



GL Hearn

Eastern Dorset Strategic Housing Market Assessment

Executive Summary

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Prepared by

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1 INTRODUCTION

- 1.1 This Strategic Housing Market Assessment (SHMA) has been prepared to assess housing need, considering the overall need for housing, the need for different types of housing (both market and affordable) and the housing needs of different groups within the population. It provides an assessment of housing need which is a starting point for setting policies for housing provision, but needs to be brought together with other evidence through the plan-making process, including in regard to potential land supply, development constraints and infrastructure. The SHMA does not consider these factors nor set housing targets.
- 1.2 The SHMA identifies an Eastern Dorset Housing Market Area (HMA) which includes Bournemouth, Poole and Christchurch and parts of both Purbeck, East and North Dorset including Wimborne, Blandford Forum, Wareham and Swanage. The Western Dorset includes Weymouth and Portland and Dorchester, and stretches east to Bridport.
- 1.3 Parts of Purbeck and North Dorset relate to different market areas, with Crossways and Wool falling within the Western Dorset HMA as well as Sturminster Newton; Sherborne falling more within a Yeovil-focused HMA; with Gillingham and Shaftesbury falling in a Salisbury-focused market. Blandford Forum falls within the Eastern Dorset HMA.
- 1.4 Whilst this reflects the reality of spatial relationships, for pragmatic reasons, GL Hearn recommends that HMAs are drawn on the basis of local authority boundaries. The Eastern Dorset HMA is thus defined, based on a best fit to local authority boundaries, as comprising the local authorities of Bournemouth, Christchurch, East Dorset, North Dorset, Poole, and Purbeck. The Western Dorset HMA is thus defined as comprising Weymouth and Portland, and West Dorset. This report deals with the Eastern Dorset HMA.
- 1.5 The National Planning Policy Framework emphasises that local authorities should work collaboratively within the defined housing market areas to identify and then seek to meet housing needs. However where housing needs cannot be met within the defined HMA, consideration may need to be given to whether adjoining areas can contribute to meeting a shortfall in housing provision, where it could be considered to be reasonable and sustainable to do so.
- 1.6 The Government has issued Planning Practice Guidance (PPG) setting out how housing need should be identified. The PPG sets out that household projections published by the Department of Communities and Local Government (CLG) should provide the starting point estimate of overall housing need. The latest official household projections currently available are the CLG 2012-based Household Projections. The PPG sets out that the latest demographic data and projections should be considered. This report takes account of ONS 2013 Mid-Year Population Estimates.

1.7 The official population and household projections are however trend-based and the PPG outlines that the SHMA needs to consider whether it is sustainable to plan on the basis of past trends, or whether wider evidence suggests that level of housing provision (in the absence of development constraints) should be adjusted to take account of:

- Employment trends
- Market signals
- Need for affordable housing

1.8 It sets out that employment trends should be considered to assess whether an alternative level of distribution of housing provision is necessary to support economic growth; or whether housing provision should be adjusted upwards to improve the affordability of market housing or enhance the delivery of affordable housing. The SHMA follows this approach.

Latest Household Projections

1.9 The latest official household projections are 2012-based Household Projections. They are based on projections for population growth which the report considers technically reasonable: they make assumptions on future migration which are consistent with short- and longer-term trends across the HMA. The report re-bases the household projections to take account of 2013 Mid-Year Population Estimates.

1.10 To estimate the need for dwellings, an allowance is included for vacant and second homes based on 2011 Census data. The 2012-based Household Projections indicate a need for 2,477 homes per annum across the HMA. Housing need in individual authorities is shown below. Following the PPG, this is a 'starting point' for identifying housing need.

Table 1: Projected Household Growth, 2012-based Household Projections

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Households 2013	84,848	21,727	38,043	29,457	64,559	19,839	258,474
Households 2033	102,952	26,009	43,780	33,345	77,234	21,981	305,300
Change in households	18,104	4,282	5,736	3,887	12,675	2,142	46,826
Per annum	905	214	287	194	634	107	2,341
Dwellings (per annum)	956	231	298	206	665	121	2,477

Source: CLG 2012-based Household Projections (adjusted to take account of 2013 MYEs)

Economic Growth Prospects

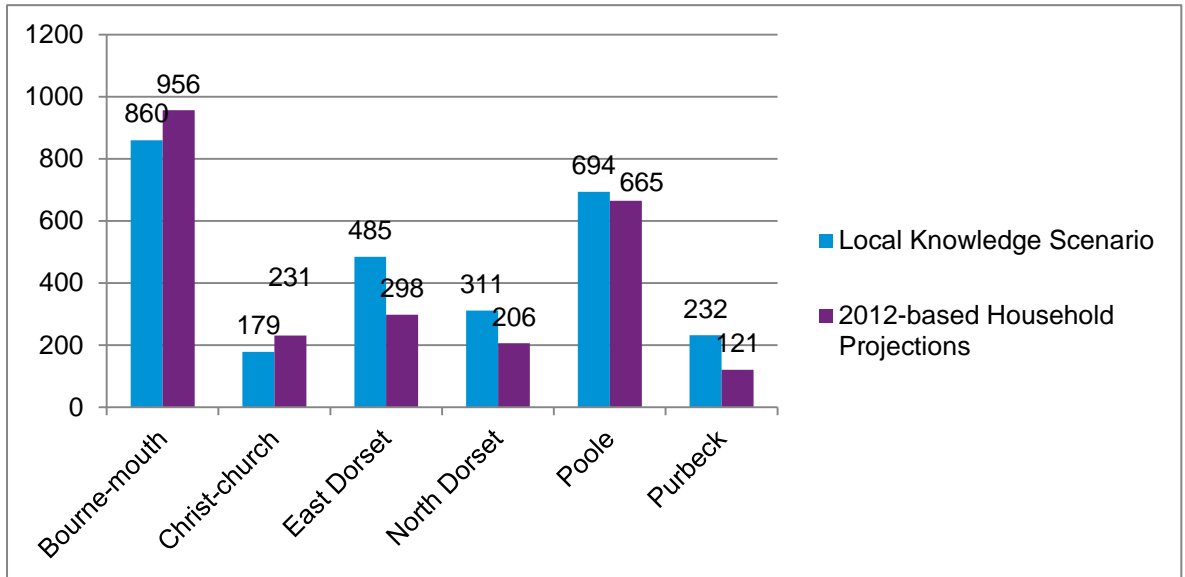
- 1.11 Future migration to the HMA may however be influenced by economic performance, as well as changes in the population's age structure which influence the size of the workforce.
- 1.12 Baseline economic projections from Cambridge Econometrics have been considered. Over the 2013-33 period these are expected to result in an increase in employment of 41,700 jobs across the HMA. This is an increase of about 14.5% from 2013 levels.
- 1.13 Taking account of local growth factors and drivers, a Local Knowledge Scenario has been developed to provide a more refined assessment of future economic growth potential. This expects slightly higher employment growth of 43,000 jobs between 2013-33 (15.0%) and a slightly different distribution of employment growth across the HMA. This is considered to be the more realistic of the two economic-led scenarios.
- 1.14 The SHMA assumes that employment rates will increase over time, taking account of past trends and the impacts of changes to pensionable age enshrined in current legislation. It assumes commuting patterns between areas will remain consistent (in proportional terms).
- 1.15 The outputs from the economic-based projections show that for the resident workforce to increase in line with the forecast number of jobs would require 2,762 homes per annum to be delivered across the HMA based on the Local Knowledge Scenario. This is about 12% higher than the output of the demographic projection.

Table 2: Housing Need to support Economic Growth Scenarios, 2013-33

Dwellings per annum, 2013-33	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
CE Baseline Scenario	834	176	480	367	659	199	2715
Local Knowledge Scenario	860	179	485	311	694	232	2762

- 1.16 The chart below summarises the core demographic and economic-led projections at a local authority level.

Figure 1: Comparing the Core Demographic and Economic-Led Projections



- 1.17 The economic-led projection (based on the Local Knowledge Scenario) is notably higher than those based on past demographic trends in East Dorset, North Dorset and Purbeck. East Dorset sees the strongest forecast employment growth of the authorities in the HMA, followed by Purbeck.
- 1.18 Because of the inter-relationships between authorities, it would be entirely feasible to see changes in commuting patterns between authorities (particularly between Bournemouth, Christchurch, East Dorset and Poole) in respect of the labour demand-supply balance. Looking at these four authorities together, the modelling indicates a broad balance between the level of housing need shown in the economic- and demographic-led projections in the Baseline CE Forecasts; with growth which is 3% greater in the Local Knowledge Scenario than in the demographic-led projections. This particularly reflects stronger forecast housing need in the economic-led scenarios (relative to the demographic-led ones) in East Dorset.
- 1.19 In Purbeck and North Dorset, the level of employment growth indicates that migration in the future to these areas could be stronger than has been the case in the past.
- 1.20 There are close economic links between Bournemouth, Poole, Christchurch and parts of Eastern Dorset. The evidence does not suggest that for the core Eastern Dorset conurbation that higher housing provision than in the 2012-based Household Projections would be required to support economic growth.
- 1.21 The evidence does however point to a potential need to increase housing provision in East Dorset, North Dorset and Purbeck to support economic growth. This is particularly a function of the age

structure in these local authorities, which have an older population and where a proportion of the population is expected to move into retirement over the 2013-33 period.

Affordable Housing Need

- 1.22 The SHMA includes an assessment of affordable housing need, in accordance with the Planning Practice Guidance, to identify whether there is a shortfall or surplus of affordable housing in Eastern Dorset. This has estimated current housing need of 4,898 households, excluding existing social housing tenants where they would release a home for another household in need. The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 3,336 households are expected to fall into housing need and 969 properties are expected to come up for re-let.
- 1.23 Overall, 2,367 households per year are identified as requiring support in meeting their housing need, taking account of the stock and turnover of current affordable housing. There is thus clear evidence of a requirement for new affordable housing in the HMA and the Councils are justified in seeking to secure additional affordable housing. A particularly acute need for affordable housing is shown in Bournemouth.

Table 3: Estimated level of Housing Need (per annum)

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Bournemouth	129	954	283	1,366	407	958
Christchurch	13	197	35	245	55	191
East Dorset	18	277	50	346	83	263
North Dorset	17	185	95	296	150	146
Poole	53	659	160	872	212	660
Purbeck	15	157	40	212	63	149
Eastern Dorset	245	2,428	663	3,336	969	2,367

- 1.24 What the SHMA analysis indicates is that this shortfall of affordable housing is currently being met through lettings in the Private Rented Sector (PRS), with households supplementing their income with Local Housing Allowance. The SHMA estimates annual PRS lettings to 2,726 households who would be considered as having an affordable housing need.
- 1.25 Private Rented Housing is not however affordable housing; and Government policy is clear that Councils should seek – where there is a shortfall of affordable housing – to enhance supply to meet this need.

- 1.26 The affordable housing needs model considers the need for affordable housing in isolation from other segments of the housing market. Existing households are counted within the model, who if they moved to an affordable home might release a home for another household. This means that the affordable housing needs evidence alone does not relate directly to the overall need for new housing provision. A shortfall in affordable housing may however contribute to difficulties for younger households in forming.

Market Signals

- 1.27 There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years with relatively stable house prices. Sales volumes have improved over the last 18 months, but remain below pre-recession levels.
- 1.28 Across Eastern Dorset house prices in are highest in East Dorset, Christchurch, and Purbeck. This to a large extent reflects the dwelling stock in these areas. Rental prices in Eastern Dorset are higher than the national average. The variance in rental values across the local authorities broadly matches that of sales prices with the highest values in East Dorset and Christchurch, and the lowest values in Bournemouth and North Dorset.
- 1.29 Affordability pressures across the HMA are significant – with lower quartile house price to earnings ratios above the national average in all of the local authorities across the HMA. The affordability of market housing is worst in East Dorset where lower quartile house prices are nearly 11 times lower quartile earnings. Bournemouth has the lowest affordability ratio, with a lower quartile affordability ratio of 7.6, but this is still above the national average. Affordability pressures contribute to the scale of affordable need identified.
- 1.30 All of the Eastern Dorset authorities have seen a clear decline in the number of completions since the recession and as a result housing delivery has not matched adopted housing targets over the most recent years. The impact of under delivery, coupled with access to mortgage restrictions brought on by tighter regulation, is likely to have contributed to constraining household formation and to the current need for affordable housing. Both the affordable housing evidence, and the demographic evidence, point to a shortfall in housing provision - particularly since 2008/09.
- 1.31 The evidence points to demonstrable impacts of declining affordability over the 2001-11 decade, in respect of:
- An increase in the lower quartile house price to earnings ratio to 9.2;
 - A sharp decline in home ownership – from 75.9% in 2001 to 68.5% in 2011;
 - A 2.1 percentage point increase in over-crowding (which is above national and county levels);

- A 1.3 percentage point increase in HMOs, illustrative of increasing sharing of homes.
- 1.32 In addition, the SHMA evidence points to almost 21,300 households across the HMA which contain non-dependent children, such as adults continuing to live with their parents.
- 1.33 Taking account of this evidence and interrogation of household formation trends for specific age groups, GL Hearn has modelled adjustments to household formation rates moving forwards in order to seek to quantify what scale of additional housing provision might be appropriate in order to improve affordability. The affect of this is to increase the assessed housing need by between 2% – 7%. In results in the greatest increase in assessed housing need in those areas with a younger population – particularly Bournemouth, and to a lesser extent Poole. Minimal adjustments are considered necessary in other areas.

Conclusions regarding Objectively-Assessed Housing Need

- 1.34 Drawing the evidence together, a baseline demographic need is identified using the 2012-based Household and Population Projections. This represents a starting point for consideration of OAN, and may require adjustment to reflect factors which are not captured in past trends.
- 1.35 The full objectively-assessed housing need is identified, including upwards adjustments to accommodate economic growth (in East Dorset, North Dorset and Purbeck) and in order to improve housing affordability for younger households (in all local authorities). A full objectively-assessed need for 2,883 homes per annum (2013-33) is identified across the Eastern Dorset HMA.
- 1.36 The composition of the OAN figures in each authority is shown in Figure 91 below. Table 76 provides figures for individual authorities within the HMA. An uplift of 12% on the base demographic projections is set out at HMA level to support economic growth; with an uplift of 4.4% in addition to this in order to support improvements to affordability. The economic adjustment is to migration flows; with the affordability adjustment to household formation rates for younger households.
- 1.37 The increases in housing numbers necessary to support economic growth and improve affordability will both support enhanced delivery of affordable housing.

Figure 2: Conclusions on Objectively-Assessed Housing Need by Local Authority

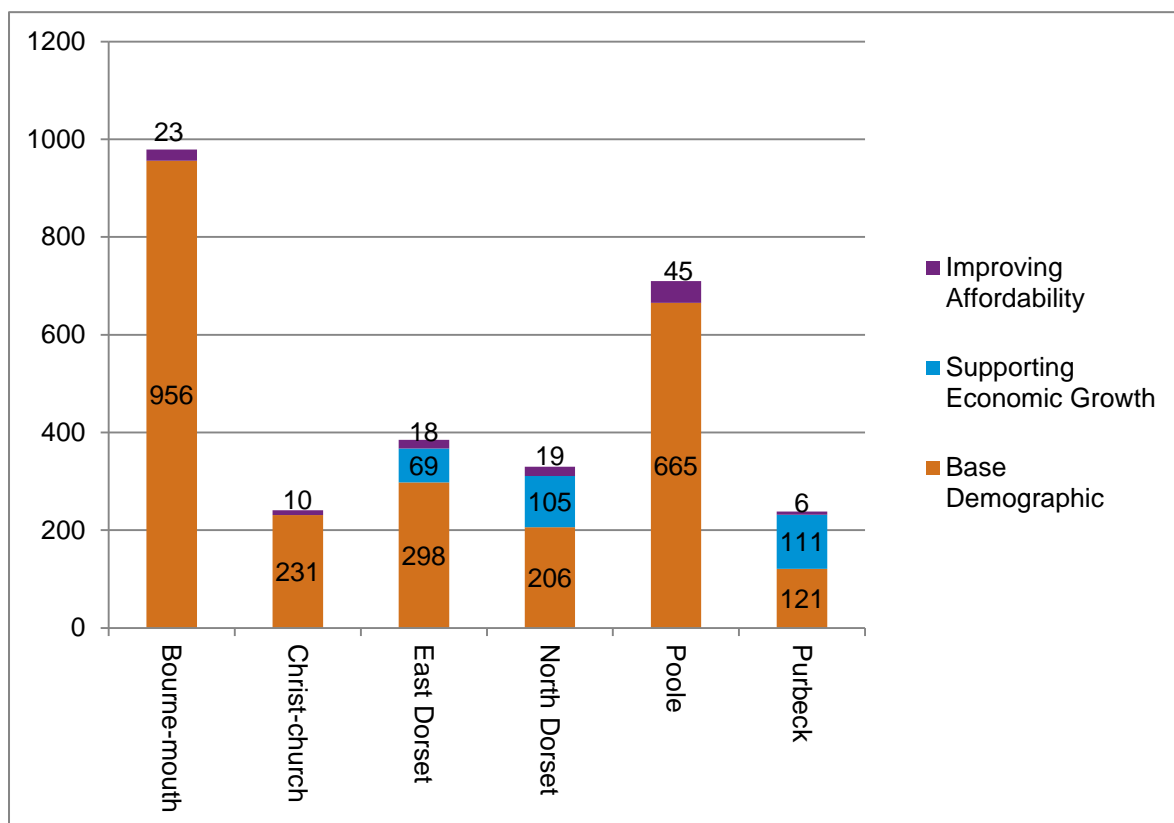


Table 4: OAN Conclusions – Local Authority Level

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Base Demographic	956	231	298	206	665	121	2477
Supporting Economic Growth – Additional Housing	0	0	69	105	0	111	285
Improving Affordability – Additional Housing	23	10	18	19	45	6	121
Full OAN	979	241	385	330	710	238	2883

1.38 The OAN conclusions are for C3 dwellings. This does not include provision for C2 accommodation nor other institutional uses which fall under the institutional rather than residential population. The need for C2 accommodation for older persons is considered further below.

Policy Influences in Considering Overall Housing Provision

1.39 The assessment of housing need herein is undertaken on a “policy off” basis. In translating this into policy targets for housing provision, a range of wider considerations need to be brought together

through the plan-making process – bringing evidence of housing need together with consideration of land availability, infrastructure capacity and development needs, and development constraints. It is for the plan itself to consider what level of housing provision can be sustainably accommodated within the District. Input from a range of stakeholders through consultation on the plan will be an important input to this.

- 1.40 The assessment of housing need above does not include any provision from meeting unmet needs of adjoining areas. The NPPF (in paragraph 182) outlines that local plans should meet their objectively assessed housing needs and unmet needs of neighbouring areas where it is reasonable to do so and consistent with achieving sustainable development.

Unmet Needs from Adjoining Areas

- 1.41 GL Hearn has reviewed housing provision in local authority areas which adjoin the Eastern Dorset HMA. Whilst figures in this area change over time, the principal issue from adjoining areas in respect of potential unmet housing need appears to arise from New Forest District, which relates partly to Eastern Dorset and partly to South Hampshire. Any unmet need from this area would need to be considered in identifying housing targets alongside the housing needs evidence in this SHMA.

Housing Mix

- 1.42 The NPPF in Paragraph 159 requires local planning authorities, through the SHMA, to identify the range of types and sizes of accommodation likely to be needed by the population in future, including that required by those groups with specific housing needs.

Mix of Homes of Different Sizes

- 1.43 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The SHMA has modelled the needs for different sizes of market and affordable homes over the 2013-33 period, based on an understanding of how the size and structure of the population is expected to change, and analysis of how households of different ages occupy homes. The SHMA concludes that the following represents an appropriate mix of affordable and market homes to plan for over the 2013-33 period:

Table 5: Recommended Housing Mix – HMA

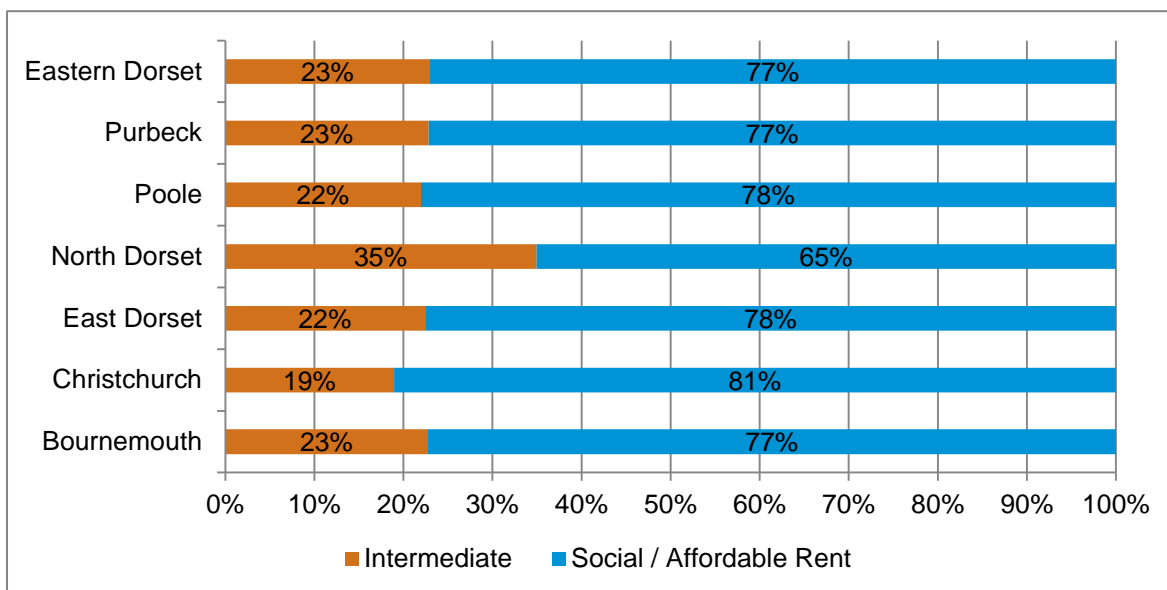
	1-bed	2-bed	3-bed	4+ bed
Market	10%	45%	35%	10%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	20%	40%	30%	10%

- 1.44 At a local authority level, the Councils should bring together evidence from the detailed modelling for their areas with the HMA-wide conclusions, alongside issues regarding management of the affordable housing stock within their area in setting policies for the future mix of housing.
- 1.45 In applying policies on housing mix to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 1.46 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Affordable Housing Mix

- 1.47 In respect of the need for different types of affordable housing, the evidence suggests that just under a quarter of the affordable housing need could be met through intermediate housing products. The need for intermediate housing has been calculated on the basis of the proportion of households in need of affordable housing who can afford more than 80% of market rent levels. Such households might be eligible for:
- Help-to-Buy Shared Ownership
 - Affordable Rent
 - Rent-to-Homebuy
 - Low Cost Sale
- 1.48 For a number of these products, households must have a sufficient deposit and be able to secure mortgage finance. Many young households who may sufficient potential income to afford intermediate housing solutions cannot secure shared ownership/ shared equity homes as they have insufficient savings to afford the deposit, or their financial circumstances mean that obtaining mortgage finance is difficult.

Figure 3: Need for Different Types of Affordable Housing



1.49 These factors may the ability of some households to afford intermediate housing products. However this is potentially offset by households who can potentially afford to rent privately without financial support, but how cannot afford to buy a home or get on the housing ladder without it. Intermediate housing products can help such households to get a foothold on the housing ladder.

1.50 The SHMA evidence suggests that based on the needs evidence, **policies which seek a mix of affordable housing provision on new developments where 25% is intermediate housing and 75% is social or affordable rented homes would be appropriate for the HMA. However it points to a higher potential for intermediate housing in North Dorset, where 30% or 33% intermediate housing could be sort.**

1.51 Policies for the mix of affordable housing need to take account not just of the needs evidence, but the evidence base regarding development viability, as well as local policy aspirations. As such in finalising policies, needs and viability evidence should be brought together. It may be appropriate for viability studies to test potential alternative policies for the mix of affordable housing in order to support overall delivery.

Specialist Housing and Accommodation for Older Persons

1.52 The SHMA indicates that the population of persons aged over 55 accounted for 35% of the HMA’s population in 2013. The number of residents aged over 55 is expected to grow by a third between 2013-33, with 42% growth in those aged between 75-84 and 98% growth in those aged over 85 expected – principally as a result of improving health and life expectancy.

1.53 As a result of a growing older population and increasing life expectancy, the HMA projects an increase of 7,180 people with dementia and 15,150 people with mobility problems over the 2013-33 period. Some of these households will require adaptations to properties to meet their changing needs; whilst others may require more specialist accommodation or support.

1.54 There are currently over 9,000 units of specialist housing for older persons in the HMA. Based principally on the expected growth in population of older persons, the SHMA estimates a need for an additional 6,900 specialist dwellings for older persons over the 2013-33 period. The need in different areas is shown below:

Table 6: Need for Specialist Housing for Older Persons, 2013-33

Specialist housing need (@ 170 units per 1,000)	
Bournemouth	1,540
Christchurch	634
East Dorset	1,341
North Dorset	1,012
Poole	1,731
Purbeck	598
HMA	6,856

1.55 The modelling is based on an increase in local prevalence rates towards national averages. An indicative split of specialist housing provision for older persons of 50% affordable, 50% market housing is recommended.

1.56 It may be the case that some existing sheltered housing is in a poor condition or suffers from low demand; and that there remains a need for additional extra-care accommodation – such as to reduce the proportion of households accommodated in residential care. The Councils should bring the SHMA analysis together with local knowledge of demand and the stock profile in determining the appropriate mix of specialist housing in development schemes.

1.57 Specialist housing includes sheltered and extra care housing. The numbers of homes set out in the above table are considered to fall within a C3 use, and thus form part of the overall Objectively Assessed Need (OAN) for housing identified in this report.

1.58 Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons. The district and county councils should liaise as appropriate in this respect.

1.59 Each Council should give consideration to how best to deliver the identified specialist housing need, including for instance the potential to identify sites in accessible locations for specialist housing; or to require provision of specialist housing for older people as part of larger strategic development schemes.

- 1.60 The SHMA recognises that some extra care housing schemes were difficult to fund; and leasehold provision can be slow to sell, particularly as a result of high service charges. A need for affordable market Extra Care Housing in Eastern Dorset is identified.
- 1.61 In addition to specialist housing, the potential for the wider housing stock to cater for a growing older population needs to be considered. Many older people live in homes which they may have lived in for some years. The Dorset Partnership for Older People Programme provides support for this. Adaptions to properties and floating support (such as through the Safe and Independent Living Scheme) may help households requiring support to remain in their home.
- 1.62 Some households may wish to downsize, should suitable, attractive properties be available locally. This has been taken into account in deriving the findings regarding the future mix of market and affordable housing above. However more needs to be done to raise awareness in Eastern Dorset of the range of options and support which is available. A growing older population will also increase the demand for bungalows. Whilst recognising the economics of delivery of bungalows can be challenging, provision should be given strong support on appropriate sites.

Need for Registered Care Provision

- 1.63 Registered care provision fall within a C2 use class; with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care provision is treated in the analysis of housing need separately in this report from that for C3 dwellings.
- 1.64 The SHMA indicates a net need for 2,754 C2 bedspaces for older persons over the 2013-33 period, equivalent to 138 per year. The net need per authority is set out below. The assessment should be treated as indicative, and does not seek to set policies in how older persons with care needs should be accommodated.

Table 7: Need for Residential Care Housing

Need – Nursing and Residential Care Bedspaces, 2013-33	
Bournemouth	853
Christchurch	201
East Dorset	460
North Dorset	339
Poole	769
Purbeck	131
HMA	2,754

Student Housing Provision in Bournemouth and Poole

- 1.65 Student numbers at Bournemouth University are expected to remain stable in the short-term. Numbers at the Arts University Bournemouth have however been growing but the rate of growth has fallen over the last few years.
- 1.66 Linked to changes in the student population, demand for multi-persons private rented homes has fallen. Trends in the student population and delivery of student accommodation should continue to be monitored over time.
- 1.67 Looking forwards, the household projections set out in this SHMA report do not expect the number of students living in halls to change. Common with the CLG Household Projections model, the 'institutional population' aged under 75 is held constant. This means that student growth is expected to be accommodated within the household population, and therefore counted within the calculations of the Objectively Assessed Housing Need (OAN) in this report.
- 1.68 Student accommodation (either through university- or privately-managed halls) can therefore be counted towards housing numbers, on the basis of the expected accommodation within the Private Rented Sector that it could be expected to release. On average student households typically accommodate between 4-6 persons. The headship rate for those aged 16-24 in this report varies from 16-18% of persons (who would be a head of a household). On this basis we would consider that it is reasonable to assume that delivery of six student bedspaces would be equivalent to one dwelling.

Meeting the Needs of Other Vulnerable Groups

- 1.69 The SHMA has considered the needs of a number of other vulnerable groups within the HMA.
- 1.70 Across the HMA, 27% of households contain someone with some form of disability. It is estimated that this the number of people with a disability will increase by 33,300 – an increase of a third – between 2013-33. Whilst this includes people with a range of needs, the evidence does support a need to provide additional homes which are wheelchair-accessible and promotes delivery of housing which meets the Lifetime Homes Standard.
- 1.71 The SHMA evidence indicates that the population in Black and Minority Ethnic (BME) groups is growing, that the BME population is typically younger, and BME households are more likely to live in Private Rented accommodation and be overcrowded. Enforcement activity will be important in ensuring standards of homes in the Private Rented Sector are maintained (including HMOs).

- 1.72 In Bournemouth the SHMA evidence points to particularly strong growth in the BME population, which increased by 17,670 persons between 2001-11. 58% of BME households live in the Private Rented Sector, and there are particular issues with overcrowding. Providing suitable, accessible larger homes may help to address the concentration of overcrowding in the town.