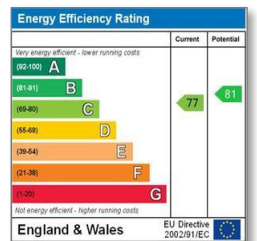




Castle Point Local Housing Needs Assessment Update 2025

Report of Findings

June 2025





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Executive Summary

Summary of key findings and conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by Castle Point Borough Council to prepare a Local Housing Needs Assessment in 2023. That study identified an annual housing need for Castle Point of 255 dwellings per annum, or 5,100 dwellings over the period 2023-2043. That figure was fully consistent with trend migration and household formation rates in Castle Point and would have addressed all local housing needs.
2. The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied. Since this time there have been many updates to the NPPF, with the most recent being in December 2024, following a consultation in July 2024 by the new Government. This current study represents an update to the evidence base in Castle Point in relation to housing needs for the period 2026-2043. Other elements of housing needs such as the need for self-build and adapted housing can be drawn from the Castle Point LHNA 2023.
3. The standard method published by the government in December 2024 was 701 dwellings per annum for Castle Point. However, new affordability data released in March 2025 updated this figure to 686 dwellings per annum and it is this figure which is used in this report. However, Castle Point consider that their capacity is only around 350 dwellings per annum, so we have also modelled their updated needs on this basis.

Establishing Current Unmet Need for Affordable Housing

4. To assess the current need for affordable housing, we initially calculated the number of households in Castle Point who are not suitably housed and who are unable to afford market housing. These include: all households that are currently homeless, those who are currently housed in temporary accommodation, concealed families and individuals living as part of another household, households overcrowded in social or private rent, and people otherwise not counted who are in a reasonable preference category on the housing register.

Based on a detailed review of both the past trends and current estimates our analysis has concluded that 3,220 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible. Of these households, 215 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. These households all require to move, predominantly to a larger property, but would also free an affordable home. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing. There is, therefore, a net affordable housing need of 3,005 households (3,220 less 215 = 3,005).

Future Need for Affordable Housing

5. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership. Figure 1 summarises the overall impact of:
- » New households adding to housing need;
 - » The households no longer present reducing housing need; and
 - » The changes in circumstances impacting existing households.

Figure 1: Annual components of Household Growth Castle Point 2026-2043 (Source: ORS Housing Model)

CASTLE POINT 2026-43	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	3,189	2,843	347
All households no longer present	2,731	2,429	301
Change in existing households	-	15	-15
Future affordable housing need 2026-43 (Annual average)	459	428	31
Future affordable housing need 2026-43 (17 Year change)	7,799	7,280	519

6. Overall, reviewing the contribution of each element amounts to an additional 519 households needing affordable housing in Castle Point annually over the 20-year period 2026-43.

Needs of Households Aspiring to Homeownership

7. The Government have placed an emphasis on households that cannot afford to own their home reflecting concerns that the proportion of owner occupiers has reduced nationally over the last 20 years. One unexpected consequence of current policy is that households in the Private Rented Sector (PRS) who aspire to home ownership and can afford affordable home ownership are designated as being in housing need of affordable home ownership. At the same time, households in the PRS who can afford private sector rent but cannot afford affordable home ownership are designated as being adequately housed.
8. Overall, there are likely to be up to 4,888 households who cannot afford to buy their own home on the open market and aspire to homeownership in Castle Point over the period 2026-43. These are the upper limit figures and are adjusted as part of the assessment to take account of any households that can afford market ownership.
9. Below, Figure 2 brings together the information on assessing the current unmet need for affordable housing together with the future need for affordable housing and those aspiring to home ownership arising over the 17-year period 2026-43. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options; some may be able to afford home ownership but have not found a suitable property yet.

Figure 2: Assessing total need for affordable housing in Castle Point 2026-2043 (Source: ORS Housing Model)

CASTLE POINT 2026-43	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need	3,005	2,700	5,705
Future housing need 2026-43	519	2,188	2,707
TOTAL HOUSING NEED	3,524	4,888	8,412

10. However, it is necessary to consider how affordable need can be addressed within the overall housing need established. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 30% on open market prices for properties. This would be consistent with the First Homes scheme, but instead can be Discount Market Sales.
11. Given this context, Figure 3 identifies those households with income that would be insufficient to afford 70% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. Of the 4,888 households who can afford to rent but who aspire to homeownership, there would be 388 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 3,067 households with insufficient income to have a realistic prospect of being able to afford at 70% of open market values. Of the remaining dwellings for households with incomes above the minimum threshold, there would be 990 where the household had savings of less than £5,000¹ and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

Figure 3: Affordable homeownership housing mix by household affordability 2026-2043 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS properties over the cap limit or where the household can afford market home ownership	Households unable to afford market home ownership (Column 1 – Column 2)	MINUS households unable to afford 70% of newbuild LQ	Households unable to afford market but able to afford 70% of newbuild LQ (Column 3 – Column 4)	MINUS households with savings of less than £5,000	Households unable to afford market but able to afford 70% of newbuild LQ, and have savings of £5,000 or more (Column 5-Column 6)
1 bedroom	676	91	585	367	218	129	89
2 bedrooms	1,869	202	1,667	1,090	577	400	177
3 bedrooms	1,736	95	1,641	1,132	509	379	130
4+ bedrooms	608	0	608	478	130	82	48
TOTAL	4,888	388	4,501	3,067	1,433	990	444

12.

¹ £5,000 is a minimum amount required as the seed of saving for a deposit. The modelling is not prescriptive regarding the amount of savings, only that the savings and income should give the household a reasonable chance of being able to buy a property, including the need to save more in many cases.

13. On this basis, between 2026 and 2043, 444 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. These can be added to the 3,524 affordable homes needs for those who cannot afford market housing. To give a total of 3,968.
14. At this point we add the allowance for vacant homes, taking the overall need for affordable dwellings to 3,976. Within the overall need of households requiring affordable homes identified, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing. This allows for disaggregation of the cohort that are unable to afford market rents to be disaggregated into those who can, and those that cannot afford Affordable Rents. The household aspiring to own figure is based upon those who can access a Discount Market Sale property at 30% discount.
15. Figure 4 includes the need from those modelled to require Class C2 and also an allowance for vacant homes, so the total number of dwellings required equals 11,662 over the period 2026-43. The figure also contains market needs which represent the need for Use Class C2 bedspaces, such as care homes, converted to dwellings. The Class C2 figure considers the projected growth in those in Class C2 in the population and household projections. It is important to note that we are not assuming that the equivalent of 111 dwellings in Castle Point are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent of 111 dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered, then 111 more Class C3 dwellings will be required. If Class C2 bedspaces are delivered, they can be counted at a ratio of 1.80 bedspaces equals 1 dwelling in the LHN figures.

Figure 4: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Require Social Rent	Require Affordable Rent	Require Affordable to Own	Total Affordable Housing (Total columns 2-4)	Total Market Housing	Total (Total columns 5-6)
1 bedroom	1,359	98	172	1,629	238	1,866
2 bedrooms	1,167	74	322	1,563	1,508	3,071
3 bedrooms	351	34	170	555	3,374	3,929
4+ bedrooms	200	3	27	230	2,455	2,685
C2 Dwellings	-	-	-	-	111	111
TOTAL	3,076	209	691	3,976	7,686	11,662
1 bedroom	44.2%	46.7%	25.0%	41.0%	3.1%	16.0%
2 bedrooms	37.9%	35.4%	46.6%	39.3%	19.6%	26.3%
3 bedrooms	11.4%	16.4%	24.6%	14.0%	43.9%	33.7%
4+ bedrooms	6.5%	1.5%	3.9%	5.8%	31.9%	23.0%
C2 Dwellings	-	-	-	-	1.4%	0.9%

Sensitivity Testing

16. As noted earlier, Castle Point consider that their potential capacity is around 350 dwellings per annum. If they were to deliver this volume of dwellings, rather than the 686 dwellings per annum, this would still accommodate all trend migration and household formation. However, it would not allow for all single person current potential households to form.
17. Figure 5 takes forward the assumption that 350 dwellings per annum are completed and that potential households do not form.

Figure 5: Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size 2026-43 Based Upon 350 Completions per Annum (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Require Social Rent	Require Affordable Rent	Require Affordable to Own	Total Affordable Housing (Total columns 2-4)	Total Market Housing	Total (Total columns 5-6)
1 bedroom	204	15	76	295	218	513
2 bedrooms	243	15	151	409	756	1,165
3 bedrooms	372	36	134	542	2,143	2,684
4+ bedrooms	190	3	19	213	1,274	1,486
C2 Dwellings	-	-	-	-	102	102
TOTAL	1,009	69	380	1,458	4,492	5,950
1 bedroom	20.2%	21.2%	20.0%	20.2%	4.9%	8.6%
2 bedrooms	24.1%	22.2%	39.7%	28.0%	16.8%	19.6%
3 bedrooms	36.9%	52.4%	35.2%	37.2%	47.7%	45.1%
4+ bedrooms	18.9%	4.2%	5.1%	14.6%	28.4%	25.0%
C2 Dwellings					2.3%	1.7%

1. Introducing the Study

Background to the project

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Castle Point Borough Council to prepare a Local Housing Needs Assessment in 2023. That study identified an annual housing need for Castle Point of 255 dwellings per annum, or 5,100 dwellings over the period 2023-2043. That figure was fully consistent with trend migration and household formation rates in Castle Point and would have addressed all local housing needs.
- 1.2 Figure 6 of the Castle Point LHNA 2023 (reproduced here as Figure 6) set out the required housing mix for the area based on 5,100 dwellings being delivered over the period 2023-43.

Figure 6: Castle Point LHNA 2023, Figure 6: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings				Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents		Unable to afford market ownership				
	Social Rent	Affordable Rent	Unable to afford 70% First Homes	Able to afford 70% First Homes			
1-bedroom	180	22	42	52	296	203	499
2-bedrooms	263	53	93	61	471	650	1,121
3-bedrooms	392	63	0	0	455	1,508	1,963
4+ bed	165	0	0	0	165	1,245	1,410
DWELLINGS	1,000	138	135	113	1,387	3,606	4,993
C2 Dwellings	-	-	-	-	-	107	107
LHN	1,000	138	135	113	1,387	3,713	5,100

- 1.3 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied. Since this time there have been many updates to the NPPF, with the most recent being in December 2024, following a consultation in July 2024 by the new Government. This current study represents an update to the evidence base in Castle Point in relation to housing needs for the period 2026-2043. Other elements of housing needs such as the need for self-build and adapted housing can be drawn from the Castle Point LHNA 2023.
- 1.4 This report was developed and written under the current NPPF 2024 and therefore has incorporated the changes to the NPPF set out in December 2024. The standard method published by the government in December 2024 was 701 dwellings per annum for Castle Point. However, new affordability data released in March 2025 updated this figure to 686 dwellings per annum and it is this figure which is used in this report.
- 1.5 However, Castle Point consider that their capacity is only around 350 dwellings per annum, so we have also modelled their updated needs on this basis.

Overview of the LHNA

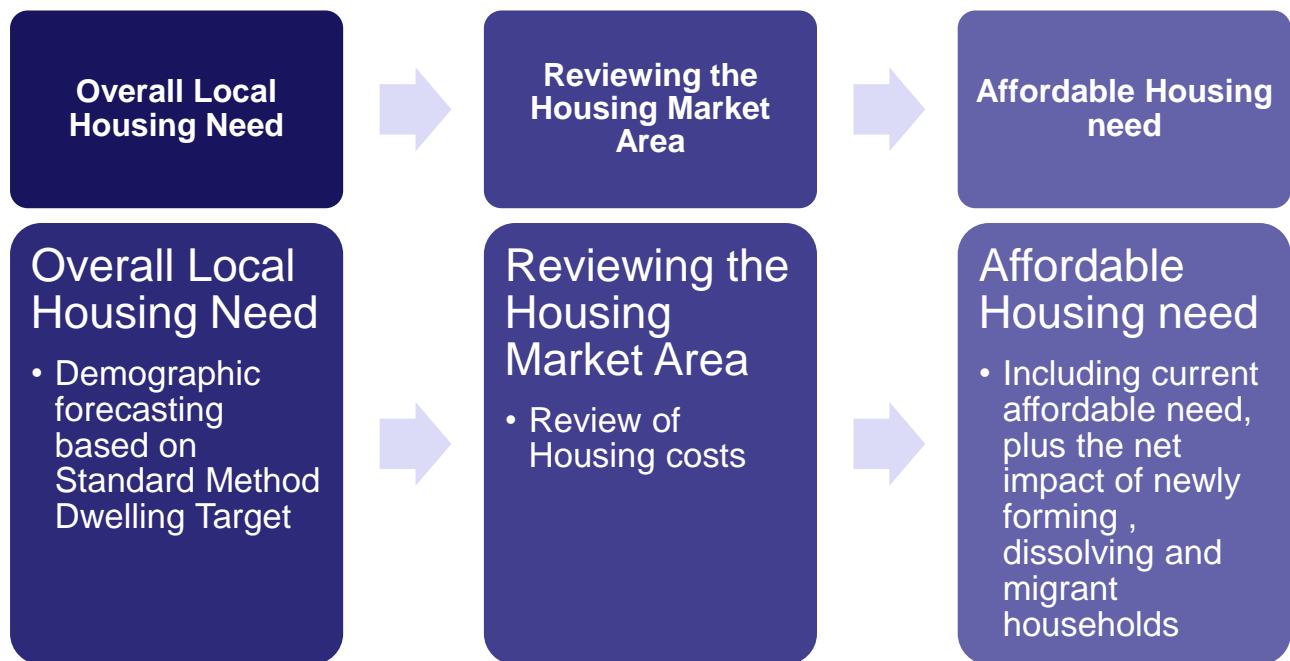
- ^{1.6} The first key objective of this LHNA is to establish the need for housing (both market and affordable) in Castle Point on the assumption that it delivers housing to meet the new government standard method number of dwellings to be supplied over the period 2026-2043, which is 11,662 dwellings. The final calculation for this task is set out, broken down by affordable and market housing, in Figure 36.
- ^{1.7} This report considers the key outputs from the LHNA – namely establishing the overall balance between market and affordable housing over the 17-year period 2026-43. It is important to recognise that the information from the LHNA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies and in particular will link strongly to issues around viability. The LHNA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Summary of the ORS Approach to Modelling Housing Need

- ^{1.8} As noted above, this LHNA seeks to establish the need for housing (both market and affordable) in Castle Point on the assumption that it delivers housing to meet the standard method number of dwellings to be supplied over the period 2026-2043, which is 11,662 dwellings.
- ^{1.9} In Chapter 4, we consider the affordable housing needs for Castle Point based on the latest official projections. They are informed by the latest ONS mid-year estimates², and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018 based 10-year migration trends variant population and household projections. The data within these projections is then adjusted in light of the Census 2021 and mid-year population estimates 2022 and 2023. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published.
- ^{1.10} A backlog of households in affordable housing need is calculated, including any households who are currently concealed within other households who may wish to form within their own property. Any shortfall in the projected household growth and the need to deliver 11,662 dwellings is addressed by changes in net migration to Castle Point.
- ^{1.11} Finally, in delivering the number of dwellings required it is also necessary to include the impact of vacant and second homes to uplift the household projection to become the need for dwellings. This gives a net need for new affordable dwellings for the period 2026-2043 which is consistent with the trend growth in population and household in Castle Point. Therefore, the figures produced in Chapter 4 are the overall conclusions for housing need in Castle Point for affordable and market housing.
- ^{1.12} Figure 7 sets out a flow chart of the study process building from demographic data and housing costs to consider a wide range of housing needs.

² The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements.

Figure 7: Flow Chart of the Study



2. Demographic Projections

The baseline for establishing housing need

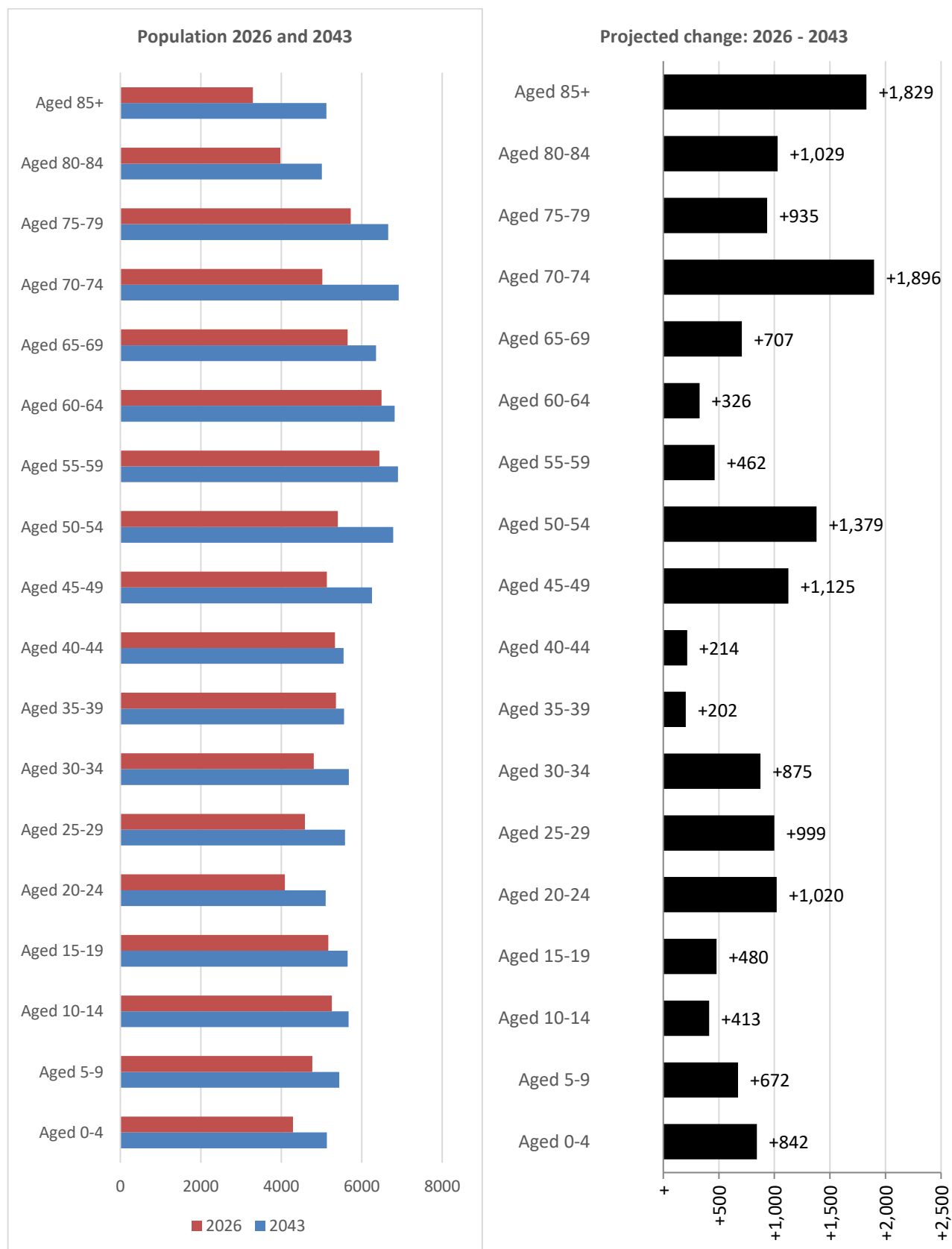
Introduction

- 2.1 The first step in analysing housing needs must be to identify the household projections for Castle Point, which are used as the basis for this report.
- 2.2 This chapter uses the available population projections for Castle Point to explain the predicted growth of households during the plan period.

Projected Population Age Profile

- 2.3 The 2018-based ONS household projections represent the most up-to-date household projections at the time of writing, however since their publication further sets of Mid-Year Estimates (MYEs) of population have been released for 2022 and 2023. By applying the 2018 household formation rates to these population estimates, a more up-to-date estimate of household numbers for 2024 can be derived. The projection is then run based on this updated data to derive projected household change 2026-43 in Castle Point.
- 2.4 The figures are calculated by assuming that 11,662 additional dwellings will be delivered in Castle Point over the period 2026-2043.
- 2.5 The most significant rise in the population projection is those aged over 65 years, which represents a growth of 6,400 persons out of a total of 15,405. There are also notable growths in those aged 20-34 (2,900) and those over aged 45-54 (2,500) (Figure 8).

Figure 8: Population projections 2026-43 by 5-year age cohort for Castle Point (Source: ONS 2018 based Population Projections, MYE 2022 and 2023 and ORS)



Household Projections by Age

- 2.6 An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP)³. Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.
- 2.7 Figure 9 shows an overall increase of 7,800 households over the 17-year period 2026-43. It is important to consider household growth in relation to age cohorts. Figure 9 shows the projected number of households in each cohort, showing their age in both 2026 and 2043. Clearly, no household representatives are aged under 8 (in 2024), but children aged under 8 in 2024, will be aged 15-24 in 2043, and thus will be potentially heads of a household.
- 2.8 For example, households aged 18-27 in 2026 will be 35-44 in 2043. There are projected to be an extra 3,700 households in this cohort; partly due to new household formations and partly due to net migration. This figure is measuring new households to the area, so it is measuring the impact of existing households ageing and the age profile of new households in Castle Point.

Figure 9: Total projected change in households for 2026 and 2043 by age cohort of household representative (Note: Figures may not sum due to rounding)

TOTAL HOUSEHOLDS	Age of Household Representative								TOTAL
Age in 2026	<8	8-17	18-27	28-37	38-47	48-57	58-67	68+	
Age in 2043	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2026	-	400	2,500	4,900	6,000	6,400	7,300	14,100	41,500
2043	2,400	5,500	6,200	7,500	8,100	7,600	8,100	3,900	49,300
TOTAL CHANGE	+2,400	+5,100	+3,700	+2,700	+2,100	+1,200	+800	-10,200	+7,800

- 2.9 Based on the cohort analysis, around 18,000 extra households will be formed over the 17-year period 2026-43 by those who will be aged under 85 years in 2043. These extra households are offset against a reduction of 10,200 households aged 85 or over. While the number of older person households will increase in Castle Point, this will mainly be due to existing households ageing and new households moving to the area. Offsetting this increase will be a loss of existing older households, mainly due to household dissolution following death, particularly in the 85+ cohort.
- 2.10 While newly forming households can be in any age cohort, most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form and there are high numbers of these households in Castle Point. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. Again, newly forming households moving in to existing properties may be in any age cohort, therefore it cannot be assumed that new housing stock will necessarily be occupied by newly formed households.

³ A Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household

Projected Household Types

- 2.11 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.
- 2.12 Figure 10 shows the household numbers and net change for Castle Point from 2026 to 2043 separated out by the age of the household representative person (HRP).

Figure 10: Change in total projected households for 2026 and 2043 by household type and age of household representative
(Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
Change	Single person	+70	+300	+290	+600	+190	+340	-560	+860	+2,100
Change	Couple without children	+110	+690	+630	+480	-530	+20	+850	+450	+2,700
Change	Families with child(ren)	+90	-310	-840	+170	+600	+940	+960	+0	+1,600
Change	Other households	+180	+240	+150	+200	+210	+220	+120	+100	+1,400
Change	TOTAL	+400	+900	+200	+1,400	+500	+1,500	+1,400	+1,400	+7,800

- 2.13 In summary over the 17-year period:
- » Single person households are projected to increase by 2,100 and this includes an increase of 860 with a household representative aged 85 years and over;
 - » Families with dependent children have a net growth of 1,600;
 - » Couples without dependent children are projected to rise by 2,700 households with 1,300 of these aged 75 years and over;
 - » The increase in “Other” households represents 1,400 households.⁴
- 2.14 The final group of ‘Other’ households is important because it implies that a proportion (around 18%) of the projected household growth in Castle Point will be unrelated households, students and multi-generational households. This is a point we will return to in Chapter 4.

⁴ Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”

3. Local Housing Market

Housing trends and cost of housing in Castle Point

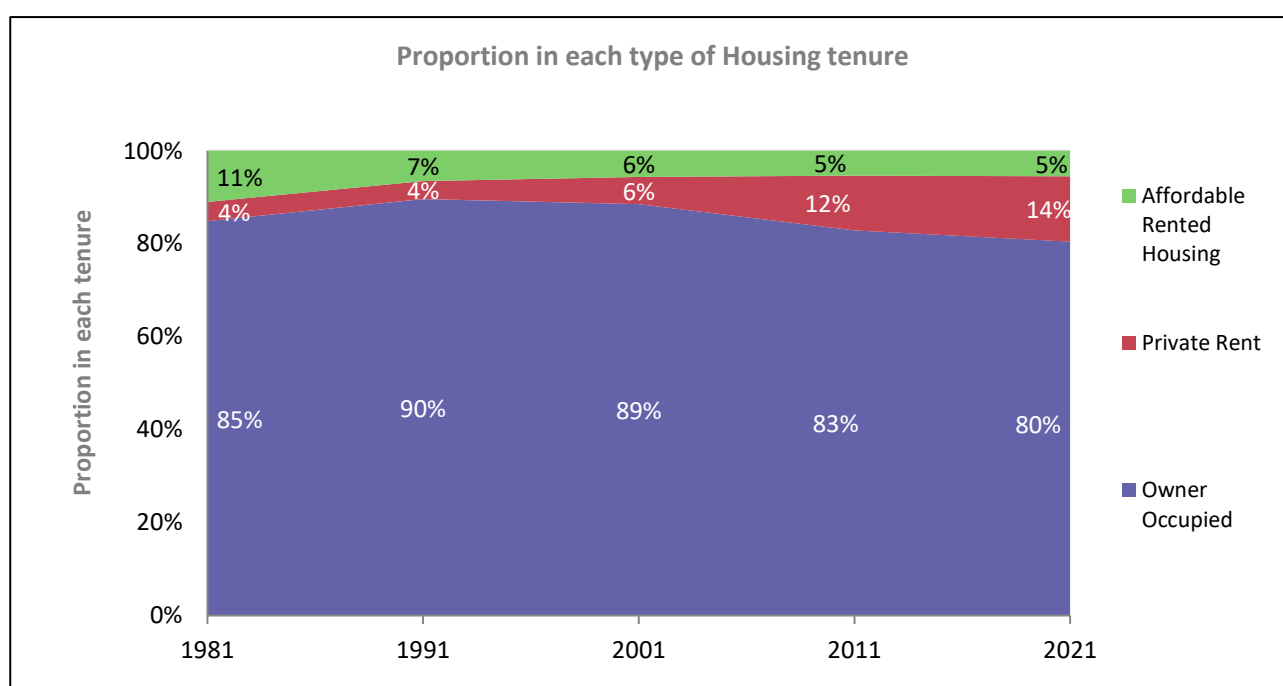
Introduction

- 3.1 This chapter explores the cost of housing in Castle Point and the incomes needed to rent or buy at market prices.
- 3.2 It highlights the potential income gaps and identifies where and how people may fall into affordable housing need. This includes consideration of Social Rent, Shared Ownership and Discount Market Sales and access to housing benefit for those in the rental sector. Our modelling has a focus upon Discounts Market Sales at 70% of market value (i.e. a 30% discount) because this is the minimum discount associated with the until recently recommended scheme entitled First Homes. Under this scheme local authorities can, where justified, set the discount at 40% or 50%. In practice, households who can afford Discount Market Sales or First Homes can also normally afford Shared Ownership, so there is a large overlap between their needs.

Housing Tenure Trends

- 3.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years.
- 3.4 Figure 11 shows how the most notable change has been the decline in the proportion of households in affordable rented housing (comprising Social Rent and other affordable rented homes), which has fallen during the period (from 11% to 5%). In contrast, numbers of households living in privately rented accommodation have grown (4% to 14%). Between 1981 and 1991, there was a strong growth in owner occupation, partly as a consequence of the introduction of right to buy policies. This peaked at 90% in 2001 but has fallen below 1981 levels since that time.

Figure 11: Housing tenure trends for Castle Point (1981 – 2021). Source: UK Census of Population



3.5 Figure 12 provides the detailed data for the period.

Figure 12: Number of Households in Castle Point by Tenure 1981-2021 (Source: UK Census of Population)

	Number of Households					Net Change			
	1981	1991	2001	2011	2021	1981-1991	1991-2001	2001-2011	2011-2021
Owner occupied	25,293	29,076	31,223	30,204	30,072	+3,783	+2,147	-1,019	-132
Private rent	1,233	1,246	2,081	4,287	5,265	+13	+835	+2,206	+978
Affordable Rented Housing	3,282	2,129	1,975	1,949	2,051	-1,153	-154	-26	+102
TOTAL	29,808	32,451	35,279	36,440	37,388	2,643	2,828	1,161	948

- 3.6 The long-term growth in the private rented sector (PRS) in Castle Point is consistent with national trends. Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.
- 3.7 The growth of the private rented sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. If the PRS expands and other sectors contract, it is clear that many households who would previously have met their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the private rented sector.
- 3.8 It is important for local authorities to recognise the role of the private rented sector at a local level. National letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1-bedroom Social Rented or Affordable Rented property. Affordability issues such as this contribute to the number of 'other' households such as Houses in Multiple Occupation and multi-generation living. The private rented sector makes an important contribution towards providing affordable housing options.
- 3.9 Recent Conservative Governments pursued a policy entitled First Homes⁵. Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes prioritise first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. They involve a reduction of at least 30% to be in perpetuity, so the buyer will own the entire property, but when they sell, they will only receive 70% of the value. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There are restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 3.10 The First Homes policy was changed under the 2024 Labour Government. While First Homes can still be delivered, the new focus for delivery is on Social Rent, but products such as Discount Market Sales, with prices set at 20% or 30% below market prices in perpetuity, and Shared Ownership can also be delivered.
- 3.11 As discussed later, there are many households residing in the private rented sector in Castle Point who aspire to home ownership. If affordable Discount Market Sales or Shared Ownership properties are provided for

⁵ <https://www.gov.uk/government/consultations/first-homes>

this group it would, potentially, reduce the size of the private rented sector. This in turn would provide for households that meet the previous and current Government's definitions of affordable housing.

Cost of Renting

3.12 When considering renting in Castle Point, it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Castle Point. These include:

- » Median and lower quartile private rent;
- » Local Housing Allowance (LHA) for Southend BRMA⁶;
- » Affordable Rent; based on existing dwellings available for affordable rent; and
- » Social Rents.

3.13 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA is currently calculated on the 30th percentile private rent as of April 2024; but rates will be frozen until at least 2026.

3.14 Figure 13 sets out the median weekly rents for different property sizes in Castle Point (which is covered by the Southend BRMA) together with the local housing allowances and the calculated affordable rent rates.

Figure 13: Weekly rent thresholds in Castle Point (Source: Valuation Office Agency 2022-23; SDR 2024)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Southend BRMA	Affordable Rent	Social Rent
1 bedroom	£198.47	£184.21	£156.49	£132.27	£97.25
2 bedrooms	£247.23	£219.86	£201.37	£169.32	£115.16
3 bedrooms	£298.97	£280.34	£253.15	£195.81	£130.08
4+ bedrooms	£433.74	£404.76	£310.68	£227.44 ⁷	£139.22

3.15 Across all property sizes, the lower quartile private rent is higher than the maximum LHA in Castle Point and Social Rents are also always lower.

3.16 Although the relationship between the LHA rate and private rents is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is "*housing that is too expensive compared to disposable income*" that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

3.17 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 41.4% of their net income and would leave £189 per week as disposable income to cover their other living expenses.

⁶ This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

⁷ Note that 4-bed affordable rent data is imputed to be consistent with 1-3 bed data as none is currently recorded in the latest SDR.

- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income and would leave £241 per week as disposable income to cover their other living expenses.

3.18 We should also consider the differing potential levels of housing benefit:

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).

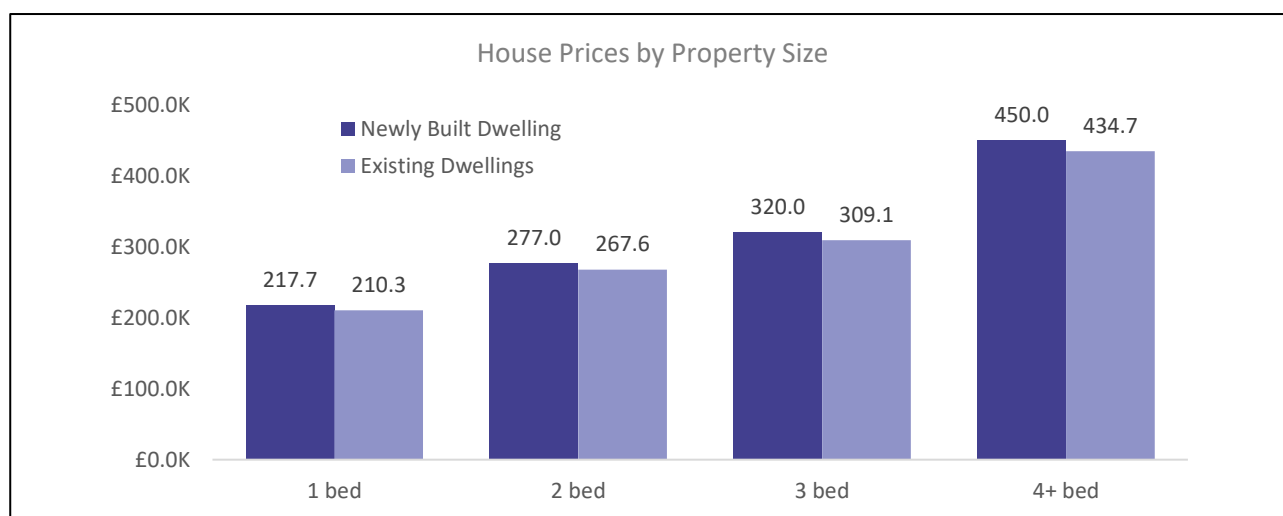
3.19 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. **It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions. This will take into account the different amounts of disposable income for various types of households, based on the rents for suitable housing.** Therefore, a key consideration in the ORS Model⁸ as to whether a household can afford market rents is whether they receive housing benefit or Universal Credit to assist with their housing costs. **If a household is renting privately and does not receive housing benefit, then they are covering their own rents. This shows the household is capable of affording its rent without Government assistance.**

Cost of Home Ownership

- 3.20 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 14 shows lower quartile house prices in Castle Point by bedroom size.
- 3.21 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium, and this is the case in Castle Point.

⁸ See Summary of the ORS Approach to Modelling Housing Need, paragraph 1.8

Figure 14: Lower quartile prices (adjusted by CPI) (2024) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



- 3.22 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of new build housing, the relative size of properties, comparative quality and condition of existing stock, and other intangible issues such as character.

Identifying the Gap for Affordable Home Ownership

- 3.23 The NPPF encourages local authorities to widen opportunities for home ownership. A range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership, including, Shared Ownership and Discount Market Sales.

Shared Ownership

- 3.24 Figure 15 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs base based on a 30-year repayment mortgage at 6% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £20 per week.

Figure 15: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £20 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Charge	TOTAL of weekly costs
1 bedroom	£217,673	£87,069	£8,707	£109.18	£68.88	£20.00	£198.06
2 bedrooms	£276,975	£110,790	£11,079	£138.92	£87.65	£20.00	£246.57
3 bedrooms	£320,000	£128,000	£12,800	£160.50	£101.26	£20.00	£281.76
4+ bedrooms	£450,005	£180,002	£18,000	£225.71	£142.40	£20.00	£388.11

- ^{3.25} Figure 16 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents which run from a median rent for a 1-bedroom property of £198.47 per week to £433.74 per week for a 4 bedroom plus property. This model uses a 6% interest rate for modelling purposes, if rates are lower in the future, then shared ownership will be more affordable, conversely higher rates make it less affordable.

Figure 16: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £20 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	25% Equity Share	30% Equity Share	35% Equity Share	40% Equity Share	45% Equity Share	50% Equity Share
1 bedroom	£217,673	£174.34	£182.24	£190.15	£198.06	£205.97	£213.87
2 bedrooms	£276,975	£216.38	£226.45	£236.51	£246.57	£256.63	£266.69
3 bedrooms	£320,000	£246.89	£258.52	£270.14	£281.76	£293.39	£305.01
4+ bedrooms	£450,005	£339.07	£355.42	£371.76	£388.11	£404.46	£420.81

Discount Market Sales

- ^{3.26} Meanwhile, Figure 17 sets out the weekly costs associated with Discount Market Sales properties with 50%, 60% and 70% equity, which in turn would be consistent with First Homes discounts, taking account of the differential full market prices and based on the following assumptions:

- » 50%/60%/70% equity share purchased by the occupier;
- » 10% of the remaining equity purchased is available as a deposit; and
- » Mortgage costs base based on a 30-year repayment mortgage at 5% interest⁹.

Figure 17: Total weekly costs for Discount Sales/First Homes with 50%, 60% and 70% Equity Share (Note: Mortgage costs based on a 30-year repayment mortgage at 5% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	Homes with 50% equity share	Homes with 60% equity share	Homes with 70% equity share
1 bedroom	£217,673	£122.20	£146.64	£171.08
2 bedrooms	£276,975	£155.49	£186.59	£217.69
3 bedrooms	£320,000	£179.65	£215.58	£251.51
4+ bedrooms	£450,005	£252.63	£303.16	£353.69

- ^{3.27} Discount Market Sales, with a 30% in perpetuity discount, are very similar in weekly costs to Shared Ownership with a 25% equity and are lower than both median and lower quartile rents. Therefore, from an affordability point of view, Discount Market Sales and Shared Ownership are options for those who can afford to rent.

⁹ For shared ownership we have assumed a 6.25% mortgage rate and for Discount Market Sales/First Homes we have assumed a 5% rate. In general there is a mortgage premium for Shared Ownership when compared to full ownership.

Income Needed for Other Types of Housing

- 3.28 Another housing option that could be made available in Castle Point, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2024 (Glossary)

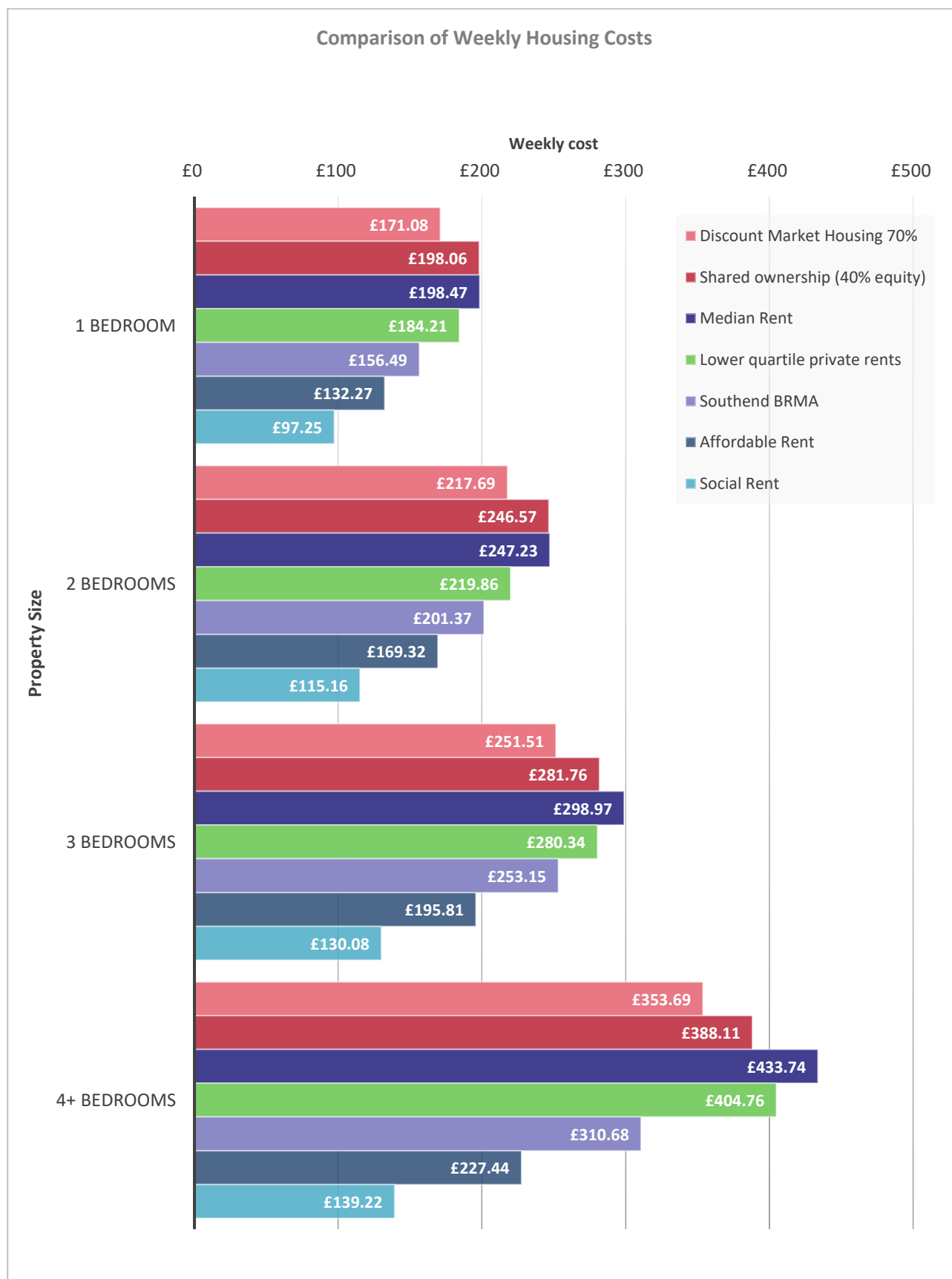
- 3.29 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low-Cost Home Ownership options.
- 3.30 The National Planning Policy Framework states that affordable housing on Build to Rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given Build to Rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.31 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL¹⁰ shows that the average Build to Rent option is 9.3% more expensive than the median rent. This therefore tends to lead to the affordable Build to Rent options being more expensive than Social Rent and are best considered as a form of Discounted Market Rent.

Summary of Housing Costs

- 3.32 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 18 summarises these costs for each property size with all costs adjusted using the most recent data available. Social Rent is significantly cheaper than any other tenure. Both Shared Ownership (depending on the equity share) and Discount Market Sales are less expensive than renting privately, so they represent an alternative for those who can afford to rent.

¹⁰ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

Figure 18: Comparison of weekly housing costs by property size including any service charges (Source: Valuation Office Agency and Land Registry Price Paid Data)



4. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 4.1 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable home ownership. This was retained in the NPPF 2024 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

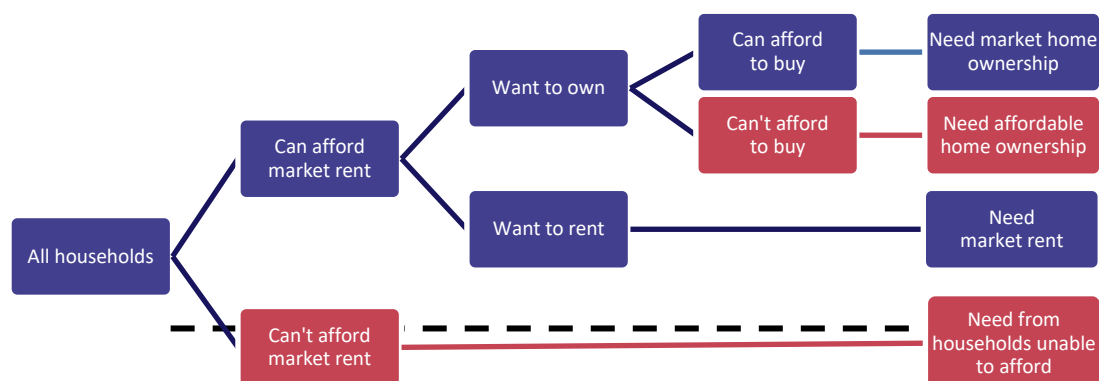
Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

NPPF 2024, Annex 2

- 4.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “*Housing needs of different groups*” published on 22nd July 2019¹¹, which covered:
- » Addressing the need for different types of housing
 - » Affordable housing
 - » Rural Housing.
- 4.3 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021.
- 4.4 Relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [PPG ID 2a-020-20190220]. The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy. In Figure 19, blue indicates that the household can afford the option while red indicates that the household cannot afford the option.

Figure 19: Establishing the need for market and affordable housing



¹¹ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

Assessing Affordable Housing Needs

- 4.5 The PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.6 The affordability percentages in Figure 20 are calculated using detailed information from the 2021 Census alongside data published by the Department of Work and Pensions (DWP) about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing. This shows a high level of affordable need for lone parents and also for some older persons households.

Figure 20: Assessing affordability by household type and age (Source: Census 2021 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	15%	6%	13%	17%	18%	18%
Couple family with no dependent children	4%	2%	4%	5%	5%	5%
Couple family with 1 or more dependent children	9%	6%	6%	4%	4%	5%
Lone parent family with 1 or more dependent children	42%	86%	59%	40%	21%	11%
Other household type ¹²	12%	10%	9%	12%	10%	7%

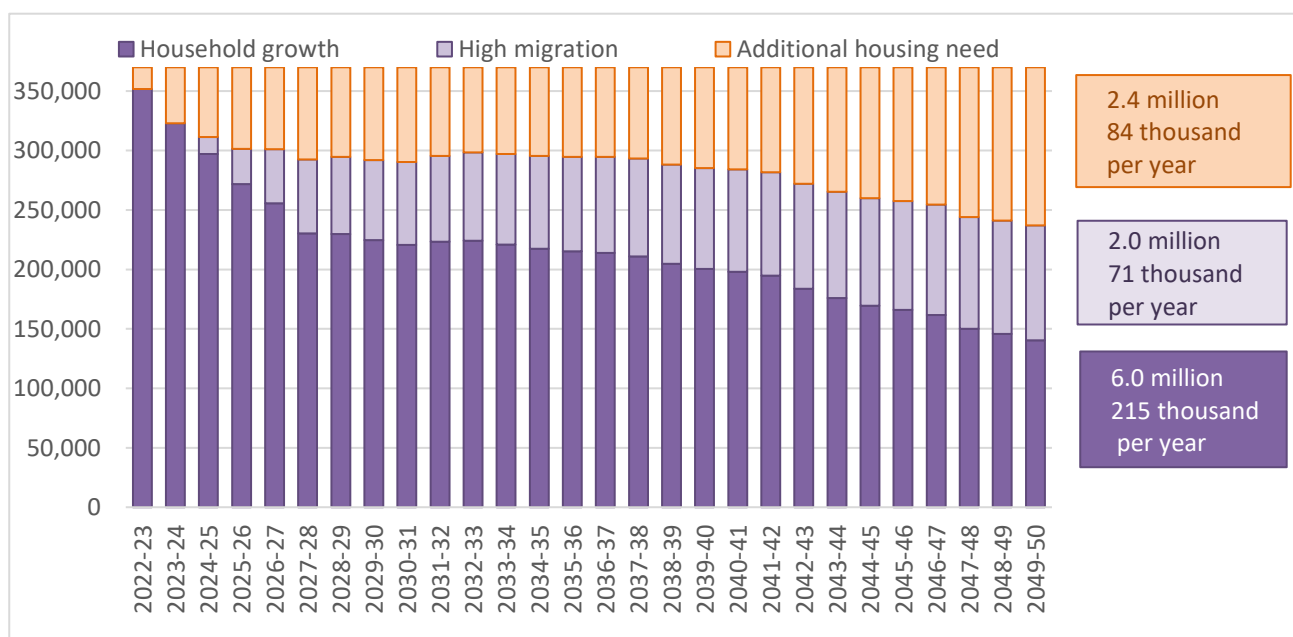
Current Unmet Needs of Households Unable to Afford

- 4.7 Any exploration of housing need in an area must first give consideration to existing unmet needs. Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 4.8 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2024. The evidence is predominantly derived from data collected by Castle Point on homelessness or households otherwise unsuitably housed, but we also consider the needs of households who are overcrowded in both the social and private rented sector.
- 4.9 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing. We do not count those in owner occupied housing because they would typically not qualify for affordable housing. Student households are also excluded, given that their needs are assumed to be transient.

¹² Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”

- 4.10 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need.
- 4.11 To consider the importance of concealed households, at a national level the December 2024 standard method provides to a total of just over 370,000 net additional dwellings per annum for England. However, 2022 based national household projection for England average around 215,000 for the period 2022-2050. Therefore, an additional 155,000 households would be required to fill the 370,000 dwellings if they were to be built. If we assume that migration does not follow its principal projection trajectory and instead follows its high trajectory then that would add another 71,000 households per annum; but would require net migration to England to run close to 500,000 per annum, which is at odds with wider government policy.
- 4.12 The remaining 84,000 households would require to be drawn from higher household formation rates among the existing population. This would be groups like adult children living at home and residents of houses in multiple occupation forming their own separate households.
- 4.13 Therefore, for the overall target of 686 dwellings per annum for Castle Point to be consistent with the 370,000 national target would require either/both higher international migration and also substantially higher local household formation than has been seen in the past.

Figure 21: National 2022 Based Household Projection and Standard Method December 2024 (Source: Office of National Statistics 2022 Based Household Projections for England and ORS Modelling)

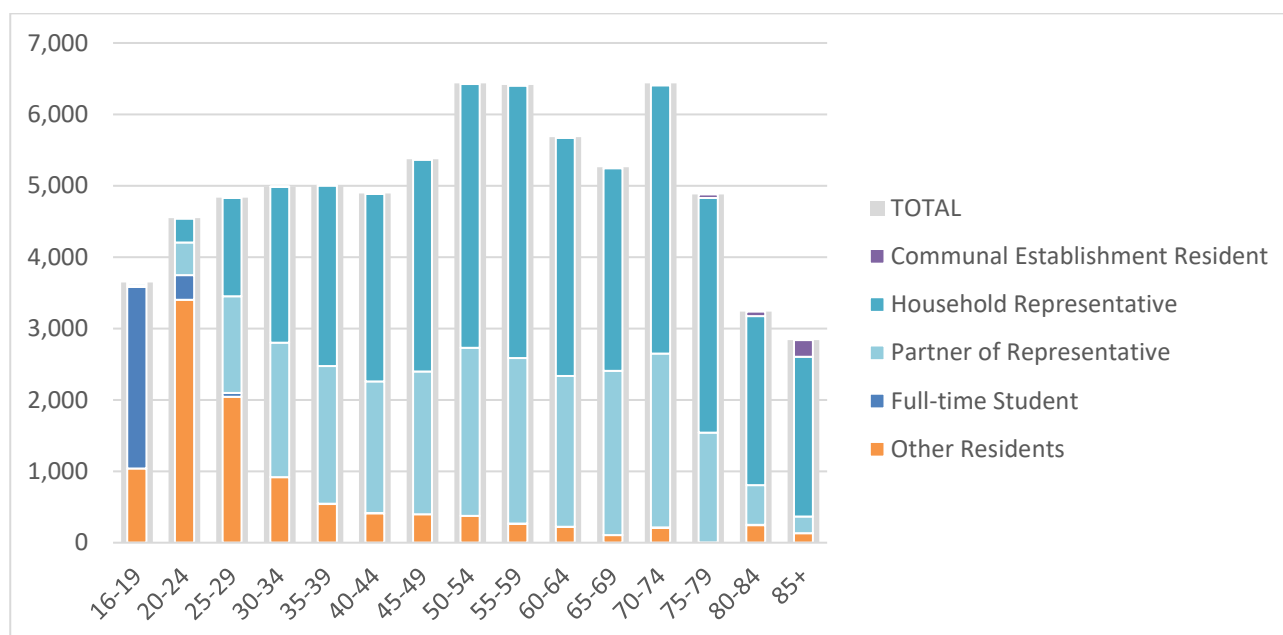


- 4.14 Within this study, concealed households include all potential households who are currently residing within another household and follow a three-step process:
- » Step 1 – uses Census 2021 data to identify anyone living in a household who isn't the household representative or their partner, and isn't in full-time education;
 - » Step 2 – of the "Other" household members identified, identify those that want to live independently – this is based on rates from English Housing Survey data by age group; and

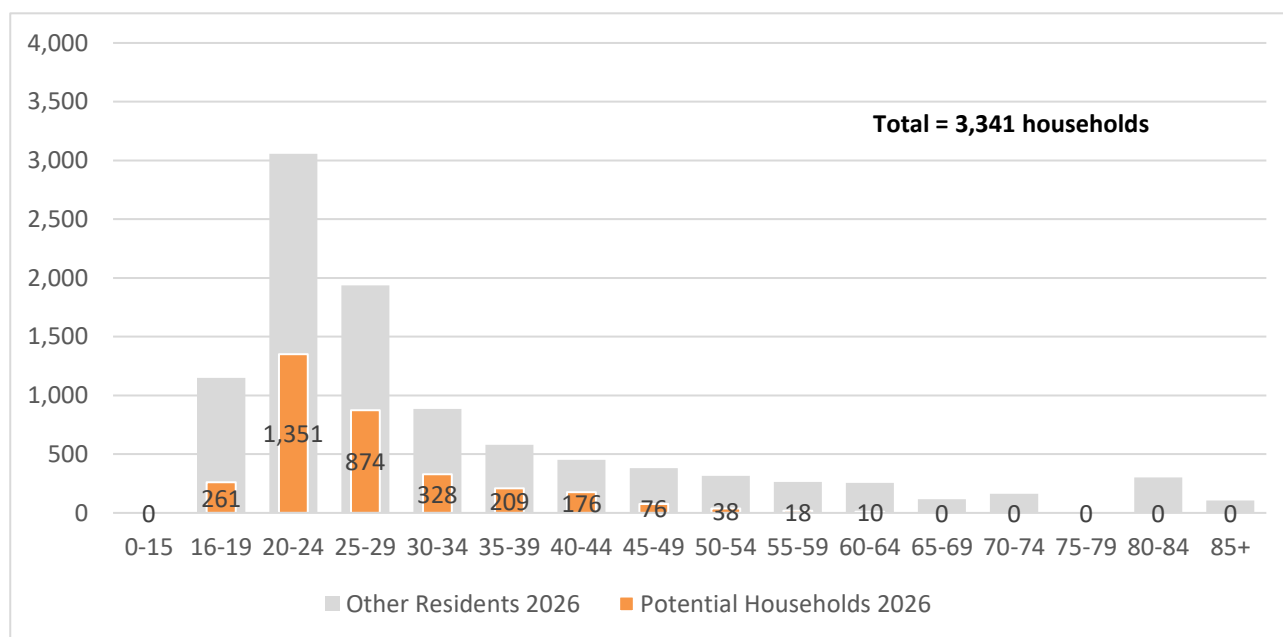
- » Step 3 – of those that who want to live independently, where more than one person are leaving the same household as a group, count only the eldest person, and where they expect to join another person/group then count the need as half.

^{4.15} In the case of Castle Point, Figure 22 shows the household status of the entire adult population in 2021. The vast majority of residents were either the head of a household or the partner of the head of the household. Many more were students in households. Many persons aged 75 years or more were also resident in communal housing such as nursing or residential homes.

Figure 22: Household Status by Age (Source: UK Census of Population 2021)



- ^{4.16} This leaves the remaining population who are described as 'Other Residents'. In total there were 10,310 such residents in Castle Point and they include adult children living at home with their parents, occupants of houses in multiple occupation, live in care providers and other household residents.
- ^{4.17} Not all of these household residents will want to form their own households. We are able to use data from the English Housing Survey to assess how many of these residents would wish to form as separate households; but have been unable to do so because of a lack of affordable housing options.
- ^{4.18} That gives us a number of potential households for each area in 2021, which is converted to a potential household representative rate, which is then used to establish a number of potential households for the base year of 2026. Modelling suggests 3,341 households will require affordable housing. Figure 23 shows these households by age profile. Nearly half are aged under 25 years and nearly three quarters are aged under 30 years.

Figure 23: Potential Households in Castle Point in 2026 (Source: UK Census of Population, EHS and ORS Housing Model)

^{4.19} The figure of 3,341 is the total number of potential households. Some of these households will be able to afford market housing. Using EHS data again, we can identify that 2,467 of the 3,341 potential households will require affordable housing.

4.20 Figure 24 sets out the assessment of current unmet affordable housing need for Castle Point:

Figure 24: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	34		34
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	82		82
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	6	6	0
Homeless households in priority need [Source: CLG P1E returns]	Households accepted as homeless but without temporary accommodation provided	7		7
Concealed households [Source: affordable need component of 3,341 from Figure 23]	Growth in concealed households with family representatives aged under 55	2,467		2,467
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]	Households living in overcrowded private rented housing	260		260
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]	Households living in overcrowded social rented housing	206	206	0
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	154	3	151
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in Castle Point, where failure to meet that need would cause hardship	4	0	4
TOTAL	TOTAL	3,220	215	3,005

4.21 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 3,220 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.

4.22 Of these households, 215 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. These households all require to move, predominantly to a larger property, but would also free an affordable home. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

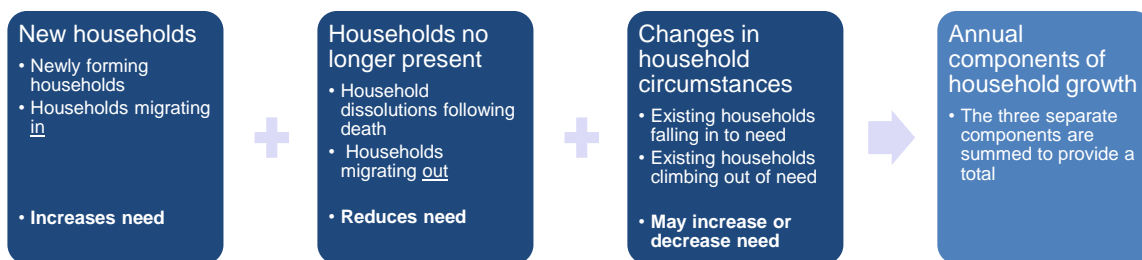
4.23 There is, therefore, a net affordable housing need of 3,005 households (3,220 less 215 = 3,005).

4.24 9 dwellings are occupied by people living in unsuitable conditions (e.g. need to move on medical grounds) whose needs would be met by new homes of the right size, if provided.

Projected Future Need of Households Unable to Afford

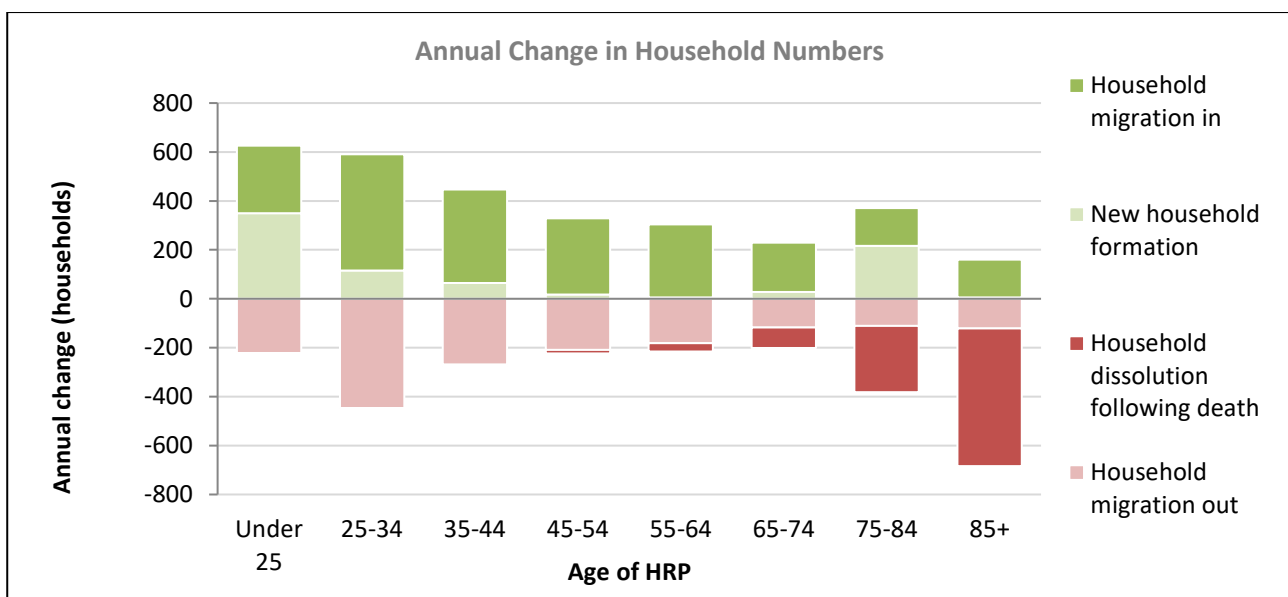
- 4.25 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “*gross annual estimate*” (ID 2a-021) suggesting that “*the total need for affordable housing should be converted into annual flows*” (ID 2a-024).
- 4.26 This section analyses and brings together the annual components of household growth as shown in this flowchart:

Figure 25: Flow Chart of annual components of growth analysis



- 4.27 Figure 26 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group. The data shows a high rate of household formation for those aged under 25 years, but these households also have high in and out migration rates to Castle Point. For older age groups, formation and migration is much lower, but household dissolution starts to become higher for those aged 65 years and over. It may be noted that there are high rates of formation amongst 75-84 year olds, but this is mainly a result of one member of a couple household passing away, leading to the dissolution of a couple household (reflected in the red bar), which is replaced by a single person household, so has no impact on the overall number of households.

Figure 26: Annual change in household numbers in each age cohort by age of HRP in Castle Point (Source: ORS Housing Model)



- 4.28 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of households. The percentage of households unable to afford housing are based upon those in receipt of housing benefit by household type and age and also those allocated to affordable housing in the past (taking account of double counting). The split between newly forming and migrating households is derived from components of the household projections, which take account of new household formation through natural growth in the population alongside growth due to **all** in and out-migrating households.

Figure 27: Annual components of Household Growth 2026-43: Newly forming households (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	827	727	99	12%
Households migrating in to the area	2,363	2,115	247	10%
All new households	3,189	2,843	347	11%

- 4.29 The ORS Model identifies 827 new households projected to form in Castle Point each year, of which 12% will be unable to afford their housing costs. This amounts to 99 households each year.
- 4.30 The model also considers new households migrating to the area. The projection is for 2,363 households per annum of which 10% (247 households) will be unable to afford their housing costs. For clarity, these households cannot afford to meet their own housing costs and it is not just the case that they cannot afford to purchase a property. It should be remembered that households in affordable housing need will also leave Castle Point, thus reducing need.
- 4.31 This results in a total of 347 new households in need of affordable housing per annum (Figure 27).

Figure 28: Annual components of Household Growth 2026-43: Households no longer present (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,007	889	118	12%
Households migrating <u>out</u> of the area	1,724	1,541	183	11%
All households no longer present	2,731	2,429	301	11%

- 4.32 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).
- 4.33 The model identifies 1,007 households are likely to dissolve following the death of all household members. This is based upon the age profile of households, with deaths being modelled by locally specific mortality rates, with the death of the final household member creating a dissolution. Many of these households will own their homes outright, however 118 of these are likely to have been unable to afford market housing and will mostly be living in affordable rented housing.

- 4.34 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 1,724 households will migrate out of the area each year, again derived from components of the household projections which measure all households migrating in and out of Castle Point, including 183 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 4.35 Altogether, there are 301 households who will vacate affordable dwellings or will no longer be waiting for a home (Figure 28). Therefore, fewer households dissolve or out-migrate from Castle Point than those who form or migrate into the area, so these changes increase the level of projected future affordable housing need.
- 4.36 Figure 29 shows the change in the number of households who can afford their housing costs in terms of the number of households falling into need, usually due to their income decreasing and those climbing out of need, usually because of their income increasing. This is explained more fully below the table and is based on incomes and demographic data.

Figure 29: Annual components of Household Growth 2026-43: Households moving into and out of need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-71	71	100%
Existing households climbing out of need	-	86	-86	0%
Change in existing households	-	15	-15	-

- 4.37 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Castle Point will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 71 established households will fall into need in Castle Point each year.
- 4.38 This is the change in the number of established households of each type in each age group identified as being unable to afford market housing. The analysis only considers established households, so households that form or dissolve during the period and migrant households are all excluded. Established households are analysed on a cohort basis, using 5-year bands and periods. That means that the same households are considered at the start and the end of the period; so at the end of the period they will be 5 years older than at the start of the period. For example, the number of established households aged 30-34 unable to afford market housing at the start of the period is compared with the number aged 35-39 at the end of the period 5 years later. The analysis is undertaken based on a matrix of 15 age groups and 5 household types and repeated for 4 five-year periods. Those sub-groups where the number of established households unable to afford has increased are summed to identify the total falling into need. Those sub-groups where the number has reduced are summed to identify the total climbing out of need. For example: If at the start of a 5 year period, 1,000 households aged 30-34 cannot afford market housing, and at the end of the period 1,500

households aged 35-39 cannot afford market housing, then the number of households in that cohort have fallen into need.

4.39 However, established households' circumstances can also improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

4.40 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies by again considering household types by age bands by affordability that the circumstances of 86 households will improve such that they become able to afford their housing costs having previously being unable to afford.

4.41 Therefore, considering the changing needs of existing households overall, **there is a net decrease of 15 existing households needing affordable housing each year.** (Figure 29). We would note that typically the number of households falling into and climbing out of need broadly balances in a local authority.

4.42 The following table (Figure 30) summarises the overall impact of:

- » New households adding to housing need (Figure 27);
- » The households no longer present reducing housing need (Figure 28); and
- » The changes in circumstances impacting existing households (Figure 29).

Figure 30: Annual components of Household Growth 2026-43: Summary (Source: ORS Housing Model)

CASTLE POINT 2026-43	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	3,189	2,843	347
All households no longer present	2,731	2,429	301
Change in existing households	-	15	-15
Future affordable housing need 2026-43 (Annual average)	459	428	31
Future affordable housing need 2026-43 (17 Year change)	7,799	7,280	519

4.43 Overall reviewing the contribution of each element amounts to an additional 519 households needing affordable housing over the 17-year period 2026-43, or a rate of 31 per annum.

Needs of Households Aspiring to Homeownership

- 4.44 To consider the need for those who aspire to own, but who can afford private rents, Figure 31 links together data for the number of households of each type in each age group living in private rented housing and paying their own rent, with the aspiration data from the English Housing Survey 2021/22. Figure 31 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need.

Figure 31: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	161	289	303	90	31	0	874
Couple without children	200	393	221	61	0	0	875
Families with child(ren)	141	218	71	36	0	0	466
Other households	154	126	121	39	44	0	485
Total Volume	655	1,027	717	225	76	0	2,700
<i>Percentage of households</i>	<i>24%</i>	<i>38%</i>	<i>27%</i>	<i>8%</i>	<i>3%</i>	<i>0%</i>	<i>24%</i>

- 4.45 Based on this analysis, we can estimate that there is a total of around 2,700 households currently resident in Castle Point who cannot afford to own their own home but would aspire to do so. 62% of these households are aged 15-34 with the substantial majority (89%) aged under 45. There is nothing in the modelling to state that the households need or would want to buy in Castle Point, just that they are currently renting and want to buy a property. Note that the NPPF specifically talks about housing need; but talks of demand when considering affordable to own properties.
- 4.46 In addition to the current need, it is also important to consider new households that are projected to form over the period 2026-43. Through the same modelling process of combining future household projections with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 2,188 households that form over the 17-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 4,888 households who aspire to homeownership but who cannot afford to buy their own home over the period 2026-43, a net annual need of 288 per year**
- 4.47 When identifying the need for Affordable Home Ownership (AHO), it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

Identifying the Overall Affordable Housing Need

- 4.48 Figure 32 brings together the information on assessing the current unmet need for affordable housing in 2024 from Figure 24 and Figure 30 together with the future need for affordable housing and those aspiring to home ownership arising over the 17-year period 2026-43. It can be noted that this assessment has no regard for whether those aspiring to ownership can access affordable home ownership options. We would also note that there is no double counting between those who cannot afford market rents and those who aspire to own. However, there is potential for some households who cannot afford market rents to also aspire to own, as shown in Figure 18.
- 4.49 Again, it should be noted that aspiring home ownership hugely inflates need and also doesn't capture if these people want to live in the same area that they rent, or that they might be able to buy elsewhere.

Figure 32: Assessing total need for affordable housing in Castle Point 2026-2043 (Source: ORS Housing Model)

CASTLE POINT 2026-43	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need	3,005	2,700	5,705
Future housing need 2026-43	519	2,188	2,707
TOTAL HOUSING NEED	3,524	4,888	8,412

- 4.50 On this basis, we can conclude that the potential overall need for affordable housing for Castle Point would comprise a total 8,412 households over the 17-year period 2026-2043, equivalent to an average of 495 per annum. We would note immediately that this does not represent the final need for affordable housing in Castle Point for the reasons set out below.
- 4.51 However, it is necessary to consider how affordable need can be addressed within the overall housing need established. It will be important for local authorities to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing along with the costly use of temporary accommodation. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 30% on open market prices for properties. This would be consistent with the First Homes scheme, but does not need to be restricted to being First Homes and instead can be Discount Market Sales.
- 4.52 Given this context, Figure 33 identifies those households with income that would be insufficient to afford 70% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 18, Discount Market Sales are typically more affordable than Shared Ownership in the Castle Point, but of course Shared Ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 4.53 Of the 4,888 households who can afford to rent but who aspire to homeownership, there would be 388 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 3,067 households with insufficient income to have a realistic prospect of being able to afford at 70% of open market values (Figure 33). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 990 where the household had savings of less than £5,000¹³ and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

¹³ £5,000 is a minimum amount required as the seed of saving for a deposit. The modelling is not prescriptive regarding the amount of savings, only that the savings and income should give the household a reasonable chance of being able to buy a property, including the need to save more in many cases.

Figure 33: Affordable homeownership housing mix by household affordability 2026-2043 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS properties over the cap limit or where the household can afford market home ownership	Households unable to afford market home ownership (Column 1 – Column 2)	MINUS households unable to afford 70% of newbuild LQ	Households unable to afford market but able to afford 70% of newbuild LQ (Column 3 – Column 4)	MINUS households with savings of less than £5,000	Households unable to afford market but able to afford 70% of newbuild LQ, and have savings of £5,000 or more (Column 5-Column 6)
1 bedroom	676	91	585	367	218	129	89
2 bedrooms	1,869	202	1,667	1,090	577	400	177
3 bedrooms	1,736	95	1,641	1,132	509	379	130
4+ bedrooms	608	0	608	478	130	82	48
TOTAL	4,888	388	4,501	3,067	1,433	990	444

4.54 On this basis, between 2026 and 2043, 444 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold.

4.55 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 444 households likely to be able to afford the various products that will potentially be available, in addition to the 3,524 households unable to afford to rent or own market housing from Figure 24 and Figure 30. Figure 34 provides a breakdown of the affordable housing on this basis.

Figure 34: Overall need for Affordable Housing 2026-43, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

CASTLE POINT 2026-43	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	1,536	89	1,625
2 bedrooms	1,383	177	1,560
3 bedrooms	423	130	554
4+ bedrooms	182	48	229
TOTAL HOUSING NEED	3,524	444	3,968

4.56 This study identifies an overall affordable housing need from 3,968 households over the 17-year period 2026-43 (218 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 70% Discount Market Sale property. It is this figure, not the 8,412 set out in Figure 32, which represents the affordable housing need for households in Castle Point over the period 2026-43.

- 4.57 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient savings or sufficient income to realise their aspiration. Many of these households require an intermediate rent or ownership product if they are to be able to move from private rented in Castle Point, though they may also decide to move to a more affordable area. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Size and Tenure Mix based Upon Overall Housing Needs

- 4.58 Within the overall need of 3,976 affordable homes identified for those unable to afford market rents (3,968 households with the appropriate vacancy rate applied = 3,976 dwellings), it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing. In order to profile affordability, income data from the English Housing Survey (2012-14)¹⁴ and ONS Survey of Personal Incomes (2014 and 2018) has been used and modelled to establish the income distribution by household type and age in Castle Point.
- 4.59 Figure 35 sets out the modelled affordability for those who cannot afford markets rents. This is predominantly for social rented housing, but 246 households could potentially afford Discount Market Housing.

Figure 35: Overall Dwellings Unable to Afford Market Housing by Type of Affordable Product and Property Size

	Cannot afford market rents				Can afford market rents	
CASTLE POINT 2026-43	Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	Can afford Discount Market Housing	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	1,214	145	98	83	89	1,629
2 bedrooms	1,028	139	74	145	177	1,563
3 bedrooms	298	52	34	39	130	555
4+ bedrooms	189	11	3	-21 ¹⁵	48	230
TOTAL	2,729	347	209	246	445	3,976

- 4.60 Figure 36 provides a breakdown of the supply of 11,662 dwellings between market and affordable housing on this basis. Figure 36 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 34. These affordable homes are subtracted from the overall dwelling need calculated above. The size mix for each tenure is derived from a mixture of the household type and past trend. The key driver of size for affordable to rent is the high number of overcrowded households in Castle Point. **While numerically, there is a high need for all sizes of property, the highest need is for 2 and 3 bedrooms; 60% of the overall affordable need is for 2 and 3 bedroom properties.** We would note that the model assumes that any overcrowded households require a larger property to address their need. However, there is no mechanism in place to compel smaller households to downsize, so we do not assume that any under-occupying households will move to a smaller property.

¹⁴ This is the most recent data available that allows this analysis

¹⁵ Note that this indicates that the number of households of this category (i.e. that cannot afford market rents but can afford 4+ bed discount market housing) will reduce over the period 2026-43, i.e. a projected reduction in demand.

- 4.61 It is important to note that the affordable housing figures quoted are for net delivery. Therefore, if any properties are sold under right to buy, or lost through demolition then they require to be added to the figures one for one. Similarly, we have not counted any pipeline supply delivery and any homes brought back into use can be counted against the needs.
- 4.62 In terms of affordable home ownership, we have included all households who potentially can afford Discount Market Sales at 70% of the market price, and also those who can afford private rents but who aspire to own and have a realistic prospect of doing so through schemes such as Discount Market Sales or Shared Ownership. This represents 444 households from Figure 34, plus a further 246 households who cannot afford market rents plus an allowance for vacancies.
- 4.63 The table also contains an allowance to reconcile population and household estimate which derives from the way in which institutional population is treated within the household projections. The household projections exclude population in institutional settings and assume that the same ratio of over 75-year-olds will be in institutional housing in the future as is currently the case. Therefore, not all people are assumed to be in households. However, the table below encompasses the entire population of the local authority, so it is necessary to reconcile the household projections with the total population and the number of dwellings to be provided. It is important to note that we are not assuming that the equivalent of 396 dwellings in Castle Point are delivered as Class C2 bedspaces, but instead that the population who are assumed to occupy these dwellings in the population projections are counted in the model.
- 4.64 The market housing figure contains both market rent and owned occupied dwellings. As noted above, market rent will grow by 2,188 dwellings for those who aspire to own (Figure 32) unless affordability improves so the market rented sector is likely to grow considerably.

Figure 36: Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size 2026-43 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Require Social Rent	Require Affordable Rent	Require Affordable to Own	Total Affordable Housing (Total columns 2-4)	Total Market Housing	Total (Total columns 5-6)
1 bedroom	1,359	98	172	1,629	238	1,866
2 bedrooms	1,167	74	322	1,563	1,508	3,071
3 bedrooms	351	34	170	555	3,374	3,929
4+ bedrooms	200	3	27	230	2,455	2,685
C2 Dwellings	-	-	-	-	111	111
TOTAL	3,076	209	691	3,976	7,686	11,662
1 bedroom	44.2%	46.7%	25.0%	41.0%	3.1%	16.0%
2 bedrooms	37.9%	35.4%	46.6%	39.3%	19.6%	26.3%
3 bedrooms	11.4%	16.4%	24.6%	14.0%	43.9%	33.7%
4+ bedrooms	6.5%	1.5%	3.9%	5.8%	31.9%	23.0%
C2 Dwellings	-	-	-	-	1.4%	0.9%

- 4.65 The most significant finding overall from Figure 36 is that **the need for affordable to rent housing, the vast majority of which will be social housing, is 3,285 dwellings.**

Policy Implications for Affordable Housing Need

- 4.66 This document represents a technical analysis for the housing needs of Castle Point. As noted in the introduction, we do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
- 4.67 The core issue facing Castle Point is that in Figure 36 the ORS model estimates a need for at least 3,285 (i.e. 3,076 plus 209) affordable to rent dwellings for households unable to afford market housing, from an overall total supply of 11,662 over the period 2026-2043. This represents around 28% of the total supply for Castle Point. Therefore, maximising the delivery of social rented housing should be a priority of the council.
- 4.68 The overall need for housing also requires to be set in the context of other policy objectives. For example there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes. All of these would contribute to the overall delivery of dwellings in Castle Point.

Sensitivity Testing

- 4.69 As noted earlier, Castle Point consider that their potential capacity is around 350 dwellings per annum. If they were to deliver this volume of dwellings, rather than the 686 dwellings per annum, this would still accommodate all trend migration and household formation. However, it would not allow for the current potential households set out in Figure 23 to form.
- 4.70 Figure 37 takes forward the assumption that 350 dwellings per annum are completed and that potential households do not form. On this basis, the outputs look much more like those from the Castle Point LHNA 2023.

Figure 37: Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size 2026-43 Based Upon 350 Completions per Annum (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Require Social Rent	Require Affordable Rent	Require Affordable to Own	Total Affordable Housing (Total columns 2-4)	Total Market Housing	Total (Total columns 5-6)
1 bedroom	204	15	76	295	218	513
2 bedrooms	243	15	151	409	756	1,165
3 bedrooms	372	36	134	542	2,143	2,684
4+ bedrooms	190	3	19	213	1,274	1,486
C2 Dwellings	-	-	-	-	102	102
TOTAL	1,009	69	380	1,458	4,492	5,950
1 bedroom	20.2%	21.2%	20.0%	20.2%	4.9%	8.6%
2 bedrooms	24.1%	22.2%	39.7%	28.0%	16.8%	19.6%
3 bedrooms	36.9%	52.4%	35.2%	37.2%	47.7%	45.1%
4+ bedrooms	18.9%	4.2%	5.1%	14.6%	28.4%	25.0%
C2 Dwellings					2.3%	1.7%

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