

Strategic Housing Services
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Report

Subject : Local Housing Needs and Housing Market Study 2006

Report to : The Cabinet

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Cabinet Member for Community & Housing: Councillor Cole-Morgan

1. Summary

1.1 This report presents to members the results of the Local Housing Needs and Housing Market Assessment undertaken in September 2006. Cabinet are asked to consider the key policy issues and note the findings and recommendations of the study that will be used to inform the Local Development Framework.

2. Introduction

2.1 The South West Regional Housing Board has defined the Salisbury district area as a composite housing market area.

2.2 One of the Council's key corporate priorities is to deliver more affordable homes. To inform the council's Housing Strategy and Affordable Housing Policies within the emerging Local Development Framework, the council commissioned David Couttie Associates to undertake a comprehensive Local Housing needs and Housing Market study.

3. The outcomes expected of the project were:

3.1 *Local Housing Market Study to:*

- Gain a fuller understanding of the housing market within and adjacent to the district of Salisbury.
- Map house prices and affordability across the six community plan areas and to be able to analyse data at parish level to assist with determining rural exception sites.
- Identify the current influence of Kennet, North Dorset, New Forest and East Dorset by examining the links between travel and employment (and hence housing) especially across different employment groups (e.g. managerial, manual etc.) Assess the influence of transport connections in the region such as M3, A36, A30, A34, A338, A350, M4, A303 and M27 and the rail links both positive and negative.
- Analyse the characteristics that have been important in producing strong and weak housing market sub-areas – what facilities should be available, what impact do highly rated schools have on the market. What factors are important and what effect do they have? E.g. employment, education, public transport.
- Assess the supply and demand for dwellings setting out current stock profile by age, type and tenure.
- Identify where there are particular pressures within the housing market.
- Show the distribution of house prices and sales pattern across the housing market area. These should be undertaken in line with the ODPM guidance 'Housing Market Assessment and Local Housing Needs Assessment Good Practice Guide'.



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3.2 **Local Housing Needs Study to:**

- Establish the nature and level of housing demand and need in each of the six community plan areas within the district.
- Provide evidence for the required mix of housing in each of the six community plan areas (type, tenure and size), based on data from parish level, in order to develop sustainable communities.
- Estimate current affordability by tenure and household income; and identify other issues including stock condition, churn and over-crowding.
- Include information on supported housing requirements.
- To inform the Housing Strategy and emerging Affordable Housing Policies within the LDF.
- Support the council at Planning Inquiries with particular regard to the provision of Affordable Housing.

3.3 A copy of the Executive Summary is appended to this report.

4. **Issues for the Salisbury Housing Market area**

4.1 The study has provided the council with a very comprehensive and robust set of data and analysis of both housing need and of the local housing market. This information in itself raises a number of issues that members will need to consider in the context of current and emerging policies including:

- Housing Strategy 2006 – 2009
- The adopted Local Plan and Affordable Housing Supplementary Planning Guidance
- Local Development Framework
- Local Area Agreement

5. **A summary of the key policy issues are:**

5.1 Currently the council's policy requirement for affordable housing is to seek a minimum of 25% and up to 40% provision on sites of 0.5 of a hectare or 15 dwellings. The HMA is not the only basis for the council decision on target levels but it is the major element. Based on the evidence found in the assessment the Local Development Framework should consider affordable housing target levels of up to 50% on suitable sites.

5.2 The overall target includes both housing for social rent (60%) and Shared Ownership Home Buy (40%) to meet the needs of low income households, key workers and those on average incomes unable to purchase.

5.3 The evidence of the scale of affordable need found in the assessment requires a significant increase in affordable delivery. This should be addressed both through an increase in affordable housing target levels from the total development on suitable sites and a reduction in site thresholds.

5.4 Site thresholds in rural areas are normally significantly lower than those which apply in either large urban settlements or market towns. To improve delivery of affordable housing in rural areas, thresholds could be based upon the following levels:

- 10 or more dwellings or 0.3 hectares in main towns (e.g. City of Salisbury, Amesbury)
- 5 or more dwellings or 0.2 hectares in local centres (e.g. Tisbury, Mere)
- 2 or more dwellings or 0.1 hectares in smaller villages with a 50% provision as highlighted in the Rural White Paper 2000.

More detailed evaluation and feasibility is required before these thresholds can be fully supported.

5.5 In addition to the use of thresholds, emerging guidance also identifies the need for both rural exceptions policy, this is already approved within the Supplementary Planning Guidance, and the allocation of sites in rural areas for affordable housing only, although this will require careful consideration so as to avoid sites being withheld due to the landowner considering there may be greater 'hope' value in the future.

5.6 The distribution and setting of targets for the provision of new affordable housing will be a crucial factor in determining the council's ability to maximise site opportunities. Officers will need to develop a detailed assessment identifying settlements with greatest housing requirements and then setting appropriate targets in order to inform future development opportunities.

- 5.7 In increasing the council's target it will be necessary to ensure that it has the necessary tools to test the economic viability of sites in order to be able to negotiate and defend its policies.
- 5.8 The assessment highlights the requirement for sheltered housing and extra care housing for older people. Wiltshire County Council has recently completed produced, but as yet not published, draft policies on the future of extra care and sheltered housing. The council's assessment will need to inform the County Council's consultation process its draft policies.
- 5.9 With the level of detail provided by the assessment it will be necessary to consider how best to use this as a strategic planning tool in working towards a balanced housing market. Alongside this the council will need to keep developers and land owners informed of key changes.
- 5.10 Some 325 households expressed a need for private rented housing. Initiatives to deliver discounted market rent could well assist households, including local key workers unable to afford full market costs.

6. Proposed actions

- 6.1 This is an extensive piece of work that requires ongoing analysis. Over the next twelve months Officers will need to:
 1. Sign-off, publish and promote the findings of the complete study.
 2. Use the findings and recommendations to inform the Local Development Framework Core Strategy.
 3. Update the Housing Strategy 2006 – 2009.
 4. Inform the consultation on Wiltshire County Council's Extra Care Housing policy and Review of Sheltered Housing.
 5. Inform the South West Regional Housing Body in order to demonstrate the ongoing need for resources.
 6. Improve the council's understanding of development economics and ensuring it has a robust economic viability assessment tool.

7. Recommendations: Cabinet are recommended to note:

- i. The findings and recommendations of the Local Housing Needs and Housing Market Study 2006 by David Couttie Associates subject to any final comments being addressed and giving delegated authority to the Head of Strategic Housing to sign-off the research.
- ii. The study provides a sound evidence base for the formulation of policy through the LDF process and revisions to the Housing Strategy.
- iii. The study recognises that to satisfy the affordable housing need in the district that an overall target for affordable housing of up to 50% on suitable sites should be considered. The overall target of 50% includes both housing for social rent (60%) and Shared Ownership Home Buy (40%). These conclusions will be taken forward through the processing of producing the LDF Core Strategy.
- iv. The study concludes that in order to deliver additional affordable housing units the lowest threshold considered viable should be promoted and lower thresholds in rural towns and local centres should be considered.
- v. To progressing the actions as detailed in paragraph 6.1 (1 to 6).

8. Implications

Financial:	None in respect of this report.
Legal:	Contained within this report. Recommendations to be used to inform the Local Development Framework Core Strategy.
Human Rights:	None in respect of this report
Personnel:	None in respect of this report
IT:	Mapping data onto GIS
Community Safety:	None in respect of this report
Environmental:	None in this report
Council's Core Values	Promoting excellent service, supporting the disadvantaged, being fair and equitable, communicating with the public, wanting to be an open, learning council and a willing partner.
Wards affected:	All
Consultation undertaken	Yes as part of the project

1 EXECUTIVE SUMMARY

1.1 Local Housing Survey

1.1.1 Salisbury District Council formally commissioned DCA in August 2006 to carry out a District-wide Local Housing Needs and Housing Market Survey.

1.1.2 In this summary you will find the main findings from a study undertaken through:-

- A postal questionnaire to 8,715 households in 22 wards across the District, undertaken between 6th September 2006 and 26th September 2006. In total 2,902 responses were received giving a statistical confidence at 95% level of $\pm 1.86\%$;
- A housing market survey utilising the Land Registry and Halifax House Price databases of areas within the District. A telephone survey of estate agents on the supply and cost of private rented housing in Salisbury District was also undertaken;
- Secondary data analysis drawing upon HSSA and Housing Register data on the need and flow of social stock, the 2001 Census, household and population projections and other national research.

1.2 Population Change

1.2.1 An important feature in measuring housing needs is to forecast what is likely to happen over the next decade or so in order that provision for new housing can be planned. Population change in an area results from a number of factors – numbers of births and deaths, how the population is ageing, and the migration of people into and out of the area.

1.2.2 What about the future?

1.2.3 The population estimates have been provided by **Wiltshire County** Council and are ONS 2003-based sub-national population projections. The 2001 Census data has been taken into consideration in the production of these population projections.

1.2.4 The population of the District is projected to increase by 12.3% between 2001 and 2021; a total of 14,100 people. Numbers reduce in 30-44 age group and this will have an impact on the housing market, with falling numbers in this moving group within the population.

1.2.5 Growth in the population is concentrated in the older age groups, with the 45 – 64 age group (+5,600) and the 65+ age group (+8,800) showing the biggest increases.

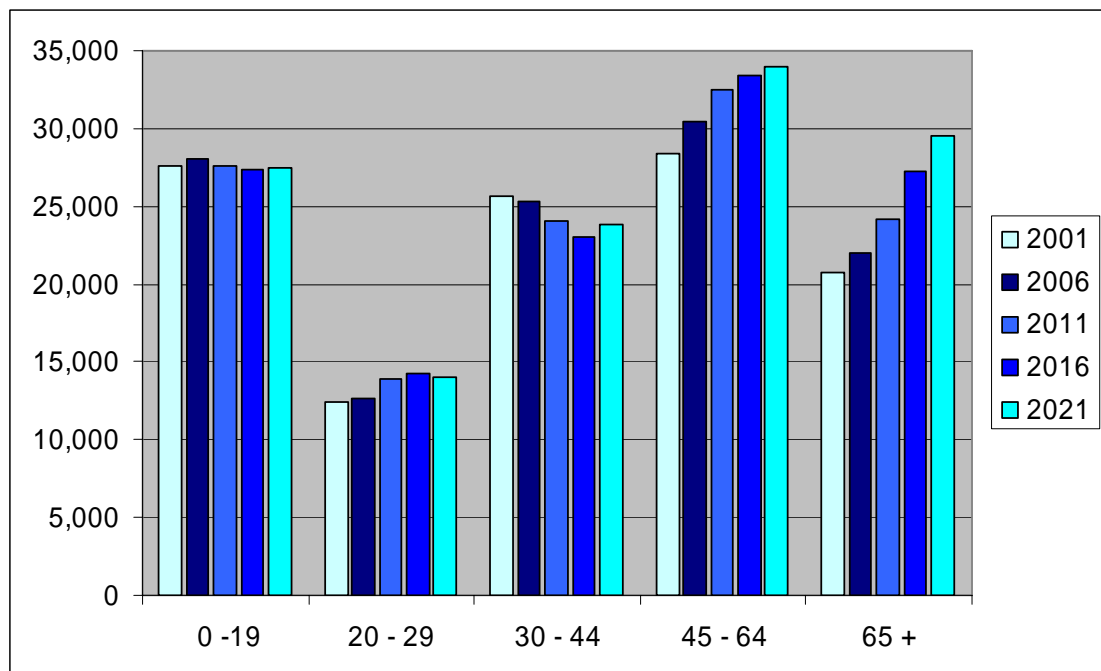
1.2.6 The retired population will increase by 72.2% (1,950) by 2021. There is an inextricable link between ageing and disability and 60.1% of those with a disability are over the age of 60.

1.2.7 Migration within the housing market has an impact on population balance. 37.7% (3,803) of households who had moved in the last 3 years were in-migrants from outside the District.

1.2.8 37.1% (2,259 implied) of existing households who had plans to move in the next 3 years were planning to move out of the District. In addition 918 new forming households were planning to leave the District. Of those 71.0% were leaving for employment reasons.

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

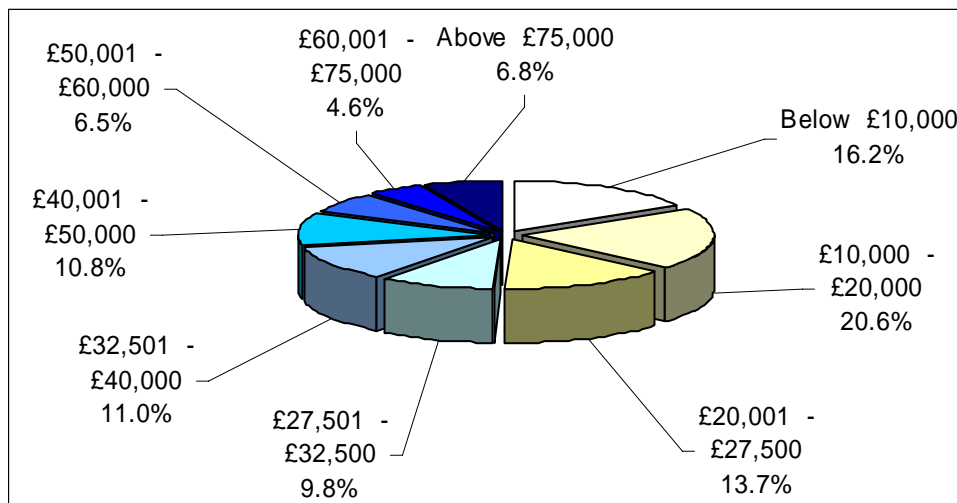
- Out-migration of younger and economically active households;
- An ageing population with increasing care and support needs.

Figure 1-1 Population Age Band Forecast, Salisbury District, 2001 - 2021

1.3 The Economic Climate

- 1.3.1 The economic climate, changes in national and regional economic policy, alongside labour market trends and local income trends sets the context in which households make decisions about their housing needs and preferences.
- 1.3.2 Salisbury is close to rural South Wiltshire and within easy access to Stonehenge, a world heritage site. Salisbury is a historic town attracting many visitors each year. Tourism and festivals have helped boost the local economy. It is estimated that 4,339 people are employed within tourism and retail sectors in the District.
- 1.3.3 House prices in the second quarter of 2006 have increased by 2.6% on the first quarter of 2006 where a 1.6% increase was reported. The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand for a sustained period but turnover has reduced substantially, prices have stabilised and some property types have reduced in price over the last three quarters of 2005.
- 1.3.4 At a local level, employment and income trends will influence housing choices;
- 63.7% of those in employment are in managerial / technical or professional occupations. 72.7% of those in employment work within the District, a further 9.5% work in elsewhere in the UK (outside the South West);
 - 29.4% of the population are retired;
 - 39.3% of all households had less than £5,000 savings and a further 13.7% had less than £10,000. 29.7% had savings of over £30,000. Of the homeowners responding to the question, 83.2% of owner occupiers without a mortgage had an equity holding of over £150,000 as compared with 44.1% of owner occupiers with a mortgage;
 - 16.2% of households had incomes below £10,000, well below the corresponding UK figure (20.3%). 50.5% of households in the District had incomes below £27,500, well below the national figure (62.3%), a further 28.7% had incomes below £40,000. 11.4% of respondents had an income of over £60,000;

Figure 1-2 Income Distribution of Existing Households

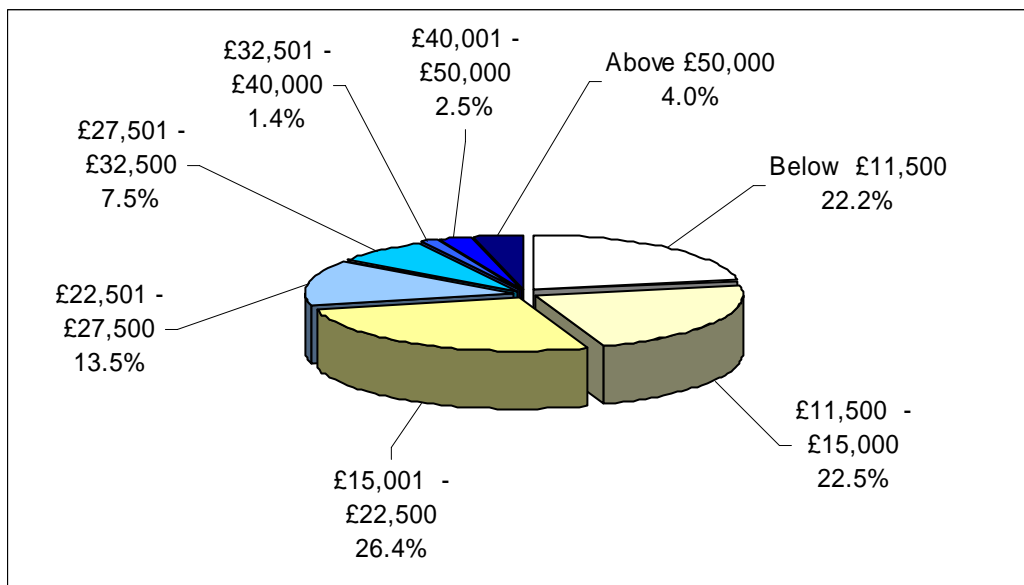


- 29.8% of households were in receipt of financial support (13,351 implied), of whom 36.8% (4,290 implied) were in receipt of Housing Benefit.

1.3.5 Key factors relating to concealed households' ability to meet housing costs are that:-

- A total of 42.0% had less than £1,000 savings and a further 25.0% had less than £5,000. 33.0% had savings of over £5,000;
- 22.2% had household incomes below £11,500 per annum, 22.5% earned between £11,500 and £15,000, 26.4% between £15,001 and £22,500 and a further 13.5% earned between 22,501 and £27,500, giving a total of 84.6% with an income below £27,500. Overall 15.4% of concealed households earned above the national average income of £27,500.

Figure 1-3 Income Distribution of Concealed Households



1.3.6 BME Households

1.3.7 Incomes of BME households are similar to all households income in the sample. 14.5% of BME households had incomes below £10,000, compared to 16.2% in the whole population, below the corresponding UK figure (20.3%). 51.6% of BME households, had incomes above £27,500 compared to 49.5% in the whole population.

1.4 Current Housing in the District

1.4.1 The key features of the existing housing stock are that:-

- The property type profile is skewed towards detached houses and semi-detached houses. The stock flats / maisonettes is below average in DCA's survey experience with the majority being in the social rented sector.
- Based on a calculation of occupants to bedroom numbers, under-occupation affects approximately 46.0% of all households and over-occupation affects 1.6% of all existing households, below the national average of 3%. Over occupation levels were low and similar across the owner occupied with a mortgage sector and the main rented tenures;
- 88.8% of respondents to the household survey said their home was adequate for their needs; 11.2% considered their home inadequate. Levels of adequacy were lower in the private rented sector stock.

1.5 Demand for Market Housing

1.5.1 2,562 existing households requiring market housing will be moving within Salisbury District in the next 3 years.

1.5.2 Demand from existing moving households focused on detached (50.8%) and semi-detached (20.3%) houses. 74.2% of demand was for 3 or 4+ bed accommodation. However the demand for flats and terraced houses at 29% is still higher than the stock level of 24.6%.

1.5.3 The needs and preferences of concealed households for specific house types are shown in the table below. This reflects the differing levels of existing supply against demand from new households and the impact in actual sales levels created by stock availability and turnover.

Table 1-1 Concealed Households Market House Type Need and Preference

Type	Need %	Preference %	Current Stock % of Market Housing	Sales %
Flat	32.0	21.1	7.1	13.4
Terraced	23.0	31.6	17.5	24.8
Semi-detached	25.6	21.6	28.5	23.1

Size	Need %	Preference %	Current Stock % of Market Housing
One bed	34.0	6.0	4.2
Two bed	59.1	60.9	21.1
Three bed	6.3	29.1	45.1

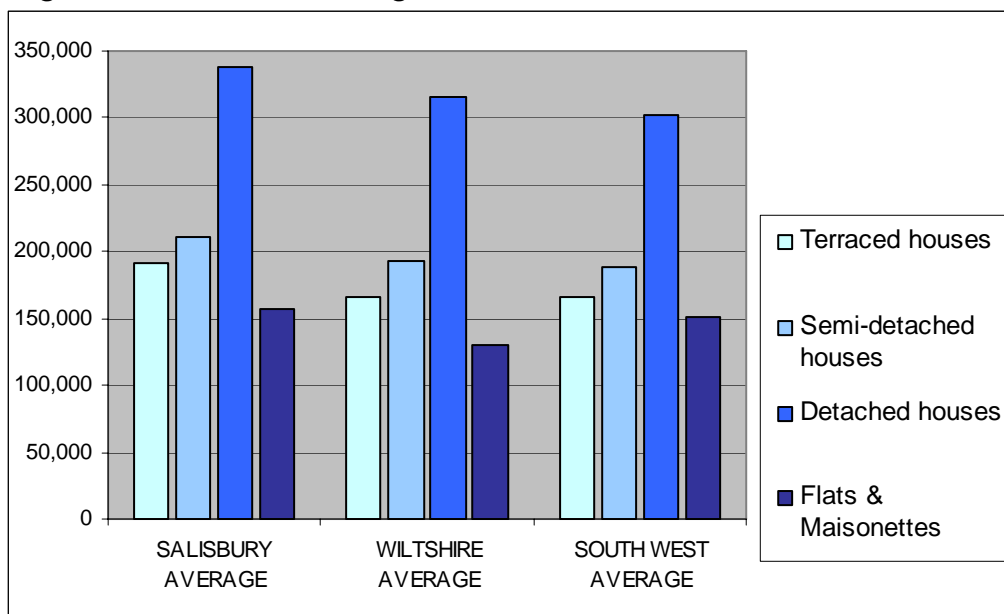
- 1.5.4 Important differences exist between the levels of preference expressed for property types and their stock supply levels, especially the higher need and preference for flats / maisonettes, and to lesser extent terraced houses, than the existing stock. Need expressed for flats are much higher than the existing market stock.
- 1.5.5 Small units, flats and terraced houses are 24.6% of existing stock for market housing. All site briefs and regeneration projects should promote the house types which are under represented in the stock compared to national average levels in line with the principles in PPG3 issued in March 2000 and future household formation demand.
- 1.5.6 **The Cost of Accessing the Housing Market**
- 1.5.7 The housing market is the context against which all the housing needs of the area are set. In particular, house price information is the basis on which the “affordability” of housing is measured for low-income households. In essence, analysis of the data seeks to establish who cannot afford to enter into the market. This data is then related to the problems faced by the “concealed households” in the area, i.e. households living with friends and relatives seeking to gain access to the market.
- 1.5.8 Average house prices in the District are 13.4% higher than the sub-regional average and average house prices have risen by 60.6% between 2001 and 2006.
- 1.5.9 The evaluation of the market in Salisbury District is based on specially prepared information taken directly from the Land Registry database for the year ending 30th June 2006 and an analysis of local estate agency sales looking at entry level properties, i.e. the lowest quartile stock.
- 1.5.10 The Land Registry recorded the average price for all dwellings in the District at £247,819. Terraced properties and flat prices have risen by 56.0% and 72.3% respectively between 2001 and 2006. Access to owner occupation is restricted by high and rising prices, with house price increases exceeding local income inflation.
- 1.5.11 An income of £33,300 is required to buy a one bedroom flat in Western & Mere. A two bedroom flat requires an income of £39,600 in Amesbury and up to £44,300 in Wilton and Downton & Redlynch. Terraced properties require an income of £46,300 in Salisbury and £53,400 in Downton & Redlynch.
- 1.5.12 The data indicates strongly that there is an affordability problem arising from the relationship between local incomes and the realistic supply of the cheapest stock. Table 1-2 shows the annual household income needed to buy entry-level stock by area in the District, based on a 95% mortgage availability and a 3-times gross income to lending ratio, the 2000 Good Practice Guidance recommended levels.

Table 1-2 Annual Household Income Required to Purchase by Area

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
Amesbury	37,800	39,600	50,700
Downton & Redlynch	39,600	44,300	53,400
Tisbury	No data	No data	51,200
Salisbury	36,400	41,700	46,300
Western & Mere	33,300	41,800	50,700
Wilton	34,000	44,300	48,500

- 1.5.13 Although the average price of terraced properties according to the Land Registry survey is £191,426, entry sales levels vary across the District, starting at around £146,300 in Salisbury, rising to £168,500 in Downton & Redlynch for a 2-bed terraced property. 3-bed terraced properties start at £153,979 in Salisbury, rising to £204,975 in Downton & Redlynch for a 3-bed terraced property.
- 1.5.14 The survey findings indicate that income levels of around 73% of the new households who formed in the past year are below the level necessary to be able to buy, and 43% are unable to access the private rented sector in the District. These income levels are higher than those of concealed households about to form this year but are those used in the Assessment Model calculations.
- 1.5.15 Flat / maisonette properties are assessed to be the main entry level for first time buyers in view of their relatively lower cost and volume of sales. The ability of concealed households to access the market is very limited. 54.3% of newly formed households have incomes above £27,500, the national average. The cheapest 1 bed flat / maisonettes in the District require an income of £33,300 and 65.2% of newly formed households earn below this level.

Figure 1-4 2006 Average House Prices



- 1.5.16 Access to the owner occupied and private rented sectors is restricted by price. 32.5% of all new forming households could afford a weekly rent or mortgage of no more than £70 (£300 pcm); 72.7% no more than £100 (£430 pcm). Access rents for one bed flats are £400 per calendar month and £750 for terraced houses.

1.6 The Need for Affordable Housing

- 1.6.1 The total annual level of outstanding affordable need is 1,076 units, after allowing for current re-let supply. Despite the evidence of the scale of need from existing and concealed households, there are wider issues to consider when setting targets for delivery of affordable housing from new developments. Primarily there is a need to build viable, sustainable developments.

- 1.6.2 The Housing Market Assessment is not the only basis for the Council decision on target levels but it is the major element. Based on the evidence found in this assessment the Local Development Framework could consider affordable housing target levels of up to 50% on suitable sites, subject to site viability.

- 1.6.3 This overall target includes both housing for social rent (60%) and intermediate housing (40%) to meet the needs of low income households, key workers and those on average incomes unable to purchase, provided it is delivered at a cost below the cheapest entry level costs in the general market and would be available on a similar basis to subsequent purchasers. Targets may vary above and below this level both in total and by tenure on a site by site basis.
- 1.6.4 The tenure balance recommended is only in terms of the total delivery and will need to be assessed for individual sites to take account of the existing flow of re-lets from the rental stock and other area / neighbourhood priorities.
- 1.6.5 The social rented stock in the District at 15.9% is the below the national and regional averages and provides 374 units annually from the flow of the existing stock.
- 1.6.6 In view of the scale of need, subsidised affordable units should be negotiated on all suitable sites, the target for each site taking into account existing local supply, survey demand and other regeneration, planning, sustainability and economic factors.
- 1.6.7 The average increase in entry-level house prices since 2001 of 56.0% for terraced houses and 73.3% for flats, have excluded many 'first-time buyers' from the owner occupied market.
- 1.6.8 Housing strategy also needs to consider the needs of both new forming and existing households for social housing. This need must be assessed in the context of a market which is increasingly beyond the reach of low income existing and new forming households.
- 1.6.9 In addition to the scale of affordable housing to meet general household requirements, there are specific needs which should also be addressed. These are highlighted in the following sections.

1.7 Sheltered Housing

- 1.7.1 In total, the data suggests a combined requirement for sheltered accommodation from older people currently living in the District (321 households) and those who may in-migrate to be beside their family (1,016 households) of 1,337 units, 646 in the affordable sector and 691 in the private sector.
- 1.7.2 Some of this requirement will be addressed by flow of the existing sheltered stock, but acceptability of existing stock to meet today's standards will need to be assessed in calculating the scale of new delivery.
- 1.7.3 The significantly higher level of elderly accommodation for people moving into the District is common to other DCA surveys and is a new factor in the housing market. Generally, the forecast is being made by their children who assist in the moving process. Conversely the indigenous older population prefer to continue in the area / surroundings they know and within their own home as long as possible and actual migration should be monitored annually.

1.8 Extra Care Housing

- 1.8.1 The significant levels of growth in the older population in future will have a direct impact on the nature of specialist accommodation requirements for older people. This survey identified a need for 440 units of extra care accommodation over the next three years. The need is likely to be greater than this level and an audit of existing sheltered housing schemes should be undertaken as part of the development of an Older Persons Housing Strategy. When projected over 10 years the survey identifies a need for 1,467 extra care units.

1.9 Supported Housing and Support Issues

1.9.1 The Survey identified a need over the next three years for: -

- 178 units of independent accommodation with external support;
- 99 residential / nursing home units;
- 259 units of Council / HA sheltered housing and 62 private sheltered units;
- 17.4% of households in the District contain somebody with a disability (7,246 households implied), of which 13.5% had two members affected. 60.1% of all household members were over 60, including 29.8% over 75;
- The largest group (4,043 implied) affected by a named disability were those with a walking difficulty, representing 50.8% of those with a support need;
- 8.6% of these households contained someone who was a wheelchair user, suggesting around 682 in Salisbury as a whole;
- Some 37.6% (3,548 implied of household members with support needs) felt they needed care or support which is not currently provided;
- 8.8% of all dwellings have been adapted to meet the needs of a disabled person. 53.4% of adaptations are handrails / grabrails, 43.2% bathroom adaptations and 36.1% a ground floor toilet.

1.10 Housing Stock Balance Analysis

1.10.1 The nature and turnover of the existing housing stock is vitally important in meeting current and future housing demand in all tenures. The information gained from a separate detailed stock flow analysis will be of major benefit to the development of site development briefs for the delivery of both private sector and affordable sectors, in balancing housing markets and in longer-term business planning.

1.11 Recommendations

1.11.1 Balancing the Housing Market

- Provide a mix of house types in both market and social sectors, but mainly flats, to meet the needs for smaller units from new and existing households, address stock imbalance and the impact of demographic change.
- Continue to negotiate with prospective developers towards achieving subsidised affordable homes from the all suitable sites coming forward for planning consent over the period of the Local Development Framework. Each site will need to be assessed individually, targets being subject to wider planning, economic viability, regeneration and sustainability considerations and will require a flexible approach to specific site negotiation.
- Based on the evidence in this assessment the LDF Core Strategy could consider an overall affordable housing target of up to 50% of the total of all suitable private sector sites.
- The rise in house prices in excess of inflation is resulting in greater difficulty in entering the local housing market. Within the overall target DCA recommend a broad balance of 60% for social rent and 40% as intermediate market housing provided it is delivered at a cost below the cheapest entry level costs in the general market and would be available on a similar basis to subsequent purchasers.
- Both the affordable housing target and the tenure balance within it may vary on a site by site basis.
- It is anticipated that a new lower site threshold of 15 units or 0.5 hectares will be standard level in the new Planning Guidance. The Development Plan should promote the lowest threshold considered viable and which will deliver additional affordable units from the scale of smaller sites, and consider lower thresholds in rural towns and local centres.

1.11.2 Older Persons Housing Needs

- Develop an Older Persons Housing Strategy to address the current and future growth in older people and frail older households across all tenures, and their related care and support needs to:-
 - ◆ assess and prioritise the need for support services and adaptation required to keep people in their own home;
 - ◆ re-assess existing sheltered stock in meeting today's housing standards and preferences;
 - ◆ assess the need for 'extra care' accommodation for the growing frail elderly population.

1.11.3 Disabled Persons Housing Needs

- Continue to promote disabled adaptations in order to improve the ratio of suitably adapted properties for disabled people.
- Develop a register of adapted property and disabled people needing adapted accommodation in order to facilitate better matching.
- Consider adopting Lifetime Homes standards for new housing.