

BOURNEMOUTH/ POOLE HOUSING MARKET AREA

2011 Strategic Housing Market Assessment Update

Summary report for:
East Dorset District Council

January 2012



in association with



Contents

1. Background	1
2. Demography and Housing Stock	3
3. The Current Housing Market	5
4. The Economy, Incomes and Affordability	7
5. Housing Need	11
6. The Future Housing Market	17
7. Rural Housing Requirements	23
8. Conclusions and Policy Implications.....	25

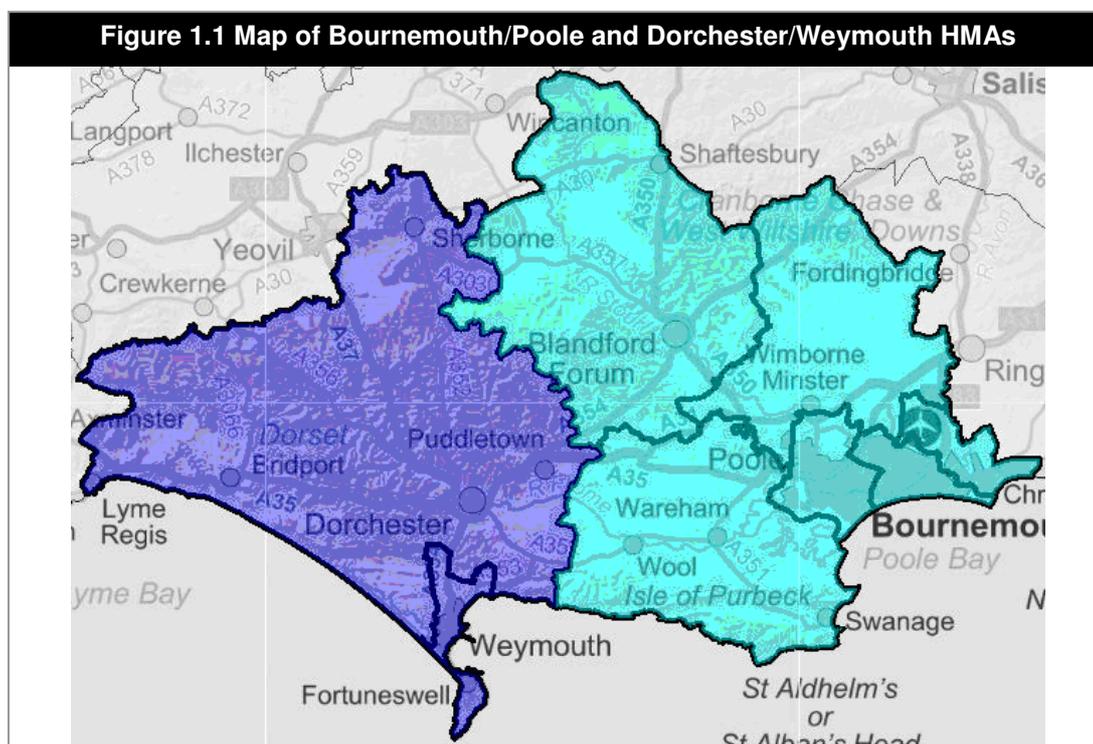
1. Background

1.1 In May 2011, the eight local authorities in Dorset (Bournemouth, Christchurch, East Dorset, North Dorset, Poole, Purbeck, West Dorset and Weymouth & Portland) commissioned Justin Gardner Consulting (JGC) and Chris Broughton Associates (CBA) to prepare an update to the 2007/8 Strategic Housing Market Assessment (SHMA).

1.2 The update provides an understanding of the current housing market in the County and in particular focuses on housing needs and market demand. The report has been written in compliance with the 2007 CLG practice guidance on SHMAs and has been produced in consultation with relevant stakeholders. This report should be read in conjunction with the main SHMA update report (for the whole Bournemouth/Poole Housing Market Area (HMA)). This summary report focuses on East Dorset and includes analysis of:

- Demography and Housing Stock
- The Current Housing Market
- The Economy, Incomes and Affordability
- Housing Need
- The Future Housing Market
- Rural Housing Requirements

1.3 Below we have provided a map showing the spatial extent of the two HMAs (taken from the previous SHMA work).



Source: Strategic Housing Market Assessment (2007)

- 1.4 A key part of the process was to update household survey data used in the original SHMA report. There have been a number of changes recorded both locally and nationally which will impact on local housing requirements. These include a large increase in the size of the private rented sector, a decrease in the propensity for households to move and decreases in property prices. These have all been factored in to the updating of survey data and the outputs derived from the information base with key sources of information used including ONS/CLG population/household projections, data from the English Housing Survey and Council records (e.g. the HSSA). The table below shows the estimated tenure split in East Dorset in 2011 compared with the whole HMA.

Figure 1.2 Estimated tenure split in 2011

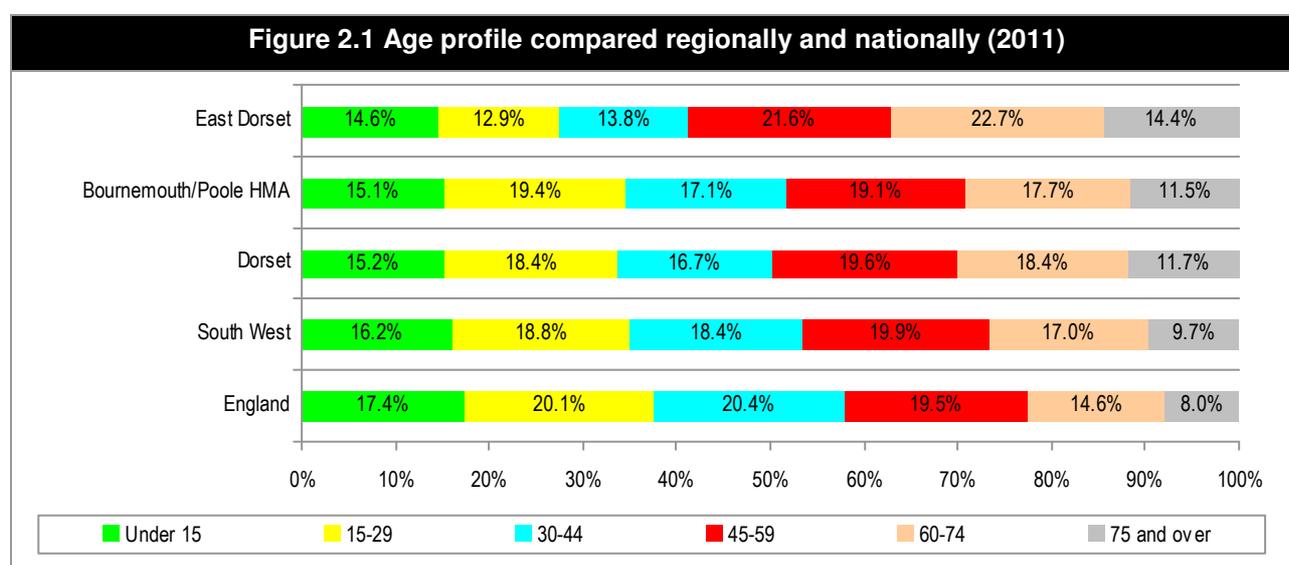
Local authority		Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Total
East Dorset	Households	18,985	12,488	3,347	3,123	37,943
	% of households	50.0%	32.9%	8.8%	8.2%	100.0%
Bournemouth/Poole HMA	Households	97,576	86,519	27,536	42,833	254,463
	% of households	38.3%	34.0%	10.8%	16.8%	100.0%

Source: Household Survey Data

- 1.5 CLG practice guidance highlights the importance of the involvement of stakeholders in the SHMA process.
- 1.6 The first stage of stakeholder consultation centred upon individual stakeholders involved in servicing or regulating the local housing markets. They were interviewed to gather information on current housing market conditions. They were also asked to describe trajectories and trends they believed were affecting the market.
- 1.7 The second strand of stakeholder work involved contacting over 150 stakeholders by e-mail to explain the rationale for the study and to ask for any initial thoughts on the current housing market. Where possible, these initial stakeholder comments were then fed through in to the analysis. Following the production of the draft report stakeholders were given the opportunity to comment on the findings and attend a workshop where the findings and potential policy implications were discussed. The outputs of these discussions are reflected in final reports.
- 1.8 Whilst a wide range of topics were discussed with stakeholders the key one centred around the role of the private rented sector. It was widely recognised that this sector had grown rapidly over the past few years and was providing a range of housing options to a range of different households. Key changes over the past few years had included growth due to households being unable to secure mortgage finance and growth in the benefit sector due to a lack of supply of social rented housing.

2. Demography and Housing Stock

- 2.1 Using information provided by the County Council (based on likely population given the number of occupied homes in the area) it is estimated that in 2011 there were around 87,000 people resident in East Dorset.
- 2.2 The figure below shows the current estimated age structure in the District and for other benchmark areas. The data suggests that the population profile in the District varies markedly from the national profile with large proportions in older age bands. In particular it is estimated that 14.4% of the population of the District is aged 75 and over (compared with 8% nationally) whilst 22.7% are aged between 60 and 74 (compared with 14.6% nationally).



- 2.3 The housing stock in East Dorset has increased since the 2007/8 SHMA was carried out with data provided by the County Council showing that just over 500 additional homes have been completed over the past four years – only 5.5% of these are classified as affordable housing. The table below shows the number of completions in East Dorset and the wider Bournemouth/Poole HMA.

Figure 2.2 Dwelling completions 2007/8 to 2010/11

Area		2007/8	2008/9	2009/10	2010/11	Total	% in tenure
East Dorset	Private sector	163	99	73	143	478	94.5%
	Affordable	0	17	-3	14	28	5.5%
	Total	163	116	70	157	506	100.0%
Bournemouth/Poole HMA	Private sector	2,485	2,151	1,310	1,013	6,959	83.2%
	Affordable	424	370	273	343	1,410	16.8%
	Total	2,909	2,521	1,583	1,356	8,369	100.0%

Source: Dorset County Council

2.4 Using data from the CLG Live Tables we can also look at how vacancy rates have changed since 2007 – this data is shown in the table below. The data shows that overall in East Dorset there are now 32 more vacant homes than in 2007 – this is in contrast with information for the whole Bournemouth/Poole HMA which shows a decrease in the number of vacant properties.

Figure 2.3 Change in vacant housing stock 2007-2010

		Area				
		East Dorset	HMA	Dorset	South West	England
Public Sector	2007 – total	14	295	345	4,380	79,594
	2010 – total	46	176	220	4,359	64,918
	3 year change	32	-119	-125	-21	-14,676
Private Sector	2007 – total	826	8,119	9,978	62,535	683,725
	2010 – total	826	7,668	9,845	66,140	672,573
	3 year change	0	-451	-133	3,605	-11,152
All dwellings	2007 – total	840	8,414	10,323	66,915	763,319
	2010 – total	872	7,844	10,065	70,499	737,491
	3 year change	32	-570	-258	3,584	-25,828

Source: CLG Live Tables

2.5 Although no new up-to-date information is available about the types of dwelling in the HMA we can use the updated survey information to provide an idea of how the profile of dwellings varies between different locations.

2.6 The table below shows households' current accommodation type. The table shows that the majority of households in East Dorset (69%) live in detached houses or bungalows with only around 10% living in flatted accommodation. These figures compare with data for the whole Bournemouth/Poole HMA which suggests that around 44% live in detached houses and bungalows and over a quarter live in flats/maisonettes.

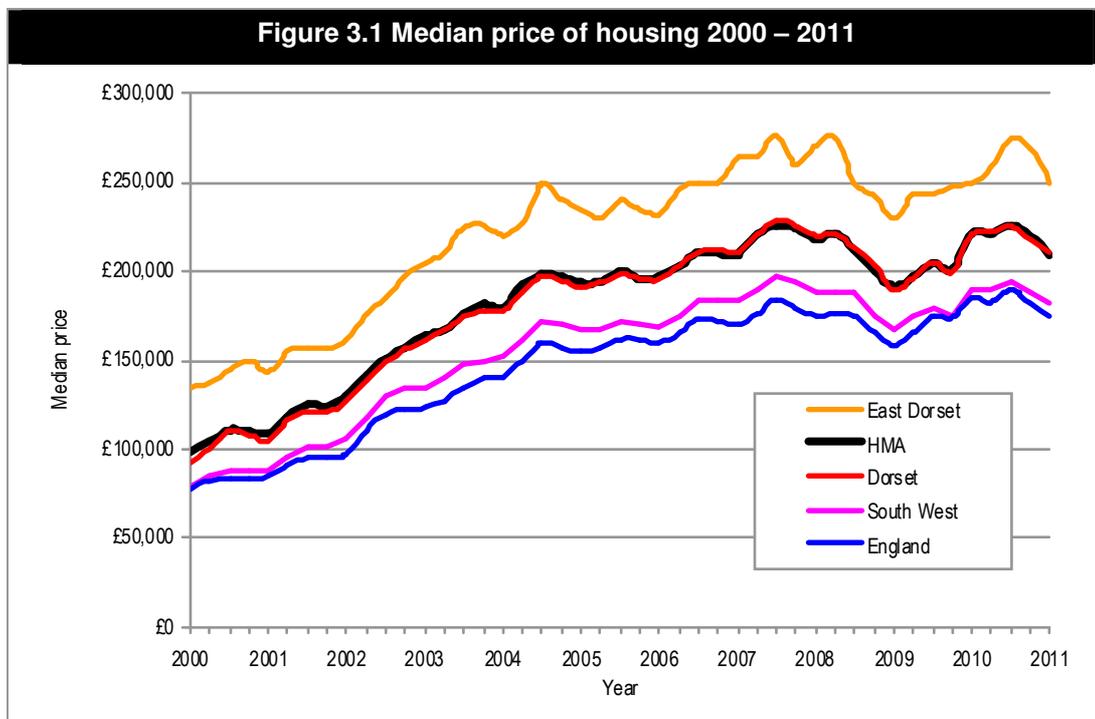
Figure 2.4 Dwelling type by local authority

Area		Detached house	Semi detached house	Terraced house	Bungalow	Flat/maisonette	Total
East Dorset	Households	11,611	4,386	3,543	14,636	3,766	37,943
	% of households	30.6%	11.6%	9.3%	38.6%	9.9%	100.0%
Bournemouth /Poole HMA	Households	65,129	42,858	29,310	50,278	66,887	254,463
	% of households	25.6%	16.8%	11.5%	19.8%	26.3%	100.0%

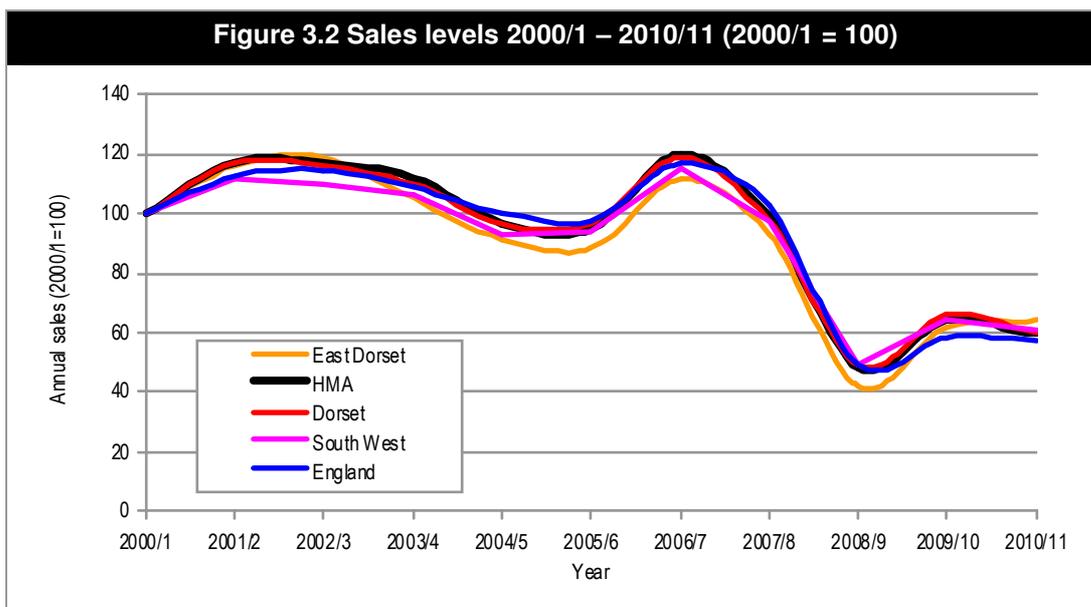
Source: Household Survey Data

3. The Current Housing Market

- 3.1 Since the 2007/8 SHMA was carried out there has been a significant downturn in the national and local property market, with a decline in both house prices and the number of sales made.
- 3.2 The figure below shows the average (median) price paid for a home from the 1st quarter of 2000 to the 1st quarter of 2011. The data for East Dorset mirrors the experience found nationally albeit that prices in East Dorset are consistently above those in all other areas studied. Prices showed strong growth up until the third quarter of 2007 and then levelled off to the second quarter of 2008. Prices then showed a sharp drop before recovering in late 2009 and through 2010. In early 2011 the evidence is that prices have started to decline again.



- 3.3 The figure below shows annual sales in East Dorset and other areas back to 2000/1 (with 2000/1 indexed to 100). Transactions levels (sales) reflect the relative buoyancy of the market and provide an indicative of effective demand for market housing. The data shows that sales volumes in East Dorset have mirrored national and regional trends and in 2010/11 the number of sales in the District were about 40%-50% below typical trends from before the economic downturn.



3.4 The evidence of lower prices was clear from our housing market survey of July 2011 with all sizes of accommodation showing a drop in price. In percentage terms the survey also suggested that the prices of smaller homes have declined more than larger homes – this information is shown in the table below.

Figure 3.3 Entry-level (lower quartile) price change 2007 to 2011

Local authority		1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
East Dorset	2007	£142k	£190k	£243k	£318k
	2011	£92k	£150k	£225k	£308k
	% change	-35%	-21%	-7%	-3%

Source: Online Estate and Letting Agents Survey 2007 and 2011

3.5 When looking at the cost of private rented accommodation, the market survey suggested that rents have remained at roughly the same level as they were in 2007 or risen slightly. Along with price decreases this would suggest that housing has become more affordable; although this will also be dependant on other changes such as the local economy, demography and access to finance for housing. The table below shows estimated private rents by size of property in the District.

Figure 3.4 Change in entry-level (lower quartile) private rental costs 2007 to 2011 (per month)

Local authority		1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
East Dorset	2007	£575	£665	£850	£1,100
	2011	£575	£725	£900	£1,250
	% change	0%	9%	6%	14%

Source: Online Estate and Letting Agents Survey 2007 and 2011

4. The Economy, Incomes and Affordability

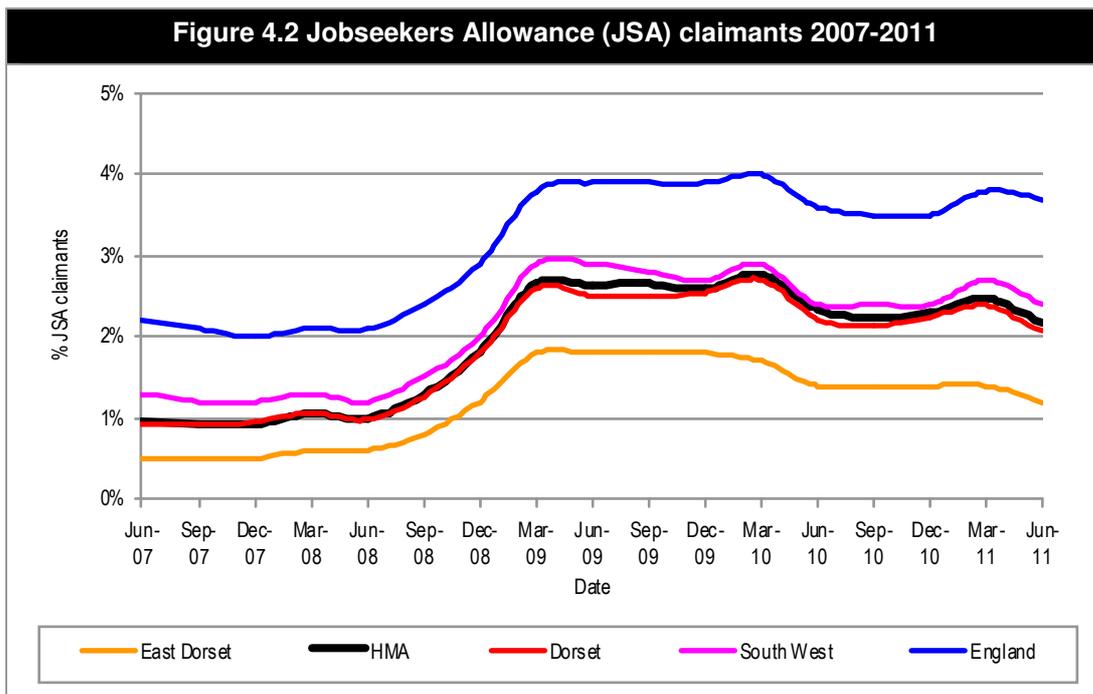
- 4.1 The economy is a key driver of local housing markets and can have an important influence on supply and demand including household formation rates and households' investment in housing. This section looks at up-to-date information about the economy in East Dorset and compares this with the situation nationally and regionally.
- 4.2 Where data is taken from the Annual Population Survey (APS) or the Annual Survey of Hours and Earnings (ASHE) some degree of caution should be used in interpreting the results (due to the sample nature which can have quite small samples for smaller areas). However, these sources should provide a reasonable picture of changes over time and we have where possible added together data from different time periods (e.g. for all four quarters of a year) to maximise the accuracy of the information.
- 4.3 Data from the annual population survey (APS) suggests that despite the economic downturn the number of people living in East Dorset who are working has increased since 2007. The table below shows that between 2007 and 2010 the number of people working increased by around 100 whilst the proportion of people of working age (i.e. aged between 16 and 64) who were in employment (including self-employment) has also increased - from 73.5% to 75.5%. This is in contrast with all other areas studied where both the number of people working and the employment rate has decreased.

Figure 4.1 Number of people working and % of working age population in employment 2007-2010

Area		2007	2010	Change 2007 – 2010
East Dorset	Number working	39,343	39,425	+82
	% of working age popn	73.5%	75.5%	+2.0%
HMA	Number working	255,343	251,325	-4,018
	% of working age popn	75.0%	73.3%	-1.7%
Dorset	Number working	330,200	316,050	-14,150
	% of working age popn	75.2%	72.2%	-3.0%
South West	% of working age popn	76.1%	73.6%	-2.5%
Great Britain	% of working age popn	72.6%	70.3%	-2.3%

Source: Annual Population Survey – from NOMIS website

- 4.4 Despite the increase in workers since 2007 data from the APS suggests that unemployment in the District has increased over time. The proportion of working age people unemployed in East Dorset is shown to have increased from 3.0% to 4.4%. Whilst significant, this increase is below that seen across the whole Bournemouth/Poole HMA and the South West as a whole. The trend of increased unemployment is confirmed by analysis of Jobseekers Allowance (JSA) claimant numbers as shown in the figure below (which runs to June 2011).



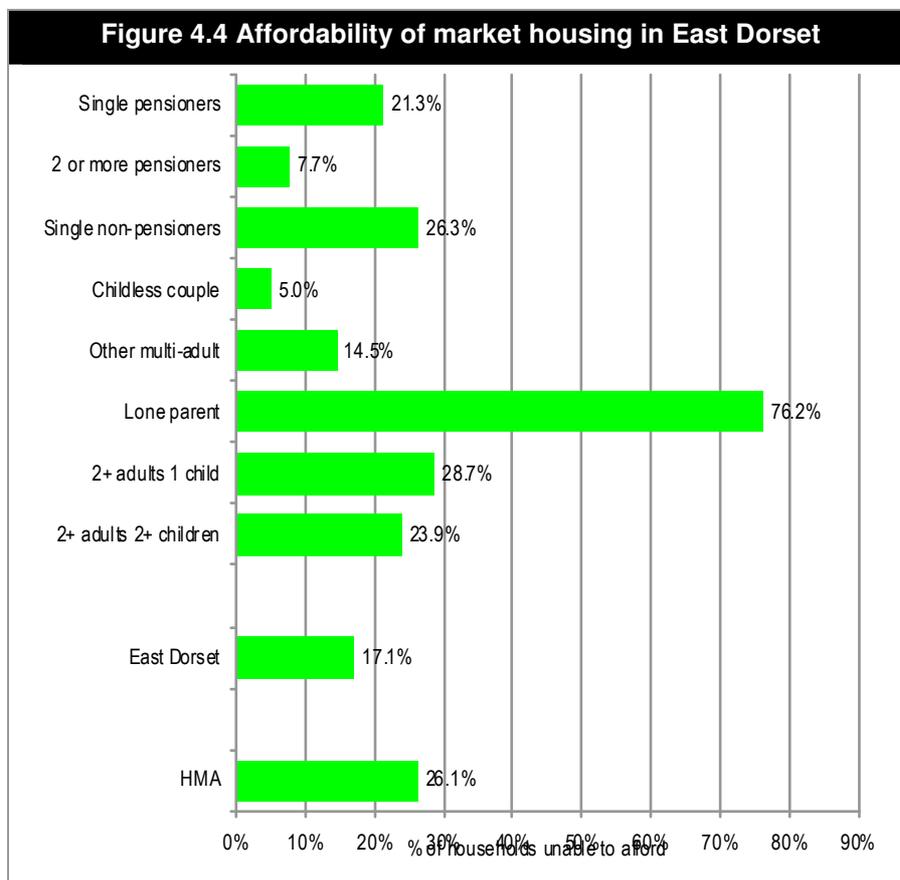
Source: ONS claimant counts – from NOMIS website

4.5 Despite the increase in unemployment, information from the Annual Survey of Hours and Earnings suggests that income levels have increased since 2007. When this data is modelled on to the survey information it is estimated that household incomes have risen by 4% over the past four years. The table below shows the estimated change in household incomes by tenure from 2007 to 2011. It should be noted that this information is based on survey data and includes all sources of income other than housing related benefits and is for all households (including those where no one is working) – figures will therefore differ from other sources of income data such as the ASHE which just looks at the earnings of individuals who are working.

Tenure	2007	2011	% change
Owner-occupied (no mortgage)	£19,270	£20,774	7.8%
Owner-occupied (with mortgage)	£39,596	£43,303	9.4%
Social rented	£9,244	£9,981	8.0%
Private rented	£17,998	£19,507	8.4%
All tenures	£24,436	£25,451	4.2%

Source: Household Survey Data

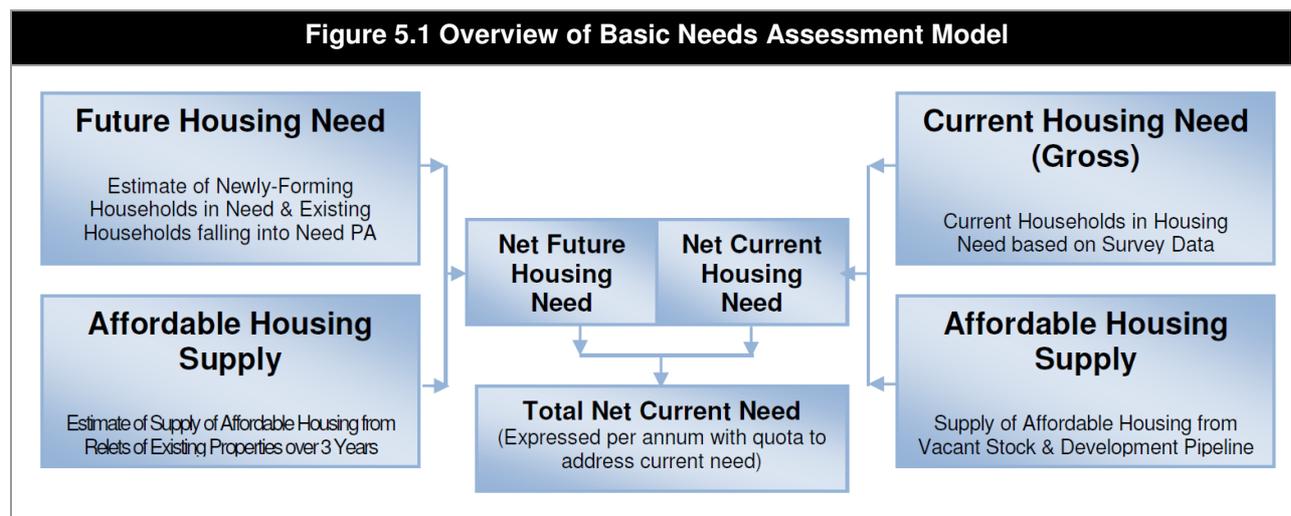
4.6 Taking account of the updated income data along with updated estimates of households' savings and equity it was estimated that around 17.1% of all households in East Dorset cannot afford housing at current market prices/rents without the need for some form of subsidy (e.g. local housing allowance). This figure is lower than the HMA-wide average of 26.1%. The figure below shows how affordability varies by different household groups.



Source: Household Survey Data

5. Housing Need

- 5.1 A key element of this report is an assessment of both current and future affordable housing need. There are a number of definitions which are central to making estimates of need (such as definitions of housing need, affordability and affordable housing). All definitions used in this report are consistent with the CLG SHMA guidance of August 2007 and also the original 2007/8 SHMA report. The figure below sets out an overview of the model used to establish affordable housing needs.



- 5.2 Bringing together information from a range of sources about need and supply it is estimated that there is an annual need to provide 426 additional units of affordable housing per annum if all needs are to be met (in the five year period from 2011 to 2016). This figure is very similar to that derived in the 2007/8 SHMA and suggests that there is still a significant need to provide additional affordable housing in the District. The table below summarises the results from the CLG housing needs model. Full details of all stages in the analysis can be found in the main Bournemouth/Poole SHMA update report.

Figure 5.2 Summary of housing needs estimates

Element	East Dorset	HMA
① Backlog need (annual)	166	2,066
② Backlog supply (annual)	86	704
③ Net backlog need (annual) ① - ②	79	1,362
④ Future need (annual)	503	8,752
⑤ Future supply (annual)	156	1,764
⑥ Net future need (annual) ④ - ⑤	347	6,988
Total net annual need ③ + ⑥	426	8,350
Total net annual need (2007)	440	5,704

Source: Household Survey Data, CORE

- 5.3 The supply of one bedroom homes (particularly to buy) is relatively low in some areas – East Dorset in particular once warden assisted flats and mobile homes are excluded. Whilst the estimated entry-level price of a one bedroom home in East Dorset reflects availability on the market at the time of market survey (July 2011) subsequent price research suggests that this may have slightly under-estimated the true underlying figure. We have therefore re-run the housing needs analysis to look at the implications of a higher assumed figure for one bedroom homes (up to the £150,000 entry-level price for two bedroom accommodation). In doing this we find that the level of net need might arguably be around 29 units per annum higher than in the main analysis. This is a relatively small difference and can be explained by the fact that likely income levels to buy or rent a one bedroom home are not much different (£27,600 to rent (based on £575*12*4) and £26,300 to buy (based on £92,000/3.5)). For consistency across areas (and with the 2007/8 SHMA) we have used the one bedroom figure derived in the July 2011 analysis but note that the restricted supply will have a small impact on affordability and hence housing need.
- 5.4 Part of the gap between the likely future need for affordable housing and future supply is likely to be met by the Private Rented Sector (PRS). Over the last two years the survey data estimates that this sector has provided 168 benefit supported lettings per annum with additional households accessing this sector but paying more than 25% of their income on housing.
- 5.5 Further analysis (across the whole HMA) suggests that between 31% and 42% of additional housing should be larger (3+ bedroom) family accommodation. This range is dependent on the level of priority given to different household groups with households containing children (who are likely to have a higher priority) typically requiring larger accommodation than other households.
- 5.6 Within East Dorset it is also calculated that around 22% of the housing need could be met through intermediate housing products (such as shared ownership or intermediate rents) with the remainder being best met through either social rented or Affordable Rented housing (at 80% of open market values). Overall tenure requirements in East Dorset and the whole HMA are shown in the table below.

Figure 5.3 Social rented and intermediate housing needs– per annum		
	East Dorset	HMA
Equity based intermediate	9%	4%
Intermediate rented	13%	10%
Affordable rented	32%	29%
Social rented	47%	57%
Total	100%	100%

Source: Household Survey Data

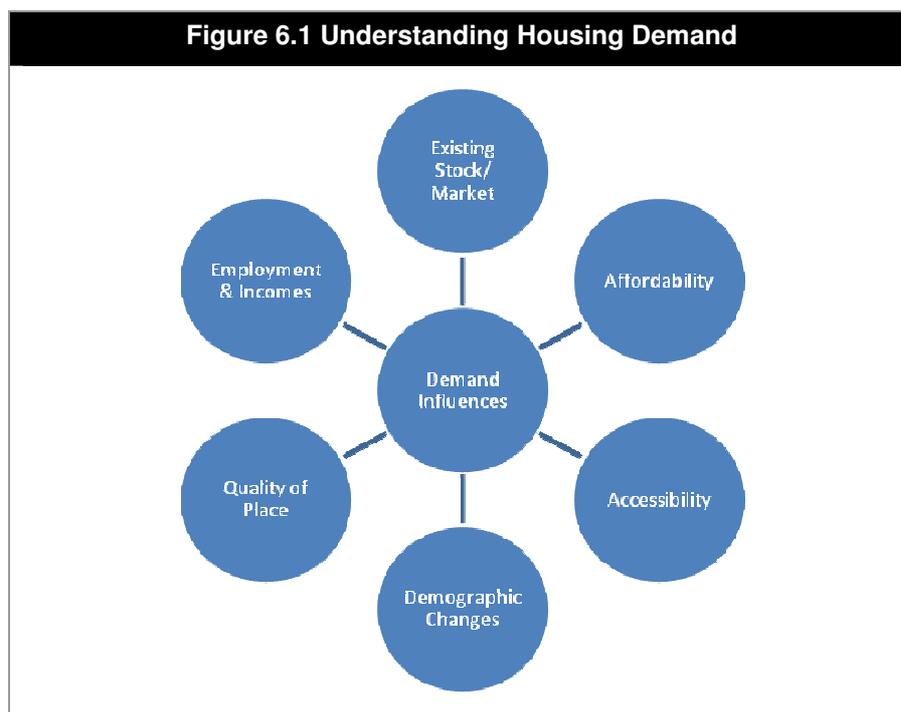
- 5.7 The analysis of housing need provided a significant amount of data about affordable housing requirements, including: analysis of housing need, supply, sizes and types of affordable housing. It is however worth considering the outputs in the context of the operation of the whole housing market.
- 5.8 Overall the analysis suggests (following the CLG housing needs model) that there is a need to provide an additional 426 units of affordable housing per annum if all needs are to be met (in the five year period from 2011 to 2016). Delivery of this scale of affordable housing would mean that all households are living in secure housing which is of the right size, condition and layout and at a price they can afford – in reality this is not likely to be achievable.
- 5.9 The scale of need can be set against delivery over the past four years of just 28 units of affordable housing; whilst this suggests that increases in delivery would be desirable it is clear that this would still not meet all of the need. It is important therefore to understand the role played by the wider housing market in meeting need. Whilst the level of need is significant the private rented sector is being used by a range of households to meet their needs.
- 5.10 We would not however suggest that use of the PRS is the solution to the clear need and affordability problem in the District (and across the HMA); generally the PRS does not provide the same level of security as affordable housing (shorter tenancies) whilst typically the physical condition of properties in this sector is worse. In addition, a large proportion of households claiming LHA in the PRS are seeking a permanent move to affordable housing.
- 5.11 If the council were to attempt to provide the 426 units of affordable housing each year then on the basis of the above analysis this would be likely to see significant problems within the wider housing market (large number of households moving out of the PRS with no one to replace them and increased vacancy levels). Future affordable housing provision should therefore be set against the likely delivery of additional housing which is discussed in more detail in the next section. Trend-based data suggests household growth of around 336 per annum for the period from 2011 to 2031 and so a housing delivery figure (on the basis of this figure) might be around 340-350 per annum (to take account of a small vacancy rate).
- 5.12 Provision of say 40% of additional housing as affordable would therefore see around 140 additional units being provided each year – whilst this figure falls well short of the need it would be a sensible level in the context of the role played by the PRS.

- 5.13 Regarding the sizes of affordable housing to be provided, the analysis taking account of likely supply suggests (HMA-wide) that around 69% of the future requirement will be for smaller (1- and 2-bedroom units). This figure is however based on the totality of the housing need; when we look at the likely need concentrating on priority groups (e.g. the elderly, people with disabilities and households with children) this figure drops to 58%. The Council will therefore need to consider the types of households whose needs should be met in any policy/negotiations around the size profile of new affordable housing. The issue of size requirements at the District level is considered further in the following section.
- 5.14 The final topic is about the types of affordable housing to be delivered. The analysis (again based on the totality of housing need) suggests that in East Dorset the majority (78%) of housing will be required to be public sector rented (either social rented or as an affordable rented tenure). Whilst the inclusion of affordable rented housing may improve viability compared with social rents it is likely in most areas that a range of products will need to be provided to maximise the overall delivery of affordable housing.
- 5.15 Within this the Council will need to consider the overall level of need against likely delivery. For example, the analysis suggests that of the total need some 94 units should be provided as intermediate housing (22% of the 426 annual need). Given that even at 40% affordable housing delivery only around 140 units would be provided it could be argued that a higher proportion of housing being delivered as intermediate (i.e. higher than 22%) would still meet a need.
- 5.16 This would not be a wholly unreasonable position to take although the households able to afford intermediate housing are less likely to be in a priority group and so delivery in this way would not meet some of the more significant needs. Essentially the results do suggest that in policy terms a higher proportion of intermediate housing would be a reasonable position to take (i.e. higher than the 22% shown on the analysis of all need) but any decision should be made against priorities in terms of who should be housed and the viability of providing different tenure splits of affordable housing.
- 5.17 There is also the issue of the range of products that could be offered to households. The analysis suggests that around 22% of the need could be met through intermediate housing priced between an affordable rent and market prices (to buy or rent). However, within this only 40% of households are able to afford an equity based product (e.g. shared ownership) due to very low levels of capital and current mortgage lending restrictions. The opportunity therefore exists for the Council (and developers) to innovate through mechanisms to reduce or remove deposit requirements which would allow a greater proportion of households with a reasonable income to access the owner-occupied market.

- 5.18 The level of need identified does however provide an evidence base for seeking to maximise affordable housing delivery. Policy must also take account of development viability and policies around the priority for housing given to different groups which will influence the size and tenure of affordable housing provided in the future.

6. The Future Housing Market

- 6.1 The housing market is complex. It is influenced by the economy at both the macro-level, in terms of interest rates and mortgage availability (which impact on the affordability of and demand for market housing) as well as market sentiment (which is influenced by economic performance and prospects). It is also influenced by the economy at the local and sub-regional level, recognising that changes in employment will influence future migration patterns as people move to and from the area to access jobs. The diagram below captures our understanding of the key drivers of housing demand.



- 6.2 Beside economic factors, the other major structural driver of demand is demographic trends, recognising that changes in the size, structure and character of the population influence housing need and demand.
- 6.3 There are then a number of factors which at a more local level within a functional housing market, will influence demand in different locations. These include quality of place, school performance/catchments, the accessibility of areas including to employment centres, leisure facilities, the quality and characteristics of the existing housing stock and market conditions. These factors influence the demand profile and pricing, against a context in which households compete within the market for housing.
- 6.4 At a local level this means that the housing market tends to reinforce around the existing profile of stock and its infrastructure. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

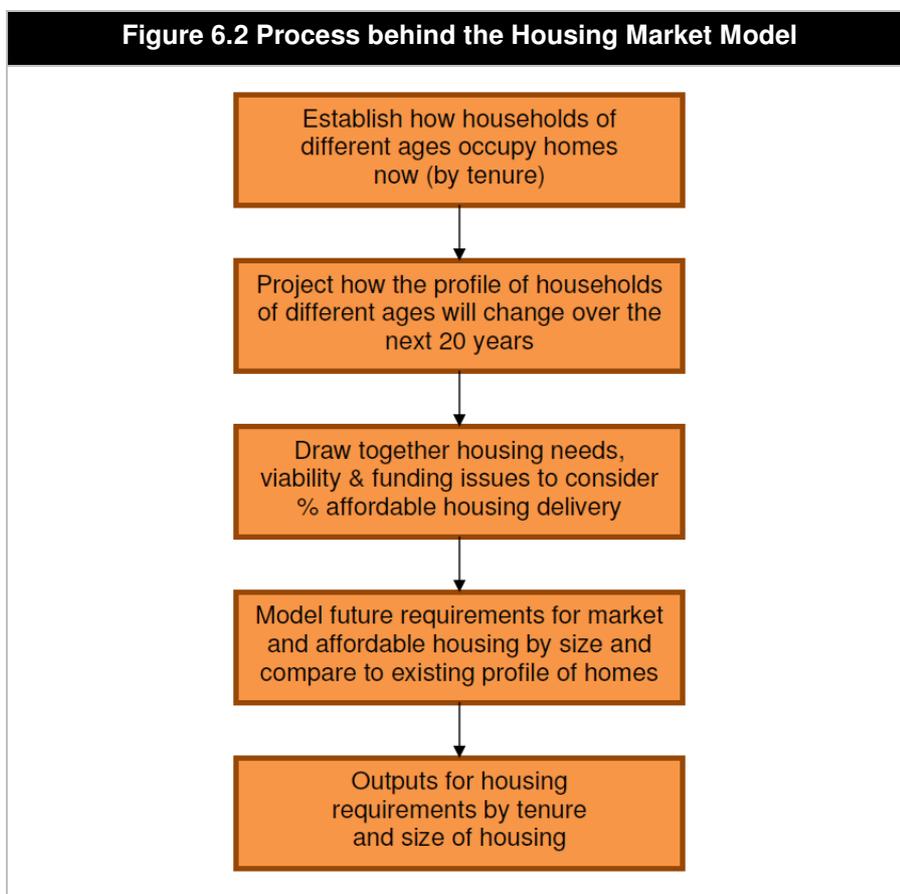
6.5 The Housing Market Model is an innovative method for estimating future housing requirements across all tenures based on combining household survey data and demographic projections. Outputs from the model include estimates of the size and tenure of additional housing which would best meet the needs of the local population.

6.6 The analysis carried out is closely linked to requirements set out in the draft National Planning Policy Framework (NPPF) which says in paragraph 111:

To deliver a wide choice of quality homes and widen opportunities for home ownership, local planning authorities should:

- *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community*
- *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand*

6.7 The housing market model is designed to look at the likely impact of demographic change on both market and affordable requirements over the next 20-years (i.e. to 2031) and is based on studying occupancy patterns and projecting how these might change in the future as the overall population and age structure of an area develops. The flowchart below shows the key stages of analysis for the Housing Market Model.



- 6.8 An important part of the SHMA process (and a key input to the Housing Market Model) is to establish likely overall requirements for additional housing (of all tenures) in an area. For the purposes of the SHMA update we have therefore considered likely future housing requirements on the basis of projected demographic change. Whilst the outputs from our analysis provide a reasonable start point for assessing overall housing requirements these will need to be considered along with the availability, suitability and viability of housing land as well as any infrastructure constraints and any potential environmental impact.
- 6.9 As part of this project we were provided with a series of population and household projections by the County Council. For the purposes of analysis and the housing market modelling we have used a projection linked to the 2008-based ONS/CLG population/household projections which have been updated to a mid-2011 base.
- 6.10 The table below shows projected household growth in East Dorset and the whole HMA from 2011 to 2031. The data suggests household growth in East Dorset of 336 per annum, leading to a total increase over the 20-year period of around 6,700 households. The projected increase in households in East Dorset (in proportionate terms) is slightly higher than projected for the whole Bournemouth/Poole HMA.

Figure 6.3 Projected household change in the HMA (2011 – 2031)

Area	Households (2011)	Households (2031)	Absolute change	% change from 2011	Annual average change
East Dorset	37,943	44,657	6,714	17.7%	336
HMA	254,463	293,975	39,512	15.5%	1,976

Source: ONS/CLG and Dorset County Council

- 6.11 The household growth figures however only tell one part of the story. The other key factor in population/household growth is to understand how the age structure of the population is likely to change as this will have an impact on the types, sizes and tenures of housing likely to be required in the future. Data shown in the table below shows that over the next twenty years there is expected to be a dramatic increase in the population of those aged over 60, and decreases (or only very modest increases) in the population of all other age groups. These figures have been derived from modelling the ONS 2008-based population projections updated to a 2011-base.

Figure 6.4 Percentage change by age band (2011 – 2031)

Age band	Area				
	East Dorset	HMA	Dorset	South West	England
0-14	6.6%	8.4%	5.7%	13.2%	11.5%
15-29	0.2%	-0.5%	-2.3%	2.7%	1.6%
30-44	2.2%	5.3%	2.9%	14.9%	11.6%
45-59	-13.1%	-10.5%	-12.2%	-0.7%	1.5%
60-74	22.7%	20.4%	21.5%	26.8%	27.5%
75+	62.7%	55.6%	60.8%	73.3%	66.0%
Total	12.3%	9.8%	9.3%	16.9%	14.3%

Source: ONS/CLG and Dorset County Council

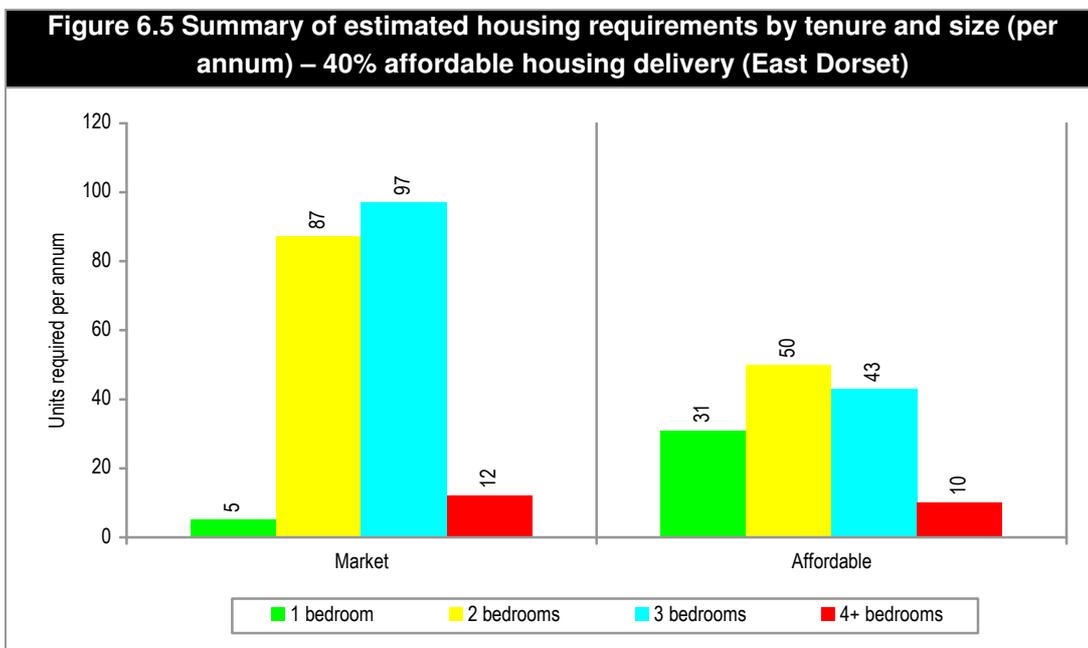
6.12 As well as showing an ageing population the projections clearly identify that if current trends continue then the number of people in key working age bands (i.e. those aged 16-64) is likely to decline which may potentially generate a labour shortage when looking 20-years ahead. This may act as a barrier to economic growth in the District and more widely across Dorset. Over the full 20-year projection period it is estimated that the population aged 16-64 will drop by around 4% across the whole of East Dorset (this figure being derived from the detailed modelling underpinning the summary figures in the above table).

6.13 One final consideration in the housing market modelling is around the likely proportion of affordable housing that might be delivered. Viability assessments carried out across Dorset suggest that in many cases it will be possible to provide at least 40% of housing as affordable on future sites and in some cases (particularly on greenfield sites) up to 50%. However, we recognise that in reality due to site sizes and some specific local/site viability issues that the proportion delivered may well be lower than this particularly during the current economic circumstances. For the purposes of modelling future housing requirements we have therefore considered two scenarios:

- 30% affordable housing delivery (2011-2031)
- 40% affordable housing delivery (2011-2031)

6.14 The results of the analysis for East Dorset at 40% affordable housing delivery are shown in the figure below. The data suggests that in the market sector there will be a requirement for 201 additional homes per annum if household growth shown by the above projections were to be met. Within this it is estimated that around 54% should be family-sized housing (3 or more bedrooms) and 46% one-and two-bedroom homes, with the main focus being on two bedroom accommodation.

6.15 In the affordable sector the requirement is for around 134 additional homes per annum with around 40% of these being required to be larger (3 or more bedroom) accommodation. If the proportion of affordable housing delivered is decreased to 30% then the outputs of the modelling are very similar – at 30% the modelling suggests a slightly higher requirement for larger homes in the affordable sector with the opposite being true for market housing. It is worth emphasizing that differences between the models are very slight.



Source: Household Survey Data

7. Rural Housing Requirements

- 7.1 For the purposes of understanding rural housing requirements we have classified East Dorset into six different areas based on parishes and groups of parishes. The whole of East Dorset is considered to be rural with different locations classified as either being part of a significant settlement or a rural area. The table below shows the six areas studied and the number and proportion of households in each location.

Figure 7.1 Number of households in different locations		
Area	Number of households	% of households
Wimborne Minster & Colehill	6,203	16.3%
Corfe Mullen	4,163	11.0%
Ferndown & West Parley	9,671	25.5%
West Moors & St Leonards	6,530	17.2%
Verwood & Alderholt	7,195	19.0%
Rural	4,182	11.0%
District	37,943	100.0%

Source: Household Survey Data

- 7.2 There are some considerable differences between areas with regard to the profile of households and housing. In particular Corfe Mullen shows a very high proportion of owner-occupiers (around 90%) whilst the private rented sector is particularly large in rural areas. To some extent the tenure of housing stock is reflected in the types of dwellings in each area although the most startling finding is the very high proportion of bungalows in the West Moors & St Leonards area (63%).
- 7.3 The table below shows estimates of average income levels in the different areas (both mean and median). The table shows that income levels do not appear to differ significantly between areas although in the context of the above information about tenure and dwelling types it is interesting to see that the lowest average income is in the West Moors & St Leonards area – this finding is strongly linked to the very high proportion of retired households in this location.

Figure 7.2 Income by location (East Dorset)		
Area	Mean income	Median income
Wimborne Minster & Colehill	£24,480	£31,912
Corfe Mullen	£29,765	£35,455
Ferndown & West Parley	£24,030	£31,675
West Moors & St Leonards	£23,171	£34,096
Verwood & Alderholt	£24,857	£34,289
Rural	£27,009	£36,206
District	£25,451	£33,540

Source: Household Survey Data

7.4 The table below shows the estimated level of housing need by location. The table shows that there is estimated to be an unmet need in all parts of the District. The greatest needs are estimated to be in Verwood & Alderholt followed by Wimborne Minster & Colehill.

Figure 7.3 Summary of housing needs situation

Element	Wimborne Minster & Colehill	Corfe Mullen	Ferndown & West Parley	West Moors & St Leonards	Verwood & Alderholt	Rural	District
① Backlog need (annual)	27	21	47	12	34	24	166
② Backlog supply (annual)	17	6	24	9	22	8	86
③ Net backlog need (annual) ① - ②	10	15	24	3	12	16	79
④ Future need (annual)	165	39	81	53	121	44	503
⑤ Future supply (annual)	70	10	18	28	26	5	156
⑥ Net future need (annual) ④ - ⑤	94	29	64	25	96	39	347
Total net annual need ③ + ⑥	104	44	87	28	108	55	426

Source: Household Survey Data, CORE

7.5 We have also run our housing market model for the six smaller areas with summary outputs shown below. These outputs should be treated as indicative as they are based on smaller samples than District-wide figures. The data shows on the basis of demographic change that we would expect around a third of additional demand to be in the Ferndown and West Parley area – this is already the largest sub-area in household terms. Regarding the sizes of housing the analysis shows some variation between locations but supports the overall District-wide findings that additional market housing should generally have a slightly larger size profile than affordable housing.

Figure 7.4 Estimated market and affordable housing requirements through housing market model with 40% affordable housing delivery

Area	Annual requirement	% larger market homes	% larger affordable homes
Wimborne Minster & Colehill	48	59%	45%
Corfe Mullen	21	63%	55%
Ferndown & West Parley	105	46%	33%
West Moors & St Leonards	69	55%	19%
Verwood & Alderholt	68	59%	33%
Rural	25	74%	67%
District	336	54%	40%

Source: Household Survey Data

8. Conclusions and Policy Implications

- 8.1 Bringing together the results from the study and in particular the outputs of the housing needs and housing market models it is suggested that there is a significant need for additional affordable housing. In reality, the private rented sector will continue to house many people in this group due to the shortage of social rented housing. Additional supply through local authority affordable housing policies will be constrained by the economic viability of individual sites. It will therefore be for the council to take a view on realistic targets based on economic viability and policy priorities as well as the level of housing need.
- 8.2 The draft NPPF identifies that local planning authorities should meet the full requirements for market and affordable housing in their housing market area. Local Plans should aim to meet objectively-assessed development requirements unless the impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the NPPF. As part of this assessment, we have worked with the County Council to develop projections for future population and household growth, taking account of demographic trends. Pre economic downturn migration trends would result in household growth in East Dorset of around 6,700 (336 per annum) which is significantly above completions over the past four years.
- 8.3 The availability of suitable land will be the most relevant factor in considering where development is located, particularly with a view to supporting sustainable development including access to employment, services and public transport. Its location will also have a major impact upon the size type and tenure of housing built upon it. Our demographic change analysis provides an indication of where demands might exist at a sub-area level.
- 8.4 In the affordable sector the evidence suggests that around 22% of additional housing should be intermediate affordable housing with a particular focus on intermediate rent for lower income households with limited levels of capital. The remaining 78% should be either affordable rented housing or social rented. These proportions are however based on the totality of housing need and it would not be unreasonable for the Council to plan for a different tenure split if it will assist in providing a greater number of additional affordable homes.
- 8.5 In the market sector it is concluded that around 54% of additional homes should be larger (3 and 4+ bedroom) units with a slightly lower proportion (40%) in the affordable sector.
- 8.6 Overall, the levels of both demand and need in the HMA are significant and the findings of the SHMA update can support the local authority to develop policies which will assist them in meeting housing needs and demands both now and into the future.