is set out in the table below. Representatives of housing and planning from Sandwell Council were also present.

<b>Table A1.1 List of attendees to the stakeholder event</b>		
<i>Organisation</i>	<i>Organisation</i>	<i>Organisation</i>
WHG	Trident Group	Sanctuary Housing
Severn Homes	Citizen Housing	Elias Topping
Harris Lamb	Balbinder Bahia	Keon Homes
Tyler Parkes	Sevo Planning	Tara Group

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

### **Written consultation**

A copy of the slides used in the presentation alongside a copy of the draft report was sent to all the attendees subsequently, as well as those originally invited that were unable to attend. All recipients were encouraged to feedback their views. The deadline for the consultation responses was 28<sup>th</sup> June (over a 3-week period).

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

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

Organisation marking the submission	Comment that implies alteration to the report or requires a specific response	Action taken, or response to comment
Sevo Planning on behalf of Vulcan Property II Limited	The overriding conclusion of the HMA is a requirement to plan for a significantly greater number of net additional dwellings per annum when compared with delivery rates achieved in recent years. To achieve this will require a proactive approach to planning (and delivery), working with promoters, developers and housebuilders to plan for, and ultimately deliver, high density developments on sites which are can justifiably be included as plan allocations.	Whilst this is broadly true there are no overall consequences for the content of the report.
	HDH has applied the standard method in accordance with the guidance provided by Government.... Vulcan raises no comment at this time over the HDH application of the standard method.	Thanks, no action required.
	Vulcan does however raise the absence of any interrogation over exceptional circumstances. The economic growth plan for Sandwell, including the primary objectives of Sandwell Business Growth and the Sandwell Regeneration Strategy, as a minimum need to be taken account of.	This is being looked at within the parallel economic study being undertaken across the four Black Country authorities.
	<p>The PPG goes on to detail when such circumstances might exist. It sets out that circumstances where this may be appropriate include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of: growth strategies that are likely to be deliverable; strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; and an authority agreeing to take unmet need from neighbouring authorities.</p> <p>There is no clear explanation in the draft HMA of how it has considered, or reflected previous consideration of, the potential that exceptional circumstances might exist.</p>	Further commentary has been added to the report to confirm that no growth strategy is in place, no strategic infrastructure improvements are scheduled that will drive an increase in homes and the authority is unlikely to take unmet need from neighbouring authorities.

	<p>Irrespective of any consideration of exceptional circumstances, the standard method is intended to be a starting point to determine the number of homes that should be planned for to meet the needs of an administrative area. The National Planning Policy Framework (the Framework) states that the standard method provides an advisory starting point, and not a target. At paragraph 61 it sets out that:</p> <p><i>‘There may be exceptional circumstances including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect the current and future demographic trends and market signals’.</i></p> <p>Paragraph 4.7 of the draft HMA states that the PPG ‘...is absolute that the affordability adjustment also accounts for past under-delivery’. Whilst this is correct, and the PPG sets out that the standard method uses a formula to identify the minimum number of new homes expected to be planned for in a way which addressed projected household growth and historic under-supply, it also states that where an alternative approach to the standard method is used, past under delivery should be accounted for.</p> <p>It is not clear at what point the Council and/or HDH assessed whether actual housing need might be higher than the standard method indicates. The PPG is clear that this should be assessed prior to, and separate from, considering how much of the overall need can be accommodated.</p>	<p>The demographic characteristics of Sandwell and how they relate to the Standard Method figure are considered from paragraph 4.18 of this report. This concludes that there is no demographic evidence to indicate that the housing need is higher than the standard method indicates. This has been further clarified in the report.</p>
	<p>The Housing Delivery Test (HDT), 2021 returns Sandwell in the lowest 6% of Councils with a result of 52% and as a result of this a presumption in favour of sustainable development. A shortfall of 1,820 net completions over the period 2018/19 to 2020/21 suggests that it is highly likely that any recovery of past under-delivery will take a significant part of the plan period. The 2022 HDT Action Plan details 661 net completions in 2021/2022, significantly below the annualised target of 1,074.....</p> <p>Whilst the HDT Action Plan states that the Council is actively seeking to meet and exceed its housing targets, the HDH HMA needs to be read in context with the HDT Action Plan and other evidence base documents to determine a sound housing delivery strategy for the emerging local plan.</p>	<p>Thanks for the contextual comment, no action required within this report.</p>
	<p>The incumbent Government expects to publish 2022-based household projections in April/May 2025. This will likely pre-date adoption of a new local plan for Sandwell. This could be a material consideration in the examination of the plan, particularly given that the timeframe from a July 2024 general election to spring 2025 publication of new household projections. This timeframe gives any new Government time to revisit the way in which local housing need is calculated.</p> <p>Consideration should be given to the justification for assessing different growth scenarios, given the potential for alternative household projections and changes to Government strategy by the time the local plan reaches its examination. A plan for growth and a push for upturn in delivery of new homes can be expected.</p>	<p>To future-proof this study, the revised report has included equivalent key outputs based on the proposed changes to the Standard Method set out in the draft new NPPF.</p> <p>Further growth scenarios have been produced and fed into the parallel economic study.</p>
	<p>The paucity of developable housing sites, past under-delivery and an annual requirement significantly in excess of the standard method baseline figure are clearly illustrative of a requirement for maximising densities. Demographic changes also point to a need for focus on high density development..... The HMA should be more explicit on the inherent need for high density.</p>	<p>Discussions on the appropriate density of housing developments are policy-on and sit outside the scope of this report.</p>

	<p>Housing delivery in Sandwell will require a high proportion of delivery to be on brownfield land, which typically means higher development costs. There is also an evident need to provide for a significant proportion of affordable housing, which raises further questions over viability. The HMA must be read in context with an understanding of viability issues that will be faced by developers and housebuilders seeking to delivery on brownfield land a high proportion of the housing development needed.</p> <p>Draft Policy SH04 – Affordable Housing in the consultation draft Sandwell Local Plan goes beyond this, referring to a minimum 25% subject to viability.... The HMA should inform draft policy SH04.</p>	<p>This goes beyond the scope of the report. The Council will also consider the viability report before determining its affordable housing policy.</p>
	<p>The HMA must be interpreted in context with an assessment of economic objectives, whereas it currently exists as a largely standalone assessment. Local plan policies aimed at providing for economic growth, and wider economic investment strategies of the Council, need to be supported by providing a for a sufficient number of new homes to facilitate that economic growth.</p>	<p>This is being looked at within the parallel economic study being undertaken across the four Black Country authorities.</p>





## Appendix 2. Details of the NMSS model

### Overview

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

The model takes as its starting point a set of official projections – current the 2023-based projections. It is a ‘stepping model’ which means it takes one year’s population figures and estimates of births, deaths and migration flows in the ensuing 12-month period to produce an estimate of the following year’s population. That process is then repeated year by year until the end of the projection period is reached.

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



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

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

### **Stage 1: Current unmet gross need for affordable housing**

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

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

The first table shows that there are 14,762 households currently in unsuitable housing or lacking their own housing in Sandwell and the most common reason for unsuitability is overcrowding. This figure of 14,762 represents 11.1% of all households in the Borough.

<b>Table A3.1 Current households who lack their own housing or live in unsuitable housing in Sandwell</b>			
<i>Element</i>	<i>Source</i>	<i>Number of households</i>	<i>Revised number of households</i>
Homeless households	The Council's housing register as of March 2024.	466	466
Households in temporary accommodation	The Council's housing register as of March 2024.	310	310
Overcrowded households	2021 Census modelled to March 2024. This was done by calculating the annual change in the number of overcrowded households recorded in Sandwell between the 2011 and 2021 Census by tenure and applying this to the tenure profile for 2024.	10,044	10,044
Concealed households	2021 Census modelled to March 2024. This was done by calculating the annual change in the number of concealed households recorded in Sandwell between the 2011 and 2021 Census and applying this the number of concealed households identified in the 2021 Census.	1,820	2,261
Other groups	The Council's housing register as of March 2024. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above).	2,122	2,122
<b>Total</b>		<b>17,023</b>	<b>14,762</b>

Source: 2021 Census data modelled to 2024, the Council's Housing Register

### *Affordability*

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

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

These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 30% of gross income and still be affordable in Sandwell. The impact of using other thresholds is examined in the analysis in Chapter 5. The table below shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households unable to afford the market-entry point (either to rent or to buy, whichever is cheaper). The number of households that are therefore in current need is shown in the final column.

<b>Table A3.2 Affordability of households in unsuitable housing in Sandwell</b>			
<i>Number of bedrooms required</i>	<i>Unsuitable housed households</i>	<i>Percentage unable to afford both entry-level private rent and entry-level owner-occupation</i>	<i>Households in current need</i>
One bedroom	2,053	44.9%	921
Two bedroom	5,381	35.3%	1,900
Three bedroom	4,332	32.9%	1,426
Four or more bedrooms	2,996	38.1%	1,141
<b>Total</b>	<b>14,762</b>	<b>36.5%</b>	<b>5,388</b>

Some 36.5% (5,338 households) of unsuitably housed households or households lacking their own housing in Sandwell are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when they move (this includes occupiers of Social Rented and Shared Ownership accommodation that are not living with another household currently), and other households. It is estimated that some 3,692 households in need in Sandwell currently live in affordable housing that would become available for reuse<sup>76</sup>.

*Total current need*

The table below summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 3,692 households in current need in Sandwell.

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<sup>76</sup> For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of households in each category, but also their current tenure.

<b>Table A3.3 Stage 1: Current unmet gross need in Sandwell</b>	
<i>Component</i>	
Homeless households and those in temporary accommodation	761
Overcrowded and concealed households	2,985
Other groups	1,642
Total current housing need (gross)	5,388

### **Stage 2: Newly arising affordable housing need**

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

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

#### *Need from newly forming households*

One of the outputs produced within the process of disaggregating the total housing need into a future population and household typology (as described in Chapter 4) is the calculation of the number of households that will form over the modelling period in Sandwell. This figure is then averaged to provide an annual estimate for the number of newly forming households. Using this methodology, it is estimated that 3,130 new households will form per year in Sandwell. This represents a household formation rate of 2.4%, higher than the figure of 1.4% recorded nationally by the English Housing Survey<sup>77</sup>.

To assess the ability of these households to afford entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size, the household composition for these new households identified within the disaggregation process are used to determine the appropriate size requirement profile. To test newly forming households' ability to afford market housing, the income distribution for each dwelling size requirement is adjusted to reflect that nationally the income of newly forming households is 89.5% of the figure for all households (according to the English Housing Survey).

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<sup>77</sup> The relatively high household formation rate reflects that increased household formation is being prioritised within the disaggregation of the local housing need figure as discussed in Chapter 5. It is also worth noting that whilst the figure of 2.0% may appear high, the household formation rate nationally was above 2% between 1995/96 and 2000/01 (and also in 2004/05) and it is only more recently that it has dropped below 1.8% for a sustained period (it was most recently 1.8% four years ago in 2012/13).

The table below details the derivation of newly arising need from newly forming households. It shows that 36.9% of newly forming households will be unable to afford market housing in Sandwell (both private rent and owner-occupation), which means that there will be an annual affordable housing requirement from 1,154 newly forming households.

<b>Table A3.4 Newly arising need from new household formation (per annum) in Sandwell</b>	
<i>Component</i>	
Number of newly forming households	3,130
Proportion unable to afford entry-level market housing (both entry-level private rent and entry-level owner-occupation)	36.9%
Number of newly forming households requiring affordable accommodation	1,154

*Existing households falling into need*

The current PPG does not provide detail on how this step should be calculated, however the previous version (of the PPG) recommended that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the lettings of affordable accommodation within Sandwell over the last three years indicates that there were an average of 843 households that fell into need per year in Sandwell, excluding those that were newly forming households (which have featured in the previous step).

*Total newly arising need*

The table below summarises the second stage of the assessment of affordable housing need as set out by the PPG. The table indicates that 1,997 (1,154+843) households will be in newly arising need per annum in Sandwell.

<b>Table A3.5 Stage 2 Newly arising need (per annum) in Sandwell</b>	
<i>Component</i>	
New household formation (gross per year)	3,130
Proportion of new households unable to buy or rent in the market	36.9% (1,154)
Existing households falling into need	843
Total newly arising housing need (gross per year)	1,997

### **Stage 3: Current affordable housing supply**

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

#### *Current occupiers of affordable housing in need*

It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need, there are 3,692 households currently in need already living in affordable housing in Sandwell.

#### *Surplus stock*

A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. The Regulator of Social Housing's Statistical Data Return and the Local Authority Housing Statistics data returns indicates that Sandwell in 2023 records a vacancy rate in the affordable sector of 1.2%. As the vacancy rate is lower than the 3% benchmark<sup>78</sup>, no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing in Sandwell.

#### *Committed supply of new affordable units*

The PPG indicates that '*the committed supply of new net affordable homes at the point of the assessment (number and size)*' be taken into account within the model. The Council has provided its list of committed affordable housing developments as at May 2024. All of the sites have been examined and only those in which development at the site has started or where the development is permitted have been included. In total, there are 76 new affordable homes committed across Sandwell currently (although it is acknowledged that these will be delivered over the next few years).

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<sup>78</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/11812/Strategic\\_Housing\\_Market\\_Assessments-Practice\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/11812/Strategic_Housing_Market_Assessments-Practice_Guidance.pdf) (page 47)



*Planned units to be taken out of management*

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

*Total current affordable housing supply*

Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in the tables below. The data shows that there will be an estimated 3,768 affordable homes available in Sandwell.

<b>Table A3.6 Stage 3 Affordable housing supply in Sandwell</b>	
<i>Component</i>	
Affordable dwellings occupied by households in need	3,692
Surplus stock	0
Committed supply of affordable housing	76
Units to be taken out of management	0
<b>Total affordable housing stock available</b>	<b>3,768</b>

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

The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need<sup>79</sup>. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector<sup>80</sup>.

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<sup>79</sup> Whilst this is not a step that is detailed in the current PPG, it is logically required to reflect that there is a flow of housing becoming available to meet need as well as a flow of households requiring affordable housing (Stage 2 of the model). This stage has also been included in all previous iterations of this model that have been published in government guidance.

<sup>80</sup> The intermediate sector includes all affordable tenures other than Social Rented and Affordable Rented.

*The future supply of Social/Affordable Rented housing*

This is an estimate of likely future re-lets from the existing RSL rented stock (both Social Rent and Affordable Rent). Data on the affordable accommodation lettings within Sandwell over the last three years as recorded in the CORE LA Area Lettings tables<sup>81</sup> is used for this figure. The table below sets out the number of rented lettings that have occurred in the last three years, excluding lets made within brand new properties (the figures only include re-lets). The average number of re-lets across the Social and Affordable Rented sector over the three-year period was 1,688 per annum in Sandwell.

<b>Table A3.7 Past RSL rented supply (re-lets only)</b>	
<i>Year</i>	<i>Number of re-lets</i>
2020/21	1,879
2021/22	1,734
2022/23	1,392
Average	1,668

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

*Supply of intermediate housing*

In most local authorities, the amount of intermediate housing (mostly Shared Ownership) available in the stock is fairly limited (as is the case in Sandwell). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore, we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the Social Rented sector<sup>82</sup> (4.8% in Sandwell) to the estimated stock for each form of intermediate housing. This is set out in the table below. It is estimated that around 27 units of intermediate housing will become available to meet housing needs from the existing stock each year in Sandwell.

<b>Table A3.8 Estimated intermediate supply in Sandwell</b>		
<i>Intermediate tenure</i>	<i>Stock</i>	<i>Annual re-lets</i>
Shared Ownership	<b>570</b>	<b>27</b>

Source: Regulator of Social Housing's Statistical Data Return 2023

<sup>81</sup> CORE (COntinuous REcording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

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

<sup>82</sup> This is calculated by dividing the average number of relets (1,688 as set out in the previous step) by the total stock of social and affordable housing as set out in the Regulator of Social Housing's Statistical Data Return 2023 and the and the Local Authority Housing Statistics data return 2023.

*Annual future supply of affordable housing*

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

<b>Table A3.9 Stage 4 Future supply of all affordable housing (per annum) in Sandwell</b>	
<i>Component</i>	
Annual supply of Social/Affordable Rented re-lets	1,700
Annual supply of intermediate housing available for re-let or resale at sub-market levels	27
Annual supply of all affordable housing	1,727



# Appendix 4. LTBHM outputs under new Standard Method scenario

## Introduction

As discussed at the end of chapter 4, the proposed reforms to the NPPF includes a new Standard Method calculation. This amounts to an increase in 1,509 households per year in Sandwell. To future-proof this study this appendix presents the key outputs from the LTBHM model under this growth scenario.

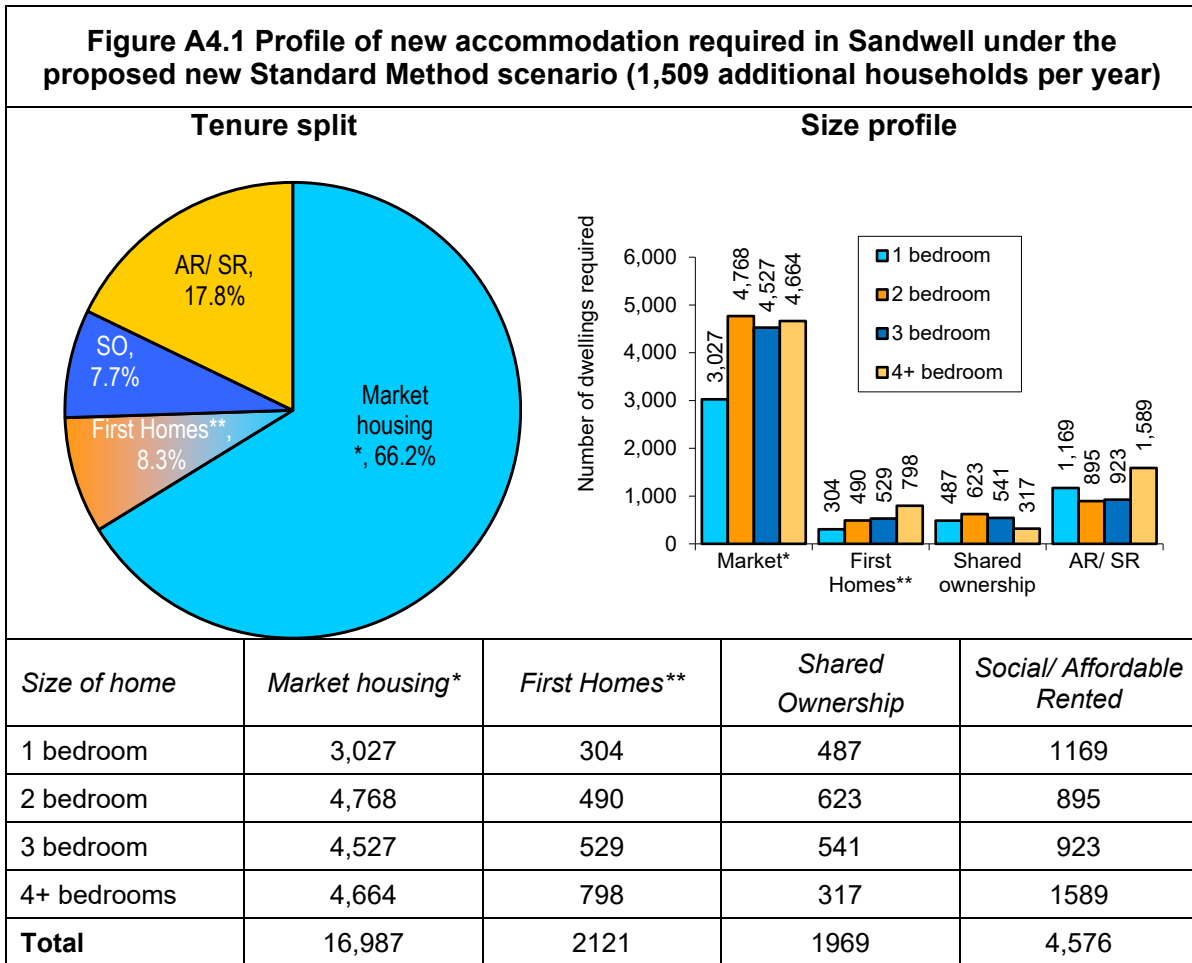
## Demographic changes

<b>Table A4.1 Age of projected population in Sandwell in 2041 under the growth of proposed new Standard Method scenario (1,509 additional households per year)</b>				
<i>Age</i>	<i>2024 Population</i>	<i>2024 Percentage</i>	<i>2041 Population</i>	<i>2041 Percentage</i>
0-14	76,923	22.0%	75,213	18.8%
15-29	62,264	17.8%	70,513	17.7%
30-44	74,905	21.4%	81,626	20.5%
45-59	65,981	18.9%	77,436	19.4%
60-75	45,819	13.1%	59,453	14.9%
75+	24,129	6.9%	34,841	8.7%
Total	350,020	100.0%	399,082	100.0%

<b>Table A4.2 Projected household population in Sandwell in 2041 by household type under the growth of proposed new Standard Method scenario (1,509 additional households per year)</b>				
<i>Household type</i>	<i>2024 Number</i>	<i>2024 Percentage</i>	<i>2041 Number</i>	<i>2041 Percentage</i>
One person	39,673	29.8%	50,154	31.6%
Couple with no children	24,424	18.4%	26,571	16.7%
Couple with child/children	37,381	28.1%	43,313	27.3%
Lone parent	19,976	15.0%	24,808	15.6%
Other*	11,541	8.7%	13,803	8.7%
Total	132,996	100.0%	158,649	100.0%

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

**Dwelling requirements**



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

# Appendix 5. LTBHM outputs under new Standard Method scenario

## Introduction

As discussed at the end of chapter 4, the proposed reforms to the NPPF includes a new Standard Method calculation. This amounts to an increase in 1,509 households per year in Sandwell. To future-proof this study this appendix presents the key outputs from the older persons accommodation model (as set out in chapter 7), under this growth scenario.

## Specialist accommodation for older person households

<b>Table A5.1 Projected requirement for specialist accommodation for older person households in Sandwell under the growth of proposed new Standard Method scenario (1,509 additional households per year)</b>				
<i>Type of specialist accommodation</i>	<i>Tenure</i>	<i>Base profile (2024)</i>	<i>Profile 2041</i>	<i>Additional units required</i>
Sheltered housing for older people/retirement housing	Market	175	1,143	968
	Affordable	733	1,470	737
	Total	908	2,613	1,705
Extracare housing/supported living housing	Market	10	286	275
	Affordable	484	585	101
	Total	494	871	377
All specialist accommodation for older person households	Market	185	1,429	1,244
	Affordable	1,217	2,055	838
	Total	1,402	3,484	2,082

## Residential accommodation for older persons

<b>Table A5.2 Projected requirement for Registered Care for older persons in Sandwell under the growth of proposed new Standard Method scenario (1,509 additional households per year)</b>			
<i>Tenure</i>	<i>Base profile (2024)</i>	<i>Profile 2041</i>	<i>Additional units required</i>
Market	1,659	1,364	-295
Affordable	308	411	103
Total	1,967	1,775	-192

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- Community Infrastructure Levy (CIL)
- Housing market area wide and site specific Viability Analysis
- Local and Strategic Housing Market Assessments and Housing Needs Assessments

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**HDH Planning and Development Ltd**

Registered in England Company Number 08555548  
Clapham Woods Farm, Keasden, Nr Clapham, Lancaster. LA2 8ET  
[info@hdhplanning.co.uk](mailto:info@hdhplanning.co.uk) / 015242 51831

