



APRIL 2023

Strategic Housing and Economic Needs Assessment

Final Report

Iceni Projects Limited on behalf of
South Lakeland District Council

April 2023

ICENI PROJECTS LIMITED
ON BEHALF OF SOUTH
LAKELAND DISTRICT
COUNCIL

**Strategic Housing and Economic
Needs Assessment**
FINAL REPORT

CONTENTS

1. NON-TECHNICAL EXECUTIVE SUMMARY	1
2. INTRODUCTION	5
3. POLICY BACKGROUND	8
4. FUNCTIONAL GEOGRAPHIES.....	32
5. SOCIO-ECONOMIC BASELINE	52
6. HOUSING MARKET DYNAMICS	65
7. COMMERCIAL MARKET DYNAMICS.....	75
8. DEMOGRAPHICS & HOUSING NEED	98
9. AFFORDABLE HOUSING NEEDEX.....	126
10. FAMILIES AND HOUSING MIX.....	168
11. PRIVATE RENTAL SECTOR.....	187
12. SECOND HOME OWNERSHIP AND HOLIDAY LETS	194
13. OLDER PEOPLE AND THOSE WITH A DISABILITY	200
14. OTHER SPECIFIC GROUPS.....	225
15. ECONOMIC FORECASTS.....	233
16. EMPLOYMENT LAND NEEDS	245
17. SUMMARY AND CONCLUSIONS.....	268

APPENDICES

A1 - GLOSSARY OF TERMS.....	283
-----------------------------	-----

1. NON-TECHNICAL EXECUTIVE SUMMARY

- 1.1 This report examines the number of homes that need to be built in the Plan Area and the profile of those homes in terms of tenure, size and the specific groups that require them. We also examine the number of offices, factories and warehouses that need to be built and how economic growth can occur in tandem with housing growth.
- 1.2 The Plan Area relates to those parts of South Lakeland District that are not within either the Lake District National Park or the Yorkshire Dales National Park.
- 1.3 As of 2021 the South Lakeland District population was estimated to be around 104,500. Since 2011 the District has grown by approximately 842 people or 0.8%. The South Lakeland population is generally older than nationally and the school and working age population in the Plan Area has decreased.
- 1.4 The latest 2018-based sub-national population projections expect the population of South Lakeland District to grow by 4,849 people between 2020 and 2040

Housing Need and Demographic

- 1.5 Housing Need in the District has been assessed using the government's standard method. This results in a need for 184 dwellings per annum (dpa). This is based on a household growth of 133 dpa with an uplift of 38% to address affordability.
- 1.6 More recent demographic trends conclude that the housing need might be up to 295 dpa while an analysis linked to forecast job growth suggests a need for up to 298 dpa for the District.
- 1.7 A similar examination of need in the National Parks suggested a minimum need for 17 dwellings per annum in the Lake District and 11 per annum in the Yorkshire Dales. However, the National Parks are already planning for a greater number of homes than this (50 dpa).
- 1.8 **Removing the National Parks housing requirements from the District wide need based on both economic growth and the revised demographics, results in a housing need of around 250 dpa. This is the concluded housing need for the Plan Area.**

Affordable Housing Need

- 1.9 Analysis has been undertaken to estimate the need for affordable housing to buy and to rent. This includes consideration of local housing costs, estimates of household income as well as existing need which includes the level of homeless households etc.
- 1.10 **Our calculation shows a need for 163 affordable homes to rent per annum and for up to 140 affordable homes to buy per annum.** However, this latter figure is particularly sensitive to assumptions around supply and the need could be much lower.
- 1.11 This report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. **The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.**

Housing Mix

- 1.12 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance; housing affordability; waiting lists; and the turnover of different sized homes. **The following represents an appropriate mix of affordable and market homes.**

	1- bedroom	2- bedrooms	3- bedrooms	4+ bedrooms
Market	5-10%	45-50%	35-40%	5-10%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

Source: Derived from a range of sources as set out in Chapter 10

- 1.13 The mix of market housing is focused more greatly on 2 and 3-bedroom homes while for affordable housing the need is more focused on 1 to 3 bedroom homes. There will also be different mixes sought in different parts of the district the main body of the report examines this in more detail (see 10.37).
- 1.14 The mix identified above could inform strategic policies, although a flexible approach should be adopted based on individual development sites and other circumstances such as the waiting list at the time.

Other Housing Considerations

- 1.15 In some parts of the district holiday homes and second homes comprise up to a quarter of all homes. This is not a sustainable position as local workers are being priced out of accommodation. In

response **the Council could consider a policy which seeks to limit second homes/holiday lets in new-build development in second-home hotpots.**

- 1.16 There is expected to be a 27% increase in the population aged 65+ in South Lakeland District between 2020 and 2040 as well as a 47% increase in the number of people aged 65+ with dementia and a 39% increase in those aged 65+ with mobility problems.
- 1.17 Linked to the ageing population we have identified **a need for around 915 housing units with support (sheltered/retirement and extra care housing), 608 additional housing units with care (e.g. extra-care) and a need for around 550 additional residential and nursing care bedspaces and a need for over 900 dwellings to be for wheelchair users by 2040.**
- 1.18 The Council should also continue to require all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and should consider an increase from 5% to around 20% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).
- 1.19 The University of Cumbria’s Ambleside Campus plans to increase its student body to grow to 700 FTE over the next three years. The University would like to work with the Council and the Lake District National Park Authority to come to a solution for their accommodation growth needs, as they do not have enough room on campus nor the topography to provide additional student accommodation.
- 1.20 The South Lakeland District Self-Build and Custom Housebuilding Register currently has an average of 15 entrants added per annum. It is recommended that Development Management Policy DM12¹ should be continued and the Council may also consider expanding this to require a contribution for larger sites or to allocate sites specifically for custom and self-build plots.

Commercial Market and Economic Growth

- 1.21 The District industrial market is buoyant (Factory and Warehouses) with limited floorspace availability and rental prices growth. However, there has been very low industrial floorspace delivery over the past 12 years. The office market is quiet and rents are stable, although vacancy rates are falling.

¹ South Lakeland Local Plan Development Management Policies DPD (March 2019), Policy DM12 – Self-Build and Custom-Build Housing See <https://www.southlakeland.gov.uk/media/6466/final-dm-dpd-adoption-accessible.pdf>

-
- 1.22 On the whole, the District's economic output is forecasted to grow by over £929 million by 2040, which is equivalent to a 40% increase. Baseline projections suggest an absolute increase of around 543 jobs for South Lakeland District.
- 1.23 We have made a series of adjustments to the baseline forecasts to reflect recovery from Covid as well as local intelligence on where employment growth may be above trend. Our revised Growth Forecasts shows a growth of 5,960 additional jobs by 2040 in the District. While a considerable uplift on the baseline, this is still only around half of historic rates of growth

Employment Land

- 1.24 We have translated the growth forecasts into a need for employment land and floorspace for office and industrial uses. We have also projected the need for employment land and floorspace based on past completion trends and examined net absorption rates.
- 1.25 IcenI recommends planning for the 1.6 ha of future office growth, as well as 20.5 Ha for industrial growth for the South Lakeland Plan Area over the 2020 – 2040 Local Plan period.

2. INTRODUCTION

- 2.1 Icen Projects and Justin Gardner Consulting (JGC) have been appointed by South Lakeland District Council to undertake a Strategic Housing and Economic Needs Assessment (SHENA).
- 2.2 The National Planning Policy Framework (NPPF) requires the preparation and review of local plans to be underpinned by relevant and up-to-date evidence, and take into account relevant market signals. It sets out a framework through which development needs should be assessed and this document responds to this framework and the related guidance.
- 2.3 The overall aim of the study is to provide robust and proportionate evidence to inform the review of the South Lakeland Local Plan with regards to housing and employment land needs and requirements, and related policies. The Local Plan covers the period 2020 to 2040.
- 2.4 It also informs the work of the two National Park Authorities for the parts of South Lakeland that lie within the Lake District National Park and Yorkshire Dales National Park. The purpose of the report can therefore be summarised as being:
- In support of the Council's strategic housing function for the whole of the District;
 - To inform the Council's local planning function for the area outside the National Parks, and
 - To inform the Lake District National Park Authority and Yorkshire Dales National Park Authority's local planning function for the area of the National Parks within the District.
- 2.5 The study is based on a sound understanding of the housing and economic markets in South Lakeland and provides evidence of housing and economic need for the whole District and also disaggregated for each local planning authority area – principally for South Lakeland District Council (SLDC) but also for the parts of the District within the Lake District and Yorkshire Dales National Parks which are separate local planning authorities.
- 2.6 In general, we will refer to the South Lakeland District as the “District” but when only referring to those areas outside of the National Parks this is referred to as the “Plan Area”
- 2.7 In addition we have also provided outputs, where possible for the best fit of sub-areas within the Plan Area. This principally focuses on the need for affordable housing and also the mix of housing which is to be planned for.
- 2.8 We have where available drawn on datasets relating to the Plan Area (or best fit) but in many instances the data is only available for the District. In order to disaggregate the need to the different areas we have sought to do so on a reasonable basis.

Local Government Re-organisation

- 2.9 While this work has been commissioned and focusses on South Lakeland District, as of the 1st of April 2023 South Lakeland along with Barrow, Eden and part of Cumbria County Council will merge to become the Westmorland and Furness Unitary Authority. At present the District Council's intention is to continue with the South Lakeland Local Plan Review.

Engagement

- 2.10 As well as relying on quantitative data we have also included a significant level of engagement with stakeholders in the production of this work. This included targeted telephone conversations with:
- The Cumbria Local Enterprise Partnership;
 - The University;
 - The development industry through the house builders federation;
 - Local Estate and Lettings Agency;
 - Local Commercial Agent;
 - The County Council; and
 - Council Officers
- 2.11 IcenI and the Council also hosted an online workshop (14th December 2022) for local economic stakeholders to discuss the emerging findings. The key areas for discussion were a review of the local economy, considering the future outlook for the economy, understanding the local property market and recommendations on future property market needs. The comments from the engagement informed much of the qualitative analysis of the local economy and also our recommendations.

Structure

- 2.12 Following this introductory chapter, the report covers the following elements:
- Chapter 3 provides a policy background
 - Chapter 4 identifies the functional geographies
 - Chapter 5 is a socio-economic baseline
 - Chapter 6 reviews the latest housing market dynamics
 - Chapter 7 reviews the latest commercial market dynamics
 - Chapter 8 looks at demographics and calculates local housing need
 - Chapter 9 calculates affordable housing need and the mix of affordable housing
 - Chapter 10 looks at the growth in families and suggests a housing mix
 - Chapter 11 examines the private rental sector
 - Chapter 12 examines second home ownership and holiday lets.
 - Chapter 13 examines the need for specialist housing for older people and those with a disability
 - Chapter 14 looks at other specific groups

- Chapter 15 reviews and calculates economic forecasts; and
- Chapter 16 calculates the employment land needs
- Chapter 17 provides a more extensive summary and conclusions.

3. POLICY BACKGROUND

- 3.1 This section of the report examines the national and local policy background in relation to housing and economic development.

National Planning Policy Framework (July 2021)

- 3.2 The latest version of the National Planning Policy Framework (NPPF) was published by Government on 20 July 2021. Paragraph 7 in the NPPF states that the purpose of planning is to contribute to the achievement of sustainable development. It sets out that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
- 3.3 The development plans must include strategic policies to address each local planning authority's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development and for plan-making, this means that plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change. Strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so.
- 3.4 Paragraph 11 reiterates that "strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless...the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area." This includes National Parks.
- 3.5 In order to support the Government's objective of significantly boosting the supply of homes, Paragraph 60 in the NPPF states 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.
- 3.6 Paragraph 61 sets out that in order 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 – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.
- 3.7 Paragraph 62 goes on to set out that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including,

but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.

- 3.8 Paragraphs 63 – 65 address affordable housing provision. They set out that where an affordable housing need is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off-site provision or a financial contribution in lieu can be robustly justified, or the agreed approach contributes to the objectives of creating mixed and balanced communities.
- 3.9 Paragraph 64 states that the provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas.
- 3.10 Paragraph 65 sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. In addition, other exemptions to this 10% requirement include instances where a site or proposed development:
- Provides solely for Build to Rent homes;
 - Provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
 - Is proposed to be developed by people who wish to build or commission their own homes; or
 - Is exclusively for affordable housing, an entry-level exception site or a rural exception site.
- 3.11 The NPPF's Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.
- 3.12 In relation to Economic Growth Chapter 6 sets out how the framework seeks to achieve building a strong competitive economy. On Paragraph 81 this is explained as "Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt." Adding that the approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future."
- 3.13 Paragraph 82 provides more specific advice stating that "*Planning policies should:*
- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;*

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”

- 3.14 The NPPF also provides some specific guidance for developing a rural economy including support for sustainable growth through the conversion of existing buildings and well-designed new buildings and the retention and development of accessible local services and community facilities.
- 3.15 It adds at Paragraph 85 that. “Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport...The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist.”

Planning Policy Guidance

- 3.16 Government's Planning Practice Guidance includes several sections which are relevant to the assessment of housing need.
- 3.17 Guidance on Housing and economic needs assessments explains that housing need is “an unconstrained assessment of the number of homes needed in an area” and should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.
- 3.18 The guidance however does make exceptions for areas such as South Lakeland District where strategic policy-making authority boundaries do not align with local authority boundaries, or data is not available noting that “an alternative approach will have to be used”
- 3.19 It adds that “Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels.”
- 3.20 Guidance on the housing needs of different groups sets out how affordable housing need can be assessed, as well as the needs of students, and how planning policies can support rural communities.

It makes clear that the housing needs of individual groups may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method, as these will often be calculated having consideration to the whole population as opposed to new households.

- 3.21 Councils will need to take into account these needs including the need for affordable housing - having regard to the overall housing need identified, the extent to which this can be translated into a housing requirement figure over the plan period, and the anticipated deliverability of different forms of provision, having regard to viability.
- 3.22 The Guidance section for Housing for older and disabled people describes the need to provide housing for older people as critical, as people are living longer, and the older population is increasing. It sets out that the health, lifestyle and housing needs of older people will differ greatly with housing needs ranging from accessible and adaptable general needs housing to specialist housing with high levels of care and support.
- 3.23 It provides guidance on how the housing needs of older and disabled people can be assessed, and sets out that this should inform clear policies within plans which may include specific site allocations to provide greater certainty to developers. Separate guidance is provided on optional technical standards including for accessible and adaptable housing, the use of national space standards and wheelchair-accessible housing.
- 3.24 Separate guidance sections have also been prepared which address Build to Rent and Self-Build and Custom Housebuilding. The Build-to-Rent Guidance requires authorities to assess need, and where a need is identified to include a plan policy setting out the circumstances and locations where build-to-rent development will be encouraged.
- 3.25 The Self-Build Guidance section sets out the requirements of the Self-Build and Custom Housebuilding Act 2015 (as amended) including the requirements on Councils to maintain a Register of those interested in self-build housing and to grant consents to meet the need shown. It also sets out that needs assessments can consider other secondary data sources.
- 3.26 For economic growth local authorities are to determine the type of employment land that is needed by preparing “a robust evidence base to understand existing business needs, which will need to be kept under review to reflect local circumstances and market conditions. National economic trends may not automatically translate to particular areas with a distinct employment base. Where appropriate, local planning authorities can use their Authority Monitoring Report and the plan review process to ensure that their evidence base remains up to date.”
- 3.27 Policy making authorities are to prepare and maintain evidence about business needs by gathering evidence to plan for business uses adding that “strategic policy making authorities will need to liaise

closely with the business community, taking account of the Local Industrial Strategy, to understand their current and potential future requirements. They will need to assess:

- the best fit functional economic market area;
- the existing stock of land for employment uses within the area;
- the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);
- evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;
- wider market signals relating to economic growth, diversification and innovation; and
- any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.”

3.28 In relation to the Market Signals to be used to forecast need the PPG goes on to say that this should be based on a range of data which is current and robust such as:

- “sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand);
- demographically derived assessments of current and future local labour supply (labour supply techniques);
- analysis based on the past take-up of employment land and property and/or future property market requirements; and
- consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

3.29 It goes on to advise that “Authorities will need to take account of longer term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios”.

3.30 The guidance then goes on to describe in some detail the employment land requirements by taking into account:

- “Standard Industrial Classification sectors to use classes
- Standard Industrial Classification sectors to type of property
- employment to floorspace (employment density) and
- floorspace to site area (plot ratios based on industry proxies)”

Housing and Social Care Legislation

- 3.31 Wider legislation affecting housing need includes the 1996 Housing Act (as amended), the Housing and Social Care Act 2012, the 2014 Care Act and 2017 Homelessness Reduction Act.
- 3.32 The 2014 Care Act sets out local authorities’ duties in relation to assessing people’s needs and their eligibility for publicly funded care and support. Under the Act, local authorities must carry out an assessment of anyone who appears to require care and support and focus the assessment on the person’s needs and how they impact on their wellbeing, and the outcomes they want to achieve. Local authorities must also consider other things besides care services that can contribute to the desired outcomes (e.g. preventive services, community support and specialised housing needs).
- 3.33 The Homelessness Reduction Act 2017 places new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help. Local Authorities have a duty to produce homelessness strategies to prevent homelessness in their respective areas.

English National Parks and the Broads: UK Government Vision and Circular 2010

- 3.34 The National Park Authorities are the local planning authorities within the National Parks. The authorities have two statutory purposes to:
- i. Conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and
 - ii. Promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.
- 3.35 In carrying out these purposes, the Lake District National Park Authority and the Yorkshire Dales National Park Authority have a duty to foster the economic and social well-being of local communities within their parks.
- 3.36 Section 62 of the Environment Act 1995 requires all relevant authorities, including statutory undertakers and other public bodies, to have regard to these purposes. Where there is an irreconcilable conflict between the statutory purposes, the ‘Sandford Principle’ is statutorily required

to be applied and the first Purpose of the National Park will be given priority. The Sandford Principle relates to a statement first made by Lord Sandford in his committee report on possible changes to the management and legislation governing National Parks and now in the Environment Act 1995 which states that: 'if it appears that there is a conflict between those two Purposes, any relevant Authority shall attach greater weight to the first [Purpose]'.

3.37 The 2010 Vision & Circular sets out national policy in respect of National Parks. In this the Government is clear that action by National Park Authorities should include fostering and maintaining thriving rural economies, and supporting the delivery of affordable housing.

3.38 The 2010 Circular recognises that National Parks often have higher house prices than surrounding areas, and can have low paid jobs in their local economies. It clearly sets out that national park authorities have an important role to play in the delivery of affordable housing, setting out that:

“Through their Local Development Frameworks they should include policies that pro-actively respond to local housing needs. The Government recognises that the National Parks are not suitable locations for unrestricted housing and does not therefore provide general housing targets for them. The expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The Government expects the Authorities to maintain a focus on affordable housing and to work with local authorities and other agencies to ensure that the needs of local communities in the Parks are met and that affordable housing remains so in the longer-term”

3.39 There is thus a particular emphasis in national policy on meeting affordable housing needs within national parks; and recognition that unrestricted provision of housing is not appropriate.

3.40 The Government published an 8-Point Plan for England’s National Parks in 2016, which states that ‘National Parks are at the heart of the rural economy in their regions.’

Local and Sub-Regional Housing Policy Review

South Lakeland Housing Strategy 2016-2025

3.41 The South Lakeland Housing Strategy² recognises that housing is a critical issue within the District, it aims to provide a vision for raising the standards of existing homes and ensuring that new homes are of good quality, improving overall health and supporting economic growth in the District.

² <https://www.southlakeland.gov.uk/media/2850/housingstrategy-2016-pdf-2.pdf>

- 3.42 The council lists its five priorities for housing within the Strategy which are as follows:
- A. Developing new affordable and open market homes to meet need and support economic growth;
 - B. Providing specialist housing and services to improve the health and well-being of older, young and vulnerable people;
 - C. Improving housing standards, particularly energy efficiency, to improve the health and well-being of all residents;
 - D. Making best use of the existing housing stock to create sustainable communities; and
 - E. Preventing and reducing homelessness.
- 3.43 Targets have also been set in order to measure the success in achieving the key priorities, these targets are as follows:
- 1. To enable the completion of 1,000 new affordable homes for rent in the period 2014 to 2025;
 - 2. To enable the completion of 750 new affordable homes for sale in the period 2014 to 2025;
 - 3. To enable the completion of up to 6,700 new homes (market and affordable) in the period 2015 to 2025;
 - 4. To enable the completion of 500 new self-build homes in the period 2015 to 2025;
 - 5. To enable the completion of 300 new extra care housing homes in the period 2016 to 2025 (target jointly agreed with Cumbria County Council);
 - 6. To reduce the % of private sector homes with category 1 hazards (those most serious to the health of inhabitants) from 21.8% to less than 15% by 2025;
 - 7. To reduce the percentage of homes in the lowest energy performance certificate (EPC) bands (F and G) from 16.4% to less than 10% by 2025 (in terms of rented homes to reduce to 0% by 2020 in line with national legislation);
 - 8. To reduce the number of long-term empty homes (those over 2 years) by 20% by 2025; and
 - 9. To ensure the number of homeless households living in temporary accommodation will be no more than 20 at any one time.

SLDC Affordable Housing Guidance Note March 2020

- 3.44 Guidance³ on affordable housing contribution and mix is provided on an area basis giving more information on the total affordable housing requirement, thresholds and delivery method, as in the Table below.

Table 3.1 Required affordable housing provision

Area	Proposed Development Size	Affordable Housing Requirement	Delivery Method
Kendal, Grange-over-Sands and Ulverston Parishes	10 or more dwellings or site size of 0.5 hectares or more	35%	On site provision
Kendal, Grange-over-Sands and Ulverston Parishes	1 to 9 dwellings	0%	N/A
Milnthorpe and Kirkby Lonsdale	9 or more dwellings or site size of 0.5 hectares or more	35%	On site provision
Milnthorpe and Kirkby Lonsdale	1 to 8 dwellings	0%	N/A
South Lakeland District – Designated Rural Area (excluding the AONB and settlements of Milnthorpe and Kirkby Lonsdale)	3 or more dwellings	35%	35%
South Lakeland District – Designated Rural Area (excluding the AONB and settlements of Milnthorpe and Kirkby Lonsdale)	1 to 2 dwellings	0%	N/A

Source: SLDC Affordable Housing Guidance Note March 2020

SLDC Affordable Housing Guidance for Developers Webpage

- 3.45 The Council's website⁴ also provides additional information for developers on the affordable housing requirement for proposed development schemes. The Council expects Developers to provide, a split

³ <https://www.southlakeland.gov.uk/media/7170/affordable-housing-guidance-note-update-march2020.pdf>

⁴ <https://www.southlakeland.gov.uk/housing/affordable-housing/affordable-housing-building/#:~:text=50%25%20must%20be%20low%20cost,affordable%20or%20social%20rent%20properties>

of 50% low cost home ownership and 50% low cost rentals within the affordable housing provision on site.

- 3.46 Where 10 or more affordable homes are required, of the 50% low cost home ownership obligation, at least 50% of these must be offered as discounted sale (this means at least 25% of the overall affordable housing requirement) and 50% rentals. Where the affordable requirement is less than four homes, the tenure would be expected to be the same for all the affordable homes (sale or rent).

First Homes Interim Position Statement

- 3.47 Affordable housing provision will be impacted by the introduction of First Homes as an affordable housing product, a summary of the interim council position⁵ can be seen in the table below:

Table 3.2 Interim First Homes requirement summary

Requirement	South Lakeland Interim Position
Number of First Homes Required	25% of the affordable homes provided on a development site
Discount Required	40% from open market value
Price Cap	£206,000
Income Cap for Household	£56,000
Local Connection	Local connection to South Lakeland District required

Source: *First Homes Interim Position Statement*

- 3.48 Due to the fact that social/affordable rental properties are the most affordable tenure type, they are considered a key priority to the Council. As such the Council considered it appropriate to maintain the 50% rental requirement within affordable housing provision and not to reduce this in accommodating First Homes in the mix, the expected tenure split in affordable housing provision can be seen in the table below:

Table 3.3 Affordable Housing provision

Tenure	Current affordable requirements	Affordable requirements including First Homes
Affordable/Social Rent	50%	50%
First Homes	N/A	25%
SLDC Discounted Sale/Shared Ownership	50%	25%

Source: *First Homes Interim Position Statement*

⁵ <https://www.southlakeland.gov.uk/media/7927/first-homes-interim-position-statement-april-2022.pdf>

Local and Sub-Regional Economic Policy Review

South Lakeland Economic Growth Strategy, 2014

3.49 The South Lakeland Economic Growth Strategy⁶ was published in 2014. The headline objectives include the creation of 1,000 jobs and the development of 1,000 homes. This was set to be achieved through the following targets:

- Promote South Lakeland as a world class destination for business
- Work with the Cumbria Local Enterprise Partnership (LEP) to create the conditions for business growth
- Work with developers on regeneration projects and identify land available for business use
- Improve skills and support growth in the private sector
- Encourage investment in South Lakeland.

Figure 3.1 South Lakeland's economic geography



Source: South Lakeland Economic Growth Strategy, 2014

⁶ South Lakeland Economic Growth Strategy, available at: <https://www.southlakeland.gov.uk/media/5631/economic-growth-strategy.pdf>

3.50 The strategy also identifies strengths, weaknesses, opportunities, and threats to the District's economy, these are conveniently summarised in the table below:

Table 3.4 SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Strong GVA⁵ growth rate • Diverse, resilient economy. • Employment strong in distribution, hotels and restaurants, retail, banking and finance. • Several internationally significant employers. • World class skills in specialist manufacturing. • Qualification profile largely mirrors UK • Internationally recognised "Lakeland" brand. • Significant environmental assets: 2 National Parks, and an AONB. • Business survival rates high. • Transport Connectivity within the North West 	<p>Weaknesses</p> <ul style="list-style-type: none"> • GVA per job still low despite strong GVA growth, the gap with national GVA still exists • Pockets of high youth unemployment • Business 'deaths' exceed 'births' • Transport, planning, skills and access to finance perceived as barriers • Limited and patchy high speed broadband coverage • Affordability of housing across the district. • Relatively low working population due to demographic profile.
<p>Opportunities</p> <ul style="list-style-type: none"> • Economic conditions improve – household spending rises/ recovery of Eurozone demand. • Potential to protect and build on high value manufacturing • Environment sector – low carbon, renewables, higher value agri-products • Potential to build on existing finance, IT and business sectors. • Develop high value tourism offer • Build further on our niche and artisan food and drink sector • Exploit M6/WCML communications • 'Connecting Cumbria' higher speed broadband roll out 	<p>Threats</p> <ul style="list-style-type: none"> • Economic conditions worsen – further squeeze on household spending / struggling exports with weak Eurozone demand. • Projected decline in working age population constrain workforce growth. • Decline in public sector as consequence of austerity measures. • Manufacturing employment moving overseas. • Retail restructuring increases volume of vacant premises in town centres. • Missing opportunities presented by potential in our key sectors

Source: South Lakeland Economic Growth Strategy, 2014

Business Retention and Inward Investment Strategic Review, 2017

3.51 The Business Retention and Inward Investment Strategic Review was commissioned in 2017 by South Lakeland District Council. It identifies South Lakeland as a challenging environment with regard to inward investment, due to a range of factors including:

- working-age population decline (particularly young people leaving);
- poor transport infrastructure;
- skills mismatch between the unemployed and the needs of businesses;
- lack of quality sites and premises; and
- high housing costs.

3.52 The report identified key target sectors of priority for investment for both South Lakeland and Barrow in Furness and how much a priority these should be given. As shown in the table below the highest

priority sectors for South Lakeland were Manufacturing of Pharmaceuticals and Professional Services.

Table 3.5 Target sectors

Sector	Forecasts		Consultations	Priority
	South Lakeland	Barrow-in-Furness		
Manufacture of pharmaceuticals and its supply chain / biosciences	✓		✓	✓✓✓
Professional services	✓	✓	✓	✓✓✓
Digital and creative			✓	✓✓✓
Manufacture of food and drink	✓		✓	✓✓
Manufacture of computer and electrical equipment		✓	✓	✓✓
Construction	✓	✓		✓✓
Administration and support services	✓	✓		✓✓
Logistics	✓	✓		✓✓
Energy supply chain			✓	✓✓
Manufacture of transport equipment (including BAE supply chain)		✓	✓	✓
Visitor economy	✓	✓		✓

Source: Amion Consulting, SLDC Business Retention and Inward Investment Strategic Review⁷, 2017

3.53 For this, an outline strategy and action plan was developed, based around the following objectives:

- to de-risk the investment process for companies looking to relocate and expand in South Lakeland;
- to increase the number of businesses locating, remaining and growing in South Lakeland;
- to raise the aspirations of businesses across South Lakeland;
- to create a higher value and higher wage local economy;
- to ensure that South Lakeland offers a holistic approach to attracting investment and retaining businesses through wide ranging support involving, among others, sites, premises and skills;

⁷ Commissioned by SLDC, but not published.

- to ensure that businesses are fully aware of the support available and have a designated individual to provide ongoing support from within ISL; and
- to raise the profile of South Lakeland as a business location.

Cumbria's Local Industrial Strategy, 2019

3.54 Cumbria's Local Industrial Strategy⁸ was published in 2019. It sets out the 'Grand Challenges' which are as follows:

- Artificial Intelligence (AI) and the data economy: to put the UK at the forefront of the artificial intelligence and data revolution
- Clean growth: to maximise the advantages for UK industry from the global shift to clean growth
- Future of mobility: to become a world leader in the way people, goods and services move
- Ageing society: to harness the power of innovation to help meet the needs of an ageing society

3.55 The strategy then details strategic objectives which would allow to counteract these challenges:

- **Strategic Objective 1:** *Growing and using our talent pool. Cumbria's demographic challenge and thin pool of higher-level skills mean we need to expand the numbers and skills of our workforce by a combination of greater in-migration and better use of home grown and local talent.*
- **Strategic Objective 2:** *Capitalising on our productivity, innovation and enterprise potential. We see the patchy productivity, innovation activity, low rates of business start-up (even though Cumbrians are often very entrepreneurial) and the modest numbers of faster growing businesses as a real opportunity. Many of the ingredients are in place to drive better innovation and enterprise performance across Cumbria.*
- **Strategic Objective 3:** *Exploiting underdeveloped economic opportunities to help get a better-balanced economy. One of the themes of the LIS is to get a better balance across our different geographies and sectors, whilst holding onto our key specialisations. Rather than see the current relatively low numbers of firms engaged in the digital sector as a challenge, we see this as a fantastic opportunity to spin out of key sectors such as nuclear and build on the technology meets natural capital concept.*

⁸ Local Industrial Strategy, 2019. Available at: <https://www.thecumbrialep.co.uk/resources/uploads/files/Local-Industrial-Strategy.pdf>

- **Strategic Objective 4:** *Ensuring that all of our residents contribute by sharing prosperity and opportunity. This is the inclusive growth theme. There is a compelling economic reason for better engaging and using the potential of all our people – the tight and declining workforce. There is also the need for a fair economy and to ensure the numbers who are 'left behind' are reduced. Cumbria's excellence in the voluntary and community sector and the strong nature of many of our communities provides a real launching pad for this endeavour.*
- **Strategic Objective 5:** *Improving connectivity across the county. Cumbria's overall location is a key strength; however our geography also presents challenges. Although our north south links along the M6 corridor are excellent, the reliability and resilience of many of our key connections into this corridor are poor. We have major industries that are poorly served by connections and there is a need to better connect our dispersed clusters of people and business activity. Cumbria sees physical and digital connectivity as a case of 'both/and'. Digital connectivity helps link our businesses and people into the global digital economy and increasing key services; improved physical connectivity is a practical necessity as people move to work, study and visit.*

Cumbria LEP

3.56 South Lakeland is located within the Cumbria Local Enterprise Partnership which covers the whole county. The LEP has undertaken some online research⁹ on key features of the economy, which includes:

- *The third largest settlement in Cumbria and South Lakeland's largest town, Kendal, has a population of around 28,000 (27% of that of South Lakeland). Its sphere of influence extends across the whole of the District, as the main centre for shopping, culture, health, education and employment;*
- *Highest concentration of highly skilled/qualified population in Cumbria, and of business start-ups;*
- *Strong higher education offer; Kendal College and the closest area to Lancaster University Traditionally a manufacturing District and there is still important advanced manufacturing activity that takes place there, particularly in Kendal (James Cropper, Gilkes) and Ulverston (GSK, Siemens Subsea);*
- *Tourism, and to a lesser extent agriculture, are of importance, particularly towards the two National Parks. The area gets the heaviest volume of tourism in Cumbria due to its accessibility*

⁹ <https://www.thecumbrialep.co.uk/south-lakeland/>

3.57 Some of the high-level opportunities and threats identified by the LEP are as follows:

- *South Lakeland has one of the best strategic locations in Cumbria with good road and rail links southwards to London and Manchester and it is well connected to Lancaster, Barrow, central Lake District, and to a lesser extent the Yorkshire Dales in the east;*
- *The area has perhaps the greatest concentration of creative sector employment, assets and activity in Cumbria and potentially scope to grow this sector;*
- *There are successful examples of new spaces for creative businesses;*
- *Housing is however relatively unaffordable in South Lakeland, especially in the areas in or closest to the national parks, and congestion and lack of sites is an issue*

3.58 It also mentions that in line with the priorities of the county's Local Industrial Strategy, Cumbria Local Enterprise Partnership is overseeing the delivery of 17 local Growth Deal programmes, with £60.3m of government funding being invested in Cumbria up to 2021. Although none of these are in South Lakeland.

Kendal Vision, Inspiration for Change, 2020

3.59 The Kendal Vision, Inspiration for Change¹⁰ was published in 2020. *'It is driven by a desire from the town's employers to secure Kendal's future success and prosperity.'* The project has engaged a wide audience, through meetings, conversations and public engagement including, three days of workshops, walkabouts and hands-on planning groups, which together provided 1,500-2,000 individual contributions by the people of Kendal.

3.60 The vision recognises that *'fundamental to the success of the town is the presence of the larger employers. Unlike most towns, making is still strong here.* The key points of recognition and consensus were:

- *The quality of the town and the pride of their place within it;*
- *The need to retain and attract talented, working age employees;*
- *The need for desirable, affordable and convenient family housing for their future employees;*
- *Frustration with the inertia of change and the delays caused by the planning process;*

¹⁰ Kendal Vision, Inspiration for Change, 2020. Available at: <https://www.kendalfutures.co.uk/inspiration-for-change-in-kendal/files/assets/common/downloads/KENDAL%20VISION%20-%20INSPIRATION%20FOR%20CHANGE%20IN%20KENDAL.pdf?uni=9aa4f98f7c4828665f6c0aa4d8486b33>

- *The need for the business area north of the river and railway to be better serviced by road;*
- *The lack of strategic planning to promote and encourage business innovation; and*
- *High business rents and rates’.*

Cumbria Employment Sites and Premises Study, 2020

3.61 Lambert Smith Hampton produced the 2020 (pre-pandemic) Cumbria Employment Sites and Premises Study¹¹. It was commissioned by the Cumbria LEP and Cumbria County Council. The study assesses whether the supply of strategic employment sites and premises in Cumbria is able to support economic growth. It considers the potential employment land needs of Cumbria up to 2033. It also identifies priority sites for employment uses, the delivery of which can be supported by the LEP and its partners

3.62 It identifies key strengths in the Cumbrian economic context:

- *Manufacturing: significant strengths in advanced manufacturing including in marine, food and drink, paper production, automotive, electronics, pharma and materials seeing 22% of GVA and 16% of employment emerge from this sector.*
- *Nuclear: in innovation, R&D, marine propulsion, nuclear decommissioning and radioactive waste management.*
- *Sub-sea technology: Cumbria hosts the £40 billion programme to develop the UK’s replacement nuclear deterrent submarine fleet and has the expertise, associated technology and a national supply chain.*
- *Offshore wind and oil and gas: with activity located off Barrow in the Irish Sea, Cumbria is part of the national supply chain for the offshore wind sector also hosting a major operation and maintenance hubs in Barrow and Workington.*
- *Visitor economy: Cumbria sees over 40m visitors annually, representing a major sector and a key brand for the Northern Powerhouse and UK.*

3.63 Emerging workplace trends include:

- *There is expected to be very strong growth in demand for flexible office workspace over the next decade or so, driven by the growth of office-based business activity, such as Professional*

¹¹ Lambert Smith Hampton, 2020. Cumbria Employment Sites and Premises Study. Available at:

<https://statics.teams.cdn.office.net/evergreen-assets/safelinks/1/atp-safelinks.html>

services, Information services, Business support services, etc. but also technological developments and lifestyle factors.

- *Another factor is the increasing number of new start and other small businesses in the economic landscape. This is relevant because many of these businesses will be locally based and will require flexible workspace as the amount of space taken can change as will the growing needs of the business.*
- *A further factor is that an increasing proportion of the modern workforce is mobile, with a growing proportion of staff spending at least some of their time visiting client, collaborator or supplier premises during the course of their working day.*

3.64 In terms of existing land supply, the following sites were identified across the South Lakeland Local Plan area, which are all sites allocated for employment:

- Scroggs Wood Strategic Employment Site
- Land East of Burton Road, Kendal
- Land North of Meadowbank Business Park, Kendal
- Canal Head Strategic Employment Site, Ulverston
- Land at Lightburn Road, Ulverston

Restart, Reboot, Rethink: a plan for Cumbria’s economy recovery, 2020

3.65 This plan was published¹² in late 2020 by Cumbria’s Local Enterprise Partnership and analyses the economic impact of the Covid-19 pandemic on the Cumbria economy, before delineating possible scenarios for recovery. The three scenarios are as follows:

- *An upside scenario with a rapid rebound in economic activity by the first quarter of 2021, with no adverse long-term effects on growth and there is no ‘scarring’. This scenario would require a rapid resolution of the threat from the virus.*
- *A central scenario, output recovers more slowly. The ONS suggest this might be consistent with an effective vaccine or treatment taking around a year to deliver, or with a faster resolution of the health threat but greater persistence in its economic consequences.*

¹²Cumbria LEP, 2020. Restart, reboot, rethink: a plan for Cumbria’s economy recovery. Available at:

<https://councilportal.cumbria.gov.uk/documents/s106686/RRR%20docv2.pdf>

- *A downside scenario, where output recovers even more slowly. This might be consistent with the indefinite maintenance of strong social distancing measures if the virus became endemic and without an effective treatment.*

3.66 Cumbria's recovery strategy, according to the report, should be based around three different phases:

- *Restart – getting the economy moving and leaving behind the emergency response phase.*
- *Reboot – defining a new path towards realising the Local Industrial Strategy (LIS), recognising that the economic landscape has changed significantly since the initial LIS development phase*
- *Rethink – New ways of looking at policy and economic activity, identifying opportunities and catalysing them locally if not nationally.*

3.67 Of particular interest to the question of employment generation and economic growth in Cumbria are the opportunities identified in the 'rethink' part of the plan:

- *Clean energy production: nuclear, offshore wind, and hydrogen;*
- *Diversify to thrive: 'think local, buy local', export challenge, celebrating success;*
- *The new visitor experience, in particular attracting the Tourism Zone status; and*
- *The future of food, in particular opportunities around vertical farming, land-based industries, and objective to narrow the productivity gap*

The Bay Prosperity and Resilience Strategy, 2021

3.68 The Bay Prosperity and Resilience Strategy¹³ was published in 2021 and emerges from a partnership working across the three areas of Barrow, Lancaster and South Lakeland. The partnership is committed to:

- *Tackling the climate emergency and building a greener economy. We have all the economic assets and appetite required to play a leading role in the UKs response to the biggest change facing society in the modern era.*

¹³ The Bay Prosperity and Resilience Strategy (2021). Available at: <https://committeeadmin.lancaster.gov.uk/documents/s77945/The%20Bay%20Resilience%20and%20Prosperity%20Strategy%20-%20September%202020.pdf>

- *Building wealth across our communities. This is central to our ambitions, to keep more of the wealth we generate in the hands of our residents and reduce inequality.*
- *Encouraging active and healthier citizens. The health and well-being of our residents is vital. COVID has taught us that positive physical and mental well-being is an essential ingredient in building resilient places and resilient economies.*

Figure 3.2 - Main assets in 'The Bay' area



Source: The Bay Prosperity and Resilience Strategy, 2021

- 3.69 To achieve these objectives, the partnership recognises that they are home to world leading businesses within the advanced manufacturing and engineering sectors, who together support over 18,000 local jobs. This is 13% of all the employment in the area.
- 3.70 In addition, with a Location Quotient of 1.35, the area houses nearly 40% more advanced manufacturing and engineering employment than the national average. The Bay economy is driven by expertise in marine engineering, manufacturing, energy generation and distribution, and pharmaceuticals – and their associated supply chains.
- 3.71 This concentration of diverse, yet very specialist sectors sets the area apart from economic areas across the rest of the UK. For example, the area boasts some of the world's largest windfarms, the extensive East Irish Sea gas fields and specialist submarine manufacturing capabilities.

Table 3.6 Most specialised sectors in ‘The Bay’ area

Top Sectors	Location Quotient*
Export of petroleum and natural gas	12.6
Manufacture of other transport equipment	11.6
Manufacture of paper	4.3
Manufacture of electrical equipment	3.6
Electricity, gas, steam & air conditioning supply	3.1
Manufacture of pharmaceutical products	2.1
Other manufacturing	1.6
Manufacture of computer, electronic products	1.4

Source: The Bay Prosperity and Resilience Strategy, 2021

Ulverston Place Plan

3.72 The Ulverston Place Plan¹⁴ is part of the Borderlands Inclusive Growth Deal and the Borderlands Place Programme which will bring £50m of investment to the Borderlands region, including £3m to Ulverston through a Town Investment Plan which is in development. The Place Plan sets out eight strategic objectives for the town including:

- Safeguarding existing businesses and employment
- Attracting new businesses and jobs with a focus on Science, Technology, Engineering and Mathematics (STEM), culture, the green economy, education and training opportunity
- Increasing the number of people living, working, socialising and shopping in Ulverston
- Retain and Increase the Working Age Population; and
- Increase the number of visitors boosting the local economy

3.73 To support and expand the current employment base and develop industries from across the sectors, the Place Plan notes that it is essential that employment land is made available and owners and developers supported and encouraged to bring forward development of new space to capture proven demand.

¹⁴ <https://www.cumbria.gov.uk/elibrary/Content/Internet/535/38309/4463015027.pdf>

- 3.74 It also notes the redevelopment of the GSK site would provide an opportunity for the town should the business choose to depart the site in 2025. It notes that the GSK Taskforce is working to deliver a site strategy for the site.
- 3.75 The Place Plan sets out the outputs, outcomes and benefits of delivering the Plan including retaining and attracting more young people, boost local employment and provide higher paid jobs. It will also provide a tourism boost by providing a year round cultural and entertainment offer.

South Lakeland Economic Profile 2022

- 3.76 To provide a baseline the South Lakeland Economic Profile states that as of December 2021, there were 8,964 active businesses trading in South Lakeland, down slightly from 9,011 in January 2021.
- 3.77 There have been 403 new business start-ups in South Lakeland in the 12 months from January 2021 – December 2021. This represents the highest number in Cumbria over this period.

South Lakeland Business Premises Survey, 2022

- 3.78 Finally, the 2021 South Lakeland Business Premises Survey¹⁵ was published in 2022. Key findings include:
- *Of the 1,119 responding businesses, 19% (208 businesses) indicated that they would expect their premises needs to change in the next 3 years. The majority expect to increase in size by means of expanding their existing premises or moving to a larger site. The 2020 survey showed a slight shift towards more businesses wanting to downsize; however this year's results are showing a shift towards a need for larger premises;*
 - *The majority of those looking for new premises would do so either in an edge of town (e.g. industrial estate) or town centre location, with Kendal being the most likely location;*
 - *The most likely types of premises these businesses would be looking for are retail, office and light industrial units. Just over a third of respondents would prefer a premises a 'medium sized' premises (2,501 – 9,999ft²), while just under a third would prefer something smaller (under 2,500ft²);*
 - *All responding businesses feel that the location/accessibility of premises, cost of premises, and sufficient broadband/mobile connectivity were important factors to consider when choosing a new premises;*

¹⁵ South Lakeland Business Premises Survey, 2021. Available at: <https://www.investinsouthlakeland.co.uk/wp-content/uploads/2022/03/South-Lakeland-Business-Premises-Survey-2021-Analysis-Report-1.pdf>

- *A quarter of businesses identify staff retention and recruitment as obstacles which prevent their business growing;*
- *Just under half of responding businesses are seeking to address climate change issues by implementing energy efficiency measures, while one in five are utilising green technologies. Over a third of respondents indicated that they weren't sure how they were addressing the issues; and*
- *Respondents were given the opportunity to leave any other comments. The main comments/issues relate to; Staffing/recruitment, parking, COVID 19, Energy prices/rising costs and Brexit.*

The Potential for Green Jobs in Cumbria, 2021

- 3.79 The report 'The Potential for Green Jobs in Cumbria' was produced by Cumbria Action for Sustainability (CAfS) which is a charity with a vision for achieving net zero carbon emissions and promotes and facilitates low-carbon living that is socially, environmentally and economically beneficial for Cumbrians. This report¹⁶ addresses two major issues that Cumbria faces: climate change, and the low incomes and high unemployment suffered by many rural communities.
- 3.80 The report makes a number of suggestions including investments of £8.88 billion which could reduce the county's carbon emissions by 57% compared to the 'business as usual' scenario and Cumbria's annual energy bill by £854 million.
- 3.81 Additional job creation could also occur if further measures are adopted. For example, if the potential identified for renewable electricity generation from wind (offshore and onshore), hydro, photo voltaic (PV) systems, tidal and anaerobic digestion were fully realised. In total the strategy, if implemented, could create an estimated 9,000 jobs in the first 15-year 'transition' and 3,800 jobs in the longer term, of which 5,000 could be in West Cumbria.
- 3.82 In South Lakeland District the report suggests that around: 127 jobs could be created in reduced energy; 85 jobs in recycling; 136 transition jobs in air source heat pumps and 38 jobs in the long term; 440 transition jobs in renewable electricity and 166 long term jobs; and finally around 130 jobs in transport including installing EV charge points. However net jobs will fall with reduction in vehicle emissions.

¹⁶ <https://cafs.org.uk/wp-content/uploads/2021/03/The-potential-for-green-jobs-in-Cumbria.pdf>

UK Shared Prosperity Fund and Rural England Prosperity Fund

- 3.83 South Lakeland Council has been allocated £3.8m from the UK Shared Prosperity Fund (UKSPF) and £1.1m from the Rural England Prosperity Fund¹⁷ . The latter is a top up to the former only applicable in rural areas and succeeds EU funding.
- 3.84 The UKSPF fund includes interventions in community and Place such improvements to Town Centres, support for Local cultural activities, community measures to reduce the cost of living. The fund can also include interventions in relation to people and skills including employment support for economically inactive people.
- 3.85 The Rural Fund supports capital projects for small businesses and community infrastructure to help to improve productivity and strengthen the rural economy and rural communities. It can provide capital funding to support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams. It can also be used to support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.
- 3.86 The as yet unpublished Investment Plan aims to address the challenges that the District faces in terms of demography, deprivation, accessibility, vitality, wellbeing, cost of living, reliance on vulnerable business sectors, slow business growth, low productivity, labour market barriers and skills shortages.
- 3.87 It also intends to lever the opportunities of building pride in place, harnessing social capital, strengthening town centres, a supportive business environment, innovation led growth, social enterprise, development and retention of higher level skills and making the best use of available talent.

¹⁷ <https://www.southlakeland.gov.uk/your-council/grants/uk-shared-prosperity-fund/>

4. FUNCTIONAL GEOGRAPHIES

- 4.1 This section examines the extent of functional geographies which include and overlap with South Lakeland District. Specifically we examine the relevant Housing Market Areas (HMA) and Functional Economic Market Areas (FEMA).
- 4.2 This is in the context that as of the 1st of April 2023 local government reorganisation means that South Lakeland will become part of the new Westmorland and Furness Unitary Authority along with Barrow-in-Furness Borough, Eden District and part of Cumbria County Council. This will likely change the sub-regional and local economic context as there will no longer be a duty to cooperate between these local authorities.
- 4.3 However, there will still be a duty to cooperate with the National Park Authorities which remain unchanged by the local authority reorganisation.

Housing Market Area

- 4.4 Paragraph 18 of the Plan Making Planning Practice Guidance (PPG)¹⁸ defines what a Housing Market Area (HMA) is and sets out the approach local authorities should take when defining these.
- 4.5 According to the Guidance a housing market area is a “*geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.*” The PPG goes on to add:

“*These can be broadly defined by analysing:*

- *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).”*

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

“Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on

18 Reference ID: 61-018-20190315

affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.”

- 4.7 This slimmed down guidance notably omits any self-containment threshold for defining HMAs. This is unlike the previous version of the PPG which stated that migration self-containment of “typically 70 per cent” excluding long distance moves can help identify a suitable HMA.
- 4.8 The scale of a Housing Market Area and its required self-containment rate is therefore less definitive if it is identified using the approach in the PPG. However, it is considered that the Government’s previous advice remains of some relevance.
- 4.9 It is also worth noting that HMA boundaries do not stop and start at administrative boundaries. Despite this, it is often commonplace for housing market areas to be defined using local authority boundaries. This is because much of the key datasets used in both defining housing market geographies and housing need (such as the household projections) are only published at a local authority level.
- 4.10 In many areas, a pragmatic response has therefore been to define HMAs at a local authority level. However, the appropriate approach needs to take account of the geography of the local area beyond its administrative boundaries.
- 4.11 These issues were touched upon in the Planning Advisory Services Technical Advice Note on Objectively Assessed Housing Need and Housing Targets¹⁹ (July 2015) which concluded that:
- “It is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex. There may also be ‘cliff edge’ effects at the HMA boundary, for example development allowed on one side of a road but not the other.”*
- 4.12 However, the Technical Advice Note notably adds:
- “This is not always possible and it may be the case that some areas, particularly those covering an expansive area fall into more than one HMA”.*

Previously defined Geographies

- 4.13 The most recent Strategic Housing Market Assessment (SHMA, 2017) concluded that South Lakeland District can be considered a self-contained housing market based on its analysis of house moves, travel to work patterns and house price information.

¹⁹ <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>

- 4.14 For completeness, Barrow Borough identified its housing market area in their 2017 SHMA Addendum and concluded that it was a HMA in its own right on the basis of migration and commuting patterns. Eden's HMA was identified in their May 2021 SHENA which reaffirmed their last local plan conclusion of a single HMA.
- 4.15 In 2015 the Centre for Urban and Regional Development Studies (CURDs) in Newcastle University also produced a national set of Housing Market Areas drawing on commuting and migration data from the 2011 Census.
- 4.16 The report concluded that in Cumbria five housing market areas existed and that the majority of South Lakeland District was located with the Kendal Strategic Housing Market Area. The report also examined local housing market areas which were principally a devise to sub-divide urban strategic HMA, as a result South Lakeland remained within the Kendal HMA.
- 4.17 It should be noted that the 2011 census remains the most robust and comprehensive datasets examining migration and commuting, as such, there is limited data to revise previous definitions.
- 4.18 This report has therefore examined and updated house prices and house price change alongside more recent inter-local authority migration from the Office of National Statistics (ONS), noting that this source does not collate intra-local authority movements.

Migration and Self-Containment

- 4.19 The ONS provides annual data on internal migration flows (both in- and out- migration flows) which is informed by a range of official datasets including National Health Service (NHS) GP registrations data.
- 4.20 We have sought to appraise gross migration flows (the sum of flows in both directions) between areas to understand the relative strength of the housing market interactions between different local authorities.
- 4.21 We use gross flows to understand the strength of the migration relationship between areas, and then benchmark them for the combined population size of the two local authorities (in and out) to understand the relative strength of links. This recognises that two larger authorities will have a larger absolute flow than smaller authorities.
- 4.22 The table below shows the largest flows with South Lakeland District and based on its strongest flows also those for Barrow in Furness and Lancaster. Beyond these two areas there is also a notable flow with Eden although this is less than half of that of Lancaster.

4.23 It is also notable that there is a net inflow from Barrow and a net out-flow from South Lakeland District to Lancaster. It is also notable that Barrow's next strongest link, with Copeland, being less than a third of those with South Lakeland. Similarly Lancaster's second strongest link, with Wyre, is around half of that with South Lakeland.

4.24 With local government restructuring in mind we have also included data for Eden. As shown, Eden's strongest links are with Carlisle and then South Lakeland, although the latter is around half the strength of the former.

Table 4.1 Top Migration Gross Flows per 1,000 Population (2017-2020)

South Lakeland	Local Authority	Gross Migration Per 1,000	Local Authority	In Migration	Local Authority	Out Migration
1 st	Barrow	5.91	Barrow	533	Lancaster	599
2 nd	Lancaster	4.29	Lancaster	486	Barrow	481
3 rd	Eden	2.08	Scotland	201	Scotland	219
4 th	Craven	0.99	Eden	148	Eden	183
5 th	Copeland	0.94	Manchester	118	Manchester	131
Barrow-in-Furness	Local Authority	Gross Migration Per 1,000	Local Authority	In Migration	Local Authority	Out Migration
1 st	S. Lakeland	5.91	S. Lakeland	481	S. Lakeland	533
2 nd	Copeland	1.13	Copeland	83	Lancaster	115
3 rd	Lancaster	0.87	Lancaster	72	Copeland	69
4 th	Preston	0.48	Scotland	52	Scotland	59
5 th	Carlisle	0.46	Preston	46	Preston	55
Lancaster	Local Authority	Gross Migration Per 1,000	Local Authority	In Migration	Local Authority	Out Migration
1 st	S. Lakeland	4.29	S. Lakeland	599	S. Lakeland	486
2 nd	Wyre	2.82	Wyre	311	Wyre	425
3 rd	Preston	1.99	Preston	280	Preston	303
4 th	Blackpool	1.21	Manchester	214	Manchester	294
5 th	Craven	1.12	Leeds	186	Scotland	235
Eden	Local Authority	Gross Migration Per 1,000	Local Authority	In Migration	Local Authority	Out Migration
1 st	Carlisle	4.06	Carlisle	281	Carlisle	378
2 nd	S. Lakeland	2.08	S. Lakeland	183	S. Lakeland	148
3 rd	Allerdale	2.05	Allerdale	170	Allerdale	141
4 th	Lancaster	0.55	Scotland	125	Scotland	137
5 th	Copeland	0.41	County Durham	60	County Durham	69

Source: Internal migration - Matrices of moves between English and Welsh local authorities, English regions, Scotland and Northern Ireland, year ending June 2017-2020

- 4.25 One of the previous benchmarks for identifying a HMA was self-containment levels. These are the percentage of moves to or from an area which also originate from the same area. The guidance suggested that a self-containment rate of 70% would be typical of an HMA.
- 4.26 The guidance also suggested long distance moves should be excluded as these would include such things as people retiring to the area or moving for University which would typically be outside of the HMA they reside. We are required to use data from the 2011 Census as more recent data does not report on internal moves within a local authority.
- 4.27 As the table below sets out, South Lakeland District has very high levels of origin and destination self-containment rates in their own right when long-distance moves are excluded (moves from outside the North West, Craven or Richmondshire). The self-containment rates exceed 70% for both in and out migration.
- 4.28 Similarly, and perhaps most importantly the self-containment rate of Barrow-in-Furness, Eden and Lancaster also exceed 70% in their own right and in Barrow's case exceeds 80%. By this measure alone it would suggest that each of these areas can be seen as a housing market area in their own right.

Table 4.2 Self-Containment Rates for Selected Local Authorities (2011)

In-Migration	South Lakeland	Barrow-in-Furness	Lancaster	Eden
Self-Contained Moves	5,520	4,571	12,392	2,808
All Moves	9,437	6,004	19,750	4,653
All Moves From Inside NW,C &R	7,680	5,448	16,375	3,655
Self-Containment Rates	71.9%	83.9%	75.7%	76.8%
Out-Migration	South Lakeland	Barrow-in-Furness	Lancaster	Eden
Self-Contained Moves	5,520	4,571	12,392	2,808
All Moves	9,499	6,328	18,488	4,767
All Moves to Inside NW, C & R	7,700	5,660	15,334	3,735
Self-Containment Rates	71.7%	80.8%	80.8%	75.2%

Source: ONS, Census 2011 NW, C & R= North West Region, Craven and Richmondshire.

- 4.29 Noting that the latest gross migration links are also highest within each other also suggests that the South Lakeland, Barrow and Lancaster local authorities should continue to work on strategic matters. While Eden has closer links to Carlisle its second strongest links are with South Lakeland. These patterns are likely to reflect the relationship with parts of Western South Lakeland including Ulverston with Barrow and Eastern South Lakeland including Kendal with Lancaster.

- 4.30 This advice will partly become redundant in April 2023 when local government reorganisation means that Eden, Barrow-in-Furness and South Lakeland merge into a single unitary authority.

Travel to Work Area

- 4.31 ONS produced a set of Travel to Work Areas (TTWA) which covered the whole of the UK. As illustrated in the figure below for South Lakeland there are two TTWAs covering the District.
- 4.32 The Kendal TTWA which covers the east of the District including Kendal, Windemere, Ambleside and Grange-Over-Sands. The other TTWA is the Barrow-in-Furness TTWA and covers the west of the District including Ulverston up to Coniston.
- 4.33 ONS also provides statistics relating to the self-containment rates of these travel to work areas. These are shown in the table below. The Barrow TTWA has a resident and job self-containment rate in excess of 87% while in the Kendal TTWA these rates are lower but still exceed 80%

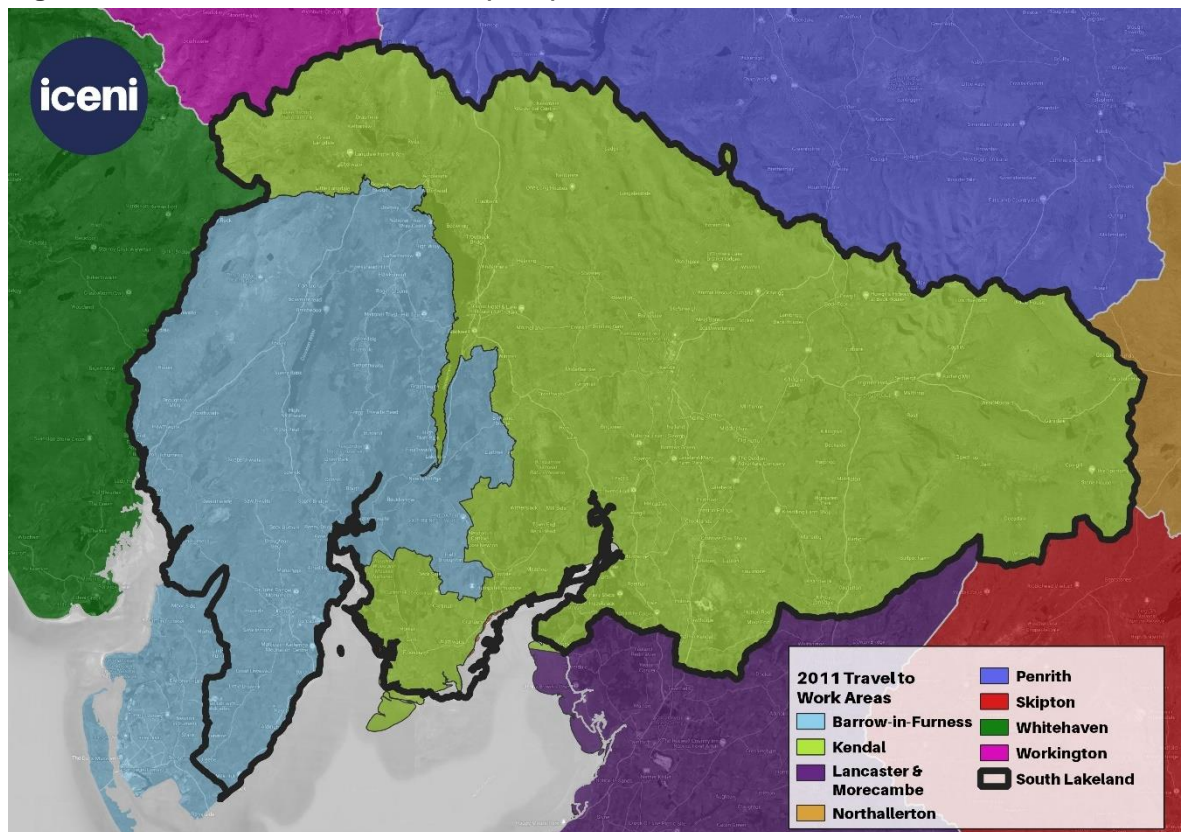
Table 4.3 Travel to Work Area Self-Containment Rates (2011)

TTWA Name	Resident self-containment (% employed residents who work locally)	Job self-containment (% local jobs taken by local residents)
Barrow-in-Furness	87.8	89.7
Kendal	84.0	80.2

Source: ONS, *Travel to Work Areas analysis 2016*

- 4.34 While Barrow is relatively self-contained there are links between Barrow and Ulverston, particularly in terms of the supply chain firms that link to BAE in Barrow. Ulverston therefore has a role in supporting Barrow and facilitating economic growth in the Furness area.
- 4.35 Again it should be reiterated that despite drawing on data from the 2011 census this remains the most robust dataset available. As shown in the figure below all of Barrow is within the Barrow TTWA. No part of Eden falls within the Kendal TTWA. The District falls entirely within the Penrith TTWA. Outside of the mapped area all of Lancaster is within the Lancaster and Morecambe TTWA.

Figure 4.1 - ONS Travel to Work Area (2011)

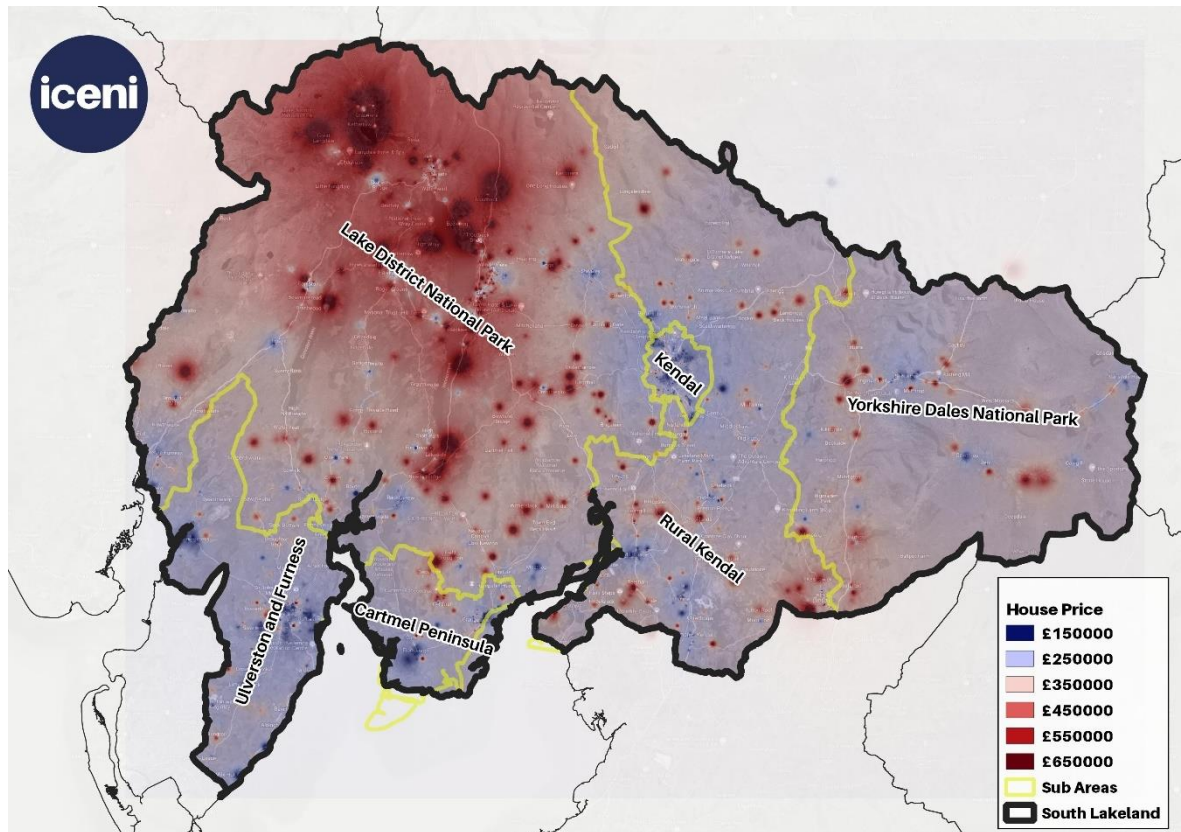


Source: ONS, TTWA Analysis 2016 based on 2011 census

House Prices and House Price Change

- 4.36 The PPG also suggests that when identifying HMAs the “*relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*”
- 4.37 The map below examines the cost of housing in South Lakeland District between 2019 and 2022. We have examined this longer period to address any covid-related spike. The typically lower values in the urban areas of Kendal and Ulverston reflects the size and type of homes being sold (i.e. more flats than detached homes).
- 4.38 Although this trend is bucked by Windemere and Bowness which have extremely high values (particularly on the edge of the co-joined settlement despite being relatively urban). There are also some lower values found in the rural parts of the Yorkshire Dales.
- 4.39 Overall the majority of the District seems fairly consistent outside of the Lake District National Park. It is likely that the housing market in the National Park is at least in part driven by the quality of place and connected to this a high level of second home ownership but also suggest a distinct sub-market.

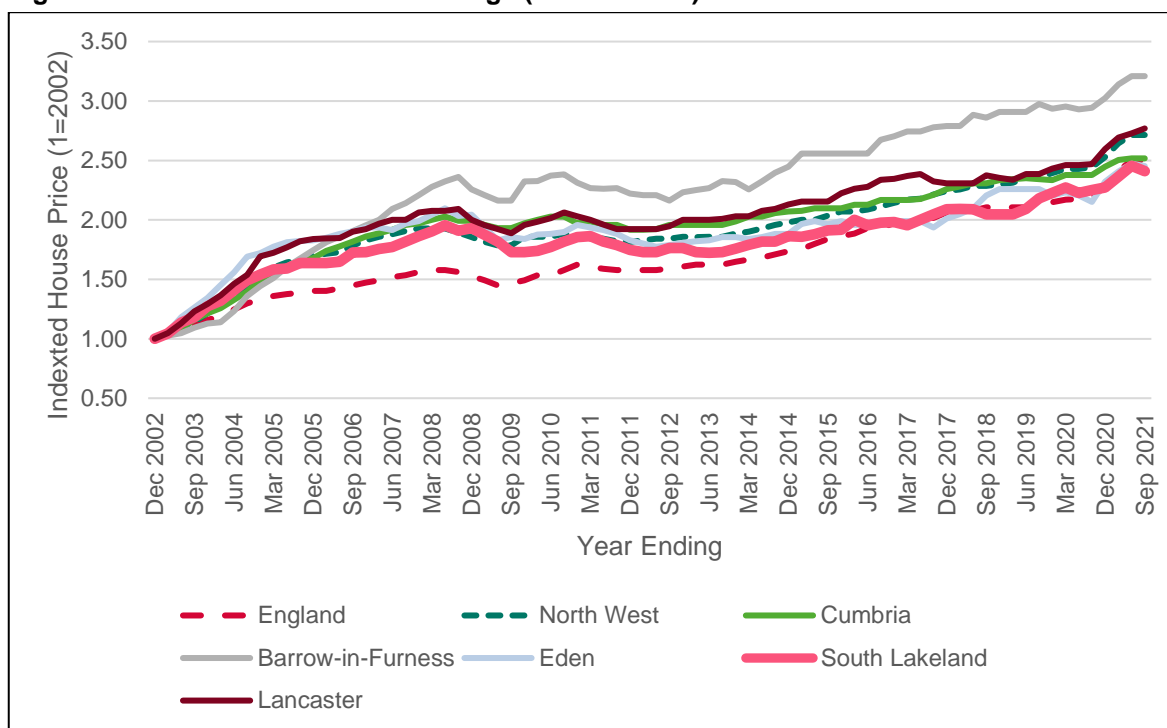
Figure 4.2 - House Prices (2019-2022)



Source: HM Land Registry, Price Paid Database 2022

- 4.40 We have also looked at the change in house prices aggregated to local authority areas. This shows an alignment between Eden and South Lakeland but that Barrow-in-Furness and Lancaster have seen more rapid growth in comparison. Both of which were above the regional growth while South Lakeland is below it. This is likely to reflect the lower starting points.
- 4.41 This would suggest that the three areas, by this measure would not be a housing market area. And while there is an alignment with Eden the other measures do not reflect this.

Figure 4.3 - Median House Price Change (2002 to 2021)



Source: ONS, small area house price statistics, 2022

HMA Conclusions

- 4.42 Recent migration data shows a relationship with Barrow-in Furness and Lancaster and to a lesser degree Eden. Although it is not possible to use this data to examine self-containment. Reverting back to 2011 data it is clear that South Lakeland, as well as Barrow and Lancaster all have relatively high rates of self-containment.
- 4.43 In terms of commuting the District is split in two with the western parts of the District including Ulverston being more closely aligned with Barrow than with Kendal.
- 4.44 The more recent house price change analysis suggests a divergence in South Lakeland from its neighbouring authorities and in absolute terms there is a Lake District National Park sub-market which is distinct from the rest of the District.
- 4.45 The Strategic Housing Market Assessment (SHMA) identified a single HMA across South Lakeland District and while the more recent data provides a mixed picture, the balance of evidence and particularly the self-containment rates set out herein would confirm this is still a reasonable position.
- 4.46 Housing markets are complex and rarely begin and end at local authority boundaries. For instance, Barrow clearly influences surrounding parts of South Lakeland and specifically Ulverston. One of the purposes of defining housing market areas is to identify the “*appropriate functional geographical area*

to gather evidence and develop policies to address these (Strategic) matters, based on demonstrable cross-boundary relationships.”

- 4.47 Where these areas are identified the relevant local planning authorities (including the National Parks) are required to cooperate on strategic matters. This cooperation includes, according to Paragraph 11 of the Plan-Making PPG (reference ID: 61-011-20190315), agreeing a statement of common ground which contains:

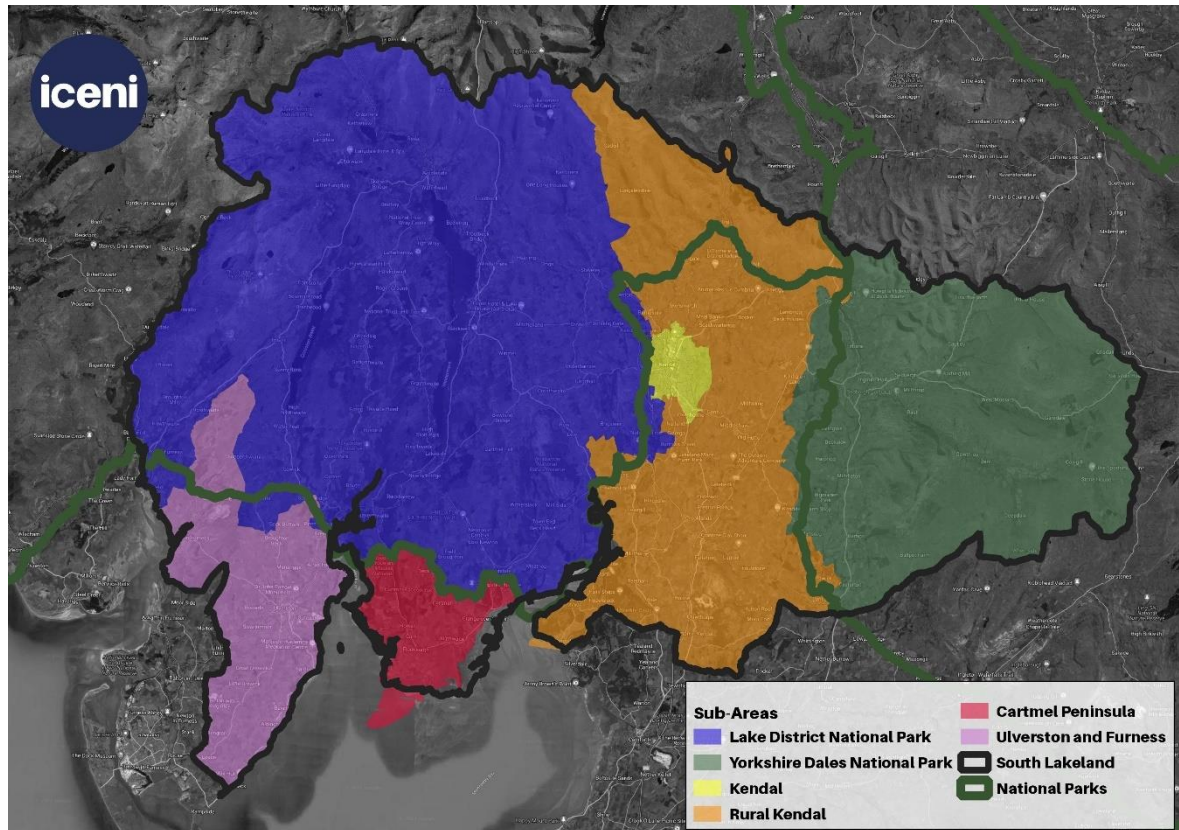
“if applicable, the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement” or

“distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area”

- 4.48 It will be important for the Council to therefore liaise with Barrow-in-Furness and to a lesser degree Lancaster and Eden as well as the two National Parks in discussing any issues associated with unmet housing needs.

Sub-Areas

- 4.49 The most recent Strategic Housing Market Assessment (SHMA, 2017) confirmed that the six sub housing market areas (first identified in the 2006 Cumbria Housing Strategy) remained logical sub-District housing market geographies.
- 4.50 These are created in order to adopt more constructive local plan policies and look at a finer grain picture of the housing markets. However in the case of the National Parks these sub-areas are unnecessary as they are required only to meet need where they can without impacting on the purposed and duty of the National Park. For that reason we see and have treated each of the National Parks as its own distinct sub-area. This is also justified by the clear delineation in house prices between those parts of the district in and outside of the National Park. In particular, the Lake District is a distinct sub-area within the wider HMA.
- 4.51 As a further complication the National Parks do not relate to any specific geography therefore to align with published statistics we have had to produce a best fit of Output Areas to align with the National Park boundaries. The map below illustrates the extent of each sub-area and where possible analysis is provided for each.
- 4.52 Where output areas overlap with the National Park boundary this is due to Output Areas being allocated to one or the other sub-market based on the likely balance of the population in these largely rural output areas.

Figure 4.4 - Housing Market Sub-Areas in South Lakeland

Source: Icení Projects, 2021 based on Ordnance Survey data

Functional Economic Market Area

4.53 The Planning Practice Guidance (PPG) relating to Plan Making²⁰ provides guidance on how Functional Economic Market Areas (FEMAs) can be defined. It notes that no standard approach is possible as patterns of economic activity vary from place to place. However, it does suggest that when defining a FEMA, the following are relevant:

- extent of any Local Enterprise Partnership within the area;
- travel to work areas;
- housing market area;
- flow of goods, services and information within the local economy;
- service market for consumers;
- administrative geographies;
- catchment areas of facilities providing cultural and social well-being; and
- transport network.

²⁰ Reference ID: 61-018-20190315

- 4.54 As the FEMA also considers the housing market area and travel to work areas, there is typically a level of overlap between housing market and economic geographies; and in many cases our experience is that the evidence supports consistent geographies.

Previous Research

- 4.55 The 2014 South Lakeland Economic Growth Strategy notes that “Economic activity is however not constrained by the boundaries of public administration and the policies of economic development and growth now focus much more on functional economic areas within which there are economic similarities in terms of business sectors, travel to work patterns and labour markets.”
- 4.56 It goes on to add that “South Lakeland’s economy is actually made up of several economies, each influenced by the existing hubs or service centres and their connectivity to other towns, cities and regions. Indeed there is a complex web of economic interactions which reach well beyond the shores of the UK.”
- 4.57 It concluded that “The economic geography of South Lakeland is nonetheless characterised by the location of its towns, the transport infrastructure, the presence of specialist industries and its outstanding coasts and countryside.” The report then provides a map, reproduced below, which divides the District into three distinct areas depending on their economic function.
- 4.58 As illustrated, the area around Kendal and along the M6 is termed as the “M6 Growth Corridor” which has particularly strong road and rail links through which it gains a competitive advantage. The two areas within the National Parks (denoted with a “2”) are broadly focused on the Rural and Visitor Economy.
- 4.59 The final area includes Ulverston and is focussed on “advanced manufacturing” and includes specialist manufacturing companies which resultantly provide a strong pool of manufacturing knowledge and expertise. This is in part linked to the manufacturing of submarines in Barrow-in-Furness.

Figure 4.5 - Economic Geography of South Lakeland



Source: SLDC, 2014 South Lakeland Economic Growth Strategy

- 4.60 As mentioned previously South Lakeland, Eden, Barrow-in-Furness and part of Cumbria County Council local authorities will merge in April 2023. It is therefore worthwhile examining the previous FEMA definitions of these areas.
- 4.61 For Barrow the Employment Land Review Update (November 2017) sets out Guidance but does not set out a FEMA. It does however state that the study area is Barrow but its TTWA “extends to the North into the Lake District National Park and includes parts of the South Lakeland administrative area to the East”. The Eden Strategic Housing and Economic Needs Assessment (May 2021) does not define a FEMA.
- 4.62 For completeness Lancaster’s most recent statement on Functional Economic Market Areas is set out in their SHMA²¹ (Part II) which clarifies the nature of the District as a FEMA with high levels of

²¹ <https://www.lancaster.gov.uk/assets/attach/3269/arc4FinalReportSHMALancaster%20Feb%202018%20.pdf>

commuting self-containment. It does note that South Lakeland presents the most significant commuting relationship but corresponding figures were relatively low.

Housing Market Area and Travel to Work Area

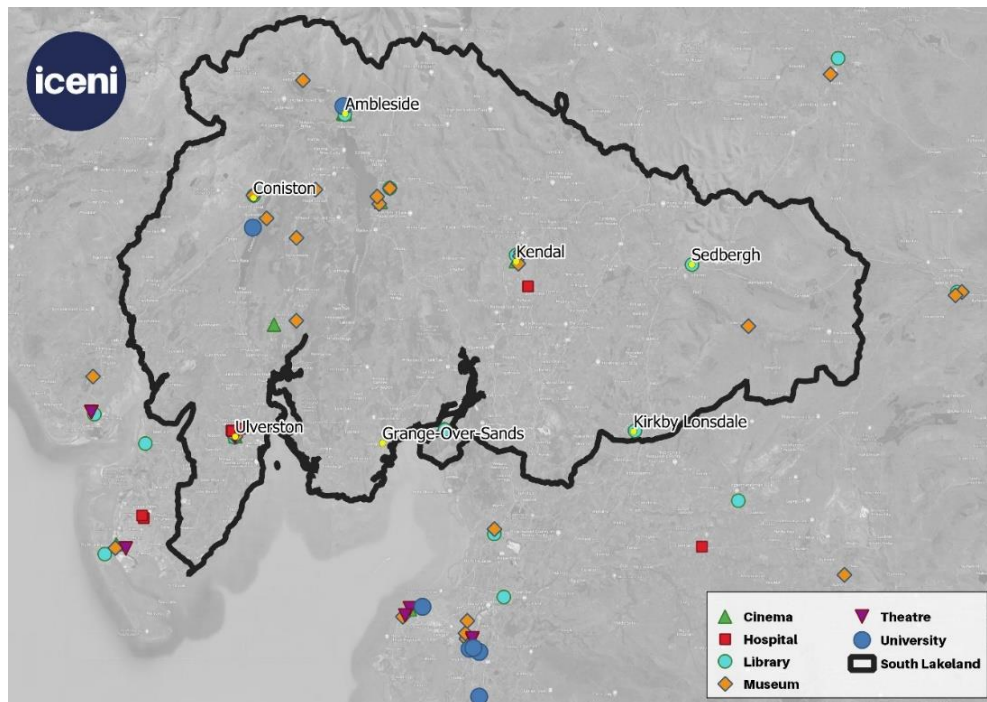
4.63 As set out earlier in this section the HMA is defined as South Lakeland District on its own. We also included a review of the relevant Travel to Work Areas of which there are two. The first is the Kendal TTWA which broadly aligns with areas 1 and 2 in Figure 4.5. The second is the Barrow TTWA which broadly aligns with the third advanced manufacturing area although this doesn't extend to the Cartmel Peninsula but does extend further north to Coniston.

4.64 What will become the Westmorland and Furness Unitary Authority is split across the Barrow, Kendal and Penrith TTWAs. With South Lakeland the only District split across more than one of these.

Cultural and Social Facilities

4.65 The map below illustrates the location of key cultural and social facilities in South Lakeland District and the immediate surrounding area using data provided by OpenStreetMap²². There is a cultural and social amenity cluster in Kendal and Ulverston within the District and outside of it in Barrow, Lancaster and to a lesser extent Morecambe.

Figure 4.6 - Cultural and Social Facilities



Source: Icen Projects and Open Streetmap

²² This is an open source resource and relies on public accuracy. As such not all facilities may be picked up

- 4.66 The only area where there is a notable absence of cultural and social facilities is in the area within the National Parks and especially the Yorkshire Dales National Park. While the Lake District has some facilities these are, in the main, aimed at tourists rather than residents. This perhaps illustrates that the area is reliant on larger nearby centres such as Kendal and Lancaster for some higher order services and cultural facilities.
- 4.67 The analysis of social and cultural facilities again shows the District being split east and west with Ulverston having some facilities but is largely reliant on Barrow for others. Similarly Kendal has a greater number of facilities but residents may still have to access Lancaster for some services.

Service Market for Consumers

- 4.68 The South Lakeland Retail Study Update²³ 2012 states that the Core Strategy (2010)²⁴ identifies Kendal and Ulverston as Principal Service Centres and Grange over Sands, Milnthorpe and Kirkby Lonsdale as Key Service Centres (Policy CS1.2 – The Development Strategy).
- 4.69 South Lakeland Core Strategy Policies CS2 (Kendal Strategy)-and CS7.5 (Town Centre and Retail Strategy) promote the role of Kendal as the principal town centre in the District; ‘... a large town centre which serves the District and beyond...’. Core Strategy Policy CS3.1 (Spatial Strategy for Ulverston and Furness), identifies Ulverston as a Principal Service Centre located in the western part of the Local Plan area. In retail terms, Policy CS7.5 refers to Ulverston as a ‘...medium town centre which serves a wide rural catchment...’.
- 4.70 Overall, South Lakeland District retains around 68.2% of all comparison expenditure with 38.7% leaking to other areas. For Convenience expenditure the District retains 82.7% of expenditure and leaks 17.3%. The largest areas to leak expenditure to is Barrow in Furness and this is particularly from Ulverston and again aligns with the Travel to Work area analysis and to Lancaster from Kirkby Lonsdale.
- 4.71 However, this report is now somewhat dated and a number of major retailers (Debenhams and M&S) have closed their Barrow stores. Over the same period M&S opened a new store (M & S Foodhall) in Ulverston as did Screwfix and Aldi. This is likely to have impacted on the leakage to Barrow but also Ulverston’s draw.

Flow of Goods and Services

- 4.72 The flow of goods, services and information within the local economy is difficult to quantify. Our approach, therefore, is to look at the make-up of the economy in the local authorities in the North

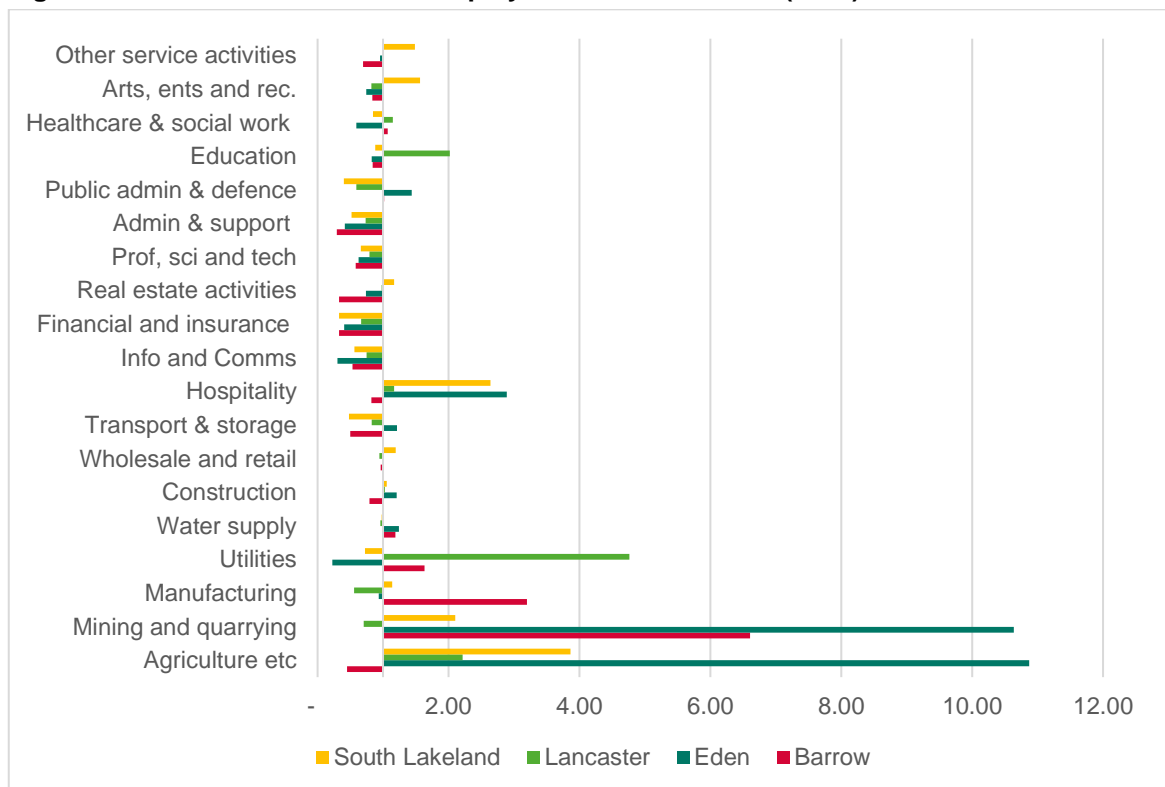
²³ <https://www.southlakeland.gov.uk/planning-and-building/south-lakeland-local-plan/evidence-studies-and-reports/#employretailvi>

²⁴ <https://www.southlakeland.gov.uk/media/3521/cs01-core-strategy-october-2010.pdf>

West surrounding South Lakeland. We also examine office and industrial clusters across the study area and its neighbouring areas.

- 4.73 Drawing on Cambridge Econometrics data, we have examined the relative representation of different economic sectors in each local authority in comparison to the wider North West region. For this we have used location quotient analysis where a score over one represents an over-representation and a score under one represents an under-representation in relation to the study area.

Figure 4.7 - Location Quotient of Employment Vs North West (2021)



Source: Oxford Economics, Economic Forecasts 2022

- 4.74 South Lakeland District has particular strengths in comparison to the region and its neighbours in Wholesale and Retail, Hospitality, Real Estate, Arts, Entertainment and Recreation and Other Service Activities. This clearly illustrates the importance of tourism to the area. It is also the case that none of the other neighbouring local authorities have a similar profile.
- 4.75 The data also shows under-representation in transportation and storage despite proximity to the M6 and in the finance and insurance sectors. The District is also less reliant on the public sector than Lancaster and Barrow.
- 4.76 According to Valuation Office Agency (VOA) floorspace data, South Lakeland District has almost double the commercial floorspace than Barrow or Eden and around the same as Lancaster. This is largely as a result of the Industrial market.

Table 4.4 Non-Domestic Floorspace by Local Authority (2020/21) – '000 Sqm.

	South Lakeland	Barrow	Eden	Lancaster
Retail	242	197	100	277
Office	94	62	51	103
Industrial	610	321	404	660
Other	173	74	73	143
Total	1,119	655	628	1,183

Source: VOA, Non Domestic Floorspace Data

- 4.77 The largest office centre in South Lakeland District is in Kendal Town Centre and to a lesser degree Kendal North and Ulverston. The largest industrial concentration is in Kendal North and Burneside and to a lesser degree in Ulverston and along the M6.
- 4.78 The logistics market is likely to operate differently from the wider industrial market with operators unlikely to confine their accommodation search to one FEMA. Speaking to local agents the demand for logistics space in the area is centred along the M6 corridor with the greatest demand near the Halton Junction (North of Lancaster) which also has access to Heysham Ferry Terminal.
- 4.79 Given the relatively low level of industrial supply in comparison to some urban centres, it would be reasonable to suggest that the District would not be that self-sufficient when it comes to the flow of all goods and services. This would justify the study area not being a FEMA in its own right. Again, as with other services such as comparison retail and cultural services, the study area maybe partially reliant on nearby areas to provide certain goods and services. This may even go further afield to places such as Preston.

Other Considerations

- 4.80 There are also a range of wider considerations when examining the FEMA that do not need further interpretation, for example:
- As well as the local authority and the two National Parks, the administrative geographies covering South Lakeland also include Cumbria County Council which has responsibility for education, strategic planning, emergency services, social services, public safety, the fire service and waste disposal;
 - The County Council also has responsibility for transport (specifically, highways and buses), while trains are provided by Northern Rail, Trans-Pennine Express and Avanti West Coast. The nearest major airports are Liverpool and Manchester Airport although both are some distance away;
 - Cumbria Constabulary covers the entire county;

- Ambulance services are provided by the North West Ambulance Service which covers the region and has a number of Ambulance Stations across South Lakeland.
- As of July 2022 NHS Services are provided by the Lancashire and South Cumbria Integrated Care Board which covers South Lakeland as well as Barrow and south through to West Lancashire.; and
- The Cumbria Local Enterprise Partnership (LEP) is the defined LEP area reflecting a bottom-up definition of economic geography, which has been agreed by Government.

FEMA Conclusions

- 4.81 As demonstrated by the evidence set out above, there is a complex set of economic relationships across South Lakeland, although consistently there appears to be some alignment between the west of the District and Barrow. While the east is more self-contained there is still a reliance on areas outside of the District and particularly Lancashire for some services. This is supported by evidence on TTWAs, cultural and social facilities and service markets.
- 4.82 While the TTWAs exceed a self-containment rate of 75%, there will also be some benefit of aligning the HMA and FEMA geographies. As with the HMA analysis, the question comes down to how Ulverston is treated and whether it is more closely aligned to Barrow?
- 4.83 The additional criteria reveals a high level of expenditure leakage to Barrow and clusters of cultural and social facilities in Barrow. There are also a number of services which are provided across the wider Cumbria area (police) and beyond (LEP, ICB), although Barrow also shares these services. None of the above criteria leads us to a clearer picture.
- 4.84 Local agents suggest that the advanced manufacturing clusters around Barrow would not consider moving to places like Kendal as they need to be close to their customers (BAE) and this is also helped by a supply of industrial land and lower rents in Barrow. One agent said that some would consider Ulverston but this would only be a second choice.
- 4.85 The agent also noted that those businesses looking to move that are located within the Lake District National Park would consider Kendal and as a result the market for employment floorspace in the town serves a wider area.
- 4.86 **This would lead us back to the District being a standalone FEMA.** It is also beneficial for pragmatic reasons (to allow for an alignment of jobs and homes) to have the HMA and FEMA boundaries align. However, as with any functional geography there will be areas of overlap and with that in mind we should still recognise that Ulverston is influenced by Barrow.

- 4.87 One of the purposes of defining the FEMA is to identify the “appropriate functional geographical area to gather evidence and develop policies to address these (Strategic) matters, based on demonstrable cross-boundary relationships” (PPG Reference ID: 61-017-20190315).
- 4.88 It will therefore be important for South Lakeland to liaise with Barrow and Lancaster as well as the National Park authorities on strategic matters including discussing any issues associated with unmet needs (from either area).
- 4.89 To that end South Lakeland, Barrow-in-Furness and Lancaster Councils have also recently signed a Statement of Intent to formalise their partnership working, particularly on economic development initiatives, and have formed the Lancaster and South Cumbria economic region. This will go some way to address the duty to cooperate issues.
- 4.90 Furthermore, once local government reorganisation takes place in 2023 Eden, South Lakeland, Barrow and part of Cumbria County Council will become a single unitary authority. However, there will still be a need for a continued duty to cooperate with Lancaster.

Functional Geographies – Key Points

- South Lakeland and its surrounding authorities have relatively high rates of migration self-containment.
- Recent migration data shows a continued relationship with Barrow-in Furness and Lancaster and to a lesser degree Eden.
- Unlike the rest of the District the western parts of the District including Ulverston are more closely aligned with Barrow than with Kendal.
- House price change analysis suggests a divergence in South Lakeland District from its neighbouring authorities.
- In absolute terms the Lake District National Park market is a distinct sub-market from the rest of the District and HMA.
- **The previous SHMA identified a single HMA across South Lakeland District and the balance of evidence (particularly the self-containment rates) would suggest this has not changed.**
- In economic terms, the west of the District is more closely aligned with Barrow while the east is more self-contained.

- For some services there is a reliance on areas outside of the District including Lancaster and Barrow.
- There is also a high level of expenditure leakage to Barrow and clusters of cultural and social facilities in Barrow.
- **Despite these relationships the data for the District as a whole would lead us back to the District being a standalone FEMA.**
- It is also beneficial for pragmatic reasons (to allow for an alignment of jobs and homes) to have the HMA and FEMA boundaries align.
- However, with any functional geography there will be an element of overlap and with that in mind we should still recognise that Ulverston is influenced by Barrow.

5. SOCIO-ECONOMIC BASELINE

5.1 This section provides an overview of South Lakeland District’s demographics. It draws on a range of data from the Office for National Statistics (ONS). The report considers demographic trends, in particular looking at past trends in population growth

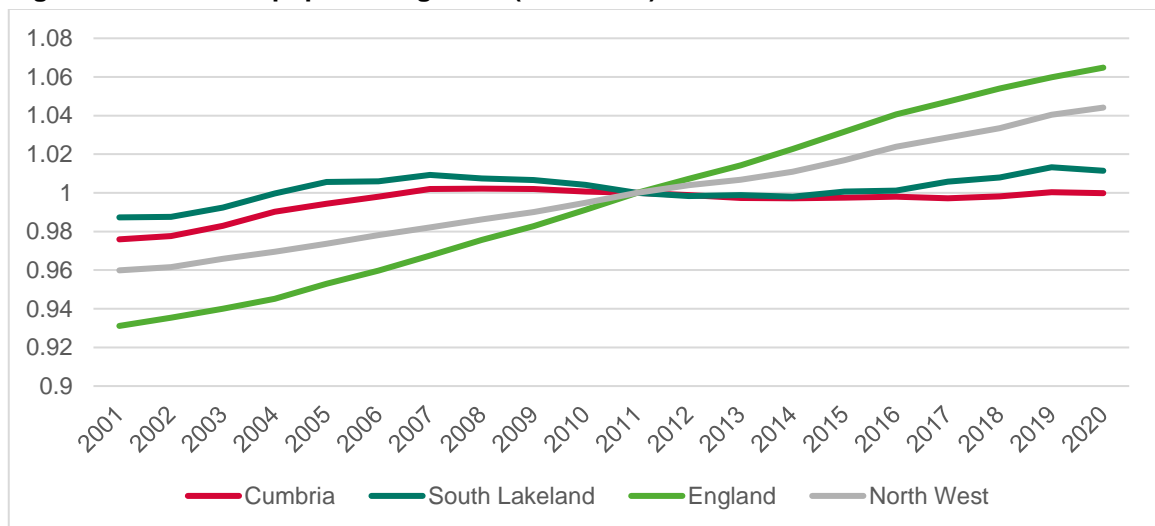
Population

5.2 As of the 2021 Census the population of South Lakeland District²⁵ was estimated to be around 104,500. Since 2011 the District has grown by approximately 842 people or 0.8%. Prior to the release of the latest Census the population of South Lakeland was estimated to be 105,000 in 2020 equivalent to 1.15% over the nine year period from 2011-2020.

5.3 This is a significantly faster rate of growth than the rest of Cumbria, which shrunk by 0.01% between 2011 and 2020. However it is slower than that of the North West (4.4%) and England (6.5%).

5.4 The data in the remainder of this section draws on Mid-Year population estimates as this is the only way we can look at sub-areas for the time being. The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). In 2020, it is estimated that the population of the District had risen by 2.45% from 2001 levels compared to a national growth of 14%.

Figure 5.1 – Indexed population growth (2001-2020)



Source: ONS (mid-year population estimates), 2021

²⁵ Much of the preparation of this work was undertaken before the release of much of the Census and therefore does not feature in the inputs or outputs of much of the work.

- 5.5 The analysis shows a slight growth in both South Lakeland District and Cumbria up until 2008, at this point the population appears to stagnate until 2016 with very minimal change. The population of South Lakeland then appears to begin to grow again at this point with a slight drop off in 2019, while that of Cumbria remains level from 2011 onwards.
- 5.6 Within the District the Cartmel Peninsula sub-area (as defined in the previous chapter) has seen the highest growth since 2011 at 4.6% followed by Kendal at 3.7%. The smallest growth (in fact a decline) was in Central Lakes at -1.2%. The Yorkshire Dales and Rural Kendal sub-areas also saw very marginal growth.

Table 5.1 Population change by sub-area (2011-20)

	Population (2011)	Population (2020)	Change	% change
Cartmel Peninsula	7,803	8,158	355	4.6%
Central Lakes	24,337	24,042	-295	-1.2%
Yorkshire Dales	5,026	5,060	34	0.7%
Kendal	28,653	29,698	1,045	3.7%
Rural Kendal	19,674	19,795	121	0.6%
Ulverston and Furness	18,220	18,152	-68	-0.4%
South Lakeland Plan Area	74,350	75,803	1,453	1.9%
South Lakeland (District)	103,713	104,905	1,192	1.1%
Cumbria	499,817	499,781	-36	-0.01%
North West	7,055,961	7,367,456	311,495	4.4%
England	53,107,200	56,550,100	3,442,900	6.5%

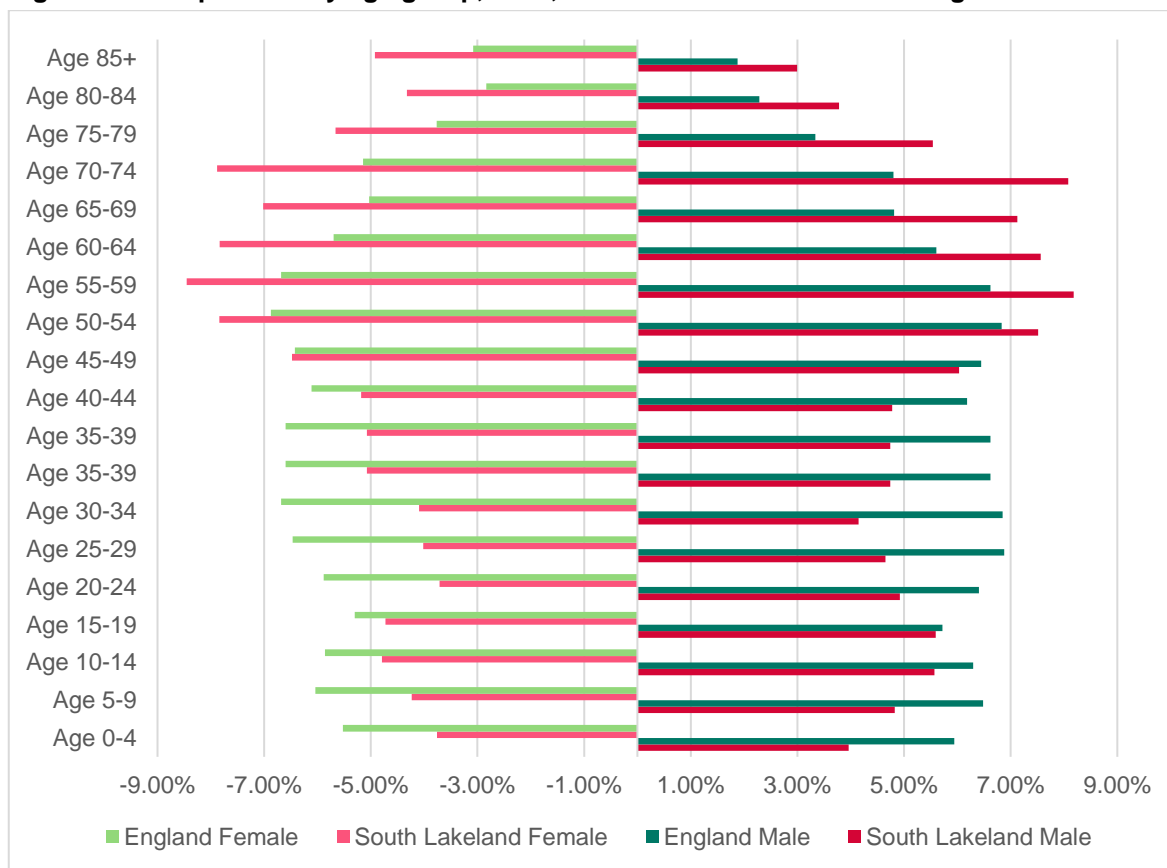
Source: ONS, Mid-Year Population Estimates, 2021

- 5.7 Overall, the South Lakeland Plan Area has seen slightly higher growth than the District at 1.9%, indicating a concentration of growth outside the National Parks, likely a result of a larger quantity of housing stock and more affordable property prices.

Age Profile

- 5.8 The age profile of South Lakeland District is skewed towards older age groups, more so than that of the national pattern. There is a much lower percentage of population below the age of 44 than nationally. Conversely, the proportion of those aged 45 and over is significantly higher in South Lakeland District than nationally.

Figure 5.2 – Population by age group, 2020, South Lakeland District vs. England



Source: ONS, Mid-Year Population Estimates, 2021

5.9 The table below summarises key age groups in the South Lakeland Plan Area and compares it to England as a whole. South Lakeland sees much higher proportions of older families than England (30% against 26%) and a higher proportion of retirement age population (28% v 19%).

Table 5.2 Population by broad age group (2011-20)

	South Lakeland Plan Area (absolute)	South Lakeland Plan Area (%)	England (%)
Under 16	11,439	15%	18%
16-24	6,316	8%	12%
25-44)	14,110	19%	26%
45-64	22,450	30%	26%
65+	21,488	28%	19%

Source: ONS, Mid-Year Population Estimates, 2021

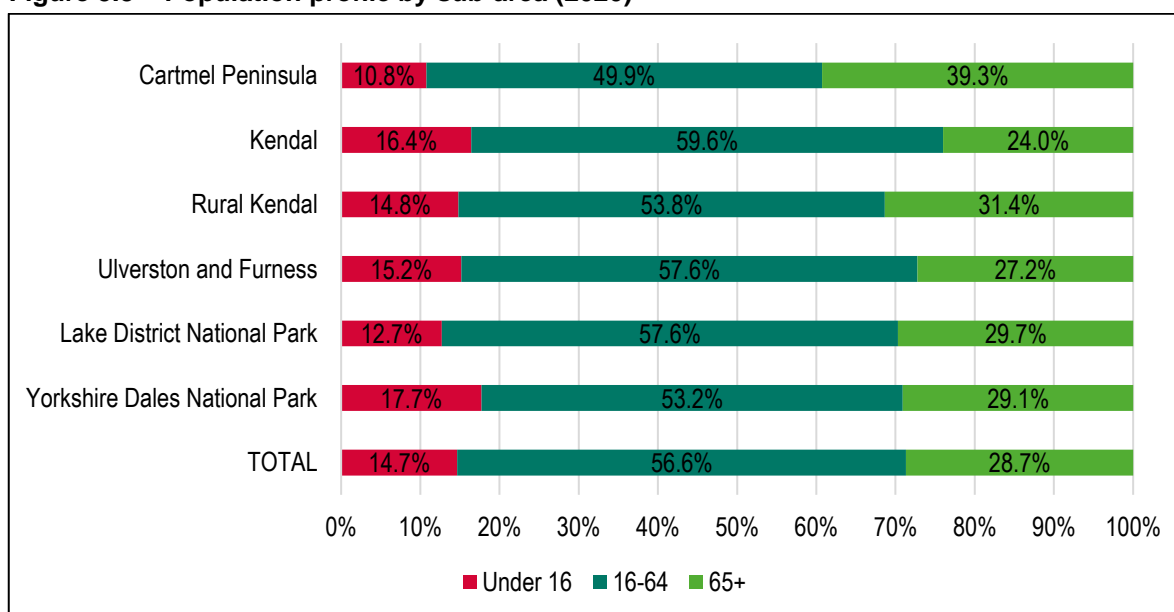
5.10 The table below shows population change by age (again for the 2011-20 period). This shows a notable increase in the over 65 age group (20.4%) with declines in the working age population 16-64 (-4.3%) and those under 16 (-2.1%). This ageing of the population has ramifications for the ability to maintain a labour supply as well as demand for specialist accommodation.

Table 5.3 Change in population by broad age group (2011-20) – South Lakeland Plan Area

	2011	2020	Change	% change
Under 16	11,676	11,439	-237	-2.1%
16-64	44,824	42,876	-1,948	-4.3%
65+	17,850	21,488	3,638	20.4%
TOTAL	74,350	75,803	1,453	2.4%

Source: ONS, Mid-Year Population Estimates, 2021

- 5.11 The figure below looks at some differences by sub-area. The analysis shows an older age structure in the Cartmel Peninsula, where nearly two-fifths of all residents are aged 65 and over. The Yorkshire Dales National Park has the highest proportion of children, whilst Kendal generally has the youngest age structure (the lowest proportion of people aged 65+; although at a level still in excess of regional and national averages).

Figure 5.3 – Population profile by sub-area (2020)

Source: ONS mid-year population estimates, 2021

Components of Population Change

- 5.12 The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which are generally small and often related to armed forces personnel or boarding school pupils.
- 5.13 The data shows a negative level of natural change throughout the period studied (i.e. more deaths than births) – over the last 5-years, natural change has averaged a net loss of around 500 per annum.

Internal migration has been quite variable – but positive in all years; the last five years for which data is available shows an average of around 600 people (net) moving to the District from other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for most years; over the past five years international migration has averaged just over 100 people per annum (net).

- 5.14 The data also shows a small negative level of UPC and modest other changes (with UPC only being applicable up to 2011). Overall, the data is clear that population growth in South Lakeland District is almost entirely driven by internal (domestic) migration – people moving from another part of the country to South Lakeland.

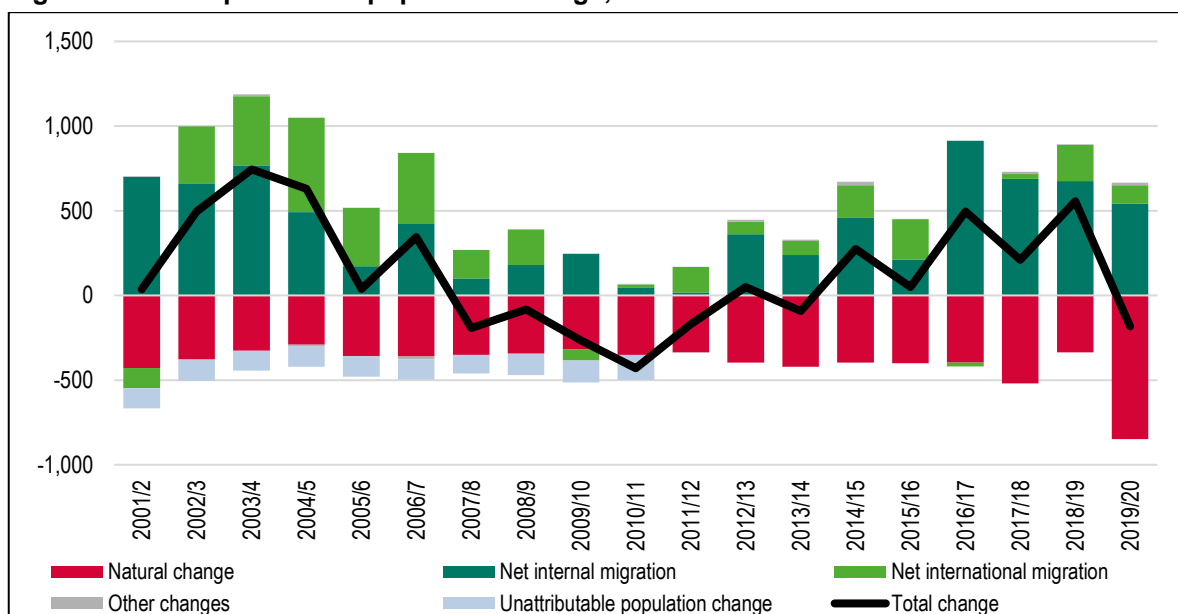
Table 5.4 Components of population change, mid-2001 to mid-2020 – South Lakeland

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-429	700	-118	3	-120	36
2002/3	-377	662	337	-8	-119	495
2003/4	-326	768	408	11	-117	744
2004/5	-291	492	558	-11	-119	629
2005/6	-359	172	344	2	-120	39
2006/7	-361	422	419	-17	-119	344
2007/8	-351	100	168	-1	-108	-192
2008/9	-344	180	209	-2	-125	-82
2009/10	-317	246	-66	-3	-127	-267
2010/11	-351	48	16	5	-148	-430
2011/12	-336	18	151	-2	0	-169
2012/13	-397	362	74	10	0	49
2013/14	-422	238	84	8	0	-92
2014/15	-397	458	193	21	0	275
2015/16	-401	212	238	1	0	50
2016/17	-397	914	-22	0	0	495
2017/18	-520	688	29	14	0	211
2018/19	-336	675	214	3	0	556
2019/20	-849	543	108	15	0	-183

Source: ONS, Mid-Year Population Estimates, 2021

- 5.15 The data also shows the highest natural decline in population in the year to 2019/20. This would include the initial phases of the pandemic in early 2020 although it is not possible to attribute this to any one factor.

Figure 5.4 – Components of population change, mid-2001 to mid-2020 – South Lakeland



Source: ONS, Mid-Year Population Estimates, 2021

Household composition

5.16 In 2011, there were 46,552 households in South Lakeland District comprising 1.5% of the population of the North West. Overall, households are split between 32.4% of single person households, 63% of one family households and 4.6% of other household types. The largest sub group however are married couples with more details provided in the table below.

Table 5.5 Household types, 2011

Household Composition	South Lakeland	Barrow-in-Furness	Eden	Lancaster	North West	England
One person only: All	32.4%	34.6%	30.2%	32.6%	32.2%	30.2%
One person: Aged 65 and	16.3%	14.5%	14.4%	14.2%	12.8%	12.4%
One person: Other	16.1%	20.0%	15.8%	18.4%	19.4%	17.9%
One family only: All	63.0%	61.4%	65.0%	60.3%	61.2%	61.8%
One family: Aged 65 and	12.5%	8.5%	11.4%	9.3%	7.8%	8.1%
One family: Married/civil	35.3%	32.2%	37.8%	31.2%	31.7%	33.2%
One family: Cohabiting	8.6%	9.7%	8.5%	10.0%	9.8%	9.8%
One family: Lone parent	6.6%	11.0%	7.2%	9.7%	12.0%	10.6%
Other: All	4.6%	4.0%	4.8%	7.2%	6.6%	8.0%
Other: With dependent	1.3%	1.5%	1.5%	1.9%	2.3%	2.6%
Other: All full-time students	0.0%	0.0%	0.2%	1.5%	0.5%	0.6%
Other: All aged 65 and	0.4%	0.2%	0.4%	0.3%	0.3%	0.3%
Other: Other	2.9%	2.3%	2.8%	3.5%	3.4%	4.5%

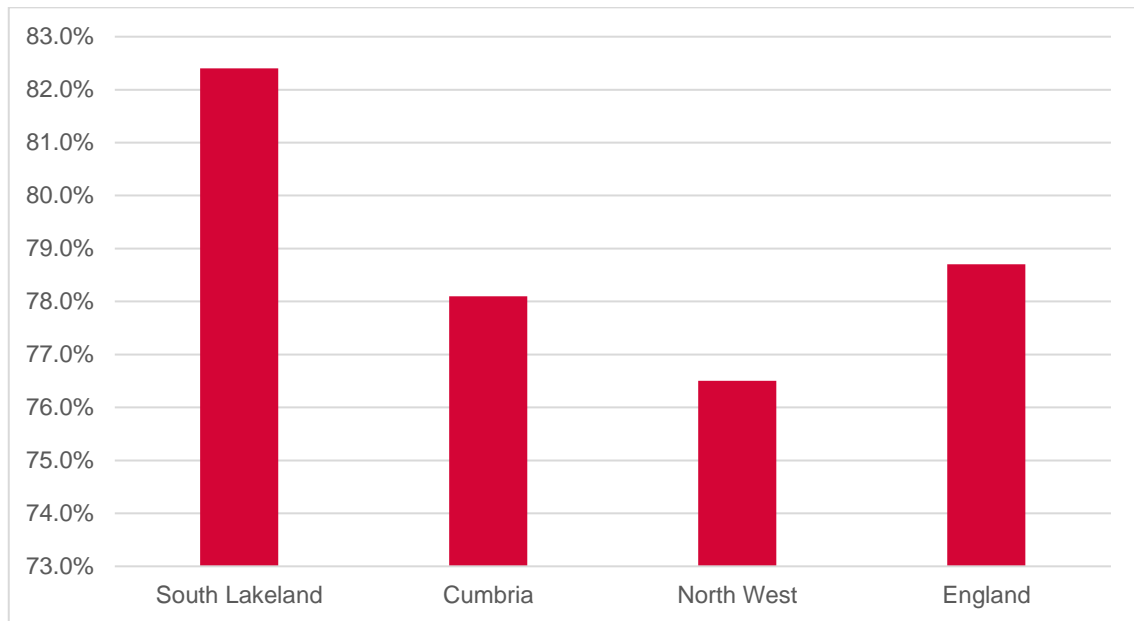
Source: ONS, Census 2011

Labour Market, Skills & Earnings

5.17 In this section we assess the labour market characteristics and performance, addressing issues associated with unemployment, skills, and earnings.

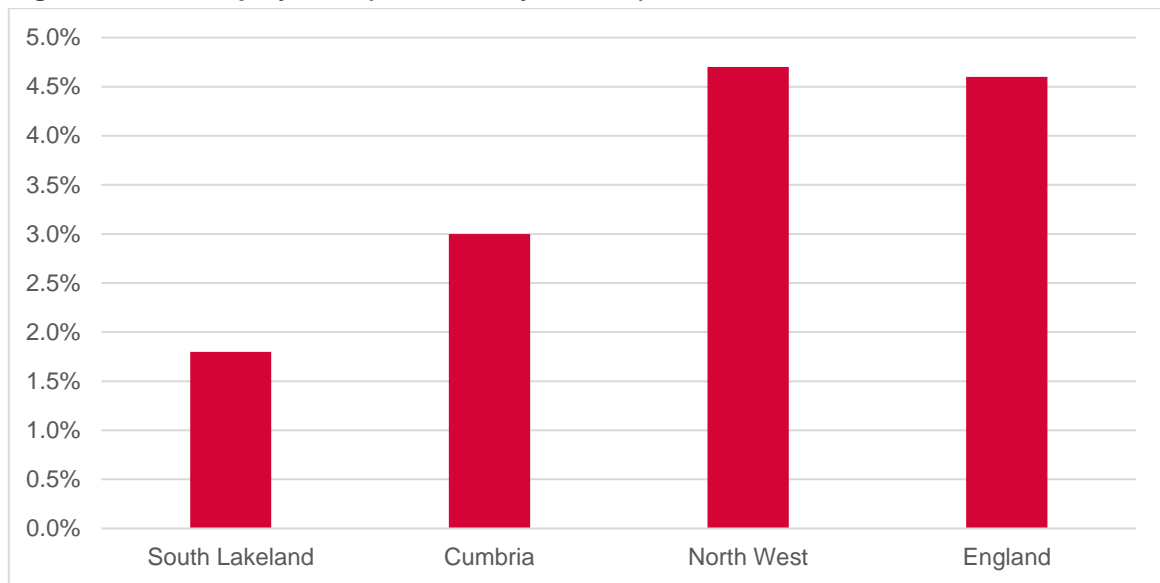
5.18 As noted above there has been a notable decrease in the working age population. However, at 82.4% South Lakeland District still has a higher share of economically active population than all other benchmark areas with Cumbria at 78.1%, the North West at 76.5% and England only 79%.

Figure 5.5 – Economically active population (2020)



Source: ONS, Annual Population Survey

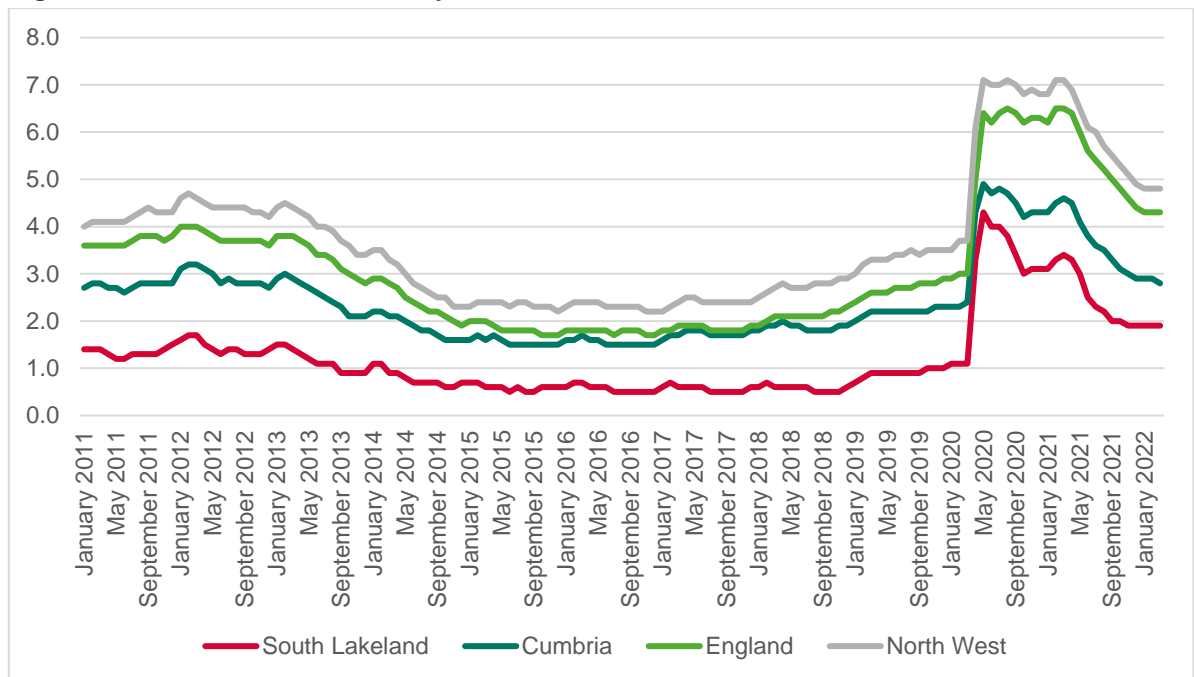
5.19 Logically, unemployment in South Lakeland District (1.8%) is also lower than in the country overall (4.6%). Such a low unemployment rate is considered akin to full employment with very few people looking for employment in the District. This has led to issues with some local businesses reporting difficulty in recruiting staff.

Figure 5.6 – Unemployment (% of 16–64-year-olds) – 2020

Source: ONS, Annual Population Survey

- 5.20 The claimant rate is another key indicator of unemployment which is measured as the number of people who are receiving benefits principally for the reason of being unemployed (claimant count) divided by the number of workforce jobs plus the claimant count. Whilst there is crossover between the claimant rate and the unemployment rate, they measure slightly different things. The claimant count is also published more regularly and was available up to March 2022 at the time of writing.
- 5.21 The figure below shows changes in claimant unemployment over time. The claimant rate follows a similar pattern across all areas; influenced by the economic cycle. The claimant count in South Lakeland District was last recorded at 1.9% of working age population and Cumbria slightly higher at 2.8%.

Figure 5.7 – Claimant rate, January 2011 to March 2022



Source: ONS, Claimant Count

5.22 In all areas there was a notable jump during the pandemic and rates have not yet recovered to pre-2020 levels although they are falling relatively quickly.

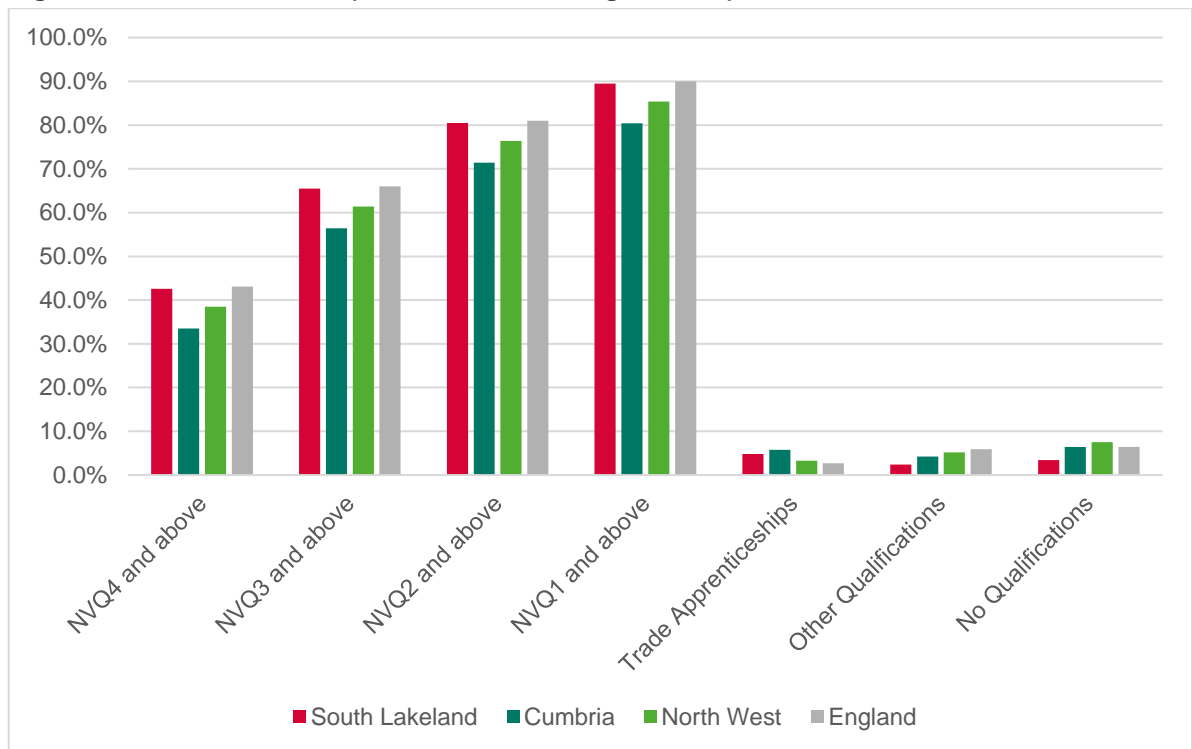
Qualifications

5.23 Overall, South Lakeland District has a greater percentage of population (42.6%) educated to National Vocational Qualification (NVQ) level 4 (equivalent to a degree) than the North West (38.5%) and Cumbria (33.5%). Similarly, the percentage of population with trade apprenticeships in South Lakeland was 4.8% which compares to 2.7% in England as a whole.

5.24 As a result, less of the population have no qualifications (3.4%), than Cumbria and England (6.4%) and significantly less than the North West region (7.5%). This indicates that the District is particularly well qualified.

5.25 This is despite the area only having a small university. This would suggest that the area is successful in attracting older graduates through a combination of quality of place, lifestyle and the jobs being created including those that can work from anywhere. Although as noted elsewhere in the report recent graduates are less likely to come to the area due to the relative paucity of services.

Figure 5.8 – Qualifications (% are for those of aged 16-64), 2021

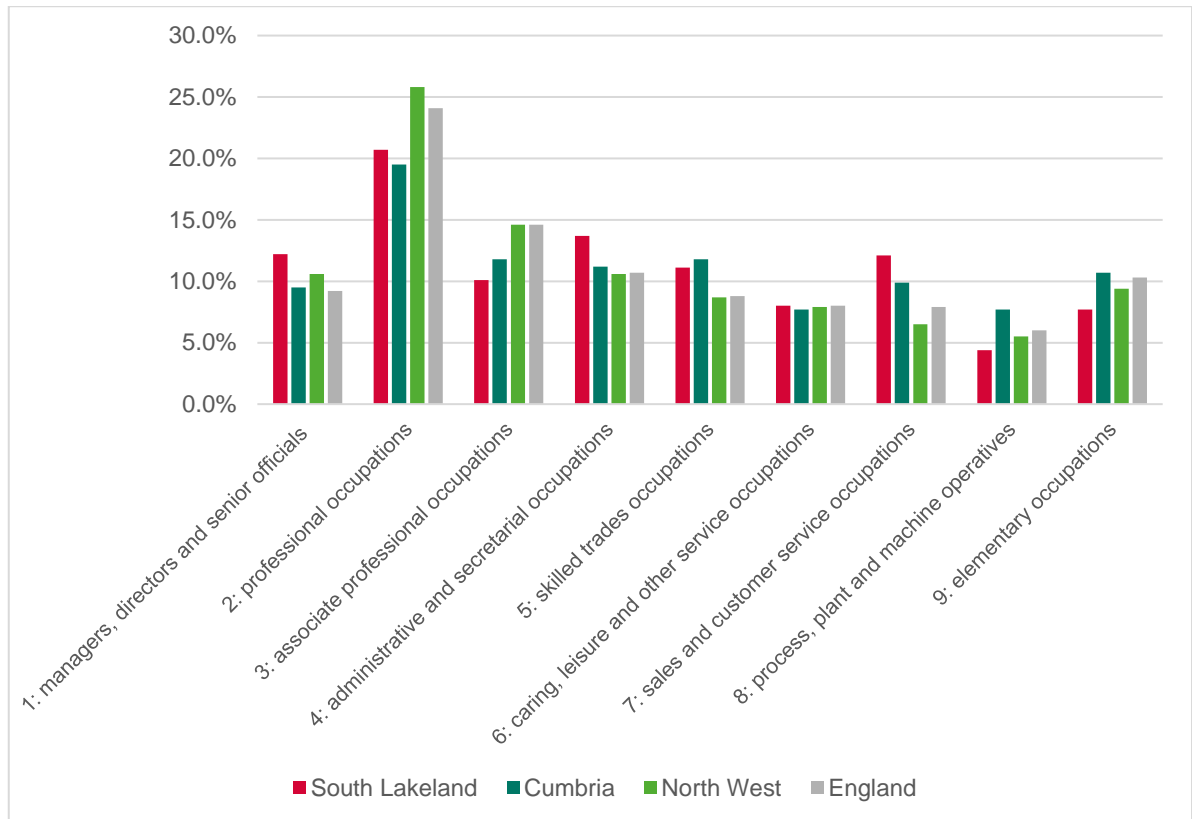


Source: ONS, Annual Population Survey

- 5.26 The qualifications also follow onto the occupation levels of the local population. As the figure below shows South Lakeland District has a higher proportion of people working in the top occupational category (12%) in Managers, Directors and Senior Officials, than the other benchmark areas.

- 5.27 In contrast, the percentage of people working in the lowest ranked process, plant and machine operatives and elementary occupations, are lower than the county, regional and national average. Linked to the tourism and hospitality sectors there is however an over-representation of those working in sales and customer service occupations.

Figure 5.9 – Employment by occupation, 2021, % of total employment



Source: ONS, Annual Population Survey

- 5.28 Despite the high level of qualifications within the population of South Lakeland District and reasonably high level of occupational profile, the median workplace-based earnings (i.e. those working in the area) for full-time jobs in South Lakeland (£504 per week) are lower than Cumbria (£608), the North West (£568) and England as a whole (£605).
- 5.29 This could be linked to the higher percentage of jobs in overall terms in lower paid agriculture, retail and hospitality sectors. Alternatively, this may be a factor of the older overall age of the population, where although they are well qualified and in good occupational positions they may have stayed in jobs longer, therefore being less likely to see pay increases associated with moving jobs on a semi-frequent basis.

Figure 5.10 – Median gross weekly workplace earnings, 2021



Source: ONS, Annual Survey of Hours and Earnings

5.30 Residents Based Earnings show the earnings of those who live in the District but could work anywhere. As shown, median earnings of all full time workers are £73 per week higher than those working in the District. This will reflect levels of out-commuting or remote working to higher paid jobs outside of South Lakeland. This could include for example those with senior management jobs in Barrow living in Ulverston, while lower paid retail or hospitality workers in Ulverston may live in Barrow.

Figure 5.11 – Median gross weekly Residents earnings, 2021



Source: ONS, Annual Survey of Hours and Earnings

Socio-Economic Baseline – Summary

- **As of 2021 the population of South Lakeland District was estimated to be around 104,500.**
- Since 2011 the District has grown by approximately 842 people or 0.8%.
- Between 2011 and 2020 the South Lakeland Plan Area has seen slightly higher growth than the District overall at 1.9%, indicating a concentration of growth outside the National Parks.
- **The South Lakeland population is generally older than nationally with ages 45 and up seeing a higher proportion of the population than the national average.**
- Of the Plan Area, 30% of the population are between 45-64 with 28% over 65.
- **Since 2011, the working age population in the Plan Area has decreased,** as has that under the age of 16.
- Although the overall population has increased this is within the over 65 age group.
- **These dynamics result in issues such as skill and labour shortages and can potentially make the District less attractive to inward investment.**
- The population is largely economically active (82.4%) with low unemployment (1.8%) and claimant rates (1.9%).
- Overall, South Lakeland District has a greater percentage of population (42.6%) educated to degree level than the North West (38.5%) and Cumbria (33.5%).
- There is also an above average percentage of population in the top occupational categories.
- However, the median workplace based earnings within the District are below average, this is potentially a product of the sectors being worked in.
- Conversely, residents based incomes are above average for the North West reflecting a level of out-commuting for higher paid jobs (or working remotely) and also a level of in-commuting for lower paid jobs.

6. HOUSING MARKET DYNAMICS

- 6.1 This section of the report examines housing market dynamics in the District and focusses on the purchase market. A section examining the rental market can be found later in this report.

House Prices

- 6.2 In the year to June 2022 the median house price in South Lakeland District was £255,000. This is above the medians for all neighbouring authorities and the wider North West (£220,000) and Nationally (£245,750). The relatively higher property prices in South Lakeland demonstrates the level of demand for housing in the area.

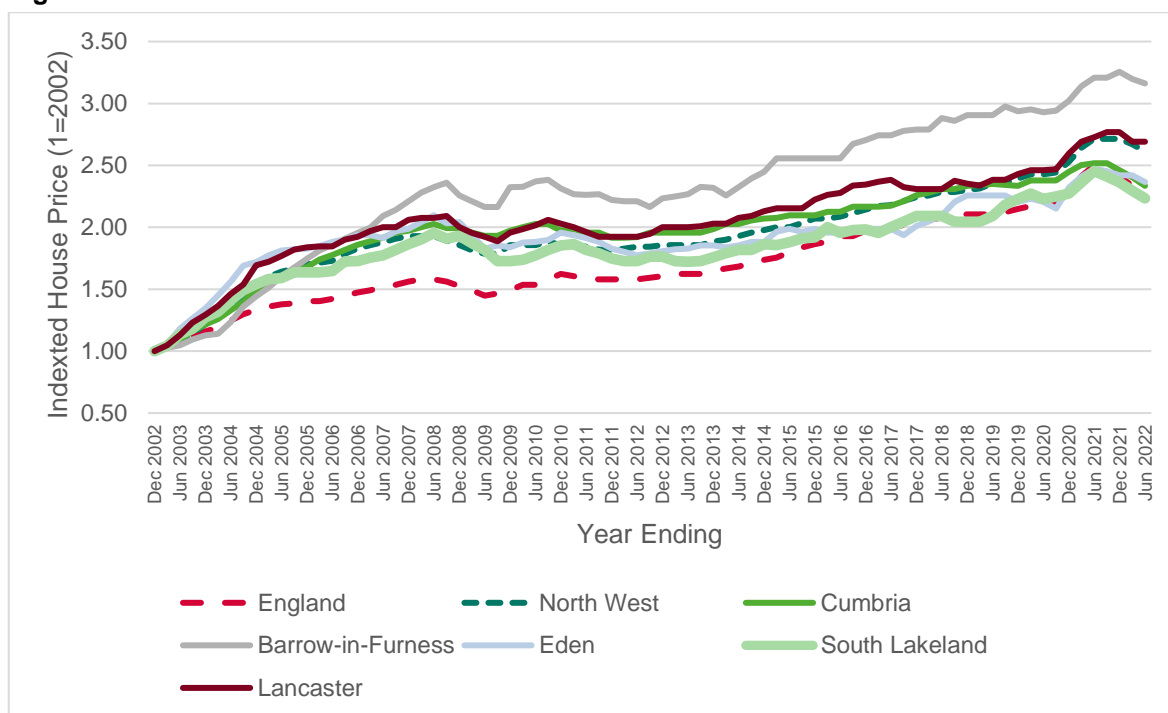
Table 6.1 Median House Prices (Year ending Sept 2021)

Area	Price
South Lakeland	£255,000
Eden	£182,950
Barrow-in-Furness	£167,000
Cumbria	£136,000
North West	£220,000
England	£245,750

Source: ONS Median House price for Administrative Geographies

- 6.3 When median prices over time are compared it is possible to see the overall growth of prices. These have been indexed as the areas have a different starting point. Overall Barrow-in-Furness Borough (3.16) has grown most since 2002 with South Lakeland District (2.23) seeing the least amount of growth. However, this is likely to reflect their relative starting points as house prices in the latter are almost double those in Barrow.
- 6.4 All areas have seen large increases since 2020 although for South Lakeland District there was a slight downward adjustment between June 2021 to September 2021. Although prices in South Lakeland are high and continue to rise overall it can be seen that prices in neighbouring authorities such as Barrow-in-Furness and Lancaster are rising at a faster rate.

Figure 6.1 – Indexed median House Price sales over time



Source: ONS, Median House price for Administrative Geographies

- 6.5 When looking at median prices by type, South Lakeland District again sees higher prices for all types of property than the wider North West but lower than England for all but Detached homes.
- 6.6 In contrast to the rest of the region and county, median prices for flats in South Lakeland District are particularly low. In both England and the North West the difference in median prices between Flats and Terraced properties is relatively minimal. In the North West, for example, the median price for both types of properties is only £2000 different in England there is a £8,445 difference with flats being more expensive. Whereas in South Lakeland there is a £42,750 difference. This low price indicates that flats are generally less attractive within South Lakeland compared to houses.

Table 6.2 Median price by type (Year to Dec 2021)

Area	Detached	Semi-Detached	Terraced	Flats
South Lakeland District	£410,000	£245,000	£212,750	£170,000
North West	£322,955	£195,000	£138,000	£140,000
England	£400,000	£250,000	£226,555	£235,000

Source: ONS data, Median House price for Administrative Geographies

- 6.7 At a sub-area level it can be seen that the Lake District sub-area has the highest prices across all types of homes with Ulverston and Furness seeing the lowest prices across all types.

- 6.8 There is also a notable difference between the prices in the Plan Area and the wider South Lakeland District. There is also a notable difference between the two National Parks with prices in the Lake District sub-area by far exceeding those in the Yorkshire Dales again suggesting a distinct sub-market from the rest of South Lakeland. The Yorkshire Dales sub-area also exceeds those in the Plan Area. We have looked at these prices over a slightly longer period to iron out any covid-related spikes and to use a slightly larger sample size.

Table 6.3 Median price by Sub-Area and Type (2019-22)

All Sales	Detached	Semi-Detached	Terraced	Flats	Overall
Cartmel Peninsula	£330,000	£217,500	£200,000	£144,750	£249,973
Kendal	£327,000	£221,750	£181,000	£119,100	£200,000
Rural Kendal	£375,000	£250,000	£204,000	£175,000	£290,000
Ulverston and Furness	£325,000	£200,000	£170,000	£120,000	£200,000
Plan Area	£345,000	£225,000	£180,000	£130,000	£230,000
Lake District (NP)	£505,000	£310,000	£280,000	£225,000	£335,000
Yorkshire Dales (NP)	£396,500	£248,000	£232,000	£135,000	£279,115
South Lakeland	£375,000	£235,000	£200,000	£157,500	£250,000
New Build	Detached	Semi-Detached	Terraced	Flats	Overall
Cartmel Peninsula	£335,000	£187,000	£92,500		£156,000
Kendal	£389,995	£283,995	£110,498		£299,995
Rural Kendal	£425,000	£325,000	£102,977	£425,000	£355,995
Ulverston and Furness	£455,000	£250,000	£208,080	£120,000	£325,000
Plan Area	£399,995	£283,995	£110,498	£125,000	£320,000
Lake District (NP)	£610,000		£742,500	£225,000	£225,000
Yorkshire Dales (NP)					
South Lakeland	£399,995	£283,995	£110,498	£215,000	£302,995
Resales	Detached	Semi-Detached	Terraced	Flats	Overall
Cartmel Peninsula	£330,000	£220,000	£200,000	£144,750	£250,000
Kendal	£320,000	£220,000	£183,250	£119,100	£200,000
Rural Kendal	£365,000	£250,000	£205,000	£175,000	£285,500
Ulverston and Furness	£310,000	£200,000	£170,000	£119,590	£196,000
Plan Area	£335,000	£225,000	£181,000	£130,500	£225,000
Lake District (NP)	£505,000	£310,000	£280,000	£225,000	£340,000
Yorkshire Dales (NP)	£396,500	£248,000	£232,000	£135,000	£279,115
South Lakeland	£375,000	£231,000	£200,000	£155,000	£250,000

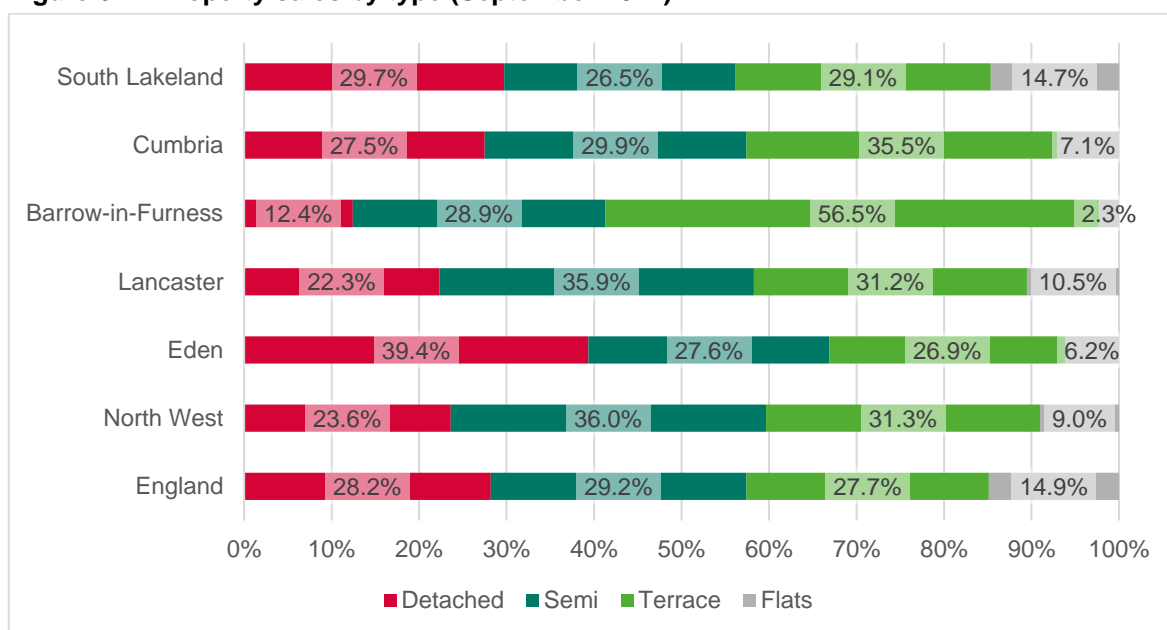
Source: IcenI analysis of HM Land Registry Price Paid Data

- 6.9 This also illustrates that newer homes attract a premium with the exception of terraced homes where the older stock is more expensive. Although it should be noted that new build sales within the National Park have local occupancy restrictions. This also varies by local as Cartmel Peninsula and

the Lake District National Parks have higher costs for resale properties than new-build. This is likely to reflect the likely demand from incomers and second home owners for older homes in these areas.

- 6.10 Additional analysis on lower quartile house prices (to buy and rent) is provided in the affordable housing need section of this report.
- 6.11 The table below demonstrates the split in property sales by the type of property in South Lakeland District and comparable authorities. There is a higher percentage of detached sales in South Lakeland District than semi-detached, the reverse of that of England. The high proportion of detached and terraced properties sold is likely an indication of the broadly rural and historic nature of the District as a whole.
- 6.12 The wider North West sees lower proportions of flats sold with the lowest in Barrow-in-Furness at 2.3%. Over half of the properties sold in Barrow-in-Furness were terraced which is a reflection of the stock in the Borough.

Figure 6.2 - Property sales by type (September 2021)

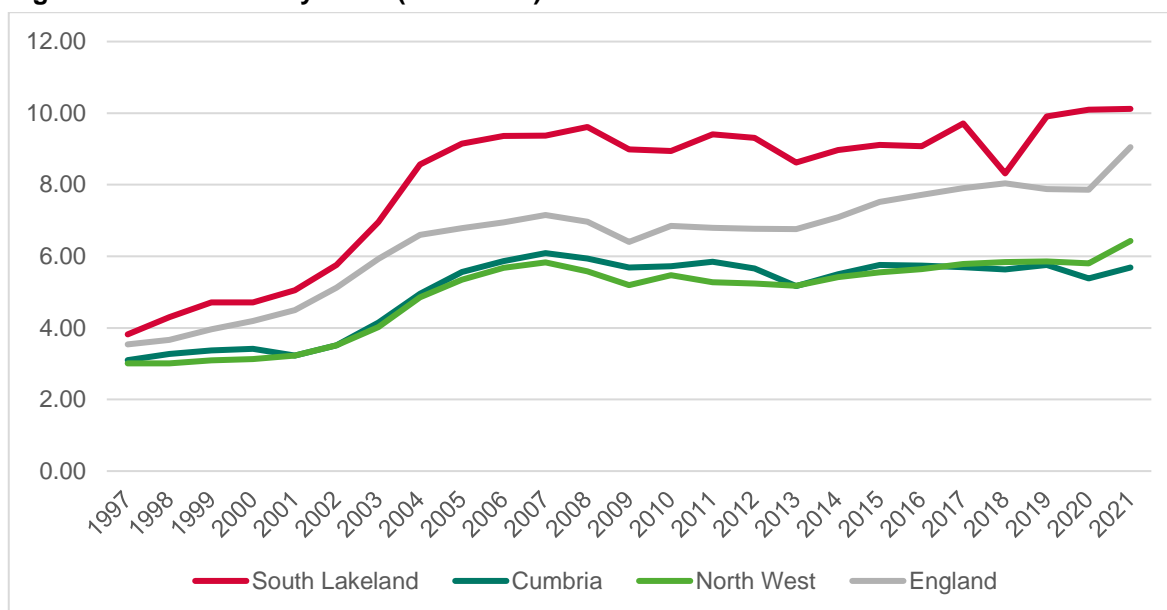


Source: Icenis analysis of HM Land Registry Price Paid Data

Affordability

- 6.13 The Figure below shows the Median workplace based affordability ratio for South Lakeland District, Cumbria, the North West and England over time. In all areas affordability has worsened with the ratio now highest in South Lakeland at 10.12. Cumbria and the North West also see increasing affordability ratios; however they have not increased at the rate of that of England or South Lakeland.

Figure 6.3 - Affordability Ratio (1997-2021)



Source: ONS, *Housing Affordability in England and Wales*

6.14 With the high property prices in South Lakeland compared to Cumbria and the wider North West it is unsurprising that affordability is worse than that of both benchmark areas. This is potentially forcing local people to move out of the District into cheaper areas nearby.

House Price Change

6.15 Looking at the change in house prices since 2009/12 it can be seen that price increases have been experienced in all sub-areas with the highest in the Cartmel Peninsula at 32%. The Plan Area as well as South Lakeland as a whole also saw high increases at 31% and 28% which were in excess of the National Parks. Again this might reflect their lower starting point and a narrowing of the gap.

Table 6.4 Median price change by Sub-Area (2009/12 to 2019/22)

Sub-Area	% Change (2009/12 – 19/22)
Cartmel Peninsula	32%
Kendal	21%
Rural Kendal	30%
Ulverston and Furness	27%
Plan Area	31%
Lake District	25%
Yorkshire Dales	21%
South Lakeland	28%

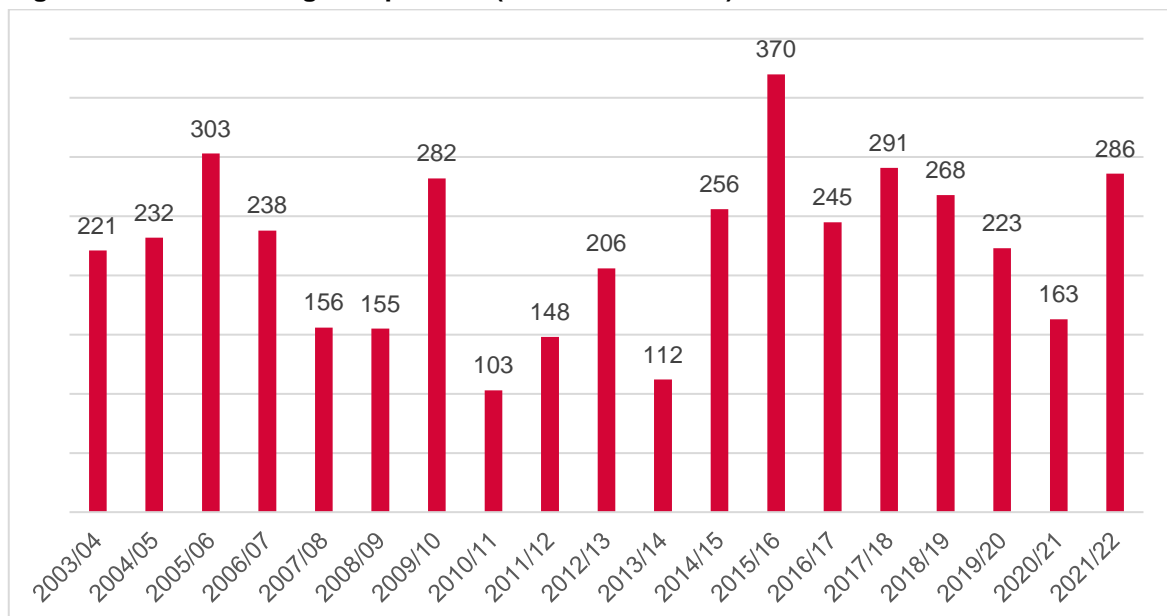
Source: *Iceni Analysis of HM Land Registry Price Paid Data*

Completions

6.16 The number of net dwelling completions per annum within the South Lakeland Local Plan Area since 2003 can be seen in the figure below. Completions have fluctuated since 2003/04 with an average of 224 net completions a year between 2003 and 2022. The highest year for net completions was 2015/16 with 370 dwellings and the lowest 2010/11 with 103 dwellings.

6.17 Overall completions have appeared to increase with the average between 2016 and 2022 lying at approximately 246 dwellings, an increase on the average of 199 dwellings completed per annum between 2010 and 2016.

Figure 6.4 - Net Dwelling Completions (2003/04 – 2021/22)



Source: South Lakeland Council data – Local Plan Area

Agency Engagement

6.18 Targeted telephone engagement with Local Estate and Letting Agents took place in April 2022. The following section collates these views although it should be caveated that not all views were universal and the views are also anecdotal. As such they may well contradict each other as well as the data in this report.

6.19 The agents contacted:

- Arnold Greenwood: Highgate, Kendal
- Hackney Leigh: Stricklandgate, Kendal
- Hackney Leigh: Main Street, Grange-over-Sands
- Cobble Country: Main Street, Sedbergh

- Thomas Hayton Winkley: Main Street, Grange-over-Sands
- Hunters: Highgate, Kendal
- Corrie and Co Ltd: King Street, Ulverston
- Matthews Benjamin: Kelsick Road, Ambleside
- Edwin Thompson: Church Street, Windermere
- Let by Jacksons: Victoria Street, Windermere
- Milne Moser: Highgate, Kendal
- Poole Townsend: Main Street, Grange-over-Sands
- JH Homes: New Market Street, Ulverston
- Keys Letting Centre: Queen Street, Ulverston
- H&H Land and Estates: Finkle Street, Kendal

- 6.20 A large proportion of buyers are continuing to seek investment properties, second homes or holiday lets in South Lakeland District, particularly in areas such as Windermere, Sedbergh, Grange-over-Sands and Ambleside. However, the number of buyers seeking family homes has soared with demand now far outweighing supply.
- 6.21 Houses are selling extremely quickly and are generally on the market for less than 7 days. Agents also indicate that they have a long list of buyers who are ready to purchase properties before they go on the open market.
- 6.22 Homes have been selling for at least the asking price or around 5-10% above the asking price with an agent in Ulverston stating that in January 2022, 50% of the properties sold that month were sold above the asking price.
- 6.23 There is a demand for all types and sizes of property across South Lakeland District from mid terraced properties up to large, detached homes.
- 6.24 Properties up to £300k in value are the most popular for investment or second homes whereas more expensive properties of £600k+ are more likely to be purchased as main homes. This means that those who are seeking to enter the market are potentially being priced out.
- 6.25 The largest demand is for family homes, typically 3-bed semis between £350-500k with front and rear gardens. There is also more demand for middle market family properties as first homes rather than smaller terraced properties. In Grange-over-Sands, agents also reported a high demand for flats as retirement properties, for people looking to downsize, or holiday lets.
- 6.26 All agents reported an increase in demand since Covid-19, particularly over the last 12-18 months with rising numbers of people wanting to relocate to the area as they have more flexibility to work from home. This has also led to a demand in larger homes/additional bedrooms to accommodate

working from home and has resulted in some inflationary pressures as incomers tend to have larger budgets than local residents.

- 6.27 Agents also indicated that demand comes from both local residents who want to remain in the area and people from outside the area, particularly London and the South, who are looking for a slower pace of life and to be close to the Lake District. The attractiveness of the area and accessibility to the National Park is the main selling point for people moving from outside the area. There has been a significant increase in cash buyers from outside of South Lakeland District which is pricing local people out of the market.
- 6.28 Gaps in the market are mainly affordable 3 and 4 bed family homes and affordable first homes, particularly for local residents with many locals looking to buy their first home being priced out of the market unless a property has a local buying clause on it. According to local agents, first-time buyers tend to be aged in their 30's.
- 6.29 The main barriers to local people are the high house prices. Typically, the wages of local residents don't allow them to meet the high asking prices in the area unless they have equity in existing properties. Local people are more likely to purchase properties in towns such as Kendal and Ulverston than Grange -over-Sands for example.

Developer Consultation

- 6.30 Through the Home Builders Federation (HBF) we consulted with the local development industry in mid-May 2022. This conversation covered a range of topics which should be read across the various sections of this report.
- 6.31 The development industry representatives advised that there was a pent up demand for all size of homes in South Lakeland District, but particularly medium to large homes. They noted the role of larger houses in that they enable people to move out of smaller housing.
- 6.32 They were also keen to impress the need for flexibility in the application of policy as some sites will not be suitable for a mix of homes being required e.g. town centre sites will likely deliver a greater percentage of smaller homes than policy requires and conversely rural sites will have a greater focus on larger homes.
- 6.33 They were also keen to note that a universal 35% affordable housing requirement may not be applicable to all sites particularly those which have abnormal costs related to topography, soil or rocks. This will need to be considered through viability testing of the local plan.

- 6.34 The wider issues around viability were also discussed and given as a reason for a lack of delivery. Other reasons included supply chain issues, inflation, lack of specialist contractors and capacity of those that do exist and nutrient neutrality restrictions (which only affects a very small part of the Plan Area). Again, this was given as evidence around the need for flexible policy.
- 6.35 There was a particular pent up demand in the principal settlements of Kendal and Ulverston as this is where the services and job opportunities mainly arise. They pressed on the need to have different policies (such as affordable housing and housing mix) for these areas than the rural areas due to their role.
- 6.36 From a sales perspective around 30% of sales went to people who were moving to the area for a better quality of life. However, most homes are still sold to people who already live or work in the District.
- 6.37 The HBF members recognise the need for specialist housing for older people but note that the market is quite volatile and simply requiring larger sites to deliver these uses might be problematic. A fallback position would be to have these sites returned to the developer if unsold after a reasonable period of marketing. Another alternative that would be welcomed would be for them to deliver a greater number of M4(3) compliant homes if the site was unable to be sold to a specialist provider.
- 6.38 The HBF members also noted that some larger sites do not have the services required to support specialist housing for older people. Other examples were given whereby local residents objected to the design of the accommodation despite an obvious need.
- 6.39 A similar issue arises with self and custom build housing and a perceived lack of demand for it. Policy should be flexible enough to ensure that if these plots are not sold after a certain period of time then they will revert back to the developer.
- 6.40 Overall, the industry wanted the council to allocate more larger sites. This will allow them to deliver a greater range of products to suit all need. They noted that people starting off on the housing ladder and older people seeking specialist housing are struggling. That a full range of products can only come from providing larger sites.

Housing Market – Key Points

- **Median house prices in South Lakeland District (2020/21) were £265,000. These are higher than the North West average illustrating the attractiveness of the area.**
- However, within the District there is a wide range from £200,000 in Ulverston and Furness to £335,000 in the Lake District National Park.

- **Overall affordability in the District has worsened over time.**
- Housing completions have averaged 224 net completions between 2003 and 2021.
- Interest in family homes in the District has soared and there remains a large amount of investor interest.
- Currently, housing demand far outstrips supply, with many properties on the market for less than a week.
- **According to local agents, the largest demand is for family homes, typically 3-bed semis between £350-500k with front and rear gardens,**
- Gaps in the market are mainly affordable 3 and 4 bed family homes and affordable first homes, for local residents.
- Agents reported an increase in demand since the beginning of the pandemic with rising numbers of people wanting to relocate to the area as they have more flexibility to work from home.
- This has also led to a demand in larger homes/additional bedrooms to accommodate working from home.

7. COMMERCIAL MARKET DYNAMICS

- 7.1 This chapter provides an assessment of the existing commercial property market in South Lakeland District (no data is published for the Plan Area), benchmarked against Cumbria and the United Kingdom where relevant. The analysis is split between the office market and the industrial market (where industrial refers to general industrial, light industrial and warehousing).
- 7.2 The assessment combines quantitative analysis with qualitative elements to build up a picture of the level and nature of demand. The quantitative analysis uses CoStar data - one of the UKs largest providers of commercial property data. However, this database does not cover all properties/transactions (owner-occupier properties, smaller transactions and properties/transactions in rural areas are a particular issue).
- 7.3 The qualitative analysis includes information provided by local agent John Haley of Edwin Thompson, the leading commercial estate agent in the Lake District. John also provides an overview of the existing supply and the role of each area.

General South Lakeland District Overview

- 7.4 The commercial property market in South Lakeland is generally characterised as being relatively strong, particularly in the warehouse sector and in line with the general UK market, has a limited supply of both warehouse stock and development land with reasonable demand especially for smaller units. The office market remains stable despite the issues faced by COVID-19 and is again influenced by a lack of modern stock although demand is stagnant and often opportunity-led.
- 7.5 Kendal is the principal town of South Lakeland and is situated just outside of the southern boundary of the Lake District National Park, 6 miles from Junctions 36 and 37 of the M6 Motorway. The town has the largest commercial market in South Lakeland with several business parks and estates developed in the 1980s-early 2000s as well as redevelopment and conversions of older factory sites.
- 7.6 Smaller markets exist in the market town of Ulverston, Grange-over-Sands and Flookburgh. This is also the case for Junction 36 and Kirkby Lonsdale, Sedbergh and the area forming part of The Lake District National Park where commercial properties are some-what sporadic rather than being on business parks or industrial estates.
- 7.7 Kendal as a commercial location is no doubt strengthened by its access to the M6, and the nearby Oxenholme train station two miles away is on the West Coast Mainline which can provide access to London in less than three hours, Birmingham and Glasgow in around two hours.

- 7.8 Kendal and the wider South Lakeland District being adjacent to or within The Lake District National Park, The Yorkshire Dales National Park and an Area of Outstanding Natural Beauty (AONB), make the area a desirable place to live and work.

Barriers to Growth

- 7.9 There are barriers holding South Lakeland back from growing economically and the most apparent is the lack of supply of commercial stock, particularly modern warehousing (as demonstrated by low vacancy rates and rising rents) and the land to build it on.
- 7.10 The limited availability has several implications, it is stopping existing businesses in the sub-region relocating to, expanding or acquiring more modern facilities. There is also little opportunity to attract new businesses from outside the area, for example, there are often commercial requirements for the northern section of the M6 corridor adjacent to South Lakeland.
- 7.11 However, the developer market (local, regional or national) have virtually no options to build new premises in this area due to a lack of available or suitable land, although high build costs are also making speculative development unviable. Any land which does become available is generally priced very highly, with some landowners seeking closer to residential values. One agent also suggested that the allocated sites are in the wrong location to meet this need as they lack good access to the road network or available labour force.
- 7.12 Another challenge of the local economy, which is again a national trend but seems to be a continuing issue within South Lakeland, is the availability of labour and recruitment across the board. There are several reasons for this, firstly Brexit and the pandemic has resulted in much of the European Union (EU) labour pool leaving the UK, however, the area also has housing affordability issues.
- 7.13 This employment issue seems to be across all sectors, full and part-time, seasonal and otherwise. However, it is most apparent in the leisure and hospitality industry which is causing the hotels and restaurants industry to trade on reduced opening hours. Other local businesses are reporting being held back by recruitment in the distribution, construction, professional and manufacturing sectors.
- 7.14 In addition to the cost of living, South Lakeland generally has an ageing population, the towns lack the nightlife and facilities that may attract younger people to the area and whilst South Lakeland offers the great outdoors on its doorstep, it can't compete with the provincial cities of Manchester, Leeds and Newcastle-upon-Tyne with their cosmopolitan leisure and shopping offerings.
- 7.15 The infrastructure around South Lakeland is strong on the eastern side to Kendal and Kirkby Lonsdale which benefit from being in close proximity to the M6 and West Coast Mainline however there are weaknesses, some of which are naturally caused by virtue of the topography of the area

with lakes and hills however, some of the remote towns and villages are poorly served by single carriageway routes with restricted alternatives if those roads are closed.

- 7.16 The A590 serving the south and south west of South Lakeland, travelling from the M6 to Barrow-in-Furness and serves Grange-over-Sands, Ulverston and some of the Lake District National Park. It is duelled to Newby Bridge after which there is some-what of a bottle neck of a winding single carriageway, notorious for accidents and strangling traffic coming into and out of the area as diversions are through the Lakeland roads which are not suitable for HGVs.
- 7.17 Whilst Kendal enjoys strong communications, it can suffer heavy congestion being on the main diversion route if the M6 is closed at Junction 36 or south of. Traffic including all HGVs are diverted through the town and on to the A6 to travel up to Shap to re-join at Junction 39 and with a sensitive one-way system that often gets busy with its own traffic, the town centre comes to a standstill when these detour events occur, which can be regularly.
- 7.18 Cumbria County Council secured funding in July 2021 to develop proposals for the Kendal Northern Access Route scheme which would be a new road connecting the A591 and A6 north of Kendal and remove the congestion around the town however, feasibility and public consultation is in its infancy both of which will be influenced by the proposed open countryside route the road would take.
- 7.19 The National Park areas of South Lakeland are of course sensitive with an emphasis on tourism and from a logistics point of view, mostly unsuitable for large scale commercial areas for accessibility reasons on already busy rural roads and with limited land for commercial development going forward.
- 7.20 Road communications are unlikely to be improved to a standard suitable to service new commercial schemes and identifying suitable sites in such protected areas is unlikely, meaning expanding the South Lakeland economy outside of tourism, needs to be focused on the areas already well-served by communications whilst enhancing them further.
- 7.21 Broadband provision has recently improved in Kendal with Fibrus launching its Hyperfast broadband as part of a £200 million Cumbria-wide service to benefit 14,500 homes and businesses across the town and 113,000 premises throughout the county over the next three years.
- 7.22 There is also a distinct lack of electric charging points in the area. For example, there are very few charging points serving Kendal. As the switch to electric vehicles continues this will need to be rectified.

Office market

- 7.23 This section provides an assessment of the office (E(g)(i)-Office and E(g)(ii)-R&D) market in South Lakeland and the wider County. This will be used to inform the scale and type of future need which is identified later in this report.

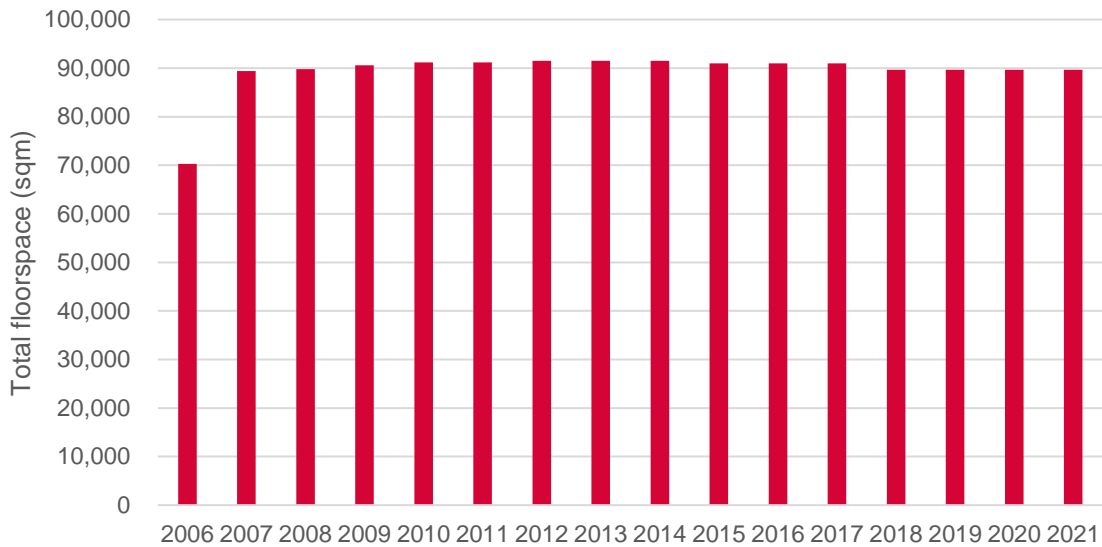
Cumbria Market Outlook

- 7.24 Cumbria is one of the UK's smallest and least dynamic office markets. Its economic drivers include tourism, advanced manufacturing and logistics, none of which provides a consistent source of office demand.
- 7.25 Inward investment from private sector office-using industries remains scarce with the professional and business services, finance and information sectors all under-represented (as reflected in their low location quotient scores of 0.3–0.7).
- 7.26 Although Cumbria's vacancy rate (currently 3.4%) has risen in recent months, following several quarters of negative net absorption, it remains relatively low due to a lack of supply-side pressure. Most of the market's larger office buildings are occupied on long-term leases by public sector organisations whilst smaller properties are typically home to small and medium-sized local businesses.
- 7.27 Office rental growth in Cumbria tends to fluctuate, reflecting the pattern of occupier demand and the disparate quality of office space across its six submarkets. Rental growth has been flat over the past 12 months, thereby continuing the long-term trend of 0.3% annual growth over the past decade.
- 7.28 Cumbria remains one of the UK's least expensive office markets. 4- & 5-Star space commands a sizeable premium over 3-Star space with the former renting at £16.00/Square Foot (SF) on average, versus £11.40/SF for the latter, as of the second quarter of 2022.
- 7.29 Despite this or perhaps because of it Cumbria is one of the UK's quietest markets for office sales, with 12-month sales volumes averaging £4.6 million over the past three years. Investment has moderated since the Nuclear Decommissioning Authority purchased two buildings at Westlakes Science and Technology Park for £7.2 million (£95/SF) in 2019.
- 7.30 Cumbria's average office yields are among the highest in the UK at 8.8%, reflecting weak long-term rent growth and a relatively thin buyer pool.

Office Market analysis

- 7.31 There is less demand in the office market than the industrial market and occupiers are typically regional offices of solicitors and accountants. There has been no additional increase in demand for smaller offices as a result of the relocations due to the pandemic.
- 7.32 As a result the office market and its rents have stagnated. However, this does make the supply more affordable and in time may result in increased demand.
- 7.33 Prior to the COVID-19 pandemic, the Kendal office market had performed reasonably well with a lack of quality accommodation and fair demand. The longer-term implications of COVID-19 on the office market both locally and nationally are still unknown, however, the concept of home working has certainly grown in the last two years and there are examples of both public and private sector organisations that have adopted flexible work-from-home policies and this has seen a reduction in the requirement for office space. That said, the general consensus is that some staff still want to be office based and therefore it is likely that a hybrid trend will emerge in the years ahead.
- 7.34 There is anecdotal evidence from businesses complaining about the poor quality and lack of larger office space in Kendal (much of which is above shops), with access made difficult by the town's traffic and parking problems. These businesses would likely prefer out of town locations with more space and better access to the M6.
- 7.35 CoStar provides information on the number of office properties and the amount of floorspace by administrative area. In South Lakeland in 2021, there was just under 90,000 sqm of office floorspace in total. The following figure shows that the stock of office floorspace has remained stable between 2007 and now. It is however worth noting that some of the agents do not report lettings which can skew these figures.

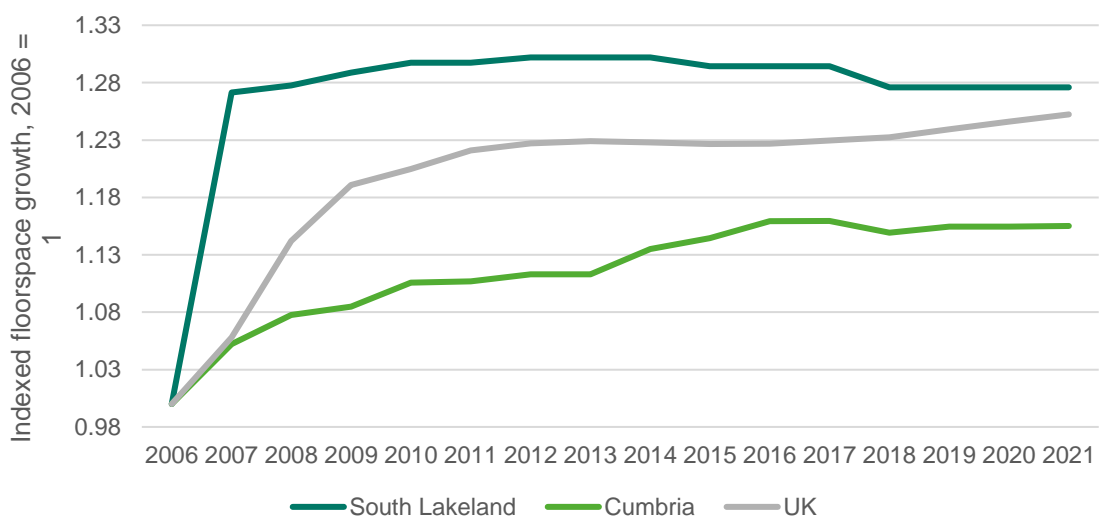
Figure 7.1 - South Lakeland District Total Office floorspace (sqm) 2006 - 2021



Source: CoStar & IcenI analysis

7.36 The figure below shows how the amount of floorspace has changed in South Lakeland District compared to Cumbria and the UK. While the total stock has remained fairly stable in absolute terms, the figure shows that South Lakeland’s office stock growth has outperformed all three benchmark areas in the mid-2000’s and then stalled.

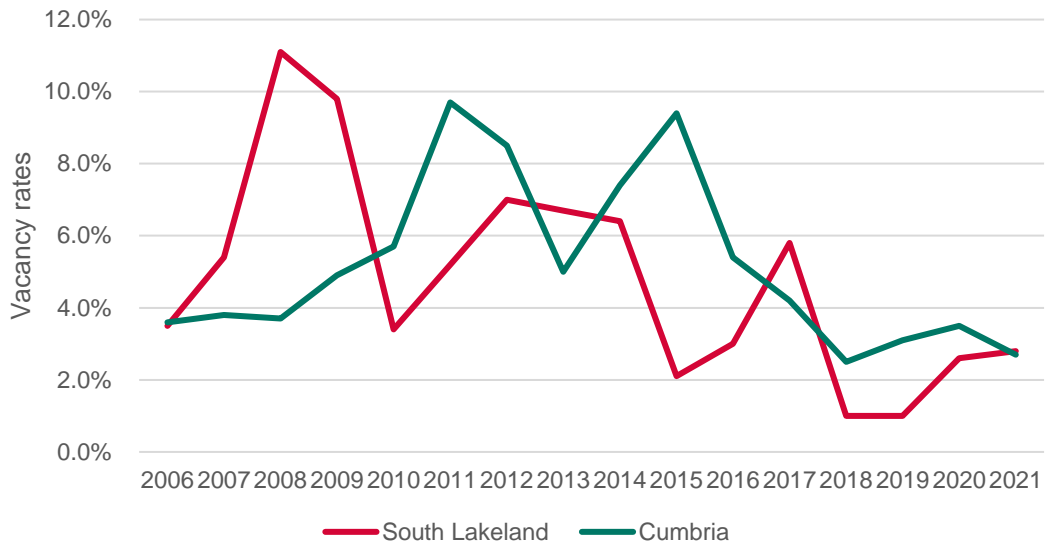
Figure 7.2 - South Lakeland District Indexed floorspace growth, 2006 = 1 compared to Cumbria & UK, 2006 - 2021



Source: CoStar & IcenI analysis

7.37 The figure below shows how the office vacancy rate in South Lakeland has changed over time compared to Cumbria. In both areas, there was a peak in the years following the global financial crisis, but since then vacancies have continually decreased until it went below pre-2008 level at 2.8% in South Lakeland in 2021.

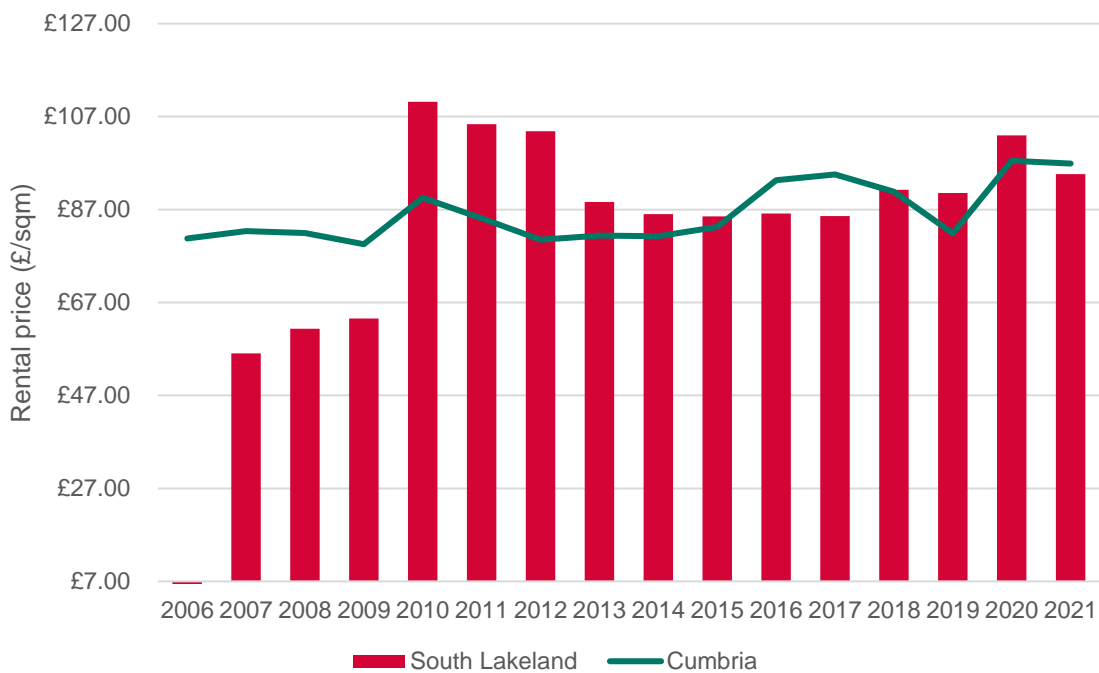
Figure 7.3 - South Lakeland District and Cumbria Vacancy rates 2006 - 2021



Source: CoStar & IcenI analysis

7.38 The following figure shows how the average rental price has evolved over the last 15 years or so. South Lakeland’s average rental price for office space is on par with Cumbria’s. In 2021, it cost around £95 per sqm per year to lease an office in South Lakeland, compared to just close to £97 in Cumbria on average. This rate has remained broadly the same over the past 12 years, and even slightly decreased from a 2010 high of £110.

Figure 7.4 - South Lakeland District Rental price (£/sq. m) for Office Space from 2006 - 2021



Source: CoStar & IcenI analysis

7.39 New office space is expensive to deliver at a typical cost of £160 per sq. ft. Given that current values of all office space are at £8.73 per square foot there is very little likelihood of speculative delivery as profit margins will be low or take a very long time to be recouped.

7.40 Smaller schemes in out-of-town locations have created micro-markets such as Moss End Business Village at M6 Junction 36, Lane House Business Park on the A65 close to Kirkby Lonsdale and Billy’s Space at Staveley. These developments have attracted full occupancy and premium rentals with +£17 per sq. ft achieved in some instances which is some 20% higher than prime office rents in Kendal.

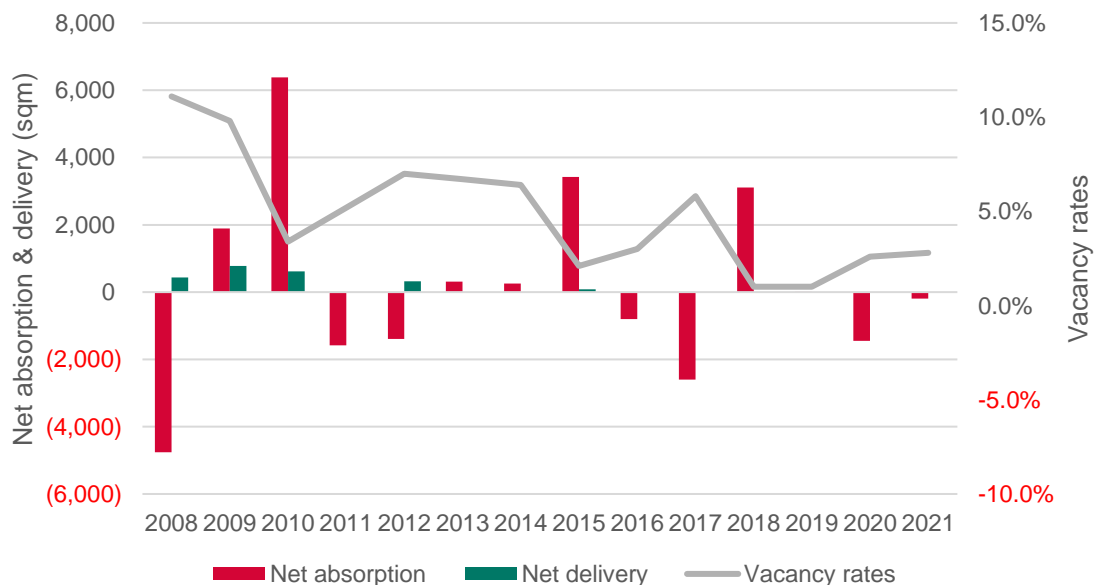
Net Absorption

7.41 Net absorption is the balance between the amount of space moved into and moved out of (i.e. net absorption = move ins – move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

7.42 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

7.43 In South Lakeland District, net absorption and delivery have typically been low, aside from a peak in 2008. Some years display very little office activity. In the past twelve years, total delivery amounts to about 16,000 sqm, as a result vacancy has decreased to a low point of around 3%.

Figure 7.5 - South Lakeland District Net absorption & delivery (sqm) from 2008 - 2021

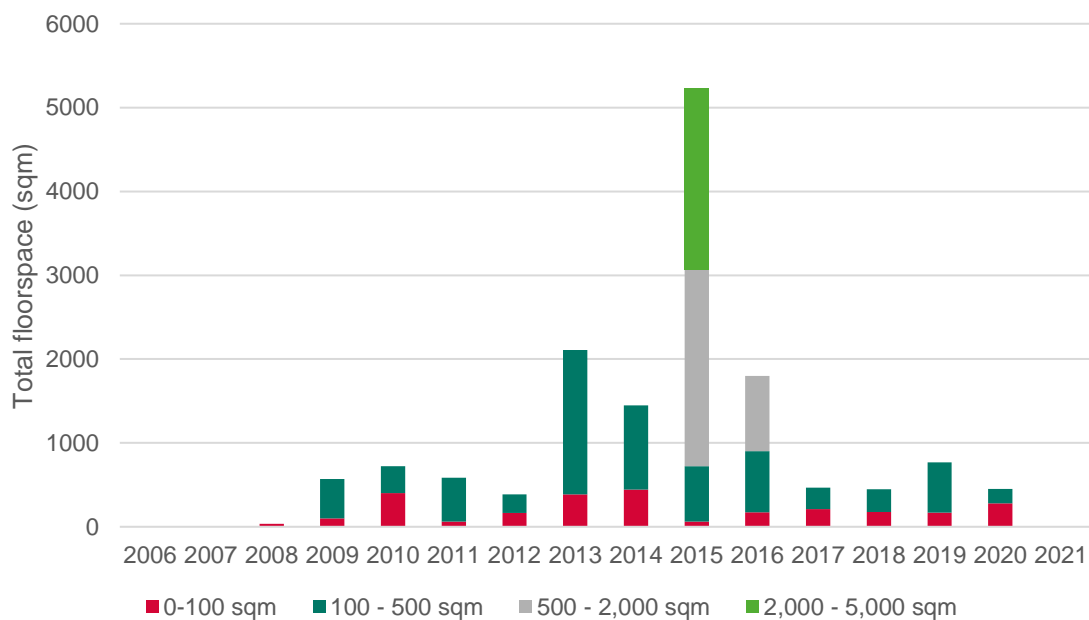


Source: CoStar & IcenI analysis

7.44 The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. However, it should be remembered that leasing activity is constrained by the size of available stock. Therefore, our assessment of demand by size has been considered together with information from stakeholders. Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e. signed for rather than physically moved in to).

7.45 As the following figure shows, leasing activity in South Lakeland is driven primarily by spaces ranging from 100 to 500 sqm in size, with a few leases taken-up in larger units above 500 sqm and 2,000 sqm – however this has not occurred since 2015 and 2016.

Figure 7.6 -South Lakeland District Leasing activity by size band (sqm), 2006 - 2021



Source: CoStar & IcenI analysis

Industrial market

7.46 This section provides an assessment of the industrial market incorporating Use Classes (E(g)(iii) – Light industrial, B2 – General Industrial and B8 -Storage and Distribution. This will be used to inform the scale and type of future need which is identified later in this report.

Cumbria market outlook

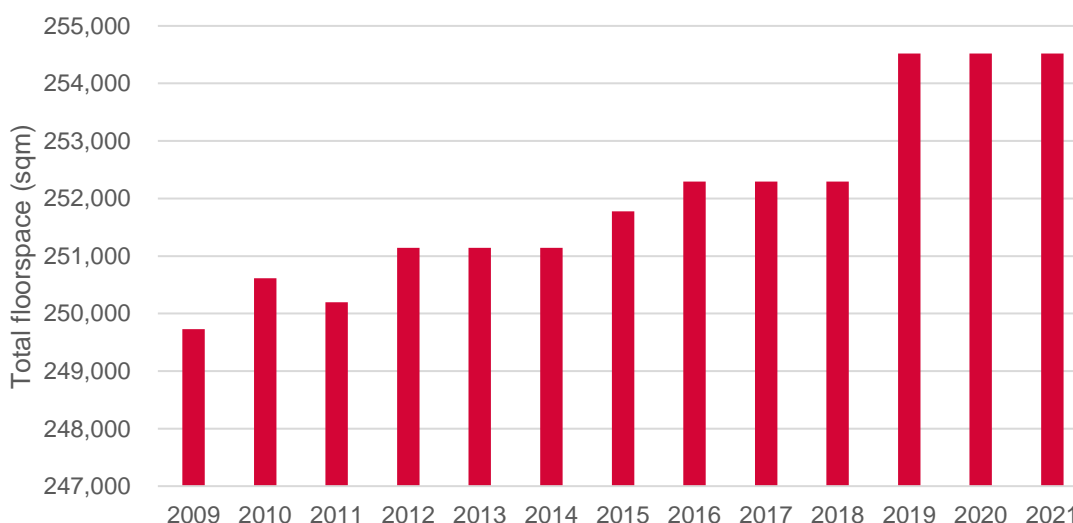
7.47 Industrial rents in the Cumbria Market were rising at a 6.7% annual rate during the second quarter of 2022 and have posted an average annual gain of 5.5% over the past three years. There is 160,000 Sq. ft currently under construction, representing the largest pipeline in over three years.

- 7.48 Over the past three years, 73,000 Sq. ft has been delivered, or a cumulative inventory expansion of 0.4%. Vacancies in the market were somewhat below the 10-year average as of Q2 2022 but were essentially flat over the past four quarters.
- 7.49 Total employment was recently increasing at an annual rate of 1.0%, a gain of about 2,600 jobs across the County, and the market's strongest rate of job creation in over a year. Some of this might be a post-covid recovery which is still a welcome performance, considering that employment posted a 2.1% annual decrease over the past twelve months.
- 7.50 There have also been two or three recent enquiries for 40,000 sq. ft premises in the District which were not satisfied and have subsequently located outside of the District. These were for different sectors including food production, storage and manufacturing uses.
- 7.51 While longer term trends have seen a reduction in manufacturing employment this is unlikely to continue. Many of the manufacturing companies are looking for more space and many are too small to justify automation.

South Lakeland District Commercial Market analysis

- 7.52 In South Lakeland in 2021, there was over 250,000 sqm of industrial floorspace in total, which includes general industrial, light industrial and warehousing. The following figure shows that the stock of industrial floorspace has increased consistently from 2009, evolving from 249,000 to 254,000 sqm.

Figure 7.7 - South Lakeland District Total Industrial floorspace (sqm) 2009 - 2021

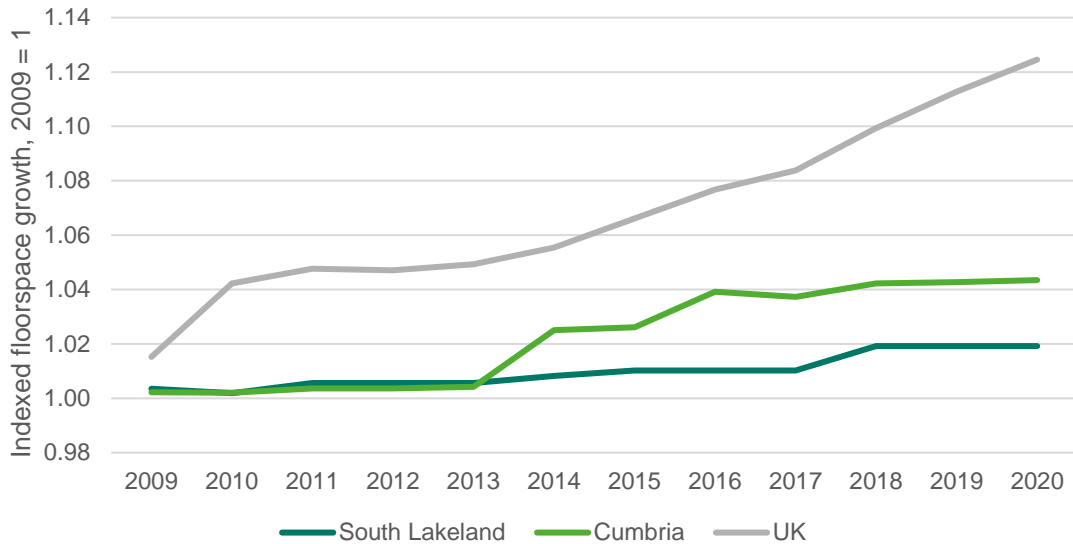


CoStar Total Floorspace & IcenI analysis

- 7.53 The figure below shows how the amount of floorspace has changed in South Lakeland compared to Cumbria and the UK. In every geography, the relative industrial stock has increased when indexed

based on 2009 as a start year for the analysis. In South Lakeland, overall industrial space has increased but not in the same proportion as in the UK as a whole or the wider County.

Figure 7.8 - Indexed Industrial floorspace growth (2009-2020)

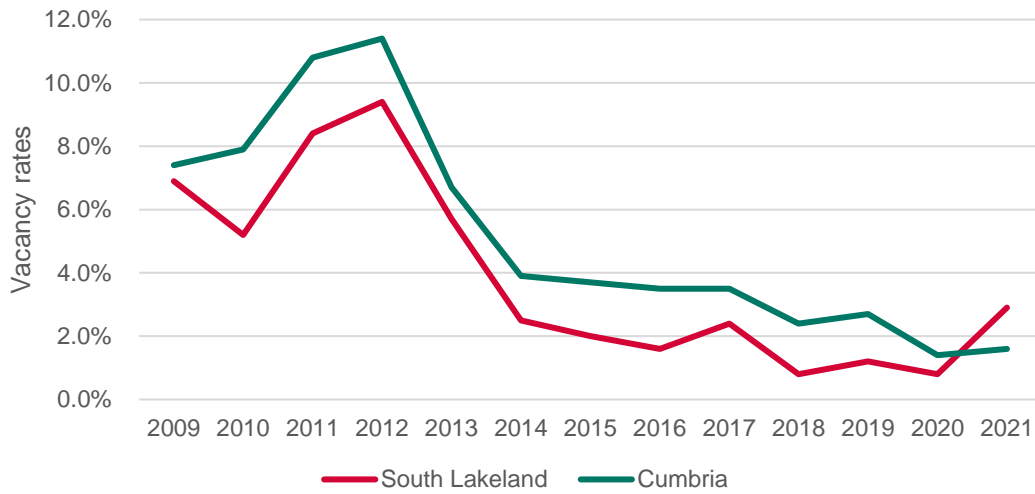


Source: CoStar Total Floorspace & IcenI analysis

- 7.54 The figure below shows how the vacancy rate in South Lakeland has changed over time compared to Cumbria. In both areas, there was a peak between 2009 and 2013, following the global financial crisis, but since then vacancies have decreased rapidly until it reached around 3% in South Lakeland in 2021. This figure is very low and indicates a potential untapped demand for industrial space, as the available existing stock is almost close to none.

- 7.55 All of the commercial estates in South Lakeland have low availability across all sizes of units. While take up has been nominally low, this is because of limited stock and limited turnover however latent demand is still high.

Figure 7.9 - South Lakeland District and Cumbria Vacancy rates 2009 - 2021



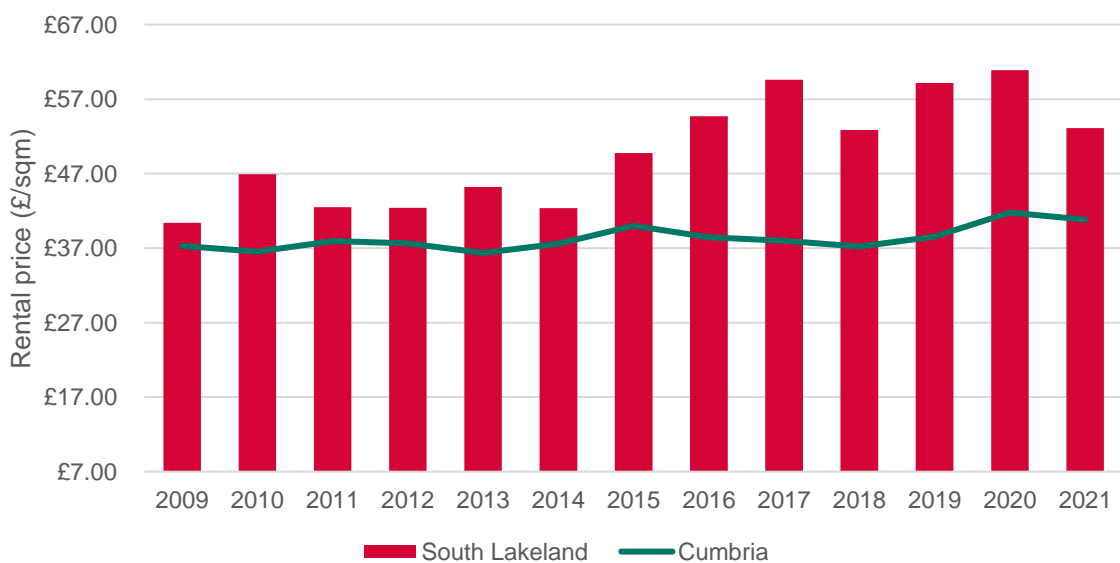
Source: CoStar Vacancy Rates & IcenI analysis

Rents

7.56 The following figure shows how the average rental price has evolved over the last 10 years or so. South Lakeland’s average rental price for industrial space is much higher than Cumbria’s average as a whole.

7.57 In 2021, it cost £4.92 per sq. ft per year to lease industrial space in South Lakeland, compared to £3.72 per sq. ft across Cumbria on average. This rate has increased greatly over the past 12 years, reflecting low vacancy rates.

Figure 7.10 - South Lakeland District Average Industrial Rental price (£/sqm) 2009 - 2021



Source: CoStar Rental Data & IcenI analysis

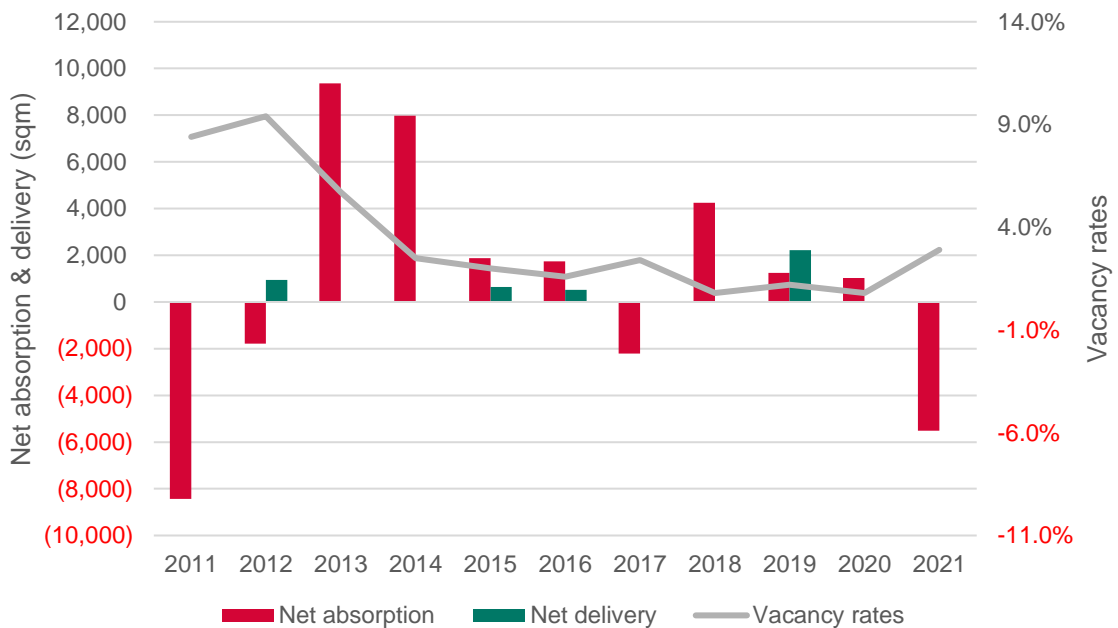
7.58 Also current values, even for industrial and warehousing uses, are still not yielding enough of a profit to assist speculative development. Construction costs are at £100 per sq. Ft to build a warehouse while values are just above £100 per sq. ft.

7.59 In places like Ulverston where prime rents are £5-£6 per sq. ft there is also competition from neighbouring Barrow where there is a plentiful supply available at £4-5 per sq. ft. As a result many businesses decide to locate in the latter where there is also a more abundant labour supply.

Net Absorption

7.60 In South Lakeland District, net absorption and delivery have been fairly quiet since 2009. Net delivery averaged 2,700 sqm per year, but some years saw nothing built at all. Absorption has often been much higher than delivery, leading to falling vacancy rates as seen with the grey curve.

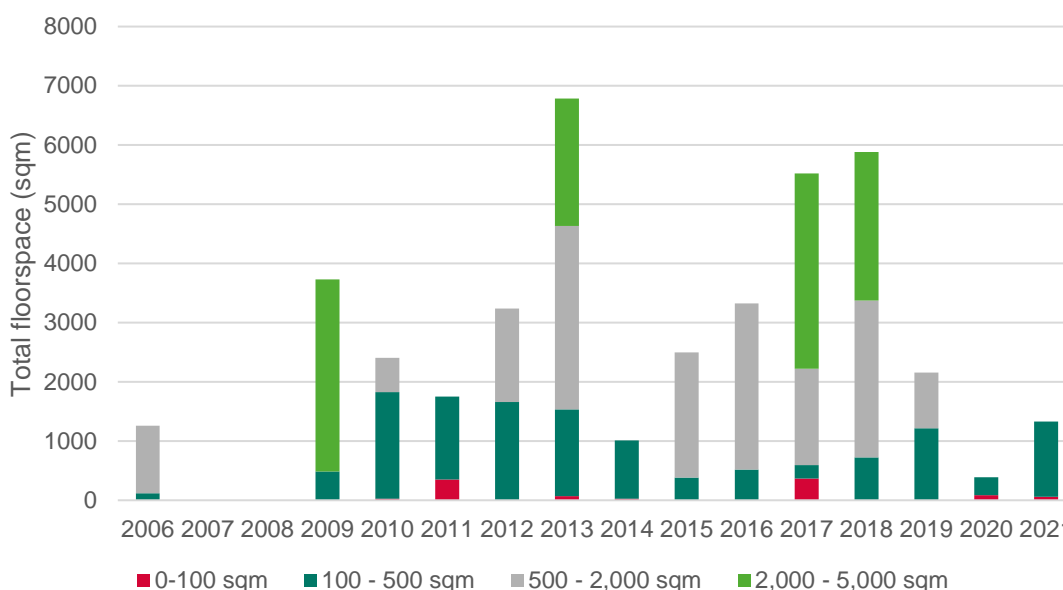
Figure 7.11 - South Lakeland District Net absorption & delivery (sqm) 2011 - 2021



Source: CoStar Net Absorption Data & IcenI analysis

7.61 Finally, leasing by size band provides a crucial indicator of market dynamics in South Lakeland. As seen in the figure below industrial leasing activity has been seen across a variety of scales, but is mainly driven by medium-sized facilities in the 100-500 and 500-2,000 sqm ranges.

Figure 7.12 - South Lakeland District Leasing activity by size band (sqm) 2006 - 2021



Source: CoStar Leasing Activity Data & Icenis analysis

- 7.62 Unlike other areas with access to the motorway there have been no mega-sheds (>9,000 sqm) being built. This might be due to the District’s relatively poor proximity to major markets as well as the cost of land, topography, environmental constraints and a lack of available labour.
- 7.63 There will still be some demand for smaller final mile logistics but again this is likely to be most sought in areas with good access to the strategic road network and therefore in the east of the District as well as in Kendal, as this will provide labour as well as a small market.

Sub-Areas in Focus

- 7.64 This section examines the sub-areas (see HMA chapter for definition) in more detail including what type of companies are based there, what the scale of the market is, what their commercial focus is and how rents vary across the District.

Kendal – Industrial

- 7.65 The main commercial estates around Kendal include Shap Road Industrial Estate, Lake District Business Park, Mintsfeet Trading Estate and Kendal Business Park, which are all developed adjacent to the A6 Shap Road in the north of the town.
- 7.66 In addition, there is Beeson Road Trading Estate on the fringe of the town centre, Dockray Hall Mill on the western side of the River Kent, Castle Mills on Aynam Road, Parkside Business Park in the south east and Riverside Business Park to the south on Natland Road. Finally, there’s Boundary Bank which is formed in two parts either side of the Lake District National Park boundary, on the western side of Kendal.

- 7.67 The A6 Shap Road, which travels in and out of the north of Kendal, is the main focus for commercial estates, providing a range of older factories that have been split into multi-occupied parks and modern warehousing, trade counter units and showrooms.
- 7.68 One opportunity which does present itself is the closure of the Clarks distribution centre in the south of Kendal at Natland Road. The distribution centre is already closed with the direct loss of 53 jobs. The site itself could be reused for other employment generating uses. The site could also potentially include the allocated employment site to the south in any redevelopment.
- 7.69 It is likely that the 220,000 sq. ft unit will be divided and let relatively quickly. This is despite the building being quite dated and arguably requiring upgrades. However, such is the demand for floorspace in the area this may be unnecessary.

Mintsfeet Trading Estate

- 7.70 A popular commercial location and home to a range of local, regional and national occupiers, being one of the main trading estates for Kendal. National trade counter occupiers include Screwfix, YESS Electrical, Enterprise Rent-A-Car, Toolstation, Travis Perkins, JT Atkinson, WCF and Howdens.
- 7.71 There is a United Utilities depot. TEAM Industrial Services are a long-standing occupier as well as Suzuki and Arnold Clark car showrooms. Much of the estate flooded in Storm Desmond in December 2015 but was quick to recover and this seems to have had little/no effect on the popularity with void levels low and values have generally climbed since. Rents range from £3.50 per sq. ft for older, larger buildings up to £8.00 per sq. ft plus for modern smaller trade counter units.

Lake District Business Park

- 7.72 Located a short distance to the north of Mintsfeet Trading Estate and to the south of Shap Road Industrial Estate, Lake District Business Park is the conversion of a large former dairy complex to a mix of warehousing, office and trade counter units as well as the Lake District Climbing Wall. The scheme, which is in single ownership, is largely fully occupied with key occupiers including Metroplan, Gawith Hoggarth, Plumb Centre and Heightec Training.
- 7.73 The estate was subject to flooding in Storm Desmond 2015 however was quick to recover, remaining a popular commercial estate with a range of units from as small as 500 sq. ft up to 40,000 sq. ft plus. The site also sits adjacent to Kendal Nutricare, a large manufacturer of family nutrition products.

Shap Road Industrial Estate

- 7.74 Shap Road Industrial Estate is one of the largest commercial locations providing a mix of warehousing, trade counter, car showroom and office uses. It is made up of Chancel Place, Fell View Trading Park, Phoenix Trading Estate, Westmorland Business Park and Meadowbank Business Park.

- 7.75 Meadowbank Enterprise Park is a relatively modern development to the north of existing commercial development. It consists of mainly offices with occupiers including the NHS and NFU Mutual. Fell View Trading Estate and Chancel Place are courtyard schemes of small warehouse units which are very popular. The wider Shap Road Industrial Estate which is fronted by a Land Rover dealership and a range of local, regional and national occupiers.
- 7.76 English Lakes Ice Cream, Dale Farm Dairy and Anord Mardix have factories on the estate. On the western side, Westmorland Business Park provides smaller terraced units that are again very popular, commanding some of the highest rents in Kendal, achieving £10 per sq. ft plus. Lakeland have a large distribution centre with expansion land making up the northwest extent.
- 7.77 Parts of the estate flooded in Storm Desmond, but again it has not affected the popularity with only one current void and evidence that values have increased significantly since the flooding. A hybrid planning permission has been granted on land to the north, the majority of which is allocated in the Local Plan for employment use. The development²⁶, extending to circa 5.15 Ha, proposes to include a car showroom fronting on to Shap Road with commercial warehouses proposed to the rear (full planning consent). Good interest is reported in the whole of the site. Outline planning consent has been granted for employment uses, indicatively use classes E(g)(i) - office and B2 general industrial 6,400 sq.m and B8 storage and distribution 2,500 sq.m.

Kendal Business Park

- 7.78 One of the smaller warehouse/trade estates, off Appleby Road and adjacent to the A6 Shap Road, providing mostly smaller semi-detached and terraced units. The estate is fully let with tenants including: Andrew Porter Storage; Alexander and Sancto who specialise in bathrooms; Burning Curiosity, as well as a mix of local contractors and a car repair centre. There has been no recent voids and whilst the business park flooded in Storm Desmond, it is a popular commercial location with rents being £6.00 per sq. ft plus and values rising over the past 10 years.

Dockray Hall Industrial Estate

- 7.79 This lies immediately west of Mintsfeet Trading Estate. It is separated by The River Kent and therefore accessed some two miles away off Burneside Road, on the western side of Kendal. The estate is formed in two sections; Dockray Hall and Dockray Hall Mill, with buildings being a mix of older stone units and some 1980-1990s stock. Two terraces of modern units were developed around four years ago.

²⁶ SL/2019/0743 – hybrid planning application

- 7.80 Occupiers include City Electrical Factors, Kendal Quality Carpets and Andrew Porter Storage as well as local joinery, window, antique and car businesses. The estate flooded in Storm Desmond but has remained resilient and well-let. Rents range from around £5.00 per sq. ft for older stock to premiums of £8.00 per sq. ft plus for the new builds.

Beezon Trading Estate

- 7.81 Beezon Road Trading Estate is situated off the A6 Sandes Avenue on the edge of the town centre with a mix of warehouses, car showrooms and trade counter properties. As well as the defined estate which comprises terraced warehouse/trade counter units, the wider Beezon Road area extends up to Kendal Train Station. It includes a Stagecoach bus depot and car showroom site.
- 7.82 Thomas Hardy Brewery are one of the main occupiers. Bluestone built a new warehouse for a worktop manufacturing facility around 5 years ago and C&N Metalworks have a new warehouse at the northern extent. The main estate has a range of local occupiers including a carpet retailer, a veterinary practice and is also popular with car repair users. Rents are achieving £7.50 per sq. ft plus for smaller units.

Castle Mills

- 7.83 Castle Mills is a large former carpet factory and mill complex at Canal Head, now providing a range of warehouses, leisure units, studios and gym, being a popular location on the eastern side of the River Kent and fringe of the town centre.
- 7.84 The estate is in single ownership and the main tenant is Anord Mardix who have several warehouse buildings and two brewery companies have developed bars as well as a café creating a destination location. Some of the old mill buildings have been converted to small studios, a hairdressers and offices and the scheme is generally well let.
- 7.85 In the wider area, Gilkes have a large factory site for their hydropower engineering company at Canal Head. There is a household waste recycling centre and Kendal Dry Ski Slope. Rents range from £4.00-£5.00 per sq. ft for large older units to £10.00 per sq. ft plus for smaller studios.

Parkside Business Park

- 7.86 Parkside Business Park provides a small but established commercial estate to the southeast of Kendal, developed since the early 2000s. It sits next to the Old Canal and as well as a mix of local warehouse and trade counter occupiers, there is an Olympic judo centre, a gym and modern gymnastics centre. Rents range from around £5.00-£6.00 per sq. ft and the estate is generally well let with minimal voids.
- 7.87 Nearby, the K Village scheme on the eastern banks of the River Kent is undergoing a transformation from its former shopping centre use and now includes a Travelodge, an Anytime Fitness gym and

some of the former retail spaces have been converted to offices with Curtins Structural Engineers occupying a riverside unit for their regional base.

- 7.88 Slightly further south on Natland Road, some of the former Clarks Shoes factory has been reconfigured to Riverside Business Park, now providing a range of warehouse units, a veterinary practice and offices. Express Plumbing Supplies have a trade counter and regional base there.

Boundary Bank

- 7.89 This is a relatively new commercial location, developed over the last ten years in two sections and on the western side of Kendal. It includes part of a former quarry site off Underbarrow Road; Kendal Fell Business Park, where modern warehouse units have been developed adjacent to Breedon Kendal Concrete Plant. Other occupiers based there include Lakeland Storage and Blade & Rose Children's' Wear. Slightly further north, adjacent to the A591 and within the boundaries of The Lake District National Park, Boundary Bank Business Park has expanded in recent years providing a mix of warehousing and offices. It is home to Worth Furnishings, Enviroguard and Castle Alarms have located to a new head office.
- 7.90 There is further potential for employment development at Boundary Bank (as well as for leisure/hospitality uses) with around 17 acres being allocated across two sites in the recently adopted Lake District National Park Local Development Plan. This is subject to access improvements from the A591.

Kendal - Office

- 7.91 The office market in South Lakeland is centred around Kendal although due to a restricted supply of modern and smaller offerings, out-of-town locations have succeeded. As stated above, unlike the market norm seen in the provincial cities rents for offices in South Lakeland's periphery and rural locations, exceed those of the town centre in some cases by over 20%. This is perhaps due to much of the stock in the Town Centre being dated and in lower demand locations i.e. above shops.

Bridge Mills, Stramongate

- 7.92 An attractive stone and slate former mill in the town centre adjacent to the River Kent, converted to offices for Scottish Provident and then subsequently became a multi-let building in the early 2000s before being divided up and modernised in 2010. It represents prime stock for the Kendal market, although rentals are modest at circa £11.00 per sq. ft.
- 7.93 The building extends to around 30,000 sq. ft with occupiers including Handelsbanken, Napthens Solicitors, Harrison Drury Solicitors, Armstrong Watson Accountants, South Lakes Housing, Cumbria County Council and the NHS. It is one of the only private sector properties in the area with a manned reception and excellent secure basement car parking.

The Mintworks, Highgate

- 7.94 A former Job Centre building that was purchased by South Lakeland District Council in 2015 and has subsequently been refurbished and configured to provide small semi-serviced office suites with some limited car parking and shared meeting facilities. It has been popular and mainly fully let since completion.
- 7.95 For this scheme the Council are offering Annual rents from £17.50 per sq./ft including service charge with flexible, short-term leases available.
- 7.96 Following the success of the above project, South Lakeland District Council have refurbished some surplus offices within their town hall building adjacent to Lowther Street to be offered on the same semi-serviced basis. This is known as South Lakeland House, Kendal Business Hub and comprises nine modern office suites suitable for between one and five people. Annual rents are from £19 per sq./ft including service charge with flexible, short-term leases available. Office suite occupiers have access to a well equipped kitchen, bookable meeting room and booths.
- 7.97 The bottom end of Highgate is the only area in the District seeking specialist or new markets which in this case was for tech businesses to congregate. However that has not had the success it anticipated and there are a broader range of businesses.

Murley Moss Business Village, Oxenholme Road

- 7.98 Murley Moss is one of the main out-of-town business parks, providing typical 1980s/1990s stock within a landscaped environment. The main occupiers on the park include the Headquarters building for the Lake District National Park, Moore and Smalley Accountants and Cicerone Press. The NHS recently acquired space formerly occupied by Barclays Bank as their regional office, having condensed into the local branch.

Wider South Lakeland Commercial Market

- 7.99 Other out-of-town successful business parks have been built/converted over the last ten years at Underley Business Centre on the north western outskirts of Kirkby Lonsdale. Here, former farm buildings have either been converted or redeveloped to provide high end accommodation benefitting from rural aspects, business centre services and good car parking.
- 7.100 Lane Head Business Park on the A65 to the southeast of Kirkby Lonsdale is a small but successful fully-let development. Helm Bank on the A65 at Natland between Kendal and Junction 36 of the M6, is another example of a converted scheme that proves popular to smaller occupiers and again is fully let.
- 7.101 At Junction 36 of the M6, Kendal Auction Mart relocated to a new 13.5 acre site in 2013. Branded the Moss End Rural Centre, the mart offers exhibition, café and commercial office space with the

wider scheme including warehouse, trade units and self-contained offices. Warehouse rents achieve around £7.00-£8.00 per sq. ft and offices £17.00 per sq. ft which are some of the highest in South Lakeland, although this is an all-inclusive rate.

- 7.102 There are two commercial estates near Endmoor, two miles north of Junction 36. Gatebeck Industrial Estate and Summerlands Trading Estate – both are fully occupied providing a range of warehouse units around shared yard areas. They are popular with local occupiers. Rents range from £3.50-£4.00 per sq. for older, larger properties up to £6.00-£7.00 per sq. ft for smaller modern buildings.

Milnthorpe

- 7.103 In Milnthorpe, which is towards the southeast boundaries of South Lakeland, the town does not have a significant established commercial estate as such and has pockets of clustered development.
- 7.104 Shoreline Business Park is a small scheme overlooking Morecambe Bay Estuary, having a mix of warehousing and offices with occupiers including Rock + Run, a local specialist climbing and mountaineering equipment business and BFI Web Designers. 11 Degrees Clothing are in the process of completing a new head office. The buildings are all or mostly owner occupied.
- 7.105 Bridge End Business Park to the west of the town has a small collection of mainly trade counters, including Elector-Cal which supplies engineering equipment.
- 7.106 In the town centre, Houghton Parkhouse have a large manufacturing and warehouse facility, specialising in livestock transportation. There is also a Travis Perkins depot. To the east of Milnthorpe, Mainline Industrial Estate provides a mix of older-style brick-built manufacturing buildings and modern warehousing, with occupiers including James Cropper Plc and JT Leyland.
- 7.107 There is further potential to expand this rural site on the adjoining 8.07 Ha of land which is allocated for local employment use in the existing adopted South Lakeland Local Plan.

Grange-over-Sands and Flookburgh

- 7.108 Situated on the western side of Morecambe Bay Estuary and approximately three miles south of the A590, Grange-over-Sands is a popular tourist location with limited commercial offerings. Alnat Business Park (in the Lake District National Park) provides a small modern warehouse scheme on the northern outskirts, popular with local users including The Lakeland Drinks Company and Orian Property Services (south). Rents tend to be around £4.00-£5.00 per sq. ft.
- 7.109 Around three miles southwest of Grange-over-Sands, the village of Flookburgh, again known for its tourism, has Airfield Approach Business Park with a mix of older and more modern warehouse units. There are some large occupiers including Cartmel Sticky Toffee Pudding, Hawkshead Brewery, Pintail Candles and a number of local occupiers. The estate is generally well let and rents are around

£4.00-£5.00 per sq. ft for larger older buildings and £6.00-£7.00 per sq. ft for smaller modern warehouses.

Ulverston

- 7.110 On the southwest boundaries of South Lakeland, Ulverston is a large market town with a number of commercial areas. The main commercial focus is on North Lonsdale Road, to the east of the town extending out to Morecambe Bay and adjacent to the canal.
- 7.111 Glaxo Smith Kline dominates much of the area, extending to over 70 acres and whilst a proposed £350m expansion is now not going ahead, the site will continue to operate for the foreseeable future albeit with a much reduced workforce and manufacturing.
- 7.112 Other occupiers along North Lonsdale Road include JT Atkinson, Travis Perkins and Mole Country Stores. A short distance to the south, there has been a number of smaller modern warehouse schemes developed in recent years that have been successful. These are largely fully let and achieving rents of around £6.00-£7.00 per sq. ft. Low Mill Business Park is also nearby, home to a state of the art Siemens site as well as Bender UK and Athena PTS.
- 7.113 On the western side of Ulverston, adjacent to the A590, is Lightburn Trading Estate which is a small warehouse courtyard scheme with occupiers including Gen2 and a range of local businesses. Rents are £5.00-£7.00 per sq. ft. There is potentially further development land to the west as part of/adjacent to the Blue Light Hub and Beehive Business Park development.
- 7.114 While much of the site has now been developed for retail including Aldi, M&S and Screwfix, Phase 2 of the development includes an unimplemented permission for a storage and distribution unit as well as a drive through Coffee Shop and drive through Bakery.
- 7.115 Daltongate Business Centre provides one of the only purpose-built office schemes in the town with the main tenant being a local firm of accountants, JF Hornby. Suite sizes range from 483-5,840 sq. ft, although there is limited availability.
- 7.116 Marl Business Park on Morecambe Road, a short distance to the southeast of the town centre, is a former manufacturing site that now provides multi-let warehouse units, all fully let with occupiers including Playdale and Rossindale Interiors. There is also an attached business centre that provides serviced offices with some availability of accommodation offering small suites of 190 sq. ft up to 500 sq. ft.

Lake District National Park

- 7.117 Within the Lake District National Park in the northern areas of South Lakeland, which takes in Staveley, Windermere and Ambleside, commercial schemes, availability and development land are scarce.
- 7.118 At Staveley, which is between Kendal and Windermere, there is a mixed-use commercial and retail scheme known as Staveley Mill Yard with occupiers including Wheelbase Cycles, Inov-8 and Hawkshead Brewery. There are minimal/no voids.
- 7.119 The scheme also includes a small office development, again with no availability. A short distance to the southwest, the former Duke William public house was converted into modern office suites (marketed as Billy's Space) around six years ago. These have proved popular and commanded premium rents of £17.00 per sq. ft plus.
- 7.120 Other local occupiers in Staveley include Kentmere Packaging and a few miles to the south in Burneside, there is a large James Cropper Plc paper mill factory.
- 7.121 In Windermere and Bowness-upon-Windermere, there are no significant commercial estates or office developments and businesses are restricted to taking accommodation above shops as well as a few converted dwellings/former factories that offer serviced office space. This includes Windermere Works which offers dedicated office space as well as meeting space facilities.
- 7.122 Slightly further north in Ambleside, again office occupiers tend to be in suites above shops and there is a small warehouse development on the western side where there is a JT Atkinson outlet, EPS, Lakeland Leather and Hawkshead Relish. Rents tend to be around £6.00-£8.00 per sq. ft.
- 7.123 Availability of both office and warehouse space in the Lake District areas of South Lakeland is significantly restricted and will continue to be so, with lack of employment land coming forward and any that does, likely to be priced at a premium.

Commercial Market - Summary

- **South Lakeland has seen industrial (E(g)(iii), B2, & B8) rental prices grow and transactions increase which point to a growing industrial economy.**
- **There has been very little industrial floorspace delivery over the past 12 years. This is partially due to allocated sites not being in the right location, or being constrained and/or not viable.**
- There are also issues with competing land values with land owners seeking maximum return for other non-commercial uses.

- **The lack of existing industrial floorspace and land supply could potentially inhibit economic growth and employment creation.**
- However, there is opportunity to provide industrial and light industrial space to support the Cumbria and wider Westmorland and Furness economy, through targeted land promotion and releases.
- **Rental prices in the office market are stable and vacancy rates are falling. This is somewhat due to the quality of available space and a lack of alternatives.**

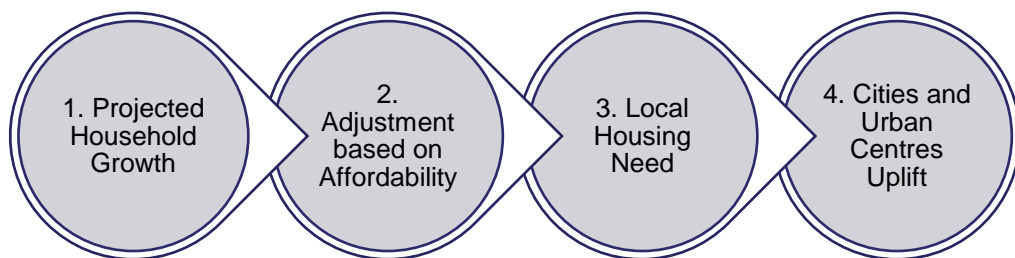
8. DEMOGRAPHICS & HOUSING NEED

- 8.1 In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the ‘standard method’ for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.
- 8.2 The Government’s intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.
- 8.3 The NPPF (2021) now sets out in Para 61 that 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 – unless exceptional circumstances justify an alternative approach²⁷ which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”

The Standard Method

- 8.4 The standard method set out in the Planning Practice Guidance adopts a four- stage approach summarised in the Figure below.

Figure 8.1 - Overview of the Current Standard Method for Calculating Local Housing Need



²⁷ The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

- 8.5 Step one establishes a demographic baseline drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period, with the current year being the first year i.e. 2022 to 2032.
- 8.6 Step Two applies an uplift to the demographic baseline taking account of affordability. The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is currently for 2021 and was published by ONS in March 2022.
- 8.7 The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent, with the calculation being as follows:

$$\text{[Adjustment Factor = ((local affordability ratio – 4)/4) x 0.25]}$$

- 8.8 Step Three considers whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied; however, it is the second of these which is relevant in South Lakeland District.
- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.
 - The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.
- 8.9 A final, step four, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16th December 2020. This additional step applies only to the 20 largest cities and urban centres in England and it is therefore not relevant for the purpose of assessing housing need in South Lakeland.
- 8.10 The table below outlines the calculation of the minimum local housing need using the methodology above, as set out currently in the PPG, drawing on the three relevant steps for South Lakeland. As shown a minimum Local Housing Need (LHN) of 184 homes per annum is derived.
- 8.11 This calculation is based on an average household growth of 133 per annum, taken from the 2014-based Household Projections. An affordability uplift of 38% is applied to this based on the 2021

median workplace-based affordability ratio of 10.12. This gives a figure of 184 dpa which is not capped by Step 3 as the cap would be higher than the need established in Step 2. Nor is the number increased further by Step 4 as it is not one of the twenty largest urban centres in the country.

Table 8.1 Minimum Local Housing Need, Standard Method

Local Authority	South Lakeland
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2022-32	133
Affordability Adjustment:	
Median workplace-based affordability ratio, 2021	10.12
Adjustment Factor	38%
Step 2 Housing Need Figure	184
Cap:	
Date of plan adoption	October 2010
Plan more than 5 years old	Yes
Housing requirement in last adopted plan*	400
Higher Cap @ 40% above the household growth figure	400*1.4=560
Minimum Local Housing Need (p.a.)	184

Source: Icen Projects based on ONS household projections and DLUHC affordability data *this is for the Plan Area

- 8.12 As the table above sets out **the concluded housing need for South Lakeland District using the standard method is 184 dpa**. While this number is calculated over the next ten years as per the PPG this number can be applied across all time periods including the plan period to 2040.

Other considerations

- 8.13 The PPG sets out that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The PPG²⁸ states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. It outlines the circumstances where this may be appropriate, which include:

- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or
- Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or

²⁸ Paragraph: 010 Reference ID: 2a-010-20190220

- An authority agreeing to take on unmet need from neighbouring authorities, as set out in a Statement of Common Ground.

- 8.14 In regard to funding to promote additional growth and planned strategic infrastructure neither are relevant within South Lakeland District, However, as set out later in this report economic growth is likely to exceed demographic growth particularly as a result of the aging population.
- 8.15 Consideration must be given to meeting unmet need in neighbouring authorities including that from National Park Authorities. The scale of this unmet need (if any) will be largely dependent on the National Park Authorities identifying their need for the parts of the park within South Lakeland and what supply they have to address this. When they do so the Council will need to assess whether this additional need can be accommodated. This also applies to other neighbouring local authorities although in the case of Barrow their need through the Standard Method is zero.
- 8.16 The PPG also notes that “There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method.” Adding that “Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests”.
- 8.17 As set out earlier in this report recent housing delivery averaged around 246 dwellings per annum between 2016 and 2022 for the Plan Area. This is below the Local Plan target of 400 dpa which was based on the Regional Spatial Strategy, and the annual local housing need figure of 290 dpa in the 2017 Strategic Housing Market Assessment (SHMA) study.

Westmorland and Furness

- 8.18 Once the Local Government reorganisation occurs it will be at the discretion of the new Unitary Authority to distribute growth within the new Council area. However, the overall need, under the present guidance, will still be the combined need of the three former local authorities.
- 8.19 As set out in the table below, the housing need using the standard method for Barrow and Eden are relatively modest (zero in the case of Barrow which is one of only two places in the country) and both local authorities have had a local plan adopted within the last three and a half years.
- 8.20 In all cases the existing Local Plan target is considerably higher than the number generated by the Standard Method. In the unitary authority, as with all local authorities, a choice will need to be made whether to exceed the standard method or not. This will include a consideration of other factors as set out in the preceding section.

Table 8.2 Housing Need for Westmorland and Furness Former Authorities

Area	Average Annual Change (Step 1)	Adjusted Need (Step 2)	Housing Need (Step 3)	Housing Target in Adopted Plan
Barrow-in-Furness	-84	0	0	119
Eden	69	88	88	242
South Lakeland	133	184	184	400

Source: Icení Projects based on ONS household projections and DLUHC affordability data *this is for the Plan Area

- 8.21 Eden have a recently published SHENA²⁹ which sets out a housing need of 200 dpa for the plan area increasing to 226 dwellings per annum to meet economic growth. While this is a reduction in need from the Local Plan figure it is still in excess of the standard method.
- 8.22 While the housing target in the most recent adopted Local Plan in South Lakeland is 400 the most recent SHMA (2017) sets out a housing need of 320 dpa for the district as a whole and 290 dpa for the South Lakeland Local Plan area.

Disaggregating the Overall Need

- 8.23 There are a number of ways that the overall need can be disaggregated to sub-area or neighbourhood level. The Council proposed potential ways of doing this at a neighbourhood plan area level in their Issues and Options Housing Topic Paper.
- 8.24 As set out in that paper, the government's planning guidance explains that there is no set method for setting housing requirement figures for neighbourhood plan areas but suggests local authorities might want to take into consideration:
- The spatial strategy in the Local Plan, which distributes development across the Local Plan area.
 - Evidence on the amount of land available for housing in the area.
 - The characteristics of the neighbourhood plan area including its population and role in providing services.
 - Factors that could restrict the scale, type or distribution of development in a neighbourhood plan area (for example designated nature sites, heritage assets, flood risk etc)

²⁹ https://www.eden.gov.uk/media/6061/final_strategic_housing_and_economic_needs_assessment_240521.pdf

- 8.25 The simplest approach to disaggregation of need is on a pro rata basis. This could be based on existing population or housing numbers. Other approaches can relate to the sustainability of settlements for example ensuring there is enough homes to maintain the existing labour force or school-age population.
- 8.26 However, neither approach take into account strategies to grow an area or areas which may already have taken a large amount of growth. There will also be other factors to consider in translating the need into a requirement this includes capacity and constraints of an area which might be the most crucial factors of them all in deciding where growth occurs.
- 8.27 We would recommend that the Council investigates the level of housing required to sustain a local labour force or working-age population in each parish or main town and larger village in the District. However, this would need to be tempered with the capacity of each settlement. Either way, not all of the need will be met across the District or Plan Area using this approach and the remainder would still need to be distributed accordingly.
- 8.28 Ultimately, it will be for the Council to consider which is the most appropriate approach or approaches to assessing need in the District.

Demographics

- 8.29 The remainder of this section also considers the implications of delivering housing in-line with the Standard Method. This includes understanding potential population growth and changes to population/household structures.
- 8.30 Projections have been developed for the 2020-40 period and draw on published estimates and age structures where possible. The projections developed are then used for other analysis in this report (such as to consider changes to the older person population and their potential needs).
- 8.31 However, we begin by looking at the most recent projected population and household growth to establish whether there is a rationale for moving away from the Standard Method. This should also be read in conjunction with some of the demographic analysis in earlier parts of the report.

2018-based Subnational Population Projections (SNPP)

- 8.32 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.

- 8.33 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:
- ONS's long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
 - The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
 - Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.
- 8.34 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:
- Principal projection;
 - An alternative internal migration variant; and
 - A 10-year migration variant
- 8.35 In the principal projection, data about internal (domestic) migration uses data for the past 2 years and data about international migration from the past 5 years. The use of 2 years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.
- 8.36 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5 years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.
- 8.37 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.
- 8.38 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016 and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 4.6%, with the alternative internal migration scenario being lower than this (virtually no change) – the 10-year trend variant shows slightly lower growth

again (at population decline of 1.2%). Population growth in the 2014-based projection is very similar to the alternative internal migration variant (which is most similar in methodological terms) – this comparison is particularly important as it underpins the 2014-based SNHP which is used in the Standard Method.

Table 8.3 Projected population growth (2020-2040) – South Lakeland District – range of SNPP releases

	2020	2040	Change in population	% change
2018 (principal)	105,351	110,200	4,849	4.6%
2018 (alternative internal)	104,744	104,766	21	0.0%
2018 (10-year trend)	104,589	103,312	-1,277	-1.2%
2016-based	103,511	101,700	-1,812	-1.8%
2014-based	103,013	103,114	101	0.1%

Source: ONS, Sub-National Population Projections (various)

- 8.39 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).
- 8.40 The table below shows projected population growth from 2020 to 2040 (using alternative internal migration assumptions) in South Lakeland District and a range of comparator areas. The data shows that the population of the District is projected to increase at a faster rate than seen across the County (which sees negative population change), but well below equivalent figures regionally or nationally.

Table 8.4 Projected population growth (2020-2040) – 2018-based SNPP (alternative internal migration assumptions)

	2020	2040	Change in population	% change
South Lakeland	104,744	104,766	21	0.0%
Cumbria	498,625	485,464	-13,161	-2.6%
North West	7,353,602	7,735,316	381,714	5.2%
England	56,678,470	61,157,868	4,479,398	7.9%

Source: ONS, Sub-National Population Projections

- 8.41 With the overall change in the population will also come changes to the age profile. The table below summarises findings for the three broad age groups previously used. The largest growth will be in people aged 65 and over. In 2040 it is projected that there will be 37,800 people aged 65 and over. This is an increase of 7,700 from 2020, representing growth of 26%. Looking at the other end of the

age spectrum the data shows that there is projected to be a notable decrease in both the number of children (those aged under 16) and in the 16-64 age group.

Table 8.5 Population change 2020 to 2040 by broad age bands – South Lakeland District (2018-based SNPP – alternative internal migration assumptions)

	2020	2040	Change in population	% change
Under 16	15,322	13,784	-1,538	-10.0%
16-64	59,312	53,168	-6,144	-10.4%
65 and over	30,111	37,813	7,703	25.6%
Total	104,744	104,766	21	0.0%

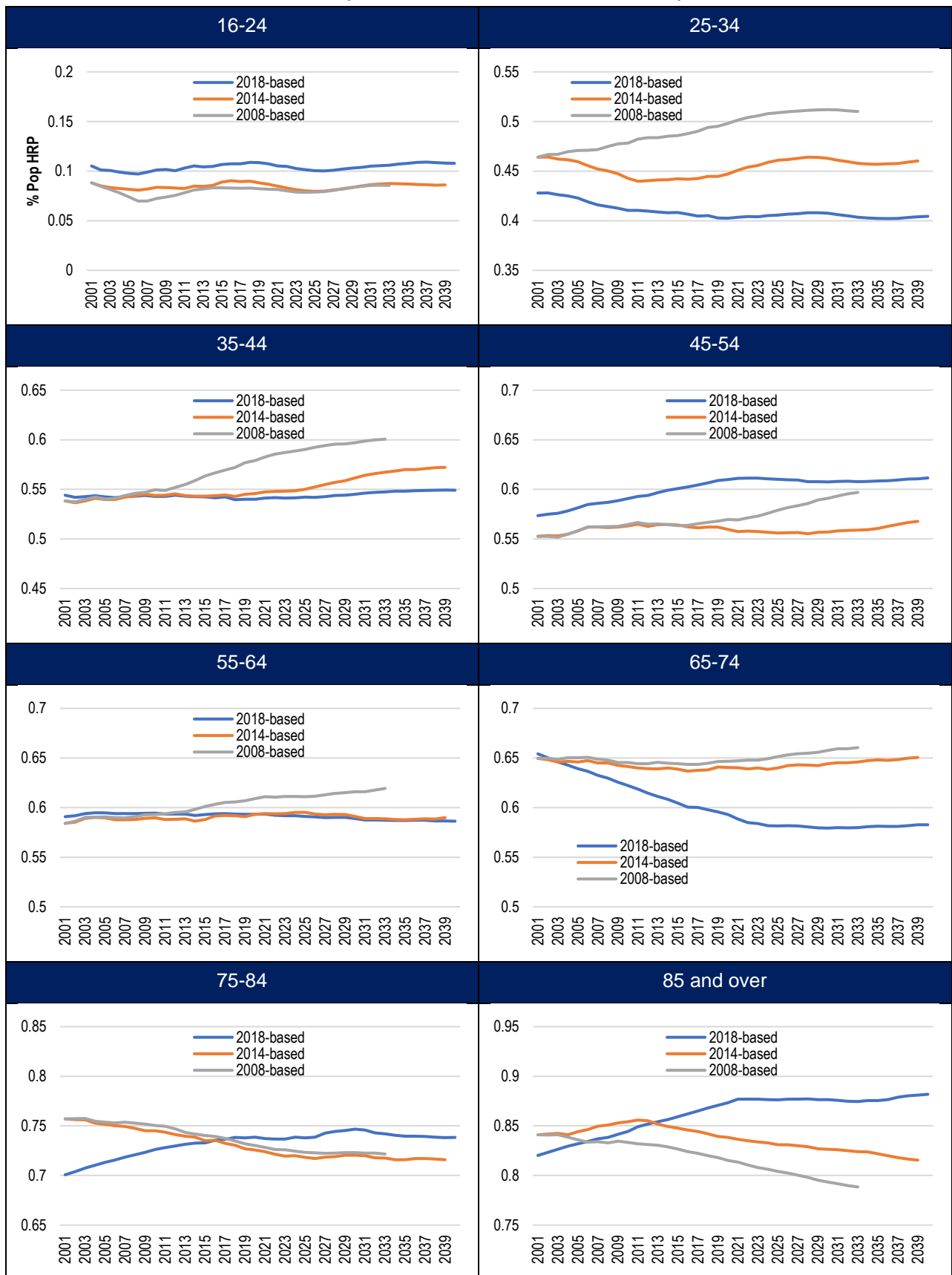
Source: ONS, Sub-National Population Projections (various)

Household Representative Rates (Household Formation)

- 8.42 Having studied the population size and age structure changes, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 8.43 The latest HRRs are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.
- 8.44 This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable). Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figure below and it is notable (again for the 25-34 age group) that this projection actually appears to build in a greater degree of suppression.
- 8.45 The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971) although it should be noted that the 2014-based figures do take a slightly different approach to establishing the household reference person (HRP). In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a Sub-0 which takes account of the economic activity and age of people in a household.

- 8.46 As well as looking at the 2014-based Sub-National Household Projections (SNHP), a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a ‘part-return-to-trend’ analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This adjustment has been applied to age groups from 25 to 44. A similar approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG).
- 8.47 Therefore, three HRR scenarios have been used as described below:
- Linking directly to 2018-based SNHP – 2018-SNHP HRRs;
 - Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
 - Linking to the 2014-based SNHP but with a part-return to previous trends (PRT) for younger age groups (up to age 44) – 2014-PRT
- 8.48 To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups. It is also noted that these figures have been rejected by Ministry of Housing, Communities and Local Government (MHCLG) as part of the Standard Method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust in methodological terms but still build in a notable degree of suppression of household formation in younger age groups.
- 8.49 The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, taking account of an apparent suppression in the formation of households from the population aged under 45 (and particularly those aged 25-34).

Figure 8.2 - Projected Household Representative Rates by age of head of household – South Lakeland District (2008-, 2014- and 2018-based SNHP)



Source: Derived from ONS and DLUHC data, Household Projections

Household Growth

- 8.50 The table below shows estimates of household growth with the various HRRs and an estimate of the number of additional dwellings this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).
- 8.51 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households), and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 8.52 The analysis shows an overall housing need for 97 dwellings per annum (dpa) across the District when using the 2018-based SNHP as the underlying household projection. With 2014-HRRs the estimated need figure goes up (120 dpa), and this figure increases again (to 127 dpa) with an adjustment to the formation rates of the younger population.

Table 8.6 Projected housing need – range of household representative rate assumptions – South Lakeland District (linked to 2018-based SNPP)

	Households 2020	Households 2040	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	48,054	49,938	1,884	94	97
2014-HRRs	48,267	50,605	2,337	117	120
2014-PRT	48,267	50,740	2,472	124	127

Source: ONS, Population and household projections

Demographic case for a higher need than the Standard Method

- 8.53 The analysis above has pointed to a household growth of between about 100 and 130 per annum based on the latest projections and with different assumptions about household representative rates. This is however based on a specific projection (the alternative internal migration variant), does not take account of more recent data (to 2020) and does not include an uplift for affordability as would be the case if using the data in a Standard Method calculation. The analysis below therefore looks at alternative need estimates to consider if there is a case to go above the Standard Method.

ONS Principal Projection

- 8.54 The analysis above focussed on the ONS alternative internal migration projection variant for future population change although it is noted that ONS do also have a principal projection and it is worthwhile briefly testing levels of household growth under this projection (although in methodological terms it is not considered to be particularly robust as it focusses on internal

(domestic) migration data over just a 2-year period – that 2-year period for South Lakeland District does seem to show atypical levels of net migration).

- 8.55 The table below shows household growth using the principal projection and the range of HRR assumptions. In all of the scenarios, the housing need is above the Standard Method figure of 184 dwellings per annum. If looking at these figures in terms of the Standard Method then it would probably be most prudent to look at figures linking to the 2014-HRRs (as newer projections are rejected, at least in part, due to potential suppression of household formation). If the 213 per annum household growth is used in the Standard Method calculation and uplifted by 38% then the calculated need would be for 295 dwellings per annum.

Table 8.7 Projected housing need – range of household representative rate assumptions – South Lakeland District (linked to 2018-based SNPP – Principal Projection)

	Households 2020	Households 2040	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	48,261	52,116	3,854	193	199
2014-HRRs	48,463	52,726	4,262	213	220
2014-PRT	48,463	52,871	4,408	220	227

Source: Bespoke Demographic projections based on SNPP and household projections

- 8.56 Clearly the use of the principal projection would point to there being a case for increasing housing numbers above 184 per annum, however, there does remain an issue about the general robustness of the projection method used.

Taking account of more recent data

- 8.57 The main analysis above has focussed on the 2018-based alternative internal migration projection variant. This is because it uses a longer time series of trend data to project forward and is also the method that is most closely aligned with previous projection methods used by ONS (including 2014-based projections). However, as it is 2018-based and there is now data up to 2020, it is possible to essentially update the latest projection to take account of this more recent data. The analysis specifically looks at recent trends in migration.
- 8.58 The table below shows net internal and international migration from 2013 to 2020. Data for 2013-18 will reflect the 5-year period used by ONS in developing projections, whilst 2015-2020 will reflect the latest 5-year period for which data is available at the time of writing. The analysis shows that migration has continued to be relatively strong with net migration on average being just over 100 people higher in the latest 5-year period compared with the 5-year period to 2018 – most of the difference is due to internal migration.

Table 8.8 Net migration (2013-2020) – South Lakeland District

	Net internal migration	Net international migration
2013/14	238	84
2014/15	458	193
2015/16	212	238
2016/17	914	-22
2017/18	688	29
2018/19	675	214
2019/20	543	108
Average (2013-20)	502	104
Average (2015-20)	606	113
Difference	104	9

Source: ONS, Mid-Year Population Estimates, 2021

- 8.59 Using the information above, a further projection has been developed that follows the methodology of ONS projections (alternative internal migration variant) but takes account of the more recent migration estimates. The population projection developed is then converted into household growth (and housing need) using the different HRRs. The table below shows this projection leads to higher estimates of household growth than the ONS projection as published (although below the principal projection). Again focussing on the 2014-HRR scenario and including a 38% affordability uplift, this would show a need for 254 dwellings per annum through the standard method.

Table 8.9 Projected housing need – range of household representative rate assumptions – South Lakeland District (linked to 2018-based SNPP – Alternative Internal Variant and MYE)

	Households 2020	Households 2040	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	48,011	51,170	3,159	158	163
2014-HRRs	48,192	51,864	3,673	184	189
2014-PRT	48,192	52,006	3,814	191	196

Source: Bespoke Demographic projections based on ONS SNPP and Household Projections

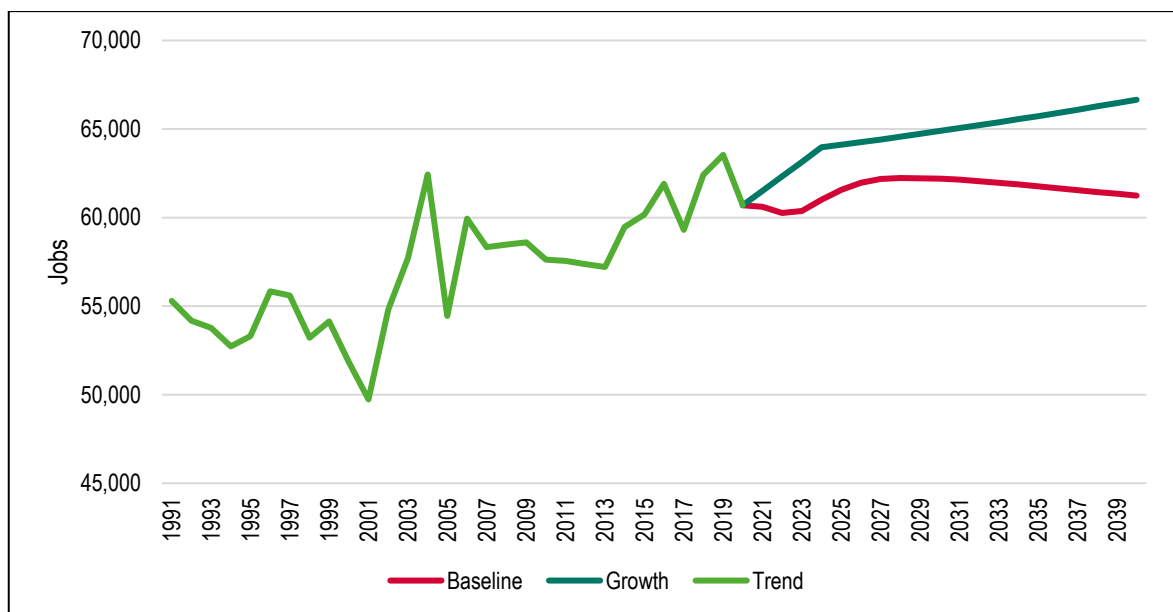
- 8.60 Taking account of more recent demographic trends does also suggest there is a case to uplift housing numbers above the Standard Method. The analysis below looks at the link between housing and economic growth to further test if an uplift may be appropriate and if so, how much of an uplift.
- 8.61 Arguably, the demographic analysis puts the need in a broad range from 254 to 295 dwellings per annum across the District (i.e. including areas within the National Park). This is based on the range from the 2018-alternative internal variant (with MYE) to the 2018-based principal projection and applying 2014-based HRR and a 36% uplift to both.

The Link Between Housing and Economic Growth

8.62 The analysis below considers the link between housing and economic growth; seeking to understand what level of housing growth might be needed to provide enough homes for resident workers taking up jobs in the District. The analysis starts by looking at job growth forecasts and moves on through a series of stages to a population and household projection.

8.63 Two forecasts have been developed, a baseline from Oxford Economics (OE) and a growth scenario which takes into account adjustments to individual sectors to reflect local trends or investment (see Chapter 15), with the figure below showing the time series for each of these plus a historical time series. The figures shown are for total jobs (both full and part-time). A key feature of the data is a very sharp drop in jobs from 2019 to 2020, which will be as a result of the pandemic. The growth scenario in particular shows the recovery of these lost jobs by about 2024, whereas recovery in the baseline happens later and the job figure never reaches the previous high of 2019.

Figure 8.3 - Job growth forecasts and past trends – South Lakeland District



Source: Oxford Economics, Econometric Forecasts, 2022 and Icen Projects

8.64 For the purposes of modelling future job growth and the link to housing the analysis only looks at the growth in jobs and not recovered Covid jobs. This essentially therefore assumes a start point in 2020 at the same level as 2019 and models increases (or changes) in jobs from that position.

8.65 The analysis is assuming there will be a latent labour supply from job losses to fill the recovered jobs and further increase in the labour supply will only be needed for additional jobs. There is a brief discussion of the latent labour supply below but this is not factored into the model.

- 8.66** The table below shows a brief calculation of the job figures used in modelling. Between 2019 and 2020, it is estimated there was a loss of around 2,800 jobs; within the baseline scenario from 2020 to 2040 there are forecast to be 543 additional jobs and therefore a loss of 2,300 jobs when excluding jobs recovered after the pandemic. The growth scenario (see Chapter 15) is more positive, showing some 5,960 additional jobs. Including 2,700 additional jobs over and above those recovered from losses in 2019-20.

Table 8.10 Job growth forecasts for key periods and estimates of changes in job numbers taking account of pandemic losses and recovery

	Baseline	Growth
2019 jobs	63,539	63,539
2020 jobs	60,693	60,693
Job losses	2,846	2,846
2040 jobs	61,235	66,653
Change in jobs 2020-40	543	5,960
Growth jobs	-2,304	3,114

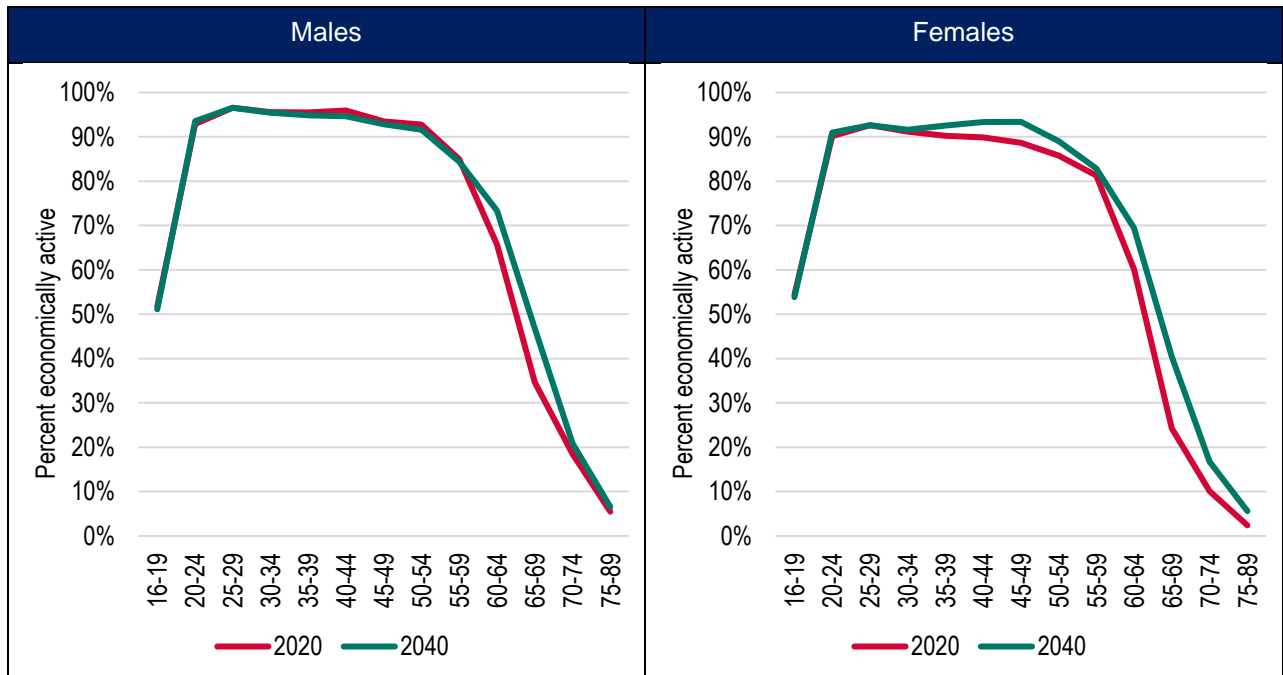
Source: Oxford Economics, *Econometric Forecasts, 2022*

- 8.67** The sections below discuss some of the key assumptions used in converting job growth estimates into changes to the resident labour supply and therefore into population and household projections.

Changes to the Resident Labour Supply

- 8.68** The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).
- 8.69** The figure and table below show the assumptions made (for South Lakeland District). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Figure 8.4 - Projected changes to economic activity rates (2020 and 2040) – South Lakeland District



Source: Based on OBR and Census (2011) data

Table 8.11 Projected changes to economic activity rates (2020 and 2040) – South Lakeland

	Males 2020	Males 2040	Males Change	Females 2020	Females 2040	Females Change
16-19	51.8%	51.1%	-0.6%	54.4%	53.8%	-0.5%
20-24	92.9%	93.6%	0.7%	90.2%	91.0%	0.8%
25-29	96.6%	96.6%	0.0%	92.6%	92.6%	0.0%
30-34	95.6%	95.4%	-0.2%	91.2%	91.6%	0.4%
35-39	95.5%	94.9%	-0.6%	90.2%	92.5%	2.3%
40-44	96.0%	94.7%	-1.3%	89.9%	93.3%	3.4%
45-49	93.5%	92.9%	-0.6%	88.7%	93.4%	4.7%
50-54	92.8%	91.6%	-1.2%	85.8%	89.0%	3.2%
55-59	84.9%	84.4%	-0.5%	81.3%	82.9%	1.6%
60-64	65.7%	73.3%	7.6%	60.2%	69.5%	9.3%
65-69	34.7%	46.7%	12.1%	24.2%	40.4%	16.1%
70-74	18.5%	20.9%	2.4%	10.1%	16.7%	6.6%
75-89	5.5%	6.6%	1.1%	2.4%	5.6%	3.2%

Source: Based on OBR and Census (2011) data

Commuting, Double Jobbing and Unemployment

Commuting Patterns

8.70 The table below shows summary data about commuting to and from South Lakeland District from the 2011 Census. Overall, the data shows that the District sees a broad balance of commuting, with a very modest level of net in commuting – this number is shown as the commuting ratio in the final

row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 8.12 Commuting patterns in South Lakeland District

	Number of people
Live and work in Local Authority (LA)	29,454
Home workers	9,356
No fixed workplace	4,065
In-commute	9,704
Out-commute	9,315
Total working in LA	52,579
Total living in LA (and working)	52,190
Commuting ratio	0.993

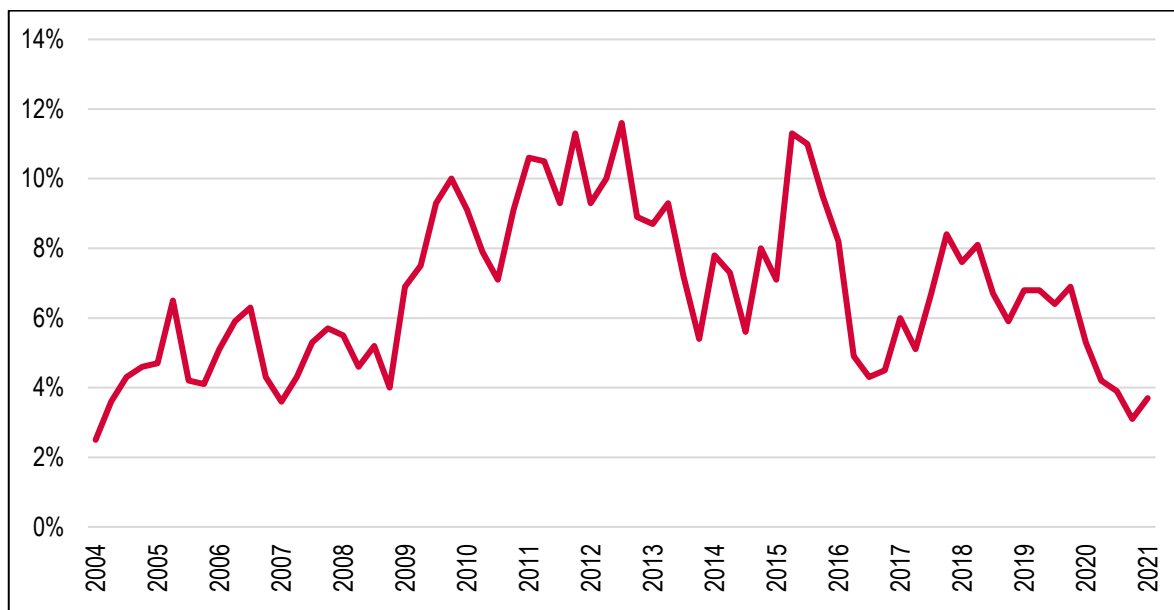
Source: ONS, 2011 Census

- 8.71 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. However, given that the figure is so close to 1 the figure for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the District is equal to the number of people living in the District who are working). This means that the level of household growth and housing need would not rely on homes being provided outside of the District, nor would it mean the District providing homes for people working outside of the area (in net terms). The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

- 8.72 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the District that typically between about 6.7% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

Figure 8.5 - Percentage of all people in employment who have a second job (2004-2020) – South Lakeland District



Source: Annual Population Survey (from NOMIS)

8.73 For the purposes of this assessment it has been assumed that around 6.7% of people will have more than one job moving forward. A double jobbing figure of 6.7% gives rise to a ratio of 0.933 (i.e. the number of jobs supported by the workforce will be around 6.7% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

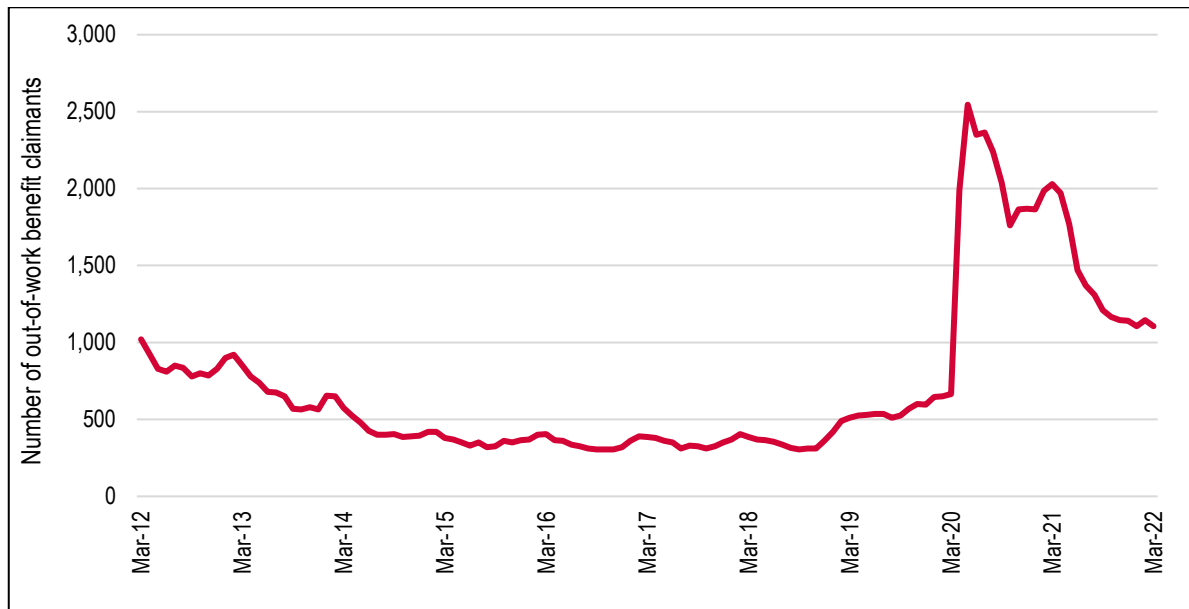
8.74 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19.

8.75 The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication. Claimant count data is available up to March 2022 with the data below showing a trend for the previous decade.

8.76 The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) – rising from around 500-600 to in excess of 2,500, dropping in the latest period for which data is provided to about 1,100). These trends are consistent with the figures shown for past job growth, with a substantial decline in jobs from 2019 to 2020 – the change in claimants is not as high as the apparent loss of jobs, but this is likely as not all of those losing work would necessarily have

made a benefit claim. The data below is not taken forward into the analysis of the link between homes and jobs and is mainly for reference – it does however (as noted) confirm earlier analysis of job losses.

Figure 8.6 - Number of out-of-work benefit claimants (2012-2022) – South Lakeland District



Source: NOMIS, Claimant Count

Economic-led Housing Need

- 8.77 The analysis below considers what level of housing delivery might be required to provide alignment with future jobs (as forecast). The method starts with a job growth estimate and then applies commuting and double jobbing assumptions to get to the required growth in the labour supply. This is then modelled against the economic activity rates with migration and population growth in the demographic model being flexed, so that the change in the economically active population matches that required by the forecast.
- 8.78 This provides an indication of the level of growth required to sustain the local economy and services. This approach is not just about increasing in-migration but also reducing out-migration to achieve the level of working age population to address economic potential.
- 8.79 The level of population growth derived in these projections is then applied to household formation rates to get to a household growth figure. A final adjustment to reflect a level of vacancy in the housing stock is applied to the household growth to translate to a growth in dwellings.
- 8.80 As noted, two forecasts have been used to look at jobs supported. In both cases the analysis links to estimates of total jobs growth in the 2020-40 period excluding any jobs recovered as a result of losses due to the pandemic. The jobs growth assumed is:

- Baseline – -2,304 additional jobs (net job losses)
- Growth – +3,114 additional jobs

8.81 The table below shows the estimated change in the number of economically active workers for each of the scenarios. This shows that the forecast jobs growth in South Lakeland District requires a lesser growth of economically active residents due to the number of people with more than one job.

Table 8.13 Change in economically active population needed to meet job forecasts (2020-40)

	Total additional jobs	Allowance for double jobbing (=change in economically active)
Baseline	-2,304	-2,149
Growth	3,114	2,904

Source: Derived from a range of sources as described

8.82 The following table takes the growth in economically active population and translates this into household growth and dwellings needed. For translating population into households the part-return to trend HRRs have been used. This shows a need for up to 298 dwellings per annum, which is at the top end of the range developed when looking at alternative demographic scenarios (254-295 dwellings per annum).

Table 8.14 Projected housing need – range of job growth forecasts – South Lakeland District (2020-40)

	Households 2020	Households 2040	Change in households	Per annum	Dwellings (per annum)
Baseline	48,192	50,304	2,112	106	109
Growth	48,192	53,979	5,787	289	298

Source: Derived from a range of sources as described

Developing a projection linking to the Standard Method

8.83 The analysis above has identified that there is potentially a case for the Council to be looking at higher housing numbers than the Standard Method, with looking at more recent demographic trends (plus affordability) or when linking housing to economic growth. It will however be for the Council to decide the extent to which they might wish to provide above the Standard Method and in terms of PPG there is no compulsion to deliver above the 184 dwellings per annum figure.

8.84 For the purposes of this report a bespoke population projection linked to the amount of housing delivered by the Standard Method (184 dpa) has been developed. This bespoke projection will be used for later parts of this report, for example when looking at the mix of housing etc.

8.85 It can be seen from the main demographic analysis above, that even with the fairly positive HRRs modelled there would not be the level of household growth required to fill this number of homes (184

dpa) – this is based on the 2018-SNPP (alternative internal migration variant) but does not take account of more recent data about population growth from mid-year population estimates. Therefore, a scenario has been developed which includes the MYE (to 2020) and also flexes migration to the District such that there is sufficient population for 184 additional homes each year.

8.86 In summary, an approach has been developed that adjusts migration to project how population and household structures might change with delivery of 184 homes each year (2020-40). This approach is consistent with that set out in the PPG (2a-006).

8.87 Within the modelling, migration assumptions have been changed so that across the District the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP (alternative internal migration variant) with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:

- Base population in 2020 from the latest mid-year population estimates;
- Household representative rates from the 2014-based SNHP with an adjustment in younger age groups; and
- The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)

8.88 In developing this projection, a higher level of population growth is derived (2,500 additional people compared with virtually no change in the SNPP as published). The age structure of the projections is also slightly different, with the higher projection showing stronger growth (lower decreases) in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).

Table 8.15 Population change 2020 to 2040 by broad age bands – South Lakeland District (linked to delivery of 184 dwellings per annum)

	2020	2040	Change in population	% change
Under 16	15,391	14,382	-1,009	-6.6%
16-64	59,419	54,795	-4,624	-7.8%
65 and over	30,095	38,227	8,132	27.0%
Total	104,905	107,404	2,499	2.4%

Source: IcenI Projects and JGC - Bespoke Demographic Projections

- 8.89 In the remainder of this report, some of the analysis makes reference to the projection of 184 dwellings per annum (the Standard Method projection).

Housing Need in National Park areas

- 8.90 All of the analysis above has provided data for the whole of the District, including those areas within the Lake District and Yorkshire Dales National Parks; it is important to also estimate the need for these locations separately. The difficulties of and an overview method are noted in PPG (2a-014):

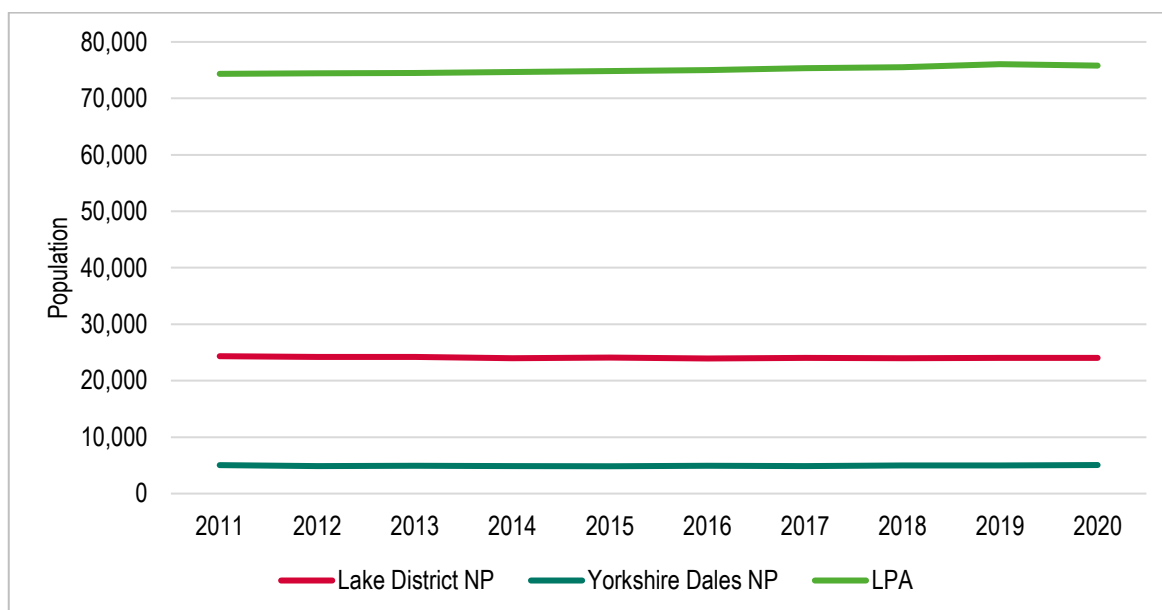
Where strategic policy-making authorities do not align with local authority boundaries (either individually or in combination), or the data required for the model are not available such as in National Parks and the Broads Authority, where local authority boundaries have changed due to reorganisation within the last 5 years or local authority areas where the samples are too small, an alternative approach will have to be used. Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels

- 8.91 From this, the method to use should take account of household changes and affordability levels, essentially a local level Standard Method, but one where the data will need to be locally derived. Estimates of the need using this method are set out below.

Demographic Data and Household Growth

- 8.92 First, we have considered demographic information. The SNPP and SNHP are both only published for local authority areas and do not therefore split this between the LPA area and the National Park. Our analysis therefore begins by looking at population trends, with the figure below showing estimated population from 2011 to 2020 in each of the LPA area and the two National Parks (where these are within South Lakeland District). Data is only provided back to 2011 as this is the date from which reasonable quality small area estimates can be obtained.
- 8.93 Overall, the analysis shows that the population of the LPA area is somewhat larger than the National Parks, the data also points to population growth in this area as having been slightly stronger over the period studied.

Figure 8.7 - Estimated Population in the Plan Area and National Parks (within SLDC), 2011-20



Source: ONS, Mid-Year Population Estimates, 2021

8.94 This is shown in more detail in the table below; this shows a small population loss in the Lake District National Park and a modest growth (at only about a third of the level seen for the LPA) in the Yorkshire Dales.

Table 8.16 Population change 2011 to 2020 – National Parks (within SLDC) and the Plan Area

	2011	2020	Change	% change
Lake District NP	24,337	24,042	-295	-1.2%
Yorkshire Dales NP	5,026	5,060	34	0.7%
Plan Area	74,350	75,803	1,453	2.0%
Total	103,713	104,905	1,192	1.1%

Source: ONS, Mid-Year Population Estimates, 2020

8.95 Icen and JGC can use the data above to provide an indication of the possible projected level of household growth in each of the three areas. This is based on the earlier observation of a household growth of 133 households each year from the 2014-based SNHP (2022-32) which in turn was linked to a population projection where the population was projected to increase by just 266 people.

8.96 Looking at population growth of 266 (over 10-years) and recognising the different levels of growth seen in the past it is estimated that a reasonable basis would be to project for a reduction of 507 people in the Lake District and around 11 people in the Yorkshire Dales (therefore growth of 784 would be seen in the LPA area). This would mean that pro rata population change would be in-line with past trends and also consistent with the 2014-based projections.

8.97 Based on the data set out in the table below (where brought together with affordability), this analysis would point to household growth of around 11 per annum in the Lake District area and around 8 in the Yorkshire Dales. This applies the 2014-based HRR to the projected population for each area. Alongside an affordability ratio calculation, these figures have been taken forward into an assessment of the standard method in each area below.

Affordability

8.98 The standard method affordability ratio is based on the median house price divided by the median income, with the most recent data being for 2021 (the house price data is specifically for the year to September 2021). The latest data is a median price of £265,000 and an income of £26,193, giving an affordability ratio of 10.12.

8.99 Analysis of Land Registry data for the same period shows a much higher median price in the Lake District National Park (£380,000) and to a lesser extent the Yorkshire Dales (£278,000) which does point to the possibility of a different ratio for these two areas.

8.100 Regarding incomes, data elsewhere in this SHENA (Table 9.6) suggests a median annual household income across the whole District of £38,900, with the figure for the Lake District being £41,700 and the Yorkshire Dales being £37,500. These are for household incomes rather than earned income as used in the standard method but are the best data we have to look at potential differences in income across the two areas. The latest figure used by ONS in its affordability ratios is £26,193 and therefore on the basis of the household incomes it is estimated that the equivalent figures are £28,100 for the Lake District and £25,200 in the Yorkshire Dales (based on the pro-rata of our household income estimates).

8.101 Using the house prices and income estimates we can calculate separate affordability ratios for each of the two areas and the uplift to household growth this would be equivalent to – this is shown in the table below.

Table 8.17 Estimated LHN using Household Growth based on Trends

	Lake District	Yorkshire Dales
Household Growth (p.a.)	11	8
House price	£380,000	£278,000
Income	£28,100	£25,200
Affordability Ratio	13.52	11.03
Uplift	60%	44%
Local Housing Need	17	11

Source: Based on a range of ONS data

8.102 Removing the 28 dpa for the National Parks from the standard method need for the District would result in a Plan Area need of 156 dpa. If removed from the economic-led housing need for the District

then the Plan Area need would be 270 dpa. If removed from the housing need calculated using more recent demographics (up to 295 dwellings per annum) for the District then the Plan Area need would be up to 267 dpa.

- 8.103 An alternative approach can also be derived through subtracting the allocations/requirements as established by the National Park themselves from the District need.
- 8.104 The Lake District National Park Authority adopted its own Local Plan in May 2021 which covers the area of South Lakeland within the National Park. The Plan identifies a housing need for 1,200 dwellings over the 2020 to 2035 period. This would equate to an annual housing need of 80 dpa.
- 8.105 However, not all of this need would be in those parts of the National Park which fall within South Lakeland. The Local Plan also does not disaggregate this need for the component local authorities. That said, the Central and South East and South Sub-Areas are broadly comparable to those parts of the park within South Lakeland District. Within these sub-areas, sites for 294 units have been allocated against a total allocation capacity of 617 units.
- 8.106 This equates to 48% of the allocated housing supply. If the overall plan requirement figure of 1,200 homes over a 15 year plan period is allocated in the same way then 38 dpa would be in the South Lakeland parts of the National Park.
- 8.107 The Yorkshire Dales National Park Authority is currently consulting on a new Local Plan. The options currently being considered are 30, 50 or 70 dwellings per annum³⁰. The highest of these reflects peak delivery while the lowest is equivalent to average completions, 50 dpa (which was the recommendation of the Yorkshire Dales National Park Strategic Housing Market Assessment) would halt population decline.
- 8.108 Recent consultation on the emerging Yorkshire Dales Local Plan provided options for the distribution of this growth and for those parts within South Lakeland which is referred to as the Dentdale, Garsdale, Rawthey Valley & and Lunesdale sub-area. It presented housing requirements ranging from 5 to 12 dwellings per annum for this area.
- 8.109 Therefore if we remove the 38 dpa from the Lake District National Park and 12 dpa for the Yorkshire Dales National Park (50 dpa in total) from the District wide need of 184 dpa then we arrive at a Plan Area figure of 134 dpa.

³⁰ Taken from Consultation No. 3 Exploring our options: Building new homes

- 8.110 If these are removed from the highest of the demographic scenarios then the Plan Area need would be 245 dpa (295 dpa minus 50 dpa). Similarly for the economic led housing need linked to the growth scenario, the Plan Area need would be 248 dpa (298 dpa minus 50 dpa).
- 8.111 As set out in the table below this section provides a range of potential distribution of housing need between the District and Plan Area. This shows a need for between 134 and 156 dpa based on the standard method. If removed from the economic-led housing need for the District then the Plan Area need would be between 248 and 270 dpa and the revised demographics would be in the range of 245 to 267 dpa.

Table 8.18 Range of Potential Housing Need Numbers for the District and Plan Area

National Parks Need	District	National Park	Plan Area
Standard Method	184	28	156
Revised Demographics	295	28	267
Economic-Led Housing Need	298	28	270
National Parks Requirement	District	National Park	Plan Area
Standard Method	184	50	134
Revised Demographics	295	50	245
Economic-Led Housing Need	298	50	248

Source: Icen Projects

- 8.112 Based on the fact that the National Parks are already planning for a housing supply above their need then we can give greater weight to those figures. It is also necessary for South Lakeland District Council to exceed the standard method to ensure its economic potential is met. The more recent demographics also point to a similar figure of around 250 dpa.
- 8.113 We would therefore conclude that a need for around 250 dpa for the Plan Area would be an appropriate starting point for developing a housing requirement.**
- 8.114 However, the distribution is in effect a duty to cooperate issue and will need to be agreed between the National Parks and the Council based on their respective strategies and capacities.

Housing Need and Demographic – Key Points

- **Housing Need using the standard method results in a need for 184 dwellings per annum (dpa) across the District.**
- This is based on a household growth of 133 dpa with an uplift of 38% to address affordability.
- Analysis has been undertaken to consider more recent demographics. This shows a housing need in the range of 254 to 295 dpa. There is also a need for up to 298 dpa to support economic growth.

- It will be for the Council to decide if it wants to plan for higher growth than the Standard Method with the analysis in this report certainly supporting a case for doing so.
- We considered the housing need for the Lake District and Yorkshire Dales National Parks (where these sit within South Lakeland District) based on demographics and affordability. This suggested a minimum need for 17 dwellings per annum in the Lake District and 11 per annum in the Yorkshire Dales.
- When removed from the standard method housing need figure it results in a Plan Area need of 156 dpa.
- If removed from the economic-led housing need for the District then the Plan Area need would be 270 dpa. If removed from the housing need associated with more recent demographics then the Plan Area need would be up to 267 dpa
- Alternatively, we can remove the 'policy on' requirements/allocations position as established by the National Parks (50 dpa) from the need position for the District and arrive at a Plan Area figure of 134 dpa.
- This increases to 245 and 248 dpa for the revised demographic and economic led housing need respectively.
- Based on the fact that the National Parks are already planning for a housing supply above their need coupled with the need to ensure South Lakeland's economic potential is met, we would conclude that a need for around 250 dpa for the Plan Area would be an appropriate starting point for developing a housing requirement.
- A bespoke projection linked to the Standard Method (184 dwellings per annum) suggests that population growth might be expected to be higher than in the latest official projections.
- It also suggests that the age structure changes will proportionally include more people aged under 65.

9. AFFORDABLE HOUSING NEED

Introduction

- 9.1 This section provides an assessment of the need for affordable housing in South Lakeland District and the six sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 9.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’ although in reality it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership.
- 9.3 The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in Planning Practice Guidance in May 2021.
- 9.4 However, we firstly summarise the position of the Council’s Housing Team.

Discussion with Council Officers

- 9.5 The Council’s required split in affordable products saw 50% go towards rental (social and affordable) and 50% to intermediate housing such as Discounted Sale or Shared Ownership. Although this was superseded by the First Homes statement and the percentage split is now 25% First Homes, 50% affordable rented and 25% Shared Ownership/discounted market sale.
- 9.6 Registered Providers have been quite successful in delivering housing however they have shown some reluctance to build in rural areas. The Council have sought to aid developers of schemes where funding gaps have been identified through grants.

- 9.7 There is a local connection test on all affordable homes for which applicants must satisfy one of several conditions³¹ primarily including living and/or working in the locality (collection of parishes) for three years or having a permanent job offer in the locality (+16 hours per week).
- 9.8 With the exception of Kendal and Ulverston the parishes can cover a wider area. To allow households in these rural areas to satisfy their housing needs in the key service centres, affordable homes are marketed to those who satisfy the local connection test first within a specified locality, if the property remains vacant for 12 weeks this is then widened to the whole District for a period of 8 weeks, if it is still vacant after this it is marketed to anyone who may be in need.
- 9.9 A new allocations policy for the housing register came into force in the 27th of April 2022, this simplified the banding going from 5 bands down to 3. A and B bands are considered reasonable preference with C being decided upon based on the length of time the household has been on the waiting list.
- 9.10 This new allocations policy also introduced a policy in which non-bidders, that haven't applied for 12 months, are removed from the register unless they require a specific area and/or an adapted property. As a result the Council expect the number of people on the register to reduce as the new policy takes effect.
- 9.11 The Covid pandemic has impacted the numbers on the housing register, where previously this typically sat at approximately 3,000 households, it increased to around 4,200. The Government's 'Everyone In' policy required the Council to temporarily rehouse non-priority homeless households to avoid them rough sleeping. Although the number of households on the housing register decreased, homeless presentations increased again following on from the end of the eviction moratorium.
- 9.12 The Council have also seen an increase in the number of private rental properties turning into short term holiday lets. This has been addressed through the increased use of hostels and other temporary accommodation for homeless households.
- 9.13 Currently the greatest demand is in Kendal (1/3 of whole housing register), Grange over Sands (113 people), Kirkby Lonsdale (160), and Milnthorpe (94). There is demand in Windermere and Bowness

³¹ Full list can be viewed at <https://www.southlakeland.gov.uk/media/5756/council-local-connection-policy.pdf>

and other rural areas, however the overall supply is lacking and as such this is more difficult to address.

- 9.14 It should be noted that applicants will select areas where there is more realistic chance of housing. Furthermore, the current data from Cumbria Choice is flawed and may not be an accurate indicator of preferences but rather a reflection of large scale previous development that in itself attracts demand.
- 9.15 There is also sometimes an element of people in need not applying to the register in rural areas because they don't think they will get a house (because there is a lack of stock and turnover is low) or a home of the size they want, rather than need; this impacts the overall evidence of demand in these areas. We therefore have to treat this source as indicative only. The Council's current approach to under-occupation is to prevent people being allocated houses above their minimum need as this ultimately affects the household behaviour i.e. they will typically not move if their circumstances change so that they only need a smaller home.
- 9.16 Overall the highest need is for smaller properties (1-2 bedroom homes) but that is not to say there is not a demand or aspiration for larger family homes particularly in Ulverston and Kendal. For rental properties there is a range of 1-3 bedroom homes that have been delivered previously, however this appears to have slowed over the years.

Methodology Overview

- 9.17 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks at need for '*affordable housing for rent*' as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on data from the Council's Housing Register – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate the numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.
- 9.18 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.
- 9.19 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.
- 9.20 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.
- 9.21 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and considers a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.
- 9.22 The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).
- 9.23 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

- 9.24 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’. For the

purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

- 9.25 The analysis below considers the entry-level costs of housing to both buy and rent across the District. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 9.26 Data from the Land Registry for the year to March 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £120,000 for a second-hand flat and rising to £320,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £182,500. The figures are all based on the cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 9.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2022 – South Lakeland District

	Lower quartile price
Flat/maisonette	£119,100
Terraced	£168,700
Semi-detached	£200,000
Detached	£318,900
All dwellings	£182,500

Source: Land Registry, Price Paid Data

- 9.27 This information can also be provided for the six sub-areas. In some cases the number of sales are quite small (e.g. only 9 flats sold in the Yorkshire Dales National park area) and so additional data has been drawn from sales over the previous 5-years; with figures standardised back to overall District averages.

Table 9.2 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2022 – sub-areas

	Flat/ maisonette	Terraced	Semi- detached	Detached	All dwellings
Cartmel Peninsula	£108,800	£163,000	£185,700	£302,900	£175,400
Kendal	£104,400	£170,300	£197,900	£292,600	£166,400
Rural Kendal	£152,700	£168,100	£224,400	£316,900	£211,500
Ulverston & Furness	£116,400	£135,000	£182,400	£287,700	£157,100
Lake District NP	£169,800	£220,200	£269,400	£392,700	£251,700
Yorkshire Dales NP	£116,500	£178,100	£214,300	£319,200	£186,000
All properties	£119,100	£168,700	£200,000	£318,900	£182,500

Source: Land Registry, Price Paid Data

- 9.28 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £115,000 for a 1-bedroom home, rising to £310,000 for homes with 4-bedrooms.

Table 9.3 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2022 – South Lakeland District

	Lower quartile price
1-bedroom	£115,000
2-bedrooms	£160,000
3-bedrooms	£220,000
4-bedrooms	£310,000
All Dwellings	£182,500

Source: Land Registry Price Paid and Internet Price Search

- 9.29 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2022. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £595 per month.

Table 9.4 Lower Quartile Market Rents, year to March 2022 – South Lakeland District

	Lower Quartile rent, pcm
Room only	£390
Studio	£400
1-bedroom	£510
2-bedrooms	£610
3-bedrooms	£700
4-bedrooms	£890
All properties	£595

Source: ONS, Price Paid Database and Internet Price Search

- 9.30 It is of interest for this study to see how prices and rents vary by location. The table below shows an estimate of the overall lower quartile house price and private rent in each of the sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the Lake District National Park. The lowest prices and rents were found to be in Kendal and Ulverston & Furness.

Table 9.5 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Cartmel Peninsula	£175,400	£615
Kendal	£166,400	£510
Rural Kendal	£211,500	£690
Ulverston & Furness	£157,100	£535
Lake District NP	£251,700	£765
Yorkshire Dales NP	£186,000	£650
All properties	£182,500	£595

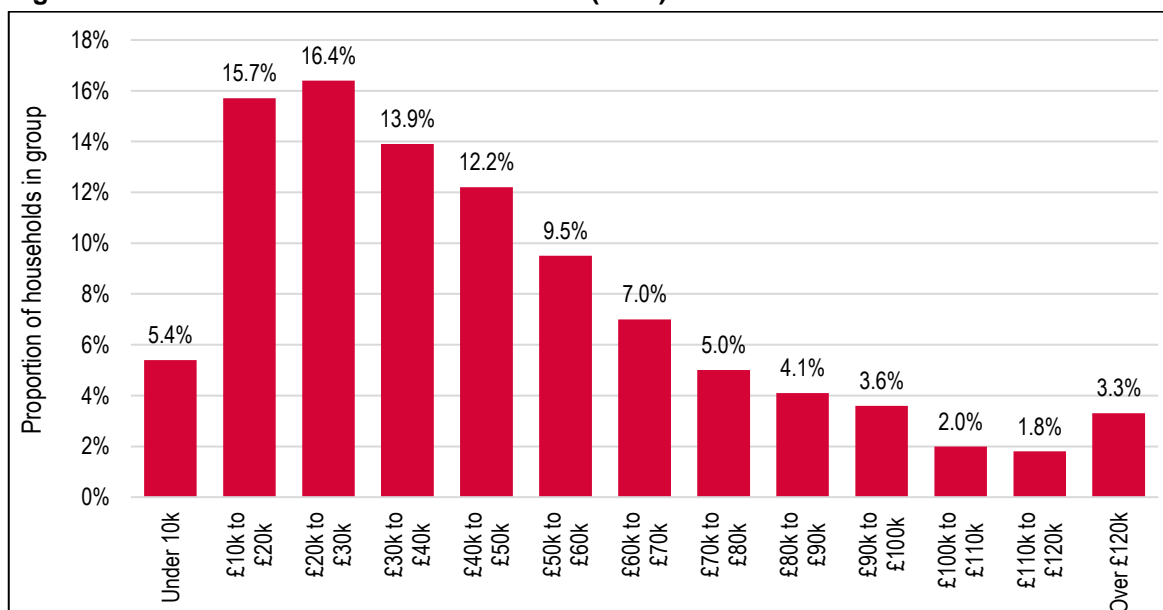
Source: VOA, Rental Data and Internet private rental cost search and Land Registry

Household Incomes

9.31 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on information provided by the Council from CACI which is for total gross household income estimated for each Output Area (which has then been recoded into the six sub-areas).

9.32 Drawing this data together an income distribution for the whole District has been constructed for 2021. The figure below shows that around a fifth of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £46,700, with a median income of £38,900; the lower quartile income of all households is estimated to be £22,100.

Figure 9.1 - Distribution of household income (2021) – South Lakeland District



Source: Derived from a range of data as discussed

- 9.33 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the District average. There is some variation in the estimated incomes by area, median figures ranging from £36,000 in Cartmel Peninsula, up to £41,700 in the Lake District National Park.

Table 9.6 Estimated average (median) household income by sub-area (mid-2021 estimate)

	Median income	As a % of District average
Cartmel Peninsula	£36,000	93%
Kendal	£36,700	94%
Rural Kendal	£41,500	107%
Ulverston & Furness	£37,000	95%
Lake District NP	£41,700	107%
Yorkshire Dales NP	£37,500	96%
All households	£38,900	-

Source: Derived from a range of data as discussed

Affordability Thresholds

- 9.34 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 9.35 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.
- 9.36 At £595 per calendar month, lower quartile rent levels in South Lakeland District are typically about average in comparison to those seen nationally (a lower quartile rent of £595 for England in the year to March 2022). This would suggest that a proportion of income to be spent on housing could be slightly higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £595 pcm rent this

would imply a gross household income of about £23,800 (and in net terms the rent would likely be around 36% of income).

- 9.37 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income (although it is possible that some households could achieve the same level of outgoings with a suitably priced (discounted) low-cost home ownership product).
- 9.38 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 9.39 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 9.40 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable income ‘gap’ between renting and buying in all areas across the District, particularly locations with higher house prices. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 9.7 Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Cartmel Peninsula	£35,080	£24,600	£10,480
Kendal	£33,280	£20,400	£12,880
Rural Kendal	£42,300	£27,600	£14,700
Ulverston & Furness	£31,420	£21,400	£10,020
Lake District NP	£50,340	£30,600	£19,740
Yorkshire Dales NP	£37,200	£26,000	£11,200
District-wide	£36,500	£23,800	£12,700

Source: Based on Housing Market Cost Analysis

- 9.41 It should be noted that the assumptions and income thresholds are based on house prices and rents and a consideration of the most likely suitable product for a household with a particular income. It will however be the case that individual households will have specific circumstances which may mean a different product is most suitable. For example, it is possible that a low income household has money for a deposit and could therefore afford a suitably discounted low-cost home ownership

(LCHO) property. On the other hand, a household with an income in the rent/buy gap might be unable to afford LCHO due to a lack of deposit (or being in debt).

- 9.42 There will be further nuances for individual households, for example some may be able to secure a mortgage with say a 5% deposit, whilst others (potentially due to the nature and security of their employment) might not even be able to secure the 10% (the assumption used for analysis). Regardless, the study needs to make some assumptions and overall it is considered that those used are likely to be broadly reflective of overall market affordability.
- 9.43 There could also be specific local characteristics needing consideration in terms of the most suitable types of housing. For example, at a smaller area level there might be a situation where private sector rents are particularly high and this might point to LCHO as being a more affordable solution (although issues around deposits could still arise). The Council will therefore need to consider any housing proposals on their own merits and take account of local circumstances in terms of housing costs and affordability. As noted, the analysis in this report provides an overall view based on a sensible set of assumptions, but accepting there will be different household circumstances on a case-by-case basis.

Need for Social/Affordable Rented Housing

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

Current Need

- 9.45 In line with the PPG the current need for affordable housing is assessed through analysis of Housing Register information. As part of this project a download of the register was provided (as of March 2022) which has been interrogated to estimate the number of households with an affordable housing need.
- 9.46 As of March 2022 there were 3,523 households on the Register. Not all households registered for housing will have significant housing needs and the analysis below shows the banding of need as assessed on the Register (along with descriptions of the banding). For the purposes of this report, it has been assumed that those households in bands A to C can be considered as in housing need (although there is arguably a case to consider band E – households in this band may be in a reasonable preference category, but have reduced priority for other reasons (such as rent arrears or Anti-Social Behaviour)). Across South Lakeland District some 897 households fall into the bands from A to C and would be considered as having an assessed housing need (and not just an expressed need) – this is 25% of all households on the register).

Table 9.8 Number of households on South Lakeland Housing Register by housing need banding (March 2022)

Band	Description	Number of households	% of households
A	Urgent Need for Housing due to Reasonable preference plus additional priority	69	2.0%
B	High Need for Housing due to Reasonable Preference	176	5.0%
C	Medium Need for Housing due to Reasonable Preference	652	18.5%
D	Low Need for Housing due to No Reasonable Preference	2,038	57.8%
E	Reduced Priority	588	16.7%
Total		3,523	100.0%

Source: South Lakeland Housing Register

- 9.47 This data has also been split down by sub-area with the table below showing the appropriate figures for the number of households in Bands A-C. The number of households on the Register varies between 26 in the Yorkshire Dales National Park, up to 329 in Kendal. The analysis also shows some 126 households with no area identifier, these households include those on the register but living outside of the District and also a number of households of no fixed abode.

Table 9.9 Number of households on South Lakeland Housing Register by housing need banding and sub-area – bands A to C only

	A	B	C	Total
Cartmel Peninsula	5	6	29	40
Kendal	27	88	214	329
Rural Kendal	5	8	70	83
Ulverston & Furness	14	19	95	128
Lake District NP	7	29	129	165
Yorkshire Dales NP	1	3	22	26
No area code	10	23	93	126
TOTAL	69	176	652	897

Source: South Lakeland Housing Register

- 9.48 As well as looking at the level of need of households on the register, it is important to understand the living circumstances of those households. In particular, this focusses on current tenure, recognising that households already living in affordable housing would release a home for use by another household if they were to move and hence there is no additional need for housing to be provided (although there may be a mismatch between the homes needed and those released, both in terms of size and location). The table below shows that around 262 households are currently living in affordable housing leaving 632 within private sector housing or without accommodation (e.g. concealed households).

Table 9.10 Current tenure of households on Housing Register and in need

	Number of households	% of households
LA/RP housing	262	29.2%
Other (private sector/no housing)	632	70.5%
Unknown	3	0.3%
Total	897	100.0%

Source: South Lakeland Housing Register

- 9.49 The table below shows the same information for each sub-area – these figures are taken as the estimate of current need. It should be noted that there may be other needs which cannot be assigned to a sub-area, so the estimate (of 529 households (632-103)) may be an under-estimate. However, it is also likely that some of those on the register but living outside of the District will also be seeking accommodation in other local authorities. Overall, it is considered that the need drawn from the Register is likely to be of the right order.

Table 9.11 Current tenure of households on Housing Register and in need – by sub-area

	LA/RP housing	Other (private sector/no housing)	Unknown	Total
Cartmel Peninsula	7	33	0	40
Kendal	103	226	0	329
Rural Kendal	23	60	0	83
Ulverston & Furness	51	77	0	128
Lake District NP	48	115	2	165
Yorkshire Dales NP	8	18	0	26
No area code	22	103	1	126
TOTAL	262	632	3	897
Excluding 'no area'	240	529	2	771

Source: South Lakeland Housing Register

- 9.50 The estimated figures shown above represent the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2020 to 2040, the need is annualised by dividing by 20 (to give an annual need for 26 dwellings across all areas). This does not mean that some households would be expected to wait 20-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

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

- 9.52 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with the formation of younger households.
- 9.53 The number of newly forming households has been estimated through demographic modelling (linked to the 2018-based SNPP and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in South Lakeland District.
- 9.54 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 9.55 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 9.56 The assessment suggests overall that around two-fifths of newly forming households will be unable to afford market housing (to rent privately) and this equates to a total of 214 newly forming households that will have a need per annum on average across the study area – the table below provides a breakdown by sub-area.

Table 9.12 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Cartmel Peninsula	35	39.6%	14
Kendal	201	31.2%	63
Rural Kendal	97	38.0%	37
Ulverston & Furness	110	32.8%	36
Lake District NP	129	42.7%	55
Yorkshire Dales NP	24	40.6%	10
TOTAL	595	36.0%	214

Source: *Projection Modelling/Affordability Analysis*

Existing Households Falling into Affordable Housing Need

- 9.57 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 9.58 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’*. Following the analysis through suggests a need arising from 84 existing households each year across the District. The table below breaks this down by sub-area.

Table 9.13 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Cartmel Peninsula	5	5.5%
Kendal	24	28.5%
Rural Kendal	12	13.9%
Ulverston & Furness	13	15.8%
Lake District NP	27	32.3%
Yorkshire Dales NP	3	4.0%
TOTAL	84	100.0%

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

- 9.59 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 9.60 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

- 9.61 On the basis of past trend data it has been estimated that 162 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 9.14 Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (average per annum) – South Lakeland District

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	265	82.6%	219	67.2%	147
2018/19	294	77.6%	228	68.4%	156
2019/20	288	93.1%	268	67.7%	181
Average	282	84.4%	238	67.8%	162

Source: CoRe/LAHS

- 9.62 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on information about past lettings provided by the Council.

Table 9.15 Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Cartmel Peninsula	9	5.5%
Kendal	55	33.8%
Rural Kendal	21	12.8%
Ulverston & Furness	28	17.5%
Lake District NP	42	26.0%
Yorkshire Dales NP	7	4.5%
TOTAL	162	100.0%

Source: CoRe/LAHS/Census (2011)

- 9.63 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable rented Housing

- 9.64 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 163 dwellings per annum across the area – an affordable need is seen in all sub-areas. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 9.16 Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Cartmel Peninsula	2	14	5	20	9	11
Kendal	11	63	24	98	55	43
Rural Kendal	3	37	12	52	21	31
Ulverston & Furness	4	36	13	53	28	25
Lake District NP	6	55	27	88	42	46
Yorkshire Dales NP	1	10	3	14	7	7
TOTAL	26	214	84	325	162	163

Source: Range of sources as discussed

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

The Relationship Between Affordable Need and Overall Housing Need

- 9.66 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

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

- 9.67 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.
- 9.68 Firstly, the modelling contains a category in the projection of 'existing households falling into need'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains 'newly forming households'; these

households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

- 9.69 This just leaves the '*current need*'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.
- 9.70 The analysis estimates an annual need for 163 rented affordable homes, which is notionally 89% of a Local Housing Need of 184 dwellings per annum (as calculated using the Standard Method). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 9.71 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 65 homes per annum across the study area – notionally 35% of the Standard Method. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 9.72 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 12 per annum (current need) is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic start point to an estimate of housing need using the Standard Method.

Table 9.17 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – South Lakeland District

	Including existing households	Excluding existing households
Current need	26	12
Newly forming households	214	214
Existing households falling into need	84	0
Total Gross Need	325	226
Re-let Supply	162	162
Net Need	163	65

Source: Range of sources as discussed

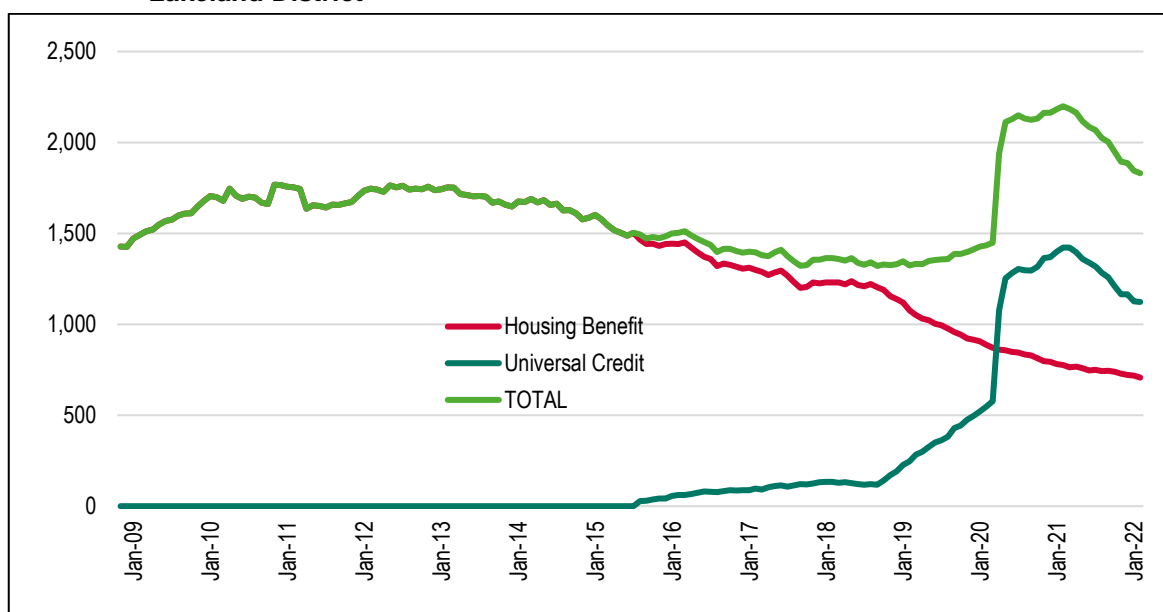
- 9.73 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would ‘fall out of need’ and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household’s income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 9.74 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 9.75 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS.
- 9.76 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: ‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market’ [emphasis added]. Clearly where a household is able to access suitable housing in the private rented

sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

9.77 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2022, it is estimated that there were around 1,800 benefit claimants in the private rented sector in South Lakeland District. From this, it is clear that the Private Rental Sector (PRS) contributes to the wider delivery of ‘affordable homes’ with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

9.78 The figure below shows the trend in the number of claimants in the District. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 1,300 households).

Figure 9.2 - Number of Housing Benefit claimants in the private rented sector – South Lakeland District



Source: Stat-Xplore, Department of Work and Pensions

9.79 Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivering affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

9.80 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and

interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

- 9.81 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue across the District. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.
- 9.82 Finally, whilst there is no direct link between the affordable need and overall housing need, it is the case that the levels of affordable need across areas can feed into considerations about the distribution of housing for different areas, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

- 9.83 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.
- 9.84 An analysis has been undertaken to compare the income distribution of households with the cost of different products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents, although typically more than 80% of lower quartile figures.

Table 9.18 Comparison of rent levels for different products – South Lakeland District (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£348	£418	£510	£575	82%	73%
2-bedrooms	£397	£504	£610	£675	83%	75%
3-bedrooms	£431	£565	£700	£795	81%	71%
4-bedrooms	£459	£564	£890	£1,100	63%	51%
All	£403	£503	£595	£675	85%	75%

Source: Regulator of Social Housing and ONS

- 9.85 For the affordability test, a standardised average rent for each product has been used. The table below suggests that around 30% of households who cannot afford to rent privately could afford an affordable rent, with a further 24% being able to afford a social rent (but not an affordable one). A total of 46% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 9.19 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	30%
Afford social rent	24%
Need benefit support	46%
All unable to afford market	100%

Source: Affordability analysis

- 9.86 The finding that only 30% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
- 9.87 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation)

may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

- 9.88 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

Establishing a Need for Affordable Home Ownership

- 9.89 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 9.90 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 9.91 The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 9.92 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section (Table 9.7) and so the discussion below is a broad example.
- 9.93 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 44% already have sufficient income to buy a lower quartile home, with 22% falling in the rent/buy 'gap'. The final 34% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. This group also includes those in the Private Rental Sector (PRS) housing with the support of Universal Credit/Housing Benefit. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable

home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

- 9.94 The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products without subsidy by sub-area. This shows a higher proportion of households in the rent/buy gap in the Lake District National Park, this reflects a larger gap in the estimated incomes needed to buy and rent homes in these areas.

Table 9.20 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent privately
Cartmel Peninsula	45%	17%	38%
Kendal	49%	22%	29%
Rural Kendal	42%	22%	36%
Ulverston & Furness	52%	17%	31%
Lake District NP	33%	27%	40%
Yorkshire Dales NP	44%	17%	38%
TOTAL	44%	22%	34%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 9.95 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 9.96 To study current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 6,600 households living in the sector across the study area. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to South Lakeland District then the number of households in the sector would now be around 7,900.
- 9.97 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (4,700 households if applied to South Lakeland District) and of these some 40% (1,900 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

- 9.98 As noted above, on the basis of income it is estimated that around a fifth of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 422 affordable home ownership units (21 per annum if annualised over a 20-year period).
- 9.99 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 164 dwellings (132 from newly forming households and 32 from existing households in the private rented sector).
- 9.100 Bringing together the above analysis suggests that there is a need for around 185 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the study area. This is before any assessment of the potential supply of housing is considered.

Table 9.21 Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Cartmel Peninsula	1	6	2	9
Kendal	6	45	9	59
Rural Kendal	3	22	5	30
Ulverston & Furness	2	19	4	26
Lake District NP	8	35	12	55
Yorkshire Dales NP	1	4	1	7
TOTAL	21	132	32	185

Source: Range of sources as discussed

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

- 9.101 One source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 1 resale per annum across the District (based on data for the 2016-19 period). Additionally, there is a notable stock of discounted market housing in the District with the Council estimating that on average around 43 homes come on to the market for resale each year. These properties (44 in total) would be available for these households and can be included as the potential supply.
- 9.102 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in South Lakeland District there were a total of 1,604 resales (i.e. excluding newly-built homes) in the last year (year to March 2022) and therefore around 401 would be priced below the lower quartile. This is 401 homes that would potentially be affordable to

the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.

9.103 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). For this, given the lack of guidance, we have set out a number of scenarios.

9.104 Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile³². Other recent data suggests that first time buyers account for around half of home purchase loans³³ with a total of around 65% of all homes being bought with a loan (35% as cash buyers³⁴).

9.105 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% * 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a ‘need’ half of all lower quartile sales are included in the supply.

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

- Only count the supply from affordable home ownership resales (44 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (245 per annum (201+44)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (445 per annum (401+44)).

9.107 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of Affordable Home Ownership (AHO) shows a need for 140 dwellings per annum and this reduces to a surplus of 60 if 50% of lower quartile sales are included. If all lower

³² https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

³³ <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

³⁴ <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb>

quartile sales are included in the supply, then there is a substantial surplus of affordable home ownership shown.

Table 9.22 Estimated Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	185	185	185
LCHO supply	44	245	445
Net need	140	-60	-261

Source: Range of sources as discussed

- 9.108 Given there is a known demand for AHO properties it is unlikely that the need is negative. That said there will still be some supply from lower quartile (LQ) homes. Therefore the overall need maybe somewhere in the range between the two.
- 9.109 Focussing on the middle of the three scenarios above (50% of lower quartile sales) the table below shows a surplus of affordable home ownership in all areas apart from the Lake District National Park (where the analysis suggests a balance between need and supply).

Table 9.23 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Cartmel Peninsula	9	21	-12
Kendal	59	73	-14
Rural Kendal	30	46	-16
Ulverston & Furness	26	39	-14
Lake District NP	55	55	0
Yorkshire Dales NP	7	9	-2
TOTAL	185	245	-60

Source: Range of sources as discussed

Implications of the Analysis

- 9.110 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of affordable housing (notably discounted market housing). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 9.111 Regardless, it does seem that there are many households in South Lakeland District who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 34% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 14%. That said, some households will choose to

privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

- 9.112 On this basis, and as previously noted, it seems likely in South Lakeland that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).
- 9.113 The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 9.114 Firstly regarding the 10%, it is not clear that this is the best solution in the study area. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In South Lakeland, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 9.115 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of AHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 9.116 That said, where the Council is seeking a 50:50 split between rented and home ownership products it is also possible that discounted market products get 'squeezed' This is because First Homes and Discounted sales could be difficult to provide together without causing a problem with identical houses being costed at different prices - shared ownership could therefore be the preferred option by developers. The delivery of different forms of AHO and preferences of the development industry should be monitored by the Council.
- 9.117 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes –

and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.

- 9.118 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 9.119 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 9.120 In addition, it should also be noted that the finding of a ‘need’ for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 9.121 The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).
- 9.122 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). Additionally, the Council has its own discounted sale product which has been a main tenure (along with rented housing and increasingly shared ownership). The SLDC discounted sale product is therefore also discussed below. This section also provides some comments about Rent to Buy housing.
- 9.123 The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

- 9.124 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

a) must be discounted by a minimum of 30% against the market value;

b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);

c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

- 9.125 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

- 9.126 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in South Lakeland District is £610 per month;

- On the basis of a household spending no more than 30% of their income on housing, a household would need a gross household income of around £2,000 per month to afford ($£610/0.30$) or £24,400 per annum; and
- With a gross income of £24,400, it is estimated that a household could afford to buy a home for around £122,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple – calculated as $£24,400 * 4.5 / 0.9$.

9.127 Therefore, £122,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in South Lakeland District. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford. We also need to consider South Lakeland's own tenure which is looked at later in this report (see 9.147).

9.128 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £160,000, giving a midpoint of £141,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

9.129 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

9.130 The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average 'premium' (of 45%) will be heavily influenced by the profile of homes.

9.131 If the figures for different dwelling types are standardised on the basis of the volume of newbuild sales in different categories then it is estimated that the typical newbuild premium in the District is around 13% - this figure has therefore been used in calculations of OMV and against which a discount can be judged.

Table 9.24 Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to March 2022 – South Lakeland District

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£110,000	£126,500	15%
Terraced	£155,000	£124,400	-20%
Semi-detached	£181,300	£196,000	8%
Detached	£283,500	£343,000	21%
All dwellings	£172,500	£250,000	45%

Source: Land Registry

- 9.132 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The table also shows an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 13%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £200,000 (rather than the modelled £180,400) then the discount would be up to 39%.
- 9.133 As part of this project the Council has indeed highlighted that recent schemes have had notably higher OMV than assumed above (these schemes include Strawberry Fields and Laurel Gardens in Kendal). This further demonstrates the importance of understanding what an affordable price is and the level of discount that will be required to make homes affordable on a case by case basis. It seems quite likely that higher discounts on OMV will be required to make homes 'genuinely affordable' if it is the case that newbuild prices (and premiums) are higher than estimated from Land Registry data in this report. It should be stressed and remembered it is the cost of housing that is important and not the discount.
- 9.134 On the basis of the specific assumptions used, the analysis points to a discount of up to 32% for 2-bedroom homes and a figure of up to 50% for larger (3+-bedroom) properties. Given that a single discount figure is likely to be needed for plan making purposes it is suggested that a 40% discount is reasonable, with the expectation that most First Homes will be 2- or 3-bedroom.
- 9.135 It will however be important for the local authority to ensure that any discount above 30% does not prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need).

Table 9.25 Affordable home ownership prices – data for year to March 2022 – South Lakeland District

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£102,000-£108,500	£129,700	16%-21%
2-bedrooms	£122,000-£141,000	£180,400	22%-32%
3-bedrooms	£140,000-£180,000	£248,100	27%-44%
4+-bedrooms	£178,000-£244,000	£349,600	30%-49%

Source: Derived from a range of sources as described

9.136 It should also be noted that the analysis above is for the whole of the local authority area; the pricing of housing does vary across the District and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

Key Points in Relation to First Homes

9.137 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decisions to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be and should the discount be variable depending upon property size?*

9.138 There is certainly a case to seek a discount in excess of 30% - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market).

9.139 In South Lakeland it is however possible that inclusion of First Homes in the mix would not impact on the delivery of rented housing. This is because the Council already seek in excess of 25% of affordable housing as forms of LCHO and this is typically secured at discounts of at least 40%.

9.140 The Council could therefore investigate higher discounts (with 40% being suggested by the analysis if homes of 2- and 3-bedrooms are likely to be delivered), but it is not recommended to seek a higher figure unless this can be proven to not impact on overall affordable delivery.

9.141 Although not specifically set out in the PPG, it does seem likely that the Council would need to have a single discount for all dwelling sizes and in any case, for South Lakeland District, there is no strong argument that different sizes of homes will have such different pricing/affordability that different discounts would be appropriate anyway.

9.142 In terms of viability, it can be noted that the Council's own discounted market sale product (which is discussed below) would imply a larger discount than 40% from OMV and therefore the viability impact of providing higher discounts may not be relevant (on the basis that the Council has successfully been providing discounted market sale housing for many years). On this basis, it is arguable that First Homes (with say a 40% discount) would actually improve viability compared with the SLDC discounted sale product. Indeed, in terms of need and affordability a higher discount up to 50% would potentially meet more need and it is understood that this level of discount has been achieved on some discounted market sale products in the past.

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

9.143 Looking at the previous table above, it can be seen that all of the affordable prices sit below the £250,000 cap and therefore it is arguable that a lower cap would be appropriate. It can also be seen that the £250,000 figure is only close to being approached for larger (4-bedroom) homes (with a suggested price of up to £244,000). It is considered that the number of 4-bedroom homes likely to be provided as First Homes will be low (focus likely to be on 2- and 3-bedroom homes – see section on Housing Mix) and this gives further reason for looking at a lower cap.

9.144 A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, and also the analysis of actual newbuild costs it is considered that a cap of something in the region of £180,000 might be appropriate. This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

- *Is the national threshold of £80,000 for household income appropriate?*

9.145 To study the income threshold analysis has been provided below to consider the likely incomes required to afford both the lower end and midpoint Affordable Price. This is shown in the table below and shows even the most expensive price would only require an income of about £49,000. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 4.5 times mortgage multiple) and in reality individual households will have their own specific circumstances.

- 9.146 That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that an income cap of around £40,000 might be appropriate in the case of South Lakeland District.

Table 9.26 Incomes Required to Afford First Homes – South Lakeland District

	Affordable Price (lower end)	Affordable Price (midpoint)
1-bedroom	£20,400	£21,700
2-bedrooms	£24,400	£28,200
3-bedrooms	£28,000	£36,000
4+-bedrooms	£35,600	£48,800

Source: Derived from a range of sources

South Lakeland Discounted Sale Product

- 9.147 In addition to the products described above, South Lakeland has for some years had its own discounted sales product which is sought on market led schemes; the Council typically seeking 50% of affordable homes to be within this tenure. Whilst this tenure can include shared ownership and shared equity, the main form (which is discussed below) is a sale product sold at a discount to Open Market Value (OMV)
- 9.148 The Council provides guidance to developers about the prices for low cost home ownership. The latest guidance was published in December 2021 and provides a series of housing costs for different sizes and types of home. The table below shows the most up to date figures. This shows a range of prices for homes to be considered as affordable housing of between £80,800 for a one bedroom flat, and up to £144,300 for a four-bedroom house.

Table 9.27 SLDC Affordable Housing Prices – updated December 2021

Property type (minimum sizes in bracket)	Affordable Housing Prices (AHP) initial fixed sale prices	Notional developer contribution
1 bed flats (40 sq. m)	£80,827	OMV less £80,827
2 bed flats (50 sq. m)	£92,374	OMV less £92,374
1 bed houses/bungalows (60 sq. m)	£98,147	OMV less £98,147
2 bed houses/bungalows (65 sq. m)	£109,695	OMV less £109,695
3 bed houses (75 sq. m)	£127,015	OMV less £127,015
4 bed houses (85 sq. m)	£144,334	OMV less £144,344

Source: South Lakeland District Council (SLDC)

- 9.149 The prices used by the Council are based on consideration of local incomes and therefore differ from the method used by IcenI above, which looks at the pricing of housing in the gap between renting and buying a home in the open market. It is worthwhile comparing the prices used by the Council

and those previously estimated (which were mainly in relation to First Homes); data on the estimated price to access the open market is also included. The analysis shows that the SLDC affordable prices are notably lower than the ranges used by IcenI and also well below current estimates of existing prices in the open market.

Table 9.28 SLDC Affordable Housing Prices compared with IcenI affordable prices and lower quartile market

Property size	SLDC affordable price	IcenI affordable price	Lower quartile market
1-bedroom	£80,827-£98,147	£102,000-£108,500	£115,000
2-bedroom	£92,374-£109,695	£122,000-£141,000	£160,000
3-bedroom	£127,015	£140,000-£180,000	£220,000
4-bedroom	£144,334	£178,000-£244,000	£310,000

Source: South Lakeland District Council and IcenI

- 9.150 It is arguably more useful to look at these figures in terms of the incomes likely to be needed to access housing, in doing this it is possible to also include a comparison with private rented housing. Converting prices into incomes follows the same method as previously (maximum of 30% of income to be spent on rent and a 4.5 times mortgage multiple plus 10% deposit). Additionally, for 1- and 2-bedroom homes the analysis takes a midpoint of prices where a range had previously been set out.
- 9.151 The results of this are notable and show the incomes required for the SLDC product for all sizes are lower than the income required to rent privately. In terms of the analysis in this section, this would mean that the SLDC affordable price is actually an affordable product for those who have been picked up as having a need for rented affordable housing.

Table 9.29 Incomes required to afford a range of different products – South Lakeland District

Property size	SLDC affordable price	IcenI affordable price	Lower quartile purchase	Lower quartile rent
1-bedroom	£17,900	£21,100	£23,000	£20,400
2-bedroom	£20,200	£26,300	£32,000	£24,400
3-bedroom	£25,400	£32,000	£44,000	£28,000
4-bedroom	£28,900	£42,200	£62,000	£35,600

Source: South Lakeland Council and IcenI

- 9.152 This finding is consistent with the overall view that there is a limited need for affordable home ownership but that the Council clearly has a demand (and eligible households) for its own product. The SLDC product is very affordable compared to products priced in the gap between renting and buying and continuing to provide these should be positively encouraged if the prices set out in guidance to developers are achieved.

Shared Ownership

- 9.153 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.
- 9.154 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.
- 9.155 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:
- OMV at LQ price plus 13% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
 - 10% deposit on the equity share;
 - Rent at 2.75% pa on unsold equity;
 - Repayment mortgage over 25-years at 4%;
 - Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
 - It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.
- 9.156 The table below shows that to make shared ownership affordable, equity shares in the region of around 20-25% could work for 2- and 3-bedroom homes, although a figure closer to 10% is likely to be required for homes with 4+-bedrooms. It seems likely that it will be quite difficult to make shared ownership 'work' for homes with 4+-bedrooms. The Council could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

- 9.157 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable. With higher OMVs, shared ownership would be less affordable and potentially difficult to make 'genuinely affordable'.

Table 9.30 Estimated Affordable Equity Share by Size – South Lakeland District

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£129,700	£180,400	£248,100	£349,600
Share	35%	22%	22%	10%
Equity Bought	£45,800	£39,200	£53,600	£36,000
Mortgage Needed	£41,200	£35,200	£48,200	£32,400
Monthly Cost of Mortgage	£218	£186	£255	£171
Retained Equity	£83,900	£141,300	£194,500	£313,600
Monthly Rent on Retained Equity	£192	£324	£446	£719
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£510	£610	£700	£890

Source: Data based on Housing Market Cost Analysis

- 9.158 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 22% equity share for 2-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 22% share, but a total cost in excess of £610 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

- 9.159 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.
- 9.160 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

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

Essential Local Workers

- 9.162 Annex 2 of the NPPF also includes the needs of essential local workers '*Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers [emphasis added]. Essential local workers are defined as 'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'.*
- 9.163 To give an indication of the number of essential workers in South Lakeland District analysis has been undertaken looking at Standard Industrial Classification 2007 (SIC) categories – this shows employment sectors based on industry, and for the purposes of this analysis the public administration, education and health industries have been used to represent 'essential workers'. The analysis shows that around 26% of resident workers are considered 'essential workers' in the District – this figure is very slightly below that seen regionally and nationally.

Table 9.31 Number and proportion of essential workers in a range of areas

	South Lakeland Resident workers	South Lakeland % of workers	North West % of workers	England % of workers
Agriculture, energy and water	2,350	4.5%	2.2%	2.3%
Manufacturing	4,685	9.0%	10.3%	8.9%
Construction	4,418	8.5%	7.4%	7.7%
Distribution, hotels and restaurants	15,232	29.2%	22.6%	21.5%
Transport and communication	2,574	4.9%	8.0%	9.1%
Financial, Real Estate, Professional & Administration	6,258	12.0%	15.3%	17.5%
Public administration, education and health	13,735	26.3%	29.6%	28.2%
Other	2,938	5.6%	4.6%	5.0%
All industries	52,190	100.0%	100.0%	100.0%

Source: ONS, 2011 Census

- 9.164 The table below shows how the number of essential workers varies across sub-areas – there is some difference between locations with around 32% of workers falling into the Public administration,

education and health category in the Yorkshire Dales National Park but just 19% in the Lake District Park area.

Table 9.32 Number and proportion of essential workers – sub-areas

	Resident essential workers	% of workers in area	% of resident workers
Cartmel Peninsula	931	27.4%	6.8%
Kendal	4,044	26.8%	29.4%
Rural Kendal	2,918	30.2%	21.2%
Ulverston & Furness	2,578	29.3%	18.8%
Lake District NP	2,506	19.5%	18.2%
Yorkshire Dales NP	758	31.6%	5.5%
TOTAL	13,735	26.3%	100.0%

Source: ONS, 2011 Census

- 9.165 The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that essential workers are more likely to be owner-occupiers than the District average (with lower proportions in both the social and private rented sectors).

Table 9.33 Housing tenure by industry of employment (2011) – South Lakeland District

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	74%	6%	20%
Manufacturing	80%	6%	14%
Construction	77%	7%	16%
Distribution, hotels and restaurants	63%	11%	26%
Transport and communication	75%	7%	18%
Financial, Real Estate, Professional and Administration	77%	6%	17%
Public administration, education and health	76%	6%	18%
Other	63%	7%	30%
All industries	72%	8%	20%

Source: ONS, 2011 Census

- 9.166 It is also possible to consider the affordability of housing for essential workers by considering local salaries. An online assessment of local jobs (across Cumbria) for nurses, firefighters, teachers, police officers and childcare was undertaken in June 2022. This showed a range of salaries, but typically in the range of about £20,000 to £30,000 per annum. The average salary was around £25,000 although it does need to be noted that there are a variety of roles with a range of salaries in these professions depending on level of expertise and experience.
- 9.167 With a salary of £25,000, an individual might be able to buy a home for around £125,000 (based on a 10% deposit and 4.5 times mortgage multiple) and with two salaries at this level would be able to afford around £250,000. This latter figure would allow the household to afford to buy a home across much of the study area, but the single income would make home ownership difficult (particularly in

higher value locations), and this population could be a potential target for affordable home ownership products.

9.168 Overall, the analysis does not point towards there being a particular and specific need for affordable housing for essential workers. Such workers make up a smaller part of the workforce than is the case in many areas and they are more likely to be owner-occupiers. However, on the basis of local incomes (notably for single income essential workers), access to the owner-occupied sector may be restricted by income and it may be appropriate to consider whether or not some affordable properties should be set aside for essential local workers.

9.169 The setting aside of some properties for essential local workers is also something that first homes should be used for. The PPG (Reference ID: 70-008-20210524) states:

“First Homes are designed to allow people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. Authorities can therefore prioritise key workers for First Homes, and are encouraged to do so, especially if they have an identified local need for certain professions. The definition of a key worker should be determined locally and could be any person who works in any profession that is considered essential for the functioning of a local area.”

9.170 The Council therefore may wish to consider those professions which are essential to the functioning of the local economy. As well as the essential local workers defined in the NPPF it could be extended to some hospitality workers, agriculture or university lecturers.

Affordable Housing Need - Summary

- When looking at rented needs, **the analysis suggests a need for 163 affordable homes per annum across the District**. The Council is therefore justified in seeking to secure additional affordable housing.

Table 9.34 Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Cartmel Peninsula	2	14	5	20	9	11
Kendal	11	63	24	98	55	43
Rural Kendal	3	37	12	52	21	31
Ulverston & Furness	4	36	13	53	28	25
Lake District NP	6	55	27	88	42	46
Yorkshire Dales NP	1	10	3	14	7	7
TOTAL	26	214	84	325	162	163

Source: Derived from a range of sources as set out below

- Despite the level of need being high, it is not considered that this would point to any requirement for the Council to increase the overall Local Plan housing requirement due to affordable needs.
- There will be a need for both social and affordable rented housing – the latter will be suitable for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit.
- It is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although both tenures of homes are likely to be required.**
- When looking at the need for Affordable Home Ownership Products (AHO), the analysis also suggests an additional need across the District (for 140 per annum).** It should be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.
- There are many households in South Lakeland being excluded from the owner-occupied sector, as evidenced by reductions in owners with a mortgage and increases in the size of the PRS.
- In deciding the mix of affordable housing, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues.
- The Council's own discounted market sale product requires typical incomes lower than those required to access the private rented sector. This product should therefore be positively

encouraged, and ideally instead of other forms of affordable home ownership such as First Homes.

- **Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the area.**
- This report does not provide an affordable housing target; **the amount of affordable housing delivered will be limited to the amount that can viably be provided.**
- **The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.**

10. FAMILIES AND HOUSING MIX

Introduction

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

Background Data

- 10.2 The number of families in South Lakeland District (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 10,300 as of the 2011 Census, accounting for 22% of households; this proportion is notably lower than the regional and national average (both at 29%) as well as being slightly below the average for Cumbria. The lower number of lone parent households is also notable.

Table 10.1 Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
South Lakeland	No.	6,326	1,503	1,893	608	36,222	46,552	10,330
South Lakeland	%	13.6%	3.2%	4.1%	1.3%	77.8%	100.0%	22.2%
Cumbria	%	13.9%	4.0%	5.7%	1.5%	74.9%	100.0%	25.1%
North West	%	14.1%	4.3%	8.1%	2.3%	71.2%	100.0%	28.8%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: ONS, Census (2011)

- 10.3 The table below shows the same information for each sub-area. The analysis shows some different patterns in different locations, the main difference being a much lower proportion (17%) seen in the Cartmel Peninsula and up to 25% in Kendal. All areas show a proportion of family households below the regional and national average.

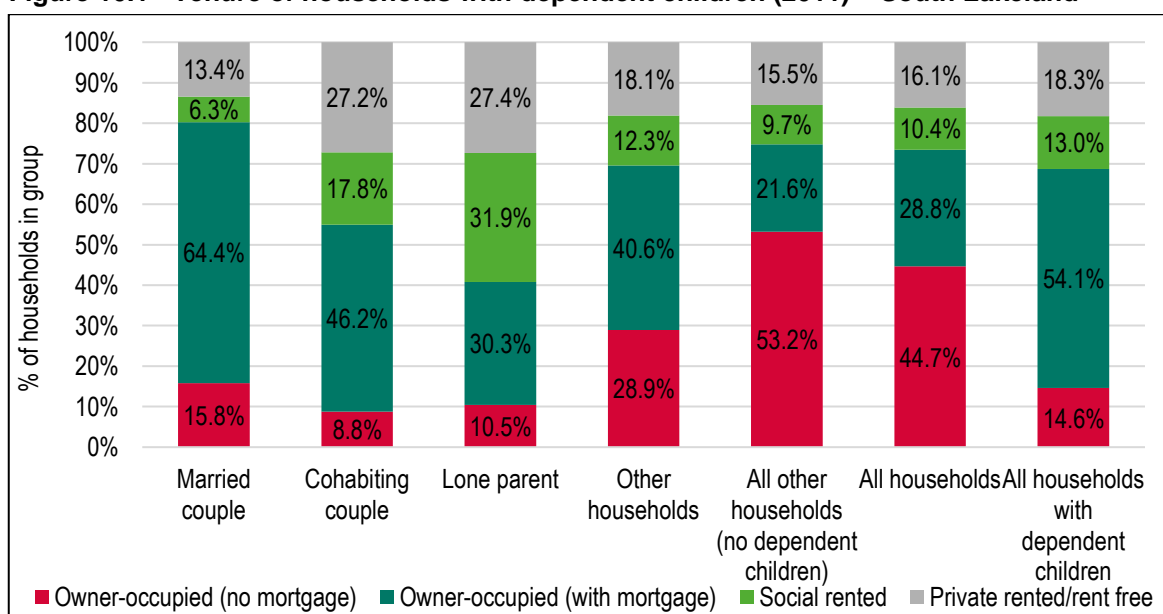
Table 10.2 Households with dependent children (2011) – sub-areas

	Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Cartmel Peninsula	10.5%	2.2%	3.0%	1.2%	83.1%	100.0%	16.9%
Kendal	14.9%	4.0%	5.2%	1.3%	74.5%	100.0%	25.5%
Rural Kendal	15.1%	2.7%	3.1%	1.5%	77.6%	100.0%	22.4%
Ulverston & Furness	14.2%	3.3%	4.5%	1.2%	76.7%	100.0%	23.3%
Lake District NP	11.5%	3.1%	3.8%	1.3%	80.3%	100.0%	19.7%
Yorkshire Dales NP	12.6%	2.5%	3.0%	1.1%	80.8%	100.0%	19.2%
TOTAL	13.6%	3.2%	4.1%	1.3%	77.8%	100.0%	22.2%

Source: ONS, Census (2011)

10.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In South Lakeland, only 41% of lone parent households are owner-occupiers compared with 80% of married couples with children.

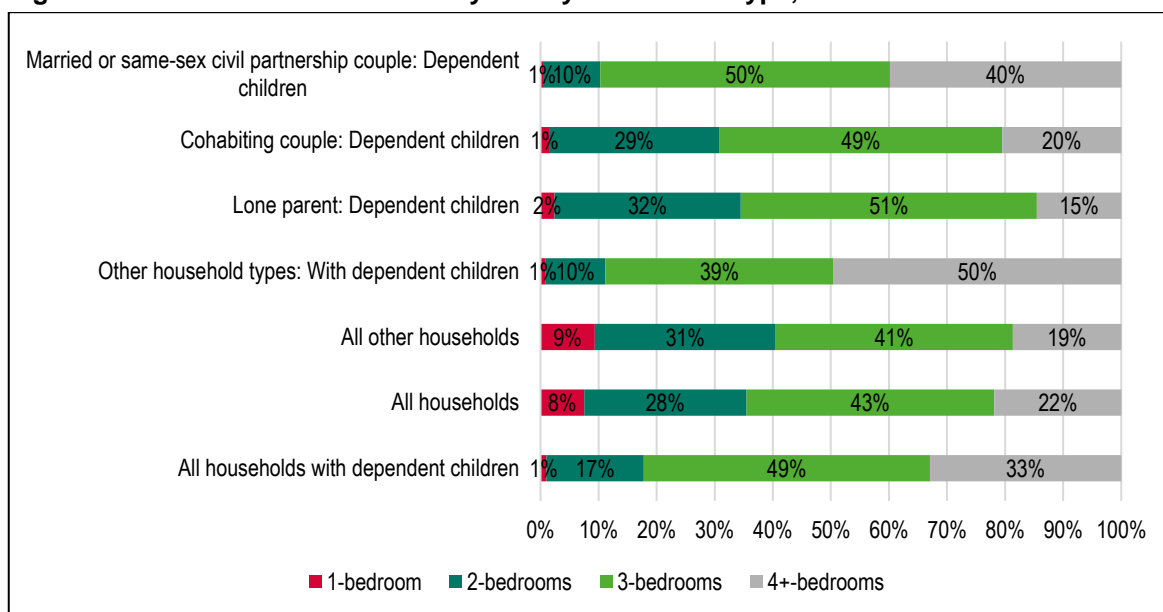
Figure 10.1 - Tenure of households with dependent children (2011) – South Lakeland



Source: ONS, Census (2011)

10.5 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3+-bedroom housing with variation depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Figure 10.2 - Number of Bedrooms by Family Household Type, 2011 – South Lakeland



Source: ONS, Census (2011)

The Mix of Housing

- 10.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 10.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period to 2040 (from 2020).
- 10.8 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 73% of the total in this tenure group, although it’s a similar proportion to that seen in other locations). The profile of the social rented sector is broadly similar across areas as is the private rented sector – although South Lakeland District has a lower proportion of 1-bedroom homes in a national context, however this is to some degree influenced by London. Observations about the current mix feed into conclusions about the future mix later in this section.

Table 10.3 Number of Bedrooms by Tenure, 2011

	South Lakeland	Cumbria	North West	England
OO 1-bedroom	3%	2%	2%	4%
OO 2-bedrooms	24%	25%	24%	23%
OO 3-bedrooms	47%	50%	52%	48%
OO 4+-bedrooms	26%	23%	22%	25%
Total	100%	100%	100%	100%
SR 1-bedroom	26%	22%	29%	31%
SR 2-bedrooms	38%	38%	32%	34%
SR 3-bedrooms	32%	36%	34%	31%
SR 4+-bedrooms	5%	3%	4%	4%
SR Total	100%	100%	100%	100%
PRS 1-bedroom	17%	14%	18%	23%
PRS 2-bedrooms	39%	43%	43%	39%
PRS 3-bedrooms	32%	31%	30%	28%
PRS 4+-bedrooms	12%	11%	9%	10%
PRS Total	100%	100%	100%	100%

Source: ONS, Census (2011) (OO = Owner Occupation, SR=Social Rent and PRS=Social Rent)

Overview of Methodology

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

Understanding How Households Occupy Homes

- 10.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 10.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

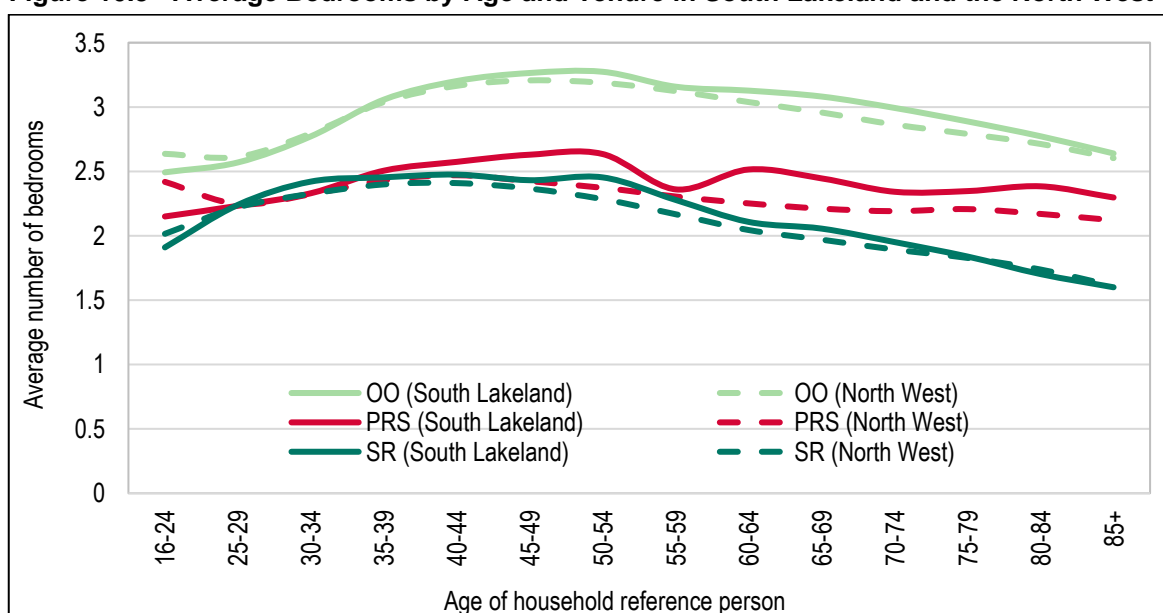
- 10.12 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

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

- 10.14 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

- 10.15 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for South Lakeland and the North West. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some differences between South Lakeland District and the region, although the pattern of average dwelling sizes by age of HRP are similar in both areas.

Figure 10.3 - Average Bedrooms by Age and Tenure in South Lakeland and the North West



Source: ONS, Census (2011) OO=Owner Occupation, PRS= Private Rental Sector, SR = Social Rent

- 10.16 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the North West region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.
- 10.17 The analysis has been used to derive outputs for three broad categories. These are:
- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
 - **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
 - **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

- 10.18 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular some older age groups. The number of households headed by someone aged 50-64 is projected to see a notable decline over the period studied.

Table 10.4 Projected Change in Household by Age of HRP in South Lakeland – linking to Standard Method (184 dwellings per annum)

	2020	2040	Change in Households	% Change
16-24	809	784	-25	-3.1%
25-29	1,654	1,869	216	13.0%
30-34	2,175	2,648	473	21.7%
35-39	2,716	2,708	-8	-0.3%
40-44	2,791	3,080	288	10.3%
45-49	3,553	3,395	-158	-4.4%
50-54	4,532	3,469	-1,063	-23.5%
55-59	5,069	4,117	-952	-18.8%
60-64	4,734	4,022	-712	-15.0%
65-69	4,597	4,972	375	8.2%
70-74	5,468	5,878	410	7.5%
75-79	4,025	5,477	1,452	36.1%
80-84	3,132	4,451	1,319	42.1%
85 & over	2,935	4,894	1,958	66.7%
Total	48,192	51,764	3,573	7.4%

Source: Bespoke Demographic Projections

Initial Modelled Outputs

- 10.19 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 10.20 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from a spreadsheet provided by the Council and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing over a fifth of households as requiring 3+- bedroom homes (including 3-4% in the 4+- bedroom category).

Table 10.5 Size of Social/Affordable Rented Housing – Housing Register Information

	All register	Bands A-C
1-bedroom	38%	41%
2-bedrooms	41%	36%
3-bedrooms	18%	18%
4+-bedrooms	3%	4%
TOTAL	100%	100.0%

Source: South Lakeland District Council

- 10.21 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are provided by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 10.6 Modelled Mix of Housing by Size and Tenure in South Lakeland (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	47%	44%	4%
Affordable home ownership	17%	41%	32%	10%
Affordable housing (rented)	34%	36%	26%	4%

Source: Housing Market Model

Table 10.7 Modelled Mix of Housing by Size and Tenure in South Lakeland (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	45%	50%	0%
Affordable home ownership	19%	43%	31%	8%
Affordable housing (rented)	42%	29%	26%	3%

Source: Housing Market Model

Table 10.8 Modelled Mix of Housing by Size and Tenure in South Lakeland (combining methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	46%	47%	2%
Affordable home ownership	18%	42%	31%	9%
Affordable housing (rented)	38%	33%	26%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 10.22 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 10.23 Occupancy is measured by the number of bedrooms against the number of bedrooms needed by the occupying households. Need is based on the size of household and the age, sex and relationship of its members.
- 10.24 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 10.25 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 30,300 households with some degree of under-occupation and just 290 overcrowded households.

Table 10.9 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – South Lakeland

Occupancy Rating	1-bed	2-bed	3-bed	4+-bed	TOTAL
------------------	-------	-------	-------	--------	-------

+2	0	0	10,544	7,671	18,215
+1	0	6,973	3,946	1,151	12,070
0	917	1,154	1,351	205	3,627
-1	49	97	90	19	255
-2	7	12	9	3	31
TOTAL	973	8,236	15,940	9,049	34,198

Source: ONS Census (2011)

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

Table 10.10 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – South Lakeland

Occupancy rating	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	630	83	713
+1	0	1,204	461	92	1,757
0	1,210	566	397	48	2,221
-1	42	59	48	4	153
-2	2	2	5	0	9
TOTAL	1,254	1,831	1,540	228	4,853

Source: ONS Census (2011)

Table 10.11 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – South Lakeland

Occupancy rating	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,402	471	1,873
+1	0	2,078	641	346	3,065
0	1,177	792	312	72	2,353
-1	80	72	32	7	191
-2	12	3	3	1	19
TOTAL	1,269	2,945	2,390	897	7,501

Source: ONS, Census (2011)

- 10.27 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.
- 10.28 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 10.12 Adjusted Modelled Mix of Housing by Size and Tenure – South Lakeland

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	14%	53%	31%	1%
Affordable home ownership	23%	46%	25%	6%
Affordable housing (rented)	42%	34%	20%	3%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

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

Social/Affordable Rented Housing

- 10.30 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).
- 10.31 As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector (although for South Lakeland District the stock profile looks to be fairly average in a regional and national context).
- 10.32 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:
- 1-bedroom: 30-35%
 - 2-bedroom: 35-40%
 - 3-bedroom: 20-25%
 - 4+-bedroom: 5-10%

Affordable Home Ownership

- 10.33 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:
- 1-bedroom: 15-20%
 - 2-bedroom: 45-50%
 - 3-bedroom: 25-30%
 - 4+-bedroom: 5-10%

Market Housing

- 10.34 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 5-10%
- 2-bedroom: 45-50%
- 3-bedroom: 35-40%
- 4+-bedroom: 5-10%

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

10.36 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations for the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

10.37 The analysis above has focussed on overall District-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including a higher proportion of 4+-bedroom market homes in the National Park areas. There are also small variations shown in the profile of the social rented and private rented sectors.

Table 10.13 Number of Bedrooms by Tenure, 2011 – sub-areas

	Cartmel Peninsula	Kendal	Rural Kendal	Ulverston & Furness	Lake District NP	Yorkshire Dales NP	TOTAL
OO 1-bedroom	4%	4%	2%	1%	3%	2%	3%
OO 2-bedrooms	32%	25%	22%	23%	22%	20%	24%
OO 3-bedrooms	43%	50%	46%	47%	43%	46%	47%
OO 4+-bedrooms	20%	20%	30%	28%	32%	32%	26%
OO Total	100%	100%	100%	100%	100%	100%	100%
SR 1-bedroom	30%	33%	19%	26%	22%	18%	26%
SR 2-bedrooms	41%	34%	38%	38%	39%	54%	38%
SR 3-bedrooms	27%	29%	38%	33%	32%	26%	32%
SR 4+-bedrooms	2%	4%	5%	3%	7%	2%	5%
SR Total	100%	100%	100%	100%	100%	100%	100%
PRS 1-bedroom	14%	26%	12%	15%	15%	10%	17%
PRS 2-bedrooms	43%	45%	35%	40%	36%	33%	39%
PRS 3-bedrooms	33%	24%	37%	33%	35%	37%	32%
PRS 4+-bedrooms	10%	6%	16%	11%	14%	19%	12%
PRS Total	100%	100%	100%	100%	100%	100%	100%

Source: ONS, 2011 Census – (OO=Owner Occupation, SR – Social Rent, PRS= Private Rental Sector)

- 10.38 A modelling exercise has then been carried out using the same methodology as for District-wide data (but with some additional assumptions due to data availability) with the tables below showing the estimated mix of housing by tenure in each location.

Market Housing

- 10.39 Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a very slightly higher need for larger homes in more rural locations although differences between areas are very slight. It is not considered that any differences are sufficiently clear-cut to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report (District-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below.

Table 10.14 Modelled size requirement by sub-area – market housing

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cartmel Peninsula	15%	53%	30%	2%
Kendal	16%	54%	32%	-1%
Rural Kendal	13%	52%	32%	3%
Ulverston & Furness	13%	55%	32%	0%
Lake District NP	15%	52%	30%	2%
Yorkshire Dales NP	14%	52%	31%	2%
TOTAL	14%	53%	31%	1%

Source: Housing Market Model

Affordable Home Ownership

- 10.40 The table below shows estimates of mix for affordable home ownership. There are again differences between locations, although all areas show a particular focus on the need for 2-bedroom homes in this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is substantially different locally than would be suggested by the District-wide analysis.

Table 10.15 Modelled size requirement by sub-area – affordable home ownership

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cartmel Peninsula	22%	48%	25%	5%
Kendal	27%	47%	21%	4%
Rural Kendal	20%	44%	28%	8%
Ulverston & Furness	22%	47%	26%	6%
Lake District NP	22%	44%	27%	7%
Yorkshire Dales NP	19%	44%	28%	9%
TOTAL	23%	46%	25%	6%

Source: Housing Market Model

Social/Affordable Rented

- 10.41 In the social/affordable rented sector, the differences between areas are again fairly slight, and does not point to any different or specific mix as being needed in different locations. It should be noted that the analysis above for sub-areas does not take account of any information from the Housing Register. It is possible at any point in time that the register will be able to provide additional data about a suitable mix of rented housing and this should be considered at the relevant time for any specific planning applications.

Table 10.16 Modelled size requirement by sub-area – social/affordable rented

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cartmel Peninsula	49%	34%	16%	1%
Kendal	44%	33%	21%	3%
Rural Kendal	40%	34%	23%	3%
Ulverston & Furness	41%	35%	22%	3%
Lake District NP	41%	34%	20%	5%
Yorkshire Dales NP	40%	41%	17%	2%
TOTAL	42%	34%	20%	3%

Source: Housing Market Model

Sub-area conclusions

10.42 Overall, the analysis does not suggest that a substantially different mix should be proposed for smaller areas. There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:

- a) Whilst there are modest differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
- b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
- c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock; and
- d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.

10.43 Overall, it is suggested that the Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided. Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built form

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

Bungalows

- 10.45 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 10.46 The table below shows a notable proportion of homes in South Lakeland District are bungalows (18% of all flats and houses) with about 44% of these having 2-bedrooms, and a further 40% 3-bedrooms); a notably lower proportion (9%) of homes across England are bungalows.

Table 10.17 Number of dwellings by property type and number of bedrooms (March 2020) – South Lakeland

	1 - Bed	2 - Beds	3- Beds	4+- Beds	Not Known	All
Bungalow	550	4,050	3,660	900	30	9,180
Flat/Maisonette	3,100	4,140	750	210	130	8,320
Terraced house	370	4,840	6,380	1,760	50	13,410
Semi-detached house	90	1,890	8,040	1,670	30	11,710
Detached house	60	750	3,660	5,040	70	9,590
All flats/houses	4,170	15,670	22,490	9,580	310	52,210
Annexe	-	-	-	-	-	180
Other	-	-	-	-	-	190
Unknown	-	-	-	-	-	1,110
All properties	-	-	-	-	-	53,680

Source: Valuation Office Agency

- 10.47 In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 10.48 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).
- 10.49 As a new build option, bungalows are often not supported by house builders (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 10.50 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services,

and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

- 10.51 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive.
- 10.52 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats vs. Houses

- 10.53 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 10.54 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both South Lakeland and England. This shows a low proportion of flats in South Lakeland District (25% of all 2-bedroom homes) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (over a third of 2-bedroom homes in these sectors are flats).

Table 10.18 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	South Lakeland	England
Owner-occupied	17%	21%
Social rented	42%	48%
Private rented	36%	50%
All (2-bedroom)	25%	35%

Source: ONS, 2011 Census

- 10.55 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases might point towards flatted development as being most

appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

Housing Mix - Summary

- The proportion of households with dependent children in South Lakeland District (22%) is fairly low compared with regionally and nationally (29%).
- Households in the Cartmel Peninsula are less likely to contain dependent children although all areas show a proportion below the national average.
- There are notable differences between different types of household and their tenures. Married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are more likely to live in social rent or PRS.
- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.
- **The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes in South Lakeland District.**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	45-50%	35-40%	5-10%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

Source: Derived from a range of sources

- The affordable sector conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households and the limited flexibility which 1-bedroom properties offer to changing household circumstances.
- The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- **The mix identified above could inform strategic policies, although a flexible approach should be adopted.**
- In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- The Council should also monitor the mix of housing delivered and respond accordingly.
- The majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may lend themselves to flatted development).
- Additionally, the Council should consider the role of bungalows within the mix. Such housing can support downsizing and may help to release larger accommodation back into the market.

11. PRIVATE RENTAL SECTOR

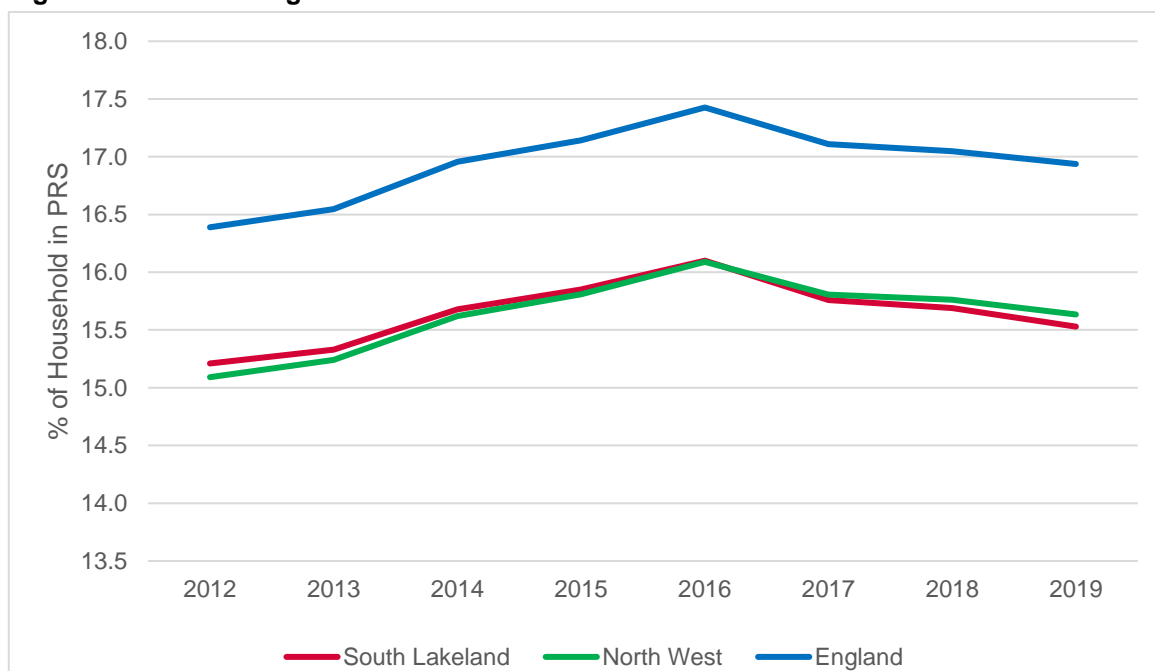
Introduction

11.1 The private rental market in South Lakeland District makes an important contribution to housing stock. There are also a large number of second homes and holiday homes in the District. This section examines the Private Rental Sector in more detail as well as those being used for second homes and holiday rentals.

Private Rental Sector (PRS)

11.2 According to ONS statistics, in 2019 15.5% of households in South Lakeland District were in Private Rented housing, very similar to that of the wider North West at 16%. The percentage of households renting in South Lakeland District and the North West broadly follow trends seen in England as a whole. However, is consistently lower than that of England in that it peaked in 2016 and has fallen since.

Figure 11.1 - Percentage of Households in PRS



Source: Icenis analysis of ONS subnational estimates of dwellings by Tenure

Rental Costs

11.3 The table below shows the median rental prices per calendar month by size of property. Much like in the sales market, South Lakeland District sees the highest prices per calendar month of all neighbouring authorities and is also above the median for the North West overall.

Table 11.1 Median Rental prices by size (pcm)

Area	1 Bed	2 Beds	3 Beds	4 Beds +	All
South Lakeland	£550	£650	£795	£1,000	£795
Cumbria	£425	£500	£625	£815	£650
Eden	£450	£550	£650	£850	£650
Barrow - in – Furness	£485	£500	£615	£885	£645
Lancaster	£475	£575	£675	£800	£675
North West	£495	£575	£680	£963	£750
England	£675	£750	£850	£1,400	£1,050

Source: Icen analysis of ONS private rental market summary statistics, 2021

- 11.4 At a sub-area level median rental costs are highest in the Yorkshire Dales, likely partly due to the very few properties available for rent in the area at the time of writing (April 2022). Ulverston and Furness sees the most properties available for rent and also the lowest median rental price at £695 per month, this is only matched by the Kendal sub-area. These areas also have the lowest rents potentially reflecting the larger supply and/or lower demand.

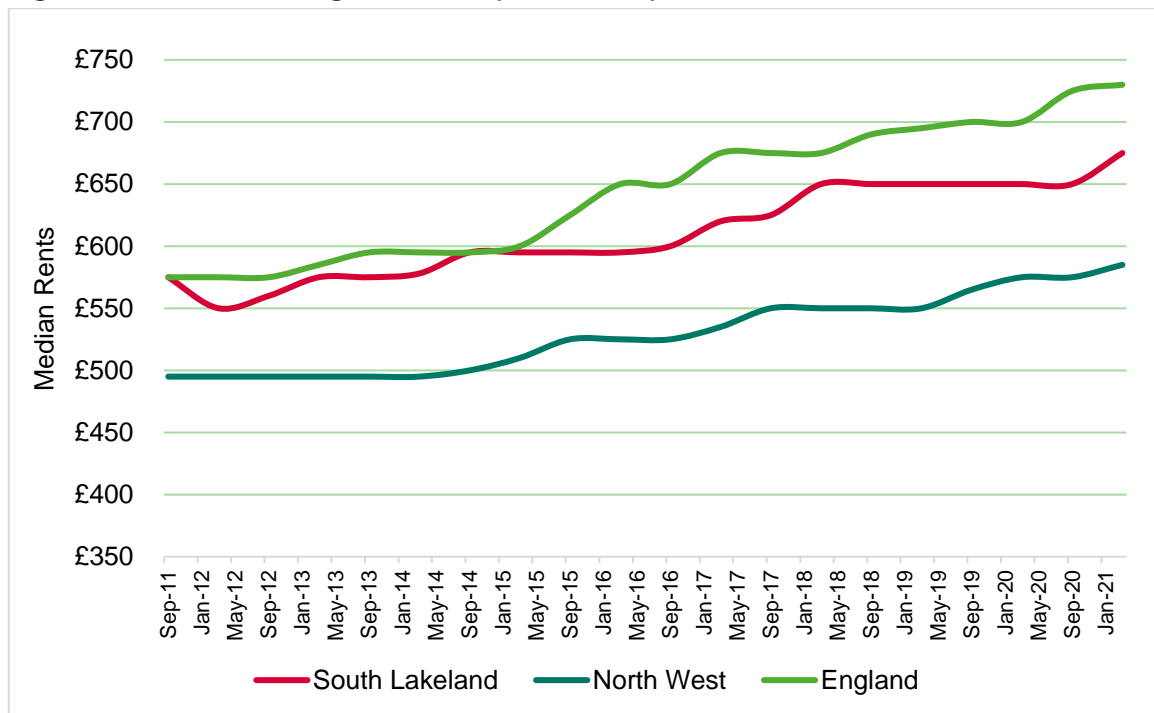
Table 11.2 Median Rents in Sub-Areas

Sub-Area	Available Properties	Median Rent
Lake District National Park	6	£812
Kendal	5	£695
Cartmel Peninsula	4	£750
Ulverston and Furness	17	£695
Rural Kendal	4	£850
Yorkshire Dales	1	£900
Plan Area	30	£712

Source: Icen analysis of Rightmove data (April 2022)

- 11.5 The table below shows the change in median rental costs for all properties over time, South Lakeland District has remained consistently above the North West since 2011 with both increasing at a similar rate, although prices from September 2018 to September 2020 remained the same, there has been an uplift in the last period.

Figure 11.2 - Rental Change over time (2011 – 2020)



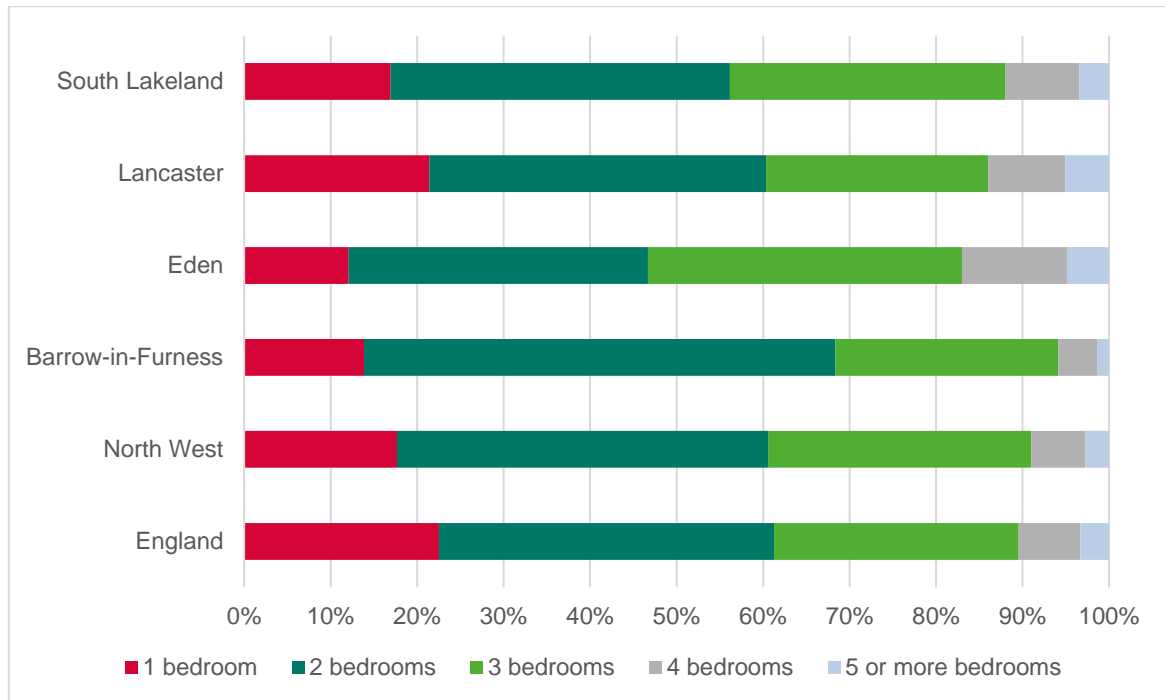
Source: Icen analysis of ONS private rental market summary statistics, 2021

Profile of Rental Homes and Tenants

11.6 The table below shows the size of property occupied by private tenants in South Lakeland, a majority of rental properties have 2 bedrooms (39.3%) followed by 3 beds at 31.9%. This is not too dissimilar to that of the split of the wider North West albeit this shifts slightly towards two bedroom properties in the broader area.

11.7 In contrast, the profile of rental properties nationally sees a greater proportion of 1-bedroom homes. Overall this implies that for rental properties demand is concentrated at the smaller to mid-size and potential for families.

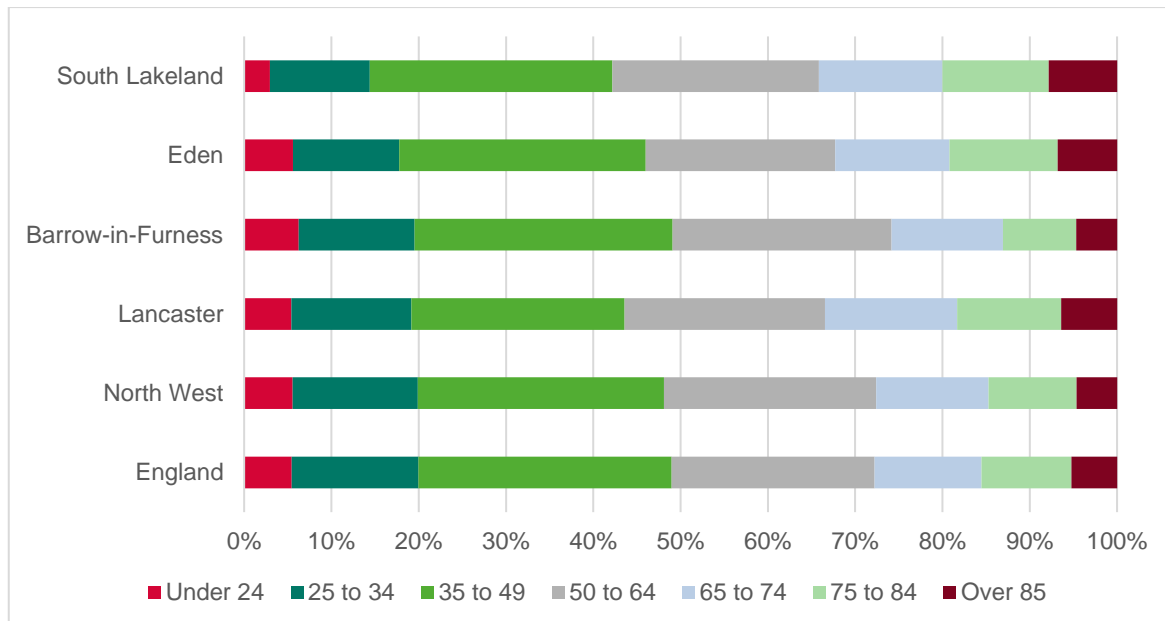
Figure 11.3 - Rental stock by number of bedrooms



Source: Icen analysis of ONS Census data, 2011

11.8 Tenants of private rented housing in South Lakeland are broadly older with a total of 57.8% of tenants in the District over the age of 50, with the largest singular age group being 35-49 at 27.8% of all tenants. In comparison to the age split seen in England as a whole, this is largely similar and reflects the older population living in the District.

Figure 11.4 - Age profile of tenants



Source: Icen analysis of ONS, Census data 2011

11.9 In terms of the composition of rented households 52.9% of households currently consist of one family only followed by single person households (38.5%), this is broadly similar to that of neighbouring areas and slightly higher than England as a whole.

11.10 The composition of one family households within South Lakeland varies and sees high levels of couples, either married or cohabiting in the District. Lone parents occupy 9.6% of rental properties with properties in which all tenants are over 65 only 2.9%. The household composition of Eden is largely similar albeit with a higher proportion of married couples indicating that the two areas share some rental market characteristics.

Table 11.3 Household Composition – Private Rental Properties

Household Composition	South Lakes	Barrow-in-Furness	Eden	Lancaster	North West	England
One person only: All	38.5%	42.5%	36.1%	35.9%	36.3%	31.3%
One person: Aged 65 and over	8.7%	6.2%	8.5%	5.9%	4.5%	4.0%
One person: Other	29.9%	36.4%	27.5%	30.0%	31.7%	27.3%
One family only: All	52.9%	51.0%	55.0%	47.6%	50.3%	51.2%
One family: Aged 65 and over	2.9%	1.4%	3.6%	1.8%	1.3%	1.3%
One family: Married/civil partnership	22.9%	12.1%	26.6%	14.3%	14.4%	19.4%
One family: Cohabiting couple	17.5%	14.6%	15.4%	16.0%	16.5%	16.4%
One family: Lone parent	9.6%	22.9%	9.4%	15.5%	18.2%	14.0%
Other: All	8.5%	6.5%	9.0%	16.6%	13.4%	17.5%
Other: With dependent children	1.6%	1.7%	1.6%	2.4%	2.5%	3.3%
Other: All full-time students	0.3%	0.1%	1.1%	7.1%	2.8%	3.0%
Other: All aged 65 and over	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Other: Other	6.6%	4.5%	6.2%	6.9%	8.0%	11.1%

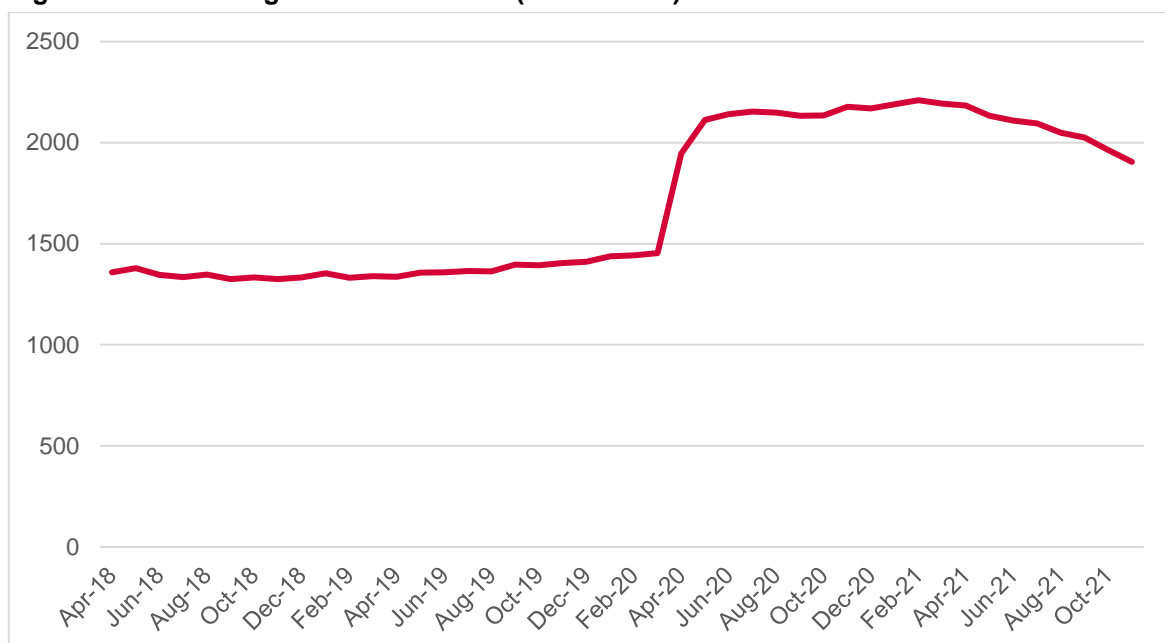
Source: Icen analysis of ONS, Census data 2011

Benefit Claimants

11.11 The private rented sector in the District also supports many tenants claiming Housing Benefit or Universal Credit which includes an element for housing.

11.12 The number of claimants has increased since 2018 primarily due to a huge increase of 492 new claimants in March 2020 caused by the first Covid lockdown. The number of claimants has remained high since this increase only falling below 2,000 in October 2021, although this is still higher than the longer term average.

11.13 This fall can be considered as an indicator that the economy and employment structure of South Lakeland is recovering somewhat and allowing low income people to no longer need to claim some benefits.

Figure 11.5 - Housing Benefit claimants (2018 – 2021)

Source: Icenis analysis of DWP Stat-Xplore

Agency Engagement

- 11.14 Further local letting agent consultation was undertaken in regard to the private rented market within South Lakeland, a list of agents contacted can be found in Chapter 6 of this report.
- 11.15 In terms of the lettings market, demand is high, from a range of renters including families, first time buyers and young professionals. There tends to be a lot of long term lets particularly in areas such as Windermere and Grange-over-Sands, but also shorter term lets in areas such as Ulverston, including people who rent while they renovate properties to move into.
- 11.16 There is demand for all sizes of properties to let particularly for local residents. In Kendal agents have seen a particular demand for smaller properties/flats from people working in tourism in areas such as Windermere and Bowness who can't afford the rents in those areas.
- 11.17 In Ulverston and Grange Over Sands, demand is high from employees at BAE and commuters working in Barrow in Furness. The good transport links were cited as being a selling point for commuters in both Ulverston and Kendal.
- 11.18 As with the sales market, there is a shortage of all types of rental properties with supply unable to meet demand. Houses to let are typically only being advertised for a couple of days to a week before being taken.

11.19 Flats to let aren't moving quite as quickly as houses, however demand is still high.

Private Rental Sector - Summary

- **At £795 per calendar month South Lakeland District sees the highest rental prices among its neighbours, and above the median for the North West overall.**
- At a sub-area level the highest median rents are seen in the Yorkshire Dales and the lowest in Ulverston and Furness and Kendal.
- The percentage of households renting in South Lakeland District (15.5%) is close to the regional figure (16%) which follow broadly the trends seen in England as a whole, albeit at a lower level.
- A majority of tenants in South Lakeland District occupy 2 and 3 bedrooms (70%). Around 58% of tenants in the District are over the age of 50 and 52% of households are one family households.
- The number of tenants claiming housing benefits increased dramatically as a result of the Covid lockdown in 2020. This has decreased somewhat since but remains elevated.

12. SECOND HOME OWNERSHIP AND HOLIDAY LETS

- 12.1 This section of the report examines the extent of second home ownership and holiday lets in the District. We also examine potential planning policy responses to the management of the quantity of these homes.
- 12.2 Data from short term rental insight platform AirDNA gives some insight into the number of holiday rentals advertised on either AirBNB or VRBO active (with either one reserved or available day) within the last month (April 2022).
- 12.3 AirDNA estimates a total of 6,884 active rentals within what they define as the “Lake District” which covers an area way beyond the National Park and extends from almost Kielder to Barrow and into parts of North Yorkshire, of these 5,922 are listings for entire homes. These figures however do go up and down seasonally.
- 12.4 Three neighbourhoods broadly comprise South Lakeland District (‘South Lakeland’, ‘Kendal’ and ‘Grange over Sands’). Combined these neighbourhoods have 3,373 listings of which 2,953 are entire homes (88%).
- 12.5 The “South Lakeland” neighbourhood (which is a much smaller area than the District) sees the highest number of holiday lets across the Lake District (and within the three South Lakeland Neighbourhoods) with 2,091 total properties active. As such, it is clear that the South Lakeland neighbourhood is particularly popular within the holiday rental market.

Table 12.1 Number of entire home holiday rentals by “Neighbourhood”

Area	Total number of properties (April 2022)	Entire Home rentals (#)	Entire Home rentals (%)
South Lakeland	2,364	2,091	88%
Kendal	674	565	84%
Grange-over-Sands	335	297	89%
Barrow-in-Furness	139	80	58%
Eden	1,085	932	86%
Northern Lakes	975	853	87%
Allerdale	363	306	84%
Copeland	429	377	88%
Carlisle	520	421	81%
Lake District	6,884	5,922	86%

Source: AirDNA database (Lake District as defined by AirDNA)

12.6 This is likely to have negatively impacted the supply and thus cost of rental accommodation in the District. This is also likely to impact a range of issues including staff retention and attraction linked to local affordability pressures.

12.7 The Council have also provided Council Tax Data detailing the number of dwellings in each Parish (and Kendal) that are registered as Holiday Lets and Second Homes. As set out in the table below around 7% of homes in the District are second homes while 3% are holiday lets.

Table 12.2 Percentage of Second homes and Holiday Lets by Area (2022).

	2nd Homes	Holiday Lets
Plan Area	3%	1%
Split Parish	8%	3%
National Parks	15%	10%
Total	7%	3%

Source: SLDC, Council Tax Data

12.8 However, there are significant differences between the parishes in the Plan Area and those in the National Park. Around 15% of all dwellings in the National Parks are second homes while 10% are used as holiday rentals. This compares to just 3% and 1% respectively in the Plan Area.

12.9 Furthermore, data collected locally for the Lake District National Park shows this to be an acute issue, with several parishes in the Lake District area having over 20% of the properties in the parish not used for permanent residential, in some cases this percentage is between 40 – 50%.

12.10 While anecdotal evidence is suggesting that investor activity is inflating prices in the Plan Area they are likely to be buying to let rather than using these homes for holiday lets or second homes, or the extent to which this is an issue outside the National Parks is being overplayed.

12.11 That said there are still pockets within the Plan Area where there are high levels of 2nd homes and holidays lets. This includes Allithwaite and Cartmel, Arnside, Hutton Roof, and Lambrigg Parishes. All of these areas have at least 10% of all homes either used as a second home or as a holiday let.

12.12 The Council could consider restrictions on the number of second homes that can be let or used as holiday homes in these areas. This can be akin to those being applied elsewhere in the Country³⁵

³⁵ Brighton and Hove produced the following documents which list similar policies. <https://democracy.brighton-hove.gov.uk/documents/s178287/Appendix%203%20-%20Review%20of%20Principal%20Residency%20Policies%20adoptedbeing%20introduced%20in%20England.pdf>

including Cornwall, Devon and north Northumberland. This can be akin to those applied in the Lake District National Park and elsewhere in the Country.

- 12.13 St Ives Neighbourhood Development Plan³⁶ Policy H2 introduced a Principal Residence Policy for the town. This was created “Due to the impact upon the local housing market of the continued uncontrolled growth of dwellings used for holiday accommodation (as second or holiday homes)”.
- 12.14 The policy seeks to control by putting a restriction on new market housing to ensure its occupancy as a Principal Residence. Specifically “Sufficient guarantee must be provided of such occupancy restriction through the imposition of a planning condition or legal agreement”. Principal Residences were defined as “those occupied as the residents’ sole or main residence, where the residents spend the majority of their time when not working away from home”.
- 12.15 Furthermore occupiers of homes with a Principal Residence condition will be required to keep proof that they are meeting the obligation or condition, and be obliged to provide this proof if/when Cornwall Council requests it. This includes being registered for local elections and attending local schools or being registered at a local GP. In addition the Neighbourhood Development Plan stated that new unrestricted second homes will not be supported at any time.
- 12.16 Similarly, Eden Council’s Housing Supplementary Planning Guidance³⁷ implements a policy (HS2) which relates to Housing in the Smaller Villages and Hamlets which supports greenfield applications in these settlements if “a condition or legal agreement restricting occupancy to only those meeting local connection criteria” is applied. The Housing SPD also sets out Local Connection Criteria which covers:

The person lives in the locality and has done so for a continuous period of at least three years.

- “The person works permanently in the locality and has done so for a continuous period of at least three years.
- The person is an existing social tenant who needs to move to take up an offer of work in the district...
- The person has moved away but has strong established and continuous links with the relevant locality by reason of birth or long term immediate family connections.

³⁶ <https://www.stivestowndeal.org.uk/wp-content/uploads/2020/06/St-Ives-Area-Neighbourhood-Development-Plan.pdf>

³⁷ https://www.eden.gov.uk/media/5721/housing_spd_april_2020.pdf

- The person needs to live in the locality because they need substantial care from a relative who has lived in the locality for at least three years, or needs to provide substantial care to a relative who has lived in the locality at least three years.”

- 12.17 Brighton and Hove City Council is seeking to restrict second home ownership to 20% of all households. The “principle residence policy” limit of 20% is based on the level of second homes which would inflict harm on local services.
- 12.18 This policy is currently being developed, although it has been approved by committee and is only at draft stage and is expected to be finalised through the City Plan review. Nor is the policy intended to be a City wide policy but one which seeks to limit second homes in hotspot areas. It also only applies to new-build development and is managed through section 106 agreements when planning permission is approved.
- 12.19 The success of these policies are hard to gauge as in Brighton’s case they are just draft policies and in Eden’s case have only been implemented for two years and only apply to small villages which may not have had any development in any case.
- 12.20 The St Ives policy dates from 2016, its long term impact is, as yet, unknown. However reports³⁸ suggest that the policy has had mixed success, as while new homes are being protected for local people even more of the existing stock (which makes up the vast majority of all stock) is being drawn into second home use. Furthermore, some Private Rented Sector (PRS) accommodation is being sold by landlords to second home owners as prices increase with existing residents having to find alternative accommodation.
- 12.21 Cornwall Council have informed us that the type of properties that are now being built are designed for permanent occupation rather than to attract second home buyers i.e. more houses, fewer flats.
- 12.22 House prices in St Ives have continued to grow (12% in the last year) to an average of £516,000, with second home buyers willing to pay the premiums for existing property. The Parish Council recognise that there is a risk of hollowing out of communities as second home owners seek older properties that are not affected by the principal residence policies and newer restricted properties are built on the edge of settlements.
- 12.23 Since the introduction of the Policy housing delivery has been maintained with 843 new homes delivered since 2010 and a further 453 in the pipeline. This is a greater number than required in the

³⁸ <https://www.theguardian.com/uk-news/2022/jun/18/st-ives-battle-second-homes-cornish-town-investment-buyers>

Local Plan. Therefore there is no indication that it has suppressed the appetite for new homes. These homes also include a greater proportion of affordable homes.

- 12.24 The Policy therefore has had some success in that it hasn't stopped housing delivery; albeit these are expensive homes. These expensive homes have also delivered greater numbers of affordable homes. There also remains a risk of the town being hollowed out with only the suburbs seeing activity year-round.
- 12.25 Allithwaite and Cartmel Parish Council have also drafted a Principal Residence policy for Cartmel village in their draft Neighbourhood Plan, similar to that in the St Ives Neighbourhood Plan. If adopted after examination, it will limit the occupation of all new homes as principal residences, and if successful could be considered in other parts of the District with high levels of second homes and holiday lets. .
- 12.26 This policy was proposed because while 12.4% of properties in the Parish are Second Homes or Holiday Lets this increases in Cartmel village to 23.6% and the Parish Council wish for the parish to remain sustainable year-round.
- 12.27 The Brighton approach also suggests that a reasonable approach for South Lakeland to replicate would, in the first instance, be targeted in those parishes which straddle the National Parks and have over 20% of homes as Holiday Lets or Second Homes.
- 12.28 At the present time this would only be Blawith & Subberthwaite Parish, although Allithwaite and Cartmel, Hutton Roof, and Lambrigg Parishes all exceed 10% and as noted above more localised data for Cartmel sees this figure in excess of 20%. This should be monitored and any changes to local conditions should merit a widening of the policy.

Agency Engagement

- 12.29 Agents reported that Air BnB has not had any real impact on the cost and availability of accommodation, however they have received an increase in enquires from landlords wanting to sell properties due to the high selling prices.

Second Homes and Holiday Lets - Summary

- There are 3,373 active holiday rental properties within the South Lakeland, Kendal and Grange-over-Sands neighbourhoods (which is a close proxy for the District). Of these 2,953 are entire homes (88%).

- In some parts of the District holiday homes and second homes comprise up to a quarter of all homes. This is not a sustainable position as local workers are being priced out of accommodation.
- **The Council and Parish Councils could consider a policy which seeks to limit second homes/holiday lets in new-build development in second-home hotpots.**

13. OLDER PEOPLE AND THOSE WITH A DISABILITY

Introduction

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

Older Persons Policy Review

Cumbria Extra Care Housing and Supported Living Strategy 2016-2025

- 13.2 The Cumbria Extra Care Housing Strategy seeks to develop on the strategic commissioning intentions of the Commissioning Strategy for Care and Support delivered by Adult Social Care (2016-2020). One key priority of the Commissioning Strategy specifically regards the development of Extra Care housing and Supported Living accommodation.
- 13.3 The first priority of the County Council is to offer people excellent care in their own homes with alternatives such as Extra Care and Supported Living accommodation being offered to those who may need higher levels of care than can be provided at home. The intention of this is to ensure that there is the choice for many older people to continue living independently.
- 13.4 In South Lakeland District there will be an estimated shortfall of 500 units of Extra Care housing by 2025 - this includes a supply of 200 units being netted off. For supported accommodation the report identifies a shortfall of 34 living units.
- 13.5 This is based on an assumption that 65% of people placed in residential care and 25% of people in existing Supported Living accommodation would benefit from moving to new Supported Living schemes.

South Lakeland and Eden Older Persons' Housing Strategy 2018-2025

- 13.6 The South Lakeland Older Persons' Housing Strategy sets a clear target to deliver 300 extra care housing units by 2025. The report breaks down the target by sub-areas.
- 13.7 The Kendal rural sub-area is predicted to have the highest shortfall of Extra Care units, with a predicted demand of 170 units by 2025 and currently no supply. Only the Central Lakes and Kendal

areas see any supply of 63 and 137 units respectively. It should be noted that all areas see a shortfall in the number of units required by 2025.

Table 13.1 South Lakeland Extra Care Housing Demand

HMA	Key Service Centre (KSC)	Includes towns/villages	Average Demand for ECH by 2025	Current ECH Supply (2017)	Average Shortfall for ECH by 2025
Central Lakes	Ambleside, Windermere	Ambleside, Windermere, Hawkshead, Coniston	122	63	59
Kendal Rural	Kirkby Lonsdale, Milnthorpe	Burneside, Burton & Holme, Crooklands, Levens, Arnside & Beetham, Helsington, Brigsteer Milnthorpe, Natland, Lyth Valley, Whinfell, Kirkby Lonsdale, Staveley-in-Westmorland	170	0	170
Kendal	Kendal	Kendal, Oxenholme,	164	137	27
Cartmel Peninsula	Grange	Cartmel, Grange, Holker, Staveley-in-Cartmel	93	0	93
Ulverston & Furness	Ulverston	Broughton, Crake Valley, Low Furness, Ulverston	128	0	128
Dales	Sedbergh	Sedbergh, Dent, Garsdale	23	0	23

Source: South Lakeland District Council and Eden District Council Older Person's Housing Strategy 2018 to 2025

13.8 In addition to this, the Council also seeks to require all new housing to meet adaptable and accessible standards, ensuring it continues to meet the needs of residents now and in the future. The key issues in regard to older persons housing in the District are as follows:

- There is a lack of awareness of what services are currently available for older people and who provides these services;
- Tackling fuel poverty and poor housing conditions in homes occupied by older people;
- The need for housing that is suitable for the needs of older people;
- The need for extra care housing across the District; and
- The need for good quality advice on housing options and help to assist older people to downsize if they need to.

13.9 The Older Persons' Housing Strategy identifies and seeks to address five key priorities which are as follows:

1. The promotion of existing services;
2. Making best use of existing homes;
3. Assisting those who wish to downsize to do so;
4. Increasing the supply of housing suitable for older people; and
5. Partnership working (cross cutting theme);

- 13.10 Within South Lakeland specifically, a number of targets are identified these include reducing hazardous homes and improve energy efficiency. They are also targeting a minimum of 60 Disabled Facility Grants (DFGs) including under £5k jobs completed annually.
- 13.11 The strategy also seeks all new homes in South Lakeland to be built to M4(2) Category 2: Accessible and Adaptable Dwellings standard, and 5% of homes on sites over 40 dwellings to be built to wheelchair adaptable homes meeting the M4(3) Category standard.

Engagement with Cumbria County Council

- 13.12 Cumbria County Council has a statutory duty to meet the social care needs of the population and its overall strategy aims to support people to live in their own homes for as long as they can. As discussed above there is predicted to be a shortfall of 500 extra care housing units in South Lakeland in 2025. Since the publication of this strategy, an extra 150 affordable units have been completed at Oxenholme in Kendal.
- 13.13 Covid has had an impact on the demand for care in South Lakeland, particularly for care within the community. Part of this comes down to a post covid knock on, with many people spending longer in hospitals and generally having more complex care needs when discharged. Covid has also impacted the care home sector, from which there has been a shift away and very slow recovery with a lot of stock remaining vacant.
- 13.14 Extra Care housing demand in the County is interesting, Council officers felt that there was a lack of promotion and understanding in what Extra Care Housing provides. As a result of this lack of understanding, there is a perception that demand is subdued in many Districts. In Barrow-in-Furness, for example, where the Borough Council manages the housing stock the extra-care scheme is over-subscribed. This is because it also offers a sheltered function. However, this is unique to Barrow within the County, as elsewhere the Councils rarely fill all spaces agreed within their nomination agreement.
- 13.15 The difficulty with this struggle to fill Extra Care housing provision for the Council lies with the fact that physically they are unable to provide enough domiciliary care for people who currently still reside in their own home. Extra care housing seeks to plug this gap, however it boils down to personal choice on whether people want to move out of their homes.
- 13.16 Those entering Extra Care housing were usually over 65 with an average age of 83, occasionally residents were younger than 55 but usually had social care needs. Residents tend to stay for a decent length of time, with units not vacant for very long. The waiting time for vacant units varied and depends very much on matching the person and their care needs with what can be provided. South

Lakeland District Council were considered by County Council officers to be generally good at engaging with extra care schemes in the District.

- 13.17 In regard to the Council's desire for future extra care housing, they would generally look for units to have two bedrooms although one-bed schemes are also successful. The Council prefers to focus on schemes that are affordable and has a delivery framework which seeks to provide funding to developers of Extra Care schemes on Council owned sites if required. Despite the framework being in place they are yet to award any funding to developers.
- 13.18 The location of extra care housing is also important, within South Lakeland, Kendal is preferred due to it being close to the hospital and various other services.
- 13.19 Currently most of the accommodation for older people in South Lakeland is considered adequate and the County Council would be looking to increase the amount of stock in the District. There is considered to be a shortage in dementia nursing and care facilities as well as facilities close to hospitals. In a similar vein there is a shortage in affordable housing in South Lakeland in general leading to difficulties housing the current workforce and attracting new workers.
- 13.20 Ideally the County Council would like to see a holistic approach to older persons care and housing, with a mixture of suitable accommodation for older people, as well as mixed provision of care ranging from little to no need to intensive.

Understanding the Implications of Demographic Change

- 13.21 The population of older persons is increasing, and this will drive a need for housing which is capable of meeting the needs of older persons. Initially, below, a series of statistics about the older person population of South Lakeland are presented.

Current Population of Older People

- 13.22 The table below provides baseline population data about older persons in South Lakeland District and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The table shows that South Lakeland has an older age structure than other areas with 29% of the population being aged 65 and over, this compares with 19% regionally and 19% nationally.

Table 13.2 Older Persons Population, 2020

	South Lakeland	Cumbria	North West	England
Under 65	71.3%	75.3%	81.2%	81.5%
65-74	15.1%	13.3%	10.2%	9.9%
75-84	9.7%	8.2%	6.2%	6.1%
85+	4.0%	3.2%	2.4%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	28.7%	24.7%	18.8%	18.5%
Total 75+	13.6%	11.4%	8.6%	8.6%

Source: ONS Mid-Year Population Estimates

- 13.23 The table below shows the same information for sub-areas, this shows some variation in the proportion of people aged 65 and over, ranging from 24% in Kendal, up to 39% of the population in Cartmel Peninsula.

Table 13.3 Older Persons Population, 2020 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Cartmel Peninsula	60.7%	19.2%	14.2%	5.9%	100.0%	39.3%	20.1%
Kendal	76.0%	12.6%	7.8%	3.6%	100.0%	24.0%	11.4%
Rural Kendal	68.6%	16.5%	10.5%	4.3%	100.0%	31.4%	14.9%
Ulverston & Furness	72.8%	14.8%	9.2%	3.3%	100.0%	27.2%	12.4%
Lake District NP	70.3%	15.4%	10.2%	4.1%	100.0%	29.7%	14.3%
Yorkshire Dales NP	70.9%	15.9%	9.2%	3.9%	100.0%	29.1%	13.1%
TOTAL	71.3%	15.1%	9.7%	4.0%	100.0%	28.7%	13.6%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 13.24 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that South Lakeland District is projected to see a notable increase in the older person population. With provision of 184 dwellings per annum the increase in the population aged 65 and over is around 27% - the population aged under 65 is in contrast projected to decline by 7.5%.
- 13.25 In total population terms, the projections linked to the Standard Method show an increase in the population aged 65 and over of 8,100 people. This is against a backdrop of an overall increase of 2,500 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change.

Table 13.4 Projected Change in Population of Older Persons, 2020 to 2040 – South Lakeland (Standard Method)

	2020	2040	Change in population	% change
Under 65	74,810	69,177	-5,633	-7.5%
65-74	15,789	16,863	1,074	6.8%
75-84	10,135	14,336	4,201	41.5%
85+	4,171	7,028	2,857	68.5%
Total	104,905	107,404	2,499	2.4%
Total 65+	30,095	38,227	8,132	27.0%
Total 75+	14,306	21,364	7,058	49.3%

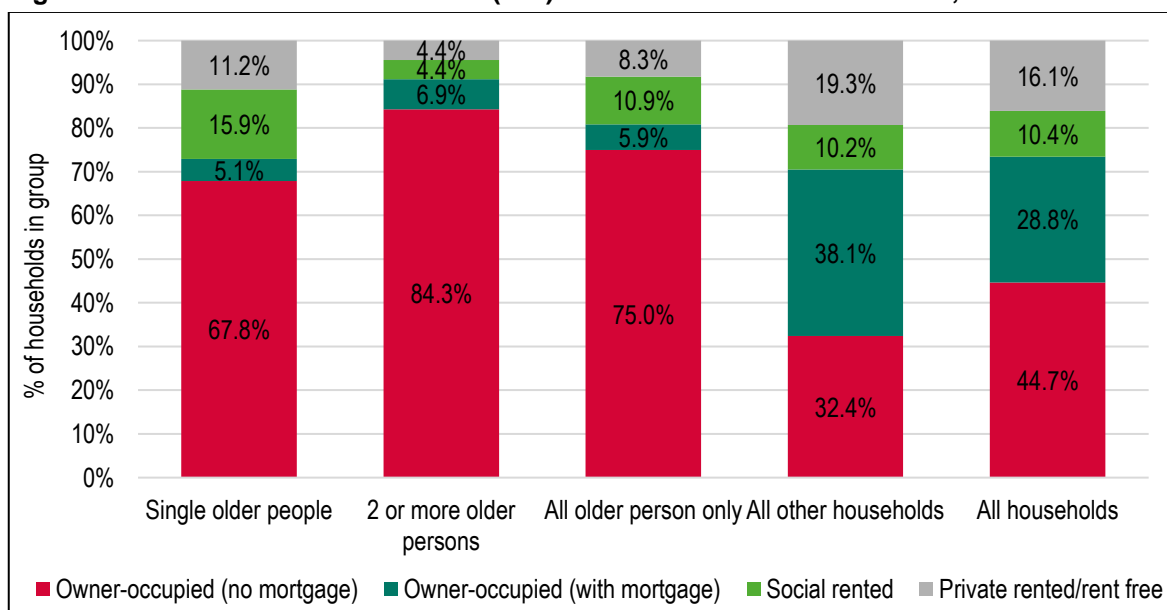
Source: IcenI and JGC Bespoke Demographic Projections

Characteristics of Older Person Households

13.26 Figure 12.1 shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (81% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 11% of older persons households across the District live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 8%).

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

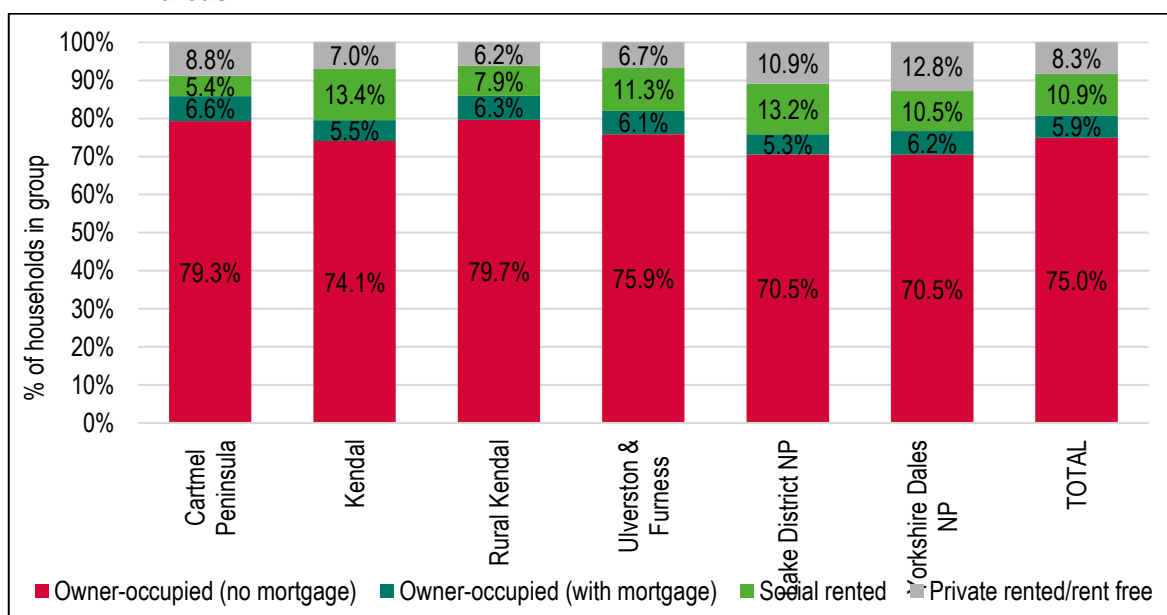
Figure 13.1 - Tenure of Older Persons (+65) Households in South Lakeland, 2011



Source: 2011 Census

13.28 The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies slightly across the study area; a key observation is the higher level of owner-occupation amongst older people in Cartmel Peninsula – 86% of older person households in this area are owner-occupiers.

Figure 13.2 -Tenure of Older Persons (over 65) Households in South Lakeland, 2011 – sub areas



Source: ONS, 2011 Census

Prevalence of Disabilities

13.29 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 33% of households in South Lakeland District contain someone with a LTHPD. This figure is slightly lower than seen across Cumbria and regionally, and the same as the national average. The figures for the population with a LTHPD also typically show a proportion below other areas (although slightly higher than the national average) – some 19% of the population having a LTHPD. These findings are interesting given the older population structure in the District, and the fact that older people are typically more likely to have some form of health problem or disability.

Table 13.5 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
South Lakeland	15,212	32.7%	19,519	18.8%
Cumbria	78,919	35.5%	101,721	20.3%
North West	1,100,812	36.6%	1,426,805	20.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: ONS, 2011 Census

- 13.30 The analysis also shows some differences between different parts of the study area, with the Cartmel Peninsula in particular seeing a higher proportion of the population and households with a LTHPD.

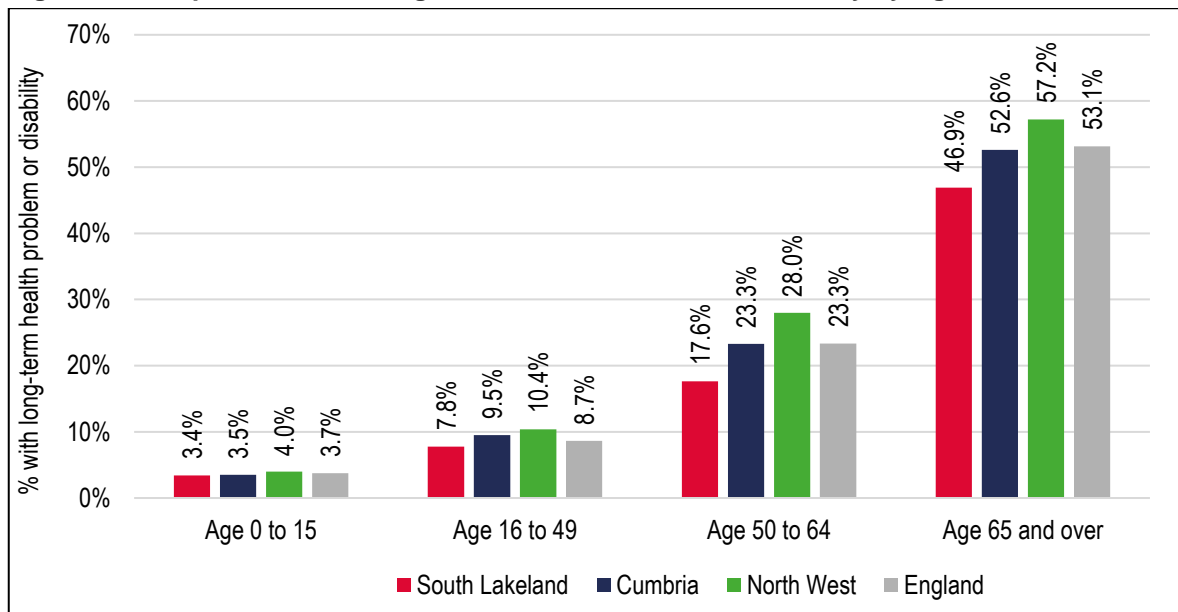
Table 13.6 Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – South Lakeland

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Cartmel Peninsula	1,454	38.8%	1,955	25.0%
Kendal	3,917	30.4%	5,026	17.6%
Rural Kendal	2,778	32.3%	3,594	18.3%
Ulverston & Furness	2,944	35.6%	3,791	20.8%
Lake District NP	3,431	31.3%	4,293	17.7%
Yorkshire Dales NP	688	32.5%	860	17.1%
TOTAL	15,212	32.7%	19,519	18.8%

Source: ONS, 2011 Census

- 13.31 As noted, it is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows lower levels of LTHPD in each age band within South Lakeland when compared with the local, regional and national position.

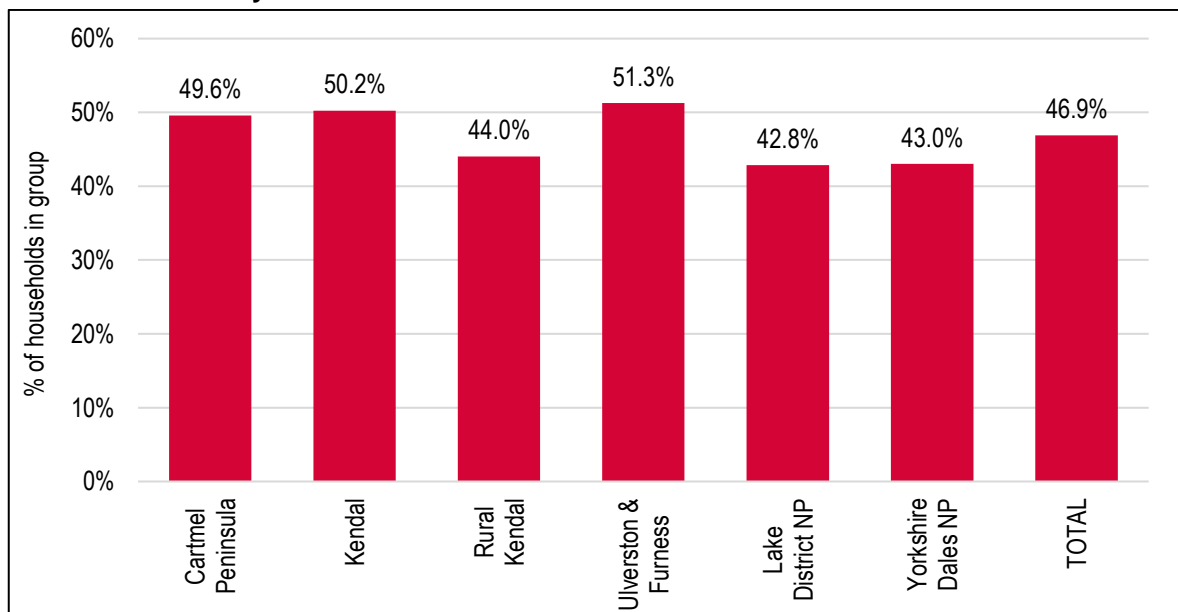
Figure 3.3 - Population with Long-Term Health Problem or Disability by Age



Source: ONS, 2011 Census

13.32 The figure below shows the proportion of the population aged 65 and over with a LTHPD by sub-area – this shows higher levels of disability in Ulverston & Furness (although still below the national average), with much lower figures in the two National Park areas.

Figure 13.4 - Proportion of population aged 65 and over with a Long-Term Health Problem or Disability – South Lakeland – sub-areas



Source: ONS, 2011 Census

Health Related Population Projections

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

- 13.34 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 13.35 Of particular note are the large increases in the number of older people with dementia (increasing by 47% from 2020 to 2040 and mobility problems (up 39% over the same period). Changes for younger age groups are smaller (negative), reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 76% of total projected population growth.
- 13.36 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 13.7 Projected Changes to Population with a Range of Disabilities – South Lakeland District (linked Standard Method)

Disability	Age Range	2020	2040	Change	% Change
Dementia	65+	1,887	2,782	895	47.4%
Mobility problems	65+	4,920	6,814	1,894	38.5%
Autistic Spectrum Disorders	18-64	475	441	-34	-7.2%
	65+	253	322	69	27.1%
Learning Disabilities	15-64	1,239	1,145	-94	-7.5%
	65+	554	697	143	25.7%
Challenging behaviour	15-64	23	21	-2	-7.8%
Impaired mobility	16-64	3,188	2,774	-413	-13.0%

Source: POPPI/PANSI and Demographic Projections

- 13.37 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 13.38 The projected change shown in the number of people with disabilities provides clear evidence justifying continued delivery of 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability as per South Lakeland's current Local Plan Policy DM11.
- 13.39 The Council should also ensure that the viability of doing so is also tested as part of drawing together its evidence base, although the cost of meeting this standard is unlikely to have any significant impact

on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older Persons

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

Definitions of Different Types of Older Persons' Accommodation

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

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

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

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

Source: Planning Practice Guidance [63-010]

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

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

Table 13.8 Range of suggested baseline prevalence rates from a number of tools and publications – Supply per 1,000 people aged over 75

Type/Rate	SHOP@ (2008) ³⁹	Housing in Later Life (2012) ⁴⁰	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

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

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer

13.48 Icenl and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however

³⁹ Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

⁴⁰ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

- 13.49 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).
- 13.50 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average.
- 13.51 In South Lakeland, the data shows slightly better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 12%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in South Lakeland District (46.9%) with the equivalent figure for England (53.1%).
- 13.52 A second local adjustment has been used to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests South Lakeland District is the 242nd most deprived local authority in England (out of 317) – i.e. a lower than average level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).
- 13.53 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 13.54 Overall, the analysis suggests that there will be a notable need for housing with support (in both the market and affordable sectors) and housing with care (mainly for market housing) although the current stock levels are slightly above the estimates of current need. The analysis also suggests a need for some additional nursing and residential care bedspaces (although the analysis suggests the current supply is about right).

Table 13.9 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2020-40 – South Lakeland (linked to Standard Method)

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall/surplus by 2040
Housing with support	Market	61	637	868	231	428	659
	Affordable	50	806	711	-95	351	256
Total (housing with support)		110	1,443	1,579	136	779	915
Housing with care	Market	28	60	394	334	194	529
	Affordable	12	181	174	-7	86	79
Total (housing with care)		40	241	568	327	280	608
Residential care bedspaces		35	497	505	8	249	257
Nursing care bedspaces		40	557	568	11	280	292
Total bedspaces		75	1,054	1,074	20	530	549

Source: Derived from Demographic Projections and Housing LIN/EAC

- 13.55 It can be seen by 2040 there is an estimated need for 1,523 additional dwellings with support or care across the whole study area. In addition, there is a need for 549 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 305 dwellings. In total, the older persons analysis therefore points towards a need for around 1,828 units over the 2020-40 period (91 per annum) – the older person need equates to half of all homes needing to be some form of specialist accommodation for older people.
- 13.56 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.
- 13.57 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.
- 13.58 As part of a consultation on this document the prospect of raising a local connection test for older persons accommodation was raised. This was due to a concern that the district was importing need from elsewhere and it would then be the responsibility of the Council to provide residential and nursing care to those that require it.

- 13.59 This would only apply to the market elements as the affordable housing would already be allocated to those with a local connections. We are not aware of any local authority which has implemented such a policy for older persons accommodation and by its nature would already be a principal residence so a similar policy would not be applicable.
- 13.60 If the Council can demonstrate that this is an issue then it could seek legal advice as to the legality of applying such a policy to market housing in South Lakeland. If it does prove to be legal, then the application of such a policy should be restricted to a certain period in the early marketing of such sites and then revert to wider demand if the units remain unsold.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

- 13.61 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

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

- 13.62 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.
- 13.63 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

- 13.64 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *“use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses).”* C3 (dwelling houses) are defined as *“use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents).”*

- 13.65 Care is defined in the Use Class Order as meaning “personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care of children and medical care and treatment.”
- 13.66 Personal care has been defined in Regulations⁴¹ as “the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided.”
- 13.67 Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:
- “It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”*
- 13.68 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.
- 13.69 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:
- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents’ care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

⁴¹ Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

- 13.70 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.
- 13.71 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 13.72 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments, other than in designated rural areas⁴². Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.
- 13.73 The implication for South Lakeland is that:
- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
 - If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

⁴² The majority of South Lakeland District is a designated rural area, except for the parishes of Kendal, Ulverston and Grange-over-Sands.

13.74 Within the Local Plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

13.75 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);
- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors and are also not able to secure the same economies of scale as the larger volume house builders;
- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

13.76 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons' accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

13.77 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream house builders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

- 13.78 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.
- 13.79 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

- 13.80 The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.
- 13.81 The analysis below sets out estimates of the number of wheelchair users in the District; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 13.10 Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

- 13.82 The analysis also considers the relative health of the population of South Lakeland District. For this, data has been taken from the 2011 Census for the household population with ‘day to day activities limited a lot’ by their disability. The table below shows this information by age in South Lakeland and England, and also shows the adjustment made to reflect differences in health between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows lower levels of disability for all age groups in South Lakeland, pointing to a slightly lower than average proportion of wheelchair user households.

Table 13.11 Proportion of people with day to day activities limited a lot (by age) – 2011 – South Lakeland

	% of age group with day to day activities limited a lot		South Lakeland as % of England	Prevalence rate (per 1,000 population)
	South Lakeland	England		
Under 60 years	3.6%	4.2%	85.5%	4
60-74 years	9.2%	13.9%	65.9%	18
75-84 years	22.3%	29.1%	76.7%	52
85 years or over	46.4%	52.3%	88.6%	130

Source: 2011 Census

- 13.83 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,632 wheelchair user households in 2020, and that this will rise to 2,146 by 2040 (an increase of 514).

Table 13.12 Estimated number of wheelchair user households (2020-40) – South Lakeland – linked to Standard Method

	Prevalence rate (per 1,000 population)	Household population 2020	Household population 2040	Wheelchair user households (2020)	Wheelchair user households (2040)
Under 60 years	4	64,636	60,088	251	233
60 - 74 years	18	23,677	23,666	417	416
75 - 84 years	52	9,863	13,917	511	721
85 years or over	130	3,501	5,986	454	776
TOTAL		101,677	103,657	1,632	2,146

Source: Derived from a range of sources

- 13.84 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 915 additional wheelchair user homes in the 2020-40 period – this equates to 25% of all housing need (as set out in the table below).

Table 13.13 Estimated need for wheelchair user homes, 2020-40

	Current need	Projected need (2020-40)	Total current and future need	Housing need (2020-40)	% of Housing Need
South Lakeland	401	514	915	3,680	24.9%

Source: Derived from a range of sources

- 13.85 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 20% of market homes to be M4(3) along with 51% of affordable.

Table 13.14 Estimated need for wheelchair user homes by tenure, 2020-40

	Market	Affordable
South Lakeland	20%	51%

Source: Derived from demographic projections and EHS prevalence rates

- 13.86 To meet the identified need, the Council could seek a proportion (maybe up to a fifth) of all new market homes to be M4(3) compliant and potentially up to half in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 13.87 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).
- 13.88 It is worth noting that the Government is currently consulting on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds⁴³.
- 13.89 One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.
- 13.90 The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

Table 13.15 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi- Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

⁴³ Raising accessibility standards for new homes, a consultation paper, page 10

- 13.91 However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 13.92 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Older and Disabled Persons Need - Summary

- South Lakeland District has an older age structure and similar overall levels of disability compared with the national average – age specific rates of disability are notably lower than seen nationally.
- The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future.
- An ageing population means that the number of people with disabilities is likely to increase substantially. **Key findings for the 2020-40 period include:**
 - **A 27% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth);**
 - **A 47% increase in the number of people aged 65+ with dementia and a 39% increase in those aged 65+ with mobility problems;**
 - **A need for around 915 housing units with support (sheltered/retirement housing) – split about three-quarters market and a quarter affordable housing;**
 - **A need for around 608 additional housing units with care (e.g. extra-care) – the majority (87%) in the market sector;**
 - **A need for additional residential and nursing care bedspaces (around 550 over the period); and**
 - **a need for over 900 dwellings to be for wheelchair users (meeting technical standard M4(3)).**
- This suggests a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing.

- **Given the evidence, the Council could continue to require all dwellings (in all tenures) to meet the M4(2) standards.**
- **There is also justification to increase the requirement to around 20% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).**
- The Council should also be mindful that M4(2) homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of age or disability.
- In framing policies for the provision of specialist older persons’ accommodation, the Council will need to consider a range of issues.
- These issues include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).
- There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

14. OTHER SPECIFIC GROUPS

Students

- 14.1 The only major Higher Education establishment in the District is the University of Cumbria's Ambleside Campus. After being mothballed for a number of years while the university decided its future the campus reopened in 2014.
- 14.2 The campus is currently teaching 537 Full Time Equivalent (FTE) students and has 60 Staff. Not only is it an important education facility but it also brings in around £7 million per annum into the local economy. Through its tourism related courses it also ensures there is a suitably qualified labour supply for the local industry.
- 14.3 Anywhere between 60% and 90% of the University's annual intake of around 150 students require accommodation and the University has around 180 beds to accommodate them. They also provide accommodation for 25 returning students with a need and 20 International Students.
- 14.4 Of the remaining students some live locally with their parents, while others will live in their own accommodation and are in employment and on day release to the University or doing an apprenticeship. Others are post-graduates and PhD students that are living locally and commuting in.
- 14.5 The University estimate that in any given year around 200-250 returning under-graduates and 10-15 post-graduates are looking for private sector accommodation in the wider housing stock.
- 14.6 However, this is becoming increasingly difficult for a number of reasons. Firstly, when the campus was mothballed much of the accommodation that went towards student households was lost to other uses. Secondly, during the pandemic student numbers were reduced and thus demand for the remaining student housing fell. These homes were then much sought after for holiday lets and have since become available only through AirBnB and Vrbo.
- 14.7 As a result increasing numbers of returning students are struggling with meeting their accommodation need. This is putting pressure on the University to provide more accommodation or to lose students.
- 14.8 Those students who do live in the wider housing stock live anywhere from Keswick (16 miles) to Kendal (14 miles) although the most sought after accommodation is in Ambleside due to its proximity to the campus.

- 14.9 However, this also presents some difficulty as the cost and frequency of public transport is prohibitive i.e. £110 for a monthly bus pass and £11.50 for a day pass. Those that can drive do but there is limited parking on the campus and this often overflows into the town which can cause friction with local residents. The car park also cannot be extended.

Growth Aspirations

- 14.10 Despite these difficulties the University is still planning to increase its student body to grow to 700 FTE over the next three years. Although a growth on current numbers, this is not unprecedented at the campus, as it regularly had these numbers pre 2013. It is also required for the campus to remain viable.
- 14.11 The level of accommodation required for this growth is uncertain as it depends on the requirements of the particular intake which can vary from 60% to 90%. It also depends on whether it is local or national growth and the programme and level of study.
- 14.12 The University would like to work with the Council and the Lake District National Park Authority to come to a solution for their growth needs as they do not have enough room on campus nor the topography to do so.
- 14.13 While other accommodation providers could come forward, the campus is unlikely to be attractive to developers of Purpose Built Student Accommodation. Outdoor centres operate throughout the year and holiday homes/caravans are restricted to 4 week lets and therefore are unsuitable.
- 14.14 The University have sought to convert some of their buildings to accommodation however in one case this is a grade 2 listed building in a conservation area so difficult and costly to convert (£5m) and the other is a classroom which would inhibit growth of academic services. They believe that it would be more cost effective to build new accommodation but this has to be within the planning restrictions of the National Park.
- 14.15 If land were to become available then the University would need to make a decision on their capital investment programme.

Staff and Student Retention

- 14.16 The University has reported that it is having difficulty recruiting both academic and service staff as they cannot afford to live in the local area. In addition existing staff already travel some distances to get to campus including from Kirkby Stephen, Eskdale, Ulverston and Penrith.
- 14.17 Many of the staff need affordable accommodation and that is not being delivered in any great number in the National Park. One solution might be to give key workers which include those working in

education preference to First Homes. Although at this point the Lake District National Park Authority is not supporting this tenure.

- 14.18 One solution would be to provide better and more affordable public transport and the realignment of local authority boundaries presents an opportunity to address this. This would also address the stated climate change aims of the Council.
- 14.19 The University note that many students also move on to work in the local economy (particularly Outdoor Centres) but are priced out of the market and thus being lost to the local economy. Planning conditions for new affordable housing in the National Park mean that these are going to local residents but this doesn't include graduating students as their home address has been technically outside of the area or they have not been living in the area for 5 years. This criteria could be reconsidered by the National Park Authority to assist in retaining these workers. South Lakeland Affordable Housing criteria does allow for those with a job offer in the District to be eligible for affordable housing.

Custom and Self Build

- 14.20 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.
- 14.21 The South Lakeland Self-Build and Custom Housebuilding Register was introduced on the 1st of April 2016 and there have now been five and a half base periods⁴⁴ up to 30th October 2021. South Lakeland does not currently have any eligibility criteria for entry to the self and custom build housing register and therefore it is only in one part.
- 14.22 The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended), if assessed over the five and half base periods there has been a total of 85 registered expressions of interest in a serviced plot of land. This is an average of 15 plots per annum. The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in South Lakeland.

⁴⁴ A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

Table 14.1 Serviced Plot Demand in South Lakeland

Base Period	Individuals
Base Period 1 (16 August 2015 to 30 th October 2016)	17
Base Period 2 (31 st October 2016 to 30 th October 2017)	14
Base Period 3 (31 st October 2017 to 30 th October 2018)	21
Base Period 4 (31 st October 2018 to 30 th October 2019)	9
Base Period 5 (31 st October 2019 to 30 th October 2020)	9
Base Period 6 (31 st October 2020 to 30 th October 2021)	15
Total	85
Average Per Base Period	15

Source: South Lakeland Self and Custom Build Register

- 14.23 IcenI have analysed the entries on the self and custom build register in order to find the parishes in which there is most interest for self and custom build housing. The table below shows the most popular parishes as reported by the entrants to the register. As shown Kendal is the most popular location, followed by Ulverston.

Table 14.2 Most popular parishes for self and custom build housing

Parish	Interested registrants
Kendal	12
Ulverston	9
Levens	5
Pennington	5
Cartmel	4
Kirkby Lonsdale	4
Burton-in-Kendal	4

Source: IcenI analysis of South Lakeland Self and Custom Build Register

- 14.24 It is worth highlighting that a survey⁴⁵ undertaken by YouGov on behalf of the National Custom and Self-Build Association (“NaCSBA”) in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority’s self-build register may underestimate demand.

Broader Demand Evidence

- 14.25 In order to supplement the data from the Council’s own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.

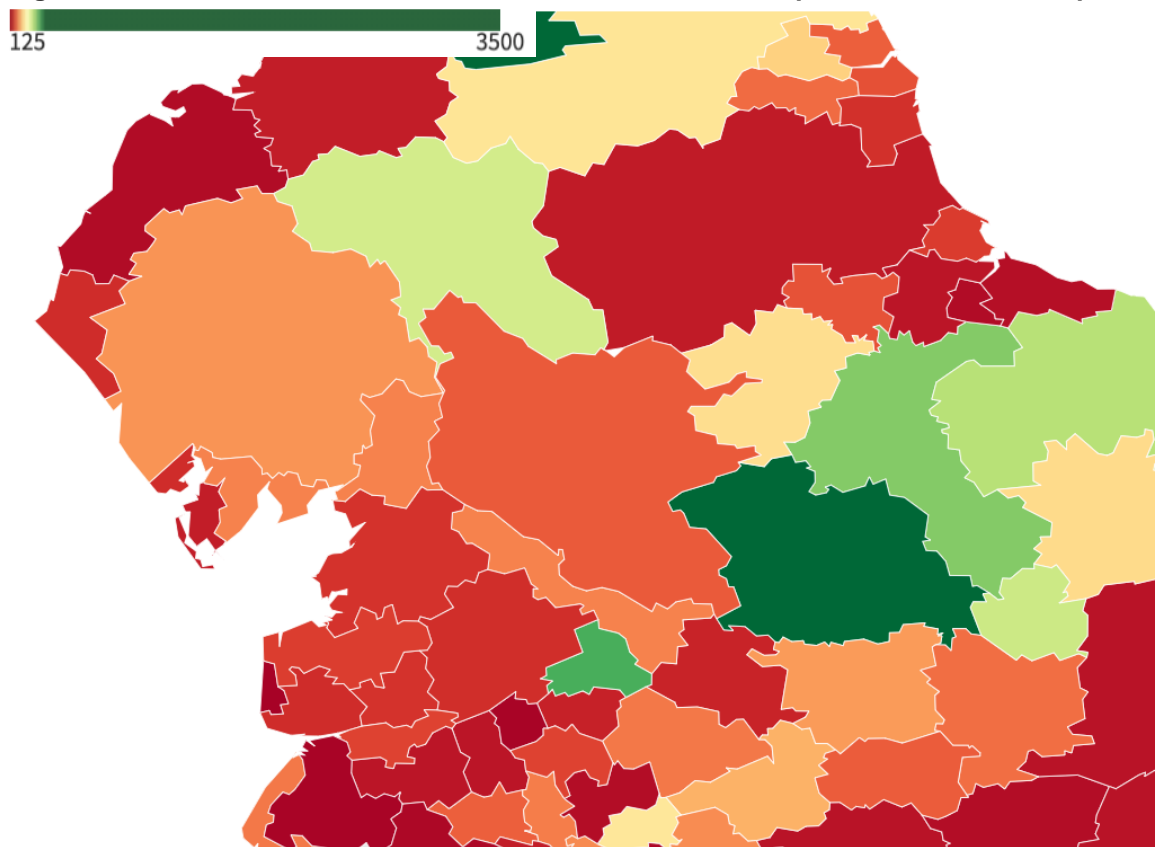
⁴⁵ A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

- 14.26 First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property

- 14.27 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in South Lakeland in relative terms. The association has recently published analysis with supporting maps and commentary titled “Mapping the Right to Build” in 2020. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England.

- 14.28 One of the key maps within the report highlights the areas of strongest demand and this is shown in the figure below. This shows that South Lakeland has a need for 58 units per 100,000 head of population.

Figure 14.1 - Overall Demand for Self-Build Plots per 100,000 of Population



Source: NaCSBA “Mapping the Right to Build,” 2020

Policy Response

- 14.29 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG⁴⁶ is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.
- 14.30 There are a number of measures which can be used to do this, including but not limited to:
- Supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;
 - Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and
 - When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;
 - Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.
- 14.31 IcenI would note that an increasing number of local planning authorities have adopted self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application
- 14.32 As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.
- 14.33 As such, IcenI would recommend the continuation of Policy DM12 within the Development Management Policies DPD in order to satisfy the clear demand for plots within the Plan Area. . In reviewing this policy as part of the Local Plan Review the Council should also consider whether larger sites should make a contribution (e.g. 5%- 10% of plots marketed for Custom and Self-build before

⁴⁶ Paragraph: 025 Reference ID: 57-025-20210508

reverting back to Affordable or General Housing if there is a lack of interest after 12 months). Alternatively the Council could allocate sites specifically for this self and custom build housing.

Service Families

- 14.34 There are no military establishments in South Lakeland District and most recent Ministry of Defence (MOD) statistics suggest that there are no military or Civilian MOD personnel stationed in the District.
- 14.35 This would suggest that there is no need to develop a policy which addresses the specific need of MOD personnel. That said Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.
- 14.36 The Planning Practice Guidance for First Homes includes insuring that any local connection criteria is disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces.
- 14.37 The most acute and pressing issues is likely to be finding accommodation for those transitioning out of the forces. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.
- 14.38 In addition, the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.
- 14.39 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Other Groups - Summary

- The University plans to increase its student body to grow to 700 FTE over the next three years.
- Although a growth on current numbers this is not unprecedented at the campus as it regularly had these numbers pre 2013. It is also required for the campus to remain viable.

- **The University would like to work with the Council and the National Park Authority to come to a solution for their growth needs as they do not have enough room on campus.**
- The University reports having difficulty recruiting both academic and service staff as they cannot afford to live in the local area.
- One solution might be to give key workers which include those working in education preference to First Homes.
- The South Lakeland Self-Build and Custom Housebuilding Register currently sees an average of 15 entrants per annum and Kendal and Ulverston are the most popular locations for the entrants.
- **Iceni would recommend the continuation of Development Management Policy DM12 in order to satisfy the clear demand for plots within the District.**
- The Council may also consider expanding this to require self-build plots on larger sites or to allocate sites specifically for custom and self-build plots.
- There are no military establishments in South Lakeland and MOD statistics suggest that there are no military or Civilian MOD personnel stationed in the District.
- Despite this thought should be given to accommodating service personnel within First Homes for which any Local Connection Test should be disapplied.

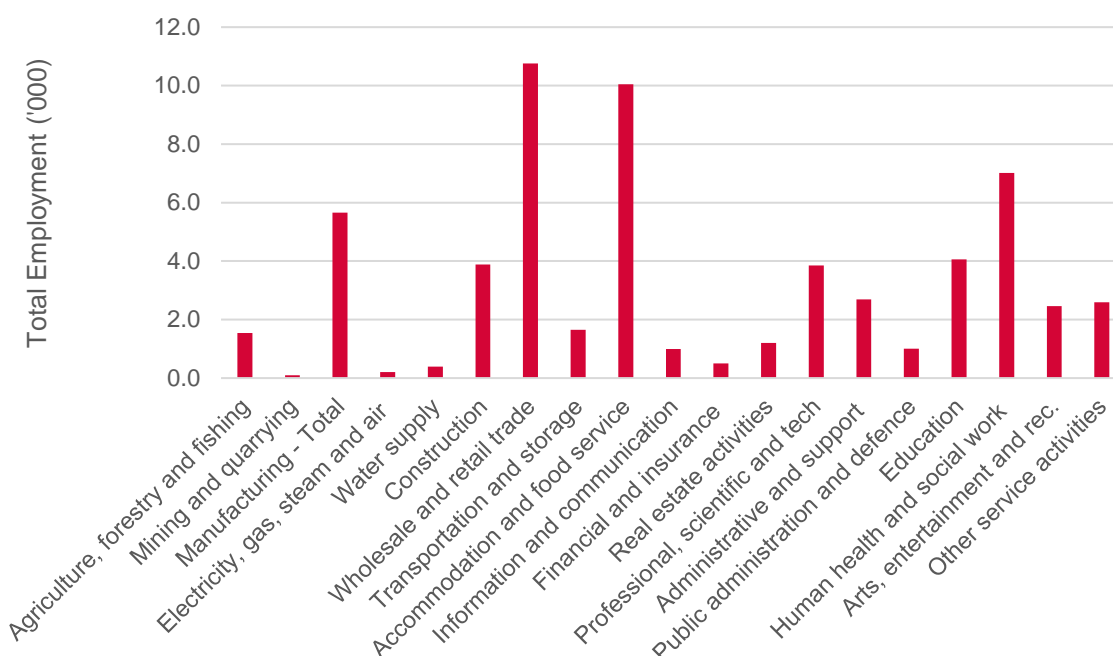
15. ECONOMIC FORECASTS

15.1 This section analyses the economic growth potential in South Lakeland District from 2020 to 2040. Baseline projections are taken from Oxford Economics’ long-term outlook which takes into account Covid-19’s impacts and expected recovery.

Employment

15.2 As of 2021, there were approximately 60,700 jobs in South Lakeland District. The largest sectors in terms of employment are Wholesale and Retail (10,800 jobs) and Accommodation and Food Services (Hospitality) (10,100 jobs).

Figure 15.1 - South Lakeland District - Total employment, 2021, (,000)



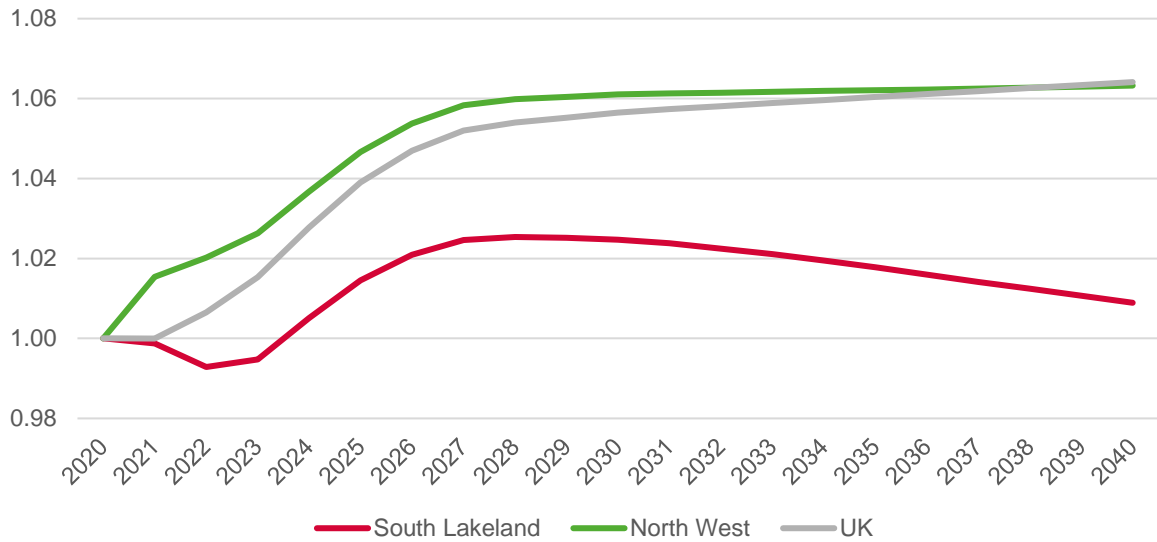
Source: Oxford Economics & IcenI analysis

15.3 Oxford Economics forecast that employment in South Lakeland District (0.9% or 0.04% per annum) will grow slower than across the North West (6.3%) and the UK (6.4%) between 2020 and 2040. This growth rate translates into an absolute increase of around 543 jobs for South Lakeland. This level of growth is also considerably lower than past trends which average 1.2% growth per annum.

15.4 This slower growth is in part due to slower population growth as well as the sector profile of the District being slanted towards sectors which are expected to decline in the wider economy. Although as we explore later, decline in the wider economy does not always translate to decline in the local economy. This is particularly the case with manufacturing which has seen and is expected to see declines in overall manufacturing but not in each and every sub-sector.

15.5 We also must bear in mind that these forecasts are a product of our current recession and that over the next 15 years there are likely to be cyclical periods of growth and decline. Therefore while the short term view is pessimistic the long term view will likely include periods of stronger growth.

Figure 15.2 - Total employment forecast, 2020 to 2040 (indexed 2020 = 1)



Source: Oxford Economics & IcenI analysis

15.6 Linked to the aging population the main growth up to 2040 is forecast to occur in the human health and social work (+1,162) sector. There is also expected to be growth in professional, scientific & technical (+784), and hospitality (+518). Conversely, 2,000 jobs are forecast to be lost in the manufacturing sector reflecting national trends and 546 in the Wholesale and Retail sectors.

15.7 The growth in human healthcare and social work is linked to the aging population. While the forecasts do not go into sub-sectors the professional, scientific and technical sector in South Lakeland is comprised largely of accounting, architects, lawyers, management consultants and head offices, although these sectors are likely to fare differently.

Figure 15.3 - South Lakeland District - Absolute change in employment per sector, 2020 to 2040



Source: Oxford Economics & Icenis analysis

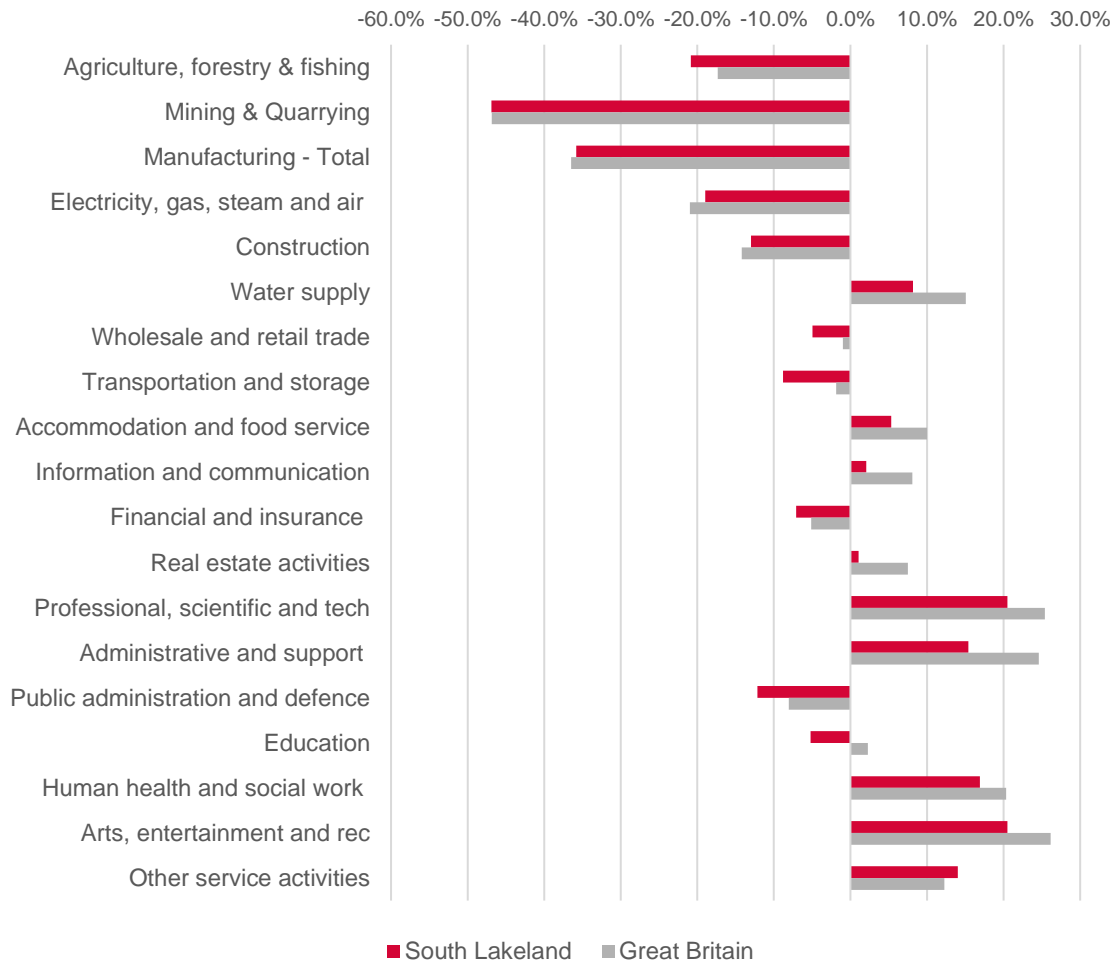
15.8 In order to put South Lakeland’s sectoral change in employment into context, the following chart shows the percentage change in employment per sector compared to the national forecast. In general South Lakeland (in red) broadly follows the trend seen across the country.

15.9 However, several industries are anticipated to evolve differently in South Lakeland: other service activities are set to increase more in South Lakeland District, whereas financial and insurance, education, transportation and storage, and wholesale and retail trade are set to contract faster than in Great Britain overall.

15.10 This can be explained by a number of factors. Firstly we also see an aging population thus school age children will be less common, as a result education employment will be less likely. Secondly, the District is more remote from the larger population centres than most of the country, as such demand for transport will be restricted to final mile logistics, while the wider region and country will benefit

from the growth of national operators. These distribution chains, as will the aging and slowing population will also feed into the growth of retail and wholesale employment.

Figure 15.4 - South Lakeland District - Percentage change in employment by sector, 2020 to 2040



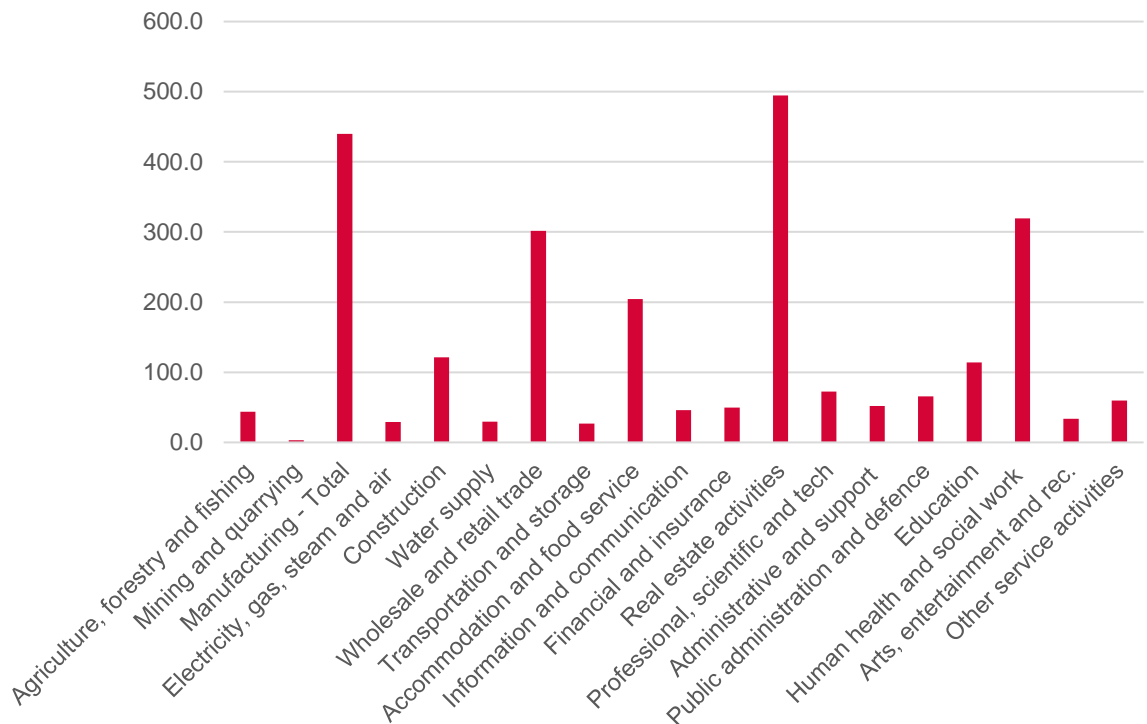
Source: Oxford Economics & IcenI analysis

15.11 However, these are off the shelf baseline forecasts which are largely reliant on extrapolating past trends. Later in this section we explore why and where future growth might diverge from these trends in developing our alternative growth scenario.

Gross Value Added (GVA)

15.12 In total, the South Lakeland District Economy was valued at £2.5bn in 2021. The most valuable sectors are manufacturing, wholesale and retail trade, accommodation and food services and real estate activities.

Figure 15.5 - South Lakeland District - GVA per sector, 2021, (£ millions)

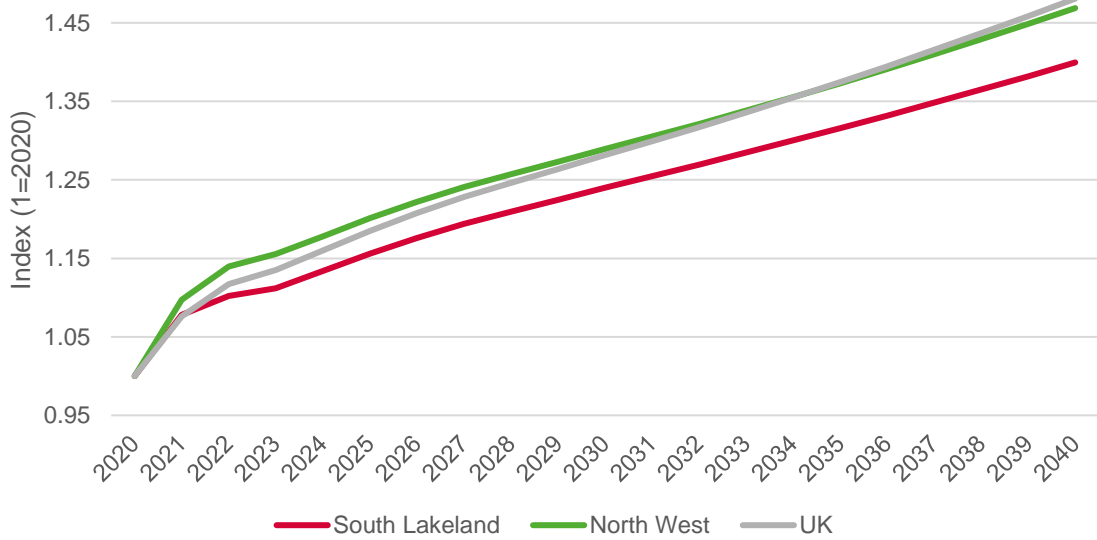


Source: Oxford Economics & IcenI analysis

15.13 South Lakeland’s GVA is set to grow at a similar pace to the North West and Great Britain. This is despite a slower momentum in employment growth, which may be an indication of productivity gain, as will be highlighted later in this section.

15.14 On the whole, South Lakeland District’s economic output is expected to grow by over £929 million by 2040, which is equivalent to a 40% increase. By contrast, the North West’s output will grow by 46.9% and Great Britain’s overall output is predicted to increase by 48.1%.

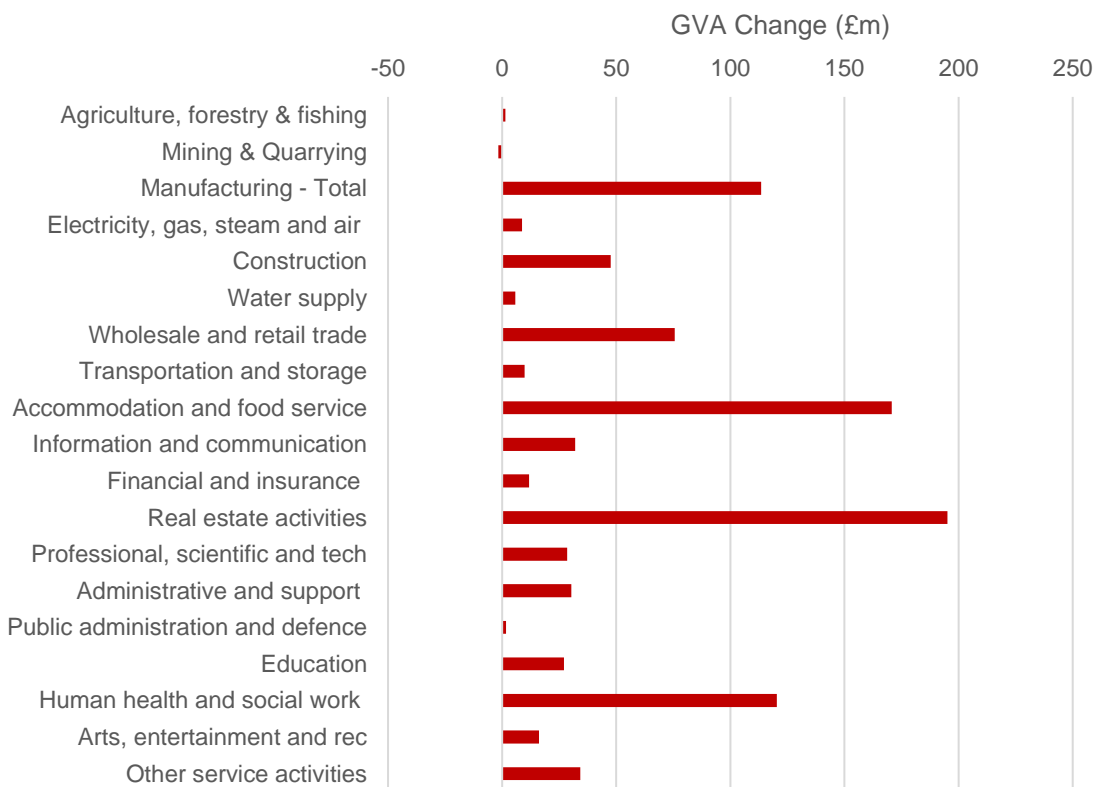
Figure15.6 -Total GVA forecast 2020 to 2040 (indexed 2020 = 1)



Source: Oxford Economics & Icen analysis

15.15 While employment outlooks vary from sector to sector absolute change in GVA is set to increase in almost all sectors, albeit at varying degrees. The largest contributors to GVA growth are real estate activities, accommodation and food service, manufacturing, and human health and social work.

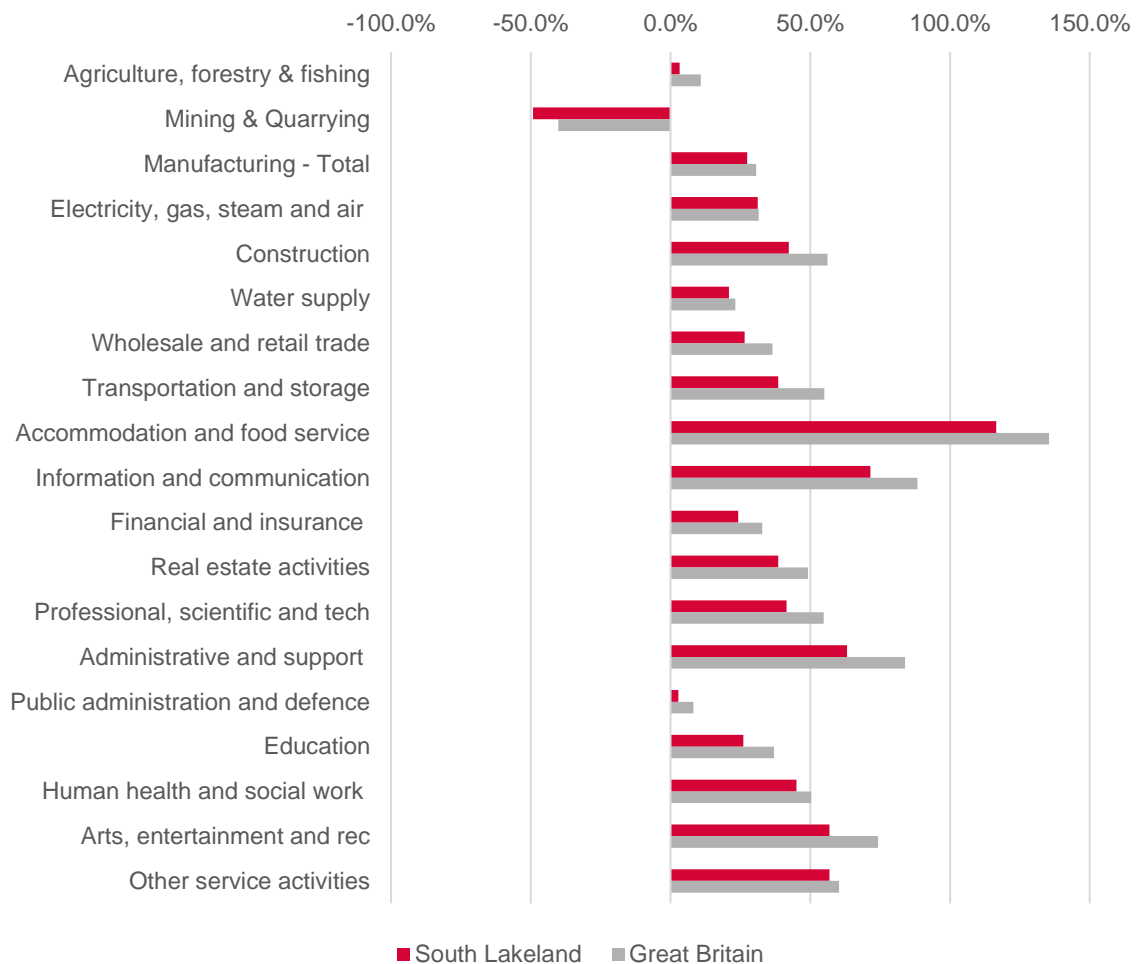
Figure15.7 - South Lakeland District - Absolute change in GVA per sector, 2020 to 2040



Source: Oxford Economics & Icen analysis

- 15.16 Forecast changes in GVA for the next 20 years in South Lakeland (in red) will broadly follow the national context. Some sectors are forecast to see strong GVA growth; sectors such as real estate activities (including agency and landlord activities), accommodation and food service, and Information and Communication. Manufacturing, and human health and social work will however grow at a marginally slower pace in South Lakeland.
- 15.17 Manufacturing, Construction, Transportation and Utilities growth will be partially linked to supporting the Energy Coast initiatives and other green jobs in the County. Although the majority of those jobs will be in areas such as Barrow Borough, Copeland and Allerdale there will be limited opportunities in South Lakeland. Because of the location of the core of these green jobs it is likely that Ulverston is the most likely part of the District to benefit from this.

Figure15.8 - South Lakeland District Percentage change in GVA per sector, 2020 to 2040



Source: Oxford Economics & Icenis analysis

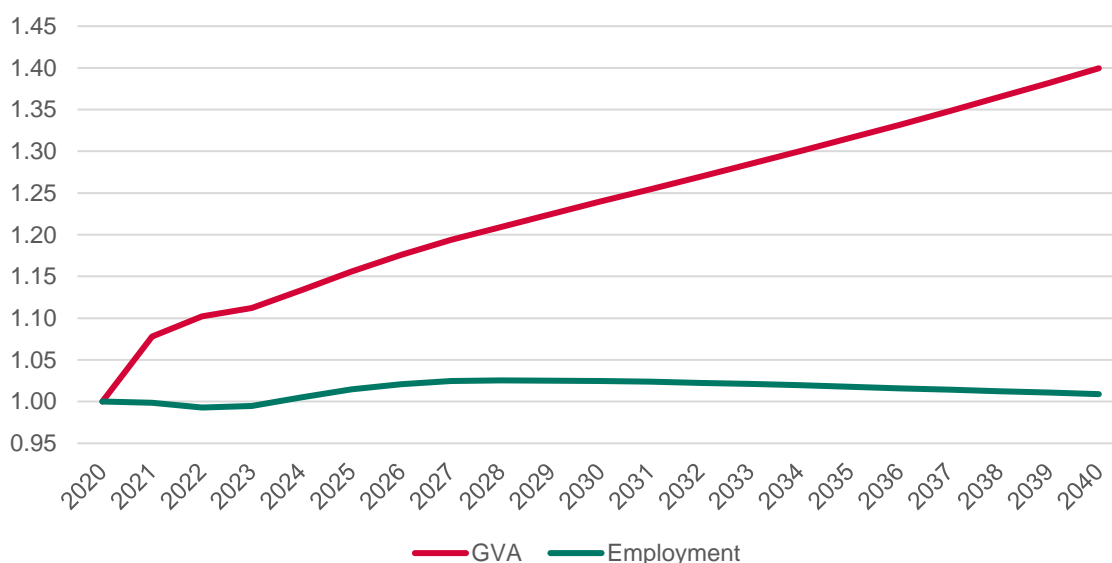
South Lakeland District Economic Composition 2040

- 15.18 As mentioned earlier in this section, there is a clear divergence between employment growth and GVA growth in South Lakeland District. When indexed on 2020 figures, it appears that South

Lakeland’s overall GVA growth is forecast to increase much faster than employment, as illustrated in the following figure.

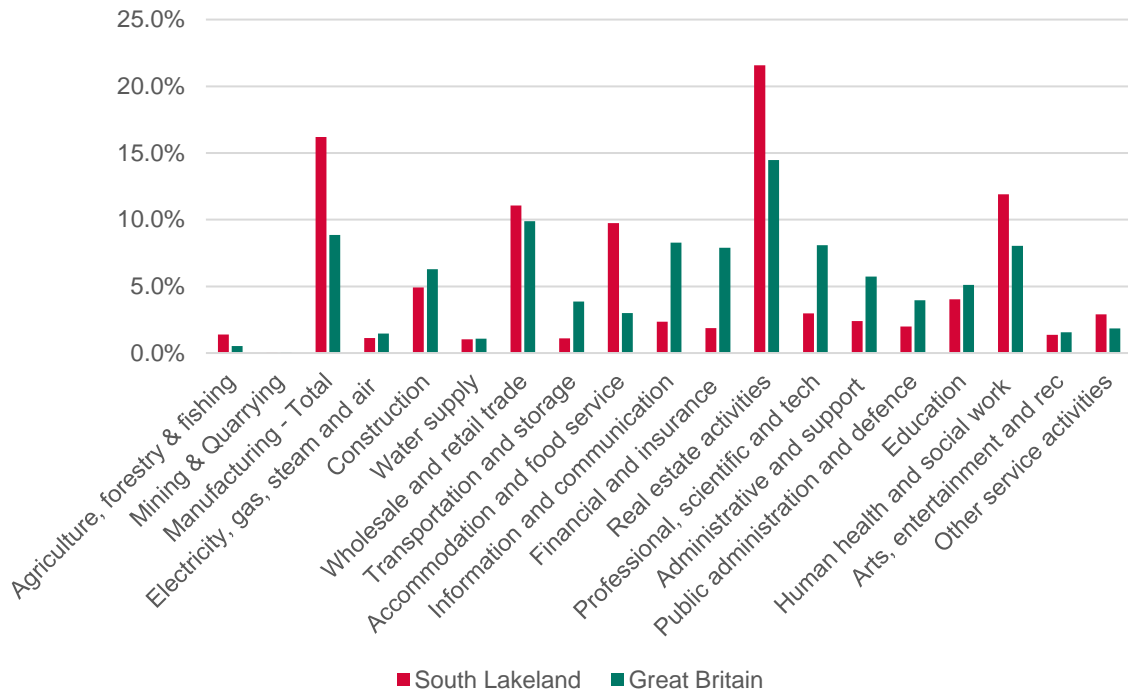
- 15.19 While it is certainly multi-factorial, this shows that an increase in labour productivity could be expected under current conditions. Labour productivity is defined as output per worker. In this case, if the number of employees overall remains broadly the same, but GVA increases by close to 40% by 2040, then productivity will have increased notably.
- 15.20 There are only two ways this can be achieved, either increasing the value of the sector which itself can be achieved through increased sales or prices and/or through reduced employment which itself can be achieved through automation of roles, artificial intelligence or digital solutions. The approach to each will largely depend on the sector.
- 15.21 In the case of hospitality, this might mean for example more covers or stays but also utilising the same number of staff supported by robotic cleaners, online booking systems, automatic check-in, contactless payment, online ordering or other technological advances.

Figure 15.9 - South Lakeland District - GVA vs. employment forecast, 2020 to 2040 (indexed 2020 = 1)



Source: Oxford Economics & IcenI analysis

- 15.22 Higher productivity is also associated with higher wages, higher fiscal income, lower inflation, and overall greater economic growth.
- 15.23 The last chart profiles the GVA per sector as projected in 2040. By 2040, South Lakeland’s economy will be dominated by four sectors: real estate, hospitality, manufacturing and health, in addition to wholesale and retail trade which is as important as it is across Great Britain.

Figure15.10 - Projected GVA per sector, South Lakeland District vs. Great Britain, 2040

Source: Oxford Economics & IcenI analysis

Growth scenario

- 15.24 In addition to the baseline forecast, this study also considers a growth scenario which is based on sectoral adjustments determined by IcenI's analysis of economic policy (see Chapter 3), historic performance, stakeholder engagement with the Local Enterprise Partnership (LEP) and University and market signals. But first we have included an adjustment to reflect recovery from the pandemic.
- 15.25 As experienced across the country, many sectors have recovered quickly from the pandemic impact and regained all or parts of the jobs they supported. As such, the growth scenario also includes a Covid recovery element. The scale of the Covid recovery is based on the number of jobs lost (if any) between 2019 and 2020 and whether these buck or continue longer and shorter term trends. These covid adjustments take into account the following factors:

- All Areas with Growth 2019-20: forecast unchanged, return to growth
- Areas with longer term and shorter-term Growth but 2019-20 decline: fully adjusted
- Areas with only longer-term growth but 2019-20 decline: part return
- Areas with only shorter-term growth but 2019-20 decline: part return
- All areas with an adjustment: applied across first four years of projections
- Beyond 2024: regular growth scenario assumptions

Table 15.1 Covid adjustment on job forecast – South Lakeland District

	Additional jobs	Across 4 years
Agriculture, forestry & fishing	157	39
Mining & Quarrying	10	2
Manufacturing	242	60
Water supply	33	8
Construction	219	55
Wholesale and retail trade	132	33
Transportation and storage	186	46
Accommodation and food service	564	141
Information and communication	8	2
Professional, scientific and tech	18	4
Administrative and support	298	74
Human health and social work	397	99
Arts, entertainment and rec	394	99
Other service activities	84	21
Total	2,741	685

Source: BRES 2020, Oxford Economics & IcenI analysis

- 15.26 As set out in the table below, we have also made adjustments to a number of sectors to reflect our understanding of the local economy. Where adjustments have been made these have been to either halt or slow projected declines or to benchmark future growth to historic levels. This revised forecast also includes Covid recovery adjustments.

Table 15.2 Adjusted sectors in the growth scenario – South Lakeland District

	Baseline (CAGR 20-40) Jobs	Baseline (CAGR 20-40) %	Growth (CAGR 20-40) Jobs	Growth (CAGR 20-40) %	Justification
Agriculture, forestry and fishing	-352	-1.2%	0	0.0%	<i>Historic growth in this sector and prevalent policy and macro-economic support for domestic food production means decline is unlikely, decision to flat line growth.</i>
Manufacturing	-2,029	-2.2%	-1,121	-1.1%	<i>Historic decline in this sector has not been as weak as regionally or nationally. Prevalent policy and macro-economic support towards green economy and energy which this sub-region excels in. Decline is halved</i>
Electricity, gas, steam and air	-37	-1%	0	0.0%	<i>Historic growth in this sector and prevalent policy and macro-economic support for renewables and nuclear, decision means a decline is unlikely to flat line growth.</i>
Water supply	-47	-0.7%	0	0.0%	<i>Historic growth in this sector unlikely to be reversed, Decision to flatline growth for the next 20 years</i>
Transport & storage	-147	-0.5%	110	0.3%	<i>Expected some growth rather than decline, based on growth in E-commerce and policy support, expecting at a tenth of growth seen in the last 5 years. Growth is effectively calculated as 10% of historic growth period 2015-2020</i>
Hospitality	518	0.3%	1,085	0.5%	<i>Strong policy support, return to long term growth – post-Covid / Brexit impact leading increasing staycations. Growth is effectively calculated as 50% of historic growth period 2015-2020</i>
Real estate activities	13	0.1%	46	0.2%	<i>Standard method levels of housing will drive growth in this sector coupled with strong historic growth. Adjusted to half way between regional and local growth</i>
Professional, scientific, etc.	784	0.9%	1,046	1.2%	<i>OE forecast much lower than historic trends. Policy & macroeconomic drivers supporting stronger growth. Growth is effectively calculated as 25% of historic growth period 2015-2020</i>
Total Jobs*	543	0.04%	5,960	0.47%	<i>This is the total change in jobs including those sectors which haven't been adjusted.</i>

Source: Icen Projects analysis of OE Data. *includes unadjusted sectors

- 15.27 Across all sectors, the baseline forecast predicts a growth of 543 jobs by 2040. Our revised growth forecast places this figure at 5,960 additional jobs by 2040, or just over 10 times the baseline forecast. However, at a rate of 0.5% per annum this is still less than half of the rate of growth for the 2001 to 2020 period (1.2% per annum). A continuation of year on year change from 2001-20 would result in

growth of over 11,000 jobs, whereas the 2011-20 trend is similar to the forecast growth scenario (5,940). This suggests the growth scenario is akin to 'business as usual'.

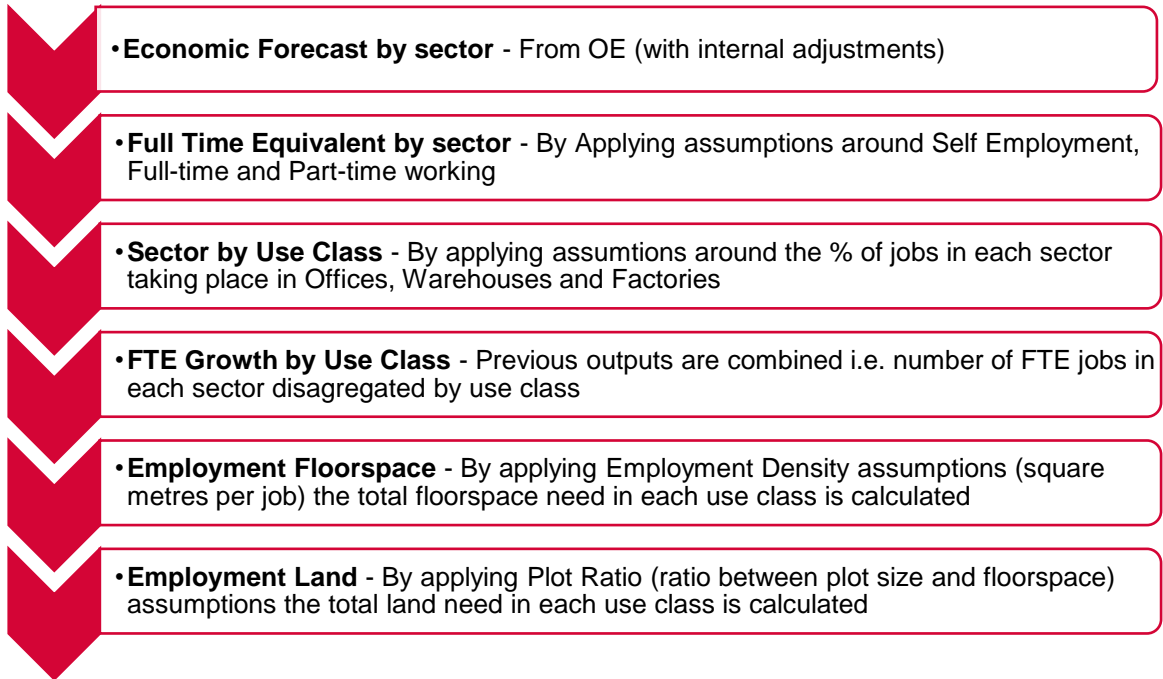
15.28 The revised employment growth figures have then been used to calculate a growth scenario for employment land needs by 2040 in the following chapter.

Economic Growth - Summary

- **Baseline projections show that employment in South Lakeland District (0.9%) will grow slower than across the North West (6.3%) and the UK (6.4%) between 2020 and 2040.**
- This growth rate translates into an absolute increase of around 543 jobs for South Lakeland District.
- On the whole, South Lakeland's economic output is forecast to grow by over £929 million by 2040, which is equivalent to a 40% increase.
- Productivity is also expected to increase by 2040, as GVA will increase much faster than employment.
- South Lakeland's economy will be dominated by four sectors: real estate, hospitality, manufacturing and health.
- We have made a series of adjustments to the baseline forecasts to reflect recovery from covid as well as local intelligence on where employment growth may be above trend.
- Across all sectors, the baseline forecast predicts a growth of 543 jobs by 2040. **Our revised growth forecast places this figure at 5,960 additional jobs by 2040.**

16. EMPLOYMENT LAND NEEDS

- 16.1 This section considers the requirements for employment land in offices (Class E(g)(i)); research and development premises (Class E(g)(ii)); light industrial (Class E(g)(iii)); general industrial (Class B2) and storage or distribution (Class B8). See the Glossary of Terms at the end of this report for details of the use classes referred to.
- 16.2 When considering the scale of future need the Planning Practice Guidance (PPG, 2020) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments.
- 16.3 The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:
- Labour demand;
 - Labour supply; and
 - Past take-up;
- 16.4 There are relative benefits of each approach. For labour demand scenarios and labour supply scenarios, econometric forecasts take account of differences in expected economic performance for each sector relative to the past. A detailed model is required to relate net job forecasts to use classes and to estimate gross floorspace and land requirements.
- 16.5 In contrast, past take-up is based on actual delivery of employment development; but this does not take account of the implications of growth in labour supply nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.
- 16.6 The quantitative evidence here is also supplemented by the wider analysis of market and economic dynamics set out earlier in this report.
- 16.7 The methodology is explained for each step of the methodology and is summarised in the chart below.



Labour demand: baseline scenario

- 16.8 This section takes forward the baseline economic growth forecasts set out earlier in the report (Figure 14.2). The baseline scenario considers the quantum of employment land required to support the growth of around 543 jobs in South Lakeland District between 2020 and 2040 based on the Oxford Economics forecast.
- 16.9 The first step is to convert the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector. This is achieved through analysis of BRES Data outlining the proportion of full- and part-time jobs in South Lakeland District in each sector as of 2020.
- 16.10 Our calculations assume that FTEs is equivalent to full-time employees plus self-employment (employment minus employees) plus half of part-time employees, assuming a blanket 50% of part-time work. As shown the adjustment assumes that the forecast growth of 543 jobs is the equivalent of 448 FTE jobs.

Table 16.1 Baseline jobs and FTE change, 2020-40 – South Lakeland District

	Jobs to FTE ratio	Jobs change 20-40	FTE jobs change 20-40
Agriculture, forestry & fishing	94%	-352	-332
Mining & Quarrying	100%	-47	-47
Manufacturing	82%	-2,029	-1,657
Electricity, gas, steam and air	92%	-37	-34
Water supply	99%	-47	-47
Construction	95%	328	311
Wholesale and retail trade	82%	-547	-447
Transportation and storage	90%	-147	-132
Accommodation and food service	78%	518	403
Information and communication	89%	21	19
Financial and insurance	88%	-36	-31
Real estate activities	88%	13	12
Professional, scientific and tech	88%	784	693
Administrative and support	80%	398	318
Public administration and defence	86%	-116	-100
Education	78%	-214	-167
Human health and social work	79%	1,162	920
Arts, entertainment and rec	75%	522	391
Other service activities	77%	371	284
Total	83%	543	355

Source: BRES 2020, Oxford Economics & IcenI analysis *numbers may not sum due to rounding

- 16.11 The next step is to attribute the proportion of employment growth in each sector which is likely to take place in the various use classes. To do this we have calibrated our model which relates to sectors and use classes for the local economy through interrogation of the current composition of employment in key sectors. The modelling assumes that this proportion will hold true moving forwards. A detailed breakdown is set out below.

Table 16.2 Attribution to use classes - South Lakeland District

	Office	R&D	Industrial	Warehouse	Non-B/E
Agriculture, forestry & fishing	0%	0%	0%	0%	100%
Mining & Quarrying	0%	0%	0%	0%	100%
Manufacturing	0%	5%	95%	0%	0%
Electricity, gas, steam and air	10%	0%	40%	10%	40%
Water supply	0%	0%	20%	0%	80%
Construction	5%	0%	10%	10%	75%
Wholesale and retail trade	0%	0%	0%	25%	75%
Transportation and storage	0%	0%	0%	60%	40%
Accommodation and food service	0%	0%	0%	0%	100%
Information and communication	95%	5%	0%	0%	0%
Financial and insurance	50%	0%	0%	0%	50%
Real estate activities	20%	0%	0%	0%	80%
Professional, scientific and tech	75%	0%	15%	0%	10%
Administrative and support	15%	0%	0%	0%	85%
Public administration and defence	80%	0%	0%	0%	20%
Education	0%	0%	0%	0%	100%
Human health and social work	0%	0%	0%	0%	100%
Arts, entertainment and rec	0%	0%	0%	0%	100%
Other service activities	0%	0%	0%	0%	100%

Source: ONS BRES 2020 data

16.12 For key industry sectors in South Lakeland District, we have assumed the following:

- Manufacturing: 95% industrial class (B2) and 5% R&D (E(g)(ii));
- Accommodation and food services: 100% non-B or E;
- Real estate activities: 20% office and 80% non-B or E, as a large share of the activity is linked to high-street estate agents; and
- Human health and social work: 100% non-B or E as is usually done for these activities which don't take place in commercial premises

16.13 As a sensitivity we have also adjusted the model at the sector level to take into account home working. We have initially used data based on 2019, so as to understand the situation pre-pandemic (see table below). This is merged with more recent data for 2020 during the pandemic which shows increases of up to 70% home working particularly in office-based sectors, however this level is not expected to continue indefinitely and is discussed further below.

Table 16.3 UK Percentage of employees by sector who primarily work from home (Dec 2019).

	WFH*
Agriculture, forestry & fishing	9%
Mining & Quarrying	6%
Manufacturing	4%
Electricity, gas, steam and air	5%
Water supply	2%
Construction	4%
Wholesale and retail trade	3%
Transportation and storage	2%
Accommodation and food service	2%
Information and communication	15%
Financial and insurance	5%
Real estate activities	12%
Professional, scientific and tech	13%
Administrative and support	6%
Public administration and defence	3%
Education	3%
Human health and social work	4%
Arts, entertainment and rec	10%
Other service activities	8%

Source: ONS, Homeworking by Industry Sector in the UK, January to December 2019

- 16.14 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period. As shown, most of the jobs growth in the baseline forecast is not expected to be in B/E(g) Land Use Class employment floorspace. This is largely due to the expected decline in manufacturing. The table below sets out the 5-year band requirements.

Table 16.4 FTE job growth by Floorspace Type, 2020-40: baseline scenario – South Lakeland District

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	233	151	65	54	504
R&D (E(g)(ii))	-7	-26	-26	-23	-82
Industrial (E(g)(iii)/B2)	-126	-458	-467	-411	-1,462
Storage / distribution (B8)	-53	4	-54	-61	-164
Non-B	639	816	120	-16	1,559
Total	687	487	-363	-456	355

Source: Oxford Economics & Icen Projects*Numbers may not sum due to rounding

- 16.15 The next step is to translate this level of jobs growth into floorspace. To do this we have applied employment densities taken from the HCA Employment Densities Guide: 3rd Edition (2015) and where possible have been consistent with employment density assumptions in the 2012 South

Lakeland Employment Land Review⁴⁷. We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office: an average of 12 sq. m Gross External Area (GEA) per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area – note that further sensitivity is run on this further below to take account of remote working practices. This is slightly different from the previous home working adjustment in that it increases the assumed level post-pandemic;
- Research and development: an average of 40 sq. m GEA per employee based on low density research premises and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Industrial: an average of 40 sq. m GEA per employee as a blend between light and general industrial, assuming that the gross external area of buildings is on average 5% higher than the net internal area and is a mix of general and light industrial; and
- Warehouse/ Distribution: an average of 70 sq. m GEA per employee based on the majority of distribution employment being “final mile” distribution.

16.16 Applying these employment densities to the forecasts of net growth in jobs in each employment space type, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 16.5 Baseline: Floorspace (sqm) requirements by use class 2020-40 – South Lakeland District

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	2,802	1,813	782	650	6,046
R&D (E(g)(ii))	-296	-1,029	-1,039	-913	-3,277
Industrial (E(g)(iii)/B2)	-5,027	-18,336	-18,677	-16,457	-58,497
Storage / distribution (B8)	-3,688	296	-3,806	-4,255	-11,453
Total of above	-6,209	-17,256	-22,740	-20,975	-67,180

Source: Oxford Economics & Iceni Projects *numbers may not sum due to rounding

16.17 As set out earlier as a further sensitivity, we explored the potential for reduced demand for office floorspace, due to greater levels of home working post-covid. Whilst definitive evidence is yet to

⁴⁷ <https://www.southlakeland.gov.uk/media/6123/ever02-000-emp-land-rev-feb-12.pdf>

emerge, this sensitivity reduces office need by 30%. This is based on changes to some major corporations positions which range from around 30% home working to complete flexibility⁴⁸. The result of which is set out below, this should be examined as a range from the core analysis above.

Table 16.6 Baseline: Floorspace (sqm) requirements by use class 2020-40 - sensitivity at - 30% office need – South Lakeland District

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	1,961	1,269	547	455	4,232
R&D (E(g)(ii))	-296	-1,029	-1,039	-913	-3,277
Industrial (E(g)(iii)/B2)	-5,027	-18,336	-18,677	-16,457	-58,497
Storage / distribution (B8)	-3,688	296	-3,806	-4,255	-11,453
Total of above	-7,050	-17,799	-22,974	-21,170	-68,994

Source: Oxford Economics & Icen Projects *numbers may not sum due to rounding

16.18 To calculate the land requirements to support these net changes, we have applied the plot ratios below. These are based on the continuation of ratios set out in the 2012 South Lakeland Employment Land Review as well as an expectation of future trends:

- 0.5 for B1a/b office and R&D uses
- 0.4 for B1c and B2 industrial uses
- 0.4 for B8 warehouse / distribution floorspace

16.19 This generates the following requirement for net additional land for the District:

Table 16.7 Baseline: Labour demand net land (ha) requirements by use class 2020-40 – South Lakeland District

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	0.4	0.3	0.1	0.1	0.8
R&D (E(g)(ii))	-0.1	-0.2	-0.2	-0.2	-0.7
Industrial (E(g)(iii)/B2)	-1.3	-4.6	-4.7	-4.1	-14.6
Storage / distribution (B8)	-0.9	0.1	-1.0	-1.1	-2.9
Total of above	-1.8	-4.5	-5.7	-5.3	-17.3

Source: Oxford Economics & Icen Projects *Numbers may not sum due to rounding

⁴⁸ HSBC is cutting its global office space by 40%. Lloyds is cutting desk numbers by 20%. Alphabet is developing a model where staff work three days in the office and two days from home. Facebook are allowing 'complete flexibility'.

- 16.20 It is important to note that these are net changes that do not take account of matters such as a flexible margin and replacement demand adjustments, which are considered further in this section below.

Growth Scenario

- 16.21 Using exactly the same set of assumptions for FTE ratio, Working from Homes (WFH) ratio, use class distribution, employment density, and plot ratios, we have assessed the employment land required based on the growth forecast.
- 16.22 The growth scenario forecast job growth of 5,960 by 2040, while the baseline forecast predicted a growth of 543 jobs by 2040. As shown below this still results in a decline in R&D and Industrial/factory use-class employment. Much of the employment growth is in non-B/E use classes for which land is not typically allocated.

Table 16.8 FTE job growth by use class sector, 2020-40: growth scenario – South Lakeland District

	2020-2025	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	194	145	156	167	662
R&D (E(g)(ii))	-2	-12	-11	-11	-36
Industrial (E(g)(iii)/B2)	16	-191	-176	-162	-514
Storage / distribution (B8)	143	-4	-3	-2	133
Non-B	2,415	666	698	732	4,511
Total	2,765	604	663	723	4,756

Source: Oxford Economics & Icen Projects *Numbers may not sum due to rounding

- 16.23 Applying the same employment densities to the derived forecasts for net changes in employment by use class results in a negative demand for -4,745 sq. m of employment floorspace as shown below. This is principally driven by a declining demand for industrial uses of -20,547 sqm.

Table 16.9 Floorspace (sqm) requirements by use class 2020-40: growth scenario – South Lakeland District

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	2,332	1,743	1,868	2,000	7,942
R&D (E(g)(ii))	-88	-481	-455	-430	-1,453
Industrial (E(g)(iii)/B2)	632	-7,643	-7,052	-6,484	-20,547
Storage / distribution (B8)	9,976	-276	-221	-166	9,313
Total of above	12,852	-6,657	-5,860	-5,080	-4,745

Source: Oxford Economics & Icen Projects *Numbers may not sum due to rounding

- 16.24 Reducing office demand by 30% to account for an increase in homeworking, increases the negative demand to -7,127 sqm.

Table 16.10 Growth: Floorspace (sqm) requirements by use class 2020-40 - sensitivity at -30% office need – South Lakeland District

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	1,633	1,220	1,307	1,400	5,560
R&D (E(g)(ii))	-88	-481	-455	-430	-1,453
Industrial (E(g)(iii)/B2)	632	-7,643	-7,052	-6,484	-20,547
Storage / distribution (B8)	9,976	-276	-221	-166	9,313
Total of above	12,153	-7,180	-6,421	-5,680	-7,127

Source: Oxford Economics & Icen Projects

- 16.25 Finally, based on the same plot ratios, the overall land use requirement for the growth scenario is set out below. This indicates a negative land use requirement of -1.5 ha (against -16.9 in the baseline scenario).

Table 16.11 Growth: Labour demand net land (ha) requirements by use class 2020-40

	2020-25	2025-2030	2030-2035	2035-2040	Total
Offices (E(g)(i))	0.3	0.2	0.3	0.3	1.1
R&D (E(g)(ii))	-0.0	-0.1	-0.1	-0.1	-0.3
Industrial (E(g)(iii)/B2)	0.2	-1.9	-1.8	-1.6	-5.1
Storage / distribution (B8)	2.5	-0.1	-0.1	-0.0	2.3
Total of above	3.0	-1.8	-1.6	-1.5	-2.0

Source: Oxford Economics & Icen Projects *Numbers may not sum due to rounding

Floorspace completions trend

South Lakeland Council Local Plan Area completions monitoring

- 16.26 The Council has provided annual completions data for the 2014/15 to 2021/22 period. These are broken down by use class (former definitions) and for gross and net completions in the table below. Unlike the analysis above, this is for the Plan Area rather than the District.
- 16.27 We have sought to align the analysis by broad use-class i.e. Offices and Industrial to ensure comparison with the VOA data. To do that we have merged the data, which is collated by the former Use classes into these categories. Specifically B1a (now E(g)(i)) and B1b (now (E(g)(ii)) have been merged to assess offices and B1c (E(g)(iii), B2 and B8 into Industrial.

Table 16.12 Gross completions data, monitoring years 2014/2015 to 2020/2021, (sq.m.) – Plan Area

	B1a	B1b	B1c	B2	B8
2014/2015	270	0	974	2,983	96
2015/2016	236	0	0	0	300
2016/2017	2,388	0	160	0	0
2017/2018	1,470	0	184	0	826
2018/2019	855	0	0	1,887	0
2019/2020	263	0	92	4,510	1,787
2020/2021	128	0	1,000	1,542	557
Average gross completions	Office (B1a + B1b) = 801		Industrial (B1c + B2 + B8) = 2,414		

Source: South Lakeland District Council *some figures are rounded to the nearest Sq. m.

- 16.28 We have also examined losses which also feeds into the net trend calculations. These are set out in the following two tables.

Table 16.13 Losses data, monitoring years 2014/2015 to 2020/2021, (sq.m.) – Plan Area

	B1a	B1b	B1c	B2	B8
2014/2015	-879	0	-97	0	-1,228
2015/2016	-300	0	0	0	0
2016/2017	-1,944	0	-497	-160	0
2017/2018	-517	0	-650	0	-144
2018/2019	-506	0	-105	-431	-635
2019/2020	0	0	-1,685	-100	-441
2020/2021	-620	0	-185	0	0
Average losses	Office (B1a + B1b) = -681		Industrial (B1c + B2 + B8) = -908		

Source: South Lakeland District Council *some figures are rounded to the nearest Sq. m.

Table 16.14 Net completions data, monitoring years 2014/2015 to 2020/2021, (sq.m.) – Plan Area

	B1a	B1b	B1c	B2	B8
2014/2015	-609	0	877	2,983	-1,132
2015/2016	-64	0	0	0	300
2016/2017	444	0	-337	-160	0
2017/2018	953	0	-466	0	682
2018/2019	349	0	-105	1,456	-635
2019/2020	263	0	-1,593	4,410	1,346
2020/2021	-492	0	815	1,542	557
Average Net completions	Office (B1a + B1b) = 121		Industrial (B1c + B2 + B8) = 1,506		

Source: South Lakeland District Council *some figures are rounded to the nearest Sq. m.

16.29 Based on the averages detailed above for gross and net completions, we have projected forward the data to provide an outlook to 2040 by multiplying the annual average by 20 years.

16.30 As shown the gross completions results in a need for 16,020 sqm of office space and 48,280 sqm of industrial uses. The latter includes a net loss in light industrial but strong increases in general industrial and to a lesser degree warehousing. When losses are factored in the net completions result in a need for 2,420 sqm of office floorspace and 30,120 sqm of industrial uses.

Table 16.15 Plan Area, projected completions data for the years 2020 to 2040 (sq.m.)

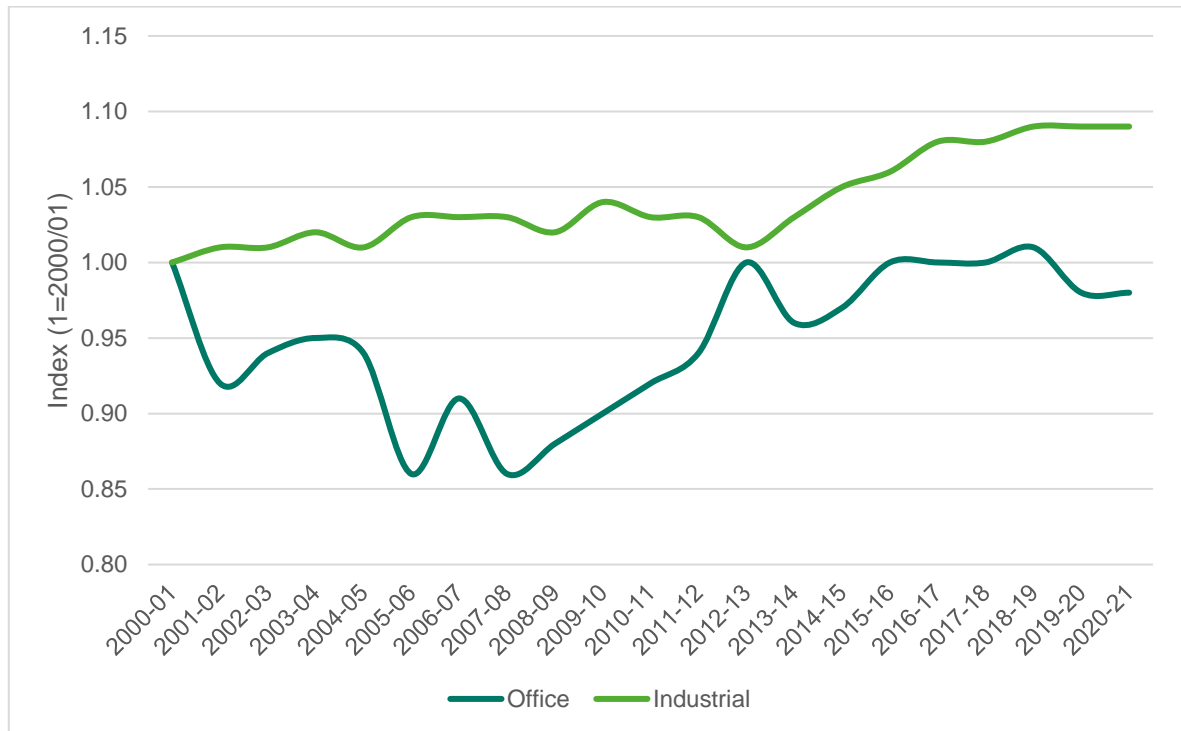
	Office (E(g)(i-ii))	Industrial (E(g)(iii), B2, B8)
Gross completions average	801	2,414
Projected to 2040 (sqm)	16,020	48,280
Projected to 2040 (ha)	3.2	12.1
Net completions average	121	1,506
Projected to 2040 (sqm)	2,420	30,120
Projected to 2040 (ha)	0.5	7.5

Source: IcenI based on South Lakeland Council completions monitoring

Valuation Office Agency

16.31 IcenI has also considered a Valuation Office Agency (VOA) trend model which reports total change in office (E(g)(i-ii) and industrial/warehouse (E(g)(iii), B2, B8) space based on business rates. This is only based on net completions due to the data provided. This also differs from the floorspace completions trends using data from the Council as it is based on the District rather than the Plan Area as well as covering a longer period. Similar data based on employment land (rather than floorspace) is not available.

Figure 16.1 – Indexed VOA Floorspace trend (2000/01-2020/21) - Indexed 2000 = 1) – South Lakeland District



Source: VOA, Non Domestic Rates - Floorspace

- 16.32 The above chart shows that industrial floorspace has seen constant and progressive increases since 2000 particularly since 2012/13, and whilst there has been periods of decreasing stock, the overall trend over the 2000-2021 period is clearly upward (+9%).
- 16.33 In the case of offices there has been significant decline between 2000 and 2008, from then on it grew back to its 2000 level and since then has remained fairly stable. Although overall the current levels are slightly below (-2%) the levels in 2000.
- 16.34 We have considered a VOA model running from 2011/01 to 2020/21 and projected it forwards on a linear basis. However, the starting year greatly influences the overall forecast trend, so caution is warranted over relying on this approach particularly with a broad level of stability seen in recent years for both typologies.

Table 16.16 Projected VOA trends 2021-2040 (sq.m) – South Lakeland District

	2011-2021 total	2011-2021 average	2021-2040 projected
Office (E(g)(i-ii))	4,000	400	8,000
Industrial (E(g)(iii),B2,B8)	38,000	3,800	76,000
Total	42,000	4,200	84,000

Source: IcenI analysis of VOA Non Domestic Ratings data

- 16.35 Using the same plot ratios as with the labour demand forecast, projected VOA trends forecast an overall 20 ha land requirement for the District by 2040, as detailed in the table below.

Table 16.17 Projected VOA trends 2021-2040 (ha) – South Lakeland District

	2011-2021 total Net Completions	2011-2021 average Net Completions	2021-2040 projected Need
Office (E(g)(i-ii))	0.8	0.1	1.6
Industrial (E(g)(iii),B2,B8)	9.5	1.0	19.0
Total	10.3	1.0	20.6

Source: IcenI analysis of VOA Non Domestic Ratings data *numbers may not sum due to rounding

- 16.36 Completions data, both from South Lakeland District Council's monitoring and the VOA indicate that overall there has been a positive net delivery across all classes although predominantly in industrial uses. The Council's data shows that the largest land use class in terms of net completions to 31 March 2021 is by far for industrial uses ((E(g)(iii),B2,B8)). When projected to 2040, both sources indicate that there will be a requirement for all both industrial and office but demand for office is limited and demand for industrial is significant.
- 16.37 This clearly differs from the results obtained from the labour demand model. This is driven by a falling employment in manufacturing but a need for replacement stock to house more modern (and automated) manufacturing practices.

Flexible margin

- 16.38 In addition to the floorspace demand linked to employment forecasts it is considered good practice to include an additional margin to the calculations of demand modelling. This flexible margin takes account of:
- The potential error margin with the forecasts;
 - Providing a choice of sites to facilitate competition; and
 - Providing flexibility to allow for any delays in sites coming forward.

- 16.39 For office space, the margin is based on 2 years of average gross completions. For industrial, this is based on 5 years of average gross completions. This is considered proportionate to the scale of overall need and around 20% of flexible margin to take into account relatively low levels of demand.
- 16.40 Gross completions for office (including research and development) averaged 801 sqm per annum over the last seven years based on South Lakeland District Council data. Gross completions for industrial averaged 2,414 sqm per year in the same period.
- 16.41 For the baseline scenario, the addition of the flexible margin results in a demand of 2,557 sqm for office and -57,879 sqm for industrial. For the growth scenario, the addition of the flexible margin results in a need for 5,708 sqm for office and 836 sqm for industrial.

Table 16.18 Flexible margin from gross completions – Plan Area

Baseline	Growth total (sqm)	Flexible margin (sqm)	Revised total (sqm)
Office (inc. R&D)	955	1,602	2,557
Industrial & warehousing	-69,949	12,070	-57,879
Growth	Growth total (sqm)	Flexible margin (sqm)	Revised total (sqm)
Office (inc. R&D)	4,106	1,602	5,708
Industrial & warehousing	-11,234	12,070	836

Source: Icen analysis of DLDC Completions Data

Replacement demand

- 16.42 Another consideration is the need for replacement floorspace for that which is likely to be lost to other uses over the plan period. This will be lost for a number of reasons including competing uses through permitted development rights (PDR) and/or to those which have higher land/floorspace values and due to stock becoming redundant.
- 16.43 Furthermore, while manufacturing employment is expected to decline, there is clearly still demand for industrial floorspace as demonstrated by the commercial property market (growing rents and low vacancy rates) and confirmed by local agents Edwin Thompson.
- 16.44 This demand is driven by existing companies seeking newer accommodation to move and/or grow into as well as some companies moving to the area. Automation also means that while employment in manufacturing may fall, the value of the sector is growing even in the baseline scenario.
- 16.45 The noted high demand is exacerbated by the loss of existing space to alternative uses. We have therefore made a final adjustment to account for assumed future floorspace or land that will be lost from business activity based on past trends.

- 16.46 The losses are likely to be comprised of redundant sites that are no longer desired by the market, taking into account changing industrial patterns and structural shifts in the economy, and losses due to permitted development rights to residential use or other higher value uses, which historically has included leisure uses.
- 16.47 To estimate replacement demand we have looked at the loss of employment floorspace to other non B-class or E(g)-Class uses using Council monitoring data. However, we consider that the rate of historic losses in offices is likely to slow in future as the overall quality of the stock improves i.e. once all the poorer quality stock is lost initially, we only have better quality stock left. There it is unlikely to be lost at the same rate. We have therefore only assumed that the net loss to other uses will be one quarter of the previous rates of losses for offices.
- 16.48 The Council should monitor these losses to other uses. If losses occur at a greater rate than in the past then consideration should be given to additional re-provision. Engagement with local businesses and agents in the future will be helpful in understanding if there is excess pressure on business space.
- 16.49 Office stock losses (including R&D) to other uses averaged 638 sqm per annum. Industrial losses (including E(g)(iii), B2 and B8) to other uses averaged 610 per year since 2014/15. A quarter of these office losses therefore average 160 sqm of office. This is added to the calculations of need per annum to ensure any lost stock is replaced.

Table 16.19 Replacement demand calculation (2020-2040) – Sq. – Plan Area

Baseline	Baseline (inc. flexible margin and 30% reduction in Office Demand)	Replacement demand	Revised total
Office	2,557	3,200	5,757
Industrial	-57,879	12,200	-45,679
Growth	Baseline (inc. flexible margin and 30% reduction in Office Demand)	Replacement demand	Revised total
Office	5,708	3,200	8,908
Industrial	836	6,100	13,036

Source: Icen analysis of SLDC Monitoring Data

- 16.50 We have assumed industrial losses to other uses remain at the same rate and that these should be replaced in full given the strength of demand in this sector. There may be some exceptions to this including the loss of major single occupier sites where it would be unrealistic to expect full replacement.

- 16.51 In addition, for industrial uses only, we have considered a further sensitivity whereby the replacement demand is based on 1% of the existing stock based on VOA data per annum. The existing industrial stock recorded by the VOA dataset⁴⁹ in 2021 was 254,520, 1% of this corresponds to 2,545 sqm per year of replacement demand.

Absorption Rates

- 16.52 As an additional analysis we have also looked at net absorption rates provided by CoStar. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).
- 16.53 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). Conversely, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).
- 16.54 However, this analysis should be viewed indicatively due to weaknesses in CoStar capturing smaller deals and particularly in non-metropolitan areas such as South Lakeland. As a result, the analysis shown can potentially underestimate need. All data shown is for the South Lakeland District.
- 16.55 For office space the analysis shows a net absorption rate which over the last 10 years has averaged a limited 125 sqm per annum. Over a 20 year period this would result in a need for 2,500 sq metres or 0.5 Ha based on a 0.5 Plot Ratio. This would increase to 0.8 Ha (or 4,100 sqm) with a margin.
- 16.56 For industrial space the net absorption rate over the last 10 years has averaged 2,800 sqm per annum. Over a 20 year period this would result in a need for 56,000 sq metres or 14.0 Ha based on a 0.4 Plot Ratio. This would increase to 17.0 Ha (or 67,800 sqm) with a flexible margin.

Employment Land Recommendations

- 16.57 This last section brings together the baseline and growth scenarios including adjustments. These scenarios are compared with a set of benchmark forecasts based on VOA completions data (both actual and adjusted) and Council completions (net, gross, actual and adjusted). All details are provided in the table found on the next page. Similar to previous sections, the sqm forecast is translated into hectares based on the same plot ratios detailed earlier (0.5 for office, 0.4 for industrial).

⁴⁹ VOA: Valuation Office Agency

Table 16.20 Employment land forecast summary, 2020 to 2040 - District

Scenarios	20-year forecast to 2040 (sqm)			20-year forecast to 2040 (ha)		
	Office (E(g)(i-ii))	Industrial (E(g)(iii), B2, B8)	Total	Office (E(g)(i-ii))	Industrial (E(g)(iii), B2, B8)	Total
Baseline Employment-based forecast						
Baseline	2,769	-69,949	-67,180	0.6	-17.5	-16.9
Baseline (- 30% office adjustment)	955	-69,949	-68,994	0.2	-17.5	-17.3
Baseline + flexible + replacement (- 30% office adjustment)	5,757	-45,679	-39,922	1.2	-11.4	-10.3
Growth Employment-Based Forecast						
Growth	6,489	-11,234	-4,745	1.3	-2.8	-1.5
Growth (- 30% office adjustment)	4,106	-11,234	-7,127	0.8	-2.8	-2.0
Growth + flexible + replacement (- 30% office adjustment)	8,908	13,036	21,945	1.8	3.3	5.0
Net VOA-based projections						
VOA completions	8,000	76,000	84,000	1.6	19.0	20.6
VOA completions + flexible margin + replacement (Council record-based)	12,802	100,270	113,072	2.6	25.1	27.6
VOA completions + flexible margin + replacement (VOA/Council)	12,802	138,974	151,776	2.6	34.7	37.3
Gross Council completions record-based projections						
Completions – gross	16,020	48,280	64,300	3.2	12.1	15.3
Completions – gross + flexible margin	17,622	60,350	77,972	3.5	15.1	18.6
Net Council completions record-based projections						
Completions – net	2,420	30,120	32,540	0.5	7.5	8.0
Completions - net + flexible margin + replacement (Council record-based)	7,222	54,390	61,612	1.4	13.6	15.0
Completions - net + flexible margin + replacement (VOA/Council)	7,222	93,094	100,316	1.4	23.3	24.7
Net Absorption						
Net Absorption including flexible margin	4,100	67,800	71,900	0.8	17.0	17.8

Offices

- 16.58 The range of outcomes for the office needs is relatively narrow from 0.2 ha to 3.5 ha. The growth scenario with adjustments at 1.8 ha for the District is comparable to the Council net completions with adjustments at 1.4 ha for the Plan Area. The net absorption rate would equate to a need for 0.8 Ha.
- 16.59 The growth scenario fits within the range of VOA trends at 1.6-2.6 ha for the District, although this is from a slightly longer historic period than the local authority data. Council gross completions are even higher at 3.5 ha for the Plan Area while the absorption rate is somewhat weaker.
- 16.60 IcenI recommends planning for the **1.8 ha of office growth for the District**. This is linked to future employment in appropriate sectors and also represents what appears to be a balanced position in a market that is likely to be weaker than in the past.
- 16.61 In terms of the locational requirements for offices, these are typically town centres or edge of centre site(s) which in South Lakeland's case means Kendal, as the main office centre. While there is a vacant supply of offices in the town, it is generally of poor quality and in many cases above shops. Therefore, an additional supply may be required through further allocations in suitable locations or support given to delivering the existing allocations, for example funding for infrastructure.
- 16.62 There have still been some out of town offices that have also been successful, therefore if there is capacity issues with the town centre or edge of centre, then out of town alternatives could be possible. Such locations should have access to adequate services and parking or transport infrastructure/active travel if they are to be successful.
- 16.63 The main office growth sectors are professional, scientific and technical sectors, as well as office based support for the construction and administration and support sectors. There will also be a need for replacement demand, therefore the only core requirement would be modern space. This should be a mix of sizes with a focus on smaller to medium (100-2,000 sqm) flexible units. It is unlikely that a single major occupier would require a large space
- 16.64 It is difficult to assess office demand in Ulverston, Milnthorpe, Grange-over-Sands and Kirkby Lonsdale, due to the lack of available supply (both to buy and let) in these towns which has resulted in no demand and stagnant rents.
- 16.65 However, to direct office development to these areas would not be without risk, as demand is sporadic and untested. However, any pre-let development could still be supported as long as it is in a reasonable/sustainable location for example has good transport links and does not conflict with any other policy in the Local Plan.

Industrial

- 16.66 There is considerable range in the industrial outcomes from -17.5 ha to 34.7 ha. Given the strong market signals, the upper end of the range is more likely to reflect business needs than the lower end.
- 16.67 The links between employment growth and floorspace needs are weak in industrial markets due to the need for new premises for existing businesses and a closer correlation between capital and productivity rather than labour.
- 16.68 Assumptions around the rate of replacement demand have a significant bearing on the trend based outcomes. The lower end of the range of 13.6 – 25.1 ha reflects trend-based forecasts additionally assuming partial replacement of historic losses of industrial (based on Council data). Using a higher rate of replacement demand based on refreshing 1% of existing stock per annum increases the need to 23.3 – 34.7 ha (net completions / VOA).
- 16.69 Assuming historic patterns continue, the lower end of the range at 13.6 – 25.1 ha would be appropriate to plan for. This would also be consistent with the Net Absorption trend of 17.0 Ha. The upper end of this range is clearly a more positive position. However, there is potential for a greater level of need as the existing stock ages.
- 16.70 According to CoStar only 16% of industrial stock was built after 2000 and 27% since 1990; and pressure on improved Energy Performance Certificate (EPC) rating requirements may force some redevelopment. This could mean that a higher range of 23.3 – 34.7 ha is required although, much of this could be through the recycling of existing sites.
- 16.71 On balance, therefore, IcenI recommends planning for **25.1 ha of additional land for the District based on VOA completions data with a council based replacement demand**. This sits within the overlap of the upper and lower end of the completions based range.
- 16.72 As with the office market the growth sectors requiring industrial land and floorspace are the professional, scientific and technical sectors as well as construction. There is also demand for transportation and storage. Again most of the demand will be for replacement supply so modern premises are key.
- 16.73 In terms of where additional industrial land is provided the most popular areas for existing industrial uses are around Kendal and in areas with good proximity to the M6. These areas see high rents and low vacancy rates. There should be a degree of flexibility applied to allocations for industrial and warehousing uses. This will ensure an appropriate response to changing demand.

- 16.74 There will also be demand for space in Ulverston, which will serve a slightly different market to those sites in the east of the District. However, this is likely to be more limited and also in competition with brownfield sites in Barrow.
- 16.75 Land in allocated employment sites should be protected for Use Classes E(g)(i-iii), B2 and B8 and where appropriate employment generating sui-generis uses associated with industrial/business areas. Where permitted development rights do not apply or the proposal involves changes which fall outside E(g)(i-iii), B2 and B8, the developer should clearly demonstrate that the proposed use is complementary to and will not dilute or prejudice the primary use of the area.
- 16.76 As a broad indication, and to allow maximum flexibility for a range of employment uses to come forward, the industrial allocation should split evenly for B2 general industrial (33%), E(g)(iii) light industrial (33%) or B8 warehouse and distribution (33%). However, a general industrial and logistics allocation for all suitable sites would also suffice.
- 16.77 In terms of the locational requirements for industrial, typically allocations for B1c, E(g)(iii) and B2 would be closer to urban centres while those for B8 would require being closer to the strategic road network.
- 16.78 As well as meeting future inward growth, additional allocations would also support the growth of existing businesses that are no longer in suitable accommodation. For such businesses it is important to ensure a local supply of floorspace is available as moving a business to/from Kendal to Ulverston would mean too much upheaval for the existing staff and businesses losing their skills.
- 16.79 This effectively means allocating sites in both major towns. While both towns already have allocations, in the case of Ulverston these are mostly developed and in the case of Kendal a range of issues have stopped these coming forward.
- 16.80 The GSK site in Ulverston is at risk with the planned expansion now quashed and the company being sold off with rumours of decommissioning and a review of staffing numbers. While this situation should be managed carefully it does present an opportunity to provide/allocate for modern accommodation to meet demand albeit not to the same scale as GSK.
- 16.81 The industrial demand in Ulverston includes some demand for small modern warehouse space. This is demonstrated by the success of North Lonsdale Road which is now fully let. In addition there will also be demand for some local industrial units.
- 16.82 The GSK site could potentially be used to support specialist and new market sectors such as energy production and related industries. There may also be inward investment requirements at the sub regional level that could be accommodated in South Lakeland which this site could satisfy.

- 16.83 In relation to the existing industrial sites across the District, these should all be protected as far as possible. In some cases this might mean allowing a certain level of retail creep or other sui-generis uses. This will ensure continued vibrancy within these estates.
- 16.84 Exceptions could be made for the key employment centres, such as those in north Kendal and in Ulverston. In the case of these sites, the Council may wish a more restrictive approach once other atypical uses start to encroach upon the overall supply. This is not the case at the present time but should be monitored through discussions with local agents and businesses.

South Lakeland Local Plan Area

- 16.85 As a relatively large proportion of South Lakeland is located in two National Parks, there is a need to calculate the employment land need forecast for the Plan Area. This section makes an assumption as to the percentage of employment land that will be required there.
- 16.86 To do this, we have assumed that 24% of development will occur in the Lake District and Yorkshire Dales National Parks and 76% in the Plan Area. This is based on assessed office and industrial floorspace between the two areas drawing on VOA floorspace data and a best fit of lower super output areas (LSOA).
- 16.87 This adjustment is only applied to those parts of the calculation which relate to the District while for those parts that relate to the Plan Area, it should remain whole. For both the office and industrial uses therefore, the replacement demand and flexible margin remain fully in place as these are Plan Area calculations.
- 16.88 Under this methodology the Plan Area requirements would be for 1.6 ha for offices and 20.5 ha for industrial. This would equate to around 22.1 ha of employment land over the next 20 years.**
- 16.89 However, it should be noted that the National Parks have not committed to delivering 24% of the need and if it cannot be accommodated then it would revert back to the Plan Area. Given the purpose and duty of the National Park this may be a particular issue for industrial uses.
- 16.90 By comparison, the Council have identified (at 31st March 2021) a total available employment land supply of around 51.6 Ha. However, there are clearly questions around the deliverability of this supply, including allocated sites which have not yet been subject to a planning application let alone being permitted, while others have identified constraints. Therefore while this is the nominal supply, the actual deliverable supply is potentially much lower.

- 16.91 Agency commentary as set out earlier in the report (Chapter 7) also indicates that there is a lack of suitable supply of employment land in the Plan Area, and that additional supply should be forthcoming. We would therefore recommend that the Council review their existing employment land allocations to ensure the suitability, achievability and deliverability to meet the identified need. This might result in a need to find alternative allocations or providing further support to those sites which are already allocated.
- 16.92 Such support could include offering both a greater degree of flexibility on the uses allowed on these sites and at the same time ensuring that land owners are aware that their site is not suitable for housing. Other potential barriers could be overcome through providing infrastructure (on or off site) or direct or joint-venture delivery.

Employment Land Needs – Summary

- We have translated the growth forecasts (+5,960 jobs over the 2020 to 2040 period) into a needs assessment for employment land and projected need for employment land and floorspace based on past completion trends.
- The modelling also takes into account the need for a flexible margin and to replace floorspace lost to other uses.
- The range of outcomes for office needs over the 2020-2040 period is relatively narrow from 0.2 ha to 3.5 ha.
- IcenI recommends planning for the **1.8 ha of future office (E(g)(i) and E(g)(ii) use classes) growth for the District and 1.6 Ha for the Plan Area.**
- This is linked to future employment in appropriate sectors and represents what appears to be a balanced position in a market that is likely to be weaker than in the past.
- There is considerable diversity in the industrial outcomes ranging from -17.5 ha to 34.7 ha. Given strong market signals the upper end of the range is more likely to reflect business needs.
- The links between employment growth and property needs are weak in industrial markets due to the need to for new premises for existing businesses.
- **On balance, IcenI recommends planning for 25.1 ha for the District and 20.5 Ha for the Plan Area for industrial growth (E(g)(iii), B2 and B8 use classes).** This is based on historic patterns of delivery.
- The Plan Area requirements would equate to a total land requirement of around 22.1 ha of employment land over the next 20 years.

- As a broad indication, and to allow maximum flexibility for a range of employment uses to come forward the industrial allocation should be split evenly for B2 general industrial (33%), E(g)(iii) light industrial (33%) and B8 warehouse and distribution (33%).
- Land in allocated sites should be protected for Use Classes E(g)(i-iii), B2 and B8 and where appropriate employment generating sui-generis uses associated with industrial/business areas.
- Where permitted development rights do not apply or the proposal involves changes which fall outside E(g)(i-iii), B2 and B8, the developer should clearly demonstrate that the proposed use is complementary to and will not dilute or prejudice the primary use of the area.

17. SUMMARY AND CONCLUSIONS

- 17.1 Icen Projects have been appointed by South Lakeland District Council (SLDC) to undertake a Strategic Housing and Economic Needs Assessment (SHENA). The overall aim of the study is to provide robust and proportionate evidence to inform the review of the South Lakeland Local Plan with regards to housing and employment land needs and requirements, and related policies. The Local Plan covers the period 2020 to 2040.
- 17.2 In simple terms this report examines the number of homes that need to be built in the Plan Area and the profile of those homes in terms of tenure, size and the specific groups that require them. We also examine the number of offices, factories and warehouses that need to be built and how economic growth occurs in tandem with housing growth.
- 17.3 South Lakeland District Council is only responsible for planning outside of the National Parks (Lake District (LDNP) and Yorkshire Dales (YDNP)). The area outside of the National Parks is known as the “Plan Area”. When the “District” is referenced this includes those areas inside of the National Park. When South Lakeland is used it generally refers to the District unless it is followed by Plan Area.

Functional Geographies

- 17.4 Recent migration data shows a relationship with Barrow-in Furness and Lancaster and to a lesser degree Eden. Reverting back to 2011 data it is clear that South Lakeland, as well as Barrow and Lancaster all have relatively high rates of self-containment.
- 17.5 In terms of commuting the District is split in two with the western parts of the District including Ulverston being more closely aligned with Barrow than with Kendal. This includes supply chain firms linked to BAe in Barrow and Ulverston may also have a role in facilitating Barrow’s growth.
- 17.6 The more recent house price change analysis suggests a divergence in South Lakeland from its neighbouring authorities and in absolute terms a Lake District National Park market which is distinct sub-area from the rest of the District.
- 17.7 However, for pragmatic terms, as some key datasets are only available at local authority level it is best to define a Housing Market Area (HMA) at this level, while recognising that any HMA will have overlaps with other HMA at their periphery.
- 17.8 The previous Strategic Housing Market Assessment (SHMA) identified a single HMA across South Lakeland and while the more recent data provides a mixed picture the balance of evidence, and

particularly the self-containment rates, indicate that the District can be seen as a HMA in its own right although there are distinct sub-markets particularly the Lake District.

- 17.9 There is an even more complex set of economic relationships across South Lakeland, although consistently there appears to be some alignment between the west of the District and Barrow while the east is more self-contained there is still a reliance albeit to a lesser extent on areas outside of the District and particularly Lancaster for some services. This is supported by evidence on Travel to Work Areas (TTWAs), cultural and social facilities and service markets.
- 17.10 There is a high level of expenditure leakage to Barrow and clusters of cultural and social facilities in Barrow. There are also a number of services which are provided across the wider Cumbria area (Police) and beyond (Local Enterprise Partnership (LEP)). While the Integrated Care Board covers South Cumbria and Lancaster (ICB)), although Barrow also shares these services. None of the above criteria leads us to a clearer picture.
- 17.11 This would lead us back to the HMA geographies and the District being standalone. It is also beneficial for pragmatic reasons (to allow for an alignment of jobs and homes) to have the HMA and Functional Economic Market Area (FEMA) boundaries align. However, we should still recognise that Ulverston is influenced by Barrow.
- 17.12 It will be important for the Council to therefore liaise with Barrow-in-Furness and to a lesser degree Lancaster and Eden as well as the two National Parks in discussing any issues associated with strategic planning.

Socio-Economic Baseline

- 17.13 As of the 2021 Census the population of South Lakeland District was estimated to be around 104,500. Since 2011 the District has grown by approximately 842 people or 0.8%.
- 17.14 The South Lakeland Plan Area sees slightly higher growth than the District overall at 1.9%, indicating a concentration of growth outside the National Park areas likely a result of a larger quantity of housing stock and more affordable property prices.
- 17.15 The South Lakeland population is generally older than nationally with ages 45 and up seeing a higher proportion of the population than the national average. Of the Plan Area 30% of the population are between 45-64 with 28% over 65.
- 17.16 The working age population in the Plan Area has decreased, as has that under the ages of 16. Although the overall population has increased this is within the over 65 age group. This can result in

issues such as skill and labour shortages and can potentially make the District less attractive to inward investment. This should be addressed through an economic-led housing need.

- 17.17 Despite the generally older population the area has a high level of economically active population (82.4%) with a low unemployment (1.8%) and claimant rates (1.9%).
- 17.18 However, the median workplace based earnings within the District are low in comparison to the benchmark geographies, this is potentially a product of the sectors being worked in. Conversely residents based incomes are above those for the wider North West reflecting a level of out-commuting for higher paid jobs (or working remotely) and also a level of in-commuting for lower paid jobs.

Housing Market

- 17.19 Median house prices in South Lakeland in the year to September 2021 were £265,000 and these are higher than the North West average illustrating the attractiveness of the area. However, within the District there is a wide range from £200,000 in Ulverston and Furness to £335,000 in the Lake District. Overall, affordability in the District has worsened over time.
- 17.20 Housing completions have fluctuated since 2003/04 with an average of 220 net completions a year between 2003 and 2021. Overall completions have appeared to have marginally increased more recently with the average between 2016 and 2021 approximately 238 dwellings per annum (dpa) while between 2010 and 2016 there was 200 dpa.
- 17.21 Interest in family homes in the District has soared and there remains a large amount of investor interest. Currently, housing demand far outstrips supply, with many properties on the market for less than a week.
- 17.22 Local agents suggest that the largest demand is for family homes, typically 3-bed semis between £350-£500k with front and rear gardens, but there is demand for all types and sizes of property across the District. Gaps in the market are mainly affordable 3 and 4 bed family homes and affordable first homes, particularly for local residents with many locals looking to buy their first home being priced out of the market.
- 17.23 Agents reported an increase in demand since the beginning of the pandemic, particularly over the last 12-18 months with rising numbers of people wanting to relocate to the area as they have more flexibility to work from home. This has also led to a demand in larger homes/additional bedrooms to accommodate working from home.

Commercial Market

- 17.24 The District benefits from industrial /Factory (Use Class E(g)(iii) and B2) and Warehouse (Use Class B8) floorspace growth and growing rental prices, which points to a growing industrial economy. There has been very low industrial floorspace delivery over the past 12 years.
- 17.25 There is an opportunity to provide industrial and light industrial space to support the Cumbria and wider Bay economy (including the about to be restructured Westmorland and Furness Local Authority⁵⁰) through targeted land promotion and releases. Alternatively, the lack of industrial floorspace and land supply could inhibit economic growth and employment creation.
- 17.26 However, the office market (Use Class E(g)(i-ii)) is quiet, which indicates that the economy has not profited from the service sector growth in the past decades. Rental prices in the office market are stable and vacancy rates are falling.

Housing Need and Demographic

- 17.27 Housing Need in the District has been assessed using the standard method which is set by the government. This results in a need for 184 dwellings per annum. This is based on a household growth of 133 dpa with an uplift of 38% to address affordability.
- 17.28 While this figure is calculated over a 10 year period it can be applied across the whole plan period. It is also a minimum need and other considerations may result in a higher need.
- 17.29 Analysis has been undertaken to consider more recent demographic trends – including looking at the Office for National Statistics (ONS) 2018-based principal population projection (which uses a very short trend) and also trends to 2020. If a demographic analysis is carried out using a method consistent with the Standard Method (i.e. to add an affordability adjustment) then it is concluded that the housing need might sit somewhere in the range of 254 to 295 dwellings per annum (rather than 184 dpa in the Standard Method).
- 17.30 Likewise, an analysis linking demographic projections to job growth forecasts suggests a need for up to 298 dwellings per annum to support labour supply growth. It will be for the Council to decide if it wants to plan for higher growth than the Standard Method with the analysis in this report certainly supporting a case for doing so.

⁵⁰ A new unitary local authority, Westmorland and Furness Council, will be formed on 1st April 2023 'Vesting Day', The Council will combine South Lakeland District Council, Eden District Council, Barrow Borough Council areas and part of Cumbria County Council

- 17.31 For the purposes of analysis however, information from the published Sub-National Population and Household Projections and the (SNPP & SNHP) and Mid-Year Population Estimates (MYE) was used to develop a bespoke projection that links to the Standard Method (184 dwellings per annum) – the modelling considers the level of population growth and household formation that might be expected if this level of delivery is achieved (in the 2020-40 period).
- 17.32 This projection is used for some further analysis (e.g. in looking at older persons' needs (as the projection contains a detailed age structure)).
- 17.33 The Standard Method based projection (in population terms) suggests that population growth might be expected to be higher than in the latest official projections and that the age structure changes will proportionally include more people aged under 65).
- 17.34 A final analysis sought to consider what the housing need is in each of the Lake District and Yorkshire Dales National Parks areas (where these sit within the District). The method sought to develop a Standard Method style analysis looking at potential household growth and affordability. This suggested a minimum need for 17 dwellings per annum in the Lake District and 11 per annum in the Yorkshire Dales. However the National Parks are already planning for a greater number of homes than this (50 dpa).
- 17.35 Removing the Parks housing requirements from the District wide need based on both economic growth and the revised demographics results in a housing need of around 250 dpa. This is the level of homes we recommend is planned for in the Plan Area.**

Affordable Housing Need

- 17.36 Analysis has been undertaken to estimate the need for affordable housing in the 2020-40 period. The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership' although in reality it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership (AHO).
- 17.37 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Cartmel Peninsula	2	14	5	20	9	11
Kendal	11	63	24	98	55	43
Rural Kendal	3	37	12	52	21	31
Ulverston & Furness	4	36	13	53	28	25
Lake District NP	6	55	27	88	42	46
Yorkshire Dales NP	1	10	3	14	7	7
Total	26	214	84	325	162	163

Source: Derived from a range of sources as set out in Chapter 9

- 17.38 Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home).
- 17.39 Additionally, most of the affordable need is already part of the demographic projections which are used to drive overall housing need calculations and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different locations, along with an understanding of demographic trends and economic growth.
- 17.40 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit or Universal Credit with a housing element. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.
- 17.41 When looking at the need for AHO products, the analysis also suggests an additional need across the District (for 140 per annum). In interpreting this figure, it should however be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO. If, for example, half of sales of market housing below a lower quartile were to this target group of households then the need would be calculated as a surplus (of 60 units per annum) – with a substantial negative need if all lower quartile homes are counted in the supply.

- 17.42 The finding of a 'surplus' using this methodology should not be seen as indicating a lack of demand for AHO and the Council does report a strong demand for these products. Indeed, the analysis suggests that there are many households in South Lakeland District who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- 17.43 It can additionally be noted that some AHO secured by the Council is at significant discounts to Open Market Value and the outturn is housing costs which are below typical costs for privately renting. Housing with these outgoings can be considered to be meeting a need that in methodological terms falls into the social/affordable rented category – a category of housing shown to have a notable need across the District.
- 17.44 The study also considers different types of AHO (notably discounted market housing (including First Homes) and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to private rent) as it has the advantage of a lower deposit and subsidised rent. However, discounted market housing can be more affordable than shared ownership if the discounts on Open Market Value are sufficiently large (which is often achieved by South Lakeland District Council).
- 17.45 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- 17.46 Additionally, analysis of the Council's own discounted market sale product is clear that the prices sought are very affordable in the local context, with typical incomes required to access this form of housing being lower than required to access the private rented sector. This product should therefore be positively encouraged, and ideally instead of other forms of affordable home ownership such as First Homes. Although this approach is not without risk as it challenges the policies in the NPPF.
- 17.47 Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

- 17.48 The proportion of households with dependent children in the District is fairly low with around 22% of all households containing dependent children in 2011 (compared with 29% regionally and nationally). Households in the Cartmel Peninsula are less likely to contain dependent children although all areas show a proportion below the national average. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.
- 17.49 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in South Lakeland are very high in the market sector).

Suggested Mix of Housing by Size and Tenure – South Lakeland District

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	45-50%	35-40%	5-10%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

Source: Derived from a range of sources as set out in Chapter 10

- 17.50 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account, among other things, the current mix of housing by tenure and also the size requirements shown on the Housing Register and the turnover of affordable units of different sizes.
- 17.51 The mix identified above could inform strategic policies, although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom AHO homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation.
- 17.52 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

- 17.53 The analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development).
- 17.54 Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.
- 17.55 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Private Rental Sector

- 17.56 At £795 per calendar month South Lakeland District sees the highest rental prices among its neighbours, and above the median for the North West overall. At sub-area level the highest median rents are seen in the Yorkshire Dales and the lowest in Ulverston and Furness and Kendal.
- 17.57 The percentage of households renting in South Lakeland District (15.5%) is close to the regional figure (16%) which follow broadly the trends seen in England as a whole, albeit at a lower level. A majority of tenants in South Lakeland occupy 2 and 3 bedrooms (70%). Around 58% of tenants in the District are over the age of 50 and 52% of households are one family households.
- 17.58 The number of tenants claiming housing benefits including Universal Credit with a housing element increased dramatically as a result of the Covid lockdown in 2020. This has decreased somewhat since then but remains above levels seen prior to this.

Second Homes and Holiday Lets

- 17.59 According to AirDNA, there are 3,373 active holiday rental properties within the South Lakeland, Kendal and Grange-over-Sands neighbourhoods (which is a close proxy for the District), 2,953 of which are entire homes (88%), the highest number within the wider Lake District area.
- 17.60 In some parts of the District holiday homes and second homes comprise up to a quarter of all homes. This is not a sustainable position as local workers are being priced out of accommodation.
- 17.61 The Council could consider a policy which seeks to limit second homes/holiday lets in new-build development in second-home hotpots.

Older and Disabled Persons Need

- 17.62 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.
- 17.63 The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 17.64 The data shows that South Lakeland District has an older age structure and similar overall levels of disability compared with the national average – age specific rates of disability are notably lower than seen nationally.
- 17.65 The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2020-40 period include:
- A 27% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth as the other age groups decline);
 - A 47% increase in the number of people aged 65+ with dementia and a 39% increase in those aged 65+ with mobility problems;
 - A need for around 915 housing units with support (sheltered/retirement and extra care housing) – split about three-quarters market and a quarter affordable housing;
 - A need for around 608 additional housing units with care (e.g. extra-care) – the majority (87%) in the market sector;
 - A need for additional residential and nursing care bedspaces (around 550 for the 2020-2040 period); and
 - a need for over 900 dwellings to be for wheelchair users (meeting technical standard M4(3)⁵¹).

⁵¹ This includes M4(3)a and M4(3)b.

- 17.66 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing.
- 17.67 Given the evidence, the Council should continue to require all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and should consider an increase from 5% to around 20% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).
- 17.68 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- 17.69 The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
- 17.70 In framing policies for the provision of specialist older persons' accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

Specific Groups

- 17.71 The only major Higher Education establishment in the District is the University of Cumbria's Ambleside Campus. The campus is currently teaching 537 Full-Time Equivalent (FTE) students and has 60 Staff. Not only is it an important education facility but it also brings in around £7 million per annum into the local economy.
- 17.72 The University has around 180 beds to accommodate students, they estimate around 200-250 undergrads and 10-15 postgrads each year graduates are looking for private sector accommodation in the wider housing stock.
- 17.73 The previous mothballing of the campus as well as the impact covid has had on student numbers has allowed much of the stock that previously accommodated students to be turned into holiday lets. This puts pressure on the University to provide more accommodation or to lose students.

- 17.74 The University plans to increase its student body to grow to 700 FTE over the next three years. Although a growth on current numbers this is not unprecedented at the campus as it regularly had these numbers pre 2013. It is also required for the campus to remain viable.
- 17.75 The University would like to work with the Council and the Lake District National Park Authority to come to a solution for their growth needs as they do not have enough room on campus nor the topography to do so.
- 17.76 In regard to staff the University reports having difficulty recruiting both academic and service staff as they cannot afford to live in the local area. Existing staff already travel some distances to get to campus including from Kirkby Stephen, Eskdale, Ulverston and Penrith. One solution might be to give key workers, which include those working in education (as well as other sectors), preference to First Homes.
- 17.77 The South Lakeland District Self-Build and Custom Housebuilding Register was introduced on 1st April 2016 and currently has an average of 15 entrants added per annum. Kendal and Ulverston are the most popular locations for the entrants. National Custom and Self-Build Association (NaCSBA) data shows a slightly higher need for 58 units per 100,000 head of population.
- 17.78 IcenI would recommend the continuation of the Council's Development Management Policy DM12 in order to satisfy the clear demand for plots within the Plan Area. The Council as local planning authority may also consider expanding this to require a contribution for larger sites or to allocate sites specifically for custom and self-build plots.
- 17.79 There are no military establishments in South Lakeland District and Ministry of Defence (MOD) statistics suggest that there are no military or Civilian Ministry of Defence personnel stationed in the District, despite this thought should be given to accommodating service personnel with housing.
- 17.80 This includes ensuring that any local connection criteria for First Homes is disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces as per the Planning Practice Guidance (PPG).

Economic Growth

- 17.81 On the whole, the District's economic output is forecasted to grow by over £929 million by 2040, which is equivalent to a 40% increase.

- 17.82 Productivity is also expected to increase by 2040, as Gross Value Added (GVA) will increase much faster than employment. South Lakeland's economy will be dominated by four sectors: real estate, hospitality, manufacturing and health.
- 17.83 Baseline projections show that employment in South Lakeland District (0.9%) will grow slower than across the North West (6.3%) and the UK (6.4%) between 2020 and 2040. This growth rate translates into an absolute increase of around 543 jobs for South Lakeland District.
- 17.84 We have made a series of adjustments to the baseline forecasts to reflect recovery from Covid as well as local intelligence on where employment growth may be above trend. Across all sectors (including those not in offices, factories or warehouses), the baseline forecast predicts a growth of 543 jobs by 2040.
- 17.85 Our revised growth forecast places this figure at 5,960 additional jobs by 2040, or just over 10 times the baseline forecast. However, this includes covid rebound and the vast majority are not expected to be in E(g) and B use classes⁵². Indeed there are expected FTE job losses in factories (-514 FTE jobs) and R&D (-36 FTE jobs), although these are offset by gains in office (662 FTE jobs) employment and distribution employment (+133 FTE jobs) but primarily in non B and E(g) use classes such as hospitality and healthcare etc. Furthermore, the rate of growth (0.5% per annum) in the growth forecasts is still less than half of the 1.2% per annum experienced over the 2001-20 period.
- 17.86 The increase includes jobs being recovered post-pandemic, increased employment within hospitality due to expected increases and policy support for domestic tourism and slowing the forecast decline in manufacturing employment set out in the baseline.

Employment Land

- 17.87 We have translated the growth forecasts into a needs assessment for employment land and floorspace for office (E(g)(i-ii)) and industrial (E(g)(iii), B2 and B8) uses for South Lakeland District as the forecasts are for this area. Although we also make an assessment for just the Plan Area.
- 17.88 We have also projected need for employment land and floorspace based on past completion trends (2014/15 to 2021/22 for Council data and 2011-2021 for Valuation Office Agency (VOA) data. The

⁵² Use classes are codes which relate to built form. These have undergone review in the last few years but is broadly as follows. Offices – E(g)(i) (formerly B1a, Research and Development – E(g)(ii) (formerly B1b), Light Industrial – E(g)(ii) (formerly B1c), Industrial/Factory – B2, Warehouse/Distribution Unit – B8

Council data covers the Plan Area (i.e. excluding the National Parks), while the VOA data covers the District i.e. includes the National Parks.

- 17.89 The modelling also takes into account the need for a flexible margin and to replace floorspace lost to other uses.
- 17.90 The range of outcomes for office ((E(g)(i-ii)) needs over the 2020-2040 period is relatively narrow from 0.2 ha to 3.5 ha. The growth scenario with adjustments at 1.8 ha for the District is comparable to the Council net completions projection at 1.5 ha for the Plan Area. The growth scenario fits within the range of VOA trends at 1.6-2.5 ha, although this is from a slightly longer historic period than the authority data. Council gross completions are even higher at 3.5 ha for the Plan Area.
- 17.91 IcenI recommends planning for the **1.8 ha of future office growth for the District and 1.6 Ha for the Plan Area**, as this is linked to future employment in appropriate sectors and represents what appears to be a balanced position in a market that is likely to be weaker than in the past.

Industrial

- 17.92 There is considerable diversity in the industrial (E(g)(iii), B2 and B8) outcomes ranging from -17.5 ha to 34.7 ha. Given strong market signals the upper end of the range is more likely to reflect business needs than the lower end.
- 17.93 The links between employment growth and property needs are weak in industrial markets due to the need for new premises for existing businesses and a closer correlation between capital and productivity rather than labour.
- 17.94 Assumptions around the rate of replacement demand have a significant bearing on the outcomes. The lower end of the range of 13.6 - 25.1 ha reflects trend-based forecasts additionally assuming partial replacement of historic losses of industrial. Using a higher rate of replacement demand based on refreshing 1% of existing stock per annum increases the need to 23.3 – 34.7 ha (net completions / VOA).
- 17.95 Assuming historic patterns continue, the lower range of 13.6 – 25.1 ha would be appropriate to plan for, the upper end of the spectrum being the most positive position. However, there is potential for a greater level of need as the existing stock ages.
- 17.96 According to CoStar only 16% of industrial stock ((E(g)(iii), B2 and B8)) was built after 2000 and 27% since 1990; and pressure on improved Energy Performance Certificate (EPC) rating requirements may force some redevelopment. This could mean that a higher level of 23.3 – 34.7 ha is required although much of this could be through the recycling of existing sites. **On balance therefore IcenI**

recommends planning for future industrial growth of 25.1 ha for the District and 20.5 Ha for the Plan Area.

- 17.97 The Plan Area requirements would equate to a total land requirement of around 22.1 ha of employment land over the next 20 years (2020 – 2040 Local Plan period).
- 17.98 This disaggregates the above need broadly based on a split between existing floorspace (drawn from a best fit of Lower Super Output Areas (LSOA) using VOA data) in the Plan Area and National Parks (76:24) and therefore includes an allowance for choice and flexibility.
- 17.99 As a broad indication, and to allow maximum flexibility for a range of employment uses to come forward the industrial allocation should split evenly for B2 general industrial (33%), E(g)(iii) light industrial (33%) and B8 warehouse and distribution (33%). However, a general industrial and logistics allocation for all suitable sites would also suffice.
- 17.100 Land in allocated sites should be protected for Use Classes E(g)(i-iii), B2 and B8 and where appropriate employment generating sui-generis uses associated with industrial/business areas. Where permitted development rights do not apply or the proposal involves changes which fall outside E(g)(i-iii), B2 and B8, the developer should clearly demonstrate that the proposed use is complementary to the primary use of the area.

A1. GLOSSARY OF TERMS

Affordability - The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households.

Affordability Ratio - The ratio between house prices and income or earnings can be used to assess the relative affordability of housing. This is generally based on median and lower quartile and is a metric produced annually by DLUHC.

Affordable Home Ownership (AHO) – A broad tenure of housing which is sold to occupants at below open market values. Examples of AHO include First Homes, Shared Ownership and Discount Market Sale. Also known as Low Cost Home Ownership.

Affordable Housing - Annex 2 of the NPPF defines this as housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions:

- (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable);
- (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and
- (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Build to Rent - Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

Concealed Families – ONS defines a concealed family as one with young adults living with a partner and/or child/children in the same household as their parents, older couples living with an adult child and their family or unrelated families sharing a household. A single person cannot be a concealed family; therefore one elderly parent living with their adult child and family or an adult child returning to the parental home is not a concealed family; the latter are reported in an ONS analysis on increasing numbers of young adults living with parents.

Committed Employment Land - All available land allocated for commercial/industrial employment uses or with extant planning permission for employment use.

CoRe - The Continuous Recording System (for Housing Association and Local Authority lettings) is a database relating to the lease of affordable housing.

Employment Density - average floorspace per worker ratio, usually expressed as square metres per worker

Employment Land - Land allocated for business, general industrial and storage/distribution uses as defined by Classes B1, B2 & E(G)(i-iii) or with an extant planning consent for such uses. Employment uses exclude retail, leisure, residential care facilities, mineral extraction and waste disposal.

Employment Land Requirement – The amount of land required to for employment uses over the plan period.

Essential local workers - Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

First Homes - First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

Functional Economic Market Area - The spatial level at which local economies and markets actually operate (in most cases extending beyond administrative boundaries).

Headship Rates - the proportion of people in each age group and sex who are the ‘head’ (or Household Reference Person (see below)) of a household.

Household formation Rates - Refers to the process or rate whereby individuals in the population form separate households. The rates are the application of Household Reference Persons.

House in multiple occupation (HMO) - an entire house or flat which is let to multiple tenants who form two or more households and who share a kitchen, bathroom or toilet in a non-self-contained manner;

Housing Delivery Test - Measures net homes delivered in a local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish the Housing Delivery Test results for each local authority in England every November.

Housing Market Area (HMA) - A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

Housing Need - Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

Housing Requirement – Also known as the housing target. The number of homes to be planned for in a strategic document. This takes into account housing need and other factors which may restrict or increase housing targets.

Household Projections - Household projections are trend-based and indicate the number of additional households that will form if recent demographic trends continue. These are created by applying household formation rates to the SNPP

Household Reference Person (HRP) - HRPs provide an individual person within a household to act as a reference point for producing further derived statistics and for characterising a whole household according to characteristics of the chosen reference person.

Housing Type - This refers to the type of accommodation used or available for use by an individual household, including detached, semi-detached, terraced including end of terraced, and flats. Flats are broken down into those in a purpose-built block of flats, in parts of a converted or shared house, or in a commercial building.

Housing Tenure - Tenure provides information about whether a household rents or owns the accommodation that it occupies and, if rented, combines this with information about the type of landlord who owns or manages the accommodation.

Income Threshold - are derived as a result of the monthly rental cost being annualised and then asserting this cost should not exceed 30% of annual household income.

Local housing need - The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 61 of this Framework).

Lower Quartile - The bottom 25% value in a ranked list. The lower quartile price is used as an entry level price and is the recommended level used to evaluate affordability; for example for first time buyers.

M4(1), M4(2) and M4(3) - are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings.

M4(1) - visitable dwellings, **M4(2)** - accessible and adaptable dwellings and **M4(3)** - wheelchair user dwellings.

Margin - the addition of a stated factor to the land requirement projections to ensure that businesses making locational choices have a degree of flexibility or choice and to address potential inaccuracies with employment forecasts.

Market Housing - Market housing is housing which is built by developers (which may be private companies or housing associations, or Private Registered Providers), for the purposes of sale (or rent) on the open market. It is the opposite of affordable housing.

Market signals - Indicators of a supply and demand balance can relate to the housing or commercial market. These include house prices, private sector rents, affordability, rate of development and overcrowding for housing and in the commercial sector rents, leases, transactions.

Median - The middle value in a ranked list. This is sometimes used instead of the mean average as it is not subject to skew by very large or very small statistical outliers.

Migration - the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier.

Mortgage Ratio - The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

National Planning Policy Framework (NPPF) – The NPPF is the over-arching planning document and sets out government's planning policies for England and how these are expected to be applied.

Net Absorption - is the balance between the amount of space moved into and moved out of (i.e. net absorption = move ins – move outs). It provides an indicator of the strength of demand.

Plot ratio - the ratio between gross floorspace and total site area.

Occupancy Rating - provides a measure of whether a household's accommodation is overcrowded or underoccupied. There are two measures of occupancy rating:

1. Based on the number of rooms in a household's accommodation

2. Based on the number of bedrooms in a household's accommodation

The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement

Office for National Statistics (ONS) – The government body responsible for collecting, analysing and disseminating statistics about the UK's economy, society and population

Older People - People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs.

Overcrowding - There is no one agreed definition of overcrowding, however, utilising the Government's bedroom standard, overcrowding is deemed to be in households where there is more than one person in the household per room (excluding kitchens, bathrooms, halls and storage areas). As such, a home with one bedroom and one living room and one kitchen would be deemed overcrowded if three adults were living there.

Plan Period – The period of time by which the Local Plan plans for. The NPPF states that Strategic policies should look ahead over a minimum 15 year period from adoption.

Standard Method – The government prescribed method of calculating housing need. The NPPF expects strategic policy-making authorities to follow the standard method for assessing local housing need. The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.

Private Rented - The Census tenure private rented includes a range of different living situations in practice, such as private rented/ other including households living "rent free". Around 20% of the private rented sector are in this category, which will have included some benefit claimants whose housing benefit at the time was paid directly to their landlord. This could mean people whose rent is paid by their employer, including some people in the armed forces. Some housing association tenants may also have been counted as living in the private rented sector because of confusion about what a housing association is.

Purchase Threshold - (Income required to buy) Purchase thresholds are calculated by netting 10% off the entry house price to reflect purchase deposit. The resulting cost is divided by 4 to reflect the standard household income requirement to access mortgage products.

Self-build and custom-build housing - Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.

Self-containment - The degree of self-containment refers to the extent to which a given indicator or variable can be said to exist within the boundaries of a given geography. For example, if a housing market area (HMA) is said to have a domestic house-moves self-containment rate of 70% it indicates that 70% of all house-moves take place within the boundaries of the HMA.

Shared Ownership - Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75%, and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share in order to save/increase the deposit level.

Specialist Housing for the Elderly - Specialist housing for the elderly covers a wide range of housing types specifically aimed at older people. There are different types of specialist housing designed to meet the diverse needs of older people, which can include:

- **Age-restricted general market housing:** This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.
- **Retirement living or sheltered housing:** This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager.
- **Extra care housing or housing-with-care:** This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.
- **Residential care homes and nursing homes:** 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.

Social Rented Housing - Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008) for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.

Sub-National Population Projections (SNPP) – Official Projections produced by ONS of the future size and age structure of the population of the UK and its constituent countries, regions and local authorities. These are based on trends shown in the mid-year population estimates and assumptions of future fertility, mortality and migration. These feed into the household projections.

Take Up – The development or first occupation of an employment site.

Use Class – All land and buildings are categorised into a 'Use Classes'. 'Change of use' can occur within the same Use Class or from one Use Class to another. Depending on the specifics of any proposed change of use, including any building work associated with the proposal, it may require an application for planning permission or prior approval. The main uses classes to be aware of for this document are:

- **B2 General industrial** - Use for industrial process other than one falling within class
- **B8 Storage or distribution** - This class includes open air storage.
- E(g) Uses which can be carried out in a residential area without detriment to its amenity:
 - **E(g)(i)** - Offices to carry out any operational or administrative functions,
 - **E(g)(ii)** - Research and development of products or processes
 - **E(g)(iii)** - Industrial processes

Valuation Office Agency - The Valuation Office Agency (VOA) gives the government the valuations and property advice needed to support taxation and benefits.