

# Rural East Anglia Partnership

## Strategic Housing Market Assessment

### Technical Appendices

Sub-Regional Report

Final Report  
October 2007



*Fordham*  
RESEARCH



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# PART A SECONDARY DATA



# A1. Introduction

A1.1 Part A of this document sets out the secondary data analysis upon which the REAP HMA Secondary Data Review is based. The order of topics is:

- The socio economic context
- The current stock of housing
- Property price information
- Past and current drivers of demand
- Future demographic change

A1.2 Details of data sources used in the main document are provided in these appendices.



## A2. The socio-economic context

### Rural East Anglia – key statistics

- A2.1 In 2003 the Rural East Anglia area had an estimated 361,900 residents. This compares with the 2001 Census figure of 355,145 residents. This illustrates the rate of growth of the area. The 2001 Census reveals that the population is contained within 152,555 households (152,555), whilst the Councils' latest HSSA returns indicate that there were 162,390 households resident in Rural East Anglia as of April 2006. The primary survey dataset has been weighted to be representative of these 162,390 households in the study area.
- A2.2 The population has a relatively high level of qualifications. There is a relatively low unemployment rate (2.6%), although incomes are generally below regional and national averages. Hence the summary picture is of a generally prosperous area, but one which does have a significant disadvantaged proportion of its population.
- A2.3 The table below shows how the local authorities in the study ranked in the Indices of Deprivation 2004. The local authorities were ranked out of the 354 local authorities in England, where 1 was the most deprived area and 354 the least deprived.

Table A2.1 Indices of Deprivation		
Area	Overall Rank	Rank within DEFRA class*
Breckland	222	33/73
King's Lynn & West Norfolk	150	12/52
North Norfolk	180	20/73

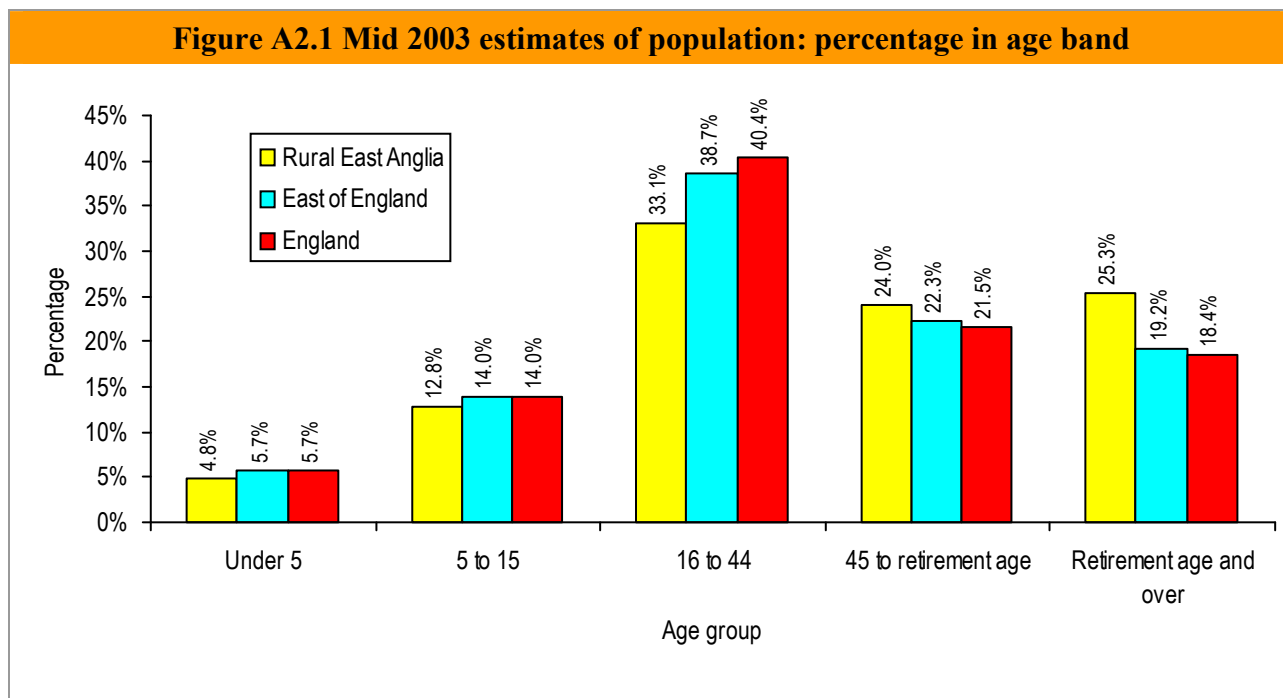
\* DEFRA allocated each local authority to one of six classifications depending on the relative rurality of the population.  
Source: ONS Neighbourhood Statistics

- A2.4 Most of the local authorities in Rural East Anglia ranked fairly low in the list. This would suggest that the three housing market areas in Rural East Anglia are all relatively prosperous. However, looking at each area's rankings within their DEFRA urban/rural category, it is clear that all the areas are relatively deprived given their rural nature, although Breckland is only just above the halfway mark at 33 out of 73.

### Population and household structure

- A2.5 The age structure of the population has influences on migration trends, household formation and the types of housing required (e.g. for older persons). Additionally different ethnic groups often have different requirements and hence it is important to study the overall structure of the population.
- A2.6 At the time of the Census in April 2001, the resident population of the Rural East Anglia area was 355,145 people, of which 49 per cent were male and 51 per cent were female. This compared with the resident population for the East of England region of 5,388,140 people, of whom 49 per cent were male and 51 per cent were female. The average age of the population in Rural East Anglia was 42.7 years, compared to an average for England & Wales of 38.7 years.

A2.7 According to the mid-2003 population estimates there were 361,900 people residing in Rural East Anglia, of whom 4.8 per cent were children under five and 25.3 per cent were of retirement age (65 and over for males or 60 and over for females). The population profile is skewed towards those over 45, with the Rural East Anglia area containing a significantly higher proportion people over retirement age than England and the East of England region as a whole.



Source: ONS neighbourhood statistics – 2006

A2.8 North Norfolk has a very high proportion of the population in the older categories, with 29.6% of the North Norfolk population over retirement age and 25.2% of the population aged 45 to retirement age. Breckland has an age profile more similar to that of the region as a whole.

**Table A2.2 Mid 2003 estimates of population: percentage in age band**

Age group	Breckland	King's Lynn & W Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
Under 5	5.2%	5.1%	4.0%	4.8%	5.7%	5.7%
5 to 15	13.5%	12.9%	11.8%	12.8%	14.0%	14.0%
16 to 44	35.3%	33.7%	29.5%	33.1%	38.7%	40.4%
45 to retirement age	23.5%	23.6%	25.2%	24.0%	22.3%	21.5%
Retirement age & over	22.5%	24.8%	29.6%	25.3%	19.2%	18.4%

Source: ONS neighbourhood statistics – 2006

A2.9 The table below shows a broad ethnic group breakdown of the population in Rural East Anglia. The table shows that 1.2% of residents in 2001 were from a non-White ethnic background. This figure is noticeably lower than both the regional figure and the average for England & Wales. However, if we look at rural LA areas alone, it is more typical. Under the DEFRA classification the Rural 50 group (which includes Kings Lynn & W Norfolk) has an average non-White population of 1.8%, whilst the Rural 80 group, to which the other areas belong, has an average of 1.4%. Breckland contains the largest non-White population of the three, at 1.5%.

A2.10 The largest ethnic group is Mixed, with 0.5% of the population of Rural East Anglia recorded as belonging to this group.

A2.11 The results in this table differ from those presented in chapter 19 of the main report, which is based on the primary survey dataset because the dataset has been weighted to be representative of the population in 2006 and the Census data is from 2001.

**Table A2.3 Ethnicity: percentage of resident population in each group, April 2001**

Ethnic group	Breckland	King's Lynn & West Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
White	98.5%	98.7%	99.2%	98.8%	95.1%	90.9%
Mixed	0.7%	0.5%	0.4%	0.5%	1.1%	1.3%
Asian or Asian British	0.2%	0.3%	0.1%	0.2%	2.3%	4.6%
Black or Black British	0.4%	0.2%	0.1%	0.2%	0.9%	2.3%
Chinese or Other Ethnic Group	0.2%	0.3%	0.2%	0.2%	0.7%	0.9%
All persons	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006

A2.12 The male and female life expectancies for Rural East Anglia during the period 2001-2003 were 77.7 and 81.7 years respectively, slightly above the regional and national averages.

**Table A2.4 Life expectancy at birth (years), 2001-2003**

Sex	Breckland	King's Lynn & West Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
Males	77.5	77.2	78.5	77.7	77.6	76.1
Females	81.3	81.7	82.1	81.7	81.6	80.7

Source: ONS neighbourhood statistics – 2006

A2.13 The 2001 Census asked people to describe their health over the preceding 12 months as 'good', 'fairly good' or 'not good'. People were also asked if they had any limiting long-term illness, health problem or disability that restricted their daily activities or the work they could do.

A2.14 The table below shows that people in Rural East Anglia are slightly more likely to suffer from long-term illness or poor health. The proportion of the population reporting themselves in good health is below the regional and national averages, while the proportion of people with a limiting long-term illness is slightly higher than the national average.

**Table A2.5 Percentage of resident population in each group**

Category	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	Norfolk	East of England	England & Wales
General health: Good	67.0%	65.1%	63.9%	65.4%	66.1%	70.4%	68.6%
General health: Fairly good	24.4%	25.3%	26.6%	25.3%	24.9%	22.0%	22.2%
General health: Not good	8.6%	9.6%	9.5%	9.2%	9.1%	7.6%	9.2%
People with a limiting long-term illness	18.6%	20.4%	21.5%	20.1%	19.4%	16.2%	18.2%
People of working age with a limiting long-term illness	13.2%	14.6%	14.9%	14.2%	13.8%	11.4%	13.6%
H'hlds with 1+ person with limiting long-term illness	34.1%	36.5%	36.8%	35.8%	34.7%	30.8%	34.1%

Source: ONS neighbourhood statistics – 2006

**Labour force**

A2.15 The latest figures (for 2004) suggest that Rural East Anglia has about 120,643 employees. The numbers and types of employment available in an area determine the levels of wages and hence have a bearing on the demand for different types of housing. We have therefore looked at the current employment situation of the population

A2.16 Of the people in Rural East Anglia who were of working age (i.e. those aged 16 to 64 for men or 16 to 59 for women) the employment rate was 68.2 per cent during the Summer of 2004 (June to August), compared with an average for Great Britain of 75 per cent. The table below shows the employment status of persons aged 16 to 74 in Rural East Anglia.

**Table A2.6 Percentage of resident population aged 16 to 74 in each group, April 2001**

Status	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	Norfolk	East of England	England & Wales
Full-time employees	40.3%	37.7%	32.9%	37.2%	37.9%	42.6%	40.6%
Part-time employees	12.8%	12.7%	12.8%	12.8%	12.8%	13.2%	11.8%
Self-employed	9.6%	9.7%	11.7%	10.2%	11.7%	9.5%	8.3%
Unemployed	2.6%	2.6%	2.6%	2.6%	2.6%	3.0%	3.4%
Full-time student	1.6%	1.9%	1.5%	1.7%	1.5%	2.1%	2.6%
Retired	16.6%	18.4%	21.8%	18.8%	16.9%	14.0%	13.6%
Student	2.6%	2.2%	2.3%	2.4%	3.3%	3.6%	4.7%
Looking after home/family	6.6%	6.7%	6.6%	6.6%	6.6%	6.7%	6.5%
Permanently sick/disabled	4.3%	5.5%	5.3%	5.0%	5.0%	3.9%	5.5%
Other economically inactive	2.9%	2.6%	2.5%	2.7%	2.6%	2.5%	3.1%
All persons 16-74	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006

A2.17 According to the 2001 Census, of the people in Rural East Anglia who were unemployed, 26% were aged 50 and over, 5% had never worked and 27% were long-term unemployed. This compares with England and Wales as a whole, where 19% of unemployed people were aged 50 or over, 9% had never worked and 30% were long-term unemployed.

A2.18 Following on from this information we can look at the occupation groups of those in employment. The table below shows data from the 2001 Census for Rural East Anglia, the East of England and England & Wales.

**Table A2.7 Percentage of resident population in occupation groups, April 2001**

Occupation group (Residents aged 16-74)	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	Norfolk	East of England	England & Wales
Managers and senior officials	13.9%	13.4%	14.5%	13.9%	13.8%	16.3%	15.3%
Professional occupations	7.1%	7.3%	7.8%	7.3%	8.7%	10.8%	11.2%
Associate professional and technical occupations	11.9%	11.9%	12.0%	11.9%	12.4%	13.6%	13.8%
Administrative and secretarial occupations	11.0%	10.6%	10.0%	10.6%	11.6%	13.7%	13.4%
Skilled trades occupations	15.2%	15.1%	16.7%	15.6%	14.3%	12.1%	11.5%
Personal service occupations	7.5%	7.7%	8.4%	7.8%	7.5%	6.7%	6.9%
Sales and customer service occupations	6.5%	7.0%	7.1%	6.9%	8.0%	7.3%	7.7%
Process, plant and machine operatives	11.6%	11.5%	8.9%	10.9%	9.6%	8.1%	8.4%
Elementary occupations*	15.2%	15.6%	14.5%	15.2%	14.2%	11.5%	11.8%
All persons 16-74	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\*Elementary occupations include farm workers, labourers, kitchen assistants and bar staff

Source: ONS neighbourhood statistics – 2006

A2.19 The data shows that people in Rural East Anglia are more likely to be in skilled trades occupations than elsewhere in the region or England as a whole. The occupation group profile differs from the East of England region, but is similar to that of Norfolk as a whole. Overall, 15.6% of people aged 16-74 who are in employment are considered to be in skilled trades occupations, this compares with a regional figure of 12.1% and a national figure of 11.5%. Rural East Anglia contains a higher proportion of those in elementary occupations (for example farm workers, labourers, kitchen assistants and bar staff) than found regionally or nationally.

### Local workplace earnings

A2.20 A range of secondary data sources provide useful evidence about local incomes. The main one is the Annual Survey of Hours and Earnings (ASHE) which provides information about earnings down to local authority level.

A2.21 The table below shows average full-time earnings and quartile incomes. The data shows that the average full-time earned income in 2005 in Rural East Anglia was £22,123; this is well below the regional and national figures. The lower and upper quartiles indicate that there is a wide range of incomes in Rural East Anglia.

**Table A2.8 Full-time earnings (ASHE 2005)**

Earnings category	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England
25% earn less than	£14,245	#	£12,381	#	£17,076	£16,500
50% earn less than	£20,152	£19,846	£18,460	#	£24,364	£23,313
75% earn less than	£27,718	#	£27,589	#	£34,652	£32,736
Mean income	£22,399	£22,683	£20,766	£22,123	£30,640	£28,988

Source: Annual survey of hours and earnings – 2005

# - Figures unavailable

## Migrant Workers

A2.22 There is some data available to offer an insight into the trends of migrant workers in Rural East Anglia. The National Insurance Recording System records the number of National Insurance Number registrations by non-UK nationals in Rural East Anglia. This does not offer an indication of the current number of migrant workers in the area as it only records new migrant workers registering for a National Insurance Number, nor does it paint an accurate picture of the trends of non-UK nationals arriving in the area as it can often take several years for arrivals to register for a National Insurance Number.

A2.23 The table below shows the number of National Insurance Number Registrations by non-UK nationals by year from 2002/03. This gives an indication of the trend of migrant workers registering in the area. The data shows a sharp rise in the number of non-UK nationals registering in Rural East Anglia, increasing at a much higher rate than nationally or for the East of England as a whole. In 2004/05, 2.3% of non-UK nationals registering for a National Insurance Number were claiming out-of-work benefit within 6 months of registration, much lower than the national rate of 6%. This figure is not all that reliable due to the low numbers of migrant workers claiming benefits in the area and the figures being rounded to the nearest 10.

<b>Table A2.9 National Insurance no registrations by non-UK nationals by year</b>			
Period	Rural East Anglia	East of England	England
2002/03	1,200	26,200	349,200
2003/04	1,100	25,800	370,700
2004/05	2,160	34,100	439,700
2005/06	3,240	52,800	662,400
Total	7,700	138,900	1,822,000
Change	2,040	26,600	313,200
% change from 2002/03	170.0%	101.5%	89.7%

Source: National Insurance Recording System - 2006

A2.24 The table below shows that North Norfolk had a significant increase in the number of non-UK nationals registering for a National Insurance Number, increasing from 70 in 2002/03 to 320 in 2005/06. North Norfolk has a significantly lower number of National Insurance Number registrations by non-UK nationals than the rest of Rural East Anglia.

<b>Table A2.10 National Insurance no registrations by non-UK nationals by year</b>						
Period	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England
2002/03	670	460	70	1,200	26,200	349,200
2003/04	590	420	90	1,100	25,800	370,700
2004/05	860	1,120	180	2,160	34,100	439,700
2005/06	1,470	1,450	320	3,240	52,800	662,400
Total	3,590	3,450	660	7,700	138,900	1,822,000
Change	800	990	250	2,040	26,600	313,200
% change from 2002/03	119.4%	215.2%	357.1%	170.0%	101.5%	89.7%

Source: National Insurance Recording System - 2006

## A3. The current stock of housing

### Introduction

A3.1 There are a range of data sources which provide an overview of the number, type, size and tenure of properties in the local area and how this compares with the position in the East of England region and nationally.

### Tenure

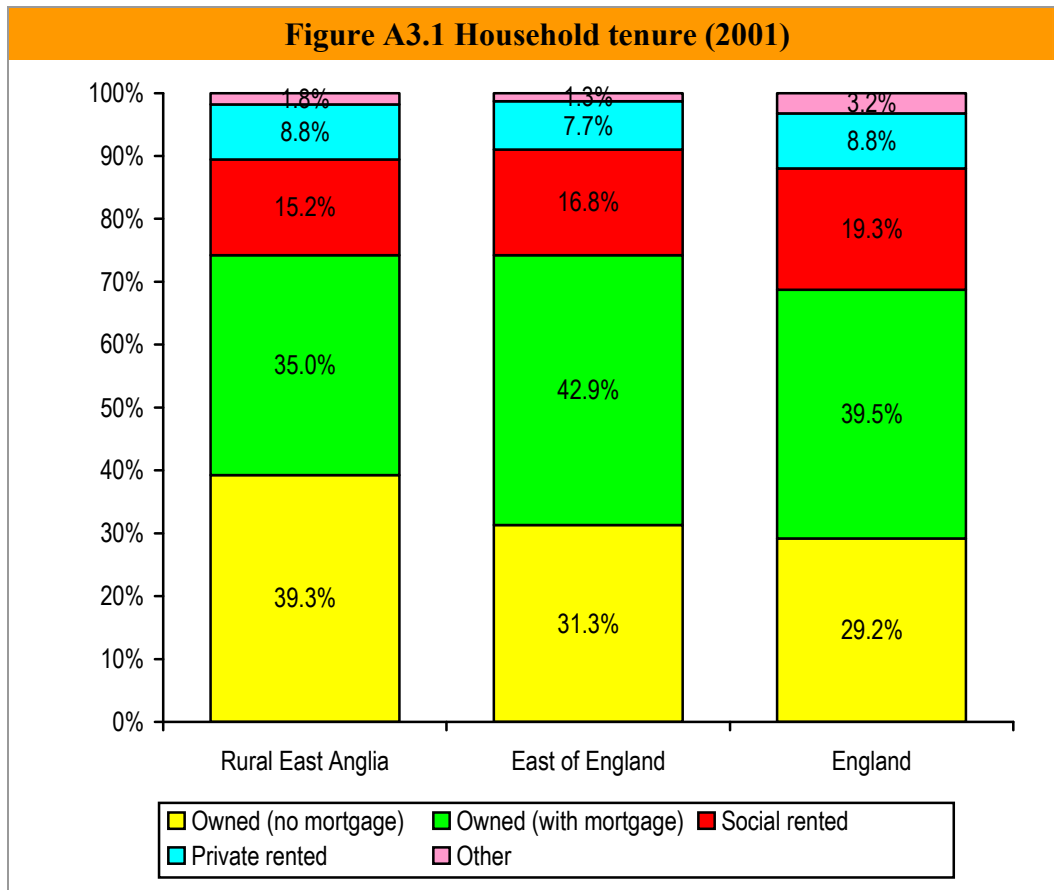
A3.2 Census data can provide detailed information about the tenure profile of households living in an area.

**Table A3.1 Tenure 2001**

	Breckland	K Lynn & West. Norfolk	North Norfolk	Rural East Anglia	East of England	England
Owns outright	36.7%	38.5%	43.5%	39.3%	31.3%	29.5%
Owns with a mortgage or loan	38.4%	35.6%	30.1%	35.0%	42.4%	38.8%
Shared ownership	0.4%	0.3%	0.3%	0.3%	0.5%	0.6%
Council (local authority)	2.2%	12.1%	11.3%	8.6%	11.8%	13.2%
Housing Association/RSL	12.7%	3.2%	2.9%	6.3%	5.0%	6.0%
Private landlord or letting agency	8.1%	8.4%	10.1%	8.8%	7.7%	8.7%
Other	1.5%	1.9%	1.9%	1.8%	1.3%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

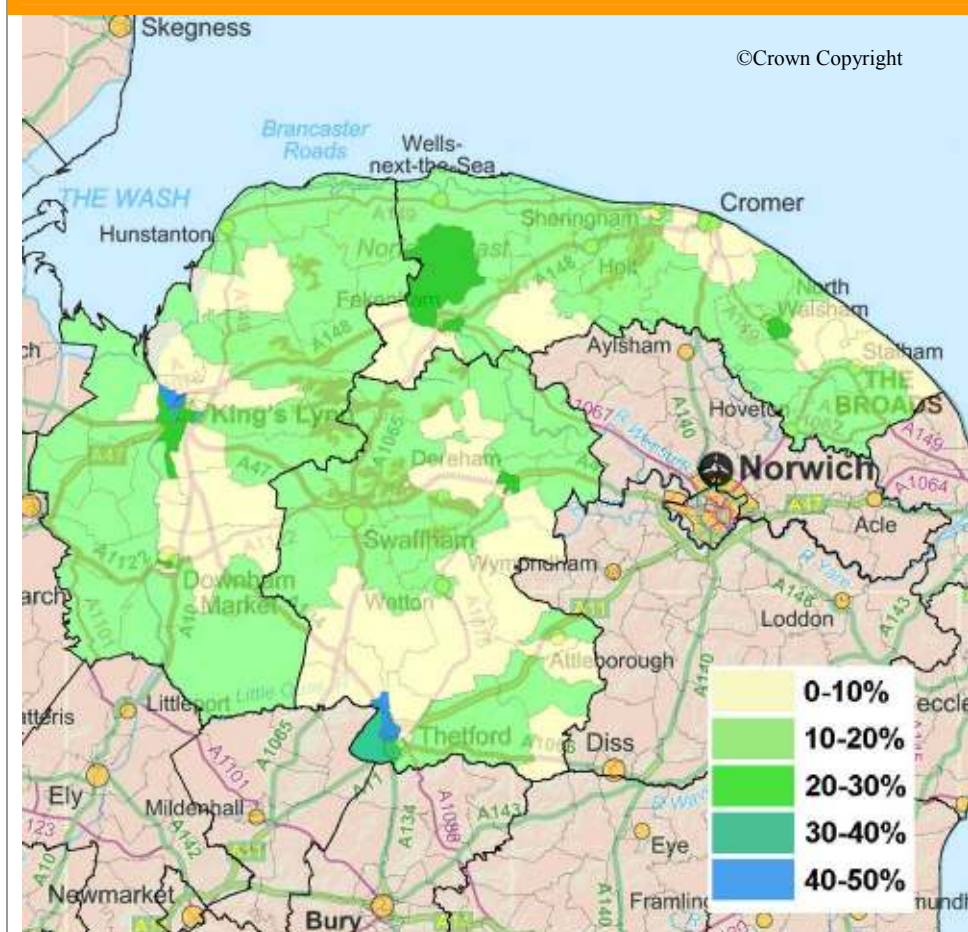
Source: ONS neighbourhood statistics – 2006

A3.3 The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of data for 2001 reveals that Rural East Anglia has a higher proportion of owner-occupiers than found nationally and regionally. In 2001, 74.6% of households in Rural East Anglia were owner-occupiers (including shared ownership), this compares with 74.2% in the East of England region and 68.7% across England. By contrast Rural East Anglia has a relatively small social rented sector. In 2001, 15.2% of households lived in the social rented sector, this figure compares with 16.8% across the region and 19.3% in England.



A3.4 In this important respect, Rural East Anglia is different from its regional and national context, having a higher proportion of owner occupation. The map below shows concentrations of social rented housing in Rural East Anglia. The figures shown are in terms of the proportion of social rented housing, ranging from 7.7% in South Wootton to 44.8% in North Lynn.

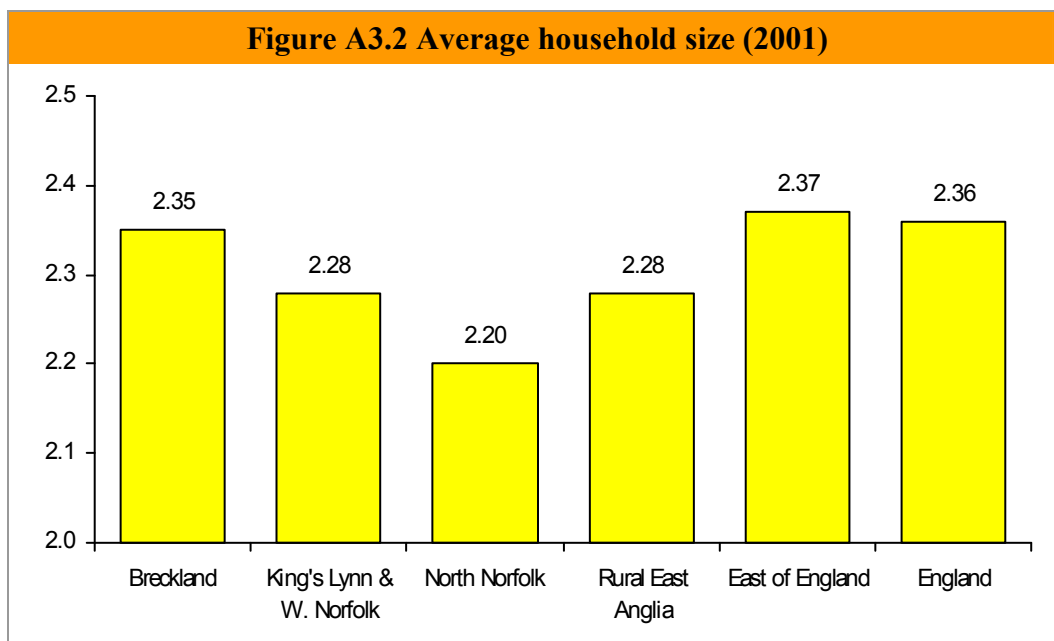
Map A3.1 Distribution of social rented housing in Rural East Anglia



Source: ONS neighbourhood statistics – 2006

## Household Size

A3.5 Trends in household size can be crucial in determining the demand for future housing through the implications for the size of any additional housing. The figure below shows that Rural East Anglia has a lower average number of people per household (2.28 compared with 2.36 in the region) than for the East of England region as a whole. The figure in Rural East Anglia is also lower than the equivalent figure for England as a whole.

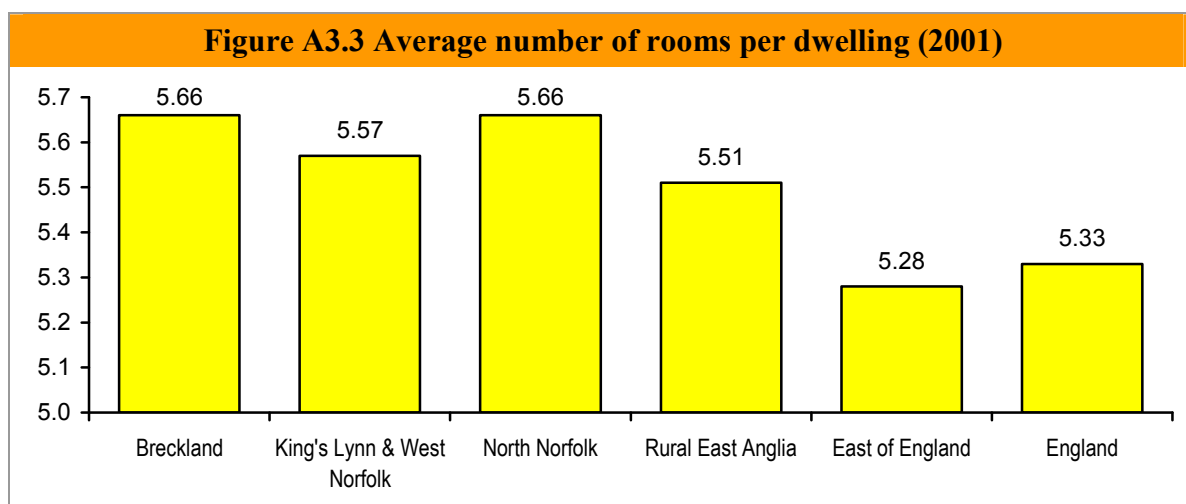


Source: 2001 Census – Key Statistics for local authorities in England and Wales

A3.6 Generally, household sizes have been declining both regionally and nationally and this trend is expected to continue. Declining average household size raises the requirement for housing (on a per person basis) as a given population will require a greater number of dwellings to house it.

**Dwelling Size**

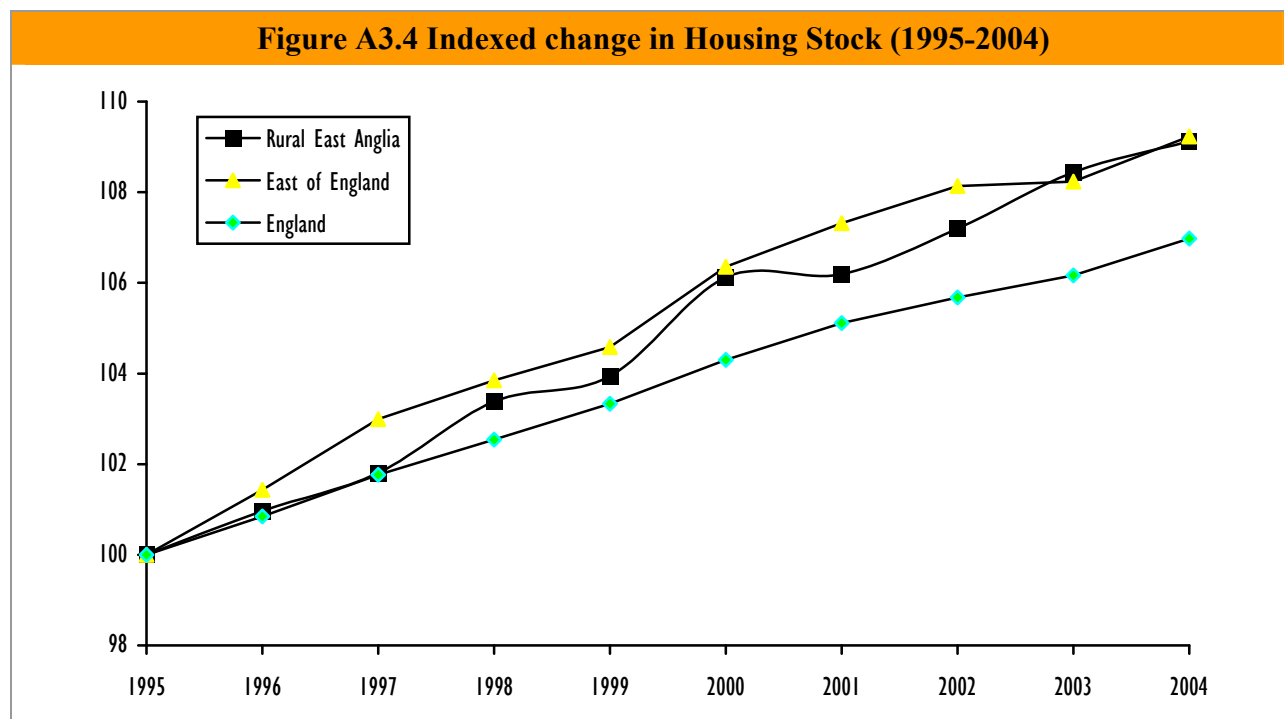
A3.7 Dwelling size can be an important driver, as well as a significant feature of the local economy. The best information about the size of properties comes from the number of rooms (measured in the 2001 Census). The average number of rooms per household space is quite a bit higher than the regional and national average.



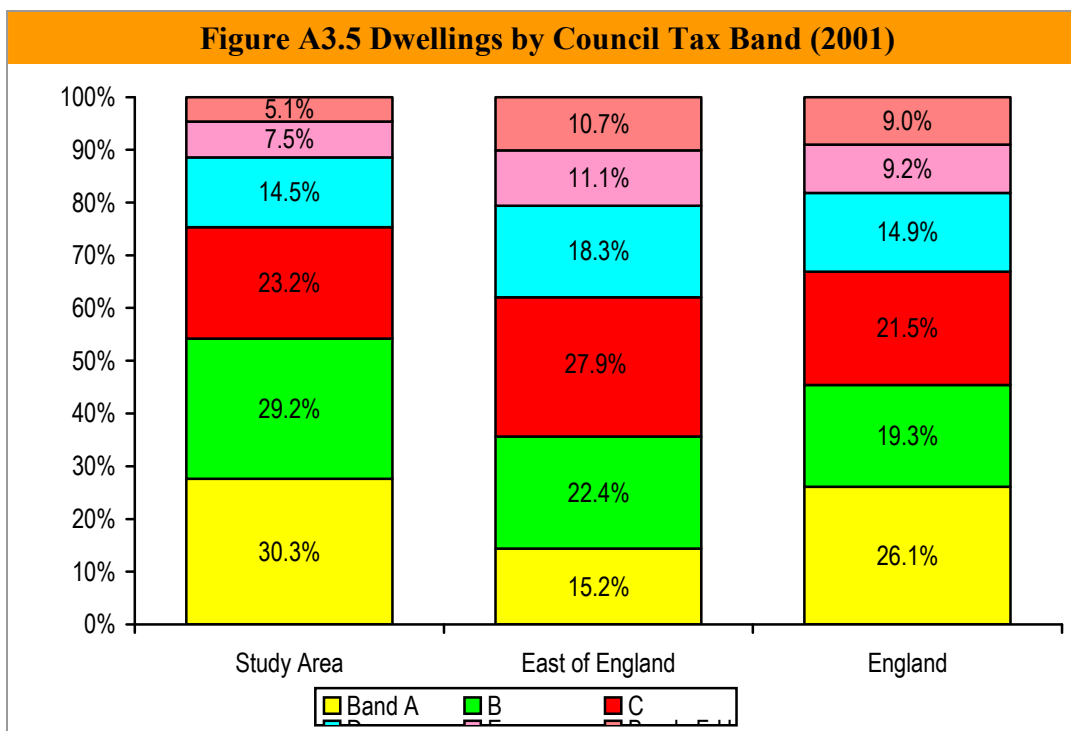
Source: 2001 Census – Key Statistics for local authorities in England and Wales

## Housing stock changes

A3.8 The figure below presents the pattern of growth in the stock of housing over time in Rural East Anglia, the East of England region and England. Between 1995 and 2004 the housing stock in Rural East Anglia increased by 9.1%, representing an increase of around 15,274 dwellings. Overall growth in the region in the same period was 9.2%. The growth in Rural East Anglia has followed a similar trend to that of the region as a whole. The growth has been fairly steady and above national growth.



A3.9 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 30.3% of properties in Rural East Anglia fell into the lowest Council Tax Band, this compares with 15.2% across the region and 26.1% in England. The proportion of dwellings in the highest bands (E to G) is noticeably lower than the England average. Overall, 52.4% of all properties fall into bands B & C, lower than the proportions either regionally or nationally.



Source: ONS neighbourhood statistics – 2006

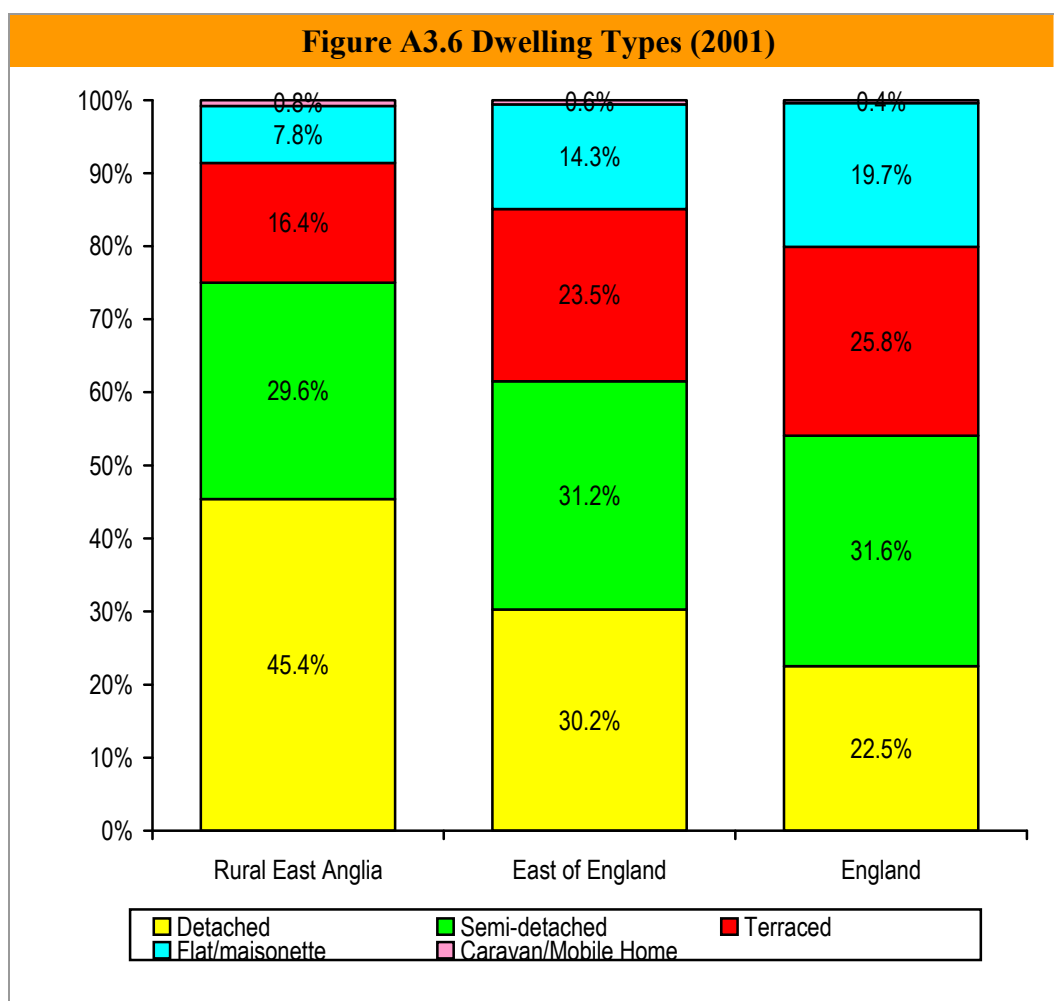
A3.10 King’s Lynn & West Norfolk has a high proportion (37.4%) of dwellings in the lowest Council Tax Band, as well as few dwellings in the highest bands. Of the local authorities in Rural East Anglia, North Norfolk has the highest proportion of dwellings in the highest bands.

**Table A3.2 Dwellings by Council Tax Band (2001)**

	Breckland	King’s Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England
Band A	27.0%	37.4%	24.5%	30.3%	15.2%	26.1%
Band B	30.4%	26.7%	31.1%	29.2%	22.4%	19.3%
Band C	24.0%	21.1%	25.0%	23.2%	27.9%	21.5%
Band D	11.8%	13.5%	18.8%	14.5%	18.3%	14.9%
Band E	6.4%	6.8%	9.7%	7.5%	11.1%	9.2%
Band F-H	3.7%	5.0%	6.9%	5.1%	10.7%	9.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006

A3.11 The figure below shows the types of dwelling in Rural East Anglia, the region and England as a whole. Rural East Anglia has a much higher proportion of detached dwellings and a significantly lower proportion of flats and maisonettes when compared to the East of England region as a whole. Compared with national data it can be seen that Rural East Anglia had a greater proportion of detached homes and fewer flats in 2001.



Source: ONS neighbourhood statistics – 2006

A3.12 The data shows that Breckland, King's Lynn & West Norfolk and North Norfolk have all quite similar dwelling type profiles. Breckland has a lower proportion of flats, while King's Lynn & West Norfolk has a relatively high proportion of caravans and mobile homes.

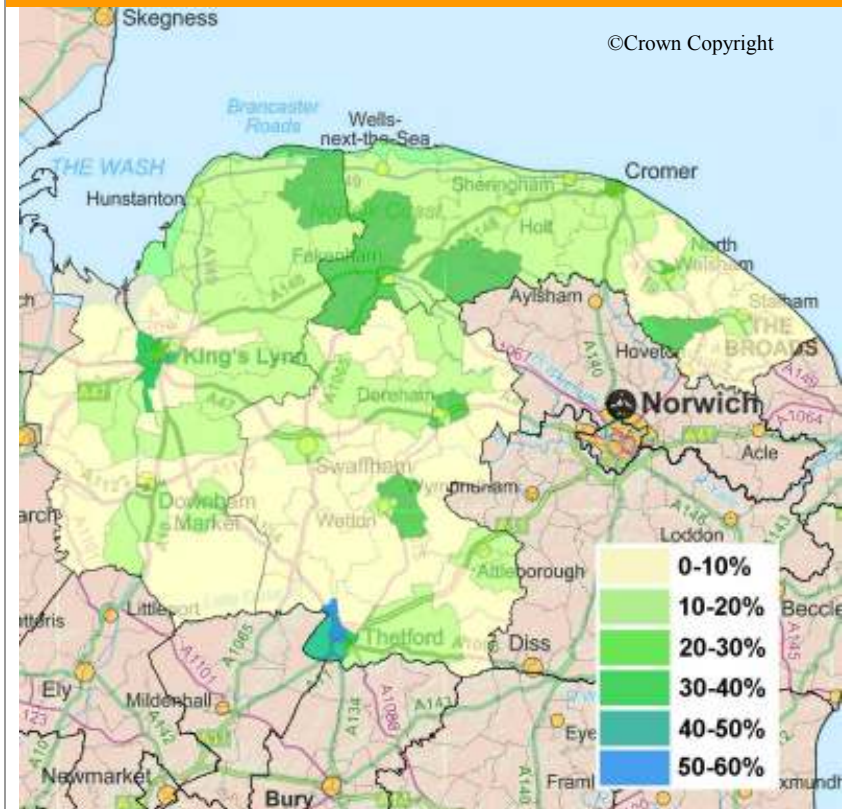
**Table A3.3 Dwelling Types (2001)**

	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England
Detached	47.0%	44.2%	45.4%	45.4%	30.2%	22.5%
Semi-detached	28.7%	30.6%	29.2%	29.6%	31.2%	31.6%
Terraced	17.6%	15.7%	15.9%	16.4%	23.5%	25.8%
Flat/maisonette	6.0%	8.3%	9.0%	7.8%	14.3%	19.7%
Caravan/Mobile Home	0.6%	1.2%	0.5%	0.8%	0.6%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006

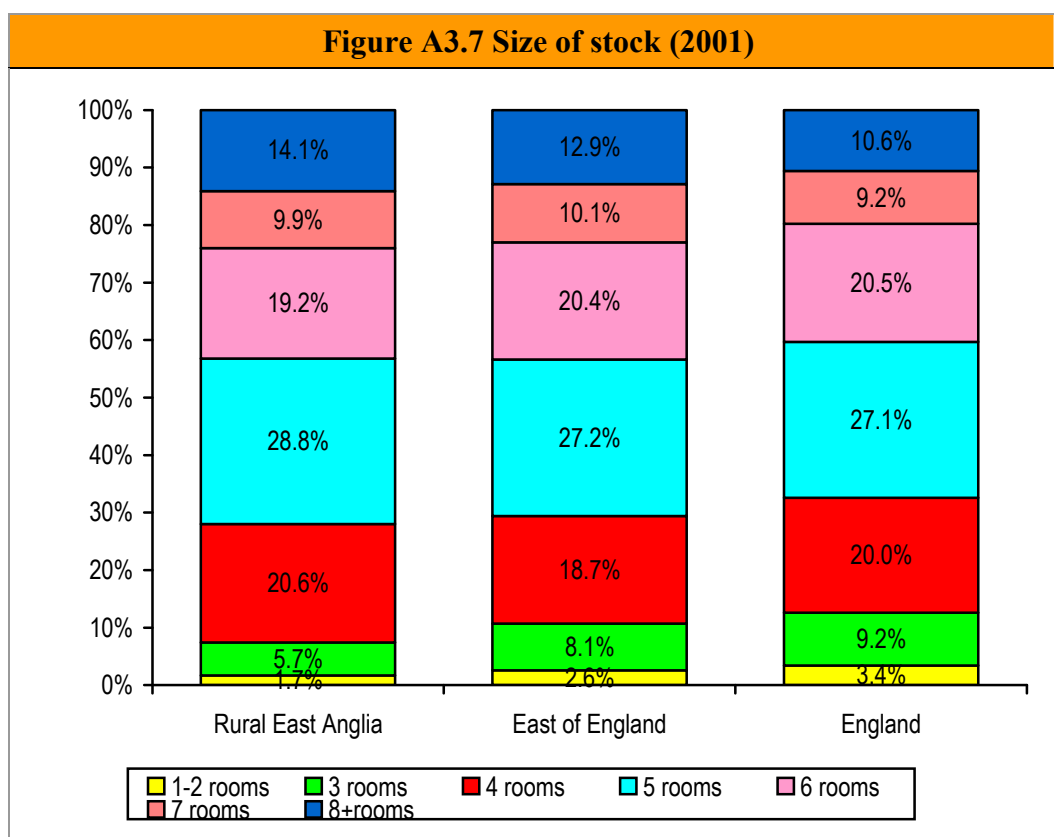
A3.13 We can also look at the distribution of dwelling types by ward. The figure below shows the proportion of terraced housing in each ward. Terraced housing is a useful indicator as in many parts of the country a high proportion of terraced homes is seen as an indicator of area at risk of market failure. In the case of Rural East Anglia the proportion of households living in terraced accommodation varies from 0.9% in Clenchwarton ward to 57.8% in Thetford-Abbey.

**Map A3.2 Distribution of terraced housing in Rural East Anglia**



Source: ONS neighbourhood statistics – 2006

A3.14 The size of housing in an area plays a key role in determining desirability, demand and affordability. As seen from the analysis above the pattern of dwelling types does not differ dramatically from the regional position. It is therefore to be expected that the sizes of dwellings will be broadly comparable. This is indeed the case as is shown in the figure below in terms of the number of rooms available to households. The distribution of rooms per household is similar in Rural East Anglia, the region and England as a whole. Rural East Anglia differs mainly in having fewer dwellings with only 1-2 or 3 rooms than found nationally and having slightly more dwellings with 8 or more rooms than both regionally and nationally.



Source: ONS neighbourhood statistics – 2006

**Table A3.4 Size of stock (2001)**

	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
1-2 rooms	1.5%	2.0%	1.4%	1.7%	2.6%	3.4%
3 rooms	5.5%	5.9%	5.7%	5.7%	8.1%	9.2%
4 rooms	20.0%	20.8%	21.2%	20.6%	18.7%	20.0%
5 rooms	30.0%	28.7%	27.3%	28.8%	27.2%	27.1%
6 rooms	18.4%	19.5%	19.9%	19.2%	20.4%	20.5%
7 rooms	9.8%	9.9%	10.1%	9.9%	10.1%	9.2%
8+ rooms	14.8%	13.2%	14.3%	14.1%	12.9%	10.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

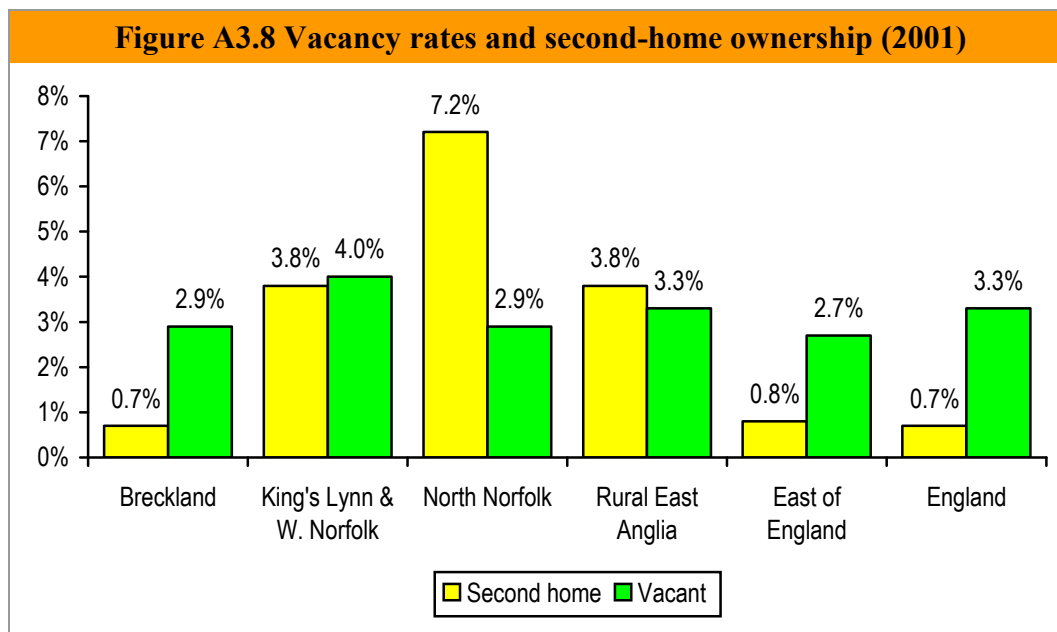
Source: ONS neighbourhood statistics – 2006

### Vacancy, Occupancy and Overcrowding

A3.15 According to the 2001 Census, 3.3% of all household spaces in Rural East Anglia are vacant and a further 3.8% are considered to be second homes (taken together these amount to around 11,683 household spaces). These figures compare with a vacancy rate of 2.7% (excluding second homes) in the East of England region and 3.3% for England.

A3.16 This higher rate of vacancy and second home ownership implies a lower degree of efficiency in utilising the existing stock in Rural East Anglia.

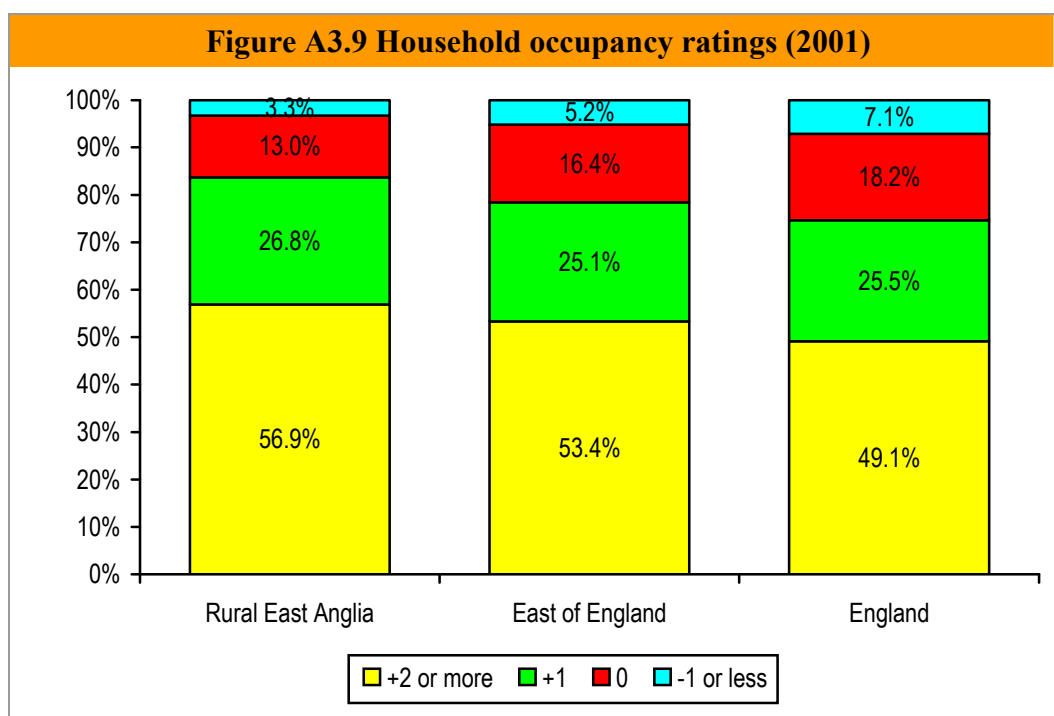
A3.17 The figure below shows vacancy rates and proportions of second homes. The data shows that second home ownership in Rural East Anglia is significantly higher than the regional and national averages. Higher levels of second homes can put pressure on a housing market and create an increase in prices. North Norfolk has a particularly high level of second home ownership.



Source: ONS neighbourhood statistics – 2006

A3.18 It has already been shown that households in Rural East Anglia are smaller whilst dwelling sizes are generally larger. This pattern is reflected in the occupancy rating which shows the number of households in overcrowded conditions. The occupancy rating provides a measure of both under-occupancy and overcrowding by relating the number of rooms in a dwelling to the number of occupants.

A3.19 The figure below shows the occupancy rating as calculated by 2001 Census data. A negative figure indicates overcrowding, whereas figures of +2 and above would typically be seen as indicating under-occupancy. The data shows that the level of overcrowding in Rural East Anglia is low when compared with the region as a whole and very low compared with England. Overall, Census data suggests that 3.3% of households are overcrowded compared with 7.1% nationally. Levels of under-occupation are slightly higher than those found nationally or regionally.



Source: ONS neighbourhood statistics – 2006

A3.20 There is a high level of under-occupancy in North Norfolk, while Breckland and King's Lynn & West Norfolk demonstrate a higher proportion of overcrowding compared to Rural East Anglia as a whole. These overcrowding figures are however lower than the East of England and considerably lower than the rest of England and Wales.

**Table A3.5 Household occupancy ratings (2001)**

	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
+2 or more	56.5%	55.9%	58.7%	56.9%	53.4%	49.1%
+1	26.9%	27.4%	25.9%	26.8%	25.1%	25.5%
0	13.2%	13.0%	12.6%	13.0%	16.4%	18.2%
-1 or less	3.3%	3.6%	2.8%	3.3%	5.2%	7.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006



## A4. Property price information

### Introduction

A4.1 This chapter sets out information from the Land Registry on house prices in Rural East Anglia and the surrounding area.

### National, regional and local picture

A4.2 Information from Land Registry shows that nationally between the 1<sup>st</sup> quarter of 2001 and the 1<sup>st</sup> quarter of 2006 average property prices in England and Wales rose by 60.1%. For the East of England the increase was 85.5% whilst for Rural East Anglia the figure was 100.0%.

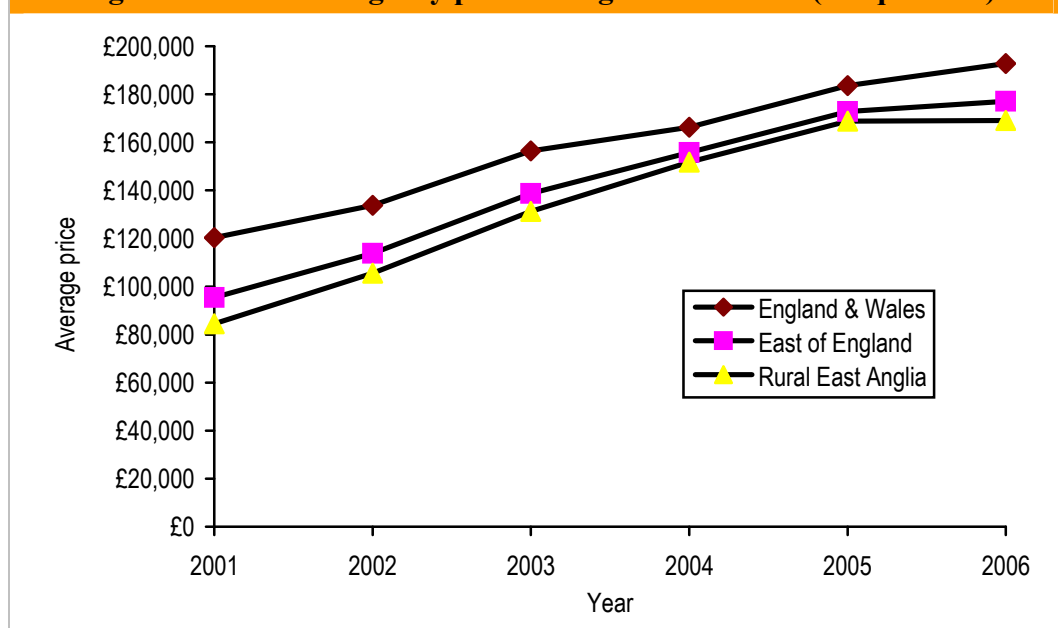
A4.3 The table below shows average prices in the 2<sup>nd</sup> quarter of 2006 for each of England & Wales, the East of England and Rural East Anglia. The table shows that average prices in Rural East Anglia are around 14% lower than the average for England & Wales and slightly below the East of England average.

**Table A4.1 Land Registry average prices (2nd quarter 2006)**

Area	Average price	As % of E & W
England & Wales	£199,184	100.0%
East of England	£181,925	91.3%
Rural East Anglia	£172,051	86.4%
Breckland	£166,553	83.6%
King's Lynn & W. Norfolk	£167,439	84.1%
North Norfolk	£186,607	93.7%

Source: Land Registry – 2006

**Figure A4.1 Land Registry price changes 2001 - 2006 (1st quarters)**



Source: Land Registry 2001 – 2006

**Table A4.2 Land Registry price changes 2001 - 2006 (1st quarters)**

Area	2001	2002	2003	2004	2005	2006
Breckland	£81,317	£103,689	£124,929	£145,993	£166,156	£163,060
King's Lynn & W. Norfolk	£81,051	£103,065	£124,473	£149,770	£163,195	£161,260
North Norfolk	£91,560	£111,351	£150,731	£161,098	£181,889	£189,375

Source: Land Registry – 2006

A4.4 The table below shows average property prices for the area for each dwelling type (from Land Registry data). This data is compared with regional price information. The volume of sales by type is also included for both areas.

**Table A4.3 Land Registry average prices and sales (2nd quarter 2006)**

Dwelling type	Rural East Anglia		East of England	
	Average price	% of sales	Average price	% of sales
Detached	£221,757	42.9%	£247,938	33.8%
Semi-detached	£148,835	27.4%	£160,274	29.5%
Terraced	£126,765	22.4%	£142,649	28.3%
Flat/maisonette	£106,291	7.3%	£124,409	8.4%
All dwellings	£172,051	100.0%	£181,925	100.0%

Source: Land Registry – 2006

A4.5 The largest volume of sales in Rural East Anglia was for detached properties (42.9%) with an average price of £221,757. The three house/bungalow types together accounted for 92.7% of all sales. Sales regionally show a lower proportion of detached sales and more terraced properties.

A4.6 The table below provides the equivalent information for the three local authority areas. It indicates that for all types of accommodation North Norfolk is the most expensive area and that other than for semi-detached properties Breckland is the cheapest area. Overall Breckland has the greatest volume of sales of detached properties and North Norfolk the highest proportion of sales of flats/maisonettes.

**Table A4.5 Land Registry average prices and sales (2nd quarter 2006)**

Dwelling type	Breckland		King's Lynn & W. Norfolk		North Norfolk	
	Average price	% of sales	Average price	% of sales	Average price	% of sales
Detached	£210,394	44.5%	£222,817	40.6%	£237,120	43.9%
Semi-detached	£146,912	28.7%	£144,694	27.5%	£158,390	25.3%
Terraced	£119,599	22.0%	£120,453	24.0%	£148,348	20.6%
Flat/maisonette	£93,155	4.8%	£105,472	7.9%	£116,201	10.1%
All dwellings	£166,553	100.0%	£167,439	100.0%	£186,607	100.0%

Source: Land Registry – 2006



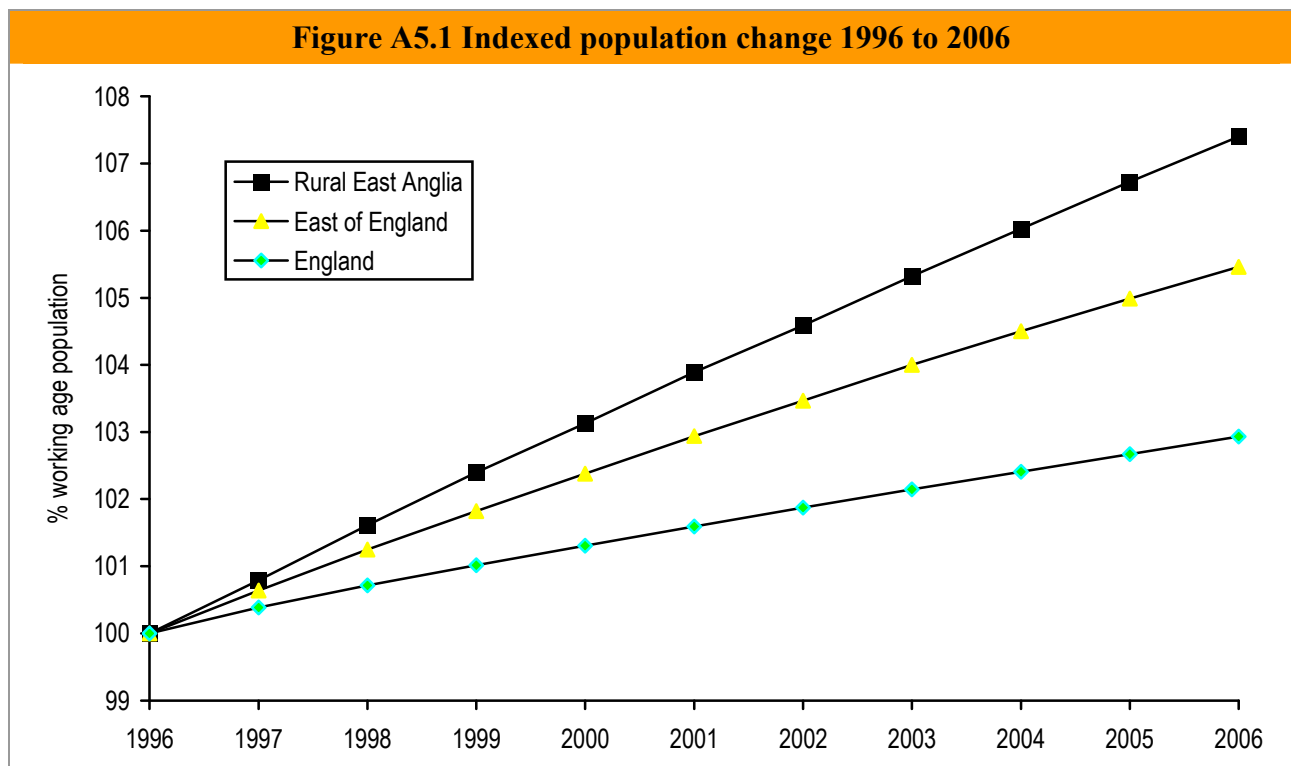
# A5. Past and current drivers of demand for housing

## Introduction

A5.1 The term ‘driver’ is used as a summary for the various influences that have in the past and may in the future have a major influence on the wider housing market. Drivers range from the most general national trends to detailed local matters that will vary in different parts of a given district, and between districts. This chapter sets out various background information on drivers in the Rural East Anglia situation.

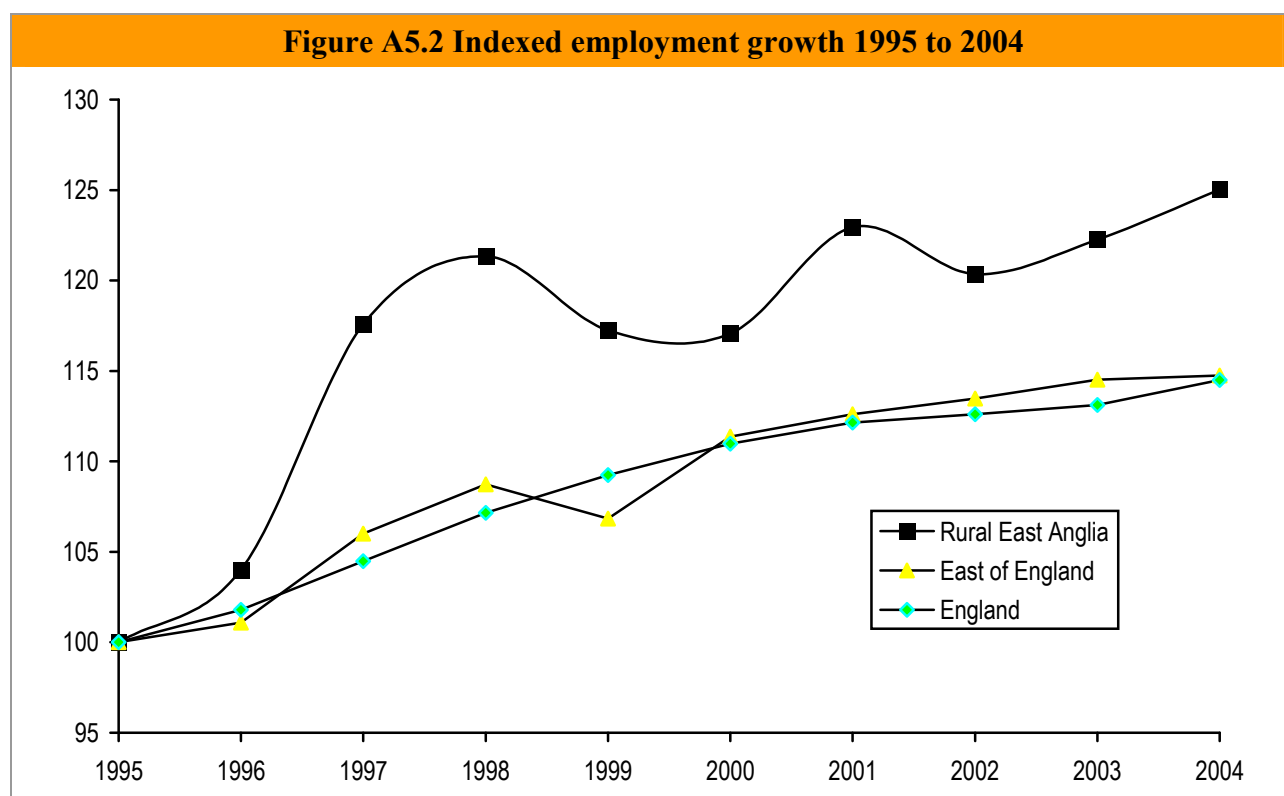
## Demographic drivers of demand

A5.2 The figure below shows population growth from 1996 to 2006. The data shows that population growth in Rural East Anglia has been slightly above that of the East of England and well above England as a whole. Over the 10-year period the population is estimated to have grown by around 7.4% in Rural East Anglia compared with 5.5% regionally and 2.9% nationally. The level of increase in Rural East Anglia equates to around 11,800 people over the period.



## Employment

A5.3 Measured by the most recent Annual Business Inquiry (ABI) there were 122,647 employee jobs in Rural East Anglia in 2004. The figure below shows the trend in employee jobs from 1995 to 2004. The data shows that in Rural East Anglia the number of jobs over the nine year period increased by around 25.0%. This is noticeably higher than the figures for the region as a whole and for England, where jobs rose by 15%.



**Table A5.1 Employment change 1995-2004**

Area	Employment 1995	Employment 2004	Absolute change	% change
Breckland	29,867	41,221	11,354	38.0%
King's Lynn & W. Norfolk	41,361	48,884	7,523	18.2%
North Norfolk	24,865	30,538	5,673	22.8%
Rural East Anglia	98,088	122,647	24,559	25.0%
East of England	2,012,300	2,309,378	297,079	14.8%
Great Britain	22,728,869	26,024,705	3,295,836	14.5%

Source: ONS NOMIS website

A5.4 Another measure in terms of the number of jobs is 'job density'. This is a measure of the number of jobs per person of working age. NOMIS data shows that there are 0.75 jobs per working age person in Rural East Anglia. This is slightly below the job density ratio of 0.8 for the East of England and 0.83 for Great Britain. The job density data relates to 2004.

A5.5 The table below shows a breakdown of the types of employment in Rural East Anglia, the East of England and England as a whole. The table shows that the most important sectors within the Rural East Anglia economy are distribution, hotels & restaurants (26.1%), public administration, education & health (25.3%) and manufacturing (17.1%).

A5.6 The data shows that Rural East Anglia has a different employment profile to the region as a whole, with a much higher proportion of employees in the manufacturing and agriculture, fishing, energy & water sectors.

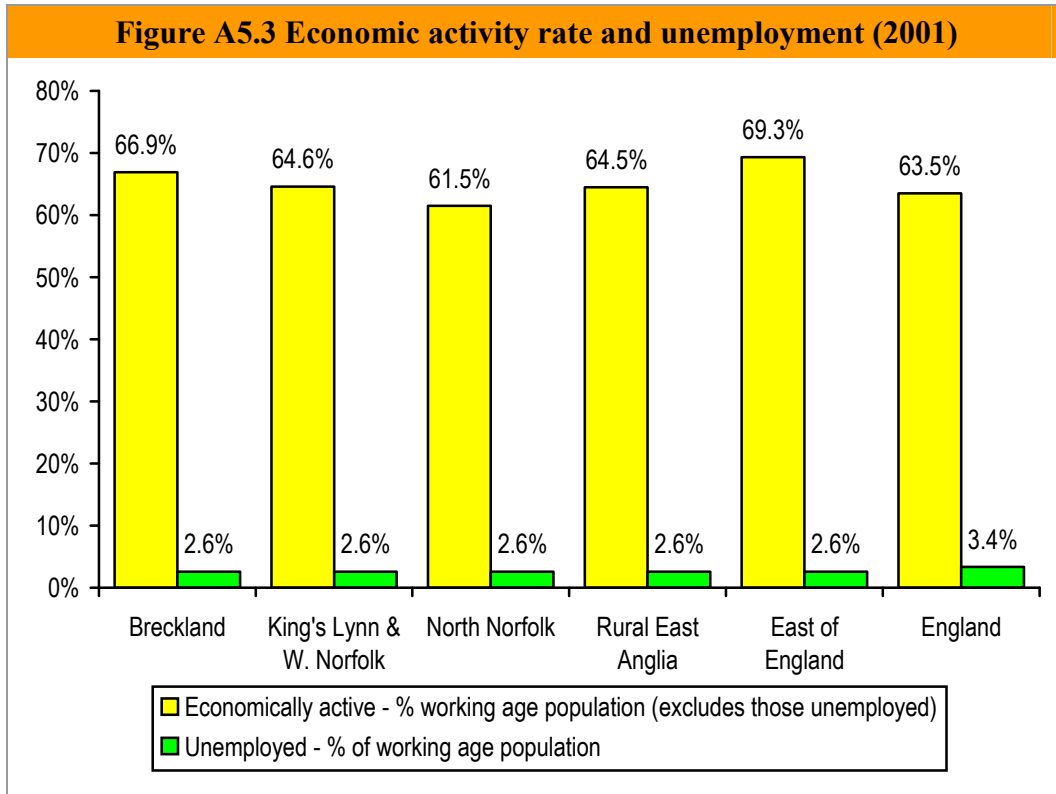
**Table A5.2 Employment types by broad sector (2004)**

Employment category	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England
Manufacturing	21.8%	15.2%	13.6%	17.1%	12.0%	11.9%
Construction	6.4%	6.0%	8.0%	6.6%	5.1%	4.5%
Distribution, hotels & restaurants	24.1%	25.3%	30.2%	26.1%	26.1%	24.7%
Transport & communications	6.7%	4.0%	3.6%	4.8%	6.4%	5.9%
Finance, IT, other business activities	11.5%	9.3%	9.1%	10.0%	19.5%	20.0%
Public administration, education & health	20.1%	29.1%	26.3%	25.3%	24.3%	26.4%
Other services	3.8%	3.3%	4.8%	3.8%	4.8%	5.1%
Agriculture, fishing, energy & water	5.5%	7.9%	4.5%	6.2%	1.8%	1.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Office of National Statistics (from 2004 ABI)

## Unemployment rates

A5.7 An important and related feature is the unemployment level in the area. With only 2.6% of the working age population unemployed, Rural East Anglia demonstrates an unemployment level below the equivalent national figure. The economic activity rate of Rural East Anglia is above both the national figure but well below the regional average.



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

A5.8 It is of interest to see how unemployment rates have changed over time. One means of studying this is to look at the number of people claiming unemployment benefits. The figure below shows how the claimant rate (as a proportion of working age population) has changed over the period since 1996 (the figures used are for January in each year).

A5.9 The current claimant count in Rural East Anglia is 2.0% of the working age population compared with 1.9% in the East of England region and 2.6% nationally. The figure in Rural East Anglia is below both the regional and national rates.

A5.10 The claimant count in Rural East Anglia has followed a similar trend to that observed in other areas. Over the period the claimant rate in Rural East Anglia has dropped from 5.3% to 2.0% (a 62% reduction). In the East of England it went from 5.2% to 1.9%.

**Figure A5.4 Claimant rate 1996 to 2006 (figures for January)**



Source: ONS NOMIS website

A5.11 King’s Lynn & West Norfolk has the highest claimant rate of any local authority in Rural East Anglia, although it maintains its position relative to Rural East Anglia as a whole.

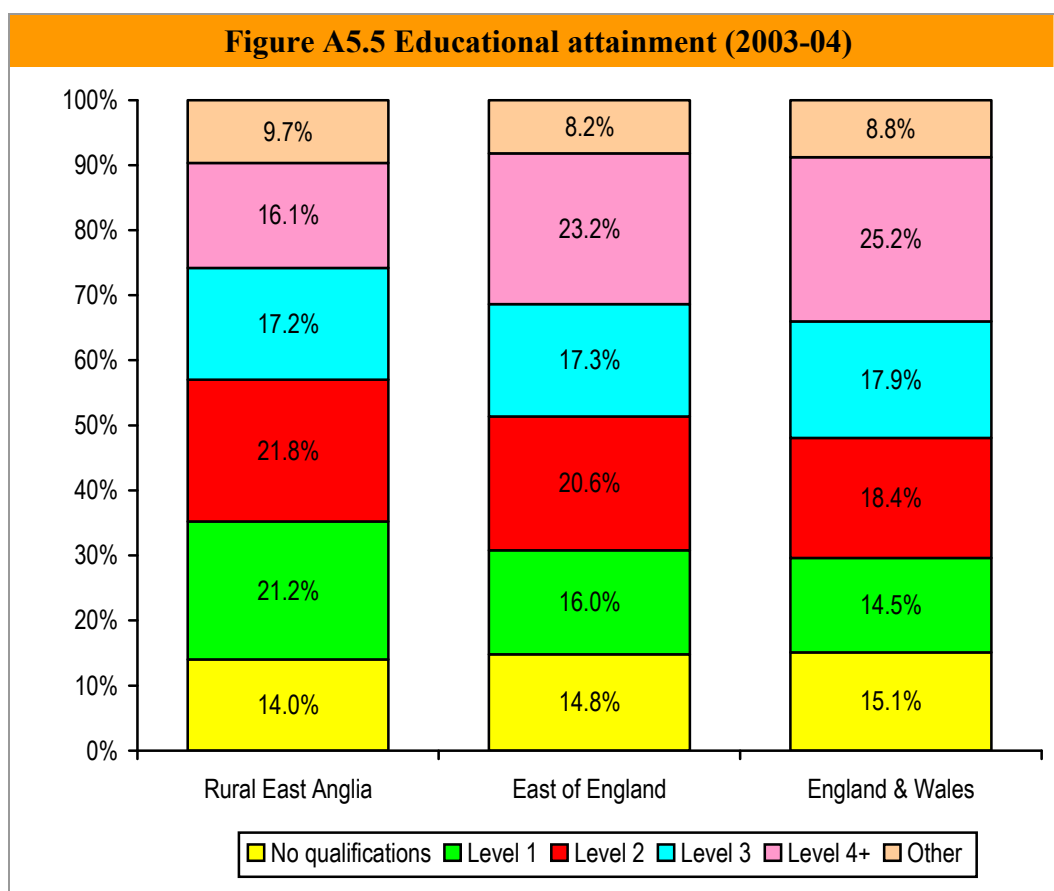
**Table A5.3 Claimant rate 1996 to 2006 (figures for January)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Breckland	4.8%	3.9%	2.8%	2.5%	2.2%	1.7%	1.5%	1.3%	1.3%	1.5%	1.8%
King’s Lynn & W. Norfolk	5.6%	4.7%	3.6%	3.3%	2.8%	2.2%	1.8%	2.0%	1.9%	2.0%	2.3%
North Norfolk	5.5%	4.6%	3.6%	3.3%	3.0%	2.4%	2.0%	1.9%	1.8%	1.8%	2.0%
Rural East Anglia	5.3%	4.4%	3.3%	3.0%	2.6%	2.1%	1.7%	1.7%	1.7%	1.8%	2.0%
East of England	5.2%	4.1%	2.9%	2.7%	2.3%	1.9%	1.8%	1.8%	1.8%	1.7%	1.9%
England	6.4%	5.3%	4.1%	3.8%	3.4%	2.9%	2.8%	2.7%	2.6%	2.3%	2.6%

Source: ONS neighbourhood statistics – 2006

### Skills and educational attainment

A5.12 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 Rural East Anglia workforce compared with other areas. The Rural East Anglia workforce has a lower level of skills attainment than the regional and national level with around 16% qualified to NVQ4+ (degree level). Around 14% of the workforce possess no qualifications, a figure well above the regional and national equivalents. Overall, Rural East Anglia’s residents are generally less qualified than those elsewhere in England & Wales.



Source: local area labour force survey (Mar 2003-Feb 2004)

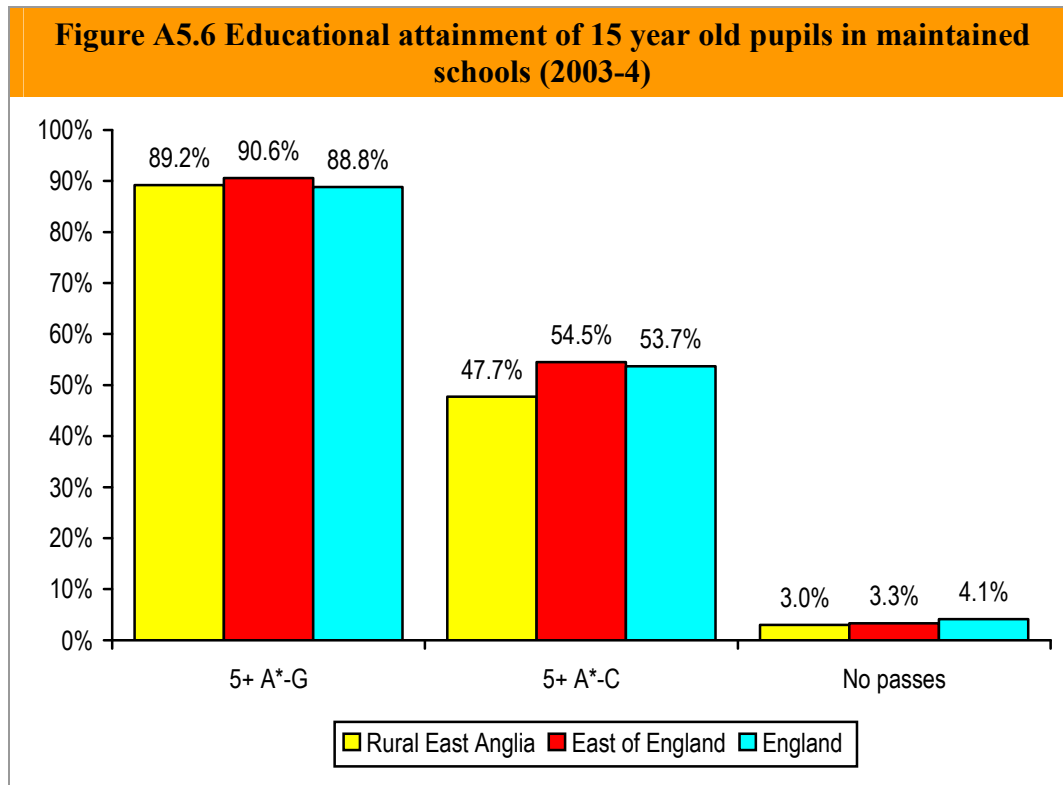
A5.13 King’s Lynn & West Norfolk has a lower proportion of the population achieving no qualifications. North Norfolk has a higher proportion of the population achieving NVQ4+ (degree level) qualifications. However, all figures are still below the regional and national averages, indicating that Rural East Anglia is relatively poorly qualified

**Table A5.4 Educational attainment (2003-04)**

	Breckland	King’s Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
No qualifications	16.1%	10.3%	16.4%	14.0%	14.8%	15.1%
Level 1	21.4%	22.7%	19.0%	21.2%	16.0%	14.5%
Level 2	21.8%	21.6%	22.0%	21.8%	20.6%	18.4%
Level 3	16.5%	19.4%	15.1%	17.2%	17.3%	17.9%
Level 4+	13.7%	14.8%	21.2%	16.1%	23.2%	25.2%
Other	10.6%	11.2%	6.3%	9.7%	8.2%	8.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006

A5.14 The figure below reveals that Rural East Anglia is not performing as well compared with other areas in terms of secondary education. While only 3.0% of pupils achieved no passes, lower than the regional or national average, a lower proportion of pupils achieved 5 or more A\* to C passes at GCSE/GNVQ level than found nationally.



Source: ONS neighbourhood statistics – 2006

A5.15 The data also shows that North Norfolk has a high proportion of students achieving 5 or more A\* to G passes, while a high proportion of students in King’s Lynn & West Norfolk achieved no passes.

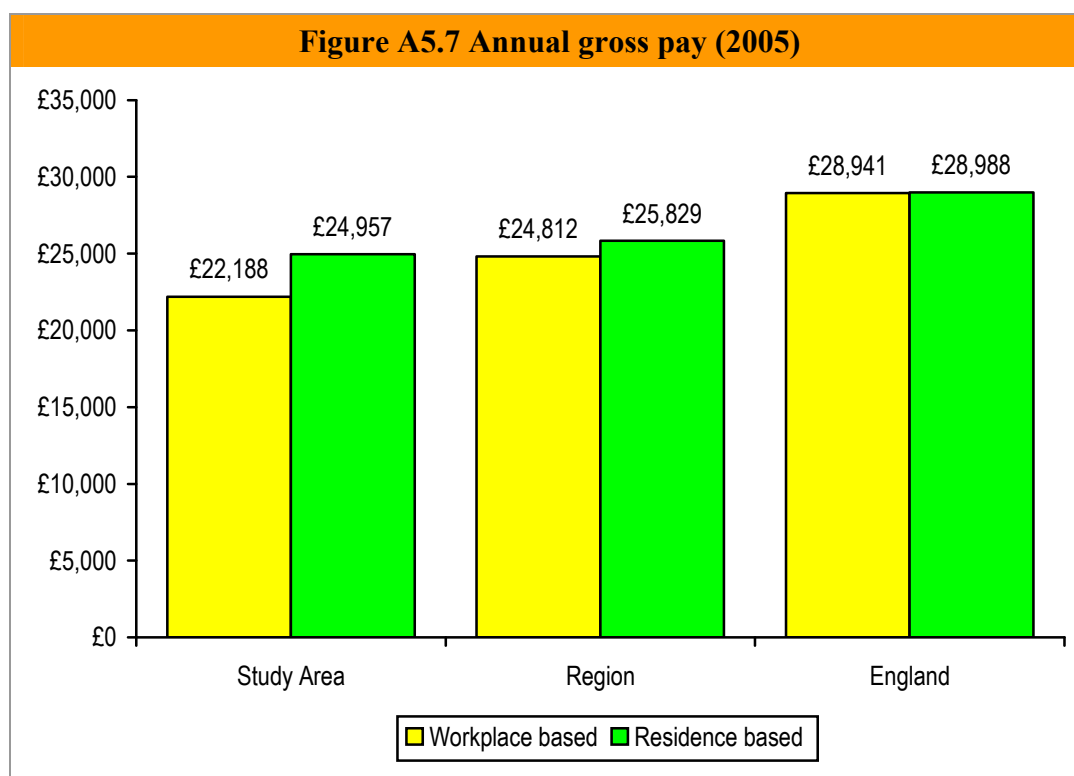
**Table A5.5 Educational attainment (2003-04)**

	Breckland	King’s Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
5+ A*-G	89.7%	88.2%	90.2%	89.2%	90.6%	88.8%
5+ A*-C	48.2%	46.9%	48.2%	47.7%	54.5%	53.7%
No passes	2.7%	3.7%	2.4%	3.0%	3.3%	4.1%

Source: ONS neighbourhood statistics – 2006

### Pay levels

A5.16 Income is a crucial determinant in whether or not households are able to access the private sector housing market (whether to buy or rent). The figure below provides information on gross annual pay in Rural East Anglia, the East of England and England. The figures are shown on both a workplace and residence based approach. Rural East Anglia exhibits a different relationship between workplace and resident annual pay rates than the country as a whole but has a relationship similar to that found in the East of England region.



Source: Annual Survey of Hours and Earnings 2005

A5.17 The fact that workplace pay in Rural East Anglia is slightly lower than the residence pay carries two messages:

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

A5.18 The table below shows the variation between the pay of residents and employees of an area for the three individual authorities. It indicates that in all areas residence earn more than employees, with Breckland showing a particularly large difference of £1,740.

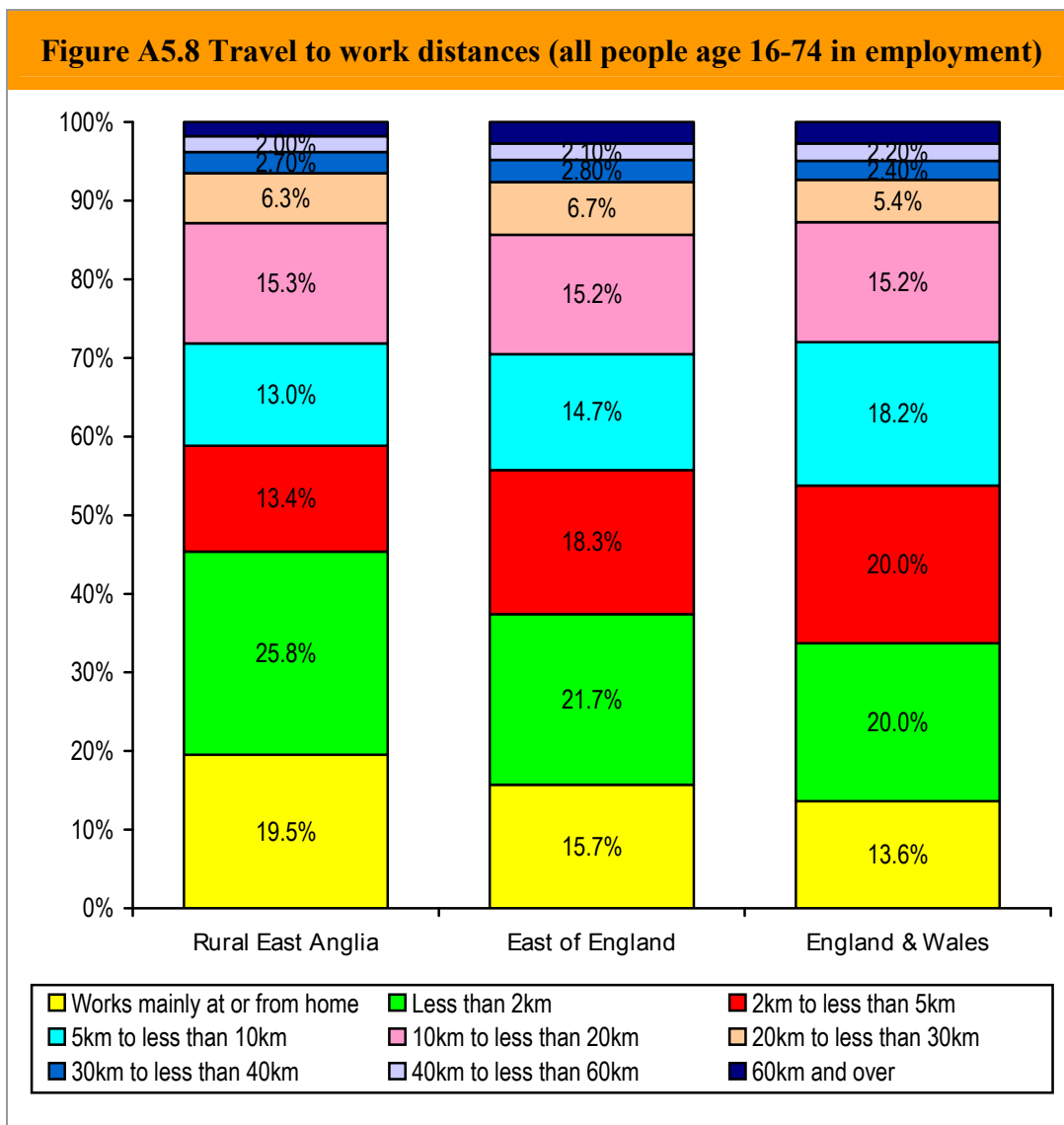
**Table A5.6 Annual gross pay (2005)**

Area	Workplace based	Residence based
Breckland	£20,659	£22,399
King's Lynn & W. Norfolk	£22,296	£22,683
North Norfolk	£20,302	£20,766
Rural East Anglia	£21,271	£22,123
East of England	£27,866	£30,640
England	£28,941	£28,988

Source: Annual Survey of Hours and Earnings 2005

### Travel to work

A5.19 Rural East Anglia has distinctive characteristics in terms of distances people travel to work. Overall 58.7% of people travel not more than 5 km to get to work, this compares with 55.7% regionally and 53.8% nationally. A high proportion of the population (45.3%) travel less than 2km to work.



Source: ONS neighbourhood statistics – 2006

A5.20 Breckland has a high proportion of people travelling short distances to work, with 59.4% travelling less than 5km compared to 58.7% for the whole of Rural East Anglia. A comparatively lower proportion (40.7%) of King’s Lynn & West Norfolk travel less than 2km to work, compared to 45.3% for Rural East Anglia.

**Table A5.7 Travel to work distances (all people age 16-74 in employment)**

	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England & Wales
Works mainly at or from home	20.2%	17.8%	21.4%	19.5%	15.7%	13.6%
Less than 2km	28.3%	22.9%	27.2%	25.8%	21.7%	20.0%
2km to 5km	10.9%	17.8%	9.9%	13.4%	18.3%	20.0%
5km to 10km	11.2%	13.3%	14.8%	13.0%	14.7%	18.2%
10km to 20km	14.8%	15.7%	15.2%	15.3%	15.2%	15.2%
20km to 30km	7.4%	6.0%	5.6%	6.3%	6.7%	5.4%
30km to 40km	2.9%	2.4%	2.9%	2.7%	2.8%	2.4%
40km to 60km	2.6%	2.0%	1.3%	2.0%	2.1%	2.2%
60km and over	1.6%	2.2%	1.7%	1.8%	2.7%	2.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006

A5.21 The main method of travel to work in Rural East Anglia is as a driver in a car or van – 70.1% get to work by either driving or being a passenger in a car or van. Despite this, the proportion of residents in Rural East Anglia travelling to work on foot or by bicycle is only just higher than the regional and national figures, with 16.5% of people in Rural East Anglia travelling to work on foot or by bicycle compared to 14.3% regionally and 14.1% nationally.

**Table A5.8 Method of transport to work (2001)**

	Breckland	King's Lynn & W. Norfolk	North Norfolk	Rural East Anglia	East of England	England
Underground, Metro, Light Rail or Tram	0.1%	0.1%	0.1%	0.1%	0.9%	3.5%
Train	0.6%	1.0%	1.0%	0.9%	6.7%	4.6%
Bus, Mini Bus or Coach	2.5%	2.8%	3.3%	2.8%	4.4%	8.3%
Motorcycle, Scooter or Moped	1.0%	1.2%	1.4%	1.2%	1.2%	1.2%
Driving a Car or Van	71.9%	70.5%	67.0%	70.1%	64.9%	60.5%
Passenger in Car or Van	7.2%	7.6%	6.7%	7.2%	6.4%	6.7%
Taxi or Minicab	0.3%	0.3%	0.3%	0.3%	0.6%	0.6%
Bicycle	4.7%	6.1%	5.5%	5.4%	4.3%	3.1%
On foot	11.2%	9.7%	13.5%	11.1%	10.0%	11.0%
Other	0.5%	0.6%	1.2%	0.7%	0.6%	0.6%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ONS neighbourhood statistics – 2006



# **PART B PRIMARY DATA: HOUSEHOLD SURVEY**



# B1. Data collection

## Introduction

B1.1 The primary data was a postal survey, as reported in Table 1.1 of the main text. Prior to analysis, data must be weighted in order to take account of any measurable bias. The procedure for this is presented in the following sections.

## Base household figures and weighting procedures

B1.2 Firstly, the total number of households is estimated. This is necessary in order to gross up the data to represent the entire household population. A number of different sources were consulted, primarily the Housing Strategy Statistical Appendix (HSSA) (2005/2006), the Council Tax Registers and 2001 Census results.

## Base figures

B1.3 Survey data was weighted to match the suggested tenure profile shown by existing secondary sources. An important aspect of preparing data for analysis is ‘weighting’ it. As is shown in table 1.1 of the SHMA, social survey responses never exactly match the estimated population totals. As a result it is necessary to ‘rebalance’ the data to correctly represent the population being analysed.

B1.4 Data was also weighted to be in line with the secondary data distribution recorded for the following information:

- Ward
- Number of people in household
- Household type
- Accommodation type
- Car ownership
- Ethnicity of household head

## Non-response and missing data

B1.5 Missing data is a feature of all housing surveys: mainly due to a respondent’s refusal to answer a particular question (e.g. income). For all missing data in the survey imputation procedures were applied. In general, throughout the survey the level of missing data was minimal. The main exception to this was in relation to financial information, where there was an appreciable (although typical) level of non-response.

B1.6 Non-response can cause a number of problems:

- The sample size is effectively reduced so that applying the calculated weight will not give estimates for the whole population

- Variables which are derived from the combination of a number of responses each of which may be affected by item non-response (e.g. collecting both respondent and their partners income separately) may exhibit high levels of non-response
- If the amount of non-response substantially varies across sub-groups of the population this may lead to a bias of the results

B1.7 To overcome these problems missing data was ‘imputed’. Imputation involves substituting for the missing value, a value given by a suitably defined ‘similar’ household, where the definition of similar varies depending on the actual item being imputed.

B1.8 The specific method used was to divide the sample into sub-groups based on relevant characteristics and then ‘Probability Match’ where a value selected from those with a similar predicted value was imputed. The main sub-groups used were tenure, household size and age of respondent.

# PART C SURVEY ANALYSIS: TECHNICAL ISSUES



# C1. Affordability calculations

## Introduction

C1.1 A central aspect of any housing market assessment is the study of households' affordability. Affordability tests are used throughout the research to look at both affordable needs and market requirements. By using a range of information we are able to assess which households can afford market housing and which households will require some form of subsidy. This appendix therefore looks at various aspects of the affordability methodology.

## Appropriate price level for the affordability test

C1.2 The analysis of property price and rent data presented in chapter 8 of the SHMA showed entry-level for different locations in each of the four size categories.

C1.3 However, in order to decide what price level is the most appropriate to use for assessing whether or not a household is able to access the housing market, it is necessary to consider two aspects:

- The appropriate measure of price (e.g. minimum or average prices/costs)
- How to deal with a situation where significant price variations have been identified within the housing market area

C1.4 On the first point, we use the entry-level prices collected in the estate agents survey, since these have been designed to represent the 'entry level' into the housing market. For consistency we will also use entry-level private rental costs as part of the affordability test.

C1.5 Given the distinct sub-areas of the housing market area it seems sensible to use the prices for individual areas when determining affordability. Hence households are tested against the prices for the part of the housing market area in which they currently live. These prices are presented in the table below.

Table C1.1 Entry-level prices in Rural East Anglia			
	Min private rent £ weekly	Min price sale £ weekly	Min price sale £price
<b>Breckland</b>			
1 bed	95	132	86,500
2 bed	113	161	106,000
3 bed	133	185	121,500
4 bed	179	255	167,500
<b>Kings Lynn &amp; W Norfolk</b>			
1 bed	92	126	82,500
2 bed	110	148	97,000
3 bed	133	178	117,000
4 bed	173	246	161,500
<b>North Norfolk</b>			
1 bed	98	150	99,000
2 bed	112	177	116,000
3 bed	144	210	138,000
4 bed	302	273	179,000
<b>Western Coastal</b>			
1 bed	92/98	202	133,000
2 bed	110/112	222	146,000
3 bed	133/144	263	173,000
4 bed	173/302	341	224,000

Note Outgoings for purchase options assume variable rate 25 yr repayment mortgage. With interest only payments outgoings would reduce by approx 20% though benefits of ownership would be lost as the property would not be owned outright at the end of the mortgage term.

Source: Survey of Estate and Lettings Agents (2006)

## Assessing affordability – existing households

C1.6 All households were tested for their ability to afford both a mortgage and private rented housing in the local area. These two measures were then combined to estimate households unable to afford either form of private sector housing. The general methodology and results are presented below.

### (i) Mortgage affordability

C1.7 The definition of mortgage affordability is shown below:

**Mortgage affordability:** A household containing one person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement. A household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.

C1.8 The mortgage requirement is based on taking the level of savings and any equity away from the estimated property price and then checking the income level of the household in relation to the likely amount of mortgage remaining. Income from housing related benefits are not included in the affordability calculation.

### (ii) Private rental affordability

C1.9 The definition of private rental affordability is shown below:

**Private rental affordability:** A household is unable to afford private rented housing if renting privately would take up more than 25% of its gross household income (excluding housing benefits).

(iii) *Combined affordability*

C1.10 It is important to assess the numbers who cannot afford either of the above options. This is the measure of combined affordability, which is defined below:

**Combined affordability:**

A household containing one person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement. A household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.

**AND**

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income.

**Assessing affordability – potential households**

C1.11 The assessment ascertains whether or not potential households would be able to access the private sector housing market by using two complementary methods. The first involved using information on the income and savings of these households and using the affordability test described above to assess whether they will be able to afford market housing in the housing market area. As a potential household's income is likely to fluctuate significantly over a few years, it is inappropriate to use this measure when considering the likely ability to afford of potential household's intending to move in more than one year's time. To assess households moving further in the future a second test is used based on asking the following question to the survey respondent:

*'In your opinion, will they be able to afford suitable private sector housing in the Council area (this can either be rented (excluding the use of housing benefit) or bought?'*

C1.12 This would appear to be broadly in line with DCLG guidance which says:

**DCLG  
Guide**

*'It is difficult to estimate the incomes of future newly forming households. Unless potential household members are interviewed specifically, it is not practical to collect complete income data relating to this group through a housing needs survey. Even where the fieldwork includes concealed household interviews, there are doubts as to the value and reliability of any income data which might be collected.'* [Section 4.4 (page 62)]

*'One way around this problem is to substitute a subjective judgement about future housing prospects in place of a formal affordability test.'* [Section 4.4 (page 60)]

C1.13 It should be noted that this joint approach is used when assessing the ability of potential households to afford market housing in the balancing housing markets assessment. Future estimates of the needs from household formation are based on past trend information – an approach in line with the DCLG guide.



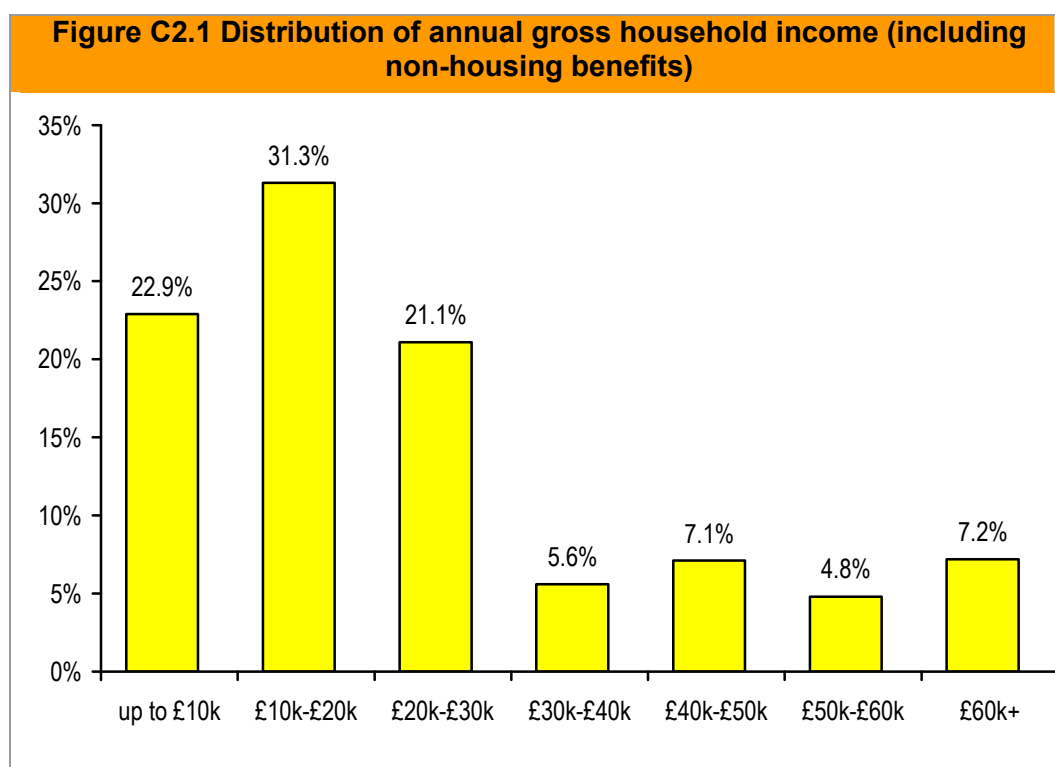
## C2. Household financial capacity

### Introduction

C2.1 Complete financial information is crucial to making an assessment of affordability for each individual household. This chapter profiles the overall financial situation in the housing market area.

### Household income

C2.2 The response to the survey income question was good with 83.5% of respondents answering this question. Survey results for household income in the Rural East Anglia estimate the average gross income level (crucial for the assessment of affordability) to be £24,655 per annum. The median income is noticeably lower than the mean (at £18,492 per annum). The figure below shows the distribution of income in the HMA.

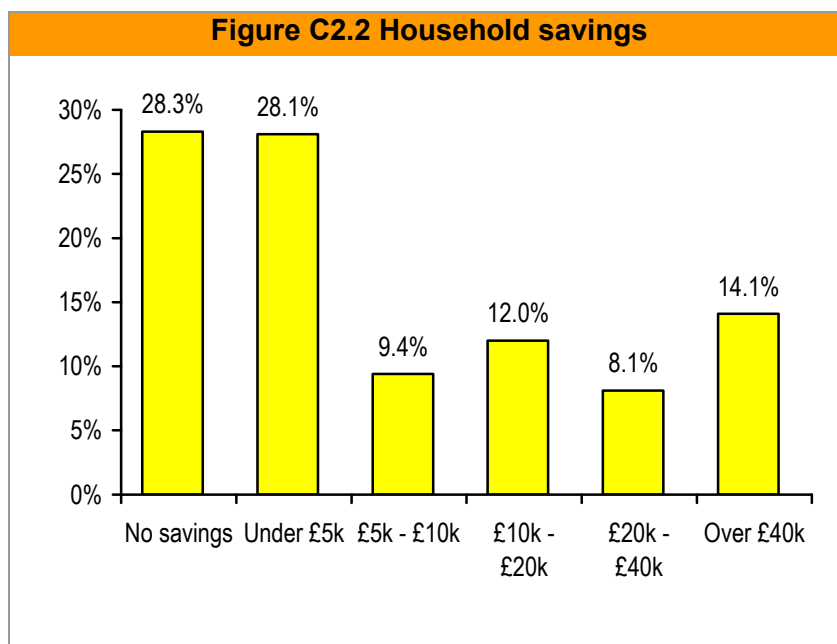


Source: Fordham Research REAP SHMA 2006

### Household Savings and Equity

C2.3 The response to the survey savings question was also good with 80.5% of respondents answering this question. The average household has £29,409 in savings (median of £3,500). The figure below shows the distribution of savings in the HMA.

C2.4 An estimated 56.4% of households had less than £5,000 in savings whilst 14.1% had savings of over £40,000. Households with no savings also include those in debt.



Source: Fordham Research REAP SHMA 2006

C2.5 The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner occupier groups together (with and without mortgages) the average amount of equity was estimated to be £155,031 (median of £148,834).

**Household characteristics and income**

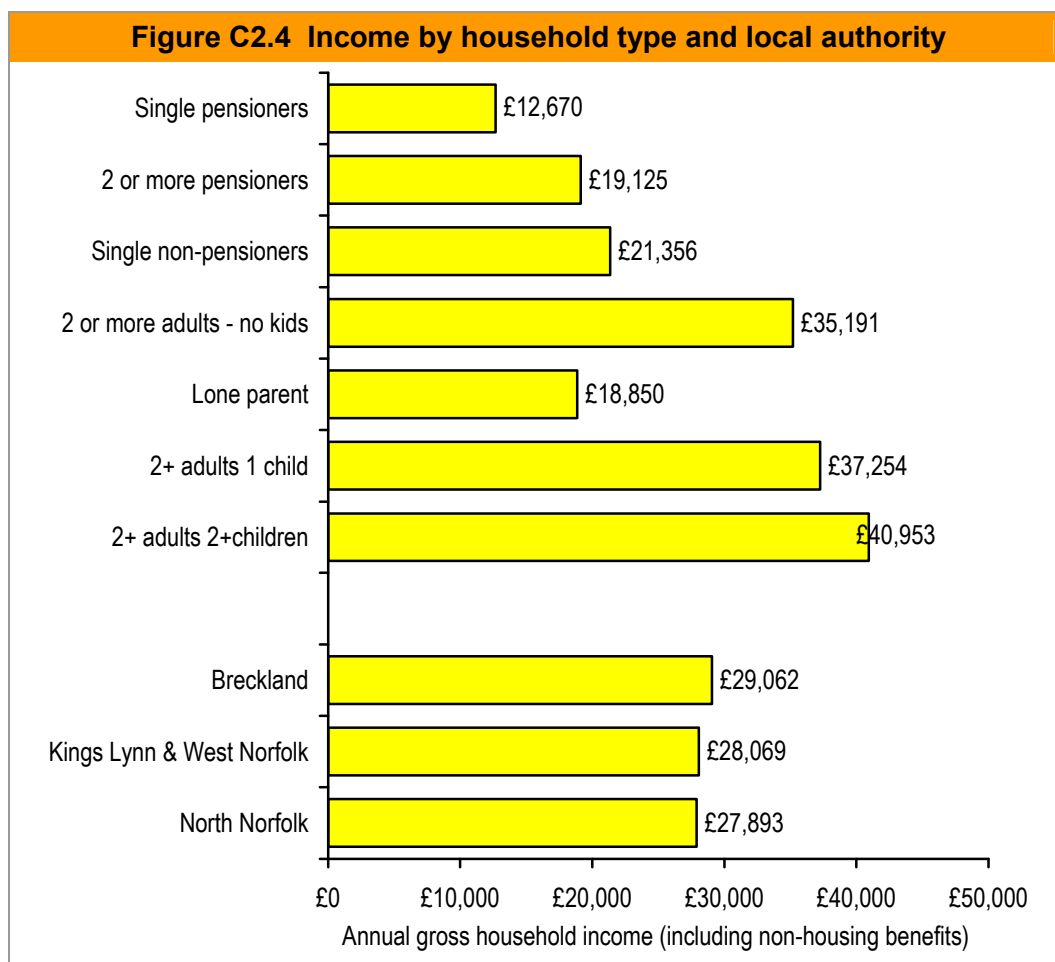
C2.6 The table below shows average income, savings and equity by tenure. As might be expected, the households with the lowest average incomes (and savings) are those in the social rented sector. Whilst owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage, this group contains many older people who are not working but have redeemed their mortgages. These households therefore have much higher levels of savings and equity.

**Table C2.3 Financial information by tenure**

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£22,850	£58,268	£193,574
Owner-occupied (with mortgage)	£34,477	£13,925	£112,053
Council	£9,682	£2,531	-
RSL	£18,213	£9,537	-
Private rented	£24,655	£29,409	£155,031
<b>AVERAGE</b>	<b>£22,850</b>	<b>£58,268</b>	<b>£193,574</b>

Source: Fordham Research REAP SHMA 2006

C2.7 The figure below looks at income levels by household type and local authority. Single pensioner households show average incomes considerably below the HMA average. Households with two or more adults show the highest average incomes. By local authority it is clear that significant differences exist. The highest average incomes are found in Breckland; the lowest in North Norfolk.



Source: Fordham Research REAP SHMA 2006

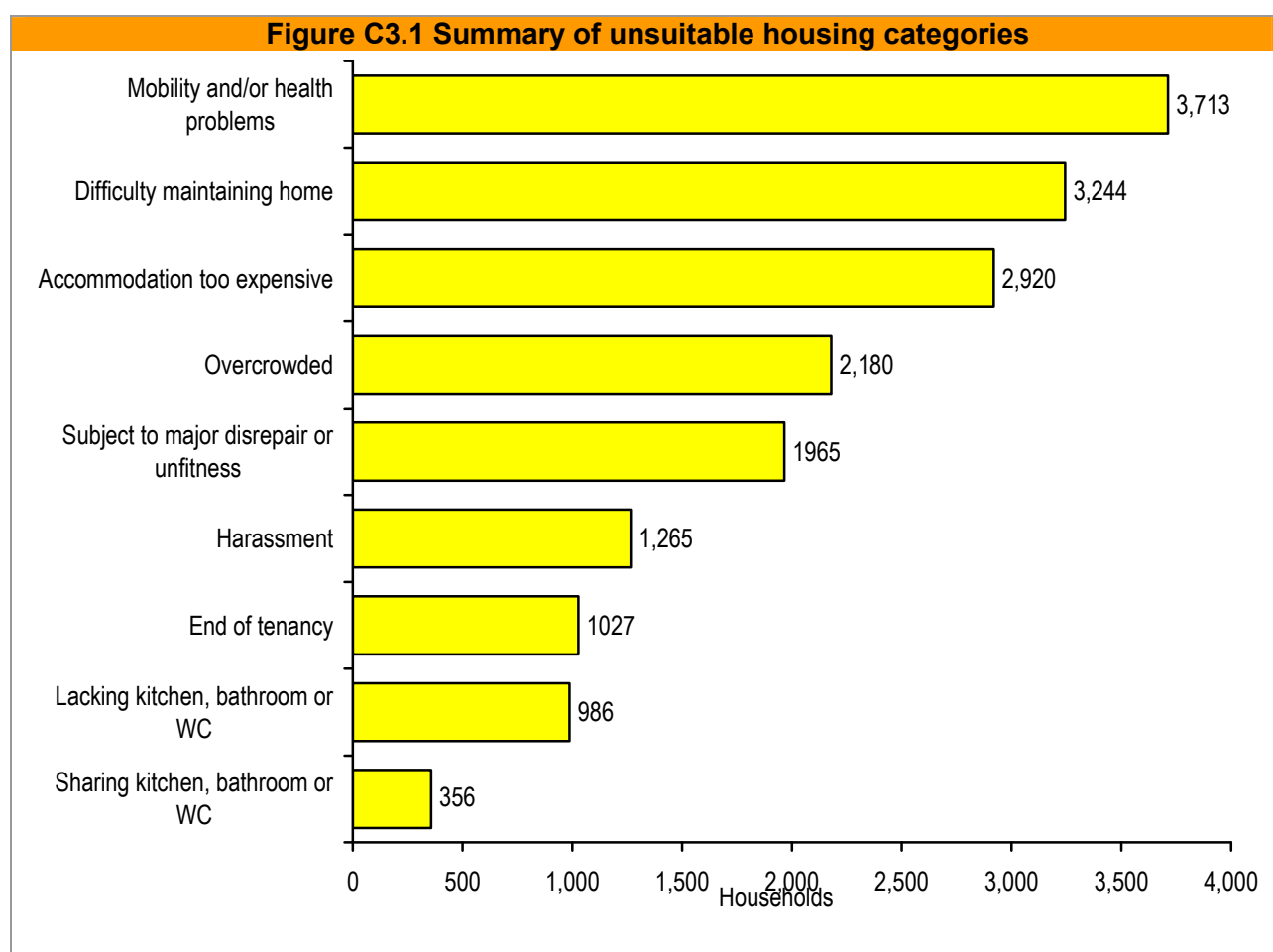


## C3. Unsuitable housing

### Introduction

C3.1 This chapter of the report provides further detail of the incidence of unsuitable housing. A key element of housing need is an assessment of the suitability of a household's current housing. The draft DCLG guide sets out a series of nine criteria for unsuitable housing. In this report we have studied all nine of the categories set out in the draft guide. It is estimated that a total of 12,582 households are living in unsuitable housing. This represents 7.7% of all households in the HMA.

C3.2 The figure below shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main reason for unsuitable housing is mobility and/or health problems, followed by difficulty maintaining home.



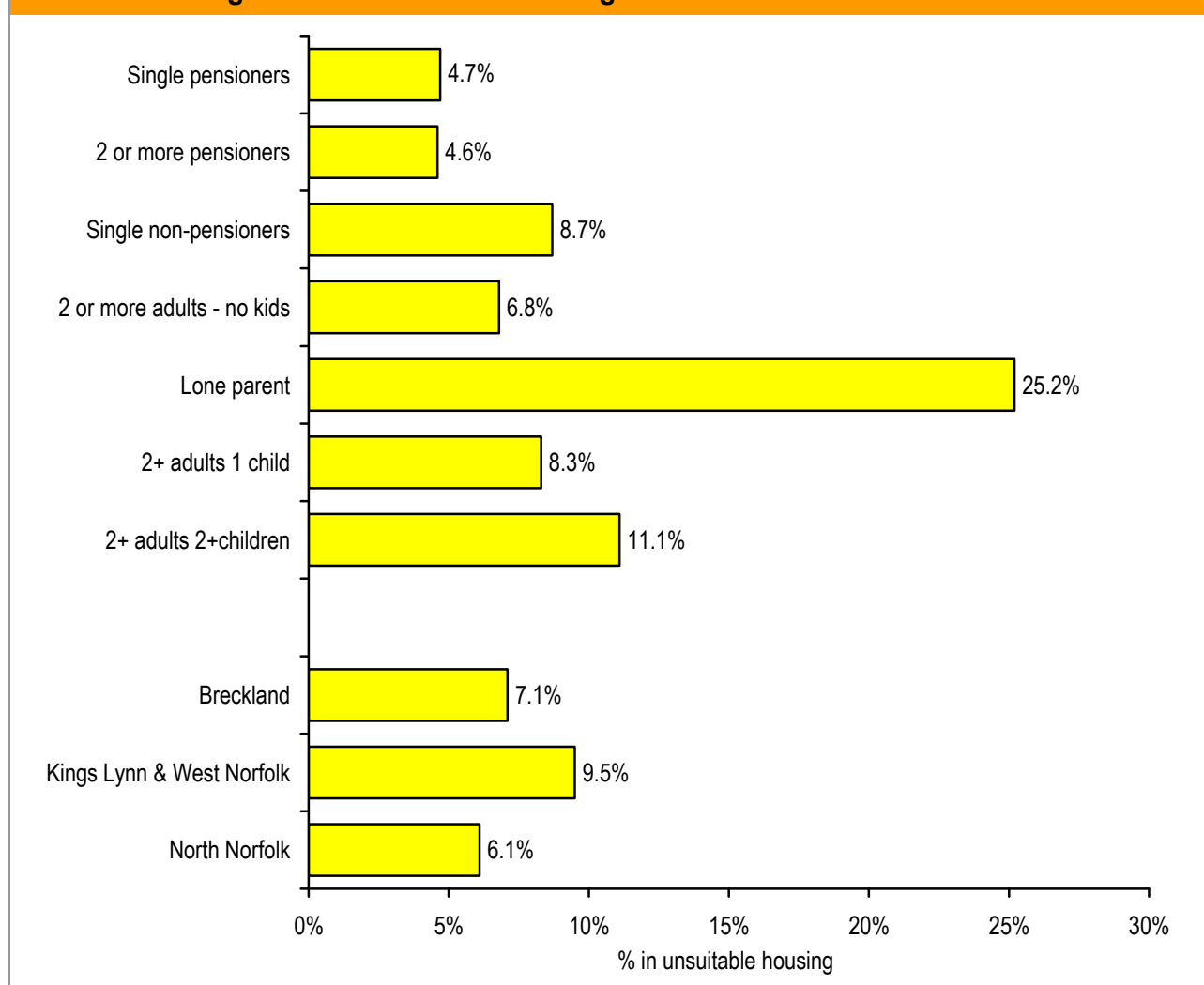
Source: Fordham Research REAP SHMA 2006

C3.3 The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in rented accommodation are more likely to be in unsuitable housing than owner-occupiers. Some 21.0% of households in private rented accommodation and 13.4% of households in the social rented sector are estimated to be living in unsuitable housing. This compares with 4.3% and 5.2% of households in owner-occupied (no mortgage) and owner-occupied (with mortgage) tenures respectively.

<b>Table C3.2 Unsuitable housing and tenure</b>					
Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in HMA	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Owner-occupied (no mortgage)	2,730	61,474	64,204	4.3%	21.7%
Owner-occupied (with mortgage)	2,986	54,593	57,579	5.2%	23.7%
RSL	2,960	19,082	22,042	13.4%	23.5%
Private rented	3,905	14,659	18,564	21.0%	31.0%
<b>TOTAL</b>	<b>12,582</b>	<b>149,808</b>	<b>162,390</b>	<b>7.7%</b>	<b>100.0%</b>

Source: Fordham Research REAP SHMA 2006

C3.4 The figure below shows the proportion of households living in unsuitable housing by household type and local authority. The data shows that lone parent households are particularly likely to be in unsuitable housing. Households containing pensioners showed the lowest levels of unsuitable housing. By local authority, levels of unsuitable housing vary from 9.5% in Kings Lynn & West Norfolk to 6.1% in North Norfolk.

**Figure C3.2 Unsuitable housing and household characteristics**

Source: Fordham Research REAP SHMA 2006

**'In-situ' solutions**

- C3.5 The survey has highlighted that 12,582 households are in unsuitable housing. However it is most probable that some of the unsuitability can be resolved in the households' current accommodation. Households living in housing deemed unsuitable for the following reasons were not considered to have an in-situ solution: end of tenancy, accommodation too expensive, overcrowding, sharing facilities, harassment.
- C3.6 The survey data therefore estimates that of the 12,582 households in unsuitable housing, 6,715 (or 53.4%) do not have an in-situ solution and therefore require a move to alternative accommodation.



## C4. Supporting data for needs estimates

### Introduction

C4.1 This appendix presents the data behind some of the steps of the affordable housing requirement model calculated in chapter 18 of the SHMA.

### Steps 1.1 & 1.2: Affordability of unsuitably housed households

C4.2 Chapter C3 explains how the total number of households living in unsuitable housing who do not have an in-situ solution has been derived. Using the affordability methodology set out in Chapter Four of the main report it is estimated that there are 3,982 existing households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation). This represents 2.5% of all existing households in the Borough.

C4.3 For the purposes of the housing needs assessment table, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need. Some 1,552 households fall into the former category (Step 1.1) and 2,430 into the latter category (Step 1.2).

### Step 1.3 Homeless Households

C4.4 The Housing Needs Assessment is a ‘snapshot’ survey that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of backlog need. To assess these numbers we have used information contained in the Council’s P1(E) Homeless returns.

C4.5 The main source of information used is Section E6: Homeless households accommodated by your authority at the end of the quarter. The important point about this information is the note underneath. *“This should be a ‘snapshot’ of the numbers in accommodation on the last day of the quarter, not the numbers taking up accommodation during the quarter.”* This is important given the snapshot nature of the survey. Data compiled from September 2006 P1(E) returns is shown in the table below.

<b>Table C4.1 Homeless households accommodated by authority (Section E6, P1(E) form)</b>	
Category	Quarter ending 30/09/06
<u>Bed and breakfast</u>	<u>19</u>
<u>Other nightly paid</u>	<u>8</u>
Hostel	31
Private sector accommodation leased by authority	39
Private sector accommodation leased by RSLs	1
Directly with a private sector landlord	5
Within Council's own stock	11
RSL stock on assured shorthold tenancies	59
Other	0
<b>TOTAL</b>	<b>165</b>

Source: Individual council's September 2006 P1(E) forms

C4.6 Not all of the categories in the above table are added to our assessment of existing and potential households in need. This is because, in theory, they will be part of our sample for the Housing Market Assessment. For example, households housed in private sector accommodation should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the sample was drawn. After considering the various categories, we have decided there are three which should be included as part of the homeless element. These have been underlined in the table above. Therefore, of the 165 homeless households in temporary accommodation, 58 will be counted as homeless for the purpose of the Housing Market Assessment.

### Step 2.3 Committed supply of new units

C4.7 This step uses information from the 2006 HSSA returns about the number of planned and proposed affordable units for the period 2006-2008 as a guide to new provision. The table below shows the information contained on the HSSA form on planned affordable housing provision in rural East Anglia over the next two years.

<b>Table C4.2 Planned provision of affordable housing</b>			
	2006/7	2007/8	Average
LA dwellings	0	0	0
RSL rented dwellings	286	302	294
Social rented subtotal	286	302	294
RSL shared ownership dwellings	79	73	76
Affordable 'other' private sector dwellings	10	0	5
Intermediate sub-total	89	73	81
<b>TOTAL AFFORDABLE HOUSING</b>	<b>375</b>	<b>375</b>	<b>375</b>

Source: Individual Council's 2006 HSSA forms

C4.8 These figures are then annualised and multiplied by five to make an estimate of the likely supply over the next five years (see step 2.7 for rationale behind a five year period). The annual figure of 375 equates to 1,875 units of affordable housing over a five year period.

### Step 3.1 New household formation

C4.9 This step requires an estimate of the number of new households likely to form per annum in the future. This is obtained from the survey. For the purposes of the projection of housing need from this group of households we have used information about past trends in households forming for the first time (over the past two years). The method used is in line with advice given in the 2000 guide to housing needs assessments and is considered to be most robust as we are able to accurately profile the financial and household situation of newly forming households.

C4.10 The table below shows details of the derivation of new household formation. The figures used include newly forming households who form from households currently living in the housing market area and in-migrant households (newly forming only). Additional in-migrating existing households are included in step 3.3 below. In addition it is worth noting that some newly forming households will be expected to out-migrate (and do not therefore need to be considered as part of this assessment).

**Table C4.3 Derivation of newly arising need from new household formation**

Aspect of calculation	Number	Sub-total
Number of households moving in past two years	30,595	
Minus households NOT forming in previous move	-24,890	5,705
Times proportion unable to afford	52.8%	
ESTIMATE OF NEWLY ARISING NEED	3,013	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	1,506	

Source: Fordham Research REAP SHMA 2006

C4.11 The table above shows that an estimated 5,705 households are newly formed within the housing market area over the past two years (2,853 per annum). Of these it is estimated that 52.8% (Step 3.2 of the model) are unable to afford market housing without some form of subsidy (as with the main analysis of existing households in need the affordability test is based on the size requirements and financial situation of those households having made a 'potentially in need' move over the past two years). The annual estimate of the number of newly forming households falling into need is therefore 1,506 per annum ( $2,853 \times 0.528$ ).

### Step 3.3 Existing households falling into need

C4.12 This step calculates the number of existing households who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the last two years and affordability. A household will fall into need if it has to move home and is unable to afford to do this within the market sector (examples of such a move will be because of the end of a tenancy agreement).

C4.13 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of ‘transfers’ and so the additional needs arising from within the social rented stock will be net zero.

C4.14 The data again excludes households moving to owner-occupation because these households at the time of the move (which is when we are interested in) could afford market housing whilst households moving to tied accommodation are also excluded. Each of the remaining households is tested for their ability to afford market housing using the standard affordability test set out in appendix C1. The full calculation is illustrated in the table below.

<b>Table C4.4 Derivation of Newly Arising Need from existing households</b>		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years		30,595
Minus households forming in previous move	-5,705	24,890
Minus households transferring within the social rented sector	-1,458	23,432
Times proportion unable to afford		21.3%
ESTIMATE OF NEWLY ARISING NEED		4,983
ANNUAL ESTIMATE OF NEWLY ARISING NEED		2,491

Source: Fordham Research REAP SHMA 2006

C4.15 The table above shows that a total of 23,432 existing households are considered as potentially in need (11,716 per annum). Using the standard affordability test for existing households it is estimated that 21.3% of these households cannot afford market housing (as with the main analysis of existing households in need the affordability test is based on the size requirements and financial situation of those households having made a ‘potentially in need’ move over the past two years). Therefore our estimate of the number of households falling into need excluding transfers is 4,983 households ( $23,432 \times 0.213$ ) over the two-year period. Annualised this is 2,491 households per annum.

#### Step 4.1 – annual supply of social re-lets (net)

##### (i) Council stock

C4.16 The table below shows an estimate of the supply of lettings from Council-owned stock over the past two years. The data shows that there has been little fluctuation in the number of lettings over time. The average number of lettings over the two-year period was 652 per annum.

<b>Table C4.5 Analysis of past housing supply (council rented sector)</b>			
Source of supply	2004/5	2005/6	Average
LA lettings through mobility arrangements	1	0	1
LA lettings to new secure tenants	683	570	627
LA lettings to new tenants on an introductory tenancy	0	0	0
LA lettings to new tenants on other tenancies	50	70	59
(Exclude transfers from RSL)	-43	-26	-35
LA TOTAL EXCLUDING TRANSFERS	691	614	652

Source: Individual Council's 2006 HSSA forms

**(ii) RSL stock**

C4.17 The table below shows an estimate of the supply of lettings from RSL stock (excluding RSL to RSL transfers) over the past 2 years, using HSSA and CORE data:

<b>Table C4.6 Analysis of past housing supply – (RSL sector)</b>			
	2004/5	2005/6	Average
HSSA data	849	996	924
CORE data	817	657	737
AVERAGE	836	827	831

Source: CORE data

C4.18 The average for the two-year period from both sources together is 831 per annum.

C4.19 It should be noted that for the period 2004 to 2006 HSSA data shows that an average of 72 households transferred from Council to RSL dwellings within the Borough per annum.

**(iii) Estimate of lettings**

C4.20 The figures for both Council and RSL lettings show some variation over time. This makes it difficult to estimate future supply with any certainty. For the purposes of estimating future supply we have therefore used the average number of lettings over the two year period studied.

C4.21 Therefore our estimated future supply of lettings from the social rented sector overall will be 1,411 (652+831-72).

**Step 4.2 – annual supply of intermediate housing**

C4.22 In most local authorities the amount of shared ownership available in the stock is fairly limited (as is the case for the local authorities in Rural East Anglia). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.

C4.23 Therefore we include an estimate of the number of shared ownership units that become available each year, calculated as follows. For each local authority, an average is taken from the number of shared ownership units estimated by the Housing Corporation and the housing market survey. For the purposes of this analysis it is assumed that the turnover of shared ownership accommodation is roughly the same as found in the social rented sector. In order to estimate the annual supply, the number of shared ownership units in each local authority is multiplied by the annual estimated turnover. We estimate that each year an average of 27 units of shared ownership tenure will become available to meet housing needs.

## C5. Balanced Housing Model

### Introduction

C5.1 The following tables show the detailed analysis for the six components contributing to the Balancing Housing Markets Analysis.

#### *Demand from newly forming households*

C5.2 The first table shows an estimate of the housing requirements of potential households. The table is based on the number of potential households who need or expect to form over the next two years within the housing market area along with estimates about affordability and stated size requirement. Any potential households who would expect to move out of the housing market area are excluded from this analysis. Figures are annualised.

C5.3 The table shows that, as might be expected, the demand from potential households is principally for one and two bedroom dwellings. The table also shows that 27.1% of potential households are likely to require affordable accommodation, as they are unable to afford their preferred tenure in the market. Some 28.2% of potential households are likely to become owner-occupiers and 44.6% are likely to move into private rented accommodation. The data suggests that potential households moving to owner-occupation are likely to require a larger home than potential housing moving into the private rented sector.

**Table C5.1 Demand I: Household formation by tenure and accommodation type/size**

Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	108	193	356	106	12	773
Private rented	711	198	204	111	0	1,223
Intermediate	0	0	74	0	0	74
Social rented	219	234	217	0	0	669
<b>TOTAL</b>	<b>1,037</b>	<b>625</b>	<b>850</b>	<b>216</b>	<b>12</b>	<b>2,738</b>

Source: Fordham Research REAP SHMA 2006

#### *Demand from in-migrant households*

C5.4 The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the housing market area over the past two years (in terms of affordability and size/type of accommodation secured). Figures are again annualised.

C5.5 The table indicates that some 65.3% of the demand from in-migrant households is for three and four bedroom houses. The table also indicates that over two-thirds (68.8%) of in-migrant households are likely to move to an owner-occupied property. In addition 25.4% of in-migrant households require a private rented home. The remaining 5.9% of in-migrant households require affordable accommodation.

<b>Table C5.2 Demand II: Demand from in-migrants by tenure and accommodation type/size</b>						
Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	49	120	1,147	2,187	1,183	4,685
Private rented	281	156	306	796	189	1,728
Intermediate	0	0	0	0	0	0
Social rented	145	82	77	96	0	399
<b>TOTAL</b>	<b>474</b>	<b>358</b>	<b>1,530</b>	<b>3,079</b>	<b>1,372</b>	<b>6,812</b>

Source: Fordham Research REAP SHMA 2006

***Demand from existing households***

C5.6 The table below shows estimated future demand from existing households moving within the housing market area. The figures are based on what tenure and type of accommodation households would expect to move to in the future (next two years) along with considerations of affordability. Figures are again annualised.

C5.7 The table shows that existing households are most likely to require a two or three bedroom house. With regard to the tenure requirement, the data suggests that the private rented sector is not a common tenure of choice for established households already living in the housing market area. Existing households currently in the private rented sector predominantly want to move to owner-occupation. Whilst many of these households will be able to afford this aspiration, some will not be able to and will remain in this tenure. Households currently resident in either owner-occupied accommodation or affordable housing are likely to want to remain in their current tenure, but move to a larger property.

<b>Table C5.3 Demand III: Demand from existing households by tenure and accommodation type/size</b>						
Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	263	235	1,304	1,771	675	4,248
Private rented	266	147	363	497	18	1,290
Intermediate	0	55	208	43	0	305
Social rented	330	176	800	576	107	1,988
<b>TOTAL</b>	<b>859</b>	<b>612</b>	<b>2,674</b>	<b>2,886</b>	<b>799</b>	<b>7,829</b>

Source: Fordham Research REAP SHMA 2006

***Total demand***

C5.8 The table below is an overall summary of the demand situation and is calculated as the sum of the three previous tables.

**Table C5.4 Demand IV: Total demand by tenure and accommodation type/size**

Tenure	Accommodation requirement					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	419	548	2,806	4,064	1,870	9,706
Private rented	1,257	501	873	1,403	207	4,240
Intermediate	0	55	281	43	0	378
Social rented	694	491	1,093	672	107	3,056
<b>TOTAL</b>	<b>2,370</b>	<b>1,594</b>	<b>5,053</b>	<b>6,181</b>	<b>2,183</b>	<b>17,379</b>

Source: Fordham Research REAP SHMA 2006

**Supply from household dissolution**

C5.9 The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year.

C5.10 The data indicates that just 7.8% of dwellings likely to become available in the housing market area as a result of household dissolution are within the private rented sector. In comparison 67.6% of dwellings are within the owner-occupied sector and 24.1% will be within the social rented sector. This reflects the accommodation profile of older people in the HMA. The table also indicates that the properties becoming available in the owner-occupied sector are likely to be two or three bedroom houses, whilst the affordable accommodation will predominantly comprise one bedroom flats and two bedroom houses.

**Table C5.5 Supply I: Supply from household dissolution**

Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	53	66	585	451	120	1,275
Private rented	35	9	64	37	2	147
Intermediate	0	0	1	2	8	11
Social rented	227	35	142	49	1	454
<b>TOTAL</b>	<b>315</b>	<b>110</b>	<b>792</b>	<b>539</b>	<b>131</b>	<b>1,887</b>

Source: Fordham Research REAP SHMA 2006

**Supply from out-migrating households**

C5.11 The table below shows an estimate of the supply of housing that would be released when households who would expect to move out of the housing market area do so. For example a household out-migrating from a four bedroom owner-occupied house is assumed to free-up a four bedroom owner-occupied house for use by another household. The data is annualised and based on moves over the next two years.

C5.12 The table shows that 67.7% of dwellings likely to become available each year as a result of out-migration are owner-occupied properties. Almost 70% of these owner-occupied properties contain three or more bedrooms. This is likely to be older households in which children have moved out that intend to either move to a property in a more spacious environment or downsize. There is relatively little out-migration from households in affordable housing.

**Table C5.6 Supply II: Supply from out-migrant households**

Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	139	56	719	1,380	721	3,015
Private rented	181	79	165	358	47	830
Intermediate	0	0	0	0	0	0
Social rented	70	52	160	304	24	610
<b>TOTAL</b>	<b>390</b>	<b>187</b>	<b>1,044</b>	<b>2,042</b>	<b>792</b>	<b>4,455</b>

Source: Fordham Research REAP SHMA 2006

#### *Supply from existing households*

C5.13 The table below shows estimated future supply from existing households. As with the above data the figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation. Figures are annualised from data for two years.

C5.14 The table below shows that the supply of private rented accommodation from existing households is higher than the demand for this tenure recorded in table C5.3. This supply is likely to be from households that were previously potential households and moved into this sector for their first home that now wish to move to owner-occupation.

**Table C5.7 Supply III: Supply from existing households**

Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	174	103	1,035	1,626	833	3,771
Private rented	365	382	759	1,024	171	2,700
Intermediate	0	0	0	0	0	0
Social rented	259	164	481	455	0	1,359
<b>TOTAL</b>	<b>798</b>	<b>649</b>	<b>2,274</b>	<b>3,105</b>	<b>1,004</b>	<b>7,829</b>

Source: Fordham Research REAP SHMA 2006

#### *Total supply*

C5.15 The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure and accommodation type/size.

**Table C5.8 Supply IV: Total supply by tenure and accommodation type/size**

Tenure	Accommodation supplied					TOTAL
	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	
Owner-occupation	366	225	2,339	3,457	1,674	8,061
Private rented	581	469	988	1,419	220	3,676
Intermediate	0	0	1	2	8	11
Social rented	556	251	783	808	25	2,423
<b>TOTAL</b>	<b>1,503</b>	<b>945</b>	<b>4,110</b>	<b>5,686</b>	<b>1,927</b>	<b>14,171</b>

Source: Fordham Research REAP SHMA 2006



## **PART D OTHER MATERIAL**



## D1. Policy Context for Rural Areas

### The rural question in general

- D1.1 At a national level, about 20% of the population live in fairly rural areas. In contrast, therefore, 80% of people live in urban areas. Four out of five people no longer have any day to day contact with the rural environment that even a century or two ago was the home to the majority of the population. Many problems have led to this minority status for rural areas, and many problems arise from the fact that rural life now is a small minority activity.
- D1.2 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 comments:

*'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'* (Foreword)

*'Changes in the countryside are 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'* page 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 4000 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.'* page 9

- D1.3 The White Paper goes 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.
- D1.4 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 to enjoy it.

### Other key Guidance

- D1.5 'Rural Strategy 2004' from DEFRA sets out a series of important changes to rural policy including objectives of regeneration, social justice, enhancing the value of the countryside and delivery reforms including funding ones.

D1.6 Perhaps the most important of these objectives are:

- Each of the nine English regions to develop a Rural Delivery Framework
- The Delivery Framework is then translated via a Rural Action Plan into specific and relevant actions

D1.7 In the present context it is worth noting that the document attributes considerable importance to improving the evidence base.

### **The Rural housing Commission**

D1.8 One of the most acute problems for ‘functional’ rural dwellers has for some time been that market prices and rents for housing have been driven up out of the reach of many households. There are many reasons for this, which include in-migration of formerly urban dwellers, who have capital derived from urban housing markets, and equally that many urban households have come to be able to afford a second home. There is also a general pressure arising from national upward trends in prices and rents. Such pressure obviously tends to be great in areas which are either very attractive to live in, or fairly accessible to urban centres or both.

D1.9 Recently the Government has set up the Rural Affordable Housing Commission to address the problem, and it published its final report in mid 2006. The report covers the full range of issues from defining the problem to proposing solutions. Two key definitions are worth summarising:

#### **Definitions**

**Affordable housing** and affordability are defined in the same way as in the general guidance: namely that affordable housing must be at below market housing costs, and be either intermediate or social rented.

**Rural** is defined in terms of areas with settlements having populations under 10,000. However it is recognised that this is a difficult matter, and says that where appropriate it may be more feasible to take whole districts as being rural.

D1.10 However the definition of council areas in terms of ‘rurality’ has been the subject of a rather detailed study published by DEFRA (*‘Rural definition and Local Authority Classification’* July 2005). Both the broad definition quoted in the previous paragraph and the classification of districts comes from the same research programme. It defined, for ‘Census Output Area’ (a small scale geographical classification), built up from a basic distinction between ‘urban’ (over 10,000 population) and various rural sub-categories (rural town, hamlet etc).

D1.11 Among other things this means that each local authority is classified into three urban or three rural categories, as follows:

1. Major urban (MU)
2. Large urban (LU)
3. Other urban (OU)
4. Significant rural (SR)

5. Rural -50 (at least 50% of popn is in the rural categories) (R50)
6. Rural -80 (at least 80% of popn is in the rural categories) (R80)

## **Rural housing need**

D1.12 In terms of need, the Commission states:

*'The Commission's inquiry has revealed an acute shortage of affordable housing in rural areas of all regions of England' (Section 2 of Executive Summary)*

D1.13 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. At the same time rural earnings are much lower: £17k in rural areas compared with £22k in urban (2004/5 based on individual earnings) (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.

D1.14 The Commission urges more consistency in the measurement of need:

*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 recommend 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' (Section 3.3 of Executive Summary)*

D1.15 This is powerful. For an SHMA to measure rural housing need in the sort of detail implied, it has to involve combining primary and secondary data. Only using this can data be derived on the types of housing occupied by rural households, afforded by them, and where the gaps are in existing provision. No secondary source can provide the evidence on financial capacity allied to migration patterns and housing problem identification required to meet the stated requirement. But that also means that the regional and national estimate must be rooted in primary data. In turn this means that much more should be done to ensure consistent methods and quality of survey and analysis, as otherwise the regional and national figures will be a mixture of fact and error.

D1.16 Despite the best efforts to follow the latest DCLG Guidance, the recently produced 'Calculating housing needs in Rural England' (Commission for Rural Communities May 2006) is an example of this. Although the form of the calculation is like that of the housing needs model in the December 2005 Housing Market Assessment Guide from DCLG (then ODPM) the figures are from secondary sources. As a result, they cannot show the true affordability situation, as there is no way of connecting the income and any financial capacity information to the actual housing circumstances of particular households. The approach is fraught with the likelihood of large and immeasurable bias, and so the specific results are not pursued further here.

D1.17 Using its best estimates, the Affordable Rural Housing Commission judges that 11,000 new dwellings should be built per annum in settlements of 10,000 or less. The aim is to achieve 6 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.

D1.18 The Commission does not expect public funding to do the job, but says some tart things about councils:

*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.*

D1.19 This is quite severe. However it is moderated by recognition that local authorities in rural areas have limited staff and budgets, and are often afraid of going out on a limb at planning inquiries which could cost a lot of money (see page 28).

D1.20 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 (see page 62) though locally acute on coasts and in areas of high landscape value.

D1.21 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 the nature and extent of the housing needs and problems as a basis for policy analysis.



# PART E: STAKEHOLDER DISCUSSIONS



# E1. Notes of Stakeholder Meetings

A series of stakeholder meetings was held during the SHMA process. A newsletter was issued at intervals to keep stakeholders informed of progress.

The following notes are from the key meetings

## Stakeholder Consultation workshop 1 – 13 September 2006

### Is there more than one market?

- E1.1 The suggestion was made of a single market strongly influenced by Norwich, referring to Breckland and North Norfolk. King's Lynn was separately identified as a market as was the North Norfolk coastal area. The southern part of Rural East Anglia is also influenced by Cambridge, Peterborough and London. Whereas the London travel to work influence was thought to be more myth than substance.
- E1.2 There is strong second home and retirement relocation to the North Norfolk coastal strip, raising the comment of an 'insatiable demand for retirement homes'. People aged 55+ who are currently fit and healthy are taking early retirement here from outside of Rural East Anglia, but will put pressure on services locally in the future. These retirees are also bringing in their 75+ parents, creating pressure now.

### Drivers

- E1.3 Economic – the Norwich Economy is seen as key. Economic development of Norwich is the 'big idea'. Otherwise food processing, tourism and agriculture are seen as key local economies, although agriculture does not employ many people. Locally it is a low wage economy and there is a gap of middle paid jobs.
- E1.4 Demographic – there was much discussion amongst stakeholders about the elderly, children and young adults. A case study example was noted of there being no employment with a sufficient salary locally for an MSC holder. They have been forced to live and work outside the region, not through choice. Educational achievement was thought not to be great in the sub-region. As noted, much work locally is low paid, with some of this being seasonal. Young people with skills and ambition are having to leave to find affordable housing. This is leading to social polarisation amongst those who stay; young people with low skills attainment and older people living in gentrified areas.

## Mix and balance

- E1.5 This is a particularly difficult issue because markets seem to exist at two levels – lower income and very wealthy, with the latter in-migrating. There are a lot of bungalows in the area, particularly in North Norfolk. People on lower incomes, particularly younger people trying to get on the housing ladder, who want to remain in villages are affected by NIMBYism of those who do not want affordable housing built there. Multiple generations live in the same village, but this is becoming unsustainable for the youngest family members who want to stay. Where there is development in villages it is considered that this is skewed towards larger executive homes.
- E1.6 There has been a process of gentrification in Fakenham over the last 10 to 15 years, which had previously been seen as a cheaper area. There is speculation that in 10 years time North Walsham, currently seen as a cheaper and less desirable area, will become gentrified and sought after. The Area of Natural Beauty (AONB) has pretty villages because it had not been affected by industrialisation, but by the same token does not have terraced houses which might traditionally provide more affordable housing.
- E1.7 Different views were discussed about shared ownership. Particular problems identified were those of accessing shared ownership which needs to be addressed. People's perception of shared ownership will have an impact on this. Stakeholders presented two perspectives: Do people see shared ownership as social housing led? – access via the Council or RSLs; or home ownership led – access via high street agents. The issue of mortgage restrictions for shared ownership is also seen as a significant access problem.
- E1.8 Retirement properties are being developed, especially privately, without consideration to the strain on health and other local services, and are not necessarily meeting mobility or support standards.

## Shortages

- E1.9 The following housing and infrastructure shortages were identified:
- Affordable housing and smaller homes
  - Lack of terraced housing on North Norfolk coast
  - Difficult to get Housing Corporation grants to develop larger social rented homes
  - Right to Buy perceived as having had a massive impact on the availability of affordable housing. However, now even with the maximum discount of £34,000, rising house prices mean that Right to Buy is no longer an affordable option either
  - Migrants are not taking up social rent but do take up a lot of private rented accommodation, 'crammed into HMOs'. Portuguese are an established community bringing over family, and now parents. Polish residents tend to be young men and women coming for a few years then heading back
  - There was a very strong input from the Health service about the difficulty of providing services across a large rural area in terms of both cost and retention of staff, especially physiotherapists (but not GPs/nurses)
  - Public transport was highlighted as a major issue – high dependence on cars. Rail link to London via Norwich is very unreliable

## Vulnerability of the housing market

E1.10 Most stakeholders thought that the local economy is diverse and highly adaptable, with many small businesses. It was felt that high/increasing interest rates would result in problems for recent buyers, whereas the rich would be able to ride it out. If local jobs went, the Polish would return home opening up the private rented sector. While some considered that people would travel less for work, an opposing view was raised that people would choose to live closer to work. Farming could diversify into bio fuels, as fuel is a concern because homes are heated by oil.

**Areas of research that the stakeholders were interested in:**

- Key workers – but also conservation workers in AONB
- How can planning respond to need for intermediate housing? In context of going from social housing to executive homes
- Are there two shared ownership markets?
- Impact of coastal erosion and flooding on house prices
- In migrants
- Financial capacity of households including debt
- Impact of the military base on the local market, closure of RAF Coltishall and last remaining base RAF Marham
- Problems same in AONB but scale different?

**Stakeholder Consultation Workshop 2 – 28 November 2006**

- E1.11 Bernard Matthews: they are an employer and landowner. Their employees/people need affordable housing and they have the land to build on, so can provide housing and funds from developers for themselves as a company.
- E1.12 Benjamin Foundation: need to look at what villages could or should be in 50 years time, need growth at village level not towns.
- E1.13 New wealthier residents move in and they are more NIMBYist.
- E1.14 Bungalows – would developing less reduce the in-migration of older people? RF: there would probably still be older people.
- E1.15 Thresholds and percentage targets are set through custom and practice. Percentage targets have been increasing over the last 15 years. Based on general viability rather than site specific viability. HBF: but has delivery of affordable housing increased? General complaint about planning gain etc and viability on behalf of developers.
- E1.16 10% noted as suggested affordable target in report because of the limited feasible intermediate housing schemes available.
- E1.17 How is affordable housing provided in rural areas when this could be 1 out of 3 properties being developed on a site?
- E1.18 Do interest only mortgages bring down costs into intermediate zone? (mortgage source clarified in report)

- E1.19 HBF: the impact of older people on planning and housing needs to be considered.
- E1.20 Benjamin Foundation: speculation on out-migration in 20 years time of the 75+ age group because local healthcare services are unable to support them.
- E1.21 North Norfolk – Nicola Turner: as social housing providers (district) moving away from 1 beds because they are moving towards more sustainable communities and 1 beds are the less popular stock of the future. This matches changing households.
- E1.22 HBF: private market 1 beds are less popular/useful, agrees with Nicola Turner comment, there is a change in expectations.
- E1.23 Sample size reliability per sub-area varies depending on question being analysed.

## Stakeholder Consultation Workshop 3 – 19 April 2007

### Attendees

Dr Richard Fordham (RF)	Fordham Research
Neil Featherstone (NF)	Norfolk Coast Partnership
Polly Wake (PW)	NNDC – Planning Policy
Robert Eburne (RE)	Hopkins Homes
Mick Sanders (MS)	Supporting People
Lee Webster (LW)	Breckland – Enabling Officer
Claire Churchill (CG)	Kings Lynn & West Norfolk – Planning Policy
David Spencer (DS)	Breckland – Planning Policy
Dean O'Regan (DO)	Circle Anglia Housing Group
Ed Mumford-Smith (EMS)	Broadland Housing Association
Jamie Maiston (JM)	Freebridge Community Housing Association
Matthew Garrod (MG)	The Benjamin Foundation
Richard Draper (RD)	The Benjamin Foundation
Peter Ramsdale (PR)	Kings Lynn & West Norfolk, Enabling Officer
Faith Davies (DF)	NNDC – Enabling Officer
Nicola Turner (NT)	NNDC – Enabling Team Leader

E1.24 Discussion following the presentation:

E1.25 NF - the last table in the slide shows the housing demand for new build and queried whether this will be feasible in terms of delivering affordable housing at 30% and whether the new build could support this level of affordable housing, but not saying that (this level of new build) is desirable, the issue is the age of the in-migrants.

E1.26 RF – you can not prevent the market and those with the income and desire to move to North Norfolk. In 10 years there will be a gap between those that need housing and those that can afford it and for those that can afford it the costs of home ownership will be even higher. Limiting new build can not stop in-migrants buying in the area, they will purchase the limited accommodation available for second homes and retirement. Second homes are typically terraced, and in Wells-next-the-Sea there are high prices and very stable and old population.

E1.27 RE – commented on the slide on mean equity and he has heard in the media and has some experience of this, that a lot of people in their 50's or 60's move house and release a lot of equity, but part of that equity is taken by their children to buy a property. He is not sure of the percentage but some new entrants to the market are supplementing their purchasing power with equity from their parents - and have we researched this? The papers also say that there is a house price collapse on its way.

E1.28 RF- Every year the papers say that there is a crash coming and it is rubbish it has not, they just look at house prices and divide it by income and this is not the right approach. The research did look at first time buyers, but the average first time buyer had a financial capacity of £119,000 and can afford, but the next group down had a financial capacity of £76,000 and this may be picked up with equity from family. The figures did not pick this up and there were not enough of them to get a sample. But this only happens if the parents have equity which by owning a property they can pass it on to their children. Do not think there will be a house price collapse if parents did not help their children, it is a minority sport.

- E1.29 MS – queried what the impact of Norwich and Cambridge growth areas is.
- E1.30 RF- If look at commuting, REAP is a net exporter, there is net migration of 2700/3000 per year and net movement to Norwich but it is very small to Cambridge. Growth in Norwich and Cambridge is not very immediately relevant to most people, as most movement is internal within REAP, but REAP is attractive for in migration. Apart from the level of out-commuting, especially to Norwich, the interaction with the two cities has not been analysed in detail.
- E1.31 MS – how comparable is the outcome of the study with studies done by other consultants?
- E1.32 RF – No other contractor has developed a model for Balancing Housing Markets. ORS did the housing need survey for Greater Norwich (NT, the Councils are doing the SHMA in house). A planning inspector has criticized the approach that ORS take and has upheld the Fordham approach. But if Greater Norwich are not using primary data (in the SHMA) it will not be useful. The practice guidance was only issued last week for SHMA's and it is not very good at all. PPS3 was much better and the guidance does not reflect PPS3 properly. There is some time to go before we get comparable outcomes from SHMAs.
- E1.33 MS – will the Housing Needs Survey give robust figures for decent homes in the private sector?
- E1.34 RF- no, this information comes out of stock condition surveys. NT – we are using another contractor to carry out our sub-regional stock condition survey and this is currently in progress.
- E1.35 DS – advised that he is starting to see planning applications for sheltered and assisted housing and queried whether the SHMA provides any information on grannies in under occupied properties.
- E1.36 RF – It is normal to have under occupation, whether they should move is a different matter. Kings Lynn wanted to have some information on households who require DFG's against equity and this has been done and will show how you can use equity to make homes more effective and useable for the future. But the other issue is the family wanting equity from their relatives' house, or older people not wanting to spend the kids inheritance. But it is only recently that the average person would have enough equity to be able to consider equity release, it is a new issue. REAP is a good place as it is littered with increasingly wealth and elderly people. Colleagues say that DFG's are dying a death. Relatively speaking there is no money and not many are being done. NT the issue is that we are over subscribed, we are taking the data from the survey and looking at how we can meet the needs of our older frailer households. MS but there is a statutory duty to provide DFG's. Discussed that this is an issue for discussion with the LA private sector housing teams.
- E1.37 EMS – the data suggests that demand will outstrip supply. Are there any changes in PPS3 which will allow planners to manipulate the market i.e. to meet the need for smaller households?
- E1.38 RF – Para 22/23 of PPS, developers must bring forward proposals which reflect demand, so Hopkins Homes (as an example) will be asked to produce housing that meets demand. There is also the issue of the 'evidence base' of the SHMA and its effect on policy. We have found that SHMAs can affect RSS figures (for example doubling them in Trafford MBC) but each case depends on its particular circumstances.

- E1.39 RE – we are successful at building homes and do not build if we can not sell so we can show that we build to meet demand. We are now building less homes every year since 1947, there is minimal supply and rising demand and going to have higher targets (for affordable housing) than they thought they would have and this shrinks the supply of market housing, so will sell all the rest. 45% affordable housing, but lots of housing built on sites below the threshold where there is no affordable housing. So see that the major house builders have to provide 50% affordable housing. If consider the RSS is to provide more affordable housing need more market housing. In 5 years if attempt to manipulate the market but not in migration will have more expensive market housing and in 5 years will need more affordable housing so market housing will shrink as a percentage of new build again.
- E1.40 RF – but if look at new build market housing, it has stayed at pretty much the same level, as council housing was a huge part of new build. Barker showed that could not increase supply enough to reduce prices. As what is driving house prices is equity but a quarter of new purchasers in London are by foreign investors as house investment in England is safe so this means that we could not build enough to reduce prices. But there is more demand in REAP and especially North Norfolk than can be met, unless there is a world economic crash house prices will go up. If reduce affordable housing targets, the issue is that housing need has increased more than house prices and has been affected by the reduced supply due to the Right to Buy. It is right that targets fall on large house builders not small house builders. PPS3 allows lower thresholds and this will be fairer on all developers. But the landowner takes the hit on the cost of providing affordable housing. Only a few RSL's are doing 100% affordable housing sites as they can not buy the land.
- E1.41 RE – we do provide affordable housing but in some parts of the East of England, the threshold is 6 dwellings which means that there will be less than 6 provided and smaller sites are still avoiding the affordable housing provision.
- E1.42 Does the policy say sites are capable of taking a number of units to avoid people going in just below the threshold?
- E1.43 RF – agree that targets may go up and they will, in Oxford they have agreed 50% and house builders said it would paralyze the market but it has not.
- E1.44 RE – when the target is on only a few house builders then it does not achieve your targets as sites below the threshold make up most of the housing, major house builders only deliver 20%. They object to LA's wanting to tinker with the housing mix of market housing to a significant extent, i.e. certain size properties.
- E1.45 RF – but if there is evidence then PPS3 tells LA's to do this.
- E1.46 RE – but evidence does not seem to come out.
- E1.47 RF – but PPS3 says need an evidence base and there is one here (the REAP SHMA).
- E1.48 PW – can you please explain the BHM by type and size pf property?
- E1.49 RF – the unconstrained model shows a surplus of 4 bedroom private rented properties and a surplus for social rented 3 bedroom houses there is often a surplus of these as there were many built.
- E1.50 RD – surprised at the low number of 2 bedroom private rented properties as people aspire to a 2 bedroom property not a 1 bedroom.

- E1.51 RF – Government shows that 25% of income should be spent on housing and we use this across all households, so while many households may want a 2 bedroom they can not afford it but can afford a 1 bedroom. They can enter the market but not on their own terms! Very few people indicate private rent as a destination they either want social rent or owner occupation.
- E1.52 RE – 30% (affordable housing) will be supported not 45%
- E1.53 FD – how do you constrain the newly forming households?
- E1.54 RD – by limiting (in the model) the number that can emerge and only let in migrants come in. The concealed households do not emerge and stay living with mum and dad.
- E1.55 PW – in terms of justifying a housing need policy do we look at the unconstrained model?
- E1.56 RF – no, as the RSS will not let that happen so that is why (the model is also) constrained to the RSS. In Trafford, the SHMA allowed the RSS to increase its numbers (to build). The RSS is a very top down process but now and in the future it will move to a more bottom up (process) and this data can influence the RSS.
- E1.57 DS – if RSS says that 35% of all permissions should be affordable, should the target be higher?
- E1.58 RF – yes. The East Midlands RSS in its affordable housing policy gave various percentage targets and said that the SHMAs for sub-markets would revise them in the light of local data. No such leeway was provided in the overall housing target policy, although the Trafford example shows that SHMAs can have such an effect.. Affordable housing policies do not achieve their nominal level of affordable housing: if headline policies of 40% or so are in place, councils will be lucky to get 35% due to the reasons Roger Eburne said.