

Examination of the Basingstoke and Deane Local Plan (2011 to 2029)

MF6 – Household Formation in the Over-45 Population

- 1.1 In the council's Affordable Housing Needs Assessment (PS/02/47 Appendix 9), the calculation of newly arising affordable housing need is partly based upon the number of new households forming each year up to the age of 44¹. At the Local Plan Examination hearing session on 8 October 2015, Nexus Planning representing Taylor Wimpey) put forward the view that the full range of ages should be included in the calculation of newly forming households. The Inspector has asked the council to respond to this in writing.
- 1.2 Paragraph 025 (Reference ID: 2a-025-20140306) of the Planning Practice Guidance (PPG) describes how newly arising affordable housing need should be calculated. The PPG states "*Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need.*"
- 1.3 In order to inform the calculation of total newly arising affordable housing need, the council used projections of new household formation that were provided by its demographic modelling consultants, Edge Analytics. Edge Analytics modelled the annual level of household formation for three five year periods: 2011-2016; 2016-2021; and 2021-2026. The outcome of the Edge work is presented in table 1 below. As set out in paragraph 3.9 of the council's Affordable Housing Needs Assessment (PS/02/47 Appendix 9), the highest household formation figure of 1,484 households per year was used to calculate the level of newly arising need from newly forming households in Basingstoke & Deane.
- 1.4 Younger people form the most new households and as such, headship rates for household formation plateau around age 45. This was a relevant factor in the old Strategic Housing Market Assessment Practice Guidance² which set out the process for estimating gross household formation on pages 19 and 20 of the annexes and specifically based its estimations on those households forming aged under 45.

¹ The assessment also takes into account newly arising need from existing households.

² Strategic Housing Market Assessment Annex B (DCLG) page 19-20

<https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

Table 1: Household formation in five year periods by age

Age Group	Annual gross household change 2011-2016	Annual gross household change 2016-2021	Annual gross household change 2021-2026
15-44	1,398	1,484	1,476
45+	-140	-139	-76
All ages	1,258	1,345	1,401

Source: *Edge Analytics*

- 1.5 The Edge projections indicate that levels of household formation in those aged 45 and over are actually negative (see table 1), as more households dissolve than form in this age group. When calculating the annual level of household formation for all age ranges, the overall effect of including households aged 45 and over is to reduce the overall number of households that are forming.
- 1.6 The council used the annual household formation figure of 1,484, to test the worst case, and based on the council's affordability modelling, 38.7% of these households would be unable to afford lower quartile market housing. This would result in an annual level of newly arising need from newly forming households of 574 dwellings per year, as set out in table 3.3 of the Affordable Housing Needs Assessment (PS/02/47 Appendix 9). If the total household formation rate for all age bands had been used, then household formation would have amounted to 1,345 households per year and based on the affordability modelling, 521 households per year would be in housing need. This is 53 fewer than the 574 included in the council's housing needs assessment.
- 1.7 To conclude, the question was raised regarding the need to include newly arising need in those households aged 45 and over. However, the demographic forecasts indicate that this age group shows a net loss of households, so that, while some people over 45 will form new households, the net impact is negative. To ensure that the need has not been underestimated, the 15-44 figure has been used, rather than the figure for all ages.