

# **DERBYSHIRE DALES & HIGH PEAK**

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## **JOINT HOUSING NEEDS SURVEY 2006 COVERING THE PEAK SUB REGION**

### **EXECUTIVE SUMMARY**

**MARCH 2007**

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## 1. INTRODUCTION

This report contains a summary of the key findings of the first assessment of housing needs covering the Peak Sub-Region as a whole. The joint survey provides information about housing needs at the sub-regional and local authority levels and for urban and rural sub-areas.

A full technical report, which considers all aspects of the Joint Housing Needs Survey (HNS) in detail, is published as a separate document.

Local housing assessments across plan areas focus on both affordable housing needs and market housing demands. The Joint HNS seeks to identify the current and likely future shortfall in affordable housing needs. The Housing Market Assessment (HMA) addresses market housing demands and is due to be completed by March 2007.

This Joint HNS report seeks to provide a good understanding of affordable housing needs in the Peak sub-region. It does this by systematically analysing an extensive range of information drawn from primary fieldwork and other secondary sources. It also seeks to advise on how affordable housing policy in the planning framework should respond to the scale of housing need identified in the survey.

There is a balance to be struck between strategic advice and the natural desire for detailed information about housing needs in every locality. The Joint HNS resolves this by providing information about some of the key findings for 10 geographical sub-areas (see end map).

## 2. SCOPE OF THE RESEARCH

The research involved analysis of a wide range of information on housing needs derived from the surveys carried out. Information about needs and supply is broken down to sub-areas. The report includes the following main headings:

- ❑ The profile of households living in the sub-region;
- ❑ Problem housing and the remedies for it;
- ❑ The costs of market and social housing;
- ❑ The affordability of housing using information about the relationship between local incomes and housing costs;
- ❑ Forecasting newly arising housing need and projecting supply over the periods 2006/7-2005/16 and testing the sensitivity of the forecasts to assumptions about changes in the housing market;
- ❑ Assessing the overall shortfall in affordable housing need and how the shortfall varies in each sub-area;
- ❑ The size and tenure mix of affordable housing required;
- ❑ The extent of need among government-defined and other groups of Key Workers in the sub-region;
- ❑ The strategic implications of the research, especially appropriate planning targets and thresholds.

### 3. SURVEY DESIGN AND RESPONSE

The survey employed a 'twin tracking' survey design, which JHA have used successfully with other local authorities containing a geographical mix of urban and rural areas. This involved both personal interviews and postal questionnaires covering all areas.

Personal interviews were carried out in the urban sub-areas and samples were drawn at random from the Council Tax Register. Postal questionnaires were sent to all addresses in the rural sub-areas. In line with current guidance, sample surveys are inappropriate in rural areas and therefore a 100% survey was considered appropriate. The postal surveys covered all the rural sub-areas, including those parts of the Peak National Park Authority area within the sub-region.

TABLE 1. SUB-AREAS

<b>Urban sub-areas where general housing allocations in LDFs are likely to occur predominantly outside the National Park</b>
1 Matlock Town - Darley Dale - Tansley
2 Wirksworth Town-Cromford-Matlock Bath-Middleton by Wirksworth
3 Ashbourne
4 North sub-area: Glossop and Hadfield
5 Central sub-area: New Mills, Chapel-en-le-Frith and Whaley Bridge
6 Buxton only
<b>Rural Parishes within and outside the National Park where released or allocated 'exception' sites are likely to be the main opportunity for delivering affordable housing</b>
7/8 Rural Parishes within Peak NPA
9/10 Rural Parishes outside the Peak NPA

A total of 2,056 door-to-door interviews were successfully completed within the urban sub-areas, a response level of 82%. 5,361 postal survey forms were returned by households living in the rural areas of the sub-region, a 23% response from those addresses targeted. A number of issues were raised by those people not wishing to complete the postal survey: some felt it was a waste of money, a few stated that it was irrelevant to owner occupiers and would be better directed only to those on housing benefit; several could not see the relevance of the income question which they also considered to be an invasion of privacy.

#### □ Survey validation

An important consideration in surveys is the extent to which the sample is representative of the population as a whole. Non-response is always much greater with a postal survey and care has to be taken to ensure the results are not biased. This was done by checking some of the basic characteristics of the respondents, such as household tenure, size, age and dwelling types against the Census of population and other sources.

There was no significant bias in the interview survey. In the case of the postal survey there was a small bias towards outright owners. Consequently the numbers of outright owners and mortgage payers were re-weighted in line with the distribution indicated by the 2001 Census so as to reduce the risk of understating housing needs among mortgage payers.

Other comparisons with the 2001 Census confirmed that the samples achieved were in line with expected patterns. This allows us to be confident that no groups were seriously under or over-represented in the survey.

#### 4. PROFILE OF THE SUB REGION

The population of the sub-region in 2006 is estimated from the survey to be 164,700, an increase of 3.5% or 0.7% per annum on the figure of 158,902 at the time of the 2001 Census. There were an estimated 69,371 households.

The Peak sub-region has a higher proportion of owner occupation when compared to Derbyshire and the East Midlands - 78% of households sampled in the 2006 surveys were homeowners.

13% of households were renting from social landlords, significantly below the proportion in Derbyshire and the East Midlands (17%) or England (19%).

The Peak sub region is over-represented with detached houses and terraces when compared to Derbyshire and the East Midlands and under represented with semi-detached properties.

Households move home less often in the Peak sub-region when compared to the remainder of the East Midlands or England. 6.5% of households had lived at their present residence less than 1 year, 23% between 1-5 years and 70%, 5 or more years.

Among households resident at their present address for less than one year...

- 10% of those now living in Local Authority properties had previously been outright owners (only 2% in England)
- 34% had been renting privately (17% in England), indicative of the affordability problem facing some households in the Peak sub-region.

#### □ Incomes of all households

91% of all respondents in the urban areas and 62% in the rural areas were willing to provide income information.

The median household income of all households in the Peak sub region in 2006 was £21,284 and the mean was £22,080. This includes all occupations and households who are not working.

When compared to the East Midlands, the sub-region had a smaller proportion of low incomes below £10,000 and a higher proportion of high incomes above £40,000.

The income profile of households identified to be living in unsuitable housing and requiring a move to alternative housing –differs from the distribution for all households – see Chart 2.

#### 5. PROBLEM HOUSING

The survey identified the kind of circumstances which may render a dwelling unsuitable for a particular household. They include: households living in overcrowded conditions, houses that are too large, houses that need adapting for someone who has a mobility impairment or other special need, houses that are subject to structural problems or households that need to be closer to friends or relatives for support.

17.8% of all households in the Peak sub-region, are identified to be living in problem housing -13.7% of households in the urban areas and 26.1% in the rural areas.

The main reasons why households are in unsuitable or problem housing are mobility and health problems and overcrowding resulting from the small size of accommodation.

#### □ Special Needs

21% of households in the sub-region, an estimated 14,652 households, contain someone with serious ill health or permanent disability. 37% of these households have problems with their present home. Most need their homes adapting to make it suitable for their needs (e.g. via the provision of stair lifts or through floor lifts, special baths and toilets).

□ Moving home or staying put

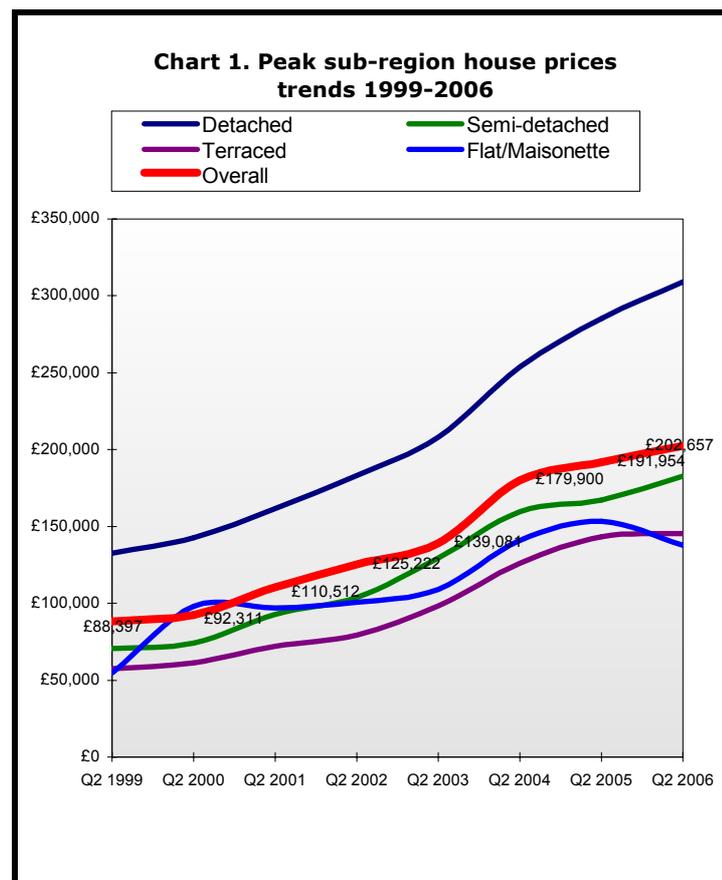
The 2006 survey estimated that **12,381** existing households experience at least one major problem with their present home.

8,979 or 72.5% of these households are likely to stay at home and seek improvements or adaptations without moving ('in situ' solution).

**3,402** or 27.5% need to move all or some of their family to another property in order to resolve their housing problems.

In addition, a further **1,664** households over the age of 16 are found to be forming separate households for the first time (sometimes referred to as 'potential' or 'concealed' households).

These potential households needed to move in 2006 and together with existing households, form a backlog of households living in unsuitable housing at the time of the survey.



## 6. THE COSTS OF HOUSING

Analysis of the housing market is essential for the assessment of affordability. The link between local housing market costs and incomes information (derived from the household survey) helps to determine how many households can and cannot afford the housing they may need in the future.

□ Market housing

The average price of all dwellings in the Peak sub-region in 2006 (Q2) was £202,657. This is an increase of 56.4% on the 1999 figure of £88,397 or approximately 8% per annum.

Chart 1 shows the trends in the price of different types of property and overall prices across the sub-region since 1999.

Local estate agents provided typical minimum house prices for properties of different types and sizes in a reasonable state of repair.

TABLE 2. 'BOTTOM OF THE RANGE' HOUSE PRICES, April-June 2006.

Property size	Median values
1 bedroom	£95,487
2 bedrooms	£138,667
3 bedrooms	£152,350
4 bedrooms	£235,000
Overall	£155,376

The urban sub-areas accounted for about 82% of transactions in the second quarter 2006. The Glossop and Buxton areas have the cheapest house prices, followed by the Central area and Ashbourne. There is then a significant gap between these prices and the Matlock/Wirksworth area and between this sub-area and the rural areas both inside and outside the National Park.

□ New homes

The average new-build sale home price of £200,616 in the Peak Sub-Region was approximately £10,000 more than the average new-build sale home in Britain of £190,000. Sale prices of 2 and 3 bedroom houses are 34% higher than second hand prices.

New-build sale prices are approximately 66% higher than second hand prices in Buxton, 52% higher in Ashbourne and 49% higher in Matlock. In the Glossop area the gap between new homes and the second hand market is lower at 16%.

Letting agents provided an area breakdown of market rents. In general there is a very limited supply of small and large rented properties, which raises concerns about how far the private rental sector can address the housing needs of small and larger households. One bedroom flats were confined mainly to the Buxton and Glossop urban sub-areas and only a very few 4 bedroom properties were available in all areas.

TABLE 3. MEDIAN MONTHLY RENTS FOR UNFURNISHED PROPERTIES, April-June 2006.

Property size	Median rent
1 bedroom	£417
2 bedrooms	£538
3 bedrooms	£637
4 bedrooms	£694
Average	£572

Median rents were £661 in the rural sub-areas and £534 in the urban sub-areas in the second quarter of 2006.

The Matlock-Wirksworth and Glossop sub-areas had the greatest availability of accommodation for rent on the market at the time of the survey. Ashbourne, Buxton and the Central sub-areas had very limited private rented accommodation.

□ Social housing

Social rents vary less by location than either house prices or market rents. although some significant variations occur within the Peak sub-region.

The rent levels Registered Social Landlords charge per calendar month including service charges varied between £236 for a 1 bed flat, £294 for a 2 bed flat and £331 for a 3 bed house.

We were provided with information about only a few shared ownership schemes, mainly 2 and 3 bed semi-detached and terrace properties.

The rental cost of for a two bed shared ownership terrace property in Bakewell with a 50% equity share on a property purchased at £80,000 was £152 a month including service charge.

A three bed shared ownership terrace in Kirk Ireton with a 50% equity share on a property purchased at £75,000 was £160 a month including service charge.

## 7. INCOME AND AFFORDABILITY

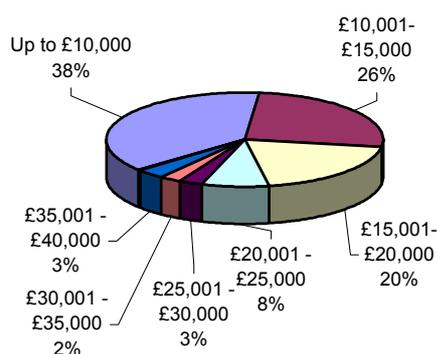
The number of households who could not afford market housing i.e. both owner occupation with a mortgage and private renting was calculated using the following criteria:

- ❑ Insufficient gross household income to afford a mortgage assuming 2.9 times for dual earners and 3.7 times for single earners and taking account of monies from the existing home and any savings; and
- ❑ Insufficient gross household income to afford private renting at a level of not more than 30% of their net household income.

The assessment did not deduct debt from savings but it is known that some households find it difficult to obtain a mortgage because of debt.

The survey found that 20% of potential households had debt in excess of £5,000.

**Chart 2. Annual Income of Households in Housing Need**



## 8. THE BACKLOG OF HOUSING NEED

The survey revealed that 43% of households living in problem housing could not afford to resolve their difficulties and were in housing need. Of the 3,402 existing households living in problem housing, 1,241 were unable to afford the cost of market housing. Of the 1,664 potential households needing to move at the time of the survey, 1,032 could not afford market housing.

Discounting 120 of households expected to move out of the sub-region and adding in 4 homeless households not identified by the survey, a total figure of 2,157 households were found to be in housing need at the time of the survey (approx. 3% of all households in the sub-region).

Urban areas account for 67% of the backlog, National Park areas 24%, and remaining rural areas 9%.

The survey estimates that 41% of those identified to be in housing need were already on a Housing Register, indicating that the Register understates the true extent of housing need across the Peak sub-region.

## 9. FORECASTING HOUSING NEED

Newly arising housing needs result from new households formed each year in the future, a proportion of whom will not have the resources to buy and rent in the future housing of a size that is appropriate to their needs.

Existing households, satisfactorily housed now, may also fall into priority need in the future and allowance is made for this group. Future in-migrants to the Peak sub-region who are in housing need (those moving into owner occupation or private renting without housing benefit are excluded) add to the total.

## □ Dealing with uncertainty

It is important to emphasise the uncertainties that surround forecasts beyond 3-5 years. For example, will house prices reduce steadily over the next 3 years? What impact will any reduction have upon affordability, bearing in mind the position of first time buyers continues to worsen?

We created two 'scenarios' with regard to future levels of housing need.....

- An 'Unfavourable Scenario' with a rising P/E ratio characterised by incomes failing to keep pace with house prices with an increasing affordability problem for newly arising households.
- A 'Favourable Scenario' with a falling P/E ratio characterised by rising incomes and falling real house prices.

In an 'Unfavourable Scenario', 95% of households are unlikely to afford market housing by 2010/11. In a 'favourable scenario', 53% of households are unlikely to afford market prices.

## 10. THE OVERALL REQUIREMENT

There is an estimated net shortfall over the next 5 years in the supply of affordable homes ranging from a minimum of 443 to a maximum of 591 homes annually.

Planned commitments average 187 affordable homes over the next 4 years and 119 may come forward on sites through the planning system.

The Joint Team have set a Housing Strategy target of 42 empty properties to be brought back into affordable housing annually.

The total of 161 committed programmes of new development are combined with the shortfall forecast to indicate an overall requirement for affordable homes over the next 5 years in the range from a minimum of 604 to a maximum of 752 affordable homes pa.

TABLE 4. OVERALL REQUIREMENT 2006-2011

Main Element	Unfavourable	Favourable
Backlog	2,157 (431)	2,157 (431)
Newly arising need	3,708 (742)	2,969 (594)
Less Projected supply	2,911 (582)	2,911 (582)
= Net shortfall	2,954 ( <b>591</b> )	2,215 ( <b>443</b> )
+ Commitments	805 (161)	805 (161)
Overall requirement	3,759 ( <b>752</b> )	3,020 ( <b>604</b> )

Source: Joint HNS Tables 7.11 and 7.12.

Table 5 indicates the shortfall for each local planning authority area, assuming the unfavourable scenario. It is emphasised that commitments of 161 pa are not shown.

TABLE 5. NET SHORTFALL 2006-2011 IN EACH LOCAL PLANNING AUTHORITY AREA

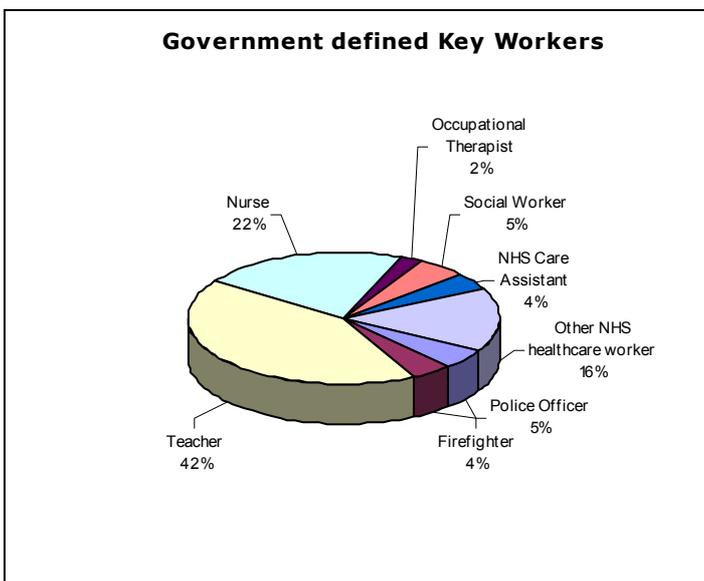
Elements of Forecast Need	Derbyshire Dales	High Peak	National Park	Total
Annual reduction in the backlog	158	172	101	431
Newly arising need	207	463	72	742
Less projected supply	166	319	198	582
Net Shortfall	<b>199</b>	<b>317</b>	<b>75</b>	<b>591</b>
% Total	33.7%	53.6%	12.7%	100%

Source: Joint Housing Needs Survey, 2006 Table 8.6b

**11. KEY WORKERS**

The main household survey indicated that a total of 7,214 people and 6,860 households were employed as key workers in the conventional government-defined categories, 10% of all households in the Peak sub-region.

Teachers (42%), Nurses (22%) and a variety of Healthcare Workers (16%) are the largest groups of key worker.



A separate postal and telephone interview survey of employers across the sub-region demonstrated that the range of jobs which employers considered 'key' to the operation of their organisations was wider than defined by Government. It included key workers in tourism, quarrying, manufacturing, specialist trades, service and distribution industries, property development and building.

Most of the key workers required by those employers who responded to the survey were in Matlock, Ashbourne and Bakewell and the Chapel le Frith/New Mills area.

A significant number of firms had difficulty recruiting skilled labour from within the Peak sub-region. The low wages paid to skilled, clerical and middle management priced many key workers out of the housing market and forced them to travel from outside the sub-region.

All employers interviewed stated that house prices in their place of work were far too high for their middle management staff and below to afford.. We estimated that, apart from senior managers, most key workers would be likely to struggle to afford modest 1 and 2 bedroom homes.

Employers in Matlock and Bakewell said staff had to look at Chesterfield or Clay Cross to find a house within a reasonable price range. Similarly in Glossop, Buxton and Hayfield house prices are beyond the range of many key workers. Finding a more moderately priced house in another town often entails additional travel costs.

The household survey estimated that 627 households contained a key worker who had moved away in the last 5 years because they could not find affordable housing locally and 90% of these stated that the person would move back if affordable housing was available to them.

**12. STRATEGIC IMPLICATIONS**

The findings of the Joint HNS, including the key worker research, provide the Partnership with a comprehensive evidence-base of the scale of current and future housing need in the sub-region (disaggregated to urban and rural sub-areas).

The research provides, with the Housing Market Assessment, an essential underpinning for the emerging Local Development Frameworks.

In moving from the survey findings to consider the strategic implications of those findings, it is important to bear in mind the realism of the observation that:

*'Policy judgements may be involved in deciding exactly what housing provision to make. This may not be the same as the numbers suggested by the needs assessment.'* (DETR Guidance: July 2000, p 20).

The partnership and individual local planning authorities will need to make strategic judgements about how to translate the needs assessment into future policies and targets, taking into account:

#### □ Evidence of increasing housing need

The 2001 Housing Need Surveys carried out independently in the two local authorities cannot be directly compared to the 2006 sub-regional HNS because rather different methods and sub-areas were used. Newly arising needs rose by 44% or 9% pa. and the shortfall grew by an approximate average increase of 25% or 5% pa between 2001 and 2006.

#### □ What existing targets will secure

The three planning authorities each have specific policies for the delivery of affordable housing through the planning framework. Current policy averaged across the sub-region is that 36% of all housing permissions, subject to threshold criteria outside the National Park, should be affordable. A 36% target, if achieved on all sites available, might achieve 17%-21% of forecast housing needs.

#### □ Commitments secured by the partnership

Funding has been secured for 2006/08 and is being sought for a programme of 750 affordable dwellings (187 pa) over the 4 years up to 2009/10. This level of provision could be achieved within the RSS suggested target for housing provision but falls well below the level of need identified in the 2006 Joint HNS.

#### □ Target provision in the draft RSS

The total additional housing Provision for the sub-region over the period between 2001 and 2026 is calculated in the RSS to be an average annual rate of 420. This figure has yet to be agreed but clearly falls well below the level of need identified in the 2006 Joint HNS.

Assuming that 50% i.e. 210 homes pa were required to be affordable, the RSS provision would still achieve only 35% of the overall requirement under the most favourable scenario.

#### □ The 'leeway' of likely available sites

Apart from exception sites, sites of more than 15 dwellings (the current threshold) without planning permission, including allocations and windfalls plus S106 sites in developments coming forward, provide the realistic opportunity for negotiated delivery of affordable housing.

The maximum delivery of affordable housing achievable at the existing 36% target on each eligible site is 128 dwellings per annum – this number address only 17%-21% of forecast housing need.

#### □ What is an appropriate target?

JHA examined the implications of raising the target for the delivery of affordable housing from 36% to 40%, 50%, 60% and 70% of all housing permissions within the thresholds.

We provide an illustration of the number of affordable homes that might be delivered if 70% of the 'leeway' of sites expected to be available over the next 5 years were required by the Partnership and commissioning authorities to be affordable homes. Even at 70%, 248 affordable homes per annum falls well short of the forecast of 604 affordable homes per annum under the most favourable economic conditions.

## Illustration of 70% target

An area-wide target of 248 pa affordable homes over the next 5 years in the Peak sub-region, including a programme for key worker housing. This number represents 41% of the overall requirement under the most favourable economic conditions.

A target of 200 pa affordable homes on allocated and windfall sites in the urban areas (200 is based on the survey evidence that the urban areas account for approximately 80% of the forecast shortfall);

A target of 48 pa affordable homes on allocated sites and exception sites in the rural areas with 32 pa of these in the National Park (48 is based on the survey evidence that the rural areas account for 20% of the forecast shortfall).

### □ Thresholds

A more ambitious target and a reduced threshold go hand in hand and should seek to underpin any new affordable housing policies for the sub-region.

JHA advise the Partnership to review their present thresholds in the light of the 2006 survey evidence and the increase in housing need since 2001.

- We recommend a negotiated provision of affordable housing on larger residential sites (allocations and windfalls) of 10 dwellings or more or in excess of 0.5ha in area.
- In all other settlements, on allocated and windfall sites within development boundaries, 2 dwellings or more or in excess of 0.1 hectare in area.

### □ Affordable dwelling mix

The priority of the Partnership's Joint Housing Strategy is new affordable homes for rent and shared ownership especially for key workers. The 2006 Joint HNS supports the case for social rented and intermediate housing, the latter especially for key workers:

- Social rented housing is still by far the most important of the tenures required over the plan period – it should account for at least 80% of the shortfall in affordable homes).
- Lower Cost Home Ownership: 20% of households can afford shared ownership if it is provided at no greater than 50% OMV.

Based on the survey evidence, as shown in Table 5, the main priority over the next 5 years should be the provision of 1 and 2 bedroom accommodation, although the appropriate mix will depend on location and site.

### □ Key Workers

An overall approach for the delivery of key worker housing would involve setting a general policy for key workers housing embedded in Local Development Frameworks. This would cover indicative numbers and tenure and a broad indication of the locations where key worker housing would be most beneficial to be provided with each local authority area. It might be sensible to consider also producing a joint 'Key worker housing Supplementary Planning Document.'

JHA advise, on the survey evidence, the provision of 65 affordable homes annually for key workers over the next 5 years, with specific targets for key worker housing of 38% social rent and 62% intermediate housing.

The resident based and employer surveys provide an evidence-base to present to the Regional Housing Board and argue a case for the extension of existing financial packages to the Peak sub-region.

**The Peak Sub-Region and the sub-areas used in the Joint Housing Needs Survey**

