
South Hams Housing Needs Study

Information Update
for
South Hams District Council

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Acknowledgements

Since the creation of its innovative **housing market model** for Cardiff City Council in 1995, ORS has sought to develop its survey and modelling methodologies for wider use by local authorities and housing associations throughout the UK.

We are grateful to Plymouth City Council and South Hams District Council for originally commissioning ORS to assess housing needs; and for subsequently working with us again to update the study findings.

The original study was innovative in several ways. First, the study recognised that housing markets do not coincide neatly with local authority boundaries – a fact that makes local authorities' problems in estimating and projecting local housing needs inherently difficult. Second, the study was founded on close co-operation between the Plymouth and South Hams Housing and Planning Departments – a form of collaboration by no means common even between neighbouring authorities. Third, officers in both local authorities played an important and continuing role in all stages of the study. We are grateful for the considerable interest and commitment shown by council officers in both authorities and we thank them all for contributing their experience, knowledge and time.

Many new and important developments have been made to the ORS housing market model during a recent study in Reading. As colleagues on a collaborative project, Reading officers contributed towards innovations in our assessments of: housing needs backlog; needs alongside trends; house prices and affordability; and disposable incomes.

Prior to our work in Reading, ORS benefited from close collaboration with Milton Keynes Council officers and English Partnership consultants, during a study of housing needs in Milton Keynes. In that study important developments were made in the modelling framework itself, in the consideration of in- and out-migrant households, and in the use of trend-based information alongside households' expectations.

Although our modelling and analysis has benefited substantially from recent collaborative work, for the original creation of the model we owe a considerable debt to the then Cardiff City Council's Housing Department. In 1994, the Department commissioned us not only to undertake a conventional survey, but to devise a *dynamic housing market model* – a demanding and far-sighted requirement that led us to a long-term rethink of how housing needs are assessed. Cardiff was ahead of the field in recognising that housing needs studies rested on insecure intellectual foundations and needed a dynamic modelling approach. Our current work would have been impossible without Cardiff's insight and support in the early days.

Of course, all housing needs studies depend upon the accuracy of their data. Hence, for the SHPPTWA study, we remain grateful to the many respondents who answered readily so many detailed questions about their household. Without their patience, this study would have been impossible.



Chapter 1

Overview of the Study

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The Commission

Plymouth City Council and South Hams District Council commissioned Opinion Research Services to undertake a comprehensive assessment of housing requirements, which in total would cover the whole of these Council areas. The commissioning bodies recognised that the local housing markets do not coincide neatly within the local authority boundaries and this project was based upon close co-operation between the Plymouth and South Hams Housing and Planning Departments.

South Hams Housing Needs in Context

South Hams District is located in the south west of Devon and is bounded by Torbay to the east, Teignbridge and West Devon to the north, Plymouth to the West, and the Atlantic coastline to the south.

The 2000 mid year population estimate for the city was 81,900 people. This represents a 4.5% increase in population from 1991 when the population was estimated to be 78,400.

At the time of the 1991 Census, the District's population was accommodated within 36,514 homes, of which, 31,054 were occupied, 1,712 were vacant, 2,156 were second homes and 1,746 were holiday accommodation. Second home ownership is particularly concentrated in Salcombe and Dartmouth, as well as smaller parishes such as Thurlestone, Kingswear and South Huish. Likewise holiday accommodation is over represented in the parishes of Salcombe and Dartmouth.

Using figures from the most recent (2001) Housing Strategy for South Hams, the local authority has estimated the current dwelling stock as 40,815, of which 90% are in the private sector (primarily owner-occupied) and 10% are in the social sector. There is no local authority stock following the transfer of all Council housing to South Hams Housing in March 1999.

South Hams District Council is committed to improving Welfare, Prosperity and the Environment across the District. The Council's Housing Strategy has focused on its new enabling role to ensure that the housing needs of the District are being met. The assessment of housing needs and projecting future housing requirements, as done through this study, is a key part of the strategic role. However, the findings from the study, and the projected housing requirements, need to be put in the context of existing information on housing needs, in order to create a more comprehensive picture. There are important local issues that need to be considered. The nature of the sub regional housing market is such that there is considerable re-housing pressure on South Hams as a result of the over spill of population from Plymouth. This is particularly marked in relation to the South Hams Plymouth Travel To Work Area (SHPTTWA).

Policy Context

In the last few years there has been a growing interest in local authority-wide assessments of housing requirements (and in particular housing need), involving both housing and planning departments of local councils, as well as, on occasion, other departments (such as social services, economic development, etc.) and various partner organisations including Registered



Social Landlords (RSLs)². Legislatively, local authorities (LAs) have had a longstanding duty to assess the housing needs within their area, as currently set out under the Housing Act, 1996. There was a duty on every local authority to consider housing conditions and the needs of the area in terms of further housing set out as long ago as the Housing Act, 1936.

The objective of providing a decent home for all, irrespective of ability to pay, has long been a central tenet of housing policy in the UK, no matter which political party has been in power. However, over the last twenty years or more the public resources available for investment in housing have declined considerably and greater emphasis has been placed on ensuring the most effective targeting of available resources. Since the introduction of local Housing Strategies and Investment Programmes (HIPs), and particularly since they have been perceived by central government as genuinely strategic and based on sound assessments of local housing needs, the significance of local studies has grown. Local authorities are anxious to make as powerful a case as is possible for the allocation of resources, for investment in the repair and improvement of the private housing stock and to secure the allocation of social housing grants to support the work of housing associations (RSLs). Guidance to LAs on the preparation of their annual HIP strategies has stressed the importance of addressing local needs across all tenures.

Alongside the importance of local housing assessments in housing policy terms has been the recognition of the potential for the land use planning system to help secure a proportion of "affordable" social housing within private housing development, provided that the case is supported by sound evidence of local housing needs. Planning Policy Guidance Note 3 (PPG3) enables local authorities to negotiate with developers for the provision of a proportion of social housing on sites for private housing, where there is evidence of need. The Local Plan needs to make reference to housing need to enable the local authority to negotiate mixed tenure development.

At the same time, projections of a significant growth in the number of households requiring homes of their own in the future is a further spur to linking the results from local housing needs surveys to Census and household projections to provide realistic and robust estimates of future housing requirements at a local level which, taking account of migration and projected household formation as well as likely affordability, might feed in to strategic planning debates at the regional and sub regional levels. The ORS model, using survey data (including information on financial resources) linked to secondary data (on population and household projections, as well as house prices and private sector rent levels), enables the assessment of future housing needs and demands over different time periods, using variable sets of assumptions.

The Fundamental Questions

Local housing assessments must involve consideration of housing need, although the term is often ill-defined. Everyone has a housing requirement, but many people can satisfy their own requirements in the private housing market since they are able to afford to purchase a home of their own (usually with a loan or mortgage) or to pay a market rent. However, a proportion of households may be unable to attain housing of at least a minimum standard (defined in terms of size, type, condition and location) without some form of assistance, either through the provision of a home in the social rented sector or through subsidised access to the private sector (i.e. through housing benefit or by the provision of low cost home ownership opportunities).



² Registered Social Landlords (RSLs) include housing associations, local housing companies or co-operatives, and charitable trusts.

Assessments of housing needs may take account of households without their own separate accommodation (e.g. those living with others, as well as the homeless), those who are badly housed (e.g. they may live in a dwelling which is unfit or in serious disrepair or which is overcrowded), and those where the accommodation in which people live is satisfactory, but where the household has a need to move elsewhere (e.g. for employment reasons or to give or receive support). Of course, not all of these categories of housing need will require a change of address; some needs can be met in situ, for example by improvement or adaptation of the existing housing. However in many cases the addressing of need will require the re-housing of individuals and households.

Underpinning these different aspects of housing need is the concept of “affordability” – what can existing and new households afford to pay for their housing, and is this sufficient to meet their needs?

Our study, therefore, seeks to address a number of key issues that underlie these aspects of housing need. These include:

- Current and future assessments of housing needs and demand, broken down by tenure, price and size (in terms of the number of bedrooms). These have been disaggregated for existing households needing to move within South Hams, in-migrant and out-migrant households, newly forming households, and households likely to suffer complete dissolution.
- The affordability of different tenure options for new and existing households, analysing the relationship between housing costs in the private sector and available financial resources. As we have already indicated the issue of affordability is critical to the development of local planning policies.
- Issues around the condition of the existing housing stock (although it should be noted that this is based upon occupiers’ perceptions and is not by any means a comprehensive picture of current housing conditions).
- The housing and support needs of different sectors of the population, which has implications not only for housing and planning policies but also for wider health and social care planning.
- Estimates of housing shortfalls to meet current and future housing requirements and the extent to which the existing housing stock will accommodate the shortfall. The housing shortfalls are broken down by household size and tenure. Projections have been made over different time periods to show how the shortfalls are likely to change over the planning period.

In addition, we have sought to consider the housing requirements of the area in the wider local context, through an examination of existing background information and recent and current policies.

Study Methodology

The study was part of broader research for Plymouth and South Hams which overall included 2,500 personal interviews and a postal census of all households in South Hams. The South Hams element of the project was based around two key geographic areas of South Hams – namely, the area within the South Hams Part of the Plymouth Travel to Work Area (referred to as SHPPTWA throughout the report) and the remainder of the district.

SHPPTWA comprises the parishes of Bickleigh, Brixton, Cornwood, Ermington, Harford, Holbeton, Ivybridge, Newton & Noss, Shaugh Prior, South Brent, Sparkwell, Ugborough, Wembury and Yealmpton and is estimated to have a total of 14,151 dwellings of which 648 (4.6%) are



second homes. Assuming that the vacancy rate is similar to that identified in the area at the time of the 1991 Census, we have estimated that a total of 12,840 local households live within this area.

There are a further 26,420 dwellings in the district outside the SHPPTWA, and of these 4,124 (15.6%) are second homes. Once again, after allowing for a reasonable number of transactional vacancies, we have estimate the number of local households living in this area to be 21,057.

In partnership with the Councils, detailed questionnaires were designed to gather the required information. The main sections of the questionnaires were:

- Future home – likelihood of moving, area and accommodation wanted, and affordability
- Current home – accommodation, tenure and satisfaction
- Previous home – area, type, tenure and reasons for moving
- Household profile
- Hidden households
- Special needs within households
- Age, ethnic origin and employment details
- Financial issues – income, savings, debts and source of income
- Housing costs – current circumstances and experiences of financial difficulties

For the interview surveys, only experienced fieldwork staff that had previously worked on housing needs studies undertook the interviews, and their work was carefully monitored on a day-by-day basis. Only householders or their partners were accepted as respondents, and they were interviewed in depth about their current and potential housing needs, with interviews that lasted an average of half-an-hour. Primary target addresses were visited on at least three occasions, at different times, and on different days before being replaced by reserve target addresses.

Key Survey Results

The research has produced a wealth of data regarding household's current housing circumstances, previous housing, experiences of homelessness, evidence of hidden or potential households, those with special or support needs, views of local neighbourhoods, information on housing costs and affordability, and evidence of future housing requirements for those households (or potential households) likely to move, in terms of their future housing needs (size, tenure, preferred area and affordability).

The data has then been interpreted through the ORS model which analyses the whole housing market to compare the match and mismatch of households' needs and demands with likely housing availability to produce outputs in subjective and objective forms. These profile housing requirements, availability, affordability and net excesses or shortfalls.

Plymouth

The key results for Plymouth were:

- Almost two fifths of all households in Plymouth had moved in the last five years, three quarters of these moves have taken place within the City. Over a quarter of households have lived at their current address for fewer than two years.
- In terms of present tenure, 60% of Plymouth households owned their own home, 24% rented from a social landlord (19% from the



Council), 13% rented privately, with 2% occupying Ministry of Defence Homes.

- Almost one-in-seven households said their current home was likely to need major repair over the next five years (with higher levels of perceived disrepair in the rented sector).
- A quarter of all households contained at least one person with a long term illness or disability which affected their housing requirements (38% of households in the social rented sector).
- One-in-twenty households had provided accommodation in the previous five years for someone who had been homeless. However, only 2% of households contained someone who had been homeless in the last five years.
- Almost three-quarters of households in Plymouth received no help with their current housing costs. However, this varied by tenure. Almost all home-owners reported no financial assistance, whilst 44% of private renters and 74% of social renters were in receipt of either full or partial housing benefit.
- Overall, 11% of households felt their neighbourhood (the area within 10 minutes walk of their home) was improving. However, over a quarter of households reported their neighbourhood was deteriorating.
- A third of households indicated they would like to move to another home (50% of private renters). Of those who did not want to move, 11% thought they might need to move in the foreseeable future.
- Perhaps more critically, 23% of all current households in Plymouth considered it likely they would move in the next five years, of whom 72% said they expected to stay in the City. The likelihood of moving was much greater than average amongst private renters.
- Whilst existing households who are likely to move represent a major element of future housing requirements, there are also housing requirements generated by those who are currently homeless and by newly forming households. The study identified 6% of current Plymouth households that contained at least one hidden or potential household.

South Hams

The key results for South Hams were:

- Across the whole of South Hams, two-fifths of all households had moved in the last five years. Of these, 48% had previously lived in South Hams while a further 20% had lived in a nearby community (49% of these having moved from Plymouth). In the SHPTTWA, 38% had moved in the last five years, of whom 36% had previously lived in South Hams and 31% in Plymouth.
- More than four-fifths (84%) of South Hams' households were owner-occupiers. Only 9% rented from a social landlord and just 7% from a private landlord.
- A fifth of postal survey respondents reported problems with the external condition of their home (35% of private renters, but only 13% of social renters).
- Overall, 18% of postal survey respondents indicated there was at least one person in their household with an illness or disability which affected their housing requirements (40% of households in the social rented sector).



- One-in-twenty postal survey respondents had provided accommodation, in the previous five years, for someone who had been homeless. However, only 1% of all South Hams' households contained someone who had been homeless during the last five years.
- Just over half of all renters (53%) in South Hams said they were in receipt of full or partial housing benefit – roughly equally divided. Receipt of benefit was higher amongst social renters (68%) than amongst those renting from a private landlord (37%).
- In the Plymouth TTWA of South Hams, 9% of households thought their neighbourhood was improving, compared with 16% who felt their local environment was getting worse.
- Across South Hams as a whole, over a quarter of all households (27%) said they would like to move home (half of all private renters). However, only 14% of those who want to move said they needed to move.
- Almost three-quarters of potential movers said it was likely they would move within the next five years.
- In the SHPTTWA, 30% of households surveyed indicated they would like to move. Amongst those who did not want to move, 9% felt they might need to move in the foreseeable future. More than a fifth of all households in the SHPTTWA considered it likely they would move in the next five years (60% of these in the next two years).
- Whilst existing households who are likely to move represent a major element of future housing requirements, there is also a housing requirement generated not only by those who are currently homeless but also by newly forming households. The study identified 10% of households in South Hams that contained a hidden or potential household.

The study has produced much data regarding the current housing situation of households in the two authorities. In other data reports, this information is broken down in much greater detail, for example by tenure, household type and locality. However, in addition to providing a snapshot picture of current housing needs, the study has developed a detailed analysis of the future flows of housing supply, demand and needs.

Data Analysis and Modelling

The survey data was processed using SPSS software. Then the survey findings were computed with other data (such as Land Registry information about property sales, Housing Corporation RSL RSR data, DTLR HIP1 data, and population projections from the ONS), using the Basic Needs Assessment Model and the ORS Housing Market Model to calculate levels of demand and need.

By interpreting the data through the ORS housing market model, which analyses the whole housing market to compare the match or mismatch between households' needs and housing availability, the study pays particular attention to those who cannot fulfil their housing needs through the normal operation of the housing market, because they currently lack, or are likely to lack, the financial capacity.



Chapter 2

Introducing the Key Concepts

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Updating the Survey

This is an update of the *South Hams Housing Needs* study. Since the time of the housing needs survey, households' affordability will have changed due to increases in income and house prices in the city. This survey update looks at patterns of change with regard to these issues. It is not intended to reveal the current circumstances of individual households who were interviewed in the housing needs survey. Instead, this update is intended to infer what the likely income and house price characteristics of households would be if a similar housing needs survey was conducted now to reveal how incomes and house prices have increased since the date of the survey.

Key Definitions

The ORS approach to housing assessments has always employed a whole-market approach through use of the Housing Market Model, and studies explicitly consider "housing need" and "housing demand" as subsets of "housing requirements". Such similar terms have often been used interchangeably in other housing needs surveys, but it is important to understand their individual meanings.

Housing demand is the quantity of the housing type and quality that households both want and can afford to buy or rent in the open market without subsidy. In other words, housing demand takes account of both preference and the ability to pay.

Housing need is the quantity of the housing type and quality necessary to accommodate the households currently lacking their own housing, or living in housing which is unsuitable or inadequate, and who cannot afford to buy or rent suitable housing in the open market. In other words, housing need takes account of those without adequate housing who are unable to resolve their situation without assistance.

Housing requirements encompasses both housing demand and housing need. It is the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay. In other words, it is the amount of housing necessary to accommodate the population at appropriate minimum standards.



Housing Need

Housing need is defined by the DETR as referring to:

[H]ouseholds lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance (p116, DETR 2000).

The DETR Basic Needs Assessment Model outlines two types of housing need – backlog of existing need and newly arising need. Backlog of need is defined as being:

[T]hose actual and potential households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others (p116, DETR 2000).

Newly arising need refers to:

[N]ew households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing, together with other existing households whose circumstances change over the period as to place them in a situation of need (p116, DETR 2000).

It is apparent from these definitions that in order to assess both current and newly arising housing need, it is essential to identify the reasons for housing being either inadequate or unsuitable. The following section discusses unsuitable accommodation in the context of the SHPPTWA study.

UNSUITABLE ACCOMMODATION

Defining 'Unsuitable'

The DETR guidance presents a classification of unsuitable housing based on an approach adapted from Parker and Stirling (1995): *Seen to be Fair: a guide to allocations* (Table 4.2, DETR 2000). The same approach has been used as the basis for assessing households that live in unsuitable housing for the SHPPTWA study.

Households are described as living in unsuitable accommodation if they fall into one of the following four main categories:

- A Tenure insecurity or affordability problems
- B Mismatch of household and dwelling
- C Condition of dwelling or amenity problems
- D Social requirements



A number of factors need to be considered within each of these categories, and any one of them could cause households' housing to be considered unsuitable. Therefore, in-line with the DETR guidance, we have not sought to constrain respondents' subjective views:

In using survey data to identify 'unsuitably housed' households, the simplest approach is to rely solely on the subjective response... (p55, DETR 2000).

However, the guidance does suggest that:

[A]n apparently more sophisticated method is to 'score' aspects of unsuitability (p56, DETR 2000).

Although local authorities use points systems to score overall needs, our analysis does not use artificial calculations to score the relative unsuitability of housing. After all, to say that some homes are more unsuitable than others, does not mean that the households in the latter are not in need.

Factors of Unsuitability

Whilst the assessment of housing suitability has to be based on responses to questions within the survey, many indicators can be assessed relatively objectively. Rather than relying on households identifying themselves with one or more problems selected from a "shopping list" of possibilities, unsuitability assessments have been based upon answers provided throughout the interviews.

Objective assessments must be based upon factual information, whereas subjective measures would rely solely on household perceptions. In assessing households' lack of facilities, for example, respondents are asked whether they have an inside WC or not as an objective assessment based on a factual yes/no response. Where there is no alternative to using a subjective indicator, interviewers do not prompt with suggestions, but rely upon respondents identifying any problems themselves.

As noted above, unsuitability problems have been classified into four groups, as follows:

Group A: Tenure insecurity or affordability problems

Factors	Identified by Survey Response
1. Tenancy under notice, real threat of notice or lease coming to an end	Household wanting to move because of: - End of tenancy - Eviction - Repossession
2. Accommodation too expensive	Household currently in rent or mortgage arrears and currently finding housing costs extremely difficult to manage

Figure 2B.1: Factors of Housing Unsuitability: Group A



Group B: Mismatch of household and dwellings

Factors	Identified by Survey Response
1. Overcrowding	Size and composition of household used to assess number of bedrooms required compared with Number of bedrooms available based on household estimate of an estate agent assessment
2. Households with children having to share a kitchen, bathroom, washbasin or WC with another household	Household with children and living in multiple occupancy dwelling and sharing at least one basic facility
3. Home too difficult to maintain	Households dissatisfied with their home because of poor internal or external condition and want to move to a smaller home
4. Households containing person(s) with mobility impairment or other special needs living in an unsuitable dwelling	Household wanting to move to meet the needs of a sick/disabled household member or Households dissatisfied with their home because unsuitable for disabled person
5. Self-assessment	Households with at least one member with a special need and the household needing to move to a more suitable home, needing sheltered accommodation for the elderly, needing supported housing or needing to move to a residential home or hospital

Figure 2B.2: Factors of Housing Unsuitability: Group B

The measure of overcrowding and under-occupancy is calculated objectively. The number of bedrooms required by a household is assessed through analysing the household profile against an agreed “bedroom standard”. This requirement is then set against the number of bedrooms available in the home.

The bedroom standard used for the SHPPTWA study is similar to the Council’s allocation system. It provides one bedroom for each of the following groups or individuals:

- Each adult couple;
- Each remaining adult (aged 18 or over);
- Each pair of children of the same gender;
- Each pair of children aged 10 or under;
- Each remaining child that has not been paired.

Where possible, the size of the property is assessed according to the way an estate agent would describe it. This approach provides the most accurate assessment of the property size – as it avoids respondents excluding “bedrooms” that are currently used as studies, playrooms, etc. Also, and conversely, using the estate agent assessment avoids respondents including “living-rooms” that are currently being used as bedrooms due to current over-crowding problems. Where respondents are unable to provide an estate agent assessment, the size of property refers to the number of rooms currently being used as bedrooms in the home.

The number of bedrooms required is then set against the number of bedrooms in the current home, to determine the level of overcrowding or under-occupation.



Group C: Condition of Dwelling or Amenity Problems

Factors	Identified by Survey Response
1. Lack of separate basic amenities	Household having no bathroom or shower-room or Household having no washbasin with running hot water or Household having no inside WC or Household having no kitchen
2. Lack of heating	Household having no heating in the home or Household relying exclusively on portable fires or heaters
3. Major disrepair or unfitness	Household experiencing <u>serious</u> problems (as oppose to only experiencing problems) with: - Roof covering/structure - Rising damp - Damp penetration
4. Fire Risk	Home with no adequate means of escape

Figure 2B.3: Factors of Housing Unsuitability: Group C

Group D: Social Requirements

Factors	Identified by Survey Response
1. Harassment from neighbours	Household wanting to move because of: - Harassment problems or Household dissatisfied with their current home because of: - Harassment problems
2. Support needs	Household with at least one member with special needs and they need to move nearer to their carer
3. Need to live closer to essential facilities	Household with at least one member with special needs and they need to move nearer to a doctor

Figure 2B.4: Factors of Housing Unsuitability: Group D

Households are classified as being unsuitably housed if one or more of the above factors are found to apply. The households so identified are considered to be living in unsuitable housing regardless of the number of problems that are identified – which avoids potential double counting.

Similar information was gathered in the postal census of households across all of the South Hams district to enable unsuitably housed households to be identified.



Resolving Housing Unsuitability

Not all housing unsuitability problems require the households involved to move from their current home. In-situ solutions may be more appropriate to resolve some of the problems identified.

For example, overcrowding could be resolved by one or more member(s) of the household leaving to live elsewhere, or an alternative solution could be to extend the existing property. Similarly, homeowners or landlords may undertake repairs to resolve problems with the condition of the property. In these cases (and many others) the problems identified can be resolved without the need for relocation to alternative accommodation.

Where a move is required to resolve a housing problem, all those households moving within the social rented sector will provide a vacancy when they move to another home. Whilst the characteristics of this new vacancy will differ from those of the property that they move into, resolving their problem within the existing stock does not add to the overall requirements of the sector. Therefore, in estimating net need, such moves should be discounted from the total.

Finally, some households will need to move to homes outside the area (for example, those moving for care or support), and others will choose to move further afield for other reasons. Where unsuitably housed households are likely to willingly leave South Hams, their needs should not be counted within the estimate of net need. Nevertheless, in discounting the needs of likely out-migrants, any needs of in-migrants to the district will add to the total requirement.



Defining Affordability

Affordability determines whether people have the ability (financial resources) to satisfy their housing requirements by buying or renting on the open market without subsidy. It is a complex issue and can be assessed in a number of different ways, but each method depends on common factors that are crucial to the analysis. The *affordability* of any particular household will depend on the relationship between:

- the amount of money the household is able to afford; and
- the cost of appropriate local housing.

There are a number of different methods for calculating these two critical figures.

Calculating Affordability

Introduction

The DETR guidance notes that a household's mortgage need not be based exclusively on their earned income:

[S]ome types of benefit income, plus any income from savings and investments, would in principle be capable of supporting a mortgage.

(p57, DETR 2000)

Our analysis recognises this and calculates households' affordability based upon a comprehensive assessment of their resources. In order to estimate their affordability for house purchase, the analysis takes into account households':

- Savings;
- Debts;
- Equity (positive or negative) from current home (for current owners); and
- The amount that can be borrowed.

Obviously, affordability is: savings *minus* debts *plus/minus* positive/negative equity *plus* the amount borrowable.

Of course, our analysis also recognises that households might not need savings and positive equity if the amount they can borrow is sufficient. After all, as the guidance says:

Under current conditions, 100% mortgages are commonly available, and it may no longer be appropriate to apply separate affordability 'hurdles' based on savings and deposit requirements.

(p57, DETR 2000)

Objective Affordability

Affordability may be assessed objectively, in terms of what households could rent or buy in the private sector. As discussed above, the ORS housing market model takes into account savings and debts, equity (positive or negative), and the ability to access mortgages and/or loans.

Households' abilities to access mortgages and loans are based on mortgage lending multipliers (where the household is able to borrow 3x the main



earned income, and 1x any second earned income); and their capacity based on 25% of their equivalised income funding monthly mortgage repayments. In both cases additional resources such as equity and savings are also considered and set against any debts or negative equity.

Similarly, rental affordability may also be assessed objectively, in terms of what households could rent in the private sector. In assessing affordability, the model takes into account the proportion of gross or net income that is held to be available for housing costs.

Obviously, the lending multipliers, or proportions of income allowable for housing, and whether gross or net incomes are used are all variable within the modelling. The extent to which household composition and size should affect the proportion of income held to be available for housing costs can be determined – on the basis of *McClement's Equivalence Scale*.

Finally, the assumed term and interest rates of the mortgages are variable in the light of prevailing circumstances.

Self-assessed Affordability

Households' affordability can also be determined on a self-assessed basis, in terms of:

- what payments they believe they could afford; and
- how much they want to pay.

It is arguable that self-assessed affordability is the only assessment that takes into account all of households' relevant circumstances. Where objective affordability assesses the typical or maximum amount households can afford, based on income and household structure, self-assessed affordability will be based on the householders' perception of his/her specific circumstances and is likely to take into account factors that cannot be assessed within the survey. Households may be unable or not want to commit large proportions of their income towards a mortgage or towards rent because of other commitments or priorities.

It is also possible for self-assessed affordability to yield figures that are unrealistic. In some cases, households may expect to be able to obtain properties of certain sizes, for amounts that are below typical market prices. The ORS housing market model therefore uses information on self-assessed affordability, complemented with objective affordability and information about properties available within the local housing market to take account of households' preferences and their actual ability to afford a property of a certain price and type.

There are a number of different methods for calculating affordability, and the following sections discuss how they have been derived for the South Hams study and how they have subsequently been updated.

The Cost of Housing

Owner Occupation

Data from a number of sources is triangulated to determine house prices in South Hams and access-thresholds are identified by appropriately integrating the relevant information. The access-thresholds are primarily influenced by information available from the Land Registry, and it is this factual information that is used to update the house price access-thresholds.

Land Registry data has advantages and disadvantages. It has the advantage of being factual in terms of both the number of sales and achieved prices. This avoids the danger of relying solely upon the subjective views of survey participants; or using properties advertised by estate agents which only represent a small selection of the dwellings available, while the asking price advertised will often be higher than the actual sale price. However, it should be noted that Land Registry information has two key weaknesses – the data



provided is disaggregated by postcode sector (and therefore sometimes overlaps local authority boundaries); and, more importantly, no information is available about the size of properties sold.

Figure 2.1 profiles property sales within the district at the time of the survey (January to March 1998), and sales during the last 12 months for which Land Registry data is currently available (July 2001 to June 2002).

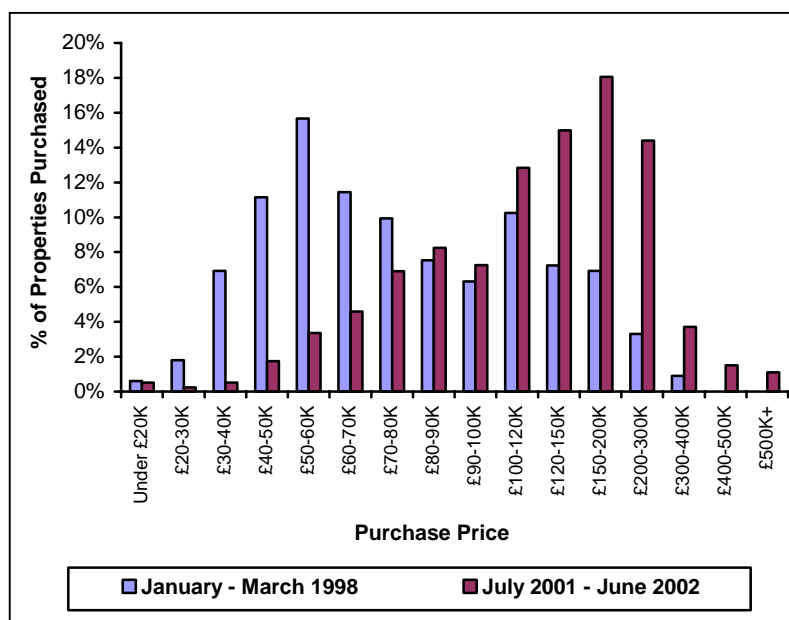


Figure 2.1: Purchase Price of Properties from Land Registry Data.

It is apparent from figure 2.1 that the proportion of properties sold for less than £80K has considerably reduced since the time of the survey, with proportionately far more properties being sold above £100K during the period July 2001 to June 2002.

The aim of the analysis of house prices is to assess the amount required by households to access properties of different sizes in the district. Therefore, rather than considering the average price of dwellings, we need to determine a price for a reasonable access threshold. The absolute threshold would be the minimum property price for each sized home, but very few properties are likely to become available at this extreme – so merely being able to afford the minimum price would not guarantee households appropriate homes. Therefore, we consider instead the price-break of the lowest quartile – for households able to pay this amount should be able to afford at least a quarter of the appropriately sized properties sold

By combining the purchase price information from the Land Registry with data gathered from the housing needs survey about property type and size, we are able to calculate the appropriate access prices for dwellings in terms of the number of bedrooms required by households, at the time of the survey and at present (see figure 2.2).

Size of Property	Original Access Threshold	Updated Access Threshold	% Change
One bedroom	£30,851	£51,644	+67.4%
Two bedrooms	£42,891	£73,262	+70.1%
Three bedrooms	£59,060	£107,180	+81.5%
Four or more bedrooms	£106,131	£187,990	+77.1%

Figure 2.2: Access Thresholds for Owner Occupation.



Figure 2.2 shows that the access threshold for all sizes of properties has increased very significantly since the time of the survey. The greatest increase however, is for 3 bedroom properties - the threshold having increased proportionally by 81.5%.

As previously noted, the South Hams study was part of broader research into the Plymouth and South Hams housing market, and it is therefore also appropriate to consider house prices within Plymouth City.

Size of Property	Original Access Threshold	Updated Access Threshold	% Change
One bedroom	£23,165	£27,992	+20.8%
Two bedrooms	£30,322	£45,063	+48.6%
Three bedrooms	£43,067	£66,945	+55.4%
Four or more bedrooms	£58,325	£97,000	+66.3%

Figure 2.3: Access Thresholds for Owner Occupation in Plymouth City.

Whilst prices within the city have also increased considerably since the time of the original study, the access thresholds remain far more achievable than prices for properties within South Hams. Insofar as we are considering Plymouth and its travel to work area as an integrated housing market, it is not appropriate to use differential access thresholds for households currently living in the city and those currently living within the SHPPTWA. Therefore, the access thresholds for the rest of South Hams are based upon the house prices illustrated in figure 2.2 and the thresholds used for the SHPPTWA are the same as those used for the Plymouth study (figure 2.3).

Private Renting

In terms of local rents, figure 2.4 indicates the housing benefit reference rents at the time of the survey (March 1998) and more recently at March 2001. Using housing benefit reference rates has the advantage that the information is not influenced by large and expensive properties which often artificially increase the average rent data obtainable from letting agents.

Size of Property	HB Reference Rent: March 1998	HB Reference Rent: March 2001	% Difference
One bedroom	£68.23	£72.09	+5.7%
Two bedrooms	£81.11	£84.79	+4.5%
Three bedrooms	£90.15	£96.26	+6.8%
Four or more bedrooms	£97.80	£115.98	+18.6%

Figure 2.4: Housing Benefit Reference Rent Comparison.

Figure 2.4 shows that the reference rent for housing benefit has generally increased by around 6% over the year March 1998 to March 2001 (with the exception of 4-bed properties). If we assume the same annual change for letting agent stock, we can assume the following rent access levels (see figure 2.5).



Size of Property	Housing Benefit Reference Rent
One bedroom	£72.09
Two bedrooms	£84.79
Three bedrooms	£96.26
Four or more bedrooms	£115.98

Figure 2.5: Access Thresholds for Private Rented Sector.

Assessing Household Affordability

By comparing household resources with the minimum threshold-price for appropriately sized property, we can assess whether or not households can afford to buy or rent without subsidy. Since the time of the survey, household income and the equity of owner-occupiers is likely to have changed. The following section quantifies these changes by drawing upon comparative data sources.

Assessing Household Affordability: Changes in Household Income

Figure 2.6 shows the distribution of full-time employees' weekly earnings for South Hams District at the time of the survey (based on New Earnings survey data for 1998) compared with more recent information from the 2001 New Earnings Survey.

Distribution of Earnings	New Earnings Survey 1998	New Earnings Survey 2001
Average gross weekly earnings	£315.20	£352.6
Percentage who earned:		
Under £250 per week	41.0%	30.8%
Under £350 per week	68.4%	62.5%
Under £460 per week	87.2%	77.9%
10% earned:		
Less than	£174.7	£190.5
More than	£515.0	£580.9

Figure 2.6: Distribution of Earnings for Full-time Employees in South Hams District: New Earnings Survey 1998/2001.



Using this information, we are able to profile the overall earnings distribution of full-time employees (see figure 2.7) in 1998 and 2001.

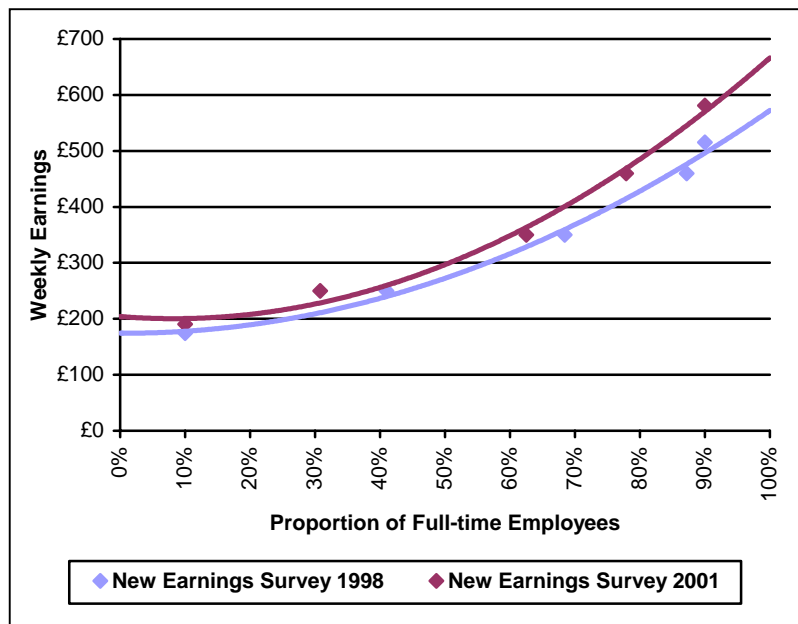


Figure 2.7: Distribution of Earnings for South Hams District: New Earnings Survey 1998/2001.

The average income within the District has increased by 11.9% from £315.2 to £352.6 (see figure 2.6), although this increase appears to be greater amongst higher income brackets.

In figure 2.8, weekly income bands have been updated using this information. As lower incomes will generally often derive from sources other than employment (such as benefits), we have assumed a uniform increase of 8.375% (on the basis of inflation from January 1998 to December 2001) for incomes up to and including the housing needs survey band of £150-£199 per week. For higher incomes, the bands have been updated based upon the increases shown in figure 2.7.



Weekly Income	
HN Survey Band	Updated Band
< £50	< £53
£50-£74	£54-£80
£75-£99	£81-£107
£100-£149	£108-£162
£150-£199	£163-£217
£200-£249	£218-£270
£250-£299	£271-£328
£300-£399	£329-£449
£400-£499	£450-£574
£500-£599	£575-£700
£600-£699	£701-£828
£700-£799	£829-£956
£800-£899	£957-£1,085
£900-£999	£1,086-£1,215
£1,000+	£1,216+

Figure 2.8: Adjusted Weekly Income Bands.

Assessing Household Affordability: Changes in Equity Available to Owner-Occupiers

When we consider households' affordability for the survey update in relation to their affordability at the time of the survey, the capital gain of owner-occupiers will have changed. This will in turn impact on their ability to pay for new housing. As house prices have increased since the survey, exiting owner-occupiers will have realised more equity in their property.

For example, a household that purchased a property four years ago for £75,000 would now be likely to sell that property for about £129,000. Therefore, whilst any mortgage payments made are unlikely to have significantly reduced the total loan amount (due to the interest charged), the household will have realised a capital gain of about £54,000 on their investment – thereby increasing the amount that they would have available to purchase a new property.

Figure 2.8 illustrates how house prices have changed in the South West of England over the last 15 years on the basis of information provided by the Halifax Building Society.



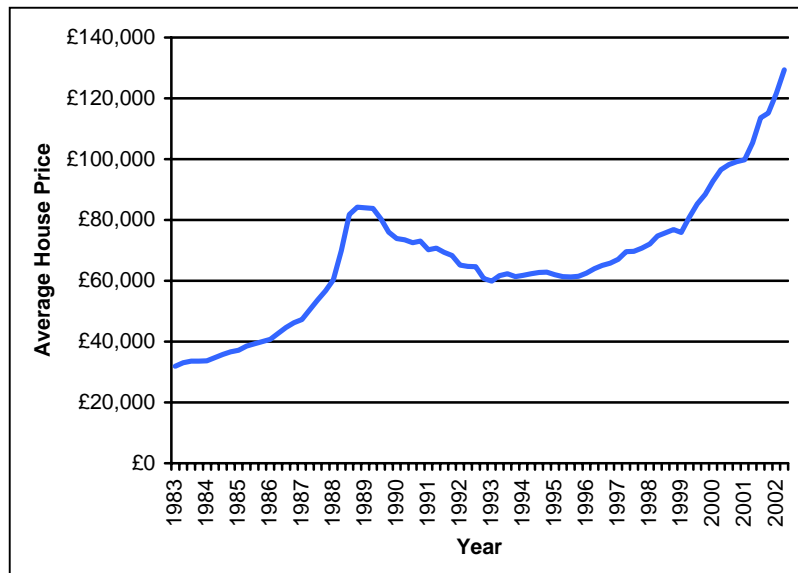


Figure 2.9: Halifax Price Index: Average House Prices (South West) All Houses (All Buyers), Seasonally Adjusted – Quarterly Data.

While individual households will have realised additional equity since the time of the survey, we are interested in how the equity available to households more generally will have changed. Changes in equity will be influenced by the length of time households have lived in the current home.

In figure 2.10, the average house price at the time of the housing needs survey is shown (base date - first quarter of 1998) at the top of the middle column. The subsequent rows of data in that column show the likely purchase price of the average dwelling based on the length of time households have been resident. This data is compared to corresponding figures if the base date is changed to the second quarter of 2002 (see the right-hand column of figure 2.10).

Average House Price	Survey Date (Q1 1998)	Update Date (Q2 2002)
At base date	£72,025	£129,388
0-6 months earlier	£70,772	£122,049
6-12 months earlier	£68,712	£111,345
1-2 years earlier	£64,823	£99,779
3-5 years earlier	£61,859	£73,967
6-9 years earlier	£73,865	£62,114
10-20 years earlier	£36,882	£54,335
20+ years earlier	< £31,916	< £31,916

Figure 2.10: House Price Trends.

On the basis of figure 2.10, a household who had been living in a property for three to five years at the time of the housing needs survey, whose property at the time of the survey was worth £72,025, would have probably purchased their home for about £61,859. They would therefore have realised a capital gain of £10,166 during this period – a growth equivalent to 16.4% of the original purchase price.

If we consider a household who has currently been living in a property for three to five years and which is now worth £129,388, they would have probably purchased their property for £73,967 and would have realised a capital gain of £55,421, equivalent to 74.9% of the original purchase price.



These examples illustrate that when we consider households' affordability for the survey update in relation to their affordability at the time of the survey, the capital gain of owner-occupiers will have changed. This will in turn impact on their ability to pay for new housing.

If we consider the example of the household who had been resident in their current home for three to five years, at the time of the survey their home would have been worth 16.4% more than its original purchase price. In the present market, such a household's home would be worth 74.9% more than its price if purchased 3 to 5 years ago. Therefore, the household would have gained an additional amount equivalent to 58.5% of the original purchase price to contribute towards their affordability since the time of the survey. If we consider this in the context of the current value of the home, this would equate to 50.2% of the property value now.

Figure 2.11 identifies the proportion of the full current property value that should now be added to (or deducted from) the equity that would have been available at the time of the survey on the basis of the length of time resident in the home.

Length of Time Living at Address	Additional Equity As % Of Current Property Value
0-12 months	7.1%
1-2 years	16.7%
3-5 years	50.2%
6-9 years	113.6%
10-20 years	21.7%
20+ years	79.6%

Figure 2.11: Adjustments to Equity on the Basis of the Length of Time Resident.

Summary

By updating the property access threshold prices, income details and the equity contribution for owner-occupiers, we are able to re-analyse the data using the framework of both the Basic Needs Assessment Model and the ORS Housing Market Model.



Chapter 3

The Basic Needs Assessment Model

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The Basic Needs Assessment Model

The Basic Needs Assessment Model is a framework proposed within the DETR guidance for assessing the absolute level of need for affordable housing in terms of net shortfalls or surpluses of units each year.

In undertaking housing needs assessments the DETR recommend that:

[A]ll local authorities should try to follow (the basic needs assessment model) so far as is practical. (p21, DETR 2000)

The main stages of the model outlined below show simply that need is to be balanced against supply to provide the net shortfall (or surplus) of affordable housing units. The major division within the model concerns two distinct types of need – the backlog of existing need and newly arising need.

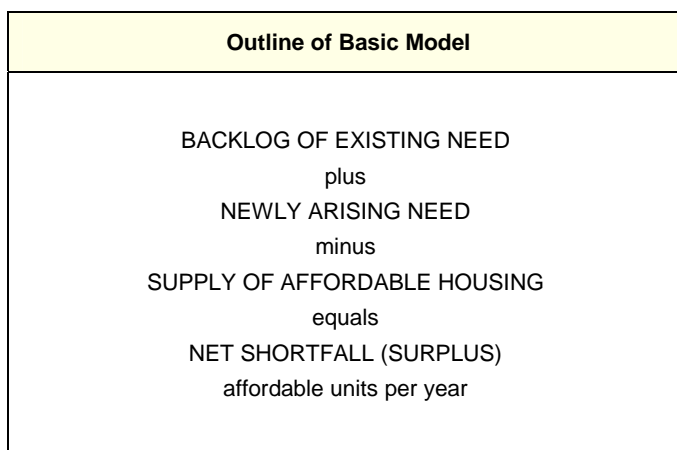


Figure 3A.1: Outline of the Basic Needs Assessment Model (p22, DETR 2000)

Components of the Model

The backlog of existing need includes households that are currently classified as living in unsuitable accommodation, who cannot resolve their problems in-situ, and cannot afford to solve their problems by buying or renting in the market. The term “backlog need” is defined as being:

The number of household occupying unsuitable accommodation at a point in time. (p55, DETR 2000)

Newly arising need includes the formation of new households that are currently “concealed” within existing households and also in-migrant households that are unable to afford market housing. The DETR guidance defines new need, or newly arising need, as referring to:

All circumstances where households are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing, together with other existing households whose circumstances change over the period so as to put them in a situation of need. (p116, DETR 2000)



The supply of affordable housing refers to the number of affordable housing vacancies likely to become available over a period of time, in addition to any new provision currently being provided.

Affordable housing is defined as being:

Housing of an adequate standard which is cheaper than that which is generally available in the local housing market. This can comprise subsidised rented housing, subsidised low cost home ownership (LCHO) including shared ownership, and in some market situations cheap housing for sale. (p117, DETR 2000)

The following sections consider each of these elements of the Basic Needs Assessment Model in turn, considering housing need in the context of housing suitability and affordability (as discussed in Chapter 2).



Backlog of Existing Need

Introduction

Within the DETR model, the backlog need incorporates two main groups:

- Established households currently in housing need;
- Households currently lacking their own home.

Effectively, the backlog includes all households that would be considered as currently in housing need.

To identify all existing need as a “backlog” is perhaps a little misleading, for the term implies an accumulation or build-up, not just a current situation. In certain areas, households currently in housing need may have been waiting for adequate housing for some time, and in such cases the term backlog may be appropriate. Nevertheless, there will always be households whose circumstances change, causing them to be (at least temporarily) in housing need. At what stage these households should be considered a backlog is subject to some debate; but it is unlikely that all households currently in need should be considered as part of any backlog.

Despite these considerations, for consistency the SHPPTWA study has also adopted the term “backlog need” to refer to households currently in housing need.

Assessing the Backlog Need

To assess the backlog need, the Basic Needs model employs a seven-stage analysis.

The first three stages consider the needs of existing households, initially assessing the total number of households living in unsuitable housing, before allowing for (and discounting) any need:

[W]hich can be best met through moves within the existing housing stock or 'in-situ' solutions (p21, DETR 2000).

Those households likely to willingly move out of the area are also discounted, to avoid any double-counting when considering cross-boundary or sub-regional requirements (for SHPPTWA out-migrants will be another authority's in-migrants). The third stage assesses the affordability of those households needing to move from unsuitable housing, to determine whether they are likely to require subsidy.

The fourth stage of the model adds in those households currently without their own home, namely homeless households living in temporary accommodation.

The remaining stages of the model summarise the overall backlog requirement. They determine the amount of backlog need that will need to be satisfied annually to eliminate all current housing need over the determined period.

The seven stages of the model are summarised in figure 3B.1.



Stage	Factor	Definition
1.	Backlog need existing households	Households currently occupying unsuitable accommodation due to any of the following: - Tenure insecurity or affordability problems - Mismatch of household and dwelling - Condition of dwelling or amenity problems - Social requirements
2.	<i>minus</i> Cases where in-situ solution most appropriate	In-Situ solutions include: Carrying out repairs Cases where HH does not want to move Overcrowding resolved by person leaving
	<i>minus</i> Moves within the existing housing stock	Current social sector tenants transferring to another home to satisfy their needs
	<i>minus</i> Out-migrants	Households leaving the authority area for care, employment etc.
3.	<i>times</i> Proportion unable to afford to rent or buy in market	Based on: Household income and other financial resources Compared with: Lowest quartile housing price
4.	<i>plus</i> Backlog of non-households	Homeless households currently living in temporary accommodation
5.	<i>equals</i> Total Backlog Need	$(1 - 2) \times 3 + 4$
6.	<i>times</i> Quota to progressively reduce backlog	Policy judgement (standard assumption 20%)
7.	<i>equals</i> Annual need to reduce backlog	5×6

**Figure 3B.1: Basic Needs Assessment Model:
Stages of Calculating Backlog of Existing Need**

STAGE 1 OF BASIC NEEDS MODEL Households Living in Unsuitable Housing

Housing unsuitability was considered in detail in section 2B. Households were identified as potentially living in unsuitable housing for various reasons, each one falling into one of four main categories:

- A Tenure insecurity or affordability problems
- B Mismatch of household and dwelling
- C Condition of dwelling or amenity problems
- D Social requirements



Of all households currently living in SHPPTWA, the following proportions were found to be living in unsuitable housing:

Factors		% of Households	Equivalent Number of Households
A	Tenure insecurity or affordability problems	0.4%	50
A1	Tenancy under notice, real threat of notice or lease coming to an end	0.4%	50
A2	Accommodation too expensive	-	-
B	Mismatch of household and dwellings	5.4%	692
B1	Overcrowding	2.0%	251
B2	Households with children having to share a kitchen, bathroom, washbasin or WC with another household	-	-
B3	Home too difficult to maintain	-	-
B4	Households containing person(s) with mobility impairment or other special needs living in an unsuitable dwelling	2.0%	254
B5	Self-assessment	2.7%	342
C	Condition of Dwelling or Amenity Problems	6.7%	856
C1	Lack of separate basic amenities	-	-
C2	Lack of heating	1.6%	211
C3	Major disrepair or unfitness	4.8%	614
C4	Fire Risk	0.9%	116
D	Social Requirements	0.3%	41
D1	Harassment from neighbours	0.3%	39
D2	Support needs	-	-
D3	Need to live closer to essential facilities	*%	3
All Households Currently Living in Unsuitable Housing		10.9%	1,402

Figure 3B.2: Households Living in Unsuitable Housing

Of all households interviewed in the personal interview survey, 10.9% were identified as suffering from one or more of the above problems – equivalent to 1,402 households across the SHPPTWA.

The above figures are all subject to some degree of error, but we can be 95% confident that the total number of households is accurate to within $\pm 2.7\%$ points.



STAGE 2

Allowing for 'In-situ' Solutions, Meeting Need within the Existing Stock, and Out-migrant Households

Some of the households living in unsuitable housing are able to resolve their housing problem(s) at their current address (in-situ) by having adaptations or special equipment installed for example. However, without objective information from a stock condition survey, it is difficult to measure the proportion of households that could do so. Instead, we are able to infer whether an in-situ solution is possible from households' aspirations to move home. This approach is advocated by the DETR:

[B]ase a judgement on whether the 'unsuitably housed' main household intends to move. Where this is the case, it may be taken to indicate that an in situ solution is not appropriate. (p 56, DETR 2000)

It is assumed that if a household does not want to move, then there must be an in-situ solution that is appropriate. As we have not constrained the assumptions regarding the suitability of their home, or assessed the degree of unsuitability in any way, it is not surprising that some households do not wish to move. In many cases, households would not themselves consider their home to be generally unsuitable, despite the problems they may have identified.

It is also assumed that where overcrowding is the only current problem, and where some household member(s) are likely to leave the household to live elsewhere in the near future, then these households will also find an in-situ solution.

Of the 1,402 households deemed to be living in unsuitable accommodation, 89 had household members leaving that would resolve their problems and another 531 do not want to move. Without double counting, an in-situ solution is, therefore, deemed suitable for 619 of the households currently living in unsuitable housing, and so this figure is discounted from the net need.

179 of the households who want to move are currently tenants of one of the RSLs who manage stock in the district. Whilst these households currently live in housing that has been identified as unsuitable in one way or another (and no in-situ solution has been assumed), their needs could be satisfied through a transfer within the social rented sector. In calculating the net need estimate, moves within the existing stock are also discounted – for each property that is needed is offset by another property being vacated.

Finally, some of the households living in unsuitable accommodation and wanting to move home will leave the area for care, employment or other reasons. Of the households who want to move from unsuitable housing, 108 households are likely to move from SHPPTWA. These households are also discounted from the net total, as their needs will not affect housing requirements within the area.

In summary, after discounting all of the above, 3.9% of households remain as net backlog need, equivalent to a total of 496 households across the SHPPTWA.

This analysis along with similar calculations for the remainder of the South Hams district (i.e. outside the Plymouth TTWA) is summarised in figure 3B.3.



Factors	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
All Households Currently Living in Unsuitable Housing	1,402	3,064	4,466
<i>In-situ Solutions</i>			
Household member leaving	89	235	325
Do not want to move	531	1,088	1,619
In-situ Total	619	1,277	1,896
Social sector Transfers	179	585	764
Out-migrant Households	108	180	288
All Households remaining within Backlog	496	1,063	1,559

Figure 3B.3: Households Living in Unsuitable Housing

STAGE 3 OF BASIC NEEDS MODEL

Households' Ability to Buy or Rent without subsidy

As discussed in section 2C, by comparing household resources with the minimum threshold-price for appropriately sized property, we can assess whether or not households can afford to buy their own home. A similar analysis is undertaken for market rents.

The actual amount required to rent without subsidy is subject to some debate, so we have analysed the data based on both the Housing Benefit reference rents and also the lowest quartile of advertised rents. Once again, the minimum amount for the appropriately sized dwelling is compared with the household resources. In calculating rent affordability, no adjustments are made for savings or equity, and the amount deemed to be affordable is based upon 25% of households' equivalised income.

On the basis of assessing affordability on both mortgage lending multipliers and mortgage or rent payment calculations, 36% of households that form the net backlog need in the SHPPTWA cannot afford to buy a suitably sized home in the market. In the rest of South Hams, our analysis indicates that as many as 56% of households within the net backlog need cannot afford to buy or rent suitably sized homes in the market without subsidy.

STAGE 4 OF BASIC NEEDS MODEL

Backlog of Non-households

Households currently lacking their own housing (and unlikely to meet their needs in the market without assistance) are also considered to be in housing need. Such households may currently be "living with" another household (family or friends) or may currently be homeless – not only those living rough, but also those currently housed by the Council in temporary homes.

Non-households currently Homeless

The local authority has a duty to house those households accepted as homeless and in priority need. At any point in time, a number of households will be living in temporary accommodation whilst they await a more permanent solution within the social housing stock. Temporary accommodation for homeless households varies in type – and includes rooms in bed & breakfast; places in refuges or voluntary sector hostels; and



properties that a local housing association lease from the private sector, and some of their own stock reserved as short-term housing for homeless households.

The number of homeless households living in the various types of temporary housing available over the period March 1998 to March 2001 is noted in figure 3B.4. Each quarter provides a snapshot – so the figures are not added together, but the average is imputed.

Property Type	31 March 2000	31 March 2001	31 March 2002	Average 2000-02
Bed & Breakfast	4	2	9	5
RSL permanent properties temporarily used with insecure tenancies	45	57	47	50
TOTAL	49	59	56	55

Figure 3B.4: Homeless Households Living in Temporary Accommodation

All homeless households living in temporary accommodation will need permanent housing, and must be assumed to require subsidy due to affordability difficulties. Nevertheless, a number of households in priority housing need are currently accommodated in property owned by one of the local RSLs. Therefore, whilst households living in such properties will not remain indefinitely, resolving their needs will involve transfers within the existing stock. In considering the net need of this group, such transfers should be discounted from the backlog.

Having considered the appropriate adjustments, homeless households currently in temporary accommodation constitute a requirement of 5 households as part of the backlog need.

STAGES 5 - 7 OF THE BASIC NEEDS MODEL Annual Need to Reduce Backlog

The remaining stages of the model reconcile the previous calculations and derive an annual target for eliminating the backlog need – based on policy decisions about the appropriate number of years in which to do so.



Summarising the Backlog Need

Stage	Factor	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
1.	Backlog need existing households	1,402	3,064	4,466
2.	<i>minus</i> Cases where in-situ solution most appropriate	619	1,277	1,896
	<i>minus</i> Moves within the existing housing stock	179	585	764
	<i>minus</i> Out-migrants	108	180	288
3.	<i>times</i> Proportion unable to afford to rent or buy in market	496 x 35.6%	1,063 x 58.2%	1,559 x 51.0%
4.	<i>plus</i> Backlog of non-households	2	3	5
5.	<i>equals</i> Total Backlog Need	178	622	800
6.	<i>times</i> Quota to progressively reduce backlog	20%	20%	20%
7.	<i>equals</i> Annual need to reduce backlog	36	124	160

**Figure 3B.7: Summary of Stages 1-7 of the Basic Needs model:
Backlog of Existing Need**



Introduction

Two key groups generate newly arising need within the DETR model:

- Established households whose circumstances change causing them to be in need;
- New households who are likely to require some form of assistance to gain suitable housing – including in-migrant households and newly forming households previously “living with” or leaving institutional accommodation.

The newly arising need is therefore those households who are not currently in housing need but who will be “in need” over a period of time. Whereas the Backlog Need could be considered a stock or snapshot of current need, the Newly Arising Need could be considered to be a flow, as it will generate additional need over time.

Assessing the Newly Arising Need

In assessing the amount of newly arising need, the Basic Needs model uses a six-stage analysis. The first five stages (stages 8 to 12 of the overall model) identify the likely new requirements from the different household groups, which are then aggregated in the final stage (stage 13). The calculation of newly arising need is summarised below:

Stage	Factor	Definition
8.	New household formation (gross)	Recently formed households over a given period of time
9.	<i>times</i> Proportion unable to buy or rent in market	Proportion of recently formed households who are living in SHBC or RSL stock, living in the PRS with HB support or who moved into housing that was otherwise not suitable for their needs
10.	<i>plus</i> Ex-institutional population moving into community	Annual homelessness acceptances where reason for homelessness is “Leaving institution or care”
11.	<i>plus</i> Existing households falling into priority need	Households falling into housing need as a result of their home becoming unsuitable due to change in household circumstances or change in housing being occupied
12.	<i>plus</i> In-migrant households unable to afford market housing	Number of recent in-migrant households who are living in SHBC or RSL stock, living in the PRS with HB support or who moved into housing that was otherwise not suitable for their needs
13.	<i>equals</i> Newly arising need	$(8 \times 9) + 10 + 11 + 12$

Figure 3C.1: Basic Needs Assessment Model: Stages of Calculating Newly Arising Need



The rate of new household formation and the rate of household in-migration are both based upon recent trends derived from the survey data. Information gathered from households who have moved over the last two years has been analysed to profile their characteristics. It is assumed that those households who are likely to move to SHPPTWA in the near future will be similar in profile to those that moved to the area recently. In the same way, it is assumed that those households who were previously living with family or friends, and are now living in independent homes, will have similar characteristics to those households who are likely to form in the future.

South Hams – within SHPPTWA

Of all the households currently living in SHPPTWA, 22.9% had lived at their current address for two years or less, equivalent to 2,940 households across the area. In analysing the previous circumstances of these households, we are able to identify both newly formed households and recent in-migrant households.

Previous Housing Circumstances	% of Households that Moved	Equivalent Number of Households
Owned outright	14.2%	417
Owned with loan or mortgage	45.4%	1,334
Low Cost or Shared ownership	1.1%	33
Rented from the Council	5.5%	161
Rented from an RSL	3.6%	105
Rented from a private landlord - furnished	11.8%	348
Rented from a private landlord – unfurnished	11.0%	323
Provided as part of job	1.7%	49
Living with friends or family	5.8%	171

Figure 3C.2: Previous Housing Circumstances of households currently living in SHPPTWA that moved in the last 2 years

Figure 3C.2 identifies that 5.8% of households were previously living with friends or family. In moving to their own independent home, all of these households were newly forming, equivalent to 171 households across the area.

Location of Previous Home	% of Households that Moved	Equivalent Number of Households
Within SHPPTWA	35.0%	1,030
Elsewhere in South Hams	1.5%	43
Plymouth	31.5%	927
Elsewhere in the UK	32.0%	940

Figure 3C.3: Previous Housing Circumstances of households currently living in SHPPTWA that moved in the last 2 years

Figure 3C.3 identifies 63.5% of the households that moved in the last two years as previously living outside South Hams – equivalent to 1,867 in-migrant households to the SHPPTWA over the period.

Obviously, some newly formed households previously may also have been living outside the area – and therefore would also be considered in-migrant households. In total 122 of the 171 newly formed households (71.4%) were also in-migrant as illustrated below.



Type of Household	Moved within South Hams	In-migrant to South Hams	All Households
Newly formed household	49	122	171
Previously established household	1,024	1,745	2,769
All Households	1,073	1,867	2,940

Figure 3C.4: Previous Housing Circumstances of households currently living in SHPPTWA that moved in the last 2 years

South Hams – outside SHPPTWA

Information about the rest of South Hams indicate that 4,981 households have moved to homes outside SHPPTWA over the last 2-years (equivalent to 23.7% of all households in the area) of which 290 were newly forming households. Figure 3C.5 identifies 45.5% of the households that moved in the last two years previously lived outside South Hams – equivalent to 2,268 in-migrant households to South Hams outside the SHPPTWA over the period.

Location of Previous Home	% of Households that Moved	Equivalent Number of Households
Within SHPPTWA	2.7%	135
Elsewhere in South Hams	51.8%	2,579
Plymouth	12.2%	609
Elsewhere in the UK	33.3%	1,659

Figure 3C.5: Previous Housing Circumstances of households currently living outside SHPPTWA that moved in the last 2 years

Once again, we can consider the relationship between newly-forming and in-migrant households as illustrated in figure 3C.6.

Type of Household	Moved within South Hams	In-migrant to South Hams	All Households
Newly formed household	128	162	290
Previously established household	2,586	2,106	4,692
All Households	2,714	2,268	4,981

Figure 3C.6: Previous Housing Circumstances of households currently living outside SHPPTWA that moved in the last 2 years

STAGES 8-9 OF BASIC NEEDS MODEL New Household Formation

To avoid double counting newly formed in-migrant households, their requirements are excluded from the assessment for newly forming households – their needs being addressed when considering in-migrants in stage 12 of the model. Similarly, to avoid double counting the needs of newly formed households moving out of institutions, their requirements are also excluded from the assessment for newly forming households – their needs being addressed when considering the ex-institutional population in stage 10 of the model.

In total, 2.2% of households that moved in the last two years were forming a new household and moving from a host household in the area – equivalent to 177 households in total. To assess the annual number of new household formations for stage 8 of the Basic Needs model, this two-year figure is halved to 89 households.



Figure 3C.7 provides information about the current circumstances of these households.

Current Housing Circumstances	% of Households that Moved	Equivalent Number of Households
Owned outright	-	-
Owned with loan or mortgage	47.6%	42
Low Cost or Shared ownership	-	-
Rented from the Council or RSL	52.4%	47
Rented from a private landlord	-	-

Figure 3C.7: Current Housing Circumstances of households that formed in the last 2 years (excluding in-migrants and ex-institutional population)

Stage 9 of the Basic Needs model determines the proportion of newly forming households who will need subsidy to access housing. We assume that those recently formed households who now rent from the Council or another social landlord (or own part equity in a shared ownership property with an RSL) were all assessed to be in housing need and required assistance to access housing. These households constitute 52.4% of all newly formed households.

STAGE 10 OF BASIC NEEDS MODEL Ex-institutional Population

It is generally accepted that the needs of the ex-institutional population are difficult to identify, and in the context of the overall analysis do not contribute a numerically significant amount. We have therefore assumed no additional need at this stage of the model.

STAGE 11 OF BASIC NEEDS MODEL Existing Households Falling into Priority Need

The proportion of existing households that fall into priority need also constitutes only a small proportion of the overall newly arising need. Households generally fall into priority need when the needs of the household change such that their existing home becomes no longer suitable or alternatively that the condition of their current home deteriorates to an extent that the household cannot afford its repair.

DETR guidance notes that:

Housing needs surveys are not particularly helpful in identifying and measuring these change events. (p 63, DETR 2000)

Whilst some data is available from the personal interviews undertaken within SHPPTWA, such information is limited and no details are available from the postal survey. In lieu of survey data, we have considered the net additions to the housing register, on the basis that about...

One quarter of net applications are existing established households running into difficulty. (p 164, DETR 2000)

Figure 3C.8 illustrates changes in the waiting list over the last three years. It is apparent that whilst the number of registered households has fluctuated over the period, overall the list has remained relatively stable showing an average increase of only 15 additional households each year.



HIP Reported Data	April 99 – March 00	April 00 – March 01	April 01 – March 02
Households on housing register at start of period	983	892	795
Households on housing register at end of period	892	795	1,029
Net change	-91	-97	+234

Figure 3C.8: Changes in the Local Authority Housing Register over 3 years

Over the passage of time, households will leave the housing register as they are allocated appropriate housing – therefore, in order to assess the net new applications we should consider the rate at which households are housed.

HIP Reported Data	Number of Lettings (excluding transfers)
April 99 – March 00	290
April 00 – March 01	319
April 01 – March 02	342
Average	317

Figure 3C.9: Number of RSL lettings over 3 years

On the basis of 317 lettings each year and an average of an additional 15 households registered on the waiting list we are able to calculate the net applications as being an average of 332 per annum, and therefore estimate the number of existing households falling into priority need as being approximately 83 each year.

STAGE 12 OF BASIC NEEDS MODEL

In-Migrant Households

In total, 52.2% of households that moved in the last two years moved to South Hams from outside the area – equivalent to 4,134 households in total. To assess the annual number of in-migrant households, this two-year figure is halved to 2,067 households.

Figure 3C.10 provides information about the current housing circumstances of these households. In comparison with newly forming households, in-migrants were less likely to rent from the Council or from RSL's. This is due to the fact that in-migrant households were more likely to be able to afford to buy or rent in the housing market than newly forming households.

Current Housing Circumstances	% of Households that Moved	Equivalent Number of Households
Owner occupation	76.3%	1,577
Rent from the Council	2.5%	52
Rent from an RSL	0.8%	16
Rent from a private landlord with housing benefit support	4.2%	87
Rent from a private landlord without housing benefit support	13.7%	283
Provided as part of job	2.5%	51

Figure 3C.10: Current Housing Circumstances of all households that moved to SHPPTWA in the last 2 years



Using the trend-based data for in-migrant households, those currently renting from social landlords (including those in shared ownership) or otherwise in receipt of housing benefit total 7.5% of all in-migrant households. A further 5.7% of in-migrant households successfully accessed private housing, but are now finding that housing costs are putting a strain on their budget – bringing the total proportion of in-migrant households assessed as unable to buy or rent in the housing market to 13.2%, equivalent to 274 households each year.

STAGE 13 Summarising the Newly Arising Need

The final stage in assessing the newly arising need within the model summarises the total need from all of the categories identified.

Stage	Factor	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
8.	New household formation (gross)			
9.	<i>times</i> Proportion unable to buy or rent in market	24 x 52.4% = 13	64 x 52.4% = 34	89 x 52.4% = 46
10.	<i>plus</i> Ex-institutional population moving into community	-	-	-
11.	<i>plus</i> Existing households falling into priority need	31	52	83
12.	<i>plus</i> In-migrant households unable to afford market housing	933 x 12.1% = 113	1,134 x 14.2% = 161	2,067 x 13.2% = 274
13.	<i>equals</i> Newly arising need	157	247	404

Figure 3C.12: Summary of Stages 8-13 of the Basic Needs model:
Backlog of Existing Need



Supply of Affordable Housing

Introduction

The major supply source of lettings to households in need comes from relets of social rented housing, and this turnover is a key component considered within the Basic Needs Assessment Model. Whilst other factors, such as existing new build commitments and current demolition programmes, can also be considered potential supply, such factors are only likely to impact the short-term future and are not, therefore, considered in the context of longer term supply.

Assessing the Supply of Affordable Housing

In assessing the supply of affordable housing, the Basic Needs Model uses a four-stage analysis.

The first stage (stage 14 of the overall model) identifies the number of tenancy terminations in the social rented sector – that is, properties that could be available for new tenants. The next stage discounts properties that will not become available because they are likely to be taken out of social landlord management. The third stage considers any committed additional supply; and the final stage totals the likely net supply.

The supply of affordable housing calculation is summarised below in figure 3D.1:

Stage	Factor	Definition
14.	Supply of social relets	Number of gross relets (terminations) in the social sector
15.	<i>Minus</i> Increased vacancies & units taken out of management	Number of units sold through LCHO schemes Change in number of social sector vacancies Planned social sector demolition programme
16.	<i>Plus</i> Committed units of new affordable supply	Number of committed new dwellings or conversions in the social sector
17.	<i>Equals</i> Affordable supply	14 - 15 + 16

**Figure 3D.1: Basic Needs Assessment Model:
Stages of Calculating Supply of Affordable Housing**

STAGE 14 OF BASIC NEEDS MODEL

Supply of Social Relets: Sources of Information

The number of gross relets in the social rented sector is considered on the basis of tenancy terminations in both Council and RSL stock. Housing need generated from within the social sector (through transfers) will constitute a net nil requirement (for in taking a dwelling, each household will also release a dwelling) therefore we discount from the supply any relets following mutual exchanges or transfers with the same landlord, and also transfers between different landlords in the social sector within South Hams.



RSL Stock

Information about the RSL sector can be obtained from a number of sources, including data submitted by the local authority within their Housing Investment Programme (HIP) returns, data submitted by RSLs to the Housing Corporation within their Regulatory Statistical Return (RSR), and also published information derived from CORE forms completed by RSLs for each property let. Each source of information is subject to certain degrees of error, and it is therefore important to compare data from each of these sources.

The annual HIP return submitted by local authorities includes information on RSL stock within the district, but there are inevitable inaccuracies in the figures due to the number of landlords operating within the authority and the voluntary, self-reporting nature of the data collection. Other potential problems become apparent when the type of properties managed by local RSLs are considered. Not only do they manage their own self-contained rented properties, but some part-own LCHO properties, others own bedspaces in hostels or shared housing, and some manage stock in the private rented sector through schemes such as HAMA and HALS.

More detailed information about RSL stock can be obtained from Housing Corporation publications based on statutory returns from the landlords. At the end of March 2002, South Hams had 17 RSLs operating in the area, with a total of 3,935 general needs units. In addition, local RSLs owned equity in 216 shared ownership (SO) or leasehold schemes for the older (LSE) units.

All RSLs are required by the Housing Corporation to complete annual Regulatory Statistical Returns, and it is this information that perhaps provides the most detailed data for each of the individual housing associations. Nevertheless, no information is provided about the source of lettings – making it difficult to identify transfers within the stock.

CORE is a continuous recording system jointly developed by the National Housing Federation and the Housing Corporation and operated from St. Andrews University. CORE provides information on RSL lettings in England from around 750 RSL's and non-registered associations with a number of statistical reports published on a regular basis. In addition to these standard reports, bespoke tables can also be provided. To inform our analysis of local housing needs ORS has purchased data tables from the CORE database about lettings in each local authority area for the last four years. Using this information we are able to identify the total number of lettings and differentiate newlets and re-lets and the number of lettings associated with transfers within the same RSL and between landlords.

Supply of RSL Relets: Number of Lettings

For the period April 2001 to March 2002, HIP information submitted by South Hams DC about RSL stock within the district identifies a total of 342 lettings (excluding social sector transfers). For the same period, CORE data indicates a total of 250 lettings of which 42 were internal transfers and a further 3 were transfers from other HAs – which suggests a lower total of 205 lettings (excluding transfers). Finally information from "Source 62" indicates 544 lettings of self-contained units over the year. If we assume the same rate of transfers as indicated by the CORE data ($45 \div 250 = 18.0\%$), this would suggest a total of 446 lettings for the period (excluding transfers).



Source of Data	Number of Lettings (excluding transfers)
South Hams HIP Return	342
CORE data	205
Housing Corporation RSR	446
Average	331

**Figure 3D.2: RSL Lettings (excluding transfers)
April 01 - March 02**

As illustrated in figure 3D.2, there are some inconsistencies apparent when information is considered from each of the alternative sources available, and it would therefore seem reasonable to consider the average number of lettings.

The DETR guidance notes that the supply from relets can vary considerably over time, and it is recommended that data for a number of recent years be considered. Therefore, we consider information from the last three years.

For the period April 2000 to March 2001, HIP information submitted by South Hams DC about RSL stock within the district identifies a total of 319 lettings (excluding social sector transfers). For the same period, CORE data indicates a total of 370 lettings of which 79 were internal transfers and no transfers from other HAs – which suggests a total of 291 lettings (excluding transfers). Information from “Source 58” indicates 388 lettings of self-contained units over the year. If we assume the same rate of transfers as indicated by the CORE data ($79 \div 370 = 21.4\%$), this would suggest a total of 305 lettings for the period (excluding transfers).

Source of Data	Number of Lettings (excluding transfers)
South Hams HIP Return	319
CORE data	291
Housing Corporation RSR	305
Average	305

**Figure 3D.3: RSL Lettings (excluding transfers)
April 00 - March 01**

For the period April 1999 to March 2000, information on RSL lettings derived from the local authority HIP data indicates a total of 290 lettings over the year (excluding transfers). CORE data, however, provides a slightly lower figure for the same period – identifying a total of 365 lettings, of which 77 were internal transfers with 2 transfers from other HAs. Thus the CORE data identifies a total of 286 lettings net of transfers. RSR data published by the Housing Corporation within “Source 48” indicate a total of 428 lettings for the period, and assuming the same transfer rate as identified by the CORE data (21.6%) would suggest a total of 335 lettings for the period (excluding transfers).



Source of Data	Number of Lettings (excluding transfers)
South Hams HIP Return	290
CORE data	286
Housing Corporation RSR	335
Average	304

**Figure 3D.4: RSL Lettings (excluding transfers)
April 99 - March 00**

In the context of all the available information, it would therefore seem appropriate to conclude that there are 313 lettings in the RSL sector (excluding transfers) each year.

Period	Average Number of Lettings (excluding transfers)
April 2001 – March 2002	331
April 2000 – March 2001	305
April 1999 – March 2000	304
Overall average	313

Figure 3D.5: RSL Lettings (excluding transfers)

Supply of RSL Relets: Discounting Newlets

In general, RSL lettings can be classified into two key categories – newlets and relets. Newlets (or newlettings) are first-time lettings of newly built properties or other additions to the stock. Relets (or relettings) are lettings of properties following the end of a previous tenancy, and implicitly rely on a termination.

Whilst we have established the total number of lettings each year net of transfers, to identify the level of relets we must discount newlet properties.

Source of Data	March 2001 - April 2002	March 2000 - April 2001	March 1999 - April 2000	Annual Average
South Hams HIP Return: <i>No. of additional RSL rented dwellings</i>	86	38	77	67
CORE data: <i>Number of newlets</i>	58	77	101	79
Overall average	72	58	89	73

Figure 3D.6: RSL Newlets

From the two sources of information available, over the three years the average number of new-lets equates to 73 units per annum, thereby reducing the number of lettings identified above to 240 each year.



Supply of Social Relets: Other Relets

Once again, the above analysis of lettings only considers those relets where the property concerned has been successfully let to a new tenant. In the context of the above definition, we should also consider relets (or terminations) where no subsequent letting has been made. Such instances can be identified by changes in vacancy levels, tenancy terminations following property sales, and terminations associated with converting to shared ownership.

Factor	RSR Data		
	Units Vacant and Available	Units Vacant and Not Available	Total Units Vacant
Vacant RSL dwellings:			
As at 31 st March 2002	23	22	45
As at 31 st March 2001	12	12	24
As at 31 st March 2000	21	6	27
As at 31 st March 1999	39	23	62
Annual change in vacancies			
April 2001 - March 2002	+11	+10	+21
April 2000 - March 2001	-9	+6	-3
April 1999 - March 2000	-18	-17	-35
Annual average change	-5	-1	-6

Figure 3D.7: Changes in Vacant Stock

Over the last three years, the RSR data indicates an average decrease by 6 vacancies within the stock each year.

Detailed information about ownership of stock is also available from the RSR data. By analysing the figures, we are able to infer changes in South Hams RSL stock as noted in figure 3D.8 below (April 2001 to March 2002).

RSR Reported Data	Rented	Shared ownership
Total stock at start of year	3,934	224
Additions to stock	59	-
Units sold by RSLs to tenants as initial shares in a Shared Ownership scheme	-	-
Units staircased out of Shared Ownership (i.e. 100% of the equity purchased by the occupier)	-	8
Units sold by RSLs to tenants through Tenant Statutory Purchase or other voluntary sales	37	-
Other losses from stock	21	0
Total stock at end of year	3935	216

Figure 3D.8: Changes in the RSL Self-contained Dwelling Stock April 2001 - March 2002



In calculating the number of tenancy terminations in the RSL sector, we must once again consider annual losses from the stock. In total, 58 rented properties were sold or otherwise decommissioned by local RSLs over the year – each implicitly ending a tenancy. Similar analysis for April 2000 to March 2001 and April 1999 to March 2000 identified 72 and 91 rented properties respectively that were sold or otherwise lost from stock once again each implicitly ending a tenancy.

On the basis of this information, we can assume an average of 74 tenancy terminations each year due to the sale of rented dwellings.

Factor	Average Number of Relets (Terminations)
Properties successfully let to new tenants (excluding newlets & transfers)	240
Decrease in vacant dwellings	-6
Terminations due to sale of dwellings	74
Total number of relets within the social rented stock	308

Figure 3D.9: RSL Relets (Terminations) Within The Rented Stock

In summary, on the basis of information for the last three years, we have identified an average of 308 relets (terminations) within the RSL rented stock each year.

Supply of Social Relets: Shared Ownership Housing

In addition to relets within the rented stock, we should also consider tenancies within the Shared Ownership sector managed by local RSLs. During 2001-02, there were 8 shared ownership units where the tenants purchased the final share of the property (and so terminated their tenancy) as noted in figure 3D.10.

RSL	SO Stock 31 st March 2001	Sales of Initial Share (Additions)	Sales of Final Share (Losses)	SO Stock 31 st March 2002
Devon & Cornwall	25	-	-	25
Guniess Trust	24	-	1	23
Moat Home	1	-	1	-
Sanctuary	1	-	-	1
South Hams Housing/Tor homes	91	-	4	87
South West Coop	3	-	-	3
Soveriegn	17	-	-	17
Westcountry	62	-	2	60
Total	224	-	8	216

Figure 3D.10: Changes in RSL Shared Ownership Stock

The equivalent figures for 2000-2001 and 1999-2000 were 27 and 29 respectively giving an annual average of 21 shared ownership terminations.

In conclusion, following a detailed analysis of the available data, we have identified an annual average total of 308 tenancy terminations of RSL rented properties and a further 21 shared ownership terminations each year – each where the properties concerned could become available to households in housing need (subject to any losses from stock, identified at stage 15 of the model). This overall total of 329 relets is carried forward to stage 14 of the model.



STAGE 15 OF BASIC NEEDS MODEL

Units Taken Out of Management

Of the 329 properties identified in stage 14, not all will be available for reletting, as some will be lost from the social sector stock. Such losses will include RSL stock sold to tenants and Shared Ownership properties that are staircased out to full ownership of the occupier.

Property sales of RSL self-contained rented stock averaging of 74 units p.a. None will remain in the social sector. Of the entire Shared Ownership stock part-owned by local RSLs, an average of 21 units have the final equity share sold each year, and should be considered within the annual sales.

Factor	Average Number of Relets (Terminations)
Sales of RSL rented dwellings	74
<i>Minus</i>	
Properties transferred to Shared Ownership	0
<i>Plus</i>	
Sales of final Shared Ownership equity	21
Total number of units taken out of management	95

Figure 3D.11: Social Sector Units Taken Out of Management

In summary, the average number of social sector units taken out of management is estimated as being 95 each year. As no strategic increase in vacancies or demolition programme is likely to be considered, this estimate is carried forward to stage 16 of the model.

STAGE 16 OF BASIC NEEDS MODEL

Committed Units of New Affordable Supply

As noted in the introduction, any committed units of new supply will impact on provision only in the immediate future. Insofar as we are quantifying the total additional provision required, it is not proposed to include any new supply at this stage.

STAGE 17

Summarising the Supply of Affordable Housing

Stage	Factor	Equivalent Number of Households
14.	Supply of social relets	329
	<i>Minus</i>	
15.	Increased vacancies & units taken out of management	95
	<i>plus</i>	
16.	Committed units of new affordable supply	-
	<i>equals</i>	
17.	Affordable supply	234

Figure 3D.12: Summary of Stages 14-17 of the Basic Needs Model: Supply of Affordable Housing



Having considered the key stages of the Basic Needs Assessment Model, we can summarise the total need for affordable homes and the likely supply of properties. Figure 3E.1 summarises the total need for affordable homes in terms of "Backlog Need" and "Newly Arising Need".

	Need For Affordable Housing	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
1.	Backlog need existing households	1,402	3,064	4,466
2.	<i>minus</i> Cases where in-situ solution most appropriate	619	1,277	1,896
	<i>minus</i> Moves within the existing housing stock	179	585	764
	<i>minus</i> Out-migrants	108	180	288
3.	<i>times</i> Proportion unable to afford to rent or buy in market	496 x 35.6%	1,063 x 58.2%	1,559 x 51.0%
4.	<i>plus</i> Backlog of non-households	2	3	5
5.	<i>equals</i> Total Backlog Need (1 - 2) x 3 + 4	178	622	800
6.	<i>times</i> Quota to progressively reduce backlog	20%	20%	20%
7.	<i>equals</i> Annual need to reduce backlog 5 x 6	36	124	160
8.	New household formation (gross)	24 x 52.4% = 13	64 x 52.4% = 34	89 x 52.4% = 46
9.	<i>times</i> Proportion unable to buy or rent in market			
10.	<i>plus</i> Ex-institutional population moving into community	-	-	-
11.	<i>plus</i> Existing households falling into priority need	31	52	83
12.	<i>plus</i> In-migrant households unable to afford market housing	933 x 12.1% = 113	1,134 x 14.2% = 161	2,067 x 13.2% = 274
13.	<i>equals</i> Newly Arising Need (8 x 9) + 10 + 11 + 12	157	247	404
Total Need For Affordable Housing		193	371	564

Figure 3E.1: Total Need for Affordable Housing



On the basis of the Basic Needs Assessment Model, the likely supply of housing is detailed below in Figure 3E.2.

Stage	Supply Of Affordable Housing	Number of Households
14.	Supply of social relets (terminations)	329
15.	<i>minus</i> Increased vacancies & units taken out of management	95
16.	<i>plus</i> Committed units of new affordable supply	-
17.	<i>equals</i> Total Affordable Supply 14 - 15 + 16	234

Figure 3E.2: Total Supply of Affordable Housing

While the supply will satisfy a proportion of the overall need, the model shows that there is a shortfall of 146 affordable homes per year, as noted in figure 3E.3.

Summary of Basic Model	Number of Households
BACKLOG OF EXISTING NEED Annual need to reduce backlog	160
<i>plus</i> NEWLY ARISING NEED	404
<i>minus</i> SUPPLY OF AFFORDABLE HOUSING	234
<i>equals</i> NET SHORTFALL (SURPLUS) affordable units per year	330

Figure 3E.3: Net Shortfall of Affordable Housing

Considering housing needs and affordable housing in isolation obviously introduces certain artificial constraints. In particular, the assumption that the identified backlog will be cleared over a period of 5-years acutely impacts on the overall net shortfall identified each year (figure 3E.4).

Summary of Basic Model	Backlog reduced over:		
	5-year period	7.5-year period	10-year period
BACKLOG OF EXISTING NEED Annual need to reduce backlog	160	107	80
<i>plus</i> NEWLY ARISING NEED	404	404	404
<i>minus</i> SUPPLY OF AFFORDABLE HOUSING	234	234	234
<i>equals</i> NET SHORTFALL (SURPLUS) affordable units per year	330	277	250

Figure 3E.4: Sensitivity Testing the Timescale to Reduce Backlog



The DETR Guidance notes that whilst a standard factor of 20% should be applied to reduce the backlog of existing need for comparability purposes, it also recommends that policy judgements should be made:

"...to determine the practical rate at which this backlog can be reduced, which may involve a quota of less than 20% (using a quota reduction of more than 20% is not recommended)"
(p25, DETR 2000).

Insofar as the length of time considered for clearing the backlog need influences the annual requirement for affordable housing to such an extent, it is apparent that the practical rate at which it can be reduced must be considered.

It is also important to consider the role of the private sector in satisfying housing needs, for some of the households identified within the overall shortfall may receive subsidy to enable them to live in private housing – in particular, in the rented sector through receipt of Housing Benefit support. Whilst housing benefit actually underwrites certain sectors of the private market, the Basic Needs Assessment Model takes no consideration of its role in effectively providing subsidised housing.

The next chapter introduces the ORS Housing Market Model and considers its application in the context of all Housing Requirements (both Housing Need and Housing Demand) across the entire South Hams housing market.



Chapter 4

Modelling the Housing Market

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Methodology: ORS Housing Market Model

History and Development

ORS' housing needs research began in 1994, when the company was commissioned to survey and assess housing needs in Cardiff. Since then the model has progressed very considerably with assistance from our clients and the Housing Department of the City and County of Cardiff; Tai Cymru/Housing for Wales; the Housing Corporation; the Scottish Office; Scottish Homes; the Commission for New Towns; and English Partnerships.

The model is a research tool and subject to continuing development. Earlier versions of the model operated on the basis of alternative standard sets of 'objective' or 'subjective' assumptions about households' affordability, bedroom requirements and appropriate tenure, but such a dichotomous approach has now been superseded. Similarly, for SHPPTWA and future clients, the model is predominantly trend- rather than aspiration-based – particularly with respect to the treatment of migration and hidden/emerging households.

Finally, the model is far more than a database or spreadsheet, for it not only records but computes vast amounts of survey and other data to analyse the whole housing market's current and projected housing requirements. It has been programmed as a user-friendly software tool in Windows and is a sophisticated tool for sensitivity-testing wide-ranging variable assumptions about the housing market.

Key Questions for Housing Needs Assessments

For any housing needs assessment, the key or core issues are:

- How many additional units are required? (Total 'requirement' – which equals 'demand' plus 'need')
- How many additional units should be subsidised, social sector homes? (Total 'need')
- For what type of open-market housing is there demand?
- How will 'demand' and 'need' change over time?

The ORS housing market model answers these questions by analysing the whole housing market. Instead of focusing only or primarily upon poorer households and social sector need, it interprets the interaction of supply and demand across the whole housing market.

Dynamic Analysis of Demand, Needs and Supply Flows

In order to provide an overall analysis, the ORS model treats the housing market dynamically – by likening the interchange between households and vacancies to 'musical chairs.' As some households move, or suffer dissolution due to death, other households take up the released vacancies. The extent to which the market clears depends upon the match or mismatch between the households seeking housing, on the one hand, and the available stock, on the other.

On the requirements ('demand' and 'need') side, the model takes account of established, hidden, homeless and in-migrant households, and also the 'effectiveness' of their demand. On the supply side, it takes account of



current and potential vacancies created by established households moving, household dissolutions through death, and new provision. The musical chairs analogy brings out the dynamic relation between supply and demand – for most households find suitable vacancies only because others move or suffer dissolution.

Whether households want or need to move, and what housing is appropriate for them, depends upon their characteristics, requirements and current accommodation. The model considers households' tendency to move or seek independent housing, and also their needs, expectations and priorities for housing of given tenure, type, cost and size. The analysis makes households' choices central to its analysis – while recognising the financial and other constraints facing them.

Effective demand is driven primarily by choice (as it is widely understood). Nonetheless, even well-off households can find accommodation only if suitable vacancies arise. Choices of housing of particular tenure, type, cost and size must operate not only within the context of affordability but also within the available housing stock. Obviously, households in need and with affordability difficulties are doubly constrained – for not only are unable to choose their housing but they also face even more limited availability.

Both demand and needs are profiled on the basis of important assumptions that are independently variable for each category.

Variable Demand and Needs Profiling Assumptions

Any modelling must use important assumptions about how and on what basis households might or might not be able to fulfil their expectations and aspirations in the open market. The relevant assumptions are outlined briefly below in order to demonstrate the extent to which the model is flexible and suitable for sensitivity testing. The main areas of assumptions are as follows.

Number of Bedrooms

The modelling can determine the number of bedrooms appropriate for households on the basis of their:

- Desired number
- Minimum acceptable number
- Required number, based upon a set (but variable) bedroom standard.

Appropriate Tenure

Similarly, the modelling can assess households' appropriate tenure on the basis of their:

- Expectations of what they are likely to achieve;
- Trends in what has been achieved previously by such households; and
- Affordability *within the social sector*.

The household expectations in question can be either constrained or unconstrained on the basis of their actual affordability and the local housing market costs and access-thresholds. Hence, the model can moderate or correct unrealistic aspirations/expectations based upon actual housing costs and affordability levels.

The trend profile is, of course, constrained by market realities since it embodies what has been possible previously.



General affordability is used to determine demand, but affordability *within the social sector* determines whether mixed tenure or social renting options are appropriate for the households in question.

Objective Affordability

As detailed in section 2C, affordability may be assessed objectively, in terms of what households could rent or buy in the private sector. The model takes into account savings and debts, equity (positive or negative), and the ability to access mortgages and/or loans.

Households' abilities to access mortgages and loans have already been discussed, and are based upon either lending multipliers or the proportion of income available for housing costs, or both of these measures.

Similarly, rental affordability may also be assessed objectively, in terms of what households could rent in the private sector. In assessing affordability, the model takes into account the proportion of gross or net income that is held to be available for housing costs.

Obviously, the lending multipliers, or proportions of income allowable for housing, and whether gross or net incomes are used are all variable within the modelling. The extent to which the household composition and size should affect the proportion of income held to be available for housing costs can be determined – on the basis of McClement's *equivalence scale*.

Finally, the assumed term and interest rates of the mortgages are variable in the light of prevailing circumstances.

Self-assessed Affordability

Households' affordability can also be determined on a self-assessed basis, in terms of:

- What payments they believe they could afford, and
- How much they want to pay

It is arguable that self-assessed affordability is the only assessment that takes into account all of households relevant circumstances. Where objective affordability assesses the typical or maximum amount households' can afford, based on income and household structure, self-assessed affordability will be based on the householders' perception of his/her specific circumstances and is likely to take into account factors that cannot be assessed within the survey. Households may be unable, or not want to commit large proportions of their income towards a mortgage or towards rent, because of other commitments or priorities.

It is also possible for self-assessed affordability to yield figures that are unrealistic. In some cases, households may expect to be able to obtain properties of certain sizes, for amounts that are below typical market prices. The market model therefore uses information on self-assessed affordability, complemented with objective affordability and information about properties available within the local housing market to take account of households' preferences and their actual ability to afford properties of certain price and type.

Applying Variable Profiling Assumptions in SHPPTWA

Assessing Housing Needs

In the SHPPTWA study, the model determines the housing appropriate for households in needs on the basis of the following criteria:

- Household structure – to determine size of property and affordability multipliers



- Objective affordability to determine social sector needs and the potential for mixed tenure options; and

Assessing Housing Demand

Households wanting to move and with sufficient resources broadly to meet their requirement in the open market constitute demand within the market. In the SHPPTWA study, the model determines the level of housing demand on the basis of the following criteria:

- Self-assessed affordability; and
- Preferred number of bedrooms.

These two features are closely related in assessing demand levels accurately, as the following analysis shows.

Self-assessed affordability is used to measure demand at different price levels providing the self-assessed level does not exceed the amount objectively assessed as affordable for the household. In other words, the self-assessed affordability must not exceed the objective level; and if it does so, then the objective level is used to determine affordability instead.

Households' preferred number of bedrooms is used to determine demand for different size homes providing the households' affordability level exceeds the access threshold for the required size of home. Where the latter exceeds the former, the household's affordability is increased (to meet the access threshold for the required dwelling size) if the objective affordability so allows in practice. If the objective amount is insufficient, then the number of bedrooms is incrementally reduced until *either* the minimum number of bedrooms acceptable is reached *or* until the access threshold for the property size is below the objective affordability level for the household. Where the objective affordability remains below the access threshold for the minimum size property the household will consider, then the household is excluded from the calculation of effective demand for that tenure.

Nonetheless, for such households another solution may be appropriate. For example, households might be unable to afford a dwelling size via owner-occupation but do so by private renting. If such a solution is not possible within the limits of the household income and available properties, then it is assumed that the household in question will not move – that is, will not form part of the effective demand. However, this will not exclude the possibility that such households will be part of the needs assessment, if their current accommodation is assessed as unsuitable for their requirements.

Variable Household Population Assumptions

Just as important demand, needs and supply profiling assumptions must be variable if the model is to be an effective tool for housing and planning professionals, so the population projections should also be variable, overall and in their components. Therefore, the SHPPTWA model has the capacity to operate on the basis of the following variable features:

- Outward household and individual migration rates – and hence the proportion of established households that will move within or away from the area
- Inward household migration rates
- Household formation rates
- Household dissolution rates (by assuming variable death rates)
- Transactional vacancy rates
- Long-term vacancy rates.



In the following analysis for SHPPTWA, the above variable rates are based upon trends and other data drawn from the household survey.

Modelling the Housing Market

Allocative Procedure

Using the relevant assumptions, the model compares the demand/needs and supply profiles in order to compute the match or mismatch between the households seeking housing and the likely available dwellings. The analysis uses a 'matching' or 'allocative' procedure to assess the extent to which actual and potentially available dwellings are suitable for the households seeking housing.

There is no single right answer, of course, to the question of how well the available stock matches households' requirements, and so the model's capacity to sensitivity test varying assumptions, and to constrain households' expectations against objective criteria are important.

Elements of Demand, Needs and Supply

By using appropriate assumptions and estimating the market's potential to clear, the model derives the net stock shortfalls or excesses, broken down by tenure, size and price. It assesses net housing requirements by comparing the elements of demand, needs and supply in terms of their interaction over short and longer time periods.

The elements of demand and need are as follows:

- Established households moving home
- In-migrant households to the area
- Hidden households emerging into the market
- Additional homeless households.

The supply of housing is generated by:

- Established households wanting or having to move home
- Out-migration from the area
- Household dissolution through deaths
- Reductions in the transactional and long-term vacancy rates.

The following sections of this chapter consider the ORS Housing Market Model analysis of the components of demand, need and supply in assessing SHPPTWA housing market.



Housing Requirements: Demand and Need

As discussed in Chapter 2, housing requirements comprises both housing need and housing demand – the former addressing the needs of households without adequate housing who are unable to resolve their situation without assistance, and the latter addressing the preferences of those households who have the ability to pay.

Chapter 3 of the report assessed the overall level of housing need using the DETR Basic Needs Model framework proposed in the good practice guidance. This section considers the overall housing requirements for South Hams through the use of the ORS Housing Market Model, and considers both demand and need for housing in the district.

ESTABLISHED HOUSEHOLDS

In total, 30.1% of all households living in SHPPTWA would like to move, equivalent to 3,867 households in total. Fewer (12.6%) households actually expect to move within the next 2 years, equivalent to 1,617 households. Figure 4B.1 provides a matrix of aspirations and expectations of moving home in the next two years.

Household Mobility Aspiration & Expectation	Likely to move in 2 years	Not likely to move in 2 years	All Households
Would like to move	1,416	2,451	3,867
Would not like to move	200	8,772	8,972
All Households	1,617	11,223	12,840

Figure 4B.1: Number of Households currently living in SHPPTWA Wanting/Likely to Move

For the rest of South Hams (outside the SHPPTWA), marginally fewer would like to move (27.8%), though proportionately more households expect to move within the next 2 years (13.2%). Figure 4B.2 provides a matrix of aspirations and expectations of moving home in the next two years.

Household Mobility Aspiration & Expectation	Likely to move in 2 years	Not likely to move in 2 years	All Households
Would like to move	2,452	3,397	5,848
Would not like to move	332	14,877	15,209
All Households	2,784	18,273	21,057

Figure 4B.1: Number of Households currently living outside SHPPTWA Wanting/Likely to Move

In the following analysis, all households who expect to move, or want to move are considered – equating to a total of 4,068 households in SHPPTWA and a further 6,181 households in the rest of South Hams.



Of the 4,401 households who have indicated that they are likely to move in the next 2 years (1,617 within SHPPTWA and a further 2,784 in the rest of South Hams), a significant proportion - 44.1% (1,941 households) expected to leave the District (see figure 4B.2). These 1,941 households are removed from the remaining housing requirement calculations, as they do not constitute a demand on South Hams' housing.

Household Mobility Aspiration & Expectation	Households Likely to move in 2 Years
Within South Hams district	2,460
Away from South Hams district	1,941
All Households	4,401

Figure 4B.2: Number of Households Likely to Leave South Hams District in 2 years

The following analysis is therefore based on 8,307 households that possibly have a requirement for housing in South Hams. In analysing the overall housing requirement, both households that would like to move and those who felt it likely they would move over the next two years were considered. Figure 4B.3 indicates those households that *need* to move from their current home based on its suitability for their need (as described in Section 2B).

Household Mobility Aspiration & Expectation	Need to move	Do not need to move	All Households
Would like to move and Likely to move in 2 years	1,180	1,061	2,241
Would not like to move and Likely to move in 2 years	107	112	219
Would like to move and Not likely to move in 2 years	1,068	4,780	5,847
All Households	2,355	5,952	8,307

Figure 4B.3: Number of Households that Need to Move

In total, 28.3% (2,355) of these households actually need to move due to unsuitability problems with their current home. It is not surprising that over half of those households needing to move (1,068 out of 2,355) indicated that they would like to move but did not consider it likely that they would do so in the next two years.

Of all households possibly moving, 6,940 (83.5%) currently live in the private housing sector – either owning their own home or renting from a private landlord. The remaining 1,368 households live in some form of affordable housing, mainly properties rented one of the local RSLs.

Household Mobility Aspiration & Expectation	Households Wanting or Likely to move in 2 Years
Private Sector	6,940
Social Sector	1,368
All Households	8,307

Figure 4B.4: Current Housing for Households Wanting/Likely/Needing to Move



Established Households Currently Living in the Private Sector

Figure 4B.5 considers those households currently living in private housing that want or are likely to move in the next two years. The table shows whether these households can afford to buy or rent a new home without subsidy and whether they actually *need* to move to another home.

Household Mobility Aspiration & Expectation	Households Living in Private Sector Housing that Want to Move or are Likely to Move within 2 years				All Households
	Can afford to buy/rent without subsidy		Cannot afford to buy/rent without subsidy		
	Need to Move	No Need to Move	Need to Move	No Need to Move	
Would like to move and Likely to move in 2 years	410	754	486	254	1,904
Would not like to move and Likely to move in 2 years	34	60	32	17	143
Would like to move and Not likely to move in 2 years	249	3,286	272	1,086	4,893
All Households	693	4,100	790	1,357	6,940

Figure 4B.5: Number of Households living in Private Sector Housing Wanting/Likely/Needing to Move

When considering the DETR model “Backlog Need” in section 3B, it was noted that 1,559 households are currently living in unsuitable private sector housing and need to move to resolve their housing problems. 51% of these households cannot afford to buy or rent privately – equivalent to 790 households across the district. These households (highlighted in blue in figure 4B.5) have already been identified as being in Housing Need, and together with the need identified from households currently homeless or otherwise yet to form, accounted for the 800 households identified as the “Backlog Need”. To address these needs, the DETR model assumed a 20% multiplier to clear the backlog over a five-year period, and (as noted in our earlier analysis) it was assumed that 160 units per year would be required.

In terms of housing demand, 1,258 households (highlighted in green in figure 4B.5) are likely to move over the next two years can afford to buy or rent privately without subsidy. It is reasonable to halve this requirement to convert to an annual demand – a total of 629 units per year.

Of the remaining households, a further 271 (highlighted in purple) expect to move within the next two years – but, on an objective basis, they currently lack sufficient resources to do so. Unlike the 790 (blue) households in housing need, these households currently live in suitable housing (that is, they do not *need* to move) and therefore they are currently neither considered a need nor an effective demand on the housing market. Nevertheless, as noted when considering “Newly Arising Need”, it is assumed that 83 established households currently living in the private sector will fall into priority need each year.

Finally, whilst the 4,621 households highlighted in red may like to move, none expect to do so over the next two years. Once again, they are neither considered a need nor an effective demand on the housing market.



Established Households Currently Living in the Social Sector

Figure 4B.7 considers households currently living in social sector housing that want or are likely to move in the next two years. The table shows whether these households can afford to buy or rent a new home without subsidy and whether they actually 'need' to move home.

Household Mobility Aspiration & Expectation	Households Living in Social Sector Housing that Want to Move or are Likely to Move within 2 years				All Households
	Can afford to buy/rent without subsidy		Cannot afford to buy/rent without subsidy		
	Need to Move	No Need to Move	Need to Move	No Need to Move	
Would like to move and Likely to move in 2 years	37	2	243	38	320
Would not like to move and Likely to move in 2 years	2	-	24	-	26
Would like to move and Not likely to move in 2 years	97	22	518	384	1,022
All Households	136	24	786	422	1,368

Figure 4B.7: Number of Households living in Social Sector Housing Wanting/Likely/Needing to Move

In addition to the 790 households living in private sector accommodation and the "non-households" currently in housing need, a further 786 households living in social sector housing (highlighted in blue in figure 4B.7) are also in housing need. These households were excluded from the DETR model – for in moving to satisfy their own needs, they would also be releasing a social sector home, thereby creating a net nil requirement. Nevertheless, they must be included in profiling the overall housing market – for the type of dwellings they need obviously differs from those dwellings they currently occupy. As with the "Backlog Need" in the private sector, we have assumed a five-year period for the need to clear – which implies that 157 transfers are required each year to clear this need within the social sector.

Some households in the social sector will constitute housing demand as they move into the private sector. In total, 41 households (highlighted in green in figure 4B.6) are considered it likely that they will move in the 2 years and have sufficient resources to buy or rent privately without subsidy. Once again, this demand can be annualised to 21 units per year.

As with the private sector, a number of other households in the social sector who would like to move will be considered neither a need nor an effective demand on the housing market. 38 households (highlighted in purple) expect to move but currently lack sufficient resources to do so on an objective basis, and a further 503 households (highlighted in red) would like to move, none expect to do so over the next 2 years. Of these households, we estimate 68 will actually fall into need each year due to changing circumstances and will therefore require a transfer within the stock.



Summary of Established Households' Housing Requirements

Through considering the effective demand for housing from established households alongside the needs of established households currently in unsuitable accommodation who are unable to afford appropriate housing and the needs of those households likely to fall into priority need each year, there is an annual requirement of 1,116 units. Nevertheless, in vacating their current home, these established households will also provide an equivalent supply of housing.

Source of Requirement	Established Households' Annual Housing Requirement		
	Private Sector	Social Sector	Total
Annual requirement to reduce backlog need (assuming 20% multiplier)	158	157	315
Newly arising need	83	68	151
Annual Housing Need	241	225	466
Annual Housing Demand	629	21	650
Established Households' Housing Requirement	870	246	1,116

Figure 4B.9: Annual Housing Requirement: Need and Demand from Established Households Moving

NEW HOUSEHOLDS

The housing requirements of new households include both housing demands and housing needs of all households not currently living in their own independent home within the South Hams district. Such households include newly forming households (i.e. individuals previously living with another household within the borough), in-migrant households previously living outside the borough, homeless households currently in temporary accommodation and individuals previously in institutional accommodation.

Newly Forming Households

Newly forming households have previously been considered in section 3C as a component of Newly Arising Need within the Basic Needs Assessment Model. Survey data indicated that 177 households had newly formed within the last 2 years, equating to a rate of 89 households per year. On the basis of these identified trends, we assume that likely future household formations will continue at a comparable rate.

Of those households that formed within the last 2 years, 52.4% required assistance with their housing costs and were therefore deemed to be in housing need (as discussed in 3C). The remainder (47.6%) were able to afford to buy or rent without subsidy and their requirements should therefore be considered as an effective housing demand.

In summary, we would therefore project annual housing requirements from newly forming households to constitute a demand of 43 units on the housing market in addition to a need for 46 units.



In-migrant Households

The definition and characteristics of in-migrant households were also introduced in section 3C, and information on such households is also derived through considering trend-based survey data. Over the last 2 years, 4,134 households have moved to the borough from elsewhere – suggesting an inward migration rate of 2,067 households each year. Of these households, the majority constituted an effective housing demand insofar as they were both able to access housing in the private sector and able to afford the associated costs. Only 13.2% were unable to buy or rent in the housing market without subsidy and were therefore deemed to be in housing need.

In terms of annual requirement, 1,793 in-migrant households per year are able to rent or buy without subsidy and therefore should be considered within the housing demand. In addition, a further 274 in-migrant households per year require assistance with their housing costs, and are considered within the housing need analysis.

Other New Households

In terms of “Backlog Need”, 5 “non-households” were identified (including homeless households currently living in temporary accommodation and potential households unable to form independently). Through applying a quota of 20% to progressively reduce this backlog over a period of five years, these households constitute an additional annual need of 1 unit.

Summary of New Households’ Housing Requirements

The requirements of new households can therefore be summarised as follows:

Source of Requirement	New Households’ Annual Housing Requirement		
	Housing Need	Housing Demand	Total
New household formation (gross)	46	43	89
Ex-institutional population moving into community	-	-	-
In-migrant households	274	1,793	2,067
Annual requirement to reduce backlog need from “non-households” (assuming 20% multiplier)	1	-	1
New Households’ Housing Requirement	321	1,836	2,157

Figure 4B.10: Annual Housing Requirement: Need and Demand from New Households



OVERALL HOUSING REQUIREMENTS

In summary, figure 4B.11 gives the overall annual demand, need and housing requirement generated by both new and established households.

Source of Requirement		Annual Housing Requirement		
		Housing Need	Housing Demand	Total
Established households living in the:	Private sector	241	629	870
	Social sector	225	21	246
New households		321	1,836	2,157
Total Requirement		788	2,486	3,274

Figure 4B.11: Annual Housing Requirement: Need and Demand from All Households

A total of 3,274 households are identified as likely to require housing within the South Hams district over the next year, of which 788 households require subsidy to access the local housing market. Much of the overall requirement will be satisfied through vacancies arising within the existing housing stock, and the likelihood of such provision is considered in section 4C.



Housing supply will obviously become available as new properties are developed and introduced into the housing stock, however such supply is often relatively marginal in comparison with housing becoming available as previous occupants vacate existing properties. As previously discussed, the supply of housing is generated by:

- Established households moving home
- Out-migration from the area
- Household dissolution through deaths

The Housing Market Model considers such potential vacancies in the context of housing demand to provide an overall analysis of any shortfalls (or surpluses) that may require the provision of new housing.

Established Households Vacating Properties

Potential vacancies are realised when established households who wish to move within South Hams (for whatever reason) do so. In moving they create as many vacancies as they take up. At least in some cases, the released vacancies will be accessible to less well-off households. In housing needs studies it is important to profile the group(s) who cannot access the private sector vacancies, and also to profile any 'spare' stock that cannot be taken up.

The survey data giving the profile of potential vacancies over the next two years by the tenure, rent or purchase price and size of dwellings is used to derive an average annual profile of vacancies that is then used in the modelling

Figure 4C.1 details the annual supply of properties from established households vacating their current homes. Whilst these houses are not suitable for the current households that occupy them, they may be suitable for others, and therefore become part of the supply.

Current Tenure	Established Households Moving		
	Housing Need	Housing Demand	Total
Owner Occupied	170	570	740
Rented from RSL	225	21	246
Rented privately with HB	34	-	34
Rented privately without HB	37	59	96
Annual total	466	650	1,116

Figure 4C.1: Supply From Established Households Vacating Properties by Need & Demand



Out migrants

The model also takes into account likely vacancies arising from households moving out of South Hams in the next two years. Importantly, out-migrant households will release properties but do not require housing within the District: they are a source of net supply of housing.

On the basis of the survey data, the numbers of and profile of those expecting to be out-migrants over the next two years are used to derive an average annual picture that is used in the modelling. The likely tenure, rent or purchase price, and number of bedrooms of the vacancies to be released are based on the current homes of the likely out-migrant households (from their responses in the survey).

Figure 4C.2 shows that 971 properties will become part of the supply annually due to households leaving the District.

Current Tenure	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
Owner Occupied	317	431	748
Shared Ownership	-	10	10
Rented from RSL	27	30	57
Rented privately with HB	9	10	19
Rented privately without HB	51	86	136
Annual total	403	567	971

Figure 4C.2: Supply From Out-migrant Household Vacating Properties

Household dissolution following death

A further factor taken into account in the modelling is the effect of household dissolution caused by death on the supply of vacant dwellings. For all households, depending upon their household profiles (age and gender), the probability of one or more members dying is calculated; and the probability of such deaths causing the dissolution of the affected households is also calculated.

The housing market model takes into account the differential impact of varying death rates on the generation of vacancies in the housing stock, broken down by tenure, price and size, and based upon the probability of total household dissolution. The tenure, rent or purchase price, and size of the potential vacancies are based on the current homes of the households concerned. In general, deaths and consequent household dissolution can cause a considerable number of vacancies per annum. Figure 4C.3 details the annual number of properties provided to the supply chain as a result of complete household dissolution.

Current Tenure	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
Owner Occupied	119	315	434
Shared Ownership	-	2	2
Rented from RSL	27	61	88
Rented privately with HB	10	6	16
Rented privately without HB	6	10	15
Annual total	166	389	555

Figure 4C.3: Supply From Household Dissolution Following Death



Summary

The supply of housing through existing households vacating properties, outward-migrants, and household dissolution is summarised in figure 4C.4.

Current Tenure	Established Households Moving	Out-migrant Households Moving	Household Dissolution	Annual Total
Owner Occupied	740	748	434	1,921
Shared Ownership	-	10	2	12
Rented from RSL	246	57	88	391
Rented privately with HB	34	19	16	69
Rented privately without HB	96	136	15	248
Annual total	1,116	971	555	2,642

Figure 4C.4: Components of Supply, by Tenure



Net Housing Shortfall: A Function of Shortfalls *and* Surpluses

Typically, due to the pattern of needs and aspirations in communities, the net housing shortfall (normally but not necessarily a figure showing an overall shortfall of homes) is a product of component shortfalls *and* surpluses within the housing market. That is, while there may be a net shortfall of housing overall, there are usually constituent surpluses as well as shortfalls, whether in component sub-areas or for one or other of the tenures or house size groups.

The net housing shortfall (or surplus) considers housing requirement (housing demand and housing need) in the context of housing supply. In comparing the profiles of requirement and supply, the model seeks to make best use of the available housing stock by distinguishing between what might be called *gross housing shortfall* and *net housing shortfall*.

The point of the distinction is that the gross sum of people's aspirations might well to imply a high level of new housing provision in one particular tenure even while leaving vacant adequate housing in other tenures. For example, the gross demand for owner-occupation (from people currently in other tenures) could be taken to imply that many more such homes should be provided even if such provision would mean that all the otherwise adequate private rented housing would be deserted in the shift across tenures. Instead, though, of just quantifying gross demand by tenure, an adequate estimate of housing requirements must compute the *net housing shortfall* on the assumption that the best possible use should be made of the existing satisfactory housing stock. There are at least three main reasons for taking this approach:

- Any scenario that supposes a total transfer of households from satisfactory housing in one tenure to another tenure is unlikely to be realised in practice since it would require such a very sharp increase in new housing provision. Hence, an estimate of housing shortfall based upon this assumption would be unrealistic in the extreme.
- The wholesale transfer of households across tenures would not make the best use of the currently available satisfactory housing stock (on the assumption that such homes might remain vacant).
- Even if the transfer-by-tenure scenario were to be achieved, it would be only fleeting – since the empty homes would hardly remain vacant for long. While there might be a short-term reduction in house prices, the overall effect would be an increase in housing demand – most probably through increased in-migration from (surrounding) districts with higher prices, fewer homes on the market and indigenous pressure on resources.

Therefore, the ORS housing market model emphasises not gross housing shortfall, but net housing shortfall, based upon the best possible utilisation of the housing stock. That is, it computes the overall net requirement for new housing on the assumption that adequate housing within the stock will continue to be beneficially occupied. In particular, rather than assume that the production of a surplus of private rented accommodation is a possible or



desirable scenario, the model assumes that such homes will continue to be used (and, in many cases, subsidised through housing benefits).

The Matching Approach

The model is allocative in using a 'matching' procedure to assess the extent to which actual and potentially available dwellings in the housing stock are suitable for the requirements of households seeking or needing housing. By estimating the market's potential to clear, the model derives the net stock shortfalls or excesses, broken down by tenure, size and price. The model notionally assigns – or matches – available housing to households.

There is no single right answer to the question of how well the available stock matches households' requirements, and so the model can be used to test assumptions and to constrain households' subjective preferences or expectations against more stringent objective criteria.

The ORS Housing Market Model considers the gross annual flows of households between each of the main tenures within the district. Such an approach is considered by the DETR to be a development of the Basic Needs Assessment Model:

The value of this approach is that it makes the connections between what is happening in the private sector and the social sector explicit. It keeps track of households, who can't just disappear without trace, and draws particular attention to the roles of migration and private renting (p31, DETR 2000).

Through considering the housing market as a matrix of housing 'origins and destinations', the model matches housing requirements and potential supply as illustrated in figure 4B.1 below:

Source of Requirement/Supply		Established Households Moving to:			Out-migrant Households Moving	Household Dissolution	Total Housing Supply
		Owner Occupied	Rented without Subsidy	Subsidised Housing			
Established Households Moving From:	Owner occupied	526	44	170	748	434	1,921
	Shared ownership	-	-	-	10	2	12
	Rented from RSL	6	14	225	57	88	391
	Rented privately with HB	-	-	34	19	16	69
	Rented privately without HB	39	20	37	136	15	248
New Households:	New household formation (gross)	43	-	46			
	Ex-institutional population moving into community	-	-	-			
	In-migrant households	1,573	221	274			
	Annual requirement to reduce backlog need from "non-households" (assuming 20% multiplier)	-	-	1			
Total Housing Requirement		2,186	298	786			

Figure 4D.1: Supply From Established Households Vacating Properties by Need & Demand

Net Housing Shortfall: Owner Occupation

The Housing Market Model has assessed an overall effective demand for 2,186 owner occupied dwellings each year. Figure 4D.2 illustrates that the majority of this demand (72%) is from households moving into the District from elsewhere (1,573 each year). The remaining demand is generated



primarily by established households currently living in South Hams (526 who already own a property in the district and a further 51 who rent their current home) with only a minority of demand apparent from newly forming households (43).

The identified demand is offset by an anticipated supply of housing becoming available as households vacate existing properties. This supply equates to 1,921 units over the year, generated mainly by existing owner-occupiers moving within the District (740) and others moving to new homes outside South Hams (748). There are also a further 434 units identified as likely to become vacant following the complete dissolution of the existing household.

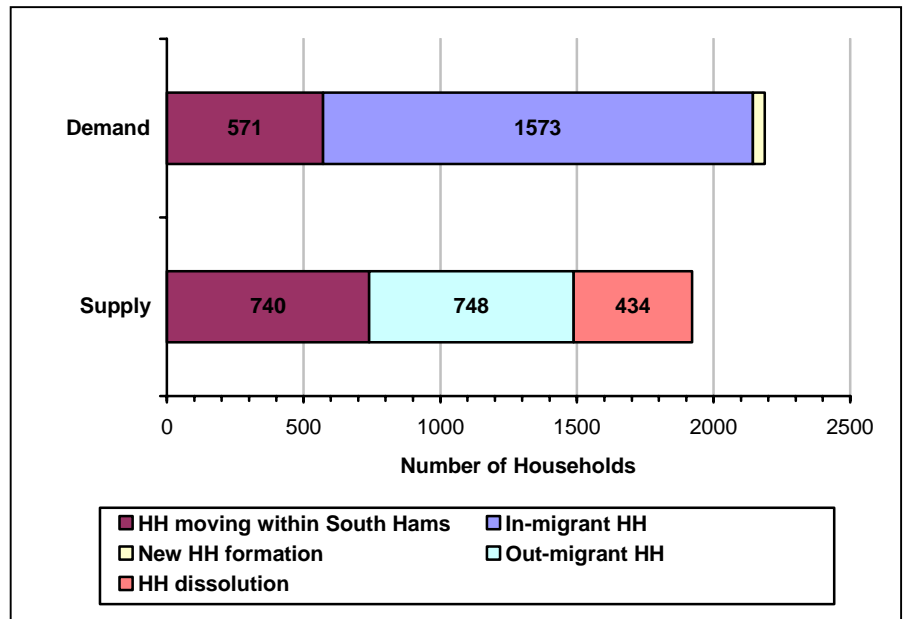


Figure 4D.2: Rented Housing Demand and Supply by Source

The anticipated demand from 2,186 households offset against the likely supply of 1,921 dwellings results in an annual shortfall of 265 owner occupied units. Through the Housing Market Model, we are able to consider this net shortfall in the context of the SHPPTWA.

Factor	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
Housing Demand			
HH moving within South Hams	260	311	571
In-migrant HH	703	869	1,573
New HH formation	12	30	43
Total Demand	975	1,211	2,192
Housing Supply			
HH moving within South Hams	307	432	740
Out-migrant HH	317	431	748
HH dissolution	119	315	434
Total Supply	743	1,178	1,921
Net Shortfall (Surplus)	232	33	265

Figure 4D.3: Owner Occupation Demand and Supply by Area



Whilst demand for owner occupied housing is higher outside the SHPPTWA, in the context of likely supply from within the existing stock, the majority of the owner occupied (232 out of 265 units) shortfall is within the SHPPTWA.

**Net Housing Shortfall:
Rented Housing without subsidy**

An overall effective annual demand for 298 rented units was identified (i.e. without the need for subsidy). Figure 4D.4 illustrates that the majority of this demand (71%) is from households moving to South Hams from elsewhere (221 each year). There is evidence of some demand from established households moving within South Hams mainly from other rented property (92).

Once again, the identified demand is offset by an anticipated supply of housing becoming available as households vacate existing properties. This supply equates to 248 units over the year, generated by existing tenants moving within the district (96), out-migrant households leaving South Hams (136) and there is some supply generated following the complete dissolution of some existing households (15). Whilst households who were dependent on benefits vacate some further properties in the private rented sector, it is assumed that the type of housing is likely to continue satisfying the needs of those renting with subsidy and therefore this supply is not considered within this category.

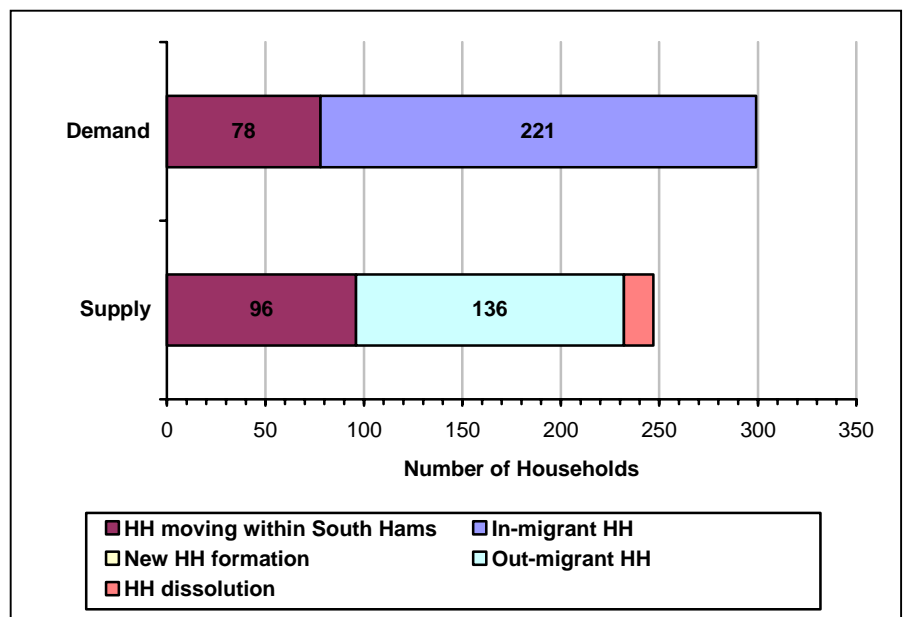


Figure 4D.4: Rented Housing Demand and Supply by Source

The demand from 298 households offset against 247 dwellings being vacated results in an annual shortfall of 51 rented units without subsidy. Through the Housing Market Model, we are able to consider this net shortfall in the context of the SHPPTWA.



Factor	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
Housing Demand			
HH moving within South Hams	42	36	78
In-migrant HH	116	104	221
Total Demand	159	140	298
Housing Supply			
HH moving within South Hams	24	72	96
Out-migrant HH	51	86	136
HH dissolution	6	10	15
Total Supply	80	168	248
Net Shortfall (Surplus)	79	(28)	51

Figure 4D.5: Rented Housing Demand and Supply by Area

The shortfall of private rented housing is concentrated within the SHPPTWA, with a marginal surplus (28 units) identified in the rest of South Hams. Whilst the model suggests such a surplus, it is not envisaged that in practice such dwellings will become or remain vacant – but recognises that some households in private rented housing would prefer (or need) to move to alternative types of housing.

Net Housing Shortfall: Subsidised Housing

The Housing Market Model identified an overall annual need for 786 subsidised units. Figure 4D.6 illustrates that the majority of this demand (65%) is from local households, 466 of which are previously established, 1 being non-households (either homeless or previously living in institutional housing) and a further 46 being other newly forming households. There is also considerable need identified from in-migrant households, who are obtaining subsidy mainly through the provision of housing benefit.

The identified demand is offset by an anticipated supply of housing becoming available as households vacate existing properties. This supply equates to 472 units over the year, generated mainly by existing households moving within the district (279) and household dissolution due to death (106), though 86 units are also expected to become available as households leave of the district.



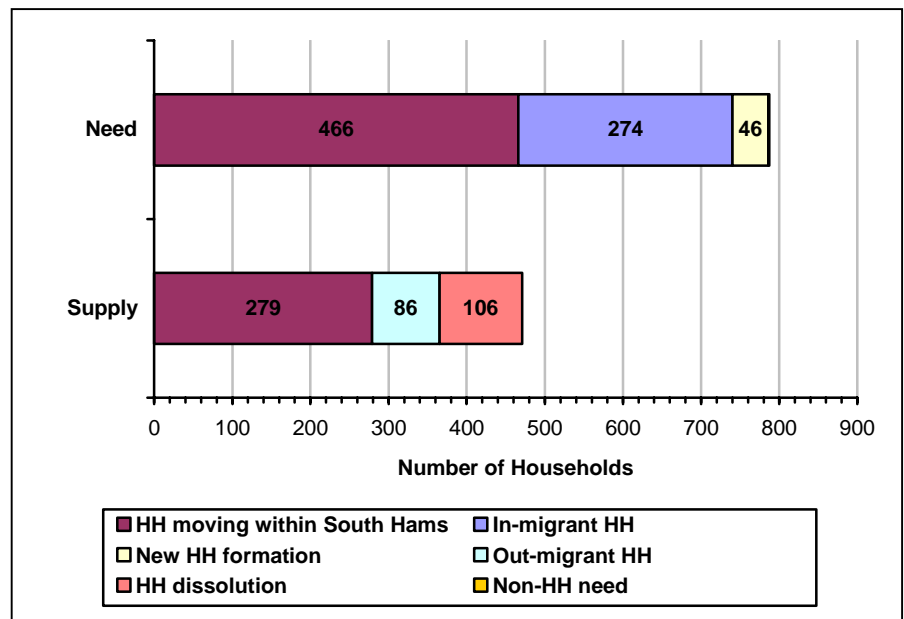


Figure 4D.6: Rented Housing Demand and Supply by Source

The needs of 786 households offset against 472 subsidised homes being vacated results in an annual shortfall of 314 subsidised units. Once again, we can consider this net shortfall in terms of area.

Factor	South Hams part of Plymouth TTWA	Rest of South Hams	All South Hams
Housing Need			
HH moving within South Hams	113	353	466
In-migrant HH	114	160	274
New HH formation	13	34	46
Non-HH need	-	1	1
Total Need	240	547	786
Housing Supply			
HH moving within South Hams	75	205	279
Out-migrant HH	36	50	86
HH dissolution	37	70	106
Total Supply	148	325	472
Net Shortfall (Surplus)	92	222	314

Figure 4D.7: Subsidised Housing Need and Supply by Area

Almost a third (31%) of the overall need identified was within the SHPPTWA (240 households out of the 786 household total). A similar proportion of the supply was also within this area – leading to a shortfall of 92 affordable units per annum within the SHPPTWA. Across the rest of South Hams, the total need identified was 547 households per annum which led to a shortfall of 222 units each year.



In terms of affordability, by comparing households' needs against their affordability, we can assess requirements for alternative forms of subsidized housing.

On the basis of the relevant access prices (as described in section 2C), 90 households could afford reduced cost market housing with no more than 20% subsidy. Many of these households were identified as being "in need" on the basis of past trends (including those that had successfully secured a shared ownership home) and therefore would not necessarily have been excluded on the basis of the affordability test previously employed for established households.

In order to afford shared ownership properties, households are assessed on their ability to not only afford the equity purchased but also on their ability to afford the associated rent. Figure 4D.8 indicates the proportion of the minimum amount that households seeking to access different types of housing will need to afford. Therefore, for example, a household seeking to purchase a 50% equity share must be able to afford a property worth at least 56.7% of the total equity (to allow for the other costs incurred).

Type of Housing	% of New Property Price
Low Cost Home Ownership	
- at owner occupation lowest quartile	100.0%
Shared Equity	
- 75% owned, 25% rented	78.3%
- 50% owned, 50% rented	56.7%
- 25% owned, 75% rented	35.0%

Figure 4D.8: Proportion of Minimum Amount Required to Access Alternative Types of Housing

When we consider households in need in the context of shared equity solutions, 31 households could afford to purchase a 50% equity share with a further 37 able to afford a 25:75 split (excluding those households already identified as being able to afford low cost market housing without subsidy). In addition to owner-occupation options, some households in need may be able to afford alternative rented solutions. The housing need of some of these households could be satisfied through the provision of private rented accommodation (without necessarily the need for public subsidy) – though the rents charged would need to be comparable with existing rents at the lower end of the market. Nevertheless, it is these households who are most likely to be able to afford reduced cost or shared equity housing, and insofar as many of them aspire to home-ownership this is likely to be their preferred housing solution.

When we consider the potential for sub-market rents (i.e. properties offered at rents below market prices, normally provided by an RSL or another affordable housing provider on a non-profit basis), 24 households could afford at least 80% (but less than 100%) of the full lowest quartile market rent and a further 23 households could afford 60% (but less than 80%) of this threshold. Once again, some of these households would be eligible for shared equity – in particular if it were possible to purchase an initial equity share of only 25%.



As previously noted, a number of households could afford either a private rent or sub-market rent solution or alternatively a shared equity option. Of the 788 households in need, 222 indicated that owner occupation (or shared ownership) was their tenure of choice – though not all are able to afford this housing option. If we consider household preferences for home-ownership against renting their home, we are able to appropriately allocate each of the 788 households in need of affordable housing.

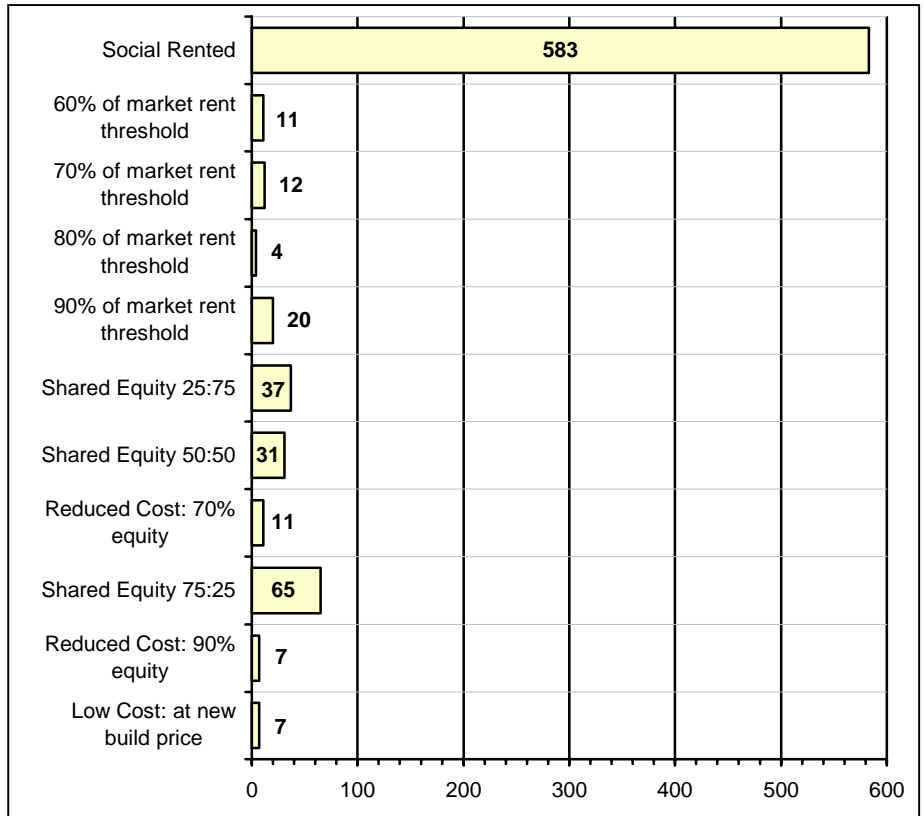


Figure 4D.9: Affordable Housing Allocation by Housing Type

Whilst figure 4D.9 illustrates the most appropriate tenure for the 788 households, there is obviously a degree of judgement required in terms of provision – for example, the households able to afford 80% equity on a reduced cost market home would also be suited to 75:25 shared ownership (or perhaps a larger share if it were possible). Such decisions would depend on available funding options and individual household choices.

Figure 4D.10 identifies the potential supply of affordable housing (including relets within the social sector, sales of shared ownership properties and properties vacated in the private rented sector suitable for Housing Benefit support) arising as households vacate properties.

Type of Housing	Annual Supply
Shared Ownership	12
Rented from an RSL	391
Rented privately and suitable for HB support	69
Total supply	472

Figure 4D.10: Supply of Affordable Housing



In allocating the supply of appropriate assumptions are taken to ensure best use of the stock. The overall net shortfall can be allocated as follows:

Type of Affordable Housing	Net Shortfall (Surplus)	Proportion of Shortfall
Low Cost Market Housing provided at minimum market prices	6	2.0%
Shared Equity - 75% owned, 25% rented <i>or</i> Reduced Cost Market Housing provided at minimum market prices with up to 30% subsidy	79	25.1%
Shared Equity - 50% owned, 50% rented	27	8.6%
- 25% owned, 75% rented	33	10.4%
Rented - Sub-market rent provided with up to 40% subsidy	14	4.4%
- Social rent	156	49.6%
All affordable housing	315	100.0%

Figure 4D.11: Net Shortfall of Affordable Housing by Housing Type

Whilst 583 of the 788 households in need (74%) require social rented housing, this is also the main form of housing available within existing stock (virtually all of the overall 472 identified supply being rented units). Having considered the affordability of households needing subsidised housing, it would seem apparent that whilst there remains need for additional social rented housing, there is considerable scope for alternative affordable housing including Low Cost and Reduced Cost Market Housing, Shared Equity and sub-market rent schemes.

If it were possible to provide sub-market rented housing and shared equity starting with 25% equity shares, the requirement for additional social rented housing would only account for 156 of the 315 unit annual affordable housing shortfall (49.6%). Nevertheless, this requirement could increase to 203 units if provision of such schemes was not feasible.

With regard to the remaining provision, shared equity schemes of 50% or more are already proven within South Hams, and it is obviously feasible for some of the newly developed homes to be provided at a basic specification. Therefore, the required balance of 63 affordable units should be provided as mid-range housing designed to enable households to access owner occupation.



Summary of Analysis

Having considered the overall requirements for housing in the context of likely supply, we have identified a total net shortfall of 630 dwellings each year. As noted in figure 4E.1, private sector housing constitutes 50.2% of the shortfall with social housing accounting for the 49.8% balance.

Type of Housing	Net Shortfall	% of Shortfall
Private Sector Housing		
Owner occupation	265	42.1%
Renting without subsidy	51	8.1%
Affordable Housing	314	49.8%
Net Shortfall (Surplus)	630	100.0%

Figure 4E.1: Net Shortfall (Surplus) of Housing

Figure 4E.2 summarises the net shortfall (or surplus) of housing for each tenure type by area. The majority of the overall housing shortfall (64%) falls within the SHPPTWA (403 out of 630 units) with an additional requirement for only 227 units p.a. across the rest of the district.

Whilst the majority of the overall shortfall is within the SHPPTWA, the majority of the need for additional affordable housing is across the rest of South Hams – where house prices will not be influenced to the same degree by the Plymouth housing market. In fact 222 units of the 314 unit shortfall (71%) are outside the SHPPTWA. When this shortfall is considered in the context of the overall housing requirement in the area, the affordable housing need accounts for 87% of the gross shortfall.

Factor	South Hams part of Plymouth TTWA		Rest of South Hams	
Private Sector Housing				
Owner occupation	232	57.6%	33	12.9%
Renting without subsidy	79	19.6%	(28)	-
Affordable Housing	92	22.8%	222	87.1%
Net Shortfall (Surplus)	403	100.0%	227	100.0%

Figure 4E.2: Net Shortfall (Surplus) of Housing by Area



Despite the considerable need for affordable housing identified across the area of South Hams outside the SHPPTWA, due to the relatively high access prices for market housing, there is considerable scope for intermediate housing tenures. Whilst the overall requirement is for 87.1% of all housing, as much as 42.7% can be provided through alternative forms of intermediate housing provision. Nevertheless, there is still a requirement for four-fifths of housing provided outside the SHPPTWA to be provided as social rented homes as illustrated in figure 4E.3.

Factor	South Hams part of Plymouth TTWA		Rest of South Hams	
Private Sector Housing				
Owner occupation	232	57.6%	33	12.9%
Renting without subsidy	79	19.6%	(28)	-
Affordable Housing				
Low Cost Market Housing provided at minimum market prices	-	-	6	2.4%
Shared Equity 75% owned 25% rented <i>or</i> Reduced Cost Market Housing provided at minimum market prices with up to 30% subsidy	49	12.2%	30	11.6%
Shared Equity				
- 50% owned, 50% rented	-	-	27	10.6%
- 25% owned, 75% rented	-	-	33	12.8%
Rented				
- Sub-market rent up to 40% subsidy	-	-	14	5.4%
- Social rent	43	10.6%	114	44.4%
Net Shortfall (Surplus)	403	100.0%	227	100.0%

Figure 4E.3: Net Shortfall (Surplus) of Housing by Area

Once again, the assumption that the identified backlog will be cleared over a period of 5-years is an influencing factor within the ORS housing market model, and once again it's impact on the balance of identified shortfall is considerable. Whilst the overall shortfall does not change significantly (for the majority of households within the backlog are established households, who in moving will vacate their current home – thereby contributing equally to the supply of housing and the housing requirement) the split between private and social sector shortfall varies.



South Hams part of Plymouth TTWA

Whilst clearing the backlog over a 5-year period suggests a ratio of 77:23 private to social, lengthening this period to 7.5 years moves the balance to 80:20; with a 10-year period suggesting a split of 82:18 (figure 4E.4).

Type of Housing	Backlog reduced over:		
	5-year period	7.5-year period	10-year period
Demand for Private Sector Housing	1,134	1,134	1,134
Supply of Private Sector Housing	823	811	805
Private Sector Shortfall (Surplus)	311	323	329
Need for Affordable Housing	240	216	204
Supply of Affordable Housing	148	136	130
Social Sector Shortfall (Surplus)	92	80	74

Figure 4E.4: Sensitivity testing the timescale to reduce Backlog within SHPPTWA

As noted previously when considering this issue in the context of the DETR Basic Needs Assessment Model, policy judgements should be made to determine the practical rate at which this backlog can be reduced.

Rest of South Hams

As previously noted, clearing the backlog over the original 5-year period suggests a ratio of 13:87 private to social – which increases to a ratio of 2:98 if the small surplus in the private rented sector is offset against the identified shortfall of owner occupied homes. Lengthening the period for clearing the backlog to 7.5 years moves the balance to 20:80; with a 10-year period suggesting a split of 30:70 (figure 4E.5). It is interesting to note that extending the period to as long as 15-years would still require 61% of all provision to be affordable housing.

Type of Housing	Backlog reduced over:		
	5-year period	7.5-year period	10-year period
Demand for Private Sector Housing	1,351	1,351	1,351
Supply of Private Sector Housing	1,346	1,305	1,284
Private Sector Shortfall (Surplus)	5	46	67
Need for Affordable Housing	547	465	425
Supply of Affordable Housing	325	285	265
Social Sector Shortfall (Surplus)	222	181	160

Figure 4E.5: Sensitivity testing the timescale to reduce Backlog within SHPPTWA

The South Hams part of the Plymouth TTWA is only one element of the broader Plymouth Housing market – and it should be noted that a considerable number of dwellings planned within this area are to satisfy the requirements of Plymouth city in addition to those of the district. The implications of this study and the Plymouth study undertaken in parallel with the work is considered further in chapter five.



Chapter 5

Housing and Planning Implications

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5C	Meeting Housing Needs in Plymouth and South Hams	xxx



National Policy

The objective of a decent home for all, irrespective of ability to pay, has long been a central tenet of housing policy in the UK, no matter which political party has been in power. However, over the last twenty years or more the public resources available for investment in housing have declined considerably and greater emphasis has been placed on ensuring the most effective targeting of available resources. Since the introduction of local Housing Strategies and Investment Programmes (HIPs), and particularly since they have been perceived by Central Government as genuinely strategic and based on sound assessments of local housing needs, the significance of local studies has grown. Local authorities are anxious to make as powerful a case as is possible for the allocation of resources, for investment in the repair and improvement of the private housing stock and to secure the allocation of social housing grants to support the work of housing associations (RSLs). Guidance to LAs on the preparation of their annual HIP strategies has stressed the importance of addressing local needs across all tenures.

Alongside the importance of local housing assessments in housing policy terms has been the recognition of the potential for the land use planning system to help secure a proportion of “affordable” housing within private housing development, provided that the case is supported by sound evidence of local housing needs. Planning Policy Guidance Note 3 (PPG 3) enables local authorities to negotiate with developers for the provision of a proportion of housing on sites for private housing, where there is evidence of need. The Local Plan needs to make reference to housing need to enable the local authority to negotiate mixed tenure development.

At the same time, the evidence from household projections of a significant growth in the number of households who will require homes of their own in the future is a further spur to linking the results from local housing needs surveys to Census and household projections to provide realistic and robust estimates of future housing requirements at a local level which, taking account of migration and projected household formation as well as likely affordability, might feed in to strategic planning debates at the regional and sub regional levels.

National policy on the location of new housing is set out in PPG 3, *Planning Policy Guidance Note 3, Housing*, which indicates that local planning authorities should:

- plan to meet the housing requirements of the whole community;
- provide wider housing opportunity and seek to create mixed communities;
- provide sufficient land for housing but with priority for previously developed land;
- create more sustainable patterns of development by maximising access using public transport to jobs and other services;
- make more efficient use of land through reviewing planning standards;
- place the needs of people before ease of traffic movement in new house designs;



- seek to reduce car dependence; and
- promote good design in new housing developments.

PPG 3 states that a community's need for a mix of housing types, including affordable housing, is a material planning consideration, and that where there is a demonstrable lack of affordable housing to meet local needs, Local Plans should include a policy for seeking affordable housing in suitable locations (Paragraph 14).

Local Plan policies should indicate how many affordable homes need to be provided throughout the Plan area, including the different types of affordable housing needed, taking account of rural as well as urban needs. More details on the requirements for affordable housing are given in Circular 6/98, *Planning and Affordable Housing*. This requires that where local planning authorities can demonstrate a lack of affordable housing to meet local needs, based on up-to-date survey and other data, they should:

- include in the Plan a policy seeking an element of affordable housing on suitable sites;
- indicate in the Plan how many affordable homes need to be provided throughout the Plan area;
- include policies to meet affordable housing needs through use of vacant and under-used land and buildings.

Regional and County Policy

PPG 3 will be put into place in the South West Region through Regional Planning Guidance 10 (RPG 10), and then at the county level by the Devon Structure Plan.

RPG 10 was issued in September 2001 and establishes that over the period 1996 to 2016 provision should be made in the whole South West region for 20,200 new homes per annum, with more than a fifth of these homes (4,300) proposed each year in Devon alone.

The Devon Structure Plan was adopted in February 1999 and takes forward the regional planning guidance, providing the strategic base for all land use planning in the County over a sixteen-year plan period from 1995 to 2011. It has set a requirement for about 75,800 dwellings over the 16-year period across the ten local authority areas of Devon, and the parts of the Dartmoor and Exmoor National Parks within the County.

The plan period requirement for the district of South Hams is 11,500 additional dwellings of which 7,200 will be in the Plymouth Area of Economic Activity (PAEA)^o.

These figures have been taken forward by the South Hams Local Plan which covers the same 16-year period as the Devon Structure Plan. However, we are now seven years into the Local Plan period and some housing completions have been achieved since these targets were formulated (see figure 5A.1).



^o The PAEA is defined as the parishes of Bickleigh, Sparkwell, Brixton, Yealmpton, Ermington and Ivybridge. This corresponds closely to the SHPTTWA used by this housing needs study.

Area	Target Allocation 1995-2011	Achieved Completions 1995-2001	Allocations Remaining 2001-2011
PAEA	7,200	740	6,460
Rest of South Hams	4,300	1,564	2,736
Total for Sub-region	11,500	2,304	9,196

Figure 5A.1: Remaining Housing Allocations To Meet Local Plan Targets by 2011, Taking Into Account Existing Completions Since 1995 (South Hams DC Local Plan (1995-2011) First Deposit 2001).

The South Hams Local Plan notes that a total of 2,304 new homes have been achieved between 1995-2001 with 740 of these homes built in the PAEA. Therefore, between 2001 to 2011 this leaves a requirement for:

- 6,460 new homes in the PAEA (annual requirement of c.645 new homes);
- 2,736 new homes in South Hams outside the PAEA (annual requirement of c.275 new homes); and
- a total of 9,196 new homes in the whole South Hams District (annual requirement of c.920).

These figures are now considered in the context of the findings from this study in Section 5B.



Housing Need in South Hams

Evidence of Housing Need: The Basic Needs Assessment Model

We have outlined in Chapter Three of the report the backlog of existing housing need in South Hams, using the DETR Basic Needs Assessment Model.

The survey indicated that of the order of 4,466 households in South Hams were, at the time of study, living in some form of unsuitable housing. However, in many cases households do not wish to move or can resolve their own housing needs in situ, for example by having adaptations done to their property. In other cases households who do wish to move may be seeking a move within the existing social housing sector, thus freeing up a vacancy to be utilised by another household. In other instances households living in unsuitable housing are likely to leave South Hams. This suggests a backlog of about 1,559 households in housing need.

Using evidence of Housing Benefit reference rents and the lower quartile of advertised rents in the South Hams District then we have calculated that at least 49% of established households who make up the estimated net backlog of housing requirements are able to afford to either purchase or rent property in the South Hams area without recourse to subsidy. Therefore, just over half of the households in the backlog are judged to be in need of subsidised housing. Allowing for a backlog of need from those currently homeless and in temporary accommodation, and taking the mid-point of the estimated backlog, then we have estimated a total backlog need equivalent to 800 households. Assuming that it is the intention of the Council and its partners to clear this backlog progressively over say the next five years, then our research suggests an annual need of approximately 160 non-market dwellings.

However, a second element of housing need also has to be considered; that which is newly arising, either because of existing established households falling into housing need, or through newly forming households who will require some form of assistance to access suitable housing. The model has estimated an annual newly arising need from about 46 newly forming households within South Hams who are unlikely to be able to afford market costs of either home purchase or rental. In addition, and based on recent trends, there is an estimated 274 in-migrant households who are likely to be unable to afford market housing. There are also likely to be of the order of just over 83 existing households in South Hams who, whilst not currently in need, may fall into this category in any one year, as a result of changes in either their housing circumstances or the make-up of their household.

Taken together, the estimated backlog of unmet housing need and the annualised newly arising housing need, suggest an overall requirement for something of the order of 564 units of affordable housing to meet need on an annual basis. 34% of this need arises in the SHPTTWA, while the remaining 66% is from the rest of South Hams.

We have estimated that the supply of affordable relets in the social rented sector in South Hams is likely to be of the order of 202 dwellings; only about 36% of the estimated requirement, leaving a shortfall of approximately 362 affordable homes in the District as a whole.

Using the DETR model we have identified a significant need for additional affordable housing. However, this raises a number of issues. Firstly, what is it appropriate to regard as affordable housing within the context of South Hams? Whilst this may include additional social rented housing, provision



(through housing associations) and possibly some forms of traditional low cost home ownership (e.g. shared equity), it might also include housing for outright sale at discounted market values.

Secondly, in looking at the supply of affordable housing, no account is taken of the role of the private rented sector in contributing to the availability of affordable accommodation, particularly where rents are supported by housing benefit. It is likely that some of the 362 households in need of affordable housing will have their needs met in the private rented sector, supported by Housing Benefit.

Thirdly, whilst the extent of housing need is one variable in shaping the provision of affordable housing, there are several others that need to be taken into account.

Overall Housing Requirements: The ORS Housing Market Model

As we outlined in Chapter Two, overall housing requirements comprise both housing need and housing demand. In Chapter 4B we calculated an overall total housing requirement for South Hams on an annual basis from approximately 3,270, of which more than a third (34%) occurs as a result of established households moving, about 63% as a result of households moving into South Hams from outside, and just 3% from newly forming households. The remainder is accounted for in the needs of those living in institutional accommodation or established households who are expected to fall into priority housing need. On an annual basis we have calculated that about a quarter of this housing requirement represents a need for some form of subsidised housing provision.

However, this overall housing requirement from 3,270 households a year is partly off-set by supply, as existing households vacate properties, as households leave the district, and as a result of household dissolution. This suggests an annual overall housing shortfall of around 630 dwellings to meet aggregate needs and demand within the District. Most of the annual shortfall arises in the SHPTTWA where the annual shortfall is for 403 dwellings (see figure 5B.1).

Area	Annual Shortfall
SHPTTWA	403
Rest of South Hams	227
Total for South Hams District	630

Figure 5B.1: Annual Shortfall of Housing by Area.

The Need for Additional Affordable Housing

The ORS Housing Market Model has estimated an overall short-term annual shortfall of around 630 dwellings within the district, after taking account of the different components of the supply of vacancies in the existing South Hams housing stock as a result of household mobility, migration and dissolution.

However, as we have shown in Section 4E there are differential shortfalls in the private and social housing sectors. Even allowing for an anticipated continuing supply of affordable privately rented housing, underpinned by housing benefit, then we have calculated that nearly 50% of the anticipated shortfall in the District represents an anticipated need for a range of additional affordable housing. Figure 5B.2 shows however that affordable is



a significant component of the shortfall in the area outside the SHPTTWA – 87% of the annual shortfall. While, in the SHPTTWA, affordable housing makes up only 23% of the annual shortfall.

Factor	SHPTTWA		Rest of South Hams		South Hams District	
	Net Shortfall	% of Shortfall	Net Shortfall	% of Shortfall	Net Shortfall	% of Shortfall
Private Sector Housing						
Owner occupation	232	57.6%	33	12.9%	265	42.1%
Renting without subsidy	79	19.6%	(28)	-	51	8.1%
Affordable Housing						
Low Cost Market Housing provided at minimum market prices	-	-	6	2.4%	6	1.0%
Shared Equity 75% owned 25% rented or Reduced Cost Market Housing provided at minimum market prices with up to 30% subsidy	49	12.2%	30	11.6%	79	12.5%
Shared Equity						
- 50% owned, 50% rented	-	-	27	10.6%	27	4.3%
- 25% owned, 75% rented	-	-	33	12.8%	33	5.2%
Rented						
- Sub-market rent up to 40% subsidy	-	-	14	5.4%	14	2.2%
- Social rent	43	10.6%	114	44.4%	157	24.9%
Net Shortfall (Surplus)	403	100.0%	227	100.0%	630	100%

Figure 5B.2: Net Shortfall (Surplus) of Housing in South Hams District, by Area

Main Findings

The ORS Housing Market Model has estimated an overall short-term annual shortfall of around 630 dwellings within the whole District. This figure is much lower than the outstanding annual housing land allocations required to meet the Local Plan target up to 2011. However, this is because the ORS housing needs survey considers the housing requirements that arise within South Hams District. However, the Local Plan allocation contains a significant element of new housing provision to meet housing requirements arising within Plymouth, which are to be met in the PAEA. The implications of this are discussed in Section 5C.

The overall housing shortfall in the area outside the SHPTTWA is for about 227 dwellings and the provision will need to be mainly affordable accommodation to meet local needs. Housing at a price people can normally afford is a national problem but is particularly acute in South Hams due to low average earnings and relatively high house prices. In many areas the situation is exacerbated by wealthier in-migrants. Affordability is clearly a pressing issue in the areas outside the SHPTTWA where 87% of the housing requirement is for affordable housing with a significant proportion to be provided as social rented accommodation to enable local households to access a decent home.

It is likely that much of this new affordable housing provision will have to be provided on land that has not been previously developed. It is therefore important that the Council follows the PPG 3 *sequential approach* ensuring that greenfield development is guided to sites which form sustainable extensions to existing settlements well served by amenities and infrastructure, including public transport. Developing affordable housing in sustainable settlement extensions will help ensure that balanced communities are created with a mix of housing types, and will reduce the



out-migration of local people from the district allowing local communities to thrive.

The overall housing shortfall in the SHPTTWA is much higher than for the remainder of the District as this area will accommodate housing requirements arising in Plymouth.

Affordable housing makes up only 23% of the annual shortfall in the SHPTTWA. While some of this affordable housing will need to be provided as social rented accommodation, the study has revealed that some of the households in need aspire to owning a home and so it is clear that the Council should consider providing a range of affordable housing. There is significant potential for the provision of alternative forms of subsidised housing using reduced cost market housing in the SHPTTWA. This will need to be considered with regard to the new community that is planned for the SHPTTWA so that a balanced mix of housing types is provided.



Meeting Housing Need in Plymouth and South Hams

Housing Requirement and the Structure Plan

The ORS housing needs study has examined housing requirements arising in Plymouth and South Hams. In this section we consider where the housing requirements identified by this study arise in terms of the Plymouth sub-region (the City and the SHPPTWA) and the remainder of South Hams. We then consider how the housing requirements can be satisfied.

It is important to remember the interrelated nature of the regional housing market. Some of the housing requirements arising in Plymouth City have historically been met within the PAEA of South Hams (the SHPPTWA that has been considered in this study has been taken to correspond to the PAEA) and it is likely that this trend will have to continue in the future.

The ORS housing market model has identified an annual shortfall of 815 units in Plymouth City and a further 630 units in South Hams district. The requirement for housing in South Hams is split with 403 units being in the SHPPTWA and the remaining 227 units being elsewhere in the district – therefore, as illustrated in figure 5C.1, the housing shortfall for Greater Plymouth is a total of 1,218 units.

South Hams District 630		
Plymouth City 815	SHPPTWA 403	Rest of South Hams 227
Plymouth sub-region 1,218		

Figure 5C.1: Annual Housing Shortfall by Area

However, if we compare these figures to the land allocations required to meet the Local Plan targets for these areas (1995-2011) there are significant differences evident in the distribution of future housing provision in particular when the outstanding requirement for 2001 to 2011 is considered.

South Hams District 11,500 allocation 920 p.a. outstanding from 2001-11		
Plymouth City 6,800 allocation 3,178 completions to 2001 3,622 outstanding 360 p.a. from 2001-11	Plymouth AEA 7,200 allocation 740 completions to 2001 6,460 outstanding 646 p.a. from 2001-11	Rest of South Hams 4,300 allocation 1,564 completions to 2001 2,736 outstanding 274 p.a. from 2001-11
Plymouth City & AEA 14,000 1,006 p.a. outstanding from 2001-11		

Figure 5C.2: Devon Structure Plan Housing Allocations (1995-2011)



The emerging Devon Structure Plan (for the period 2001-2016) has adjusted the proposed allocations in the light of the increased prominence of brown-field land development – though whilst the allocation of additional housing to be provided within Plymouth City boundaries has now been increased, there is still an expectation that a considerable amount of additional housing will be provided for Greater Plymouth within the South Hams district.

South Hams District 8,850		
Plymouth City 8,500	Plymouth AEA 5,000	Rest of South Hams 3,850
Plymouth City & AEA 13,500		

Figure 5C.3: Emerging Devon Structure Plan Housing Allocations (2001-2016)

It is apparent that the shortfall identified by the ORS Model for Plymouth City is much higher than the housing provision planned within the authority boundaries, while the shortfall in the SHPPTWA is considerably lower than the allocations required to meet the Structure Plan allocation for the area on an annual basis. Nevertheless, this is to be expected – for the land allocation within Plymouth AEA is explicitly designed to meet the needs of the Plymouth housing market.

On this basis, it would seem reasonable that the overall policy considerations are also considered in this way – treating Plymouth city and the SHPPTWA collectively as a single housing market and combining their need to provide affordable housing.

Meeting the Affordable Housing Need

The Plymouth and South Hams housing needs information updates independently present the following outputs from the ORS Model.

Factor	Plymouth City		SHPTTWA		Plymouth sub-region	
	Net Shortfall	% of Shortfall	Net Shortfall	% of Shortfall	Net Shortfall	% of Shortfall
Private Sector Housing						
Owner occupation	40	4.9%	232	57.6%	272	22.3%
Renting without subsidy	213	26.1%	79	19.6%	292	24.0%
Affordable Housing						
Low Cost Market Housing provided at minimum market prices	22	2.7%	-	-	22	1.8%
Shared Equity 75% owned 25% rented <i>or</i> Reduced Cost Market Housing provided at minimum market prices with up to 30% subsidy	32	3.9%	49	12.2%	81	6.7%
Shared Equity						
- 50% owned, 50% rented	66	8.1%	-	-	66	5.4%
- 25% owned, 75% rented	346	42.5%	-	-	346	28.4%
Rented						
- Social rent	96	11.8%	43	10.6%	139	5.4%
Net Shortfall (Surplus)	815	100%	403	100%	1,218	100%

Figure 5C.4: Annual Housing Shortfall by Area in the Plymouth sub-region



Type of Housing	Rest of South Hams Shortfall	% of Shortfall
Private Sector Housing		
Owner occupation	33	12.9%
Renting without subsidy	(28)	-
Affordable Housing		
Low Cost Market Housing provided at minimum market prices	6	2.4%
Shared Equity - 75% owned, 25% rented <i>or</i> Reduced Cost Market Housing provided at minimum market prices with up to 20% subsidy	30	11.6%
Shared Equity		
- 50% owned, 50% rented	27	10.6%
- 25% owned, 75% rented	33	12.8%
Rented		
- <i>Sub-market rent up to 40% subsidy</i>	14	5.4%
- <i>Social rent</i>	114	44.4%
All Housing	227	100%

Figure 5C.5: Annual Net Shortfall (Surplus) of Housing in the Rest of South Hams

Figure 5C.4 shows the type of housing making up the annual shortfall revealed by the ORS Housing Market Model as arising in the Plymouth sub-region. It is apparent that affordable housing constitutes a significant proportion of the annual shortfall with a need for an additional 654 units per year out of a total shortfall of 1,218 dwellings. This identified need mainly arises in Plymouth City (where the need for an additional 562 affordable units arises annually) with a smaller shortfall (of only 92 affordable homes) identified in the SHPTTWA.

On the basis of the study findings, we can conclude that there is an affordable housing requirement of 54% for the Plymouth sub-region. This sub-region requirement is significantly lower than the affordable housing target identified in the City (69%) but higher than that revealed in the SHPTTWA (23%).

Nevertheless, the identified backlog of housing need is considerable in both Plymouth and South Hams, and the Local Authorities will need to consider the appropriate length of time over which the backlog should be addressed. Whilst it may be desirable to eliminate such a backlog over a five-year period, this may not be feasibly achieved in practice.

If the authorities were to seek to address the identified backlog by 2011 (effectively only a period of around 7.5 years), the need for affordable housing across the Plymouth sub-region is moderated to only 30% of all housing provision (therefore a higher target would probably need to be adopted and achieved on qualifying sites – especially greenfield developments). Nevertheless, need for affordable housing provision in the rest of South Hams (beyond the Plymouth sub-region) would still account for 80% of all development.



Housing Provision in Plymouth Sub-region

In providing affordable housing, it should be noted that as much as 89% of all housing provision within the City boundaries is to be on previously developed land (brownfield sites). Many of these sites will have to be decontaminated and prepared for residential use which will often incur significant costs for housing developers. Given that other planning gain costs will take priority over the provision of affordable housing, it is likely that in this context many sites will not be viable to deliver high proportions of affordable housing.

Due to such considerations, even a high affordable housing target will not necessarily yield the necessary level of new provision – as the requirement will not be satisfied on many sites due to site specific considerations. Such a situation would obviously be exacerbated if the necessary financial support through Housing Corporation Social Housing Grants was not available. For these reasons, the authority would need to consider an appropriate target for affordable housing that will not encumber the broader aim of delivering additional homes in the city.

Housing Provision for Plymouth in South Hams

Since the SHPPTWA is required to meet some of the city's housing requirements, a new community is planned for this purpose – and the housing within this development will predominantly be provided to explicitly meet the housing needs and demands of the city as well as some local needs for South Hams. In this context, whilst the Plymouth target for affordable housing is higher than that identified for the SHPPTWA itself, it is appropriate for the sub-region as a whole to ensure that some of the City's housing needs can be accommodated in the SHPPTWA.

It should also be noted that as there are fewer development constraints with regard to preparing the available land (most being Greenfield development), it is far more likely that the planning system will be able to secure affordable housing in this development than in the more difficult land redevelopment within the city boundary.

With regard to developing a new community, it is also important to consider the long-term sustainability of any developments. It is therefore important to ensure that the mix of housing, and the resulting social mix of households, provides a balanced community and does not leave any income groups unable to access local housing – including those households on very low incomes in need of social rented housing, those households on more moderate incomes that cannot afford the full cost of market housing as well as those households on higher incomes (or who already have considerable equity) that are able to afford home ownership in the open market.

Housing Provision Elsewhere in South Hams

The overall annual housing shortfall in the area outside the SHPPTWA is for about 227 dwellings and the provision will need to be mainly affordable accommodation to meet local needs. Affordability is clearly a pressing issue in the areas outside the SHPPTWA where as much as 87% of the housing requirement is for affordable housing with a significant proportion to be provided as social rented accommodation to enable local households to access a decent home.

It is likely that much of this new affordable housing provision will have to be provided on land that has not previously been developed (Greenfield sites). While this should pose fewer constraints in terms of developing affordable housing on sites that have relatively few set-up costs, it is important that the Council ensures the housing provision is undertaken in-line with the PPG 3 *sequential approach* so that Greenfield development is guided to sites which



form sustainable extensions to existing settlements well served by amenities and infrastructure, including public transport. Developing affordable housing in sustainable settlement extensions will help ensure that balanced communities are created with a mix of housing types, and will reduce the out-migration of local people from the district allowing local communities to thrive.

Range of Affordable Housing Required

As previously noted, it is important that the Councils consider the range of options available to meet affordable housing need. In the light of the study findings there are a number of housing options that may be appropriate to satisfy housing need across the sub-regional housing market.

In the Plymouth sub-region, it would seem appropriate to provide a significant proportion of the required affordable housing through shared equity, reduced cost market housing and low cost market housing, although some social rented accommodation should also be provided. Such a mix should mean that affordable housing provision is more likely to be achieved despite the problems highlighted above with regard to the high amount of Brownfield development required in the City. The availability of capital funds through Housing Corporation Social Housing Grants would make the affordable housing targets more feasible on these sites – though the needs of South Hams will be competing against other strategic needs of the South West region. Using the full range of affordable housing types, however, will also ensure a balanced mix of housing is provided especially in the new community within the SHPPTWA.



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Key Terms and Definitions

Affordable housing: is housing of an adequate standard which is cheaper than the housing generally available in the local housing market. This can comprise a combination of subsidised rented housing, subsidised low cost home ownership (LCHO) including shared ownership, and in some market situations cheap housing for sale. Local planning policies can provide for the provision of appropriate quantities of affordable housing in this sense.

Bedroom standard: objective measure of occupation density. A standard number of bedrooms was allocated to each household depending upon the household composition.

Debts: exclude any mortgage/house loan, but include debts on credit cards, hire purchase etc.

Hidden households: include anyone who lives as part of a household who are likely to leave to establish independent accommodation during the next two years.

Household income: includes all salaries, benefits and pensions – before deductions such as tax and National Insurance.

Household: One person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping – that is, they normally share at least one meal per day and the housekeeping costs. Any students or schoolchildren that normally live there should be included as part of the household, even if they are currently away at school, college or university.

Housing demand: is the quantity of housing, of the type and quality, that households both want and can afford to buy or rent in the open market without subsidy. In other words, housing demand takes account of both preference and the ability to pay.

Housing need: is the quantity of housing, of the type and quality, necessary to house those households currently lacking their own housing, or living in housing which is unsuitable or inadequate, and who cannot afford to buy or rent suitable housing in the open market. In other words, housing need takes account of those without adequate housing who are unable to resolve their situation without assistance.

Housing requirements: encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay. In other words, it is the amount of housing necessary to accommodate the population at appropriate minimum standards.

Low cost home ownership or shared ownership: is designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Savings: exclude the value of the home if owned by the household.

Social housing: is housing of an adequate standard which is provided to rent (or on a shared ownership basis) at below market cost for households in need by Local Authorities or Registered Social Landlords (RSLs) operating on a basis of accepted and regulated standards of good practice in relation to physical conditions, management, allocation, equal opportunities, and accountability to tenants and other stakeholders.



Special needs: people currently living as part of the household who suffer from any long-term illness, health problem, mental health problem or disability, including problems associated with old age, which limit their daily activities or affect their housing requirements.

Transactional vacancies: it is necessary for a proportion of the housing stock to be empty at any point in time to enable people to move within the housing market. Transactional vacancies also include properties that are empty while undergoing repairs and improvement, but are brought back into use quickly and without intervention.

Acronyms and Initials

DOE	Department of the Environment
DETR	Department of the Environment, Transport and the Regions
HA	Housing Association
HH	Household
HSOP	Housing Strategy and Operational Plan
LA	Local Authority
LCHO	Low Cost Home Ownership
NAfW	National Assembly for Wales
ONS	Office for National Statistics
ORS	Opinion Research Services
PAF	Postcode Address File
PPG	Planning Policy Guidance note
RSL	Registered Social Landlord
RTB	Right to Buy
UDP	Unitary Development Plan

