DORCHESTER/ WEYMOUTH HOUSING MARKET AREA

2011 Strategic Housing Market Assessment Update

Summary report for: Weymouth & Portland Borough Council

January 2012

jg Consulting
Quality Specialist Research

in association with

**cba**
chris broughton associates

Contents

1.   Background

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

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

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

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

Figure 1.1 Map of Bournemouth/Poole and Dorchester/Weymouth HMAs
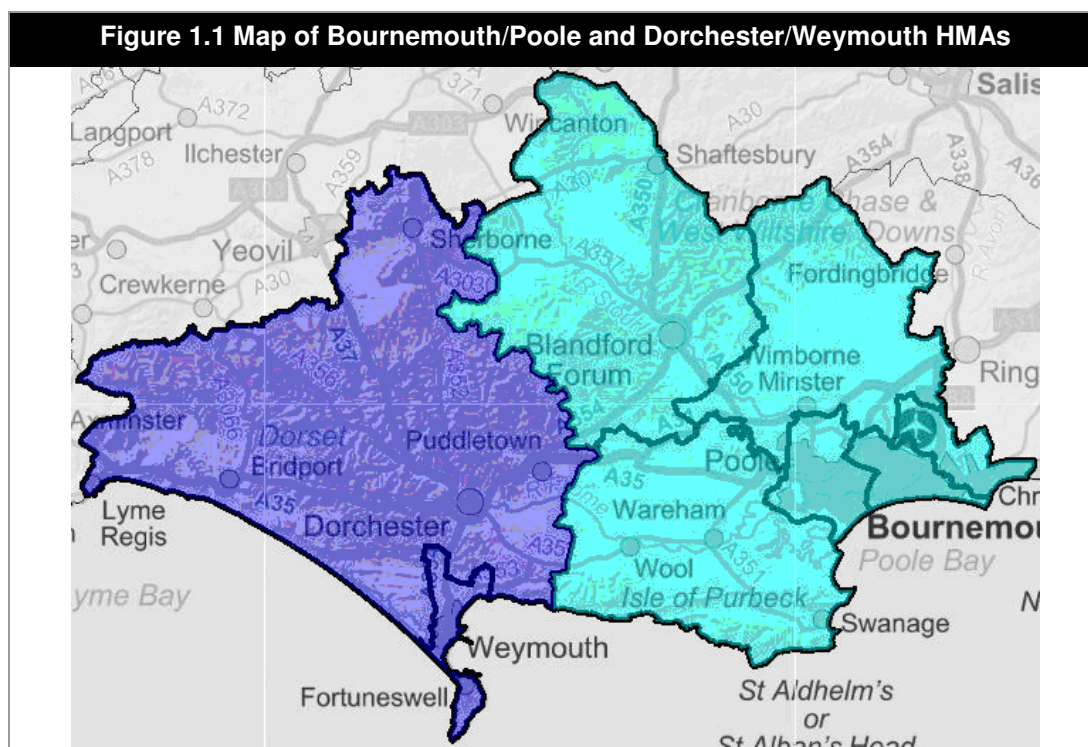
Source: Strategic Housing Market Assessment (2007)

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

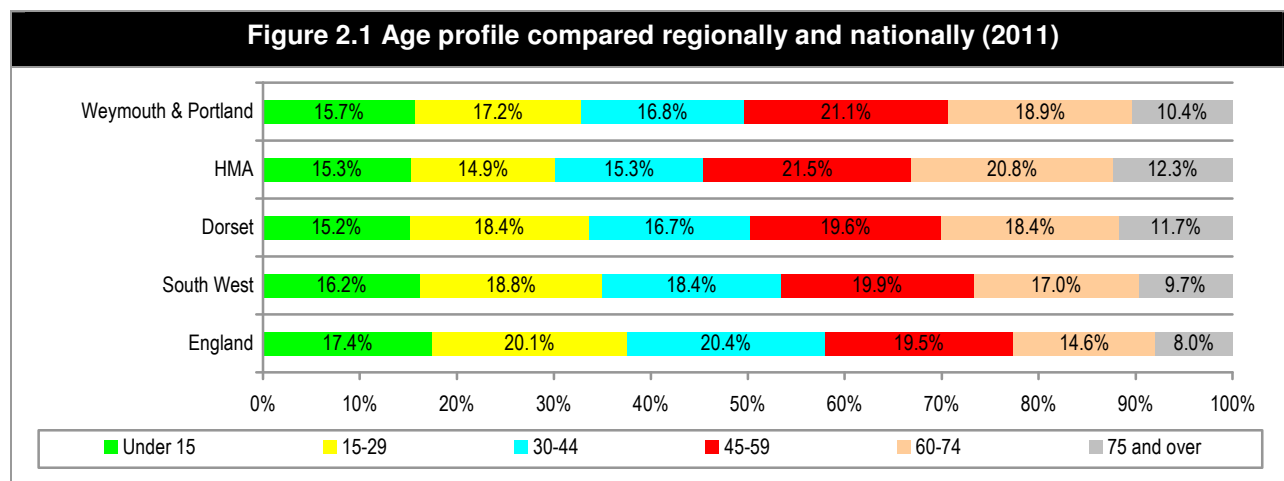| Figure 1.2 Estimated tenure split in 2011						
Local authority		Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Total
Weymouth & Portland	Households	10,704	9,365	4,160	4,987	29,217
	% of households	36.6%	32.1%	14.2%	17.1%	100.0%
Dorchester/ Weymouth HMA	Households	30,930	21,165	10,401	11,614	74,109
	% of households	41.7%	28.6%	14.0%	15.7%	100.0%

Source: Household Survey Data

1.5   CLG practice guidance highlights the importance of the involvement of stakeholders in the SHMA process.

1.6   The first stage of stakeholder consultation centred upon individual stakeholders involved in servicing or regulating the local housing markets. They were interviewed to gather information on current housing market conditions. They were also asked to describe trajectories and trends they believed were affecting the market.

1.7   The second strand of stakeholder work involved contacting over 150 stakeholders by e-mail to explain the rationale for the study and to ask for any initial thoughts on the current housing market. Where possible, these initial stakeholder comments were then fed through in to the analysis. Following the production of the draft report stakeholders were given the opportunity to comment on the findings and attend a workshop where the findings and potential policy implications were discussed. The outputs of these discussions are reflected in final reports.

1.8   Whilst a wide range of topics were discussed with stakeholders the key one centred on the role of the private rented sector. It was widely recognised that this sector had grown rapidly over the past few years and was providing a range of housing options to a range of different households. Key changes over the past few years had included growth due to households being unable to secure mortgage finance and growth in the benefit sector due to a lack of supply of social rented housing.

2.   Demography and Housing Stock

2.1   Using information provided by the County Council (based on likely population given the number of occupied homes in the area) it is estimated that in 2011 there were around 65,900 people resident in Weymouth & Portland.

2.2   The figure below shows the current estimated age structure in the Borough and for other benchmark areas. The data suggests that the population profile in the Borough varies markedly from the national profile with large proportions in older age bands. In particular it is estimated that 10.4% of the population of the Borough is aged 75 and over (compared with 8% nationally) whilst 18.9% are aged between 60 and 74 (compared with 14.6% nationally). The population of the Borough is however relatively young when compared with the HMA as a whole and to a lesser extent Dorset.

Figure 2.1 Age profile compared regionally and nationally (2011)

Source: County Council projections and ONS 2008-based sub-national population projections

2.3   The housing stock in Weymouth & Portland has increased since the 2007/8 SHMA was carried out with data provided by the County Council showing that 969 additional homes have been completed over the past four years with 19.5% of these classified as affordable housing. The table below shows the number of completions in Weymouth & Portland and the wider Dorchester/Weymouth HMA.

Figure 2.2 Dwelling completions 2007/8 to 2010/11

Area		2007/8	2008/9	2009/10	2010/11	Total	% in tenure
Weymouth & Portland	Private sector	179	364	121	116	780	80.5%
	Affordable	100	46	29	14	189	19.5%
	Total	279	410	150	130	969	100.0%
Dorchester/ Weymouth HMA	Private sector	482	651	267	338	1,738	77.9%
	Affordable	142	142	87	122	493	22.1%
	Total	624	793	354	460	2,231	100.0%

Source: Dorset County Council

2.4   Using data from the CLG Live Tables we can also look at how vacancy rates have changed since 2007 – this data is shown in the table below. The data shows that overall in Weymouth & Portland there are now around 124 more vacant homes than in 2007 – this is in contrast with information for the whole of Dorset although consistent with regional findings. Despite the overall increase in vacant homes the data does suggest virtually no change in the number of vacant homes in the public sector stock.

Figure 2.3 Change in vacant housing stock 2007-2010						
		Area				
		Weymouth & Portland	HMA	Dorset	South West	England
Public Sector	2007 – total	31	50	345	4,380	79,594
	2010 – total	24	44	220	4,359	64,918
	3 year change	-7	-6	-125	-21	-14,676
Private Sector	2007 – total	721	1,859	9,978	62,535	683,725
	2010 – total	852	2,177	9,845	66,140	672,573
	3 year change	131	318	-133	3,605	-11,152
All dwellings	2007 – total	752	1,909	10,323	66,915	763,319
	2010 – total	876	2,221	10,065	70,499	737,491
	3 year change	124	312	-258	3,584	-25,828

Source: CLG Live Tables

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

2.6   The table below shows households' current accommodation type. The table shows that Weymouth & Portland has a dwelling stock more heavily biased towards terraced houses and flats than in the HMA as a whole. The main dwelling type is terraced houses representing 29.9% of all dwellings; around 22.4% of households live in flatted accommodation. These figures compare with data for the whole Dorchester/Weymouth HMA which suggests that around 25% live in terraced houses and 16% in flats/maisonettes.

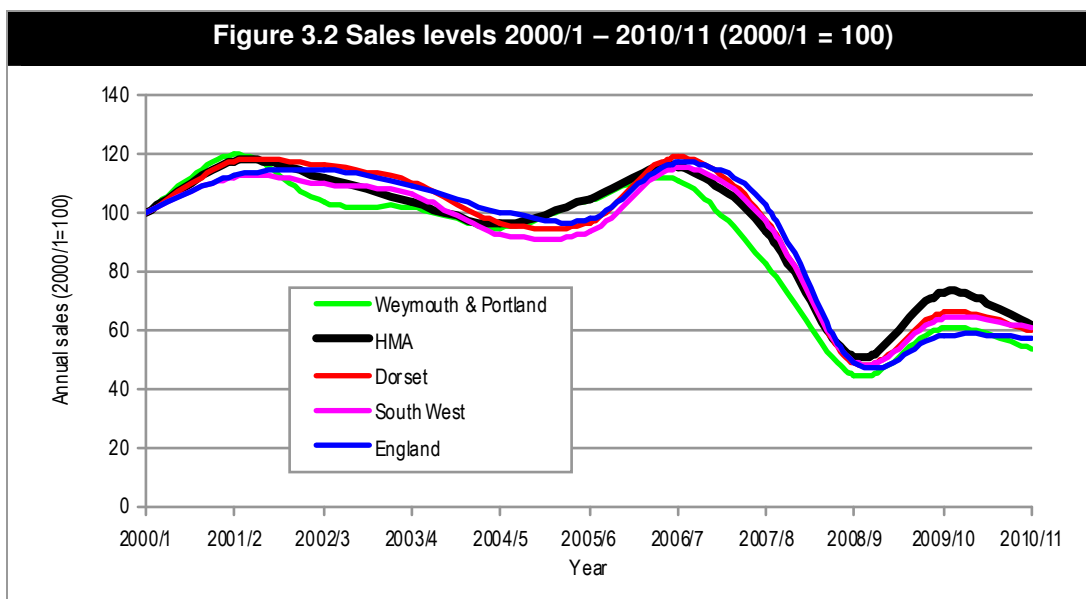| Figure 2.4 Dwelling type by local authority							
Area		Detached house	Semi detached house	Terraced house	Bungalow	Flat/ maisonette	Total
Weymouth & Portland	Households	4,670	5,777	8,729	3,483	6,558	29,217
	% of households	16.0%	19.8%	29.9%	11.9%	22.4%	100.0%
Dorchester/ Weymouth HMA	Households	17,563	15,065	18,363	10,971	12,148	74,109
	% of households	23.7%	20.3%	24.8%	14.8%	16.4%	100.0%

Source: Household Survey Data

3.   The Current Housing Market

3.1   Since the 2007/8 SHMA was carried out there has been a significant downturn in the national and local property market, with a decline in both house prices and the number of sales made.

3.2   The figure below shows the average (median) price paid for a home from the 1st quarter of 2000 to the 1st quarter of 2011. The data for Weymouth & Portland mirrors the experience found nationally albeit that prices in Weymouth & Portland are generally below those found across the HMA and Dorset as a whole. Prices showed strong growth up until the third quarter of 2007 and then levelled off to the second quarter of 2008. Prices then showed a sharp drop before recovering in late 2009 and through 2010. In early 2011 average prices were still below the previous peak (seen in 2007).

Figure 3.1 Median price of housing 2000 – 2011

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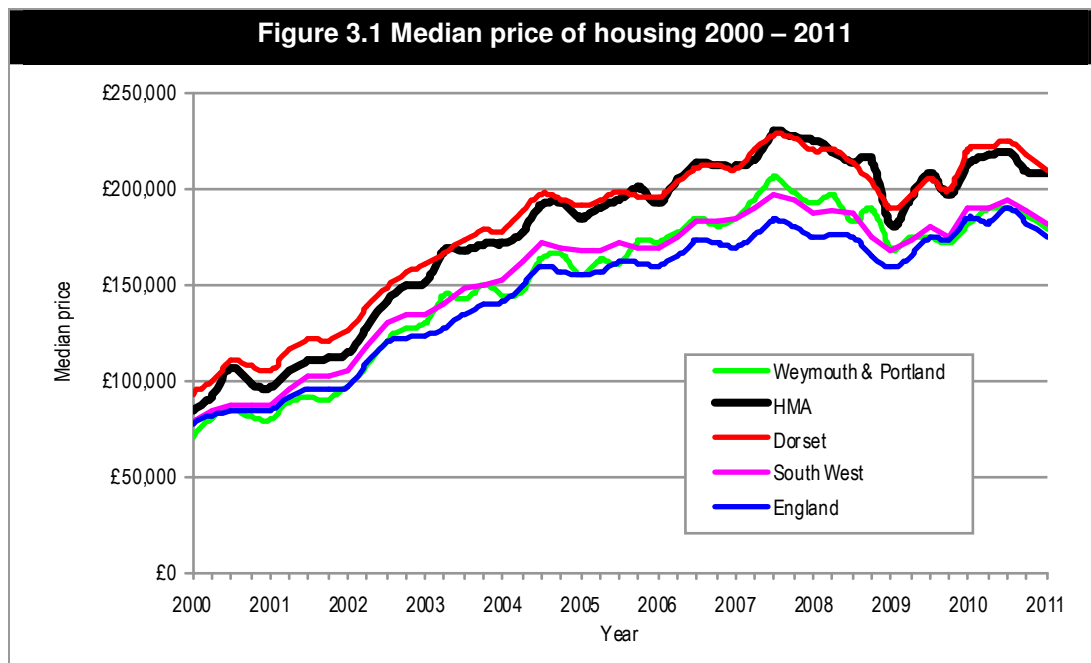
3.3   The figure below shows annual sales in Weymouth & Portland and other areas back to 2000/1 (with 2000/1 indexed to 100). Transactions levels (sales) reflect the relative buoyancy of the market and provide an indicative of effective demand for market housing. The data shows that sales volumes in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

Figure 3.2 Sales levels 2000/1 – 2010/11 (2000/1 = 100)

Source: CLG Live Tables (from Land Registry)

3.4   The evidence of lower prices was clear from our housing market survey of July 2011 with all sizes of accommodation showing a drop in price. In percentage terms the survey also suggested that the prices of smaller (one and two bedroom) homes have declined more than other property sizes – this information is shown in the table below. Although prices have gone down this does not mean that housing has become more affordable, this will also be dependant on other changes such as the local economy, demography and access to finance for housing as well as the cost of private rented accommodation.

Figure 3.3 Entry-level (lower quartile) price change 2007 to 2011					
Local authority		1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Weymouth & Portland	2007	£103k	£141k	£173k	£232k
	2011	£85k	£122k	£165k	£227k
	% change	-17%	-13%	-5%	-2%

Source: Online Estate and Letting Agents Survey 2007 and 2011

3.5   When looking at the cost of private rented accommodation, the market survey suggested that rents have increased significantly from levels assessed in 2007 (By up to 20% in the case of two bedroom homes). The table below shows estimated private rents by size of property in the Borough.

Figure 3.4 Change in entry-level (lower quartile) private rental costs 2007 to 2011 (per month)					
Local authority		1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Weymouth & Portland	2007	£400	£500	£600	£750
	2011	£450	£600	£695	£825
	% change	+13%	+20%	+16%	+10%

Source: Online Estate and Letting Agents Survey 2007 and 2011

4.   The Economy, Incomes and Affordability

4.1   The economy is a key driver of local housing markets and can have an important influence on supply and demand including household formation rates and households' investment in housing. This section looks at up-to-date information about the economy in Weymouth and Portland and compares this with the situation nationally and regionally.

4.2   Where data is taken from the Annual Population Survey (APS) or the Annual Survey of Hours and Earnings (ASHE) some degree of caution should be used in interpreting the results (due to the sample nature which can have quite small samples for smaller areas). However, these sources should provide a reasonable picture of changes over time and we have where possible added together data from different time periods (e.g. for all four quarters of a year) to maximise the accuracy of the information.

4.3   Data from the annual population survey (APS) suggests that the economic downturn has seen a substantial decrease in the number of people living in Weymouth & Portland who are working. The table below shows that between 2007 and 2010 the number of people working decreased by around 5,000 whilst the proportion of people of working age (i.e. aged between 16 and 64) who were in employment (including self-employment) has also decreased - from 71.8% to 62.8%. This pattern is similar to other areas studied where both the number of people working and the employment rate has decreased although changes in Weymouth & Portland are more marked in comparison to regional or national data (and indeed for the whole of Dorset).

Figure 4.1 Number of people working and % of working age population in employment 2007-2010				
Area		2007	2010	Change 2007 – 2010
Weymouth & Portland	Number working	29,257	24,275	-4,982
	% of working age popn	71.8%	62.8%	-9.0%
HMA	Number working	74,857	64,725	-10,132
	% of working age popn	75.6%	68.2%	-7.4%
Dorset	Number working	330,200	316,050	-14,150
	% of working age popn	75.2%	72.2%	-3.0%
South West	% of working age popn	76.1%	73.6%	-2.5%
Great Britain	% of working age popn	72.6%	70.3%	-2.3%

Source: Annual Population Survey – from NOMIS website

4.4   Along with the decrease in workers since 2007 data from the APS suggests that unemployment in the Borough has also increased over time. The proportion of working age people unemployed in Weymouth and Portland is shown to have increased from 4.0% to 7.7%. Whilst significant, this increase is in-line with that seen across the whole of Dorset. The trend of increased unemployment is confirmed by analysis of Jobseekers Allowance (JSA) claimant numbers as shown in the figure below (which runs to June 2011).

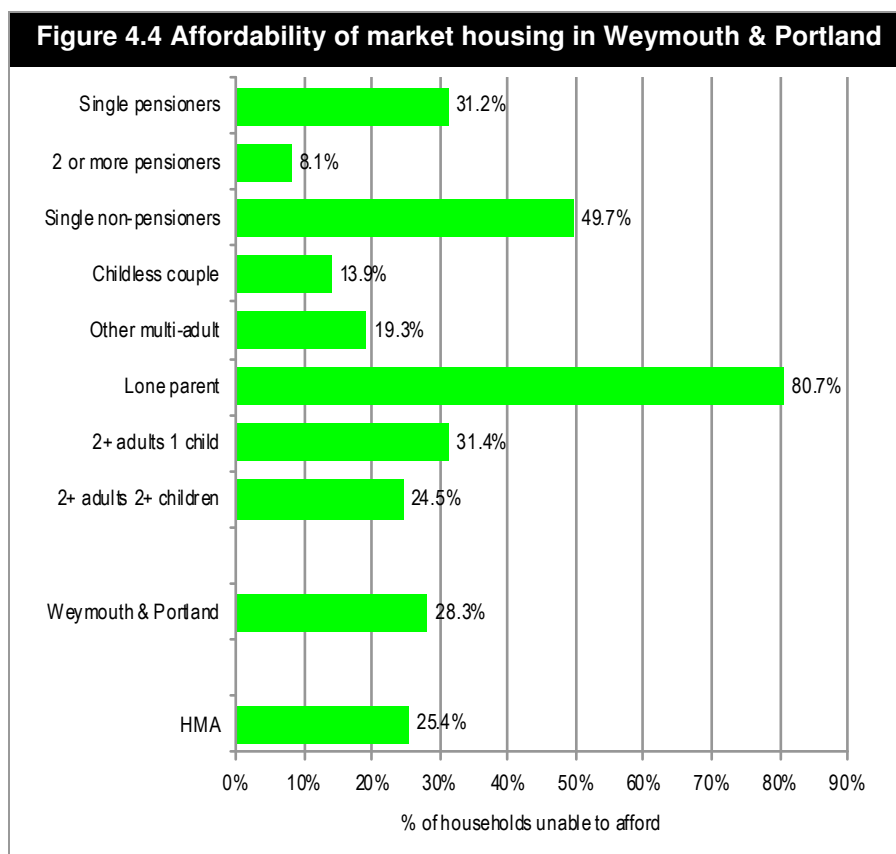**Figure 4.2 Jobseekers Allowance (JSA) claimants 2007-2011**
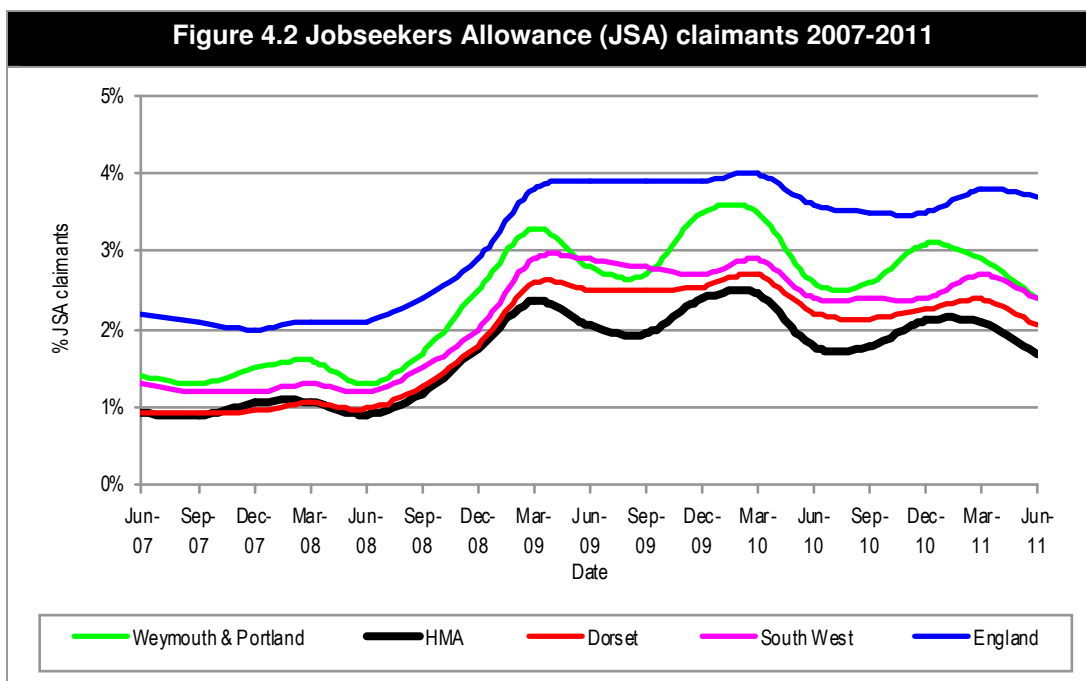
Source: ONS claimant counts – from NOMIS website

4.5   Despite the increase in unemployment, information from the Annual Survey of Hours and
        Earnings suggests that income levels have increased since 2007. When this data is
        modelled on to the survey information it is estimated that household incomes have risen by
        7% over the past four years. The table below shows the estimated change in household
        incomes by tenure from 2007 to 2011. It should be noted that this information is based on
        survey data and includes all sources of income other than housing related benefits and is
        for all households (including those where no one is working) – figures will therefore differ
        from other sources of income data such as the ASHE which just looks at the earnings of
        individuals who are working.

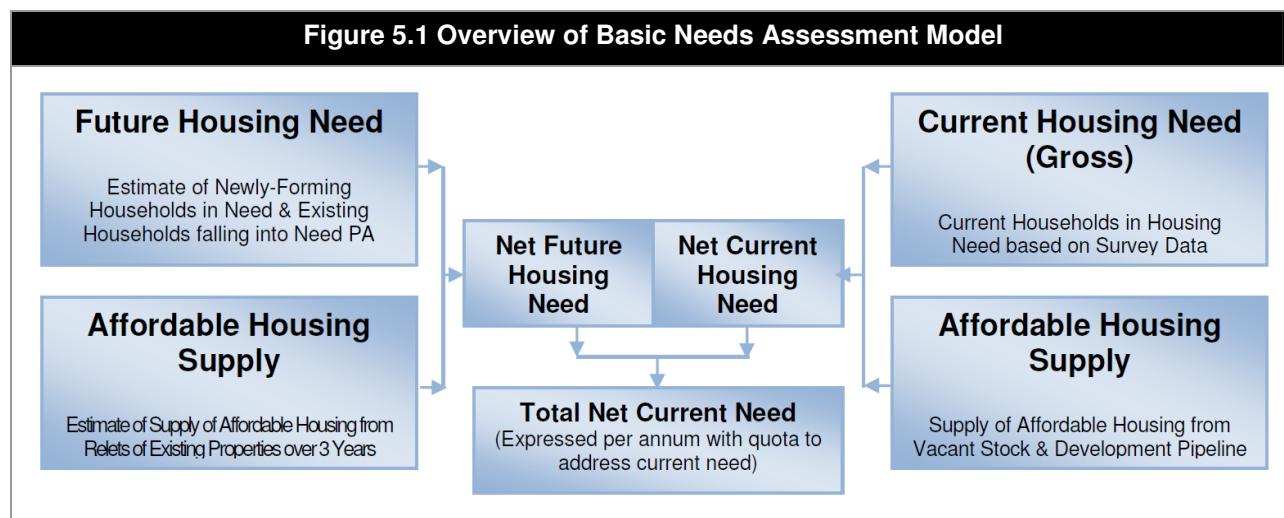| Figure 4.3 Average (median) income by tenure 2007 and 2011 (Weymouth & Portland)			
Tenure	2007	2011	% change
Owner-occupied (no mortgage)	£21,239	£23,354	10.0%
Owner-occupied (with mortgage)	£33,196	£36,853	11.0%
Social rented	£10,324	£11,314	9.6%
Private rented	£18,160	£20,169	11.1%
All tenures	£23,753	£25,423	7.0%

Source: Household Survey Data

4.6   Taking account of the updated income data along with updated estimates of households' savings and equity it was estimated that around 28.3% of all households in Weymouth & Portland cannot afford housing at current market prices/rents without the need for some form of subsidy (e.g. local housing allowance). This figure is higher than the HMA-wide average of 25.4%. The figure below shows how affordability varies by different household groups.

Figure 4.4 Affordability of market housing in Weymouth & Portland

Household group	% of households unable to afford
Single pensioners	31.2%
2 or more pensioners	8.1%
Single non-pensioners	49.7%
Childless couple	13.9%
Other multi-adult	19.3%
Lone parent	80.7%
2+ adults 1 child	31.4%
2+ adults 2+ children	24.5%
Weymouth & Portland	28.3%
HMA	25.4%

Source: Household Survey Data

5. Housing Need

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

Figure 5.1 Overview of Basic Needs Assessment Model

Future Housing Need
Estimate of Newly-Forming Households in Need & Existing Households falling into Need PA

Affordable Housing Supply
Estimate of Supply of Affordable Housing from Relets of Existing Properties over 3 Years

Net Future Housing Need — **Net Current Housing Need**

Total Net Current Need
(Expressed per annum with quota to address current need)

Current Housing Need (Gross)
Current Households in Housing Need based on Survey Data

Affordable Housing Supply
Supply of Affordable Housing from Vacant Stock & Development Pipeline

5.2 Bringing together information from a range of sources about need and supply it is estimated that there is an annual need to provide 904 additional units of affordable housing per annum if all needs are to be met (in the five year period from 2011 to 2016). This figure is slightly higher than that derived in the 2007/8 SHMA and suggests that there is still a significant need to provide additional affordable housing in the Borough. The table below summarises the results from the CLG housing needs model. Full details of all stages in the analysis can be found in the main Dorchester/Weymouth SHMA update report.

Figure 5.2 Summary of housing needs estimates		
Element	Weymouth & Portland	HMA
① Backlog need (annual)	273	504
② Backlog supply (annual)	113	208
③ Net backlog need (annual) ① - ②	160	296
④ Future need (annual)	956	1,948
⑤ Future supply (annual)	212	587
⑥ Net future need (annual) ④ - ⑤	744	1,361
Total net annual need ③ + ⑥	**904**	**1,657**
Total net annual need (2007)	801	1,538

Source: Household Survey Data, CORE

5.3   Part of the gap between the likely future need for affordable housing and future supply is likely to be met by the Private Rented Sector (PRS). Over the last two years the survey data estimates that this sector has provided 447 benefit supported lettings per annum with additional households accessing this sector but paying more than 25% of their income on housing.

5.4   Further analysis (across the whole HMA) suggests that between 26% and 44% of additional housing should be larger (3+ bedroom) family accommodation. This range is dependent on the level of priority given to different household groups with households containing children (who are likely to have a higher priority) typically requiring larger accommodation than other households.

5.5   Within Weymouth & Portland it is also calculated that around 17% of the housing need could be met through intermediate housing products (such as shared ownership or intermediate rents) with the remainder being best met through either social rented or Affordable Rented housing (at 80% of open market values). Overall tenure requirements in Weymouth & Portland and the whole HMA are shown in the table below.

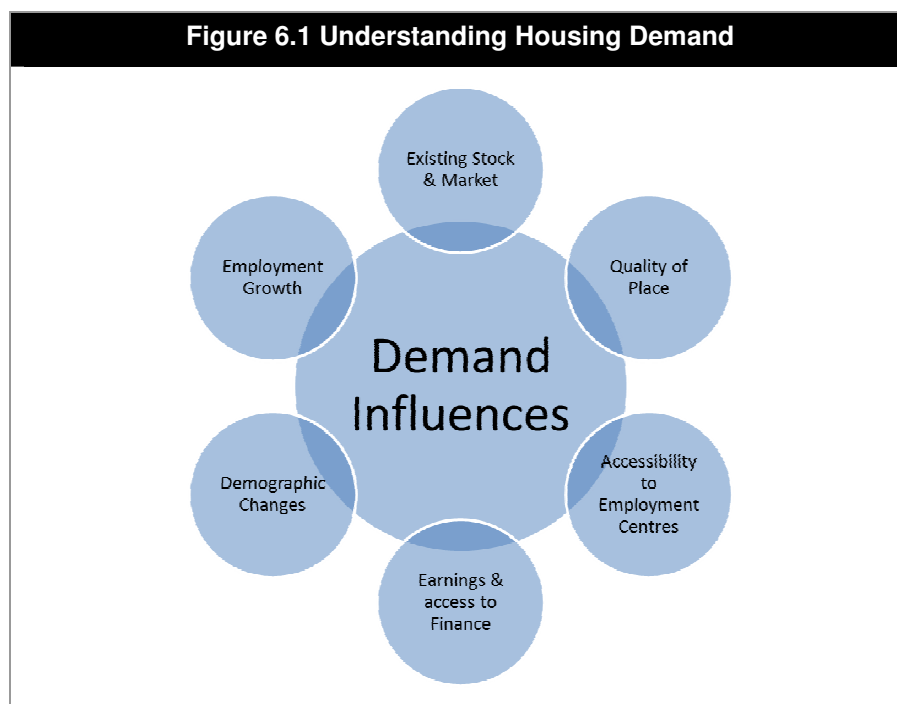| Figure 5.3 Social rented and intermediate housing needs– per annum		
	Weymouth & Portland	HMA
Equity based intermediate	2%	3%
Intermediate rented	15%	18%
Affordable rented	19%	21%
Social rented	64%	58%
Total	100%	100%

Source: Household Survey Data

5.6   The analysis of housing need provided a significant amount of data about affordable housing requirements, including: analysis of housing need, supply, sizes and types of affordable housing. It is however worth considering the outputs in the context of the operation of the whole housing market.

5.7   Overall the analysis suggests (following the CLG housing needs model) that there is a need to provide an additional 904 units of affordable housing per annum if all needs are to be met (in the five year period from 2011 to 2016). Delivery of this scale of affordable housing would mean that all households are living in secure housing which is of the right size, condition and layout and at a price they can afford – in reality this is not likely to be achievable.

5.8   The scale of need can be set against delivery over the past four years of just 189 units of affordable housing; whilst this suggests that increases in delivery would be desirable it is clear that this would still not meet all of the need. It is important therefore to understand the role played by the wider housing market in meeting need. Whilst the level of need is significant the private rented sector is being used by a range of households to meet their needs.

5.9   We would not however suggest that use of the PRS is the solution to the clear need and affordability problem in the Borough (and across the HMA); generally the PRS does not provide the same level of security as affordable housing (shorter tenancies) whilst typically the physical condition of properties in this sector is worse. In addition, a large proportion of households claiming LHA in the PRS are seeking a permanent move to affordable housing.

5.10   If the council were to attempt to provide the 904 units of affordable housing each year then on the basis of the above analysis this would be likely to see significant problems within the wider housing market (large number of households moving out of the PRS with no one to replace them and increased vacancy levels). Future affordable housing provision should therefore be set against the likely delivery of additional housing which is discussed in more detail in the next section. Trend-based data suggests household growth of around 160 per annum for the period from 2011 to 2031 and so a housing delivery figure (on the basis of this figure) might be around 165 per annum (to take account of a small vacancy rate).

5.11   Provision of say 40% of additional housing as affordable would therefore see around 65 additional units being provided each year – whilst this figure falls well short of the need it would be a sensible level in the context of the role played by the PRS.

5.12   Regarding the sizes of affordable housing to be provided, the analysis taking account of likely supply suggests (HMA-wide) that around 74% of the future requirement will be for smaller (1- and 2-bedroom units). This figure is however based on the totality of the housing need; when we look at the likely need concentrating on priority groups (e.g. the elderly, people with disabilities and households with children) this figure drops to 56%. The Council will therefore need to consider the types of households whose needs should be met in any policy/negotiations around the size profile of new affordable housing. The issue of size requirements at the Borough level is considered further in the following section.

5.13   The final topic is about the types of affordable housing to be delivered. The analysis (again based on the totality of housing need) suggests that in Weymouth and Portland the majority (83%) of housing will be required to be public sector rented (either social rented or as an affordable rented tenure). Whilst the inclusion of affordable rented housing may improve viability compared with social rents it is likely in most areas that a range of products will need to be provided to maximise the overall delivery of affordable housing.

5.14   Within this the Council will need to consider the overall level of need against likely delivery. For example, the analysis suggests that of the total need some 154 units should be provided as intermediate housing (17% of the 904 annual need). Given that even at 40% affordable housing delivery only around 65 units would be provided it could be argued that a higher proportion of housing being delivered as intermediate (i.e. higher than 17%) would still meet a need.

5.15   This would not be a wholly unreasonable position to take although the households able to afford intermediate housing are less likely to be in a priority group and so delivery in this way would not meet some of the more significant needs. Essentially the results do suggest that in policy terms a higher proportion of intermediate housing would be a reasonable position to take (i.e. higher than the 17% shown on the analysis of all need) but any decision should be made against priorities in terms of who should be housed and the viability of providing different tenure splits of affordable housing.

5.16   There is also the issue of the range of products that could be offered to households. The analysis suggests that around 17% of the need could be met through intermediate housing priced between an affordable rent and market prices (to buy or rent). However, within this only around a tenth of the households are found to be able to afford an equity based product (e.g. shared ownership) due to very low levels of capital and current mortgage lending restrictions. The opportunity therefore exists for the Council (and developers) to innovate through mechanisms to reduce or remove deposit requirements which would allow a greater proportion of households with a reasonable income to access the owner-occupied market.

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

6.   The Future Housing Market

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

Figure 6.1 Understanding Housing Demand

Existing Stock & Market

Quality of Place

Employment Growth

Demand Influences

Accessibility to Employment Centres

Demographic Changes

Earnings & access to Finance

6.2   Beside economic factors, the other major structural driver of demand is demographic trends, recognising that changes in the size, structure and character of the population influence housing need and demand.

6.3   There are then a number of factors which at a more local level within a functional housing market which will influence demand in different locations. These include quality of place, school performance/catchments, the accessibility of areas including to employment centres, leisure facilities, the quality and characteristics of the existing housing stock and market conditions. These factors influence the demand profile and pricing, against a context in which households compete within the market for housing.

6.4   At a local level this means that the housing market tends to reinforce around the existing profile of stock and its infrastructure. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
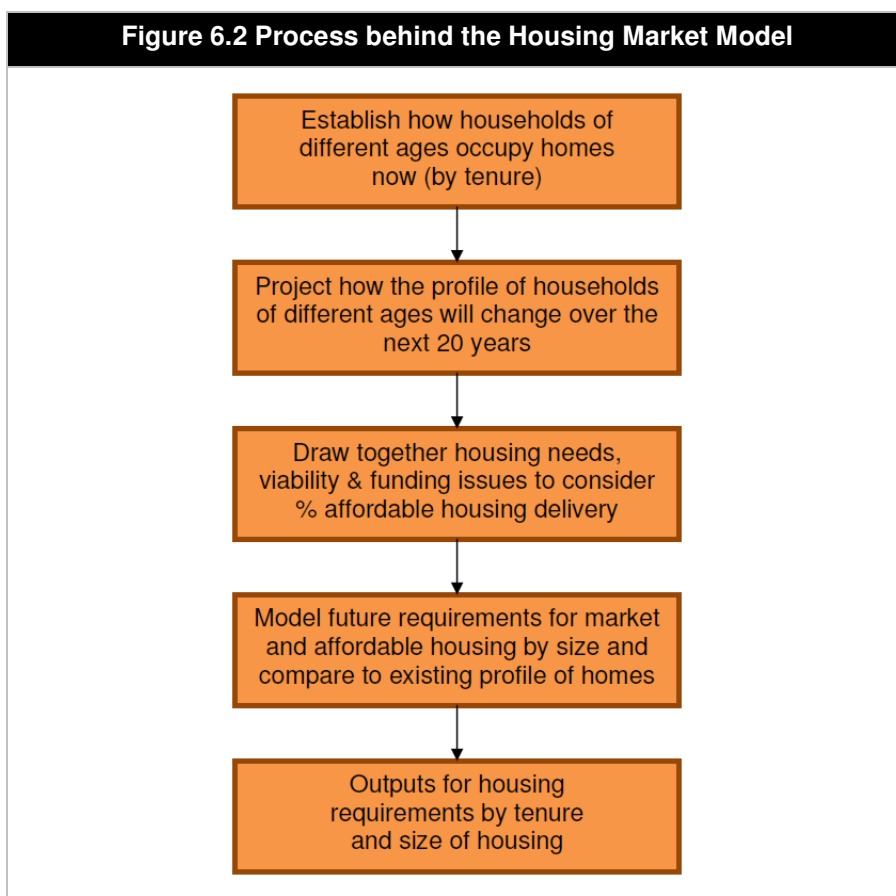
6.5   The Housing Market Model is an innovative method for estimating future housing requirements across all tenures based on combining household survey data and demographic projections. Outputs from the model include estimates of the size and tenure of additional housing which would best meet the needs of the local population.

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

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

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

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

Figure 6.2 Process behind the Housing Market Model

Establish how households of different ages occupy homes now (by tenure)

↓

Project how the profile of households of different ages will change over the next 20 years

↓

Draw together housing needs, viability & funding issues to consider % affordable housing delivery

↓

Model future requirements for market and affordable housing by size and compare to existing profile of homes

↓

Outputs for housing requirements by tenure and size of housing

6.8   An important part of the SHMA process (and a key input to the Housing Market Model) is to establish likely overall requirements for additional housing (of all tenures) in an area. For the purposes of the SHMA update we have therefore considered likely future housing requirements on the basis of projected demographic change. Whilst the outputs from our analysis provide a reasonable start point for assessing overall housing requirements these will need to be considered along with the availability, suitability and viability of housing land as well as any infrastructure constraints and any potential environmental impact.

6.9   As part of this project we were provided with a series of population and household projections by the County Council. For the purposes of analysis and the housing market modelling we have used a projection linked to the 2008-based ONS/CLG population/household projections which have been updated to a mid-2011 base.

6.10   The table below shows projected household growth in Weymouth & Portland and the whole HMA from 2011 to 2031. The data suggests household growth in Weymouth & Portland of 160 per annum, leading to a total increase over the 20-year period of around 3,200 households. The projected increase in households in Weymouth & Portland is lower in proportionate terms than projected for the whole Dorchester/Weymouth HMA.

Figure 6.3 Projected household change in the HMA (2011 – 2031)					
Area	Households (2011)	Households (2031)	Absolute change	% change from 2011	Annual average change
Weymouth & Portland	29,217	32,424	3,207	11.0%	160
HMA	74,109	86,724	12,615	17.0%	631

Source: ONS/CLG and Dorset County Council

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

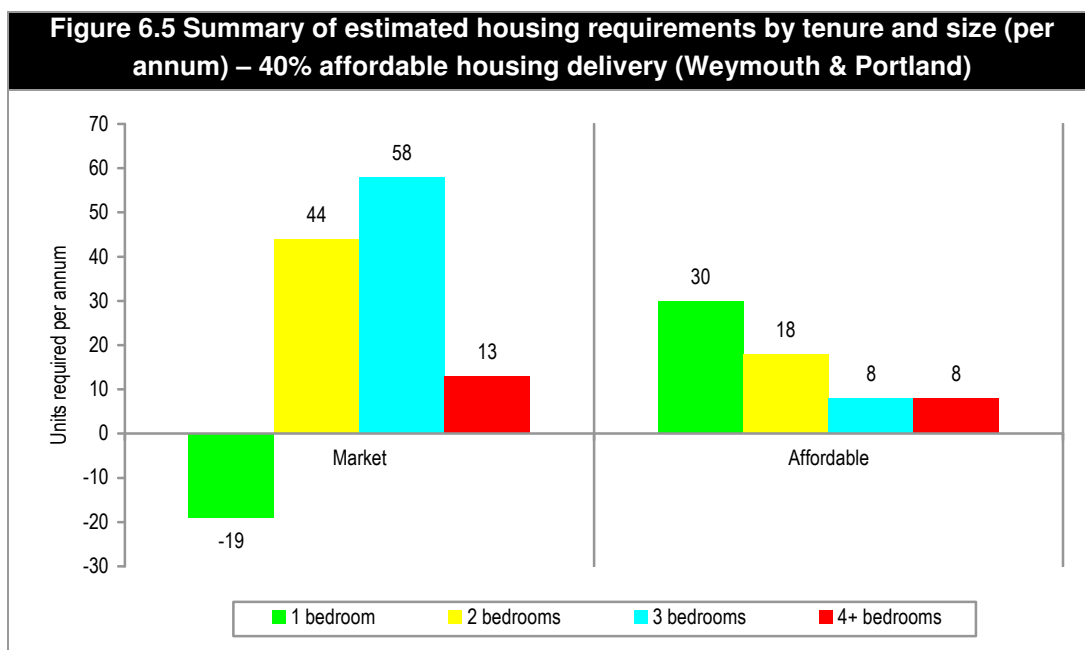| Figure 6.4 Percentage change by age band (2011 – 2031)					
Age band	Area				
	Weymouth & Portland	HMA	Dorset	South West	England
0-14	-4.4%	-3.7%	5.7%	13.2%	11.5%
15-29	-12.4%	-10.7%	-2.3%	2.7%	1.6%
30-44	-6.4%	-6.8%	2.9%	14.9%	11.6%
45-59	-21.4%	-17.6%	-12.2%	-0.7%	1.5%
60-74	18.0%	24.9%	21.5%	26.8%	27.5%
75+	74.6%	78.3%	60.8%	73.3%	66.0%
Total	2.2%	7.3%	9.3%	16.9%	14.3%

Source: ONS/CLG and Dorset County Council

6.12   As well as showing an ageing population the projections clearly identify that if current trends continue then the number of people in key working age bands (i.e. those aged 16-64) is likely to decline which may potentially generate a labour shortage when looking 20-years ahead. This may act as a barrier to economic growth in the Borough and more widely across Dorset. Over the full 20-year projection period it is estimated that the population aged 16-64 will drop by around 12% across the whole of Weymouth and Portland (this figure being derived from the detailed modelling underpinning the summary figures in the above table).

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

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

6.14   The results of the analysis for Weymouth & Portland at 40% affordable housing delivery are shown in the figure below. The data suggests that in the market sector there will be a requirement for 96 additional homes per annum if household growth shown by the above projections were to be met. Within this it is estimated that around 74% should be family-sized housing (3 or more bedrooms) although this drops to 62% if we exclude the apparent surplus of one-bedroom homes.

6.15   In the affordable sector the requirement is for around 64 additional homes per annum with around 25% of these being required to be larger (3 or more bedroom) accommodation. If the proportion of affordable housing delivered is decreased to 30% then the outputs of the modelling are very similar – at 30% the modelling suggests a slightly lower requirement for larger homes in the market sector with little difference seen for affordable housing. It is worth emphasizing that differences between the models are very slight.

Figure 6.5 Summary of estimated housing requirements by tenure and size (per annum) – 40% affordable housing delivery (Weymouth & Portland)

Source: Household Survey Data

7.   Rural Housing Requirements

7.1   For the purposes of understanding rural housing requirements we have classified Weymouth & Portland into two different areas based on groups of wards. The two areas are Portland (made up of the wards of Tophill East, Tophill West and Underhill) and Weymouth (comprising the remaining wards in the Borough). The table below shows the number and proportion of households in each location.

Figure 7.1 Number of households in different locations		
Area	Number of households	% of households
Weymouth	24,066	82.4%
Portland	5,151	17.6%
Borough	29,217	100.0%

Source: Household Survey Data

7.2   There are some differences between areas with regard to the profile of households and housing. In particular Weymouth shows a high proportion of private tenants (around 18% of households) whilst Portland has a greater proportion of owner-occupiers. The housing stock is also quite different between locations with Portland being dominated by terraced houses (approaching half of the dwelling stock), Weymouth has a larger proportion of flatted stock (nearly a quarter of households live in flats). Differences in household profiles are less obvious although the data suggests that Portland has a greater proportion of households with children – around 28% of households in Portland contain children compared with 21% in Weymouth.

7.3   The table below shows estimates of average income levels in the different areas (both mean and median). The table shows that income levels do not vary markedly between the two areas – mean income in Weymouth are higher than Portland with the opposite being found when looking at median figures.

Figure 7.2 Income by location (Weymouth & Portland)		
Area	Mean income	Median income
Weymouth	£25,769	£20,092
Portland	£23,804	£20,300
Borough	£25,423	£20,130

Source: Household Survey Data

7.4   The table below shows the estimated level of housing need by location. The table shows that there is estimated to be an unmet need in both Weymouth and Portland with the annual figure for Weymouth representing around 87% of the Borough total.

Figure 7.3 Summary of housing needs situation			
Element	Weymouth	Portland	Borough
① Backlog need (annual)	234	40	273
② Backlog supply (annual)	88	24	112
③ Net backlog need (annual) ① - ②	146	16	161
④ Future need (annual)	782	174	956
⑤ Future supply (annual)	144	68	212
⑥ Net future need (annual) ④ - ⑤	638	106	744
Total net annual need ③ + ⑥	**784**	**121**	**904**

Source: Household Survey Data, CORE

8.   Conclusions and Policy Implications

8.1   Bringing together the results from the study and in particular the outputs of the housing needs and housing market models it is suggested that there is a significant need for additional affordable housing. In reality, the private rented sector will continue to house many people in this group due to the shortage of social rented housing. Additional supply through local authority affordable housing policies will be constrained by the economic viability of individual sites. It will therefore be for the council to take a view on realistic targets based on economic viability and policy priorities as well as the level of housing need.

8.2   The draft NPPF identifies that local planning authorities should meet the full requirements for market and affordable housing in their housing market area. Local Plans should aim to meet objectively-assessed development requirements unless the impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the NPPF. As part of this assessment, we have worked with the County Council to develop projections for future population and household growth, taking account of demographic trends. Pre economic downturn migration trends would result in household growth in Weymouth & Portland of around 3,200 (160 per annum) which is well below average completions over the past four years.

8.3   The availability of suitable land will be the most relevant factor in considering where development is located, particularly with a view to supporting sustainable development including access to employment, services and public transport. Its location will also have a major impact upon the size type and tenure of housing built upon it. Our demographic change analysis provides an indication of where demands might exist at a sub-area level.

8.4   In the affordable sector the evidence suggests that around 21% of additional housing should be intermediate affordable housing with a particular focus on intermediate rent for lower income households with limited levels of capital. The remaining 79% should be either affordable rented housing or social rented. These proportions are however based on the totality of housing need and it would not be unreasonable for the Council to plan for a different tenure split if it will assist in providing a greater number of additional affordable homes.

8.5   In the market sector it is concluded that around 62%-74% of additional homes should be larger (3 and 4+ bedroom) units with a lower proportion (25%) in the affordable sector.

8.6   Overall, the levels of both demand and need in the Borough are significant and the findings of the SHMA update can support the local authority to develop policies which will assist them in meeting housing needs and demands both now and into the future.