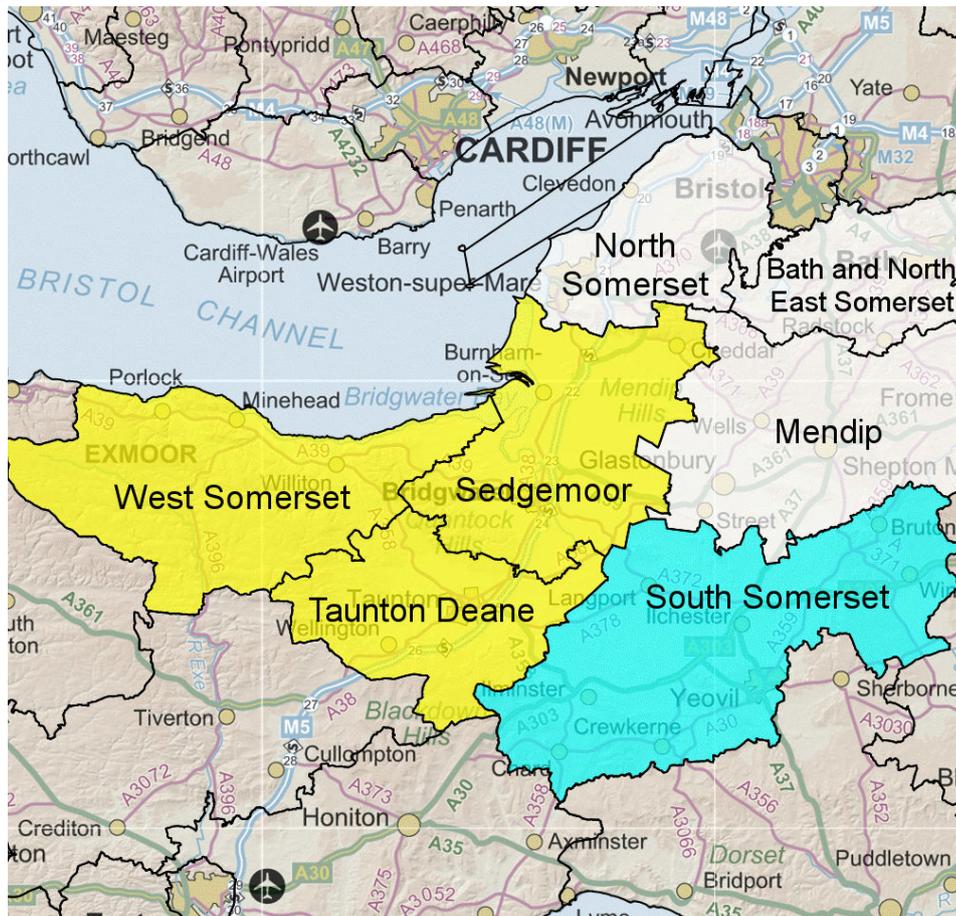


# TAUNTON AND SOUTH SOMERSET HOUSING MARKET AREAS STRATEGIC HOUSING MARKET ASSESSMENTS



**Final Report**  
**February 2009**

*Fordham*  
RESEARCH



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# Foreword

## Acknowledgements

Large-scale assessments of this nature are a collaborative effort and Fordham Research wishes to thank all members of the Housing Market Partnership for their support, guidance and contributions. We would also like to thank those local stakeholders who participated in the discussion and whose local knowledge and views has been immensely helpful.

It is also important to recognise that this report would not have been possible without the co-operation of the general public who gave up their time to take part in housing surveys. Their assistance is gratefully acknowledged.

This report was written by:

Fordham Research Group (Ltd)  
57-59 Goldney Road  
London  
W9 2AR

Tel: 0207 289 3988  
[www.fordhamresearch.com](http://www.fordhamresearch.com)



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# SECTION A: BACKGROUND TO THE ASSESSMENTS

This Section provides key background information about the assessments and the local policy context.



# 1. Introduction to the SHMA

## Overview

- 1.1 Fordham Research was commissioned in 2008 to conduct Strategic Housing Market Assessments (SHMAs) for the local authorities of Sedgemoor, Taunton Deane, West Somerset and South Somerset. The evidence provided is required to inform appropriate policy responses to housing need and demand.
- 1.2 The report follows the general structure of the Communities and Local Government (CLG) Strategic Housing Market Assessment Practice Guidance of August 2007 (the Guidance). In addition the research carried out is mindful of the requirements of Planning Policy Statement 3 (PPS3) and PPS12 in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.
- 1.3 This report is supported by separate Housing Needs Survey reports for each of the four local authorities which are based on survey work carried out with local households.

## Initial overview of housing in the study area

- 1.4 The following table provides some context. The four districts fall into two housing market areas (HMAs): South Somerset as one, and the other three as Taunton HMA. As can be seen, West Somerset is much smaller than the others.

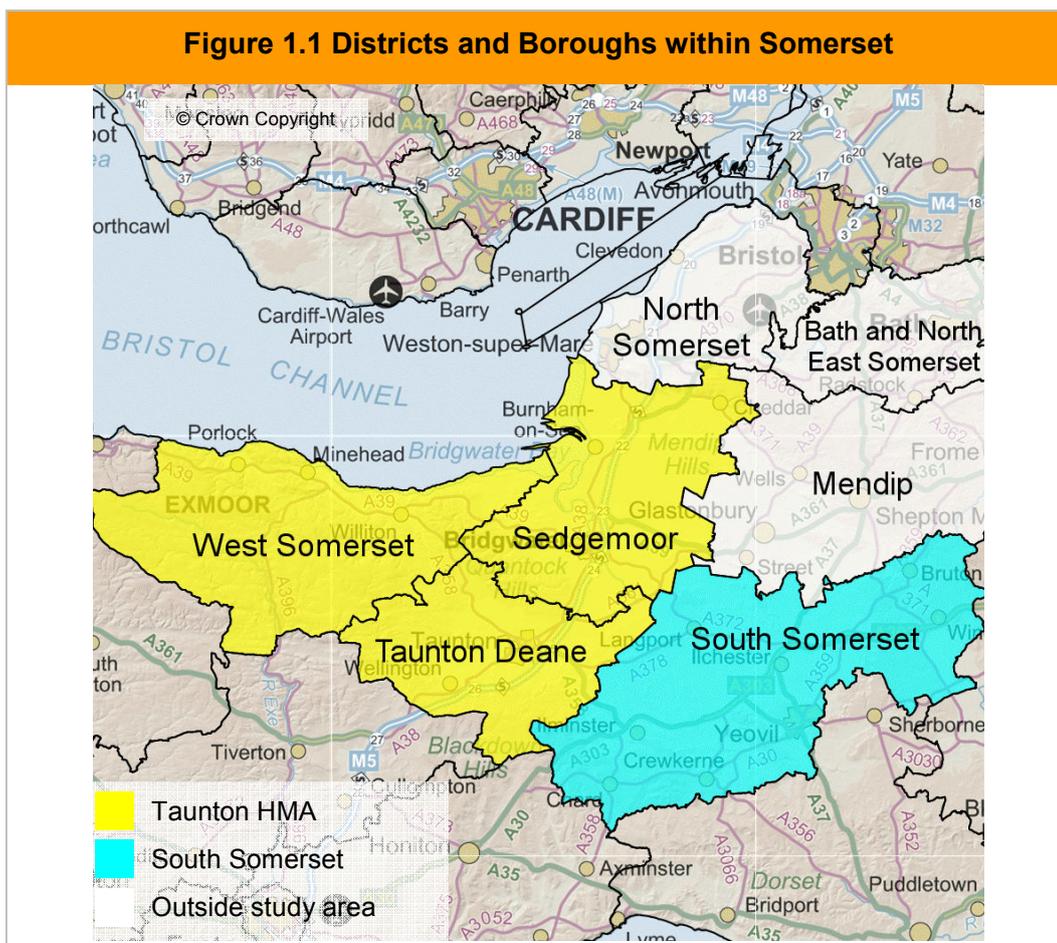
Table 1.1 Tenure (Census 2001)							
Tenure	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	England
Owner-Occupied	77.0%	71.3%	70.9%	74.6%	73.7%	73.1%	68.8%
Social Rented	12.4%	16.4%	14.2%	13.9%	14.5%	13.5%	19.3%
Private Rented	7.2%	8.2%	9.9%	7.1%	8.0%	9.6%	8.8%
Other	3.3%	4.0%	4.8%	4.4%	3.8%	3.8%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	44,432	43,880	15,625	63,769	103,937	2,085,984	20,451,427

Source: ONS Census 2001

- 1.5 The table provides a broad tenure breakdown, which explains a good deal about the housing markets in the two HMAs. All of them show higher owner-occupation than the English average of 69%, though only by much in the cases of Sedgemoor and South Somerset. The fraction of social rented housing is much lower than the national 19%: about 14%. This makes housing need a likelihood, as the private rented sector (using Housing Benefit subsidy) does not normally provide a very satisfactory home for households who cannot access the social rented sector.
- 1.6 This initial sketch of the housing structure must be understood in the context of the overwhelmingly rural character of the area: South Somerset's population is classified as about 60% rural, and Taunton HMA as 40%, as compared with the national average of 20%. This typically accords with higher levels of owner-occupation and lower proportions of affordable housing.
- 1.7 The fuller implications of this housing market structure will be explored in the study which follows.

## Study Area

- 1.8 The area covered by the study is divided into two HMAs, as will be discussed in detail in Chapter 3; these are highlighted in the map of Somerset below. The two HMAs embrace four of the five Somerset districts. The District of Mendip is included in the West of England partnership, currently preparing a SHMA for that housing market area. Estate agent interview field work revealed that parts of Mendip, Glastonbury and Street appear to be closely associated with parts of Sedgemoor and South Somerset. The western half of West Somerset is geographically included in the Northern Peninsula SHMA study.
- 1.9 In addition, it needs to be noted that part of West Somerset is within Exmoor National Park and that the Exmoor National Park Authority is both a strategic and local planning authority in its own right.



Source: Fordham Research (2008)

## What is a SHMA?

- 1.10 A Strategic Housing Market Assessment (SHMA) is a new concept. Government guidance has for some time, before formal publication of PPS3: Housing (November 2006), been moving towards the view that the 'evidence base' required for the good planning of an area should be the product of a process, rather than a technical exercise. Moreover the process should not be restricted, as before, simply to the need for affordable housing but should cover all tenures (market, intermediate and affordable).
- 1.11 The general principles of the SHMA process are established through Figure 1.2 of the Practice Guidance (published in March and August 2007). They are:
- i) Involvement of an authority or a group of local authorities representing a meaningful market area
  - ii) A process in which key stakeholders are involved in the production of the evidence as well as being consumers of it

- iii) Inclusion in the process of all tenures of housing, not just the affordable ones, as in the former Housing Needs Surveys (HNS)
- iv) Higher standards of quality: the tests of rigour are more strict than before

1.12 A SHMA is more than just a written document and CLG is clear that such research should be able to be monitored and updated. We have therefore provided towards the end of this document a 'pro-forma' which lists a number of important pieces of information which can be readily updated to provide on-going evidence about the local housing market.

### **PPS3: Housing (November 2006)**

1.13 PPS3 puts the role of the 'evidence base' provided by the SHMA in a much more prominent role than ever before. It also contains much more specific and challenging requirements for the evidence base, as can be seen from the following summary extracts:

1.14 Para 22 of PPS3 says:

*'based on the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:*

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

1.15 None of these requirements was in previous detailed Guidance: only a part of item (iii) was stated in it (Circular 6/98). PPS3 is also much more demanding as to the role of stakeholders such as developers. In paragraph 23 it says:

*'Developers should put forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to sustain mixed communities'.*

1.16 This helps to explain the existence of the middle one of the three key requirements of paragraph 22 of PPS3 quoted above. Clearly the Housing Market Partnership needs to be aware of the likely pattern of demand from different types of households.

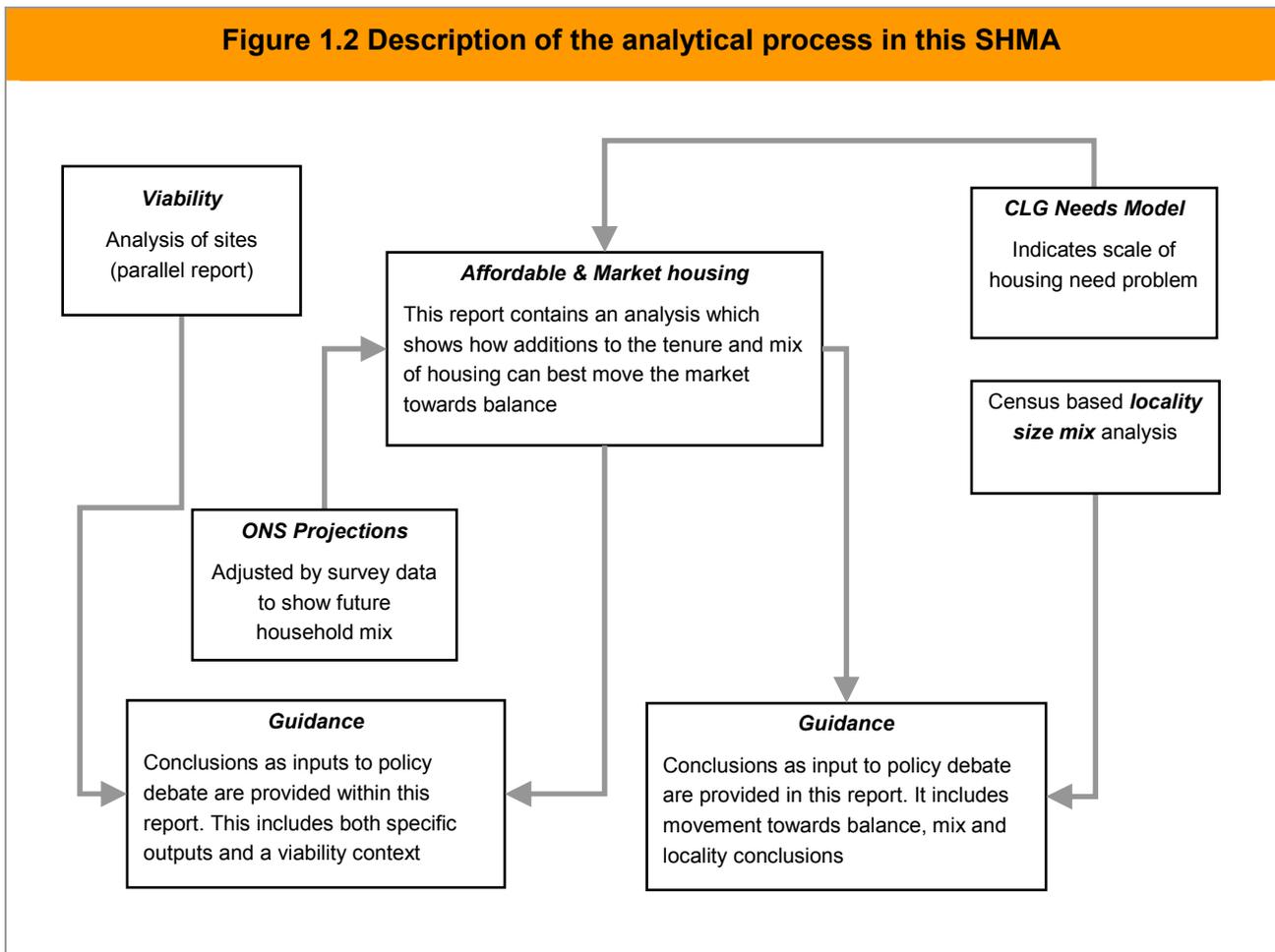
1.17 The following table provides a set of key terms and references used in the SHMA. The Glossary at the end of this report provides a more comprehensive list of all specialist terms used.

<b>Table 1.2 Key acronyms and concepts defined in HMA &amp; PPS3 Guidance</b>	
<i>Concept</i>	<i>Description</i>
Strategic Housing Market Assessment	Strategic Housing Market Assessment (SHMA): one that involves all tenures and is set in a stakeholder process that produces results for a given set of market and sub-market areas
Housing Market Area	Housing Market Area (HMA). There is no single definition available for an HMA. The issue is discussed in Chapter 3 of this report
Guidance	The key reference is PPS3 of November 2006, as quoted above, which is supported by Practice Guidance explaining a detailed approach to producing an SHMA, which was published in March 2007 (Version 1) and August 2007 (Version 2). The versions have very few differences.
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. The Guidance does not identify the general public as a stakeholder, but clearly the public has a keen interest in this topic, and this SHMA has sought to involve the public as appropriate
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 focused 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 places more responsibility on the process and outputs of the SHMA and also more scope for it to influence the Regional Spatial Strategy target.
Regional Spatial Strategy	Regional Spatial Strategy (RSS): a statutory document which sets out both the overall housing numbers to be built and also the affordable proportions for a given region. The RSS is consulted upon so that the local views and the local evidence base of the SHMA is a part of the process
Local Development Framework	Local Development Framework (LDF): this is the planning structure within which sites for development and other infrastructure improvements are programmed. It includes the locally detailed translations of the overall RSS targets
Regional Housing Strategy	Regional Housing Strategy (RHS): this is the non-statutory companion of the RSS, addressing specifically housing issues

Source: Fordham Research 2008

**The research process**

- 1.18 The research was designed to meet the requirements of both the Partnership’s commissioning brief and the CLG Guidance. In addition as the project evolved and stakeholder involvement became more detailed additional areas of interest were suggested and explored.
- 1.19 The commissioning brief contained both strategic aims and specific requirements. The strategic objective of the SHMA is to provide the local authorities in the study area with “a comprehensive understanding of the Housing Market Areas in order to provide robust evidence for housing, planning, regeneration and economic development strategies and interventions.”
- 1.20 The overall structure of an SHMA is quite complicated. The following diagram attempts to show how it all fits together:



Source: Fordham Research (2008)

- 1.21 This diagram shows the main analytical stages, but not the data inputs and other detail. In this report, the main analysis is in Chapter C5, which sets out a wide ranging analysis of the secondary and primary data to indicate what the sizes and types of housing that will best move the local housing markets towards balance.

### **The Housing Market Partnership and stakeholder involvement**

- 1.22 In line with the Practice Guidance this project has been carried out under the supervision of an SHMA Project Team made up of Council officers from a range of backgrounds including housing and planning. As the project evolved this SHMA Project Team has developed into a formal Housing Market Partnership involving relevant stakeholders.
- 1.23 The Practice Guidance makes clear the importance of the involvement of stakeholders throughout the course of the process. The following describes the process as part of the SHMA.
- 1.24 Stakeholder contributions were achieved using a number of methods. Consultation was in three stages.
- 1.25 **Stage 1** was early in the project timetable to understand issues and perceptions of the housing market as seen by stakeholders.
- 1.26 Firstly there were one to one discussions with estate agents, letting agents and newbuild on-site sales agents. These were conducted in all of the principal towns. Information was collected from them regarding house prices and rents as well as information about the current housing market. In doing so Fordham Research gained an understanding of the local geography, the quality of local towns villages and hamlets, and perceptions to key questions such as affordability, migration, travel to work and the impact of international economic migration.
- 1.27 Secondly separate workshops were held with professional stakeholders and community representatives. Professional stakeholders included developers, Registered Social Landlords (RSLs), estate/letting agents and voluntary agencies as well as Council officers. Community stakeholders included Parish Councils and members of the public.
- 1.28 A newsletter was sent to all invited participants reporting on the findings of these events. This gave people unable to attend the opportunity to feedback their views.
- 1.29 Thirdly one to one interviews were held with selected stakeholders including the House Builders Federation (HBF), developers, a housing enabler and a parish councillor.

- 1.30 **The second stage** was designed to feedback headline draft findings from the Strategic Housing Market Assessments in order to reality check the findings and discuss policy implications.
- 1.31 We recommend that the Housing Market Partnership continue and build on the relationships developed as part of the SHMA to ensure the involvement of a wide range of agencies in developing further understanding of the local housing market. We recommend that the Group engages with key agencies and house builders through regular meetings and sharing of information.
- 1.32 It is an important aspect of the Practice Guidance that the Strategic Housing Market Assessment is an ongoing process and our recommendation is one part of this process.

### Data sources

- 1.33 A range of data sources were consulted during this project to ensure that the most reliable data was used for analysis. In addition to the use of data, information was gleaned from a number of important publications and through discussions with local stakeholders. Below we provide a brief summary of the main sources of information:
- 1.34 Secondary data – a range of data sources available at the local, regional and national level provides good background to the housing market and how it is changing. Data sources considered in analysis include, but not exclusively, Land Registry data, the 2001 Census, the Annual Survey of Hours and Earnings (ASHE), Housing Strategy Statistical Appendix (HSSA) data and published household and population projections.
- 1.35 Primary data – in addition to studying secondary data sources it was necessary to conduct a local household survey for the four authorities. The survey data allowed many of the ‘gaps’ in secondary data to be overcome. Most notably the survey data revealed, in some detail, households’ future demands and aspirations and domestic financial circumstances data on a household by household basis. The results from the surveys have been provided to each of the relevant Councils in separate reports and key findings are reflected in this document. The surveys were conducted in March and April 2008.
- 1.36 House price data – The interviews described above were supplemented by an internet property and rent price search to establish the costs of housing in the local area.

### How the report is structured

- 1.37 This report is produced in accordance with the Guidance and as such the report’s contents follow the recommended structure outlined in the Guidance. The table below contains an extract from the Guidance, which lists all of the stages and the research questions posed at each stage.

**Table 1.3 SHMA Practice Guidance: research questions**

Chapter	Stage	Research Questions
3. The current housing market	1. The demographic and economic context	<ul style="list-style-type: none"> <li>What is the current demographic profile of the area?</li> <li>What is the current economic profile?</li> <li>How have these profiles changed over the last 10 years?</li> </ul>
	2. The housing stock	<ul style="list-style-type: none"> <li>What is the current housing stock profile?</li> <li>How has the stock changed over the last ten years?</li> </ul>
	3. The active market	<ul style="list-style-type: none"> <li>What do the active market indicators tell us about current demand, particularly house prices / affordability?</li> </ul>
	4. Bringing the evidence together	<ul style="list-style-type: none"> <li>How are market characteristics related to each other geographically?</li> <li>What do the trends in market characteristics tell us about the key drivers in the market area?</li> <li>What are the implications in terms of the balance between supply and demand and access to housing?</li> <li>What are the key issues for future policy / strategy?</li> </ul>
4. Future housing market	1. Indicators of future demand	<ul style="list-style-type: none"> <li>How might the total number of households change in the future? How are household types changing; e.g. is there an aging population?</li> <li>How might economic factors influence total future demand?</li> <li>Is affordability likely to worsen or improve?</li> </ul>
	2. Bringing the evidence together	<ul style="list-style-type: none"> <li>What are the key issues for future policy / strategy?</li> </ul>
5. Housing need	1. Current housing need	<ul style="list-style-type: none"> <li>What is the total number of households in housing need currently (gross estimate)?</li> </ul>
	2. Future need	<ul style="list-style-type: none"> <li>How many newly arising households are likely to be in housing need (gross annual estimate)?</li> </ul>
	3. Affordable housing supply	<ul style="list-style-type: none"> <li>What is the level of existing affordable housing stock?</li> <li>What is the likely level of future annual supply?</li> </ul>
	4. Housing requirements of households in need	<ul style="list-style-type: none"> <li>What is the current requirement for affordable housing from households in need?</li> <li>What are the requirements for different sized properties?</li> <li>How is the private rented sector used to accommodate need?</li> </ul>
	5. Bringing the evidence together	<ul style="list-style-type: none"> <li>What is the total number of households in need (net annual estimate)?</li> <li>What are the key issues for future policy / strategy?</li> <li>How do the key messages fit with the findings from Chapters 3 and 4?</li> </ul>
6. Housing requirements of specific household groups	Families, Older People, Minority and hard to reach households and households with specific needs	<ul style="list-style-type: none"> <li>What are the housing requirements of specific groups of local interest / importance?</li> </ul>
	Low Cost Market Housing	<ul style="list-style-type: none"> <li>What is the scope for addressing demand through the provision of low cost market housing?</li> </ul>
	Intermediate Affordable Housing	<ul style="list-style-type: none"> <li>What is the scope for addressing need through the provision of intermediate affordable housing?</li> </ul>

Source: CLG SHMA Practice Guidance (2007), Table 2.1

## Rounding error

- 1.38 Figures presented in the analytical text and tables of this report have been rounded and discrepancies may occur between sums of the component items and totals. This will also occur where variables allow more than one response to be reported (these cases will be identified in the text relating to the table). Published percentages are calculated prior to rounding and therefore discrepancies may also exist between these percentages and those that could be calculated from the rounded figures.

## Summary

- i) The SHMA has been conducted in line with the most recent government guidance (as contained in CLG SHMA Practice Guidance and PPS3).
- ii) A key feature of this is the involvement of stakeholders who are able to provide detailed qualitative insight into the local housing market.
- iii) A range of quantitative information sources have been used as part of the process including secondary data from official sources, household surveys carried out for this study, and market information from estate agents in the study area.
- iv) Finally, the SHMA should be seen as an ongoing process with key data monitored into the future to see the 'direction' in which the housing market is moving.

## 2. The policy context

### Introduction

- 2.1 This chapter provides information on the regional background to the SHMA, considers other relevant research in the area and summarises the current housing policies in operation in each of the four local authorities.

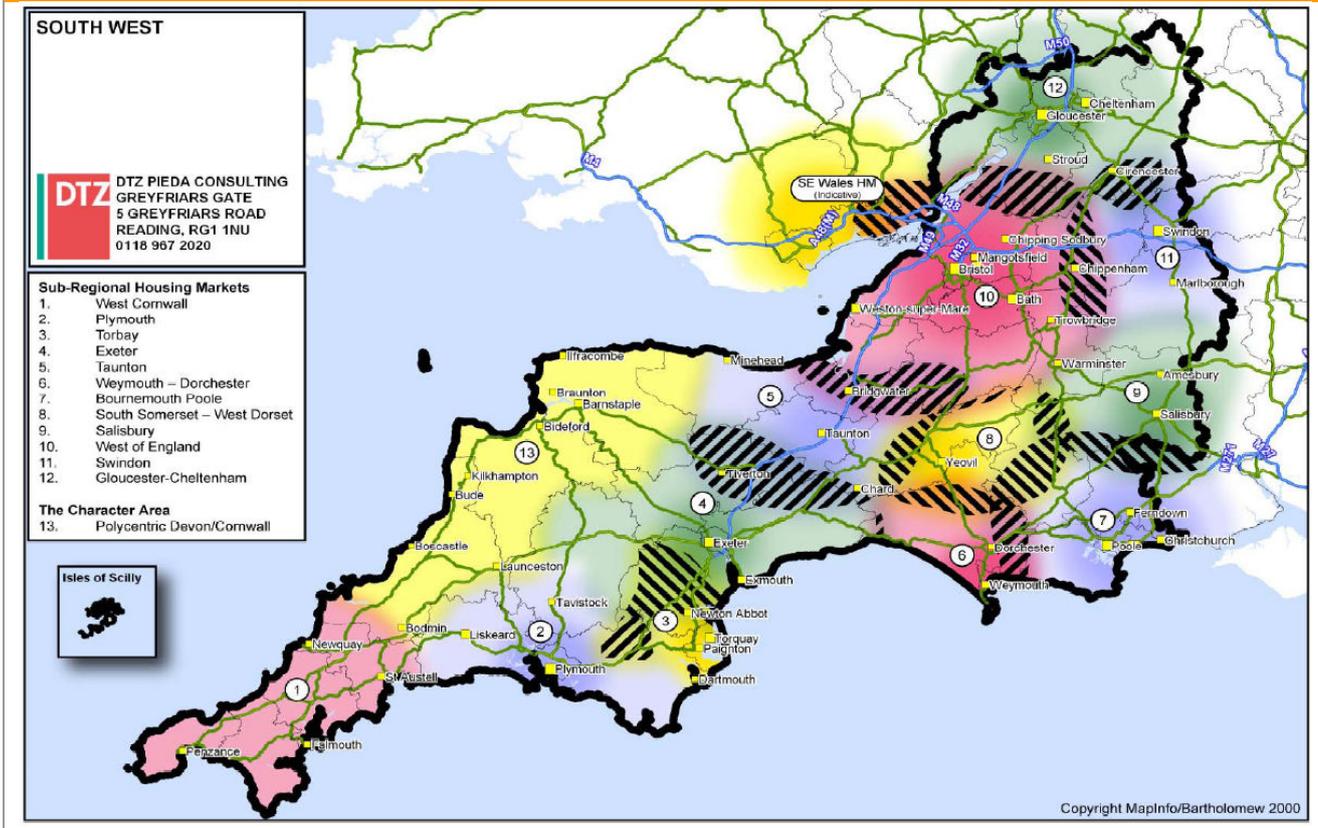
### Housing Markets in the South West

- 2.2 DTZ Pieda's 2004 report to the South West Regional Housing Body '*Analysis of Sub-regional Housing Markets in the South West*' identified 12 sub-regional housing markets, as shown in the map below. These are defined as areas in which typically 70% of all household moves are contained.
- 2.3 The map shows that the Housing Market Areas (HMAs) are a fairly good fit with the local authority boundaries used in this report. The main exceptions are the extent to which Sedgemoor is in the West of England area and the part of West Somerset in the Polycentric Devon/Cornwall area (essentially the part of Exmoor that is within West Somerset). Our own analysis of housing market boundaries can be found in the following chapter.
- 2.4 Acknowledging the practical difficulties of conducting studies that embrace sub-areas from other districts, not least because many data sets are only available at district level, DTZ 'tidied up' the boundaries for housing market studies<sup>1</sup>, allocating whole districts to these areas: Sedgemoor, Taunton Deane and West Somerset form the Taunton HMA and South Somerset makes up a separate HMA. This rationalised geography of housing market areas is reflected in the Draft regional Spatial Strategy and in the South West Observatory's report '*The State of the South West*' (2008).

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<sup>1</sup> DTZ Pieda Consulting, *Housing in the South West – Background Report*, February 2005 (see Table 1)

Figure 2.1 South West Sub-regional Housing Markets



Source: Analysis of Sub-regional Housing Markets in the South West, South West Regional Housing Body 2004

2.5 The two housing markets with which this study is concerned are described in the report as follows:

Figure 2.2 - Excerpt from Analysis of Sub-regional Housing Markets in the South West

**Taunton:** the Taunton sub-regional housing market stretches north west, south west, south east and north east along principal road networks (A358, M5) covering all of Taunton Deane District, and taking in much of West Somerset, and parts of West Devon, South Somerset, Mendip and Sedgemoor.

**South Somerset – West Dorset:** This comprises a small sub-regional housing market focused on Yeovil and Sherborne and including much of South Somerset and the northern part of West Dorset. Western parts of the market will experience the pull of the Taunton sub-regional housing market.

Source: Analysis of Sub-regional Housing Markets in the South West, South West Regional Housing Body 2004

- 2.6 The housing markets therefore do not strictly follow administrative boundaries. The approach taken thus far by local authorities and the South West Regional Assembly (SWRA) is that the Districts of Sedgemoor, West Somerset and the Borough of Taunton Deane should be considered as the 'Taunton' housing market area, with South Somerset District alone forming the 'South Somerset' housing market area. The South West is considered in the context of its housing markets in regional documents such as the Draft Regional Spatial Strategy (RSS).

### **Draft Regional Spatial Strategy (RSS) for the South West 2006-2026**

- 2.7 The purpose of the Draft RSS for the South West is to manage the nature, location, scope and pace of development in the region from 2006 to 2026. It was produced by the South West Regional Assembly (the Regional Planning Body) and represents a new approach to planning. The Draft RSS was submitted to the Secretary of State in April 2006. The document was then made available for public consultation. An independent Examination in Public (EiP) followed in 2007. The Panel's report from the examination which suggested a number of amendments to Draft RSS policies was published in January 2008.
- 2.8 The EiP Panel Report suggests that policy provision should be made for at least 35% of all housing development across each local authority area and Housing Market Area per annum to be affordable, with authorities specifying rates of 60% or higher in areas of greatest need.
- 2.9 The following table shows the latest figures (taken from the EiP Panel Report) relating to planned housing provision from 2006-2026 for the each of the four authorities in the South Somerset and Taunton Housing Market Areas. The figures have increased for all four authorities since the Plan was originally submitted to Government in April 2006.
- 2.10 These figures have stayed the same following the Secretary of State's Proposed Changes to the Regional Spatial Strategy published in July 2008.

<b>Table 2.1 South Somerset and Taunton HMAs: housing targets 2006-2026 (latest figures)</b>		
Area	Annual Average (No. of Units)	Total
<b>Taunton HMA</b>	1,725	34,500
Sedgemoor	510	10,200
Taunton Deane	1,090	21,800
West Somerset	125	2,500
<b>South Somerset District HMA</b>	985	19,700
<b>Total</b>	<b>2,710</b>	<b>54,200</b>

Source: EIP Panel Report recommendations (2008)

- 2.11 Bridgwater, Taunton and Yeovil have been classified as ‘Strategically Significant Cities and Towns’ (SSCTs) in the Draft RSS. It is proposed that there will be significant change in order to support the economic and service role and regeneration of such towns (smaller change is proposed outside of these towns). The Taunton and Bridgwater Spatial Strategy forms a sub-section of the Draft RSS. It is envisaged that the strategy will act as a strategic planning framework for the towns of Taunton, Bridgwater and Wellington. It is proposed that development be primarily concentrated at Taunton, which will be required to undertake an urban extension to accommodate future growth.
- 2.12 The Secretary of State has not changed the EiP Panel report recommendations for planned housing provision in the SSCTs and HMAs – these figures are shown in the table below.

<b>Table 2.2 South Somerset and Taunton HMAs: housing targets 2006-2026 (latest figures) for SSCTs</b>		
Area	Annual Average (No. of Units)	Total
<b>Taunton HMA</b>	1,725	34,500
Taunton and Bridgwater SSCT area	1,285	25,700
Taunton	900	18,000
Bridgwater	385	7,700
<b>South Somerset District HMA</b>	985	19,700
Yeovil SSCT area	570	11,400

Source: EiP Panel Report recommendations (2008)

## Gypsies and Travellers

- 2.13 The revised draft of the Regional Spatial Strategy published in July 2008 recommends that there is a requirement for 41 residential pitches across the Taunton HMA (20 in Taunton Deane, 17 in Sedgemoor and 4 in West Somerset), and 20 in South Somerset. These figures have increased slightly since the Draft RSS was submitted to Government. There is also a requirement for ten transit pitches in South Somerset and five in Taunton Deane (none were required in Sedgemoor or West Somerset); these figures remain unchanged since submission of the Draft RSS.
- 2.14 The EiP Panel Report on Gypsy and Traveller Pitch Requirements (April 2008) states that the proposed pitch provision figures were largely drawn from the Gypsy and Traveller Accommodation Assessments (GTAA) undertaken across the South West. The ‘Somerset - Accommodation Needs Assessment for Gypsies & Travellers’ report was published in 2006. A revision to this GTAA is now underway and will be published in due course.

- 2.15 In order to address methodological inconsistencies between the GTAAs conducted across the region, the SWRA commissioned a Benchmarking Report on all of the GTAAs, which was published in January 2008. The Benchmarking Report found that the Somerset GTAA was not robust; a number of omissions were identified. The EiP Panel Report acknowledges that the Somerset districts are undertaking further work to address this issue in the form of a review of the GTAA in summer 2008.

### **Regional Housing Strategy 2005-2016**

- 2.16 The South West Regional Housing Body's Regional Housing Strategy (RHS) sets out strategic priorities for housing in the region. The RHS sets out a series of actions to achieve the Strategy's three strategic aims:
- i) An increase in overall housing supply over the next ten years
  - ii) Achieving good quality homes
  - iii) Supporting sustainable communities
- 2.17 The Regional Assembly (which, from 2006, includes the Regional Housing function) is currently working on identifying areas of the RHS which may be out of date. The Regional Assembly will also identify where the RHS needs to align with the Regional Spatial Strategy (once finalised) and the Regional Economic Strategy. Additionally, the Regional Assembly will consider any issues that they feel are not well addressed in the current RHS, namely housing for older people and housing market areas, of which the latter has particular implications for this study.

### **Somerset Housing Market Assessment 2006**

- 2.18 A County-wide Housing Market Assessment was carried out by Ark consultancy and published in 2006. The Assessment updated the data from each of the five Somerset District's most recent housing needs surveys, with data from District housing registers. It concluded that there was a shortfall of 1,638 affordable dwellings per annum across the County, as well as an additional requirement for 914 intermediate dwellings. The report commented that for three of the authorities, the affordable housing requirement exceeded the projected total supply of all new tenures. The requirement represented two-thirds of the projected supply in Taunton Deane.

- 2.19 The Assessment identified 24 'local' housing markets across the County (20 of which fall within the four local authorities studied in this SHMA), each containing a town or major village and considered able to sustain a relatively balanced community. The Assessment also considered rural housing need and supply and household groups such as older people, Black and Minority Ethnic (BME) groups, Gypsies and Travellers and issues such as homelessness and Supported Housing.

### **Local authority planning policies for housing: Sedgemoor**

- 2.20 Progress on the Local Development Framework (LDF): Sedgemoor's Core Strategy Development Plan Document (DPD) Stage 2 Issues and Options report was published by the Council and subject to a public consultation in 2007.
- 2.21 A number of policies from the Sedgemoor District Local Plan 1991-2011 (adopted 2004) were 'saved' in 2007 for an additional three years (or until the adoption of LDF policies). The affordable housing policy appearing in the Local Plan (H30) was not 'saved'.

### **Local authority planning policies for housing: South Somerset**

- 2.22 Progress on the LDF: a public consultation on the Core Strategy DPD Issues and Options report took place earlier in 2008.
- 2.23 The policies appearing in South Somerset District Local Plan (adopted 2006) remain valid. The affordable housing policies state that 262 affordable homes will be built per annum up to 2011 (HG6) and that 35% of new dwellings will be affordable on suitable sites, according to settlement size (HG7).

### **Local authority planning policies for housing: Taunton Deane**

- 2.24 Progress on the LDF, initial public consultations on the Core Strategy DPD took place in 2006.
- 2.25 A number of policies from the Taunton Deane Local Plan (adopted 2004) were 'saved' beyond 2007. These include the affordable housing policies H9 and H10. The former states that affordable housing will be sought on suitable sites, depending on location and subject to a minimum threshold. The latter sets out indicative targets for affordable housing on allocated sites ranging between 20-35%.

## Local authority planning policies for housing: West Somerset

- 2.26 Progress on the LDF: the Council is in the process of developing its LDF documents; meanwhile the current West Somerset District Local Plan (adopted 2006) has not been discounted. All policies will be saved for three years with the most effective and successful ones being incorporated into the new Local Development Framework.
- 2.27 The affordable housing policy (H/4) states that affordable housing will be sought on development sites, subject to a minimum threshold, varying by location.

## Summary

- i) This chapter considered a number of key documents relevant contextually to this SHMA, including the Draft Regional Spatial Strategy and the Regional Housing Strategy.
- ii) Previous research has suggested two Housing Market Areas within the study area, one centred on Taunton (Taunton HMA) and including Sedgemoor, Taunton Deane and West Somerset Districts, and another centred on Yeovil (South Somerset HMA).
- iii) The latest target figures for new dwelling provision in the four local authorities (based on the Draft RSS Panel Report) are: Taunton HMA: 1,725 dwellings per annum (comprised of 510 units in Sedgemoor, 1,090 in Taunton Deane and 125 in West Somerset) and South Somerset: 985 dwellings per annum.
- iv) The position of the four local authorities in terms of their Local Development Frameworks (LDFs) was briefly considered and current policies relating to affordable housing were summarised.



## 3. Defining the housing market areas

### Introduction

- 3.1 An important part of any SHMA is the definition of a housing market area. This chapter reviews the data available (plus new data from the household survey) to check the validity of the four Districts as two housing market areas. The CLG advice note 'Identifying sub-regional housing market areas' (March 2007) notes that:

**CLG  
Advice  
note**

*"...housing market areas are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work."*

[CLG Advice note: Identifying sub-regional housing market areas, para 6 (pp. 6)]

### Definition of Housing Markets: CLG Guidance

- 3.2 The definition of a housing market is considered by CLG to be an integral part of any HMA process; while an analysis of geographical parts of a housing market may yield informative results, it will not give a total picture of the market as experienced by those seeking to live within it. CLG recommends that where a housing market cuts across local authority boundaries, that Councils should:

**CLG  
Advice  
note**

*"...use a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas."*

[CLG Advice note: Identifying sub-regional housing market areas, para 5 (pp. 6)]

- 3.3 Defining housing markets is not an exact science; as recognised by CLG there is no consensus on a single preferred methodology. As such regions and local authorities are not required to use any single recommended method. The most frequently adopted methodologies from the CLG Guidance, and used for this document, have been based upon migration patterns and travel to work areas.

**CLG  
Advice  
note**

**“Identifying suitable thresholds for self-containment.** The typical threshold for self-containment is around 70 per cent of all movers in a given time period. ... Some areas may be relatively more or less self-contained, and it may be desirable to explore different thresholds.”

**Travel to Work areas and other functional areas:** “Functional areas can provide useful contextual information in terms of the spatial extent of sub-regional housing market areas. For example, travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location.”

[CLG Advice note: Identifying sub-regional housing market areas (pp. 10-11)]

- 3.4 Guidance also emphasises the importance of consultation with stakeholders and community representatives in determining housing market areas, in particular with estate agents who may have specialist qualitative knowledge of the market (pp. 7, para. 12).

### **Housing Market Areas (HMAs)**

- 3.5 Previous housing market analysis undertaken in the South West region for the South West Regional Housing Board identified two HMAs within the study area, one centred on Taunton and another on Yeovil (South Somerset – West Dorset), and also influence in Sedgemoor District from a broader Bristol-based HMA to the north. Other HMAs identified include the Northern Peninsula HMA in the West, encompassing the western side of West Somerset, and Dorset HMAs influencing the south side of South Somerset.
- 3.6 The following section tests the validity of these HMAs through consideration of migration and travel-to-work statistics, as suggested by Guidance.

### **Evidence from the Census: Migration**

- 3.7 It is useful to consider the strength of links between districts and boroughs in terms of migration, as shown in the tables below. As can be seen, all three districts in the proposed Taunton HMA have closer migration links with each other (when flows are adjusted for population) than with any other local authority area, clearly validating the suggested coherence of this area as an HMA.

- 3.8 In contrast, the top two strongest migration linkages for South Somerset are both in Dorset, with a particularly strong link shown with West Dorset. This validates the view expressed in the regional report that Yeovil is the centre of a South Somerset / West Dorset HMA separate from a wider Taunton HMA.

<b>Table 3.1 Top 5 strongest migration links for each district</b>				
<b>Sedgemoor</b>				
	Inflow	Outflow	Net Flow	Total Flow per person
<b>Taunton Deane</b>	<b>333</b>	<b>452</b>	<b>-119</b>	<b>7.35</b>
<b>West Somerset</b>	<b>123</b>	<b>120</b>	<b>3</b>	<b>6.85</b>
Mendip	264	293	-29	5.19
North Somerset	540	361	179	4.62
South Somerset	158	142	16	1.92
<b>Taunton Deane</b>				
	Inflow	Outflow	Net Flow	Total Flow per person
<b>West Somerset</b>	<b>287</b>	<b>191</b>	<b>96</b>	<b>13.46</b>
<b>Sedgemoor</b>	<b>452</b>	<b>333</b>	<b>119</b>	<b>7.14</b>
Mid Devon	298	143	155	6.04
South Somerset	471	251	220	4.63
East Devon	203	153	50	2.74
<b>West Somerset</b>				
	Inflow	Outflow	Net Flow	Total Flow per person
<b>Taunton Deane</b>	<b>191</b>	<b>287</b>	<b>-96</b>	<b>4.48</b>
<b>Sedgemoor</b>	<b>120</b>	<b>123</b>	<b>-3</b>	<b>2.21</b>
Mid Devon	40	38	2	1.07
North Devon	32	43	-11	0.83
South Somerset	35	52	-17	0.56
<b>South Somerset</b>				
	Inflow	Outflow	Net Flow	Total Flow per person
<b>West Dorset</b>	<b>568</b>	<b>492</b>	<b>76</b>	<b>11.06</b>
<b>North Dorset</b>	<b>253</b>	<b>234</b>	<b>19</b>	<b>7.45</b>
Taunton Deane	251	471	-220	6.76
Mendip	344	348	-4	6.45
Sedgemoor	142	158	-16	2.73

Source: 2001 Census data (from Nomis website) \* in terms of domestic flows only

- 3.9 The tables below show the overall migration statistics for the two areas, taken from the 2001 Census. The figures shown are for the HMAs in their entirety, hence 'Inflow' and 'Outflow' refer to moves in/out of the HMA. 'Internal flow' refers to those moving within the HMA. International inflow is not possible to estimate, since those who had already moved out of the UK in 2000/01 could not be included in the Census.

- 3.10 Both HMAs show a similar level of self-containment in terms of inflow, at 59.1% for Taunton and 56.1% for South Somerset. Both of these are above 50%, indicating that more than half of moves taking place were within the HMA. The self-containment in terms of outflow was however higher, above the suggested Guidance threshold at 70.1% in Taunton.
- 3.11 South Somerset does not meet this threshold; however, as part of a wider South Somerset/West Dorset HMA, it would not be expected to be entirely self-contained.

<b>Table 3.2 Taunton HMA: migration self-containment</b>			
	Inflow	Outflow	Net Flow
Domestic	9,900	7,592	+2,308
International	1,603	?	?
No Usual Address	816	?	?
Total	12,319	?	?
Internal Flow	17,796	17,796	n/a
Self-containment	59.1%	70.1%*	n/a

Source: 2001 Census data (from Nomis website) \* in terms of domestic flows only

<b>Table 3.3 South Somerset: migration self-containment</b>			
	Inflow	Outflow	Net Flow
Domestic	6,155	5,924	+231
International	915	?	?
No Usual Address	650	?	?
Total	7,720	?	?
Internal Flow	9,860	9,860	n/a
Self-containment	56.1%	62.5%*	n/a

Source: 2001 Census data (from Nomis website) \* in terms of domestic flows only

### Evidence from the Census: Travel to Work

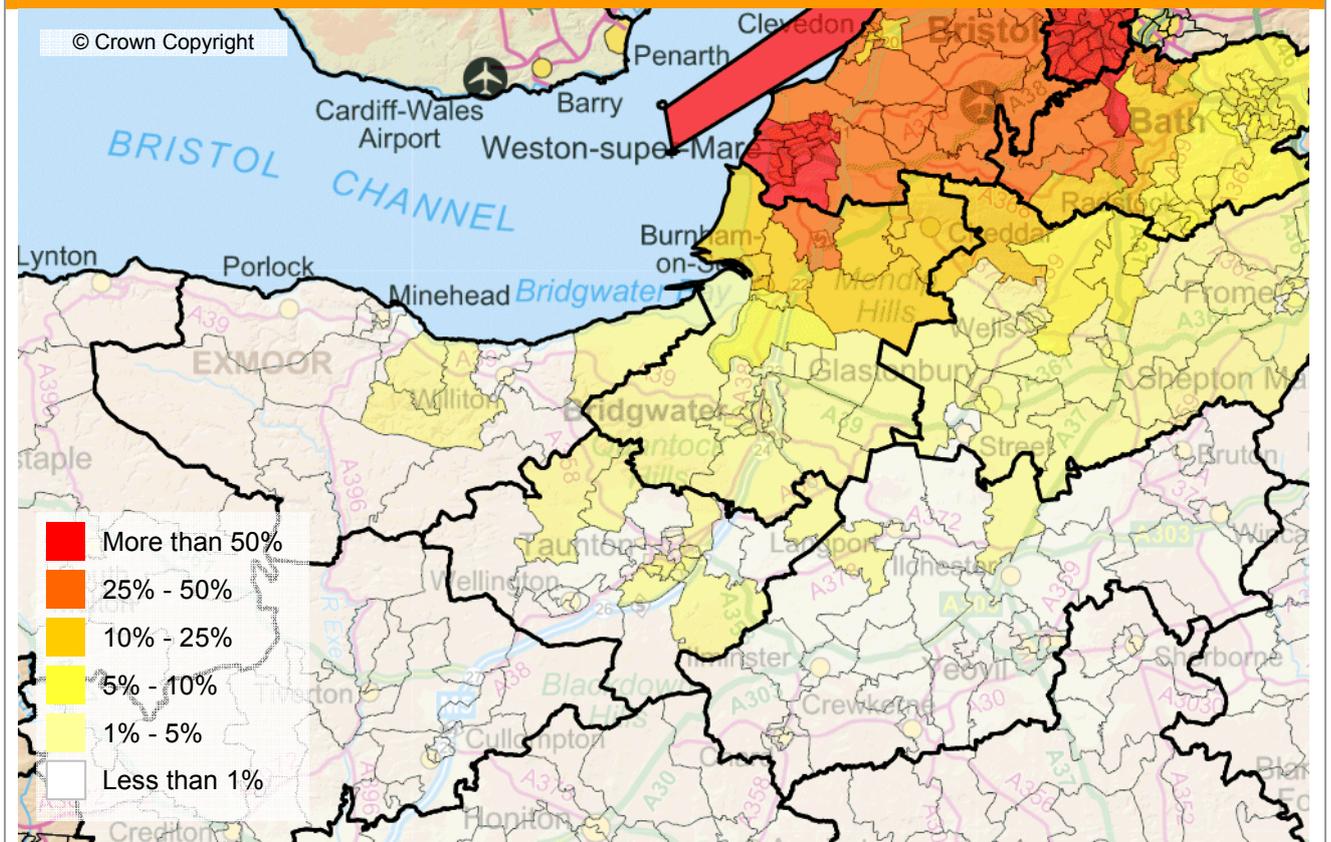
- 3.12 The maps that follow show the travel to work areas of the main employment centres within Taunton and South Somerset HMAs. A ward was classified as part of an employment centre if, according to Census data, it contained an average of more than 500 jobs per km<sup>2</sup>. The employment centres found within the study area are listed below, together with some particularly influential commuting centres in the wider area.

<b>Table 3.4 Employment centres in the study area</b>	
Area	Employment Centres
Taunton HMA	Taunton, Bridgwater, Minehead, Burnham-on-Sea, Wellington
South Somerset	Yeovil, Chard
<i>Outside HMA but with significant influence</i>	<i>Bristol, Weston-super-Mare</i>

Source: 2001 Census data (from Nomis website)

- 3.13 As can be seen in the maps below, the travel to work areas of these employment centres largely confirm that the proposed HMA boundaries broadly fit the commuting patterns of the area. The areas coloured orange or red indicate where 10% or more of the employed population works in one of the main employment centres within the HMA, and broadly coincide with the proposed HMA boundaries. The choice of 10% is arbitrary and the general patterns shown are likely to hold true if a different percentage figure were used.
- 3.14 It should be noted that although 10% of the working population is a small proportion, the remaining 90% will include a very large number of people who work from home or who have no fixed location of work. There will also be many people who work in rural areas of the HMA, outside the major employment centres.
- 3.15 As can be seen in the map below, there are few areas of the proposed Taunton HMA where less than 10% of the employed population works in one of these centres, although there are small areas of influence outside the HMA. There is also a clear 'core area' centred around Southern Sedgemoor and Taunton Deane Borough itself.
- 3.16 There are two areas with relatively weak links to this centre; Exmoor in the far west contains very few commuters of any sort, with a high proportion of people working locally or from home. While it is not strongly connected to the main urban centres in the HMA, neither is it strongly connected to any other urban centres. Cheddar in the north, as will be seen, has significant links to the north, and is therefore more problematic.

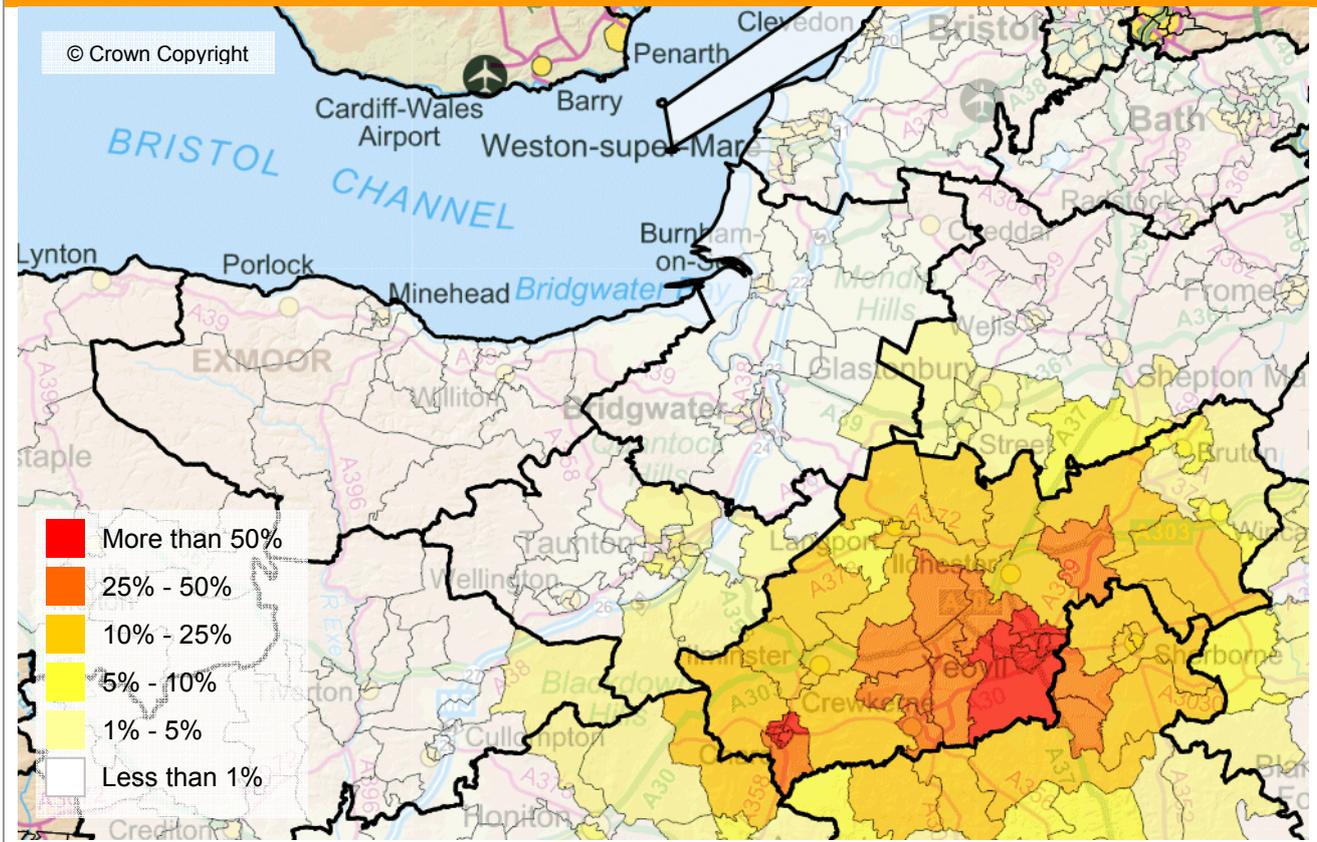


**Figure 3.2 Taunton HMA: % of population working in Bristol or Weston-super-Mare**

Source: Census 2001

- 3.19 The commuting data bears out the regional report's conclusion of a cross-border HMA between Somerset and Dorset centred on Yeovil. As might be expected given the proximity of Yeovil to the District boundary, there are strong travel to work connections across the border into Dorset toward Sherborne and Beaminster.
- 3.20 Wincanton and Bruton show a relatively weak link to the main employment centres; however like parts of West Somerset these are relatively rural, remote areas and it is likely that this is due to high levels of very local self-containment, and that they could not reasonably be said to be part of any other large HMA.

**Figure 3.3 South Somerset: % of population working in main employment centres**



Source: Census 2001

- 3.21 It is also useful to consider the overall flows per district, particularly for the Taunton HMA. While there is a daily net flow of commuters out of Sedgemoor and West Somerset, there is a net flow into Taunton Deane, illustrating its importance as a centre beyond the District boundaries, and reinforcing the case for presenting the area as a single HMA.
- 3.22 South Somerset also has a net inflow of commuters, as might be expected mostly from West Dorset, illustrating its importance as an economic centre independent of Taunton Deane, and the economic core of the South Somerset/West Dorset HMA.

**Table 3.5 Net flows: travel to work**

	Outflow	Inflow	Total Net Flow
Sedgemoor	14,349	7,358	-6,991
Taunton Deane	8,372	11,855	3,483
West Somerset	3,004	1,993	-1,011
South Somerset	12,515	13,644	1,129

Source: 2001 Census data (from Nomis website)

- 3.23 The self-containment statistics for commuting shown below show stronger internal than external links within both the Taunton HMA and South Somerset. Of those employed individuals living in the Taunton HMA, 84.7% worked within the area as of 2001, and 88.6% of those employed within the area lived there. For South Somerset the level of containment was slightly lower, mostly due to the influence of West Dorset, with 82.0% of employed individuals working within South Somerset, and 81.1% of the local workforce living within the HMA.

<b>Table 3.6 Taunton HMA: travel to work self-containment</b>			
	Inflow	Outflow	Net Flow
Domestic	12,075	16,594	-4,519
International	?	346	?
Total	12,075	16,940	?
Internal Flow	93,747	93,747	n/a
Self-containment	88.6%*	84.7%	n/a

Source: 2001 Census data (from Nomis website) \* in terms of domestic flows only

<b>Table 3.7 South Somerset: travel to work self-containment</b>			
	Inflow	Outflow	Net Flow
Domestic	13,644	12,515	1,129
International	?	277	?
Total	?	12,792	?
Internal Flow	58,462	58,462	n/a
Self-containment	81.1%*	82.0%	n/a

Source: 2001 Census data (from Nomis website) \* in terms of domestic flows only

## Survey Data

- 3.24 It is possible to use household survey data to verify the continued relevance of the 2001 data above. The primary survey asked about both future moves and past moves, and therefore was able to estimate migration both into and out of the study area.

### *Future and past household moves*

- 3.25 The table below looks at the current and previous locations of households who have moved home over the past two years. When we consider the Taunton HMA we see that 64.7% of all households who moved in the past two years had previously lived in a property within the HMA. This indicates a similar degree of self-containment to the Census in terms of migration patterns.

3.26 In South Somerset the proportion is lower, at 52.4%. However, the links with West Dorset are limited, with just 2.3% of the population moving from this area into South Somerset District. This suggests that while there are strong links between South Somerset and West Dorset, studying them together is not necessary in order to obtain reasonable results.

**Table 3.8 Location of previous home for households moving in last two years South Somerset and Taunton HMA**

Location of previous home	South Somerset		Taunton	
	No. of hhs	% of hhs	No. of hhs	% of hhs
North Somerset	86	0.6%	1,321	6.0%
Bath & North East Somerset	104	0.7%	205	0.9%
East Devon	127	0.9%	214	1.0%
Mendip	467	3.3%	327	1.5%
Mid Devon	58	0.4%	384	1.7%
North Devon	0	0.0%	84	0.4%
North Dorset	237	1.7%	0	0.0%
<b>Sedgemoor</b>	453	3.2%	<b>6,231</b>	<b>28.3%</b>
<b>South Somerset</b>	<b>7,457</b>	<b>52.4%</b>	343	1.6%
<b>Taunton Deane</b>	818	5.8%	<b>6,048</b>	<b>27.5%</b>
West Dorset	323	2.3%	81	0.4%
<b>West Somerset</b>	114	0.8%	<b>1,954</b>	<b>8.9%</b>
Any other area	3,975	28.0%	4,835	21.9%
<b>Total</b>	<b>14,219</b>	<b>100.0%</b>	<b>22,028</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA household survey data (2008)

3.27 In terms of expected future moves, indicating future likely outflows, the table below shows similar levels of self-containment for each area. In the Taunton HMA we see that a very high proportion - over 77.3% - of all households who needed or were likely to move in the next two years expected to remain within the HMA.

3.28 In South Somerset the proportion is slightly lower, at 62.7%. The linkage with West Dorset is again shown to be relatively weak in terms of outflows.

3.29 The overall picture remains similar to that shown by the Census, although the link between South Somerset and West Dorset appears less strong.

**Table 3.9 Expected destinations of households moving in next two years South Somerset and Taunton HMA**

Expected future destination	South Somerset		Taunton	
	No. of hhs	% of hhs	No. of hhs	% of hhs
North Somerset	240	1.9%	479	2.4%
Bath & North East Somerset	0	0.0%	38	0.2%
East Devon	380	3.0%	168	0.8%
Mendip	313	2.4%	374	1.9%
Mid Devon	0	0.0%	229	1.1%
North Devon	0	0.0%	78	0.4%
North Dorset	217	1.7%	19	0.1%
<b>Sedgemoor</b>	308	2.4%	<b>6,075</b>	<b>30.4%</b>
<b>South Somerset</b>	<b>8,046</b>	<b>62.7%</b>	206	1.0%
<b>Taunton Deane</b>	537	4.2%	<b>7,220</b>	<b>36.1%</b>
West Dorset	390	3.0%	36	0.2%
<b>West Somerset</b>	35	0.3%	<b>2,163</b>	<b>10.8%</b>
Any other area	2,369	18.5%	2,902	14.5%
<b>Total</b>	<b>12,835</b>	<b>100.0%</b>	<b>19,987</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA household survey data (2008)

### Travel to work

- 3.30 Finally we can look at travel to work data from the household survey results. The table below shows the locations of employment of people who are currently working. The data is only for the survey respondent (if in employment) although the results for partners' work locations do not differ to any notable degree.
- 3.31 The table suggests that 85.2% of people in employment who live in the HMA also work in the area, including 9.2% who work from home. This is a slightly lower figure than found from the Census (84.7%).

**Table 3.10 Location of employment for survey respondents in work: Taunton HMA**

	No. of households	% of households
Working from home	6,121	9.2%
Within HMA	50,640	76.0%
Surrounding Districts	6,261	9.4%
UK / Abroad	3,626	5.4%
<b>Total</b>	<b>66,648</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA household survey data (2008)

- 3.32 For South Somerset, self-containment is also lower than the Census, at 77.7% compared to 82.0%. These increases across the study area may indicate an increase in commuting distances since 2001, or differences in the survey methodology, for example the method of classification of mobile workers (e.g. taxi drivers).

**Table 3.11 Location of employment for survey respondents in work: South Somerset**

	No. of households	% of households
Working from home	3,570	8.4%
Within South Somerset	29,533	69.3%
Surrounding Districts	6,874	16.1%
UK / Abroad	2,638	6.2%
<b>Total</b>	<b>42,615</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA household survey data (2008)

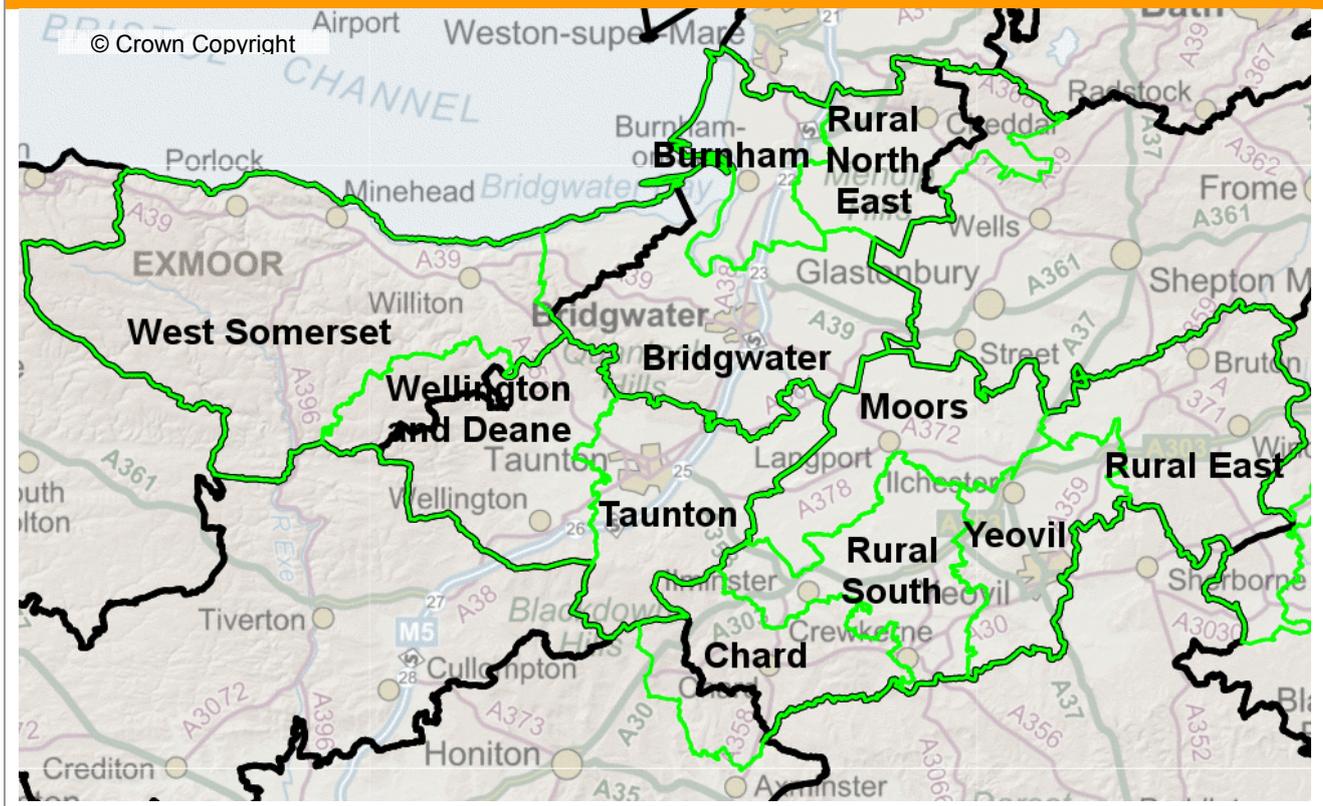
### Housing Market Areas: Taunton and South Somerset

- 3.33 National guidance suggests that determining that the study area covers a whole Housing Market Area (HMA) is an important part of an SHMA, since to obtain the most useful and meaningful results it is necessary to analyse an entire market rather than only part.
- 3.34 Previous work on housing market areas in the region suggests two Housing Market Areas, one centred on Taunton (containing Taunton Deane, Sedgemoor and West Somerset) and the other on Yeovil (containing South Somerset and West Dorset).
- 3.35 Travel to work data shows that the commuting area of the main employment centres in the proposed Taunton HMA shows a good fit with the District boundaries, with the exception of only a small area around Cheddar which shows more links to Bristol and Weston-super-Mare to the north. The commuting area for the main employment centres in South Somerset also shows a good fit with the District boundaries in most directions, with the exception of some overspill to the south into Dorset. Both areas show high levels of self-containment in terms of commuting, over 80% according to Census data.
- 3.36 Both Census data and survey data suggested reasonable although not high levels of self-containment in terms of migration within the suggested HMAs. Further analysis of Census data found strong support for the grouping together of West Somerset, Taunton Deane and Sedgemoor, with stronger migration links within the HMA than outside it in all cases. South Somerset was clearly independent of this grouping, showing stronger migration links with Dorset Districts than other parts of Somerset.
- 3.37 Overall, the data does suggest that the division of the study area into two HMAs, one centred on Taunton and the other on Yeovil, is justified. There is a clear division in terms of both migration and commuting between Taunton and Yeovil that is not seen between Taunton and either Bridgwater or Minehead. However, the South Somerset area does show strong links with West Dorset according to some sources, as the regional study suggests.
- 3.38 However, migration data from the survey suggested that the link between South Somerset and West Dorset was not particularly strong, lending validity to the approach taken, of studying South Somerset separately.

### **Sub-markets within the study area**

- 3.39 To find sub-markets within the study area, Census migration data was analysed. This is the only dataset available with a sufficient sample to consider the significance of moves between individual wards across the entire area, enabling local clusters of wards linked together especially strongly by migration to be identified. The method used took into account population size and excluded any anomalous links (e.g. between military bases in different counties) that were identified.
- 3.40 The process highlighted a number of clusters of wards that were strongly linked, some of which were very small, and therefore could not reasonably be used for analysis as stand-alone units. The groupings which proved too small for practical analysis (e.g. Ilminster in South Somerset) or the wards which showed no strong local linkages to any other location (e.g. Blackmoor Ward in Taunton Deane) were merged with larger adjacent groupings according to which of them they showed the stronger migration links with.
- 3.41 The initial result of this process, showing eleven sub-markets across the study area, is shown on the map below. As can be seen, some of these cross local authority boundaries, including in some cases with districts outside the study area. However, in general the sub-market boundaries did closely follow borough and district boundaries. The strongest links beyond the county boundaries were found into North Dorset, from Wincanton toward the Sturminster Newton and Shaftesbury areas.

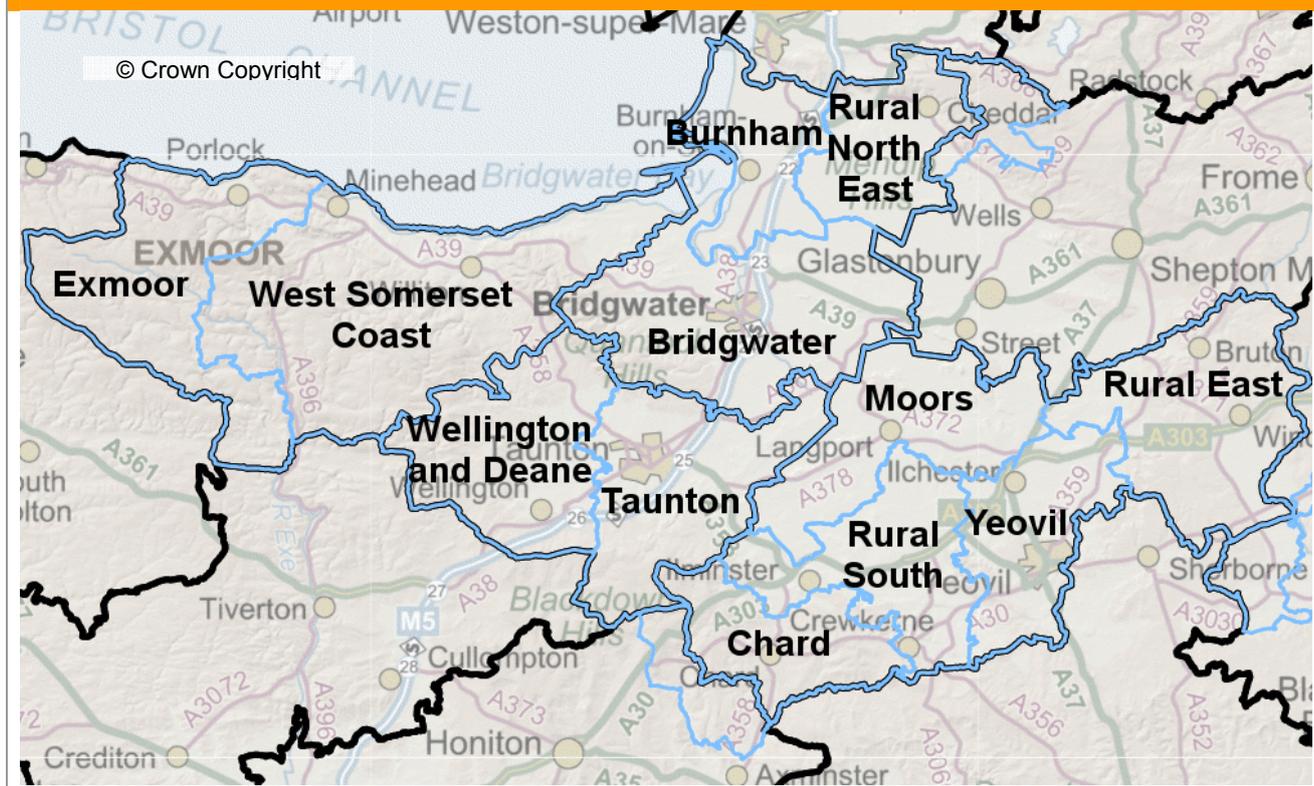
**Figure 3.4 Unmodified sub-markets from Census migration data**



Source: Census 2001

3.42 The next step was to modify these boundaries in order to fit the study's stated aims and reporting requirements. The majority of the changes were to force sub-market boundaries to fit the boundaries of boroughs or districts, for reporting reasons, and to fit the availability of primary data (which is clearly not available for areas outside the four local authorities participating in the study). In addition, one new sub-area was added at the request of West Somerset Council, to allow separate analysis of the issues facing the distinctive rural area of Exmoor. This resulted in the final choice of sub-market areas, as shown in the map below.

Map 3.5 Modified sub-markets used for analysis



Source: Census 2001

- 3.43 The table below gives a short description of each of the twelve sub-markets as identified above. Within the reports to each local authority analysis of survey data has been provided for each of the relevant 'sub-markets'. In addition, a separate (but complementary) assessment of sub-markets is provided in Chapter 9 based on our discussions with local estate and letting agents.

**Table 3.12 Descriptions of sub-markets used for analysis**

District / Borough	Sub-Market	Description
West Somerset	Exmoor	A very rural area, with Porlock on the coast, and inland villages in Exmoor such as Dulverton and Simonsbath. It has significant links to Minehead (in terms of population movements) and is only considered a separate market due to its distinctive character.
	West Somerset Coast	The core coastal area of West Somerset, containing a single well integrated market containing most of the District's towns, including Minehead, Watchet and Williton.
Taunton Deane	Taunton	The town of Taunton and the surrounding villages, some of which have very close links to the town. One ward (Norton Fitzwarren) has weak local links due to being dominated by a military base (although this may change due to the relatively high level of development in this area).
	Wellington & Deane	A rural area between Taunton and West Somerset, showing relatively weak internal links between the main settlements of Wellington, Milverton, Wiveliscombe and Bishop's Lydeard.
Sedgemoor	Bridgwater	The town of Bridgwater and the surrounding villages with close links to the town. Some outer wards are relatively self-contained, but show stronger links to Bridgwater than any other area.
	Burnham	A well-defined local market, covering the coastal town of Burnham and surrounding villages.
	Rural North East	This sub-market is located on the southern fringes of the Mendip hills, and while clearly a separate market shows weak links to Burnham, and could be said to include one ward in Mendip District (Rodney and Priddy).
South Somerset	Chard	Chard is one of the larger towns in the District outside Yeovil, and has a well-defined local market with only weak links to other towns.
	Rural South	The settlements of Crewkerne, Ilminster and South Petherton each have their own a semi-independent local market, too small for individual analysis, but show stronger links to each other than to any larger towns such as Chard or Yeovil.
	Moors	This lowland area is separated from the Rural South sub-market by the River Yeo and the surrounding sparsely populated floodplain. It contains the towns of Somerton and Langport, and shows some weak links to the Glastonbury and Street area.
	Yeovil	A well-defined market around the town of Yeovil; one ward included here, however, has relatively weak links to the surrounding area due to the presence of a military base.
	Rural East	This is a surprisingly well-integrated rural market, covering all of Wincanton, Bruton, Castle Cary and Milborne Port. It could also be argued to have significant links to Sturminster Newton and Shaftesbury in North Dorset.

Source: Fordham Research (2008)

## Summary

- i) Previous studies had suggested two Housing Market Areas (HMAs) within the study area: Taunton (containing Taunton Deane, Sedgemoor and West Somerset) and Yeovil (South Somerset and West Dorset).
- ii) Travel to work data broadly supported these conclusions, showing a clear divide between Taunton and Yeovil that was not found between Taunton and the other parts of the study area.
- iii) Migration data from the survey suggested that the link with West Dorset was not unusually strong, validating the approach of studying South Somerset separately from West Dorset.
- iv) Both resulting HMAs showed high levels of self-containment for travel to work, exceeding the suggested 70% threshold.



## SECTION B: THE DEMOGRAPHIC AND ECONOMIC CONTEXT

This Section of the report studies a range of background information relevant to the housing markets in the study area. It provides a comprehensive description of the socio-economic situation in the area using data from both primary and secondary sources. The information presented compares the circumstances in the area in a local, regional and national context. The section aims to answer the following questions:

- What is the demographic profile of the area?
- What is the economic profile of the area?
- How have these profiles changed over time?



## 4. Composition of the population and demographic trends

### Introduction

- 4.1 A key determinant of housing requirements and how these are likely to change in the future is the demographic profile of the population. This chapter will outline the structure of the resident population and changes to its composition. The chapter will also discuss the household structure in the study area.
- 4.2 The effect of the demography of the study area on the housing market will be considered in Chapter 16.

### Resident population

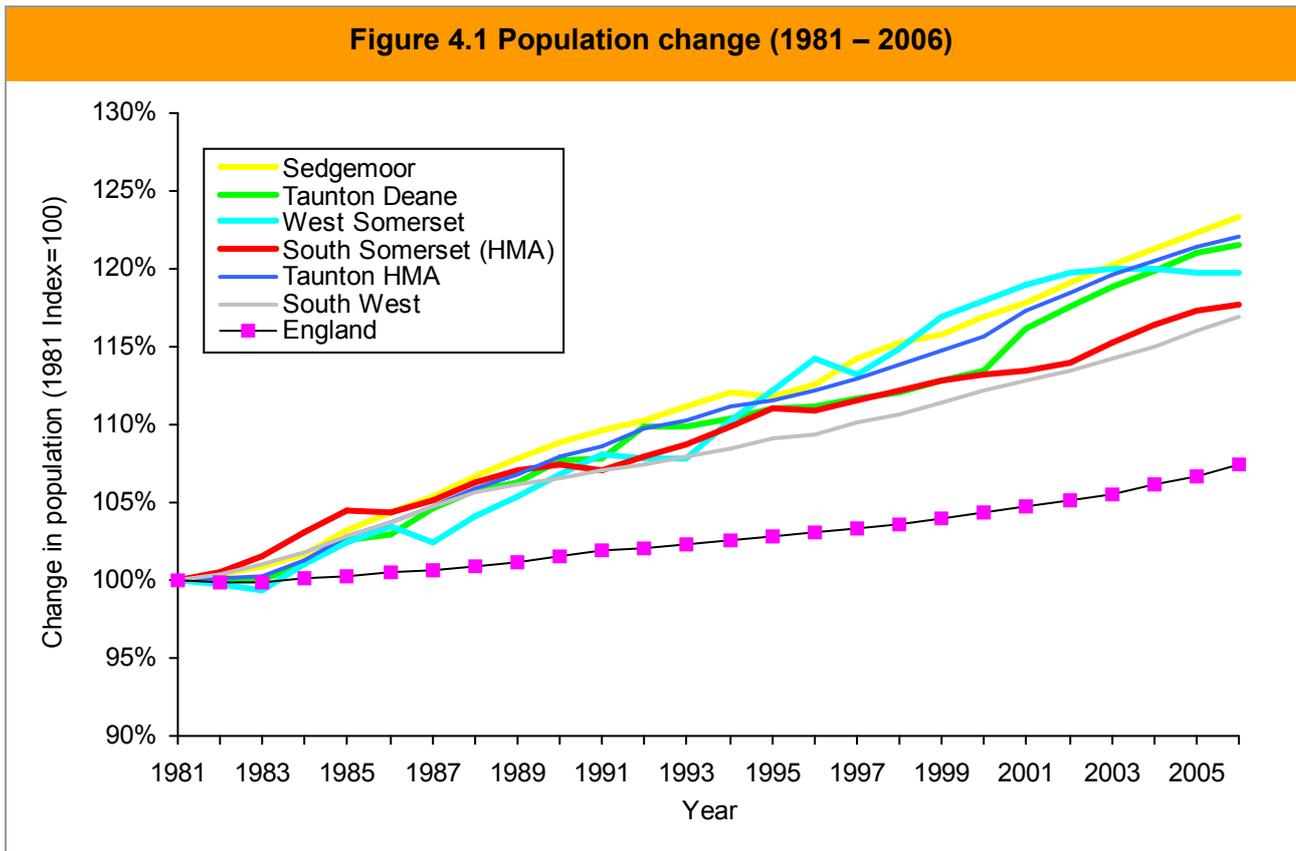
- 4.3 The latest Office for National Statistics (ONS) population estimates indicate that there were 156,700 people resident in South Somerset and 253,700 in the Taunton HMA in 2006. The table below shows the population change recorded since 1981.
- 4.4 The table indicates that since 1981 the population of all areas has increased significantly. For all individual local authorities and HMAs the population increase is more than double that found for England as a whole and also above the South West average. Of the individual authorities Sedgemoor shows the highest population increase – the population having risen by 23.3% over the past 25 years or so.

**Table 4.1 Population change in the study area (1981 – 2006)**

Area	Population (1981)	Population (2006)	Absolute change	% change
Sedgemoor	90,000	111,000	+21,000	+23.3%
Taunton Deane	88,300	107,400	+19,100	+21.6%
West Somerset	29,500	35,300	+5,800	+19.7%
South Somerset (HMA)	133,100	156,700	+23,600	+17.7%
Taunton (HMA)	207,800	253,700	+45,900	+22.1%
South West	4,383,400	5,124,100	+740,700	+16.9%
England	54,814,500	58,845,700	+4,031,200	+7.4%

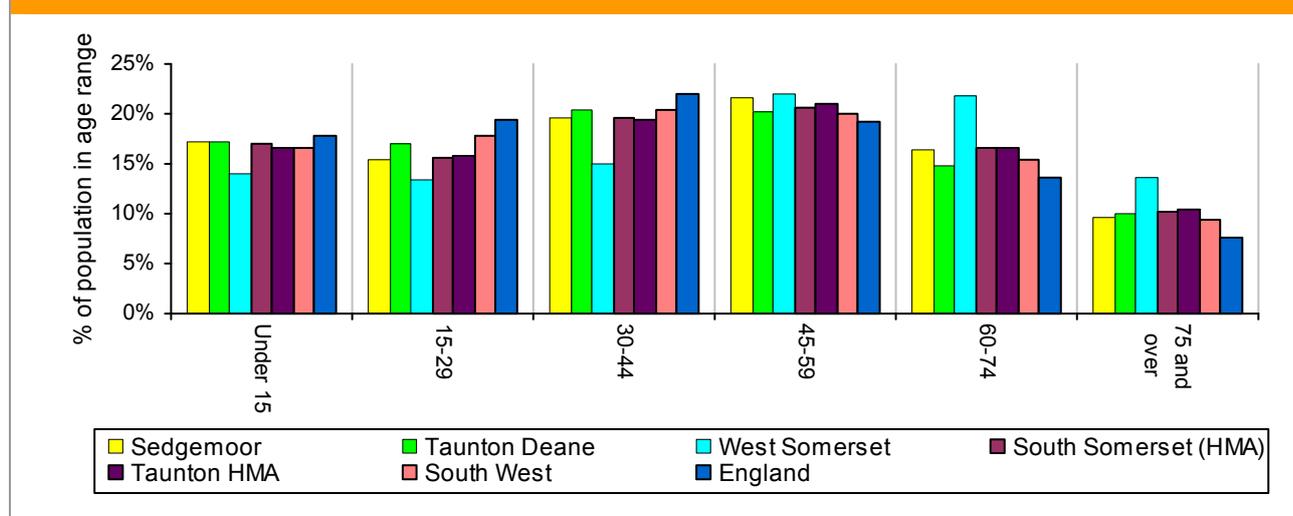
Source: ONS mid year population estimates (from Nomis website)

- 4.5 The figure displays these population changes graphically. To allow comparison between the areas the change recorded is indexed from a base date of 1981.



### Age profile in the study area

4.6 It can be seen from the chart below that compared to nationally and regionally, the two HMAs contain a higher proportion of older people (age 60 and over) and lower proportions of those aged between 15 and 44. West Somerset stands out as the most extreme case with significantly higher proportions of people aged 60 and over than any of the other areas studied.

**Figure 4.2 Study area age profile compared regionally and nationally (2006)**

Source: ONS population projections (2004 base)

## Ethnicity

- 4.7 The table below shows the ethnic breakdown of the population in the study area. As can be seen, the proportion of the population in a BME group in both HMAs is low by national standards and also on the low side when compared with figures for the South West. Overall, 1.1% of the population of South Somerset are from a non-White group, with a figure of 1.3% in the Taunton HMA. These figures compare with 2.3% for the South West and 9.0% nationally. There is no one dominant ethnic group within any of the areas, although White Other is the largest, making up 1.1% of the population in both HMAs.
- 4.8 However the market survey, stakeholder work and Fordham Research's visits to towns revealed a local economy that employed a significant Eastern European population. These were principally employed in the Food, Distribution and Hospitality industries as well as the seasonal tourist industries especially in Minehead (see Chapter 17, para 17.13 onwards).

**Table 4.2 Ethnicity of population, 2001**

Ethnicity	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	England
White British/Irish	98.0%	97.2%	98.1%	97.8%	97.7%	96.1%	88.3%
White Other	0.9%	1.3%	1.1%	1.1%	1.1%	1.6%	2.7%
Mixed	0.5%	0.5%	0.4%	0.5%	0.5%	0.8%	1.3%
Asian or Asian British	0.3%	0.4%	0.2%	0.2%	0.3%	0.7%	4.6%
Black or Black British	0.1%	0.2%	0.1%	0.1%	0.2%	0.4%	2.3%
Chinese and other	0.2%	0.5%	0.1%	0.3%	0.3%	0.4%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	105,881	102,299	35,076	150,969	243,256	4,928,434	49,138,831

Source: Census 2001

## Household composition

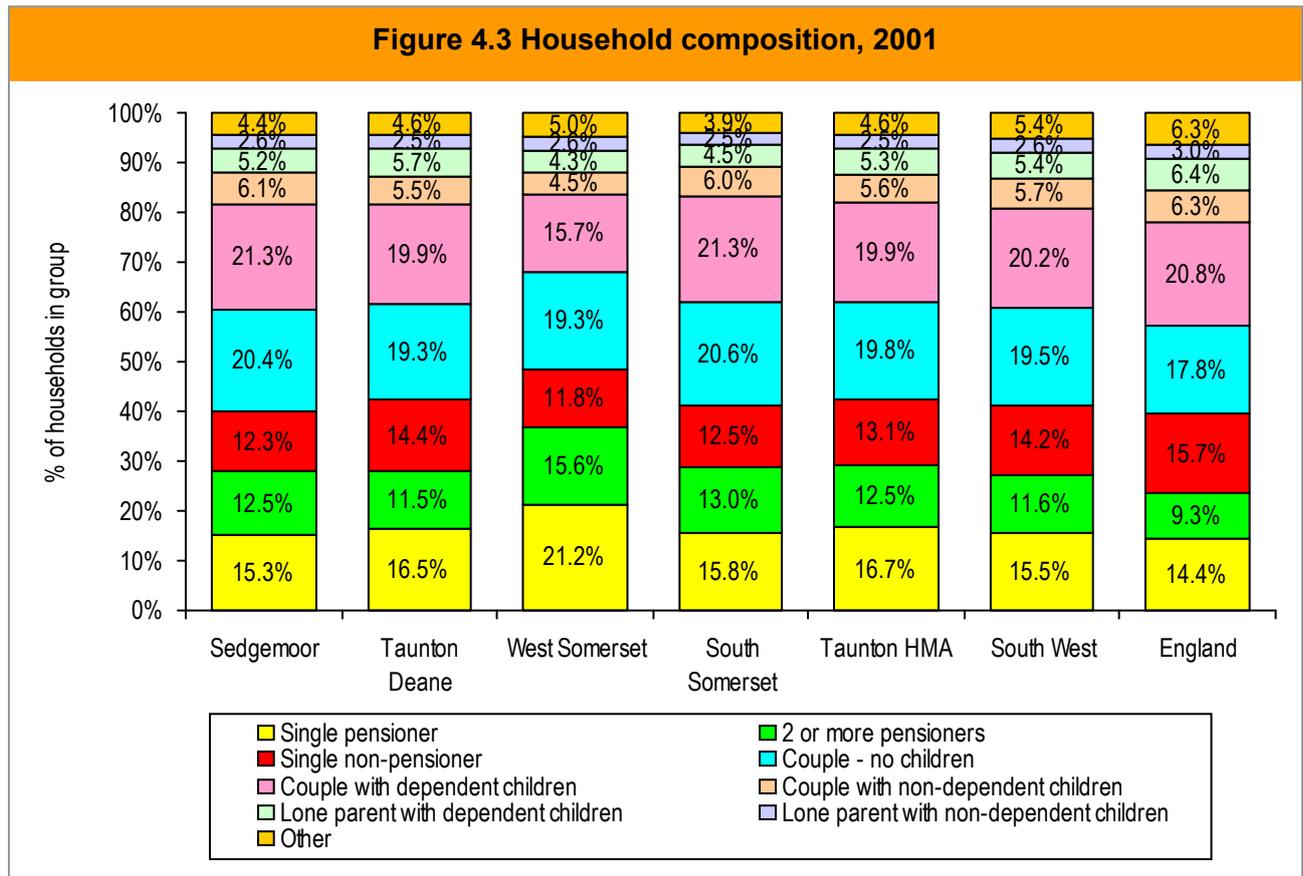
- 4.9 The Census recorded that there were 63,769 households in South Somerset in 2001, containing an average of 2.37 persons per household. In the Taunton HMA the figure was 103,937 with an average size of 2.34. Both of these average household sizes are in line with the regional equivalent and slightly smaller than the national average of the time (of 2.40). Within the Taunton HMA, West Somerset stands out as having a particularly small average household size (of only 2.24 persons per household).

<b>Table 4.3 Average household size, 2001</b>			
	Population	Households	Average household size
Sedgemoor	105,881	44,432	2.38
Taunton Deane	102,299	43,880	2.33
West Somerset	35,075	15,625	2.24
South Somerset (HMA)	150,969	63,769	2.37
Taunton HMA	243,255	103,937	2.34
South West	4,928,434	2,085,984	2.36
England	49,138,831	20,451,427	2.40

Source: Census (2001)

## Household Structure

- 4.10 The figure below shows the household structure in the study area according to the Census in 2001, compared with the regional and national profiles. The main difference in terms of household composition between the study area and national distributions is the proportion of pensioner-only households, which make up 28.8% of households in South Somerset and 29.2% in the Taunton HMA. These figures compare with just 23.7% in England. There are also fewer single (non-pensioner) adult households.



Source: Census 2001

### Tenure profile

4.11 The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of 2001 Census data reveals that in 2001 around 74.6% of households in South Somerset were owner-occupiers (including shared ownership) with a figure of 73.7% in the Taunton HMA. These figures are significantly above the national average and also slightly above the regional figure. The Census suggests that around 14% of households were in the social rented sector (in line with regional but below national averages) and 12% were renting privately (including the 'other' group).

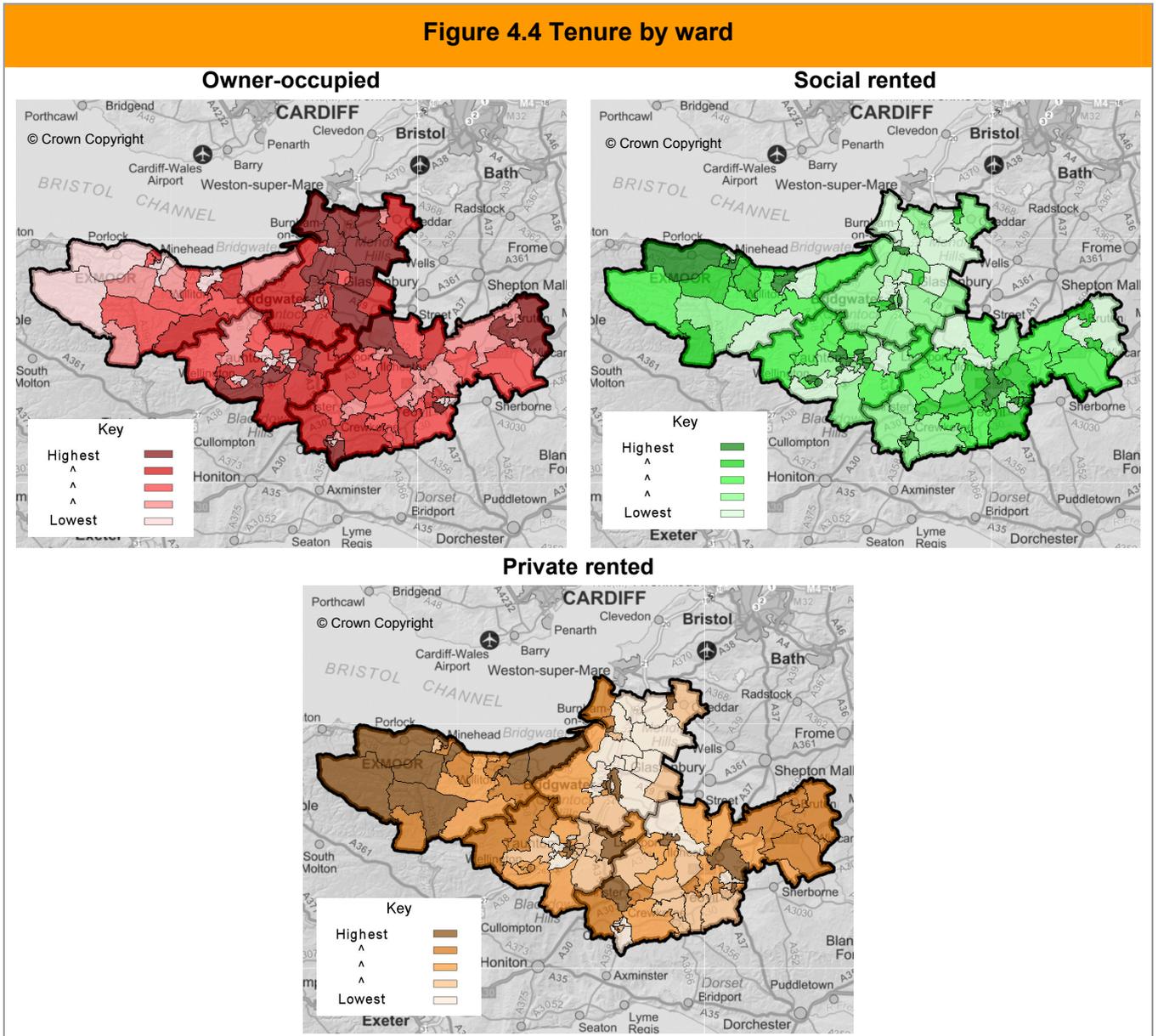
**Table 4.4 Tenure (Census 2001)**

Tenure	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	England
Owns outright	35.9%	32.7%	44.9%	35.5%	35.9%	34.1%	29.2%
Owns with a mortgage or loan	40.5%	38.1%	25.7%	38.6%	37.3%	38.4%	38.9%
Shared ownership	0.6%	0.5%	0.3%	0.5%	0.5%	0.6%	0.7%
Council (local authority)	8.2%	13.4%	1.1%	5.6%	9.4%	7.7%	13.2%
Housing Association/RSL	4.2%	3.0%	13.1%	8.3%	5.1%	5.8%	6.1%
Private landlord or letting agency	7.2%	8.2%	9.9%	7.1%	8.0%	9.6%	8.8%
Other	3.3%	4.0%	4.8%	4.4%	3.8%	3.8%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Office for National Statistics 2008 (from 2001 Census data)

- 4.12 The maps below show the proportion of households living in each of the three broad tenure groups (owner-occupation, social rent and private rent) by ward.
- 4.13 There are clearly considerable variations within the study area. The affluent character of more rural areas is reflected in their very high proportions of owner-occupation. Private rented accommodation is particularly concentrated in the western wards of West Somerset, whilst the more urban areas show the highest proportions of social rented housing.

Figure 4.4 Tenure by ward



Source: Office for National Statistics 2008 (from 2001 Census data)

## Summary

- i) The population in the study area has increased markedly since 1981, particularly in Sedgemoor. Household sizes were close to the regional average.
- ii) The proportion of pensioner households is slightly higher than average across both HMAs. In West Somerset this was particularly the case, and the District also contained fewer families with children than the rest of the study area.
- iii) The vast majority of the population in the study area are White British or Irish, with the largest minority group being 'White Other'. There is a large European migrant worker population.
- iv) Owner-occupied housing makes up a larger proportion of the total in both HMAs than the national and regional averages. The social rented sector is of a similar size to the regional average, although below the national average.
- v) Owner-occupied housing tended to be found particularly in rural areas, with the exception of rural West Somerset where a high proportion of housing was private rented. Most other rented housing, both social and private, was found in urban areas.

## 5. National context to the SHMA

### Introduction

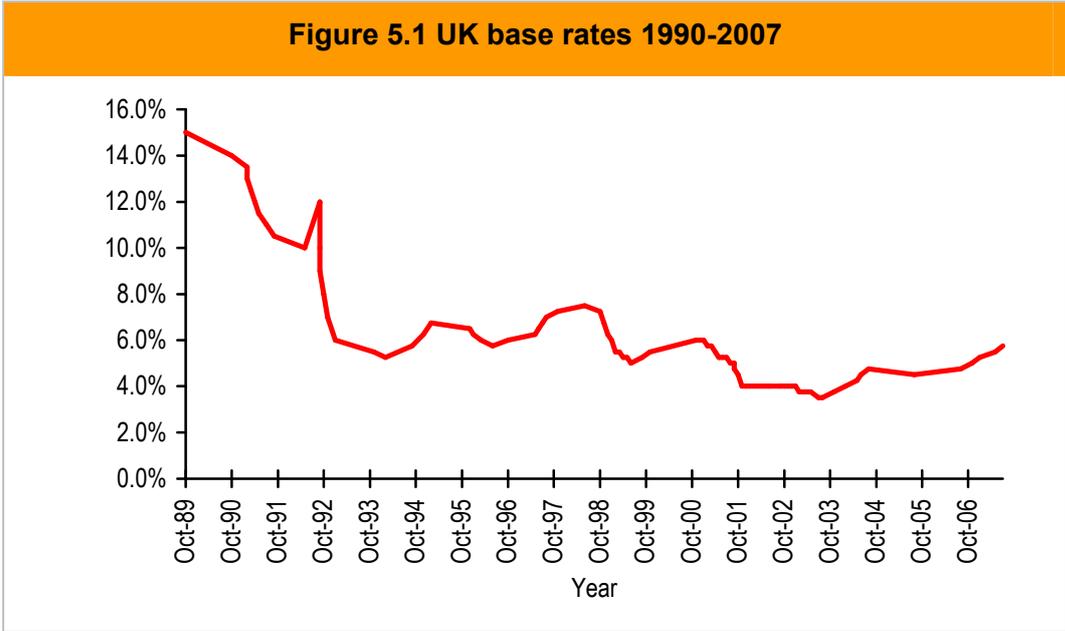
- 5.1 Economic factors such as interest rates affect the supply and demand for housing. This chapter will discuss the impact of economic policy on the housing market cycle and present evidence of economic deprivation locally.
- 5.2 The chapter will conclude with a discussion of national trends in the housing market and specifically how the role of the different tenures has changed.

### The Housing Market Cycle

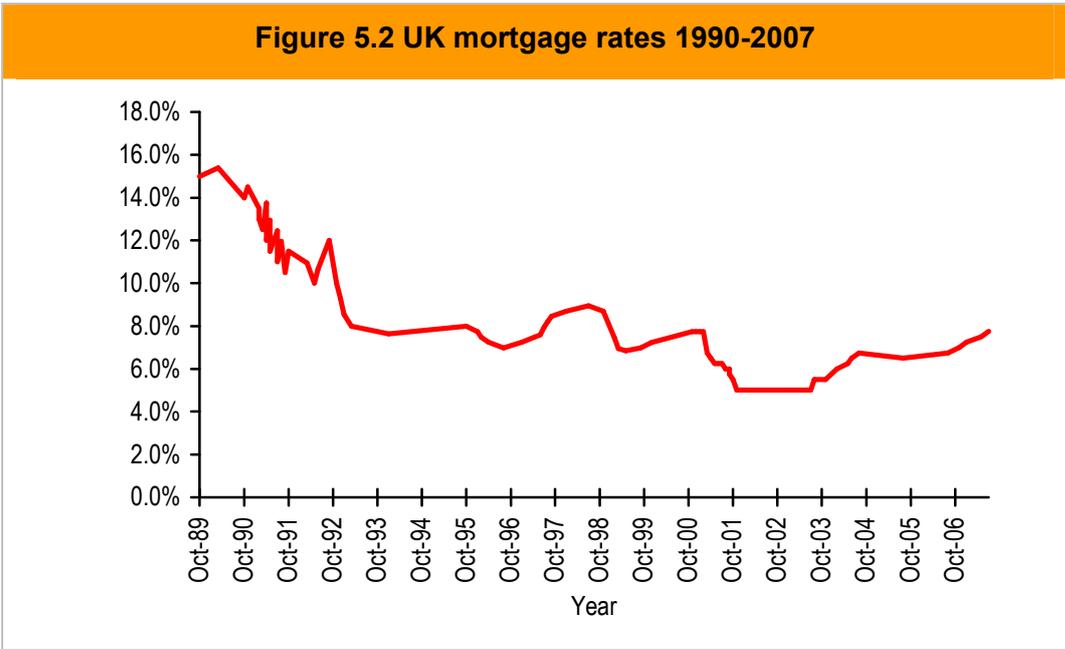
- 5.3 Historically, there has been a direct link between interest rates and house price growth. The very high interest rates of the early 1990s led to many home owners falling into negative equity i.e. the value of their home was less than the value of their mortgage commitment.
- 5.4 When the interest rate started to fall during the early 2000s, house prices increased significantly (see Chapter 11 for detailed house price data). When the interest rate increased between 2004 and 2005, house price growth also slowed.
- 5.5 The Nationwide Building Society predicts that a slower economy, stretched affordability, tighter credit conditions and lower buy-to-let demand will mean that house price inflation during 2008 will be restricted to 0%. Since this was first drafted the situation has changed somewhat and evidence (from a variety of sources such as the Land Registry and Halifax) suggest that property prices have decreased notably (over 10%) throughout 2008.
- 5.6 Whether the current credit squeeze is a short or a long-term issue remains to be seen. However stakeholders considered that there was a significant effect on the parts of the market exacerbated by the oversupply of newbuild apartments; RSLs reported that developers were offering unsold units at substantially discounted rates. RSLs were happy to take advantage but warned that these units achieved are best used as social rented accommodation, as if experienced developers are not able to sell them RSLs are unlikely to be able to use them as shared ownership.

### Interest and base rates

- 5.7 The figures below show the trends in the UK base rate and mortgage rates since 1990. As would be expected the charts largely mirror each other.



Source: Bank of England, 2007



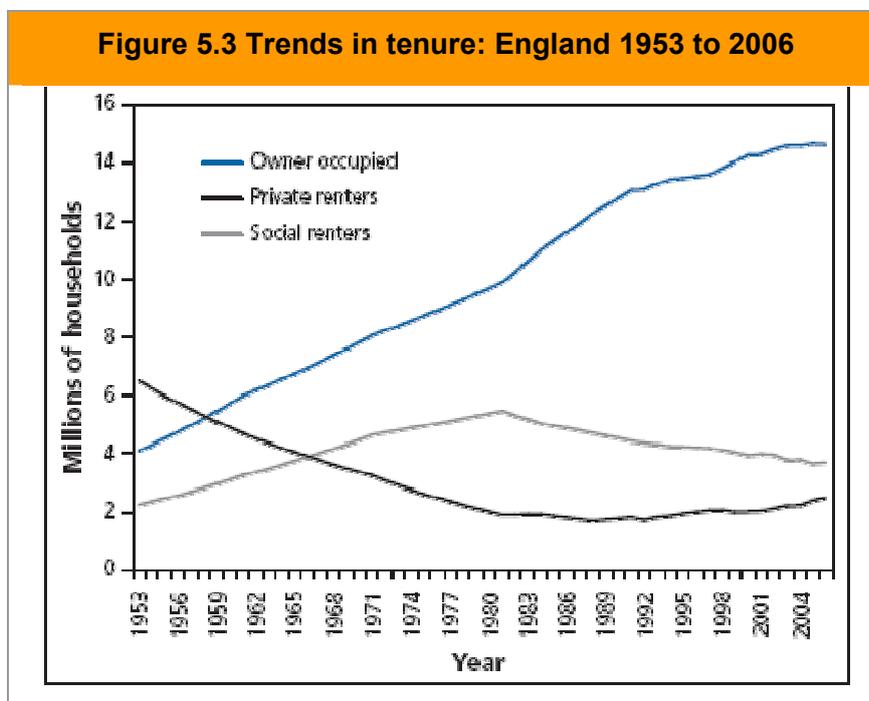
Source: Bank of England, 2007

### Background trends in housing

5.8 In addition to examining economic policy it is useful at this stage to describe the national housing market trends that have been recorded, as they also provide context for understanding the housing market in the study area. This section of the chapter is broken down into various parts, explaining different aspects of housing. The material can be linked to the detailed chapters on aspects of the housing market in the section C of this report.

## National tenure trends

5.9 The evolution of tenure patterns is shown below (from the Survey of English Housing (SEH) 2005/6):



Source: Chart 1a Survey of English Housing 2005/2006

5.10 This vividly shows the radical changes that have occurred since the middle of the last century, when only a third of households were owner-occupiers, as compared with 70% today. When this is taken in conjunction with the price rises discussed in Chapter 9, the revolutionary nature of the change in financial circumstances of the average household can be seen.

## National statistics on each major tenure

5.11 The three main tenures are owner-occupation, social renting and private renting, as shown in the diagram above. For entirely understandable reasons the Government has sought to encourage various 'intermediate' tenures as well as 'low cost market' housing to fill the major gaps in the pattern of provision by price. However the main numbers are still in the three categories shown in the diagram above.

**Owner-occupation**

- 5.12 The proportion of all households who are owner-occupiers has risen from 57% in 1982 to 70% in 2006. It is worth noting, however, that the rate of increase in the proportion of owner-occupiers has essentially stopped: it reached 68% in 1991 and has hardly risen since. This is a strong indication that around 30% of the population is quite a long way from being able to buy: the owner-occupation growth curve hit a ceiling in the early 1990's and the economy has not altered for the excluded 30% since then.
- 5.13 The high rate of price increase witnessed over the last ten years has meant that owners have acquired large amounts of equity. Data from the SEH shows that significant equity has been released by home-owners and its use has become increasingly important in facilitating moves within the housing market. The SEH provides some useful data on the amount of equity released and where it went:

**Figure 5.4 How households used the proceeds from equity release**

Property owning households		2005/06	
What the withdrawn equity was used for	amount withdrawn		all h/holds that withdrew equity
	<£20k	£20k+	
			percent
To pay off debts	31	28	29
To invest or save	8	17	13
Home improvements/renovations	59	54	56
Buy new goods for the property e.g. carpets/furniture	14	17	15
Help finance another property for self (In UK)	2	10	6
Help finance purchase of another property for self (abroad)	1	4	2
Help finance purchase of property for other family member	1	3	2
Buy a car or other vehicle	12	12	12
Pay for a holiday	7	8	7
Pay for school fees	0	1	1
Pay for university costs	1	2	2
Pay for medical fees/nursing home	0	0	0
To help finance a business	1	5	3
Other	9	11	10

Source: Communities and Local Government Survey of English Housing (SEH)  
 Note that people often spent the "withdrawn equity" in more than one way. Therefore the percent of households reporting each reason sums to more than 100.

Source: Table 17 Survey of English Housing 2005/2006

- 5.14 Some 5% of homeowners (nearly 700,000) remove equity from their property each year. On average they remove £33,000. About half of the equity released was used for home improvement. Most of the rest was used for other reasons such as paying off other debt or lifestyle improvements. It is noteworthy that helping other family members to buy is now a noticeable part of the total: about 2% of all withdrawals of equity, and 3% of all those above £20,000.

5.15 The proportion of equity released to assist other family members, normally children, is likely to rise as the costs of entry to the housing market become greater. Our surveys of estate agents commonly show that younger households require some form of equity assistance to buy. This topic is discussed in more detail later in the report.

### **Social renting**

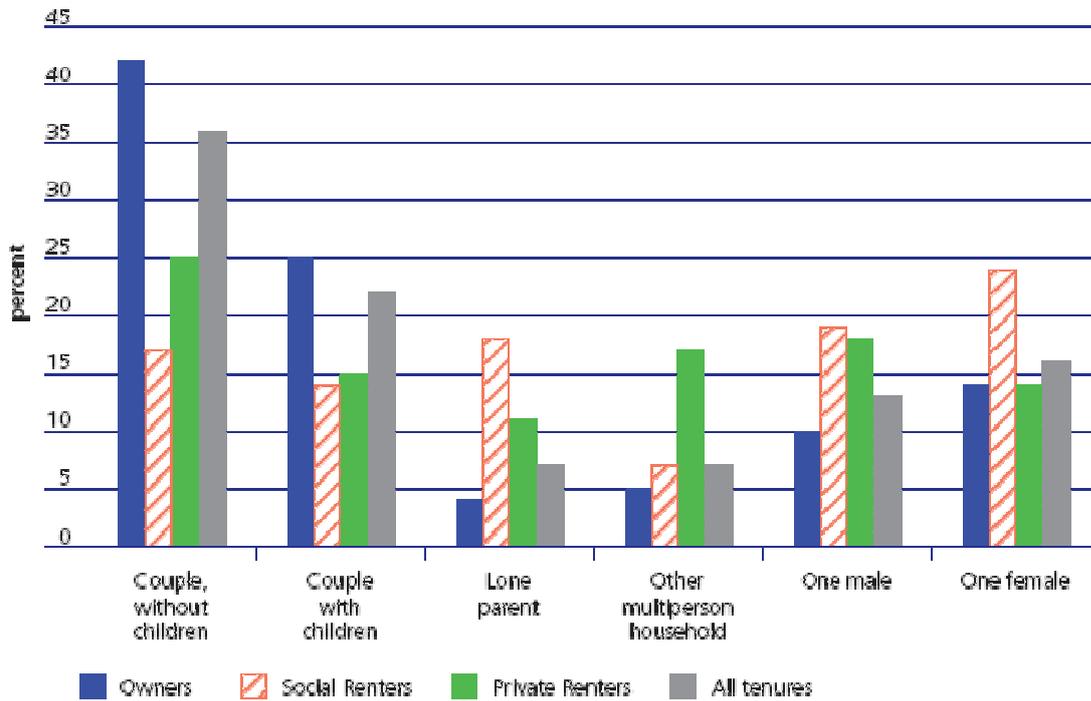
5.16 Social tenure has fallen from a peak of nearly 5.5 million households in 1981 to about 3.7 million in 2006 (SEH Table 1). A good deal of this reduction is explained by Right to Buy transfers of ownership. There have been less favourable trends for those remaining in social tenure, which are reviewed in the recent study by John Hills (*Ends and Means: the future role of social housing in England* CLG 2007).

5.17 Some of the key features of this report include:

- 80% of those in social tenure were in that sector ten years ago
- 27% of all BME households in England are in social tenure, but only 17% of White households
- 40% of social tenants said that this was their preferred tenure (true of only 8% of private tenants)
- 34% of social tenants were from the poorest fifth of the population, and only 20% are in the top half of the income earning population

5.18 The evidence presented in the report suggests that the types of households resident in the sector have become more polarised. The following figure, from the Hills Report, succinctly summarises the sharp differences between household types in the three main tenures.

**Figure 5.5 Household type by tenure, 2006**

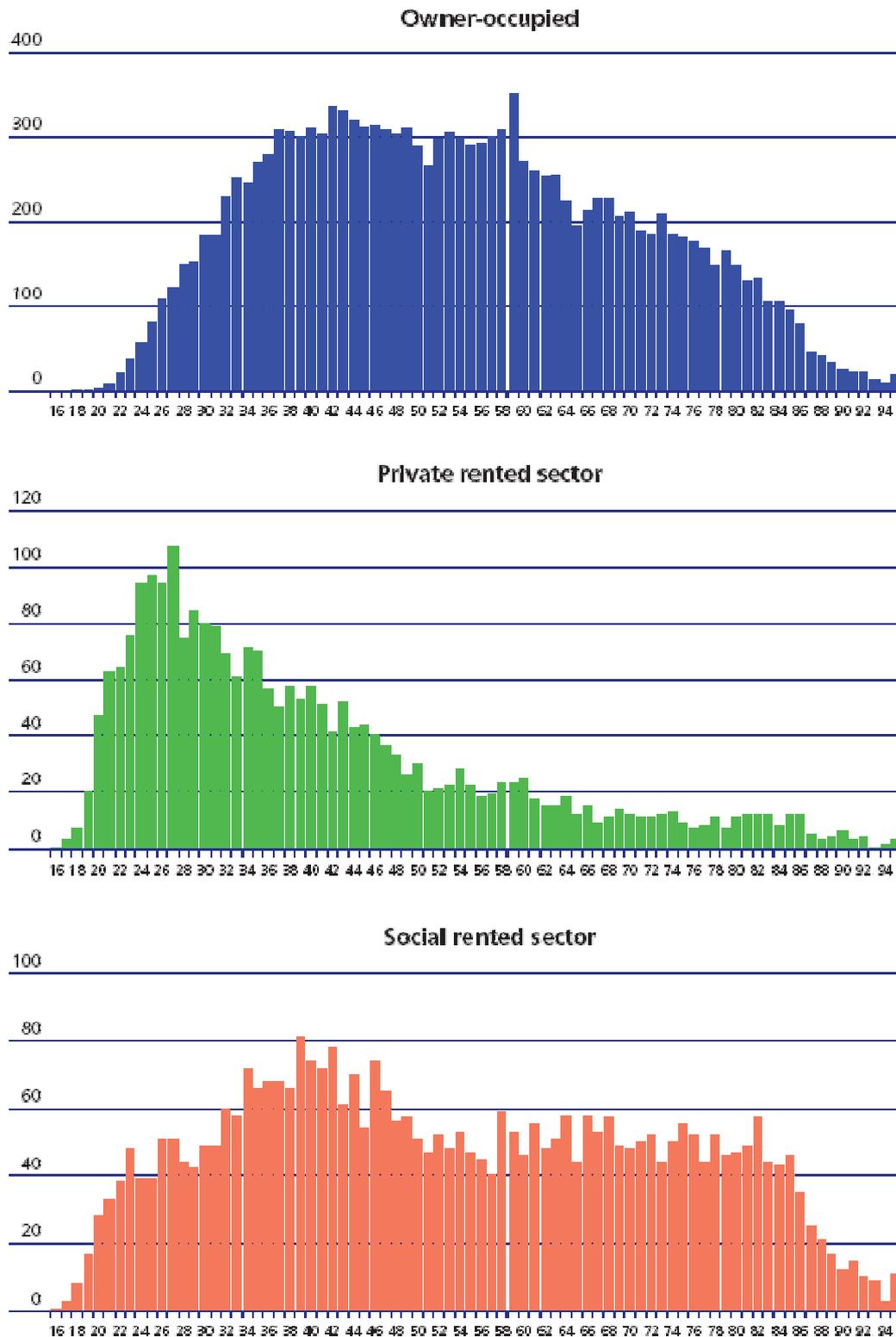


Sources: Labour Force Survey.

Source: Figure 5.6 Labour Force Survey

5.19 Lone parents are clearly much over represented, as are single person households. The Hills Report also finds that it has become a place for older households, with the social rented sector containing a greater proportion than the other main tenures of households consisting of only older persons. In some respects, the social tenure has become ‘residualised’ for households with the lowest earning capacity (see Figure 7.5 for information on household income by tenure).

**Figure 5.6 Age of householder in each tenure, 2006 (000s)**



Source: Labour Force Survey.

Source: Figure 5.7 Labour Force Survey

5.20 As well as having an older age profile, the social rented sector has a much higher proportion of households with a serious medical condition or disability: over 40%, which is about twice the overall average (Hills Report Figure 5.5). The combined effects of these characteristics, plus the effect of low mobility, are summarised in the employment characteristics of the social rented sector (from the Hills Report again).

**Figure 5.7 Employment trends 1981-2005: Employment circumstances of social rented sector household heads (000s)**

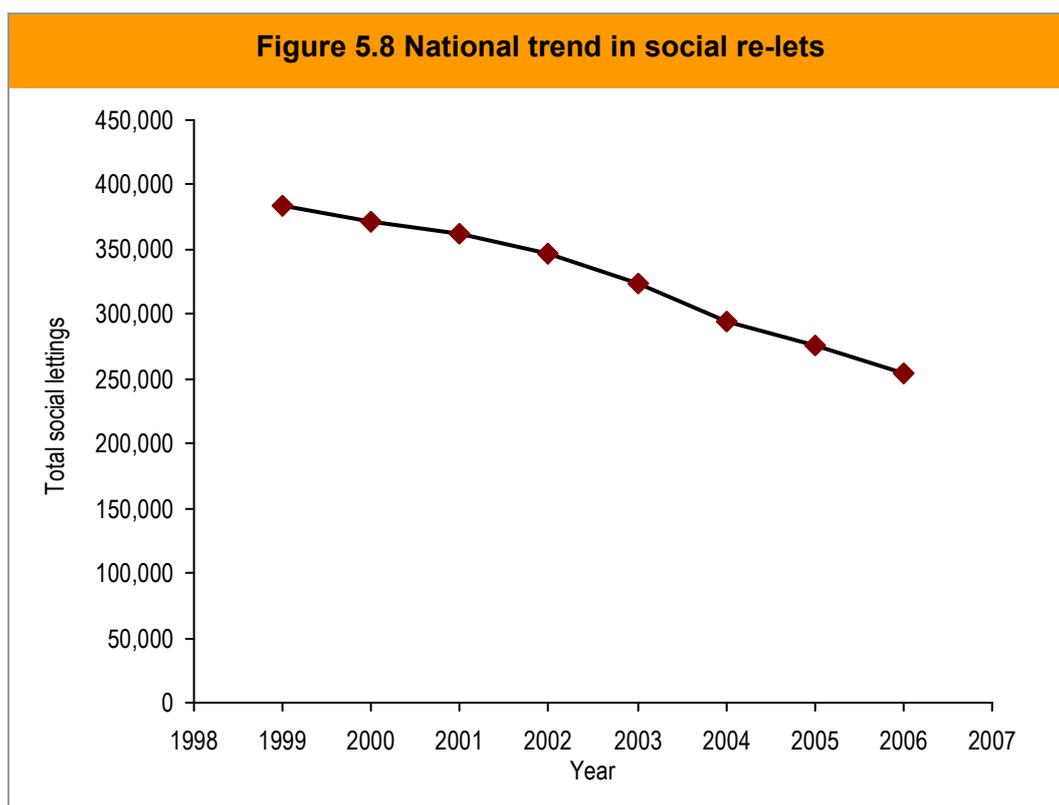
	Full-time work	Part-time work	Unemployed	Retired	Other inactive	Total
<b>1977-78</b>	2710	190	300		1990	5200
<b>1981</b>	2330	220	420	1550	870	5390
<b>1984</b>	1560	230	540	1350	1340	5020
<b>1988</b>	1220	270	470	1810	930	4710
<b>1991</b>	1120	220	430	1790	880	4440
<b>1996</b>	890	260	430	1590	1050	4220
<b>2000-01</b>	970	360	160		2620	4220
<b>2006</b>	810	350	210	1200	1080	3650

Source: Labour Force Survey, revised from table 5.5, S. Monk, et al., *The demand for social rented housing – a review of data services and supporting case study evidence* (Cambridge Centre for Housing and Planning Research, forthcoming).

Source: Table 10.1 Labour Force Survey

5.21 As can be seen, there has been an overall substantial fall in the number of full-time employed household heads, from over half to less than a quarter. There has also been a substantial rise in part-time employment and great proportionate increase in the retired and the workless.

5.22 There has been a notable decline in social lettings over recent years, at a faster rate than the decline in the total number of social dwellings: social rented dwellings have fallen from about 4.2 million to 3.7 million over the period 1998 to 2006, but the annual social re-lets has fallen from about 370,000 to 250,000 over that period. There are complex reasons for this, but the overall effect is to substantially reduce the scope for access to the sector.



Source: HSSA 2007

- 5.23 Despite these problems, the Hills Report sees a continuing role for social tenure, but makes the point that substantial changes are needed. The level of employment is below what it should be, even after allowing for relevant factors. One of the main reasons for this is low mobility of those in social tenure. The potential mobility of households in the social rented sector is discussed later in the report. The report will also identify the affordable housing required to ensure the sector contributes towards the market balance of the study area.

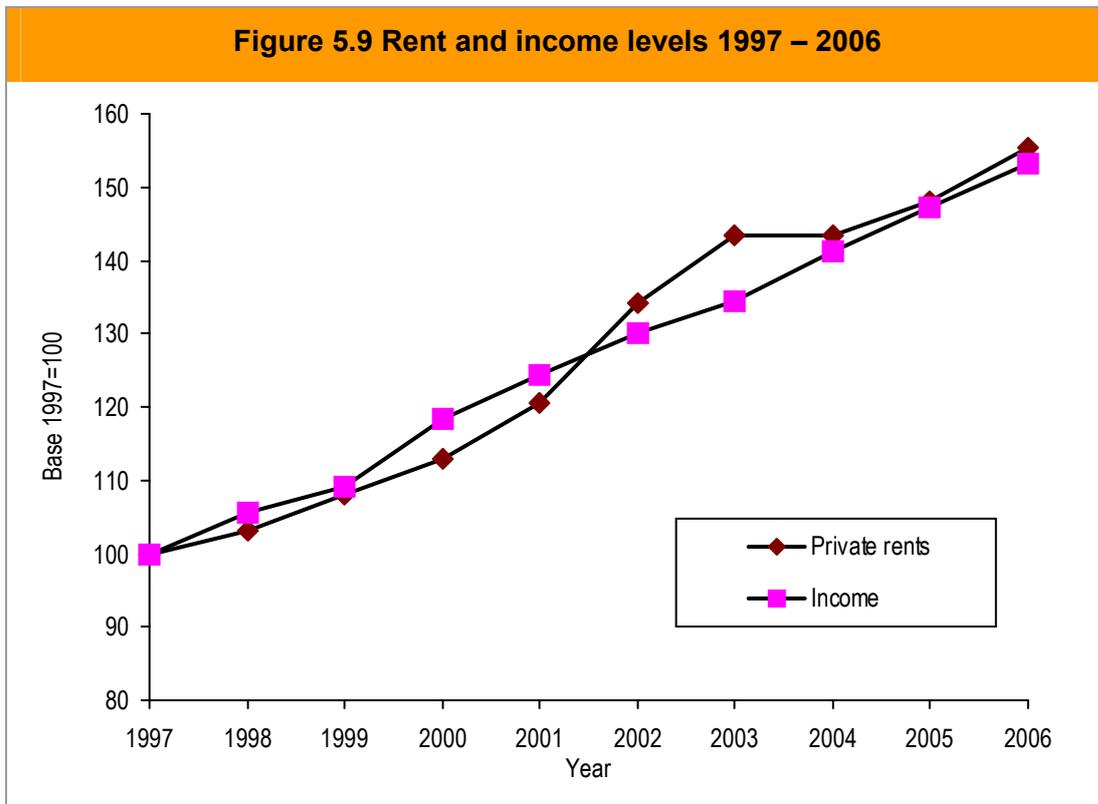
### **Private renting**

- 5.24 This tenure is well recognised to be a varied one, as the quotation below implies, but its importance in the market is often overlooked. It plays a pivotal role, as the following evidence will suggest.

**CLG  
Guide  
(2000)**

*'... the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long-term accommodation of a reasonable standard.'* [2000 Guide Section 7.3 (page 96)]

- 5.25 In recent times the private rented sector has shown the most surprising trend of all three main tenures: as the SEH diagram shown below demonstrates, it has increased in size during the present century, after a century long decline in the face of the growth of owner-occupation. In fact the Survey of English Housing records that over the period 2001 to 2006 the national household population grew by 0.5 million, whilst the number of private rented households grew by almost the same amount (453,000). This indicates that the vast majority of household growth in the last five years has been facilitated by a growth in the private rented sector.
- 5.26 A striking feature of the private rented sector in general is that private rents have increased at almost exactly the same rate as household incomes.



Source: Survey of English Housing and Annual Survey of Hours and Earnings

- 5.27 So private rents have remained approximately as affordable as they are now for a long time. Since private rental is, by Government definition, the access point to the market, this leads to the important point that:
- **Affordability measured as the threshold of the market has not changed during the present century**

- 5.28 This is contrary to the general perception, which is driven by the rapid increase in prices rather than rents. This statistic must be moderated by the fact that 60% of private tenants aspire to own and only 8% are content with the private rented sector as a place to live according to the Hills Report. Private renting is mainly a transitional tenure i.e. for households ultimately expecting to become social tenants or owner-occupiers. Although the widening of housing market gaps and the decline in social housing relets means that it may well become more of a long-term housing solution for many households. The gap between the cost of private rented housing and the cost of owner-occupation has widened dramatically over the past few years (although changing at the time of drafting this report). The SEH statistics suggest that 69% of all private tenants have been in their current home for two years or less, compared to around 20% for both owners and social tenants (Table 3 of the 2005/6 edition).
- 5.29 Although households are often only resident within a private rented home for a relatively short period of time, it remains an important component of the housing market. The SEH shows that about half of all recent moves (932,000 out of 1,965,000 from Table 4) involved the private rented sector.
- 5.30 In addition to those that aspire to buy a home, the private rented sector has an important role in housing those that are unable to afford market housing and are unable to access affordable housing. These poorer private tenants are supported by various forms of subsidy, of which the most relevant for present purposes is Housing Benefit.
- 5.31 The Hills Report identified that some 19% of private tenants are on Housing Benefit (and therefore could in some ways be seen as more suitably social tenants: they cannot live in market housing without a subsidy). The same may be true if they moved to social rented housing, but that tenure provides security which the private rented sector on shorthold tenancies lacks. This is an important factor for more vulnerable households.
- 5.32 It is fairly clear from these statistics that the comment quoted at the start of this section of the chapter is true: the private rented sector is very varied and highly stratified. The tenure is crucial to the dynamics of the housing market, and has historically been somewhat overlooked. The role of the private rented sector will be investigated later in this report.

## Summary

- i) This chapter outlined the relationship between interest rates and demand for market housing, with lower rates resulting in an increase in home purchases.
- ii) The national context for housing includes a number of key features:
  - The rise of owner-occupation to total dominance (70% of the total stock) but flattening out the past decade
  - The consequent rise in the importance of owned equity, in facilitating households moving into owner-occupation
  - The residualisation of the social renting tenure, with a large number of older and workless households than is found in the other tenures
  - The strong growth of the private rented tenure (alone of all three main tenures) in the present century. Unlike owner-occupation, the affordability of private rented housing has remained in line with household income growth during the present century. Just under 20% of all private renters rely upon Housing Benefit subsidy to pay at least part of their rent

## 6. Structure of the economy and skill base

### Introduction

6.1 Economic changes are a key driver underpinning housing markets and can have an important influence on the nature of housing demand including household formation rates and households' investment in housing. In this section we study the economic and labour force profile in the study area (in contrast with the regional and national situation where possible). The data is drawn from a range of secondary sources most notably the NOMIS website maintained by ONS ([www.nomisweb.co.uk](http://www.nomisweb.co.uk)).

### Labour Demand

6.2 This section considers employee jobs available within the local authorities and comparative areas.

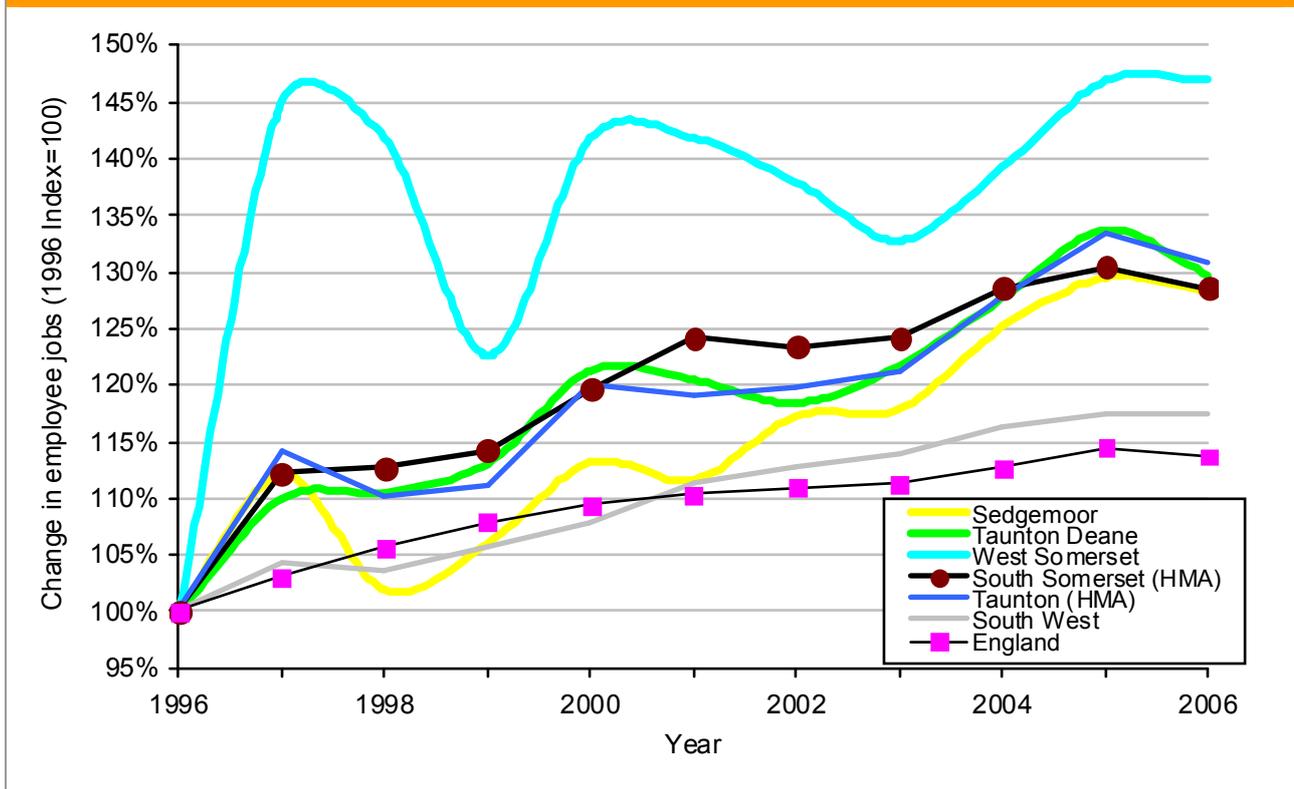
6.3 Measured by the most recent Annual Business Inquiry (ABI) there were 64,500 employee jobs in South Somerset in 2006 with a figure of 106,400 in the Taunton HMA. Overall growth in employment in both areas has been noticeably higher than that seen in the South West region or Great Britain as a whole. Of the individual authorities, West Somerset shows the highest rise in employment with nearly 50% more jobs in 2006 than ten years previously.

Table 6.1 Employment change 1996-2006				
Area	Employment 1996	Employment 2006	Absolute change	% change
Sedgemoor	31,890	40,900	9,010	28.3%
Taunton Deane	41,645	54,000	12,355	29.7%
West Somerset	7,830	11,500	3,670	46.9%
South Somerset (HMA)	50,144	64,500	14,356	28.6%
Taunton (HMA)	81,365	106,400	25,035	30.8%
South West	1,883,733	2,211,100	327,367	17.4%
England	20,015,607	22,766,600	2,750,993	13.7%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website)

6.4 The figure below also indicates that this growth in employment over the last decade has been uneven with significant year on year fluctuations shown in all areas (particularly West Somerset). As a result the figures should be treated with some degree of caution although the trend is clearly upwards and in excess of the regional and national situation.

**Figure 6.1 Indexed employment growth in the study area (1996 – 2006)**



Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website)

6.5 Another measure for the number of jobs in an area is ‘job density’. This is a measure of the number of jobs per person of working age. NOMIS data (for 2005) shows that there are 0.90 jobs per working age person in South Somerset and 0.91 in the Taunton HMA (ranging from 0.77 in West Somerset to 1.03 in Taunton Deane). These are relatively high ratios and compare with 0.86 for the South West region and 0.84 for Great Britain as a whole.

**Table 6.2 Job density (2005)**

Area	Job density (number of jobs per working age person)
Sedgemoor	0.79
Taunton Deane	1.03
West Somerset	0.77
South Somerset (HMA)	0.90
Taunton (HMA)	0.91
South West	0.86
England	0.84

Source: ONS jobs density (from Nomis website)

6.6 The table below shows a breakdown of the types of employment in the four local authorities, compared regionally and nationally.

- 6.7 Manufacturing is a large employment category in South Somerset compared with the region as a whole, providing over a fifth of all jobs. In the Taunton HMA the employment categories are not much different from those found regionally and nationally although differences are seen on a district basis. For example, the high proportion working in manufacturing in Sedgemoor and the large proportion in public administration, education & health in Taunton Deane. This latter finding (in relation to Taunton Deane) is likely to be heavily influenced by the fact that District and county administration is located in Taunton as is the largest general hospital in Somerset – Musgrove Park.
- 6.8 Tourism is a significant employer in West Somerset with over a quarter of all jobs being found in this sector in the District.

**Table 6.3 Employee jobs by industry (2006)**

Employment category	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton (HMA)	South West	England
Manufacturing	15.9%	6.8%	7.7%	21.7%	10.4%	11.4%	10.9%
Construction	4.9%	4.1%	3.9%	5.0%	4.3%	4.5%	4.6%
Distribution, hotels & restaurants	27.9%	23.7%	38.3%	26.2%	26.9%	25.7%	23.7%
Transport & communications	5.7%	2.7%	2.5%	2.8%	3.9%	4.8%	6.1%
Finance, IT, other business activities	15.2%	16.1%	7.8%	13.7%	14.8%	18.2%	21.9%
Public administration, education & health	23.7%	39.3%	24.4%	24.2%	31.8%	28.5%	26.3%
Other services	4.4%	4.7%	6.4%	4.2%	4.8%	5.0%	5.3%
Total	100%	100%	100%	100%	100%	100%	100%
Tourism-related	10.0%	7.2%	26.2%	6.7%	10.3%	9.4%	8.2%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website)

## Number of businesses

- 6.9 Data is also available from NOMIS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 6.10 The table below shows the number of VAT registered businesses at the end of 1996 and 2006. The data shows that the number of VAT registered businesses at the end of 2006 in South Somerset was 6,055, with a figure of 9,610 in the Taunton HMA; these are increases of 12.5% and 14.1% over the ten years since 1996 respectively. Both increases are lower than the regional and national figures.

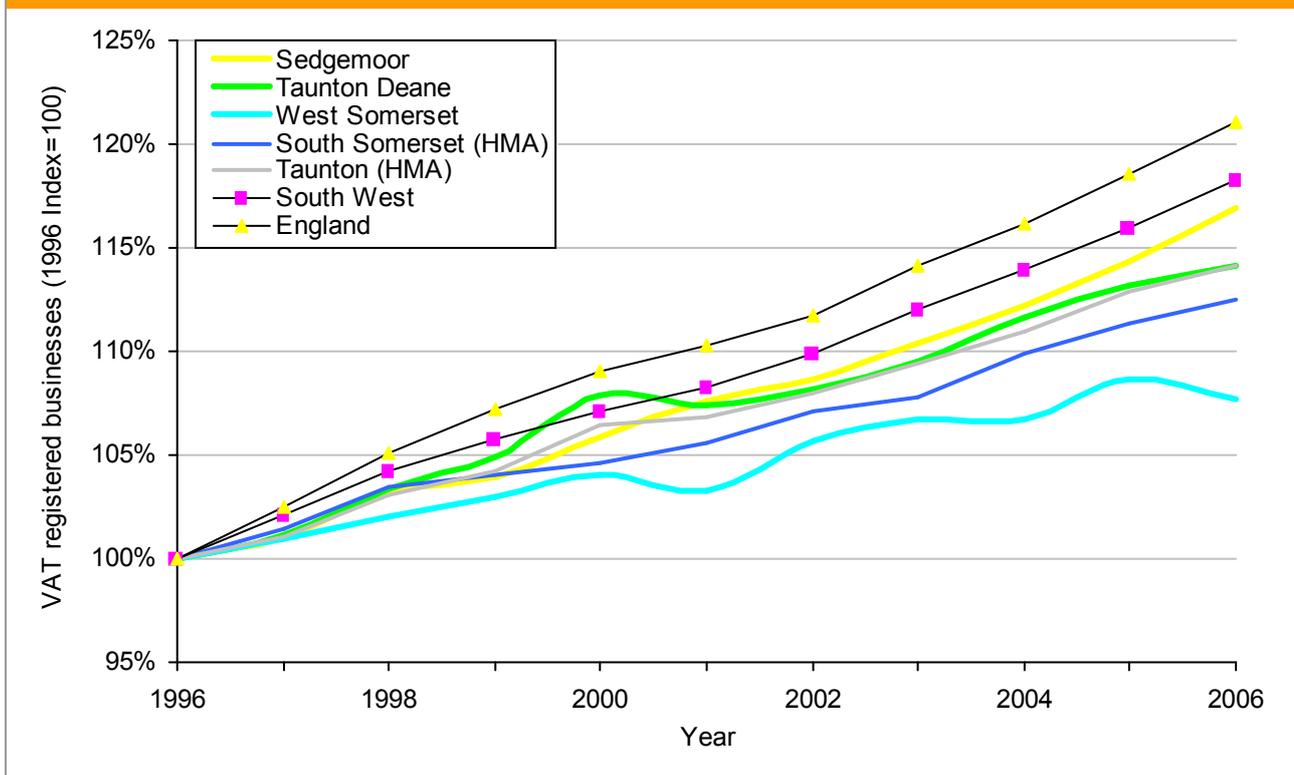
**Table 6.4 Change in VAT registered businesses 1996-2006**

Area	VAT registered businesses 1996	VAT registered businesses 2006	Absolute change	% change
Sedgemoor	3,560	4,160	600	16.9%
Taunton Deane	3,365	3,840	475	14.1%
West Somerset	1,495	1,610	115	7.7%
South Somerset (HMA)	5,380	6,055	675	12.5%
Taunton (HMA)	8,420	9,610	1,190	14.1%
South West	155,030	183,420	28,390	18.3%
England	1,379,260	1,670,500	291,240	21.1%

Source: DTI Small Business Service (from NOMIS website)

6.11 The figure below shows the change in VAT registered business over the ten year period from 1996-2006.

**Figure 6.2 Change in VAT registered businesses 1996-2006**



Source: DTI Small Business Service (from Nomis website)

## Labour Supply

6.12 The tables below consider grades of employee, the first table setting out the definitions used. The data shows that in all areas the proportions of people in groups 1-3 (senior, professional or technical) are lower than the equivalent regional and national averages. Consequently the proportions in groups 6-9 are noticeably higher.

**Table 6.5 Description of categories of employment**

Grade of employment (Standard Occupation Classification (SOC))	Description
SOC 2000 major group 1-3	Managers and senior officials - Professional occupations - Associate professional and technical occupations
SOC 2000 major group 4-5	Administrative and secretarial occupations - Skilled trades occupations
SOC 2000 major group 6-7	Personal service occupations - Sales and customer service occupations
SOC 2000 major group 8-9	Process; plant and machine operatives - Elementary occupations

Source: ONS Annual Population Survey (from Nomis website)

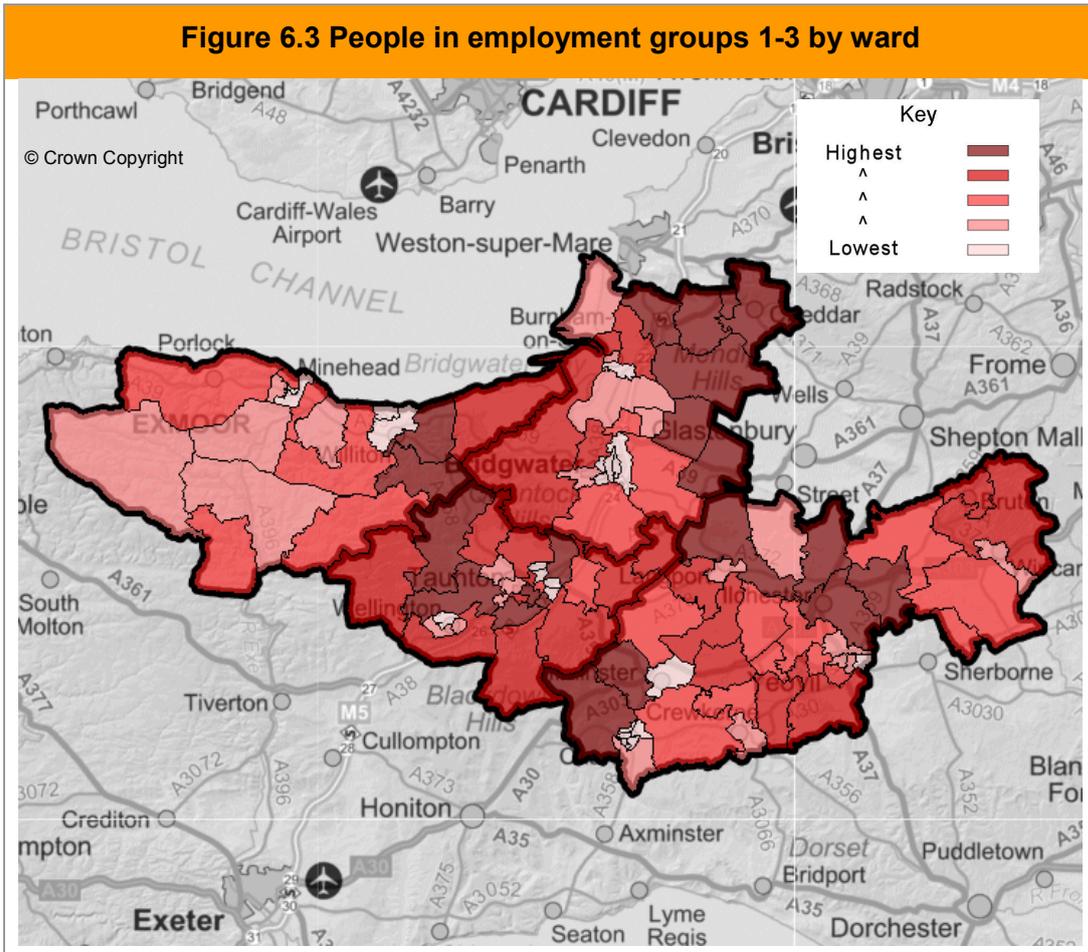
**Table 6.6 Occupation structure (2006/07)**

Area	Employment category			
	Group 1-3	Group 4-5	Group 6-7	Group 8-9
Sedgemoor	34.6%	28.4%	15.5%	21.5%
Taunton Deane	36.4%	23.8%	17.2%	21.7%
West Somerset*	34.3%	31.9%		33.8%
South Somerset (HMA)	38.1%	24.7%	14.5%	22.7%
Taunton (HMA)*	35.6%	26.3%		38.1%
South West	43.1%	23.5%	15.5%	17.7%
England	43.2%	22.7%	15.4%	18.4%

Source: ONS Annual Population Survey (from Nomis website)

\*Data split between last two groups unavailable for West Somerset due to small sample size. Figures for Taunton HMA are therefore also not split between these two groups

6.13 The map below shows people employed in positions falling into employment groups 1-3 in the study area by ward. There is clearly considerable variation across the study area, with most of those in these predominantly high income groups being found in the more rural parts of the area and with a particular concentration to the eastern part of Sedgemoor. It should be noted that these statistics are based on residence and include commuters to jobs outside the District.



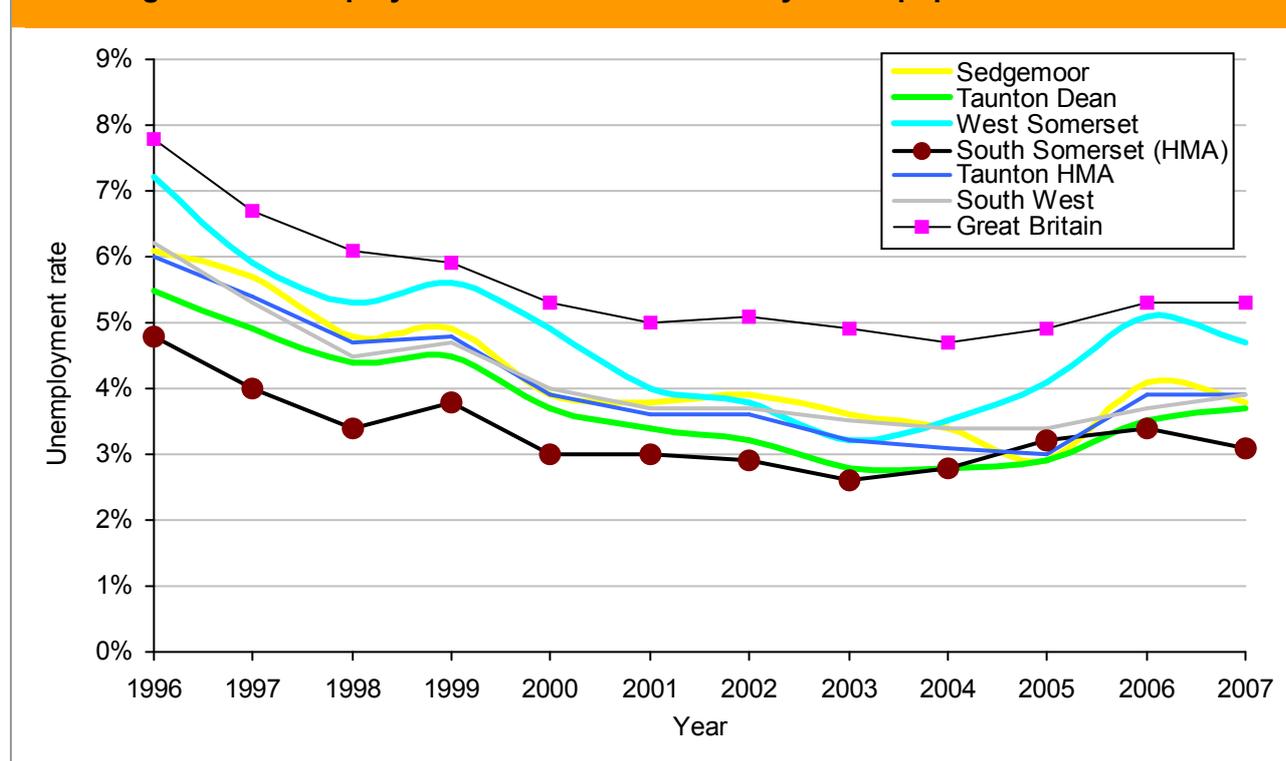
## Unemployment

6.14 The figure below shows that unemployment has been relatively stable since 2002 following a decrease in preceding years. The unemployment rate in 2007 stood at 3.1% in South Somerset and 3.9% in the Taunton HMA, lower than the corresponding national figure.

**Table 6.7 Unemployment rates in the study area (1996-2007)**

Year	Area						
	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	Great Britain
1996	6.1%	5.5%	7.2%	4.8%	6.0%	6.2%	7.8%
1997	5.7%	4.9%	5.9%	4.0%	5.4%	5.3%	6.7%
1998	4.8%	4.4%	5.3%	3.4%	4.7%	4.5%	6.1%
1999	4.9%	4.5%	5.6%	3.8%	4.8%	4.7%	5.9%
2000	3.9%	3.7%	4.9%	3.0%	3.9%	4.0%	5.3%
2001	3.8%	3.4%	4.0%	3.0%	3.6%	3.7%	5.0%
2002	3.9%	3.2%	3.8%	2.9%	3.6%	3.7%	5.1%
2003	3.6%	2.8%	3.2%	2.6%	3.2%	3.5%	4.9%
2004	3.4%	2.8%	3.5%	2.8%	3.1%	3.4%	4.7%
2005	2.9%	2.9%	4.1%	3.2%	3.0%	3.4%	4.9%
2006	4.1%	3.5%	5.1%	3.4%	3.9%	3.7%	5.3%
2007	3.8%	3.7%	4.7%	3.1%	3.9%	3.9%	5.3%

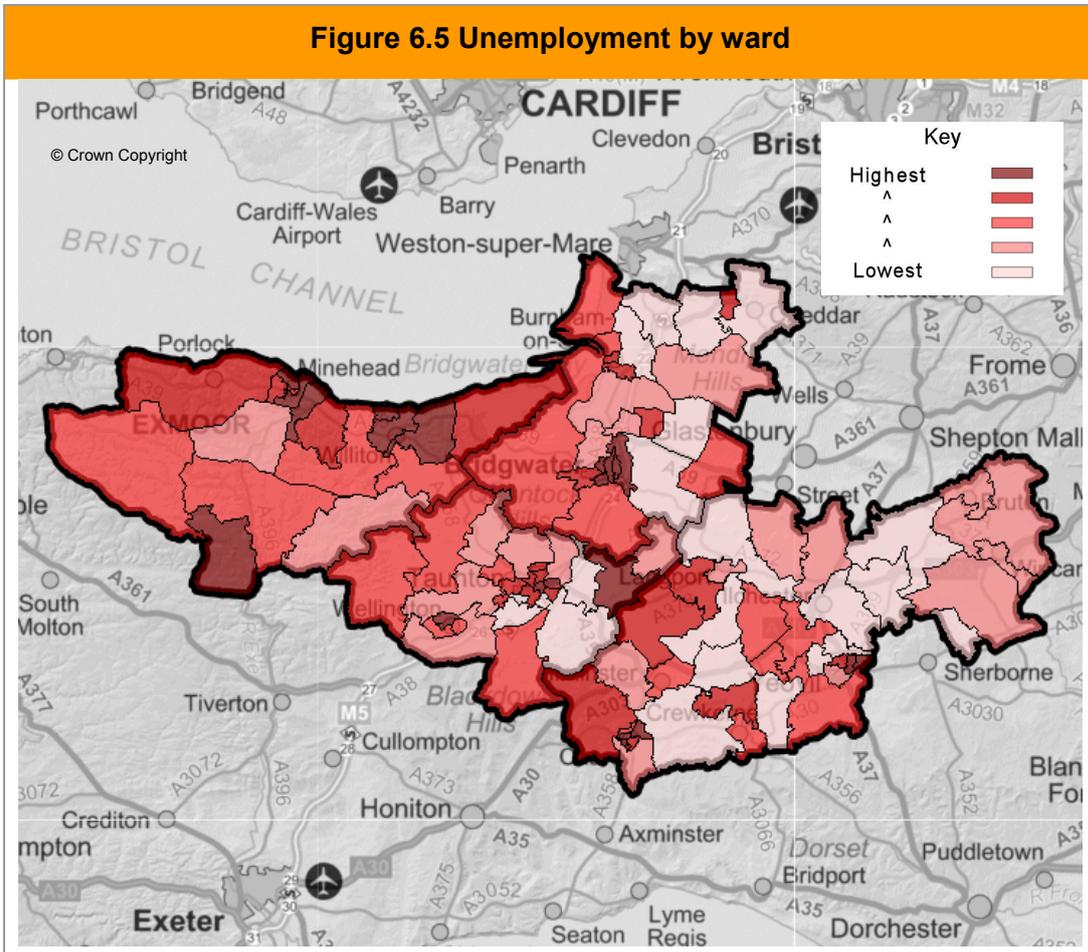
Source: ONS Annual Population Survey (from Nomis website)

**Figure 6.4 Unemployment rates for economically active population 1996-2007**

Source: ONS Annual Population Survey (from Nomis website)

6.15 The map below shows unemployment in the study area by ward. The map has been split into five broad categories ranging from the wards with the highest levels of unemployment to the wards with the lowest levels of unemployment.

6.16 There are clearly clusters of wards with high and low levels of unemployment. Urban areas typically contain the highest levels of unemployment, with relatively low levels in rural areas – particularly in the east of the study area.



Source: Office for National Statistics 2008 (from 2001 Census data)

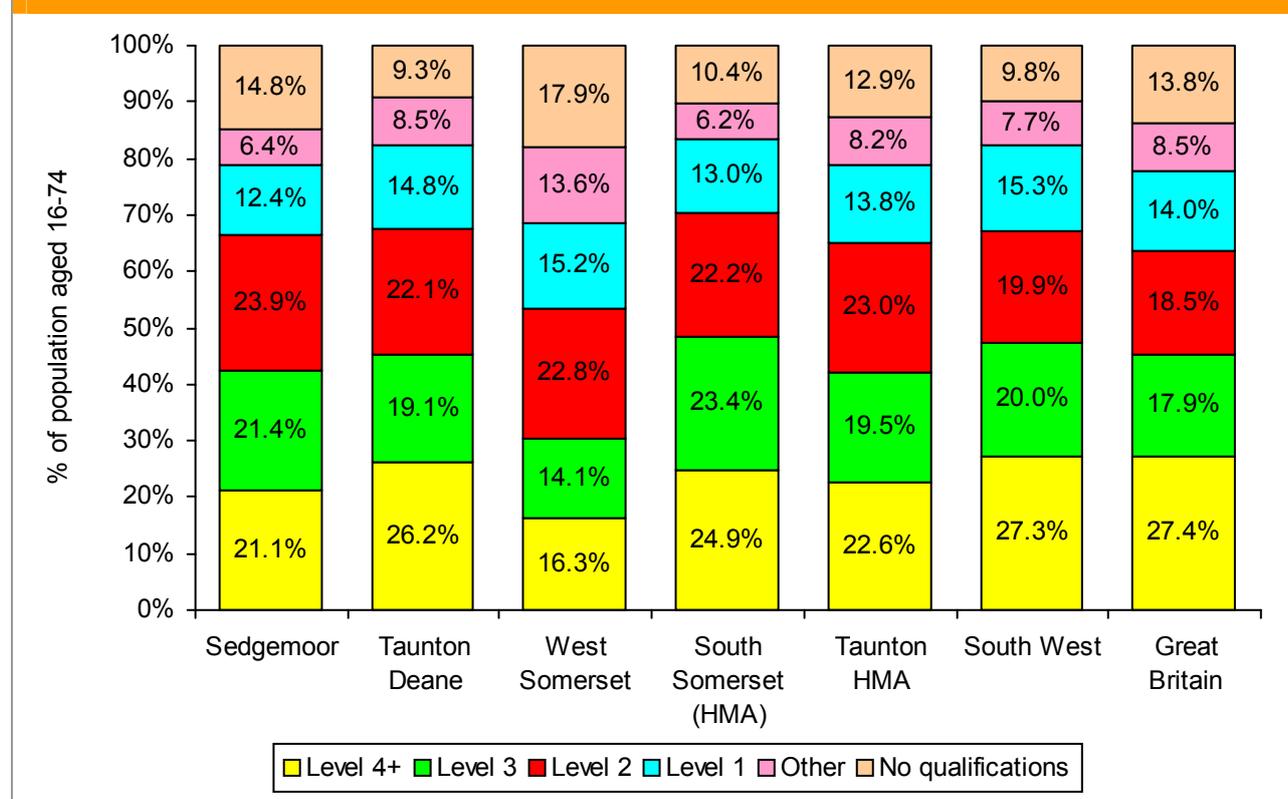
### Skills and educational attainment

6.17 An important factor in the ability of any economy to grow is the level of skill of the workforce. The figure below shows the skills of working age residents compared to regional and national equivalents. It can be seen that the two HMAs contain slightly fewer residents with the highest levels of qualifications (Level 4) than average.

**Table 6.8 Description of highest qualification obtained**

Qualification level	Description
No qualifications	No academic, vocational or professional qualifications
Level 1	1+ 'O' levels/CSE/GCSE (any grade); NVQ level 1; Foundation GNVQ
Level 2	5+ 'O' levels; 5+ CSEs (grade 1); 5+ GCSEs (grade A-C); School Certificate; 1+ A levels/AS levels; NVQ level 2; Intermediate GNVQ or equivalents
Level 3	2+ 'A' levels; 4+ AS levels; Higher School Certificate, NVQ level 3; Advanced GNVQ or equivalents
Level 4	First degree; Higher Degree; NVQ levels 4-5; HNC; HND; Qualified Teacher Status; Qualified Medical Doctor; Qualified Dentist; Qualified Nurse; Midwife; Health Visitor or equivalents
Other	Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel); Other Professional Qualifications

Source: ONS Annual Population Survey (from Nomis website)

**Figure 6.6 Educational attainment (2006)**

Source: ONS Annual Population Survey (from Nomis website)

## Summary

- i) The study area has seen significant employment growth since 1996, particularly in West Somerset. The figures for each District and borough are well above regional and national averages. However there has been a slight decrease in the number of employee jobs since 2005 in most parts of the study area.
- ii) The largest sector of employment in the study area as a whole is public administration, education and health, particularly in Taunton Deane borough. However, in Sedgemoor and West Somerset, distribution, hotels and restaurants employ more people. Manufacturing still makes a significant contribution to employment in Sedgemoor and South Somerset.
- iii) The area contains a slightly lower proportion of people in the top employment categories (1-3) than average. These groups are particularly concentrated in rural areas in Taunton Deane, Sedgemoor and South Somerset; although some parts of the town of Taunton also contain high percentages of these groups.
- iv) Unemployment rates in the study area are consistently lower than the national average, and close to the regional average. The highest rates are found in West Somerset, and lowest in South Somerset. Mapping reveals particular concentrations in urban areas, particularly Bridgwater and Minehead.
- v) The levels of educational attainment in the study area are not far from national and regional averages, although there are slightly fewer residents with very high levels of qualifications (NVQ Level 4 or equivalent) than the regional and national average, particularly in West Somerset.

## 7. Incomes and earnings

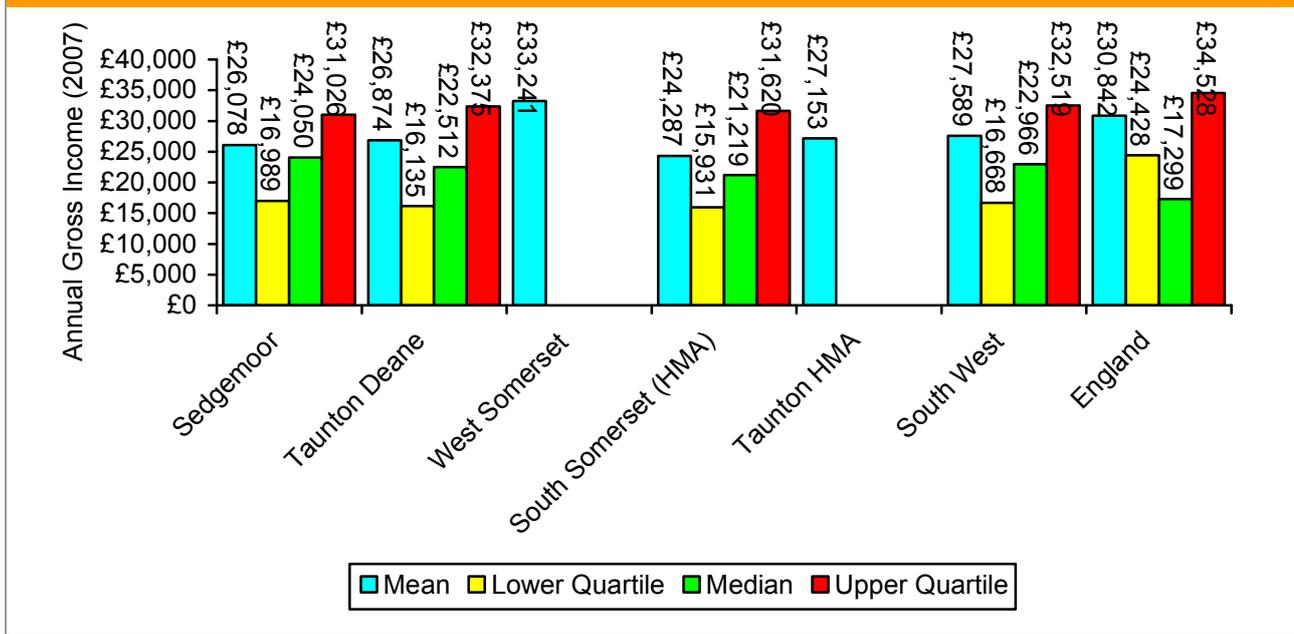
### Introduction

- 7.1 Income is a crucial determinant in whether or not households are able to access the private sector housing market whether to buy or rent. It also affects the level of choice a household has when determining their future accommodation.
- 7.2 The chapter presents secondary data on the annual gross pay of employees in the study area. This information is compared with regional and national equivalents to show the relative wealth of employees in the area.
- 7.3 The chapter also uses information from the primary household survey to assess the overall household income in the study area and examine how this varies for different household characteristics

### Pay levels

- 7.4 According to the ONS Annual Survey of Hours and Earnings the average (mean) income for employees in South Somerset in 2007 was £24,287 with a figure of £27,153 in the Taunton HMA. This is lower than both the South West (at £27,589) and England as a whole (at £30,842).

**Figure 7.1 Annual gross income of full-time employed residents**

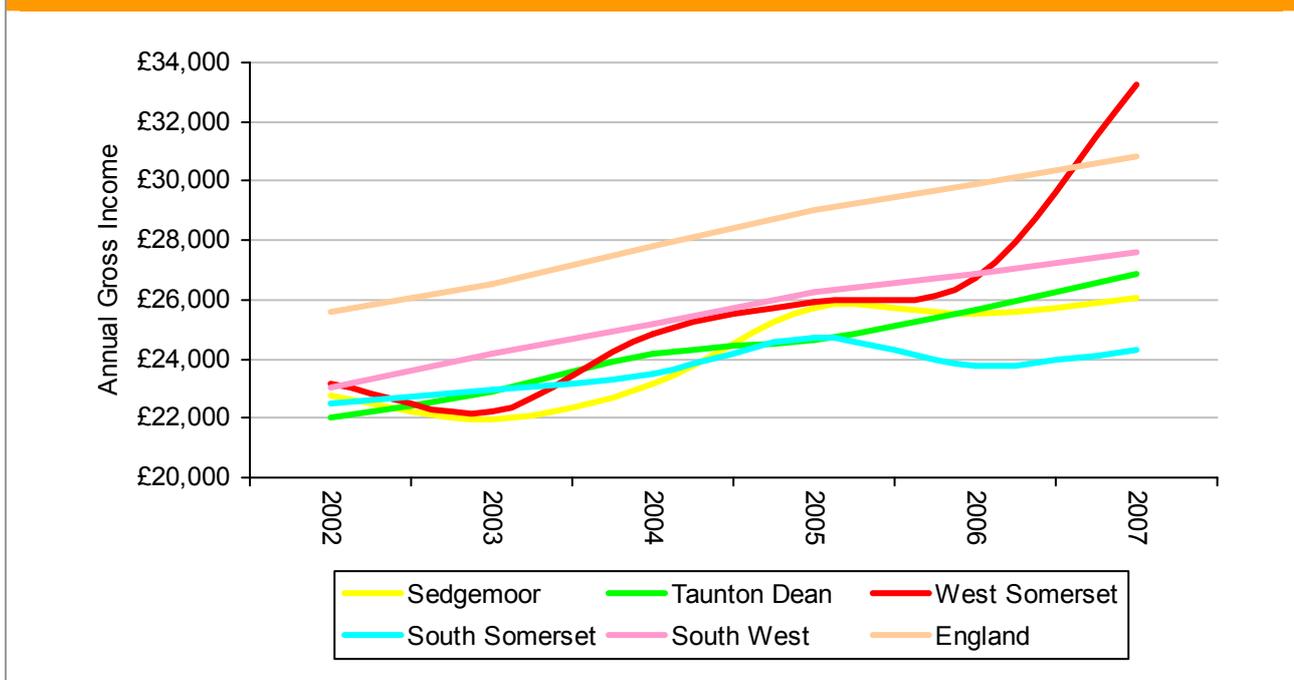


Source: ONS Annual Survey of Hours and Earnings (2007) via NOMIS

Due to sample size data for mean incomes in West Somerset is the only data available for this area

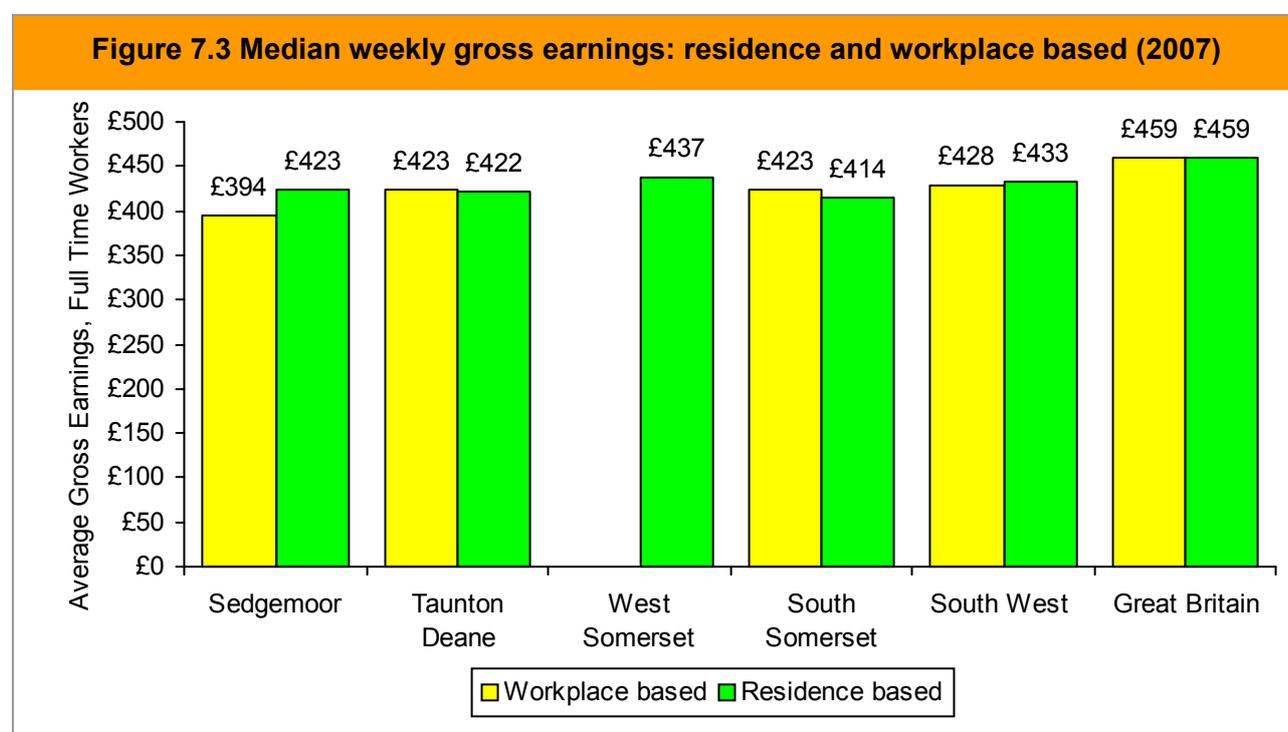
7.5 The figure below shows the change in the income of employees resident in the study area and how this compares with regional and national averages. The data clearly shows an upward trend broadly in line with regional and national increases although figures for individual local authorities can be somewhat variable year on year.

**Figure 7.2 Change in annual income of full-time employed residents (mean)**



Source: ONS Annual Survey of Hours and Earnings (2007) via NOMIS

- 7.6 The figure below provides information on median annual gross pay in the study area and other areas, for both those resident and working in each location. Data is gathered on employment income from a resident based sample, and another on a sample of employment locations. Clearly the results can differ: in an area of high out-commuting to well-paid jobs there may be a much higher residence based income as compared with the (local) employment based on workplaces.
- 7.7 In general there is not much difference between residence and workplace based incomes. The main exception to this is in the case of Sedgemoor where the average weekly income of a resident is £29 higher than for someone who works in the area. This may to some degree be influenced by commuting to Bristol from people living particularly in the east of the District.

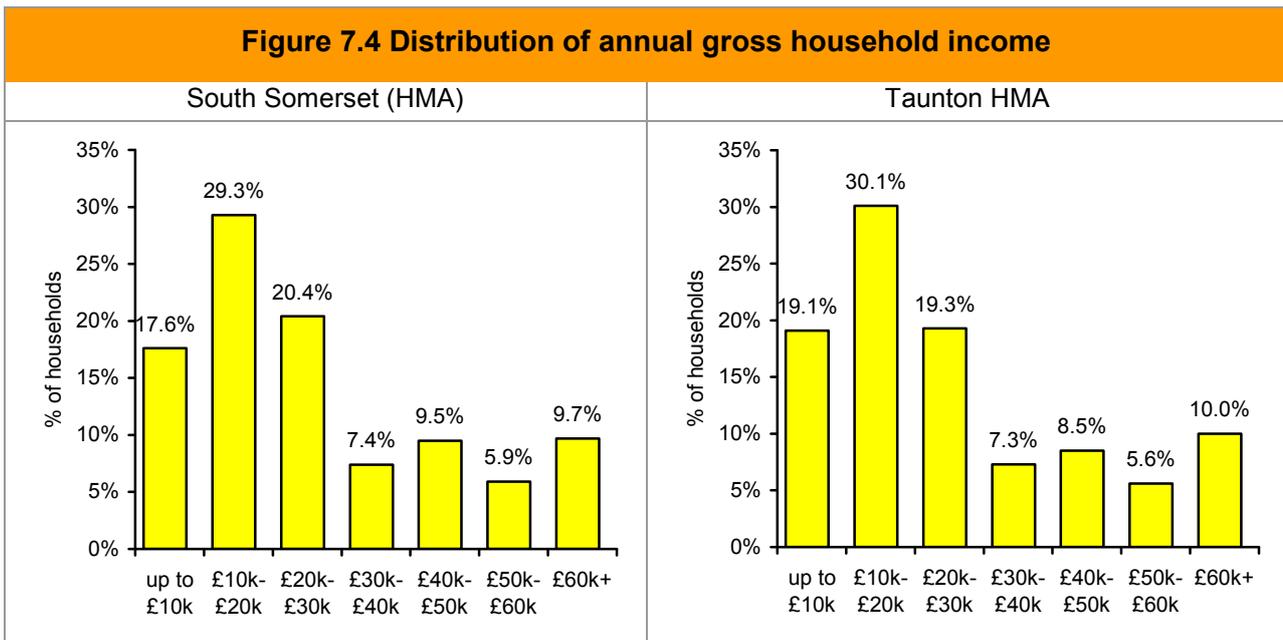


Source: ONS Annual Survey of Hours and Earnings (2007) via NOMIS

## Household income

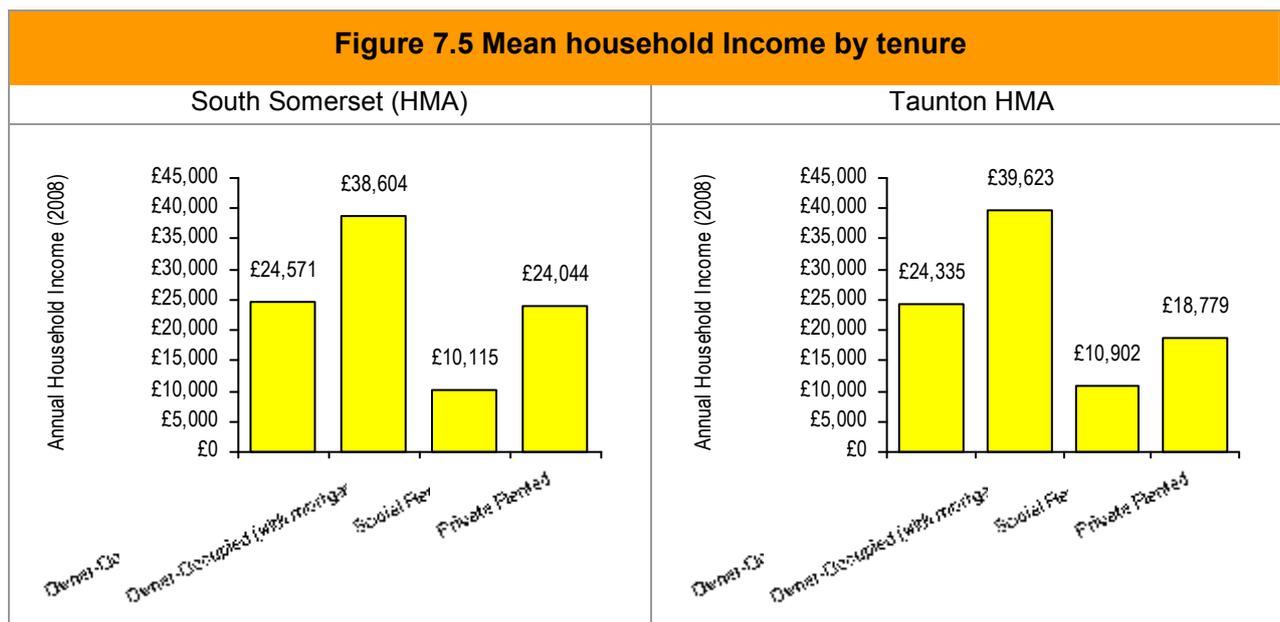
- 7.8 The only up-to-date secondary data on income available at a local level is that presented in the Annual Survey of Hours and Earnings, which is the earned income of employed individuals. This data enables a useful comparison of the situation in different areas but only includes employees within the dataset so cannot be used to provide a full profile of the area (i.e. does not take account of people who do not work which may be highly variable between different locations). Furthermore the data is presented at an individual level, rather than at the household level, on which a Strategic Housing Market Assessment must be based.

- 7.9 It is therefore necessary to supplement this analysis of ASHE data with a profile of household income in the study area recorded by the primary household survey. The primary survey obtained information from all types of household in the four local authorities and collected income information at the household rather than individual level.
- 7.10 Survey results for household income estimate the average mean gross household income level to be £27,971 per annum in South Somerset with a figure of £27,688 in the Taunton HMA, including households without any members in employment. The median incomes are noticeably lower than the mean, at £21,536 and £20,515 per annum respectively.
- 7.11 The figure below shows the distribution of income in the two HMAs. It is clear that there are a significant range of incomes, with just under half having an income of less than £20,000, and around a tenth an income in excess of £60,000. The income distributions in the two HMAs do not vary significantly.
- 7.12 Across the two HMAs, more than 50% of households with incomes of less than £20,000 have a retired household reference person (HRP). Households where the HRP is in employment have a mean income of around £37,000.



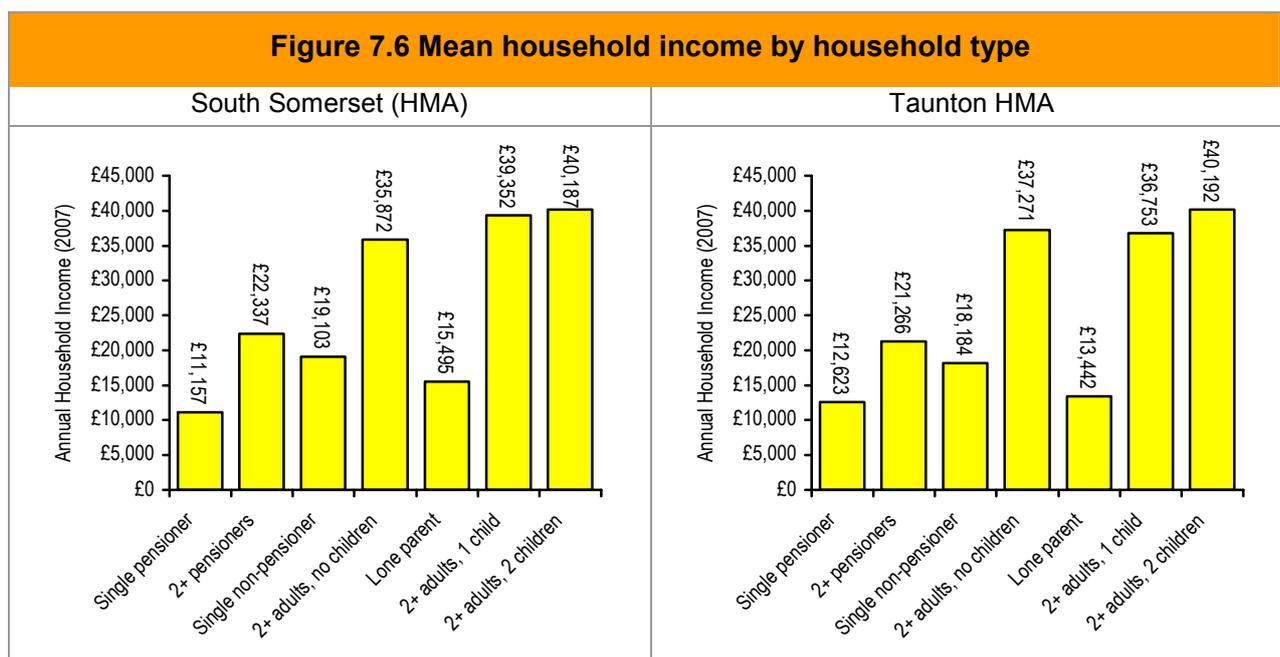
Source: Fordham Research Taunton & S Somerset SHMA 2008

- 7.13 As can be seen below, the income of residents of the two HMAs varies greatly by tenure, with those in rented accommodation, particularly social rented accommodation, having much lower average incomes. Again there is little difference between the two areas with the exception of a noticeably higher average income amongst private tenants in South Somerset.



Source: Fordham Research Taunton & S Somerset SHMA 2008

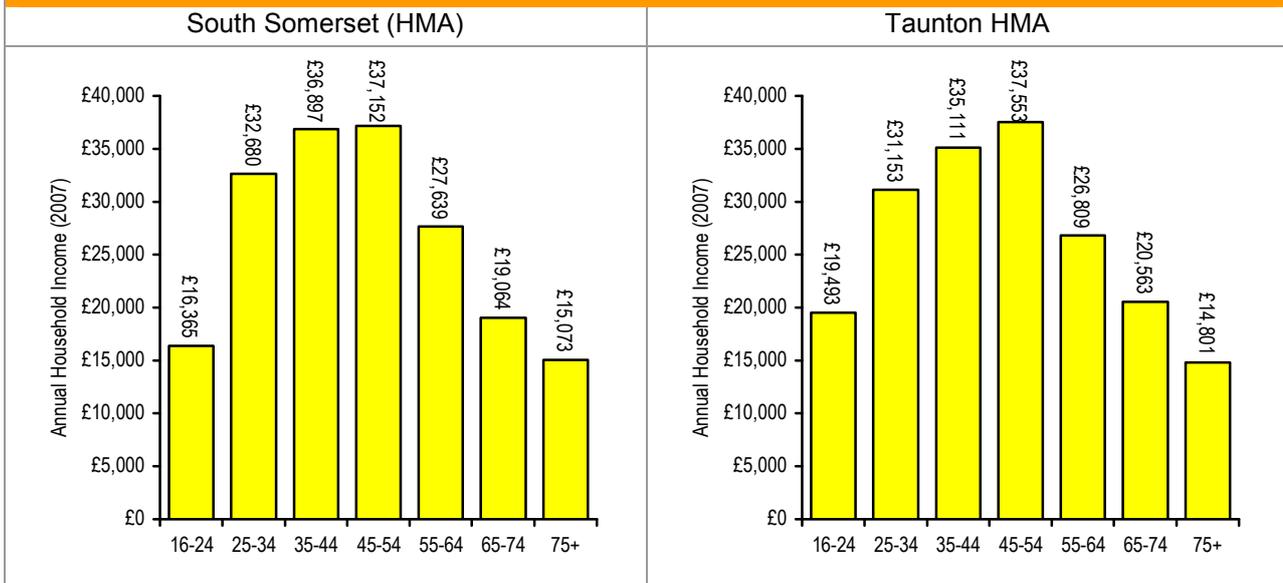
7.14 The chart below shows how households containing two adults have a much higher average income, while single pensioners and lone parents have much lower incomes.



Source: Fordham Research Taunton & S Somerset SHMA 2008

7.15 The figure below shows how income varies by the age cohort of the household head. Income tends to be higher for households with a middle-aged household head, and lower for those with younger or older household heads. The lowest income group are those aged over 75.

**Figure 7.7 Mean household income by age of household head**



Source: Fordham Research Taunton & S Somerset SHMA 2008

## Summary

- i) The average income of employed residents in South Somerset is below that for the region; whilst the figure for Taunton HMA is broadly the same. In both cases the average is well below the average for England.
- ii) The data suggests a wide range of incomes across the study area with around 25% of full-time employees living in the study area earning less than about £16,000.
- iii) Data from the primary household survey suggests that the mean gross household income in both HMAs is around £28,000 per annum, with a median figure of around £21,000.
- iv) Survey data suggests that pensioners are among the lowest income groups, especially those living alone. Other low income groups include lone parents, and those living in all types of rented housing.

## SECTION C: THE HOUSING STOCK

This Section of the report provides a description of the profile of the housing stock in the study area. This is important because this provides the framework in which housing demand occurs as new housing usually forms a small proportion of the stock (around 2% a year nationally). The information presented compares the stock profile recorded in the study area in a local, regional and national context. The section aims to answer the following questions:

- What is the current housing stock profile in the area?
- What is the condition of the stock in the study area?
- Is any of the stock unavailable for use within the market?



## 8. The current stock profile

### Introduction

8.1 Analysis of the current stock of housing allows a broad assessment of the range of properties currently within the study area. There are a number of data sources which provide an overview of the current housing stock and these are examined in this chapter. Where possible results are put in context with figures for the South West region and national figures.

### Total number of dwellings

8.2 The 2007 HSSA records that there are 70,449 dwellings in South Somerset and 111,764 in the Taunton HMA. The figure below shows how the tenure distribution has changed since 1997. Overall housing allocated via the public sector (either Local Authority or RSL owned) now makes up 15.3% of the total. This is compared to 17.5% in 1997 for South Somerset and in the Taunton HMA a decrease from 16.8% to 14.7%.

8.3 The overall increase in the housing stock in South Somerset over this period was 10.7% with a figure of 9.5% in the Taunton HMA. In both cases the increase in the private sector stock was larger, at 13.6% and 12.3% respectively, concealing a small absolute decline in the stock of social rented dwellings.

8.4 Within the Taunton HMA there are noticeable differences between the three local authorities; the main differences being the larger social rented stock in Taunton Deane (17.2% in 2007) and the much smaller number of dwellings in West Somerset (only 17,000 of the 112,000 or so in the whole HMA).

**Figure 8.1 Housing stock by tenure, 1997-2007**



Source: HSSA and HIP data (1996-2007)

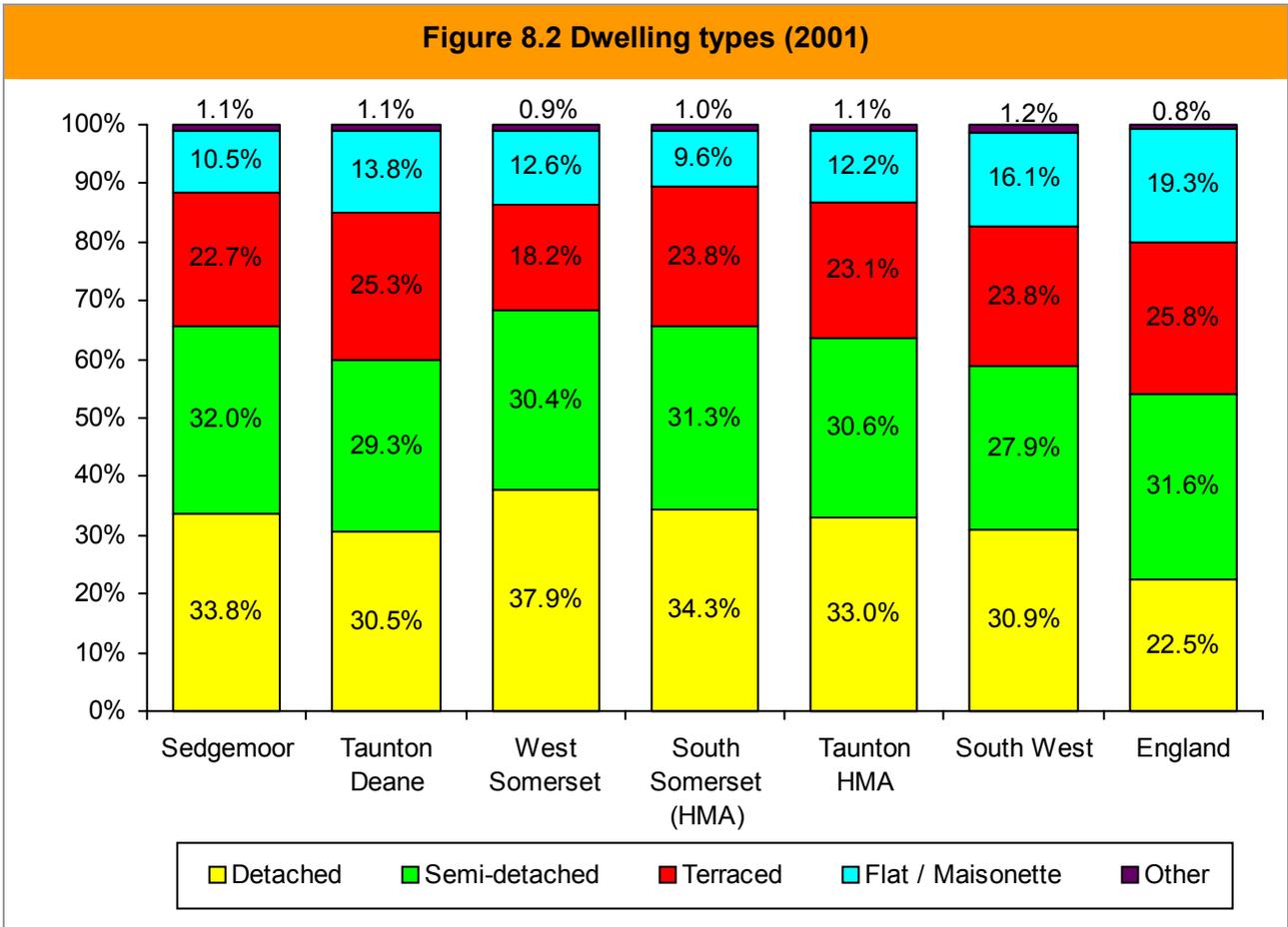
**Table 8.1 Change in housing stock 1997-2007**

		Area						
		Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	England
Public Sector	1997 – total	6,365	8,406	2,329	11,158	17,100	328,816	4,568,079
	2007 – total	6,063	8,100	2,262	10,802	16,425	318,147	4,086,873
	10 year change	-302	-306	-67	-356	-675	-10,669	-481,206
	% change	-4.7%	-3.6%	-2.9%	-3.2%	-3.9%	-3.2%	-10.5%
Private Sector	1997 – total	37,396	33,685	13,849	52,503	84,930	1,779,174	16,112,489
	2007 – total	41,540	39,046	14,751	59,647	95,337	1,983,333	18,192,427
	10 year change	4,144	5,361	902	7,144	10,407	204,159	2,079,938
	% change	11.1%	15.9%	6.5%	13.6%	12.3%	11.5%	12.9%
All dwellings	1997 – total	43,761	42,091	16,178	63,661	102,030	2,107,990	20,680,568
	2007 – total	47,605	47,146	17,013	70,449	111,764	2,301,480	22,279,300
	10 year change	3,844	5,055	835	6,788	9,734	193,490	1,598,732
	% change	8.8%	12.0%	5.2%	10.7%	9.5%	9.2%	7.7%

Source: HSSA and HIP data (1996-2006)

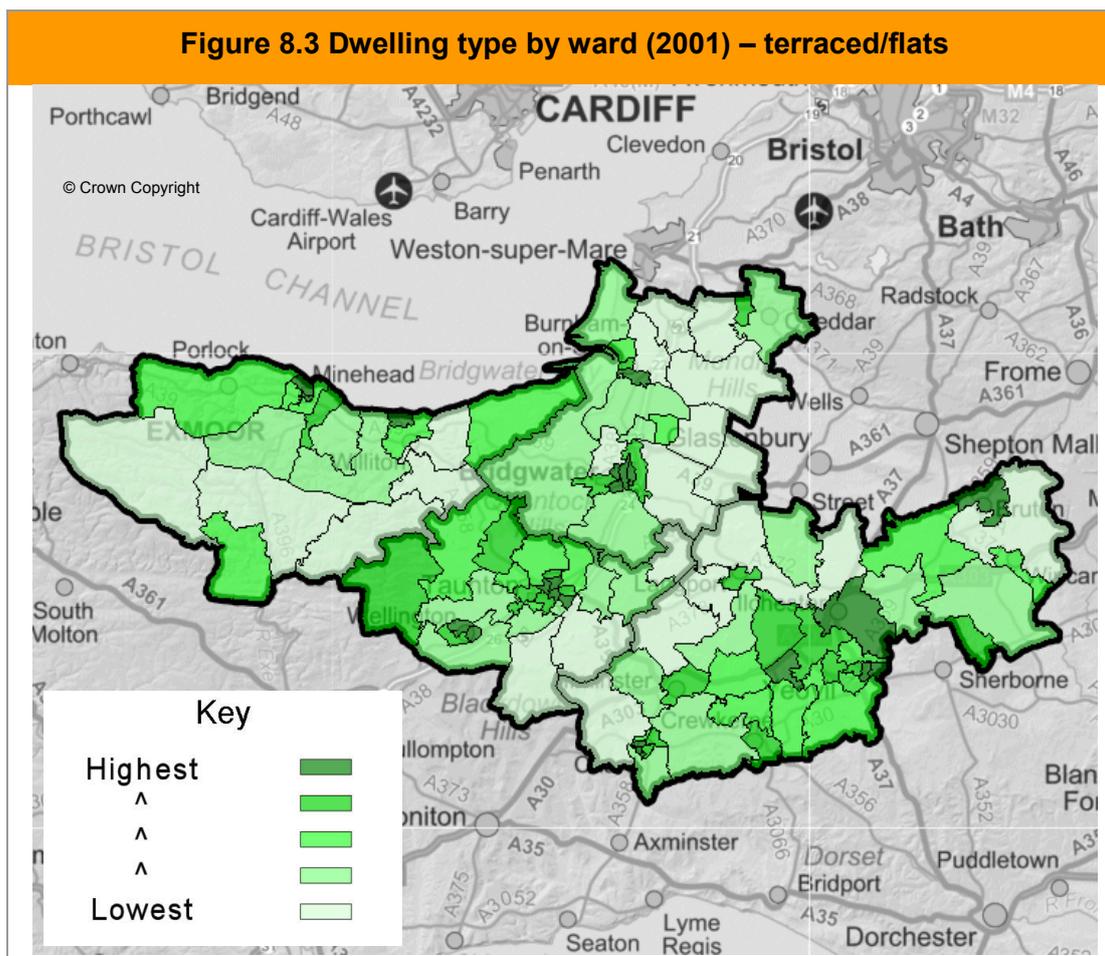
## Type of stock

8.5 The figure below shows the types of dwelling in the study area, regionally and nationally, from the 2001 Census. Around a third of all dwellings in the two HMAs were detached – noticeably higher than the national average of 22.5%. The proportion of flats was below both the regional and national average in both HMAs.



Source: Office for National Statistics 2008 (from 2001 Census data)

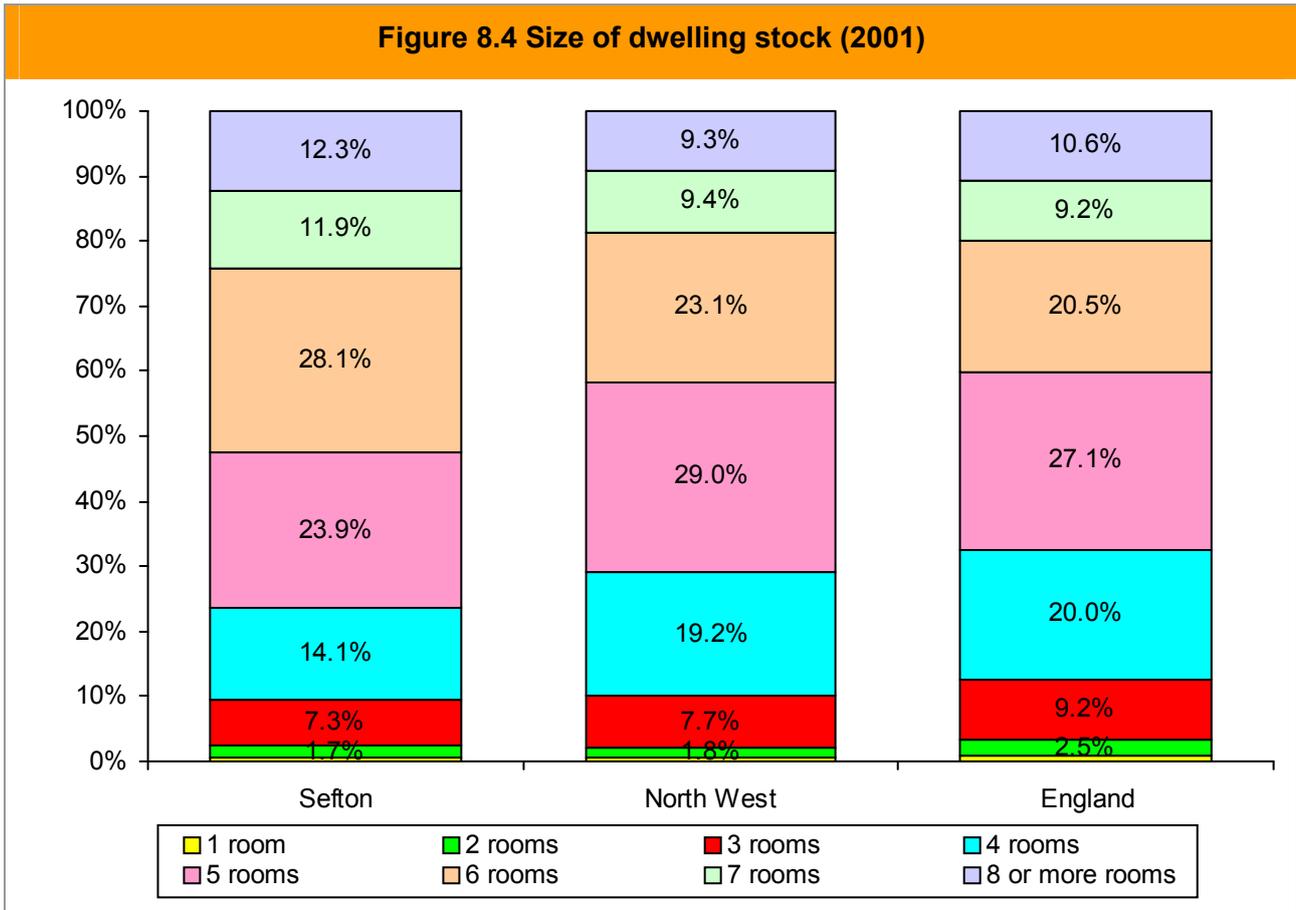
8.6 The map below shows the geographical spread of terraced properties and flats. More urban areas show a concentration of terraced and flatted accommodation.



Source: Office for National Statistics 2008 (from 2001 Census data)

## Dwelling Size

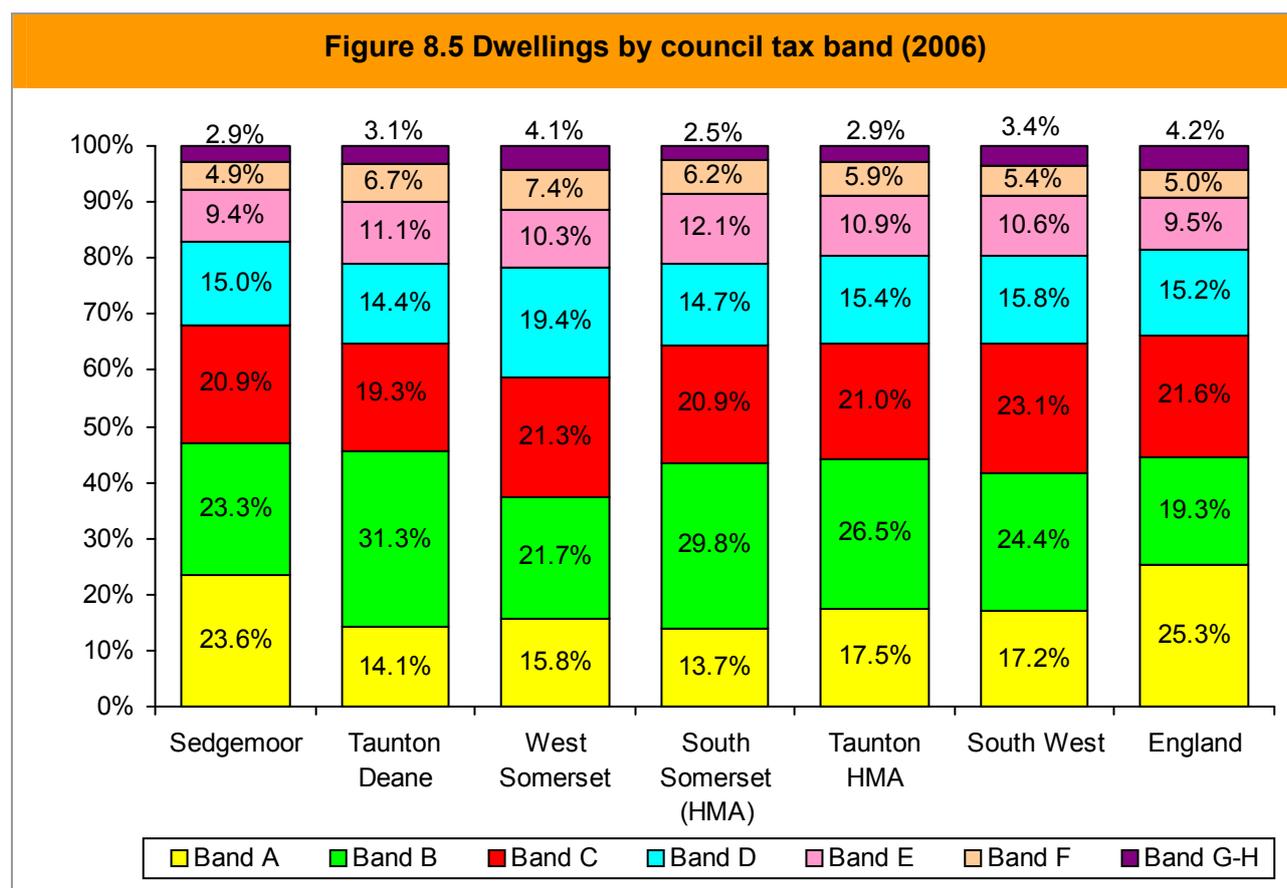
- 8.7 Dwelling size can be an important driver, as well as a significant feature of the local housing market. The 2001 Census contains information about the size of properties (in terms of the number of rooms). It is worth noting that the definition of a room in the Census does not include: bathrooms, toilets, halls or landings, or rooms that can only be used for storage such as cupboards. All other rooms, for example kitchens, living rooms, bedrooms, utility rooms and studies are included. If two rooms have been converted into one, they are counted as one room.
- 8.8 The figure below shows the number of rooms in properties in the study area as well as regionally and nationally. The data shows that the size of dwellings in the study area is above average, with nearly half of dwellings having six or more rooms (46.3% in South Somerset and 47.8% in the Taunton HMA), compared to 44.3% in the South West and 40.3% nationally.



Source: Office for National Statistics 2008 (from 2001 Census data)

### Council Tax Band

8.9 A good indication of the quality and price structure of the housing stock is the distribution of dwellings by Council Tax Band. The figure below shows that the distribution of Council Tax Bands is similar to that found both regionally and nationally. West Somerset stands out as having the lowest proportion of dwellings in the lowest two bands whilst Sedgemoor shows a relatively high proportion in band A.



## Second homes

8.10 Data on the proportion and number of second homes in the study area is presented in the table below. The table shows that there is considerable variation in the proportions of second homes in the area. West Somerset has the highest proportion of second homes (at 4.1% of the stock) with Taunton Deane showing the lowest proportion (0.5%). The two HMAs show a lower level of second homes than has been found regionally but higher (in both cases) than the national average.

**Table 8.2 Second/holiday homes (2001)**

	Holiday or Second Homes	All Household Spaces	% of second homes
Sedgemoor	309	45,844	0.7%
Taunton Deane	230	45,230	0.5%
West Somerset	693	16,844	4.1%
South Somerset (HMA)	523	66,146	0.8%
Taunton (HMA)	1,232	107,918	1.1%
South West	38,381	2,185,966	1.8%
England	135,202	21,262,825	0.6%

Source: Census 2001

## The level of vacant dwellings

- 8.11 A certain level of vacant dwellings are necessary to ensure the housing market is dynamic, however a high proportion of vacant dwellings can indicate the existence of areas of low demand and sometimes market failure.
- 8.12 The SHMA Guidance indicates that a vacancy rate of under 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out. The latest national estimate available (from the 2006 HSSA) suggests that 3.3% of all private sector dwellings are vacant across England.
- 8.13 The table below shows the number and proportion of dwellings vacant in the social and market sectors in the study area, the South West region and England. The table shows that the level of vacant dwellings in the public sector in all areas is below the guideline level of 3%.

<b>Table 8.3 Vacancy rates by broad tenure (2007)</b>				
Area	Public Sector		Private Sector	
	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Sedgemoor	71	1.2%	1,761	4.2%
Taunton Deane	46	0.6%	1,307	3.3%
West Somerset	8	0.4%	523	3.5%
South Somerset (HMA)	96	0.9%	1,600	2.7%
Taunton (HMA)	125	0.8%	3,591	3.8%
South West	4,253	1.3%	53,350	2.7%
England	85,695	2.1%	587,229	3.2%

Source: Housing Strategy Statistical Appendix 2007

- 8.14 The table also indicates that the proportion of market dwellings vacant in the Taunton HMA is above the regional and national average with Sedgemoor showing the highest level of vacant homes (at 4.2%).

## Stock condition

- 8.14 The availability of dwellings for use is dependent on them being in appropriate condition for potential inhabitants. As well as removing a potential home from use, a dwelling in poor condition can contribute toward a poor visual environment that may reduce demand in the wider neighbourhood.

8.15 This section will briefly discuss the data available on the condition of the dwelling stock in the Taunton and South Somerset HMAs. The information here is derived from the 2006 HSSA returns for the four Councils in the study area (more recent data is unavailable due to problems caused by a change in measuring standards for the 2007 HSSA) and also a report commission from the Building Research Establishment (BRE) in 2007 for all five local authorities in the county 'Somerset Sub-region Housing Stock Projections'.

### HSSA data

8.16 HSSA data indicates that 2.9% of housing across the study area was classified as 'unfit' in 2006. This varied across the area; while just 1.2% of housing in South Somerset fell into this category, the figure was 5.0% in West Somerset.

8.17 Part of this variation may be due to differences in classifications and measurement techniques, since the results were derived from separate surveys. However, the data does seem to indicate a potential housing condition issue in West Somerset, which is the only part of the study area with the proportion of dwellings unfit above the national and regional averages (4.4% and 4.3% respectively).

**Table 8.4 Stock condition: Taunton and South Somerset HMAs**

	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	Study Area
Number of unfit dwellings*	1,761	1,754	845	830	4,360	5,190
Total dwellings (2006)	47,378	46,859	17,013	69,660	111,250	180,910
%age of dwellings unfit	3.7%	3.7%	5.0%	1.2%	3.9%	2.9%

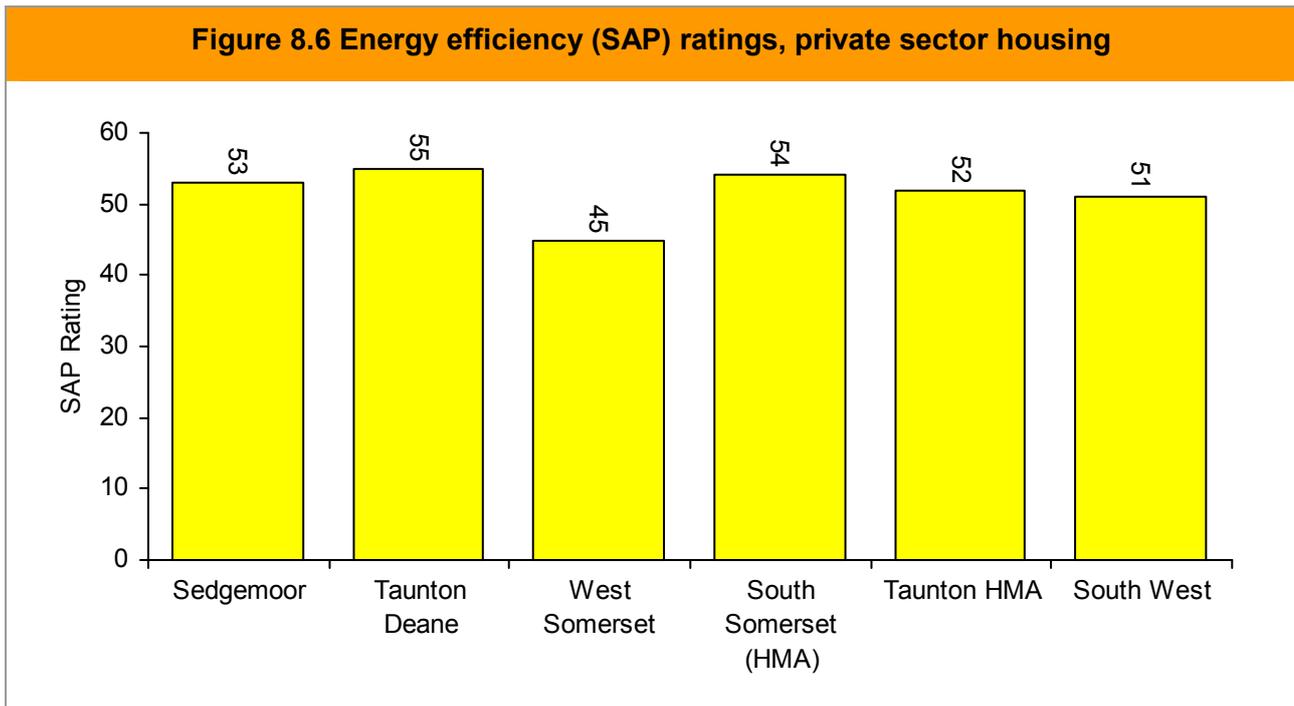
Source: HSSA 2006 \* all unfit dwellings were in the private sector

**Table 8.5 Stock condition: National and Regional Comparisons**

	South Somerset (HMA)	Taunton HMA	Study Area	South West	England
Number of unfit dwellings	830	4,360	5,190	97,345	981,082
Total dwellings (2006)	69,660	111,250	180,910	2,277,546	22,102,349
%age of dwellings unfit	1.2%	3.9%	2.9%	4.3%	4.4%

Source: HSSA 2006

8.18 The figure below shows the average energy efficiency (SAP) rating of private sector dwellings in the study area. As can be seen, again West Somerset shows below average results (average rating of 45) indicating a particular issue in this area. All other Districts in the study area show average energy efficiency ratings above the regional average of 51. The average for Taunton HMA was 52, still above the regional average despite including West Somerset.



Source: 2006 HSSA

**BRE data**

- 8.19 The other main source of data on stock condition is that provided in 2007 from the BRE. The BRE report provides estimates of local housing conditions down to ward level (and below) by combining national data from the English House Condition Survey (2001) and local Census data. The main outputs concern estimates of the number of dwellings failing the decent homes standard and vulnerable households. The BRE data outputs are based on 2001 data and will not therefore have taken account of improvements in the stock over the last five years. Nationally there has been a 9% improvement between 2001 and 2005; an average of just over 2% per year. At this rate of improvement a 15% improvement to the end of 2008 on the 2001 position would be expected.
  
- 8.20 This section briefly summarises some of the main findings in relation to the four areas in this study (i.e. excluding data from Mendip in the BRE work). For full definitions and information about the methodology employed reference should be made to the full BRE document. The analysis in the BRE document focuses only on private sector dwellings (i.e. excluding Council and RSL owned properties).

8.21 The table below looks at dwellings failing the decent homes standard and the reasons for this failure. The table shows that an estimated 54.9% of private sector dwellings in West Somerset are non-decent; the lowest figure was 41.2% in Sedgemoor. The non-decent homes indicator is 6% above the national average and the two criteria that are the cause of this are dwellings with a Category 1 Housing Health and Safety Rating System hazard and Disrepair. The former, at 32%, is 13% above the national average; disrepair is 6% above the national average of 9%. The high rate of Category 1 hazards is associated with the hazard of Excess Cold although Inadequate Thermal Comfort levels are less than the national average. This is due to many dwellings failing SAP35 (see Table 8.8) being 'hard to treat' properties e.g. solid wall construction and/or off the gas network, some of which can meet the Inadequate Thermal Comfort standard but still have poor thermal efficiency.

**Table 8.6 Private sector non-decency in Taunton HMA and South Somerset**

	Category 1 hazards	Disrepair	Non-modern	Inadequate thermal comfort	Total non-decent	Total dwellings
Sedgemoor	12,242	5,577	475	8,938	16,532	40,152
	30.5%	13.9%	1.2%	22.3%	41.2%	100.0%
Taunton Deane	11,647	5,743	470	7,675	15,629	37,765
	30.8%	15.2%	1.2%	20.3%	41.4%	100.0%
West Somerset	6,629	3,000	168	4,066	7,965	14,497
	45.7%	20.7%	1.2%	28.0%	54.9%	100.0%
South Somerset	18,239	8,382	788	13,351	24,257	57,034
	32.0%	14.7%	1.4%	23.4%	42.5%	100.0%
Taunton HMA	30,518	14,320	1,113	20,679	40,126	92,414
	33.0%	15.5%	1.2%	22.4%	43.4%	100.0%
Study area	48,757	22,702	1,901	34,030	64,383	149,448
	32.6%	15.2%	1.3%	22.8%	43.1%	100.0%

Source: BRE Housing Stock Projections 2007

8.22 The table below looks at the situation of vulnerable households (vulnerable households being broadly described as those claiming some form of means tested benefit). The table shows that West Somerset has the highest proportion of vulnerable households living in non-decent homes. Overall however differences between the two HMAs are small. Overall it is found that around 50% of vulnerable households live in decent homes – this is some way below the CLG target of 70% to be met by 2010.

**Table 8.7 Vulnerable households in non-decent housing**

	Vulnerable households in non-decent home	Total dwellings	Total vulnerable households	% non-decent as proportion of all dwellings	% non-decent as proportion of all vulnerable
Sedgemoor	3,423	40,152	6,997	8.5%	48.9%
Taunton Deane	2,801	37,765	5,669	7.4%	49.4%
West Somerset	1,492	14,497	2,635	10.3%	56.6%
South Somerset	4,529	57,034	8,926	7.9%	50.7%
Taunton HMA	7,716	92,414	15,301	8.3%	50.4%
Study area	12,245	149,448	24,227	8.2%	50.5%

Source: BRE Housing Stock Projections 2007

8.23 Finally the BRE data looks at energy efficiency. The table below shows an estimate of the number of dwellings with a SAP of less than 35 (the SAP rating being the main measure of energy efficiency and a SAP of below 35 would be considered as poor energy efficiency) and estimates of the number of dwellings (households) in fuel poverty – fuel poverty being the situation where a household needs to spend more than 10% of income on fuel.

8.24 The data shows considerably worse energy efficiency and fuel poverty in West Somerset compared with any of the other areas. However, overall the two HMAs show similar energy efficiency and fuel poverty levels. Around a quarter of dwellings are estimated to have a SAP of less than 35 and just over a tenth of dwellings (households) are considered to be fuel poor.

**Table 8.8 Energy efficiency and fuel poverty in the private sector**

	Dwellings with SAP less than 35	Dwellings (households) in fuel poverty	Total dwellings	% with SAP less than 35	% fuel poor
Sedgemoor	9,522	4,050	40,152	23.7%	10.1%
Taunton Deane	8,695	3,533	37,765	23.0%	9.4%
West Somerset	5,459	2,832	14,497	37.7%	19.5%
South Somerset	14,127	5,866	57,034	24.8%	10.3%
Taunton HMA	23,676	10,415	92,414	25.6%	11.3%
Study area	37,803	16,281	149,448	25.3%	10.9%

Source: BRE Housing Stock Projections 2007

## Shared housing and communal establishments

8.25 The Guidance states that shared housing and communal establishments are an important part of the accommodation landscape for certain households. These forms of accommodation are particularly important for those on the margins of the housing market, such as homeless households.

- 8.26 Communal establishments are also not available on the general market, as they are designed specifically for certain groups such as students and older people. It is therefore important to quantify the number of these forms of accommodation within the study area.
- 8.27 Households may reside in shared dwellings as a result of an inadequate supply of affordable housing in a local area. In the 2001 Census, a household space is considered to be in a shared dwelling if one of the conditions set is present in the accommodation i.e. not all rooms are behind a door that only that household can use.<sup>2</sup>
- 8.28 Only 254 households in the Taunton HMA (0.24% of all households), and a further 55 in South Somerset (just 0.08% of all households), were sharing a dwelling at the time of the 2001 Census. All these figures, particularly that for South Somerset, are well below the regional average of 0.34%, as might be expected for a predominantly rural area.
- 8.29 Census data cannot reflect recent trends observed by stakeholders i.e. the recently increased presence of migrant workers who are thought to be more likely to share dwellings (to reduce housing costs) than other households.

<b>Table 8.9 Shared dwellings in the study area, 2001</b>		
	Number of household spaces in shared dwellings	% of all household spaces
Sedgemoor	102	0.22%
Taunton Deane	116	0.26%
West Somerset	36	0.21%
South Somerset (HMA)	55	0.08%
Taunton HMA	254	0.24%
South West	7,413	0.34%
England	77,531	0.36%

Source: ONS Census 2001

- 8.30 According to the 2001 Census, there were 6,094 people (2.5%) in the Taunton HMA and 3,303 (2.2%) people in South Somerset living in communal establishments. These figures are broadly in line with the regional average of 2.4%.
- 8.31 However, within Taunton HMA, West Somerset has a much higher than average total of 3.8% of residents in communal establishments.

<sup>2</sup> See Census 2001: Definition.

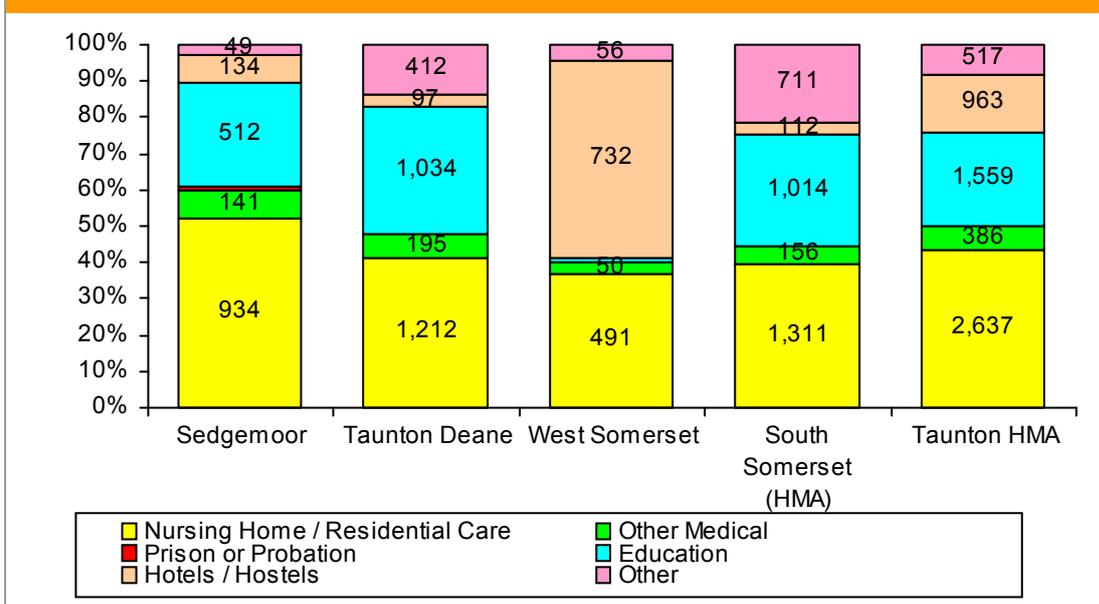
**Table 8.10 Residents of communal establishments in the study area, 2001**

	Residents in communal establishments	% of population
Sedgemoor	1,784	1.7%
Taunton Deane	2,976	2.9%
West Somerset	1,334	3.8%
South Somerset (HMA)	3,303	2.2%
Taunton HMA	6,094	2.5%
South West	116,362	2.4%
England	890,681	1.8%

Source: ONS Census 2001

- 8.32 As can be seen in the figure below, the variation across the study area is not just in numbers of people living in communal establishments but also in the types of communal establishments involved. The higher proportion of people living in communal establishments in West Somerset is almost entirely accounted for by the tourism industry, with 732 people living in hotels or hostels in the District, far more than in any other area. In Sedgemoor, more than half of the total is accounted for by nursing homes or residential homes.
- 8.33 All authorities except West Somerset contained boarding schools, with a significant impact on the total figures. Taunton Deane and South Somerset also contained large defence establishments, counted in the 'Other' category. There were no large prison or probation facilities in the study area.
- 8.34 The proportion of residents (excluding staff) over 75 varied across the study area, from 47.8% in Sedgemoor to 31.4% in Taunton Deane.

**Figure 8.7 Types of communal establishment**



Source: Census 2001

## Summary

- i) In 2007 there were an estimated 70,449 dwellings in South Somerset and 111,764 in the Taunton HMA. These figures represent increases of 10.7% and 9.5% since 1997 respectively, although during this time the number of socially rented dwellings has decreased by around 3%-4%.
- ii) Detached houses make up around a third of the stock. Dwellings in the study area also tend to be larger than average (particularly when compared with the national position).
- iii) Detached and owner-occupied dwellings tend to be concentrated in the more rural parts of the study area, while terraced, flatted and social rented dwellings are found particularly in the urban areas.
- iv) The proportion of market dwellings vacant in the Taunton HMA was noticeably higher than the regional or national average although the figures for South Somerset were more normal (in-line with the region and slightly below the national position).
- v) In terms of stock condition, information from BRE suggests that over 40% of private sector dwelling in the study-area would be considered non-decent. This figure is particularly high in West Somerset.
- vi) Finally, data has shown that a small proportion of the population live in communal establishments (just over 2%). This figure is similar to the average for the South West. The proportion of the population in communal establishments is particularly high in West Somerset (3.8% of the population).



## SECTION D: THE ACTIVE MARKET

This Section examines the level of activity across the housing market in the study area. It considers the cost of different forms of housing in the study area and assesses how affordable they are for local households. The section aims to answer the following questions:

- What is the cost of the different forms of housing in the area?
- How affordable is housing in the area?
- Which household groups are least likely to be able to afford market accommodation?
- How has demand for housing changed?



## 9. The current housing market

### Introduction

9.1 This chapter provides information on the current housing market in the study area. Information provided sets out how property prices have changed in the past and puts the situation in the area in a regional and national context. The chapter also provides an analysis of current housing market prices and rents and an analysis of how prices vary in different parts of the study area. Information was collected from three main sources:

- Land Registry
- Internet searches for properties for sale in the study area
- Interviews with estate and letting agents

9.2 Before undertaking any analysis of various data available, stakeholders (largely estate agents) were asked about their perceptions of the local housing market. This allowed us to better understand some of the findings and helped to put the results in context.

### Discussions with estate and letting agents - introduction

9.3 Estate agents and letting agents were visited in nearly all of the principal towns throughout the study area. In addition an interview was conducted with on site sales staff on larger scale newbuild sites. This is in addition to a systematic collection of entry level house prices and rents which is contained later in this report.

9.4 The purpose of the visits and discussions were to understand the perceptions of people servicing the housing market. In particular questions were asked about;

- Local markets and self-containment
- The characteristics of households moving home
- Price ranges and affordability
- What factors appeal/do not appeal to potential purchasers
- Investor activity
- The role of private renting in that locality
- What distinguishes the purchaser of new housing from second-hand housing

## Main Findings

- The characteristics of the study area vary greatly, from seaside resort to major towns with sparsely populated rural areas in between
- The level of self-containment also varies; estate agents suggest it is higher in the towns and lower in the villages; this is due to many of the villages being sought after by better off incomers.
- In the labour market, towns are highly self-contained. Long distance commuting is rare except in the east, and there is diverse employment from aerospace to food production and processing, there is also significant employment in supporting the tourist industry.
- In-migration mostly comes from London, London's western fringe, and the south east.
- The area is a popular destination for older people. Some of these are economically active; others are semi or fully retired taking advantage of lower house prices.
- Prices are generally cheaper in the towns. Some agents identified that prices of more expensive property were more stable than cheaper housing. This was because more expensive property tends to be financed less on the basis of earned income solely.
- Investor activity is less than it was but there is still interest in cheaper property and new homes.
- A further feature of the market is the presence of residential park homes. These appear frequently throughout the study area. They must be distinguished from holiday homes which are evident on the coastal fringe.
- Some sub-markets have responded to the demand for retirement housing for the active elderly wishing to downsize.
- The significant presence of private education establishments appears to have some effect on more expensive rural areas. The state sector seems to have a significant bearing on household demand in the Cheddar area and part of Taunton.
- The private rented sector is buoyant. There is considerable demand and a good supply.
- The presence of EU migrants is very noticeable working in the food processing and hospitality industries.

## Overall conclusions

- 9.5 Undoubtedly there are migration pressures from higher priced areas such as Bristol and London and areas in the south east, but these appear to be focused upon villages, most of which have an exceptional residential offer at a fraction of the cost of other rural areas nearer London such as the Cotswolds or the Chilterns.

- 9.6 The towns have a major bearing on the character of the housing market. There are two types of town. There are the major urban areas of Taunton, Bridgwater and Yeovil, each distinctive in their own right. In-between are large rural areas and some rural service centres. The coastal towns have a more tourist orientated role. Common to all of the towns are high degrees of housing and labour market self-containment. Food and food processing are important employers; low paid jobs are largely taken by European workers.
- 9.7 Affordability is a major problem and concern even though the towns have very active economies and nearly full employment.

## **Detailed Remarks**

### ***West Somerset District***

#### **Minehead**

- 9.8 A large proportion of sales were to incomers, many of whom are retiring or are looking to retire. Much of the work available in the area is in the tourist industry and is therefore often seasonal; the pay in many of these jobs is relatively low. There is also evidence that there are a high number of EU migrant workers living and working in the area.
- 9.9 All agents considered that affordability was a major problem. There had been considerable new building of flats and apartments that were very popular with sea views. Agents drew attention to the success of shared ownership. They said that there had been many enquiries for these properties. Agents also suggested that prices had 'eased' in the last year.
- 9.10 There was considerable interest in entry level homes from investors with the potential for letting to first-time buyers and sharing households; some had been bought as second homes.
- 9.11 The letting agent explained that some tenants were renting temporarily after re-locating to the area before buying property. The rental market was seen to be housing people unable to afford home ownership or people who had had a relationship breakdown. EU migrants were in the area in some numbers and there was evidence that they were settling here long-term, bringing families across, often living in the private rented sector.

## **Watchet/ Williton**

- 9.12 Both towns were visited but the agent interview took place in Williton. The office had Minehead property for sale but the main focus was on Williton and the small villages surrounding it. The agent believed that this was an area of potential growth because it was nearer to Taunton and the District Council was in the process of establishing its headquarters there. He thought that given the geography of the District and its boundaries with Exmoor Park and the sea, there was little scope for growth but it was badly needed.
- 9.13 The holiday caravan parks were very visible on the coast road approach. There is a major paper industry in the valley between the two towns.
- 9.14 Most residents were retired or working at home. Commuting was less common but did occur to Taunton and to a lesser extent Bath.

## **South Somerset District**

### **Chard**

- 9.15 This town has a very interesting and diverse local retail offer. There is significant employment here. Both housing markets and labour markets are very self-contained. There are high numbers of EU workers here working in the food industry and the hotel trade.
- 9.16 Agents suggested that there was a relatively high level of self-containment, although there was movement in from London, often people retiring in the area or intending to work from home.
- 9.17 The Persimmon development (Furndale Park) was visited. About 30% of this was affordable housing – social rent and shared ownership. This was located in part of the site and would be under the management of Raglan homes, the agent felt that this was a disincentive for potential purchasers.



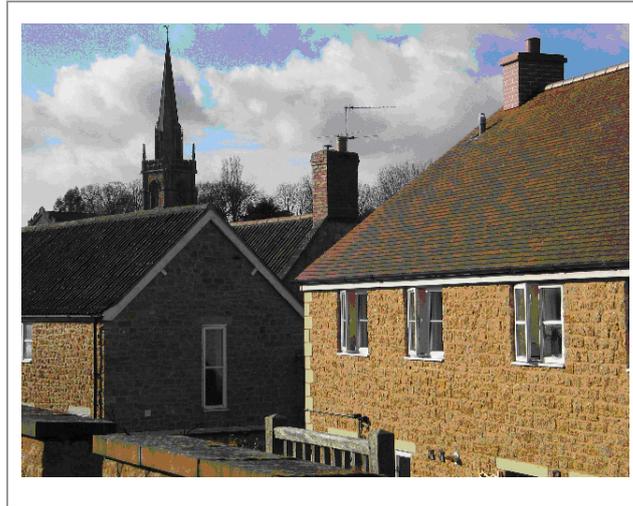
Furndale Park: affordable element of the development

### Crewkerne

- 9.18 This is also a distinctive market town with a high number of estate and letting agents serving the town and the surrounding area. The agents identified several large engineering based employers within the area.
- 9.19 A specialist letting agent was visited serving a wider catchment than residential sales. On average rents were similar to Chard.
- 9.20 Agents understood that a large site had been granted planning permission on the edge of the town.

### Castle Cary

- 9.21 This town saw significant out commuting to London being 90 minutes from London Paddington. Like Wincanton it showed significant character in its town centre although employment sites were not so much in evidence except on the outskirts.
- 9.22 Town centre infill has been achieved in keeping with the general character.

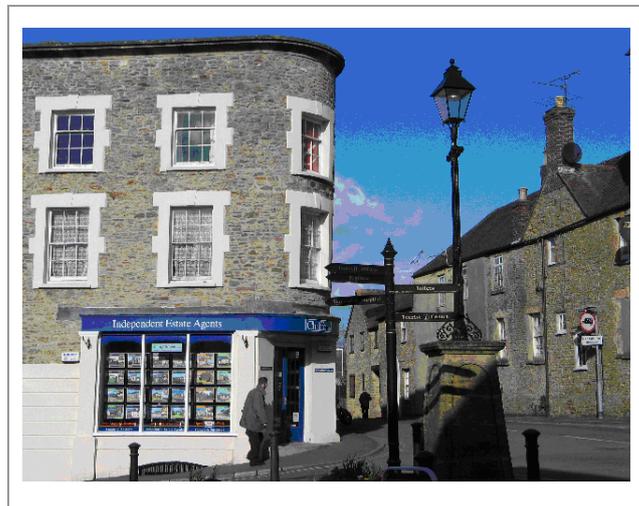


9.23 Again European workers were evident and employed in the local food processing plants.

### **Wincanton**

9.24 Like Castle Cary part of the interest in the town from incomers was the rail link to London. Although the town did not have a station the station at Abbas Coombe was nearby and was well used by local people.

9.25 Like many of the other towns in the study area there was a fine market town with distinctive buildings serving a large surrounding rural area.



9.26 The size of the industrial quarter was more significant than other towns due to the presence of a major food plant making cheeses. This had in turn brought a large eastern European workforce into the area. The high level of industry was attributed to the town's location on the A303 which was now mostly duelled connecting the town east- west. Agents felt that this was a major advantage over neighbouring towns and why Wincanton would continue to be successful.



Wincanton: town centre former commercial site being redeveloped for housing

## **Yeovil**

- 9.27 This is a major town with a significant self-contained economy. As such agents felt that the local market was in two parts, with cheaper housing found to the north. There was considerable evidence of small scale infill development offering flats and apartments.
- 9.28 The local economy is significant and is underpinned by the aerospace industry and the public sector, especially the District General Hospital and the District Council.
- 9.29 Like other towns in the study area the absence of a conurbation was apparent with sparsely populated rural areas in between. Agents believed that employment was very self-contained with little commuting to other towns or London.
- 9.30 Demand for rented accommodation was significant. Agents reported that buy to let investors were still very active.

## ***Taunton Deane District***

### **Taunton**

- 9.31 This is the County town of Somerset. As such it has a major public sector workforce employed by the County and District Councils and the NHS. The education sector is an important feature of the town with three extensive private school campuses and sought after state schools. One agent described the castle school catchment area as especially influential. Agents here as well as in Bridgwater speculated about the impact of a new nuclear generator at Hinckley Point. Their experience had been that the influx of well paid specialist workers would have an impact on prices and supply.

- 9.32 A major mixed development is planned to the south east of the railway station and south of the river promising 3,000 jobs and 500 new homes. This is known as the Firepool development.
- 9.33 Like any major town there are distinctive sectors. Here the terraced housing is mostly Victorian and architecturally more interesting than in many inner cities. Town centre apartments' prices seem a little weaker – agents attribute this to limited or no car parking.
- 9.34 Letting agents remarked that the market was busy, letting to eastern European workers (much in evidence in the town's industry and hospitality trade). They felt that the only group that were less in evidence in the rental market was families. Letting agents explained that a major employer in the food industry was becoming an investor in new property to let to their workforce.
- 9.35 Agents believe that the housing market is highly self-contained, the labour market less so, with commuting to Exeter, Tiverton, Bridgwater and Bristol. The reason for this is self evident and due to the proximity to the M5 junctions 25 and 26 (Wellington).
- 9.36 Our researchers noted an unusual level of residential park homes for sale. They were very evident when travelling between towns in the study area. The market for these homes is unique. Site owners charge significant ground rents - £90-£150 pcm and have a 10% levy on sales. Prices range from £90,000 to £140,000. Crucially owners cannot get a mortgage so have to be either cash buyers or take personal loans.



A typical residential park home

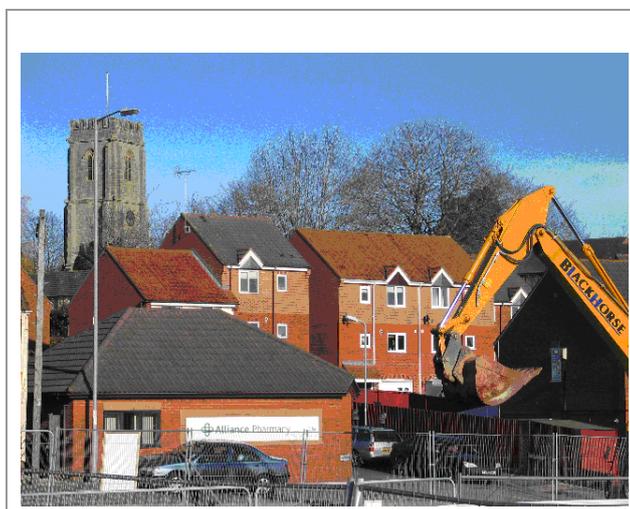
## Wellington

- 9.37 This is a distinctive medium sized market town and service centre. The founding industry was textiles and it had diversified from there. There is significant employment to the north of the area which gives way to a pleasant high street and residential areas.

- 9.38 The private school is located just off the town centre. One agent said that many of his clients sought to re-locate from the South East into character rural homes in order to have their children attend this school on a day basis. He distinguished between the town based housing which was mostly occupied by local people rather than incomers.
- 9.39 Agents believed that prices were a little lower than Taunton but this was not in evidence from property for sale at this time. Again the terraced housing was architecturally more interesting than is seen in other industrial towns of a similar size.

### **Norton Fitzwarren**

- 9.40 This is of interest due to the scale of new development under way. There appear to be two sites of brownfield land. Building has begun to the west around station road, and site remediation has begun to the east.

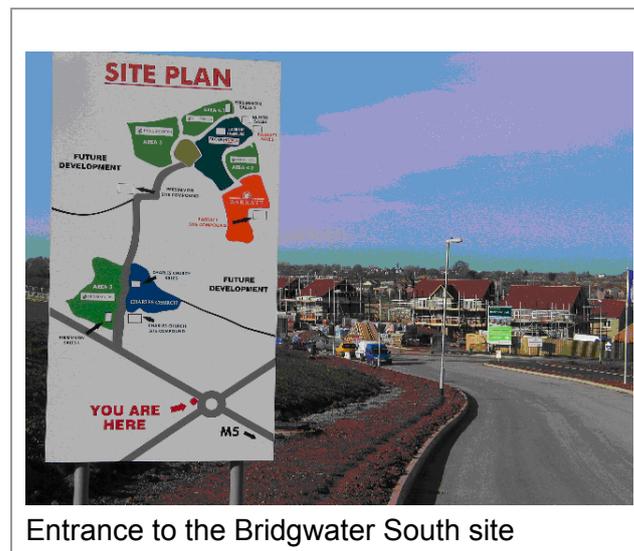


### **Sedgemoor District**

#### **Bridgwater**

- 9.41 Within the context of the study area, this town is the major focus of housing and job growth. Whilst the historic town centre and docks are small, the housing growth is considerable. There is new development around the Northern Distributor Road which is nearing completion.
- 9.42 Agents were very optimistic about the future given the high levels of growth and the advantageous location – M5 junction 24.

- 9.43 The new development at Bridgwater South was also visited. Here Persimmon was the lead developer, producing houses rather than apartments. Their part of the site had no affordable housing. An adjacent developer was currently marketing apartments. The agent said that so far interest had been from all comers as the site was opposite J24 and over the road was major commercial development on a large scale. She felt that sales would be to highly mobile professionals taking advantage of the access to the M5 with little implication for Bridgwater.



## Cheddar

- 9.44 Cheddar is a medium sized residential town on the fringe of the Gorge and its unique landscape. It is a centre for tourism as well as a service centre for the local villages for approximately a ten mile radius. There was out commuting to Bristol, Bridgwater and Taunton. Agents stressed that many people come here to be in the Cheddar Valley school catchment area. This is also a factor for Wedmore. Agents felt that the majority of transactions were from locals with many of the incomers being retirees.

## Wedmore

- 9.45 Wedmore is a smaller town but is more distinctive. It is sought after by better off families seeking to be within the school catchment area. The shops reflected this. There appeared to be a very active community. The local architecture is significant and the new buildings whether commercial or residential reflect this.



Wedmore community

- 9.46 The agent said that some owners had chosen to rent out their property for six months and ride out the dip in property prices generally.

### Burnham On Sea and Highbridge

- 9.47 Burnham is a very busy town that has seen significant growth in the past. Incomers came mostly from Herts, Sussex, Berkshire and Reading. Agents suggested that prices were higher than those found in Bridgwater.
- 9.48 Many local people commuted to Bristol. Support services for the aerospace industry were in evidence. People came here for retirement and employment, seeking out a town on the sea with a better offer than Bristol from the point of view of prices and quality of life.
- 9.49 A newbuild site office was visited in Highbridge. The site sales agent reported some sales to investors although there was interest from local residents and incomers. A further new site under construction was visited. It was noticeable that this was adjacent to a mature residential area. Many of these homes were for sale. Agents confirmed that there had been local opposition to the development.
- 9.50 Agents believed that overall the growth was needed to revitalise Highbridge which has not recovered from the building of the M5 taking traffic off the A38.

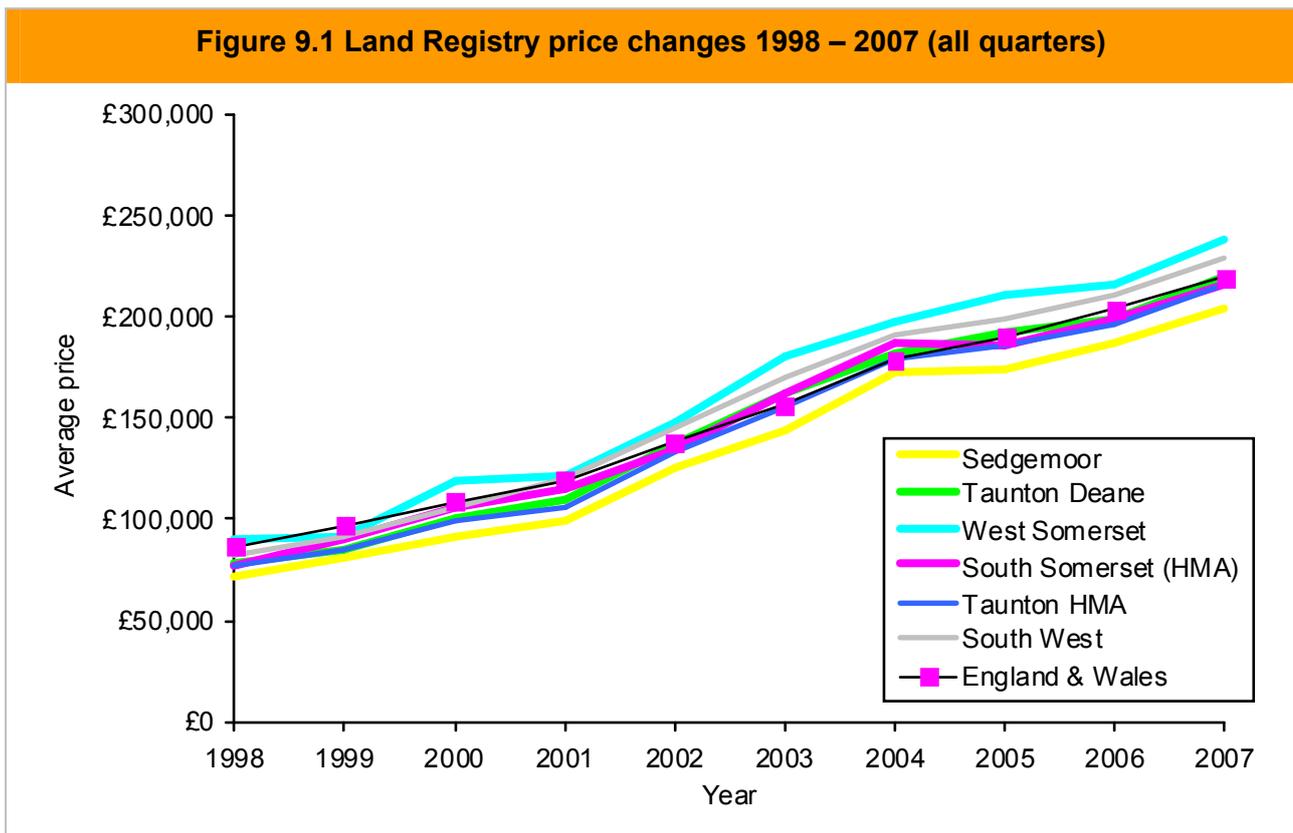
### General Price Levels

- 9.51 The table below shows price levels in the study area (drawn from Land Registry data for 2007). The data shows that prices are generally in line with those found regionally and nationally. Prices in West Somerset are slightly higher than elsewhere in the study area.

Table 9.1 Land Registry average prices (2007 all quarters)		
Area	Average price	As % of England & Wales
Sedgemoor	£204,590	93.1%
Taunton Deane	£220,622	100.4%
West Somerset	£239,157	108.8%
South Somerset (HMA)	£216,551	98.5%
Taunton HMA	£215,893	98.2%
South West	£228,809	104.1%
England & Wales	£219,819	100.0%

Source: Land Registry 2007

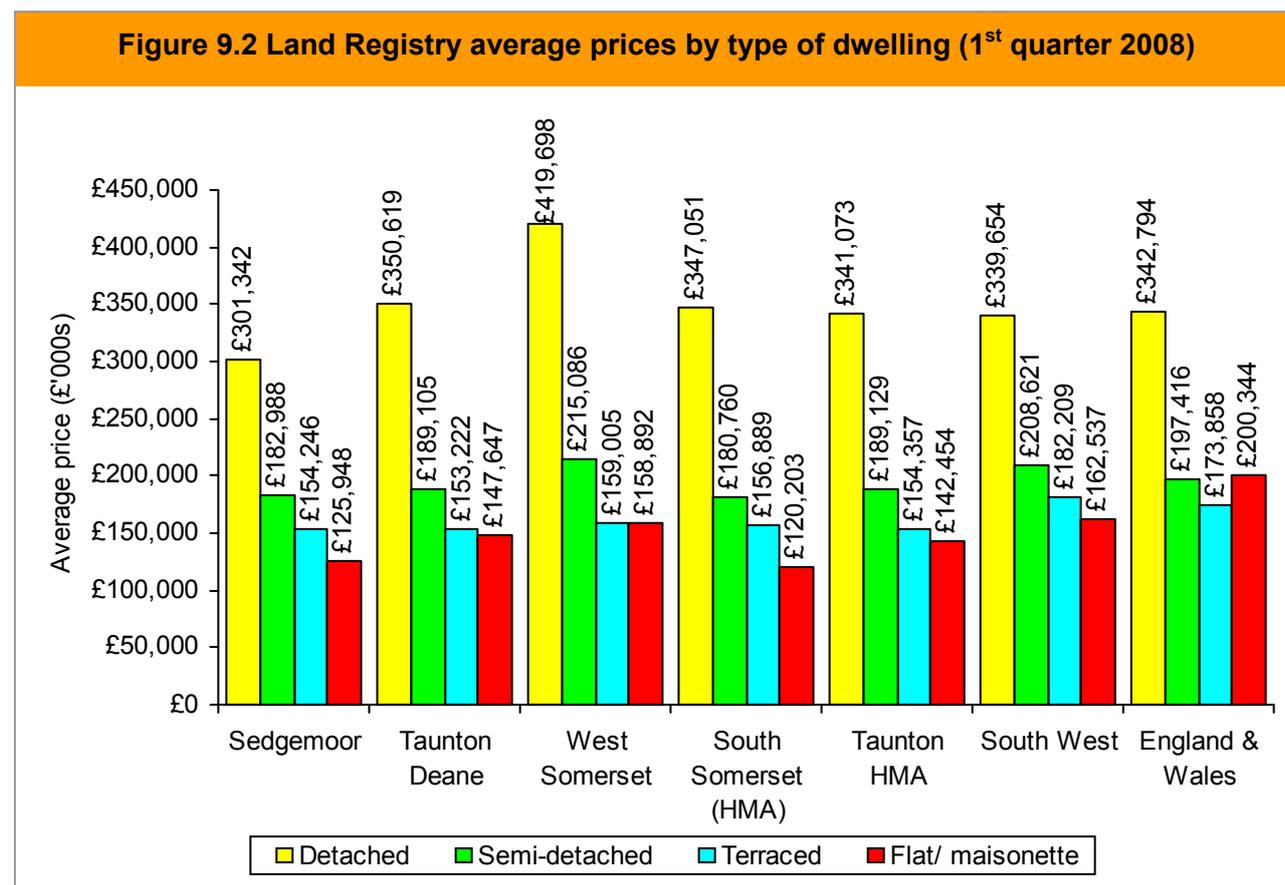
9.52 The figure below shows overall price change since 1998 in the study area. The data shows significant price increase in all areas studied and that property price increases in the study area have more than kept pace with other areas. Overall between 1998 and 2008 the average price in South Somerset rose by 179% with a figure of 180% applying in the Taunton HMA. The equivalent regional and national figures were 179% and 154% respectively.



Source: Land Registry 1998-2007

## Prices by type

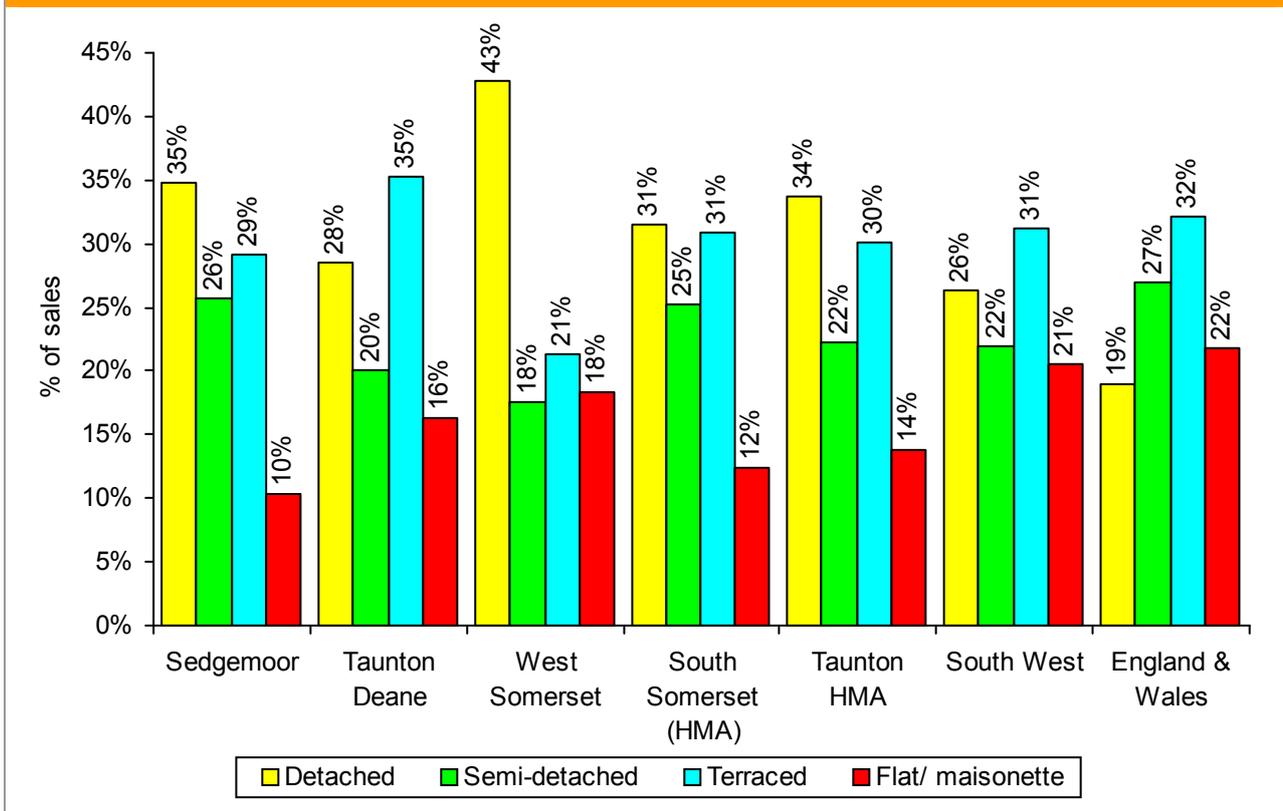
- 9.53 In addition to providing information about overall prices the Land Registry data provides a wealth of data about the types of properties sold and how this varied over time.
- 9.54 The figure below shows that whilst both HMAs contain slightly more expensive detached homes than the regional average, all other dwelling types are on average lower in cost.



Source: Land Registry 2008

- 9.55 The figure below shows that around a third of sales in the two HMAs are detached homes and another third are terraced properties. In the case of detached homes the proportion of sales is significantly above both the regional and national average. Both areas show relatively few sales of flatted accommodation.

**Figure 9.3 Land Registry volume of sales by type of dwelling (1<sup>st</sup> quarter 2008)**

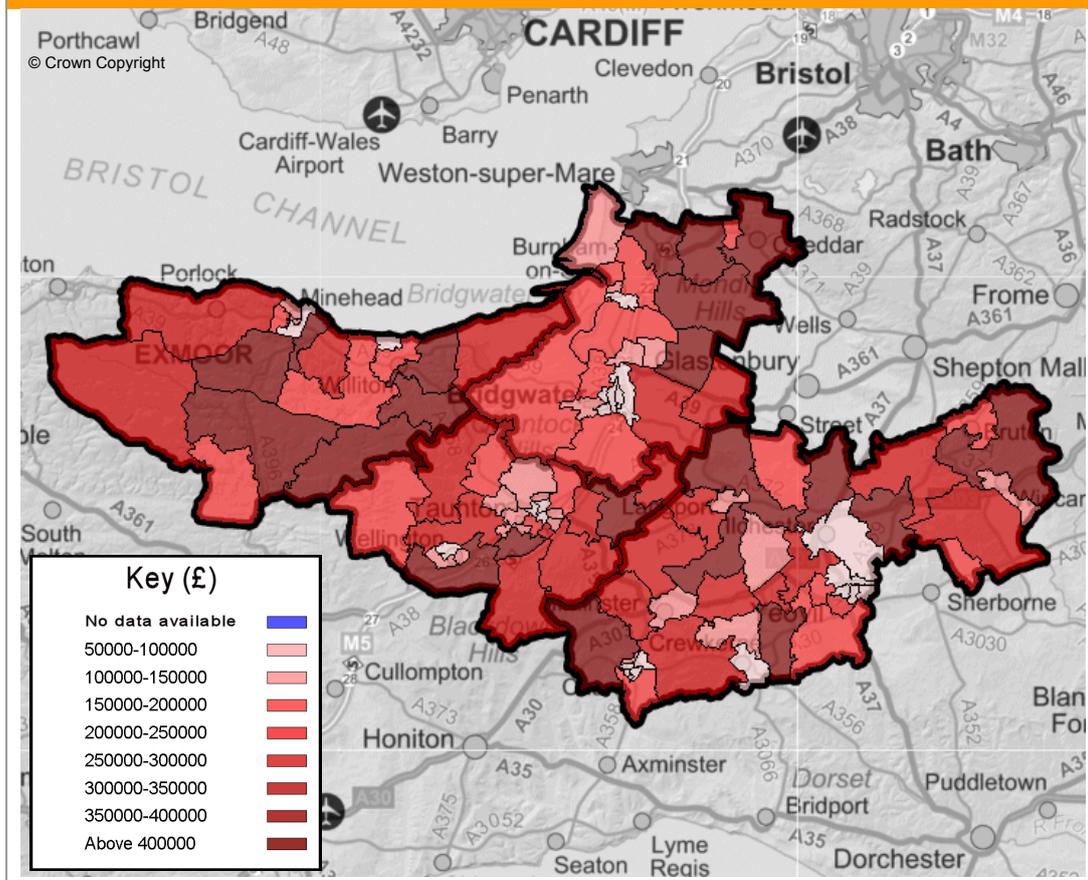


Source: Land Registry 2008

### Price variation

9.56 The analysis so far has concentrated on the prices for the two HMAs and individual Districts. However it is of interest to see how these vary in different parts of the study area. We have therefore used Land Registry data to provide an idea about the variation in prices at a more detailed level in the four local authorities. The only data available for this purpose was for postcode areas, and reliable information was not available for some parts of the study area where few sales occurred.

9.57 The map shows a clear concentration of cheaper homes in the more urban areas with higher prices in rural locations and notably to the east of Sedgemoor.

**Figure 9.4 Variation in average (mean) property prices by ward**

Source: Land Registry 2008

### Entry-level market costs

9.58 Interviews were conducted with estate and letting agents across the study area to gain more information on the main characteristics of the housing market. Information from these interviews supplemented the internet searches of properties available to buy or let. This section provides the key findings in terms of local prices and rents.

#### *Properties to buy*

9.59 The table below shows the entry level prices (lower quartile) for different sizes of dwellings in the four local authorities. The main Housing Needs Survey reports for each council provide more detail on different costs in different locations/settlements and the figures shown below are a simple average of the prices obtained through internet searches. The prices were ascertained from an internet search of properties advertised for sale during May 2008. The prices are qualified (checked) by the qualitative research with estate and letting agents in the area and are broadly in line with the results found from the internet search.

9.60 The table below shows that there are not huge variations in entry-level (lower quartile) prices within the study area, although West Somerset does show some of the highest prices for all property sizes other than one bedroom (which has a relatively small sample size of properties). In South Somerset the entry-level cost for a two bedroom home was found to be £122,000, whereas in West Somerset an entry-level two bedroom property was found to be £138,000.

**Table 9.2 Entry-level purchase prices by district and size of dwelling**

Bedrooms	Sedgemoor	Taunton Deane	West Somerset	South Somerset
1 bed	£86,166	£97,232	£84,427	£81,744
2 bed	£125,252	£127,260	£137,914	£121,994
3 bed	£149,887	£158,126	£172,484	£149,868
4 bed	£220,599	£223,133	£215,284	£234,355

Source: Rightmove; searched 3.5.08

9.61 In most locations across the study area, the number of one bedroom properties available to purchase was relatively small; this should be borne in mind when viewing the entry-level prices provided for these dwellings in the above table. There were found to be a number of one bedroom retirement properties available to purchase, but these properties were excluded from the entry-level price calculation since they are a specialist product not available to all households.

### ***The private rented sector***

9.62 The table below shows the entry-level (lower quartile) cost to rent (per month) in the four local authorities, again averaged from settlement level data produced in the individual Housing Needs Surveys. Once again, it should be noted that the number of one bedroom properties available to rent was found to be relatively small. The supply of four bedroom properties was also deemed insufficient for such dwellings to be considered as an option within West Somerset; an entry-level rental price has therefore not been provided.

**Table 9.3 Entry-level private rental costs by district and size of dwelling (per month)**

Bedrooms	Sedgemoor	Taunton Deane	West Somerset	South Somerset
1 bed	£445	£450	£405	£365
2 bed	£500	£585	£520	£535
3 bed	£645	£720	£660	£600
4 bed	£800	£825	-	£675

Source: Rightmove; searched 3.5.08

### The social rented sector

9.63 The main other form of housing available in the study area (other than to purchase or privately rent) is social rented housing. Therefore to complete the housing cost profile in the local market it is appropriate to present information on the cost of social rented housing. The cost of social rented properties by dwelling size can be obtained from CORE and these are presented in the table below. CORE (Continuous Recording) is a national information source funded jointly by the Homes and Communities Agency and the CLG that records information on the characteristics of both housing association and local authority new social housing tenants and the homes they rent and buy. As can be seen the costs are significantly below those for private rented housing indicating a significant potential gap between the social rented and market sectors.

Table 9.4 Social rented cost (£ per week)				
Bedrooms	Sedgemoor	Taunton Deane	West Somerset	South Somerset
1 bed	£48	£49	£58	£57
2 bed	£56	£58	£69	£66
3 bed	£59	£65	£74	£73
4 bed	£65	£73	£82	£81

Source: CORE 2007

### Overall weekly costs of the range of tenures

- 9.64 The tables below show the weekly costs for the four local authorities. These are the estimated cost to access different types of housing under the assumption that a household has no capital available. The data has been averaged from information contained within each of the individual District reports (which look in more detail at differences within the area).
- 9.65 The cost of intermediate housing, based at the 'usefully affordable' point – the mid-point between the cost of social rented and entry-level market housing - is also presented. The tables also include the weekly cost of entry-level and newbuild accommodation to buy.
- 9.66 In general the data shows a steady progression in costs from social rent up to newbuild housing. The main exception to this is for one bedroom units where the cost to buy is estimated at only slightly higher than the cost to privately rent (in all locations). It should however be noted that across all areas the number of one bedroom homes available to buy is typically very small.

**Table 9.5 Weekly costs table by tenure: Sedgemoor**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£48	£75	£103	£108	£140
2 bed	£56	£86	£115	£156	£203
3 bed	£59	£104	£149	£201	£261
4 bed	£65	£125	£184	£285	£370

Source: CORE, Rightmove

**Table 9.6 Weekly costs table by tenure: Taunton Deane**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£49	£76	£103	£112	£146
2 bed	£58	£96	£134	£147	£191
3 bed	£65	£116	£166	£182	£237
4 bed	£73	£132	£190	£257	£335

Source: CORE, Rightmove

**Table 9.7 Weekly costs table by tenure: West Somerset**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£58	£76	£94	£97	£127
2 bed	£69	£95	£120	£159	£207
3 bed	£74	£113	£152	£199	£259
4 bed	£82	£132	na	£248	£323

Source: CORE, Rightmove

**Table 9.8 Weekly costs table by tenure: South Somerset**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1	£57	£71	£84	£94	£123
2	£66	£95	£123	£141	£183
3	£73	£106	£138	£173	£225
4	£81	£118	£155	£270	£352

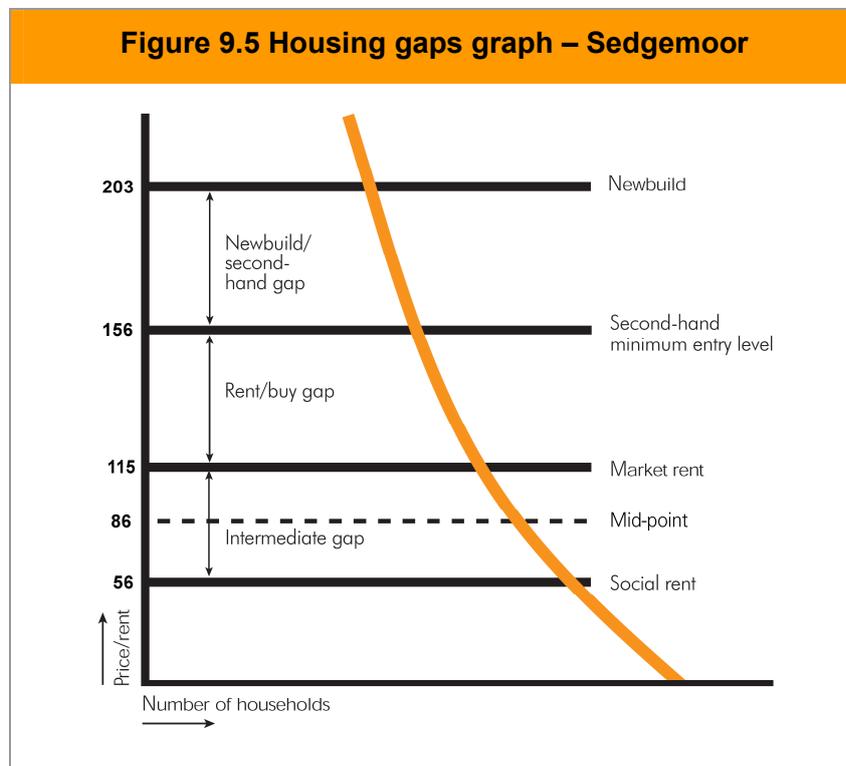
Source: CORE, Rightmove

9.67 The information presented in these tables can be re-orientated to better conceptualise the cost of housing in the four local authorities and identify the gaps that exist within the market.

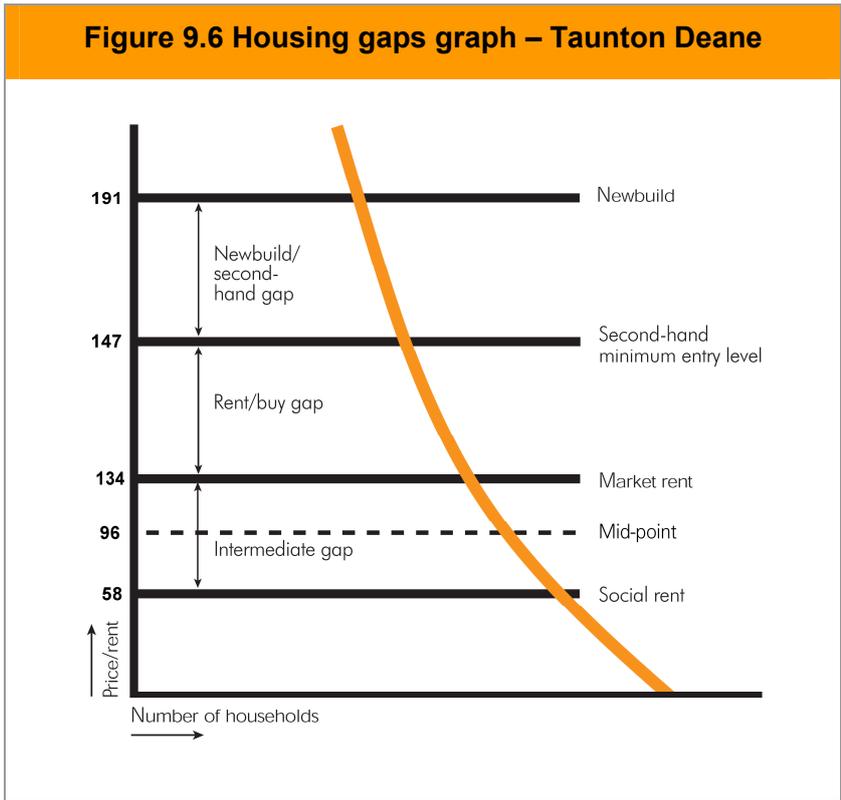
## Housing market gaps

9.68 Housing market gaps analysis has been developed to allow easy comparisons of the costs of the tenure range, in order to facilitate the testing of different newbuild proposals, and to show generally the nature of the housing ladder in a particular locality.

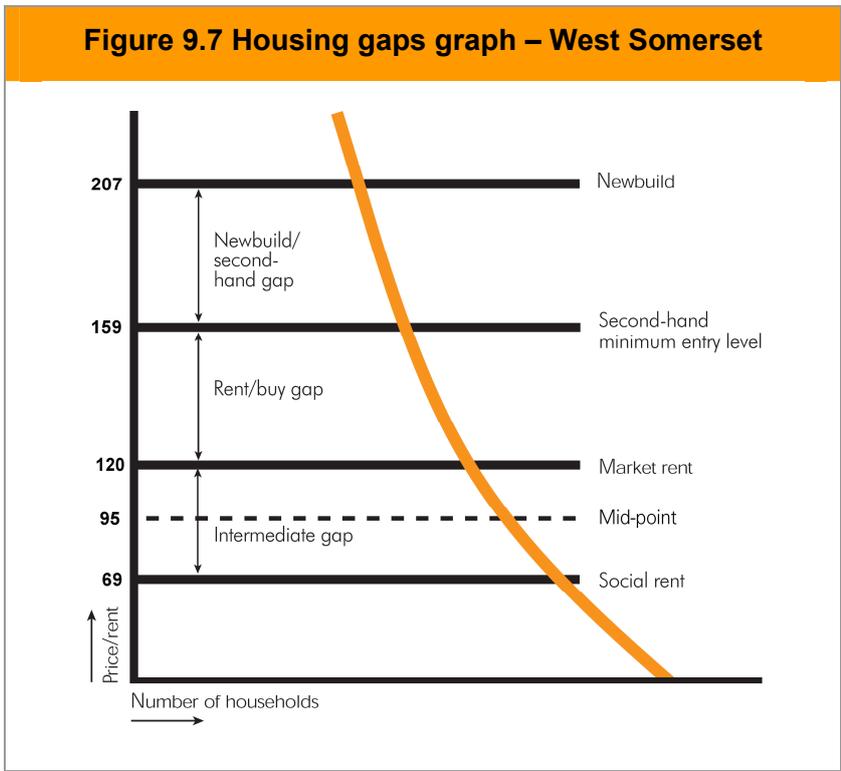
- 9.69 The following figures show a stylized graph designed to illustrate the nature of the housing market gaps in each price market. The figures are based on plotting the weekly cost of housing for each tenure group on the y-axis, against the notional numbers of households (illustrated only figuratively by the orange curve) along the x-axis.
- 9.70 This is done for two-bed dwellings only (the weekly costs for the full range of dwelling sizes is shown in the tables above). The bars on the gaps graphs show key tenure distinctions:
- Newbuild to buy
  - Second-hand to buy
  - Private rental
  - Inferred mid-point of intermediate band
  - Social rent



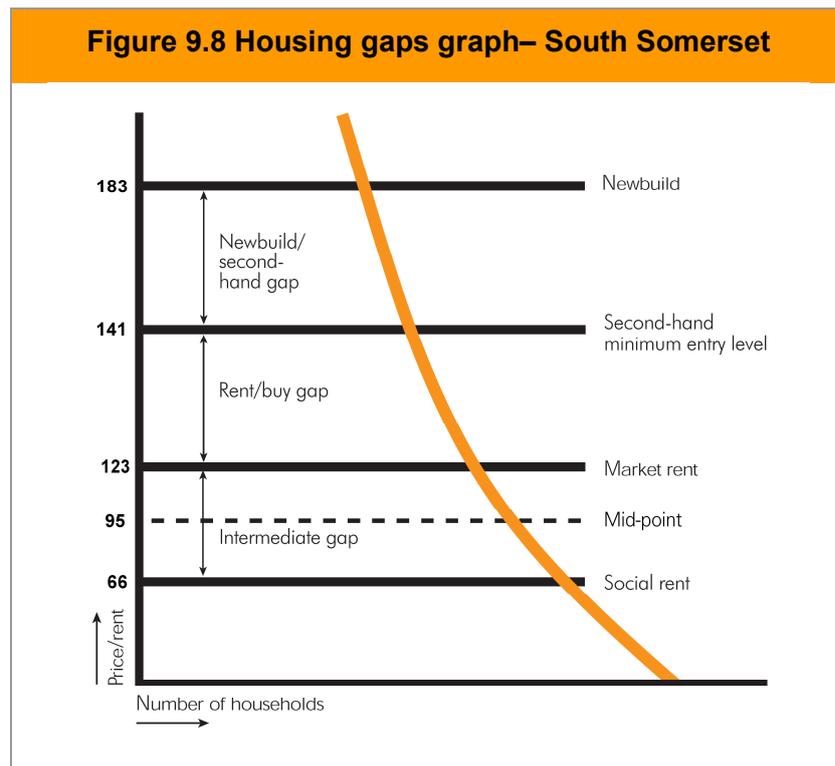
Source: Taunton and South Somerset SHMA 2008



Source: Taunton and South Somerset SHMA 2008



Source: Taunton and South Somerset SHMA 2008



9.71 Between each of the bars is a gap. The main two gaps of interest are:

- The Rent/Buy gap: households in this gap can afford market rent without the need for Housing Benefit, but cannot afford to buy outright. Hence they are potentially candidates for partial equity forms of housing: shared ownership
- The Intermediate gap: Intermediate housing is defined in PPS3 as housing at between a social rent and market rent. Although technically intermediate housing begins at £1 or so below market rent level, housing at such a weekly cost would clearly not be of much use to households in housing need. We put the mid-point on the graph and infer the weekly costs. This normally addresses the needs of rather less than half of those in the intermediate gap, but that is a difficult enough task, as it is difficult to produce newbuild housing at this level of weekly cost.

9.72 Focussing on these two main gaps, the following are the relative sizes of them across the four Districts. The table shows, for example, that in Sedgemoor a typical private rent is around 50% more expensive than a social rent, whilst outright ownership is around 38% more expensive than privately renting. The first of these gaps is most significant as it shows the likely difficulty for many households of making the jump from social rented housing into the market sector.

<b>Table 9.9 Size of housing gaps</b>		
Area	Intermediate gap (social rent to market entry)	Rent/buy gap
Sedgemoor	150%	138%
Taunton Deane	166%	140%
West Somerset	138%	126%
South Somerset	143%	129%

Source: Taunton and South Somerset SHMA 2008

- 9.73 All these gaps are substantial: in other words households climbing the 'housing ladder' are in fact facing something more like a cliff face than a ladder with accessible steps in it. The increase in financial capacity, mainly income for non-owners, is very large in attempting to get across the step from social renting to private renting (without the aid of Housing Benefit) and still pretty large getting from private renting to buying the cheapest second-hand housing.
- 9.74 It is also worth pointing to the second-hand/newbuild purchase gap. This is not recognised in CLG policy, but newbuild is usually around 130% of the second-hand price. This is a big gap, which households struggling to access owner-occupation are frequently unable to make. Newbuild housing is rarely accessible to first-time buyers, and only to the wealthiest ones.

## Summary

- i) Researchers visited all major settlements in the study area, conducting interviews with local estate and letting agents, identifying key local issues such as commuting, the retirement market, the supply of apartments, and the increased difficulty in accessing the market for first-time buyers.
- ii) Average property prices across the two HMAs are broadly in-line with the regional and national average. The average price in 2007 in South Somerset was £216,551 with an equivalent figure of £215,893 in the Taunton HMA.
- iii) Prices have risen dramatically over the past ten years with the Taunton HMA recording a tripling of prices. This is above the increase in the region and noticeably above the national increase. In South Somerset prices have increased in line with the region but above the national average. Around a third of sales in both HMAs are detached houses, higher than either the region or across England & Wales.
- iv) The internet search of estate and letting agents identified entry-level purchase prices and rents for different sizes of accommodation from a number of settlements across the study area (full details being provided in each District Housing Needs Survey report). Taking averages across each District the data suggests that prices do not vary dramatically other than in West Somerset where prices were typically higher.
- v) Gaps in the housing market were examined using detailed weekly costs for each tenure. Using two-bed accommodation as the typical access point, there are very large intermediate and rent/buy gaps across all four Districts. Market entry (to rent) is about 150% of social rent (the intermediate gap) while ownership is around 130% of market entry (rent/buy gap). Newbuild is another 130% of market entry to buy second-hand. There is no effective housing ladder when the gaps between the rungs are this big. The increase in financial capacity is more than most households can ever achieve.



# 10. Affordability of housing

## Introduction

- 10.1 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty and a high number of households requiring assistance with their housing either via a social rented property or through Housing Benefit. This can also result in a loss of mix and balance in the population within the area.
- 10.2 Information on the cost of housing and the level of income in the study area has been presented in previous chapters of this report. This chapter will amalgamate this data and produce an assessment of the affordability of local housing. Housing affordability will be assessed based on both secondary and primary data.
- 10.3 The secondary data approach will measure the ratio of market housing costs to earnings. Although this does not accurately reflect the ability of local households to afford housing within the study area, as it does not take into account the full range of financial resources that will be used to purchase a home, it is useful to compare local affordability within a regional context.
- 10.4 Information on the full financial profile of households in the study area collected within the primary data survey will be used to assess the ability of households to afford the size of accommodation that they require within their current sub-market. Generally this relates to Districts other than in Sedgemoor where price/rent data was split broadly North/South due to relatively large differences in different locations. This enables variations in the affordability of housing within the study area to be examined and helps inform which locations and which households would most benefit from new housing products. Initially the importance of using the full financial profile of a household, the financial capacity, is discussed.

## Price: income ratios

- 10.5 Although price/income ratios alone tell us relatively little about affordability, because they do not take into account the full range of financial resources available to a household, they are an established measure of affordability. It is therefore of interest to briefly chart how this ratio has been changing over time as it provides a useful historical perspective.

10.6 The table and figure below show how the price/income ratio has changed over the past five years. Data for income is taken as the mean gross pay (for all full-time employees) from the Annual Survey of Hours and Earnings (ASHE) whilst average prices are taken from the Land Registry (first quarters). It should be noted that 'England and Wales' has been used as the national figure for both sources to ensure consistency (the Land Registry does not provide figures for England alone).

10.7 The data shows that there has been some increase in price/income ratios over the past five years. In South Somerset the ratio has increased from 5.1 in 2002 to 8.4 in 2007, the ratio in the Taunton HMA changed from 5.2 to 7.5 over the same period. The change in this has not however been uniform over time, with the increase during 2004 to 2006 significantly less than in the previous years.

**Table 10.1 Average incomes in the study area (2002-2007)**

Area	2002	2003	2004	2005	2006	2007
Sedgemoor	£22,738	£21,941	£23,179	£25,747	£25,486	£26,078
Taunton Deane	£21,987	£22,874	£24,197	£24,612	£25,651	£26,874
West Somerset	£23,187	£22,201	£24,846	£25,904	£26,717	£33,241
South Somerset (HMA)	£22,514	£22,943	£23,500	£24,736	£23,786	£24,287
Taunton HMA	£22,445	£22,387	£23,804	£25,252	£25,683	£27,153
South West	£23,054	£24,143	£25,177	£26,238	£26,847	£27,589
England & Wales	£25,604	£26,545	£27,816	£28,986	£29,903	£30,842

Source: Annual Survey of Hours and Earnings (ASHE)

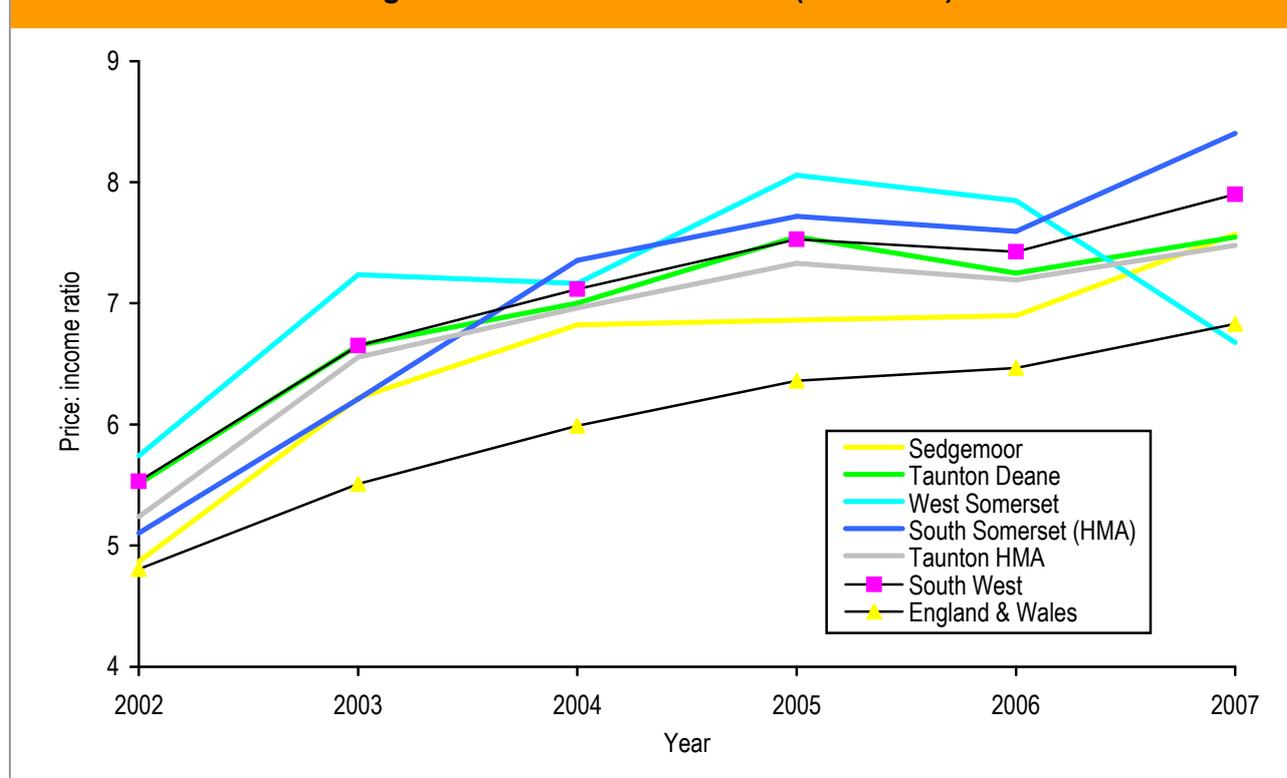
**Table 10.2 Average property price in the study area (2002-2007)**

Area	2002	2003	2004	2005	2006	2007
Sedgemoor	£110,680	£136,432	£158,116	£176,663	£175,789	£197,413
Taunton Deane	£121,158	£152,200	£169,425	£185,758	£185,901	£202,796
West Somerset	£133,138	£160,654	£178,009	£208,721	£209,622	£221,965
South Somerset (HMA)	£114,915	£142,473	£172,812	£190,921	£180,651	£204,069
Taunton HMA	£117,559	£146,757	£165,673	£185,072	£184,727	£203,034
South West	£127,487	£160,534	£179,151	£197,504	£199,316	£217,909
England & Wales	£123,020	£146,227	£166,566	£184,351	£193,355	£210,637

Source: Land Registry (1<sup>st</sup> quarters)

**Table 10.3 Price: income ratio in the study area (2002-2007)**

Area	2002	2003	2004	2005	2006	2007
Sedgemoor	4.87	6.22	6.82	6.86	6.90	7.57
Taunton Deane	5.51	6.65	7.00	7.55	7.25	7.55
West Somerset	5.74	7.24	7.16	8.06	7.85	6.68
South Somerset (HMA)	5.10	6.21	7.35	7.72	7.59	8.40
Taunton HMA	5.24	6.56	6.96	7.33	7.19	7.48
South West	5.53	6.65	7.12	7.53	7.42	7.90
England & Wales	4.80	5.51	5.99	6.36	6.47	6.83

Source: Annual Survey of Hours and Earnings (ASHE) & Land Registry (1<sup>st</sup> quarters)**Figure 10.1 Price: income ratio (2002-2007)**Source: Annual Survey of Hours and Earnings (ASHE) & Land Registry (1<sup>st</sup> quarters)

## Financial capacity

10.8 An important part of the SHMA is an assessment of the financial situation of households, as there is no comprehensive (secondary) source for such data. Data was therefore collected in the primary survey on a range of financial information (including incomes, savings and equity). The latter combination of statistics, termed 'financial capacity' is essential to assess the ability of households to afford housing.

10.9 Price to income ratios do not enable a proper study of housing markets, as they omit two essential elements of affordability that affect most households: savings and owned equity. Since around two-thirds of households have owned housing for a decade or more, the dynamics of the housing market can only be understood by looking at all three elements:

**Financial capacity:  $income(x3)+savings+equity$**

10.10 The income of a household is multiplied by three to represent an approximate amount of mortgage advance that an average household might secure (nationally this figure varies over time but is typically of this order). The three times multiple is different from that used in the case by case assessment of affordability from household data (which uses 3.5) as the affordability tests applied to households are designed to assess the maximum amount of money accessible (rather than just looking at a broad average).

10.11 This chapter summarises the financial situation of households in the study area to provide information on the financial capacity of key groups of households. The Housing Need Survey reports for each of the four local authorities provide more detailed information on the financial profile of households in the area.

**Median financial capacity**

10.12 The following table provides the median financial capacity figures by tenure. The median is used because it provides a 'typical' figure (the middle household in the range) and is not distorted by there being a few very wealthy households at the top end of the range, as the mean is.

<b>Table 10.4 Median financial information by tenure – South Somerset (HMA)</b>				
Tenure	Median annual gross household income	Median savings	Median equity	Financial capacity
Owner-occupied (no mortgage)	£18,783	£32,429	£229,206	£317,984
Owner-occupied (with mortgage)	£33,409	£1,651	£115,211	£217,090
Social rented	£8,389	£411	£0	£25,577
Private rented	£18,255	£397	£0	£55,162
Average	£21,536	£4,509	£122,055	£191,173

Source: South Somerset household survey data (2008)

**Table 10.5 Median financial information by tenure – Taunton HMA**

Tenure	Median annual gross household income	Median savings	Median equity	Financial capacity
Owner-occupied (no mortgage)	£18,048	£24,045	£220,028	£298,218
Owner-occupied (with mortgage)	£33,352	£1,859	£112,976	£214,893
Social rented	£9,028	£195	£0	£27,279
Private rented	£15,518	£263	£0	£46,817
Average	£20,515	£3,765	£118,309	£183,620

Source: Taunton HMA household survey data (2008)

10.13 The total financial capacity figure is based on a '3 times' multiple of income, as this is the standard practice amongst most mortgage lenders. The table shows some striking results:

- i) For owners without a mortgage (many of them retired) the proportion of equity and savings in overall financial capacity is more than four-fifths of financial capacity. Even if a 3.5 multiple were used, the non-income element would still be in excess of three-quarters of the overall purchasing power of this group.
- ii) For owners with mortgages the proportion of non-income elements of financial capacity falls to around half, and would go down slightly if the income multiple were raised to 3.5.
- iii) In the case of all rented tenures, there is only a small savings figure and of course no owned equity (though such households may be able to borrow or gain equity from other family members when considering a purchase). The financial capacity of such households varies slightly with tenure. The private rented households have a slightly higher financial capacity than social tenants due to higher average incomes. This is normal, as the private rented sector contains both households who are too poor to enter the market (and who depend on Housing Benefit to do so) and those who are aspiring towards buying, (and who have much higher incomes).
- iv) When compared with the price of entry level purchase housing which ,at the lowest end, is a little over £120,000 (for a second-hand two bed dwelling, (Table 9.2)), it is obvious that the large majority of renting households have no hope of climbing to full scale equity ownership. Even the private renters, on average, have less than half of the necessary financial capacity to buy (i.e. the average household could raise less than half the amount of funds necessary to purchase in the open market). Of course within the broad private renting group there will be households on much higher incomes who can consider purchase, with or without external assistance from relatives or friends.

- 10.14 The importance of primary data on the full financial capacity of households is clear, whilst traditional affordability ratios would suggest that average households are not close to being able to afford to purchase a home based on standard mortgage multiples, an analysis of the financial capacity of households indicates that the vast majority of owners would be able to purchase a home in the study area.
- 10.15 Further information on the ability of households to afford market housing, based on the individual financial capacity of households recorded in the primary survey will be presented later in this chapter. The following section describes how financial capacity helps inform an understanding of how the housing market operates.

### Variations in financial capacity by District

- 10.16 The table below indicates how financial capacity varies by location within the study area. The table indicates that households in West Somerset have the highest median financial capacity, whilst households in Sedgemoor and Taunton Deane record the lowest. In Taunton Deane, income constitutes around 37% of financial capacity, whilst in West Somerset it is only 27%.

**Table 10.6 Financial capacity by district (all households)**

District	Median annual gross household income	Median savings	Median equity	Financial capacity
Sedgemoor	£20,174	£3,022	£118,092	£181,636
Taunton Deane	£22,152	£4,081	£111,257	£181,795
West Somerset	£18,236	£5,569	£141,783	£202,061
South Somerset	£21,536	£4,509	£122,055	£191,173
Average	£20,860	£4,035	£119,727	£186,342

Source: South Somerset and Taunton HMA household survey data (2008)

### Financial capacity of moving and non-moving households

- 10.17 The dynamics of the housing market are driven by those who are moving. The following analysis shows the financial capacity of households (again using a '3 times' multiple) according to tenure and according to whether they have moved into the area, within it, or not moved at all recently.
- 10.18 The following tables present the financial capacity for owners in the housing market areas. It should be noted that at the time of drafting this report there was clear evidence that the numbers of owner-occupiers moving home has been decreasing dramatically and this should be borne in mind when considering the past trend data.

**Table 10.7 Financial capacity of owners – South Somerset (HMA)**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the area	£28,148	£5,673	£168,024	£258,141
Moved within the area	£26,764	£3,382	£108,541	£192,215
Did not move home in the last two years	£25,119	£10,735	£178,460	£264,553

Source: South Somerset household survey data (2008)

**Table 10.8 Financial capacity of owners – Taunton HMA**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the area	£33,509	£7,923	£152,203	£260,652
Moved within the area	£29,832	£2,181	£84,681	£176,358
Did not move home in the last two years	£24,168	£8,826	£177,735	£259,063

Source: Taunton HMA household survey data (2008)

10.19 As can be seen from the table above, the non-movers and in-migrant households show much higher financial capacity than the recent movers within the area principally due to having greater equity. Households who have not moved recently are likely to contain many retired households that have redeemed their mortgage and have no intention of moving home again.

10.20 The following table presents the financial capacity for private renters in the housing market area, by the location of their previous home.

**Table 10.9 Financial capacity of private rented households – South Somerset (HMA)**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the area	£24,326	£474	£0	£73,453
Moved within the area	£14,566	-£1,602	£0	£42,095
Did not move home in the last two years	£17,421	£804	£0	£53,068

Source: South Somerset household survey data (2008)

**Table 10.10 Financial capacity of private rented households – Taunton HMA**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the area	£18,612	£398	£0	£56,233
Moved within the area	£17,483	£94	£0	£52,543
Did not move home in the last two years	£14,069	£297	£0	£42,503

Source: Taunton HMA household survey data (2008)

10.21 The table for private renters shows that those households that have moved into the area have significantly higher financial capacity than those who have moved within it; this is due to in migrant households having higher incomes. This is particularly the case in South Somerset where the average income of an in-migrant household is around £10,000 higher than the income of an internal mover.

10.22 The following table presents the financial capacity for social renters, by the location of their previous home.

**Table 10.11 Financial capacity of social rented households – South Somerset (HMA)**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the area	£7,077	£227	£0	£21,458
Moved within the area	£6,753	-£114	£0	£20,147
Did not move home in the last two years	£8,822	£554	£0	£27,019

Source: South Somerset household survey data (2008)

**Table 10.12 Financial capacity of social rented households – Taunton HMA**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the area	£10,117	£493	£0	£30,843
Moved within the area	£7,056	£38	£0	£21,206
Did not move home in the last two years	£9,201	£216	£0	£27,820

Source: Taunton HMA household survey data (2008)

10.23 The highest financial capacity for social renters in the Taunton HMA is shown by those who have moved into the area, those households moving within the area show the lowest financial capacity. Within South Somerset households that have not moved in the last two years show the highest financial capacity. However it is clear that very few of this group, even allowing for the variations around the average, are likely to be within practical distance of any form of equity ownership.

## The affordability of housing in Taunton and South Somerset HMAs

- 10.24 The information presented so far in this chapter has considered the median values of the various financial data for households within a range of groups of the population. Variations exist within these household groups and the primary survey dataset contains an estimate of the overall financial capacity of each household in the study area. This information can be used to examine the ability of households to afford housing locally taking into account the full range of financial resources available to them, rather than just income as is used in the standard affordability ratios.
- 10.25 The affordability criteria used are explained in more detail in the accompanying Housing Needs Surveys, but can be summarised as:

*Assessing whether a household can afford home ownership - A household is considered able to afford to buy a home if the residual cost is no more than 3.5 times the gross household income. The residual cost is calculated by deducting any capital that is available for use towards home ownership (e.g. savings or equity) from the overall cost of the home.*

*Assessing whether a household can afford market renting - A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income.*

- 10.26 The affordability criteria broadly follows the CLG Practice Guidance, it differs only in that the practice guidance suggests that a dual-income household should have a lower income multiple (at 2.9 times gross income) than a single earner household.
- 10.27 This test means that it is possible to distinguish whether a household would be able to afford either form of market housing or whether they would require affordable accommodation based on these income multiples.
- 10.28 The table below shows the current affordability of market housing by household type. This is the theoretical affordability of households as the analysis considers all households in the study area and does not take into account their intention of moving.

**Table 10.13 Affordability and household type – South Somerset (HMA)**

Household type	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Single pensioners	4,193	11,534	36.4%
2 or more pensioners	960	9,400	10.2%
Single non-pensioners	2,492	9,428	26.4%
2 or more adults - no children	2,742	23,611	11.6%
Lone parent	1,615	2,289	70.6%
2+ adults 1 child	1,234	6,125	20.1%
2+ adults 2+ children	1,625	8,412	19.3%
<b>Total</b>	<b>14,859</b>	<b>70,800</b>	<b>21.0%</b>

Source: South Somerset household survey data (2008)

**Table 10.14 Affordability and household type – Taunton HMA**

Household type	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Single pensioners	5,351	19,642	27.2%
2 or more pensioners	1,776	14,596	12.2%
Single non-pensioners	6,113	15,899	38.5%
2 or more adults - no children	5,000	37,474	13.3%
Lone parent	3,251	4,276	76.0%
2+ adults 1 child	2,670	10,241	26.1%
2+ adults 2+ children	2,998	11,972	25.0%
<b>Total</b>	<b>27,159</b>	<b>114,100</b>	<b>23.8%</b>

Source: Taunton HMA household survey data (2008)

10.29 The table shows that 70.6% of lone parent households in South Somerset and 76.0% in the Taunton HMA would be unable to afford market housing if they were to move home now. Single person households are also relatively unlikely to be able to afford. Households that contain two or more adults and no children or multiple pensioner households are most likely to be able to afford market housing in the area.

10.30 The table below presents the same analysis by district. The table shows that households in Taunton Deane are most likely to be able to afford market housing if they were to move home now, whilst households in West Somerset are least likely to be able to afford market housing. Overall, however there is not a significant difference between the four local authorities.

**Table 10.15 Affordability and district**

District	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Sedgemoor	10,745	48,100	22.3%
Taunton Deane	14,859	70,800	21.0%
West Somerset	12,350	49,600	24.9%
South Somerset	4,064	16,400	24.8%
<b>Total</b>	<b>42,018</b>	<b>184,900</b>	<b>22.7%</b>

Source: South Somerset and Taunton HMA household survey data (2008)

## Summary

- i) Secondary sources indicate an affordability issue in the study area. As of 2007 the price/income ratio in South Somerset stood at 8.4 with a figure of 7.5 in the Taunton HMA. Both figures have risen significantly over the past five years.
- ii) The collection of financial information is a fundamental part of any assessment of housing need and future housing demand. The survey estimates that mean annual gross household income (including non-Housing Benefits) across the study area is around £28,000 but the median is noticeably lower at £21,000, showing the influence of relatively few high earners on the average.
- iii) The financial capacity figures (income+savings+equity) shows that both types of owners (with and without mortgage) rely more heavily on equity rather than upon income to provide the financial capacity they require when buying. The non-income element of financial capacity varies from around half to four-fifths of the overall financial capacity.
- iv) When tenure groups are examined, in terms of whether they have recently moved, it is clear that owners coming into the study area have a higher financial capacity than those moving within the area.
- v) Survey data taking into account the full financial situation of households in the study area indicates that lone parent households and single person households are most likely to be unable to afford market housing in the area.



# 11. Overcrowding and under-occupation

## Introduction

- 11.1 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that *'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'*. It should also be noted that there are different sources of information and definitions used in this field, so that figures will vary according to source.
- 11.2 In addition, where there are significant levels of under-occupancy it may be desirable to establish a package of measures to incentivise households to move to more suitably sized accommodation and as a result provide family sized housing for larger households.

## Census data

- 11.3 The most complete source of information about overcrowding at a local level is the 2001 Census. Although this is now rather out of date it does provide us with the opportunity to compare the broad situation in the study area with other benchmark areas.
- 11.4 One drawback of the Census data is that it does not provide information against the generally accepted measure of overcrowding (the bedroom standard) instead using an occupancy rating (based broadly on persons per room). The Census method is that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded. The method also means for example that all households living in bedsits or studio flats are automatically considered to be overcrowded.
- 11.5 The table below shows occupancy rating data for the four local authorities, the South West and England. The data shows that households in the study area are less likely to be overcrowded than is the case nationally or regionally (3.5% of households in South Somerset and 4.0% in the Taunton HMA have a negative occupancy rating compared with 7.1% nationally and 5.0% regionally). The level of under-occupation by this measure is higher than average in both HMAs.

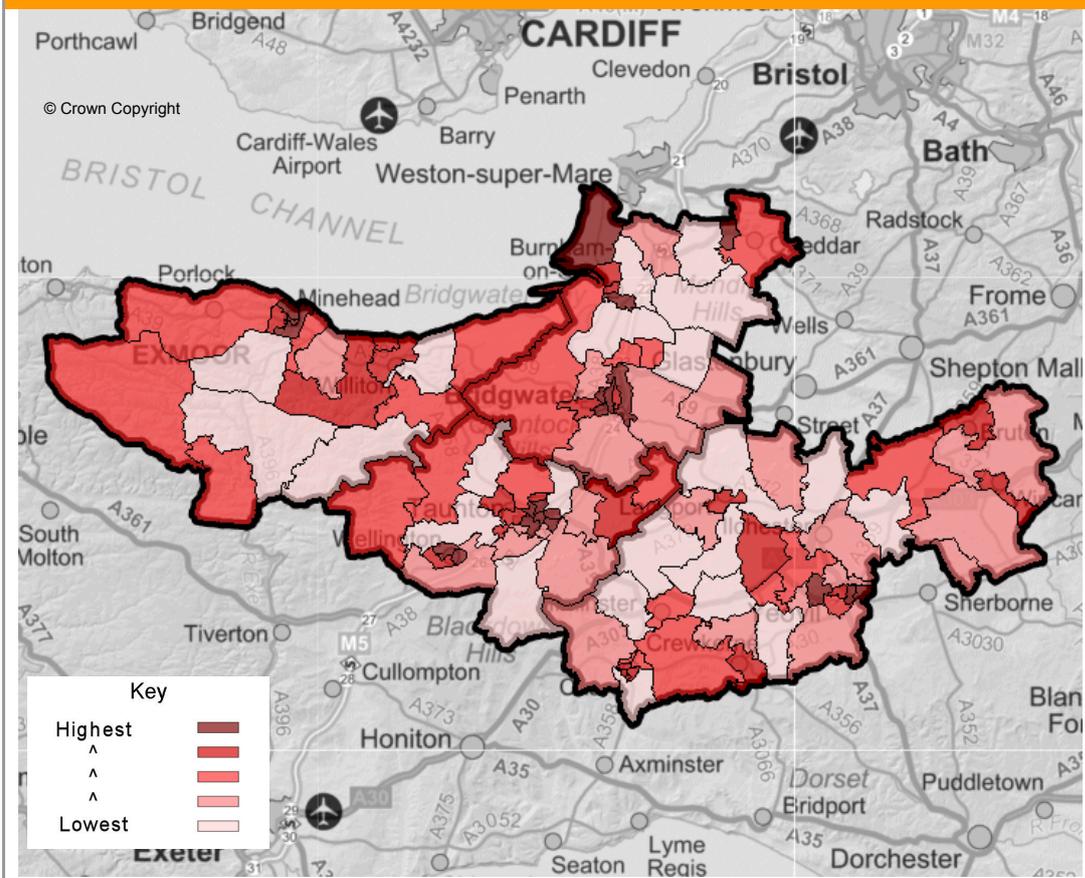
**Table 11.1 Occupancy rating (2001)**

Area	Occupancy rating				All Households
	Occupancy rating of + 2 or more	Occupancy rating of + 1	Occupancy rating of 0	Occupancy rating of -1 or less	
Sedgemoor	59.3%	23.4%	13.3%	3.9%	100.0%
Taunton Deane	56.7%	23.8%	15.3%	4.2%	100.0%
West Somerset	59.4%	24.0%	12.7%	3.9%	100.0%
South Somerset (HMA)	57.5%	24.7%	14.3%	3.5%	100.0%
Taunton HMA	58.2%	23.7%	14.1%	4.0%	100.0%
South West	54.4%	24.8%	15.9%	5.0%	100.0%
England	49.1%	25.5%	18.2%	7.1%	100.0%

Source: Office for National Statistics 2008 (from 2001 Census data). A negative occupancy rating indicates overcrowding.

11.6 The map below shows the spatial distribution of overcrowding at ward level. Broadly speaking, overcrowding occurs mostly in the more urban parts of the study area and most notably Bridgwater and Taunton. There is relatively little overcrowding in the more rural areas.

**Figure 11.1 Spatial distribution of overcrowding**



Source: Office for National Statistics 2008 (from 2001 Census data)

11.7 The table below shows overcrowding by tenure. The data shows that overcrowding is relatively rare in the owner-occupied sector, affecting just 1.8% of such households in each of the two HMAs. In contrast it is estimated that between 8% and 11% of households in the social rented sector and 9% to 12% in the private rented sector are overcrowded depending on location.

Table 11.2 Overcrowding by tenure (2001)				
Area	Owner-occupied	Private Rented	Social Rented	All Tenures
Sedgemoor	1.8%	11.1%	11.1%	3.9%
Taunton Deane	1.8%	11.8%	8.8%	4.2%
West Somerset	1.6%	9.8%	9.0%	3.9%
South Somerset (HMA)	1.8%	9.1%	7.9%	3.5%
Taunton HMA	1.8%	11.2%	9.6%	4.0%
South West	2.2%	14.1%	11.4%	5.0%
England	3.3%	16.4%	14.9%	7.1%

Source: NOMIS 2008 (from 2001 Census data)

## Survey data

11.8 Using data from the housing needs assessments we are able to study levels of overcrowding using the bedroom standard (see Glossary). Essentially this is the difference between the number of bedrooms needed to avoid undesirable sharing (give the number of household members and their relationships to each other) and the number of bedroom actually available to the household. The bedroom standard also provides the opportunity to look in more detail at households who under-occupy their dwelling.

11.9 The standards used to check for overcrowding and under-occupation were as follows:

- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be overcrowded.
- **Under-occupation:** households with more than one spare bedroom are deemed to be under-occupied.

11.10 The tables below show a comparison between the numbers of bedrooms in each home against the number of bedrooms required for all households in the two HMAs. It should be noted that the bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

Table 11.3 Overcrowding and under-occupation – South Somerset (HMA)					
Number of bedrooms required	Number of bedrooms in home				Total
	1	2	3	4+	
1 bedroom	6,108	13,621	17,871	7,558	45,159
2 bedrooms	109	3,337	9,609	4,505	17,560
3 bedrooms	29	349	3,764	2,710	6,852
4+ bedrooms	28	0	514	688	1,230
Total	6,274	17,307	31,758	15,460	70,800

Source: South Somerset household survey data (2008)

KEY:  Overcrowded households  Under-occupied households

11.11 The estimated number of overcrowded and under-occupied households in South Somerset (HMA) is as follows:

- **Overcrowded:** 1.6% of households = 1,123 households
- **Under-occupied:** 43.4% of households = 30,739 households

Table 11.4 Overcrowding and under-occupation – Taunton HMA					
Number of bedrooms required	Number of bedrooms in home				Total
	1	2	3	4+	
1 bedroom	9,577	23,489	28,931	11,287	73,284
2 bedrooms	530	5,456	13,193	7,097	26,275
3 bedrooms	0	572	6,400	5,863	12,834
4+ bedrooms	35	24	679	969	1,706
Total	10,142	29,540	49,202	25,215	114,100

Source: Taunton HMA household survey data (2008)

KEY:  Overcrowded households  Under-occupied households

11.12 The estimated number of overcrowded and under-occupied households in the Taunton HMA is as follows:

- **Overcrowded:** 1.9% of households = 2,117 households
- **Under-occupied:** 42.9% of households = 48,893 households

11.13 The latest Survey of English Housing (SEH) data on overcrowding (also following the bedroom standard) suggests that nationally around 2.5% of households are overcrowded, higher than the levels recorded from survey data.

11.14 Further survey data suggests that overcrowded households are more likely to be living in rented accommodation, and are particularly likely to state a need or likelihood of moving home over the next two years.

## Summary

- i) Census data suggests that overcrowding in the two HMAs in 2001 was below the regional average, at around 4%. Overcrowding is concentrated strongly in more urban areas (particularly Bridgwater and Taunton).
- ii) Results from household survey data suggest that on average less than 2% of all households in the study area are overcrowded and over two-fifths under-occupy their dwelling.



## SECTION E: HOUSING NEED

This section looks at estimates of the need for affordable housing in the study area. To inform this section data has been taken from published sources (such as the HSSA) as well as from the housing needs surveys that accompany this report. The section aims to answer the following questions:

- What is the annual need for affordable housing according to the model proposed by the Practice Guidance?
- What types of affordable accommodation are likely to be suitable for households in need in the study area?



## 12. The extent of housing need

### Introduction

- 12.1 The Practice Guidance suggests an approach based entirely on secondary data, mainly the Housing Register. This has not been followed here because of concerns about the fitness for purpose of local administrative systems – in terms of access (because of the transition from district to a county-wide computer system) and comparability of data for three districts within one housing market area. All districts in Somerset are moving to a single choice-based lettings system (including a common housing register) which will result in future improvements to the accessibility, comparability, and reliability of Housing Register information. Also, the SHMA Project Team agreed with the case made by Fordham Research that an unquantifiable number of households in housing need may not be included on any register. It was therefore agreed to undertake primary research by means of District Housing Needs Surveys.
- 12.2 The primary and secondary data based analysis in the HNS reports therefore provides the most reliable evidence on which to conduct the CLG Needs calculation. The individual reports should be examined by those who wish to see the detailed housing needs figures. Data from the HNS produced alongside this document has been used in this report to provide a background to the analysis undertaken.

### Findings from the local housing needs assessment/survey

- 12.3 The table below shows the estimated annual need from the four local authorities' Housing Needs Surveys. The annual requirement for an additional 659 affordable homes per year in South Somerset and 1,746 in the Taunton HMA are significant, particularly in the context of the build targets in the study area. This issue will be considered further in the policy chapters later in the report.

Table 12.1 Annual need for affordable housing			
Area	Annual net affordable need	Estimated number of households	Fordham Affordable Housing index (need per '000)
Sedgemoor	891	48,100	18.5
Taunton Deane	586	49,600	11.8
West Somerset	269	16,400	16.4
South Somerset (HMA)	659	70,800	9.3
Taunton HMA	1,746	114,100	15.3

Source: Sedgemoor, Taunton Deane, West Somerset and South Somerset housing needs surveys

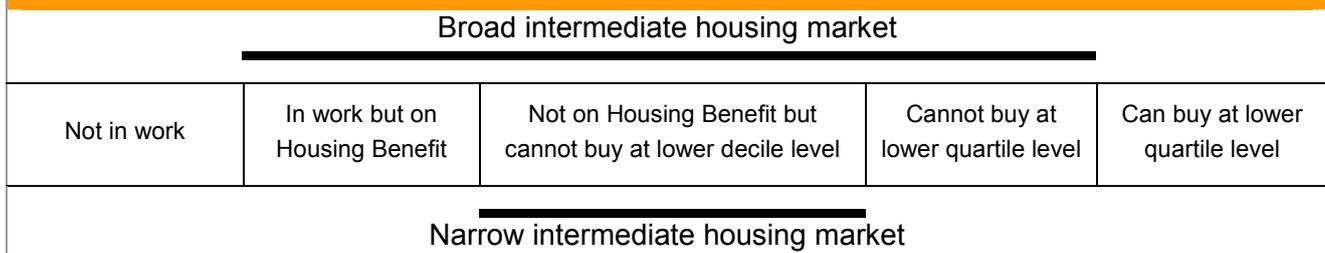
## Intermediate housing

12.4 The Housing Needs Survey reports make suggestions about the amount of housing need which might be met through the provision of intermediate housing and this information is presented later in this section. However, it is also worth considering other sources of information to provide a broad view of intermediate housing across the study area.

12.5 The Joseph Rowntree Foundation (JRF) published a report in 2005 entitled 'Affordability and the Intermediate Housing Market'. Within this report two distinct definitions of intermediate housing are used. These are:

- Broad definition – the proportion of working households unable to purchase at lower quartile property prices
- Narrow definition – the proportion of working households that can afford to pay a social rent (without the need for Housing Benefit), but who cannot buy at lowest decile property prices

**Figure 12.1 JRF definition of intermediate housing market**



*Note: 'quartile' is the quarter point observation and 'decile' is tenth point observation*

12.6 The table below shows the proportion of (working) households in the study area and other benchmark areas who are able to afford intermediate housing according to the JRF research. Overall it is estimated that just over half could afford intermediate housing using the broad definition and just under a third using the narrow definition. The figures are similar to the estimates for the South West and noticeably higher than the figures for England.

**Table 12.2 JRF intermediate housing affordability**

Area	Broad definition	Narrow definition
Sedgemoor	47.7%	28.3%
Taunton Deane	53.4%	30.9%
West Somerset	61.1%	28.6%
South Somerset (HMA)	53.2%	29.9%
Taunton HMA	51.9%	29.7%
South West	51.5%	31.4%
England	43.3%	23.5%

Source: Affordability and the intermediate housing market (JRF 2005)

- 12.7 Having provided data from the JRF report it is of use to contrast this with the latest estimate found in the four local Housing Needs Surveys. The Housing Needs Surveys consider the fact that a wide range of household types can be found in the intermediate gap: from the extremes of households with substantial equity (though not enough to buy) and low incomes, to ones with little or no equity or savings but relatively high incomes.
- 12.8 The following table summarises the position across the HMAs and constituent Councils:

<b>Table 12.3 Intermediate housing requirements from local housing needs assessment/survey</b>	
Area	Proportion of households in need who could afford intermediate housing
Sedgemoor	29%
Taunton Deane	45%
West Somerset	25%
South Somerset (HMA)	33%
Taunton HMA	34%

Source: Individual Council's housing needs surveys (2008)

- 12.9 As can be seen, the situation in Taunton Deane shows the highest capacity for intermediate housing to meet the housing need, followed by South Somerset. However the proportion is more than a quarter in each of the Council areas.

## Homelessness and the Housing Register

- 12.10 The table below shows the number of homeless acceptances over the past five years (where data is available). The data shows that there has been a decrease in the number of homeless acceptances over the past few years in South Somerset. In the Taunton HMA the data is more variable although the most recent year for which there is data does indicate a significant drop. Regionally, homeless acceptances appear to be on a slight downward trend whilst nationally it is difficult to suggest a trend with any certainty.
- 12.11 It is difficult to know what to read into these figures as they are somewhat variable and only represent a small fraction of the population. In addition, it is quite possible that the most recent decrease in homelessness can be attributed to local authorities providing better preventative measures for potentially homeless households (as has been seen nationally). That said there are still a significant number of homelessness acceptances each year which will put pressure on the current affordable housing stock in the study area.

**Table 12.4 Number of homelessness acceptances in the study area (2002-2007)**

Area	2001/2	2002/3	2003/4	2004/5	2005/6
Sedgemoor	107	173	198	156	146
Taunton Deane	245	279	247	315	164
West Somerset	102	129	83	108	62
South Somerset (HMA)	574	536	346	280	Na
Taunton HMA	454	581	528	579	372
South West	<b>11,436</b>	<b>12,777</b>	<b>11,495</b>	<b>9,684</b>	Na
England	<b>117,740</b>	<b>129,753</b>	<b>136,545</b>	<b>121,179</b>	Na

Source: HSSA data 2001-2006

12.12 The table and figure below show the number of households on the Housing Register. The data shows that the number of households on the Housing Register has increased noticeably over time. In South Somerset it is estimated that in 2002 there were 2,477 households registered, this had risen to 6,444 in 2007 (an increase of 163%). In the Taunton HMA the numbers rose from 4,456 to 7,083 (up 59%).

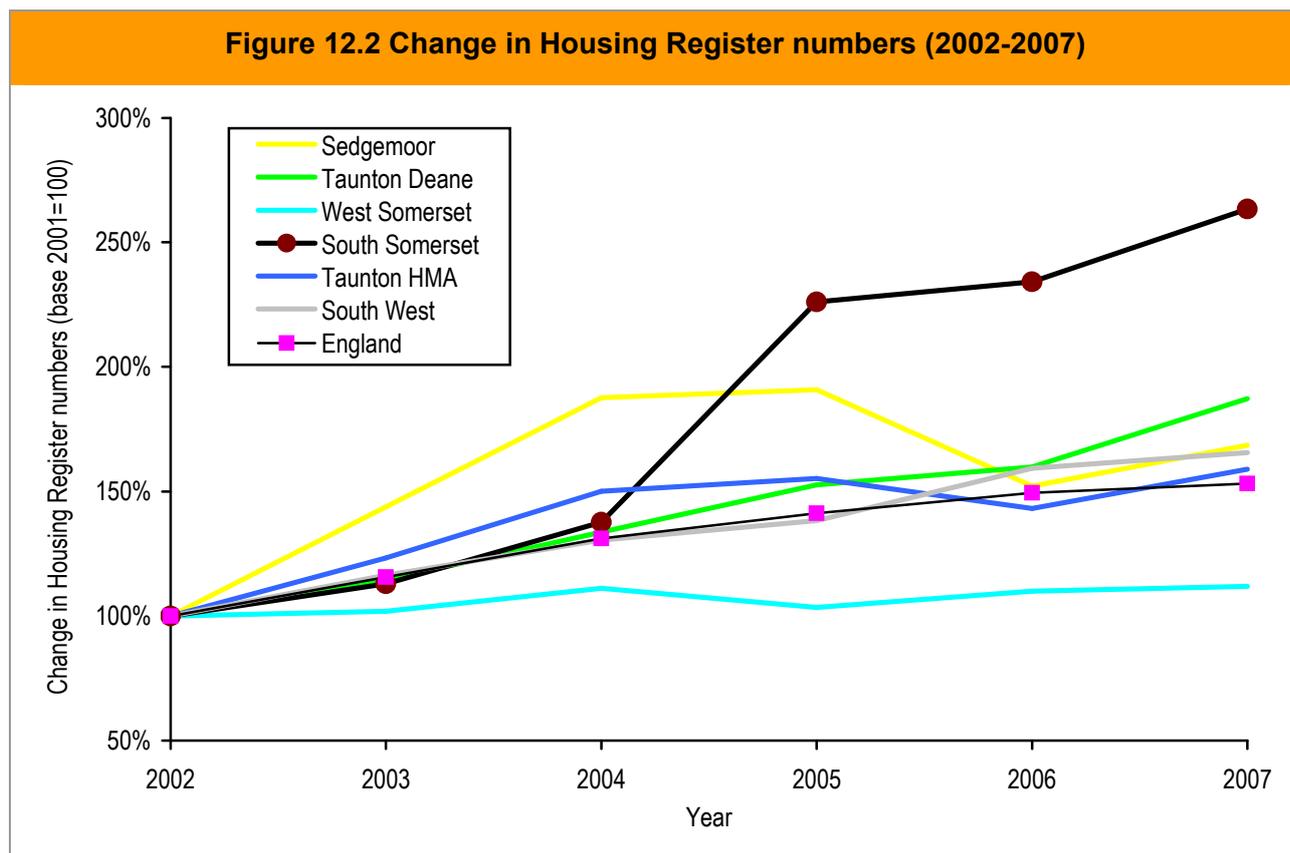
12.13 From the table and figure below we can see that the number of households on the Housing Register in South Somerset has increased at a faster rate than regional and national figures. Over the five year period the number on the Register in the South West increased by 66% and nationally by 53%. The Housing Register alone can not provide an accurate measure of the need for affordable housing; it does however give an indication that at any one time there is a significant demand for social housing in the study area.

**Table 12.5 Number of households on Housing Register (2001-2007)**

Area	2002	2003	2004	2005	2006	2007	% change 2002-2007
Sedgemoor	1,863	2,679	3,495	3,556	2,835	3,140	+69%
Taunton Deane	1,383	1,582	1,848	2,111	2,211	2,590	+87%
West Somerset	1,210	1,233	1,344	1,251	1,331	1,353	+12%
South Somerset (HMA)	2,447	2,762	3,367	5,531	5,729	6,444	+163%
Taunton HMA	4,456	5,494	6,687	6,918	6,377	7,083	+59%
South West	94,918	110,445	123,845	131,193	151,220	157,183	+66%
England	1,093,342	1,263,550	1,434,031	1,543,509	1,634,301	1,674,421	+53%

Source: HSSA data 2001-2007

12.14 The figure below shows the above figures standardised to a 2002 base. The figure shows the general upward trend but also emphasises the variation that occurs on a year by year basis.



### Size of affordable housing

12.15 Having established the levels of housing need in the two HMAs it is necessary to consider the sizes of accommodation required. Survey data along with information from the Housing Register has been used to provide an estimate of size requirements. The table below shows the estimated need for different sizes of accommodation from three different groups (figures having been averaged). The three groups studied are shown below with individual results for each local authority being shown in the separate reports for the four Councils:

- i) Households currently or projected to be in need (from survey data)
- ii) Households currently or projected to be in need (from survey data) who are also in a group likely to be considered as having a priority (pensioner households, households with children or households where someone has a special/support need)
- iii) Households on the Housing Register (taken from 2007 HSSA data)

12.16 The table below shows some variation between the different local authorities, although for both HMAs the majority of the requirement is for smaller one and two bedroom units around three-quarters of the total. It should be noted that all of these figures are gross and therefore do not take account of the supply of different sizes of accommodation. A demand and supply balance exercise is undertaken later in this report which helps to provide more information about an appropriate size mix in the affordable sector.

**Table 12.6 Estimated size requirement for additional affordable housing**

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Sedgemoor	35.3%	37.8%	20.6%	6.3%	100.0%
Taunton Deane	44.8%	30.5%	15.0%	9.7%	100.0%
West Somerset	46.7%	23.3%	20.4%	9.5%	100.0%
South Somerset (HMA)	42.5%	32.7%	18.1%	6.7%	100.0%
Taunton HMA	41.1%	32.6%	18.2%	8.1%	100.0%

Source: Individual Council's housing needs surveys (2008)

## Summary

- i) Following the CLG model it is estimated that there is a net annual need for new affordable homes of 659 per annum in South Somerset and 1,746 in the Taunton HMA.
- ii) Both homelessness and Housing Register data (whilst not showing clear trends over time) suggest an ongoing need and demand for social rented housing.
- iii) Within the affordable spectrum there is a clear requirement for intermediate housing to be provided. Data from JRF suggest that intermediate housing would be affordable for between about 30% and 50% of households in the study area (depending on definition) whilst results from housing needs surveys/assessments suggest the figure might be 30% to 40%.

## SECTION F: MODELLING THE MARKET

This section investigates the housing required to meet short-term and long-term housing demand in the study area. Information from the primary household survey on future accommodation required will be compared to secondary data on the likely supply of housing to identify the type of accommodation required to meet short-term market imbalances. Secondary data on long-term demographic and economic trends will be presented and the possible impact on the housing market of these changes will be discussed. Survey data on the financial situation of households and the flow of households will be used to investigate the potential impact of changes in the cost of market housing in the study area. The section aims to answer the following questions:

- What type of new stock is required to help address current imbalances in the market?
- How will the demographic structure of the population change in the future?
- How might economic factors influence demand?
- What is the potential impact of variations in affordability on the housing market?



# 13. Dynamics of the housing market

## Introduction

13.1 This chapter will summarise some of the key demographic changes recorded in the study area. It will then use information from the primary household survey to understand what drives the housing market, in particular the types of households moving into, out of and within the area. The chapter goes on to discuss the role of each tenure in facilitating moves through the market.

## Changes in the demographic and economic profile

13.2 The report has already presented a range of data on the population in the study area and historical changes that had been recorded. Data has shown that there have been significant increases in both the population and the number of dwellings (and hence households) over the past few years.

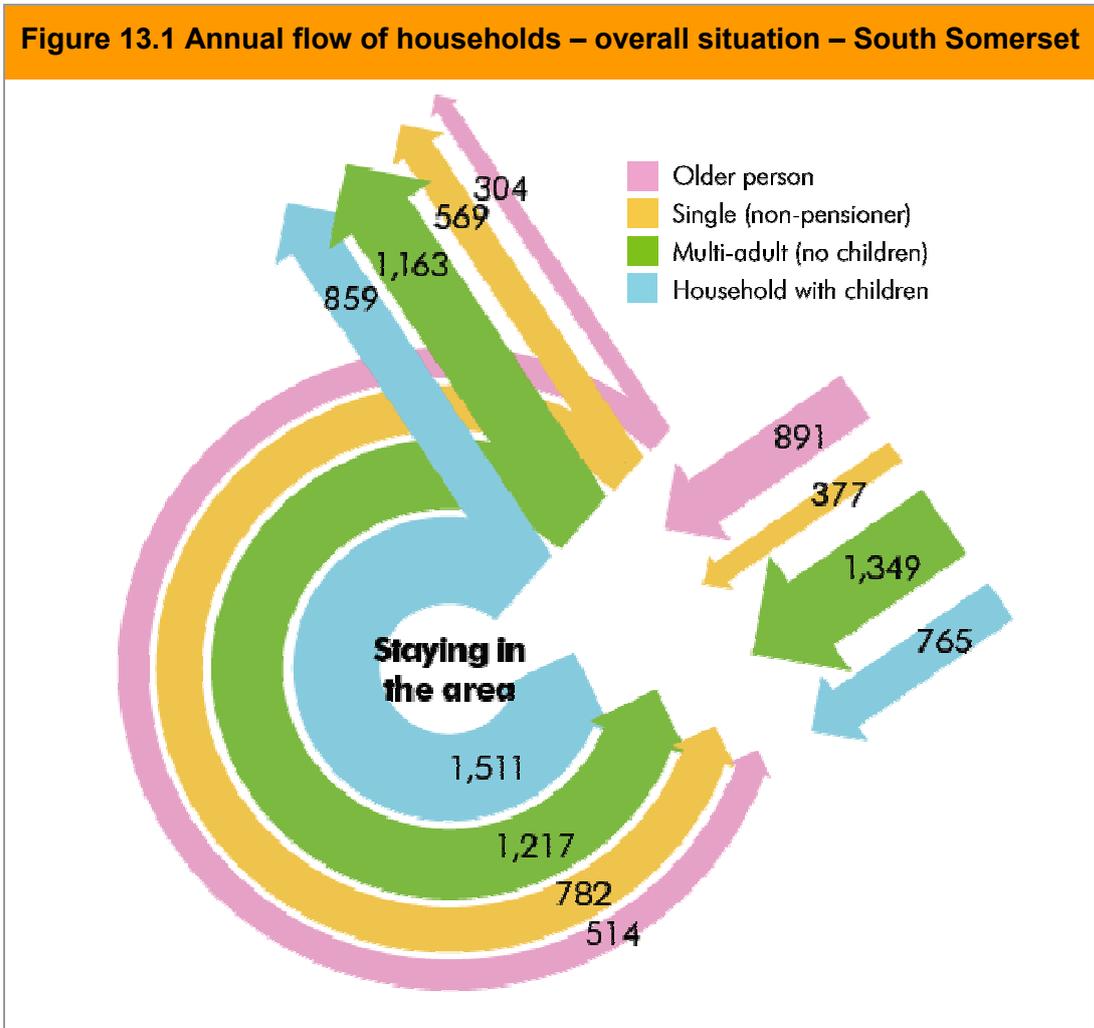
13.3 Data has also indicated that the number of social rented households has decreased since 1997, whilst the number of private rented and owner-occupied households has increased. In addition the number of employees' jobs in both South Somerset and the Taunton HMA has increased faster than the national average over the past ten years.

## The annual flows of moves

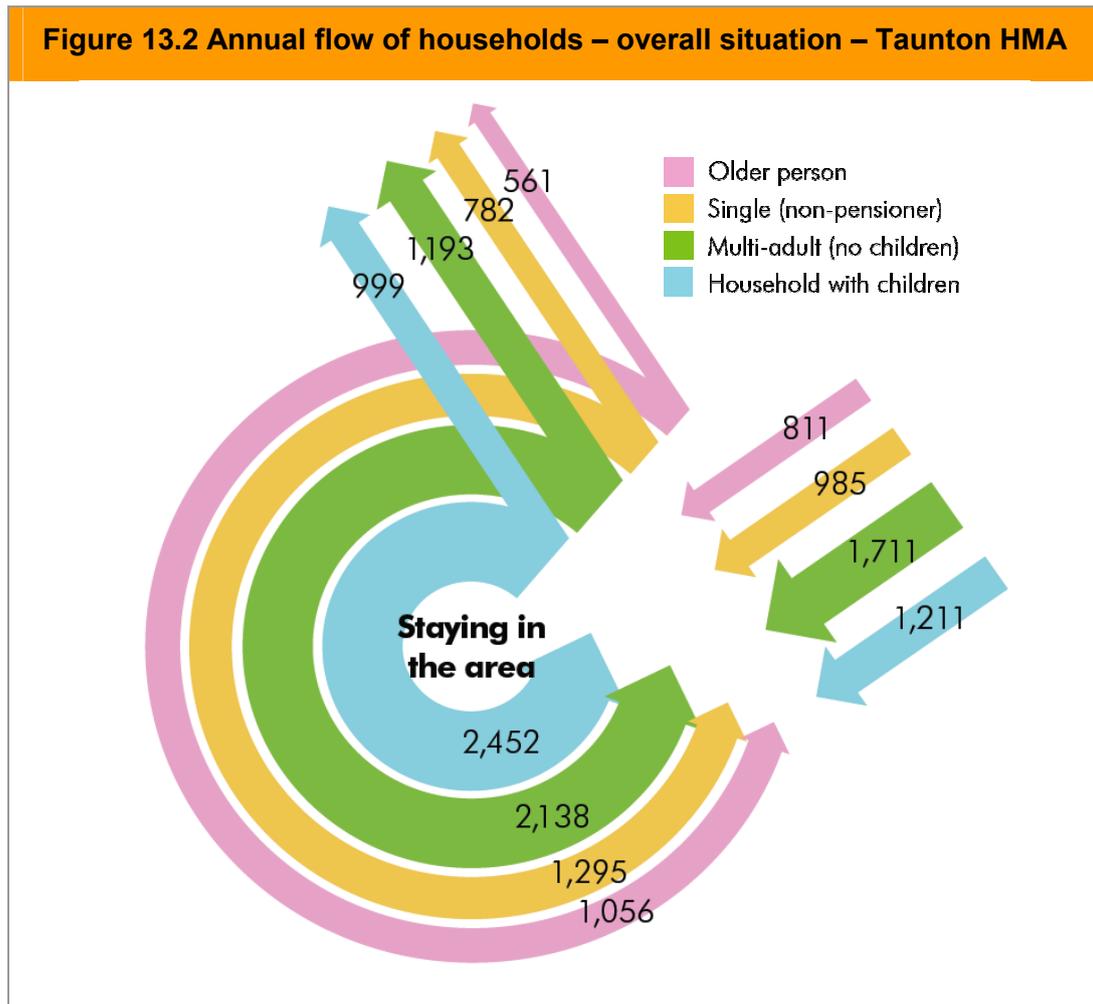
13.4 The following subsection provides an up-to-date and detailed view of the working of the housing market in the two HMAs. The analysis (labelled 'annual flows of moves') is based on survey data which shows immediate past and planned future household moves. This is then combined with other data (e.g. on household dissolution through death) to provide an overall picture.

13.5 Knowledge of the flow of household moves within the housing system is essential to understanding a housing market. We examine both household moves through migratory changes (i.e. households moving into and out of the HMA) and natural change (i.e. the difference between the number of new households and household dissolution (death)) within the resident population. This provides an overall view not only of what the level of change in household numbers produces, but also what types of households are involved in this dynamic process.

13.6 The diagrams below show the estimated movement of households into, out of and within the HMAs. This is based on annualised primary household survey data over a two year period – in the case of in-migration this will be households who have moved into the area within the past two years whilst out-migration is based on household’s expectations of moving away from the area within the next two years. The figures are distinguished according to the types of household, to match the requirements of PPS3 (para 22).



Source: South Somerset household survey (2008)



- 13.7 The figures show for example that each year in the Taunton HMA 1,056 older person households are expected to move within the area, 811 are expected to move into the area and 561 are expected to leave. There is a net inflow of older people into both HMAs.
- 13.8 The overall attractiveness of the area is shown by the fact that there is a net inflow of most types of households. In many areas, particularly urban local authorities, this is not the case, and growth is due only to newly forming households.
- 13.9 The data suggests that 3,382 households are expected to move into South Somerset per annum in the future with an estimated 2,895 households moving out. This suggests that the area can expect an increase of 487 households per annum due to migration. In the Taunton HMA the increase due to net in-migration is estimated at 1,183 households per annum. The tables below presents a summary of the information presented in the diagrams.
- 13.10 The figures for both in- and out-migration are of the same order of magnitude as would be suggested by Census data analysis presented in Chapter 3 (once account has been taken of the differences between population and households (assuming for example an average household size of around 2.4 persons)).

<b>Table 13.1 Current annual flows of moves – South Somerset (HMA)</b>				
	Older person	Single (non older)	Multi-adult (no children)	Households with children
Moved into the area	891	377	1,349	765
Moving within the area	514	782	1,217	1,511
Moved out of the area	304	569	1,163	859
Net movement	587	-192	186	-94
Newly forming households			985	
Household dissolution			752	
Net natural change			233	

Source: South Somerset SHMA 2008 (combination of data sources)

<b>Table 13.2 Current annual flows of moves – Taunton HMA</b>				
	Older person	Single (non older)	Multi-adult (no children)	Households with children
Moved into the area	811	985	1,711	1,211
Moving within the area	1,056	1,295	2,138	2,452
Moved out of the area	561	782	1,193	999
Net movement	251	203	517	212
Newly forming households			1,789	
Household dissolution			1,354	
Net natural change			435	

Source: Taunton HMA SHMA 2008 (combination of data sources)

- 13.11 The tables show the full net situation, including newly forming and deceased (dissolved) households. Overall the data suggests that from both sources there will be **a net change in households in South Somerset of 720 per annum** (487 + 233). In the Taunton HMA there will be **a net change in households of 1,618 per annum** (1,183 + 435).
- 13.12 These figures are based on relatively short-term trends shown in survey data and therefore differ from longer-term projection data which will take into account the changing demographic profile over many years. Figures will also differ from those shown in the RSS, which will also be influenced by policy decisions as well as demographic trends.
- 13.13 In addition, it should be noted that because the data is based on survey information there will be errors associated with some of the figures. Whilst the gross figures for the profiles of household types moving in and out are fairly robust, some caution should be used when looking at the net figures, as these are influenced by the fact that we are taking one number away from another number – both of which will have an associated margin of error.

## Function of the tenures

13.14 The Housing Needs Surveys contain a range of data examining the nature of moves recorded by households in the study area that moved to their current home over the last two years. The table below shows the tenure mobility of these households.

**Table 13.3 Previous tenure by current tenure  
(households moving in past two years) – South Somerset (HMA)**

Tenure	Previous tenure				Total
	Owner-occupied	Social rented	Private rented	Newly formed household	
Owner-occupied (no mortgage)	<b>2,690</b>	0	160	124	2,975
Owner-occupied (with mortgage)	<b>3,715</b>	184	770	886	5,555
Social rented	43	<b>1,304</b>	485	698	2,530
Private rented	239	53	<b>1,797</b>	1,069	3,159
Total	6,687	1,541	3,213	2,778	14,219

Source: South Somerset household survey (2008)

**Table 13.4 Previous tenure by current tenure  
(households moving in past two years) – Taunton HMA**

Tenure	Previous tenure				Total
	Owner-occupied	Social rented	Private rented	Newly formed household	
Owner-occupied (no mortgage)	<b>3,211</b>	38	331	146	3,726
Owner-occupied (with mortgage)	<b>6,402</b>	97	1,644	1,468	9,612
Social rented	219	<b>1,427</b>	454	850	2,949
Private rented	1,399	288	<b>2,500</b>	1,555	5,742
Total	11,231	1,850	4,929	4,019	22,028

Source: Taunton HMA household survey (2008)

13.15 Overall, movement within sectors was more common than movement between them, however the table does indicate that there was a good degree of tenure mobility. Around 35% of all moves involved the private rented sector – households moving into it, out of it or within it – showing how important the sector is in providing mobility in the housing market. By comparison it is estimated that around 10-11% of all households in the study area currently live in the private rented sector.

- 13.16 The private rented sector shows the highest turnover of any tenure and it can be considered the 'motor of the market' as it helps facilitate the flow of households through the housing market with a notable number of households in both HMAs having moved from private renting to owner-occupation (and to a lesser extent social rented housing). The majority of households who were previously private tenants do however remain within this tenure group.
- 13.17 Newly forming households moved to a range of tenures. In South Somerset, some 38% moved into private rented accommodation, whilst 36% moved into owner-occupation and 25% moved into a socially rented dwelling. In the Taunton HMA the figures were 39%, 40% and 21% for private renting, owner-occupation and social rent respectively.
- 13.18 Analysis of the primary household survey provides further detail on the nature of households resident in each of the tenures in Taunton and South Somerset HMAs.
- 13.19 The data reveals that within the owner-occupied sector in the study area:
- The average age of household heads is 57 (the figure is 57 in each of the two HMAs)
  - 72% of households contain two or more adults (73% in South Somerset and 71% in the Taunton HMA)
  - 57% of households are headed by someone in employment (58% in South Somerset and 57% in the Taunton HMA)
  - 1.0% of households are in receipt of income support to help with mortgage interest payments (0.9% in South Somerset and 1.1% in the Taunton HMA)
- 13.20 The household survey reveals that within the social rented sector in the study area:
- The average age of household heads is 59 (61 within South Somerset and 57 in the Taunton HMA)
  - 45% of households contain two or more adults (45% in South Somerset and 46% in the Taunton HMA)
  - 26% of households are headed by someone in employment (25% in South Somerset and 27% in the Taunton HMA)
  - 65% of households are in receipt of Housing Benefit (68% in South Somerset and 62% in the Taunton HMA)

13.21 The data shows that within the private rented sector in the study area:

- The average age of household heads is 44 (44 within South Somerset and 45 in the Taunton HMA)
- 52% of households contain two or more adults (53% in South Somerset and 51% in the Taunton HMA)
- 63% of households are headed by someone in employment (70% in South Somerset and 58% in the Taunton HMA)
- 29% of households are in receipt of Housing Benefit (22% in South Somerset and 33% in the Taunton HMA)

## Summary

- i) The primary driver for household growth in the study area is in-migration rather than natural change although in both areas significant increases from both sources are predicted.
- ii) Migration also has a large impact on the household composition in the area - data suggests that there will be a net inflow of older person households and multi-adult households (without children).
- iii) South Somerset shows a net inflow of older person households and multi-adult households (without children) whilst in the Taunton HMA all household types are expected to see net in-migration to some degree.
- iv) The private rented sector is important for facilitating the flow of households through the housing market – around 40% of all moves in the last two years involved this tenure, although it comprises only around 10% of the inhabited dwelling stock.



# 14. Housing market mix and balance

## Introduction

- 14.1 Section E of this report looked at most of the outputs required to fully meet the requirements of paragraph 22 of PPS3 including studying the need for affordable housing, the split between social rented and intermediate housing and some information about the sizes of affordable housing required.
- 14.2 The analysis did not however look at the types of households likely to require market housing and so this analysis is carried out in this section. Further more, it is arguable that some additional outputs would also be of use or interest. In particular, whilst the PPS3 output for market housing requires an estimate of household types to be made – this does not necessarily translate into the types and sizes of properties demanded locally. In addition, on the affordable side it is of interest to look at households' demands in terms of size rather than simply the minimum size of accommodation needed as measured through the rather strict bedroom standard.
- 14.3 This chapter therefore seeks to look at these two issues to provide some information which is both useful and goes over and above the strict requirements of guidance. Essentially we are using survey data to consider the issue of the mix and balance of housing in the local area. The following extract from paragraph 20 of PPS3 notes the issue of mixed communities:

*'Key characteristics of a mixed community are a variety of housing, particularly in terms of tenure and price and a mix of different households such as families with children, single person households and older people.'*

- 14.4 The SHMA Practice Guidance (August 2007) emphasises, as its second core output, the analysis of balance as can be seen from the following extract from page 10 (repeated on page 34):

*'Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability.'*

## Studying housing demand and supply

- 14.5 The analysis which follows uses the available household survey data to provide suggestions about the type of new housing which might best help to 'balance' the local housing market (in both the market and affordable sectors). Key principles include:
- **Affordability of housing** for households likely to move based on stated intention or need to move. This is derived from the household survey data. All moves are means tested to establish what form of housing the movers could afford usually on the basis of a maximum of 25% of income on housing.
  - **Turnover rates for different tenures**, the types of housing and current stock of housing. This is obtained from statements by respondents regarding their planned moves, and inferring the stock vacancy profile resulting.
  - **Demand for types of housing (i.e. detached vs. bungalow etc)**. This is derived from the 'expectations' of households planning to move. All respondents are asked about both aspirations and expectations when moving, and the evidence shows that 'expectations' are much more realistic and provide a reasonable basis for assessment of future actions.
- 14.6 Calculations relate the overall requirement/demand to the turnover providing estimates of dwelling types with a greater or lesser demand compared to the likely supply. This in turn can be used to help inform the nature and scale of newbuild housing that would best meet the demands/needs of households.
- 14.7 Within each of the demand and supply sides of the equations there will be different household groups. The individual findings for each specific group are not detailed within this chapter although the table below summarises these groups.

Table 14.1 Household groups studied within supply and demand	
Demand	Supply
New forming households	Household dissolutions (death)
Existing households moving	Existing households moving
In-migrant households	Out-migrant households

Source: Fordham Research (2008)

- 14.8 Within these groups, information about existing households moving is based on households who need or expect to move over the next two years and who expect to remain living in the District. Information about new forming households and in/out-migrant households is based on past trend data (those who have moved within the past two years). Estimates of dwellings made available through household dissolutions are estimated by applying national death rates to the local population/household profile.

## Estimate of requirement for market housing

### Profile of household types requiring market housing

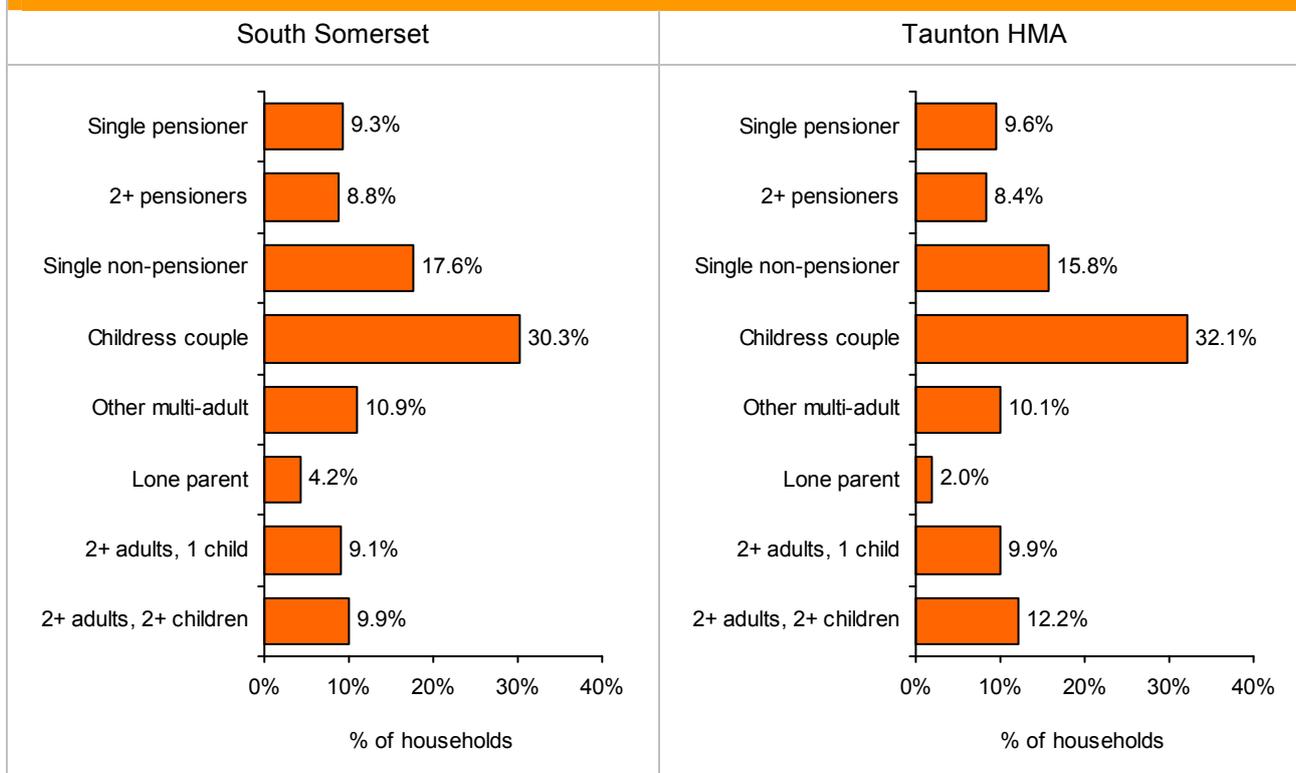
14.9 This section of the report is split into three parts. The first looks at the strict requirement of paragraph 22 of PPS3 (types of households requiring market housing) before moving on to make some estimate of the likely requirements in terms of both types of dwelling and sizes. The full requirement of PPS3 (output 2) is provided below.

- *The likely profile of household types requiring market housing, e.g. multi-person, including families and children (x%), single persons (y%), couples (z%)*

14.10 The figure below shows the household types of households who expect to move home over the next two years along with the new forming and in-migrant households over the past two years and who can afford market housing (whether to buy, rent or both).

14.11 The data shows that the main group in both areas (approaching a third) is childless couples with around a quarter of all households containing children (aged under 16). Pensioner households make up around 18% of the total demand. The list includes types of household suggested in PPS3 para 22, but goes into a little more detail as well.

**Figure 14.1 Household types of households requiring market housing**



Source: Taunton and South Somerset SHMA household survey data (2008)

**Net requirement of market housing: dwelling types**

14.12 The table below shows estimated demand for different types of dwellings and the estimated supply that will be released in the market as households vacate properties. The table shows a significant amount of demand being for detached houses and when looking at the supply we see that detached houses make up a lesser proportion of dwellings likely to become available. The proportion of demand for detached houses and semi-detached houses is in excess of the proportion of supply – with the opposite being true for terraced houses and flats/maisonettes.

<b>Table 14.2 Supply/demand of market housing by type of dwelling</b>				
Dwelling type	South Somerset		Taunton HMA	
	Demand	Supply	Demand	Supply
Detached house	27.7%	23.8%	27.5%	20.2%
Semi-detached house	27.4%	26.4%	28.0%	24.4%
Terraced house	19.3%	26.6%	17.8%	22.0%
Bungalow	13.6%	9.6%	15.2%	15.8%
Flat/maisonette	12.0%	13.6%	11.4%	17.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA household survey data (2008)

14.13 The figures above do not in themselves lead to an answer as to what proportion of different types of homes should be provided and the data could be used in a variety of ways. For example, there is clearly a greater supply of terraced homes than the likely demand and it could be argued that therefore no additional terraced houses be provided. This stance in terms of mix and balance may however not be appropriate for a number of reasons. For example, we are studying what additions to the housing stock should be provided – a newbuild terraced home is likely to be a very different product to an older (second-hand home) and therefore may generate a demand. It would also seem prudent to suggest that in the newbuild market a range of different types and sizes of homes would give households a greater choice and would therefore not restrict housing opportunities to particular groups (e.g. only providing housing for the wealthiest households).

14.14 To provide some guidance as to a mix of housing in the HMAs we have simply looked at the difference in proportionate terms between the supply and demand for housing of different types. So for example, in South Somerset the demand for detached houses is 27.7% of the total demand, the supply is however only 23.8% of the total. The difference between these two figures is 3.9% and so we might argue that the provision of additional detached houses should be around 4% higher than the current demand (to take account of the low supply in the existing stock).

14.15 This therefore provides some figures for a suggested profile of housing but it needs to be accepted that the data could be used in a number of ways to come up with a different profile. That said the data will always suggest certain things – most notably a lower proportion of terraced housing than is currently in the stock and greater proportions of (for example) detached houses – it is the exact proportions which cannot be determined by this analysis and in any case the housing that gets built will in many cases be decided on a site by site basis and the actual profile will vary depending on any particular site in question (for example the current mix of housing in a particular location).

<b>Table 14.3 Possible profile for market housing by type of dwelling</b>		
Dwelling type	Possible profile for newbuild	
	South Somerset	Taunton HMA
Detached house	32%	35%
Semi-detached house	28%	32%
Terraced house	12%	14%
Bungalow	18%	15%
Flat/maisonette	10%	5%
Total	100%	100%

Source: Taunton and South Somerset SHMA household survey data (2008)

#### **Net requirement of market housing: dwelling size**

14.16 A similar analysis was carried out for the size of market dwellings. The table below follows the same comparison between supply and demand as for the previous analysis above. Generally, the demand and supply for different sizes of dwellings seems to be more in balance than when looking at dwelling types with relatively little difference between supply and demand proportions for all sizes other than one bedroom.

<b>Table 14.4 Supply/demand of market housing by size of dwelling</b>				
Size	South Somerset		Taunton HMA	
	Demand	Supply	Demand	Supply
1 bedroom	8.4%	11.8%	7.9%	11.5%
2 bedrooms	29.6%	27.1%	33.4%	33.0%
3 bedrooms	43.1%	42.9%	36.6%	38.1%
4+ bedrooms	18.9%	18.2%	22.1%	17.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA household survey data (2008)

14.17 As with the types of dwelling we have looked at the difference between the proportions of demand and of supply to come up with a possible profile for the sizes of new market housing. As with the types of dwellings the figures cannot be precise but the data is still clear about what sizes there is a requirement for more or less than. The table below shows the results of this analysis. Overall, the analysis suggests that around three-fifths of the net market demand is for larger (three and four plus bedroom) dwellings in both HMAs.

**Table 14.5 Possible profile for market housing by size of dwelling**

Dwelling size	Possible profile for newbuild	
	South Somerset	Taunton HMA
1 bedroom	5%	4%
2 bedrooms	32%	34%
3 bedrooms	43%	35%
4+ bedrooms	20%	27%
Total	100%	100%

Source: Taunton and South Somerset SHMA household survey data (2008)

### Sizes of affordable housing required

14.18 The final PPS3 requirement is to estimate the size and type of affordable housing required. An estimate of this has already been provided in Section E but in this section we have looked at household demands in this sector as well as considering the likely profile of supply of affordable housing. The method used to look at this is the same as for the market sector and concentrates on the size of dwellings, although a distinction is drawn between flats and houses for two bedroom homes as well as between intermediate and social rented housing.

14.19 The table below follows the same comparison between supply and demand as used for the analysis of market housing. There is an insufficient supply of intermediate housing for robust estimates to be made so only gross figures are shown. The table shows that when comparing the demand with the supply there are notable differences for most dwelling sizes in the social rented sector (particularly in South Somerset).

**Table 14.6 Supply/demand of affordable housing by size/type of dwelling**

Size/type	South Somerset			Taunton HMA		
	Social rented		Intermediate demand	Social rented		Intermediate demand
	Demand	Supply		Demand	Supply	
1 bedroom	25.1%	32.3%	29.8%	23.0%	25.0%	27.7%
2 bedrooms – flat	9.1%	16.0%	4.9%	14.5%	15.8%	12.8%
2 bedrooms – house	33.9%	26.3%	18.5%	32.1%	27.2%	23.3%
3 bedrooms	24.7%	25.5%	37.3%	27.1%	31.5%	28.5%
4+ bedrooms	7.3%	0.0%	9.5%	3.2%	0.6%	7.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA household survey data (2008)

14.20 Again, by looking at the difference between the proportions of demand and of supply we can provide a suggested profile of housing that might help to 'balance' the affordable housing sector. As before, these figures are not definitive although the data does show types of homes which are currently in relatively short supply (or those where the proportion of supply exceeds the proportionate demand). The table below shows as with the earlier analysis that much of the requirement in the social rented sector is for smaller homes (61%, one and two bedrooms in South Somerset and 71% in the Taunton HMA). Smaller homes make up around two-thirds of the estimated intermediate housing requirement in both HMAs.

<b>Table 14.7 Possible profile for affordable housing by size/type of dwelling</b>				
Size/type	Possible profile for newbuild			
	South Somerset		Taunton HMA	
	Social rented	Intermediate	Social rented	Intermediate
1 bedroom	18%	30%	21%	28%
2 bedrooms – flat	2%	5%	13%	13%
2 bedrooms – house	41%	19%	37%	23%
3 bedrooms	24%	37%	23%	28%
4+ bedrooms	15%	10%	6%	8%
Total	100%	100%	100%	100%

Source: Taunton and South Somerset SHMA household survey data (2008)

## Summary

- i) This chapter provided some additional information about the possible mix and balance of both market and affordable dwellings required in the future. The analysis expands on the analysis of housing need (which provides many of the outputs required by PPS3) by looking at the household types likely to have a demand for market housing as well as providing suggestions regarding the size and type mix of housing.
- ii) The data suggests that the main group with a demand for market housing are childless couples (30.3% of the total in South Somerset and 32.1% in the Taunton HMA) with households with children making up around a quarter of the total demand (in both HMAs). However, when translated into dwelling sizes the data suggests the greatest net demands to be for three and four plus bedroom homes (reflecting households' ability to afford more space than they would technically require).
- iii) In the affordable sector the data confirms the findings of earlier analysis in that the majority of the requirement is for smaller units.



# 15. Moving towards balance of local size mix

## Introduction

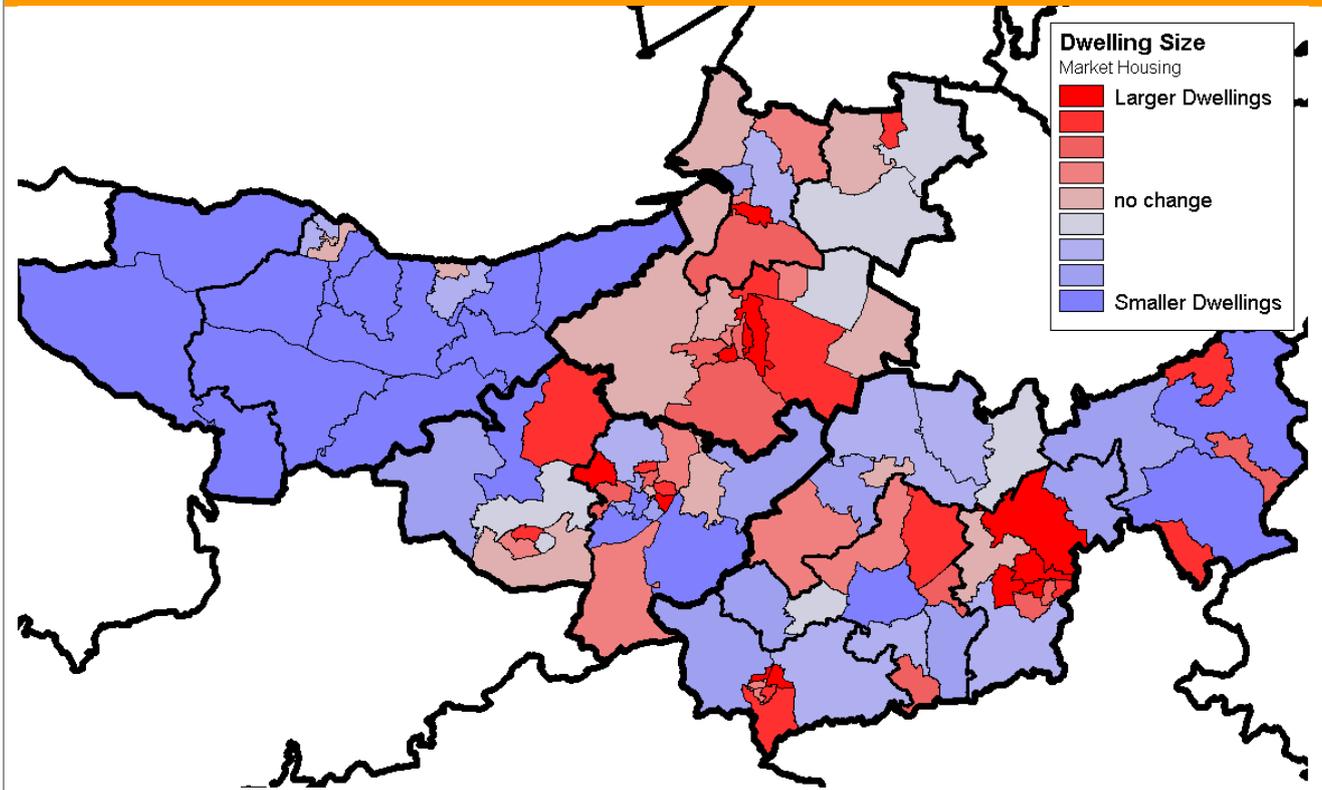
- 15.1 This chapter uses 2001 Census data to provide an indication of the sizes of additional housing at sub-district (in this case ward) level in order to assist the determination of the appropriate mix of housing at a detailed spatial scale.
- 15.2 In estimating which areas are likely to require larger or smaller dwellings, we have looked at the current stock of both market and social housing. The method used is to compare average household size and average dwelling size, measured via the number of rooms. Where household sizes are high relative to dwelling sizes it is assumed that larger dwellings are required, and vice versa.
- 15.3 The tables in this chapter have been split by individual Districts within the study area for ease of reference, although a countywide analysis has also been performed, allowing comparisons to be made across District boundaries. For each district a table has been provided showing the average number of rooms and average number of people per dwelling in each ward.
- 15.4 The other tables for each District combine these, by showing the wards ranked by both of these variables, and also the sum of the two ranks. A low figure here indicates a small average dwelling size and a large average household size. These figures are used to create the study area maps. For clarity, separate tables are given for market and social housing.

## Results

- 15.5 The map below shows the results from the analysis for all four Districts in the study area for market housing, showing the scale and direction of the disparity between the size of households and the size of available housing. All four Districts were analysed together, so the results are comparable across the whole study area.
- 15.6 As can be seen from the red areas on the map, the lack of larger dwellings is very much an urban phenomenon, relevant particularly to Yeovil, Bridgwater and Chard. Most of the rural areas, particularly West Somerset, show the opposite situation, with more smaller dwellings required if dwelling sizes are to be equalised across the HMA.
- 15.7 Not every urban area falls into this category, however. Minehead, Burnham, Watchet and Taunton show no particular overall imbalance.

15.8 Sedgemoor shows a particular imbalance toward smaller dwellings in all areas except Burnham, including some rural areas, so the requirement here is likely to be biased toward larger dwellings.

**Figure 15.1 Size balance of market housing – relative requirement for larger or smaller dwellings**



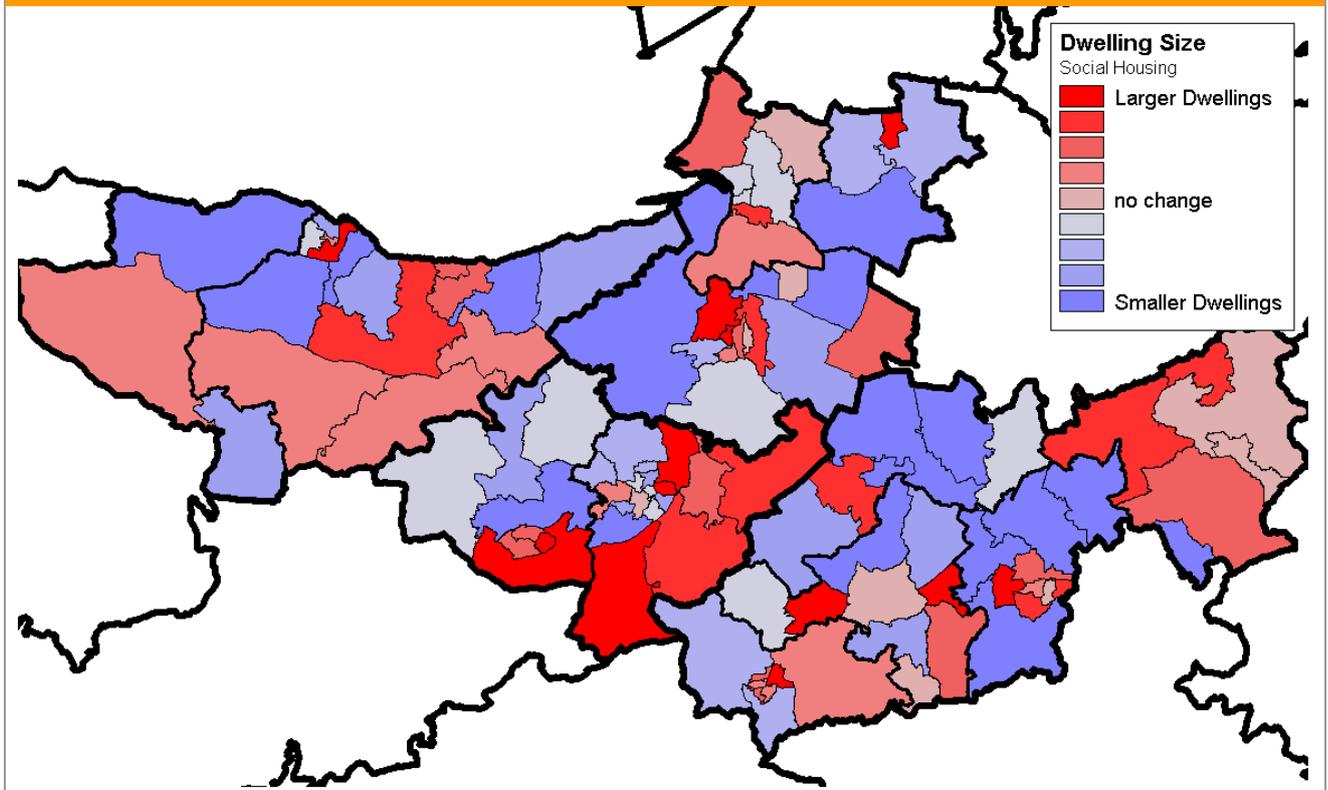
Source: Census 2001

15.9 The same exercise was also carried out for the social rented stock in the study area. Here the pattern is less clear; this is partly due to the method of construction of social housing which has typically come (in the past) in the form of large estates, frequently only containing a narrow range of sizes or types of dwelling.

15.10 Most towns, as for market housing, show a particular imbalance toward smaller dwellings currently, suggesting a demand for larger social housing. This is also true of some rural areas. However, it should be borne in mind that some of these wards have very small stocks of social housing and so the imbalance may in absolute terms be quite small.

15.11 The only significant urban areas with wards showing a high requirement for smaller social rented units are Taunton and Minehead.

**Figure 15.2 Size balance of affordable housing – relative requirement for larger or smaller dwellings**



Source: Census 2001

## Sedgemoor

15.12 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 25 wards within Sedgemoor.

**Table 15.1 Household and dwelling sizes: Sedgemoor**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Axbridge	5.81	2.39	4.53	2.56
Axe Vale	6.79	2.59	5.81	2.75
Berrow	5.62	2.28	2.40	1.70
Brent North	6.42	2.65	5.34	3.18
Bridgwater Bower	4.93	2.32	4.03	2.11
Bridgwater Eastover	5.17	2.18	3.84	1.88
Bridgwater Hamp	5.44	2.49	4.58	2.48
Bridgwater Quantock	6.05	2.48	3.88	1.64
Bridgwater Sydenham	5.24	2.39	4.81	2.55
Bridgwater Victoria	4.95	2.05	4.50	2.54
Burnham North	5.52	2.13	3.30	1.27
Burnham South	5.38	2.21	3.66	1.55
Cannington and Quantocks	5.96	2.37	4.45	2.15
Cheddar and Shipham	5.94	2.33	4.03	1.77
East Poldens	6.31	2.47	4.02	1.94
Highbridge	5.37	2.35	4.24	2.21
Huntspill and Pawlett	5.95	2.40	4.64	2.48
King's Isle	6.19	2.54	4.86	2.45
Knoll	6.23	2.38	5.60	3.00
North Petherton	5.93	2.39	4.20	2.05
Puriton	5.82	2.45	4.47	2.03
Sandford	6.16	2.38	4.43	2.71
Wedmore and Mark	6.51	2.53	4.71	2.24
West Poldens	6.32	2.45	4.32	1.79
Woolavington	5.50	2.28	4.50	2.39

Source: Census 2001

15.13 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

15.14 The ranking process has been carried out across the whole study area, rather than solely for Sedgemoor.

**Table 15.2 Inferred requirements for larger or smaller dwellings by ward in Sedgemoor**

<b>Market Housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Burnham North	70	11	81	Larger dwellings required
Knoll	21	76	97	
Cheddar and Shipham	42	58	100	
West Poldens	12	90	102	
Wedmore and Mark	3	100	103	
Sandford	28	77	105	
Axe Vale	1	105	106	
Berrow	67	39	106	
East Poldens	13	93	106	
Cannington and Quantocks	37	70	107	
Brent North	6	106	112	
Burnham South	89	23	112	
Woolavington	72	40	112	
Bridgwater Victoria	105	8	113	
Bridgwater Eastover	100	18	118	
Huntspill and Pawlett	39	83	122	
North Petherton	43	82	125	
Bridgwater Quantock	32	95	127	
King's Isle	25	104	129	
Axbridge	53	79	132	
Puriton	51	89	140	
Highbridge	90	65	155	
Bridgwater Bower	106	54	160	
Bridgwater Sydenham	94	80	174	Smaller dwellings required
Bridgwater Hamp	79	96	175	

Source: Census 2001

**Table 15.3 Inferred requirements for larger or smaller dwellings by ward in Sedgemoor**

<b>Social housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Puriton	45	23	68	Larger dwellings required
Wedmore and Mark	20	52	72	
West Poldens	63	10	73	
Cannington and Quantocks	48	40	88	
King's Isle	10	81	91	
Cheddar and Shipham	93	9	102	
Axe Vale	1	101	102	
Bridgwater Quantock	96	7	103	
Knoll	2	103	105	
Burnham North	105	1	106	
Burnham South	101	5	106	
North Petherton	79	27	106	
Brent North	3	105	108	
Woolavington	38	71	109	
Bridgwater Sydenham	14	96	110	
Bridgwater Hamp	27	84	111	
Huntspill and Pawlett	26	87	113	
Berrow	106	8	114	
East Poldens	94	20	114	
Bridgwater Eastover	99	18	117	
Highbridge	75	49	124	
Bridgwater Bower	92	36	128	
Axbridge	33	97	130	
Bridgwater Victoria	39	95	134	Smaller dwellings required
Sandford	51	100	151	

Source: Census 2001

## Taunton Deane

15.15 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 26 wards within Taunton Deane.

**Table 15.4 Household and dwelling sizes: Taunton Deane**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Bishop's Hull	5.68	2.34	4.29	2.19
Bishop's Lydeard	5.94	2.43	4.11	1.93
Blackdown	6.38	2.54	4.35	2.39
Bradford-on-Tone	6.26	2.39	4.70	2.16
Comeytrove	5.50	2.20	4.17	1.82
Milverton and North Deane	6.27	2.28	4.42	2.15
Monument	6.36	2.49	4.34	2.40
Neroche	6.46	2.32	4.12	2.12
North Curry and Stoke St Gregory	6.21	2.33	4.39	2.36
Norton Fitzwarren	5.69	2.52	4.82	2.49
Ruishton and Creech	5.78	2.32	4.35	2.31
Staplegrove	5.87	2.31	4.29	2.07
Taunton Blackbrook and Holway	5.24	2.34	4.44	2.21
Taunton Eastgate	5.10	1.98	3.38	1.50
Taunton Fairwater	5.46	2.13	4.05	1.84
Taunton Halcon	5.17	2.27	4.36	2.49
Taunton Killams and Mountfield	5.95	2.30	3.55	1.45
Taunton Lyngford	5.18	2.19	4.28	2.00
Taunton Manor and Wilton	5.63	2.03	3.57	1.57
Taunton Pyrland and Rowbarton	5.64	2.36	4.67	2.41
Trull	6.28	2.33	4.92	2.20
Wellington East	5.28	2.14	4.18	2.36
Wellington North	5.40	2.33	4.48	2.40
Wellington Rockwell Green and West	5.42	2.23	4.14	2.07
West Monkton	6.13	2.41	4.27	2.29
Wiveliscombe and West Deane	6.04	2.29	4.43	2.28

Source: Census 2001

- 15.16 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.
- 15.17 The ranking process has been carried out across the whole study area, rather than solely for Taunton Deane.

**Table 15.5 Inferred requirements for larger or smaller dwellings by ward in Taunton Deane**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Milverton and North Deane	17	41	58	Larger dwellings required
Neroche	5	57	62	
Taunton Manor and Wilton	66	6	72	
Trull	15	60	75	
Wiveliscombe and West Deane	33	45	78	
North Curry and Stoke St Gregory	23	59	82	
Taunton Killams and Mountfield	38	46	84	
Taunton Fairwater	75	12	87	
Comeytrove	71	20	91	
Staplegrave	47	51	98	
Bradford-on-Tone	20	81	101	
Wellington East	91	13	104	
Taunton Eastgate	103	2	105	
Monument	10	97	107	
Ruishton and Creech	56	52	108	
Wellington Rockwell Green and West	83	27	110	
Blackdown	9	103	112	
West Monkton	30	84	114	
Taunton Lyngford	97	19	116	
Bishop's Hull	61	63	124	
Bishop's Lydeard	41	87	128	
Taunton Halcon	98	34	132	
Taunton Pyrland and Rowbarton	65	68	133	
Wellington North	88	59	147	
Taunton Blackbrook and Holway	93	64	157	Smaller dwellings required
Norton Fitzwarren	59	99	158	

Source: Census 2001

**Table 15.6 Inferred requirements for larger or smaller dwellings by ward in Taunton Deane**

<b>Social Housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Trull	7	47	54	Larger dwellings required
Bradford-on-Tone	21	42	63	
Taunton Lyngford	70	22	92	
Milverton and North Deane	52	41	93	
Comeytrove	84	12	96	
Taunton Blackbrook and Holway	49	48	97	
Staplegrave	68	32	100	
Taunton Pyrland and Rowbarton	24	78	102	
Norton Fitzwarren	12	91	103	
Taunton Fairwater	91	14	105	
Taunton Killams and Mountfield	103	2	105	Smaller dwellings required
Wiveliscombe and West Deane	50	55	105	
Bishop's Lydeard	88	19	107	
Taunton Eastgate	104	3	107	
Taunton Manor and Wilton	102	6	108	
Bishop's Hull	67	45	112	
Wellington North	41	74	115	
Ruishton and Creech	59	60	119	
Wellington Rockwell Green and West	86	33	119	
Neroche	87	37	124	
North Curry and Stoke St Gregory	54	71	125	Smaller dwellings required
West Monkton	72	57	129	
Blackdown	58	73	131	
Monument	61	75	136	
Taunton Halcon	56	90	146	
Wellington East	82	68	150	

Source: Census 2001

**West Somerset**

15.18 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 18 wards within West Somerset.

**Table 15.7 Household and dwelling sizes: West Somerset**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Alcombe East	5.16	1.99	3.85	2.49
Alcombe West	5.43	2.22	3.87	1.86
Aville Vale	5.95	2.21	4.51	2.22
Brompton Ralph and Haddon	6.47	2.29	4.72	2.51
Carhampton and Withycombe	5.84	2.15	4.99	2.52
Crowcombe and Stogumber	6.47	2.29	4.72	2.51
Dulverton and Brushford	5.86	1.99	4.17	1.84
Dunster	5.95	2.21	4.51	2.22
Exmoor	6.31	2.21	4.82	2.68
Minehead North	5.22	1.99	4.20	1.87
Minehead South	5.25	2.04	4.23	2.05
Old Cleeve	5.72	2.16	4.53	2.50
Porlock and District	5.87	1.95	4.88	2.31
Quantock Vale	6.03	2.26	4.33	2.07
Quarme	6.31	2.21	4.82	2.68
Watchet	5.58	2.28	4.42	2.35
West Quantock	6.17	2.05	4.94	2.13
Williton	5.45	2.16	4.53	2.48

Source: Census 2001

15.19 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.

15.20 The ranking process has been carried out across the whole study area, rather than solely for West Somerset.

**Table 15.8 Inferred requirements for larger or smaller dwellings by ward in West Somerset**

<b>Market housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Exmoor	14	21	35	Larger dwellings required
Quarmer	14	21	35	
West Quantock	27	9	36	
Brompton Ralph and Haddon	4	43	47	
Crowcombe and Stogumber	4	43	47	
Porlock and District	46	1	47	
Dulverton and Brushford	48	5	53	
Aville Vale	40	22	62	
Dunster	40	22	62	
Carhampton and Withycombe	49	14	63	
Quantock Vale	34	32	66	
Old Cleeve	58	16	74	
Williton	78	17	95	
Minehead North	95	3	98	
Minehead South	92	7	99	
Alcombe East	101	4	105	
Alcombe West	80	25	105	Smaller dwellings required
Watchet	69	38	107	

Source: Census 2001

**Table 15.9 Inferred requirements for larger or smaller dwellings by ward in West Somerset**

<b>Social housing</b>				
Ward	Rank: smallest dwellings	Rank: largest households	Total	
West Quantock	5	38	43	Larger dwellings required
Porlock and District	9	61	70	
Aville Vale	36	50	86	
Dunster	36	50	86	
Quantock Vale	62	31	93	
Dulverton and Brushford	83	13	96	
Minehead North	80	17	97	
Carhampton and Withycombe	4	94	98	
Minehead South	77	28	105	
Brompton Ralph and Haddon	18	93	111	
Crowcombe and Stogumber	18	93	111	
Alcombe West	97	15	112	
Exmoor	13	99	112	
Quarme	13	99	112	
Williton	31	85	116	
Watchet	55	65	120	
Old Cleeve	30	92	122	Smaller dwellings required
Alcombe East	98	89	187	

Source: Census 2001

## South Somerset

15.21 The table below shows the average dwelling and household sizes for market (owner-occupied and private rented) and social housing for each of the 39 wards within West Somerset.

**Table 15.10 Household and dwelling sizes: South Somerset**

Ward	Market housing		Social housing	
	Average number of rooms	Average number of people	Average number of rooms	Average number of people
Blackdown	6.15	2.32	3.90	1.52
Blackmoor Vale	6.00	2.27	4.69	2.59
Bruton	5.67	2.35	4.05	2.08
Brympton	5.20	2.37	4.16	2.47
Burrow Hill	6.27	2.51	4.89	2.32
Camelot	6.32	2.36	4.67	2.05
Cary	5.84	2.23	4.28	2.27
Chard Avishayes	5.61	2.53	4.26	2.29
Chard Combe	5.43	2.24	3.77	1.79
Chard Crimchard	5.41	2.37	4.83	3.37
Chard Holyrood	5.16	2.11	4.42	2.31
Chard Jocelyn	5.40	2.31	4.24	2.09
Coker	5.89	2.30	4.48	2.16
Crewkerne	5.43	2.27	4.22	2.06
Curry Rivel	6.26	2.37	4.52	2.48
Eggwood	5.81	2.29	4.20	1.87
Hamdon	5.66	2.32	4.31	2.41
Ilminster	5.48	2.24	4.27	2.28
Islemoor	6.26	2.45	4.56	2.37
Ivelchester	5.79	2.54	4.71	2.31
Langport and Huish	5.45	2.24	4.53	2.18
Martock	5.65	2.42	4.32	2.06
Milborne Port	5.69	2.38	4.53	2.05
Neroche	6.17	2.34	4.66	2.44
Northstone	6.39	2.45	4.49	2.35
Parrett	6.05	2.31	4.76	2.81
St Michael's	5.97	2.37	4.76	2.39
South Petherton	5.89	2.22	4.48	2.33
Tatworth and Forton	5.82	2.45	4.42	2.19
Tower	6.39	2.28	4.93	3.02
Turn Hill	6.52	2.47	4.73	2.36
Wessex	5.76	2.28	4.45	2.04
Wincanton	5.41	2.26	4.10	2.00
Windwhistle	6.21	2.38	4.34	2.22
Yeovil Central	4.99	2.16	4.29	2.13
Yeovil East	5.17	2.30	4.45	2.40
Yeovil South	5.49	2.28	4.36	2.38
Yeovil West	5.41	2.38	4.54	2.47
Yeovil Without	5.46	2.42	4.51	2.44

Source: Census 2001

- 15.22 The next step is to combine these figures, by ranking the wards by average dwelling and household size, and then adding the ranks together to create an overall indicator, as shown in the two tables below.
- 15.23 The ranking process has been carried out across the whole study area, rather than solely for South Somerset.

**Table 15.11 Inferred requirements for larger or smaller dwellings by ward in South Somerset**

<b>Market Housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Tower	7	37	44	Larger dwellings required
South Petherton	44	24	68	
Blackmoor Vale	35	35	70	
Cary	50	26	76	
Camelot	11	67	78	
Parrett	31	50	81	
Blackdown	29	55	84	
Curry Rivel	18	69	87	
Neroche	26	61	87	
Coker	45	48	93	
Wessex	57	36	93	
Turn Hill	2	94	96	
Eggwood	54	44	98	
Windwhistle	23	75	98	
Northstone	8	92	100	
Ilminster	74	28	102	
Langport and Huish	77	30	107	
St Michael's	36	72	108	
Chard Combe	81	29	110	
Islemoor	19	91	110	
Chard Holyrood	102	10	112	
Burrow Hill	16	98	114	
Crewkerne	82	33	115	
Yeovil South	73	42	115	
Hamdon	63	53	116	
Wincanton	86	31	117	
Yeovil Central	104	15	119	
Bruton	62	66	128	
Chard Jocelyn	87	49	136	
Milborne Port	60	78	138	
Tatworth and Forton	52	88	140	
Yeovil East	99	47	146	
Martock	64	85	149	
Chard Crimchard	85	71	156	
Ivelchester	55	102	157	
Yeovil West	84	74	158	
Yeovil Without	76	86	162	
Brympton	96	73	169	Smaller dwellings Required
Chard Avishayes	68	101	169	

Source: Census 2001

**Table 15.12 Inferred requirements for larger or smaller dwellings by ward in South Somerset**

<b>Social Housing</b>				
Ward	Rank: Smallest dwellings	Rank: Largest households	Total	
Camelot	23	26	49	Larger dwellings required
Milborne Port	32	25	57	
Burrow Hill	8	63	71	
Wessex	47	24	71	
Ivelchester	19	59	78	
Langport and Huish	34	44	78	
Turn Hill	17	67	84	
Coker	43	43	86	
St Michael's	16	72	88	
Martock	64	29	93	
Eggwood	81	16	97	
Islemoor	28	69	97	
Blackdown	95	4	99	
Tatworth and Forton	54	46	100	
Neroche	25	80	105	
Northstone	40	66	106	
Crewkerne	78	30	108	
South Petherton	44	64	108	
Yeovil Central	69	39	108	
Tower	6	104	110	
Wincanton	89	21	110	
Chard Combe	100	11	111	
Chard Jocelyn	76	35	111	
Windwhistle	60	51	111	
Yeovil West	29	83	112	
Chard Holyrood	53	62	115	
Yeovil Without	37	79	116	
Chard Crimchard	11	106	117	
Parrett	15	102	117	
Blackmoor Vale	22	98	120	
Curry Rivel	35	86	121	
Yeovil East	46	76	122	
Bruton	90	34	124	
Cary	71	54	125	
Yeovil South	57	70	127	
Ilminster	73	56	129	
Chard Avishayes	74	58	132	
Hamdon	65	77	142	Smaller dwellings Required
Brympton	85	82	167	

Source: Census 2001

## Summary

- i) This chapter used 2001 Census data to provide an indication of the size mix of additional housing at ward level in both the market and affordable sectors.
- ii) The data suggested that in order to help 'balance' the market sector there is a general requirement for larger dwellings in the more urban areas although this trend is far from universal. By local authority the data strongly suggests a greater requirement for smaller units in West Somerset with the opposite being the case in Sedgemoor.
- iii) In terms of the mix of affordable housing the data was less clear cut with areas of greater and lesser need of larger dwellings being found in all local authorities and in all types of location (i.e. urban vs. rural).



# 16. The longer term future

## Introduction

- 16.1 Given the current housing market instability, it is evident that attempts to forecast the future of the housing market are unlikely to be very accurate beyond a quite short time period.
- 16.2 At the same time Regional Spatial Strategies for the nine English regions are expected to forecast 20 years ahead, and detailed studies (the most prominent is probably *'Developing a target range for the supply of new homes across England'* NHPAU October 2008) have attempted to project what the market will do. Most of this projection is based on demographic (household) projections with migration assumptions both between regions and across national borders. It does not replicate actual market conditions at all closely and depends on very broad assumptions: that owner-occupation will remain sought after and that an increasing level of financial capacity will chase a more slowly increasing housing stock, thus meaning that price rise is the norm.
- 16.3 The aim of NHPAU is to examine what target levels might moderate future price increases. This may seem rather academic at a time of rapidly dropping house prices, but the long-term argument for price rises is a strong one given the relatively limited scope in England for adding very substantially to the existing stock.

## Drivers of future change

- 16.4 The evidence reviewed in Chapter 2 shows that both HMAs have experienced rapid job growth over the past decade or so. The jobs are not very highly paid, but there has been rapid growth in the numbers of them. The general location of the HMAs: in the buoyant South West, and near to Bristol and communications with the centre of England means that, subject to changes at the national level, the two HMAs should get their fair share of future growth.
- 16.5 As with the future of the housing market, the future of the jobs market is clouded in uncertainty. The recent history of job projections has focussed upon private sector service industries, as they have been the fastest growing over the past decade. However they are now the fastest declining, and so the character of future job growth may have to be re-thought.
- 16.6 Gross Value Added (GVA) figures have been published at local level by National Statistics (December 2007). Figures for Somerset are for the whole County, including Mendip.

16.7 The regional data is for 2006, but the latest local data is for 2005. At that time the relative per capita GVA figures were (Table 3.3):

Somerset:	83
South West:	94
England:	102
UK:	100

16.8 Thus Somerset cannot be regarded as highly prosperous, although as noted, the job growth has been good. It has a relatively low wage economy but is doing well at that level. The following table provides a time series for Somerset, which tends to confirm that the sub region maintains roughly the same ranking within the UK spectrum, while of course during the period in question the annual values rose quite rapidly during a period of low inflation.

Table 16.1 GVA time series, 1996-2005, Somerset		
Year	GVA per head index (UK = 100)	GVA per head
1996	85	£9,765
1997	84	£10,216
1998	83	£10,735
1999	84	£11,294
2000	84	£11,725
2001	83	£12,152
2002	81	£12,593
2003	81	£13,320
2004	82	£14,214
2005	83	£14,826

Source: National Statistics: Regional, sub-regional and local Gross Value Added, December 2007

16.9 Overall the future growth prospects look quite good. The continued in-migration of retired households can be expected once the housing market recovers. This external factor is likely to promote a buoyant rural housing market, which in turn will require intervention to provide the affordable housing needed to promote balanced and sustainable communities in the more rural parts of this generally rural area.

16.10 It is not very sensible to go beyond that. There is no sound basis for creating alternative scenarios, or for expecting a radical change from the growth path dictated by the general national economic cycle.

16.11 This statement is capable of exceptions for instance with relation to the holiday industry of West Somerset, which like all such industries in Britain is under a degree of threat, and also the in-migrant worker issue, where the changing economic conditions of their origin countries may mean that the supply of such workers will decline, and hence the industries they serve may become less competitive. These are indications of possible local sources of variation rather than predictions.

### Projected changes in the structure of the population

16.12 The Office of National Statistics (ONS) publishes annual projections of future demographic change for every authority in England with data broken down by age and gender. The latest projections are 2004 based and run to 2029. CLG publish estimates of the projected change in the number of households for each authority partly informed by the ONS population projection data.

16.13 This chapter will present a summary of the changes recorded by these two sets of projections in the period 2006 to 2026<sup>3</sup>. The two sets of projections will then be combined to derive the implied future change to household size.

### Population – projected change

16.14 Official 2004-based projections showed an estimated population of 157,600 in South Somerset in 2006 and 255,500 in the Taunton HMA. These figures are projected to increase significantly up until 2026. In South Somerset the population of the period 2006-2026 is expected to rise to 181,200 and in the Taunton HMA to 302,900. These increases are 15.0% and 18.6% respectively. In both cases the projected population increases are in excess of those projected regionally (14.2%) and nationally (10.1%).

Table 16.2 Projected population change in the study area (2006 – 2026)				
Area	Population (2006)	Population (2026)	Absolute change	% change
Sedgemoor	111,400	132,000	20,600	18.5%
Taunton Deane	108,500	131,200	22,700	20.9%
West Somerset	35,600	39,700	4,100	11.5%
South Somerset (HMA)	157,600	181,200	23,600	15.0%
Taunton HMA	255,500	302,900	47,400	18.6%
South West	5,122,400	5,851,000	728,600	14.2%
England	50,714,200	55,823,400	5,109,200	10.1%

Source: ONS revised 2004-based sub-national population projections

<sup>3</sup> Full projection information is however available from ONS at [www.statistics.gov.uk](http://www.statistics.gov.uk).

## Population – changing age profile

16.15 The population projections are broken down into five-year age cohorts so it is possible to examine how the age structure of the population in the study area is expected to change in the future. The figures below show the percentage change in the population within each age cohort (five year age bands) from 2006 to 2026. The table below records the change in age profile using broader age bands compared across different areas.

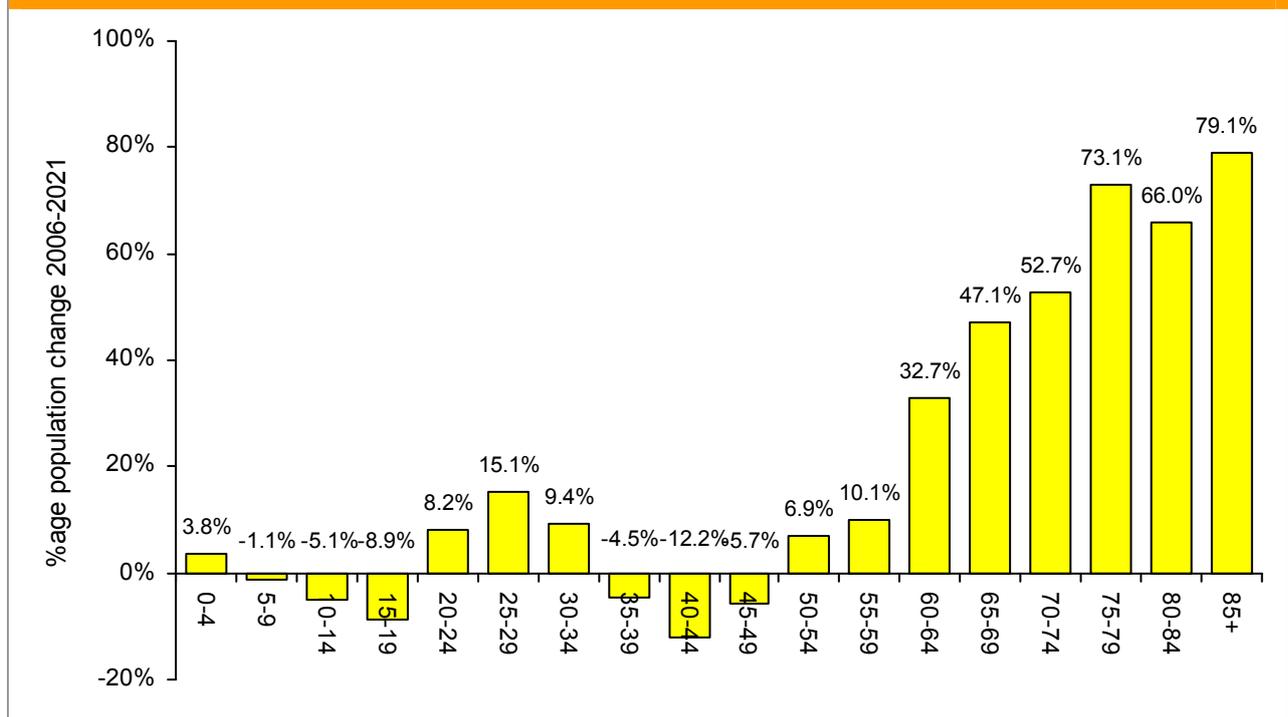
16.16 The results are striking, although consistent with forecast national trends. The data shows that over the next twenty years in the study area there is expected to be a dramatic increase in the population of those aged over 60, and decreases (or modest increases) in the population of most other age groups.

**Table 16.3 Percentage change by age band in the study area (2006 – 2026)**

Age band	Area						
	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	England
0-14	4.2%	8.6%	-12.0%	-1.1%	4.2%	2.3%	2.0%
15-29	6.4%	5.9%	-6.3%	3.2%	4.7%	2.8%	-1.2%
30-44	-3.2%	7.2%	-24.1%	-3.5%	-0.8%	2.9%	0.8%
45-59	8.3%	12.3%	-2.5%	4.0%	8.4%	5.7%	6.0%
60-74	53.8%	47.5%	41.0%	43.0%	49.1%	37.9%	33.0%
75+	72.0%	70.9%	65.3%	72.5%	70.3%	60.8%	53.6%
Total	18.5%	20.9%	11.5%	15.0%	18.6%	14.2%	10.1%

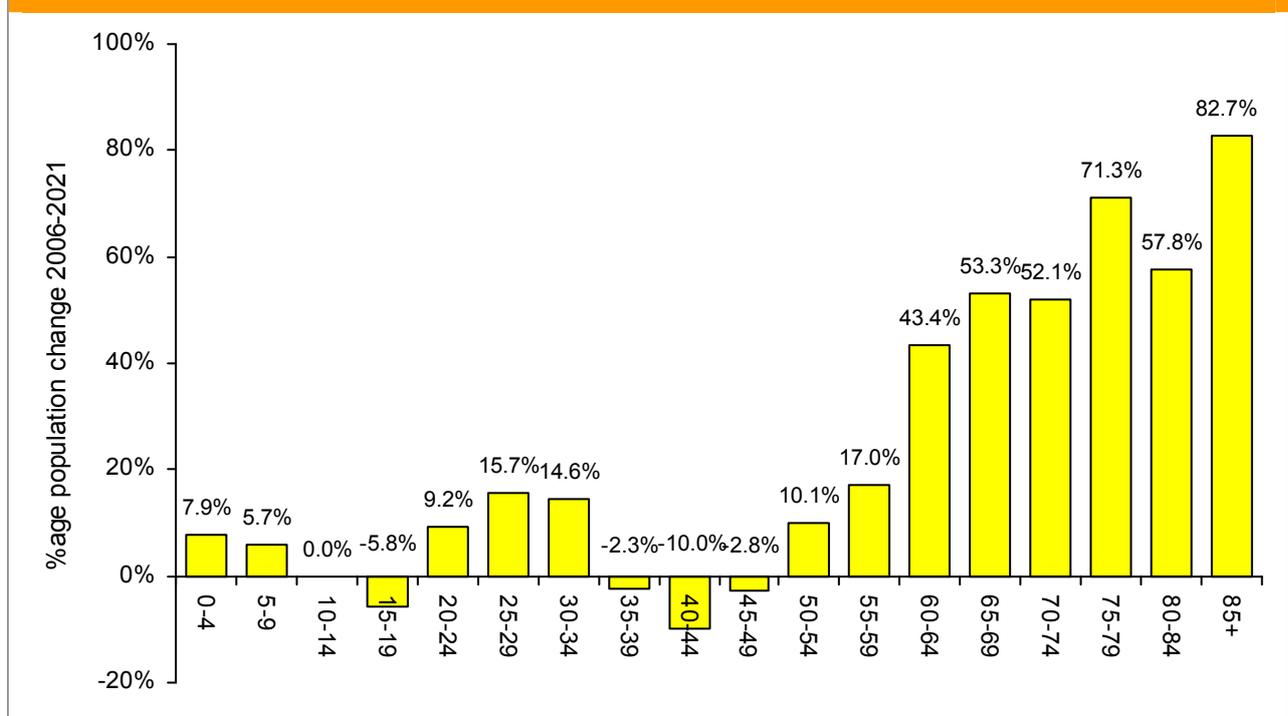
Source: ONS revised 2004-based sub-national population projections

**Figure 16.1 Forecast population change by age group in South Somerset, 2006 - 2026**



Source: ONS revised 2004-based sub-national population projections

**Figure 16.2 Forecast population change by age group in Taunton HMA, 2006 - 2026**



Source: ONS revised 2004-based sub-national population projections

- 16.17 The population projection data indicates that the largest reductions will be in the 35-49 and 10-19 age ranges, indicating a particular reduction in the number of families living in the study area. These households are more likely to be economically active and in addition may be the more affluent section of the population.
- 16.18 Overall, from 2006 to 2026 population projection data suggests that the number of people aged 60 or over will increase from 42,300 to 65,200 in South Somerset and from 69,000 to 108,500 in the Taunton HMA. This may have a significant impact on local housing requirements as these households may be more likely to require some form of specialist accommodation, particularly the 85+ age group which shows the largest increase of all in both HMAs.

### **Households – projected change**

- 16.19 The overall population in the study area is expected to increase in the future. This finding cannot however be directly translated into the change in the number of households in the area. Household sizes in England have been declining for many years and are predicted to continue to do so in the future. This being the case, the proportional increase in households is likely to be in excess of the increase in population; it is therefore important to also consider the likely change in the number of households in the area.
- 16.20 The most recent household projections are those published by CLG in 2007. These take a mid-2004 base and project forward to 2026. The projections are based on updated projections of household formation taking account of the 2001 Census, the Office for National Statistics' sub national population projections and the Government Actuary's Department's national population projections (2004 based). The household projections are trend based and indicate what would happen if past demographic changes continue<sup>4</sup>.
- 16.21 The table below shows the projected increase in households in the study area from 2006 to 2026, compared with regional and national equivalents. The data shows that in proportionate terms the increase in the number of households is well in excess of the increase in population. In the 20 years from 2006 to 2026, the number of households in South Somerset and Taunton HMA are expected to rise by 27.9% and 29.5% respectively. These figures are well above the equivalent figures for the South West and England and are clearly significant for the four local authorities.

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<sup>4</sup> Full details of these projections can be found at [www.communities.gov.uk](http://www.communities.gov.uk).

**Table 16.4 Household projections**

Date	Households ('000s)						England
	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA	South West	
2006	48	48	16	68	112	2,212	21,519
2011	51	52	17	73	120	2,346	22,646
2016	55	56	18	78	129	2,489	23,837
2021	59	59	19	82	137	2,628	24,973
2026	62	63	20	87	145	2,752	25,975
Change 2006-26	14	15	4	19	33	540	4,456
% change 2006-26	29.2%	31.3%	25.0%	27.9%	29.5%	24.4%	20.7%

Source: Community and Local Government (CLG) household projections (2004 based)

### Estimated change in household size

16.22 By combining the population and household projection data we are able to consider how average household sizes in the study area are likely to change. The table below shows this calculation up to 2026. It should be noted that the figures should be treated with some degree of caution as the two datasets used have come from different sources.

**Table 16.5 Change in average household size 2006-2026**

Area	Population (2006)	Households (2006)	Average household size (2006)	Population (2026)	Households (2026)	Average household size (2026)
Sedgemoor	111,400	48,000	2.32	132,000	62,000	2.13
Taunton Deane	108,500	48,000	2.26	131,200	63,000	2.08
West Somerset	35,600	16,000	2.23	39,700	20,000	1.99
South Somerset (HMA)	157,600	68,000	2.32	181,200	87,000	2.08
Taunton HMA	255,500	112,000	2.28	302,900	145,000	2.09
South West	5,122,400	2,212,000	2.32	5,851,000	2,752,000	2.13
England	50,714,200	21,519,000	2.36	55,823,400	25,975,000	2.15

Source: ONS revised 2004-based sub-national population projections & CLG 2004-based household projections

16.23 As can be seen from the data above, the average household size in all areas is expected to drop significantly, from 2.32 persons per household to 2.08 in South Somerset and from 2.28 to 2.09 in the Taunton HMA. All of the benchmark areas above show a similar pattern in terms of decreasing household sizes. The decrease in household sizes is likely to mainly be due to the increase in the older person population (i.e. single elderly households being 'formed' due to the death of a partner) rather than differences in the profiles of in- and out-migrating households.

## Modelling population in 20 years time

### Method of approach

- 16.24 Clearly the demographic projections suggest that over the next 20 years the profile of the population will change dramatically (in particular an increase in older persons). We have therefore re-based our data to an 'in 20 years' profile to see how the results would change.
- 16.25 It should be noted that this re-basing assumes no change in affordability for individual household's household groups). The approach simply uses the household characteristics found by the survey for different household groups, and alters the structure of the population to the 2026 one. Thus there are more octogenarians, but they are assumed to have the same profile as is found for octogenarians in the present survey.

### Results: market/affordable split

- 16.26 The first two tables below summarise the situation with regard to the market/affordable housing split. This is followed by an estimate of the split between the two types of affordable housing. The figures are all gross and are based on all households in the sample.
- 16.27 The data suggests that in terms of both affordable housing requirements overall and the amount of intermediate housing, the requirements will not change significantly due to demographic change. Of course over the course of 20 years much can change (e.g. affordability or the supply of affordable housing) and so the results should be treated as only broadly indicative.

**Table 16.6 Estimate of proportion of households able to afford market housing**

Affordability	South Somerset		Taunton HMA	
	Now	In 20 years	Now	In 20 years
Can afford to buy or rent	79.0%	78.6%	76.2%	76.6%
Cannot afford to buy or rent	21.0%	21.4%	23.8%	23.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA household survey data (2008)

**Table 16.7 Estimate of proportion of households able to afford intermediate housing – of those unable to afford to buy or rent**

Affordability	South Somerset		Taunton HMA	
	Now	In 20 years	Now	In 20 years
Intermediate	15.2%	13.7%	20.7%	19.7%
Social rented	84.8%	86.3%	79.3%	80.3%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA household survey data (2008)

### **Results: household type and size profile for market housing**

16.28 It is also possible to look at the 20 year period in terms of the other key outputs required for PPS3. The tables below look at the household type profile required for market housing.

16.29 The two tables below show that the demand from different household groups is expected to change slightly. The demand from pensioner only households is expected to rise from 18% of demand to 24% in South Somerset and from 18% to 23% in the Taunton HMA, whilst for households with children it will drop 23% to 21% in South Somerset and from 24% to 22% in the Taunton HMA. The implications for the sizes of dwellings would be to tend towards a requirement for smaller homes – although differences from the current situation are likely to be fairly minor.

**Table 16.8 Household types of households requiring market housing (South Somerset)**

Household type	Now	In 20 years time
Single pensioner	9.3%	12.4%
2+ pensioners	8.8%	11.4%
single non-pensioner	17.6%	16.2%
Childress couple	30.3%	29.2%
Other multi-adult	10.9%	9.9%
Lone parent	4.2%	3.7%
2+ adults, 1 child	9.1%	8.1%
2+ adults, 2+ children	9.9%	9.0%
Total	100.0%	100.0%

Source: South Somerset household survey (2008)

<b>Table 16.9 Household types of households requiring market housing (Taunton HMA)</b>		
Household type	Now	In 20 years time
Single pensioner	9.6%	13.0%
2+ pensioners	8.4%	10.4%
single non-pensioner	15.8%	14.4%
Childless couple	32.1%	30.6%
Other multi-adult	10.1%	9.4%
Lone parent	2.0%	1.8%
2+ adults, 1 child	9.9%	9.2%
2+ adults, 2+ children	12.2%	11.2%
Total	100.0%	100.0%

Source: Taunton HMA household survey (2008)

**Results: size profile for affordable housing**

16.30 The tables below show estimates of size requirements for affordable housing. The figures are gross and are based on survey data for two groups shown below. The method used is the same as the analysis in the housing needs section of the individual reports for local authorities with the exception of Housing Register information:

- i) Households currently or projected to be in need
- ii) Households currently or projected to be in need who are also in a group likely to be considered as having a priority (pensioner households, households with children or households where someone has a special/support need)

16.31 The data suggests that demographic change would change to need for affordable housing to slightly more smaller dwellings – as with other analysis the differences are relatively slight.

<b>Table 16.10 Estimated requirement for affordable housing dwellings (by size)</b>				
Size	South Somerset		Taunton HMA	
	Now	In 20 years	Now	In 20 years
1 bedroom	41.2%	46.1%	35.0%	37.7%
2 bedrooms	30.8%	28.8%	34.1%	33.3%
3 bedrooms	18.9%	16.9%	19.8%	18.6%
4+ bedrooms	9.1%	8.2%	11.2%	10.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA household survey data (2008)

## Summary

- i) Given the instability of housing markets it is not easy to make reliable long-term forecasts. RSS targets must be set for long periods, but are revised.
- ii) The drivers of change in the two HMAs are economic change and household forecasts. These suggest a solid GVA performance and continued in-migration of retired households.
- iii) The main demographic change, mirroring the national one, is a sharp increase in older households. The corollary is smaller households over time.
- iv) What can be done is to examine the 20 year forecasts in the light of the household survey. This suggests a small increase in the need for market housing, but much the same outcome as at present.
- v) This is reassuring as it suggests that newbuild, in the light of the present pattern of demand and need, will have longer term validity too.



## **SECTION G: PARTICULAR HOUSEHOLD GROUPS**

This section addresses particular groups of households. Some may have been disadvantaged, and some may not, but the additional detail upon them should be of value in considering policy options for them. The situation of the groups within each authority is discussed in detail in the individual housing needs assessment; therefore this section will concentrate on data at the HMA level.

One group not covered in this section are Gypsies and Travellers. The accommodation needs of this group of households are to be assessed in a separate study being jointly undertaken by all district councils in Somerset.



# 17. Black and Minority Ethnic households

## Introduction

- 17.1 One key group which is of interest to study are households from a Black or Minority Ethnic (BME) background. Such households, as a group, are quite often found to have distinct characteristics or may be disadvantaged in some way (as has been our experience in similar work up and down the country). This chapter therefore briefly considers information about BME households. Much of the information collected has come from the 2001 Census which allows comparative information to be provided across the study area and for benchmark areas.
- 17.2 Additional information has been drawn from the housing needs assessments although this is mainly descriptive. For the purposes of analysis in a SHMA we are particularly interested in households, hence the majority of analysis uses information about the 'Household Reference Person' (HRP).

## The BME household population

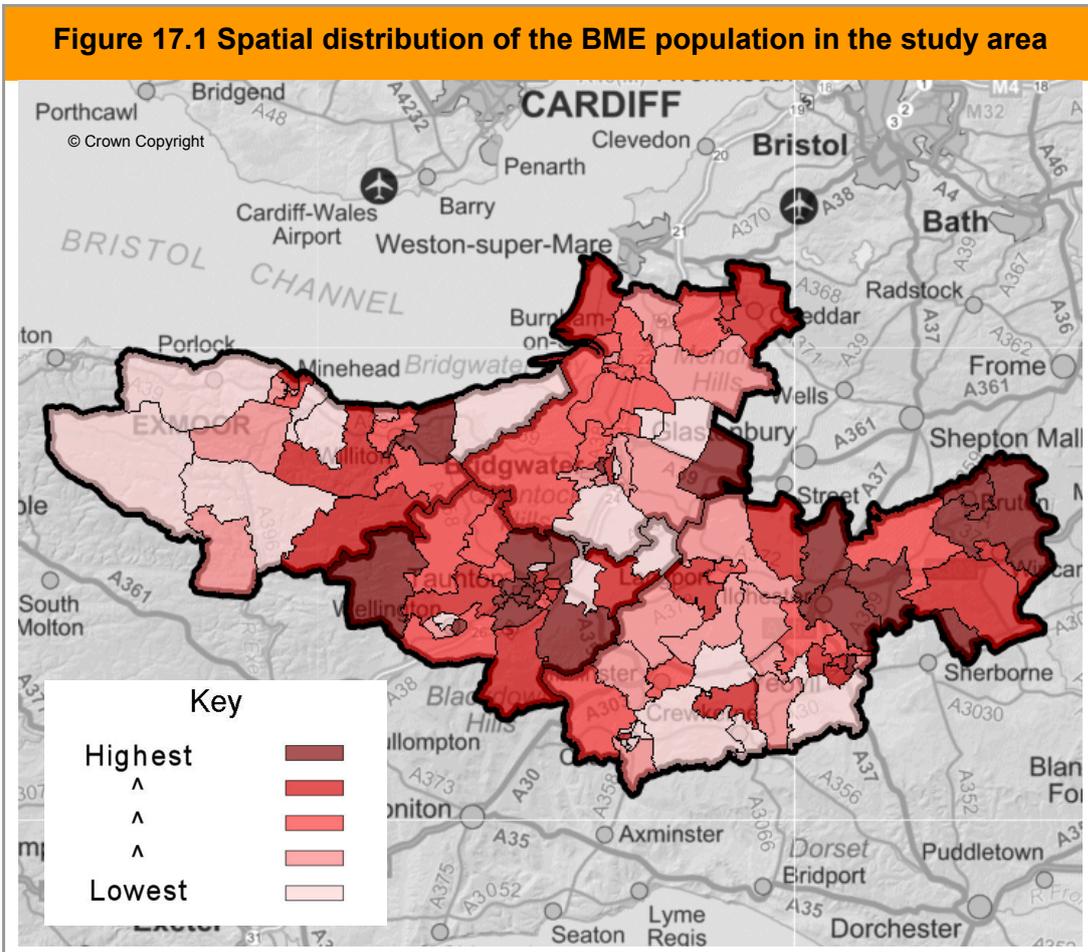
- 17.3 The table below shows the proportion of household reference persons who are from each of various BME groups. The data shows that the proportion of non-White (British/Irish) HRPs is lower in both HMA areas than found regionally or nationally. In total in 2001 it was estimated that just 1.9% of HRPs in South Somerset and 2.0% of HRPs in the Taunton HMA were from a non-White (British/Irish) background.

**Table 17.1 Ethnic group of household reference person (2001)**

Ethnic group	Taunton Deane	West Somerset	Sedgemoor	South Somerset	Taunton HMA	South West	England
White (British/Irish)	97.7%	98.3%	98.2%	98.1%	98.0%	96.7%	90.6%
White Other	1.3%	1.2%	0.9%	1.2%	1.1%	1.6%	2.6%
Mixed	0.3%	0.1%	0.3%	0.2%	0.2%	0.4%	0.7%
Asian	0.4%	0.2%	0.3%	0.2%	0.3%	0.5%	3.0%
Black	0.2%	0.2%	0.2%	0.2%	0.2%	0.5%	2.3%
Other	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total count	43,862	15,626	44,434	63,776	103,922	2,085,984	20,451,427

Source: Office for National Statistics 2008 (from 2001 Census data)

17.4 The map below shows the spatial distribution of the non-White (British/Irish) population in the study area at ward level. The data shows a concentration of BME households towards the east of South Somerset and around Taunton.



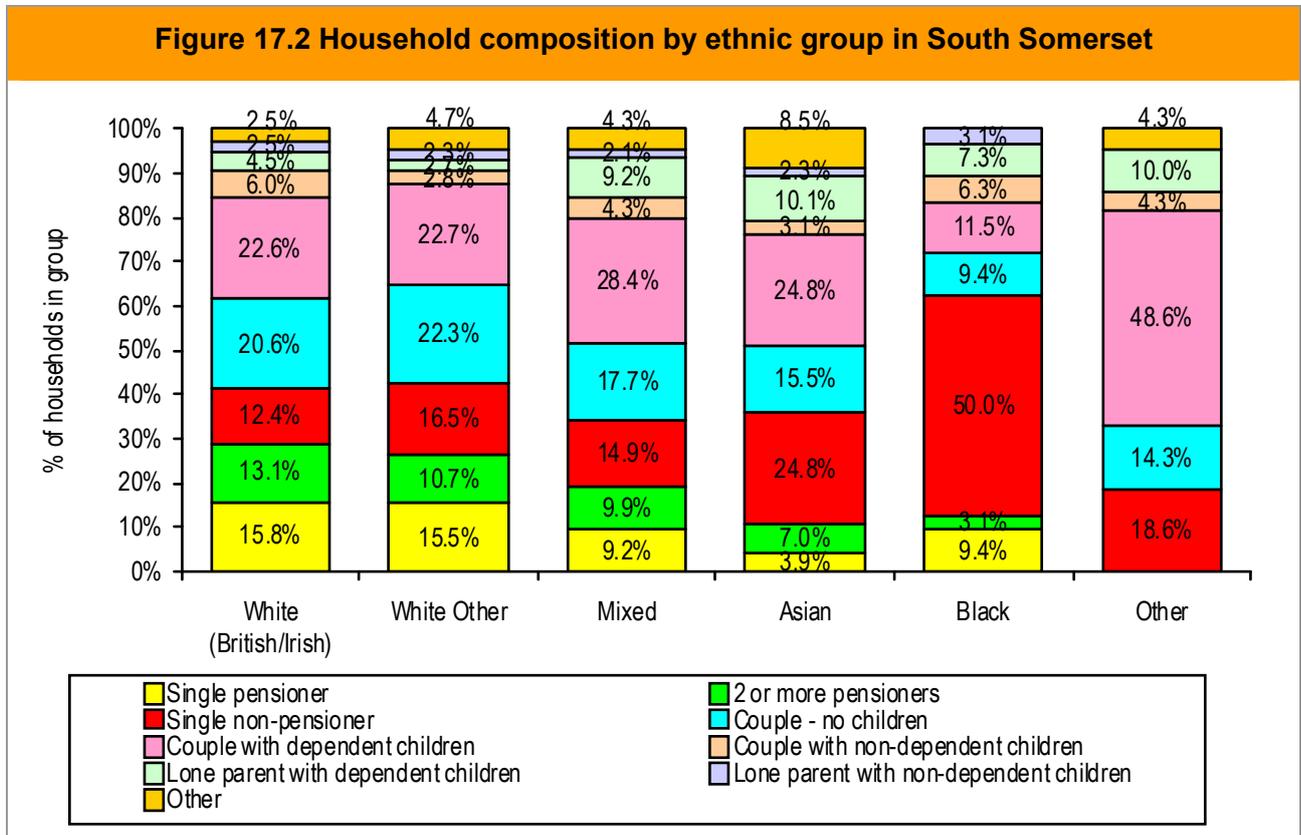
Source: Office for National Statistics 2008 (from 2001 Census data)

### Household characteristics

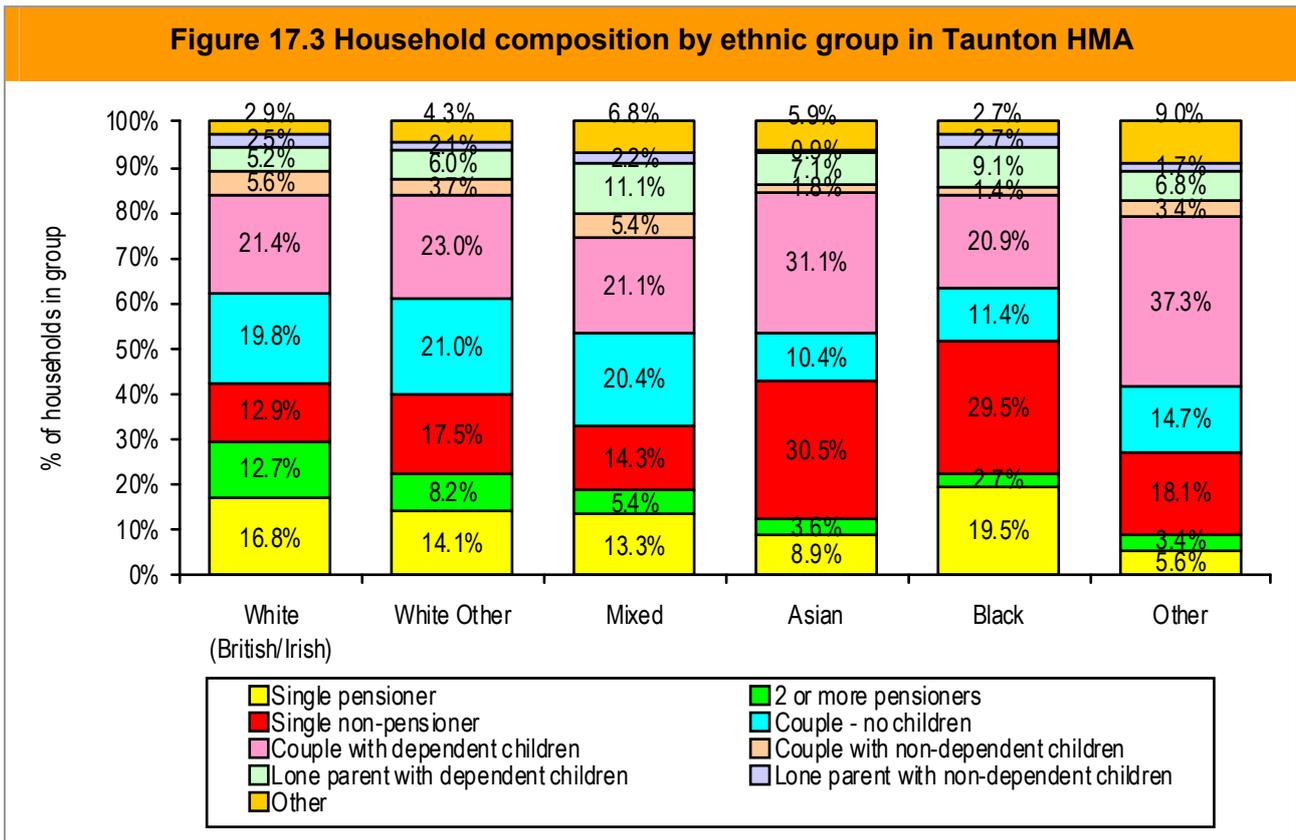
17.5 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the study area. The figures below look at the household composition of six broad groups in each of the two HMAs using data from the 2001 Census.

17.6 The data clearly shows that there are notable differences between BME groups and the White (British/Irish) household population in terms of household composition as well as between the different BME groups. The data suggests that non-White households are less likely than White households to contain only people of pensionable age.

17.7 Asian, Mixed and Other groups are notable for the large proportion of households with dependent children. Black households are the most likely to contain a single non-pensioner adult in South Somerset, whilst in the Taunton HMA, Asian and Black households are the most likely to contain a single non-pensioner adult.



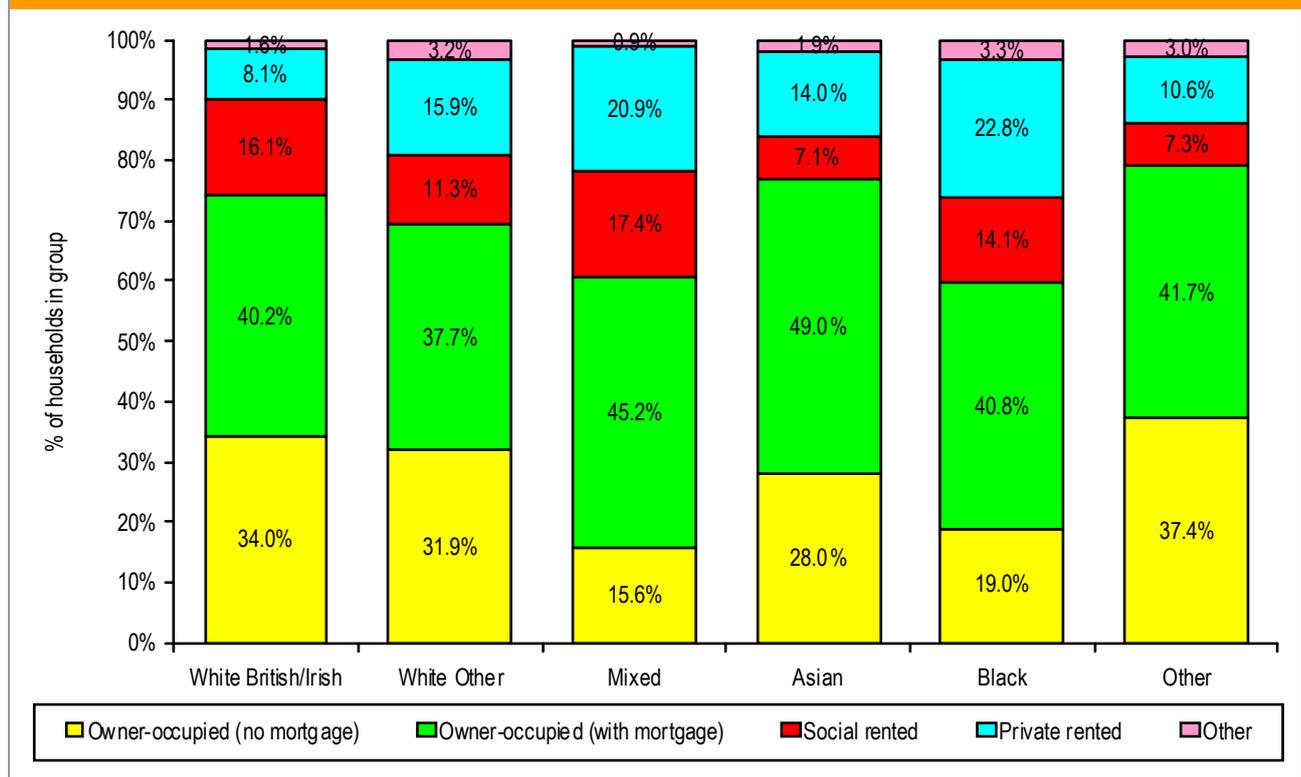
Source: 2001 Census data (from NOMIS)



17.8 The figures below show the tenure split of households in each of six broad ethnic groups. The data shows that in both HMAs Other and White (British/Irish) households are the most likely to be owner-occupiers with no mortgage, whilst Asian and Mixed households have the largest proportion of households buying with a mortgage.

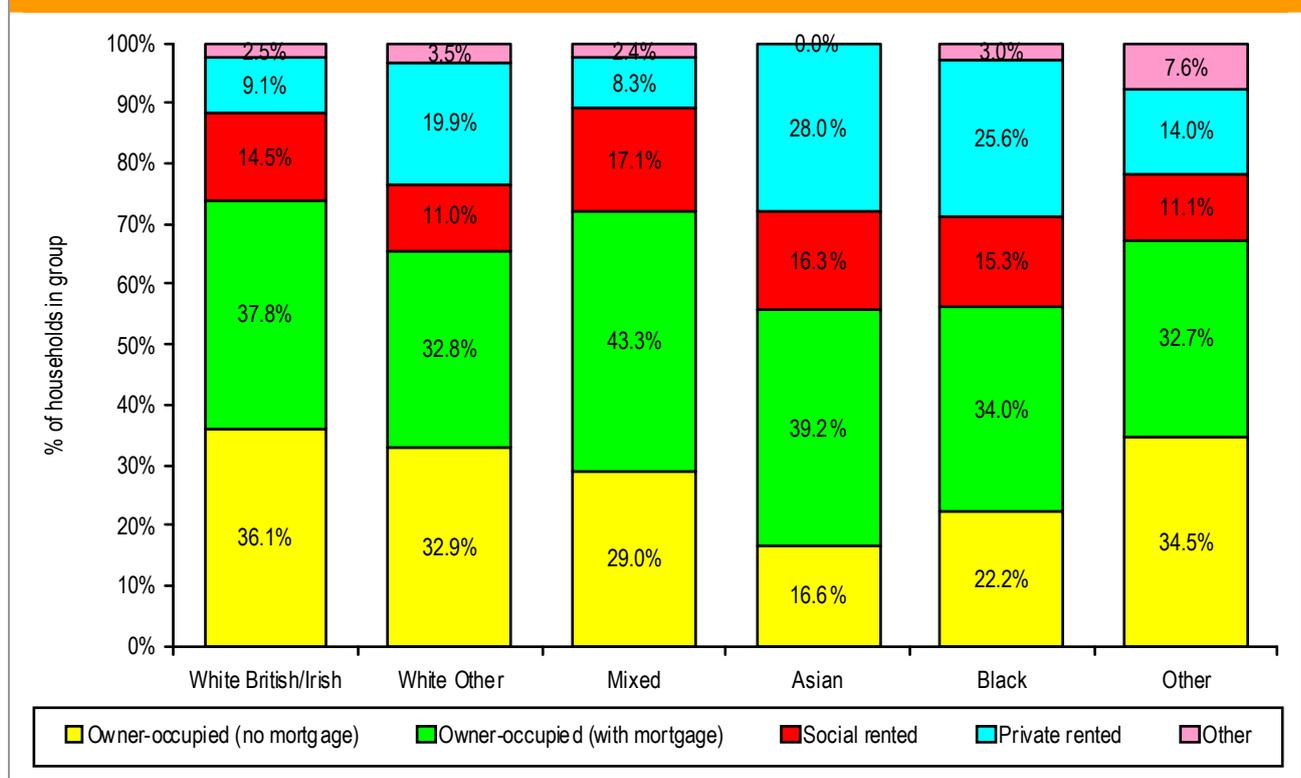
17.9 In South Somerset, Black and Mixed households are the most likely to live in the private rented sector, whilst in the Taunton HMA, Asian and Black households are most commonly resident in this tenure. Finally the figure shows that in both HMAs Mixed households are most likely to live in social rented accommodation.

**Figure 17.4 Tenure by ethnic group in South Somerset**



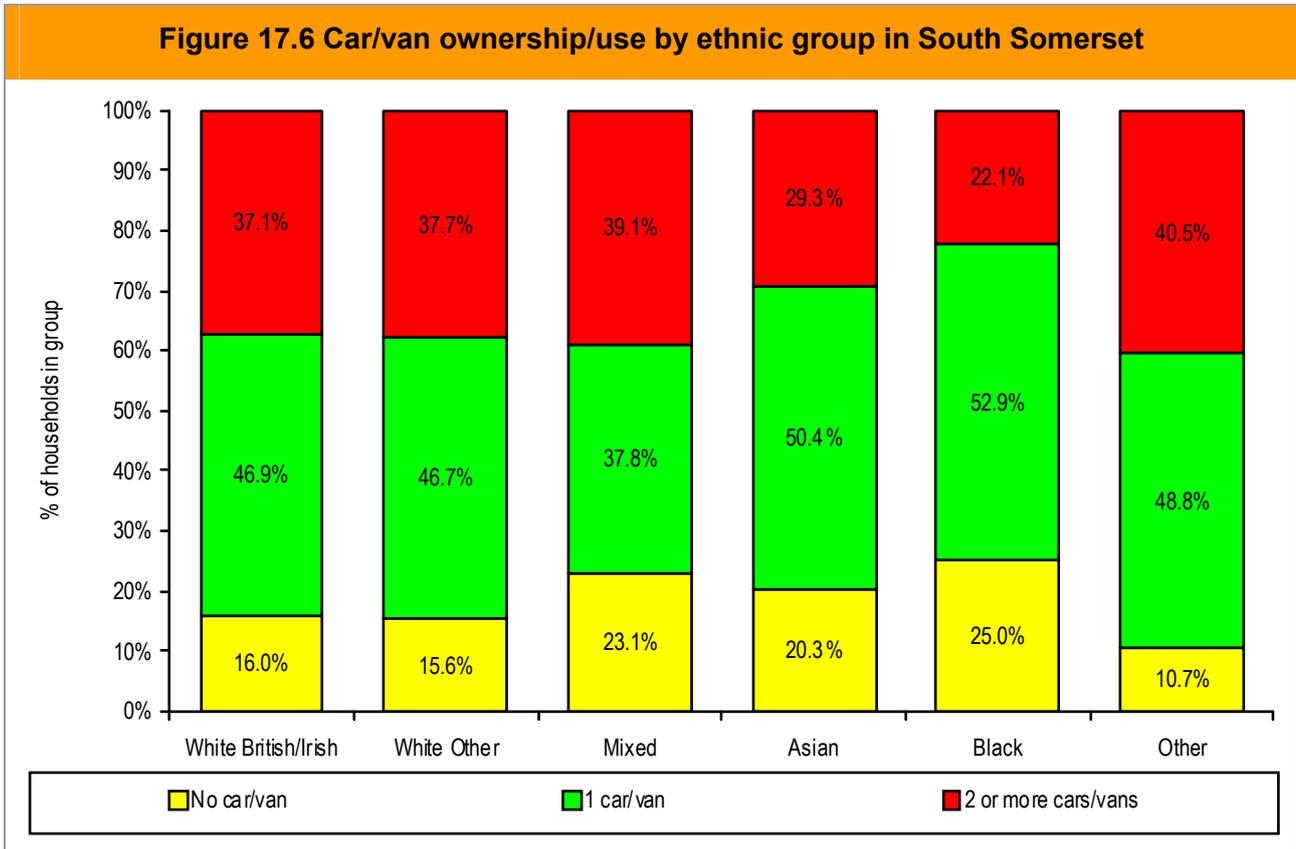
Source: 2001 Census data (from NOMIS)

**Figure 17.5 Tenure by ethnic group in Taunton HMA**

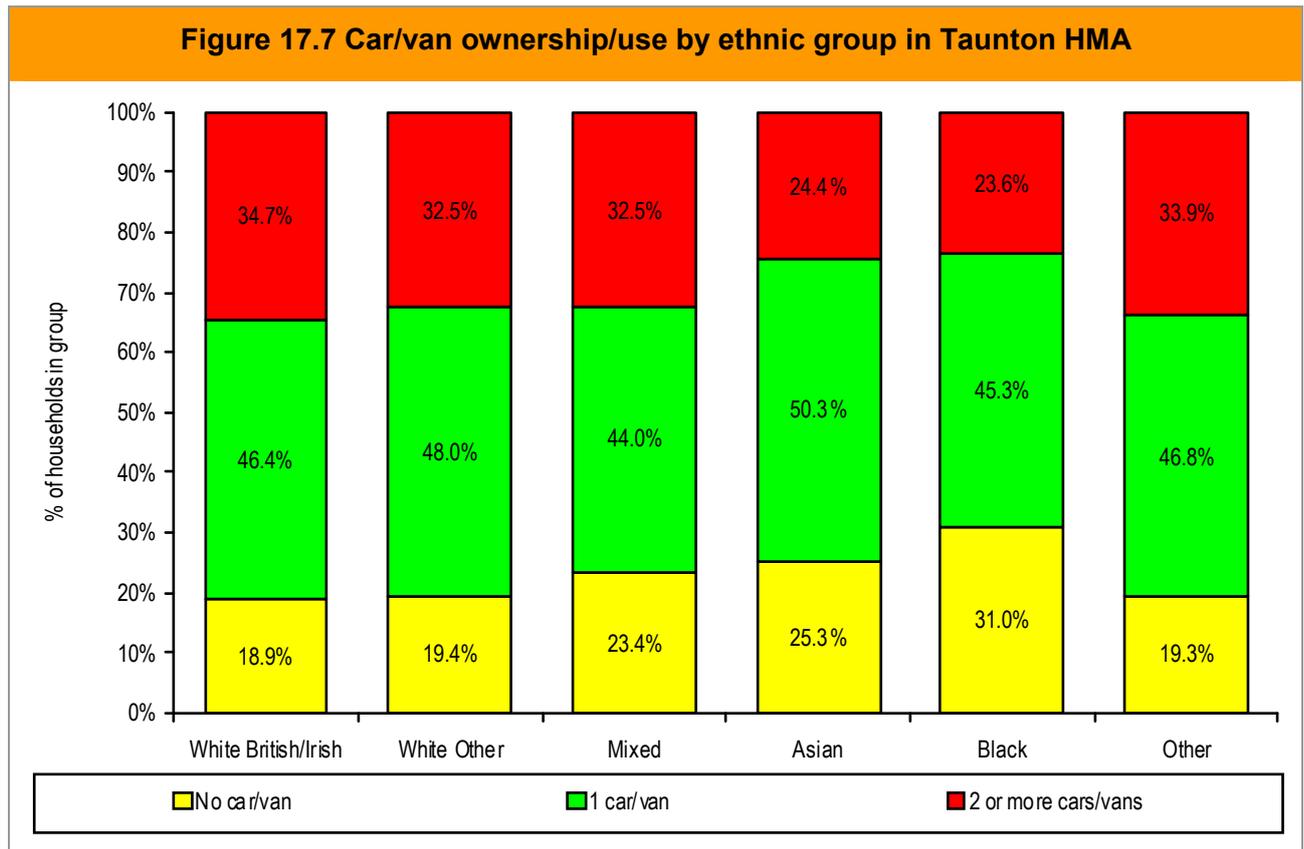


Source: 2001 Census data (from NOMIS)

17.10 Car ownership is another useful variable when looking at the characteristics of BME households (car ownership is often used as a proxy for wealth). The data presented in the figures below shows that Black, Asian and Mixed households are least likely to have access to a car or van in both HMAs. In South Somerset Mixed and Other households are the most likely to have access to two or more cars/vans, whilst in the Taunton HMA, White British/Irish households most commonly have access to more than one car.



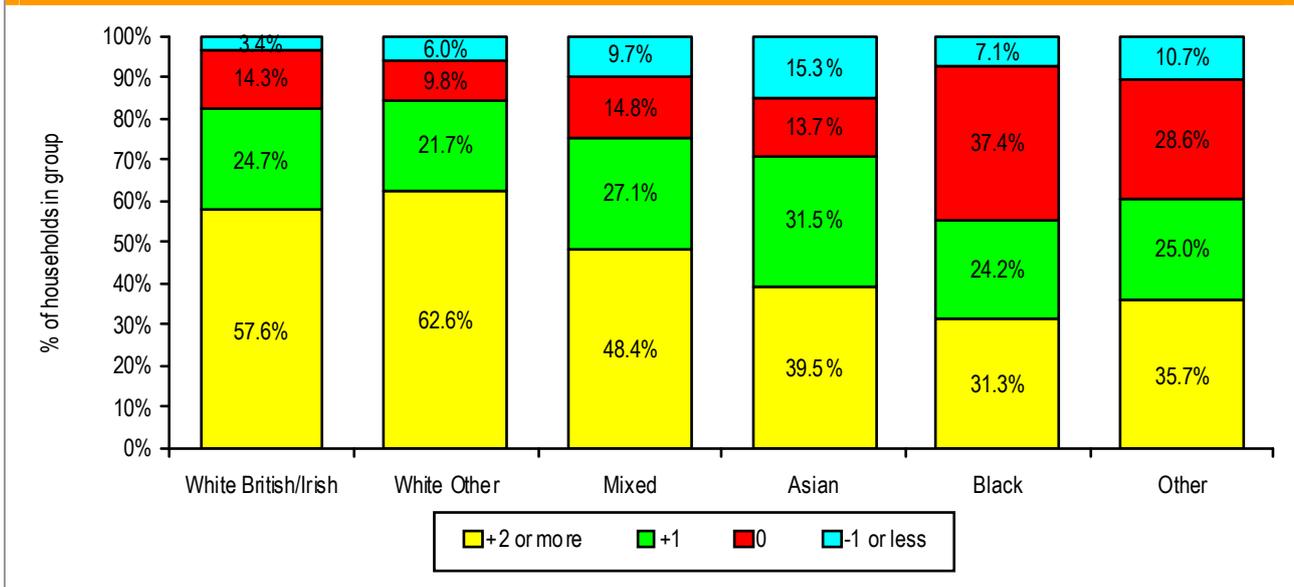
Source: 2001 Census data (from NOMIS)



Source: 2001 Census data (from NOMIS)

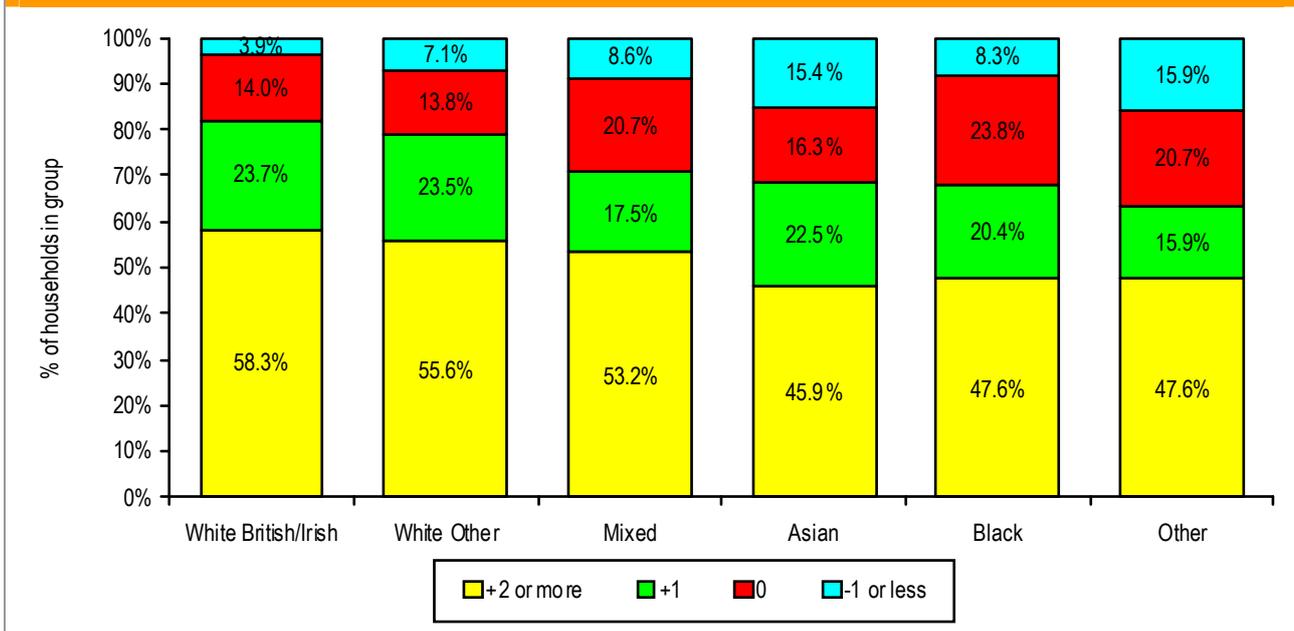
17.11 Earlier in this report we looked at overcrowding and under-occupation using the 'occupancy rating'. This information is also available by ethnic group and is presented in the two figures below. The data shows that all BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British/Irish) households in both HMAs. In particular, the Census data suggests that Asian households are most likely to be overcrowded (15.3% in South Somerset and 15.4% in Taunton Deane). These figures compare with only 3.4% of the White (British/Irish) group in South Somerset and 3.9% of the White (British/Irish) group in Taunton Deane.

**Figure 17.8 Occupancy rating by ethnic group in South Somerset**



Source: 2001 Census data (from NOMIS)

**Figure 17.9 Occupancy rating by ethnic group in Taunton HMA**



Source: 2001 Census data (from NOMIS)

## Survey data

17.12 Information was gathered in the survey to find out the ethnic origin of the survey respondent (and partner if applicable) for each sample household in the survey. The ethnic categories used on the survey forms were consistent with those used in the 2001 Census. Across the four authorities involved in the study the sample achieved with BME respondents totalled 48, which is insufficient to provide a detailed profile of this group of the population. The data can, however, be used to provide some summary patterns for BME households across the study area.

- BME households are typically larger than households headed by a White British/Irish person (an average of 2.77 people compared to 2.25 within the White British/Irish population)
- Almost a third (32.7%) reside in the private rented sector in comparison to under a tenth (9.7%) of White British/Irish households
- BME households are notably less likely than White British/Irish households to contain a household member with a support need
- BME households record an average household income of £30,785 which is higher than the comparative figure for White British households of £27,631. However, with this finding it needs to be noted that there are more BME households of working age in the study area
- BME households have average savings markedly lower than that recorded for White British households (£7,141 compared to £32,814)
- BME households are three times more likely to reside in unsuitable housing (e.g. overcrowded) than White British/Irish households

## Migrant workers

17.13 Previous research has identified that since the expansion of the European Union in May 2004, an increasing number people from EU countries have come to work in Somerset. Migrants have been employed in the care sector, tourism, pig farming and food preparation industries.

17.14 There is a difficulty at a national and local level to put precise figures on the number of migrant workers in an area at any one time due to the nature of the migrant worker population and issues with the data available on migrant workers, which record inflow but not outflow of workers. The two main sources of data on migrant workers are the number of National Insurance Number (NINo) Registrations to Overseas Nationals and the number of migrant workers registered on the Workers Registration Scheme (WRS).

17.15 Both WRS registrations and NINo registrations suggest that there is a significant migrant worker population in the Taunton and South Somerset SHMA study area. West Somerset has the lowest number of registrations, however for the size of the authority it is still a significant number.

17.16 The table below shows the nationality of the migrant workers registered for a NINo in the study area and the number of migrant workers who registered per 1,000 of the working age population through 2006/07. The data shows that Sedgemoor had the highest ratio of migrant worker registrations per working age population.

**Table 17.2 National Insurance Number Registrations 2006/07**

Local Authority	Poland	Slovak Rep	Rep of Lithuania	Other A8 Country	Total A8 migrants	Working age population (1,000's)	# of migrant workers registering /1000 working age population
Sedgemoor	390	50	70	70	580	65	8.9
Taunton Deane	420	30	50	20	520	64	8.2
West Somerset	80	20	20	10	130	19	6.8
South Somerset	510	20	10	30	570	91	6.3
Taunton HMA	890	100	140	100	1,230	148	8.3

Source: DWP NINo registrations

### Market survey and stakeholder comment

17.17 When carrying out the market survey and estate agent interviews our researcher noted that there was evidence of migrant workers in the study area. This was the case across all of the Local Authority areas. EU migrants were particularly evident in the food processing and hospitality industries.

17.18 During the stakeholder consultation it was suggested that it is likely that EU migrant workers will need access to Housing Association properties in the future as they have little financial ability to be able to afford housing. It was also suggested that they will need access to properties of a range of sizes as some are coming over on their own and others with their families and in some cases their extended families. In the South West as a whole, the 42,000 migrant workers coming into the region were accompanied by a further 3,600 dependents (SWRDA, 2007), half of whom are children. Migrant workers from A8 countries are not eligible for social housing unless they have lived in the UK and supported themselves for at least twelve months. There is some anecdotal evidence that migrant households are applying for social housing as they become eligible; the implementation of the Somerset-wide common housing register (currently in development) means that information about such applications will be more readily available.

- 17.19 In addition to the stakeholder consultation events, a telephone interview was conducted with a representative of the Polish community in Taunton. A number of topics were covered around migrant workers in the area, particularly the accommodation circumstances of the workers, employment and their relationships with the existing community in the area.
- 17.20 The workers in the area were in varied employment, including factory work, warehouses, bed factory. There were also some working in a cake factory in Taunton, 90% of whom are from Poland. There were also a number of agricultural workers. When questioned about whether this work was seasonal; the response was that many work all year round and have done so for a number of years.
- 17.21 Research by two districts included employer surveys and the findings are recorded in a report by the South West Regional Development Agency (South West Skills & Learning Intelligence Module (SLIM), *Migrant Workers in the South West* (2007 SWRDA) or the SLIM report. The majority of employers interviewed in Taunton expected to increase the number of migrant workers they employed over the next five years. In South Somerset employers were positive about migrant workers and stated that standards had been raised by their hard-working attitude. Language skills, however, were a barrier to the provision and take-up of training.
- 17.22 Language issues were identified in the Taunton Local Strategic Partnership research (Somerset College of Arts & Technology, (2007) '*Migrant Worker Study*', *Taunton LSP*) which recommended 'short, sharp' classes in English for migrant workers as well as information packs for new arrivals. Similar findings emerged from research in South Somerset (SSDC & Yeovil College (2006) '*Migrant Worker Study*', *South Somerset LSP*).
- 17.23 The respondent suggested that the profile of migrant workers in the area is changing. Over the summer months it is likely that students will come over to work for around three months. It was also thought that more women are moving to the area, often to join their partner/husband, there are also more women having children in the area. However, there is some evidence that migrant workers from A8 countries (the eight accession countries which joined the EU on 1st May 2004) do not intend to stay long (SWRDA, 2007). Around half of migrant workers to the South West region intend to stay less than three months and only 10-11% intend to stay for more than two years. The indications are, as economic prospects improve in A8 countries, that migrant workers will be enticed to return.
- 17.24 In terms of the accommodation of workers, the respondent didn't believe that many companies provided accommodation for their workers; most migrant workers live in private rented accommodation. This accommodation was often thought to be shared and sometimes in quite poor condition. To further explore this issue, separate face-to-face interviews were conducted with the directors of two temporary employment agencies based in Taunton which supply temporary workers to businesses across Somerset.

- 17.25 One of these agencies rented a number houses which they then let, on a shared basis, to groups of workers placed in employment through the agency. The agency was less clear about the circumstances of these tenants when their employment ended.
- 17.26 Another agency described this as a significant problem. She reported that food processing factories recruit, sometimes large numbers, of temporary workers when their volume of work requires it. When the work tails off the jobs end with little notice – as does the provision of accommodation. Next time there is a surge of work instead of re-employing the same workers and benefiting from their experience, employers take on a cohort of new arrivals recruited by agencies based in Poland. It is not clear what the economics of this are, but the agency claims it was cheaper to ‘fly in’ a new group of workers from Poland than spend time tracking down those previously employed.
- 17.27 This practice causes significant problems for earlier cohorts of workers who are unable to rely on continuity of employment or housing. The Director we spoke to said that she often took Polish people into her own home when they were turned out of their accommodation and left to make their own way on the streets.
- 17.28 The SWRDA report confirms that there are some areas with relatively high levels of houses in multiple occupation – including Taunton and Wellington – but there is little other than anecdotal evidence of the relationship with numbers of migrant workers.
- 17.29 The respondent did not know of any Polish workers living in social rented housing. It was also suggested that some households had bought their own property, estimated to be around 5-10% of the migrant workers.
- 17.30 One problem identified by the respondent was the lack of understanding from migrant workers around the day to day dealings of the private rented sector. It was suggested that migrant workers often don’t know that it is their responsibility to deal with gas, electricity and phone accounts etc. This can be a source of confusion and misunderstanding.
- 17.31 Migrant workers were said to contact the Council regarding issues of Housing Benefit, council tax and council tax benefit. There had been some complaints about the service received; for instance, one individual employee in the housing office of the council was said to have intimidating behaviour.
- 17.32 In terms of employment, the respondent suggested that migrant workers were not being employed to their full skill level. It was said that qualified nurses were being employed as carers and teachers as teaching assistants. Some migrant workers were said to be working very long hours, for instance, bus drivers were reported to work up to 60 hours in a week.

17.33 In terms of integration and the community, the respondent knew of a couple of incidents where Polish immigrants had been subject to racial abuse. There was one incident in a school where a Polish child had been attacked, this incident was not thought to have been dealt with properly. However it was thought that generally migrant workers had settled into the area well, the church was said to be quite central to the community.

17.34 One stakeholder suggested that the Council should be more pro-active in its dealings with migrant workers, it was suggested that more information be published in Polish; a couple of websites have been praised for doing this. The Citizens Advice Bureau was also said to be a good source of information for migrant workers.

## Summary

- i) The BME population in both HMAs is generally smaller than the national and regional averages (BME taken to be all groups other than White (British/Irish)); the largest BME group is White Other.
- ii) BME households show some distinct characteristics when compared with White (British/Irish) households. In general, BME households were found to be less likely to contain pensioners only, have a lower level of owner-occupation and higher levels of overcrowding. There were also found to be differences between individual ethnic groups (notably higher levels of overcrowding amongst Asian households).
- iii) Household survey data from the Housing Needs Assessment conducted for the Local Authority suggests that BME households are particularly likely to reside in unsuitable housing.



# 18. Households with specific needs

## Introduction

- 18.1 This chapter concentrates on the housing situation of people/households that contain someone with some form of disability. Such disabilities include both those with medical needs (e.g. with a physical disability) and those with support needs (e.g. with a mental health problem).
- 18.2 In this chapter we have looked at Census data about households with a limiting long-term illness (LLTI) and also data from the housing needs assessments to provide a broad overview of the character of households with some sort of specific need and the spatial variation of such households.

## Limiting long-term illness – Census data

- 18.3 The table below shows the proportion of people with a LLTI and the proportion of households where at least one person has a LLTI.
- 18.4 The data suggests that across South Somerset some 32.3% of households contain someone with a LLTI. This figure is slightly lower than the equivalent figure for both the South West region and England as a whole. The figures for the population with a LLTI again show a lower trend when compared with regional and national figures (an estimated 17.4% of the population of South Somerset have a LLTI).
- 18.5 The table indicates that within the Taunton HMA, the proportion of households containing someone with a LLTI, at 34.4% is slightly higher than regional and national equivalents. The data also shows that 19.1% of the population have LLTI, which is again higher than the figures for the South West and England as a whole.

**Table 18.1 Households and people with limiting long-term illness (LLTI) (2001)**

Area	Households containing someone with LLTI		Population with LLTI	
	%	Number	%	Number
Sedgemoor	34.7%	15,424	18.9%	20,047
Taunton Deane	32.7%	14,360	18.2%	18,573
West Somerset	38.3%	5,987	22.3%	7,807
South Somerset	32.3%	20,573	17.4%	26,238
Taunton HMA	34.4%	35,771	19.1%	46,427
South West	33.1%	689,843	18.1%	892,034
England	33.6%	6,862,037	17.9%	8,809,194

Source: Office for National Statistics 2008 (from 2001 Census data)

18.6 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LLTI, as older people tend to be more likely to have a LLTI. Therefore the table below shows the age bands of people with a LLTI against those who don't. It is clear from this analysis that those people in the oldest age bands are more likely to have a LLTI in both HMAs.

**Table 18.2 Households and people with limiting long-term illness by age band (LLTI) South Somerset (2001)**

Age band	Population with LLTI	Population without a LLTI	Total
0-25	7.2%	32.3%	28.0%
25-50	18.3%	35.9%	32.9%
50-75	44.7%	26.9%	29.9%
75+	29.8%	4.9%	9.1%
All people	100.0%	100.0%	100.0%

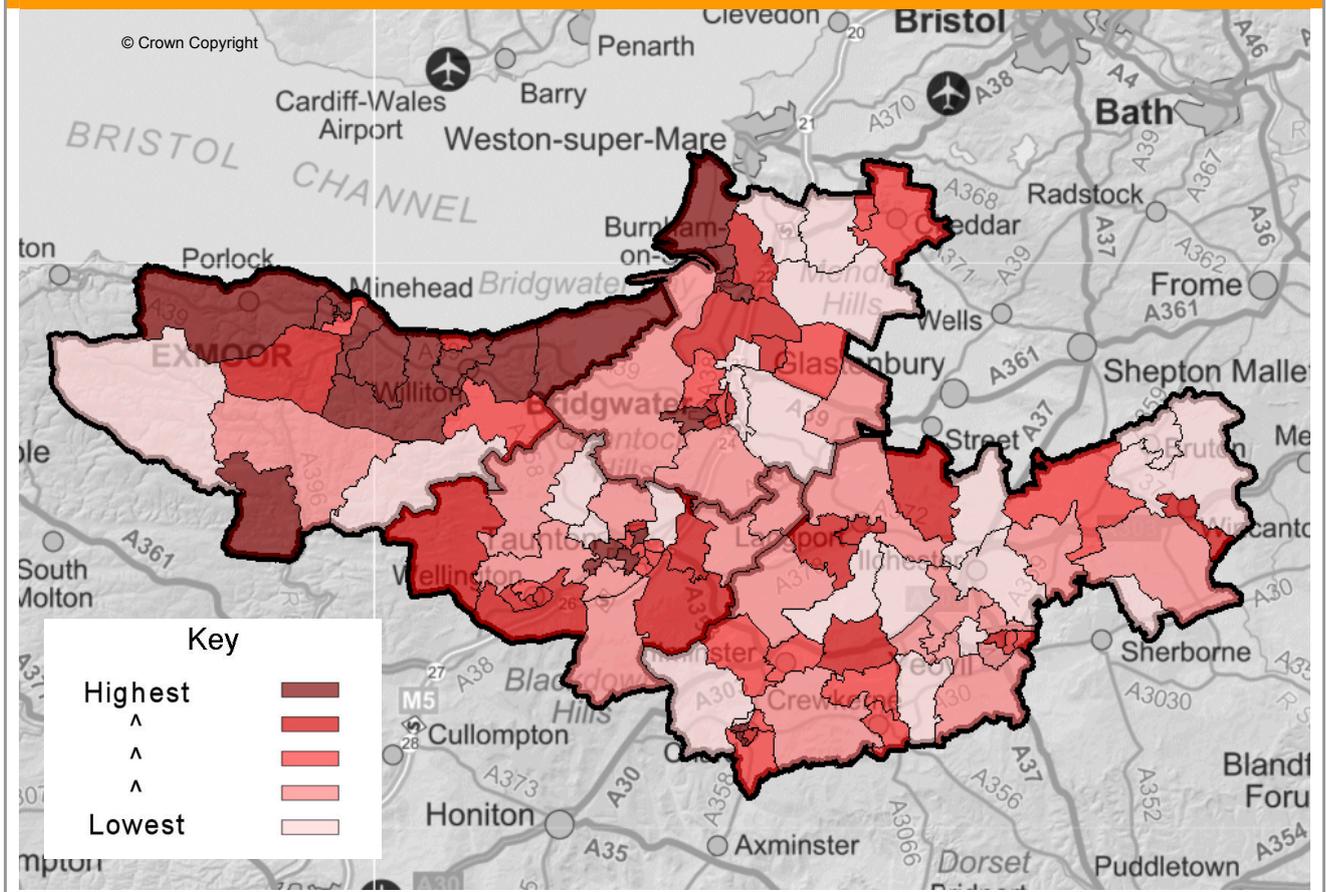
Source: Office for National Statistics 2008 (from 2001 Census data)

**Table 18.3 Households and people with limiting long-term illness by age band (LLTI) Taunton HMA (2001)**

Age band	Population with LLTI	Population without a LLTI	Total
0-25	7.3%	32.5%	27.9%
25-50	18.3%	35.6%	32.4%
50-75	45.8%	26.9%	30.4%
75+	28.5%	5.0%	9.3%
All people	100.0%	100.0%	100.0%

Source: Office for National Statistics 2008 (from 2001 Census data)

18.7 When we look at the spatial distribution of the population with a LLTI we can see that there is a strong pattern. There is a concentration of wards with high proportions of its population with a LLTI in the coastal areas and also within the main urban areas of Taunton and Bridgwater.

**Figure 18.1 Spatial distribution of population with LLTI in the study area**

Source: Office for National Statistics 2008 (from 2001 Census data)

### Characteristics of population with LLTIs

- 18.8 Below we look in some detail at the population with a LLTI. It should be noted that the figures are for population and not households and so will to a certain extent be influenced by different household sizes. The split between different groups (e.g. tenure or car ownership/use) will therefore not match the figures split for households (from the 2001 Census) provided at several points in this report.
- 18.9 Firstly, the tables below show the tenure profile of the population with a LLTI compared with that with no LLTI. The data shows that the population with a LLTI are particularly likely to live in social rented accommodation. Over a quarter of the population living in social rented accommodation has a LLTI in both HMAs.

**Table 18.4 Tenure of population with LLTI in South Somerset**

Tenure group	With LLTI	Total population	% of tenure group with LLTI	% of LLTI in each tenure group
Owned	17,343	112,618	15.4%	69.8%
Social rented	5,095	20,061	25.4%	20.5%
Private rented	2,401	14,988	16.0%	9.7%
<b>Total</b>	<b>58,751</b>	<b>278,059</b>	<b>21.1%</b>	<b>100.0%</b>

Source: Office for National Statistics 2008 (from 2001 Census data)

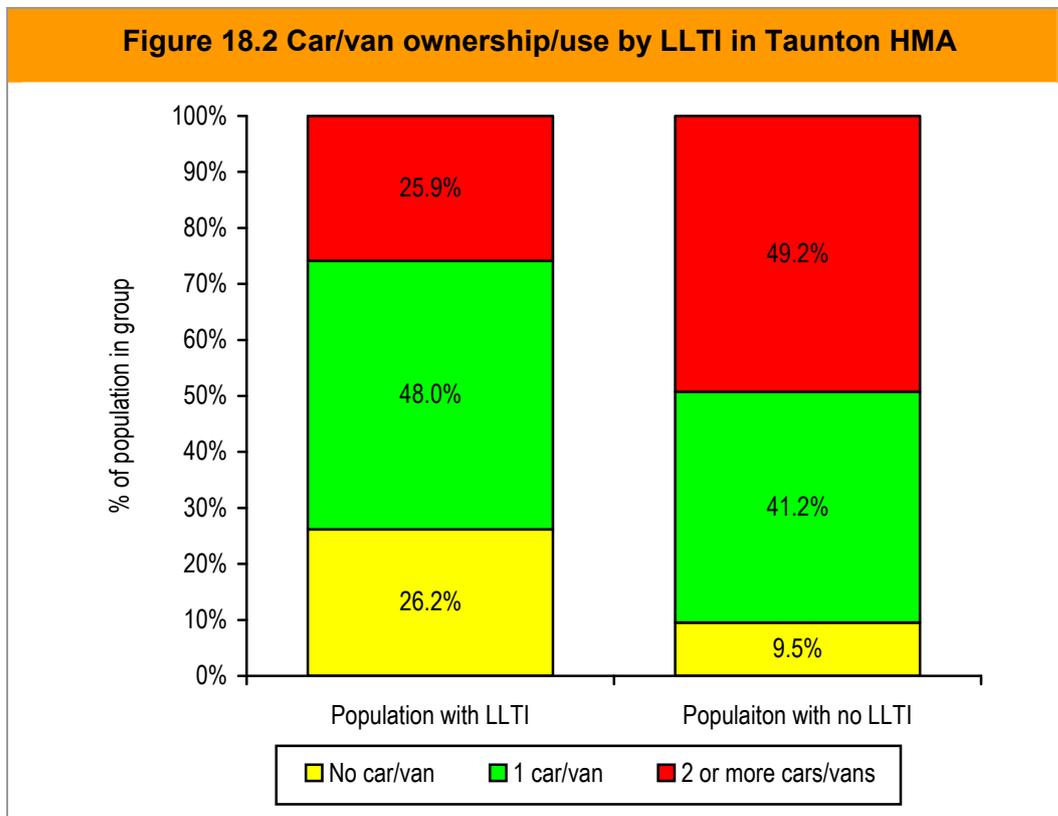
**Table 18.5 Tenure of population with LLTI in Taunton HMA**

Tenure group	With LLTI	Total population	% of tenure group with LLTI	% of LLTI in each tenure group
Owned	29,638	178,826	16.6%	68.4%
Social rented	9,165	33,657	27.2%	21.1%
Private rented	4,554	24,662	18.5%	10.5%
<b>Total</b>	<b>43,357</b>	<b>237,145</b>	<b>18.3%</b>	<b>100.0%</b>

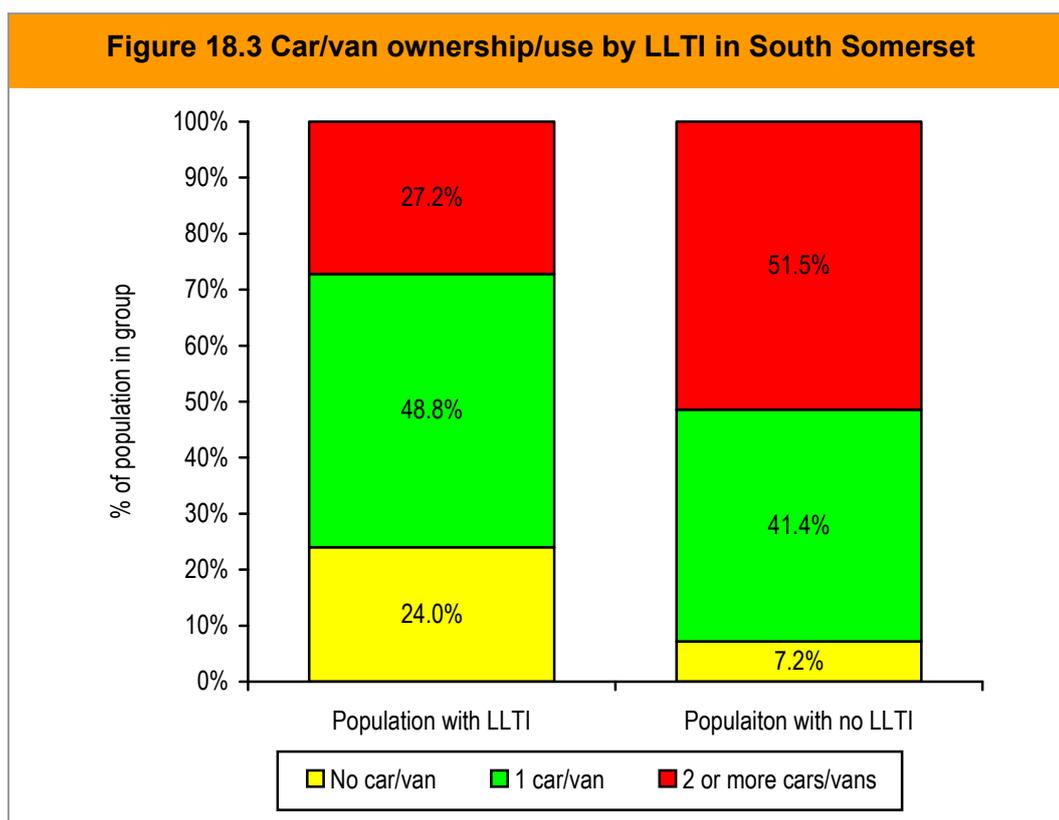
Source: Office for National Statistics 2008 (from 2001 Census data)

18.10 We have also used Census data to look at car ownership. The Census suggests that people with a LLTI are far less likely to have access to a car or van than other households in both HMAs. The data is shown in the figures below.

**Figure 18.2 Car/van ownership/use by LLTI in Taunton HMA**



Source: Office for National Statistics 2008 (from 2001 Census data)



Source: Office for National Statistics 2008 (from 2001 Census data)

## Survey data

18.11 The local housing needs assessments obtained information about households who said that one or more people suffered from one or more of the following disabilities/support needs:

- Frail elderly
- Persons with a medical condition
- Persons with a physical disability
- Persons with a learning disability
- Persons with a mental health problem
- Persons with a severe sensory disability
- Other

18.12 Survey data again generally supports the findings above from secondary data. The clearest findings were in the area of unsuitable housing; as the table below shows, households with support needs were much more likely to be living in unsuitable housing than other household types, in fact making up almost half of all households in unsuitable housing in Taunton (45.3%) and more than half in South Somerset (53.6%).

**Table 18.6 Proportion of those with support needs in unsuitable housing**

	Taunton HMA		South Somerset	
	Percentage	Number	Percentage	Number
Support needs	15.6%	3,566	15.8%	2,173
No support needs	4.7%	4,311	3.3%	1,879
All households	6.9%	7,877	5.7%	4,052

Source: Taunton and South Somerset SHMA (2008)

18.13 As the table below shows, households containing people with support needs also tend to have much lower median incomes, reducing their ability to afford housing.

**Table 18.7 Median income levels of those with support needs**

	Taunton HMA		South Somerset	
	Support needs	No support needs	Support needs	No support needs
Median Income	£12,422	£23,464	£12,640	£24,173

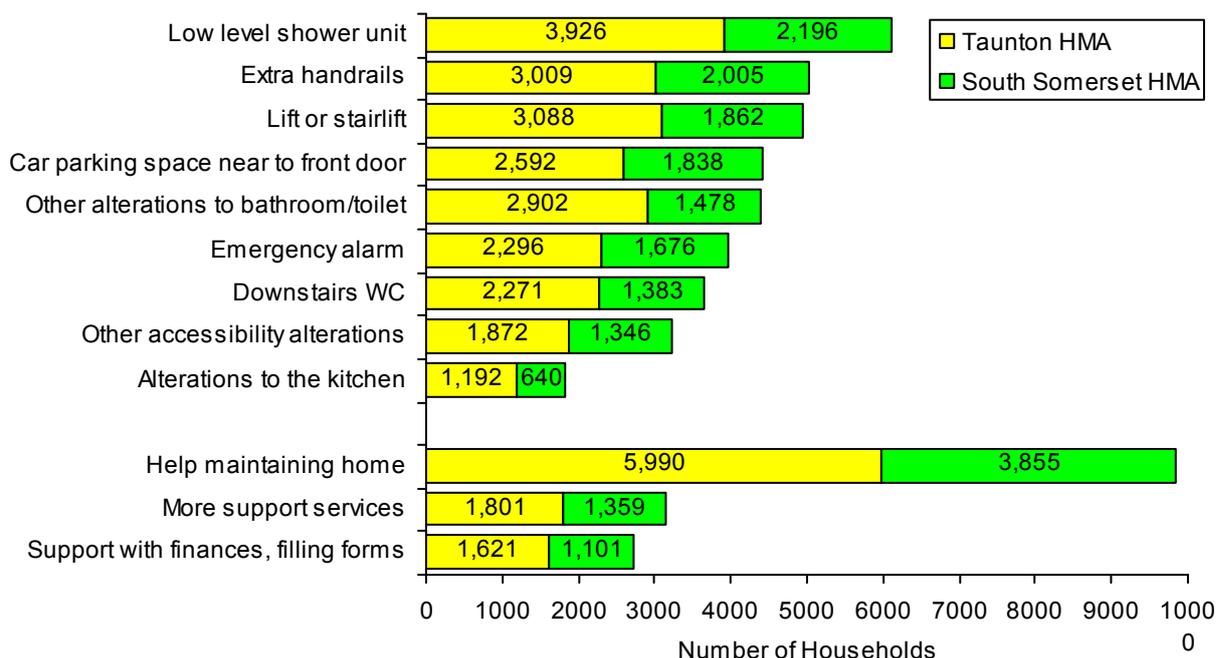
Source: Taunton and South Somerset SHMA (2008)

18.14 The other key survey findings can be summarised as:

- More than half of households with support needs in both HMAs contained only pensioners. Around a third of pensioner only households had some form of support need or disability.
- In both HMAs, more than half of households reporting support needs had a member with multiple support needs (52.6% in Taunton and 54.9% in South Somerset), while just under a fifth contained more than one person with support needs (18.4% in South Somerset and 19.0% in Taunton).
- In both HMAs, the largest support needs group were those described as having a 'medical condition'.

18.15 Finally, those households with a member with a disability/support need were asked to indicate if there was a need for improvements to their current accommodation and/or services.

18.16 As shown in the chart below, in both Taunton and South Somerset HMAs, a significant number of households indicated that additional improvements were required, of a variety of different types, for both their accommodation and support services. A household could indicate more than one requirement.

**Figure 18.4 Special needs households: improvements to accommodation & services**

Source: Taunton and South Somerset SHMA (2008)

## Summary

- i) Data from the 2001 Census suggests that 32.3% of households in South Somerset contain someone with a limiting long-term illness (LLTI) whilst 17.4% of the population have a LLTI. These figures are lower than regional and national averages.
- ii) Data from the 2001 Census suggests that 34.4% of households in the Taunton HMA contain someone with a LLTI whilst 19.1% of the population have a LLTI. These figures are higher than regional and national averages.
- iii) In both HMAs, the population with a LLTI is concentrated within the social rented sector and appears to be somewhat disadvantaged (for example having a very low car/van ownership/use compared with other households).
- iv) Household survey data about people with some form of disability or support need tends to support the finding of such households being disadvantaged with survey data showing high levels of housing unsuitability and generally low incomes amongst households with disability and support needs in both HMAs.



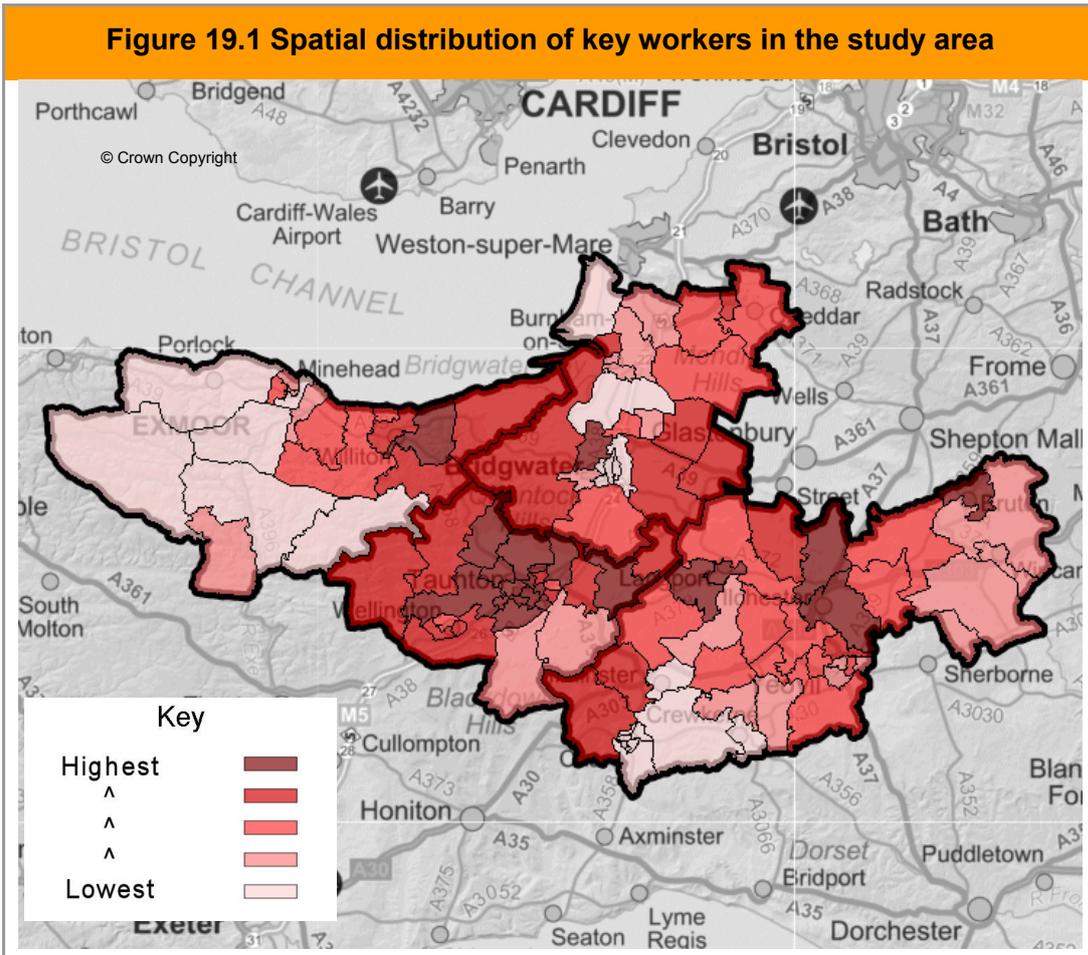
# 19. Key worker households

## Introduction

19.1 The CLG Guidance to Strategic Housing Market Assessments identifies an analysis of key worker households as potentially an important area of study. Unfortunately there is no recognised source of data about key workers against which we can draw information for the purposes of this study. However, it is generally agreed that key worker households are typically those working in the public sector and the Census does provide some information about the population whose employment falls into the category of 'Public administration, education & health'. We have therefore looked at information from this group of the population as well as drawing on information from Local Authority's most recent housing needs survey/assessment.

## Census data

- 19.2 Census data suggests that in South Somerset, some 24.6% of people working are employed in public administration, education or health. This proportion is higher than the equivalent figure for England as a whole (24.1%) but lower than the regional figure (25.6%). The figure of 26.5% for the Taunton HMA is above both the regional and national equivalents.
- 19.3 The map below shows how this proportion varies by ward across the study area. There is no significant pattern although wards around Taunton have high proportions of key workers within them.



Source: Office for National Statistics 2008 (from 2001 Census data)

### Character of key workers

- 19.4 The Census provides some additional data about the group of people working in public administration, education and health and below we have tabulated data about the ages of such people and the social group in which their employment falls.
- 19.5 The first tables below show that 'key workers' are typically older than other people in employment in both HMAs. Overall, in South Somerset it is estimated that 18.6% of key workers are aged under 30, this compares with 23.8% of other working people. In the Taunton HMA some 16.9% of key workers are aged under 30, compared with 24.1% of other working people.

**Table 19.1 Age of 'key workers' in South Somerset**

Age group	Key worker	Non-key worker	All working people
Under 30	3,257	12,816	16,073
30 to 39	4,620	13,076	17,696
40-49	4,686	12,259	16,945
50 to 59	4,057	11,791	15,848
60 and over	883	3,801	4,684
<b>Total</b>	<b>17,503</b>	<b>53,743</b>	<b>71,246</b>
Under 30	18.6%	23.8%	22.6%
30 to 39	26.4%	24.3%	24.8%
40-49	26.8%	22.8%	23.8%
50 to 59	23.2%	21.9%	22.2%
60 and over	5.0%	7.1%	6.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2001 Census data (from NOMIS)

**Table 19.2 Age of 'key workers' in Taunton HMA**

Age group	Key worker	Non-key worker	All working people
Under 30	4,943	19,577	24,520
30 to 39	7,258	19,689	26,947
40-49	8,285	18,368	26,653
50 to 59	7,140	17,695	24,835
60 and over	1,659	5,971	7,630
<b>Total</b>	<b>29,285</b>	<b>81,300</b>	<b>110,585</b>
Under 30	16.9%	24.1%	22.2%
30 to 39	24.8%	24.2%	24.4%
40-49	28.3%	22.6%	24.1%
50 to 59	24.4%	21.8%	22.5%
60 and over	5.7%	7.3%	6.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2001 Census data (from NOMIS)

- 19.6 The tables below show the social group in which the key worker's employment falls. The data suggests that key workers are much more likely to be within social groups 1 to 3 than other working people in both HMAs. In South Somerset 50.9% of key worker employment is within groups 1-3 compared with just under a third of other working people. In the Taunton HMA the distinction is not as large with 47.8% of key worker employment within groups 1-3 in comparison to 31.4% of other working people.
- 19.7 In both HMAs there are around 8% of key workers whose employment falls into groups 8 & 9 and for whom pay levels are likely to be lower.

<b>Table 19.3 Social group of 'key workers' in South Somerset</b>			
Social group	Key worker	Non-key worker	All working people
1 to 3	8,902	16,662	25,564
4 & 5	3,062	16,448	19,510
6 & 7	4,094	6,404	10,498
8 & 9	1,445	14,221	15,666
<b>Total</b>	<b>17,503</b>	<b>53,735</b>	<b>71,238</b>
1 to 3	50.9%	31.0%	35.9%
4 & 5	17.5%	30.6%	27.4%
6 & 7	23.4%	11.9%	14.7%
8 & 9	8.3%	26.5%	22.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2001 Census data (from NOMIS)

<b>Table 19.4 Social group of 'key workers' in Taunton HMA</b>			
Social group	Key worker	Non-key worker	All working people
1 to 3	14,009	25,515	39,524
4 & 5	5,575	23,333	28,908
6 & 7	7,475	10,762	18,237
8 & 9	2,226	21,666	23,892
<b>Total</b>	<b>29,285</b>	<b>81,276</b>	<b>110,561</b>
1 to 3	47.8%	31.4%	35.7%
4 & 5	19.0%	28.7%	26.1%
6 & 7	25.5%	13.2%	16.5%
8 & 9	7.6%	26.7%	21.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2001 Census data (from NOMIS)

## Survey data

19.8 The survey form collected information on the employment group of each employed member of the household. There were four categories of employment that could be considered as key workers:

- Public administration
- Defence
- Education
- Health and social work

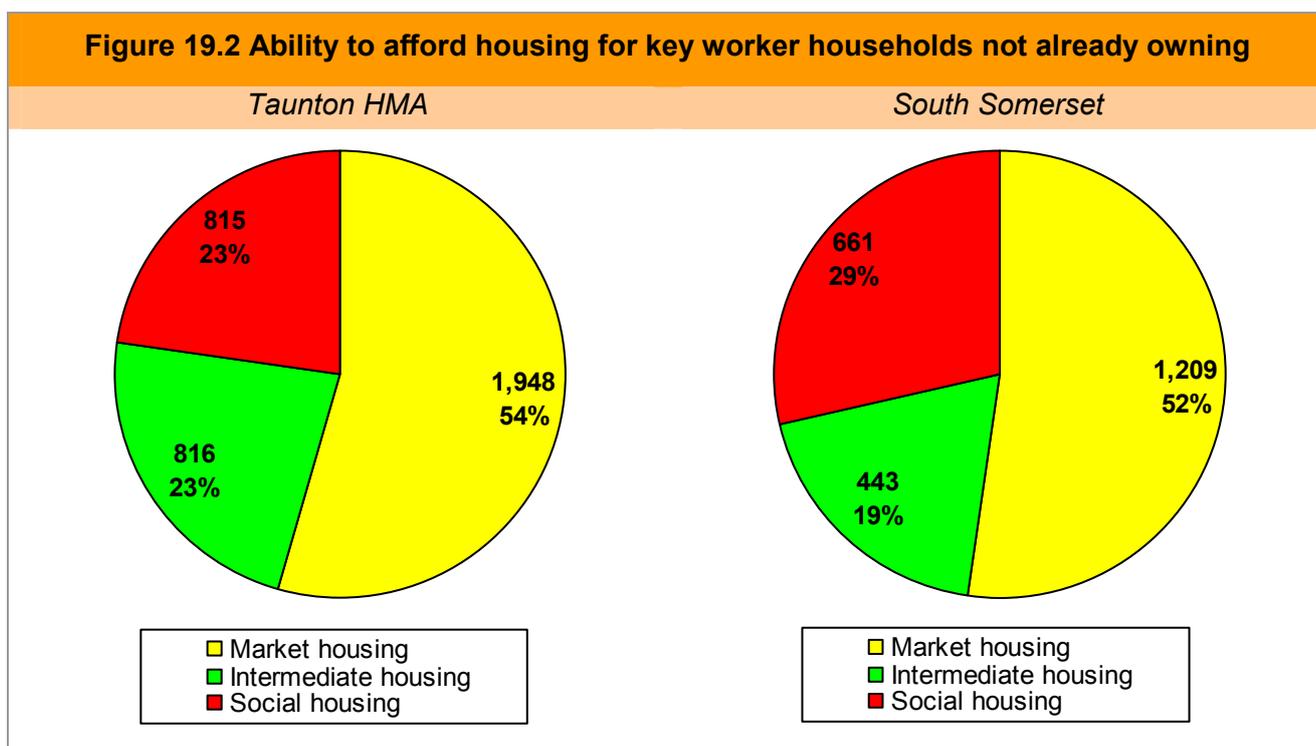
19.9 The table below shows that key worker households were particularly unlikely to be in housing need; in South Somerset this applied to less than 1% of such households. Note that the low figure for “no one employed” is because this category includes not only the unemployed but also a large number of retired households.

Table 19.5 Percentage in housing need		
	Taunton HMA	South Somerset
No-one employed	2.7%	1.8%
Employed: no key workers	3.8%	2.4%
Employed: key worker	2.4%	0.8%
All households	3.0%	1.7%

Source: Taunton and South Somerset SHMA (2008)

19.10 The main findings from the survey regarding key workers are summarised below:

- In addition to having lower levels of housing need, key workers were both relatively unlikely to live in unsuitable housing, and likely to have greater financial resources than the average household (income levels of key workers were typically noticeably higher than for other households).
- The vast majority households headed by a key worker in each HMA lived in owner-occupied housing (86.0% in South Somerset and 85.3% in the Taunton HMA).
- As shown in the table below, of those key workers not already owning their own homes, a significant proportion (1,259 households across the whole study area) could potentially afford intermediate housing, were they to decide to move.



Source: Taunton and South Somerset SHMA (2008)

## Summary

- i) Census information about people working in 'public administration, education or health' has been used as a proxy for key workers. This data source suggests that 24.6% of employed people work in this industry in South Somerset with 26.5% working in this sector in the Taunton HMA.
- ii) 'Key workers' tend to be slightly older and are generally employed in jobs which fall into the highest social groups.
- iii) Information from household survey data generally suggests that key workers' have higher incomes and lower levels of housing need than average.
- iv) A significant number of key worker households not already owning their own homes (1,259 across the study area, or about a fifth) could afford intermediate housing.

## 20. Older person households

### Introduction

- 20.1 Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. Indeed as population projections show earlier in this document, the number of older people in the population is expected to increase significantly over the next few years. This chapter of the report therefore looks at the characteristics of the older person population. Data is largely drawn from Census information although this is supplemented by information from the associated Housing Needs Assessments.
- 20.2 The Government has recognised the problems associated with an ageing population and is looking to tackle this in a number of ways. Nationally, the increase in those aged over 75 is putting more pressure on care and domiciliary services and on the health service. The Government's agenda is set out in the *National Housing Strategy for an Aging Society* (CLG, 2008) and is based on key principles of independence, choice, respect and dignity. Emerging policies are aimed at helping people to stay at home longer, avoiding or delaying hospital admission, facilitating the earliest possible discharge from hospital and enabling people to choose the types of service they receive and who delivers it.
- 20.3 The emerging national policy agenda reflects changing aspirations of older people who have been used to exercising more choice and control over their housing options. Many of these are home owners who wish to retain the equity in their properties to pass on to their children. The way that equity is treated in assessing people for residential and care services, combined with concerns about the quality of residential care, has led to a decrease in the demand for residential care.
- 20.4 Despite falling demand, many local authorities have struggled to contain expenditure on services for older people. High overhead costs and poorly designed buildings impact on the ability of local authorities to provide residential care directly. Smaller private sector providers are finding that provision of traditional residential care in smaller units is uneconomic and are also leaving the market.
- 20.5 Traditional sheltered housing is also experiencing changes. The average age of people living in traditional sheltered housing has increased rapidly in the last two decades, requiring higher levels of support than has previously been provided. Sheltered schemes where the buildings are no longer fit for purpose have been decommissioned in many areas. Budgetary constraints have changed the structure of 'Supporting people' funding so that traditional sheltered housing schemes are less able to support the traditional services of a resident warden. Many such schemes are now serviced by a peripatetic, non-resident warden service.

- 20.6 The increase in take-up of remotely serviced alarms for the home has also impacted on demand for sheltered housing. As a result, some providers have found it increasingly difficult to let such housing, particularly in unfavoured locations. As a result, lettings are being made to younger people with other types of support needs – not always a comfortable combination for older people seeking the comfort of safety and familiarity in their community.
- 20.7 New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These new, largely private, schemes may play a role in reducing the need for nursing care and hospital admission.
- 20.8 The draft Regional Spatial Strategy includes a target of 10% of all social rented housing to be either specialist supported housing or specialist housing for older people.

### Number and distribution of older persons

- 20.9 The tables below show the number and proportion of older person households at the time of the 2001 Census. The data shows that overall the proportion of households containing only pensioners in both HMAs is higher than both national and regional equivalents. At the time of the Census it was estimated that 28.8% of households in South Somerset were pensioner only, whilst in the Taunton HMA some 29.3% of households were pensioner only.

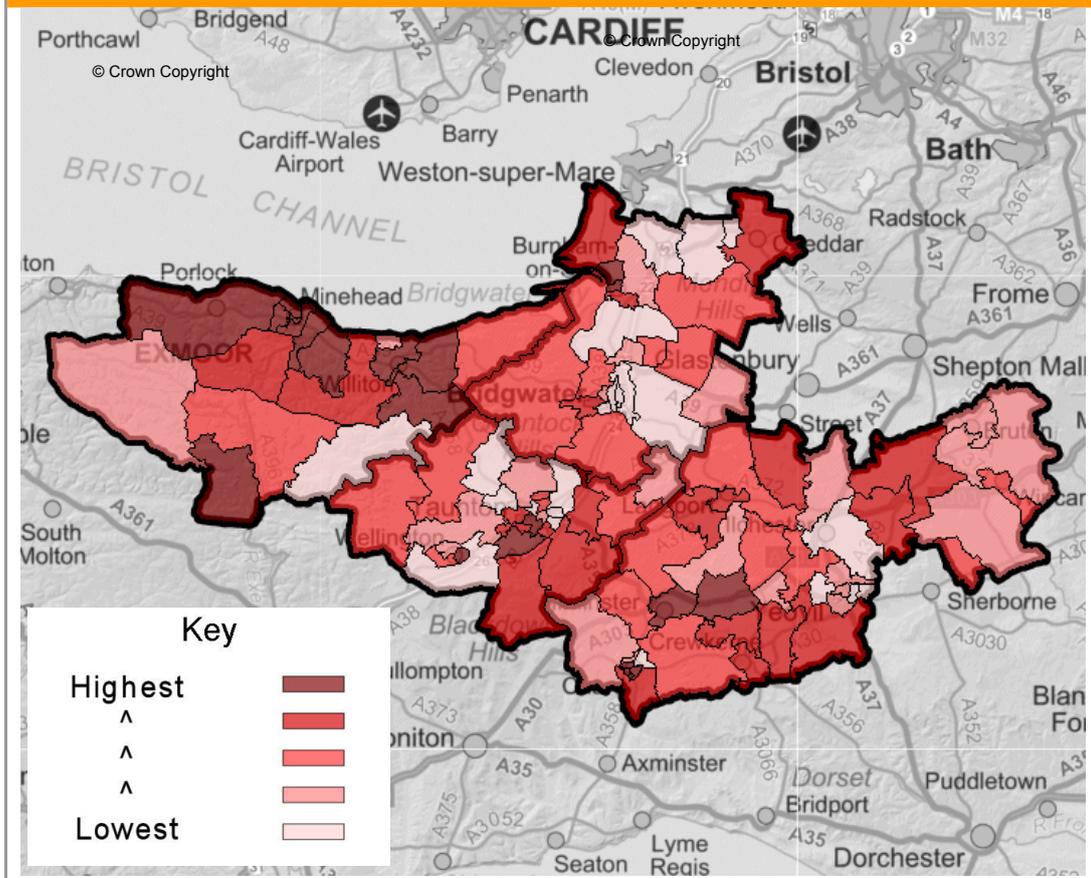
**Table 20.1 Pensioner households (Census 2001)**

Pensioner households	Sedgemoor	Taunton Deane	West Somerset	South Somerset	Taunton HMA	South West	England
Single pensioner	6,815	7,257	3,316	10,055	17,388	322,418	2,939,465
2 or more pensioners	5,538	5,051	2,433	8,283	13,022	241,752	1,908,837
All households	44,432	43,880	15,624	63,769	103,936	2,085,984	20,451,427
Single pensioner	15.3%	16.5%	21.2%	15.8%	16.7%	15.5%	14.4%
2 or more pensioners	12.5%	11.5%	15.6%	13.0%	12.5%	11.6%	9.3%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	27.8%	28.0%	36.8%	28.8%	29.3%	27.0%	23.7%

Source: Office for National Statistics 2008 (from 2001 Census data)

- 20.10 The map below shows how the proportion of pensioner-only households varies by ward. The map shows that pensioner only households are clustered around the coastal area of West Somerset.

**Figure 20.1 Spatial distribution of pensioner-only households in the study area**

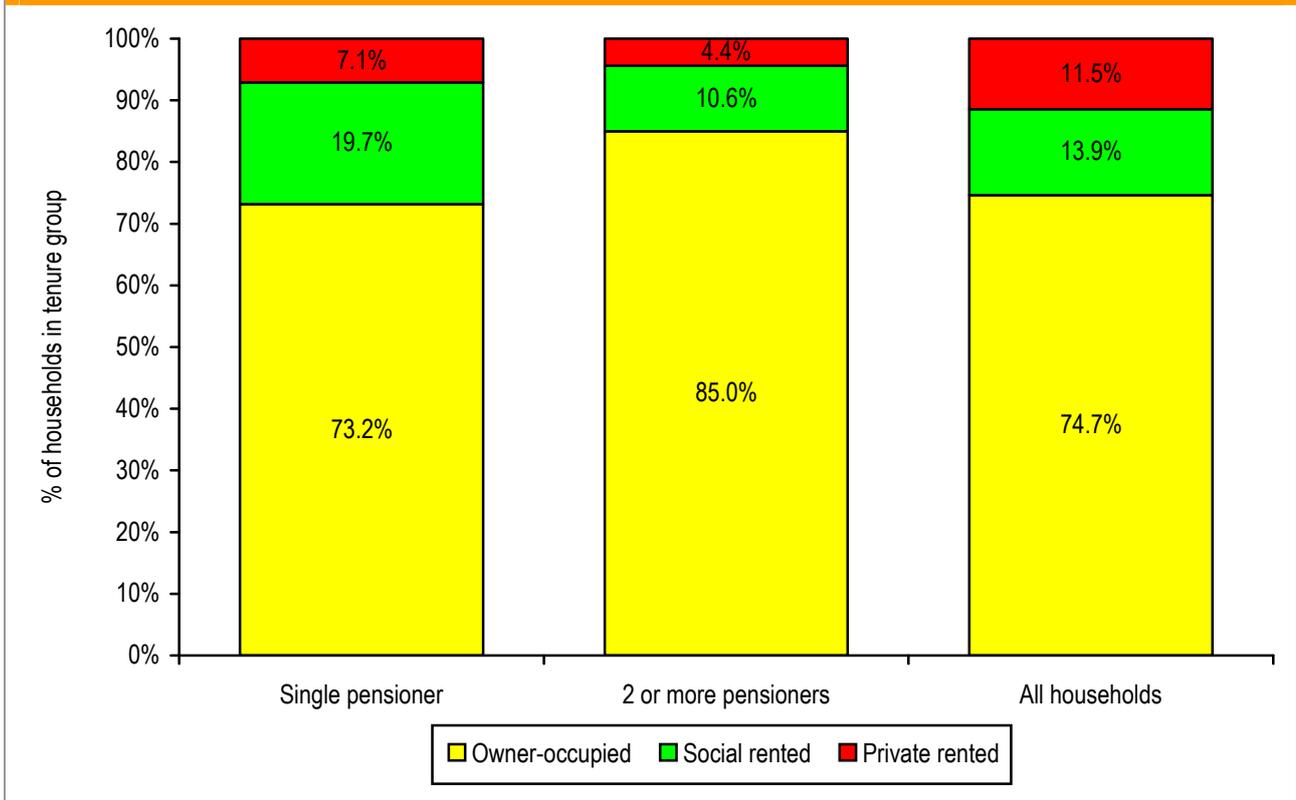


Source: Office for National Statistics 2008 (from 2001 Census data)

### Character of older person households

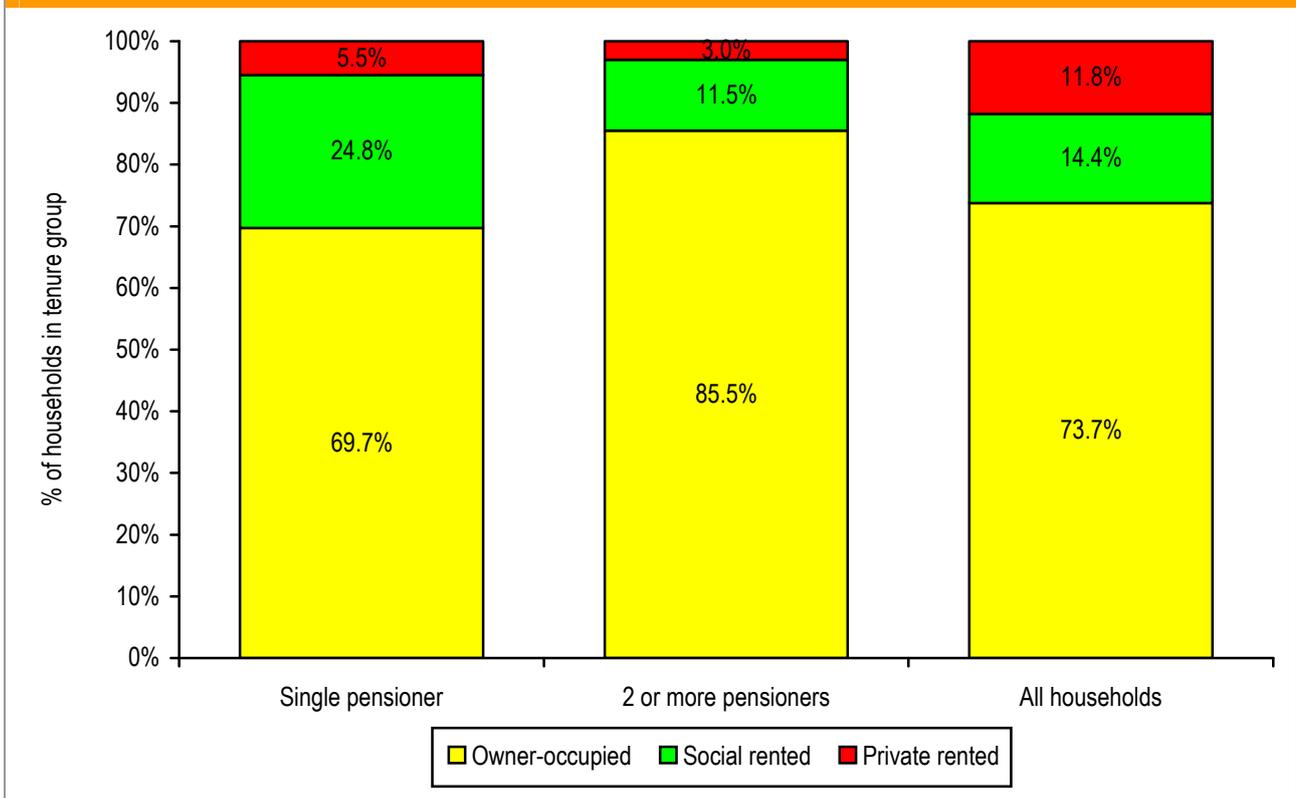
- 20.11 We have used 2001 Census data to explore in a bit more detail some characteristics of older person households. Where possible, data has been split between single pensioner households and households with two or more pensioners and no other people.
- 20.12 The figures below show the broad tenure split of older person households in the two HMAs. The data shows a considerable difference between single pensioner and two or more pensioner households in terms of tenure split. Households with two or more pensioners are much more likely to be in owner-occupation than single pensioners or all households. Single pensioner households are much more likely to be in social rented accommodation. These patterns are recorded across both HMAs.

**Figure 20.2 Tenure by older person households in South Somerset**



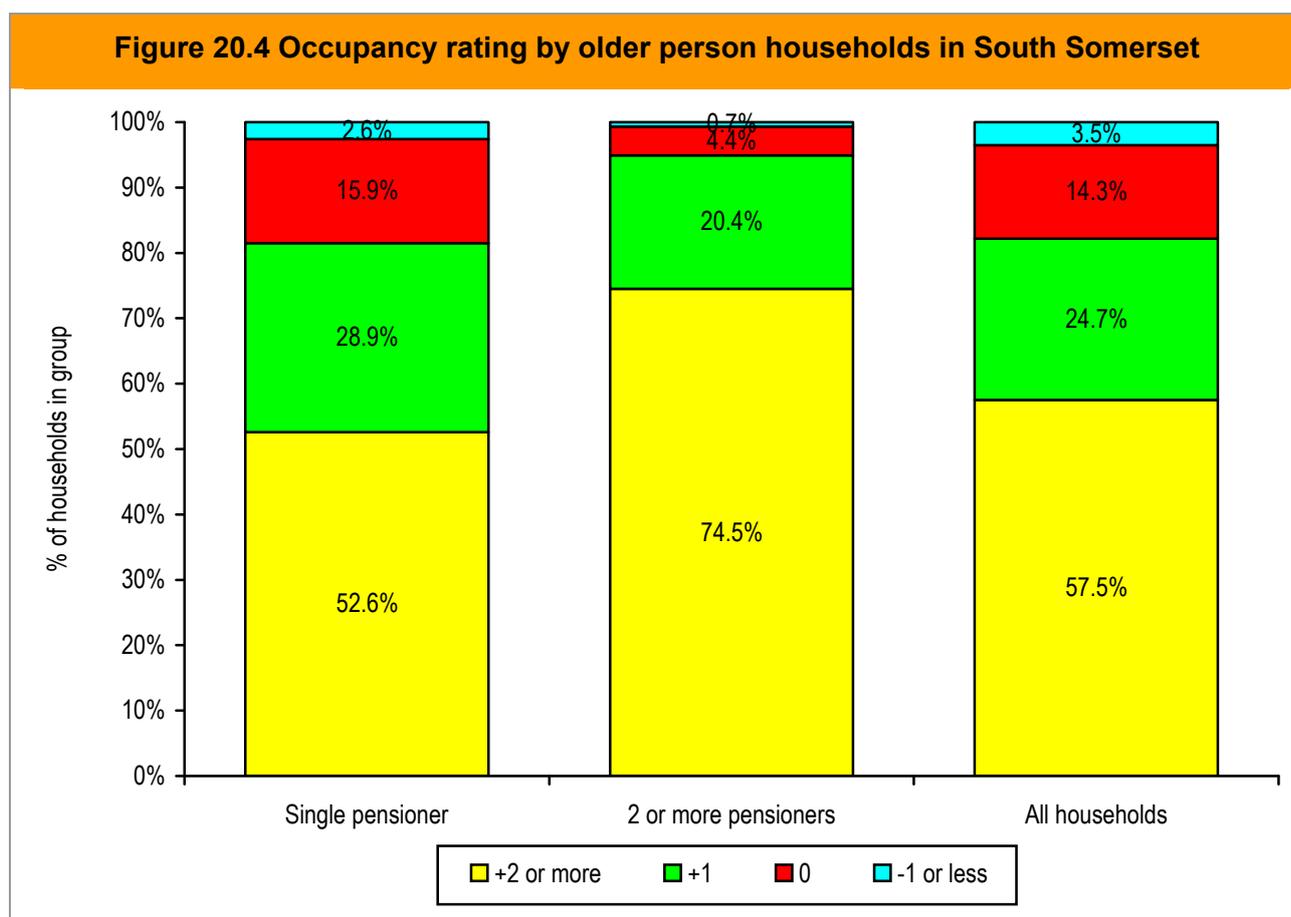
Source: 2001 Census data (from NOMIS)

**Figure 20.3 Tenure by older person households in Taunton HMA**

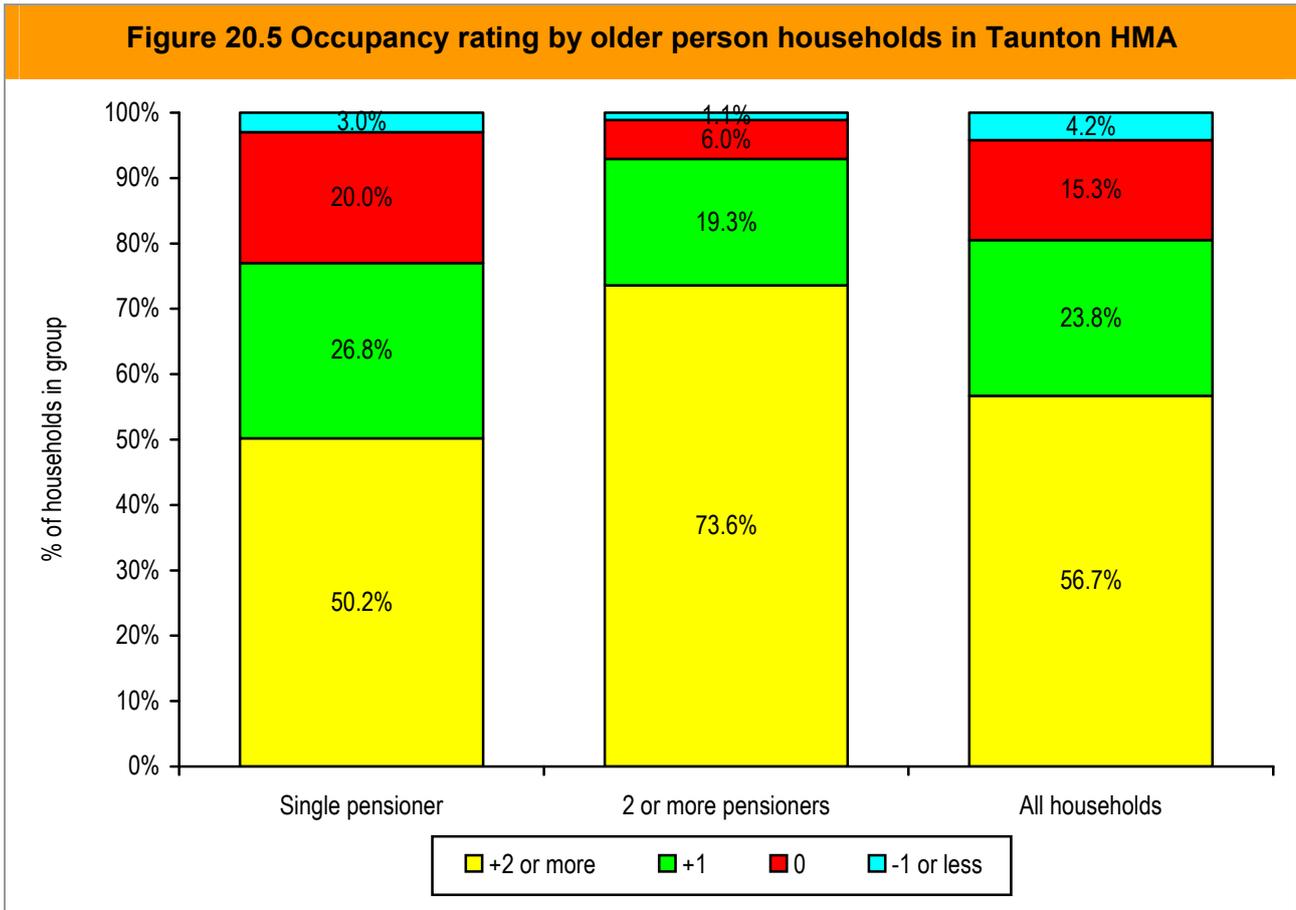


Source: 2001 Census data (from NOMIS)

20.13 A key theme that is often brought out in SHMA work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the occupancy rating. The data is shown in the figures below. In both HMAs households containing two or more pensioners are particularly likely to be under-occupying their dwelling. In total it is estimated that 74.5% of two or more pensioner households in South Somerset and 73.6% of two or more pensioner households in the Taunton HMA have an occupancy rating of +2 or more.



Source: 2001 Census data (from NOMIS)



Source: 2001 Census data (from NOMIS)

20.14 It is of interest to study the above information by tenure. The tables below shows the number of pensioner households who have an occupancy rating of +2 or more in each of the three broad tenure groups. Whilst the majority of older person households with an occupancy rating of +2 or more are in the owner-occupied sector, there are 777 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more in South Somerset and 1,198 in the Taunton HMA. This may therefore present some opportunity to reduce under-occupation.

**Table 20.2 Pensioner households with occupancy rating of +2 or more by tenure in South Somerset (Census 2001)**

Pensioner households	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	4,359	5,615	9,974
Social rented	453	324	777
Private rented	475	232	707
All tenures	5,287	6,171	11,458

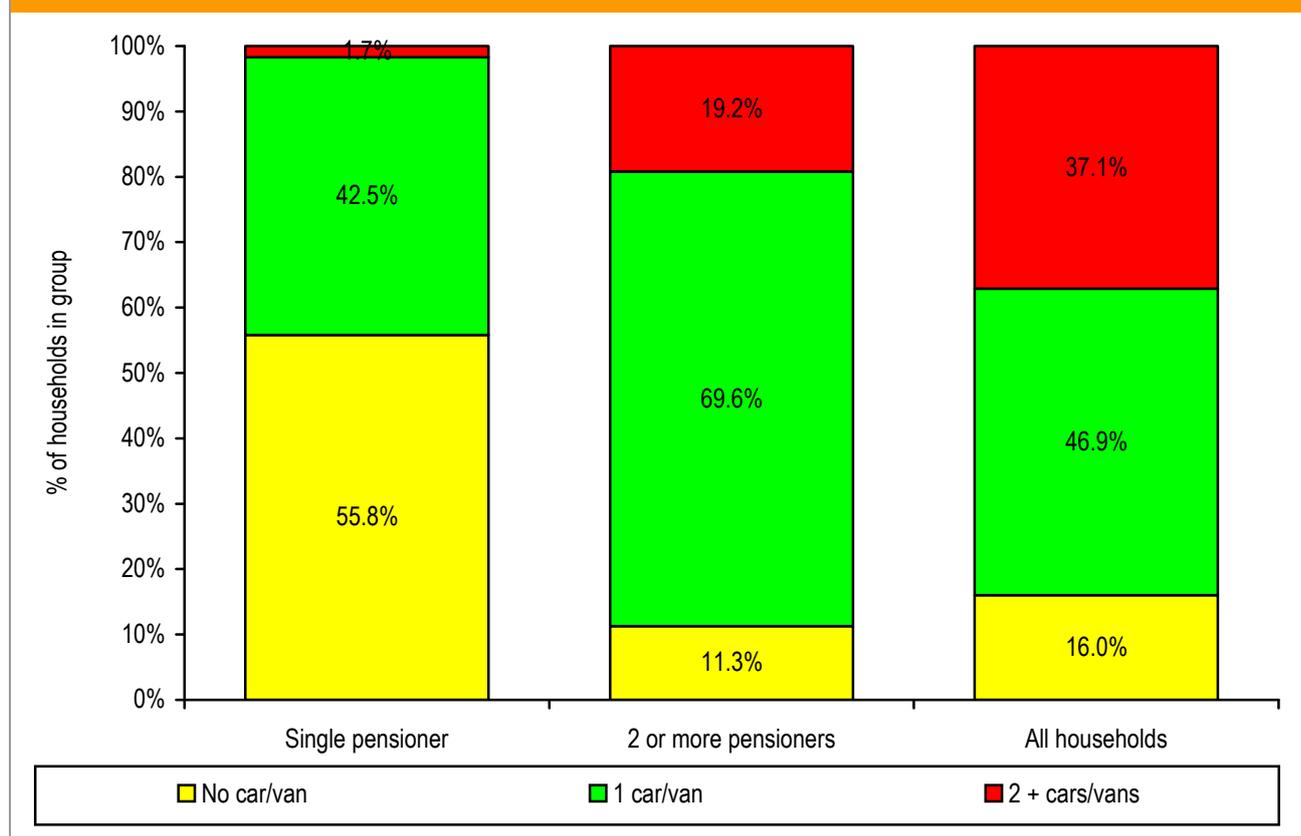
Source: 2001 Census data (from NOMIS)

**Table 20.3 Pensioner households with occupancy rating of +2 or more by tenure in Taunton HMA (Census 2001)**

Pensioner households	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	7,506	8,697	16,203
Social rented	731	467	1,198
Private rented	714	385	1099
All tenures	8,951	9,549	18,500

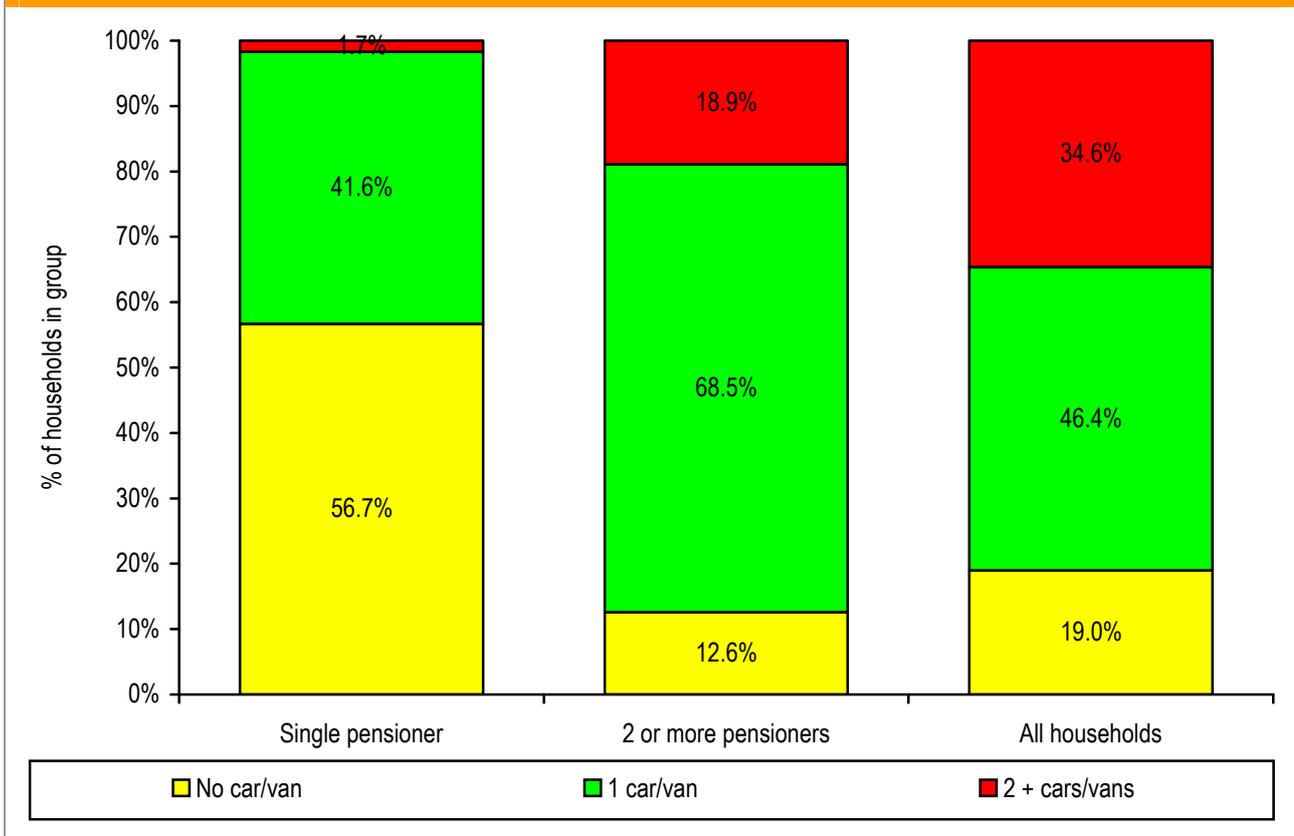
Source: 2001 Census data (from NOMIS)

20.15 The final piece of data from the Census that we have investigated is car/van ownership/use. This information is shown in the figures below. The data clearly shows that in both HMAs single pensioner households are far less likely than other households to have access to a car or van.

**Figure 20.6 Car/van ownership/use by pensioner households in South Somerset**

Source: 2001 Census data (from NOMIS)

**Figure 20.7 Car/van ownership/use by pensioner households in Taunton HMA**



Source: 2001 Census data (from NOMIS)

## Survey data

20.16 The survey data from housing needs assessments contained an analysis of the situation of older person households. The analysis concentrated on households where all members were of pensionable age (60 and over for females and 65 and over for males).

20.17 Among the most important findings from survey work related to under-occupation of dwellings, highlighted in the Census data above. In both Districts just over half of pensioner households were classed as under-occupying their dwelling, 54.0% in the Taunton HMA and 52.1% in South Somerset.

20.18 However, the policy solutions to this are limited since of these under-occupying households, only 7% in the Taunton HMA (947 households) and 5% in South Somerset (401 households) considered that they had any immediate need or likelihood of moving.

20.19 Some of the other key findings from survey work for the two HMAs include:

- Older person households were generally small with virtually all containing just one or two persons. More than half of all single person households were found to be pensioner-only.

- Older person households were particularly concentrated in the owner-occupied sector, few with mortgages. However the proportion living in social rented accommodation was generally higher than for other households.
- Some households in this group had very low median incomes, at £11,904 in the Taunton HMA and £12,736 in South Somerset.
- However, only a relatively small proportion were found to be in current housing need, when compared to other groups; 0.3% in the Taunton HMA, and 0.1% in South Somerset.
- Older person households were relatively unlikely to want to move, creating an obstacle for policies aimed at reducing under-occupation; few felt that they needed to or were likely to move in the next two years, at just 9.0% in the Taunton HMA and 7.8% in South Somerset, as shown in the table below.

<b>Table 20.4 Percentage needing or likely to move in next two years</b>		
	Taunton HMA	South Somerset
Older person households	9.0%	7.8%
Other households	21.2%	22.5%
All households	17.5%	18.1%

Source: Taunton and South Somerset SHMA (2008)

## Summary

- i) Local authorities will need to ensure that housing strategies and policies meet the needs of older people by:
  - Ensuring that an appropriate percentage of new housing supply will meet the needs of older people and their carers in terms of size, location and design
  - Improving the condition of existing properties so that older people have homes which are warm and secure
  - Working with others to ensure flexible and tailored support for those who need it
- ii) Older person households make up a significantly higher proportion of the household population in both HMAs in comparison to equivalent regional and national figures. Around 28.8% of all households in South Somerset as of 2001 were in this group, whilst in the Taunton HMA the figure was 29.3%.
- iii) There is a significant difference in prosperity between single pensioner and multiple pensioner households. Single pensioners are over-represented within the social rented sector and tend to have limited use or ownership of a car or van whilst multiple older person households are more likely than average to be owner-occupiers and have a higher level of car/van availability.
- iv) Under-occupation is a key feature of older person households, with over half under-occupying their dwellings according to the household survey. However, older person households were also relatively unlikely to consider moving, restricting possible policy solutions to this problem.

# 21. Families

## Introduction

21.1 Guidance recognises the importance of providing housing for families to help create mixed communities. In this section of the report we have looked at Census data about the situation of households that contain children. For the purposes of analysis of Census data we have concentrated on households containing dependent children and have broadly split information into four groups:

- Married couples with dependent children
- Cohabiting couples with dependent children
- Lone parents with dependent children
- Other households with dependent children

## Number of families

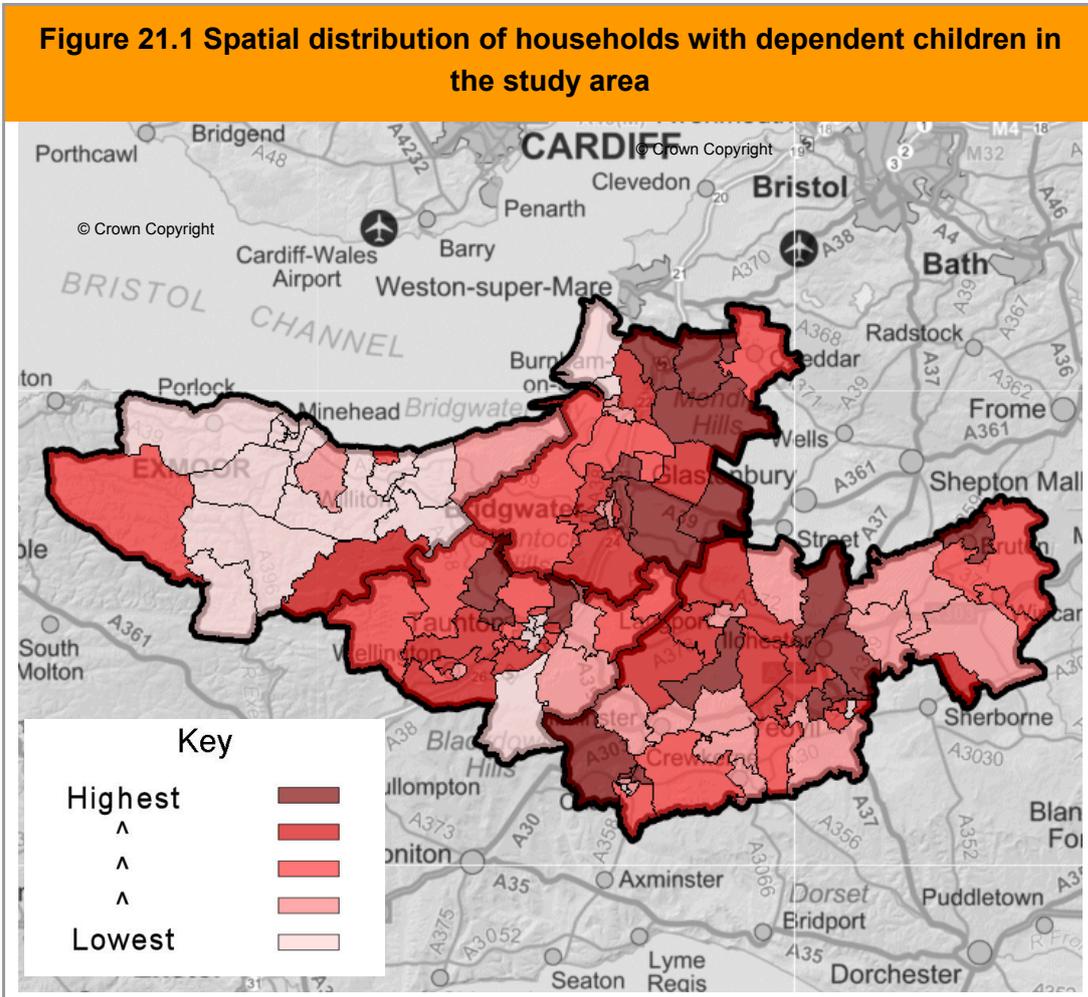
21.2 The tables below show the number of households with dependent children in each area. In South Somerset some 27.1% of households contained dependent children; this is lower than the proportions found regionally and nationally. The figure for the Taunton HMA is even lower at 26.8%.

**Table 21.1 Households with dependent children (Census 2001)**

Household type	Sedgemoor	Taunton Deane	West Somerset	South Somerset	Taunton Deane HMA	South West	England
Married couples with dependent children	7,937	7,393	1,979	11,650	17,309	357,236	3,591,335
Cohabiting couples with dependent children	1,508	1,357	479	1,946	3,344	64,336	661,073
Lone parents with dependent children	2,291	2,522	670	2,857	5,483	113,037	1,311,974
Other households with dependent children	742	679	268	856	1,689	34,963	458,369
All households	44,432	43,880	15,624	63,769	103,936	2,085,984	20,451,427
Married couples with dependent children	17.9%	16.8%	12.7%	18.3%	16.7%	17.1%	17.6%
Cohabiting couples with dependent children	3.4%	3.1%	3.1%	3.1%	3.2%	3.1%	3.2%
Lone parents with dependent children	5.2%	5.7%	4.3%	4.5%	5.3%	5.4%	6.4%
Other households with dependent children	1.7%	1.5%	1.7%	1.3%	1.6%	1.7%	2.2%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % with dependent children	28.1%	27.2%	21.7%	27.1%	26.8%	27.3%	29.4%

Source: Office for National Statistics 2008 (from 2001 Census data)

21.3 The map below shows the proportion of households with dependent children in each ward. The data for the figures have been split into five broad categories (from the highest proportion of households with dependent children to the lowest). The data shows high proportions of dependent children in East Sedgemoor and central parts of South Somerset.



Source: Office for National Statistics 2008 (from 2001 Census data)

### Characteristics of households with children

21.4 Using Census data we are able to provide some characteristics of households with dependent children. The data shows that the tenure profile of all households with dependent children does not vary much from the profile of all households in both HMAs. However, there are considerable differences between the different groups of households with dependent children. Particularly of note are the higher number of married couples living in owner-occupied accommodation (83.3% in South Somerset and 84.2% in the Taunton HMA) and the large proportion of lone parents in the private and social rented sectors.

**Table 21.2 Tenure of households with children in South Somerset**

Tenure	Married couples with dependent children	Cohabiting couples with dependent children	Lone parents with dependent children	Other households with dependent children	All households with dependent children	All households
Owner-occupied	12,704	1,112	1,178	607	15,601	47,605
Social rented	1,376	595	1,148	143	3,262	8,850
Private rented	1,177	239	531	104	2,051	7,308
Total	15,257	1,946	2,857	854	20,914	63,763
Owner-occupied	83.3%	57.1%	41.2%	71.1%	74.6%	74.7%
Social rented	9.0%	30.6%	40.2%	16.7%	15.6%	13.9%
Private rented	7.7%	12.3%	18.6%	12.2%	9.8%	11.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Office for National Statistics 2008 (from 2001 Census data)

**Table 21.3 Tenure of households with children in Taunton HMA**

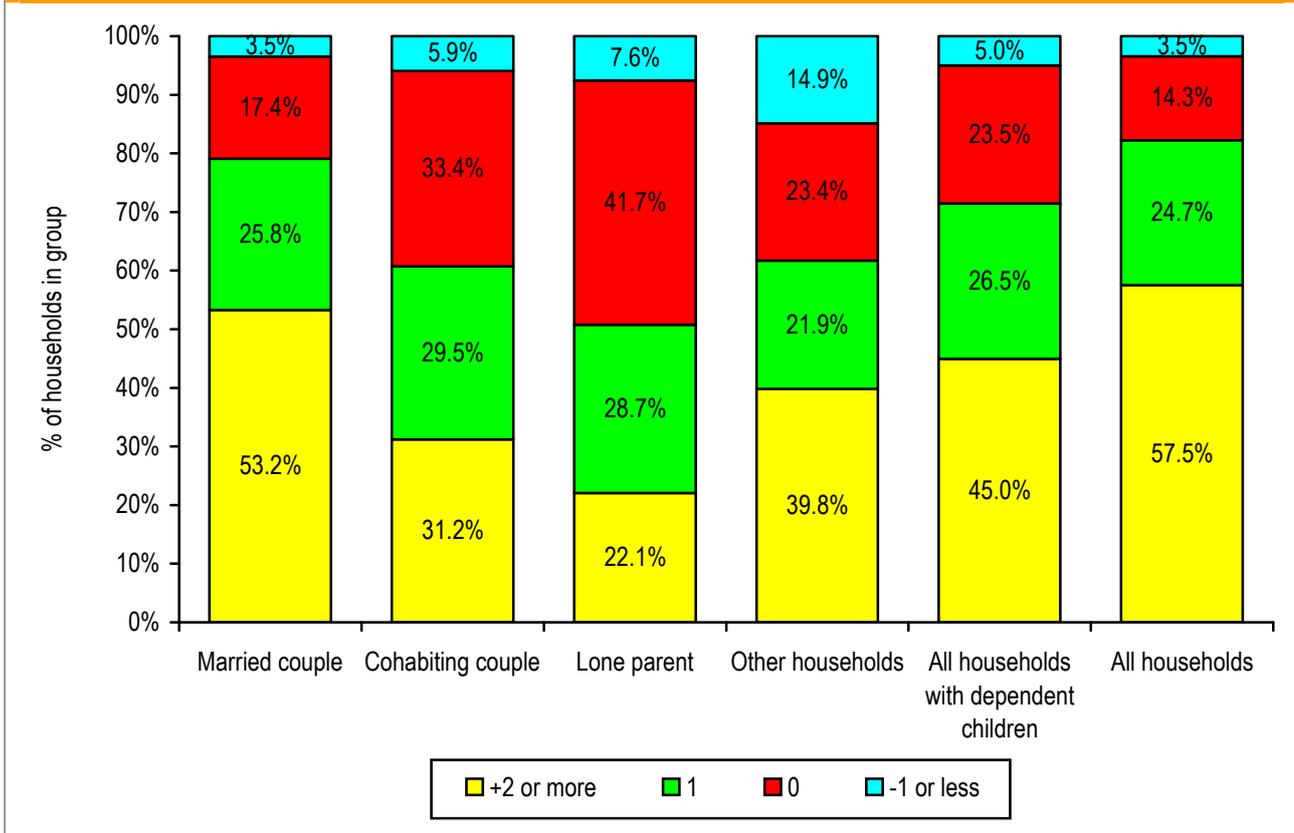
Tenure	Married couples with dependent children	Cohabiting couples with dependent children	Lone parents with dependent children	Other households with dependent children	All households with dependent children	All households
Owner-occupied	19,154	1,996	2,216	1,107	24,473	76,632
Social rented	2,190	857	2,018	364	5,429	14,994
Private rented	1,396	492	1,251	218	3,357	12,311
Total	22,740	3,345	5,485	1,689	33,259	103,937
Owner-occupied	84.2%	59.7%	40.4%	65.5%	73.6%	73.7%
Social rented	9.6%	25.6%	36.8%	21.6%	16.3%	14.4%
Private rented	6.1%	14.7%	22.8%	12.9%	10.1%	11.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Office for National Statistics 2008 (from 2001 Census data)

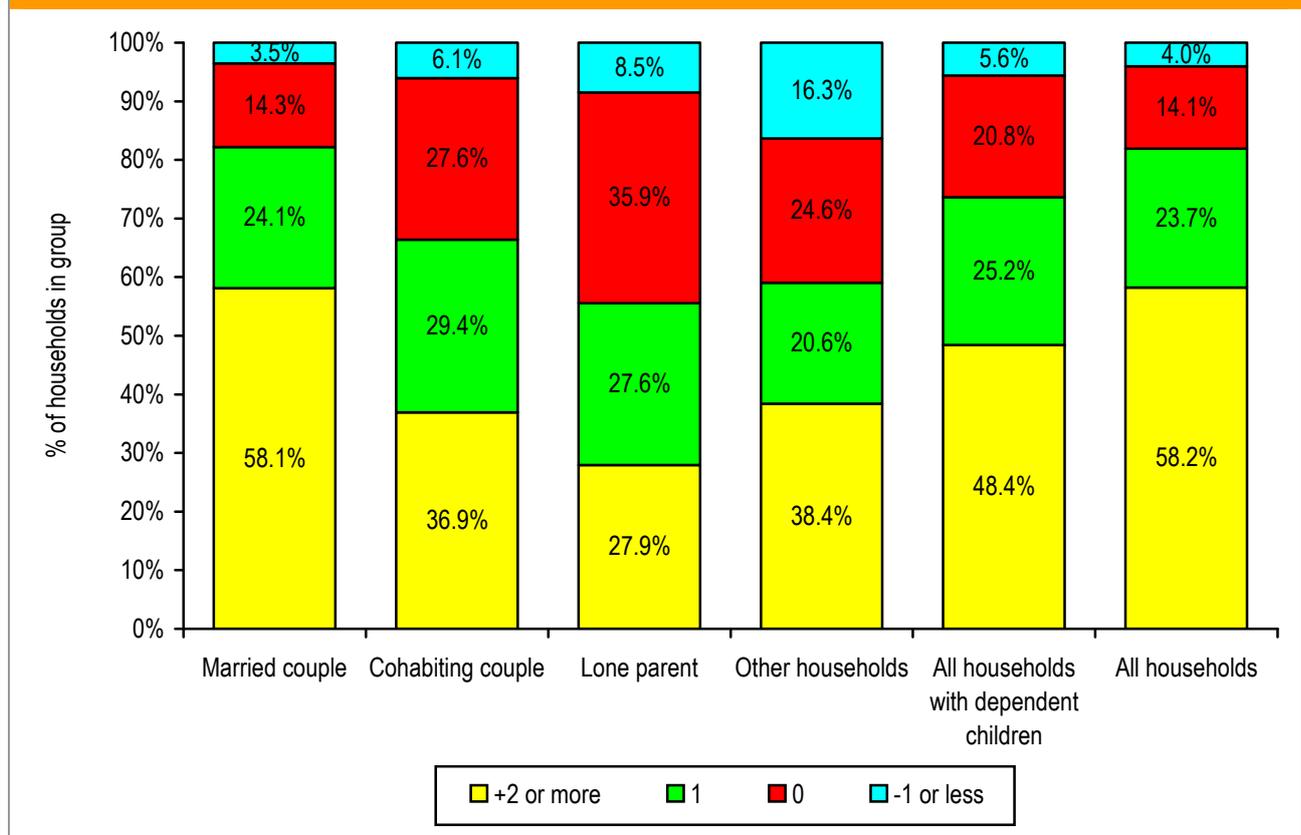
21.5 Overcrowding is a key theme when looking at the housing needs of households with children and again Census data can allow us to look at the numbers and proportions of households in each of the various groups who are overcrowded on the occupancy rating (having a negative occupancy rating). The figures below show the occupancy rating for the groups of households with children.

21.6 The data shows that households with dependent children are slightly more likely than other households to be overcrowded (negative occupancy rating) in both HMAs, although this varies tremendously for different household groups. The 'other' group of households contains a very high proportion of overcrowded households – this group is likely to be mainly larger households (and will often be extended family households). Other than this group, lone parents and co-habiting couples with dependent children are notably more likely to be overcrowded than married couples.

**Figure 21.2 Occupancy rating by households with dependent children in South Somerset**



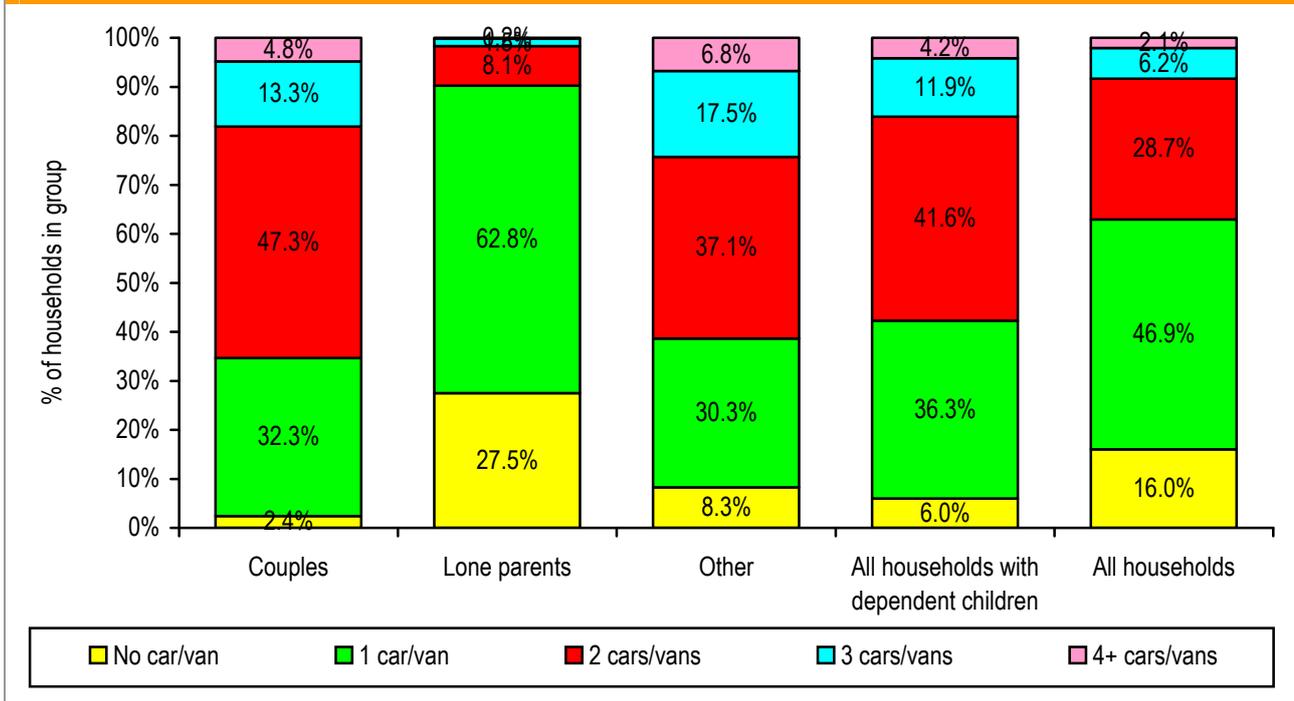
Source: Office for National Statistics 2008 (from 2001 Census data)

**Figure 21.3 Occupancy rating by households with dependent children in Taunton HMA**

Source: Office for National Statistics 2008 (from 2001 Census data)

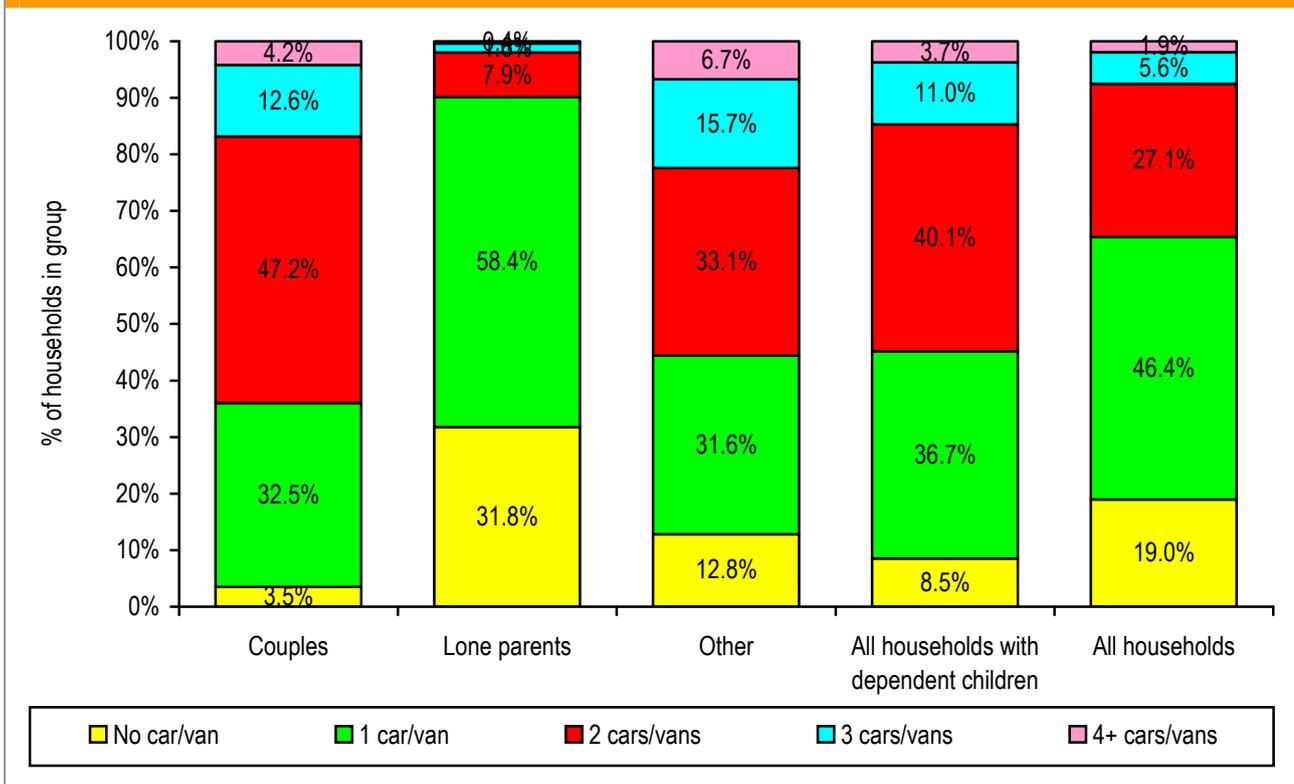
21.7 The final piece of data from the Census that we have investigated is car/van ownership/use. This information is shown in the figures below. The data shows that overall households with dependent children are more likely to have access to a car or van than all households; however, the data also clearly shows that lone parent households are far less likely than other households to have access to a car or van. It should be noted that for the purposes of this analysis, the Census outputs do not differentiate between married and cohabiting couples with dependent children.

**Figure 21.4 Car/van ownership/use by households with dependent children in South Somerset**



Source: Office for National Statistics 2008 (from 2001 Census data)

**Figure 21.5 Car/van ownership/use by households with dependent children in Taunton HMA**



Source: Office for National Statistics 2008 (from 2001 Census data)

## Survey data

- 21.8 The Housing Needs Assessments profiled households with children split between lone parent households, households with young children and households with older children. Households with young children are those where the children's age is under eight or the average age of the children is under eight. Households with older children are those where the children's age is 8 or over or the average age of the children is 8 or over.
- 21.9 Perhaps the most important finding was that the proportion of families in housing need is above average compared to other households, especially for lone parent families. Despite making up only a few percent of households overall, lone parent families generate 24.4% of the total housing need in the Taunton HMA and 22.8% in South Somerset.

**Table 21.4 Percentage in housing need**

	Taunton HMA	South Somerset
Lone parent families	19.5%	12.2%
Families with younger children	7.1%	2.7%
Families with older children	7.2%	4.6%
Other households	1.1%	0.7%
All households	3.0%	1.7%

Source: Taunton and South Somerset SHMA (2008)

21.10 Some of the other key findings from survey work across the two HMAs include:

- Lone parent families are particularly likely in both HMAs to reside in the social rented sector, however the other two family groups are more likely than average to be owner-occupiers.
- Families with older children and lone parent families are particularly likely to be overcrowded, at around 7 – 8% across the whole study area compared to an average of about 1.5 – 2% for all households overall.
- The median income of lone parent families is well below average, while the median income of other family types is above average, as shown in the table below.

**Table 21.5 Median income of different family types**

	Taunton HMA	South Somerset
Lone parent families	£13,442	£15,495
Families with younger children	£37,292	£38,450
Families with older children	£39,535	£40,896
Other households	£25,615	£25,304
All households	£27,688	£27,971

Source: Taunton and South Somerset SHMA (2008)

## Summary

- i) Data from the Census suggests that around 27.1% of households in South Somerset and 26.8% of households in the Taunton HMA contain dependent children; this is lower than what we find regionally and nationally.
- ii) Census data suggests that the overall characteristics of households with children are not much different to the household population as a whole. However, there are significant differences between the different groups. In particular, married couple households with dependent children show higher levels of owner-occupation and car/van ownership/use; lone parents are more likely to live in rented housing and have low car/van ownership/use.
- iii) Survey data suggests that families, particularly lone parent families, are much more likely than average to be in housing need.
- iv) Two parent families were found to have high average incomes, while the average income of a lone parent family was well below average.

## 22. First-time buyers and young people

### Introduction

- 22.1 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.
- 22.2 Although recent events in the housing market have brought down prices, the availability of credit has reduced significantly, and so the situation remains difficult for these buyers. It is important that there is adequate housing provision for young people in the study area to ensure that the local economy is balanced and to encourage the economy's growth.
- 22.3 This section seeks to provide information 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

- 22.4 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 30,218 people in this age group in the Taunton HMA, and 17,862 in South Somerset.
- 22.5 The table below presents the working status of this group in the study area. The table indicates that around three quarters of younger people are employed, with most in full time employment. Around 2-4% of younger people are unemployed.

**Table 22.1 Working status of younger people**

	Taunton HMA		South Somerset	
	Number	%	Number	%
Full-time employment	18,446	61.0%	11,483	64.3%
Part-time employment	4,648	15.4%	2,555	14.3%
Self-employed	2,081	6.9%	1,033	5.8%
Unemployed	1,216	4.0%	411	2.3%
Student or trainee	848	2.8%	260	1.5%
Looking after home/family	2,017	6.7%	1,694	9.5%
Long-term sick or disabled	628	2.1%	299	1.7%
Other	332	1.1%	126	0.7%
<b>Total</b>	<b>30,218</b>	<b>100.0%</b>	<b>17,862</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA (2008)

22.6 As the table below shows, about a third of younger people in each HMA live with their parents, with another third living in a family with their own children. A slightly smaller group share a house with other individuals of the same age (which would include couples without children), while a small minority live alone.

**Table 22.2 Types of household younger people live in**

	Taunton HMA		South Somerset	
	Number	%	Number	%
On own	2,488	8.2%	1,449	8.1%
Sharing with others the same age	7,870	26.0%	5,289	29.6%
Live in family with own children	10,074	33.3%	5,497	30.8%
Live with parents/others	9,787	32.4%	5,626	31.5%
<b>Total</b>	<b>30,218</b>	<b>100.0%</b>	<b>17,862</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA (2008)

22.7 It is possible to briefly examine the housing circumstances of the three clearly defined groupings of younger households:

- Those living on their own
- Those sharing with other younger people
- Those living with their own family

22.8 Those living with parents or others (i.e. concealed households) will be discussed later in this section.

## Housing circumstances of existing younger households

22.9 The table below presents the level of overcrowding and under-occupation for younger person households, indicating that families headed by younger adults are particularly prone to overcrowding. They make up a total of 16.8% of all overcrowded households in South Somerset, and as large a proportion as 20.4% in the Taunton HMA.

**Table 22.3 Occupancy level among younger households: Taunton HMA**

	Household type			
	Households containing only younger people			All other households
	On own	Sharing	With children	
Overcrowded	0.0%	0.5%	6.8%	1.7%
Normal	83.2%	57.7%	83.2%	52.7%
Under-occupied	16.8%	41.8%	10.0%	45.7%
Total	100.0%	100.0%	100.0%	100.0%
	2,657	4,692	6,317	100,434

Source: Taunton and South Somerset SHMA (2008)

**Table 22.4 Occupancy level among younger households: South Somerset**

	Household type			
	Households containing only younger people			All other households
	On own	Sharing	With children	
Overcrowded	0.0%	0.0%	5.6%	1.5%
Normal	73.8%	58.9%	84.5%	52.8%
Under-occupied	26.2%	41.1%	9.9%	45.8%
Total	100.0%	100.0%	100.0%	100.0%
	1,501	3,297	3,371	62,630

Source: Taunton and South Somerset SHMA (2008)

22.10 As the tables below show, younger people are much more likely to be found in the private rented sector than other households, particularly those living alone, although it would be a mistake to think that they dominate this sector: households containing only younger people make up just 27.5% of the private rented sector in Taunton and 23.1% in Yeovil.

22.11 Young families are also unusually likely to be found in social rented housing, in both HMAs.

**Table 22.5 Tenure among younger households: Taunton HMA**

	Household type			
	Households containing only younger people			All other households
	On own	Sharing	With children	
Owner-occupied (no mortgage)	7.8%	5.9%	1.9%	41.2%
Owner-occupied (with mortgage)	42.9%	67.3%	51.4%	36.0%
Social rented	8.2%	5.2%	26.2%	13.9%
Private rented	41.1%	21.6%	20.5%	8.9%
Total	100.0%	100.0%	100.0%	100.0%
	2,657	4,692	6,317	100,434

Source: Taunton and South Somerset SHMA (2008)

**Table 22.6 Tenure among younger households: South Somerset**

	Household type			
	Households containing only younger people			All other households
	On own	Sharing	With children	
Owner-occupied (no mortgage)	5.4%	1.6%	2.1%	40.7%
Owner-occupied (with mortgage)	65.8%	63.7%	52.2%	36.8%
Social rented	0.0%	15.3%	29.7%	13.9%
Private rented	28.8%	19.4%	16.1%	8.6%
Total	100.0%	100.0%	100.0%	100.0%
	1,501	3,297	3,371	62,630

Source: Taunton and South Somerset SHMA (2008)

## Characteristics of first-time buyer households

- 22.12 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.
- 22.13 The survey records that there are 3,209 households in the Taunton HMA and 1,877 households in Somerset that have become first-time buyers in the last two years. The majority of first-time buyers in both HMAs came from the private rented sector, with around a third having previously lived with their family. Only a very small number (281 households in total across both HMAs) came from the social rented sector.

**Table 22.7 Previous tenure of recent first-time buyers**

	Taunton HMA		South Somerset	
Social rented	97	3.0%	184	9.8%
Private rented	1,894	59.0%	1,076	57.3%
With family	1,217	37.9%	617	32.9%
Total	3,209	100.0%	1,877	100.0%

22.14 As shown below, the median income of successful first-time buyers is well above that of the general population, and indeed above that of second or third-time buyers, who have the advantage of existing equity as a financial resource.

**Table 22.8 Median incomes of recent first-time buyers**

	First-time buyers	Other recent buyers	Other households	All households
Taunton HMA	£32,439	£30,240	£19,444	£20,515
South Somerset	£31,287	£25,752	£20,631	£21,536

Source: Taunton and South Somerset SHMA (2008)

22.15 Despite their higher than average incomes, well over half of first-time buyers in both HMAs (63.0% in Taunton and 56.4% in South Somerset) were paying more than the recommended proportion (25%) of their income in housing costs. This is close to double the average; the proportion of households paying more than 25% of income overall is 31.5% in Taunton and 29.9% in Yeovil.

22.16 The two tables below highlight some other characteristics of recent first-time buyers; household heads in these households tend to be much younger, with an average age of 31 in both HMAs. The household size of such buyers, however, is not far above or below the overall average.

**Table 22.9 Median age of household heads in recent first-time buyer households**

	First-time buyers	Other recent buyers	Other households	All households
Taunton HMA	31	50	57	56
South Somerset	31	52	57	56

Source: Taunton and South Somerset SHMA (2008)

**Table 22.10 Average household size of recent first-time buyers**

	First-time buyers	Other recent buyers	Other households	All households
Taunton HMA	2.17	2.37	2.23	2.24
South Somerset	2.34	2.36	2.27	2.28

Source: Taunton and South Somerset SHMA (2008)

## Existing younger households aspiring to own

22.17 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 a total of 2,918 that would like to move into owner-occupation (including shared ownership) from other tenures in the next two years.

22.18 Of these households, few expect to be able to do so; less than a third in the Taunton HMA and less than a quarter in South Somerset. Similarly, small numbers were assessed as being financially able to do so according to the CLG model.

**Table 22.11 Buying intentions of younger households**

	Taunton HMA	South Somerset
Not in owner-occupied accommodation	5,519	3,117
Planning to move in next two years	3,140 (56.9%)	1,648 (52.9%)
Preferring owner-occupied accommodation	1,892 (60.3%)	1,026 (62.3%)
<i>Expecting to move into owner-occupation</i>	<i>616 (32.6%)</i>	<i>239 (23.3%)</i>
<i>Assessed as able to buy market housing</i>	<i>358 (18.9%)</i>	<i>375 (36.5%)</i>

Source: Taunton and South Somerset SHMA (2008)

## Concealed younger households aspiring to own

22.19 The survey data reveals that 6,724 younger households in the Taunton HMA and a further 4,618 in South Somerset that are 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. In the Taunton HMA 3,970 of these would like to become owner-occupiers in the next two years, as would 2,793 in the South Somerset.

22.20 The survey indicates that these concealed households have an average annual income of £14,060 in the Taunton HMA and £12,162 in South Somerset, in both cases significantly below the levels found in other households, although it should be noted that many concealed households' economic situation will change when they leave home.

22.21 The data suggests that just 13.7% of these potential first-time buyer households in the Taunton HMA, and an even smaller proportion (7.2%) in South Somerset, would be able to purchase an appropriately sized home if they were to move now.

## Summary

- i) Of those aged between 21 and 35 in the study area, around a third live with their parents or others, a third in a family with their own children, just over a quarter with others their own age (without children), and a small proportion (about 8%) on their own.
- ii) Households with children headed by younger people are particularly likely to be overcrowded, and to be found in the social rented sector.
- iii) Recent first-time buyers have needed to have higher incomes than average (and than other buyers) to buy a property, and very few are from the social rented sector. Even so, more than half now pay more than 25% of their income on property costs.
- iv) Younger households currently aspiring to owner-occupation face great difficulty achieving this aim; only about 19% in the Taunton HMA and 37% in South Somerset were assessed as being able to do so.
- v) Few concealed households would be able to afford to be first-time buyers at this stage; the data suggests only 13.7% in the Taunton HMA and 7.2% in South Somerset. However, it should be noted that these households' economic situation may change when they leave home.



## SECTION H: RURAL ISSUES

The rural dimension of housing problems is substantially different from the urban one. That is the reason for the specific analysis contained in the following chapters. The urban results are presented too, so that the overall context can be seen.



## 23. Rural as compared with urban housing

### Introduction

23.1 There are particular housing issues which characterise rural as distinct from urban areas. It is important to stress that 'rural' is an umbrella term for 'not very urban': the Government's classification recognises three 'non-urban' categories:

- Town and fringe
- Village
- Hamlet (including isolated dwellings)

23.2 All of the rural categories are small scale: less than 10,000 population.

23.3 Nationally about 20% of the population falls into one of these three rural categories. In the present case the position is:

South Somerset:	64% rural
Taunton HMA:	42% rural

23.4 In short both HMAs are very much more rural than the average, and in the case of South Somerset, extremely rural.

### The rural housing policy dimension

23.5 It is timely that an important new report on this issue has just appeared (*'The Taylor Review of rural economy and affordable housing: Living Working Countryside'*: Matthew Taylor, CLG 2008).

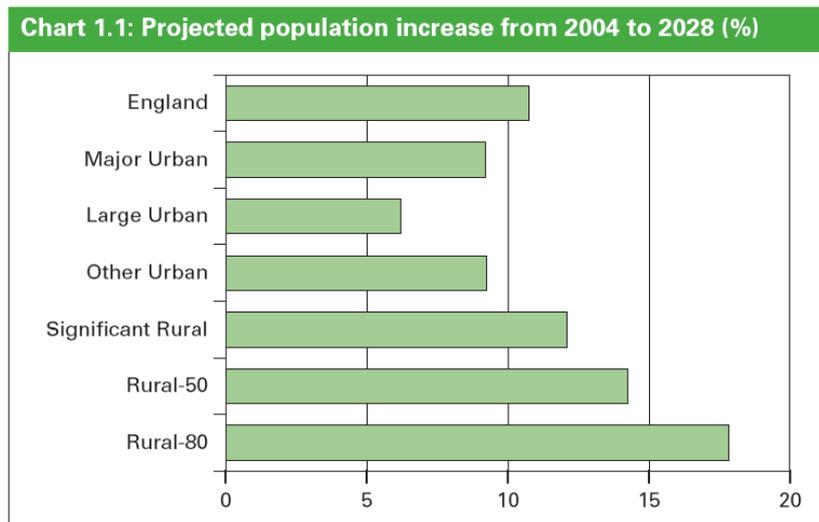
23.6 Taylor summarises his findings in terms of two broad categories: villages and hamlets (the second and third rural categories above) and market towns (the first rural category). His conclusions for villages and hamlets are:

*'...the choice is between becoming ever more exclusive enclaves for the wealthy and retired, or building the affordable homes to enable people who work in these communities to continue to live in them. In many cases just a handful of well designed homes, kept affordable in perpetuity for local people, will make all the difference...'*  
(Foreword)

23.7 In the case of market towns, an entirely different conclusion is arrived at:

*'Market towns face a different choice. The demand to live in a rural community means many market towns are growing fast. One option is to stick with current planning practice which are too often ringing country towns with anonymous housing estates, business and retail parks...(he argues for a more imaginative approach, based on a few enlightened examples)' (Foreword)*

23.8 These are two strong, but different messages at the different levels of rurality. The point about growth is made forcefully by one of the diagrams in the body of the report:



Source: Office for National Statistics, Population Projections, with 2004 set as base

23.9 The table uses the separate classification used for district councils, which has three slightly different rural categories:

- i) Significant rural
- ii) Rural 50 (%)
- iii) Rural 80 (%)

23.10 In terms of growth over the next two decades the message is clear: all rural areas will grow faster than urban ones, and the most rural will grow the fastest. The general point that Taylor makes concerns the character of that growth: will it be 'enclaves' of housing for the wealthy or will it contain a mix of tenures, including affordable housing. This is a policy matter which will arise after this SHMA is completed.

23.11 The important matter for this report is to present the local evidence against the national backdrop of the issues raised by the Taylor Review. Before turning to the local evidence, we will review the background. There has been a rising concern over rural housing, and especially rural affordable housing due to the trends commented upon in Taylor's Review.

## Background on rural housing issues

- 23.12 A major step in addressing rural issues was the Rural White Paper (*'Our Countryside: the future'* 2000). It reviews a wide range of matters that have led to problems for those living in rural areas. The following are some key points:

### Figure 23.1 Excerpt from Rural White Paper 2000

*'The character vitality and beauty of our countryside are important to all of us. But many rural communities are going through difficult changes. Basic services have become over-stretched. In traditional industries such as farming, incomes are falling and jobs are disappearing. There has been pressure for unwelcome development. Wildlife diversity has declined'* (pp. 4)

*'Change in the countryside is nothing new, but over the past 20 years, the pressures have become acute. Many rural areas are prosperous but elsewhere there is real loss....farm incomes have fallen 60% in the last five years, as a result of global competition, exchange rates and the effects of BSE'* (pp. 9)

*'In rural counties monitored between 1965 and 1990 each year 1 or 2% of small settlements experienced closure of their last general store or food shop, representing a loss for around 15% of rural communities over this period. Between 1991 and 1997 a total of 4,000 food shops closed in rural areas. Closures of rural schools increased in the 1970s to reach a peak of 127 in 1983 continuing at around 30 a year up to 1997 and declining to 2 in 1999'* (pp.9)

Source: Rural White Paper: Our Countryside: the future (2000)

- 23.13 The White Paper went on to identify a number of areas of concern. The decline of incomes, of service infrastructure and of population. The White Paper addresses the issue of deprivation in rural communities: a problem often made worse by their isolated state, and exacerbated by ill-health.
- 23.14 The White Paper considers the vital services required by villages, and what is involved in improving the situation. Apart from grant aid where appropriate, measures would include more tourism and conservation, trying to balance the need for rural people to earn a living with the need to preserve an environment, landscape and culture that can both be enjoyed by rural people and by those who come from urban areas and elsewhere.
- 23.15 One of the key issues in rural areas is affordable housing. Not only is poverty more difficult to manage in a rural area, given the distance to other services (and in some cases simply the distance to other people) but also the Right to Buy policy effect has removed rural affordable housing supply on an even greater scale than in urban areas. As a result of this, the Government set up the Affordable Rural Housing Commission, which published its final report in 2006.

23.16 In terms of need, the Commission states:

**Figure 23.2 Excerpt from Affordable Rural Housing Commission's Final Report 2006**

*'The Commission's inquiry has revealed an acute shortage of affordable housing in rural areas of all regions of England' (pp.2)*

Source: Affordable Rural Housing Commission: Final Report (2006)

23.17 It points out that prices are rising even faster in rural areas than urban: 73% over the period 2000 to 2005 compared with 68% in urban areas, and rural prices are themselves higher than urban ones. Although average earnings in rural areas are boosted by the effect of people commuting to well paid jobs elsewhere, workplace-based earnings figures (considered to be more representative of the local workforce) show that average earnings in 2004/5 in the most rural districts were only £17,400, compared to £22,300 in major urban districts (page 15). This highlights the rural housing problem. Clearly the disparity in house prices is due to an urban rather than rural 'driver', which identifies one of the underlying problems of the town dominating the country.

23.18 The Commission urges more consistency in the measurement of need:

**Figure 23.3 Excerpt from Affordable Rural Housing Commission's Final Report 2006**

*Needs assessment should 'start from the bottom up through housing market and housing need assessments containing enough detail to identify what rural communities have and what they require. The Commission recommends that a consistent means of measuring need is developed which can be operated at local, regional and national levels. Progress will be hampered if the way need is assessed locally is inconsistent with Government's approach nationally' (pp.3)*

Source: Affordable Rural Housing Commission: Final Report (2006)

23.19 Using its best estimates, the Affordable Rural Housing Commission judges that 11,000 new dwellings should be built in settlements of 10,000 or less. The aim is to achieve six new affordable dwellings per rural ward, whose population is typically about 5,000. The Commission recognise that there will be local hostility to any new development in many instances, and calls for a 'bottom up consensus' to ensure that their recommendations are fulfilled.

23.20 The Commission does not expect public funding to do the job, and sends a clear message:

**Figure 23.4 Excerpt from Affordable Rural Housing Commission's Final Report 2006**

*'We believe that if local authorities use the tools they already have, particularly those relating to quotas and site thresholds, coupled with those we recommend, they may be able to secure considerably more affordable housing, even from current levels of market build.'* (pp.18)

Source: Affordable Rural Housing Commission: Final Report (2006)

- 23.21 This is moderated by recognition that local authorities in rural areas have limited staff and budgets (page 28).
- 23.22 Second homes, which are one of the reasons for upward pressure on price, also have a damaging effect on community life by meaning that the homes in question are only occupied at weekends and by households that do not have any functional connection to the area. The Commission considers that the impact of the problem is, at national scale only modest: 93,000 across all rural areas (page 62) though locally acute on coasts and in areas of high landscape value.
- 23.23 The Commission makes a number of suggestions for innovative funding of rural housing, and its management. These are not the main focus in the present context, where we are mainly concerned with establishing a reliable evidence base on affordability issues that exist in rural areas.
- 23.24 This brief review of two of the key documents on rural issues provides some general statistics and comments relevant to the housing problems that arise due to rurality itself. The following sections provide some statistics on the rural parts of the two HMAs.

## Summary

- i) About a fifth of the national population is rural, but in the local context about 40% is rural in the Taunton HMA and over 60% in South Somerset: they are much more rural than the average.
- ii) Acute shortages of rural affordable housing have been identified in several recent reports. The situation has partly been caused by sales of formerly affordable housing under Right to Buy, and partly by large scale purchase of rural housing by urban dwellers for retirement or second homes purposes.
- iii) The recent Taylor Review summarises the position pungently. In more rural areas, the question is whether new affordable housing will be built. If not they will become ever more exclusive enclaves of wealthy often retired people. In market towns the issue is whether the current anonymous peripheral market housing estates will be replaced by something more attractive and with more character.

## 24. Rural housing: evidence from survey

### Introduction

- 24.1 In order to produce a meaningful database for analysis the HMA was subdivided. This was done by assigning each household with an urban or rural classification, based on the National Statistics Rural and Urban Classification of Output Areas (May 2007). 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 fringes', 'Villages' and 'Hamlets'; the latter includes isolated dwellings (as summarised at the start of Chapter 23 above).
- 24.2 Most of the material provided below is given according to HMA, since that is the key reference point of this SHMA. However some detail is provided at district level, since that is the administrative level. In the case of South Somerset, of course, the HMA and the district coincide.

### Contextual information for the two HMAs

- 24.3 The table below indicates the National Statistics Rural and Urban Classification proportions of households.

Table 24.1 Urban/rural classification of households (based on 4 categories)					
Classification	Area				
	Sedgemoor	Taunton Deane	West Somerset	South Somerset (HMA)	Taunton HMA
Urban	26,593	34,456	5,182	25,415	66,230
Town and fringe	8,776	3,334	4,043	20,476	16,153
Village	8,583	8,389	4,860	18,456	21,832
Hamlet	4,148	3,422	2,316	6,453	9,885
Total	48,100	49,600	16,400	70,800	114,100
Urban	55.3%	69.5%	31.6%	35.9%	58.0%
Town and fringe	18.2%	6.7%	24.7%	28.9%	14.2%
Village	17.8%	16.9%	29.6%	26.1%	19.1%
Hamlet	8.6%	6.9%	14.1%	9.1%	8.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

24.4 The data shows that just over a third of households in South Somerset are urban, with almost 30% classified as 'Town and fringe', and a quarter living in a village. Less than 10% of households are found in hamlets or smaller settlements. In the Taunton HMA 58.0% of households are urban, 14.2% reside an area classified as 'Town and fringe', 19.1% are found in a village and 8.1% of households are located in hamlets or smaller settlements.

### Household characteristics: general findings

24.5 The following tables present a good deal of information. More detail, on aspects such as financial circumstances, is required to give policy relevant information, but in order not to swamp the reader with very large tables, it is necessary to proceed in stages.

24.6 In relation to tenure, urban households are most likely to live in the social rented sector and are least likely to be owner-occupiers. The urban proportion of social rental is only at the national average, so it is not very high. The 'town and fringe' area also contains a noticeable proportion of social rented residents whilst the lowest proportion is found in the 'hamlet' area. Consistent with the Taylor review, hardly any social rented housing is found in 'hamlets'.

**Table 24.2 Urban/rural households and tenure – South Somerset**

Tenure	Classification			
	Urban	Town and fringe	Village	Hamlet
Owner-occupied (no mortgage)	30.4%	35.2%	43.0%	43.6%
Owner-occupied (with mortgage)	41.9%	38.4%	37.5%	38.7%
Social rented	18.1%	17.3%	9.8%	4.1%
Private rented	9.6%	9.2%	9.7%	13.7%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.3 Urban/rural households and tenure – Taunton HMA**

Tenure	Classification			
	Urban	Town and Fringe	Village	Hamlet
Owner-occupied (no mortgage)	32.6%	39.7%	43.6%	44.6%
Owner-occupied (with mortgage)	38.0%	39.0%	38.0%	39.8%
Social rented	17.5%	14.2%	9.4%	1.6%
Private rented	11.9%	7.2%	8.9%	13.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

24.7 Unsurprisingly the 'hamlet' category contains the largest percentage of owner-occupied and private rented households.

24.8 The tables below show the variation in the household profile of urban and rural households in each HMA. The tables show that, in both HMAs, the 'Town and fringe' area contains the greatest proportion of pensioner households, whilst single non-pensioner and lone parent households are most common in the urban area. The 'Hamlets' area contains the largest proportion of multi-adult households with children.

**Table 24.4 Urban/rural households and household type – South Somerset**

Household type	Classification			
	Urban	Town and fringe	Village	Hamlet
Single pensioners	14.5%	22.2%	15.0%	8.4%
2 or more pensioners	10.3%	13.3%	15.2%	19.6%
Single non-pensioners	16.7%	11.2%	10.4%	14.8%
2 or more adults - no children	32.3%	30.2%	38.7%	32.0%
Lone parent	4.5%	4.2%	0.9%	1.9%
2+ adults 1 child	8.7%	8.6%	8.2%	9.5%
2+ adults 2+ children	12.9%	10.3%	11.5%	13.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.5 Urban/rural households and household type – Taunton HMA**

Household type	Classification			
	Urban	Town and fringe	Village	Hamlet
Single pensioners	17.3%	19.6%	16.2%	14.9%
2 or more pensioners	12.1%	14.5%	13.9%	11.9%
Single non-pensioners	17.5%	9.2%	9.7%	7.5%
2 or more adults - no children	30.2%	32.5%	38.8%	37.8%
Lone parent	5.0%	2.6%	2.2%	0.8%
2+ adults 1 child	9.2%	7.9%	7.9%	11.8%
2+ adults 2+ children	8.7%	13.7%	11.3%	15.3%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

24.9 The tables below show the location of households indicating a requirement for support needs in the two HMAs. The tables indicate that the 'Urban' and 'Town and fringe' areas contain the greatest proportion of support needs households, whilst the smallest proportion is located within the 'Hamlet' area.

**Table 24.6 Urban/rural households and support needs – South Somerset**

Support needs	Classification			
	Urban	Town and fringe	Village	Hamlet
Support needs	21.0%	21.3%	17.2%	12.9%
Non support needs	79.0%	78.7%	82.8%	87.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.7 Urban/rural households and support needs – Taunton HMA**

Support needs	Classification			
	Urban	Town and fringe	Village	Hamlet
Support needs	21.8%	21.9%	16.3%	14.0%
Non support needs	78.2%	78.1%	83.7%	86.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

## Household income and financial capacity

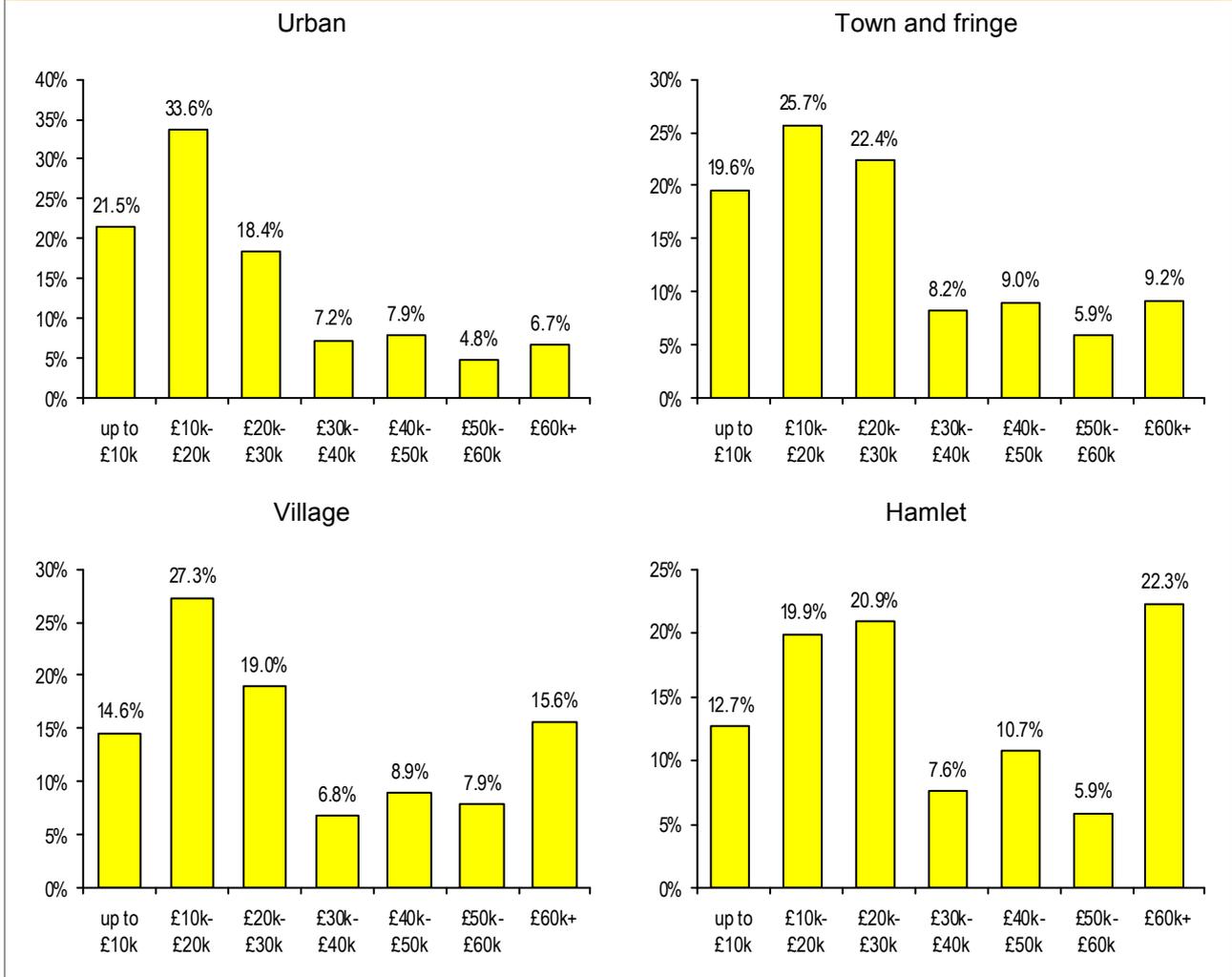
24.10 It is important when considering the ability to afford housing (whether to rent or buy) to include all relevant financial information. Typically studies of this kind refer only to household income, since that is all that is readily available.

24.11 However the presence of savings and debt often means that, even for renters, income is a poor measure of true ability to pay for housing, while clearly for owners it is highly misleading not to include owned equity: the main source of wealth for most households. Therefore we measure:

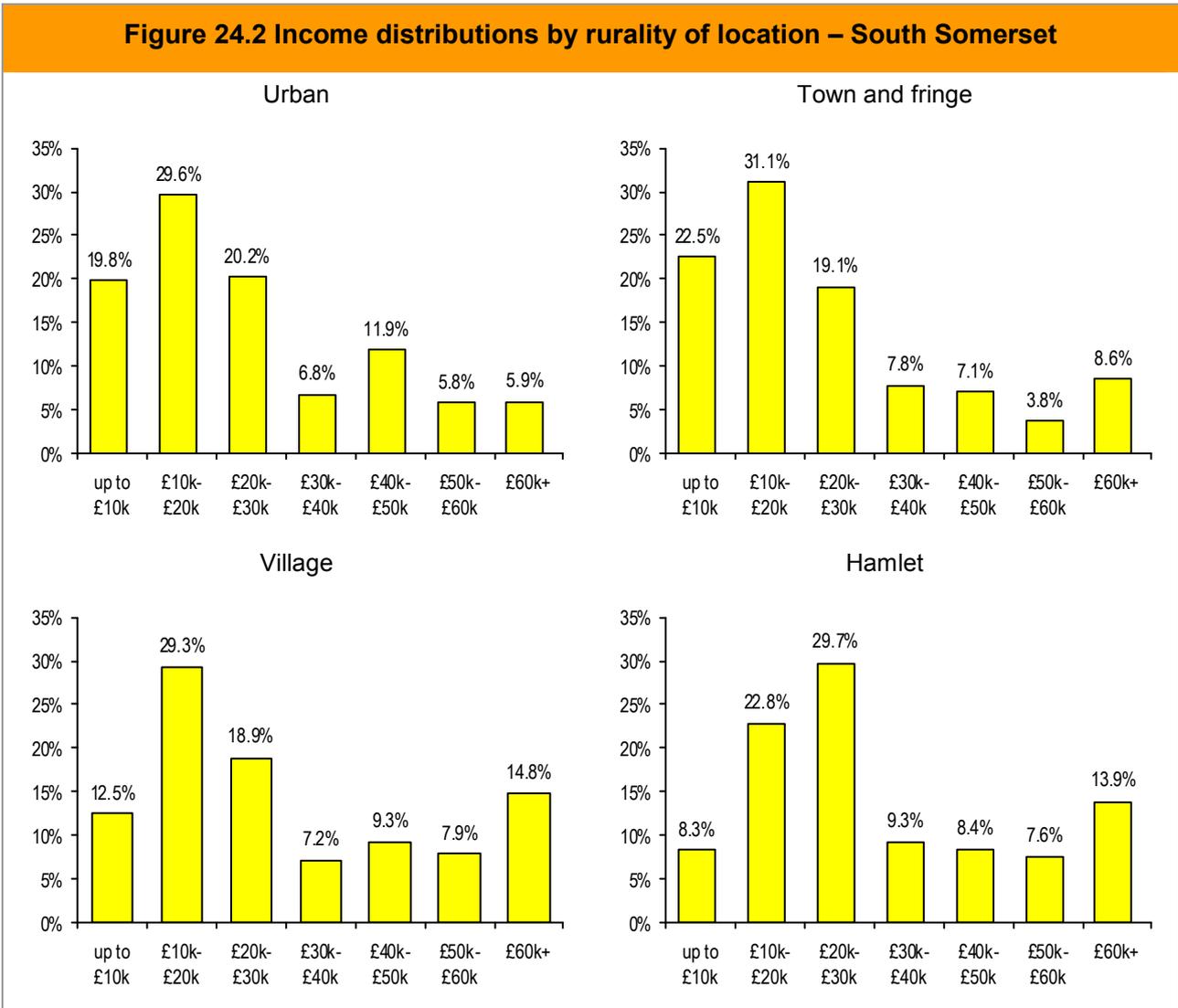
- i) Household income
- ii) Financial capacity: income+savings+equity

24.12 The following diagrams show, for South Somerset and Taunton HMAs, the proportions of households in various income ranges, according to types of rural environment.

**Figure 24.1 Income distributions by rurality of location – Taunton HMA**



Source: Taunton and South Somerset SHMA (2008)



Source: Taunton and South Somerset SHMA (2008)

24.13 It can readily be seen that the proportion of incomes over £60k rises sharply with increased rurality. That is, of course, distinct from the parallel trend for households with high financial capacity to retire to the more rural locations. About three times as many households in 'hamlets' earn over £60k.

24.14 The following tables show the results for the three types of rural situation, and compare it with the urban. It can be seen that rural areas show much higher financial capacity as well as income.

**Table 24.8 Income and savings levels of urban/rural households – South Somerset**

	Classification			
	Urban	Town and fringe	Village	Hamlet
Annual gross household income	£25,125	£25,437	£32,316	£34,788
Average household capital	£123,620	£165,716	£260,600	£317,402
Financial capacity	£198,995	£242,028	£357,548	£421,765

Source: Taunton and South Somerset SHMA (2008)

**Table 24.9 Income and savings levels of urban/rural households – Taunton HMA**

	Classification			
	Urban	Town and fringe	Village	Hamlet
Annual gross household income	£24,010	£27,476	£33,692	£39,416
Average household capital	£130,657	£182,485	£265,528	£338,255
Financial capacity	£202,686	£264,914	£366,604	£456,504

Source: Taunton and South Somerset SHMA (2008)

### The ability to afford market housing

- 24.15 Below are the results of testing what proportion of households can afford market housing of an appropriate size (to rent or buy). This calculation is done for all households, regardless of movement intentions, so it is somewhat artificial. However it provides a benchmark in terms of overall ability to afford the market.
- 24.16 Both tables indicate that households in the 'Urban' and 'Town and village' areas would be least likely to afford market housing if they were to move home now. Households in the 'hamlet' area are most likely to be able to afford market housing. That is quite consistent with their higher financial capacity.

**Table 24.10 Urban/rural households ability to afford market housing – South Somerset**

Ability to afford	Classification			
	Urban	Town and fringe	Village	Hamlet
Can afford market housing	75.4%	75.3%	84.3%	85.5%
Cannot afford market housing	24.6%	24.7%	15.7%	14.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.11 Urban/rural households ability top afford market housing – Taunton HMA**

Ability to afford	Classification			
	Urban	Town and fringe	Village	Hamlet
Can afford market housing	70.7%	80.7%	82.7%	88.9%
Cannot afford market housing	29.3%	19.3%	17.3%	11.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

24.17 It is of course not surprising that fewer lower income households are found in very rural areas, since the housing stock does not include much affordable housing. Hence if a household in a rural area falls into housing need, it is likely that the household will have to move to an urban area to find vacant affordable housing. In that sense it is not to be expected that great numbers of households in housing need will be found in rural areas. This relates to the overall stock, which is discussed below.

### Nature of the housing stock in rural areas

24.18 Although it is obvious that the stock of housing in rural areas is strongly tilted towards market housing, it is worth considering the size and type of housing available, in order to consider what types of housing (especially affordable housing) might best improve the situation. This is for the policy process following the SHMA.

24.19 The results are shown in the following series of tables (the first two for Taunton HMA and then two corresponding tables for South Somerset). The first table in each case looks at the profile for all tenures – this is followed by a table concentrating on owner-occupiers who have paid off their mortgage.

**Table 24.12 Dwelling type by type of location – all households (Taunton HMA)**

Location	Dwelling type			
	Detached	Semi-detached	Terraced	Flat/maisonette
Urban	13,776	21,100	19,217	12,136
	20.8%	31.9%	29.0%	18.3%
Town and fringe	5,521	5,596	3,737	1,298
	34.2%	34.6%	23.1%	8.0%
Village	11,538	6,418	3,213	663
	52.8%	29.4%	14.7%	3.0%
Hamlet	7,023	2,138	351	373
	71.0%	21.6%	3.6%	3.8%
Total	37,858	35,253	26,519	14,470
	33.2%	30.9%	23.2%	12.7%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.13 Dwelling type by type of location – owner-occupied (no mortgage)  
(Taunton HMA)**

Location	Dwelling type			
	Detached	Semi-detached	Terraced	Flat/maisonette
Urban	7,610	6,836	5,244	1,922
	35.2%	31.6%	24.3%	8.9%
Town and fringe	2,869	2,081	1,230	231
	44.7%	32.5%	19.2%	3.6%
Village	6,335	1,957	988	248
	66.5%	20.5%	10.4%	2.6%
Hamlet	3,554	688	90	81
	80.5%	15.6%	2.0%	1.8%
Total	20,367	11,563	7,553	2,482
	48.5%	27.6%	18.0%	5.9%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.14 Dwelling type by type of location – all households (South Somerset)**

Location	Dwelling type			
	Detached	Semi-detached	Terraced	Flat/maisonette
Urban	6,388	8,327	6,771	3,928
	25.1%	32.8%	26.6%	15.5%
Town and fringe	5,750	6,231	5,970	2,524
	28.1%	30.4%	29.2%	12.3%
Village	8,260	5,868	3,766	562
	44.8%	31.8%	20.4%	3.0%
Hamlet	4,061	1,936	395	61
	62.9%	30.0%	6.1%	0.9%
Total	24,460	22,363	16,902	7,075
	34.5%	31.6%	23.9%	10.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.15 Dwelling type by type of location – owner-occupied (no mortgage) (South Somerset)**

Location	Dwelling type			
	Detached	Semi-detached	Terraced	Flat/maisonette
Urban	2,607	2,893	1,959	275
	33.7%	37.4%	25.3%	3.6%
Town and fringe	3,291	1,936	1,594	391
	45.6%	26.8%	22.1%	5.4%
Village	4,811	1,763	1,260	94
	60.7%	22.2%	15.9%	1.2%
Hamlet	2,150	562	57	41
	76.5%	20.0%	2.0%	1.5%
Total	12,860	7,154	4,871	801
	50.1%	27.9%	19.0%	3.1%

Source: Taunton and South Somerset SHMA (2008)

24.20 If those in the extreme case commented upon by the Taylor Review (retired households in rural areas) are compared with the average, it can be seen that the proportion of detached homes rises from 71% to 81% in the Taunton HMA and 63% to 77% in South Somerset. But the pattern is fairly similar: there are few flats outside ‘urban’, not much terraced housing outside ‘urban’ and ‘town/fringe’ and the main difference is that there is less detached housing as the situation moves from deep rural towards urban.

## Household mobility

24.21 The tables below look at planned moves of low income households in different locations over the next two years.

**Table 24.16 Moving intentions of low income households (Taunton HMA)**

Movers	Location			
	Urban	Town and fringe	Village	Hamlet
Expect to move within 2 years	7,299	1,090	1,497	619
Total households	36,513	7,315	9,139	3,219
% expecting to move	20.0%	14.9%	16.4%	19.2%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.17 Moving intentions of low income households (South Somerset)**

Movers	Location			
	Urban	Town and fringe	Village	Hamlet
Expect to move within 2 years	2,750	1,793	1,006	403
Total households	12,555	10,971	7,705	2,008
% expecting to move	21.9%	16.3%	13.1%	20.1%

Source: Taunton and South Somerset SHMA (2008)

24.22 As can be seen, the 'Town and fringe' and 'Village' mobility levels are noticeably lower than the 'Urban' and 'Hamlet' ones, which are similarly higher. This is consistent with the much higher proportion of retired households found in the towns and villages (where services are better than in the more rural areas).

### The position of low income households in rural areas

24.23 This section focuses upon households with lower financial capacity who are not pensioners. The position of older people in rural areas, as regards access to services, is considered in the next chapter. But in terms of the 'life' of the rural area, the ability of working households on lower incomes to continue to live in rural areas is a critical issue. Hence it is the focus of this analysis. 'Low income' is taken to mean household incomes below £20k per annum.

24.24 If the distribution of low income households is examined, it can be seen that the proportion is generally fewer as one moves from urban through the three degrees of rurality (although town and fringe has the highest proportion in South Somerset). In the Taunton HMA the figure moves from 55% in 'urban' down to 33% in hamlets, whilst in South Somerset it goes from 49% to 31%. This is, of course, due to a process of exclusion of lower income households from rural areas by virtue of the loss of affordable stock to Right to Buy and by being priced out of the market stock.

**Table 24.18 Income below £20,000 by location (Taunton)**

Location	Income level			
	Less than £20,000	All households	Row %	Column %
Urban	36,513	66,230	55.1%	65.0%
Town and fringe	7,315	16,153	45.3%	13.0%
Village	9,139	21,832	41.9%	16.3%
Hamlet	3,219	9,885	32.6%	5.7%
Total	56,186	114,100	49.2%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.19 Income below £20,000 by location (South Somerset)**

Location	Income level			
	Less than £20,000	All households	Row %	Column %
Urban	12,555	25,415	49.4%	37.8%
Town and fringe	10,971	20,476	53.6%	33.0%
Village	7,705	18,456	41.7%	23.2%
Hamlet	2,008	6,453	31.1%	6.0%
<b>Total</b>	<b>33,239</b>	<b>70,800</b>	<b>46.9%</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA (2008)

24.25 The tenure of low income households is shown below, firstly for the Taunton HMA and then South Somerset.

**Table 24.20 Tenure of low income households (Taunton HMA)**

Tenure	Location			
	Urban	Town and fringe	Village	Hamlet
Owner-occupied (no mortgage)	38.5%	49.6%	50.3%	54.4%
Owner-occupied (with mortgage)	17.5%	15.3%	15.0%	15.9%
Social rented	28.9%	25.8%	19.8%	3.9%
Private rented	15.0%	9.2%	15.0%	25.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Total households	36,513	7,315	9,139	3,219
% in tied/other accommodation	2.4%	1.1%	3.4%	8.8%

Source: Taunton and South Somerset SHMA (2008)

**Table 24.21 Tenure of low income households (South Somerset)**

Tenure	Location			
	Urban	Town and fringe	Village	Hamlet
Owner-occupied (no mortgage)	39.4%	40.6%	49.2%	58.3%
Owner-occupied (with mortgage)	17.8%	20.6%	18.8%	7.9%
Social rented	32.5%	30.3%	19.3%	10.5%
Private rented	10.3%	8.5%	12.7%	23.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Total households	12,555	10,971	7,705	2,008
% in tied/other accommodation	1.2%	1.8%	3.8%	12.3%

Source: Taunton and South Somerset SHMA (2008)

24.26 In the Taunton HMA there are about 55% owner-occupiers in the urban group, and about 65% in all the rural categories except 'hamlet' where it rises to 70%. Social renting is similar for urban and town and fringe but drops for village and almost vanishes for hamlets. Private renting is by far the lowest in town/fringe, but rises to over a quarter in the 'hamlet' category, driven by tied rented housing.

24.27 In South Somerset there are about 57% owner-occupiers in the urban group, rising to 68% in villages and 66% in hamlets. The profile of owner-occupiers in hamlets is particularly interesting with the data suggesting that there are very few low income owners with a mortgage. Social renting is similar for urban and town/fringe but drops for village and drops further for hamlets. Private renting is by far the lowest in town/fringe, but rises to around a quarter in the 'hamlet' category, driven (as in the Taunton HMA) by tied rented housing.

24.28 The following table shows that the proportion of pensioners is much higher in all rural categories, but especially the town and fringe areas, which are smaller market towns where the services are still good enough to support pensioners who may not have cars.

<b>Table 24.22 Household type of low income households (Taunton HMA)</b>				
Household type	Location			
	Urban	Town and fringe	Village	Hamlet
Total households	36,513	7,315	9,139	3,219
% pensioner only	41.7%	57.3%	51.4%	46.6%
% with children	17.9%	12.3%	11.0%	18.0%

Source: Taunton and South Somerset SHMA (2008)

<b>Table 24.23 Household type of low income households (South Somerset)</b>				
Household type	Location			
	Urban	Town and fringe	Village	Hamlet
Total households	12,555	10,971	7,705	2,008
% pensioner only	41.1%	53.2%	50.8%	41.7%
% with children	15.8%	14.7%	9.4%	14.3%

Source: Taunton and South Somerset SHMA (2008)

24.29 Correspondingly, the proportion of households with children is much lower in the village category than in the most 'rural' and the most 'urban' areas (with a relatively high figure also shown in the 'town and fringe' areas of South Somerset). Lone parents, requiring more support, are hardly found in 'hamlets' and are mainly in 'urban' areas.

## Housing need/unsuitable housing

24.30 It is not possible to carry out a full scale estimate of housing need for small areas within districts, or for bespoke areas like 'hamlets' due to the lack of supply information for affordable housing. However, the presence of 'unsuitable' housing provides a useful proxy: it shows things like overcrowding and poor repair.

24.31 In the case of low income households, the following is the pattern for both the Taunton HMA and South Somerset.

**Table 24.24 Low income households in unsuitable housing (Taunton HMA)**

Location	Income level			
	In unsuitable housing	All households	Row %	Column %
Urban	3,040	21,284	14.3%	69.1%
Town and fringe	331	3,120	10.6%	7.5%
Village	687	4,437	15.5%	15.6%
Hamlet	340	1,718	19.8%	7.7%
<b>Total</b>	<b>4,398</b>	<b>30,558</b>	<b>14.4%</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA (2008)

**Table 24.25 Low income households in unsuitable housing (South Somerset)**

Location	Income level			
	In unsuitable housing	All households	Row %	Column %
Urban	1,144	12,555	9.1%	52.3%
Town and fringe	749	10,971	6.8%	34.3%
Village	273	7,705	3.5%	12.5%
Hamlet	19	2,008	1.0%	0.9%
<b>Total</b>	<b>2,185</b>	<b>33,239</b>	<b>6.6%</b>	<b>100.0%</b>

Source: Taunton and South Somerset SHMA (2008)

24.32 In the Taunton HMA the proportion of lower income households suffering from unsuitable housing is clearly higher in the most rural areas (hamlets). It is shown as lowest in town/fringe, and about the same in urban and village locations. This goes some way towards bearing out the fear expressed in the literature about levels of housing need the more remote rural areas.

24.33 However, the position in South Somerset is somewhat different with the proportion of low income households in unsuitable housing declining fairly uniformly from urban through to hamlet. There were very few households in hamlets found to be living in unsuitable housing.

## Summary

- i) Looking across the three rural and one urban categories, owner-occupation becomes more important with the degree of rurality: from about 70% in urban areas to over 80% in hamlets. Social renting goes from about 18% in urban areas to a few percent in hamlets.
- ii) Private renting shows the oddest pattern: around 9% in urban and the first two rural categories but rising to 14% in 'hamlets' due to tied agricultural accommodation. Households with support needs fall sharply as rurality increases (due to lack of appropriate stock).
- iii) Income and financial capacity rises sharply on the scale from urban to most rural. Household incomes (average) from about £25k to £35k in both HMAs and financial capacity from £200k to £400k+. Although low income households exist in all four categories, the proportions reduce as rurality increases. The proportion who can afford market housing (regardless of intention to move) increases from about three quarters in urban areas to 85-90% in the most rural.
- iv) The proportion of low income households (below £20k of annual household income) falls sharply from urban to rural. Among low income households just under half are pensioners (much higher in town/fringe, where the services are better than in the more remote rural areas). The other half of the low income households are the most vulnerable and the most important: the low income rural workers.
- v) The reason for this fall in low income households in the range from urban to hamlet can be seen from the stock. The proportion of detached homes rises from about 20%-25% to 65%-70% over that range when considering all households. It goes from 35% to 80% when looking at the predominantly retired 'no mortgage' sector. There are hardly any flats or terraced housing in the most rural category - the types of home that can be cheapest.
- vi) In Taunton, the proportion of low income households in unsuitable housing (typically overcrowded or needing repair) rises quite sharply in the categories from urban to hamlet: from about 15% to 20%. It is clear that poorer rural households suffer considerably worse housing conditions than urban ones in this HMA. The opposite situation was found in South Somerset.



## 25. The context for rural housing

### Introduction

25.1 It is of course not just housing that affects quality of life in rural areas, but work, access to it, and access to wider services including shopping. Questions on these aspects were asked, and the results are provided here.

### Employment

25.2 Local employment is of course almost as important an issue as affordable housing in rural areas: there tends not to be enough of it across a range of activities. The main local employer in many rural areas is the local council, so short is the area of a wide range of employment possibilities.

25.3 One of the characteristics identified in the Taylor Review (Chapter 22) is the prevalence of home working in rural areas:

Table 4.2: Home-Based Working, by Rural Definition 2001	
Rural Definition	% works mainly at or from home
Hamlet & Isolated Dwelling – Sparse	31
Hamlet & Isolated Dwelling – Less Sparse	20
Village – Sparse	20
Village – Less Sparse	15
Town & Fringe – Sparse	12
Town & Fringe – Less Sparse	10
Urban – Sparse	10
Urban – Less Sparse	8

Source: 2001 Census, Office for National Statistics

25.4 The figures show a striking increase in home based working in more rural contexts. The national findings are mirrored in the present survey. The tables below look at travel to work (TTW) patterns in the two HMAs.

**Table 25.1 Travel to work patterns (Taunton HMA)**

Travel to work	Location			
	Urban	Town and fringe	Village	Hamlet
Number working from home	1,927	947	1,815	1,433
Total working (household head)	34,999	8,243	11,628	5,658
% working from home	5.5%	11.5%	15.6%	25.3%
Median distance travelled (miles)	3.0	6.6	7.8	7.9
% travelling over 15 miles	17.7%	21.1%	26.7%	29.5%

Source: Taunton and South Somerset SHMA (2008)

**Table 25.2 Travel to work patterns (South Somerset)**

Travel to work	Location			
	Urban	Town and fringe	Village	Hamlet
Number working from home	303	981	1,468	818
Total working (household head)	15,484	9,994	9,607	3,960
% working from home	2.0%	9.8%	15.3%	20.6%
Median distance travelled (miles)	2.7	8.0	8.0	7.8
% travelling over 15 miles	15.4%	20.9%	26.6%	30.5%

Source: Taunton and South Somerset SHMA (2008)

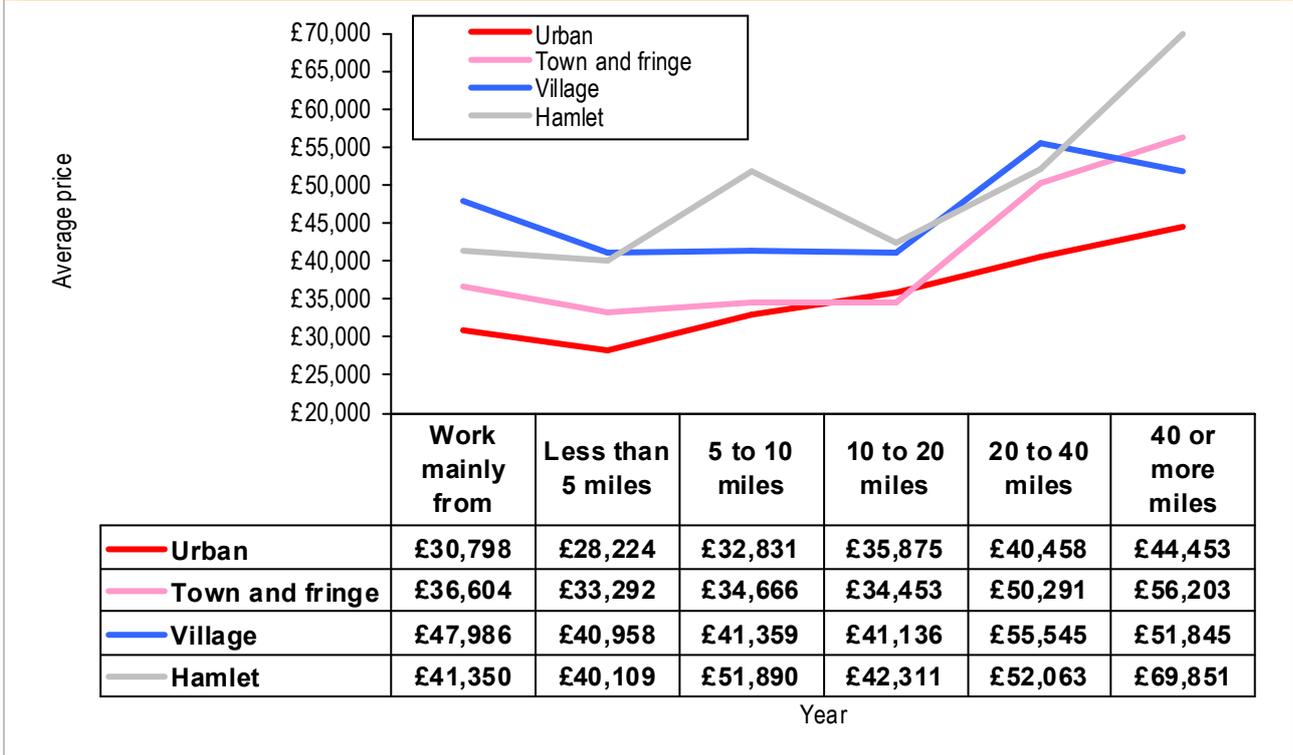
25.5 As can be seen, the situation in the two HMAs tends to show the same sort of differences between different locations: running from 6% of home workers in urban areas to 25% in hamlets (in the Taunton HMA) and from 2% to 21% in South Somerset (8% to 31% in the Taylor Review).

25.6 It is therefore quite clear that the transport difficulties inherent in a more rural location have, in the modern internet era, meant that around a quarter of highly rural households work mainly from home.

## Travel to work

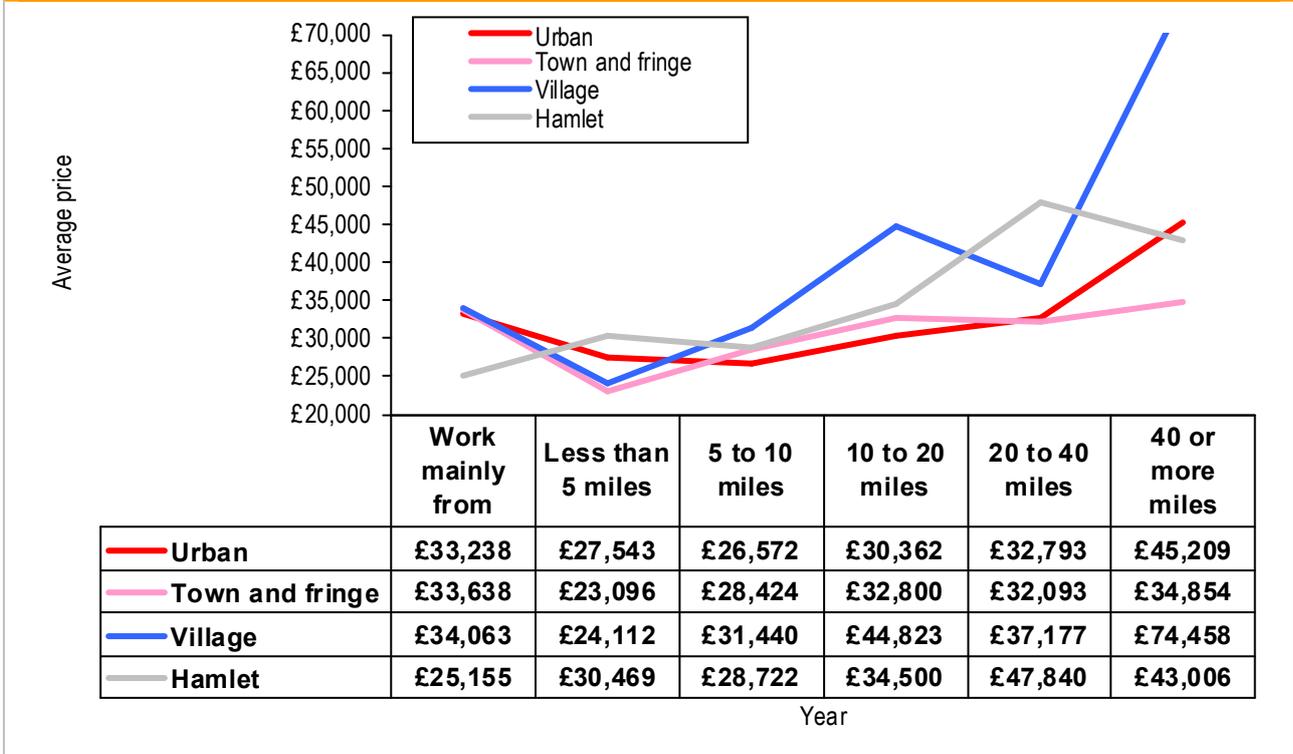
25.7 It is logical next to consider the journeys to work for those rural dwellers who do not or cannot work from home. This is done together with income, as that allows a more realistic context to be portrayed:

**Figure 25.1 Income levels by distance travelled to work (Taunton HMA)**



Source: Taunton and South Somerset SHMA (2008)

**Figure 25.2 Income levels by distance travelled to work (South Somerset)**



Source: Taunton and South Somerset SHMA (2008)

25.8 There are two striking features of these graphs and tables:

- i) In terms of those working from home, on the left hand axis of the graph above, it is clear that in the Taunton HMA home workers in villages and hamlets are much more highly paid– in South Somerset households in hamlets ‘working from home’ have relatively low pay.
- ii) Income rises with distance of travel to work. This is a general pattern found across the country: the lowest income households travel the least distance to work. This is the combined result of inability to afford a long journey to work, together with the generally low paid local jobs found in all parts of the country for the least well qualified.

25.9 Only when the commuting distance rises above 10-20 miles, does the income of a household show a systematically higher figure than for those working from home. This is no doubt partly reflective of the types of job involved, of the inherent costs of long distance commuting, whether by train or car and of the fact that some of the higher paid jobs not only require attendance to some organisational location that cannot be a home.

### **Access to a car**

25.10 A further question asked in the primary data survey was car ownership/ availability. Although not directly linked to housing, car ownership evidently influences the ability of households to access services. The tables below present this information for the two HMAs.

25.11 The first table shows that whilst over a fifth (21.2%) of households in the urban part of South Somerset have no access to a car or van, this compares with only 4.1% of households within the ‘hamlet’ area. The average car ownership in South Somerset varies from 1.13 amongst urban households to 1.66 for households in the ‘hamlet’ areas.

25.12 The second table indicates that whilst some 23.7% of households in the urban part of the Taunton HMA have no access to a car or van, this compares with only 6.9% of households within the ‘hamlet’ areas. The average car ownership in the Taunton HMA varies from 1.07 amongst urban households to 1.70 for households in the ‘hamlet’ areas.

**Table 25.3 Urban/rural households and car ownership – South Somerset**

Number of cars/vans available for use	Classification			
	Urban	Town and fringe	Village	Hamlet
0	21.2%	17.9%	9.8%	4.1%
1	50.7%	46.6%	41.3%	43.2%
2	22.2%	28.2%	38.5%	35.0%
3+	5.9%	7.3%	10.4%	17.7%
Total	100.0%	100.0%	100.0%	100.0%
Average number of cars/vans	1.13	1.25	1.49	1.66

Source: Taunton and South Somerset SHMA (2008)

**Table 25.4 Urban/rural households and car ownership – Taunton HMA**

Number of cars/vans available for use	Classification			
	Urban	Town and fringe	Village	Hamlet
0	23.7%	18.4%	9.0%	6.9%
1	50.1%	43.0%	40.4%	34.6%
2	21.2%	31.8%	39.0%	39.7%
3+	4.9%	6.8%	11.6%	18.8%
Total	100.0%	100.0%	100.0%	100.0%
Average number of cars/vans	1.07	1.27	1.53	1.70

Source: Taunton and South Somerset SHMA (2008)

25.13 It can be seen that car ownership is much higher in rural areas, and higher than in proportion to income. A car is so essential to life, given the modern poor levels of bus and other public transport access, that it is very hard to live in a rural area without a car. This is brought out by the very low levels (1%) of known-car ownership in South Somerset, which is the more rural of the two HMAs. The higher figure for Taunton Deane probably conceals the fact that some households classified as rural are able still to walk to some shops, and therefore if retired can still manage without a car.

### Access to services

25.14 The data collected by the primary survey included a set of questions on access to services, and any difficulties found. These included:

- Grocery shops, post offices, bank/building societies, leisure facilities, hospitals, schools/educational facilities and access to a doctor.

25.15 In some cases (notably access to doctors and schools/education facilities) there was little marked difference between the areas. This is quite a typical finding of rural analyses across England: the main difficulties normally arise with grocery shopping and health services. As a result the present summary will focus on these.

### Access to grocery shopping

25.16 The first table indicates that whilst 92.8% of households in the urban area in South Somerset found it easy to access grocery stores, less than three quarters of households within the 'village' areas found it easy. In the Taunton HMA, the distinction is even more polarised with less than two-thirds of households in the 'hamlet' area able to access grocery stores easily. This compared to 92.3% of those resident in an urban area.

**Table 25.5 Accessibility of grocery shops for urban/rural households – South Somerset**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	92.8%	89.7%	73.3%	79.7%
Quite difficult	5.3%	7.1%	21.3%	16.9%
Very difficult	1.9%	3.1%	5.4%	3.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 25.6 Accessibility of grocery shops for urban/rural households – Taunton HMA**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	92.3%	87.7%	73.4%	64.7%
Quite difficult	5.7%	9.6%	23.0%	28.4%
Very difficult	2.0%	2.8%	3.6%	6.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

### Access to post offices

25.17 The closure of rural post offices has been a topic in the national news for some time, and so it is worth considering the situation in the two HMAs of concern here.

25.18 As the two tables below indicate, in both HMAs residents within 'town and fringe' areas are most likely to state that access to a post office is easy. Those in villages and hamlets have more difficulty.

<b>Table 25.7 Accessibility of a post office for urban/rural households – South Somerset</b>				
Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	83.5%	90.5%	76.8%	82.6%
Quite difficult	13.8%	5.9%	18.3%	14.4%
Very difficult	2.8%	3.5%	4.9%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

<b>Table 25.8 Accessibility of a post office for urban/rural households – Taunton HMA</b>				
Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	83.6%	87.5%	77.6%	69.0%
Quite difficult	12.8%	8.9%	17.9%	24.6%
Very difficult	3.6%	3.6%	4.5%	6.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

### Access to bank/building societies

25.19 The tables below show the ease with which households are able to access a bank or building society in the two HMAs. Rural households in all areas are less likely to be able to easily access a bank or building society than those in urban areas; the situation is parallel in the two HMAs. The exception being those households found in hamlets in Taunton, where the situation is perceived as much worse.

**Table 25.9 Accessibility of a bank/building society for urban/rural households – South Somerset**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	81.6%	73.6%	58.1%	68.5%
Quite difficult	15.4%	19.8%	33.2%	25.5%
Very difficult	3.0%	6.6%	8.6%	6.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 25.10 Accessibility of a bank/building society for urban/rural households – Taunton HMA**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	79.6%	61.8%	54.8%	48.2%
Quite difficult	16.9%	31.6%	36.9%	39.2%
Very difficult	3.5%	6.7%	8.3%	12.6%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

## Access to leisure facilities

25.20 The tables below show the ease at which households are able to access leisure facilities in the two HMAs. Again a similar pattern is shown with households in the urban part of South Somerset most likely to find access easy and households within the 'village' part of the HMA least likely to find access easy. Within the Taunton HMA, households in the urban part find access easiest, whilst households within the 'hamlet' part are least likely to find access easy.

**Table 25.11 Accessibility of leisure facilities for urban/rural households – South Somerset**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	77.3%	66.8%	51.6%	59.5%
Quite difficult	17.5%	25.8%	36.8%	31.7%
Very difficult	5.2%	7.5%	11.6%	8.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 25.12 Accessibility of leisure facilities for urban/rural households – Taunton HMA**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	75.8%	55.0%	53.0%	48.2%
Quite difficult	16.5%	31.9%	35.5%	35.1%
Very difficult	7.8%	13.1%	11.5%	16.7%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

## Access to hospitals

25.21 The tables below show that the accessibility of a hospital is markedly worse for all households resident outside of the urban areas in both HMAs.

**Table 25.13 Accessibility of a hospital for urban/rural households – South Somerset**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	75.0%	52.3%	50.3%	54.3%
Quite difficult	20.8%	36.2%	38.9%	36.2%
Very difficult	4.2%	11.5%	10.8%	9.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

**Table 25.14 Accessibility of a hospital for urban/rural households – Taunton HMA**

Accessibility	Classification			
	Urban	Town and fringe	Village	Hamlet
Easy	72.1%	43.2%	49.0%	42.1%
Quite difficult	20.5%	44.6%	37.9%	42.1%
Very difficult	7.4%	12.2%	13.1%	15.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: Taunton and South Somerset SHMA (2008)

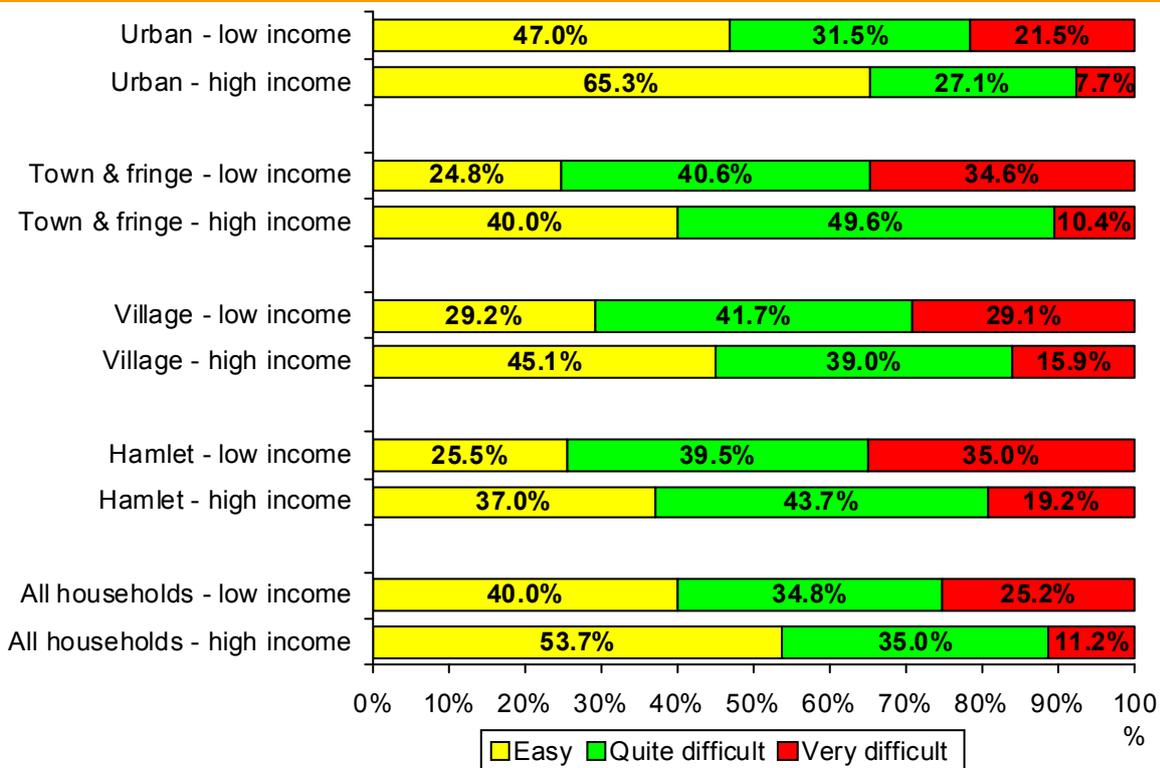
**Overall findings on accessibility**

25.22 The findings here are not surprising, but they do bear out a general difficulty on the part of a significant stratum of the rural population in accessing a number of facilities and services. When compared with the proportion of car owners, it is often much higher. This indicates a combination of factors: for example if there is a car owned by the household but not accessible to the family in working hours.

25.23 The figures below study households' difficulty with access to services by lower (less than £20,000) and higher (£20,000 and over) incomes. This is a composite measure of all the various services described above – if a household has stated 'very difficult' for any of the services then this is taken as their position, likewise if 'very difficult' has not been indicated but 'quite difficult' has then this is taken as the ease of access.

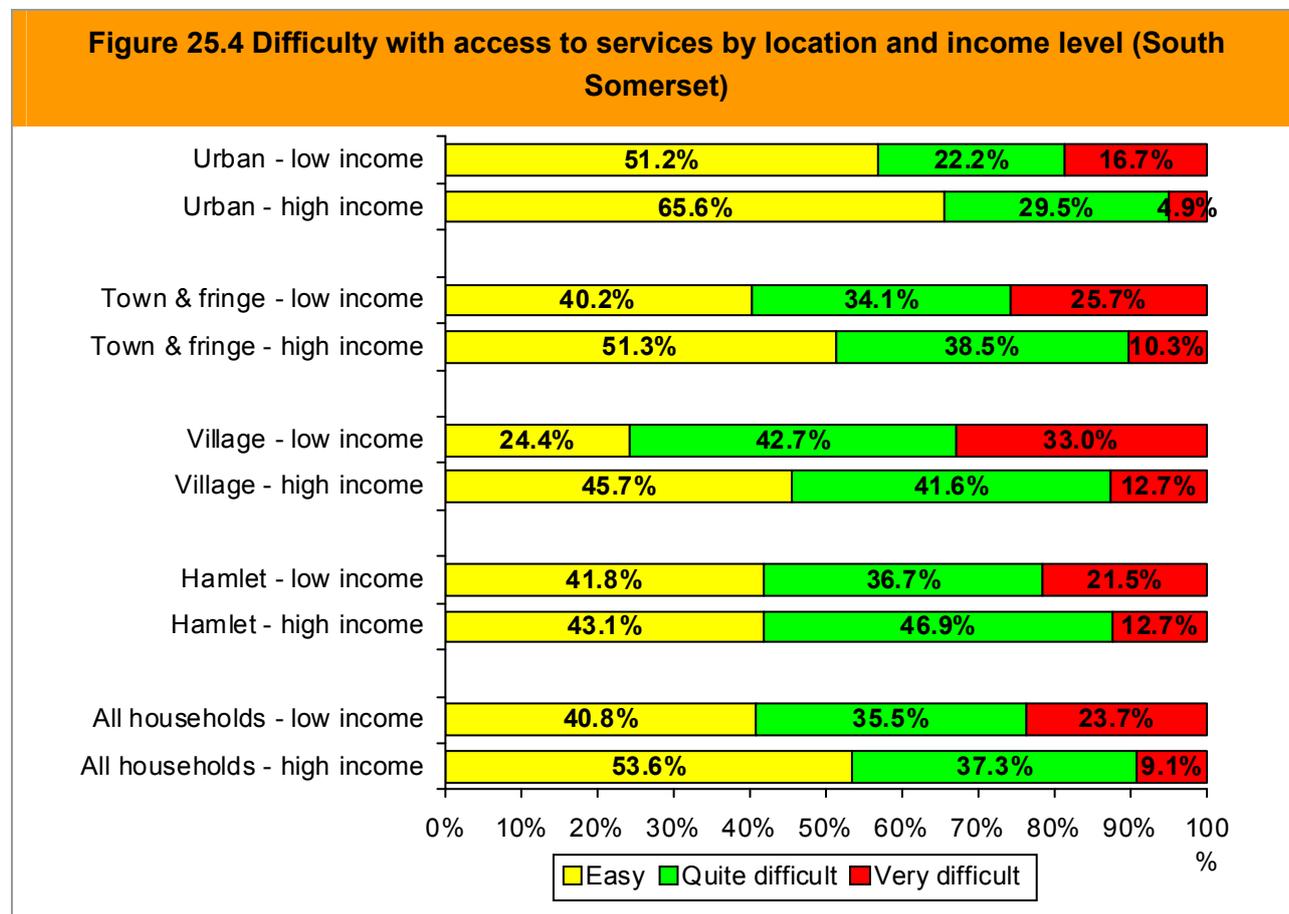
25.24 The figure below (for Taunton HMA) clearly shows that low income households are far more likely to state a difficulty in accessing services than higher income households in all locations. It is also notable that in all of the three rural areas, low income households are very likely to have stated 'very difficult' in reply to access to at least one of the services (around a third of households in each case).

**Figure 25.3 Difficulty with access to services by location and income level (Taunton HMA)**



Source: Taunton and South Somerset SHMA (2008)

25.25 The figure below (for South Somerset) again clearly shows that low income households are far more likely to state a difficulty in accessing services than higher income households in all locations. It is also again notable that in all of the three rural areas, low income households are particularly likely to have stated 'very difficult' regarding access to at least one of the services.



Source: Taunton and South Somerset SHMA (2008)

25.26 The survey findings are matters of fact, and so do not lead directly to policy. They are part of the evidence base for policy makers.

### Rural displacement: stakeholder comments

25.27 A commonly expressed concern is that newly forming households who have family ties and grew up in rural areas can no longer afford to live there and therefore now have to commute in when necessary or move completely to another, usually urban area.

25.28 Rural displacement is causing the parish councils a great deal of concern. Price increases in rural areas are higher than in urban areas thus local people are being priced out which is causing a social change in the County. The focus tends to be on large developments which are rather more urban in character than rural. Development of rural areas needs to be a high priority for the councils with the needs of local residents given greater priority than potential in-migrant households.

25.29 There was comment that the limited transport infrastructure means that businesses are reluctant to relocate to the area so it is hard to attract and increase the number of residents that work locally. It was suggested that an increase in the number of people working from home might remedy this for some households, but to be viable, larger properties would have to be built than existing household size requirements might suggest.

## Summary

- i) In the Taylor Review it is noted that working from home rises from 8% in the more urban locations to 31% in the most rural. In the two Somerset HMAs studied here a similar pattern is shown, with the same sort of trend: 2%-6% work from home in urban areas and 21%-25% in hamlets (depending on the HMA).
- ii) Distance travelled to work is strongly correlated with income; incomes rise the further a household travels to work. Workers from home show relatively high incomes in the more rural areas of the Taunton HMA but relatively low incomes (in the case of Hamlets) in South Somerset. Clearly the long distance rural commuters are likely to be going to jobs only available in bigger urban areas. Part of the higher pay would compensate for their higher commuting costs.
- iii) Understandably, even poor rural households try to own a car. A fifth of urban dwellers have no car compared to only 4-7% of rural dwellers.
- iv) Access to services was examined by degree of rurality and by average of low income groups. This tended to show that low income households had greater difficulty in accessing services, as did those in more rural locations.

## SECTION I: POLICY IMPLICATIONS

The following chapters deal with the summary findings of the SHMA, and also the issues of updating the results and showing that they conform to Guidance. The Guidance is quite clear that policies themselves must be the results of stakeholder discussion, but the SHMA can reasonably suggest what policy implication may follow from the results.

This section is not intended to make policy as this will be the role of the Housing Market Partnership (along with discussions with stakeholder) but to discuss areas where there is an apparent need for a policy response, and where appropriate indicate the range of policy responses that may be considered.

In addition, this section does not consider what policies are already in place in individual local authorities. It is most probable that policies already exist in reaction to the key themes highlighted and the findings of this document may therefore merely help to support or enhance such policies.

Finally, it is important to note that policy suggestions only apply to the four planning authorities of Sedgemoor, South Somerset, Taunton Deane and West Somerset and not to the Exmoor National Park Authority (which covers part of West Somerset). That said, it needs to be acknowledged that West Somerset Council is the Local Housing Authority for the whole of the District.



## 26. Synopsis of findings

### Introduction

26.1 This chapter of the report sets out a broad overview of the findings of the SHMA. These are designed to pick up on some of the points coming out of the research such that some broad policy suggestions can be made (in the chapters which follow). The headings used are broadly in line with the suggested outputs in the CLG SHMA Guidance of 2007.

### Key theme 1: The Housing Market Area

26.2 Key findings:

- Evidence suggests varying degrees of self-containment within both the Taunton and South Somerset HMAs in terms of both population/household moves and travel to work
- There are strong links between the three local authorities making up the Taunton HMA and taken together, a high level of self-containment. In South Somerset self-containment was lower although links with adjoining areas were less clear-cut.
- The 'typical' level of 70% self-containment within an HMA suggested by CLG is generally met in Taunton but not South Somerset. However, when looking at the relatively weak links South Somerset has with neighbouring authorities it is considered to be a suitable basis for an SHMA despite not fulfilling this criteria
- There was some evidence of housing sub-markets operating in the study area (centred around the main towns) although the evidence was not strong enough to suggest that these areas in themselves could be considered as discreet housing market areas.

### Policy issues

26.3 Government Guidance urges that a Strategic Housing Market Assessment (SHMA) should be carried out for functioning housing market areas. A HMA is broadly defined as an area within which the majority of people choose to live and work. In the case of Taunton and South Somerset HMAs some of the statistics uncovered (from both 2001 Census and survey data) show differing levels of self-containment, although it is clear that a notable proportion of the population both live/work and choose to move within the area. There appears to be a reasonable basis for treating the two areas as Housing Market Areas.

## Key theme 2: Demographics

### 26.4 Key findings:

- There is an expected population increase of 47,400 over next 20 years in the Taunton HMA and 23,600 in South Somerset
- There is an expected household increase of 33,000 over next 20 years in the Taunton HMA and 19,000 in South Somerset
- There is a significant ageing population (particularly in the oldest age groups)
- There is a notable decrease in household sizes

### Policy issues

26.5 The projected demographic change in both HMAs over the next 20 years is likely to provoke considerable thought about the provision of additional dwellings. The household growth would suggest a requirement for around 1,650 additional homes to be provided per annum in the Taunton HMA (950 in South Somerset) whilst the falling household size may well indicate that an increased proportion of this will be for smaller units. The ageing population brings with it some additional problems as the increase in older person households may well require some form of specialist housing to be provided (or possibly an increase in the number of lifetime homes). This segment of the population is typically more likely to have health and/or mobility issues which may well impact on the types of housing choices they are able to make.

## Key theme 3: The economy

### 26.6 Key findings:

- Large employment and business increases over the past ten years
- Employee jobs across the two HMAs are mainly in public administration and distribution (although not atypically high)
- HMA residents are generally in lower occupational groups, hence their relatively low incomes (particularly in South Somerset)
- Qualifications are lower level generally
- Unemployment is historically low

## Policy issues

26.7 Data shows that employment growth across the two HMAs has been significant and that there have been increasing incomes and decreasing levels of unemployment. The message for the economy therefore continues to be positive. However there appears to be some disparity in terms of the incomes of those living in the area and those working in the area. This is particularly marked in Sedgemoor which has strong commuter links with Bristol. The implications of this are that many people commute to higher paid jobs outside the HMA area, whilst at the same time a number of people working in the HMA will not be able to afford to reside there. In South Somerset, workplace and residence based incomes were broadly similar.

**Key theme 4: The housing stock**

## 26.8 Key findings:

- Relatively large increase in housing stock across both HMAs over the past 10 years
- Decrease in social rented stock lower than national average (increase in private sector stock broadly in line with national changes)
- Large difference in profile of stock when compared with national position (significant detached stock in both HMAs and relatively few flats)
- Smaller proportion of social rented dwellings than nationally, although a notably higher proportion in Taunton Deane

## Policy issues

26.9 The stock of housing in the two HMAs has increased noticeably over the past ten years and household projection data would suggest that increases are likely to be required in the future. The key issue appears to be one of balance. Whilst it appears that different parts of the HMAs have different functions and as a result we would expect different areas to provide a different residential 'offer', it is possible that the limited availability of certain types of stock in certain areas may be acting against the notion of mixed and balanced communities. Of particular note are the high proportions of detached homes across the two HMAs, particularly in West Somerset, and the low proportion of social rented stock when compared regionally and nationally. In terms of tenure and type of stock, Taunton Deane appears to be the most 'balanced' when compared with the regional and national position.

26.10 A major issue for the housing stock is the lack of smaller more affordable units in rural areas. This was identified as a general matter by the Taylor Review published in mid 2008. In the case of Taunton and South Somerset HMAs there is an even more acute shortage than found nationally of such housing and as such suggests some justification for seeking and promoting exception sites where possible.

## Key theme 5: The current housing market

### 26.11 Key findings:

- Prices across the HMAs are generally lower than national or regional averages (other than for detached homes)
- There have been large price increases over the past five years
- Typical entry-level prices now require a household income in the region of £35,000-£40,000 (for a two bedroom home)
- The private rented sector is slightly more affordable but varies in scale across the two HMAs

### Policy issues

26.12 Increases in property prices and the added difficulty this brings for people (particularly first-time-buyers) to participate in the housing market is a national phenomenon and not specific to the Taunton and South Somerset HMAs. However, given that there is a clear gap between prices and incomes for many households and the clear lack of 'cheap' housing to buy, the Councils might consider mechanisms to try and secure some housing at below typical entry-level prices. Whilst such housing would be unlikely to be technically affordable (as it may well still require an income in excess of the income required to access private rented housing) it would certainly assist in helping to create and maintain 'mixed and balanced' communities.

## Key theme 6: Affordability and housing need

### 26.13 Key findings:

- Price:income ratio currently stands at 7.5 in the Taunton HMA and 8.4 in South Somerset (up from 5.2 and 5.1 five years earlier respectively)
- Housing needs assessment data suggests a large need for affordable housing
- Housing Register and homelessness data suggests an ongoing need and demand for social rented housing
- There is a clear requirement for intermediate housing

## Policy issues

26.14 Affordability is a key issue facing the two HMAs. At the time of reporting the average property price in the study area was around eight times the average income. Results from various sources of information suggest a large need for both social rented and intermediate housing. The main implication of these findings is that all Councils should attempt to provide as much additional affordable housing as possible. In setting targets it is important to balance the implications of the high levels of housing need with the viability situation and the views of the development industry so that policies are deliverable and will enable genuinely affordable housing to be provided for those in need. The affordable targets will, in accordance with PPS3, need to specify tenure of affordable housing. The main issue there is intermediate housing which will need to be properly defined in the local context, using the weekly cost data provided in the final chapter of this report.

**Key theme 7: Housing demand and market balance**

## 26.15 Key findings:

- The data suggests that the main group with a demand for market housing are childless couples (30.3% of the total in South Somerset and 32.1% in the Taunton HMA) with households with children making up around a quarter of the total demand (in both HMAs). However, when translated into dwelling sizes the data suggests the greatest net demands to be for three and four plus bedroom homes (reflecting households' ability to afford more space than they would technically require)
- In the affordable sector, the data confirms the findings of earlier analysis in that the majority of the requirement is for smaller units

## Policy issues

26.16 The study also provides information on the most suitable sizes and types of newbuild units to help create the most suitable mix and balance in the area. The key issues here will be the extent to which each Local Authority wishes to influence the types and size of newbuild housing in the area. In the open market, the data suggests that although much of the demand is from smaller households – these households are in many cases able to afford more space than their actual requirement would typically be deemed necessary. In the affordable sector, although data suggests a general need for more smaller units (although a significant requirement for larger units also) there will be the issue of priority. The levels of housing need are high and the data typically suggests that the groups likely to have greatest priority (e.g. those with children) are more likely to need larger homes.

## Key theme 8: Black and Minority Ethnic households

### 26.17 Key findings:

- There is a relatively small BME population in both HMAs
- Data does suggest that BME households tend to be concentrated in some of the main urban areas
- BME households more likely to live in unsuitable housing

#### Policy issues

26.18 The data in this report suggests that BME households are more likely to reside in unsuitable housing than White (British/Irish) households. Although it may be difficult to have specific policies to deal with groups which are a minority in the HMA it is clear that some assistance would be beneficial to many BME groups. In particular the dependence on the private rented sector would suggest some additional needs for larger and more secure accommodation to meet these households' requirements. Given that the BME population may grow in the future (if the local outcome mirrors national predictions), this is a group which is likely to require more attention further into the future.

## Key theme 9: Households with specific needs

### 26.19 Key findings:

- A notable proportion of the population have limiting long-term illnesses (LLTI), this is broadly in line with that found regionally/nationally
- The difference between areas is not marked although West Somerset shows higher proportions of LLTI households
- The group with LLTIs appear relatively disadvantaged
- A range of support and adaptations are required

#### Policy issues

26.20 There are two main issues with regard to households with disabilities or support needs and these relate to both new provisions of housing as well as improvements to current accommodation. The Councils should consider both newbuild adapted housing as well as providing adaptations to peoples' current homes as a way of meeting such households' requirements. In addition, the data strongly suggests the need for more support for such households and it would be sensible to suggest that the provision of such support is reviewed. As the population ages (see below), the number of people with disabilities/support needs is likely to increase and this may therefore increase the requirements for specialist housing, adaptations and support.

## Key theme 10: Key worker households

### 26.21 Key findings:

- Significant number of key workers in the HMA; the proportion is similar to that found regionally and nationally
- Differences in proportions of key workers across different parts of the HMA; there is a particular concentration in and around Taunton
- Key worker households are generally less disadvantaged than other households

#### Policy issues

26.22 The findings of the study with regard to key workers suggest that the group are in general less disadvantaged than other households (e.g. employment tending to fall into higher social groups). However, whilst household incomes are slightly higher than those found for other households in employment, evidence from the survey suggests that a small proportion of key worker households unable to afford market housing would potentially be suitable for intermediate housing products.

## Key theme 11: Older person households

### 26.23 Key findings:

- Around 29% of households in the two HMAs are pensioner only. This is higher than both regional and (in particular) national averages
- The number of older people is projected to increase significantly in the future
- There are large differences in the profiles of single and multiple pensioner households
- There are high levels of under-occupancy

#### Policy issues

26.24 Households containing pensioners make a significant proportion of all households in the two HMAs and this number is likely to rise significantly in the future. With the growing proportion of older person households there is likely to be an increased need for specialist accommodation. Support services are already in place but will clearly need to be expanded in future. Pensioner households show a high level of under-occupation and the opportunity should be taken (where possible) to reduce this by providing accommodation better suited to these households needs and in the process releasing accommodation which might be better suited to families.

## Key theme 12: Families

### 26.25 Key findings:

- Around 27% of households contain dependent children. This is in-line with the regional average and slightly below the national figure
- Not much change in households with children is expected in the future (although there may be an increase in lone parent households)
- Lone parents appear particularly disadvantaged

### Policy issues

26.26 Family households (households with children) are seen as an important group in PPS3. Data in this assessment suggests that whilst married couples with children (the main group) are fairly advantaged, the lone parent group of households may well have significant needs. In particular, data suggests that lone parents are concentrated in urban areas and also within the social and private rented sectors. Providing opportunities for lone parent households to move out of private rented housing (to housing with a more secure tenancy) should be promoted whilst providing housing opportunities across the whole study area would help to improve the mix of households across the area. Although the number of households with children is not expected to rise in the future it does appear likely that the number of lone parent households will increase. This is likely to put additional pressure on the housing market, particularly in those areas where lone parents appear to currently be concentrated.

## Key theme 13: Rural housing

### 26.27 Key findings:

- The two HMAs have between twice and three times more rural population than the national average
- The rural dwellers show a much higher older population and far higher income and wealth
- As the location becomes more rural, so the proportion of workers from home rises sharply as does overall income and financial capacity
- The Taylor Review commented that more rural areas would become enclaves of retired and wealthy individuals, and that there was a desperate need for more affordable housing to allow a wider range of people to live and work in the countryside
- This is borne out by the findings here. The stock of cheaper housing is slight, and of affordable housing almost non-existent in the most rural areas. The poorer rural households have difficulty in accessing services and have higher levels of unsuitable housing

### Policy issues

26.28 Rural areas typically show a more polarised version of the urban situation. The South Somerset and Taunton HMAs are no exception to this rule. The high incomes and incidence of owner-occupation shows the much greater dominance of households at the higher end of the financial capacity spectrum. However, the implications of this are that more affordable housing may be required to enable less well-off households to survive in the area and thus contribute to the creation of 'mixed and balanced' communities. Infrastructure is a key consideration. It is not immediately obvious to see what the Councils can do to improve access for poorer rural households to the various services they need. However the provision of even a handful of new affordable dwellings in suitably located villages is clearly both important and rather more practicable.

### Trends and drivers

26.29 This chapter has reviewed a wide range of evidence presented in the report so far and commented upon policy issues suggested by them. More specific policy implications are suggested in the chapters following this one (although as directed in PPS3 these do not specify actual policies, which is the process due to follow completion of the SHMA). Collecting the various issues and comments together allows a general view of the themes and drivers at work in these HMAs:

**Table 26.1 Summary of issues on key themes and drivers**

Theme/driver	Issues arising
1. The market area	Two relatively self-contained areas (particularly the Taunton HMA) and good approximations for housing market areas (in line with Guidance)
2. Demography	Ageing population and questions of future dwelling mix to accord with it
3. Economy	Strong economy with good increase in employment over the past 10 years. Pay remains relatively low and there is some evidence of higher residence based pay as compared with workplace based pay (notably in Sedgemoor)
4. Housing stock	Unbalanced in terms of the national pattern, with high proportion of detached dwellings (especially in West Somerset), as is consistent with the nature of the population and economy. Could be encouraged to move towards balance, but within strict limits given its character
5. Current market	With affordability as a major issue, one feature is the scope for low cost market housing to fill the gap
6. Affordability and need	There is a substantial level of housing need, and targets now must be specified as to affordable tenure, where intermediate housing is the major difficulty
7. Demand and market balance	The requirement in both HMAs is for a substantial proportion of newbuild housing to be affordable, with a proportion of this affordable housing to be intermediate
8. BME issues	The population is relatively small but may be growing. It is concentrated in the most urban areas, and shows higher levels of unsuitable housing than are typical for the HMA. This combination of factors makes this an important policy issue
9. Special needs	A very diverse range of issues is raised, as the range of special needs is large
10. Key workers	As officially defined, this group is not disadvantaged. In terms of the service industries to support the existing population, the incomes of some households may however lead to problems due to the high price of housing in the locality
11. Older people	This is a growing proportion of the population, and apart from future newbuild mix, mentioned under (2) above, there are issues concerning support services, which are already in place but which will need expansion in future. Under-occupation is a major issue to be addressed for this group
12. Families	Affordability of (market) housing is an increasing issue, particularly for lone parent households
13. Rural communities	The situation is more polarised than for the urban one. The declining level of services which were provided at local level is causing national concern, and is clearly inimical to the encouragement of balanced communities. Provision of small numbers of new affordable dwellings in suitable villages is a practical issue

26.30 The range of themes and drivers is consistent with a flourishing economy: the fundamental driver is the quality of the environment which attracts high levels of in-migration. The incidental drivers are associated with this central issue: high price rises and hence issues of affordability and polarisation, set in the context of the national trends towards an ageing population and the decline in services in rural areas.

## Summary

- i) This chapter has set out a series of key themes based on the findings of the SHMA. The themes are a combination of wider housing market issues and issues relevant to specific groups.
- ii) It is clear that there are a range of areas in which the Local Authorities could consider applying policies to assist in the well-being of local households and to help achieve a better balance of housing across the whole market.
- iii) Before making policy decisions it is recommended that key stakeholders are consulted and that any policies or strategies formulated are realistic and focus on the areas and groups of households where particular issues have been highlighted.



## 27. Non-market policy implications

### Introduction

- 27.1 The requirement for rigorous housing needs assessments to underpin affordable housing policies has been an important part of housing strategy and planning policy ever since 1991. The latest Practice Guidance (March and August 2007) for PPS3 has further emphasised the need for rigour, and PPS3 itself emphasises the need to specify the tenure (intermediate or social rented) as well as the size mix required.
- 27.2 As pointed out in Chapter 11, it is not always easy to distinguish what types and tenures of housing will fit into the various housing market gaps identified. The main point of this study is to identify the gaps and the levels of demand and need, not to study the detailed types of housing that will meet the needs and demands. The policy process that follows the SHMA will help to do that, and the framework of weekly costs provided in this study provides the test for any new housing variants.
- 27.3 This chapter reviews the non-market housing policy evidence produced by this study and comments on its implications. In both market and non-market contexts, the Guidance is clear that SHMAs should produce robust evidence, but not the policies themselves, which are a matter for the SHMA Project Team and the individual local authorities:

**Figure 27.1 Guidance on SHMAs as evidence base**

PPS3

22. Based upon the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

A Strategic Housing Market Assessment should:

- Estimate housing need and demand in terms of affordable and market housing.
- Determine how the distribution of need and demand varies across the plan area, for example, as between the urban and rural areas.
- Consider future demographic trends and identify the accommodation requirements of specific groups such as, homeless households, Black and Minority Ethnic groups, first time buyers, disabled people, older people, Gypsies and Travellers and occupational groups such as key workers, students and operational defence personnel.<sup>34</sup>

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### Developing planning for housing policies

As explained in Chapter 1, the findings of the strategic housing market assessment will help local planning authorities and regional planning bodies to develop robust evidence bases to inform the development of their spatial housing policies. As set out in paragraph 33 of PPS3, authorities and regions should take into account assessments as one of a number of factors that should be considered when determining housing provision figures and the right mix of housing. As such, they are an important part of the evidence base and a useful starting point for developing policy.

### The CLG Needs model: scale of the housing needs problem

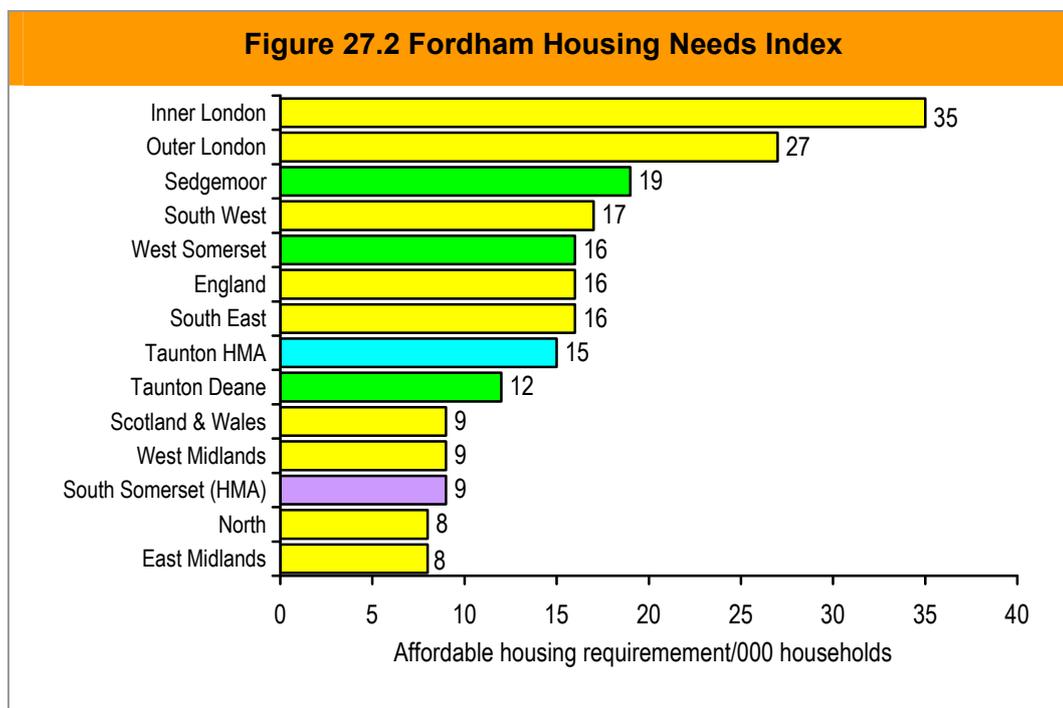
27.4 For ease of reference the following table is reproduced from Chapter 12.

**Table 27.1 Annual need for affordable housing**

Area	Annual net affordable need	Estimated number of households	Fordham Affordable Housing Index (need per '000)
Sedgemoor	891	48,100	18.5
Taunton Deane	586	49,600	11.8
West Somerset	269	16,400	16.4
South Somerset (HMA)	659	70,800	9.3
Taunton HMA	1,746	114,100	15.3

Source: Taunton and South Somerset SHMA

27.5 The index numbers in the right hand column should be read in the context of the following regional and national data, drawn from the large number of HNAs carried out by Fordham Research:



27.6 When comparing the table with the figure, the following inferences can be drawn:

<b>Table 27.2 Relative levels of housing need</b>	
Council/HMA	Above or below national/regional average
Sedgemoor	Above
Taunton Deane	Somewhat below
West Somerset	On the average
South Somerset (HMA)	Well below
Taunton HMA	On the average

### Affordable housing policy implications

27.7 The implications for possible affordable housing targets can be commented upon, although it is of course for Housing Market Partnership to take the process towards a future set of affordable housing targets forward to the process leading to adoption.

27.8 The EIP Panel Report on the RSS (December 2007) was quite clear about the minimum levels of affordable housing target:

*'Policy provision should accordingly be made for at least 35% of all housing development annually across each local authority area and Housing Market area to be affordable, with authorities specifying rates of 60% or higher in areas of greatest need' (Policy H1 Affordable Housing on page C67 of the EIP report)*

27.9 The suggestion of 35% is found in a number of other RSSs and therefore is unlikely to be changed much in the final version of the RSS, as it appears to be a regional consensus in regions with a substantial housing need. The South West has more need than most regions as it has very little existing affordable housing: well below the national average.

27.10 Before suggesting any figures, it is important to stress that the figures put forward here are only suggestions. It is for the SHMA Project Team and the individual districts to decide what targets they wish to put in place. The following suggestions are derived from the levels of the need and the RSS comments just quoted. Translating the HNS findings shown above into the language of the draft RSS, the implications would be:

South Somerset: 35% (the minimum level in the RSS)

Taunton HMA: 40% (as the overall need level is substantial: at the national average)

27.11 It will be for the Housing Market Partnership to consider what targets to set; the figures shown here are minimums insofar as the housing needs evidence is concerned. The viability analysis reported below is critical to the final decisions on what targets to set and how to implement them.

### **Types of affordable housing required**

27.12 The nature of affordable housing required to meet the identified housing need is documented in the accompanying housing needs survey report, and replicated in the table which follows. The housing needs survey report provides a detailed breakdown of the particular types of affordable housing suitable to meet households in need.

27.13 The assessment of need includes intermediate housing, as discussed in Chapter 12. The types of household in this category vary, at the extreme, between two general types:

- i) **Capital rich but income poor.** Although they may (e.g. as divorced persons) have a capital sum, it does not generate enough income to pay a private rent, nor does it enable them to buy outright. Hence they fall into the intermediate gap, but they could access a different kind of subsidised housing: discount sale, from the other group noted below.

- ii) **Income rich but capital poor.** This group have significant earned income, but not enough to private rent, and no substantial capital. They could access a housing type such as Intermediate **Rent** from the Homes and Communities Agency (if available to non-key workers).

27.14 The proportions of each type of housing product to meet the identified housing need in Taunton and South Somerset HMAs are as follows. The types of housing they could access will often be between the two extremes identified above, though there may not be intermediate products available to suit their particular circumstance.

Table 27.3 Intermediate housing requirements from local housing needs assessment/survey	
Area	Proportion of households in need who could afford intermediate housing
Sedgemoor	29%
Taunton Deane	45%
West Somerset	25%
South Somerset (HMA)	33%
Taunton HMA	34%

### Types of Intermediate housing

27.15 The table above shows the proportions of housing need that could in principle be met by intermediate housing, priced between a social rent and market entry (private rent). The following table lists the range of possible types of intermediate housing:

**Table 27.4 Homes and Communities Agency definitions of affordable housing types**

**Social HomeBuy:** Successful applicants buy a 25%, 50% or 75% share in their social rented home and continue to pay rent on the share not bought. Buyers receive a discount on the initial share purchase.

**Newbuild HomeBuy:** Successful applicants buy a 25%, 50% or 75% share in their home and pay a small rent on the share not bought.

**Open Market HomeBuy - MyChoiceHomeBuy:** An equity loan of between 15 to 50 per cent of the purchase price is provided by a partnership of eight housing associations. Buyers are expected to raise the remainder of the equity. There is an annual fee of 1.75 per cent on the equity loan in year one, payable on a monthly basis.

**Open Market HomeBuy – OwnHomeBuy:** An equity loan of between 20 to 40 per cent is provided by a housing association. Purchasers are expected to raise finance to purchase between 60 per cent and 80 per cent of a home on the open market. There is no interest charged on the equity loan for the first five years but there is a charge of 1.75 per cent from year six and 3.75 per cent from year eleven onwards.

**HomeBuy Direct:** Buyers are offered an equity loan of up to 30 per cent of the purchase price, co-funded by Government and the developer.

**Key worker living:** ‘Key workers’ e.g. teachers, nurses and police are given help to buy their first home or to move into a family home. Opportunities are also available to rent homes at affordable prices.

**HomeBuy Agents (Open Market and Newbuild):** HomeBuy Agents (HBAs) are appointed housing associations who provide a ‘one-stop-shop’ and point of contact for affordable housing options in a given area in England.

[Intermediate Rent: not formally identified as intermediate housing in HCA sources, but defined as being set at 80% of the Reference Rents set for each district based on the Rent Officer’s determination]

27.16 Although much newbuild has historically occurred in many of these categories, the present credit crunch (discussed in more detail in Chapter 29) means that very few of them have any practical meaning now. In particular, shared ownership (which describes the family of ‘HomeBuy’ products listed above) has virtually ceased now, due to the inability of purchasers to obtain mortgages. Indeed the HCA has now issued informal guidance to the effect that only social rental and intermediate rent are now practical, and at present the HCA is not providing major streams of funding for the latter.

27.17 As the discussion earlier in this section of this chapter shows, there are households at all points in the intermediate range within both HMAs and so when flexibility returns to the intermediate housing market, there is scope for a wide range of newbuild products to be offered. At present there is not much prospect of major production of intermediate housing. The weekly costs table provided as Table 31.4, suitably updated, will in its 'Intermediate' column, provide the best indication of what the demand is. Credit activity, as it evolves, will provide the other part of the solution.

### **Affordable housing targets for urban areas**

27.18 PPS3 (para 29) is quite clear that affordable housing targets should be set plan-wide. There is therefore no practical point in considering sub-district targets.

27.19 Given the substantial absolute levels of housing need, even in the relatively lower housing needs situation of South Somerset, it seems clear that, before considering viability, the target levels are likely to range in practice between 35% (the RSS minimum) and perhaps 45%.

27.20 Of these targets upwards of 30% could be intermediate, and therefore 70% social rented. But this is very much conditional upon achieving genuinely intermediate housing prices.

### **Affordable housing targets for rural areas**

27.21 This section of the chapter considers whether a different level of target should be set in rural as compared with urban areas.

27.22 It is difficult to carry out a full scale estimate of housing need for small areas within districts, or for bespoke areas like 'hamlets' due to the lack of supply information for affordable housing (relets). However, by looking at estimated turnover rates for such areas it is possible to derive likely relative levels of need in urban and rural locations.

27.23 The tables show that in both HMAs there are high levels of need estimated for both urban and rural areas. In both cases the need (expressed per 1,000 households) is slightly lower in rural than urban areas. This may in part be due to moves from rural to urban areas that were forced by lack of rural supply. This view is supported by the fact that supply as a proportion of need is lower in rural areas. This suggests that such areas are less able to meet needs from the current stock relets.

**Table 27.5 Estimated level of housing need by urban/rural area (Taunton HMA)**

Location	Location					Total	All rural
	Urban	Town and fringe	Village	Hamlet			
Gross annual need	2,141	276	484	208		3,109	968
Gross annual supply	1,089	160	115	0		1,363	274
Net annual need	1,052	117	369	208		1,746	694
Total number of households	66,230	16,153	21,832	9,885		114,100	47,870
Need per 1,000 households	15.9	7.2	16.9	21.0		15.3	14.5
Supply as % of need	50.9%	57.7%	23.7%	0.0%		43.8%	28.3%

Source: Taunton and South Somerset SHMA (2008)

**Table 27.6 Estimated level of housing need by urban/rural area (South Somerset)**

Location	Location					Total	All rural
	Urban	Town and fringe	Village	Hamlet			
Gross annual need	709	552	271	42		1,573	864
Gross annual supply	447	326	102	40		914	467
Net annual need	262	226	169	2		659	397
Total number of households	25,415	20,476	18,456	6,453		70,800	45,385
Need per 1,000 households	10.3	11.0	9.1	0.3		9.3	8.7
Supply as % of need	63.0%	59.0%	37.8%	94.9%		58.1%	54.1%

Source: Taunton and South Somerset SHMA (2008)

27.24 As can be seen, the index of need is very similar in urban and rural parts of the two HMAs (15.9/14.5 and 10.3/8.7). Although rural need is slightly lower, it is likely that this is at least partly caused by supply shortfalls in rural areas. Hence the same affordable housing target is indicated for rural areas as for urban.

## Site thresholds

27.25 PPS3 states that the national minimum site threshold is now 15 (reduced from 25). This section considers thresholds in the context of high overall levels of absolute housing need, housing supply possible from smaller sites and smaller site viability.

27.26 In rural areas, as noted in PPS3 para 30, the sites are normally very small. It is therefore unlikely that any threshold over two dwellings would make sense. It is also arguable (as discussed in the previous section) that all small rural sites should be affordable in order to balance the stock tenure profile in the spirit of the discussion in Section H: Rural Issues.

27.27 In order to examine the question of whether any reduction of site thresholds below 15 is justified, we have examined the detailed evidence on the size profile of sites expected to come forward in each district.

### Detailed position for each of the four districts

#### Sedgemoor

27.28 This section of the chapter provides the information available on the next five years of newbuild plans for each district. It is shown or discussed in terms of the band of site size (between 10 and 15 dwellings) most likely to provide the basis for any reduction of the overall threshold. It is unusual for the mainstream threshold to fall below 10 dwellings in urban areas.

**Table 27.7 Sedgemoor: Housing site sizes over the next five years**

Source of supply	Site size				
	1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
Windfall sites where negotiations have been completed ( <i>non-allocated commitments</i> )	482	181	79	96	35
Allocated sites where negotiations have been completed	0	0	0	48	1,123
Allocated sites where negotiations have started	0	0	0	16	220
Remaining allocated sites	0	0	24	38	210
Windfall estimate ( <i>based on known brownfield unallocated sites</i> )	0	9	57	15	144
<b>Total</b>	<b>482</b>	<b>190</b>	<b>160</b>	<b>213</b>	<b>1,732</b>
<b>Overall supply</b>	<b>2,777</b>				

Source: Sedgemoor District Council

27.29 The fraction of the expected flow of new sites that falls in the 10-14 gap is about 6% of the total. In other words only a small fraction of it. But if the effective yield of affordable housing were 20% (allowing for prospectively reduced targets due to the deliverability issue), then this could result in an extra 32 affordable dwellings, which is not to be ignored. While there is not an obvious case for this across the whole of both HMAs there are arguments for a low threshold on mainstream sites in Sedgemoor, and generally in the rural areas.

**Taunton Deane**

**Table 27.8 Taunton Deane: Housing site sizes over the next five years**

Source of supply	Site size				
	1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
Sites where negotiations have been completed	230	160	190	200	2,500
Sites where negotiations have started					750
Remaining allocated sites (5 year supply?)					625
Windfall estimate (based on last 5 years?)	150	150	100		
Total not already committed: 1,775					

Source: Taunton Deane Borough Council

27.30 As can be seen from this tabulation, the vast majority of the five year land supply has already been fully negotiated and therefore there is no practical possibility of changing the affordable housing target through the present SHMA process.

27.31 The total of five year supply dwellings upon which there is scope for affordable housing target negotiation is 1,775. Of this, by chance, again about 6% falls into the 10-15 size category, although the absolute numbers are lower and the yield of affordable housing at 20% would be 20.

**West Somerset**

27.32 The District only has a very small annual production of new housing. The Annual Monitoring Report for December 2007 indicates that an annual newbuild of 123 dwellings will satisfy the RSS target (para 5.8). The trajectory, *West Somerset Annual Monitoring Report - December 2007*, suggests a rate of between 100 and 150 new dwellings over the next five years or so.

**South Somerset**

27.33 As can be seen from the table below there is not very much information on uncommitted sites in the 10-14 size band.

**Table 27.9 South Somerset: Housing Site Sizes over the next five years**

Source of supply	Site size				
	1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
Sites where negotiations have been completed	0	8	0	82	751
Sites where negotiations have started	0	0	28	56	1921
Remaining allocated sites (5 year supply?)	0	0	0	38	53

Source: South Somerset District Council

27.34 On windfalls there is evidence from the 2007 Annual Monitoring Report which provides the following estimates of windfall development over the next five years (see Table 27.10). Windfalls are expected to account for around half of the South Somerset five year housing development total.

**Table 27.10 Windfall forecasts for South Somerset**

Year	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Windfalls	739	616	481	354	278	2,468

Source: South Somerset District Council

27.35 If it is assumed that the same percentage of windfalls in each site size category will come forward in the same proportions as has actually occurred in 2007, then this implies a fairly substantial number of windfalls in all size categories including small sites as Table 27.11 demonstrates.

**Table 27.11 Actual size distribution of windfalls in 2007**

1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
27%	11%	13%	22%	27%

Source: South Somerset District Council

27.36 If the future profile of windfalls follows this pattern, and this information represents the best current evidence, then a lower threshold can be justified for South Somerset.

### **Conclusion on thresholds**

- 27.37 This discussion of the evidence on thresholds suggests a varied pattern. In general the amounts of future housing (without permission) that fall into the band just below the national minimum threshold (10-14) are so small that they do not provide a pressing case for reduction of the threshold from 15 to 10. In the clearest cases, (Sedgemoor and Taunton Deane), the numbers in this category are only 6% of the projected supply. Only in Sedgemoor are there substantial numbers of small housing sites, and they are mainly very small: - the 1-4 dwelling band. In the case of Sedgemoor in particular there is therefore a case for setting a low threshold (two or three dwellings) on that account.
- 27.38 In the case of windfalls in South Somerset, it is clear that they are quite numerous and spread fairly evenly across the size spectrum. In that case, there is a justification for a low threshold, since it stands to increase the yield of affordable housing considerably (at 20% affordable housing yield on windfall sites between five and 14 dwellings, some 118 dwellings could be forthcoming with more potentially from the smallest sites).
- 27.39 The nature of rural sites, mainly very small, suggests that thresholds in rural areas should be set as low as possible. Thresholds of two to three dwellings have been set for some time under the previous Guidance, and the same approach appears sensible here although further justification on viability grounds would be required.
- 27.40 PPS3 requires an informed assessment of the economic viability of site thresholds as well as the extent to which smaller sites would contribute to supply. The Strategic Housing Land Viability Assessment presents a case on small sites between four and 14 of general viability at affordable housing provision of 15% and 30% (in reality the sites sampled were size ten or more dwellings). Viability on the smallest sites below four is a mixed picture. A case can be made on supply and viability grounds for a general threshold of ten in Sedgemoor and South Somerset on the evidence considered; further economic appraisal would be required to justify a lower figure.

### **Commuted sums**

- 27.41 From an early stage in the lifetime of affordable housing as a policy matter, that is since 1991, commuting off has been addressed in Guidance. The wording has varied over the three PPG/PPSs and three circulars, but the message has been the same: don't do it unless unavoidable. The current wording from PPS3: Housing (November 2006) is:

*‘- set out the **approach to seeking developer contributions** to facilitate the provision of affordable housing. In seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area’ (para 29)*

- 27.42 The reason for this continued element of Guidance that affordable housing should be provided on the application site is simple. Almost all house builders will prefer to commute off. That is for two good commercial reasons:
- i) They feel, whether rightly or wrongly, that the presence of affordable housing on their site will reduce the price and/or saleability of the market housing. This is especially true if the affordable housing is put there first, before the marketing of the site has established a profile and market position for the site.
  - ii) In the event of commuting off, the house builder will hope to provide less than the equivalent cost of the onsite affordable housing when providing it offsite. This has often been true in the past, since Planning Committees are more likely to accept monetary contributions, without working out the equivalent cost of producing the given number of affordable units offsite. The latter will normally be many times the £X hundred thousands on offer.

27.43 It is one of the strengths of the now 16 year history of affordable housing that the Guidance addresses both of these points, by in the first place requiring that the affordable housing be provided onsite, and if offsite then it should be of ‘broadly equivalent value’. The latter may not always be easy for the local authority to calculate, but it is useful that the national Guidance refers to it.

### **Target setting for low cost market housing**

27.44 The Guidance (PPS3 para 26) suggests that councils should seek low-cost market housing as part of the overall market housing total. However it does not suggest how this should be done, as market housing has its price set in the open market. Any newbuild that is not constrained in some way is likely to cost as much or more than existing second-hand housing, and hence be of no practical use.

27.45 In principle, the HMAs would benefit from newbuild low-cost market housing, which is newbuild housing at a discount sufficient to be priced within the rent-buy gap. As CLG policy now stands, however, there is no mechanism by which it can easily be obtained and it is hoped that in the future CLG is more specific about this form of housing. If however the local authorities are able to negotiate such housing as part of the market element on a particular site then this should be seen as welcome. It would be desirable to consider a small additional target, such as 5%, for such housing.

### **Other matters**

27.46 PPS3 encourages the provision of 100% affordable housing sites, which might be particularly suitable in rural areas. PPS3 suggests that a Rural Exceptions Site Policy could be used, to enable small sites to be used specifically for affordable housing in small rural communities which would not usually be used for housing because, for example, they are subject to policies of restraint.

## Summary

- i) The analysis suggests that there is substantial housing need across both HMAs. The need level is lower in South Somerset, below the national average, but substantial in total numbers. In the Taunton HMA the level of need is high: about the same as the national average.
- ii) The current (EIP Panel) version of the RSS suggests a minimum of 35% affordable housing as a target for all South West local authorities, so that is the starting point (where a substantial housing need is found). In the two HMAs the levels of need would suggest around 35% for South Somerset and 40%+ for Taunton. But that is a matter for debate after the SHMA, and also is subject to the viability analysis discussed later in this report.
- iii) In terms of the type of affordable housing, the analysis suggests that around a third of the households in need could in principle afford something between a social rent and market entry. Whether any such housing variant exists in substantial numbers is a major issue, discussed later in the report. Analysis of rural housing need suggests that it is very similar to urban levels, and so it would be wisest to use the same target across urban and rural areas.
- iv) A general minimum site threshold of 15 is justified by PPS3. An assessment of the supply potential of lower threshold sites and evidence from the Strategic Housing Land Viability Assessment would suggest a lower general threshold of 10 in Sedgemoor and South Somerset. Any lower thresholds below 15 or 10 would require further evidence of viability of smaller sites before justification of such a lower threshold. This is particularly relevant for rural areas and areas where the proliferation of smaller sites (such as in West Somerset in particular) sets a premium on provision of affordable housing through such sites in order to provide higher absolute numbers of affordable housing.
- v) There is some ambiguity over the meaning of low-cost market housing in terms of CLG Guidance, and so it is not yet safe to set a policy target for this category.



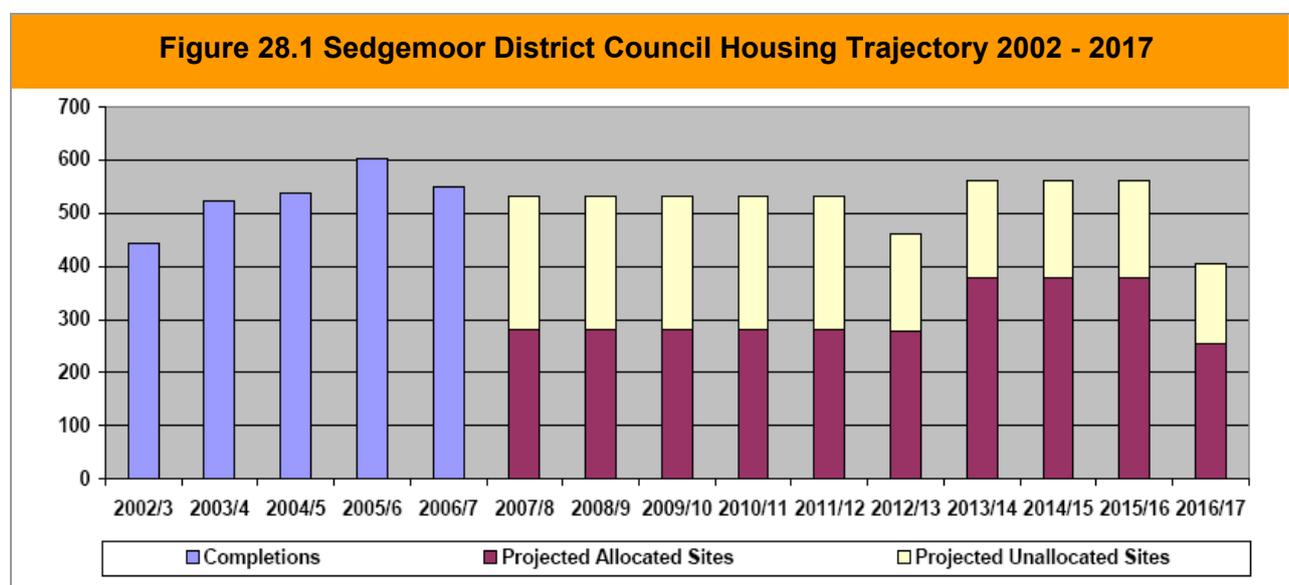
## 28. Overall housing targets

### Introduction

28.1 This chapter reviews the issue of overall demand for new housing in the HMAs in relation to the RSS target.

### Regional newbuild targets

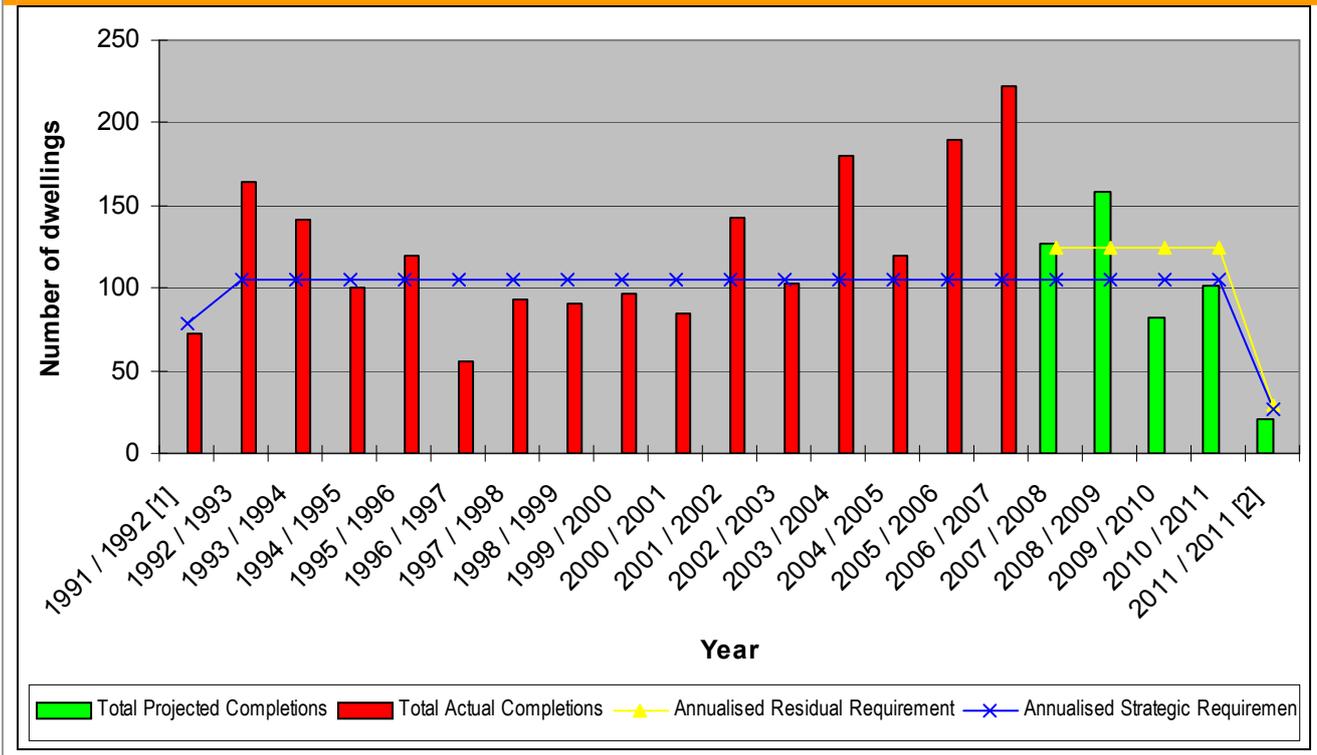
28.2 As shown below, about 1,000 new dwellings per annum are planned for South Somerset and nearly twice that for Taunton HMA. This can be put into context using the latest Annual Monitoring Report graphs for each of the four Councils involved:



Source: Sedgemoor DC AMR 2007

Core-2a: Housing trajectory showing: (i) net additional dwellings over the previous five year period or since the start of the relevant development plan document period, whichever is the longer; (ii) net additional dwellings for the current year; (iii) projected net additional dwellings up to the end of the relevant development plan document or over a ten year period from its adoption, whichever is the longer; (iv) the annual net additional dwelling requirement, and (v) annual average number of net additional dwellings needed to meet overall housing requirements, having regard to previous year's performance.

Figure 28.2 West Somerset Housing Trajectory 1991-2011

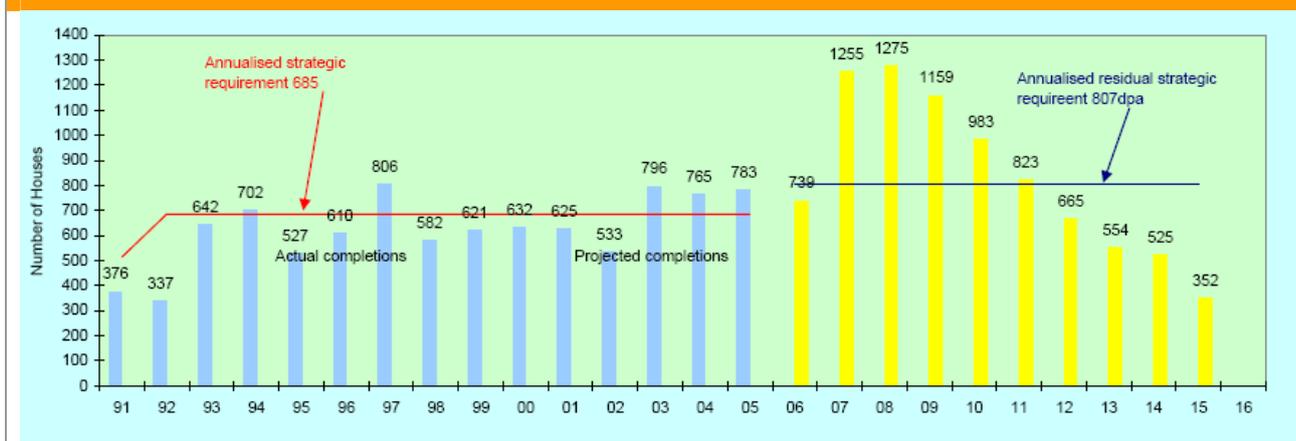


Source: West Somerset AMR 2006/7

Figure 28.3 Taunton Deane Housing Trajectory 2001 – 2017



Source: Taunton Deane AMR 2007

**Figure 28.4 South Somerset Housing Trajectory 2006-2016**

Source: South Somerset DC AMR 2006-7

28.3 In relation to the new RSS target, the past production in South Somerset is somewhat below that, but as can be seen, the projections for the next few years (done before the impact of the economic downturn) suggest totals much over the target.

28.4 For Taunton HMA, the production over the past few years is about 1,000 pa, and so well below the future planned target. However in both HMAs the SSCT process means that future planned newbuild is expected to rise a lot, as the trajectories show. Again these were devised before the impact of the economic downturn, and so if these levels of newbuild are set in the eventually adopted RSS, it is likely that there will be some years delay before such levels of newbuild are achieved again.

28.5 These figures can be compared with the CLG household projection figures from the analysis in Chapter 16.

**Table 28.1 Comparing RSS total annual figures and CLG household projections**

Area	Draft RSS annual average (No. of units)	CLG projections (per annum)
<b>Taunton HMA</b>	1,725	1,650
Sedgemoor	510	700
Taunton Deane	1,090	750
West Somerset	125	200
<b>South Somerset District HMA</b>	985	950
<b>Total</b>	<b>2,710</b>	<b>2,600</b>

Source: Tables 2.1 and 13.7 to 13.11 above

28.6 In interpreting these figures it is important to bear in mind that a substantial component of each HMA's growth plan is part of the SSCT strategy discussed in Chapter 2: the aim being to expand certain strategic towns and cities to enhance their strategic and service role. In this case there are two, and they make up quite a large proportion of the planned growth:

Taunton and Bridgwater SSCT	1,285 new homes p.a.
Yeovil SSCT area	570
Total SSCT	1,855

28.7 Thus nearly 70% of the planned growth is designed to bolster the economic and service role of towns in the two HMAs and is not the direct result of local housing demand. However clearly there is an element of local demand, as the total excluding SSCTs is quite small.

28.8 As noted above, the newbuild provision especially in the Taunton HMA is well below the target. However, it is likely that the economic downturn will have made any targets of this order academic for the next few years.

28.9 There is likely to be a substantial latent demand and if it is prevented by the impact of the economic downturn from expressing itself over the next few years, it is likely to lead to higher demand in the medium term.

### **Projected household and economic growth**

28.10 Chapter 14 examined the projected rate of household growth. The results showed forecast population 15% in South Somerset and 19% in the Taunton HMA, as compared with 10% for England and 14% for the South West. Thus demographically defined growth, which is what the RSS is based upon, looks strong in both HMAs.

28.11 However there is not a direct link between extra households and extra dwellings, since dwellings can be subdivided. It is quite possible that, given the high rates of increase of small older households noted in Chapter 14 and a national trend, this process will accelerate in future. This could lead to increased households and not so much extra newbuild housing demand.

28.12 Furthermore, household growth estimates are a product of demographic trends and not an estimate of market demand as is recognised in this excerpt from the Examination in Public into the East of England Plan (2004) contained in the 'Report of the Panel' dated June 2006.

**Figure 28.5 Extract from East of England EiP – Report of the Panel (June 2006)**

- 7.10 It is important to remember, as many respondents have stressed, that household projections are not statements of housing requirements but statistical exercises showing what would happen if demographic trends continue. They do, however, represent the best available statistical basis for considering how many additional households there might be requiring homes in the region in future. Given the number of variables and the uncertainties of forecasting over a 20 year period, we consider it important not to try to be over-precise in interpreting projections for planning purposes. The limits of “sound science” in this area need to be understood. No one projection provides a “correct” figure of household increase that should be planned for. The new ODPM 2003-based

Source: East of England EiP – Report of the Panel (June 2006)

- 28.13 At the same time, the survey data does provide encouraging evidence for the continuation of market demand, and the intention to encourage growth via the SSCTs provides further encouragement that the targets in the RSS are capable of being met, at least after whatever pause is induced by the current economic downturn.
- 28.14 The general economic context provided for example by ‘*Somerset: a landscape for business*’ is also encouraging: it shows a strongly rising Gross Value Added (GVA) in the County.

**Prospects for newbuild housing**

- 28.15 The most immediate basis for looking at the future of newbuild market housing are demographic projections provided by CLG, which encourage the view that something of the order of the RSS target growth is feasible. However clearly the current economic situation has brought house building to a much reduced scale for at least the short term. It is hard to make any secure forecast of the newbuild housing market over the next few years, given the general uncertainty as to whether the downward curve has hit the bottom.
- 28.16 It is, however, reasonable to expect that the two HMAs analysed here will recover at least as quickly as the national economy. The South West is an attractive region for growth and Somerset is well located in relation to the overall region. The RSS forecast calls for upwards of 3,000 new dwellings per annum in the two HMAs. That is unlikely to be achieved over the next few years but quite likely when a recovery is established. The immediate issues are to do with policy in the context of the credit crunch.

**Sub-market discussion**

- 28.17 It is obvious that there are substantial variations among the housing sub-markets within especially the Taunton HMA, but also the South Somerset one. This section of the chapter considers the implications of them. Variations in house prices and other market indicators are provided in Chapter 9 above, but no policy implications drawn at that point.

- 28.18 As the discussion in Chapter 9 suggests, there are considerable variations among the sub-markets, and in many cases each market town creates its own sub-market, within the overall supply and demand pattern set by the location of the two HMAs in the South West, adjacent to the Bristol conurbation.
- 28.19 The Practice Guidance on SHMAs (August 2007) does not suggest any particular policy approach. The *Advice Note on Identifying Sub-regional Housing Market Areas* (March 2007) quite clearly indicates that local authority boundaries whether for individual or grouped council area studies are the 'pragmatic approach' which is recommended (para 9). In the same way, on the affordable housing policy side, PPS3 para 29 requires a district wide target. Consistent with this, the Regional Guidance provides overall newbuild targets by district and not by sub-market area.
- 28.20 The tension between 'true' sub-markets and council boundaries has existed for the 15 or so years since it was proposed that HMAs should be an entity for study of housing behaviour. The problem with using sub-markets for any practical target setting is that they are not administrative boundaries, that there is no consistent secondary data to compare any findings with, and no administrative sense to using them. Indeed where HMAs have been defined to include small parts of other districts within a grouping of districts, it has led to some degree of conflict, since the findings in one HMA may conflict with those of another, part of which overlaps the first. This may be behind the comment about 'pragmatic approach' found in the HMA Advice Note.
- 28.21 Clearly there are variations within as well as between districts involved in the present study. They do not, following Government Guidance, lead to policy recommendations on either the market or affordable housing sides. In reality areas that are more attractive in housing market terms will achieve higher prices than other places, regardless of where they lie in administrative terms. This does not, in Guidance terms, lead to any implications for this study to recommend specific and different policy outcomes. The housing market will still act in relation to supply and demand, and the policy responses to this study only affect the broad patterns of that reality: the total newbuild and targets for affordable housing.

## Summary

- i) The RSS target for the two HMAs is just under 3,000 new dwellings per annum. This total is largely made up of SSCT development (larger newbuild urban developments designed to encourage economic growth and service provision) focussed on Taunton/Bridgwater and Yeovil.
- ii) Evidence from CLG household projections suggests a combined demand and need for 2,600 additional households per annum for the two HMAs. The base date of these projections was before the economic downturn became apparent. It is likely to represent the medium and longer term view, when a recovery is established.
- iii) In the meantime it is likely that newbuild will be much lower than the (draft) targets. The trajectory forecasts are generally above recent newbuild levels, but the economic climate is likely to mean that they will not be met in the short term.
- iv) The fundamentals of the situation of the HMAs, in a well situated part of a high growth region, mean that the forecast levels of newbuild are likely to be achieved in the medium and longer run.
- v) Although there are many market and non-market variations within each of the districts in this study, they do not in terms of Government Guidance lead to any major policy suggestions. On both market and affordable housing, the district is the focus of policy setting.



## 29. Deliverability of housing targets

### Introduction

- 29.1 This chapter focuses upon the issue of what is likely to be delivered in the form of newbuild housing in the two HMAs in the currently foreseeable economic climate, and how policy should be shaped to enable stakeholders to get the best results in it.
- 29.2 The first part of the chapter deals in principle with the issue of the economic downturn, and what should be done about it in the context of an SHMA. The second part of the chapter deals with the targets discussed in Chapters 27 and 28 in terms of possible policy approaches.

### Context

- 29.3 The main focus is the affordable housing policy in the context of the viability analysis (*Taunton and South Somerset HMAs: Strategic Housing Viability Study, Fordham Research February 2008*). The background facts are:
- i) PPS3 says quite clearly that the affordable housing target '*should also reflect an assessment of the likely economic viability of land for housing within the area [taking account of risks and available finance (including public funds) and the level of developer contributions]*'
  - ii) The evidence on housing need considered in isolation would warrant a target of about 35%-45% using the usual criterion of the actual level of need and the custom and practice that has built up since 1991 when such targets began to be set in accordance with Government policy
- 29.4 There are a number of problems with the Guidance when it comes to clear and transparent assessments to accord with it. The main ones in the present context are:
- i) **Consistency:** The CLG Guidance in PPS3 and elsewhere does not detail the approach to viability. Exactly what is being suggested? There are many possible approaches and none will produce exactly the same results.
  - ii) **Baseline:** One of the main gaps in the Guidance that no test is included for what constitutes an acceptable level of land value. This is critical to any judgement of the 'viability' of a given target in housing markets which are properly functioning. Alternative use value (in whatever is the most attractive alternative use) is a good test where there is competition (e.g. town/city centres) but not much use elsewhere.

- iii) **Dynamic viability:** The third aspect is that PPS3, not surprisingly, did not foresee the economic downturn. As a result it did not make any proposals which allow changes of policy according to levels of viability. There is mention of 'risk' in PPS3.

29.5 The context for this analysis is that the policy formed from it must be both clear and capable of withstanding criticism at the Local Development Framework stage, and be capable of enduring in policy for some time.

## Approach

29.6 One of the first steps is to address some of the problems arising from the present situation which now complicate affordable housing and viability. We then propose an approach, and consider it in the light of the evidence. Finally we review alternative possibilities and conclude.

## PART 1: GENERAL ISSUES

### Viability and the credit crunch

29.7 The reduction in house prices, and hence land values for housing, over the past six months will have made many previously viable targets for affordable housing unviable. However that (unless newbuild housing ceases forever) is a temporary phase. There will in due course be an upturn and viability will return to sites that are at present not commercially viable, even without regard to affordable housing and planning gain contributions.

29.8 In the current economic downturn it is therefore necessary to think of viability in a dynamic context. In other words it can go up and down over time. This has a practical meaning for local authorities and house builders at two main levels:

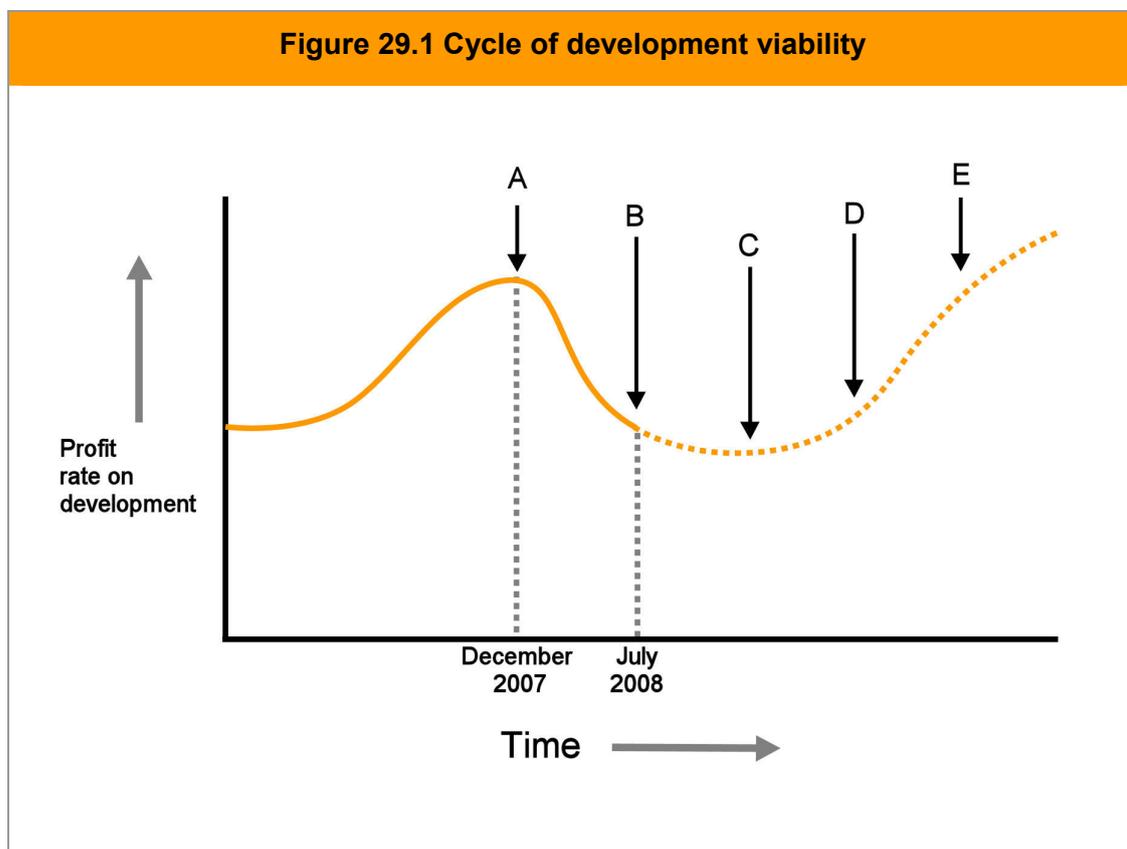
- i) That of policy wording for the LDF
- ii) The wording of S106 Agreements in which affordable housing is required

29.9 It is necessary to have some wording for (i) and some mechanism for (ii) as otherwise planning appeals will be generated and a lot of avoidable cost incurred. However this discussion is addressed to (i) since setting targets through LDF policy is one of the main outputs to be derived from an SHMA: s106 negotiation policy is a separate issue.

## Recognising the problem

29.10 In considering how to treat affordable housing, it is therefore necessary to consider a full cycle of price rise and fall, and as mentioned above, this is a novelty in the history of affordable housing. Government Guidance will at some stage need to recognise the consequences upon viability, and hence affordable housing policy and practice.

29.11 The following illustrative graph describes the cycle: we do not know exactly where the bottom of the curve lies, or how long it will take for an upturn to develop, but there is not much doubt about the broad shape of the curve. It may waver about, but if households continue to increase and to get richer, then the upturn will eventually take prices higher than they were before the downturn.



29.12 On the left hand axis the graph shows a measure of profitability. This relates fairly directly to the general viability of housing sites: i.e. their ability to carry a given fraction of affordable housing. Each site is individual, and the proportions of other planning gain, and availability of Homes and Communities Agency and other finance will vary, but the graph describes the general position.

29.13 The following are the key points on the diagram:

- A. The top of the curve (around the end of 2007). After this point some sites that could carry a given proportion of affordable housing, no longer could. Any viability analysis results done before December 2007 are now wrong, to varying degrees depending on the nature of the housing sites involved.
- B. The present day, which may or may not be the bottom of the cycle. Many sites which were viable and capable of carrying affordable housing contributions now cannot, and in many cases the whole site is unprofitable and no development is likely until there is an upturn.
- C. This is the bottom of the cycle. It is hard to recognise this point, but important for house builders and local authorities. At this point there is the prospect of increased profitability in future, and so assuming that land price has fallen (for instance through the option mechanism) the house builder can envisage profit, and will start building again. At the same time the scope for affordable housing contributions will be at its minimum. This is an ideal time to finalise a S106 Agreement from the point of view of the developer, and the worst time from the point of view of a local authority. For both parties the reason is the same: it will minimise any contribution of (means tested) affordable housing.
- D. At this point the recovery is well under way, and so many sites which had been unviable and unable to carry an affordable housing contribution will be able to do so. It is important that policy recognises such a point, and that S106 structures are designed to accommodate to it.
- E. By this point prices have risen above the previous peak, and so many sites will be both viable and able to carry 'policy level' proportions of affordable housing again. However the experience of this downturn should warn all the parties to ensure that both policy and S106 mechanisms are suitably designed to address the problem of an eventual future downturn again.

## **Viability and cascades**

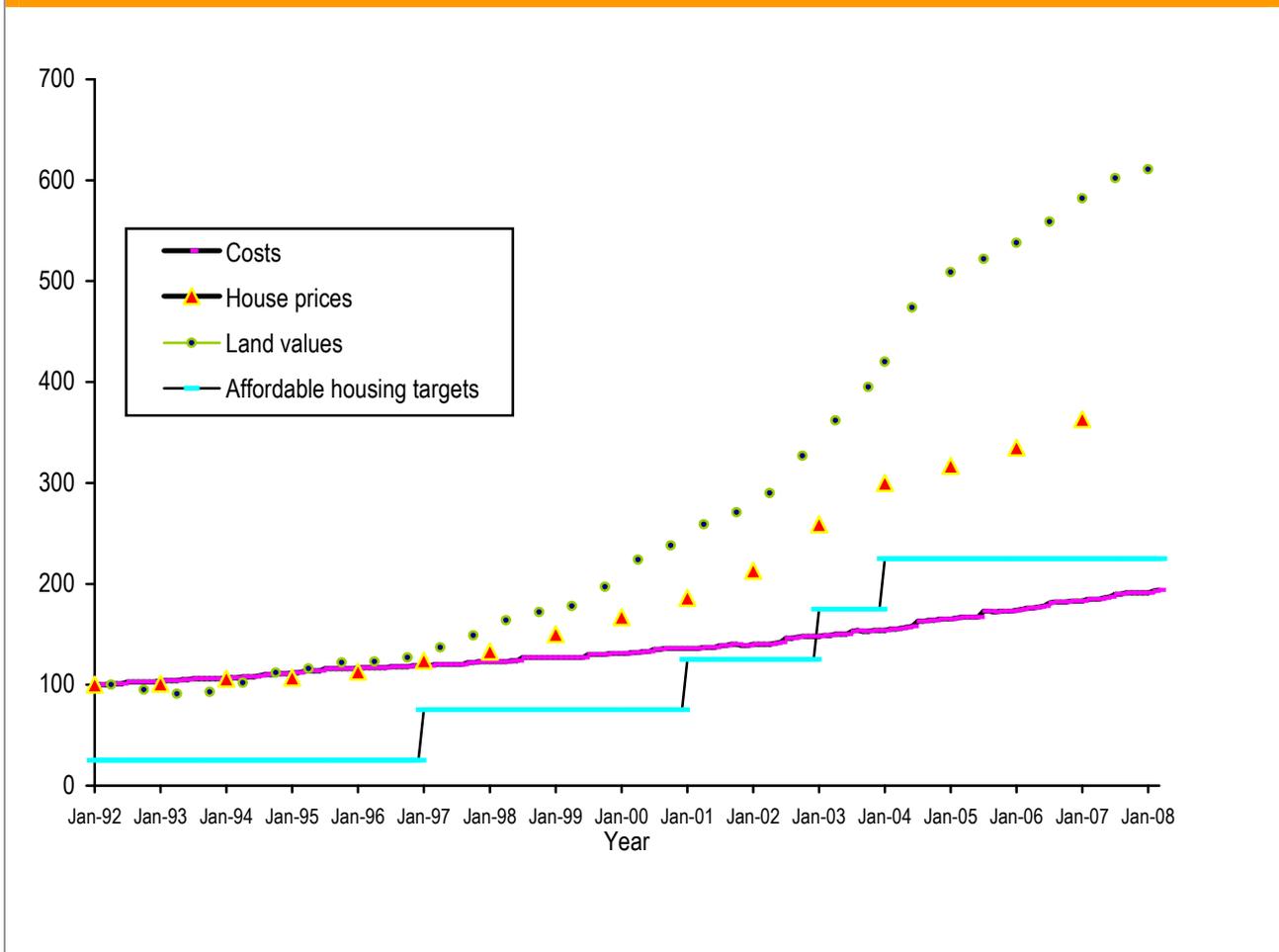
29.14 The principle of a cascade is a developer led idea: essentially it is a formula in a S106 Agreement that means that, if the agreed level and mix of social rented and intermediate housing is not viable at a given stage in development, the requirement 'cascades' into a less demanding form. Essentially this might mean that an X% requirement for social rented housing turns into intermediate housing.

- 29.15 English Partnerships and the Homes and Communities Agency wrote a report about it in 2007 (*Cascades: Improving certainty in the delivery of affordable housing for large-scale development?* – October 2007). This contains good material on the process, but is flawed due to the ‘one way’ character of a cascade: it only works downwards, i.e. to reduce the affordable housing obligation. This is justified by the imperative need for certainty in ‘delivery’. It can reasonably be argued that while a given affordable housing contribution was viable at Phase A of a development, the same proportion of affordable housing might not be if conditions had deteriorated by the time of Phase B. This could be described by the price change from A to B on the graph above.
- 29.16 But there is no mechanism in a cascade for any upward movement if market conditions then improve, i.e. from C to E in the above graph. This is why house builders love the idea. It is important to ensure deliverability, but not at all costs. In many situations now, new development has halted anyway, and so affordable housing contributions make no difference. It would therefore be wrong to operate a cascade in that situation. In any case it is important to have an upward as well as downward scope, within whatever affordable housing policy framework exists. Thus any reference to cascades in planning policy documents should also refer to fountains: as in the current economic downturn especially there will be upward as well as downward movements of viability.

### **History of the last recession**

- 29.17 Many things differ between the 1989-1991 recession and the present situation. Among other things the former included major amounts of repossession of mortgaged property and also unemployment. Neither of these is significantly present at least so far. In the same way it is most unlikely that the path out of the present situation will closely resemble what happened as the market began to recover in the early 1990s.
- 29.18 However it is worth considering what happened then, since it is quite likely that elements of it, though not the overall pattern of things, will recur next time. The following graph presents a longitudinal view of some key variables:

**Figure 29.2 Price and cost trends in the recovery from the 1990 recession**



29.19 The graph shows land values rising more sharply than, and ahead of house prices, though both rise substantially over the whole of the long boom period. Costs rise much more slowly but from a higher start point. The hypothetical trend of 'affordable housing target' cost rises irregularly but at a faster rate than other costs. This is not easily proved with figures, but most would agree. The point in the present context is that affordable housing costs have become built into the calculations, though they are means tested as paragraph 29 of PPS3 makes clear.

29.20 Now that prices have fallen, it will kill off much of the affordable housing contribution. But when the price recovery begins it will do so from a higher base of costs, as the affordable housing cost will start at the highest rate permitted by viability, having already reached a much higher level than was the case in the early 1990s.

## **PART 2: A PROPOSED APPROACH**

### **General implications of the economic downturn for the framing of affordable housing policy**

- 29.21 It is quite possible that house price volatility will mean that if a detailed analysis were done, the viability of a given affordable housing percentage target may fluctuate widely even within a few months in the future, and may take some years to settle down again.
- 29.22 At the same time policies in LDFs have to be written so as to be scrutinised by Planning Inspectors and stakeholders generally. There is no formula in CLG Guidance to cover what should be done in this situation. We would suggest, in order to maintain a systematic approach but also one that responds to what may be very short term fluctuations in viability that a two staged approach should be adopted:
- 29.23 An affordable housing policy percentage is set in the LDF which reflects the now traditional comparison of the level of affordable housing required per annum with custom and practice. This typically leads to targets ranging from 30-50% depending on the intensity of housing need.
- 29.24 The future position is that viability is likely to vary perhaps quite sharply over the next few years. A single target is no longer a sensible or feasible policy option. The policy approach must make provision for checks on viability to be done at appropriate intervals (for example at each of points A-D on the schematic graph above, since clearly quite different outcomes.

### **Deliverability of market housing**

- 29.25 The market housing position was reviewed in Chapter 28. This position is rapidly changing, and all in the direction of lowering house building production at the time of finalising this report. Nothing useful can be said in this document about the future trajectory of overall house building at this stage in the cycle. The level of uncertainty is so great that the deliverability issue, upon which this chapter focuses, is simply the mechanism for ensuring an equitable formula for affordable housing policy, leaving market housing output to the future evolution of the financial capacity of individual households in relation to the availability of credit for housing purposes.

### **Implications of the viability results for affordable housing policy**

- 29.26 The Viability report provides detail on the approach. The analysis used a site typology designed to reflect new housing developments across the two HMAs and used a combination of actual sites and notional sites to allow the fullest coverage within the available budget.

- 29.27 The study looked at viability in the context of varying levels of affordable housing provision, and in the context of the additional costs of other planning gain, and the sustainability requirements now imposed on newbuild. It also tested for varying affordable housing tenure split: social rented housing at 60% and 80% of the total, and intermediate housing at 40% and 20%.
- 29.28 The implications of the viability results are summarised in the following extract from the Viability Report (para 7.10 and 7.11):
- 29.29 *The results from the appraisals suggest that under zero grant conditions, a proportion of 30% could be applied in many parts of the study area; and indeed several sites would be viable at 45%, whether with a tenure split of 60/40 or one of 80/20, in that they deliver a residual value comfortably in excess of the site's value in an alternative use. Bearing in mind that the sites have focussed to some degree on the towns, which are on the whole the lower to medium priced locations, that is a satisfactory outcome.*
- 29.30 *There are of course parts of the two housing market areas where house prices are significantly below average, and where consequently at the present price level a target of much over 30% would not be sensible.*
- 29.31 In the context of the conclusions on likely justifiable ranges of affordable housing target, and indeed the minimum target set in the current draft of the RSS, they are clearly not feasible at present. As PPS3 says, affordable housing targets should be plan wide, so even if a 40% target is viable in one part of an area, it may not be in another, and so should not be applied until it is generally feasible.

### **Implications for S106 Agreements**

- 29.32 Following the discussion in Part 1 of this chapter, to the effect that S106 Agreements should also contain flexibility to address the economic downturn, it is simply noted here that such flexibility should be used. This report is not a legal one, nor one which sets out the appropriate clauses in S106 Agreements related to affordable housing.
- 29.33 It is simply pointed out here that S106 contains the flexibility to allow clauses which in effect seek 'clawback' when viability conditions improve (or indeed the opposite when they worsen). This means that an equivalent version of what is proposed here can be implemented after the grant of planning permission with a S106 Agreement, just as it can in negotiations over affordable housing provision before the grant of permission.

### Site specific viability

- 29.34 It is of course impossible for a district and HMA wide viability analysis to represent all the real range of site conditions: it has to be broad brush. As a consequence any affordable housing policy target level that is both district wide and broadly viable at that level, may fail to be viable on a particular (and in planning terms otherwise acceptable) housing site. The may be unusually poor market circumstances of its location, or unusual abnormal costs etc.
- 29.35 Hence it would not be reasonable to expect any target to be viable on all sites in an area. There must be leeway for the applicants to present a case against the application of the general affordable housing target on sites where it can be reasonably shown not to work. By the same token, the local authority cannot be expected to set an affordable housing target that will always be viable: the only such target is probably zero.

### Two staged affordable target proposal

- 29.36 Given the viability findings, and the highly volatile immediate future prospects as regards viability, the only practical approach seems to be to follow the two staged principle suggested earlier in this chapter:
- i) Target A: set a district-wide target of the level implied in Chapter 27, but subject to the debate which follows this SHMA. In any event a single percentage figure that applies plan wide.
  - ii) Target B: institute a process of repeating the viability analysis contained in the parallel viability report at intervals to be agreed within the continuing SHMA process. This might show that X% was viable in a given district at one point and Y% at another. So long as the calculations are transparent, as in the present viability report, nobody should have any reason to dispute them as the basis for a broad brush target.
- 29.37 In order to focus the suggestions made here we use material from the viability study and combine it with the material in Chapters 27-28 above. The first point is that this study cannot realistically forecast the trajectory of overall newbuild. The market is far too unstable for that. Hence the only realistic topic for analysis is, within whatever newbuild arises, to discuss the types and levels of affordable target.
- 29.38 Chapter 27 suggested target levels for Target A. They are of course just suggestions based on the evidence, and it is for the SHMA Project Team and the individual local authorities to take the process forward and formalise the final target levels. The figures proposed in Chapter 27 and which in this context are 'Target A' were:

South Somerset: 35%  
 Taunton HMA: 40%+ [perhaps 40% in Taunton Deane and West Somerset and 45% in Sedgemoor, based solely upon housing need in the context of custom, practice and the RSS]

29.39 Using the site viability analysis information from the companion report: Strategic Housing Viability Analysis (also by Fordham Research), the following information can be derived:

<b>Table 29.1 Variations in viability by district</b>			
Topic	15% Target	30% Target	45% Target
<b>Sedgemoor</b>			
Viable sites	2	2	0
Marginal sites	1	0	1
Unviable sites	1	2	3
<b>Taunton Deane</b>			
Viable sites	3	2	1
Marginal sites	0	1	1
Unviable sites	1	1	2
<b>West Somerset</b>			
Viable sites	1	1	1
Marginal sites	1	0	0
Unviable sites	0	1	1
<b>South Somerset</b>			
Viable sites	7	6	2
Marginal sites	0	0	2
Unviable sites	2	3	5

Source: Strategic Housing Viability Analysis database

29.40 Before drawing conclusions from this table, it is worth considering another perspective: the greenfield/brownfield one. The same data are displayed, but in this case only for the two HMAs. As can be seen from the table above, splitting up the Taunton HMA into districts results in some quite small sample sizes, especially in West Somerset.

**Table 29.2 Variations in viability by greenfield/brownfield site type**

Topic	15% Target	30% Target	45% Target
<b>Greenfield sites</b>			
Viable sites	8	7	3
Marginal sites	0	1	3
Unviable sites	0	0	2
<b>Brownfield sites</b>			
Viable sites	5	4	1
Marginal sites	2	0	1
Unviable sites	4	7	8

Source: Strategic Housing Viability Analysis database

29.41 There are no absolute conclusions to be drawn from this evidence, but there are some fairly clear messages, based on the balance of viability and un-viability shown across the areas in question. They are:

- i) A 15% target looks broadly viable across all four Districts
- ii) A 30% target is on balance viable across all Districts, but see (iv) below
- iii) A target over 30% is likely to be difficult in present market conditions; 45% is clearly too high for any district in the current market
- iv) If greenfield sites and brownfield sites are given separate targets it can be inferred that a greenfield targets should be higher, and brownfield targets lower than whatever base figure is decided

29.42 It is not the task of the SHMA to set policies, But in terms of the key inputs of the affordable housing target, the following is the implication of the analysis presented here, and these conclusions were applicable as of July 2008:

**Table 29.3 Target A and Target B suggestions for both HMAs**

Topic	Target A	Target B
<b>Taunton HMA</b>		
Taunton HMA	40%+	30%
Sedgemoor	45%	30%
Taunton Deane	40%	30%
West Somerset	40%	30%
<b>South Somerset HMA</b>		
South Somerset HMA	35%	30%

- 29.43 These figures are of course suggestions for the SHMA Project Team to consider. It is for that body to decide the policy proposals. What can be said on the basis of the evidence is, however, that there is a clear gap at present between Target A and Target B. This gap may well not have existed at all a year or two ago, and will gradually disappear if there is an upturn in the housing market. However its exact trajectory will have to be determined by future viability exercises. The proposal here is that the frequency of viability re-surveys should be determined by the SHMA Project Team, but no more frequent than once a year, as otherwise the uncertainty could damage the land market as between landowners and house builders.
- 29.44 What is also clear from these figures is that although the needs based Target A figures vary as between HMAs, and between districts, the viability situation suggests a more or less uniform ceiling of 30%.
- 29.45 Within that, if the authorities involved are minded to distinguish greenfield and brownfield targets, it is clear that there is a wide difference in their viability. In South Somerset for instance a greenfield target above the suggested Target A 35% would be feasible, but a much lower target on brownfield sites.
- 29.46 Finally it must be borne in mind that these are strategic viability results. Each site depends on its own facts, and if site viability is much different from the above general findings (for instance due to remediation of toxic waste) there may be a case for a lower target. It is not to be expected that house builders or landowners will rush forward to announce that their site can afford more than the affordable housing levels indicated in Table 29.3. The repetition of Target B calculations is the best route to establishing that point.
- 29.47 If, as expected, there is at some point in the future an upturn in the housing market, then it will be expected that Target A and Target B percentages will move towards the same figure. Although greenfield and brownfield viability will normally be rather different, in a better housing market it may be that the brownfield viable percentage will rise towards the Target A figure.
- 29.48 Since the target cannot reasonably go above that figure, once the brownfield target reached the Target A level, there would be no further point in having separate greenfield and brownfield targets. Whether such different targets are recognised is, of course, a policy decision for the SHMA Project Team and for the individual authorities.
- 29.49 What is clear is that a Target A and Target B type distinction is essential in present market conditions in order to conform to Guidance and to allow a reasonable room for manoeuvre for the housing market.

## Summary

- i) The present economic downturn has made the general statement about viability testing in PPS3 (para 29) out of date. In order to ensure equity in the matter it is now necessary to pursue a two staged approach.
- ii) In order to address the credit crunch situation of widely varying viability over time, we propose a two level approach. Target A is proposed to be set on the (traditional) basis of levels of housing need. Target B is based on strategic viability analysis (full detail in the parallel viability report). Target A represents the level of affordable housing target which is the maximum justifiable on the needs evidence. Target B represents the maximum justifiable on strategic viability grounds. Within Target B, there may be particular site circumstances that require a further reduction in target, but these are matters for the planning applications stage, when such detail can properly be established and discussed.
- iii) At HMA level, a Target A level of 40% can be justified for Taunton, and 35% for South Somerset. At district level the outcome is the same except that Sedgemoor could probably justify 45%.
- iv) In terms of Target B, the present (July 08) position is that 30% is the general limit dictated by viability. If a distinction between greenfield and brownfield sites is recognised, then greenfield Target B levels could rise to Target A figures, but brownfield targets should not go above 15%.



## 30. Compliance with Guidance

### Introduction

- 30.1 As discussed in the first 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.
- 30.2 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 both the Guidance requirements and PPS3 requirements. First, however, this chapter comments on fulfilment of the process requirements.

### Process requirements

- 30.3 The Practice Guidance (in its 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 sub-market: this work had already been carried out. However this report does check and discuss the validity of those findings.
  - 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 Councils and partly facilitated by Fordham Research. A fuller description of stakeholder involvement is set out in Appendix 1 to this report.
  - iv) Full technical explanation: there are technical explanations at relevant points in the text and also the supporting housing needs survey.
  - 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 'Analysis of household survey data' reports for each Council as regards the survey work, and via the transparent explanation of such processes as the CLG Needs model in the text.
  - vii) Explains about monitoring and updating: the subsequent chapter sets out the approach which is suggested.

## Output requirements of Guidance

30.4 The Practice Guidance (in its Figure 1.1) provides a checklist of core outputs. The following table list the eight outputs and the part of the report in which they are dealt with. The results for the two HMAs are presented in the same sections of this chapter, and so are presented in common here.

<b>Table 30.1 Providing the Practice Guidance core outputs</b>	
<i>Item</i>	<i>Source</i>
1) Estimates of current dwellings in terms of size, type, condition and tenure	Chs 4 + 8
2) Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the market.	Chs 9, 12, 13, 14, 15
3) Estimate of the total future number of households, broken down by age and type where possible	Ch 15
4) Estimate of current number of households in housing need	Ch 16
5) Estimate of future households that will require affordable housing	Ch 16
6) Estimate of future households requiring market housing	Ch 13
7) Estimate of size of affordable housing required	Ch 13
8) Estimate of household groups who have particular housing requirements e.g. families, older people, key workers black and ethnic minority groups, disabled people, young people etc.	Chs 17-22

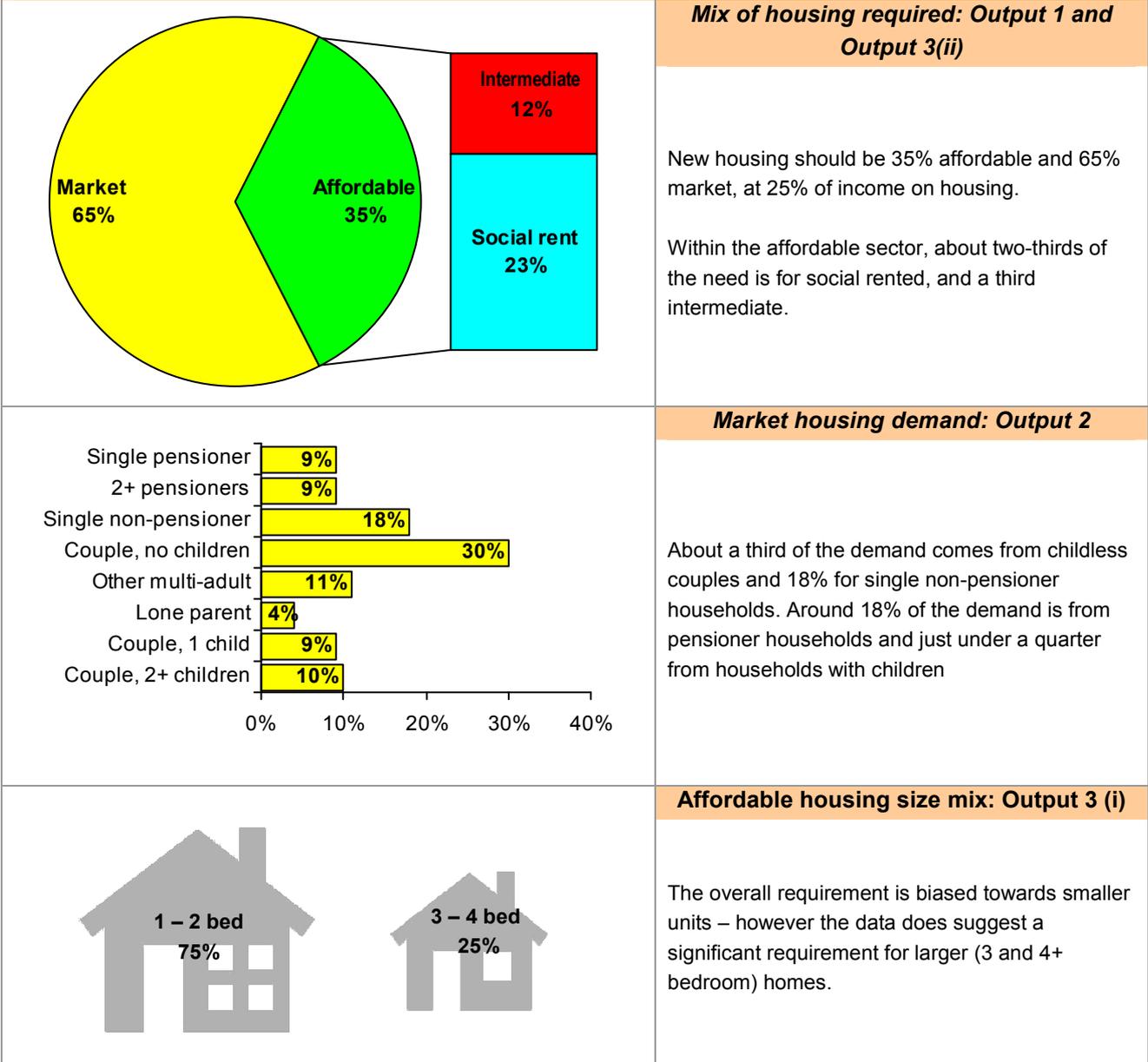
## Output requirements of PPS3

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

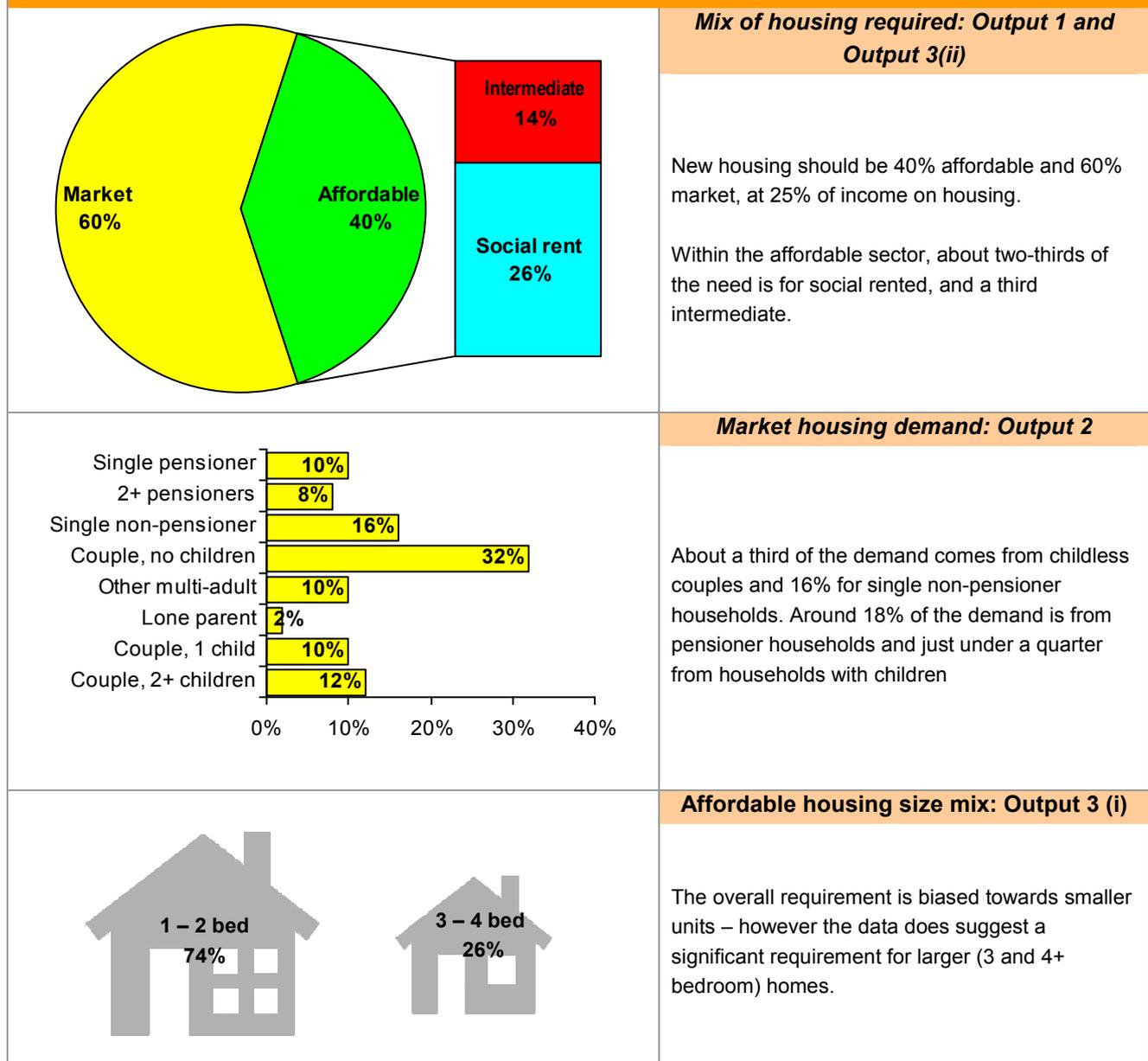
- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.*
- *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples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

30.6 These can be derived from the preceding material.

**Figure 30.1 Summary of PPS3 requirements resulting from the analysis: South Somerset**



**Figure 30.2 Summary of PPS3 requirements resulting from the analysis: Taunton HMA**



**Implications of these figures**

30.7 The above tables show conformity to the requisite Guidance. The following paragraphs discuss the implications in more detail.

30.8 Clearly three key requirements of PPS3 in the table above have direct implications for housing and planning policy. However planning policy is not commonly stated in terms of precise sizes of dwellings required in the market, and the housing market is likely to fluctuate considerably over the short to medium term, so that it would not be wise to translate the analytical results directly into policy. An evidence based approach is informed by rather than governed by the evidence.

- 30.9 The following comments are intended to amplify the compliance points. They are of course also written in the context of the preceding chapters on non-market and market policy implications of the results.
- 30.10 Clearly the dwelling stock in the HMAs is not 'balanced' in the sense of being like the overall English pattern. Having respectively twice (Taunton) and three times (South Somerset) the national proportion of rural dwellers implies many more detached homes: about a third rising to 37% in West Somerset) as compared with about a fifth (22.5%) nationally.
- 30.11 In considering the character of newbuild market housing, which PPS3 requires local authorities, with due discussion with house builders and other stakeholders, to do, there are a complex set of issues:

**Table 30.2 Factors affecting future newbuild dwelling size**

- A substantial fraction of housing is under-occupied (43%: para 11.12); with the ageing of the population this proportion is likely to rise
- Households consider that they need extra rooms to accommodate guests, carers, study, hobbies, and work from home
- In high priced sub-markets existing home owners will enlarge and convert their home rather than move
- The role of the dwelling is of considerable importance. It represents financial security for the household and future generations
- Investors play a key role in meeting demand for rented housing of an appropriate size according to the market.

- 30.12 Newbuild housing normally commands a premium over second-hand. It is therefore, whatever its particular profile, a luxury product in relation to second-hand equivalents. This in turn affects the section of the market that is likely to buy it.
- 30.13 The Annual Flows analysis (Figures 13.1 and 13.2) show a net inflow into the HMA even before considering internal growth. There is normally an excess of newly forming households over dissolutions (mainly through death). The various attractions of the two HMAs mean that there is the prospect of longer term growth despite the short term credit crunch effects.
- 30.14 The implications for the size mix of newbuild housing are largely a matter of policy. The emphasis varies from place to place, but it is clear that a substantial part of the additional market demand is for two and three bed dwellings. The area where policy could lead the market is in the direction of smaller units designed to attract older owner-occupiers from their under-occupation.

- 30.15 Although there are niche builders in this market, they tend to operate at the specialist end of it: high value complexes of quasi-sheltered housing. There is also likely to be a future market for smaller but not one-bed flats and smaller units for households 'downsizing' to locations that are readily accessible to services. It is by no means clear, at national or local level, how far and how fast the process of 'downsizing' will go, as the ability to do so, backed with substantial equity, has only been available to a wider population for the past decade or less.
- 30.16 There is scope for the public authorities to influence this agenda, though there is no direct policy message in the data. There is widespread under-occupation but that may well be what the households concerned would prefer. There does not exist, on a large scale, a selection of 'move on' property of the kind that would attract them out of their current dwellings.
- 30.17 There is an evident need for both tenures of affordable housing. A major challenge will be to secure intermediate housing that is somewhere around the middle of the intermediate range. Unless that can be done, the fraction of intermediate housing will be much less than the 40% or so indicated. If, for instance, it is only a bit less expensive than private renting, the proportion of intermediate housing should fall to a few percent, as there is no point in producing a lot of it for the very small band of housing need that it would meet.

## Summary

- i) This chapter summarises the way in which the process and output requirements of Guidance have been met. This SHMA is robust both in terms of process and outputs.

# 31. Monitoring and updating

## Introduction

31.1 One of the central features of the Guidance is that SHMAs are collaborative and continuing processes, not just the 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 (e.g. para 60 of PPS3). This emphasis is mirrored in the Practice Guidance, where Figure 1.2 provides a checklist of the key processes within the overall SHMA, which includes the requirement to:

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Guidance**

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

[SHMA Practice Guidance, Figure 1.2 (pp. 10)]

31.2 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.

31.3 The essential practice to ensure that the report remains current is to update the weekly costs of different forms of housing: 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

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

31.5 This section focuses 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**

- 31.6 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 on board 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.
- 31.7 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 SHMAs.

## **Updating the general findings**

- 31.8 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 31.1 Secondary data sources: strengths and weaknesses**

<b>Topic and source</b>	<b>Frequency/scale</b>	<b>Strengths and weaknesses</b>
<b>(1) Survey of English Housing:</b> 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 level
<b>(2) English House Condition Survey.</b> 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
<b>(3) 2001 Census</b>	10 years; available at very local areas	The best source for many background purposes: e.g. migration as it shows everyone moving to and from everywhere. It is now somewhat out of date. The main weaknesses for SHMA purposes are that it contains no financial capacity information (not even income) or indications of movement intentions. It is therefore of little use in producing plausible modelling of a housing market
<b>(4) General Household Survey (GHS).</b>	Annual; down to regional scale	Excellent descriptive source. Of little practical use in SHMA analysis for similar reasons to the Census. It does not provide data for individual households containing housing and financial data, essential for modelling housing market behaviour
<b>(5) NOMIS website</b> [contains many other general data sources]	Available all the time and at many scales	The best ready source for most secondary data; weaknesses are as per the above sources. It does not provide the analytical inputs to a SHMA process, but much valuable background
<b>(6) Population projections (ONS)</b>	Annually updated; regional and district level	They are conveniently detailed, but are not of much direct use in SHMA analysis, since they are not based on households (see below)

<b>(7) Household projections (CLG)</b>	Due to be every 2 years; regional and usually district level availability; annual mid-year estimates are produced for districts	Much more useful than population, and a vital background series. The only commonly available projections for 15-20 year horizons. The price of this long view is that the data does not reflect housing markets. Although sometimes wrongly referred to as a 'demand' forecast, it is not. It is based on assumptions about household formation drawn from the current socio-economic situation. This may change both nationally and locally if socio-economic situations change (as they normally do. Hence these projections must be treated as 'guesses' or 'policy led' (i.e. what it is hoped may happen, not as any guide to what the housing market may do)
<b>(8) English Longitudinal Survey of Ageing (NCSR)</b>	Bi-annual; national	Valuable background source. Useful for health; general economic situation and quality of life. Not of practical value for SHMA analysis due to scope and sample size
<b>(9) National Health Service (NHS) Central Register</b>	Quarterly or annual; national, regional and district	Extremely useful as it is the best source for migration in between the 10 year Censuses. Of very limited use for checking primary data, unfortunately, as it is 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
<b>(10) Inland Revenue income data</b>	Annual; regional and district	Valuable as background; very limited usefulness in SHMA work as it is personal (not family) and cannot be correlated with other information (such as equity, household characteristics
<b>(11) Annual Survey of Hours and Earnings (ASHE)</b>	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 for SHMA analysis
<b>(12) CORE (U of St Andrews)</b>	Annual; district	The best source for social rents
<b>(13) Rightmove (and other similar websites)</b>	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
<b>(14) Land Registry Sales of all housing</b>	Quarterly; postcode sector	By far the best background source on value of dwellings. It does not contain information on size of property nor on repairs costs, and so it cannot be directly used in SHMA analysis. However it provides the only reliable dynamic source for past price changes

<b>(15) Housing Strategy Statistical Annex (HSSA) CLG</b>	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
<b>(16) Annual survey of mortgage lenders</b>	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 it cannot be used in SHMA analysis
<b>(17) Valuation Office Agency: value of properties sold</b>	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
<b>(18) Council Tax Band data (from districts)</b>	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
<b>(19) Labour Force Survey ONS</b>	Quarterly; district	The best source for employment trends; cannot be related usefully to housing market statistics
<b>(20) Index of multiple deprivation CLG</b>	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.
<b>(21) Economic forecasts Treasury and commercial sources</b>	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. They are highly speculative, but do provide useful background to an SHMA

Source: Annex B to the CLG Practice Guidance (August 2007); and Fordham Research 2008

31.9 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.

### Primary dataset

31.10 The key variable to update within the SHMA is the weekly costs. 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.

- 31.11 At the more formal level, a convincing SHMA requires a combination of secondary (existing) and primary (specifically gathered 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.
- 31.12 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**

- 31.13 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 the Housing Market Partnership to the need for more frequent updating.
- 31.14 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**

- 31.15 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'.
- 31.16 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?

- 31.17 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. Whether a household can afford social rent or outright purchase is a financial matter, but as shown in this report, income is only part of the answer to that question; affordability is also dependent on household savings and equity.
- 31.18 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 house builder offers what is stated to be affordable housing of two 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 the weekly housing costs table will ensure that the housing really is affordable for the group it is targeted at.

## How to calculate the updated prices

- 31.19 Before putting the purchase and weekly rent costs on a common basis, as discussed in the next section of the chapter, 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 general principles.

**Table 31.2 Establishing new minimum prices/rents**

1. Prices for each size of dwelling will vary across a borough, often within short distances. It is important therefore to identify the boundaries of the individual price markets that exist within the authority.
2. Once the appropriate price markets have been determined, it is necessary to establish the main settlements in the area and the estate or letting agents in operation in the area.
3. The Practice Guidance indicates entry-level prices should be approximated by the lower quartile value. For each settlement or estate/letting agent identified, it is possible to complete an internet search to identify the number of properties of each size available in that settlement. If the total number of properties of a particular size is quartered and then the properties are sorted by cost in ascending order, then the property at the quartered value is the lower quartile point.
4. This process is repeated for all property sizes and then for different settlements. The overall lower quartile cost for a particular dwelling size in a price market is the mean of the individual lower quartile prices identified in each constituent settlements.

Source: Fordham Research 2008

31.20 The figures can, in the case of weekly costs like rents, be inserted straight into the table. In the case of prices and shared ownership (combination of price and rent) it is necessary to process the information further. The next section describes a procedure for doing this.

### **Putting purchase prices on a weekly cost basis**

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

Table 31.3 Turning the purchase price for a house into a weekly cost		
Issue for calculation	Formula	Calculation
*For interest only mortgage (which is preferable because it represents the cheapest method of entering the sector and therefore the entry level)		
Cost (price) of home = C (assumed here to be £125,500 for a 2-bed)		
Interest rate = I (currently 6.5%: Halifax Standard Variable Rate March 2008)		
Interest to be on mortgage to be paid per year = P		
Weekly Interest payment = W		
Interest only mortgage: calculation of interest	$C \times I = P$	$£125,500 \times 0.065 = £8,164 \text{ pa}$
Make the annual figure into a weekly one	$P/52 = W$	$£8,164/52: £157 \text{ per week}$

Source: Fordham Research 2008

31.22 The figure of £157 is then inserted into the relevant cell for two-bed entry level purchase cost.

### Basic table for future updating

31.23 For convenience the weekly costs table is reproduced here. It is the template for successive revisions as market conditions change. It represents the testing framework for a wide range of new housing. It can be inserted, together with the updating procedure, into S106 Agreements and the like, in order to ensure that the housing (especially affordable housing) does indeed meet the necessary criteria to address the relevant need.

Table 31.4 Weekly costs table by tenure: Sedgemoor					
Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£48	£75	£103	£108	£140
2 bed	£56	£86	£115	£156	£203
3 bed	£59	£104	£149	£201	£261
4 bed	£65	£125	£184	£285	£370

Source: CORE, Rightmove

**Table 31.5 Weekly costs table by tenure: Taunton Deane**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£49	£76	£103	£112	£146
2 bed	£58	£96	£134	£147	£191
3 bed	£65	£116	£166	£182	£237
4 bed	£73	£132	£190	£257	£335

Source: CORE, Rightmove

**Table 31.6 Weekly costs table by tenure: West Somerset**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£58	£76	£94	£97	£127
2 bed	£69	£95	£120	£159	£207
3 bed	£74	£113	£152	£199	£259
4 bed	£82	£132	na	£248	£323

Source: CORE, Rightmove

**Table 31.7 Weekly costs table by tenure: South Somerset**

Bedrooms	Social rent	Intermediate	Private rent	Buy	Newbuild
1 bed	£57	£71	£84	£94	£123
2 bed	£66	£95	£123	£141	£183
3 bed	£73	£106	£138	£173	£225
4 bed	£81	£118	£155	£270	£352

Source: CORE, Rightmove

## Policy use of the information

- 31.24 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).
- 31.25 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) The monitoring process can be wide ranging. But key elements of it are updating costs and prices, and monitoring how weekly costs change.
- ii) In order to determine whether, for example, a given scheme's intermediate housing is in fact going to meet the intermediate need, the updated version of one of the tables at the end of this chapter will provide an immediate answer



# Glossary

## 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 (3.5 times income has been used in this case). 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

PPS3 provides the definition of affordable housing (as used in this report). The following is taken from Annex B of PPS3.

*'Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:*

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision'.*

[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.

## **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 not 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 understanding of 'wanting' something that has a market price

'demand' when associated with numbers 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.

**Entry level market housing**

The survey of prices and rents is focussed on 'entry level' prices/rents. That is to say the price/rent at which there is a reasonable supply of dwellings in reasonable condition. The purpose of this approach is to ensure that when assessments are made of say first time buyers, that the prices are the appropriate ones for the typical members of this group. Thus it would in many areas involve second-hand terraced housing, rather than newbuild, which would be much more expensive. Testing affordability against newbuild would clearly produce an underestimate of those who could afford to buy.

**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.

## **Household reference person**

For the purposes of our study the survey respondent is taken to represent the household reference person (HRP).

## **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. five adults sharing a house like this constitute five 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.

## **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 (page 25) 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 multiplier quoted is 3.5 times household income.

**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 it is 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).

## **Planning Gain**

The principle of a developer agreeing to provide additional benefits or safeguards, often for the benefit of the community, usually in the form of related development supplied at the developer's expense.

**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 2011) 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.

### **S106 agreements**

Contractual agreements entered into between a local planning authority and a developer that determine what proportion of units provided in residential developments will be designated as affordable housing units

### **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 derives 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 (page 25) 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 Homes and Communities Agency 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).

**Supporting People**

This term refers to a programme launched in 2003 which aims to provide a better quality of life for vulnerable people by aiding them to live independently and maintain their tenancies/current home life. The programme covers a wide variety of vulnerable people from travellers, to young people at risk, to those with HIV or AIDS. Supporting People provide housing related support in many different forms but include enabling individuals to access their correct benefits entitlement, ensuring they have the correct skills to manage their tenancy and providing advice on property adaptations.

**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	Annual Business Inquiry
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	Neighbourhood 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 (Homes and Communities Agency)
RTB	Right to Buy
SHE	Survey of English Housing
TTWA	Travel to Work Area

# Appendix A1: Stakeholder Involvement

## The Taunton and South Somerset Housing Market Partnership

A1.1 The Housing market Partnership was established in August 2008. It brought together representatives with a shared interest in the Strategic Housing Market Assessments for the two housing market areas of Taunton and South Somerset. The HMP comprises representatives from the following sectors:

- The Local Housing Authorities
- The Local Planning Authorities
- Housing Associations
- Developers
- Land Agents
- Planning Consultants
- The Highways Authority
- The Primary Care Trust

A1.2 At its first meeting in August 2008, the Partnership agreed Terms of Reference. Since then, the Partnership has continued to meet to consider the progress of the Strategic Housing Market Assessment and associated reports including the Strategic Housing Land Viability Assessment. At its meeting of 12<sup>th</sup> February 2009, the Partnership agreed a final round of amendments to the reports and approved them for publication.

A1.3 The Partnership continues and in due course will consider the Strategic Housing Land Availability Assessments being undertaken in each district. Into the future, the Partnership intends to meet from time to time to consider SHMA updating and related policy issues.

## **Taunton and South Somerset Housing Market Partnership**

### **TERMS OF REFERENCE**

#### **Purpose**

The Taunton & South Somerset Housing Market Partnership brings together representatives from public and private sector agencies that contribute to and influence delivery of housing and sustainable communities in the Taunton and South Somerset housing market areas.

The Housing Market Partnership is intended to:

- 1 Provide a strategic overview of the assembly, interpretation, review and updating of the evidence base for Local Development Framework preparation and advises the local housing and planning authorities on the formulation and delivery of related policies;
- 2 Develop partners' common understanding of housing markets;
- 3 Where agreement cannot be reached about aspects of any of the assessments (SHMA, SLVA, SHLAA), major objections to be noted in the relevant assessment report.
- 4 Build commitment to tackling housing problems and issues on a mutual basis;
- 5 Provide opportunities for partners to have an early input into housing policy and strategy formulation; and
- 6 Provide opportunities for partners to contribute their experience and expertise.

#### **Responsibilities**

- 1 Ensuring that the Strategic Housing Land Availability Survey (SHLAA), Strategic Housing Market Assessment (SHMA) and Strategic Land Viability Assessment (SLVA) are robust and credible and each deliver their required core outputs and processes in accordance with relevant national guidance.
- 2 Receiving and considering reports from project specific teams.
- 3 Receiving and considering reports from commissioned consultants (where appropriate) and feedback from the wider stake holder group.
- 4 Sharing and pooling information and intelligence, including relevant contextual intelligence and policy information on housing markets and socio economic data.
- 5 Supporting core members in the analysis and interpretation of housing market intelligence.
- 6 Considering the implications of the assessments, including signing off the assessment reports, the core outputs and agreeing follow up action.
- 7 Agree processes by which the findings of the assessments can be regularly reviewed and updated.
- 8 Developing and maintaining links between the Partnership and the public, voluntary and private sector agencies that contribute to delivery of housing and sustainable communities in the housing market areas.
- 9 Representing the views of the Partnership at regional level, and to other external audiences as appropriate.

## **Powers**

- 1 The Partnership may, through its member agencies, carry out any activity or make recommendations that contribute to the delivery of its objectives and responsibilities, but subject to the governance requirements and frameworks of delegated responsibility of the member organisations.
- 2 The Partnership has no decision-making powers beyond those relating to the activities and work programme of the Partnership itself. Any decisions required will be based on the majority view of the Partnership members. Whilst the aim will be to achieve the support of all members for any given course of action, individual member organisations will not be bound by the decision of the majority.

## **Membership**

- 1 The Partnership membership comprises local authorities, housing associations, public and private sector organisations listed at Appendix 1.
- 2 The Partnership may invite other agencies to attend meetings as co-opted members either on a permanent or temporary basis.
- 3 South West Government Office and The Housing Corporation have a standing invitation to attend meetings of the Partnership.
- 4 The Partnership will review its membership from time to time to ensure that an appropriate range of agencies is represented.

## **Attendance at meetings**

- 1 Member agencies will nominate an officer to join the Partnership including one per local planning authority and one per local housing authority. It is expected that the individuals nominated will normally remain on the Partnership for a minimum of one year to ensure continuity (subject to staff turnover etc.).
- 2 A substitute may be appointed by a member agency to attend a meeting or carry out an activity if the nominated officer is unable to do so.
- 3 Appendix 1 lists nominated officers.

## **Partnership meetings**

- 1 The Partnership will meet as and when it considers appropriate to do so.
- 2 On an annual basis, the Partnership will appoint a Chair and a reserve chair ensuring that between them, the appointments are made from amongst those representing both local authority and private sector partners.
- 3 Secretariat services will be provided by the local authorities.
- 4 Each Partnership member organisation will have one vote, including the local authorities, and regardless of the number of representatives attending from any one partner organisation. Decisions will be made on a simple majority basis.
- 5 Partnership meetings will be recorded. Individuals' comments will not be attributed. Minutes will be circulated to all Partnership members and observers by the Secretariat and made available to other individuals/agencies on request.
- 6 Partnership meetings will take place in each of the four districts in turn.

### **Project Teams**

- 1 Two existing projects that come under the remit of the Partnership are the SHMA project Team and the SLVA Steering Group. SHLAA Panels will be established and the Partnership will oversee the role of the Panels in assessing achievability of proposed development sites.
- 2 The Partnership may set up project teams to carry out specific activities on behalf of the Partnership, subject to clear objectives, terms of reference and timescales.
- 3 Any project team established must be led by one of the Partnership member organisations. The lead organisation will be responsible for chairing and servicing the team and ensuring report back to the Partnership.
- 4 The membership of any project team established by the Partnership will be determined by the Partnership and may include individuals and agencies that are not members of the Partnership.

### **Development and Review**

- 1 These Terms of Reference will be reviewed at the end of the Partnership's first year of operation, and periodically thereafter, to ensure they remain relevant to the changing policy and administrative context.

### **The Strategic Housing Market Assessment Project Team**

- A1.4 The Project Team has been the workhorse of the SHMA; its role has been to manage the project including the project plan and budget, appointment of consultants, engagement of stakeholders and finalising the reports. The Team comprises representatives of the Strategic Housing Authorities and Strategic Planning Authorities for Sedgemoor District Council, South Somerset District Council, Taunton Deane Borough Council and West Somerset Council, together with planning officers of Somerset County Council.
- A1.5 Servicing and co-ordination for both the Project Team and the Housing Market Partnership has been provided by a Project Manager appointed jointly by the district councils.

### **Wider Stakeholder Involvement**

- A1.6 From inception, the SHMA research and production process has involved a wider range of stakeholders.

- A1.7 Early in the process, in February 2008, a series of stakeholder meetings took place to canvass stakeholder knowledge and expertise about the housing market areas, and the study. A wide range of stakeholders were invited including national and regional public agencies, housing associations, private sector organisations (including the development industry), councillors and voluntary organisations. A further two stakeholder consultation meetings were held to which all parish councils were invited. Information and views collected at these events were written up into a newsletter that was subsequently widely distributed to stakeholders.
- A1.8 In November 2008, a draft of the SHMA and associated reports were published for consultation on district websites. During the consultation period a further stakeholder event was held, in November 2008, to present SHMA findings and solicit views. Again, a wide range of stakeholders and all parish councils were invited. A number of consultation responses were received and these, together with the outcomes of the stakeholder event, were reported to the Housing Market Partnership in December 2008; the Partnership agreed and recorded its responses to consultation submissions and these informed the process of finalising the study.

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