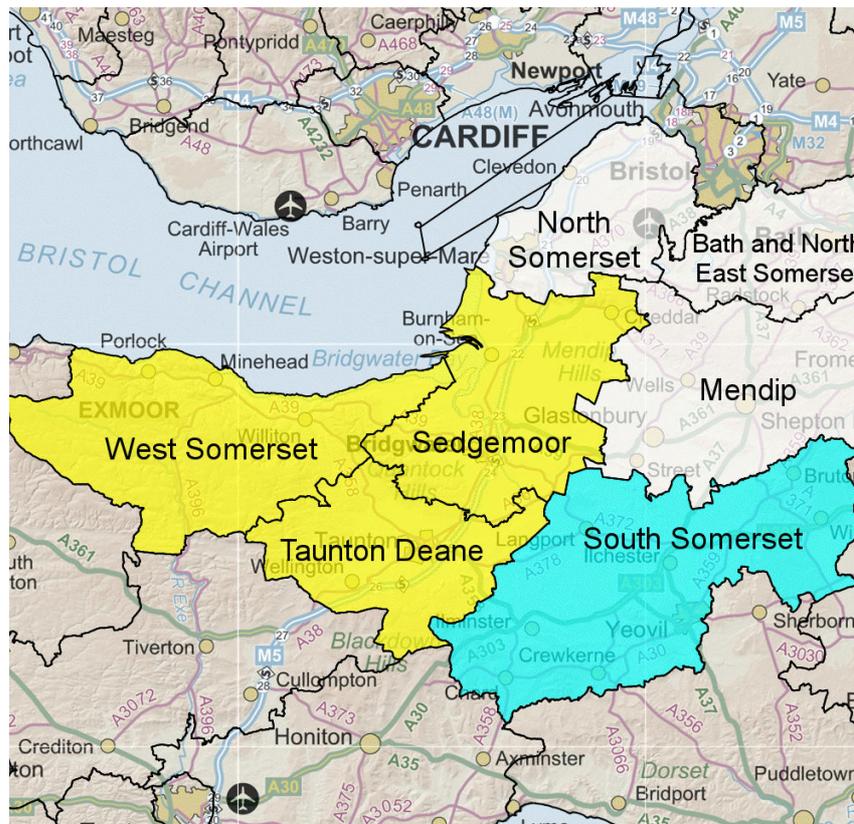


TAUNTON AND SOUTH SOMERSET HOUSING MARKET AREAS STRATEGIC HOUSING MARKET ASSESSMENTS (2008)



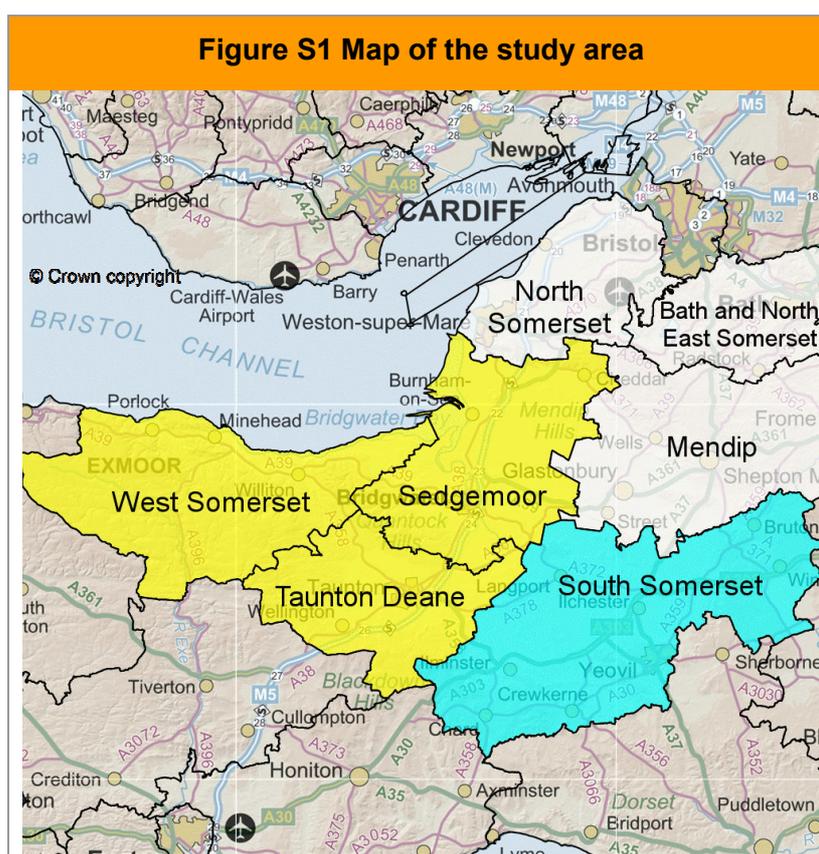
Executive Summary

February 2009

Fordham
RESEARCH

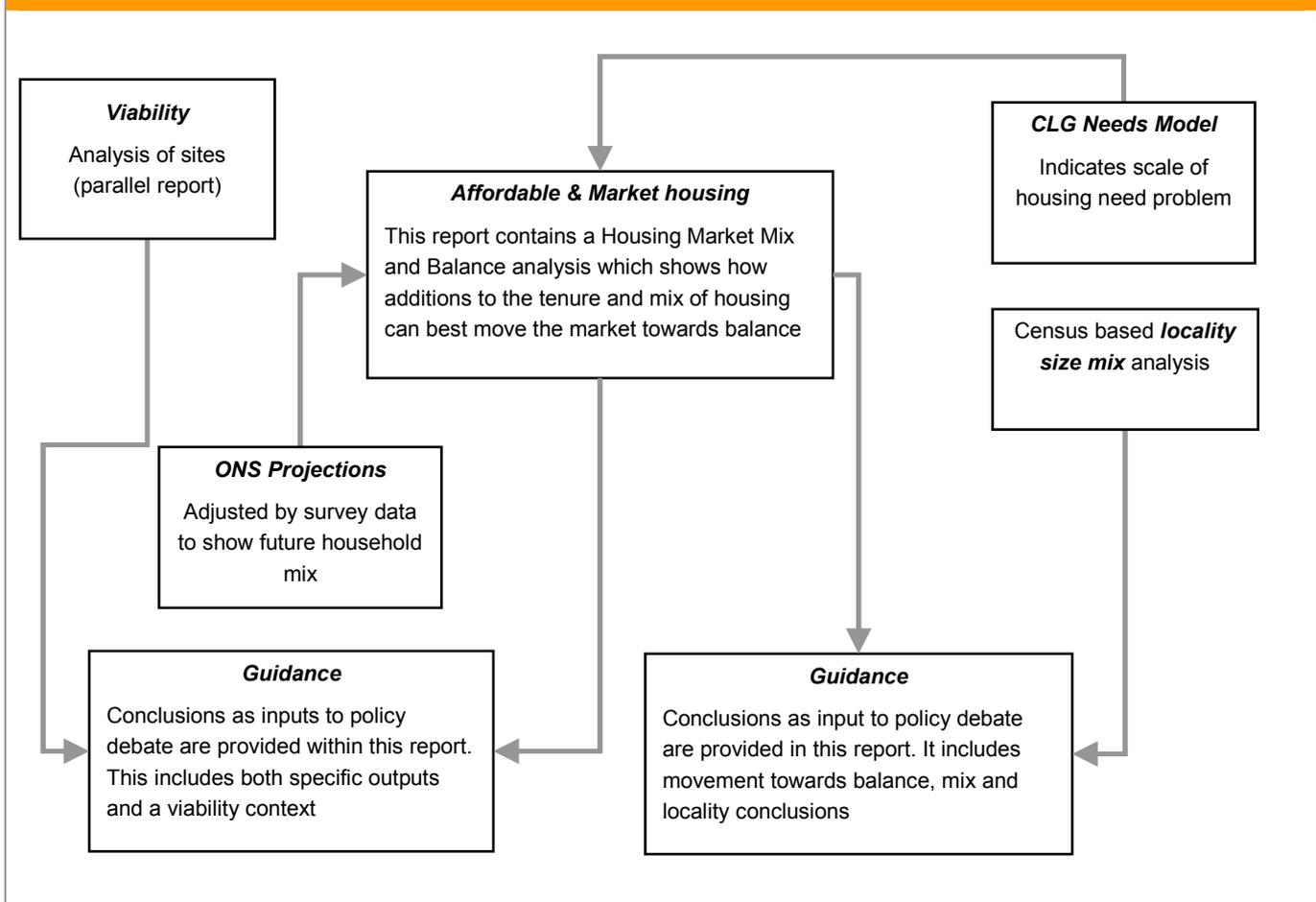
Background to the assessment

1. These Strategic Housing Market Assessments (SHMAs) cover the majority of the county of Somerset: a rural but dynamic area. They cover two Housing Market Areas (HMAs) in Somerset: South Somerset (an HMA in itself) and Taunton (including Sedgemoor, Taunton Deane and West Somerset local authority areas). The map below shows the study area within the whole of Somerset.



2. The SHMAs generally follow Government (CLG) issued SHMA Guidance and PPS3: Housing (November 2006). The analysis considers all tenures of housing and includes the provision of certain key outputs (identified below). The process involved close discussions with the SHMA Project Team and involved consultation with various key stakeholders who have an interest in the housing market.
3. The overall structure of an SHMA is quite complicated. The following diagram attempts to show how it all fits together:

Figure S2 Description of the analytical process in this SHMA



Source: Fordham Research (2008)

The demographic and economic context

4. Population in both HMAs and all four districts has risen rapidly over the past decade, this may be due to the large employment growth in the area and also partly due to the attractiveness of the area as a retirement location. Both HMAs are significantly rural: 60% in the case of South Somerset and 40% in the case of Taunton; the national average is 20% rural.
5. Although there has been rapid job growth, the workforce does not have high qualifications and higher paid jobs are under-represented in both HMAs. There is substantial food processing employment, qualitative evidence suggests that many of the workers in the food processing industry are recent in-migrants from the New EC Accession countries. There are no reliable statistics on this group of employees, but the evidence suggests that they are largely housed in the private rented sector.

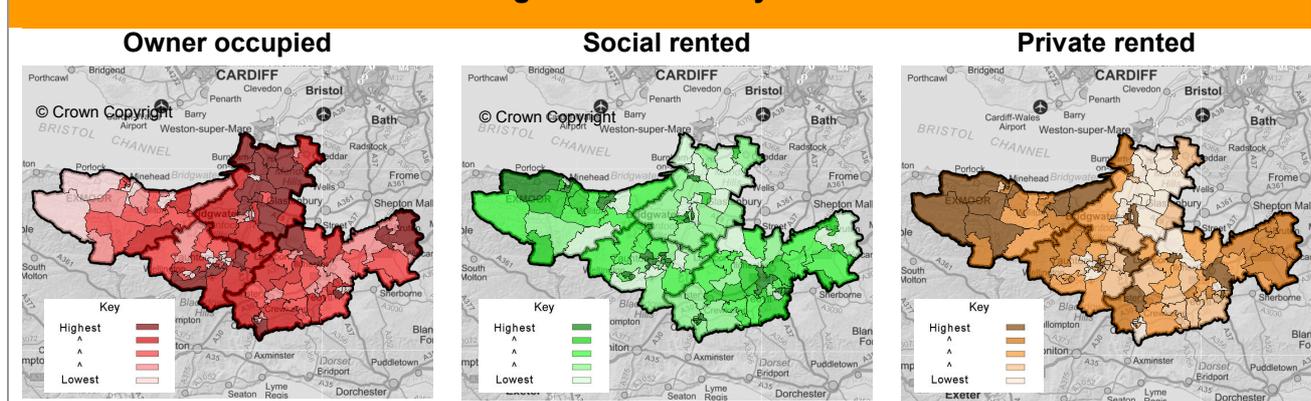
6. In 2001 both the Taunton HMA and South Somerset had higher levels of owner occupation (without a mortgage) than the national average although a smaller social and private rented sectors.

Table S1 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)

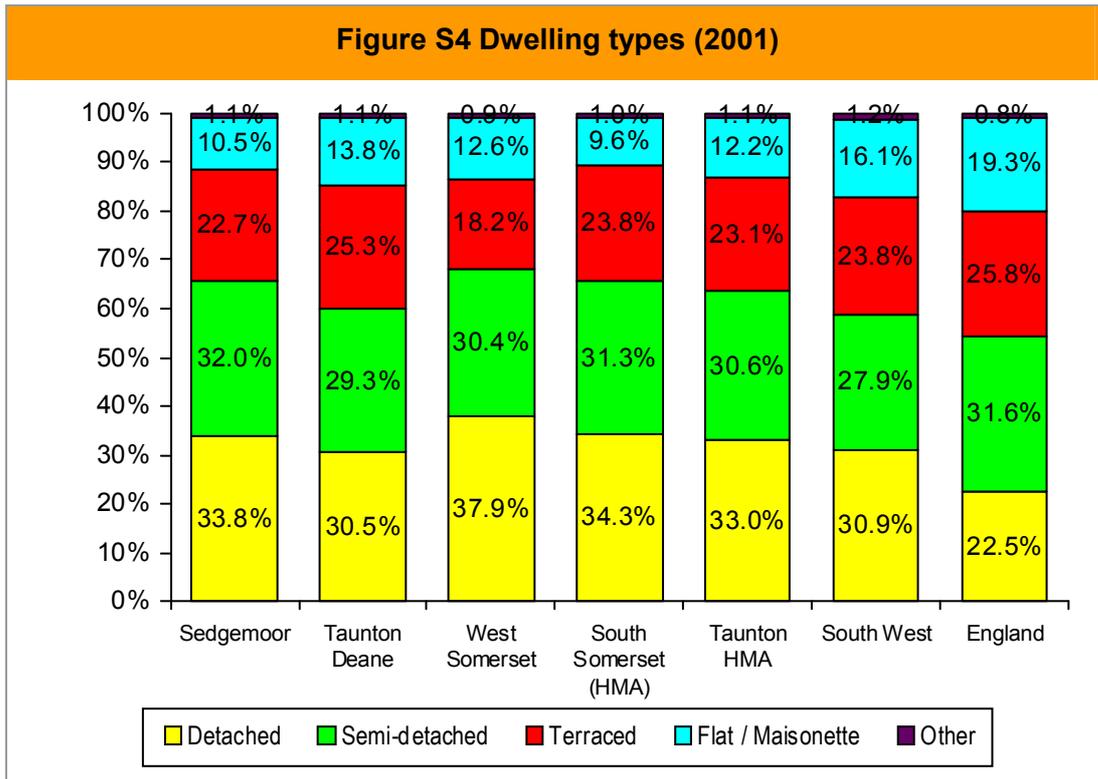
7. The maps below show the proportion of households living in each of the three broad tenure groups (owner-occupation, social rent and private rent) by ward. They show that there are clearly considerable variations within the study area. The affluent character of more rural areas is reflected in their 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 S3 Tenure by ward

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

The housing stock

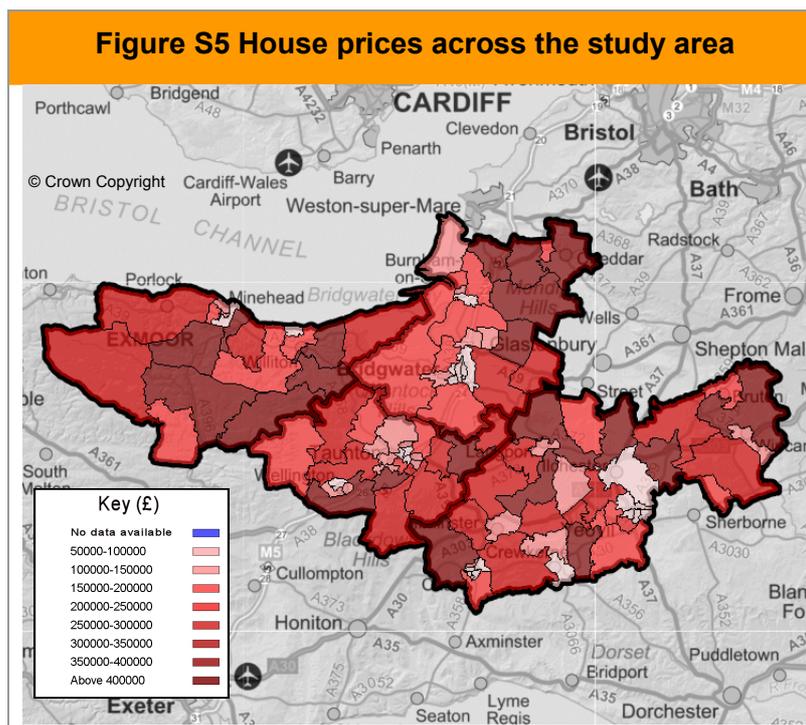
8. The figure below shows the types of dwelling in the study area, regionally and nationally, from the 2001 Census. Around a third of all dwellings in the two HMAs were detached – noticeably higher than the national average of 22.5%. The proportion of flats was below both the regional and national average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



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

The active market

- Despite incomes in the two HMAs being significantly lower than the national average (South Somerset 21% lower; Taunton Deane 12% lower), the house prices are very close to the national average. The price level also reflects the much higher proportion of detached homes (about a third of the stock; 10% above the national average). Second homes are a significant issue in West Somerset. House prices vary significantly across the study area, as shown in the map below.

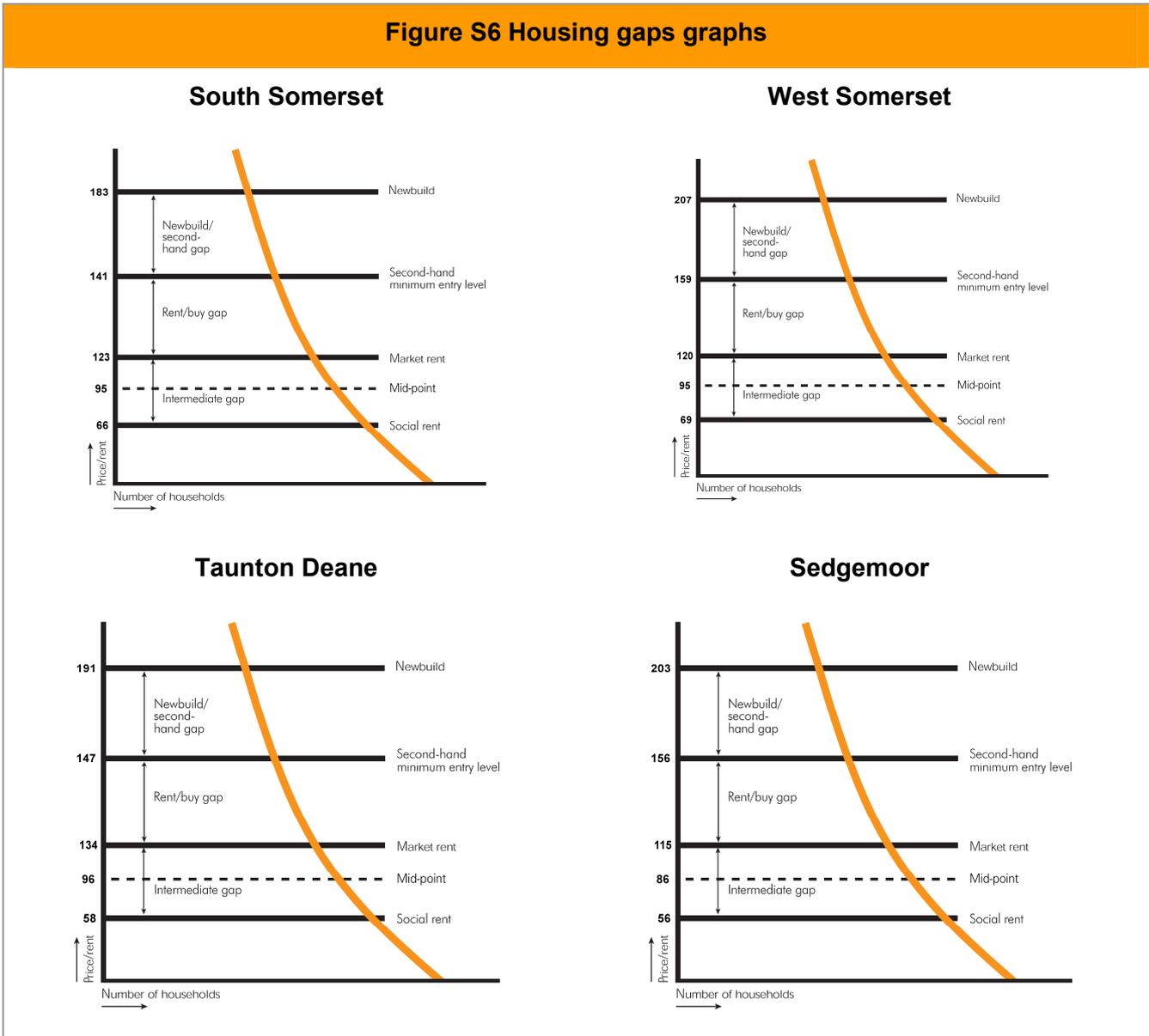


Source: Land Registry

10. The following figures show stylized graphs designed to illustrate the nature of the housing market gaps in each of the four authorities. The figures are based on plotting the weekly cost of housing for each tenure group (on the vertical y-axis), against the notional numbers of households (illustrated only figuratively by the orange curve) along the horizontal x-axis. The gaps are shown for two bedroom dwellings only.

11. The graphs show that there are some significant gaps in the housing ladder the weekly cost of market housing (to rent) is typically 1.5 to 2 times the cost of a social rent. The difference is called the 'intermediate gap' and is made up of households who cannot afford the open market but can afford more than a social rent. There is another big gap between private rental weekly cost and that of buying at the bottom end of the market. Newbuild is another quarter or third more expensive than the cheaper housing to buy.

Figure S6 Housing gaps graphs



Source: Taunton and South Somerset SHMA 2008

12. Survey results on the financial situation of households in the study area shows that for owner occupiers the ability to buy is on average made up two thirds of equity and savings, and only one third by income. That is why 'financial capacity' (the overall ability to buy) is an essential measure. Even for non-owners the presence of savings makes income a poor measure. Unfortunately very few non-owners are within reach of buying.

13. Secondary data from the Census shows that overcrowding is less of an issue for the authorities within the study area than it is regionally and nationally, however the level of under occupation is significantly higher within the two HMAs.

Housing need

14. There is quite an acute need for additional affordable housing (either social rented or intermediate) across the study area. This amounts to a need for nearly 2,500 new affordable homes per annum (nearly three quarters of it in the Taunton HMA). Since the Regional Spatial Strategy plans for less than 3,000 new homes per annum, this clearly cannot be financed by the new housing for sale. In other words the problem is bigger than any likely solution. The need level is about the national average level in Taunton, but lower in South Somerset. In both cases the need is far bigger than can be met by any feasible affordable housebuilding programme.

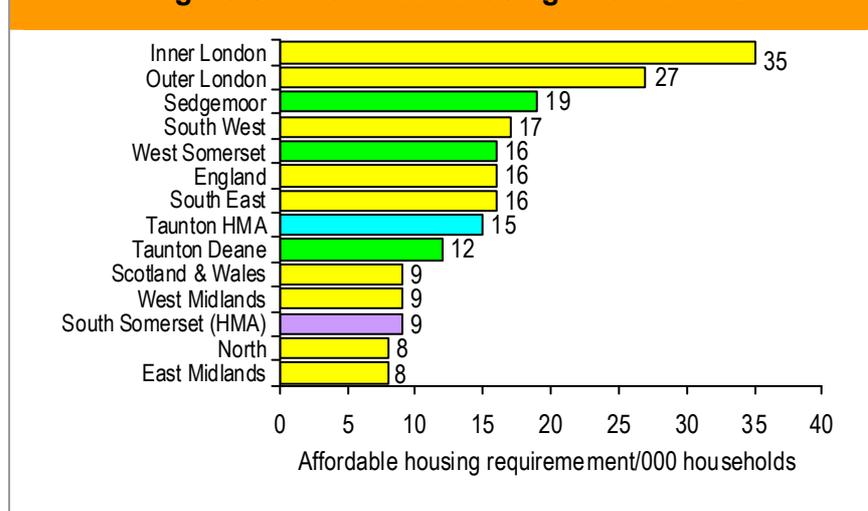
Table S2 Annual need for affordable housing

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

15. The graph below shows the index figure in the context of regional and national figures (based on similar assessments carried out by Fordham Research over the past few years). The data shows that estimated levels of need in the Taunton HMA are close to our national and regional averages, whilst the figure for South Somerset is lower. In both cases however the actual numbers of additional affordable homes estimated to be required are significant.

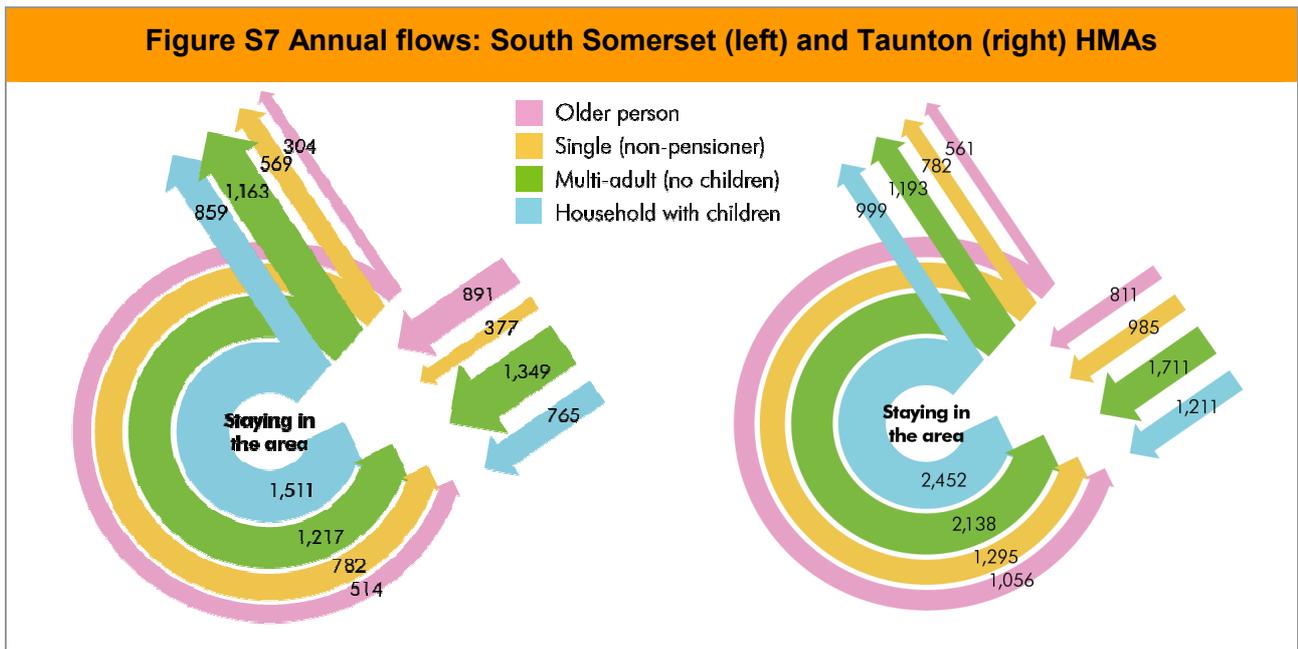
Figure S10 Fordham Housing Needs Index



Source: Taunton and South Somerset SHMA 2008

Modelling the market

- 16. 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.
- 17. A 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.
- 18. There is a net inflow of households into both HMAs, though bigger in the case of Taunton, and a net organic growth internally (births exceed deaths).

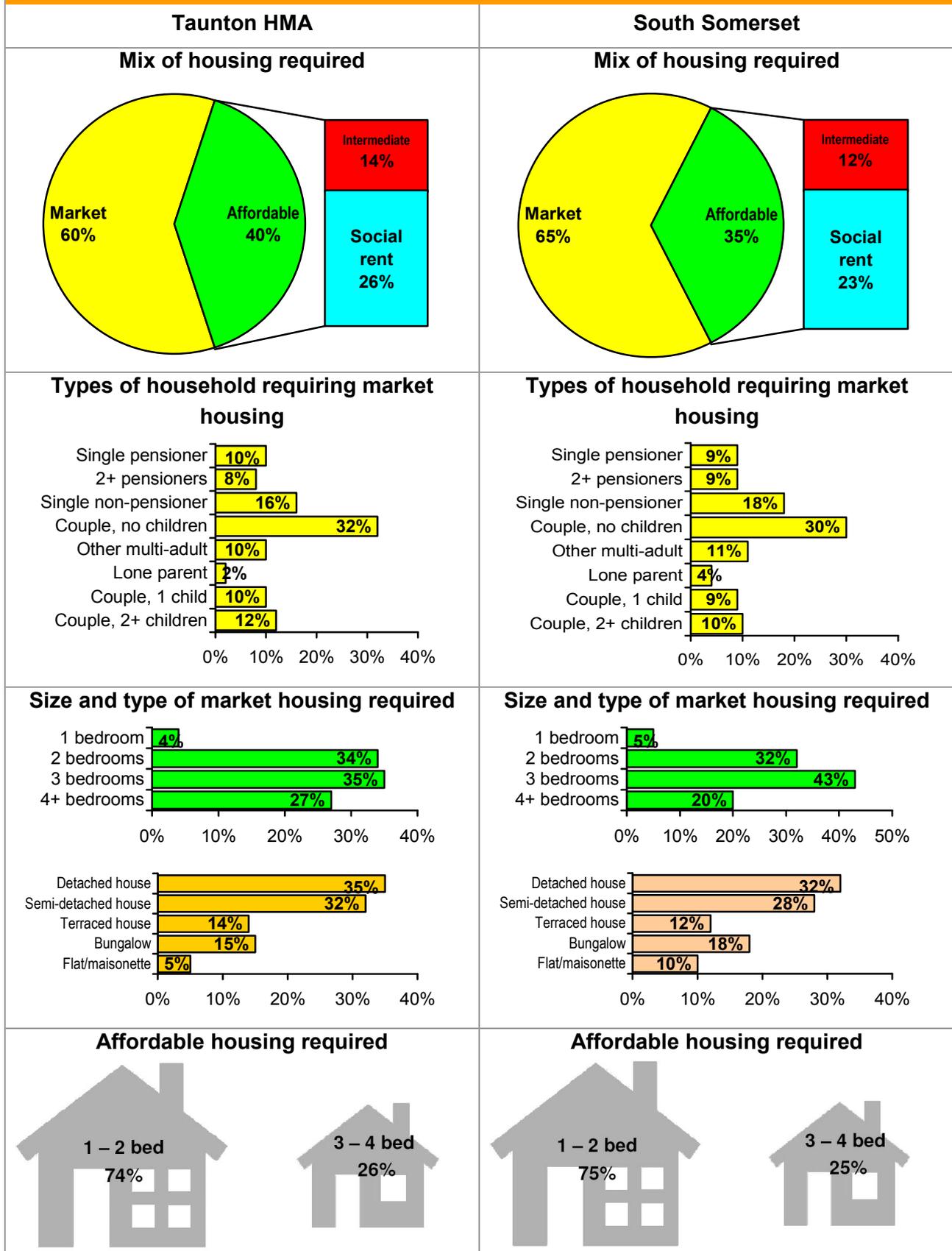


Source: Taunton and South Somerset SHMA 2008 (combination of data sources)

PPS3 Outputs

19. The figure below shows graphically the outputs from the various analyses carried out in the study that meet the requirements for PPS3. The three requirements are set out in paragraph 22 of the PPS:
- 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.
20. In addition to the types of household requiring market housing (bullet point 2 above) we have considered the likely demand for additional market units by size and type. This information has been added to the figure although it is not strictly an output required by PPS3.

**Figure S8 PPS3 requirements resulting from the BHM analysis
Taunton HMA and South Somerset**



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

21. The longer term future appears good for both HMAs: they are located well in terms of overall national growth and are likely to continue to attract prosperous retired households. The pattern of newbuild housing indicated in the previous paragraph appears likely to be robust for the longer term future.

Particular household groups

22. Analysis was conducted of a range of particular groups. There are few Black and Minority Ethnic households in the HMAs, and they do not show severe housing problems. Older persons and related special needs are a growing issue, allied to the retirement trend, especially in West Somerset. First time buyers have to be of above average income to access the owner occupied sector.

Rural issues

23. The large rural sector shows distinct characteristics. The shortage of smaller and cheaper dwellings restricts the number of poorer households. Those who are located in rural areas find access to services much more difficult than any other group. The 2008 Taylor Review identified villages as tending to be 'retirement ghettos' for richer households. In these HMAs the retired population is more concentrated in the larger rural towns. The more purely rural areas have many high earning households, and many (upwards of a third) workers from home, again earning more than the average.

Policy implications

24. The EiP Panel Report Recommendations of the RSS (confirmed by the Secretary of State) suggests a minimum of 35% affordable housing as a target for all South West local authorities, so that is the starting point (unless there is no housing need). In the two HMAs the levels of need would suggest around 35% for South Somerset and 40%+ for Taunton.
25. However, the present situation means that such targets would not be viable; about 30% is the more feasible general target at present, but the situation requires regular monitoring. The targets can be raised when future viability permits.
26. In terms of the type of affordable housing, the analysis suggests that around 30% of the households in need could in principle afford something between a social rent and market entry (private rent). 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.

27. 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.
28. The area shares the South West’s chronic shortage of affordable housing, and so that problem is unlikely to be fully addressed in the near future.
29. 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 SHMA report in which they are dealt with. The results for the two HMAs are presented in the same subsections, and so are presented in common here.

Table S3 Providing the Practice Guidance core outputs	
<i>Item</i>	<i>Source SHMA report</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, 13-16
3) Estimate of the total future number of households, broken down by age and type where possible	Ch 16
4) Estimate of current number of households in housing need	Ch 12
5) Estimate of future households that will require affordable housing	Ch 12
6) Estimate of future households requiring market housing	Ch 14
7) Estimate of size of affordable housing required	Ch 12 and 14
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