

# Northern sub-regional Housing Group

## Northern HMA Strategic Housing Market Assessment

### Final Report

September 2007





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# FOREWORD

This SHMA report is written for the Northern Housing Market Area (HMA) within the Northern sub-region of the East Midlands. It is part of a set of three reports as detailed in the table on the next page. SHMA stands for Strategic Housing Market Assessment, a term defined in PPS3 Housing, November 2006, to describe the work conducted here. The two parts of the Northern sub-region are described as HMAs although there is some debate about their status: a point addressed in the first section of each of the three reports.

This report focuses upon the Northern HMA within the overall Northern sub-region, but is cross-related where appropriate to the Nottingham Outer report on that HMA. However this report can be read as a freestanding document.



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# SECTION A: INTRODUCTION

This section provides relevant background information and context to the Northern SHMA report. The Northern HMA is defined as consisting of four local authorities: North East Derbyshire District Council, Chesterfield Borough Council, Bolsover District Council, and Bassetlaw District Council.





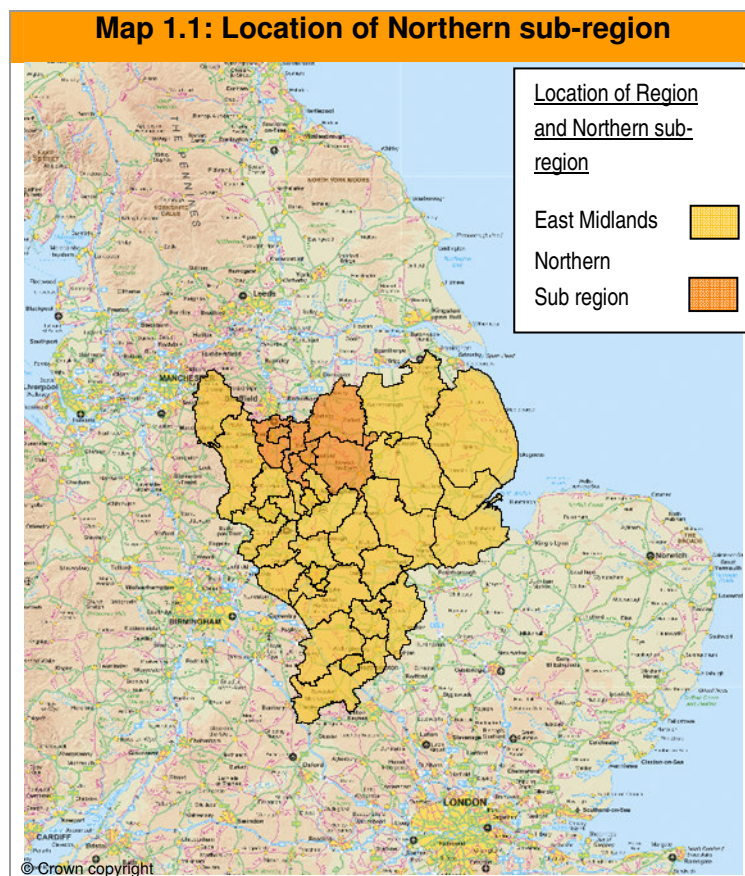
# 1. Scope of the study

## Introduction

- 1.1 This report provides the first Strategic Housing Market Assessment (SHMA) for the Northern Housing Market Area (HMA), one of the two HMAs in the Northern sub-region of the East Midlands.
- 1.2 This chapter is devoted to scene setting and covers:
- i) The general geography of the area
  - ii) The Brief for the work
  - iii) Data collection: secondary and primary

## Location of the Northern sub-region of the East Midlands

- 1.3 The general location of the sub-region is shown in the following map:



Source: Fordham Research 2006

- 1.4 The seven districts in the sub-region fall into the following housing market areas (HMAs) as identified by DTZ Pieda ('Identifying sub-regional housing markets of the East Midlands' February 2005):

#### **Northern HMA**

North East Derbyshire, Chesterfield, Bolsover, and Bassetlaw

#### **Nottingham Outer HMA**

Ashfield, Mansfield, and Newark and Sherwood

- 1.5 This report addresses the four districts that lie to the north of the sub-region, and to the south of the Sheffield/Rotherham conurbation.





- ### Description of the area

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RESEARCH

*The area (a mix of rural and urban) has had a somewhat painful period of restructuring as the economy has moved away from traditional heavy industry and coal mining. The process of industrial decline has left the sub-region with an oversupply of traditional terraced housing in poor condition and contributes to unattractive environments. There is a lack of higher quality housing in the area [Brief Section 2]*

- 1.10 The local economy was relatively reliant on traditional heavy industrial and primary sectors, principally coal mining. However, this sector has largely disappeared as a significant employer, leaving a legacy of settlements no longer underpinned by a local industry. The textile industry was also significant in the sub-area, but this has also experienced profound decline. Much of this employment has now shifted towards distribution and warehousing, facilitated by good road and rail links.
- 1.11 However, the role of the service centres and villages has become one of supporting the local residential market in some areas (for example Bolsover). Other areas house some people who commute to the city of Nottingham and the city region of Sheffield.

## **Stakeholder's views**

- 1.12 The new guidance (discussed in the next chapter) emphasises the importance of stakeholder discussions in producing SHMAs. Detailed discussions were held with a wide range of stakeholders in the course of preparing this study. The views summarised in the following sections are mainly subjective, but those expressed in formal documents such as housing strategies and plans have been more formally prepared, but are reviewed here as part of the overall views of the various bodies.
- 1.13 This section is intended to provide some qualitative context to the report by examining the views of local stakeholders contacted as part of the SHMA. Importantly, it is not claimed that these views form a coherent policy base and must be acknowledged that they are based on anecdotal evidence. As such, it is not the intention of this section to provide evidence that either validates or negates the views presented by stakeholders. However, such views often contain insights that are worth having as background to the more systematic analysis which follows. For example, they are useful to help determine stakeholder views regarding housing submarket boundaries, variations in house prices and differences between submarket characteristics.
- 1.14 This section is also complemented by Chapter 5 below, which reviews the planning context and which reflects the formal position taken by various stakeholders on the amount and type of new housing to be built in the sub-region.

## **Perceptions from the local authorities: housing strategies**

- 1.15 This section is derived from a study of the seven housing strategies of the Northern sub-region. A fuller account is in Appendix E3. The purpose of this summary is to indicate the focus of official concerns regarding housing issues in the sub-region.
- 1.16 There are a number of common themes. The first is that the transition from a manufacturing to a service based economy over the past twenty five years has created significant challenges for all seven districts. In some areas, particularly ex-mining communities, this has left a legacy of low incomes and poor health, factors that may impact on access to suitable housing.
- 1.17 Regional and national trends have, however, generated renewed economic development within the seven districts and to rising prosperity. At the same time, throughout all seven districts it is possible to determine pockets of deprivation within affluent areas, and conversely, pockets of affluence within deprived areas.
- 1.18 Possibly the single most important housing issue within the sub-region is affordability. Whilst wages have recently risen, house prices have risen very steeply increasing the need for affordable housing. Generally, house prices almost doubled in all seven districts between 1999 and 2004. For example, using an affordable housing model, Ashfield DC estimated that to meet housing need, 60% of all new developments would have to be affordable<sup>1</sup>, a target that it naturally sees as unrealistic.
- 1.19 Previous research on affordability within the East Midlands was undertaken by the University of Cambridge on behalf of the East Midlands Regional Assembly during 2006. Applying moderated targets that considered current planning policy, the research suggested that affordable housing provision as a proportion of annual housing development averaged 28% within the Northern sub-region.
- 1.20 Importantly, all councils have attempted to implement a range of policies aimed at increasing the supply of affordable housing including: working with partner RSLs to bring back into use empty homes on a shared ownership basis; providing new affordable housing through funding from the Single Regional Housing Pot; using Section 106 agreements to develop new properties; making available private rented stock for people on waiting lists; and supporting first-time buyers acquiring long-term empty homes with renovation grant funding to help repair and improve their homes.

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<sup>1</sup> (Ashfield District Council Housing Strategy 2005/6 – 2009/10)

## The perceptions of estate, letting and employment agents

- 1.21 The following information is based on interviews mainly with estate and letting agents but also with wider stakeholder groups together with local authority officials. It is designed to provide an overall feeling for the views of the housing market held by these groups.
- 1.22 Stakeholders noted that the Northern sub-region is divided between urban and rural components. The main urban areas are Chesterfield and Mansfield/Ashfield. There is generally a more industrial landscape toward the west reflected in lower house prices.
- 1.23 Rather contrary to the views based on secondary analysis quoted from DTZ Pleda, above, the views of estate agents were that each of the dozen or so housing submarkets within the Northern sub-region are largely self-contained. While there are journeys to work in the larger urban centres as well as home moves involving them, major connections between the sub-region and major centres such as the South Yorkshire conurbation are not perceived. Each small submarket remains largely self-contained in the view of agents.
- 1.24 Agents were clear that there is a sub-market at the northern end of the sub-region towards Sheffield and Dronfield (North East Derbyshire). There is some travel to work to Sheffield and there has historically been large scale in-migration due to government department relocation in the 1970s and 1980s but now the market is largely self-contained. They further commented that, although 7 miles from the city centre, the rail service is not as frequent as would be the case in other cities. Hence, there is relatively little commuting.
- 1.25 Agents also consider submarkets to be highly self-contained along the boundaries between Sheffield and Rotherham, and Rotherham and Bassetlaw. They believe that there is commuting but not large scale in and out migration.
- 1.26 Agents say that they could sell more terraced housing if it were available. This is surprising given the pockets of deprivation and the large numbers of existing terraced houses. However, semi-detached quality housing is out of reach of first time buyers.
- 1.27 The strongest prices in the sub-region were found at the towns of Newark and Chesterfield – arguably the two most distinctive major towns. The private rented sector seemed to be strong and growing throughout the sub-region. Demand was strong from migrant and transitory workers, especially those from central and eastern European accession countries, as well as from couples who could not afford to become first time buyers (perhaps saving for a deposit) and separated couples needing extra bedrooms to accommodate visiting children.
- 1.28 There is a strong buy to let market serving professionals and in-migrant workers. The latter are employed in low skilled occupations such as retail, and assembly and agricultural work widespread across the sub-region. However, this is less pronounced in the western part of the sub-region.

## Issues raised by stakeholders

- 1.29 The economic development of the sub-region is one of a diversification with economic development strategies seeking to create a good local environment for business growth and promote a diverse and sustainable economy. Influences and risks to the economy were discussed.
- 1.30 There is a possibility that if the housing market faltered some at risk areas would regress – example Meden Vale in Mansfield District. Are the migrant workers here to stay? – What impact will they have on demands for services such as health and education in the future?
- 1.31 Doncaster airport may prove to have a knock-on effect as Doncaster strategic planners say there will be no growth of housing in its immediate locality. They are seeking to expand existing towns and villages some of which are in Bassetlaw.
- 1.32 According to stakeholders the main demographic change relates to the growing proportion of older people and young people leaving whilst migrant workers move in. Agencies responsible for providing support needs consider that there is not enough move-on accommodation. They are actively seeking to work with the private rented sector to improve the supply of housing but see housing benefit administration as a barrier.

## Requirements of the Brief for this work

- 1.33 As noted above, this study covers two housing market assessments, and indeed one of them is only part of the relevant wider HMA area. Part of the Brief is to examine the housing market area boundaries and comment upon those derived from the DTZ Pleda work quoted above (the requirement is in Section 4.3 of the Brief). The boundaries were, out of necessity, based on secondary sources, hence the addition of primary data may allow a more informed distinction to be drawn.

- 1.34 The following are key quotes from the Brief for this work, which discuss its purpose:

*'The purpose of the assessment will be to establish a strong evidence base to develop long term strategic views of housing need and demand to inform the Local Development Frameworks, Regional Spatial Strategy and Regional, sub-regional and Local Housing Strategies. The assessment will also assist the planning authorities to justify a certain level of affordable housing and to decide how housing need translates into different sizes and types of affordable housing'. [Brief Section 1]*

- 1.35 In relation to the aims of the sub-regional action plan, it is clearly part of the job of housing market assessments to assist and clarify where necessary the achievement of the stated policy aims.

- 1.36 A further quotation from the Brief will assist understanding of the reasons for the commissioning of this work to cover the particular districts that it does:

*In October 2004, DTZ Pleda Consulting were commissioned by the East Midlands Regional Assembly and the East Midlands Regional Housing board to map the pattern of sub-regional housing markets across the East Midlands.*

*DTZ used the following datasets, which were mapped and analysed to inform the identification of the housing markets in the region:*

- *Household migration trends*
- *Travel to work patterns*
- *Employment trends*
- *Average house prices and house price to income ratios*

*Insofar as the Northern sub-region is concerned, DTZ concluded that there were two housing markets affecting the sub-region - Nottingham and Northern (Sheffield and Rotherham). Notwithstanding this, Bolsover is concerned that due to the geographical location of the District the southern areas of South Normanton and Pinxton will be affected by the Derby City housing market.*

*In respect of the Nottingham housing market, DTZ considered that "...there is also a demonstrable peripheral area of relatively small but inter-linked household and travel to work movements, which take place between Newark and Sherwood, Mansfield and Ashfield districts and which link orbitally within the urban nucleus of Nottingham.*

*In respect of the Northern (Sheffield and Rotherham) housing market, they concluded that "... North East Derbyshire, Chesterfield, Bolsover and to a lesser extent, Bassetlaw, exhibit a high degree of connectivity with the Sheffield and Rotherham housing market."*

*The recommendations of DTZ affecting the Northern sub-region therefore were:*

1. *A housing market assessment be carried out in respect of the Nottingham periphery comprising Ashfield, Mansfield and Newark and Sherwood districts, and*
2. *That whilst a single housing market assessment should be undertaken for all of the Northern (Sheffield and Rotherham) housing market an alternative is to undertake a housing market assessment for that part of the market that falls within the East Midlands and therefore comprising of North East Derbyshire, Chesterfield, Bolsover and Bassetlaw.[Brief Section 3.1]*

- 1.37 The Brief includes (Section 4.3) a requirement to validate the conclusions drawn in the above report on the boundaries of the various housing market areas.

## Data collection methodology

- 1.38 A combination of research methods were used in order to gather data for this report including household surveys, interviews with stakeholders and secondary data. The quantitative primary data was gathered by postal surveys. These were sent to 42,000 households covering all areas and tenures in the sub-region (6,000 in each Council area). Households were randomly selected in order to achieve a fair sample. The sample was also designed to permit reliable sub-region and housing market area level analysis. Experience shows that the results of analysis based upon this type of data are robust. Since some households are more likely to respond than others, the data was then weighted to ensure that it fairly represented the composition of households throughout the sub-region. The required sample size for this purpose is about 1,000 responses, and as can be seen from the table, this level was fully achieved in both housing market areas.

**Table 1.1: Sample size for each tenure by sub-market**

Tenure	Northern	Whole sub-region
Owner-occupied (no mortgage)	1,773	2,962
Owner-occupied (with mortgage)	1,753	3,038
Social rented	827	1,374
Private rented	252	453
<b>TOTAL</b>	<b>4,605</b>	<b>7,827</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 1.2: Sample returns by district**

Bassetlaw	1,048
Bolsover	1,193
Chesterfield	1,094
North East Derbyshire	1,270

Source: Northern sub-region SHMA 2006 – primary data

- 1.39 The primary fieldwork on which this HMA rests was carried out by postal survey of random households across the area. The results were weighted, and experience shows that the results of analysis based upon this type of data are robust. The sample was designed to permit reliable district and HMA level analysis. The required sample size for this purpose is about 1,000 responses, and as can be seen from Table 1.2, this level was achieved in all districts.

## Conclusion

- 1.40 This report provides the first Strategic Housing Market Assessment (SHMA) for the Northern Housing Market Area (HMA) of the Northern sub-region. The work is therefore of a pioneering nature. It involves a much wider range of consultation and analysis than the preceding housing studies (Housing Needs Survey). At the same time the Guidance in PPS3 has made it far more important to achieve a robust evidence base for a wide range of strategic policies across all tenures of housing.
- 1.41 At this early stage in the history of SHMAs it is quite demanding to carry out a double housing market assessment. At the same time there are clear reasons for approaching the sub-region in the way that the Housing Group's Brief has done.
- 1.42 Discussions with stakeholders have indicated a concern with diversifying the economy of the sub-region (with implications for the housing market); concerns about the stability of the market and regarding the ageing population of the sub-region. An overriding concern is with affordability: Although the sub-region is relatively a low price and low pay one, prices have risen greatly over the present century and this has imposed a number of strains on the housing market.
- 1.43 The basis for the analysis which follows is a combination of existing (secondary) data and newly gathered (primary) data. The sample sizes provide reassurance of accurate results at both sub-region and SHMA level, the two levels at which results are required by the Brief, as well as more detailed geographical areas.



## 2. What is a Strategic Housing Market Assessment?

### Introduction

- 2.1 This report is designed as an assessment which will provide a robust evidence base in the spirit of the guidance in PPS3 (November 2006) and related (draft) guidance. Since these documents propose major changes in the approach which should be adopted in analysing housing markets, and since Fordham Research has developed a substantial methodology for analysing housing markets, this chapter is devoted to describing the various key methodological aspects required for this study.
- 2.2 The main source for the methodology is PPS3, supported by the draft Guidance on Housing Market Assessments published with the draft of PPS3 by DCLG in December 2005. The final version of the market guidance has not yet been published.<sup>2</sup>

### Definition

- 2.3 Strategic Housing Market Assessment (SHMA) is a new idea. Government guidance has for some time been moving towards the view that the 'evidence base' required for the good planning of an area should be the product of a process, rather than a technical exercise. Although guidance on the topic has not yet been finalised<sup>3</sup>, general principles have been clearly established.
- 2.4 An SHMA contains four key elements:
- i) Involvement of a group of local authorities representing a meaningful market area
  - ii) A process in which key stakeholders are involved in the production of the evidence as well as being consumers of it
  - iii) Inclusion in the process of all tenures of housing, not just the affordable ones as in the old Housing Needs Surveys (HNS)
  - iv) Higher standards of quality: the tests of rigour are more strict than before

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<sup>2</sup>&<sup>3</sup> The final version of the guidance was published during the report finalisation stage of this report. The report therefore takes on board the requirements of this Guidance.

## Secondary only vs. primary and secondary data based analysis

- 2.5 The Housing Needs Survey (HNS) Guidance of 2000 was fairly clear that effective analysis is dependent on using both primary and secondary data. 'Primary' in this context refers to household data collected specifically for this SHMA, normally by questionnaires administered by post or by personal calls on the households in question. 'Secondary' refers to information that has already been gathered: typically the Census, Land Registry and much information obtained by the Office of National Statistics (ONS).
- 2.6 Some of the drafts of the present SHMA Guidance have given the impression that secondary data alone could be used to produce an effective SHMA analysis. Most SHMA commissioning bodies, and indeed Fordham Research, do not share that view. The reason for this is straightforward – secondary sources do not contain sufficient key information required for competent SHMA work.
- 2.7 The most obvious points in this argument are that no secondary sources contain:
- i) Income data - the 2001 Census did not collect this, and there are no really reliable sources of household income available at HMA, district and sub-district level. However, earnings data (c.f. household income data) is available at local authority level in the form of ONS published *Annual Survey of Hours and Earnings* (ASHE).
  - ii) In the present stage of evolution of the 'property owning democracy' income is no longer the sole indicator of ability to afford different tenures of housing. Savings and equity are about equally as important. No secondary sources of this information exist. Fordham Research has developed the notion of 'financial capacity' to refer to the total ability to afford types of housing
  - iii) Even if there were both income and financial capacity information of the relevant quality at the relevant geographical levels, competent SHMA analysis would be impossible unless the same (sample) household information also contained the key housing information: housing history, current housing and future housing intentions and aspirations
  - iv) Only by combining all these sources can the flows of households within and between HMAs and between tenures and sub-areas be understood and projected
- 2.8 This is why the present SHMA is based on new primary fieldwork as well as all relevant secondary data sources.
- 2.9 The whole SHMA field is quite new, and in order to address the issues and produce coherent results, a new set of key concepts has had to be developed. A summary of these concepts is provided below:

## Summary of key definitions

- 2.10 This list contains only the key terms: a fuller Glossary can be found at the end of the report and before the Appendices.

**SHMA:** refers to the Strategic Housing Market Assessment: the process describing the nature and possible futures of housing markets. PPS3 has emphasised the strategic nature of market assessments incorporated into the acronym and summarised above.

**HMA:** refers to the housing market areas which are used as the basis for particular SHMA analysis. Previous to the publication of PPS3 in November 2006 confusion had existed, whereby HMA could stand for both Housing Market Area, and Housing Market Assessment. Fortunately the publication of PPS3 has removed that confusion.

**Data sources.** '*secondary data*' is a term used to describe existing sources of information such as those just mentioned. It is distinguished from '*primary data*' which is information gathered specifically for the study in question. A key element of what is normally primary data is **household survey information**. This is data on such matters as income, housing situation and household moving intentions. This source is the only one which can be used for detailed SHMA analysis, as it is the only one which provides financial information and housing information in a way which can be 'cross-related' and thus analysed and understood. The census, so far, has not included financial questions, and as a result cannot fulfil the requirements for robust SHMA work. Such households' survey information can be datasets gathered by different organisations and on previous occasions. However it is normally part of the SHMA process, and so '*primary survey*' normally is the same as '**household survey information**'. Data sources may be '*quantitative*' including mainly numbers, or '*qualitative*' including mainly statements of opinion, intention, or aspiration. Both sources can be equally important in understanding the market.

## Summary of key concepts

- 2.11 **SHMA process** refers to an all tenure analysis of a HMA, or group of HMAs, involving both detailed statistical analysis and qualitative research, set in a process of discussion and debate with all key stakeholders. The role of the project steering group is more than contract monitoring. The steering groups will be involved in all aspects of the project as it develops. Thus SHMA work is distinct from the 'one shot' analytical HNS, in that the results are influenced by the stakeholder debate. The process is intended to be carried forward by the Steering Group once the contract is completed.

- 2.12 **Stakeholder discussion.** This involves (whether by single interview, meetings, or focus groups) finding out the views on the housing market of particular groups, such as local authority officers, voluntary groups, estate agents and house builders. These views are gathered initially, to get a view of how the housing market is seen to operate. As the SHMA evolves, and when draft findings are produced, the most important stakeholder phase begins, as they are then drawn into the process of refining the technical analysis and commenting on or suggesting policy implications of it.
- 2.13 **Financial capacity.** This is a term developed by Fordham Research. It includes (household) income, savings and owned equity (typically from the dwelling owned by the household). In SHMA analysis it is essential now to use financial capacity rather than income alone to analyse and predict the changes in the housing market. That is because, as the property owning democracy has had a majority of owner occupiers in it for several generations, it requires analysis of the full range of financial capacity to understand the market. This is important in order to understanding why the volume and value of housing market transactions continue to grow at a faster rate than incomes.
- 2.14 **Balanced housing market (BHM) analysis.** This is a model developed by Fordham Research to meet the requirements of SHMA analysis. It has been used for some years by the firm, and has evolved considerably in its complexity. It uses information from both primary and secondary sources to establish what levels of new housing are needed to move the housing market nearer to 'balance' (see below). The analysis may be done using statements of 'expectation' or 'aspiration' (i.e. what people expect or would like, in terms of housing). The output is in terms of a set of housing tenures (e.g. owner occupied with or without mortgage, private rent, and affordable housing in two tenure groups) by size of dwelling required. This provides a key input into the policy process, as it indicates what the market requires/needs. The analysis is used to illustrate the future impact of different rates of growth.
- 2.15 **Balance** in the context of housing markets. It may be impossible to achieve an ideal mix of housing tenures, dwelling types and sizes to produce a 'balanced community'. In some areas detached housing predominates, whilst others consist mainly of terraced housing. Similarly, some areas consist almost completely of owner occupied housing whilst in other areas social housing predominates. For example, the proportion of social rented housing in the Northern sub-region is slightly higher than the East Midlands average at 19.7% c.f. 16.8% (see appendix A3.2), whilst the proportion of detached housing in the Northern sub-region is slightly lower than the East Midlands average at 30.3% c.f. 33.9% (see appendix A3.21). Importantly, such imbalances cannot quickly, or perhaps ever, be changed particularly due to the time lag between market drivers and the response of planners and developers. However, movement towards balance is possible. The outputs of the BHM model allow HM Steering Groups to 'see' what changes might improve the balance of a given housing market. As such, the practical effect of a SHMA is not the achievement of 'balance' but 'change which moves towards a better balance'.

- 2.16 **Annual household flows.** This is a concept developed by Fordham Research. It uses primary data to measure the flows into and out of a HM of different tenure groups. Their financial capacity and expectations/aspirations can be derived. This provides central information on the way in which the housing market is changing and hence a key input to future housing and planning policy.
- 2.17 **Affordable housing.** This was, historically, limited to **social rented housing**, where the owner of the dwelling (formerly the local authority but now more often a Registered Social Landlord (RSL) such as a housing association) subsidises the rent using public money. As market prices, especially of owner occupied housing, have risen sharply over the past decade, a wide gap has grown between the social rent level and the market entry level. This was named in the London Plan of 2000 the 'intermediate gap'. Housing which costs between a social rent and market cost is labelled '**intermediate housing**'. The most common form of it is 'shared ownership' where the incoming occupier buys part of the equity and rents the rest. A RSL typically owns the rest of the equity and manages the rental process.
- 2.18 **Market entry level.** The Government definition of affordable housing has for at least the present century been 'housing that is priced below the general market level to rent or buy'. In the market situation of the past decade private renting is normally much cheaper than buying, so it is the entry level. For example, during 2005–06, households spent an average £48.60 per week on mortgages compared to an average of £16.30 on net rent<sup>4</sup>. For the past decade and a half Fordham Research has used the measure of 'minimum entry level' for both buying and renting. This involves finding housing that is of reasonable condition and in reasonable supply, but is at the bottom end of the purchase or rental market. It is the effective price that a household just entering the market would have to pay to obtain housing in reasonable condition. The Government definition has been the 'lower quartile' price. If the range of house prices in an area is arranged in descending order, then the market entry level equates to 75% of the market price. This correctly assumes that market entry levels should not simply be defined in terms of the very lowest prices, as such properties may have substantial repair costs associated with them, or may be in very unpopular locations. Nonetheless, the 'lower quartile' remains a poor test, and is normally used only because it is a test which can easily be used with secondary data (Land Registry). That is because the 75% is a very conservative market entry figure and although the true entry level will vary from place to place, it is probably in the range 85% to 90% in most places. As such, it is far more effective to use '**minimum entry level**' where data permits as this provides a more accurate picture.

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<sup>4</sup> ONS, Family Spending 2006: 7.

- 2.19 **S106.** This term refers to a legal agreement under the Planning Acts under which a private sector body, normally a landowner and/or house builder, undertakes to provide some infrastructure or other facility to the public sector. Affordable housing has become, in the period since 1991, a major S106 element. The numbers of new affordable dwellings now produced through the S106 route now exceeds considerably the number built with direct public grant. In fact the housing built under S106 provisions may itself contain a public grant, but the numbers built now considerably exceed the numbers built with their own funding by RSLs.
- 2.20 **Housing Submarket:** There is a definitive concept of what constitutes a 'housing submarket' and submarkets can be identified on an ad hoc or systematic basis. The idea is to have a simple model with as few submarkets as is reasonable. Attributes should be as similar as possible within a submarket and different across submarkets.
- 2.21 Submarkets can be identified on the following basis:
- geographic location (spatial submarkets), for example areas grouped by postcodes
  - house type (structural submarkets), for example flats, detached, terraced
  - tenure type, for example owner-occupied, private rented.
- 2.22 **Usefully affordable intermediate housing.** The main traditional form of affordable (i.e. non-market) housing supply is social rented and the cost of the 'social rent' is defined by the government in its 'target rent' formula. This figure can be used to analyse how many households can afford more than a social rent in a given HM. Intermediate housing is that which costs more than a social rent but less than suitable entry level market housing. More difficult is the notion of 'usefully affordable' intermediate housing. The landowners and house builders who typically provide the s106 subsidy that pays for the housing to be of intermediate price have a strong incentive to minimise their subsidy. Hence, and if left to simple negotiation, all intermediate housing will typically be provided at the very top end of the range, at only just below market entry level. Worse, some is actually provided at cost that exceeds entry level market prices either because the entry level is not properly defined locally or because other costs such as service charges are not taken into account. Such housing is of little use, as most of those in intermediate housing need will not be able to afford it. Fordham Research has developed the notion that 'usefully affordable' housing of this kind should be at the halfway point between social rent and market entry level. This only helps about a third of those in intermediate need (as the majority will be below the halfway point) but it is much better than nothing. It is hard, if not impossible, in most situations, to expect so large a subsidy that all the intermediate housing need can be met by intermediate housing.

## PPS3 (November 2006)

2.23 PPS3 has been published during the drafting process for the HMA reports. This document contains a number of key features, and some of them have a direct impact on the work to be carried out here. In this section some key features are summarised:

- A. In para. 11 a set of key concepts is listed, of which one is ‘*evidence-based policy approach*’. This is new, in that it clearly requires policy approaches to be rooted in the sort of analysis required for SHMAs.
- B. In para. 22 of the PPS a much more detailed specification is set out for what the evidence base produced by the HMAs should yield:

*‘based on the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:*

- (i) the likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing*
- (ii) The likely profile of household types requiring market housing e.g. multi-person, including families and children (x %), single persons (y %), couples (z %)*
- (iii) The size and type of affordable housing required’*

- C. The PPS is much more prescriptive on the detail of housing market demand, and on what developers should propose. In para. 23 it says:

*‘Developers should put forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to sustain mixed communities’.*

- D. Under the heading of ‘market housing’ (not ‘affordable housing’) the PPS says (para 26):

*LPAs must plan for the full range of market housing. In particular, they should take account of the need to deliver low-cost market housing as part of the housing mix.*

- E. Para 29 says, among other things, that there should be a general minimum threshold for affordable housing sites of 15, but that LPAs can set lower targets ‘*where viable and practicable*’.

- 2.24 This amounts to a considerable improvement in the focus of SHMAs but does not fundamentally alter the nature of what Fordham Research had planned to do. The only change is a policy one, in that a target for low cost market housing can now be set within the overall market housing allocation. This is done in Section F.

## Summary

- 2.25 A SHMA is intended to cover all tenures and to be a process involving stakeholders covering a market area usually wider than a single district. The approach raises many issues that go beyond the scope of the familiar Housing Needs Survey (HNS) and so a set of definitions is set out to enable the reader more easily to follow the analysis. The new PPS3 has refined and improved the draft SHMA approach. It does not alter the approach which Fordham Research has developed, except to require a target within the market housing section for low-cost market housing.
- 2.26 For convenience, a list of the requirements now implied by the draft Guidance on SHMAs and by PPS3 is attached:

**Table 2.1: Key information required from a SHMA**

1. Coverage of all tenures of housing across defined housing market areas (HMAs)
2. Conducted by analysis and information that involves a debate with key stakeholders
3. Results from the SHMA should be shown for both HMAs and for the constituent districts
4. For the defined proportion of new housing that requires market housing, there should be a profile of the likely household types required (e.g. size and type of housing). In the same way developers will be required to propose housing that meets specific demands to types of housing [and so presumably should match or relate to the SHMA defined proportions]
5. LPAs may define a proportion of low cost market housing as a part of the overall market housing requirement
6. The size and type, as well as overall proportion of affordable housing should be specified. The two main categories are social rented and 'intermediate' which means costing between social rent and market rent levels
7. Site threshold levels above which affordable housing is to be sought can be specified. The national minimum is 15, but lower ones can be sought if 'viable and practicable'

Source: Fordham Research 2006



## 3. Housing market boundaries

### Introduction

- 3.1 This chapter discusses the nature of housing market boundaries in the Northern sub-region and the particular question which was posed in the Brief and associated briefings. In the case of the Northern HMA this questioned the general definition of the Northern HMA:
- i) Should the Northern HMA be regarded as part of the Sheffield/Rotherham HMA?
- 3.2 This issue will be discussed in the context of more specific data from the survey. This is supplemented with 2001 Census migration and TTW data provided in Chapter 8 of the sub regional report.

### Are the two HMAs independent of neighbouring ones: in particular Sheffield/Rotherham?

- 3.3 In terms of the question posed in the briefing for this work, this question applies to Sheffield/Rotherham, but in order to set out the wider picture, the data below refers to all the surrounding major centres.
- 3.4 Tables 3.1 and 3.2 show that a similar sort of analysis can be carried out based on household moves and where households currently work. The latter figures are based on the place of work of the first person filled in on the survey form - the survey respondent, although analysis shows little difference when compared with data for other working household members.
- 3.5 Table 3.1 shows the same data as presented in Table 3.2, but with the added dimension of showing a much wider range of other major origins of moves can be seen (such as Sheffield, Rotherham, Derby and Nottingham). It is unfortunate, at present, that there is no similar primary data available for the other HMAs around the Northern sub-region, and so an equivalent study of moves into these other HMAs cannot yet be carried out. This is partly a function of the early stage in the history of SHMAs at which this study is being carried out.

**Table 3.1: Previous and current locations of households moving in past two years**

Moved from:	Current location							TOTAL
	Ashfield	Bassetlaw	Bolsover	Chesterfield	Mansfield	North East Derbyshire	Newark & Sherwood	
Ashfield	<b>4,289</b>	0	214	0	587	32	313	5,433
Bassetlaw	29	<b>6,046</b>	212	106	113	40	285	6,831
Bolsover	34	202	<b>2,921</b>	409	134	117	131	3,947
Chesterfield	0	0	318	<b>4,000</b>	38	1,105	0	5,460
Mansfield	653	0	211	0	<b>5,205</b>	44	226	6,339
North East Derbys	0	0	185	759	0	<b>2,643</b>	0	3,586
Newark & Sherwood	225	44	19	40	452	0	<b>3,706</b>	4,485
Sheffield	143	150	166	374	0	694	132	1,659
Rotherham	0	69	0	163	0	30	0	261
Nottingham	647	164	23	60	148	0	320	1,363
Doncaster	0	95	0	32	0	0	0	128
Derby	140	0	25	0	0	0	0	165
Else Notts	587	249	163	0	121	0	780	1,901
Else Derbys	226	30	212	444	33	464	154	1,564
Else Yorks	57	694	46	118	56	227	209	1,408
Else Lincs	0	401	81	56	117	0	498	1,154
Other UK	624	949	647	676	799	520	1,117	5,332
Abroad	155	256	77	174	56	162	154	1,034
<b>TOTAL</b>	<b>7,808</b>	<b>9,349</b>	<b>5,520</b>	<b>7,410</b>	<b>7,859</b>	<b>6,077</b>	<b>8,026</b>	<b>52,050</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 3.2: Location of employment by local authority**

Location of employment	Current location							TOTAL
	Ashfield	Bassetlaw	Bolsover	Chesterfield	Mansfield	North East Derbyshire	Newark & Sherwood	
Ashfield	<b>11,071</b>	258	818	233	2,896	126	1,259	16,661
Bassetlaw	134	<b>15,480</b>	934	381	694	322	844	18,788
Bolsover	336	155	<b>4,720</b>	952	699	408	60	7,330
Chesterfield	29	246	1,944	<b>15,753</b>	168	4,368	233	22,741
Mansfield	2,724	781	1,144	128	<b>11,875</b>	259	1,933	18,844
North East Derbys	117	51	445	1,003	37	<b>5,158</b>	114	6,925
Newark & Sherwood	901	540	140	0	1,060	44	<b>12,214</b>	<b>14,898</b>
Sheffield	48	1,333	822	2,058	97	5,974	0	10,333
Rotherham	22	370	158	202	84	418	0	1,253
Nottingham	4,834	362	454	165	2,179	50	2,897	10,943
Doncaster	0	1,768	139	32	22	207	33	2,203
Derby	583	35	427	300	311	260	60	1,976
Else Notts	2,588	189	356	68	617	101	953	4,872
Else Derbys	1,581	169	1,525	1,376	362	1,878	231	7,123
Else Yorks	71	1,273	179	225	54	870	272	2,946
Else Lincs	41	916	96	29	208	0	2,222	3,512
Other UK	597	441	187	580	565	514	1,288	4,173
Abroad	26	0	93	0	0	51	40	209
Home	856	1,582	531	594	1,107	1,328	1,776	7,773
No fixed location	469	275	347	472	282	341	650	2,836
<b>TOTAL</b>	<b>27,030</b>	<b>26,224</b>	<b>15,460</b>	<b>24,551</b>	<b>23,318</b>	<b>22,677</b>	<b>27,079</b>	<b>166,339</b>

Source: Northern sub-region SHMA 2006 – primary data

- 3.6 The household move data in Table 3.1 suggests that the seven local authorities themselves are by far the main sources of moves within the sub-region, and that neither of the major cities to north and south is a major influence. The travel to work data in Table 3.2 is less conclusive: the flow from NE Derbyshire to Sheffield is as large as the internal flow, though since the district largely surrounds Chesterfield it is more sensible to see it together with Chesterfield, in which case the internal journeys are much greater than those to Sheffield.

- 3.7 Further consideration can be given to the relationship between the two HMAs and the neighbouring conurbations: Nottingham and Rotherham/Sheffield and to a lesser degree Doncaster. Due to the locations of these settlements it is clear that the links will be Northern sub-region to Rotherham/Sheffield and the Nottingham Outer sub-region to Nottingham. Analysis has been provided on this basis. Table 17.5 below shows the number of moves made from Sheffield/Rotherham and Nottingham to each of the seven local authorities.

**Table 3.3: Moves from Sheffield/Rotherham and Nottingham to local authorities in the Northern sub-region**

Local authority	Number of moves	Number of moves from Sheffield/Rotherham	Number of moves from Nottingham	% of moves from Sheffield/Rotherham	% of moves from Nottingham	% of moves from Notts/Sheffield/Rotherham
Ashfield	7,808	143	647	1.8%	8.3%	10%
Bassetlaw	9,349	219	164	2.3%	1.8%	4%
Bolsover	5,520	166	23	3.0%	0.4%	3%
Chesterfield	7,410	536	60	7.2%	0.8%	8%
Mansfield	7,859	0	148	0.0%	1.9%	2%
NE Derby	6,077	724	0	11.9%	0.0%	12%
Newark & Sherwood	8,026	145	320	1.8%	4.0%	6%

Source: Northern sub-region SHMA 2006 – primary data

- 3.8 Table 3.3 suggests that the links with the main urban areas outside the study area in terms of moves are relatively slight. At the same time the northernmost and southernmost districts have the highest connections to the conurbations to north and south.
- 3.9 The picture when looking at travel to work patterns however is somewhat different. Table 3.4 below shows the number and proportions of working people who are mainly based in any of the urban areas being studied. In this case there are much stronger links between North East Derbyshire where 28.2% of workers are based in Rotherham/Sheffield and Ashfield where 17.9% work in Nottingham.

**Table 3.4: People working in Sheffield/Rotherham and Nottingham and living in local authorities in the Northern sub-region**

Local authority	Number of workers	Number working in Sheffield/Rotherham	Number working in Nottingham	% of working in Sheffield/Rotherham	% working in Nottingham
Ashfield	27,030	70	4,834	0.3%	17.9%
Bassetlaw	26,224	1,703	362	6.5%	1.4%
Bolsover	15,460	981	454	6.3%	2.9%
Chesterfield	24,551	2,260	165	9.2%	0.7%
Mansfield	23,318	181	2,179	0.8%	9.3%
NE Derby	22,677	6,392	50	28.2%	0.2%
Newark & Sherwood	27,079	0	2,897	0.0%	10.7%

Source: Northern sub-region SHMA 2006 – primary data

- 3.10 As discussed in the previous chapter, and given that this is a SHMA rather than a transport study, the main focus is upon home moves rather than TTW. Thus the higher level of self containment shown by home moves is the more important facet. In general these figures do not disturb the general finding that the two HMAs and indeed the Northern sub-region as a whole, are distinct as housing markets from the cities to north and south, but illustrate the nature of the relationship in more detail.
- 3.11 Viewing the matter at district level, therefore, it is hard to see the two HMAs as more closely involved with either Sheffield/Rotherham HMA or with Nottingham Core HMA. At the margins there are parts of districts that clearly do have much closer relationships with the two city regions to north and south, but if the focus is at HMA level or above, as is the case here, then the two HMAs (or the North sub-region as a whole) can be viewed as independent of its neighbours as housing markets.

## Summary

- 3.12 Thus our conclusion is that Northern HMA is distinct from Sheffield/Rotherham as an HMA: we agree with the analysis of DTZ Peda published in February 2005.



## SECTION B: CONTEXT FOR THE SHMA

This section summarises the existing secondary evidence base. It is supported by section A of the appendix which contains detailed secondary material.

The majority of the material is common to both the Northern sub-region and Northern HMA reports, but some of the detail is specific to the Northern HMA. The tabulations are labelled specifically for the Northern HMA where appropriate.







## 4. The Planning Context

### Introduction

- 4.1 What follows provides a review of the main policy context within which to consider housing demand and supply in the Northern sub-region. Policy guidance is provided at a number of spatial levels, from national policy downwards. This system of policy guidance is in a process of transition, as a result of the major changes formally introduced in the Planning and Compulsory Purchase Act, 2004. The transition began before this enactment and is not entirely complete. Further, this housing market assessment is a related process and is subject to Guidance which as yet is only in draft<sup>5</sup>.

### The pre-2004 situation

- 4.2 Prior to the changes instituted in 2004, housing demand and supply issues in the area under study were developed in the context of:
- Regional policy as set out in Regional Planning Guidance for the East Midlands
  - County level policies in approved Structure Plans for Nottinghamshire, and for Derbyshire
  - District level policies in individual Local Plans for the seven Council areas.
- 4.3 Regional policy guidance was set out in document RPG8: Regional Planning Guidance for the East Midlands. This document was adopted in January 2002 following consultation.
- 4.4 The Nottinghamshire County Structure Plan Review to 2011 was adopted in November 1996. The Derby & Derbyshire Joint Structure Plan, covering the period 1991-2011, was adopted in January 2001.
- 4.5 The Local Plan situation is summarised in the Table below:

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<sup>5</sup> The final version of the guidance was published during the report finalisation stage of this report. The report therefore takes on board the requirements of this Guidance.

**Table 4.1: Local Plans developed prior to 2004 Act**

Council	Plan title	Status
Bassetlaw	Bassetlaw Local Plan	Approved <sup>6</sup>
Bolsover	Bolsover District Local Plan (to 2005)	Adopted February 2000
Chesterfield	Replacement Chesterfield Borough Local Plan (to 2016)	Adopted June 2006
North East Derbyshire	North East Derbyshire Local Plan (to 2011)	Adopted November 2005

Source: Local authority Local Plans

## 2004 changes

- 4.6 The changes adopted in 2004 represented a significant change to the existing system. The key changes involved replacing what was, in the main, a three tier structure, with a two tier system of (a) regional spatial guidance, including the sub regional level, and (b) Local Development Frameworks (LDFs). The latter include core policies formerly within the structure plans, but were envisaged as more flexible packages of component documents which could be individually replaced or updated, without the need for a more general, comprehensive review of the whole package.

## Regional planning context

- 4.7 Formal planning guidance for the Northern sub-region in respect of housing demand and supply issues is provided by Regional Planning Guidance (RPG). The situation has been complicated by proposals to locate significant housing growth in an area that straddles regional boundaries, requiring growth issues to be considered on a cross boundary, inter-regional basis. Specifically this includes parts of the South East, and Eastern Region, as well as the East Midlands). The last comprehensive review of the East Midlands regional strategy RPG 8 did in fact identify a need to consider further growth in a Milton Keynes South Midlands (MKSM) sub-region.
- 4.8 Consequently a Milton Keynes and South Midlands (MKSM) study, published in September 2002, confirmed the potential for growth in the MKSM area, and a preferred option was developed, in which the potential for growth to 2031 was broadly identified as up to 300,000 jobs and 370,000 homes. With the publication of *Sustainable Communities, Building for the Future*, in February 2003, it became clear that Milton Keynes/South Midlands was, along with other growth points, to play a critical role in delivering a steep change increase in housing supply.

<sup>6</sup> NB. Bassetlaw has approved the Local Plan as a non-statutory statement of policy for use in development control

- 4.9 A final Milton Keynes & South Midlands sub-regional Strategy was published in March 2005. This led to the production of revised regional guidance in the shape of the Regional Spatial Strategy for the East Midlands, RSS8 (March 2005). That RSS document represented a partial review of the 2003 RPG8 document: a further, more comprehensive review is now under way, and a Draft East Midlands Regional Plan was published in September 2006.
- 4.10 Other than for the MKSM growth locations, the 2005 RSS document does not provide fresh quantitative targets for sub-regions. Rather, the existing targets are carried across. Core policies are identified for each of the sub areas. For example, for the Northern housing market area The RSS states that economic social & environmental regeneration will be a priority. It states that subordinate Plans should:
- Strengthen the sub-regional centres (Mansfield, Chesterfield, Worksop) with new jobs, services & facilities;
  - Provide jobs & services elsewhere where accessible, or where concentrations of need are serviced;
  - Promote environmental enhancement as a fundamental part of regeneration;
  - Protect & enhance the area's natural & cultural assets.
- 4.11 In relation to affordable housing, the RSS document suggests plans, housing strategies and so on should respect priorities identified in the Regional Housing Strategy, and should include policies which seek a mix of dwellings, to help create inclusive communities which provide wider opportunity and choice. The level of affordable provision should be justified by local needs assessments and reflect viability assessments. An appropriate indicator level of 3,950 units per annum is identified for monitoring purposes.

### **Review of Regional Spatial Strategy 2006**

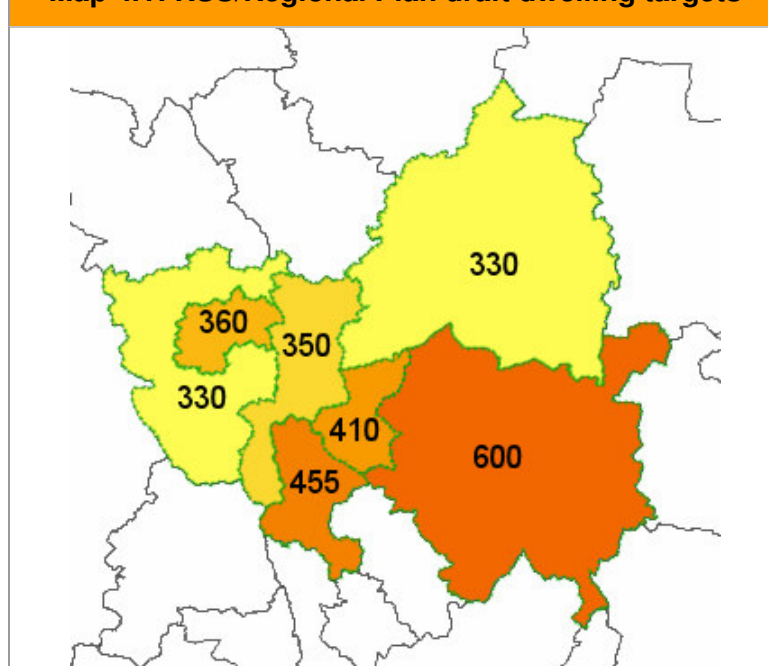
- 4.12 The Draft Review document, just published, provides a more general review of spatial strategy and policies for the region. This identifies provision policies and guidance in respect of the sub-areas (whilst the approved RSS document retained county wide figures), and rolls forward to a 2026 end date. The dwelling figures for the two sub-areas as identified in Draft Policy 14 are set out below. The key figures are also mapped:

**Table 4.2: Draft RSS/Regional Plan 2006: dwelling targets**

	Dwellings ave. pa 2001-2026	
	No of dwellings p.a.	% of total
Northern HMA	1,370	6.7%
<i>Bassetlaw</i>	330	
<i>Bolsover</i>	350	
<i>Chesterfield</i>	360	
<i>N E Derbyshire</i>	330	
East Midlands Region	20,428	100%

Source: East Midlands RSS

**Map 4.1: RSS/Regional Plan draft dwelling targets**



Source: Fordham Research 2006, based on East Midlands RSS

- 4.13 Draft Policy 15 proposals, in respect of affordable housing, are rather more prescriptive than those in RSS8. These propose interim affordable housing targets for each sub region, to be reviewed following completion of each area's Housing Market Assessment. The interim targets for the two sub-areas are compared with the overall regional total target in the table below. It is not clear how the various sub-regional targets have been derived, or indeed whether they have been informed by any common principle.

**Table 4.3: Interim affordable targets**

Area	Social rented	Intermediate	Total affordable
Northern HMA	33%	0%	33%
East Midlands Region total	27%	5%	32%

Source: East Midlands RSS

- 4.14 The interim target is lower than the East Midlands total affordable target. The focus is on delivering social rented housing, rather than the intermediate housing category.

### Local Development Frameworks

- 4.15 Progress is being made to establish Local Development Frameworks (LDF) for all seven districts, in order for both to meet the requirements in the 2004 Act, and to replace those plans which are in any case nearing the end of their shelf life. As Table 2.1 showed, existing Local Plans were adopted at varying times over the last decade, and the emerging LDFs are at various stages.
- 4.16 Table 4.4 sets out for each District the level of housing requirement they are designed to deliver, and the supply capacity based upon the most recent capacity assessment. Key data is also mapped. The Local Plan and LDF positions are compared.

<b>Table 4.4: Housing provision targets in individual District Plan documents</b>			
Area	Housing requirement		Available supply
	Local Plan	LDF	
Bassetlaw	3,505 (Oct 97-Jun 06) =401 pa	1,800 (01-21) =90 pa	4,865 (03-21) =270 pa
Bolsover	2,240 (98-05) =320 pa	3,013 (03-14) =274 pa	4,556 (04-14) =456 pa
Chesterfield	6,670 (91-16) =257 pa	1,146 (05-16) = 104 pa	1,915 (03-11) =232 pa
NE Derbyshire	1,290 (05-11) =215 pa	n/a	1,725 (05-11) =288 pa
<b>Total</b>	<b>1,195</b>	<b>468</b>	<b>1, 246</b>

Source: Local authority Local Plans & LDFs

- 4.17 It can be seen that there is sufficient land identified overall to meet the most recent plan target in two of the four districts. In both NE Derbyshire and Bassetlaw the amounts identified do not meet the Plan target. However, it must be understood that the data do not relate to consistent periods and should be regarded as indicative only.
- 4.18 Table 4.5 provides a brief summary of affordable policy targets. Not surprisingly perhaps, there is some variation in target levels, and several Districts do not identify a specific target level of affordable provision. There is relatively little guidance material regarding how the size, type and volume of affordable housing should be targeted within affordable housing policies. The targets are also mapped.

**Table 4.5: Housing provision & affordable targets in individual District Plan documents**

<i>Area</i>	<i>Plan</i>	<i>Affordable target &amp; threshold</i>	<i>Affordability</i>
Bassetlaw	L Plan	25% affordable 25 dwgs/1 ha	genuine low cost relative to local supply
	LDF	n/a	
Bolsover	L Plan	indicative targets in Appendix 25 dwgs/1 ha	
	LDF	10-15% affordable unless site specific target	
Chesterfield	L Plan	Up to 36% affordable 15 dwgs	
	LDF	n/a	
NE Derbyshire	L Plan	Up to 40% affordable 15 dwgs/0.5 ha	

Source: Local authority Local Plans & LDFs

## New Initiatives

- 4.19 The broad pattern of planned development and its context are set out in this chapter. However there are a number of detailed initiatives, and some general ones that should be mentioned. They are part of the overall planned regeneration of the Northern sub-region.
- 4.20 The following particular initiatives are listed as context for the present work:
- i) Meden Valley Making Places. This work is on the linear settlements, former mining villages, which lie within Mansfield and Bolsover districts. This regeneration is beginning to have effect, in that there is more demand for the terraced housing which forms a large part of these settlements.
  - ii) Doncaster Airport. The new Robin Hood airport, based on the former RAF Finningly, is expected to have a regenerative effect upon the northern end of Bassetlaw district, which adjoins Doncaster.
  - iii) The Alliance SSP an EMDA funded sub-regional strategic partnership undertaking a number of regeneration initiatives (illustrated in their map copied below). These include training and also infrastructure projects. Its budget for 2006/7 is around £10m. A small part of this is from EMDA for rural regeneration purposes.



## Summary

- 4.21 The planning framework for the Northern sub-region is in transition from the previous system to the more flexible approach introduced by the Planning and Compulsory Purchase Act, 2004.
- 4.22 Regional guidance has just emerged in draft form – it proposes provision targets of 1,070 p.a. for the four Districts in the Northern area.
- 4.23 Local Development Frameworks are at various stages of preparation. Planning is dominated by the major growth of homes and jobs that is planned over the coming decades. This is partly driven by national policy in favour of more homes, but also by the availability of suitable sites, and by the aim of broadening the economic and social character of the area.

- 4.24 There are quite a number of particular initiatives, mainly focussed upon regeneration, going on across the sub-region.
- 4.25 The present project will provide an important element of the information base for future planning of this growth.



## 5. Socio-Economic Context

### Introduction

5.1 This chapter uses material provided in more detail in Appendix A1.

### Numbers of households and projected changes

5.2 The following tables provide the current household numbers and projections for the Northern HMA, the Northern sub-region, the East Midlands and England.

Table 5.1: Current household numbers and projections (000s)				
Date	Northern	Northern sub-region	East Midlands	England
2006	167	306	1,839	21,485
2011	175	321	1,942	22,566
2016	183	337	2,048	23,705
2021	191	351	2,146	24,781
2026	197	362	2,230	25,713
Change 2006-2026	30	56	391	4228
% change 2006-2026	18.0%	18.3%	21.3%	19.7%

Source: Department of Communities and Local Government

5.3 As can be seen from Table 5.1, population growth in the Northern HMA and the sub-region as a whole will increase at relatively significant rates. These are, however, noticeably lower than both regional and national growth rates. In principle, given that the sub-region has an adequate supply of land, this lower forecast may reflect lower economic expectations.

5.4 The population forecast is more of a result of other presumed changes than a 'driver of change' and clearly reflects a fairly modest level of expectation.

5.5 In terms of the age structure of the population (Table A2.2 in appendix), the Northern HMA shows two noticeable differences from the regional and national pattern:

- a. Significantly fewer (37% compared with national 40%) in the prime working years (16-44 years)
- b. Significantly more in the older and retired years - 20% compared with 18% nationally over retirement age, and similar for the older working aged population

- 5.6 This pattern is clearly a fundamental disadvantage for the HMA's competitiveness, apart from the further problem of low skills.

### **Black and Minority Ethnic (BME) proportion of population**

- 5.7 Strikingly different from the national or regional picture (Table A2.4 in Appendix A2), nearly all the population of both HMAs is classified as white (99%). In Sheffield/Rotherham the BME proportion rises to 5%, and about 6% in the region and 9% nationally. This is likely to be mainly due to an absence of large city centres which tend to provide more extensive support mechanisms for BME communities.

### **Health**

- 5.8 Not surprisingly, given its mining and industrial heritage, health levels are poor. Good general health is found in only 63% of the population of the Northern HMA, compared with 68% regionally and 69% nationally (Table A2.11 in Appendix A2).

### **Crime**

- 5.9 Despite the economic decline and difficulties sketched above, there is not a significant crime problem. Tables A2.18 - A2.20 make it clear that the levels of crime in the sub-region as a whole are similar to the regional and national average. The more detailed figures for each HMA suggest that the Northern HMA has less crime than Nottingham Outer HMA, but that the latter is below the regional and national average. This would suggest that the relatively 'closed' socio-economic character of the sub-region's towns and rural areas has its advantages. Interestingly, there is little difference in terms of anti-social behaviour issues with 59 ASBOs issued in the Nottingham Outer HMA between April 1999 and December 2005 compared to 56 in the Northern HMA during the same period.

### **Earnings**

- 5.10 In the context of the introductory chapters it will be no surprise to see that earnings are much lower in the sub-region than either the average for the East Midlands or for England. Average full-time earnings in the Northern HMA area are slightly below the regional average.

**Table 5.2: Full-time earnings (ASHE 2005)**

	Northern	Northern sub-region	East Midlands	England
Mean income	£24,950	£23,972	£25,829	£28,988

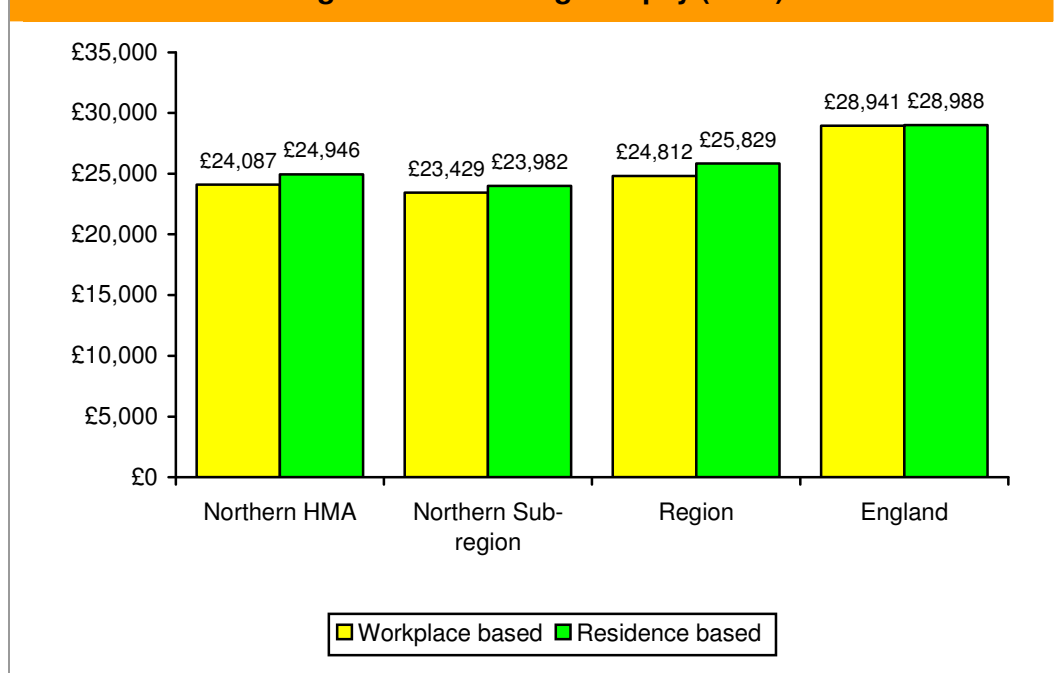
Source: Annual survey of hours and earnings – 2005

**Table 5.3: Full-time earnings (ASHE 2005)**

	Bassetlaw	Bolsover	Chesterfield	North-East Derbyshire
Mean income	£26,894	£22,519	£24,456	£24,848

Source: ONS neighbourhood statistics – 2006

- 5.11 As can be seen from Table 5.3, there are some slight differences between the four Northern Districts with earnings in Bassetlaw comparable with the regional average, but well below national average earnings. In contrast, average earnings in poorer districts (Bolsover, Chesterfield and NE Derbyshire) equate to only about 80% of national earnings levels. This shows the painful result of the 'low-wage low-skill' equilibrium referred to by EMDA.
- 5.12 The earnings figures can be compared as between the incomes of those who work and who live in the area. This is an instructive comparison:

**Figure 5.1: Annual gross pay (2005)**

Source: Annual Survey of Hours and Earnings 2005

Note: 2004 figure used as no figure available for workplace in North East Derbyshire in 2005.

5.13 The fact that workplace pay in the HMA, and indeed the sub-region as a whole, is lower than the residence pay carries two messages:

- Those who live in the HMA are relatively wealthy and significant numbers commute to work outside it in relatively highly paid jobs
- Those who commute into the HMA have incomes that are relatively lower than those of residents, and presumably commute into jobs that are relatively lower paid.

## Summary

5.14 The information in this chapter underlines the difficulties faced by the Northern HMA in the Northern sub-region. The population has fewer young workers and lower than regional average earnings and, generally, health is poorer than residents in either the East Midlands or England. An ameliorating point is that despite the situation the levels of crime are not high and the socio-economic situation appears stable.

## 6. Housing Stock

### Introduction

- 6.1 This chapter uses material provided in more detail in Appendix A3, to which there are references, and some extracted illustrations are included here.

### Tenure and stock type

- 6.2 The basic information shown below gives tenure breakdown and shows that the Northern HMA has a higher proportion of social rented dwelling compared to the Northern sub-region as a whole, as well as the nation and region.

Table 6.1: Housing stock – 2005				
	Northern HMA	Northern sub-region	East Midlands	England
Social rented	20.8%	19.7%	16.8%	18.4%
Other public	0.0%	0.0%	0.2%	0.4%
Private sector	79.2%	82.7%	83.0%	81.2%
Social rented difficult to let	0.7%	3.3%	2.7%	3.1%
Social rented low demand	0.2%	3.1%	3.2%	5.2%
Private sector low demand	#	#	0.7%	3.0%
Total dwellings vacant	3.7%	3.4%	3.1%	3.1%
Social rented vacant	0.4%	2.3%	2.2%	2.2%
Other public sector vacant	0.0%	6.1%	22.6%	6.9%
Private sector vacant	3.4%	3.6%	3.3%	3.3%

Source: 2005 Housing Strategy Statistical Appendix

# - Figure unavailable

- 6.3 This picture is refined in the table below as regards details of tenure. There is high owner occupation in the East Midlands generally, when compared to the national picture; the Northern HMA shows owner occupation levels which are lower than the regional average and the average for the sub-region as a whole.
- 6.4 The proportion of social rented dwellings in the HMA is much higher than the regional (low) average, as well as the national average and the average for the sub-region. The private rented proportion is lower than both the regional and national average.

**Table 6.2: Tenure (Census 2001)**

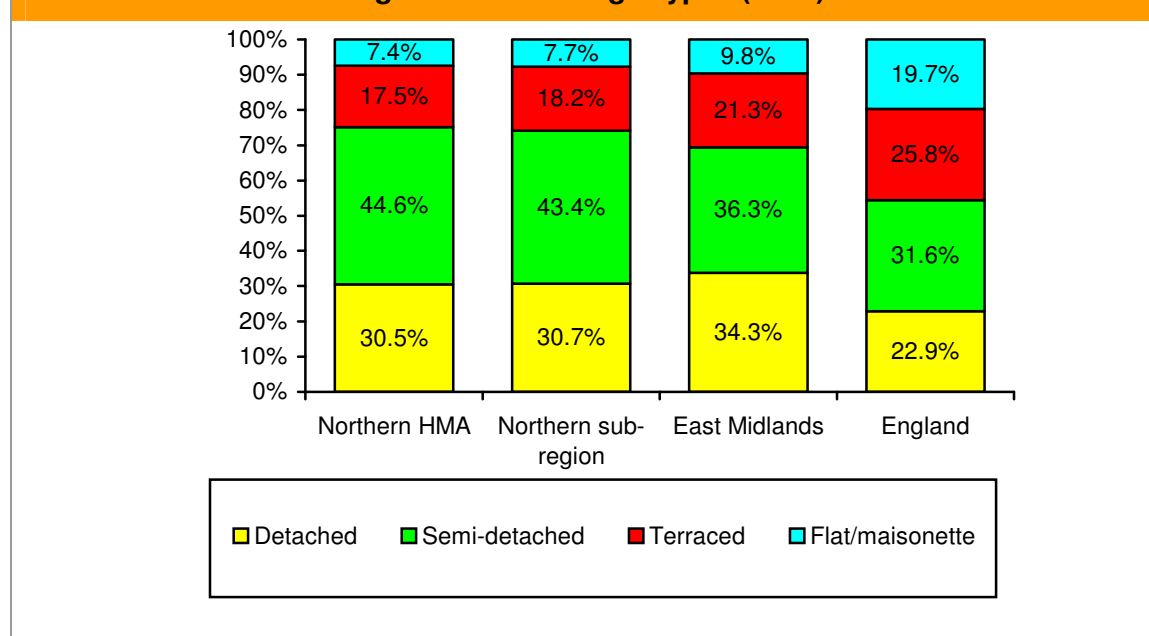
	Northern HMA		Northern sub-region		East Midlands		England & Wales	
Owns outright	31.0%		31.6%		30.8%		29.5%	
Owns with a mortgage or loan	38.2%	}69.5%	38.8%	}70.8%	40.8%	}72.2%	38.8%	}68.9%
Shared ownership	0.3%		0.4%		0.6%		0.6%	
Council (local authority)	20.5%		18.1%		13.9%		13.2%	
Housing Association/RSL	2.1%	}22.6%	2.7%	}20.8%	3.7%	}17.6%	6.0%	}19.2%
Private landlord or letting agency	5.4%		5.7%		7.3%		8.7%	
Other	2.1%		2.6%		3.0%		3.2%	
Total	100.0		100.0		100.0		100.0	
	%		%		%		%	

Source: ONS neighbourhood statistics – 2006

## Dwelling types

- 6.5 Despite the low incomes and, as can be seen from the next chapter, low prices, there is a surprisingly high proportion of detached and semi-detached dwellings. This is not fully explained by the higher social rented housing proportions. The Northern HMA's terraced housing proportion is well below the national and regional proportions.

**Figure 6.1: Dwellings Types (2001)**



Source: ONS neighbourhood statistics – 2006

'Detached' includes caravans and mobile homes

- 6.6 Bassetlaw and North-East Derbyshire have higher proportions of detached homes when compared to the other local authorities in the Northern HMA.

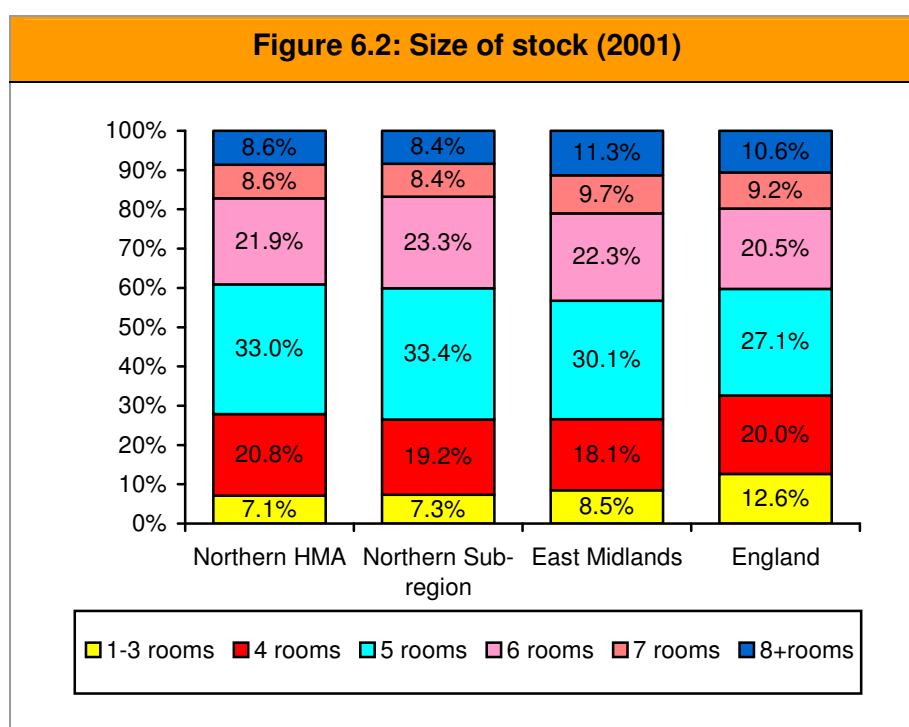
**Table 6.3: Dwellings Types (2001)**

	Bassetlaw	Bolsover	Chesterfield	North-East Derbyshire	Northern HMA	Northern sub-region	East Midlands	England
Detached	33.0%	27.3%	23.5%	36.2%	30.1%	30.3%	33.9%	22.5%
Semi-detached	43.1%	44.2%	46.8%	44.4%	44.6%	43.4%	36.3%	31.6%
Terraced	16.8%	23.0%	18.1%	13.2%	17.5%	18.2%	21.3%	25.8%
Flat/maisonette	6.6%	5.4%	11.3%	5.7%	7.4%	7.7%	9.8%	19.7%
Caravan/Mobile Home	0.5%	0.1%	0.2%	0.5%	0.4%	0.4%	0.4%	0.4%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: ONS neighbourhood statistics – 2006

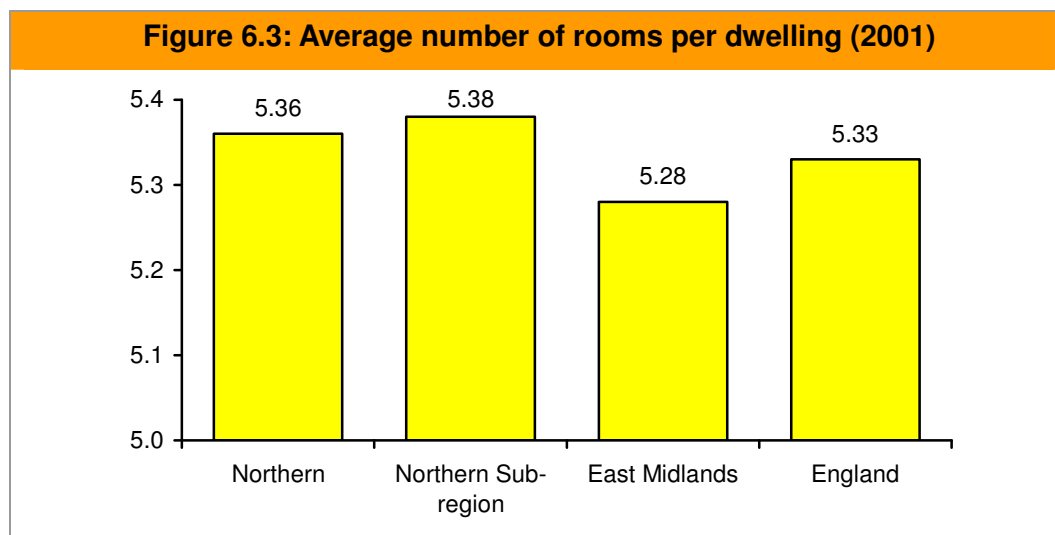
### Dwelling size and room numbers

6.7 Dwelling size does not differ markedly from either regional or national averages.



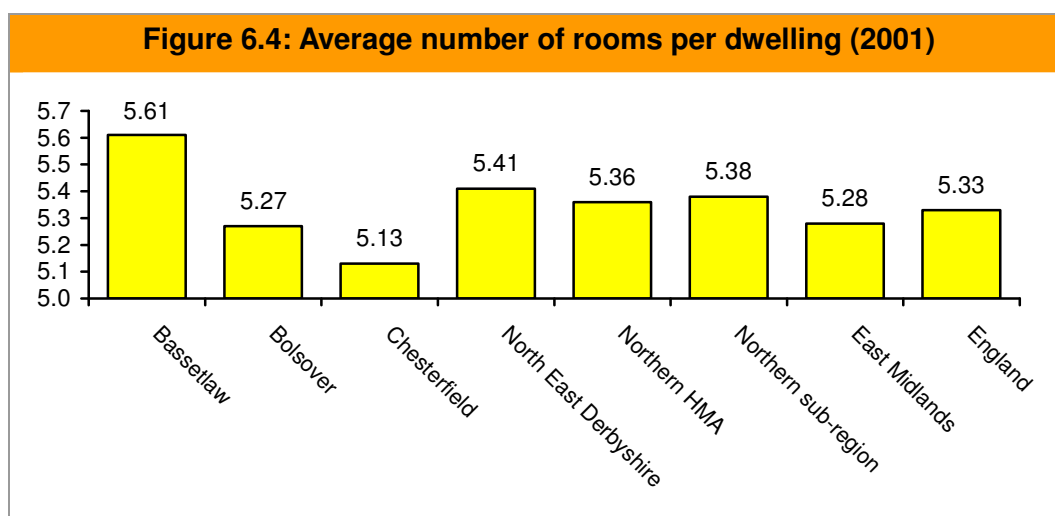
Source: ONS neighbourhood statistics – 2006

6.8 As can be seen from the figure below, the average number of rooms per dwelling is larger in the Northern HMA than both national and regional averages. This is not directly related to the higher social rented proportion, as might be anticipated, since public sector dwellings were designed with higher space standards than most private dwellings.



Source: 2001 Census – Key Statistics for local authorities in England and Wales

- 6.9 The figure below shows that Bassetlaw has a much higher average number of rooms per dwelling than the rest of the Northern HMA, while Chesterfield has the lowest average number of rooms per dwelling in the area. Chesterfield also has a low average household size.

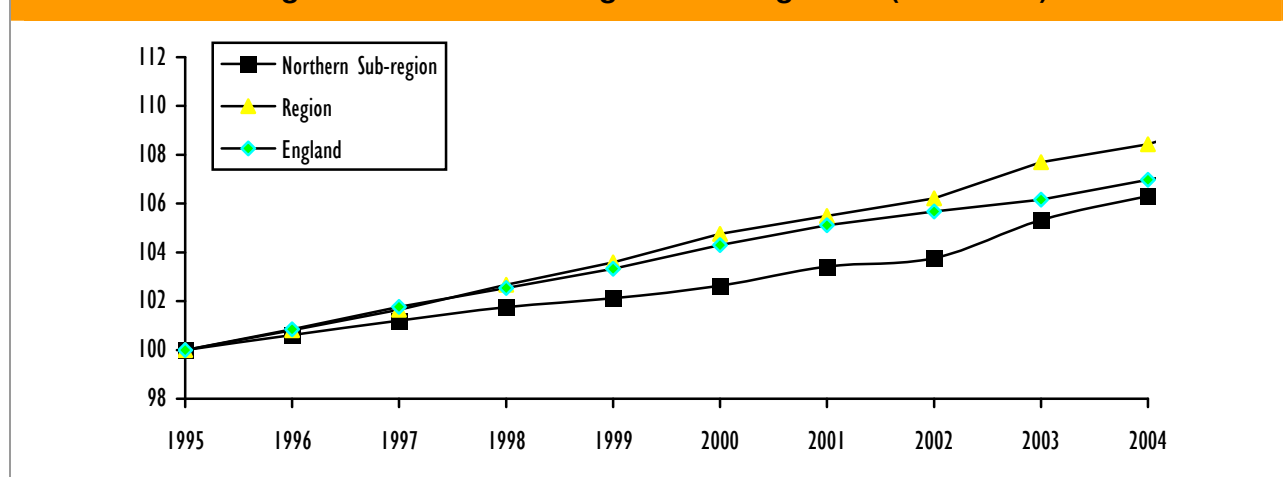


Source: 2001 Census – Key Statistics for local authorities in England and Wales

## Housing stock changes

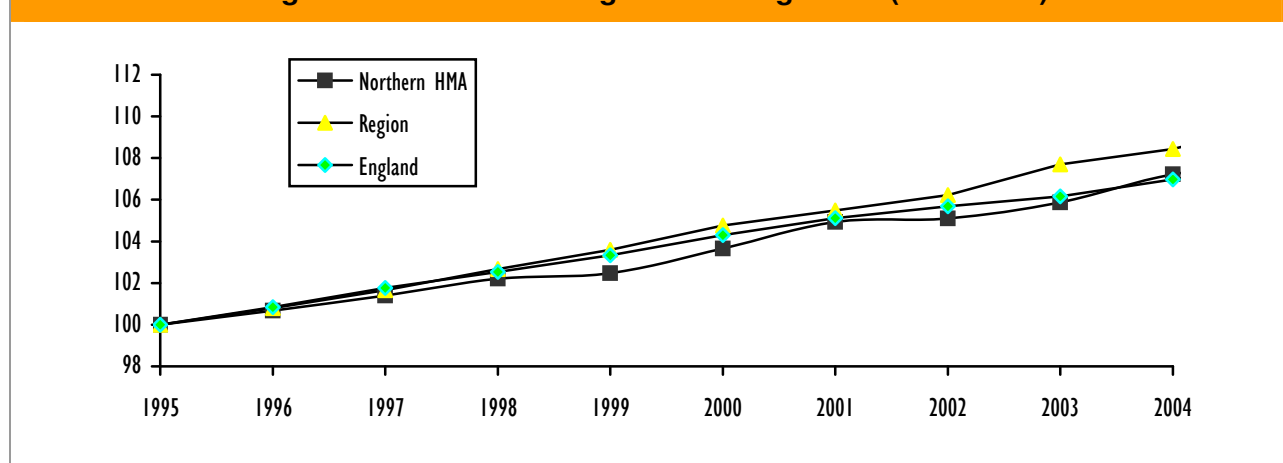
- 6.10 The figure below presents the pattern of growth in the stock of housing over time in the Northern sub-region, East Midlands and England. Between 1995 and 2004 the housing stock in the Northern sub-region increased by 7.1%, representing an increase of around 23,847 dwellings. Overall growth in the East Midlands in the same period was 9.8%. Therefore in comparative terms growth in the Northern sub-region has been lower than in other parts of the East Midlands. Over the period the growth has been fairly steady and below national and regional growth.



**Figure 6.5: Indexed change in Housing Stock (1995-2004)**

Source: Community data services

6.11 The figure below presents the pattern of growth in the stock of housing over time in the Northern HMA, East Midlands and England. The pattern of growth in the HMA is not dissimilar to the national average.

**Figure 6.6: Indexed change in Housing Stock (1995-2004)**

Source: Community data services

6.12 Table 6.4 shows the growth in housing stock between 1995 and 2005. The Northern HMA growth rate at 7.7% is slightly above the national rate of 7.0%, but lower than East Midlands average of 9.8%.

**Table 6.4: Change in Housing Stock 1995-2004**

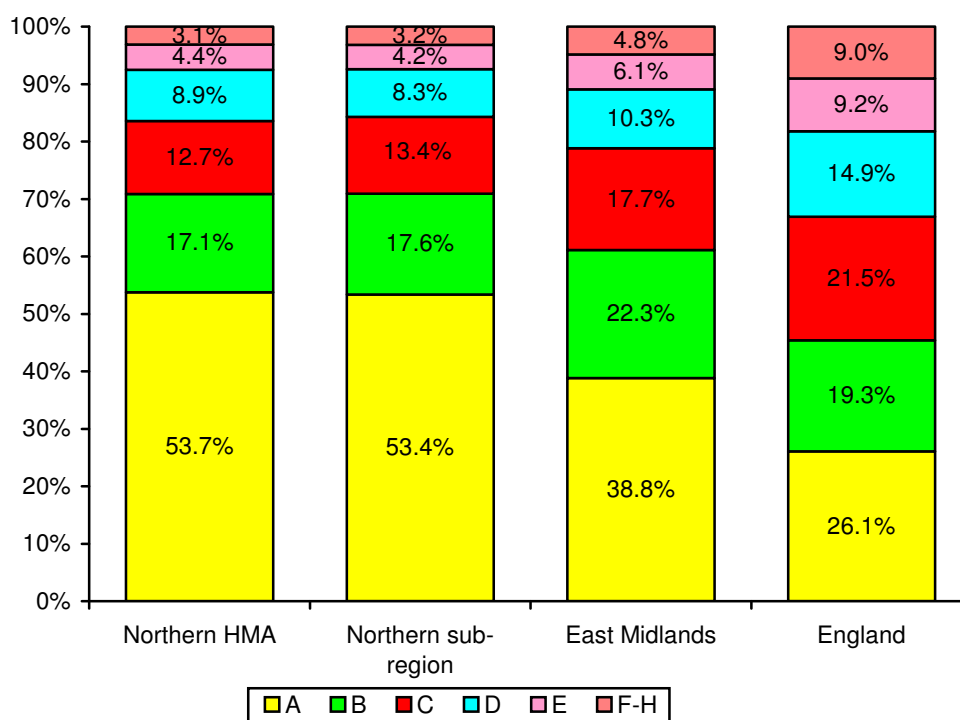
Area	Stock 1995	Stock 2005	Absolute change	% change
Ashfield	45,696	49,713	4,017	8.8%
Bassetlaw	44,317	47,769	3,452	7.8%
Bolsover	30,288	33,053	2,765	9.1%
Chesterfield	42,997	47,060	4,063	9.4%
Mansfield	42,887	45,463	2,576	6.0%
Newark & Sherwood	43,822	48,514	4,692	10.7%
North East Derbyshire	40,622	42,571	1,949	4.8%
Nottingham Outer HMA	132,405	143,690	11,285	8.5%
Northern HMA	158,224	170,453	12,229	7.7%
Northern sub-region	290,629	314,143	23,514	8.1%
East Midlands	1,701,434	1,867,572	166,138	9.8%
Great Britain	20,321,747	21,739,151	1,417,404	7.0%

Source: Community data services

- 6.13 Bolsover and Chesterfield have show the highest growth rates due to relatively high levels of new build. North East Derbyshire shows the lowest growth rate.

### **Council tax band**

- 6.14 Not surprisingly there is a high predominance of the cheapest tax band (A). The levels of Band A are much higher than the regional and about twice the national average. This has implications not only for the financial capacity of the HMA's households but for the possibilities of affordable market house building in the area.

**Figure 6.7: Dwellings by Council Tax Band (2001)**

Source: ONS neighbourhood statistics – 2006

## Summary

- 6.15 The Northern HMA has a higher proportion of social rented housing stock than both the regional and national averages. The size of dwellings is typical but the number of rooms per dwelling is above average. As such, room sizes are relatively small. There is also a high concentration in the lowest Council Tax band - much more than regional or national proportions.
- 6.16 Surprisingly in view of the depressed recent history of the area, the level of housing growth has been at about the national average, though below the buoyant East Midlands average.



## 7. House Prices

### Introduction

- 7.1 This chapter uses material provided in more detail in Appendix A4, to which there are references, and some extracted illustrations are included here. Figures for the Sheffield/Rotherham area are added to the tables on occasion, given that the DTZ Pinda analysis suggested that the Northern HMA should be viewed as part of the wider Sheffield/Rotherham one.
- 7.2 The chapter also includes data from our survey of estate and letting agents.

### General price levels

- 7.3 As may be inferred from the context, price levels are low in the Northern HMA - 69% of the England and Wales average, compared with 78% in the East Midlands.

Table 7.1: Land Registry average prices (1st quarter 2006)		
Area	Average price	As % of E & W
England & Wales	£192,742	100.0%
East Midlands	£150,502	78.1%
Northern HMA	£132,246	68.6%

Source: Land Registry – 2006

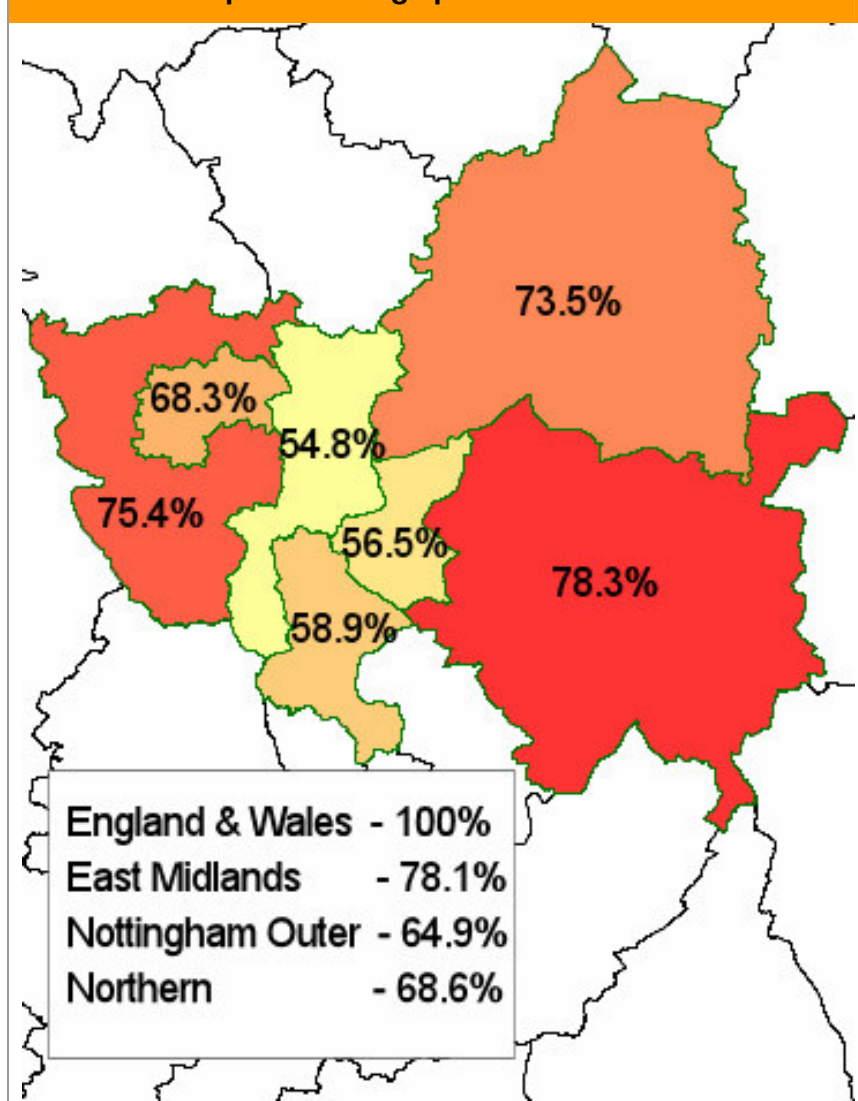
- 7.4 Table 7.2 suggests that not only are house prices for the HMA well below the average for England & Wales, but that house prices vary considerably within the HMA. For example, house prices in Bolsover are very low at around only half the national average, compared to Bassetlaw and NE Derbyshire where prices are around three quarters of the national average. The key data is also mapped below.

**Table 7.2: Land Registry average prices (1st quarter 2006)**

Area	Average price	As % of E & W
England & Wales	£192,742	100.0%
East Midlands	£150,502	78.1%
Northern sub-region	£128,837	66.8%
Northern (incl. Sheffield & Rotherham)	£133,658	69.4%
Northern HMA	£132,246	68.6%
Bassetlaw	£141,588	73.5%
Bolsover	£105,546	54.8%
Chesterfield	£131,708	68.3%
North East Derbyshire	£145,235	75.4%

Source: Land Registry – 2006

**Map 7.1: Average price as % of E&W**

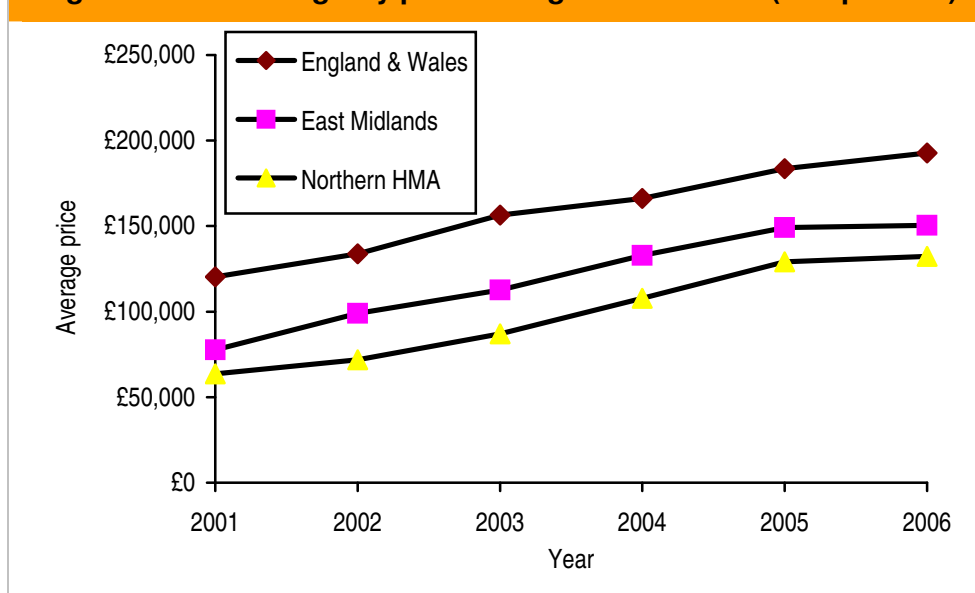


Source: Fordham Research 2006

## Changing price levels

- 7.5 Despite the depressed circumstances, and lower absolute levels, the below figures and table suggests that there have been similar rates of price increase in the HMA as regionally and nationally. Given the observed higher incomes of residents as compared with those who work in the HMA, this suggests pressure from in-migrants.

**Figure 7.1: Land Registry price changes 2001 - 2006 (1st quarters)**



Source: Land Registry – 2006

**Table 7.3: Land Registry price changes 2001 - 2006 (1st quarters)**

Area	2001	2002	2003	2004	2005	2006
Bassetlaw	£64,090	£76,991	£96,839	£118,260	£144,283	£141,588
Bolsover	£55,276	£57,952	£70,984	£92,895	£98,915	£105,546
Chesterfield	£65,827	£70,070	£82,982	£106,077	£125,634	£131,708
North East Derbyshire	£68,624	£80,797	£96,687	£114,005	£140,495	£145,235
Northern HMA	£63,555	£71,845	£87,029	£107,854	£129,073	£132,246
Northern (incl. Sheffield & Rotherham)	£64,872	£72,958	£89,362	£107,975	£125,158	£133,658
Northern sub-region	£63,109	£71,201	£87,725	£109,713	£126,546	£128,837
East Midlands	£77,740	£98,973	£112,712	£132,908	£149,107	£150,502
England & Wales	£120,365	£133,703	£156,451	£166,259	£183,529	£192,742

Source: Land Registry – 2006

## Weekly costs of the housing tenures

- 7.6 The evidence comes in the case of social rents from CORE, in the case of private renting from market survey of agents, as is the cost of second hand sales. The results, which come in the form of both rentals and purchase prices, are standardised, through such procedures as mortgage costs, as weekly amounts, so as to be able to compare the costs. The intermediate costs have been calculated as the mid way point between social rent and entry level market rent, this is a usefully affordable entry level cost for intermediate housing.

**Table 7.4: Comparative outgoings by tenure: Northern HMA**

	Social rent £ weekly	Intermediate £ weekly	Min private rent £ weekly	Min price sale (second hand) £ weekly	Min price sale (new build) £ weekly
<b>Bassetlaw</b>					
1 bed	£53	£73	£92	£140	£196
2 bed	£65	£79	£92	£140	£196
3 bed	£67	£85	£104	£183	£256
4 bed	£69	£161	£253	£259	£363
<b>Bolsover</b>					
1 bed	£54	£73	£92	£122	£171
2 bed	£63	£78	£92	£122	£171
3 bed	£65	£84	£104	£160	£224
4 bed	£67	£160	£253	£251	£351
<b>Chesterfield</b>					
1 bed	£53	£73	£92	£152	£213
2 bed	£61	£77	£92	£152	£213
3 bed	£65	£84	£104	£205	£287
4 bed	£69	£161	£253	£289	£405
<b>N E Derbyshire</b>					
1 bed	£52	£72	£92	£129	£181
2 bed	£61	£77	£92	£129	£181
3 bed	£69	£86	£104	£183	£256
4 bed	£78	£165	£253	£282	£395

Source: CORE, survey of estate and lettings agents, Rightmove website

## Summary

- 7.7 The house prices in the HMA have been more buoyant than the employment situation would suggest, and this implies that pressure upon the area as a dormitory for centres such as Sheffield/Rotherham have played a part in this trend.



# SECTION C: NORTHERN SUB-REGION HOUSING MARKETS

The analysis in this section provides key information on the character and dynamics of the housing market. It is drawn both from the survey information and from secondary data. It addresses the whole housing market.





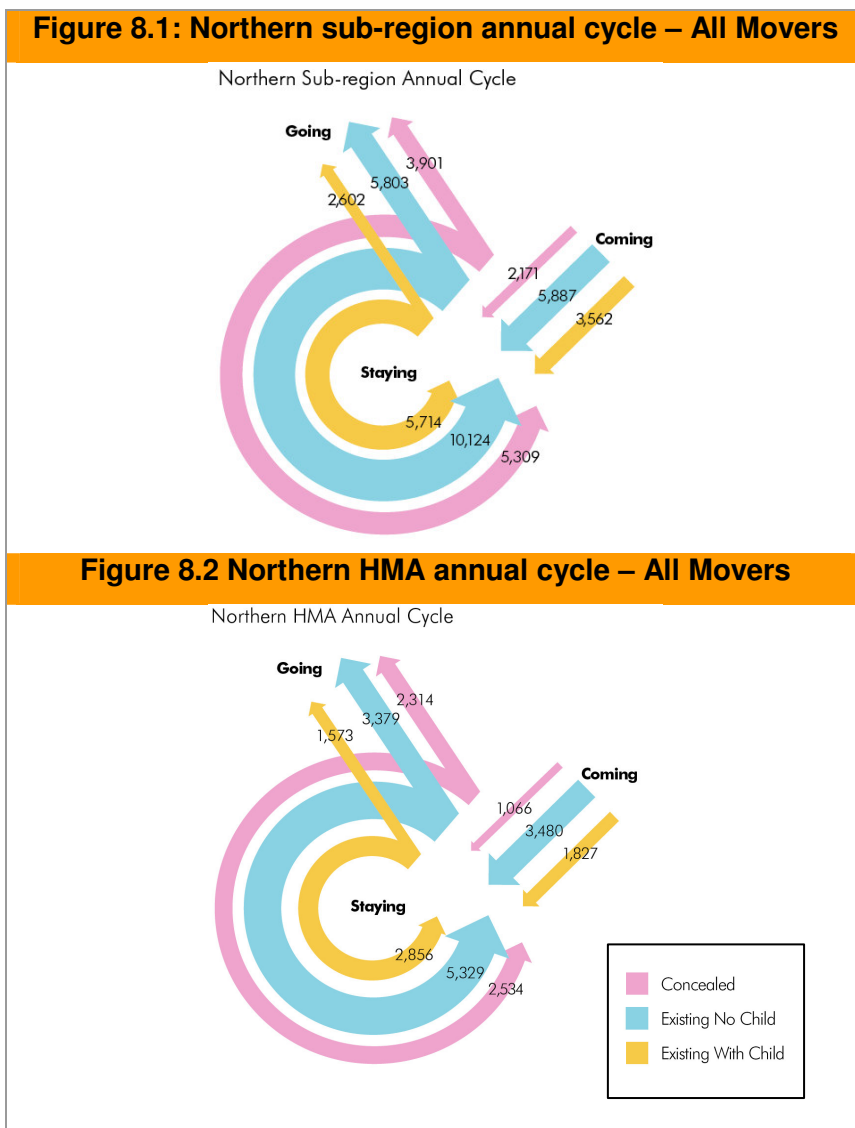
## 8. Characteristics of moving households

### Introduction

- 8.1 One of the key features of a housing market is the pattern of movement. Fordham Research has developed the concept of the '*annual cycle of moves*'. This involves looking at the past few years of reported moves to arrive at a 'standardised' annual cycle. This provides a more reliable guide to the current patterns of movement than any specific year would.
- 8.2 The cycle has three principal components:
- i) Moves within the HMA
  - ii) Moves out of the HMA
  - iii) Moves into the HMA
- 8.3 The purpose of the calculation, which is illustrated below, is to indicate the character of the movements in a HMA. The flows of movers can be distinguished in as much detail as the data and the graphical display will allow.
- 8.4 The main distinctions used here are between:
- i) Concealed households (typically young adults) 'revealing' themselves by moving into their first independent home
  - ii) Existing households with children
  - iii) Existing households without children
- 8.5 There are further distinctions which can be pursued, but the key aspects of many home moves can be captured by this three-way split. It is important to note that one group is different from the rest:
- Concealed households revealing themselves by moving out of the area do not free up a residential unit as existing households moving out of the area do. Both concealed households moving within the area, and incoming ones, represent a net demand for a further unit of accommodation
- 8.6 All this information is based on the primary survey, as no other source provides the necessary socio-economic detail.

## Annual cycle of moves

8.7 The following diagrams show the annual cycle of moves for both the whole sub-region and the Northern HMA. Figures 8.1 to 8.2 do this for ‘all movers’ regardless of tenure.



Source: Northern sub-region SHMA 2006 – primary data

8.8 The flow diagrams distinguish existing established households between those with children and those without, and showing newly forming households separately. It should be pointed out that these figures cannot be used directly to determine a net housing requirement; newly emerging households who leave, for instance, do not free up an existing dwelling.

**Table 8.1: Movements into & out of Northern HMA**

	Moving out	Moving in	Net movement
Existing households no children	3,379,	3,480	+101
Existing households with children	1,573	1,827	+254
Newly forming households	2,314	1,066	-1,248
Total	7,266	6,373	-893

Source: Northern sub-region SHMA 2006 – primary data

- 8.9 In Northern HMA the situation is close to balance for households with no children, a net inflow for those with children, and a substantial outward movement for newly emerging households. The net position is summarised as follows (allowing for the fact that newly forming households leaving the area do not vacate a dwelling, so that the inflow is a net one):

Existing households with no children (+101) plus existing households with children (+254) plus in-moving newly forming households (1,066) = 1,794 households per annum

- 8.10 The overall result is therefore a net inflow into the Northern HMA. The overall position has also to consider the net gain due to vacancies (mainly death) and the location of newly forming households who arise within the HMA and settle within it.
- 8.11 The net outflow of newly forming households is however substantial - it is quite easy to see reasons for this in terms of the restricted range of employment opportunities within the HMA, and the needs of younger households to seek higher education.

### Socio-economic character of movers

- 8.12 It is of considerable value to understand in more detail the socio-economic character of movers into and out of the area. The following tables provide such detail:

**Table 8.2: Characteristics of moving households (Northern sub-region)**

<i>Destination tenure and origin of mover</i>	<i>Income</i>	<i>Average households size</i>	<i>Average age of head</i>	<i>Proportion with employed household member</i>
<b>Owner occupation</b>				
In-migrant	£35,585	2.44	41.6	85.0%
Existing	£32,997	2.38	40.6	87.2%
<b>Private renting</b>				
In-migrant	£20,151	1.97	39.1	62.8%
Existing	£14,645	2.31	36.6	65.7%
<b>Affordable (mainly social rented)</b>				
In-migrant	£9,926	1.88	51.2	35.5%
Existing	£9,846	1.98	46.6	33.8%

Source: Northern sub-region SHMA 2006 – primary data

**Table 8.3: Characteristics of moving households (Northern HMA)**

<i>Destination tenure and origin of mover</i>	<i>Income</i>	<i>Average households size</i>	<i>Average age of head</i>	<i>Proportion with employed household member</i>
<b>Owner occupation</b>				
In-migrant	£34,458	2.43	41.1	83.6%
Existing	£33,334	2.40	40.0	87.1%
<b>Private renting</b>				
In-migrant	£19,574	1.95	42.2	56.8%
Existing	£13,921	2.31	36.4	67.0%
<b>Affordable (mainly social rented)</b>				
In-migrant	£9,046	1.74	51.8	28.2%
Existing	£10,037	1.9	45.6	42.6%

Source: Northern sub-region SHMA 2006 – primary data

8.13 The Northern HMA shows a similar pattern to the Northern sub-region as a whole:

- Incomers generally have higher incomes (for buyers and private renters) than internal movers. This may suggest that net migration is making the HMA a richer place, as well as contributing to internal economic growth.
- Incoming buyers show much higher incomes and generally are slightly older than incoming private renters
- Social renters are very much less prosperous than any other group and are the only tenure group where the difference in income between incomers and internal movers is slight. Hence the social rented population may not be changing much in that respect due to net migration.

- 8.14 The main difference from the sub-regional average is the relatively low levels of employment in in-migrant households to the private rented sector in the Northern housing market area. This may indicate that parts of the private rented sector are being used to house low-income households who are possibly on housing benefit.

## Summary

- 8.15 The most striking pattern among the flows of movers into and out of the HMA is the substantial net outflow of newly forming households from the HMA, despite quite a large inflow of existing households.
- 8.16 The socio-economic character of moving households is quite similar across the sub-region. The main difference in the Northern case being the relatively low employment among incoming social renters, and the incoming private renters show a larger proportion of unemployment. This suggests that there is a net inflow of private renters who are using housing benefit to make their private rental more affordable.
- 8.17 This information provides some detail on the character of moves, which are analysed further in terms of types of dwellings required in the next two chapters.





## 9. Financial capacity

### Introduction

- 9.1 Traditionally, it has been assumed that (household) incomes could reasonably accurately predict house prices. This has gradually ceased to be true. Although the house prices set out in this chapter are capable of being related to household incomes, incomes cannot be used to predict them.
- 9.2 That is because of the evolution of the British housing market over several decades of high and largely rising prices. The two additional factors required to make up 'financial capacity' are:
- i) Equity: whether earned by the household in question from previous home ownership, or passed on from one generation to the next
  - ii) Savings: This is now an important part of many households' financial capacity. Even the poorest general group (The RSL sector households shown in Table 9.1 below) have a tangible level of savings and the other groups have a substantial value.
- 9.3 These additional sources of finance have always existed, but now they have become generally applicable to many owner occupiers, and would be owner occupiers. As a result, in studies carried out by Fordham Research over the past few years, it has become clear that household incomes cannot predict house prices. To summarise this discussion in a definition:

**Financial capacity** refers to the overall ability of a household to purchase housing (whether for sale or to (part) rent). The term includes income, owned equity and savings.

### Financial capacity in the Northern HMA

- 9.4 The concept of financial capacity can be related to Northern sub-region and to the Northern HMA, as shown in the tables below. This is taken from the fuller analysis to be found in section C of the Appendix to this HMA report.
- 9.5 Tables 9.1 and 9.2 summarise the financial capacity of existing households whereas Table 9.3 summarises the financial capacity of moving households on the basis of current mortgage lending practices i.e. incorporating a multiplier of three times annual income.

**Table 9.1: Financial capacity by tenure: Northern sub-region**

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£21,114	£41,618	£162,229
Owner-occupied (with mortgage)	£34,989	£9,194	£84,330
RSL	£9,975	£3,262	-
Private rented	£16,486	£5,133	-
<b>AVERAGE</b>	<b>£24,359</b>	<b>£18,514</b>	<b>£119,130</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 9.2: Financial capacity by tenure: Northern HMA**

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£21,742	£43,995	£166,903
Owner-occupied (with mortgage)	£35,287	£9,570	£87,916
RSL	£10,381	£4,470	-
Private rented	£15,785	£6,184	-
<b>AVERAGE</b>	<b>£24,468</b>	<b>£19,450</b>	<b>£123,103</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 9.3: Financial capacity of movers**

Topic	Northern HMA
<b>Incoming private renters</b>	
1. Mean income	£20k pa x 3 = £60k
2. Mean savings	£8k
<b>Financial capacity to buy</b>	<b>£68k</b>
<b>Incoming buyers</b>	
3. Mean income	£34k pa x 3 = £102k
4. Mean savings	£21k
5. Mean equity	£92k
<b>Financial capacity to buy</b>	<b>£215k</b>

Source: Northern sub-region SHMA 2006 – primary data

- 9.6 It can be seen that there is a major gap in income and wealth between buyers and renters, and that incoming households show a similar pattern, although incoming renters are relatively wealthier than existing renters.

## Summary

- 9.7 In order to understand the dynamics of housing markets it is important in Britain nowadays to use financial capacity (i.e. income, savings and equity) to analyse the market. Only in this way can its movements be understood and predicted.
- 9.8 In the Northern HMA the financial capacity of movers is very similar, both as regards to incoming private renters and buyers, to both the sub-region average and to Nottingham Outer. When compared with our wider experience, the most notable feature is that incoming buyers are very much richer than incoming private renters: they have about three times greater financial capacity. This is the lower end of the spectrum for such a difference: the incoming private renters' financial capacity varies from about half of that of incoming buyers to a third. The Northern HMA is at the lower end of this spectrum.
- 9.9 The implication of this finding is that incoming private renters will have either to greatly increase their income, or find some source of equity (such as relatives) in order to bridge the gap to buy. The great majority of all private renters aspire to buy.



# 10. Balanced housing market model outputs

## Introduction

- 10.1 This chapter contains key information on the supply and demand situation for Northern HMA. It addresses the changes to supply and demand which provide the basis for a modelling exercise comparing the supply and demand for different types and sizes of housing across different areas and for specific groups.
- 10.2 Unlike the preceding chapters, which have looked at issues either from primary or secondary data, this one combines primary and secondary data. That is because when analysing housing demand it is not possible to produce robust and policy relevant conclusions without information from a range of sources.
- 10.3 This chapter begins by comparing the BHM method set out here with the CLG Needs model approach set out in Chapter 13 below.

## Relationship of BHM, CLG Needs Model and Policy implications

### ***Key requirements of Guidance***

- 10.4 The Guidance (PPS3: Housing, Nov 2006) makes very specific requirements of Strategic Housing Market Assessments (SHMAs). It goes much further and into more detail than any previous guidance on the evidence base. For the reader's convenience the key requirements repeated here:
- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.*
  - *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).*
  - *The size and type of affordable housing required' [PPS3 para. 22]*
- 10.5 The Practice Guidance issued by CLG to support PPS3 (March 2007) sets out a slightly revised method for estimating housing need (the original is in the 2000 Guide to Local Housing Needs Assessment), but is quite relaxed about the technical methods that may be used to achieve the PPS3 outputs:

*'No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand' (Practice Guidance p 11)*

### **The CLG Needs Model**

- 10.6 The CLG Needs Model produces a number for the annual amount of extra affordable housing which would, after a period, mean that there is no further need for affordable housing in an area. The presence of households living in unsuitable housing, or in the private rented sector on housing benefit would stop. Since in most parts of Britain it is clear that housing need will exist for many decades (at the present rate of production of new affordable housing) it can be seen that this model is geared to an ideal state of affairs not the day to day real world.
- 10.7 One particular assumption that affects the estimates is that no more than 25% of income should be spent on housing. However the reality is that many households will be spending around 50% of their income on housing (whether low or high income), sometimes because they are forced to, but sometimes because they prefer to achieve a particular type or location of housing and are prepared to make sacrifices to achieve it
- 10.8 Many households will be found in the private rented sector who cannot afford market rents at 25% of income on housing. Of these a proportion will be on Housing Benefit, but a substantial proportion will not be. In both cases, the private rented sector on shorthold does not provide affordable housing in the CLG definition, and does not provide long term security for often vulnerable households.
- 10.9 Fordham Research has carried out some 300 Housing Needs Assessments over the past decade and a half, and in all regions of Britain. We have developed an index which standardises the level of housing need by dividing the numbers of affordable dwellings required per annum (according to the CLG Needs Model) by the numbers of thousands of households in the district in question. As can be seen from the figure, the average for England is about 16. If there are 40,000 households in a typical district, this means that
- $40 \times 16 = 640$  new affordable dwellings needed per annum
- 10.10 In reality most districts are producing less than 100 new affordable units per annum, and so it can be seen that the needs estimates based on the CLG model are a long way away from being realised.
- 10.11 The CLG model is an important part of Guidance and so the calculation must be done as part of any SHMA. In order to provide realistic outputs for the three key PPS3 requirements stated above, it is necessary to use a different and more pragmatic approach to analysing the housing market.

**Balancing Housing Markets model (BHM)**

10.12 Over the past 4 years Fordham Research has developed the BHM as a practical tool to show what sizes, tenures and types of housing are most needed to balance the housing market of an area. The following box summarises the way in which it works

**Figure 10.1 Summary of the BHM process**

The BHM process involves matching size, type and tenure of dwelling supply against both housing demand (i.e. housing that the household involved can afford) and housing need (in cases where the household cannot afford the size/location of housing that it requires). So far as possible expectations of future moves are used. The main area where this is not possible is net in-migration, since clearly future in-migrants are not surveyed. Hence in-migration is estimated from recorded recent in-migrants.

The process of arriving at an allocation of sizes and tenures of housing, matching supply with demand, is complex. It typically involves upwards of 20 iterations. The combination of technical analysis and judgement involved is informed by the stakeholder comments gathered at the start of the SHMA, and by secondary data on the area. However the process cannot, if it is to be a reliable guide to that market, be based on a simple formula. The nature of the interactions between supply and demand across 5 subgroups of tenures and 4 sizes of dwelling cannot be made into a mechanical analysis without losing practical relevance to the market(s) in question.

The combination of quantitative and qualitative analysis in one calculation process is a novel one. It is prompted by the complexity of the task. As a result of its origin, the process cannot be made completely transparent (as can an arithmetic calculation) but enough cross checking can be done to reassure a detached observer. In most cases the obvious cross-check for the affordable part of the calculation is the CLG Needs Model discussed above. The market side of the calculation is more easily checked against stakeholder evidence.

Source: Northern SHMA Fordham Research 2007

10.13 Using the combination of primary data (for financial capacity, flows between tenures, and movement histories and intentions) and secondary data (for general context data on housing stock and populations, and for migration and population forecasts) a good approximation can be gained to the direction of a housing market.

10.14 There are still difficulties: in particular although the overall tenure mix and type of dwelling can be forecast using the BHM, it is very hard to get the size mix right. That is because upwards of half of most populations can afford to buy more housing than their household size actually requires. The outcome does not match any logical size related requirements. Hence there is a problem about forecasting the size mix. This is not resolved by using household projections. The household projections do not contain any allowance for the housing market dynamics that, for example, control levels of in- and out-migration and also affect future household sizes.

- 10.15 The BHM model produces the 3 key outputs listed in PPS3. Its outputs produce policy relevant figures which can then be subject to wider policy debate. The CLG Guidance emphasises that SHMAs should not produce direct policy statement, but rather evidence which enables an informed policy debate and policy making.

## Aspiration and expectation

- 10.16 This chapter uses information on household expectations obtained from the household survey combined with secondary information. It is useful to begin by illustrating the sort of findings this produces, when compared with household aspirations.
- 10.17 Fordham Research has been measuring housing aspirations and expectations for nearly a decade and a half – a process which has generated considerable respect for the commonsense attitudes of respondents. Although the reliability of such methods may be considered fairly weak, this is not borne out by the information presented below (which is for illustration, and is based on the whole Northern sub-region, and not just the Northern HMA):

<b>Table 10.2: Future tenure intentions by household type</b>			
	Newly forming HH	Retirement aged HH (60+)	Remaining HH
<b>Aspiration (would like)</b>			
Buy own home	66.4%	36.2%	64.9%
LA rent	16.9%	52.6%	26.6%
RSL rent	1.7%	5.3%	3.4%
Shared ownership	0.7%	0.0%	1.2%
Private rent	10.3%	5.9%	3.7%
House/flat share	4.0%	0.0%	0.2%
<b>Expectation</b>			
Buy own home	28.5%	33.4%	55.1%
LA rent	27.5%	49.8%	28.5%
RSL rent	3.4%	9.1%	5.6%
Shared ownership	3.8%	0.0%	1.8%
Private rent	27.7%	7.6%	8.9%
House/flat share	9.1%	0.0%	0.0%
Total moves in next two years	17,658	6,715	41,768

Source: Northern SHMA 2006 – primary data



10.18 As can be seen, the patterns shown here are entirely rational. The newly forming households would mostly (two thirds) like to own, but less than 30% expect to. A much lower proportion of retirement aged households aspire/expect to own, while the remaining (working aged) households show a pattern where two thirds would like to own, and over half expect to. Since the latter group has most of the existing equity, this is an entirely plausible expectation.

### Summary description of the BHM process

10.19 There are six stages of analysis in the Balancing Housing Markets Model (three for supply and three related to demand). All of these are based upon information derived from primary data except where stated. The six stages in detail are:

- **Stage 1. Supply from household dissolution:** Assessing the size, type and tenure of dwellings likely to become available from household dissolution (using national mortality rates in combination with information from primary data).
- **Stage 2. Supply from out-migrant households:** Assessing the size, type and tenure of dwellings existing households moving away from the borough are going to make available.
- **Stage 3. Supply from existing households:** Assessing the size, type and tenure of housing that existing households moving within the borough are going to make available.
- **Stage 4. Demand from in-migrant households:** Assessing the size, type and tenure of accommodation secured by households that recently moved into the borough.
- **Stage 5. Demand from newly forming households:** Assessing the likely sizes, types and tenures of housing required by newly forming households moving to a property within the borough.
- **Stage 6. Demand from existing households:** Assessing the likely sizes, types and tenure of accommodation required by existing households moving from one property in the borough to another.

### Housing supply in principle

10.20 In principle supply will be available as households vacate properties to move to different accommodation and also as households are no longer in the 'system' (typically through death). This section therefore seeks to establish the amount and type of housing likely to be available to meet household's demands.

10.21 As with the demand for housing there are three principal groups which can be considered as providing future supply. These are vacancies created through:

- Household dissolution (death)
- Existing households moving
- Out-migrant households

10.22 Appendix C5 looks at each of these groups in detail.

## **Housing demand in principle**

10.23 Although the secondary data analysis provides a good insight into the housing market it cannot tell us what the future expectations and requirements of local households actually are. Therefore for this analysis we have drawn on survey data to provide information about household's future requirements for different types and sizes of accommodation.

10.24 In demand terms households can be broadly split into three main categories. These are:

- Newly forming households
- Existing households moving
- In-migrant households

## **Overall demand**

10.25 In Appendix C5 we have estimated the likely future demand for housing from three distinct groups (newly forming households, existing households and in-migrant households). All figures are estimated in terms of the broad tenure requirements and the size of accommodation required.

## **Balancing the housing market**

10.26 The term 'balance' has been used by the Audit Commission in the context of housing markets as a test whereby district councils could check on the 'balance' of their individual housing markets. However no test was provided by the Audit Commission of what 'balance' might be. Instead there was a long list of data to be provided. Clearly this exercise provides little help in working out what 'balance' might be.

10.27 It is arguable that a test of 'balance' should be made against some standard, for example:

- Is the profile of size and type of housing like that of the region?
- Is the profile of size and type of housing like that of similar market areas?
- Is the profile of size and type of housing like that of the nation?

- 10.28 While such tests could be done, they would not prove that the profile of housing in Northern sub-region is balanced or unbalanced. There may be good historical and socio-economic reasons for which a 'good' profile of housing types and sizes in Northern sub-region might be different from any standard.
- 10.29 Unfortunately, it is not possible to get very far by matching the existing population's household sizes with the dwelling profile. Especially in the case of market housing, features like 'under occupation' may be a desired and 'good' feature of household behaviour. It certainly is not 'wrong' and equally certainly cannot be modified very much without undue interference. There are programmes both to reduce the under occupation by elderly persons of larger dwellings, both in the private and public sectors, but these affect very small proportions of the population and are only of limited effect in the private sector.
- 10.30 As a result, in considering the 'balance' of a given housing market, Fordham Research was drawn to the simple issue of aspiration:
- What types and sizes of housing do people want?
- 10.31 This has different meanings in the market and affordable spheres. Clearly in the market people buy or rent what they choose within their budgets. In the affordable sphere there is less ability to choose, since clearly the households in that sector are by definition unable to afford to exercise much choice.
- 10.32 The Fordham Research approach, under the title 'Balanced Housing Market Model' (BHM) has for a number of years sought to use the aspirations stated by citizens of an area to produce suggestions as to how the future size and type of housing in the area might be adjusted by new provision. The results of such analysis are only indicative, and policy judgements have to be made as to how far the indicated aspirations should be met in any new housing provision.

## **Results summary**

10.33 The analysis of the BHM was done for two situations:

- i) Unconstrained growth
- ii) Growth constrained to the RSS Target

**Table 10.1: BHM – Northern HMA unconstrained**

	Bedroom size				TOTAL
	1	2	3	4+	
Owner-occupied	404	476	-403	223	700
Private rent	371	402	-84	-29	660
Intermediate	18	25	-13	0	30
Social rent	-96	785	284	5	977
<b>TOTAL</b>	<b>696</b>	<b>1,688</b>	<b>-216</b>	<b>199</b>	<b>2,367</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 10.2: BHM – Northern HMA constrained to 1,370**

	Bedroom size				TOTAL
	1	2	3	4+	
Owner-occupied	394	297	-696	81	76
Private rent	319	284	-125	-43	434
Intermediate	18	23	-13	0	28
Social rent	-144	713	262	2	832
<b>TOTAL</b>	<b>587</b>	<b>1,316</b>	<b>-572</b>	<b>39</b>	<b>1,370</b>

Source: Northern sub-region SHMA 2006 – primary data

10.34 The results can best be seen by looking at the proportion of market housing in the total:

- i) Unconstrained: 58%
- ii) Constrained to RSS total 37%

10.35 The proportion of market housing declines when the constrained version is considered, since the excluded group is the more wealthy in-migrants.

## Summary

10.36 The key findings are that about twice the regional plan level of house building could be supported in the sub-region. That does not mean it is necessarily a desirable policy outcome, and the results can easily be constrained to the regional plan totals. Of the housing demanded/needed nearly all is one and two bed.

## SECTION D: RURAL ISSUES

This section is supported by a detailed Appendix E2 which sets out the policy context for the analysis of rural housing markets. One of the key features of that general analysis is the great shortage of rural affordable housing.





# 11. Rural Issues in the Northern sub-region

## Introduction

- 11.1 Appendix E2 sets out the context for the analysis below. The issue of affordable rural housing has become much more urgent in terms of public perceptions. The 2006 Affordable Rural Housing Commission report has emphasised the seriousness of the problem. In order to produce a meaningful database for analysis the sub-region was subdivided. This was done by assigning each household an urban or rural classification, based on the National Statistics Rural and Urban Classification of Output Areas (July 2004). This classification was the result of joint work between the Countryside Agency, the Department for Environment, the Department for Food and Rural Affairs, the Office of the Deputy Prime Minister, the National Assembly for Wales and the Office for National Statistics.
- 11.2 Households were assigned one of four categories based on their postcode. The postcode is considered to be 'Urban' when the majority of the Output Area live within settlements with a population of 10,000 or more. The remaining three categories comprise the rural area, which is divided into 'Towns and Fringe', 'Villages' and 'Hamlets', the latter including isolated dwellings.

## General characteristics

- 11.3 The table below indicates the urban and rural classification that each household in the Northern sub-region is recorded in. The data shows that over 70% of households in the housing market area are urban, with 18% classified as 'town and fringe', 8% live in a village, and less than 3% of households are found in hamlets or smaller settlements. There are notable differences by local authority with Ashfield and Chesterfield being almost completely urban whilst only 40.6% of households in Newark & Sherwood classified as urban.

Table 11.1: Population urban/rural (based on 4 categories)					
Local Authority	Classification				Total
	Urban	Town and Fringe	Village	Hamlet	
Ashfield	48,702	161	0	637	49,500
Mansfield	38,010	5,025	785	0	43,820
Newark & Sherwood	19,743	18,317	7,347	3,223	48,630
Bassetlaw	27,525	8,103	9,428	994	46,050
Bolsover	17,164	11,168	2,355	1,273	31,960
Chesterfield	46,074	180	396	0	46,650
North East Derbyshire	21,730	12,658	5,161	2,001	41,550
Total	218,948	55,612	25,472	8,128	308,160

Source: Northern sub-region SHMA 2006 – primary data

- 11.4 The National Statistics Rural and Urban Classification indicates that all classifications listed above other than urban can be considered rural. The table below shows the summarised distribution of households in each of the two broad categories for the seven local authorities in the Northern sub-region.

<b>Table 11.2: Population urban/rural (based on 2 categories)</b>				
Local Authority	Classification			
	Urban	Rural	Total	% Rural
Ashfield	48,702	798	49,500	1.6%
Mansfield	38,010	5,810	43,820	13.3%
Newark & Sherwood	19,743	28,887	48,630	59.4%
Nottingham Outer	106,455	35,495	141,950	25.0%
Bassetlaw	27,525	18,525	46,050	40.2%
Bolsover	17,164	14,796	31,960	46.3%
Chesterfield	46,074	576	46,650	1.2%
North East Derbyshire	21,730	19,820	41,550	47.7%
Northern HMA	112,493	53,717	166,210	32.3%
Total	218,948	89,212	308,160	28.9%

Source: Northern sub-region SHMA 2006 – primary data

- 11.5 To enable more detailed analysis the urban and rural areas in the sub-region will be split by the two different housing market areas to create four different areas. Results in this chapter will therefore be presented for these four different areas. Initially it is worth summarising the size of these areas. This is presented below. The table indicates that 28.9% of the whole sub-region is rural, which is higher than the national average (20%).

<b>Table 11.3: Size of groupings for analysis</b>		
Area	Number of households	% of households
Nottingham Outer Urban	106,456	34.5%
Nottingham Outer Rural	35,494	11.5%
Northern HMA Urban	112,494	36.5%
Northern HMA Rural	53,716	17.4%
Total	308,160	100.0%

Source: Northern sub-region SHMA 2006 – primary data

- 11.6 At the broad level of income, it is clear from Table 11.4 that in both housing market areas the rural population is richer than the urban one. This is particularly true in the Nottingham Outer HMA, where the average income for rural households is £29,887 compared with £22,346 for urban households.



**Table 11.4: Average incomes urban/rural**

Area	Average annual household income
Nottingham Outer Urban	£22,346
Nottingham Outer Rural	£29,887
Northern HMA Urban	£23,339
Northern HMA Rural	£26,830
Total	£24,359

Source: Northern sub-region SHMA 2006 – primary data

- 11.7 This pattern is confirmed by the table below which shows the breakdown of the income groups by broad income banding.

**Table 11.5: Income banding urban/rural**

Area	Income band		Total
	Up to £20k	More than £20k	
Nottingham Outer Urban	53.7%	46.3%	100.0%
Nottingham Outer Rural	41.9%	58.1%	100.0%
Northern HMA Urban	53.2%	46.8%	100.0%
Northern HMA Rural	47.8%	52.2%	100.0%
Total	51.2%	48.8%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Housing profile

- 11.8 The table below shows the type of accommodation in each of the four areas. As would be expected the two rural areas record a higher than average level of detached housing and a lower than average amount of terraced housing and flats.

**Table 11.6: Type of housing urban/rural**

Accommodation type	Area				All areas
	Nottingham Outer Urban	Nottingham Outer Rural	Northern HMA Urban	Northern HMA Rural	
Detached	26.4%	43.9%	25.9%	38.4%	30.3%
Semi	42.4%	41.6%	45.8%	43.5%	43.7%
Terraced	22.0%	10.4%	18.9%	15.0%	18.3%
Flat	9.2%	4.1%	9.4%	3.2%	7.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

- 11.9 The table below shows the tenure profile in the four areas. The table indicates that rural households in each housing market area are more likely to be owners than urban households. Both rural areas have a lower proportion of private rented households than is recorded in the urban areas. The Nottingham Outer Rural area has a relatively low proportion of social rented housing, whilst the Northern HMA Rural area has a proportion similar to the average for the whole of the sub-region.

**Table 11.7: Tenure breakdown for urban/rural**

Tenure	Area				
	Nottingham Outer Urban	Nottingham Outer Rural	Northern HMA Urban	Northern HMA Rural	All areas
Owner Occupier (no mortgage)	32.5%	38.2%	31.5%	34.3%	33.1%
Owner Occupier (with mortgage)	41.5%	42.5%	40.0%	41.1%	41.0%
Social rented	18.8%	12.5%	21.5%	18.9%	19.1%
Private rented	7.3%	6.8%	7.1%	5.6%	6.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Household profile

- 11.10 In terms of differences in the household composition, the table below shows how the type of household resident in the four areas varies. The survey indicates that there is little variation between the four areas, although urban households are slightly more likely to contain single non pensioners, whilst rural households are marginally more likely to contain two or more pensioners.

**Table 11.8: Family type urban/rural**

Household type	Area				
	Nottingham Outer Urban	Nottingham Outer Rural	Northern HMA Urban	Northern HMA Rural	All areas
Single pensioners	14.4%	14.7%	15.7%	14.0%	14.8%
2 or more pensioners	9.5%	11.9%	10.1%	11.0%	10.2%
Single non-pensioners	13.7%	11.1%	14.0%	11.8%	13.2%
2 or more adults - no children	34.6%	37.5%	33.7%	36.1%	34.9%
Lone parent	4.9%	3.0%	5.1%	3.6%	4.5%
2+ adults 1 child	10.9%	7.4%	10.2%	11.0%	10.3%
2+ adults 2+ children	12.0%	14.4%	11.3%	12.5%	12.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

11.11 The household size profile presented in the table below shows fewer one person households in rural areas.

Table 11.9: Household size rural/urban					
Household size	Area				
	Nottingham Outer Urban	Nottingham Outer Rural	Northern HMA Urban	Northern HMA Rural	All areas
One person	28.0%	25.8%	29.7%	25.8%	28.0%
Two people	36.2%	38.9%	36.0%	38.2%	36.8%
Three people	17.3%	13.5%	16.3%	16.3%	16.3%
Four people	13.1%	15.5%	13.1%	14.3%	13.6%
Five people	4.1%	5.0%	3.9%	3.9%	4.1%
Six plus people	1.3%	1.3%	0.9%	1.5%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Access to services

11.12 One of the key measures used by the Affordable Rural Housing Commission related to access to services. The data collected by the primary survey included a set of questions on access to services, and any difficulties found. These included grocery, post office, bank etc, leisure, doctor, and hospital services. In some cases (notable access to doctors) there was no marked difference between the sub-areas. On others there was, and this summary will deal with those cases.

11.13 In the case of grocery shopping it is clear that rural households in the Northern housing market area have more difficulty accessing grocery shopping than other households. This is particularly true for those in the lower income band. Overall however, difficulty accessing grocery shops seems to be as prevalent amongst poorer households as amongst rural households.

Table 11.10: Access quite or very difficult to grocery shops			
Area	Income band		
	Up to £20k	More than £20k	Total
Nottingham Outer Urban	15.1%	4.5%	10.2%
Nottingham Outer Rural	19.2%	8.8%	13.2%
Northern HMA Urban	15.2%	6.4%	11.1%
Northern HMA Rural	28.3%	13.8%	20.8%
Total	17.7%	7.5%	12.7%

Source: Northern sub-region SHMA 2006 – primary data

11.14 In the case of access to banks, presented in the table below, there is a more clear division between all rural households and urban households. In both housing market areas around 40% of rural households have difficulty accessing banks. Just under a fifth of urban dwellers also find access to banks difficult, though it must be remembered that these are quite poor towns, and less well provided with banks than many are. Overall the table suggests that difficulty accessing banks is more strongly correlated with household location than income.

<b>Table 11.11: Access quite/very difficult to bank/building society</b>			
Area	Income band		Total
	Up to £20k	More than £20k	
Nottingham Outer Urban	28.9%	19.3%	24.5%
Nottingham Outer Rural	46.7%	33.5%	39.0%
Northern HMA Urban	27.7%	19.4%	23.8%
Northern HMA Rural	52.8%	34.6%	43.3%
Total	34.0%	24.1%	29.2%

Source: Northern sub-region SHMA 2006 – primary data

11.15 The table below presents the results for the proportion of households stating a difficulty in accessing leisure facilities. This shows that households in the Northern HMA rural area are most likely to record a difficulty accessing leisure facilities, whilst households in the Nottingham Outer urban area are least likely to record a difficulty. Overall however, the table implies that difficulty accessing leisure facilities is more strongly correlated with household income than household location.

<b>Table 11.12: Access quite/very difficult to leisure facilities</b>			
Area	Income band		Total
	Up to £20k	More than £20k	
Nottingham Outer Urban	32.8%	16.9%	25.4%
Nottingham Outer Rural	41.7%	24.3%	31.6%
Northern HMA Urban	37.4%	20.8%	29.6%
Northern HMA Rural	50.3%	29.0%	39.2%
Total	38.2%	21.5%	30.1%

Source: Northern sub-region SHMA 2006 – primary data

11.16 The table below presents the results for the proportion of households stating a difficulty in accessing hospital facilities. This category shows the highest overall problems – almost 40% of all households state indicate they have a difficulty accessing hospital facilities. Over half of rural households state a difficulty accessing hospital facilities compared to a third of urban residents. When households in the lower income band are considered, this proportion exceeds 40% in the urban cases and is around two-thirds in rural areas. This category is the only one in which rural households in the Nottingham Outer housing market area record a worse accessibility profile than rural households in the Northern housing market area.

<b>Table 11.13: Access quite/very difficult to hospital facilities</b>			
Area	Income band		
	Up to £20k	More than £20k	Total
Nottingham Outer Urban	42.4%	21.4%	32.7%
Nottingham Outer Rural	66.1%	43.5%	52.9%
Northern HMA Urban	42.5%	24.2%	33.9%
Northern HMA Rural	63.0%	40.2%	51.1%
Total	48.0%	28.9%	38.7%

Source: Northern sub-region SHMA 2006 – primary data

11.17 Access to broadband internet was also considered. About 40% of all households (rural or urban) have access to broadband and the proportion does not vary much by area. It does vary by income (about 60% of households earning £20k plus, and about 25% of households earning less than £20k, but again no great variation between sub-areas. The proportion reporting no access to broadband due to unavailability was consistently low across all sub-areas: 3-6%. Thus it would seem that income rather than rurality influence access to broadband.

## Journey to work

11.18 The table below shows the differences in the length of journey to work of employed household heads for each of the four different areas and for different income bands. The questionnaire could not collect very detailed employment information, due to the length limit for a postal questionnaire, but the length of journeys to work is a proxy for the nature of the jobs. The following figure presents the information graphically.

Table 11.14: Journey to work by area and income			
Area	Household income	Length of journey to work	Numbers of households
Nottingham Outer Urban	Up to £10k	6.2	4,445
	£10k-£20k	7.2	11,527
	£20k-£30k	7.5	18,801
	£30k-£40k	12.8	4,867
	£40k-50k	12.6	8,409
	£50k-60k	10.0	5,277
	60k+	23.5	4,551
	Total	10.0	57,878
Nottingham Outer Rural	Up to £10k	5.3	649
	£10k-£20k	9.4	2,990
	£20k-£30k	10.7	5,443
	£30k-£40k	17.8	1,803
	£40k-50k	13.2	3,350
	£50k-60k	23.3	1,586
	60k+	23.3	3,728
	Total	14.8	19,549
Northern HMA Urban	Up to £10k	6.0	4,107
	£10k-£20k	6.7	12,523
	£20k-£30k	8.7	18,422
	£30k-£40k	13.7	5,434
	£40k-50k	12.6	8,505
	£50k-60k	18.0	4,593
	60k+	19.0	6,052
	Total	10.9	59,636
Northern HMA Rural	Up to £10k	5.4	1,567
	£10k-£20k	7.3	5,769
	£20k-£30k	13.9	8,167
	£30k-£40k	21.8	3,577
	£40k-50k	15.1	3,658
	£50k-60k	20.3	2,403
	60k+	22.9	4,135
	Total	15.1	29,276

Source: Northern sub-region SHMA 2006 – primary data

**Figure 11.1: Journeys to work**

Source: Northern sub-region SHMA 2006 – primary data

11.19 There are some clear messages in this data:

- i) The low earners, below £20k, travel quite short distances on average: not more than 7-8 miles. This is quite rational but is strikingly the same for all four areas, despite the distances being in principle much greater in the rural areas
- ii) Travel to work distances generally rise with income, however it is clear that rural households in the middle income bands have to travel notably further than urban households in these bands
- iii) The income bracket with the highest numbers is £20-£30k in all four cases: there is a core of earners in this middle earning range that is the most numerous across the sub-region. Both rural areas however have a higher proportion of earners in the highest income bracket than the urban areas in the same housing market area

11.20 The journey to work data therefore gives an interesting insight into the employment structure of each sub-area, despite not being specific to particular jobs.

## Future housing intentions

11.21 It is useful to consider the reasons for moves among the four areas, as these often provide clues as to the types of housing pressure that the households in question are under. If the top three reasons for moves are examined, for those planning to move within the next two years, the picture is as follows:

Table 11.15: Reasons for moves of existing households		
Area	Household income	Top three reasons for move
Nottingham Outer Urban	Under £20k	To move to a better environment (26%) Your home is too small (25%) Access problems (e.g. steps, stairs) (17%)
	Over £20k	To move to a better environment (34%) Your home is too small (33%) To move to cheaper accommodation (11%)
Nottingham Outer Rural	Under £20k	To move to cheaper accommodation (50%) To move closer to shops and services (28%) Your home is too big (22%)
	Over £20k	Your home is too small (27%) To move to a better environment (23%) To live closer to employment or other facilities (16%)
Northern HMA Urban	Under £20k	To move to a better environment (33%) Your home is too small (33%) Access problems (e.g. steps, stairs) (22%)
	Over £20k	Your home is too small (37%) To move to a better environment (29%) To live closer to employment or other facilities (16%)
Northern HMA Rural	Under £20k	Your home is too big (30%) To move to a better environment (26%) Access problems (e.g. steps, stairs) (25%)
	Over £20k	Your home is too small (31%) To move to a better environment (15%) Your home is too big (14%)

Source: Northern sub-region SHMA 2006 – primary data

11.22 There are some telling patterns in these statements about the reasons for future moves:



- i) The main reason for moves in three of the four urban groups is 'better environment', which confirms that this is a major driver of moves from urban areas
- ii) The poorer households in the much more attractive and expensive Nottingham outer Rural state 'cheaper accommodation' as their main reason
- iii) In all areas at least 27% of households in the higher income band stated 'home too small' as a reason. This is probably not evidence of statutory overcrowding, so much as the fact that these households can afford to move when family size dictates, rather than tolerate the degree of discomfort that poorer households would have to experience

11.23 The motivation for moving is clearly different as between the four areas, and for logical reasons, as well as between income groups.

### Newly emerging (concealed) households

11.24 The expectations of future households are examined in order to see what effects the rural context as well as financial differences may have. This leads to the important concept of 'emergence'. That is when a concealed household becomes a household in its own right. The proportion of concealed households emerging into independence might be a function of other household characteristics which are now studied.

**Table 11.16: Rural vs. urban rates of 'emergence'**

Area	Income band		Total
	Up to £20k	More than £20k	
Nottingham Outer Urban	6.9%	21.7%	13.7%
Nottingham Outer Rural	9.9%	22.2%	17.0%
Northern HMA Urban	7.6%	20.6%	13.7%
Northern HMA Rural	8.0%	22.4%	15.5%
Total	7.6%	21.5%	14.4%

Source: Northern sub-region SHMA 2006 – primary data

11.25 These figures suggest a slightly higher rate of ‘emergence’ of concealed households in rural areas. The table also shows that households in the higher income band are much more likely to have a concealed household member planning to move out. Although the better off households may have a few more children than poorer ones, the difference is not 2-3 times. The implication is that the children of richer households have more chance of setting up home independently due to a combination of having better earnings themselves, and having some financial support from their parents. It is striking that the lower income households have consistently lower emergence rates across all sub-areas, and the richer ones consistently high emergence rates.

11.26 Concealed households were asked (normally through their parents’ responding to the postal questionnaire) where they would like, and would expect, to live. The most telling responses were:

- 10.4% would expect to live in Mansfield, but fewer than this would choose to do so
- 24.1% would expect to live in Newark and Sherwood, though many more (35.7%) would like to

11.27 This is a short summary of the perceived relative attractiveness and price of Mansfield and Newark and Sherwood districts.

## Housing need

11.28 The table below shows the housing needs for urban and rural areas in the Northern sub-region. The supply figures are based on the number of households who have moved into affordable accommodation in the past two years in each area, applied pro rata to the total supply figures. The results will not be exact since the supply of social relets, and estimates of new house building (used in the supply calculation) cannot be readily obtained for subdivisions of districts.

<b>Table 11.17: Urban and rural housing requirements in the Northern sub-region (following DCLG guide)</b> () indicates a surplus			
	Urban	Rural	Total
Gross annual need	6,631	1,699	8,330
Gross annual supply	4,259	1,021	5,280
Net annual need	2,372	678	3,050
% of net shortfall	77.8%	22.2%	1
Index	11	8	10

Source: Northern sub-region SHMA 2006 – primary data

- 11.29 As can be seen, 22% of the net need is shown as rural, which is less than the proportion of households that is rural (29%). This suggests that urban households suffer a disproportionate need for affordable housing. The Fordham Research Affordable Housing Index, (which standardising the level of housing need by dividing it by the number of thousands of households in the area) reveals that 11 households per 1,000 in the urban area are deemed in housing need, compared to 8 per 1,000 in the rural area.
- 11.30 The tables below suggest that in all Local Authorities the requirement for affordable housing is more acute in the urban areas than in the rural areas, with the exception of Chesterfield, where the results should be viewed with caution due to the small number of rural households.

**Table 11.18: Urban and rural housing requirements in Northern sub-region by LA**

<b>URBAN</b>	<b>Ashfield</b>	<b>Mansfield</b>	<b>Newark &amp; Sherwood</b>	<b>Nottingham Outer</b>
Gross annual need	1,215	1,313	568	3,095
Gross annual supply	755	879	353	1986
Net annual need	460	434	215	1,109
% of net shortfall	100.0%	87.4%	47.5%	78.7%
Index	9	11	11	10
<b>RURAL</b>	<b>Ashfield</b>	<b>Mansfield</b>	<b>Newark &amp; Sherwood</b>	<b>Nottingham Outer</b>
Gross annual need	0	89	488	577
Gross annual supply	0	26	250	277
Net annual need	0	63	238	300
% of net shortfall	0.0%	12.6%	52.5%	21.3%
Index	0	11	8	8

Source: Northern sub-region SHMA 2006 – primary data

**Table 11.19: Urban and rural housing requirements in Northern sub-region by LA**

<b>URBAN</b>	<b>Bassetlaw</b>	<b>Bolsover</b>	<b>Chesterfield</b>	<b>NE Derbyshire</b>	<b>Northern HMA</b>
Gross annual need	969	774	1,208	585	3,536
Gross annual supply	503	345	1102	323	2,272
Net annual need	466	429	106	262	1,264
% of net shortfall	78.9%	70.7%	79.7%	84.5%	77.0%
Index	17	25	2	12	11
<b>RURAL</b>	<b>Bassetlaw</b>	<b>Bolsover</b>	<b>Chesterfield</b>	<b>NE Derbyshire</b>	<b>Northern HMA</b>
Gross annual need	395	377	27	323	1,122
Gross annual supply	270	199	0	275	745
Net annual need	125	178	27	48	377
% of net shortfall	21.1%	29.3%	20.3%	15.5%	23.0%
Index	7	12	47	2	7

Source: Northern sub-region SHMA 2006 – primary data

## Summary

- 11.31 The examination of rural and urban sub-areas within the Northern sub-region has revealed some striking details regarding housing and other issues.
- 11.32 Average incomes are much higher in rural than in urban areas: rural household incomes are 136% of urban ones in the Nottingham Outer and 117% in the Northern HMA. Thus the gap is less in the Northern HMA, but marked in both.
- 11.33 However there is a substantial poorer fraction of the rural population which this average conceals. The evidence from access to services shows the added difficulty which being poorer in the rural area imposes. Those saying that it was difficult or very difficult to access grocery services show much higher figures for households earning less than £20k (19% in Nottingham Outer as compared with 15% for urban households in the same income group) while in Northern HMA the rural households earning less than £20k showed 28% expressing difficulty as compared with 15% again for the urban ones. These figures are about twice as large as for households earning more than £20k, and emphasises the difficulty imposed on poorer rural households by the extra distance/cost involved in accessing services.
- 11.34 Journeys to work vary greatly with income. The graph of urban/rural commuting by income shows the same pattern for both HMAs showing 5-10 mile average commuting for those with incomes below £20k, and over 20 mile average commuting distances for those with incomes over £50k.

- 11.35 In terms of reasons for moves, the main topic in most cases was 'move to better environment' in both rural and urban areas. Poorer households in the relatively richer Nottingham Outer rural area stated 'cheaper accommodation as the main reason, which seems entirely rational. Over a quarter of the higher income group of households stated 'home too small' as the main reason, which is likely to be a function of the ability of higher income households to satisfy their aspirations for more dwelling space, rather than any technical overcrowding.
- 11.36 The levels of housing need in rural areas are lower than in urban, though of course the degree of isolation involved in rural areas means that the impact of housing need is likely to be greater.



## SECTION E: PARTICULAR HOUSING NEEDS

This section covers current and future housing need, and particular needs experienced by different groups within the population such as households with support needs, BME households and older person households.







## 12. Current and future housing needs

### Introduction

- 12.1 Within this report we have so far studied the overall housing market. This included looking at the demand for affordable housing and the likely supply to meet this demand. In this section we concentrate on the need for affordable housing. The method used here is different to that used in the Balancing Housing Markets Model (although complimentary) in that it concentrates much of the analysis on past trends – the BHM analysis looks at future aspirations and expectations.
- 12.2 The analysis is supported by detailed figures provided in Appendix A5 and A6 and we begin by considering some of the key terms and definitions used in the analysis.

### Key Terms and Definitions

#### *Housing need*

- 12.3 The December 2005 draft DCLG guide defines housing need as 'households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market'.
- 12.4 The aim is to exclude from assessment households who would like affordable housing but are not in need, and alternatively, to include those who have a need but have not expressed any expectation of securing such housing (possibly because they believe there is limited access to affordable housing).

#### *Unsuitable housing*

- 12.5 A key element of housing need is an assessment of the suitability of a household's current housing. The draft DCLG guide sets out a series of nine criteria for unsuitable housing under four main headings. The main headings are shown below (the number in (brackets) is the number of sub-divisions in each category). In this report we have studied all nine of the categories set out in the draft guide.
- Homeless households or with insecure tenure (2)
  - Mismatch of housing need and dwellings (4)
  - Dwelling amenities and condition (2)
  - Social needs (1)

## **Affordable housing**

- 12.6 The draft DCLG guide sets out definitions of types of affordable housing (split between social rent and intermediate). Below we replicate these broad definitions along with notes about how these relate to our assessment.
- Social rented housing: rented housing owned by local authorities or RSLs, for which guideline target rents are determined through national rent setting regimes. Other properties provided under equivalent rental agreements are also included as social rented. In this study we take average CORE rents for properties let in the past year as an indication of a typical social rent by size of dwelling.
  - Intermediate housing: housing at prices or rents above those of social rent but below market prices or rents. We have studied intermediate housing in terms of the cost of outgoings. For analytical purposes the cost of intermediate housing is set at the midpoint between social rents and market prices/rents (whichever the cheaper). This intermediate level represents a housing cost which might be referred to as 'usefully' affordable (i.e. is sufficiently below market prices for a reasonable proportion of households to be able to afford such housing).

## **Assessing affordability**

- 12.7 All households who are potentially in need whether as part of the backlog of need or newly arising (projected) need are subject to an affordability test. Full details of the test applied can be found in appendix C1. Broadly speaking the assessment takes account of individual household's current financial situation in relation to the entry-level cost of housing of a suitable size (to buy or rent).
- 12.8 The affordability tests are based on the ability to secure a mortgage for purchases (based on typical mortgage lending procedures) and for renting figures are based on a proportion of income to be spent on housing (set at 25% of gross income). Households are tested against the prices and rents in the area in which they currently live. Local authority level price and rent information is set out in Chapter 7 of the report.

## **Housing Needs Assessment**

- 12.9 The table below sets out the outline housing needs assessment model set out in the DCLG draft Housing Market Assessments guide of December 2005. There are four broad analytical stages which lead to an overall estimate of the net shortfall (or surplus) of affordable housing. The model is essentially a development of the model used in previous guidance (of July 2000) and is therefore consistent with general practice in housing needs assessments over the past few years.

**Table 12.1 Outline of housing needs assessment model**

CURRENT NEED
Minus
AVAILABLE STOCK
Plus
NEWLY ARISING NEED
Minus
FUTURE SUPPLY OF AFFORDABLE UNITS
Equals
NET SHORTFALL (OR SURPLUS) of affordable units

Source: Fordham Research 2006

12.10 Within each of the four broad stages set out in the table above there are a number of detailed calculations (19 in total) many of which themselves have a number of steps. Details of this calculation are provided in Section C4 of the Appendix. The data sources used are based on a combination of primary survey data and other secondary data (notably about the supply of affordable housing).

**Table 12.2: Levels of housing need**

	Bassetlaw	Bolsover	Chesterfield	North East Derbyshire	Northern HMA	Northern sub-region
Current need	206	180	183	139	707	1,449
Available stock	54	55	146	71	327	617
Newly arising need	1,158	971	1,052	770	3,951	6,882
Future supply	719	489	956	526	2,690	4,664
Gross annual need	1,364	1,151	1,235	908	4,658	8,331
Gross annual supply	773	544	1,102	598	3,017	5,281
Net annual need	<b>591</b>	<b>607</b>	<b>133</b>	<b>311</b>	<b>1,641</b>	<b>3,049</b>

Source: Northern sub-region SHMA 2006 – primary data

12.11 Application of this model in the present case produces a total estimated housing need of:

- 3,049 new affordable dwellings per annum for the North sub-region
- 1,641 pa in the Northern HMA (54% of the total for the sub-region)

- 12.12 The future committed newbuild affordable housing supply has been treated in guidance as part of the overall housing needs calculation. However the reality is that the timing of future affordable supply is never known with absolute precision. This is critical in a calculation which is cast in annual terms. It makes a big difference if a commitment of say 100 new affordable dwellings is subtracted from an annual need of 200. But the 100 committed dwellings may be built over 5-10 years, and so the inclusion of the figure in a formal calculation is wrong.
- 12.13 Instead what has been done here is to identify commitments, when known. Nobody knows over how many years they may be built, but over the plan period it is likely that they will be added to the supply. 'Likely' because in the event of a housing market crash, the market developments to which they are tied might be halted, and so the commitments might not even be built within the plan period.
- 12.14 In the case of NE Derbyshire there were 192 committed affordable units and the grand total of all uncommitted housing was 1,228 (as of March 07). Thus the committed affordable housing was 16% of the overall total of new housing.
- 12.15 In the case of Chesterfield there were no certain commitments of affordable units and the grand total of all uncommitted housing was 818 (as of March 07).
- 12.16 In the case of Bassetlaw there were 79 committed affordable units and the grand total of all uncommitted housing was 973 (as of March 07). Thus the committed affordable housing was 8% of the overall total of new housing.

## **Housing needs by dwelling size**

- 12.17 Having estimated the net need for affordable housing, it is useful to make suggestions about required property sizes. This is done through looking at past patterns. The number of bedrooms required by households in need is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation. The number of bedrooms required is based on the number of people in a household, taking account of co-habiting couples and children who could reasonably share.
- 12.18 This analysis is shown in the tables below. The first table shows that there are shortfalls for all sizes of accommodation in the Northern HMA, with the exception of two bedroom dwellings. The largest shortfall is for one bedroom units, which also show the greatest shortage relative to supply where it is estimated that less than half of the need can be met.
- 12.19 District level information is shown in tables 12.4 - 12.7. NE Derbyshire shows the greatest shortfall (proportionally) of one bedroom dwellings. In Chesterfield, two and three bedroom properties make up nearly half of the net shortfall.

12.20 It should be noted that the results below are based on a strict bedroom standard. The breakdown of property sizes for the supply is found by considering the number of bedrooms in homes occupied by households having moved to affordable housing in the past two years, who did not transfer from another affordable home in the local authority. The proportions are then applied pro-rata to match the total supply figure.

**Table 12.3: Net need for affordable housing by size - Northern HMA**

Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	2,708	1,170	1,538	93.7%	43.2%
2 bedroom	1,221	1,246	-25	-1.5%	102.1%
3 bedroom	636	538	98	6.0%	84.5%
4+ bedroom	94	62	32	1.9%	66.1%
<b>TOTAL</b>	<b>4,658</b>	<b>3,017</b>	<b>1,641</b>	<b>100.0%</b>	<b>64.8%</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 12.4: Net need for affordable housing by size in Bassetlaw**

Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	871	323	548	84.4%	37.1%
2 bedroom	364	280	85	13.0%	76.8%
3 bedroom	112	170	-58	0.0%	152.1%
4+ bedroom	16	0	16	2.5%	0.0%
<b>TOTAL</b>	<b>1,364</b>	<b>773</b>	<b>591</b>	<b>100.0%</b>	<b>56.7%</b>

Source: Northern sub-region SHMA 2006 – primary data

**Table 12.5: Net need for affordable housing by size in Bolsover**

Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	563	131	432	71.2%	23.2%
2 bedroom	314	349	-35	-5.8%	111.2%
3 bedroom	216	64	152	25.0%	29.8%
4+ bedroom	59	0	59	9.7%	0.0%
<b>TOTAL</b>	<b>1,151</b>	<b>544</b>	<b>607</b>	<b>100.0%</b>	<b>47.3%</b>

Source: Northern sub-region SHMA 2006 – primary data

<b>Table 12.6: Net need for affordable housing by size in Chesterfield</b>					
Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	736	624	112	83.3%	84.8%
2 bedroom	333	305	28	20.7%	91.7%
3 bedroom	167	129	38	28.5%	77.1%
4+ bedroom	0	44	-44	-32.5%	-
<b>TOTAL</b>	<b>1,236</b>	<b>1102</b>	<b>134</b>	<b>100.0%</b>	<b>89.2%</b>

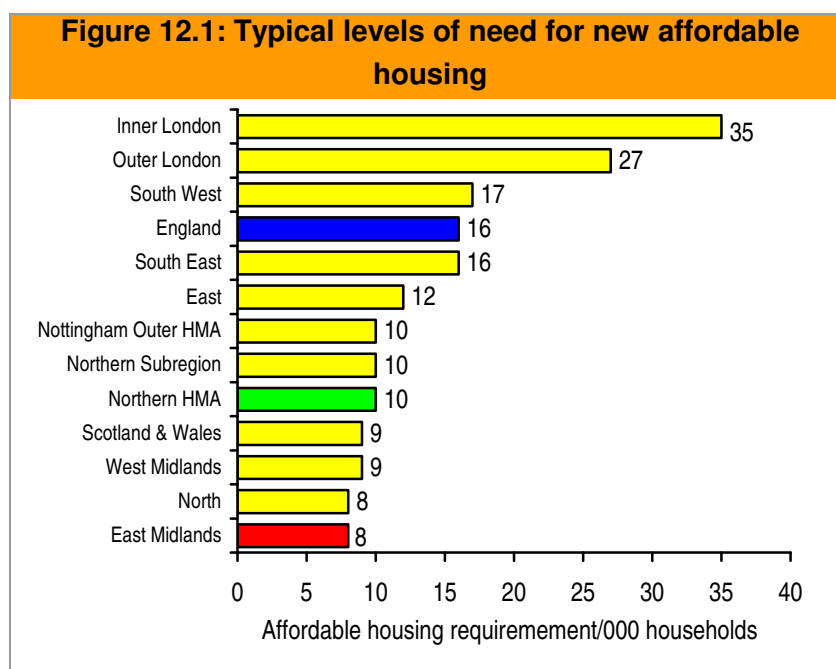
Source: Northern sub-region SHMA 2006 – primary data

<b>Table 12.7: Net need for affordable housing by size in North East Derbyshire</b>					
Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	539	114	425	136.8%	21.1%
2 bedroom	210	301	-91	-29.3%	143.4%
3 bedroom	141	165	-24	-7.7%	116.9%
4+ bedroom	19	18	1	0.4%	93.0%
<b>TOTAL</b>	<b>909</b>	<b>598</b>	<b>311</b>	<b>100.0%</b>	<b>65.8%</b>

Source: Northern sub-region SHMA 2006 – primary data

## Indexation of housing need

- 12.21 Fordham Research has developed an index for housing need, based on dividing the annual need number of households, which is normally positive for districts in Britain, by the number of households in the area. This Housing Needs Index has been used for about a decade by Fordham Research, which has carried out some 400 district wide surveys of housing need. It is therefore well evidenced.
- 12.22 The following table compares the values for the Northern HMA, the Nottingham Outer HMA and the Northern sub-region with various regional totals:



Source: Fordham Research 2006

12.23 As can be seen, the levels of housing need in both the sub-region and the two housing market areas are very similar to the regional figure, while nothing like as high as the figures for the south of England, they are high in absolute terms.

## Summary

12.24 This Chapter of the report studied affordable housing needs using the DCLG's recommended model from the 2005 draft Housing Market Assessment guide. The model takes account of current and future needs as well as estimates of the current and future supply of housing. Using this model it was estimated that the net need for affordable housing across the study area is 23,049 units per annum. This figure represents around 108% of the draft RSS newbuild figure *for all tenures* of 2,835. The Northern HMA figure is 1,641 new affordable dwellings per annum, which is about 54% of the sub regional need.

12.25 The policy implications of these findings are examined in the next section.





## 13. Households with support needs

### Introduction

- 13.1 There are households that may, because of their condition or vulnerability, have requirements for specialised forms of housing provision, or require support services in order to continue living an independent life in their existing home. This is an important aspect of the study. Support services can be seen as a preventative resource, ensuring that needs can be met from within existing accommodation as opposed to a vulnerable person joining a long waiting list for more suitable accommodation.
- 13.2 The local support service known as ‘Supporting People’ funds necessary support services. Note that the nature of this support is assistance needed to maintain independent living, not personal or health care.
- 13.3 In addition there is a great deal of strategic planning and service delivery by Local Authority Housing Services, RSLs, Social Service Departments and a plethora of voluntary sector service providers.
- 13.4 Information collected through the survey enables us to identify the principal client groups who have special requirements of this kind. It is therefore possible to provide some information on their support needs and preferences that will be meaningful to strategic service planning and service providers.
- 13.5 The accurate assessment of the need for each client group will of course vary according to the size of the group involved and it should be noted that the range of groups covered by the survey is not fully inclusive. There are, for example, many groups for which it would not be possible to obtain results through the questionnaire type approach, either due to the small numbers or because of the nature of the special need. Examples of groups not specifically covered include rough sleepers or women fleeing domestic violence.
- 13.6 It should also be noted that the finding of a household with a special need does not necessarily mean that the household needs to move to alternative accommodation. In many cases the special need can be catered for within the household’s current home by means of equipment or adaptations such as the provision of a stair lift. For others the issue may be the need for support rather than any specific type of accommodation. These issues are discussed in the data that follows.

## Special Needs: data coverage

- 13.7 The survey looked at whether household members fell into one or more of a range of primary client groups. Whilst these represent the larger client groups covered in Supporting People Strategy, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.
- 13.8 The groups covered were:
- Frail elderly
  - Persons with a physical disability
  - A learning disability
  - A mental health problem
  - Those with a severe sensory disability
  - Others
- 13.9 Each person with a special need could respond to as many of the above categories as is applicable. This means that we can differentiate between households that have more than one person with a special need and those that have people with multiple special needs.

## Special needs groups: overview

- 13.10 Overall there are an estimated 36,024 households in the Northern HMA with one or more members in an identified special needs group. This represents 23.0% of all households, which is higher than the average Fordham Research has found nationally (13-14%). Table 13.1 shows that each of the four local authorities in the Northern HMA have differing proportions of special needs households with Bolsover having the highest proportion at 27.7% and NE Derbyshire the lowest at 18.1%.

Table 13.1: Special needs by local authority area			
Category	Number of households	% of all households	% of special needs households
Bassetlaw	8,895	19.3%	24.7%
Bolsover	8,860	27.7%	24.6%
Chesterfield	10,759	23.1%	29.9%
<b>NE Derbyshire</b>	<b>7,510</b>	<b>18.1%</b>	<b>20.8%</b>
Total	36,024	23.0%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

- 13.11 Table 13.2 below shows the numbers of households with different types of special needs. The numbers of households in each category exceed the total number of special needs households because people can have more than one category of special need.
- 13.12 'Physically disabled' is the predominant group. There are 24,429 households with a physically disabled household member. The next largest group is 'frail elderly', with 9,265 households having a member in this category. These two categories represent 67.8% and 25.7% of all special needs households respectively.

<b>Table 13.2: Special needs categories</b>			
Category	Number of households	% of all households	% of special needs households
Frail elderly	9,265	5.6%	25.7%
Physical disability	24,429	14.7%	67.8%
Learning disability	3,403	2.0%	9.4%
Mental health problem	6,173	3.7%	17.1%
Severe sensory disability	1,980	1.2%	5.5%
Other	3,981	2.4%	11.1%

Source: Northern sub-region SHMA 2006 – primary data

- 13.13 In addition to the above information we are able to look at the number of people in each household with a special need and also households containing persons with multiple special needs. The results for these are shown below.

<b>Table 13.3: Number of people with special needs</b>		
	Households	% of households
No people with special needs	130,186	78.3%
One person with special needs	29,318	17.6%
Two persons with special needs	6,113	3.7%
Three or more persons with special needs	593	0.4%
TOTAL	166,210	100.0%

Source: Northern sub-region SHMA 2006 – primary data

<b>Table 13.4: Households with special needs</b>		
	Households	% of households
No people with special needs	130,186	78.3%
Single special need only	27,500	16.5%
Multiple special needs	8,524	5.1%
TOTAL	166,210	100.0%

Source: Northern sub-region SHMA 2006 – primary data

13.14 The two tables above show that the majority of special needs households (81.4%) only contain one person with a special need and that the majority of households with a special needs member do not have multiple special needs (76.3%). However, some 6,706 households in the Northern HMA are estimated to have two or more people with a special need whilst an estimated 8,524 households contain someone with multiple needs.

## Characteristics of special needs households

13.15 The tables below show the characteristics of special needs households in terms of household size, age, tenure and unsuitable housing.

**Table 13.5: Size of special needs households**

Number of persons in household	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
One	13,712	33,517	47,229	29.0%	38.1%
Two	14,240	46,794	61,034	23.3%	39.5%
Three	4,304	22,829	27,133	15.9%	11.9%
Four	2,585	19,859	22,444	11.5%	7.2%
Five	822	5,668	6,490	12.7%	2.3%
Six or more	361	1,519	1,880	19.2%	1.0%
<b>TOTAL</b>	<b>36,024</b>	<b>130,186</b>	<b>166,210</b>	<b>21.7%</b>	<b>100.0%</b>

Source: Northern sub-region SHMA 2006 – primary data

13.16 The table above shows that households with special need members are likely to be small, comprised of one or two persons. Special needs households are also more likely to contain older persons.

**Table 13.6: Special needs households with and without older people**

Age group	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
No older people	14,752	94,939	109,691	13.4%	41.0%
Both older & non older people	4,967	9,164	14,131	35.1%	13.8%
Older people only	16,306	26,084	42,390	38.5%	45.3%
<b>TOTAL</b>	<b>36,025</b>	<b>130,187</b>	<b>166,212</b>	<b>21.7%</b>	<b>100.0%</b>

Source: Northern sub-region SHMA 2006 – primary data

13.17 As the table below shows, special needs households are more likely to be living in social rented housing. Some 41.0% of social rented households contain a special needs member. Additionally, 23.6% of owner-occupied (no mortgage) households contain a special needs member as do 23.3% of private rented households.

**Table 13.7: Special needs households and tenure**

Tenure	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
Owner-occupied (no mortgage)	12,697	41,171	53,868	23.6%	35.2%
Owner-occupied (with mortgage)	6,716	60,339	67,055	10.0%	18.6%
Council/RSL	14,059	20,256	34,315	41.0%	39.0%
Private rented	2,552	8,420	10,972	23.3%	7.1%
<b>TOTAL</b>	<b>36,024</b>	<b>130,186</b>	<b>166,210</b>	<b>21.7%</b>	<b>100.0%</b>

Source: Northern sub-region SHMA 2006 – primary data

13.18 The table below indicates that special needs households are over three times as likely to be living in unsuitable housing as non-special needs households. Some 14.1% of all special needs households are living in unsuitable housing, which compares with 6.2% of all households and 4.0% of all non-special needs households.

**Table 13.8: Special needs households and unsuitable housing**

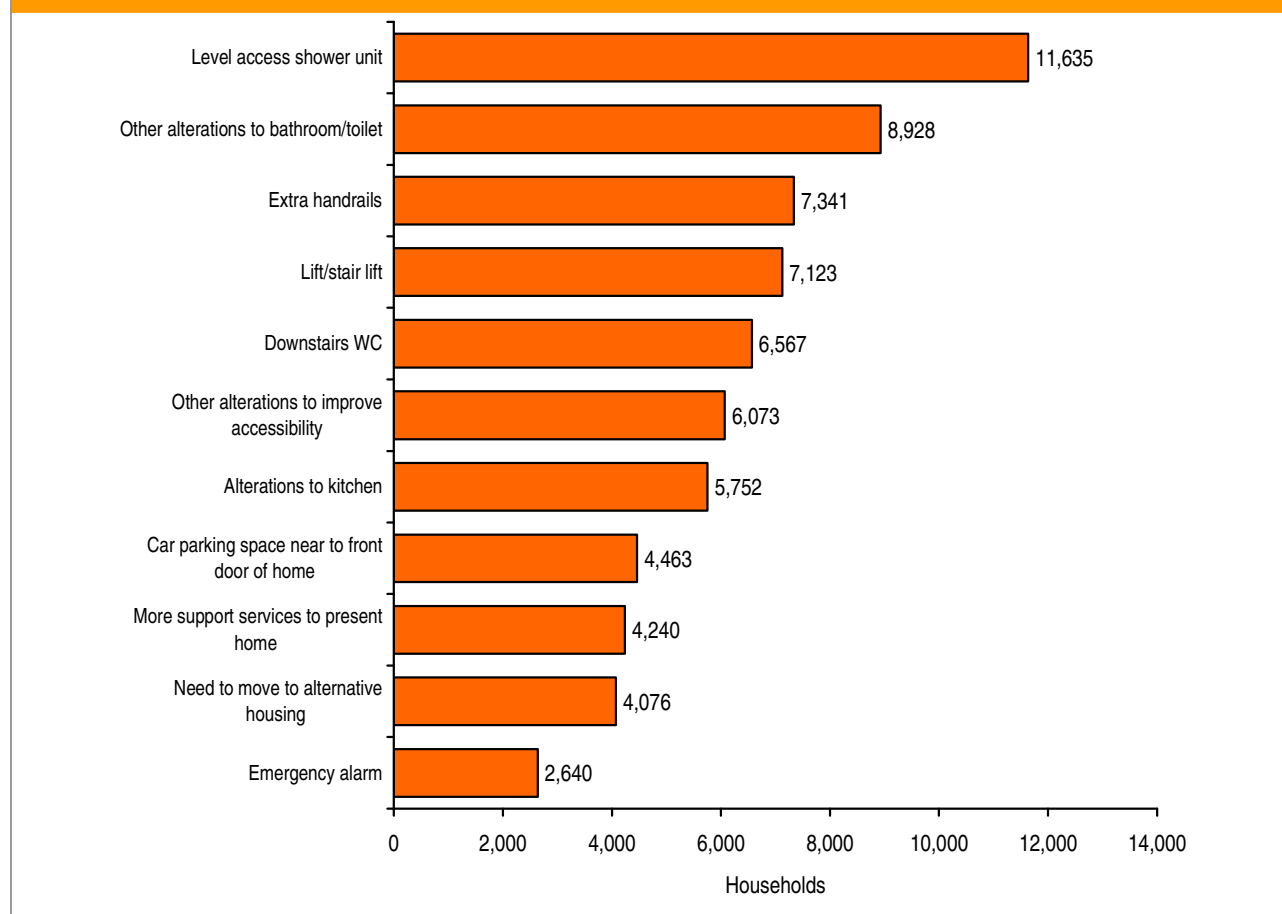
Special needs	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Special needs	5,078	30,946	36,024	14.1%	49.1%
No special needs	5,259	124,927	130,186	4.0%	50.9%
<b>TOTAL</b>	<b>10,337</b>	<b>155,873</b>	<b>166,210</b>	<b>6.2%</b>	<b>100.0%</b>

Source: Northern sub-region SHMA 2006 – primary data

## Requirements of special needs households

13.19 Those households with a member with special needs were asked to indicate if there was a need for improvements to their current accommodation and/or services. The responses are detailed in the figure below.

**Figure 13.1: Special needs households: improvements to accommodation & services**



Source: Northern sub-region SHMA 2006 – primary data

13.20 The results show requirements for a wide range of adaptations and improvements across the special needs households. The most commonly-sought improvements needed were:

- Shower Unit (11,635 households – 32.3% of all special needs households)
- Alterations to bathroom/toilet (8,928 households – 24.8% of all special needs households)
- Extra handrails (7,341 households – 20.4% of all special needs households)

### Analysis of specific groups

13.21 The analysis that follows below concentrates on differences between different groups of households with special needs.

13.22 The table below shows some characteristics by special needs group. The table shows a number of interesting findings. The data shows that 63.6% of frail elderly households are also single person households. On the other hand nearly 40% of households containing someone with a learning disability contained four or more people. Relatively few households containing someone with a learning disability contained older persons.

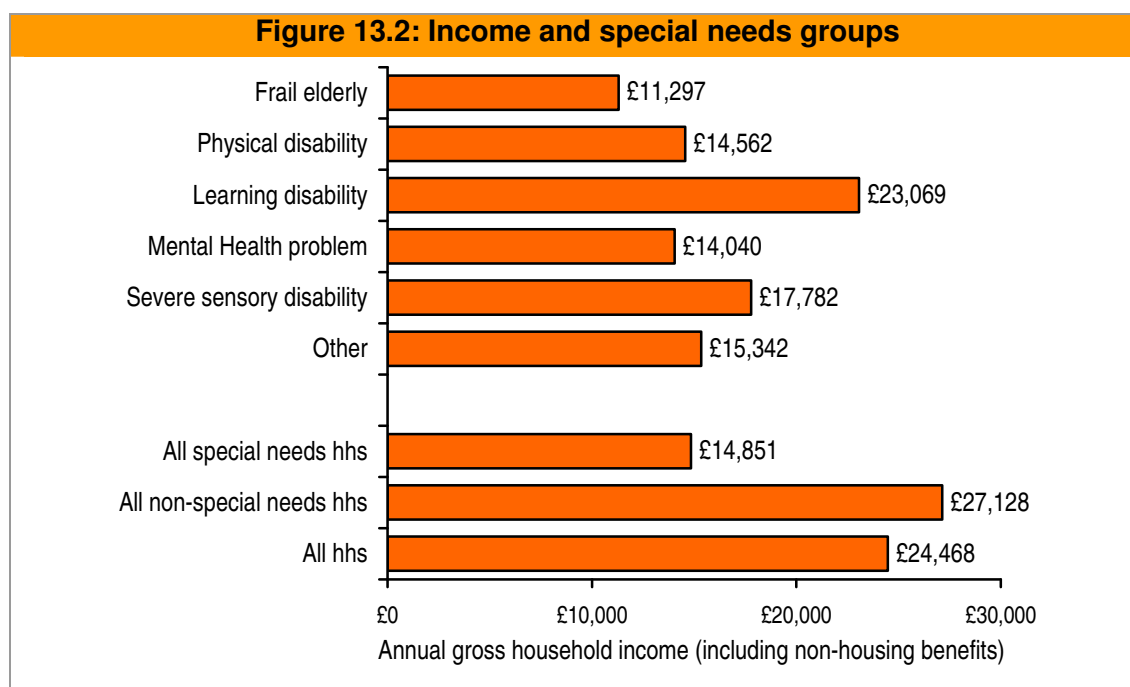
13.23 By tenure the results show that all special needs groups are less likely than non-special needs households to live in owner-occupied accommodation (with a mortgage) with the exception of learning disability households. All groups are more likely than average to live in social rented housing. Mental health problem and learning disability households are more likely than average to be living in private rented accommodation.

**Table 13.9: Characteristics of special needs households by special needs group**

	Frail elderly	Physical disability	Learning disability	Mental Health problem	Severe sensory disability	Other	All special needs hhs	All non-special needs hhs	All hhs
<b>Household size</b>									
One	63.6%	35.0%	12.7%	32.4%	30.3%	30.6%	38.1%	25.7%	28.4%
Two	28.1%	44.8%	22.8%	36.7%	45.1%	39.9%	39.5%	35.9%	36.7%
Three	5.8%	10.8%	25.0%	16.8%	8.3%	20.4%	11.9%	17.5%	16.3%
Four	2.4%	6.3%	23.7%	10.2%	8.5%	6.1%	7.2%	15.3%	13.5%
Five	0.0%	2.1%	13.8%	2.2%	4.6%	1.9%	2.3%	4.4%	3.9%
Six or more	0.0%	1.0%	2.0%	1.7%	3.2%	1.0%	1.0%	1.2%	1.1%
<b>Age of household members</b>									
No older people	2.7%	40.0%	83.1%	69.0%	44.6%	41.7%	40.9%	72.9%	66.0%
Both older & non older people	15.3%	14.5%	13.0%	9.9%	15.9%	20.2%	13.8%	7.0%	8.5%
Older people only	82.0%	45.5%	3.9%	21.2%	39.5%	38.1%	45.3%	20.0%	25.5%
<b>Tenure</b>									
Owner-occupied (no mortgage)	41.8%	37.8%	20.4%	24.3%	34.1%	28.8%	35.2%	31.6%	32.4%
Owner-occupied (with mortgage)	8.1%	18.0%	46.4%	26.2%	28.7%	18.9%	18.6%	46.3%	40.3%
Council/RSL	45.9%	39.0%	23.4%	34.7%	28.6%	43.9%	39.0%	15.6%	20.6%
Private rented	4.2%	5.2%	9.8%	14.7%	8.5%	8.3%	7.1%	6.5%	6.6%

Source: Northern sub-region SHMA 2006 – primary data

13.24 The figure below shows income levels for each category of special needs household. Also shown is the figure for non-special needs households. The average income of all households in the sub-market was estimated at £24,468 per annum (gross income including non-housing benefits). The figure shows that all special needs groups have average income levels noticeably below both the HMA average and the average for non-special needs households. Special needs households containing a member with a learning disability have the highest average incomes of special needs households in the HMA at £23,069.



Source: Northern sub-region SHMA 2006 – primary data

13.25 Finally we can look at levels of unsuitable housing by special needs group. The table below shows the proportion of each group estimated to be living in unsuitable housing. Households containing someone with an ‘other’ special need are the most likely to be in unsuitable housing (over a fifth of households); this compares to a HMA average of 6.2% and an average of 4.0% for non special needs households.

Table 13.10: Proportion of special needs groups living in unsuitable housing	
Special needs group	% of households
Frail elderly	11.9%
Physical disability	15.9%
Learning disability	20.9%
Mental Health problem	14.4%
Severe sensory disability	16.2%
Other	22.6%
All special needs households	14.1%
All non-special needs households	4.0%
All households	6.2%

Source: Northern sub-region SHMA 2006 – primary data



## Care & repair and staying put schemes

13.26 This section studies special needs households who have stated experiencing difficulty in maintaining their home. The results are shown in the table below and are split between owner-occupiers and tenants. The table clearly shows that special needs households are more likely than other households in the housing market area to have problems with maintaining their homes.

13.27 Of all households with a problem or serious problem, a total of 48.5% have special needs. Almost 60% of these are owners.

**Table 13.11: Special needs households and difficulty maintaining home**

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
Special needs – owner-occupied	14,008	72.2%	5,405	27.8%	19,413	100.0%
Special needs – tenants	13,013	78.3%	3,597	21.7%	16,610	100.0%
All special needs households	27,021	75.0%	9,002	25.0%	36,023	100.0%
All households	147,634	88.8%	18,576	11.2%	166,210	100.0%

Source: Northern sub-region SHMA 2006 – primary data

13.28 The evidence in the tables above is that there is certainly some scope for ‘staying put’ or ‘care and repair’ schemes in the sub-market. A total of 18,576 household’s state a problem with maintaining their homes – of these 9,002 are special needs households with an estimated 5,405 living in the owner-occupied sector.

## Summary

13.29 Information from the survey on special needs groups can be of assistance to authorities when contributing to detailed Supporting People Strategies. Some 21.7% of all the Housing market area’s households (36,024) contain special needs members. ‘Physically disabled’ is the largest category with special needs. There are 24,429 households containing a ‘physically disabled’ person and a further 9,265 with household members who are ‘frail elderly’.

13.30 Special needs households in the HMA are generally smaller than average for the Housing market area and are disproportionately made up of older persons only. Special needs households are more likely than households overall to be in unsuitable housing.

13.31 Special needs households in general stated a requirement for a wide range of adaptations and improvements to the home. Shower units and adaptations to bathrooms were most commonly required.

13.32 Finally, the survey suggested there was scope for 'care & repair' and 'staying put' schemes.

# 14. Black and Minority Ethnic (BME) households

## Introduction

14.1 Information was gathered in the survey to find out the ethnic origin of the head of household (and partner if applicable) for each sample household in the survey. The categories used on the survey forms were consistent with those used in the 2001 Census. Due to the small sample size of all non-white groups, these categories have been grouped, resulting in two different ethnic groups overall. We have used White British as one category and all others as a BME category. The results for the BME group should be viewed with caution due to the small sample size. The small sample size means that the results presented in this chapter are for the whole of the sub-region, as opposed to just the Northern HMA (with the exception of table 14.2).

## The BME population

14.2 Table 14.1 shows that 97.3% of households in Northern sub-region are headed by someone who describes themselves as 'White British'. Table 14.2 shows that there is some considerable variation between the four Northern HMA local authorities in terms of numbers of BME households with the more urban districts of Bassetlaw and Chesterfield having the highest proportions of BME households at 4.7% and 2.4% respectively.

Table 14.1: Ethnic group of household head		
Ethnic group	Number of households	% of all households
White British	299,867	97.3%
BME	8,293	2.7%
TOTAL	308,160	100.0%

Source: Northern sub-region SHMA 2006 – primary data

**Table 14.2: Non-White households in the Northern HMA, by local authority area**

Category	Number of Non-White households	% of all households	% of BME households
Bassetlaw	2,175	4.7%	48.0%
Bolsover	530	1.7%	11.7%
Chesterfield	1,115	2.4%	24.6%
NE Derbyshire	710	1.7%	15.7%
Northern HMA	4,530	2.7%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Characteristics of BME households

- 14.3 The table below shows household size by ethnic group. The data suggests that a majority of households are comprised of one or two persons only. BME households have a slightly larger average household size than white households, with an average of 2.44 persons compared to 2.32 in White British households.

**Table 14.3: Size of households**

Ethnic Group	Number of persons						Total	Average HH size
	1	2	3	4	5	6 or more		
White British	83,546	110,869	49,281	40,804	11,968	3,398	299,867	2.32
BME	2,686	2,528	1,050	1,073	670	287	8,293	2.44
TOTAL	86,232	113,397	50,330	41,877	12,638	3,686	308,160	2.33

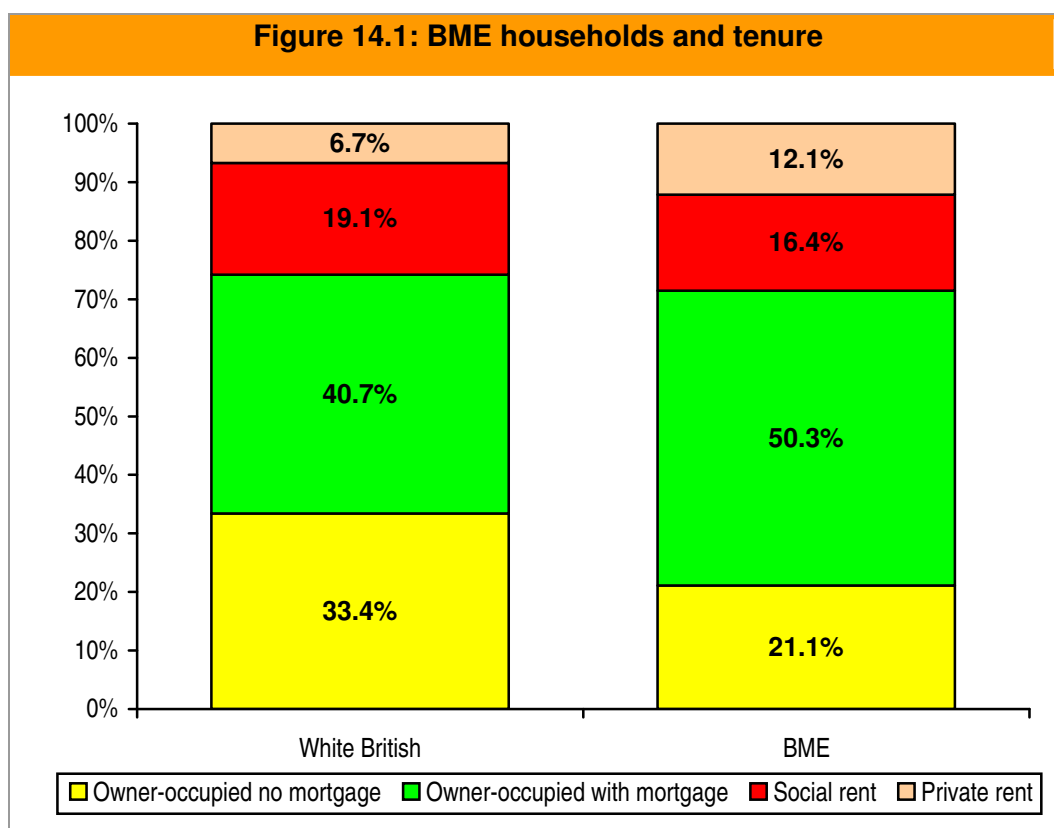
Source: Northern sub-region SHMA 2006 – primary data

- 14.4 The table and figure below show the housing tenures by ethnic group. It shows that White British households are more likely to rent from a social landlord (19.1% compared to 16.4% respectively), whilst BME households are more likely than White British households to rent privately (12.1% compared to 6.7% respectively).

**Table 14.4: BME households and tenure**

Ethnic group	Tenure				Total
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	
White British	100,221	122,120	57,395	20,131	299,867
BME	1,751	4,172	1,364	1,006	8,293
TOTAL	101,972	126,292	58,759	21,137	308,160

Source: Northern sub-region SHMA 2006 – primary data

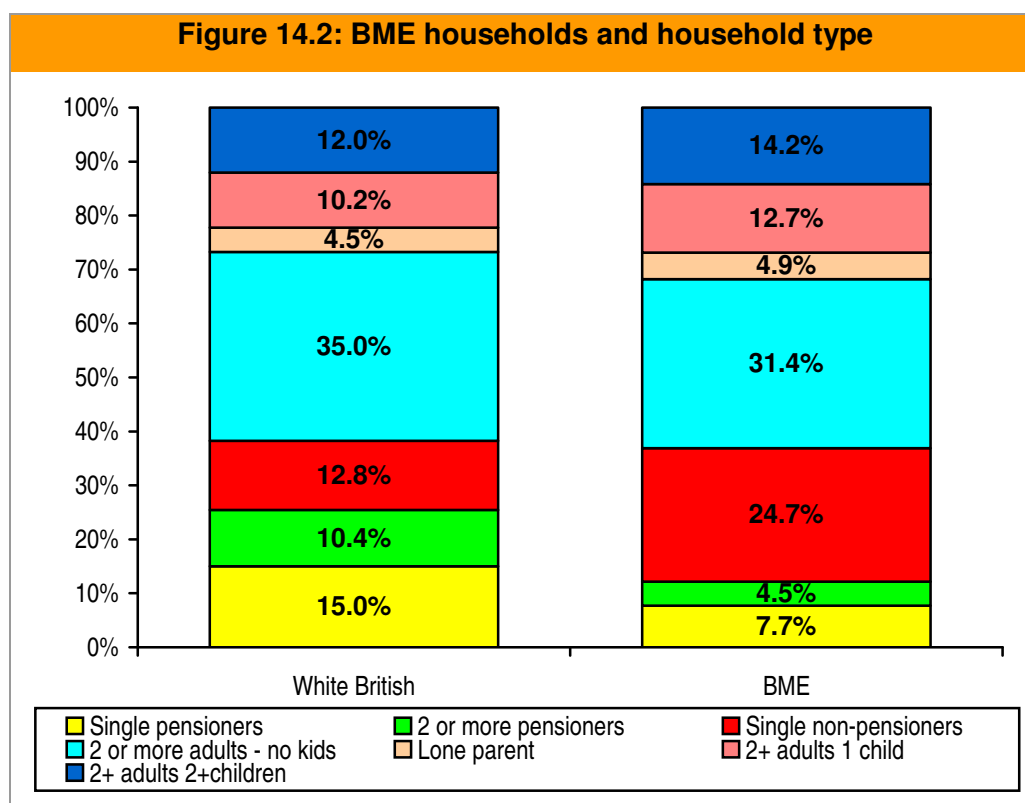


## Household type and special needs

14.5 The table and figure below show household type by ethnic group. They show that White British households are much more likely to contain pensioners than BME households. BME households are more likely to contain children.

Table 14.5: BME households and household type								
Ethnic group	Household Type							Total
	Single Pensioner	2 or more pensioners	Single non-pensioner	2 or more adults, no children	Lone parent	2+ adults, 1 or more children	2+ adults, 2+ children	
White British	45,017	31,203	38,529	104,859	13,605	30,544	36,109	299,867
BME	640	370	2,047	2,600	403	1,053	1,180	8,293
TOTAL	45,657	31,573	40,576	107,460	14,008	31,597	37,289	308,160

Source: Northern sub-region SHMA 2006 – primary data



Source: Northern sub-region SHMA 2006 – primary data

14.6 The table below shows that special needs households by ethnic group. It shows that BME households are slightly less likely at 20.0% to contain someone with special needs. Of all special needs households 97.5% live in households headed by someone White British.

Table 14.6: Ethnic groups and special needs					
Ethnic group	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
White British	63,464	236,403	299,867	21.2%	97.5%
BME	1,660	6,633	8,293	20.0%	2.5%
TOTAL	65,125	243,035	308,160	21.1%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Income and savings levels

14.7 The table below shows average income and savings levels between the ethnic groups. It shows that BME households have the highest average incomes of £27,893 per annum. White British households have the slightly higher average savings levels at £18,543.

**Table 14.8: Income and savings levels of ethnic minority households**

Categories	Annual gross household income (including non-housing benefits)	Average household savings
White British	£24,261	£18,543
BME	£27,893	£17,445
TOTAL	£24,359	£18,514

Source: Northern sub-region SHMA 2006 – primary data

## Unsuitable housing

14.8 The table below shows that BME households are more likely to be living in unsuitable housing. Of all the households living in unsuitable housing, 95.9% are White British.

**Table 14.9: Ethnic group and unsuitable housing levels**

Ethnic group	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in Housing market area	% of total h'holds in unsuitable housing	% of those in unsuitable housing
White British	19,182	280,685	299,867	6.4%	95.9%
BME	815	7,478	8,293	9.8%	4.1%
TOTAL	19,997	288,162	308,160	6.5%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Summary

14.9 97.3% of households in Northern sub-region are headed by someone White British, and therefore 2.7% of households are categorised as being BME.

14.10 BME households are more likely to be living in the district of Bassetlaw, they are more likely to be larger than White British households, more likely to be private renters and more likely to contain children. They have higher average incomes but lower savings than White British households, possibly reflecting the age profile of the households.





# 15. Older person households

## Introduction

- 15.1 Data was collected in the survey with regard to the characteristics of households with older persons. This chapter looks at the general characteristics of older person households and details some additional survey findings about such households.
- 15.2 Older people are defined as those over the state pension eligibility age (currently 65 for men, 60 for women). For the purpose of this chapter, households have been divided into three categories:
- Households without older persons
  - Households with both older and non-older persons
  - Households with only older persons

## The older person population

- 15.3 Just over a quarter of all households in the Northern HMA contain only older people and a further 8.5% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Table 15.1: Older person households		
Categories	Number of households	% of all households
Households without older persons	109,690	66.0%
Households with both older and non-older persons	14,130	8.5%
Households with older persons only	42,390	25.5%
TOTAL	166,210	100.0%

Source: Northern sub-region SHMA 2006 – primary data

## Characteristics of older person households

- 15.4 The number of occupants in older person households is shown in Table 15.2. The data suggests that some slight variation between districts in terms of the distribution of older person households with NE Derbyshire having the highest proportion at 26.5%.

- 15.5 Almost all households containing older persons only are comprised of one or two persons only – there are only 118 older person households containing three or more people. Over 50% of all single person households are older person households.

<b>Table 15.2: Older people households by local authority area</b>			
Category	Number of household s	% of all household s	% of older household s
Bassetlaw	11,259	24.4%	26.6%
Bolsover	8,095	25.3%	19.1%
Chesterfield	12,042	25.8%	28.4%
NE Derbyshire	10,993	26.5%	25.9%
Total	42,389	25.1%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

<b>Table 15.3: Size of older person only households</b>					
Number of persons in household	Age group				
	Older persons only	Other h'holds	Number of h'holds	% of total h'holds with older persons	% of those with older persons
One	25,143	22,087	47,230	53.2%	59.3%
Two	17,129	43,906	61,035	28.1%	40.4%
Three	118	27,015	27,133	0.4%	0.3%
Four	0	22,444	22,444	0.0%	0.0%
Five	0	6,489	6,489	0.0%	0.0%
Six or more	0	1,880	1,880	0.0%	0.0%
TOTAL	42,390	123,821	166,211	25.5%	100.0%

Source: Northern sub-region SHMA 2006 – primary data

- 15.6 The table below shows the housing tenures of households with older persons. Over 60% of older person only households are owner-occupiers. The overwhelming majority of these do not have a mortgage. This finding suggests that the potential for equity release schemes in the Northern HMA is quite high.
- 15.7 Another significant finding is the relatively high proportion of social rented accommodation containing older people only. Nearly 42% of social rented accommodation contains only older people. This may have implications for future supply of specialised social rented accommodation.

**Table 15.4: Older person only households and tenure**

Tenure	Age group				
	Older persons only	Other households	Total hhs	% with older persons	% of older person hhs
Owner-occupied (no mortgage)	24,314	29,555	53,869	45.1%	57.4%
Owner-occupied (with mortgage)	2,044	65,012	67,056	3.0%	4.8%
Social rented	14,365	19,950	34,315	41.9%	33.9%
Private rented	1,668	9,304	10,972	15.2%	3.9%
<b>TOTAL</b>	<b>42,391</b>	<b>123,821</b>	<b>166,212</b>	<b>25.5%</b>	<b>100.0%</b>

Source: Northern sub-region SHMA 2006 – primary data

## Dwelling characteristics

- 15.8 The table below shows the type of accommodation that older person only households reside in. The data indicates that older person only households are less likely than non-older person households in the Northern HMA to be living in terraced houses.

**Table 15.5: Type of accommodation by older person only households**

Dwelling type	% of older person households	% of non-older person households
Detached house *	30.7%	29.7%
Semi-detached house	46.8%	44.4%
Terraced house	12.9%	19.3%
Flat/maisonettes	9.6%	6.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

\* Includes mobile homes

Source: Northern sub-region SHMA 2006 – primary data

- 15.9 The table below shows that older person only households are more likely than non-older person households in Northern HMA to be living in one and two bedroom properties. However, the results also show that 47.8% of all older person households are in three or four bedroom dwellings. Given that previous information has shown that all older person only households are comprised of almost only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older households chose to move into suitable smaller units.

<b>Table 15.6: Size of dwellings (number of bedrooms) for older person only households</b>		
Number of bedrooms	% of older person households	% of non-older person households
1 bedroom	14.9%	5.4%
2 bedrooms	37.3%	25.6%
3 bedrooms	41.4%	49.9%
4+ bedrooms	6.4%	19.1%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Northern sub-region SHMA 2006 – primary data

- 15.10 This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (3+ bedroom) properties are in the owner-occupied sector there are over 2,750 properties in the social rented sector which may therefore present some opportunity to reduce under-occupation.

<b>Table 15.7: Older person only households size of accommodation and tenure</b>					
Tenure	Size of accommodation				
	1 bed	2 bed	3 bed	4+ bed	TOTAL
Owner-occupied (no mortgage)	660	8,251	13,013	2,390	24,314
Owner-occupied (with mortgage)	29	759	1,059	197	2,044
Social rented	5,421	6,177	2,766	0	14,364
Private rented	198	621	727	121	1,667
<b>TOTAL</b>	<b>6,308</b>	<b>15,808</b>	<b>17,565</b>	<b>2,708</b>	<b>42,389</b>

Source: Northern sub-region SHMA 2006 – primary data

## Older person households and the basic needs assessment model

- 15.11 Some 4.6% of all older person only households in the Northern HMA live in unsuitable housing, as defined by the DCLG guidance. This figure is lower than the figure of 6.2% for all households.
- 15.12 In addition we can look at older persons needs using the basic needs assessment model. Survey information on the number of older persons only households in current and newly arising need is balanced against survey information on the number of older persons only households that have recently moved into an affordable home. Following this method suggests that there is an annual need to provide accommodation for 636 older person households, further data suggests a supply to such households in the region of 805 units per annum. Therefore the BNAM suggests a surplus of affordable housing of 169 dwellings per annum for older person households.

- 15.13 These findings do not necessarily mean there is reason for complacency with regard to the future housing needs of older persons. As the population ages, demand for adaptations and other forms of support, including sheltered housing, will most likely increase and will need to be considered by the Council.

## Summary

- 15.14 Just over a quarter of households in the Northern HMA contain older persons only, and a further 8.5% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that nearly 42% of social rented accommodation houses older people only.
- 15.15 Although older person households do not contribute to the overall need for additional affordable housing, they may well have a significant impact on the future of Council housing and the future need for sheltered housing and adaptations.



# 16. Key workers

## Introduction

- 16.1 This chapter briefly considers the situation of key worker households. The employment classifications used on the questionnaire mean that the only group of key worker households that the survey is able to profile are those working in the emergency services.
- 16.2 The nature of this study means that the key workers identified within the survey are those that are resident in the housing market area. The data, therefore, includes key workers resident in the housing market area who work outside its' boundaries and excludes key workers who work in the housing market area but live outside.
- 16.3 The situation of key worker households will be compared to other households that contain an employed household member and households that contain no one in employment. The table below shows the number of households in each of these three groups. The table shows that there are some 7,069 households in the Northern HMA headed by a key worker.

Table 16.1: Key worker households		
Categories	Number of households	% of all households
Key workers	7,069	4.3%
Non key workers in employment	94,373	56.8%
No household members in employment	64,768	39.0%
TOTAL	166,210	100.0%

Source: Northern HMA Housing Market Assessment – 2006

## Characteristics of key worker households

- 16.4 The table below shows household size by household category. The data suggests that key worker households are more likely than non-key worker households in employment to contain just one person.

**Table 16.2: key worker households and household size**

Household size	Key workers	Non key workers in employment	No household members in employment
1 person	20.1%	14.6%	49.5%
2 people	32.5%	34.0%	41.2%
3 people	21.4%	23.3%	5.6%
4 people	19.2%	20.5%	2.7%
5 people	4.7%	6.1%	0.6%
6+ people	2.2%	1.5%	0.4%
TOTAL %	100.0%	100.0%	100.0%
Average HH size	2.62	2.74	1.65
Total count	7,069	94,373	64,768

Source: Northern HMA Housing Market Assessment – 2006

- 16.5 The table and below shows household type by household category. They show that key worker households are also slightly more likely to be lone parent households.

**Table 16.3: key worker households and household type**

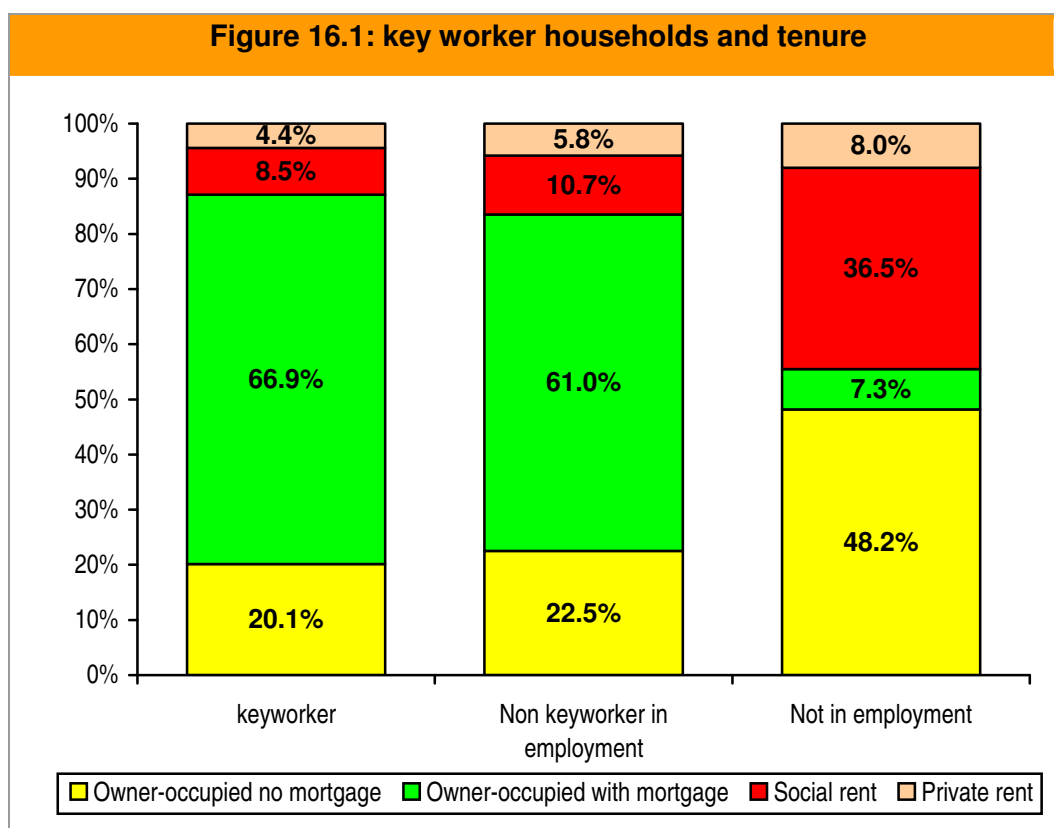
Household type	Key workers	Non key workers in employment	No household members in employment
Single pensioners	0.5%	0.7%	37.7%
2 or more pensioners	0.5%	1.0%	25.1%
Single non-pensioners	19.6%	13.8%	11.8%
2 or more adults - no children	43.0%	46.9%	15.5%
Lone parent	5.6%	4.0%	5.4%
2+ adults 1 child	16.8%	15.5%	2.4%
2+ adults 2+ children	14.0%	18.1%	2.1%
TOTAL %	100.0%	100.0%	100.0%
Total count	7,069	94,373	64,768

Source: Northern HMA Housing Market Assessment – 2006

## Accommodation profile of key worker households

- 16.6 The figure below shows the housing tenures by household category. It shows that key worker households are more likely to be owner-occupiers than non-key worker households in employment. Overall, some 87.0% of key worker households are home owners.





16.7 The table below shows dwelling type by household category. They show that key worker households are more likely than average to live in a detached property.

**Table 16.4: key worker households and dwelling type**

Dwelling type	Key workers	Non key workers in employment	No household members in employment
Detached house	38.9%	31.8%	26.3%
Semi-detached house	41.4%	44.9%	45.6%
Terraced house	16.9%	19.0%	15.7%
Flat/maisonette	2.8%	4.3%	12.4%
TOTAL	100.0%	100.0%	100.0%
Total count	7,069	94,373	64,768

Source: Northern HMA Housing Market Assessment – 2006

16.8 The table below shows dwelling size by household category. They show that key worker households are more likely to live in larger 3 and 4 bedroom properties.

**Table 16.5: key worker households and dwelling size**

Dwelling size	Key workers	Non key workers in employment	No household members in employment
1 bedroom	1.1%	3.6%	14.8%
2 bedrooms	24.8%	24.0%	35.7%
3 bedrooms	51.7%	50.9%	42.7%
4+ bedrooms	22.5%	21.5%	6.8%
TOTAL	100.0%	100.0%	100.0%
Total count	7,069	94,373	64,768

Source: Northern HMA Housing Market Assessment – 2006

## Unsuitable housing

- 16.9 The table below shows that key worker households are less likely to be living in unsuitable housing.

**Table 16.6: key worker households and unsuitable housing levels**

Unsuitable housing	Key workers	Non key workers in employment	No household members in employment
In unsuitable housing	4.0%	5.1%	8.2%
Not in unsuitable housing	96.0%	94.9%	91.8%
TOTAL	100.0%	100.0%	100.0%
Total count	7,069	94,373	64,768

Source: Northern HMA Housing Market Assessment – 2006

## Income and savings levels

- 16.10 The table below shows average income and savings levels between the household categories. It shows that key worker households have the highest average incomes of £35,519 per annum. The savings levels of these households are also marginally higher than those recorded for non-key worker households in employment.

**Table 16.7: Income and savings levels of ethnic minority households**

Categories	Annual gross household income (including non-housing benefits)	Average household savings
Key workers	£35,519	£17,125
Non key workers in employment	£32,155	£16,914
No household members in employment	£12,059	£23,401
<b>TOTAL</b>	<b>£24,468</b>	<b>£19,450</b>

Source: Northern HMA Housing Market Assessment – 2006

## Affordability

The table below looks at household's ability to afford market, intermediate and social rented housing in the market area. The table shows that key worker households are slightly less likely to be able to afford market housing. We find that 855 key workers can afford only social rented housing.

**Table 16.8: Key worker households and ability to afford housing**

Housing able to afford	Key workers	Non key workers in employment	No household members in employment
Market housing	83.2%	84.7%	53.8%
Intermediate housing	4.7%	4.2%	1.9%
Social rented housing	12.1%	11.1%	44.3%
Total %	100.0%	100.0%	100.0%
Total count	7,069	94,373	64,768

Source: Northern HMA Housing Market Assessment – 2006

## Summary

- 16.11 The survey recorded that there are 7,069 households headed by a key worker in the Northern HMA this represents 4.3% of all households in the HMA.
- 16.12 It was found that key workers were more likely to be owner occupiers, although the majority of these had a mortgage.
- 16.13 Key workers are less likely to be able to afford market housing than non-key workers in employment. There are 855 key workers in the Northern HMA who can only afford social rented housing.



## SECTION F: POLICY IMPLICATIONS

One policy implication was addressed in the first section of this report: the issue of the HMA boundaries. The main further issue is the policy implications that arise from the analysis and stakeholder inputs into this SHMA. This section seeks to address these.





# 17. Housing markets and new housing provision

## Introduction

- 17.1 The analysis in previous chapters has set the scene for policy suggestions. Before entering the practicalities of these, it is worth considering the distinct characteristics of the housing market in the seven local authorities, as well as the overall scope and nature of the housing market as it is seen by the buyers and renters who face it: that is to say as a range of products at different prices and rents.

## Meaning of the results

- 17.2 It will be recalled from Chapter 10 that the Balanced Housing Market (BHM) results provide a more reliable guide to what may happen than can the CLG needs analysis, which is more idealistic. Even so, it would be hard to argue that any housing market forecast is valid into the future for more than a few years.
- 17.3 That is because housing markets are quite volatile, as can be seen from considering the housing markets of the Northern sub-region a decade ago, and now: a major change has occurred. Such a change can occur within a few years, and no forecasting method has been found that can accurately foretell when and how the market will turn.
- 17.4 The conventional approach to producing numbers of households for a decade or two into the future is by means of household projections. These do not have any direct connection with housing markets. They are demographic projections which can be contradicted by events if the rise or fall of an economy results in higher or lower in-migration than forecast. Nor can such demographic forecasts tell us what types or sizes of housing will be rented/bought. Since half or more of households can afford to 'underoccupy' it is impossible to match household size forecasts, even if correct, with housing stock.
- 17.5 It is therefore wiser to conclude that the BHM provides the most realistic indication now feasible of the direction and character of the North sub-region housing market, but that this direction may change. Household projections provide a high level and long term means of guessing at the overall numbers, but they cannot provide indications of housing market flows and choices.

## Market character in Northern sub-region

17.6 The following table shows an attempt to measure the overall 'balance' of each local authority. This is obtained by indexing the total BHM annual requirement by the number of thousands of households in the local authority. The results are shown below:

**Table 17.1: Level of balance in each local authority**

Local authority	BHM total/'000 households	Balance index
Bassetlaw	261/46	6 L
Bolsover	476/32	15 L
Chesterfield	1,000/47	21 M
NE Derbyshire	630/42	15 L

Source: Northern sub-region SHMA 2006 – primary data. H M L are judgements as to level of balance.

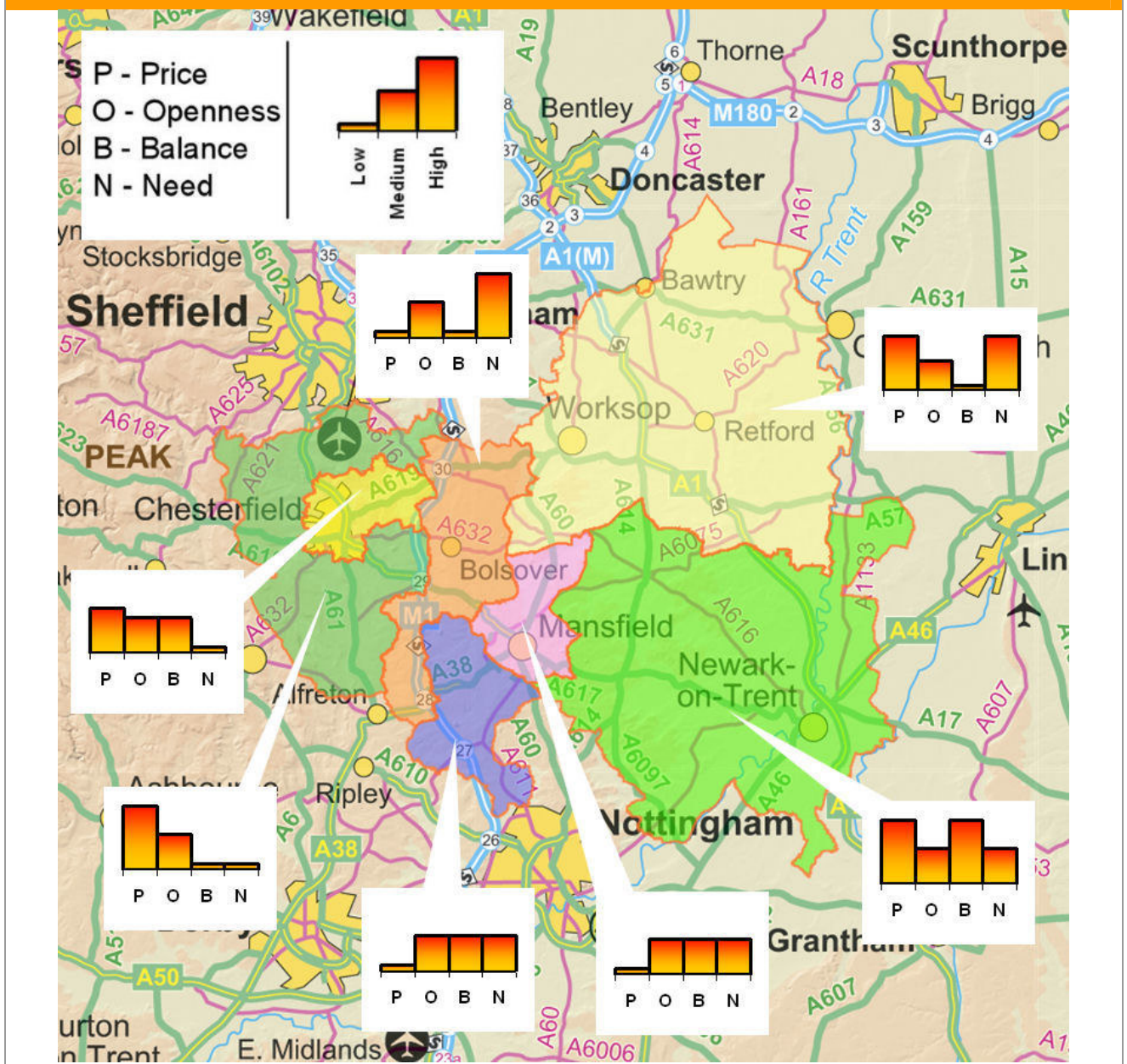
17.7 The four local authorities have been categorised in four dimensions, shown in the map below. These can be described in general terms as follows:

**Table 17.2: Key features of local authorities**

Factor	Descriptions
Price	By inspection of Table 6.6 & 6.7, and across the size range, this is a general judgement as to whether the prices are High, Medium or Low in the Northern sub-region context (H, M, L)
Openness	By inspection of the Annual Flows chart (Figures 8.1 & 8.2), this is again a judgement on the levels of movement into and out of the housing market area. It is a measure of the overall mobility, not whether the inflows are or are not equal to the outflows. Openness, in this sense, is about how connected this submarket is to the outside world (again classified as H, M, L)
Balance	This measure uses the index derived above (Table 17.1). High 'balance' means that there is a high net need/demand. The meaning of high or low balance varies depending on the character of the market, so that a high figure for balance can be good or bad in its implication (again classified as H, M, L)
Need	Housing need, as calculated above, is classified as H, M, L depending on the value of the index shown in the tables for each submarket.

Source: Fordham Research 2006



**Map 17.1: Market character – Local authorities in the Northern sub-region**

Source: Fordham Research 2006

17.8 As can be seen from the map, the combination of these measures indicates a different market character for each local authority. The following is a summary overview of each of the Northern HMA district markets in the light of these measures:

- i) **Bassetlaw:** Prices are high for the sub-region as are levels of housing need. Levels of openness are moderate; balance is low.
- ii) **Bolsover:** Need levels are high; prices are low in relative terms. Balance is also low; levels of openness are moderate.

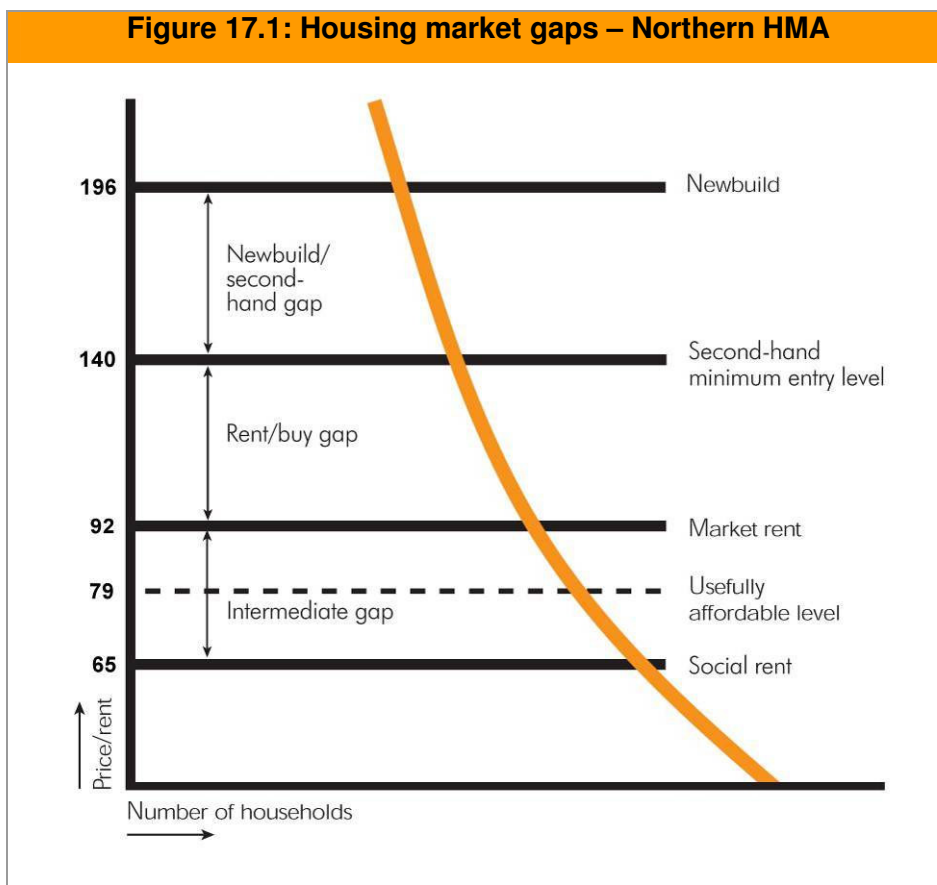
- iii) Chesterfield: This shows medium or medium/high values for everything except need, which is low.
- iv) NE Derbyshire: High prices, medium levels of openness, low balance and need levels.

17.9 As can be seen from this, each of the seven local authorities shows a distinct character, and each has a different dynamic.

## Housing market gaps

17.10 The housing market has been analysed in some detail in the report, as well as the capacity of movers and would-be movers to achieve whatever tenure aspirations they realistically could afford. Analysis has also been devoted to what types and tenures of newbuild housing would best balance the market.

17.11 There is, however, a fundamental problem, which is illustrated using local prices and rents in the diagram below:



N.B. This figure shows the weekly costs of each tenure by the notional demand for it, shown by the orange curve

Source: Northern sub-region SHMA 2006 – primary data

17.12 As can be seen from this graph, there are major gaps between the different tenures.

- i) The Market Entry level which is private rental rather than purchase, is around twice the social rent level: leaving a large Intermediate Housing gap
- ii) The Rent/Buy gap is very large
- iii) The Newbuild/Second-hand gap is equally very large

### Filling the gaps in the market

17.13 There are therefore very substantial gaps in the 'housing ladder'. It does not take long to consider what exists to fill those gaps. The only readily available newbuild housing is at either extreme of the graph, that is to say:

- Social rental
- Newbuild to buy

17.14 The only other form of newbuild that is available in noticeable quantities is 'intermediate' housing which is, at the national level, typically shared equity. In the case of shared equity the occupant buys part, typically half and rents half usually from a Registered Social Landlord. The overall cost of this is normally close to or above market entry level prices. This means that newly built intermediate housing will meet little need for affordable housing if any. However the product will be of interest to those in the rent – buy gap. In other words it is low cost market housing, but not affordable housing according to PPS3.

17.15 The Government has, in PPS3, said that 'low cost market' housing is market housing not affordable housing. It is not yet clear, however, at what point in the market section of the above graph low cost market housing is intended by CLG to be located.

17.16 Discount for sale housing would, based upon the information in Tables 6.6 and 6.7 above, have to be around a 50% discount to be affordable housing (based on 2-bed types). It would require an even larger discount to produce affordable intermediate housing. This would not normally be a realistic level of discount as it would render the development unviable.

17.17 This is confirmed by Liam Sage, an official at the CLG, who wrote (in a comment for Mansfield DC) in January 2007 that he had not found any example of discount sale housing that was affordable:

*'In practice I agree that discounted sale models are very unlikely to be affordable, and I have not heard of any'.*

## Summary

- 17.18 An examination of housing market characteristics including price, openness, balance and housing need suggests that each of the seven local authorities show a distinct character.
- 17.19 It can clearly be seen from the discussion of housing market gaps that the newbuild housing market is a quite limited place: either households can social rent, or buy new. It is a polarised world. It is clearly not a housing ladder, so much as a housing cliff face that most people face.
- 17.20 There is a role for housing which involves partial equity purchase, and rental on the remainder (shared ownership) but it lies not in providing intermediate housing (for those able to afford more than a social rent but less than the market) but rather to help those who can afford market rents but not purchase to achieve an affordable degree of equity ownership.

## 18. Targets for Affordable Housing

### Introduction

- 18.1 This chapter reviews the overall targets set in existing and draft policies for affordable housing. This information is then related to the results of the assessment analysis to consider any revisions that may seem reasonable. Since the affordable housing targets can only be applied, through the Local Development Framework process, by Local Authorities, the relevant information at district level is presented here.
- 18.2 PPS3 sets out slightly revised rules for the process whereby councils seek affordable housing in connection with the granting of permission for market housing development. It emphasises the need to consider overall mix (para 20) and says that councils 'should' set an overall plan-wide target for affordable housing (para 29) taking account of information from the SHMA. This includes not only a housing needs calculation derived largely from the 2000 Guidance, but also the housing market assessment generally.
- 18.3 The PPS further requires (also in para. 29) a distinction to be made between social rented and intermediate housing, and its size and type. The Guidance revises downwards the site size threshold at which affordable housing can be sought, to 15 and perhaps lower if the array of sites available suggest it. The importance of ensuring deliverability (and hence viability) is, however, a point that is stressed.
- 18.4 In rural communities (below 10,000 population) site thresholds may be lower and typically are set at 3-4 dwellings, to which are added rural exceptions sites, which are normally very small developments of affordable housing only in villages to help sustainability. The PPS encourages 100% affordable housing sites in rural areas.

### Affordable housing evidence base for districts

- 18.5 The following table shows the annual need calculated through the CLG Needs model. It can be seen that there is a net need in all four districts.

**Table 18.1: Levels of housing need in the CLG model**

District	Need per annum
Northern HMA	
Bassetlaw	591
Bolsover	607
Chesterfield	133
NE Derbyshire	311

Source: Northern sub-region SHMA 2006

- 18.6 As discussed in the previous chapter, the analysis in the CLG Needs model is of less practical value than the output of the BHM model, which uses more realistic assumptions. The levels of need for the two types of affordable housing (social rented and intermediate) indicated in the detailed district level BHM tables is discussed next.

### BHM levels of need for affordable housing

- 18.7 The following tables show the BHM outputs, in the unconstrained case, for the Northern HMA. All of them except Bassetlaw show a net requirement for both market and affordable housing (adding the two market and social types of housing together). In the case of Bassetlaw there is no net demand for market or intermediate housing. This is the result of analysing the current expectations and trends. It does not mean that there is no demand for new housing in Bassetlaw, as the area is an attractive one adjacent to the South Yorkshire conurbation: there is considerable likely demand for new housing in the district arising from pressure to relocate from the conurbation. But there is no net demand when past inward moves and current internal moves are considered.

**Table 18.2: BHM – unconstrained - Bassetlaw**

	1	2	3	4+	TOTAL
Owner-occupied	151	-86	-91	10	-16
Private rent	71	-76	-114	-35	-153
Intermediate	0	5	-13	0	-8
Social rent	42	351	68	-23	438
TOTAL	265	193	-149	-48	261

Source: Northern sub-region SHMA 2006 - primary data

**Table 18.3: BHM –unconstrained - Bolsover**

	1	2	3	4+	TOTAL
Owner-occupied	59	328	-272	116	230
Private rent	-6	-83	35	-7	-61
Intermediate	0	-4	-0	0	-4
Social rent	-30	85	236	19	310
TOTAL	23	326	-1	128	476

Source: Northern sub-region SHMA 2006 - primary data

**Table 18.4: BHM – unconstrained - Chesterfield**

	1	2	3	4+	TOTAL
Owner-occupied	97	192	-79	76	287
Private rent	236	283	63	-0	583
Intermediate	0	16	0	0	16
Social rent	-115	168	74	-13	114
TOTAL	219	659	59	63	1,000

Source: Northern sub-region SHMA 2006 - primary data

**Table 18.5: BHM – unconstrained – North East Derbyshire**

	1	2	3	4+	TOTAL
Owner-occupied	96	43	38	21	198
Private rent	68	279	-69	13	291
Intermediate	18	8	-0	0	26
Social rent	6	181	-94	22	114
TOTAL	189	510	-125	56	630

Source: Northern sub-region SHMA 2006 - primary data

18.8 The numbers and proportions of affordable housing indicated in these tables are as follows:

**Table 18.6: Proportions of types of affordable housing in Northern HMA**

District	Social rented	Intermediate	Proportion of housing as social rented
Bassetlaw	438	-8	100%
Bolsover	310	-4	100%
Chesterfield	114	16	91%
East Derbyshire	114	26	81%

Source: Northern sub-region SHMA 2006 - primary data

18.9 As can be seen, social rented housing is overwhelmingly what is required to meet the housing need in the Northern sub-region. This is not a finding with major practical implications. Most housing produced as 'intermediate' is shared ownership. Such housing is valuable as low cost market housing (assisting households to gain an equity ownership) but is seldom cheap enough to qualify as intermediate housing (as discussed in the previous chapter).

## Implications of these findings

18.10 These findings are not arithmetically binding. They provide an indication of what types of affordable housing are required in the existing housing market. As commented above, the practical value of intermediate housing targets may not be great, as there is as yet no viable intermediate form of housing.

18.11 At the same time it is desirable to provide a step in the housing ladder which the figures in the previous chapter show to be a big one. Hence there is an argument for having an intermediate target even when there is no current evidence indicating a need for one. It is likely that households would emerge to take intermediate options, and if they did it would encourage them towards low cost market housing and so to an equity share.

18.12 As a result, the table below suggests targets for intermediate housing in cases where there is little or no current evidence for them.

## Suggested affordable housing targets

18.13 The levels of housing need are significant in all districts. The target levels suggested below reflect that fact. The proportions of social rented and intermediate housing reflect the analysis and discussion above.

Table 18.7: BHM based affordable housing targets			
District	Affordable housing		Total
	Social rented	Intermediate	
Bassetlaw	30%	15%	45%
Bolsover	30%	10%	40%
Chesterfield	25%	15%	40%
NE Derbyshire	25%	15%	40%

Source: Northern SHMA 2007

18.14 The tenure split figures should be considered also in the light of the CLG Needs model outputs. These are shown in detail in Appendix C4, and are summarised for Northern HMA below.



**Table 18.8 CLG Needs model based proportions**

<i>District</i>	<i>Social Rented</i>	<i>Intermediate</i>	<i>Total housing need(households)</i>
Bassetlaw	69%	31%	591
Bolsover	77%	23%	607
Chesterfield	42%	58%	133
NE Derbyshire	65%	35%	311

Source: Northern SHMA 2007

- 18.15 Except in the case of Chesterfield, the BHM and CLG Needs model are broadly similar (a major need for social rent and a minor one for intermediate). The BHM model shows the same picture for Chesterfield, but the CLG needs model shows a much higher need for intermediate housing. There is a need for a significant proportion of intermediate housing in Chesterfield, and the only question is whether it should be the majority. The BHM indication is perhaps preferable in this case as the doubts that exist over the feasibility of providing genuine intermediate housing mean that it is likely that most if not all of the intermediate need will in practice be met by social rented housing anyway.
- 18.16 In principle intermediate housing is an important step on the housing ladder, as well as an important element of a balanced housing mix on larger development sites. There are therefore several arguments for setting a target for it, regardless of the current likelihood of its being met by any newbuild form of housing. Provided that the matter is kept under close monitoring by the council, using the weekly cost information provided in this report, there is no danger that 'unaffordable' intermediate housing will be provided instead of affordable.
- 18.17 As a result, Table 18.12 below is the same as Table 18.10, but given the presentation of two differently derived routes to affordable targets it is better to reproduce the table to avoid any ambiguity.

**Table 18.9: Suggested affordable target and tenure split**

<i>District</i>	<i>Affordable housing</i>		<i>Total</i>
	<i>Social rented</i>	<i>Intermediate</i>	
Bassetlaw	30%	15%	45%
Bolsover	30%	10%	40%
Chesterfield	25%	15%	40%
NE Derbyshire	25%	15%	40%

Source: Northern SHMA 2007

## Low cost market housing

- 18.18 There is an addition need, which is really a market demand, which will not be expressed unless the market is modified by council action. This is for partial equity products in the 'Rent/Buy' gap, affordable to households who are not in technical need, but who want to buy and cannot. Some form of partial equity ownership is likely to be highly appealing to such households. The product in question would fall into the definition of 'low cost market' housing.
- 18.19 The PPS3 definition of low cost market is that it falls within the market sector, and not much else. This leaves a wide range (using the weekly costs tables in the final chapter of this report, of around £100 per week for a 2-bed dwelling to about £200 (depending on district)), and anything costing £150 or more costs the same as what can be bought anyway. Anything above £150 per week is of little or no use in terms of improving the housing ladder. Hence it must be assumed to fall below that, in the rent/buy gap. This requires a degree of subsidy, as it would not be produced by the market acting in its own interest. The issue is discussed further in the next chapter, as it falls, technically at least, into the category of market housing.

## Summary

- 18.20 Each of the 4 districts has a distinct level of need for affordable housing. In the majority of cases the bulk of the need is for social rented housing. However intermediate targets have been suggested, even where there is little or no evidence for them, on the basis that the gaps in the housing ladder have been shown to be so large that there is a justification for providing intermediate housing. There is still a major difficulty in devising intermediate products which actually meet the cost thresholds stated in the previous chapter.
- 18.21 If the stated cost thresholds cannot be met, then the only alternative is to seek social rented housing, as such types as shared ownership (discussed in the next chapter) are normally not affordable housing.
- 18.22 The levels of target indicated above are typical of many parts of the country nowadays, as there is a chronic shortage of affordable housing due in part to the Right to Buy programme. That is why targets of the order of 40% (with varying proportions of intermediate housing) are justified by the evidence in the Northern sub-region.

# 19. Overall allocations of housing

## Introduction

- 19.1 This chapter examines the overall total house building situation in the Northern sub-region and the Northern HMA, in the light of the preceding analysis. It begins by disaggregating the BHM analysis to district level, and then considers the newbuild trajectories implied for the sub-region and the Northern HMA.
- 19.2 Attention is also paid to the issue of low-cost market housing, which PPS3 emphasises is now market housing. The housing market gaps analysis in the previous chapter but one clearly indicates a substantial demand for it. We begin by considering a topic which lies in the market housing sector but close to the affordable one.

## Low cost market housing

- 19.3 As discussed in the previous chapter, the range from market entry to newbuild purchase is wide. To be of any practical use in the housing ladder low cost market housing should be in the bottom section of the market range. It should refer to housing products costing roughly the same as shared ownership produced by RSL's and aimed at the rent/buy gap. This is a worthwhile aim in the housing market situation, since there are many households who cannot afford outright purchase but can afford a degree of equity purchase.
- 19.4 At the same time there is not very much chance that a third, or indeed any, of the intermediate housing gap will be met by affordable products: there is little evidence that any housing provider is producing housing cheap enough housing to fill this gap. As a result the overall 40% targets for affordable housing is likely to revert to 100% social rented housing.
- 19.5 This target may fail the delivery tests in PPS3, as that level of social rented provision will push the land values down considerably. Hence if there are sites where targets of this level are not viable, then low cost market housing of the type discussed here is a worthwhile alternative, even though it is not technically affordable housing. On the other hand it is not outright market housing either. It will only arise if negotiated at the time of the grant of planning permission, since any rational developer will want to build for the maximum return.
- 19.6 Given the size of the rent/buy gap, we would suggest that the authorities consider an addition target of 10% of low cost market housing, that should be affordable to those in the middle of the rent/buy gap, as measured by the weekly costs table in the last chapter of this report.

## Overall BHM results

- 19.7 The overall BHM results are summarised again below. The first table shows the unconstrained results for the Northern sub-region, and the following ones show the constrained results for both the sub-region and the Northern HMA.

<b>Table 19.1: BHM –Northern sub-region unconstrained</b>					
	1	2	3	4+	TOTAL
Owner-occupied	1,220	1,333	-215	483	2,820
Private rent	818	532	-194	-17	1,140
Intermediate	61	121	59	30	271
Social rent	-166	1,051	604	-65	1,424
<b>TOTAL</b>	<b>1,933</b>	<b>3,037</b>	<b>254</b>	<b>431</b>	<b>5,655</b>

Source: Northern sub-region SHMA 2006 - primary data

<b>Table 19.2: BHM – Northern sub-region constrained to 2,835</b>					
	1	2	3	4+	TOTAL
Owner-occupied	1,183	896	-1,154	37	962
Private rent	715	196	-349	-49	513
Intermediate	61	104	59	30	254
Social rent	-259	908	527	-70	1,106
<b>TOTAL</b>	<b>1,701</b>	<b>2,104</b>	<b>-917</b>	<b>-52</b>	<b>2,835</b>

Source: Northern sub-region SHMA 2006 – primary data

<b>Table 19.3: BHM – Northern HMA constrained to 1,370</b>					
	1	2	3	4+	TOTAL
Owner-occupied	394	297	-696	81	76
Private rent	319	284	-125	-43	434
Intermediate	18	23	-13	0	28
Social rent	-144	713	262	2	832
<b>TOTAL</b>	<b>587</b>	<b>1,316</b>	<b>-572</b>	<b>39</b>	<b>1,370</b>

Source: Northern sub-region SHMA 2006 – primary data

- 19.8 It can be seen that the situation changes dramatically when the results are constrained to the RSS target. In the unconstrained case the market housing (for sale and rent) is 70% of the total. In the Northern sub-region constrained case it is reduced to 52%, of which Northern HMA shows a 37% market share.

- 19.9 It is clear that if the unconstrained version was implemented, there would be a good chance of building the numbers of affordable dwellings suggested, but that if the constrained version is implemented (which is after all the RSS policy) it would not be possible to build the affordable housing. Detailed viability analysis would be required to exactly verify the situation, but it is unlikely that more than 40% of affordable housing would be feasible on most sites in the Northern sub-region.
- 19.10 Hence, as commented in the previous chapter in relation to Bassetlaw, if the amount of affordable housing indicated were to be achieved, it would require external market demand to oblige the building of a lot more market housing. This is an issue for policy debate.

### Implied newbuild figures

- 19.11 In the funding situation of today, it is commonly expected that newbuild housing for sale will largely fund the gap which exists for affordable housing between what the stream of rent/mortgage payments will bring in, and the overall cost of creating it.

Table 19.4: Inferring newbuild targets for districts			
<i>District</i>	<i>Draft RSS Target</i>	<i>Proposed Affordable target</i>	<i>Implied minimum number of market dwellings</i>
<b>Northern Housing Market Area</b>			
Bassetlaw	330	45%	182
Bolsover	350	40%	210
Chesterfield	360	40%	216
NE Derbyshire	330	40%	198
Total for Northern	1,370	Na	806
<b>Total for North sub-region</b>	<b>2,835</b>	<b>Na</b>	<b>1,785</b>

Source: Northern sub-region SHMA 2006 – primary data, and draft RSS. The last column is derived from taking 1.4 times the owner occupied demand in the BHM. This reflects the assumption of about 40% affordable housing, based upon newbuild housing for sale.

- 19.12 The total of market housing in this calculation is about 64% of the overall RSS allocation. Since the affordable housing targets would not in practice be achieved: sites fall below the threshold and some sites will have deliverability problems, the overall total of market housing is likely to be around 70% in the outturn.
- 19.13 If the figures in the last column of the above table are compared with the unconstrained BHM figures for the districts, tabulated in the previous chapter, the results are that:

## Northern HMA

- i) In the Northern HMA, the overall total of market housing is 1,359 new market dwellings: much larger than the subtotal for Northern HMA in the table above. But this is misleading, since almost all of it comes in Chesterfield and NE Derbyshire, while there is a negative figure for Bassetlaw (as discussed previously) and a small one for Bolsover.
- ii) In short there is enough market demand within the Northern HMA to more than cover the market target, indeed to fulfil all the RSS newbuild target without considering affordable housing.
- iii) A policy issue arises as to whether the HMA would rather see a greater expansion in Chesterfield and NE Derbyshire or would rather aim to force the market housing into the other two districts. In the case of Bassetlaw, as previously noted, there is evidence of external demand, not reflected in the current pattern of in-migration, which would mean that more market housing could be built, and the evidence is that this would also be possible in Bolsover (from the BHM results). However there is room for some discussion between the councils within the HMA based on this evidence.

## Demand and target related to completions

19.14 The following table compares the draft RSS targets and the actual completions in 2005/6. The completions figures for the past six years show fluctuations at the Sub Region level, but not great ones. At the district level, as would be expected, the variations are greater: the highest figures for the past 6 years is often double the lowest figure.

<b>Table 19.5: Target related to recent completions</b>		
<i>District</i>	<i>Draft RSS Target</i>	<i>Completions 2005/6</i>
Bassetlaw	330	461
Bolsover	350	278
Chesterfield	360	258
NE Derbyshire	330	333
Total for Northern	1,370	1,330
<b>Total for North sub-region</b>	<b>2,835</b>	<b>2,732</b>

Source: Northern sub-region SHMA 2006 – draft RSS and Housing Completions Statistics for each district

- 19.15 As can be seen, the draft RSS target is very similar to the completions figure. This is not chance, since although the draft RSS target bears in mind demographic changes and other factors, it is also set with historic completions rates in mind.
- 19.16 There are some variations, notably that current completions in Bassetlaw are well above the target, whereas in Bolsover and Chesterfield the target is noticeably higher than the completions.
- 19.17 The unconstrained BHM shows that there could be a lot more market housing built in the Northern HMA but that is without considering the many other factors, most of them constraints, are likely to make such a higher level unattractive.

### A wider view: comparison with 2001 and the future trend

- 19.18 It is worth standing back from the detail to look at the trends shown by these figures. In 2001 the main flows show that the Northern HMA have an outflow, in terms of movements to and from the big neighbouring cities of Nottingham and Sheffield.

**Table 19.6: Draft East Midlands Regional Plan: Dwelling-led projections (October 2006)**

	Annual Population In-Migration			
	Average 1991-1996 (1)	Average 1996-2004 (1)	Average (ONS trend projection) 2004-26 (2)	Average (Regional Plan projection) 2001-26 (3)
Northern HMA	-443	1,124	1,444	2,084

Note: Edited version of Table 8.6 above

### Overall growth trajectories

- 19.19 This discussion permits future trajectories of household growth to be sketched:

**Table 19.7: Alternative annual growth rates 2006-2026**

	ONS Trend	Regional Plan	Draft RSS	2007 SHMA
Northern HMA	1,444	2,084	1,370	1,024
Northern sub-region	3,566	4,293	2,835	3,993

Source: Table 8.6 above, RSS draft targets, and analysis in this chapter

- 19.20 In this wider context it can be seen that the Regional Plan figures are the highest, and are especially high when compared with the demand driven figures from the present survey for the Northern HMA: about twice the SHMA level.

- 19.21 All four sets of figures have a defined logic. The SHMA has in common with the ONS that there is no policy content: the other two figures have emerged from a policy process and so have a greater status as having been considered from that point of view. However the approach in PPS3 is very much to see policy driven by the 'Evidence Base' and so the new evidence provided by this SHMA will be considered in that light, and may have some effect on whatever set of figures is finally agreed.

## Overall effect of trajectories

- 19.22 The rates of growth considered above can be put into some context by taking the base populations and seeing the implied change to 2026, or any other future plan period ending:

Table 19.8: Overall growth 2006-2026				
	Total households including base numbers			
	Base (2006) household numbers	DCLG projection	Draft RSS	2007 SHMA
Northern HMA	167,000	197,000	194,400	187,480
Northern sub-region	306,000	362,000	362,700	387,860

Source: ONS, DCLG, draft RSS, and analysis in this chapter

- 19.23 The two official projections are therefore very close to each other. The demand led projection from this study is quite close in the case of the Northern HMA, though somewhat lower, the result is about a 25,000 larger households population than the DCLG projection in the Northern sub-region by 2026.

## Summary and conclusion

- 19.24 Low cost market housing (suggested target 10%) would be a useful complement to the affordable housing targets. There is a wide rent/buy gap and no commercial housebuilder would choose to build at the weekly costs involved, since they are well below newbuild prices. Hence such housing will only be built if the local authorities install a target, and require it to be met, subject to deliverability considerations.
- 19.25 The most noticeable feature of this comparison of the draft RSS (top down) projections and the figures that emerge from the (bottom up) SHMA work, is that the potential growth in the market demand is greater than the overall target in Northern HMA, but not by much.
- 19.26 The evidence of the SHMA is that in most districts the market demand is enough to justify the RSS target. This is not altogether surprising, since the RSS target is closely related,



though not always the same as the general level of house building shown by completions. In the case of Bassetlaw, however, the SHMA showed no net market demand, and yet there is evidence for it in the pressure of planning applications. This is likely to be due to pressure from the South Yorkshire conurbation that is not reflected in recent in-moves (whose data was picked up in the survey). In order to realise an affordable housing target in Bassetlaw it will be desirable to permit appropriate levels of market housing (consistent with the RSS target).



## 20. Compliance with Guidance

### Introduction

- 20.1 As discussed in the second chapter of this report, Guidance is now much more demanding and much more specific about what the evidence base should yield. It is therefore appropriate to provide an account of the output of the study in terms of the requirements.
- 20.2 The Practice Guidance sets out requirements for the outputs and also for the process of an SHMA. The outputs are dealt with below in relation to the PPS3 requirements, since they are the dominant Guidance. First, however, this chapter comments on fulfilment of the process requirements.

### Process requirements

- 20.3 The Practice Guidance Figure 1.2 provides a checklist of process requirements. The following list of 7 items paraphrases the requirement, and then summarises the response.
- i) Approach to identifying the submarket: this work was carried out by DTZ Pidea before the SHMA was done and was subject to its own scrutiny process
  - ii) Housing market conditions to be assessed in the local context: the report contains local market information at many points
  - iii) Involves stakeholders. There has been a full involvement of stakeholders in the process, partly managed by the Council and partly facilitated by Fordham Research
  - iv) Full technical explanation. There are technical explanations at relevant points in the text and also the Appendices
  - v) Assumptions and judgements fully justified and transparent: A Glossary of key terms is provided, and where assumptions and judgements have been made, they are explained as clearly as possible
  - vi) Uses and reports on quality control mechanisms. This is reported on in the Appendices as regards the survey work, and via the transparent explanation of such processes as the BHM and the CLG Needs model in the text
  - vii) Explains about monitoring and updating: the preceding chapter sets out the approach which is suggested

20.4 In this way the process requirements of the Guidance are met.

### **Output requirements of PPS3**

20.5 For ease of reference the following are the key outputs of a SHMA as required by PPS3:

- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing*
- *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%)*
- *The size and type of affordable housing required'*

20.6 These can be derived from the preceding material as follows:

**Table 20.1: Meeting the PPS3 Requirements**

<i>Item</i>	<i>Source</i>	<i>Comment</i>
a) Proportion of market and affordable housing	Tables 10.1 and 10.2	<p>In the RSS limited version the ratios of market to affordable housing are too low to be viable. Even the unconstrained version is likely to be unviable on some sites (57% market to 43% affordable) and in the RSS limited case would imply newbuild to encourage in-migration not shown in the BHM analysis and not required to balance the housing market.</p> <p>Policies for affordable and low cost market housing, suggested should clearly be tested for deliverability.</p>
b) Profile of households requiring market housing (and from the Practice Guidance the additional requirement for dwelling types	Tables 10.1 and 10.2, and Figures 8.1 and 8.2	<p>In terms of owner occupied housing there is demand for all sizes of dwelling in both unconstrained and constrained BHM outputs, except for 3-bed dwellings where there is a surplus in the RSS constrained version. For private rent there is a shortage only of the smaller units (1-and 2-bed).</p> <p>About half the internal flow of moves is of households without children, and a quarter each for households with children and newly forming households. There is net in-migration of all three groups at the sub-regional level but less in-migration of established households to Northern HMA.</p> <p>Formal analysis of the type of housing required is not possible with any precision, as any household can live in a flat or a house for instance. However the net need for smaller units, especially 1-bed shown in the tabulations referred to can readily be provided as flats in many urban situations.</p>
c) Size and type of affordable housing required	Table 10.1 and 10.2 and Table 18.10	<p>The general target suggestion is 40% for 3 of the councils and 45% in Bassetlaw. Between a third and a quarter of this could be as intermediate housing if suitably affordable housing can be produced.</p> <p>For intermediate there is a net need for smaller units in. For social rented housing the main need is for 2- and 3-bed housing.</p>

Source: Northern SHMA Fordham Research 2007: sources as shown in the middle column

## Testing work specific to the East Midlands

- 20.7 In addition to the tests in PPS3 and its Practice Guidance, the East Midlands is adding a further layer. To assist in encouraging soundness of SHMAs and to ensure that they comply with the requirements set out in PPS3 and the SHMA Practice Guidance, the Government Office for the East Midlands is commissioning an East Midlands Comparison Study of the regions completed SHMAs.
- 20.8 The Comparison Study is due to be undertaken from October to December 2007 and will evaluate whether each individual SHMA can be considered as a sound strategic evidence base to inform both the Draft RSS and each authorities respective LDFs.
- 20.9 The findings of this SHMA and subsequent policy implications have to be considered in a climate of changing National, Regional and Sub Regional Housing and Planning Policies. As is proper for SHMAs the reports do not make policy proposals, but simply suggestions, which will need to be considered against a range of other documents, national and regional, in coming to final policy views, and presently against key documents and evidence bases.

## Summary

- 20.10 This chapter summarises the way in which the process and output requirements of Guidance have been met. The SHMA is robust both in terms of process and outputs. A specific study on this topic is being commissioned by the Government Office for the East Midlands.

# 21. Monitoring and Updating

## Introduction

- 21.1 One of the central features of the Guidance is that SHMAs are collaborative and continuing processes, not just the production of a report. This requirement is implied by the Local Development Framework approach and the strong emphasis on flexibility in the response to changing housing market demands (e.g. para. 60 of PPS3). This emphasis is mirrored in the Practice Guidance, where Figure 1.1 gives the key outputs but is matched by Figure 1.2 which provides a checklist of the key processes within the overall SHMA. The last of these process requirements is:

*‘Explain how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken’*

- 21.2 The rapid movement of prices and rents, and the key importance of the checklist of (weekly) costs of different tenures/sizes of dwellings provided in this SHMA, makes it evident that monitoring and updating is an essential part of the process.
- 21.3 The key thing is to update the weekly costs: they are the key to most practical policy decisions on both planning and housing issues. This issue is dealt with last, after discussing the more general types of updating.

## Scope of this discussion

- 21.4 Monitoring and updating occurs at all levels from national to local. This SHMA is designed to apply at sub-district, district and HMA level, and so the comments in this chapter are directed to that level. However the principles involved apply generally.
- 21.5 This section focuses upon updating rather than monitoring. Monitoring refers largely to the administrative issue of keeping change under review and developing a strategy for reviewing the SHMA and updating it, and considering what policy implications may flow from such updates. This is a matter which the SHMA Partnership will want to discuss, but it does not raise technical issues and is therefore not addressed further here.

## Guidance context

- 21.6 The SHMA exists to support a wide policy spectrum: both at the local authority and higher level (particularly the Regional Spatial Strategy and Regional Housing Strategy). In the past these strategies have tended to be almost entirely top down. However the emerging SHMAs have meant that RSSs are now taking aboard the local housing market results and being amended to respond to them. This process requires an updating procedure to be in place due to the periodic reviews that such policies undergo. At the same time the cycle of revision of such policies provides a key reference point for the updating of key SHMA information.
- 21.7 Apart from the major policy documents such as the RSS, there are regular productions such as Annual Monitoring Reports and statistical returns to CLG which will require updated key statistics from the SHMA.

## Updating the general findings

- 21.8 There are a wide range of data sources from which the general (secondary data) findings of this SHMA can be updated. A useful list will be found in Annex B of the Strategic Housing Market Assessment Practice Guidance. That list is very comprehensive with regards to sources. The following table takes it a stage further by outlining the strengths and weaknesses of the key sources. This is something which the non-professional user may not know, and so it may be useful to provide some guidance.



**Table 21.1: Secondary data sources: strengths and weaknesses**

<i>Topic and source</i>	<i>Frequency/scale</i>	<i>Strengths and Weaknesses</i>
<b>(1) Survey of English Housing:</b> a wide range of socio-economic data on housing	Annual; national and regional (sample c 20,000)	Excellent contextual source on all aspects of housing. Its weakness is that no further cross-tabulation is possible and supply and demand issues are not covered. In addition its scale does not permit accurate analysis at SHMA scale.
<b>(2) English House Condition Survey.</b> Mainly useful for housing stock evidence. Due to be combined with (1).	Annual; national and regional (sample 10,000)	Very good for provision of housing stock numbers at regional scale; also provides much detail on the 'decency' and general state of housing. Not as directly relevant to housing market analysis as (1) but valuable for the overall evidence base.
<b>(3) 2001 Census</b>	10 years; available at very local areas	The best source for many background purposes (e.g. migration, housing stock profile, travel to work and socio-economic data). The greatest strength of the Census is the ability to provide useful data down to small areas level (e.g. wards). The main weakness of this source for SHMA purposes is that it is now somewhat out of date and does not contain the key financial data.
<b>(4) General Household Survey (GHS).</b>	Annual; down to regional scale	Excellent descriptive background source (including information about income levels). However, this source is of little practical use in SHMA analysis for similar reasons to the Survey of English Housing ((1) above).
<b>(5) NOMIS website</b> [contains many other general data sources]	Available all the time and at many scales	The best ready source for most secondary data. The website holds data from a range of sources and much of the economic data (e.g. unemployment and employment growth) is very up to date. This source should however be considered mainly as providing valuable background information.
<b>(6) Population projections (ONS)</b>	Annually updated; regional and district level	They are conveniently detailed, and provide information about the changing population structure (e.g. ageing) as well as overall population growth. As these are trend based from national data caution needs to be exercised where build rates (and hence population change) differs from that which has happened in the past.
<b>(7) Household projections (CLG)</b>	Due to be every 2 years; regional and usually district level availability; annual mid-year estimates are produced for districts	A useful source in conjunction with the population estimates ((6) above) and a vital background series. The only commonly available projections for 15-20 year horizons. As with (6) above caution needs to be exercised where dwelling build rates are expected to differ from past trends as the projections are no policy lead.

<b>(8) English Longitudinal Survey of Ageing (NCSR)</b>	Bi-annual; national	Valuable background source. Useful for health; general economic situation and quality of life. Able to put some information into context but not of any great practical value at the level of a typical SHMA.
<b>(9) National Health Service (NHS) Central Register</b>	Quarterly or annual; national, regional and district	Extremely useful as it is the best source for migration in between the 10 year censuses. The main limitation of this source is that data may be biased by the fact that younger men and more mobile people are less likely to register. As it is collected at an individual rather than household level there are further limitations to its use in SHMA analysis.
<b>(10) Inland Revenue income data</b>	Annual; regional and district	Valuable as background data on incomes; limited usefulness in SHMA work as it is personal (not family) and cannot be correlated with other information (such as equity, household characteristics).
<b>(11) Annual Survey of Hours and Earnings (ASHE)</b>	Annual; regional and some district level data	The best source for individual income, but it is employment and individual, not home and household based. Moreover it is not possible to relate the data to housing and other financial data needed for SHMA analysis.
<b>(12) CORE (U of St Andrews)</b>	Annual; district	The best source for social rents and also provides some information about the households taking up social renting tenancies.
<b>(13) Rightmove (and other similar websites)</b>	Continuous; very local	By far the best source for both local house prices and rents. It is quicker to scan this than to look at other secondary sources and much more up to date. Some caution needs to be exercised when using this source (notably to check sample sizes of properties and also to note the difference between asking prices and achieved sale prices).
<b>(14) Land Registry Sales of all housing</b>	Quarterly; postcode sector	By far the best background source on value of dwellings. It does not contain information on size of property nor on repair costs, and so it cannot be directly used in SHMA analysis. However it provides the only reliable dynamic source for past price changes. This information is excellent to put SHMA areas into context with regional and national data.
<b>(15) Housing Strategy Statistical Annex (HSSA) CLG</b>	Annual; district	A good source for current housing at district level, especially figures for the Housing Register and newbuild affordable housing. It is dependent on forms returned by district, and is of very variable accuracy. Many districts, when approached directly, produce different statistics to the HSSA.

<b>(16) Annual survey of mortgage lenders</b>	Annual; regional	The most comprehensive source for overall mortgage amounts and types. It does not (and nor do those of particular lenders) provide the full range of financial capacity for the households concerned, and so is of limited direct use in SHMA analysis.
<b>(17) Valuation Office Agency: value of properties sold</b>	Quarterly; postcode sector	Excellent source, now subject to a charge though; it simply provides valuation for the stock of housing and again cannot be cross-tabulated reliably with other data.
<b>(18) Council Tax Band data (from districts)</b>	Annual; district	The best source for value of properties in a district; can be rendered of little value if there are wide areas of for example low priced housing, all in Band A.
<b>(19) Labour Force Survey ONS</b>	Quarterly; district	The best source for employment trends (although mainly at national and regional level). Much of the data from this survey can be accessed through the NOMIS website.
<b>(20) Index of multiple deprivation CLG</b>	4-5 years; district or lower	Key reference as a general description of the circumstance of the population, with obvious focus on deprivation (income, health, education, disabilities, barriers to housing).
<b>(21) Economic forecasts Treasury and commercial sources</b>	Regular; regional and district	Forecasts exist (e.g. Oxford Economic Forecasting) in considerable detail at district level showing changes in types of employment, and migration for decades ahead. Whilst such forecasts cannot be regarded as definitive they do provide useful background to an SHMA.

Source: Annex B to the CLG Practice Guidance (March 2007); and Fordham Research 2007

21.9 There are many other possible sources, and the list in the Annex is longer than this one. However the other sources are more minor, and are more readily accessed through such sites as NOMIS (by topic).

## Primary dataset

21.10 The key primary update for a SHMA is the weekly costs aspect, addressed via the tables below. However local information on, for example, new variants of intermediate housing will no doubt be sought, and should be brought into the process, similarly with new ideas from the press that seem capable of local application. Thus there are a wide range of informal updating processes which simply require initiative, rather than detailed analysis.

- 21.11 At the more formal level, a convincing SHMA requires a combination of secondary (existing) and primary (specifically gather local survey) data. The sources listed above will help to update the secondary data. It is not readily possible to update the primary data without specialist analysis. That is because the dataset is very large (requiring an analytical programme called SPSS) and because the process of (re) analysing it involves a complex expertise which is not widely available.
- 21.12 In practice this is not a serious drawback. Market behaviour and expectations change all the time. Some of this behaviour is simply a response to changing costs of types of housing. That element of market behaviour can be readily updated using the procedure detailed in the table above. That, and a general updating using the secondary sources listed in the tables below is probably the limit of what can readily be done by stakeholders without specialist support.
- 21.13 However that is all that is reasonably required for a number of years after the primary data is gathered. Short term market responses will be catered for by the procedures listed in this chapter. Longer term structural changes are likely to require monitoring only at much longer intervals such as 5 yearly. In that longer perspective it is not unreasonable to expect to have to do further primary survey. Many of the households in the original survey will have changed by the time of a second one, and only new survey work can find out about them.

### **Triggers for updating**

- 21.14 As discussed, there are data requirements which act as triggers for updating key figures at, for instance, annual intervals. There are also regular publications such as the ONS series on economic growth, and the Land Registry, which provide context for alerting SHMA Steering Groups to the need for more frequent updating.
- 21.15 We would recommend fairly frequent (at least quarterly) updating of the key tabulation of weekly costs. The rate of change in this will serve as a key indicator of how frequently the core data needs to be updated.

### **Updating weekly costs**

- 21.16 It has been emphasised through this report that the old focus on price/income ratios is not relevant to SHMA work. Financial capacity is the appropriate measure for the ability to afford. However it has been emphasised that the main focus should be upon comparative prices and rents: what are the housing market gaps and how are they changing? That is what governs the issue of how fast people can 'climb the housing ladder'.

21.17 The most fundamental set of data for monitoring and updating is therefore the tabulation of weekly cost equivalents for purchase and rental. That is the main focus of the updating suggestions here, as it is both (relatively) simple and central. As a first step a couple of related issues will be addressed, followed by specific instruction on the updating process.

### **Why not update incomes as well as the weekly costs of housing?**

21.18 The short answer is: because it is not relevant. There is no problem with updating incomes (indices exist for doing so) but it will not help with the question of affordability and policy for newbuild housing generally.

21.19 The key point to emphasise is that the issue of affordability is about the different costs to types (and tenures) of housing. Whether a household can afford social rent or outright purchase is a financial matter, but as emphasised in this report, income is only part of the answer to that question: financial capacity is the key measure.

21.20 But from the point of view of planning and housing policy and practice the key updating issue is the relative costs of types/tenures of housing. The SHMA has indicated the ability to afford housing in general. The policy issues which will arise from day to day are of a different type, for example:

- (i) A house builder offers what is stated to be affordable housing of 2 bedrooms at a cost of £X per week. Is it affordable? All that needs to be done is to ensure that the costs are on a comparable and complete weekly basis, and the answer takes a few moments when comparing it with the cost table below.
- (ii) An RSL proposes shared ownership homes at a given price. Again when reduced to an overall weekly cost (including management/service charges) by making the purchase element into a weekly cost, the comparison with the table will soon show if the product is indeed intermediate or low cost market.
- (iii) When negotiating S106 Agreements reference to updated versions of this table will serve the purpose of ensuring that what is agreed to be housing of a given affordability really is.

21.21 As can be seen, all this important operational policy information can be derived directly from the table: no need for any elaborate calculation.

## How to calculate the updated prices

21.22 Before putting the purchase and weekly rent costs on a common basis, as discussed in the next subsection, it is necessary to set out some points on the way in which a reasonable set of updated prices can be derived for a given (probably district) area. The following table sets out some guidance.

**Table 21.2: Establishing new prices/rents**

1. Prices/rents for each size of dwelling may vary substantially across a district (or Housing Market Area if different), often within short distances. It is therefore necessary to be careful in deriving district wide averages.
2. This tabulation sets out the issues to bear in mind when doing so, and should be treated as a general guide only. Each housing market has its individual characteristics which may suggest a somewhat different approach.
3. For social rents, the figures should be easily available within the Council's records. The points below concern the weekly costs of other tenure groups.
4. Using Rightmove, or similar website, enter the names of the main settlements and request one of the key groupings. In each case the data should be by size of dwelling in the four main size bands indicated in the table below.
  - (i) Market rent
  - (ii) Second hand purchase
  - (iii) Newbuild purchase (in this case there may be only a small sample in some cases, and so a degree of judgement will be necessary. For example there may be over-representation of one type/size of dwelling if there are only a few current housing schemes underway). A simple averaging may be misleading, if there are many sites in one part of a district and few or none in others.
5. Look for the 25<sup>th</sup> percentile in each case: in other words the 25<sup>th</sup> from the cheapest. Hence if there were 200 properties in a given band, the 50<sup>th</sup> would be the chosen one
6. That rent/price is the new figure for the revised table. Where it is a price, rather than a rent, it will need to be turned into a weekly cost using the table below.

Source: Fordham Research 2007

21.23 The next section describes a procedure for putting prices into a weekly cost format to enable comparison with rental information. The comparison could equally well be put into capital (i.e. equivalent to purchase) rather than weekly cost terms, but people are more familiar with weekly budgeting, and so weekly costs seem the more sensible approach.

## Putting purchase prices on a weekly cost basis

21.24 The following table explains how to put purchase prices on a weekly basis, for insertion into the table.

**Table 21.3: Turning the purchase price for a house into a weekly cost**

### 1. Procedure

For interest only mortgage (which is preferable because it represents the cheapest method of entering the sector and therefore the entry level)

Cost of home = C

Interest rate = I

Interest to be on mortgage to be paid per year = P

Weekly Interest payment = W

Number used to derive weekly cost of owner occupation = N

$C \times I = P$

$P/52 = W$

$W/C = N$

### 2. Example of how it works

For example on a £50,000 home with an interest only mortgage rate of 5.99% the yearly payment will be £2,995, which equates to £57.60 per week.

Source: Fordham Research 2007

21.25 Once a full set of weekly costs has been obtained, this can be compared with the table in the SHMA, and rates of change in different parts of the size/tenure spectrum assessed. If the local housing market is strongly differentiated, this may need to be done for several submarkets.

**Table 21.4: Comparative outgoings by tenure: Northern HMA**

	Social rent £ weekly	Intermediate £ weekly	Min private rent £ weekly	Min price sale (second hand) £ weekly	Min price sale (new build) £ weekly
<b>Bassetlaw</b>					
1 bed	£53	£73	£92	£140	£196
2 bed	£65	£79	£92	£140	£196
3 bed	£67	£85	£104	£183	£256
4 bed	£69	£161	£253	£259	£363
<b>Bolsover</b>					
1 bed	£54	£73	£92	£122	£171
2 bed	£63	£78	£92	£122	£171
3 bed	£65	£84	£104	£160	£224
4 bed	£67	£160	£253	£251	£351
<b>Chesterfield</b>					
1 bed	£53	£73	£92	£152	£213
2 bed	£61	£77	£92	£152	£213
3 bed	£65	£84	£104	£205	£287
4 bed	£69	£161	£253	£289	£405
<b>N E Derbyshire</b>					
1 bed	£52	£72	£92	£129	£181
2 bed	£61	£77	£92	£129	£181
3 bed	£69	£86	£104	£183	£256
4 bed	£78	£165	£253	£282	£395

Source: CORE, survey of estate and lettings agents, Rightmove website. This table also appears as Table 7.4 above.

21.26 As can be seen from the tables, each district is identified and so districts can be updated individually or, and this would be preferable if feasible, the whole HMA or the sub-region could be updated at the same time. In the latter case the whole sub-regional pattern of change would emerge as a series of updates is developed.

## Policy use of the information

21.27 The revised table can be referred to in policy documents as a basic tool for assessing affordability. As emphasised above, it is not necessary to add income or financial capacity information. If the housing is cheaper than a given threshold, then it is affordable to the groups in question (those who can afford intermediate housing, or low cost market housing for example).

21.28 The revised table will, like that in this SHMA, represent a central policy tool both for the local authority to check the affordability of different types of housing (eg Intermediate or low cost market) and for private sector bodies to check the affordability of what they are offering. This tabulation should provide a neutral basis for comparison of alternative packages whether of market or affordable housing.



## Summary

- i) It is a key feature of the SHMA that it be a continuing process, not a 'one shot' report. Updating and monitoring is therefore a key feature of that process.
- ii) Strategies are needed for regular monitoring and updating, and triggers may be added where rapid changes are noted. The procedure outlined here is addressed to the submarket SHMA, but can be applied widely.
- iii) A listing is provided of the main secondary data sources which can be used to update the background information in the SHMA. This is valuable in conjunction with the updating of costs to provide an overall picture.
- iv) Updating the primary data is not easily carried out by SHMA Partnerships, as it is a technical exercise. This is not a serious drawback as the structure of a housing market does not usually change fundamentally in less than about 5 years. As a result, most market responses are due to changes in weekly costs of housing plus any general changes, such as net in or out migration which would be picked up through point (iv).
- v) The key statistic is the weekly cost of different tenures/sizes of dwelling. It is not, as is still sometimes thought, price income ratios (now almost meaningless in housing market practice). It is therefore essential to be able to update the key table of weekly costs in this SHMA. A simple procedure is set out for doing this.
- vi) Thus a combination of updating the weekly costs matrix, and testing proposed new housing developments against it, plus background updating using the second and third tables in this section should enable the SHMA process to proceed constructively. The final ingredient is the commitment of the Steering Group. This cannot be made a written requirement, but clearly the will and drive of the Steering Group is in many ways the main route to successful evolution of the SHMA process.



# Glossary

*[This Glossary aims to define terms used in the report. Where there is an existing definition (e.g. in Government Guidance) references is made to it. Otherwise the terms are defined simply in the way used in the report]*

## **Affordability**

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

## **Affordable housing**

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

## **Annual need**

The combination of the net future need plus an allowance to deal progressively with part of the net current need.

## **Average**

The term 'average' when used in this report is taken to be a mean value unless otherwise stated.

## **Balanced Housing Market model**

A model developed by Fordham Research which examines the supply and demand for different types and sizes of housing across different areas and for specific groups.

## **Bedroom standard**

The bedroom standard is that used by the General Household Survey, and is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents even though they may not be in use as such.

## **Concealed household**

A household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing.

## **Current need**

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

## **Demand**

This refers to market demand. In principle anyone who has any financial capacity at all can 'demand' something, in other words want to acquire it and be prepared to pay for it. The question is whether they can pay enough actually to obtain it. Thus many households who are unable fully to afford market housing to buy do aspire to buy it. The word 'demand' is therefore used in two senses in this report:

'demand' when used in the general text refers to the ordinary understand of 'wanting' something that has a market price

'demand' when associated with numbers (as in the Balancing Housing Markets model) refers to expressed demand: the numbers of people who can actually afford the type of housing in question

In relation to (expressed) demand mention should be made of the private rented sector where typically there are not only households who can afford to rent at market prices, but also others who are unable to access affordable housing but who are able to access the private rented sector due

to the subsidy of Housing Benefit. Such households do not have a demand in the sense used here, as they can only access the private rented sector with a subsidy.

**Disaggregation**

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the District.

**Financial capacity**

This is defined as household income+savings+equity (the value of the property owned by owner occupiers, typically the family home, net of mortgage. This provides an indication, when put on a capital basis, of the amount which the household could afford to pay for housing. Since equity is now a substantial part of the overall financial capacity of the large fraction of owner occupiers it is essential to use this measure rather than the old price/income ratio to measure the activity of a housing market.

**Forecast**

Either of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

**Grossing-up**

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

**Headship rates**

Measures the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

**Household**

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

**Household formation**

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs).

#### **(A) household living within another household**

Is a household living as part of another household of which they are neither the head or the partner of the head.

#### **Households sharing**

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this constitute 5 one-person households).

#### **Housing demand**

The quantity of housing that households are willing and able to buy or rent.

#### **Housing Market Area**

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay. In the local context the Council areas of Breckland, North Norfolk and North Norfolk have been designed as a housing market area, although sub-markets exist within this boundary.

#### **Housing need**

Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

#### **Housing Register**

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing Registers, often called Waiting Lists, may include not only people with general needs but people with support needs or requiring access because of special circumstances, including homelessness.

#### **Housing size**

Measured in terms of the number of bedrooms, habitable rooms or floorspace. This guidance uses the number of bedrooms.

**Housing type**

Refers to the type of dwelling, for example, flat, house, specialist accommodation.

**Income**

Income means gross household income unless otherwise qualified

**Intermediate Housing**

PPS3 defines intermediate housing as 'housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'

**Lending multiplier**

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**Lower quartile**

The value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

**Market housing/low cost market housing**

This is defined by CLG as anything not affordable. In the Housing Gaps Figure: anything above market entry. CLG has not defined 'low cost market' other than that it falls within the market range. Since this is very wide, it is not very helpful. The most useful kind of low cost market would be that which falls into the rent/buy gap on the Housing Gaps Figure. Shared ownership would provide a partial equity solution for those unable to afford second hand entry level purchase, for example.

**Mean**

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

**Median**

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

## **Migration**

The movement of people between geographical areas, primarily defined in this context as local authority Districts. The rate of migration is usually measured as an annual number of households, living in the District at a point in time, who are not resident in that District one year earlier.

## **Net need**

The difference between need and the expected supply of available affordable housing units (e.g. from the re-letting of existing social rented dwellings).

## **Newly arising need**

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

## **Non-self-contained accommodation**

Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

## **Overcrowding**

An overcrowded dwelling is one which is below the bedroom standard. (See 'Bedroom Standard' above).

## **Primary data**

Information that is collected from a bespoke data collection exercise (e.g. surveys, focus groups or interviews) and analysed to produce a new set of findings.

## **Potential households**

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head nor the partner of the head and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation rather than continuing to live with their 'host' household.



**Projection**

Either of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

**Random sample**

A sample in which each member of the population has an equal chance of selection.

**Relets**

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

**Rounding error**

Totals in tables may differ by small amounts (typically one) due to the fact that fractions have been added together differently. Thus a table total may say 2011, and if the individual cell figures are added the total may come to 2012. This is quite normal and is a result of the computer additions made. Figures should never be taken to be absolutely accurate. No such state exists. The figures in this document are robust estimates not absolutely precise ones. The usual practice is to use the stated total (in the above case 2011a) rather than the figure of 2012 to which the individual figures sum. That is because the total will have resulted from a rounding after all the fractions are taken fully into account.

**Sample survey**

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

**Sampling frame**

The complete list of addresses or other population units within the survey area which are the subject of the survey.

**Secondary data**

Existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

## **Shared equity schemes**

Provide housing that is available part to buy (usually at market value) and part to rent.

## **SHMA (Strategic Housing Market Assessment)**

SHMA drives from government guidance suggesting that the ‘evidence base’ required for the good planning of an area should be the product of a process rather than a technical exercise.

## **Social rented housing**

PPS3 defines social rented housing as ‘rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime, the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant’

## **Special Needs**

Relating to people who have specific needs: such as those associated with a disability.

## **Stratified sample**

A sample where the population or area is divided into a number of separate sub-sectors (‘strata’) according to known characteristics based, for example, on sub-areas and applying a different sampling fraction to each sub-sector.

## **Specialised housing**

Refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

## **Under-occupation**

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

## **Unsuitably housed households**

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason

## Definitions

ABI - Annual Business Inquiry

BME - Black and Minority Ethnic

CBL - Choice Based Lettings

CORE - The Continuous Recording System (Housing association and local authority lettings/new tenants)

DETR - Department of the Environment, Transport and the Regions

GIS - Geographical Information Systems

HMO - Households in Multiple Occupation

HSSA - The Housing Strategy Statistical Appendix

IMD - Indices of Multiple Deprivation

LA - Local Authority

LCHO - Low Cost Home Ownership

LDF - Local Development Framework

NeSS - Neighborhood Statistics Service

NHSCR - National Health Service Central Register

NOMIS - National On-line Manpower Information System

NROSH - National Register of Social Housing

ODPM - Office of the Deputy Prime Minister

ONS - Office for National Statistics

PPS - Planning Policy Statement

RSL - Registered Social Landlord

RSR - Regulatory and Statistical Return (Housing Corporation)

RTB - Right to Buy

SEH - Survey of English Housing

TTWA - Travel to Work Area