



Nathaniel Lichfield  
& Partners

Planning. Design. Economics.



Letchworth Garden City  
Heritage Foundation

## **Local Housing Study**

Final Report

August 2016





**Nathaniel Lichfield  
& Partners**

Planning. Design. Economics.

**Letchworth Garden City**

**Local Housing Study**

Letchworth Garden City Heritage  
Foundation

August 2016

13615/04/MS/BHy

Nathaniel Lichfield & Partners  
14 Regent's Wharf  
All Saints Street  
London N1 9RL

**[nlplanning.com](http://nlplanning.com)**

This document is formatted for double sided printing.

© Nathaniel Lichfield & Partners Ltd 2016. Trading as Nathaniel Lichfield & Partners.

All Rights Reserved.

Registered Office:

14 Regent's Wharf

All Saints Street

London N1 9RL

All plans within this document produced by NLP are based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office. © Crown Copyright reserved. Licence number AL50684A

## Executive Summary

---

This report has been prepared by Nathaniel Lichfield and Partners (“NLP”) on behalf of the Letchworth Garden City Heritage Foundation (“the Foundation”) to provide local evidence on the need for housing within Letchworth Garden City. It has been prepared further to two previous reports also prepared by NLP which assessed future economic growth options for the town. This report sets out housing market context within Letchworth, before making an assessment of local housing need. The report has been prepared with reference to latest available data from a range of sources and consultation with a sample of local residential property agents active within Letchworth.

### Local Housing Market Context

Within Letchworth, there has been limited growth in the overall number of homes between 2001 and 2014 compared to the rest of North Hertfordshire. The demand for dwellings in Letchworth has, in recent years, led to a sharp increase in house prices, particularly for terraced, family housing (which saw almost no growth between 2001 and 2011) and which is in the highest demand. This type of housing sees the highest level of turnover in Letchworth, and estate agent feedback highlighted that these homes generate the most inquiries from prospective purchasers.

House prices in Letchworth are the second highest of the four main towns in North Hertfordshire District and are well above the national average. At the lower end of the market, entry level house prices in Letchworth are also amongst the most expensive in the District and in the last ten years entry level house prices have risen 36%. A lack of affordability for first-time buyers is likely to be further driving out-migration from the town; estate agents reported there has been a ‘filtering out’ effect, with families moving into Letchworth from Hitchin seeking less expensive housing, with local households often finding themselves moving further north to more affordable towns, such as Sandy and Biggleswade.

Over the next 25 years, North Hertfordshire District is projected to grow at a faster than regionally or nationally, with most of this attributable to in-migration from the rest of the UK. Currently, around half of in-migrants to the District come from neighbouring local authority areas with around one quarter being ‘long distance’ migrants; this is fewer compared with neighbouring areas including Uttlesford, Central Bedfordshire and East Hertfordshire. Of households who move into the five wards that comprise Letchworth Garden City, more are local compared to the other main towns in North Herts.

Between 2001 and 2011, the rate of overcrowding in Letchworth increased, with families with children being disproportionately affected. This is likely to be a result of the increase in dwelling stock which was not only small overall, but favoured smaller dwellings (i.e. flats). At 2011 there were 70 concealed families living in Letchworth under age 35; more than any of the other main towns in the District.

## Future Housing Need

The presence of overcrowded and concealed families within Letchworth illustrates that there is some element of existing unmet housing need in the town. Furthermore, although most households currently on the District's Housing Register (in need of affordable housing) do not express a preference for location, there are 121 households who currently live in Letchworth who have expressed a preference to remain in the town.

In the future, population change and household formation means that the town will generate its own housing needs (even without considering people moving into the town from other parts of the District or elsewhere), and the outcomes of scenarios which have been assessed are shown in Table A0.1.1. If the town were treated as an 'island' with no in- or out-migration and only current residents' needs were catered for, there would be a need for 668 dwellings. Taking the differences in age profile between in- and out-migrants into account, to maintain the current population there would be a need for 679 dwellings. The town would see rapid ageing, with a decline in people and households in younger age groups, and significant growth in the 65+ age groups. Elsewhere in the District, the dwelling stock would need to increase by 33% to meet the District-wide target of 14,975 over the 2011-31 Plan period.

Even if the town were to see no net migration over the plan period, there would be a need for 1,022 dwellings, and there would need to be a 32% increase in the number of homes elsewhere in the District to meet OAN. However, North Hertfordshire overall is projected to see in-migration from elsewhere in the UK. This will inevitably filter down into the District's settlements. If Letchworth were to accommodate its share of this migration (based on the population of the District it currently represents) there would be a need for 2,931 dwellings to cater for growth. From an economic perspective, the town would need 1,170 dwellings to maintain the labour force and 3,611 to sustain recent growth in the number of local jobs.

If the town were to provide no further housing over the plan period, all age groups below 65 would see a significant decrease (with knock-on impacts on the local economy and services due to lack of viability). This could result in the loss of 1,501 local jobs, and would require the number of homes elsewhere in the District to increase by a third over the plan period to meet the emerging housing target. Across all scenarios, there is a clear and demonstrable need for 3-bed housing, which is consistent with local estate agents that highlighted a particular demand for mid-terrace 3-bed dwellings which were suitable (and affordable) for local families.

Table A0.1.1 Summary of Scenarios

	Demographic-led				Employment-led		Supply-led
	A: Maintain Pop'n	B: Natural Change	C: Zero Net Migr'n	D: Share of Migr'n	E: Maintain Labour Force	F: Job Growth	G: No Housing
<b>Demographic Change</b>							
Population change	0	996	851	5,940	1,292	7,739	-1,777
<b>Households and Dwellings (Baseline)</b>							
Household change	665	654	1,002	2,874	1,147	3,540	7 (0)
Dwellings	679	668	1,022	2,931	1,170	3,611	7 (0)
Homes needed elsewhere to meet district OAN	13,362	13,373	13,019	11,110	12,871	10,430	14,034
Increase in dwelling stock needed elsewhere	33%	33%	32%	27%	32%	26%	34%
<b>Economy and Labour Force</b>							
Labour Force	-722	137	-228	2,569	0	3,594	-1,705
Jobs	-532	314	-46	2,712	179	3,723	-1,501

Source: NLP analysis

## Conclusions

The previous reports prepared by NLP (the 2013 Study and 2016 Update) highlighted that, without future housing growth, Letchworth would likely see a number of negative social and economic impacts, including the potential loss of local business and services and a declining local economy. On the contrary, housing growth could generate local investment, provide and support jobs, local spending and help fund local services and infrastructure through planning contributions and fiscal revenue to the LPA.

This report has provided further context for Letchworth's housing market and explored housing needs from a local perspective by demonstrating the amount of housing needed within the existing population. There is a clear case for providing housing to meet the needs of people who currently live in Letchworth, including those seeking market housing (who may currently be concealed in another household) and affordable housing (those in the Register with a preference to remain in Letchworth). In the future, there will be housing need arising within the town itself as a result of population growth and declining household size; without development it is likely that many people (particularly of working age) will need to move out of the town. Furthermore, as one of the key towns in the District, there is a need to consider how Letchworth can contribute to helping meet North Hertfordshire meet its overall objectively assessed housing needs. This is of increasing importance in light of the District's needs increasing by c.2,000 in its most recent assessment of need and the additional pressures this may place on the other parts of the District to deliver housing.





# Contents

---

1.0	<b>Introduction</b>	<b>1</b>
	Background.....	1
	Report Structure.....	2
	<b>Part A – Local Housing Market Context</b>	<b>3</b>
2.0	<b>The Local Housing Market</b>	<b>4</b>
	Local Dwelling Stock.....	4
	House Prices .....	5
	Affordability .....	14
	Rents .....	15
	Dwelling Turnover .....	16
	Summary .....	17
3.0	<b>People and Migration</b>	<b>19</b>
	Population.....	19
	Self-Containment .....	20
	Migration – North Hertfordshire .....	22
	Migration - Letchworth.....	27
	Summary .....	30
4.0	<b>Households and Occupancy</b>	<b>32</b>
	Household Composition .....	32
	Occupancy Patterns.....	33
	Concealed Families .....	36
	Household Projections .....	38
	Summary .....	40
	<b>Part B - Demonstrating the Local Need for Housing</b>	<b>42</b>
5.0	<b>Existing Housing Need in Letchworth</b>	<b>43</b>
	Concealed Families .....	43
	Overcrowded Households.....	43
	Affordable Housing Needs .....	44
	Affordable Housing Delivery.....	45
	Summary .....	46
6.0	<b>Future Housing Need in Letchworth</b>	<b>47</b>
	Demographic-led Scenarios .....	48
	Economic-led Scenarios .....	55
	Supply-Led Scenarios.....	57

	Summary .....	59
7.0	<b>Housing Need in North Hertfordshire</b>	<b>66</b>
	North Hertfordshire Local Plan (Preferred Options) 2014 .....	66
	North Hertfordshire SHMA Update (2015).....	66
	Impact of Growth (based on outputs of Section 6.0).....	67
	Future Scenarios: A 'Top-Down' Approach.....	68
	Summary .....	69
	<b>Part C - Conclusions</b>	<b>71</b>
8.0	<b>Summary and Conclusions</b>	<b>72</b>
	The Local Housing Market .....	72
	Local Housing Need.....	75
	Conclusions .....	79

## Figures

Figure 2.1	Dwelling Stock (2011) .....	4
Figure 2.2	Average (Median) House Prices - All Dwellings - 1995-2015 .....	6
Figure 2.3	Average (Median) House Prices - All Dwellings - Nearby Towns 1995-2015....	7
Figure 2.4	Average (Median) House Prices - New and Existing Dwellings .....	8
Figure 2.5	Lower Quartile House Prices - All Dwellings - 1995-2015 .....	11
Figure 2.6	Lower Quartile House Prices (All Dwellings) by Type - Q1-3 2015.....	12
Figure 2.7	Lower Quartile House Prices (Q1-3 2015).....	13
Figure 2.8	Rate of Increase in Lower Quartile House Prices by MSOA - North Hertfordshire (Q3 2005- Q3 2015).....	14
Figure 2.9	Affordability Ratio - North Hertfordshire.....	15
Figure 3.1	Projected Age Profile 2014 and 2039 - North Hertfordshire.....	20
Figure 3.2	Household Migration Self-Containment (All Households) .....	21
Figure 3.3	Household Migration Self-Containment (Couples).....	21
Figure 3.4	Household Migration Self-Containment (Families with Children) .....	22
Figure 3.5	Historic and Projected Internal and International Migration - North Herts (2004/05 to 2038/39).....	23
Figure 3.6	Migration to/from North Hertfordshire District (Average Flows 2012-14).....	24
Figure 3.7	Inflows to North Hertfordshire by Local Authority.....	24
Figure 3.8	Origin of In-Migrants (2011/12-2013/14 average).....	26
Figure 3.9	Migration Profile - North Hertfordshire (2014/15).....	27
Figure 3.10	Destination of Out-Migrating Households (Letchworth Wards) - 2011 .....	29
Figure 4.1	Change in Household Composition - Letchworth - 2001-11.....	32
Figure 4.2	Number of Households Overcrowded in Letchworth - 2011.....	34
Figure 4.3	Household Type by Number of Bedrooms (All Tenures) - Letchworth .....	36
Figure 4.4	2008-based and 2012-based Household Projections - North Hertfordshire 1991-2033.....	39
Figure 4.5	Percent of Households in North Hertfordshire age 55-74 which are <b>not</b> single person or couple .....	40
Figure 5.1	Household Location Preference - North Hertfordshire (June 2016) .....	45
Figure 6.1	Housing, Demographic and Economics Outcomes - Scenario A: Maintain Current Population (Baseline) .....	49
Figure 6.2	Housing, Demographic and Economics Outcomes - Scenario B: Natural Change (Baseline) .....	51
Figure 6.3	Housing, Demographic and Economics Outcomes – Scenario C: Zero Net Migration (Baseline) .....	52
Figure 6.4	Difference in Age Profile under Scenarios B and C - Letchworth (2031) .....	53
Figure 6.5	Housing, Demographic and Economics Outcomes - Scenario D: Share of Migration (Baseline) .....	55
Figure 6.6	Housing, Demographic and Economics Outcomes - Scenario E: Maintain Labour Force .....	56
Figure 6.7	Housing, Demographic and Economics Outcomes - Scenario F: Job Growth Trend .....	57

Figure 6.8	Housing, Demographic and Economics Outcomes - Scenario G: No Further Housing (Baseline).....	58
Figure 6.9	Summary of Outcomes - Dwellings (2014-31) Scenarios A-F.....	62
Figure 6.10	Population Change by Broad Age Group - Scenarios A-G .....	63
Figure 6.11	Household Change by Broad Age Group - Scenarios A-G .....	64

## Tables

Table A0.1.1	Summary of Scenarios .....	5
Table 2.1	Change in Dwelling Stock - 2001-2011 .....	5
Table 2.2	Average House Price by Type - New Dwellings (Q1-3 2015) .....	9
Table 2.3	Average House Price by Type - Existing Dwellings (Q1-3 2015) .....	10
Table 2.4	Average (Median) and Lower Quartile Monthly Rents (12 months to <b>Q1 2016</b> ) .....	16
Table 2.5	Dwelling Turnover - Letchworth, Hitchin, Baldock, Royston and North Hertfordshire .....	17
Table 3.1	Population by Broad Age Group (2014) - Letchworth and North Hertfordshire	19
Table 3.2	Household Migration by Ward- Letchworth (2011) – Wholly Moving Households .....	27
Table 3.3	Household Moves (Outflows) by Type - 2011.....	28
Table 3.4	Origin of In-Migration Households (Five Letchworth Wards) - 2011.....	30
Table 4.1	Change in Overcrowding in Letchworth (All tenures) 2001-11 .....	34
Table 4.2	Household Size by Number of Bedrooms (Market) - Letchworth (2011).....	35
Table 4.3	Percent of Families (by Age and Type) Concealed in <b>2001 (Letchworth)</b> .....	37
Table 4.4	Percent of Families (by Age and Type) Concealed in <b>2011 (Letchworth)</b> .....	37
Table 4.5	Percent of Families (by Age and Type) Concealed in <b>2011</b> (Letchworth and Comparator Areas).....	38
Table 5.1	Households on Housing Register (North Hertfordshire) by Number of Bedrooms (April 2016) .....	44
Table 5.2	Households in the Housing Register (North Hertfordshire) by Household Type (April 2016) .....	44
Table 6.1	Summary of Demographic Outcomes - Scenarios A-G .....	60
Table 7.1	Housing Allocations in Main Settlements - North Herts Draft Local Plan (2014) .....	66
Table 7.2	Impact of Scenarios on rest of North Hertfordshire District.....	68
Table 8.1	Summary of Housing Market Indicators.....	73
Table 8.2	Summary of Outcomes - Housing Need Assessments for Letchworth.....	77

## Appendices

---

### Appendix 1 Inputs and Assumptions



## 1.0 Introduction

- 1.1 This report has been prepared by Nathaniel Lichfield and Partners (“NLP”) on behalf of the Letchworth Garden City Heritage Foundation (“the Foundation”) to provide local evidence on the need for housing within Letchworth Garden City. It sets out a range of detailed local housing market context for the town, before making an assessment of local housing need (based on existing need, future population growth and emerging needs at the wider District level).

## Background

- 1.2 NLP has previously prepared two reports; “*Letchworth Garden City: Economic Assessment of Growth Options*” in November 2013 (“the 2013 Study”), followed by “*Letchworth Garden City: Assessment of Growth Options – Update*” in April 2016 (“the 2016 Update”). The 2013 Study reviewed the socio-economic baseline conditions in Letchworth Garden City (including assessment of the local population, deprivation, employment, commuting, housing, retail and public transport), before assessing four different housing growth options for the town and presenting the demographic, economic and community outcomes under each. At the time the report was prepared, the Heritage Foundation’s Board of Management agreed the Foundation would support development on a number of small sites within the town (amounting to roughly 500 dwellings) and consider another option for a further 1,000 dwellings at a site to the north of Letchworth.
- 1.3 At the time the 2016 Update was produced, a site north of Letchworth had been included within North Hertfordshire District Council’s Preferred Options Local Plan, which concluded that (combined with small sites, permissions and completions since 2011) Letchworth Garden City could deliver a total of 2,030 homes over the Plan Period 2011-31. The 2016 Update re-tested the housing growth options of the 2013 Study using updated inputs and assumptions, as well as assessing slightly different housing growth options (reflective of the Local Plan progression). Since the publication of the 2016 Update, there has been some further progression with the Local Plan, with the total number of homes to be delivered in Letchworth over the Plan period increasing to 2,190.
- 1.4 The 2013 Study and the 2016 Update both utilised a ‘top-down’ approach whereby different levels of growth fed into the reports, which then set out the demographic, economic and social outcomes under each. In order to understand housing needs from a different perspective, this report has been prepared using a ‘bottom-up’ approach. This looks at the current conditions in the area (including house prices, household occupancy and affordable housing needs) to provide context for future housing provision, before modelling future population growth in the town. By modelling the future change in population in the local area, this provides an assessment of need which is driven solely by local need within the area. As part of this report, NLP also interviewed a number of local estate agents, including Country Properties and Satchells, to

obtain a local insight into the housing market from a more qualitative perspective.

## Report Structure

1.5

This report is set out under the following sections:

- **Part A – Local Housing Market Context:**
  - **Section 2.0** outlines key indicators for the local housing market, including changes in the dwelling stock in Letchworth, local house prices and turnover;
  - **Section 3.0** sets out a range of population and migration metrics for North Hertfordshire and Letchworth, including projected growth and household moves;
  - **Section 4.0** examines household characteristics of Letchworth, including composition, overcrowding and concealed families, as well as looking at the most recent household projections for North Hertfordshire;
- **Part B – Demonstrating the Local Need for Housing;**
  - **Section 5.0** looks at the existing need for housing within Letchworth, including concealed families and those on the housing register;
  - **Section 6.0** presents the findings of the demographic modelling, which sets out projected population and household growth in Letchworth under a range of demographic and economic-led scenarios;
  - **Section 7.0** briefly examines the Council's updated position (in terms of objectively assessed housing need) and how this may affect the level of housing need Letchworth may need to plan for, and uses a number of metrics to determine how the District's housing need might translate into need within Letchworth;
- **Part C – Conclusions;**
  - **Section 8.0** draws together the key findings of Parts A and B to present overall conclusions.



## Part A – Local Housing Market Context

2.0

## The Local Housing Market

2.1

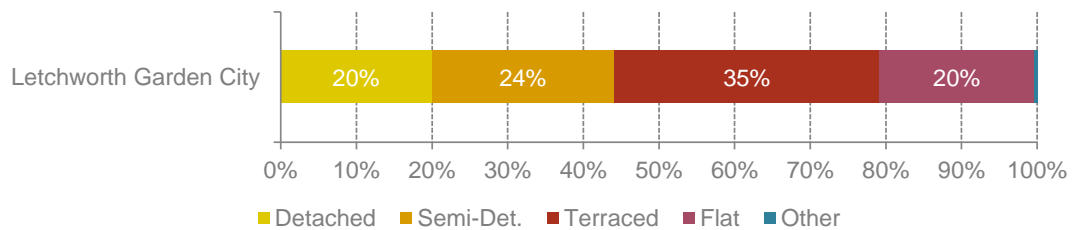
This section sets out some of the key indicators related to the local housing market, including change in dwelling stock, local house prices (average and entry level), affordability and dwelling turnover. This provides context for how Letchworth compares to other towns within North Hertfordshire, as well as the wider region and nationally.

### Local Dwelling Stock

2.2

At 2011, the Census identified a total of 14,271 dwellings in Letchworth Garden City. As shown in Figure 2.1, terraced housing is the largest group, representing around one third of homes. Semi-detached dwellings make up 24% of the stock, and detached dwellings and flats make up 20% each. Letchworth has fewer detached or semi-detached houses and a higher number of terraced houses than the District, regional and national averages. The town has a similar number of flats to North Hertfordshire District (where flats make up 19% of the housing stock), but has a higher number of flats than the regional average (22%).

Figure 2.1 Dwelling Stock (2011)



Source: Census 2011

2.3

Between the 2001 and 2011 Censuses the dwelling stock in Letchworth increased by c.250 homes. This represents an increase of 1.8% in the overall dwelling stock. Most of the increase in dwelling stock was through flats (an increase of 219 units, or 8.1%) and semi-detached homes (an increase of 88 units, or 2.6%). Between 2001 and 2011 there was virtually no change in the number of terraced homes, with the number increasing only marginally from 4,998 in 2001 to 5,006 in 2011. Since 2011 there have been some further small scale housing completions in Letchworth, amounting to 309 dwellings up to 2015<sup>1</sup>.

2.4

By comparison, Hitchin, Baldock and Royston all saw a greater rate of increase in dwellings between 2001 and 2011, and overall North Hertfordshire District saw a 10.1% increase in the number of dwellings. Outside of Letchworth (i.e. all other parts of the District) there was a 13.4% increase in the number of

<sup>1</sup> Comprised of 302 completions 2011-14 (Source: North Herts Local Plan Preferred Options 2014) and 7 completions in 2014/15 (Source: North Herts Annual Monitoring Report 2014/15)

homes. Overall, growth across the District was higher than both the regional and national average, as shown in Table 2.1.

Table 2.1 Change in Dwelling Stock - 2001-2011

	Towns				District		Region	National
	Letchworth Garden City	Hitchin	Baldock	Royston	North Herts	North Herts (Exc. L'worth)	East of England	England
<b>% Change</b>	<b>+1.9%</b>	+11.5%	+4.5%	+14.1%	+10.1%	<b>+13.4%</b>	+9.7%	+8.4%

Source: Census 2001/2011

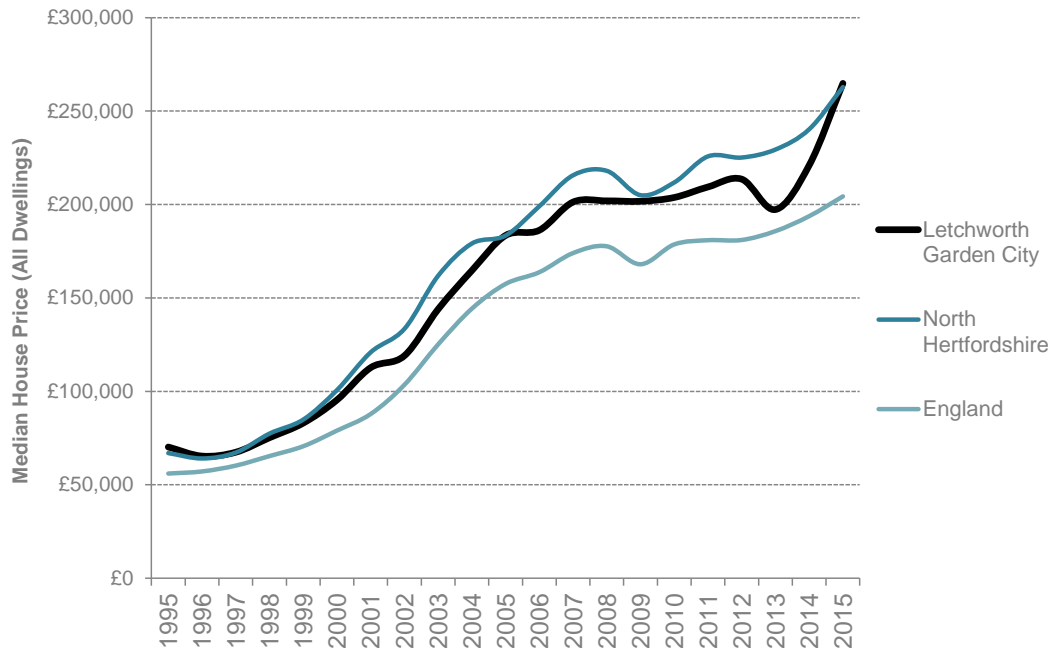
- 2.5 The low level of overall increase in the number of homes in Letchworth Garden City compared to neighbouring areas has led some local estate agents to suggest that Letchworth has been “*left behind*”, with other areas accruing the benefits associated with housing development, in particular retaining a younger population (particularly families) and having a more vibrant town centre.
- 2.6 Estate agents also noted that the lack of homes altogether has led to increasing competition for homes that become available on the market, in particular for mid-range 3-bed terraced family homes which consistently attract a lot of interest and multiple bids; these are the types of homes which have seen virtually no growth between 2001 and 2011. Furthermore, agents highlighted the shortage of small bungalows which are sought by elderly people seeking to downsize for whom small flats are not necessarily suitable or desirable. They stated it was “*extremely rare*” for these types of homes to come to the market and, similar to family homes, attract significant interest and competition.

## House Prices

### Letchworth

- 2.7 As of 2015, average house prices (for all dwellings) in Letchworth Garden City were £265,000. This is similar to the District average of £263,000, however is well above the national average of £200,000. Over the last 20 years, this represents a 277% rise, lower than the District rate of increase (293%) but above the national (262%). This is shown in Figure 2.2.
- 2.8 House prices in Letchworth have broadly followed the District trend over the last 20 years, and in recent years (2013 onwards) house prices in Letchworth have risen steeply, by over £50,000 in the space of just two years. Nationally, over the same period, house prices saw a more steady rise of c.£20,000. This is consistent with comments from estate agents, which noted that in recent years particularly, house prices had become significantly inflated, with one stating that homes which are now selling for c.£300,000 would have sold for around £230-250,000 around three years ago.

Figure 2.2 Average (Median) House Prices - All Dwellings - 1995-2015

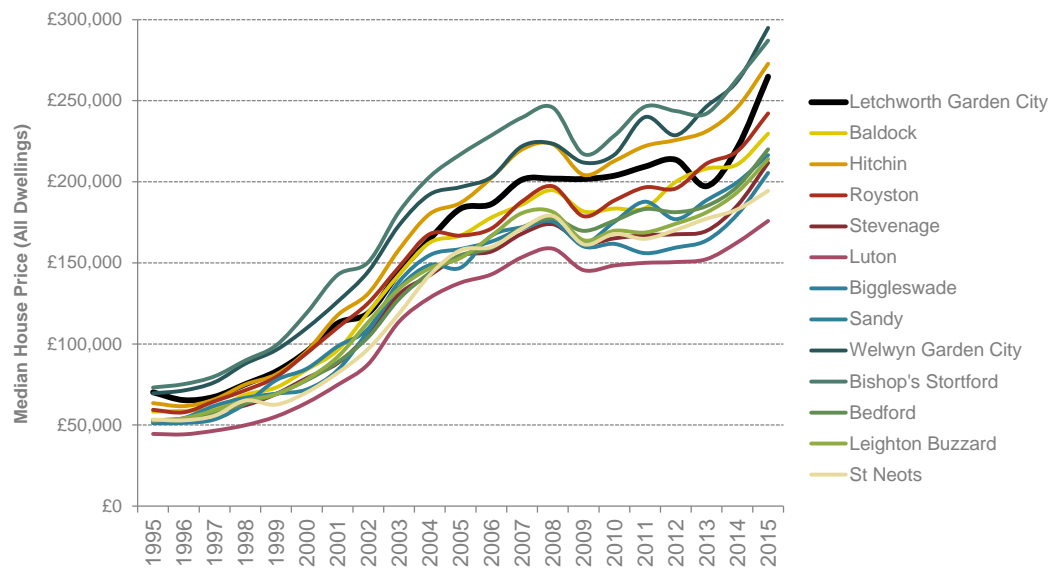


Source: NLP using ONS HPSSA Data (2016)

## Nearby Towns

- 2.9 Figure 2.3 shows average house price change in Letchworth compared to a number of towns in North Hertfordshire and neighbouring areas (including those connected to Letchworth via rail links). These are also areas which were highlighted by local estate agents as areas where those who cannot afford to live in Letchworth typically out-migrate to (e.g. Biggleswade and Sandy).
- 2.10 Within North Hertfordshire, Letchworth is less expensive than Hitchin but more expensive than Royston and Baldock where house prices are c.£20-30,000 less than in Letchworth. As of 2015, Letchworth Garden City is less expensive than Hitchin (£273,000), Bishop's Stortford (£287,000) and Welwyn Garden City (£295,000). At the other end of the scale, the lowest house prices can be found in Luton (£176,000), St Neots (£194,000), Sandy (£205,000) and Stevenage (£212,000).
- 2.11 The pattern of house prices reflects the 'filtering out' of house prices from London and places in the south of Hertfordshire (Enfield, St Albans and Welwyn Garden City) which have a knock-on effect on places to the north. Estate agents noted that, whilst most buyers are local to the area, there are some buyers who move to the area (particularly from London and elsewhere to the south) who have sold their home and are able to buy a larger property. As a result of this increased competition for local housing, younger or first time buyers are forced to look elsewhere due to a lack of housing supply in the town.

Figure 2.3 Average (Median) House Prices - All Dwellings - Nearby Towns 1995-2015



Source: NLP using ONS HPSSA Data (2016)

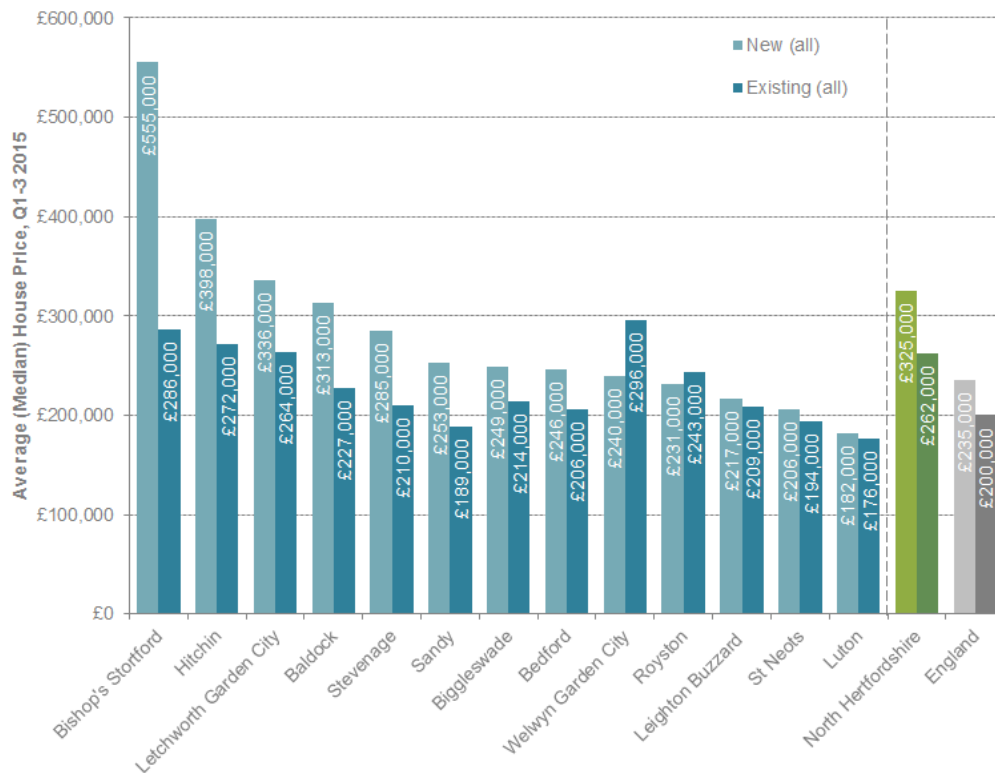
### New and Existing Dwellings

- 2.12 Figure 2.4 shows the average price of newly built and existing dwellings in each of the towns in 2015, along with the average for North Hertfordshire and England. Letchworth has the third highest prices for new dwellings, behind Bishop's Stortford and Hitchin<sup>2</sup>. This is likely to reflect the fact that in recent years, larger, detached housing has made up a large proportion of new builds in the town, hence increasing the average cost for new homes.
- 2.13 The cost for existing dwellings within Letchworth is an average of £264,000; this is in line with the District average and is slightly lower than Hitchin but higher than Baldock and Royston. This is also above a number of other nearby areas including Stevenage, Bedford, Biggleswade and St Neots, as well as the national average of £200,000. The high cost of both new and existing homes in Letchworth (particularly when compared to a number of nearby areas) is likely to be driving the out-migration of younger households who are unable to afford to buy in the town.
- 2.14 New build dwellings can play a key role in meeting housing needs, even if these dwellings do not directly cater for new household growth within an area. New dwellings are typically more expensive than comparable homes in the existing stock, however these homes can act as a mechanism for allowing established households to move up the housing ladder, which then frees up smaller or cheaper stock further down the housing ladder for occupation by smaller newly forming households. This means providing new homes can indirectly cater for new household growth, even if not directly associated with it. Notwithstanding, it is important that new build dwellings are affordable for local

<sup>2</sup> It is important to consider how the types of homes influence these figures. In areas where most new builds are detached homes, these areas will likely have higher average house prices compared with areas where a lot of new builds are flats, for example in larger towns.

people seeking to move up the housing ladder to ensure that homes are freed up locally for other households. Homes (of any size) which are not affordable for local people will ultimately not cater to the need for housing of people who currently live in Letchworth. Estate agents indicated that developments which provided a mix of housing generally suitable (and affordable) for younger families, i.e. the 2-3 bed mid-terraced housing which is currently sought after in the area would likely be that which would cater best to needs within the local community.

Figure 2.4 Average (Median) House Prices - New and Existing Dwellings



Source: NLP using ONS HPSSA Data (2016)

2.15

In 2015, the average price of new build detached dwellings in Letchworth was £400,000. This is shown in Table 2.2. This is lower than Welwyn Garden City (where new detached dwellings cost an average of £507,000), Bishop's Stortford (£650,000) and Royston. The average for detached homes in Letchworth is also lower than the North Hertfordshire average of £467,000, however still higher than a number of nearby areas, including Bedford, Biggleswade, Leighton Buzzard and St Neots, as well as the national average.

Table 2.2 Average House Price by Type - New Dwellings (Q1-3 2015)

	New (All)	New (Detached)	New (Semi-Detached)	New (Terraced)	New (Flats)
Letchworth Garden City	<b>£336,000</b>	£400,000	~	~	~
Baldock	<b>£313,000</b>	~	£307,000	~	~
Bedford	<b>£246,000</b>	£311,000	£230,000	£235,000	£149,000
Biggleswade	<b>£249,000</b>	£302,000	£250,000	£249,000	£156,000
Bishop's Stortford	<b>£555,000</b>	£650,000	~	~	£413,000
England	<b>£235,000</b>	£285,000	£191,000	£196,000	£231,000
Hitchin	<b>£398,000</b>	~	~	£337,000	£272,000
Leighton Buzzard	<b>£217,000</b>	£306,000	£244,000	£252,000	£162,000
Luton	<b>£182,000</b>	£282,000	£212,000	£185,000	£110,000
North Hertfordshire	<b>£325,000</b>	£467,000	£332,000	£361,000	£238,000
Royston	<b>£231,000</b>	£465,000	£355,000	~	£160,000
Sandy	<b>£253,000</b>	£287,000	£248,000	£263,000	~
St Neots	<b>£206,000</b>	£323,000	~	£192,000	£192,000
Stevenage	<b>£285,000</b>	£363,000	£315,000	£277,000	£166,000
Welwyn Garden City	<b>£240,000</b>	£507,000	£364,000	£360,000	£178,000

Source: NLP using ONS HPSSA Data (2016) Note: "~" indicates data not available. Figures rounded.

- 2.16 Table 2.3 shows average house prices for existing dwellings. This shows a similar pattern to new build dwellings, with prices across all types in Letchworth being lower than Hitchin but higher than Baldock and Royston.
- 2.17 Prices for existing detached homes in Letchworth are amongst the most expensive compared to nearby towns at £469,000, and again this is lower than Hitchin but higher than Baldock and Royston, as well as a number of nearby towns. Semi-detached homes in Letchworth are also amongst the most expensive at £325,000; in nearby Bedford, Biggleswade, Sandy and St Neots, semi-detached homes are around £100,000 less than in Letchworth.
- 2.18 Similarly to detached and semi-detached housing, terraced housing in Letchworth costs less than in Hitchin (£287,000). However, broadly similar to prices in Baldock (£218,000) and slightly less expensive than in Royston (£238,000). Nonetheless, the cost of terraced housing in Letchworth is £58,000 above the national average and above a number of nearby areas.
- 2.19 Flats in Letchworth are not too dissimilar to many nearby areas at £141,000 (e.g. Baldock, Biggleswade, Royston and St Neots). They cost, on average, less than in Hitchin, Welwyn Garden City, and the national average.
- 2.20 Overall, the cost of family housing in Letchworth Garden City is likely to be acting as a barrier to local people (particularly younger households) from buying within the town, resulting in them having to move elsewhere to find more affordable alternatives (for example Sandy and Biggleswade) where terraced housing is more affordable. This is consistent with the pattern of movement described by estate agents about young families, local affordability issues and movements elsewhere.

Table 2.3 Average House Price by Type - Existing Dwellings (Q1-3 2015)

	Existing (All)	Existing (Detached)	Existing (Semi-Detached)	Existing (Terraced)	Existing (Flats)
Letchworth Garden City	<b>£264,000</b>	£469,000	£325,000	£223,000	£141,000
Baldock	<b>£227,000</b>	£393,000	£254,000	£218,000	£144,000
Bedford	<b>£206,000</b>	£327,000	£212,000	£168,000	£115,000
Biggleswade	<b>£214,000</b>	£303,000	£228,000	£196,000	£138,000
Bishop's Stortford	<b>£286,000</b>	£486,000	£317,000	£254,000	£171,000
England	<b>£200,000</b>	£292,000	£180,000	£165,000	£181,000
Hitchin	<b>£272,000</b>	£473,000	£357,000	£287,000	£168,000
Leighton Buzzard	<b>£209,000</b>	£319,000	£226,000	£190,000	£135,000
Luton	<b>£176,000</b>	£275,000	£197,000	£161,000	£108,000
North Hertfordshire	<b>£262,000</b>	£463,000	£310,000	£244,000	£154,000
Royston	<b>£243,000</b>	£362,000	£258,000	£238,000	£143,000
Sandy	<b>£189,000</b>	£270,000	£203,000	£164,000	£119,000
St Neots	<b>£194,000</b>	£309,000	£207,000	£169,000	£129,000
Stevenage	<b>£210,000</b>	£363,000	£258,000	£208,000	£134,000
Welwyn Garden City	<b>£296,000</b>	£497,000	£350,000	£292,000	£184,000

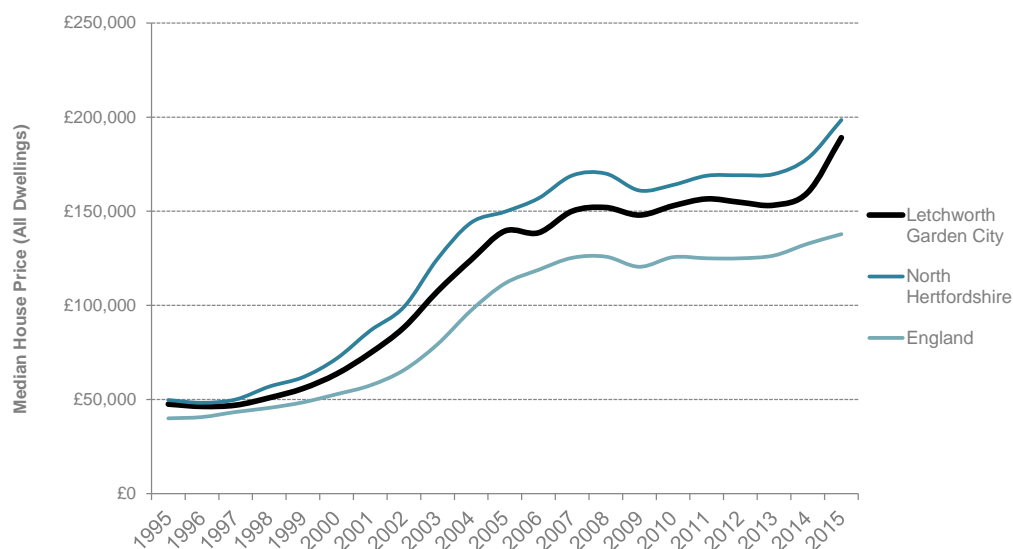
Source: NLP using ONS HPSSA Data (2016) Figures rounded.

## Entry Level House Prices

- 2.21 Entry level house prices, or lower quartile house prices, indicate the cost of housing at the lower end of the market, associated with first-time buyers or newly forming households.
- 2.22 Similar to average house prices, entry level house prices in Letchworth have increased broadly in line with the District over the last 20 years, and between 2007 and 2012 house prices in Letchworth remained relatively stable at c.£150,000. However, in more recent years entry level house prices have seen a steep rise and as of Q3 2015, lower quartile house prices in Letchworth are £189,000. This compares with £198,000 across North Hertfordshire and £138,000 nationally, and is shown in Figure 2.5.
- 2.23 This pattern of recent inflation in house prices is consistent across with the change in average (median) house prices illustrated, and also trends noted by estate agents, which has contributed to local first-time buyers looking elsewhere for more affordable homes. Agents also noted the increasing competition first-time buyers are facing from investors, in particular for smaller flats in the town centre close to the station. This has meant that, in more recent years this type of housing has seen a steeper increase compared to post-recession when prices were relatively flat.



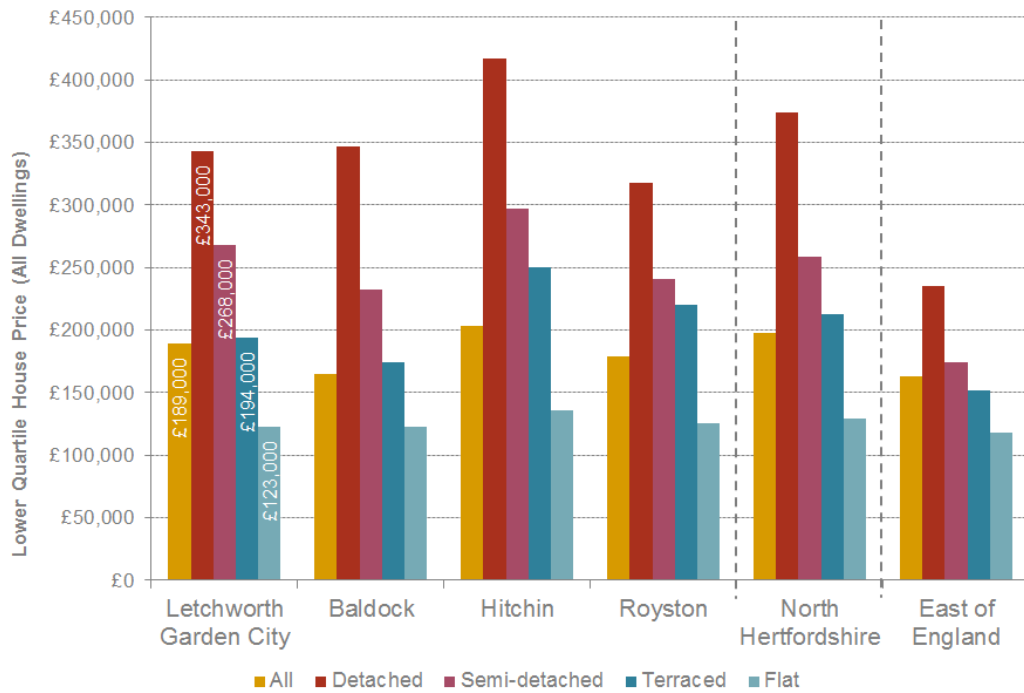
Figure 2.5 Lower Quartile House Prices - All Dwellings - 1995-2015



Source: NLP using ONS HPSSA Data (2016)

- 2.24 The cost of lower quartile housing in the towns across North Hertfordshire is shown in Figure 2.6. Across all dwellings, lower quartile prices in Letchworth are lower than Hitchin and the District average, but above those in Baldock and Royston. Lower quartile house prices in Letchworth are 16% higher than the regional average.
- 2.25 Detached homes in Letchworth are similar in price to Baldock at £343,000, and are 46% higher than the regional average of £235,000. At £268,000, semi-detached homes are more expensive in Letchworth than both Baldock and Royston, and 54% higher than the regional average of £174,000.
- 2.26 The cost of terraced housing in Letchworth is £194,000, compared with £174,000 in Baldock, £250,000 in Hitchin and £220,000 in Royston. This is 28% higher than the regional average. The increasing demand for terraced housing highlighted by estate agents has reflected in the cost of terraced housing; between 2012 and 2015 the cost of entry level terraced housing in Letchworth has risen by around one quarter (equivalent to c.£39,000), from £155,000 to £194,000. This pattern is not unique to Letchworth however, with the cost of terraced housing in Hitchin increasing 31% over the same period, and in Royston 30%. The cost of entry level terraced housing in Baldock has been more stable in recent years, increasing by 4% since 2012.
- 2.27 Entry level flats are very similar in price across Letchworth, Baldock and Royston (all around £125,000), with flats being slightly more expensive in Hitchin at £137,000. Flats in Letchworth are slightly less expensive than the District average of £129,000, but are 4% above the regional average of £118,000. Over the last ten years the cost of entry level flats in Letchworth has fluctuated, however prices have been rising constantly since 2011. This pattern is similar in other towns in the District.

Figure 2.6 Lower Quartile House Prices (All Dwellings) by Type - Q1-3 2015

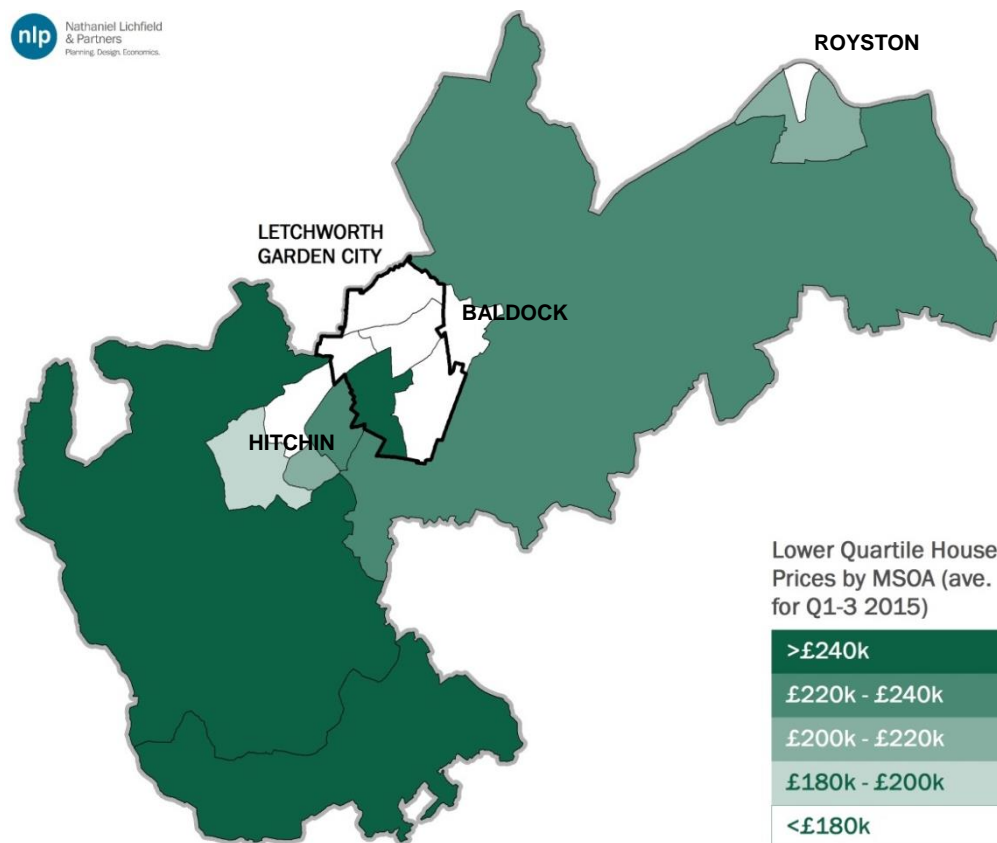


Source: NLP using ONS HPSSA Data (2016)

2.28

More detailed analysis can be undertaken with reference to data at Middle Super Output Area (MSOA) level. This shows that, within Letchworth, the lowest entry level house prices are found in Letchworth South East, where entry level prices are £169,000. Prices in Letchworth Grange, Letchworth East and Letchworth Wilbury are similar at around £175,000. Letchworth South West is the most expensive part of Letchworth for lower quartile house prices, at £248,000. This is shown in Figure 2.7.

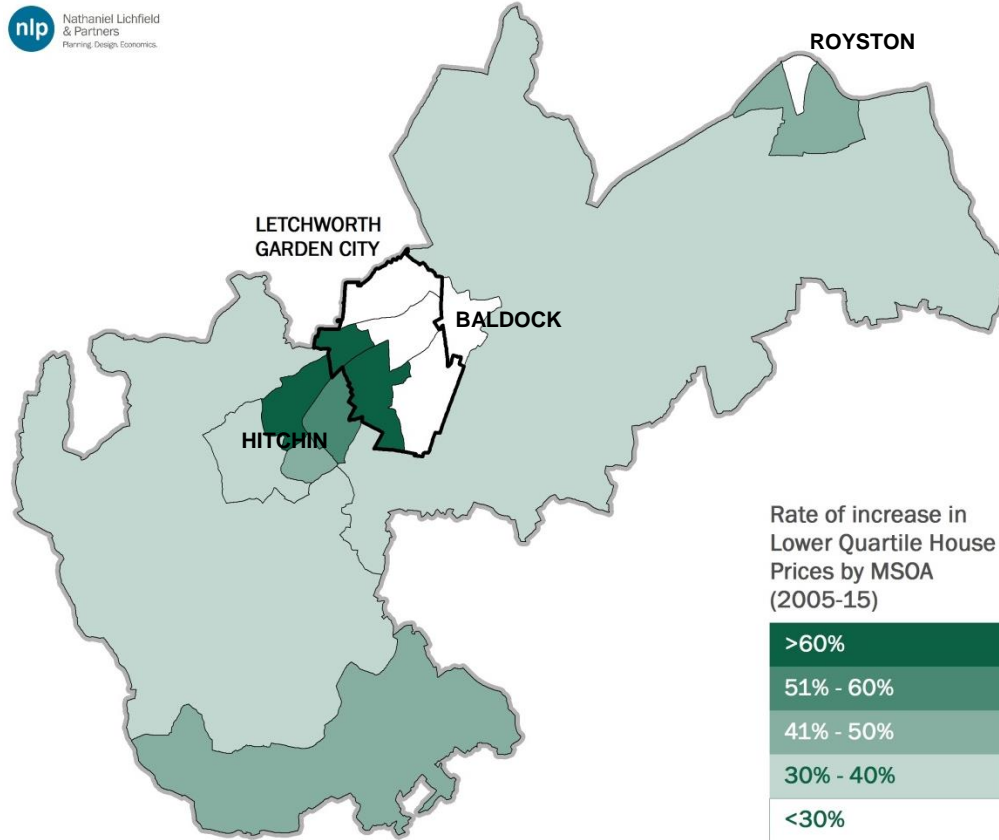
Figure 2.7 Lower Quartile House Prices (Q1-3 2015)



Source: NLP using ONS HPSSSA Data (2016)

- 2.29 Figure 2.8 shows the rate of increase in lower quartile house prices across North Hertfordshire over the last 10 years. In Letchworth Wilbury Ward, lower quartile house prices have increased by 69% and similarly, lower quartile house prices in Letchworth South West have increased by 68%. Across the other three Wards house prices have increase by between 23% and 29%, which is similar to the increase seen in Baldock of 25%.
- 2.30 Elsewhere in the District, parts of Hitchin have also seen an increase of over 60%. The rate of increase in other parts is lower at 35-44%. In Royston the rate of increase ranges from 12-48%. Across the District overall, lower quartile house prices have risen by a third. By comparison, across England, lower quartile house prices have risen by 25% over the last 10 years, meaning almost all parts of Letchworth have outpaced the national rate of increase, and in some areas this has been in excess of double the national rate.
- 2.31 The increase in lower quartile house prices will affect those at the lower end of the market, including young households and first time buyers. If local earnings are failing to keep in line with the significant increase in local house prices, these households will be unable to afford, having to instead choose to remain in the family home for longer, rent, or buy elsewhere.

Figure 2.8 Rate of Increase in Lower Quartile House Prices by MSOA - North Hertfordshire (Q3 2005- Q3 2015)

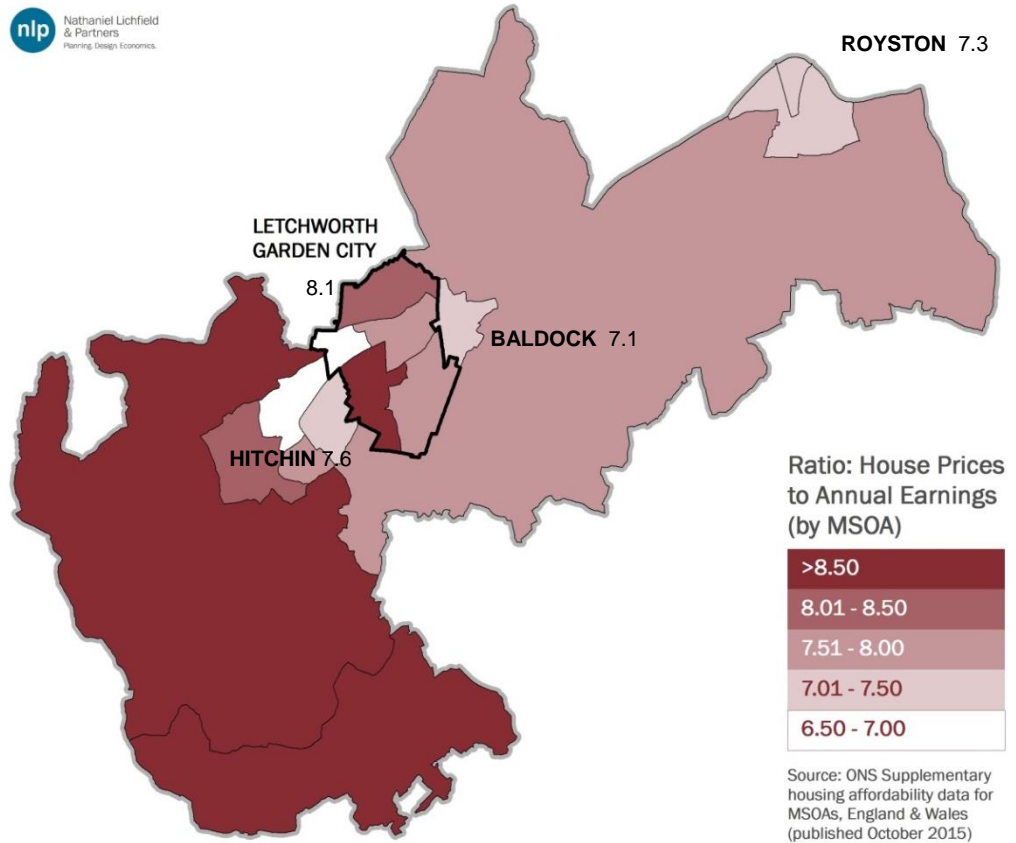


Source: NLP using ONS HPSSA Data (2016)

## Affordability

- 2.32 While house prices provide useful context for local housing market conditions, it is important to consider these in the context of local wages. ONS publish local data on affordability (at MSOA level), which compares weekly incomes to average (median) house prices.
- 2.33 For ease of comparison, these have been converted into affordability in terms of house prices to annual earnings, and are shown for North Hertfordshire in Figure 2.9. It also shows, for each of the four main settlements, the average ratio of affordability for the MSOAs.
- 2.34 Letchworth South West is the least affordable area, in both the town itself and across North Hertfordshire District, with house prices 10.6 times local earnings. The second least affordable areas in the District are found in the rural areas to the east, where house prices are 9.5-10.0 times earnings. Elsewhere in Letchworth, the affordability ratio ranges from 6.7 in Letchworth Wilbury to 8.1 in Letchworth Grange.
- 2.35 Housing in Letchworth is less affordable compared to the other main towns in the District. In Hitchin, the average affordability ratio (across the four MSOAs) is 7.6, and in Baldock the ratio is 7.1, which is similar to Royston (7.3).

Figure 2.9 Affordability Ratio - North Hertfordshire



Source: NLP based on ONS Supplementary Housing Affordability Data

2.36 The data indicates that, with the exception of the more rural parts of the District, Letchworth Garden City is, on average, the least affordable part of the District. Although house prices are, in general, less expensive than nearby Hitchin, when taking into account local wages housing within Letchworth is less affordable. House prices in Letchworth are generally higher than both Baldock and Royston, and also less affordable than those areas. This is consistent with the views of local estate agents which highlighted affordability as a key issue in the town, acting as a barrier to young families buying in the town. They noted that many first-time buyers and younger households obtain help from parents where possible, and where this is not possible these households look elsewhere for more affordable housing, including moving outside of North Hertfordshire District altogether.

## Rents

2.37 Although data on local rents within North Hertfordshire is not available, District-wide information published by VOA<sup>3</sup> can be supplemented by qualitative information provided by local estate agents.

2.38 In the 12 months to Q1 2016, average (median) monthly rents in North Hertfordshire were £775. Lower quartile rents were 19% lower, at £650.

<sup>3</sup> Valuation Office Agency – Private Rental Market Statistics

Compared to Hertfordshire, North Hertfordshire has lower monthly rents (both median and lower quartile), however rents are higher than both the regional and national figures (as shown in Table 2.4).

Table 2.4 Average (Median) and Lower Quartile Monthly Rents (12 months to Q1 2016)

	Lower Quartile Monthly Rents	Median Monthly Rents
<b>North Hertfordshire</b>	<b>£650</b>	<b>£775</b>
Hertfordshire	£800	£985
East of England	£570	£695
England	£495	£650

Source: VOA Private Rental Market Statistics

- 2.39 Since Q2 2011, lower quartile rents in North Hertfordshire have risen by 24% from £525 to £650. This is in excess of the increase seen in a number of neighbouring Local Authority Areas, including South Cambridgeshire (15% increase), Uttlesford (22%) and East Hertfordshire (20%). Although the absolute cost of rents in many of these areas is more than North Hertfordshire, this illustrates that lower quartile rents in the District have been 'catching-up' with these neighbouring, more expensive areas. A similar pattern is seen with average rents, which have increase by 21% in North Hertfordshire, compared with 19% in South Cambridgeshire and 20% in East Hertfordshire.
- 2.40 Although North Hertfordshire could be seen as relatively more affordable than some neighbouring areas in terms of monthly rents (for example St Albans, Welwyn Hatfield and Central Bedfordshire) the rate of increase is likely to be having negative impacts, particularly on local residents. Estate agents noted that within Letchworth, homes which are advertised for rent typically see the cost of monthly rents increasing every 6-12 months each time properties are vacated and re-advertised. This is, in part, related to the lack of housing affordability, which has led more people into the private rented sector. Similar to the market, this sector has seen a lack of supply which has contributed to this pattern of increasing rents.

## Dwelling Turnover

- 2.41 A further way of considering the demand profile of the local housing market is to look at transactions in the local housing market. Data on the number of transactions in each area can be compared with the stock to show the relative turnover rates of different types of homes.
- 2.42 Table 2.5 shows the number of transactions within each town (and the District average) in 2011 by type of dwelling and how this compares with the overall stock. Across all areas, terraced housing and flats typically see the highest rates of turnover (likely to be linked to such dwellings being a popular first step on the housing ladder). This is the case in Letchworth; across all dwellings the rate of turnover is 2.9%, however for terraced homes this is 3.3%. Again, this is consistent with views of local estate agents which note that although overall

there are fewer dwellings on the market in Letchworth, there is a relatively high demand for terraced housing in particular.

- 2.43 Across all dwellings, the rate of turnover in Letchworth is slightly lower than the other areas, however some of these other areas have a relatively high turnover of certain types of dwellings, for example in Baldock the turnover for flats is 6.2% (with flats making up around one quarter of all transactions). Similarly, Hitchin sees a turnover of flats of 4.1%, which make up around on third of transactions.

Table 2.5 Dwelling Turnover - Letchworth, Hitchin, Baldock, Royston and North Hertfordshire

	All	Detached	Semi-det.	Terraced	Flats
<b>Transactions by Area</b>					
Letchworth	419	72	96	167	84
Hitchin	537	70	176	123	168
Baldock	174	13	44	62	55
Royston	239	66	61	64	48
North Hertfordshire	1,818	384	494	553	387
<b>Stock by Area</b>					
Letchworth	14,271	2,852	3,443	5,006	2,970
Hitchin	15,048	2,750	5,072	3,091	4,135
Baldock	4,495	773	1,479	1,355	888
Royston	6,800	1,897	2,149	1,590	1,164
North Hertfordshire	54,995	13,450	16,547	14,315	10,683
<b>Turnover by Area</b>					
Letchworth	2.9%	2.5%	2.8%	3.3%	2.8%
Hitchin	3.6%	2.5%	3.5%	4.0%	4.1%
Baldock	3.9%	1.7%	3.0%	4.6%	6.2%
Royston	3.5%	3.5%	2.8%	4.0%	4.1%
North Hertfordshire	3.3%	2.9%	3.0%	3.9%	3.6%

Source: Census 2011, Land Registry

- 2.44 Overall the dwelling turnover data supports the idea that few dwellings in Letchworth are available, in part due to an overall lack of supply, but that terraced housing in particular sees higher demand. This is reflected in more recent increases in house prices which have resulted from a lack of growth in this type of home and the increased demand for smaller, affordable family housing in the town.

## Summary

- 2.45 Letchworth Garden City has seen amongst the smallest increase in overall dwelling stock since 2001 when compared to other towns in the District (as well as the District, county, regional and national averages). Estate agents note a particular demand for 2-3 bed terraced housing suitable and affordable for families, however there has been a lack of supply of this type of housing, which in the last 2-3 years has seen prices inflate significantly.
- 2.46 Local households face increasing competition for new and existing dwellings from households moving into the area from areas to the south, meaning that in

many cases (without help from parents with a deposit for a home) young households are moving further north to areas including Sandy and Biggleswade where comparable housing is significantly less expensive than in Letchworth Garden City.

- 2.47 The lack of affordability is evident at the lower end of the market, with entry level house prices in some parts of Letchworth increasing by over 60% in the last 10 years alone, and at 2015 entry level terraced housing in Letchworth costs almost £200,000; well in excess of the regional and national averages.
- 2.48 Increases in local house prices have led to Letchworth having worse affordability compared with neighbouring towns; this reflects the wage differentials across the areas as well as differences in house prices. A knock-on effect of this worsening affordability has been greater demand in the rental market, however this has similar suffered a lack of supply in recent years. Across North Hertfordshire as whole, lower quartile rents have increased by 24% (equivalent to £125 per month) between 2011 and 2016. Within Letchworth, estate agents highlight the constant increase in private rents within the town each time a dwelling is brought back to the market.
- 2.49 A boost in housing supply, provided this reflects local need and is affordable, would help to ease the housing market pressures faced in Letchworth, including the competition local people face from those with greater purchasing power who move into the town from Hitchin and other areas to the south, and help to ensure local people who want to remain in the town are able to do so. At present, the lack of housing and increasing cost (particularly for small family homes, i.e. terraced housing) is forcing many young buyers to look elsewhere to the north, e.g. Biggleswade, where equivalent housing can be up to £100,000 less than in Letchworth.



## 3.0 People and Migration

3.1 This section provides analysis of demographic aspects within Letchworth, North Hertfordshire and the wider area. This includes the current profile, projected future change and patterns of household migration. This can illustrate which types of household typically move within the area, as well where people who move into the area come from. This allows for more in-depth understanding current and future patterns of growth and migration, which can provide useful context as well as aid understanding of future need and demand for housing.

### Population

3.2 As of 2014, the total population of Letchworth Garden City was 34,248, representing 26% of the District population of 131,046. The population age profile of Letchworth Garden City is similar to the District average, however with a slightly smaller working age population, and higher number of children and over 65s. This is shown in Table 3.1

Table 3.1 Population by Broad Age Group (2014) - Letchworth and North Hertfordshire

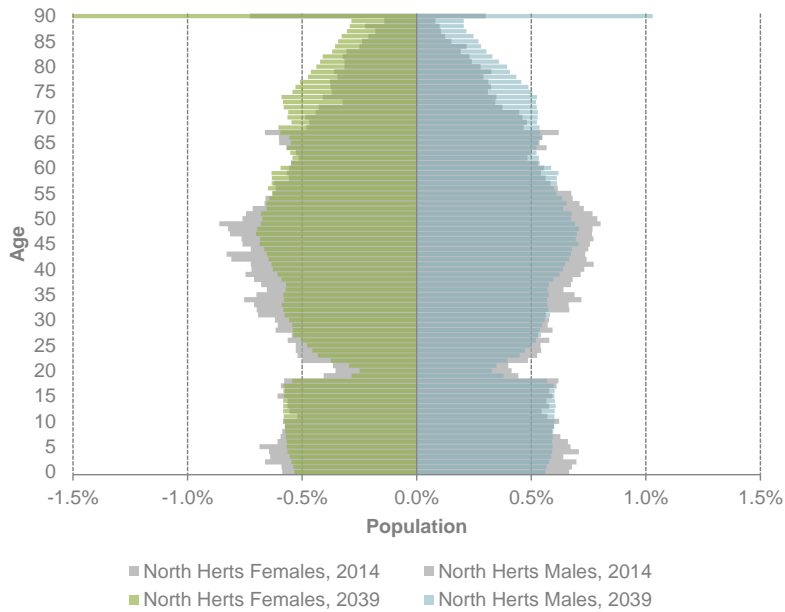
	Letchworth	North Hertfordshire
<b>0-17</b>	22.4%	21.9%
<b>18-64</b>	57.9%	59.9%
<b>65+</b>	19.7%	18.2%

Source: ONS 2014 Mid-Year Estimates

3.3 Over the next 25 years, the population of North Hertfordshire is projected to increase by 25% to 163,645 by 2039. This is slightly higher than the projected rate of growth for Hertfordshire County (24%), and also above the regional and national projections of growth (20% and 17% respectively). The District is projected to see overall net in-migration of between 900 and 1,050 each year, with almost all of this net gain arising through internal migration.

3.4 The projected change in age profile of North Hertfordshire is shown in Figure 3.1. Between 2014 and 2039, the population age 0-17 is projected to decline from 21.9% of the population to 20.9%, and the working age population (18-64) will see a larger decline, from 59.9% to 54.2%. The only age group to see a significant increase is those age 65 and over, which will increase from 18.2% of the population in 2014 to 24.9% of the population by 2039.

Figure 3.1 Projected Age Profile 2014 and 2039 - North Hertfordshire



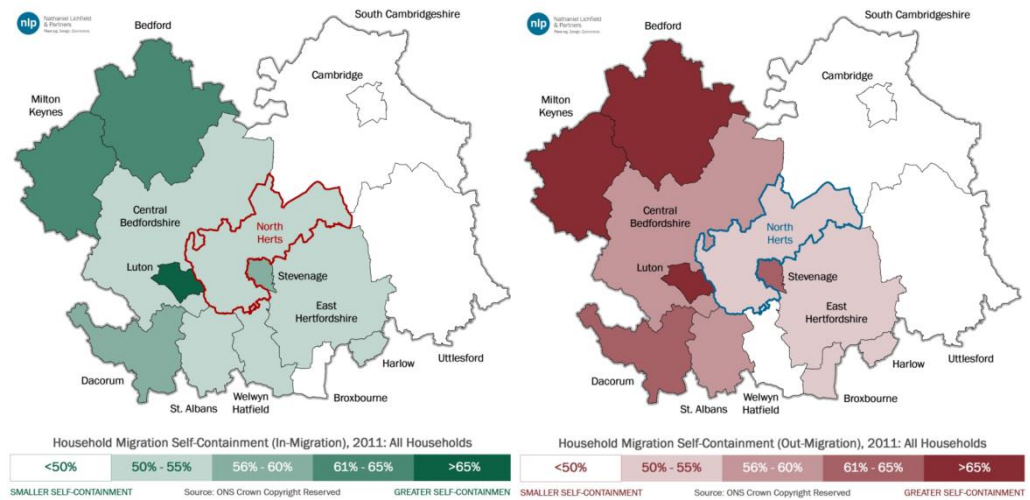
Source: ONS 2014-based SNPP

## Self-Containment

3.5 Migration self-containment is an indicator of how many in- and out-migrating households remain in the District. This can show which types of households are more likely to move out of the District and which are more likely to remain in the District (as well as the overall self-containment rate for all households). Figure 3.2 shows the levels of migration self-containment for wholly moving households across Hertfordshire, parts of Essex, Cambridgeshire and Bedfordshire. This shows in-migration self-containment (i.e. of all people who move into the District, how many originated within the District) and out-migration self-containment (i.e. of all people who 'out'-migrated from the District, how many remained within the District).

3.6 Across all households, 50% of those moving into North Hertfordshire also originated within the District, and 54% of those moving out remained in the District. This is line with the rates of self-containment for East Hertfordshire (also 50% and 54% respectively). Areas to the east of North Hertfordshire typically have lower rates of self-containment, for example in Uttlesford the self-containment rates for all households are 45% and 48% respectively, and in South Cambridgeshire 40% and 45%. The larger towns typically have higher self-containment rates, e.g. Bedford, Luton, Milton Keynes and Stevenage.

Figure 3.2 Household Migration Self-Containment (All Households)

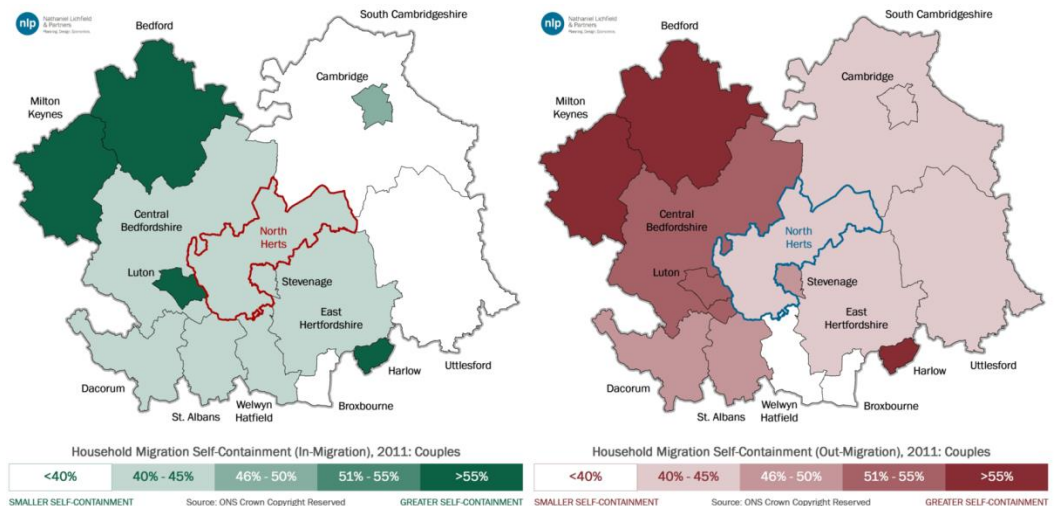


Note: Refers to 'Wholly Moving Households Only'

3.7

Figure 3.3 shows the level of self-containment for couples (either married or cohabiting) across the same area. Within North Hertfordshire, 41% of couples who move into the District also originate in the area and 43% of couples who move out remain in the District; this is lower than the rate of self-containment across all households. The movement of couple households reflects younger households who may be moving further afield (either through choice or necessity) as well as older couple households, which are typically associated with longer distance moves reflecting lifestyle changes (this is explored later in Section 3.0).

Figure 3.3 Household Migration Self-Containment (Couples)

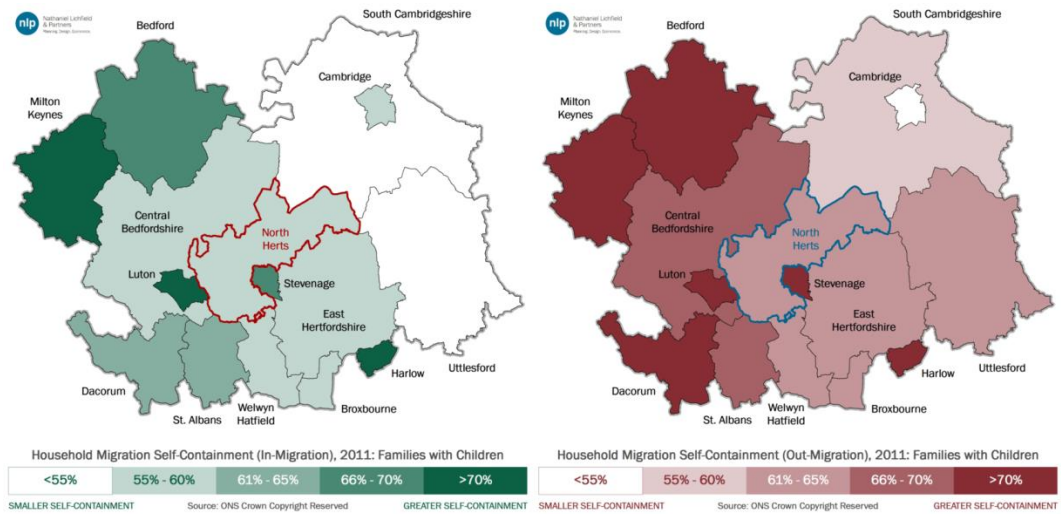


Note: Refers to 'Wholly Moving Households Only'

3.8

Families with children have typically a higher rate of self-containment than average; in North Hertfordshire, 58% of in-migrating households originate in the District and 64% of out-migrating households remain in the District. This is, as with other types of household, similar to the levels of self-containment seen in East Hertfordshire.

Figure 3.4 Household Migration Self-Containment (Families with Children)

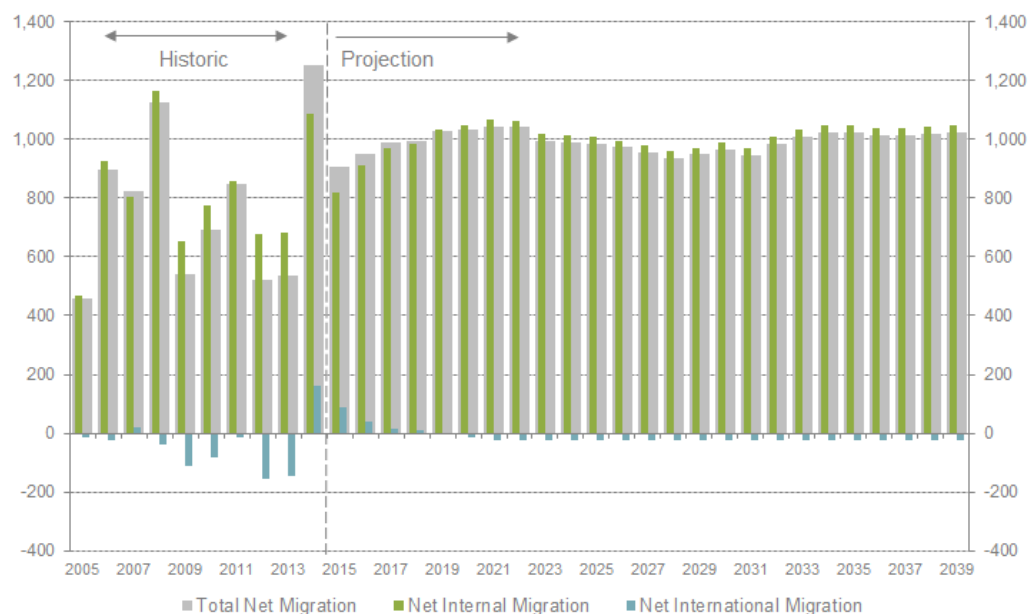


Source: NLP using Census 2011 **Note:** Refers to 'Wholly Moving Households Only'

## Migration – North Hertfordshire

- 3.9 Over the last ten years, North Hertfordshire District has seen average in-migration from the rest of the UK of 809 per annum. The District has seen a small net loss of people overseas, with net international migration averaging -41 per annum over the same period. This brings total net migration over the ten year period to 769 per annum. The short term average is almost identical, with net internal migration at 816 per annum and net international at -47 per annum (totalling 769 per annum).
- 3.10 Over the next 25 years, the latest government projections (2014-based) indicate that the level of internal migration will be slightly higher than past trends, at 1,004 per annum on average. Net international migration is projected to be -13 per annum on average (overall contributing little to population change in the District). This is shown in Figure 3.5.

Figure 3.5 Historic and Projected Internal and International Migration - North Herts (2004/05 to 2038/39)



Source: ONS Mid-Year Estimates, ONS 2014-based SNPP

- 3.11 Figure 3.6 shows the main flows of migration into and out of North Hertfordshire. The largest outflow of migrants is to Central Bedfordshire (1,090 per annum on average) followed by Stevenage (677) and London (570). Other areas which see a flow from North Hertfordshire of more than 200 persons per annum include South Cambridgeshire, Welwyn Hatfield and East Hertfordshire.
- 3.12 Of in-migrants to North Hertfordshire, the largest number comes from Greater London (1,400 per annum; however given the size of London, at c.8.5m people, this is perhaps unsurprising). The next highest flow is from people in Stevenage (783 per annum on average) followed by Central Bedfordshire (653) and Welwyn Hatfield (443).
- 3.13 Figure 3.7 shows the percent of in-migrants to North Hertfordshire which come from the Local Authorities elsewhere in the region<sup>4</sup>. It shows that 45% of North Hertfordshire's in-migrants come from Local Authority Areas (LAAs) which directly border the District (a total of 3,270 per annum)<sup>5</sup>. A further 9% (650 per annum) come from LAAs which border those neighbouring authorities ("second neighbours"). 11% of in-migrants come from Boroughs in the North of London<sup>6</sup> and 9% from the rest of London. This means that around one quarter (26%) of North Hertfordshire's in-migrants come from further afield than these areas.

<sup>4</sup> Based on the average flow for 2011/12, 2012/13 and 2013/14. Source: ONS

<sup>5</sup> For the purposes of this analysis, Cambridge is considered to fall into the same categorisation as South Cambridgeshire given it falls wholly within the South Cambridgeshire Local Authority Area.

<sup>6</sup> North London Boroughs defined as Barnet, Enfield, Waltham Forest, Haringey, Camden, Islington, Harrow, Brent, Redbridge and Hackney.

Figure 3.6 Migration to/from North Hertfordshire District (Average Flows 2012-14)

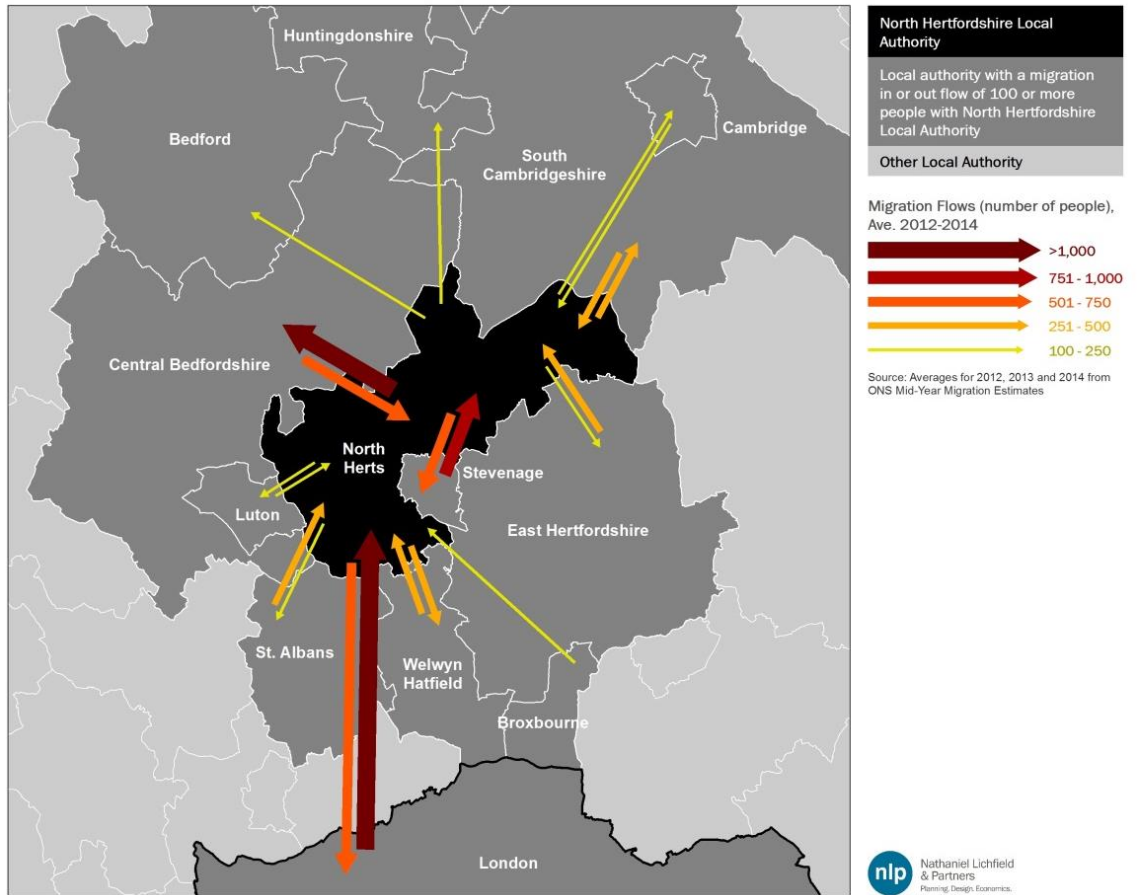
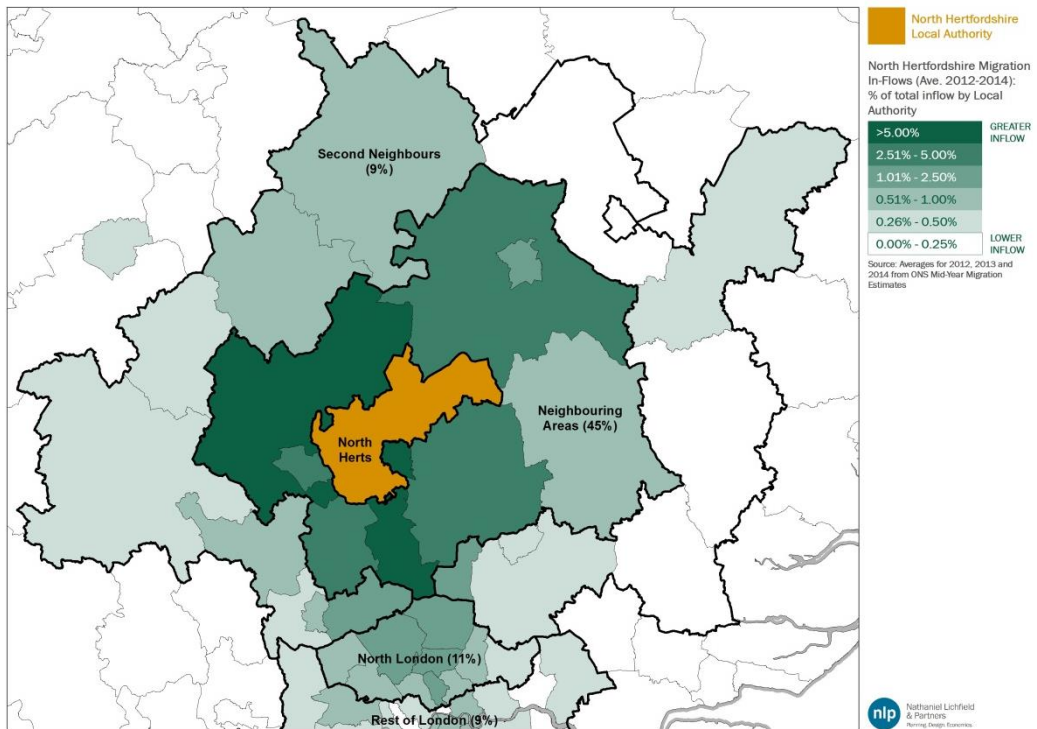


Figure 3.7 Inflows to North Hertfordshire by Local Authority



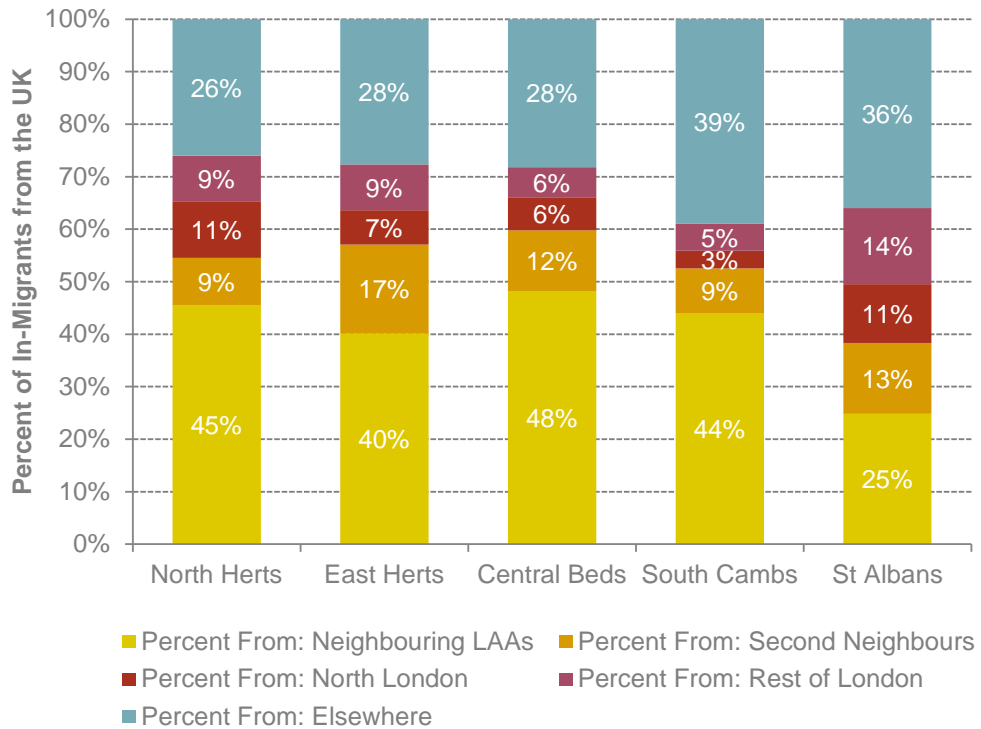


- 3.14 Figure 3.8 shows how these migration figures for North Hertfordshire compare to nearby authorities in Hertfordshire, Bedfordshire and South Cambridgeshire which are within the same OAC Supergroup classification ('Prosperous England') as North Hertfordshire<sup>7</sup>.
- 3.15 North Hertfordshire has a similar percent of in-migrants coming from neighbouring authorities as South Cambridgeshire. A higher percentage of North Hertfordshire's in-migrants come from adjacent authorities than East Hertfordshire (where 40% of in-migrants come from neighbouring LAAs) and St Albans (where only 25% come from neighbouring LAAs). Central Bedfordshire has a slightly higher rate coming from adjacent areas than North Hertfordshire, at 48%.
- 3.16 North Hertfordshire sees a total of 29% of its in-migrants coming from either second neighbours, north London or elsewhere in London. This compares with 33% in East Hertfordshire, 24% in Central Bedfordshire, 22% in South Cambridgeshire and 38% in St Albans. As expected, the areas to the south of North Hertfordshire exhibit stronger migratory relationships with London than those to the north.
- 3.17 Of the comparator areas, North Hertfordshire has the lowest percent of in-migrants who come from outside of the four broad geographies (neighbouring LAAs, second neighbours, north London or the rest of London) ("long distance migrants"), with these representing 26% of in-migrants to the District. In East Hertfordshire and Central Bedfordshire, 28% of in-migrants were long distance migrants, and in St Albans the figure is 36%. South Cambridgeshire has the highest percentage of long distance migrants; however this is likely to in part reflect its relationship with Cambridge City and movements for work and study.

---

<sup>7</sup> ONS 2011 OAC Supergroups: <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/guide-method/geography/products/area-classifications/ns-area-classifications/ns-2011-area-classifications/maps/index.html>

Figure 3.8 Origin of In-Migrants (2011/12-2013/14 average)



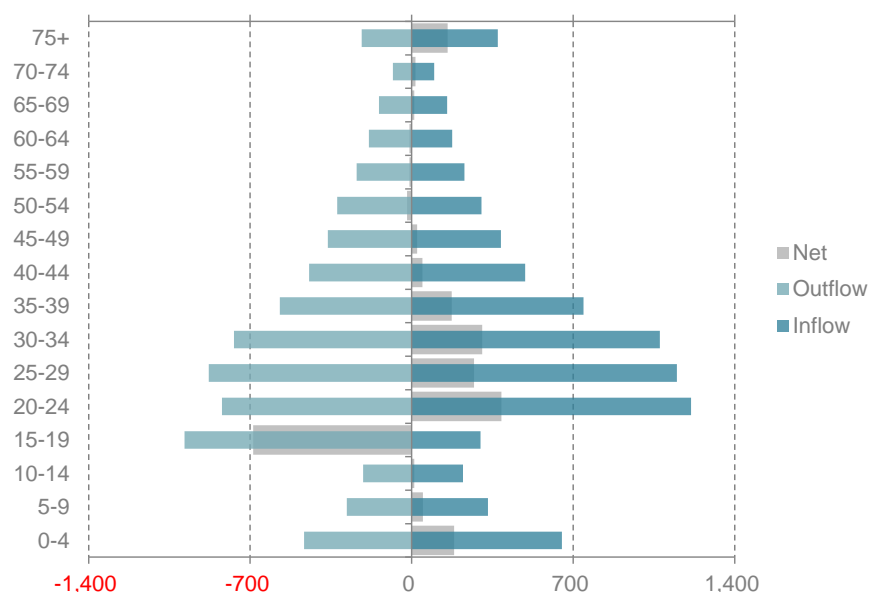
Source: NLP based on ONS Migration Matrices (2012-14)

3.18 Overall the figures do not suggest that North Hertfordshire is an area which sees particularly high levels of in-migration from long distances. The area will inevitably see in-migration from London due to its position within the wider London housing market area associated with the capital (which extends across most of the South of England) and it's transport links, however in-migrants from neighbouring LAAs make around half of all in-migrants.

3.19 It is also important to consider that North Hertfordshire itself is and exporter of migrants to other parts of the UK, including to University towns such as Leeds, Nottingham, Bristol, Canterbury and Brighton. Out-migration to these areas reflects the migration profile of people who move to and from North Hertfordshire, as shown in Figure 3.9. It shows that the 15-19 age group is the only group which sees net out-migration, averaging c.700 per annum. All other age groups, including young children and older adults see net in-migration, reflecting the District's attraction to families moving in from elsewhere, including London.



Figure 3.9 Migration Profile - North Hertfordshire (2014/15)



Source: ONS 2014-based SNPP

## Migration - Letchworth

3.20

At the time of the 2011 Census, a total of 12,360 households within Letchworth lived at the same address as the year prior, and 114 households moved within the same Ward they were previously living in. A total of 845 households moved into the five Wards (including from outside the UK), and 450 (53%) of these came from either elsewhere within Letchworth or within North Hertfordshire District<sup>8</sup>. The remainder came from outside the District. Of the 744 households who moved out of each of the Wards, 427 (57%) moved to either elsewhere in Letchworth or within North Hertfordshire District. This is shown in Table 3.2.

Table 3.2 Household Migration by Ward- Letchworth (2011) – Wholly Moving Households

	East	Grange	South East	South West	Wilbury	Total
Whole household lived at same address	2,132	2,914	2,679	2,697	1,938	12,360
Lived elsewhere within same Ward	21	22	23	24	24	114
Inflow: Total	212	149	149	182	153	845
Inflow: Lived outside Ward but within District	100	86	83	106	75	450
Inflow: Lived outside District but within UK	104	62	61	70	75	372
Outflow: Total	162	109	147	188	138	744
Outflow: Lived outside Ward but within District	95	67	94	89	82	427
Outflow: Lived outside District but within UK	67	42	53	99	56	317

Source: NLP based on Census 2011

Note: Refers to 'Wholly Moving Households' only

<sup>8</sup> The 2011 Census provides information on household migration at Ward and District level. At the smallest geography, it indicates where a household has moved into or out of a Ward from either within that same Ward or from within the 'associated area' – this is defined as the next geography up (so for Ward, District), hence it is not possible to distinguish household moves between specified Wards. Moves into a Ward from within the 'associated area' could have been from a neighbouring Ward (i.e. elsewhere in Letchworth) or a Ward elsewhere in North Hertfordshire, but it is not possible to make this distinction.

- 3.21 This data is consistent with the views of local estate agents, one of which indicated that around half of buyers come from the local area (within Letchworth or a nearby town), with the remainder tending to come from further south along the A1 corridor (including from Hitchin) and London. Overall the Wards within the town 'exported' 317 households to areas outside North Hertfordshire District in the UK, and 'imported' 372 households from elsewhere in the UK (i.e. there was a net gain of 55 households).
- 3.22 Table 3.3 shows, of the people who lived in the five Letchworth Wards in the year prior to the Census, the percentage that lived at the same address, moved within the Ward, moved within the District and moved to outside of the District. This is shown by household type, and there is a strong relationship between the likelihood of migrating and age/type of household.
- 3.23 Single person households under age 65 are most likely to migrate, with only 85% remaining at the same address over the year, followed by couples with no children and families with dependent children (92-93% living at the same address). In families where all children were non-dependent, 98% of households remained at the same address, and in this was similar to single person households over age 65. Families over age 65 were least likely to move, with 99.1% remaining at the same address. This picture is consistent with national trends which shown a lesser likelihood of a household to move with age<sup>9</sup>.

Table 3.3 Household Moves (Outflows) by Type - 2011

	Lived at same address	Outflows - Destination			Total Moving
		Elsewhere within Ward	Within District (including elsewhere in Letchworth)	Outside District	
Single Person (under 65)	<b>85.1%</b>	1.5%	7.5%	5.9%	<b>14.9%</b>
Single Person (65 and over)	<b>97.5%</b>	0.6%	1.2%	0.8%	<b>2.5%</b>
Family: 65+	<b>99.1%</b>	0.1%	0.1%	0.7%	<b>0.9%</b>
Couple: No Children	<b>93.4%</b>	0.8%	2.3%	3.5%	<b>6.6%</b>
Family: Dep. Children	<b>92.3%</b>	1.2%	4.4%	2.0%	<b>7.7%</b>
Family: Non-Dep. Children	<b>98.0%</b>	0.2%	1.2%	0.6%	<b>2.0%</b>
Other	<b>97.1%</b>	0.9%	1.4%	0.5%	<b>2.9%</b>
<b>Total</b>	<b>93.5%</b>	<b>0.9%</b>	<b>3.2%</b>	<b>2.4%</b>	<b>6.5%</b>

Source: NLP based on Census 2011

- 3.24 Across all households, 93.5% lived at the same address as one year prior the 2011 Census. Of the out-migrating households, 13% moved within the same Ward, 50% moved outside of the Ward but within the District (including to elsewhere in Letchworth Garden City) and 37% moved outside the District. By comparison, in Hitchin the percent of households who were living at the same address as one year prior was lower, at 92.2%, and in Royston similarly the

<sup>9</sup> For example, see English Housing Survey Data.

rate was 92.3%. The rate moving households in Letchworth was similar to Baldock, at 93.7%.

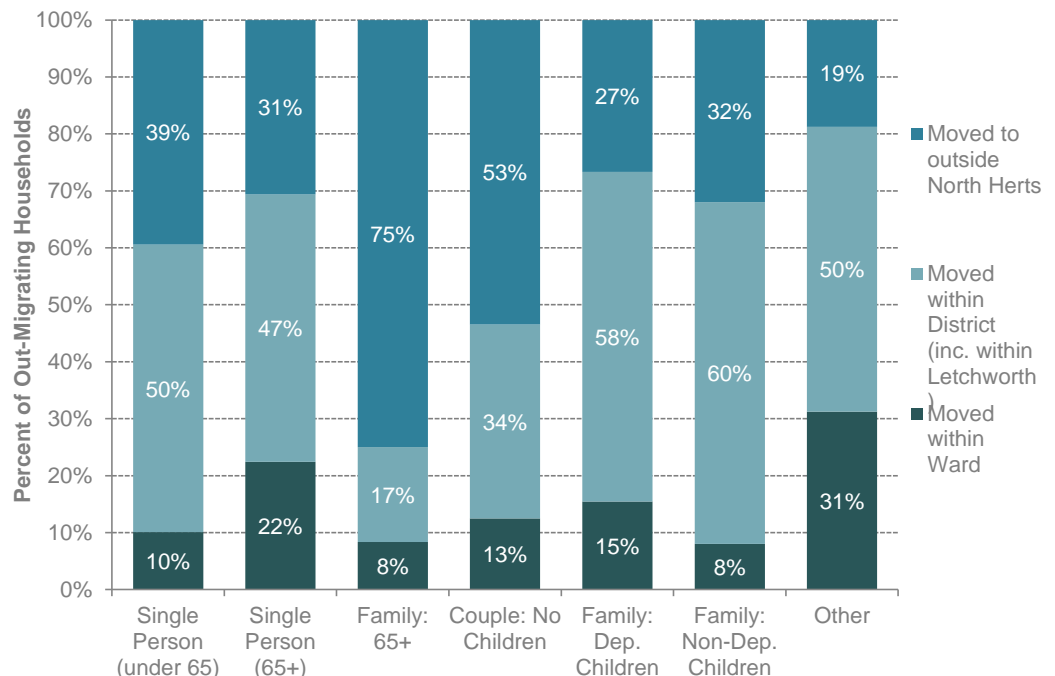
3.25

Of those households which did move out of each of the Wards, Figure 3.10 shows where those households were most likely to move to by each type. Interestingly, while households with families over age 65 are the least likely to move altogether, of those that do move, the majority (75%) move to an area outside of North Hertfordshire District. Local estate agents noted that, of older households that moved, the majority were looking to relocate to coastal areas, in particular the South West and Norfolk/Suffolk. Couples with no children are also likely to move outside of North Hertfordshire (53% of moving households), followed by single person households under age 65 (39%). Again, this is consistent with the ‘filtering’ effect of households moving further north seeking more affordable housing. This is related to the lack of supply of mid-range homes for new/growing families which attract considerable competition and are particularly unaffordable for locals.

3.26

Households which are most likely to stay within the District (including moving to elsewhere within Letchworth Garden City) are families with children (both dependent and non-dependent). This is consistent with the analysis of self-containment presented earlier in Section 3.0 as well as the local housing market context in Section 2.0 which indicates there is a demand of family housing locally.

Figure 3.10 Destination of Out-Migrating Households (Letchworth Wards) - 2011



Source: NLP based on Census 2011

3.27

Table 3.4 shows the origin of households which moved **into** the five Letchworth Wards in the year prior to the Census. It shows that 12% of households moved within the same Ward they were living in previously and a

total of 47% of households moved into Wards from elsewhere within North Hertfordshire (this includes from other Wards within Letchworth and across the District). Therefore, a total of 59% of in-migrating households can be defined as being “local” to the area. 41% of in-migrating households came from outside North Hertfordshire District.

Table 3.4 Origin of In-Migration Households (Five Letchworth Wards) - 2011

	Inflows - Origin			
	Elsewhere within Ward	Within District (including elsewhere in Letchworth)	Total from within District (“Local”)	Outside District
Single Person (under 65)	10%	45%	55%	45%
Single Person (65 and over)	21%	50%	71%	29%
Family: 65+	6%	24%	29%	71%
Couple: No Children	11%	38%	48%	52%
Family: Dep. Children	13%	54%	67%	33%
Family: Non-Dep. Children	8%	44%	52%	48%
Other	14%	51%	66%	34%
<b>Total</b>	<b>12%</b>	<b>47%</b>	<b>59%</b>	<b>41%</b>

Source: NLP based on Census 2011

- 3.28 By comparison, in Hitchin, 52% of households moving into the town were “local” to the area, and the remaining 48% of households moving into the area came from outside of North Hertfordshire District. In Royston, 46% of households moving into the town were “local” and 54% came from outside North Hertfordshire. In Baldock, fewer households moved into the Wards from elsewhere in North Hertfordshire (43%), however more households moved within the same Ward (18%), meaning the overall percent that were “local” is higher than Letchworth at 61%, with 39% coming from outside of the District. This shows that in Letchworth;
- Households overall are less likely to move (when compared with Hitchin and Royston) with more households remaining at the same address over the year prior to the Census; and
  - Households moving into Letchworth are more likely to be local and less likely to come from outside of North Hertfordshire District compared to those moving into Hitchin and Royston.

- 3.29 These findings are consistent with the housing market analysis set out in Section 2.0 which highlighted that the turnover of dwellings in Letchworth is relatively lower when compared to the other towns in the District.

## Summary

- 3.30 The age profile of Letchworth broadly reflects the District at 2014, albeit with a slightly higher proportion of children and over 65s, and a smaller proportion of working age people. Over the next 25 years, the population of the District is projected to grow faster than the regional or national rate of growth, and in line

with past trends the District is projected to see net in-migration from the rest of the UK totalling c.1,000 people per annum. The profile of the population is projected to change significantly, but in line with national trends, and see growth in the number of elderly people and a contraction in the working age population and number of children (as a share of the overall population).

- 3.31 The District has a reasonable level of self-containment, with around half of all households who move to/from the District also originating/moving there. This sits within the range of nearby authorities, with some having higher rates of self-containment (e.g. Bedford, Dacorum) and others having lower rates of self-containment (e.g. Uttlesford, South Cambridgeshire). Families with children have the highest self-containment rate of around 60%, highlighting the demand for family housing across the District.
- 3.32 North Hertfordshire has the strongest migratory relationships with Central Bedfordshire and Greater London, as well as nearby areas such as Stevenage and St Albans. Of those who move into the District, 45% come from LAAs which directly border North Hertfordshire and the District has fewer long-distance migrants compared to neighbouring authorities. As well as being a destination for migrants coming in from elsewhere, the District also 'exports' migrants to areas all across the UK, in particular to University towns and cities, which reflects the age profile of migrants to and from North Hertfordshire (with a new inflow of all age groups except 15-19 year olds).
- 3.33 Within Letchworth, around half of households that move into the town also originated within North Hertfordshire (including elsewhere in Letchworth), and of those who originated within Letchworth, over half remained in the District (including elsewhere in Letchworth). Households in Letchworth are generally less likely to move altogether when compared to other towns in North Hertfordshire (with the exception of Baldock), however households are more likely to be local to the area. This reflects the District-level migration analysis, which shows, compared to neighbouring areas, a smaller proportion of in-migrants to North Hertfordshire are 'long-distance'.

4.0

## Households and Occupancy

4.1

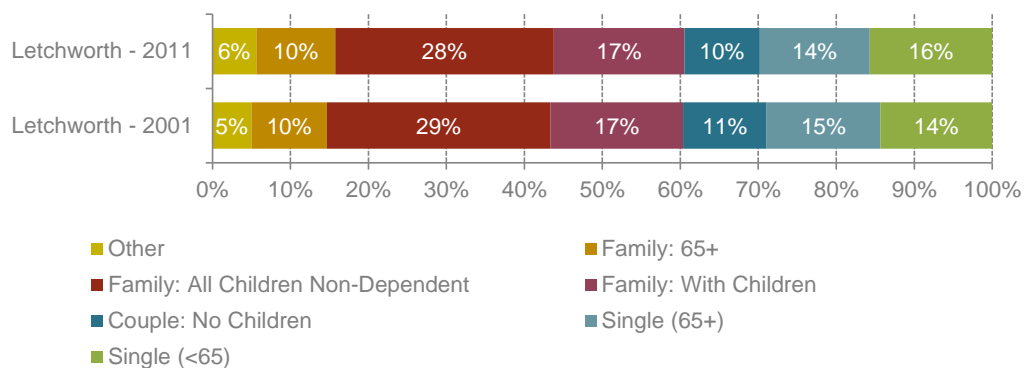
This section sets out the current household profile of the town to provide context for future changes examined in Section 6.0. It also looks at household characteristics in terms of occupancy patterns to illustrate how households and dwellings interact in the market. By looking at how households relate to dwellings at present this can help highlight where there may be an existing need within the population (e.g. concealed families) and how households may occupy housing in the future (and the sizes of homes which may be best appropriate). Finally, this section examines the latest government household projections which project change in North Hertfordshire over the next 25 years (and also form the basis of the demographic modelling in Section 6.0).

### Household Composition

4.2

The change in household composition of Letchworth Garden City between the 2001 and 2011 Censuses is shown in Figure 4.1. This shows that single person households above age 65 have increased from 14% to 15% of households over the ten year period. By contrast, the number of single person households under age 65 declined from 15% to 14%. There has also been a small decline in couples with no children, however no change in families with children (remaining at 17%). Families where all children are non-dependent declined slightly from 29% to 28%. There was no change in families over age 65, and there was a small increase in 'other' households. 'Other' households includes those which contain multiple adults, for example adult children (with or without dependent children) living with parents, or a group of unrelated adults.

Figure 4.1 Change in Household Composition - Letchworth - 2001-11



Source: Census 2001/2011

Note: 'Family' includes married, civil partnership and cohabiting couple and lone parents.

4.3

The household profile of Letchworth Garden City as of 2011 is similar to the District, regional and national average. However, the town has more households comprising of families over age 65 (10% of all households) compared to North Hertfordshire (9%) and England (8%). There is also a slightly higher percent of families containing a couple (or lone parent) with non-

dependent children (10% cf. 9% for North Herts). This is likely to be an indicator for concealed households, which can occur when adult children are living in the parental home.

- 4.4 Letchworth has fewer households containing couples with no children than the comparator areas. It also has fewer single person households (under 65) than the national average, however this level is in line with the District and regional average.

## Occupancy Patterns

### Occupancy (Rooms)

- 4.5 The 2001 and 2011 Censuses provide detailed information related to household occupancy, including whether a household has enough rooms (or bedrooms) according to government standards, and therefore whether a household is living in overcrowded housing or if it 'under-occupies' housing (i.e. has more space than needed).
- 4.6 In 2001, 5.9% of households in Letchworth were defined as overcrowded (according to the 'room' standard), equivalent to 804 households out of 12,864. 'Other' households were most likely to be overcrowded, with 19.9% of households in this group having too few rooms. 10.3% of single person households below age 65 were overcrowded, and 7.4% of families with children were overcrowded. Households over age 65 containing either a couple or a single person were the least likely to be overcrowded, as shown in Table 4.1.
- 4.7 By 2011, overcrowding across all households had increase to 6.4%, or 893 households. However, this change has not occurred equally across different groups. Single person households below age 65, families above age 65 and 'other' households have all seen an improvement in overcrowding rates. Families where all children are non-dependent have seen no change in occupancy patterns, with the same percent of those households being overcrowded in 2011 as in 2001. There has been a marginal increase in overcrowding in single person households over 65 and couples with no children, however families with children have seen the greatest increase in rate of overcrowding, from 7.4% in 2001 to 9.1% in 2011. This is likely to reflect the changes in dwelling stock, which typically favoured smaller units (i.e. flats) over family housing.

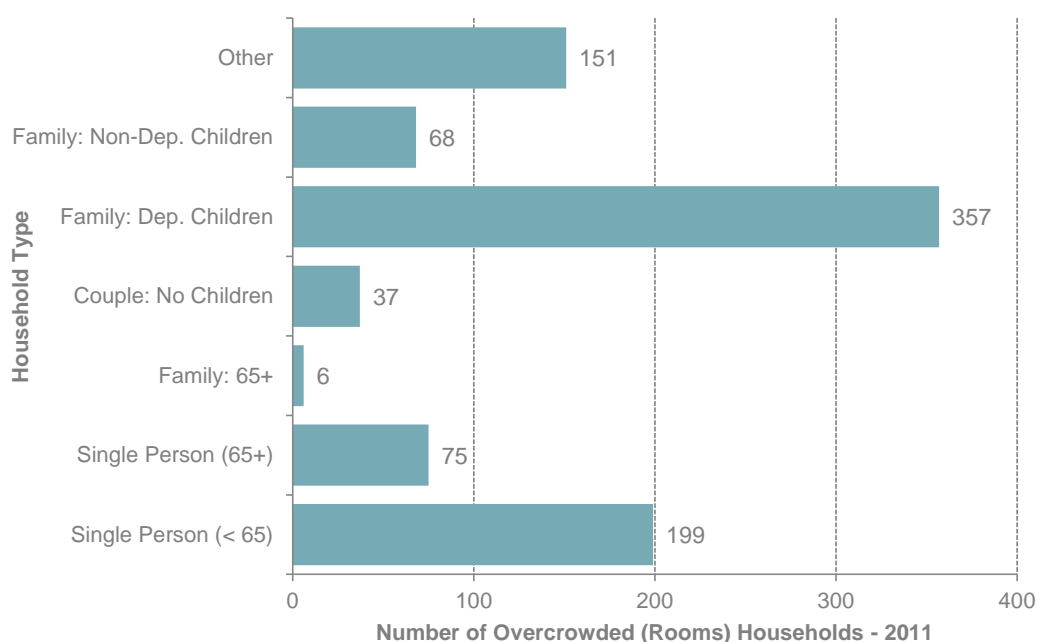
Table 4.1 Change in Overcrowding in Letchworth (All tenures) 2001-11

	Percent overcrowded in 2001	Percent overcrowded in 2011	Change (percentage points)
Single (<65)	10.3%	9.1%	-1.2
Single (65+)	3.4%	3.8%	+0.4
Family: 65+	0.6%	0.4%	-0.2
Couple: No Children	1.5%	1.6%	+0.1
Family: With Children	7.4%	9.1%	+1.7
Family: All Children Non-Dep.	4.8%	4.8%	~
Other	19.9%	19.2%	-0.7
<b>All</b>	<b>5.9%</b>	<b>6.4%</b>	<b>+0.5</b>

Source: Census 2001/2011. 'Overcrowded' as defined by occupancy rating (rooms) of -1 or less.

4.8 Overall, as of 2011, there were 893 households within Letchworth which had 1 (or more) fewer rooms than required, i.e. overcrowded. Of these, most were families with dependent children (a total of 357 households), as shown in Figure 4.2.

Figure 4.2 Number of Households Overcrowded in Letchworth - 2011



Source: Census 2011 **Note:** Overcrowded defined as occupancy rating (rooms) or -1 or less.

### Occupancy (Bedrooms)

4.9 Table 4.2 shows the relationship between household size and number of bedrooms for market housing in Letchworth at 2011. It shows that although the majority of 1-bed dwellings are occupied by single person households, the opposite is not true for larger dwellings. Most 5-bed homes are occupied by 2 and 4 person households, rather than the largest households. Of the 6+ person households in Letchworth, most actually reside in 3-4 bed dwellings, with some in even smaller housing.



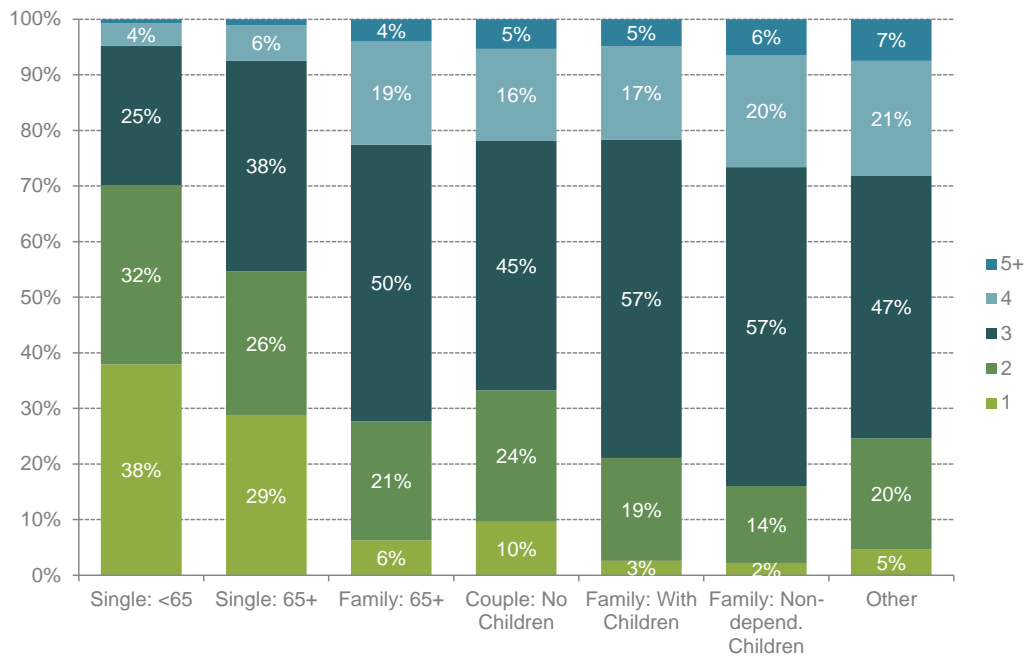
Table 4.2 Household Size by Number of Bedrooms (Market) - Letchworth (2011)

		Bedrooms				
		1	2	3	4	5+
Household Size	1	248	644	845	190	26
	2	78	632	1,576	670	189
	3	12	153	712	309	94
	4	0	56	743	401	104
	5	0	17	159	141	61
	6+	0	2	42	53	35

Source: Census 2011 **Note:** Includes owned outright, owned with mortgage and shared ownership.

- 4.10 Figure 4.3 shows the household types by number of bedrooms in Letchworth. It shows that single person households above age 65 are more likely to occupy larger housing compared to single person households below age 65, with 38% occupying a 3-bed dwellings. Couples with no children occupy the smallest housing after single person households, with 10% in 1-bed dwellings, however there is still a significant number of these households who under-occupy housing, with two thirds living in homes with 3, 4 or 5 bedrooms. This is likely to be related to couples who are planning to have children in the future, hence occupying larger housing than their current needs.
- 4.11 Couples over age 65 and couples with all children non-dependant occupy the largest housing, with 23% and 26% occupying housing with 4 or more bedrooms respectively. This reflects 'empty-nesting' whereby couples remain in the family home after having children. In the open market, households will tend to occupy the largest size of housing which they can afford, rather than a dwelling which has the precise number of bedrooms that household needs (and no more). This results in households (particularly older households) occupying homes which do not reflect their 'true' needs (likely to be around 1-2 bedrooms). However, local estate agents did highlight a demand from older households looking to downsize into more manageable accommodation, in particular bungalows with some outdoor space (small, manageable homes which are more suitable for those with mobility impairments). Estate agents noted that these types of dwellings are uncommon in Letchworth, with these homes generating a lot of interest when they come onto the market. Providing some of this type of housing as part of new development would help to cater for both the needs of older households (looking to downsize) and families (by freeing up larger stock).
- 4.12 A total of 57% of families with dependent children live in 3-bed homes, with a further 22% in homes with 3 or more bedrooms. This reflects the views of local estate agents who noted that 3-bed homes were most popular amongst families with children and were the homes which were in the highest demand. Notwithstanding, a small number of families (102) still live in 1-bed dwellings, further illustrating the issue of overcrowding in this particular group.

Figure 4.3 Household Type by Number of Bedrooms (All Tenures) - Letchworth



Source: Census 2011

## Concealed Families

- 4.13 Concealed families are families which are found within another household. The Censuses count these families as those where the Family Reference Person (FRP) is not the Household Reference Person (HRP), i.e. there are more than one families (and family reference people) living in a household. At the national level, the number of concealed families increased between 2001 and 2011 from 161,000 to 276,000 (prior to 2001 the number of concealed families had been declining). This reflects a number of factors, but in particular the recession which saw a lack of available mortgage finance and worsening affordability, which led to more families moving back into (or remaining in) the family home for longer.
- 4.14 In 2001, there were 82 concealed families in Letchworth Garden City, or 0.9% of all families. This was the same rates as across North Hertfordshire, where there were a total of 297 concealed families, which was 0.9% of the total. Of the concealed families in Letchworth, 61 (75%) were below age 44. Of these, 45 of these were couple families (either with or without children) and 16 were lone parents with children.
- 4.15 Table 4.3 shows the percent of families (by age and type) that were concealed in Letchworth in 2001. It shows that families age 29 and under with no children were most likely to be concealed (with 5.1% of all families in this group being concealed). This rate was the same as the rate for North Hertfordshire. Of young households with dependent children in Letchworth, 4.4% were concealed; this was higher than the District equivalent of 3.7%. Rates of concealment amongst other age groups were relatively low.

Table 4.3 Percent of Families (by Age and Type) Concealed in 2001 (Letchworth)

		All Ages	29 and Under	30-44	45-59	60-64	65+
All Families		0.9%	4.7%	0.7%	0.3%	0.4%	0.5%
Type	No Children	0.9%	5.1%	1.6%	0.0%	0.6%	0.4%
	Dep. Children	0.9%	4.4%	0.5%	0.3%	0.0%	0.0%
	Non-Dep. Children	0.6%	~	0.0%	0.8%	0.0%	0.9%

Source: Census 2001

- 4.16 By 2011, the number of concealed families in Letchworth had increased by 64% to 135, representing 1.4% of all families. Of these, 70 were below age 35. Although the rates of concealment are not directly comparable with the 2001 Census (due to the different way age groups have been banded) it is clear that families, in particular younger families have seen a significant increase in the probability that they are concealed within Letchworth. For couples under age 24, almost 1 in 5 (18.2%) were concealed at the time of the last Census, and for couples under age 24 with children the rate was 8.9%. This is consistent with views of local estate agents, which noted that local affordability pressures had led to more young households remaining in the family home.

Table 4.4 Percent of Families (by Age and Type) Concealed in 2011 (Letchworth)

		All Ages	24 and Under	25-34	35-49	50-64	65+
All Families		1.4%	11.8%	3.1%	0.5%	0.5%	1.6%
Type	No Children	1.7%	18.2%	4.7%	0.6%	0.6%	1.3%
	Dep. Children	1.3%	8.9%	2.3%	0.5%	0.4%	5.3%
	Non-Dep. Children	0.9%	~	0.0%	0.4%	0.5%	2.1%

Source: Census 2011

- 4.17 Table 4.5 shows how Letchworth Garden City compares to other towns in North Hertfordshire, as well as the District, County and Regional averages. Across all ages, the rate of concealment in Letchworth is higher than Hitchin, Baldock and Royston, as well as the District average. However, this pattern is not equal across all age groups. Indeed, for families age 25 and under, Letchworth has the second lowest rate of concealment of the four towns, being lower than both Baldock (16.1%) and Royston (19.6%). However, in 25-34 year olds Letchworth has the highest rate of concealment across the four areas, at 3.1% (which is also higher than the District average). Across the older age groups, Letchworth is similar to the other areas (with the exception of 65+ in Baldock).

Table 4.5 Percent of Families (by Age and Type) Concealed in 2011 (Letchworth and Comparator Areas)

	All Ages	24 and Under	25-34	35-49	50-64	65+
Letchworth Garden City	1.4%	11.8%	3.1%	0.5%	0.5%	1.6%
Hitchin	1.3%	9.8%	2.9%	0.4%	0.6%	1.6%
Baldock	1.0%	16.1%	2.0%	0.6%	0.4%	0.2%
Royston	1.1%	19.6%	1.0%	0.5%	0.5%	1.3%
North Hertfordshire	1.2%	13.7%	2.6%	0.5%	0.5%	1.4%
Hertfordshire	1.5%	14.3%	3.6%	0.6%	0.6%	1.6%
East of England	1.5%	13.0%	3.4%	0.6%	0.6%	1.3%

Source: Census 2011

- 4.18 Like most areas, the increase in the number of concealed families in Letchworth has been influenced (at least in part) by issues related to the housing market, including worsening affordability and mortgage availability which has led more young families to remain in (or move back into) the family home. While for some families this arrangement may be through choice (particularly for older concealed households) it is likely that in a lot of cases (particularly in young households) housing is so unaffordable that younger households are either forced to live with parents or choose to do so in order to manage costs. Concealed households therefore represent an element of unmet need for housing in the local area, as there is insufficient local, affordable housing to meet need and demand.

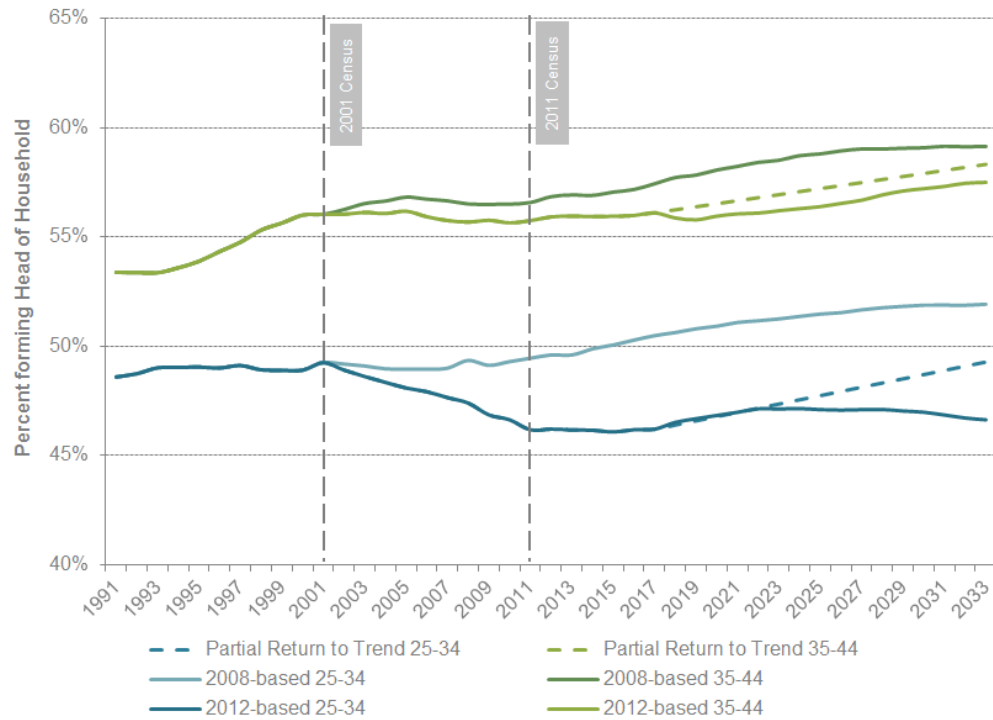
## Household Projections

- 4.19 The Government's latest household projections are the DCLG 2012-based Household Projections (February 2015). These project household growth over the 25-year period 2012-37 of c.209,000 per annum across England, as well as projecting the household formation rates across all age groups (i.e. the proportion of people in an age group which will form their own household). These 2012-based household projections differ, particularly in the young adult age groups, to the 2008-based projections which were produced prior to the recession and the 2011 Census. The Census showed that, in reality, there were fewer households than projected amongst the younger adult age groups in 2011. This is, at least in part, attributable to the recessionary effect on household formation, which saw worsening affordability and reduced mortgage availability.
- 4.20 Within North Hertfordshire, the pattern of household formation is similar to at the national level. Figure 4.4 shows the historic and projected household formation rates for 25-34 and 35-44 year olds in North Hertfordshire. In 25-34 year olds, prior to the 2001 Census household formation rates had been relatively stable at 49%. The 2008-based projections projected this to remain stable up to c.2010, before increasing slowly to 52% by 2033. At the time of the 2011 Census, it was evident that household formation amongst this age group was around 3-4 percentage points lower than projected, at 46%. The most recent projections project this rate to remain relatively stable in the short term, before increasing to 47% over the longer term.

4.21

For 35-44 year olds, the 2008-based projections projected a small increase between 2001 and 2011, before increasing further over the long term to 59% by 2033. Similar to 25-34 year olds (although not to the same extent) the 2011 Census found the rate in 2011 to be lower than projected. Although this is projected to continue increasing in the future, it still lags behind the previous projection.

Figure 4.4 2008-based and 2012-based Household Projections - North Hertfordshire 1991-2033



Source: DCLG 2008-based and 2012-based Household Projections/NLP Analysis

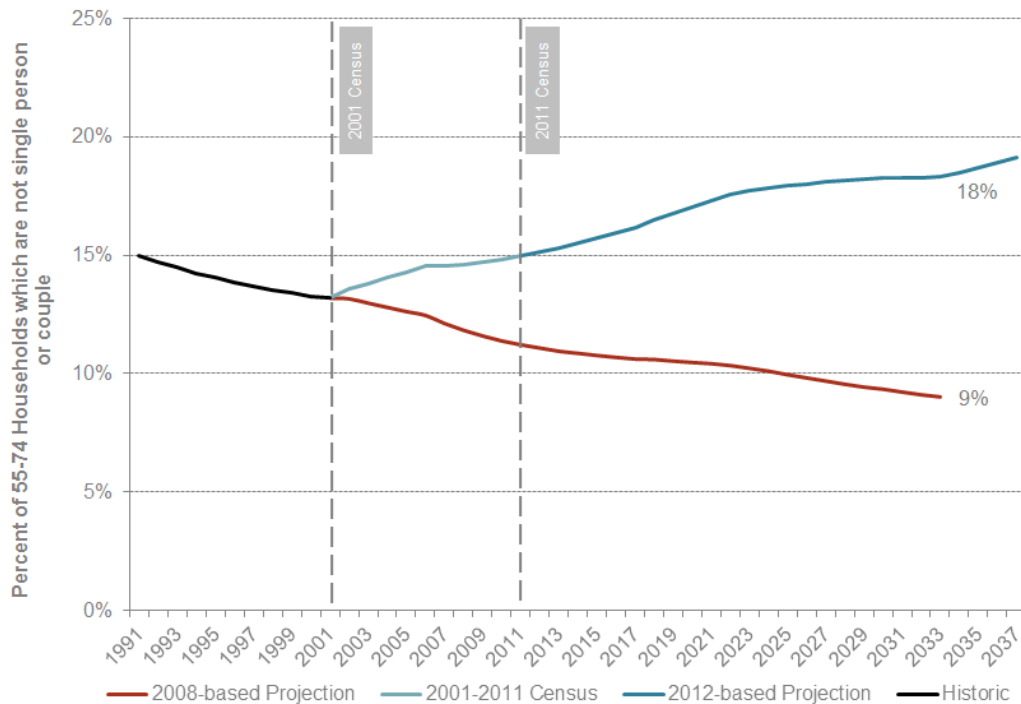
4.22

At the same time as household formation amongst young adults declined significantly, the opposite pattern was occurring in older households. Figure 4.5 shows the historic and projected rates of households in the 55-74 age group which are **not** either single person or one couple only. These 'other' households therefore comprise of those which contain a couple and one or more other adults, both with and without children – some of these are effectively concealed families.

4.23

Prior to 2001, these 'other' households had been in decline, and the 2008-based household projections projected this to continue, such that by 2033 these households would represent 9% of households in this age group. The 2011 Census showed that the number had actually risen up to 2011, and by 2033 the 2012-based projection projects this to increase further to 18%. This effectively means that by 2033, almost 1 in 5 households (age 55-74) will contain other adults (including some which will also contain children), compared to 1 in 10 projected previously.

Figure 4.5 Percent of Households in North Hertfordshire age 55-74 which are not single person or couple



Source: DCLG 2008-based and 2012-based Household Projections/NLP Analysis

4.24 Although the 2012-based projections are the government’s most up-to-date, nationally consistent and robust projections of future household growth, for the reasons discussed it would be reasonable to assess a scenario which considers future household growth under the assumption that outcomes for younger adults will be more improved (compared to the official projections), helping to reverse the projected growth in ‘other’ households in older age groups. For both age groups, Figure 4.4 shows how rates would change for each age group if by 2033 the 2012-based rates returned part-way to the 2008-based rates, such that half the ‘gap’ was made up. This recognises that, along with recessionary factors, there are other factors at play (such as increases in BME households and changes in relationship statuses).

4.25 In Part B of this report (‘Demonstrating the Local Need for Housing’), the level of housing need in Letchworth has been assessed using the 2012-based household projections. However the level of need associated with a ‘part return to trend’ is also set out, to indicate the level of need associated with an alternative view on household formation rates in younger age groups so that they return half way to the higher, 2008-based rates in the longer term. This effectively means, in turn, reducing the number of older households which contain other people (be that young people, couples or families).

## Summary

4.26 Letchworth Garden City currently has a wide range of different households types. Families with non-dependent children make up the single largest group, followed by families with children. The level of overcrowding in the town has

increase between 2001 and 2011, and families with children have been disproportionately affected. This is likely to be a knock-on impact of the lack of appropriate housing delivery seen between 2001 and 2011, in which there was little growth in the number of terraced homes (which are those of highest demand for families).

- 4.27 The nature of the open market has meant that, like many places, Letchworth contains households which significantly under-occupy homes (i.e. have spare rooms) and households which are overcrowded (i.e. have too few rooms). Smaller households (1-2 persons) occupy a wide range of size of homes reflecting the fact that households in the open market occupy the size of home they can afford rather than the smallest house possible to meet their needs. Increased competition for these homes has meant some larger households are living in houses which are too small to meet their needs.
- 4.28 The rate of concealed families in the town has increased between the Censuses, and compared to the other towns in North Hertfordshire Letchworth has the highest rate of concealment amongst 25-34 year olds. Rates of concealment are also particularly high amongst young couples; this is in line with the views of local estate agents which note that affordability issues has forced more young families to remain in the family home.
- 4.29 In the future, the most recent projections suggest fewer young adults will form their own household, and simultaneously the number of older households which contain other adults will increase above historic levels, to 18% by 2033. As such, it would be reasonable to consider other scenarios which assume improved outcomes for households; this is explored further under Part B.

## **Part B - Demonstrating the Local Need for Housing**



## 5.0 Existing Housing Need in Letchworth

- 5.1 As well as needs arising in the future (through population growth and household formation) there will be an element of existing need within the current Letchworth population. This might be through the presence of overcrowded or concealed families, or those in affordable housing need indicated by the housing register<sup>10</sup>. Additional housing provision will need to take into account these households, since they represent the 'backlog' of households which are already in need of housing.

### Concealed Families

- 5.2 Analysis in Section 4.0 illustrates that the number of concealed families in Letchworth Garden City increase substantially between 2001 and 2011, with the youngest household being disproportionately affected. In Letchworth, 11.8% of families age 24 and under were concealed as of 2011, rising to 18% of families age 24 and under which had children. Furthermore, of the four main towns in North Hertfordshire, Letchworth had the highest rate of concealment amongst 25-34 year old families, at 3.1%.
- 5.3 At the time of the 2001 Census, there was a total of 61 families age **44** and under which were concealed, and by 2011 there were 70 families age **34** and under (and a further 18 between age 35 to 49) that were concealed. This increase is in line with the most recent household projections, which show that [historically] between 2001 and 2011, household formation in young adults decreased while the number of older households containing multiple adults (with or without children) increased.
- 5.4 It is possible that some of these households are the same households which are currently on the North Hertfordshire Housing Register. However, a number of these households are likely to be not eligible for affordable housing and/or seeking to have their needs met in the market, rather than through the Housing Register.

### Overcrowded Households

- 5.5 Section 5.0 also looked at overcrowding in Letchworth, and found that there are currently 893 households in the town which have fewer rooms than required according to government standards. Most of these households (357) were households containing a family with dependent children.
- 5.6 Although these households do not actually represent a net need for additional housing (as when they move they will free up a dwelling for occupation by another household) a suitable dwelling must still be provided in order for this household to be able to move in the first place. Were no additional housing to be provided in Letchworth, there would be no improvements to the conditions

---

<sup>10</sup> It is possible that there is some overlap between these, as some concealed families may be on the register.

of existing overcrowded households, and indeed the situation may worsen for many households as the number of families grows but there is inadequate housing to accommodate them.

## Affordable Housing Needs

- 5.7 As at April 2016, there were a total of 1,858 households 'live' on North Hertfordshire District Council's Housing Register. Between April and June 2016, the total number of households on the register had increased by a further 109, bringing the total to 1,976.
- 5.8 As of April 2016, there were 690 households in Bands A and B. More than half of all households were in need of 1-bed accommodation, with a further 619 in need of 2-bed accommodation. This is shown in Table 5.1.

Table 5.1 Households on Housing Register (North Hertfordshire) by Number of Bedrooms (April 2016)

	1 bed	2 bed	3 bed	4 bed	5 bed	Total
<b>Band A</b>	139	15	-	1	-	155
<b>Band B</b>	108	294	87	37	9	535
<b>Band C</b>	785	310	62	10	1	1,168
<b>Total</b>	<b>1,032</b>	<b>619</b>	<b>149</b>	<b>48</b>	<b>10</b>	<b>1,858</b>

Source: North Hertfordshire District Council

- 5.9 Table 5.2 shows the breakdown of these households by type (at April 2016). It shows that single person households make up the largest group of households in need, however families with children (single parent, couple or 2+ adults) also account for a large amount of need, equating to a total of 760 households, of which roughly half are in Bands A or B.

Table 5.2 Households in the Housing Register (North Hertfordshire) by Household Type (April 2016)

	Single, no children	Couple, no children	Single parent family	Two parent family	More than 2 adults, no children	Extended family (2+ adults w/ children)	Total
<b>Band A</b>	108	38	9	-	-	-	155
<b>Band B</b>	80	43	195	205	9	3	535
<b>Band C</b>	660	140	180	166	20	2	1,168
<b>Total</b>	<b>848</b>	<b>221</b>	<b>384</b>	<b>371</b>	<b>29</b>	<b>5</b>	<b>1,858</b>

Source: North Hertfordshire District Council

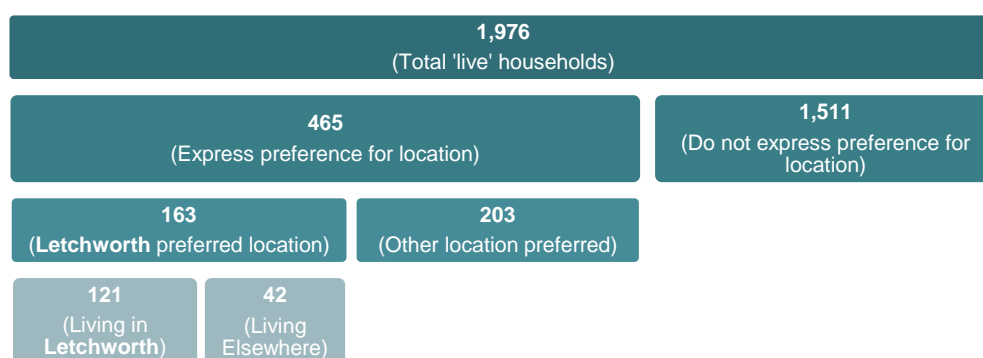
## Letchworth

- 5.10 Although a breakdown of the types of households who are on the Housing Register within Letchworth is not available, and as a Local Authority, North Hertfordshire Council are focused on meeting needs across the District, there is evidence to show that need does exist within Letchworth, and that some of those households have also expressed a preference for remaining in Letchworth. While these households could, in theory (and in line with the District Council's policy), have their needs adequately met elsewhere in the

District, this would mean those households being forced to move elsewhere, with knock-on effects locally.

- 5.11 At June 2016, there were a total of 1,976 'live' households on the register. While a majority do not express a preference for location, 465 households do express a preference. Of these, 163 have stated Letchworth as a preference, of which 121 are households which currently live in Letchworth. This is shown in Table 5.1. This figure is likely to represent a minimum given there are likely to be more households currently living in the town which have simply not expressed a particular preference for location. However, this nonetheless highlights that there are at present **121 households** currently living in Letchworth who have expressed a preference to remain in the town; if their needs cannot be met in their local area, they would have to move elsewhere to have their housing needs met (contrary to their preference to remain in the town).

Figure 5.1 Household Location Preference - North Hertfordshire (June 2016)



Source: North Hertfordshire District Council \*Not to scale.

- 5.12 It important to consider that these figures representing solely the current backlog of need within Letchworth and North Hertfordshire overall. They take no account of newly forming households in the future who will be unable to afford market housing and will subsequently be in need of affordable housing, or existing households which may fall into need in the future. This means that future affordable housing provision should not be constrained solely based on the needs currently indicated by the Housing Register, as this is not a dynamic, forward-looking model of future affordable housing need.

## Affordable Housing Delivery

- 5.13 The delivery of mixed market/affordable housing can be an effective mechanism for delivering affordable housing, and this has been demonstrated in recent developments within Letchworth Garden City. For example, the development at the Former Westbury Primary School<sup>11</sup> includes 35% affordable homes, and the recent development at Blackhorse Road<sup>12</sup>, includes 40% affordable homes. In addition to this, the Heritage Foundation considers it

<sup>11</sup> Reference 10/00472/1

<sup>12</sup> Reference 14/01403/1

also possible to provide affordable housing through other mechanisms, including;

*“...subsidised renting for local people by the Heritage Foundation acting as a private landlord, reduced price of housing for local people on land held by the Heritage Foundation...”<sup>13</sup>*

- 5.14 The Foundation also recognised other ways in which market housing could be delivered in ways which may be more affordable or beneficial to local people (albeit these may fall outside the traditional definition of affordable housing;

*“...as part of major development proposals [the Heritage Foundation] would be able to secure housing for local people by looking at alternatives such as community land trusts, co-operatives, subsidised self-built plots for local people...[or] secured tenure for local people by way of a covenant. This could be part of a package of measures, which would also include working with our local housing association partners...”<sup>13</sup>.*

## Summary

- 5.15 Within Letchworth currently, there is a need for market and affordable housing to cater for existing needs within the local population. There is evidently a current need for market housing, as illustrated through the presence of overcrowded households in the town, particularly families. Family homes were the type which was highlighted by estate agents as being in particularly high demand but low supply in Letchworth, and this reflects in the number of overcrowded households. Additional housing is needed to facilitate the movement of these households into more suitable accommodation.
- 5.16 Concealed families also represent an element of unmet need for market housing; these are families which (either through choice or necessity) are living with another family. Between 2001 and 2011, the number of concealed families in Letchworth increased, and amongst young adults Letchworth has some of the highest rates of concealment across North Hertfordshire, for example in 25-34 year olds.
- 5.17 There is a clear need for affordable housing across the District, with the Council’s Housing Register currently containing roughly 2,000 households in need of affordable housing. Although a detailed breakdown of type and age is not available at a local level (and the Council’s primary objective is to accommodate households within any part of the District if the accommodate is suitable), there is nonetheless a demonstrable case for providing affordable housing needs even if solely to meet the needs of local people in Letchworth. The Register shows there are currently 121 households currently living in Letchworth who have expressed a preference to have their housing needs met in the town, however for the reasons discussed this is likely to be an under-representation of the true level of need within Letchworth. Furthermore, this does not take into account future need, which must be considered.

---

<sup>13</sup> Letter from Letchworth Garden City Heritage Foundation to North Hertfordshire District Council Re. Local Plan Preferred Options, 6<sup>th</sup> February 2015

## 6.0 Future Housing Need in Letchworth

6.1 This section sets out a number of future growth scenarios. These primarily consist of demographic-led assessments, i.e. assessing the growth needs driven by population growth in Letchworth, to provide an alternative view of growth needs associated with Letchworth (compared to the supply-led scenarios set out in the 2013 Study and the 2016 Update).

6.2 In addition to demographic-led scenarios, this section also examines two economic-led scenarios (i.e. the housing need associated with maintain the labour force or achieving job growth in the tow), as well as reiterating the outcomes associated with providing no further housing in Letchworth<sup>14</sup>.

6.3 The scenarios which will be assessed can be summarised as follows (full explanations of inputs and assumptions which feed into the modelling can be found in Appendix 1);

### 1 Demographic-led:

- i **Scenario A:** Maintain the current population – This assesses the amount of housing required to keep the population at its current size (i.e. no growth or decline) and the associated demographic outcomes;
- ii **Scenario B:** Natural Change – This assesses the number of dwellings needed to accommodate natural change occurring within the current population (i.e. assuming there is no in- or out-migration to or from Letchworth);
- iii **Scenario C:** Zero Net Migration – This scenario equalises the in- and out-flows of migration to and from Letchworth to assess what the housing need would be;
- iv **Scenario D:** Base Population Share of Migration – This scenario assumes that Letchworth would accommodate its share of the projected migration to and from North Hertfordshire in the 2014-based SNPP based on Letchworth's size relative to the District;

### 2 Economic-led:

- v **Scenario E:** Maintain Labour Force<sup>15</sup> – this scenario assesses the level of housing which would be needed in order to maintain the current working population in the town;
- vi **Scenario F:** Job Growth (Trend-based) – this scenario assess the level of housing needed to maintain recent trends in job growth;

### 3 Supply-led:

- vii **Scenario G:** No Further Housing – Assessing the demographic outcomes were no further housing to be provided in Letchworth

<sup>14</sup> The outcomes set out in this report under a 'no further housing' scenario will differ slightly to those in the previous 2016 Update report as in the interim period new population projections have been published by the government.

<sup>15</sup> **Note:** The 'labour force' is different to the 'working age population' described elsewhere in this report. The 'working age population' refers to the population aged 18-64 while the labour force refers to the percent of all people (age 16+) who are economically active (i.e. employed or unemployed and seeking/available for work).

between 2014 and the end of the plan period (taking into account 2014/15 completions);

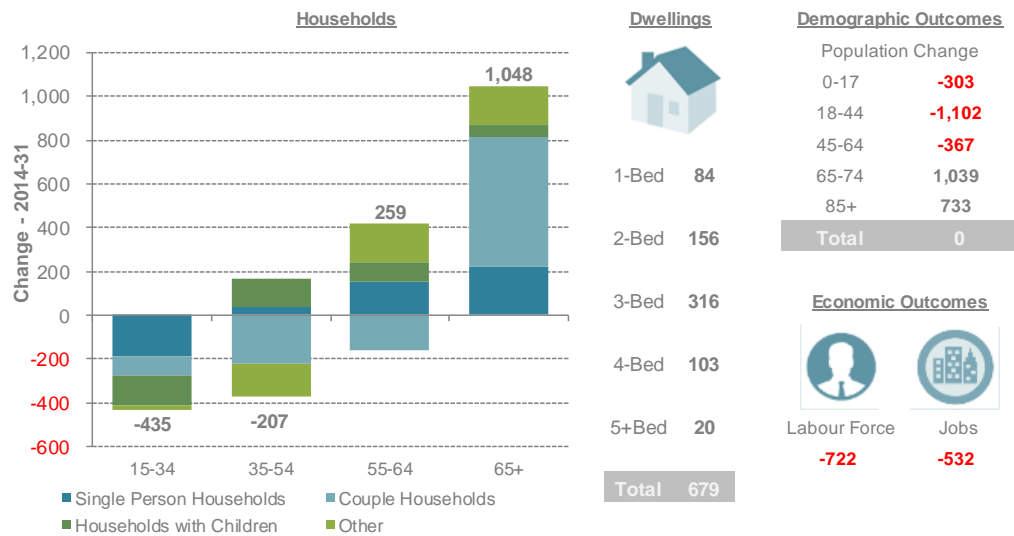
## Demographic-led Scenarios

### Scenario A: Maintain Current Population

- 6.4 Declining average household size means that a number of additional homes will be needed solely in order to keep the overall population at its current level (c.34,000). This scenario assesses the additional housing which would be needed in order to keep the overall population at its current size, and Figure 6.1 shows the key demographic outcomes. This shows that although there would be no change to the overall size of the population, there would be a significant decline in the size of the labour force (due to ageing), and a decline in the number of jobs which could be supported in the town.
- 6.5 There would be a need for **679 dwellings** to cater for household growth of 665; this is the number of additional households there would need to be in Letchworth in 2031 to keep the overall population at c.34,000 (i.e. the current level) using the 2012-based (baseline) household formation rates. Were household formation rates amongst 25-44 year olds to return half way to the 2008-based rates by 2033, there would be a need for 902 dwellings.
- 6.6 This scenario highlights that even just by maintaining the population there would be a significant shift in the age profile of people and households in Letchworth. For households age 15-34, all types would see a decline by 2031, including single person households, couples and families. For 35-54 year olds, there would be an overall net decline in the number of households, however some groups would see an increase (single person and those with children), with other seeing a decrease (couples and 'other').
- 6.7 In 55-64 year olds, all types except 'couples' would see an increase, with an overall increase of 259 by 2031. The oldest households would see the greatest growth, totalling 1,048 by 2031, with most of this growth being in couple households (as a result of increased life expectancy, particularly in men). Both 55-64 and 65+ groups are projected to see increases in the number of households containing dependent children, and this is [in part] related to the projected increase in adult children living in the parental home for longer than historically.
- 6.8 It has been illustrated that households rarely occupy the exact size of housing they need, with there being a strong tendency to under-occupy housing, particularly in couples without children and older age groups. By applying current occupancy patterns to this projection of household growth (rather than prescribing dwelling sizes to different household sizes) it is possible to estimate what mix of additional dwellings would best cater for the needs and demands of population growth, reflecting how households occupy dwellings. This is shown in Figure 6.1. This shows the, despite the majority of household growth being older or smaller households, there is actually the greatest need and

demand for 3-bed and 2-bed dwellings. This is consistent with the views of local estate agents who stated there was particularly high demand for these types of homes in the area, and that these would be the type of home they would consider to be most needed in the town.

Figure 6.1 Housing, Demographic and Economics Outcomes - Scenario A: Maintain Current Population (Baseline)



Source: NLP analysis

6.9 Figure 6.1 also shows the overall change in population in each of the broad age groups. This shows a decline in the number of children and working age people, and a significant increase in the number of people over age 65 in the town. This is line with the increases in household growth of over 65s, as well as the decline in the size of the labour force.

6.10 Scenario A illustrates that, even to maintain the population at its existing level, there would be a need for around 680 dwellings; and even so, maintaining the overall size of the population would not maintain the age structure. Rapid ageing in the town would result from a decline in the number of children and working age population, and there would be a significant increase in the older age population. This could have potential negative impacts on the vitality and viability for the local economy, make it difficult for local businesses to recruit and affect the viability of local schools and services.

### Scenario B: Natural Change

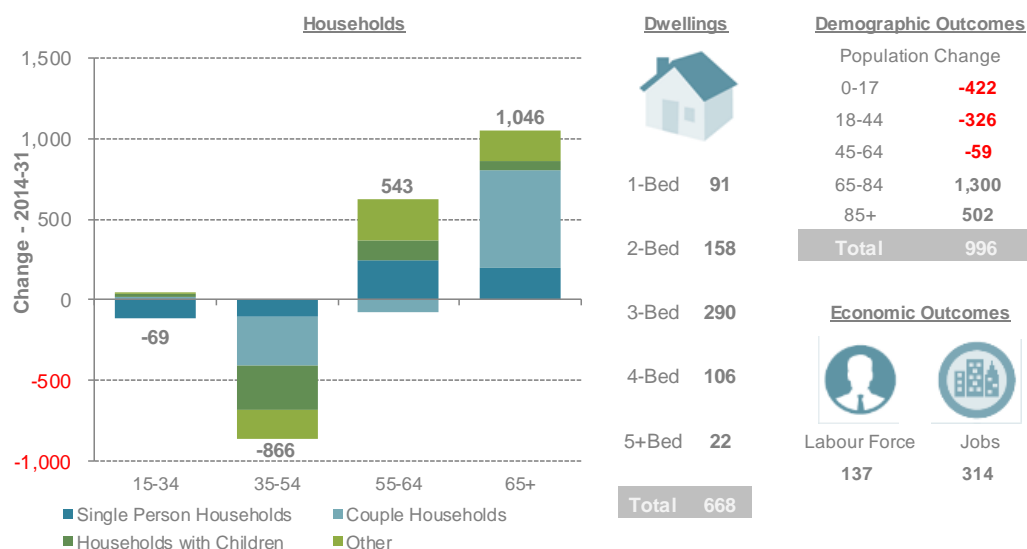
6.11 This scenario assumes that there are no movements into or out of Letchworth over the plan period. It assesses the level of housing needs associated solely with people currently living in Letchworth, the births and deaths occurring in the period to 2031, and the changes to the local age profile this creates. This then influences the number of households forming and the additional housing need. This scenario does **not** take into account the age profile of people moving into or out of Letchworth (since all migration is set to '0').



- 6.12 Although this scenario is purely hypothetical, and in reality it is not possible to control migration into or out of Letchworth, it does provide an illustration of the 'underlying' housing need within the existing population. There is housing need associated with new household formation in younger age groups, as well as declining household size associated with ageing (hence producing more households from a population even without changing the overall number of people).
- 6.13 Figure 6.2 summarises the main outcomes under this scenario. This illustrates that, even without taking into account migration, the existing resident population of Letchworth Garden City would still growth by around 1,000 by 2031. This is a result of the natural change (i.e. difference between births and deaths) in the town. There would be a small increase in the size of the labour force of 137, and taking into account unemployment and commuting this could support modest job growth of 314.
- 6.14 There would be growth of 654 households by 2031, associated with new household formation and declining average household size, which would generate a need for **668 homes** taking into account dwelling vacancy rates. If household formation rates were to return half way to the 2008-based rates in the long term, the need would be 37% higher at 912 dwellings.
- 6.15 There would be a net decline of 69 households age 15-34 and a decline of 866 households in the 35-54 age group, with all types (including households with children) seeing a decline. There would be a small decline in couple households age 55-64, but an increase in households with children and 'other', reflecting the trend for adult children to be living with parents for longer, thereby increasing the number of older households which contain dependent children. Similarly, households age 65+ will also see a significant increase in 'other' households and households with children for the same reason. The biggest growth would be in couple households over age 65 as people live longer, as well as single person households in this age group. Applying current occupancy patterns to this change suggests that most dwellings needed would 3-bed dwellings (290), followed by 2-bed (158) and 4-bed (106).



Figure 6.2 Housing, Demographic and Economics Outcomes - Scenario B: Natural Change (Baseline)



Source: NLP analysis

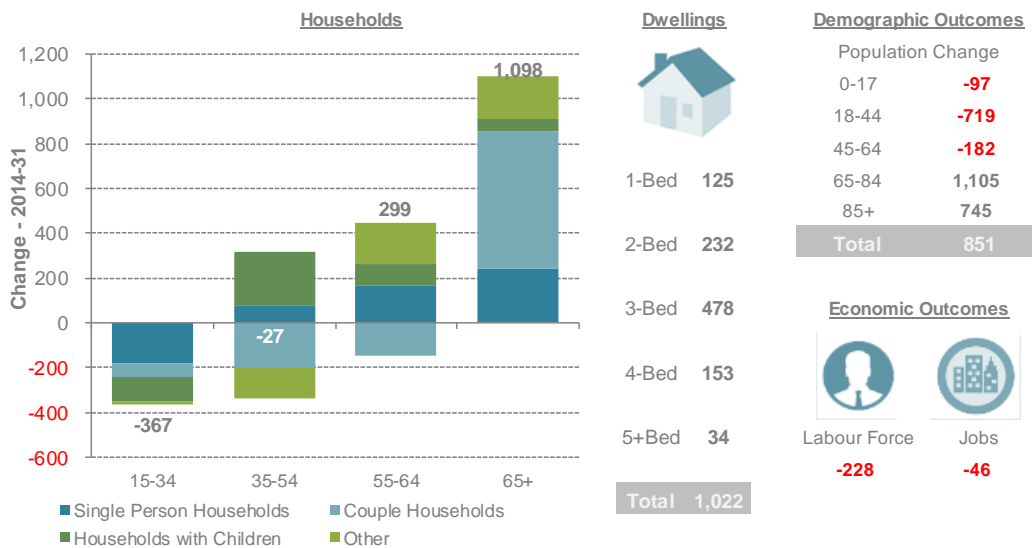
### Scenario C: Zero Net Migration

- 6.16 This scenario assumes that an equal number of people move into and out of Letchworth over the plan period, i.e. the town sees no overall net gain from migration. However, as shown in Figure 3.9, the age profile of in- and out-migrants to North Hertfordshire varies, with there being a net inflow of children and adults, and a net outflow in the 15-19 age group. This change in age profile over time will dictate the level and types of household growth within the town, as well as other changes including in the labour force.
- 6.17 Under this scenario the overall population change is lower than Scenario B; this is because the different age profile affects natural change within the town. Although the in-migration of adults increases the number of births in the town when compared with Scenario B, the higher level of growth in the oldest age groups (accelerated by in-migration in these age groups) results in more deaths, meaning overall growth is lower.
- 6.18 Figure 6.3 shows the change in number of households by age group and type under Scenario C, as well as the estimated dwelling need. In this scenario, 15-34 year olds would see the greatest decline in number of households, of 367, with all household types seeing a decline. This compares to only a marginal decline under Scenario B and is largely a result of the net out-migration seen in this age group.
- 6.19 There would be a small overall decline in households age 35-54, with single person households and households with children seeing an increase, and couple and 'other' households seeing a decrease. This is substantially different from the overall decline of 866 households in this age group under the previous scenario, and reflects the net in-migration of people in this age group.

6.20

In-migration in the oldest age groups means that the number of households over age 65 will increase by 1,098 by 2031, with the biggest increase seen in couple households; this is a result of longer life expectancy (particularly in men) which results in couples living longer together into old age. Single person households will also see a significant increase, along with all other household types.

Figure 6.3 Housing, Demographic and Economics Outcomes – Scenario C: Zero Net Migration (Baseline)



Source: NLP analysis

6.21

The estimate of dwelling need associated with this scenario (by applying current household occupancy patterns) is also shown in Figure 6.3. Similar to Scenarios A and B, most of the need and demand would be for 3-bed dwellings (478), followed by 2-beds (232), 4-beds (153) and 1-beds (125). There would only be a small need for 5-bed dwellings, amounting to 34 over the period to 2031.

### Summary – Scenarios B and C

6.22

The difference in age profile (in 2031) under Scenarios B and C is shown in Figure 6.4. Although both scenarios see no overall net in-migration, the difference in age-profile of migrants affects the overall age structure of the population (which in turn affects household growth). The out-migration of young adults in Scenario C (Zero Net Migration) can be seen in Figure 6.4; compared to Scenario B (Natural Change) there is a smaller share of the overall population in this age group, with more children and older adults (age 30-50) as a result of in-migration. There is also a greater share of the population in the oldest age groups (again related to in-migration in these age groups) contributing to lower overall growth.

Figure 6.4 Difference in Age Profile under Scenarios B and C - Letchworth (2031)



Source: NLP analysis

- 6.23 The differing age profiles of the two scenarios means that, despite Scenario C having lower overall growth, there is actually higher household growth compared with Scenario B. The level of housing need is higher under this scenario compared to Scenario B for three key reasons;
- 1 Younger adults have the lowest rates of household formation amongst all age groups, and under Scenario C these age groups make up a significantly smaller proportion of the overall population;
  - 2 There is a much greater proportion of adults in the 30-50 age groups in Scenario C, where household formation is higher; and
  - 3 There is also a slightly higher proportion of people in the oldest age groups in Scenario C, which are associated with the smallest average household sizes (i.e. the highest household formation rates).
- 6.24 Scenarios B and C clearly illustrate that when considering future household growth and housing need, the changing age profile of Letchworth Garden City is of equal importance to the overall size of the town. Although under both scenarios, net migration to Letchworth is nil and there level of overall population growth is very similar, the difference in household growth and dwelling need ranges significantly.
- 6.25 Scenario B assesses the town as if it were an ‘island’, with no people moving into or out of the town. In this context, Scenario C is likely to be a more accurate representation of future change in the town given it takes into account the difference in age profile of people leaving the town and people moving into

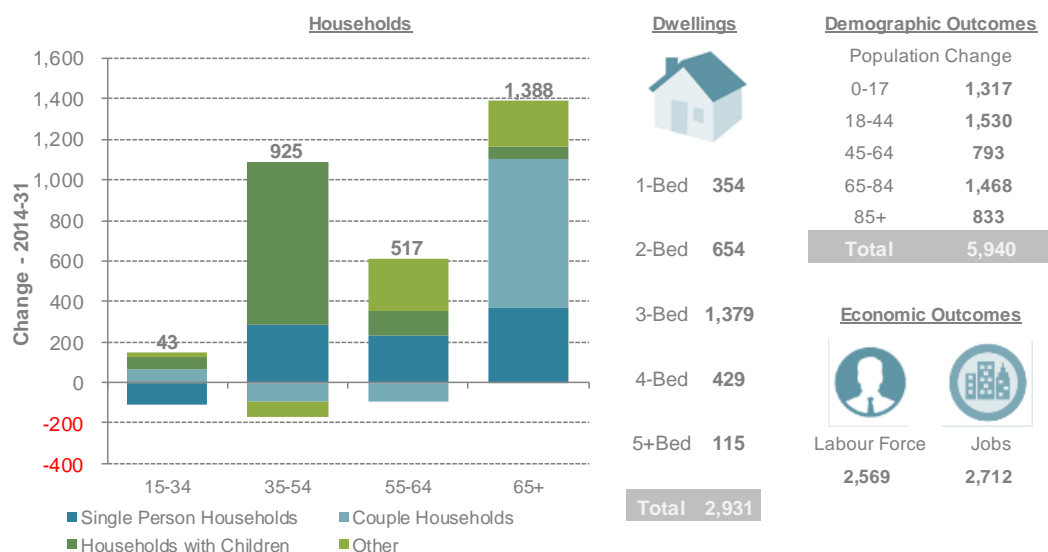
the town. With young people having a net outflow from Letchworth, and families and older people having a net inflow, this means that even if the overall size of the town changed very little over the plan period, there would be a significant need for additional housing (c.1,000 dwellings).

- 6.26 It is important to note that, since under both scenarios there is no net in-migration to Letchworth (and North Hertfordshire as a District is projected to see net in-migration of c.1,000 people each year), under these scenarios there would be increased pressure on other towns with North Hertfordshire District to provide for more than what might be considered their 'fair share' of housing.

### Scenario D: Base Population Share of Migration

- 6.27 As of 2014, the population of Letchworth Garden City represents 26% of the District total. The latest 2014-based Sub-National Population projections project North Hertfordshire to see net in-migration consistently over the next 25 years, with levels of net in-migration ranging from 900 to 1,050 per annum. Almost all of this is a result of internal (rather than international) migration, as shown in Figure 3.5.
- 6.28 This scenario is based on the assumption that Letchworth Garden City will take its share of migration at the District level, in line with the percent of the total population that it currently represents. Although this scenario may be in excess of the ideal level of future growth for the town, it helps illustrate what an upper limit might be in terms of housing provision in Letchworth, assuming the town takes its 'fair' share of projected growth for North Hertfordshire. This scenario also assumes that the other towns in the District similarly take their 'fair' share of growth, based on their current size.
- 6.29 Overall under this scenario, the town will see growth of just under 6,000, equivalent to growth of 17% by 2031. This scenario would see a significantly boost to the size of the labour force, which would support growth of 2,712 jobs in the town by 2031. There would be overall growth of 2,881 households and a need for **2,931 dwellings**, or 3,217 dwellings under a part return to trend. This is shown in Figure 6.5.
- 6.30 Across all age groups, the number of households with children is projected to increase, however compared with the previous scenarios the biggest change is in 35-54 year olds. There would be little change in the number of younger households, reflecting the tendency for younger adults to move out of the town and District.

Figure 6.5 Housing, Demographic and Economics Outcomes - Scenario D: Share of Migration (Baseline)



Source: NLP analysis

6.31 Similar to the previous scenarios, although there is a high level of growth in older households, there is also significant growth in the number of families, meaning almost half (47%) of the need would be for 3-bed dwellings. Again, this is in line with the views of local estate agents which indicated the town would benefit most from a boost in the supply of 3-bed homes, suitable for families.

## Economic-led Scenarios

6.32 The changing age profile of the town and the way in- and out-migration affects this has been evident in Scenarios A-D. In some scenarios (A – Maintain Population and B – Zero Net Migration) there is a decline in the size of the labour force, while in others (D – Share of Migration) the labour force sees an increase. In Scenario B there is also a small increase in the size of the labour force, however this treats the town as an ‘island’ and ignores in- and out-migration patterns (in particular the out-migration of young adults).

6.33 The economic-led scenarios assess the level of housing which would be needed in order for the town to achieve certain economic outcomes, in this case to maintain the size of the labour force and to continue supporting job growth. This is based on the assumption that the current balance of commuting will remain constant in Letchworth.

## Scenario E: Maintain Labour Force

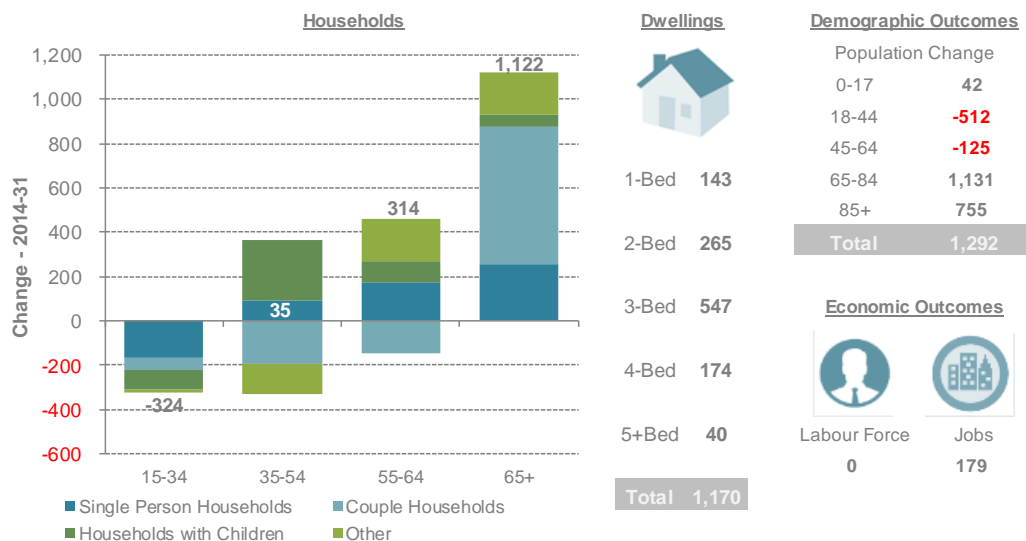
6.34 To maintain the current size of the local labour force, there would need to be population growth of 1,292, or c.4%. This is because due to ageing, a smaller percent of the overall population will be economically active, meaning the population overall must be larger to keep the size of the labour force constant. By maintaining the size of the labour force, it is likely that there would actually be a small increase in the number of jobs which would be supported; this is a

result of assuming that unemployment rates will decline to their longer term average.

6.35 The population change under this scenario would result in household growth of 1,147 and a need for **1,170 dwellings**. Were household formation rates to return half way to the 2008-based levels, the need would be c.20% higher at 1,407 dwellings. Figure 6.6 shows that there would be a decline of 324 households in the 15-34 age group and a small net increase in 35-54 households. This age group would see an increase in the number of households with children, which is reflected in the small increase in population age 0-17. The typically working age population (18-64) would see a modest decline by 2031, but a decline in couple and ‘other households’. The oldest age groups would see the greatest levels of household growth, with the number of couple households alone increasing by 624.

6.36 Similar to the previous scenarios, around half of the overall housing need (based on current occupancy patterns) is for 3-bed dwellings, and around a quarter for 2-bed dwellings.

Figure 6.6 Housing, Demographic and Economics Outcomes - Scenario E: Maintain Labour Force



Source: NLP analysis

### Scenario F: Job Growth Trend

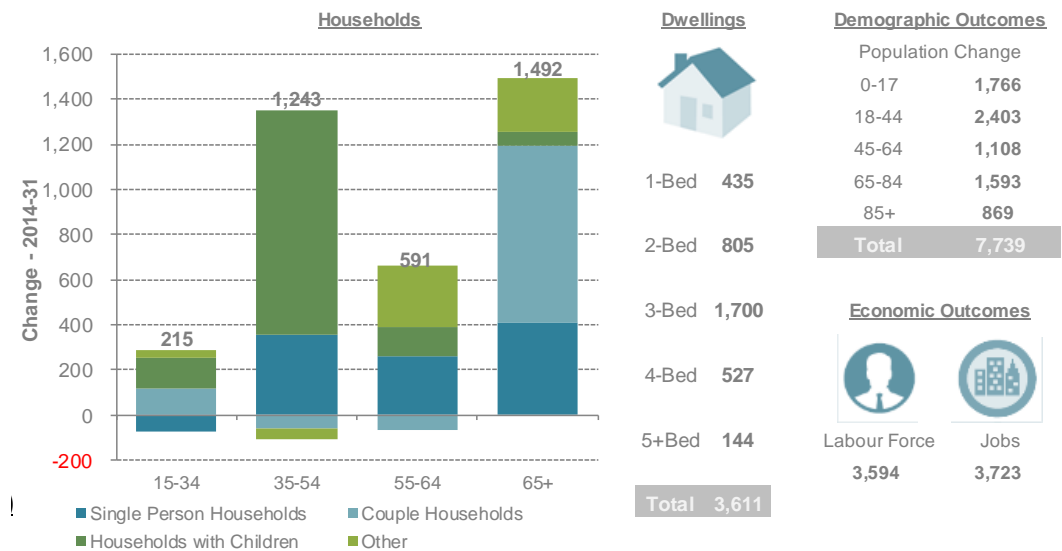
6.37 Scenario E illustrates that maintaining the labour force would result in the number of jobs being broadly maintained (with a small increase as a result of declining unemployment). However, in recent years, job growth in Letchworth Garden City has been particularly strong, indeed increasing at a faster rate than the District overall<sup>16</sup>.

<sup>16</sup> Source: ONS Business Register and Employment Survey (2014). The 2013 Study showed that between 2003 and 2010 the number of workplace jobs in Letchworth had been fluctuating, however for the purposes of this 2016 report more up-to-date data for 2010-15 has been used, which shows stronger job growth in Letchworth.

6.38 To continue recent job growth trends there would be a need for labour force growth of 3,594 (as shown in Figure 6.7). This would come from overall population growth of 7,739, of which the majority is through net in-migration. There would be household growth of 3,540 and a need for **3,611 dwellings**. Under a part return to trend scenario, which assumes higher formation rates in young adults, the need would be for 3,918 dwellings.

6.39 Figure 6.7 also shows that there would be growth in household across all age groups, with a significant increase particularly in the number of families (15-34 and 34-54 with children). Similar to other scenarios, there would be a significant increase in the number of households over age 65, particularly couple households. These levels of household growth would generate a need (based on current occupancy patterns) of 1,700 3-bed dwellings (around half of the total). There would also be a need for 805 2-bed dwellings, which reflects the increase in younger households, including couples.

Figure 6.7 Housing, Demographic and Economics Outcomes - Scenario F: Job Growth Trend



Source: NLP analysis

## Supply-Led Scenarios

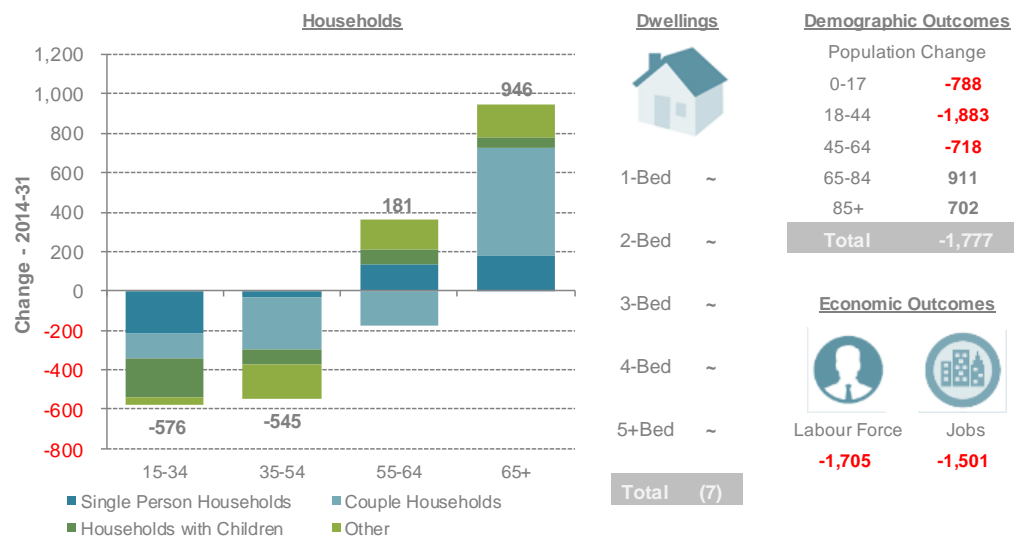
6.40 The scenario presented thus far (A-F) illustrate the demographic and economic led need for housing in Letchworth, including the amount required to maintain the population, maintain the labour force and cater for a range of levels of migration and job growth. To illustrate the outcomes from a supply-led perspective (which were explored as part of the 2013 Study and 2016 Update), Scenario G sets out the outcomes if there were no further housing growth in Letchworth<sup>17</sup>. By constraining the overall level of housing in the town, this affects the number (and profile) of people who can move into the town, affecting the age profile, number of households and size of the labour force.

<sup>17</sup> This scenarios takes into account 7 completions with Letchworth Parish in the 2014/15 monitoring year (Source: North Hertfordshire AMR 2014/15, Figure 28)

## Scenario G: No Further Housing

- 6.41 By providing no further dwellings<sup>18</sup> there would be no overall household growth in the town, and there would be a decline in the population of 1,777. Out-migration would total 2,273 by 2031, and there would be a decline in the size of the labour force of 1,705 which would lead to a decline of 1,501 jobs.
- 6.42 Were household formation rates to be higher than the 2012-based projections (i.e. part return to trend), then average household size would be smaller (as overall formation rates are higher) which would have an effect on the number of people that could be accommodated in the town if there were no further housing development. If these trends were realised, the population of Letchworth would decline by a greater amount - 2,301 - of which the majority is attributable to net out-migration. The labour force would decline by just over 2,000 and there would be a decline of 1,796 jobs.
- 6.43 Figure 6.8 shows that there would be a decline of over 1,000 households aged 15-34 and 35-54, with all household types seeing a net decline (including couples and families). Similarly, there would be a decline in the population in all age groups below age 65, which would have the effect of decreasing the size of the labour force.
- 6.44 Households age 55-64 would see an increase of 181 and households over age 946 would see an increase of 946. This is the lowest increase of all the scenarios, and is a result of significant levels of out-migration in younger age groups, which means that over time there are fewer older households in the town.

Figure 6.8 Housing, Demographic and Economics Outcomes - Scenario G: No Further Housing (Baseline)



<sup>18</sup> This scenario takes into account the 7 dwelling completions in Letchworth in the 2014/15 monitoring year.



## Summary

- 6.45 Table 6.1 summarises the demographic, economic and household change associated with each scenario. It shows the overall level of growth (and how much of this is attributable to natural change and net migration) and the labour force change/job growth which could occur.
- 6.46 Each scenario has been assessed in line with the baseline household formation rates in the government's latest projections, however NLP has tested a sensitivity in which household formation rates in young adults improve over the projection period. This generates a need for between 10% and 37% additional dwellings, depending on the scenario.
- 6.47 As well as demographic and employment-led scenarios, a supply-led scenario has been tested to re-iterate the outcomes associated with providing no further development in the town. This constrains the overall number of households that can live in the town, which has a knock-on effect on the age structure of the town. This would result in significant population decline, labour force decline and job decline, as well as ageing.

Table 6.1 Summary of Demographic Outcomes - Scenarios A-G

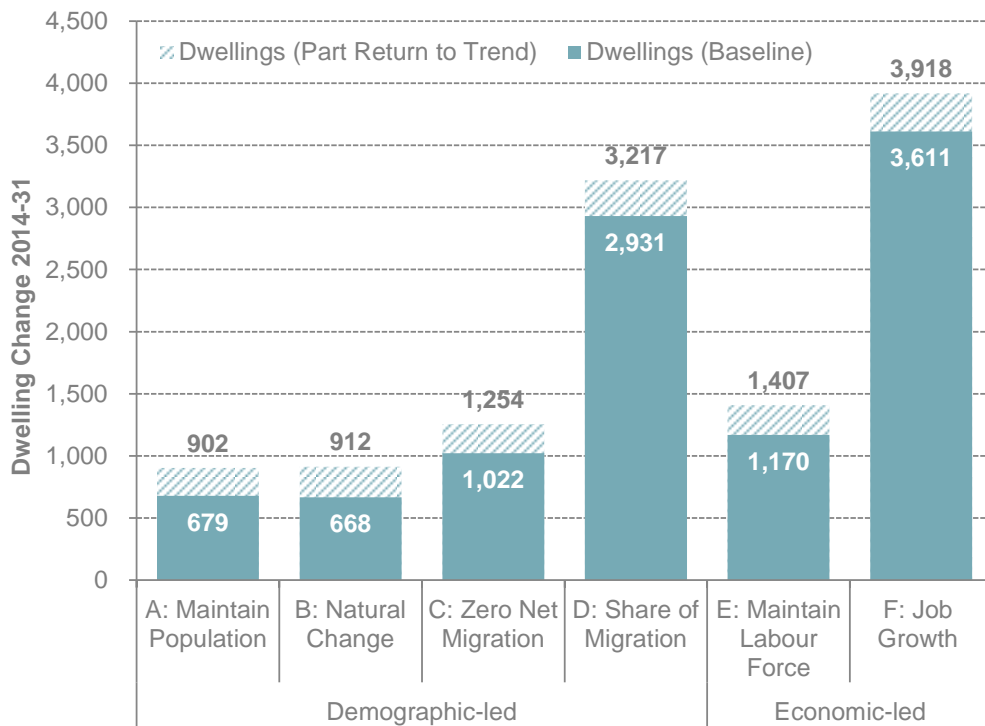
	Demographic-led				Employment-led		Supply-led	
	A: Maintain Population	B: Natural Change	C: Zero Net Migration	D: Share of Migration	E: Maintain Labour Force	F: Job Growth	G: No Housing (Baseline)	G: No Housing (Part Return to Trend)
Population Change	0	996	851	5,940	1,292	7,739	-1,777	-2,301
of which natural change	752	996	851	1,598	920	1,781	496	443
of which net migration	-752	0	0	4,343	373	5,958	-2,273	-2,744
Labour Force	-722	137	-228	2,569	0	3,594	-1,705	-2,003
Jobs	-532	314	-46	2,712	179	3,723	-1,501	-1,796
<b>Baseline (2012-based) Household Formation Rates</b>								
Households	665	654	1,002	2,874	1,147	3,540	7	
Dwellings	679	668	1,022	2,931	1,170	3,611	7	
<b>Part Return to Trend</b>								
Households	885	894	1,229	3,154	1,379	3,841	7	
Dwellings	902	912	1,254	3,217	1,407	3,918	7	

Source: NLP analysis

## Dwelling Need

- 6.48 Figure 6.9 summaries the total number of dwellings needed under each of the scenarios, using both the baseline and partial return headship rates. It shows that a total of 679 new dwellings would be needed in order to keep the population at the current level of just above 34,000 (rising to 902 using higher projections of household formation), however there would still be ageing in the town, which would lead to a decline in the size of the labour force and the number of younger households living in the town.
- 6.49 Scenario B is purely hypothetical (since it is not possible to control moves into or out of the town) however this does illustrate that if Letchworth were only to cater for the housing needs of the population which are resident in the town as of 2014, then a similar number of dwellings (668) would be needed (or 912 under part return to trend). In reality, movements into and out of Letchworth have an impact on the age profile of the local population.
- 6.50 If the town were to see net migration of zero over the plan period, 1,022 dwellings would be needed (or 1,254 under part return to trend). This is because (compared to the Natural Change scenario) a greater share of the population would be made up of families and elderly people, and a smaller share made up of young adults. This reflects the age profile of migration into and out of the town.
- 6.51 Scenario D draws upon the level of migration that North Hertfordshire District overall is projected to see over the plan period. Using this, a base share has been apportioned to Letchworth in line with how much of the District's population it currently represents (26%). Were the town to accommodate this share of migration over the plan period, there would be a need for 2,931 dwellings (3,217 under part return to trend).
- 6.52 The level of housing that would be needed to maintain the size of the labour force in the town is illustrated under Scenario E; 1,170 dwellings, or 1,407 under part return to trend. This is slightly above Scenario C: Zero Net Migration (under which there was a housing need of 1,022 and a decline of 228 in the labour force). By maintaining the size of the labour force, the number of jobs in Letchworth would also be broadly maintained, however it is expected that there would be some small scale increase in the number of jobs which could be supported as unemployment rates fell to their longer term average.
- 6.53 Finally, Scenario F assesses the level of housing which would be needed to sustain recent trends in job growth in the town. Providing additional housing would be necessary in order to provide sufficient workers to support job growth and in order to maintain the current balance of commuting. To achieve this growth, there would be a need for 3,611 dwellings to 2031 (3,918 under part return to trend).

Figure 6.9 Summary of Outcomes - Dwellings (2014-31) Scenarios A-F



Source: NLP Analysis

### Population Change

6.54 Figure 6.10 shows the change in different age groups (between 2014 and 2031) under each of the scenarios (these have been ordered by number of dwellings)<sup>19</sup>. Were there to be no further housing, the only groups which would see an increase would be 65-75 and 85+. The younger working age population (18-44) would see the biggest decline, followed by children and older working age adults. At the other end of the scale (3,611 dwellings to support job growth) all age groups would see an increase over the period to 2031, with the younger working age population seeing the greatest increase (c.2,400 by 2031).

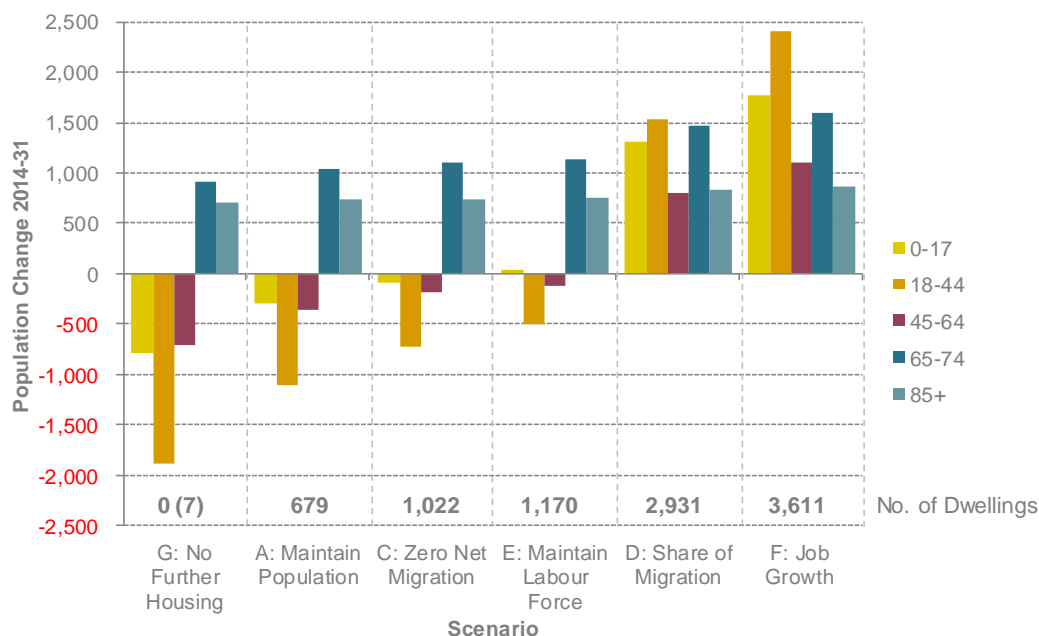
6.55 The oldest age groups are projected to see an increase under all scenarios, even without any further housing development (total growth of 1,613 in those above age 65). With greater levels of housing development this would increase, up to growth of 2,462 under Scenario F (partly due to the cohort effect of more adults moving into the town, who then age over the plan period).

6.56 It is evident that the working age population (including families) will see the biggest impact depending on how many new homes are accommodated within Letchworth. If no homes are provided, there would be a decline in the number of 18-44 year olds in the town of c.1,880 by 2031. If around 1,200 homes were provided, the number of 18-44 year olds would be broadly maintained, and if more homes are provided this group could potentially see growth up to 2,400

<sup>19</sup> Scenario B: 'Natural Change' has been excluded as the migration assumptions within this scenario are inconsistent with the other scenarios (and hence not comparable).

(under Scenario F). This also impacts on the number of children in the town, which would see a decline of c.700 were there to be no further development, or see an increase of c.1,700 under the highest growth scenario.

Figure 6.10 Population Change by Broad Age Group - Scenarios A-G



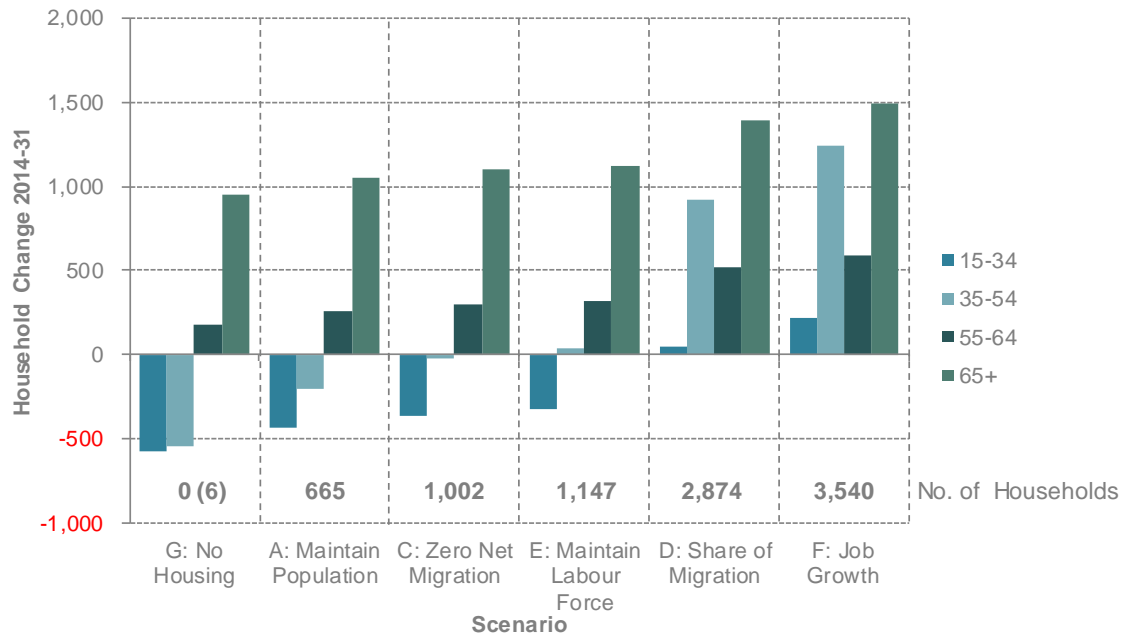
Source: NLP analysis

### Household Change

- 6.57 Figure 6.11 summaries the household change by age group under each of the scenarios<sup>19</sup> (ordered by level of growth, as in Figure 6.10). It shows a similar pattern to population growth, with older households seeing an increase under all scenarios, and younger households seeing the greatest change depending on the number of dwellings provided.
- 6.58 Due to the out-migration of young adults, the number of 15-34 households is projected to decline under almost all scenarios, and even under the highest level of growth assessed (3,540 dwellings, Scenario F) these households would only see a small increase.
- 6.59 Similar to the pattern of population growth, households in the 35-54 age group are the most affected depending on the level of housing growth. Under no further development, these households would see a decline of 500 by 2031. Delivery of c.1,000 dwellings would broadly maintain the number of households in this age group, and above this would boost the number of 35-54 households.
- 6.60 Across all scenarios, the number of households above age 65 is projected to increase over the period to 2031. Even were there to be no further development, the number of households above age 65 would still increase by almost 1,000 over the plan period. Providing more housing would result in more households in the oldest age group over time (up to c.1,500 under the highest growth scenario), however this would be balanced by growth in

younger households, with the number of households across the 15-54 age groups increasing by a similar amount. Growth in the number of households in this age group will be key to maintaining the local economy’s vitality and viability, including ensuring schools and businesses remain viable.

Figure 6.11 Household Change by Broad Age Group - Scenarios A-G



Source: NLP analysis

## Conclusions

- 6.61 By modelling future demographic change under a range of scenarios in Letchworth, it is possible to assess the level of housing growth which is needed to achieve a range of outcomes. It is clear that, even within the existing population, there is a need for c. 700 dwellings over the remainder of the plan period. This is needed to cater for household growth which will happen within the existing resident population, were no people to move into or out of Letchworth.
- 6.62 However, the scenarios demonstrate that, further to taking into account the overall size of the population, it is necessary to take into account the changing age profile of the population, including those moving into and out of Letchworth. The District overall sees net out-migration of young adults and net in-migration amongst families; even if there were to be no overall growth from in-migration, this dynamic of change would mean that c.1,000 dwellings would be needed (increasing to 1,254 if more optimistic rates of household formation were assumed). This similar to the level of housing which would be needed to maintain the labour force within the town.
- 6.63 At the District level, North Hertfordshire is projected to see a continuation of recent trends which show the District has seen net in-migration from the rest of the UK. This in-migration will inevitably filter down into settlements within the District, of which Letchworth is one of the main four. Assuming Letchworth

takes its 'fair share' of migration, population growth would generate a need for between 2,900 and 3,200 dwellings. By assuming any level below this, other towns in the District would face providing more than their 'fair share' of housing needs in demographic terms (based on distributing migration and housing need according to settlements' current size). To support the continuation of recent jobs growth trends, between 3,500 and 3,900 dwellings would be needed; this assumes the current balance of commuting remains the same over the plan period.

6.64

Overall, the working adult age group (those who make up the majority of the labour force, as well as families) are those which are most affected by the level of housing growth which is realised in Letchworth. Providing no more homes in the town would force many people in this age group to out-migrate, through both an overall lack of housing as well as worsening affordability due to a shortage of supply. This is consistent with findings from estate agents who noted that families were looking elsewhere to meet their housing needs. On the contrary, providing in the region of 2,000-3,000 homes would help to cater for the needs of families in the town and help to maintain the number of people in this age group. Furthermore, this would help to offset the negative impacts of ageing (which can include reduced local spending [affecting resilience of local businesses] and the closure of schools and services) which would occur at a much faster rate if there were no/limited new housing provided in the town.

## 7.0 Housing Need in North Hertfordshire

7.1 This section examines how the outcomes of Section 6.0 would impact on other towns in North Hertfordshire in order for the District overall to meet its needs, before considering the level of future housing growth Letchworth Garden City could accommodate from a 'top-down' perspective. That is, given the District overall has an objective assessment of housing need which it is seeking to meet over the plan period, how much of this need could Letchworth be expected to take.

### North Hertfordshire Local Plan (Preferred Options) 2014

7.2 Policy HDS2 of the Preferred Options Local Plan states that the majority of the District's development will be located within Baldock, Hitchin, Letchworth Garden City, Royston and Great Ashby, along with urban extensions to Stevenage and Luton (related to unmet needs in those areas). These figures were based on the Districts Objectively Assessed Housing Need (OAN) at the time (12,100 dwellings) and have been updated following the publication of the updated SHMA and Draft Local Plan in 2015/16.

### North Hertfordshire SHMA Update (2015)

7.3 In June 2015, North Hertfordshire District Council updated the Strategic Housing Market Assessment (SHMA) which assessed housing need in the Stevenage and North Hertfordshire Housing Market Area (HMA) across the plan period (2011-31). It concluded that the full OAN for the HMA is 21,700, broken down by;

- 14,400 dwellings (720 p.a.) in North Hertfordshire; and
- 7,300 dwellings (365 p.a.) in Stevenage.

7.4 The 2015 SHMA Update concluded that OAN for North Hertfordshire has increased from the previous 2013 SHMA, which concluded on a figure of 12,100. This is the housing figure which informed the Council's Local Plan Preferred Options (December 2014).

7.5 This section sets out how much, of North Hertfordshire's emerging housing target (14,975 dwellings, i.e. **excluding** any quantum of unmet need from Luton and/or Stevenage) Letchworth could seek to accommodate based on a number of metrics. This objectively assessed need includes a number of components which mean it does not necessarily reflect solely the demographic-led projection of need. For example, it makes upward adjustments for market signals (this is a supply-side uplift made to help address negatively performing market signals such as high and rising house prices, rents and affordability). This means that, more dwellings are needed



over and above any purely demographic-led needs to help address, for example, worsening affordability.

## North Hertfordshire Local Plan (2016)

- 7.6 In July 2016, NHDC published a Working Draft for Full Council of the Local Plan which incorporated the latest evidence on objectively assessed need, as set out in the SHMA findings. A new housing target of 16,925 was endorsed by Council; this includes 14,975 homes to meet the needs of North Hertfordshire (based on an OAN of 14,400) plus a further 1,950 to meet the needs of Luton.

## Impact of Growth (based on outputs of Section 6.0)

- 7.7 Section 2.0 examined how the dwelling stock in Letchworth and across North Hertfordshire had changed between the 2001 and 2011 Censuses. It showed that Letchworth had only seen a 2% increase in dwellings, while collectively, all other areas in the District saw a 13% increase in dwelling stock. The overall rate of increase across the whole District was 10.2%.
- 7.8 Between 2011/12 and 2013/14, there were a total of 934 net completions in North Hertfordshire District<sup>20</sup>. In the 2014/15 year, there were a further 180 completions in the District<sup>21</sup>. This means that in order to meet the Council's housing target for the remainder of the plan period (the period modelled for Letchworth in Section 6.0, 2014-31), excluding the 1,950 dwellings provided to meet the needs of Luton, a further 14,041 dwellings would be needed<sup>22</sup>. Of this, 180 have been completed in 2014/15 (of which 7 were in Letchworth).
- 7.9 Table 7.1 summarises, based on each of the scenarios presented in Section 6.0, how much housing need would need to be accommodated elsewhere in the District for North Hertfordshire overall to meet its emerging target (14,975, or 14,041 taking into account completions). It shows how many dwellings under each scenario would be required between 2014 and 2031 in Letchworth to meet the District's housing target, and the equivalent growth rate (using a 2011 Census dwelling base).
- 7.10 If Letchworth were to provide enough housing to maintain its current population, this would equate to 5% growth (a small increase on the 2% growth rate seen between 2001 and 2011) however this would place significant pressure on the rest of the District to see a 33% increase in overall dwelling stock by 2031 (in order to meet full OAN). The outcomes are similar under Scenarios B, C and E.
- 7.11 Under Scenario D, the additional housing provided in Letchworth would ease the pressure on the rest of the District which would need to see a 27% increase in the number of homes (still a significant increase compared to 2001-11 growth rates). The rate of increase in Letchworth would still be lower than

---

<sup>20</sup> North Hertfordshire Draft Local Plan Preferred Options (2014) Figure 2

<sup>21</sup> North Hertfordshire AMR 2014/15

<sup>22</sup> Target for North Hertfordshire excluding Luton's needs (14,975) over 2011-31 period, less 934 completions between 2011/12 and 2013/14.

elsewhere in the District however, at 21%. Scenario F is the only scenario in which the increase in homes in Letchworth is broadly aligned with the growth which might be seen across the District in order to meet North Hertfordshire's Housing Target, with both Letchworth and the rest of the District seeing growth of c.25%.

- 7.12 At the other end of the scale, were Letchworth to provide no further homes, the rest of the District would need to see an increase of 34% (a third) in the number of homes by 2031 to meet the Districts housing target.

Table 7.1 Impact of Scenarios on rest of North Hertfordshire District

	Dwellings provided in Letchworth (2014-31)	Growth Rate in Letchworth	Remainder to be provided elsewhere in District (2014-31)*	Growth Rate needed in rest of District
Scenario A (Maintain Population)	679	5%	13,362	<b>33%</b>
Scenario B (Natural Change)	668	5%	13,373	<b>33%</b>
Scenario C (Zero Net Migration)	1,022	7%	13,019	<b>32%</b>
Scenario D (Base Share of Migr'n)	2,931	21%	11,110	<b>27%</b>
Scenario E (Maintain Lab. Force)	1,170	8%	12,871	<b>32%</b>
Scenario F (Job Growth)	3,611	25%	10,430	<b>26%</b>
Scenario G (No Further Housing)	7	0%	14,034	<b>34%</b>
<i>2001 and 2011 Dwelling Growth</i>	~	2%		<b>13%</b>

Source: NLP Analysis \*Remainder based on providing 14,041 dwellings 2014-31 to meet emerging target of 14,975.

## Future Scenarios: A 'Top-Down' Approach

### Scenario 1: Base Population Share

- 7.13 Section 3.0 (paragraph 3.2) sets out that Letchworth Garden City currently represents 26.1% of the District's population. If the town were to provide housing in line with the share of the District's population that it represents, this would amount to 3,914 dwellings out of the 14,975 target. This is higher than the 2,944 dwellings based on modelling demographic change associated with Letchworth taking its base population share of migration, and higher than the emerging allocations for Letchworth in the Local Plan.

Scenario 1: 3,914 dwellings

### Scenario 2: Jobs Share

- 7.14 This distribution is similar to Scenario 1, however instead of distributing needs based on the number of people currently living in Letchworth, it is based on the number of jobs which are located in the town. Data indicates that Letchworth accommodated a disproportionately high number of jobs (compared to its

population share), equating to a third (33.8%) of the District total in 2014<sup>23</sup>. If the town were to accommodate the same share of new homes over the plan period, which would equate to a total of 5,065 dwellings.

Scenario 2: 5,065 dwellings

### Scenario 3: Proportional Increase

- 7.15 The emerging target for North Hertfordshire (excluding Luton's unmet needs) is 14,975; this takes into account the most recent evidence on OAN, which showed housing need in the District was 14,400 over the plan period. This target represents a 27.2% increase compared to the number of dwellings as of 2011 (54,962). Were all parts of the District to accommodate a 27.2% increase in dwelling stock, Letchworth would see an increase from 14,271 to 18,159 dwellings; an increase of 3,888 over the period 2011-31.

Scenario 3: 3,888 dwellings

## Summary

- 7.16 As well as considering how Letchworth Garden City would need to grow in order to accommodate the needs of its existing residents, this Section has looked at how this would impact on the rest of the District in order to meet full, objectively assessed housing needs over the plan period. It has also looked at how, from a 'top-down' approach, needs might be apportioned to Letchworth based on a number of metrics.
- 7.17 Between 2001 and 2011 Letchworth saw a significantly smaller increase in the number of homes when compared with other towns in the District. Outside of Letchworth, North Hertfordshire saw a 13.4% increase in the number of homes, compared to 2% in the town. Were Letchworth to provide no housing, this would place the highest pressure elsewhere in North Hertfordshire to meet OAN, amounting to a 34% increase in the number of homes. Even if Letchworth were to provide enough homes to maintain its current population (or cater for no net in-migration) the rest of the District would need to see an increase of 33%. As the number of homes increases (e.g. were the town to accommodate its base share of migration) the level of growth in Letchworth begins to align more closely with that of the rest of the District, meaning the level of growth is distributed more evenly.
- 7.18 A number of other metrics suggest that Letchworth could accommodate more dwellings than currently proposed in the Local Plan or suggested through the population modelling (e.g. distributing the District's housing target based on population size or the number of jobs in the town). However, the final distribution of homes across the District will need to take into account other factors, including environmental constraints and strategic growth locations (e.g. concentrating growth on the edges of Luton and/or Stevenage, which border

<sup>23</sup> Source: ONS Business Register and Employment Survey (2014)

North Hertfordshire). Notwithstanding, the analysis illustrates that Letchworth's position as one of the main towns (and employment centres) within North Hertfordshire means it will need to accommodate at least some growth, for the benefit of both local residents and the local economy, as well as fulfilling its role in meeting needs at the wider District level.

## Part C - Conclusions

8.0

## Summary and Conclusions

### The Local Housing Market

8.1

Table 8.1 summarises a number of key indicators which have been explored in this report in terms of the local housing market. There has been little growth in overall housing numbers in Letchworth and between the 2001 and 2011 Censuses the town saw a 2% increase in dwelling stock, compared to 13.4% elsewhere in the District. The demand for dwellings in Letchworth has, in recent years, led to a sharp increase in house prices, particularly for terraced, family housing (which saw almost no growth between 2001 and 2011) which is in the highest demand. Although overall there is a lower rate of turnover in Letchworth compared to other towns in the District (and fewer households migrate in general), terraced housing sees the highest level of turnover, further highlighting the level of demand.

8.2

House prices in Letchworth are the second highest of the four main towns in the District and are well above the national average. Estate agents noted a 'filtering out' effect of house prices, with families moving into Letchworth from Hitchin seeking less expensive housing. However, due to a lack of supply, these households compete with local households which often find themselves moving further north to more affordable towns, such as Sandy and Biggleswade.

8.3

At the lower end of the market, entry level house prices in Letchworth are also amongst the most expensive in the District at £189,000. This compares to £163,000 across the region and £138,000 nationally. In the last ten years alone entry level house prices have risen 36%; similarly higher than most other places in North Hertfordshire. This lack of affordability, particularly for first-time buyers is likely to be further driving out-migration from the town.

8.4

Over the next 25 years, North Hertfordshire District is projected to grow at a faster rate than the East of England and England overall, with most of this attributable to in-migration from the rest of the UK. At present, around half of in-migrants to the District come from neighbouring LAAs, and around one quarter are 'long distance' migrants; this is a smaller percentage compared with neighbouring areas including Uttlesford, Central Bedfordshire and East Hertfordshire. Of those who move into Letchworth Garden City (of the five Wards), 59% come from elsewhere in North Hertfordshire District (including elsewhere in the town). This is more than the comparable rate in Hitchin (52%), Baldock (43%) and Royston (46%).

8.5

Between 2001 and 2011, the rate of overcrowding in Letchworth increased, with families with children being disproportionately affected. This is likely to be a result of the increase in dwelling stock which was not only small overall, but favoured smaller dwellings (i.e. flats). At 2011 there were 70 concealed families living in Letchworth under age 35; more than any of the other main towns in the District.

Table 8.1 Summary of Housing Market Indicators

		Towns				District		Regional	National
		Letchworth	Hitchin	Baldock	Royston	North Herts	North Herts (Ex. L'worth)	East of England	England
<b>Housing Market</b>									
<b>Dwellings</b>	Increase in Stock 2001-11	1.9%	11.5%	4.5%	14.1%	10.1%	13.4%	9.7%	8.4%
	Turnover (2011)	2.9%	3.6%	3.9%	3.5%	3.3%	~	~	~
<b>House Prices</b>	Median (2015)	£265,000	£273,000	£230,000	£242,000	£263,000	~	~	£200,000
	Median (20 year increase)	277%	330%	294%	308%	293%	~	~	265%
	Entry level (2015)	£189,000	£203,000	£165,000	£179,000	£198,000	~	£163,000	£138,000
	Entry level (10 year increase)	36%	38%	19%	28%	33%	~	~	23%
	Affordability*	8.1	7.6	7.1	7.3	~	~	~	~
<b>People and Households</b>									
<b>Population</b>	Projected Growth (25 year)	~	~	~	~	25%	~	20%	17%
<b>Migration</b>	Long-Distance Migrants (% of total)	~	~	~	~	26%	~	~	~
	Non-Movers	93.5%	92.2%	93.7%	92.3%	92.7%	~	92.8%	~
	In-Migrating Local Households	59%	52%	43%	46%	~	~	~	~
<b>Households</b>	Overcrowding Rate	6.4%	7.6%	6.3%	4.9%	5.8%	5.6%	6.5%	8.7%
	Concealed Families under 35 (2011 Total)	70	65	17	26	240	170	13,802	147,495

Source: NLP Analysis





## Local Housing Need

- 8.6 The presence of overcrowded and concealed families within Letchworth illustrates that there is already an element of existing unmet housing need in the town. Furthermore, although most households currently on the District's Housing Register (in need of affordable housing) do not express a preference for location, there are 121 households who currently live in Letchworth who have expressed a preference to remain in the town. Despite that these households could have their needs suitably met elsewhere in North Hertfordshire, solely relying on affordable housing delivery in other parts of the District to house people that currently live in Letchworth (who would prefer to remain there) would be contrary to the preferences of the towns' existing residents. The delivery of affordable housing as part of mixed market and affordable schemes can be an effective way of delivering much needed affordable housing in the local area, as demonstrated by a number of recent schemes in the town.
- 8.7 Table 8.2 summarises the headline demographic and housing outcomes from the scenarios assessed in this report. Population change and household formation means that in the future, the town will generate its own housing needs (even disregarding people moving into the town from other parts of the District). If the town were treated as an 'island' with no in- or out-migrants, and only current residents' needs were catered for, there would be a need for 668 dwellings (Scenario B: Natural Change). However, in order to reflect how change actually occurs within the town, future growth scenarios will need to take into account the different age profile of in- and out-migrants.
- 8.8 Taking this into account, in order to maintain the current population, there would be a need for 679 dwellings. The town would see significant and rapid ageing, with a decline in people and households in younger age groups, and significant growth in the 65+ age groups. Elsewhere in the District, the dwelling stock would need to increase by 33% to meet the District-wide target of 14,975 over the plan period.
- 8.9 Even if the town were to see no net migration over the plan period, there would be a need for 1,022 dwellings (Scenario C: Zero Net Migration), and there would need to be a 32% increase in the number of homes elsewhere in the District to meet the emerging housing target.
- 8.10 Given that at the District level, North Hertfordshire is projected to see in-migration from elsewhere in the UK, if Letchworth were to accommodate its share of this migration (based on the population of the District it currently represents) there would be a need for 2,931 dwellings. Under this scenario the rate of increase in dwelling stock in Letchworth would be more in line with that needed elsewhere in the District to meet the emerging Local Plan housing target, and the growth in the labour force could support an additional 2,712 jobs.

- 8.11 From an economic perspective, the town would need 1,170 dwellings to maintain the labour force and 3,611 to sustain recent growth in the number of local jobs.
- 8.12 If the town were to provide no further housing over the plan period, all age groups below 65 would see a significant decrease (with knock-on impacts on the local economy and services due to lack of viability). This could result in the loss of 1,501 local jobs, and would require the number of homes elsewhere in the District to increase by a third over the plan period to meet objectively assessed housing needs. Across all scenarios, there is a clear and demonstrable need for 3-bed housing; this is consistent with local estate agents that highlighted a particular demand for mid-terrace 3-bed dwellings which were suitable (and affordable) for local families.

Table 8.2 Summary of Outcomes - Housing Need Assessments for Letchworth

	Demographic-led				Employment-led		Supply-led
	A: Maintain Population	B: Natural Change	C: Zero Net Migration	D: Share of Migration	E: Maintain Labour Force	F: Job Growth	G: No Housing
<b>Demographic Change</b>							
Population change	0	996	851	5,940	1,292	7,739	-1,777
0-17	-303	-422	-97	1,317	42	1,766	-788
18-64	-1,469	-385	-902	2,322	-636	3,511	-2,602
65+	1,772	1,802	1,849	2,301	1,887	2,462	1,613
<b>Households and Dwellings (Baseline)</b>							
Household change	665	654	1,002	2,874	1,147	3,540	7
15-34	-435	-69	-367	43	-324	215	-576
35-54	-207	-866	-27	925	35	1,243	-545
55-64	259	543	299	517	314	591	181
65+	1,048	1,046	1,098	1,388	1,122	1,492	946
Dwellings	679	668	1,022	2,931	1,170	3,611	7
1/2-bed	35%	37%	35%	34%	35%	34%	~
3-bed	46%	43%	47%	47%	47%	47%	~
4+bed	18%	19%	18%	19%	18%	19%	~
Homes needed elsewhere to meet district OAN	13,362	13,373	13,019	11,110	12,871	10,430	14,034
Increase in dwelling stock	33%	33%	32%	27%	32%	26%	34%
<b>Economy and Labour Force</b>							
Labour Force	-722	137	-228	2,569	0	3,594	-1,705
Jobs	-532	314	-46	2,712	179	3,723	-1,501

Source: NLP Analysis



## Conclusions

- 8.13 The previous reports prepared by NLP on behalf of the Heritage Foundation (the 2013 Study and 2016 Update) set out the potential future growth options under a range of potential scenarios for housing growth. They highlighted that, without future housing growth the town would likely see a number of negative social and economic impacts, including the loss of local business and services. On the contrary, housing growth would generate local investment, provide and support jobs, local spending and help fund local services and infrastructure through planning contribution and fiscal revenue to the LPA.
- 8.14 This report has provided more local context for Letchworth's housing market and explored housing needs from a 'bottom-up' perspective by demonstrating the amount of housing needed within the existing population (and how this will change over time). It is evident that in recent years there has been an overall lack of supply of housing, particularly that which is suitable and affordable for young families. This, coupled with increased competition from elsewhere (including those who may have more purchasing power) has led to significant house price inflation. As housing has become less affordable for local people, this has led to some households moving out of the District altogether (seeking more affordable housing) while other households remain in the family home for longer (resulting in concealed and potentially overcrowded households).
- 8.15 There is a clear case for providing housing to meet the needs of people who currently live in Letchworth, including those seeking market housing (who may currently be concealed in another household) and those seeking affordable housing (particularly those on the Register with a preference to remain in Letchworth). In the future, there will be housing need arising within the town itself as a result of population growth and declining household size; without development it is likely that many people (mostly of working age) will need to move out of the town. Furthermore, as one of the key towns in the District, there is a need to consider how Letchworth can contribute to helping North Hertfordshire meet its overall objectively assessed housing needs. This is important in light of the District's needs increasing by c.2,000 in its most recent assessment of need and the additional pressures this may place on the other parts of the District to deliver housing.



# Appendix 1 Inputs and Assumptions

## Local Demographic Projections

The first element of population modelling is to project how the population of the settlement may change in the future. Population change can be split into two distinct elements; natural change (arising from births and deaths) and migration (the number of people moving into an area less the number of people moving out of an area). Once a population has been projected, this is then converted into housing need and job growth. Alternatively, under a housing-led scenario, the level of housing provided will dictate the level of population growth which can occur, and subsequently the change in jobs that will occur.

For the population base, the ONS 2014 Mid-Year Estimates for the MSOAs North Hertfordshire 003, 006, 007, 008 and 009 are used. These MSOAs align with the five Wards which make up Letchworth Garden City. This population is split by single year of age and gender.

## Births

Projected birth rates for Letchworth have been taken from the ONS 2014-based Sub-National Population Projections for North Hertfordshire. Historic births data indicates that the birth rates in Letchworth are broadly similar to the District average (with a difference of c. 1%). Therefore, it is considered that the District-wide projection of births from the 2014-based SNPP is a suitable basis for projecting future births in Letchworth.

The projected births for North Hertfordshire from the 2014-based SNPP have been converted into a Total Fertility Rate (TFR) – this is the average number of children a woman would have over her reproductive life were she to survive from birth to the end of her reproductive life.

## Deaths

Similar to births, there are a number of ways that death (mortality) rates can be applied to local populations. Key to considering deaths at a local level are how the projected death rates best reflect the age-profile of the local population. In this case, although Crude Death Rates (deaths per 1,000) population have been reviewed for the local area, these do not represent the best basis for projecting deaths in the future (given they do not take into account the changing age profile of the local population over time). As such the deaths projected for North Hertfordshire in the 2014-based SNPP have been converted into Standardised Mortality Ratios which are then applied to the local population of Letchworth to derive deaths under each scenario, taking into account the age/sex profile over time.

## Migration

Migration projections are only published by ONS at the district level. Therefore it is considered that the age-specific migration rates as projected for North Hertfordshire in the 2014-based SNPP are most appropriate. In the economic-led scenarios, the level of migration is driven by the level of labour force growth needed to support forecast job growth, and in the supply-led scenarios migration is driven by the availability of housing.

## Housing Need and Demand

Having derived demographic projections for the scenarios using births, deaths and migration rates, these are then converted into households. DCLG publish projected rates of household formation at the district level; the most recent being the 2012-based household projections released in February 2015. The 2012-based household projections for North Hertfordshire underpin the demographic modelling for Letchworth.

In addition, populations who are 'not in households' i.e. institutional accommodation, including care homes, prisons, military barrack or education facilities need to be taken into account. Although these form part of the overall population in the area, they do not generate a specific or additional need for housing. Within Letchworth, there are educational establishments, care homes and other communal establishments. Overall, Letchworth accounted for around a quarter of North Hertfordshire's total communal establishment population. For the purposes of this modelling, NLP has apportioned the communal establishment population to Letchworth to reflect the institutions in the town. Below age 75 it is projected that the number of people in these establishments does not change, and above age 75 the 'non-household' population is applied as a rate to reflect the changes in those in care homes depending on the size of the population.

## Vacant Properties

A vacancy/second home rate is applied to the number of households, representing the natural vacancies (which are required to allow for churn in the housing market) and second homes within the area. This means that more dwellings than households are required to meet needs. the vacancy rate for North Hertfordshire District (based on CLG Council Tax Base data) was shown to be 2.6% (based on an average over the last three years). However Census data showed that the vacancy rate within Letchworth was lower than this, at 1.9%. To reflect the lower rate of vacant/second homes in Letchworth, the modelling applies a vacancy rate of 1.9% over the projection period, remaining constant to 2031.

## Economic Activity

Age and gender specific economic activity rates are used. This is the number of people (above age 16) that are either in employment or are unemployed and



available to start work. Those who are economically inactive include those who are retired, in education, not in work due to health reasons or looking after the home/family. The bases for the projected economic activity rates are the 2011 Census economic activity rates for Letchworth (i.e. the five MSOAs). These have been projected forward using the Office for Budget Responsibility Labour Market Participation Rate Projections.

## Unemployment

The unemployment rate uses an ILO base definition using data from the ONS Annual Population Survey (model-based estimates of unemployment). This is only available at the local level in the 2011 Census. As such, for the projection period the District-wide unemployment rate is used, and is it projected that by 2020 the rate will have fallen to the pre-recession level (3.8%) and then remain constant.

## Labour Force Ratio

A labour force ratio is inferred using the formula (A) number of employed workers living in the area ÷ (B) number of jobs in the area. This takes into account both commuting patterns to/from the area, as well as 'double-jobbing'. To calculate the LF Ratio, the number of economically active people is calculated (based on the 2014 MYEs and economic activity rates, less those unemployed) and number of jobs in Letchworth is taken from the ONS Business Register and Employment Survey. This indicates a LF Ratio in 2014 of 0.98 for Letchworth. A ratio close to 1 indicates around one job for every working person within Letchworth. This is held constant over the projection period.



Nathaniel Lichfield  
& Partners

Planning. Design. Economics.

Nathaniel Lichfield & Partners  
14 Regent's Wharf  
All Saints Street  
London  
N1 9RL

T: 0207 837 4477  
E: [london@nlpplanning.com](mailto:london@nlpplanning.com)

**[nlpplanning.com](http://nlpplanning.com)**