

Northern Sub-Regional Housing Group



Nottingham Outer HMA Strategic Housing Market Assessment

Final Report

September 2007



FOREWORD

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

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

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SECTION A: INTRODUCTION

This section provides relevant background information and context to the Nottingham Outer SHMA Report. The Nottingham Outer HMA is defined as consisting of three local authorities: Ashfield District Council, Mansfield District Council and Newark & Sherwood District Council.



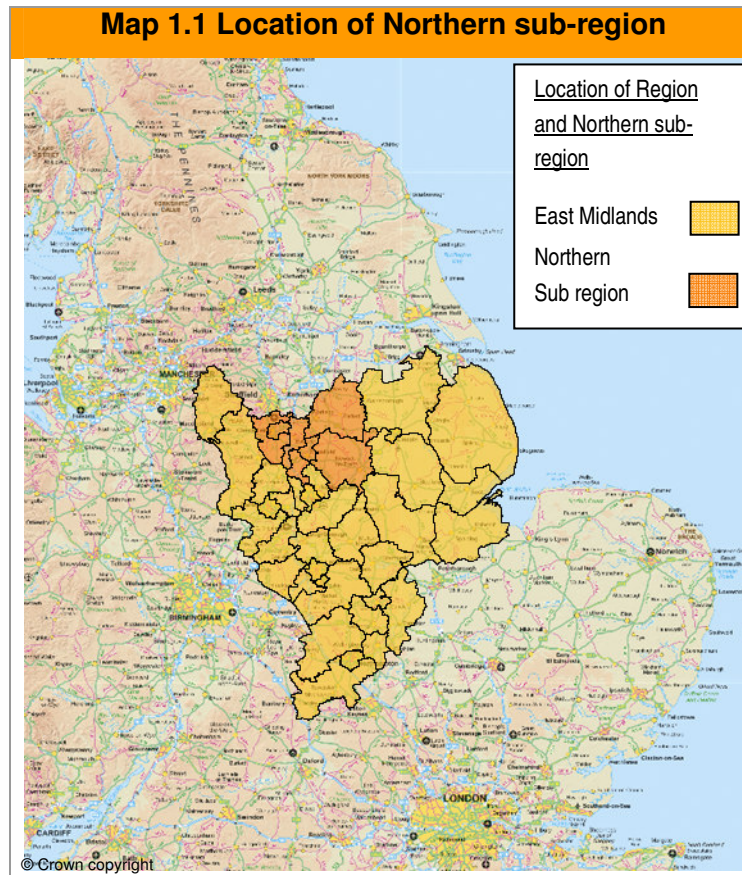
1. Scope of the study

Introduction

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

Location of the Northern Sub-Region of the East Midlands

- 1.3 The general location of the Sub-Region is shown in the following map:



Source: Fordham Research 2006

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

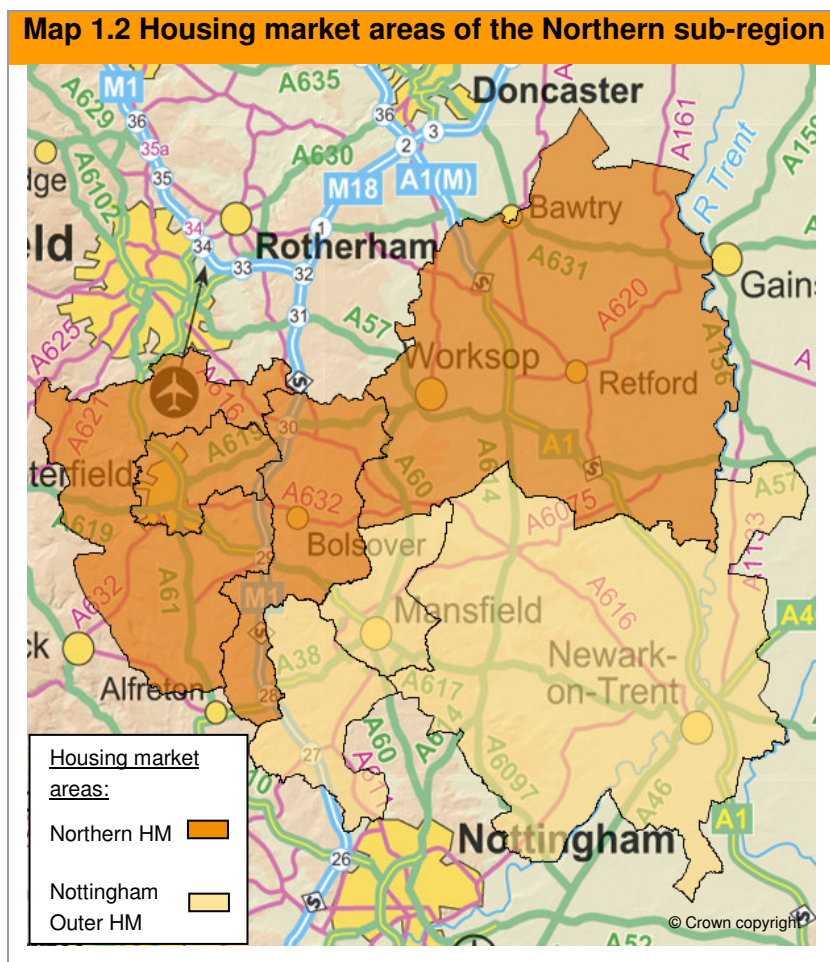
Northern HMA

North East Derbyshire, Chesterfield, Bolsover, and Bassetlaw

Nottingham Outer HMA

Ashfield, Mansfield, and Newark and Sherwood

- 1.5 This report addresses Nottingham Outer HMA, which as can be seen from the map below is the bottom half of the Sub-region. Nottingham Outer HMA is as its name suggests, wrapped around the City of Nottingham. Between the city and the HMA are districts such as Gedling, which are more closely involved with the Nottingham housing market, and belong to the Nottingham Core HMA. A study of this HMA is underway, but is not yet available in a form that can be linked readily into the present one. Some summary results from the HMA are referred to in the policy chapters at the end of this report.



Source: Fordham Research 2006

- 1.6 Despite their falling under the influence of two or three major urban areas outside their boundaries (Derby is the third urban area) it was felt by DTZ Pieda, in establishing the boundaries of the HMA, that the Nottingham Outer HMA could be regarded as distinct from Nottingham Core. There is one particular issue, relating to the town of Hucknall, (at the southern end of Ashfield district), that is discussed in Chapter 3: in terms of whether it should best be regarded as part of Nottingham Outer or Nottingham Core HMAs. Our view, in summary, is that Hucknall is best seen as part of Nottingham Outer HMA, and therefore the map above describes the HMA correctly.

Description of the area

- 1.7 The Brief for the study issued by the Northern sub-region Housing Group provides a useful initial summary of the overall area:

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

- 1.8 The local economy was relatively reliant on traditional heavy industrial and primary sectors, principally coal mining. However, this sector has largely disappeared as a significant employer, leaving a legacy of settlements no longer underpinned by a local industry. The textile industry was also significant in the sub-area, but this has also experienced profound decline. Much of this employment has now shifted towards distribution and warehousing, facilitated by good road and rail links.

Stakeholder's views

- 1.9 The latest guidance (PPS3 discussed in the next chapter) emphasises the importance of stakeholder discussions in producing SHMAs. Detailed discussions were held with a wide range of stakeholders in the course of preparing this study. The views summarised in the next sections are mainly subjective, but those expressed in formal documents such as housing strategies and plans have been more formally prepared, but are reviewed here as part of the overall views of the various bodies.
- 1.10 This section is intended to provide some qualitative context to the report by examining the views of local stakeholders contacted as part of the SHMA. Importantly, it is not claimed that these views form a coherent policy base and must be acknowledged that they are based on anecdotal evidence. As such, it is not the intention of this section to provide evidence that either validates or negates the views presented by stakeholders. However, such views often contain insights that are worth having as background to the more systematic analysis which follows. For example, they are useful to help determine stakeholder views regarding housing submarket boundaries, variations in house prices and differences between submarket characteristics.
- 1.11 This section is also complemented by Chapter 5 below, which reviews the planning context and which reflects the formal position taken by various stakeholders on the amount and type of new housing to be built in the subregion.

Perceptions from the local authorities: housing strategies

- 1.12 This section is derived from study of the seven housing strategies of the Northern Sub-region. A fuller account is in Appendix E3. The purpose of this summary is to indicate the focus of official concerns regarding housing issues in the Sub-region.

- 1.13 There are a number of common themes. The first is that the transition from a manufacturing to a service based economy over the past twenty five years has created significant challenges for all seven districts. In some areas, particularly ex-mining communities, this has left a legacy of low incomes and poor health, factors that may impact on access to suitable housing.
- 1.14 Regional and national trends have, however, generated renewed economic development within the seven districts and to rising prosperity. At the same time, throughout all seven districts it is possible to determine pockets of deprivation within affluent areas, and conversely, pockets of affluence within deprived areas.
- 1.15 Possibly the single most important housing issue within the Sub-region is affordability. Whilst wages have recently risen, house prices have risen very steeply increasing the need for affordable housing. Generally, house prices almost doubled in all seven districts between 1999 and 2004. For example, using an affordable housing model, Ashfield DC estimated that to meet housing need, 60% of all new developments would have to be affordable¹, a target that it naturally sees as unrealistic.
- 1.16 Previous research on affordability within the East Midlands was undertaken by the University of Cambridge on behalf of the East Midlands Regional Assembly during 2006. Applying moderated targets that considered current planning policy, the research suggested that affordable housing provision as a proportion of annual housing development averaged 28% within the Northern Subregion.
- 1.17 Importantly, all councils have attempted to implement a range of policies aimed at increasing the supply of affordable housing including: working with partner RSLs to provide empty homes on a shared ownership basis; providing new affordable housing through funding from the Single Regional Housing Pot; using Section 106 agreements to develop new properties; making available private rented stock for people on waiting lists; and supporting first-time buyers acquiring long-term empty homes with renovation grant funding to help repair and improve their homes.

The perceptions of estate, letting and employment agents

- 1.18 The following information is based on interviews particularly with estate and letting agents but also with wider stakeholder groups together with local authority officials. It is designed to provide an overall feeling for the views of the housing market held by these groups.

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

- 1.19 Stakeholders noted that the Northern sub-region is divided between urban and rural components. The main urban areas are Chesterfield and Mansfield/Ashfield, with Newark to the east. There is generally a more industrial landscape toward the west which is reflected in lower house prices.
- 1.20 Rather contrary to the views based on secondary analysis quoted from DTZ Pbeda, above, the views of estate agents were that each of the dozen or so housing submarkets within the Northern sub-region are largely self-contained. While there are journeys to work in the larger urban centres as well as home moves involving them, there are not felt to be major connections between the sub-region and major centres such as the South Yorkshire conurbation. Each small submarket remains largely self-contained in the view of agents.
- 1.21 These findings are substantiated by research undertaken by CURS (2005) showing that between 1981 and 2001, only commuter flows between Nottingham and Leicester, and Nottingham and Derby have increased appreciably.
- 1.22 With regard to Nottingham City, agents in Hucknall believed that their local submarket has a large amount of self containment although it covers an area somewhat wider than Hucknall (on the northern periphery of Nottingham). The submarket spans 3 local authority areas. At the stakeholder level they are clear that Hucknall is part of the Nottingham Core Housing Market Area.
- 1.23 Agents say that they could sell more terraced housing if it were available. This is surprising given the pockets of deprivation and the large numbers of existing terraced houses. However, semi-detached quality housing is out of reach of first time buyers.
- 1.24 The strongest prices in the sub-region were found at the towns of Newark and Chesterfield. The private rented sector seemed to be strong and growing throughout the sub-region. Demand was strong from migrant and transitory workers, especially those from central and eastern European Accession countries, as well as from couples who could not afford to become first time buyers (perhaps saving for a deposit) or people suffering relationship breakdown and needing extra bedrooms to accommodate visiting children.
- 1.25 There is a strong buy to let market serving professionals and in-migrant workers. The latter are employed in low skilled occupations such as retail and assembly work, agricultural work widespread across the sub-region. However, this is less pronounced in the Western part of the sub-region.
- 1.26 City of Lincoln officials were asked to comment on any housing market or travel to work linkages between Lincoln and Newark and Sherwood District. They said that they had previously studied this and found little evidence of migration and only a small amount of travel to work. They felt that this was because of the distance involved and because Lincoln acted as the service centre for the districts in between. Newark Officials felt that migration was occurring more frequently.

Issues raised by stakeholders

- 1.27 The economic development of the sub-region is one of a diversification with economic development strategies seek to create a good local environment for business growth and promote a diverse and sustainable economy. Influences on the economy and risks to it were discussed.
- 1.28 There is a possibility that if the housing market faltered some at risk areas would regress; for example Meden Vale in Mansfield District. Are the migrant workers here to stay? – What impact will they have on demands for services such as health and education in the future?
- 1.29 According to stakeholders: the main demographic change is growing proportion of older people and young people leaving whilst migrant workers move in. Agencies responsible for providing support needs consider that there is not enough move-on accommodation. They are actively seeking to work with the private rented sector to improve the supply of housing but see housing benefit administration as a barrier.

Requirements of the Brief for this work

- 1.30 As noted above, this study covers two housing market areas, and indeed one of them is only part of the relevant wider HMA area. Part of the Brief is to examine the housing market area boundaries and comment upon those derived from the DTZ Pieda work quoted above (the requirement is in Section 4.3 of the Brief). The boundaries were, of necessity, based on secondary sources and so the addition of primary data may allow a more informed distinction to be drawn.
- 1.31 The following are key quotes from the Brief for this work, which discuss its purpose:
- 'The purpose of the assessment will be to establish a strong evidence base to develop long term strategic views of housing need and demand to inform the Local Development Frameworks, Regional Spatial Strategy and Regional, Sub-Regional and Local Housing Strategies. The assessment will also assist the planning authorities to justify a certain level of affordable housing and to decide how housing need translates into different sizes and types of affordable housing'. [Brief Section 1]*
- 1.32 In relation to the aims of the sub-regional action plan, it is clearly part of the job of the housing market assessments to assist and clarify where necessary the achievement of the stated policy aims.
- 1.33 A further quotation from the Brief will assist understanding of the reasons for the commissioning of this work to cover the particular districts that it does:

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

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

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

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

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

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

The recommendations of DTZ affecting the Northern Sub-Region therefore were:

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

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

Data collection methodology

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

Table 1.1: Sample size for each tenure by sub-market		
Tenure	Nottingham Outer	Whole sub-region
Owner-occupied (no mortgage)	1,189	2,962
Owner-occupied (with mortgage)	1,285	3,038
Social rented	547	1,374
Private rented	201	453
TOTAL	3,222	7,827

Source: Northern Sub-region SHMA 2006 – primary data

Table 1.2: Sample returns by district	
Ashfield	999
Mansfield	1,140
Newark & Sherwood	1,083

Source: Northern Sub-region SHMA 2006 – primary data

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

Conclusion

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

2. What is a Strategic Housing Market Assessment?

Introduction

- 2.1 An SHMA is an entirely new requirement of Guidance, and therefore its key elements will be outlined here.
- 2.2 The report follows PPS3: Housing (November 2006) and the general structure of the Communities and Local Government (CLG) Strategic Housing Market Assessment Guidance of March 2007 (the Guide). In addition the research carried out is mindful of the requirements of Planning Policy Statement 3 (PPS3) and also Planning Policy Statement 12 (PPS12) in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.

Key requirements and definitions

- 2.3 The Guidance is reviewed in Chapter 18 with a summary of how this SHMA conforms with PPS3 in Chapter 21. It includes the key requirements of PPS3, the Practice Guidance, and the methodology developed by Fordham Research to ensure that the SHMA fulfils the requirements of PPS 3.
- 2.4 The key requirements of PPS3 are:
- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing*
 - *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%)*
 - *The size and type of affordable housing required*
- 2.5 These three sets of requirements are met in this report by firstly the Balancing Housing Markets (BHM) outputs, secondly the Annual Flows analysis and the BHM, and finally by the Housing Needs analysis supplemented by the BHM. This pattern of outputs is summarised more fully in Table 2.1 below.
- 2.6 The main concepts arising from Guidance are summarised in the table below:

Table 2.1: Key concepts defined in Guidance

<i>Concept</i>	<i>Description</i>
SHMA	Strategic Housing Market Assessment: one that involves all tenures and is set in a stakeholder process that produces results for a given set of market and submarket areas
HMA	Housing market area. There is no single definition available for an HMA. The issue is discussed in Chapter 3 of this report
Stakeholder involvement	Stakeholders are defined as various interest groups with a central interest in the housing market. They include public officials, specialist quasi public and voluntary bodies concerned with housing (e.g. Housing Associations (RSLs) and private sector bodies such as house builders, private landlords, estate and letting agents.)
All tenure approach	A key feature of the CLG approach in PPS3 is that all tenures should be covered. This means that the former Housing Needs Surveys (HNS) which focussed on a technical analysis of the need for affordable housing, has been subsumed in a much wider and less technical process.
Evidence base	PPS3 gives the evidence base, of which this SHMA is a key part, a central role in determining policy. This give more responsibility to the process and documentary results of it, but also more scope for it to affect such figures as the RSS target, which historically has been 'top down' from higher levels of government, but which is now becoming more of a compromise between local 'bottom up' evidence and 'top down' direction
RSS	Regional Spatial Strategy. A statutory document which sets out a broad development strategy for the region, setting out regional priorities such as the scale of development of housing.
LDF	Local Development Framework. This spatial planning strategy guides and manages development at a local level for the next two decades. Local Development Frameworks must be in general conformity with the Regional Spatial Strategy.
RHS	Regional housing strategy. This is the non-statutory companion of the RSS, addressing specifically housing issues.

Source: Fordham Research York SHMA 2007

2.7 To this set of concepts is added specific ones developed by Fordham Research for SHMA purposes:

Table 2.2: Fordham Research concepts for PPS3 outputs

<i>Technique</i>	<i>What it does</i>	<i>PPS3 outputs</i>
<p>1. Annual Flows: a standardised three year average of flows of household types into, out of and within a housing (sub) market.</p>	<p>Illustrates the character of a market. What are the flows of newly forming households like? How far are existing households attracted to the area, or is there a net out-migration?</p>	<p>The second of the three requirements in para. 22 of PPS3. The Census can produce some but not all of the PPS3 outputs.</p>
<p>2. Financial Capacity: income + equity + savings</p>	<p>Financial capacity indicates what households can afford. Some 70% of all households have equity now. Equity is on average more important than income in the overall 'ability to buy'.</p>	<p>All three of the para. 22/23 outputs require the use of financial capacity to produce robust results.</p>
<p>3. Balance (of housing markets): This is a term introduced by the Audit Commission in the early part of this century. However no technique was produced for measuring it.</p>	<p>Fordham Research has developed a method of assessment (the Balancing Housing Markets model (BHM)). This uses a range of quantitative and qualitative inputs to indicate what extra housing is required to move a given market towards balance.</p>	<p>The BHM outputs produce all the information required by para. 22 of PPS3. The separate technical analysis of housing need produces supplementary information.</p>
<p>4. Rungs in the housing ladder: Assessment of the weekly costs of all tenures and types of housing.</p>	<p>The graph shows entry points to different levels of the market. It indicates the cost thresholds on a consistent basis.</p>	<p>It indicates what types of new housing best assist households 'climbing the housing ladder'. Important for assisting house builders to meet the requirements of para. 23.</p>
<p>5. Usefully affordable intermediate housing: Its price is the mid point of the gap between social rent and market housing (the intermediate range defined in PPS3).</p>	<p>Provision of intermediate housing at the usefully affordable point will assist those in intermediate need. If provided only at the top end of that range, it will not.</p>	<p>Helps achievement of PPS3 balanced markets by providing a rung in the housing ladder.</p>

Source: Fordham Research 2007

2.8 The combination of these two sets of definitions provides the foundation for the SHMA which follows.

Summary

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

3. Housing market boundaries

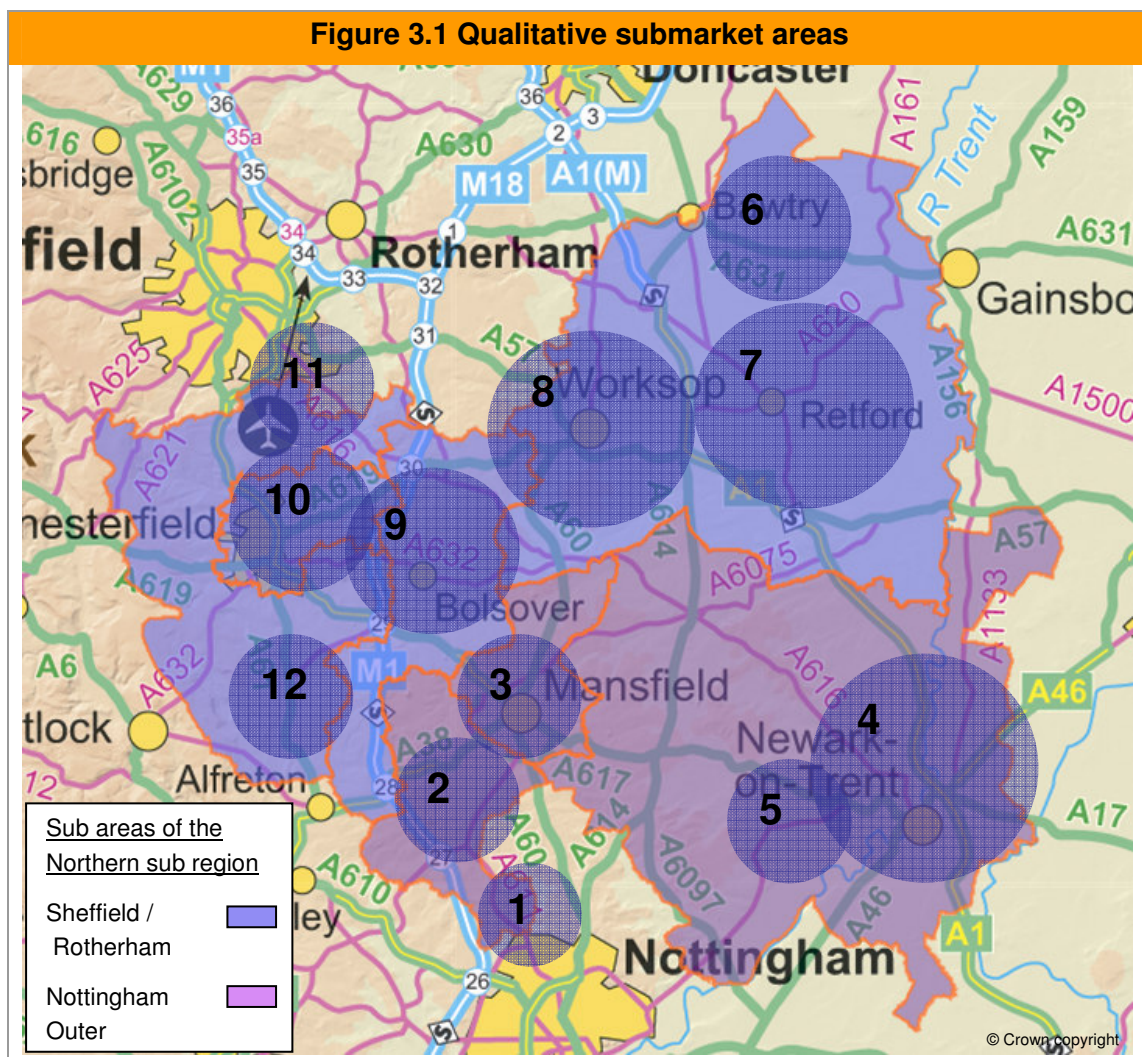
Introduction

- 3.1 This chapter discusses the nature of housing market boundaries with specific attention to Hucknall, the southernmost of the three towns that make up Ashfield district. A general discussion of housing markets (Chapter 3) and a discussion of boundaries including the Northern HMA will be found in the Northern Subregion report.
- 3.2 In relation to Nottingham Outer HMA we were specifically asked to examine the question:
- i) Should Hucknall, a town in the south of Ashfield district, be regarded as part of the Nottingham Core HMA?
- 3.3 This issue will be discussed in the context of more specific data from the survey. This is supplemented with 2001 Census migration and travel to work (TTW) data provided in Chapter 7 below. Prior to focussing on the two specific questions, some more general data will be provided.
- 3.4 As a contextual matter, the issue of the scale of housing markets in the overall Northern Subregion will be discussed.

At what scale are home moves determined?

- 3.5 The pure statistics can be used as above to derive levels of self-containment whether for home moves or travel to work (TTW). As is argued in the Northern Sub-region report (Chapter 3): when it comes to the choice as to whether home moves or TTW should be considered more important in determining the boundaries of an HMA it seems clear to us that home moves are the more important.
- 3.6 It is worth bringing into the discussion at this point the more subjective views of stakeholders. These are not supported by a statistical base, but are the results of discussions with estate, letting and employment agents throughout the Northern Sub-region and including both Nottingham and Sheffield and Rotherham.

- 3.7 These discussions produce a qualitative map, shown below, of the main foci at which estate and other agents cluster. To these go most of those who move within and to the wider Northern Sub-region. As can be seen, there are some nine submarket centres which serve the overall housing markets of the Northern Subregion. This is not to say that they are 70% self contained or any particular statistical number: but that they are important in determining the flows of households moving within and to the housing markets of the Sub-region.



Source: Northern Sub-region SHMA 2006 – primary data

Table 3.1: Key to Figure 3.1

District	Map Ref.	Submarket
Ashfield	1	Hucknall
Ashfield	2	(All except Hucknall)
Mansfield	3	(All)
Newark and Sherwood	4	Newark (town)
Newark and Sherwood	5	Southwell
Bassetlaw	6	Northern
Bassetlaw	7	Retford
Bassetlaw	8	Worksop
Bolsover	9	All
Chesterfield	10	All
North East Derbyshire	11	Dronfield
North East Derbyshire	12	Clay Cross

Source: Northern Sub-region SHMA 2006 – primary data

- 3.8 These areas are not administrative in any way, nor are they necessarily functional in a wider way than for housing marketing purposes. The map is designed to indicate the actual marketing areas for dwellings within the Northern Sub-region. The indications are that these are the main channels through which the marketing of housing is conducted.
- 3.9 The rural analysis in Chapter 11 suggests that journey to work distances average only about 10-20 miles. Average home moves are less than this distance. Thus most housing markets are actually much smaller than the Northern/Nottingham Outer scale. Such HMAs are made up of several sub-markets which are in many ways more important than the larger entities. It is possible by including, for instance, leisure and shopping to go to almost any scale if an HMA is defined to include all aspects of life: for some purposes capital cities like London are the only places to go for certain sorts of shopping. This illustrates the absurdity of using too wide a definition of what defines a housing market. The most obvious test is home moves. These tend to be quite locally driven.

Is Hucknall part of Nottingham Core HMA?

- 3.10 We were asked to look at the southern part of Ashfield, the town of Hucknall, in terms of its functional connection to Nottingham Core (as defined by DTZ Peda : Nottingham City and its surrounding districts).
- 3.11 This brief requirement arose from a view that Hucknall is
- i) Really a suburb of Nottingham
 - ii) Is fairly detached from the rest of the district
- 3.12 Turning firstly to movement patterns we can see that household moves support the argument that Hucknall is more closely linked with Nottingham than the rest of Ashfield. However there is significant self containment within Hucknall. Overall, of those households currently living in Hucknall who have moved home in the last two years, only 1.3% previously lived elsewhere in Ashfield. On the other hand 19.3% had previously lived in Nottingham and 37% moved within Hucknall.

Table 3.2: Previous location of households living in Hucknall

Location of previous home	Current location		Total
	Hucknall	Rest of Ashfield	
Hucknall	758	368	1,127
Rest of Ashfield	26	3,121	3,148
Nottingham	391	256	647
Elsewhere	848	1,998	2,846
Total	2,024	5,743	7,767

Source: Northern Sub-region SHMA 2006 – primary data

- 3.13 The TTW data shows for working households in Hucknall there is a strong link between Hucknall and Nottingham. Overall, 32.1% of working people in Hucknall work in Nottingham, this compares with only 12.0% of other workers living in the District.

Table 3.3: Place of work of households living in Hucknall			
Location of employment	Current location		Total
	Hucknall	Rest of Ashfield	
Ashfield	3,052	8,875	11,927
Nottingham	2,446	2,320	4,766
Elsewhere	2,122	8,147	10,269
TOTAL	7,620	19,342	26,962

Source: Northern Sub-region SHMA 2006 – primary data

- 3.14 The TTW pattern shows a stronger relationship between Hucknall and Nottingham City (32% of trips) as compared with the rest of Ashfield (only 11% of trips). However trips within the area dominate in both cases: 46% in the case of the rest of Ashfield and 40% in the case of Hucknall.
- 3.15 In considering this evidence it should be borne in mind that the smaller the area, the lower the level of self containment that it will show. Thus the overall Northern and Nottingham Outer HMAs show about 66% self containment. The seven districts of the Northern Sub-region show about 50%. It is only to be expected that Hucknall, which is one of the three towns that make up Ashfield, would show lower self-containment. This is as would be expected: Hucknall shows 37% self containment as to home moves and 40% as to TTW.
- 3.16 In other words Hucknall is as self contained, allowing for scale, as the Nottingham Outer HMA or the various districts of the Northern Sub-region. Since we concluded that the two HMAs of the Northern Sub-region can be viewed as self contained for that purpose, so can Hucknall.
- 3.17 In other words, although Hucknall is clearly on the boundary of an HMA, and could be argued to be in the grey area between core HMAs, it is quite self contained for its scale, and although clearly a suburb of Nottingham for some purposes, is a fairly self contained housing market in its own right. It is quite easy to agree to both the statements in para. 3.16: Hucknall is a suburb of Nottingham and shows little connection with the rest of Ashfield, without holding that it should be considered as part of the Nottingham Core HMA. It is, for housing purposes, a distinct housing sub-market, as many suburbs are. It is not particularly strongly connected to Nottingham City or to any of the districts around it. It shows quite a high level of self containment.

- 3.18 Since this study, like others in the region, proceeds on the basis of quite high level aggregations to make up HMAs, it is more sensible to see Hucknall which is administratively part of Ashfield, as part of the Nottingham Outer HMA than as part of the Nottingham Core. Since it is in fact quite self contained for its scale, it could be put in either.
- 3.19 A further and perhaps conclusive consideration arises from the housing market analysis of subsequent chapters. One of the reasons for the concern about Hucknall was not the quasi-academic one of which HMA it should be viewed as located within, but the issue of the draft RSS targets. Since a significant part of the quite substantial Ashfield target is generated by Hucknall, there was a feeling that this properly should be regarded not as an Ashfield responsibility but as part of the growth of Nottingham City. However the BHM results discussed in Chapter 18 make it clear that substantial demand exists within Ashfield, much in excess of the draft RSS target.
- 3.20 Hence it cannot be said that any RSS allocation to Hucknall is a displacement of a target that should properly fall to Nottingham: it is home grown. In a wider sense, Hucknall, like much of Nottingham Outer, can be viewed as a suburb of Nottingham. However that is more from a TTW perspective than a housing market one. As argued earlier, there can be several quite self contained housing markets within a single TTW area.
- 3.21 Thus our response to the question of whether Hucknall is part of the Nottingham Outer or Nottingham Core HMAs is:
- i) Hucknall is like much of Nottingham Outer HMA a suburb of Nottingham City
 - ii) It is the closest of the suburbs to that City and the link is enhanced by its tramline
 - iii) At the same time Hucknall, though quite isolated from the rest of Ashfield, is quite self contained as a housing market: it is not properly speaking part of any other housing market
 - iv) Since it falls administratively within the Nottingham Outer HMA, and since that HMA shows a quite high level of self containment it makes more sense to view Hucknall as part of that HMA than as part of the Nottingham Core
 - v) From a demand point of view the Ashfield market as a whole would justify a much higher target for newbuild than is currently in the draft RSS. Thus the part of the RSS target that is derived from Hucknall is not displaced demand from Nottingham, but home grown. Again Hucknall is not part of the Nottingham demand, but has its own market dynamic
- 3.22 It is therefore concluded that Hucknall, though on the margins of two HMAs, is best seen as part of the Nottingham Outer HMA. This conclusion is consistent with Guidance, which suggests that entire districts should be the normal basis for defining housing market areas:

'For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for the functional sub-regional housing market areas.' ('Identifying sub-regional housing market areas' Advice Note CLG March 2007 para. 9)

Summary

- 3.23 This chapter examined the integrity of the housing market in the Nottingham Outer HMA. At the practical level the evidence of the present survey is that most home moves and journeys to work are 10 miles or less in distance, and so that the working housing markets are much more localised than the HMA scale.
- 3.24 We were asked to consider whether Hucknall in the south of Ashfield, is properly part of the Nottingham Outer HMA, or better seen as part of the Nottingham Core HMA. Hucknall is undoubtedly a suburb of Nottingham, but other parts of Nottingham Outer can be viewed in the same way. It does not prevent Hucknall from having a substantially self contained housing market, when allowance is made for it smaller scale. It is certainly distinct from the rest of Ashfield's housing market.
- 3.25 Hucknall is on the boundary between two HMAs and could be viewed as part of either. Since it lies within Ashfield it makes sense to see it as part of Nottingham Outer. The one practical disadvantage of this view might be that its share of the RSS target could be argued to be derived from Nottingham City rather than from Nottingham Outer or Ashfield itself. This view is not tenable, as the housing market demand analysis clearly shows that Ashfield's internal demand is much bigger than the draft RSS target. Hence there is no question of its target being derived from elsewhere.
- 3.26 For these reasons it is considered that Hucknall should be regarded as part of Nottingham Outer HMA. Ashfield District Council itself differs from this view, as explained in Appendix D2.

SECTION B: CONTEXT FOR THE SHMA

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

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



4. The Planning Context

Introduction

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

The pre-2004 situation

4.2 Prior to the changes instituted in 2004, housing demand and supply issues in the area under study were developed in the context of:

- Regional policy as set out in Regional Planning Guidance for the East Midlands
- County level policies in approved Structure Plans for Nottinghamshire, and for Derbyshire
- District level policies in individual Local Plans for the seven Council areas.

4.3 Regional policy guidance was set out in document RPG8: Regional Planning Guidance for the East Midlands. This document was adopted in January 2002 following consultation.

4.4 The Nottinghamshire and Nottingham Joint Structure Plan Review to 2011 was adopted in February 2006. The Derby & Derbyshire Joint Structure Plan, covering the period 1991-2011, was adopted in January 2001.

4.5 The Local Plan situation is summarised in the Table below:

Table 4.1 Local Plans developed prior to 2004 Act		
Council	Plan title	Status
Ashfield	Ashfield Local Plan Review (to 2011)	Adopted November 2002
Mansfield	Mansfield District Local Plan (to 2006)	Adopted November 1998
Newark & Sherwood	Newark & Sherwood Local Plan (to 2006)	Adopted end 1998

Source: Local Authority Local Plans

2004 changes

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

Regional planning context

- 4.7 Formal planning guidance for the Northern sub-region in respect of housing demand and supply issues is provided by Regional Planning Guidance (RPG). The situation has been complicated by proposals to locate significant housing growth in an area that straddled regional boundaries, requiring growth issues that needed to be considered on a cross boundary, inter-regional basis (specifically this includes parts of the South East, and Eastern Region, as well as the East Midlands). The last comprehensive review of the East Midlands regional strategy RPG 8 did in fact identify a need to consider further growth in a Milton Keynes South Midlands (MKSM) Sub-Region.
- 4.8 Consequently a Milton Keynes and South Midlands (MKSM) study, published in September 2002, confirmed the potential for growth in the MKSM area, and a preferred option was developed, in which the potential for growth to 2031 was broadly identified as up to 300,000 jobs and 370,000 homes. With the publication of *Sustainable Communities, Building for the Future*, in February 2003, it became clear that Milton Keynes/South Midlands was, along with other growth points, to play a critical role in delivering a step change increase in housing supply.
- 4.9 A final Milton Keynes & South Midlands Sub-Regional Strategy was published in March 2005. This led to the production of revised regional guidance in the shape of the Regional Spatial Strategy for the East Midlands, RSS8 (March 2005). That RSS document represented a partial review of the 2003 RPG8 document: a further, more comprehensive review is now under way, and a Draft East Midlands Regional Plan was published in September 2006.
- 4.10 Other than for the MKSM growth locations, the 2005 RSS document does not provide fresh quantitative targets for sub regions. Rather, the existing targets are carried across. Core policies are identified for each of the sub areas. For example, for the Northern housing market area. The RSS states that economic social & environmental regeneration will be a priority. It states that subordinate Plans should:

- Strengthen the sub regional centres (Newark, Mansfield, Chesterfield, Worksop) with new jobs, services & facilities;
- Provide jobs & services elsewhere where accessible, or where concentrations of need are serviced;
- Promote environmental enhancement as a fundamental part of regeneration;
- Protect & enhance the area's natural & cultural assets.

4.11 In relation to affordable housing, the RSS document suggests Plans, Housing Strategies and so on should respect priorities identified in the Regional Housing Strategy, and should include policies which seek a mix of dwellings, to help create inclusive communities which provide wider opportunity and choice. The level of affordable provision should be justified by local needs assessments and reflect viability assessments. An appropriate indicator level of 3,950 units per annum is identified for monitoring purposes.

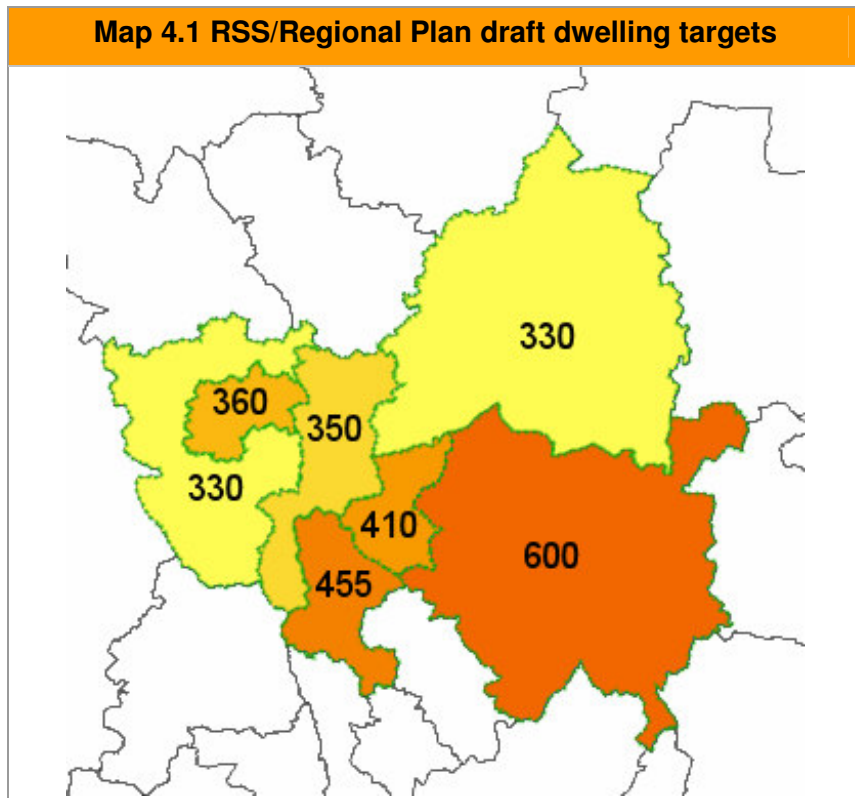
Review of Regional Spatial Strategy 2006

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

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

	Dwellings ave. pa 2001-2026	
	No of dwellings p.a.	% of total
Nottingham Outer	1,465	7.2%
<i>Ashfield</i>	455	
<i>Mansfield</i>	410	
<i>Newark & Sherwood</i>	600	
East Midlands Region	20,428	100%

Source: East Midlands draft RSS



Source: Fordham Research 2006, based on East Midlands RSS

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

Area	Social rented	Intermediate	Total affordable
Nottingham Outer	25%	0%	25%
East Midlands Region total	27%	5%	32%

Source: East Midlands RSS

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

Local Development Frameworks

- 4.15 Progress is being made to establish Local Development Frameworks (LDF) for all seven Districts, in order both to meet the requirements in the 2004 Act, and to replace those Plans which are in any case nearing the end of their shelf life. As Table 4.1 showed, existing Local Plans were adopted at varying times over the last decade, and the emerging LDFs are at various stages.
- 4.16 Table 4.4 sets out for each District the level of housing requirement they are designed to deliver, and the supply capacity based upon the most recent capacity assessment. Key data is also mapped. The Local Plan and LDF positions are compared.

Table 4.4 Housing provision targets in individual		
Area	Local Plan Requirement	Available supply
Ashfield	4,458 (00-11) =405 pa	6,234 (03-21) = 346 pa
Mansfield	3,200 (96-06) = 320 pa	3,897 (06-21) = 259 pa
Newark & Sherwood	5,512 (97-06) = 501 pa	3,117 (06-21) = 195 pa
Total	1,226	1,465 pa

Source: Local authority Local Plans & LDFs

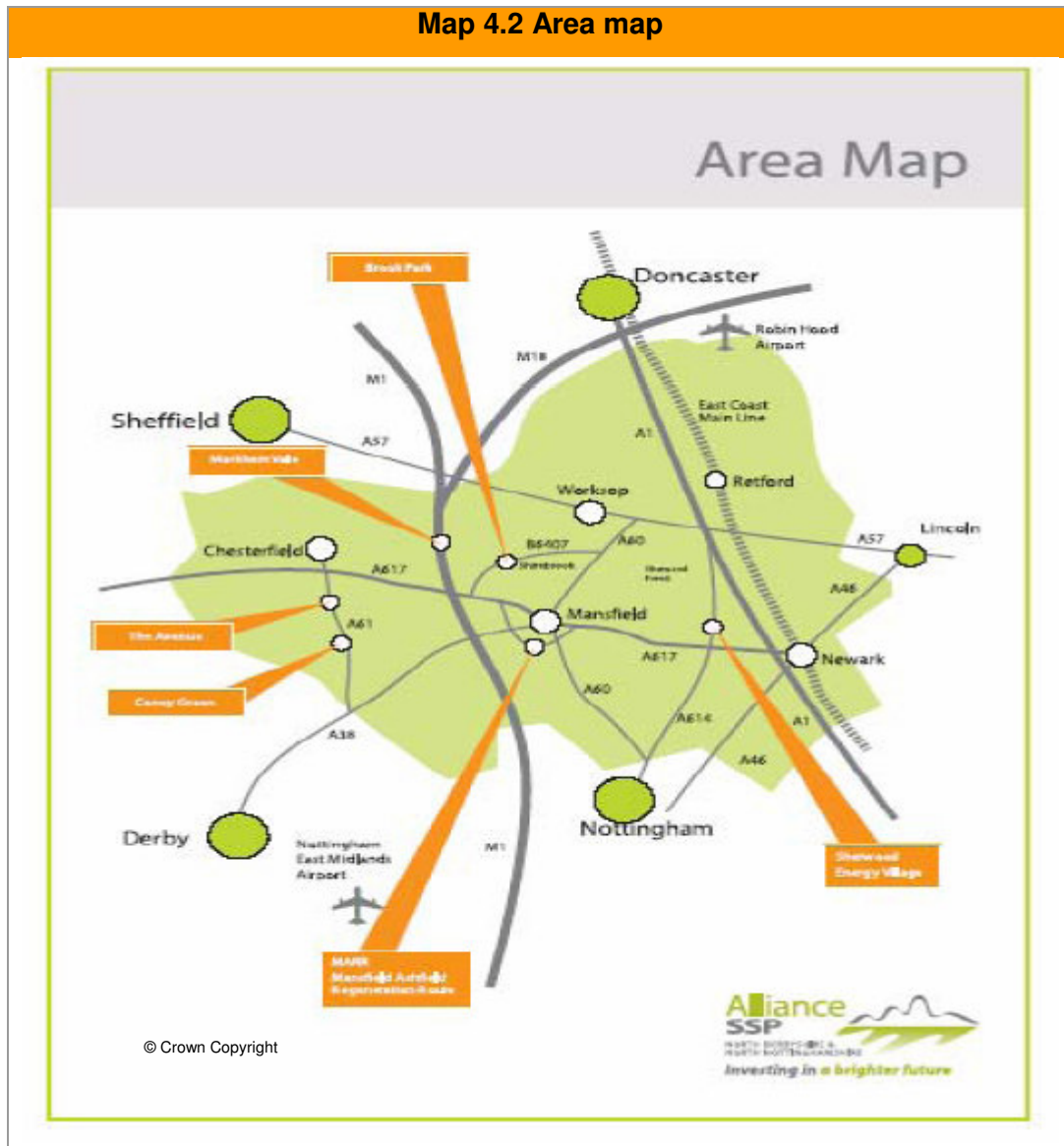
- 4.17 In relation to the LDF, it can be seen that there is sufficient land identified to meet the most recent Plan target in two of the three districts. However, it should be noted that the figures do not relate to consistent periods and should be regarded as indicative only.
- 4.18 Table 4.5 provides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

Table 4.5 Housing provision & affordable targets in individual District Plan documents			
<i>Area</i>	<i>Plan</i>	<i>Affordable target & threshold</i>	<i>Affordability</i>
Ashfield	L Plan	18.5% (Hucknall) 6% (elsewhere)	preferences indicated
Mansfield	L Plan	No specific target	
Newark & Sherwood	L Plan	No specific target; target negotiated dependant on threshold	

Source: Local authority Local Plans & LDFs

New Initiatives

- 4.19 The broad pattern of planned development and its context are set out in this chapter. However, there are a number of detailed initiatives, and some general ones that should be mentioned. They are part of the overall planned regeneration of the Northern Sub-region.
- 4.20 The following particular initiatives are listed as context for the present work:
- i) Meden Valley Regeneration. This work is on the linear settlements, former mining villages, which lies within Mansfield and Bolsover districts. This regeneration is beginning to have effect, in that there is more demand for the terraced housing which forms a large part of these settlements
 - ii) Newark. The most substantial and recent regeneration initiative is the award of New Growth Point status to Newark, which will help to provide infrastructure and other assistance on a substantial scale: according to the DCLG (2006) this will generate 6,000 new homes over the period 2006-2016, most (around 5,000) of which will be concentrated in the Newark and Balderton areas. However, the exact levels and locations of growth will still have to be determined as part of the normal procedures for producing the Regional Plan and the Local Development Framework, which includes full public consultation and testing at public enquiry (Newark & Sherwood DC, 2006)
 - iii) The three cities of Derby, Leicester and Nottingham lie outside the North Sub-region, but influence it, and they are also a New Growth Point with a target of 81,500 new homes over the period to 2016
 - iv) The Alliance SSP is a partnership using public funding to support a number of regeneration initiatives (illustrated in their map copied below). These include training and also infrastructure projects. Its budget for 2006/7 is about £10m. A small part of this is from EMDA for rural regeneration purposes



Source: Alliance SSP Business Plan 2006/7

Summary

- 4.21 The planning framework for the Northern sub-region is in transition from the previous system to the more flexible approach introduced by the Planning and Compulsory Purchase Act, 2004.
- 4.22 Regional guidance has just emerged in draft form; it proposes provision targets of 1,070 p.a. for the four Districts in the Sheffield/Rotherham area, and 1,465 for the three in Outer Nottingham.

- 4.23 Local Development Frameworks are at various stages of preparation. Planning is dominated by the major growth of homes and jobs that is planned over the coming decades. This is partly driven by national policy in favour of more homes, but also by the availability of suitable sites, and by the aim of broadening the economic and social character of the area.
- 4.24 There are quite a number of particular initiatives, mainly focussed upon regeneration, going on across the Sub-region.
- 4.25 The present project will provide an important element of the information base for future planning of this growth.

5. Socio-Economic Context

Introduction

5.1 This chapter uses material provided in more detail in Appendix part A, to which there are references, and some extracted illustrations are included here.

Numbers of households and projected changes

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

Table 5.1: Current household numbers and projections (000s)				
Date	Nottingham Outer	Northern Sub-region	East Midlands	England
2006	139	306	1,839	21,485
2011	146	321	1,942	22,566
2016	154	337	2,048	23,705
2021	160	351	2,146	24,781
2026	165	362	2,230	25,713
Change 2006-2026	26	56	391	4228
% change 2006-2026	18.7%	18.3%	21.3%	19.7%

Source: Department of Communities and Local Government

5.3 As can be seen, the Nottingham Outer HMA and the sub-region as a whole will increase at relatively significant rates. These are, however, noticeably lower than both regional and national growth rates. Given that the sub-region has in principle an adequate supply of land, it is a sign of the relatively low economic expectations that the forecast for population is as low as it is.

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

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

- a. Significantly fewer (38% compared with national 40%) in the prime working years (16-44 years)

- b. Significantly more in the older and retired years - 19% compared with 18% nationally over retirement age, and similar for the older working aged population

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

BME proportion of population

5.7 Strikingly different from either the national or regional picture (Table A2.4), nearly all the population of both HMAs is classified as white (99%). This is likely to be mainly due to an absence of large city centres which tend to provide more extensive support mechanisms for BME communities.

Health

5.8 Not surprisingly, given its mining and industrial heritage, health levels are poor. Good general health is found in only 64% of the population of the Nottingham Outer HMA, compared with 68% regionally and 69% nationally (Table A2.11).

Crime

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

Earnings

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

Table 5.2: Full-time earnings (ASHE 2005)

	Nottingham Outer	Northern Sub-region	East Midlands	England
Mean income	£22,788	£23,972	£25,829	£28,988

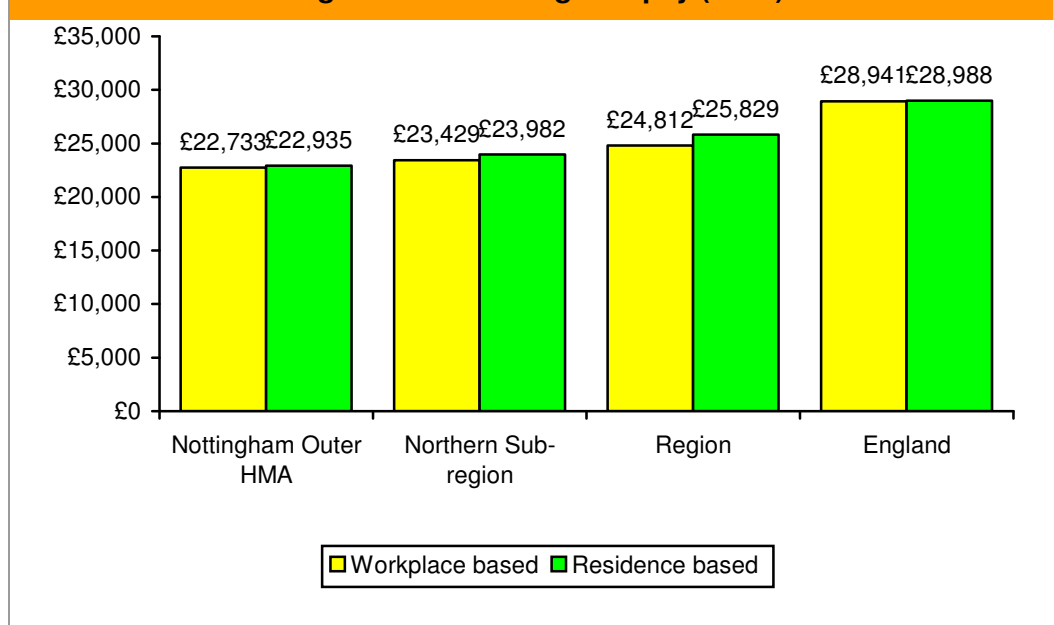
Source: Annual survey of hours and earnings – 2005

Table 5.3: Full-time earnings (ASHE 2005)

	Ashfield	Mansfield	Newark & Sherwood
Mean income	£21,476	£21,939	£25,064

Source: ONS neighbourhood statistics – 2006

- 5.11 As can be seen from Table 5.3, Newark and Sherwood is just below East Midlands levels of earnings, but that is well below national levels. At the same time the poorer districts (Ashfield and Mansfield) are at only about 75% of national earnings levels. This shows the painful result of the 'low-wage low-skill' equilibrium referred to by EMDA.
- 5.12 The earnings figures can be compared between the incomes of those who work and those who live in the area. This is an instructive comparison:

Figure 5.1: Annual gross pay (2005)

Source: Annual Survey of Hours and Earnings 2005

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

5.13 Those who work outside the HMA earn relatively similar amounts to those working within it, although residents earn slightly more. This pattern is exaggerated for the region, with residents again earning more than workers.

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

Summary

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

6. Housing Stock

Introduction

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

Tenure and stock type

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

Table 6.1: Housing stock – 2005				
	Nottingham Outer	Northern sub-region	East Midlands	England
Social rented	18.3%	19.7%	16.8%	18.4%
Other public	0.0%	0.0%	0.2%	0.4%
Private sector	87.1%	82.7%	83.0%	81.2%
Social rented difficult to let	3.3%	3.3%	2.7%	3.1%
Social rented low demand	6.0%	3.1%	3.2%	5.2%
Private sector low demand	3.2%	#	0.7%	3.0%
Total dwellings vacant	2.9%	3.4%	3.1%	3.1%
Social rented vacant	2.9%	2.3%	2.2%	2.2%
Other public sector vacant	0.0%	6.1%	22.6%	6.9%
Private sector vacant	2.8%	3.6%	3.3%	3.3%

Source: 2005 Housing Strategy Statistical Appendix

- no data

6.3 This picture is refined in the table below as regards details of tenure. There is high owner occupation in the East Midlands generally, when compared to the national picture; the Nottingham Outer HMA shows owner occupation levels which are similar to the regional average and greater than the sub-region as a whole.

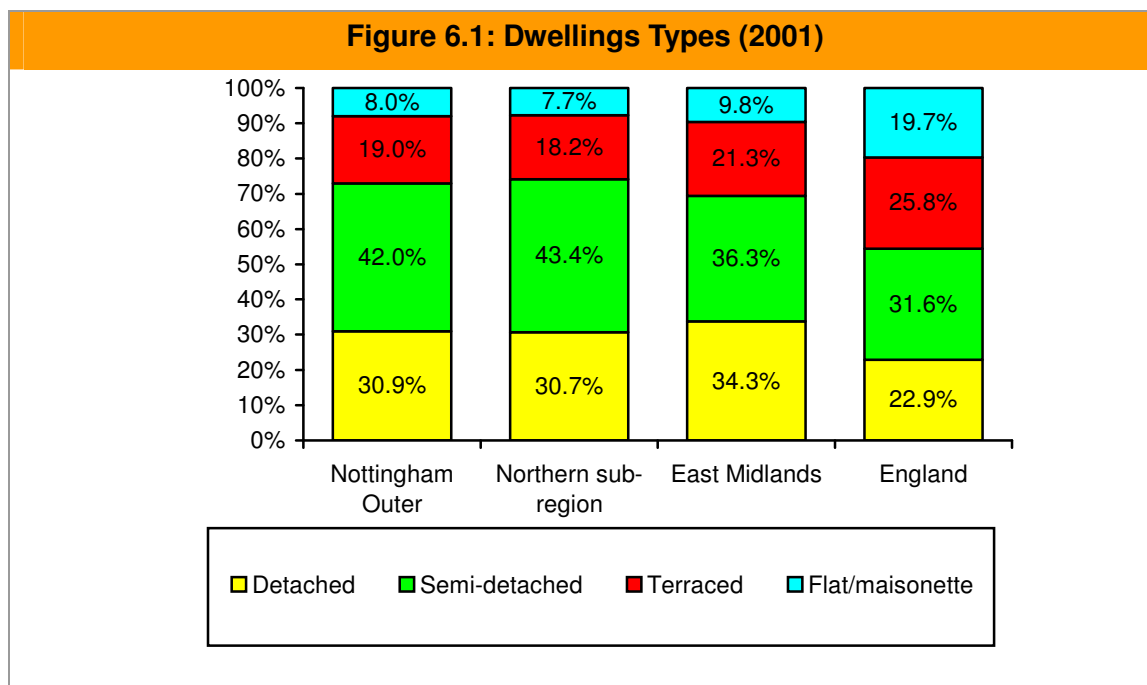
6.4 The proportion of social rented dwellings in the HMA is higher than the regional (low) average, but lower than the national average and the average for the sub-region. The private rented proportion is lower than both the regional and national average.

Table 6.2: Tenure (Census 2001)								
	Nottingham Outer HMA		Northern sub-region		East Midlands		England & Wales	
Owens outright	32.4%		31.6%		30.8%		29.5%	
Owens with a mortgage or loan	39.5%	72.3%	38.8%	70.8%	40.8%	72.2%	38.8%	68.9%
Shared ownership	0.4%		0.4%		0.6%		0.6%	
Council (local authority)	15.2%	18.6%	18.1%	20.8%	13.9%	17.6%	13.2%	19.2%
Housing Association/RSL	3.4%		2.7%		3.7%		6.0%	
Private landlord or letting agency	6.0%		5.7%		7.3%		8.7%	
Other	3.3%		2.6%		3.0%		3.2%	
Total	100.0%		100.0%		100.0%		100.0%	

Source: ONS neighbourhood statistics – 2006

Dwelling types

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



Source: ONS neighbourhood statistics – 2006

'Detached' includes caravans and mobile homes

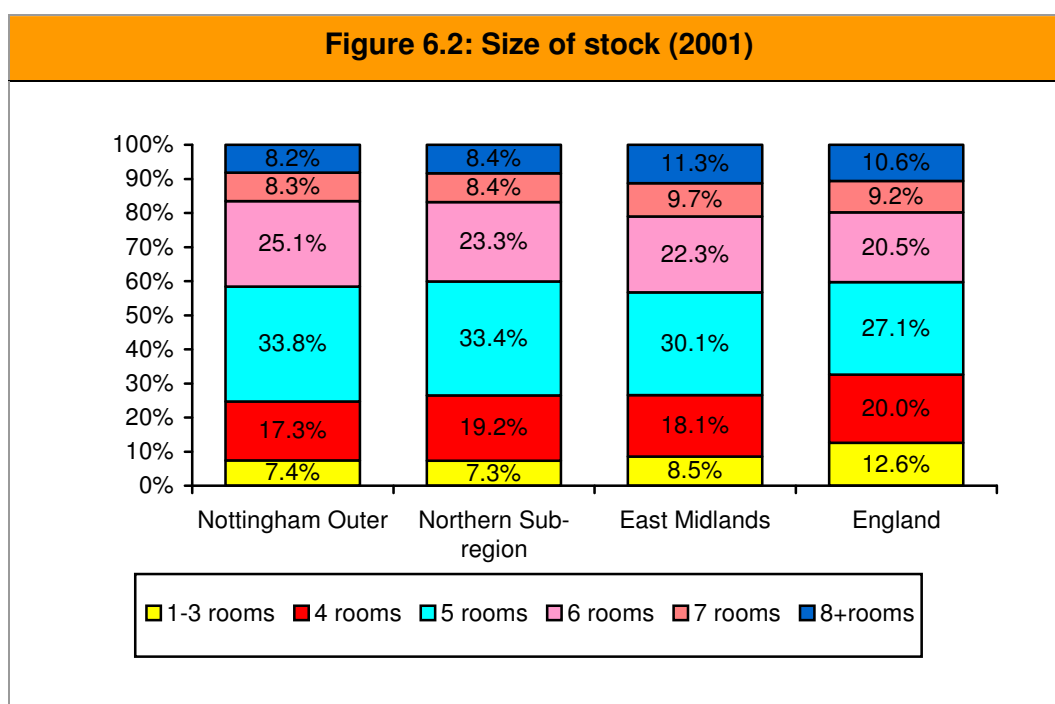
6.6 Newark & Sherwood has a higher proportion of detached homes when compared to the other local authorities in the Nottingham Outer HMA.

Table 6.3: Dwellings Types (2001)							
	Ashfield	Mansfield	Newark & Sherwood	Nottingham Outer	Northern sub-region	East Midlands	England
Detached	28.1%	27.1%	36.6%	30.6%	30.3%	33.9%	22.5%
Semi-detached	43.7%	43.0%	39.2%	42.0%	43.4%	36.3%	31.6%
Terraced	19.9%	21.0%	16.1%	19.0%	18.2%	21.3%	25.8%
Flat/maisonette	8.2%	8.5%	7.5%	8.0%	7.7%	9.8%	19.7%
Caravan/Mobile Home	0.1%	0.3%	0.7%	0.3%	0.4%	0.4%	0.4%
Total	100%	100%	100%	100%	100%	100%	100%

Source: ONS neighbourhood statistics – 2006

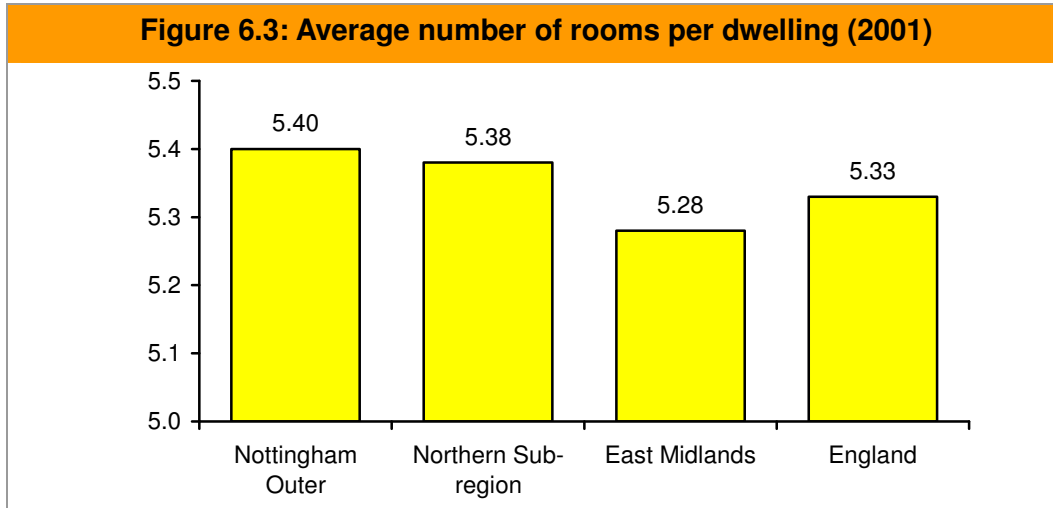
Dwelling size and room numbers

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



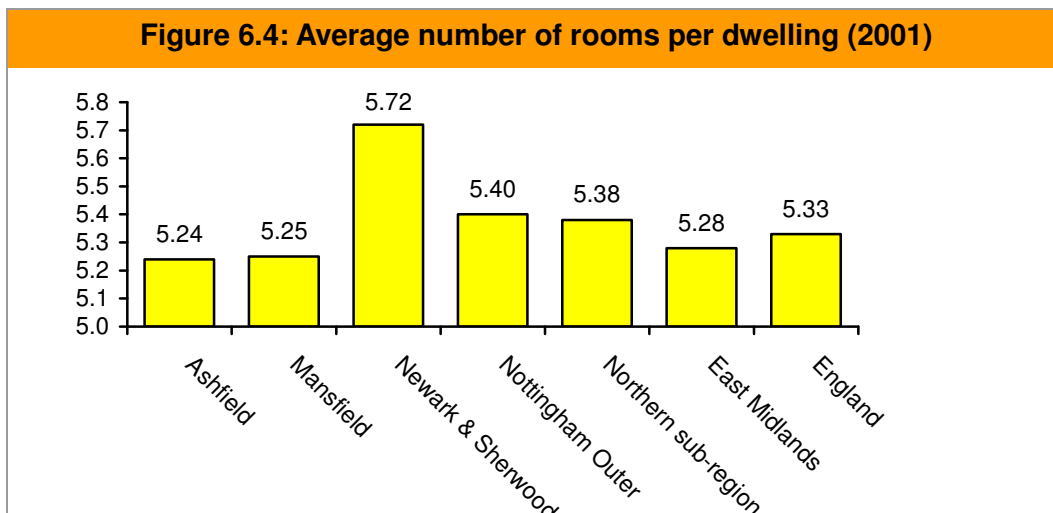
Source: ONS neighbourhood statistics – 2006

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



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

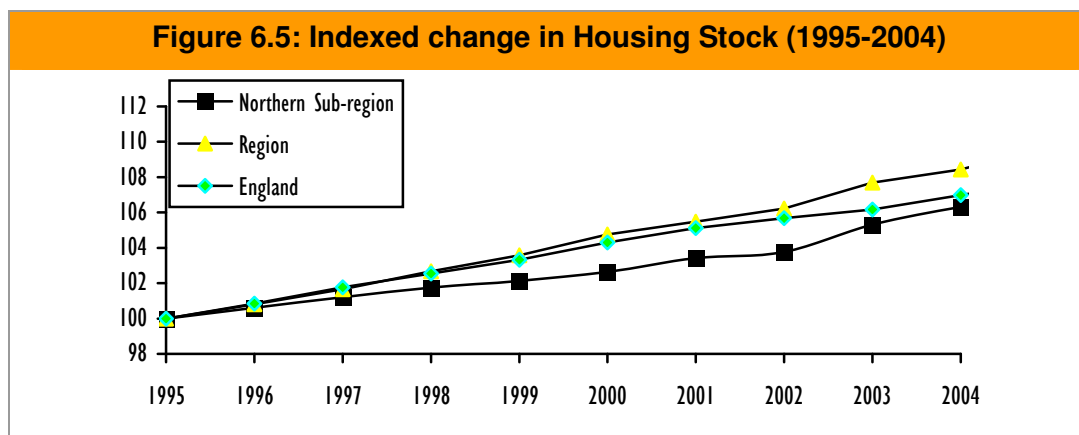
6.9 The figure below shows that Newark & Sherwood has a much higher average number of rooms per dwelling than the rest of the HMA.



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

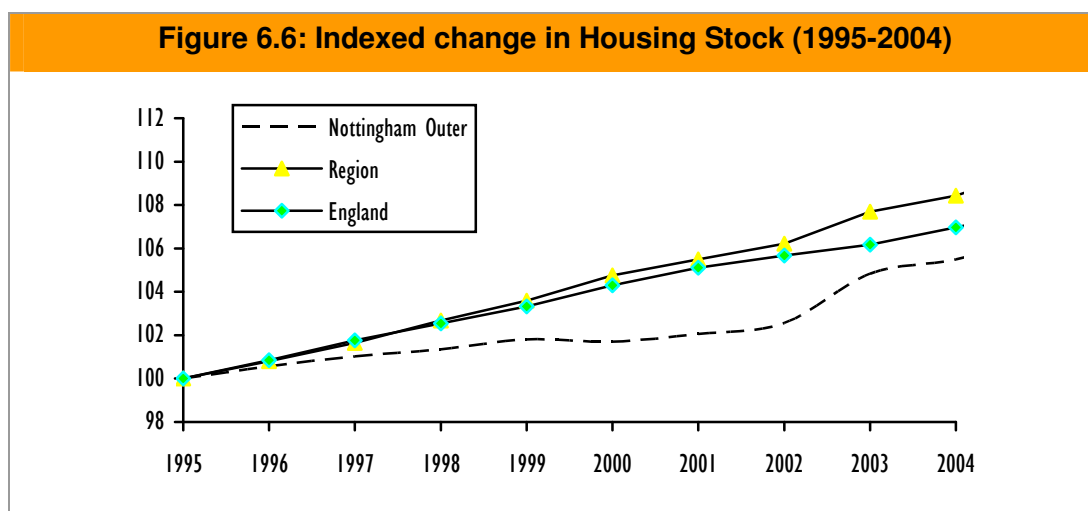
Housing stock changes

6.10 The figure below presents the pattern of growth in the stock of housing over time in the Northern Sub-region, East Midlands and England. Between 1995 and 2004 the housing stock in the Northern Sub-region increased by 7.1%, representing an increase of around 23,847 dwellings. Overall growth in the East Midlands in the same period was 9.8%. Therefore, in comparative terms, growth in the Northern Sub-region has been lower than in other parts of the East Midlands. Over the period the growth has been fairly steady and below national and regional growth. Drawing on data from the HSSA between 1995 and 2004 the housing stock in Nottingham Outer has increased 8.5%; the most significant increase was seen from 2002 to 2003.



Source: Community data services

- 6.11 The figure below presents the pattern of growth in the stock of housing over time in the Nottingham Outer HMA, East Midlands and England. Growth in the HMA up until 2002 was noticeably slower than regionally and nationally.



Source: Community data services

- 6.12 The table below shows the growth in housing stock between 1995 and 2005. The fastest growth occurred in Newark & Sherwood.

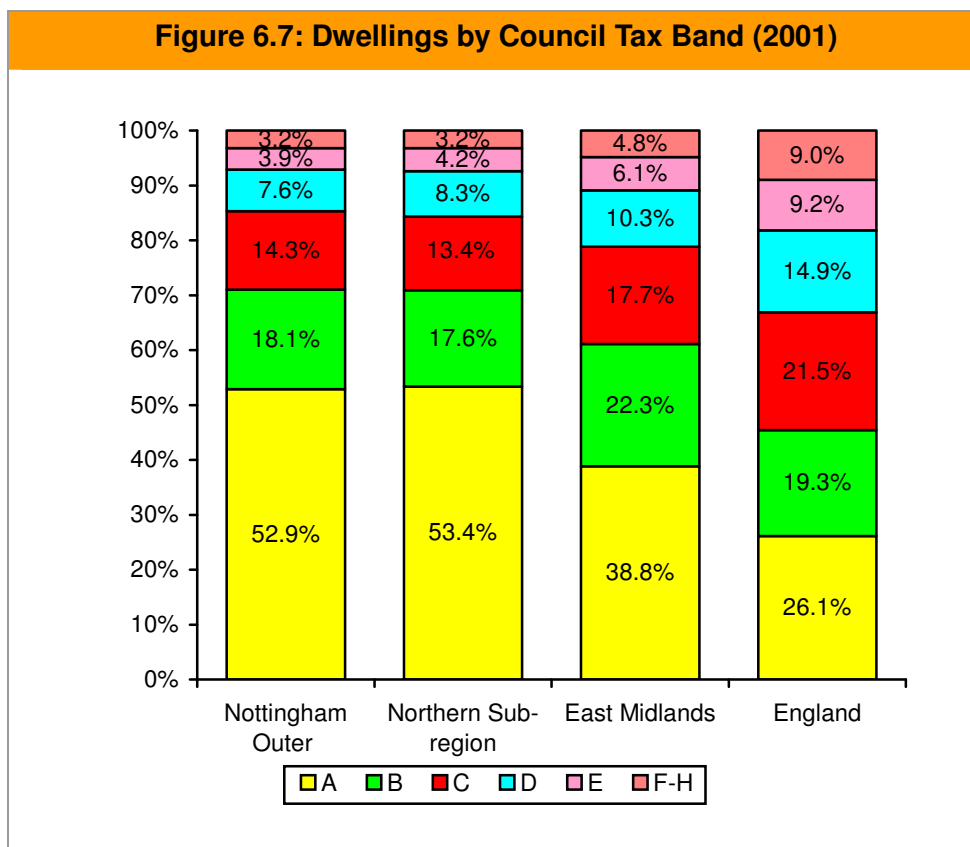
Table 6.4: Change in Housing Stock 1995-2005

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

Source: Community data services

Council tax band

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



Source: ONS neighbourhood statistics – 2006

Summary

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

7. House Prices

Introduction

- 7.1 This chapter uses material provided in more detail in Appendix A1, to which there are references, and some extracted illustrations are included here.
- 7.2 The chapter also includes data from our survey of estate and letting agents.

General price levels

- 7.3 As may be inferred from the context, price levels are low in the HMA: 65% of the England and Wales average, compared with 78% in the East Midlands.

Table 7.1: Land Registry average prices (1st quarter 2006)

Area	Average price	As % of E & W
England & Wales	£192,742	100.0%
East Midlands	£150,502	78.1%
Nottingham Outer HMA	£125,062	64.9%

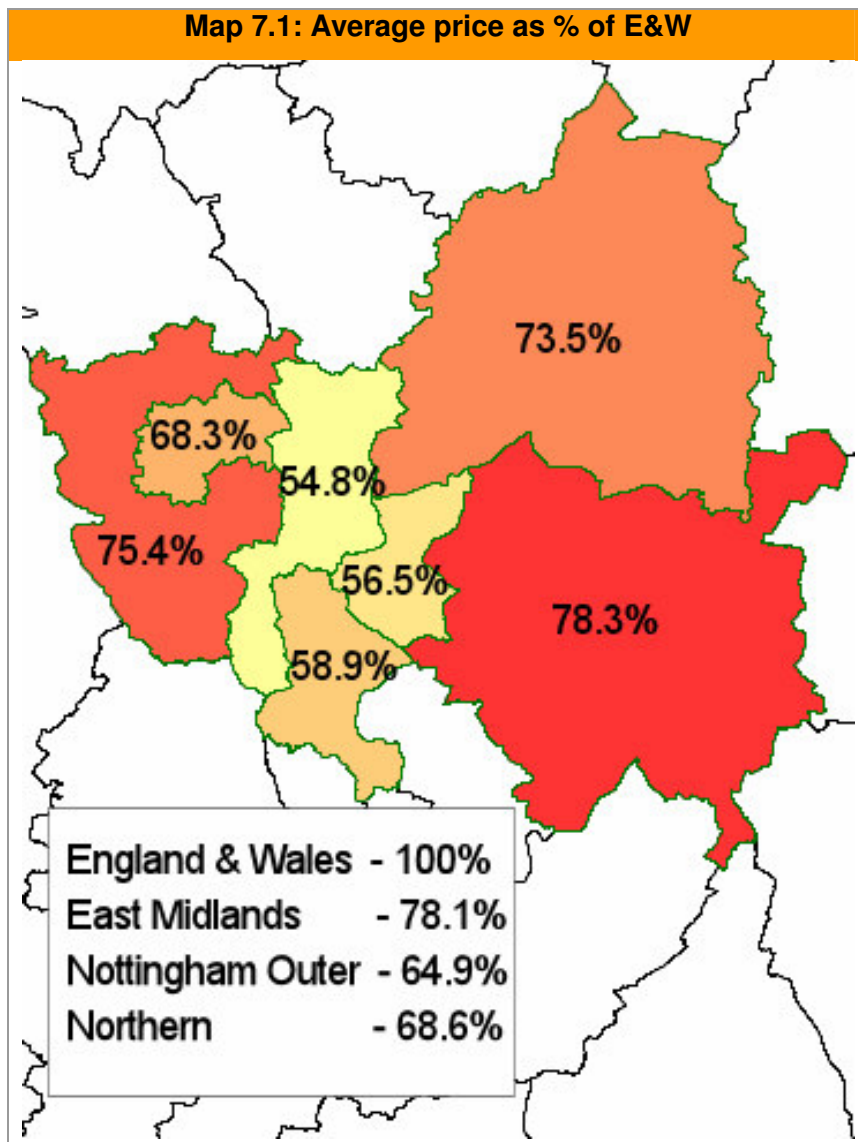
Source: Land Registry – 2006

- 7.4 Table 7.2 suggests that not only are house prices for the HMA well below the average for England & Wales, but that house prices vary considerably within the HMA. The highest average property price is in Newark & Sherwood, which reaches the regional average. The key data is also mapped below.

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

Area	Average price	As % of E & W
England & Wales	£192,742	100.0%
East Midlands	£150,502	78.1%
Northern Sub-region	£128,837	66.8%
Nottingham Outer HMA	£125,062	64.9%
Ashfield	£113,575	58.9%
Mansfield	£108,971	56.5%
Newark & Sherwood	£150,924	78.3%

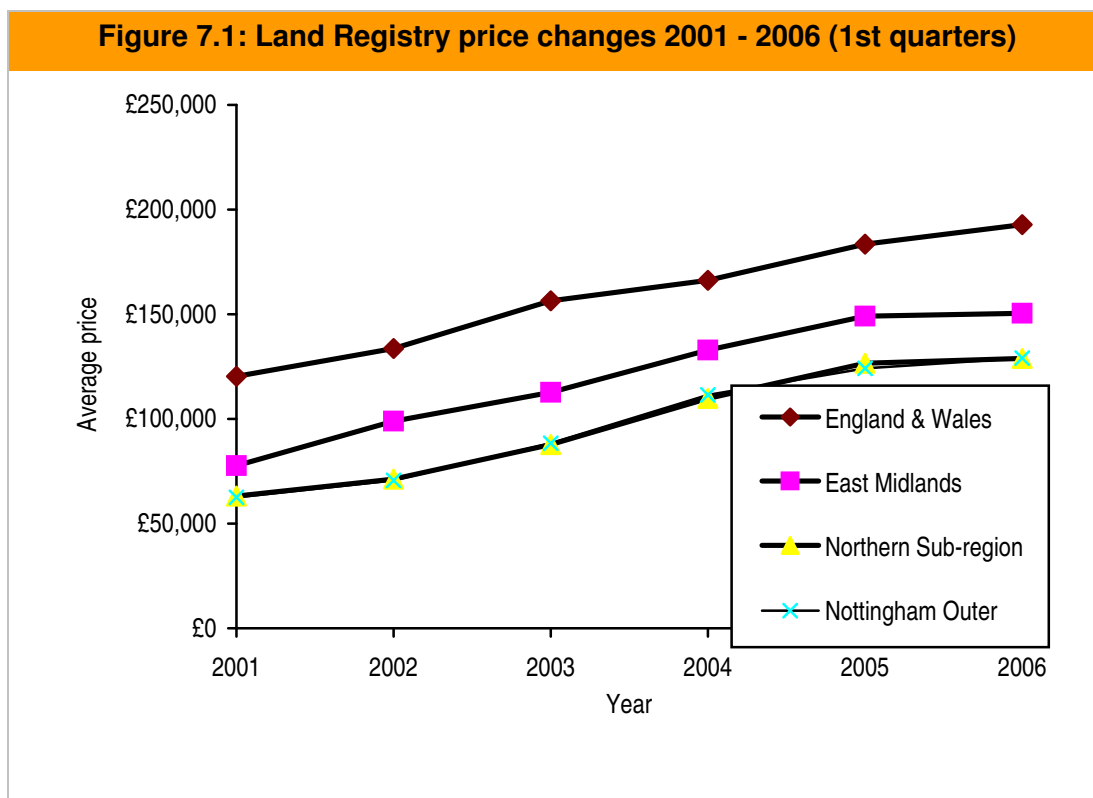
Source: Land Registry – 2006



Source: Fordham Research 2006

Changing price levels

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



Source: Land Registry – 2006

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

Area	2001	2002	2003	2004	2005	2006
Ashfield	£55,593	£64,215	£80,357	£100,702	£107,522	£113,575
Mansfield	£49,382	£57,971	£69,432	£92,810	£106,244	£108,971
Newark & Sherwood	£80,958	£91,893	£117,962	£138,238	£162,273	£150,924
Nottingham Outer	£62,602	£70,573	£88,410	£111,453	£124,077	£125,062
Northern Sub-region	£63,109	£71,201	£87,725	£109,713	£126,546	£128,837
East Midlands	£77,740	£98,973	£112,712	£132,908	£149,107	£150,502
England & Wales	£120,365	£133,703	£156,451	£166,259	£183,529	£192,742

Source: Land Registry – 2006

Weekly costs of the housing tenures

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

Table 7.4: Comparative outgoings by tenure: Nottingham Outer HMA

	Social rent £ weekly	Intermediate £ weekly	Min private rent £ weekly	Min price sale (second hand) £ weekly	Min price sale (new build) £ weekly
Ashfield					
1 bed	£51	£72	£92	£137	£192
2 bed	£63	£78	£92	£137	£192
3 bed	£64	£84	£104	£152	£213
4 bed	£65	£159	£253	£244	£342
Mansfield					
1 bed	£53	£73	£92	£122	£171
2 bed	£61	£77	£92	£122	£171
3 bed	£65	£84	£104	£160	£224
4 bed	£69	£161	£253	£259	£363
Newark & Sherwood					
1 bed	£53	£73	£92	£152	£213
2 bed	£65	£79	£92	£152	£213
3 bed	£65	£84	£104	£183	£256
4 bed	£65	£159	£253	£282	£395

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

Summary

- 7.7 The house prices in the HMA have been more buoyant than the employment situation would suggest, and this implies that pressure upon the area as a dormitory mainly for Nottingham but also for other centres have played a part in this trend.

SECTION C: NOTTINGHAM OUTER HOUSING MARKET

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



8. Characteristics of moving households

Introduction

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

Annual cycle of moves

8.7 The following diagrams show the annual cycle of moves for both the whole Sub-region and the Nottingham Outer HMA. Figures 8.1 to 8.2 do this for 'all movers' regardless of tenure.

Figure 8.1 Northern Sub-region annual cycle – All Movers

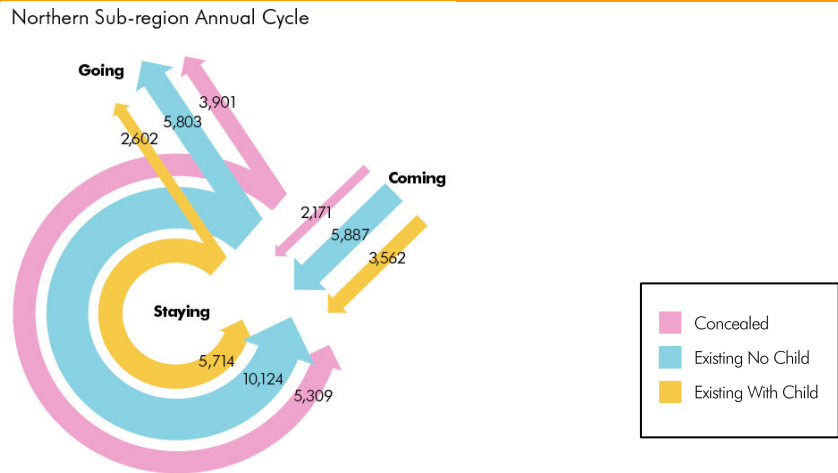
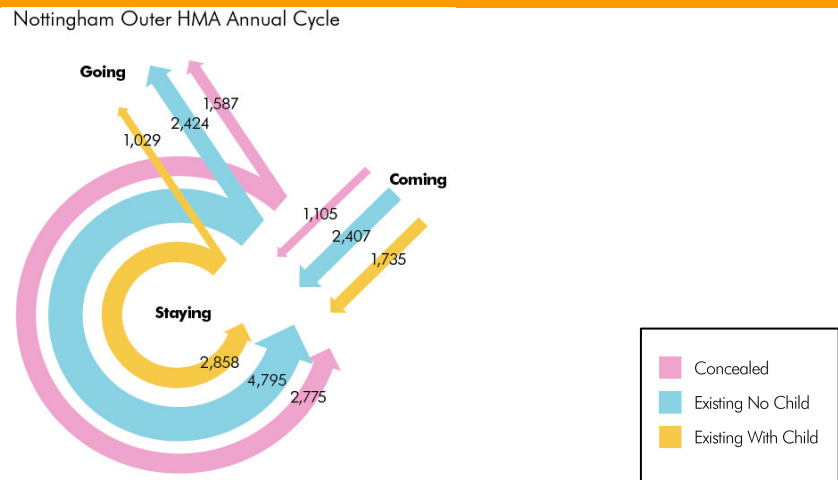


Figure 8.2 Nottingham Outer HMA annual cycle – All Movers



Source: Northern Sub-region SHMA 2006 – primary data

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

Table 8.1: Movements into & out of Nottingham Outer HMA

	Moving out	Moving in	Net movement
Existing households no children	2,424,	2,407	-17
Existing households with children	1,029	1,735	+706
Newly forming households	1,587	1,105	-482
Total	5,040	5,247	+207

Source: Northern Sub-region SHMA 2006 – primary data

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

Existing households with no children (-17) plus existing households with children (+706) plus in-moving newly forming households (1,105) = 1,794 households per annum

8.10 The overall result is therefore a substantial net inflow into the Nottingham Outer HMA. The overall position has also to consider the net gain due to vacancies (mainly death) and the location of newly forming households who arise within the HMA and settle within it.

Socio-economic character of movers

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

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

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

Source: Northern Sub-region SHMA 2006 – primary data

Table 8.3: Characteristics of moving households (Nottingham Outer HMA)

<i>Destination tenure and origin of mover</i>	<i>Income</i>	<i>Average households size</i>	<i>Average age of head</i>	<i>Proportion with employed household member</i>
Owner occupation				
In-migrant	£36,810	2.45	42.3	86.6%
Existing	£32,582	2.36	41.4	87.3%
Private renting				
In-migrant	£20,879	2.00	35.1	70.5%
Existing	£15,460	2.31	36.8	64.3%
Affordable (mainly social rented)				
In-migrant	£11,813	2.18	49.7	51.1%
Existing	£9,626	2.06	47.6	24.9%

Source: Northern Sub-region SHMA 2006 – primary data

8.12 The Nottingham Outer HMA shows a similar pattern to the Northern Sub-region as a whole:

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

Summary

8.13 The flows into and out of the HMA show a strong pattern. The incoming buyers and private renters have much higher incomes, with the buyers being somewhat older. Although there is a net outflow of newly forming households, there is an overall net inflow of households, predominantly younger households with children at home, into the HMA.

8.14 This background information assists understanding of the analysis of the housing market in the next chapter.

9. Financial capacity

Introduction

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

Financial capacity in the Nottingham Outer HMA

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

Table 9.1: Financial capacity by tenure: Northern Sub-Region

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

Source: Northern Sub-region SHMA 2006 – primary data

Table 9.2: Financial capacity by tenure: Nottingham Outer HMA

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£20,411	£38,957	£156,995
Owner-occupied (with mortgage)	£34,653	£8,769	£80,272
RSL	£9,404	£1,566	-
Private rented	£17,242	£3,998	-
AVERAGE	£24,232	£17,417	£114,654

Source: Northern Sub-region SHMA 2006 – primary data

Table 9.3: Financial capacity of movers

<i>Topic</i>	<i>Nottingham Outer HMA</i>
Incoming private renters	
1. Mean income	£21k pa x 3 = £63k
2. Mean savings	£3k
Financial capacity to buy	£66k
Incoming buyers	
3. Mean income	£36k pa x 3 = £108k
4. Mean savings	£24k
5. Mean equity	£85k
Financial capacity to buy	£217k

Source: Northern Sub-region SHMA 2006 – primary data

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

Summary

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

10. Balanced housing market model outputs

Introduction

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

Relationship of BHM, CLG Needs Model and Policy implications

Key requirements of Guidance

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

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

The CLG Needs Model

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

Balancing Housing Markets model (BHM)

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

Figure 10.1 Summary of the BHM process

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

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

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

Source: Nottingham Outer SHMA Fordham Research 2007

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

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

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

Aspiration and expectation

10.16 This chapter uses information on household expectations obtained from the household survey combined with secondary information. It is useful to begin by illustrating the sort of findings this produces, when compared with household aspirations.

10.17 Fordham Research has been measuring housing aspirations and expectations for nearly a decade and a half – a process which has generated considerable respect for the commonsense attitudes of respondents. Although the reliability of such methods may be considered fairly weak, this is not borne out by the information presented below (which is for illustrative purposes, and includes the whole of the North Sub-region and not just Nottingham Outer HMA):

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

Source: Nottingham Outer SHMA 2006 – primary data

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

Summary description of the BHM process

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

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

Housing supply in principle

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

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

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

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

Housing demand in principle

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

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

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

Overall demand

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

Results summary

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

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

Table 10.1: BHM – Nottingham Outer unconstrained					
	Bedroom size				TOTAL
	1	2	3	4+	
Owner-occupied	816	856	189	260	2,120
Private rent	447	130	-110	12	480
Intermediate	44	95	71	30	240
Social rent	-70	267	320	-70	447
TOTAL	1,237	1,349	470	231	3,287

Source: Northern Sub-region SHMA 2006 – primary data

Table 10.2: BHM – Nottingham Outer constrained to 1,465					
	Bedroom size				TOTAL
	1	2	3	4+	
Owner-occupied	785	629	-506	-62	846
Private rent	416	-89	-241	-2	84
Intermediate	44	77	71	30	222
Social rent	-97	221	259	-70	313
TOTAL	1,148	838	-417	-104	1,465

Source: Northern Sub-region SHMA 2006 – primary data

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

- i) Unconstrained: 79%
- ii) Constrained to RSS total 63%

10.28 The proportion of market housing declines when the constrained version is considered, since the excluded group is the more wealthy in-migrants. Since the proportion of buyers is high in both versions, however it would be possible in general for these levels of newbuild non-owner occupied housing to be sustained by the housing for sale.

Summary

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

11. First-time buyers

Introduction

- 11.1 The rapid increase in house prices that has been witnessed across most of Britain in the last decade or so has made it harder for households to become owner-occupiers, the most common tenure of choice. This has particularly affected younger people, who are attempting to access the housing market at a time when house price to income ratios are some of the highest in history and they have not had time to accumulate significant savings. It is important that there is adequate housing provision for young people in Nottingham Outer HMA to ensure that the local economy is balanced and to encourage the economy's growth.
- 11.2 This chapter seeks to inform on both the nature of first-time buyers in the area and the wider situation of young people. It presents information on the housing situation of all young people, before discussing the character of recent first-time buyers using past-trend information from the survey. It then looks in more detail at those hoping to become home owners in the next two years.

The situation of younger people

- 11.3 For the purpose of this study younger people are defined as those aged between 21 and 35 as this is the age range expected for the majority of first-time buyers. The survey records that there are 46,726 younger people in the Nottingham Outer HMA.
- 11.4 The table below presents the working status of younger people in the housing market area. The table indicates that around four-fifths of younger people are employed, with the overwhelming majority of these in full-time employment. However there are some 11.1% of younger people that are unemployed.

Table 11.1: Working status of younger people		
Working status	Number of people	% of younger people
Full-time employment	30,508	65.3%
Part-time employment	6,955	14.9%
Unemployed	5,171	11.1%
Long term sick or disabled	1,292	2.8%
Student or trainee	736	1.6%
Other	2,064	4.4%
TOTAL	46,726	100.0%

Source: Nottingham Outer SHMA 2006 – primary data

11.5 Further investigation reveals that only 10.6% of households that contain an unemployed younger person state that access to appropriate employment centres are a problem or serious problem.

11.6 The table below indicates the type of households these younger people live in. The table shows that over a third of younger people live in a dwelling with their own family, over a quarter shares their home with other younger people, 7.3% live alone and 31.8% live with their parents or others.

Table 11.2: Type of household younger people reside in		
Household reside in	Number of people	% of all people
On own	3,407	7.3%
Sharing house with others the same age	12,629	27.0%
Live in family with own children	15,818	33.9%
Live with parents/others	14,872	31.8%
TOTAL	46,726	100.0%

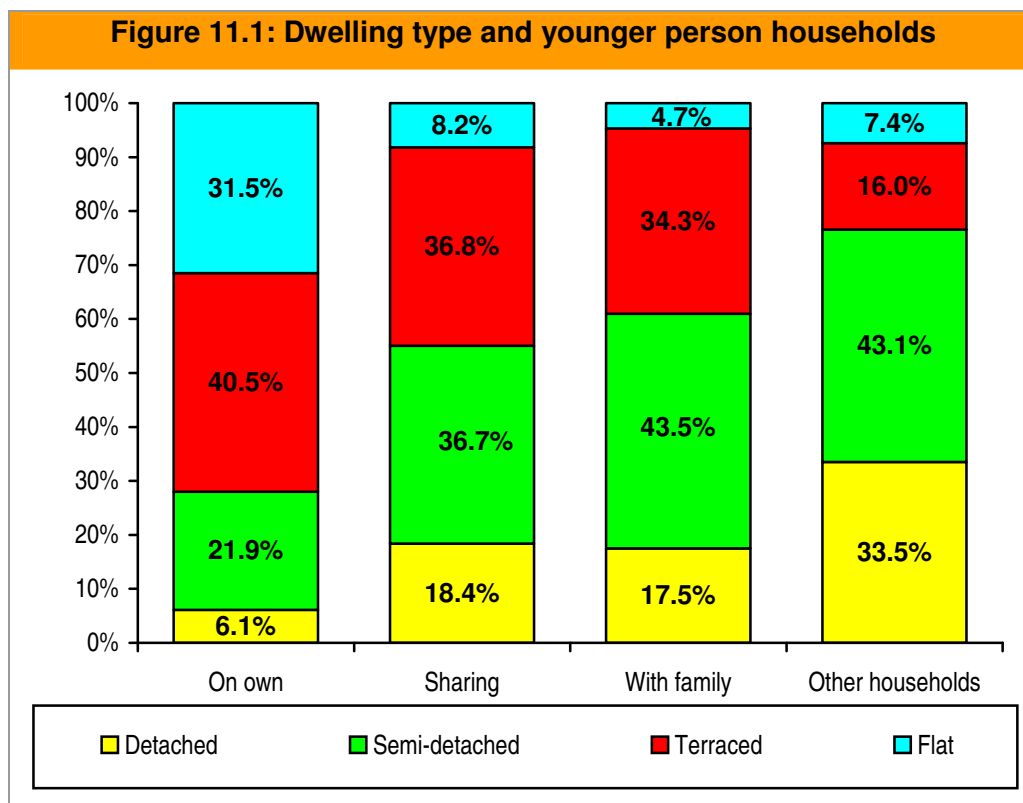
Source: Nottingham Outer SHMA 2006 – primary data

11.7 It is possible to examine the housing circumstances of the four clearly defined groupings of younger households:

- those living on their own
- those sharing with other younger people
- those living with their own family
- those living with parents/others (concealed households)

Housing circumstances of existing younger households

11.8 The figure below shows the type of properties in which the first three groups of younger households live. The equivalent information is presented for all other households in the housing market area for comparison. Characteristics of the fourth group are considered toward the end of the chapter. The figure indicates that younger households are less likely than other households in the housing market area to live in detached houses and are more likely to live in terraced accommodation. Some 31.5% of young people living on their own reside in a flat.



Source: Nottingham Outer SHMA 2006 – primary data

11.9 The table below shows the size of accommodation in which the three groups of younger households live. Again the equivalent information is presented for all other households for comparison. The table shows that younger households are less likely than other households in the housing market area to live in homes with four or more bedrooms.

Table 11.3: Size of dwellings (number of bedrooms) and young person households

Number of bedrooms	Household type			
	Young on own	Young sharing	Young with family	Other households
1 bedroom	22.9%	5.7%	2.3%	6.1%
2 bedrooms	48.4%	31.9%	25.3%	26.1%
3 bedrooms	26.1%	50.2%	58.1%	50.8%
4+ bedrooms	2.6%	12.2%	14.3%	17.0%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: Nottingham Outer SHMA 2006 – primary data

11.10 The table below presents the level of overcrowding and under-occupation for younger person households. The table indicates that 53.0% of young sharing households under-occupy their dwellings. Young sharing households are also more likely than average to be overcrowded as are younger persons with their own families.

Table 11.4: Overcrowded and under-occupying younger households

Overcrowded /under-occupied	Household type			
	Young on own	Young sharing	Young with family	Other households
Overcrowded	0.0%	2.7%	2.3%	1.9%
Neither overcrowded nor under-occupied	71.3%	44.3%	87.3%	57.7%
Under-occupied	28.7%	53.0%	10.4%	40.3%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: Nottingham Outer SHMA 2006 – primary data

11.11 The table below shows the tenure of the three groups of younger households. The data suggests that, although younger people sharing are almost as likely as other households to be owner-occupiers, the two other groups of younger households are less likely than average to own their own home. Younger persons living with family households are more likely than average to live in the social rented sector, (23.3%) whilst young single people and all groups of young households are more likely than average to be resident in private rented accommodation.

Table 11.5: Tenure of younger households				
Tenure	Household type			
	Young on own	Young sharing	Young with family	Other households
Owner-occupied (no mortgage)	7.8%	2.4%	3.0%	39.4%
Owner-occupied (with mortgage)	55.5%	70.7%	59.2%	37.9%
Council	8.2%	5.8%	14.9%	14.2%
RSL	6.1%	3.2%	8.4%	3.1%
Private rented	22.2%	17.9%	14.6%	5.2%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: Nottingham Outer SHMA 2006 – primary data

Characteristics of first-time buyer households

- 11.12 The survey identifies households that have moved into owner-occupied accommodation from a different tenure in the last two years. It is assumed that all of these households are first-time buyers although a few may have owned a home at some stage previously.
- 11.13 The survey records that there are 4,396 households that have become first-time buyers in Nottingham Outer HMA in the last two years. The table below shows the size of first-time buyer households. It shows that 41.9% of first-time buyer households contain two people and a further 26.8% contain three or more people.

Table 11.6: Size of first-time buyer households		
Household size	Number of households	% of all households
1 person	1,377	31.3%
2 people	1,840	41.9%
3 people	418	9.5%
4 people	692	15.7%
5 people	70	1.6%
6 or more people	0	0.0%
TOTAL	4,396	100.0%

Source: Nottingham Outer SHMA 2006 – primary data

- 11.14 The table below shows the age of the respondent in first-time buyer households. It shows that 65.5% of respondents are between 20 and 29, whilst 15.0% are between 30 and 39. The average age of respondents in first-time buyer households is 31.4 years old.

Table 11.7: Age of respondent in first-time buyer households		
Respondent age	Number of households	% of all households
20-29	2,881	65.5%
30-39	660	15.0%
40-49	491	11.2%
50 and over	365	8.3%
TOTAL	4,396	100.0%

Source: Nottingham Outer SHMA 2006 – primary data

- 11.15 The average annual income of first-time buyer households is £32,911 which is significantly higher than the average for the housing market area of £24,232. The survey also suggests that first-time buyer households required average savings of around £19,000. The financial situation of those households that have become first-time buyers suggests that households have to be on a high income before they can access owner-occupation and implies that the number of first-time buyers in Nottingham Outer HMA is being restricted by the cost of housing.
- 11.16 Finally the survey indicates that some 20.8% of first-time buyers are using a higher proportion of their income to pay for their housing costs than is recommended by DCLG guidance. This indicates that many first-time buyer households are prepared to spend a significant proportion of their income on entering the property ladder rather than waiting until they could more easily afford to buy.

Existing younger households aspiring to own

- 11.17 Although the level of owner-occupation amongst young households is quite high, there are likely to be many younger households that aspire to become owners. The survey indicates that amongst the three groups of younger households analysed above, there are 1,704 households that would like to become owner-occupiers in the next two years. That is about 8% of all younger households in the sub HMA.
- 11.18 The survey suggests that these 1,704 households have an average annual income of £19,567 and average savings of £657, which are both below the average across the housing market area.
- 11.19 The ability of these potential first-time buyer households to afford owner-occupation in Nottingham Outer HMA is now examined. The data suggest that just 381 (22.3%) of these households would be able to purchase an appropriately sized home if they were to move now.

11.20 It is likely that a significant discount from entry-level prices would be required for the low cost home ownership scheme to be affordable to those potential first-time buyers unable to afford current entry-level costs. This is because further analysis reveals that a 20% discount from market prices would only make owner-occupation affordable for 38.2% of this group.

Concealed younger households aspiring to own

11.21 The survey data reveals that 7,627 younger households currently living with a host household (commonly parents/relatives) are likely to form in the next two years. The fact that this figure is so large suggests that it includes suppressed demand: households that would have formed previously, but were not able to afford/access appropriate accommodation. Some 4,978 of these households would like to become owner-occupiers in the next two years.

11.22 The survey indicates that these 4,978 concealed households have an average annual income of £11,746, which is significantly below the average across the housing market area. The data suggests that just 6.90% of these potential first-time buyer households would be able to purchase an appropriately sized home if they were to move now.

Financial capacity of first time buyers

11.23 First time buyers do not have equity of their own, though of course they will quite often borrow or be given capital by relatives, as reported in Chapter 3. The measurable financial capacity of the actual first time buyers, and those who hope to be, is as follows:

Financial capacity of households that have bought in last two years

Average income	£32,911
Average savings and equity	<u>£19,000</u>
Financial capacity	£117,733

Financial capacity of existing households that would like to buy in next two years

Average income	£19,567
Average savings	<u>£657</u>
Financial capacity	£59,358

11.24 Would-be buyers cannot raise enough cash to buy much in the Nottingham Outer HMA. They would need either to obtain higher paid jobs, or borrow/be given capital by others in order to achieve a purchase.

Implications of this analysis

- 11.25 This chapter has considered the ability of younger households to access owner-occupation. Information on recent first-time buyers indicates that these households have average income and savings levels above the average for Nottingham Outer HMA, yet over a fifth still spend a larger proportion of their income on their housing costs than is recommended by guidance.
- 11.26 In a typical housing market it would be expected that the majority of first time buyers would be aged between 21 and 35. The survey revealed that despite an employment rate of around 80% there are still a large number of younger people who wish to purchase a first home but are unable to do so. This relates to what EMDA calls the 'low-wage low-skill equilibrium'. These comprise two groups, those currently in existing households and those currently part of another household that wish to form their own household.
- 11.27 The size and type of accommodation inhabited by existing younger person households is smaller than other households in the housing market area. Whilst the level of owner-occupation amongst existing younger households is fairly high it is still below that recorded for other households in Nottingham Outer HMA and there are further younger households that would like to purchase their first home in the next two years. However only 22.3% of these potential first-time buyers would be able to afford owner-occupation in Nottingham Outer HMA were they to move now.
- 11.28 The large number of young people that expect to form their own household in the next two years indicates that housing costs have limited the rate of household formation in the housing market area. In total there are some 4,978 concealed households that would like to become owner-occupiers over the next two years; however it is anticipated that only 6.0% would be able to afford to do so were they to move now.

Summary

- 11.29 Overall the survey provides strong evidence that the level of house prices in comparison to the incomes of younger households, are limiting the number of first-time buyers. The prices are not high in absolute terms, but they obviously are relative to pay.
- 11.30 It is likely that only 22.3% of potential first-time buyers will be able to afford to become owner-occupiers while spending an appropriate proportion of income on housing costs, with a further group likely to purchase a home by spending more than the recommended proportion.
- 11.31 There will remain a large number of aspirational owners amongst younger households that will be unable to afford to purchase a home that would be suitable for low cost ownership schemes offered with a substantial discount.

SECTION D: RURAL ISSUES

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



12. Rural Issues in the Northern Sub-region

Introduction

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

General characteristics

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

Table 12.1: Households urban/rural (based on 4 categories)

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

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.2: Population urban/rural (based on 2 categories)

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

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.3: Size of groupings for analysis		
Area	Number of households	% of households
Nottingham Outer Urban	106,456	34.5%
Nottingham Outer Rural	35,494	11.5%
Northern HMA Urban	112,494	36.5%
Northern HMA Rural	53,716	17.4%
Total	308,160	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

- 12.6 At the broad level of income, it is clear from Table 12.4 that in both housing market areas the rural population is richer than the urban one. This is particularly true in the Nottingham Outer HMA, where the average income for rural households is £29,887 compared with £22,346 for urban households.

Table 12.4: Average incomes urban/rural	
Area	Average annual household income
Nottingham Outer Urban	£22,346
Nottingham Outer Rural	£29,887
Northern HMA Urban	£23,339
Northern HMA Rural	£26,830
Total	£24,359

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.5: Income banding urban/rural			
Area	Income band		
	Up to £20k	More than £20k	Total
Nottingham Outer Urban	53.7%	46.3%	100.0%
Nottingham Outer Rural	41.9%	58.1%	100.0%
Northern HMA Urban	53.2%	46.8%	100.0%
Northern HMA Rural	47.8%	52.2%	100.0%
Total	51.2%	48.8%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Housing profile

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

Table 12.6: Type of housing urban/rural					
Accommodation type	Area				
	Nottingham Outer Urban	Nottingham Outer Rural	Northern HMA Urban	Northern HMA Rural	All areas
Detached	26.4%	43.9%	25.9%	38.4%	30.3%
Semi	42.4%	41.6%	45.8%	43.5%	43.7%
Terraced	22.0%	10.4%	18.9%	15.0%	18.3%
Flat	9.2%	4.1%	9.4%	3.2%	7.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.7: Tenure breakdown for urban/rural					
Tenure	Area				
	Nottingham Outer Urban	Nottingham Outer Rural	Northern HMA Urban	Northern HMA Rural	All areas
Owner Occupier (no mortgage)	32.5%	38.2%	31.5%	34.3%	33.1%
Owner Occupier (with mortgage)	41.5%	42.5%	40.0%	41.1%	41.0%
Social rented	18.8%	12.5%	21.5%	18.9%	19.1%
Private rented	7.3%	6.8%	7.1%	5.6%	6.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Household profile

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

Table 12.8: Family type urban/rural

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

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.9: Household size rural/urban

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

Source: Northern Sub-region SHMA 2006 – primary data

Access to services

- 12.12 One of the key measures used by the Affordable Rural Housing Commission related to access to services. The data collected by the primary survey included a set of questions on access to services, and any difficulties found. These included grocery, post office, bank etc, leisure, doctor, and hospital services. In some cases (notably access to doctors) there was no marked difference between the sub-areas. On others there was, and this summary will deal with those cases.
- 12.13 In the case of grocery shopping it is clear that rural households in the Northern housing market area have more difficulty accessing grocery shopping than other households. This is particularly true for those in the lower income band. Overall however, difficulty accessing grocery shops seems to be as prevalent amongst poorer households as amongst rural households.

Table 12.10: Access quite or very difficult to grocery shops			
Area	Income band		Total
	Up to £20k	More than £20k	
Nottingham Outer Urban	15.1%	4.5%	10.2%
Nottingham Outer Rural	19.2%	8.8%	13.2%
Northern HMA Urban	15.2%	6.4%	11.1%
Northern HMA Rural	28.3%	13.8%	20.8%
Total	17.7%	7.5%	12.7%

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.11: Access quite/very difficult to bank/building society			
Area	Income band		Total
	Up to £20k	More than £20k	
Nottingham Outer Urban	28.9%	19.3%	24.5%
Nottingham Outer Rural	46.7%	33.5%	39.0%
Northern HMA Urban	27.7%	19.4%	23.8%
Northern HMA Rural	52.8%	34.6%	43.3%
Total	34.0%	24.1%	29.2%

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.12: Access quite/very difficult to leisure facilities			
Area	Income band		
	Up to £20k	More than £20k	Total
Nottingham Outer Urban	32.8%	16.9%	25.4%
Nottingham Outer Rural	41.7%	24.3%	31.6%
Northern HMA Urban	37.4%	20.8%	29.6%
Northern HMA Rural	50.3%	29.0%	39.2%
Total	38.2%	21.5%	30.1%

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 12.13: Access quite/very difficult to hospital facilities			
Area	Income band		
	Up to £20k	More than £20k	Total
Nottingham Outer Urban	42.4%	21.4%	32.7%
Nottingham Outer Rural	66.1%	43.5%	52.9%
Northern HMA Urban	42.5%	24.2%	33.9%
Northern HMA Rural	63.0%	40.2%	51.1%
Total	48.0%	28.9%	38.7%

Source: Northern Sub-region SHMA 2006 – primary data

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

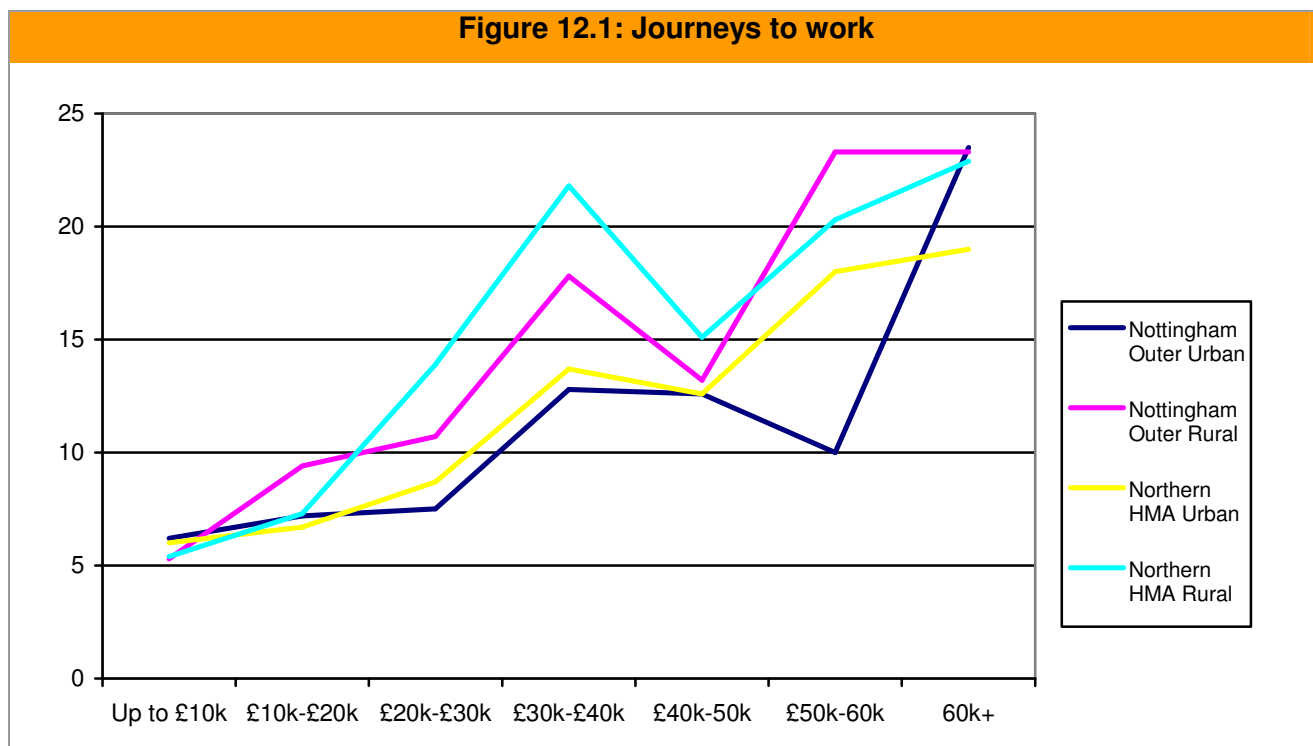
Journey to work

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

Table 12.14: Journey to work by area and income			
Area	Household income	Length of journey to work	Numbers of households
Nottingham Outer Urban	Up to £10k	6.2	4,445
	£10k-£20k	7.2	11,527
	£20k-£30k	7.5	18,801
	£30k-£40k	12.8	4,867
	£40k-50k	12.6	8,409
	£50k-60k	10.0	5,277
	60k+	23.5	4,551
	Total	10.0	57,878
Nottingham Outer Rural	Up to £10k	5.3	649
	£10k-£20k	9.4	2,990
	£20k-£30k	10.7	5,443
	£30k-£40k	17.8	1,803
	£40k-50k	13.2	3,350
	£50k-60k	23.3	1,586
	60k+	23.3	3,728
	Total	14.8	19,549

Source: Northern Sub-region SHMA 2006 – primary data

Figure 12.1: Journeys to work



Source: Northern Sub-region SHMA 2006 – primary data

12.19 There are some clear messages in this data:

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

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

Future housing intentions

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

Table 12.15: Reasons for moves of existing households		
Area	Household income	Top three reasons for move
Nottingham Outer Urban	Under £20k	To move to a better environment (26%) Your home is too small (25%) Access problems (e.g. steps, stairs) (17%)
	Over £20k	To move to a better environment (34%) Your home is too small (33%) To move to cheaper accommodation (11%)
Nottingham Outer Rural	Under £20k	To move to cheaper accommodation (50%) To move closer to shops and services (28%) Your home is too big (22%)
	Over £20k	Your home is too small (27%) To move to a better environment (23%) To live closer to employment or other facilities (16%)

Source: Northern Sub-region SHMA 2006 – primary data

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

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

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

Newly emerging (concealed) households

12.24 The expectations of future households are examined in order to see what effects the rural context as well as financial differences may have. This leads to the important concept of 'emergence'. That is when a concealed household becomes a household in its own right. The proportion of concealed households emerging into independence might be a function of other household characteristics which are now studied. The percentages shown in the table below are the proportions of concealed households (within the area and income brackets), of the total number of existing households within those area and income brackets.

Table 12.16: Rural vs. urban rates of 'emergence'			
Area	Income band		
	Up to £20k	More than £20k	Total
Nottingham Outer Urban	6.9%	21.7%	13.7%
Nottingham Outer Rural	9.9%	22.2%	17.0%
Northern HMA Urban	7.6%	20.6%	13.7%
Northern HMA Rural	8.0%	22.4%	15.5%
Total	7.6%	21.5%	14.4%

Source: Northern Sub-region SHMA 2006 – primary data

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

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

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

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

Housing need

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

Table 12.17: Urban and rural housing requirements in the Northern Sub-region (following DCLG guide)			
() indicates a surplus			
	Urban	Rural	Total
Gross annual need	6,631	1,699	8,330
Gross annual supply	4,259	1,021	5,280
Net annual need	2,372	678	3,050
% of net shortfall	77.8%	22.2%	100%
Index	11	8	10

Source: Northern Sub-region SHMA 2006 – primary data

12.29 As can be seen, 22% of the net need is shown as rural, which is less than the proportion of households that is rural (29%). This suggests that urban households suffer a disproportionate need for affordable housing. The Fordham Research Affordable Housing Index, (which standardising the level of housing need by dividing it by the number of thousands of households in the area) reveals that 11 households per 1,000 in the urban area are deemed in housing need, compared to 8 per 1,000 in the rural area.

12.30 The tables below suggest that in all Local Authorities the requirement for affordable housing is more acute in the urban areas than in the rural areas.

Table 12.18: Urban and rural housing requirements in Northern Sub-region by LA

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

Source: Northern Sub-region SHMA 2006 – primary data

Summary

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

- 12.35 In terms of reasons for moves, the main topic in most cases was 'move to better environment' in both rural and urban areas. Poorer households in the relatively richer Nottingham Outer rural area stated 'cheaper accommodation' as the main reason, which seems entirely rational. Over a quarter of the higher income group of households stated 'home too small' as the main reason, which is likely to be a function of the ability of higher income households to satisfy their aspirations for more dwelling space, rather than any technical overcrowding.
- 12.36 The levels of housing need in rural areas are lower than in urban, though of course the degree of isolation involved in rural areas means that the impact of housing need is likely to be greater. (Please also see Ashfield DC's comments in Appendix D2)

SECTION E: PARTICULAR HOUSING NEEDS

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



13. Current and future housing needs

Introduction

- 13.1 Within this report we have so far studied the overall housing market. This included looking at the demand for affordable housing and the likely supply to meet this demand. In this section we concentrate on the need for affordable housing. The method used here is different to that used in the Balancing Housing Markets Model (although complimentary) in that it concentrates much of the analysis on past trends – the BHM analysis looks at future aspirations and expectations.
- 13.2 The analysis is supported by detailed figures provided in Appendix C4 and we begin by considering some of the key terms and definitions used in the analysis.

Key Terms and Definitions

Housing need

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

Unsuitable housing

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

Affordable housing

13.6 The draft DCLG guide sets out definitions of types of affordable housing (split between social rent and intermediate). Below we replicate these broad definitions along with notes about how these relate to our assessment.

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

Assessing affordability

13.7 All households who are potentially in need, whether as part of the backlog of need or newly arising (projected) need, are subject to an affordability test. Full details of the test applied can be found in Appendix C1. Broadly speaking, the assessment takes account of individual household's current financial situation in relation to the entry-level cost of housing of a suitable size (to buy or rent).

13.8 The affordability tests are based on the ability to secure a mortgage for purchases (based on typical mortgage lending procedures) and renting figures are based on a proportion of income to be spent on housing (set at 25% of gross income). Households are tested against the prices and rents in the area in which they currently live. Local authority level price and rent information is set out in Chapter 7 of the report.

Housing Needs Assessment

13.9 Table 13.1 sets out the outline housing needs assessment model set out in the DCLG draft Housing Market Assessments guide of December 2005. There are four broad analytical stages which lead to an overall estimate of the net shortfall (or surplus) of affordable housing. The model is essentially a development of the model used in previous guidance (of July 2000) and is therefore consistent with general practice in housing needs assessments over the past few years.

Table 13.1: Outline of housing needs assessment model

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

Source: Fordham Research 2006

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

Table 13.2: Levels of housing need

	Ashfield	Mansfield	Newark & Sherwood	Nottingham Outer HMA	Northern sub-region
Current need	215	268	259	741	1,449
Available stock	123	69	99	290	617
Newly arising need	1,000	1,135	796	2,931	6,882
Future supply	632	837	505	1,974	4,664
Gross annual need	1,215	1,402	1,055	3,672	8,331
Gross annual supply	755	905	603	2,264	5,281
Net annual need	460	497	452	1,409	3,049

Source: Northern Sub-region SHMA 2006 – primary data

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

- 3,049 new affordable dwellings per annum for the Northern sub-region
- 1,408 pa for the Nottingham Outer HMA (46% of the sub-regional total)

- 13.12 The future committed newbuild affordable housing supply has been treated in guidance as part of the overall housing needs calculation. However the reality is that the timing of future affordable supply is never known with absolute precision. This is critical in a calculation which is cast in annual terms. It makes a big difference if a commitment of say 100 new affordable dwellings is subtracted from an annual need of 200. But the 100 committed dwellings may be built over 5-10 years, and so the inclusion of the figure in a formal calculation is wrong.
- 13.13 Instead what has been done here is to identify commitments, when known. Nobody knows over how many years they may be built, but over the plan period it is likely that they will be added to the supply. 'Likely' because in the event of a housing market crash, the market developments to which they are tied might be halted, and so the commitments might not even be built within the plan period.
- 13.14 In the case of Newark and Sherwood there were 140 committed affordable units and the grand total of all uncommitted housing was 3,118 (as of March 07). Thus the committed affordable housing was 4% of the overall total of new housing.

Housing needs by dwelling size

- 13.15 Having estimated the net need for affordable housing, it is useful to make suggestions about required property sizes. This is done through looking at past patterns. The number of bedrooms required by households in need is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation. The number of bedrooms required is based on the number of people in a household, taking account of co-habiting couples and children who could reasonably share.
- 13.16 This analysis is shown in the tables below. The first table shows that there are shortfalls for all sizes of accommodation in the Nottingham Outer HMA. The largest shortfall is for one bedroom units; however, the proportional shortage relative to supply is greatest for four bedroom units where it is estimated that less than a sixth of the need can be met.
- 13.17 District level information is shown in Tables 13.4 - 13.6. Ashfield shows the greatest shortfall (proportionally) of one bedroom dwellings, and small surpluses of two and three bedroom dwellings. Mansfield and Newark & Sherwood show shortfalls of all sizes of accommodation.
- 13.18 It should be noted that the results below are based on a strict bedroom standard. The breakdown of property sizes for the supply is found by considering the number of bedrooms in homes occupied by households having moved to affordable housing in the past two years, who did not transfer from another affordable home in the local authority. The proportions are then applied pro-rata to match the total supply figure.

Table 13.3: Net need for affordable housing by size – Nottingham Outer HMA

Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	1,849	780	1,069	75.9%	42.2%
2 bedroom	927	823	104	7.4%	88.8%
3 bedroom	718	632	86	6.1%	88.0%
4+ bedroom	180	28	152	10.8%	15.6%
TOTAL	3,672	2,264	1,408	100.0%	61.7%

Source: Northern Sub-region SHMA 2006 – primary data

Table 13.4: Net need for affordable housing by size in Ashfield

Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	668	225	443	96.2%	33.8%
2 bedroom	239	266	-27	-5.9%	111.4%
3 bedroom	235	263	-28	-6.2%	112.1%
4+ bedroom	73	0	73	15.9%	0.0%
TOTAL	1,215	755	460	100.0%	62.1%

Source: Northern Sub-region SHMA 2006 – primary data

Table 13.5: Net need for affordable housing by size in Mansfield

Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	692	348	344	69.2%	50.3%
2 bedroom	360	248	112	22.6%	68.8%
3 bedroom	309	280	29	5.8%	90.7%
4+ bedroom	42	28	14	2.8%	66.3%
TOTAL	1,402	905	497	100.0%	64.6%

Source: Northern Sub-region SHMA 2006 – primary data

Table 13.6: Net need for affordable housing by size in Newark & Sherwood

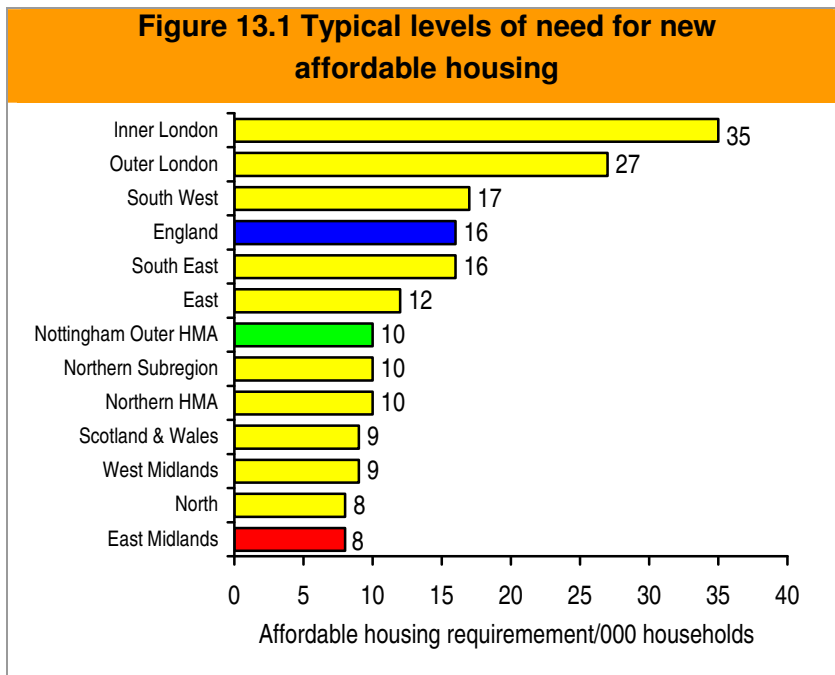
Size required	Need	Supply	Net shortfall	% of net shortfall	Supply as % of need
1 bedroom	489	205	284	62.9%	41.9%
2 bedroom	328	309	19	4.2%	94.2%
3 bedroom	174	89	85	18.7%	51.3%
4+ bedroom	65	0	65	14.4%	0.0%
TOTAL	1,055	603	452	100.0%	57.2%

Source: Northern Sub-region SHMA 2006 – primary data

Indexation of housing need

13.19 Fordham Research has developed an index for housing need, based on dividing the annual need number of households, which is normally positive for districts in Britain, by the number of households in the area. This Housing Needs Index has been used for about a decade by Fordham Research, which has carried out some 400 district wide surveys of housing need. It is therefore well evidenced.

13.20 The following table compares the values for the Nottingham Outer HMA, the Northern HMA and the Northern sub-region with various regional totals:



Source: Fordham Research 2006

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

Summary

13.22 This Chapter of the report studied affordable housing needs using the DCLG's recommended model from the 2005 draft Housing Market Assessment guide. The model takes account of current and future needs as well as estimates of the current and future supply of housing. Using this model it was estimated that the net need for affordable housing across the Northern Sub-Area is 3,049 units per annum. This figure represents around 108% of the draft RSS newbuild figure *for all tenures* of 2,835. The figure for Nottingham Outer HMA is 1,408 new affordable households per annum. This is about 46% of the sub-regional total.

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

14. Households with support needs

Introduction

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

Special Needs: data coverage

14.7 The survey looked at whether household members fell into one or more of a range of primary client groups. Whilst these represent the larger client groups covered in Supporting People Strategy, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.

14.8 The groups covered were:

- Frail elderly
- Persons with a physical disability
- A learning disability
- A mental health problem
- Those with a severe sensory disability
- Others

14.9 Each person with a special need could be included in more than one of the above categories. We can identify people with multiple needs and can differentiate between households that have more than one person with a special need and those that have people with multiple special needs.

Special needs groups: overview

14.10 Overall there are an estimated 29,101 households in the Nottingham Outer HMA with one or more members in an identified special needs group. This represents 20.5% of all households, which is higher than the average Fordham Research has found nationally (13-14%). Table 13.1 shows that each of the three Nottingham Outer local authorities have fairly similar proportions of special needs households (around 20% of all households).

Table 14.1: Special needs by local authority area (Nottingham Outer)			
Category	Number of households	% of all households	% of special needs households
Ashfield	10,563	21.3%	36.3%
Mansfield	9,533	21.8%	32.8%
Newark & Sherwood	9,005	18.5%	30.9%
Total	29,101	20.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

14.11 Table 13.2 below shows the numbers of households with different types of special needs. The numbers of households in each category exceed the total number of special needs households because people can have more than one category of special need.

14.12 'Physically disabled' is the predominant group. There are 18,687 households with a physically disabled household member. The next largest group is 'frail elderly', with 7,567 households having a member in this category. These two categories represent 64.2% and 26.0% of all special needs households respectively.

Table 14.2: Special needs categories (Nottingham Outer)			
Category	Number of households	% of all households	% of special needs households
Frail elderly	7,576	5.3%	26.0%
Physical disability	18,687	13.2%	64.2%
Learning disability	3,442	2.4%	11.8%
Mental health problem	5,827	4.1%	20.0%
Severe sensory disability	2,010	1.4%	6.9%
Other	2,989	2.1%	10.3%

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 14.3: Number of people with special needs (Nottingham Outer)		
	Households	% of households
No people with special needs	112,849	79.5%
One person with special needs	23,493	16.5%
Two persons with special needs	4,873	3.4%
Three or more persons with special needs	735	0.5%
TOTAL	141,950	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Table 14.4: Households with special needs (Nottingham Outer)		
	Households	% of households
No people with special needs	112,849	79.5%
Single special need only	21,534	15.2%
Multiple special needs	7,567	5.3%
TOTAL	141,950	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

14.14 The two tables above show that the majority of special needs households (80.7%) only contain one person with a special need and that the majority of households with a special needs member do not have multiple special needs (74.0%). However, some 5,608 households in the Nottingham Outer HMA are estimated to have two or more people with a special need, whilst an estimated 7,567 households contain someone with multiple needs.

Characteristics of special needs households

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

Table 14.5: Size of special needs households (Nottingham Outer)

Number of persons in household	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
One	9,873	29,130	39,003	25.3%	33.9%
Two	11,830	40,532	52,362	22.6%	40.7%
Three	3,528	19,668	23,196	15.2%	12.1%
Four	1,703	17,730	19,433	8.8%	5.9%
Five	1,438	4,710	6,148	23.4%	4.9%
Six or more	728	1,078	1,806	40.3%	2.5%
TOTAL	29,101	112,849	141,950	20.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

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

Table 14.6: Special needs households with and without older people (Nottingham Outer)

Age group	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
No older people	12,619	80,804	93,423	13.5%	43.4%
Both older & non older people	4,682	9,004	13,686	34.2%	16.1%
Older people only	11,800	23,040	34,840	33.9%	40.5%
TOTAL	29,101	112,848	141,949	20.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

14.17 As the table below shows, special needs households are more likely to be living in social rented housing. Some 43.7% of social rented households contain a special needs member. Additionally, 24.7% of owner-occupied (no mortgage) households contain a special needs member.

Table 14.7: Special needs households and tenure (Nottingham Outer)					
Tenure	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
Owner-occupied (no mortgage)	11,904	36,200	48,104	24.7%	40.9%
Owner-occupied (with mortgage)	5,089	54,147	59,236	8.6%	17.5%
Council/RSL	10,675	13,769	24,444	43.7%	36.7%
Private rented	1,433	8,733	10,166	14.1%	4.9%
TOTAL	29,101	112,849	141,950	20.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

14.18 The table below indicates that special needs households are over three times as likely to be living in unsuitable housing as non-special needs households. Some 15.3% of all special needs households are living in unsuitable housing, which compares with 6.8% of all households and 4.6% of all non-special needs households.

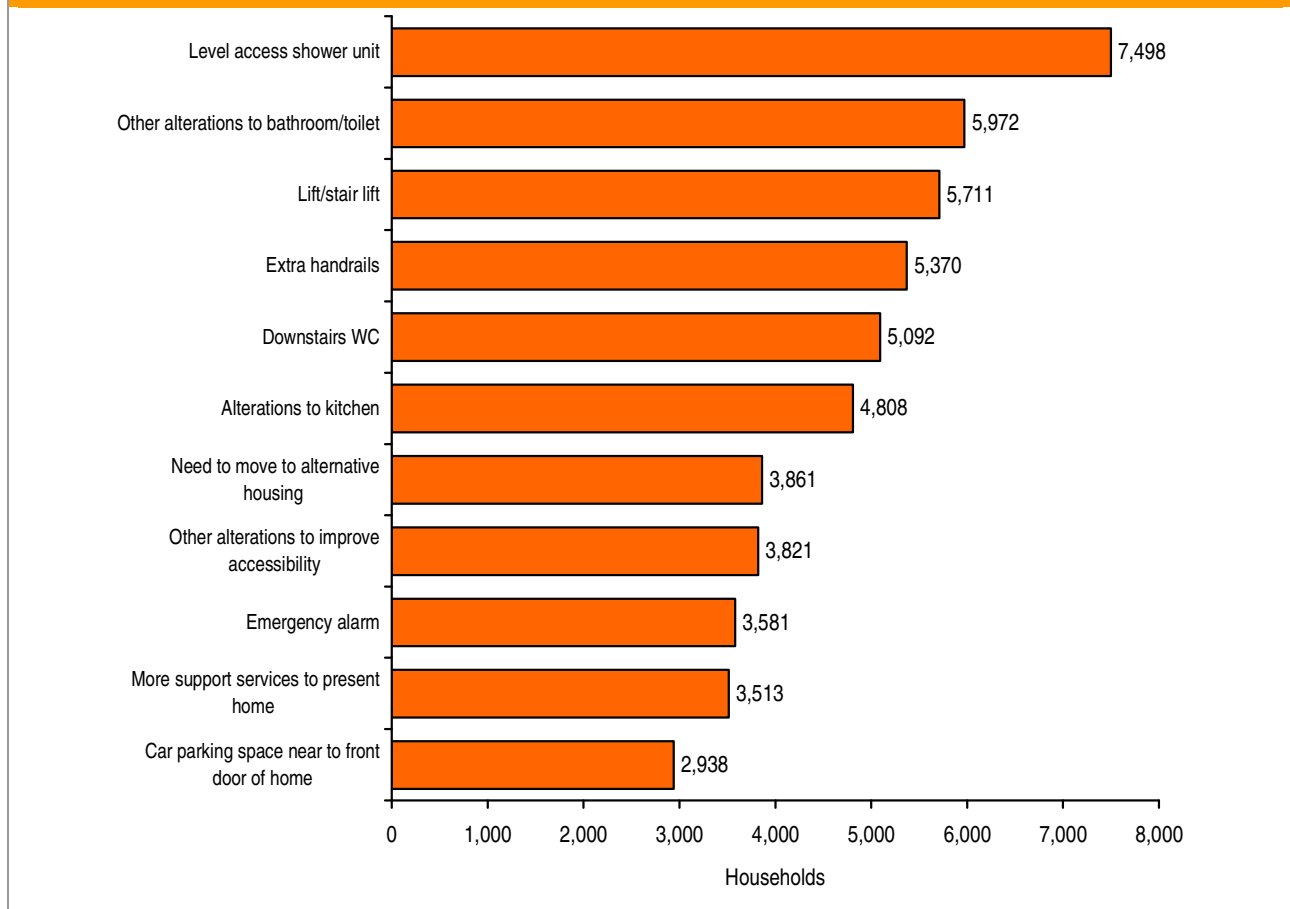
Table 14.8: Special needs households and unsuitable housing (Nottingham Outer)					
Special needs	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Special needs	4,449	24,652	29,101	15.3%	46.1%
No special needs	5,212	107,637	112,849	4.6%	53.9%
TOTAL	9,661	132,289	141,950	6.8%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Requirements of special needs households

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

Figure 14.1: Special needs households: improvements to accommodation & services (Nottingham Outer)



Source: Northern Sub-region SHMA 2006 – primary data

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

- Shower Unit (7,498 households – 25.8% of all special needs households)
- Alterations to bathroom/toilet (5,972 households – 20.5% of all special needs households)
- Lift/stair lift (5,711 households – 19.6% of all special needs households)

14.21 The 3,861 households who state that they need to move to alternative housing is a significant number; however this figure must be viewed with caution as this is based upon a household's own judgement upon whether they need alternative housing.

Analysis of specific groups

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

14.23 The table below shows some characteristics by special needs group. The table shows a number of interesting findings. The data shows that 57.1% of frail elderly households are also single person households. On the other hand over 35% of households containing someone with a learning disability contained four or more people. Relatively few households containing someone with a learning disability contained older persons; this is also true of the mental health problem households.

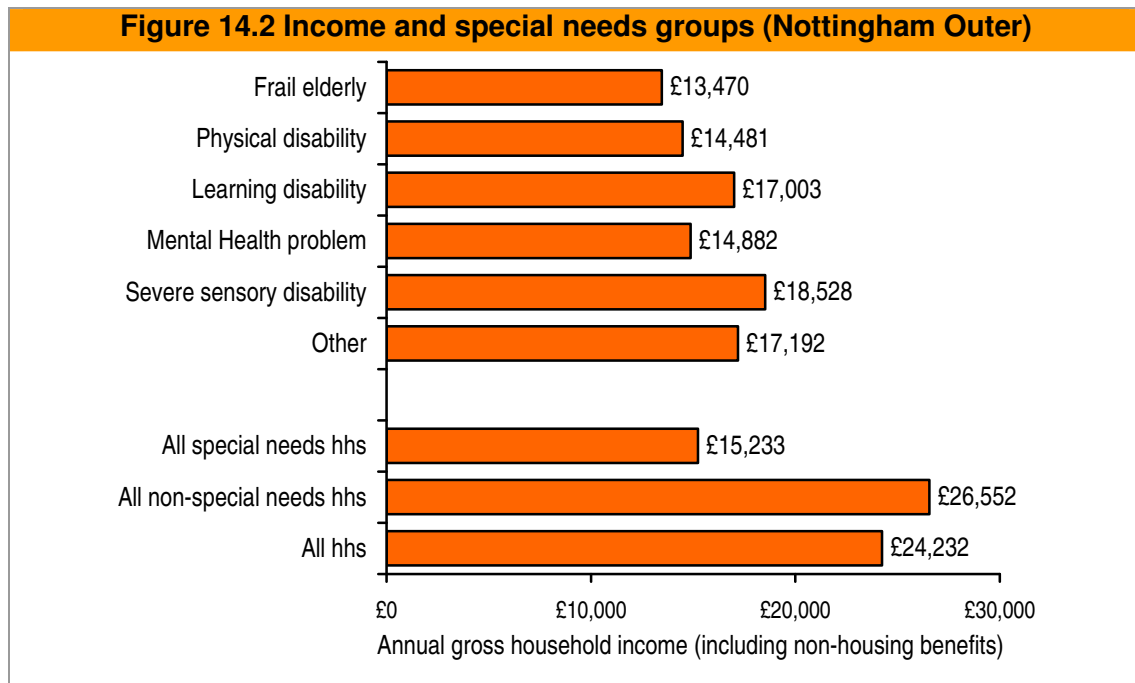
14.24 By tenure, the results show that all special needs groups are less likely than non-special needs households to live in owner-occupied accommodation (with a mortgage) and all groups are more likely than average to live in social rented housing. Over half of frail elderly households live in the owner occupied (no mortgage) sector. Mental health problem households are more likely than average to be living in private rented accommodation.

Table 14.10: Characteristics of special needs households by special needs group (Nottingham Outer)

	Frail elderly	Physical disability	Learning disability	Mental Health problem	Severe sensory disability	Other	All special needs hhs	All non-special needs hhs	All hhs
Household size									
One	57.1%	30.2%	14.8%	26.9%	24.8%	26.0%	33.9%	25.8%	27.5%
Two	26.7%	47.8%	23.3%	36.5%	36.6%	46.6%	40.7%	35.9%	36.9%
Three	8.8%	11.6%	25.2%	18.8%	19.7%	14.9%	12.1%	17.4%	16.3%
Four	1.8%	3.6%	22.3%	10.3%	1.9%	4.4%	5.9%	15.7%	13.7%
Five	2.4%	4.0%	8.0%	7.0%	2.9%	6.0%	4.9%	4.2%	4.3%
Six or more	3.3%	2.7%	6.5%	0.4%	14.1%	2.2%	2.5%	1.0%	1.3%
Age of household members									
No older people	2.3%	39.7%	70.8%	69.4%	23.6%	58.4%	43.4%	71.6%	65.8%
Both older & non older people	22.5%	18.3%	26.4%	13.2%	36.0%	13.6%	16.1%	8.0%	9.6%
Older people only	75.2%	42.1%	2.8%	17.3%	40.4%	28.0%	40.5%	20.4%	24.5%
Tenure									
Owner-occupied (no mortgage)	57.4%	44.0%	24.1%	30.6%	52.4%	32.5%	40.9%	32.1%	33.9%
Owner-occupied (with mortgage)	5.8%	16.9%	27.0%	15.2%	14.9%	19.4%	17.5%	48.0%	41.7%
Council	33.5%	35.7%	43.0%	45.0%	31.2%	43.6%	36.7%	12.2%	17.2%
Private rented	3.2%	3.5%	5.9%	9.2%	1.5%	4.5%	4.9%	7.7%	7.2%

Source: Northern Sub-region SHMA 2006 – primary data

14.25 The figure below shows income levels for each category of special needs household. Also shown is the figure for non-special needs households. The average income of all households in the HMA was estimated at £24,232 per annum (gross income including non-housing benefits). The figure shows that all special needs groups have average income levels noticeably below both the HMA average and the average for non-special needs households. Special needs households containing a member with a severe sensory disability have the highest average incomes of special needs households in the HMA at £18,528.



Source: Northern Sub-region SHMA 2006 – primary data

14.26 Finally we can look at levels of unsuitable housing by special needs group. The table below shows the proportion of each group estimated to be living in unsuitable housing (see paragraph 13.5 of Sub Regional Report). Households containing someone with a severe sensory disability and learning difficulty are the most likely to be in unsuitable housing (over a fifth of households); this compares to an HMA average of 6.8% and an average of 4.6% for non special needs households.

Table 14.11 Proportion of special needs groups living in unsuitable housing (Nottingham Outer)

Special needs group	% of households
Frail elderly	17.4%
Physical disability	14.6%
Learning disability	21.1%
Mental Health problem	17.0%
Severe sensory disability	21.6%
Other	16.3%
All special needs households	15.3%
All non-special needs households	4.6%
All households	6.8%

Source: Northern Sub-region SHMA 2006 – primary data

Care & repair and staying put schemes

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

14.28 Of all households with a problem or serious problem, a total of 44.6% have special needs. Over 64% of these are owners.

Table 14.12 Special needs households and difficulty maintaining home (Nottingham Outer)

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
Special needs – owner-occupied	11,869	69.8%	5,124	30.2%	16,993	100.0%
Special needs – tenants	9,276	76.6%	2,831	23.4%	12,107	100.0%
All special needs households	21,145	72.7%	7,955	27.3%	29,100	100.0%
All households	124,118	87.4%	17,833	12.6%	141,951	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

14.29 The evidence of the tables above is that there is certainly some scope for ‘staying put’ or ‘care and repair’ schemes in the sub-market. A total of 17,833 households state a problem with maintaining their homes – of these 7,955 are special needs households with an estimated 5,124 living in the owner-occupied sector.

Summary

- 14.30 Information from the survey on special needs groups can be of assistance to authorities when contributing to detailed Supporting People Strategies. Some 20.5% of all the Housing market area's households (29,101) contain special needs members. 'Physically disabled' is the largest category with special needs. There are 18,687 households containing a 'physically disabled' person and a further 7,567 with household members who are 'frail elderly'.
- 14.31 Special needs households in the HMA are generally smaller than average for the housing market area and are disproportionately made up of older persons only. Special needs households are more likely than households overall to be in unsuitable housing.
- 14.32 Special needs households in general stated a requirement for a wide range of adaptations and improvements to the home. Shower units and adaptations to bathrooms were most commonly required.
- 14.33 In the context of an SHMA, the information from this chapter on special needs groups will be of importance in quantifying the numbers and types of special needs households there are in the area. The information on the adaptations and assistance needed for these special needs households will enable planning for the requirements in future years for these households.
- 14.34 Finally, the survey suggested there was scope for 'care & repair' and 'staying put' schemes.

15. Black and Minority Ethnic households

Introduction

- 15.1 Information was gathered in the survey to find out the ethnic origin of the head of household (and partner if applicable) for each sample household in the survey. The categories used on the survey forms were consistent with those used in the 2001 Census. Due to the small sample size of all non-white groups, these categories have been grouped, resulting in two different ethnic groups overall. The results for the Non-White group should be viewed with caution due to the small sample size. The small sample size means that the results presented in this chapter are for the whole of the sub-region, as opposed to just the Nottingham Outer HMA (with the exception of table 15.2).
- 15.2 The table below shows estimates of the number of households in each ethnic groups and the number of survey responses. For the analysis in this chapter, the ethnic group of the survey respondent is taken to represent the head of household.

The BME population

- 15.3 Table 15.1 shows that 99.0% of households in Northern Sub-region are headed by someone who describes themselves as 'White'. Table 15.2 shows that there is some variation between the three Nottingham Outer local authorities in terms of numbers of BME households with (bearing in mind the small figures) Mansfield having the highest proportion of BME households at 1.0%.

Table 15.1: Ethnic group of household head		
Ethnic group	Number of households	% of all households
White	305,144	99.0%
Non-White	3,016	1.0%
TOTAL	308,160	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Table 15.2: Non-White households in the Nottingham Outer HMA, by local authority area

Category	Number of Non-White households	% of all households	% of BME households
Ashfield	333	0.7%	31.5%
Mansfield	457	1.0%	43.3%
Newark & Sherwood	268	0.6%	25.3%
Nottingham Outer HMA	1,058	0.8%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Characteristics of BME households

15.4 The table below shows household size by ethnic group. The data suggests that a majority of households are comprised of one or two persons only. Non-white households have a slightly larger average household size than white households, with an average of 2.62 persons compared to 2.33 in White households.

Table 15.3: Size of households

Ethnic Group	Number of persons						Total	Average HH size
	1	2	3	4	5	6 or more		
White	85,252	112,567	50,072	41,414	12,270	3,569	305,144	2.33
Non-White	981	830	258	463	368	116	3,016	2.62
TOTAL	86,233	113,397	50,330	41,877	12,638	3,685	308,160	2.34

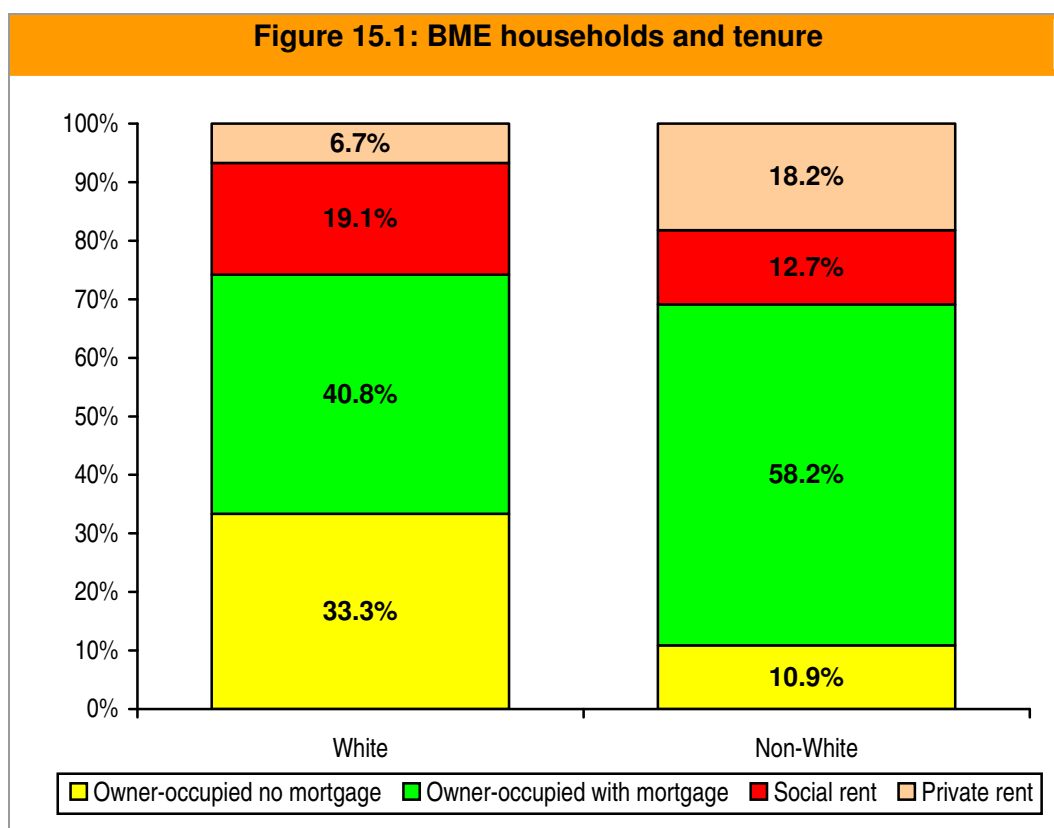
Source: Northern Sub-region SHMA 2006 – primary data

15.5 The table below shows the housing tenures by ethnic group. It shows that White households are more likely to rent from a social landlord (19.1% compared to 12.7% respectively), whilst Non-white households are more likely than White households to rent privately (18.2% compared to 6.7% respectively).

Table 15.4: BME households and tenure

Ethnic group	Tenure				Total
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	
White	101,643	124,535	58,377	20,588	305,143
Non-White	329	1,756	382	549	3,016
TOTAL	101,972	126,291	58,759	21,137	308,159

Source: Northern Sub-region SHMA 2006 – primary data



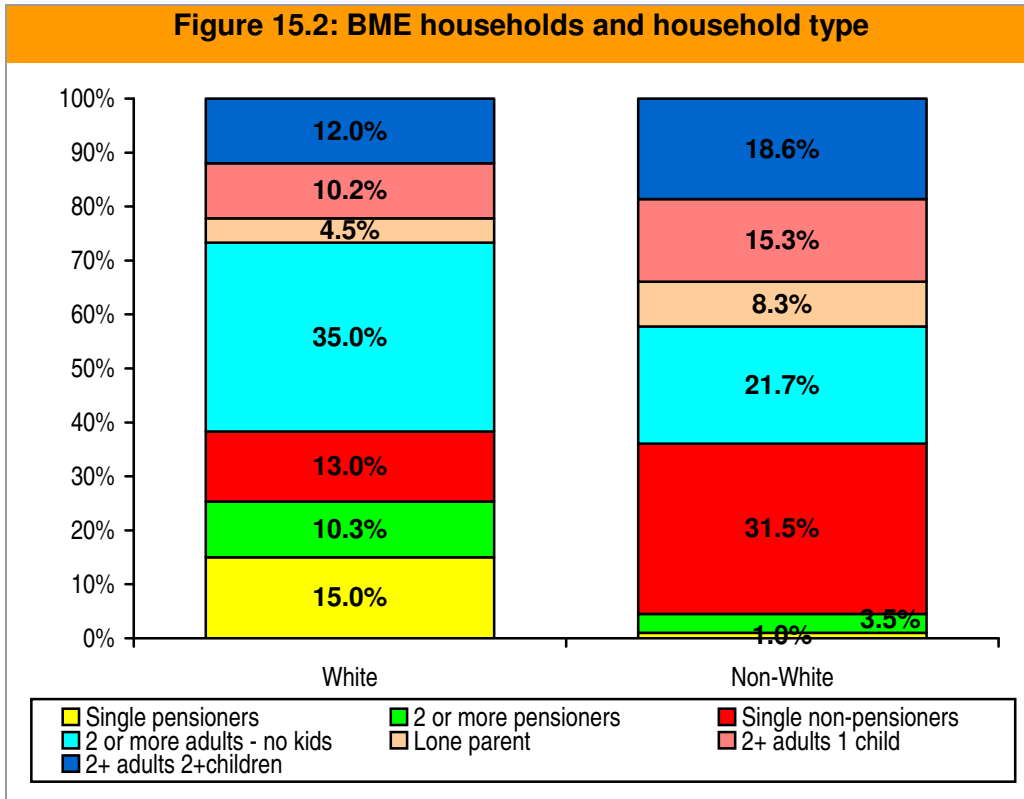
Household type and special needs

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

Table 15.5: BME households and household type

Ethnic group	Household Type								Total
	Single Pensioner	2 or more pensioners	Single non-pensioner	2 or more adults, no children	Lone parent	2+ adults, 1 or more children	2+ adults, 2+ children		
White	45,627	31,468	39,625	106,804	13,758	31,134	36,728		305,144
Non-White	30	105	951	656	250	463	562		3,017
TOTAL	45,657	31,573	40,576	107,460	14,008	31,597	37,290		308,161

Source: Northern Sub-region SHMA 2006 – primary data



Source: Northern Sub-region SHMA 2006 – primary data

15.7 The table below shows that special needs households by ethnic group. It shows that Non-White households are less likely at 17.0% to contain someone with special needs. Of all special needs households 99.2% live in households headed by someone White.

Table 15.6: Ethnic groups and special needs

Ethnic group	Special needs households				
	Special needs	No special needs	Number of h'holds	% of total h'holds with special needs	% of those with a special need
White	64,613	240,531	305,144	21.2%	99.2%
Non-White	512	2,504	3,016	17.0%	0.8%
TOTAL	65,125	243,035	308,160	21.1%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Income and savings levels

15.8 The table below shows average income and savings levels between the ethnic groups. It shows that Non-White households have the highest average incomes of £29,493 per annum. White households have the highest average savings levels at £18,565.

Table 15.8: Income and savings levels of ethnic minority households

Categories	Annual gross household income (including non-housing benefits)	Average household savings
White	£24,308	£18,565
Non-White	£29,493	£13,367
TOTAL	£24,359	£18,514

Source: Northern Sub-region SHMA 2006 – primary data

Unsuitable housing

15.9 The table below shows that Non-White households are more likely to be living in unsuitable housing. Of all the households living in unsuitable housing, 98.6% are White.

Table 15.9: Ethnic group and unsuitable housing levels

Ethnic group	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in Housing market area	% of total h'holds in unsuitable housing	% of those in unsuitable housing
White	19,718	285,426	305,144	6.5%	98.6%
Non-White	280	2,737	3,017	9.3%	1.4%
TOTAL	19,998	288,163	308,161	6.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Summary

15.10 99.0% of households in Northern Sub-region are headed by someone White, and therefore 1.0% of households describe themselves as being non-white.

15.11 Non-White households are more likely to be larger than white households, more likely to be private renters, more likely to contain children, and to live in unsuitable housing although less likely to contain a special needs member.

15.12 In the context of an SHMA, this chapter on ethnic minority households offers an understanding of the housing needs and demands of ethnic minority groups. Due to the small sample size obtained, a thorough examination of the different minority groups that live in the housing market is not possible. However we are able to achieve a broad understanding of how the broad 'Non-White' group differs from the also very broad 'White' group.

16. Older person households

Introduction

16.1 Data was collected in the survey with regard to the characteristics of households with older persons. This chapter looks at the general characteristics of older person households and details some additional survey findings about such households.

16.2 Older people are defined as those over the state pension eligibility age (currently 65 for men, 60 for women). For the purpose of this chapter, households have been divided into three categories:

- Households without older persons
- Households with both older and non-older persons
- Households with only older persons

The older person population

16.3 Just under a quarter of all households in the Nottingham Outer HMA contain only older people and a further 9.6% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Table 16.1: Older person households in Nottingham Outer (Nottingham Outer)		
Categories	Number of households	% of all households
Households without older persons	93,424	65.8%
Households with both older and non-older persons	13,686	9.6%
Households with older persons only	34,840	24.5%
TOTAL	141,950	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Characteristics of older person households

16.4 The number of occupants in older person households is shown in Table 16.2. The data suggests that some slight variation between districts in terms of the distribution of older person households with Newark & Sherwood having the highest proportion at 25.9%

- 16.5 Almost all households containing older persons only are comprised of one or two persons only – there are only 26 older person households containing three or more people. Over 50% of all single person households are older person households.

Table 16.2: Older people households by local authority area (Nottingham Outer)			
Category	Number of households	% of all households	% of older households
Ashfield	11567	23.4%	33.2%
Mansfield	10655	24.3%	30.6%
Newark & Sherwood	12618	25.9%	36.2%
Total	34,840	25.1%	100.00%

Source: Northern Sub-region SHMA 2006 – primary data

Table 16.3: Size of older person only households in Nottingham Outer					
Number of persons in household	Age group			% of total h'holds with older persons	% of those with older persons
	Older persons only	Other h'holds	Number of h'holds		
One	20,514	18,489	39,003	52.6%	58.9%
Two	14,299	38,063	52,362	27.3%	41.0%
Three	26	23,170	23,196	0.1%	0.1%
Four	0	19,433	19,433	0.0%	0.0%
Five	0	6,149	6,149	0.0%	0.0%
Six or more	0	1,806	1,806	0.0%	0.0%
TOTAL	34,840	107,110	141,949	24.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

- 16.6 The table below shows the housing tenures of households with older persons. Over two-thirds of older person only households are owner-occupiers. The overwhelming majority of these do not have a mortgage. This finding suggests that the potential for equity release schemes in the Nottingham Outer HMA is quite high.
- 16.7 Another significant finding is the relatively high proportion of social rented accommodation containing older people only. Over 35% of social rented accommodation contains only older people. This may have implications for future supply of specialised social rented accommodation, as the population of older people ages further, we would expect to see issues arising in significant proportions of households related to old age. The social rented housing that accommodates these older households may be put under strain related to its increasingly ageing occupants.

Table 16.4: Older person only households and tenure in Nottingham Outer

Tenure	Age group				
	Older persons only	Other households	Total hhs	% with older persons	% of older person hhs
Owner-occupied (no mortgage)	22,877	25,226	48,103	47.6%	65.7%
Owner-occupied (with mortgage)	2,193	57,043	59,236	3.7%	6.3%
Social rented	8,707	15,737	24,444	35.6%	25.0%
Private rented	1,062	9,104	10,166	10.4%	3.0%
TOTAL	34,840	107,110	141,949	24.5%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

Dwelling characteristics

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

Table 16.5: Type of accommodation by older person only households in Nottingham Outer

Dwelling type	% of older person households	% of non-older person households
Detached house *	32.9%	30.1%
Semi-detached house	42.9%	42.0%
Terraced house	13.6%	20.9%
Flat/maisonettes	10.7%	7.0%
TOTAL	100.0%	100.0%

* Includes mobile homes

Source: Northern Sub-region SHMA 2006 – primary data

- 16.9 The table below shows that older person only households are more likely than non-older person households in Nottingham Outer HMA to be living in one and two bedroom properties. However, the results also show that 49.3% of all older person households are in three or four bedroom dwellings. Given that previous information has shown that all older person only households are comprised of almost only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older households chose to move into suitable smaller units.

Table 16.6: Size of dwellings (number of bedrooms) for older person only households in Nottingham Outer

Number of bedrooms	% of older person households	% of non-older person households
1 bedroom	12.5%	4.3%
2 bedrooms	38.3%	23.2%
3 bedrooms	41.1%	53.7%
4+ bedrooms	8.2%	18.8%
TOTAL	100.0%	100.0%

Source: Northern Sub-region SHMA 2006 – primary data

16.10 This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (3+ bedroom) properties are in the owner-occupied sector, there are 1,155 properties in the social rented sector, which may therefore present some opportunity to reduce under-occupation.

Table 16.7: Older person only households size of accommodation and tenure in Nottingham Outer

Tenure	Size of accommodation				TOTAL
	1 bed	2 bed	3 bed	4+ bed	
Owner-occupied (no mortgage)	606	7,916	11,763	2,593	22,878
Owner-occupied (with mortgage)	81	931	1,070	111	2,193
Social rented	3,554	3,998	1,056	99	8,707
Private rented	122	482	420	38	1,062
TOTAL	4,363	13,327	14,309	2,841	34,840

Source: Northern Sub-region SHMA 2006 – primary data

Older person households and the basic needs assessment model

16.11 5.3% of all older person only households in Nottingham Outer HMA live in unsuitable housing, as defined by the DCLG guidance. This figure is lower than the figure of 6.8% for all households.

16.12 In addition we can look at older persons needs using the basic needs assessment model (BNAM). Survey information on the number of older persons only households in current and newly arising need is balanced against survey information on the number of older persons only households that have recently moved into an affordable home. Following this method suggests that there is an annual need to provide accommodation for 443 older person households; further data suggests a supply to such households in the region of 526 units per annum. Therefore the BNAM suggests a surplus of affordable housing of 83 dwellings per annum for older person households.

Table 16.2: Levels of housing need

	Older persons	Non-Older persons	Nottingham Outer HMA
Gross annual need	443	3,229	3,672
Gross annual supply	526	1,738	2,264
Net annual need	-83	1,491	1,409

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

Summary

- 16.14 Just under a quarter of households in the Nottingham Outer HMA contain older persons only, and a further 9.6% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that over 35% of social rented accommodation houses older people only. As those older social renting occupants age further the housing that they occupy may require adaptations or they may require new housing altogether.
- 16.15 Although older person households do not contribute to the overall need for additional affordable housing, they may well have a significant impact on the future of Council housing and the future need for sheltered housing and adaptations.
- 16.16 The survey found that there are 1,155 older person households who are living in three or more bedroom properties in the social rented sector. The survey also showed that 99.9% of older person households were just 1 or 2 people. The potential may be there to release some of these larger properties for families.

17. Key workers

Introduction

- 17.1 This chapter briefly considers the situation of key worker households. The employment classifications used on the questionnaire mean that the only group of key worker households that the survey is able to profile are those working in the emergency services.
- 17.2 The nature of this study means that the key workers identified within the survey are those that are resident in the housing market area. The data, therefore, includes key workers resident in the housing market area who work outside its' boundaries and excludes key workers who work in the housing market area but live outside.
- 17.3 The situation of key worker households will be compared to other households that contain an employed household member and households that contain no-one in employment. The table below shows the number of households in each of these three groups. The table shows that there are some 5,773 households in the Nottingham Outer HMA headed by a key worker.

Table 17.1: Key worker households		
Categories	Number of households	% of all households
Key workers	5,773	4.1%
Non key workers in employment	82,509	58.1%
No household members in employment	53,668	37.8%
TOTAL	141,950	100.0%

Source: Nottingham Outer HMA Housing Market Assessment – 2006

Characteristics of key worker households

- 17.4 The table below shows household size by household category. The data suggests that there are little differences in household size between key workers and non-key workers in employment.

Table 17.2: key worker households and household size

Household size	Key workers	Non key workers in employment	No household members in employment
1 person	14.5%	15.3%	47.6%
2 people	35.8%	33.6%	42.0%
3 people	19.3%	22.5%	6.5%
4 people	24.2%	20.4%	2.3%
5 people	2.6%	6.7%	0.8%
6+ people	3.5%	1.4%	0.8%
TOTAL %	100.0%	100.0%	100.0%
Average HH size	2.75	2.74	1.69
Total count	5,773	82,509	53,668

Source: Nottingham Outer HMA Housing Market Assessment – 2006

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

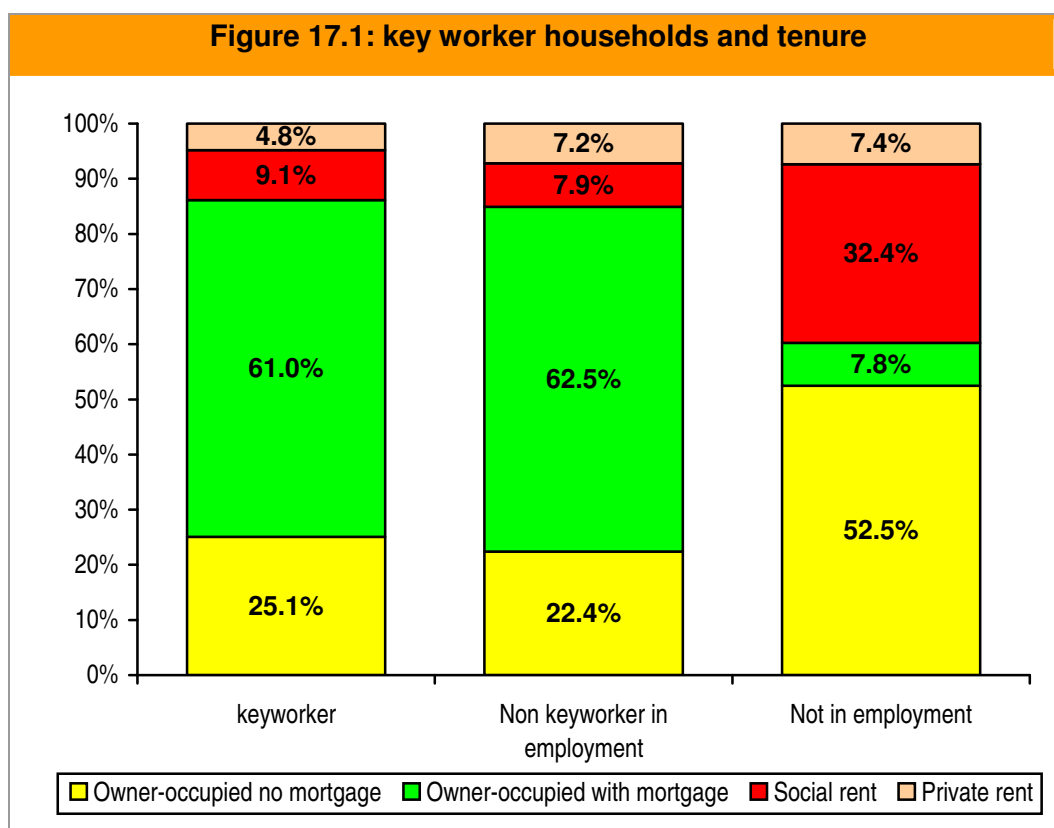
Table 17.3: key worker households and household type

Household type	Key workers	Non key workers in employment	No household members in employment
Single pensioners	2.7%	0.8%	36.7%
2 or more pensioners	0.0%	1.6%	24.3%
Single non-pensioners	11.9%	14.5%	10.9%
2 or more adults - no kids	37.8%	46.9%	17.4%
Lone parent	10.2%	2.7%	6.4%
2+ adults 1 child	16.3%	14.6%	2.3%
2+ adults 2+children	21.2%	18.9%	2.0%
TOTAL %	100.0%	100.0%	100.0%
Total count	5,773	82,509	53,668

Source: Nottingham Outer HMA Housing Market Assessment – 2006

Accommodation profile of key worker households

17.6 The figure below shows the housing tenures by household category. It shows that key worker households are slightly more likely to be owner-occupiers than non-key worker households in employment. Overall, some 86.1% of key worker households are home owners.



Source: Nottingham Outer HMA Housing Market Assessment – 2006

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

Table 17.4: key worker households and dwelling type

Dwelling type	Key workers	Non key workers in employment	No household members in employment
Detached house	38.2%	32.8%	26.9%
Semi-detached house	43.3%	42.5%	41.6%
Terraced house	15.8%	20.4%	17.6%
Flat/maisonette	2.6%	4.4%	13.9%
TOTAL	100.0%	100.0%	100.0%
Total count	5,773	82,509	53,668

Source: Nottingham Outer HMA Housing Market Assessment – 2006

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

Table 17.5: key worker households and dwelling size

Dwelling size	Key workers	Non key workers in employment	No household members in employment
1 bedroom	0.6%	2.5%	12.7%
2 bedrooms	20.0%	21.4%	36.1%
3 bedrooms	62.6%	54.8%	42.9%
4+ bedrooms	16.8%	21.2%	8.3%
TOTAL	100.0%	100.0%	100.0%
Total count	5,773	82,509	53,668

Source: Nottingham Outer HMA Housing Market Assessment – 2006

Unsuitable housing

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

Table 17.6: key worker households and unsuitable housing levels

Unsuitable housing	Key workers	Non key workers in employment	No household members in employment
In unsuitable housing	3.3%	5.3%	9.5%
Not in unsuitable housing	96.7%	94.7%	90.5%
TOTAL	100.0%	100.0%	100.0%
Total count	5,773	82,509	53,668

Source: Nottingham Outer HMA Housing Market Assessment – 2006

Income and savings levels

17.10 The table below shows average income and savings levels between the household categories. It shows very little difference in terms of income and savings between key worker and non-key worker (in employment) households.

Table 17.7: Income and savings levels of ethnic minority households

Categories	Annual gross household income (including non-housing benefits)	Average household savings
Key workers	£31,786	£15,340
Non key workers in employment	£31,880	£14,976
No household members in employment	£11,661	£21,392
TOTAL	£24,232	£17,417

Source: Nottingham Outer HMA Housing Market Assessment – 2006

Affordability

17.11 The table below looks at household's ability to afford market, intermediate and social rented housing in the market area. The table shows that key worker households are more likely to be able to afford market housing. However we find that 497 key workers can afford only social rented housing.

Table 17.8 Key worker households and ability to afford housing

Housing able to afford	Key workers	Non key workers in employment	No household members in employment
Market housing	89.9%	84.9%	57.5%
Intermediate housing	1.5%	3.2%	0.5%
Social rented housing	8.6%	11.9%	42.0%
Total %	100.0%	100.0%	100.0%
Total count	5,773	82,509	53,668

Source: Nottingham Outer HMA Housing Market Assessment – 2006

Summary

17.12 The survey recorded that there are 5,773 households headed by a key worker in the Nottingham Outer HMA. This represents 4.1% of all households in the HMA.

17.13 It was found that key workers were more likely to be owner occupiers, although the majority of these had a mortgage.

17.14 Key workers are more likely to be able to afford market housing than non-key workers in employment. There are 497 key workers in the Northern HMA who can only afford social rented housing.

SECTION F: POLICY IMPLICATIONS

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



18. Housing markets and new housing provision

Introduction

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

Meaning of the results

18.2 It will be recalled from Chapter 10 that the BHM results provide a more reliable guide to what may happen than can the CLG needs analysis, which is more idealistic. Even so, it would be hard to argue that any housing market forecast is valid into the future for more than a few years.

18.3 That is because housing markets are quite volatile, as can be seen from considering the housing markets of the Northern Sub-region a decade ago, and now: a major change has occurred. Such a change can occur within a few years, and no forecasting method has been found that can accurately foretell when and how the market will turn.

18.4 The conventional approach to producing numbers of households for a decade or two into the future is by means of household projections. These do not have any direct connection with housing markets. They are demographic projections which can be contradicted by events if the rise or fall of an economy results in higher or lower in-migration than forecast. Nor can such demographic forecasts tell us what types or sizes of housing will be rented/bought. Since upwards of half of households can afford to 'underoccupy' it is impossible to match household size forecasts, even if correct, with housing stock.

18.5 It is therefore wiser to conclude that the BHM provides the most realistic indication now feasible of the direction and character of the North Sub-region housing market, but that this direction may change. Household projections provide a high level and long term means of guessing at the overall numbers, but they cannot provide indications of housing market flows and choices.

Market character in Nottingham Outer HMA

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

Table 18.1 Level of balance in each local authority		
Local authority	BHM total/'000 households	Balance index
Ashfield	1,080/50	22 M
Mansfield	859/44	20 M
Newark and Sherwood	1,350/49	28 H

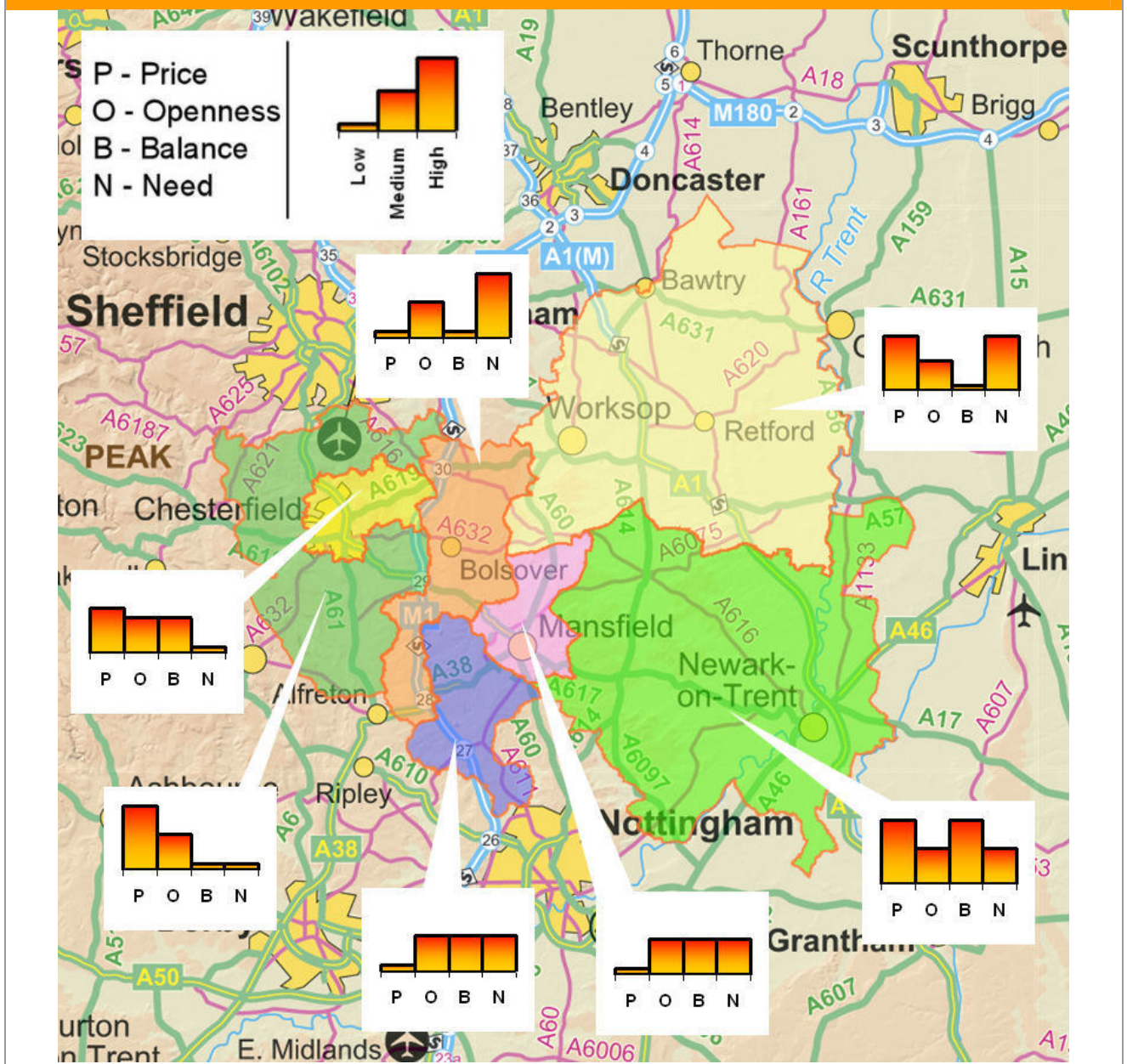
Source: Northern Sub-region SHMA 2006 – primary data. H M L are judgements as to level of balance

18.7 The three local authorities have been categorised in four dimensions, shown in the map below (the other four local authorities have also been included on the map to offer context). These can be described in general terms as follows:

Table 18.2 Key features of local authorities	
<i>Factor</i>	<i>Descriptions</i>
Price	By inspection of Table 7.3 & 7.4, and across the size range, this is a general judgement as to whether the prices are High, Medium or Low in the Northern Sub-region context (H, M, L)
Openness	By inspection of the Annual Flows chart (Figures 8.1 & 8.2), this is again a judgement on the levels of movement into and out of the housing market area. It is a measure of the overall mobility, not whether the inflows are or are not equal to the outflows. Openness, in this sense, is about how connected this submarket is to the outside world (again classified as H, M, L)
Balance	This measure uses the index derived above (Table 18.2). High 'balance' means that there is a high net need/demand. The meaning of high or low balance varies depending on the character of the market, so that a high figure for balance can be good or bad in its implication (again classified as H, M, L)
Need	Housing need, as calculated above, is classified as H, M, L depending on the value of the index shown in the tables for each submarket.

Source: Fordham Research 2006

Map 18.1 Market character – Local authorities in the Northern Sub-region



Source: Fordham Research 2006

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

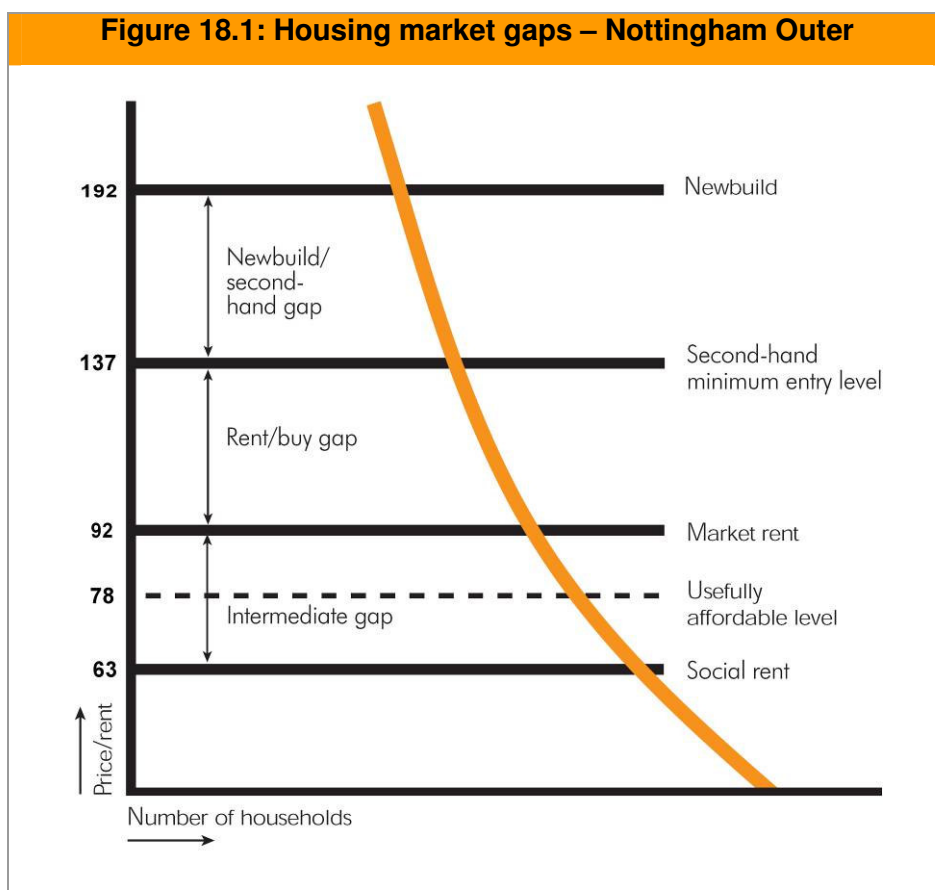
- i) Ashfield: Prices are relatively low for the Northern Sub-region. Levels of openness, balance and need are moderate
- ii) Mansfield: This shows medium values for everything except prices, which are low
- iii) Newark and Sherwood: Medium or high values for everything

18.9 As can be seen from this, each of the three Nottingham Outer local authorities shows a distinct character, and each has a different dynamic. The most growth orientated is Newark and Sherwood. Ashfield and Mansfield are the most similar.

Housing market gaps

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

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



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

18.12 As can be seen from these graphs, there are major gaps between the different tenures.

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

- iii) The Newbuild/Secondhand gap is equally very large

Filling the gaps in the market

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

- Social rental
- Newbuild to buy

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

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

18.16 Discount for sale housing would, based upon the information in Tables 7.3 and 7.4 above, have to be around a 50% discount to be affordable housing (based on 2-bed types). It would require an even larger discount to produce affordable intermediate housing. This would not normally be a realistic level of discount as it would render the development unviable.

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

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

Summary

18.18 An examination of housing market characteristics including price, openness, balance and housing need suggests that each of the three local authorities show a distinct character.

- 18.19 It can clearly be seen from the discussion of housing market gaps that the newbuild housing market is a quite limited place: either households can social rent, or buy new. It is a polarised world. It is clearly not a housing ladder, so much as a housing cliff face that most people face.
- 18.20 There is a role for housing which involves partial equity purchase, and rental on the remainder (shared ownership) but it lies not in providing intermediate housing (for those able to afford more than a social rent but less than the market) but rather to help those who can afford market rents but not purchase to achieve an affordable degree of equity ownership.

19. Targets for Affordable Housing

Introduction

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

Affordable housing evidence base for districts

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

Table 19.1: Levels of housing need in the CLG model	
District	Need per annum
Nottingham Outer HMA	
Ashfield	460
Mansfield	497
Newark and Sherwood	452

Source: Northern Sub-region SHMA 2006

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

BHM levels of need for affordable housing

Nottingham Outer HMA

19.7 The following tables show the BHM outputs, in the unconstrained case, for the Nottingham Outer HMA:

Table 19.2: BHM –unconstrained - Ashfield					
	1	2	3	4+	TOTAL
Owner-occupied	364	206	35	-107	498
Private rent	231	15	-31	-0	215
Intermediate	0	95	34	0	129
Social rent	-46	102	181	0	237
TOTAL	549	418	219	-107	1,080

Source: Northern Sub-region SHMA 2006 - primary data

Table 19.3: BHM –unconstrained - Mansfield					
	1	2	3	4+	TOTAL
Owner-occupied	238	424	-58	88	693
Private rent	49	-33	-121	-0	-105
Intermediate	0	-3	17	0	14
Social rent	-20	290	24	-37	257
TOTAL	268	678	-138	51	859

Source: Northern Sub-region SHMA 2006 - primary data

Table 19.4: BHM –unconstrained – Newark and Sherwood					
	1	2	3	4+	TOTAL
Owner-occupied	213	227	211	279	930
Private rent	168	149	43	12	371
Intermediate	44	3	20	30	97
Social rent	-4	-126	115	-33	-48
TOTAL	420	253	390	287	1,350

Source: Northern Sub-region SHMA 2006 - primary data

19.8 In this case all the districts show a net need for affordable housing, but the pattern is quite distinct.

Table 19.5: Proportions of types of affordable housing in Nottingham Outer HMA

District	Social rented	Intermediate	Proportion of housing as social rented
Ashfield	237	129	65%
Mansfield	257	14	95%
Newark and Sherwood	-48	97	0%

Source: Northern Sub-region SHMA 2006 - primary data

19.9 Thus the pattern in these three districts is sharply different: Mansfield requires almost all social rented housing, but Newark and Sherwood requiring none, while Ashfield falls roughly into the middle.

Implications of these findings

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

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

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

Suggested affordable housing targets

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

Table 19.6: BHM based affordable housing targets

<i>District</i>	<i>Affordable housing</i>		<i>Total</i>
	<i>Social rented</i>	<i>Intermediate</i>	
Nottingham Outer Housing Market Area			
Ashfield	20%	20%	40%
Mansfield	30%	10%	40%
Newark and Sherwood	5%	35%	40%

Source: Nottingham Outer SHMA 2006

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

Table 19.7: CLG Needs model estimate of need for social rented and intermediate housing

<i>District</i>	<i>Social Rented</i>	<i>Intermediate</i>	<i>Total housing need (households)</i>
Nottingham Outer			
Ashfield	96%	4%	459
Mansfield	89%	11%	497
Newark and Sherwood	75%	25%	451

Source: Nottingham Outer SHMA 2006

19.15 In the case of Newark and Sherwood, which shows no requirement for social rented housing in the BHM, the CLG Needs assessment shows a high proportion (75%). As discussed earlier, the CLG Needs model uses more idealistic assumptions than the BHM, and the latter is more realistic.

19.16 At the same time, another dimension of realism exists to question whether in fact anything that can be truly labelled intermediate housing will be built in the near future anyway. Most shared ownership housing (New Build Homebuy in Housing Corporation terminology) is above market entry in terms of its weekly cost, and it is the main form of what is intended to be intermediate housing.

19.17 In principle intermediate housing is an important step on the housing ladder, as well as an important element of a balanced housing mix on larger development sites. There are therefore several arguments for setting a higher target than a purely 'realistic' view of the evidence would suggest. The further dimension of this argument is that if the offered housing is in fact not intermediate, but market housing, it would still be useful as low cost market housing, to help households who can afford to private rent, but not to buy 100%, to achieve a higher step on the property ladder.

19.18 Bearing all those considerations in mind, the final view of the possibilities is set out below. This is the view of the SHMA consultant and should, of course be part of a debate within the SHMA partnership before being, probably in a revised version, put forward as draft policy.

Table 19.8: Suggested tenure split for affordable housing			
<i>District</i>	<i>Affordable housing</i>		<i>Total</i>
	<i>Social rented</i>	<i>Intermediate</i>	
Nottingham Outer Housing Market Area			
Ashfield	25%	15%	40%
Mansfield	30%	10%	40%
Newark and Sherwood	25%	15%	40%

Source: Nottingham Outer SHMA 2006

19.19 The figures in this table are based on the above considerations and quantitative evidence and are judgements based on that evidence. Although, for example, the figures are different in both tables for Ashfield and for Newark and Sherwood, a similar breakdown seems on balance to be the best proposal for both. The Mansfield figure from the BHM table is left unchanged, as it is significant and is much the same in the CLG Needs model table.

Low cost market housing

19.20 There is an additional need, which is really a market demand, which will not be expressed unless the market is modified by council action. This is for partial equity products in the 'Rent/Buy' gap, affordable to households who are not in technical need, but who want to buy and cannot. Some form of partial equity ownership is likely to be highly appealing to such households. The product in question would fall into the definition of 'low cost market' housing.

19.21 The PPS3 definition of low cost market is that it falls within the market sector, and not much else. This leaves a wide range (using the weekly costs tables in the final chapter of this report, of around £100 per week for a 2-bed dwelling to about £200 (depending on district)), and anything costing £150 or more costs the same as what can be bought anyway. Anything above £150 per week is of little or no use in terms of improving the housing ladder. Hence it must be assumed to fall below that, in the rent/buy gap. This requires a degree of subsidy, as it would not be produced by the market acting in its own interest. The issue is discussed further in the next chapter, as it falls, technically at least, into the category of market housing.

Summary

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

20. Overall allocations of housing

Introduction

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

Low cost market housing

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

Overall BHM results

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

Table 20.1: BHM –Northern Sub-region unconstrained					
	1	2	3	4+	TOTAL
Owner-occupied	1,220	1,333	-215	483	2,820
Private rent	818	532	-194	-17	1,140
Intermediate	61	121	59	30	271
Social rent	-166	1,051	604	-65	1,424
TOTAL	1,933	3,037	254	431	5,655

Source: Northern Sub-region SHMA 2006 - primary data

Table 20.2: BHM – Northern Sub-region constrained to 2,835					
	1	2	3	4+	TOTAL
Owner-occupied	1,183	896	-1,154	37	962
Private rent	715	196	-349	-49	513
Intermediate	61	104	59	30	254
Social rent	-259	908	527	-70	1,106
TOTAL	1,701	2,104	-917	-52	2,835

Source: Northern Sub-region SHMA 2006 – primary data

Table 20.3: BHM –Nottingham Outer constrained to 1,465					
	1	2	3	4+	TOTAL
Owner-occupied	785	629	-506	-62	846
Private rent	416	-89	-241	-2	84
Intermediate	44	77	71	30	222
Social rent	-97	221	259	-70	313
TOTAL	1,148	838	-417	-104	1,465

Source: Northern Sub-region SHMA 2006 – primary data

20.8 It can be seen that the situation changes dramatically when the results are constrained to the RSS target. In the unconstrained case the market housing (for sale and rent) is 70% of the total.

20.9 It is clear that if the unconstrained version were implemented, there would be a good chance of building the numbers of affordable dwellings suggested, but that if the constrained version is implemented (which is after all the RSS policy) it would not be possible to build the affordable housing. Detailed viability analysis would be required to exactly verify the situation.

Implied newbuild figures

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

Table 20.4: Inferring newbuild targets for districts			
<i>District</i>	<i>Draft RSS Target</i>	<i>Proposed Affordable target</i>	<i>Implied minimum number of market dwellings</i>
Nottingham Outer Housing Market Area			
Ashfield	455	40%	273
Mansfield	410	40%	246
Newark and Sherwood	600	40%	360
Total for Nottingham Outer	1,465	Na	979
Total for North Sub-region	2,835	Na	1,785

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

20.11 The total of market housing in this calculation is about 64% of the overall RSS allocation. Since the affordable housing targets would not in practice be achieved, sites fall below the threshold and some sites will have deliverability problems, the overall total of market housing is likely to be around 70% in the outturn.

20.12 If the figures in the last column of the above table are compared with the unconstrained BHM figures for the districts, tabulated in the previous chapter, the results are that:

Nottingham Outer

- i) In the Nottingham Outer HMA the overall unconstrained market demand is 2,595: almost twice the overall allocation to that HMA. Thus the demand is more than enough to cover the RSS implied market allocations
- ii) This is true of all three districts: the market demand is much bigger than the implied market total in the above table

20.13 Thus the situation in the Northern HMA does require some policy consideration by the councils there, but the situation in Nottingham Outer is that the market demand would justify totals of newbuild far in excess of what is planned.

Demand and target related to completions

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

Table 20.5: Target related to recent completions		
<i>District</i>	<i>Draft RSS Target</i>	<i>Completions 2005/6</i>
Ashfield	455	512
Mansfield	410	325
Newark and Sherwood	600	565
Total for Nottingham Outer	1,465	1,402
Total for North Sub-region	2,835	2,732

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

20.15 As can be seen, the draft RSS target is very similar to the completions figure. This is not chance, since although the draft RSS target bears in mind demographic changes and other factors, it is also set with historic completions rates in mind.

20.16 There are some variations: in Nottingham Outer the target for Ashfield is below the completions, whereas in Newark and Sherwood, and Mansfield the target is higher than the current completions.

20.17 The unconstrained BHM shows that there could be a lot more market housing built in both HMAs, but that is without considering the many other factors, most of them constraints, are likely to make such a higher level unattractive.

A wider view: comparison with 2001 and the future trend

20.18 It is worth standing back from the detail to look at the trends shown by these figures. In 2001 the main flows were as follows:

- i) Nottingham Outer was the only part of Northern Sub-region with a net in-migration. The major inflow was younger households with children, but this flow was outweighed in many cases by the outflow of newly forming households (patterns shown in Tables 8.1 to 8.3)
- ii) Thus at the HMA level Nottingham Outer shows an inflow in terms of movements to and from the big neighbouring cities of Nottingham and Sheffield

**Table 20.6: Draft East Midlands Regional Plan: Dwelling-led projections
(October 2006)**

	Annual Population In-Migration			
	Average 1991-1996 (1)	Average 1996-2004 (1)	Average (ONS trend projection) 2004-26 (2)	Average (Regional Plan projection) 2001-26 (3)
Nottingham Outer HMA	-227	1,374	2,122	2,209

Note: Edited version of Table 8.6 above

20.19 This is not the same as the pattern emerging from the present analysis. Nor is it the pattern emerging from the substantial amount of qualitative research carried out among bodies such as estate agents for the present study. These suggested that the main movement is from Nottingham City into Nottingham Outer as opposed to the relatively equal in migration shown above. This is driven by the reputation for gun crime, and made up of households moving into such places as Newark and Sherwood, and is very much borne out by the analysis of the BHM, which shows that Newark and Sherwood (with Mansfield) have a demand that is about double the draft RSS target and also double the current level of newbuild. Ashfield also shows a much higher level of demand than the present level of build or the draft RSS target.

Newark Growth Point

20.20 The award of the 'New Growth Point' funding to Newark occurred after the start of this project, but the results are significant in relation to it. Although at present the growth point is assumed only to affect the distribution of new housing within Newark and Sherwood: effectively concentrating it all upon the town of Newark, the demand context suggests that this need not be so.

20.21 It would, subject to land supply and environmental and other considerations, be possible to regard the Newark Growth Point additional population of 5,000 or so as extra over the draft RSS target, rather than a redistribution and concentration of it with the Newark and Sherwood district. This would have the advantage that if more market housing were spread around that district, it would bring with it affordable housing.

20.22 The fact of the Growth Point also suggests a substantial alteration in the dynamics of the sub-region, and its connections with Nottingham to the south-west, with the South Yorkshire conurbation to the north and with Lincoln to the east. The creation of a larger centre of gravity at Newark is likely to have substantial consequences.

20.23 From the point of view of the Growth Point agenda it is of some comfort that this SHMA shows a substantial excess of demand in Newark and Sherwood: there is little doubt that the project will succeed on the basis of market demand for housing.

Overall growth trajectories

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

Table 20.7: Alternative annual growth rates 2006-2026				
	ONS Trend	Regional Plan	Draft RSS	2007 SHMA
Nottingham Outer HMA	2,122	2,209	1,465	2,969
Northern Sub-region	3,566	4,293	2,835	3,993

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

20.25 For Nottingham Outer, the SHMA figure is by twice the draft RSS but the Regional Plan figure is roughly in the middle between these two figures.

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

Overall effect of trajectories

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

Table 20.8: Overall growth 2006-2026				
Total households including base numbers				
	Base (2006) household numbers	DCLG projection	Draft RSS	2007 SHMA
Nottingham Outer HMA	139,000	165,000	168,300	198,380
Northern Sub-region	306,000	362,000	362,700	387,860

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

20.28 The two official projections are therefore very close to each other. However in Nottingham Outer the demand based projection is much greater than the official projections, the result is about a 25,000 larger households population than the DCLG projection in the Northern Sub-region by 2026.

Summary and conclusion

20.29 Low cost market housing (suggested target 10%) would be a useful complement to the affordable housing targets. There is a wide rent/buy gap and no commercial housebuilder would choose to build at the weekly costs involved, since they are well below newbuild prices. Hence such housing will only be built if the local authorities install a target, and require it to be met, subject to deliverability considerations.

20.30 The most noticeable feature of the comparison of the draft RSS (top down) projections and the figures that emerge from the (bottom up) SHMA work, is that the potential growth in Nottingham Outer HMA is much greater than current targets would allow.

20.31 The evidence of the SHMA is that in most districts the market demand is enough to justify the RSS target. This is not altogether surprising, since the RSS target is closely related, though not always the same as the general level of housebuilding shown by completions.

20.32 Since Newark now has New Growth Point status, this has the effect of determining that most of the allocated growth in this district over the next 20 years could go to Newark. Given that there is a major surplus of demand in that district it would be worth considering additional growth outside Newark, so as to provide the necessary affordable housing. This is very much a policy consideration for the council: this study merely shows the scope for it.

21. Compliance with Guidance

Introduction

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

Process requirements

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

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

Output requirements of PPS3

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

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

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

Table 26.1: Meeting the PPS3 Requirements

<i>Item</i>	<i>Source</i>	<i>Comment</i>
a) Proportion of market and affordable housing	Tables 10.1 and 10.2	<p>In the RSS limited version the ratios of market to affordable housing are feasible in Nottingham Outer (63% market to 37% affordable).</p> <p>Policies for affordable and low cost market housing, should be tested for deliverability</p>
b) Profile of households requiring market housing (and from the Practice Guidance the additional requirement for dwelling types	Tables 10.1 and 10.2 and Figures 8.1 and 8.2	<p>In terms of owner occupied housing there is demand for all sizes of dwelling in both unconstrained and constrained BHM outputs, except for 3-bed dwellings where there is a surplus in the RSS constrained version. For private rent there is a shortage only of the smaller units (1-and 2-bed).</p> <p>About half the internal flow of moves is of households without children, and a quarter each for households with children and newly forming households. There is a very pronounced inflow of (younger) households with children into Nottingham Outer HMA.</p> <p>Formal analysis of the type of housing required is not possible with any precision, as any household can live in a flat or a house for instance. However the net need for smaller units, especially 1-bed shown in the tabulations referred to can readily be provided as flats in many urban situations.</p>
c) Size and type of affordable housing required	Tables 10.1 and 10.2 and Table 19.6	<p>The general target suggestion is 40%. Between a third and a quarter of this could be as intermediate housing if suitably affordable housing can be produced. Otherwise it would probably revert to low cost market.</p> <p>For intermediate there is a net need for 2-and 3-bed units in Nottingham Outer. For social rented housing the main need is for 2- and 3-bed housing.</p>

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

Testing work specific to the East Midlands

21.7 In addition to the tests in PPS3 and its Practice Guidance, the East Midlands is adding a further layer. To assist in encouraging soundness of SHMAs and to ensure that they comply with the requirements set out in PPS3 and the SHMA Practice Guidance, the Government Office for the East Midlands is commissioning an East Midlands Comparison Study of the regions completed SHMA's.

- 21.8 The Comparison Study is due to be undertaken from October to December 2007 and will evaluate whether each individual SHMA can be considered as a sound strategic evidence base to inform both the Draft RSS and each authorities respective LDF's.
- 21.9 The findings of this SHMA and subsequent policy implications have to be considered in a climate of changing National, Regional and Sub Regional Housing and Planning Policies. As is proper for SHMAs, the reports do not make policy proposals, but simply suggestions, which will need to be considered against a range of other documents, national and regional, in coming to final policy views and presently against key documents and evidence bases.

Summary

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

22. Monitoring and Updating

Introduction

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

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

22.2 The rapid movement of prices and rents, and the key importance of the checklist of (weekly) costs of different tenures/sizes of dwellings provided in this SHMA, makes it evident that monitoring and updating is an essential part of the process.

22.3 The key thing is to update the weekly costs: they are the key to most practical policy decisions on both planning and housing issues. This issue is dealt with last, after discussing the more general types of updating.

Scope of this discussion

22.4 Monitoring and updating occurs at all levels from national to local. This SHMA is designed to apply at sub-district, district and HMA level, and so the comments in this chapter are directed to that level. However the principles involved apply generally.

22.5 This section focusses upon updating rather than monitoring. Monitoring refers largely to the administrative issue of keeping change under review and developing a strategy for reviewing the SHMA and updating it, and considering what policy implications may flow from such updates. This is a matter which the SHMA Partnership will want to discuss, but it does not raise technical issues and is therefore not addressed further here.

Guidance context

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

Updating the general findings

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

Table 22.1: Secondary data sources: strengths and weaknesses

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

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

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

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

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

Primary dataset

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

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

Triggers for updating

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

Updating weekly costs

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

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

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

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

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

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

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

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

How to calculate the updated prices

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

Table 22.2 Establishing new prices/rents

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

Source: Fordham Research 2007

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

Putting purchase prices on a weekly cost basis

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

Table 22.3: Turning the purchase price for a house into a weekly cost

1. Procedure

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

Cost of home = C

Interest rate = I

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

Weekly Interest payment = W

Number used to derive weekly cost of owner occupation = N

$C \cdot I = P$

$P/52 = W$

$W/C = N$

2. Example of how it works

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

Source: Fordham Research 2007

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

Table 22.4: Comparative outgoings by tenure: Nottingham Outer HMA

	Social rent £ weekly	Intermediate £ weekly	Min private rent £ weekly	Min price sale (second hand) £ weekly	Min price sale (new build) £ weekly
Ashfield					
1 bed	£51	£72	£92	£137	£192
2 bed	£63	£78	£92	£137	£192
3 bed	£64	£84	£104	£152	£213
4 bed	£65	£159	£253	£244	£342
Mansfield					
1 bed	£53	£73	£92	£122	£171
2 bed	£61	£77	£92	£122	£171
3 bed	£65	£84	£104	£160	£224
4 bed	£69	£161	£253	£259	£363
Newark & Sherwood					
1 bed	£53	£73	£92	£152	£213
2 bed	£65	£79	£92	£152	£213
3 bed	£65	£84	£104	£183	£256
4 bed	£65	£159	£253	£282	£395

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

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

Policy use of the information

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

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

Summary

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

Glossary

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

Affordability

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

Affordable housing

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

Annual need

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

Average

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

Balanced Housing Market model

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

Bedroom standard

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

Concealed household

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

Current need

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

Demand

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

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

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

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

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

Disaggregation

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

Financial capacity

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

Forecast

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

Grossing-up

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

Headship rates

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

Household

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

Household formation

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

(A) household living within another household

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

Households sharing

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

Housing demand

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

Housing Market Area

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

Housing need

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

Housing Register

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

Housing size

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

Housing type

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

Income

Income means gross household income unless otherwise qualified

Intermediate Housing

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

Lending multiplier

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

Lower quartile

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

Market housing/low cost market housing

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

Mean

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

Median

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

Migration

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

Net need

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

Newly arising need

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

Non-self-contained accommodation

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

Overcrowding

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

Primary data

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

Potential households

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

Projection

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

Random sample

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

Relets

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

Rounding error

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

Sample survey

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

Sampling frame

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

Secondary data

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

Shared equity schemes

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

SHMA (Strategic Housing Market Assessment)

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

Social rented housing

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

Special Needs

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

Stratified sample

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

Specialised housing

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

Under-occupation

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

Unsuitably housed households

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

Definitions

ABI - Annual Business Inquiry

BME - Black and Minority Ethnic

CBL - Choice Based Lettings

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

DETR - Department of the Environment, Transport and the Regions

GIS - Geographical Information Systems

HMO - Households in Multiple Occupation

HSSA - The Housing Strategy Statistical Appendix

IMD - Indices of Multiple Deprivation

LA - Local Authority

LCHO - Low Cost Home Ownership

LDF - Local Development Framework

NeSS - Neighborhood Statistics Service

NHSCR - National Health Service Central Register

NOMIS - National On-line Manpower Information System

NROSH - National Register of Social Housing

ODPM - Office of the Deputy Prime Minister

ONS - Office for National Statistics

PPS - Planning Policy Statement

RSL - Registered Social Landlord

RSR - Regulatory and Statistical Return (Housing Corporation)

RTB - Right to Buy

SEH - Survey of English Housing

TTWA - Travel to Work Area