

The Methods, Findings and Impact of Strategic Housing Market Assessments in the South West

Detailed Analysis

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1.0 Introduction

The South West Regional Assembly (now South West Councils), in its capacity as the Regional Housing Body, commissioned ECOTEC to undertake research into Strategic Housing Market Assessments (SHMAs) across the South West region. This report contains the detailed analysis behind the main findings, which are presented in a separate report.

1.1 Purpose of the research

The key aims of the project were:

- to highlight and critically appraise key findings, and assess how robust they are in informing and providing the intelligence for strategy and policy development;
- to explore aspects related to the SHMAs' dissemination, impact and use;
- to evaluate the quality of the methods used to draw up the SHMAs and how these relate to the most up-to-date national guidance.

1.2 Background

Housing market assessments are intended to promote understanding of how housing markets operate, providing intelligence to inform the drafting of housing policy, economic development policy and local development frameworks. In order for development plans and housing policies to be 'fit for purpose' SHMAs have to be robust and based on accurate, valid data and on sound methodology.

An important precursor to the study is the following passage taken from the latest version of the Strategic Housing Market Assessment Practice Guidance which was produced by the Department of Communities and Local Government in August 2007 (referred to further in this report as "the Practice Guidance"):

"As part of preparing regional spatial strategies, regional planning bodies will want to bring together the findings of strategic housing market assessments within their region to provide an up-to-date overview of the constituent housing market areas, particularly in terms of characteristics, structure and linkages between housing market areas. These assessments will also provide an indication of current and future household change within the region in terms of housing demand and need. This information will help regional spatial strategies to set out the regional level of housing provision (distributed amongst constituent housing market areas and local planning authorities) and the regional approach to delivering a good mix of housing and affordable housing targets (both for regions and housing market areas) as required by PPS3".¹

¹ Strategic Housing Market Assessments: Practice Guidance Version 2, CLG August 2007, p. 62.

1.3 Research approach

In order to achieve the aims set out above an approach consisting of the following elements has been taken:

- A detailed review of the content of individual SHMAs, their inter-relationship with current local and sub-regional contextual documents and policies, and their fitness to influence future policies and strategies;
- A detailed review of the quality and execution of methodologies, against CLG Practice Guidance criteria;
- A series of interviews with those who had commissioned individual SHMAs and lead officers of local authorities involved to assess the dissemination and impact of SHMAs;
- A “challenge event” held in Bridgwater Somerset at the end of June 2008 involving a range of representatives from strategic partnerships across the region.

Approach to identifying and evaluating key findings and messages

The core outputs and main conclusions of all SHMAs in the South West have been summarised in this report. An assessment matrix is used to evaluate the quality of key SHMA findings and their applicability. The framework used takes on board both how well they had been contextualised against existing strategies (in particular regional spatial and economic strategies), and how useful they were likely to be in constructing new housing, development and planning strategies and policies. Information from discussions with key members of SHMA partnerships has been added to these findings.

Approach to analysing the impact of the SHMAs on policy development

The impact assessment methodology described above has been used to deliver a consistent set of evaluations on how effective the SHMAs have been in a 'real world' environment. The scoring matrix has been based on the aspects of policy development or delivery described in the brief (dissemination, impact on strategies, policies, and programmes). This aspect has mostly been fed by a series of depth telephone interviews with senior housing and planning officers in local authorities for which an SHMA had been completed by mid-2008.

Approach to assessing methodologies and models

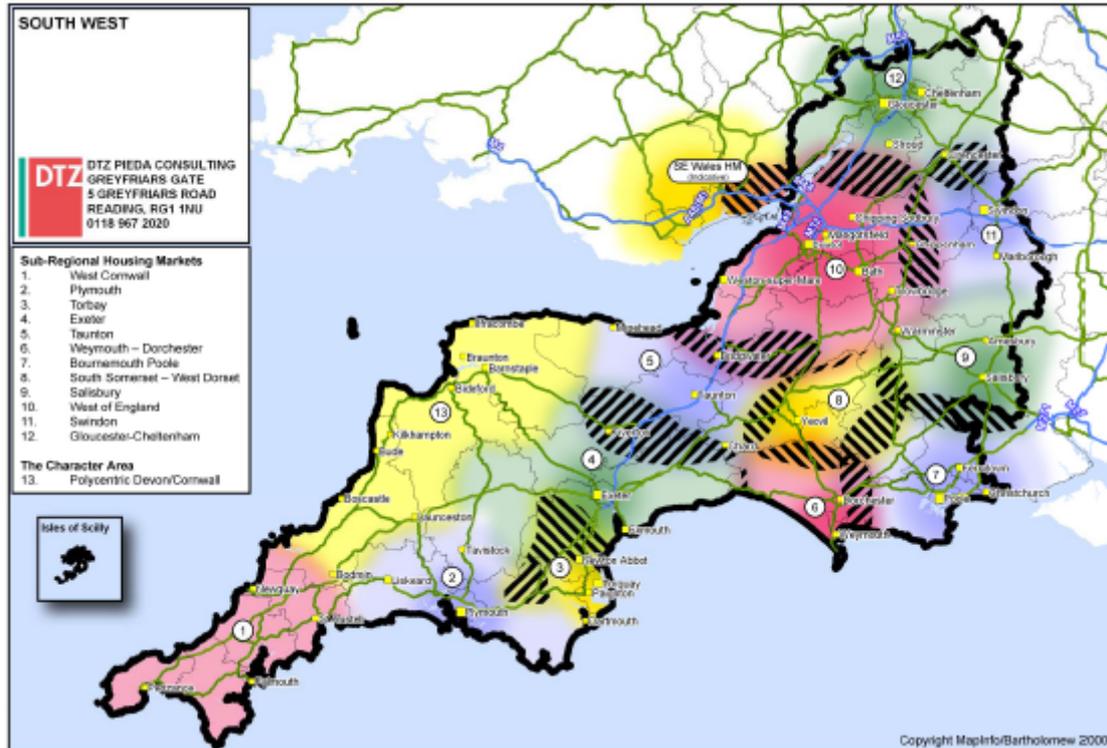
As required by the brief, the different methodologies and models used in SHMAs were identified and the data sources used were logged. Using the CLG SHMA methodology as a baseline we have assessed the quality of the main statistical outputs, looking at projections of housing supply, need and dwelling sizes, examining differing underlying housing needs / supply / demand methodology in the SHMAs.

We have assessed any gaps that the approach taken has left, the degree of reliance on secondary data, and the necessity (and expense) of commissioning primary research. As part of this process we have assessed how well different groups' needs have been taken into account in the SHMAs, identifying which groups have been covered – in fact, whether each SHMA is 'fit for purpose'.

1.4 Housing market partnerships in the South West

In 2004 the South West Regional Housing Board commissioned DTZ Pieda Consulting to define sub-regional housing markets across the region. This resulted in the report titled *Sub-regional Housing Markets in the South West* (July 2004). 12 sub-regional housing markets were identified as well as one so-called 'character area' - Polycentric Devon & Cornwall (which has subsequently been renamed Northern Peninsula by the partner local authorities in that area). These 13 areas are shown on the following map.

Sub-regional housing market areas as defined by DTZ Pieda



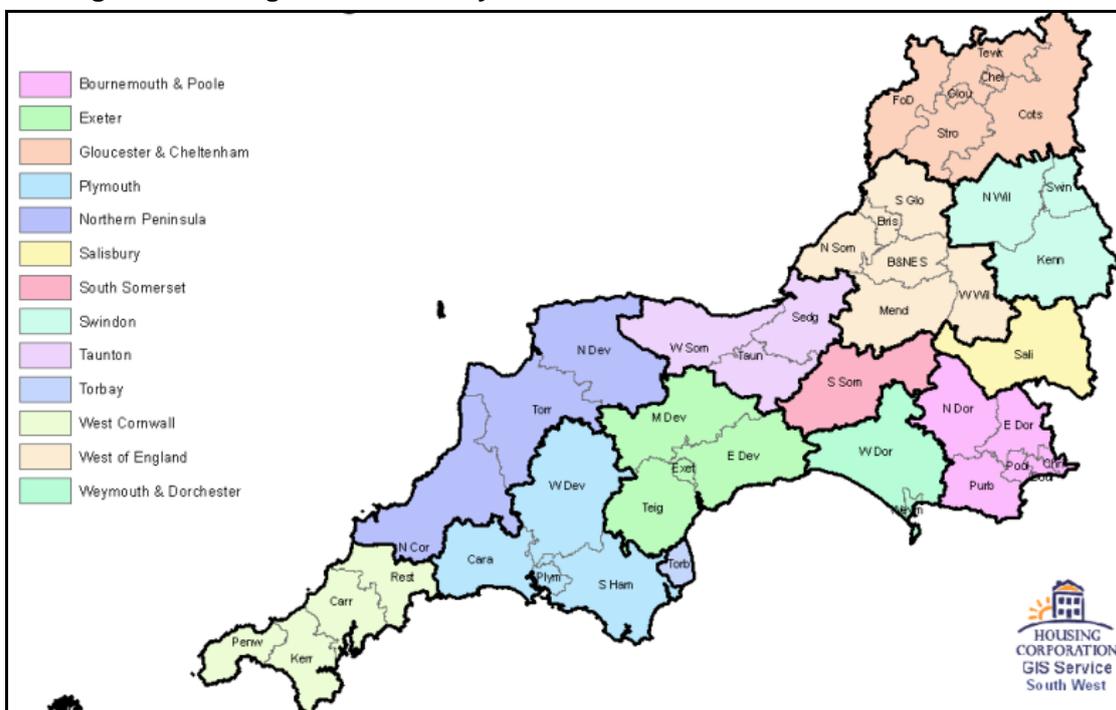
South West Regional Housing Board/DTZ Pieda July 2004

Following this preliminary work SHMA partnerships were established to carry out housing market assessments based on the sub-regional demarcation put forward in the DTZ study. Subsequently the areas were 'snapped' to the region's 45 Local Authority Districts (LAD) along boundary lines of best fit for funding purposes and housing targets in the Regional Spatial Strategy (RSS). The district-based sub-regional areas range in size from single LADs in the case of Salisbury and South Somerset, to three sub-regions consisting of six LADs, namely West of England, Bournemouth & Poole and Gloucester & Cheltenham. These district-based areas are presented in the following map.

Although the DTZ study recommended that the SHMAs should be undertaken using the 'fuzzy' boundaries, a subsequent CLG note advised that 'regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-

regional housing market areas.¹ As it transpired, some SHMAs chose one route, and some chose the other – leading to an initial element of inconsistency.

Sub-regional housing market areas by LAD 'best fit'



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Several housing market partnerships decided to work together to produce “joint SHMAs”, these being Exeter/Torbay; Bournemouth & Poole/Weymouth & Dorchester and South Somerset/Taunton. Due to these arrangements the total number of Strategic Housing Market Assessments partnerships covering the 13 sub-regions has been reduced to 10. These are shown in the following table.

Overview of sub-regional partnerships

Sub-regions as defined by DTZ Pieda	Includes the following Local Authority Districts
Bournemouth & Poole; Weymouth & Dorchester	Bournemouth; Christchurch; East Dorset; North Dorset; Poole; Purbeck; West Dorset; Weymouth & Portland.
Exeter; Torbay	East Devon; Exeter City; Mid Devon; Teignbridge; Torbay UA.
Gloucester-Cheltenham	Cheltenham; Cotswold; Forest of Dean; Gloucester; Stroud; Tewksbury.
Polycentric Devon/Cornwall (Northern Peninsula)	North Cornwall; North Devon; Torridge.
Plymouth	Caradon; Plymouth City; South Hams; West Devon.
Salisbury	Salisbury

¹ Identifying sub-regional housing market areas – advice note (CLG, March 2007)

South Somerset - West Dorset; Taunton	South Somerset; Sedgemoor; West Somerset; Taunton Deane.
Swindon	Kennet; North Wiltshire; Swindon.
West Cornwall	Carrick; Kerrier; Penwith; Restormel; Isles of Scilly.
West of England	Bath and North East Somerset; Bristol City; Mendip; North Somerset; South Gloucestershire; West Wiltshire.

As indicated in the following table, three SHMA processes were completed in 2006: Swindon, Salisbury and Plymouth. The Exeter and Torbay joint assessment was completed in February 2008 followed by the Bournemouth & Poole/Weymouth & Dorchester joint assessment and the Northern Peninsula assessment which were signed off in May and December respectively. The Gloucester-Cheltenham SHMA and Taunton and South Somerset joint assessment were both finalised in February 2009 followed by the West of England assessment in May. The West Cornwall SHMA has not been formally signed off (due to the unitary authority reorganisation), although the bulk of the work had already been completed by mid 2008.

Period in which SHMAs were carried out																
SHMA process	2006				2007				2008				2009			
	Q1	Q2	Q3	Q4												
Plymouth		x	x													
Salisbury			x	x												
Swindon			x	x												
Gloucestershire (Gloucester & Cheltenham)			x	x	x	x	x	x	x	x	x	x	x			
Exeter/Torbay				x	x	x	x	x	x							
Bournemouth & Poole/Weymouth & Dorchester				x	x	x	x	x	x	x						
Northern Peninsula (Polycentric Devon & Cornwall)							x	x	x	x	x	x				
West of England							x	x	x	x	x	x	x	x		
West Cornwall							x	x	x	x	x	x	x	?	?	
Taunton/South Somerset									x	x	x	x	x			

1.5 Scope and report structure

This report presents information on all 10 SHMA groupings. The evidence for each SHMA is presented in turn and the running order is chronological, starting with the first SHMA completed (Plymouth) and ending with the last one (West of England). The coverage of each SHMA is divided into three subsections covering the three main research topics: key findings, dissemination and impact, and finally methodology. Dissemination and impact is not covered for the most recently completed SHMAs because insufficient time has elapsed for this aspect to manifest. The final section of this report examines the coverage of rural housing issues in the various SHMAs.

2.0 Plymouth

The Plymouth SHMA was conducted by David Couttie Associates (DCA) in 2006 on behalf of the four housing market partners: Caradon District Council, Plymouth City Council, South Hams District Council and West Devon Borough Council. Assessments were undertaken for each of the individual districts. Some of the analysis and findings were brought together in a sub-regional housing market assessment. This however was limited in its content and did not set out any strategic findings and strategic issues for consideration.

2.1 Key messages

An executive summary was produced summarising the findings of the Housing Market and Needs Assessment carried out across the Partnership Area. However, this summary did not provide a comprehensive picture of the sub-regional housing market area and the strategic and policy implications emerging from its findings, making it more difficult to identify key messages and present them here. This is a weakness of the study.

2.1.1 The changing demographic structure

Devon County Council provided demographic projections for South Hams and West Devon whilst projections for Plymouth City were provided by the City Council and those for Caradon by Cornwall County Council. The combined figures forecast the population of the sub-region to rise by 16.7 % between 2001 and 2026, which equates to an increase of 75,301 people. Each area is forecast to increase its population by 15%. The overall figures for the Plymouth Sub-region show a projected rise across all population age groups but in particular the 20-29 and 65+ age groups.

The most significant feature for all four local authorities is the growth of the population in the over-65 age group. Across the sub-region there is a forecast increase of 41, 242 people aged over 65 (51.2%). This growth is increasing at a significantly higher rate, with an increase ranging from 42.6% in Plymouth to 79.1% in Caradon. By 2026, the 65+ population will make up 23.1% of the sub-region's population which will have key implications for future housing demand, in terms of supported living and lifetime homes.

The number of households in the Plymouth sub-region is forecast to increase by about 41,000 in the period to 2026. Average household size has decreased from 2.51 in 1991 to 2.31 in 2003 and this trend is projected to continue, with a fall to 2.09 expected by 2026. The decline in household size is linked to the significant predicted growth in the over 60 population and the increase in the number of single/couple households.

Migrating households form a significant proportion of the current housing market, forming 20.4% to 24.8% for each authority area. The majority of cross boundary movement is between the economic centre of the Sub-region – Plymouth City- and the three other areas. Both employment and education were found to be the most dominate factors to affect migration.

2.1.2 The current housing stock

The assessment provides an analysis of the current stock of housing across the sub-region in terms of the number of dwellings, tenure and type. However, it fails to provide an assessment for the condition of the existing housing stock and implications for future funding and investment priorities.

The current number of dwellings within the sub-region was in the region of 205,495 with 6,589 second homes. The rate of owner occupation ranges from 63% in Plymouth to 76% in West Devon, and social stock ranges from 9% in West Devon to 21% in Plymouth. The share of private rented sector is more constant, with levels between 10% and 12% recorded in each district.

Plymouth has the highest proportion of small units within the housing stock. Both Caradon and South Hams had a significant number of second homes, which was to be expected as tourism plays a key role for both of these districts. The demand for second homes, along with inward migration of older and retired households could add additional market pressure to the districts.

2.1.3 Future demand for market housing

The assessment showed that across the sub-region a total of 13,767 existing households were planning to move and 6,238 new households were planning to form over the next three years. The majority of existing households moving to market housing stated a preference for owner-occupied housing, ranging from 88.7% in Plymouth to 91.4% in South Hams. In terms of private rented accommodation, this ranged from 8.4% in South Hams to 10.9% in Plymouth. In comparison, newly forming households stated a need for owner-occupation from 25.5% in Plymouth to 53.3% in Caradon. Those requiring private rented ranged from 15.4% in Caradon to 25.8% in Plymouth.

The majority of existing households wishing to move into market housing stated a preference for a house or bungalow, with three to four bedrooms. Newly forming households on the other hand expressed a greater preference for flats with one to two bedrooms. This reflects the younger age structure of newly forming households.

2.1.4 Future demand for affordable housing

The assessment showed that across the sub-region 7,938 existing households were planning to move and 4,855 new households were planning to form over the next three years. Of those existing households planning to move, preference for social rented housing (including Council and Housing Association stock) ranged from 51% in West Devon to 80% in Caradon. The preference for shared ownership across the sub-region ranged from 7.3% in Caradon to 48.7% in West Devon.

The majority of newly forming households stated a need for social rented accommodation, ranging from 71.6% in Plymouth, 66.8% in West Devon, 62.8% in Caradon and 51.2% in South Hams.

There is a significant level of need expressed for intermediate housing from concealed households and existing households as well as a desire from social housing tenants to move into intermediate housing through the Social HomeBuy scheme.

2.1.5 Economic climate

The SHMA registered an economic upturn across the sub-region over the past few years (remembering that the SHMA was carried out in 2006) although some imbalances within the area were identified. Employment within the sub-region was concentrated in a number of industries including marine, electronic, medical / healthcare, advanced engineering, food and drink, creative industries and call centres. The number of jobs in the sub-region was shown to have increased by 17% between 1995 and 2004, but there was wide variation between Plymouth (circa 8%) and West Devon (circa 41%). The overall unemployment rate in the sub-region was found to be 3.5%.

Income levels in the sub-region had increased between 2002 and 2005, ranging from 4.4% in South Hams to 21.5% in West Devon. However despite these increases many households will still be priced out of the market due to even greater rises in house prices.

2.1.6 Regional Policy context

The Regional Spatial Strategy

The assessment acknowledges that the RSS has placed a strategic emphasis on the need to stimulate economic growth in Plymouth and that this will result in significant in-migration of younger more economically active people into the City. If this economic growth is achieved this will clearly have implications for the level and provision of housing as well as the type and tenure mix required in both Plymouth and the adjoining districts.

The assessment makes reference to the scale of increase in new dwelling provision required to meet local need and that this would need to increase between seven and eleven times current levels. The assessment then compares the proposed annual average dwelling provision in the Draft South West RSS, against market demand and affordable need for each Local Authority.

RSS Proposed Dwelling Provision against Affordable Need

	Dwelling provision pa	Affordable Need Shortfall	Need %	Market Demand Shortfall
Plymouth City	1,225	1,648	135	2,237
South Hams	250	606	242	1,032
Sherford/Plymouth	300	-	-	-
West Devon	190	311	164	732
Caradon	290	634	219	908
Total	2,255	3,199	142	4,909

This table demonstrates that overall the scale and demand identified through the sub-regional housing market assessment is significant. When compared to the proposed annual provision of 2,255 units in the Draft RSS, there is a shortfall in the level of provision of affordable housing by 3,199 and by 4,909 for market housing (strongly linked to current in-migration levels).

The level of shortfall is highest in Plymouth, which as the sub-regional capital and a Strategically Significant City is to be expected. The assessment acknowledges that the proposed development

at Sherford will eventually form part of the Plymouth conurbation and will mainly address affordable needs in the City. However, it considers that this will not be well placed to address the affordable needs of South Hams.

Links to Regional Economic Strategy

The assessment provides a breakdown of the sub-regional economy and an overview of the sub-region's economic structure and imbalances. In line with the Regional Economic Strategy, the assessment acknowledges the role of Plymouth within the sub-regional economy, particularly in relation to its key role in raising the regional economic performance.

2.1.7 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

The theme of second homes was highlighted as an important one in South Hams although the SHMA did not explore this in much depth. As a result the District has subsequently commissioned an additional piece of work to consider the impact of Second Homes. Similarly Buy to Let was highlighted as an issue, particularly in Plymouth, but it was given a light treatment in the assessment.

Private rented sector

The SHMA identified issues around affordability, the size of the market, and quality. According to local authority officers the assessment did little more than confirm what most of the authorities already knew.

The intermediate market, low cost market and key worker housing

Key worker housing was not identified as a major issue in the area. The study set out the share of key workers unable to afford market housing across the four districts, ranging from 5% for police officers in West Devon to 100% for fire-fighters in South Hams. The crude average across all districts and all professions was 41%.

Older Persons Housing Issues

The housing needs of older people were identified as a key issue for the sub-region. Despite the problems inherent in some of the current sheltered housing stock, demographic change has and will continue to increase the levels of both need and demand in this sector.

The assessment suggested that some of the requirement will be addressed by the flow of the existing sheltered housing stock. However some of the existing stock does not meet modern standards and requires some modernisation, refurbishment or complete re-development.

The individual survey results for each district indicated that 3% of existing households in Plymouth City had elderly relatives who may need to move into the district in the following three years. This figure was 5% in Caradon and close to 7% in West Devon and South Hams.

BME Housing

The summary pulling together the findings of the Plymouth Sub-Regional Housing Market Assessment does not go into any detail around BME groups and their housing needs. The SHMA confirmed that the BME population within the sub-region is low, ranging from 3% of the population

in South Hams and Caradon to 4.5% in Plymouth. BME housing needs were identified as an area needing further research.

Migration

The SHMA raised a number of interesting issues around migration. In the case of South Hams, the SHMA identified the significant impact that migration is having on the local housing market area.

The analysis of migration patterns was undertaken to consider the extent to which the Plymouth HMA followed the boundaries as set in the DTZ report. The DTZ housing market boundaries suggested that areas on the edge or outside the Plymouth Housing Market Area, including Okehampton, Totnes and Liskeard, have stronger links with other adjoining housing market areas in terms of their workplace and home-moving relationships.

However the survey data from the Plymouth SHMA highlighted strong patterns of household movement within each of the respective districts and the sub-region in relation to those who had moved in from outside as well as those within the area who were thinking of leaving. The study's findings therefore indicated that it was right to group the four districts together as a sub-region.

Rural housing

The data is presented at district level and there is no distinctive rural analysis. In a very limited number of instances the data for the districts lifts out for Totnes, Liskeard and the Dartmoor National Park Area but the depth of analysis here is minimal. Therefore the SHMA does not provide the specific information on the drivers and conditions that characterise the way housing markets are operating in the market towns, villages and hamlets of the sub-region.

2.1.8 Key messages and implications for the Regional Housing Strategy

- Affordability is a major issue due to the local house price / income relationship, particularly for new forming households;
- Existing social stock levels are 8.8% in West Devon, 10.6% in South Hams, 11.9% in West Devon and 13.0% in Caradon, well below the national and regional average with the exception of Plymouth City which has a social stock level of 20.5%;
- Annually 3,199 affordable housing units are needed across the sub-region after allowing for existing stock re-let supply. New delivery would need to increase by 7 to 11 times existing levels to meet the scale of need;
- Affordable need across the sub-region is between 135% and 242% of the annual average provision proposed in the Draft South West Regional Spatial Strategy;
- There is a general requirement to develop a mix of house types and sizes in both market and social sectors, and a particular need for flats and terraced houses to meet the needs of new and existing households and to provide balanced housing markets;
- The population is ageing, with implications for the level of adaptation, care, support and specialist accommodation provision.

2.2 Dissemination and impact

Information on the dissemination and impact of the Plymouth SHMA stems from interviews carried out with Plymouth City Council, South Hams District Council and West Devon District Council.

2.2.1 Dissemination

While Plymouth and West Devon did not present the findings of the SHMA at Council Meetings, South Hams District Council presented the findings at full Council. The consultants who had undertaken the assessment provided stakeholder and member briefings for Plymouth, South Hams and West Devon.

Each Local Authority provided a briefing session for officers, which included housing, planning and economic development staff and copies of the Executive Summary and study findings were disseminated to all relevant departments. On the whole both housing and planning staff were more involved in the process and the findings than economic development staff.

Each of the three authorities issued a press release and copies of the SHMA have been made available on their respective websites. In the case of Plymouth, a suite of summary papers is also available.

2.2.2 Impact on planning and strategy

The overall view was that the SHMA had helped to inform planning and strategy, by providing evidence across the sub-region rather than making a large number of specific changes.

In the case of South Hams, it was expected that the findings and recommendations from the SHMA would inform and feed into the review of the Council's Housing Strategy to be undertaken in mid-2008. The findings have also provided the evidence base to support the development of new policies. In particular this includes an Affordable Housing policy, to be included as part of the Development Plan. In addition it has informed changes to the Council's Sustainable Communities Strategy.

In the case of West Devon, the SHMA informed the Local Development Framework and changes were made to the Affordable Housing Code of Practice and the Housing Strategy. One of the most important changes was to ensure a renewed focus on the need for increased provision of housing for elderly people in the sub-region. In addition, it has informed new guidance on affordable housing targets.

In the case of Plymouth, the findings from the SHMA concerning older people fed into the City's Extra Care Strategy. Plymouth City Council is currently preparing a new housing strategy and this will reflect the findings of the SHMA, particularly with regard to increasing housing provision for older people. The interviewee also felt the findings had influenced the Regional Spatial Strategy.

2.2.3 Impact on policies/procedures/plans

Each of the authorities agreed that the SHMA had identified the strong need for increased provision of housing for older people within the sub-region. It had also identified the level of demand for various dwelling types and sizes. For example Plymouth identified that the

assessment had clearly established the high level of demand for more one and two bedroom dwellings and a fairly high level of demand for three bedroom properties across the sub-region.

West Devon thought that the SHMA had provided useful data regarding incomes, which would support eligibility criteria to establish area affordable housing targets and tenure splits to be built into S106 agreements.

In South Hams, the SHMA finding had led to the introduction of a sub-market rent scheme.

In some instances the Local Authorities had not followed all of the recommendations arising from SHMA recommendations. For example, the SHMA had recommended an increase in the provision of shared ownership accommodation. However West Devon has decided to monitor the situation before reviewing whether it is necessary.

2.2.4 Impact on development programmes

Plymouth City Council felt that the SHMA did not have an impact on the location of planned new homes as demand for housing is spread fairly evenly throughout the city. However, they felt that it had an influence on the number of new homes via the Regional Spatial Strategy. It was also thought that the SHMA would influence the size of future new homes as a high demand for smaller units has been identified.

West Devon had similar thoughts regarding the impact on development programmes and stated that the SHMA did not have an impact on the location of new homes, but had influenced both the number and type of homes required, again stating that smaller units were required to address affordability problems in the area and to meet demand from newly arising households.

Each of the authorities felt that the SHMA had influenced S106 agreements as the revised tenure split is now taken into account in each case. Plymouth also felt that the process had led to greater partnership working with private developers, as they now understood the local authorities' needs and have recognised that the local authority has taken a sensible approach to its targets for affordable housing provision.

2.2.5 Impact on partnership working

The Plymouth SHMA was reportedly well received within each of the Councils and amongst local stakeholders, developers and housing associations, who were represented on the SHMA Steering Group.

2.3 Methodology

2.3.1 Main elements of the approach taken

DCA were commissioned to carry out a Housing Market and Needs Assessment in the Plymouth sub-region in April 2006 making it one of the first SHMAs in the South West. The brief required the assessment to be carried out in accordance with the *Housing Market Assessments: Draft Practice Guidance issued by CLG in December 2005*. The report also refers to the Housing Market Assessment Manual which was produced by DTZ Peda for the Office of the Deputy Prime Minister in February 2004, as well as the DETR 2000 Good Practice Guidance.

Four assessment reports were created, one for each district in the sub-region. Each report follows the same structure, starting with a management summary followed by "Volume 1" in which the sub-regional findings are presented (the same in each report) and then "Volume 2" presenting the district level Local Housing Market and Needs Assessment findings.

Both primary and secondary evidence was used in the assessment, with evidence generated by household surveys constituting the main input for the Local Housing Market and Needs Assessments. The following sample sizes were achieved:

- Plymouth City: postal questionnaire to 7,000 households in 19 wards across the City augmented by 152 face to face interviews in three wards, achieving a total of 1,894 responses (26%).
- Caradon: postal questionnaire to 6,910 households in 25 ward / parish sub areas across the district achieving 2,469 responses (36%).
- West Devon: postal questionnaire to 6,400 households in 19 ward / parish areas across the borough achieving 2,062 responses (32%).
- South Hams: postal questionnaire to 9,330 households in 25 ward / parish sub areas across the district resulting in 3,055 responses (33%).
- In addition a telephone survey of 39 estate agents was carried out to provide information on the supply and cost of the Private Rented Sector.

2.3.2 Achieving the SHMA core outputs

Approach to current stock

Simple district level figures are presented using Housing Strategies Statistical Appendix (HSSA) data (total number of dwelling 2004/05 and number of second homes) and Census 2001 (occupied dwellings by tenure and type). The Household Survey data is then presented in each district report, showing a number of cross-tabulations concerning dwelling type, number of bedrooms, tenure etc. Under- and over-occupation, and access to basic heating and insulation facilities is also examined. There is no exploration of any trend data such as previous build rates or tenure change.

Combined secondary data from the Survey of English Housing and Department for Work and Pensions (DWP) Family Resources Survey is used to show over-occupation levels in Devon, Cornwall and Plymouth City. The definition of "over-occupied" is not given which hinders interpreting the data.

Approach to market trends, affordability and drivers

Secondary data is generally used for the sub-regional analysis and the survey results are introduced for the district level analysis. Data is presented on most aspects but the level of analysis and depth of insight is limited. Some of the referenced "Strategic Implications" do not offer new insights, while others are not easy to trace back to the evidence which is presented.

The structure of the report is somewhat disjointed, with a repetition of themes at sub-regional and then district level. A separate chapter on Dartmoor National Park is included in all four district reports and this is misplaced, adding to the confusion.

Demographic profiling at district level is done by comparing the household survey response data with Census 2001 data. The survey captured data on moves that took place in the preceding three years as well as plans to move in the coming three years.

A range of secondary sources are used to explore economic trends including the South West RDA Regional Strategy, Annual Business Inquiry, Census 2001, and the Labour Force Survey. Whilst the coverage is reasonable, the analysis could possibly go further in terms of linking the information to housing market dynamics and outcomes. Survey results on employment status, occupation, place of work and mode of travel to work are shown for each district (Volume 2 of the report).

A number of tables in the report are given over to exploring travel to work patterns using Census 2001 data. As with the analysis of the economy, the treatment is primarily descriptive rather than analytical – the relevance of the information for housing policy makers is not spelt out.

Sources used to gain a picture of income levels and affordability include ASHE, the Survey of Personal Incomes (HM Revenue & Customs) and the study written by Professor Steve Wilcox commissioned by the Joseph Rowntree Foundation '*Can Work-Can't Buy*'. The report contains a useful discussion of income multipliers and deposit assumptions advocated by the Guidance and how they differ from those used in the Wilcox Study. At district level, survey responses concerning income, savings, equity and benefit take-up are presented. Income bandings are cross-tabulated with a number of response groups including tenure, ethnicity (BME households), key workers, existing moving households and concealed households.

Migration relationships are explored at district level using both Census 2001 data and output from the Household Survey. The analysis is centred on the strength of the relationship with adjoining sub-regions. No year-on-year trend data is presented nor age group breakdowns of household profile.

Several sources were used to look at house price trends by dwelling type over the 5 years to 2006. Land Registry data provided lower quartile house prices by dwelling type, but not by bedroom size. This data, necessary for the affordability calculation, was instead provided by an internet / telephone survey of the local estate agents, who were asked to identify the cost of the cheapest units available at neighbourhood level (Plymouth City for example was divided into eight Neighbourhood Areas).

Based on a sample of rents collected from estate agents lower quartile private sector rents by dwelling type and bedroom size were identified at district level. The exact size of the sample is not disclosed. A view of social sector churn is provided by HSSA data and 2000/01 figures are compared to 2005/06 figures, showing a decline in the number and percentage of lettings. Land Registry sales volumes are compared to the size of the private sector stock from HSSA to indicate turnover in the private sector, and again a comparison is made between 2000/01 and 2005/06.

Approach to the future number of households

Both population and household projections are presented, these coming from three different sources – Devon County Council, Cornwall County Council and Plymouth City Council. District level figures covering the period 2001-2026 are shown. The population figures are broken down by age but the household figures are not broken down at all.

Approach to current housing need

The method of calculation of need was based on primary data from the household survey and followed the approach set out in the 2000 Good Practice Guidance Basic Needs Assessment Model (Bramley, Pawson and Parker/DTLR 2000). It is a standard method developed and commonly employed by DCA.

The model is structured on a 'flows' basis, taking account of recent experience over the preceding three years and examining projections over the following two years. The model has a total of 18 stages of which the first seven are concerned with quantifying current housing need, otherwise known as backlog need. This includes homeless households or those living in unsuitable housing that need to move to resolve their situation, excluding those already housed in the social sector and those who can afford in the market.

As is the case with all primary data approaches, the method is to a large extent based on self-assessment by survey respondents, and there is no triangulation or corroboration sought from any secondary data that might be available such as Council waiting lists or stock condition surveys. Concerning affordability, entry level prices would appear to vary according to location, dwelling type/size and tenure, but exactly how the affordability calculation is applied to the survey data is not fully explained.

Approach to future housing need

This aspect is covered by stages 8 to 13 of the needs calculation and is also primarily based on survey generated evidence. "Newly arising need" is defined in this methodology as comprising four components, namely new household formation, ex-institutional population, existing households falling into need and in-migrant households unable to afford market housing.

Input for new household formation is equated to concealed households identified in the survey. The questionnaire allowed for up to two concealed households to be identified within each existing household, each intending to form a new household. Half of those intending to form a new household within the next two years were factored into the needs calculation. The calculation of existing households falling into need is based on net new registrations on the waiting list.

Although the report provides a step by step commentary on the calculation, the explanation is generally too brief and the rationale for many of the choices made is not fully explained. Why, for example, are existing households in need equated to changes in the number of households on the waiting list? Why are lettings and RSL nominations subsequently added on to this? Is there not a danger of double counting, as the households measured by the survey to be in current housing

need could be the same ones who have signed on to the waiting list? The approach is not easy to follow, even when examined in detail. It leaves many questions unanswered and this could possibly be improved by a more clearly structured and more fully elaborated explanation.

Approach to future market housing

An analysis of responses from the household survey forms the basis for determining future market housing requirements. Existing households planning to move are measured as were concealed households able to afford in the market and in-migrant households were estimated based on those who had moved in during the preceding three years. The preferred type of house, size of house and tenure were cross-tabulated in the report and a breakdown of preferred location at neighbourhood level was also provided.

Several weaknesses of this approach can be identified. Firstly, it is based on expressed preferences - and the choices made by households may turn out to be different when faced with market realities. Secondly, no analysis is made of the relationship between the expressed preferences and the availability of existing dwellings by location, type or price band. A source for this analysis is Price Paid data from the Land Registry. Finally, the approach to future market housing is not integrated with medium or long term projections showing which types of households will increase in number in the future and the additional demand this is likely to generate.

Approach to estimating the size of affordable housing required

As with market housing, preferences expressed in the survey provided the basis for a description of affordable housing required, and the limitations expressed above also apply here. It is more usual for households in need to be automatically matched to the type of dwelling required rather than leaving this up to stated preference. The failure of the analysis to look at levels of churn by dwelling type, size and location meant that the mismatch between supply and demand was not examined. This is a serious shortcoming of the approach taken.

Approach to household groups with particular housing requirements

Household survey data is used to explore the specific needs of people with disabilities, older people, key workers and BME households. The profile and needs of BME households are explored in a separate (6 page) chapter in the report. Aspects examined include ethnic origin, current dwelling by type and number of bedrooms, adequacy of accommodation, disability, moving plans and motivations, type, size and tenure of accommodation required for existing households moving and new/concealed households.

2.3.3 SHMA Process Checklist

Approach to defining housing market areas

There is some analysis of the appropriateness of the DTZ defined sub-regional boundaries, but no analysis to support the definition of housing market areas within the sub-region. Output is provided for local areas within each district (eight each in Plymouth, Caradon and West Devon and ten in South Hams) but it would appear that these areas were nominated (most likely wards) rather than defined by the SHMA.

Approach to stakeholder engagement

The assessment report states briefly that key stakeholders were represented on the Plymouth HMA Steering Group, including the Housing Corporation, Dartmoor National Park Authority, private developers and Registered Social Landlords (RSLs). Beyond this it is not known whether any stakeholder events were held or how intensive the level of stakeholder engagement with the SHMA process was.

Are housing market conditions assessed within the context of the housing market area?

Yes, this is generally the case.

Is a full technical explanation given of methods employed, with any limitations noted?

As stated above, although all steps are explained in the report, the fullness of the explanation could possibly be improved upon. For example the technical explanation regarding the way income and house prices are matched to determine the ability of households to afford in the market is not complete.

The survey methodology is clearly set out in a separate section of the report (chapter 20) which includes details of aspects such as sampling, promotion, weighting and response rates. No limitations were noted in the report with the exception of a comment concerning the availability of data on incomes.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

The biggest area of concern here is the housing needs calculation, which contains assumptions that are not easy to place. A more complete and clearly set out explanation of the approach in lay terms would possibly go some way to reducing the potential for confusion and increasing the transparency of the approach.

Are effective quality control mechanisms used and reported on?

The report makes no mention of quality control mechanisms.

Monitoring and updating

There is little mention of monitoring requirements in the assessment report, with the exception of a brief comment on the need to monitor new deliveries. This is also true with regard to the need to update the SHMA.

3.0 Salisbury

3.1 Key messages

The key messages and findings contained in the Salisbury Strategic Housing Market Assessment have been summarised below.

3.1.1 The changing demographic structure

At the time of the 2001 Census, the population of Salisbury District was 114,650, comprising 47,480 households. The population of Salisbury District is set to increase by 12.3% between 2001 and 2021, equating to 14,100 additional people. The growth in population will primarily come from increases in the older age groups, particularly those aged 45-64 (+5,600) and 65+ (+8,800). More dramatically, the 85+ age group is set to increase over the same period by 1,950, which would be an increase of 72%.

Over the same period the number of households are projected to increase by 18.8% (8,940 additional households). This will come primarily through growth in the number of single person households.

The household survey provided input for an analysis of migration patterns. This showed that the district has been subject to relatively high numbers of in-migrants (3,803). In addition out-migration is expected to account for 37% of all moves for existing households and 35% for concealed households. The main reasons for moving were: 'employment / access to work' with 46% (existing households) and 71% (concealed households) citing this.

The key features of population change impacting on the housing market are:

- Out-migration of younger and economically active households; and
- An ageing population with increasing care and support needs.

3.1.2 The current housing stock

The property type profile in Salisbury District showed a significant variance from that of national levels with 70% of properties being either detached or semi detached (England average 55%). Most flats in the Salisbury District belong to the social rented stock. Under-occupation affects approximately 46% of all households and over-occupation affects 1.6%, which is below the national average of 3%. The number of smaller units will need to increase in the future to meet changing household patterns. The private rented sector in the district makes up 13% of the total stock.

Overall 89% of respondents to the household survey indicated that their home was adequate for their needs, with 11% responding that their home was inadequate. With regard to stock condition

the study found that 11% of households found their property to be inadequate and problems with repairs and improvements would need to be addressed through the Private Sector Renewal Strategy. Furthermore, improving basic heating and insulation of dwellings should remain a priority for the Private Rented Sector Renewal Strategy and the Social Investment Programme. Resources should also focus on inspection and grants, as well as information and support to both landlords and tenants to improve standards within the sector. It was also recommended that Home Improvement Agencies be encouraged to provide extra support to older and vulnerable households.

3.1.3 The current market

Between 2001 and 2006 house prices in the district had increased by between 56% (terraced houses) and 73% (flats and maisonettes). The average price in Salisbury district was £248,000 in 2006, 13% higher than in the eleven surrounding districts. However the research found that Salisbury had lower entry-level prices for flats and terraced housing than some of the surrounding areas, which was attracting some first-time buyers to the district.

The average income level needed to buy a 1-bed room flat in the Salisbury District was found to be £36,220. The household survey indicated that only 15% of concealed households have incomes above £27,000, and only 7% above £40,000. The cheapest private rented offer stock was located in Wilton where an income of at least £19,500 was required to access it. The study found that less than 59% of all concealed households would be able to do so.

3.1.4 Future housing requirements and distribution

Changes in the population structure will undoubtedly impact on demand for different house types and tenures and strategic planning will need to take account of this. There is a growing demand for accommodation for smaller, older person households. Smaller households tend to be concentrated in social housing and the owner-occupied sector with no mortgage. The significant growth in the number of people in the 65+ age group and in particular the 80+ age group will generate more demand for supported housing, support services and adaptations.

Falling numbers of individuals in the 25-44 age group, the main household-forming and moving group, may mean annual demand for market housing is reduced.

The Housing Needs and Market Survey report found that demand for affordable housing from existing households was close to 1,150 units of which 325 were for shared ownership products. The survey further revealed that a little over 1,000 concealed households were looking for social housing, and this was evenly split between 41% requiring 1 bed accommodation and 41% requiring 2 bed dwellings.

Headline figures used in the calculation of housing need in Salisbury are as follow:

- Backlog Need: 2,037 households;
- Annual backlog reduction quota: 407 (based on 5 years);
- Total newly arising need: 669;

- Total affordable need: 1,076;
- Affordable supply: 445;
- Overall annual shortfall: 631 affordable units

The Assessment provides a breakdown of the future demand and need for private and affordable housing at six individual sub-area levels. In line with the Draft RSS, the distribution is highest for Salisbury which is in accordance with its designated role as a Strategically Significant City as defined in Policy A.

3.1.5 Regional Policy context

Regional Spatial Strategy

As previously mentioned the analysis has been undertaken in accordance with the housing market area for Salisbury as identified in the RSS South West Housing Market Areas. The study does make specific reference to the Draft RSS in Section 15, where it discusses overall target levels. It is clear that from the scale of affordable housing needs that there is a requirement for significant delivery on the level of affordable housing. However, the study acknowledges that the Draft RSS sets a housing distribution target of 9,200 units from 2006 to 2026, which equates to 460 dwellings per annum. The total number of outstanding affordable need units of 702 units per annum (identified in the study) is 153% above the RSS requirement. The study makes no reference to Salisbury's role as a Strategically Significant City in accordance with Policy A.

Regional Economic Strategy

The study makes no reference to the Regional Economic Strategy.

3.1.6 Key findings and recommendations and implications for the RHS

Balancing the housing market

- There is a need to provide a mix of house types for both market and social sectors, especially flats;
- There is a growing demand for accommodation for smaller, older persons' households and development plans will need to take account of this projected demand and the changing population profile;
- Partners should continue to negotiate with prospective developers towards achieving subsidised affordable housing from all suitable sites coming forward for planning consent over the period of the LDF;
- The LDF Core Strategy could consider an overall affordable housing target of up to 50% of the total units on all 'suitable' private sector sites
- Within this overall target the report recommends a balance of 60% for social rent and 40% as intermediate market housing; and
- The Development Plan should promote the lowest viable threshold for affordable housing, which will deliver additional affordable units on smaller sites, particularly in rural areas and town centres.

Future Affordable Housing Requirements

- Housing Strategies will need to consider the needs of both newly-forming and existing households for social housing. This need will need to be assessed in the context of a market that is increasingly beyond the reach of low-income households. The current market is creating pressure for social housing flats/maisonettes for new households.
- The study recommends that strategic thinking should focus on bringing existing stock up to Decent Homes Standard. Additional resources should be sought to bring homes up to a "Decent Homes Plus" standard, in particular to help meet the needs of an ageing population.
- There may be a need to allocate resources to fund restructuring of some social housing stock, to better meet the needs of elderly and disabled households (see below).

3.1.7 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

There is no separate analysis on the second homes/ buy to let/ buy to leave theme.

Private rented sector

The report discusses the current private rented sector in Salisbury including supply and demand and entry level costs, using the two surveys undertaken by DCA (household survey and the Estate Agent survey). The private rented sector accounts for 12.9% of the overall stock which is in line with the national average. The study then goes on to consider the level of turnover by dwelling type. In addition it predicts what the future demand for private rented housing will be, including discounted market rented housing.

The intermediate market, low cost market and key worker housing

This theme is dealt with partially by the report. Section 15.9 discusses the need for intermediate market housing, including shared ownership, and including the demand for shared ownership, and the required level of income needed for a 25% and 50% share to be viable. Key Worker housing issues are covered in section 12 of the report, and form part of the affordable need calculation.

However the report does not provide any information on the demand for low cost market housing within the Salisbury District, providing only a narrative on the then-national policy context. In addition the section on intermediate market housing could be improved by discussing the need for the range of intermediate housing products e.g. the different forms of HomeBuy and intermediate renting rather than just concentrating on Shared Ownership.

Older Persons' Housing Issues

Older persons' housing needs are dealt with under section 11 "Supported and adapted housing". The section provided an analysis of sheltered housing demand and future requirements for extra care accommodation, from both older people living in the Salisbury District and the relatives of older people who may migrate to the District in the future. The SHMA recommended an older persons' housing strategy be developed to address the current and future growth in the numbers of older people and frail older households across all tenures to:

- assess and prioritise the need for support services and adaptation required to keep people in their own homes
- re-assess existing sheltered stock's ability to meet today's housing standards and preferences
- assess the need for extra care accommodation

BME Housing

Salisbury District has a relatively small BME community – there were 79 BME returns from the Household Survey, implying a total of about 1,400 households. The SHMA found that housing strategies need to address the need for larger units of accommodation for BME households. Housing transfers and exchange policies should therefore be sensitive to the needs of BME households who are living in overcrowded homes. This should also include the need for independent accommodation for the BME elder population.

Migration

Out-migration to other regions / elsewhere in the UK and in-migration to the Salisbury District are discussed in section 5 of the DCA Report, including the reasons for the moves. Although international migration is not discussed, it is the opinion of this report that this is not a significant implication for the Salisbury area.

Rural housing

This theme is scarcely touched upon in the assessment.

3.2 Dissemination and impact

The Salisbury SHMA was completed in 2006 and has therefore had some time to have an impact. The information on dissemination and impact given below stems from an interview undertaken with an officer from Strategic Housing Services at Salisbury District Council.

3.2.1 Dissemination

The Council signed off the final SHMA report in April 2007 and it was presented to the Portfolio holder. It was not presented to full Council due to a change in administration following the May 2007 local elections. The Council did not issue a formal press release on the final SHMA as the findings have not been presented to full Council. However dissemination events and briefings were held for key stakeholders and local authority officers and a copy of the SHMA is available on the Council's website. The findings were well-received by stakeholders and the Strategic Housing Market Partnership.

3.2.2 Impact on planning, strategy and development

The SHMA was well-received across the Council and it is felt that it provides a robust evidence base to support corporate strategies. The Council's Housing Strategy was completed prior to the finalised SHMA. However, following the findings of the SHMA there has been a clear shift towards

the intermediate market and associated products. The findings have been used to support planning applications, particularly with regard to intermediate housing development.

The SHMA has clearly influenced the affordability thresholds set out within the Local Development Framework (LDF), which is currently at the Options Stage and will form part of the final LDF. This has reinforced the need for affordable housing and has helped to provide a robust evidence base to inform negotiations with developers to deliver Salisbury's 40% affordable housing target on all new housing developments in South Wiltshire. To date this has secured 40% affordable housing provision on two sites, which will provide a total of 130 new homes.

In addition to affordable housing requirements, the SHMA also identified the need for extra care housing, which is currently in short supply. The findings of the SHMA have been used to feed into a separate report on Older People.

3.2.3 Impact on partnership working

The development SHMA led to the establishment of a South Wiltshire Strategic Housing Partnership, which has assembled to take forward the recommendations of the SHMA and support the provision of both the public and private sector housing markets in South Wiltshire.

3.3 Methodology

3.3.1 Main elements of the approach taken

The approach taken in Salisbury SHMA was by and large the same as that taken in the Plymouth sub-regional assessment which is detailed in the previous section.

DCA was commissioned to carry out the Salisbury SHMA in August 2006. The work was guided by the December 2005 Draft Practice Guidance. Because the Salisbury sub-region consists of a single district the approach taken was essentially that of a local housing needs study, albeit with additional analysis of secondary data concerning economic and demographic trends.

The assessment was based on a household survey. In September 2006 a postal questionnaire to 8,715 households in 22 wards across the district was carried out generating 2,902 responses. Assuming a perfectly random sample (which these types of surveys invariably are not) this response provided a statistical confidence at 95% level of $\pm 1.86\%$.

In addition a bespoke telephone survey of local Estate Agents was carried out to gather information on sales and lettings.

3.3.2 Achieving the SHMA Core Outputs

Approach to current stock

Information on housing stock was obtained from the household survey, providing a reasonable snap-shot of the current situation. The assessment failed to look at how the housing stock has changed over the last ten years, and where there was some analysis, this was concerned with

'right to buy'. Additional analysis not covered in the assessment but required by the 2007 guidance includes changes to the number of residential properties due to demolition, conversion, new build, sales and transfers.

Approach to market trends, affordability and drivers

Data on existing household profiles within the Salisbury district was collected through the household survey and these findings were compared with 2001 Census data. Population estimates were obtained from Wiltshire County Council, which were in turn based on the Office for National Statistics (ONS) 2001 mid-year estimates.

There was detailed analysis of the *current* economic climate, current and future migration and number of newly forming households. In addition the report assessed the strategic implications of these drivers for the District. The only instance where past trends were analysed was in relation to the rate of employment. There was no analysis of past economic, housing, income or demographic trends. In addition there was no analysis conducted on how the economic environment of Salisbury District might change in the future, and the impact this could have on the housing market.

Supply and demand, house prices and rent by type and location and aspects of affordability were well-covered by a combination of primary and secondary data.

It would take a minimal amount of work to fill some of the gaps highlighted here, mainly in analysing future economic performance, to bring it up to the standard required by the 2007 guidance.

Approach to the future number of households

To estimate the number of future households in the Salisbury District the analysis utilises two data sources: the household survey, and Office of National Statistics projections. As noted above, there is a failure to integrate future economic scenarios into the assessment.

Approach to current housing need

The affordability calculation for buyers was based on a 95% mortgage and a 3 x gross income lending ratio. For the private rented sector the key affordability parameter was 25% of the gross monthly income. As in Plymouth, the Salisbury assessment follows the 2000 Good Practice Guidance Basic Needs Assessment Model to predict the future annual number of units of affordable housing required in the District. The model's inputs were obtained from the primary (household survey) augmented by some secondary data. The model has a total of 18 stages combined into three distinct sections assessing: backlog of existing housing need, newly arising need; supply of affordable units.

Approach to future housing need

This is included in the 18 stages mentioned above. The comments made in the analysis of the Plymouth SHMA are equally relevant here.

Approach to future market housing

Section 9 of the report details the future market housing and private rented demand for Salisbury District for both existing moving households and concealed households (new-forming). Having said this, the report is very much concentrated on the affordability requirement of the Guidance and does not adequately estimate the size of market housing required in the Salisbury District.

Approach to estimating the size of affordable housing required

Primary and secondary data sources were used together to assess the type and number of affordable units required, together with a needs distribution by sub-area, tenure, type, size and location. Section 10 of the Salisbury report details future demand for affordable housing requirements, including rented and intermediate, for concealed and existing moving households.

Approach to household groups with particular housing requirements

The report utilises the information provided by the household survey to investigate the specific needs of people with disabilities, older people, key workers and BME households. In doing so the assessment looked at support needs, including adaptation. The report discusses the BME theme well, including the current housing circumstances of members of ethnic communities in Salisbury, reasons for moving, type of property required and future demand for housing.

3.3.3 SHMA Process Checklist

Approach to defining housing market areas

Local Housing Markets were not defined as part of the Housing Needs and Market Survey. An internal division of the District into six sub-areas was made, these being Amesbury, Downton & Redlynch, Tisbury, Salisbury, Western & Mere and Wilton.

Approach to stakeholder engagement

No mention is made of stakeholders anywhere in the Salisbury HMA report.

Are housing market conditions assessed within the context of the housing market area?

Yes, this is generally the case.

Is a full technical explanation given of methods employed, with any limitations noted?

The survey methodology which was used is clearly explained including sampling and survey weighting. The survey responses were also compared with previous DCA questionnaire responses and triangulated with secondary data sources where applicable.

The report sets out step-by-step the affordability model that was used, indicating the source of the numerical inputs to the model. However the critical comments made regarding the Plymouth assessment are equally relevant to the Salisbury HMA.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

Again, the reservations expressed above for Plymouth apply here also.

Are effective quality control mechanisms used and reported on?

Aspects of quality control are not reported on.

Monitoring and updating

The report does not contain an explanation as to how or when the affordability model should be updated, or how the findings can be monitored.

4.0 Swindon

4.1 Key messages

Consultants DTZ were commissioned in 2006 to undertake a HMA for the Swindon sub-region. Most of the key messages presented below have been taken from the last four chapters of the main report, titled '*Future Housing Requirements, Future Affordable Housing Provision, Future Scenarios for the Sub-Region and Conclusions and Implications*'. A criticism of the study is that the key messages are not always easily traced back to the presentation of evidence and analysis presented earlier in the report.

4.1.1 Demographic change and market drivers

The population of the sub-region grew by 20% or 63,000 people between 1981 and 2004, reaching 387,000. This was a faster rate of growth than in both the South West (15%) and South East (12%) regions. Migration has been a major factor behind this growth. In the year of the 2001 Census there was a net inflow of around 800 households.

Between 1991 and 2001 the population grew by 7% while the number of households grew by 15% as the average household size declined. In comparison to the rest of the South West Region, the age profile of the Swindon sub-region has a low proportion of retirees and a higher proportion of 24-44 year olds as well as a higher proportion of children aged between 0-14 years.

The sub-region may have experienced a particularly big increase in single person households between 1991 and 2001 associated with a static Swindon economy (particularly the recession years in the early 1990s) and housing market and the consequent growth in the private rented sector (brought about by factors such as negative equity) which has drawn many single people into the area.

While population growth has been higher in Swindon than in both the South East and South West regions, the rate of job growth has been lower than the regional benchmarks. The 2004 Annual Business Inquiry (ABI) identified the most important industrial sectors within the sub-region to be distribution, hotels and restaurants, public administration, education, health, banking, finance and insurance.

High levels of population and household growth are expected to continue in the future, with the population forecast to climb from 387,000 in 2004 to around 440,000 in 2028. The number of households is expected to increase by around 45,000 during this period, most of which will be additional single person households. DTZ felt that projections may have overstated the level of growth in single person households. Nevertheless an important conclusion of the study was that both single and elderly households are likely to be the dominant drivers of household growth in future.

4.1.2 Housing stock

According to 2001 Census data the Swindon sub-region contains approximately 155,000 dwellings of which close to half (75,000) are in Swindon. Levels of owner-occupation were highest in North Wiltshire (76%) and Swindon (74%) and lowest in Kennet (65%) which, unusually for a rural area, has a high proportion of social rented housing (20%). Between 1991 and 2001 the number of households in the social rented sector decreased from 26,300 to 24,700 while rates of owner-occupation increased.

Between 1995 and 2004 the housing stock across the sub-region grew by 8% or 11,700 dwellings (1,300 pa), with growth being highest in North Wiltshire and Kennet. Mainly semi-detached and detached properties were built prior to 2000 but since there has been a switch to more flats being constructed.

Swindon has a larger proportion of flats in its dwelling stock, which is likely to have grown since the data was compiled in 2001. Occupancy ratings revealed high levels of under-occupation in North Wiltshire and Kennet. Of the three districts Swindon had the highest proportion of its stock classed as being overcrowded – 4%.

According to December 2005 land registry data, the average price in the sub-region was £188,500, with the district averages being £159,500 in Swindon, £207,600 in North Wiltshire and £249,900 in Kennet.

4.1.3 Future housing requirements and distribution

The assessment found that the Draft RSS allocations for the sub-region appear to represent a significant challenge when compared with previous completions and current annual commitments. At the time of the assessment, the total level of commitments across the sub-region between 2005 – 2016 equated to approximately 1,978pa. This level was around 20% lower than the annual average targets as identified in the draft RSS from 2006 – 2026.

The implication is therefore that even if the sub-region delivers its full quota of commitments over the next few years it will still fail to achieve the RSS targets. Household forecasts for sub-region, which were published by the Office of the Deputy Prime Minister (ODPM) in 2006, suggest that the sub-region may find it difficult to fulfil RSS targets should previous demographic trends continue in future. For example these projections suggest that the total number of households per annum will increase by 2,000pa, compared to RSS targets of 2,595 pa.

Although the degree to which previous patterns of demographic change will continue in future is uncertain, there is an implicit challenge for Swindon in the RSS targets. There is a need to improve the economic performance of Swindon in order to draw more people into the sub-region and to make Swindon a more attractive place to live so that job-led in-migration does not simply fuel demand in the rural parts.

Using output from local housing needs studies total affordable housing need in the sub-region was calculated to be close to 2,100 units per annum, which is broadly the total Structure Plan target for

all completions over the past ten years. It was pointed out that there was no net addition to the social housing stock in the sub-region in the ten years previous to the assessment, as new affordable units were offset by the number of right to buys.

Consequently, the overriding message to emerge from the Local Housing Needs Studies is that the sub-region requires as much affordable housing as it is able to deliver.

Each of the surveys provided information on shortage of different sized dwellings. In both Swindon and North Wiltshire there was a serious shortage of 4 bed plus properties, which indicated that these authorities may have difficulty housing larger families in affordable housing need. The SMHA suggests that the size of affordable housing to be provided would merit further investigation of the local Housing Register for each District.

The research pointed out that the need for affordable housing is unlikely to decrease during periods of rising economic prosperity; rather it is more likely to rise. Another important finding is that moving too far towards the provision of small dwellings could lead to long-term imbalances in the housing market. The under-provision of larger dwellings may also limit the scope to retain residents who wish to live in Swindon Borough but who cannot afford to trade-up and move into a larger dwelling. In addition, this may have an economic impact on the future growth of Swindon as it may act as a restraint on drawing in higher-skilled and higher-paid individuals who might consider moving into the area.

Section 8 of the SHMA provides a useful analysis of future scenarios for the sub-region in terms of the key social and economic factors that will influence Swindon housing in future and how these will produce different housing market outcomes. This identifies that the established dynamics between the urban and rural areas of the sub-region mean that the proposed distribution of development in the RSS faces a considerable challenge to counter these forces and to focus growth in Swindon whilst limiting development elsewhere. A second and further challenge arises from this in that if future housing development is delivered in line with the RSS and is focused within Swindon, it will need to be of a different type and size to the development of the past if it is to successfully appeal to households who would have otherwise bought or rented within the market towns and rural areas.

4.1.4 Key recommendations

A key role of the SHMA is to inform the development of the Local Development Frameworks (LDF) for each of the districts, to ensure that opportunities are taken to maximise the delivery and improvement of affordable housing provision across the sub-region. The study identified three major housing issues facing the sub-region which each will need to address:

- Overall volume and distribution of housing to be developed;
- Tenure and type of housing to be provided; and
- Size and type of affordable housing provision.

In considering each of these elements, the SHMA has made specific policy recommendations.

Firstly when considering the overall volume and distribution of housing specific reference has been made toward the ambitions of the Draft RSS. This identifies Swindon as the primary focus for development with specific regeneration and renewal priorities across its urban area. The RSS seeks to realise Swindon's economic potential, to balance housing and job provision by creating more sustainable patterns of development and seeking to reduce in-commuting from the surrounding rural areas. In achieving this vision, the RSS has set higher housing growth targets which go beyond past completion levels and the current Structure Plan provision as previously discussed above. In order to achieve RSS targets there will need to be a step change in the delivery of new housing and this will be a significant challenge for the sub-region. In view of this, the SHMA recommends that the delivery and distribution of housing be kept under review. It also recommended that neither Kennet nor North Wiltshire should seek to limit housing development in the early years, thus effectively frontloading housing provision.

The second recommendation suggests that in order to deliver the step change that is required for Swindon there is a need to establish a special delivery vehicle, for example a single planning and housing delivery team to focus on major housing developments.

A key consideration in Swindon is the need to achieve economic development and to deliver the housing targets established in the RSS. As previously stated, the SHMA feels that this represents a considerable challenge for Swindon given the scale of new supply sought and the weaker condition of the housing market in comparison to the rest of the sub-region. For this reason, it was recommended that Swindon maintain its existing affordable housing quota of seeking a 30% contribution on all development sites. It also recommends that a housing policy be drafted for Swindon, which requires that part of the affordable housing requirement be met by intermediate housing. On this basis a 30% affordable housing quota should deliver 20-25% of social rented housing and 5-10% of intermediate housing.

The Housing Needs Surveys indicated that the majority of households in need will be small, requiring dwellings of one to two bedrooms. In addition surveys for both Swindon and North Wiltshire highlighted a shortage of larger family type housing. With this in mind, it was recommended that districts should analyse their Housing Registers. In the case of Swindon it was recommended that the type of households in priority need and that size and type of affordable housing should take into account an analysis of the characteristics of different households upon which the local authority has a duty to house and based upon the existing patterns of re-lets. This evidence should be monitored regularly and used to feed into discussion with Housing Associations. It also recommended that in order to support the economic growth aspirations of Swindon and to help foster a larger amount of in-migration, the provision of well-designed executive style housing should be made a policy consideration.

Turning to the provision of affordable housing in the market towns, it suggested that the housing markets within these towns could withstand a higher affordable housing quota than Swindon. It was therefore recommended that a 40% affordable housing quota could be accommodated in the

market towns across the sub-region. In addition, it was considered that there was a strong case for increasing the scale of new housing provision in rural areas beyond existing targets and that this increased provision could be accommodated in the market towns. This would help to deliver higher housing numbers and seek to meet the regeneration requirements of the market towns. North Wiltshire in particular has the capacity to absorb a higher scale of development than currently planned for. As with Swindon, it was recommended that affordable housing policies for both North Wiltshire and Kennet be drafted in a way that seeks to achieve the provision of intermediate housing.

Finally, the SHMA recommended that affordable housing quotas in villages and rural areas should seek to achieve a level of 50% affordable housing provision and that this should comprise a requirement for the provision of at least 30% social rented housing and 20% intermediate housing.

4.1.5 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

In comparison to the South West, the proportion of second homes is generally low at around 0.5% of the total stock.

Private rented sector

The private rented sector in Swindon Borough grew by around 70% between 1991 and 2001 and has continued to grow after the Census year, particularly with the development of the Buy to Let and town centre apartment market. Many single people who have moved into Swindon have been housed in the private rented sector. The sector has grown to accommodate those that find themselves priced out of owner-occupation and who do not wish to or are unable to access social rented accommodation. The decline in the absolute number of social rented dwellings in Swindon will have further compounded this pattern and the rise in Buy to Let investment is a logical market response.

The private rented sector therefore plays an important role in the sub-region, particularly within Swindon Borough. However, in the immediate future the Buy to Let market, which has underpinned growth in the private sector in the wider South East and South West, is likely to slow. Mechanisms to boost institutional investment in residential property (such as Real Estate Investment Trusts) are being developed by government, but would take time to have an impact on the market.

The intermediate market, low cost market and key worker housing

The SHMA makes use of data used in the 2003 Joseph Rowntree Foundation study '*Can't Work-Can't Buy*' which indicates that average key worker earnings are less than the income required to purchase a home in all of the Local Authorities. According to these figures, Swindon is the most affordable area of the sub-region with key worker salaries almost 70% of the income needed to purchase a home, while North Wiltshire and Kennet are less affordable at 59% and 63% respectively of the income required to purchase a home.

The SHMA calculated the number of households in the intermediate market to be 17,800 of which 8,900 are in Swindon, 4,700 in North Wiltshire and 4,200 in Kennet. Section 9 of the Report looked at the options for the delivery of intermediate housing market products.

Older Persons' Housing Issues

2004 based mid-year population estimates show that the overall age profile of the Swindon sub-region is similar to Great Britain as a whole, with around 15% of the population aged over 65, in comparison to the South West which has around 19%. The SHMA identifies that if trends continue, the structure of the sub-region's population base will gradually move closer to that of the South West - towards higher concentrations of older age groups.

BME Housing

Census 2001 data was examined showing 3% of the sub-regions' population was of non-white ethnicity. The assessment looked at national patterns using data from the Survey of English Housing (SEH) but contained very limited specific local information on this theme.

Migration

Census 2001 data (covering just a single year) showed 5,500 households moving into the sub-region and 4,700 leaving resulting in a net in-flow of around 800 households. Single adult households comprise the highest number of in-migrant households (283 net) closely followed by families (282 net). This theme was not explored in any great depth.

Rural housing

The assessment also makes some clear policy recommendations on the level of affordable housing provision and the size and type of affordable housing in the market towns and villages and rural areas of both North Wiltshire and Kennet. In the 'Future scenarios' section the report identifies the limited supply of affordable and social housing in rural communities and points out that the policy of urban concentration of new affordable housing in Swindon could lead to social segregation and hinder the achievement of balanced and mixed local communities.

4.2 Dissemination and impact

Information on the dissemination and impact of the Swindon SHMA stems from interviews undertaken with housing and planning officers from Kennett and Swindon District Councils.

4.2.1 Dissemination

The SHMA was completed in October 2006. It was reported to full Council in Kennet but not in Swindon. Stakeholders were engaged throughout the process and received briefings and presentations on the emerging findings. In addition a number of local authority planning and housing officers from both districts were engaged in the process but no specific briefing was held for staff at the end of the assessment process. A copy of the final SHMA is available on the websites of both districts.

4.2.2 Impact on planning, strategy and policies

Kennet

The SHMA is expected to provide the evidence base to support the development of policies within the Local Development Framework and the Council's Housing Strategy. However, to date no new policies have yet been adopted and it has not had any impact upon S106 agreements or new housing developments. With the possible exception of migration and the intermediate market the assessment did not provide a great deal of detailed information of use to formulate policy.

Swindon

The impact of the SHMA was very limited in Swindon. Some information was chosen selectively from the report and inserted into local strategy documents, for example with regard to the need to promote more "aspirational" (higher end of the market) housing on development sites in the city. The study helped to confirm that there was an oversupply of 3-bed houses and that smaller (2 bed) and larger (4 and 5 bed) units should be prioritised. The SHMA was also referred to at the RSS Examination in Public (EiP), but this was only in passing.

But the Local Housing Needs Study (originally carried out by Fordham in 2005 and subsequently updated) provided much more detailed (survey generated) evidence and it was therefore far more influential than the DTZ sub-regional assessment. This study and the Swindon Joint Study (2005) have been the key documents informing recent development strategies in Swindon. The SHMA has been largely ignored.

The Swindon SHMA came out at around the time the RSS Revision process was starting up and it suffered from a lack of attention as a result. In hindsight it is felt that it would have been better to carry the Assessment out at a later date. For a large part, the weaknesses of the Assessment only became apparent when it came time to put it use its findings in practice. These weaknesses included:

- A lack of detailed coverage and analysis of some housing market aspects;
- Too many facts and figures that were already known;
- Too little focus on actual market strengths and weakness;
- A lack of future orientation and the exploration of scenarios.

From a planner's perspective, the assessment should have provided more market context information that could have been used to inform site viability assessments. More work on scenario building would have been preferred, looking at the way the housing market might develop and the key factors that could influence this. Because of the lessons learned in the 2006 a better research brief will be able to be written the second time around.

4.2.3 Impact on partnership working

The Swindon SHMA process helped to establish and strengthen relationships between planning and housing officers in neighbouring authorities and this has continued in an informal way since the completion of the work.

4.3 Methodology

4.3.1 Main elements of the approach taken

The Final Report of the Swindon Sub-region HMA was completed in October 2006. The Assessment therefore predates the latest CLG Guidance. Nevertheless the analysis was conducted in accordance with the Government's draft guidance as well as the 2004 HMA Manual prepared by DTZ on behalf of the ODPM. The approach taken is a market-wide one which integrates housing with the fields of planning, economic development and regeneration.

Most secondary data is presented for the three districts, and is totalled for the sub-region; this is benchmarked against the South East and South West regions. One criticism of the Final Report is that there is a tendency to 'labour the point' with regard to much of the analysis and the choice of maps, graphs and tables is not always optimal. As a result, many pages are filled with a limited amount of information, making the Report less concise. The assessment presents much information which is already generally known locally and in some places lacks thoughtful joined up analysis.

National trends and evidence is frequently referred to in the report and the relevance of these findings for the Swindon sub-regional market is not always demonstrated.

The report contains a good summary of conclusions and recommendations. However it is not always easy to trace these conclusions back to the data analysis provided in the report. It is most likely that many of these conclusions were reached independent of the data analysis, being based instead on stakeholder engagement or the general market awareness of the report writer. Because of this the value of the secondary data analysis can be brought into question.

4.3.2 Achieving the SHMA Core Outputs

Approach to current stock

The Census is the main source used to explore the current housing stock. Aspects examined include type, tenure and size, housing density, voids, under-occupancy and overcrowding and second home ownership. Given that the Assessment was completed in 2006, this data was already out of date at the time.

Stock change 1991-2001 is also plotted using Census and Community Data Services. Wiltshire County Council data is used to compare completions to target completions and the Report contained some discussion about the need to raise future completions to meet household growth projections and support development strategies.

Approach to market trends, affordability and drivers

DTZ presents a conceptual framework for the operation of housing markets. This large flowchart provides a useful overview of all factors governing housing market dynamics, indicating the interplay between supply and demand sides. This is followed by a clear description of supply and demand factors in the text, which are firstly viewed at the national and regional levels.

Census 2001 data and ONS mid-year population estimates show demographic trends and age profile. Census 2001 is also the source for household composition, tenure and household migration into and out of the sub-region. With regard to migration the use of Census data is a weakness as this is only a single year and there is the possibility of significant fluctuations from one year to the next. The growth in the number of households is shown by comparing Census 1991 and Census 2001 data.

Economic drivers are covered by looking at a range of secondary data sources including the Census, the Annual Business Inquiry, the Annual Population Survey, the Benefit Claimant Count, the Annual Survey of Hours and Earnings and DTZ's own figures on Gross Value Added (GVA). In addition Audit Commission Area Profiles (Local Quality of Life Indicator Set) and the Index of Multiple Deprivation are examined.

Trends concerning house price and sales volumes are analysed using (free) Land Registry datasets. With regard to affordability ODPM, Land Registry and Annual Survey of Hours and Earnings data are combined to analyse the change of lower quartile price and income ratios between 2002 and 2005. This is augmented by findings from two Joseph Rowntree Foundation studies – *'Can Work-Can't Buy'* (on key worker affordability) and *'Affordability and the Intermediate Housing Market'*.

The Assessment then introduces CACI data showing the distribution of household incomes and compares this to lower quartile house prices to arrive at the number of households unable to purchase at this level based on income alone. This calculation assumes purchasers can afford an 18% deposit and applies a mortgage multiplier of 3.5. This affordability calculation is rolled out at postcode level for the sub-region.

In the absence of policy-based economic forecasts, DTZ constructed its own trend based projections using historic data. Employment and GVA were projected and reference was made to the Swindon Joint Study which tested development scenarios based on extra dwellings to 2026. Although this modelling was somewhat simplistic the Report (in chapter 10) does at least make some attempt to set out the future long-term implications for the housing market, something that is not attempted in all SHMAs.

Having said this, a point made by a planning officer was that the assessment failed to provide enough insight into possible future market scenarios and the output does not sufficiently inform strategic development choices and factors that might affect site level viability. A lesson to take forward is that rather than detailing (vague) long term economic projections future work should be more focussed on exploring shorter term housing market trajectories.

Approach to the future number of households

Wiltshire County Council household forecasts at district level showing household change 2006-2026 are presented. These are based on 2003-based CLG projections. DTZ places question marks next to the level of projected growth of single person households, stating that factors in the past will not necessarily be repeated in the future.

Approach to current housing need

The Swindon sub-regional SHMA does not contain its own housing needs calculation. Instead the assessment relies on the figures produced by local housing needs studies carried out independently by Fordham Research in each of the sub-region's three districts. These local housing needs studies were carried out in 2005 or 2006, although the North Wiltshire study was an update of a HNS completed 2000. This would indicate that the North Wiltshire household survey was conducted some six years prior to the SHMA, which is a significant weakness.

Approach to future housing need

The report states simply that the Swindon sub-region requires as much affordable housing as can realistically be delivered to meet need, now and in the future. No calculations or modelling work is done to quantify what this might be. The report quotes affordability percentages contained in extant local planning documents. In examining the potential role to be played by the intermediate market the SHMA looks at a range of national research findings and policy developments as well as local affordability profiles. The treatment is generally descriptive rather than empirical, providing pointers rather than solid conclusions.

Approach to future market housing

To work out the implications of household forecasts for the number of dwellings of different size, DTZ used data from the 2001 Census on household composition and matched these (broadly) to the household type categories used within the Wiltshire County Council projections.

The report notes that the relationship between household size and type and dwelling size and type is not straightforward and a series of graphs using regional level census data are presented to make this point. The assessment then advocates larger dwellings be promoted ahead of small ones based on a series of arguments including the need to balance the market and national research findings – the work of Professor Dave King of Anglia University is referenced.

Approach to estimating the size of affordable housing required

The DTZ study covers this aspect by quoting the general conclusions contained in the Local Housing Needs Studies carried out by Fordham Research. It adds that the size of affordable housing to be provided would merit further investigation by analysis of the local Housing Registers and comparing the waiting times for certain size properties. No independent work is carried out in this area and the suggested avenues for further research therefore go unexplored.

Approach to household groups with particular housing requirements

This core output is barely covered. The Assessment does not go beyond the presentation of some very basic statistical profiling of the BME community, and much of this is at national level using

Survey of English Housing data. The treatment of the housing needs of older people is confined to the presentation of a limited number of general considerations which are not linked in with any specified data analysis.

4.3.3 SHMA Process Checklist

Approach to defining housing market areas

The Swindon Assessment contains a detailed analysis of household movements using Census 2001 data and travel to work patterns using Census 1991 data which was updated (somehow modelled), as the 2001 Census TTW data was not available at the time. These sources were augmented by more recent NHS Patient Register data as well as input from several local surveys.

The data analysis was in the first place directed at establishing the shape and size of the sub-regional housing market. Because the analysis did not point to strong local sub-markets (with the possible exception of the town of Swindon) it was concluded that the HMA report would be most usefully presented for the sub-region as a whole, and individually for each of the three LAs (Swindon, North Wiltshire and Kennet), rather than formulating an alternative ward based definition of local market areas for the sub-region.

Approach to stakeholder engagement

According to Annex A of the DTZ report two stakeholder events were held attended by over 50 individuals and organisations from the public and private sector in the sub-region. In the first event (May 2006) break-out groups were held to discuss interim findings and identify issues and considerations for the future. These discussions were used to inform further work on the SHMA. In the second event (July 2006) draft conclusions were debated. Annex A does not contain a list of attendees so it is not possible to comment on the mix of people in attendance.

Are housing market conditions assessed within the context of the housing market area?

The Report refers extensively to national level trends and research, particularly when there is a paucity of data available at the local level. In these instances the relevance to local context is not clearly demonstrated. For example much of the analysis on income growth and distribution are at national or regional level and, curiously, the report contains conclusions pertaining to the London and the South East Region. Because of this it can be said that housing market conditions are not consistently assessed within the context of the housing market area.

Is a full technical explanation given of methods employed, with any limitations noted?

The SHMA does not make use of any complex modelling to produce outputs so little in the way of technical explanation is required. No limitations of the approach taken are noted in the final report.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

Where secondary data or other research is drawn upon, this is made clear in the report. But the exact origin of many of the views presented is not sourced and, as stated earlier, it would appear that much of the discussion of market trends and many of the findings are based on the general

knowledge of the writer of the report rather than an analysis of secondary data. The argumentation presented is easy to follow.

Are effective quality control mechanisms used and reported on?

This is not done at all in the report.

Monitoring and updating

Appendix B brings together advice on monitoring and updating the housing market assessment. A table is providing showing the datasets that should be updated, but this does not provide insight as to when the various data sources will become available for renewal and is therefore nothing more than a list of sources used. A number of recommendations are made concerning additional monitoring although the feasibility of some of these can be called into question.

5.0 Exeter/Torbay

5.1 Key messages

Opinion Research Services (ORS) produced a main report of study findings covering the entire Exeter/Torbay area as well as an executive summary report, a technical report, five separate local authority reports and finally a report of assessment findings for the Dartmoor National Park Area. This brief summary of key messages is based on information contained in the first two of these reports. The executive summary in particular provides a clear, concise and user-friendly overview of the key messages of the assessment and as such is an example of good practice.

5.1.1 Demographic trends and future housing requirement

At the time of the 2001 Census the population of the Exeter/Torbay area was 560,000, with a proportionately larger population of retirement age than England and Wales as a whole. At that time the two sub-regions contained 241,700 households and the average household size was 2.32.

With fewer births than deaths within the two sub-regions, the local population is currently declining. Despite this, changes in household structure means the number of local households is still on the rise. Demographic modelling used in the assessment pointed to the need for close to 7,500 homes over a 5 year period to meet the housing requirements of the area's existing residents.

On top of this requirement net in-migration is causing the population to rise. The assessment recognises the importance of factoring in this trend when determining the overall requirement for new homes, as any decision to only build for the area's own population could mean local households could come off second best when faced with competition from households moving in from elsewhere.

Modelling based on past trends indicate between 8,800 and 11,700 dwellings over a 5 year period are required to meet the demand arising from net in-migration. When added to the local requirement (above) a figure is arrived at for the overall housing requirement in the Exeter/Torbay sub-regions over the 5 years 2008 to 2012: between 16,300 and 19,200 additional dwellings. Given that about 10,900 new houses were built in the area over the 5 years to 2007 a step-change in the rate of house building is needed to meet this projected requirement.

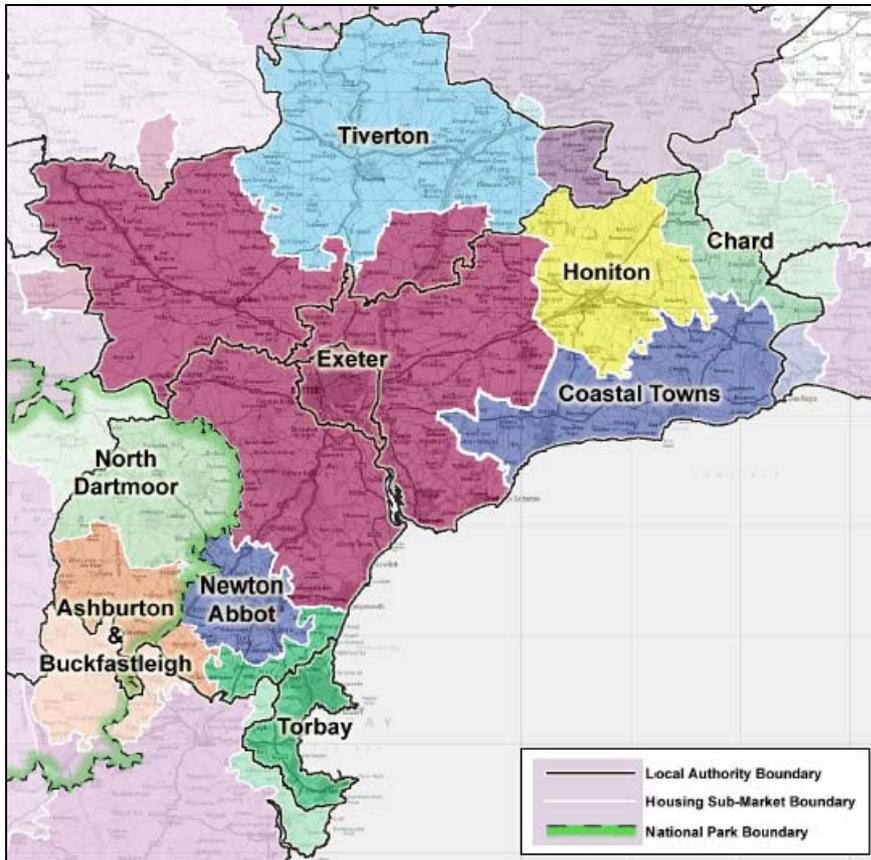
The assessment recognises the constraints to raising new build levels but urges planning and housing authorities, the development industry, housing associations, delivery agencies and funders to play their part in meeting this challenge.

5.1.2 Sub-markets within the sub region

ORS defined 9 functional housing sub-market areas within the dual Exeter/Torbay sub-regions based on an analysis of migration and travel to work data from the Census 2001. These ranged in

size from Chard with 1,100 resident households to 111,000 households in the core Exeter urban area.

Housing sub-markets of the Exeter/Torbay sub-regions



Source: *Exeter & Torbay Strategic Housing Market Assessment 2007, Main report p. 14.*

These sub-markets overlap LAD boundaries – the Exeter sub-market for example includes households from Exeter City, East Devon, Mid Devon and Teignbridge. The Chard sub-market is centred on this town in South Somerset, outside the boundary of the Exeter sub-region and is larger than the 1,100 households in East Devon district measured in Exeter/Torbay assessment. Similarly the Ashburton & Buckfastleigh and the North Dartmoor sub-markets overlap with the Plymouth sub-region to the west. These cross-border areas exist because the assessment boundaries were ‘snapped’ to LAD boundaries. Despite devoting a separate analysis to the Dartmoor National Park area, the earlier Plymouth assessment (2006) failed to provide any sub-market analysis, nor investigate cross-border housing market relationships. In the case of Chard it will be interesting to note whether the South Somerset assessment takes account of the cross-border relationships identified in the ORS study.

5.1.3 The distribution of housing requirements

ORS used these sub-market areas to frame the geographic distribution of housing requirement, dividing up the total of 19,200 new builds in the following way:

- Exeter: 8,000

- Torbay: 4,700
- Coastal towns: 1,700
- Newton Abbot: 1,600
- Tiverton: 1,200
- Honiton: 900
- Ashburton & Buckfastleigh: 800
- Chard (East Devon part of the sub-market): 200
- North Dartmoor: 100

ORS concluded that “in planning for future housing provision, partners should consider adopting a sub-regional target for housing delivery which can be monitored by housing sub-market” (Executive Summary p. 4). The assessment emphasised the importance of effective joint working between partners to maximise the amount of funding that they are likely to secure for affordable housing provision, pointing to an indication given by the Housing Corporation that funding streams for 2008-11 will be allocated to housing market areas rather than on a district basis.

5.1.4 The importance of managing the existing stock

This was a major theme identified by the assessment and a number of key points were made. Firstly, the household survey pointed to problems with the condition of 21,800 homes in the Exeter/Torbay sub-regions, of which around 8,100 are unlikely to be brought up to an acceptable standard without intervention. There were also found to be significant levels of (technical) under-occupation of larger homes and a view was expressed that efforts should be directed to establishing what might encourage more households to “down-size”.

The assessment found that the identified requirement for 1 and 2 bed dwellings could be met in part by sub-dividing large existing homes, reducing the requirement for new builds. Furthermore the household survey indicated that circa 8% (2,400) social tenants could afford market housing but have few incentives to do so, and effort should be made to investigate ways to change this in order to reduce the requirement for new build social housing.

Finally, the impact of an ageing population was considered. Of 7,600 households identified with support needs 4,100 hoped to stay in their current home. Of these, 720 identified that they required additional support and over 2,300 identified that their current home required adaptations. This has implications for the nature of homes provided and the future commissioning of health and social care services and requires effective partnership working.

5.1.5 The need for affordable housing

The ORS assessment measured the need for new affordable homes in the dual sub-regions over the next 5 years to be 10,000, of which 7,200 should be social rented and 2,800 should be in the intermediate market segment. This is more than 50% of the total housing requirement. Given an annual production rate of less than 400 affordable homes over the previous 5 years, provision needs to be stepped up by a factor of 5.

It was found that affordable housing provision could best be maximised by:

- Targeting areas with lower land values (to best use grant funding);
- Delivering 100% affordable housing on selected sites owned by Local Authorities;
- Utilising existing properties and renovating vacant housing;
- Working with Rural Housing Enabling Officers, helping them to identify suitable sites in housing areas.

5.1.6 Coverage of selected themes

Second Homes/ Buy to Let/Buy to Leave

The household survey picked up on the presence of second homes (close to 3% of the stock) but only from the perspective of occupiers of these dwellings. It further notes that second home figures should be treated with caution as households in their main home may have been more likely to participate in the survey which could introduce a bias in the results. The second home figures given also exclude properties with temporary residents, such as holiday lets. The report does not contain a clear indication of the overall number of second homes in the two sub-regions and does not consider what the effect market activity related to second homes might have on the overall residential market. The report does not mention Buy to Let and Buy to Leave activity at all.

Private rented sector

The household survey revealed that 13% of households in Exeter/Torbay were housed in the private rented sector (PRS). This is a relatively high proportion compared to the national average. Furthermore it was found that the PRS had a high turnover, with around 35% of tenants having lived at their current address for less than a year. There was some analysis of movements between tenures. A survey of letting agents provided data on PRS rent levels which was used in the affordability calculations. The assessment goes on to provide insight into the availability of housing stock by required income, providing a tenure breakdown which includes the PRS. Overall the coverage of the PRS can be described as good.

The intermediate market, low cost market and key worker housing

The assessment found that the lack of movement from the social to the market sector was indicative of an “intermediate housing log jam”, and that the intermediate housing offer needed to be expanded to address this problem. The ORS model of housing flows (explained in brief in chapter 4) calculated the need for intermediate housing in the sub-region. According to the model used in the assessment those earning between £15,000-25,000 faced the greatest shortage of housing offer.

There was no analysis of the size of the intermediate sector at present, and limited insight into current market attitudes towards the tenures or the practical experiences of those offering intermediate products (for sale or rent) was offered by the main report. Additional information stemming from focus group sessions was provided in the Technical Report, but this was not integrated into the main findings. There is no mention made of low cost market housing.

The report contained a section on public sector workers. 24% of all households responding to the household survey contained at least one person who worked in the public sector. The survey found that around 20% of households with a public sector employee as their only working adult reported that their housing costs were putting a strain on their finances. Interestingly, the survey revealed very few public sector worker households who wanted or needed to move would consider the housing products which are designed for key workers. The assessment covers the key workers issue well, providing an evidence base and offering possible policy leads.

Older Persons' Housing Issues

41% of all respondents to the survey were aged over 60 years. The report explored this group in some detail, looking at the current housing situation of older people and examining issues such as care and support needs. A good evidence base is provided as well as a number of policy leads.

BME Housing

Census data showed the people of Black and Minority Ethnic (BME) background to make up 3.3% of the total population of the Exeter/Torbay sub-regions. A large proportion of these people were in the 20-29 age group and a data suggested a strong link to the University of Exeter. The household survey did not cover this group sufficiently to allow any meaningful analysis. Instead, several sources of secondary data were used to conduct a limited exploration of this theme. Evidence was also presented on the numbers of workers entering the sub-region from the A8 countries in Eastern Europe.

Migration

The assessment covered migration well using data from the Office of National Statistics (ONS) Migration Statistics Unit. Flows between the sub-region and the rest of England as well as the rest of the South West region were covered in some depth as were movements within the sub-region, using the sub-markets as a basis for this analysis. The largest net inflow into the sub-region at district level was shown to be from South Hams, and the largest net outflow to be to Taunton Deane. The analysis showed that households from outside the sub-region were most likely to move to the Coastal Towns sub-area, and there were significant movements from Exeter to East Devon. The age of migrants was also analysed, showing the 45-64 age group to be the most numerous in terms of net in-migration. Finally, year by year figures covering the period 2001-2005 showed a sharp drop in the number of in-migrants in the last year of the series.

Rural housing

Affordability problems in rural areas are made more acute by the difficulties of funding affordable housing, finding suitable sites and competition from those buying in to the housing stock for investment or second homes.

5.2 Dissemination and impact

Interviews were conducted with Council Officers at Exeter City Council, East Devon District Council, Teignbridge District Council, Mid Devon District Council and Torbay Unitary Authority to gain insight into the dissemination and impact of the Exeter/Torbay SHMA.

5.2.1 Dissemination

The Exeter/Torbay assessment was on the whole effectively disseminated within the five participating local authority organisations. Consultant ORS briefed the Steering Group with the Draft Final sub-regional report in the summer of 2007. The Steering Group included both housing and planning staff from each district. Their close involvement with the project ensured that it was a well-known body of work within both departments, certainly at a senior level although formal briefings to all staff did not take place. Local authority housing and planning portfolio holders were also involved in the project at certain key points – at the launch of the research and at the presentation of the sub-regional findings.

The sub-regional report was formally tabled at a full Council meeting in Teignbridge although the subsequent district level report was not. In East Devon the SHMA reports were presented to an Overview Committee with minutes going to the Executive Board. Nor was the completed assessment formally presented at full Council meetings in Mid Devon and Exeter. In Torbay there was a presentation of the summary findings at a full Council meeting in June 2008, at the same time as the presentation of the Council's Housing Strategy.

Interview responses indicated that economic development departments were not greatly involved in the assessment, nor were economic development staff formally briefed with the findings. There was also little evidence of dissemination to the wider housing market partnership beyond those organisations already closely involved in the project. An exception here was Torbay where key findings were presented to the local Strategic Partnership as well as at a Housing Strategy launch event.

The report is available on the website of the Devon Strategic Housing Group and both sub-regional and local reports were accompanied by press releases.

5.2.2 Impact on planning, strategy and policies

The general picture distilled from the interviews with local authority housing and planning officers was that the SHMA was too recently completed to have had a major impact on planning and strategy. Although the sub-regional report was signed off in August 2007, work continued on the district level reports well into 2008, with issues of contention in more than one district not resolved until March of that year. The interviews did however shed light on the relationship between the SHMA and Local Development Frameworks which are at varying stages in each district.

Teignbridge

Teignbridge's Core Strategy was formulated parallel to the SHMA process, and was subsequently invalidated by the Planning Inspectorate due in part to the lack of integration with the SHMA. The

Core Strategy will now have to be redone, and until this work is completed (which is expected to take about a year) the SHMA will function as a *de facto* Core Strategy for the district. The SHMA will provide evidence during the re-writing of Teignbridge's LDF and will form the basis for Supplementary Planning Documents (SPDs) on affordable housing. Some changes have already been made to affordability ratios in the district. Teignbridge's housing strategy will be reviewed later in 2008 and the SHMA will undoubtedly provide the evidence base for much of the revision.

The importance of optimising the use of existing stock, particularly with regard to older people and unfit dwellings, was highlighted in the SHMA and this has led to a new housing renewal strategy being adopted in the district. Local Area Agreements promoting new ways of husbanding stock and ensuring it is suitable for groups with special needs have recently been drawn up. This is considered to be a major impact of the SHMA in Teignbridge.

Concerning its impact on development in Teignbridge, the SHMA is likely to support moves that are already afoot. This includes the location of new development on the district's borders. In promoting this, the RSS was influenced by the first results of the SHMA. Housing numbers in the RSS were also "tweaked" by early assessment output. Devon County Council was a key link in ensuring output from the Exeter/Torbay assessment had an influence on the RSS work being carried out at the same time.

Elected representatives at Teignbridge Council are yet to make key decisions concerning the type of new housing required and it is therefore too early to know if SHMA findings will be endorsed. A pivotal issue here is the desirability of catering for 'overspill' households from neighbouring authorities or prioritising demand from local households. These two sources of demand have differing profiles. Traditionally the urban core of the sub-region has catered for smaller households while the rural areas have catered for larger ones. The assessment is yet to have an effect on S.106 agreements.

East Devon

East Devon's Housing Strategy is yet to be renewed and it is therefore too early for the SHMA to have had an effect on it. This is also true of the district's Sustainable Communities Strategy. A Core Strategy options paper was planned to be produced in the second quarter of 2008 and it is expected that this document will have made use of the evidence provided by the SHMA. With the possible exception of the Homelessness Strategy, the assessment is yet to have had an impact on any policies, guidance or targets issued by East Devon Council, although it is expected to do so in the future. This is also true concerning its impact on development. The LDF will be informed by the SHMA and it may provide justification for departures from the local plan being allowed in certain circumstances.

Mid Devon

As in East Devon, Mid Devon's local Housing Strategy has not yet been renewed since the availability of output from the Exeter/Torbay SHMA. The district's LDF on the other hand is quite far advanced. Generally the LDF is much in accordance with the SHMA so there is little cause for changes to be made. One change recently made was the raising of the district target for 300

affordable homes in the coming five years to 100 annually. Affordability problems in the district were already well recognised but the SHMA reinforced the decision to enact this increase, speeding up the process. The SHMA also gave weight to a renewal of policy concerning private sector housing assistance.

The SHMA is yet to have an effect on the location of new development within Mid Devon district. The LDF is too far advanced for this and most villages have already appraisals in which issues of housing need have been settled. In terms of the size of new homes required, the assessment confirmed the existing picture.

Exeter

Council officers at Exeter City are not supportive of the approach taken by ORS and the results of the Exeter/Torbay assessment. One criticism is that the results do not accurately reflect demand patterns on the ground. It is felt, for example, that the assessment does not pay enough attention to the severity of housing need faced by some groups, treating all groups equally rather than recognising that some groups are in a more urgent situation than others due to a lack of fall-back options.

Because of reservations about the validity of some of the findings, the council feels it is necessary to act against the influence of the SHMA on policy. The city's LDF is currently being negotiated and the draft LDF incorporates outputs from the SHMA which are being contested by the council's own housing team. This has led to a discussion within the council about the nature of Strategic Housing Market Assessments, in particular whether additional evidence now being assembled to counter the findings of the original ORS assessment can be considered to be part of the ongoing assessment process.

The assessment has not had an effect on targets and thresholds. The threshold in terms of housing numbers at which developers are required to provide affordable housing might be lowered from 15 to 3 but this has more to do with viability than any output from the SHMA. Similarly, there is a proposal on the table to lift the affordability target from 25% to 35% but this would have been done regardless of the SHMA. It is not felt that the SHMA provides sufficient evidence to back policy on the location or type of new housing, especially affordable housing. Exeter also takes the view that the SHMA mirrors the housing numbers put forward by the RSS, but it has not played a role in driving RSS.

Torbay

The SHMA was an important input informing a new Housing Strategy in Torbay. The Assessment has endorsed the direction of travel that policy was already moving in. Examples here include additional resources going into the Private Sector Housing Team, and reinforcing the political will to address affordability problems. A recommendation contained in the assessment led directly to a new Affordable Housing Coordinator for the district being resourced.

It was also felt that the Assessment had an influence on the RSS EiP Panel Report, promoting the raising of target new build numbers, and that once the RSS is finalised this influence is expected to

filter through to the LDF. It is also anticipated that the affordable housing threshold will eventually be lowered and the SHMA provides evidence to support this.

The SHMA's influence on the size of dwellings required is less clear, as there is a discrepancy between what the Assessment concludes (smaller dwellings required) and what the waiting lists are indicating (shortage of larger dwellings).

5.2.3 Impact on partnership working

A direct spin-off of the SHMA launch in August 2007 was the formation of a cross boundary workgroup of portfolio holders and senior council officers from all constituent districts. Both planning and housing officers were involved and there was representation from the Housing Corporation (now the Homes and Communities Agency). An action plan for the coming year has been formulated to take the assessment forward, ensuring that the actions it recommends are put into effect. This includes issues such as affordability, S.106 agreements and land banking. These are development issues requiring agreement between the sub-regional partners and a proactive approach is being encouraged.

5.3 Methodology

5.3.1 Main elements of the approach taken

The CLG Practice Guidance was published in March 2007¹ and at that point in time the Exeter/Torbay SHMA research was in its middle stages. It is not therefore reasonable to expect the assessment to have taken a methodological approach that was fully based on the Guidance.

Most of the evidence used in the assessment was gathered through a household survey, which consisted of door to door interviews conducted between November 2006 and February 2007. This was augmented by the analysis of secondary data from numerous sources. Additional primary research was also undertaken; firstly a survey of lettings agents was conducted, gathering information on the PRS housing offer. Secondly a series of interviews and focus group meetings took place with a range of stakeholders to gain qualitative insight into important housing issues.

Concerning the household survey a total of 3,476 households were successfully interviewed, circa 1.4% of all households in the two sub-regions. The ORS report stated that when considering the entire dataset, primary data for the sub-region is accurate to within $\pm 1.7\%$ points at the 95% level of confidence based on a 50:50 split. Where there is a majority-minority split of 90:10, the data accuracy improves to $\pm 1.0\%$ points at the 95% level of confidence.

¹ The final version of the CLG Guidance was published in August 2007. When compared to the March version the amendments made were relatively minor ones. These were limited to the insertion of several sentences on page 42 allowing Housing Market Partnerships to vary affordability thresholds for buyers and renters if justified by local circumstances.

Close to thirty different secondary data sources were used throughout the assessment, and in some cases these sources were compared to the findings of the primary research.

A key methodology element of the Exeter/Torbay assessment is the ORS Housing Market Model, which is a flows model. As stated in the report “instead of focusing only or primarily upon poorer households and social sector need, it interprets the interaction of requirement and supply across all sectors of the housing market. Social sector needs are interpreted within the context of market housing demands. This takes account of the interaction of effective and ineffective demands and needs, and the likely supply from the range of properties vacated within the existing stock. The Model interprets the market dynamically – by likening the interchange between households and vacancies to musical chairs” (main report of Study Findings, p. 77). Most of the input for the model is generated by the household survey, augmented by house price data used in the affordability calculations.

The Model is based on the approach advocated in the Local Housing Needs Assessment: A Guide to Good Practice (Bramley and Pawson, DETR, June 2000) and the subsequent Housing Market Assessment Manual (DTZ Piedad Consulting, ODPM). The ORS Model is configured to answer the following key questions:

- How many additional units are required?
- How many additional units should be affordable homes?
- For what type of open-market housing is there demand?; and
- How will ‘demand’ and ‘need’ change over time?

5.3.2 Achieving the SHMA Core Outputs

Approach to current stock

The household survey was the main source of information concerning the current dwelling stock. A problem with this approach was that only occupied homes are covered, leaving a gap in information concerning second homes and vacant properties. The report notes that "second home figures should be treated with caution as households in their main home may have been more likely to participate in the survey which could introduce a bias in the results. Second home figures also exclude properties with temporary residents, such as holiday lets."

The report notes problems with the condition of the stock, which is again based on the survey response and is therefore essentially subjective self assessment. Finally, the complexity of the definition of an HMO is also noted in the report. The number of HMOs in the two sub-regions is given, but the report is not clear on which data source has been used.

Approach to market trends, affordability and drivers

Chapter 2 of the main report looks at housing market drivers. It uses ONS mid-year population estimates to show population growth 1981-2006, and breaks population down into age bands. However equivalent (2006) figures for households are not shown and this could be considered to be a shortcoming. In some cases Census 2001 data is used which is out of date.

The treatment of migration flows and travel to work relationships in the Exeter/Torbay assessment is extensive and commendable. This involved the plotting of long term migration patterns (1971-2005) using Devon County Council data and the calculation of 5-year and 20-year annual averages. Census 2001, NHS Central Register and the household survey were among the other sources used to explore movements in to and out of the sub-region as well as within the sub-region. Migration by age band and household profile was examined and the statistics were linked in with feedback from stakeholders.

Valuation Office Agency data (Council Tax bandings) and Land Registry data (sales) are used to present a picture of the value of the housing stock and local house price trends. This data is then combined with survey data to arrive at lower decile, lower quartile, median and mean property prices by bedroom size. However there is no technical explanation as to exactly how this was done.

Concerning the survey of the private rented sector housing offer, details of a total of 968 advertised properties were collated. The technical report fails to fully explain how a relatively small sample of PRS lettings data can provide robust detailed output for small sub-market areas.

A number of sources were used to explore economic drivers including trend data (1992-2007) on unemployment claimants and VAT Registrations, Census 2001 data on occupation and industry of employment and Annual Survey of Hours and Earnings (ASHE) data on income. The household survey provided gross household income data which was subsequently used for affordability calculations.

The treatment of future economic trajectory is limited to just two sentences in the Main Report, with no detailed treatment of future economic and employment forecasts. Instead, the real economic analysis is consigned to the Technical Report, where the findings of a discussion group involving County Council, Local Authority and other interested parties are reported on. The purpose of this group was to highlight the current economic circumstances of the Exeter/Torbay Housing Markets and to highlight ways in which they may develop in the future. Linkages are made between the economic trajectory and the housing market.

Drawing on survey data, the Exeter/Torbay assessment looks at difficulties in accessing services in some depth, which is a subject not commonly addressed in SHMAs.

The analysis contained in chapter 2 of the main Exeter/Torbay report does not in itself provide a clear understanding of the balance between supply and demand for different tenures and locations, nor is the relationship between key indicators explored much. Greater insight is provided later in the report, in chapter 5 "Housing Market Dynamics" where the ORS Housing Market Model is introduced.

Approach to the future number of households

The Exeter/Torbay assessment uses County Council population trend data on migration and natural increase and projects this forward. However the report makes no reference to the headship

rates (average household size) required to translate population projections into household projections. Nevertheless these calculations have clearly been made at some point, as the following table indicates.

Summary of 5-Year Housing Requirements by Household Flows Exeter/Torbay

Housing Type	Inward Flow	Outward Flow	Net Requirement
5-Year Requirement			
Migration – households moving to and from the sub-region	36,201	24,459	11,742
Indigenous change – household formations and dissolutions	29,088	21,588	7,500
Established household moves	66,139	66,139	-
Total	131,428	112,186	19,243

Source: ORS Housing Market Model, Exeter & Torbay Sub-regional Housing Requirement Assessment 2006-07, Main Report p. 81

This is a 5-year projection of future household change. One would usually expect a projection covering a longer period and showing the total number of households as well as a breakdown by type, age and size. A projection of this nature is missing from the assessment.

Approach to current housing need

The approach taken is an orthodox one following that set out in Bramley and Pawson (DETR, June 2000). It is based entirely on survey data, which necessarily involves a degree of self assessment. Having identified all households in various unsuitable housing situations a series of subtractions were made concerning in-situ solutions, those intending that they will leave the area, those that will be moving into institutional housing or joining another household and those that need to move but can afford to rent or buy market housing. To the remaining number of households were added temporarily housed households, statutory homeless and rough sleepers to arrive at the number of households in current housing need.

The assessment does not consider concealed/hidden households to be part of current housing need. Rather the ORS model treats these households separately as “hidden households emerging as new households”; this being a future projection based on 12 month trend figures given by the survey results. This does not square with the approach set out in the CLG Guidance. The method counts only those concealed households that successfully ‘emerge’, and no account is taken of possible hidden households that remain concealed. None of the alternative data sources suggested in the Guidance (Census, SEH and local housing registers) are explored.

The ORS Housing Model applies an amortisation rate of 10% to the number generated, and then converts this into a 5-year requirement (which is consistently done to all flows in the model).

Approach to future housing need

These estimates are provided by the ORS Housing Market Model. The Model consists of several components or “flows”, most of which are derived from a one year trend figure stemming from the household survey. An exception concerns Gross Housing Requirements from in-migrant households which takes survey trend data and adjusts this according to ONS (NHS) migration data for the last five years. The model does not incorporate the County Council population projections concerning migration and indigenous change which are used elsewhere in the assessment, and relies instead on the answers given by survey respondents. These flows are extrapolated into the future to provide the trajectory of household change.

The allocation of households to social rented housing, intermediate housing and market housing is made on the basis of affordability. Target social rents form the threshold at the lower end of the intermediate sector and lower quartile rents and purchase prices form the upper threshold.

The affordability calculations make use of the income multipliers recommended by the CLG Guidance (3.0 and 2.9 for home buyers and 25% of gross household income for renters). Although the Main Report states that in addition to income savings, debts and equity are factored into the affordability calculation, the Technical Report does not provide any insight into these factors, nor into income distribution and the actual affordability matching exercise. Indeed, whilst the Technical Report contains some explanation of the approach taken and a detailed breakdown of the output generated, it omits a number of in-between steps making it impossible to follow the calculation from start to finish.

While the output of the Model shows the bedroom requirement of households in need, it does not provide a breakdown of the types of households in question (single people, couples without children, single parent households etc), hence providing less information than desirable to inform policy response. Furthermore an interviewee was critical of the failure of the assessment to make any distinction with regard to the severity of housing need facing particular groups. This aspect could have been addressed by providing a detailed breakdown of households by type and giving consideration to the possible options households may have when in a position of need, and the consequences of not having their needs met.

A feature of the Exeter/Torbay Assessment not common among SHMAs is the presentation of a second independent calculation of supply and demand using only secondary data. This complements the main model which is principally based on primary data, providing something of a double check and adding to the Assessment’s robustness.

The secondary model confirms the main Model's findings about the importance of increasing the offer in the intermediate market. As described above, this sector is considered to lie between target social rents and lower quartile market prices, and the lowest 25% of private rented sector dwellings are considered to be part of the intermediate housing offer. The approach does not consider whether or not intermediate housing products (which in practice are frequently new builds) are being or can be offered at prices just above target social rent level. Because the Model does not

examine the prices at which intermediate products (such as HomeBuy / shared ownership) are being offered in reality, the exercise is essentially a theoretical one.

Approach to future market housing

As stated above, the ORS Model looks at the social rented, intermediate and market sectors together, with households able to buy or rent at lower quartile market prices generating demand in the market sector. The points made in the preceding subsection apply equally to market housing. The size of property required is based on the expectations of households as expressed in the survey.

Approach to estimating the size of affordable housing required

Again, this is an output of the ORS Housing Model. The size of property required is based on household composition.

Approach to household groups with particular housing requirements

The Exeter/Torbay SHMA provided good coverage of older people's housing issues as well as issues concerned with key workers. Further to this it provided evidence on the housing situation of young people across the sub-region and student housing in Exeter. The survey was the main source of evidence for this coverage. Although lighter in touch, the assessment looked at BME housing issues, Eastern European migrant workers and Gypsies and Travellers. The lack of survey response for these groups was made up for by the use of a variety of alternative data sources to explore trends and living situations.

The analysis was strengthened by qualitative information obtained through stakeholder focus group sessions. These are detailed in Section H of the Technical Report, and provide valuable messages that were not available via an analysis of data sources. Although additional depth in the coverage of the housing requirements of all these groups was possible, it is felt here that the work done by ORS on the housing requirements of specific groups is substantially better than average and contains elements that could be used as best practice examples.

5.3.3 SHMA Process Checklist

Approach to defining housing market areas

Sub-market areas were defined following an analysis of Census 2001 data showing the strength of travel to work and migration relationship between Census Output Areas (COAs). A total of 9 sub-market areas were identified, ranging in size from less than 5,000 resident households to more than 100,000 (Exeter). The areas identified do not follow local authority boundaries and they extend over sub-regional boundaries in some cases. The approach ORS took to defining local housing markets and providing analysis at the level of these markets was thorough and as such can be held up as a good practice example.

Approach to stakeholder engagement

Section H of the Technical Report delivered as part of the SHMA details the approach taken to stakeholder engagement. It describes how a sequence of meetings and discussions were held with a wide range of stakeholders including individual client groups and professionals involved in

housing management and provision across the sub-region. In this way in-depth discussion around local housing issues was facilitated.

Three focus groups were held involving a total of 22 representatives including estate agents, landlords, RSLs, housing funders, developers and landowners. A fourth focus group was held for BME stakeholders. A meeting was also held with representatives from Devon County Council, local authorities in Devon, and other groups who had an interest in the economic development of Devon to discuss the current and future economic development of the Exeter/Torbay housing markets. The opinions of developers were recorded in chapter 5 of the Main Report, enriching the statistical analysis.

Finally, to complement the use of focus groups, ORS conducted in-depth interviews with eleven representatives of housing, homelessness, prolific repeat-offender services and health and support services. This delivered qualitative information on homelessness in Exeter/Torbay. To gain insight into issues pertaining to groups of the population who typically have complex housing needs depth telephone interviews were conducted with 6 representatives of housing, homelessness and prolific repeat-offender services. In particular, interviewees represented different stages of service provision in the homelessness field.

Local authority officers closely involved with the SHMA process have confirmed that the wider stakeholder partnership was actively engaged in the SHMA process from the outset. They were involved during the research stages and were presented with a full briefing of the findings once the assessment was completed. The number of stakeholder interviews and focus groups held and the way they were structured and reported on in the Exeter/Torbay Assessment can be held up as an example of good practice.

Are housing market conditions assessed within the context of the housing market area?

The Exeter/Torbay SHMA did assess housing market conditions within the context of the housing market area, as most data is presented at district or lower aggregation levels and much of the analysis is done at either the sub-regional, sub-market or district levels.

Is a full technical explanation given of methods employed, with any limitations noted?

The Technical Report provides insight into data issues and methodologies. It includes an extensive explanation of the approach taken to the household survey, giving the sample size for each local housing market area, examining various cross-tabulations of the response and comparing this to secondary data sources such as ONS Mid-year population estimates by age band. Aspects such as confidence intervals, response bias and weightings are also thoroughly covered.

Although an effort is made to set out the main steps taken to generate the core output, the 'engine room' of the ORS Housing Market Model remains to some extent out of view and this is possibly due to its complexity. The report is also possibly a little thin on an exploration of possible weaknesses associated with the approach taken.

The Technical Report provides a useful listing of secondary data sources referred to, including details about each source. It also contains a detailed description of the way stakeholder engagement was carried out and an overview of the key housing issues that stakeholders identified.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

As indicated above, the explanation of the ORS Model is not entirely transparent. Thorough scrutiny of the detailed workings of the Model is not possible. Due to its complexity a full understanding of the ORS Model would most probably be limited to a small group of specialists and this could in itself be deemed as a reason to rethink the approach taken. Some of the information provided which was relevant to the messages emerging from the assessment would have been better placed in the Main Report, as it was somewhat hidden in the Technical Report.

Are effective quality control mechanisms used and reported on?

The assessment report does not provide detail on quality control measures taken.

Monitoring and updating

In conformance with the Guidance the Technical Report of the Exeter/Torbay SHMA concludes by setting out how the ORS Housing Market Model can be updated using secondary data. The approach here is commendable.

Ultimate responsibility for the ongoing monitoring and updating of the assessment lies with housing partnership itself. As referred to in chapter 4 of this report the Exeter/Torbay assessment process has given rise to new and intense cross-boarder partnership approach between the five districts. Early in 2008 the partnership undertook to take the SHMA forward in a proactive manner, working through the many issues raised, particularly with regard to affordable housing provision and the location of new development. With this framework in place it is to be expected that issues associated with ongoing monitoring and the further strengthening of the sub-regional evidence base will also be picked up.

6.0 Bournemouth & Poole/Weymouth & Dorchester

The strategic Housing Market Assessments for the two Housing Market Areas Bournemouth & Poole and Weymouth & Dorchester were conducted in tandem. Dorset County Council played leading role. A suite of documents were produced that together make up the SHMA evidence base, starting with an Evidence Base report compiled by the Dorset County Council containing an analysis of a wide range of secondary data sources. Consultant Fordham Research then produced a report on the Survey of Housing Need and Demand for each HMA and a district report for each of the eight districts in the County, and Dorset County Council produced a summary report for each HMA.

6.1 Key messages for the Bournemouth & Poole HMA

The following key messages are drawn from the summary report of the Bournemouth / Poole SHMA summary report. Section one of the report contains the key conclusions.

6.1.1 Sub-markets within the sub region

The sub-region was divided into two parts for the purpose of the analysis – the urban core in the east made up of Bournemouth, Poole and Christchurch districts, and the rural periphery made up of Purbeck, East Dorset and North Dorset Districts. The north-western part of North Dorset District was treated separately as it is oriented toward Yeovil in Somerset and therefore does not belong to the Bournemouth and Poole HMA.

The stark difference in character between rural and urban areas was being reinforced by recent new build patterns – smaller flats were predominantly being developed in the urban areas and larger houses made up the majority of new builds in the rural hinterland.

6.1.2 Demographic trends and future housing requirement

The population of the HMA is already heavily weighted toward the elderly and is likely to become even more skewed in this way in the future. Single person households are expected to rise from 32% to 38% of all households by 2026, and this is not just due to the ageing population – more single person households and fewer couples are also expected among the working age population.

The declining average household size is putting more pressure on the housing stock, although smaller household sizes does not necessarily mean more demand for smaller units. Economic growth is anticipated, particularly in the urban core, which is expected to drive up demand for family housing. In Bournemouth there appears to be a shortage of large units for those wanting to take a second (or third) step on the housing ladder. Smaller units will be needed in both the core and the periphery as will more adapted/lifetime housing to cater for the ageing population in all parts of the HMA.

The Balanced Housing Market (BHM) Model used by Fordham Research indicates that demand is strongest for two bed dwellings across the HMA, and the demand for three bed dwellings in rural areas is also significant.

6.1.3 The importance of managing the existing stock

Under-occupation is widespread among older households indicating considerable scope for equity release. Under-occupation of social rented accommodation, particularly in North Dorset and Purbeck, indicates that better scope could be made of this stock.

6.1.4 The need for affordable Housing

Affordability is a problem throughout the HMA but is particularly bad in Bournemouth. Other areas such as Christchurch and East Dorset show particular problems for young working households. There is an indicative demand for over 4,000 dwellings per annum in the HMA, over half of which need to be affordable.

6.1.5 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

Demand for second homes creates particular hotspots, particularly on the coast in Bournemouth and Purbeck, but is not a major factor elsewhere. The buoyant Buy to Let market is providing sufficient offers to students in Bournemouth.

Private rented sector

Bournemouth has a large private rental market which serves young single people and sharing households in particular. There is a good supply of rental flats but there is little available for those wishing to move up the ladder to buy or rent. The incomes of those in private rented housing are well below average, and the sector plays an important role in catering for mobility. The BHM Model indicates an oversupply of private rented accommodation but it is acknowledged that this may not fully reflect the role of this tenure.

The intermediate market, low cost market and key worker housing

For those trying to access the market the intermediate and rent/buy gaps are most significant. Intermediate housing could meet some of the need for affordable housing, provided it is priced at the right level. Intermediate rent should be priced around the midpoint of the intermediate gap, or up to 80% of market rents in order for it to be of most benefit to households in need.

Key workers in the HMA appear to be in a better position than other working households in their ability to access market housing.

Older Persons' Housing Issues

Over 50% of single person households comprise older people and most lone pensioners live in the urban core. Under-occupation is widespread among older households indicating considerable scope for equity release. Under-occupation of social rented accommodation, particularly in North Dorset and Purbeck, indicates that better scope could be made of this stock.

BME Housing

This theme is not covered, and it is understood that a Dorset-wide BME study is to be commissioned.

Migration

Overall, migration statistics showed a significant net inflow to Dorset with over 10,300 more people moving in than leaving. A further 4,200 people arrived from outside the UK but outflows are not recorded. The inflow of migrants from A8 countries has been significant in recent years. Most new worker registrations have been in Bournemouth, Poole and surrounding towns.

Generally though, the SHMA analysis of migration issues was not extensive.

Rural housing

Despite an outward appearance of prosperity, rural areas have problems associated with low incomes and high house prices. There is a lack of offer at the bottom end of the market in rural areas, and as a result a high proportion of young people are living at home with parents due to the prohibitive costs of living independently. Also, a high proportion of young people are renting in both the private and social sectors. Those that have managed to access owner-occupation tend to be couples rather than single people, and paying over the recommended affordability threshold is common.

6.2 Key messages for the Weymouth & Dorchester HMA

6.2.1 Sub-markets within the sub region

As with Bournemouth and Poole the Weymouth and Dorchester HMA was divided into several sub-areas for the purpose of the analysis: the Weymouth Core (consisting the Weymouth built-up area, and Chickerell, but excluding the isle of Portland), the Dorchester Core (this market town alone), and the Dorchester and Weymouth periphery (the rest of West Dorset District, a large area stretching from the boundary with Purbeck in the east to Lyme Regis in the west, and including Portland).

The Dorset SHMA partnership decided that although the housing market areas in Dorset do follow the broad sub areas identified in the DTZ study, for ease of monitoring, the division of the HMA into three should be discontinued in the future.

6.2.2 Demographic trends and future housing requirement

A high proportion of the HMA's population is elderly, particularly in the rural area, and this trend is set to become stronger through migration (especially from the South East region) as well as through natural change. Policy makers will need to consider the challenges of housing a growing elderly population as well as ways to encourage younger people to stay in the HMA and in rural areas in particular.

Single person households are expected to rise from 33% to 41% of all households by 2026.

Economic growth is expected to increase demand for family housing in the towns, particularly Dorchester. Small dwellings will be needed in all areas but particularly in the rural areas to accommodate growing numbers of single person households.

The BMH model indicates an oversupply of private rented property.

6.2.3 The importance of managing the existing stock

Average stock condition in the HMA was found to be of moderate quality although the stock is generally quite old. Under-occupation of properties with three and four bedrooms by older person households indicates considerable scope for equity release if the right size and type of property can be made available.

6.2.4 The need for affordable Housing

Young people wishing to rent or purchase their first property are being frustrated by a lack of affordably priced suitable housing. The study found the average age of first time buyers to be 36 and approximately 40% were spending more than 25% of their gross income on housing. There is a greater supply of smaller and cheaper properties in Weymouth thus affordability constraints are more acute in West Dorset district. There is a large difference between local earnings and average house prices in West Dorset.

There is an indicative demand for over 1,580 dwellings per annum in the HMA, of which 52% should be affordable, according to the Fordham BHM Model. The model indicates greater market demand in West Dorset and greater affordable housing need in Weymouth, although this appears to be at odds with the findings set out in the preceding paragraph.

6.2.5 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

According to Council Tax Returns second homes made up 5.3% of the stock in West Dorset and 2.6% of the stock in Weymouth and Portland district. There are particularly high concentrations of second homes along the coast in the western part of West Dorset, such as in the vicinity of Lyme Regis.

Private rented sector

This sector is particularly important to young people. Social rented accommodation is also functioning as a backstop for young people who cannot afford to buy or rent privately.

The intermediate market, low cost market and key worker housing

As in the Bournemouth / Poole HMA, on average key workers appear to be in a better position to enter the market than most other households. Intermediate housing plays a significant role in meeting need under the proviso that it is priced cheaply enough.

Older Persons' Housing Issues

Pensioners make up at least 50 to 60% of single person households. More adapted/lifetime housing will be required to cater for the ageing population in all parts of the HMA, but need will be particularly high in the rural areas. Most special needs are related to the age of households and so are proportionately higher in rural areas. The study found that those with special needs are three times more likely to be living in unsuitable housing as other households. Specialist care services and assistance with adaptations will need to be targeted at those with lower incomes.

BME Housing

This theme is not covered, and it is understood that a Dorset-wide BME study is to be commissioned.

Migration

Covered at the County level only; see Bournemouth / Poole above. Migrant workers from the A8 are generating housing demand in rural areas as well as towns.

Rural housing

Rural areas are generally characterised by high levels of owner occupation and lower than average levels of social rented accommodation. Although income and savings levels are generally higher in rural areas, this masks difficulties faced by those households with lower incomes.

6.3 Dissemination and impact

To gauge aspects of dissemination and impact of the Bournemouth & Poole/Weymouth & Dorchester SHMA a series of interviews were conducted with planning and housing officers at five councils: Bournemouth, West Dorset, North Dorset, Christchurch and Poole.

6.3.1 Dissemination

The interviews revealed that the SHMA enjoys a high profile within the planning and housing teams of the participating councils since it was signed off in June 2008. Staff in these departments were briefed with the findings although this occurred informally in some cases. Economic development staff were involved in the Partnership events. In Poole the completed assessment went to the portfolio holder and in North Dorset it was presented at a full Council meeting. This was not done in the other Councils interviewed, where presentation at an executive committee was more common, or individual elements were presented alongside draft policy documents.

The completed SHMA was presented to stakeholders of the wider housing market partnership at the County level but not at the local level in all cases. The report is available on the Dorset County Council website www.dorsetforyou.com.

6.3.2 Impact on planning, strategy and policies

Far from gathering dust, the Bournemouth & Poole/Weymouth & Dorchester Assessment is being used extensively as the primary evidence for housing strategy, particularly with regard to the requirement for affordable housing. The LDFs are in varying states of completion across the County and the SHMA is in many cases already being used to underpin requirements concerning tenure mix and dwelling size requirements. In those districts where strategy and targets are yet to be fixed, those interviewed indicated that the SHMA would provide the essential inputs for which it is designed.

The SHMA is not reported to have had an impact on any of the local authority Sustainable Communities Strategies to date. However its findings are influencing the pan-Dorset Affordable Housing Task Group's outputs, and have supported enhanced LAA affordable homes and rural housing targets.

Bournemouth

The SHMA was finalised at approximately the same time as the latest revision of the local housing strategy took place and the former had a substantial impact on the latter. Most notably the required percentage of affordable housing in new developments was raised (from 30% to 40%) and the threshold for the requirement, which stood at 15, was dropped so that no sites are to be exempted.

West Dorset

The Council's Housing Strategy was adopted in September 2008 and the SHMA was used as evidence. The LDF is not far advanced but the expectation is that the Assessment will definitely inform the SDP on affordable housing. There is a current debate concerning the new build housing targets in the district but the SHMA has yet to play a role in it, and it is unclear whether it will do so in the future. It was felt that it is now too soon to properly gauge the impact of the Assessment.

North Dorset

The current Housing Strategy in North Dorset predates the SHMA but a new one is about to be drafted and the SHMA will undoubtedly inform it. This is also true of the LDF. High levels of housing need have been indicated but this was in line with expectations. The Assessment is already being referred to in negotiations with developers.

Christchurch

As in North Dorset, Christchurch's Housing Strategy (January 2007) predates the Fordham Assessment but an update is in the pipeline. The Council's Core Strategy Issues and Options have been produced and Development Planning and Affordable Housing documents were drafted in March 2008. The SHMA provided vital evidence feeding into the second of these. The interviewee stated that the SHMA fills an information gap which is proving useful to planners and allowing them

to adopt a new way of working with developers. Specifically it underpins negotiations on the type and tenure of new housing development.

Purbeck

A Planning Officer from Purbeck District Council has commented that they have used the SHMA extensively in preparing guidance on affordable housing provision

Poole

The Housing Strategy was reviewed in the last months of 2008 and the SHMA provided the main evidence for this. It was also used during the recent drafting of the Core Strategy, providing the input for affordable housing need, type and tenure which was an output of the Fordham BHM model. However one interviewee felt that much of the evidence contained in the SHMA was superfluous and only a few key parts of the Assessment were truly useful in informing the Core Strategy. In part, this was simply because the LDF process was already at a very advanced stage before the SHMA was finalised.

Poole's Affordable Housing SPD is currently being formulated. The choice has been made for a 70% social rent 30% intermediate sector tenure split requirement. This was something of a compromise between the BHM model (50:50 split) and the CLG Guidance method (87:13 split), both of which were set out in the SHMA. It is felt that there is a risk attached to providing two figures for tenure split in the one SHMA document, as this is difficult to explain and might open the door to challenge, though we understand that the Partnership considered the reliance on just the BHM figures overplayed the role of intermediate housing. We understand that the SHMA has also been instrumental in delivering a Planning Inspectorate recommendation to lower the affordable housing threshold from 15 to 6 units.

6.3.3 Impact on partnership working

Most interviewees agreed that the Assessment process has contributed to greater partnership working between the Dorset authorities, and in some cases beyond the County into Hampshire, Wiltshire and Somerset. The County Council is taking a proactive role in ensuring that local authorities continue to work together by forming sub-regional groups to take the assessment forward. This includes addressing update requirements and training on making the best use of the evidence base - workshop sessions have been organised to address these aspects.

The interviewee in Bournemouth indicated that the SHMA prompted thinking about sub-regional approaches. It identified similarities between Bournemouth and Poole and this prompted the two districts to issue a Joint Statement to identify common areas to address over the next 6 months.

An interviewee from West Dorset commented that the SHMA may have helped to facilitate pathfinder initiatives by stimulating dialogue between authorities, but that it was not the main driver of greater cooperative working. It was felt that there has been "more talking than action" to date.

6.4 Methodology

6.4.1 Main elements of the approach taken

The Bournemouth & Poole/Weymouth & Dorchester SHMA got underway in the last months of 2006 and was finally signed off in May 2008, making it one of the longest running SHMA processes in the region.

Large parts of the assessment were carried out 'in house' by the partnership authorities, led by the County Council. This included an extensive analysis of secondary data which made use of a multitude of sources. Fordham Research was commissioned to carry out a Housing Need and Demand Assessment based on a household survey. Large sample sizes were achieved with 15,104 returned questionnaires in the Bournemouth/Poole sub-region and 6,753 in Weymouth/Dorchester.

Additional primary data was gathered in the form of a survey of estate agents conducted by Fordham Research in August 2007.

A suite of documents was produced during the assessment, including:

- A summary report for the Bournemouth/Poole Housing Market Area;
- A summary report for the Weymouth/Dorchester Housing Market Area;
- A lengthy Evidence Base document;
- Nine reports produced by Fordham Consultants on Housing Need and Demand for different geographies, including sub-regional and district level reports

The two Housing Market Area summary reports provided a helpful overview of the way the core outputs and process requirements were met by the assessment and this in itself is an element that could be adopted by other SHMA partnerships in the future. Furthermore these summary reports are well compiled, concise and clearly written. They contain a selection of the most important pieces of evidence distilled from the much more lengthy evidence base document, which increase their readability and usability for policy makers.

6.4.2 Achieving the SHMA Core Outputs

Approach to current stock

This core output was well covered using both primary and secondary data. Much of the analysis was done using 2001 Census data, which is now quite old. Information compiled by CLG from council tax returns was used to get a more up to date view of the numbers of second homes. Use was also made of various Local Authority Stock Condition surveys 2002 – 2007 as well as HSSA Returns. Information on new housing supply covering the period 2001-2006 was compiled from records held by Dorset County Council and the County's LADs. This included a breakdown by size (number of bedrooms) and type and this goes further than most of the SHMA reviews.

The survey data provided an up to date view of tenure and the relationship between household profile and the dwellings they occupy.

Approach to market trends, affordability and drivers

This was generally well covered using a host of secondary data sources. One possible criticism was an over reliance on data from the 2001 Census for much of the demographic analysis. Census 2001 data is used to provide a 'snapshot' of migration in that one year, but long term trends were not examined.

Census, Annual Business Inquiry, Annual Survey of Hours and Earnings (ONS), ONS GVA data, Barclays SME Starts and Closure Research, VAT Registrations and Dorset County Council economic development data were among the sources used to look at aspects of economy and earnings.

The section on "People and Pay" pulls together a range of evidence concerning characteristics of the working age population, levels of wealth, commuting patterns and the possible impact of this on housing need and affordability. The data sources used to do this include Census, Annual Survey of Hours and Earnings, Gross Disposable Household Income (GDHI) data (both ONS), CACI ACORN data, Joseph Rowntree and benefits data from the Department for Work and Pensions. Again, an effort is made to extract key housing market related conclusions.

Entry level market prices used in the affordability calculations were based on a survey of local estate and lettings agents. The report did not state how many of these interviews took place to give an indication of the robustness of the sample. A positive feature was the inclusion of qualitative information recorded in these interviews which provided insight into the main characteristics of the housing market, adding colour to the assessment.

An innovative aspect of the assessment was an analysis of the relationship between economic growth and housing growth. Projections of productivity and jobs were set out followed by a consideration of different scenarios of housing and job growth. Based on this, conclusions were drawn as to the most likely growth scenario and what its implications might be on the need for different types of housing. This deserves to be highlighted as an example of good practice.

Approach to the future number of households

The trend based population projections used in the Bournemouth & Poole/Weymouth & Dorchester SHMA are those produced by the Office for National Statistics (ONS). The assessment explains that assumptions for future levels of births, deaths and migration are based on observed levels over the previous five years, indicating what the population will be if recent trends continue. The Evidence Base Report has the following to say about the reliability of these projections:

"Over time, updated projections can change quite significantly, reflecting the changes in the preceding five years. For example, the 1996-based projections from ONS projected a total population for Bournemouth and Poole HMA (LA's) of 630,500 by 2021. In the most recent, 2004-based projections, a lower population of 576,900 is anticipated. This highlights the volatility of this method, particularly when looking at the long term projections" (Draft Final Evidence Base for the Bournemouth / Poole and Dorchester / Weymouth SHMA March 2008, p. 138).

ONS 2004 trend based projections are compared to Dorset County Council 2007, policy based projections are compared with each other and a Zero-Net Migration Projection (Local Demand) is also explored.

As with the population projections two sets of household projections are used covering the period 2006-2026: trend based from DCLG and policy based figures. Both use the same household formation rates produced by DCLG but the latter concerns those households that would be accommodated in the housing levels in three draft RSS scenarios - lower, upper and preferred.

Age and household type splits are provided for all projections and the key messages for policy are drawn from the analysis.

Approach to current housing need

First, several secondary data sources are examined including HSSA Housing Register and homelessness data. Housing need was then calculated by Fordham Research making use of survey input and following the template provided by the latest CLG Guidance. The four main components of the calculation were set out simply and clearly, these being:

- Current (backlog) need;
- Available stock to offset need;
- Newly arising (future) need;
- Future supply of affordable units

The calculation is set out in an accessible and easy to follow way. However not all aspects are fully explained, for example the way in which household income distributions are taken account of and applied to the affordability part of the calculation.

Approach to future housing need

This is covered initially by the second half of the above (CLG Guidance) model and is based on survey information about past household behaviour in terms of moves to different accommodation. The future need for affordable housing is split into two categories: New household formation (proportion unable to buy or rent in market) and Existing households falling into need.

There are several problems with basing an estimate of future need on recent trends. Firstly, any future changes such as a shifting demographic profile will not be picked up. Secondly, past behaviour is to a degree supply constrained, so what is actually being measured is the past interaction between supply and demand rather than demand on its own. The integration of secondary data and/or household projections into the model would possibly strengthen it by addressing these concerns.

The summary report has this to say about the CLG assessment model: "...this model is geared to an ideal state, rather than the current reality. One particular assumption used is that households should not spend more than 25% of their income on housing. However in reality many households will spend much more than this, sometimes as much as 50%, to achieve a particular type or location of housing" (Summary Report Bournemouth/Poole, p. 60).

In recognition of the fact that there is an overlap between affordable housing and market housing (e.g. with the private rented sector), as well as the limitations of the CLG model noted above Fordham employs a flows model to explore future demands across the whole housing market, including the affordable and market sectors. This model, called 'Balancing Housing Markets' (BHM), considers the extent to which supply and demand are 'balanced' across tenure and property size.

Input for the model stems primarily from the survey, and it is therefore based on stated preference and past behaviour which may not reflect choices made when households are confronted with market realities in the future. Whilst this model provides clear outputs, not all assumptions upon which it is based are fully explained and a little additional information would possibly provide the necessary insight to those who want to probe the methodology in greater depth.

Approach to future market housing

This output is generated by the Fordham BHM mode, providing the annual shortfall or surplus of 1, 2, 3 and 4+ bedroom dwellings for owner-occupied, private rented, intermediate and social rented tenures. Whether demand patterns might change as a result of changing market circumstances is not considered. This shortcoming is being exposed by the dramatic change in market outlook since the beginning of the credit weakness that is being exposed

Approach to estimating the size of affordable housing required

Again, this aspect is covered by the Fordham BHM model and is examined above.

Approach to household groups with particular housing requirements

The coverage of this aspect was generally good. The Housing Needs survey investigated the needs of several groups, including households with special needs, older person households, young people (including first time buyers), key workers, families and households in rural areas.

In addition through the wider HMA research, the needs of students, migrant workers and Gypsies and Travellers were investigated. BME households, making up less than 3% of the population, were scarcely covered.

6.4.3 SHMA Process Checklist

Approach to defining housing market areas

In identifying local housing market areas an analysis was made of hospital catchments (30 minute drive time) and school catchments in addition to more commonly used Census 2001 data. This analysis resulted in the Bournemouth & Poole HMA study area being divided into three parts:

- The Bournemouth & Poole urban core (Poole, Bournemouth and Christchurch LADs);
- The Bournemouth & Poole periphery (Purbeck district, East Dorset district, and the south-eastern half of North Dorset district);

- North West Dorset (the north-western half of North Dorset district);

The North West Dorset area, being more closely aligned with the housing market in Yeovil, is part of the South Somerset & North Dorset HMA rather than the Bournemouth & Poole HMA. Nevertheless this area was covered in by the Bournemouth & Poole SHMA analysis in order to provide complete figures for North Dorset. The Summary report noted that it was difficult to maintain analysis below local authority level and recommended that for ease of monitoring in the future, it is considered that evidence should be analysed on a local authority basis, and that the three area divisions given above should be abandoned for reasons of pragmatism.

Approach to stakeholder engagement

The approach to stakeholder engagement was generally good. The Partnership included representatives from the eight Dorset LADs, two neighbouring LADs (South Somerset and New Forest District), the Home Builders Federation, RSLs and the Housing Corporation. Two well attended stakeholder events were held at key moments in the SHMA process and at the beginning of the assessment process a stakeholder event was held to give the wider housing market partnership an opportunity to give their views on what they considered to be important issues to be dealt with by the assessment.

Are housing market conditions assessed within the context of the housing market area?

Yes.

Is a full technical explanation given of methods employed, with any limitations noted?

As noted above, not all steps taken in the modelling were detailed in full. Also, the assessment reports do not acknowledge there to be any data limitations, when these are undoubtedly numerous.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

The level of openness and transparency was acceptable.

Are effective quality control mechanisms used and reported on?

The following is stated on page 18 of the main assessment: "The findings of the assessment have, as it has progressed, been reported and discussed at Partnership meetings. Further discussions have also taken place with regional partners on external assessment to ensure an independent scrutiny of the findings. Whilst this was initially difficult to resolve, without fear of bias, it is understood that the SW Housing Body has now appointed consultants (Eco tec) (sic) to assess the various SHMAs being undertaken in the SW and it is hoped that their assessment will provide an endorsement that the procedures followed have met the guidance and that the SHMA is therefore fit for purpose".

Monitoring and updating

A spreadsheet was produced internally setting out monitoring and updating requirements clearly. The spreadsheet has six columns, given here:

- Factor to monitor/update;
- Area;
- Data Source;
- Frequency;
- What will it tell us?
- Who should monitor?

The Main Report also notes that monitoring and updating processes will be incorporated into the Annual Monitoring Reports produced by the unitary and local authorities as well as the County Council each year. In addition more frequent updating of weekly housing costs are intended to be undertaken on a six monthly basis. These arrangements can be held up as a best practice example although it is yet to be seen whether they will effectively work in practice.

7.0 Northern Peninsula

The Northern Peninsula area includes North Cornwall, Torridge and North Devon District Councils, and parts of West Somerset District Council and all of the Exmoor National Park Authority.

Work on the SHMA began in September or October 2007 and the final report was signed off in December 2008. Consultant Housing Vision was appointed and a separate, but linked, contract was awarded to the University of West of England to carry out a strategic viability assessment running parallel with the SHMA. This was to inform and test the outcomes of the SHMA, particularly with regard to site level development economics and the viability of recommended percentages of affordable housing.

The SHMA Steering Group comprised local authority, County Council, youth, community and development industry representatives as well as a rural housing enabler and housing funding representatives. Furthermore there were economic development and RSL 'watching brief' members. Prior to the appointment of consultants the SHMA partnership held two stakeholder events to inform and shape the project brief. This original stakeholder list was enhanced and used by the consultants as a basis for two further stakeholder events in early February 2008.

The broad set-up of the Steering Group is a unique feature of the Northern Peninsula SHMA.

7.1 Key messages

The following key messages are drawn from the Northern Peninsula Executive Summary report produced in December 2008.

7.1.1 Sub-markets within the sub region

The 2004 DTZ Report produced for the Regional Assembly described the North Devon and North Cornwall area as: "rural in character with a settlement pattern based on villages and market towns, which vary in size and function. With no major centres of employment, the area is better described as comprising a series of local markets, all of which are subject to significant influence of immigration and second home purchase".

A combination of methods has been used to define meaningful sub-markets whose character is shaped by a combination of property prices; settlement size and 'gravity' in the market; their accessibility and location. Follow-up commentary from the Partnership suggests that some of these factors – quality and attractiveness of environment – were consciously adopted to reflect the underlying rural nature of the area. However, this is not explicit or transparent in the study. The methods resulted in the following sub-market areas being defined:

- Taw and Torridge - Towns and Rural Fringe Sub-market Area;

- 6 Market Town Sub-market Areas: Bodmin, Camelford, Holsworthy, Launceston, South Molton and Wadebridge;
- 2 Coastal Higher Value Sub-market Areas: Croyde and Padstow;
- 4 Coastal Lower Value Sub-market Areas: Boscastle and Tintagel, Bude, Ilfracombe and Minehead;
- Exmoor Core and Fringe Sub-market Area;
- Dispersed Rural Sub-market Areas: mainly inland and typically less accessible areas away from the influence of market towns.

7.1.2 Demographic trends and future housing requirement

Migration has been the primary driver of growth in all districts in the Northern Peninsula HMA resulting in an estimated 8,000 additional households across the area between 2002 and 2007. Internally there has been population loss due to deaths outnumbering births.

Based on projections, the number of people and households in the HMA is expected to grow rapidly over the next 20 years, with the highest proportionate growth rate expected in Torridge, followed by North Cornwall, then North Devon and finally West Somerset. North Cornwall is expected to see the greatest absolute increase with 19,600 additional people projected. In terms of households, projected growth is for close to 31,500 additional households between 2006 and 2026. This is less than the current RSS requirement for 37,500 households in Northern Peninsula area excluding Exmoor National park over the same period.

There is projected to be continuing large scale growth in the number of one person households, particularly in the 45 to 64 age band as a result of separations. In addition the number of co-habiting couples, lone parents and multiperson households is also expected to increase. The largest increase is projected to take place among those of pensionable age and among one and two person households of working age.

A high proportion of new homes built recently have been detached properties and this is reinforcing the existing dwelling type mix. Few social sector dwellings have been delivered of late.

To meet the anticipated demographic trends the greatest requirement is projected to be for more manageable, but aspirational two bed units enabling people of retirement age to 'downsize' from family housing (64%); 30% will be for one or two bed general needs properties; 9% will be for housing with care for older people and there will be a slight decline in the requirement for family housing, except in the affordable sector. Where older people are unwilling or unable to 'downsize', there will be a requirement for an equivalent replacement family-sized property.

Changing lifestyles among the working age population is expected to result in a radical shift in the requirement for as many as 9,500 smaller and typically two bed homes. This trend is set against a housing stock which is historically oriented towards the supply of larger and family homes.

7.1.3 The importance of managing the existing stock

Evidence suggests above average levels of problems of stock condition, especially in Torridge and West Somerset.

7.1.4 The need for affordable Housing

The SHMA report notes that for those of working age, there is a growing polarisation between a minority of households in higher income, non-manual and professional employment, and the majority employed in a predominantly low waged and seasonal economy. The disparity between typical local incomes and the cost of market housing is now so great as to exclude the majority of local households from the prospect of purchasing either a full or a part share in their own home.

The SHMA estimated (in May 2008) that only 13% to 20% of Northern Peninsula households would be able to afford an open market property and that only 37% to 47% would be able to afford a New Build HomeBuy shared ownership property; the remainder would require other affordable housing.

The turnover of social rented dwellings is low, within the region of only 800 new tenancies created annually across the HMA. Waiting lists have grown dramatically since 2001 in all districts except West Somerset.

To fully meet housing need between 75% (Torridge) and 217% of (West Somerset) of projected new builds would have to be affordable. The parallel Strategic Viability Assessment undertaken by the University of the West of England found a 45% affordable housing quota to be “favourable and viable” on larger sites in North Cornwall.

A main conclusion is therefore that the supply of affordable housing will need to be greatly increased to address housing need. Most needed are smaller homes for single households, smaller and more manageable homes for older people, and housing with care for older people. The existing stock is sufficient to meet the limited projected requirement for three or four bed affordable family housing.

7.1.5 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

The proportion of second or holiday homes, caravans, mobile homes and other temporary dwellings is very high in the Northern Peninsula HMA. There are circa 7,500 homes in the sub-region, making up over 6% of the total stock.

Private rented sector

Private renting is estimated to have increased since 2001, now making up circa 13% of the tenure mix.

The intermediate market, low cost market and key worker housing

Modelling indicates that between 25% and 34% of affordable housing should be provided in the intermediate sector.

Stakeholders reported that young people were having particular difficulty accessing housing, and those working with vulnerable groups unable to access housing confirmed that young people living transient lifestyles made up the majority.

Older Persons Housing Issues

The demographic trend is for substantial growth in residents of pensionable age, with an increase of more than 22,000 households expected between 2006 and 2026, which represents an increase of close to 70%. The SHMA emphasised that this is a point in the life cycle where housing requirements change towards the need for more manageable homes and for housing with care. It is estimated that this will generate a requirement for 20,000 smaller homes for older people to 2026 as well as for over 2,500 extra care units. These should preferably be located in areas in which people already live, and should include attractive aspirational housing. "Without this provision, there is the risk of a 'log jam' in the turnover and future supply of family housing, and the alternative would have to be their replacement on a pro rata basis."

Supported accommodation for older people is mainly located in the social rented sector and is not aimed at those who have higher support. With an ageing population, further requirements for mental health services can also be expected as the prevalence of Alzheimer's and depression increases with age.

BME Housing

Not covered.

Migration

A distinctive characteristic of the Northern Peninsula sub-region was found to be the extent and strength of connections with distant housing markets. Analysis of home moves identified migration relationships with London, the South East, the East of England and the West Midlands.

There are net migration gains in all age groups except for the 16 to 24 age band.

The number of registered migrant workers in the Northern Peninsula increased from 180 in 2002/03 to 1,240 in 2005/06, with most of these international migrants coming from Poland. The vast majority of international migrants to the Northern Peninsula do not fall into any of the categories (for example, asylum seekers) for which social rented housing is an option. It is possible that migrants may become entitled to social housing after a period of time, but there is no evidence that more than a very few lettings have been made to such migrants to date.

7.2 Methodology

7.2.1 Main elements of the approach taken

In October 2007, consultancy firm Housing Vision was commissioned by the Northern Peninsula partner authorities to conduct a Strategic Housing Market Assessment which was timed to coincide with a Strategic Housing Viability Assessment. A Main Report and Executive Summary document was produced and signed off in December 2008.

The approach was based on an analysis of secondary data and input generated through consultations with stakeholders. A household survey was not conducted.

7.2.2 Achieving the SHMA Core Outputs

Approach to current stock

Census 2001 data was used to provide a basic breakdown of occupied dwellings at local authority level by tenure, property type, size (number of bedrooms), vacant dwellings and second homes. Several more recent sources were then examined, namely Council tax bandings (2006), completions figures (HSSA 2001-2007), Annual Monitoring Reports and Planning records. These allowed the current tenure position, vacancy rate and second homes rate to be estimated.

Land Registry data covering the period 2002-2007 was examined to provide insight into the number and type of new homes sold (new build and conversions) in the context of all sales in the market sector. Again, the figures are presented at district level. HSSA figures were used to show social sector lettings over the same period. HSSA and local authority stock condition data was used to profile stock condition across the four districts.

These secondary data sources were augmented by input from stakeholders, and a specific case study (Trevone near Padstow) was presented to further explore issues around second homes.

Approach to market trends, affordability and drivers

Some relevant information concerning market trends and drivers is found at various places in the final SHMA report but improvements could be made in the overall coherency. There is a discussion of trends and drivers in the concluding section, but the narrative is of a general nature and is detached from statistical analysis. Clear conclusions concerning market trends and drivers by local housing market area are lacking.

Affordability was measured by comparing 2007 lower quartile prices from the Land Registry dataset with data on gross households incomes from CACI PayCheck. Using these two sources an Affordability Modelling 'traffic light' toolkit for each district was produced designed to identify the proportion of single and joint income households who might be able to access full cost and shared equity properties. Affordability by number of bedrooms does not appear to have been tested and full technical aspects of the approach taken are not reported.

Approach to the future number of households

The Northern Peninsula SHMA commissioned 'Chelmer Model' projections. These appear to be based on ONS 2004-based household projections. The model is reported to have incorporated 5 and 20 year retrospective trend periods. These projections were augmented by an analysis of migration flows using the NHS Registrations dataset.

Approach to current housing need

The approach taken to assess housing need in the Northern Peninsula SHMA deviates somewhat from the recommended approach set out in the Practice Guidance. It combines various figures which are broadly recognisable from the Guidance and these are presented in the following table copied from the report:

Meeting future housing need in North Cornwall District

NCDC	
Need	Data
Average annual additional household formation	611
Proportion unable to afford full cost home ownership	84%
Predicted annual need from newly forming households	513
Waiting list	2,928
Annual waiting list backlog addressed over the 10 year policy period	293
Net in-migrant households unable to afford full cost home ownership	50
Owner occupier households requiring affordable housing	56
Total annual affordable housing need	912
Supply	
Social sector lettings	300
Intermediate housing sales	20
Total affordable housing supply	320
Meeting Housing need	
Net annual affordable housing need	592
Projected new housing supply	670
<i>Affordable housing need as a proportion of projected new supply</i>	<i>88%</i>

Northern Peninsula: Strategic Housing Market Assessment table 61 (page 130)

The main need elements in this table were generated as follows:

- Household projections: the age cohorts 15-29 and 30-44 years are analysed over the period 2006-2021 to produce an annualised rate (whether this is a gross or a net rate is not made clear);
- The affordability test applied to newly forming households is not explained;
- Waiting list data stems is drawn from HSSA (2007), rather than a record level analysis of the Housing Register lists;
- Net in-migrant households unable to afford full cost home ownership: this annual flow is derived from NiNo (foreign worker registrations) data;
- Affordable housing required from owner occupier households (i.e. existing households falling into need) is based on Survey of English Housing data. The proportion of owner occupiers who move to social housing (0.234%) is applied to the number of owner occupiers at the time of the 2001 Census.

The labels given to the various components appearing in the table above differ from those used in the Practice Guidance, and the running order of the calculation also differs. This makes the calculation more difficult to place within the context of the Practice Guidance. For example it is not clear from the text of the SHMA report whether an estimate for current housing need has been provided. One might assume that this is covered by the Waiting list figure, but the report is not explicit about this. Again, the report does not fully detail technical aspects of the approach taken, for example concerning the reduction for affordability. The report could also be improved with more explanatory text justifying the choices of input used in the calculation.

Approach to future housing need

This core output is covered above. One might assume lines 1, 2, 3, 6 and 7 in the proceeding table all concern various component so of future need, but the text of the SHMA report does not clearly identify which figures pertain to future housing need.

Approach to future market housing

The approach taken to assess housing need in the Northern Peninsula SHMA differs from the approach taken elsewhere. It centres on a table which matches 'target groups' (household type/age combinations) with likely dwellings differentiated by type (flat or house) and number of bedrooms. This matching table is based on an analysis of the Survey of English Housing. The matching table is then combined with household projections to "predict" the type of new housing which will be required to meet the changing profile of households. An income component is introduced to the calculation to provide a tenure breakdown of the results (open market, intermediate and social rent); however the report does not detail exactly how this was done.

Approach to estimating the size of affordable housing required

This output was delivered through the 'target group matching' approach described above. It is not clear if supply-side components (re-let and intermediate sector re-sales) were factored into the calculation. This core output appears to have been generated completely separately from the main housing needs calculation.

Approach to household groups with particular housing requirements

The housing requirements of younger people, older people, homeless people, migrant workers and gypsies and travellers were examined. Important qualitative inputs were generated through stakeholder consultation. A number of sources provide secondary data including population projections, Survey of English Housing, Supporting People Client Records 2007/08, the Elderly Accommodation Council database, CLG live table 627 on homelessness, Homelessness P1E returns 2006/07), NiNo Registrations 2003-2006, Caravan Count and Traveller Survey (2006) and figures on Gypsies and Travellers, additional pitch requirements taken from the RSS EiP Panel Report. The coverage of this core output is basic because it is brief and generally descriptive rather than analytical in nature.

Identification of Sub-Market Areas

The various submarkets of the Northern Peninsula sub-region were identified through a combination of different approaches:

- An agenda setting e-survey was sent to all members of the HMA steering group asking them to define the Northern Peninsula in terms of housing markets – by geography and by consumers in the market;
- 2001 Census household moves were mapped;
- 2007 Land Registry sales data was analysed;
- Newbuild sales advertised at January 2008 were analysed and mapped;
- Interviews were conducted with 38 property agents. One of the questions asked was “How would you define the local housing market in this area?”

7.2.3 SHMA Process Checklist

Approach to defining housing market areas

This process requirement was fully satisfied.

Approach to stakeholder engagement

This was a strong point of the assessment. The consultation process consisted of a series of phases:

- 2 initial workshops were held in June 2007 involving a range of stakeholders including housing associations, developers and agents, regional interests, local groups, elected representatives and local authority officers across a range of services. Over 40 stakeholders attended each event and both a workshop discussion paper and summary report were produced.
- A preliminary e-survey was sent to all members of the steering group to ‘set the agenda’ i.e. confirm issues, challenges and problems, including those identified from the initial data analysis, literature and policy review;
- 2 follow-up workshops were held in February 2008 involving a range of stakeholders including elected representatives, local authority officers across a range of services, developers, housing associations, local landowners, representatives from local community groups, regeneration partnerships, and regional bodies;
- 65 ‘Core Fieldwork’ interviews were carried out with a range of other stakeholders, including residents, developers, housing associations, those concerned with private rented housing, those concerned with housing vulnerable people, those involved with sustainability issues, those concerned with the economy of the area, elected representatives, place based representatives, local estate and rental property agents across the area.

An effort is made in the report to integrate the qualitative evidence gathered during the various phases of consultation with the quantitative (statistics based) analysis. However the evidence was presented in a fragmented way. It lacked a coherent narrative thread which might have helped to bring the various topics together to create a broader understanding of market dynamics.

Are housing market conditions assessed within the context of the housing market area?
In the main, yes.

Is a full technical explanation given of methods employed, with any limitations noted?
Additional explanatory text is required in the main SHMA report in order to meet this process requirement. Examples of deficiencies are cited above, including technical aspects of the housing needs calculation.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?
More transparency and explanation of assumptions and judgements could be provided, particularly concerning the housing needs calculation.

Are effective quality control mechanisms used and reported on?
The main SHMA report does not report on quality control mechanisms.

Monitoring and updating
The report closes with a series of recommendations concerning monitoring and the need to fill gaps in the evidence base.

8.0 West Cornwall

West Cornwall's SHMA process got underway in the middle of 2007. The Assessment was in an advanced stage of development by June 2008 when a draft report was made available for review. However the document was not signed-off in that year and it is currently unclear when the process will be officially brought to a close. This delay is related to the transition to a single Cornwall Unitary Authority.

A consultation event for the West Cornwall wider housing market partnership was held in September 2008, with external stakeholders being invited to discuss aspects of housing delivery including the mix of tenures and dwelling types and sizes on potential development sites.

There has also been some additional work done on the impact of the credit crunch and issues around second homes in the latter part of 2008, adding to the suite of reports that make up the draft SHMA.

8.1 Key messages

This review of key messages is based on draft 'West Cornwall Strategic Housing Market Assessment' of June 2008. The key findings of the SHMA are set out clearly in the first chapter of this document.

8.1.1 Sub-markets within the sub region

The West Cornwall SHMA project were keen to test the DTZ analysis, especially the Eastern boundary of the sub market and the general understanding of markets operating in rural areas (polycentric character areas). The SHMA report emphasised that defining housing markets is wholly a question of geographical scale and that a number of different conclusions can be arrived at for the sub region, depending on the grain and detail of data analysis.

It was found that in a sub region where there are no principal urban areas or even very large towns, the role and influence of the central towns and urban areas extends far beyond their actual scale and size. The additional work confirmed the nine largest towns to be spatial foci for the hinterland immediately around them. Much of the analysis was therefore broken down by sub-markets. The following towns in the West Cornwall HMA are focus for their own local housing markets: Truro/Falmouth-Penryn/CPR network, Penzance, St Ives/Hayle, Helston, Newquay, St Austell, Bodmin, Wadebridge.

The study found there to be close interdependency between Truro, Falmouth-Penryn, and the Camborne-Pool-Redruth (CPR) network. Individual towns have their own character in terms of household and population profile, but when analysed together, tend to form a more balanced whole.

Another important conclusion is that many of the Cornish towns are self-contained to an atypical extent, including the North Cornwall towns of Bodmin, Wadebridge and Padstow, due to the rurality and remoteness of this part of the county. Given this level of self-containment, it matters less in which sub-regional market area they sit.

8.1.2 Demographic trends and future housing requirement

Migration is the primary driver of population increases in the West Cornwall HMA. The age structure of the area means that there are currently about 1,500 more deaths than births annually (Cornwall County as a whole). ONS projections predict the population will rise by 20% between 2004 and 2029.

Demographic data from Carrick and Kerrier shows that there is now a net retention of the 16-24 age groups, which is likely to be linked to new tertiary education opportunities being offered.

The ORS flows model shows that 57% of gross demand stems from existing households living within the sub region, 12% from newly forming households and 32% from in-migrants. The model indicates net demand for 11,400 new homes per annum to address the supply/demand imbalance. A high proportion of the existing housing stock is taken up by in-migrants whilst most new homes are being occupied by local households. A recent study showed that only 6% of new homes in Cornwall were being occupied by in-migrants.

The net annual new build requirements across the sub region presents a significant challenge to the area and require a significant step change in current delivery rates, across all tenures. To meet net demand, 2,277 homes need to be provided which is similar to the level envisaged in the draft RSS.

The West Cornwall housing requirements study estimated that around 60% of the net housing requirement is for 2-bed dwellings – accounting for almost 6,725 of the overall 11,387 units required. Included within this is an element of additional 1 bedroom demand which the extent of older and single person households could justify. The balance between future 1 and 2 bedroom demand is influenced by the process of moderating housing need against aspiration and longer term planning to ensure that homes can meet a household's needs for as long as possible. The SHMA contains a strong policy rationale for avoiding over-provision of 1 bedroom accommodation

8.1.3 The distribution of housing requirements

Place of employment is not always the strongest determinant of where a household lives. The housing options of those on lower incomes are constrained by affordability pressures, resulting in migration to the cheapest areas such as CPR and Hayle. Both Carrick and Penwith local housing markets have exported households to these towns. Similarly lower income workers have been moving from the expensive towns of Falmouth, Wadebridge and St Ives to more affordable areas nearby.

At the other end of the income scale (economically active working households from managerial and professional groups) many are employed in the towns but commute longer distances, electing to live in rural settlements. This presumably reflects lifestyle choices.

The housing offer in all towns is good and well spread in the middle and higher price ranges, above the deficit at the bottom of the market. Partial exceptions to this are found in CPR and Bodmin where there is a lesser spread of more expensive housing.

The SHMA found that freestanding small towns and villages, despite their size, do make a case for new housing, although it was recognised that the extent to which then can be fully 'rebalanced' is questionable. The policy recommendation was made to identify small freestanding towns and villages (using a criteria approach) where mixed tenure development and housing allocations can promote a more balanced market.

8.1.4 The importance of managing the existing stock

The ORS Survey revealed that a significant proportion of entry level properties (terraced houses and flats) are also the oldest. Nearly 50% of the stock of terraced housing and 35% of flats were built before 1919. Many of these older flats are likely to have been created through the sub-division of large houses. However, over 25% of the detached housing stock has been built since 1980. Such older properties are likely to have the highest maintenance costs and are less likely to be energy efficient. Close to 15,000 households (9.6%) reported serious problems with their homes.

There was found to be a high degree of under-occupation amongst the private stock which is related to an increase in the number of older people living alone. Tackling under-occupation and reducing the cost of supporting older people in unmanageable and costly housing will depend on providing attractive alternatives for households including homes of sufficient size and quality and in the right location. For this reason, new builds with two bedrooms are to be encouraged ahead of single bedroom dwellings.

The potential for modifications in the existing stock is a material consideration when determining the mix of new housing provision. For example there is scope for existing larger properties to be sub-divided into smaller units (in particular in the more urban areas) in order to reduce the overall number of new properties that need to be delivered. It is therefore recommended that greater incentives be created to support conversion schemes and the re-profiling the existing stock into smaller homes.

8.1.5 The need for affordable housing

There is a clear lack of low cost housing to buy in all markets, but this problem is particularly acute for some towns. Lower quartile incomes vary considerably across the towns, but not as greatly as house prices. This means that Penzance and Falmouth have the least affordable housing markets. Truro, despite the highest incomes, is also comparatively unaffordable. St Austell and Bodmin are most affordable, due mainly to lower house prices. The lowest house price to income ratio is 11.4:1 in Bodmin, which is still more than double what can reasonably be described as

affordable. The most affordable housing types which often make up entry level housing (terraced housing and flats) form a low proportion of the stock across the HMA, as detached properties are predominant. Social rented housing in the towns is highly congested and low turnover rates are common. More than half of new lettings go to homeless households (56%).

The SHMA therefore made the policy recommendation that for the immediate future the strong emphasis for policy and programmes should be the delivery of affordable housing (both social rent and intermediate) to rebalance the local housing markets. Overall there is a need to dramatically increase delivery, particularly in the towns. It was recognised that challenging delivery targets will require a more strategic approach to subsidy, developer contributions and land value.

8.1.6 Coverage of selected themes

Second Homes, Buy to let and the private rented sector

There is significant concern about second homes in Cornwall and many housing market imbalances are attributed to their increase. However, it should be noted that the incidence of second homes in almost all towns in the sub region (with the exception of St Ives) does not exceed 2% of the housing stock. The impact of Buy To Let and increases in private sector market rent levels were found to be a more important cause of affordability problems in the towns of the West Cornwall HMA.

The impact of second homes is most severe in the smaller coastal rural settlements where rates of second home ownership exceed a third of the entire dwelling stock in some cases. This is putting a severe pressure on supply and thus price. The SHMA revealed a correlation between levels of second home ownership and lower quartile affordability in larger villages.

The intermediate market, low cost market and key worker housing

The gap between open market house prices and target rents for social rented housing is very wide and therefore the potential scope for intermediate housing products is very broad. This ranges from households able to afford fractionally higher rent levels than target rents, through to households on average incomes with purchasing power and savings which fall just short of current house prices. The demand for intermediate housing is therefore differentiated in the model. Whilst overall affordable housing requirement accounts for 48.2% of the net total, the balance between intermediate affordable housing and social rented housing differs quite significantly depending on the treatment of those households within the intermediate housing lower affordability band.

The cheapest intermediate housing product on the market at the moment is priced at £90 per week. In current market conditions, it is extremely unlikely that a viable intermediate housing product, either for sale or rent will bridge the gap for households with incomes in the lower intermediate band at this level.

Older Persons' Housing Issues

ONS projections estimate that between 2008 and 2025 there will be a 44% increase in the number of people aged 65+, compared with a national rate of 37%, with older people representing 54 % of all households by 2025. The number of older people with common conditions that cause disabilities

that lead to them requiring care and housing support is also forecast to increase by 50% on average during the same period.

BME Housing

Not covered.

Migration

A thorough analysis of migration was a strong feature of the West Cornwall SHMA. Long term net migration trends were examined showing fluctuations over the past 40 years. More recently, 2002 to 2004 saw historically high rates of net migration, and net population growth in the HMA in 2002 and 2003 was +6,900. A decline in the number of 15-30 year olds leaving the HMA was an important reason for this. Data from 2004 and 2005 indicated a slow down in migration, both of in-flows and of out-flows. Internal UK migration remains the chief determinant of population increases for Cornwall. International migration is still at low levels.

The SHMA provided evidence to challenge the presumption that pressure from in-migration is largely as a result of Cornwall's attraction as a retirement area. For some years, retired age groups have been by far the smallest group of in-migrants and the highest proportion of in-migrants are in the 30 to 44 age group. Given that 25% of the population in some districts is made of retirees, and that deaths exceed births, in-migration of younger people can bring with it social and economic benefits as well as threats.

Rural housing

Because the sub region is predominantly rural in character and has a highly dispersed settlement pattern rural housing issues were closely examined in West Cornwall.

The sub-region has 17 significant settlements (villages and small towns) with a population above 1,500, and three kinds for functionality for such settlements were distinguished:

- free standing where housing and employment markets are relatively self contained;
- under wider influence usually where settlements are located and influenced by a larger urban area;
- rural where the settlement is not strongly freestanding but neither is it under the influence of a sole urban area but migration in is from a wide range of places.

Rural settlements therefore vary in function, requiring a variety of future policy interventions to address local market imbalances. However acute affordability pressures were common to all. In only two of the larger villages was the ratio of lower quartile house prices to incomes measured to be below 10. Pressures were found to be most acute in the west of the HMA and on the coast.

House prices rather than incomes were found to have the greatest influence on affordability, especially in coastal areas. An equally pressing problem for rural settlements is the shortage of affordable housing. Analysis of CORE shows that the social rented sector is highly congested, with a low re-let rate. There are examples of new build accounting for 100% of all lettings in a

settlement in one year. Both older and economically active households are more likely to be tenants in rural areas than in the towns.

A policy recommendation made by the SHMA was to roll out more innovative policy approaches for rural areas. Examples include enhanced activity for the community land trust, the development of rural enabler specialisms, the provision of free or discounted land for intermediate housing where purchases can fund the construction, the development of new specialist public-private partnerships and targeted purchase of existing property programmes.

8.2 Dissemination and impact

Although not officially signed-off, the bulk of the West Cornwall SHMA evidence base has been in place since mid 2008 and has been used by the partner local authorities for housing and planning policy purposes. To gain insight into this aspect interviews were conducted with housing and planning officers at Carrick, Penwith and Restormel Councils.

Carrick

Housing and planning department staff were briefed on progress and findings emerging during the SHMA process. Economic regeneration staff were also involved in parts of the work, specifically through a “Delphi Survey” on grass-roots economic development issues.

Preliminary work on a new housing strategy for the Cornwall Unitary Authority includes a section dedicated to the main findings of the SHMA and there are references to the SHMA evidence base throughout this work. The individual local authorities have all abandoned their Core Strategies, so there is much new policy being made at present and the SHMA is playing an important role in this. A sub-group of officers formulating the new UA Core Strategy are examining issues such as the capacity of rural settlements for new homes, and a proactive approach is being taken. It is hoped that the new Core Strategy will be finalised in 2012. Affordable housing has a high priority and work has already started on an affordable housing DPD which is expected to incorporate evidence from the SHMA.

Evidence stemming from the SHMA has been used to inform the dwelling mix on development sites, underpinning negotiations between the local authority and the private sector. However in a case that went before the Planning Inspectorate, a “simplistic argument put forward by the developing party was preferred over the SHMA evidence, undermining two years of work”. According to the interviewee developers are getting more “savvy” – utilising data from the HMA (the site of High Newham near Truro was cited in this context).

Penwith

The interview revealed that Penwith District Council was somewhat “out of the loop” – communication had apparently broken down with neighbouring authorities and there was uncertainty concerning the current status of the SHMA and what the next steps in the process might be. Housing distribution work had been put on hold until new policy emerges following the

unitary authority reorganisation. The interviewee was of the opinion that the SHMA would have a bigger role to play once the reorganisation is complete.

Penwith's Housing Strategy predated the SHMA and the influence of the SHMA was limited because it is yet to be signed-off. Having said that, the SHMA evidence documents were considered to be very useful in providing background information to inform Area Action Plans.

Restormel

The interview confirmed that SHMA evidence has been used as an important input into Cornwall's new (draft) Joint Strategy. Furthermore the SHMA has been used to drive planning decisions, especially departures from the Local Plan, due to the weight it is given in PPS3. This has helped to bring forward several important new build sites in the district. It has also provided evidence concerning affordable housing requirement and development mix at planning appeals as well as evidence for the EU convergence programme. The SHMA has highlighted the need to provide more affordable housing and this resulted in a recent shift in public policy, with a greater share of affordable houses now required on development sites.

Those carrying out the SHMA in West Cornwall were glad to be given the freedom to take their own approach and focus on issues they felt to be important. This included exploring market dynamics between towns and their rural hinterland, rural housing issues and the impact of migration. A focus on delivery issues has also been a feature, with housing officers and planners working closely with the private sector and taking a proactive approach to identifying development opportunities and tackling development bottlenecks. This new policy was adopted in early 2008 and was informed by early drafts of the SHMA.

8.3 Methodology

8.3.1 Main elements of the approach taken

As in Dorset, the West Cornwall partnership authorities, led by the County Council, have played a leading role in coordinating and pulling together the SHMA. The approach taken could be described as “modular” – with various components being completed by different consultants.

Land Use Consultants (LUC) in conjunction with Jo Lavis and Jacqui Blenkinship provided six papers during the early part of the assessment process, containing an analysis of various themes based on a secondary data approach. These papers were titled:

- Spatial characteristics of the West Cornwall Housing Market Area;
- The Cornwall Towns and the West Cornwall Housing Market Area;
- Rural Areas in the West Cornwall Housing Market Area;
- The West Cornwall Economy and West Cornwall Housing Markets;
- Affordability in the West Cornwall Housing Market;
- The State and Future of the West Cornwall Housing Market.

ORS were commissioned to carry out a Housing Requirements Study to support the assessment. This was based on the analysis of 5,000 interviews conducted with households (the basis for the housing needs and requirement modelling) coupled with secondary data analysis of a range of sources to further explore key drivers and market relationships.

These modules were then brought together and drafted into a single document “in house” by the County Council and local authority partners themselves. Concerning consistency of approach across the region, the West Cornwall draft report states the following:

"...many regions are now undertaking audit and validation work to ensure consistent methodologies have been applied by individual partnerships. However, at worst there is a danger that such guidance results in a somewhat mechanistic approach to the task and in many cases local authorities and their SHMA partnerships have primarily adopted a commissioning role, appointing consultants to complete all analysis and write up final HMA reports. The West Cornwall area were reluctant to adopt this approach. As the DTZ guidance manual makes clear, the HMA process itself should promote creative thinking and debate about the nature of markets. The process should operate as a framework for this debate, with the development of a rigorous dataset working alongside softer contextual analysis and agreement on further areas of research."¹

The assumptions made by DTZ in defining the sub-regional boundaries were tested by LUC, and the (draft) final report contained the following passage on the issue:

"The Eastern boundary of the HMA is especially problematic as it bi-sects the large administrative district council area of North Cornwall. DTZ itself concludes that the areas have strong similarities but that there is greater connectivity and cohesion between settlements to the West. Analysis by LUC for the study concludes that there is little evidence of any greater connectivity between the settlements in the West Cornwall HMA than in the remaining parts of North Cornwall and, indeed, the defining characteristic of the North Cornwall / North Devon market – polycentricity – is also found in West Cornwall. The only exception is the stronger network between the key urban centres. One could conclude therefore that the DTZ eastern boundary is not substantiated but that instead the whole of Cornwall is also defined by polycentricity."

Following from this, the district of North Cornwall is partially covered by secondary data analysis in the West Cornwall SHMA, but not by the ORS Survey and housing needs calculation which is based upon it, as this only covers the four most westerly districts of Cornwall. Key findings from North Cornwall's local Housing Needs Study are presented in the SHMA report to cover this gap.

8.3.2 Achieving the SHMA Core Outputs

Approach to current stock

The 2001 Census data provided much of the information on current stock and this was augmented by the ORS household survey. The approach is largely the same as that employed in the Exeter/Torbay SHMA. Additional elements concern the use of HSSA data at district level to present

¹ West Cornwall Strategic Housing Market Assessment 2008 (draft version, June 2008, chapter 3).

a picture of affordable stock and rates of turnover, and data on consents and completions at settlement level which was provided by four of the Local Authority Districts.

Approach to market trends, affordability and drivers

These aspects are covered extensively in the assessment, in both the work done by LUC and ORS. The depth and relevance of the secondary data analysis contains good practice examples. Not all sources of data are referenced in some of the evidence papers however.

Extensive analysis of migration and travel to work relationships was carried out. The main source for this was Census 2001. CORE data was also used to explore movements of social sector tenants.

Existing work done at County level was used to provide information on economic trends, namely the publication 'The Cornwall Economy 1994-2004', a report commissioned by the Local Intelligence Network Cornwall. Further evidence was provided by documents associated with the Regional Spatial Strategy and the European Union Convergence Programme. An analysis of Census employment figures and ABI data was carried out to round off the economic analysis. Brief economic profiles for each of the sub-regions main towns are provided. Key conclusions for the housing market are highlighted and the economy and housing market in the future is innovative.

A series of detailed maps showing lower quartile house prices, income and affordability are provided, with input coming from CACI PayCheck and Land Registry Price Paid datasets at unit postcode level. The distribution of house prices in sub-areas is graphed and open market churn is also covered.

Approach to the future number of households

As with the Exeter/Torbay SHMA, this aspect is not well presented in the West Cornwall assessment. Population projections are examined but the only mention of household projections is in the context of a discussion of changes made to the draft RSS during the Examination in Public (EiP).

Approach to current housing need

The approach here is identical to that employed by ORS in the Exeter/Torbay SHMA, which is set out in detail above.

A comparison is made between the levels of housing need calculated by ORS in Penwith, Kerrier, Carrick and Restormel and that calculated in a separate Local Housing Needs Study in North Cornwall district by DCA in 2006 (a desk based update of a survey carried out in 2003). Housing need was calculated to be 763 in North Cornwall compared to between 312 and 322 in the four districts covered by ORS. This difference was attributed to methodological approach, even though both assessments were said to be in compliance with Government Guidance. This raises questions concerning the usefulness of methods of calculating housing need and the possible requirement for a consistent and prescribed approach.

Approach to future housing need

This is an output of the ORS 'flows' model, which is examined as part of the assessment of the methodological approach followed in the Exeter/Torbay SHMA.

Approach to future market housing

See above.

Approach to estimating the size of affordable housing required

See above.

Approach to household groups with particular housing requirements

This is an area of weakness in the West Cornwall SHMA. There is some coverage of the needs of older people although it is stated that work needs to be progressed on an area basis to determine a range of housing to meet the needs of older households and their changing aspirations. Some information pertaining to families is also presented. But the report does not mention key workers nor does it provide any information on ethnic minority households in the sub-region.

8.3.3 SHMA Process Checklist

Approach to defining housing market areas

This subject was dealt with extensively and the approach contains elements of good practice that deserve to be highlighted. The LUC work identified ten overlapping local housing markets as well as seven Strategic Urban Centres. The area of Truro/Falmouth-Penryn/CPR was found to form a network local housing market. ORS identified nine housing sub-markets, although their analysis, unlike that of LUC, did not extend to the east of Restormel.

Both the ORS and LUC studies sought to identify the functional sub-markets operating within the sub-region and both sets of analysis identified a number of strong sub markets making up the sub region. Both studies used 2001 Census data on migration and travel to work at Census Output Area (COA) level, but reached slightly different conclusions due to judgements about the strength of links between towns and settlements and the level of self containment required to define local markets. GIS was used extensively to show the spatial extent of the different sub-markets and their respective characteristics. The strength of the relationship between towns and their hinterland was well analysed.

Approach to stakeholder engagement

Stakeholder engagement is not referred to at all in the SHMA report and no further information has been received to shed light on the approach taken in West Cornwall.

Are housing market conditions assessed within the context of the housing market area?

Yes, this is a strong point of the assessment.

Is a full technical explanation given of methods employed, with any limitations noted?

According to the Main Report of the ORS West Cornwall Housing Requirements Study 2007 seven separate reports were produced, one of which is a Technical Report. This document has not been made available for review and it is therefore not possible to comment properly on this aspect of the SHMA process.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

See above.

Are effective quality control mechanisms used and reported on?

See above.

Monitoring and updating

See above.

9.0 Taunton/South Somerset

A County-wide Housing Market Assessment for Somerset was carried out by ARK consulting in 2005 and this was evaluated to see if it met the requirements of the CLG guidance and PPS3 and was fit for purpose as an SHMA. It was decided that this study was not fit for purpose and Fordham Research was commissioned in January 2008 to start work on a full SHMA covering both the Taunton and South Somerset Housing Market Areas (HMAs) which would conform to the Guidance. This SHMA was completed and signed off in February 2009.

Fordham Research produced a number of reports that together constitute the SHMA evidence base:

- An Executive Summary Report covering both Housing Market Areas;
- A Main Report covering both Housing Market Areas;
- Four district reports, one for each of the four districts covered by the SHMA - Taunton Deane, Sedgemoor and West Somerset (together the Taunton HMA) and South Somerset.

A Strategic Land Viability Assessment was also carried out in tandem with the SHMA. It focuses on the deliverability of core outputs and includes a viability assessment of affordable housing provision on a cross-section of sites in the Taunton/South Somerset Housing Market Areas, including small sites, larger sites, green-field sites and brownfield sites. The Strategic Land Viability Assessment is not reviewed here, although it is noted that it forms an integral part of the evidence base for PPS3 in particular.

9.1 Key messages

The following key messages are drawn from the Taunton and South Somerset SHMA Executive Summary Report and Main Report.

9.1.1 Sub-markets within the sub region

The analysis of travel to work patterns broadly supports the findings of the 2004 DTZ report – that there are two Housing Market Areas: Taunton (containing Taunton Deane, Sedgemoor and West Somerset) and Yeovil (South Somerset and West Dorset). Migration data from the household survey suggested that the link with West Dorset was not particularly strong, validating the approach taken of studying South Somerset separately from West Dorset.

Interviews with estate agents indicated significant market relationships between parts of Mendip, Glastonbury and Street (West of England HMA) and parts of Sedgemoor and South Somerset. The impact of commuting to Bristol and Weston-super-Mare is largely restricted to northern Sedgemoor, particularly around the M5 and Cheddar.

The SHMA identified 12 sub-markets across the four districts, shown in the map below. These sub-market areas have been “snapped” to district boundaries. The SHMA reports prepared for each district including information on each of these sub-markets collected through household survey.

Sub-markets within Taunton and South Somerset HMAs



Fordham Research (2009)

9.1.2 Demographic and economic drivers

Population in all four districts that make up the two HMAs has risen rapidly over the past decade which the SHMA ascribes to a significant growth in employment as well as to the attractiveness of the area as a retirement location. Concerning rapid job growth, the SHMA points out that the workforce does not generally have high qualifications and higher paid jobs are under-represented in both HMAs. Food processing is a key industry and many of the workers in the food processing industry are recent in-migrants from the new European Community Accession countries.

Incomes vary widely across the study area with around 25% of fulltime employees earning less than about £16,000 per annum. The average income of employed residents is lowest in South Somerset. The SHMA concludes that future economic growth prospects for the study area look quite good and that there is no sound basis for expecting a radical change from the growth path dictated by the general national economic cycle.

Population and household growth are projected to continue in the future, and the average household size is expected to decline to less than 2.1 in both HMAs. There is expected to be a dramatic increase in the population of those aged over 60, and decreases or only slight increases in the population of most other age groups. ONS 2004-based projections give the following growth forecast for the period 2006 – 2026:

- South Somerset HMA: 15.0% (population); 27.9% (households)
- Taunton HMA: 18.6% (population); 29.5% (households).

In summary, the drivers of change in the two HMAs are economic growth and expansion in the number of households. The analysis contained in the SHMA suggests a solid GVA performance and continued in-migration of retired households. The main demographic change, mirroring the national one, is a sharp increase in older households. The corollary is smaller households over time.

9.1.3 The importance of managing the existing stock

There are significant levels of under-occupation within the two HMAs. Survey results indicated that over two-fifths of households under-occupy their dwelling. At around 4% in 2001, levels of overcrowding were quite low. Overcrowding is most prevalent in urban areas, particularly Taunton and Bridgwater. 2007 HSSA data also indicates high levels of vacant properties in the Taunton HMA, with percentages ranging between 3.3% in Taunton Deane and 4.2% in Sedgemoor. In terms of stock condition, information from BRE suggests that over 40% of private sector dwellings in the two HMAs would be considered non-decent. Stock condition is worst in West Somerset district.

9.1.4 Affordability and the need for affordable housing

Despite incomes in the two HMAs being significantly lower than the national average (21% lower in the South Somerset HMA and 12% lower in the Taunton HMA) house prices are very close to the national average. House price rises in the Taunton HMA between 1997 and 2007 were greater than the regional average. Those in the South Somerset HMA were broadly in line with the regional average but were greater than the national average.

Survey results on the financial position of owner occupier households in the study area shows that on average the ability to buy is for two-thirds based on savings and equity and for only one-third on income.

The SHMA identifies very large intermediate and rent/buy gaps across all four districts. Market entry (to rent) is about 150% of social rent (the intermediate gap) while ownership is around 130% of market entry to buy second hand. It is concluded that “there is no effective housing ladder when the gaps between the rungs are this big. The increase in financial capacity is more than most households can ever achieve.”

There is an estimated need for nearly 2,500 new affordable homes per annum in the study area, of which nearly three-quarters in the Taunton HMA. The relative level of need in the Taunton HMA is close to the national average while the relative level of need in the South Somerset HMA is lower than the national average. The SHMA provides the following district level estimates of annual net affordable need:

- Sedgemoor: 891 (18.5 per 1,000 households);
- Taunton Deane: 586 (11.8 per 1,000 households);
- West Somerset 269 (16.4 per 1,000 households);
- Total Taunton HMA: 1,746 (15.3 per 1,000 households);
- South Somerset (HMA): 659 (9.3 per 1,000 households);

9.1.5 Housing mix required

The SHMA sets out clearly the key outputs required by paragraph 22 of PPS 3 concerning tenure mix:

- Taunton HMA: 60% open market housing; 14% intermediate affordable housing and 26% social rent affordable housing;
- South Somerset HMA: 65% open market housing; 12% intermediate affordable housing and 23% social rent affordable housing.

The main outputs for the type and size of market housing required are summarised in the following table.

Required housing mix		
<i>HMA</i>	Taunton	South Somerset
<i>Affordable housing required</i>		
1-2 bed	74%	75%
3-4 bed	26%	25%
<i>Market housing required - by size</i>		
1 bedroom	4%	5%
2 bedroom	34%	32%
3 bedrooms	35%	43%
4+ bedrooms	27%	20%
<i>Market housing required - by type</i>		
Detached	35%	32%
Semi-detached	32%	28%
Terraced	14%	12%
Bungalow	15%	18%
Flat/maisonette	5%	10%

Source: Fordham Research 2009

9.1.6 Coverage of selected themes

Second Homes/ Buy to let/Buy to Leave

The SHMA identifies second homes to be a significant issue in West Somerset district where these homes made up 4.1% of the stock in 2001. The proportion of second homes is below 1% in the other districts, which is considerably lower than the regional average (1.8%). Issues around “Buy to Let” and “Buy to Leave” are not explored.

Private rented sector

According to survey results between 11.5% (South Somerset HMA) and 11.8% (Taunton HMA) of households are private renters. In its exploration of housing issues facing younger people (those aged between 21 and 35) the SHMA notes that households headed by younger people, particularly those living alone, are much more likely to be found in the private rented sector. Overall however, only about a quarter of private renters are younger people.

The intermediate market, low cost market and key worker housing

The SHMA found key workers to be in general less disadvantaged than other households. The analysis suggests that around a third of households in need could in principle afford something

between a social rent and market entry (i.e. the intermediate sector). It goes on to comment that “whether any such housing variant exists in substantial numbers is a major issue”.

Older Persons' Housing Issues

Compared to nationally and regionally the two HMAs contain a higher proportion of older people (age 60 and over) and a lower proportion of people aged between 15 and 44. West Somerset stands out as the most extreme case in this respect. More than 21% of households in this district were single pensioners in 2001 and a further 16% were multi-person pensioner households.

The coastal zone of West Somerset has the highest proportion of people with a limiting long-term illness (LLTI), which directly correlates to a higher proportion of older people.

The projected increase in the 80+ age group (+79.1% 2006-2026 in the South Somerset HMA and +82.7% in the Taunton HMA) may have a significant impact on local housing requirements as these households may be more likely to require some form of specialist accommodation. Support services will clearly need to be expanded in future.

BME Housing

The ethnic minority population is small in both HMAs, with 97.7% of the population classified as “White British/Irish” in the 2001 Census. The results of the household survey revealed the following about BME households when compared to households headed by a White British/Irish persons:

- Larger average household size (2.77 compared to 2.25);
- Larger proportion of working age, smaller proportion retired;
- Large proportion in the private rented accommodation (33% compared to 10%);
- Three times more likely to reside in unsuitable housing (e.g. overcrowded).

According to National Insurance Registrations data some 1,800 new migrants from “A8” countries entered the two HMAs in 2006/07. Evidence gleaned from stakeholder interviews indicated an unsettled and dynamic housing situation for many of these new migrants, with security of tenure and communication difficulties identified as problem areas that needed to be addressed.

Migration

The SHMA examines both survey and secondary data to provide the following picture of annual household moves. The overall migration balance is positive in both Housing Market Areas, although there is a net outflow of younger single people and households with children from the South Somerset HMA. Single older people are the largest net in-migrant group in South Somerset. There is a net inflow of all household types into the Taunton HMA, with multi-adult households without children and single older people featuring strongly.

A key conclusion is that both HMAs are attracting prosperous retired households and that this trend is likely to continue in the future. The next table provides an overview of migration flows by household type.

Household movements by household type

HMA	Household type	In-migrants	Moving within HMA	Out-migrants	Migration balance
South Somerset	Single older person	891	514	305	586
	Single, non pensioner	377	782	556	-179
	Multi-adult, no children	1,349	1,217	1,163	186
	Household with children	765	1,511	859	-94
	Total, all households	3,382	4,024	2,883	499
Taunton	Single older person	811	1,056	561	250
	Single, non pensioner	985	1,295	782	203
	Multi-adult, no children	1,711	2,138	1,193	518
	Household with children	1,211	2,452	999	212
	Total, all households	4,718	6,941	3,535	1,183

Source: Fordham Research 2009

Rural housing

Both HMAs are significantly rural: 60% in the case of South Somerset and 40% in the case of Taunton compared to a national average of 20%. Villages in the Taunton and South Somerset HMAs are subject to migration pressures from higher-priced areas such as Bristol and London. The affluent character of more rural areas is reflected in their very high proportions of owner-occupation. The flip-side to this is that the shortage of smaller and cheaper dwellings restricts the number of poorer households.

Survey results show that rural dwellers include a greater proportion of older and higher income households. As the location becomes more rural, the proportion of home workers rises sharply as does the overall income and financial capacity of households.

Analysis of rural housing need suggests that it is similar to urban levels (relative to the total number of households). There are slightly lower levels of need in rural areas and this may in part be due to moves from rural to urban areas due to a lack of rural supply from current stock re-lets. The survey reveals the social rented tenure to be significantly underrepresented in rural areas, particularly in the smaller hamlets where private renting is much more common. Poorer rural households have difficulty in accessing services and have higher levels of unsuitable housing.

9.2 Methodology

9.2.1 Main elements of the approach taken

The Taunton and South Somerset SHMA carried out by Fordham Research makes use of both primary and secondary data. Some 8,000 household postal questionnaires were distributed in each of the 4 districts resulting in between 1,704 (Sedgemoor) and 2,040 (Taunton and Deane) responses per district. This represents an average response rate of between 20% and 25%. Interviews were also carried out with estate and lettings agents in each district and several stakeholder events were held to gather intelligence from the field.

9.2.2 Achieving the SHMA Core Outputs

Approach to current stock

This core output was adequately provided using various secondary data sources. HSSA records were used to identify the current number of dwellings, provide a breakdown into public sector and private sector stock and identify the number of vacant and unfit properties. HIP data was used to show stock change between 1996 and 2006. Census data (2001) provided stock breakdown by dwelling type and number of bedrooms as well as information on second homes and shared dwellings and communal establishments. Additional information on non-decency and energy efficiency, drawn from a report produced by BRE Consultants, was presented in the SHMA.

The SHMA provides graphs showing recent completions (based on data from Annual Monitoring Reports) although there is no integral discussion of completions levels within the context of current market dynamics. The analysis of survey data in the district levels reports provided tenure and dwelling type breakdowns from the occupier perspective.

Approach to market trends, affordability and drivers

The analysis comprising this core output was spread over a number of different chapters and sections of the main report although a useful synopsis of findings was presented towards the end of the Main Report, summarising key themes and drivers.

One chapter was dedicated to presenting national trends, looking at interest rates (Bank of England), changing tenure patterns (Survey of English Housing - SEH), equity release, social re-lets (HSSA), the relationship between rents and income levels (SEH and Annual Survey of Hours and Earnings - ASHE) and relationships between household type, age and tenure (Labour Force Survey).

2001 Census data was used to explore migration and travel to work relationships at both district and neighbourhood levels. This was augmented by analysis of household survey data in the individual district reports covering household characteristics, financial information and household mobility.

Approach to the future number of households

ONS revised 2004-based sub-national population projections and CLG 2004-based household projections were used to explore future demographic change. An additional analysis of current annual flows based on survey data was provided, showing the net effect of migration and natural change on household numbers.

The housing needs calculation also contained an estimate of new household formation based on survey respondents who had formed a new household in the previous two years. It is not clear if this includes those who have moved in from elsewhere.

Approach to current housing need

Only the bottom line (net annual housing need) figures are presented in the main report. The detailed breakdown of the components of need and the approach taken to arrive at these figures are provided in the individual district reports.

The approach was entirely based on survey data. Firstly, those in unsuitable housing were identified, and if the reason for unsuitability is “end of tenancy”, “accommodation too expensive”, “overcrowding”, “sharing facilities” and “harassment” then an in-situ solution was not deemed to be applicable. An affordability assessment was then made of the remaining respondents (based on both income and savings/equity) to arrive at the number of households in need. To this was added the number of homeless households (district P1E data) to arrive at an estimate of the total number of households currently in need.

Approach to future housing need

The first component of future housing need concerns newly forming households unable to afford open market housing. An estimate for this was derived from the number of survey respondents who had formed a new household in the previous two years. An affordability calculation was applied to generate a final figure. It is not clear if migrating households were included.

The second component of future housing need concerns existing households falling into need. This was estimated by counting the number of survey respondents who had to move home (e.g. because of the end of a tenancy agreement) during the previous two years, yet were unable to afford market rents without the help of housing benefit, or without exceeding the official income ratio (quarter of gross income). Adjustments were made to avoid double counting and eliminate those transferring within the social sector.

The two components were then added together to arrive at a total estimate for newly arising need.

Approach to future market housing

The main report contains a long term (20 year) projection of the proportion of households able to afford market housing. The source for this is the household survey but the methodology behind the figures presented is not explained. The concluding chapters of the main report provide a useful presentation of issues around overall housing targets which includes future market housing requirements. RSS targets, newbuild trajectory, the relationship between projected household growth and newbuild requirements and the deliverability of housing targets given viability and the credit crunch are all discussed.

Approach to estimating the size of affordable housing required

A combination of survey and secondary data was used to provide this core output. Firstly a percentage breakdown of need by bedroom size was presented from the following three sources:

- Households currently or projected to be in need (from survey data);
- Households currently or projected to be in need (from survey data) who are also in a group likely to be considered as having priority (pensioner households, households with children or households where someone has a special/support need);
- Households on the housing register (data provided by the HSSA Return 2007).

These percentages were averaged to arrive at a final set of percentages for gross need by bedroom size. The report does not explain the basis for allocating an appropriate dwelling size to each respondent household.

At a later stage in the assessment this gross need was translated into a “possible profile for affordable housing by size/type of dwelling”. This was done by comparing the percentage breakdown of gross need to the percentage breakdown of supply. The approach identifies shortfall/surplus by size/type of dwelling in relative terms, although how the final recommendations were derived is not entirely clear.

Approach to household groups with particular housing requirements

The SHMA uses survey data to explore the situation of household groups with particular housing requirements. Analysis is presented on the following key household groups:

- Households with support needs;
- Older person households;
- Key worker households;
- First-time buyers and young people;
- Households living in rural areas.

Because of their small numbers BME households were not examined in this way. Instead secondary data was used to explore this group, most notably Census data and DWP NINo Registrations data (National Insurance registrations). Census data was also used to present additional evidence on limiting long-term illness (LLTI), key workers, pensioner households and families.

9.2.3 SHMA Process Checklist

Approach to defining housing market areas

Migration and travel to work data from the Census was analysed to test the sub-regional level findings of the 2004 DTS Report. This was augmented by analysis of the Survey data concerning household moves. Finally, estate agent interviews provided information on housing markets at the local area, which when combined with local area information from the Census allowed 12 local housing market areas to be delineated.

Approach to stakeholder engagement

One of the first steps taken by the Partnership was to conduct a round of stakeholder interviews to identify issues and themes to be covered and ensure the wider partnership was engaged from the outset. Following this three stakeholder events took place in February 2008, the first of which was attended by 40 or 50 professionals including Council Planners, representatives of RSLs, developers and estate agents. The other two events facilitated the engagement of Parish Council representatives. Stakeholders were also invited to attend presentations of both the interim and final reports.

The SHMA and SLAA processes were overseen by a multi-agency Partnership. This Partnership included representatives of local authorities, registered social landlords, private sector developers

and property professionals (including a representative of the south west region of the Home Builders Federation) as well as regional government agencies. In all some 37 organisations were members of the Partnership. The active involvement of such a range of organisations from varied sectors represents the type of approach envisaged in the CLG Guidance and is an example of best practice in this field.

Are housing market conditions assessed within the context of the housing market area?

Yes.

Is a full technical explanation given of methods employed, with any limitations noted?

Full technical explanations of methods used are not provided in all cases. For example it is not clear how the 20 year projection of affordable and market housing requirement is arrived at. Similarly, the explanation of how the recommendations concerning size of affordable and market requirements were arrived at is incomplete.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

Generally yes, although there are issues stemming from the incomplete explanation of technical aspects of some of the calculation.

Monitoring and updating

Chapter 31 of the Main Report addresses the issue of monitoring and updating. The importance of tracking changes in the weekly costs of different forms of housing is emphasised as it is contended that these are the key to most practical policy decisions on both planning and housing issues. Quarterly updating of these is recommended, and the procedure for doing so is set out. Once every five years is the suggested frequency for a new primary household survey. Finally, the SHMA provides a tabular overview of secondary data sources with the frequency, scale, strengths and weaknesses of each source noted.

10.0 Gloucestershire

The Gloucester-Cheltenham SHMA (known as the Gloucestershire SHMA in its final form) comprises a suite of several documents which together make up the SHMA evidence base. Gloucestershire County Council carried out an initial scoping exercise in 2006, compiling secondary housing market, demographic, and economic data. Also available was a Gloucestershire-wide Housing Needs Assessment (HNA), based on a 2004 survey, with 700 interviews in each of the districts.

Fordham Research were commissioned to undertake the SHMA, and produced their draft Report in June 2008. This incorporated the initial scoping data, integrating it with new research using secondary data sources. Upon completion, ECOTEC Research and Consulting were asked to review the work as a 'critical friend'. A number of gaps were identified in the provision of the core outputs required to meet SHMA and PPS3 requirements, and Peter Smith Research and Consulting (PSRC) were then contracted to undertake additional work in November 2008. This was accompanied by additional work by Fordham Research on the draft Report.

The 'Technical Report' produced by PSRC effectively added to or replaced many of the core outputs around housing need and demand. In February 2009 the Gloucestershire Housing Partnership decided to adopt the Technical Report in its entirety. The rationale for this approach was explained in the document 'Finalising the Gloucestershire SHMA' (known as the 'Management Summary') which forms part of the suite. The Management Summary described the effect of this as 'overwriting' section 9 of the Fordham Report 'Extent of Housing Need' in its entirety with the contents of the Technical Report.

So, the final suite combines the now-finalised main Fordham Research Report, an Executive Summary of this Report, the Technical Report, sometimes referred to as the PSRC Report, (which takes precedence over parts of the Fordham Report and indeed its Executive Summary), and the Management Summary, which explains the construct. There is also an Affordable Housing Site Viability Study, separately commissioned from Fordham Research. There is no over-arching summary or collated document that brings all final and revised elements into a single place. This makes it difficult to audit and assess the overall consistency of the SHMA.

10.1 Key messages from the Gloucestershire SHMA

10.1.1 Sub-markets within the sub-region

The original DTZ analysis identified the County of Gloucestershire as a housing market area, whilst acknowledging the influence of markets adjacent to the County – West of England, Swindon, Worcester, Bristol and others. When snapped to local authority boundaries, as authorised as an acceptable methodology by the CLG, it encompasses all six districts that make up the county. Analysis of travel to work patterns confirmed the relative self-containment of the county, and therefore of the SHMA area. There is no further analysis or consideration of drivers that may

indicate local housing market areas that cross district boundaries, nor a consideration of urban / market town v. rural relationships, though the impact of urban extensions around Gloucester, Cheltenham, Stroud and particularly Tewkesbury, are noted.

10.1.2 Demographic trends and future housing requirement

The snapshot of the current demographic pattern uses a combination of Census, CLG and Gloucestershire County Council (GCC) data in the Fordham Report. It identifies the historic (from 1991) growth in single person households, shrinkage of household size and increasing numbers of pensioner households. Differential growth patterns between districts, with population increase particularly significant in the Cotswolds are highlighted, as are variations in groups in different age ranges.

Section 4 of the Technical Report, after weighing various alternatives, further analyses CLG projections to provide the required outputs – detailed household type projections up to 2026, by local authority, household type and age band.

In summary there is projected to be an annual increase of 2,425 households per annum. Components of this are a 49% increase in single person households, and 16% in couples without children, correlated with a 38% increase in households aged 60-74 years and 56% increase in households aged 75 plus years.

In terms of future housing requirements, the CLG guidance stresses the requirement to assess the numbers of *newly-forming* households in the area (as oppose to net household number increase or decrease). Acceptable methodology is to focus on younger age-group cohorts here, given that older ones will most likely already have a housing solution at their disposal. The final version of this appears in the Technical Report, both of those in need of affordable housing and those able to access market housing. In County-wide terms, the greatest projected growth is among couples with children (1,255 - 36% of total), followed by couples without children (862 - 25%) and single person households (646 - 19%). Taking account of those that can meet their needs in the market, meeting backlog need, and of available supply of re-lets, an overall net annual housing need figure of 2,435 is arrived at. With an average of 441 new affordable dwellings per annum coming on stream, this is clearly inadequate to meet need. And there are shortfalls of all dwelling types in all districts (bar 2-bed flats in Tewkesbury).

The Technical Report contains a breakdown of the 2,435 by bedsize requirement (in table 6.2) and moves on to describe the housing requirements in terms of prioritising the need to meet requirements by acuteness of need. If, for example, there is a greater proportionate supply of a particular bedsize available through stock churn, this reduces prioritised need even if there are high gross levels of demand. This approach means that recommendations for future programmes are weighted towards provision of larger homes – where churn and supply is much lower than for smaller units. In recognition of the unlikelihood of there being a programme that will meet all need, it suggests a programme to meet two thirds of emerging and backlog need over five years, building 1,247 affordable homes, of which 67% are 3-bed or larger. It is important that these figures be given prominence over those in the Fordham Executive summary which, while

acknowledging that there is a need for all types and sizes of dwellings, contains a table (S3) which implies gross need is overwhelmingly for one-bedroom homes. Although the Technical Report acknowledges the increase in single people, especially older single people, it recommends two- rather than one-bedroom development to meet space aspirations of new purchasers.

10.1.3 Key themes and drivers

Taken primarily from the Fordham Report, the underlying sub-regional theme is continuity of growth but this is tempered with concerns about national factors – the credit crunch and housing market recession – and local factors – particularly concern about flooding. Some attention is paid to social factors, particularly the role of education in equipping the county to be more competitive into the future and aiding the prospects of major economic growth being achieved. There is a useful discussion about the relationship between housing prices and demand, and the quality of higher (secondary) education provision.

There is brief consideration of three economic scenarios (recession, stability and boom), but these are only touched on impressionistically, and there is no actual modelling or sensitivity testing undertaken. In the longer term, there is an expectation that affordability will worsen over the next 20 years, though not at the same rate as in previous years, based on NHPAU projections. In the context of the housing market downturn, the Technical Report also has a helpful section where sensitivity testing is undertaken to see how a house price reduction would impact on estimated numbers in housing need. It models a 10% reduction in the market entry price level, and concludes that net annual unmet need would reduce by 13.5%. Given that this still leaves net annual housing need of 2,167, it concludes that the decrease in need is not significant enough to undermine the prime conclusions of the Report. It also should be noted that this scenario assumes all other factors remain equal – including household income which, of course, is vulnerable in times of economic recession.

10.1.4 Specific policy recommendations

The SHMA summarises and reviews the current affordable housing targets embedded in the different local authorities' supplementary planning guidance or draft core strategies, and is able to assess them against the viability analysis they carried out to see how deliverable they are. In most instances the viability study confirms that the affordable targets are viable (or indeed on the low side), with the exception of the Forest of Dean, where delivering a 40% affordable housing target would rely on a higher proportion of intermediate housing in the mix. The Fordham and PSRC studies take differing approaches to intermediate provision, but (although both studies are not definitive in setting target recommendations given the sensitivity of the tenure to price changes) they end up with similar estimates, of between 10% and 17% of overall (including market) development targets.

10.1.5 Regional spatial, housing, and planning policy.

The Fordham Report analyses in some detail the degree of preparedness of each local authority as against the adopted local plan, the LDF Core Strategy, the housing and community strategies.

It also lays some weight on discussion of transport policy, especially in the context of plans for housing development and growth areas within the County. This was one of the major topics discussed at the stakeholder workshops that were held. It promotes a view that economic (and housing) development in market towns and rural issues will encourage sustainable travel patterns (that is, militate towards public transport solutions). It makes the point well that the County has a contrasting set of transport requirements, ranging from those of prominently rural Forest of Dean, to the Cotswold area which is hugely influenced by the South East's economy and housing markets.

10.1.6 Regional economic strategy

The Fordham Report reviews the draft Gloucestershire Urban Economic Strategy and the programme of the Gloucester Heritage Urban Regeneration Company, and data on employment levels and skill profiles. It concludes that there are higher than average employment levels, lower than average unemployment levels, and significantly different patterns of occupation from that of a few decades ago. It recognises the limitations that the recession has imposed on the hitherto healthy climate for economic growth in the County. However, this analysis is not really translated into consideration of how it will impact on the future housing market in the County – whether it will bring different requirements for the profile of open market housing, and differential demand for affordable housing. A fairly general observation is made that the County's geographic position and transport links and existing pattern of relatively high house prices 'arguably outweigh the potential threats or challenges to the County's economy and housing market'.

10.1.7 Coverage of selected themes

Second Homes / Buy to Let / Buy to Leave

There is little reference to these issues

Private rented sector

The private rented sector is briefly referenced in the context of 'city drift' and the potential expansion of the academic sectors in Gloucester and Cheltenham, as well as in relation to migrant workers. Trends in rent costs are assessed using reference rents for housing benefits data which, as noted in the text, do not equate to actual rents. An online letting agent survey was undertaken (no details on methodology provided).

Key worker housing

Based on the 2005 survey, no particular problems or issues around key workers were identified for the County, though an uneven 'spread' (possibly related to concentrations of public administration activities) was noted. Future needs are cross-referenced to discussion on migrant workers, some of whom will, it is assumed, be taking up key worker roles.

Older persons' housing issues

Building on demographic projections for increase in the number of older person households, (by 52,000 by 2026), Census data primarily is used to assess occupancy rates of different sizes and tenures of home among older people, with a view to exploring the scope for better use of under-occupied stock. It is estimated that some 76% of pensioner households under-occupy their homes by two rooms or more, and therefore a range of policy proposals, based on incentives, equity release and options for alternative tenures are proposed.

Limiting long-term illness (LLTI)

The Fordham Report uses Census data to characterise the population with Limiting Long Term Illness (LLTI), noting that of the 15% in this category, they are more likely to live in social-rented homes than the private sector. This is cross-referenced to the 2004 Gloucestershire-wide HNA, which shows a rather higher percentage (27.7% - 34.6% across the districts). A need for extra specialist provision, extra-care and the roll-out of Lifetime homes standards is noted, though not quantified.

BME housing

Again based purely on Census data, the concentration of the relatively low proportion of non-white households (2.8%) in urban areas, with some additional presence in eastern wards, was noted. Using car-ownership and overcrowding data, the conclusion is reached that the BME group is disadvantaged, but there is no additional triangulated evidence presented (e.g. use of the Index of Deprivation 2007).

Migration

There is substantial and useful discussion and analysis on migrant labour in the Fordham Report, based on a study undertaken by the County Council in 2007. This estimates that some 4.5% of the working age population comprised migrant labour by 2007, with Eastern Europeans (59%) dominating applications for National Insurance numbers. Part of the study involved an employee survey, which found a high level of education and qualification among the migrant community, even though 45% were doing unskilled work. In terms of housing requirements, the initial pattern was for occupation of employer-provided housing (with implications for HMO control), with the groups projected to expand into the private rented market and in the longer term, home ownership at the lower end of the scale. As yet there is low impact on provision of social housing.

Rurality

Rurality is touched upon in some of the discussion of policy drivers, but more as a side-issue in the context of the greater discussion of urban extensions. Rural areas tend to be treated as places where certain categories do not live – BME households, lone parents and unemployed people –

rather than treated as markets with their own characteristics and problems. For example, apart from the reference to urban drift, there is little discussion of any difficulties newly-forming or less wealthy households may have in accessing affordable rural accommodation, and the impact this may have of the viability of villages. Nor is there much discussion of the make-up of the actual stock in rural areas and how it may diverge from the urban profile.

10.2 Methodology

10.2.1 Main elements of the approach taken

As noted in the introduction to this section, the Gloucestershire SHMA has some complex and overlapping methodological components. It is principally based on secondary (rather than primary) data usage by both Fordham Research and PSRC but, as the Management Report relates, the different consultancies used different data sources, different methodologies to process the secondary data and ended up with different outputs. Limited use was made of the primary data source held in the Gloucestershire County HNA, mainly in the sections on the needs of specific groups, but this was not used to feed the housing needs calculations and most of the core outputs. The absence of an up-to-date and full primary data set was one of the methodological concerns raised by Fordham Research, who considered that a full, fresh primary survey in the six districts was required to redress deficiencies in the 2004 survey, particularly around financial assessments. The steering group were unable at the time to commission additional primary research, and this meant that, as the ECOTEC study showed, some core outputs remained incomplete in the Fordham study. The PSRC Technical Report attempted to remedy this and, for the purposes of this review, it is the methodology used by this that will mainly be considered in relation to the core outputs relating to the calculation of housing need.

10.2.2 Achieving the SHMA Core Outputs

Approach to current stock

This is covered in the Fordham Research Report. Extensive use is made of Census 2001 data, covering such aspects as the number of household spaces, stock by number of rooms, tenure by age, gender and economic activity. Additional sources used include Gloucestershire County Council Housing Land Availability monitors, HSSA data on number of dwellings and unfitness, and Council stock data. The core output is covered, but is weak in some areas – particularly the absence of information on the private rented sector, and the tracking of stock change over the preceding decade. Rather than relying on the Census, the HSSA could have been used more extensively to generate time series for stock by tenure, affordable completions, unfit properties and voids.

Approach to market trends, affordability and drivers

The demographic approach is covered above, and the limitations of relying overly on 2001 data has been commented upon. However, the resultant conclusions are comparable to those obtainable through other methods. Longer term trends could have been more fully explained.

The Fordham Report covers interest rate trends, levels of housing benefit and funding for regeneration and economic development growth, following the approach recommended in the CLG guidance, and has been updated to reflect the impact of the credit crunch and housing market recession. A good range and choice of secondary data are used to assess employment levels, employment structure, unemployment, VAT registrations, education and skills. Education is particularly well handled.

In terms of the approach to incomes and affordability, this is now covered in the Technical Report, which weighs up the pros and cons of using the Gloucestershire HNA, the national Survey of English Housing (SEH), and a Gloucestershire-specific sub-set of the SEH as the baseline for income distribution. Because of perceived weaknesses in the response rates to the HNA, and the similarity between the larger national and smaller county-based SEH results, the national SEH route was preferred. This is a conclusion reached after balanced consideration. Actual income levels for the districts were then generated using CACI PayCheck, as advocated in the GLG Guidance. The exercise of then matching household types to the number of bedrooms required was undertaken using a combined average of all three data sets, though it is not quite transparent how exactly this was carried out.

Entry level market prices – needed to calculate the percentages of those in housing need that can afford to meet their own needs, as well as assist in determining thresholds for intermediate housing costs – were calculated following the CLG Practice Guidance, and in a similar manner to the Fordham study. The lower quartile price for the private rented sector was used as the entry point for private renting, as it is lower than the comparable owner-occupier market point.

An innovative approach was used to assess the threshold for entry into the intermediate sector. Given that the Guidance requires that the requirement for intermediate housing should be based on the ability to afford it, and that it must be related to specific products that are available, or are being considered, on such a comparison it was deduced that some 58% of shared ownership properties sold in 2007-2008 did not constitute affordable housing under the PPS3 definition. A figure of 90% of market entry price was reached in order to determine the share of households in need that could be served by the intermediate sector.

Approach to future number of households

The Technical Report builds on the Fordham Report, using CLG 2004-based household projections to assess the number, type and age-profile of future-forming households. It emphasises that the prime function of the SHMA methodology is to estimate the number of newly-forming households within the areas, and a need to be prudent about new-build development and migration, in today's economic climate. The CLG projections are thus preferable to County Council projections, which are less conservative and more development-led. The first stage was to differentiate newly-forming couples with children from those without children (important when considering property size and type) by triangulating against the Census split, as CLG projections do not automatically do this. A cohort-tracking methodology was then used to work out the numbers of newly-forming household by type, excluding cohorts aged over 35 (because they are

less likely to result in demand for additional accommodation), and excluding single younger sharers (as inferred in the Practice Guidance). Although complex, the methodology is robust and clearly explained, and results in an average 3,478 newly forming households per annum. These figures are broken down by household type, age-band and district in the statistical appendix.

Approach to current housing need

Again, the Technical Report builds on the Fordham analysis of HSSA, combining it with more detailed examination of the Housing Registers (in order, for example, to remove sharing under 25s) and testing income levels to ascertain proportions that could afford to buy on the open market. This exercise also helped build a profile of need by household type. Additional data was obtained from HomeBuy Agents / Zone Agents records, in order to test those who may not be able to buy on the open market, but may be able to afford intermediate housing products, and their characteristics. In total, an estimate of 9,666 households in housing need in Gloucestershire was arrived at, although this is qualified by the statement that it is almost certainly an undercount, as not all households in need will be on Housing Registers or with HomeBuy Agents.

Future households requiring affordable housing

The affordability test described above was applied to newly-forming households, generating a breakdown by district and household type of those able to afford market, intermediate or only social rented housing. The other element of future affordable housing need – existing households falling into need – was estimated using CORE data covering those formerly in the owner-occupier and private renting sectors moving into social renting; and former owner-occupiers moving into intermediate ownership. The limitations of this approach (in that it only measures households that have successfully accessed affordable housing) are accepted, and a 'health warning' that these figures (1,884 for Gloucestershire) are a minimum is given.

Approach to supply-side

The Technical Report takes a cautious approach to new affordable housing supply, counting only affordable dwellings that are currently under development or absolutely certain of being built at the time of the assessment. A similar strict line was taken around units to be taken out of management. This approach is justified on several grounds: firstly, because the housing development market is fragile and uncertain, and cannot be assumed to automatically roll out numbers of units projected in regional spatial strategies and housing strategies; and secondly, that an approach that does not make assumptions about housing policy and investment based on past patterns (as has been used elsewhere) is more useful in deriving an evidence baseline to inform future policy. Projected relet supply is based on CORE patterns but, for similar reasons excludes first lettings of new-builds, as well as social sector transfer re-lets

Approach to future market supply

Newly forming households able to afford market housing were calculated as a by-product of the housing needs calculation, and the assumption was made that most of these would be likely to

find housing solutions in existing market stock (given their income profile and the premium paid for new-build). A variety of scenarios relating to the way in which backlog housing need is tackled are related to future new market housing need, because of the manner in which this frees up housing for the open market. The conclusion reached is that, realistically, there will not be enough affordable housing development to tackle the backlog – only enough to meet newly-arising need. Given that the number of households are projected to increase by 43,500 between 2009 and 2026, the gap of 32,000 would have to be met by the market sector. This equates to 75% of the total number of new homes.

10.2.3 SHMA Process checklist

Approach to defining housing market areas

Gloucestershire was defined as a housing market area in the Report "Analysis of Sub-regional Housing Markets in the South West of England" which DTZ carried out for the regional Housing Body as part of the work preparing the RSS in 2004. DTZ called the area Gloucester-Cheltenham but when the geographical area was snapped to local authority boundaries it encompassed all six districts of the County.

DTZ applied the same methodology to the whole region ensuring a consistent approach. The Gloucestershire SHMA draft Report produced by Fordham Research does not challenge this; therefore the first item on the Process checklist has been met.

Approach to stakeholder engagement

Input from stakeholder consultations is documented in section 3 of the Fordham study. It is noted in the Report that estate agents were interviewed, discussions were held with house builders and a land owner, and workshops were held at two different stages in the Assessment process involving elected members, professionals and members of the public.

The Report does not specify the numbers of stakeholders engaged and it is not clear which professionals and community groups were involved (were RSL representatives spoken to?). But as a substantial range of drivers and issues were discussed, though integrating these findings more thoroughly into the body of the Report would have been advantageous.

Are market conditions assessed within the context of the housing market area?

This is broadly covered in sections 11 and 12 in the Fordham Report

Is a full technical explanation given of methods employed, with any limitations noted?

One of the problems with the complex structure of the work is that it is difficult to be sure which element of methodology applies in some instances. However, as regards the key elements of the housing needs and associated calculations finally agreed upon, these are thoroughly explained in the Technical Report in the main.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

The Management Summary discusses the variations between the original assumptions used in the Fordham Report and the alternative assumptions used in the Technical Report. While we agree that the complex process has been explained in a transparent manner, there still remains lack of clarity on some factual matters. While the Management Summary states that section 9 of the Fordham Report is overwritten by the Technical Report, nonetheless there are still inconsistencies between other parts of the Fordham Report and the Technical Report. We would also suggest that it would have been better to withdraw the Executive Summary (which is based purely on the Fordham Report) and replace it with a summary that more succinctly and clearly summarises the key conclusions of all extant elements of the work. Nonetheless, in spite of the lack of clarity, the end result is an SHMA that is robust in its core findings.

Are effective quality control mechanisms used and reported on?

The review process undertaken firstly by ECOTEC and then by PSRC described in the Management Report formed the quality control mechanism

Monitoring and updating

Section 15 of the Fordham Report comprises a monitoring and updating system, though it will be important to integrate the methodology used in the Technical Report when undertaking updating.

11.0 West of England

Following extensive discussion scoping out the approach to be taken, work on the West of England SHMA began in earnest in October 2007. The West of England SHMA was very much a joint effort between the public sector and private consultants. A Project Team made up of housing and planning representatives from the six local authorities was involved throughout, guiding the process and providing input. This team was coordinated by a project manager. Professor Glen Bramley of Heriot-Watt University was engaged to provide a housing market model and draft the report, building on substantial previous work he had done in the sub-region. The Project Team reported to a Housing Market Partnership Steering Group consisting of other key stakeholders including representatives of the Regional Assembly, Regional Development Agency, the Government Office, Housing Corporation (now HCA), RSLs, house builders and private landlords. The final report was produced in May 2009.

11.1 Key messages

The Executive Summary report provides an excellent overview of the main findings of the SHMA. It identifies interrelationships between dynamic housing market processes and as such can be considered an example of good practice. The following key messages are distilled from this report.

11.1.1 Sub-markets within the sub region

The West of England Housing Market Area (HMA) is relatively self-contained with 93% of those working in the area also resident there. Following an analysis of travel to work patterns the SHMA identified 4 sub-market areas: Bristol, Bath, Trowbridge and Warminster, Wells and Shepton Mallet. The SHMA notes that Housing Market Areas do not have hard boundaries and that despite the high degree of self-containment within the West of England (WoE) many commute long distances, particularly to the major employment centres of Bristol and its northern fringe. This draws people from areas beyond the HMA boundary including South East Wales, Stroud, North Wiltshire and Sedgemoor.

11.1.2 Demographic and economic drivers

The population of the WoE grew by 4.8% between 2001 and 2006. Close to 10,700 of the c. 58,500 population increase during this period was due to natural growth and the remainder – c. 47,900 – is due to net migration. Close to two-thirds of the net migration stemmed from international migration and the remaining third stemmed from domestic migration within the UK. But significant differences between districts were noted. Bristol and Bath attracted the bulk of international migration flows while growth in other (less urban) areas stemmed mainly from domestic migration and natural population increase in the case of South Gloucestershire. The SHMA notes evidence of younger people swapping rural areas for urban areas and households in their thirties and forties moving in the opposite direction.

The WoE generally has a younger population than the South West as a whole. The area is home to some 60,000 students. Again there are significant differences between districts reflecting to some extent the rural/urban divide.

The number of households increased by 6,100 p.a. between 2001 and 2006. A declining average household size means that an unchanging housing stock will house fewer people, adding to the pressure for more dwellings to be provided. The population of the HMA is projected to increase by 17% between 2006 and 2026, an additional 215,000 residents (10,750 p.a.). Even under a lower growth scenario the population is expected to rise by an average of 8,000 per annum.

With the exception of the 15-24 age group all age bands are expected to expand significantly. The 75+ age band is projected to increase the most in both absolute and percentage terms. The older age group is expected to increase most in areas outside the cities, particularly in North Somerset and South Gloucestershire.

Depending on migration assumptions the projected increase in the number of households in the HMA during the 2006-2026 period ranges between 123,000 and 149,000 (6,150-7,450 p.a.), a 23%-28% increase. The number of one-person households is expected to expand by around 55% during this period. The SHMA notes that household formation is likely to respond to house price levels which means that modelled household numbers may not always match official projections.

The West of England sub-region supports over 700,000 jobs which is almost 30% of the regional total. The average pay rate is above the regional average and the unemployment rate is below it. Employment expanded by close to 3,800 jobs p.a. between 2001 and 2006, although this was a significantly lower rate of growth than in the decade to 2001. The SHMA notes variations in the economic mix within the HMA. Much of the growth took place in the South Gloucestershire/North Fringe of Bristol area.

A key assumption made is that economic growth is likely to continue but not at levels seen in the recent past. The modelling undertaken for the SHMA adopted a more cautious approach than that of the Regional Economic Strategy. Annual job growth in the sub-region is of 2.8% is assumed. It is concluded that the continuing strong position of the WoE economy is likely to mean migration rates considerably above the national average leading to considerable growth in housing demand, based on past experience.

11.1.3 The housing stock

Despite its relative old age the WoE housing stock is generally in good condition. The vacancy rate is relatively low (2.8%) although it is highest in Bristol (3.9%). The stock grew by an average of 5,329 units per annum between 2001/02 and 2007/08, with particularly high numbers of net completions in Bristol City and North Somerset. This growth rate was exceeded by a more rapid increase in the number of households which constitutes a tightening of housing availability. Much recent new development has been on brownfield sites and the proportion of new build flats in the former Avon area increased from 32% of all completions in 2002/03 to 59% in 2005/06.

The share of social rented dwellings in the total housing stock declined from 15.5% in 1991 to 12.5% in 2006, and the absolute number declined also. Between 2001/02 only 12% of net additional dwellings were classed as affordable despite 30-35% being targeted in recent years. Three reasons for this were identified:

- Time lag in delivering (upwardly) revised targets;
- The number of sites smaller than the threshold for affordable housing;
- Economic viability issues

The SHMA notes that when set in isolation, density policies have a significant effect on the type and mix of dwellings provided and may restrict the provision of a broad range of housing to meet a wide range of needs. It draws the link between development mix and migration, as an expanded supply of reasonably priced family housing around Bath, Midsomer Norton and in the Mendip district has facilitated the movement of younger adult households from Bristol to these areas.

11.1.4 Affordability and the need for affordable housing

At close to £188,000 the average house price in the WoE in 2006 was close to the regional average. Average house prices were highest in Bath and North East Somerset district and lowest in urban areas outside the two chief cities. The SHMA reached the conclusion that it was cheaper to buy than to rent in half of the local authorities in the sub-region. The average threshold price for market entry was estimated to be £134,550 in 2006.

The rapid increase in house prices between 2001 and 2007 was fuelled by the availability of cheap credit, economic prosperity and the attractiveness of the sub-region to migrants from the UK and abroad. This has put pressure of affordability. During 2007 it was estimated that circa 41% of households less than 35 years of age were able to afford market housing, down from 51% in 2002. The SHMA identified variations in affordability within the sub-region and within districts as a result of differing house prices and household income levels.

Low vacancy rates and falling social sector re-let rates in the West of England between 2002 and 2007 is a further indication of limited supply and an intensification of market pressure. The SHMA identified the low volume of affordable stock to be a major issue as it is not sufficient to meet either current need or reduce the backlog.

Across the whole sub-region c. 19,600 households are estimated to be currently in need of social rented accommodation and an additional 1,900 households are in need of intermediate sector affordable housing. Annual newly-arising need 2009-2021 is estimated to be 4,400 for social rented accommodation and close to 825 for intermediate housing.

Projected affordable supply based on existing policies will not be anywhere near enough to meet housing need, even assuming the reduction in backlog over a 10 year period. The SHMA therefore states that there is an urgent requirement to review delivery mechanisms for affordable housing in order to maximise provision. This may entail finding new ways to meet housing need through existing stock, examining S106 agreements and site thresholds, and ensuring land is readily available for when the housing market begins to recover.

Affordability is expected to improve in the short term due to price falls associated with the ‘credit crunch’. The SHMA predicts increased access to mortgages on more “normal” terms by 2011 which will allow more households to be able to afford home ownership. Thereafter the model adopted for the WoE SHMA predicts deteriorating affordability as a result of increasing demand.

The impact of changes in two key variables on affordability was modelled: economic growth and housing supply. The impact of changes in economic growth was found to be relatively small as higher economic growth would lead to higher house prices but this would be matched by higher incomes. High levels of economic growth can accelerate in-migration and the scale of the requirement for affordable housing. Modelled higher housing supply on the other hand was found to have a much greater impact on net need, reducing it by an estimated 27%-31% between 2011 and 2021.

11.1.5 Housing mix required

The SHMA concludes that without a significant supply of new housing and a better mix of types at a range of locations to cater for the multiple variations of demand and need, increased pressure on the existing stock is likely to lead to unacceptable levels of overcrowding and sharing for those without the financial clout to seek alternatives.

The SHMA recommends the following mix of new affordable housing in the period 2009-2021 across the sub-region as a whole:

Unit type/size	Social rent	Intermediate
1 bed	41.5%	41.9%
2 bed flat	-	16.5%
2 bed house	48.8%	19.6%
3 bed house	19.2%	20.3%
4+ bed house	10.5%	1.7%

With regard to market housing the SHMA notes the importance of other factors such as the aspiration of many households for additional space resulting in the owner-occupied stock being more heavily skewed towards larger dwellings. Demographic projections tend to emphasise the need for smaller properties. The report makes a distinction between “marginal” first time buyers that need one or two bedroom accommodation and more “comfortable” first time buyers who are likely to be seeking two or three bedroom accommodation. It also points to older people trading down requiring fully-accessible two bedroom accommodation as well as evidence that suggests providing larger properties can meet demand and increase affordability through a “filtering-down” effect.

Rather than making firm recommendations about the mix of market housing required the SHMA concludes that each authority will need to consider the evidence and draw its own conclusions as to the appropriate mix, although generally a range of different size properties will be needed, including a significant proportion of family sized accommodation.

11.1.6 Coverage of selected themes

Second Homes/ Buy to Let/Buy to leave

There are relatively few second homes in the HMA and this is therefore not an important issue. Private sector rents are close to the England and regional averages. The rise of Buy to Let (BTL) in the decade prior to 2008 may have contributed to house price inflation although this was certainly not the only factor. Conversely BTL increased the supply of private rented accommodation and may have helped to keep rents lower than they would otherwise have been. The SHMA notes that the real impact of BTL is likely to be more localised, for example in city centre regeneration areas and in neighbourhoods where it is competing with the needs of first time buyers.

Private rented sector

14% of households in the West of England sub-region rent their homes privately which is above the national and regional averages. The private rented sector has increased by 50% between 1991 and 2006. In part this was due to a growth in Buy to Let investment but it was also a response to increased demand, particularly from migrant households and students. More households in North Somerset, South Gloucestershire and Mendip were estimated to live in the private rented sector than in the social rented sector in 2006.

Universities have expanded in recent years and this has been accompanied by an increase in the amount of dedicated student accommodation available. Universities' future expansion plans are relatively modest.

The intermediate market, low cost market and key worker housing

The report notes that there is a high demand for family housing which is not matched by recent supply which in some areas has emphasised flats and smaller units. Data from HomeBuy / Zone Agents on households registering an interest in intermediate and low cost market housing was analysed. The average age of the 3,152 applicants in the 6 local authorities was 35 years old and the average income was just under £23,000. 18% earned less than £15,000 and 80% earned less than £30,000. 20% of applicants were key workers. 40% of applicants were housed in the private rented sector at the time of application and 33% were living with family or friends. Concerning the minimum requirement, 2-bedrooms was average.

Older Persons' Housing Issues

The West of England SHMA notes that the changing age structure will demand new policies to cope with the housing of an elderly population. As well as greater levels of personal care, policies will need to address the provision of specialised housing, particularly the balance between smaller schemes and more 'village' type communities. Provision in this area could also have important knock-on effects in releasing larger units of accommodation into the supply chain.

A key finding is that there is less demand for smaller traditional social rented housing for older people (such as Category 1 sheltered housing), but there is likely to be an increasing demand for extra-care or very sheltered housing. There is also likely to be a significant increase in demand for wheelchair accessible accommodation across all tenures, including in the social rented sector.

BME Housing

28% of the region's black and minority ethnic (BME) people live in Bristol. The SHMA did not analyse BME groups as a special needs group as it considered that while BME groups may have specific needs in terms of accessing services their needs are not significantly different in relation to planned supply. It is noted that older people from BME groups may require new types of schemes tailored to their specific needs. BME housing needs are included in the housing requirements analysis, including the size mix, and the SHMA included a reference to the BME housing strategies developed by a number of local authorities.

Migration

The SHMA highlights the interdependencies between migration, economic growth, development planning and site availability. The expectation expressed in the SHMA is that migration is likely to continue at current levels but with fewer migrants coming from outside the UK. Households moving into the area from within the UK are likely to be economically active and able to meet their own housing requirements in the market but if affordability worsens this could put additional pressure on social rented housing.

Rural housing

The analysis of the HMA did not provide any single defining characteristics of rural housing markets which differentiate them from urban markets although it did register high levels of demand for affordable housing in the sub-region's rural areas. Between 2001 and 2006 house prices rose faster in these areas than in urban areas. In absolute terms housing need was generally found to be low, although geographically varied. The intensity of housing need was found to be high in Wells and surrounding area and lower in Frome, Shepton Mallet and surrounding areas, reflecting relative affordability. The SHMA indicated that some of those wanting housing may simply move to urban areas reducing the growth of need and posing a policy challenge on the appropriate scale of local village provision.

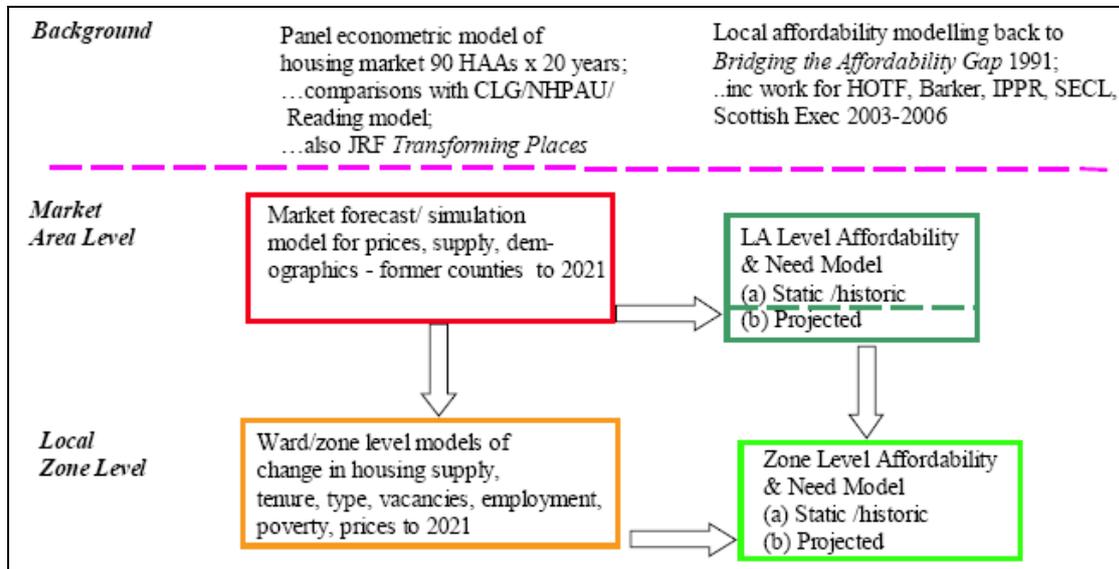
11.2 Methodology

11.2.1 Main elements of the approach taken

In line with the Guidance the project used secondary data where appropriate and feasible. A very wide range of secondary data was used. Some of this was sourced by Heriot-Watt and included Survey of English Housing raw data. Other secondary data used included demographic data, incomes data (Family Resources Survey), stock profiles, house prices, private sector rents and local data such as analysis of housing market register and recent lettings, private sector stock condition surveys and zone agent data (for LCHO). Some primary data collection was carried out, for example on private sector rent levels, but a Housing Needs Survey was not conducted.

The approach was based closely on the CLG Guidance although slightly different assumptions to those suggested in the guidance were used in some places, for example concerning incomes to house price ratios.

The data modelling work carried out as part of the West of England SHMA was unique and innovative. Forecasts were produced at sub-regional, local authority and ward levels. The ward level outputs were then aggregated into 31 “zones”. The models provided detailed implications for strategic policy, affordability and housing needs. An overview of the models is presented in the following diagram.



These housing market forecasting models were developed by Professor Glen Bramley of Heriot-Watt University in recent years, in some cases together with other academics including Dr. Noah Karley and Chris Leishman. They variously incorporate a range of statistical inputs and generate both supply and demand outputs including household formation, migration, house prices and affordable re-lets.

The most important inputs at the Market Area level were economic assumptions about growth in income and jobs on the demand side and assumptions about supply. The baseline forecasts were provided by the RSS Panel Report for the South West. At the more localised geographic scale key inputs fed into the model are land release data compiled by planners within the housing market partnership. Forecasts are made at five year intervals and these are iteratively linked to relevant values derived from the higher level forecast. The ward level outputs were then aggregated to the 31 zones and 6 local authority areas.

A more complete description of each model and the relationships between them is provided in Chapter 1 of the SHMA Report.

11.2.2 Achieving the SHMA Core Outputs

Approach to current stock

Record level data from the Survey of English Housing is used to compare the profile of housing and households in the West of England as a whole to that of England. Census data at ward level is used for analysis of smaller areas including local authority aggregations. The Ward Forecasting

Model provides an update picture for 2006, although the input used to provide the update is not detailed. Output from the Housing Association Regulatory and Statistical Return (RSR) and the 2006 HSSA Return appears to have been used. At local authority level growth in the overall number of dwellings is shown as well as tenure breakdown, vacancy rates, dwelling type.

Approach to market trends, affordability and drivers

A wide range of secondary data sources were used to explore market trends and drivers. Economic data was collected from the Annual Business Inquiry (ABI), the Annual Population Survey (APS), the Annual Survey of Hours and Earnings (ASHE) as well as the 2001 Census and the Index of Multiple Deprivation. Employment projections at district level were drawn from work done by Cambridge Econometrics for the South West Regional Assembly as part of RES and RSS.

Several different sets of population projections were examined, compared and discussed including that used in the draft RSS (Chelmer projections of July 2006), 2004-based sub-national projections (2007) and Revised 2004-based sub-national projections produced by ONS. These were compared to economic activity rate projections (2006). The relative importance of migration and natural growth was explored, and figures were presented at both the local authority and zonal levels. The long term population trend 1981-2006 was plotted, together with projections to 2026, and this included an analysis of expected change by age band. ONS was also the source of household projections which were explored in the SHMA.

House prices and volumes of sales are explored using Land Registry and Regulated Mortgage Survey data. Information on market rents is derived from an analysis of the Survey of English Housing, Hometrack, ARK and local surveys.

The analysis of affordability was part of the modelling work described above. In judging the ability to afford, the SHMA assumed amounts borrowed to be around 15% higher than the national SHMA Guidance, reflecting a greater local prosperity and evidence from mortgage lenders.

Approach to the future number of households

This was an output of the zone level model described briefly above.

Approach to current housing need

Current housing need was derived from three main sources: numbers on the housing register, numbers on the HomeBuy / Zone Agent waiting list, and data taken from the Survey of English Housing (SEH). The first two sources were filtered to ensure as far as possible that people not in need (e.g. earning enough to afford market housing) were excluded. Multipliers of 4.0 for single earners and 3.4 for two earners were used, which were different to those recommended by the CLG Practice Guidance. The analysis of SEH data provided a separate estimate of current housing need which extended to those who were not on housing registers. It was then deemed prudent to take an average of the differing estimates to arrive at a final estimate of current housing need.

Approach to future housing need

An estimate of future housing need was derived from the zone level forecasting model.

Approach to future market housing

Several sources are analysed to gain insight into the size-mix of market housing required. These include 2001 Census data, the Survey of English Housing and Regulated Mortgage Survey. This analysis led to estimates of the size mix appropriate for certain demand-side groups. In particular the SHMA considered the requirements of first time buyers (both “marginal” and “comfortable”) as well as the requirements of older people. The existing stock and turnover rates were then examined which indicated a greater availability of larger dwellings. But two studies were cited which provided evidence of the benefits of providing larger units, namely King and Hayden (for the NBF, 2005) and the report “*Developing a Target Range for the Supply of new Housing Across England*” (NHPAU October 2007; this study made use of the CLG/Reading Affordability Model).

In this way issues and numbers are presented as background information for consideration in the development of local planning guidelines concerning the size mix of open market housing. However the SHMA did not set out firm targets.

Approach to estimating the size of affordable housing required

This is an output of the zonal model, which uses a combination of locally-sourced data and national sources. A distinction is made between two-bedroom accommodation suitable for families and other two-bedroom accommodation. The Housing Registers provide input concerning size requirements, although the SHMA does not explain the exact assumptions that lie behind this. Nor does it set out whether the size requirements associated with newly-arising need were taken into account. The supply-side data was provided by CORE.

Approach to household groups with particular housing requirements

The SHMA explores family housing requirements as part of the output generated by the zonal affordability and needs model.

Older people's housing requirements are explored by firstly examining national trends and government policy (*National Housing Strategy for an Ageing Society*, CLG 2008). Regional and sub-regional statistics are then examined. This included POPPI and EAC data taken from “*Putting Older People First in the South West*” (Housing LIN/Housing Corporation, 2008) which provided information on the existing stock of older person housing as well as forward projections for older person accommodation needs. An estimate of annual need for social rented accommodation suitable for older persons was made using CORE data and Local Authority data. The approach taken can be highlighted as an example of good practice.

The SHMA notes a lack of good sub-regional information about the levels of demand for adapted housing. It goes on to provide a housing needs calculation specifically for wheelchair housing, by running the needs model using a set of considered assumptions.

Housing issues facing migrant workers, students and gypsies and travellers are covered briefly by looking at statistics and reporting on the findings of several secondary studies.

11.2.3 SHMA Process Checklist

Approach to defining housing market areas

The West of England sub-region is that defined by the Regional Assembly and DTZ in 2004. The SHMA presents additional evidence as to why this geographical area presents a housing market area.

As noted above 4 sub-markets were identified based on an analysis of Travel to Work patterns. The SHMA also carried out modelling and analysis for 31 smaller “zones” within the 6 local authorities within the study area. The SHMA report notes that these zones constituted areas that were both large enough to avoid statistical anomalies and yet small enough to provide the required localised snapshot.

Approach to stakeholder engagement

Stakeholder engagement was been organised on two levels. Firstly, as noted in the introduction above, a Housing Market Partnership Steering Group a partnership was established with wide membership including the Home Builders Federation, private landlords, Housing Corporation, GOSW and the Regional Assembly. This met on a number of occasions during the course of the assessment to discuss key issues, including technical ones such as affordability criteria. Secondly, a wider stakeholder event was held, attended by over 60 people across all sectors. This event focussed on current housing market issues, giving attendees an opportunity to identify and talk through those issues they considered to be most important. A follow-up event for the wider housing partnership was held at which SHMA findings were presented.

Are housing market conditions assessed within the context of the housing market area?

Yes.

Is a full technical explanation given of methods employed, with any limitations noted?

Chapter 1 of the main report contains a degree of information of the forecasting models used in the SHMA. This is more a general description than a “full technical explanation”; therefore the models remain ‘black boxes’ that are not able to be closely scrutinised by reading the SHMA Report. Provision of a full technical explanation would require a separate (and most probably lengthy) technical document to be produced. But given the probable complexity of the inner-workings of each model this would only be of interest to a small audience.

Are assumptions, judgements and findings fully justified and presented in an open and transparent manner?

Yes.

Monitoring and updating

The report suggests an initial set of 17 indicators to be monitored in the future to keep the assessment up to date.

12.0 Coverage of rural housing issues

12.1.1 Approach to assessing the SHMAs

The evaluation of rural content in this report is based on a checklist developed in the study '*Building a Rural Dimension into Strategic Housing Market Assessments*' which was published by East Midlands Rural Affairs Forum (EMRAF) in 2007 and endorsed by CLG. It was developed through discussion with commissioners and consultants working on SHMAs in the East Midlands and was informed by practice elsewhere, including West Cornwall which is detailed below.

The checklist took as its starting point PPS3 which states that the Government is committed to improving the affordability and supply of housing in all communities, including rural areas. It goes on to say that the delivery of housing in rural areas should provide high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages.

This requires that information is gathered, analysed and presented in a manner which assists decision makers to understand the characteristics and drivers of housing markets operating in rural areas. This is not to say that there are distinct rural housing markets, rather it is an acknowledgement that the housing market in rural areas will operate differently, reflecting the differing (planning) policies that determine the supply of housing as well as the nature and source of demand.

Using the Government's SHMA guidance, the EMRAF guide provides advice on the scale of analysis, data sources, process and reporting to support an understanding of how housing markets are operating in rural areas. Using this as a framework, the approaches taken to analysing rural housing in the South West SHMAs are set out below.

12.1.2 Exeter/Torbay

The coverage of rural housing issues is not strong, and the point presented under key messages – that affordability problems in rural parts of the Exeter/Torbay sub-regions are made worse due to a lack of sites and competition from investors and those buying second homes – appears to be a general one not based on any particular data analysis.

The Exeter/Torbay SHMA does identify sub-housing markets although the descriptions do not pick up the specifics of how the housing market is operating within the rural parts of these sub-areas. This is particularly problematic for the Exeter sub-market which includes many rural communities, and to a lesser extent the Coastal and Tiverton sub-areas. As a consequence some of the summary material is heavily weighted to the city of Exeter and other urban areas. For example it is unlikely that rural communities will have a high proportion of flats.

The report does contain a section on rural geography. The description here only uses one element of the Defra classification, the settlement typology, rather than combining this with the 'less sparse'

and 'sparse' areas classification. It is not clear why the particular housing market characteristics noted in the rural geography section have been selected, or why consistent characteristics have not been used. This makes it difficult to appreciate the key features which define the housing market in rural areas, or how they compare with the same features in the urban areas.

The use of the New Earnings Survey (NES) and ASHE district mean figures fails to provide information on rural income distribution. The problem with this kind of averaging is that it disguises the polarity of incomes found in rural areas and the consequent difficulties lower income households in rural areas experience accessing the market. This point appears to be accepted for house price data. Moreover, the affordability analysis uses income data from the household survey and it is likely that this will not pick up the range of incomes within rural communities. It is not clear how these data sources have been used to provide the more detailed picture of income distribution at sub-area and Defra Geography level (figure 40 in the report). Moreover, the affordability analysis uses income data from the household survey and it is likely that this will not pick up the range of incomes within rural communities.

Other shortcomings of the assessment with regard to its coverage of rural housing include: the failure to map affordability to show rural patterns; lack of analysis of supply and churn of market and social housing in rural areas; the social and economic characteristics of the people travelling out to work, remaining within the community or travelling in to rural areas are also not explored. Finally the assessment fails to provide information on new supply of market or affordable homes in rural communities, or information on net changes to social supply arising from the impact of Right to Buy (RTB) and Right to Acquire (RTA).

12.1.3 Plymouth

The data is presented at district level and there is no distinctive rural analysis. In a very limited number of instances the data for the districts lifts out that for Totnes, Liskeard and the Dartmoor National Park Area but the depth of analysis here is minimal. Due to this the SHMA fails to provide specific information on the drivers and conditions that characterise the way housing markets are operating in the villages and market towns of the component District authorities.

12.1.4 Salisbury

There is no separate analysis of how the housing market is operating in the rural parts of the District. The only sub-district breakdown is for house price information, where information is grouped around five larger rural settlements/market towns (Community Planning Areas). An attempt was made to analyse survey data at the Parish level but this could not be done robustly. No other information is provided on the drivers and conditions that characterise the housing markets operating in the villages of the Salisbury District.

12.1.5 Swindon

The Swindon SHMA does not provide a separate analysis of the nature of housing markets in the rural areas of the sub-region. Instead the bulk of the analysis is at district level.

Some interesting maps showing the extent of the rural area within the SHMA are shown as well as some output data indicating some of the differences between the rural and urban areas, but this information is not fully explored.

The assessment does make some clear policy recommendations on the level of affordable housing provision and the size and type of affordable housing in the Market Towns and villages and rural areas of both North Wiltshire and Kennet. There is also a discussion of the possible effects of an urban concentration policy of rural areas.

However as with many of the key messages provided in the concluding chapter of the Swindon SHMA this is not easily traced back to the evidence base presented in earlier chapters. One suspects these conclusions stem either from points garnered during consultation or from research done elsewhere. If this is the case, it is not referenced.

12.1.6 Bournemouth & Poole/Weymouth & Dorchester

This SHMA provides a partial analysis of housing market conditions in rural areas, but does not provide the data or analysis necessary to inform policy development that would assist meeting the specific housing needs experienced in rural areas of the county.

Both the Summary and District reports highlight that there are differences between rural and urban markets and that house prices will vary between and within local authorities. However, the analysis is principally undertaken at District level with some ward data. This is justified on the grounds of the limited availability of data at below district and ward level. However, those data sets that are available at post code level are not analysed at this geography, this includes Land use Registry data and Core data. It also fails to offer alternative data sets which could be used to provide a rural analysis, including CACI PayCheck data.

The analysis for the summary reports for the Bournemouth & Poole/Weymouth & Dorchester housing market areas divide the respective areas between core and periphery, with rural areas making up the periphery as well as North West Dorset which is treated separately. This allows for some description of factors that influence and describe the housing market in rural areas. However, within this classification there is no disaggregation between different types of rural settlement so it will include market towns as well as villages.

A slightly more detailed rural analysis is offered by the District reports through a breakdown of some of the data provided by the Housing Needs and Demand Survey into groups of wards. This data provides some insight into the tenure, size and type mix of the stock, entry level prices, demographic characteristics of the existing population and some of the elements of housing need. However, other key characteristics and elements that illustrate levels and nature of housing demand and need are not provided. In particular, data on backlog and supply, analysis of balance in the housing market, and movement of house prices are not provided at ward level. Of particular concern is the use of the income data and savings derived from the housing needs and demand survey to assess affordability. This is a sample survey which is weighted to ensure that it provides a fair representation of people from different wards and the district tenure pattern. It is therefore

unlikely that it will have been able to pick up data on the spread of incomes, indeed for rural areas it only quotes average incomes. One of the characteristics of rural areas is the polarity of incomes, to some extent hinted at through the data on economic activity in the report. Using average incomes is likely to underestimate problems of affordability for those on lower incomes in rural areas.

Within the District and Summary reports there is a specific section on rural housing. This uses the Defra settlement classification to provide an analysis of the difference between tenure and some demographic characteristics in town and fringe, villages and hamlets. However, it does not use any of the ward based data from the HDNS in these sections.

The recommendations offer somewhat ambiguous advice on location of new affordable housing and, reflecting the limited evidence base, do not offer any proposals in terms of planning policies that could be differentially used to address the housing needs in the rural communities of the Districts.

The paucity of rural analysis will make it difficult for the local authority to use the SHMA to support the adoption of the raft of policies for rural affordable housing offered in PPS 3, including allocating sites with a high percentage of affordable housing. Instead it may use the SHMA to direct further investigation through individual village housing needs assessments. This is unlikely to be provided in a way which supports a plan led approach to meeting rural affordable housing needs.

12.1.7 West Cornwall

The West Cornwall SHMA provides a fairly comprehensive coverage of how the housing market is operating in its rural communities. It certainly provides a significantly better rural coverage than the other SHMAs examined to date. There are still some gaps where data has not been used and further information is currently being sought.

The main reason for the stronger rural dimension was that one of the guiding principles for the SHMA was that, 'it would seek to provide a useful model for other rural areas'. In addition, because of the iterative nature of the assessment process and the high level of involvement of the local authorities undertaking and commissioning complementary research, the evidence is more tailored to the circumstances of the area. Of particular note here is the active role that has been played by the County Council, even in advance of the pending decision concerning the formation of a unitary authority.

Reflecting the explicit rural objective of the SHMA, methodologies were adopted that were sensitive to rural areas and provided a fine grain analysis. This allowed an understanding of the differences between different types of rural settlement and their relationship with local housing markets.

Much of the secondary data is analysed and reported on according to the rural settlement classification. This is complemented by analysis that is reported on for each of the rural settlements with a population of more than 1,500 which are themselves categorised according to

their degree of independence or connection to local town housing markets. The largest of these settlements has a population of just over 3,000.

Using the Defra classification, evidence is provided on the age, type and tenure of the housing stock. The Continuous Recording System (CORE) data is used to furnish information on the availability (turnover) of social housing and the percentage of lettings to vulnerable households. Lower quartile house price data is reported on at rural settlement level. Data on open market churn is not made available in the report.

The report acknowledges the wide distribution of incomes in rural settlements and data is reported using the Defra classification which demonstrates this characteristic. Using house price and income evidence the report provides information on levels of affordability within rural communities. Importantly, this has been supplemented by further research that identified that house prices were the key reason for the lack of affordability, and that the pattern of affordability was strongly affected by proximity to the coast.

Using migration and Travel to Work data, the SHMA reports on levels of self containment for rural communities and is able to demonstrate the pattern of movement of different income groups and how this relates to the housing markets found in the West Cornwall sub-region.

The SHMA partnership commissioned work to identify the level, distribution and impact of second homes on the wider residential market in rural areas. It demonstrated that generally levels of second home ownership are not high, but with small pockets of significantly high levels of the stock in this sector.

As yet there is little information available on levels and types of completions of market or affordable housing in rural settlements. A statement is made that the rural exception site policy has been used successfully but the text indicates that the levels of delivery are low. Data on RES is being sought and it would be useful to see this alongside other delivery of housing and affordable housing in these communities.

In terms of application the data has been used to inform a proposed approach which is tailored to the different types of rural settlement, their relationship with local housing markets and the levels of need. Recognition is given to the fact that rural settlements and those 'under urban influence' contain people in housing need. Overall, the recommendations reflect a more sophisticated understanding of housing markets and the nature of affordable housing needs in rural communities. This provides the basis for a more targeted and pro-active policy response, one which recognises the value of allocating sites through a plan-led approach.

12.1.8 Taunton & South Somerset

This SHMA provides a thorough coverage of rural housing issues in recognition of the importance of this theme to the two sub-regions. National evidence is introduced (e.g. the findings of the Taylor Review) and the situation in the two HMAs is then explored using household survey data. This is done by grouping respondents into 4 urban/rural categories: "Urban", "Town and Fringe", "Village"

and “Hamlet”. Comparisons are then made across a range of factors including household type, income and financial capacity, tenure, and dwelling type. The position of low income households is examined more closely. Levels of housing need are explored as are issues such as access to services.

12.1.9 Gloucestershire

The Gloucestershire coverage of rural matters is not strong. The decision to hold to the 'snapped' DTZ district boundaries and failure to explore cross-boundary issues at the local level means that issues around the differential rural characteristics of some areas were not picked up. There is acknowledgement of the difficulties some groups have in obtaining accommodation in rural areas, and notes about 'drift' from rural to urban settlements, but little analysis of the actual market characteristics of rural areas

12.1.10 West of England

The approach adopted by the West of England SHMA to provide modelled output for 31 zones across sub-region ensured that rural housing requirements were covered to some extent, as a number of these zones were rural in character. For example these included “South Gloucestershire Rural” and “West Wiltshire Rural”.

12.1.11 General conclusions on the coverage of rural areas

Despite the rural nature of much of the South West the majority of the Strategic Housing Market Assessments examined do not provide an insight into how housing markets are operating at the village and market town scale. It may be argued that for some areas, district level data is sufficient as the area is primarily rural. This ignores to some extent available evidence pointing to differences of supply and affordability between the urban settlements in these districts and their rural communities. This is borne out by the two exceptions West Cornwall and Taunton/South Somerset assessments which do provide specific analysis of the operation of the housing market in rural communities. There is much that can be learnt from the approach adopted in these two SHMAs.

There are eight key learning points from the South West SHMAs with respect to the coverage and treatment of rural housing:

Analysing and reporting on data at district level or sub-area does not identify what is happening to housing markets in rural communities

The draft West Cornwall SHMA demonstrates how a range of data, including secondary data can be analysed at a very local level, for individual settlements, or according to Defra’s rural classification. The Taunton/South Somerset assessment uses primary data but bands individual areas together in order to ensure sample sizes are sufficiently robust.

Secondary data is available and usable at a rural level of analysis

Commonly the Assessment reports alluded to the lack of robust data at below district level. However this is not the case, as there are a number of data sources available that can be used to provide a range of housing market information at postcode and Census Output Area. Caution has

to be used when using data where there are only a few incidences, but this can to some extent be mitigated by grouping the data into appropriate scales, such as under the Defra rural settlement classification.

Affordability in rural areas can only be understood using income data available at the local level and the usage of average income data should be avoided

Most of the SHMAs either did not provide a rural affordability analysis or relied on average income, often taken from sample household surveys. This is inappropriate because there is often polarity in the income distribution in rural communities, particularly in smaller villages and hamlets. Using average incomes will disguise the difficulties that those on lower incomes have accessing the market. The same principle applies when using sample data where this is not calibrated to take account of rural income distribution.

Most robust income data is only available at district level. For rural areas, the only current alternative is CACI PayCheck data which is available at unit postcode level but must be bought in at considerable cost. This is modelled data based on credit applications and the modelling most likely involves 'smoothing' which may flatten out some of the extremes on the ground. But CACI PayCheck is the most accurate source available and it certainly provides a more realistic view of household incomes than averaged data.

Using lower quartile incomes and house price information can also help counter inaccuracy that may creep in from using mean average data. In some studies, median data has been used and this may provide some insight, but again this needs to be calculated at an appropriate scale. A third approach is to use benchmarking by identifying the levels of affordability for different income bands. These bands can be informed by locally collected secondary data.

A particularly interesting aspect of the West Cornwall study was the finding that it was house prices rather than incomes that resulted in lack of affordability in the rural communities.

Levels of turnover in both the social and market sectors in rural areas need to be scrutinised.

Only three of the Strategic Housing Market Assessments gave any consideration to stock turnover in rural areas yet this is crucial to understanding levels of supply of affordable housing and at what level the intermediate market is likely to start. Simply knowing levels of stock will not provide an insight into the availability of housing and the extent to which it is affordable. The number of sales in rural communities tends to be low and it is important to know how much housing is being sold in different price bands in order to reach conclusion on availability of supply.

This is equally important for social housing. The stock of social housing is very small in many rural communities and turnover rates are well below those in larger settlements. A further impact of this is that when housing does become available it is often used to house the most vulnerable, and therefore does become available to general needs households. For these reasons analysis is needed of churn at rural settlement level, with an appropriate level of turnover being fed into the needs calculation.

More detailed work is needed on the condition, security of tenure and price of private rented housing in rural areas.

Some SHMAs have identified a high incidence of private rented housing in pressurised markets in rural areas. Unfortunately, knowledge of the role this sector is playing in the market is generally poor. An analysis of affordability and social housing supply data infers that private rented housing may be meeting the needs of those unable to afford to buy in the open market, but whose housing conditions are not so acute that they have access to social housing. Whether this is an appropriate alternative is unknown.

Completion data is needed to understand whether current policies are effectively addressing imbalances in the housing market and housing needs

Data on housing completions, particularly affordable housing completions, in rural areas is not well reported. Yet it is vital to understand the effectiveness of current policies aimed at securing delivery of rural affordable housing.

The uncertain future

The Assessments examined for this interim report pre-date the downturn in the market and the credit crunch. From what is known of rural housing markets it is possible that the affordability problem will not be eased and could be exacerbated by these market trends. Early indications at the national level are that house prices in rural areas are not dropping as quickly as in urban centres and given the high number of cash purchasers of rural property it may be that this trend will continue. Work on the impact of the credit crunch in rural areas is in its infancy, but given the high level of prices historically, it is possible that a greater proportion of households loaned heavily to a point where changes in interest rate will have a significant impact on their ability to pay the mortgage. Again this underlines the need for a specific rural analysis of these trends.

Meeting rural housing needs and demands is part of the strategic responsibility of local authorities. To do this they need robust evidence.

Given the concerns about the depth of rural analysis raised it is perhaps not surprising that most of the SHMAs give scant attention to policy considerations that would affect rural communities. The exception again is West Cornwall. Some have suggested that the SHMA will pave the way for more detailed work through local housing surveys at community level. This is not likely to provide the data required for Core Strategies and DPDs which are being finalised. In short, it is not clear how these local authorities will respond positively to the requirements set out in PPS3, particularly at a local level to set targets for rural affordable housing delivery and adopt a positive, plan led approach to providing affordable housing in villages and market towns.