Eastern Dorset 2015
Strategic Housing Market Assessment

Final Report

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Quality Standards Control

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.

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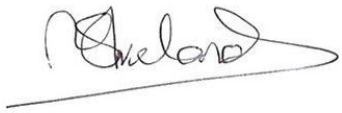

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1 INTRODUCTION

Context and Purpose

1.1 GL Hearn has been commissioned to prepare a Strategic Housing Market Assessment (SHMA) for the Eastern Dorset Housing Market Area (HMA). GL Hearn leads a consultancy team which includes Justin Gardner Consulting (JGC) and Chris Broughton Associates (CBA) who previously prepared an SHMA for the area in 2012.

1.2 The SHMA has been commissioned by the following local authorities:

- Bournemouth Borough Council;
- Christchurch Borough Council;
- East Dorset District Council;
- North Dorset District Council;
- Poole Borough Council, and
- Purbeck District Council.

1.3 The preparation of the SHMA has followed relevant national policy and guidance, specifically the National Planning Policy Framework (NPPF)[1] and Planning Practice Guidance (PPG) on *Housing and Economic Development Needs Assessments*[2]. It defines the Objectively Assessed Need (OAN) for housing as national planning policy requires, as well as considering the need for different types of housing and the housing needs of different groups within the community.

1.4 The report provides an assessment of housing need. It does not set housing targets. In doing so, local authorities need to bring together a range of evidence, including information regarding residential land supply and development constraints, such as environmental and infrastructure issues.

1.5 The preparation of a new SHMA has been commissioned to respond to the requirements of the NPPF to provide a fit-for-purpose evidence base to inform and support planning and housing policies, including to:

- Reflect the latest datasets including population and household projections;
- Comply with the requirements of the NPPF, the PPG and objectively assessed need guidance;
- Comprehensively inform duty to cooperate requirements;
- Incorporate and have full regard for housing and economic growth imperatives and the connections between them; and enable improved alignment between housing and workspace evidence bases.

[1] CLG (March 2012) *National Planning Policy Framework*
[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

National Planning Policy Framework (NPPF)

1.6 The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

1.7 The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.8 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the Housing Market Area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries.

1.9 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

1.10 Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act.

1.11 Local plans must be 'sound.' The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan "*should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development."* Thus local authorities in preparing plans must seek to meet housing needs where it is sustainable to do so and work with

their neighbours to consider whether there are unmet needs in one area which could be met within another – principally through joint working at a Housing Market Area level. An assessment of potential unmet housing needs is included in Appendix E and referenced in the conclusions to this report.

National Planning Practice Guidance

1.12 New Planning Practice Guidance was issued by Government in March 2014. This includes Guidance on 'Assessment of Housing and Economic Development Needs'. This is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report follows that in the Planning Practice Guidance (PPG).

1.13 The Guidance defines "need" as referring to:

> *'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.'*

It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

> *"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

1.14 Against this context it is important to recognise that **the SHMA assesses need for housing, it does not set housing targets** – which need to take account both of unmet needs from other areas and other factors including development constraints and delivery of supporting infrastructure.

1.15 The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these the latest projections are the 2012-based Household Projections[3].

1.16 The Guidance sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in

[3] CLG (February 2015) *2012-based Household Projections*

particular where there is evidence that household formation rates are or have been constrained by supply.

1.17 It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

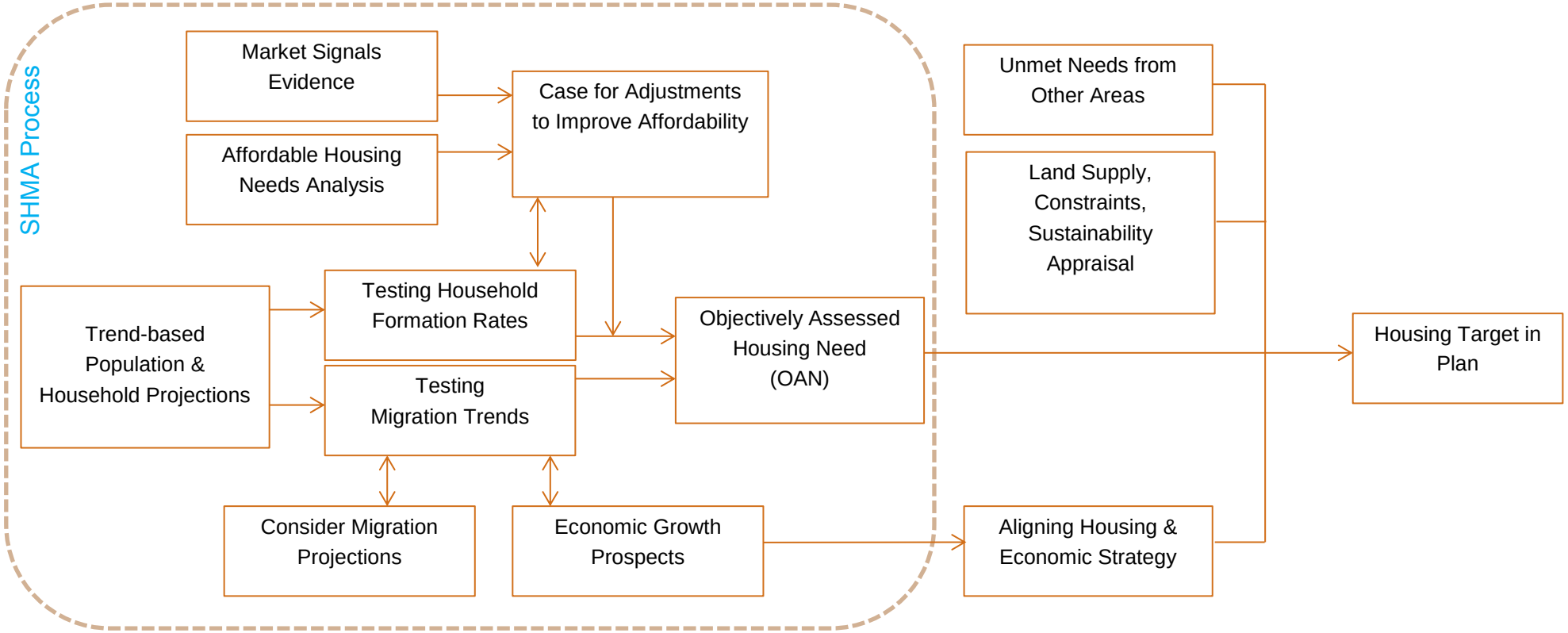
1.18 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

1.19 In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

Overview of the Approach to Deriving OAN

1.20 The NPPF and PPG set out a clear approach to defining the Objectively Assessed Need (OAN) for housing. We have sought to summarise this within the diagram below, Figure 1. This summarises the approach we have used to considering OAN.

Figure 1: Overview of Approach



Report Structure

1.21 This report takes account of the 2012-based Sub-National Population Projections issued by ONS in March 2014 and the associated Household Projections, published by CLG in February 2015.

1.22 Following this introductory section the remainder of this SHMA Report is structured as follows:

- Section 2: Reviewing the Definition of the Housing Market Area (HMA);
- Section 3: Understanding Eastern Dorset's Housing Market;
- Section 4: Demographic-led Projections;
- Section 5: Economic Growth Potential;
- Section 6: Affordable Housing Need;
- Section 7: Housing Market Dynamics and Market Signals;
- Section 8: Requirements for Different Sizes and Types of Homes;
- Section 9: Households with Specific Needs;
- Section 10: Conclusions.

2 REVIEWING THE DEFINITION OF THE HOUSING MARKET AREA

2.1 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). The SHMA therefore first considers the definition of the HMA.

2.2 In simple terms, the HMA is a geographical area in which the majority of people, who move, will move within. It also reflects functional relationships between where people live and work. However, defining housing market areas is an inexact science and there is no single source of information that will clearly identify housing market areas.

Existing definition of the HMA

2.3 The Eastern Dorset Housing Market Area (HMA) was identified in a 2004 Study by DTZ for the South West Housing Body which sought to define housing market areas across the region. This identified that the bulk of Dorset fell into one of two HMAs: a Bournemouth/Poole market and one focused on Dorchester/Weymouth. A South Somerset market was defined which included a large part of North Dorset District, and part of West Dorset. The Salisbury HMA was found to impinge slightly on North Dorset.

2.4 The boundaries identified in the DTZ 2004 Study were tested in the 2008 Dorset Strategic Housing Market Assessment (Final Evidence Base, June 2008). This considered migration, transport networks, health and school catchment areas. This, in broad terms, supported the housing market areas defined in the 2004 DTZ Study.

Guidance on Defining HMAs

2.5 Planning Practice Guidance (PPG) on *Housing and Economic Development Needs Assessments* was issued by Government in March 2014. This outlines what a housing market area is, setting out:

> *'A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.*
>
> *The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate[4].'*

2.6 The PPG sets out that housing market areas can broadly be defined using three different sources of information:

[4] Reference ID: 2a-011-20140306

- **House prices and rates of change in house prices** – providing a market-based definition based on areas with similar house price characteristics;
- **Household migration and search patterns** – considering the extent to which people move house within an area, with a housing market area considered to be that in which typically 70% or more of local moves are contained within (excluding long-distance moves);
- **Contextual data** - such as travel to work areas, retail and school catchments – with travel to work areas providing information regarding commuting.

2.7 The three strands of information look at different aspects of household behaviour, and there is no right or wrong answer regarding what weight should be applied to different factors. What the PPG says is that:

> *'No single source of information on needs will be comprehensive in identifying the appropriate assessment area; careful consideration should be given to the appropriateness of each source of information and how they relate to one another. For example, for housing, where there are issues of affordability or low demand, house price or rental level analyses will be particularly important in identifying the assessment area. Where there are relatively high or volatile rates of household movement, migration data will be particularly important. Plan makers will need to consider the usefulness of each source of information and approach for their purposes.'*

2.8 The PPG largely reiterates previous guidance on defining HMAs set out within the CLG's 2007 Advice Note on *Identifying Sub-Regional Housing Market Areas*. There has been effectively no change in guidance, which continues to emphasise that there is no right or wrong answer as to how an HMA should be defined and that the approach should, in effect, reflect local market characteristics and circumstances.

2.9 There is a range of previous work which has been undertaken to define HMAs over the last decade, at national, regional and local levels. However it is appropriate for the SHMA to review this, not least given that a significant proportion of the past work is informed by 2001 Census data regarding commuting and migration patterns. 2011 Census flow data was issued in late July 2014.

2.10 There are some further practical issues which are dealt with in the recent Planning Advisory Service (PAS) Technical Advice Note on *Objectively Assessed Need and Housing Targets.*[5] This outlines that in practice, the main indicators used to define HMAs are migration and commuting flows, but goes on to point out that:

> *'One problem in drawing boundaries is that if each local planning authority were to draw an HMA centred on its area, there would be almost as many HMAs as local authorities. This is because the largest migration flows in and out of any individual authority are usually those linking it with immediately adjacent authorities. But each of these adjacent authorities will probably find that their largest migration flows link them to their immediate neighbours, and the chain continues indefinitely.*

[5] Peter Brett Associates for PAS (June 2014) *Objectively Assessed Need and Housing Targets*

Thus if each authority works independently to define an optimal HMA each authority may draw a different map, centred on its own area.'

2.11 The PAS Note argues that to address this issue, it is useful to start with a "top down analysis" which looks at the whole country. This is provided by a research study led by the Centre for Advanced Urban Studies (CURDS) at Newcastle University to define HMAs across England, which was published by Government in November 2010[6]. This has defined a consistent set of HMAs across England based on migration and commuting data from the 2001 Census.

2.12 Peter Brett Associates emphasise that this should be considered 'only a starting point' and should be sense-checked against local knowledge and more recent data, especially on migration and commuting – concluding that more recent data 'should always trump' the national research. GL Hearn agrees with Peter Brett Associates' conclusions in this respect.

2.13 A further practical issue regards geographical building blocks. A key purpose of the SHMA is to define the Objectively Assessed Need (OAN) for housing. The PPG is clear that the starting point for this is official population and household projections. These are published at a national level, and for local authorities. They are not published below local authority level, nor is their data available (regarding migration and trends in household formation which are key drivers within the projections) below local authority level. On this basis we consider that housing market areas should be based on the 'best fit' to local authority boundaries; albeit that SHMAs can (and should) recognise cross-boundary influences and interactions. The PAS Guidance supports this, concluding that:

'It is best if HMA boundaries do not cut across local authority areas. Dealing with areas smaller than local authorities causes major difficulties in analysing evidence and drafting policy. For such small areas data availability is poor and analysis is complex. These complications are not offset by the benefit of greater accuracy.'

2.14 This approach seems widely accepted and is a practical response to data availability and one we would wish to adopt. In practical terms, we are of the view that towards the edges of most housing markets there are likely to be influences in two directions.

National Research on HMAs

2.15 National research undertaken for the Government by a consortium of academics led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University has sought to define housing markets across England. As the PAS Guidance recommends, we have used this as a 'starting point' for considering the HMA geography.

2.16 The CURDS Study for CLG considers commuting and migration dynamics (based on 2001 Census data) and house prices (standardised for differences in housing mix and neighbourhood

[6] C Jones, M Coombe and C Wong for CLG (Nov 2010) *Geography of Housing Markets, Final Report*

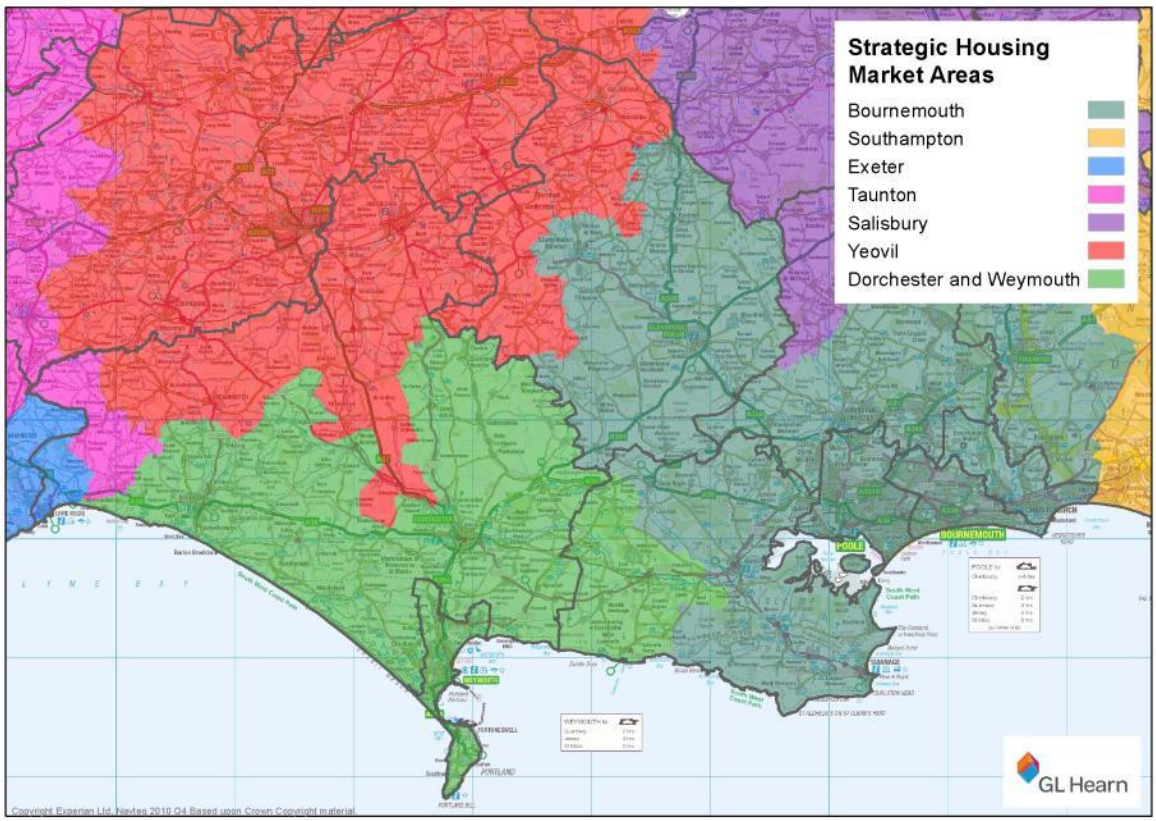
characteristics). This information was brought together to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

2.17 The Strategic and Local HMAs are mapped across England, with the Local HMAs embedded within the wider Strategic HMAs. Both are defined based on wards.

2.18 The Study defines a number of Strategic Housing Market Areas covering parts of Dorset, centred on Bournemouth, Dorchester and Weymouth, Salisbury, and Yeovil. These are shown in Figure 2.

Figure 2: CURDS-Defined Strategic Housing Market Areas

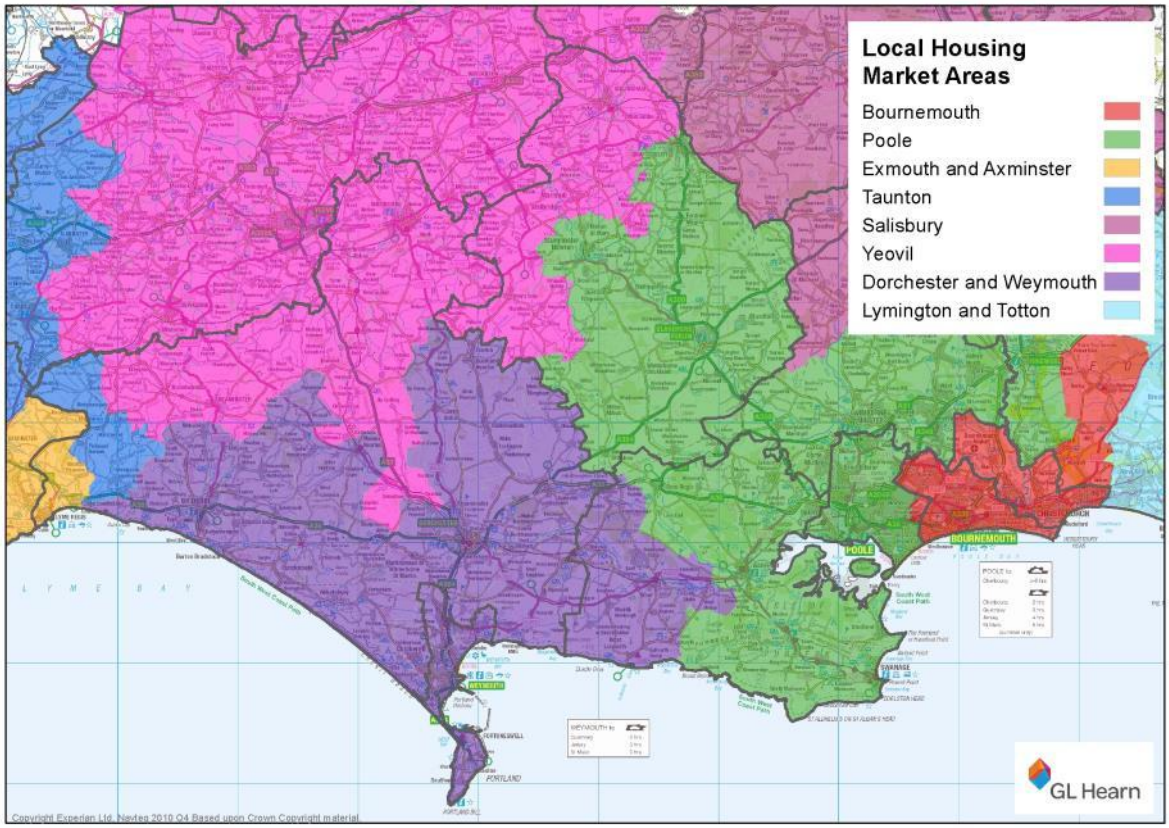


Source: CURDS

2.19 More local housing market areas are defined within the strategic markets in some areas, particularly more urban areas. The Local HMAs defined in the CURDS analysis are shown in Figure 3.

2.20 Bournemouth and Poole are identified as separate Local HMAs. The other LHMAs within Eastern Dorset follow the same boundaries as the Strategic HMAs.

Figure 3: CURDS-Defined Local Housing Market Areas



Source: CURDS

Considering More Recent Evidence

2.21 In line with the recent PAS Advice note we have produced our own top-down analysis focusing on the major settlements and employment centres in the sub-region. We have reviewed both the catchments of the major centres in and around Eastern Dorset, as well as the major commuting and migration flows within and beyond the sub-region.

Migration Patterns

2.22 Migration data from the 2011 Census has been published at a local authority level. It records the location of residents on Census day, and one year prior to the completion of the Census. We have sought to analyse both net and gross migration flows. Net flows identify the direction of movement with gross flows highlighting the strength of inter-connectedness.

2.23 We consider each of the Eastern Dorset local authorities. The findings are as follows:

- Bournemouth: In total approximately 10,800 people left Bournemouth in the year leading up to the Census. Over the same period 15,000 people arrived in the Borough. This reflects a significant level of in migration into the Borough. In addition, approximately 17,600 people moved within the Borough over the same period.
- Christchurch: In total, approximately 2,300 people left Christchurch in the year leading up to the Census. Over the same period 2,600 people arrived in the Borough. This reflects a modest level of in migration into the district. In addition, approximately 1,800 people moved within the Borough over the same period.
- East Dorset: In total approximately 4,250 people left East Dorset in the year leading up to the Census. Over the same period 4,126 people arrived in the District. This reflects a balance level of migration relating to the district. In addition, approximately 3,255 people moved within the District over the same period.
- North Dorset: In total approximately 3,900 people left North Dorset in the year leading up to the Census. Over the same period 4,500 people arrived in the District. This reflects a modest level of in migration into the district. In addition, approximately 3,800 people moved within the Borough over the same period.
- Poole: In total approximately 7,700 people left Poole in the year leading up to the Census. Over the same period 7,900 people arrived in the Borough. This reflects a modest level of in migration into the district. In addition, approximately 8,300 people moved within the Borough over the same period.
- Purbeck: In total approximately 2,500 people left Purbeck in the year leading up to the Census. Over the same period 2,550 people arrived in the District. This reflects a balanced migration pattern in the district. In addition, approximately 1,800 people moved within the District over the same period.

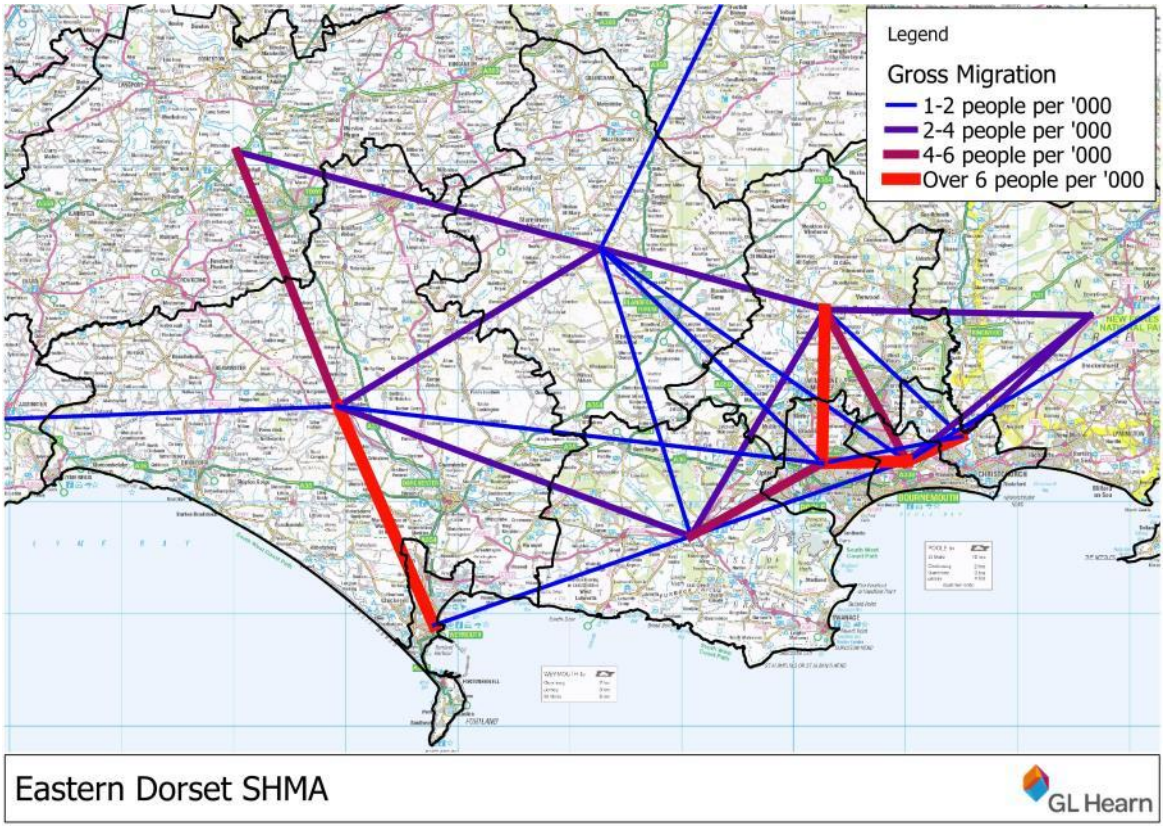
2.24 By reviewing gross flows, we can see the strength of relationships between the various Eastern Dorset authorities and with other neighbouring local authorities. The most significant inter-relationship within Eastern Dorset are as follows:

- Between Bournemouth and Poole (4,762 persons per annum);
- Between Bournemouth and Christchurch (1,590 ppa);
- Between Bournemouth and East Dorset (1,515 ppa); and
- Between East Dorset and Poole (1,513 ppa).

2.25 Flows are mapped in Figure 4. The strongest relationship, by some way, is between Bournemouth and Poole.

2.26 Beyond Eastern Dorset there are significant links between North Dorset and South Somerset and Wiltshire; and between Bournemouth, Christchurch, and East Dorset and New Forest.

Figure 4: Major Gross Migration Flows (2011)



Source: ONS, 2011

2.27 Typically we would expect a stronger migration flow between two larger local authorities. To negate the impact of the different sizes/ populations of different areas, we have weighted the flows based on the total size of the population in both local authorities to show gross flows per 1,000 head of population. As outlined in the Table 1 and Figure 5, the largest flows are still between Bournemouth and Poole.

Table 1: Top Gross Migration Flows Weighted by Size of Population (2010-11)

Authority A	Authority B	Gross Migration (both directions), per 1,000 heads of population
Bournemouth	Poole	14.38
West Dorset	Weymouth and Portland	8.25
Bournemouth	Christchurch	6.88
East Dorset	Poole	6.44
Poole	Purbeck	5.80
Bournemouth	East Dorset	5.60
West Dorset	South Somerset	4.80

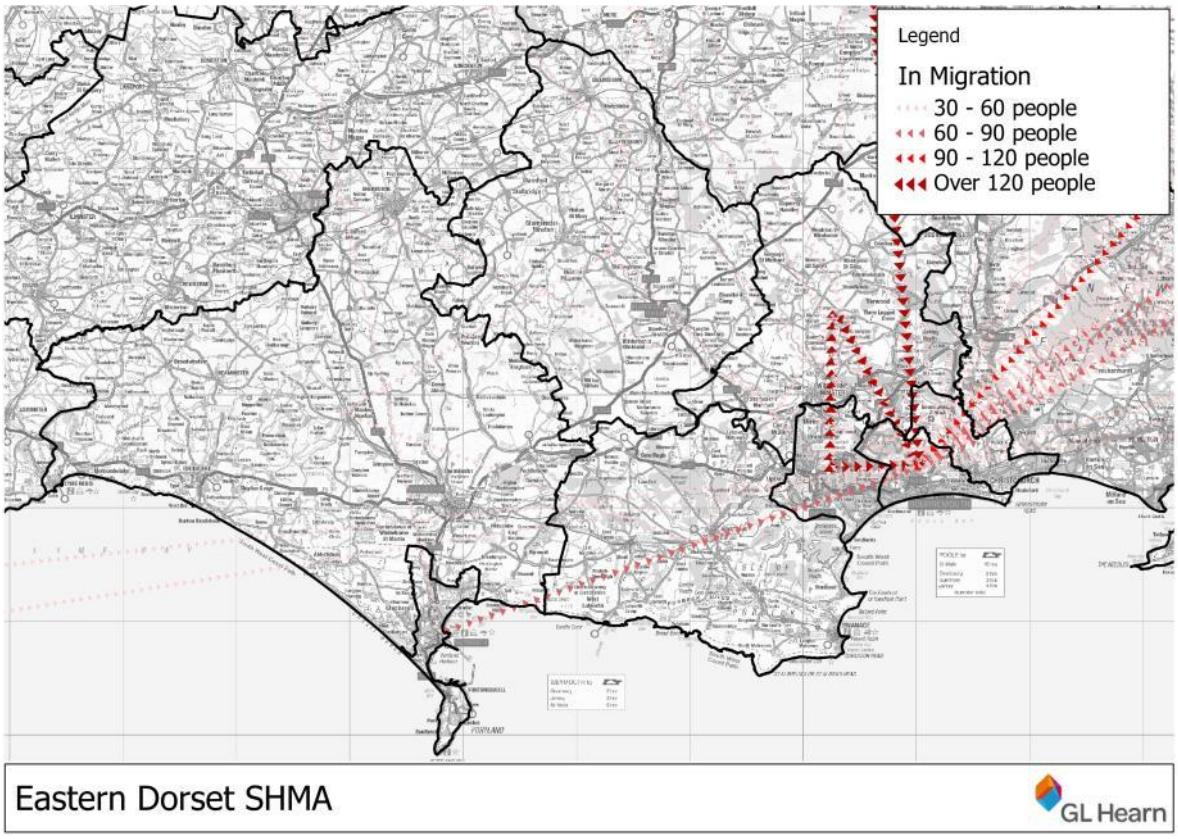
Source: ONS, 2011

2.28 The analysis of gross migration flows suggests a distinct pattern between the east and west of the County. Weymouth and Portland and West Dorset are clearly linked; as are the urban local

authorities of Christchurch, Bournemouth and Poole. Purbeck and East Dorset also link into this group, with particular links with Poole. What is less clear is where North Dorset sits in relation to these areas. It has notable links to both Eastern and Western Dorset, but also with South Somerset.

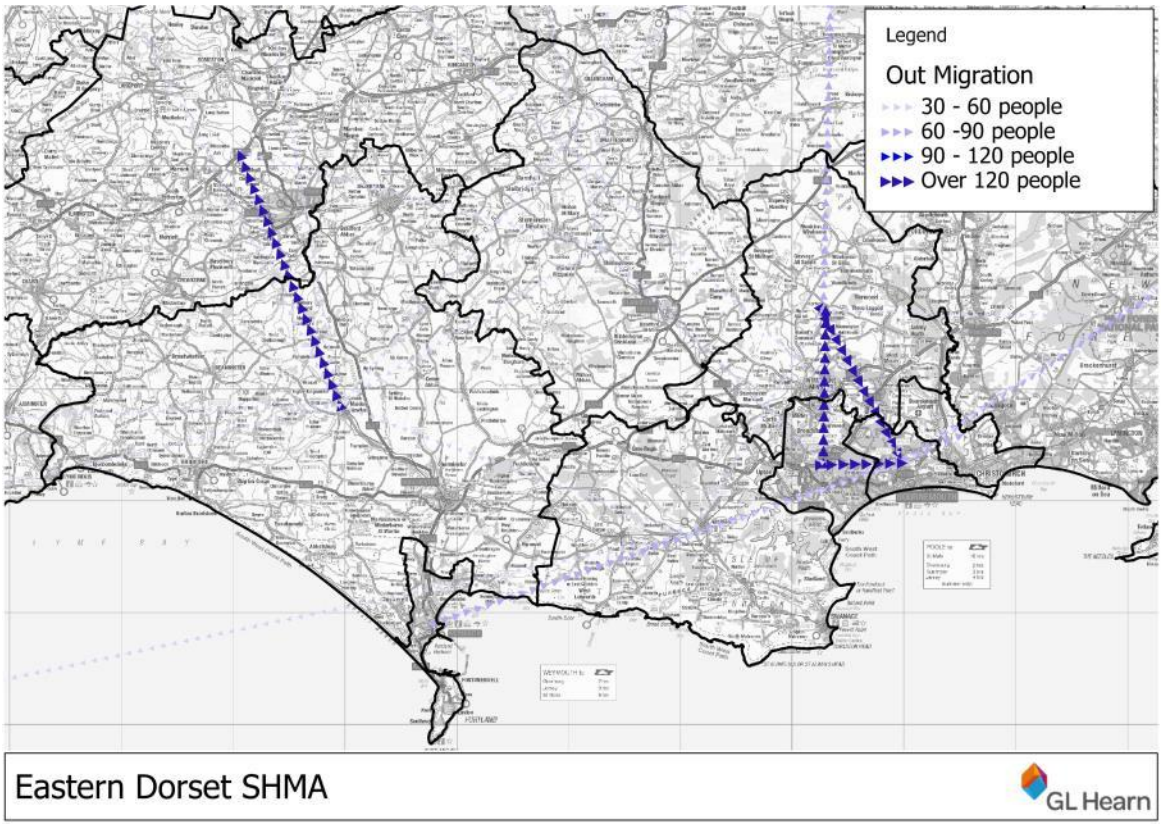
2.29 Looking at net flows (the difference between flows in each direction) we have mapped net in-migration to the Dorset authorities in Figure 5; and out-migration in Figure 6. The analysis shows net in-migration from London and Wiltshire to Bournemouth. There is also a pattern of movement from Poole to East Dorset and Bournemouth; and from East Dorset back into Bournemouth.

Figure 5: In Migration (net) (2011)



Source: ONS, 2011

Figure 6: Out Migration (net) (2011)



Source: ONS, 2011

2.30 The analysis shows out-flows from the Dorset boroughs to Bournemouth. In addition there is also a notable flow from West Dorset to South Somerset; and from East Dorset to Wiltshire.

Commuting Patterns

2.31 Commuting data from the 2011 Census has been released in Summer 2014. We have used this to analyse commuting patterns, based on considering the 'catchment areas' of the major employment centres.

2.32 For each of the major employment centre we have defined the following catchments:

- Primary Catchment – Which reflects the Middle-Level Super Output Areas (MSOAs) with the highest contribution of employees comprising 75% of the workforce for the target town/ borough;
- Secondary Catchment – Which reflects the MSOAs with the highest contribution of employees comprising 75%-90% of the workforce for the target town/ borough;

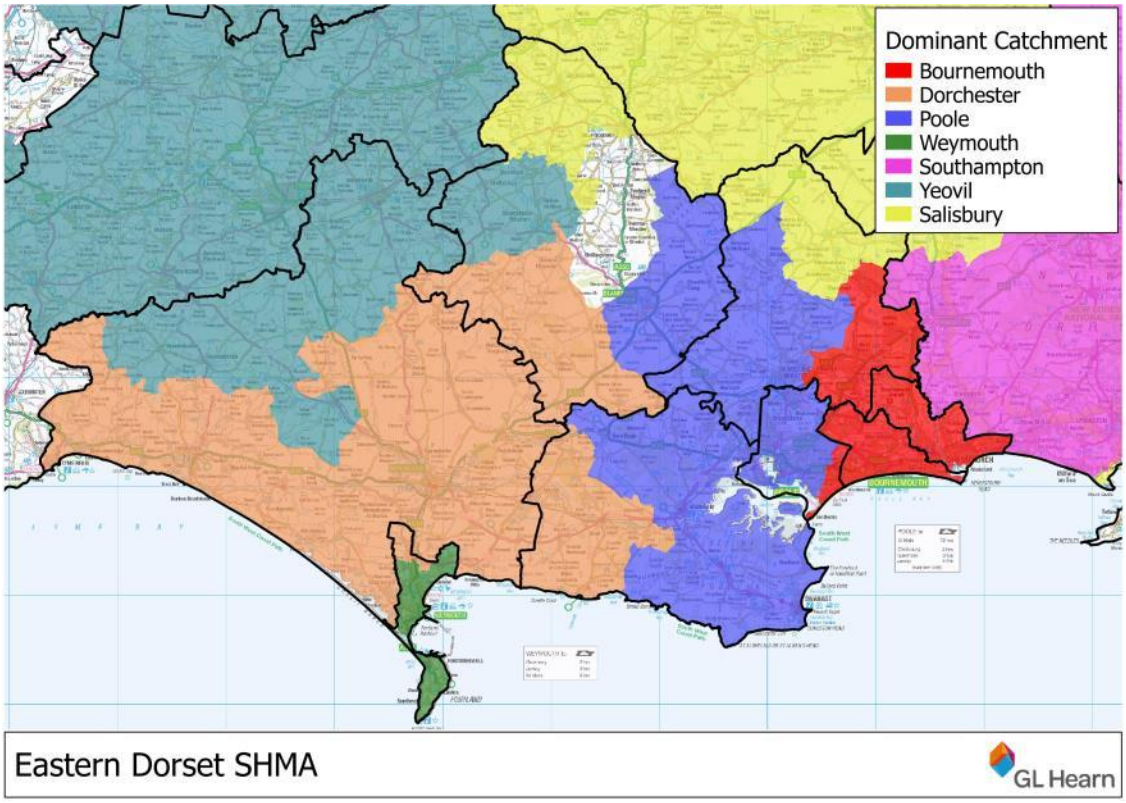
2.33 These catchments demonstrate the areas of influence of each of the employment centres. The areas may overlap. The 75% containment rate we have used for our primary catchment broadly aligns with that used by ONS to define TTWAs using the 2001 Census data, although the threshold they have used for larger settlements falls to a 66% self-containment level.

2.34 In Appendix A we set map the commuting catchment areas of Bournemouth, Dorchester, Poole, Salisbury and Southampton. Drawing this analysis together, we plot in Figure 7 below the catchment of each centre based on mapping the centre to which each area sees the strongest flow.

2.35 The analysis indicates notable commuting from Christchurch and Bournemouth as well as parts of East Dorset to Bournemouth. The Poole catchment includes large parts of Purbeck, East and North Dorset and well as Poole itself. To the West of the County, Weymouth and Portland has a relatively high level of commuting self-containment. Dorchester's catchment area includes most of West Dorset as well as parts of North Dorset and Purbeck.

2.36 Towards the north of the County, we see stronger commuting in some areas to Yeovil and Salisbury, as Figure 7 illustrates.

Figure 7: Dominant Catchment



Source: ONS, 2011

2.37 Overlaying a local authority geography, North Dorset has significant commuting flows to Poole, Salisbury, Dorchester and Yeovil. There is also a large part in the centre of the District (shown in white) where there is not a dominant commuting flow. However, the balance of population is located in the South of the District, with Blandford Forum falling within Poole's catchment area.

2.38 We have reviewed the location of employment for all 276,815 Dorset working residents in 2011. This analysis shows that 238,916 of the County's residents also work in the County (a self-containment rate of 96%).

2.39 We have also reviewed the commuting patterns within and between the Dorset Local Authorities. Again this shows and east/west split. This indicates significant commuting between West Dorset and Weymouth and Portland in the western part of the County; and between Bournemouth and Poole in the east.

2.40 Bournemouth sees in-commuting from Christchurch, East Dorset and Poole. Poole receives significant numbers from Bournemouth, East Dorset and Purbeck.

Table 2: Commuting Patterns within Dorset

Live\Work	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	West Dorset	Weymouth and Portland
Bournemouth	39,184	4,781	3,909	318	14,269	791	338	77
Christchurch	4,062	5,759	712	39	1,233	94	58	15
East Dorset	4,106	1,188	11,102	810	5,875	726	418	77
North Dorset	467	155	918	14,918	1,330	559	1,373	92
Poole	10,852	1,334	3,898	662	33,835	2,213	539	111
Purbeck	937	119	715	508	4,148	7,655	972	147
West Dorset	232	59	220	850	686	1,263	22,205	2,163
Weymouth and Portland	146	40	126	215	428	1,022	8,355	12,508

Source: ONS

2.41 North Dorset is again slightly different from the other authorities and provides around 1,300 workers per day to both Poole and West Dorset.

2.42 On an individual local-authority basis, self-containment ranges from 36% in Christchurch to 66% in West Dorset.

Table 3: Residents Containment (2011)

Residence	Working Residents	Live and Work within Area	% of Residents
West Dorset	33,659	22,205	66.0%
North Dorset	24,939	14,918	59.8%
Poole	58,447	33,835	57.9%
Bournemouth	72,245	39,184	54.2%
Weymouth and Portland	24,515	12,508	51.0%
Purbeck	16,408	7,655	46.7%
East Dorset	30,621	11,102	36.3%
Christchurch	15,981	5,759	36.0%

Source: ONS

2.43 An 86% self-containment level is recorded for the six commissioning Eastern Dorset local authorities. 78% of commuting flows in Weymouth and Portland and West Dorset are contained within this area.

2.44 We have also looked at the workforce self-containment i.e. the percentage of jobs by local authority taken up by residents. This shows that almost four in every five jobs in Weymouth and Portland are taken up locally. This falls to around a third in Christchurch.

Table 4: Workforce Containment (2011)

Workplace	Workforce	Live and Work	% of Workforce
Weymouth and Portland	15,968	12,508	78.3%
North Dorset	21,910	14,918	68.1%
Bournemouth	64,407	39,184	60.8%
West Dorset	40,279	22,205	55.1%
Poole	65,950	33,835	51.3%
Purbeck	15,321	7,655	50.0%
East Dorset	24,636	11,102	45.1%
Christchurch	16,448	5,759	35.0%

Source: Census 2011

House Prices

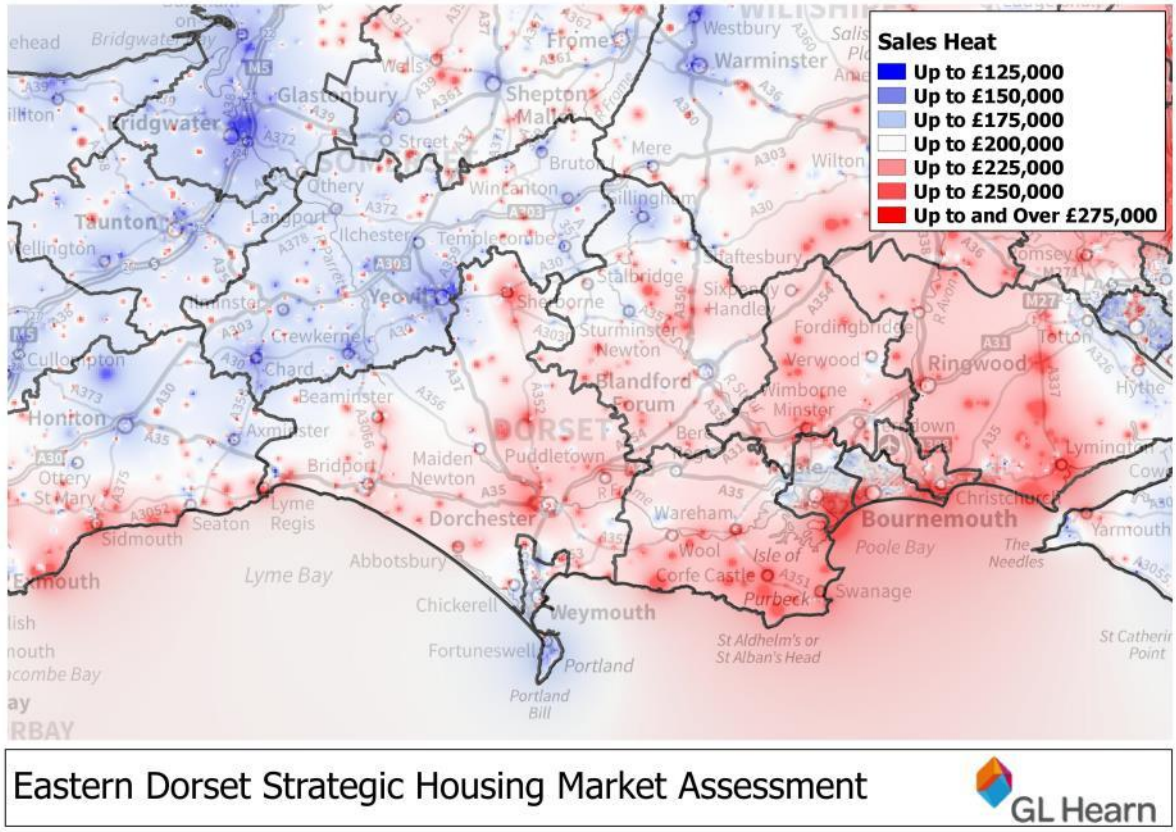
2.45 The National Planning Practice Guidance also recommends that house prices and house price change are considered when identifying Housing Market Areas.

2.46 We have taken average sales prices for terraced and semi-detached prices for Dorset and the surrounding Counties. This reflects mid-range property types and seeks to strip out the impact of dominant house typologies i.e. clusters of larger detached or smaller flatted properties.

2.47 As Figure 8 illustrates, there is a clear cooling of house prices as we move from East to West across the county. There are however a number of exceptions to this, including the suburban parts of Poole and Bournemouth. Other notable spots with lower prices included Portland and Gillingham.

2.48 The most expensive parts of the County include areas around Bournemouth, Christchurch and Poole. The area around Sandbanks is known to be one of the most expensive places to purchase properties in the County. Part of this will be driven by second home ownership.

Figure 8: Average Semi-detached and Terraced House Price (2013)

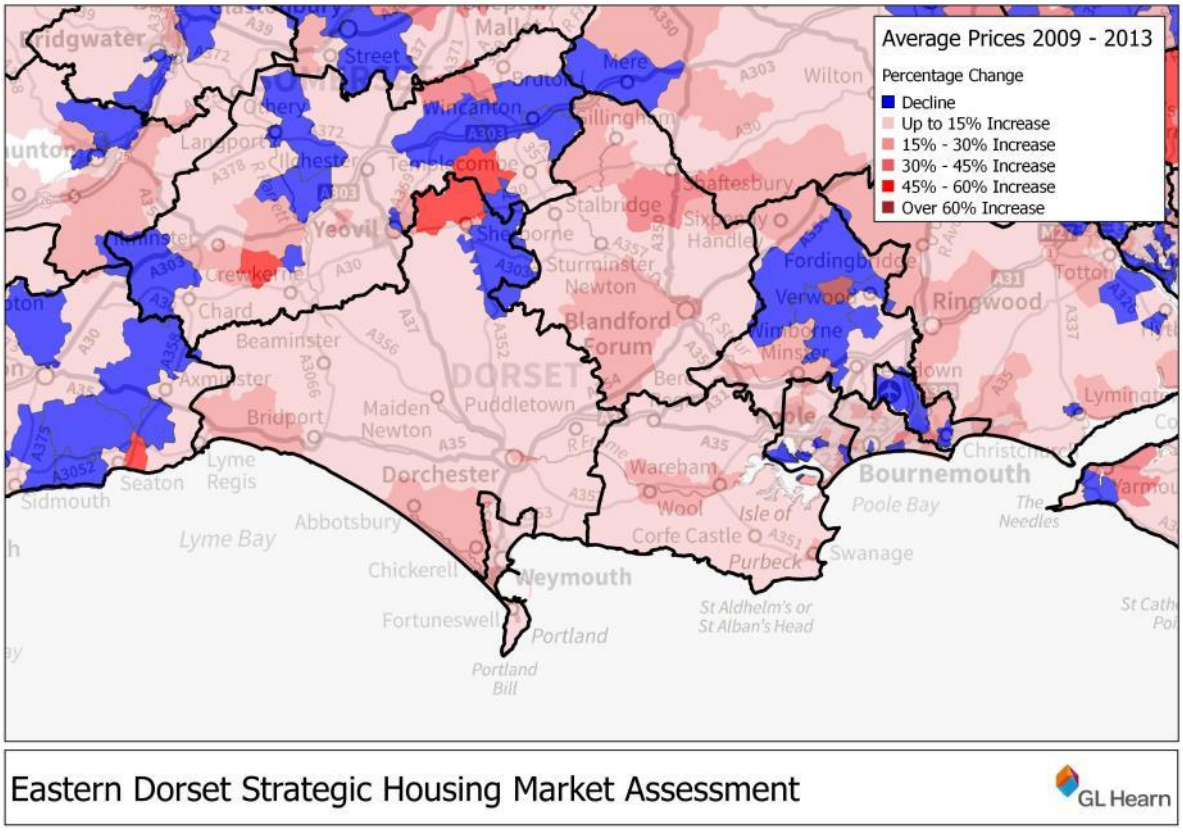


Source: HM Land Registry, 2014/ GL Hearn

2.49 While there are parts of Western Dorset that are more expensive (particularly around Dorchester), average prices in general are notably lower.

2.50 Figure 9 assesses the change in average house (all types) prices between 2009 and 2013 at a postal sector level. This illustrates pockets of change across the county, most notably in Christchurch which has seen a significant decline in prices. Much of the rest of the County has seen similar modest rises over this period.

Figure 9: Average House Price Change By Postal Sector (2009-2013)



Source: HM Land Registry, 2014/ GL Hearn

Conclusions Regarding HMA Geographies

2.51 There is no single indicator for identifying housing market areas, although the PPG suggests that they should draw on migration, commuting and house price dynamics. How these factors are weighted can affect how housing market areas are defined.

2.52 In Dorset however, both migration and commuting data suggests that an East-West distinction within the County; and with some areas in the north relating more towards Salisbury and Yeovil. This is consistent with how market areas have previously been defined. The analysis clearly identifies:

- An Eastern Dorset market which includes Bournemouth, Poole and Christchurch and parts of both Purbeck, Eastern and North Dorset including Wimborne, Blandford Forum, Wareham and Swanage;
- A Western Dorset market which includes Weymouth and Portland and Dorchester, and stretches east to Bridport.

2.53 In the case of both markets, the migration, travel to work and house prices evidence all broadly align.

2.54 The analysis suggests that parts of Purbeck and North Dorset relate to different market areas, with Crossways and Wool falling within the Western market as well as Sturminster Newton; Sherborne falling more within a Yeovil-focused market; with Gillingham and Shaftesbury falling in a Salisbury-focused market. Blandford Forum falls within the Eastern Dorset market.

2.55 However, whilst this reflects the reality of spatial relationships, for pragmatic reasons we would recommend that HMAs are drawn on the basis of local authority boundaries. This approach is supported by the recent Planning Advisory Service (PAS) Technical Advice Note on *Objectively Assessed Need & Housing Targets* (Peter Brett Associates, 2014) and also recognises that key demographic data on migration and official population and household projections are not published below local authority level.

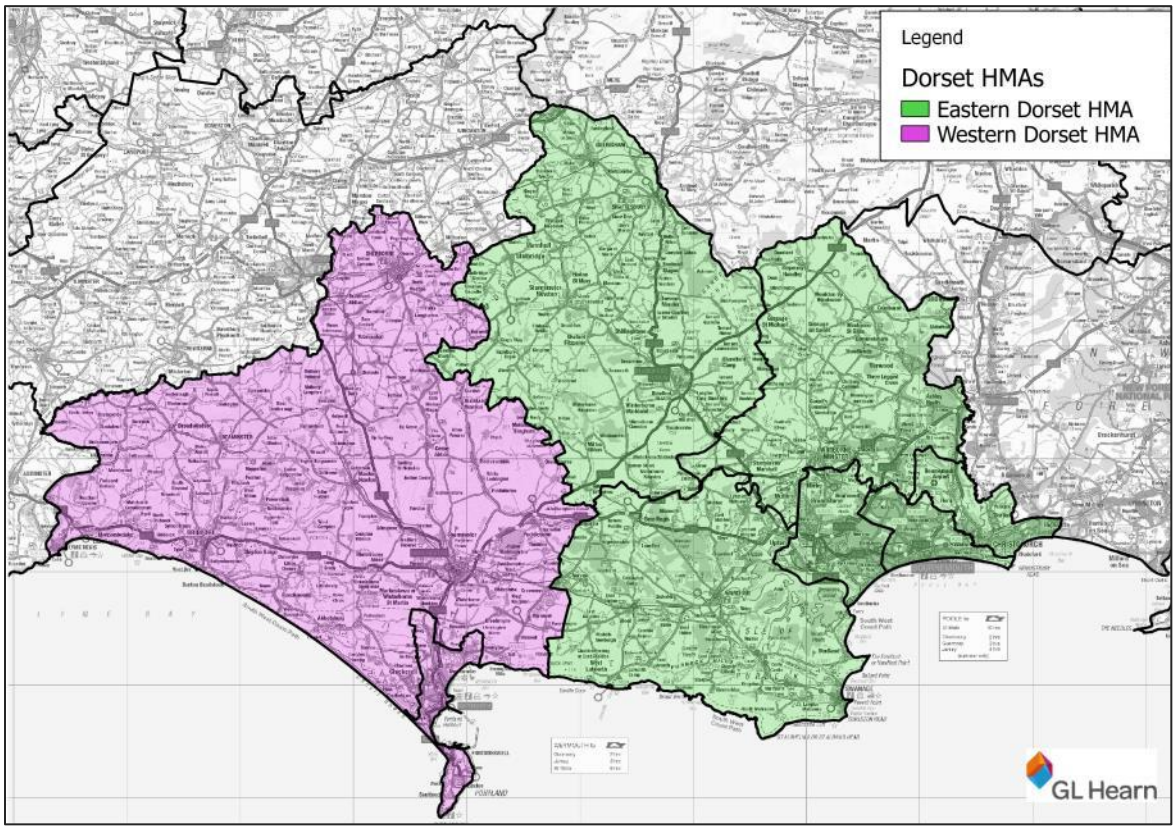
2.56 We therefore need to consider to which areas Purbeck and North Dorset most closely relate. In terms of both gross migration, travel to work and house prices the majority of Purbeck, including the most densely populated areas, relate to Poole. North Dorset shows strong links to Poole in terms of commuting and house prices, and its largest settlement, Blandford Forum, falls within Poole's commuting catchment.

2.57 On this basis and given the balance of evidence, we would therefore group Purbeck and North Dorset along with Christchurch, East Dorset, Bournemouth and Poole in an Eastern Dorset HMA. This would leave West Dorset and Weymouth and Portland as a Western Dorset HMA. We therefore define an Eastern Dorset Housing Market Area, as a 'best fit' to local authority boundaries as containing the following:

- Bournemouth;
- Chistchurch;
- East Dorset;
- North Dorset
- Poole; and
- Purbeck.

2.58 It is important to recognise that the market areas are not defined by hard and fast boundaries and in areas close to the defined boundaries, there are relationships and interactions in several directions. Similarly reflecting the geography of markets on the ground, significant housing development in a settlement may influence surrounding areas. However for strategic planning purposes, we have identified two HMAs covering the Dorset authorities based on a 'best fit' to local authority boundaries as a practical solution to support analysis and policy development. This 'best fit' geography is shown in Figure 10 overleaf.

Figure 10: Identified Housing Market Areas Across Dorset



Source: GL Hearn, 2014

2.59 In respect of national planning policies, as set out within the National Planning Policy Framework, the emphasis is of local authorities working collaboratively within the defined housing market areas to identify and then seek to meet housing needs. However where housing needs cannot be met within the defined HMA, consideration may need to be given to whether adjoining areas can contribute to meeting a shortfall in housing provision, where it could be considered to be reasonable and sustainable to do so.

3 UNDERSTANDING EASTERN DORSET'S HOUSING MARKET

3.1 In this section we consider the characteristics of Eastern Dorset's population and housing stock.

Eastern Dorset's Population

Population Growth

3.2 The population of Eastern Dorset totalled 589,300 persons in mid-2013[7]. Of the six Eastern Dorset authorities, Bournemouth and Poole have the highest populations and together comprise 57% of the HMA total. Christchurch and Purbeck have the smallest proportions of the HMA's population.

Table 5: Eastern Dorset Population

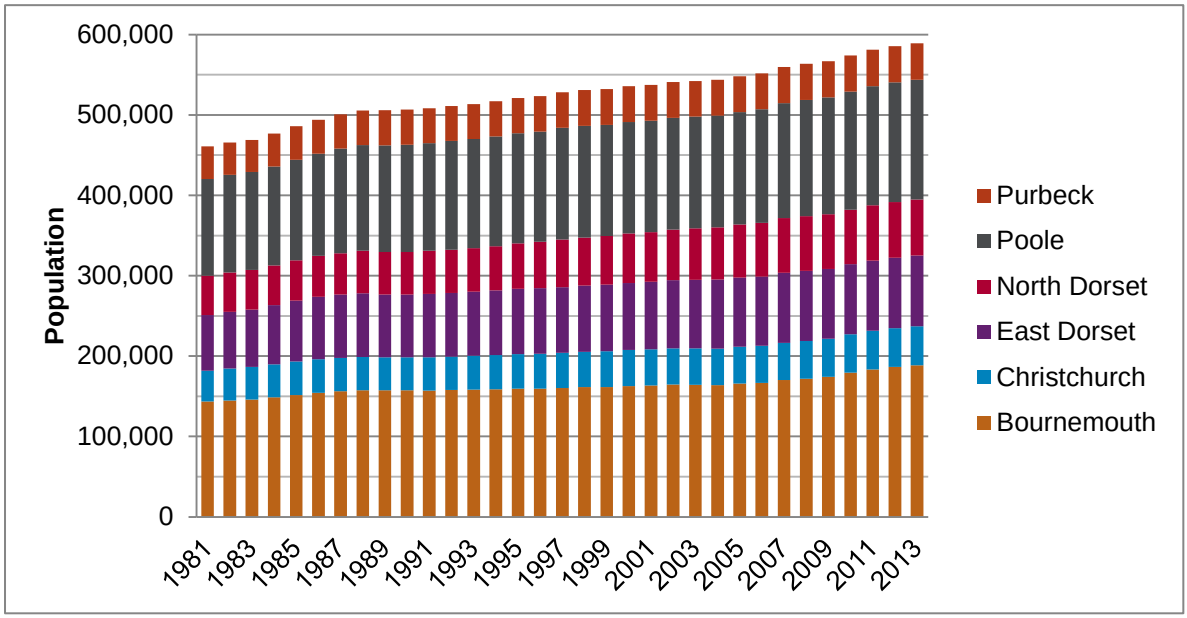
Area	Population, 2013	% HMA Population
Bournemouth	188,700	32.0%
Christchurch	48,400	8.2%
East Dorset	87,900	14.9%
North Dorset	69,900	11.9%
Poole	149,000	25.3%
Purbeck	45,400	7.7%
Eastern Dorset	589,300	100.0%

Source: ONS Mid-Year Population Estimates

3.3 Figure 11 indicates how the population has changed since 1981. This shows a steady growth in Eastern Dorset's population with an annual average growth rate of 0.8%. The largest growth over this period has been in Bournemouth, the population of which has grown by 45,300 residents (a 32% increase on 1981 figures). Population growth in Bournemouth has been particularly strong over the most recent decade with a growth of 24,500 residents over this period.

[7] ONS 2013 Mid-Year Population Estimates

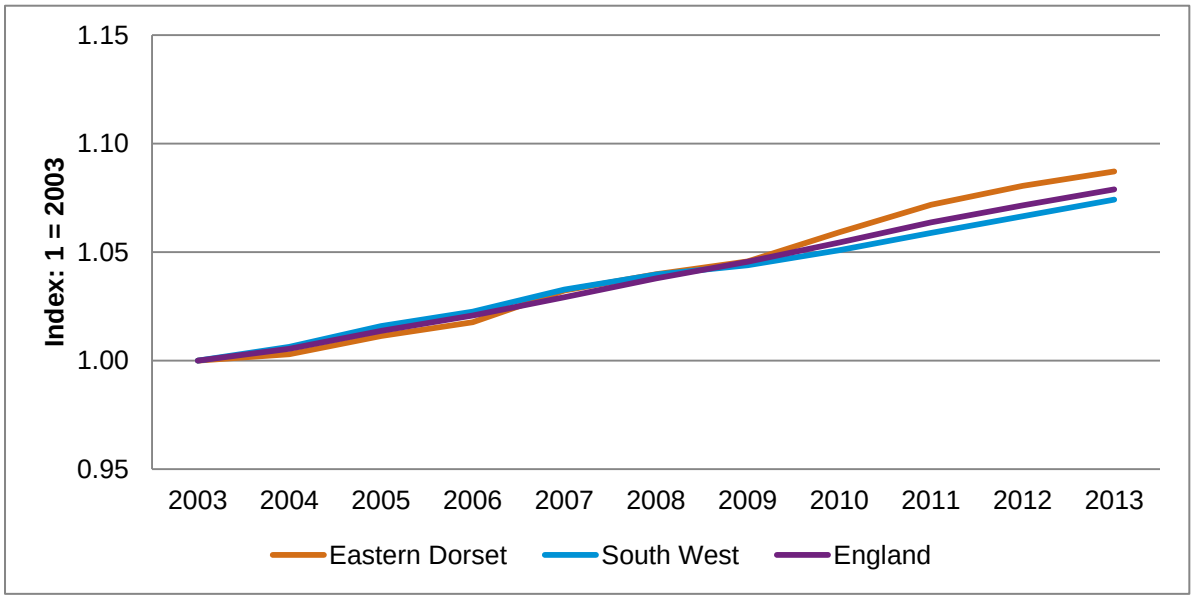
Figure 11: Population Growth in Eastern Dorset, 1981-2013



Source: ONS Mid-Year Population Estimates

3.4 Figure 12 shows the population growth over the past 10 year period. It is indexed relative to the population of each area in 2003. This shows the population of Eastern Dorset has grown 9% over this period which is higher than growth in the South West (7%) and England (8%). This particularly reflects stronger population growth since 2009.

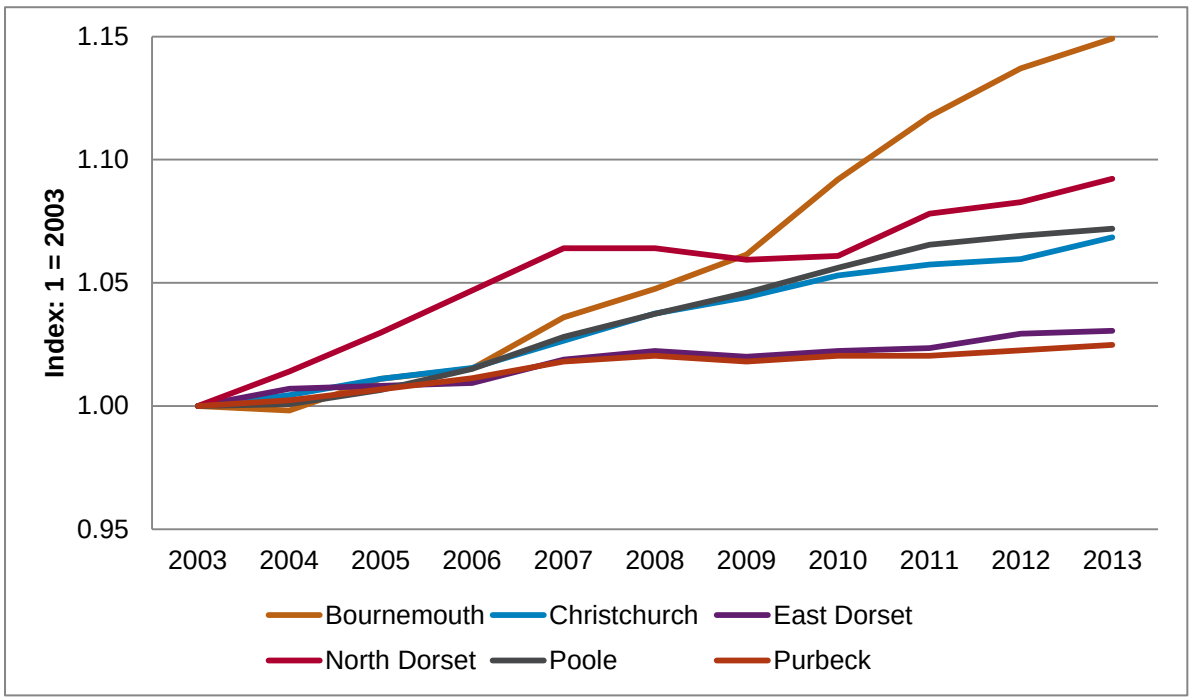
Figure 12: Benchmarking Population Growth, 2003-13



Source: ONS Mid-Year Population Estimates

3.5 Over this decade, 2003-13, 50% of the total population growth in Eastern Dorset has been in Bournemouth, the population of which has increased by 24,500 (+15%). Figure 13 shows the indexed population growth in each of the local authorities. This was particularly driven by an increase in the number of residents in their 20s and early 30s – this age bracket accounting for 10,000 (41%) of the population growth over this period. Over this period, Poole's population has grown by 10,000 (7%), North Dorset's by 5,900 (9%), Christchurch's by 3,100 (7%), East Dorset's by 2,600 (3%), and Purbeck's by 1,100 (2%).

Figure 13: Population Growth by Local Authority, 2003-13



Source: ONS Mid-Year Population Estimates

3.6 ONS population projections (which are considered in Section 4) are based on past population trends, principally over the 5-6 years prior to the base date of the projections[8]. The latest projections are 2012-based.

Population Structure

3.7 Population growth and housing need are influenced not just by the growth of the population, but by the population structure.

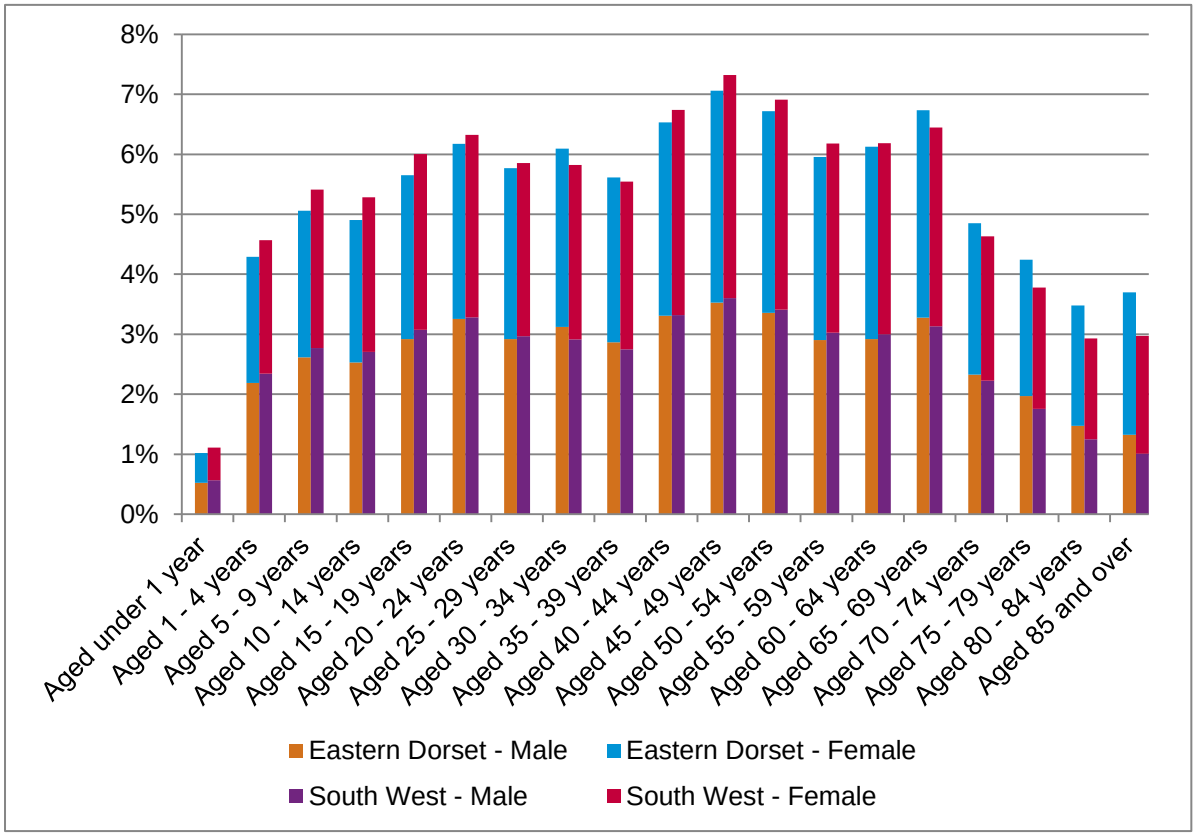
3.8 Eastern Dorset's population structure differs from that of the South West region as a whole. A higher proportion of the HMA's population is made up of residents aged 65 years and older. Figure 14 shows that the HMA has a higher proportion of people in each of the 5 year age bands over 65;

[8] Five year trends for internal migration within the UK, and six year trends for international migration.

with the difference between Eastern Dorset and average (South West) regional levels increasing with age. There is a particularly high proportion of residents in their 80s.

3.9 Eastern Dorset has slightly more female residents (51%) than male residents (49%). This is largely due to much higher proportions of female residents aged 80 years and older (as life expectancy is higher for women).

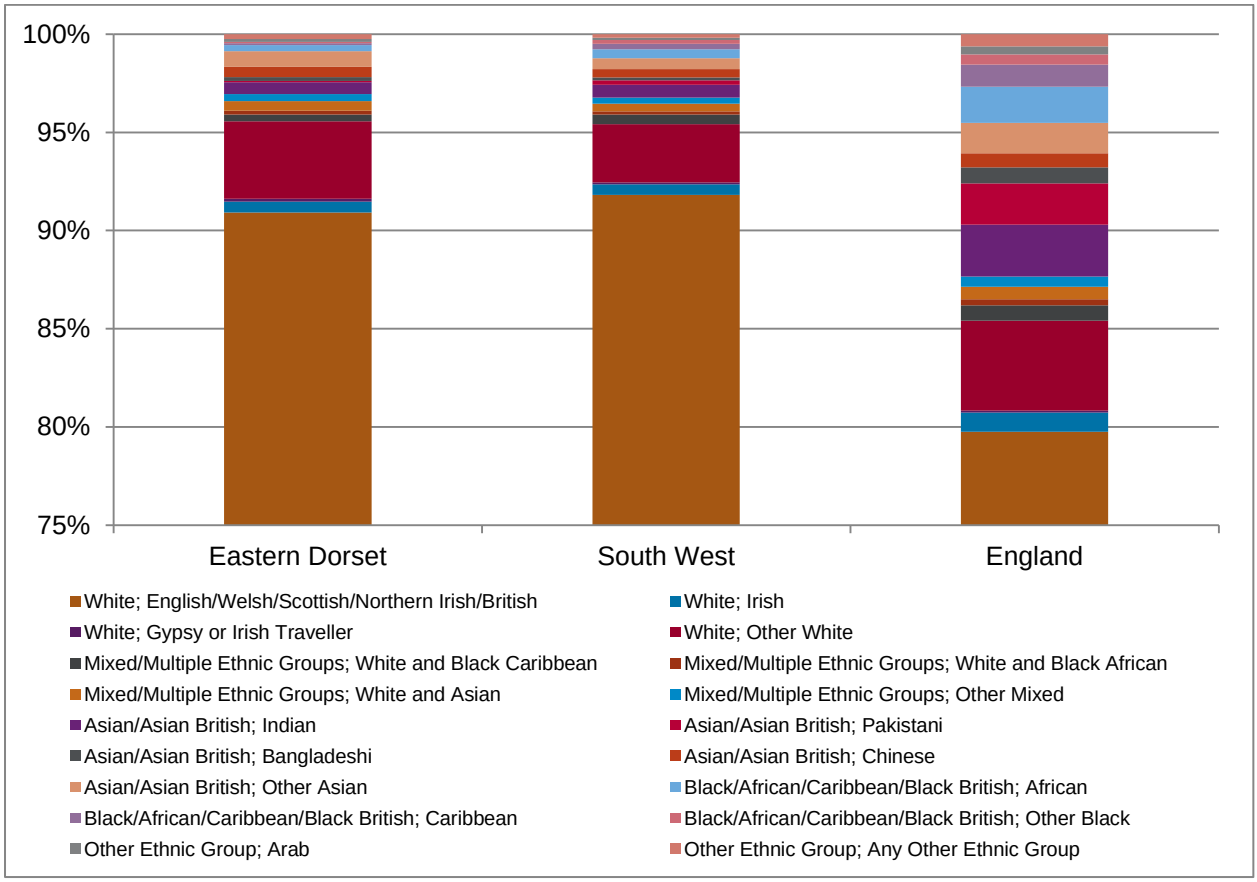
Figure 14: Population Structure, 2013



Source: ONS 2013 Mid-Year Population Estimates

3.10 The ethnic composition of Eastern Dorset's population is similar to that seen across the South West. Both are less ethnically diverse than England as a whole. The majority (91%) of the population of Eastern Dorset in 2011 is identify as White British. This compares to 92% across the South West and 80% across England. Other than White British, 4% of the population of Eastern Dorset is identified as White Other. This will include Eastern European migrants. No other ethnic group accounts for more than 1% of the population.

Figure 15: Ethnicity, 2011



Source: 2011 Census

Labour Market Characteristics

3.11 In Section 4 we consider the inter-relationship between the economy and housing market. This is influenced in part by labour market characteristics, including the proportion of people in work and how the population structure is expected to change over time.

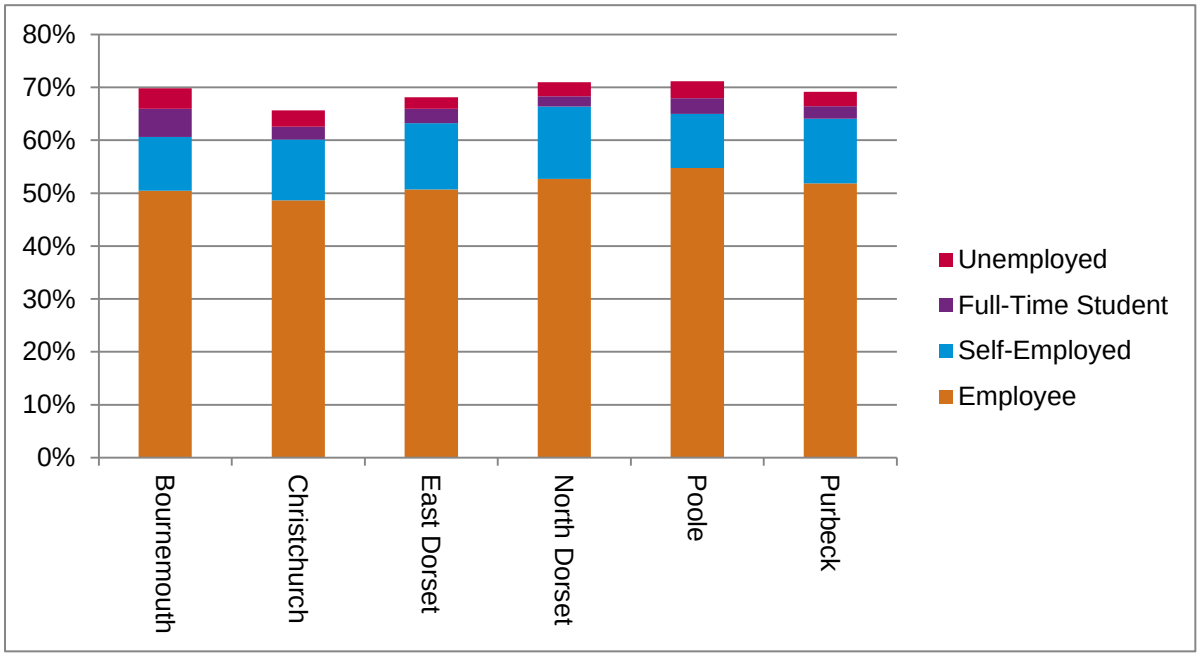
3.12 The 2011 Census indicated that 70% of the population (aged 16 to 74) of Eastern Dorset are economically active, that is, those of working age who are either in employment or not in employment but seeking work. This figure is the same across the South West and England as a whole.

3.13 Of Eastern Dorset's economically active population, 74% are employees, 16% are self-employed, 5% are full-time students, and 5% are unemployed. This is similar to regional and national proportions.

3.14 Figure 16 shows the proportions of economically active residents across the Eastern Dorset local authorities, and the employment status of these residents. It suggests higher self-employment in

rural areas, and points towards a higher proportion of students and unemployed persons in Bournemouth.

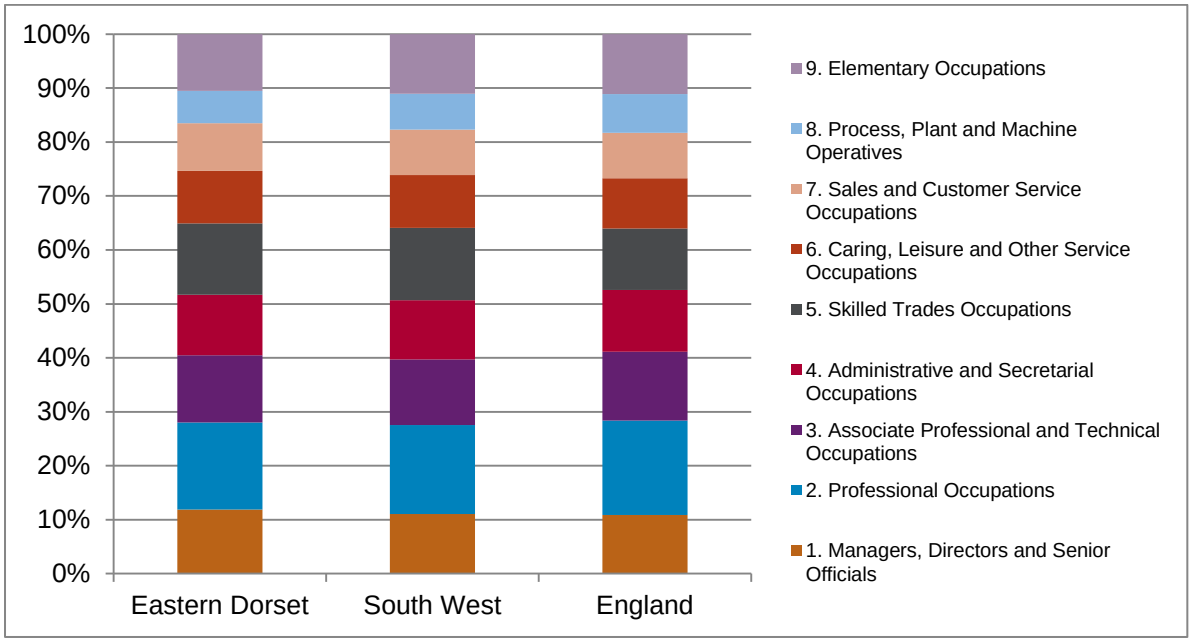
Figure 16: Economically Active Residents, 2011



Source: 2011 Census

3.15 Figure 17 overleaf shows the occupational profile of Eastern Dorset as a percentage of the working age population currently employed in each of the 9 major occupation groups. Eastern Dorset's occupational profile is similar to that of the South West and of England as a whole, although there is a slightly higher proportion of employees in occupation group 1 (Managers, Directors and Senior Officials) in Eastern Dorset (11.9%) and slightly fewer in occupation group 8 (Process, Plant and Machine Operatives). This is likely to be a function in part of the economic structure.

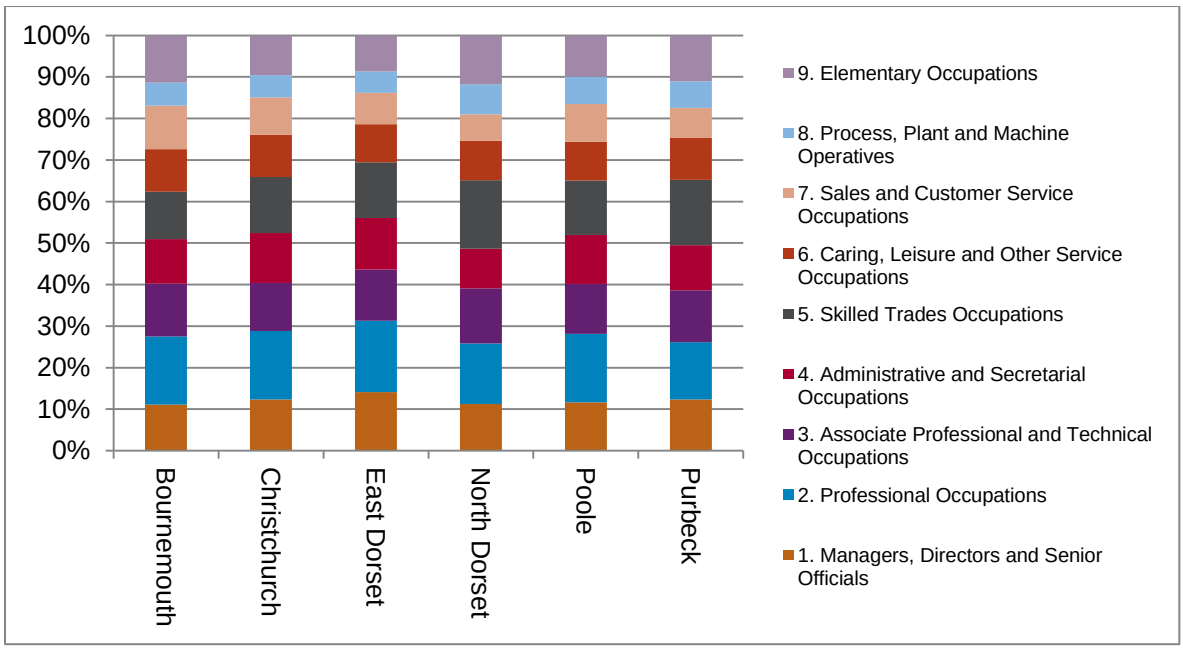
Figure 17: Occupational Profile



Source: 2011 Census

3.16 Figure 18 shows variance in occupational profile between the local authority areas in the HMA. Most notably, East Dorset has a higher proportion of employees in occupation Groups 1 and 2 with fewer in Groups 8 and 9. Conversely, North Dorset and Purbeck have fewer residents employed in Groups 1 and 2 but a greater proportion in Groups 8 and 9.

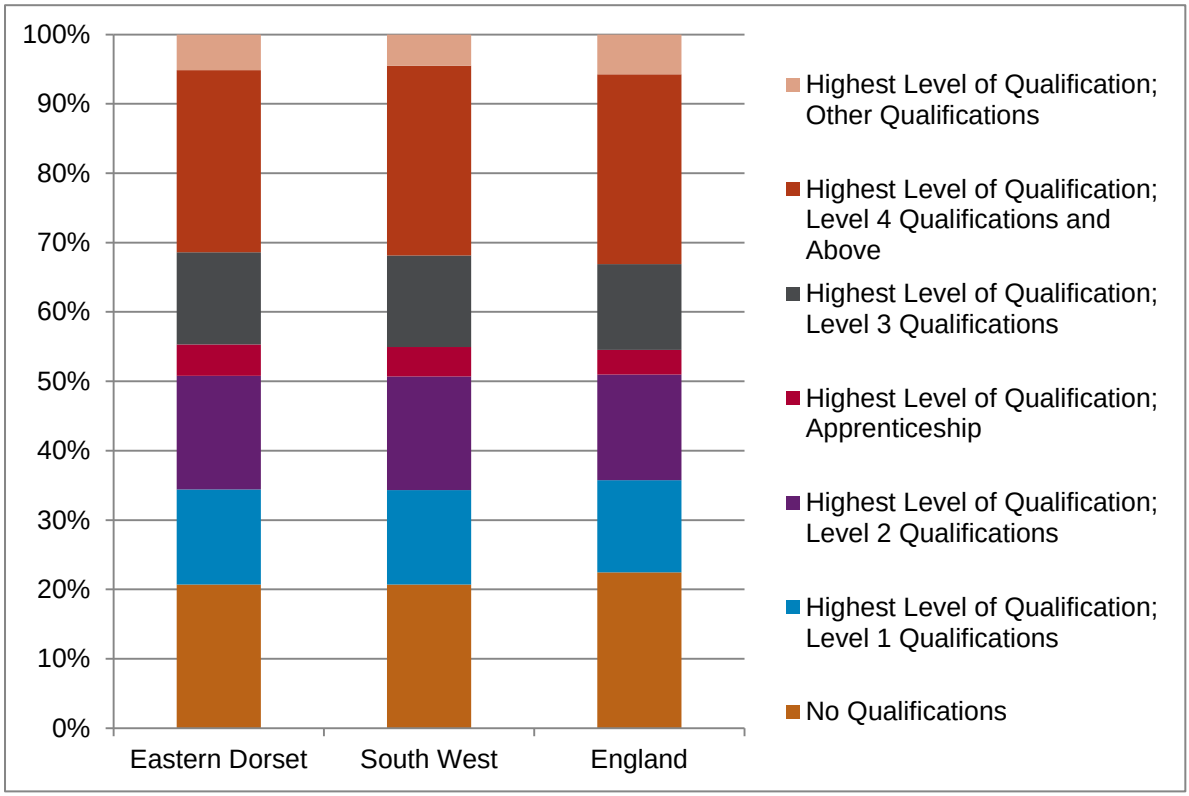
Figure 18: Occupational Profile of Local Authorities



Source: 2011 Census

3.17 As with occupational profile, the levels of qualification of Eastern Dorset residents are similar to South West profile. Figure 19 shows the proportion of the population by the highest level of qualification achieved.

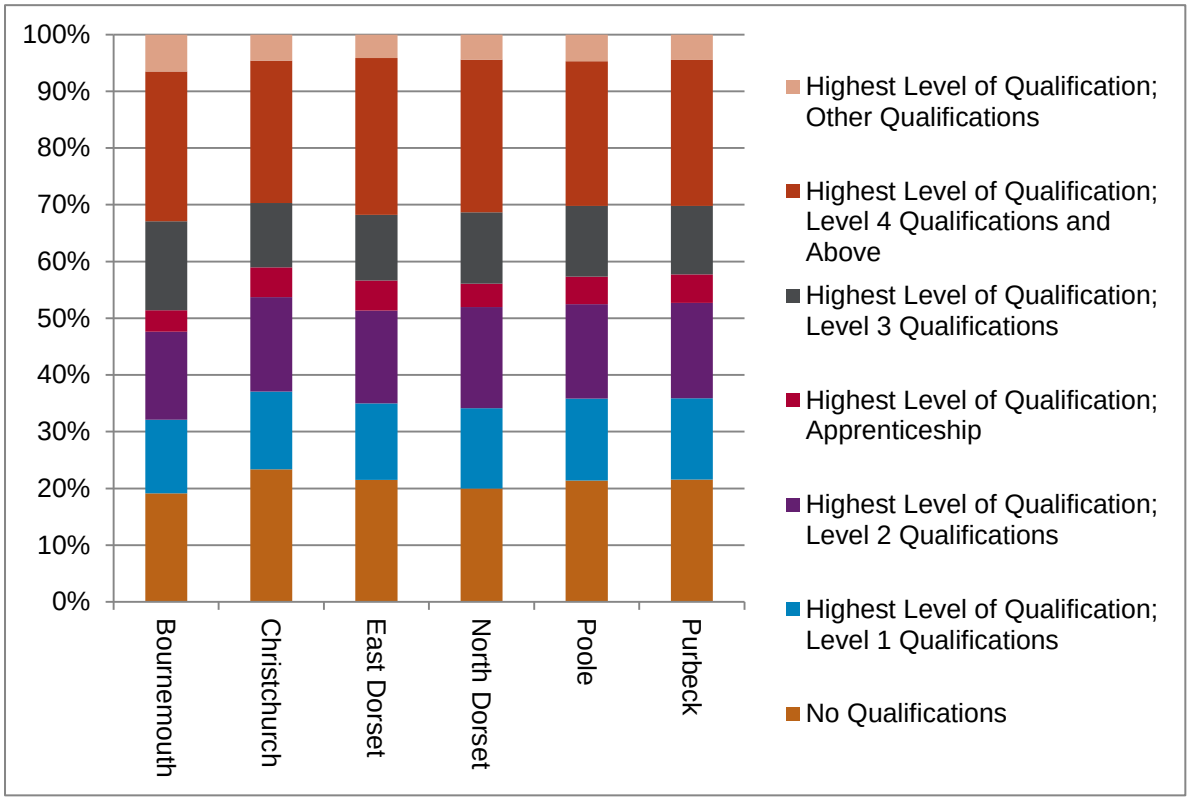
Figure 19: Qualifications, 2011



Source: 2011 Census

3.18 Generally, Bournemouth has the highest levels of qualifications with a larger proportion of its population with a Level 4 qualification or above – equivalent to a Degree, NVQ Level 4-5, or professional qualifications. Bournemouth also has a lower proportion of residents with no qualifications.

Figure 20: Qualifications by Local Authority, 2011



Source: 2011 Census

3.19 Earnings affect the affordability of housing. They are a reflection in part of the skills / qualifications profile as well as the economic structure in different areas. The average of the median gross weekly earnings across the Eastern Dorset authorities is £484 (equivalent to £25,200 p.a.). This is broadly consistent the South West median of £485 per week, but below the England median of £521 per week. Figure 21 overleaf shows the average gross weekly earnings for residents in each of the local authorities in the HMA[9]. East Dorset has the highest median weekly pay (£574) and is the only authority to exceed the England average. North Dorset (£425) and Purbeck (£442) have the lowest median weekly pay.

3.20 The difference between male and female earnings is seen in all areas, but is particularly wide in Eastern Dorset with average male earnings £110 per week more than average female earnings, which is 23% below the average weekly pay. By comparison, the England figure is 20%. The differential is most severe in North Dorset where the difference between male and female pay is 31% of the average earnings.

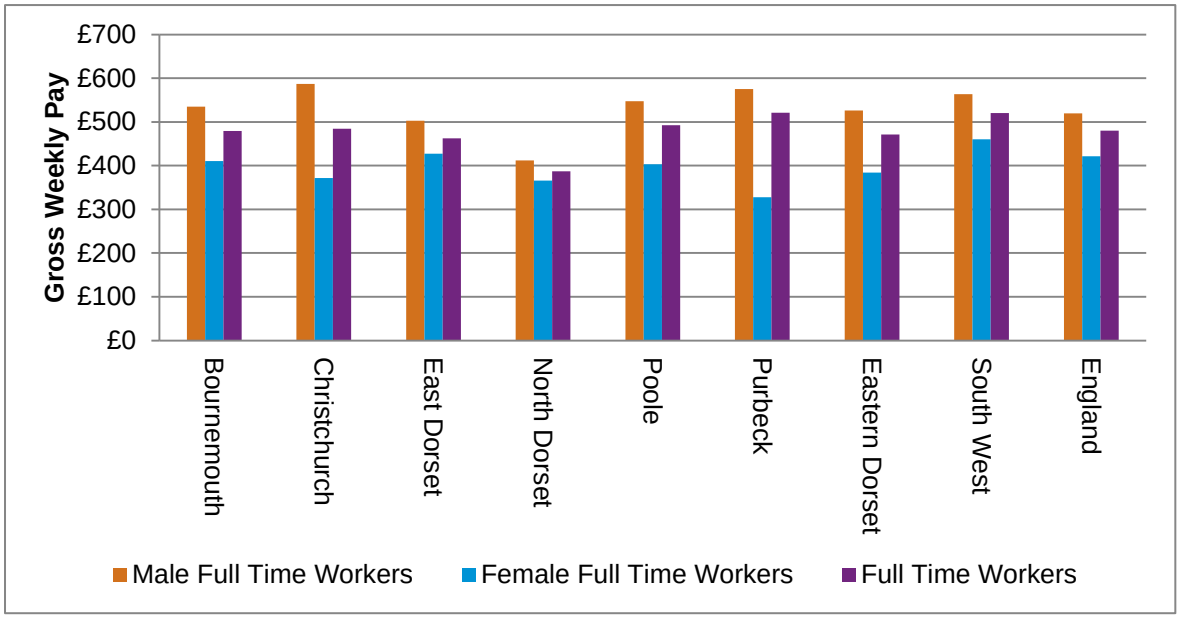
[9] Figures for female full time workers in Purbeck are suppressed as statistically unreliable.

Figure 21: Earnings by Residence, 2013

Source: ONS Annual Survey of Hours and Earnings, 2013

3.21 The average gross weekly pay of people working in Eastern Dorset is £471 which is below both the South West average of £521 and the England average of £480. Across the HMA the average earnings by workplace figure is slightly lower than the earnings by residence – indicating a leakage of higher earning residents to jobs outside of the HMA. Care needs to be taken in interpreting data from the Annual Survey of Hours and Earnings at a local authority level because of the sample sizes used in the Survey.

Figure 22: Earnings by Workplace, 2013



Source: ONS Annual Survey of Hours and Earnings, 2013

3.22 The latest data suggests residence-based earnings for full-time workers exceed workplace-based earnings by a significant £111 per week in East Dorset and £38 per week in North Dorset. This suggests that high earning residents in these authorities are commuting out of the authority to work. In Purbeck, workplace-based earnings are £38 per week higher than those of residents. It is the differential in these areas which drives the HMA-wide picture.

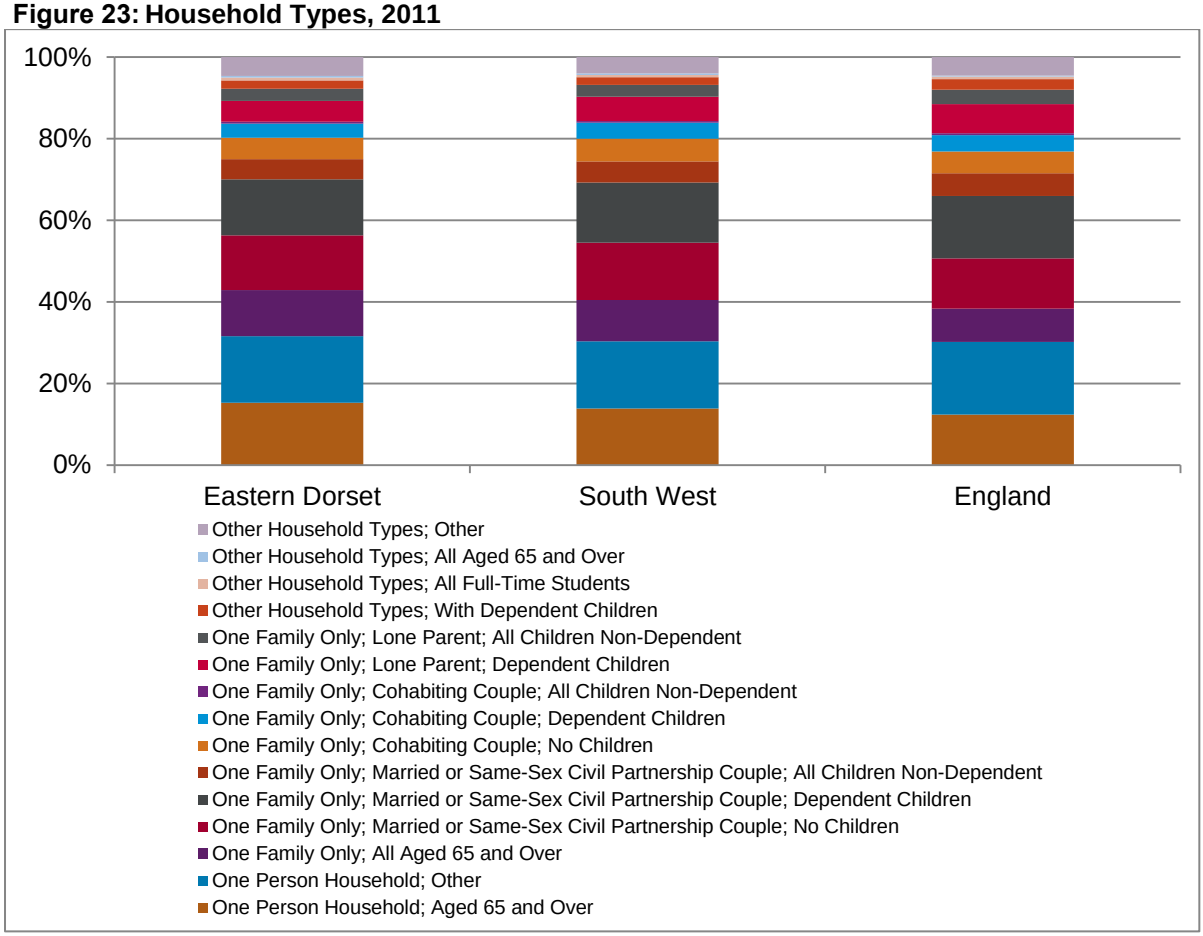
Households

3.23 Figure 23 overleaf shows the proportion of different types of households in 2011. 32% of households in Eastern Dorset are single person households, slightly higher than the South West and England levels (both 30%). Bournemouth in particular has a high proportion of households comprising a single person aged 16-64, with such households accounting for 19,200 households in the town – 23% of Bournemouth households. This is notably higher than the proportions seen elsewhere: 16% across the HMA and 18% across England.

3.24 24% of Eastern Dorset households have dependent children, lower than the South West (26%) and England (29%); whilst 38% of Eastern Dorset households comprise a couple with no dependent children, the same as the South West proportion and slightly above the England proportion (35%).

3.25 Across the majority of the HMA authorities, the higher proportion of single person households and couples with no dependent children is a function of the higher proportion of older residents (over retirement age) within the population structure. Bournemouth however bucks this trend with a much higher proportion of single person households comprising under 65 year olds (23% compared to 14%).

Figure 23: Household Types, 2011



Source: Census 2011

3.26 It is notable that 27% of all households in Eastern Dorset comprise residents aged 65 and over. This is higher than the South West proportion of 24% and the England proportion of 21%.

3.27 Table 6 overleaf shows the proportion of households where all members are aged 65 years and over for each of the local authorities in Eastern Dorset. It also shows how each local authority ranks against all of the England authorities.

3.28 37% of households in Christchurch comprise over 65s which ranks 1st of all the England authorities. East Dorset (34%) and Purbeck (30%) also have very high proportions of households of over 65s and rank 4th and 14th respectively. Bournemouth has the lowest proportion of older households in the sub-region, with 21%, and is the only authority to rank outside of the top quartile nationally.

Table 6: Households Comprising Residents Aged 65 and Over (2011)

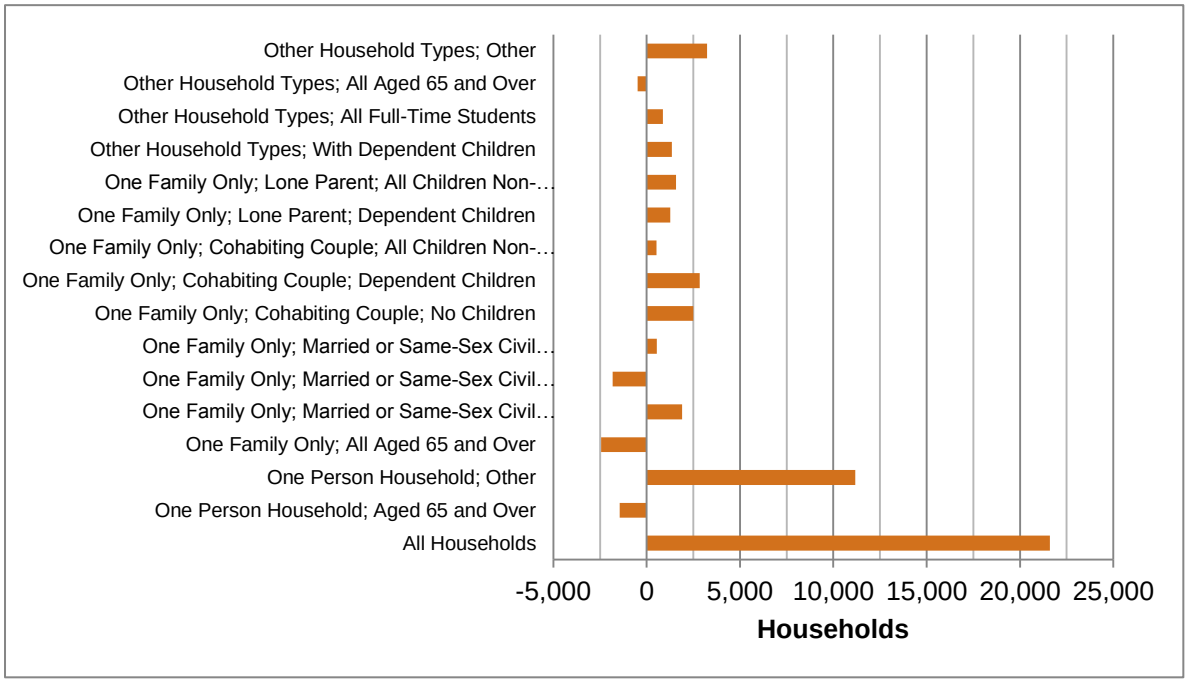
	Bournemouth	Christchurch	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Households: Aged 65 and over	17,609	7,915	12,769	7,851	16,236	5,879	68,259
Percentage of All Households	21%	37%	34%	27%	26%	30%	27%
National Rank	182nd	1st	4th	34th	63rd	14th	N/A

Source: Census 2011

3.29 Since 2001 Eastern Dorset has seen a growth in the number of households with an additional 21,603 households living in the HMA by 2011, which is equivalent to 9.3% growth. By comparison, the South West saw an 8.6% increase in households and England saw a 7.9% increase over this period.

3.30 Despite the high proportion of older residents, Eastern Dorset has seen a modest overall decrease in the number of household comprising over 65s between 2001-11. This partly is a reflection of the high starting point in 2001. However North Dorset and East Dorset have seen modest growth in these types of households. There has also been a decrease in the number households comprising one family only; married or same-sex civil partnership couple with dependent children. This trend has been seen nationally as traditional household structures become less common and the population ages. Conversely, Eastern Dorset has seen a considerable growth in the number of non-pensioner (over 65 years) single person households.

Figure 24: Change in Households by Type, Eastern Dorset 2001-2011



Source: Census 2011

Housing Stock and Supply Trends

Tenure

3.31 Eastern Dorset had a total dwelling stock of just over 269,000 in 2013. The vast majority (87%) of the stock is in private sector ownership. This compares to 82% across England.

Table 7: Dwellings by Tenure Type, 2013

	Bourne mouth	Christc hurch	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Local Authority Owned	6%	0%	0%	0%	7%	0%	4%
Private Registered Provider	4%	11%	8%	13%	4%	11%	7%
Other Public Sector	0%	0%	0%	2%	8%	2%	2%
Private Sector	90%	89%	92%	85%	81%	87%	87%
Total	86,580	23,270	39,100	30,920	66,900	22,310	269,080

Source: CLG Housing Statistics Table 100, 2013

3.32 Census data can be used to provide a more detailed breakdown of the housing stock by tenure type. Owner occupation is the most common tenure type in Eastern Dorset accounting for 68% of households in 2011 – 37% owning their property outright and 31% with a mortgage or loan. The Private Rented Sector (PRS) accounts for 19% of households, and social rented 11%. By comparison, across England 64% of households are homeowners, the Private Rented Sector accounts for 17%, and the social rented sector 18%.

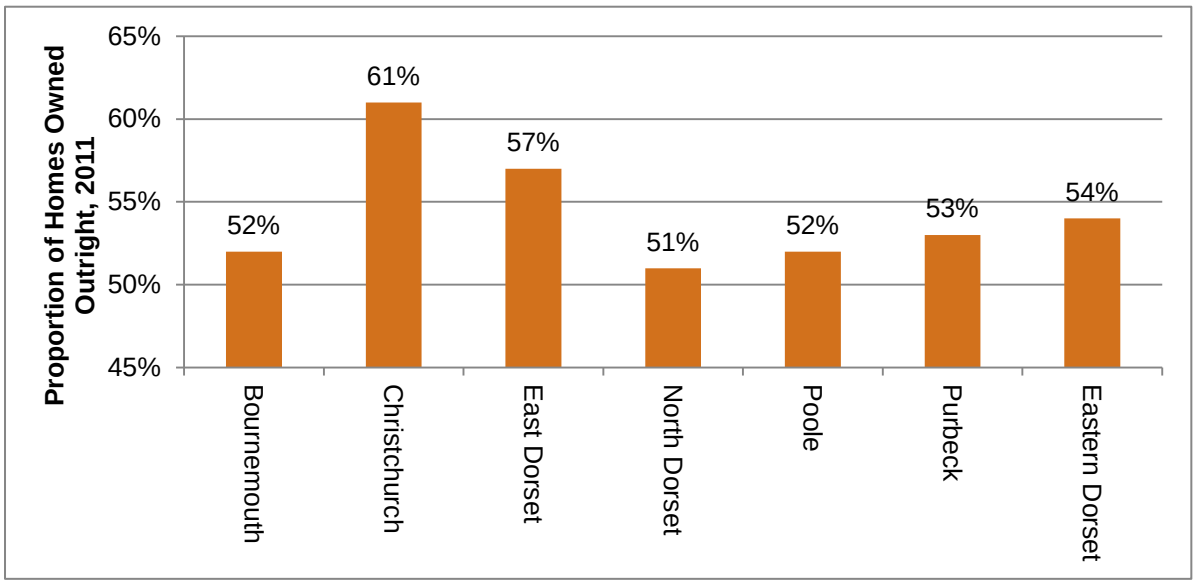
Table 8: Tenure Profile, 2011

	Bourne mouth	Christc hurch	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
All Households	82,374	21,475	37,564	28,670	63,530	19,583	253,196
Owned; Owned Outright	22,820	9,814	18,017	11,286	22,719	8,306	92,962
Owned; Owned with a Mortgage or Loan	24,237	6,153	12,354	8,716	21,983	5,307	78,750
Shared Ownership	569	182	111	217	557	165	1,801
Social Rented	9,206	2,784	3,120	3,865	7,324	2,446	28,745
Private Rented	24,685	2,321	3,471	4,094	10,275	3,005	47,851
Living Rent Free	857	221	491	492	672	354	3,087
	Bourne mouth	**Christc hurch**	**East Dorset**	**North Dorset**	**Poole**	**Purbeck**	**Eastern Dorset**
All Households	100%	100%	100%	100%	100%	100%	100%
Owned; Owned Outright	28%	46%	48%	39%	36%	42%	37%
Owned; Owned with a Mortgage or Loan	29%	29%	33%	30%	35%	27%	31%
Shared Ownership	1%	1%	0%	1%	1%	1%	1%
Social Rented	11%	13%	8%	13%	12%	12%	11%
Private Rented	30%	11%	9%	14%	16%	15%	19%
Living Rent Free	1%	1%	1%	2%	1%	2%	1%

Source: 2011 Census

3.33 Across Eastern Dorset, 81% of residents aged 65 or over own their own home outright. The result of this is that 54% of all homes which are owned outright in Eastern Dorset are owned by residents aged 65 or over. The equivalent figure across England is 46%. In areas with higher proportions of households over 65 the figure is higher. In Christchurch for example 61% of homes which are owned outright are owned by residents aged 65 or above.

Figure 25: Proportion of Homes Owned Outright by Households Aged 65 and Over



Source: Census 2011

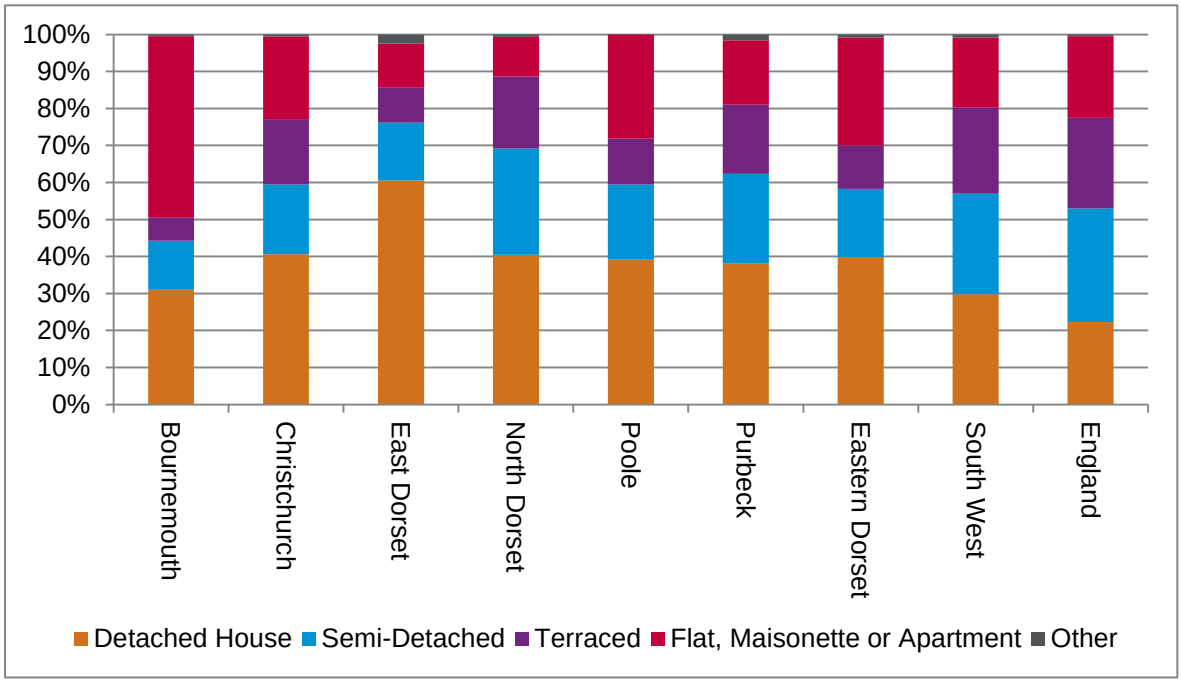
Housing Mix

3.34 We turn next to consider the mix of housing in the HMA. 40% of homes in Eastern Dorset are detached houses, 29% are flats, maisonettes or apartments; semi-detached houses comprise 19% of the dwelling stock, whilst terraced houses make up 12%. As Figure 26 shows, the proportion of detached homes and flats in the Eastern Dorset HMA is notably above regional/ national benchmarks.

3.35 While there is considerable variance between the Eastern Dorset authorities, the proportion of detached homes in each of the six local authorities is above the national average of 22%. The proportion of homes which are detached varies from 61% in East Dorset, to 32% in Bournemouth. Conversely the proportion of semi-detached and terraced houses is below the national average in all areas.

3.36 There is a large variance between the authorities in the proportions of flats, maisonettes, or apartments, with these dwelling types comprising 50% of Bournemouth's dwelling stock but only 11% in North Dorset and 12% in East Dorset.

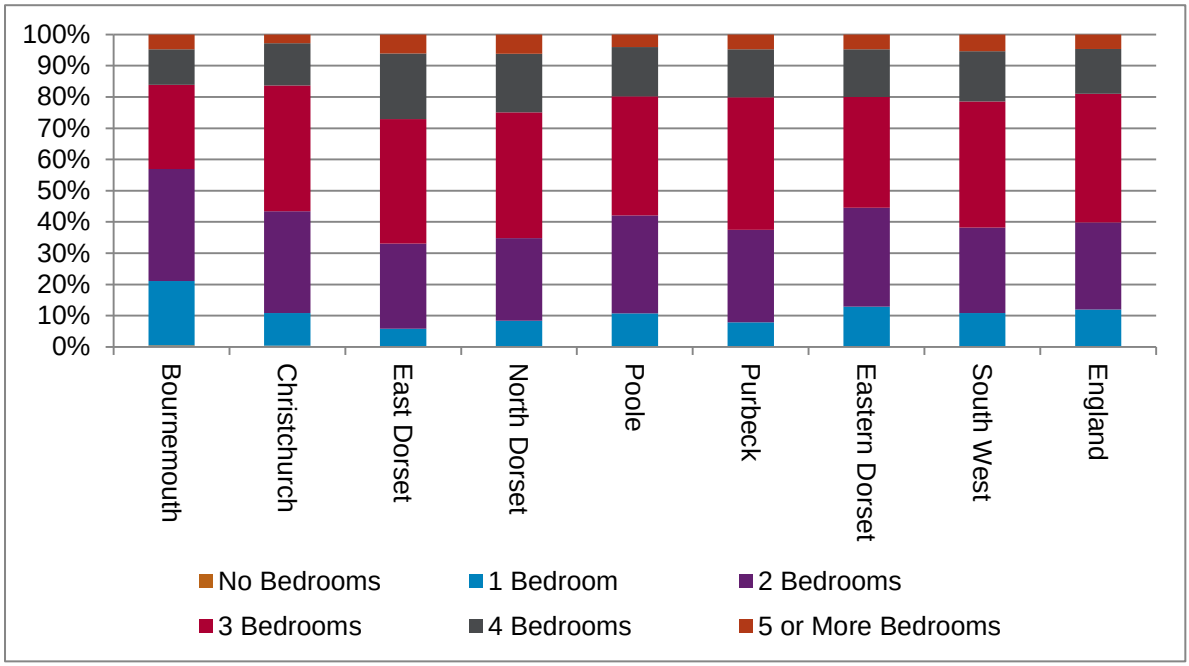
Figure 26: Housing Types, % of Dwellings, 2011



Source: 2011 Census

3.37 Figure 27 shows the sizes of homes, in terms of the number of bedrooms. Bournemouth has the higher proportion of 1 and 2 bedroom properties, correlating to the higher proportion of flats in the Borough. East Dorset, on the other hand, has a larger proportion of properties with 4 or more bedrooms. Overall Eastern Dorset has a higher proportion of 1 and 2 bedroom properties than seen regionally or nationally and a smaller number of 3 bedroom properties. The proportions of 4 or more bedroom properties is similar to that seen regionally and nationally.

Figure 27: Dwelling Size by Number of Bedrooms, 2011

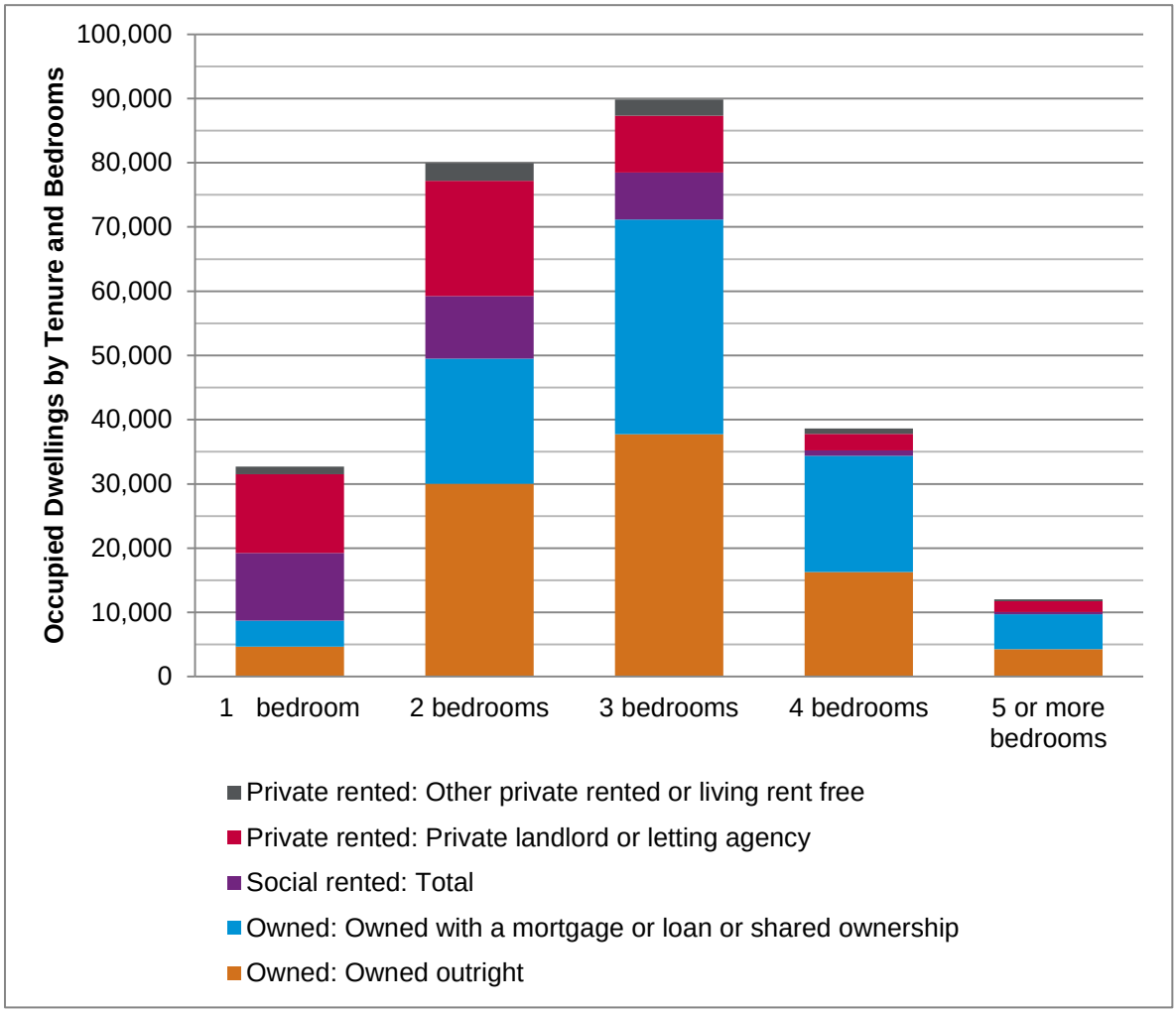


Source: 2011 Census

3.38 By cross referencing tenure by household size it is clear that 1 bedroom properties are within the private rented (41%) and social rented (32%) sectors, with only 27% owner occupied. The rate of owner occupation grows with the number of bedrooms with 62% of 2 bedroom properties, 79% of 3 bedroom properties, 89% 4 bedroom properties, and 81% of properties with 5 or more bedrooms being owner occupied.

3.39 Overall two- and three-bedroom properties are the most common. In the rented tenures a higher proportion of homes are smaller, with between 1-3 bedrooms. In the private rented sector 2-bed properties are the most common (31%), whilst one-bed properties account for the largest proportion of the social housing stock (37%). Owner occupied homes tend to be larger, with 3-bed properties the most common.

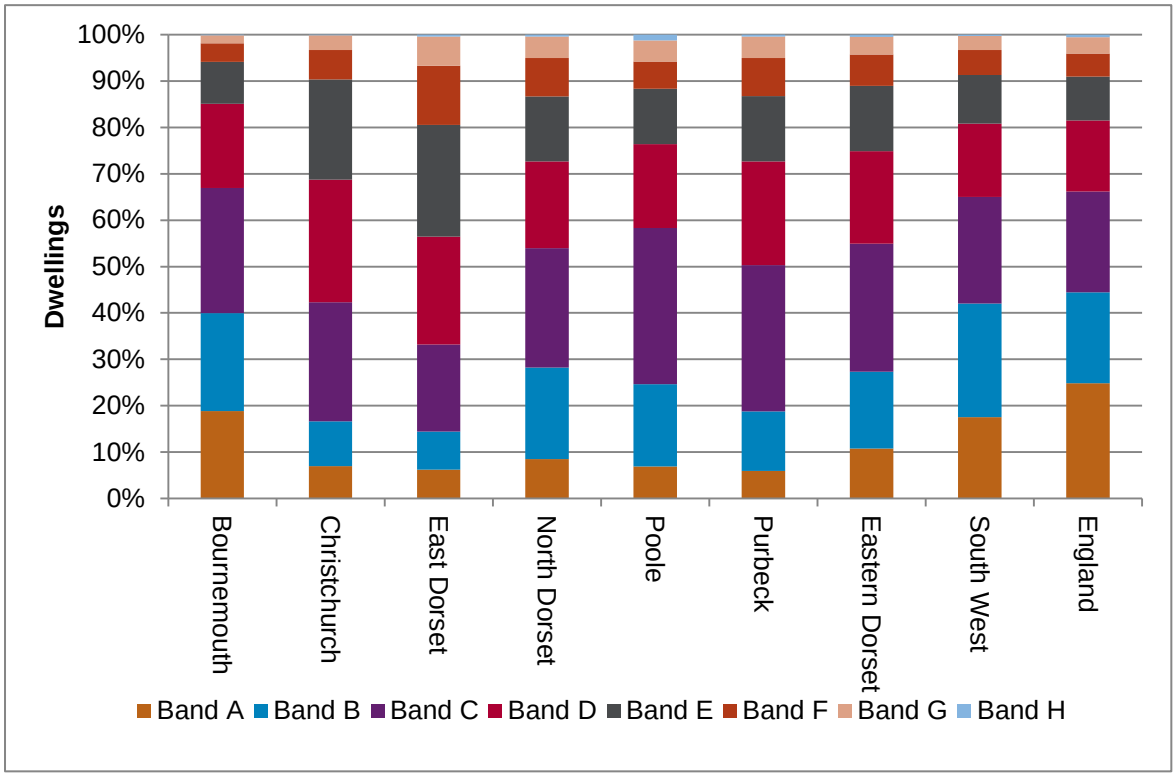
Figure 28: Tenure Type by Dwelling Size, 2011



Source: 2011 Census

3.40 We can also consider the profile of homes in different Council Tax Bands. Overall, Eastern Dorset has a smaller proportion of Band A and B properties and a larger proportion of Band E-H properties than either the South West or England as a whole. Of the Eastern Dorset authorities, Bournemouth has the greatest number of Band A and B properties, reflecting its higher proportion of smaller dwellings. East Dorset has the fewest Band A and B properties, reflecting its small number of 1 and 2 bed properties and large proportion of detached stock.

Figure 29: Dwelling % by Council Tax Band, 2011



Source: VOA/ ONS 2011

Summary

3.41 Over half of Eastern Dorset's resident population lives in the urban centres of Bournemouth (32%) and Poole (25%). The HMA has experienced a steady growth in population over recent decades and over the most recent decade population growth has outstripped the national and regional rates. The majority of this population growth has been in Bournemouth.

3.42 The HMA has a particularly high proportion of residents aged 65 and older and there is a particularly high proportion of residents in their 80s. 27% of all households in Eastern Dorset comprise residents aged 65 and over. This is higher in some authorities, for instance in Christchurch 37% of households comprise over 65s which is the highest such proportion of all England authorities. East Dorset (34%) and Purbeck (30%) also have very high proportions of households of over 65s. The high older population includes a high number of people who are retired. Additional migration of working-age people to the area may be necessary to support economic growth in the area.

3.43 The data suggest Eastern Dorset's population is very similar to the South West regional profile with regards to other socio-economic indicators. The ethnic composition of Eastern Dorset is similar to that of the South West region with 91% of the population identifying as white British. 4% identify as

white other – which mostly comprises those of Eastern European descent. Eastern Dorset's occupational and educational profiles are similar to South West levels.

3.44 Average earnings of Eastern Dorset residents are similar to the regional average. However the average pay for people working in Eastern Dorset is lower, indicating a leakage of higher-earning residents to jobs outside of the area. Growth in higher-skilled jobs will contribute to growth in wealth and improvements to housing affordability within the Eastern Dorset HMA.

3.45 Owner occupation is the most common tenure type in Eastern Dorset accounting for 68% of households in 2011 – 37% owning their property outright and 31% with a mortgage or loan. In Eastern Dorset 81% of over 65s own their own home. High home ownership is particularly influenced by the large older persons population in the area. For younger households it may however be more difficult to get on the housing ladder. This is considered later in the report in Sections 6 and 7.

3.46 The housing stock of Eastern Dorset comprises disproportionately high numbers of detached houses across the HMA and in Bournemouth a large number of flats. The housing stock is dominated by 2 and 3 bedroom properties and there are slightly more one bedroom properties than national and regional rates. Overall the current profile of housing appears reasonably balanced. The need for different sizes of homes is considered further in Section 9, taking account of future population and demographic trends.

4 DEMOGRAPHIC-LED PROJECTIONS

Introduction

4.1 In this section we consider population and demographic trends as a basis for starting to consider the overall need for housing.

4.2 The first step in this is to consider how the population might grow. This is done by considering trends in births and deaths; and the number of people who are likely to move in and out of an area (migration). These are the main components of population change. Births, deaths and migration are all considered on an age-specific basis. The projection model also considers how the age structure of the population will change over time.

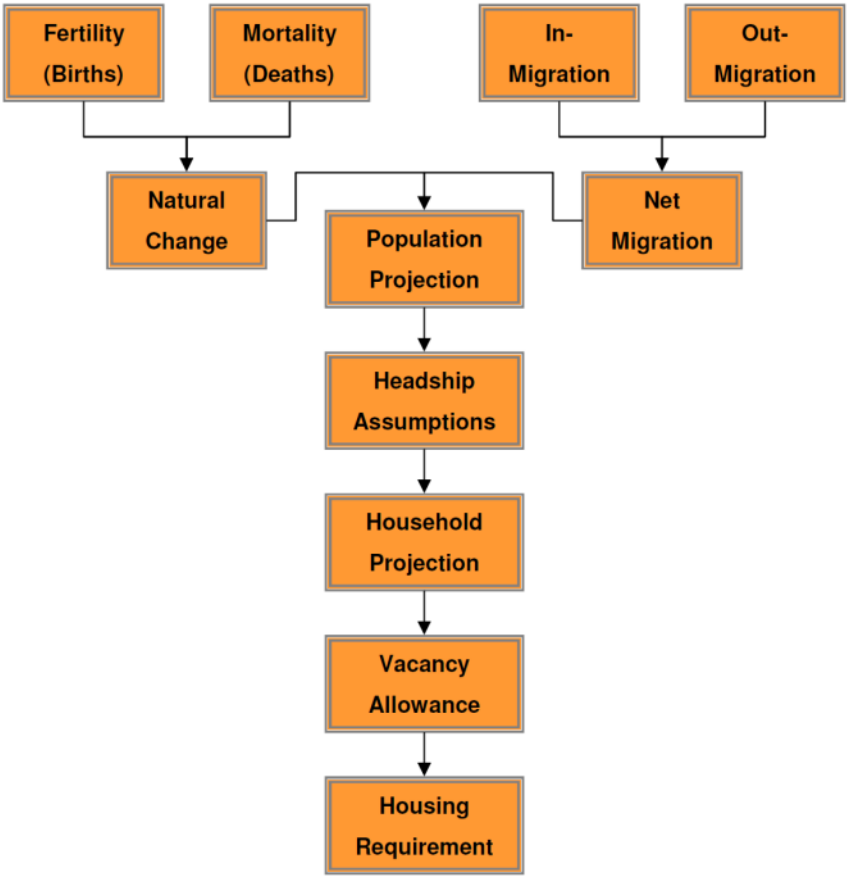
4.3 Once a population projection has been developed, household growth is calculated by considering what proportion of people in different age groups are expected to be a head of a household. Age-specific headship rates are applied to the population projection to calculate growth in households. Not all homes are occupied all the time, as some households have second homes and at any point some homes are empty (such as homes which are under repair). An allowance is made for this in assessing what level of housing provision is needed to accommodate projected growth in households.

4.4 The methodology is summarised in Figure 30 overleaf. Projections of housing need are particularly sensitive to two factors – to levels of net migration; and to the household formation rates used in relating growth in population and households. Migration can (and does) vary year-on-year; whilst household formation rates have been influenced over the past few years by declining affordability and the economic recession. In this section we therefore explore these issues.

4.5 People move to Eastern Dorset for a number of reasons, including for lifestyle purposes, for work or to retire. Later in this section, economic-led scenarios are considered which explore how future jobs growth might influence migration to the HMA, taking account of how the age structure of the existing population is expected to change (for example as people move into retirement) and forecasts for growth in employment.

4.6 The projections have been developed over the period from 2011-36. However we have data regarding population change between 2011-13, so the projections 'start' at 2013. We present in this report core outputs for the 2013-33 period.

Figure 30: Overview of Demographic Projections Methodology



4.7 The structure of the analysis follows that identified in the Planning Practice Guidance. This sets out that the latest official household projections should form the 'starting point' for considering future housing needs, as these are nationally consistent. It advised that the latest Mid-Year Population Estimates and Population Projections from the Office for National Statistics (ONS) should also be considered.

4.8 The PPG however identifies that the population and household projections are trend based, and plan makers need, in effect, to consider if it is appropriate to plan on the basis of past trends. The issue here is that if population growth and household formation have been constrained in some way in the past, trend-based projections in effect model that this will continue moving forwards. What the Planning Practice Guidance therefore says is that there are a number of tests which need to be considered to examine whether it would be appropriate to consider an upward adjustment to housing provision. These can be broadly summarised as follows:

- What do economic forecasts say about job growth? Is there evidence that an increase in housing numbers would be needed to support this?
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?

- How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?

4.9 This report explores these issues. In this section we consider demographic dynamics to consider what the appropriate 'starting point' for assessing housing need should be. Section 5 goes on to consider what growth in the workforce and employment might be supported by different projections, and if (taking account of how the population age structure is projected to change) future economic growth might influence migration to/from Eastern Dorset. Sections 6 and 7 consider affordable housing need and market signals respectively. The concluding section to this report draws the evidence together to assess overall housing need.

4.10 The core projections in this section look at housing needs in the period from 2013 to 2033 with further information taking them through to 2036 being provided in Appendix B. The start point has been chosen as a base date for which there is good baseline data available (from ONS Mid-Year Population Estimates) with the end date (of 2033) providing a reasonable (20-year) period for analysis.

The Starting Point: Latest Official Household Projections

4.11 The Planning Practice Guidance sets out that the starting point for considering overall housing need should be the latest official household projections. It states that:

> *'Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.*

4.12 The most up-to-date projections are the 2012-based CLG household projections published in February 2015. These projections were underpinned by ONS (2012-based) subnational population projections (SNPP) – published in May 2014. Our analysis therefore initially considers the validity of the population projections and their consistency with past trends.

2012-based Sub-National Population Projections

4.13 The latest set of subnational population projections (SNPP) were published by ONS on the 29th May 2014. They replace the 2010- and 2011-based projections. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends). The SNPP are only population projections and do not contain headship rates (which are needed to convert into household estimates).

4.14 Table 9 shows projected population growth from 2013 to 2033 in each of the six local authorities, the South West and England. The data shows that the population of Eastern Dorset is expected to grow by around 79,300 people. This is a 13.5% increase – very slightly above the expected increase in the region and nationally. It should be noted that the data presented for Eastern Dorset (and each local authority) has been updated to take account of mid-2013 Population Estimates, whereas the data for the South West and England is as published in the SNPP.

Table 9: Projected Population Growth (2013-2033)

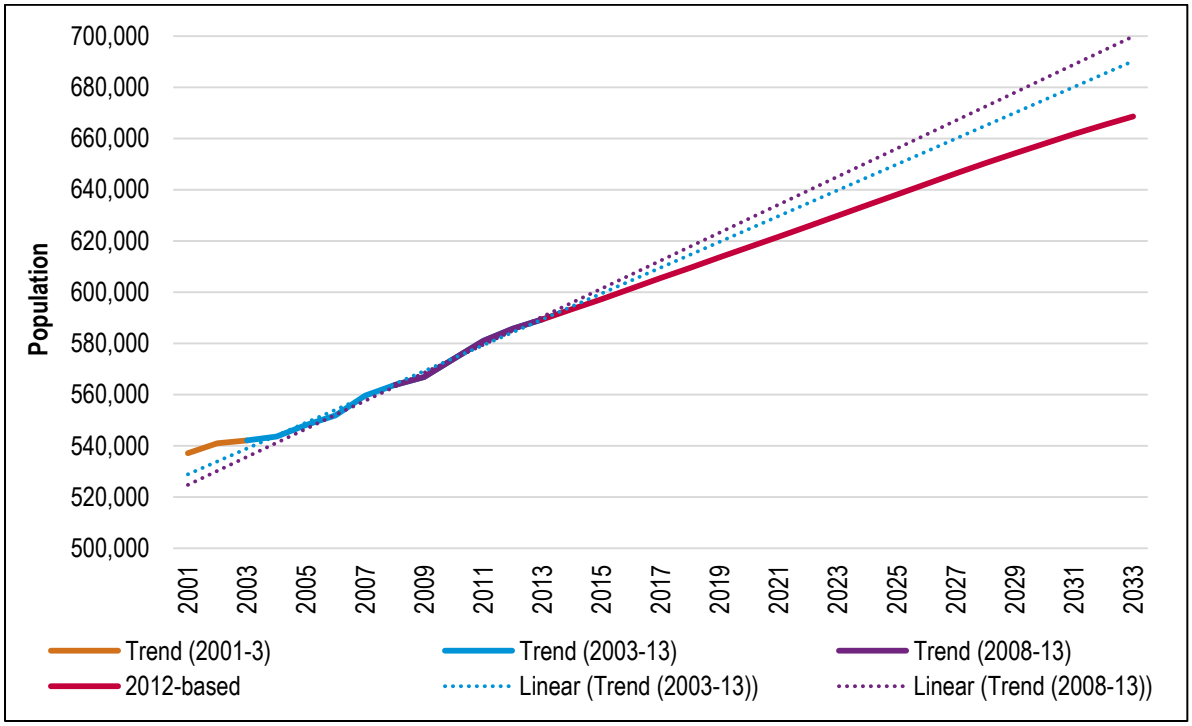
	Population 2013	Population 2033	Change in population	% change
Bournemouth	188,733	219,423	30,690	16.3%
Christchurch	48,368	56,505	8,137	16.8%
East Dorset	87,899	97,450	9,551	10.9%
North Dorset	69,883	75,070	5,187	7.4%
Poole	149,009	171,315	22,306	15.0%
Purbeck	45,411	48,835	3,424	7.5%
Eastern Dorset	589,303	668,599	79,296	13.5%
South West	5,372,400	6,083,400	711,000	13.2%
England	53,843,600	61,022,500	7,178,900	13.3%

Source: ONS

4.15 We need to consider how reasonable this is as a projection for future population. Figure 31 shows how the projected population growth in Eastern Dorset compares with past trends (over the past 5- and 10-years). Reflecting the publication of Mid-Year Population Estimates for 2013 in June 2014, the analysis essentially uses mid-2013 as a starting point and projects population forwards to 2033. A linear trend of population growth over the previous 5 and 10 years is shown for comparison.

4.16 The analysis shows that the future projection sits slightly below both a 5- and 10-year trend. To understand this we need to consider the components of population change.

Figure 31: Past and Projected Population Growth – Eastern Dorset



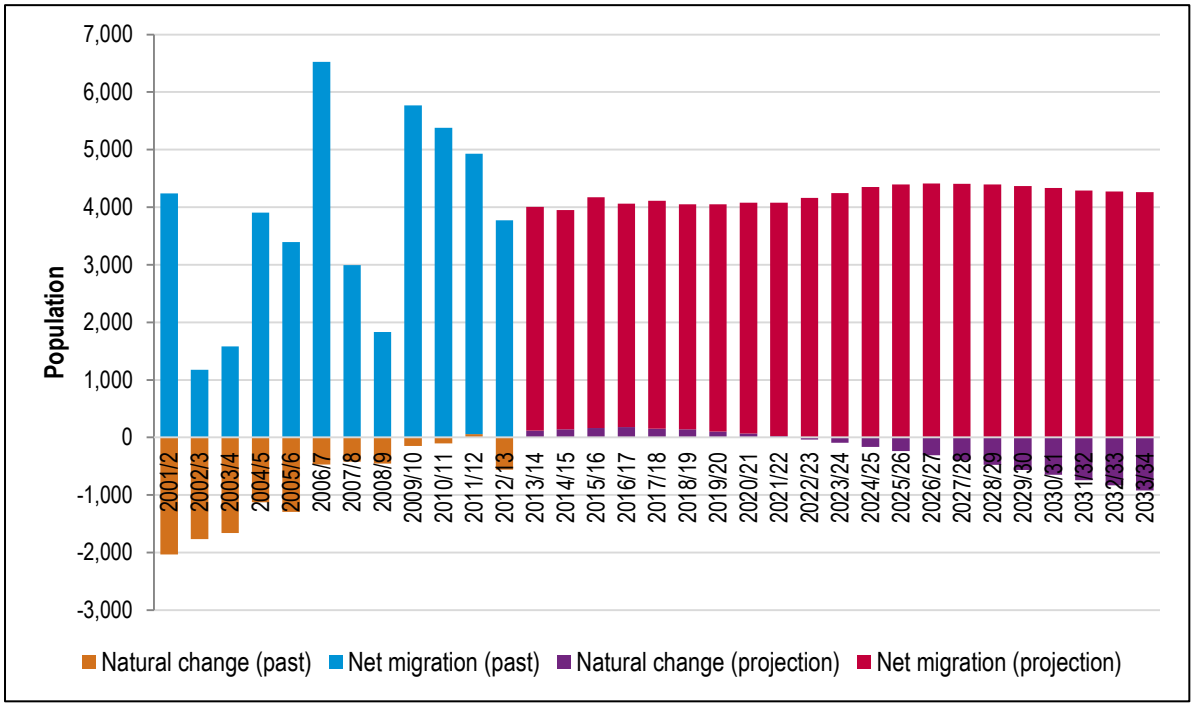
Source: ONS

4.17 Figure 32 shows a summary of the components of population change since mid-2001 in Eastern Dorset. The past trend data shows significant fluctuations in migration on a year-by-year basis, with natural change (births minus deaths) generally reducing from being significantly negative (more deaths than births) earlier in the past decade to a position of greater balance in more recent years.

4.18 The ONS projection suggests that natural change will remain in balance for about half of the projection period studied, before becoming negative in the longer-term. This latter finding is related to an ageing population and is to be expected in Eastern Dorset.

4.19 Regarding migration, the analysis shows an average level of net in-migration of 4,003 people per annum over the past 10-years to the HMA, with a slightly higher figure of 4,324 people a year over the past five years. Projecting forward, the SNPP suggests an average level of net migration of 4,155 people for the 20-year period from 2013 to 2033. This level of migration sits right in the middle of the figures for 5- and 10-years. It therefore looks to be reasonably consistent with the trend data.

Figure 32: Components of Population Change, mid-2001 to mid-2033 – Eastern Dorset



Source: ONS

4.20 We would conclude that whilst the 2012-based SNPP shows population growth which is slightly below past trends, the components feeding into the projection look reasonable when compared with recorded ONS data in the past. Part of the lower level of future growth is likely to be related to an ageing population and an increase in the number of deaths relative to births. Hence the 2012-based SNPP does provide a reasonable starting point for analysis of housing need.

Household Growth

4.21 Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Age-specific headship rates are applied to the projected population to project household growth.

4.22 Headship rates are applied to the 'household population' within the projection model. The household population does not include those living in institutions, including boarding schools, prisons, residential and nursing care accommodation, military barracks, or student halls.

4.23 However, after further analysis of Census and mid year estimates data of the numbers of residents aged 15 – 24 in communal establishments and comparing this with the numbers of student places

in student accommodation, it is obvious that the numbers are too small. Clearly, the majority of students living in 'student' accommodation are counted as part of the household population. This is most likely due to the built form of newer accommodation which is considered as individual dwellings rather than more traditional student halls.

4.24 The CLG Household Projection Model assumes that the population aged under 75 in institutions remains static. For those aged over 75 it is assumed that the proportion in institutions, such as residential and nursing care, remains consistent (but that absolute numbers can grow). The assumptions made herein are consistent with this.

4.25 With the publication of new 2012-based CLG household projections a new set of headship rates is now available. These rates are considered to be more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. At a national level (in the 2012-21 period considered by CLG) the new projections show 10% higher growth in households, for Eastern Dorset the figure is slightly lower (at 9%).

4.26 Table 10 below shows expected household growth in the 2012-based projections from 2013 to 2033 for Eastern Dorset and a range of other areas. The figures for the Eastern Dorset authorities do not exactly match the CLG projections as we have included population data for 2013, All other areas show the data as published. The data suggests an increase in households of about 46,800 over the 20-year period – this is an 18% increase; very slightly higher than expected across the South West but slightly below the national average.

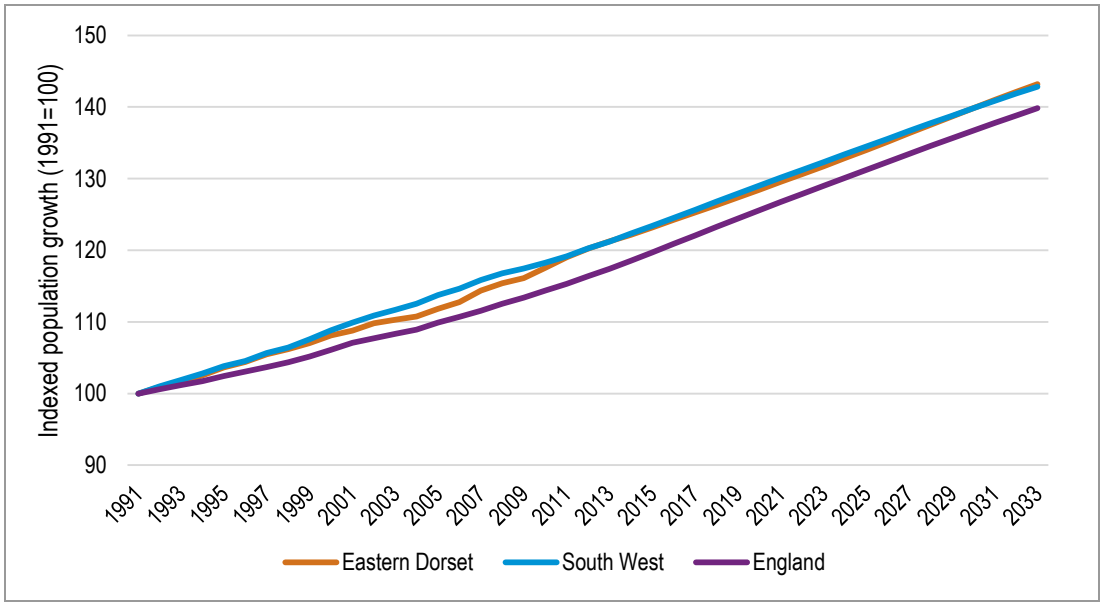
Table 10: Projected Household Growth, 2012-based Household Projections (2013-2033)

	Households 2013	Households 2033	Change in households	% change from 2013
Bournemouth	84,848	102,952	18,104	21.3%
Christchurch	21,727	26,009	4,282	19.7%
East Dorset	38,043	43,780	5,736	15.1%
North Dorset	29,457	33,345	3,887	13.2%
Poole	64,559	77,234	12,675	19.6%
Purbeck	19,839	21,981	2,142	10.8%
Eastern Dorset	258,474	305,300	46,826	18.1%
South West	2,308,994	2,721,252	412,258	17.9%
England	22,499,536	26,797,826	4,298,290	19.1%

Source: ONS

4.27 Figure 33 shows household growth back to 1991 and projected forward to 2033. The analysis shows that growth in Eastern Dorset has generally been very slightly stronger than seen across England but very much in line with growth in the South West. In all areas there is some evidence of a slight acceleration in growth rates from about 2012 onwards – this is consistent with the view that the new projections are taking a more positive view about household formation rates.

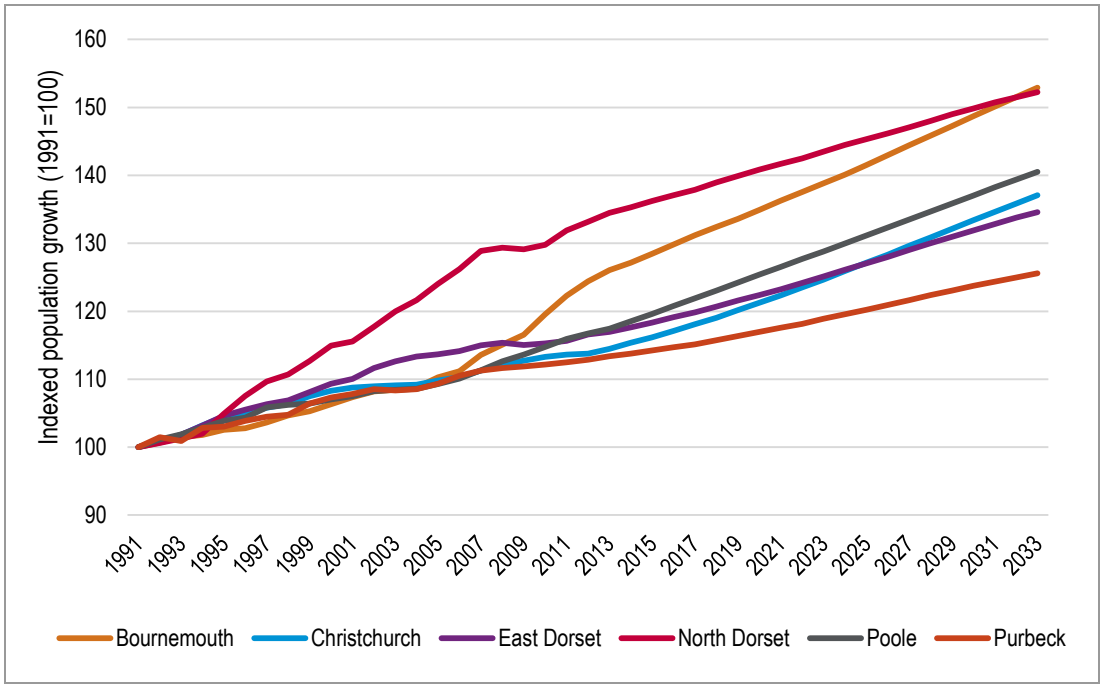
Figure 33: Indexed Household Growth (1991-2033)



Source: ONS

4.28 Figure 34 shows the same information for individual local authority areas. The data shows fairly moderate growth in all locations other than North Dorset up until about 2007. From this date Bournemouth shows a notable increase in households; with the other areas broadly continuing on their long-term trends. From about 2012, all areas (with the exception of North Dorset and to some extent Purbeck) show a slight upturn in expected household growth – this (as noted above) is likely to be due, at least in part, to the more positive position with regards to household formation being assumed in the 2012-based CLG Household Projections.

Figure 34: Indexed Household Growth (1991-2033) – by Local Authority



Source: ONS

4.29 To consider the impact of the 2012-based Household Projections we can sought to consider projected changes in average household sizes. Figure 35 below shows this based on each of 2012-, 2011- and 2008-based CLG Household Projection data. The data does show the 2012-based figures being somewhat more positive than the 2011-based version. This can be seen by the newer projections expecting a greater decrease in average household sizes over time.

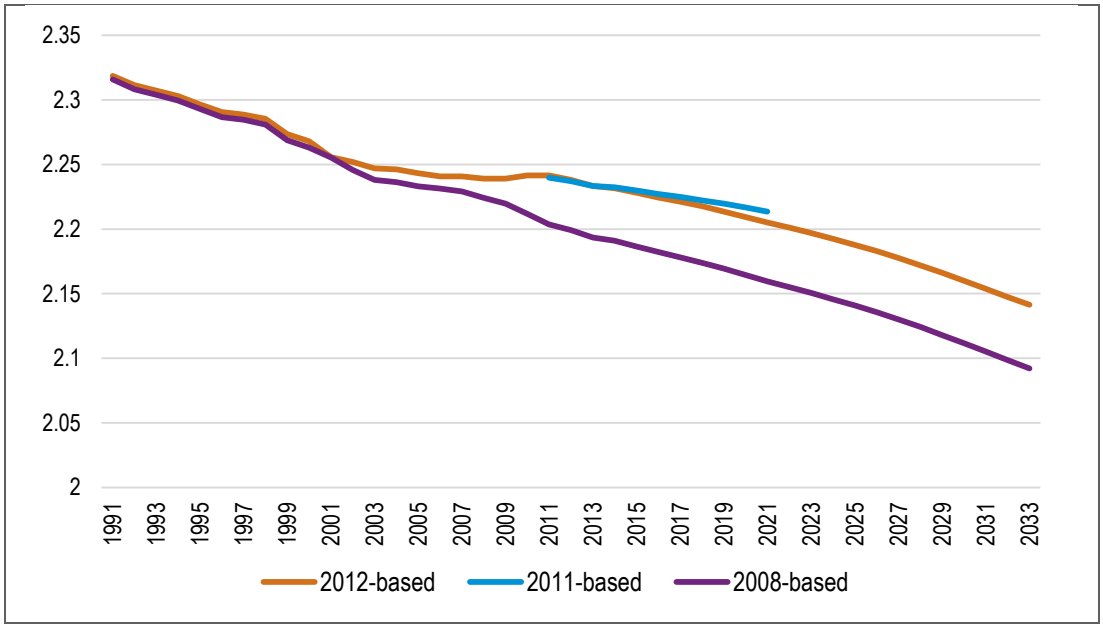
4.30 Changes in household size will be a function of both trends in household formation, and how the age structure of the population is expected to change over time. A key reason why household sizes are projected to fall is that the number of older people, living in smaller households, is projected to grow.

4.31 The data also shows a little change in household sizes from 2001 to 2011. This is a period where it is considered that there was some suppression in the housing market, and this very slight decrease would tend to suggest that household formation was supressed in the HMA over this period. Moving forwards, average household size is expected to fall at a rate which is slightly faster than the past trends might suggest – if for example we compare future trends with the 1991-2011 period which includes both a period of relative buoyancy in the housing market and a period of constraint.

4.32 Data from the 2008-based Household Projections has also been included. This shows that average household sizes are above what might have been expected from this earlier release of data. However, looking at the period from 2012, the data suggests that the future trajectory in the 2012-

based version is not much different. Hence at face value it does look as if the new projections are returning rates of change to those experienced in the longer-term.

Figure 35: Past and Projected Trends in Average Household Size – Eastern Dorset



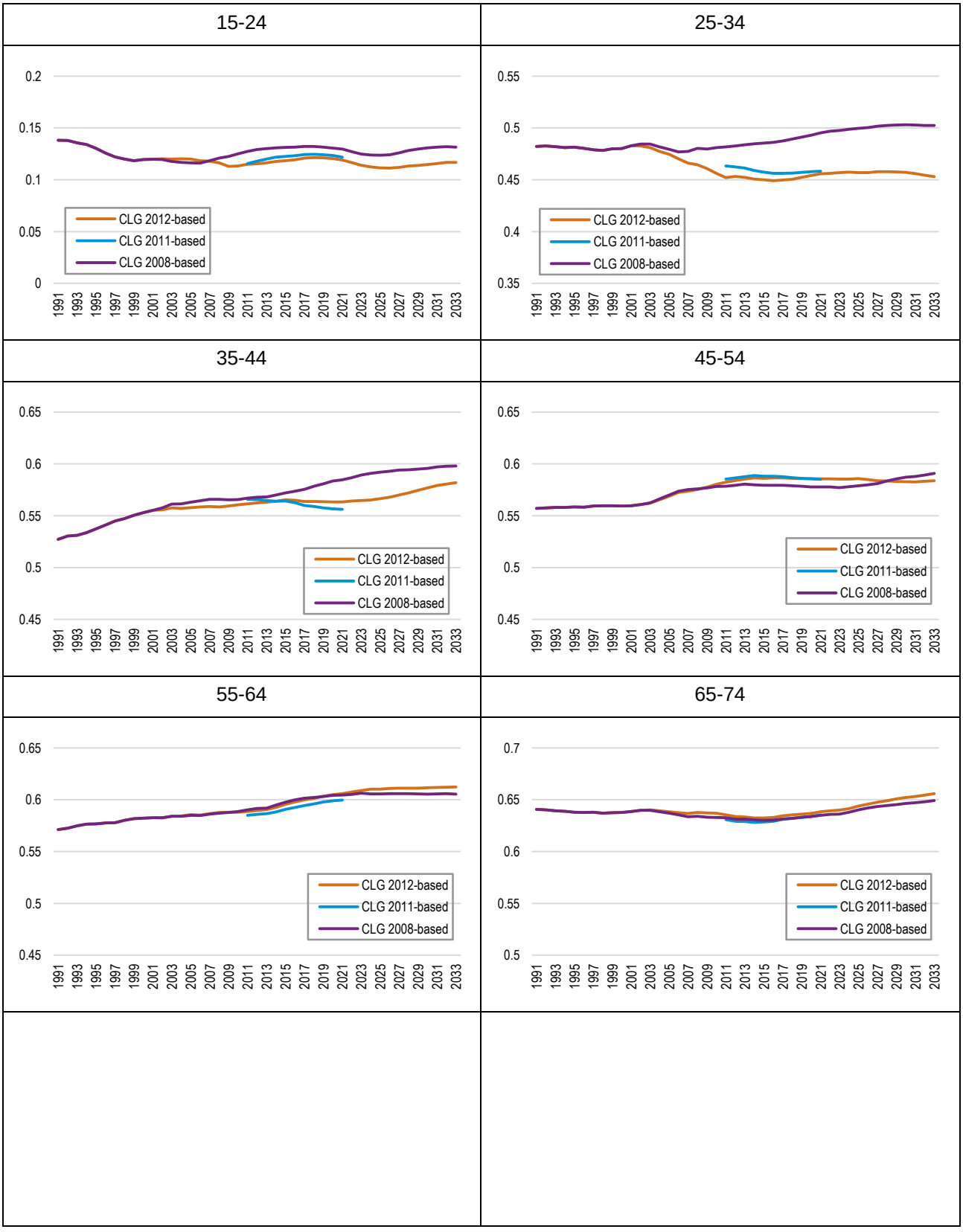
Source: Derived from ONS and CLG data

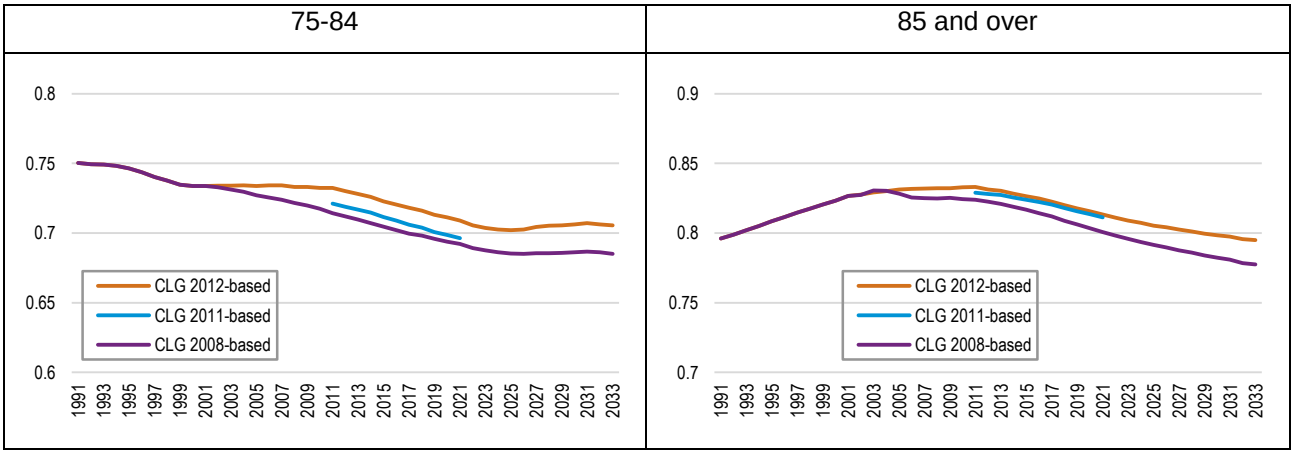
4.33 It is also important to understand how the different CLG Projections treat household formation for different age groups. Figure 36 shows the headship rates used in each of the projections.

4.34 Overall the 2012-based projections look fairly sound with levels and rates of change being not dissimilar to those in the earlier (pre-recession) 2008-based Projections. The main age group of potential concern is people aged 25-34, where the latest projections show quite a movement away from the figures in the 2008-based Household Projections. Particularly in the 2001-11 period the 2012-based projections do appear to be indicating some degree of supressed household formation – whilst the downward trend is not projected forward post-2012, it still leaves the rate of household formation for this age group some way below figures in the older projections.

4.35 The issue of supressed household formation in 25-34 age group is considered in more detail later in this report.

Figure 36: Projected Household Formation Rates by Age of Head of Household –Eastern Dorset





Source: Derived from CLG data

4.36 The table below brings together outputs in terms of household growth and housing need using the 2012-based headship rates and our core projection linked to the 2012-based SNPP. To convert households into dwellings the data includes an uplift to take account of vacant homes. Analysis of 2011 Census data about unoccupied household spaces provides the following vacancy rate figures which have been used in analysis:

- Bournemouth – 5.6%
- Christchurch – 7.8%
- East Dorset – 3.8%
- North Dorset – 6.1%
- Poole – 4.9%
- Purbeck – 13.1%

4.37 It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes based on current levels. It will be noted that some of the figures are quite high (notably in Purbeck) when set against regional (6.3%) and national (4.4%) averages. This reflects the number of second homes in some locations. Council tax data suggests that in Purbeck in 2015, 7.4% of dwellings are second homes and 1.5% vacant. However not all vacant and second homes are all necessarily recorded by council tax records. It is considered that the vacancy figures are robust for use in analysis and provide a consistent set of data for use across the HMA but we would highlight that they may change over time and should be monitored (e.g. through Council Tax sources to look at second homes and any changes to long-term vacants – this latter category has generally been decreasing over the past few years).

4.38 This projection suggests an annual housing need for 2,477 additional homes per annum over the 20-years 2013-33. This initial projection results in household growth of 2,341 per annum. This figure would be considered as the “starting point” for considering housing need, following the approach in the PPG – it takes account of the most recent population and household projections.

Table 11: Projected Household Growth 2013-33 – 2012-based SNPP with 2012-based Household Formation Rates

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

4.39 Had the above projection been run using the previous (2011-based) CLG household projections headship rates (suitably indexed beyond 2021 – which was the full length of the projections) then the estimated housing need would be for 2,247 dwellings per annum. The 2012-based projections are therefore suggesting a housing need which is 10% higher than the older projections. The older (2011-based) projections are considered to be projecting forward a recessionary trend (by focussing on trends in the 2001-11 period) and the finding of a higher need using 2012-based data does suggest that the new projections are indeed taking a more positive view about household formation. This more positive position is likely in part to be due to the 2012-based version using a time-series of data back to 1971, and therefore including a substantial period of time where market conditions were more buoyant.

Summary

4.40 The Planning Practice Guidance sets out that the starting point for considering overall housing need should be the latest official household projections. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.

4.41 The ONS published 2012-based Sub-National Population Projections (SNPP) in May 2014. They replace the 2010- and 2011-based population projections. The testing process undertaken suggests that this is a reasonable projection, based on past trends, for future population growth – future levels of migration are broadly in line with past trends (based on both long- and short-term trends.

4.42 The 2012-based CLG household projections also look to be reasonably sound when considering age specific household formation rates. The only age group where there is some concern is people aged 25-34 where there does appear to be some degree of suppression in the past and being projected forward

4.42.1 The 2012-based population and household projections suggest a need for about 2,477 dwellings per annum to be provided across the Eastern Dorset HMA. This takes account of 2013 Mid-Year Population Estimates.

Table 12: Core Demographic Projection based on 2012-based SNPP and 2012-based CLG Household Projections

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Dwellings (per annum)	956	231	298	206	665	121	2,477

4.43 This projection provides a reasonable "starting point" for considering housing need following the approach set out in the Planning Practice Guidance. However it is necessary to overlay other factors – considering economic growth potential, market signals and affordable housing need – and examine whether these provide a basis for adjusting the estimate of future housing need. These factors are considered in the subsequent sections of this report.

5 ECONOMIC GROWTH POTENTIAL

5.1 The previous section assessed demographic projections. The projections are particularly sensitive to migration.

5.2 The Planning Practice Guidance indicates that employment trends and forecasts should be considered as part of the assessment of housing need, setting out that:

> *"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.*
>
> *Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*

5.3 In this section we consider how migration in the HMA, and in different local authorities within it, might be influenced by future employment growth (recognising that people move home to access employment, as well as for other reasons).

Baseline Econometric Forecasts

5.4 Dorset County Council has provided GL Hearn with up-to-date forecasts for economic growth in Eastern Dorset developed by Cambridge Econometrics (CE). The forecasts data projects 2.2% annual growth in economic output (GVA) on average over the 2011-31 period across the Dorset LEP area, with the strongest growth expected between 2016-21. Table 17 summarises the forecasts.

Table 13: Economic Forecasts – Annual GVA Growth, 2011-31

Value added by industry (£m CVM 2010)	2011-31 ch pa	2011-2016 ch pa	2016-2021 ch pa	2021-2026 ch pa	2026-2031 ch pa
Dorset LEP area	2.1%	1.8%	2.4%	2.2%	2.0%
Bournemouth	2.2%	1.7%	2.5%	2.4%	2.2%
Dorset	2.1%	1.8%	2.4%	2.2%	2.0%
Poole	2.2%	2.0%	2.4%	2.2%	2.0%
Christchurch	1.7%	0.2%	2.4%	2.2%	1.9%
East Dorset	2.5%	2.9%	2.5%	2.3%	2.1%
North Dorset	1.7%	-0.1%	2.6%	2.3%	2.1%
Purbeck	2.3%	3.0%	2.2%	2.0%	1.8%

Source: Cambridge Econometrics/ Dorset County Council

5.5 The forecasts are derived from Cambridge Econometrics' Local Economy Forecasting Model (LEFM). It assumes that 'historical relationships hold true' – so that if a sector has performed in the past more strongly locally than at the regional or national level, it is expected to continue to do so. They take account of CE's forecasts for how different sectors in the economy will perform.

5.6 GL Hearn and Dorset County Council have projected trends post 2031 on the basis of trends shown beyond 2025. This is necessary as strategic planning documents are required to look generally 15 years forward from the point of their adoption. Table 14 below shows the annual average change in GVA expected over the 2013-33 period and broken down over 5 year periods.

5.7 Across Eastern Dorset GVA is expected to grow by 2.2% on 2013 levels over the period 2013-33. The strongest growth in GVA in East Dorset (2.4%) with Purbeck (2.1%) the lowest of the authority areas. In all authorities it is expected that growth in GVA will be stronger over the first half of the period with lower rates of growth expected between 2028-33.

Table 14: Average annual change in GVA (£m CVM 2010), 2013-33

GVA	Annual average change				
	2013-33	2013-18	2018-23	2023-28	2028-33
Bournemouth	2.2%	2.3%	2.5%	2.2%	1.8%
Christchurch	2.2%	2.6%	2.4%	2.0%	1.7%
East Dorset	2.4%	2.8%	2.6%	2.1%	2.0%
North Dorset	2.3%	2.7%	2.6%	2.1%	1.8%
Poole	2.2%	2.4%	2.4%	2.1%	1.8%
Purbeck	2.1%	2.5%	2.2%	1.9%	1.8%
Eastern Dorset	2.2%	2.5%	2.4%	2.1%	1.8%

Source: Cambridge Econometrics

5.8 This CE forecasts provides an indication of the expected employment[10] growth at a local authority level. Table 15 shows the increase in the number of jobs expected in 2033 from 2013 levels. Over the 20-year period studied the CE forecast expects an increase of around 41,700 jobs – this is an increase of about 14.5% from 2013 levels. The baseline econometric forecasts are relatively similar across different parts of the HMA, showing employment growth varying from 0.6% per annum in Christchurch to 0.9% per annum in East Dorset and North Dorset.

Table 15: Projected Employment Growth, 2013-33

Area	Jobs (2013)	Jobs (2033)	Change (2013-33)	% change from 2013
Bournemouth	89,581	101,760	12,179	13.6%
Christchurch	21,030	23,554	2,524	12.0%
East Dorset	38,545	45,711	7,166	18.6%
North Dorset	29,284	34,420	5,135	17.5%

[10] Employment includes full-time and part-time employees and self-employment

Poole	87,483	99,221	11,738	13.4%
Purbeck	22,700	25,690	2,989	13.2%
Eastern Dorset	288,624	330,355	41,732	14.5%

Source: Cambridge Econometrics

5.9 Table 16 shows the average annual change in employment levels for each authority area, broken down over 5 year periods. This predicts strong employment growth, particularly in East Dorset, North Dorset, and Purbeck, over the period 2013-18 followed by more modest growth in 2018-23 and more modest growth again to 2033. This variance is expected to be less severe in Bournemouth and Poole with the projected change from 2013-18 of 0.7% falling only slightly to 0.5% over the 2028-33 period.

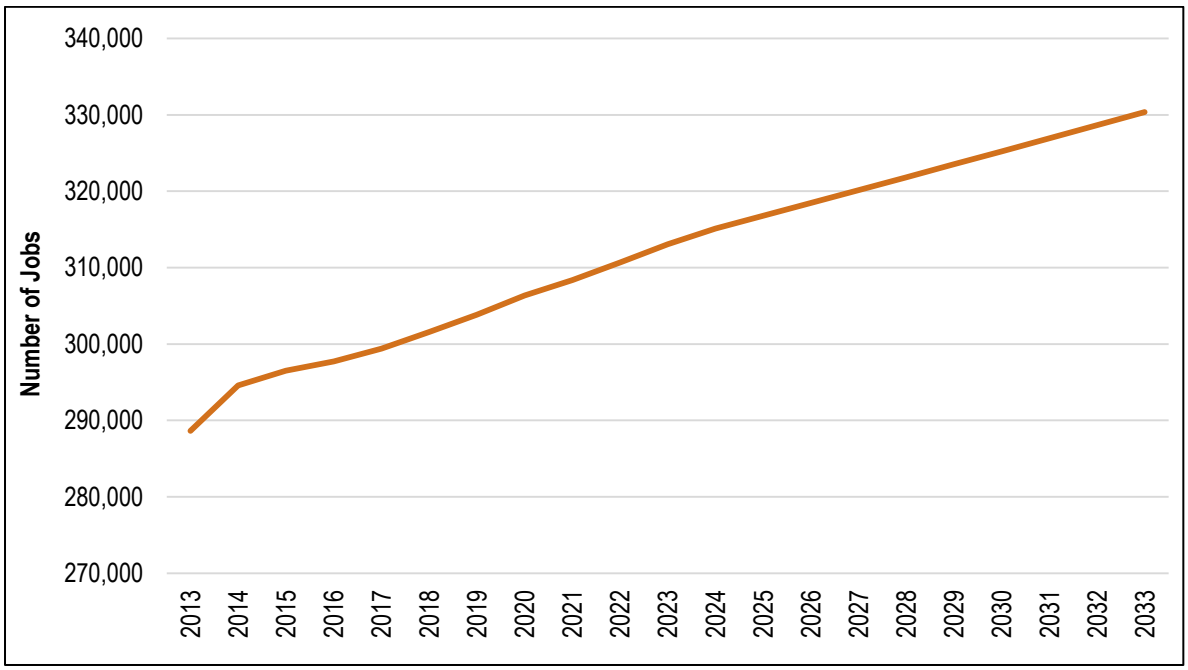
Table 16: Average Annual Change in Employment, 2013-33

Area	Annual average change				
	2013-33	**2013-18**	**2018-23**	**2023-28**	**2028-33**
Bournemouth	0.6%	0.7%	0.7%	0.6%	0.5%
Christchurch	0.6%	0.9%	0.6%	0.4%	0.4%
East Dorset	0.9%	1.3%	0.9%	0.6%	0.6%
North Dorset	0.8%	1.2%	0.9%	0.6%	0.6%
Poole	0.6%	0.7%	0.7%	0.5%	0.5%
Purbeck	0.6%	1.0%	0.6%	0.4%	0.4%
Eastern Dorset	0.7%	0.9%	0.7%	0.5%	0.5%

Source: Cambridge Econometrics

5.10 Figure 37 overleaf shows how this forecast is expecting to see the change in jobs over time. For the purposes of modelling demographic change associated with these job figures, the analysis has looked at total job growth over the full projection period. This helps to smooth out some of the year-on-year changes seen in the forecasts (particularly for individual local authorities).

Figure 37: Projected Growth in Total Employment – Eastern Dorset



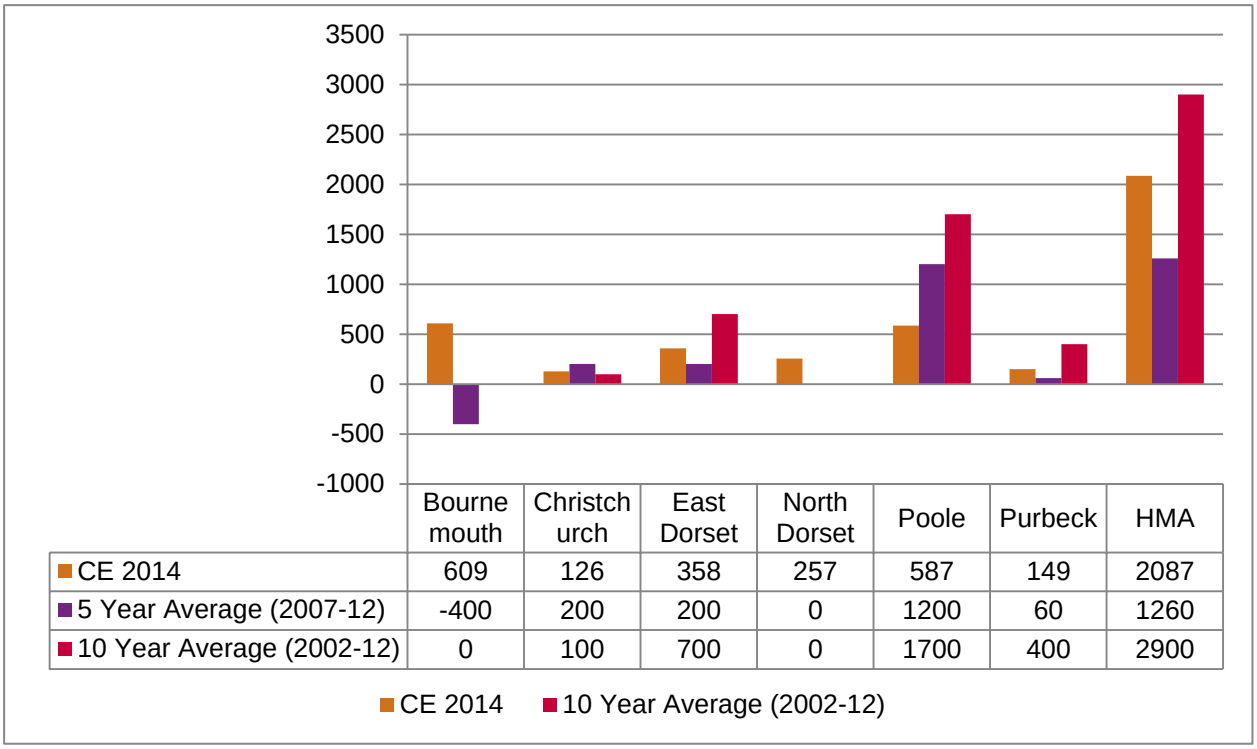
Source: Cambridge Econometrics

5.11 We have sought to benchmark employment growth rates (growth in employment per year) comparing the following:

- CE 2014 Baseline Econometric Projections;
- Past linear trends in jobs growth over 5 and 10 years based on ONS Workforce Jobs data (2007-12 and 2002-12).

5.12 The chart below shows the results. Looking at the HMA as a whole the CE projections indicate jobs growth of 2,100 pa (0.7% pa) which is below that predicted in the Experian forecasts from 2011 (3,300 pa, nearer 1.2% pa). The CE figures sit (for the HMA as a whole) midway between growth achieved over the past 5 and 10 years based on the ONS workforce jobs data.

Figure 38: Comparing Assumptions on Rates of Employment Growth



	Bourne mouth	Christch urch	East Dorset	North Dorset	Poole	Purbeck	HMA
CE 2014	609	126	358	257	587	149	2087
5 Year Average (2007-12)	-400	200	200	0	1200	60	1260
10 Year Average (2002-12)	0	100	700	0	1700	400	2900

Source: GL Hearn Analysis

Dorset LEP's Strategic Economic Plan

5.13 The Dorset Local Enterprise Partnership's (LEP) Strategic Economic Plan (March 2014) sets out an economic strategy for the area. It sets out that Dorset is not as productive as it could be, with GVA below the national average, is characterised by a relatively low wage economy, and has a greater dependency than is the case nationally on public sector employment. It describes the economic geography of the area as a large conurbation (comprising Bournemouth, Poole and Christchurch and parts of Dorset and Purbeck Districts).

5.14 Broader challenges identified include poor connectivity and accessibility in rural areas; seasonality associated with employment in the visitor economy; skills gaps; and the 'demographic challenge' associated with an above average (and growing) older population.

5.15 The SEP sets out an ambition to accommodate up to 40,000 additional jobs by 2021, achieving employment and GVA growth above the UK average. This is an aspiration.

5.16 The SEP identifies a number of priority sectors:

- Advanced manufacturing – including automotive and aerospace;
- ICT and precision instruments;
- Digital, creative and information services;

- Financial services and business services;
- Heath and social care – including healthcare technologies;
- Education and Research and Development.

5.17 The investment programme envisaged by the Strategic Economic Plan includes major investments to accommodate business growth at Bournemouth Airport and Port of Poole/ Poole Regeneration Area. A 59 hectare business park is envisaged at Bournemouth Airport. In Bournemouth the town centre will deliver significant employment creation, including at the Lansdowne Business and Enterprise Quarter. In Poole, office, retail and residential development is expected to support employment creation; whilst a Marine Centre will help strengthen and develop this sector. In addition the Silicon South Initiative is expected to drive growth in the digital economy, anchored by digital-creative talent from the two Universities. Investment in both universities campuses is also envisaged; together within investment in renewal in the tourism industry.

5.18 The SEP is a bidding document. The LEP sought a total funding package of £596.4 million. This was expected to generate c. 21,000 additional jobs between 2015/16 – 2020/21. The SEP set out that this would equate to "some additional 20% to jobs in the LEP region by 2021 – an additional 3% pa." However this was at the top end of any scaled allocation.

5.19 Altogether £79 million has been secured in the first two rounds of Growth Deals, 13% of the "funding ask." This is focused on supporting infrastructure for the Port of Poole and Bournemouth Airport; the Jurassica Visitor Centre in Portland; and ODIAC – a research centre in Orthopaedics at Bournemouth University.

5.20 In considering the scale of feasible economic growth, we need to be mindful that past public investment has helped to support infrastructure delivery and economic development initiatives (and thus informed job growth in the baseline forecasts), and available public sector resources to support growth may well be lower than in the past. We have worked with the local authorities to consider these issues.

5.21 A second issue however is one of geography. The Growth Deal investment particularly supports investment in Bournemouth Airport (in Christchurch Borough) and Poole. The baseline forecasts assume historical relationships between performance of sectors locally vs. national/ regional trends hold true. Consideration should therefore be given as to the potential 'distribution' of employment growth.

Local Knowledge Economic Growth Scenario

5.22 Taking account of economic growth opportunities and drivers as well as commercial market dynamics, Dorset County Council has worked with the Eastern Dorset local authorities to develop a

"Local Knowledge Scenario" which provide a more realistic and informed assessment of potential economic growth in each area.

5.23 For Bournemouth, the Local Knowledge Scenario takes account of the latest Census and BRES data regarding the economic structure, and growth opportunities in creative industries. For Poole, this scenario takes account of office market dynamics, recent stronger relative performance of the manufacturing sector and the regeneration proposals.

5.24 For North Dorset, adjustments are made to expected distribution of employment growth, with an expectation of slightly lower growth rates in construction and health; but with stronger growth in manufacturing and media/IT. In Purbeck, performance of the construction and accommodation and food sectors was considered to more likely follow UK trends, with lower growth expected in financial and business services, and stronger growth in manufacturing. The baseline forecasts were considered realistic, taking account of other factors and local drivers, for Christchurch and East Dorset.

5.25 Table 17 below shows the projected employment growth in the Local Knowledge Scenario. Overall, at both an HMA and individual local authority level, this alternative forecast shows a similar level of job growth to the CE forecast. Over the 20-year period studied the 'local knowledge' forecast expects an increase of around 43,000 jobs – this is an increase of about 15% from 2013 levels.

Table 17: Projected Employment Growth, 2013-33 – Local Knowledge Scenario

Area	Jobs (2013)	Jobs (2033)	Change (2013-33)	% change from 2013
Bournemouth	90,491	103,315	12,825	14.2%
Christchurch	21,005	23,600	2,594	12.4%
East Dorset	38,515	45,810	7,295	18.9%
North Dorset	29,765	33,322	3,557	11.9%
Poole	86,481	99,367	12,886	14.9%
Purbeck	21,540	25,412	3,872	18.0%
Eastern Dorset	287,797	330,826	43,029	15.0%

Source: Dorset County Council

5.26 To model the implications of employment growth on housing need, adjustments are made to the migration assumptions in the 2012-based SNPP (as described in Section 4) so that the overall growth in labour supply in the 2013-33 period matches the totals shown in the table above and figure overleaf.

Relating Jobs and Homes

5.27 In relating growth in employment to that of the overall population, the following factors are relevant:

- Relationship between jobs and people in work: recognising that some people may hold down more than one job ('double jobbing');
- Commuting patterns: recognising that commuting patterns may influence the balance between jobs and residents in employment in different areas; and
- Employment rates: which describe the proportion of people who are in work. These are considered for different age groups, taking account of trends and, moving forwards, changes to pension age.

5.28 The SHMA has considered these issues and makes assumptions in each respect.

5.29 To understand commuting dynamics, we have looked at the relationship between the number of residents in employment and the number of people who work in the area. Information about this is shown in Table 18, drawn from the 2011 Census.

5.30 The data shows that there are around 4% more people who live in the area (and are working) than currently work in the area. Eastern Dorset therefore sees a level of net out-commuting.

5.31 For individual local authorities, the data shows East Dorset to have the most significant level of net out-commuting; with Poole showing the highest level of net in-commuting. The modelling includes the commuting ratios set out.

Table 18: Commuting Patterns in Eastern Dorset (2011)

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Live and work in District	39,184	5,759	11,102	14,918	33,835	7,655	112,453
Home workers	9,272	2,597	6,109	5,454	7,601	3,227	34,260
No fixed workplace	7,972	1,897	3,612	3,256	5,858	1,923	24,518
Out-commute	33,061	10,222	19,519	10,021	24,612	8,753	106,188
In-commute	25,223	10,689	13,534	6,992	32,115	7,666	96,219
Work offshore or abroad	231	55	109	116	258	104	873
Total working in District	81,651	20,942	34,357	30,620	79,409	20,471	267,450
Total living in District (and working)	89,720	20,530	40,451	33,765	72,164	21,662	278,292
Commuting Ratio	1.10	0.98	1.18	1.10	0.91	1.06	1.04

Source: 2011 Census

5.32 As well as commuting patterns, the evidence suggests that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in each District divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests that around 5% of workers have a second job (data averaged from data for the 2004-14 period to recognise relatively high error margins associated with data for individual years). This gives a double jobbing ratio of 0.95 (i.e. the number of jobs can be discounted by 5% to estimate the required change in the workforce). Again data has been used on an individual local authority basis with the double jobbing percentages for each area being:

- Bournemouth – 4%;
- Christchurch – 5%;
- East Dorset – 5%;
- North Dorset – 6%;
- Poole – 4%; and
- Purbeck – 5%

5.33 To work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs – this is shown in the table below. Overall, the CE Baseline Forecast expects an increase of 41,700 jobs. The modelling assumes that commuting patterns and levels of double jobbing remain consistent in proportional terms. These counter each other, resulting in a projected growth in the resident workforce (of about 41,800 people). For individual areas however, the findings are quite different as Table 19 shows[11]. As described above, individual local authority findings should be treated with caution.

Table 19: Jobs Growth and Change in Resident Workforce, 2013-33 (CE Baseline Forecast)

	Change in jobs	Commuting Ratio	Double Jobbing Ratio	Adjustment factor	Change in resident workforce
Bournemouth	12,179	1.10	0.96	1.06	12,909
Christchurch	2,524	0.98	0.95	0.93	2,356
East Dorset	7,166	1.18	0.95	1.11	7,980
North Dorset	5,135	1.10	0.94	1.03	5,313
Poole	11,738	0.91	0.96	0.87	10,208
Purbeck	2,989	1.06	0.95	1.00	2,998
Eastern Dorset	41,731	1.04	0.95	1.00	41,764

Source: Cambridge Econometrics, APS and 2011 Census

5.34 The same analysis has been undertaken with regard to the Local Knowledge Scenario with the figures shown in Table 20 – again there is broad alignment across the HMA between jobs and the change in the resident workforce.

[11] Note: the figures in Table 19 do not sum exactly due to rounding.

Table 20: Jobs Growth and Change in Resident Workforce, 2013-33 (Local Knowledge Scenario)

	Change in jobs	Adjustment factor	Change in resident workforce
Bournemouth	12,825	1.06	13,594
Christchurch	2,594	0.93	2,422
East Dorset	7,295	1.11	8,124
North Dorset	3,557	1.03	3,680
Poole	12,886	0.87	11,206
Purbeck	3,872	1.00	3,884
Eastern Dorset	43,029	1.00	42,909

Source: Cambridge Econometrics, APS and 2011 Census

5.35 As well as studying commuting levels and double jobbing the analysis needs to consider how economic participation and employment rates will change in the future. Although the past few years have seen an increase in unemployment, there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in employment rates as we move through to 2033 (and 2036).

5.36 Table 21 below shows the age/sex specific rates assumed in the analysis. These have been based on consideration of a range of different forecasting houses forecasts and also take account of the 2011 Census and trends over the period since 2001. It should be stressed that these figure reflect what we would consider to be a reasonable set of assumptions although there would be a case for alternatives (both in an upwards and downwards direction).

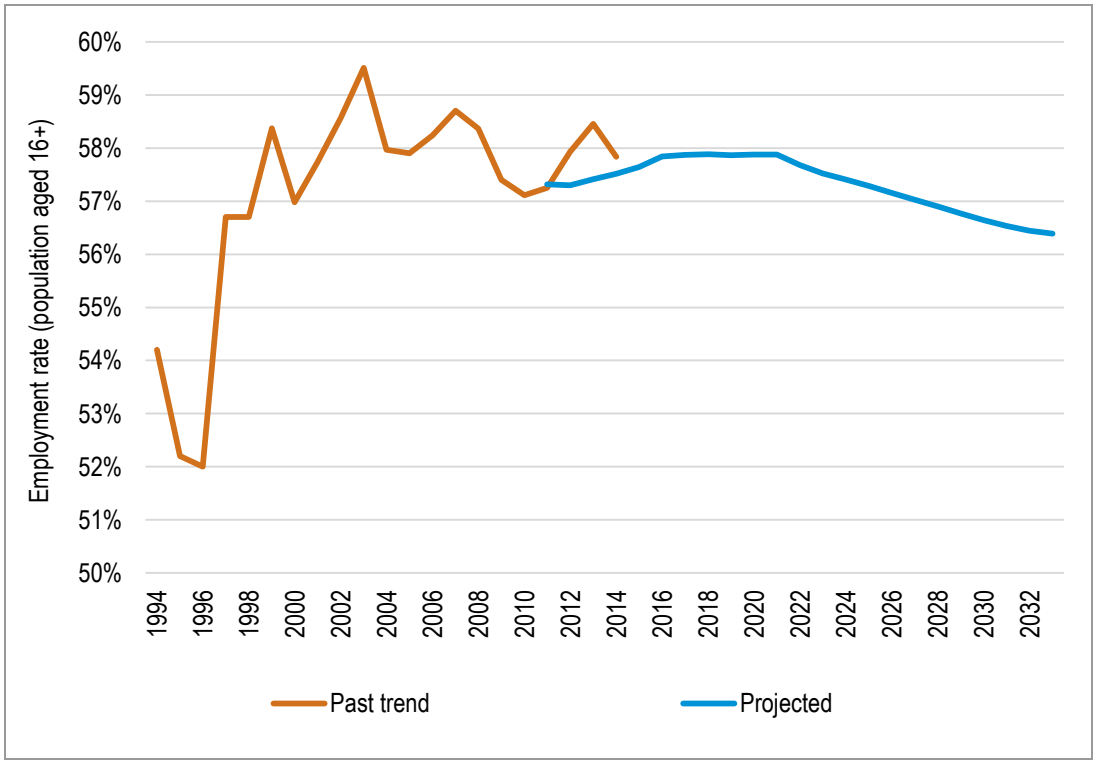
Table 21: Employment Rates by Age and Sex

	Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 and over
Bourne-mouth	Male	2013	49.1%	85.7%	82.8%	71.1%	14.5%
		2033	49.1%	86.0%	84.0%	76.6%	19.1%
	Female	2013	51.5%	78.5%	77.6%	63.9%	8.3%
		2033	51.5%	85.4%	84.2%	75.5%	12.1%
Christchurch	Male	2013	60.3%	89.7%	89.8%	74.1%	12.9%
		2033	60.3%	90.0%	91.0%	79.6%	16.7%
	Female	2013	64.1%	76.6%	79.9%	61.7%	7.1%
		2033	64.1%	83.5%	86.6%	73.3%	10.3%
East Dorset	Male	2013	67.7%	89.8%	92.7%	79.6%	14.3%
		2033	67.7%	90.1%	93.9%	85.0%	17.5%
	Female	2013	68.0%	79.8%	82.2%	65.1%	8.3%
		2033	68.0%	86.7%	88.9%	76.7%	11.0%
North Dorset	Male	2013	63.6%	89.7%	91.2%	80.8%	19.1%
		2033	63.6%	90.0%	92.4%	86.3%	21.4%
	Female	2013	59.1%	78.0%	82.6%	66.5%	10.6%
		2033	59.1%	85.0%	89.2%	78.1%	13.1%
Poole	Male	2013	60.8%	89.1%	89.4%	76.7%	13.4%
		2033	60.8%	89.4%	90.6%	82.1%	17.1%
	Female	2013	60.7%	78.0%	80.8%	64.9%	7.6%
		2033	60.7%	85.0%	87.4%	76.5%	10.9%
Purbeck	Male	2013	66.4%	90.3%	91.3%	77.3%	17.0%
		2033	66.4%	90.6%	92.5%	82.7%	19.5%
	Female	2013	65.5%	78.2%	82.7%	63.3%	10.0%
		2033	65.5%	85.2%	89.3%	74.9%	12.5%

5.37 Figure 39 shows how the overall employment rate in the HMA is expected to change over time, a past trend analysis from the Annual Population Survey (APS) back to 1994 has also been shown although some caution should be used in comparing figures given that the sources are different. The employment rate is based on the number of people in employment divided by the population aged 16 and over. The rate is therefore affected by changes in age structure (including for instance a growing older population).

5.38 The analysis shows that there is expected to be a small decrease in the employment rate over time linked in particular to changes in the population structure. The past trend analysis shows a picture of highly fluctuating rates with no particular trend over the previous decade or so. The rates shown in the figure below are derived from the 2012-based SNPP and it should be noted that these change very slightly with different assumptions about population growth.

Figure 39: Past and projected change in employment rate (2013-2033)



Source: Derived from Annual Population Survey, Labour Force Survey, Experian forecasts and demographic projections

5.39 To estimate what level of housing provision might be required to meet the economic forecasts, adjustments are made to levels of migration within the demographic model such that the growth in the resident workforce equals the change required to match the number of jobs (as shown in the tables above).

Projection Outputs

5.40 The outputs from the economic-based projections show that for the resident workforce to increase in line with the forecast number of jobs would require 2,715 homes per annum to be delivered in the CE Baseline Scenario, rising to 2,762 with the Local Knowledge Scenario. These figures are 10%-12% higher than the output of the demographic projection (linked to 2012-based SNPP and CLG Household Projections).

Table 22: Housing Need to support CE Baseline Forecasts, 2013-33

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Households 2013	84,848	21,727	38,043	29,457	64,559	19,839	258,474
Households 2033	100,635	24,993	47,299	36,380	77,122	23,352	309,781
Change in	15,786	3,266	9,256	6,923	12,563	3,513	51,308

households							
Household Growth Per annum	789	163	463	346	628	176	2,565
Dwellings (per annum)	834	176	480	367	659	199	2,715

Table 23: Housing Need to support Local Knowledge Econometric Forecast, 2013-33

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Households 2013	84,848	21,727	38,043	29,457	64,559	19,839	258,474
Households 2033	101,139	25,043	47,399	35,317	77,794	23,952	310,644
Change in households	16,291	3,316	9,356	5,860	13,234	4,113	52,170
Household Growth Per annum	815	166	468	293	662	206	2,608
Dwellings (per annum)	860	179	485	311	694	232	2,762

Summary

5.41 The inter-relationship between housing need and economic growth is complex, and will be influenced by future economic performance, how employment rates change – including as a result of people retiring later – as well as the relationship between job numbers and people in work. These issues have been considered in this section.

5.42 Two scenarios for employment growth in Eastern Dorset have been considered. Baseline econometric forecasts indicate employment growth of 41,700 between 2013-33 (14.5%). These have been tested taking account of local drivers and knowledge, including the implications of the Dorset LEP's Strategic Economic Plan. This has been used to derive a Local Knowledge Scenario for employment growth. This sees growth in employment of 43,000 (15.0%) between 2013-33 with stronger employment growth in Purbeck in particular, as well as Bournemouth and Poole.

5.43 There are close economic links between Bournemouth, Poole, Christchurch and parts of Eastern Dorset. The evidence does not suggest that for the core Eastern Dorset conurbation that higher housing provision than in the 2012-based Household Projections would be required to support economic growth. It does however point to a potential need to increase housing provision in East Dorset, North Dorset and Purbeck to support economic growth. This is particularly a function of the age structure in these local authorities, which have an older population and where a proportion of the population is expected to move into retirement over the 2013-33 period.

6 AFFORDABLE HOUSING NEED

Introduction

6.1 In this section we discuss levels of affordable housing need in Eastern Dorset. Affordable housing need is defined in the Planning Practice Guidance as describing "those households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market."

6.2 The Practice Guidance also sets out a standard approach for assessing housing need - consistent with the methodology advocated in the 2007 SHMA Guidance - which we adopt for this study.

> *Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

6.3 The figures presented in this report for affordable housing needs have been based on contemporary secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

6.4 The housing needs modelling undertaken provides an assessment of housing need for the 2013-33 period. Each of the stages of the housing needs model calculation are discussed in more detail below.

6.5 The affordable housing needs model is influenced strongly by housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. Key definitions used are set out in Appendix C.

Local Prices & Rents

6.6 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a 'housing need.'

6.7 In this section we establish the entry-level costs of housing to both buy and rent across the study area. Our approach has been to analyse Land Registry and VOA data to establish lower quartile

prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

6.8 Table 24 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £80,000 for a flat in North Dorset and rising to £288,000 for a detached home in East Dorset. Looking at the lower quartile price across all dwelling types, the analysis shows a figure of between £152,000 (Bournemouth) and £225,000 (East Dorset).

Table 24: Lower Quartile Sales Prices by Type (Q1 and Q2 – 2014)

Dwelling type	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck
Flat	£123,500	£131,400	£120,000	£78,500	£135,000	£136,000
Terraced	£172,800	£199,900	£174,500	£142,000	£172,100	£185,000
Semi-detached	£190,000	£224,000	£217,400	£175,500	£190,000	£198,500
Detached	£240,000	£285,100	£288,000	£240,000	£236,400	£271,000
All dwellings	£152,000	£198,000	£225,000	£162,500	£180,000	£190,000

Source: Land Registry (2014)

6.9 A similar analysis has been carried out for private rents Valuation Office Agency (VOA) data covering the 12-month period to March 2014. The analysis shows an average lower quartile cost (across all dwelling sizes) of between £525 per month in North Dorset up to £675 per month in East Dorset.

Table 25: Lower Quartile Private Rents (Year to March 2014)

Dwelling size	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck
Room only	£303	-	-	£336	£295	-
Studio	£410	£400	£400	£325	£420	-
1 bedroom	£525	£545	£545	£425	£545	£500
2 bedrooms	£650	£675	£675	£550	£650	£625
3 bedrooms	£850	£850	£800	£675	£800	£750
4+ bedrooms	£1,100	£1,095	£1,150	£895	£1,005	£925
All dwellings	£550	£650	£675	£525	£625	£625

Source: Valuation Office Agency

6.10 We have also considered the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the area. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

6.11 LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office).

6.12 The vast majority of the Eastern Dorset HMA falls within the Bournemouth BRMA (including all of Bournemouth, Christchurch and Poole along with parts of East Dorset and Purbeck). North Dorset however sits entirely outside of the Bournemouth BRMA with parts of the District being in each of the Mid & West Dorset BRMA, the Salisbury BRMA and the Yeovil BRMA. Parts of both East Dorset and Purbeck are within the Mid & West Dorset BRMA; whilst part of East Dorset is in the Salisbury BRMA. Other than the Bournemouth BRMA all other BRMAs are largely outside of the study area in this report – this makes a comparison of outputs difficult.

6.13 Table 26 sets out LHA rates for all of the BRMAs with an influence on the HMA. Focussing on the core Bournemouth BRMA, the data suggests only small differences between LHA rates and our analysis based on VOA data.

Table 26: Maximum LHA payments by Size and BRMA

Size	Bournemouth BRMA	Mid & West Dorset BRMA	Salisbury BRMA	Yeovil BRMA
Room only	£281	£286	£291	£264
1 bedroom	£530	£455	£454	£395
2 bedrooms	£657	£595	£625	£525
3 bedrooms	£810	£699	£750	£625
4 bedrooms	£1,095	£858	£995	£815

Source: VOA data (September 2014)

Cost of Affordable Housing

6.14 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. Table 27 overleaf illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 27: Monthly social rent levels

Dwelling size	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck
1 bedroom – average	£364	£371	£361	£385	£354	£354
2 bedrooms – average	£373	£433	£427	£420	£391	£447
3+ bedrooms – average	£485	£500	£472	£483	£423	£429
Lower quartile (all sizes)	£362	£381	£367	£397	£359	£377

Source: CoRe (2014)

6.15 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as

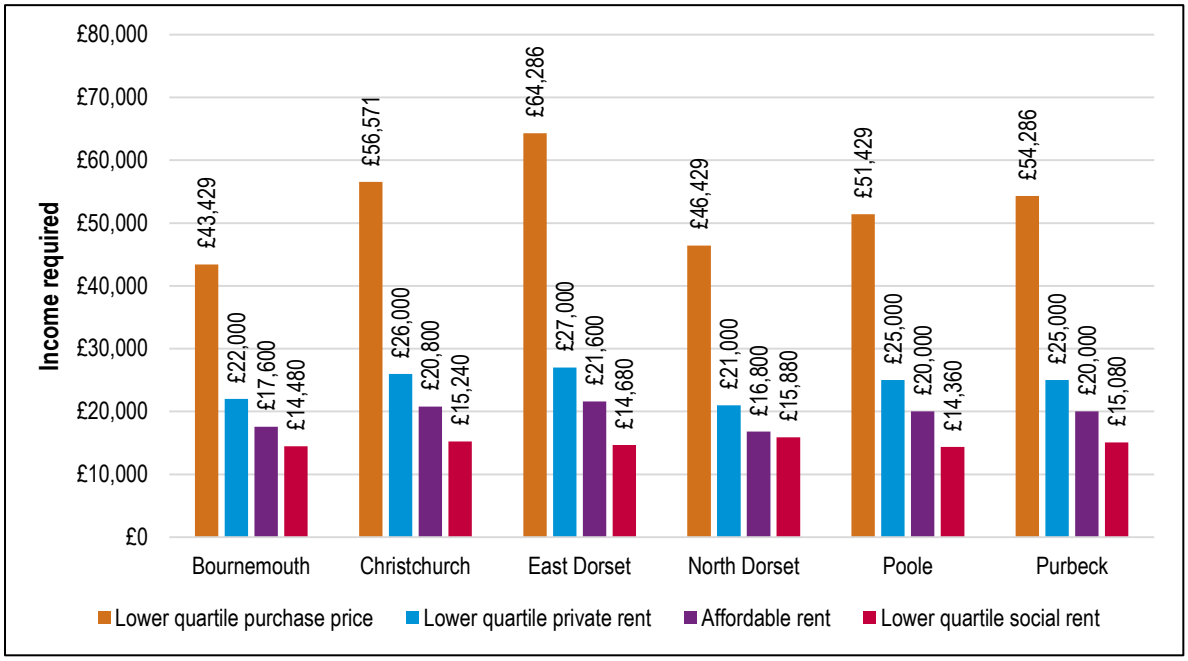
> *Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*

6.16 The 'client group' for affordable rented housing is similar to that for social rented provision, however rents are higher at up to 80% of market rents (inclusive of service charges). The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

6.17 Figure 40 overleaf draws the information regarding housing costs together to estimate how current prices and rents in Eastern Dorset might equate to income levels required to afford such housing. For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 40: Indicative Income Required to Purchase/Rent without Additional Subsidy



Source: Land Registry, VOA and CoRe

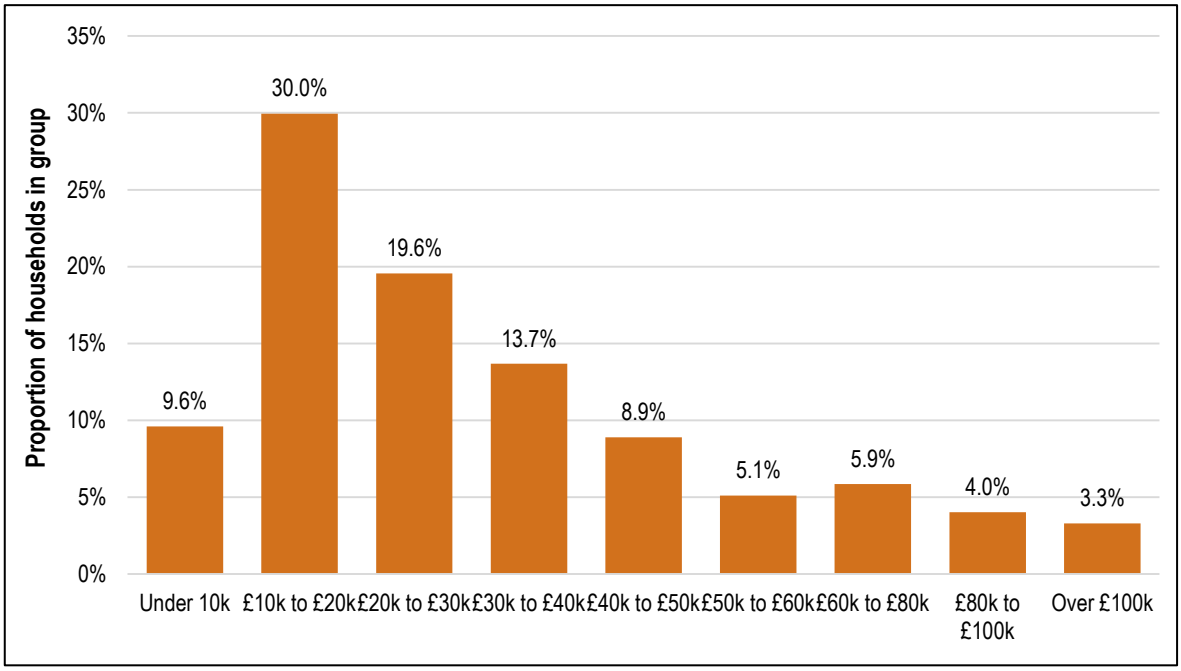
Income Distribution

6.18 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2013 (a 1.6% increase was identified from this source for the South West)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for individual Districts)

6.19 Drawing all of this data together we have therefore been able to construct an income distribution for the whole of Eastern Dorset for 2013. Figure 41 shows the distribution of household incomes for the whole of the HMA. The figures are for gross income for all sources (including employment, investment and benefits). The data shows that around two-fifths (40%) of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. Median income of all households in the area was estimated to be around £24,900 with a mean income of £32,900.

Figure 41: Distribution of Household Income in Eastern Dorset



Source: Derived from ASHE, EHS, CACI and ONS data

6.20 Table 28 shows how household income levels vary for each of the six local authorities. Incomes were found to be highest in East Dorset and lowest in Bournemouth[12].

Table 28: Mean and Median Income by Local Authority

	Mean Income	Median Income
Bournemouth	£29,716	£22,601
Christchurch	£31,754	£24,152
East Dorset	£36,182	£27,519
North Dorset	£34,802	£26,470
Poole	£34,356	£26,130
Purbeck	£33,517	£25,493
Eastern Dorset	£32,868	£24,899

Source: Derived from ASHE, EHS, CACI and ONS data

6.21 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

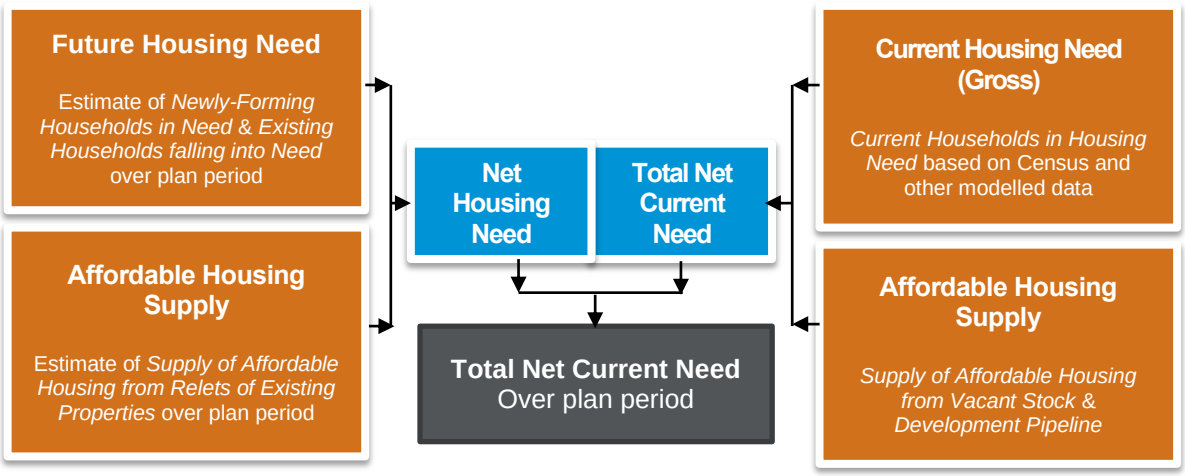
[12] Note, this differs from the analysis in Section 2 which is of individual earnings of those in work

6.22 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

Housing Needs Assessment

6.23 Affordable housing need has been assessed using the Basic Needs Assessment Model as set out in Figure 42.

Figure 42: Overview of Basic Needs Assessment Model



Current Housing Need (Backlog)

6.24 In line with PPG, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. The assessment of those in unsuitable housing is based on the number of households shown to be overcrowded in the 2011 Census; along with an estimate of other needs which have been modelled taking account of the tenure profile in each local authority. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

6.25 The analysis shows some 7,915 overcrowded households (using the bedroom standard) along with an estimated 6,500 households with other needs. In total it is therefore estimated that around 14,415 households are currently living in unsuitable accommodation. This represents 5.6% of the estimated number of households in Eastern Dorset in 2013.

6.26 From this initial estimate of the overall number in unsuitable housing (14,415), households living in affordable housing are excluded, as these households would release a dwelling on moving and so no net need for affordable housing will arise. The analysis also excludes all outright owners under

the assumption that they will have sufficient equity to find source market housing without support. It excludes 90% of owners with a mortgage, based on evidence from the English Housing Survey that the majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which impacts principally on Bournemouth) is to slightly reduce the assessment of households in unsuitable housing to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as having an affordable housing need.

6.27 At the time of the assessment there were an estimated 7,429 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers). This represents 2.9% of all households in the HMA. Bournemouth shows a particularly high level of unsuitability (4.6%), with the lowest figure found to be in East Dorset.

Table 29: Estimated Households in Unsuitable Housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Bournemouth	3,864	84,769	4.6%
Christchurch	373	21,754	1.7%
East Dorset	540	38,003	1.4%
North Dorset	587	29,361	2.0%
Poole	1,612	64,506	2.5%
Purbeck	454	19,806	2.3%
Eastern Dorset	7,429	258,199	2.9%

Source: Census (2011) and data modelling

6.28 We therefore estimate that 7,429 households have a current housing need. However a number of these households might be able to afford market housing without the need for subsidy. We therefore apply an affordability test, taking account of the lower average income for households living in unsuitable housing. For modelling purposes, we assume that the average an income of households in unsuitable housing is 69% of the figure for all households (based on national survey data). Overall, around two-thirds of households with a current need are estimated to be likely to have insufficient income to afford market housing and so our estimate of the total backlog need is reduced to 4,898 households. Over half of these households are found to be living in Bournemouth.

Table 30: Estimated Current Need

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Bournemouth	3,864	66.6%	2,571
Christchurch	373	71.6%	267
East Dorset	540	67.0%	361
North Dorset	587	57.1%	335
Poole	1,612	65.8%	1,060
Purbeck	454	67.0%	304
Eastern Dorset	7,429	65.9%	4,898

Source: Census (2011), data modelling and income analysis

6.29 The Planning Practice Guidance suggests that the housing register can be used to estimate levels of housing need. Our experience working across the Country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to Census and other modelled data is preferred.

6.30 In interpreting the above figures, it should not be assumed that all households with a current affordable housing need will necessitate a net addition to the overall dwelling stock. A proportion of these households are resident in the Private Rented Sector in situations where for instance a tenancy is due to end, or a home is overcrowded. In meeting their housing needs, some existing housing will therefore be released for other households.

Newly-Arising Need

6.31 To estimate newly-arising (projected future) need we have looked at two key groups of households in accordance with the Planning Practice Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

6.32 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over the 2013-33 period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 10-year age bands relative to numbers in the age band below 10 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for net household growth.

6.33 The number of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households. The estimates of *gross* new household formation have been based on outputs from our core demographic projection.

6.34 In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys including the Survey of English Housing. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas.

6.35 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB).

6.36 Our assessment suggests that overall around 57% of newly-forming households will be unable to afford market housing and that a total of 2,428 new households will have a need on average in each year to 2033. As with previous analysis, the figure is particularly high in Bournemouth.

Table 31: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Bournemouth	1,661	57.5%	954
Christchurch	317	62.0%	197
East Dorset	480	57.8%	277
North Dorset	391	47.2%	185
Poole	1,162	56.7%	659
Purbeck	272	57.7%	157
Eastern Dorset	4,284	56.7%	2,428

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

6.37 The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property.

An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

6.38 This method for assessing existing households falling into need is consistent with the 2007 SHMA Guidance which says on page 46 that:

> *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'.*

6.39 Following the analysis through suggests a need arising from 663 existing households each year. This is about 0.3% of all households living in the study area (in 2013). Table 38 below shows how this splits down by local authority.

Table 32: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Bournemouth	283	42.6%
Christchurch	35	5.3%
East Dorset	50	7.6%
North Dorset	95	14.3%
Poole	160	24.1%
Purbeck	40	6.0%
Eastern Dorset	663	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing

6.40 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

6.41 The PPG suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes (which only really has an impact on figures for Poole)).

6.42 On the basis of past trend data, is has been estimated that 940 units of social/affordable rented housing are likely to become available each year moving forward.

Table 33: Annual Supply of Social/Affordable Rented Homes per Annum (Last 3 Years)

Area	Total lettings	% as non-newbuild	Lettings in existing stock	% non-transfers	Sub-total	% non-temporary housing	Total lettings to new tenants
Bournemouth	637	95.9%	611	65.1%	398	99.3%	395
Christchurch	111	98.3%	109	48.6%	53	100.0%	53
East Dorset	131	94.8%	124	65.8%	81	100.0%	81
North Dorset	298	82.5%	246	59.2%	146	100.0%	146
Poole	410	93.6%	383	61.8%	237	86.1%	204
Purbeck	100	96.4%	96	62.8%	60	100.0%	60
Eastern Dorset	1,687	93.1%	1,570	62.1%	976	96.3%	940

Source: CoRe

6.43 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Eastern Dorset is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (and assuming a turnover half of the rate seen in the social/affordable rented stock). From this it is estimated that around 29 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 969 per annum.

Table 34: Supply of Affordable Housing by Local Authority

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Bournemouth	395	12	407
Christchurch	53	2	55
East Dorset	81	1	83
North Dorset	146	4	150
Poole	204	8	212
Purbeck	60	2	63
Eastern Dorset	940	29	969

Source: Derived from CoRe and Census (2011) analysis

Net Housing Need

6.44 Table 35 draws the above analysis together to provide the overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline').

6.45 The analysis has been based on meeting housing need over the 20 year period from 2013 to 2033. Whilst most of the data in the model are annual figures the backlog has been divided by 20 to make an equivalent annual figure.

6.46 The data shows an overall need for affordable housing of 47,300 units over the next 20-years (2,367 per annum). The net need is calculated as follows:

Net Need = Backlog Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 35: Estimated level of Housing Need (2013-33)

	Per annum	20-years
Backlog need	245	4,898
Newly forming households	2,428	48,563
Existing households falling into need	663	13,261
Total Gross Need	3,336	66,723
Supply	969	19,383
Net Need	2,367	47,340

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

6.47 Table 36 below shows the annualised information for individual local authorities. The analysis shows a need for additional affordable housing in all areas with Bournemouth seeing the highest need (about 958 per annum) and North Dorset the lowest (146).

Table 36: Estimated level of Housing Need (per annum)

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

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Sensitivity to Income Thresholds

6.48 Whilst a 25% is the threshold suggested by 2007 SHMA Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the Eastern Dorset population, particularly with respect to earnings and the cost of housing, in practice, many households locally will choose to spend a greater proportion of their income on housing.

6.49 A 30% threshold has been used in the main modelling for consistency with general practice nationally, although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. Table 37 summarises the findings. In particular, we can see that an assumption of households spending 40% gross income on housing costs, then need falls to 1,631 households per annum (down from 2,367 using a 30% threshold).

Table 37: Estimated level of Housing Need (per annum) at Variant Income Thresholds

	@ 25%	@ 30%	@ 35%	@ 40%
Backlog Need	278	245	218	194
Newly forming households	2,794	2,428	2,098	1,821
Existing households falling into need	696	663	626	585
Total Need (per annum)	3,767	3,336	2,942	2,600
Supply	969	969	969	969
Net Need	2,798	2,367	1,973	1,631
Bournemouth	1,128	958	800	663
Christchurch	222	191	165	140
East Dorset	308	263	221	185
North Dorset	191	146	108	75
Poole	772	660	554	464
Purbeck	176	149	124	103

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Role of the Private Rented Sector in Meeting Housing Need

6.50 As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system is meeting the needs of households in the area. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2014 it is estimated that there were 20,973 benefit claimants in the private rented sector; this is just 5% higher than the number observed three years earlier (in May 2011).

6.51 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From the English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 2,726 private sector lettings per annum to new LHA claimants in the HMA. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector). This is likely to particularly impact on Bournemouth.

Table 38: LHA claimants in the Private Rented Sector

	Claimants (May 2011)	Claimants (May 2014)	Change 2011-2014	Estimated lettings per annum
Bournemouth	10,915	11,612	697	1,510
Christchurch	1,213	1,251	38	163
East Dorset	1,397	1,508	111	196
North Dorset	916	963	47	125
Poole	4,486	4,517	31	587
Purbeck	1,138	1,122	-16	146
Eastern Dorset	20,065	20,973	908	2,726

Source: DWP

6.52 The overall estimated number of lettings in the LHA part of the PRS can therefore be seen to be slightly higher than the total net need derived through housing needs analysis. It is not however appropriate to treat this sector as a form of affordable housing and net it from the overall annual housing needs estimate of 2,367 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.

6.53 However, it should be recognised that, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

6.54 The extent to which the Councils wish to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Understanding the Context to the Housing Needs Assessment

6.55 The affordable housing needs analysis concludes that there is a shortfall of 47,300 affordable homes over the period from 2013 to 2033 (2,367 per annum). However there are a number of things that need to be remembered in interpreting the housing needs analysis.

6.56 The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a requirement to underpin affordable housing policies.

6.57 The affordable needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.

6.58 The affordable needs assessment considers the needs not just from potential newly-forming households, but from existing households who might require an alternative size or tenure of housing. If this is provided, these households would release an existing home for another household. This needs to be borne in mind in considering how the affordable housing needs figures relate to overall housing need.

6.59 The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Eastern Dorset, the stock of affordable housing (social rented) represents about 11% of the total number of households – this is notably below the equivalent figure for the South West (13%) and nationally (18%). This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.

6.60 Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).

6.61 In reality, there are a number key factors which need to be considered:

- Many households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
- Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance;

- Much of the affordable housing need identified results from existing households who require an alternative form of accommodation. Accommodating the needs of these households does not require an overall growth in the housing stock.

6.62 It is estimated that there are currently around 21,000 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 30% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits will kick in below this level)). Moving forward, the number of households 'in need' living in the PRS could be affected by caps on growth in LHA. This will need to be monitored.

6.63 As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

6.64 Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play some role in meeting housing need in the short-to-medium term.

Need for Different Types of Affordable Housing

6.65 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

6.66 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

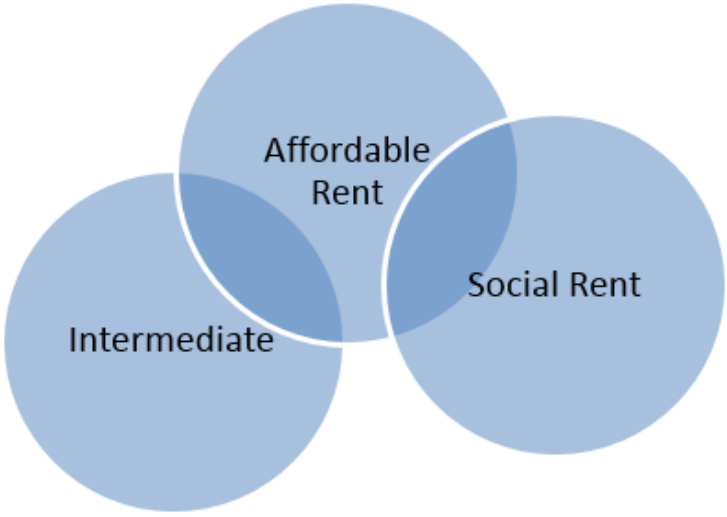
6.67 For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a

deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).

6.68 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

6.69 For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 43: Overlap between Affordable Housing Tenures



6.70 Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

6.71 The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

6.72 Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 23% of housing could be intermediate with the remaining 77% being either social or affordable rented.

Table 39: Estimated Need for Different Types of Affordable Housing

	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Bournemouth	230	12	218	1,135	395	740
Christchurch	38	2	36	207	53	154
East Dorset	61	1	59	285	81	204
North Dorset	55	4	51	241	146	95
Poole	153	8	145	719	204	515
Purbeck	36	2	34	176	60	115
Eastern Dorset	573	29	544	2,763	940	1,823
% of total	23%			77%		

Source: Housing Needs Analysis

6.73 The need for equity-based intermediate housing products will be influenced by households' savings. The need could therefore potentially be lower than that shown in Table 39.

6.74 The proportions of need for different types of affordable housing are based principally on analysis of households incomes, and the current supply and turnover of social / affordable and intermediate housing. In setting policies, individual Councils aspirations will also be relevant as well as evidence regarding the viability of residential development. These factors should influence policies regarding the mix of affordable housing, alongside the needs evidence herein.

6.75 In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Housing Need – Summary of the Evidence

6.76 An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Eastern Dorset. This has estimated current housing need in 2013 of 4,898 households, excluding existing social housing tenants where they would release a home for another household in need.

6.77 The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 3,091 households are expected to fall into housing need and 969 properties are expected to come up for relet.

6.78 Overall, in the period from 2013 to 2033 a net deficit of 47,300 affordable homes is identified (2,367 per annum). There is thus a requirement for new affordable housing in the HMA and the Councils are justified in seeking to secure additional affordable housing.

6.79 Of the identified net affordable housing need, 23% could be met through provision of intermediate affordable housing, with 77% needed social or affordable rented homes.

6.80 While a deficiency in affordable housing is identified, in practice this partly reflects needs from households who are already housed (but in homes which are unsuitable or unaffordable for them). Meeting the needs of these households will not necessarily result in a need for additional housing overall.

6.81 Some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit, It seems likely that the Private Rented Sector will continue to be used to make up for any shortfall of affordable housing.

6.82 The evidence in this section does however indicate a substantial need for affordable housing. In terms of overall housing provision, this suggests that some younger households may be constrained from forming should an increase in housing supply not be achieved. The next section considers this further, taking account of wider evidence of affordability pressures, and considers what scale of additional housing might be necessary to improve affordability.

7 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

7.1 The NPPF is clear that plans should take account of market signals, such as land prices and housing affordability (Paragraphs 17 and 158). The Planning Practice Guidance clarifies this setting out that:

> *"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."*

7.2 The PPG sets out that studies should assess house prices and rents, land values, affordability, rates of development as well as overcrowding, concealed and shared households. Appropriate comparisons should be made (in terms of absolute levels and rates of change) with trends in the HMA, similar areas and nationally. It sets out that:

> *"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."*

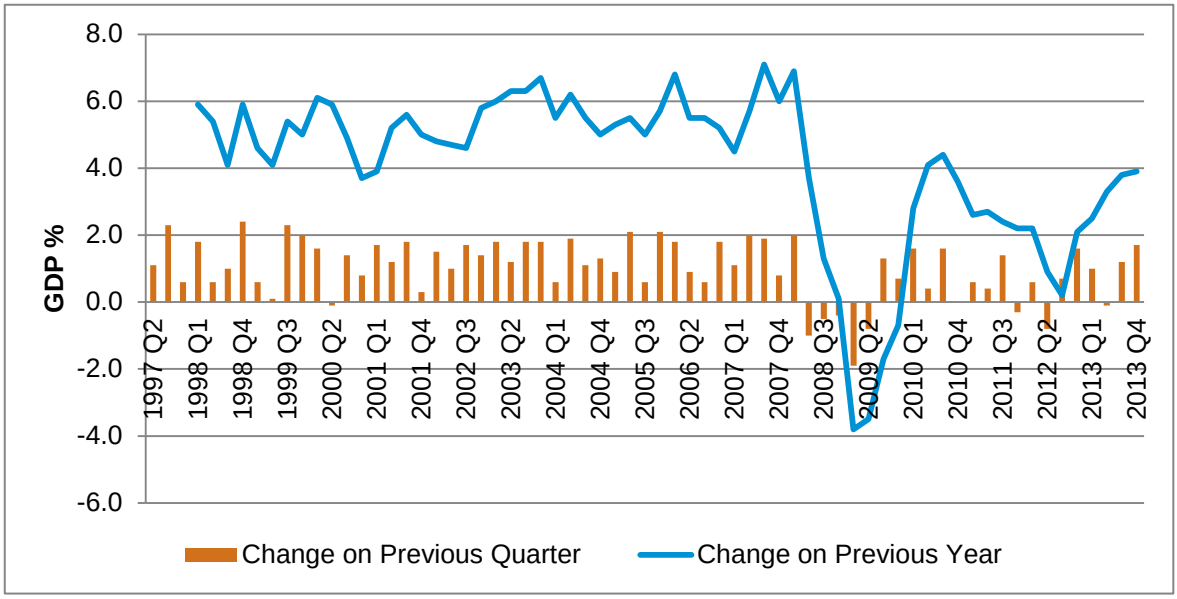
7.3 In interrogating market signals we have sought to assess trends over the 2001-11 period, as this is the period from which household formation trends in the 2011-based Household Projections are derived. We have also considered more recent trends and current performance, to assess whether there is a case for adjusting levels of housing provision (relative to those shown in the projections thus far).

7.4 We have sought to analyse the indicators identified in the PPG. However in our view it is important to understand the drivers behind what has been happening in the housing market in recent years. We therefore start off by providing an overview of macro-level dynamics.

Macro-Economic Drivers of the Housing Market

7.5 Macro conditions have been a particular driver of housing markets nationally over recent years. Since the initiation of the credit crunch in 2007/8, the economy has gone through a long and deep economic recession, and subsequent recovery. The momentum of economic recovery is now improving with the UK economy out-performing many of its international peers.

Figure 44: UK Economic Growth, 2007-2013



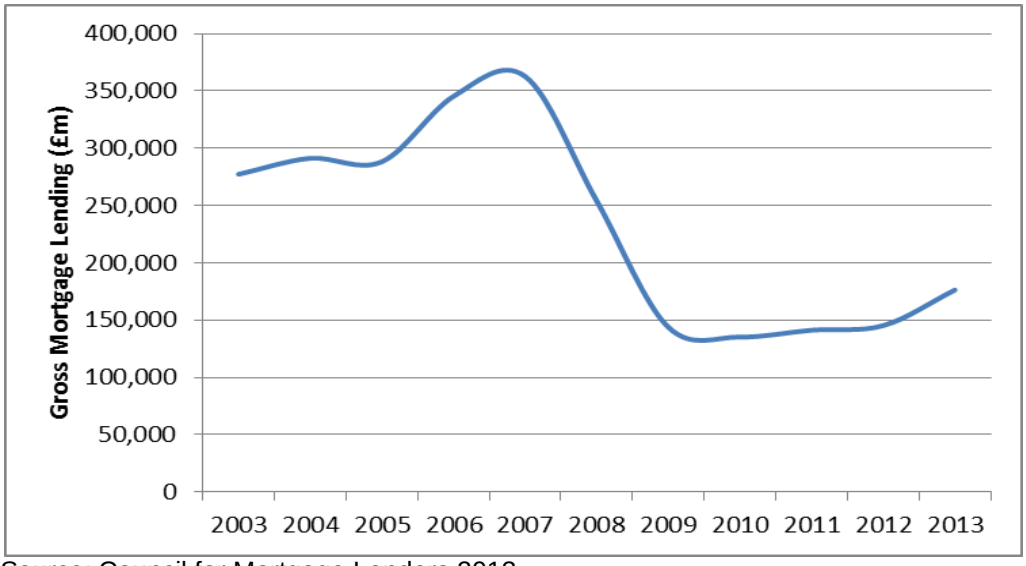
Source: ONS

7.6 The tightening lending criteria initiated by the credit crunch has had an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance influencing demand for market homes. Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

7.7 Whilst lending remains below pre-2007 levels, lending has been increasing over the last 18 months supporting by an improving economy as well as initiatives, such as the Government-based Help-to-Buy Scheme. Figure 45 indicates trends in gross mortgage lending.

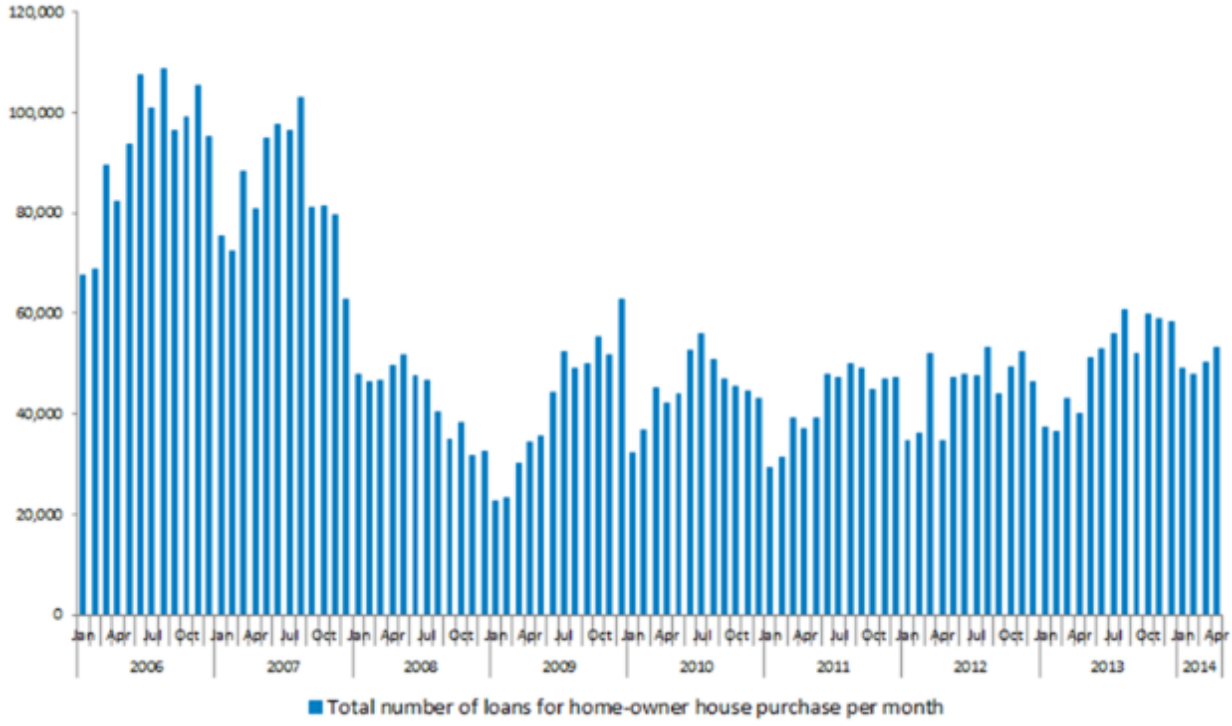
Figure 45: Trends in Gross Mortgage Lending



Source: Council for Mortgage Lenders 2013

7.8 This trend continues, with lending in Q1 2014, according to the CML. 36% up on Q1 2013. We have similarly seen a recovering trend in First-Time Buyer (FTB) numbers, as Figure 46 shows. The level of savings required to buy a home remains a constraining factor; with average loan-to-value ratios standing in April 2014 at 80% (i.e. the average First-Time Buyer across the UK has a 20% deposit).

Figure 46: First-Time Buyer Numbers

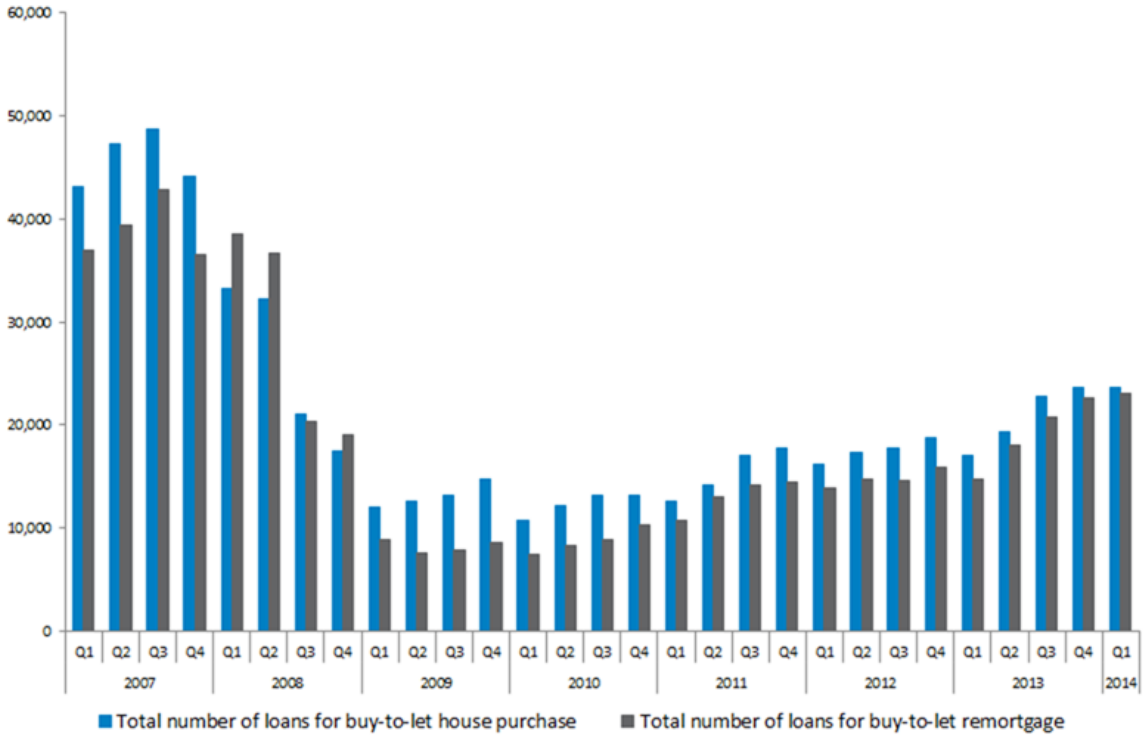


Source: Council for Mortgage Lenders

7.9 The typical first-time buyer income multiple in April 2014 was 3.42 times their gross income. Low mortgage interest rates have kept borrowers' payment burden low over recent years.

7.10 Market sales are also influenced by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that the number of new buy-to-let loans in the first quarter of 2014 was slightly up on the fourth quarter of 2013 to 47,000, up 1% on the previous quarter and 46% on the first quarter of 2013. However as with overall mortgage lending, overall buy-to-let lending remains below pre-2007 levels, as Figure 47 indicates.

Figure 47: Trends in Buy-to-Let Lending



Source: Council for Mortgage Lenders

7.11 Relating this through to overall housing need, an increase in household formation rates for younger households over the longer-term will be influenced by the availability of mortgage finance (such as lending criteria and deposit requirements), interest rates, and housing costs relative to incomes. The evidence above clearly shows that the credit crunch and subsequent recession has a significant impact on housing market activity, but that the situation is improving. Greater regulation of the mortgage market may however restrict a return to the sorts of lending practices seen at the height of the previous market cycle prior to 2008; whilst in the short-term is seems likely that weak earnings growth will impact on affordability and thus moderate the pace of recovery in demand for market housing.

Market Signals Analysis

House Prices

7.12 Across Eastern Dorset, the average (mean) house price (Jan 2013 – Apr 2014) is slightly under £263,000 whilst the median is £225,000. Of the six local authority areas within Eastern Dorset HMA median prices in East Dorset, Christchurch, and Purbeck were above average; with prices in Poole, North Dorset, and Bournemouth below average.

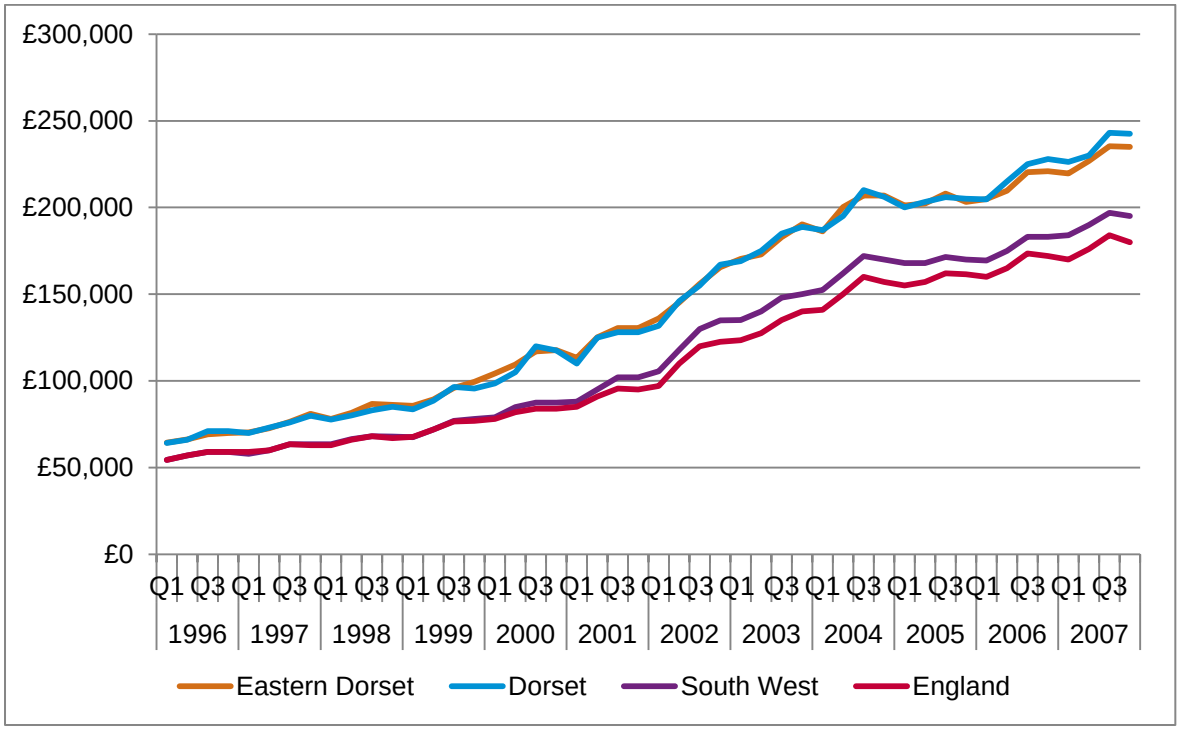
Table 40: Average House Prices in Eastern Dorset (2013-2014)

	Median	Mean
East Dorset	£273,168	£299,286
Christchurch	£250,000	£283,771
Purbeck	£240,000	£273,073
Eastern Dorset Average	**£225,000**	**£262,809**
Poole	£222,000	£292,474
North Dorset	£212,000	£250,164
Bournemouth	£197,000	£217,010

Source: Land Registry Price Paid Data

7.13 Figure 48 overleaf profiles house prices in Eastern Dorset, Dorset County, and England from 1998 to 2007 (i.e. the pre-recession decade). This shows that house price levels in Eastern Dorset closely followed the county-wide trend over this period. Over the decade, median prices in Eastern Dorset rose from £78,000 to £235,000 – an increase of £157,000 (200%). Over this period, median prices across Dorset rose by £165,000 (212%), across the South West by £131,500 (207%), and across England by £117,000 (186%). The result has been a widening of the gap in house prices between these areas during this period.

Figure 48: Median House Price Trends, 1998-2007

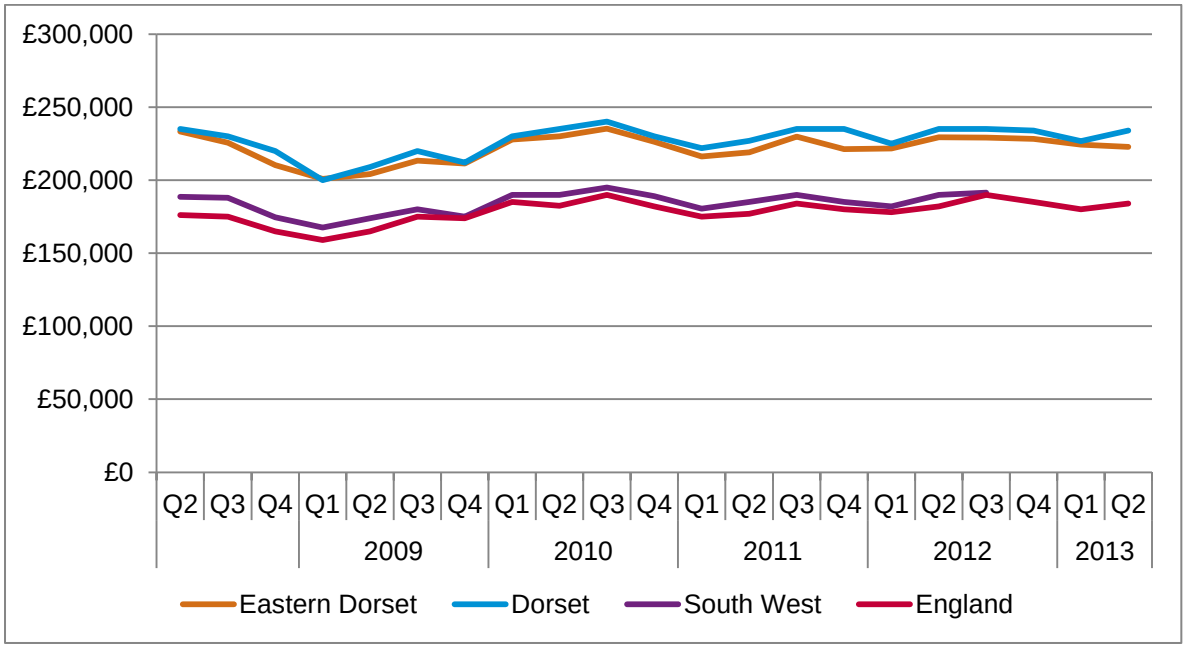


Source: DCLG Live Tables: Land Registry Data

7.14 The increase in house prices in particular points to an imbalance between supply and demand for housing over the 2001-5 period.

7.15 Since 2007, trends in house prices have understandably been very different reflecting the economic backdrop. Eastern Dorset posted notable price falls in late 2008 into 2009 at the onset of the recession, as was the case regionally and nationally. House prices subsequently rose during 2009 and 2010 but and have plateaued since. As of 2013 Q2, median house prices in Eastern Dorset remain 5% below peak pre-recession levels. By comparison, median prices across Dorset were 4% lower than pre-recession peak values; as against recovery to pre-recession levels across England.

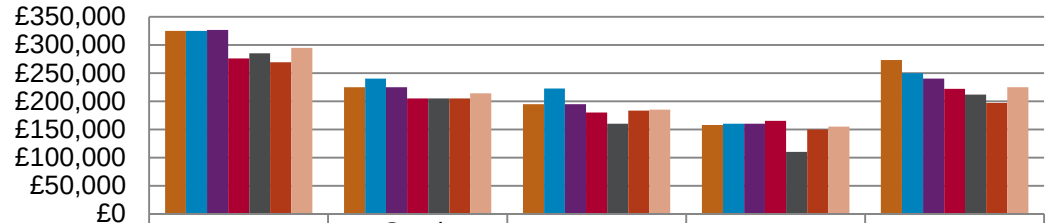
Figure 49: Median House Price Trends, 2008-13



Source: DCLG Live Tables: Land Registry Data

7.16 We have also analysed house prices achieved over last 16 months (January 2013 to April 2014) in more detail to gain an understanding of the latest dynamics for different property types within the Eastern Dorset.

Figure 50: Median House Prices, Jan 2013- April 2014



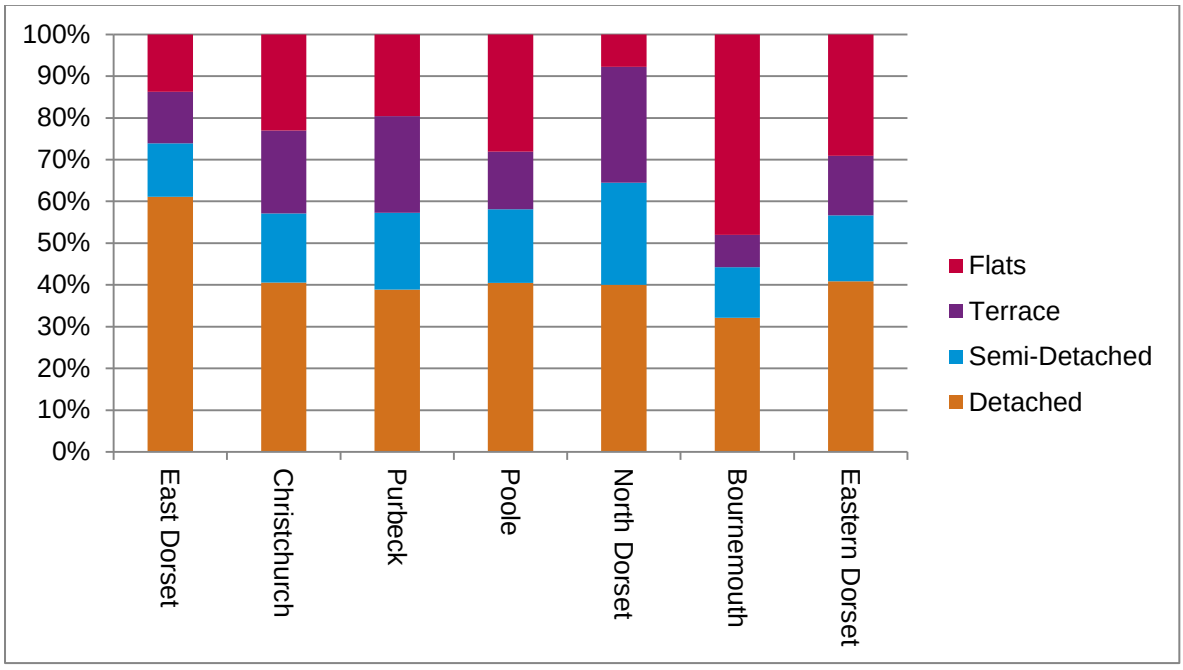
	Detached	Semi-Detached	Terrace	Flats	Overall
East Dorset	£325,000	£225,000	£195,000	£158,000	£273,168
Christchurch	£325,000	£239,950	£222,500	£160,000	£250,000
Purbeck	£326,500	£225,000	£195,000	£160,000	£240,000
Poole	£276,000	£205,000	£179,950	£165,000	£222,000
North Dorset	£285,000	£205,000	£160,150	£110,000	£212,000
Bournemouth	£269,000	£205,000	£183,500	£150,000	£197,000
Eastern Dorset	£295,000	£214,000	£185,000	£155,000	£225,000

Source: GLH Analysis: Land Registry Price Paid Data

7.17 As can be seen in Figure 50 on the previous page there is some variance in median house prices across Eastern Dorset. There is a clear split in house prices with detached, semi-detached, and terrace house prices in East Dorset, Christchurch, and Purbeck being higher than equivalent prices in Poole, North Dorset, and Bournemouth. The price of flats is more even across the HMA, with the considerably lower prices in North Dorset the only appreciable difference between the districts.

7.18 Median house prices are skewed slightly by the proportion of each dwelling type being sold during this period which reflects the housing stock in each area. Figure 51 shows that there were considerably more detached house sales in East Dorset, driving average up, and considerably more sales of flats in Bournemouth. This is influenced by the profile of housing stock in different authorities.

Figure 51: Sales by Dwelling Type (Jan 2013- April 2014)



Source: GLH Analysis: Land Registry Price Paid Data

Sales Volumes and Effective Demand

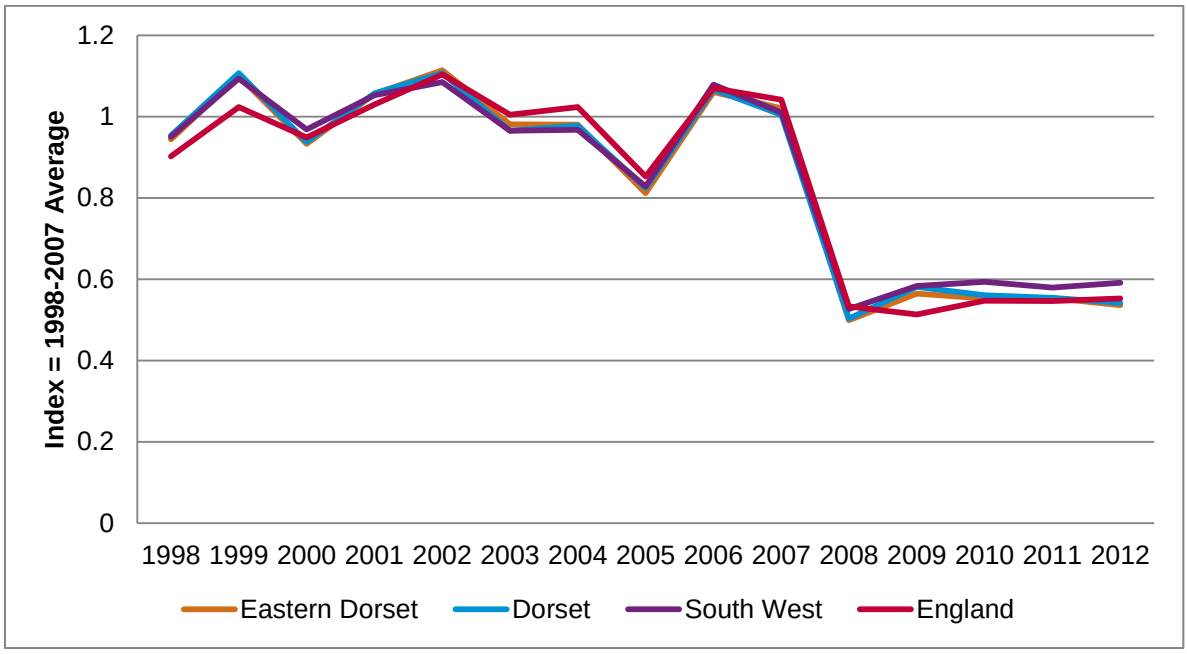
7.19 Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand for market homes for sale. Figure 52 overleaf benchmarks annual sales over the period 1998 to 2012. It uses an index where 1 is the average annual sales over the pre-recession decade, 1998-2007.

7.20 As illustrated in Figure 52, sales volumes nationally experienced a significant drop between 2007 and 2008. Between 2008-12 the recovery in sales volumes was very modest. The similarity

between trends nationally, within the region and in Dorset highlights the influence of macro-economic dynamics on sales volumes at a local level.

7.21 Although taken from a separate data set, sales over the last 16 months (January 2013 to April 2014) across the HMA numbered slightly over 13,500. This is a notable improvement on recent years which averaged 8,800 sales per annum, although still well below the pre-recession peak.

Figure 52: Indexed Analysis of Sales Trends, 1998 – 2012



Source: DCLG Live Tables

Rental Trends

7.22 The average rental value across Eastern Dorset is (as of June 2014) £766 per calendar month (pcm). This is significantly above the South West average of £693pcm and the England average of £720. Within Eastern Dorset, the highest average rental price is in East Dorset at £858pcm. North Dorset is lowest at £685pcm.

Table 41: Median Rental Prices (June 2014)

Area	Rent (p.c.m.)
East Dorset	£858
Christchurch	£809
Poole	£786
Purbeck	£758
Bournemouth	£702
North Dorset	£685
Eastern Dorset	**£766**

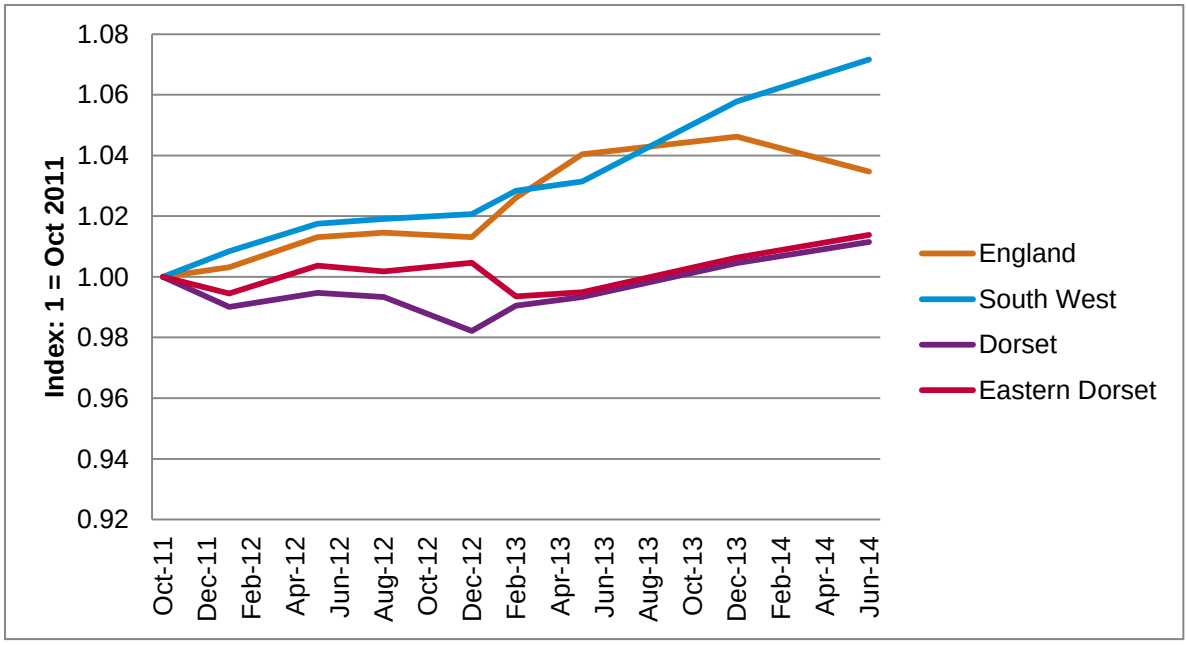
Source: VOA Private Rental Data

7.23 The comparatively low rental prices in Bournemouth are due to a comparatively high proportion of Bournemouth's dwelling stock comprising 1 bedroom properties – 21% of Bournemouth's total dwelling stock compared to a HMA figure of 13%. 36% of Bournemouth residents living in rented accommodation rent a 1 bedroom property; this compares to a HMA figure of 26%, and goes some way to explain lower rental prices in the city. Conversely, North Dorset has a smaller than average proportion of 1 bedroom properties (8%) and a smaller than average proportion of renters in 1 bedroom properties (15%) than the HMA averages.

7.24 Over the last 3 years,[13] average rental values in Eastern Dorset have grown by just over 1% from £756pcm in October 2011 to £766pcm by June 2014. During this period Bournemouth, Poole, and Purbeck have seen 2-3% growth; prices in Christchurch and East Dorset have stayed the same; whilst prices in North Dorset have fallen by 1%. By way of comparison, across England there has been a 3.5% rise over this period and the South West has seen a 7% growth.

7.25 Thus whilst rents are above average, the rate of growth of rents over the last few years has been below average.

Figure 53: Benchmarked Trend in Average Private Rents, 2011-2014



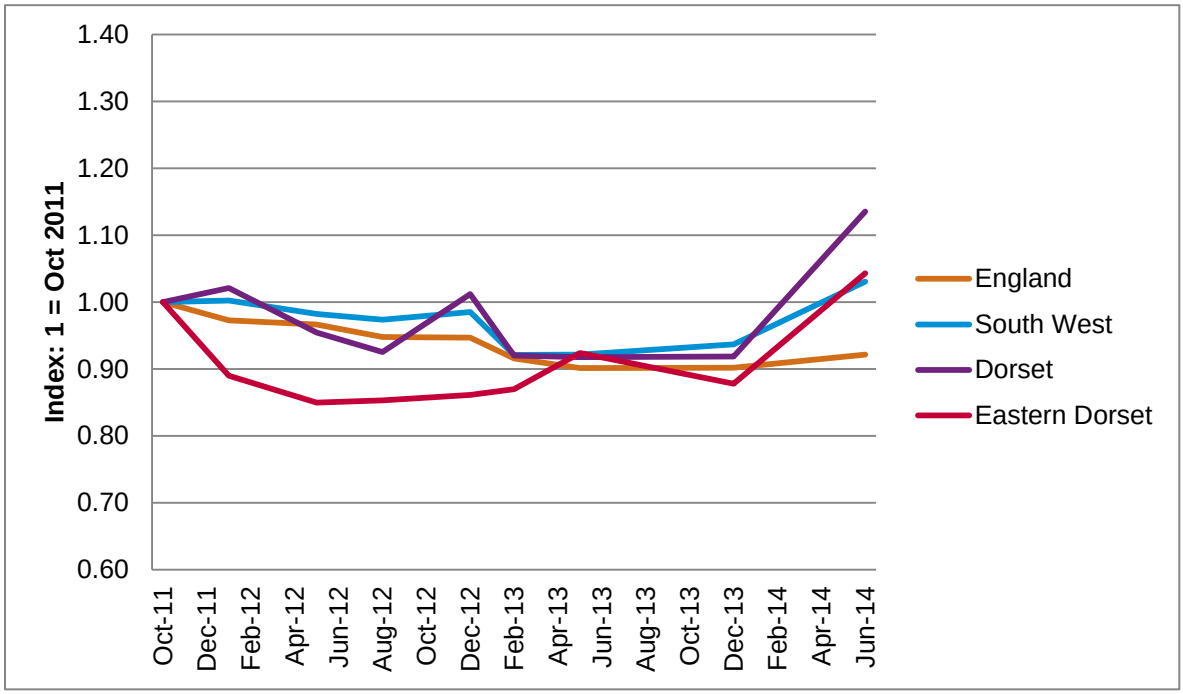
Source: VOA Private Rental Data

7.26 Figure 54 shows trends in the number of rents recorded by the VOA, indexed against October 2011 figures. This shows a general downward trend in the count of rents until the end of 2013, which is in line with the trend nationally. Since the end of 2013 there has been a notable increase in the

[13] This is the longest period for which trend data is available at a local authority level

number of private rental transactions in Eastern Dorset and the South West in general, contrary to the national trend.

Figure 54: Trend in Private Rental Transactions, September 2011 to June 2014



Source: VOA Private Rental Data

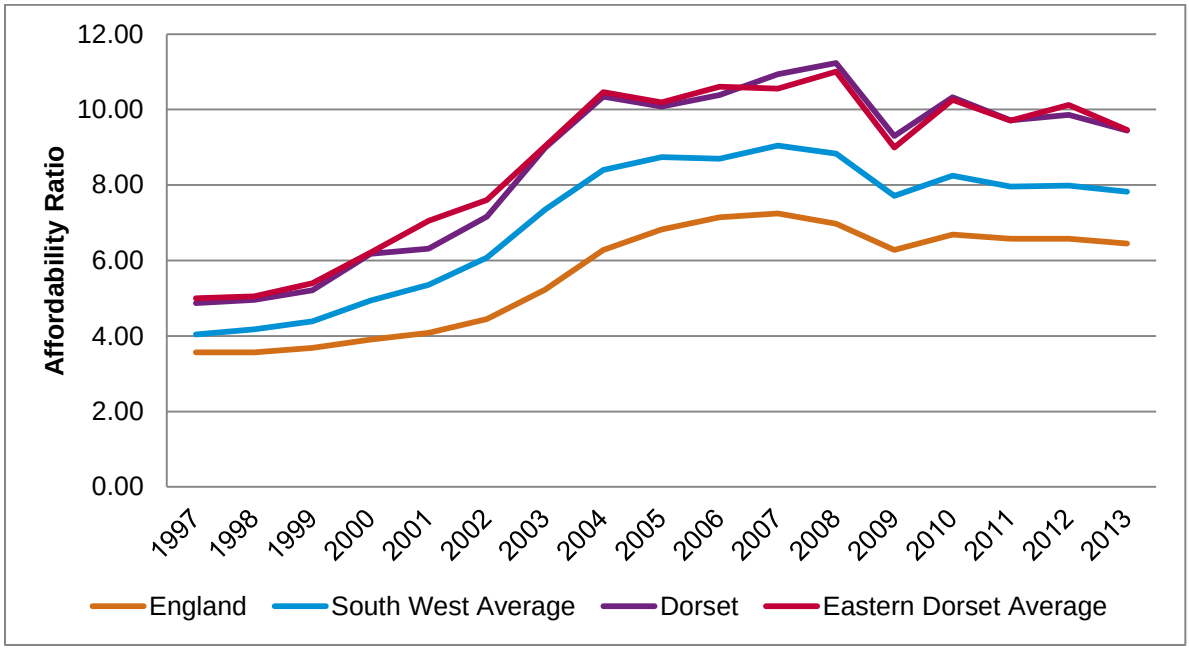
House Price-to-Income Ratios

7.27 In line with the Planning Practice Guidance, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes.

7.28 Using this indicator, the affordability of market housing for sale has worsened quite markedly over the past 15 years. Affordability pressures remain continually more acute in the South West relative to England as a whole; and more acute still in Dorset and across Eastern Dorset.

7.29 Nationally, the ratio of lower quartile house prices to earnings peaked in 2007. It fell modestly over the 2007-9 period. Affordability ratios have since plateaued with current affordability ratios lower than the 2007 peak. Eastern Dorset follows this national trend, albeit with a consistently higher affordability ratio, indicating a greater gap between lower quartile house prices and incomes.

Figure 55: Lower Quartile Affordability Trend, 1997-2013



Source: DCLG Live Tables: Land Registry Data

7.30 Of the Eastern Dorset authorities, East Dorset has the highest lower quartile affordability ratio with lower quartile house prices 10.87 times lower quartile earnings in 2013. Christchurch, Purbeck, North Dorset, and Poole all have a ratio of between 9 and 10, with Bournemouth having a ratio of 7.64.

Table 42: Affordability Ratios, 2013

	Lower Quartile Ratio	Median Ratio	Difference
Bournemouth	7.64	7.52	-0.12
Poole	9.18	8.36	-0.82
Christchurch	9.89	9.69	-0.20
East Dorset	10.87	10.77	-0.10
North Dorset	9.29	10.15	0.85
Purbeck	9.87	8.72	-1.15
Eastern Dorset	9.46	9.20	-0.26
Dorset	9.44	9.45	0.01
South West	7.82	7.33	-0.49
England	6.45	6.72	0.27

Source: DCLG Live Tables: Land Registry Data

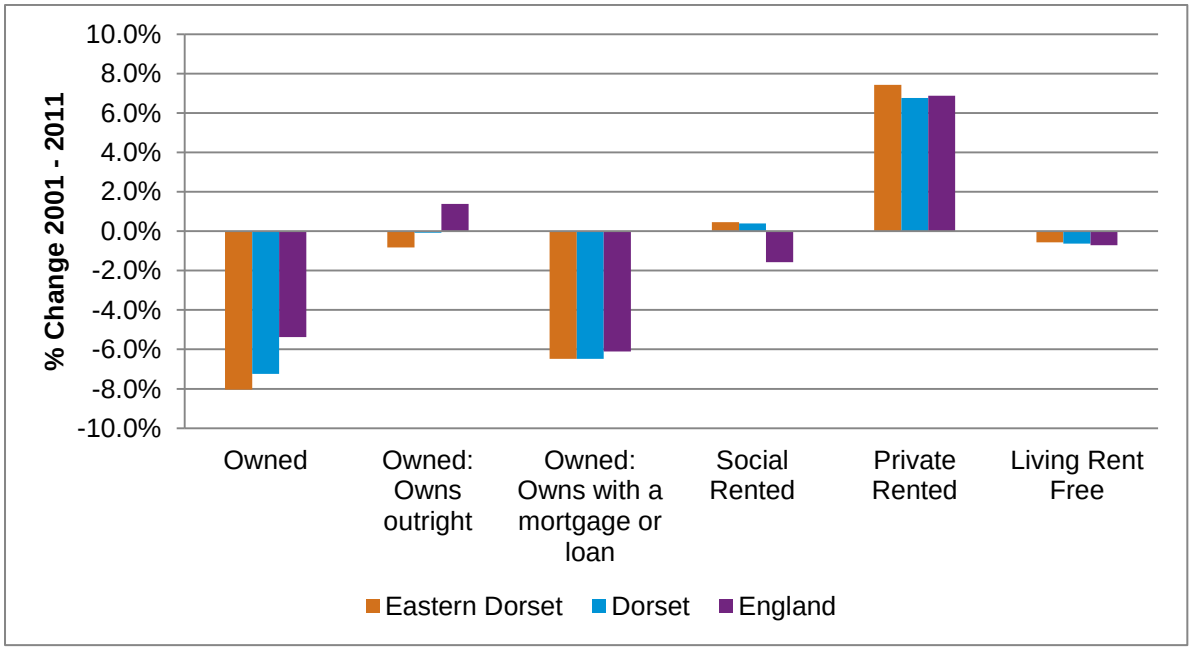
7.31 We have also considered and compared this to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In Eastern Dorset the median ratio is lower than the lower quartile ratio, indicating that affordability pressures for market housing in Eastern Dorset are more acute at the lower end of the market. This pattern is generally seen in most of the local authority areas with the difference in Purbeck particularly high.

7.32 However, in North Dorset the opposite is the case, with lower quartile affordability considerably lower than median. This is due to house prices at the lower end of the market – i.e. smaller properties – being much lower in North Dorset than the HMA average for similar dwellings. However the majority of North Dorset's dwelling stock comprises larger properties, and the average price of larger properties is roughly in line with the HMA average. This results in a considerable price gap between the lower end and the mid-range of the housing market in the district. In addition to this, average income in North Dorset is second lowest of the HMA authorities, meaning the median affordability ratio is particularly high – the second highest in the HMA.

7.33 A combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer households being able to buy and increased pressures on the existing affordable housing stock. This has resulted in strong growth in the private rented sector as households are being forced to rent longer.

7.34 As illustrated in Figure 56, owner occupation has fallen in Eastern Dorset between 2001 and 2011, particularly due to a large reduction in ownership with a mortgage or loan. Over this period there has been a substantial growth in the private rented sector. This trend was seen across the country (and was the case nationally), although the evidence shows that this phenomenon has been particularly pronounced in Eastern Dorset.

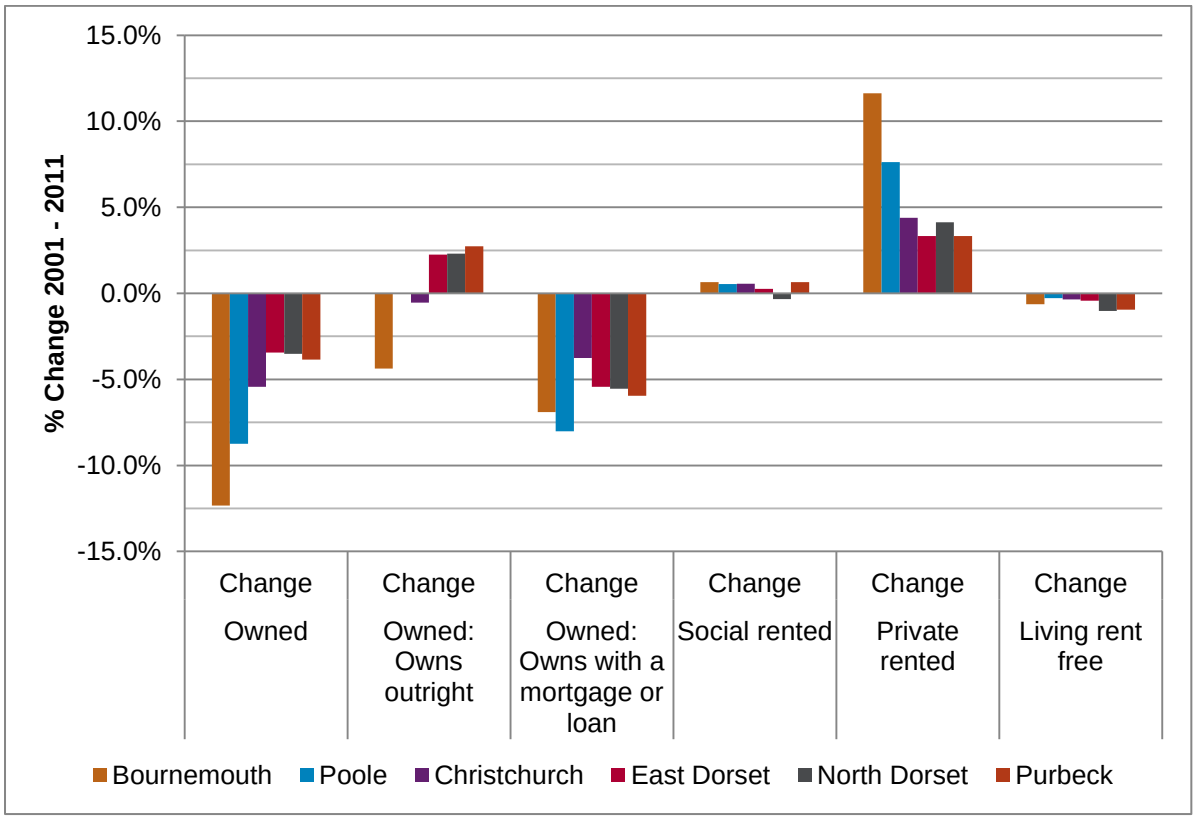
Figure 56: Change in Households by Tenure, 2001-11



Source: Census 2001 & 2011

7.35 This trend is seen in all of the districts in Eastern Dorset, with the urban centres of Bournemouth and Poole seeing a particularly large tenure swing from homeownership to PRS. Bournemouth has seen homeownership decrease by 12 percentage points with an increase in PRS slightly below this. Bournemouth, unlike the other Eastern Dorset authorities, has seen a notable reduction in the number of properties which are owned outright.

Figure 57: Change in Households by Tenure, 2001-11



Source: Census 2001 & 2011

Qualitative Assessment

7.36 Here we present the key findings of consultation with estate and letting agents and qualitative research with other stakeholders into housing market conditions within the Housing Market Area.

7.37 The aim of the qualitative analysis is to add a local or bottom up perspective to the study and provide a 'how and why' perspective to support SHMA findings. The research undertaken includes engaging with estate and letting agents, and sales staff for new-build sites; engagement with housing options and enforcement teams within the local authorities; and a conference attended by representatives from developers, registered providers, service commissioners housing and planning officers.

7.38 A summary of the findings of the qualitative assessment are included below. The full findings of the qualitative assessment are included in Appendix D. The full findings include area based evidence which is very detailed and might not be of interest to all readers. We present the summarised evidence in three main sections:

- General findings covering the entire Housing Market Area;
- Urban Area Local authorities – Bournemouth, Christchurch and Poole; and
- Authorities outside the urban area – East Dorset, North Dorset and Purbeck.

General Findings

7.39 Around 20% of re-sales are bought or rented by households from long distance movers notably from London, the Home Counties and the midlands. The proportion is higher for premium market property. A significant number of incomers are people retiring or planning to retire. Those planning to retire may purchase housing and rent it out pending their retirement.

7.40 Agents agreed that the critical shortage in the housing market is non-apartment family housing for sale or rent that is affordable to local households and this should be priced at under £250,000.

7.41 There are very few sizeable new build sites across the study area compared to other areas we have studied recently. Most new supply is being delivered by local builders on small infill sites. We understand there is a significant new build pipeline and agents have drawn our attention to recently completed new build locally. Much of the new build we came across is retirement housing and we also came across a large amount of re-sale retirement housing currently on the market.

7.42 At our conference we were told that the local authorities were facing a crisis in providing suitable housing and support for older people especially for dementia sufferers. There was a shortage of extra care housing and the private sector faced particular problems in producing more supply due to its high cost of ownership. There are also problems in recruiting sufficient carers.

7.43 There is a large supply of park homes and mobile homes on the market although this may be an 'end of season' effect. Although some are marketed by residential letting agents there is ambiguity about whether these are residential sales or second homes or purchased for holiday lettings.

7.44 There is considerably more demand than supply for rented properties both social and private rented sectors. The private rented sector traded through estate agents rarely offers housing to households claiming benefit.

7.45 The housing markets of the boroughs of Bournemouth and Poole offer a wide selection of property for sale and rent across many price points – lower market, middle market and

professional/executive market and premium market. Christchurch's housing market is narrower with less lower market and middle market homes available for sale or rent.

7.46 Demand for Christchurch's housing market has an unusually high proportion of Mosaic's 'Active Retirement' group. This helps to explain the lack of supply as this group is buying in and staying put.

7.47 The health of the apartment market has improved over the last few years in terms of demand and growing prices but some areas remain weak due to poor location and specification. Some agents would like to see more supply, agents in other areas believe there is too much supply. Waterside and quay side areas are also popular for second homes.

7.48 There is a sizeable student housing market in Bournemouth and to a less extent in Poole. However the evidence suggests that demand for private rented sector multi occupied student homes is waning.

7.49 Parts of the HMA are attractive tourism/ holiday destinations and sought after for second homes. Some agents are concerned about the demographic profile of some towns and villages as incomers with high spending power price local people out of the housing market.

Housing Supply Trends

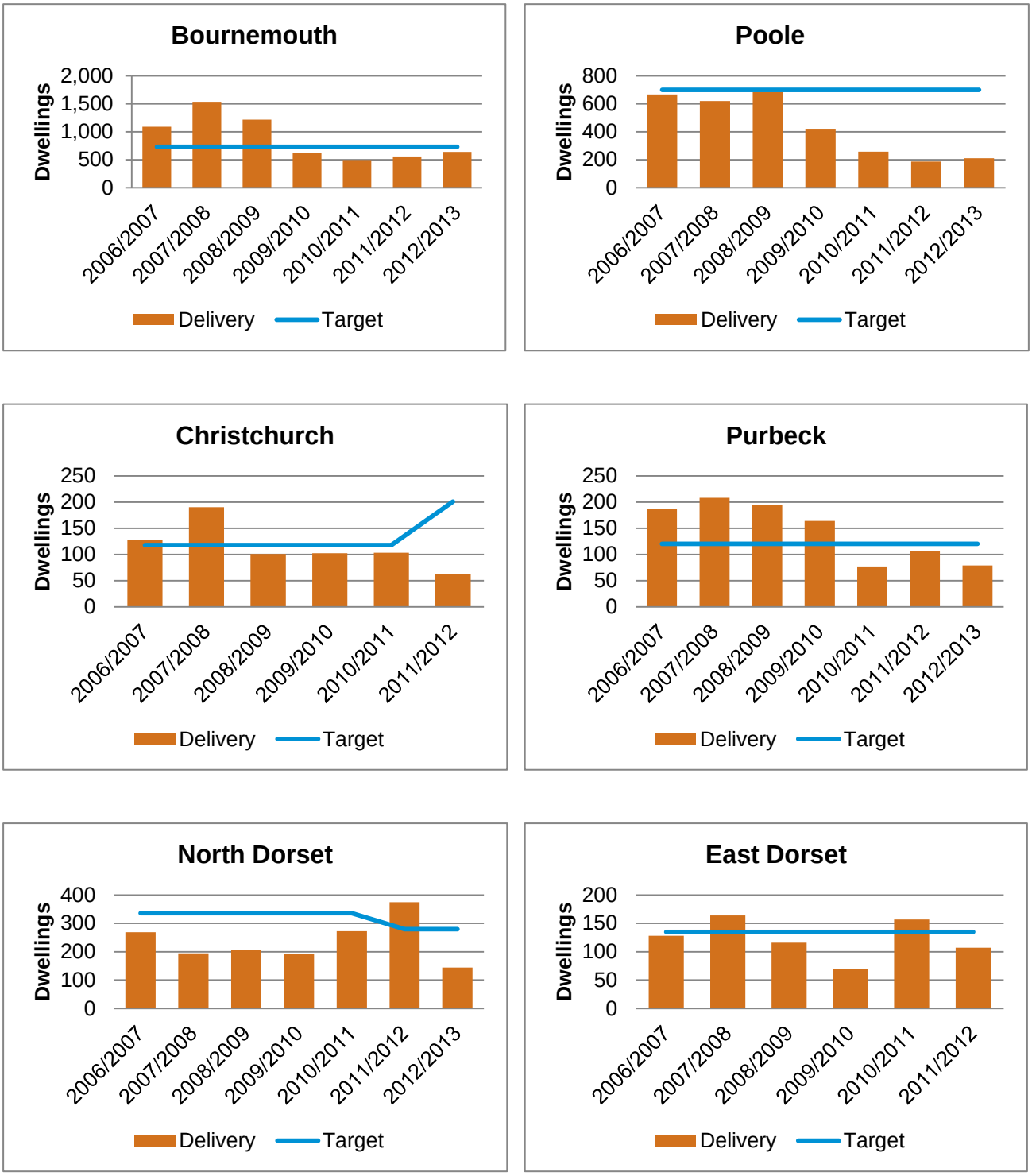
7.50 Data from local authority Annual Monitoring Reports (AMRs) has been used to provide an assessment of the historic housing delivery relative to housing targets in each of the local authorities. This information is available for most of the authorities from 2006/7 – 2012/13, however in Christchurch and East Dorset data was only available up to 2011/2012.

7.51 We note that East Dorset's 2011-12 AMR states that:

> *"With the abandonment of the Regional Spatial Strategy there are no formal housing provision targets. The Council's formal Housing Target will only be established once the Core Strategy is adopted" (The Core Strategy was adopted in 2014). Additionally, "the former Structure Plan and Local Plan housing requirements are gross figures, and do not take into account the loss of dwellings… It is therefore not possible to provide net figures that relate to the former Local Plan housing requirement".*

7.52 In light of this, the Council has based its housing target on projected historic completions for the preceding 5 years. We have assessed completions against this at this stage.

Figure 58: Comparing Housing Completions against Targets, 2006/7 - 2012/13



Source: Local Authority Annual Monitoring Reports

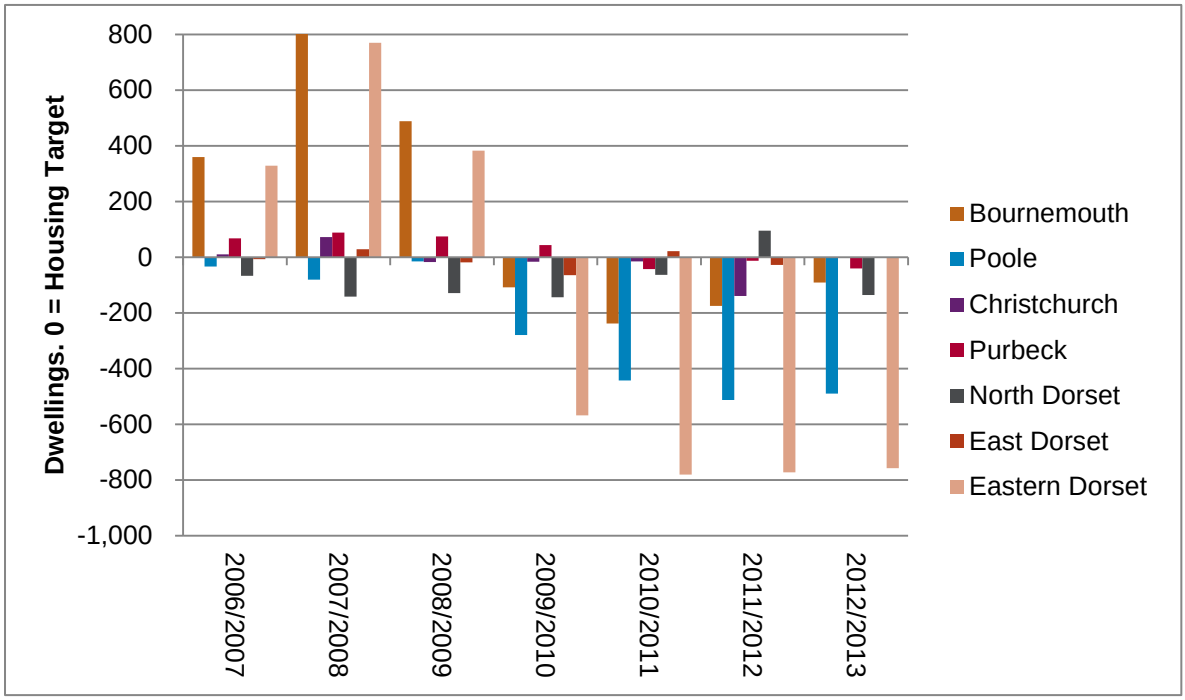
7.53 As the preceding analysis in this section has shown, effective demand for market demand fell notably between 2008-9 and there has since been a modest recovery. As we might expect this has

influenced levels of new-build development (albeit that housing completions include affordable housing delivery).

7.54 The graphs show falling housing delivery from 2009/2010 onwards, as the impacts of the recession begin to be felt. In Bournemouth, Poole, Christchurch, and Purbeck housing delivery has continued to be below target levels since. North Dorset and East Dorset do not follow this general trend; however both districts exhibit historic under delivery with North Dorset exceeding target once and East Dorset exceeding target twice over the 6-7 year period considered.

7.55 Figure 59 shows the difference between the number of completions and target for each local authority. Positive numbers indicate completions exceeding target; negative numbers indicate a shortfall. The Eastern Dorset figure is the sum of all authority figures. Clearly there are much higher housing targets in Bournemouth and Poole. Delivery in these authorities strongly influences the overall Eastern Dorset figure. Notwithstanding this, it is clear that since 2009/2010 annual housing delivery has been low across all of the authorities.

Figure 59: Housing Completions vs Targets (2006/07-2012/13)[14]



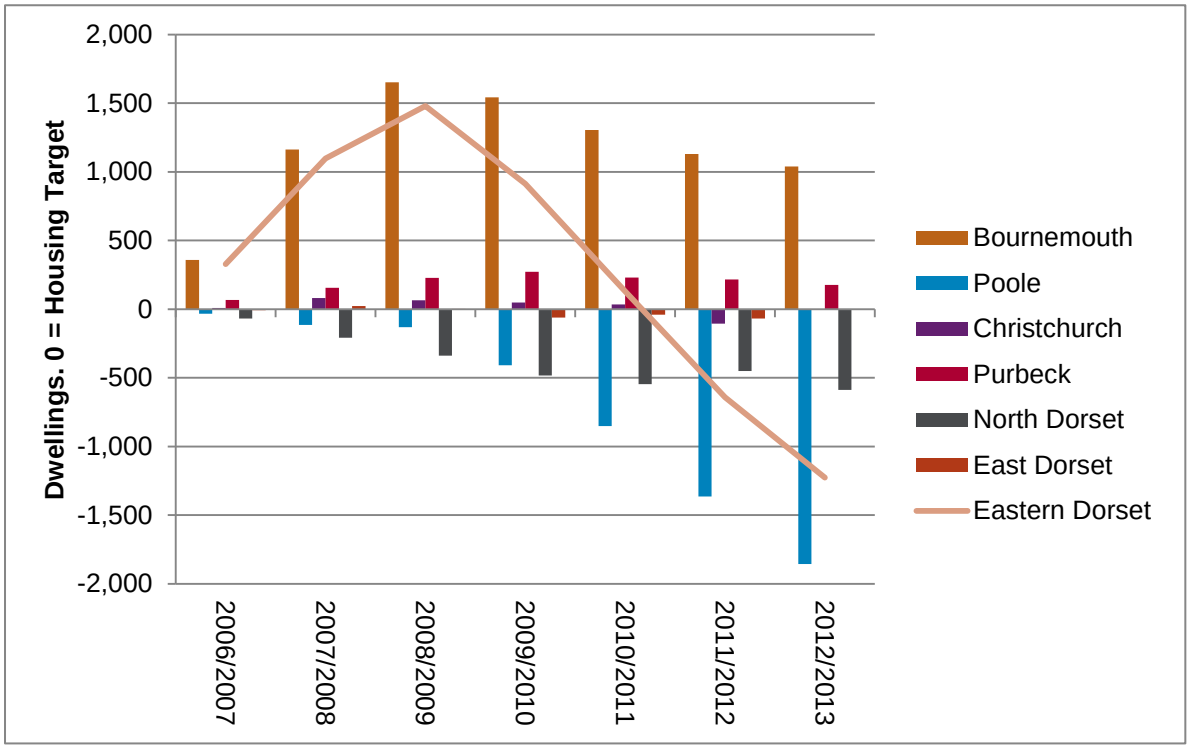
Source: Local Authority Annual Monitoring Reports

7.56 Figure 60 assesses cumulative housing completions vs targets over the period. The evidence indicates a shortfall in housing delivery of 1,227 homes between 2006 and the starting point of the demographic projections in 2013. Housing targets are not necessarily a reflection of housing need.

[14] Figures for Christchurch and East Dorset only available to 2011/2012

The evidence presented herein suggests that housing demand has been significantly influenced by economic conditions and the credit crunch, which would not have been anticipated at the time at which past housing targets were set. The wider evidence herein considers the implications of past housing under-provision. This is used to consider whether there is a case for adjusting future housing need later in this section. The High Court Case in regard to *Zurich Assurance Ltd vs. Winchester City Council and South Downs National Park Authority (2014)* that it is not appropriate to simply add on housing delivery shortfalls against past planning policies in considering future housing provision. Following the approach in the PPG it is necessary to consider past housing provision alongside other market signals, and assess whether future housing need should be adjusted in order to improve affordability.

Figure 60: Cumulative Housing Completions vs Targets (2006/07-2012/13)[15]



Source: Local Authority Annual Monitoring Reports

[15] Figures for Christchurch and East Dorset only available to 2011/2012

Overcrowded and Shared Housing

7.57 A symptom of the affordability pressures identified above, restrictions on access to mortgage finance and housing under-supply (which are related to one another) has been an increase in overcrowded households, in shared housing, as well as young people living with their parents for longer.

7.58 Across Eastern Dorset we have seen the proportion of residents living in over-occupied properties increase from 5.8% in 2001 to 7.9% in 2011. The increase in the proportion of people living in HMOs grew from 4.7% to 6.1% over this period.

7.59 There was a particularly significant growth in overcrowding in Bournemouth, where the proportion of over-occupied properties rose from 10.2% in 2001 to 14% in 2011; and the proportion of residents living in HMOs grew from 7% to 8.8%. This is likely to have been partly influenced by student growth.

7.60 Outside of Bournemouth, overcrowding in Eastern Dorset is less prevalent than the England average. None of the districts have a proportion of over-occupied properties above the England average; and only Poole has an above average proportion of residents living in HMOs.

Table 43: Changes in Over Occupied and Houses in Multiple Occupation (2001-2011)

	Over Occupied			HMOs		
	2001	2011	Growth	2001	2011	Growth
Bournemouth	10.2%	14.0%	3.9%	7.0%	8.8%	1.8%
Poole	4.2%	5.9%	1.7%	4.5%	6.0%	1.4%
Christchurch	5.1%	6.1%	1.1%	3.3%	4.4%	1.0%
East Dorset	2.8%	3.3%	0.5%	3.1%	4.0%	0.9%
North Dorset	3.7%	4.5%	0.8%	3.1%	3.9%	0.8%
Purbeck	4.0%	4.6%	0.6%	3.7%	4.3%	0.7%
Eastern Dorset	5.8%	7.9%	2.1%	4.7%	6.1%	1.3%
Dorset	5.5%	7.2%	1.7%	4.4%	5.7%	1.2%
England	7.1%	8.7%	1.6%	4.5%	5.8%	1.3%

Source: 2001 & 2011 Censuses

Summary and Implications of Market Signals

7.61 There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years. House prices have remained fairly constant during this period. Sales volumes have begun to improve over the last 18 months as confidence starts to return to the market.

7.62 Across Eastern Dorset house prices in are highest in East Dorset, Christchurch, and Purbeck and lower in North Dorset, Poole, and Bournemouth. This to a large extent reflects the dwelling stock of

these areas with East Dorset's particularly high proportion of detached houses; whilst Bournemouth has a greater proportion of smaller properties and flats.

7.63 Rental prices in Eastern Dorset are higher than the national average. The variance in rental values across the local authorities broadly matches that of sales prices with the highest values in East Dorset and Christchurch, and the lowest values in Bournemouth and North Dorset.

7.64 Affordability pressures across the HMA are significant. The affordability of market housing is worst in East Dorset where lower quartile house prices are nearly 11 times lower quartile earnings. Bournemouth has the lowest affordability ratio, with a lower quartile affordability ratio of 7.6, but this is still above the national average.

7.65 All of the Eastern Dorset authorities have seen a clear decline in the number of completions since the recession and as a result housing delivery has not matched adopted housing targets over the most recent years.

7.66 The impact of under delivery, coupled with access to mortgage restrictions brought on by tighter regulation, is likely to have resulted in constrained household formation rates and contributed to the current need for affordable housing. Both the affordable housing evidence, and the demographic evidence, point to a shortfall in housing provision particularly since 2008/09.

7.67 A decline in affordability and reduction in housing delivery can be expected to be borne out in increasing numbers of households living in the Private Rented Sector, sharing homes or living with parents for longer. The evidence in the previous section showed a high level of need for affordable housing in each of the authorities within the HMA, with a substantial net need for 2,367 affordable homes per year.

7.68 The evidence set out in this section has explored some of the consequences of this. Over the 2001-11 period, Eastern Dorset has seen a large shift in the tenure profile – with a notable reduction in the number of homeowners; and a similarly large growth in the Private Rented Sector. Bournemouth and Poole have seen the biggest such changes in tenure but it is trend seen across all of Eastern Dorset's authorities. We have also seen increased levels of people living in shared and overcrowded households.

7.69 Overall the analysis of market signals and affordable housing analysis points clearly points to higher affordability pressures in the HMA than in other parts of the country. The demographic analysis indicates that levels of household formation, particularly for younger households, has fallen. It would therefore be appropriate to consider an adjustment to the overall assessment of housing need to improve affordability over time in line with the approach outlined in the Practice Guidance.

7.70 The Planning Practice Guidance sets out that:

> *"In areas where an upward adjustment [to the assessment of housing need] is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be."*

7.71 The Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

7.72 To consider this issue further we have sought to use the demographic analysis to assess the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve. GL Hearn consider that a key impact of improving affordability (in demographic terms) would be to support enhanced ability of younger households to form.

7.73 The projections so far developed have used data from the 2012-based CLG Household Projections. It is important to consider how these housing market trends relate through to demographic projections in considering, as the Planning Practice Guidance recommends, whether there is a case for adjusting levels of housing provision in effect to improve affordability over the longer-term.

7.74 National research undertaken for the RTPI by the Neil McDonald and Peter Williams at Cambridge University indicates a particular effect of the decline in affordability between 2001 and 2011 and the economic recession has been young adults living within a parental home for longer or living in shared accommodation rather than separate accommodation. The impact of this, their research shows, has been most significant for the 25-34 age group.

7.75 A detailed interrogation of demographic dynamics in Eastern Dorset indicates that in demographic terms, the deterioration in affordability of market housing and the economic recession over the 2001-11 decade is likely to have influenced – at least in part – a decline in household formation rates in younger people, particularly amongst those aged between 25 and 34. This age group was identified earlier as showing some degree of suppression when balancing past trends and the future projection.

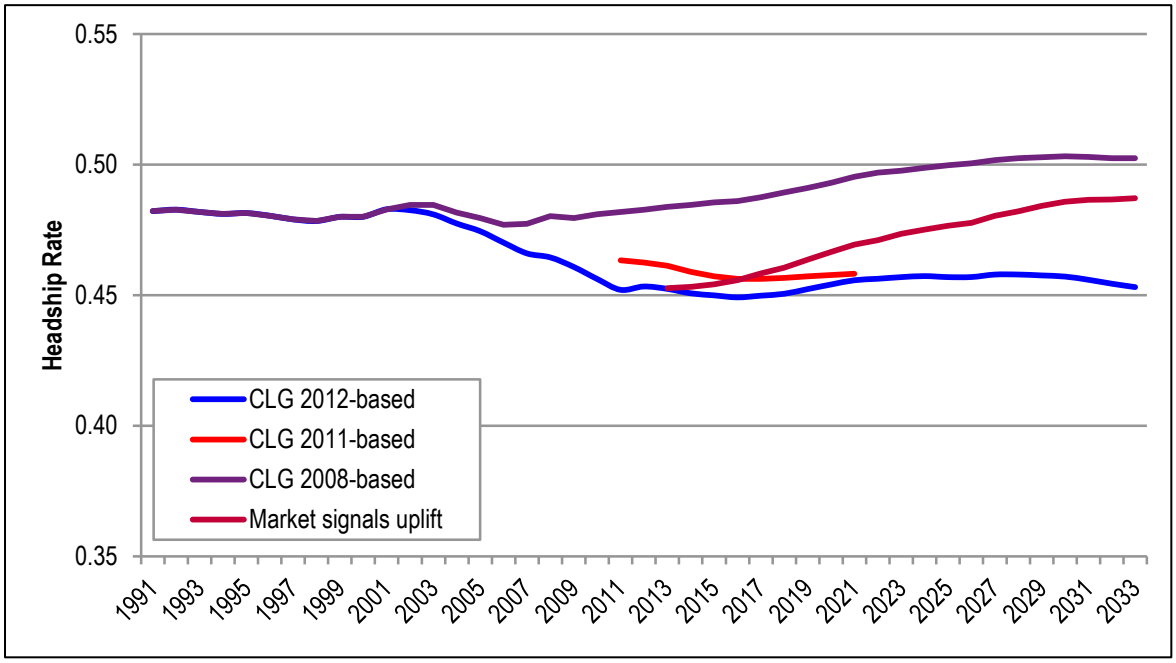
7.76 When we consider age-specific data it is notable that those aged 25-34 have lower headship rates than was expected in the 2008-based projections and that the rates have dropped considerably from 2001 to 2011. We have therefore run a sensitivity analysis which considers and seeks to quantify the implication of returning the household formation rates of this age group back to 2001 levels by 2033.

7.77 This sensitivity in effect seeks to consider a scenario in which affordability and access to housing for younger households improves, and quantifies what level of housing provision might be associated with this, all other factors being equal. It models the implications of returning household formation rates over the period to 2033 back to levels seen in 2001 (i.e. before the rate started to significantly decrease). If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents. We term this sensitivity analysis the 'market signals uplift.'

7.78 In reality, other factors such as real growth in disposable income (allowing people to save), the availability of and access to mortgage finance, interest rates and economic confidence will all influence trends in household formation. There is a complex set of factors at play, and it is difficult to predict how these factors might interact in the future and the impact on household formation rates (in the absence of any supply-side constraints). However this approach is considered to provide an evidence-based assessment of what adjustment to housing provision might be considered reasonable to improve affordability, as the PPG requires. .

7.79 Figure 61 shows headship rates for people aged 25-34 under a range of different scenarios. The data clearly shows that in the 2011-based projection there was expected to be a continued decrease in formation rates, the core (2012-based CLG) projection sees a fairly flat trend moving forward whilst our market signals uplift shows an improvement which takes the formation rate back towards that in the 2008-based projections. Compared with the 2012-based projections, the market signals uplift would be expected to see a stronger level of household formation from younger households.

Figure 61: Projected Household Formation Rates for those aged 25-34 – Eastern Dorset



Source: Derived from CLG data

7.80 Table 44 below shows the impact of an uplift over and above the core demographic projection to improve headship rates for younger households. The core demographic projection was previously derived in Section 4 and is set out in Table 11 on page 67 of this report. This analysis indicates that in order to improve affordability an uplift for around 118 dwellings per annum would be required – an average 5% increase across the HMA.

Table 44: Projected Household Growth 2013-33 – with Affordability Adjustment

	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Households 2013	84,848	21,727	38,043	29,457	64,559	19,839	258,474
Households 2033	103,397	26,214	44,105	33,654	78,100	22,068	307,537
Change in households	18,549	4,487	6,062	4,197	13,540	2,229	49,063
Per annum	927	224	303	210	677	111	2,453
Dwellings (per annum)	980	242	314	223	710	126	2,595
Demographic based Projection	956	231	298	206	665	121	2,477
Uplift	24	11	17	16	45	5	118
% uplift	2%	5%	6%	8%	7%	4%	5%

7.81 Table 45 indicates the results of applying a similar uplift to improve headship rates for younger households to the Local Knowledge Economic Scenario. The Local Knowledge Economic Scenario was previously derived in Section 5 and is set out in Table 23 on page 81 of this report. The affordability adjustment suggests that an additional 124 dwellings per annum would be required – an average 4% increase across the HMA.

Table 45: Projected Household Growth 2013-33 – Local Knowledge Economic Scenario with Affordability Adjustment

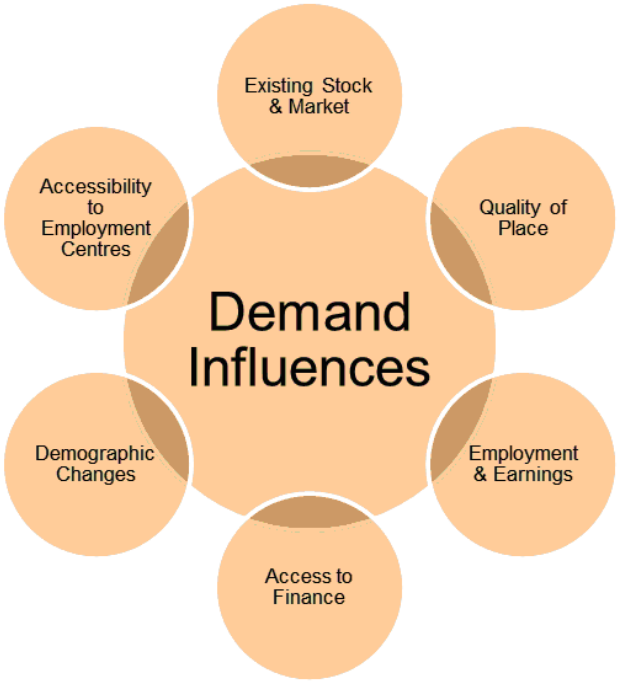
	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Purbeck	Eastern Dorset
Households 2013	84,848	21,727	38,043	29,457	64,559	19,839	258,474
Households 2033	101,571	25,232	47,784	35,678	78,670	24,052	312,987
Change in households	16,723	3,506	9,741	6,221	14,110	4,213	54,513
Per annum	836	175	487	311	706	211	2,726
Dwellings (per annum)	883	189	505	330	740	238	2,886
Job-led Projection	860	179	485	311	694	232	2,762
Uplift	23	10	20	19	46	6	124
% uplift	3%	6%	4%	6%	7%	2%	4%

8 REQUIREMENTS FOR DIFFERENT SIZES AND TYPES OF HOMES

Requirement for Different Sizes of Homes

8.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is also important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. The key influences on housing demand are summarised in the chart below.

Figure 62: Understanding Housing Demand



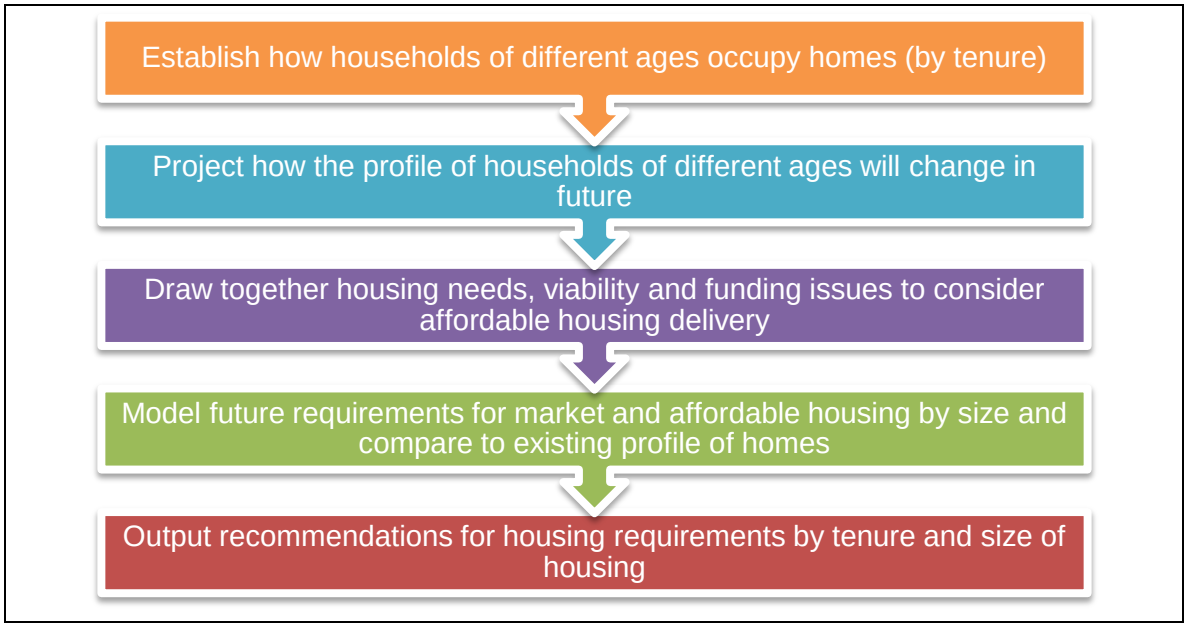
8.2 In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

Methodology

8.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have looked at the demographic change as indicated in our demographic projection linked to the 2012-based SNPP and Household Projections (updated with 2013 Mid-Year Population Estimates) – delivery of 49,500 additional homes from 2013 to 2033.

8.4 It should be noted that this projection will not necessarily be translated into policy but has been used to indicate the likely size requirements of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar. The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections.

Figure 63: Stages in the Housing Market Model



Understanding how Households Occupy Homes

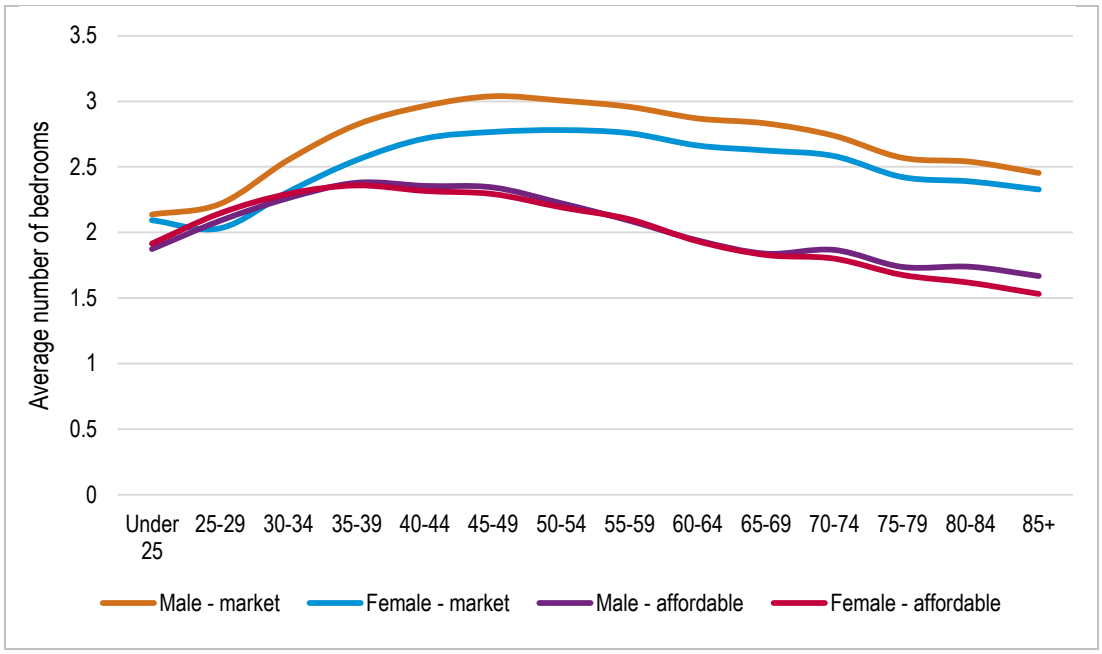
8.5 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.

8.6 For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. In the affordable sector this issue is less relevant in the affordable sector (particularly since the introduction of the 'bedroom tax') although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

8.7 The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

8.8 Figure 64 shows an estimate of how the average number of bedrooms rooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-49 age groups. In the affordable sector this peak also appears around the same age group. After sizes peak the average dwelling size decreases – possibly due to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with no particular trend being seen in the affordable sector).

Figure 64: Average Bedrooms by Age, Sex and Tenure



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

8.9 As of 2013 it is estimated that there were 258,474 households living in the HMA. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2013, as shown in the table below. The table shows that an estimated 11% of households live in affordable housing with 89% being in the market sector (the size of the affordable

sector has been fixed by reference to an estimate of the number of local authority and Registered Provided owned dwellings shown in CLG Live Table 100). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 59% having three or more bedrooms compared to 30% for affordable housing.

8.10 These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the suggested profile of housing needed in the future. We have however translated the household projections into dwelling figures by including a vacancy allowance when studying the final outputs of the market modelling.

Table 46: Estimated Profile of Dwellings in 2013 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	22,908	9.9%	10,200	36.4%	33,108	12.8%
2 bedrooms	72,196	31.3%	9,524	34.0%	81,720	31.6%
3 bedrooms	84,563	36.7%	7,201	25.7%	91,764	35.5%
4+ bedrooms	50,776	22.0%	1,106	3.9%	51,882	20.1%
Total	230,444	100.0%	28,030	100.0%	258,474	100.0%
% in tenure	**89.2%**		**10.8%**		**100.0%**	

Source: Derived from 2011 Census

Tenure Assumptions

8.11 The housing market model has been used to estimate future requirements for different sizes of property over the next 20-years. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what proportion of total housing delivery will be of market and affordable housing, for modelling purposes.

8.12 The key assumption here is not a policy target but possible delivery. The assumption is influenced by a range of factors. The affordable housing needs analysis in this report provides evidence of notable affordable need although the viability of providing affordable housing will limit the amount that can be delivered. It is assumed (simply for modelling purposes) that an average of 35% of net housing delivered will be of affordable housing It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process. No viability analysis has been undertaken as part of this SHMA.

Key Findings: Market Housing

8.13 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2013 to 2033.

8.14 Table 47 below and Figure 65 show estimates of the sizes of market housing required from 2013 to 2033 based on demographic trends for the whole of the HMA. The data suggests a requirement for homes for 30,437 additional households with the majority of these being two- and three-bedroom homes.

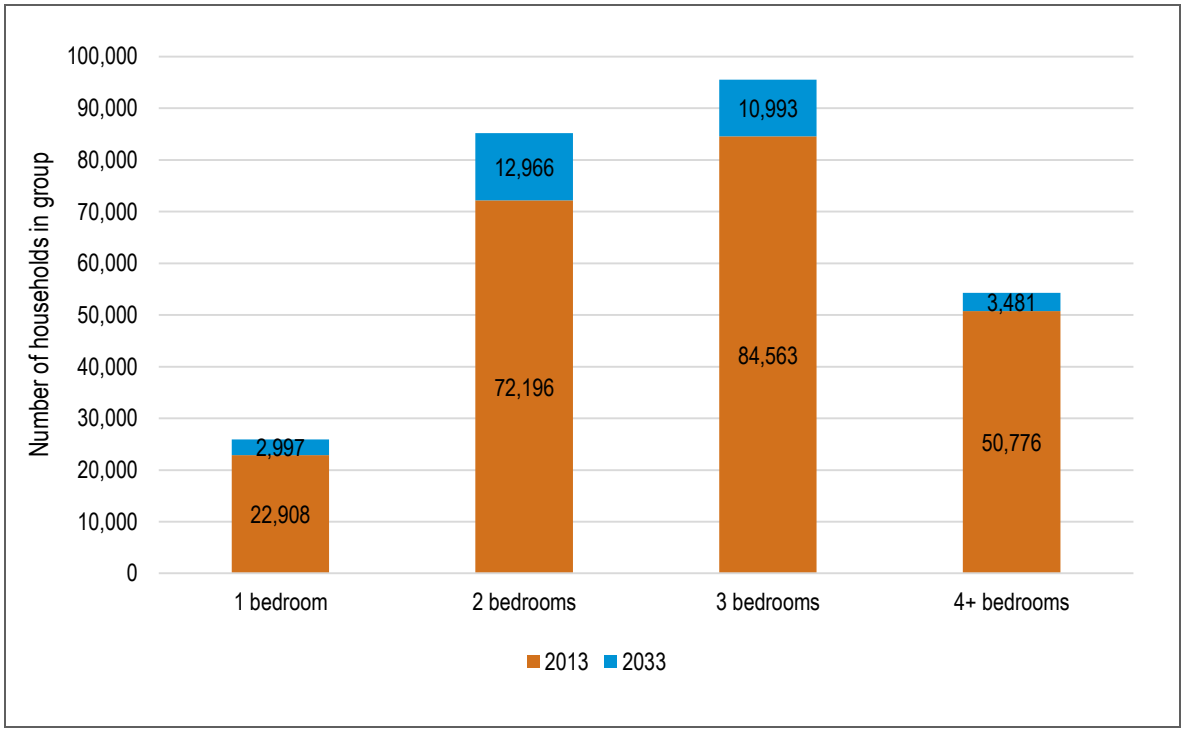
Table 47: Estimated Size of Dwellings Required 2013 to 2033 – Market Housing

Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	22,908	25,905	2,997	9.8%
2 bedrooms	72,196	85,162	12,966	42.6%
3 bedrooms	84,563	95,556	10,993	36.1%
4+ bedrooms	50,776	54,257	3,481	11.4%
Total	**230,444**	**260,881**	**30,437**	**100.0%**

Source: Housing Market Model

8.15 The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 65: Impact of Demographic Trends on Market Housing Requirements by House Size, 2013 to 2033



Source: Housing Market Model

8.16 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

8.17 In the short-term we would expect stronger demand in relative terms for larger family homes as the market for smaller properties is restricted by mortgage finance constraints. Over the 20-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

8.18 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.

8.19 We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for

development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'.*

8.20 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

8.21 The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2013 and 2033 that around three-quarters of the requirement is for homes with one- or two-bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.

8.22 This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 48: Estimated Size of Dwellings Required 2013 to 2033 – Affordable Housing

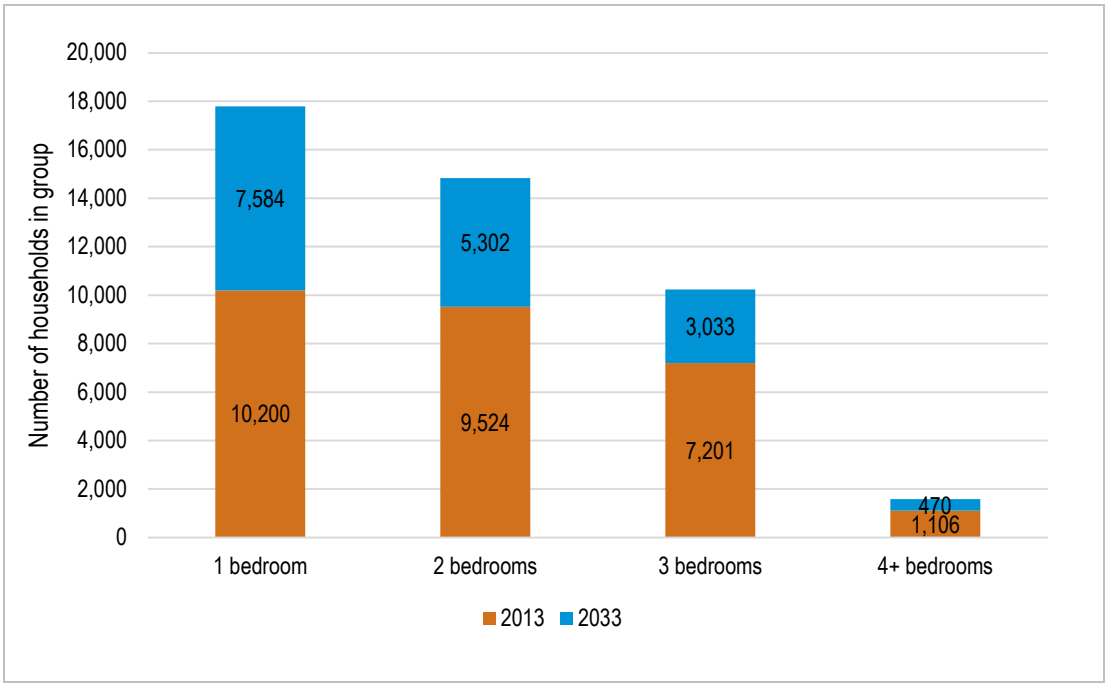
Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	10,200	17,784	7,584	46.3%
2 bedrooms	9,524	14,826	5,302	32.4%
3 bedrooms	7,201	10,234	3,033	18.5%
4+ bedrooms	1,106	1,576	470	2.9%
Total	**28,030**	**44,419**	**16,389**	**100.0%**

Source: Housing Market Model

8.23 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2013 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the

analysis still identifies a requirement for more larger units (particularly three bedroom accommodation).

Figure 66: Impact of Demographic Trends on Affordable Housing Requirements by House Size, 2013 to 2033



Source: Housing Market Model

Indicative Targets by Dwelling Size

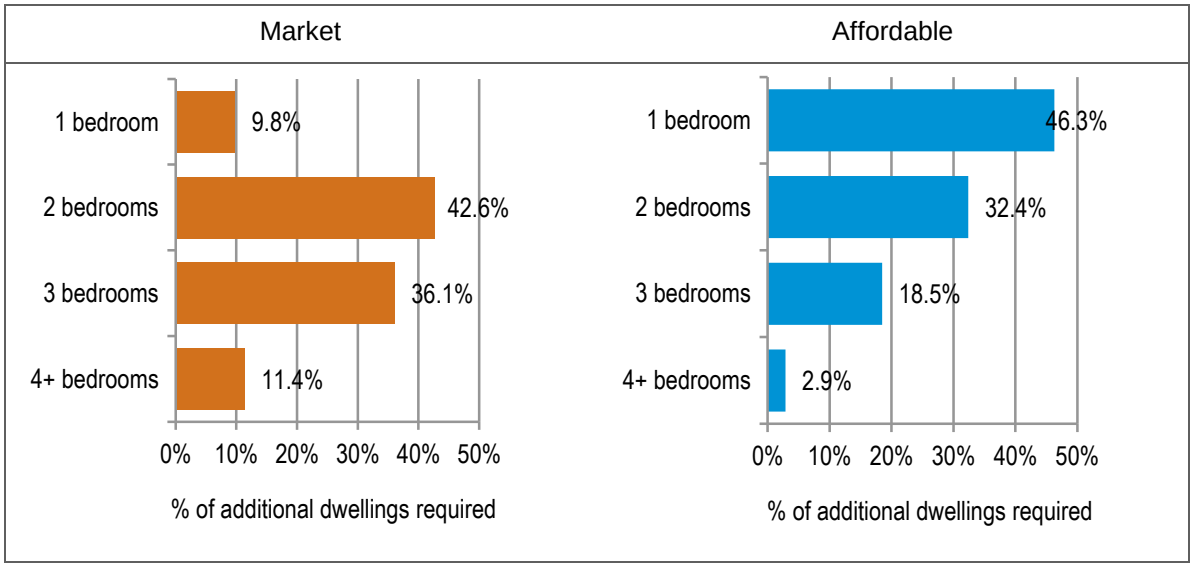
8.24 Table 49 below and Figure 67 overleaf summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a vacancy allowance in moving from household figures to estimates of housing requirements.

Table 49: Estimated dwelling requirement by number of bedrooms (2013 to 2033)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	2,997	3,166	9.8%	7,584	8,023	46.3%
2 bedrooms	12,966	13,721	42.6%	5,302	5,609	32.4%
3 bedrooms	10,993	11,631	36.1%	3,033	3,208	18.5%
4+ bedrooms	3,481	3,678	11.4%	470	497	2.9%
Total	**30,437**	**32,196**	**100.0%**	**16,389**	**17,336**	**100.0%**

Source: Housing Market Model

Figure 67: Size of housing required 2013 to 2033



Source: Housing Market Model

8.25 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

8.26 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the 'bedroom tax'.

8.27 For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

8.28 There are thus a range of which are relevant in considering policies for the mix of affordable housing sought through development schemes. At an HMA level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 35%-40%
- 2-bed properties: 30%-35%

- 3-bed properties: 20%-25%
- 4-bed properties: 5%-10%

8.29 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.30 The need for affordable housing of different sizes will vary by area across the HMA and over time. Taking account of the evidence herein and their understanding of issues regarding the management of the stock, local authorities should set out policies regarding housing mix. Modelled outputs set out below are intended to provide an input into this.

8.31 In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

8.32 In the market sector we would suggests a profile of housing that more closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. By providing suitable homes which are attractive for some older households to downsize, family housing can be released for younger households. The modelling reflects this. On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:

- 1-bed properties: 10%
- 2-bed properties: 45%
- 3-bed properties: 35%
- 4-bed properties: 10%

8.33 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that the ‘market’ is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Local Authority Housing Market Modelling Outputs

8.34 Whilst the analysis above has focussed on outputs for the whole HMA the data itself has been built up from analysis at a smaller area level. The tables below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be required in each of the affordable and market sectors for the six different local authority areas.

8.35 There are some differences shown in different areas and this will be linked to both the current stock of housing and future expected demographic change. Bournemouth stands out as having a particular need in both the market and affordable sectors for one- and four or more bedroom homes.

8.36 In the market sector both East Dorset and Purbeck stand out as having a lower need for four or more bedroom homes – this is strongly linked to the ageing population of these locations. These two areas also show a relatively low need for smaller (one bedroom) homes in the affordable sector.

8.37 Overall however the patterns shown in each area are broadly similar (i.e. majority need for two- and three-bedroom homes in the market sector and one- and two-bedroom homes in the affordable sector). The HMA-wide conclusions about the mix of housing by tenure may therefore appropriate at a smaller area level.

Table 50: Estimated dwelling requirement by number of bedrooms (2013 to 2033) – Market Sector

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Bournemouth	13.7%	40.9%	29.8%	15.7%
Christchurch	7.2%	42.6%	40.2%	10.0%
East Dorset	8.3%	48.7%	43.0%	0.0%
North Dorset	4.2%	37.6%	42.5%	15.7%
Poole	8.3%	42.1%	37.9%	11.7%
Purbeck	6.0%	52.6%	41.1%	0.3%
HMA	**9.8%**	**42.6%**	**36.1%**	**11.4%**

Source: Housing Market Model

Table 51: Estimated dwelling requirement by number of bedrooms (2013 to 2033) – Affordable Sector

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Bournemouth	52.1%	29.5%	15.1%	3.3%
Christchurch	46.5%	29.8%	21.3%	2.4%
East Dorset	32.5%	42.3%	22.8%	2.4%
North Dorset	45.9%	36.5%	16.0%	1.6%
Poole	45.8%	30.3%	20.9%	3.0%
Purbeck	36.5%	39.8%	21.1%	2.6%
HMA	**46.3%**	**32.4%**	**18.5%**	**2.9%**

Source: Housing Market Model

Key Findings: Requirements for Different Sizes of Homes

8.38 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Table 52: Recommended Affordable Housing Mix

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

8.39 Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.40 The mix identified above should inform strategic policies, together with the modelling for individual local authorities and their evidence and understanding of housing management issues and gaps in the housing offer.

8.41 In applying policies to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

8.42 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay. This can help to release larger properties for family households.

8.43 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Requirements for Different Types of Homes

8.44 As well as looking at the sizes of homes required in each of the market and affordable sectors, the modelling has been used to consider the likely need for different types of homes (by built form). This has taken a two-staged process:

8.45 Firstly, to establish the likely split between flatted accommodation and houses/bungalows. This split can readily be ascertained from the modelling as there is a clear link between the size of homes needed and the built form at this level (i.e. the vast majority of one-bedroom homes would be expected to be flats along with some proportion of two-bedroom accommodation)

8.46 Secondly, once the need for houses/bungalows is established, the analysis considers the profile of dwellings in each area and the extent to which there appear to be gaps in the offer (or alternatively large proportions of particular types). This part of the analysis is to some extent driven by judgement and also takes account of the role of different areas in terms of the housing offer that might be expected (e.g. that households seeking accommodation in rural areas are more likely to be seeking detached homes)

Broad Dwelling Types

8.47 The table below shows the initial outputs of the modelling in terms of the split between flats and houses. For the whole HMA the analysis suggest a need for around a third of market homes to be flatted and the remaining two-thirds houses/bungalows. There are some notable variations by location, with a particularly high need for flats being seen in Bournemouth and to a lesser extent Poole; North Dorset (and to a lesser extent the other three local authorities) show a lower need for flatted accommodation. These findings reflect both the current offer in each area and the size profile of homes needed in the future from the demographic modelling.

8.48 In the affordable sector the analysis suggests much higher needs for flatted homes in all locations – this is consistent with the finding that the size requirement in this sector is more heavily concentrated on smaller homes. It should be noted that the figures in the table below are the outputs of the modelling and do not directly reflect suggestions about a reasonable split of housing in the affordable sector (the analysis of size requirements additionally takes account of demand/turnover issues for one bedroom homes and the relative lack of larger (four or more bedroom accommodation) in each location).

Table 53: Estimated Requirement for Flats and Houses in the Market and Affordable Sectors

	Market		Affordable	
	Flats	Houses	Flats	Houses
Bournemouth	43.2%	56.8%	65.4%	34.6%
Christchurch	21.3%	78.7%	55.7%	44.3%
East Dorset	20.7%	79.3%	56.5%	43.5%
North Dorset	9.2%	90.8%	40.9%	59.1%
Poole	34.0%	66.0%	60.9%	39.1%
Purbeck	23.8%	76.2%	39.6%	60.4%
Eastern Dorset	32.2%	67.8%	58.9%	41.1%

Source: Housing Market Model

8.49 An initial suggestion about a reasonable 'target' for housing of different types is shown in the table below. This draws on the modelled data but makes some adjustments in line with the analysis of dwelling size requirements. This particularly impacts on the affordable sector where the suggested size profile shifts slightly towards larger dwellings relative to the outputs of the modelling (and would therefore see a greater proportion of houses/bungalows than shown by the modelling). Consistent with the suggested outputs for dwelling sizes, the figures for affordable housing are set out as a range – this reflects the fact that the recommendations are driven less by the outputs of the modelling than in the case for market housing.

Table 54: Suggested Mix of Market and Affordable Housing (By Flats vs. Houses / Bungalows)

	Market		Affordable	
	Flats	Houses	Flats	Houses
Bournemouth	40%	60%	55%-60%	40%-45%
Christchurch	20%	80%	45%-50%	50%-55%
East Dorset	20%	80%	45%-50%	50%-55%
North Dorset	10%	90%	35%-40%	60%-65%
Poole	30%	70%	50%-55%	45%-50%
Purbeck	25%	75%	30%-35%	65%-70%
Eastern Dorset	30%	70%	50%-55%	45%-50%

Dwelling Need Within the Houses/Bungalow Category

8.50 To consider this information in more detail the analysis moves on to look at the profile of accommodation currently available in each of the market and affordable sectors by type. The analysis draws on Census data and can be split into four main built-forms, these are:

- Detached houses/bungalows
- Semi-detached houses/bungalows
- Terraced houses/bungalows
- Flat, maisonette, apartment

8.51 Unfortunately the Census source does not allow for a separate category of bungalows to be analysed. However, it should be noted that the stakeholder consultation has identified a potential demand for this type of accommodation, but caveats this with the potential difficulties in provision (due to land requirements). Additionally, whilst the Census source provides figures for flatted accommodation, these have been excluded from the initial analysis below as the potential need for such accommodation has already been established in the analysis above.

Market Housing

8.52 The table below shows the proportion of market housing in each of the three different types of houses – this data is contrast with similar information for the South West region and England. The data clearly shows that Eastern Dorset has a very high proportion of detached houses and relatively few semi-detached and terraced properties. Differences are particularly acute when compared with the national position.

Table 55: Dwelling Profile of Market Housing – 2011 (Excluding Flats)

	Detached	Semi-detached	Terraced
Bournemouth	66.4%	22.9%	10.6%
Christchurch	57.1%	22.8%	20.2%
East Dorset	73.7%	16.3%	10.0%
North Dorset	50.1%	29.8%	20.1%
Poole	58.2%	26.1%	15.7%
Purbeck	52.3%	27.0%	20.7%
Eastern Dorset	61.3%	23.8%	14.9%
South West	40.3%	32.5%	27.2%
England	31.9%	38.6%	29.5%

Source: 2011 Census

8.53 In using this data to move towards suggestions about a reasonable level of provision in each of the different accommodation type categories, the analysis has specifically looked at each local authority individually and in particular looks at the difference between the current housing offer and the regional position – this recognises that whilst the national data is useful, it will to some extent be influenced by major urban areas (most notably London) where the profile of housing would be expected to be more biased towards terraced and semi-detached homes.

8.54 Additionally, the analysis recognises that whilst some areas appear to have more significant differences between the local and regional profile, the suggestions in this report are not seeking to 'correct' this. It is likely that such areas (notably East Dorset with a high proportion of detached homes) have a current profile which to some extent relates to past demand (which may well continue in the future), i.e. East Dorset is an area where home seekers are likely to be seeking detached homes. Therefore, whilst there is clear evidence that a move towards more semi-

detached and terraced homes would provide a more balanced stock, this needs to be considered in line with the role and function of different locations.

8.55 The table below therefore brings together a suggested profile of market housing in each area by dwelling type. The suggested proportion of flatted accommodation is also included within the figures. Across the HMA the analysis suggests a need for around 35% of homes to be detached, 20% semi-detached, 15% terraced and 30% flats. There are notable variations by location.

Table 56: Suggested Mix of Market Housing by Dwelling Type (Built Form)

	Detached	Semi-detached	Terraced	Flat
Bournemouth	30%	15%	15%	40%
Christchurch	35%	25%	20%	20%
East Dorset	45%	20%	15%	20%
North Dorset	40%	25%	25%	10%
Poole	35%	20%	15%	30%
Purbeck	35%	20%	20%	25%
Eastern Dorset	35%	20%	15%	30%

8.56 As with other analysis, these outputs should be treated as indicative and the actual types of dwelling provided in each area will to some extent depend on the characteristics of individual housing sites. However, taking account of how demographic change is likely to impact on housing need and also reflecting the current profile of the housing offer, it is considered that the above profile of additional stock in the market sector would meet needs and provide a balanced housing offer in each area and across the HMA.

Affordable Housing

8.57 A similar analysis has been carried out in the affordable sector – the table below showing the current profile of dwelling types in each area compared with the regional and national position (excluding flats). This analysis shows a slightly higher proportion of detached and semi-detached homes and fewer terraced properties – difference between areas is not as significant as for the analysis of market housing.

Table 57: Dwelling Profile of Affordable Housing – 2011 (Excluding Flats)

	Detached	Semi-detached	Terraced
Bournemouth	8.1%	61.6%	30.3%
Christchurch	5.3%	48.0%	46.7%
East Dorset	11.9%	56.5%	31.6%
North Dorset	5.9%	59.2%	34.9%
Poole	7.1%	58.8%	34.1%
Purbeck	4.1%	59.5%	36.3%
Eastern Dorset	7.2%	58.4%	34.4%
South West	5.5%	52.3%	42.2%

England	6.0%	50.0%	44.0%

Source: 2011 Census

8.58 Again this information has been brought together with the estimates of the need for flatted accommodation to suggest a profile of affordable homes needed by built-form. This is shown in the table below and as with other analysis should be treated as indicative.

Table 58: Suggested Mix of Affordable Housing by Dwelling Type (Built Form)

	Detached	Semi-detached	Terraced	Flat
Bournemouth	0%-5%	20%-25%	15%-20%	55%-60%
Christchurch	0%-5%	25%-30%	20%-25%	45%-50%
East Dorset	0%-5%	25%-30%	20%-25%	45%-50%
North Dorset	0%-5%	30%-35%	25%-30%	35%-40%
Poole	0%-5%	25%-30%	15%-20%	50%-55%
Purbeck	0%-5%	35%-40%	25%-30%	30%-35%
Eastern Dorset	0%-5%	25%-30%	15%-20%	50%-55%

9 HOUSEHOLDS WITH SPECIFIC NEEDS

Introduction

9.1 We have established the need for different sizes of properties over the next 20 years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

9.2 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

9.3 The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children;
- Young people;
- Students;and
- Homeless households.

Housing Needs of Older People

9.4 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20-years is expected to be the growth in the population of older persons.

9.5 Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

9.6 The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;

- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing over 20-years, requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

9.7 Below we have provided some baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group due to the fact that some housing developments are specifically targeted at the over 55 age group.

9.8 The data shows that, when compared with both the region and England, the HMA has a somewhat higher proportion of older persons. In 2013 it is estimated that 35.0% of the population of the HMA was aged 55 or over compared with 33.1% in the South West region and 28.5% for the whole of England.

9.9 Looking at individual local authorities the data shows a lower proportion of older people in Bournemouth with much higher figures in Christchurch and East Dorset (and to a lesser degree Purbeck). Christchurch and East Dorset have a particularly high proportion of people aged 85 and over.

Table 59: Older Person Population, 2013

		Under 55	55-64	65-74	75-84	85+	Total	Total 55+
Bourne-mouth	Popn	135,689	19,197	16,431	11,321	6,095	188,733	53,044
	% of popn	71.9%	10.2%	8.7%	6.0%	3.2%	100.0%	28.1%
Christ-church	Popn	27,287	6,054	7,166	5,298	2,563	48,368	21,081
	% of popn	56.4%	12.5%	14.8%	11.0%	5.3%	100.0%	43.6%
East Dorset	Popn	49,280	12,372	13,138	9,005	4,104	87,899	38,619
	% of popn	56.1%	14.1%	14.9%	10.2%	4.7%	100.0%	43.9%
North Dorset	Popn	44,409	9,221	8,824	5,191	2,238	69,883	25,474
	% of popn	63.5%	13.2%	12.6%	7.4%	3.2%	100.0%	36.5%
Poole	Popn	98,940	17,870	16,254	10,864	5,081	149,009	50,069
	% of popn	66.4%	12.0%	10.9%	7.3%	3.4%	100.0%	33.6%
Purbeck	Popn	27,248	6,416	6,319	3,829	1,599	45,411	18,163
	% of popn	60.0%	14.1%	13.9%	8.4%	3.5%	100.0%	40.0%
HMA	Popn	382,853	71,130	68,132	45,508	21,680	589,303	206,450
	% of popn	65.0%	12.1%	11.6%	7.7%	3.7%	100.0%	35.0%
South West	% of popn	66.9%	12.4%	11.1%	6.7%	3.0%	100.0%	33.1%
England	% of popn	71.5%	11.2%	9.3%	5.7%	2.3%	100.0%	28.5%

Source: ONS 2013 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

9.10 As well as providing a baseline position for the proportion of older persons in the HMA we can use population projections to provide an indication of how the numbers might change in the future compared with other areas. Table 60 is largely based on the 2012-based SNPP which is the latest source available consistently across areas.

9.11 The data shows that the HMA (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by 33% over the 20-years from 2013; this compares with overall population growth of 13% and growth in the Under 55 population of just 3%. The projected growth in the population aged 55 and over is however slightly lower than projected for both the region and England although this will to a considerable degree be influenced by the current proportion of older people in the population.

Table 60: Projected Change in Population of Older Persons, 2013-33

	Under 55	55-64	65-74	75-84	85+	Total	Total 55+
Bournemouth	7.8%	21.9%	41.4%	39.3%	75.6%	16.3%	37.8%
Christchurch	6.5%	14.7%	24.3%	30.3%	82.9%	16.8%	30.1%
East Dorset	-3.4%	3.3%	22.2%	39.0%	106.6%	10.9%	29.1%
North Dorset	-8.0%	1.7%	29.8%	59.6%	127.6%	7.4%	34.3%
Poole	4.5%	12.5%	33.2%	43.6%	107.1%	15.0%	35.6%
Purbeck	-3.4%	-4.8%	18.0%	45.3%	111.6%	7.5%	23.9%
HMA	2.8%	10.7%	30.3%	42.0%	97.8%	13.5%	33.2%
South West	2.8%	6.5%	30.2%	53.6%	120.3%	13.2%	34.2%
England	4.3%	12.6%	34.5%	50.2%	120.7%	13.3%	36.0%

Source: Derived from ONS data

Characteristics of Older Persons Households

9.12 We have used 2011 Census data to explore in more detail the characteristics of older person households in Eastern Dorset (based on the population aged 65 and over). The table below shows the number of households compared with the region and England. The data shows in 2011 that around 27% of households were comprised entirely of people aged 65 and over. This is higher than the figure for the South West and notably above the equivalent figure for England. There are however differences between the local authorities with Christchurch and East Dorset having a notably higher proportion of pensioner households and Bournemouth a notably lower proportion.

Table 61: Pensioner Households, 2011

	Single pensioner	2 or more pensioners	All households	Single pensioner	2 or more pensioners	All households	Total % pensioner only
Bournemouth	11,164	6,445	82,374	13.6%	7.8%	100.0%	21.4%
Christchurch	4,364	3,551	21,475	20.3%	16.5%	100.0%	36.9%
East Dorset	6,253	6,516	37,564	16.6%	17.3%	100.0%	34.0%
North Dorset	4,182	3,669	28,670	14.6%	12.8%	100.0%	27.4%
Poole	9,395	6,841	63,530	14.8%	10.8%	100.0%	25.6%
Purbeck	3,253	2,626	19,583	16.6%	13.4%	100.0%	30.0%
HMA	38,611	29,648	253,196	15.2%	11.7%	100.0%	27.0%
South West	313,490	236,868	2,264,641	13.8%	10.5%	100.0%	24.3%
England	2,725,596	1,851,180	22,063,368	12.4%	8.4%	100.0%	20.7%

Source: Census (2011)

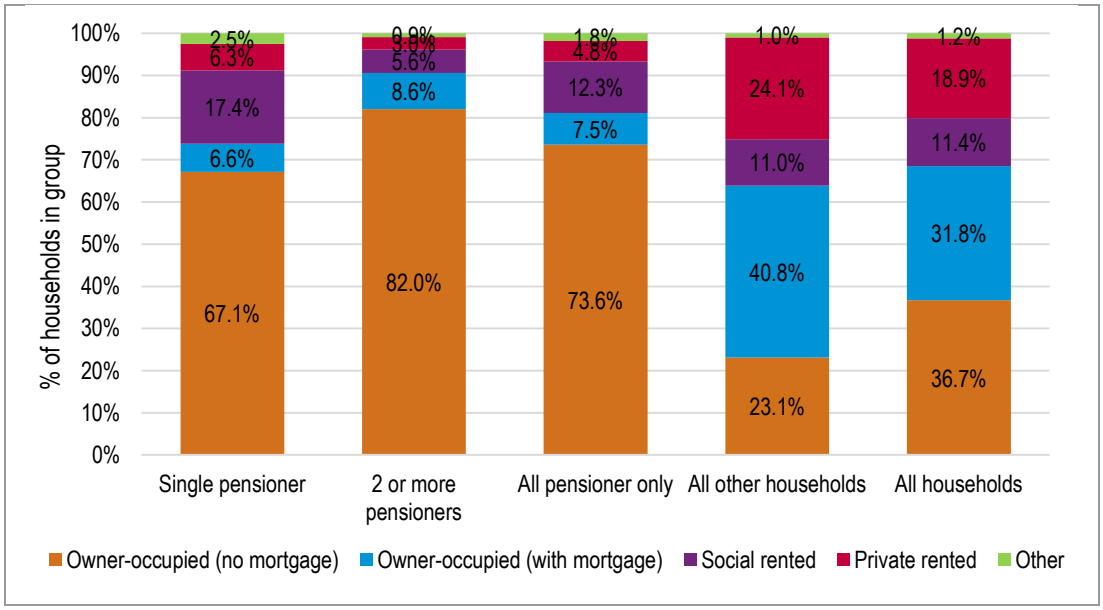
9.13 Figure 68 below profiles the tenure of older person households. The data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (74%) and are also slightly more likely than other households to be in the social

rented sector. The proportion of pensioner households living in the private rented sector is relatively low (5% compared with 19% of all households in the study area).

9.14 There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector.

9.15 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. This is considered later in this section.

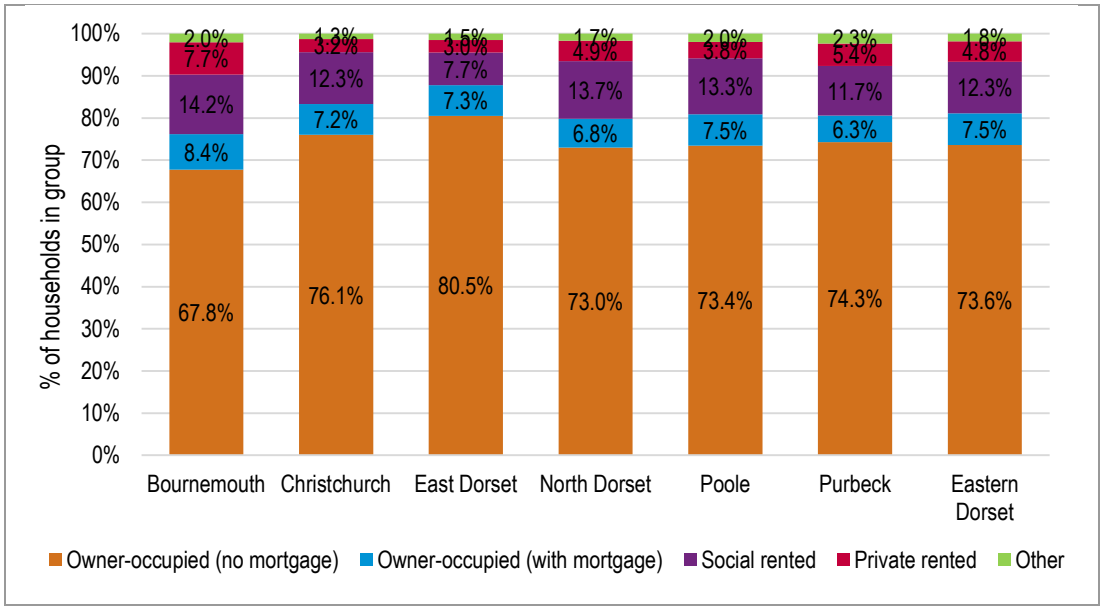
Figure 68: Tenure of Older Person Households – Eastern Dorset



Source: 2011 Census

9.16 Data for individual local authorities (shown in Figure 69) shows that there are some differences between areas. Most notable are the relatively low proportion of owner-occupiers in Bournemouth and a particularly high figure for East Dorset.

Figure 69: Tenure of Older Person Households – by District



Source: 2011 Census

9.17 It was also evident that the private rented sector housed disproportionally few older people. However we interviewed Girlings Retirement Rentals which is a letting agency that specialises in housing older people across England. Its business model is noteworthy.

Case study: Girlings Retirement Rentals

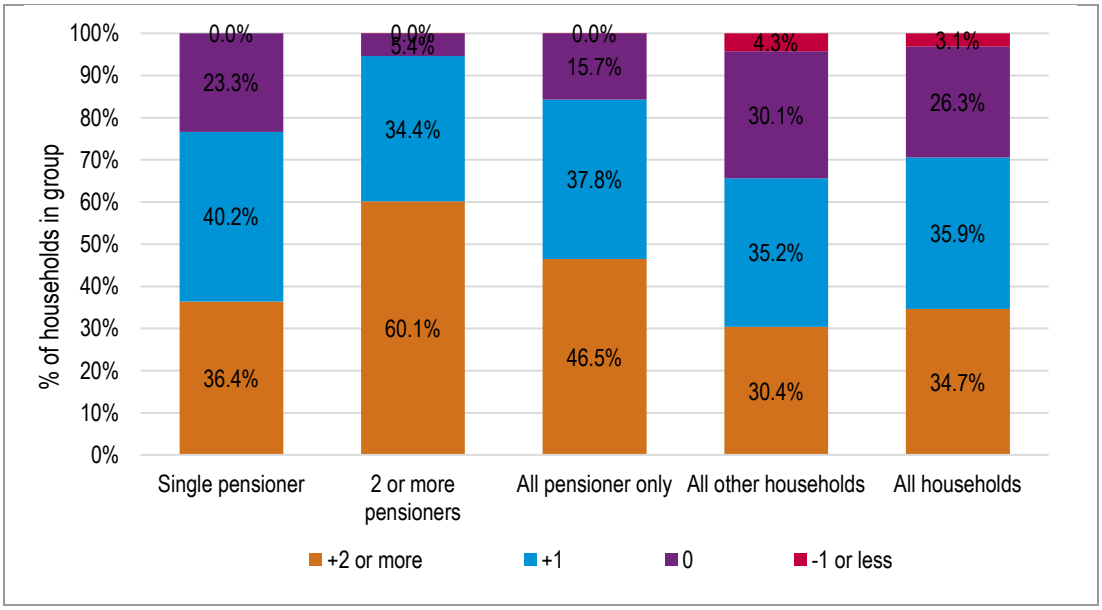
The majority of properties are owned in partnership with an institution. They also rent retirement flats on behalf of both individual private landlords and various portfolios on behalf of investors. Out of the 2,256 units, 1,460 are one bed properties; 469 are large one bedroom properties; 228 are two bedroom; 2 are three bedroom properties and 97 are one bed studio flats. When considering where to recommend investors to purchase, they look at our own database for popular areas and demand and consider local rent levels and sale prices. There are 217 of those are in Dorset (half are in Bournemouth). These generate around 50 vacancies every year.

Girlings do not discriminate against those who are on state benefits as opposed to having private pensions and some of the tenants are still working. They do not directly offer extra care services, but assist with advice and contacts should additional care be required in order that a tenant can remain in their property as long as they wish to do so.

Peter Girlings' desire is "to see the provision of suitable and desirable housing for the older generation and to push the Government for such provision which is sadly lacking in this country and which would then free up under-occupied housing for families have continued to fuel his desire to continue to provide housing for this market."

9.18 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the HMA. In total 47% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 30% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

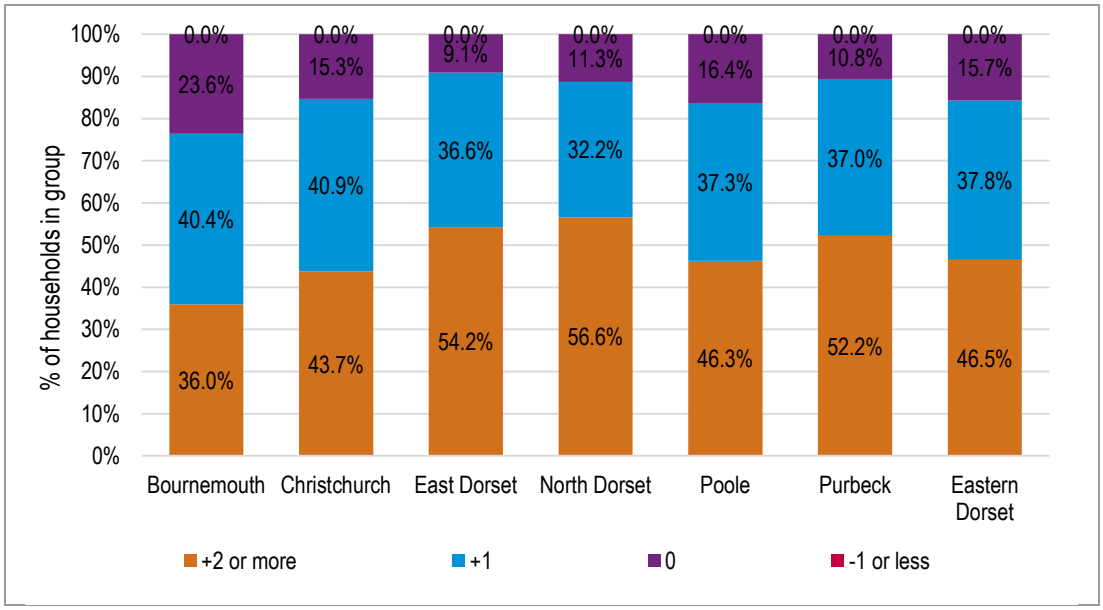
Figure 70: Occupancy Rating of Older Person Households – HMA



Source: 2011 Census

9.19 The occupancy ratings of older person households also show some differences by location within the HMA. Bournemouth in particular stands out as having a low proportion who are under-occupied with the opposite being seen in North and East Dorset.

Figure 71: Occupancy Rating of Older Person Households – by District



Source: 2011 Census

9.20 It is of interest to study the above information by tenure. The table below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were 800 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Table 62: Pensioner Households with Occupancy Rating of +2 or more by Tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	12,881	16,559	29,440
Social rented	504	296	800
Private rented	675	393	1,068
All tenures	14,060	17,248	31,308

Source: 2011 Census

9.21 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay.

9.22 Looking at individual local authorities it can be seen that all areas have a notable number of pensioner households under-occupying in the social rented sector.

Table 63: Pensioner Households with Occupancy Rating of +2 or more by Tenure & District

	Owner-occupied	Social rented	Private rented
Bournemouth	5,805	157	247
Christchurch	3,251	87	77
East Dorset	6,552	104	183
North Dorset	4,034	162	191
Poole	7,019	194	204
Purbeck	2,779	96	166
HMA	29,440	800	1,068

Source: 2011 Census

Health-related Population Projections

9.23 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

9.24 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

9.25 Table 64 overleaf shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 69%) along with a 58% increase in the number with mobility problems. North Dorset in particular looks likely to see the most significant increases.

Table 64: Estimated Population Change for Range of Health Issues (2013 to 2033)

	Type of illness/disability	2013	2033	Change	% increase
Bournemouth	Dementia	2,765	4,379	1,614	58.4%
	Mobility problems	6,756	10,280	3,524	52.2%
Christchurch	Dementia	1,203	1,886	684	56.9%
	Mobility problems	2,967	4,388	1,421	47.9%
East Dorset	Dementia	1,977	3,421	1,444	73.0%
	Mobility problems	5,000	7,955	2,955	59.1%
North Dorset	Dementia	1,139	2,147	1,008	88.5%
	Mobility problems	2,964	5,104	2,141	72.2%
Poole	Dementia	2,454	4,288	1,834	74.7%
	Mobility problems	6,177	10,040	3,863	62.5%
Purbeck	Dementia	821	1,417	596	72.7%
	Mobility problems	2,136	3,385	1,249	58.5%
HMA	Dementia	10,359	17,538	7,180	69.3%
	Mobility problems	**26,000**	**41,152**	**15,153**	**58.3%**

Source: Data from POPPI and demographic projections

Indicative Requirements for Specialist Housing

9.26 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current Stock of Specialist Housing

9.27 Table 65 shows the current supply of specialist housing for older people. At present it is estimated that there are 9,112 units across the HMA. The majority (59%) of this housing is in the affordable sector even though the majority of older person households are owner-occupiers. The data also shows a dominance of sheltered housing with only a limited supply of extra care and enhanced sheltered accommodation ('enhanced' sheltered housing describes a form of housing which extends facilities and care beyond traditional sheltered housing but is more limited than full extra care).

9.28 It should be noted at the stakeholder event to discuss specialist housing provision that a number of the figures derived from Housing LIN were questioned (by both private and public sector participants). This was particularly in relation to figures for individual local authorities and also in relation to the scale of market supply. For these reasons the analysis of current supply should be treated as indicative. This does not impact on the analysis that follows as this is focussed on changes to the older person population in the future, and hence future needs. The analysis of

current supply is however useful in highlighting gaps in the current offer – the analysis very strongly points towards this being a relative lack of enhanced sheltered and extra care housing options.

Table 65: Current Supply of Specialist Housing for Older People

Type of housing	Affordable	Market	Total
Sheltered	4,806	3,452	8,258
Enhanced sheltered	84	196	280
Extra Care	441	133	574
Total	5,331	3,781	9,112

Source: Housing LIN

Projected Future Need for Specialist Housing

9.29 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

9.30 The table below shows the change in the population aged 75 and over in each local authority and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 6,900 units – 343 per annum. This is around 14% of the total need identified in the demographic modelling (linked to the 2012-based SNPP and household projections).

Table 66: Projected need for Specialist Housing for Older People (2013-33)

	Population aged 75+ (2013)	Population aged 75+ (2033)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)
Bournemouth	17,416	26,476	9,060	1,540
Christchurch	7,861	11,588	3,727	634
East Dorset	13,109	20,999	7,890	1,341
North Dorset	7,429	13,380	5,951	1,012
Poole	15,945	26,128	10,183	1,731
Purbeck	5,428	8,946	3,518	598
HMA	67,188	107,516	40,328	6,856

Source: Derived from demographic projections and Housing LIN

Types and Tenures of Specialist Housing

9.31 Earlier in this section analysis has been carried out with regard to the tenure of older person households – the data was split between single pensioner households and those with two or more pensioners (which will largely be couples). The data showed that pensioner households are relatively likely to live in outright owned accommodation (74%) and are also more likely than other

households to be in the social rented sector. There were however notable differences for different types of pensioner households with single pensioners having a lower level of owner-occupation than larger pensioner households as well as differences by location.

9.32 The information about current supply of specialist housing indicates that slightly more of this is in the affordable sector than the market (not withstanding potential issues with the quality of the data, particularly in relation to market housing). Moving forward we would suggest that additional specialist housing should be split roughly 50:50 between the affordable and market sectors. The suggested tenure mix is indicative and consistent with the view taken in the Dorset County Council extra care Housing Strategy (2014-21).

9.33 The analysis is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available (for example noting that at present the dominant type of housing is traditional sheltered accommodation). There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and extra care housing.

9.34 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

9.35 Our experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for bungalows – this is also the case in Eastern Dorset. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however providing an element of bungalows should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Registered Care Housing

9.36 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 5,973 spaces in nursing and residential care homes. Given new models of provision (including extra care housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

9.37 As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of the demographic modelling which indicates an increase of 2,754 people living in institutions over the 2013-33 period (138 per annum). This figure is important to note if the Councils intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Table 67: Potential Need for Residential Care Housing, 2013-33

	Institutional population aged 75+ (2013)	Institutional population aged 75+ (2033)	Change in institutional population aged 75+
Bournemouth	1,632	2,485	853
Christchurch	339	540	201
East Dorset	671	1,132	460
North Dorset	400	739	339
Poole	1,051	1,820	769
Purbeck	179	310	131
HMA	4,273	7,027	2,754

Source: Derived from demographic projections

Current Policy for Accommodating Older & Vulnerable Groups

9.38 Information was obtained from a conference of stakeholders convened and facilitated by us and direct interviews with stakeholders. The conference was attended by representatives from developers, registered providers, service commissioners housing and planning officers.

9.39 Officers and stakeholders told us that the policy aim is to help people to stay out of residential care and nursing care for as long as possible and that the main underlying issue is finance. Officers said that some local authorities were in danger of 'going under' as the cost of services was forecast to grow to a point equivalent to the entire local authority budget. Registered providers told us that extra care housing was difficult to fund. Private providers of leasehold housing told us that where extra care housing had been provided it was slow to sell due mainly to high service charges. Some

residents in need of extra care opted to purchase housing that did not provide the level of care required. All agreed that a successful model for affordable market extra care housing was an important gap to fill.

9.40 We were told that of the other groups of vulnerable people that had the greatest unmet need were those with learning disabilities and people with long term mental health problems. We were also told that extra care housing is not exclusively let to older people. Further information regarding these groups is included in Dorset County Council's Learning Disability and Housing Plan 2013-17[16] and the Mental Health Housing and Support Plan for Dorset 2013 -16[17].

9.41 It was felt that good progress had been made in joining up NHS and Local Authority commissioning arrangements however there was still 'some way to go' in realizing the potential benefits of engaging more fully with the housing sector. Our attention was drawn to The Dorset Partnership for Older People Programme (POPP) – a partnership between Dorset County Council, NHS Dorset Clinical Commissioning Group, the third sector and older people. The vision of Dorset POPP is 'to build supportive communities to enable older people to remain living in their own homes for as long as they wish' by developing responsive, appropriate, services and activities at a localised level. Delivery is through the Third Sector by means of a Champions Programme to challenge and change the way services are provided; a Wayfinder Programme of staff to signpost and support older people to access services and an Evaluation Programme.

9.42 POPP is also the lead for the Safe and Independent Living Scheme (SAIL). The aim of SAIL is to provide a multi-agency referral system, enabling those who are aged 50+ or experiencing vulnerability to access to signposting, support, and services. SAIL Partner agencies undertaking their normal business activities will offer to forward a referral form with clients that they encounter. The referral form is sent into the hub organisation (Age UK Dorchester). It generates a referral only to those agencies identified by the client.

9.43 There is a problem with service delivery in the care sector due to many service providers being unable to recruit and retain carers.

9.44 The conference concluded that:

- The SHMA should reflect the serious issues facing local authorities and stakeholders in meeting the growing housing and support needs of older people;
- The core issues are the demographic trends (including high levels of incoming retired households) and available finance especially in relation to dementia;

[16] https://www.dorsetforyou.com/media/186437/Mental-Health-Housing-Plan-2013/pdf/Mental_Health_Housing_Plan_2013.pdf
[17] https://www.dorsetforyou.com/media/179775/Learning-Disability-Housing-Plan-2013---2017/pdf/20130806_LD_H_Plan_v8.pdf

- It may not be possible for some local authorities to provide for all of their housing and support needs of older people within their area;
- More should be done (information, advice and advocacy) to assist older households to become aware of the growing range of options to suit their needs. Encouraging movement in this was will free up housing for other households;
- Local authorities should recognise that release of suitable sites is key to providing viable schemes to include extra care housing; and
- Local authorities should engage with the private rented sector, encourage and support it to house a higher proportion of older and vulnerable households.

People with Disabilities

9.45 This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

9.46 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the HMA some 27% of households contain someone with a LTHPD. This figure is slightly higher than the equivalent figure for both the region and nationally. The figures for the population with a LTHPD again show a slightly higher proportion when compared with regional and national figures (an estimated 19% of the population of the HMA have a LTHPD).

9.47 For the individual local authorities the data suggests a higher proportion of households (and population) in Christchurch having a LTHPD with figures for other areas generally being in-line with regional and national averages.

Table 68: Households and People with Long-Term Health Problem or Disability (2011)

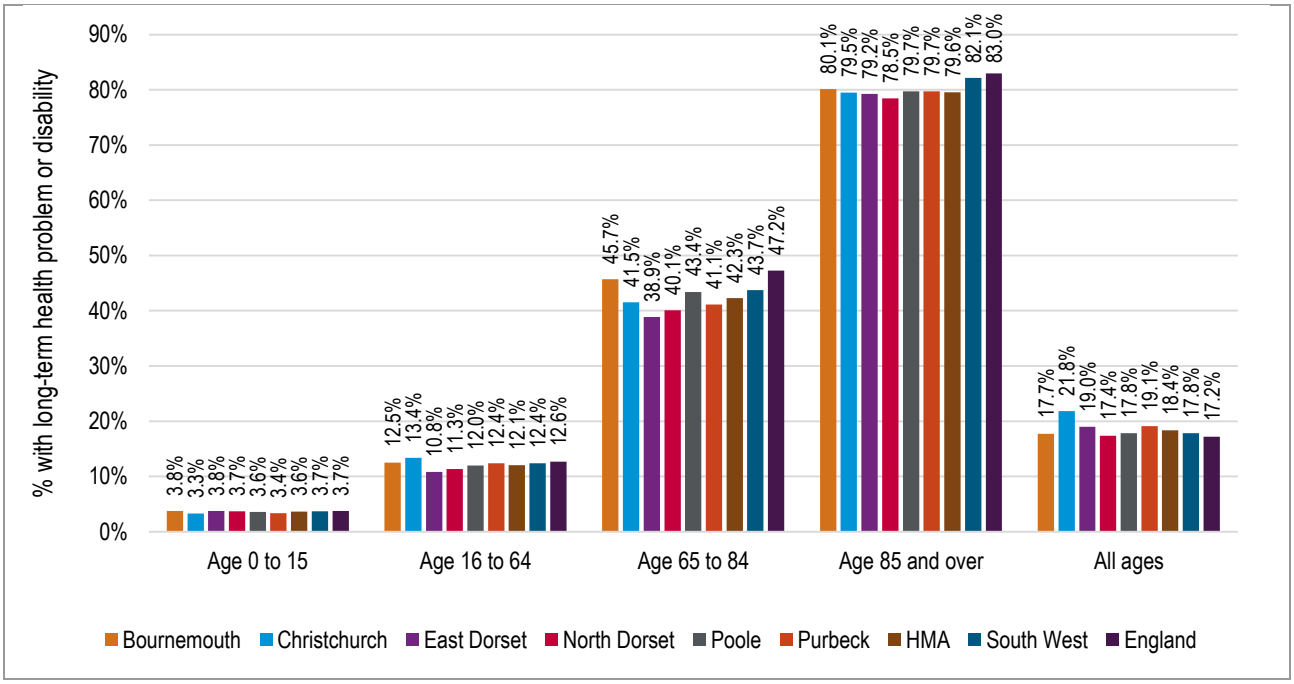
Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Bournemouth	21,379	26.0%	34,147	18.6%
Christchurch	6,499	30.3%	10,700	22.4%
East Dorset	10,028	26.7%	17,175	19.7%
North Dorset	7,267	25.3%	12,019	17.5%
Poole	16,536	26.0%	27,208	18.4%
Purbeck	5,443	27.8%	8,759	19.5%
HMA	67,152	26.5%	110,008	19.0%
South West	591,316	26.1%	973,696	18.4%
England	**5,659,606**	**25.7%**	**9,352,586**	**17.6%**

Source: Census (2011)

9.48 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore Table 69 shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 80% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

9.49 When compared with the national (and to a lesser extent regional) position, the data suggests lower levels of LTHPD for all age groups. This is despite the overall levels of disability being quite high. Additionally, Bournemouth stands out as having relatively high levels of LTHPD for all age groups.

Figure 72: Population with Long-Term Health Problem or Disability in each Age Band



Source: Census (2011)

9.50 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our core demographic projection (using the 2012-based SNPP) it is estimated that the number of people with a LTHPD will increase by around 36,300 (a 33% increase). All areas are expected to see an increase of this order of magnitude.

9.51 Across the HMA, The vast majority of this increase (95%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 46% of the total increase in the population projected by the demographic modelling.

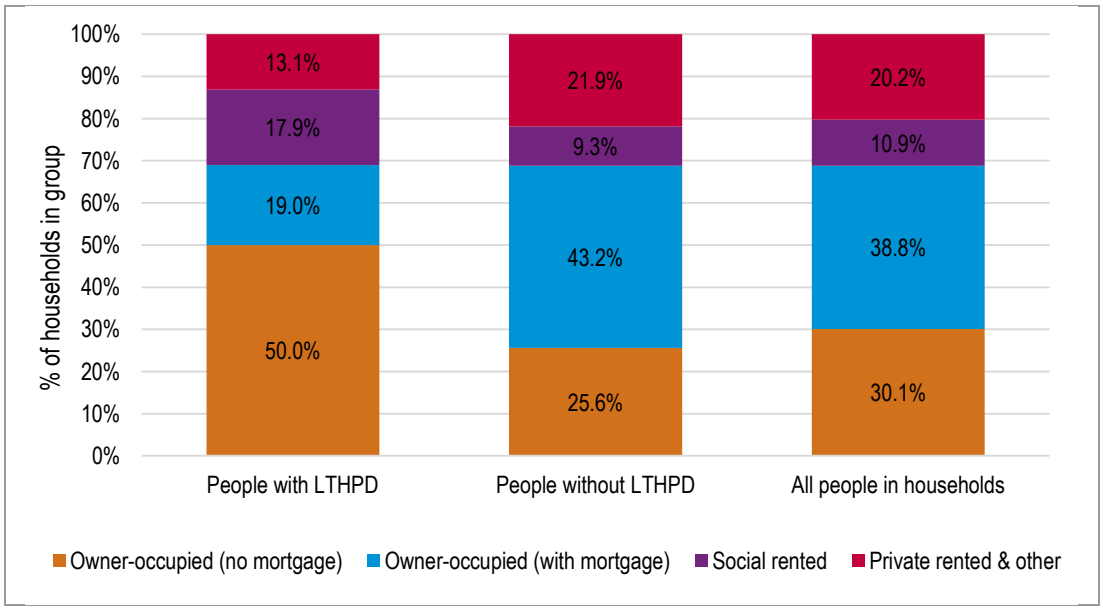
Table 69: Estimated Change in Population with LTHPD (2013-33)

Area	Population with LTHPD 2013	2033	Change (2013-33)	% change from 2013
Bournemouth	34,124	44,713	10,589	31.0%
Christchurch	10,839	14,216	3,377	31.2%
East Dorset	17,483	23,451	5,969	34.1%
North Dorset	12,367	16,754	4,387	35.5%
Poole	27,497	36,977	9,480	34.5%
Purbeck	8,875	11,385	2,510	28.3%
HMA	**111,184**	**147,496**	**36,311**	**32.7%**

Source: Derived from demographic modelling and Census (2011)

9.52 The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households and is therefore not comparable with other tenure analysis provided in this section. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 73: Tenure of People with LTHPD – Eastern Dorset

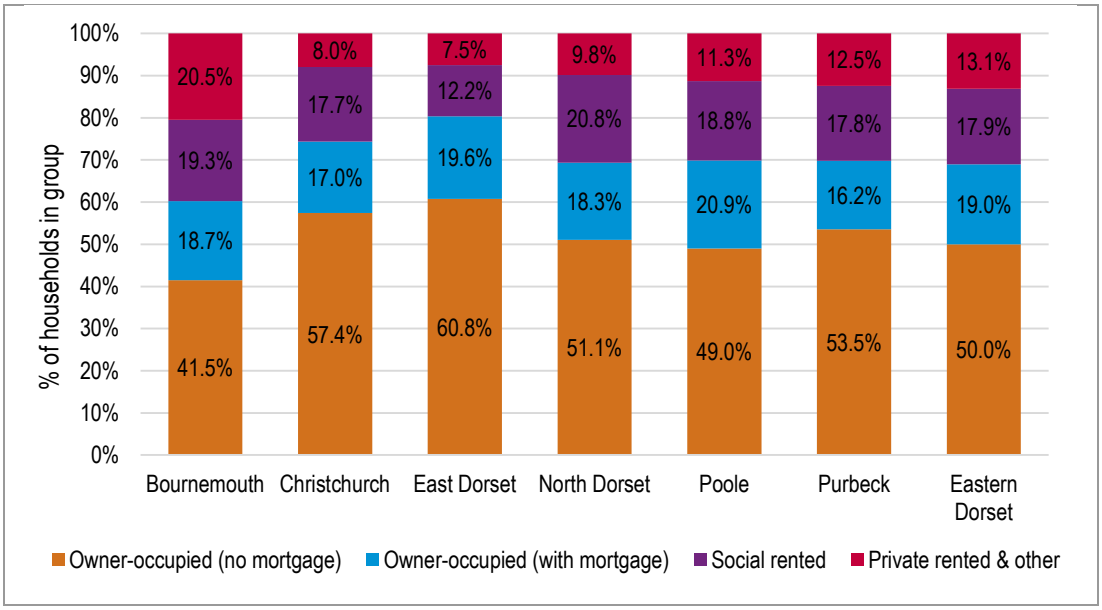


Source: 2011 Census

9.53 Figure 74 shows the tenures of people with a LTHPD by district. The data shows some notable differences by location; this includes a high proportion of people with a LTHPD living in private rented housing in Bournemouth and a particularly high proportion of owner-occupiers in East Dorset.

The proportion living in the social rented sector in North Dorset is also high when compared to other locations.

Figure 74: Tenure of people with LTHPD – by District



Source: 2011 Census

BME Households

9.54 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

9.55 From 2011 Census data we find that around 9% of the population of the HMA came from a non-White (British/Irish) background. This figure is slightly above that found across the region and significantly lower than the figure for England (of 19%). The key BME group in the HMA is Other-White (which is likely to contain a number of Eastern European migrants) – the Other-White population makes up 3.9% of all people in the HMA. This figure is notably higher than for any other group.

9.56 Looking at the individual local authorities the data shows around 15% of the population in Bournemouth being from a non-White (British/Irish) group. All other areas have a proportion which is below the regional average (marginally in the case of Poole). In both East Dorset and Purbeck, only 3.3% of the population was recorded as being in a BME group as of 2011. In all areas, the main BME group is the Other-White group.

Table 70: Black and Minority Ethnic Population (2011)

Ethnic Group	Bourne-mouth	Christ-church	East Dorset	North Dorset	Poole	Pur-beck	HMA	South West	Eng-land
White: British	83.8%	95.1%	96.2%	94.7%	91.9%	96.2%	90.9%	91.8%	79.8%
White: Irish	0.7%	0.6%	0.4%	0.4%	0.5%	0.5%	0.6%	0.5%	1.0%
White: Gypsy or Irish Traveller	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
White: Other White	7.3%	1.7%	1.4%	2.4%	3.3%	1.7%	3.9%	3.0%	4.6%
Mixed: White & Black Caribbean	0.6%	0.2%	0.2%	0.2%	0.3%	0.2%	0.4%	0.5%	0.8%
Mixed: White & Black African	0.3%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%	0.3%
Mixed: White & Asian	0.8%	0.4%	0.3%	0.3%	0.5%	0.2%	0.5%	0.4%	0.6%
Mixed: Other Mixed	0.6%	0.3%	0.2%	0.2%	0.3%	0.2%	0.4%	0.3%	0.5%
Asian: Indian	1.1%	0.2%	0.2%	0.2%	0.7%	0.1%	0.6%	0.6%	2.6%
Asian: Pakistani	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.2%	2.1%
Asian: Bangladeshi	0.2%	0.1%	0.2%	0.1%	0.3%	0.1%	0.2%	0.2%	0.8%
Asian: Chinese	1.0%	0.4%	0.2%	0.2%	0.5%	0.1%	0.5%	0.4%	0.7%
Asian: Other Asian	1.5%	0.4%	0.2%	0.7%	0.7%	0.2%	0.8%	0.5%	1.5%
Black: African	0.7%	0.1%	0.1%	0.2%	0.2%	0.1%	0.3%	0.5%	1.8%
Black: Caribbean	0.2%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.3%	1.1%
Black: Other Black	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.4%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.4%
Any other ethnic group	0.5%	0.1%	0.1%	0.1%	0.2%	0.0%	0.3%	0.2%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	183,491	47,752	87,166	68,583	147,645	44,973	579,610	5,288,935	53,012,456
% non-White (British/Irish)	15.5%	4.3%	3.3%	4.9%	7.6%	3.3%	8.5%	7.7%	19.3%

Source: ONS (2011 Census)

9.57 Since 2001 the BME population in the HMA can be seen to have increased significantly as shown in Table 71. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of the HMA has risen by 42,900 over the 10-year period the increase in BME groups (all groups other than White (British/Irish)) has been 27,900. The White (British/Irish) population has therefore increased by 3% compared to an increase of 130% in BME groups (all combined).

9.58 Looking at particular BME groups we see that the largest rise in terms of population has been for White-Other people – increasing by 12,800 over the ten years. The Asian population has increased by 8,650 people; this group also sees the greatest increase in proportionate terms – a 219% rise in population.

Table 71: Change in BME groups 2001 to 2011 (HMA)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	515,254	530,217	14,963	2.9%
White – Other	10,820	23,656	12,836	118.6%
Mixed	3,971	8,084	4,113	103.6%
Asian or Asian British	3,951	12,601	8,650	218.9%
Black or Black British	1,149	2,718	1,569	136.6%
Chinese and other	1,560	2,334	774	49.6%
Total	536,705	579,610	42,905	8.0%
Non-White (British/Irish)	**21,451**	**49,393**	**27,942**	**130.3%**

Source: Census 2001 and 2011

9.59 When looking at the individual local authorities (and comparing the findings with regional and national data) it can be seen that the increase in the BME community has been stronger in the HMA than across the South West and England. This finding does however need to be considered in the context of a relatively low base of BME population in 2001. The analysis shows the highest BME increase in proportionate terms to have been in Bournemouth, followed by Poole. The change in the BME population in Purbeck (and to a lesser extent East Dorset) looks to be quite modest when compared with other locations.

Table 72: Change in Non-White (British/Irish) population – 2001-11

	Population (2001)	Population (2011)	Change from 2001	% change from 2001
Bournemouth	10,714	28,384	17,670	164.9%
Christchurch	1,103	2,039	936	84.9%
East Dorset	1,936	2,919	983	50.8%
North Dorset	1,774	3,368	1,594	89.9%
Poole	4,698	11,191	6,493	138.2%
Purbeck	1,226	1,492	266	21.7%
HMA	21,451	49,393	27,942	130.3%
South West	194,348	404,643	210,295	108.2%
England	5,767,580	10,216,219	4,448,639	77.1%

Source: Census (2001 and 2011)

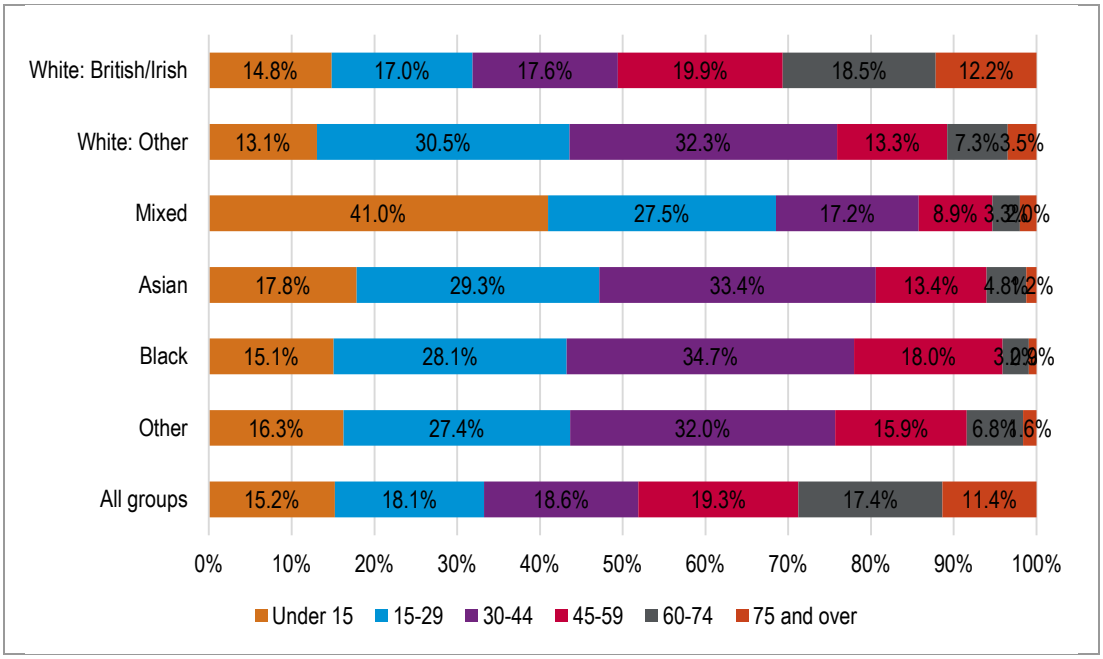
BME Household Characteristics

9.60 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the HMA. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.

9.61 The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The

proportions of older persons are also notable with 31% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 11%.

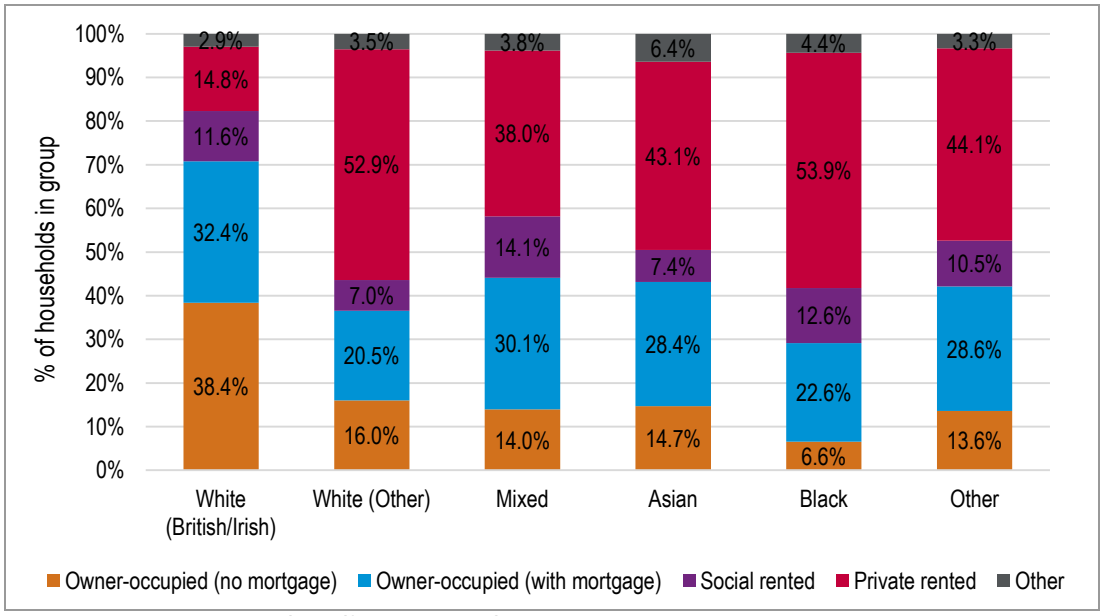
Table 73: Population Age Profile by Ethnic Group, 2011



Source: Census (2011)

9.62 There are notable differences between the household characteristics of BME households and the White: British population. Figure 75 indicates that all BME groups are significantly less likely to be owner-occupiers (particularly outright owners) and far more likely to live in private rented accommodation. Arguably the starkest trends are the 53% of White (Other) and 54% of Black households living in the private rented sector.

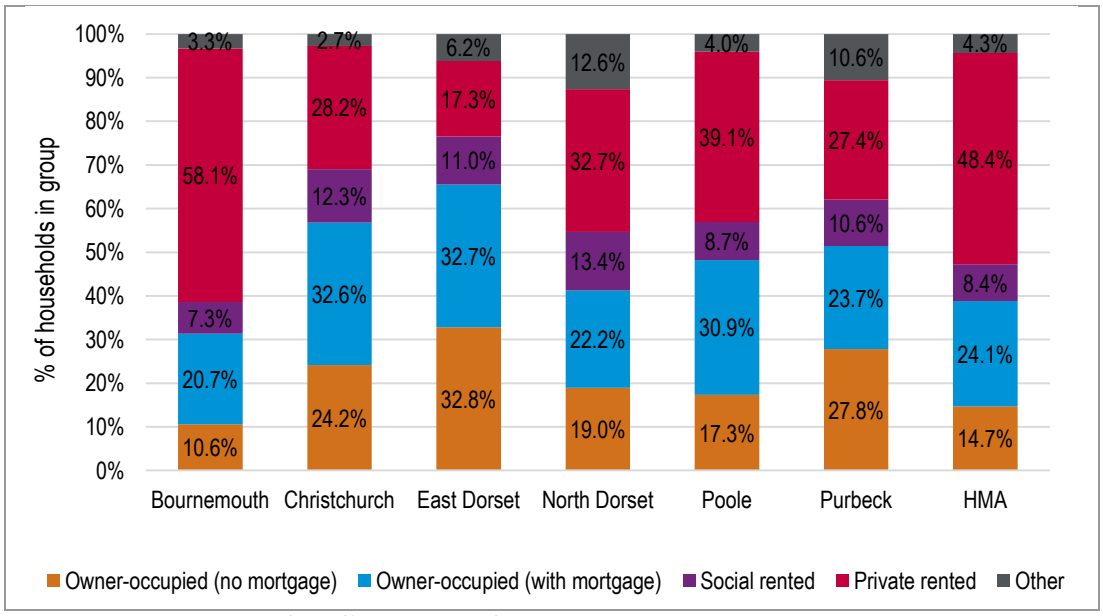
Figure 75: Tenure by Ethnic Group in the HMA



Source: 2011 Census data (from NOMIS)

9.63 Looking at individual local authorities (figure below) the data shows some significant differences by location. In Bournemouth, some 58% of BME households live in the Private Rented Sector with a figure of only 17% being seen in East Dorset.

Figure 76: Tenure of BME households – by District



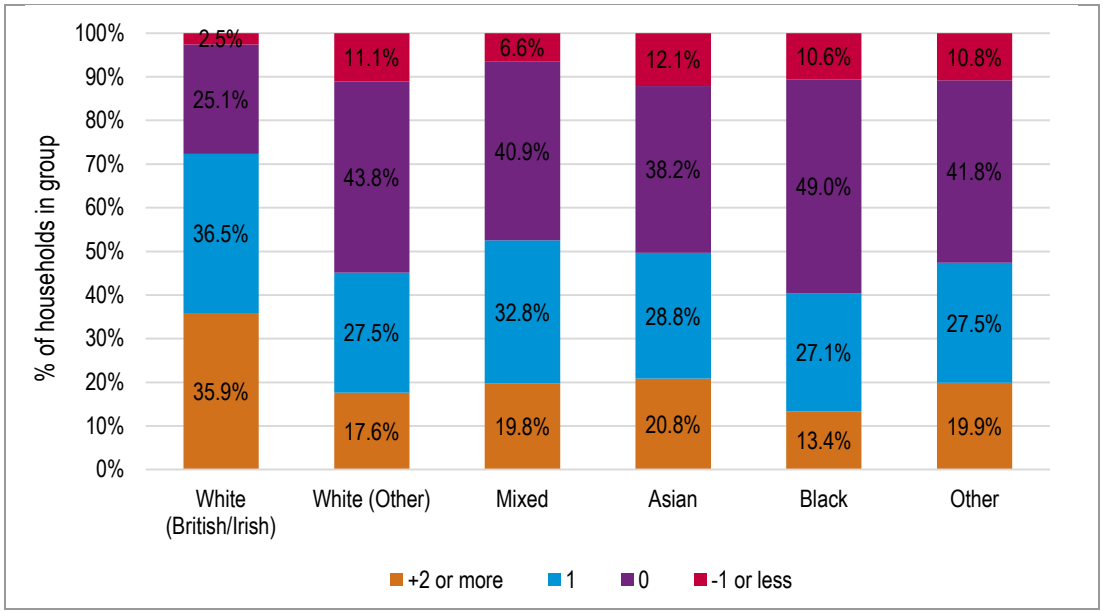
Source: 2011 Census data (from NOMIS)

9.64 The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the HMA shows a strong representation of LHA Claimants).

9.65 As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

9.66 The figure below shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 12% of Asian households are overcrowded - this compares with only 2.5% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

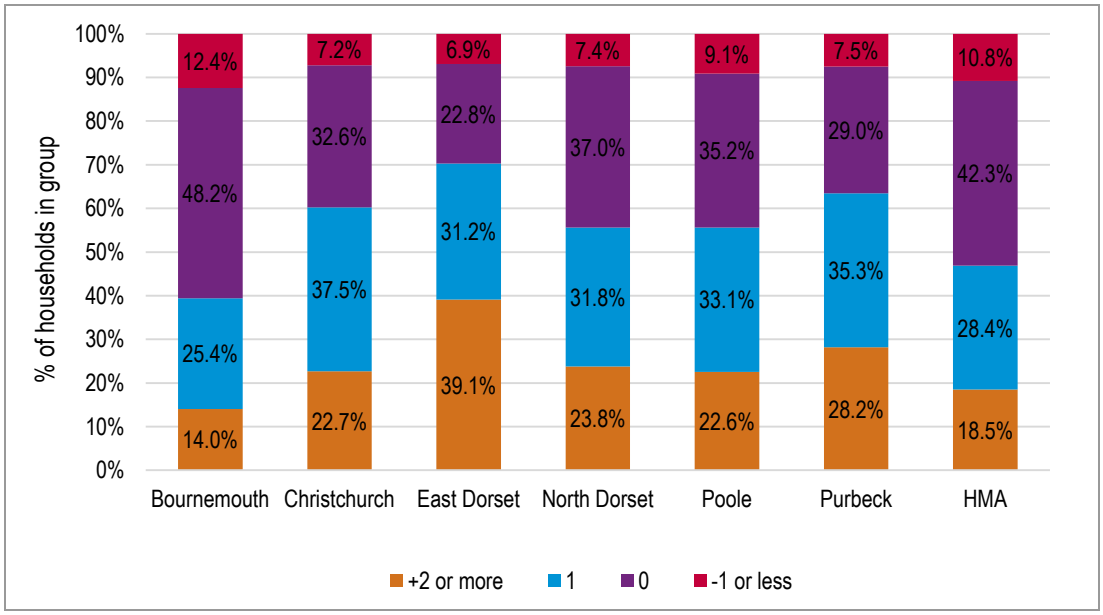
Figure 77: Occupancy Rating by Ethnic Group – HMA



Source: 2011 Census data (from NOMIS)

9.67 Looking at individual local authorities (Figure 78) the analysis does suggest some differences. Bournemouth has a notably higher level of overcrowding and low levels of under-occupancy with the opposite being seen in East Dorset. The analysis does however suggest in all areas that BME households are more likely to be overcrowded and less likely to be under-occupying homes than White: British/Irish households.

Figure 78: Occupancy Rating of BME Households – by District



Source: 2011 Census data (from NOMIS)

Households with Children (family households)

9.68 The number of families in the HMA (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 61,400 as of the 2011 Census, accounting for 24% of households. This proportion is slightly below both the regional (26%) and national (29%) average. There is relatively little variation between areas although Poole shows a slightly higher proportion of households with dependent children than other locations.

Table 74: Households with Dependent Children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Bournemouth	No.	9,508	2,899	4,684	1,814	63,469	82,374	18,905
	%	11.5%	3.5%	5.7%	2.2%	77.0%	100.0%	23.0%
Christchurch	No.	2,773	698	912	442	16,650	21,475	4,825
	%	12.9%	3.3%	4.2%	2.1%	77.5%	100.0%	22.5%
East Dorset	No.	5,743	1,070	1,529	610	28,612	37,564	8,952
	%	15.3%	2.8%	4.1%	1.6%	76.2%	100.0%	23.8%
North Dorset	No.	4,553	999	1,275	468	21,375	28,670	7,295
	%	15.9%	3.5%	4.4%	1.6%	74.6%	100.0%	25.4%
Poole	No.	9,329	2,325	3,596	1,434	46,846	63,530	16,684
	%	14.7%	3.7%	5.7%	2.3%	73.7%	100.0%	26.3%
Purbeck	No.	2,747	698	928	322	14,888	19,583	4,695
	%	14.0%	3.6%	4.7%	1.6%	76.0%	100.0%	24.0%
HMA	No.	34,654	8,689	12,924	5,090	191,839	253,196	61,357
	%	13.7%	3.4%	5.1%	2.0%	75.8%	100.0%	24.2%
South West	%	14.7%	3.9%	5.9%	1.9%	73.6%	100.0%	26.4%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: ONS (2011 Census)

9.69 The core demographic projection linked to the 2012-based SNPP suggests that the number of children (aged Under 15) is expected to increase from 2013 to 2033 (an increase of 8,900 – 9% increase). The increase is expected to be particularly strong in Bournemouth, Christchurch and Poole.

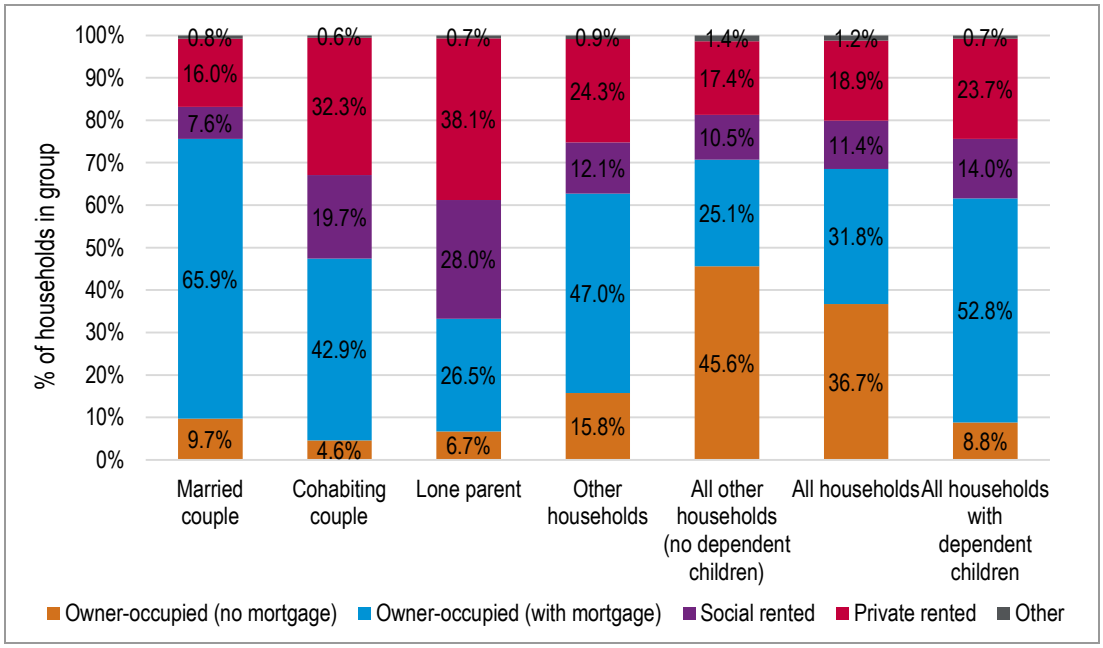
Table 75: Estimated Change in Population aged 15 and under (2013-33)

Area	Population aged 15 and under		Change (2013-33)	% change from 2013
	2013	2033		
Bournemouth	29,927	33,303	3,376	11.3%
Christchurch	7,584	8,671	1,087	14.3%
East Dorset	13,538	14,384	847	6.3%
North Dorset	12,339	12,820	482	3.9%
Poole	26,010	28,712	2,702	10.4%
Purbeck	7,335	7,740	405	5.5%
HMA	**96,733**	**105,631**	**8,898**	**9.2%**

Source: Derived from demographic modelling

9.70 Figure 79 shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only around a third of lone parent households are owner-occupiers compared with over three-quarters of married couples with children.

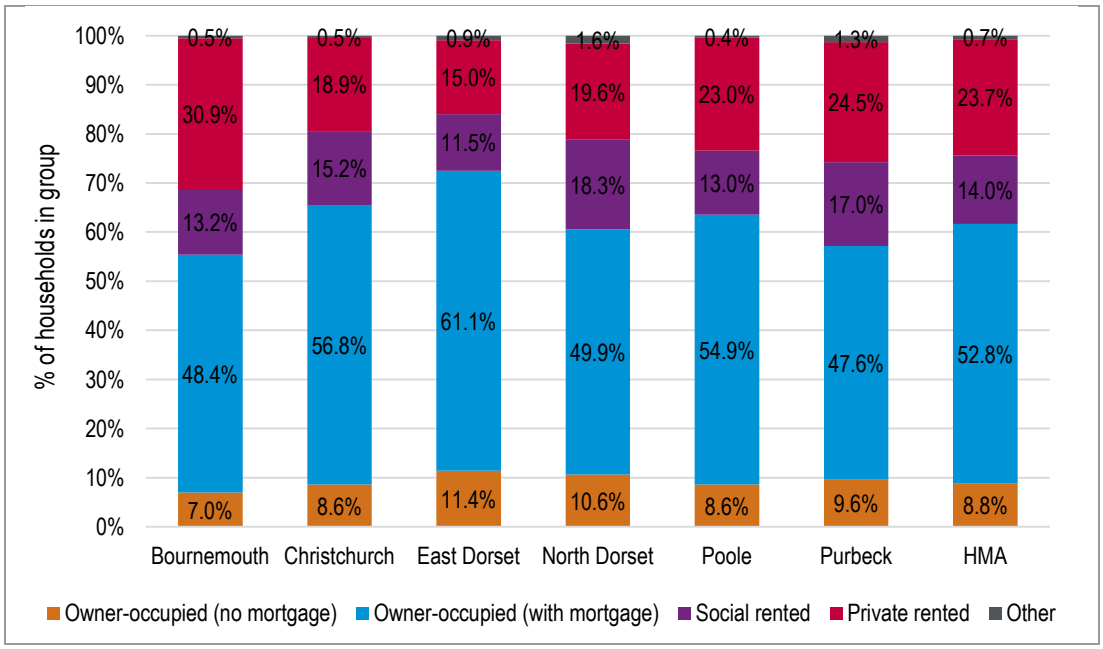
Figure 79: Tenure of Households with Dependent Children – HMA



Source: 2011 Census

9.71 Figure 80 shows the current tenure of households with dependent children for each individual local authority area (the figures are for all households with dependent children combined). The data tends to show a similar pattern in each location although Bournemouth stands out as having a particularly high proportion living in private rented accommodation.

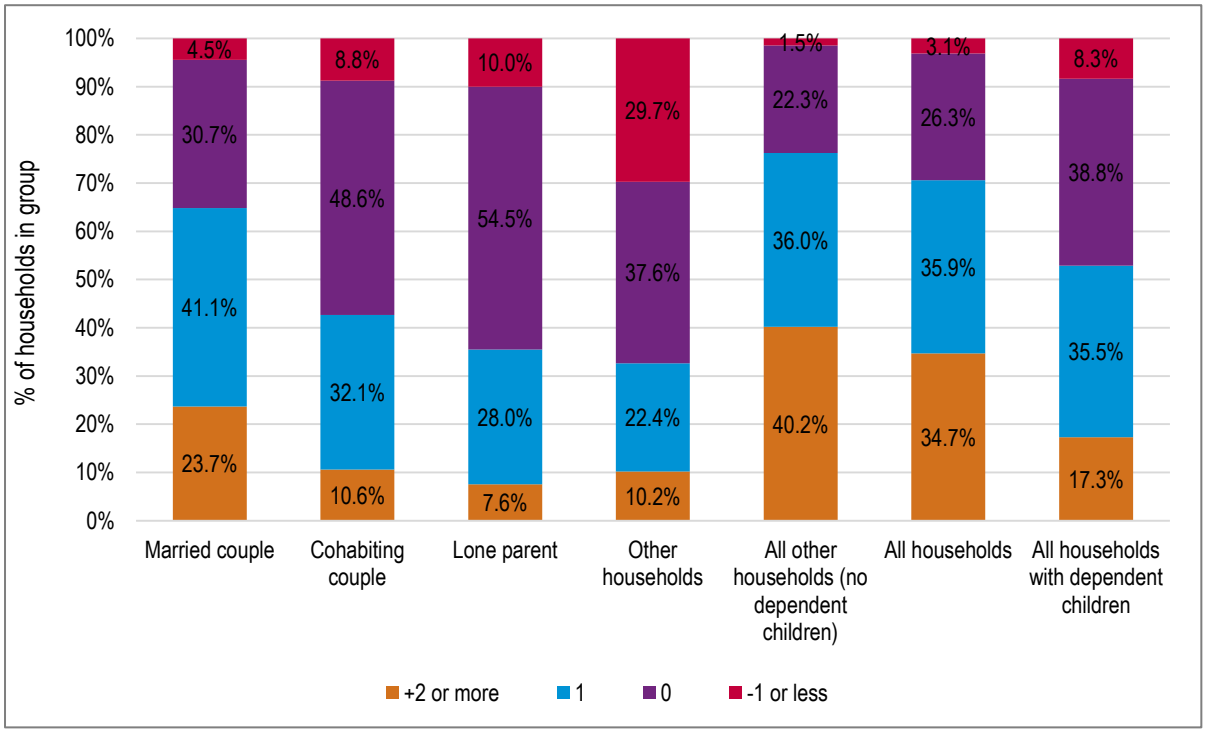
Figure 80: Tenure of households with Dependent Children – by District



Source: 2011 Census

9.72 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about six times more likely than other households to be overcrowded. In total, some 8% of all households with dependent children are overcrowded and included within this the data shows 10% of lone parent households are overcrowded along with 30% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

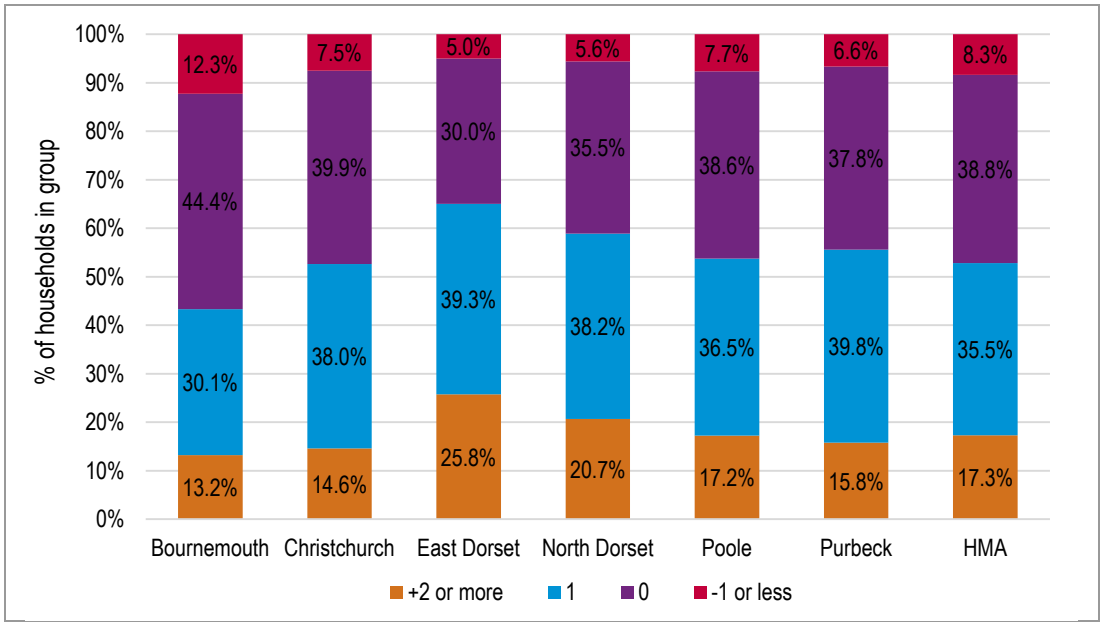
Figure 81: Occupancy Rating and Households with Dependent Children



Source: 2011 Census data (from NOMIS)

9.73 Figure 82 shows occupancy rates of households with dependent children by local authority. The data shows particularly high levels of overcrowding in Bournemouth, along with a low level of under-occupancy. The opposite is true for East Dorset in particular.

Figure 82: Occupancy Rating and Households with Dependent Children – by District



Source: 2011 Census data (from NOMIS)

Young People

9.74 Providing for the needs of younger person households is an important consideration for the Councils. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s requiring private rented homes.

9.75 The demographic projections suggest that in 2013 there were around 38,800 households headed by someone aged under 35 and that this is expected to remain roughly at this level over the period from 2013 to 2033.

Table 76: Estimated Change in Households Headed by someone aged under 35 (2013-33)

Area	Households aged under 35 2013	Households aged under 35 2033	Change (2013-33)	% change from 2013
Bournemouth	19,839	20,704	865	4.4%
Christchurch	1,902	2,131	229	12.0%
East Dorset	2,772	2,994	222	8.0%
North Dorset	3,540	3,522	-17	-0.5%
Poole	9,647	10,153	506	5.2%
Purbeck	1,865	1,885	21	1.1%
HMA	**39,565**	**41,389**	**1,825**	**4.6%**

Source: Derived from demographic modelling

9.76 As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the HMA with non-dependent children. In total, some 8% of households (21,400) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the HMA is however lower than the regional and national average.

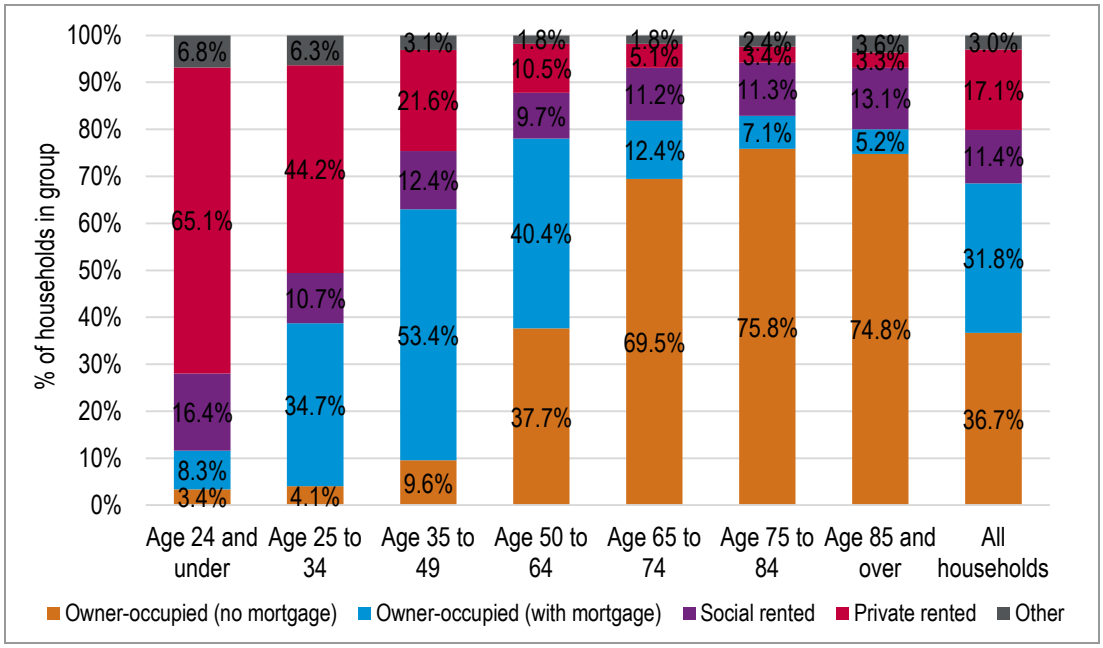
Table 77: Households with Non-Dependent Children, 2011

		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
Bournemouth	No.	2,998	303	2,384	76,689	82,374	5,685
	%	3.6%	0.4%	2.9%	93.1%	100.0%	6.9%
Christchurch	No.	1,142	88	663	19,582	21,475	1,893
	%	5.3%	0.4%	3.1%	91.2%	100.0%	8.8%
East Dorset	No.	2,375	164	1,082	33,943	37,564	3,621
	%	6.3%	0.4%	2.9%	90.4%	100.0%	9.6%
North Dorset	No.	1,546	134	718	26,272	28,670	2,398
	%	5.4%	0.5%	2.5%	91.6%	100.0%	8.4%
Poole	No.	3,414	334	2,111	57,671	63,530	5,859
	%	5.4%	0.5%	3.3%	90.8%	100.0%	9.2%
Purbeck	No.	1,170	98	647	17,668	19,583	1,915
	%	6.0%	0.5%	3.3%	90.2%	100.0%	9.8%
HMA	No.	12,645	1,121	7,605	231,825	253,196	21,371
	%	5.0%	0.4%	3.0%	91.6%	100.0%	8.4%
South West	%	5.2%	0.4%	2.9%	91.4%	100.0%	8.6%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: ONS (2011 Census)

9.77 When considering households that are currently headed by a younger person we can use 2011 Census data to look at some key characteristics. Figure 83 shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

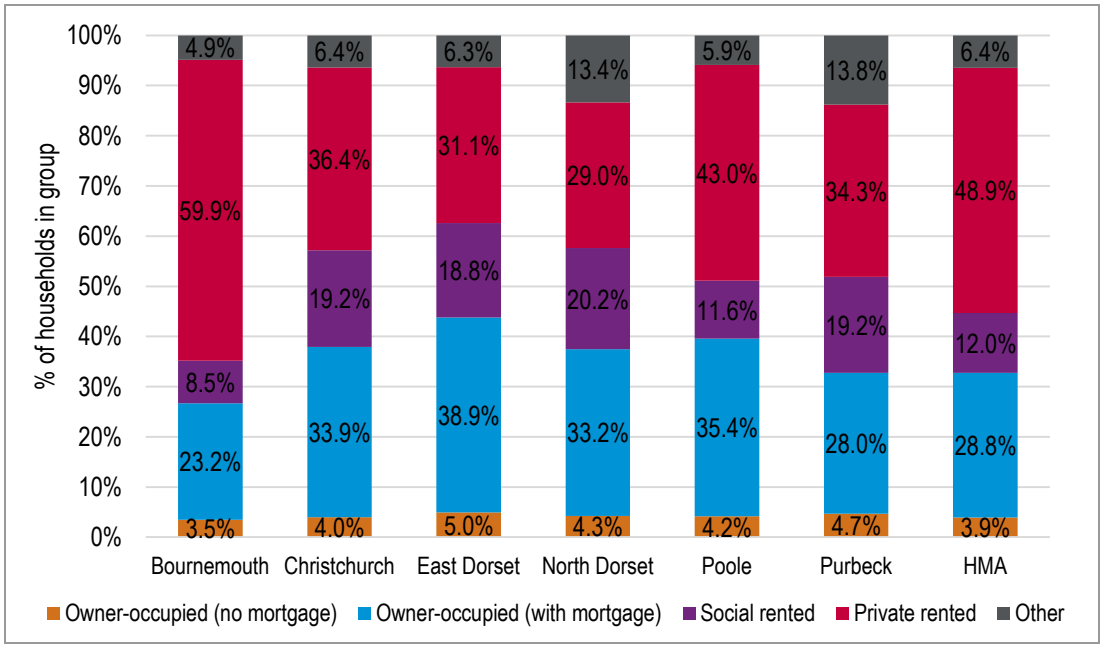
Figure 83: Tenure by Age of HRP – HMA



Source: 2011 Census

9.78 When looking at the tenure groups of younger households by district (based on household reference persons aged under 35) the data shows a particularly high reliance on the private rented sector in Bournemouth. All other areas show a relatively high proportion of younger people living in the social rented sector whilst in East Dorset some 44% are owner-occupiers (much higher than the HMA average of 33%). In all areas it is however the case that private renting is a dominant tenure for younger households.

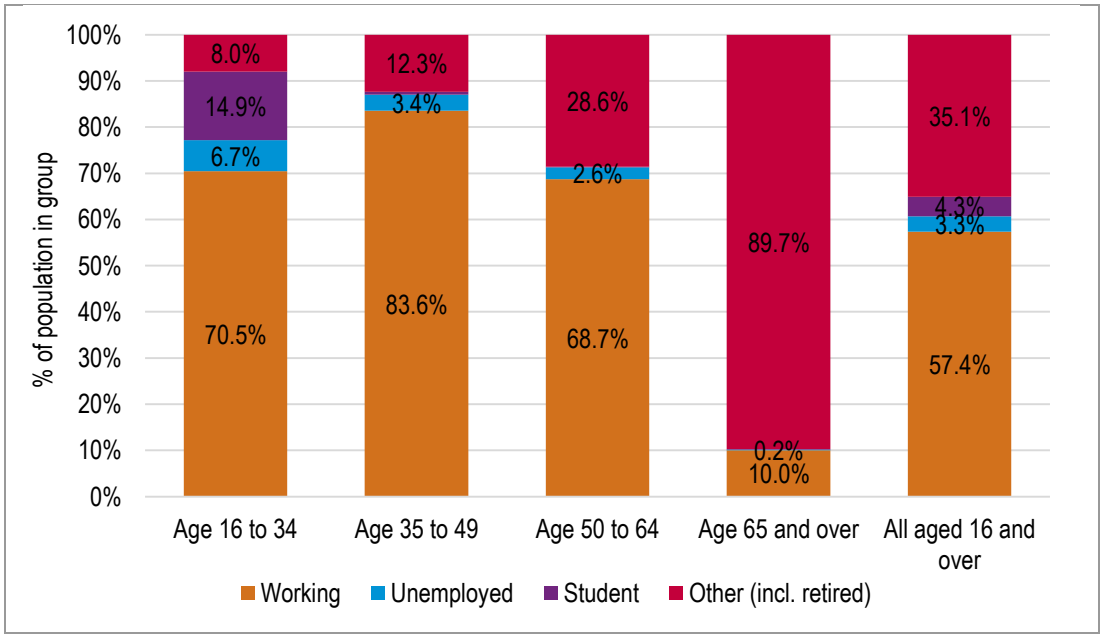
Figure 84: Tenure of Households aged under 35 – by District



Source: 2011 Census

9.79 Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the figure below. The data shows that younger people are more likely to be unemployed than other age groups. The data shows that of the population aged 16-34 some 7% are unemployed with this likely to be concentrated in younger people within this age group (e.g. those aged up to 24).

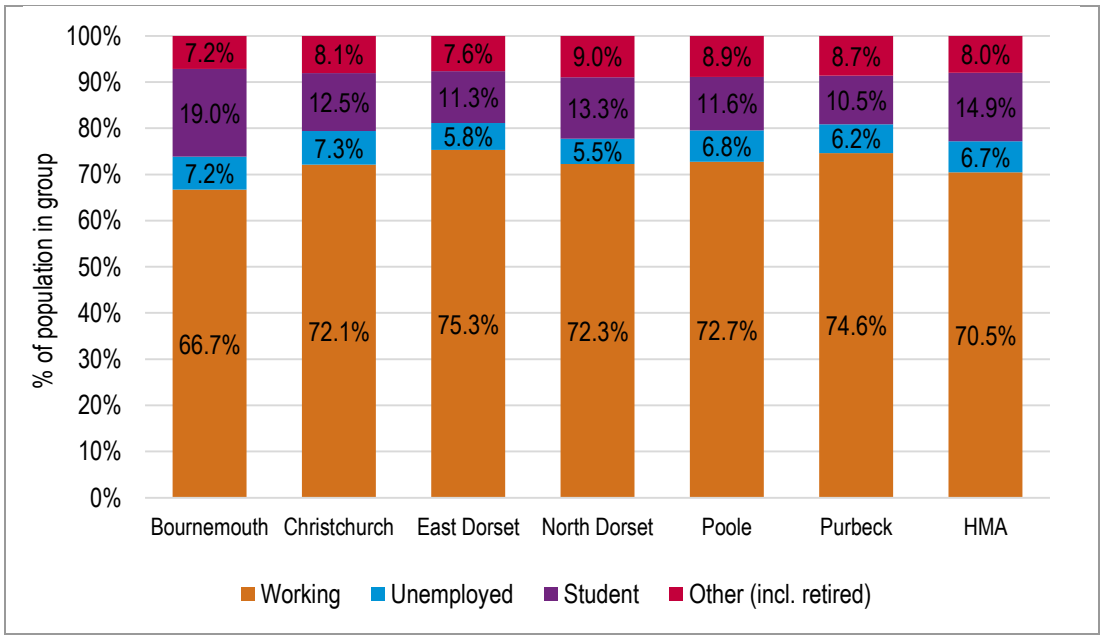
Figure 85: Economic Activity by Age – HMA



Source: 2011 Census

9.80 Data about economic activity has been provided below at a more localised level for the population aged under 35. The data shows that all areas have between about 6% and 7% of younger people who are unemployed. Due to the high proportion of students, Bournemouth sees only 67% of younger people in work – this compares with at least 72% in all other areas.

Figure 86: Economic Activity by Location (people aged 16-34)



Source: 2011 Census

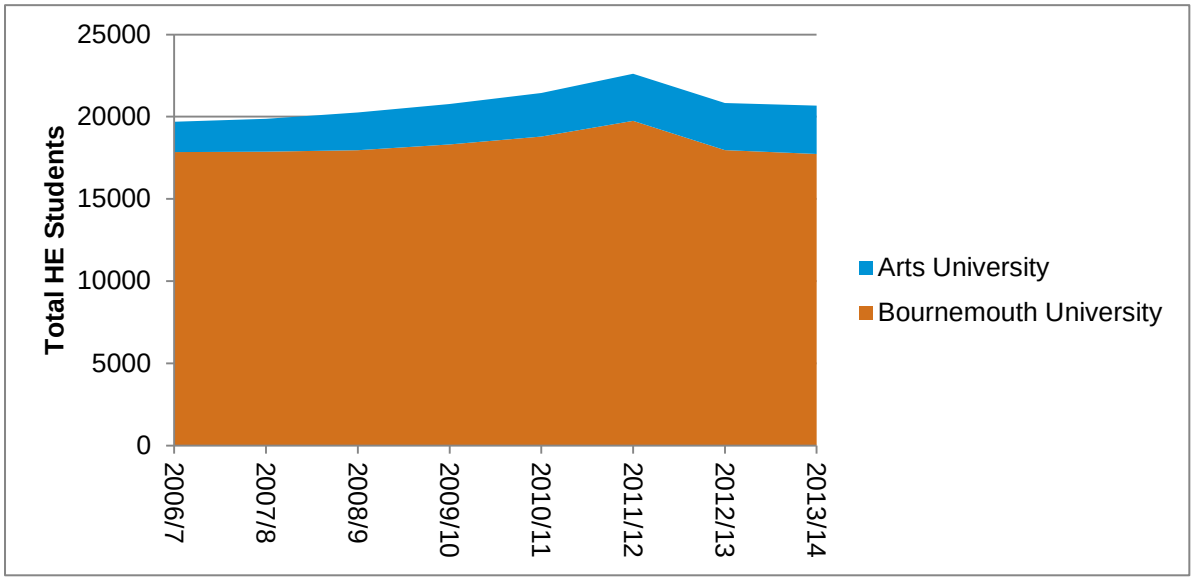
Student Housing

9.81 There are two universities in Eastern Dorset – the University of Bournemouth and the Arts University Bournemouth. The universities have their main campus on the Poole side of the Bournemouth/Poole boundary and another campus in Bournemouth. The Anglo European College of Chiropractic (AECC) has its campus in East Boscombe, Bournemouth.

9.82 Information about student numbers at the University of Bournemouth and the smaller Arts University Bournemouth is published by HESA – the Higher Education Statistics Authority. The AECC does not publish information to enable us to estimate its student numbers, nor do the proliferation of private sector English Language Schools.

9.83 According to HESA, there were 20,657 postgraduate and undergraduate higher education students attending the Bournemouth universities during the academic year 2013/14. The data shows a reduction in student numbers since the 2011/12 academic year, most likely reflecting changes to tuition fees and caps on funding for domestic student places.

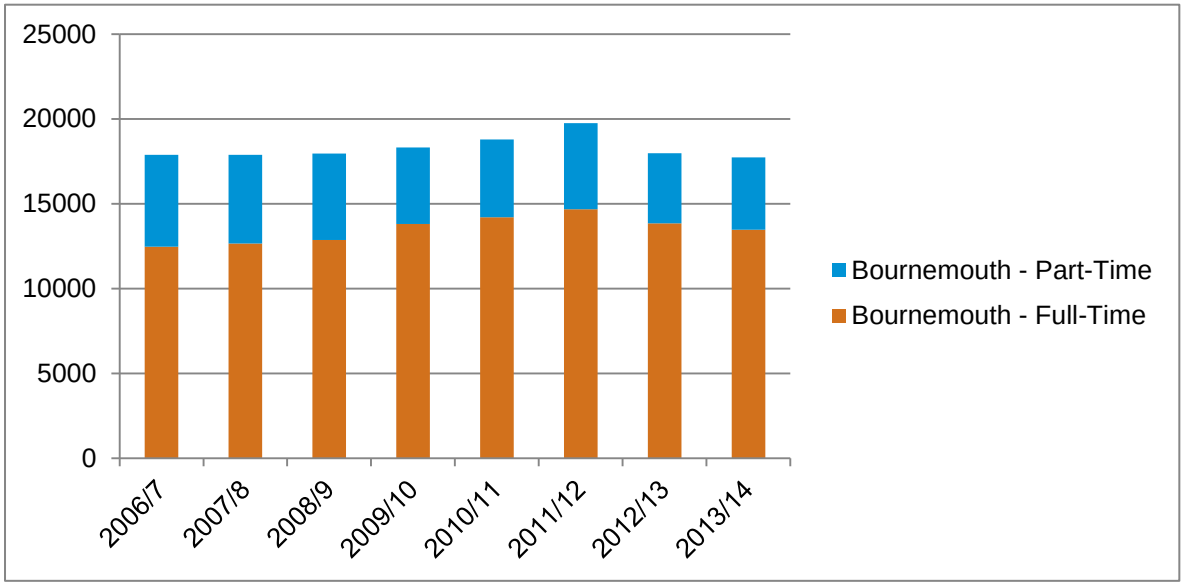
Figure 87: Change in Higher Education Student Numbers, 2006-2013



Source: HESA

9.84 Figure 88 profiles trends in the student population at Bournemouth University. Full-time student numbers increased from 12,460 in 2006/7 to 14,670 in 2011/12 (an 18% growth, equivalent to 3.5% pa). They have however since fallen to 13,465. It is likely that full-time student numbers will have the greater impact on the housing market.

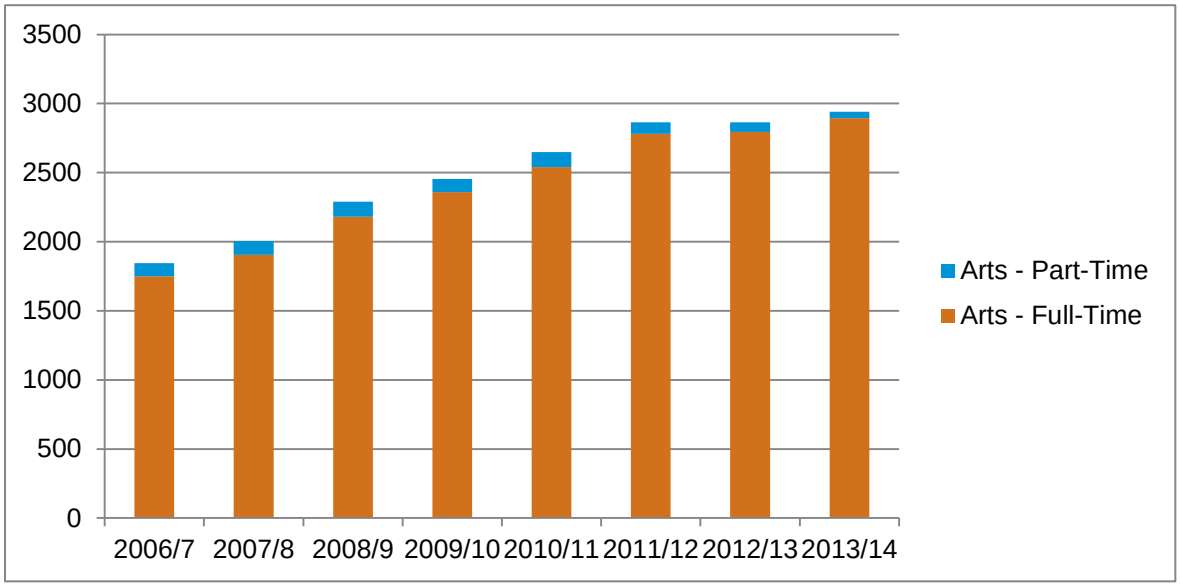
Figure 88: Student Numbers, Bournemouth University



Source: HESA

9.85 At the Arts University Bournemouth, full-time student numbers have increased from 1,750 in 2006/7 to 2,780 in 2011/12 (12% growth per annum), with a more modest increase since to 2,895 in 2013/14.

Figure 89: Student Numbers, Arts University Bournemouth



Source: HESA

9.86 Migration trends over the period from 2007-12 feed into the Sub-National Population Projections. Growth in total student numbers over this period was equivalent to 580 per annum, with growth in full-time students higher at 650 per annum.

9.87 However the demographic projections moving forwards expect more modest population growth in student age groups. The population aged 18-23 is expected to grow by 252 per annum in Bournemouth and 74 per annum in Poole (based on the 2012-based SNPP) between 2013-33. The projected growth for these age groups is modest relative to trends between 2007-12. Bournemouth University's Strategic Plan 2012-18 aims to maintain the number of students at the university over the life of the Strategic Plan. Bournemouth University are modelling a short-term drop in new entrant student numbers, but expect student intake to return to trend for the 2014-15 year. The Universities model is as follows:

- A 10% reduction in 2012-13;
- A 5% reduction in numbers for 2013-14;
- A return to numbers in 2014-15.

9.88 This strategy appears to be borne out by the HESA figures. The Strategic Plan includes no strategy for the longer term.

9.89 In terms of student accommodation, Bournemouth University provides accommodation for approximately 3,500 students. This is equivalent to about 26% of its full-time student population in 2013/14. The majority of this is in halls of residence but also includes a small number of places in hotels, lodging with local families, and in hospital accommodation (health and social care students).

9.90 Arts University Bournemouth provides accommodation for almost 500 students. This is equivalent to around 17% of the full-time student population in 2013/14.

9.91 The majority of student residences are found in the Borough of Bournemouth although there are some in the Borough of Poole. The universities did not report any new student accommodation becoming available in the foreseeable future. However the Council reports that there is evidence to suggest that planning proposals are coming forward which include new student accommodation.

Table 78: Student Accommodation

Bournemouth University		
Accommodation Name	**Location**	**Number of Student Places**
Chesil House	Bournemouth	210
Corfe House	Poole	308
Cranborne House	Bournemouth	497
Dorchester House	Bournemouth	540
Lyme Regis House	Bournemouth	400
Purbeck House	Bournemouth	518
Unilet - University Managed Housing	Bournemouth and Poole	400
St Johns Road	Bournemouth	28
Conel Court	Bournemouth	11
Okeford House	Bournemouth	94
The Student Village	Bournemouth	250
Other	Various	250
Total		**3,500**
Arts University Bournemouth		
Madeira Road	Bournemouth	378
West House	Campus	50
Winton Halls	Bournemouth	29
George Close	Bournemouth	24
Total		**481**
Overall Total		**3,981**

Source: BU and AUB

9.92 We have discussed student housing issues with local letting agents. Agents in Winton said that the area was saturated with student housing some of which had not been let as at mid-August 2014. Although the rental market in Charminster is not similarly saturated, student housing vacancies were also apparent. Further investigation using Rightmove confirmed this. Agents told us that the vacancies were as a result of fewer students from England plus competition in the form of recently completed blocks of apartments for students which offered high quality affordable lettings with in house services such as internet, gymnasia and places to socialise. Agents told us that the lower

quality accommodation in the private rented sector could not compete and some owners had been slow to react. Rightmove listed many large houses for sale targeting owner occupiers and residential investors as well as investors interested in student housing.

9.93 Just before the start of the academic year 2014/5 agents surveyed told us that some student houses remained un-let even though the government had funded additional places across UK universities.

9.94 Agents also told us that the seasonal change in the student population was not as great as in other towns and cities. This is because of Bournemouth's location and its capacity to offer part time or placement work in the summer months. Regarding the language schools, international students tend to take short courses all year round. These students tend to live in bed and breakfast accommodation or with families rather than student lettings.

9.95 Common with the CLG Household Projections model, the 'institutional population' aged under 75 is held constant. By implication this means there is no projected growth in student numbers in the 'institutional population'. This means that all projected student growth is expected to be accommodated within the household population, and is therefore counted within the calculations of the Objectively Assessed Housing Need (OAN) in this report.

9.96 Student accommodation (either through university- or privately-managed halls) can therefore be counted towards housing numbers, on the basis of the expected accommodation within the Private Rented Sector that it could be expected to release. On average student households typically accommodate between 4-6 persons. The headship rate for those aged 16-24 in this report varies from 16-18% of persons (who would be a head of a household). On this basis we would consider that it is reasonable to assume that delivery of six student bedspaces would be equivalent to one dwelling.

The Non-student House Sharing Market

9.97 House sharing is most common in Bournemouth and Poole. Young professionals early in their careers will exercise a lifestyle choice and prefer house sharing to equivalent price self-contained rented housing which tends to be of poor quality. At the time of our research the www.spareroom.com website was advertising a significant number of vacancies for double and single rooms. Prices range from £300 to £450 pcm depending on whether single or double rooms with or without en suite facilities.

9.98 There were 500 vacancies across the study area. In Bournemouth there were 230 vacancies mostly in Winton, Charminster and East of the railway station. There was some overlap with the student market in the larger shared houses. In Poole there were 185 vacancies mostly clustered around

Branksome Station but also many around The Quay and North of the hospital. There were 22 current vacancies in Christchurch clustered around the North – South road corridors. Outside the urban area in East Dorset there were 29 vacancies, notable clusters were around the around the A31 at Wimborne and Ferndown. There were 21 vacancies scattered around the main towns in North Dorset, Purbeck had 20 vacancies evenly distributed across the main towns.

9.99 We noted very few 'rooms to rent' in local newspapers or shop windows right across the study area except in the Quay area of Poole.

9.100 Mosaic support the view that this market is mostly present in Bournemouth and Poole with these towns having the highest proportion of residents in the 'New Homemakers' group.

Self / Custom Build

9.101 SHMAs need to investigate the contribution that self-build makes toward the local supply. It is referred to in the NPPF and in 'Laying the Foundations – a Housing Strategy for England 2010'. The strategy states that only one in 10 new homes in Britain was self-built in 2010 that the barriers for the sector to grow are lack of land, limited finance and mortgage products, restrictive regulation and a lack of impartial information for potential custom home builders. However the Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, and S106 planning obligations.

9.102 Recent research into the self-build market is limited. The Joseph Rowntree Foundation published a report 'The current state of the self-build housing market' in 2001. However market conditions have changed since then and government schemes such as help to buy and increased competition amongst house-builders has arguably removed some of the motivation from potential self-builders.

9.103 Interestingly, the media has focussed on custom build. We are aware of many popular radio and TV programmes that have made case studies of custom build projects. The genre is also significant from an investment point of view given that there have been very poor returns on personal or business deposits since 2008.

9.104 Since the publication of the NPPF we have carried out bespoke qualitative research into self-build as part of our SHMA methodology. We have sought information from local authority planning departments; estate agents, the internet and a small number of self-builders. We have adopted a wide definition of self-build and conclude that the term 'custom build' is probably a better description

of the sector. This is because the initiator can be involved in construction, produce, or project manage the project or simply commission a project for professionals and house builders to deliver. The initiator may not be the occupier, seeing the project as an investment for sale or rent.

9.105 Quantitative information is hard to come by. Planning officers are not required to keep records on self- and custom-build development and frequently draw our attention to the fact that a custom build classification is not included on the national 1APP planning forms and/or the building regulations forms. Information from local authority planning officers is therefore anecdotal. Most officers tell us that activity as a percentage of completions is low, ranging from 'next to nothing' to 10% although most say that the level is under 5%. They tell us that dwellings can have design merit but can require more input from planning and building control officers. Custom build being facilitated by serviced plots are rare and would require initial investment by the landowner. Officers also refer to the construction of annexes. These will be standalone self-contained dwellings and are often constructed for employees or family members some of whom may be frail or disabled in some way. Planning officers told us that planning conditions are mostly applied to ensure that occupancy is connected to the main dwelling in some way.

9.106 Estate agents tell us that they are frequently involved in valuations where there is potential for 'intensification', for example the potential for constructing dwellings on large gardens or corner plots. Local planning policy may be adopted to restrict this if it is considered that an area is in danger of being over developed. Lack of open space and problematic car parking and infrastructure capacity have been cited as considerations. Agents involved in the re-sale of custom built housing tell us that they rarely encounter problems with lenders as surveyors are always involved in the process. Estate agents tell us that older low density estates can attract custom builders. They have cited areas where small low value dwellings on large plots have been demolished and new dwellings established. They tell us that custom build tends to occur mostly in areas that are becoming fashionable and within rural settlements and in coastal areas and some will be second homes.

9.107 Whilst most new housing is constructed by the volume house builders we have come across many local house builders who develop small plots for individual clients – many for the rental market. Landlords have told us that this is a more cost effective route than purchasing off volume builders. Some landlords generate significant cash surpluses from their portfolio and choose to invest in this way as returns are more attractive than other investments. At the other end of the scale we have interviewed entrepreneurs and individuals with large savings who will use their local knowledge and skill to acquire individual vacant plots and custom build. Two such entrepreneurs we came across were planning to use the dwelling in the tourist rather than residential sector. We have also come across a medium size regional house builder whose key selling point is that he will customise his products for the purchaser and was offering dwellings within the Help to Buy scheme.

9.108 Finally we have reviewed a number of websites dedicated to advising and assisting people to self-build. Some assist in the brokerage of individual building plots and this is part of our SHMA information gathering.

9.109 Overall the evidence we have collected across England suggest that this is a niche sector, but one that is not necessarily only delivering high value bespoke homes. It is clear that much activity is undertaken by entrepreneurs aimed at more modest homes for sale or rent and in doing so making better use of land that may detract from the local environment. It is also clear that the role of a local champion for the sector is a step that needs to be taken if further interest is to be generated. It is noteworthy that all of the examples of custom build we have come across have been commissioned by individuals or entrepreneurs with savings, rather than borrowings. These points will need to be addressed if custom build is to become 'a mainstream option'.

9.110 Planning officers tell us that some self-builders need much more support from planning departments than commercial house builders and this would become an issue if self-build volumes were to increase. This may be the case in future as the Government introduces policy and incentives to support self-build such as the recent change in the planning guidance removing affordable housing requirements from self-builders.

Homeless Households

9.111 Local Authorities have a statutory duty to assess people who are homeless or threatened with homelessness. Authorities must assess whether homeless applicants are unintentionally homeless and in 'priority need.' These 'priority need' categories are set out in section 189 of the 1996 Act. It should be noted that under homeless legislation local connection criteria apply which is different to a housing register based application for a tenancy.

9.112 Table 79 shows the number of households found to be eligible for assistance, unintentionally homeless and in priority need in each of the Eastern Dorset authorities. The majority of households identified as homeless in Eastern Dorset are within Bournemouth (54% of HMA total), and to a lesser extent Poole (27% of HMA total).

Table 79: Detailed Local Authority Level Homelessness Figures: July - September 2014

Local Authority	Eligible unintentionally homeless and in priority need	Eligible, homeless and in priority need but intentionally so	Eligible, homeless but not in priority need	Eligible, but not homeless	Ineligible households	Total
Bournemouth	34	27	46	21	-	128
Christchurch	-	-	-	5	-	5
East Dorset	-	-	-	-	-	0
North Dorset	16	-	-	9	-	25
Poole	29	7	6	22	-	64
Purbeck	11	-	-	5	-	16
Total	**90**	**34**	**52**	**62**	**-**	**238**

Source: DCLG (2014)

9.113 The levels of homelessness reported in July to September 2014 represent a 30% increase on the numbers for the same period in 2013 when there were 183 such households identified. There were 182 such households in 2012. The majority of this increase (48 households) has been in Bournemouth.

Summary: Specific Groups of the Population

9.114 This section of the report has studied the housing circumstances of various different groups of the population.

9.115 A key challenge for the HMA authorities will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 61,000 (45%) over the 20-years from 2013 to 2033. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors). Planning should support provision of specialist housing for older persons. The local authorities will also need to consider how to effectively support households to adapt properties to meet their changing needs.

9.116 The number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 98% increase in the population aged over 85 from 2013 to 2033 with Census data suggesting that 80% of this age group have some level of disability. This can be expected to generate needs for adaptable accommodation, such as Lifetime Homes, as well as wheelchair-accessible housing.

9.117 The BME population of the HMA is somewhat smaller in size than the national average. It has however grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Councils should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

9.118 The analysis suggest that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the HMA over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

9.119 Young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and higher levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

9.120 Common with the CLG Household Projections model, the 'institutional population' aged under 75 is held constant. By implication this means there is no projected growth in student numbers in the 'institutional population'. This means that all projected student growth is expected to be accommodated within the household population, and is therefore counted within the calculations of the Objectively Assessed Housing Need (OAN) in this report. We consider that it is reasonable to assume that delivery of six student bedspaces would be equivalent to one dwelling.

10 CONCLUSIONS

10.1 This final section of the report draws conclusions regarding housing need. It considers the overall need for housing 'leaving aside' issues relating to land supply, development constraints and infrastructure. It also considers what mix of housing is needed in the HMA and different local authorities.

The Housing Market Area

10.2 The NPPF sets out that local planning authorities should work together to assess the full housing needs within the relevant Housing Market Area (HMA). The SHMA has sought to confirm the definition of the HMA, considering existing research at national and local levels, together with migration and commuting patterns and house prices - the key indicators identified in the Planning Practice Guidance (PPG).

10.3 Existing studies, both at a national and local level, point to the existence of an east-west distinction between housing markets in Dorset; with some areas in the north of the county relating more towards Salisbury and Yeovil. This has been tested, taking account of more recent migration and commuting data from the 2011 Census. This continues to support these distinctions, with both the migration and commuting data suggesting an East-West distinction within the County; and with some areas in the north of the county relating more towards Salisbury and Yeovil. The analysis clearly identifies:

- An Eastern Dorset HMA which includes Bournemouth, Poole and Christchurch and parts of both Purbeck, East and North Dorset including Wimborne, Blandford Forum, Wareham and Swanage;
- A Western Dorset HMA which includes Weymouth and Portland and Dorchester, and stretches east to Bridport.

10.4 In the case of both markets, the migration, travel to work and house prices evidence all broadly supports this.

10.5 The analysis suggests that parts of Purbeck and North Dorset relate to different market areas, with Crossways and Wool falling within the Western Dorset HMA as well as Sturminster Newton; Sherborne falling more within a Yeovil-focused HMA; with Gillingham and Shaftesbury falling in a Salisbury-focused market. Blanford Forum falls within the Eastern Dorset HMA.

10.6 However, whilst this reflects the reality of spatial relationships, for pragmatic reasons, **GL Hearn recommends that HMAs are drawn on the basis of local authority boundaries**. This approach is supported by the Planning Advisory Service (PAS) Technical Advice Note on *Objectively Assessed Need & Housing Targets* (Peter Brett Associates, 2014). It recognises that key

demographic data on migration and official population and household projections are not published below local authority level.

10.7 We therefore have considered to which areas Purbeck and North Dorset most closely relate. In terms of both gross migration, travel to work and house prices Purbeck relates most strongly to Poole. North Dorset shows strong links to Poole in terms of commuting and house prices, and its largest settlement, Blandford Forum, falls within Poole's commuting catchment. GL Hearn therefore concludes that Purbeck and North Dorset are both identified as falling principally within an Eastern Dorset HMA.

10.8 GL Hearn recommend that the Eastern Dorset HMA is thus defined, based on a best fit to local authority boundaries, as comprising the following local authorities:

- Bournemouth
- Christchurch
- East Dorset
- North Dorset
- Poole
- Purbeck

10.9 The Western Dorset HMA is thus defined as comprising Weymouth and Portland, and West Dorset.

10.10 It is important to recognise that the market areas are not defined by hard and fast boundaries and in areas close to the defined boundaries, there are relationships and interactions in several directions. Reflecting the geography of markets on the ground, significant housing development in a settlement may influence surrounding areas. These issues will be relevant in respect of the 'duty to cooperate' and whist the authorities defined in the HMA should work principally together to plan strategically to meet housing need, cross-boundary relationships with adjoining authorities including the Western Dorset HMA authorities, New Forest, Wiltshire, and South Somerset should be recognised.

10.11 In respect of national planning policies, as set out within the National Planning Policy Framework, the emphasis is of local authorities working collaboratively within the defined housing market areas to identify and then seek to meet housing needs. However where housing needs cannot be met within the defined HMA, consideration may need to be given to whether adjoining areas can contribute to meeting a shortfall in housing provision, where it could be considered to be reasonable and sustainable to do so.

Assessment of Overall Housing Need

Context: A 'Policy Off' Assessment

10.12 The SHMA provides an assessment of housing need. In interpreting the findings, it is important to recognise the distinction between housing need and housing targets. Mr Justice Hinkinbottom makes clear this distinction in the case of *Gallagher Homes Limited & Lioncourt Homes Limited vs Solihull Metropolitan Borough Council.* In this he makes a distinction between household projections, the full objective assessment of need for housing and a housing requirement as follows:

i. *Household projections: These are demographic, trend-based projections indicating the likely number and type of future households if the underlying trends and demographic assumptions are realised.*
ii. *Full Objective Assessment of Need for Housing: This is the objectively assessed need for housing in an area, leaving aside policy considerations. It is therefore closely linked to the relevant household projection; but is not necessarily the same. An objective assessment of housing need may result in a different figure from that based on purely demographics if, e.g., the assessor considers that the household projection fails properly to take into account the effects of a major downturn (or upturn) in the economy that will affect future housing needs in an area. Nevertheless, where there are no such factors, objective assessment of need may be – and sometimes is – taken as being the same as the relevant household projection.*
iii. *Housing Requirement: This is the figure which reflects, not only the assessed need for housing, but also any policy considerations that might require that figure to be manipulated to determine the actual housing target for an area. For example, built development in an area might be constrained by the extent of land which is the subject of policy protection, such as Green Belt or Areas of Outstanding Natural Beauty. Or it might be decided, as a matter of policy, to encourage or discourage particular migration reflected in demographic trends. Once these policy considerations have been applied to the figure for full objectively assessed need for housing in an area, the result is a "policy on" figure for housing requirement. Subject to it being determined by a proper process, the housing requirement figure will be the target against which housing supply will normally be measured.*

10.13 This judgement in the High Court is clear that figures for Objectively Assessed Need (OAN) for housing should "leave aside policy considerations." It is clear that such policy considerations include policy factors or designations which may restrict development, as well as land availability and infrastructure provision. It is also intended to be determined on a "policy off" basis. In determining planning policies, the Councils may therefore need for instance to adjust the level of housing provision necessary to support the economic vision and strategy which they set out for their areas.

10.14 On this basis **the figures for housing need set out in this report represent an input to determining future levels of housing provision – not an 'answer' in themselves.**

Approach: Following the Planning Practice Guidance

10.15 The PPG sets out that household projections published by the Department of Communities and Local Government (CLG) should provide the starting point estimate of overall housing need. The

latest official household projections currently available are the CLG 2012-based Household Projections. The PPG sets out that the latest demographic data and projections should be considered. This report takes account of ONS 2013 Mid-Year Population Estimates.

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

- Employment trends
- Market signals
- Need for affordable housing

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

10.18 The SHMA seeks to follow this approach. We have summarised each of these steps, and how this is brought together to define overall housing need.

Latest Household Projections

10.19 The latest official household projections are 2012-based Household Projections which project growth of 46,800 households between 2013-33 across the HMA. This is based on projections for population growth which are considered reasonable: they make assumptions on future migration which are consistent with short- and longer-term trends across the HMA.

10.20 To estimate the need for dwellings, we have included an allowance for vacant and second homes based on 2011 Census data. The figures for individual authorities are shown below. These take account of 2013 Mid-Year Population Estimates. A need for 2,477 homes per annum across the Eastern Dorset HMA is shown.

Table 80: Projected Household Growth, 2012-based Household Projections

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

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

10.21 Assumptions regarding new household formation in the 2012-based Household Projections are more positive than those in the previous, 2011-based Interim Household Projections. On a like-for-like basis, the new Household Projections project 10% higher household growth. This principally reflects evidence that the 2011-based Interim Household Projections were influenced in particular by recessionary trends, and projected forward an increasing degree of suppression of trends in household formation for younger households. This would be difficult to justify as a future planning assumption.

10.22 The SHMA therefore concludes that the 2012-based Household Projections thus provide a reasonable 'starting point' for considering future housing needs in the Eastern Dorset HMA.

Economic Growth Prospects

10.23 Future migration to the HMA may however be influenced by economic performance, as well as changes in the population's age structure which influence the size of the workforce.

10.24 Baseline economic projections from Cambridge Econometrics have been considered. Over the 2013-33 period these are expected to result in an increase in employment of 41,700 jobs across the HMA. This is an increase of about 14.5% from 2013 levels.

10.25 Taking account of local growth factors and drivers, a Local Knowledge Scenario has been developed to provide a more refined assessment of future economic growth potential. This expects slightly higher employment growth of 43,000 jobs between 2013-33 (15.0%) and a slightly different distribution of employment growth across the HMA.

10.26 The SHMA assumes that employment rates will increase over time, taking account of past trends and the impacts of changes to pensionable age enshrined in current legislation. It assumes commuting patterns between areas will remain consistent (in proportional terms).

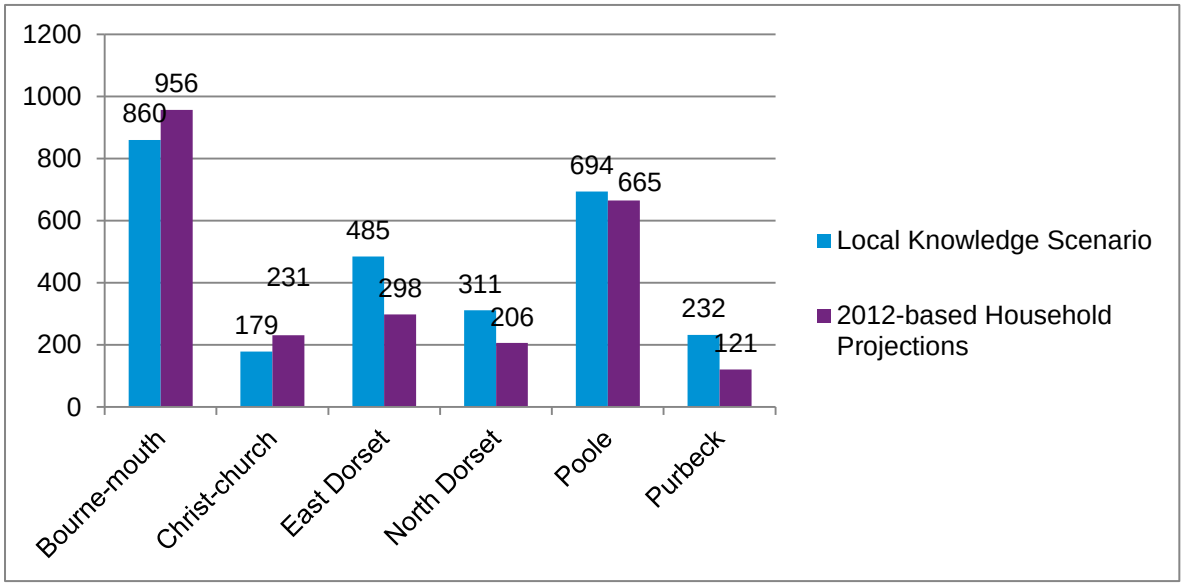
10.27 The outputs from the economic-based projections show that for the resident workforce to increase in line with the forecast number of jobs would require 2,762 homes per annum to be delivered across the HMA based on the Local Knowledge Scenario. This is about 12% higher than the output of the demographic projection.

Table 81: Housing Need to support Economic Growth Scenarios, 2013-33

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

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

Figure 90: Comparing the Core Demographic and Economic-Led Projections



10.29 The economic-led projection (based on the Local Knowledge Scenario) is notably higher than those based on past demographic trends in East Dorset, North Dorset and Purbeck. East Dorset sees the strongest forecast employment growth of the authorities in the HMA, followed by Purbeck.

10.30 Because of the inter-relationships between authorities, it would be entirely feasible to see changes in commuting patterns between authorities (particularly between Bournemouth, Christchurch, East Dorset and Poole) in respect of the labour demand-supply balance. Looking at at these four authorities together, the modelling indicates a broad balance between the level of housing need shown in the economic- and demographic-led projections in the Baseline CE Forecasts; with growth which is 3% greater in the Local Knowledge Scenario than in the demographic-led projections. This

particularly reflects stronger forecast housing need in the economic-led scenarios (relative to the demographic-led ones) in East Dorset.

10.31 In Purbeck and North Dorset, the level of employment growth indicates that migration in the future to these areas could be stronger than has been the case in the past.

10.32 There are close economic links between Bournemouth, Poole, Christchurch and parts of Eastern Dorset. The evidence does not suggest that for the core Eastern Dorset conurbation that higher housing provision than in the 2012-based Household Projections would be required to support economic growth.

10.33 The evidence does however point to a potential need to increase housing provision in East Dorset, North Dorset and Purbeck to support economic growth. This is particularly a function of the age structure in these local authorities, which have an older population and where a proportion of the population is expected to move into retirement over the 2013-33 period.

Affordable Housing Need

10.34 The SHMA includes an assessment of affordable housing need, in accordance with the Planning Practice Guidance, to identify whether there is a shortfall or surplus of affordable housing in Eastern Dorset. This has estimated current housing need of 4,898 households, excluding existing social housing tenants where they would release a home for another household in need. The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 3,336 households are expected to fall into housing need and 969 properties are expected to come up for re-let.

10.35 Overall, 2,367 households per year are identified as requiring support in meeting their housing need, taking account of the stock and turnover of current affordable housing. There is thus clear evidence of a requirement for new affordable housing in the HMA and the Councils are justified in seeking to secure additional affordable housing. A particularly acute need for affordable housing is shown in Bournemouth.

Table 82: Estimated level of Housing Need (per annum)

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

10.36 What the SHMA analysis indicates is that this shortfall of affordable housing is currently being met through lettings in the Private Rented Sector (PRS), with households supplementing their income with Local Housing Allowance. The SHMA estimates annual PRS lettings to 2,726 households who would be considered as having an affordable housing need.

10.37 Private Rented Housing is not however affordable housing; and Government policy is clear that Councils should seek – where there is a shortfall of affordable housing – to enhance supply to meet this need.

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

Market Signals

10.39 There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years with relatively stable house prices. Sales volumes have improved over the last 18 months, but remain below pre-recession levels.

10.40 Across Eastern Dorset house prices in are highest in East Dorset, Christchurch, and Purbeck. This to a large extent reflects the dwelling stock in these areas. Rental prices in Eastern Dorset are higher than the national average. The variance in rental values across the local authorities broadly

matches that of sales prices with the highest values in East Dorset and Christchurch, and the lowest values in Bournemouth and North Dorset.

10.41 Affordability pressures across the HMA are significant – with lower quartile house price to earnings ratios above the national average in all of the local authorities across the HMA. The affordability of market housing is worst in East Dorset where lower quartile house prices are nearly 11 times lower quartile earnings. Bournemouth has the lowest affordability ratio, with a lower quartile affordability ratio of 7.6, but this is still above the national average. Affordability pressures contribute to the scale of affordable need identified.

10.42 All of the Eastern Dorset authorities have seen a clear decline in the number of completions since the recession and as a result housing delivery has not matched adopted housing targets over the most recent years. The impact of under delivery, coupled with access to mortgage restrictions brought on by tighter regulation, is likely to have contributed to constraining household formation and to the current need for affordable housing. Both the affordable housing evidence, and the demographic evidence, point to a shortfall in housing provision - particularly since 2008/09.

10.43 The evidence points to demonstrable impacts of declining affordability over the 2001-11 decade, in respect of:

- An increase in the lower quartile house price to earnings ratio to 9.2;
- A sharp decline in home ownership – from 75.9% in 2001 to 68.5% in 2011;
- A 2.1 percentage point increase in over-crowding (which is above national and county levels);
- A 1.3 percentage point increase in HMOs, illustrative of increasing sharing of homes.

10.44 In addition, the SHMA evidence points to almost 21,300 households across the HMA which contain non-dependent children, such as adults continuing to live with their parents.

10.45 Taking account of this evidence and interrogation of household formation trends for specific age groups, GL Hearn has modelled adjustments to household formation rates moving forwards in order to seek to quantify what scale of additional housing provision might be appropriate in order to improve affordability. The effect of this is to increase the assessed housing need by between 2% – 7%. It results in the greatest increase in assessed housing need in those areas with a younger population – particularly Bournemouth, and to a lesser extent Poole. Minimal adjustments are considered necessary in other areas.

Conclusions regarding Objectively-Assessed Housing Need

10.46 Drawing the evidence together, a baseline demographic need is identified using the 2012-based Household and Population Projections. This represents a starting point for consideration of OAN, and may require adjustment to reflect factors which are not captured in past trends.

10.47 The full objectively-assessed housing need is identified, including upwards adjustments to accommodate economic growth (in East Dorset, North Dorset and Purbeck) and in order to improve housing affordability for younger households (in all local authorities). A full objectively-assessed need for 2,883 homes per annum (2013-33) is identified across the Eastern Dorset HMA.

10.48 The composition of the OAN figures in each authority is shown in Figure 91 below. Table 83 provides figures for individual authorities within the HMA. An uplift of 12% on the base demographic projections is set out at HMA level to support economic growth; with an uplift of 4.4% in addition to this in order to support improvements to affordability. The economic adjustment is to migration flows; with the affordability adjustment to household formation rates for younger households.

Figure 91: Conclusions on Objectively-Assessed Housing Need by Local Authority

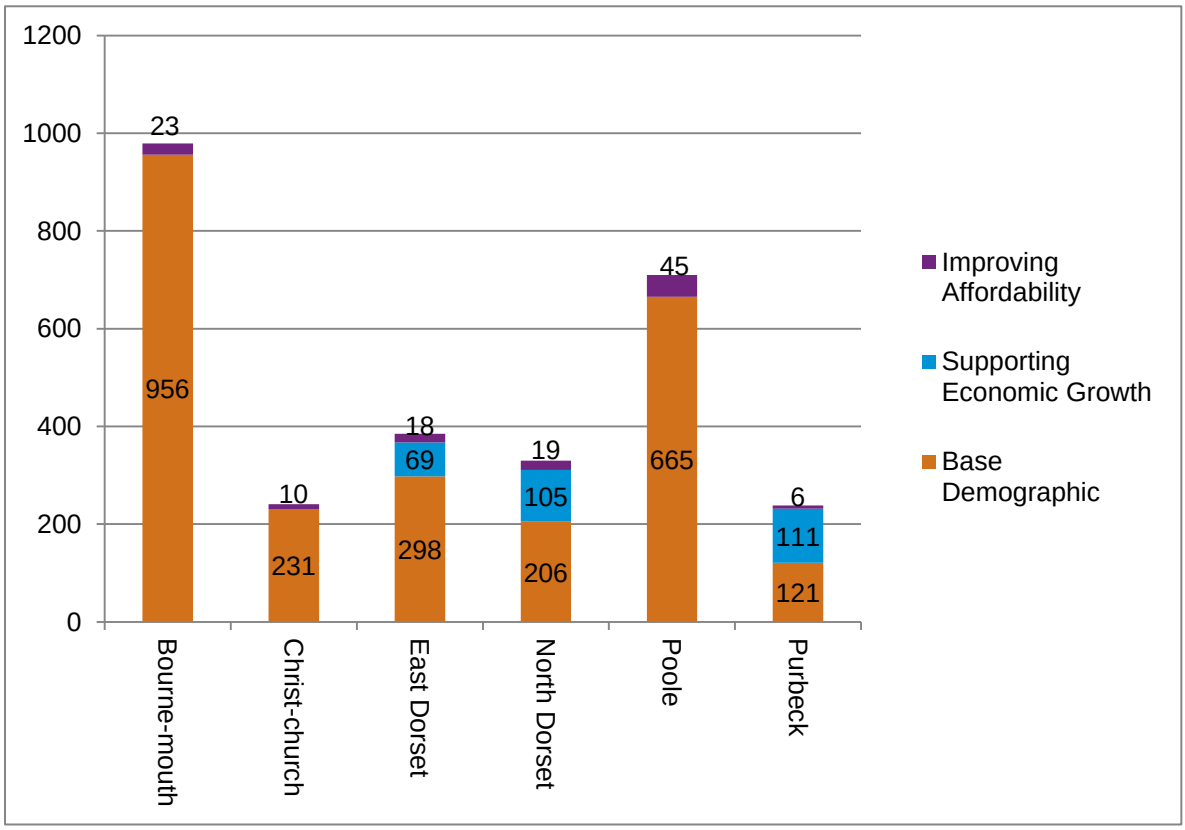


Table 83: OAN Conclusions – Local Authority Level

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

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

10.50 However this does include the provision of purpose built student accommodation (either through the university or privately managed), which can take the form of cluster flats sharing communal facilities, or self-contained flats.

Policy Influences in Considering Overall Housing Provision

10.51 The assessment of housing need herein is undertaken on a "policy off" basis. In translating this into policy targets for housing provision, a range of wider considerations need to be brought together through the plan-making process – bringing evidence of housing need together with consideration of land availability, infrastructure capacity and development needs, and development constraints. It is for the plan itself to consider what level of housing provision can be sustainably accommodated within the District. Input from a range of stakeholders through consultation on the plan will be an important input to this.

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

Unmet Needs from Adjoining Areas

10.53 GL Hearn has reviewed housing provision in local authority areas which adjoin the Eastern Dorset HMA in Appendix E. This sets out (in table form) the OAN for housing as currently assessed in different local authorities, and how this compares to adopted or proposed housing targets.

10.54 In New Forest District, to the east of the HMA, New Forest District Council's current adopted Core Strategy covers the areas outside of the National Park. The Core Strategy, which was adopted in

2009, set a housing target for 3,670 homes between 2006-26 (183.5 per year). The District Council has started work on a new local plan and is working towards an initial consultation as part of this in Autumn 2015. The National Park Authority adopted a Core Strategy and Development Management Policies DPD in 2010. Policy CP10 in this seeks provision of 220 dwellings between 2006-26. At this stage neither the Council nor the National Park Authority has not formally identified an unmet housing need, however we would consider that it is unlikely that housing needs will be able to be met within the District in full.

10.55 Weymouth and Portland and West Dorset Councils have progressed a Joint Core Strategy, the examination of which is on-going. The Further Proposed Changes to the plan seek to meet the identified housing need in full.

10.56 In Wiltshire, the Council has now received the Inspector's Report in respect of its Core Strategy. The plan, proposing provision of a minimum of 42,000 homes over the 2011-31 plan period which is near to the Inspector's conclusions which point to a housing need for around 44,000 homes. An early review of the plan is proposed is envisaged.

10.57 South Somerset District Council's Local Plan is undergoing examination. The plan seeks to meet the need for 16,000 homes identified in its supporting evidence. The final Inspector's Report is expected in early 2015, however there is no indication of an unmet housing need.

10.58 The principal issue from adjoining areas in respect of potential unmet housing need is therefore likely to arise from New Forest District, which relates partly to Eastern Dorset and partly to South Hampshire. Any unmet need from this area would need to be considered in identifying housing targets alongside the housing needs evidence in this SHMA.

Housing Mix

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

Mix of Homes of Different Sizes

10.60 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Section 8 modelled the needs for different sizes of market and affordable homes over the 2013-33 period, based on an understanding of how the size and structure of the population is expected to change, and analysis of how households of different ages

occupy homes. The SHMA concludes that the following represents an appropriate mix of affordable and market homes to plan for over the 2013-33 period:

Table 84: Recommended Housing Mix – HMA

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

10.61 Our conclusions for affordable housing mix recognise the role which delivery of larger properties can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. The mix identified for both market and affordable housing takes account of changes in the population structure, including potential for some older households to downsize to take account of their changing needs.

10.62 At a local authority level, the Councils should bring together evidence from the detailed modelling for their areas with the HMA-wide conclusions, alongside issues regarding management of the affordable housing stock within their area in setting policies for the future mix of housing.

10.63 In applying policies on housing mix to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

10.64 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Affordable Housing Mix

10.65 In respect of the need for different types of affordable housing, the SHMA has considered what households can afford; together with the supply through re-lets of existing housing stock. Figure 92 shows the balance of need for intermediate housing products, and for social/ affordable rented homes.

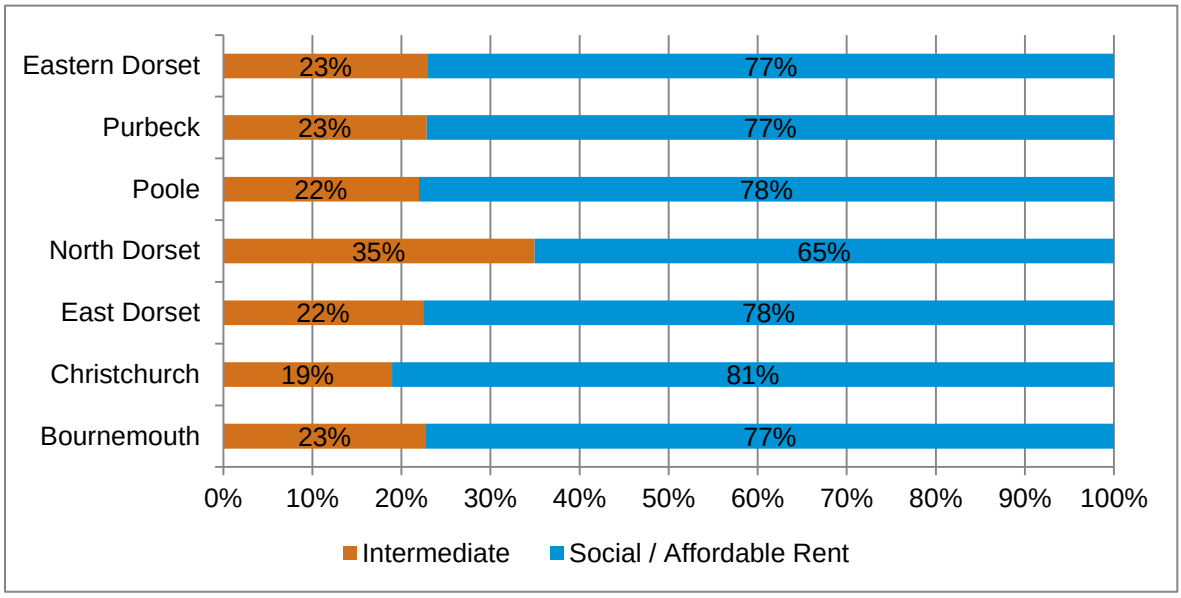
10.66 The evidence suggests that just under a quarter of the affordable housing need could be met through intermediate housing products. The need for intermediate housing has been calculated on the basis of the proportion of households in need of affordable housing who can afford more than 80% of market rent levels. Such households might be eligible for:

- Help-to-Buy Shared Ownership

- Affordable Rent
- Rent-to-Homebuy
- Low Cost Sale

10.67 For a number of these products, households must have a sufficient deposit and be able to secure mortgage finance. Many young households who may sufficient potential income to afford intermediate housing solutions cannot secure shared ownership/ shared equity homes as they have insufficient savings to afford the deposit, or their financial circumstances mean that obtaining mortgage finance is difficult.

Figure 92: Need for Different Types of Affordable Housing



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

10.69 The SHMA evidence suggests that based on the needs evidence, **policies which seek a mix of affordable housing provision on new developments where 25% is intermediate housing and 75% is social or affordable rented homes would be appropriate for the HMA**. **However it points to a higher potential for intermediate housing in North Dorset, where 30% or 33% intermediate housing could be sort.** Policies for the mix of affordable housing need to take account not just of the needs evidence, but the evidence base regarding development viability, as well as local policy aspirations. As such in finalising policies, needs and viability evidence should be brought together. It may be appropriate for viability studies to test potential alternative policies for the mix of affordable housing in order to support overall delivery.

Specialist Housing and Accommodation for Older Persons

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

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

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

Table 85: Need for Specialist Housing for Older Persons, 2013-33

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

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

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

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

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

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

10.78 The SHMA recognises that some extra care housing schemes were difficult to fund; and leasehold provision can be slow to sell, particularly as a result of high service charges. A need for affordable market extra care Housing in Eastern Dorset is identified.

10.79 In addition to specialist housing, the potential for the wider housing stock to cater for a growing older population needs to be considered. Many older people live in homes which they may have lived in for some years. The Dorset Partnership for Older People Programme provides support for this. Adaptions to properties and floating support (such as through the Safe and Independent Living Scheme) may help households requiring support to remain in their home.

10.80 Some households may wish to downsize, should suitable, attractive properties be available locally. This has been taken into account in deriving the findings regarding the future mix of market and affordable housing above. However more needs to be done to raise awareness in Eastern Dorset of the range of options and support which is available. A growing older population will also increase the demand for bungalows. Whilst recognising the economics of delivery of bungalows can be challenging, provision should be given strong support on appropriate sites.

Need for Registered Care Provision

10.81 Registered care provision fall within a C2 use class; with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care provision is treated in the analysis of housing need separately in this report from that for C3 dwellings.

10.82 The SHMA indicates a net need for 2,754 C2 bedspaces for older persons over the 2013-33 period, equivalent to 138 per year. The net need per authority is set out below. The assessment should be treated as indicative, and does not seek to set policies in how older persons with care needs should be accommodated.

Table 86: Need for Residential Care Housing

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

Student Housing Provision in Bournemouth and Poole

10.83 Student numbers at Bournemouth University are expected to remain stable in the short-term. Numbers at the Arts University Bournemouth have however been growing but the rate of growth has fallen over the last few years.

10.84 Linked to changes in the student population, demand for multi-persons private rented homes has fallen. Trends in the student population and delivery of student accommodation should continue to be monitored over time.

10.85 In common with the CLG Household Projections model, the 'institutional population' aged under 75 is held constant. By implication this means there is no projected growth in student numbers in the 'institutional population'. This means that all projected student growth is expected to be accommodated within the household population, and is therefore counted within the calculations of the Objectively Assessed Housing Need (OAN) in this report.

10.86 Student accommodation (either through university- or privately-managed halls) can therefore be counted towards housing numbers, on the basis of the expected accommodation within the Private Rented Sector that it could be expected to release. On average student households typically accommodate between 4-6 persons. The headship rate for those aged 16-24 in this report varies from 16-18% of persons (who would be a head of a household). On this basis we would consider that it is reasonable to assume that delivery of six student bedspaces would be equivalent to one dwelling.

Meeting the Needs of Other Vulnerable Groups

10.87 The SHMA has considered the needs of a number of other vulnerable groups within the HMA.

10.88 Across the HMA, 27% of households contain someone with some form of disability. It is estimated that this the number of people with a disability will increase by 33,300 – an increase of a third – between 2013-33. Whilst this includes people with a range of needs, the evidence does support a

need to provide additional homes which are wheelchair-accessible and promotes delivery of housing which meets the Lifetime Homes Standard.

10.89 The SHMA evidence indicates that the population in Black and Minority Ethnic (BME) groups is growing, that the BME population is typically younger, and BME households are more likely to live in Private Rented accommodation and be overcrowded. Enforcement activity will be important in ensuring standards of homes in the Private Rented Sector are maintained (including HMOs).

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

APPENDIX A: COMMUTING CATCHMENT AREAS OF KEY EMPLOYMENT CENTRES

Figure 1: Commuting to Bournemouth Catchment (2011)

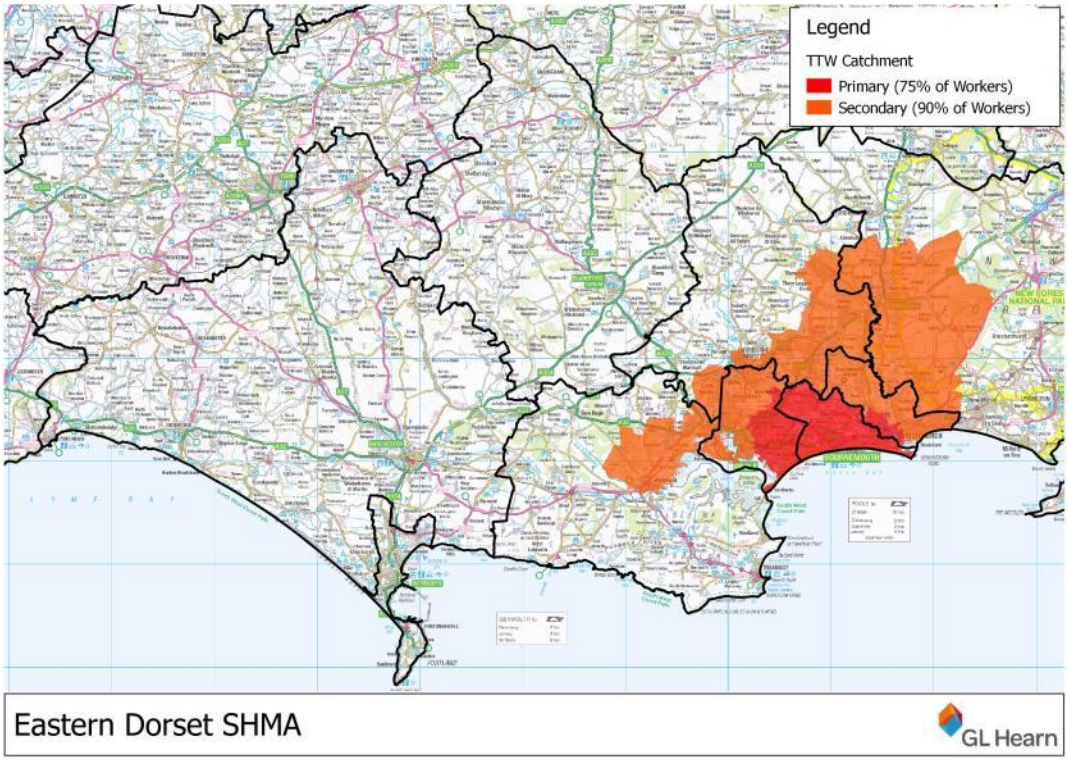


Figure 2: Commuting to Dorchester Catchment (2011)

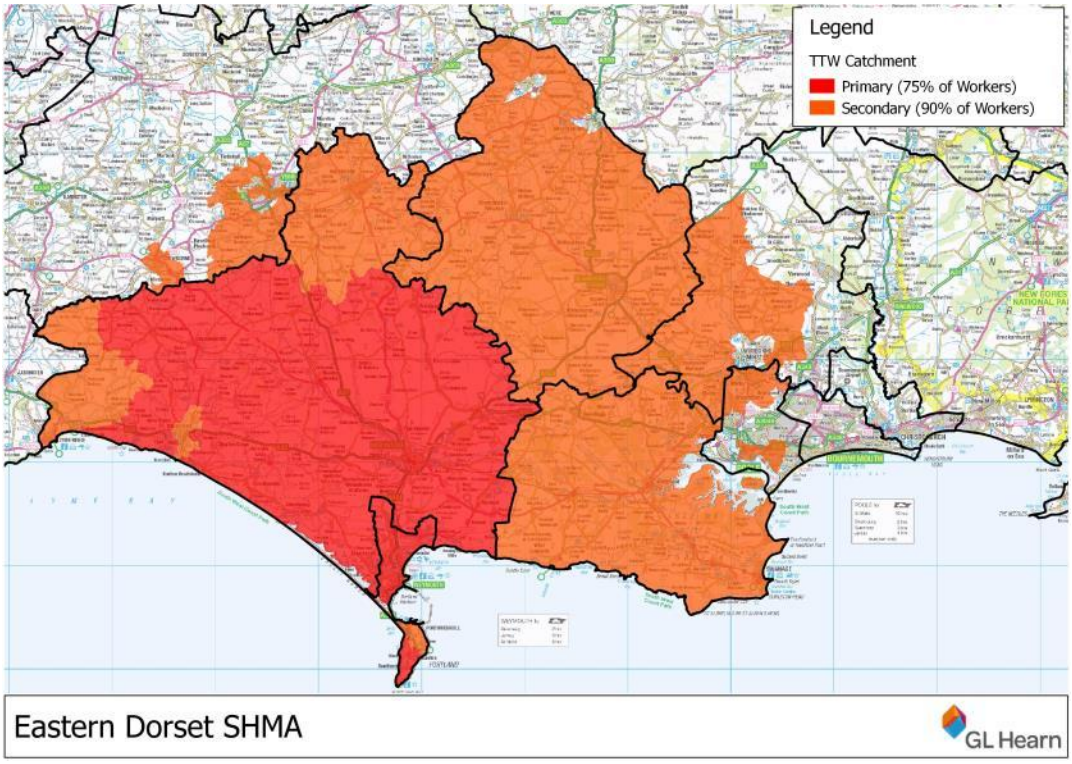


Figure 3: Commuting to Poole Catchment (2011)

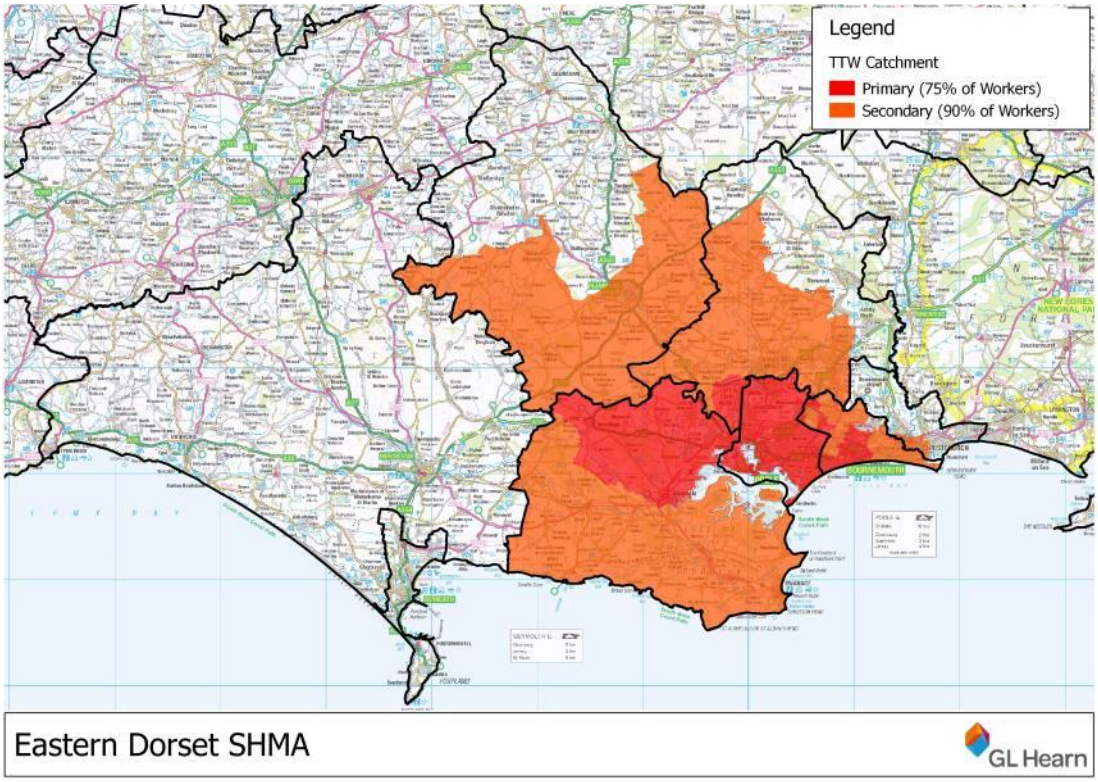


Figure 4: Commuting to Salisbury Catchment (2011)

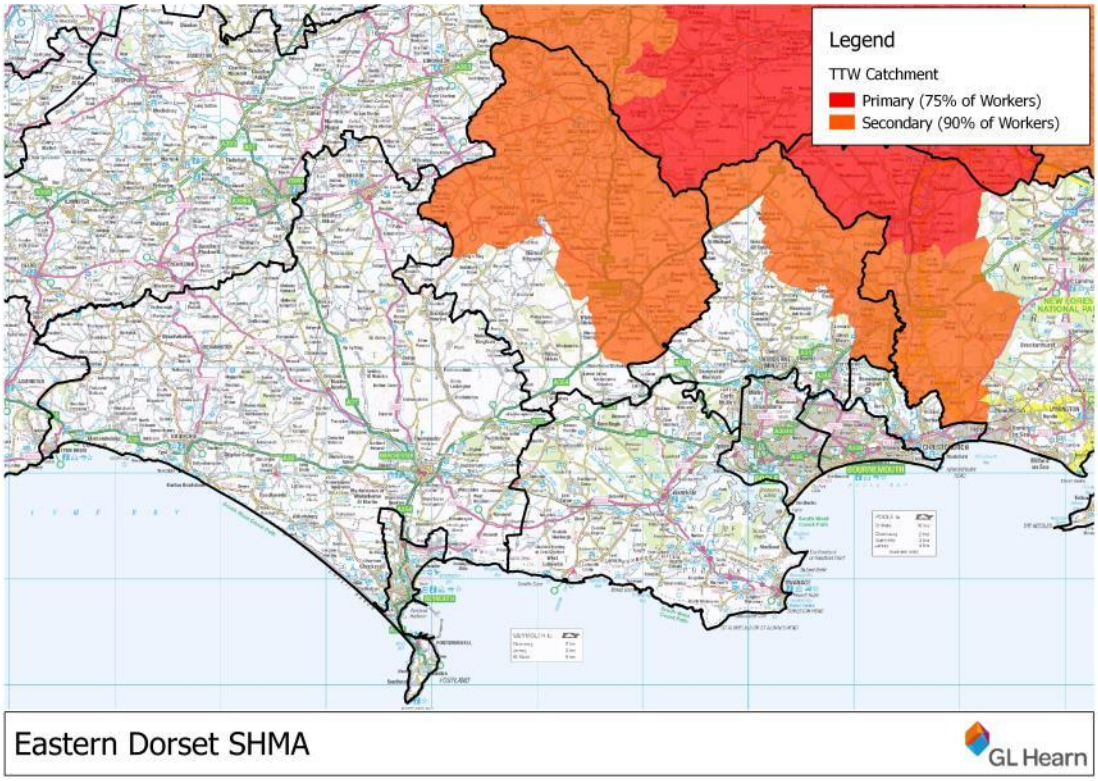
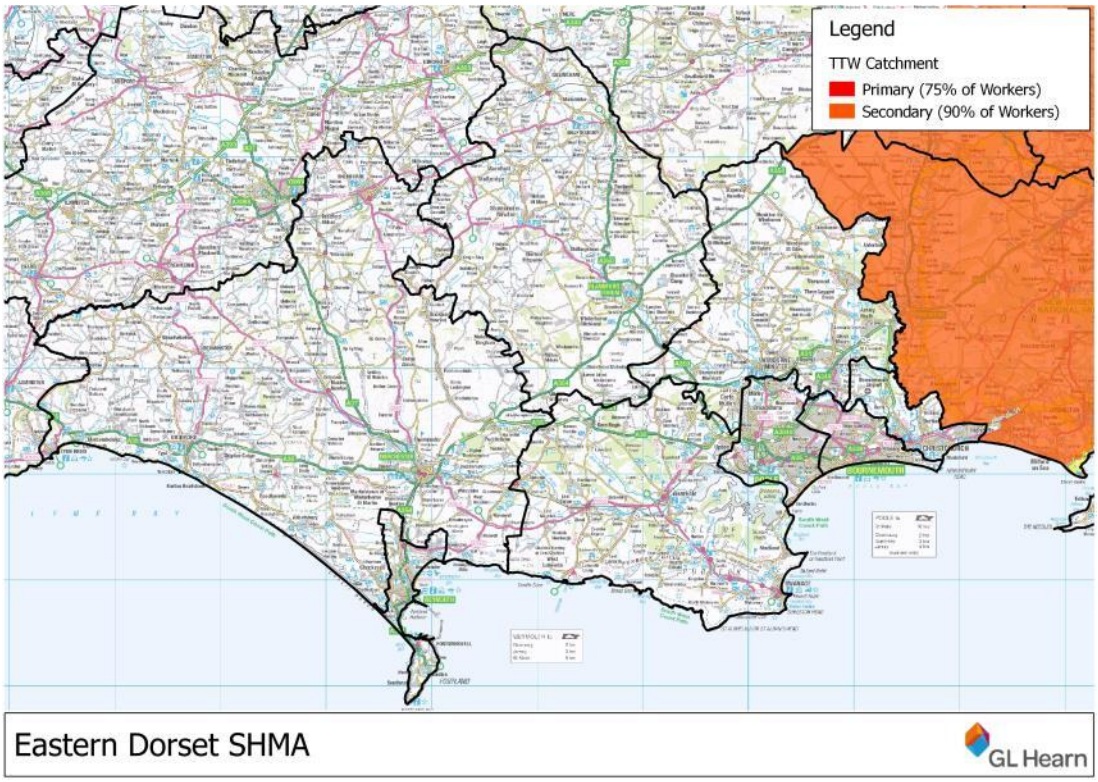
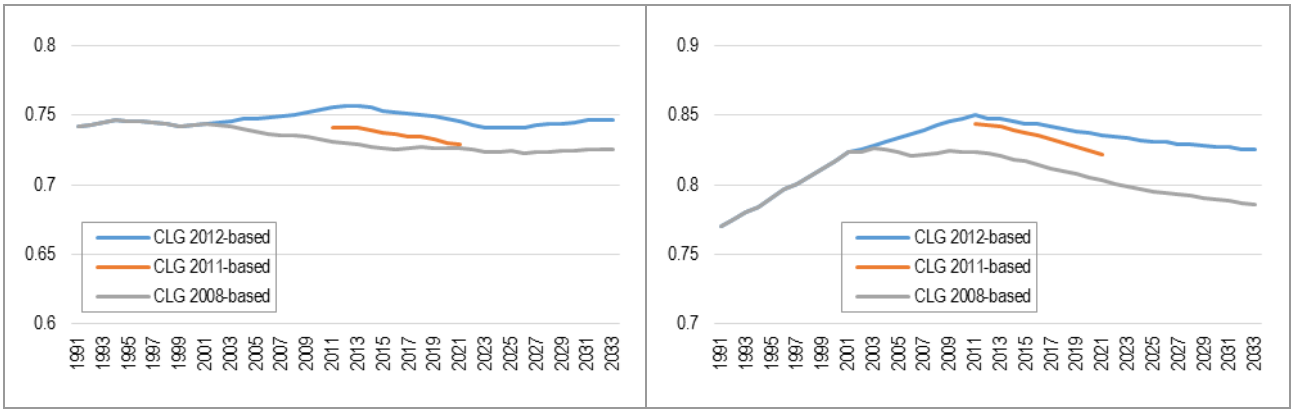


Figure 5: Commuting to Southampton Catchment (2011)



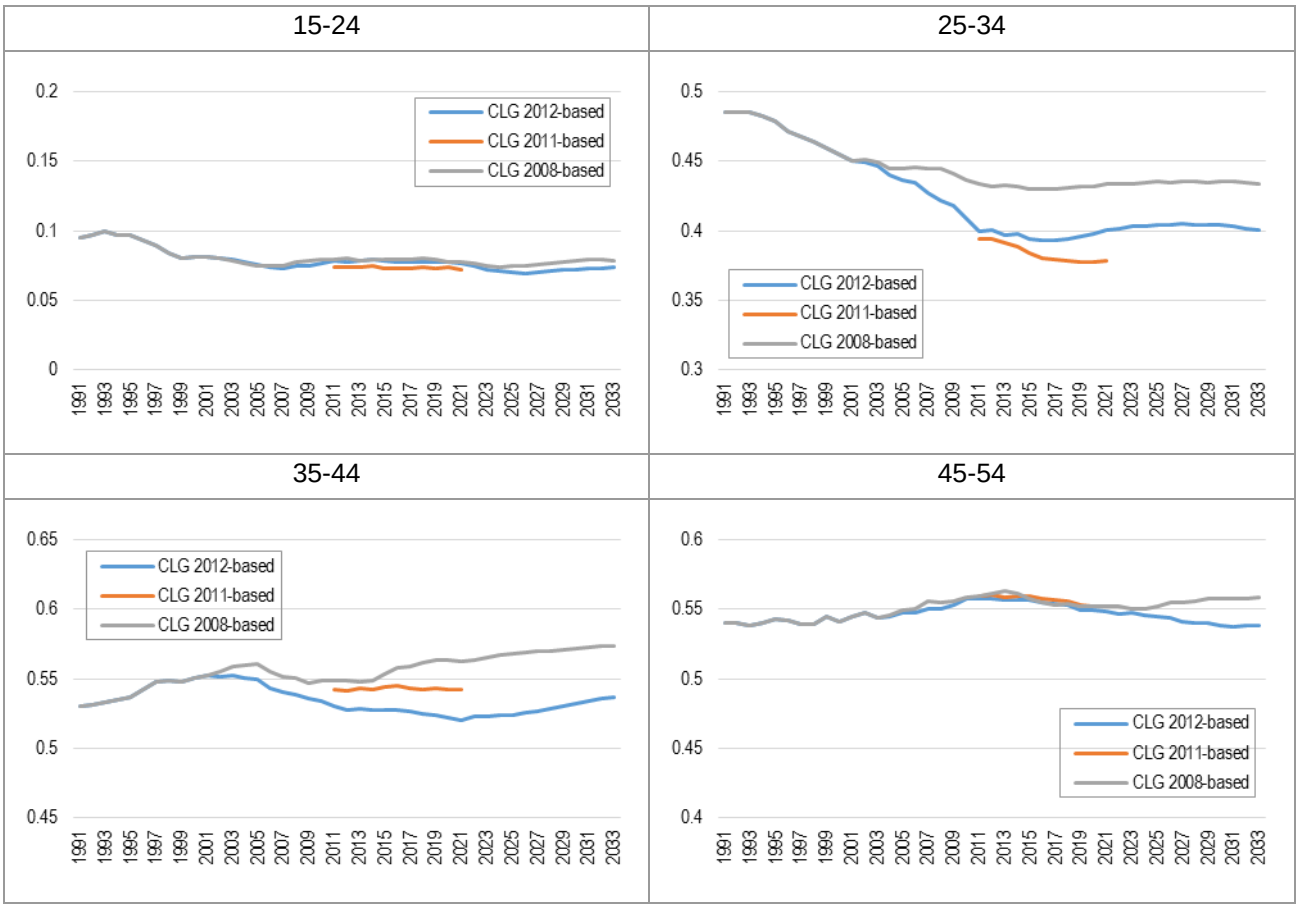
APPENDIX B: ADDITIONAL DEMOGRAPHIC PROJECTION INFORMATION

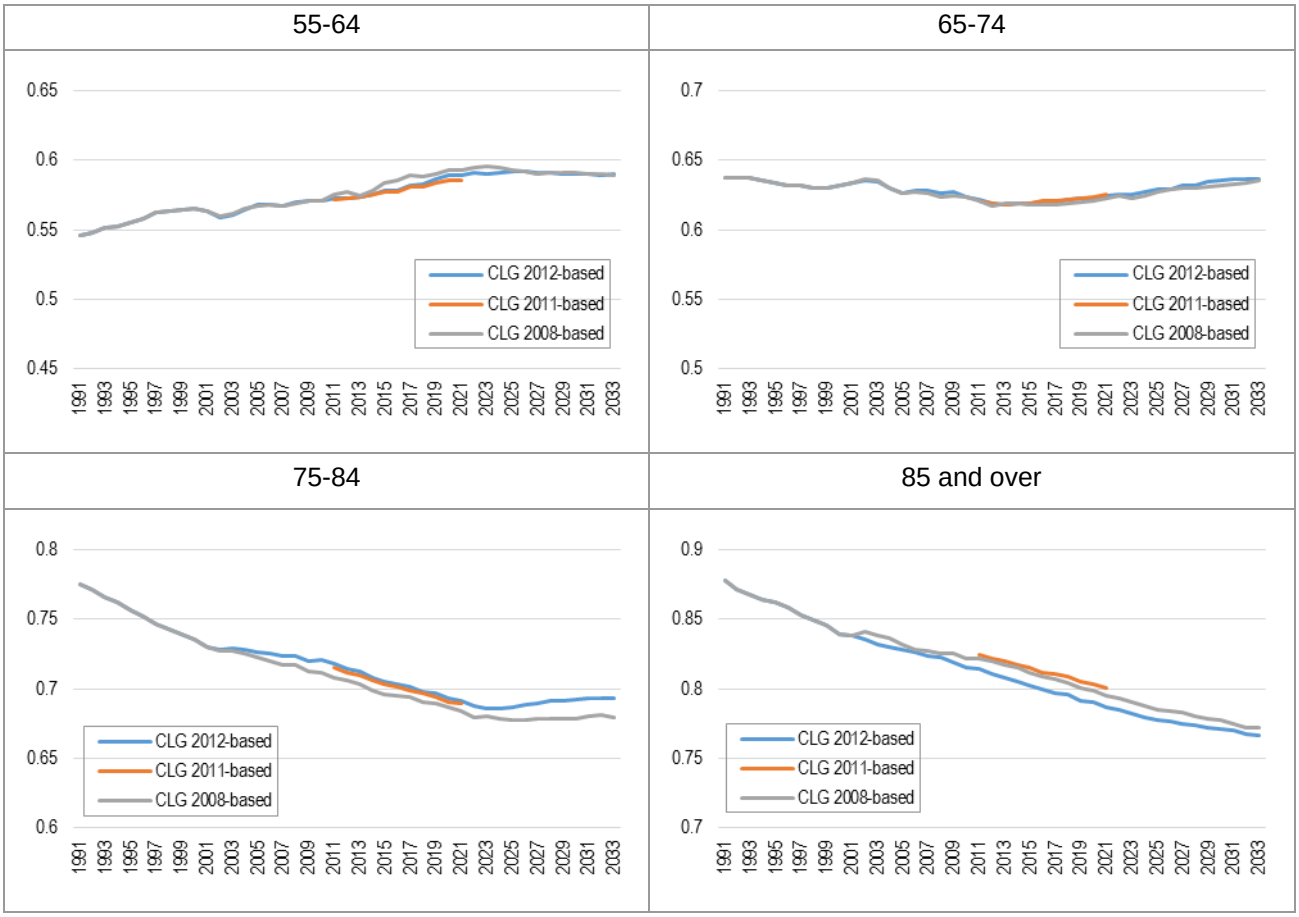
Figure 6: Projected Household Formation Rates by Age of Head of Household – Bournemouth



Source: Derived from CLG data

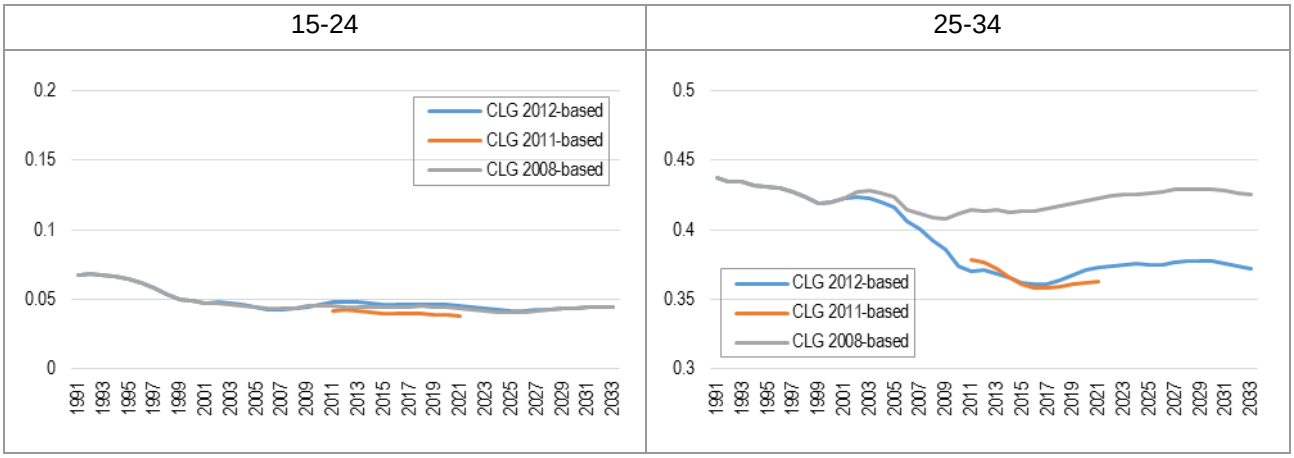
Figure 7: Projected Household Formation Rates by Age of Head of Household – Christchurch

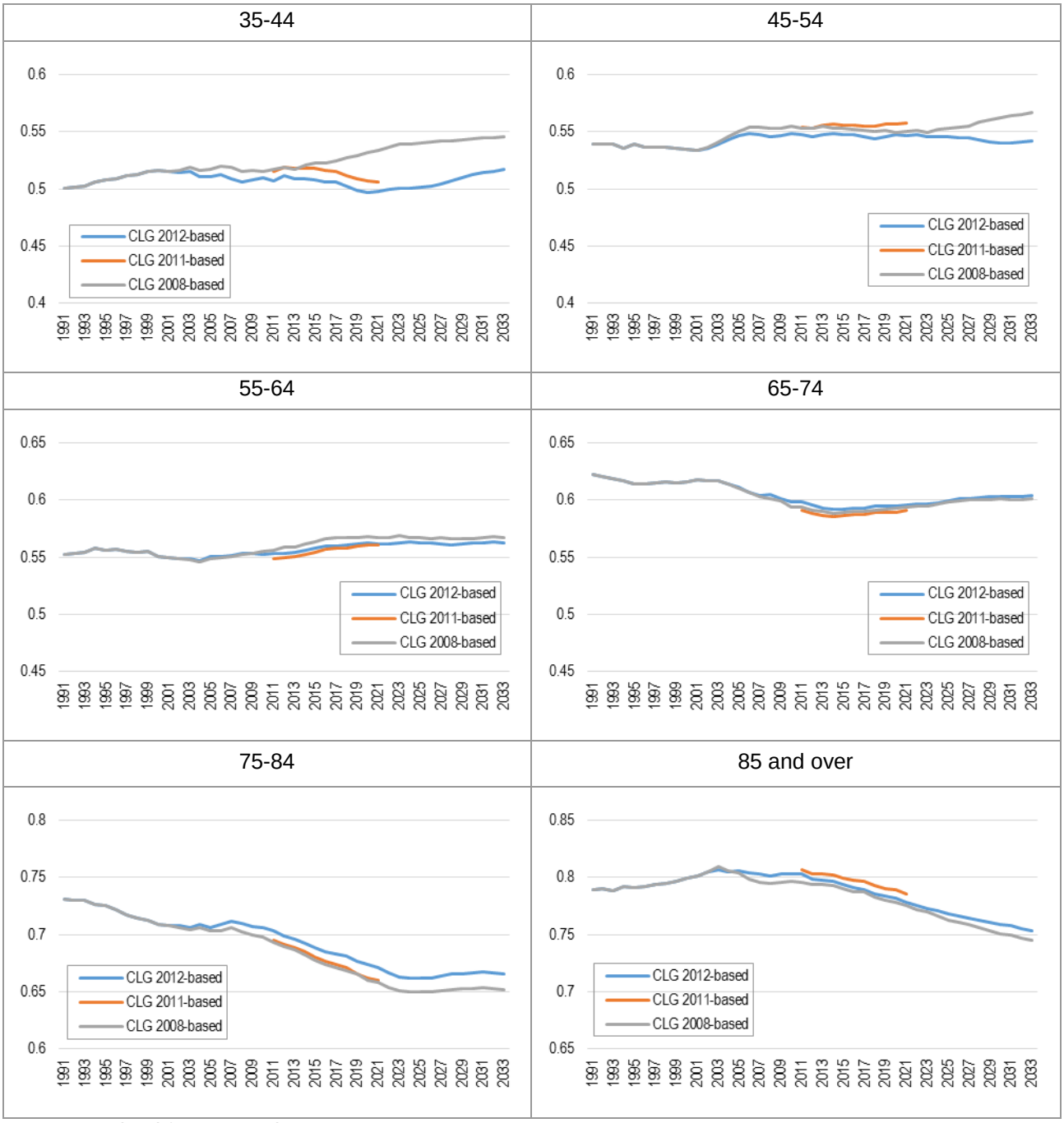




Source: Derived from CLG data

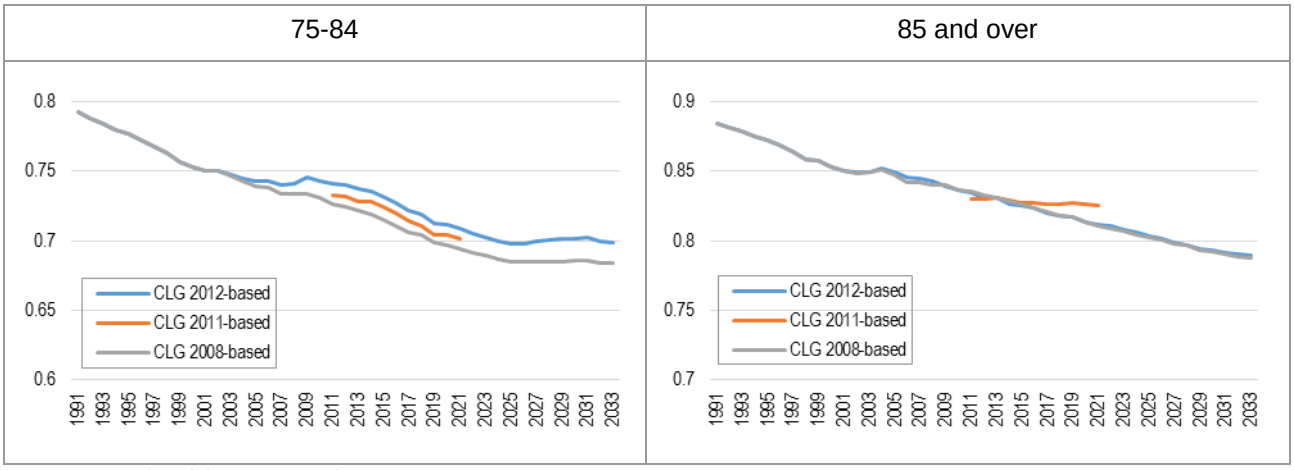
Figure 8: Projected Household Formation Rates by Age of Head of Household – East Dorset





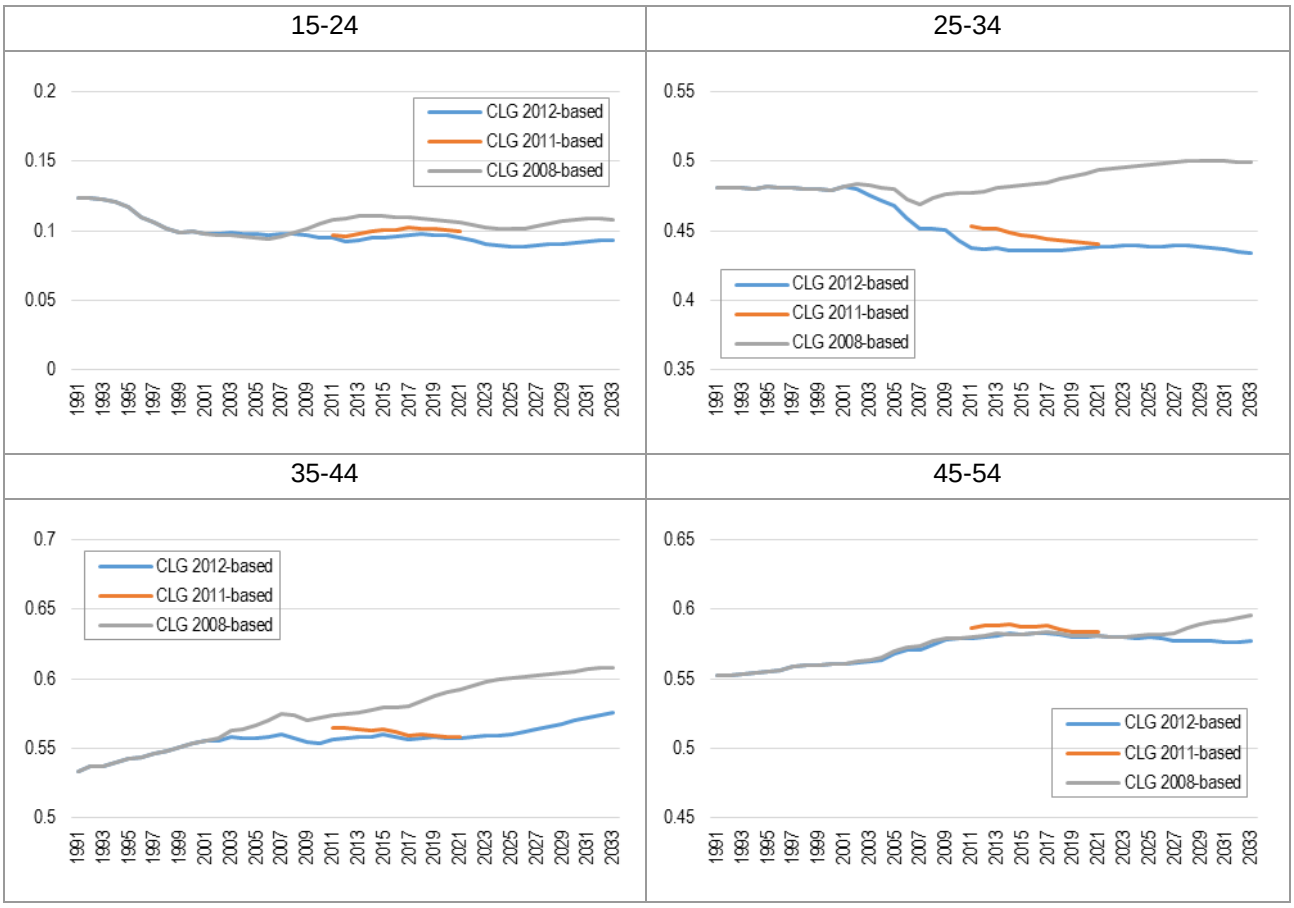
Source: Derived from CLG data

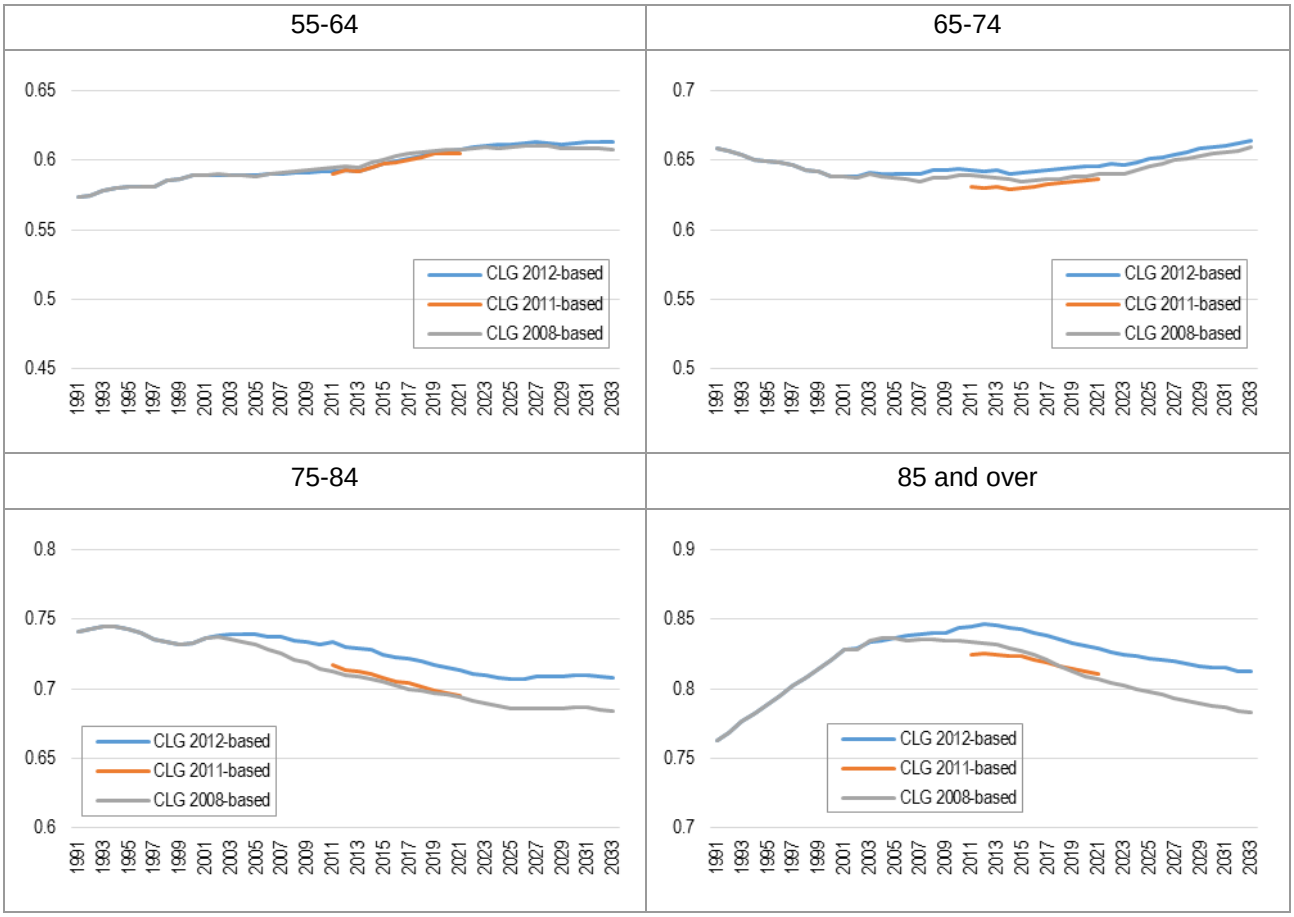
Figure 9: Projected Household Formation Rates by Age of Head of Household – North Dorset



Source: Derived from CLG data

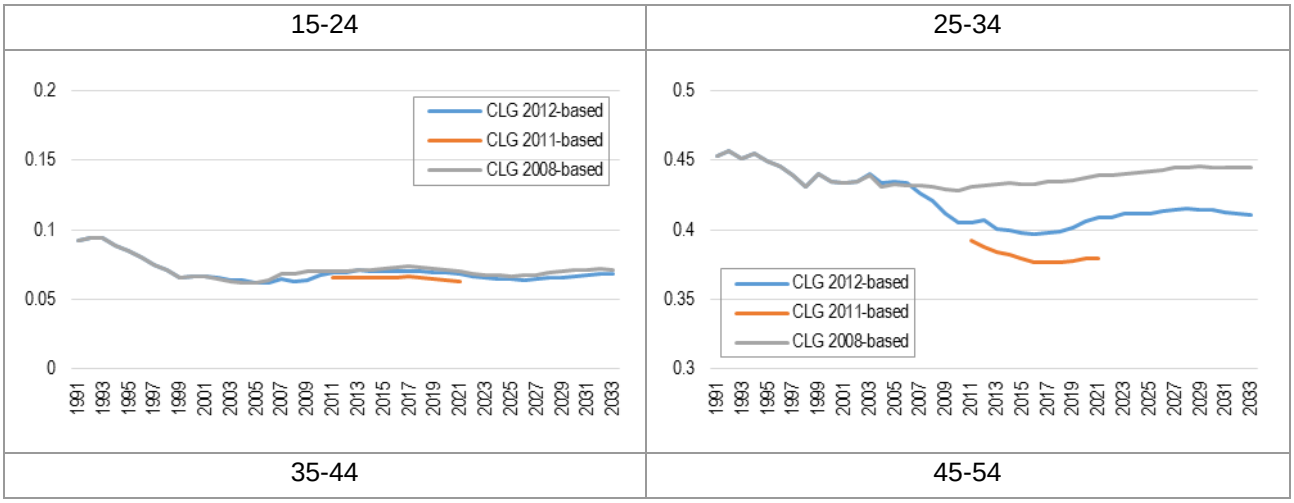
Figure 10: Projected Household Formation Rates by Age of Head of Household – Poole

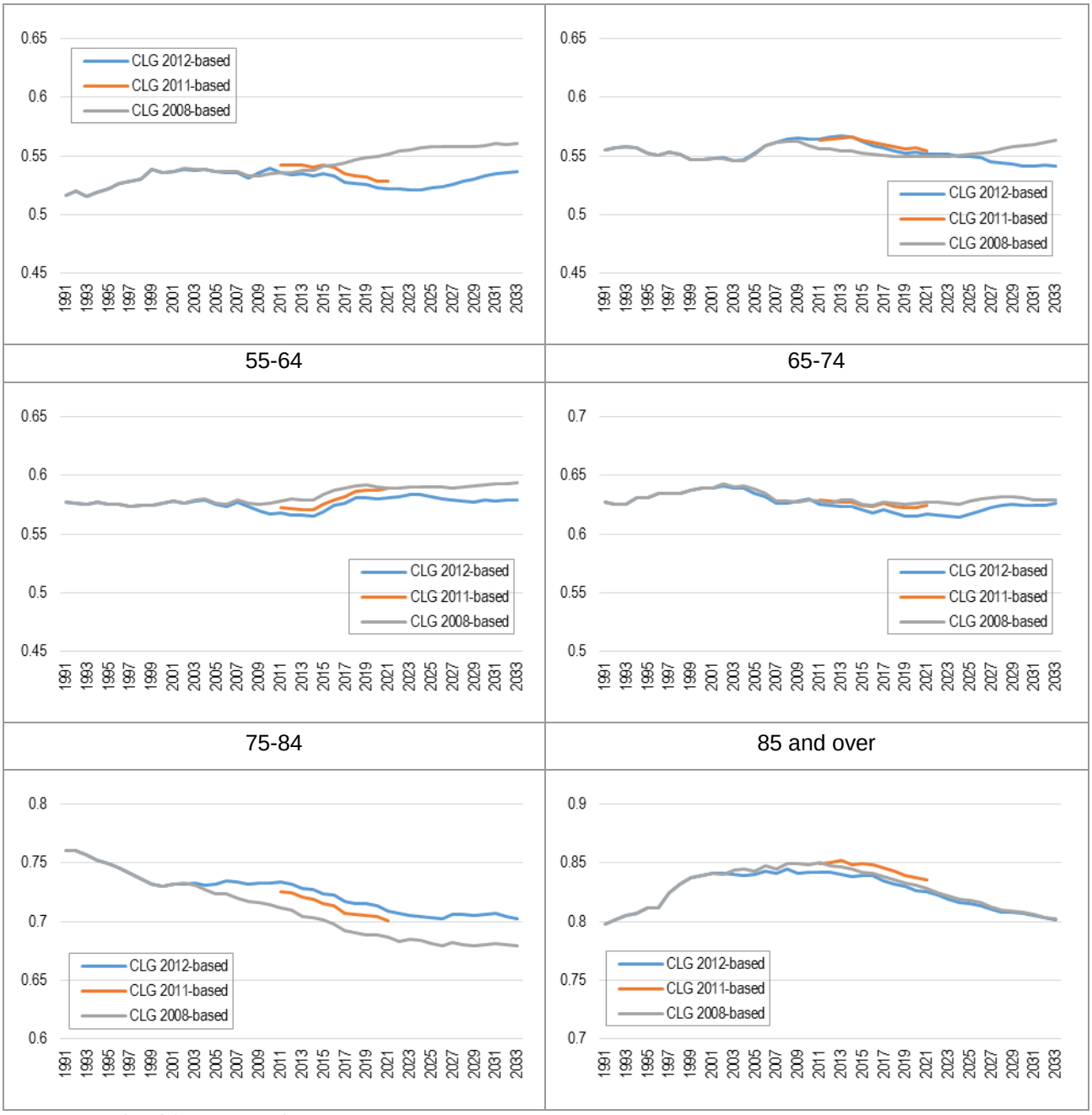




Source: Derived from CLG data

Figure 11: Projected Household Formation Rates by Age of Head of Household – Purbeck





Source: Derived from CLG data

Figure 12: Projected Housing Need through to 2036 – 2012-based SNPP and 2012-based CLG Household Formation Rates

	2013-33		2013-36	
	Total	Per annum	Total	Per annum
Bournemouth	19,124	956	22,001	957
Christchurch	4,614	231	5,311	231
East Dorset	5,952	298	6,787	295
North Dorset	4,124	206	4,612	201
Poole	13,296	665	15,220	662
Purbeck	2,422	121	2,725	118
HMA	49,533	2,477	56,657	2,463

Figure 13: Projected Housing Need through to 2036 – CE job-led scenario and 2012-based CLG Household Formation Rates

	2013-33		2013-36	
	Total	Per annum	Total	Per annum
Bournemouth	16,676	834	19,104	831
Christchurch	3,520	176	4,027	175
East Dorset	9,605	480	11,075	482
North Dorset	7,345	367	8,424	366
Poole	13,179	659	15,081	656
Purbeck	3,972	199	4,549	198
HMA	54,296	2,715	62,259	2,707

Figure 14: Projected Housing Need through to 2036 – Local Knowledge job-led scenario and 2012-based CLG Household Formation Rates

	2013-33		2013-36	
	Total	Per annum	Total	Per annum
Bournemouth	17,209	860	19,735	858
Christchurch	3,574	179	4,090	178
East Dorset	9,708	485	11,197	487
North Dorset	6,216	311	7,088	308
Poole	13,883	694	15,915	692
Purbeck	4,650	232	5,347	232
HMA	55,241	2,762	63,372	2,755

Figure 15: Projected Housing Need through to 2036 – 2012-based SNPP and 2012-based CLG Household Formation Rates (with market signals uplift)

	2013-33		2013-36	
	Total	Per annum	Total	Per annum
Bournemouth	19,594	980	22,487	978
Christchurch	4,836	242	5,540	241
East Dorset	6,290	314	7,149	311
North Dorset	4,452	223	4,946	215
Poole	14,204	710	16,158	703
Purbeck	2,520	126	2,829	123
HMA	51,896	2,595	59,109	2,570

APPENDIX C: Key Definitions

Key definitions used in this report include the following:

- ***Affordable housing:*** Affordable housing is defined in the NPPF as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- ***Social rented housing:*** social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authorities or with the Homes and Communities Agency.
- ***Affordable rented housing:*** affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- ***Intermediate housing:*** Intermediate housing is homes for sale or rent provided at a cost above social rent, but below market levels subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

  Housing Need: Housing need refers to refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.
- ***Affordable Housing Need***: This describes 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.
- ***Newly-Arising Need:*** Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs. Figures for this are gross, and differ from those set out reflecting total household growth.

APPENDIX D: Housing Market Qualitative Evidence

Introduction

10.91 Here we present the key findings of consultation with estate and letting agents and qualitative research with other stakeholders into housing market conditions within the housing market area (HMA). The aim is to add a local or bottom up perspective to the study and provide a 'how and why' perspective to support SHMA findings. It describes market dynamics and shortages in supply at the time of the assessment in late August 2014.

10.92 We have endeavoured to inform the following research questions:

- What are the main gaps in supply for each local housing market area for new build, resale and rented housing?
- To what extent does new build housing meet local need? and
- What contribution does the private rented sector make to meeting local need?

Evidence from estate agents, letting agents and new build on site sales staff

10.93 38 face to face interviews were achieved with sales and lettings agents based in all of the major towns of the Eastern Dorset districts and significant areas of Bournemouth and Poole. These interviews record the perceptions of professionals that service the housing market. Interviews were designed to broadly understand local housing market conditions, trends and drivers, and which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, those on low income and vulnerable people. The research also explores interfaces between the sales and letting markets and these markets with sub market and affordable housing.

10.94 Additional supply is mostly through development of new build housing and it is important to understand the characteristics of new build housing and households that purchase or occupy it. We have sought to interview volume developers with on-site sales staff. Only 4 interviews were achieved. We came across several sites that were in the early stages of development and sales teams were not yet on-site. We came across a larger number of infill sites being developed by local builders, and registered providers, none of which had on site viewing and or sales facilities. We have endeavoured to interview some of these by telephone.

Further evidence regarding social housing and housing options

10.95 Information was obtained from staff in the housing options teams of each local authority.

Further evidence regarding the private rented sector

10.96 Information was obtained from staff in the private rented sector enforcement teams of each local authority. We attended a branch meeting of the National Landlords association and obtained a small number of interviews with landlords.

Further evidence regarding the housing and support needs of older and vulnerable people

10.97 This was a key feature of the study brief and information was obtained from all of the above methods. In addition we organised and facilitated a conference to provide more specialised insights. The conference was attended by representatives from developers, registered providers, service commissioners housing and planning officers.

Rightmove data

10.98 Rightmove is a nationwide searchable database of property currently for sale or rent by estate and letting agents. We have used Rightmove data where appropriate to supplement the evidence from agents and help define an area's re-sale and rental market in terms of price range and property size and type and marketing. This data is a snapshot of vacancies at the time our fieldwork was undertaken, mid-August 2014. Its limitations are that: it does not list sales and lettings offered by owners not using lettings agents which is significant in the rental market; and it states asking prices not agreed prices. Rightmove data has not been used in every town or housing market area of search as some housing market areas are very diverse and very detailed analysis would need to be undertaken. Nevertheless we believe that where used it helps to add further insights some of the issues raised by stakeholders and define the key differences between local housing market areas across the study area.

Mosaic

10.99 We have also sought to add to the insights given to us by local agents with information from Experian's Mosaic UK consumer classification. Mosaic provides detailed understanding of the demographics, lifestyles and behaviour of all individuals and households in the UK. It places households into 16 groups. We have abridged the group definitions to concentrate on the factors that relate to the housing and locational choices that are typical of each group. The abridged definitions and data tables are included in Appendix D. We draw upon this information at many points in this section.

General findings from the consultation to date

10.100 We only summarise the findings here. Detailed findings for each local authority follow. This is because the area based evidence is very detailed and might not be of interest to all readers. We present the evidence in two main sections, local authorities within the urban area (the boroughs of Bournemouth, Christchurch and Poole), and outside the urban area (East Dorset, North Dorset and Purbeck).

General findings

- House prices have now exceeded the peak prices recorded in 2006;
- Prices in the non-urban area are lower than the urban area although premium market property is found in both;
- There is considerably more demand than supply for rented properties both social and private rented sectors;
- The private rented sector traded through estate agents rarely offers housing to households claiming benefit;
- Around 20% of re-sales are bought or rented by households from long distance movers notably from London, the Home Counties and the midlands. The proportion is higher for premium market property;
- A significant number of incomers are people retiring or planning to retire. Those planning to retire may purchase housing and rent it out pending their retirement;
- Agents agreed that the critical shortage in the housing market is non apartment family housing for sale or rent that is affordable to local households and this should be priced at under £250,000.
- There are very few sizeable new build sites across the study area compared to other areas we have studied recently. Most new supply is being delivered by local builders on small infill sites. We understand there is a significant new build pipeline and agents have drawn our attention to recently completed new build locally;
- Much of the new build we came across is retirement housing and we also came across a large amount of re-sale retirement housing currently on the market;
- At our conference we were told that he local authorities were facing a crisis in providing suitable housing and support for older people especially for dementia sufferers. There was a shortage of extra care housing and the private sector faced particular problems in producing more supply due to its high cost of ownership. There are also problems in recruiting sufficient carers;
- There is a large supply of park homes and mobile homes on the market although this may be an 'end of season' effect. Although some are marketed by residential letting agents there is ambiguity about whether these are residential sales or second homes or purchased for holiday lettings;

Urban Area

- There is a sizeable student housing market in Bournemouth and to a less extent in Poole;
- The evidence suggests that demand for private rented sector multi occupied student homes is waning;
- The housing markets of the boroughs of Bournemouth and Poole offer a wide selection of property for sale and rent across many price points – lower market, middle market and professional/executive market and premium market;
- Christchurch's housing market is narrower with less lower market and middle market homes available for sale or rent;
- Demand for Christchurch's housing market has an unusually high proportion of Mosaic's 'Active Retirement' group. This helps to explain the lack of supply as this group is buying in and staying put;
- The health of the apartment market has improved over the last few years in terms of demand and growing prices but some areas remain weak due to poor location and specification. Some agents would like to see more supply, agents in other areas believe there is too much supply;
- Waterside and quay side areas are also popular for second homes;

Outside the Urban Area

- Prices are generally lower than for the urban area. They become higher as they get nearer the urban area;
- Scope for development is limited due to much land is heath land of scientific interest;
- The area between Swanage and Wareham is the most significant tourist/holiday destination and is most sought after for second homes. Waterside and quay side areas are also popular for second homes
- Some agents are concerned about the demographic profile of some towns and villages as incomers with high spending power price local people out of the housing market.

Detailed evidence: the urban area

10.101 We have grouped the boroughs of Bournemouth, Christchurch and Poole into the urban area. East Dorset, North Dorset and Purbeck are largely outside the urban area.

The Borough of Bournemouth

10.102 Project resources did not allow a comprehensive survey of Bournemouth's sub-areas. Our strategy for informing our consultation research questions was to prioritise residential areas with distinctive characteristics:

- the apartment market (present in the town centre and coastal strip);
- Winton (high proportion of students);
- Charminster (students and professionals);
- Boscombe (contrasting north and south of Christchurch Road; and
- Southbourne (suburban residential area).

The apartment market (town centre and coastal)

10.103 This is mostly serviced by agents present in the town centre and Boscombe**.** Apartments with a sea view attract a premium price and some penthouse apartments are clearly part of Bournemouth's premium housing market attracting asking prices of over £750,000. Premium market dwellings would sell or let to households seeking to re-locate from London and the South East. According to Rightmove, at the time of our survey over 1,000 resale apartments were listed for sale across the town. This is a greater number than houses offered for sale.

10.104 All agents agreed that town centre and coastal apartments were in high demand and that asking prices were generally at a minimum of 2006 peak prices. Demand was mostly from professional households with a significant number of purchasers being retired people seeking to downsize. However we came across only a handful of leasehold retirement apartments for sale to the over 55s. We were told that at prices up to £250,000 investors accounted for around 50% of all sales. An investor could expect to rent a £250,000 apartment for up to £1,250 pcm. One agent told us that it

was regrettable that 'the spending power of investors was effectively squeezing out first time buyers'. The agent cited recent developments that incorporated shared ownership and affordable housing in the development mix however this was small scale compared to the volume of the market. Analysis of apartments offered for sale on Rightmove median price of £140,000 and 25% under £110,000 for sale. All agents stated that the critical shortage was for family housing for those not wanting to raise children in an apartment environment and believed that planning policy should introduce more diversity in the area. Houses for rent existed in the area but rarely came on the market – 'tenants tend to stay put'. The Boscombe area south of Christchurch Road had a higher proportion of houses to the east of the area.

Boscombe – North of Christchurch Road

10.105 One agent told us that he specialised in the area North of Christchurch Road. He told us that many 1 bedroom self-contained flats are available to rent for around £550 pcm or buy for around £90,000. Studio flats are also in plentiful supply to buy or rent at a lower price. Such prices are also found within a few streets South of Christchurch Road. Homes at this price are mostly converted detached or semi-detached dwellings. The agent explained that some households were attracted by low prices and quickly moved on sometimes forgoing rent paid in advance. Residents that stayed longer were those who had previously lived in the area. The area is very cosmopolitan with a large Polish population who find work in nearby manufacturing and food production industries. The agent told us that family houses were in short supply and he felt that enabling families to settle here was key to the areas renaissance. In his opinion too many family homes had been bought by investors and converted into studio flats or small self-contained flats or apartments. The agent told us that many investors were London based and he estimated that 50% of all dwellings were now rented. The agent agreed that only a fraction of rentals were marketed through letting agents. Many were let directly by landlords or households wishing to let rooms or share. This was also evidenced by high street shop window advertisements and the 'Spare Room' website. The agent told us that this was the easiest part of the town for households receiving benefit to obtain a private rented sector tenancy.

Southbourne and Littledown

10.106 This housing market area was also serviced by Boscombe agents who described the area as a 'nice suburban area for owner occupiers'. The Littledown area hosts the Royal Bournemouth General Hospital.

10.107 We interviewed the sales agent for Riverside Court by Mansell Homes. This comprises 45 retirement apartments offered for sale at prices ranging from £224,000 to £330,000. After 3 weeks of being offered for sale 14 apartments had been reserved. One quarter of these were reserved by

older people from London and Kent seeking to relocate near to their children who were resident nearby.

10.108 The Hospital is a major employer however the quality and price of nearby housing means that lower paid workers have to travel in from areas of less expensive housing. Good road access and public transport to the hospital enables this.

Winton

10.109 Agents described the area as saturated with lettings especially to students. The University is located at the South West corner of the area. A wider discussion on the student housing market is considered in a separate section of the report. The high street (Wimborne Road) is long, busy and has a great many small businesses many of which support the student lifestyle.

10.110 Agents told us that as a consequence there is a considerable shortage of self-contained 2 and 3 bedroom family homes to buy and rent. As a consequence rents were rising for these homes when they became available. One agent told us that currently there is a larger than normal number of homes becoming available due to repossessions. As a consequence of changes in the student market some landlords were converting former student lets back into self-contained homes and offering them for rents of up to £1,250 pcm.

10.111 Scarcity of family homes in Winton was confirmed by searching on Rightmove. Many apartments or flats are offered for sale in the area with prices starting at £120,000 and these are advertised as first time buyer or buy to let investment opportunity. A handful of family homes were advertised at around £222,000 but much more choice was available at this price in the Moordown area to the north of Winton.

10.112 The market for non-student housing is made up of young professionals and other working households some of whom would share self-contained housing. Few landlords would let to tenants in receipt of benefit.

Charminster

10.113 Charminster is located to the east of Winton and also houses a significant student population. Its 'high street', Charminster Road, is not as large as that of Winton and the area generally has a more diverse housing offer. The southern part of Charminster is around 2 miles from commercial and retail centre of Bournemouth and there are many large Edwardian residences many of which now are business premises – professional services, health care, and residential care for older people.

10.114 Agents told us that Charminster had largely retained the character of its buildings as development was undertaken early in the last century by estates some of whom placed restrictive covenants on dwellings. Estates would allow suitable development for a fee and this has had the effect of limiting conversion.

10.115 Around a 5th of all sales and rentals are taken by incomers and a third of all sales are to buy to let landlords. Incomers are mostly young professionals working in Bournemouth's services sector, the university or the public sector. Many of these are on placements or fixed term contracts so they tend to seek good quality rentals. This is driving demand in the area and landlords are responding with high investment rates.

10.116 A specialist letting agent was interviewed that operated in both the student and residential segments of the market. The agent told us that around 40% of lettings were student lettings and 60% residential. Landlords would generally not let to benefit supported households and there was much unmet demand from these households. The agent felt that there was a potential oversupply of flats but a shortage of houses in the area. The agent described a change in the market for student lettings and said that there were un-let student houses currently. This view was evident from a Rightmove search of the area with many large houses being advertised as residential lettings suitable for students. A fuller account is given in the section on student housing.

10.117 Purchase prices were higher than in Winton for semi-detached homes with 2 and 3 bedroom homes being offered in the region of £230,000-£250,000. Detached homes were considerably more expensive and some could be considered as premium residences. Rightmove searches confirmed the considerable supply of flats and the number of leasehold retirement apartments is noteworthy. Agents told us that prices had recovered there credit crunch losses and demand meant that houses were being offered at more than 2006 asking prices. Agents told us that the volume of demand had not reduced due to recently introduced lending scrutiny but some buyers had had to reduce their aspirations.

Bournemouth household profile according to Mosaic

10.118 According to Mosaic, the urban area Bournemouth accommodates the highest proportion of 'New Homemakers', 'Terraced Melting-pot' and 'Liberal Opinions' and the lowest proportion of 'Small Town Diversity' and 'Professional Rewards'. This is a different profile to that of Christchurch and Poole.

The Borough of Christchurch

10.119 Christchurch is a busy market town with a historic centre a marina and harbour for leisure sailors. Its coastline is close to the Solent; it borders the New Forest National Park. It is popular with visitors and tourists. Outside the historic town centre it is a residential area. Economically active residents can easily travel to work via road or rail and have access to high quality jobs throughout the region. Key industries are aviation, avionics, manufacturing and service industries, the knowledge and financial services based employment in Bournemouth and Poole and the wider opportunities presented by Southampton which is 20 minutes by train.

10.120 The river Stour defines the boundary between the urban areas of Christchurch and Bournemouth there is no green gap between the two areas when using the main roads between the two towns. A sizeable green gap exists however and agents pointed out that this is floodplain and flood risk is a limiting factor on further development especially around the more central river Avon.

10.121 Property at the western side of Christchurch is traded by agents in Boscombe (Bournemouth) and property in the eastern side of Bournemouth is traded in Christchurch. Unlike Bournemouth and Poole agents in Christchurch are high street based rather than present in the suburbs.

10.122 We asked agents to highlight the differences between Christchurch's sub markets. They told us that quay side, sea-side, river-side or locations close to the national park tended to have up market and premium market homes. Prices here have now exceeded 2006 peaks. Examples of these areas are Mudeford, Highcliffe on Sea and to the North, Winkton and parts of Bransgore. These markets are very diverse and offer everything from beach huts (£45,000 to £185,000), park and mobile homes up to £200,000 and premium residences with land up to £3.5m. There was a small amount of housing being marketed as holiday homes but not on a large scale. Whilst beach huts cannot be regarded as part of the residential market the prices at which they are being traded says a great deal about the affluence of the area.

10.123 Agents told us that there is a significant shortage of 2 and 3 bedroom family homes for sale at prices up to £250,000. Lack of supply and high prices mean that many potential first time movers cannot afford to upsize and many move out of Christchurch. Many also choose to stay put and this additional supply would help this group to access suitable homes. Agents told us that younger households had managed to purchase using re-sale Help to Buy but were cautious about the outcome for these households in the longer term especially if interest rates rose.

10.124 Significant demand comes from higher earning households from Poole and Bournemouth, Southampton and the Home Counties. Households are attracted to Christchurch's location and high quality housing offer. As one agent put it 'there is a disconnect between the place of work and the location of the residence due people moving into the area with six figure salaries.'

10.125 Agents told us that interest also came from households seeking to retire to the area both as downsizers and moving into retirement housing of which the market provided many options.

10.126 Sales agents told us that currently investors were not very active and were looking only for smaller flats and apartments. The letting agent concurred and told us that like lower priced re-sale property, tenants were not moving, 'there is little churn therefore little supply and little new investment'. Accordingly there was little prospect of households in receipt of benefit being housed as landlords could be very selective about their tenants.

10.127 Further insight into the Christchurch housing market area can be achieved by analysing Rightmove data. Readers are reminded of the discussion about Rightmove Data at the start of this part of the report. Rightmove provides us with a snapshot of the active housing market and we have used the information to add depth and context to the remarks of sales and letting agents. This 'snapshot' of the active market should not be confused with the housing stock in terms of size type and quantity of stock in an area. It is particularly interesting to note areas where there is a great deal of stock but few vacancies.

10.128 Rightmove data has been particularly useful in Christchurch to understand its housing market area in comparison to Bournemouth and Poole. A limitation of Rightmove is that it is difficult to get a picture at the borough level if there are more than 1000 homes on sale. So we focus on houses only for some of our analysis. We are careful to use rounded percentages for our results as the listings have some errors in classifying property particularly describing apartments as houses.

10.129 At the time of our survey there were around 600 homes offered for sale and just 60 available for letting. Excluding park homes, at the Borough level we noted the asking price of the median house was £435,000, and that 70% of the houses for sale were detached. Only 5% of the houses for sale were priced between £200,000 and £250,000.

10.130 For Bournemouth the equivalent information was a median of £325,000, 62% detached and 12% priced between £200,000 and £250,000. For Poole the equivalent information was a median of £370,000, 66% detached and 10% priced between £200,000 and £250,000. It is also noteworthy that Christchurch has fewer apartments on the market. Only 18% of all homes offered for sale are apartments. The equivalent figure for Poole is 37% and Bournemouth is 55%. We conclude that overall the 3 urban housing market areas are very different. They share a lot of characteristics but we conclude that because Christchurch has significantly more detached houses, fewer cheaper houses and fewer apartments its active market has less of an 'low end'.

10.131 If we drill down into profiles and medians for Christchurch's sub markets we find less variation than we find across Bournemouth and Poole. The asking price at the median point for all housing offered

for sale including apartments and bungalows is around £360,000 in each sub area with little variation. Because of the large number of apartments in Bournemouth and Poole their median is much lower their variation by area is much more pronounced. The explanation for this is likely to be because Christchurch is smaller than the other boroughs, has no university and is its urban core is residential and retail rather than commercial.

10.132 Mosaic provides further information about Christchurch's households which can go some way to explaining why there is little supply of housing for low to middle income working households. Mosaic classifications reveal that 32% of Christchurch's households are within the 'Active Retirement' group. This is around twice the level of Bournemouth and Poole and a third higher than East Dorset. It is over seven times higher than the average for England. Further, 22% of households are within the 'Small Town Diversity group which is twice the rate for Bournemouth and only Purbeck has a higher population in this group. Given that Christchurch has the second smallest household population in Eastern Dorset this household composition is noteworthy. The proportion of households described as 'Elderly needs' is around 5% of all households which is consistent with the rest of the urban area but slightly higher than the urban part of eastern Dorset. Christchurch also records the lowest proportion of 'New Home makers' half of the national l average and around one fifth that of Poole and Bournemouth, and the proportion in the 'Terraced Melting Pot, one fifth lower than Poole and nearly one tenth lower than Bournemouth. 'Liberal Opinions' group is hardly present - less than 1% of Bournemouth and 10% of Poole.

10.133 The evidence suggests that the shortage of supply noted by estate agents is because half the household population is within the Active Retirement and Small Town diversity groups group are buying into Christchurch and staying put. This means that vacancies for local people needing to upsize are not affordable to many of them and they too are not creating supply of affordable to the first time buyer or first time mover.

The Borough of Poole

10.134 The Borough adjoins the East Dorset to the North, Purbeck to the West and Bournemouth to the East. The Harbour area and the Quay area are distinctive, nearer to boundaries the character blends with that of its neighbouring housing market areas.

10.135 Interviews took place in the following areas which were chosen to reflect the diversity of the Borough which is noteworthy:

- Hamworthy
- Wallisdown
- Lower Parkstone and Lilliput
- Branksome and Upper Parkstone

- Canford
- Broadstone

10.136 We did not investigate Poole's premium housing market areas such as Sandbanks as project resources were limited and such areas were arguably of little significance for the SHMA. However the role of Sandbanks is significant when Mosaic profiles are considered below. We did however investigate the health of the apartment market across Poole as a functional rather than geographic entity. We also noted housing market area characteristics that were expected but not apparent in Bournemouth and Christchurch.

The 'Functional' Market for Apartment Housing

10.137 We interviewed a sales and letting agent that specialised in the apartment market and enquired about the health of the market surrounding Holes Bay. This was because our earlier study had recorded concerns about oversupply in the market at a time when credit crunch mortgage lending restrictions had a severe impact on demand.

10.138 The letting agent told us that demand mostly exceeded demand in the Quay area, most low- to mid-price rentals were snapped up. This week he carried 8 vacancies, last week just 2. The agent said that the most acute shortage was for 1 bedroom apartments currently. Typically 25-30% of lettings were to incomers, both couples and singles working in the financial sectors and the hospitals. A recent trend is the reducing demand from Polish households, many of whom were now choosing to buy rather than rent. The agent explained that there was little possibility of households in receipt of Benefit being taken on by landlords. They were effectively squeezed out of the market by working households. Low income working households would also struggle unless there was a double income or guarantor. A typical rent for entry level accommodation was £550 pcm which would require an income of £16,500 pa – significantly above the minimum wage for a 40 hour week.

10.139 The sales agent described the apartment market as a 'buyers' market', citing examples of what he considered to be unrealistic asking prices especially in the Quay area. He explained that there was also a peak in supply as original purchasers were now seeking to move on, now that mortgage ending was easier, asking prices were at or near their purchase prices and some families had outgrown the size of their apartment. He also explained that some developments were more popular than others naming blocks for which there was currently no market due to factors such as poor location, design issues and high service charges. Demand from investors was limited for apartments as many were taking advantage of cheaper prices in Southampton. He explained that waterside apartments would generally sell better and attract higher prices than inland. Agents in Hamworthy also made the point citing the popularity of recent new build that were 'waterside' or had good views over the Bay.

10.140 Our analysis of the apartment market based on property for sale or rent listed on Rightmove leads to some additional findings. We noted more shared ownership and retirement apartments for sale than anywhere else in the study area. Retirement apartments were available across a broad number of price points from under £100,000 to over £300,000 depending on location. Over 700 apartments were offered for sale. Again prices varied considerably with location from an affordable £100,000 inland to the premium market sea view properties near Sandbanks and Branksome Park. It was noteworthy that the great majority of new build homes were in the premium sector in these locations. The median price for a 2 bedroom apartment was around £220,000 and about 25% of apartments were priced below £165,000.

Wallisdown

10.141 Wallisdown is significant because it is close to the university of Bournemouth main campus. There is a dedicated cycle route to the campus form the town. Agents told us that some students choose to live here but the area is not 'swamped'. Adjoining the university campus, Talbot Village is a recent housing development and agents told us that there were restrictions which meant that student use had been limited.

10.142 Other characteristics of the area were a large proportion of bungalows in the housing stock and a large area of social housing. Re-sales of former social housing would attract a lower price and this was of interest to investors and first time buyers. Agents told us that investor interest in the area was modest.

10.143 Sales agents told us that generally prices had recovered to pre credit crunch levels although turnover was lower than expected. There was considerable demand for bungalows but agents were clear that the significant gap in the market was for family homes.

10.144 Analysis of sales on Rightmove supports the evidence from agents in that a high proportion of sales are ex-local authority and bungalow accommodation and relatively few homes are on the market. This analysis also reveals a small number of former student lets now on the market as larger homes for residential use. A much smaller number of homes were available to let in the area. Half of these were large houses offered as student lets at student let prices. As of August 2014 these were still un-let and agents told us that owners would consider offers for use as family homes.

Branksome and Upper Parkstone

10.145 This area is of interest because it contains a large proportion of lower to mid-market housing. There is a significant retail offer of traditional shops in a high street setting (Ashley Road) as well as a retail park. We observed that the area is superficially similar to Winton in Bournemouth.

10.146 Agents described the area as cosmopolitan with large proportions of incomers (30-40% of transactions) being incomers. One agent commented that non-British incomers used to be from the Indian sub-continent but these were mostly replaced with people from Eastern Europe. Agents told us that the area was popular for incomers and investors as prices were slightly more affordable than in comparable parts of Bournemouth. They also told us that the re-sale market was moving with fewer people renting and some investors were selling. Selling prices were at pre-recession levels and offers were close to asking prices because of demand. Recently introduced borrowing health checks had resulted in households moderating their expectations rather than withdrawing from the market. Accordingly there was increased demand for flats which were generally in short supply in the area.

10.147 Sales agents told us that sales in the retirement market were slow as there was an oversupply. Accordingly prices at the lower end of the market had dropped however according to Rightmove asking prices ranged from £60,000 to over £300,000.

10.148 A letting agent told us that demand was strong and every instruction they received would let very quickly.

10.149 Analysis of the market through Rightmove showed that far fewer rental properties were listed than homes for sale. This supports the evidence from the letting agent. Most of the homes for sale were semi-detached with and median homes were on offer at £225,000, prices at the lower quartile point were around £160,000 and these were mostly small apartments.

Lower Parkstone and Lilliput

10.150 The railway line connecting Poole to Bournemouth and London Waterloo separates Lower Parkstone from Parkstone although the distinction appears to be an estate agents marketing device. Nevertheless the two parts of Parkstone are quite different. Lower Parkstone and Lilliput is an area of premium housing with asking prices ranging from £200,000 to £3m.

10.151 Agents estimated that more incomers to the area than Poole residents buy here. Factors are high quality schools and high paying jobs in the financial services sector. Agents also spoke about successful entrepreneurs moving into the area because they could afford it and they could operate their business from home. The area also attracts elderly downsizers who can afford high quality apartments of which there is plentiful supply.

10.152 Agents told us that there is unmet demand for family homes in the region of £350,000 to £0.5m largely driven by the high quality schools.

10.153 According to Rightmove there is also a substantial supply of rental accommodation available at prices up to £2,500 pcm. Agents told us that this was popular with elderly downsizers and households seeking to rent until suitable property becomes available to buy.

Oakdale

10.154 Agents described this as a mature quiet residential area close to the town centre and with easy access to the main routes. The agent described the area as more up market than residential areas to the East (Canford/Newtown/Wallisdown). We were told that good schools attracted incomers and retained existing residents as well as easy access to employment leisure and retail. Agents felt that all dwelling types were in high demand but drew attention to the fact that the local rental market was mostly too expensive for the many lower paid workers in the nearby hospitals. The agent also stated that households coming from London had more spending power than local households.

10.155 Data from Rightmove supported the agent's view. It was noteworthy that small inexpensive and shared homes for rent (£450 pcm) were aimed at hospital workers. Few other rentals were being offered but these were considerably more expensive. However the price at the median point of homes for sale was £250,000 and many homes at this price point were detached bungalows

Broadstone

10.156 Agents described Broadstone as a relatively affluent village on the fringe of Poole. It is connected to Corfe Mullen (Purbeck) to the West. Around 20% of sales and lettings are made by incomers who can afford to live there and are attracted by well performing local schools. They are mostly second time movers coming from the Western fringe of greater London. People from this area also come to Broadstone to retire. Agents also told us that a big driver or demand from locals is from older people seeking to downsize. These have moved into the area for job reasons around 20 years ago and are now seeking housing for their retirement years.

10.157 Agents said there was a severe shortage of family homes. Too many apartments had been built. They believed that future building on any scale would be difficulty because the area is surrounded by protected heath land. They also told us that there is little interest from investors.

10.158 Analysis of property for sale or rent supports the information from agents. The Rightmove area of search includes Creekmore. The price of the median home was £335,000 and the 1st quartile £240,000. Homes for sale were in the range of £100,000 to £1.7m. There was a higher proportion of bungalows for sale than anywhere else in Poole or Bournemouth. There were only 3 rental homes on offer, two of which were priced at or over £1,250 pcm. It is noteworthy that 4 new build homes were offered for sale, 3 of which met the agents call for more affordable family homes.

10.159 We noted a large development by Kier in its early stages at Waterloo but we have no information about the intended mix.

Canford Heath

10.160 This is a suburban area to the North of the central urban area of Poole. Housing is generally of 1960s construction with many of the vacancies being small low rise flats - many are ex local authority. Agents told us that because of the relatively low prices there is considerable interest from first time buyers and investors who compete. 60% of such purchasers re made by investors. Investors get good returns and there is considerable demand. Rents start from £650 pcm for a 1 bedroom flat.

10.161 There is also a lot of interest from incomers on more modest incomes who take up jobs in local industries and the service sector in Poole and Bournemouth. Travel to work times and distances are short and public transport is available.

10.162 Agents told us that there is a local shortage of family residences priced between £170,000-£230,000. They informed us that Bellway homes would be building soon.

10.163 Rightmove information supports the view expressed by agents. Hardly any rental homes were advertised signifying strong demand. Prices at the median point of homes for sale were the lowest in Poole at £140,000.

Hamworthy

10.164 This is the southernmost point of the peninsular to the west of Holes Bay and Poole Harbour. Although a short distance from the Quay area of Poole access is via a chain ferry. There is only a small green gap between Hamworthy and Upton which is part of in Purbeck District.

10.165 Agents described a housing market full of contrast. The peninsular is mostly surrounded by water and there are both park homes for holiday use as well as smart waterside developments for residential use, a small number of which are second homes. Inland there is modestly priced housing for sale and rent some of which is ex-local authority.

10.166 One agent told us that there was very little turnover of stock at the moment other than the recently developed waterside housing which attracted a large number of incomers that were boating enthusiasts. Currently demand considerably outstripped supply for inland housing and investors formed a significant part of the demand for homes priced at up to £250,000.

10.167 Our attention was drawn to a Spectrum housing development that provided affordable, shared ownership and market housing. The agent told us that this was in step with locally generated housing requirements.

10.168 The letting agent told us that most unmet demand was from non-working households with children which landlords would not consider. They told us that landlords were continuing to invest as demand from working households was high.

10.169 Information from Rightmove showed very few homes to rent signifying high demand for rented housing and strong rents starting from £650 for a 1 bedroom low rise flat. A high proportion of re-sale property was recently constructed waterside apartments which one agent described as over-priced.

Poole Household Profile According to Mosaic

10.170 Mosaic profiles provide further information about market drivers affecting Poole. Poole has a slightly higher proportion of 'Alpha Territory' households than the English average and this is twice the average for Bournemouth and East Dorset. It is evident 'on the ground' and from Mosaic data presented spatially that this occurs at Sandbanks and the immediate area. Within the Urban area Poole also has the highest proportion of Households described as 'Professional Rewards', 'Suburban Mindsets', 'Industrial heritage' and 'New Home Makers. It has the lowest proportion of households within the 'Active Retirement' group.

Detailed evidence: outside the urban area

Purbeck District

10.171 The District of Purbeck is found on the south western fringe of the study area. Its northern border is with North Dorset and East Dorset districts and its eastern border is with Poole, with Upton adjoining Poole's urban area. In the southern part of the district the larger settlements of Swanage and Wareham are popular with tourists and visitors. North of Wareham the area is mostly rural in character.

Swanage

10.172 Agents told us that much of the town's housing used as B&B, holiday lets or second homes, as are many of the surrounding villages south of Wareham. A high proportion of the remaining property is occupied by retired people. One trader said that many of the villages are '50% second homes and 50% occupied by the elderly'.

10.173 Property for sale is very diverse including beach huts, beach side studio apartments, park homes (asking price from £27,000 to £200,000), converted and purpose build flats and apartments, retirement apartments, individual large houses aimed at the B&B sector or private residences. Two matters are noteworthy. Firstly the majority of homes for sale were flats and apartments (across a wide range of price points) and secondly a large number of retirement apartments were for sale at what agents considered to be unrealistic prices.

10.174 Most of the rental property available was offered as a winter let.

10.175 Agents told us that both housing for sale and rent attracted a premium price if they were close to the sea with a good sea view or had good views of the Purbeck Hills. There is a shortage of 3 bedroom family homes for sale or rent and any additional supply would be 'snapped up'. Agents cautioned that unless covenants or planning restrictions prevented it there was a possibility that these may not be occupied by local households.

Wareham

10.176 Local agents told us that although Wareham has a significant number of visitors and provides access to a large leisure anchorage the housing can be regarded as mostly residential.

10.177 Agents explained that the sales fell into 3 distinct categories: up to £180,000 would attract completion for sales between investors and local households seeking more suitable housing; prices between £180,000 and £250,000 would attract better off local second time buyers, prices over £300,000 would attract incomers re-locating for employment or retirement or seeking second homes. Agents stated that homes under £180,000 were in short supply and would welcome additional supply through new build.

10.178 They told us that prices had recovered to pre-crash levels and further gains were noted in May and June, largely due to demand from incomers from the London area. There was a pattern of young people leaving the area to study and work in London or elsewhere but seeking to return in later life.

10.179 Agents drew our attention to demand for housing around the MoD base at Bovington 6 miles to the West. These are marketed by Wareham agents. It is noteworthy that former MoD housing is a feature of the re-sale market and was popular with civilian contractors to the base either for rent or sale.

10.180 Regarding rental housing we were that some local landlords would accept working households in receipt of top up benefits but not those reliant upon benefits unless retired.

10.181 Information from Rightmove is noteworthy. The price of the median property offered for sale was £300,000 ranging from £135,000 (1 bedroom flat) to £1.5m (country house). The price at the 25% point was £180,000 and all dwellings below this were flats or apartments. The minimum price for a family house was £250,000. Only 11 homes for rent were listed and these were very recent listings with prices starting from £650 pcm (small 1 bedroom flat). Rightmove has separate listings for Bovington and it is noteworthy that most resale houses appear to be ex MoD or ex-local Authority in the price range £165,000 to £180,000.

10.182 Only one new build was offered (off plan) but agents drew our attention to a site on at the edge of town being developed by Bloor Homes. This was in the early stages of development and no sales information was available. The planning application tells us that this will be a mixed development of houses bungalows and apartments with a high proportion of affordable housing.

Upton including 'The Lytchetts'

10.183 The rural housing market including Lytchett Matravers and Lytchett Minster are serviced from agents based in Wareham and Upton. There are sizeable park home sites along the A351 which are also marketed from Upton. There is a small green gap between Upton and Hamworthy (Borough of Poole) and a larger gap leading to Creekmore (Borough of Poole) and the towns connect by the A35 dual carriageway which offers easy access to Poole and Bournemouth.

10.184 Upton is a residential area. Agents based in Upton told us that prices had recovered to pre-2006 levels and had briefly exceeded these levels in the spring of 2014 but had eased slightly since. Agents told us that a large number of flats had come onto the market recently but were slow to sell because of high asking prices.

10.185 Agents told us that property priced at over £350,000 would invariably be sold to out of area purchasers notably the Midlands, London and Surrey and that there was an undersupply of 3 bedroom homes affordable to local second time movers.

10.186 There was considerable demand for rental properties that tended to let as soon as they became available. Agents commented on the sizeable market for park homes and terms and conditions of sale that resulted in a fee being payable – typically 12% to the site owners upon sale. Park homes would suit cash buyers and older people found the lifestyle attractive.

10.187 Analysis of homes for sale and rent at Upton showed that few rental properties were available and all had been very recent listings. This indicated high demand for rental property and listings were in the range of £565-£900 pcm. Regarding re-sales, flats were among the older listings. The price of the median listing was £220,000 and the 25% listing was £160,000. Compared to other parts of Purbeck and some parts of Poole these prices are regarded as moderate. The price range of

listings for 'The Lytchetts' was much flatter, many homes on the market have an asking price of £450,000 and are typically 4 bedroom detached homes.

10.188 According to the Mosaic profiles Purbeck has the highest proportion of households (31%) residents in the Small Town Diversity group which is just under 4 times the average for England. The proportion in the Active Retirement Group is also high at 19% which means that the around half of all households are rooted in the community; tend to stay put that those living in the coastal town are likely to be older people. This is a similar profile to Christchurch and the profile would explain the lack of supply of family homes coming onto the market.

East Dorset District

10.189 This is an inland District. The main towns are Corfe Mullen, Ferndown, Wimborne Minster and Verwood. They are connected by the A31 which is a major route to the West which is not dual carriageway West of Ferndown. However it is dual carriageway to the east offering good road communications to Southampton.

Corfe Mullen

10.190 This is a large village which is the western most part of the part of the Bournemouth/Poole conurbation. There is no green gap between Broadstone (Borough of Poole) and Corfe Mullen. The village has essential shops and services including a health centre. More shops and services are available in nearby Broadstone and Wimborne Minster.

10.191 A village based agent was interviewed. Broadstone agents also service the market and contributed to our understanding of the local area. The local agent explained that prices were generally lower than in Broadstone and there were fewer premium residences.

10.192 The agent told us asking prices were now in excess of their 2006 peak although it was very much a buyer's market with purchasers able to negotiating lower prices. Investors will purchase up to £250,000 and they account for 30% of sales up to this point. Demand for rentals is much greater for supply with 12-15 households chasing each vacancy. Landlords can exercise choice in who they let to and this means that households in receipt of benefit are unlikely to be considered.

10.193 Incomers to the village tend to be within other parts of Dorset. The agent explained that future housing development was envisaged and that there was a gap in the market for 3 bedroom family homes priced up to £250,000.

10.194 Data from Rightmove supports the agent's evidence with lower median prices than Broadstone (£300,000 rather than £335,000), a more compressed range of prices with fewer premium residences and very few rental vacancies.

Wimborne Minster

10.195 This includes Colehill and the surrounding villages. Agents estimated that 30% of purchasers and rentals were from outside Dorset. They told us that households tend to stay once they arrive. What brings them here is job re-location schools and a high quality of life. Dorset residents seeking to re-locate here want to upsize and move up the property ladder. Some households would re-locate into rented housing until suitable housing became available for sale.

10.196 We were told that prices for larger family homes had now exceeded their pre-crash levels. Flats had not recovered to the same extent. Buy to let was still occurring to some extent however those landlords who were investing were intending to owner occupy the property on their retirement.

10.197 Agents told us that a greater supply of family homes would sell but the main shortage was for small flats for singles and couples. We noted several retirement apartments for re-sale between £70,000 and £100,000. Agents told us that some had proved slow to sell due to recent supply of new-build retirement housing.

10.198 We came across new development in Wimborne Minster. Waters Edge (Charles Church) was on sale and we spoke to the on-site sales team. We were told that 50% of sales to date had gone to local elderly downsizers. The remainder were mostly incomers to East Dorset some of whom were first time buyers using the Help to Buy scheme who had relocated from Bournemouth and Southampton. Two households had purchased dwelling to be used as second homes. Bennett Lodge (Churchill) was recently completed and fully sold so we were unable to interview any sales staff.

10.199 Information from Rightmove revealed few fats for sale and very few homes available to let. The asking price for the median property was £340,000 and £230,000 at the 25% point which were typically 2 and 3 bedroom terraced houses.

Ferndown

10.200 This is town sits at the junction of the A31 and the A348 both leading to the A35 Dorchester Weymouth to the South West. The A348 is via Poole. To the East the A31 leads to Ringwood and the M27 connecting Portsmouth and Southampton. The housing market area includes the many surrounding villages. Agents told us that its location makes it a convenient choice for working

households especially if they have different places of work. Re-sale prices are also cheaper than Wimborne Minster and Christchurch.

10.201 Agents told us that there was a great deal of churn in the market with around half of sales and rentals coming from outside the area, notably Hampshire and the M3 corridor.

10.202 Agents believed that an additional supply of 3 and 4 bedroom family homes would sell quickly but there was an oversupply of flats. However they believed that much of the surrounding area was heath land which would not be developed.

10.203 All rental property coming onto the market lets very quickly.

10.204 A snapshot analysis of Rightmove shows that this is the busiest housing market area of all of the major towns outside of the Boroughs of Bournemouth and Poole with over 400 dwellings for sale. The analysis also revealed a higher proportion of apartments and bungalows for sale than the other towns. Prices at the median and 25% point were £325,000 and £189,000 respectively and were lower than Wimborne Minster and Christchurch. From this data it is also noteworthy that there is a significant market in retirement housing and park homes.

Verwood

10.205 This Town is to the North of the District equidistant from Ferndown and Ringwood in Hampshire but connected by minor roads. Agents told us that over 1970s and 1980s Verwood has seen a lot of development and intensification. People came to live here because of its supply of housing and low prices. Agents told us that infrastructure had been slow to arrive but now the town had its own schools, a superstore and sports facilities. They felt that significant future growth would be unlikely due to the need to protect the surrounding countryside.

10.206 Agents estimated that around 40% of all transactions are incomers to the town. They are a mixture of younger households that have re-located for work reasons and older people down-sizing from Hampshire and Salisbury. The agents felt that local prices were the main driver. Agents told us that many local households needed to upsize because of their growing families but many were unable to do so because of affordability problems.

10.207 We were told that there was little interest from buy to let investors but there was considerable demand for rental property when it became available.

10.208 Data from Rightmove showed that prices were generally lower than at Wimborne Minster and Ferndown. However the property for sale was mostly of 3 or 4 bedroom detached homes with village based housing and edge of town housing having the highest asking prices. Maximum prices

- around £600,000 are lower the £1m plus homes seen in other parts of the study area. Housing under £250,000 was mostly two bedroom, further evidencing the lack of affordable supply for local households needing to upsize.

10.209 East Dorset has a distinct profile within Mosaic compared to the non-urban districts. It has the highest proportions in the Active Retirement, Professional Rewards and Alpha Territory groups. It has the lowest proportion of 'New Home Makers'. It has the highest proportion of 'Professional Rewards' across Eastern Dorset by a considerable margin. Like the other district it has a high proportion of 'Small town Diversity' unsurprisingly much higher than Bournemouth and Poole. This aligns with Rightmove data which shows the highest median prices outside the urban area and evidence from agents concerning the role and character of the area especially Wimborne Minster and Ferndown.

North Dorset District

10.210 Towns visited were Shaftsbury, Gillingham, Sturminster Newton and Blandford Forum.

Blandford Forum

10.211 Agents told us that demand and prices in the town centre were lower that other parts of the town because of lack of car parking. Car parking was a pre-requisite for most house buyers and this could not be provided for many dwellings within the central area which were terraced or over retail premises.

10.212 Demand from buy to let investors was very strong and many potential first time buyers were unable to compete. Demand generally was such that out of town centre re-sale housing had recovered strongly. Demand was especially strong from second time movers some of whom had been unable to move before the recovery. There was a small amount of demand from households seeking to move from Poole and Bournemouth and retirees from London, the home counties and the midlands otherwise the local housing market was mostly satisfying local need and from other parts of North Dorset.

10.213 Agents told us that there was currently more demand than supply for family housing priced less than £250,000 and they would welcome new build. However dwellings priced at over £300,000 were currently slow to sell.

10.214 Letting agents told us that the market was very fast moving. Most vacancies were taken immediately and buy to let investors were responding to this demand by acquiring additional property. One agent commented that demand was so strong that landlords were unlikely to accept households claiming benefit. Landlords felt very strongly that direct payments need to be restored if

they are to house such households in future. Agents told us that there was an acute shortage of 2 and 3 bedroom family homes to rent.

10.215 We analysed information from Rightmove. It revealed that there were only 11 homes available to rent which confirms the agents report that demand is very high. 3 dwellings available to rent were retirement flats. Many of the others did not have allocated parking. Regarding prices it is noteworthy that the price of the median house for sale was £185,000 and most of the available supply was under £200,000. The entry level lower quartile prices were around £140,000. At this price 2 bedroom flats or maisonettes could be purchased. It is noteworthy that 7 retirement apartments were offered for sale at £80,000 or under.

Gillingham

10.216 Agents told us that there was a significant supply of bungalows in the local area and that these continues to change hands during the credit crunch as many did not have a chain and purchasers did not need large mortgages if any. Agents told us that there was a shortage of bungalows and 3 bedroom semi-detached family homes. Demand for the latter was due to households needing to upsize and wider availability of mortgages enabled them to do so. Agents told us that currently asking prices were over optimistic for family houses and this was limiting turnover as the negotiation process was time consuming.

10.217 The proportion of sales to incomers varied on a monthly basis but averaged around 25%. A number of factors brought people to Gillingham including the performance of local schools, the rail link and because prices were generally cheaper than the much of the rest of Dorset. One agent commented that a decision to move into or within the housing market area was a lifestyle choice as it was not as convenient to travel to employment centres as further South in Dorset. Agents also spoke of the rise in people partly or wholly working from home. Agents told us that there were large employers locally and this attracted Eastern Europeans to the town.

10.218 Buy to let investors would buy if asking prices were below £175,000 but much activity was not currently apparent. There was unmet demand for lettings and a current shortage of 2 and 3 bedroom family homes which would let for £550-£750 respectively. This was partly due to sitting tenants staying in their tenancies longer. Landlords would rarely accept tenants in receipt of benefit unless there was a guarantor.

10.219 Churchill was currently selling new build retirement apartments on a high street location. The sales agent said that the choice of this type of development was very much driven by a sense of security and the need for a social life. Sales were 70% to local people and the remainder was from

downsizers resident elsewhere in the county. The agent told us that much of the re-location was driven by parents seeking to live nearer their children and grandchildren.

10.220 Information from Rightmove revealed a high number retirement apartments available for sale and the largest number of bungalows. Bungalows do not necessarily supply the retirement market. Median and 25th percentile prices were identical to Blandford and Shaftesbury at £185,000 and £140,000 respectively, but unlike Blandford, terraced houses were offered at the £140,000 point rather than flats and maisonettes. House prices ranged from £75,000 to £690,000. Current supply below £100,000 is noteworthy because of retirement apartments and some shared ownership on sale. Like everywhere else in North Dorset there was little housing available for rent available due to high demand.

10.221 Agents told us that there had been no new build on any significant scale for nearly 10 years and there would be demand for new build and after sales.

Shaftesbury

10.222 Agents told us that there were few employment opportunities in and around Shaftesbury. There were two major employers both of which recruited local low skill staff. The area was largely residential and the local economy was that of a market town with a significant number of visitors. We were told that the hilltop area was 'more pricey' because of its character. Outer areas were popular with families because of car parking and garden space.

10.223 There were a small number of incomers to the area. Older incomers are drawn to the character of the hilltop area and the surrounding villages. They are mostly seeking to downsize. Younger households find they can get more for their money in the town than in South Dorset and benefit from good quality schools.

10.224 Currently there was little demand for re-sale housing from first time buyers or people seeking 'Help to Buy' as new development was attracting these customers. Our attention was drawn to new development on the edge of town. By Persimmon and Charles Church. Aster Homes is also providing affordable housing for sale rent and shared ownership. Developer sales staff declined to be interviewed and our request for information from head office has not been responded to.

10.225 Investors are active in the area. Some are people who have acquired a place for their retirement and are renting it out in the meantime. Buy to let investors are getting adequate returns on property costing up to £200,000. The letting agent estimated that 75% of recent rentals had been to incomers and employment and retirement were the main reasons for re-locating here. A small number of local landlords would consider benefit claimants if they had good references and in most cases a guarantor.

10.226 Information from Rightmove revealed similar prices between Blandford, Gillingham and Shaftesbury although significantly fewer apartments and bungalows were available at that time. Prices ranged from £50,000 to £775,000. There were two retirement apartments available at under £60,000 and many new homes on shared ownership terms starting from £67,000. There were many 2 and 3 bedroom resale family homes for sale at median prices confirming the agents' view that families could get good value for money here. Higher prices for older near town centre dwellings were evident, some of which were grade 2 listed. There were very few properties were available to rent signifying high demand for vacancies.

Sturminster Newton

10.227 Agents told us that people re-locate to this market town and its surrounding villages to achieve a lifestyle change within easy reach of the coast and rail access to London. 80% of premium market purchasers re-located from the Cotswolds Guildford, London and the Home Counties this year.

10.228 We were told that investors tended to look elsewhere to expand their family house portfolios. House prices were generally more expensive than elsewhere in North Dorset however some key features of the town meant that lower income households would find it expensive to live here. This is because there is no supermarket and no petrol station. One agent was concerned that the town was very car dependent and with a narrow social mix and told us that there was considerable demand for bungalows but very few existed. It was noteworthy that there were many apartments for sale at the time of our survey priced under £135,000.

10.229 New-build tended to be infill and small scale and agents told us there was no interest in self-build in their experience.

10.230 The lettings agent said there was some interest in rentals from Eastern European workers who would seek rented housing here as a second choice to Gillingham which was nearer to employment. Landlords would occasionally let to local benefit claimants. The agent said that an increased supply of 2 and 3 bedroom family homes would let.

10.231 Analysis of Rightmove data confirmed that median prices were higher than elsewhere in North Dorset. However 25th Percentile prices were lower than the rest of North Dorset due to a large supply of modern 1 and 2 bedroom apartments on offer at between £100,000 and £135,000. The range of prices was also greater than other parts of North Dorset starting at £65,000 for any of 3 retirement apartments up to £2.5m with 3 homes for sale with prices in excess of £1m.

10.232 Information from Mosaic supports the view that North Dorset has different household characteristics from the non-urban parts of Eastern Dorset. Nearly a quarter of all households are within the 'Rural Solitude' group, twice Purbeck and four times East Dorset. There is the lowest proportion of 'Active

Retirement', 'Small Town Diversity', but a higher proportion of 'New Homemakers' and 'Careers and Kids'.

Further evidence regarding social housing and housing options

10.233 Information was obtained from staff in the housing options teams of each local authority.

10.234 Officers told us that the shortage of 2, 3 and 4 bedroom family houses are most critical although specific shortages varied by local authority. Poole and Purbeck highlighted 2 bedroom homes as especially important an in short supply. It was pointed out that in many local authorities the highest demand is for 1 bedroom homes but these tend to turn over more quickly. However North Dorset told us that this was the most critical shortage. The officer told us that this was due to a large number of young people unable to afford home ownership and a shortage of suitable private rented sector lets in the district. Most Councils told us that some sheltered housing bedsits are in low demand and this is being addressed when schemes are being refurbished. Small numbers of households seek 4 bedroom homes but supply is very limited resulting in long waits for large households.

10.235 Officers highlighted several vulnerable groups that were particularly affected by shortages of affordable housing. The groups highlighted are People suffering mental health and substance abuse problems, ex-offenders, probationers and older people needing extra care housing, accommodation for wheelchair users.

10.236 The proportion of urgent applications from failed private rented sector tenancies in relation to all urgent applications varied by local authority. This accounted for over 50% of all urgent applications in Purbeck and between 30-45% in the other local authorities.

10.237 All Councils except Purbeck and North Dorset have a private rented sector leasing scheme. The councils tell us that their schemes are under review. Purbeck council told us that it investigated a scheme but concluded it would be uneconomic.

10.238 All Councils told us that supply from the private rented sector was important and all offered bond or rent deposit schemes. Most councils offer a tenancy support service. Private rented sector lettings are not offered within the county wide Choice Based Lettings Scheme.

10.239 Councils were invited to draw our attention to specific issues they faced. Purbeck drew our attention to the difficulty of delivering affordable housing. Much of the land and coastland is protected under planning policy. Only small sites were available and many were under the threshold of the local authority affordable housing policy. Further, registered providers were reluctant to take on the management of small numbers of affordable homes on new build sites. Other councils drew

attention to market rents being considerably higher than the local housing allowance. Bournemouth has an aspiration to make more shared ownership available to low income working households. It is also building around 125 new units of affordable housing his year.

Further evidence regarding the private rented sector

10.240 Information was obtained from staff in the private rented sector enforcement teams of each local authority. We attended a branch meeting of the National Landlords Association (NLA) and obtained a small number of interviews with landlords.

10.241 The NLA meeting was addressed by officers from the NLA, from Bournemouth's enforcement team, the probation service and us. Nearly 100 landlords attended. We asked the members to tell us whether the rate of growth of the sector seen over the last decade could be sustained, if demand for student housing in Bournemouth was waning and whether the sector could house a higher proportion of older/vulnerable people and households in receipt of housing benefit.

10.242 It is noteworthy that probation service staff sought support from landlords to house offenders on their release from prison. Officers described the support that was available. Enforcement staff were making the case for more landlords to become accredited and registering on the Dorset register of landlords. Officers said that this would assist the local authority to concentrate its resources on the group of landlords who were operating outside the law or those that were unaware of their obligations. It would also weaken the case for additional licensing. Officers also warned about the dangers of 'rent to rent' landlords and cited a recent case where the 'rentor' landlord had been placed in a difficult position by his 'rentee' landlord through sub-letting. The officer commented that student lettings and HMOs tended to have the least accredited.

10.243 Landlords' collective response to all of the above was to state their commitment to being quality landlords and disassociate themselves from 'rogue' landlords.

10.244 It was apparent that many landlords in the room let directly and did not employ letting agents. They thought it essential to meet with their prospective tenants and it was apparent that some would let to households that in their view were trustworthy if in receipt of housing benefit and vulnerable people including ex-offenders. They felt the major barrier to housing more 'benefit cases' was the ending of direct payment to landlords.

10.245 Cases were cited of difficult end of tenancy issues involving low income households. Landlords believed that in some cases it was in everyone's interest for the local authority to support tenancy surrender rather than insist on possession proceedings. Some landlords stated their belief that support for the private rented sector by a local authority and the voluntary sector should be balanced, supporting both landlord and tenant where necessary.

10.246 In response to our question about future investment one landlord told us that he was in the process of building a block of flats for residential letting. Whilst he found it economically viable he complained about a very 'long winded' planning process for obtaining planning consent. Most landlords we spoke to had only one or two houses in their ownership and would consider further investment. One landlord announced that he was seeking to expand and offered to buy from landlords present at the meeting.

10.247 Other landlords we spoke to had small portfolios of student lets. They did not use letting agents and said they had no difficulty letting for the current and previous academic years.

10.248 We collected a great deal of information from the housing enforcement staff of each local authority. It is clear that all of the private rented sector segments are present in the sub region however some are localised. For example tied tenancies are present in the rural areas and student tenancies in Bournemouth and Poole. The number of licensed houses in multiple occupation (HMO) vary. The most significant numbers are in Bournemouth (480) and Poole (60). There are small numbers in Christchurch and the rural market towns.

10.249 Bournemouth introduced a borough wide an Article 4 licensing scheme. Poole introduced one for Talbot Village due to concerns that student landlords would focus their attention on this area rather than Bournemouth.

10.250 Bournemouth Borough operates a quarterly landlord forum and annual conference and this is attended by landlords that own property in other Boroughs and Districts. Officers told us that the most frequent topics for discussion are housing benefit and tenancy management problems especially where tenants are considered vulnerable.

10.251 Officers told us that the most frequent complaints about the private rented sector were in relation to damp and mould. Other frequent complaints about landlords concern end of tenancy issues. Some local authorities told us that there are a disproportionate number of complaints about tenancies managed by part time landlords with small portfolios.

10.252 Officers told us that rent deposit schemes were in place and were of great importance when helping households that were homeless or threatened with homelessness secure housing in the private rented sector. This is especially important in Bournemouth and Poole.

Table 87: Mosaic Household Classification Data for Eastern Dorset

	Bourne-mouth	Poole	Christ-church	East Dorset	North Dorset	Purbeck	England	South West
Households estimate 2012	74,851	62,374	21,804	38,621	27,115	19,932	22,639,533	2,334,538

A Alpha Territory (HH) %	2.02	4.01	0.67	2.02	0.05	0.27	3.25	1.28
B Professional Rewards (HH) %	7.28	13.31	12.20	29.00	14.48	11.70	8.26	9.61
C Rural Solitude (HH) %	0.05	0.15	0.99	6.46	23.58	12.46	3.82	10.06
D Small Town Diversity (HH) %	10.98	15.81	22.27	20.55	18.83	31.08	8.81	15.05
E Active Retirement (HH) %	15.42	13.58	32.10	22.06	11.30	19.15	4.54	8.78
F Suburban Mindsets (HH) %	7.60	11.19	7.69	4.83	5.24	5.75	11.64	8.79
G Careers and Kids (HH) %	2.75	3.36	1.58	3.89	4.97	2.87	5.36	4.78
H New Homemakers (HH) %	10.29	9.67	2.10	1.95	4.88	3.20	5.15	5.29
I Ex-Council Community (HH) %	4.75	6.75	6.65	3.11	3.84	4.23	8.27	7.88
J Claimant Cultures (HH) %	2.66	1.45	1.37	0.57	0.34	0.17	5.23	2.56
K Upper Floor Living (HH) %	0.86	0.49	1.10	0.14	0.35	0.00	5.24	1.66
L Elderly Needs (HH) %	5.01	5.35	5.59	3.99	4.24	4.82	4.57	4.78
M Industrial Heritage (HH) %	3.63	9.58	4.93	1.26	6.76	4.19	7.91	8.46
N Terraced Melting Pot (HH) %	3.45	1.97	0.39	0.16	0.31	0.08	8.04	3.70
O Liberal Opinions (HH) %	23.26	3.34	0.37	0.00	0.82	0.03	9.92	7.32
U Unclassified (HH) %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Classifications Explained (Abridged)

Alpha Territory	The most wealthy and influential individuals in the UK. They have risen to positions of power in the private and public sectors, as well as a small but influential cadre of celebrities in sport, the arts and entertainment.
Professional Rewards	The UK's executive and managerial classes. Often in their 40s, 50s or 60s, owners of small or medium sized businesses or have risen to senior positions in large multinational organisations. These people have significant equity in their own homes. With incomes from their investments as well as from employment. Usually married and are living in spacious family homes with children, many of whom will be at university or finding their feet in successful careers. Found in residential areas in the outer suburbs of large cities or in semi-rural dormitory villages from where their occupants often travel to work by car. The house is likely to be detached, have four or more bedrooms and surrounded by property of a similar style.
Rural Solitude	People who live in small villages, isolated farmhouses or cottages. These neighbourhoods are sufficiently remote from major centres of population not to have become commuter dormitories. The

	population includes farmers, people employed in businesses that support the farming industry, the retired who have opted for a slower pace of life and locally born people who work in low-paid or middle income jobs in local market towns. A problem for many younger residents is the high ratio of house prices to local incomes due to the influx of retired people and the purchase of second homes.
Small Town Diversity	People live in medium sized and smaller towns in neighbourhoods of older housing where there is relatively little change in the population from one year to the next. This group of people have strong roots in their local community, have friends and family who live nearby and are likely to live the rest of their lives in the same community.
Active retirement	Neighbourhoods that contain people aged over 65 whose children have grown up and, on retirement, have decided to live in a community among people of similar ages and incomes. Most of these people, have paid-off their mortgage, sold their property and used the proceeds to purchase a smaller property. Many of these homes are bungalows or country cottages. Others will be living in private blocks of flats in suburban locations. The move to Active Retirement is an opportunity to downsize to a more manageable property. For those moving to a rural or coastal location it is a chance to make a new start, establish new friendships, and engage in new leisure activities. However some older retired people, especially those living in coastal resorts will be struggling to maintain their homes in the face of failing health and rising utility bills.
Suburban Mindsets	People of middle age, living together with their children in family houses. These homes are typically semi-detached houses that were popular during the inter war years or during the period between 1945 and 1960. Predominantly middle class or skilled working class individuals looking for a comfortable house in which to bring up a family, one which is affordable, accessible to where they work and relatively free of social problems. Some commute to city office jobs from quite affluent suburbs whilst others earn good wages from manufacturing jobs working in large assembly plants located close to where they live.
Careers and Kids	People are young couples, married or living with their partner whose lives are focused on the needs of their growing children and the creation of a comfortable family home. These people are well-educated and established in a technical, junior or middle management career, in which they benefit from the prospect of future career development. Neighbourhoods consist of new purpose-built family housing located on the outer edge of a large city or town, often equipped with a modern primary school, shopping centre and health clinic.
New Homemakers	Live in homes which are likely to have been built only in the last five years. These homes can take a variety of forms: small well-appointed flats in new brown field inner city locations suitable for young, single people, many of whom rent from private landlords; small starter homes designed for people on average incomes; mixes of flats and houses in larger new developments where local councils have required developers to include some affordable housing alongside more luxurious homes. Such developments cater for the growing number of single person households. Some residents are young single professionals who prefer living in a well-equipped, purpose built flat to sharing an older divided house; young people on middle incomes who rent a flat whilst sub-letting the second bedroom to a friend; older people downsizing into modern accommodation and young couples just starting a family.
Ex-council Community	Neighbourhoods are populated by people who are practical and enterprising, rather than well-educated, who have created a comfortable lifestyle for themselves through their own hard work. Many live on pleasant well-built council estates. Some residents in this type of neighbourhood remain tenants of the council but a large number of owner occupiers will have been former tenants who exercised their right to buy whilst others will have bought freeholds from former council tenants. People live in communities with a mix of incomes and occupations where there is a mutual respect for each other and very little anti-social behaviour.
Claimant Cultures	Some of the most disadvantaged people in the UK including significant numbers who have been brought up in families that have a history of dependency on the state for their welfare. Residents in this group are surrounded by others who find it a struggle to make ends meet, and whose children are unlikely to achieve any sort of educational attainment. Many work in semiskilled jobs on modest salaries, others may be unemployed, sick or raising children on their own. They can be found in large, low rise estates of terraced and semi-detached houses, High levels of unemployment on these estates are exacerbated by low levels of car ownership and by residents' reliance on public transport for shopping and travel to work. They are also most likely to be subjected to high levels of social deprivation and anti-social behaviour.
Upper Floor Living	People are on limited incomes and rent small flats from local councils or housing associations.

	Typically these people are young single people or young adults sharing a flat. They may also be single people of older working age or even pensioners.
Elderly Needs	Pensioners whose faculties are now fading and who can no longer easily manage the responsibility of looking after a house and garden. This group contains a large number of older pensioners, typically in their 70s, 80s and even 90s, who are no longer as physically active as they once were. Some members of this group may at one time have had well paid jobs but the majority are people who rely upon a state pension. Members of the group who years ago benefited from the sale of a family home and who still enjoy some form of private pension have also found their retirement incomes reduced by inflation.
Industrial Heritage	People are traditional and conservative, living in communities that historically have been dependent on mines, mills and assembly plants for their livelihood. Most of these people are married and are approaching retirement age. Their children have left them in a family home larger than they really need and their mortgage is nearly paid off.
Terraced Melting Pot	People work in relatively menial, routine occupations and are poorly educated. The majority are young, some still single, others living with a partner with children of nursery and primary school age. These people live close to the centres of small towns or in areas developed prior to 1914. Neighbourhoods tend to be densely packed terraced housing some of which is owner occupied, the rest rented, sometimes from a residential landlord. Such houses were traditionally built for the workforce and today provide a relatively cheap entry point into the housing market for those who do not qualify for social housing.
Liberal Opinions	Young, professional, well educated people, cosmopolitan in their tastes, liberal in their views, who enjoy the vibrancy and diversity of inner city living. These neighbourhoods also contain a high proportion of the country's students living in term-time accommodation, whether in halls of residence or shared accommodation. Popular occupations include jobs in journalism, politics, entertainment and the arts, as well as fashion and design, university education and the internet. As a result these neighbourhoods can be found in cities and in towns with popular universities.

APPENDIX E: Local Plan Status and Objectively Assessed Housing Need

Eastern Dorset Authorities

Authority	Local Plan Situation	OAN	Local Plan Housing Target
Bournemouth Borough Council	Bournemouth Local Plan: Core Strategy was adopted October 2012.	Housing need identified in the draft Regional Strategy for the South West which identified 16,100 dwellings over the plan period. 1,500 of these were to meet the needs of the sub-regional area. Therefore OAN of 14,600.	The adopted Core Strategy housing target is for 14,600 dwellings (net) over the plan period (2006-2026)
Christchurch Borough Council **East Dorset District Council**	Christchurch and East Dorset Core Strategy was adopted April 2014.	Housing need identified in the Bournemouth and Poole SHMA Update published in 2012. This identified a combined housing need for both authorities of 8,325 over the period 2013-2028.	The adopted Core Strategy housing target is for "about 8,490" new homes over the period 2013-2028.
North Dorset District Council	The North Dorset Local Plan - 2011 to 2026 Part 1 was submitted to the Secretary of State for Communities and Local Government on 5 December 2014 in preparation for independent examination.	Housing need identified in the Bournemouth and Poole SHMA Update published in 2012. This identified a housing need figure of around 280 dwellings per annum – equivalent to 4,200 dwellings over the 15 year period.	The Pre-Submission Local Plan housing target is for 4,200 homes over the period 2011-2026.
Poole Borough Council	Poole Core Strategy was adopted February 2009. The Core Strategy Review is currently under preparation. Issues and Options scheduled to be published in early 2015.	Housing need identified in the draft Regional Spatial Strategy for the South West has recommended that Poole will need to provide 500 dwellings per annum between 2006 and 2026 – equivalent to 10,000 over the 20 year period.	The adopted Core Strategy housing target is for about 10,000 new homes between 2006 and 2026.
Purbeck District Council	Purbeck Local Plan Part 1 was adopted November 2012.	Housing need identified in the Bournemouth and Poole SHMA Update published in 2012. This identifies a need for about 3,400 dwellings between 2011 and 2031	Habitats Regulations Assessment and preliminary transport assessment have indicated that provision could be made for 2,520 dwellings across the District for the period 2006-2027

Neighbouring Local Authorities

Authority	Local Plan Situation	OAN	Local Plan Housing Target
New Forest District Council	New Forest Core Strategy, adopted August 2009	Housing need is identified in the South East Plan for a minimum of 3,920 additional dwellings between 2006 and 2026.	The adopted housing target is for 3,670 additional dwellings over the plan period (2006-26) – 250 dwellings below the identified need.
South Somerset	The South Somerset Local Plan 2006-2028 was submitted to the Planning Inspectorate on 21 January 2013. Main Modifications required by the Inspector were submitted to the Planning Inspectorate on November 2014. Inspector's Report expected early 2015.	Housing need is set out in the Housing Requirement for South Somerset and Yeovil (Baker Associates, Jan 2011). This identifies a housing need of 16,000 over the period 2006-26.	Local Plan Main Modifications (Nov 2014) identifies a housing requirement of 15,950 new dwellings over the plan period (2006-2028).
West Dorset, Weymouth, and Portland	Following examination of the Weymouth and Portland and West Dorset Joint Core Strategy the Inspector agreed for the examination process to be suspended for 6 months to allow more work to be undertaken, including an independent review of the OAN. Following this, the draft Local Plan for West Dorset and Weymouth and Portland has been submitted to the Planning Inspectorate, with examination taking place between 25 November and 9 December 2014.	In response to the Inspector's request for additional work, an independent review of the OAN was undertaken by PBA. The 2014 SHMA (PBA, July 2014) recommends a housing need of 775 dwellings per annum for the whole plan area and 605 dwellings per annum in West Dorset.	In light of the independent review of OAN, the Further Proposed Changes to West Dorset, Weymouth & Portland Local Plan (July 2014) amends the housing requirement to 775dpa across the plan area over the plan period 2011-31 (Ref. FPC1).
Wiltshire	Examination of the Wiltshire Core Strategy took place September 2014. The Inspector's Report was issued 1 Dec 2014 which found the CS sound. Adoption of the CS is expected 20 Jan 2015.	Wiltshire Council SHMA (Fordham, Dec 11), Topic Paper 15 (Jan 12) and Topic Paper 15 Addendum (Feb 14) led the Council to identify a broad range of housing requirements over the plan period in the order of 35,900 to 57,800 dwellings. Topic Paper 15 Addendum (Feb 14) identifies a need of	In his report (Dec 2014) the Inspector concluded that the most reasonable OAN is 44,000 over the plan period (2006-26), and a minimum housing target should reasonably equate to at least 42,000. The Inspector recommends an increase in the minimum number of houses to be provided over the plan period, from 37,000 to at least

		42,000 new dwellings over the plan period (2006-26).	42,000. The Main Modifications (TPL4) sets the housing target as 42,000 new dwellings over the period 2006-26. The Inspector considers this target acceptable in light of a proposed early CS review in 2016.