

HOUSING MARKET & NEEDS ASSESSMENT

INTRODUCTION

This report contains a summary of the findings from the Housing Market and Needs Assessment carried out across the Plymouth Housing Market Area Partnership. The assessment was conducted by David Coultie Associates (DCA) in April 2006, on behalf of the four core partners, Caradon District Council, Plymouth City Council, South Hams District Council and West Devon Borough Council.

The aim of the study was to undertake a comprehensive and robust Housing Market and Needs Assessment in accordance with the "Housing Market Assessments: Draft practice guidance" (DCLG, December 2005). The Partnership wished to develop a sub-regional example for a housing needs and housing market study to inform the development of common housing and planning policies which recognise the sub-regional context.

The key aims of the project were to obtain a range of information to inform and support: -

- The wider Housing Market Assessment (HMA);
- The nature and level of housing demand and need in the Plymouth Sub-Regional Housing Market Area;
- Evidence for the required mix of housing in the area (type and tenure) in order to develop sustainable communities;
- The Housing Strategies of each individual Authority;
- Bids for resources from special funding initiatives such as the National Affordable Housing Programme;
- The individual partners' enabling role;
- Regional Spatial Strategy and Local Development Frameworks Development Plans;
- Planning Inquiries with particular regard to the provision of affordable housing.

Within a co-ordinated sub-regional process, individual assessments were conducted for each of the four Local Authorities. The study consisted of the following elements:

- A postal questionnaire across each of the four authorities. The questionnaires were designed in consultation with officers of the individual Councils, and were based upon tried and tested survey forms used in previous comparable assessments.

Table 1 *Household Sample Distribution*

Local Authority	Sample of resident households	Sample areas
Plymouth City	7,000	19
South Hams	9,330	25
West Devon	6,400	19
Caradon	6,910	22

- Face-to-face interviews with 152 households within 3 wards in Plymouth City.
- A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of entry level properties and to assess the supply and cost of private rented housing in each Authority;
- Secondary data analysis drawing upon Housing Strategy Statistical Appendix and Housing Register data on the level of registered need and the flow of social stock. Comparative data from the 2001 Census, household and population projections and other national research has also been utilised.

KEY FINDINGS OF THE SURVEYS

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

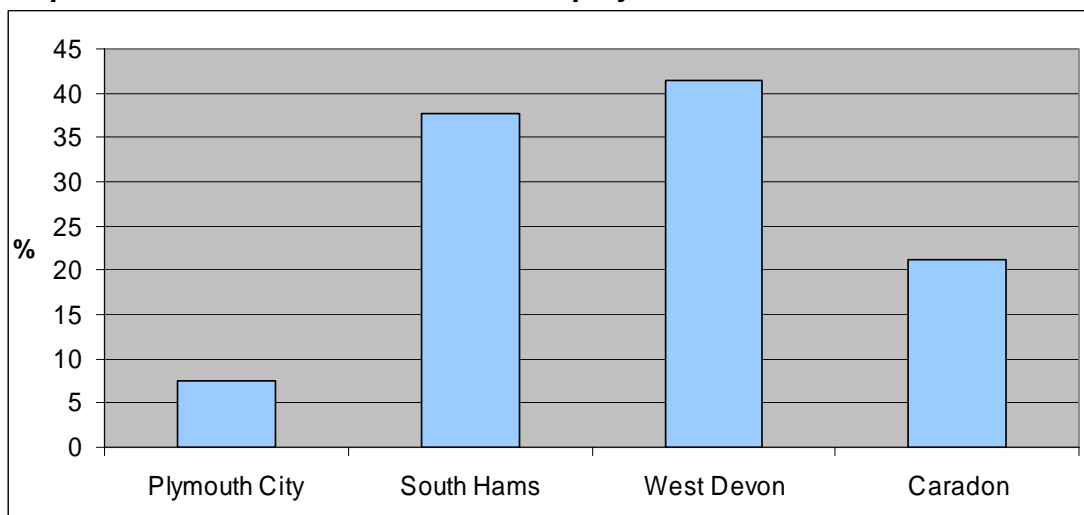
ECONOMY

Although there has been an upturn in economic fortunes across the Plymouth Sub-Region over the last few years, the South West RDA Regional Strategy recognises that there are economic imbalances within the region.

Employment in the Sub-Region is mainly concentrated on such industries as marine, electronic, medical / healthcare, advanced engineering, food and drink, creative industries and call centres. The Sub-Region also still depends on defence and, although not a significant employer across area as whole, agriculture. The importance of tourism in the Plymouth Sub-Region is also key to the economy of the area.

According to the Annual Business Inquiry (ABI) Employee Analysis (2004) there are 177,127 jobs in the Plymouth Sub-Region, the largest concentration of which is in the urban core of Plymouth City (104,679). The graph below highlights the percentage growth in the number of jobs held by employees between 1995 and 2004. There has been a particularly high growth in West Devon and South Hams.

Graph 1 **Growth in Number of Employee Jobs 1995 - 2004**



The Plymouth Sub-Region has an overall economic activity rate of 76.5%, lower than both the South West region (81.6%) and the national average (78.6%), however according to the new ONS Annual Population Survey (Apr 2004 – Mar 2005), there is an unemployment rate across the Plymouth Sub-Region of 3.5%, lower than both the South West region (3.6%) and the national average (4.7%).

Plymouth City is the economic and employment centre of the Sub-Region and has the highest average workplace income suggesting that people will commute to Plymouth for higher paid work but live outside the area. The commuting patterns across the Sub-Region reflect that people commute to Plymouth for higher paid work but live outside the City. This creates higher demand and pushes house prices up in the neighbouring more rural areas.

The 2005 Annual Survey of Hours and Earnings (ASHE) data shows that the average incomes across the Plymouth Sub-Region have increased between 2002 and 2005, ranging from an increase of 4.4% in South Hams to 21.5% in West Devon.

All resident incomes in the Plymouth Sub-Region, with the exception of Plymouth City, are higher than the levels found for the counties of Devon and Cornwall, and South Hams and West Devon have a higher mean income than in the South West Region. However the whole Plymouth Sub-Region has a lower mean income than the national average.

DEMOGRAPHIC CHANGE

Population Projections

Demographic change has a major impact on future demand in the wider housing market, in the need for social and intermediate market housing, and for future stock by type and size within all areas in the Plymouth Sub-Region.

An important feature in measuring future housing requirements is to forecast what is likely to happen over the next decade or so in order that provision for new housing can be planned.

The general demographic projections in the tables in this section have been provided by Plymouth City Council, Devon County Council and Cornwall County Council. The projections for the Devon authorities of South Hams and West Devon, are based on Registrar General mid-year estimates calibrated to 2004 estimates and based on the last 20 years migration period. The projections for the Cornwall Authority of Caradon are 2003-based ONS sub-national population projections and the projections for Plymouth City are 2001-based.

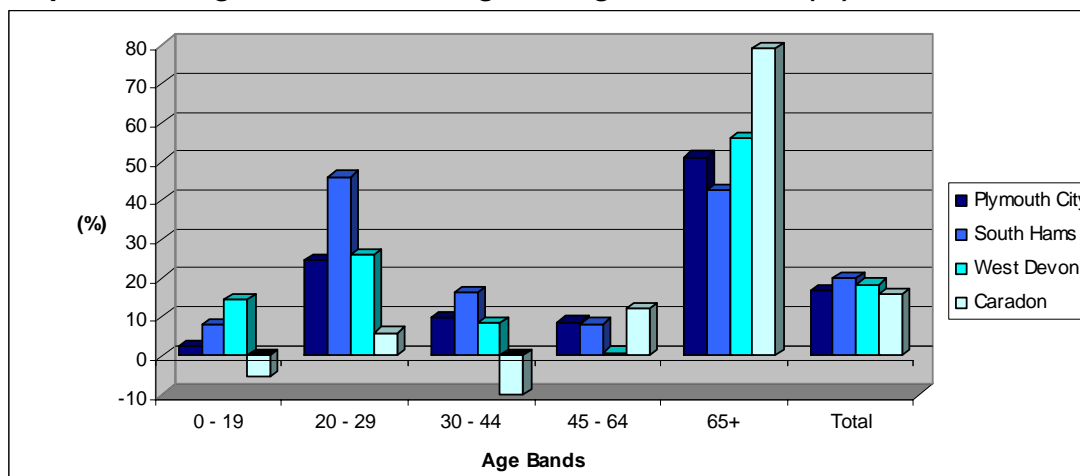
The 2001 Census data has been taken into consideration in the production of these projections. In addition projections made for both South Hams and Plymouth City take into account the forecast population change due to the new development of the Sherford community.

There is a projected increase in the Plymouth Sub-Region of 75,301 people (16.7%) to 2026. All areas are forecast to rise in population by over 15%.

The Draft Regional Spatial Strategy for the South West strategic emphasis to stimulate economic growth in Plymouth City would result in significant in-migration of younger, economically active people into the City. Clearly if this economic growth is achieved it will have implications for the housing mix requirements in Plymouth and the adjoining districts.

The overall figures for the Plymouth Sub-Region show a projected rise across all population age groups but in particular the 20-29 and 65+ age groups. The graph below highlights the percentage change in each age band between 2001 and 2026 for all four areas.

Graph 2 Age Bands Percentage Change 2001 – 2026 (%)



The most significant feature for all four Councils is the growth of the population in the over 65 age group. Across the Plymouth Sub-Region there is forecast to be an increase of 41,242 people aged over 65 (51.2%). Compared to the overall population growth, the 65+ population is increasing at a significantly higher rate, with an increase ranging from 42.6% in Plymouth City to 79.1% in Caradon.

By 2026 the 65+ population will make up 23.1% of the whole population across the Sub-Region and between 20% and 30% at Local Authority level, with key implications for future housing demand, in terms of demand for supported housing, support services and adaptations.

Migration Patterns

Migrating households are a significant proportion of the current housing market, forming 20.4% to 24.8% in the four Authority areas. Each survey measured the scale of both existing and concealed households planning to migrate both across Authority boundaries but also within Cornwall and Devon and those out-migrating from the respective Counties. The following table outlines the Plymouth Sub-Region cross boundary movement.

Table 2 Number of Households Migrating within the Region (2006-2009)

Current Location	Area Moving To					
	Plymouth City	South Hams	West Devon	Caradon	Elsewhere in Cornwall	Elsewhere in Devon
Plymouth City		566	136	261	328	964
South Hams	467		81	48	n/a	491
West Devon	48	67		28	130	343
Caradon	124	76	73		248	106

Source: DCA Housing Market Surveys 2006

Clearly there is both in and out-migration in a Sub-Region as part of economic and household life cycles. Employment and education are the accepted dominant factors of migration. The scale of those existing households for whom out-migration is as a result of being unable to afford to buy in the local market, ranges from 1.7% in Plymouth City to 22.1% in South Hams.

The Census 2001 Origin-Destination Statistics for Local Authorities also highlight that the majority of migratory cross boundary movement is between the economic centre of the Sub-Region, Plymouth City, and the three other areas.

Commuting Patterns in the Area

Data from the assessment shows that between 55% (Caradon) and 84% (Plymouth City) of all existing residents work in the same area where they live.

The following table examines commuting patterns across the region and shows how working households, using head of household and spouse / partner data, commute between the four authority areas.

Table 3 *Commuting Patterns within the Sub-Region*

Residential Location	Location of Employment			
	Plymouth City	South Hams	West Devon	Caradon
Plymouth City	46,239	1,680	455	778
South Hams	3,993	10,457	165	37
West Devon	1,481	188	6,490	194
Caradon	4,249	211	318	9,225

Source: DCA Housing Market Surveys 2006

As would be expected, the majority of people work within the area where they live but those who commute to work outside their area but within the Sub-Region, commute to adjacent or nearby districts, especially Plymouth, as reflected in the table above.

THE HOUSING MARKET

The housing market is the context against which all the housing needs of the Sub-Region are set. In particular, house price information is the basis on which the “affordability” of housing is measured for low-income households. In essence, we are seeking to establish who cannot afford to enter the housing market.

These assessments are in effect a supply / demand analysis of the whole housing market across all tenures from which we filter down to identify those households unable to afford market housing for sale or rent. 90% of all housing requirements are met by the flow of the existing stock and it is therefore vital to understand the distribution of the existing stock by tenure, house type and size to be able to address both demand and need in both sectors and provide better balanced housing markets.

There is some significant variance between Councils in the scale and proportion of social housing stock available. All authorities, with the exception of Plymouth City, have social housing stock (Council and Housing Association dwellings) below the national average of 19.3% in the 2001 Census. West Devon are less than half this level and South Hams and Caradon are also significantly below both the national average and South West average of 13.5%

Table 4 *Social Housing Stock*

Local Authority	Existing Social Stock	Social Stock as a % of all Stock	Scale of Re-lets p.a	Re-lets as a % of Social Stock	Waiting list as % of Social Stock
Plymouth City	21,733	20.6	1,313	6.0	34.1
South Hams	4,289	10.6	131	3.1	43.8
West Devon	1,916	8.8	149	7.8	53.4
Caradon	4,409	11.9	186	4.2	77.2

Source: Housing Strategy Statistical Appendix 2006

Although Plymouth City has the highest number of households on the waiting list it has proportionately the lowest waiting list as a percentage of social stock at 34.1%. Caradon has significantly the highest ratio at 77.2%.

Regional Context

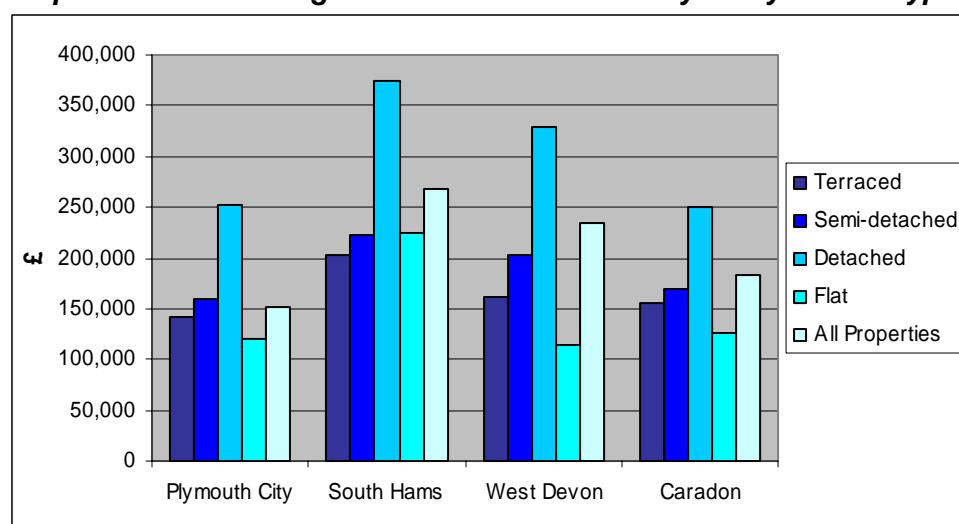
The last decade has seen significant house price inflation, particularly for First Time Buyers (FTB) with average prices paid by FTB's rising by 212% compared to 1995 levels. Average house prices in the South West, according to the Land Registry, have risen by 83.7% over the last 5 years between 2001 and 2006, significantly above the national average of 60.5%.

However in 2006 the market has stabilised relative to the previous growth and the annual rate of house price inflation recorded in the Halifax Index for the South West Region at 31st March 2006 was 1.7%, well below the UK average of 6.2%. House prices in the South West Region show a rise of 2.0% during the first quarter of 2006.

The Sub-Regional Housing Market

The graph below shows the average house prices in each Authority in the Land Registry database for the year to March 2005. At sub-regional level the average price for all dwellings was £209,512.

Graph 4 Average House Prices for All Buyers by House Type (£)



Source: Land Registry Property Price Report, Q1 2006

In Caradon and Plymouth City average house prices over the year, according to Land Registry data, have decreased by 5.2% and 1.1% respectively along with decreases at County level in Devon and Cornwall, reflecting the slow down in house price inflation nationally. South Hams and West Devon, however, have seen an increase in house prices over the last year of 5.7% and 9.2% respectively, well in excess of the 0.7% increase in the South West and decline of 0.8% in Devon, suggesting that housing in these areas is still experiencing high demand.

The average lowest quartile Land Registry entry level prices range from £110,000 in Plymouth City, which would require a purchase income of around £29,800, to the highest access price across the four authorities of £164,000 in South Hams, requiring an income of at least £44,500.

Private rented sector entry rental costs vary by location within the Sub-Region. The private rented sector cost is £369 a month in Caradon, rising to £397 in Plymouth City for a one bedroom flat, the smallest unit. Rents range from £421 in Caradon to £478 in South Hams for a 2-bed flat. Plymouth City has higher entry level costs for flats than most of the other districts

in the Sub-Region. In the case of 2-bed terraced houses, the monthly entry rent levels range from £442 in West Devon rising to £528 in South Hams.

The difference in the proportion of private rented stock across the Plymouth Sub-Regional authorities is not great (10.2% - 12.0% - 2001 Census) and the proportion is roughly in line with the national average of 10%. However in the more rural areas, such as South Hams and Caradon, there is an impact of holiday lettings with many rental properties not entering the private market, as would be expected from areas where tourism has a key role to play in the local economy. This constrains the potential of the private rental market as access to market housing for new households.

Newly Forming Households

A core factor in market and needs assessment is to be able to determine the issues of affordability and access to housing for concealed or new forming households. As new entrants to the housing market they generally earn below average incomes, and buy below average cost dwellings. The table below details the range of lowest (1-bed flats) to highest (2-bed terraced) entry level prices from each survey, and the subsequent income required to purchase at local level, based on 95% mortgages and three times income multipliers, the recommended levels in current guidance. It also shows the proportion of concealed households who are unable to enter the market locally.

Table 5 Entry Level House Prices & Incomes for New Forming Households

Local Authority	Entry Level Price (£)		Income needed to Purchase (£)		% Unable to Access Private Market
	Lowest*	Highest**	Lowest*	Highest**	
Plymouth City	68,750	132,500	20,300	42,000	46.7
South Hams	90,000	239,000	28,500	75,700	80.4
West Devon	79,950	142,667	25,300	45,200	38.2
Caradon	85,000	135,000	26,900	42,800	57.9

Source: DCA Housing Market Surveys, May 2006

* Based on lowest sub-area price for 1-bed flats

** Based on highest sub-area price for 2-bed terraced

The proportion of concealed households unable to afford entry level house cost to buy or rent range between 80% in South Hams and 38% in West Devon.

FUTURE DEMAND FOR MARKET HOUSING

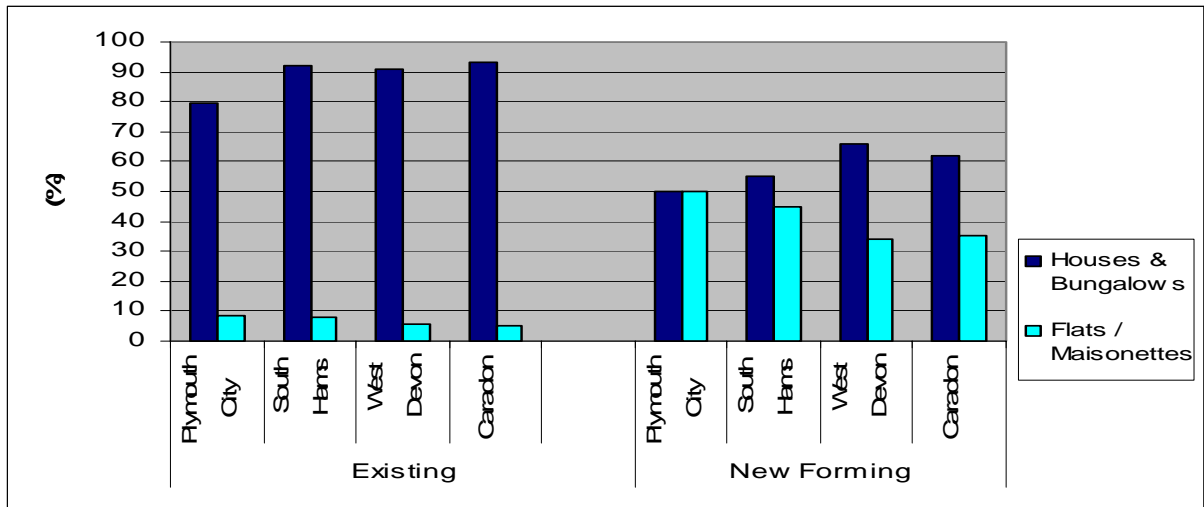
13,767 existing households are planning to move and 6,238 new households are planning to form within the Plymouth Sub-Region in market housing over the next three years.

The majority of existing households moving to market housing state a preference for owner occupation ranging from 88.7% in Plymouth City to 91.4% in South Hams. The preference for private rent ranges from 8.4% in South Hams to 10.9% in Plymouth City.

Newly forming households stating a need for owner occupation ranged from 25.0% in Plymouth City to 53.3% in Caradon. Those needing private rent ranged from 15.4% in Caradon to 25.8% in Plymouth City. When looking at tenure preference, the proportion for owner occupation increases across all areas ranging from 57.7% to 63.3%.

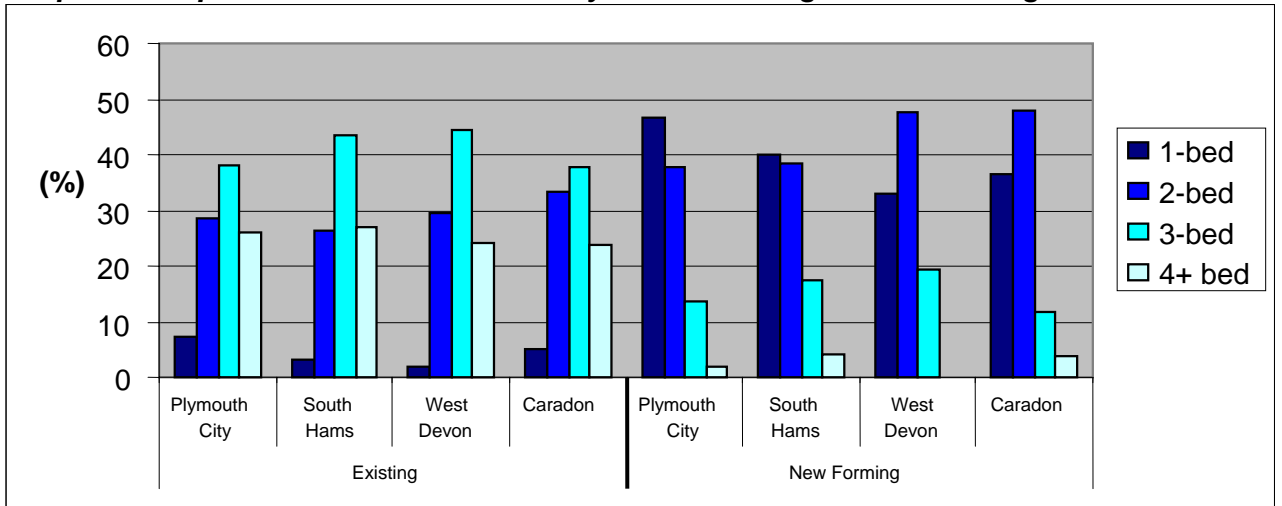
The graphs below outline the requirement expressed for market property by type and size for those households who are planning to move / form within the Plymouth Sub-Region within the next 3 years.

Graph 5 Requirement for Market Property Type – Existing & New Forming Households



As Graph 5 highlights the majority of existing households wanting to move to market housing felt that they required a house or bungalow, whereas the new forming households showed a different profile, as might be expected from a younger age group with a far higher requirement for flats / maisonettes.

Graph 6 Requirement for Market Units by Size – Existing & New Forming Households



Graph 6 reinforces the newly forming households need for market flats / maisonettes with the majority across all areas requiring 1 or 2-bed accommodation, whereas for existing households there is a much higher preference for the larger 3 and 4+ bed units.

FUTURE DEMAND FOR AFFORDABLE HOUSING

7,938 existing households are planning to move and 4,855 new households are planning to form within the Plymouth Sub-Region in affordable housing over the next three years.

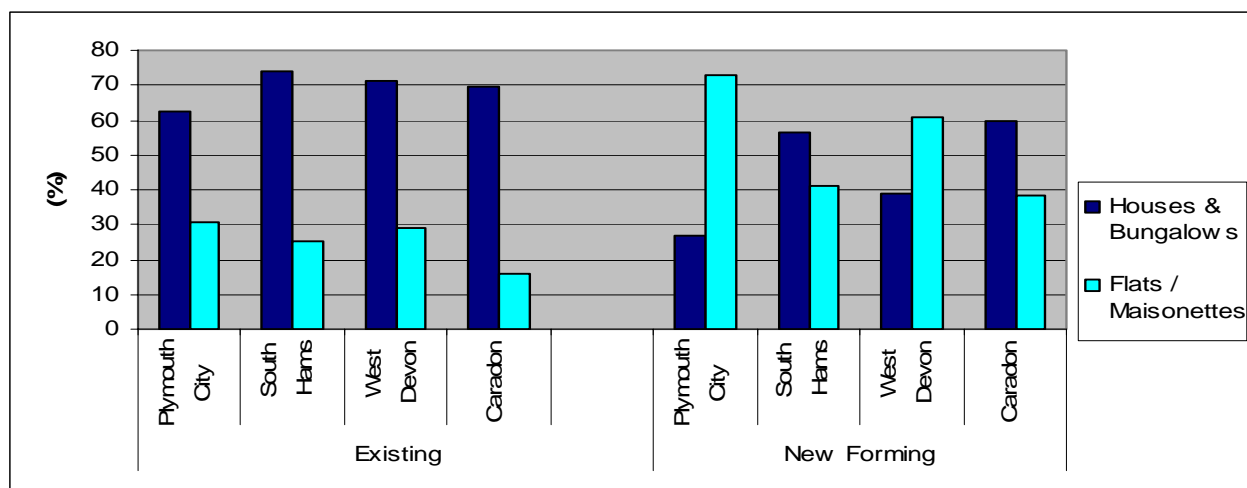
Of existing households moving to affordable housing the preference for social rent (Council and HA rent) ranged from 51.3% in West Devon to 80.0% in Caradon. The preference for HA shared ownership across the Sub-Region ranged from 7.3% in Caradon to 48.7% in West Devon.

The majority of newly forming households moving to affordable housing stated a need for social rent; 71.6% in Plymouth City, 66.8% in West Devon, 62.8% in Caradon and 51.2% in South Hams.

There is a significant level of need and preference expressed in the surveys for intermediate housing from concealed households and existing households and there exists potential also to meet the desire of some social tenants to move into intermediate housing through Social HomeBuy.

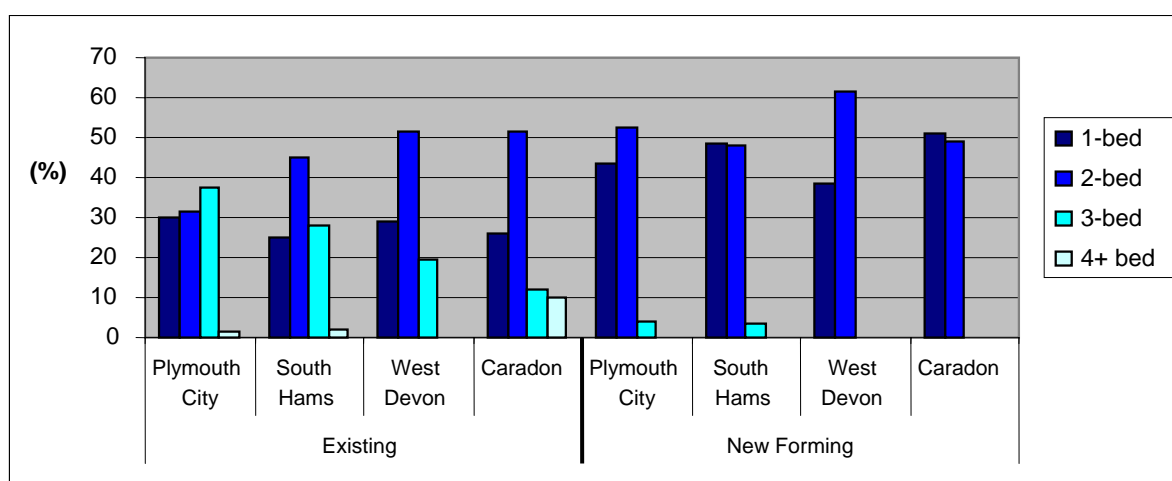
The graphs below outline the requirement for affordable property by type and size for those households planning to move / form within the Plymouth Sub-Region within the next 3 years.

Graph 7 Requirement for Affordable Units by Type – Existing & New Forming Households



Similarly for existing households moving to market housing, graph 7 shows that the majority of those moving to affordable housing require a house or bungalow, although a much higher proportion require a flat / maisonette compared to those moving to market housing. New forming households needing affordable housing, have a high level of requirement for flats / maisonettes in all areas but particularly in Plymouth and West Devon, where the need for a flat / maisonette was higher than that for a house or bungalow.

Graph 8 Requirement for Affordable Units by Size – Existing & New Forming Households



Graph 8 shows that for both existing and new forming households the future requirement for smaller 1 and 2-bed property types in the affordable sector is much higher than in the market sector. In West Devon and Caradon, in particular, the only requirement is for 1 or 2-bed properties.

Supported and Adapted Housing

The assessment also addressed issues relating to households with one or more member affected by a disability or long-term illness in each district across the Sub-Region.

Table 6 Incidence of Disability and Household Adaptation within the Sub-Region

Local Authority	Incidence of households with a disability		Households members with a disability		% of all households adapted to meet needs of disabled person	
	%	N ^{os} implied	% age 60+	% age 75+	%	N ^{os} implied
Plymouth City	26.5	27,196	58.8	27.4	10.1	10,219
South Hams	19.7	7,016	65.0	34.6	9.4	3,330
West Devon	20.6	4,465	62.3	27.9	10.5	2,301
Caradon	23.0	7,750	62.3	29.4	11.0	3,723

Source: DCA Housing Markets Surveys 2006

Table 6 above shows that between 19.7% and 26.5% of households in each Authority contain somebody with a disability. Over 55% of these households in each district are over 60 years old and in South Hams 34.6% are over 75 years old. The percentage of all current dwellings adapted to meet needs of a disabled person ranges from 9.4% in South Hams to 11% in Caradon.

Across the Sub-Region between 48% and 56% of those with a support need have a walking difficulty and mobility is significantly the biggest issue. There is an inextricable link between ageing and disability and the scale adaptation and support needs will increase bearing in mind the demographic change forecast over the next twenty years.

Between 8% of household members with support needs in West Devon and 19% in Plymouth City felt they needed care or support which is not currently being provided.

Older Persons Housing Needs

Despite the problems inherent in some of the current sheltered housing stock, demographic change has and will continue to increase the levels of both need and demand in this sector. The combined requirement for sheltered and extra housing in both sectors from existing households living in the Sub-Region and from in-migrating parents / relatives is shown below.

Table 7 Sheltered Housing Demand

Local Authority	Sheltered Housing Demand			Extra Care
	Private Sector	Affordable Sector	All Sheltered	
Plymouth City	704	2,956	3,660	261
South Hams	423	424	847	156
West Devon	452	228	680	221
Caradon	284	720	1,004	174

Source: DCA Housing Market Survey 2006

Some of this requirement will be addressed by flow of the existing sheltered stock, however some of the existing stock does not meet modern day standards and needs modernising, refurbishing or complete re-development. The attractiveness of this stock as one of the factors in the development of Older Persons Housing Strategies will need to be assessed in calculating the scale of new delivery required.

Affordable Need and Supply

Each survey uses the Good Practice Guidance Basic Needs Assessment Model to calculate the annual shortfall of social housing units. It is clear from the table below that the scale of need addressed by the flow of existing stock falls well below the accepted national norm of 90%. The annual scale of need and expected supply of new affordable housing is summarised below.

Table 8 Annual Affordable Shortfall

	Total Affordable Need	Social Re-lets	New Unit Delivery	Overall Annual Shortfall	Level of Outstanding Affordable Need *	Scale of Need / Supply Level (times)
Plymouth City	3,060	1,412	222	1,426	1,648	7.4
South Hams	859	253	0 *	606	606	8.3
West Devon	429	118	71	240	311	8.9
Caradon	884	250	57	577	634	11.1
Sub-Region	5,232	2,033	350	2,849	945	7.6

Source: DCA Housing Market Survey 2006

* Overall annual shortfall + assumed new units (except South Hams where new supply is inconsistent).

Table 8 shows the annual total net affordable housing need after allowing for the supply from re-lets of the existing social stock, the major means of addressing the scale of need identified. Re-lets however are likely to reduce as Right to Buy sales, averaging 428 a year in total across the Sub-Region, exceed new delivery in most authorities over the last three years. Rising prices have now however caused Right to Buy sales to fall.

After allowing for existing stock re-let supply, there are significant annual affordable housing shortfalls in each district. The expected supply of units likely to be able to be delivered from new delivery and conversions is much less than that required to address local need from existing and concealed households and key workers. The scale of increase needed in the level of new delivery ranges between seven and eleven times current levels.

The table below outlines the proposed annual average dwelling provision in the Draft South West Regional Spatial Strategy between 2006 and 2026, against the market demand and affordable need for each Local Authority.

Table 9 RSS Proposed Dwelling Provision against Affordable Need

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

The proposed development at Sherford will eventually form part of the Plymouth conurbation and will mainly address affordable need in the City. It is not particularly well placed to address the affordable needs of South Hams and the high need identified will primarily be addressed by the 250 p.a. unit provision.

The scale of demand and need identified through the Sub-Regional Market Assessment is very significant. Compared to the proposed annual provision of 2,255 units in the Draft Regional Spatial Strategy, there is an identified shortfall of over 4,900 units in the market sector, strongly linked to current in-migration levels, and almost 3,200 units of affordable housing, over 1.4 times greater than the whole dwelling provision to 2026.