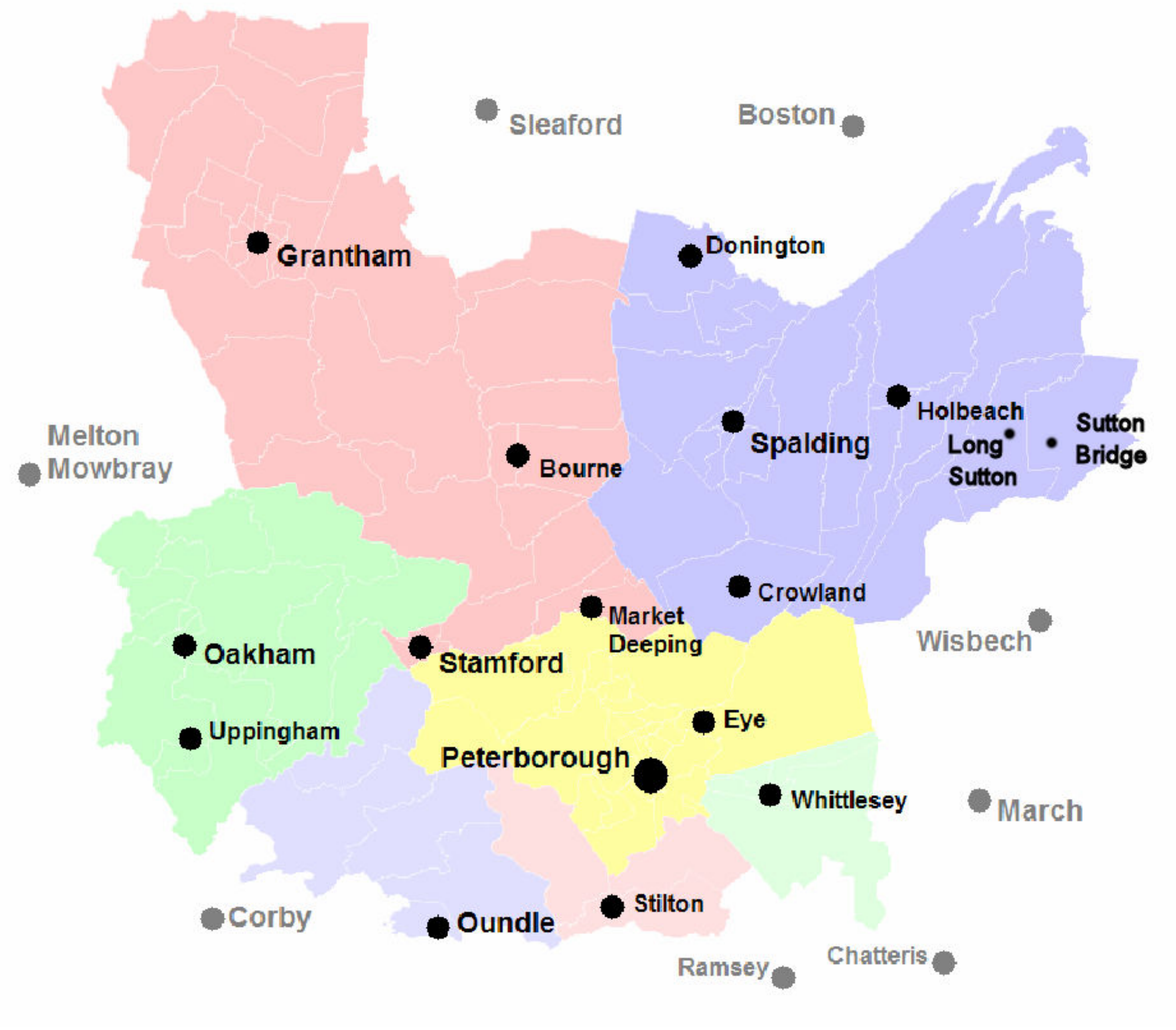
Peterborough Sub-Regional Strategic Housing Market Assessment 2008



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Foreword

Structure of the report

This report addresses a wide range of housing issues. The work represents the second stage of a two stage project. The first stage involved the establishment of a common basis of Housing Needs Assessments (HNAs) for the four whole and three part district/unitary council areas covered by the study. Three of the HNAs are new: Peterborough, Rutland and South Holland. All of them are reviewed in Chapter 10 of this report, but reference can be made to the full reports for more detail.

The report is divided into sections. The logic for the sections derives from the Brief for the work and Government Guidance as well as the need for a logical explanation of the work. At the start of each section the chapter titles and short summary of content are listed, in order to assist the reader to gain a quick overview of the detailed contents. A more substantial overview is provided in the Executive Summary.

The next page of this report provides a summary list of the chapters. Detailed contents of each chapter are presented after the Glossary, at the end of the report. These can be used as an index when seeking further information on a given topic.

Acknowledgements

A large-scale assessment of this nature is a collaborative effort and Fordham Research wish to thank all members of the sub-regional SHMA partnership for their support, guidance and contributions. We would also like to thank those local stakeholders who participated in the discussion and whose local knowledge and views have been immensely helpful.

It is also important to recognise that this report would not have been possible without the co-operation of the general public who gave up their time to take part in housing surveys for three of the local authorities (the main results being summarised in this document with separate reports provided to each of the councils concerned). Their assistance is gratefully acknowledged.

Note regarding maps

The report contains a series of maps, usually showing information from the 2001 Census at ward level. These are expressed in relative, and not absolute terms. For example if there are 4 divisions to show a characteristic, most of the variation may be within only a third of the range, so the maps would be almost all one shade unless the divisions are varied to show the main distinctions. This rule applies to all maps unless otherwise stated.

Chapter Listing

SECTION A: BACKGROUND TO THE ASSESSMENT

This Section provides key background information about the assessment and the local policy context. The Section contains three chapters:

Chapter 1 – Introduction to the SHMA

Provides a brief overview of the research process including a discussion of the various sources of data and information which have been utilised to provide the necessary evidence base and ultimately a range of policy recommendations.

Chapter 2 – The policy context

Examines the regional policy context and trends. The HMA lies in two Government regions and so this adds some complexity to the policy situation.

Chapter 3 – The Sub-Regional Housing Market Area

This chapter looks at the Peterborough Housing Market Area. This includes defining the area (particularly where the areas targeted by the HMA are only a section of each of the respective authorities) as well as discussing sub-areas within the HMA.

1. Introduction to the SHMA

Overview

1.1 Fordham Research was commissioned in January 2007 to conduct a Strategic Housing Market Assessment (SHMA) for the Peterborough Sub-Regional Housing Market Assessment Group (the Group). The evidence provided is required to inform appropriate policy responses to housing need and demand. The group was set up in response to the identification of a housing market sub-region based around Peterborough, following work by DTZ Pieda.

1.2 The Steering Group consists of four local housing authorities – Peterborough City Council, South Holland District Council, South Kesteven District Council and Rutland County Council, and representatives from Huntingdonshire District Council, Fenland District Council and East Northamptonshire Council. There are also representatives from the Housing Corporation, Cambridgeshire, East Midlands Regional Assembly and Lincolnshire County Council.

1.3 The report follows the general structure of the CLG Strategic Housing Market Assessment Guidance of March/August 2007 (the Guide). In addition the research carried out is mindful of the requirements of PPS3 and also PPS12 in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.

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

The Housing Market Partnership and stakeholder involvement

1.5 In line with the Guide this project has been carried out under the supervision of a Steering Group made up of Council officers from a range of backgrounds including housing and planning.

1.6 In addition, a number of other organisations were involved in the project through participation at stakeholder events. These organisations included developers, Registered Social Landlords (RSLs), estate/letting agents and voluntary agencies as well as Council members and officers.

1.7 The CLG Guidance makes clear the importance of the involvement of stakeholders throughout the course of the process. The following describes the process as part of the Peterborough SHMA.

1.8 The authorities in the Peterborough Sub-Region set up a project Steering Group that consisted of a range of officers and external agencies that specialise in a wide range of areas. This group oversaw the SHMA process. In addition, a smaller working group was established in order to deal with the day-to-day running of the Strategic Housing Market Assessment.

1.9 Initial stakeholder events were held in April and May 2007 to introduce the study and to allow stakeholders to highlight any initial areas of interest and concern. These events produced a lively and engaging debate that helped to shape the direction of this project.

1.10 In order to try to engage with as many stakeholders as possible, a newsletter was produced following this event which provided a summary of the event and invited people to contact the Project Manger at Fordham Research to discuss or provide further comment or information on the wide range of topics covered.

1.11 As part of the stakeholder work, discussions were held with estate and letting agencies to ensure that a full and detailed understanding was gathered from those working at the forefront of moves within the housing market. The information gained during this process was invaluable in providing up to date information on what is essentially a very fast moving market.

The research process

1.12 The research was designed to meet the requirements of both the Partnership's brief and the CLG guide. In addition as the project evolved and stakeholder involvement became more detailed additional areas of interest were suggested and explored. The brief for the project was made available around the time that PPS3 was published but slightly before publication of the formal SHMA guidance.

1.13 The Brief contained a general set of requirements, and then specific requirements for the study area. The general requirements included:

- An overview of the demographic characteristics of the population
- A description of housing demand and cost
- An assessment of the likely affordability of local housing
- A check 'balance' in the sub-regional housing market
- Data informing each Council of housing needs in its area

1.14 In the context of the Brief and the Guidance requirements the report has been structured to follow the four broad stages in the Practice Guidance. These are:

- The current housing market
- The future housing market
- Housing need
- Housing requirements of specific household groups

1.15 Overall, the research process was highly interactive with feedback from both the Steering Group and stakeholders sought throughout the project. The consultation in general went well and encouraged participation from a wider range of groups than would have been typical in previous Housing Needs Assessments. It is hoped that the level of interaction with stakeholders will have increased the understanding of the results and ultimately improved communication between different parties.

1.16 Since a SHMA is designed to be an ongoing process, we recommend that the Steering Group continue and build on the relationships developed as part of the SHMA to ensure the involvement of a wide range of agencies in developing further understanding of the Peterborough sub-regional housing market. We recommend that the Group engages with key agencies and house builders through regular meetings and sharing of information.

What is a SHMA?

1.17 A Strategic Housing Market Assessment (SHMA) is a new idea. Government guidance has for some time, before formal publication of PPS3: Housing (November 2006), been moving towards the view that the 'evidence base' required for the good planning of an area should be the product of a process, rather than a technical exercise. Moreover the process should not be restricted, as before, simply to the need for affordable housing but should cover all tenures (market, intermediate and affordable).

1.18 The general principles of the SHMA process are established through Figure 1.2 of the Practice Guidance (published in March and August 2007). They are:

i) Involvement of a group of local authorities representing a meaningful market area.

ii) A process in which key stakeholders are involved in the production of the evidence as well as being consumers of it.

iii) Inclusion in the process of all tenures of housing, not just the affordable ones, as in the old Housing Needs Surveys (HNS).

iv) Higher standards of quality: the tests of rigour are more strict than before.

PPS3: Housing (November 2006)

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

1.20 Para 22 of the PPS3 says:

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

(i) The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing

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

(iii) The size and type of affordable housing required'

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

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

1.22 This helps to explain the existence of the middle one of the three key requirements of paragraph 22 of PPS3 quoted above. Clearly both the Steering Group and developers need to be aware of the likely pattern of demand from different types of households.

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

Table 1.1 Key acronyms and concepts defined in HMA & PPS3 Guidance	
Concept	*Description*
SHMA	Strategic Housing Market Assessment: one that involves all tenures and is set in a stakeholder process that produces results for a given set of market and sub-market areas
HMA	Housing Market Area. There is no single definition available for an HMA. The issue is discussed in Chapter 3 of this report
Guidance	The key reference is PPS3 of November 2006, as quoted above, which is supported by Practice Guidance explaining a detailed approach to producing an SHMA, which was published in March 2007 (Version 1) and July 2007 (Version 2). The versions are very little different
Stakeholder involvement	Stakeholders are defined as various interest groups with a central interest in the housing market. They include public officials, specialist quasi public and voluntary bodies concerned with housing (e.g. Housing Associations (RSLs) and private sector bodies such as house builders, private landlords, estate and letting agents). The Guidance does not identify the general public as a stakeholder, but clearly the public has a keen interest in this topic, and this SHMA has sought to involve the public as appropriate
All tenure approach	A key feature of the CLG approach in PPS3 is that all tenures should be covered. This means that the former Housing Needs Surveys (HNS) which focused on a technical analysis of the need for affordable housing, has been subsumed in a much wider and less technical process
Evidence base	PPS3 gives the evidence base, of which this SHMA is a key part, a central role in determining policy. This give more responsibility to the process and documentary results of it, but also more scope for it to affect such figures as the Regional Spatial Strategy (RSS) target, which historically has been 'top down' from higher levels of government, but which is now becoming more of a compromise between local 'bottom up' evidence and 'top down' direction
RSS	Regional Spatial Strategy: a statutory document which sets out both the overall housing numbers to be built and also the affordable proportions for a given region. The RSS is consulted upon so that the local views and the local evidence base of the SHMA is a part of the process
LDF	Local Development Framework: this is the planning structure within which sites for development and other infrastructure improvements are programmed. It includes the locally detailed translations of the overall RSS targets
RHS	Regional Housing Strategy: this is the non-statutory companion of the RSS, addressing specifically housing issues

Source: Fordham Research Peterborough sub-regional SHMA 2007

1.24 The following specific elements of research technology have been developed by Fordham Research to meet the SHMA agenda.

Table 1.2 Fordham Research concepts for PPS3 outputs		
Technique	*What it does*	*PPS3 outputs*
1. **Annual Flows**: a standardised three year average of flows of household types into, out of and within a housing (sub) market.	Illustrates the character of a market. What are the flows of newly forming households like? How far are existing households attracted to the area, or is there a net out-migration?	The second of the three requirements in Para 22 of PPS3. The Census can produce some but not all of the PPS3 outputs.
2. **Financial Capacity**: income + equity + savings.	Financial capacity indicates what households can afford. Some 70% of households have equity now. Equity is on average more important than income in the overall **'ability to buy'.**	All three of the Para 22/23 outputs require the use of financial capacity to produce robust results.
3. **Balance** (of housing markets). This is a term introduced by the Audit Commission in the early part of this century. However no technique was produced for measuring it.	Fordham Research has developed a method of assessment (the **Balancing Housing Markets** model (BHM). This uses a range of quantitative and qualitative inputs to indicate what extra housing is required to move a given market towards balance.	The BHM outputs produce all the information required by para 22 of PPS3. The separate technical analysis of **housing need** produces supplementary information.
4. **Rungs in the housing ladder**. Assessment of the weekly costs of all tenures and types of housing.	The graph shows entry points to different levels of the market. It indicates the cost thresholds on a consistent basis.	It indicates what types of new housing best assist households 'climbing the housing ladder'. Important for assisting house builders to meet the requirements of para 23.
5. Usefully affordable **intermediate housing.** Its price is the mid point of the gap between social rent and market housing (the intermediate range defined in PPS3).	Provision of intermediate housing at the usefully affordable point will assist those in intermediate need. If provided only at the top end of that range, which is 'technically intermediate affordable housing', it will not. Most of the households in intermediate need are around the middle and lower end of the intermediate range.	Helps achievement of PPS3 balanced markets by providing a rung in the housing ladder.

Source: Fordham Research 2007

1.25 These two tables provide a set of key definitions and terms which should assist in understanding the report's content.

Data sources

1.26 A range of data sources were consulted during this project to ensure that the most reliable data was used for analysis. In addition to the use of data, information was gleaned from a number of important publications and through discussions with local stakeholders. Below we provide a brief summary of the main sources of information:

1.27 Secondary data – there are a range of data sources already available at the local, regional and national level which provide a good background to the housing market and how it is changing. Data sources considered in analysis include Land Registry data, the 2001 Census, the Annual Survey of Hours and Earnings, HSSA data and published household/population projections.

1.28 Primary data – in addition to studying secondary data sources it was felt necessary to conduct a local household survey for three authorities where the most recent housing needs survey information was out-of-date. The survey data allowed many of the ‘gaps’ in secondary data to be overcome. Most notably the survey data found out in some detail households future demands and aspirations and studied this data along with financial data on a household-by household basis. The results from the surveys have been provided to each of the relevant councils in separate reports although key findings are reflected in this document.

1.29 It is important to note that the primary data gathered for this study (for Peterborough, South Holland and Rutland) was supplemented by data from recent surveys for South Kesteven and parts of East Northants, Huntingdonshire and Fenland districts (collectively labelled the ‘Southern Fringe’). The precise coverage of parts of districts is set out in Chapter 3 below.

1.30 Estate agent information – a key part of the project was a series of face-to-face interviews with estate/letting agents and developers active in the local area. These interviews discussed the dynamics of the housing market (e.g. what types of households are seeking properties) and provided a good overview of what has actually been happening locally. The interviews were supplemented by an internet property/rent price search to establish the costs of housing in the local area.

1.31 Stakeholder/Steering Group meetings – Throughout the project a number of meetings and events were carried out. These helped to shape the project and ensured that we were always aware of any developments. The Steering Group meetings were largely designed to discuss progress whilst the stakeholder events were used to disseminate information and to encourage feedback.

This report

1.32 This report is supported by Housing Needs Survey reports for all six district councils involved (three of them carried out as part of the present contract and three of which have recently been updated) as well as appendices.

1.33 It reflects the process required by the Guidance and contains the outputs which it demands.

Summary

i) The SHMA has been conducted in line with the most recent government guidance (as contained in CLG SHMA Practice Guidance and PPS3.

ii) A key feature of this is the involvement of stakeholders who are able to provide detailed insight into the local housing market.

iii) A range of information sources have been used as part of the process including: secondary data, household surveys and interviews with local estate and letting agents.

iv) Finally, the SHMA should be seen as an ongoing process with key data monitored into the future to see the 'direction' in which the housing market is moving.

2. National and regional policy and background information

Introduction

2.1 This chapter provides information on the national and regional background. The HMA is particularly interesting as it is almost unique in containing substantial parts of two Government Regions, each of which has a quite different approach to new house building. This is outlined in what follows.

2.2 Also in this chapter is a general background on housing; this material is then followed up in the more detailed chapters in the next section, which link the regional to the local data.

A. Policy background

2.3 This part of the chapter provides a regional policy context for the SHMA by summarising a wide range of relevant documentation. However, it is important to note that the four full housing authority areas and three part district areas straddle two adjacent regions (East Midlands and East of England) as below:

- Peterborough: East of England
- South Kesteven: East Midlands
- Rutland: East Midlands
- South Holland: East Midlands
- East Northamptonshire (part): East Midlands
- Huntingdonshire (part): East of England
- Fenland (part): East of England

2.4 The Regional Assembles for both regions (EERA and EMRA), and their respective Government Offices (GOEM and GOEE), have produced a considerable amount of relevant contextual material (including Regional Spatial Strategies which are still in the process of being adopted). As such, one key aim of this section is to highlight relevant policy similarities and differences between the regions.

The Regions

2.5 It is important to note that there are some differences in terms of the demographic, social and economic profiles of the regions that may impact on housing strategies and polices.

2.6 The East Midlands Regional Housing Strategy (2004) describes the East Midlands as a large and diverse region. It has a population of just under 4.2 million with a distinctive "polycentric" settlement structure based on the three major national cities of Derby, Leicester and Nottingham and the regional centres of Lincoln and Northampton. In the present context, Grantham and Spalding are designated as sub-regional centres.

2.7 Around 40% of the population live in towns and villages of less than 10,000 people which also makes the East Midlands one of the more rural regions in England. The East Midlands is strongly influenced by the proximity of major urban centres in adjacent regions, most notably, the conurbations of the West Midlands, the North West and South Yorkshire, and to the South, the expanding cities of Milton Keynes and Peterborough (EMRA, 2004:15).

2.8 In contrast, according to the Regional Economic Strategy for the East of England (2004), the East of England is one of the largest and most diverse regions in the UK and comprises the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk.

2.9 It is the second largest region in England with an area of 19,110 sq km. Compared to other English regions; there are fewer large cities and no obvious regional capital. The region has a significant rural landscape, and is home to around a fifth of England's market towns. (EERA, 2004: 8)

Regional Spatial Strategies

East Midlands

2.10 The draft Regional Spatial Strategy for the East Midlands (also known as the draft Regional Plan or draft RSS8) was placed on deposit on 28 September 2006. Policy 14 of Draft RSS8 proposed regional housing provision of 20,418 dwellings per year for 2001-26 (510,450 in total). The figures for the three local authorities in Peterborough HMA are set out in Table 2.1

2.11 Draft RSS8 was considered by an Examination in Public in May-July 2007. The Panel Report resulting from this was published on 28 November 2007. This recommended that the overall housing numbers proposed in draft RSS8 should be increased. In the Peterborough (partial) HMA, however, the figures for South Holland would be limited to existing planned commitments pending a coastal strategy, reflecting concerns about coastal flooding, and those for South Kesteven and Rutland would remain unchanged.

2.12 The Panel Report does not amend draft RSS8 directly, but makes recommendations to the Secretary of State who will then consider them. Her proposals are then expected to be published in the spring of 2008 and will be subject to further consultation before RSS8 is finalised.

East of England

2.13 In the same way as for the East Midlands, the East of England Regional Assembly published a draft RSS in December 2004. The Examination in Public took place from November to March 2006, and the Panel Report was published on 19th June 2006.

2.14 The main implication for this report is the figure for Peterborough. The figures for Huntingdonshire and Fenland are of some relevance, but since only a small percentage of those districts lies within the Peterborough HMA, and since the RSS does not specify allocations at sub-district level, it is not possible to infer anything about new housing development in the Peterborough HMA, parts of Huntingdonshire and Fenland from these regional documents.

2.15 In relation to its upward revision of the total regional newbuild proposal to 505,500 (as compared with the Draft RSS's 478,000) the Panel said:

> *'To go beyond that at this stage would merely involve adding unrealistic numbers to the regional housing total without any real prospect of delivery. We believe this proposal is robust and achievable, and can be delivered without a strategically significant breach of the environmental limits, or unacceptable harm, provided all development is carried out in accordance with the draft Plan's strategy for sustainable development , modified as were proposed. Nevertheless, delivering this level of provisions will pose a challenge requiring strong positive commitment not only from the development industry but also from local planning authorities and from Government in funding infrastructure provision and other support'.*

2.16 The language of the quoted paragraph suggests that although this level of development is deliverable, it will require the best outcomes to be achieved all round.

2.17 In 2007 the *'Secretary of State's proposed changes and further proposed changes to the Draft Revision to the Regional Spatial Strategy for the East of England'* was published, with the final version promised in early 2008. The title just quoted suggests the fairly lengthy process of nearing a final version. In a table in para 5.6 of the Proposed Changes the following overall figures are stated:

i) The target for 2001 to 2021 remains at 508,000 as the EIP Panel had proposed, of which 402,450 remain to be built, at a rate of some 27,000 per annum (compared with the 21,000 which is the annual rate for the first six years of the century). Hence it appears to be quite a demanding overall rate.

ii) The total figure for Peterborough is 25,000 for 2001-21, and represents an annual required rate of 1,420, which compares with an annual rate of achieved newbuild of 730 per annum for the period 2001-2006.

2.18 The figures are stated as minima; the phrase 'at least' prefaces the mention of 508,000 in draft Policy H1 of the draft RSS in the latest proposals.

Housing Strategies

East of England

2.19 The East of England's Regional Housing Strategy (RHS) 2005-2010 suggests that the region requires a total of 508,000 dwellings over the period 2001–2021. This indicates an annual average rate of completion of 25,400 net additional dwellings each year (EERA, 2005: 4). As discussed below, this leads to some problems, as the East Midlands region has adjusted its projections to a 2026 end date.

2.20 It suggests that eleven thousand of these additional dwellings will probably need to be 'affordable', i.e. benefiting from some form of subsidy to reduce their cost to the consumer to significantly below the market price. Importantly, the RHS recognises that on the basis of current practice, the volume of subsidy required will certainly be much greater than what is likely to be available from public expenditure (EERA, 2005: 4).

2.21 As such, the RHS proposes a series of measures aimed at reducing land and construction costs, reducing average subsidy requirements, and maximising the public investment resources available (EERA, 2005: 4).

2.22 However, the RHS acknowledges that the delivery of this scale of housing is dependent upon the timely delivery of infrastructure and job growth and that the housing completions, infrastructure delivery, job creation and other economic and demographic factors will require close monitoring (EERA, 2005: 4).

2.23 In response, EERA argues that partnership is an important theme in ensuring the required delivery of new housing, and a partnering approach is recommended in planning and managing the supply-chain of new housing schemes across the Region which will provide the volume of schemes required. Together with training and similar measures, this will help bring about the improvement in confidence, efficiency and product quality which will be needed from the Region's future construction industry (EERA, 2005: 5).

East Midlands

2.24 Both the East Midlands draft RSS and Regional Housing Strategy display similar housing issues as above, with the difference noted above, that the projections are to 2026 rather than 2021.

2.25 However, in contrast with the East of England, the characteristic of housing markets in the East Midlands is slightly more complex. The EMRA Regional Housing Strategy (RHS) states that whilst price rises have meant that housing affordability is now a problem right across the region, there remain some areas containing properties of low demand.

2.26 There is also historical research on affordability. Research undertaken by The University of Birmingham's Centre for Urban and Regional Studies (CURS) showed that in 2004, the proportion of households across the region unable to enter the property market ranged between 44% and 75 % (EMRA, 2004:11). The CURS report estimated a need for affordable housing at around 6,400 homes per year.

2.27 The RHS acknowledged that there is a gap between total completions of affordable houses and both the monitoring indicator of around 3,950 per year in the existing Regional Planning Guidance and the larger number identified in the CURS research. It argued that this represented a challenge for both the then Regional Housing Board which needed to consider how much additional funding it could secure, and for other sectors which can contribute to new affordable housing provision e.g. planning (EMRA, 2004:22).

2.28 In response, the East Midlands RHS suggested a range of policy responses including:

i) undertaking SHMAs at sub-regional levels; Now under way across the region.

ii) working closely with the Regional Planning Board; (they have since been merged).

iii) taking into account the RHS and local housing strategies when preparing Local Development Documents;

iv) where developments are the subject of a Section 106 planning obligation land should be provided at nil cost, fully serviced and free of contamination; and

v) all developments to reflect principles of both high design quality and sustainability and where appropriate utilise innovative techniques such as offsite manufacture to enhance output (EMRA, 2004:23).

2.29 The East Midlands RHS is currently being revised.

Peterborough SHMA Newbuild Targets

2.30 Both regions propose housing provision targets, but there is a problem noted above that the East Midlands currently goes to 2026 while the East of England does so to 2021. This has required some adjustment to produce reasonably consistent figures, as shown in Table 2.1 below.

Table 2.1 Peterborough SHMA Draft RSS targets			
Council area	Total to be built	Of which built 2001-2006	Minimum still to be built April 2006 to 2021/2026*
South Kesteven	15,750 (55)	3,179 (636)	12,571 (638)
South Holland	13,750 (36)	3,041 (608)	10,709 (535)
Rutland	4,250 (15)	1,174 (235)	3,076 (154)
Peterborough	25,000 (68)	3,630 (730)	21,370 (1,425)
Southern Fringe	3,850 (14)	906 (182)	2,945 (196)
Total	62,600 (188)	11,930 (2,391)	50,851 (2,948)

Source: EERA (2006) and EMRA (2007)

Please note that the Southern Fringe housing provision figures have been calculated pro-rata at a rate of 10% of the draft RSS figures for Fenland, East Northamptonshire and Huntingdonshire

** The newbuild targets for South Kesteven, South Holland and Rutland are based on the period 2001-2026. However, newbuild targets for Peterborough and the Southern Fringe are currently available only for the period 2001-2021.*

2.31 The figures in brackets after the main numbers are as follows:

i) The figures after the first column numbers (e.g. 55) are the numbers of thousands of households in each district (added to the RSS table by Fordham Research to provide some context). From this it can be seen that both the overall population size and growth figures vary.

ii) The second column figures in brackets are the annual completions 2001-2006.

iii) The third column bracketed figures are the implied annual totals for newbuild 2006-2026 (and 2021 in the case of Peterborough and the Southern Fringe).

2.32 When considering this information, there are some notable differences between the housing market areas:

i) A significant proportion of housing provision is planned to take place in the growth area of Peterborough.

ii) On average, there is a need for greater housing provision during the period in question than has been built 2001-2006. This is particularly the case with Peterborough which will need to increase its provision from 730 units p.a. to 1,425 units p.a.

iii) Rutland's higher than average provision during 2001-2006 means that its annual provision target for 2006-2021 is noticeably lower. However, the Southern Fringe area is broadly meeting its RSS housing targets for both periods.

iv) The 10% working assumption for the southern Fringe has been compared to commitments and future allocations in LDFs in order to provide a sustainability reality check. The southern Fringe consists of settlements that are a fraction of whole districts. It is more appropriate to look at requirements for the southern Fringe within the context of the districts in which they fit. The settlements in the southern Fringe pose a number of sustainability problems especially regarding lack of homes/jobs balance, paucity of services, out-commuting to Peterborough, limited transport infrastructure, flooding and impact on protected habitats. These issues and the availability of landing more sustainable settlements means that development needs should continue to be focussed on larger sustainable towns as opposed to the settlements in the southern Fringe.

Affordable housing

East of England

2.33 Common themes and policy issues can be identified within the two Regional Housing Strategies. Arguably the most important common theme across the two regions is that of the need for more affordable housing. Both strategies acknowledge that a lack of affordable housing is not a singular housing issue, but may impact on a wider range of issues including social cohesion and economic development.

2.34 In preparing the East of England Plan, EERA commissioned an Affordable Housing Study in 2003. Information from this study informed the development of Policy SS13 on overall housing provision. Within the average provision for 23,900 additional dwellings each year, social rented housing should, based on this study, account for around 7,200 dwellings to accommodate the anticipated net additional need within the growing population of the Region. This amounts to some 30% of overall provision (EERA, 2005: 16).

2.35 A second Affordable Housing Study (Phase 2 – 2004) calculated that a further 1,320 units per year over 10 years will be needed to deal with the backlog of unmet need for social housing which is currently manifest in homelessness statistics and households trapped in overcrowding or otherwise unacceptable conditions (EERA, 2005: 16).

2.36 According to the East of England's Regional Housing Update of December 2006:

> *'The region needs to provide 11,000 affordable homes per year. Despite a 30% increase in housing capital investment….the funding will only help deliver half the number of homes that are required….The shortfall is manifest in acute housing stress and reflected in the increase in waiting lists across the region. Therefore, we need to maximise the scarce resources available, adopting a more strategic approach and using public subsidy as 'gap funding'*

2.37 However, EERA recognise that tensions may stem from the need to provide 11,000 affordable homes each year including:

- uncertainty over public investment in affordable housing
- dependence on market housing to deliver through section 106 agreements
- other priorities for section 106 agreements
- opportunities to develop not in line with planned provision (EERA, 2005: 19).

2.38 Importantly, the East of England RHS states that:

> *'the East of England Plan sets an aspirational target that affordable housing should* ***exceed*** *40% of the new housing provision in the period up to 2015, to provide dwellings for social renting, Key Workers, and other intermediate needs, and to reduce the backlog of currently unmet need* (EERA, 2005: 16).*'*

2.39 Further, the Revised Regional Housing Strategy for the East of England 2005-2010 (January 2005) states that the 30% target for social rented housing is a minimum. At the local level the Draft East of England Plan sets a target for affordable housing as a whole (not just social rented) of at least 30% of housing supply in all local authority areas, with an aspiration of 40% where housing stress warrants higher provision. The higher targets apply to the period up to 2015 in order to meet subsidised social renting, key worker and intermediate needs, and to reduce the level of unmet need (EERA, 2005: 6).

East Midlands

2.40 Similar to the East of England region, the East Midlands regards providing affordable housing as one of its key strategic priorities. The EMRA Housing Strategy 2004-2011 acknowledges that recent house price increases mean that affordability is now a problem right across the region.

2.41 Draft RSS8 proposed regional housing numbers which are discussed elsewhere in this SHMA report. Policy 15 of draft RSS8, *Regional Priorities for Affordable Housing*, set interim affordable housing targets for each HMA. For the East Midlands part of the Peterborough sub-regional HMA (South Holland, South Kesteven and Rutland), the targets are that at least 28% of new housing should be social rented and at least 7% should be intermediate housing. These targets will be reviewed through the Local Development Framework process in the light of the findings of this SHMA.

2.42 The Panel Report on draft RSS8 recommends that the affordable housing targets should be expressed as absolute numbers and not as percentages. As the outcome of this process is not yet clear, the affordable housing targets suggested by this SHMA have been retained in percentage form. Numerical targets on their own are not very reliable, as no allowance is made for the possibility of higher levels of development than currently envisaged, and hence the numerical target being overtaken by events. (In this case, however, the numerical targets were themselves based on higher trend-based projections.) Hence it is sensible at least to provide both numerical and percentage targets.

Economic Strategy

East of England

2.43 'A shared vision' (EEDA 2004) sets out various future targets and visions (p 10). The key points are to:

i) Build on the region's global leadership in science and technology, gateway roles and landscape and environment assets.

ii) To overcome barriers of lack of skills and human capital, enterprise and productivity and deprivation and exclusion.

iii) Together with the neighbouring South East region to complement and enhance the position of London as a world city and to manage growth sensitively and effectively.

2.44 The report identifies the supply of homes, and affordable homes in particular, as a significant constraint on economic growth and competitiveness. Further, it argues that affordability has a significant economic impact affecting the recruitment and retention of workers in essential public services such as health and education and across the private sector. The lack of affordable housing can undermine the sustainability of communities, as people are forced to either travel longer distances to work or move to new areas, weakening local networks and social contacts.

2.45 However, it argues that the construction of new homes and buildings to high quality design and environmental standards together with the scale of growth being planned for, is itself a significant job growth opportunity for the region although it is important to:

- ensure sufficient high quality homes are developed in the right locations to support economic activity and regeneration
- promote public and private partnerships and mechanisms to provide land for housing development
- address affordable housing needs and the housing needs of migrant workers, refugees and other socially-excluded groups, through cross agency working
- co-ordinate regional programmes to address skills gaps and shortages in the built environment professions, and develop skills to take advantage of the latest sustainable construction techniques
- develop demonstrator housing projects that deliver high density, resource efficient affordable homes and maximise the use of brownfield land opportunities (EEDA, 2004: 49-50).

2.46 The Regional Economic Strategy 2008-2031, due to be published in spring 2008, retains much of the vision contained in the current RES but places greater emphasis on adoption of low carbon technologies and standards. One of the themes identified as key to the success of the strategy is investment in appropriate infrastructure and housing that supports productivity, growth, attracts a mix of people and businesses and meets the needs of an ageing population.

East Midlands

2.47 The East Midlands' Economic Strategy 2006-2020 acknowledges that housing and the economy are mutually dependent. Housing is not only a key sector itself, in terms of construction and design for example, but also critical to the quality of life experience of people living and working in the region (EMDA, 2006: 19).

2.48 Further, it states that a lack of balance between housing and job markets can lead to increased commuting and congestion, which also impact on economic growth and performance. The opportunity for people to live near to their place of work, social or cultural opportunities and services, and be well connected to the region's transport networks is vital if there are to be sustainable communities where people want to live and work, now and in the future. (EMDA, 2006: 16).

2.49 Importantly, the Economic Strategy 2006-2020 suggests that the Cambridge - Stansted - Peterborough growth area will also have implications for parts of the region with the Peterborough Sub-regional Housing Market Area stretching into southern Lincolnshire. The emerging 'Key Growth Points' initiative could also provide further economic and growth opportunities for other locations in the region (EMDA, 2006: 19).

Housing needs of particular groups

East of England

2.50 It is of particular current interest that EERA commissioned ECOTEC to produce a study of refugees ('The Housing Needs of Refugees in the East of England' June 2005). The study found various places which are a focus for the location of refugees (including Peterborough). The study produced an estimate that there were just under 6,000 refugees in the region at the time of the survey (Table 15) but these figures are only broad estimates. The majority of the report is concerned with advising local authorities how to address the issues in terms of policy and procedures.

2.51 An EERA Study into the Housing Needs of Black and Minority Ethnic Communities in the East of England (July 2006), found that concentrations of BME communities are to be found in urban areas such as Peterborough.

2.52 It also recognises that there is a rapidly expanding migrant worker population in the region, mainly employed in the agriculture, construction, health, food processing, hotels, catering, cleaning and manufacturing sectors. This population is very diverse in terms of ethnicity, educational levels and aspirations, although it is clustered in the 25-49 year old age group.

2.53 There are considerable numbers of female migrant workers. Migrant workers are often housed in private rented or employer-provided accommodation which is often of a poor quality. There is evidence of a seasonal swell in migrant worker numbers in the summer months as well as considerable mobility across the region. Existing studies suggest that many migrant workers have resided in the region for at least two years and intend to stay in the region for a number of years (EERA, 2006: 35).

2.54 However, at the time of the report (2006) only seven Local Authorities had produced a BME housing strategy. One local authority has produced a BME Housing Statement of Intent and three further local authorities had indicated that they are in the process of developing BME strategies or Action Plans (EERA, 2006: 37).

East Midlands

2.55 The East Midlands Regional Assembly Independent Review for the East Midlands Regional Housing Strategy Options Report (October 2007) highlights the facts that migrant workers do not figure in the current RHS. However, it is acknowledged that migrant workers have become an important issue since the accession of Eastern European countries into the EU.

2.56 It states that in the period 2004-06, the majority of migrants from new accession states were Poles (61% of the regional total), and most are young, with nearly 60% being male. The majority of migrants are living in the region's urban areas.

2.57 Where rural workers are accommodated near their place of work, the difficulties of providing affordable housing – particularly if the need has to be viewed as temporary – leads typically to the use of caravans or other temporary accommodation. Nonetheless, there appears to be strong anecdotal evidence that rural workers may still be choosing urban locations for their accommodation, being bussed out to their place of employment daily (EMRA, 2007: 46).

2.58 Importantly, it states that although the issue of housing need within Black and Minority Ethnic (BME) communities within the region is acknowledged in the current RHS, it provides no policy guidance with regard to how this should be done or how the needs are to be addressed.

2.59 However, the recent RHS has filled this policy gap and states that meeting BME needs (and the needs of families) should be a theme running through all provision. It also emphasises the need to keep a flexible approach at local level on the type and size of affordable housing to be delivered (EMRA, 2007: 46).

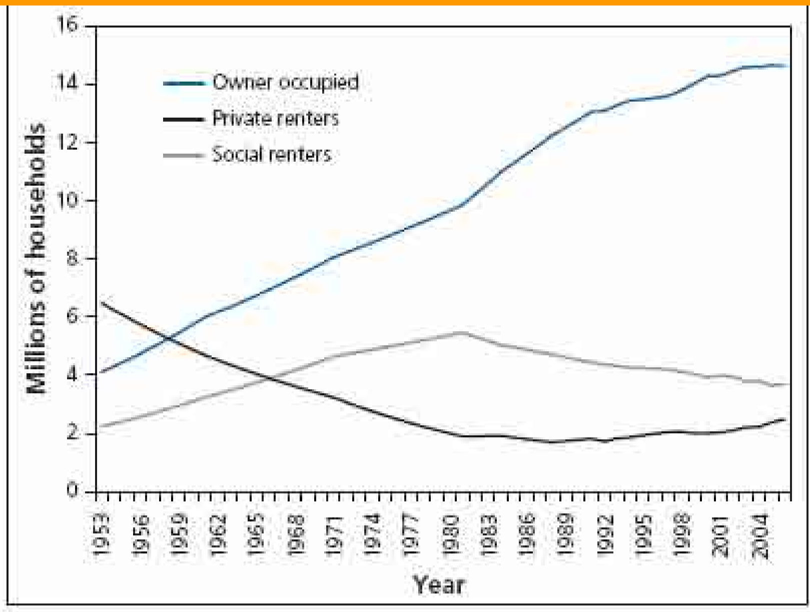
Background trends in housing

2.60 This subsection is broken down into various parts, explaining different aspects of housing. The material can be linked to the detailed chapters on aspects of the housing market in the next section of this report.

National tenure trends

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

Figure 2.1 Trends in tenure: England 1953 to 2006



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

2.62 This vividly shows the radical changes that have occurred since the middle of the last century, when only a third of households were owner occupiers, as compared with 70% today. When this is taken in conjunction with the price rises discussed in Chapter 6, the revolutionary nature of the change in financial circumstances of the average household can be seen.

National statistics on each major tenure

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

Owner-Occupation

2.64 For as long as measurements exist (about 25 years), the proportion of owners with a mortgage has been somewhat over half (currently 57%) and the proportion (normally older households) without mortgages has been somewhat below half.

2.65 During that time, however, the proportion of all households who are owner occupiers has risen from 57% in 1982 to 70% in 2006. It is worth noting, however, that the rate of increase in the proportion of owner occupiers has essentially stopped: it reached 68% in 1991 and has hardly risen since. This is a strong indication that upwards of 30% of the population is quite a long way from being able to buy: the owner-occupation growth curve hit a ceiling in the early 1990's and the economy has not altered for the excluded 30% since then.

2.66 At the same time, the high rate of price increase has meant that owners have acquired large amounts of equity. Despite this, the proportion of mortgage holders has hardly changed since 1991 (8.2 million in both 1991 and 2006) though the numbers without a mortgage has grown a bit (from 4.8 to 6.4 million households). Even though totals may remain similar, for the mortgage holders, the actual households involved turn over continuously as they go through the family cycle. The proportions with a mortgage are quite high, given the stability of the overall owner-occupation total (13 million in 1991 and 14.6 million in 2006).

2.67 Combined with the rise in prices, this shows that significant equity has been removed over the years. The SEH provides some useful data on the amounts and where it went:

Figure 2.2 How households used the proceeds from equity release

Property owning households — *2005/06*

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

Source: Communities and Local Government Survey of English Housing (SEH)

Note that people often spent the "withdrawn equity" in more than one way. Therefore the percent of households reporting each reason sums to more than 100.

Source: Table 17 Survey of English Housing 2005/2006

2.68 Some 5% of homeowners (nearly 700,000) remove equity from their property each year. On average they remove £33k. Most of this equity release was for some form of repeat mortgage, which makes sense as newly mortgaged households in general have least equity. About half of the money was used for home improvement. Most of the remainder was used for other reasons such as paying off other debt or lifestyle improvements. It is noteworthy that helping other family members to buy is now a noticeable part of the total: about 2% of all withdrawals of equity, and 3% of all those above £20k.

2.69 The proportion of equity released to assist other family members, normally children, is likely to rise as the costs of entry to the housing market become greater. Our surveys of estate agents commonly show that younger households require some form of equity assistance to buy. This topic is discussed in more detail in Chapter 10, on first time buyers.

Social renting

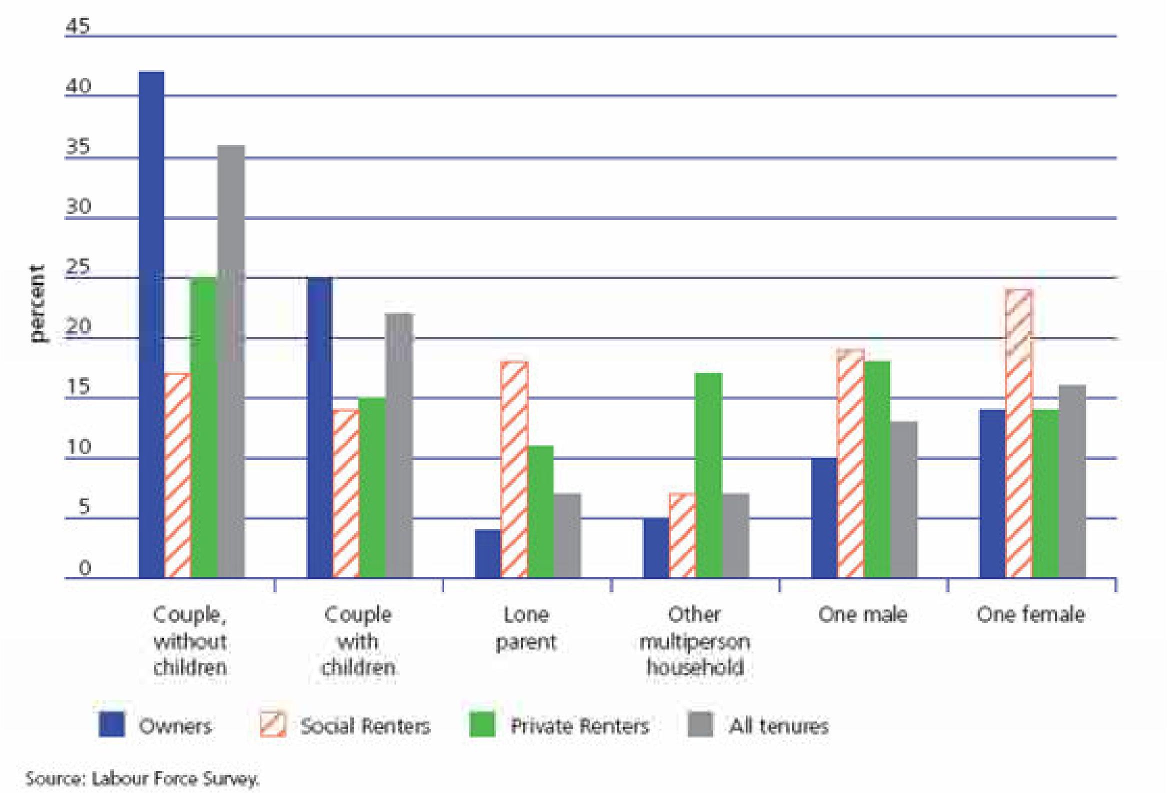
2.70 Social tenure has fallen from a peak of nearly 5.5 million households in 1981 to about 3.7 million in 2006 (SEH Table 1). A good deal of this reduction is explained by Right To Buy transfers of ownership. There have been less favourable trends for those remaining in social tenure, which are reviewed in the recent study by John Hills (Ends and Means: the future role of social housing in England CLG 2007). One of the most telling is that the proportion of social tenants in employment fell from about half in 1981 to 32% in 2006.

2.71 Other key features of this report include:

- 80% of those in social tenure were in that sector 10 years ago
- 27% of all BME households in England are in social tenure, but only 17% of white households
- 40% of social tenants said that this was their preferred tenure (true of only 8% of private tenants)
- 34% of social tenants were from the poorest fifth of the population, and only 20% were in the top half of the income earning population

2.72 The following table, from the Hills Report, succinctly summarises the sharp differences between household types in the three main tenures.

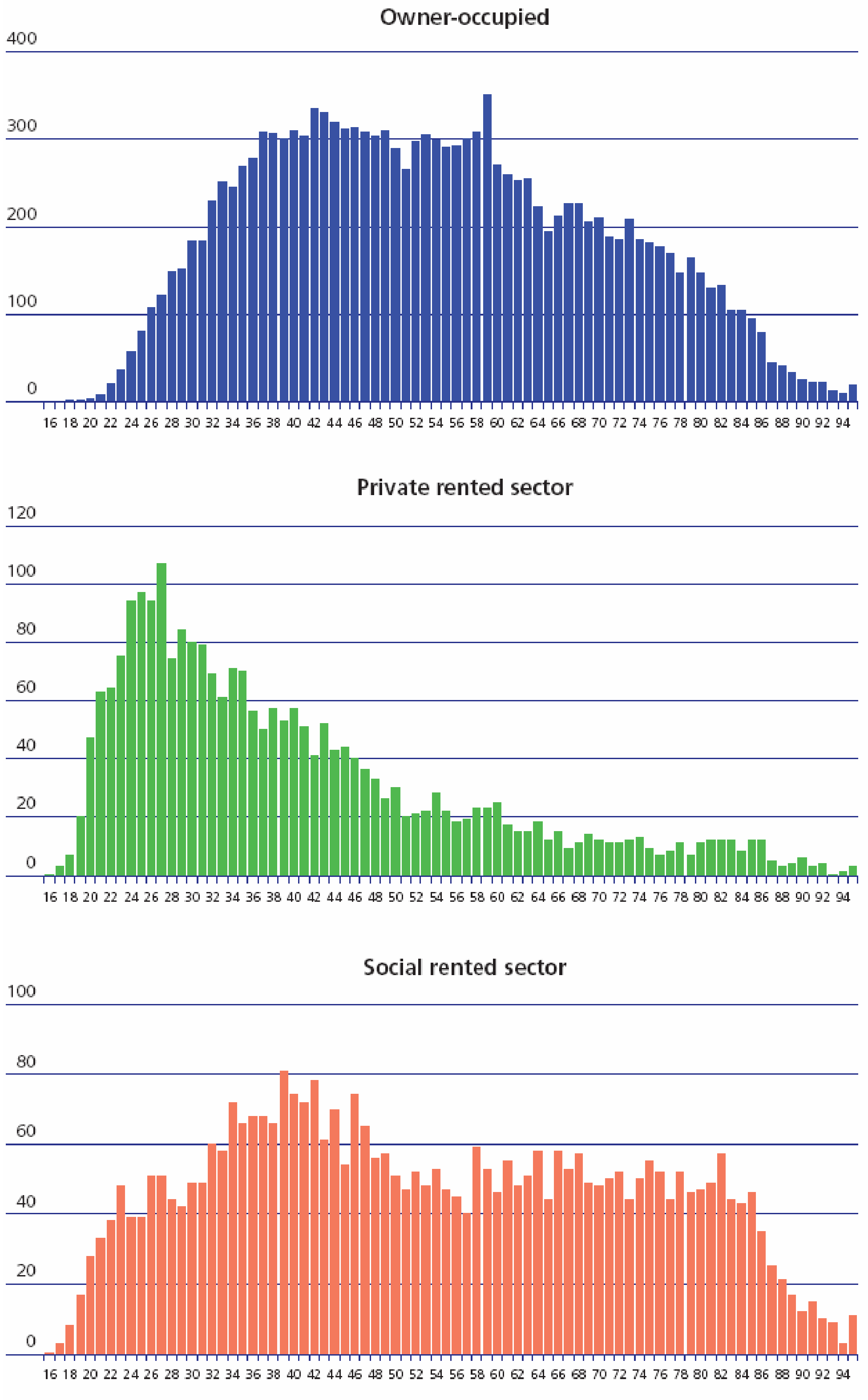
Figure 2.3 Household type by tenure, 2006



Source: Figure 5.6 Labour Force Survey

2.73 In some respects, as demonstrated above, social tenure has become 'residualised' for households with the lowest earning capacity. Lone parents are clearly much over represented. But it is also the case that it has become a place for older households: far more than the average of older persons are found in social tenure.

Figure 2.4 Age of householder in each tenure, 2006 (000s)



Source: Labour Force Survey.

Source: Figure 5.7 Labour Force Survey

2.74 As can be seen from these age pyramids, the social rented sector has by far the flattest 'pyramid' and one which therefore shows the lowest introduction of younger households at the beginning of the age sequence. It is in fact 'bimodal' showing two peaks, the second around retirement age. This is unlike the other two profiles and shows the much higher emphasis on older households typically found in the modern social rented sector.

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

Figure 2.5 Employment trends 1981-2005: Employment circumstances of social rented sector household heads (000s)

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

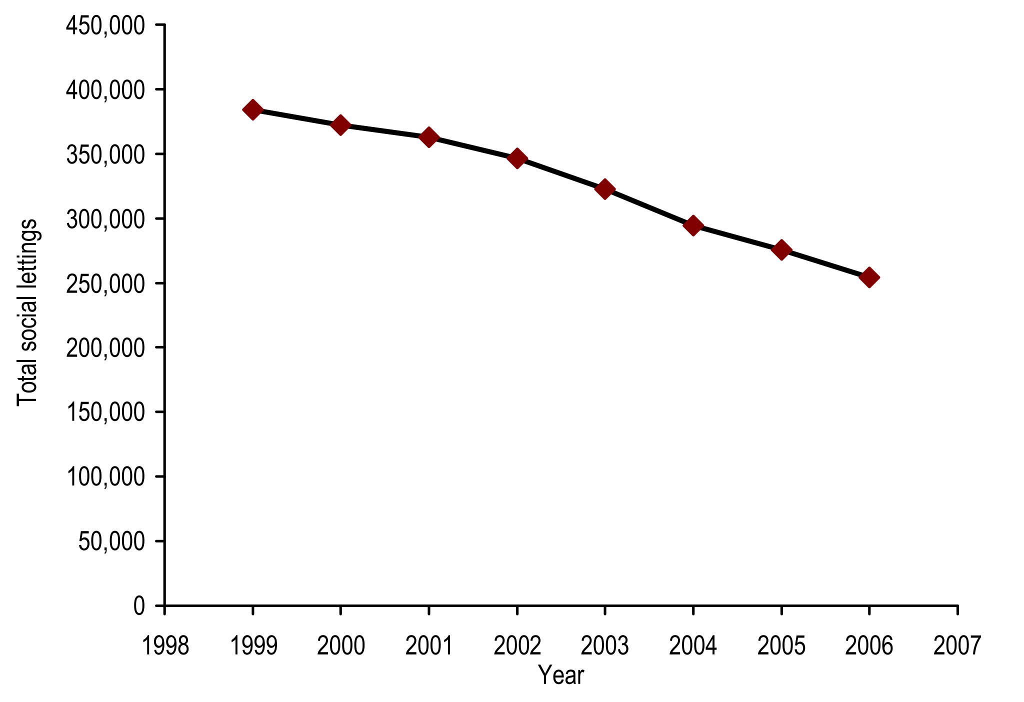
Source: *Labour Force Survey*, revised from table 5.5, S. Monk, et al., *The demand for social rented housing – a review of data services and supporting case study evidence* (Cambridge Centre for Housing and Planning Research, forthcoming).

Source: Table 10.1 Labour Force Survey

2.76 As can be seen, there is an overall substantial fall in the full time employed, from over half to less than a quarter, a substantial rise in part time employment and greater proportionate increase in the retired and the workless.

2.77 There has been a steady decline in social lettings over recent years, much more than proportionate to the decline in the total number of dwellings: social rented dwellings have fallen from about 4.2 million to 3.7 million over the period 1998 to 2006, but the annual social re-lets has fallen from about 370,000 to 250,000 over that period. There are complex reasons for this: both good and bad, but the overall effect is to substantially reduce the scope for access to the sector.

Figure 2.6 National trend in social re-lets



Source: HSSA 2007

2.78 Despite these problems, the Hills report sees a continuing role for social tenure, but makes the point that substantial changes need to be made in it. The level of employment is below what it should be, even after allowing for relevant factors. One of the main reasons for this is low mobility of those in social tenure and another is the steeply rising tax rates that accompany increased earning. The report also argues, plausibly, that the latest changes, which give social tenants more initiative, are a productive direction for development. It would be helpful to social tenants if they had more mobility in every sense.

Private renting

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

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

2.80 In recent times the private rented sector has shown the most surprising trend of all three main tenures: as the SEH diagram shown above demonstrates, it has increased in numbers during the present century, after a century long decline in the face of the growth of owner occupation. This tenure has not been studied in the same depth as the other two, but its importance in the overall dynamics of the market mean that a separate chapter (Ch 11) has been devoted to it in this study.

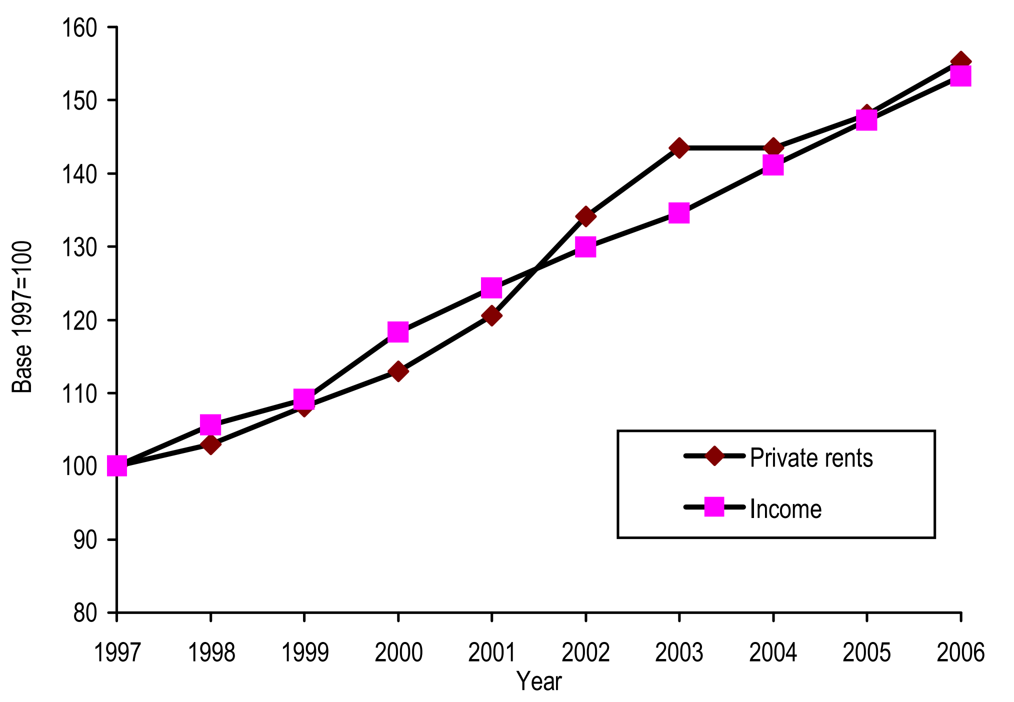
2.81 In recent times the proportion of private tenants has fallen from about 11% (2 million) in 1981 to 9% (1.7 million) in the early 1990's. In the late 1990's it rose to 2 million again (10%) but has risen much more strongly in the present century: from 2 million to nearly 2.5 million in 2006 (over 20%). It is noteworthy that in the period 2001 to 2006:

- The national household total grew by 0.5 million
- The private rented total grew by almost the same (453,000)

2.82 This, combined with the strikingly young age profile shown in the three tables from the Hills report in the previous subsection, demonstrates the importance of this sector for the future housing market. This is reinforced by the statistic quoted above that only 8% of private tenants (compared with 40% of social tenants) are content with their current tenure. There is a strong incentive to move through what is still seen as a transitional tenure.

2.83 A striking feature of the private rented sector in general is that private rents have increased at almost exactly the same rate as household incomes:

Figure 2.7 Rent and income levels 1997 - 2006



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

2.84 So private rents have remained approximately as affordable as they are now for a long time. Since private rental is, by Government definition, the access point to the market, this leads to the important point that:

- ***Affordability measured as the threshold of the market has not changed during the present century***

2.85 This is contrary to the general perception, which is driven by the rapid increase in prices rather than rents. This statistic must be moderated by the fact that 60% of private tenants aspire to own. Private renting is mainly a transitional tenure, although the rise in housing market gaps means that it may well become more of a final destination for many households.

2.86 The SEH statistics suggest (Table 3 of the 2005/6 edition) that 69% of all private tenants have been in their current home for 2 years or less, compared with 25% of all tenures. The proportion for both owners and social tenants is about 20%.

2.87 The same source shows that for recent movers about half of the moves (932 out of 1,965, from Table 4) involved the private rented sector. About half of those private rented sector moves were from one private rented dwelling to another: testimony to the insecurity provided by the shorthold system. The poorer private tenants are supported by various forms of subsidy, of which the most relevant for present purposes is Housing Benefit. The following SEH table shows the net weekly payment made by private as opposed to social tenants:

Figure 2.8 Trends in rents paid before and after deduction of Housing Benefit

tenancies receiving Housing Benefit

Year	Social renters						Private renters	
	Council		Housing Association		All			
	mean	median	mean	median	mean	median	mean	median
Rent[1] before deduction of Housing Benefit								
1993/94	35	33	43	38	36	33	59	50
2002/03	54	50	68	62	58	54	86	75
2003-04	56	52	71	65	61	55	89	78
2004-05	61	54	70	63	64	58	95	85
2005/06[2]	63	56	75	69	68	61	104	87
Rent[1] after deduction of Housing Benefit								
1993/94	6	3	8	0	7	3	9	1
2002/03	9	0	12	0	10	0	17	5
2003-04	9	0	10	0	9	0	18	5
2004-05	9	0	11	0	10	0	23	7
2005/06[2]	9	0	12	0	10	0	22	5

Source: Communities and Local Government Survey of English Housing (SEH)
[1] The rents are based on tenancies receiving Housing Benefit.
[2] Data for 2005-06 are provisional

Source: Table 13 Survey of English Housing and Annual Survey of Hours and Earnings

2.88 It is clear that social tenants are often given a full subsidy for housing, but that private tenants still have to find other sources of payment for part of their rent.

2.89 From the Hills Report (Table 11.3) some 721,000 private renters received HB during 2004/5 which, according to the SEH was made up of some 457 thousand households (bearing in mind that houses in multiple occupation count as one), which is, from Table 1 of the SEH about 19% of all private tenants in 2005. The collected statistics on this sector can be summarised as:

- 60% would like to buy
- 8% are content with the private rented sector as a place to live
- 19% are on HB (and therefore could in some ways be seen as more suitably social tenants: they cannot live in market housing without a subsidy). The same may be true if they moved to social rented housing, but that tenure provides security which the private rented sector on shorthold lacks. This is an important factor for more vulnerable (because poorer) households

2.90 Of the 40% who have no clear aim of buying, therefore, about half could be viewed as households who qualify for affordable housing and a fraction (8%) are content where they are.

2.91 It is fairly clear from these statistics that the comment quoted at the start of this subsection is true: the private rented sector is very varied and highly stratified. This general review of the private rented sector is supplemented by more detailed analysis in Chapter 11. The tenure is crucial to the dynamics of the housing market, and has historically been somewhat overlooked. Hence it is appropriate to give it more detailed attention.

Summary

i) The regional context for this SHMA is complex, as it lies across the boundary of two Government Regions which have substantially different policies as regards the targets for new house building. There is at present a further practical problem in that the East Midlands targets are set for the period to 2026, whereas the East of England is planning only to 2021. The chapter reviews this background and the national context for housing.

ii) Both regions are large and diverse although the East Midlands has a distinctive "polycentric" settlement structure based on three major national cities whilst the East of England has fewer large cities and no obvious regional capital. Both regions need more affordable housing although there are also areas of low demand in the East Midlands region.

iii) Both regions propose ambitious housing provision targets. On average, there is need for the five Peterborough SHMA areas to increase provision of housing from 2,391 units p.a. during 2001-2006, to 2,948 units p.a. during the period 2006-2026.

iv) Housing affordability is a key issue for both region's housing strategies. Importantly, the East of England has set an ambitious target of exceeding 40% affordable housing. The East Midlands RHS wants to see increased affordable housing but not on quite the same scale.

v) The economic strategies of both regions acknowledge that housing and the economy are mutually dependent. Increasing numbers of migrant workers in both regions suggests the need for the further development of BME and migrant worker housing strategies.

vi) The national context for housing includes a number of key features:

- The rise of owner-occupation to total dominance (70% of the total stock) but flattening out the past decade
- The consequent rise in the importance of owned equity, and hence of financial capacity rather than income alone in assessing the ability to afford the housing market

- The residualisation of the social renting tenure, with a strikingly older profile than the other main tenures. It also contains many more part time and workless households
- The equally marked young profile of most market renters, and the strong growth of this tenure (alone of all three main tenures) in the present century. Unlike owner-occupation, the affordability of private rented housing has remained in line with household income growth during the present century. Just under 20% of all private renters rely upon Housing Benefit subsidy to pay at least part of their rent

3. The Sub-Regional Housing Market Area

Introduction

3.1 An important part of any SHMA is the Housing Market Area (HMA). Research previously carried out by DTZ Pieda on behalf of the East Midlands Regional Assembly, identified a housing market sub-region focussed on Peterborough. All HMAs are likely to involve degrees of approximation, and so the boundaries used were finalised by the partnership in the light of East England Planning Policy and are approximate. This study has not investigated the wider location of the HMA, in order to review the DTZ findings. It seems likely, however, that the area in the northwest of the HMA, centred on Grantham, has a wider aspect (towards Nottingham and Leicester, as suggested by the migration flows examined in Chapter 11 below).

3.2 This chapter considers the spatial extent of the HMA. As background, the CLG statement on this is that *"…housing market areas are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work*." (CLG Advice Note on identifying housing market areas, April 2007 para 6). The Advice Note goes on to suggest (para 9) a 'pragmatic approach which groups local authority administrative areas together'.

The Housing Market Area

3.3 Broadly the HMA covers the four local authorities of Peterborough, South Kesteven, Rutland and South Holland along with parts of East Northamptonshire, Huntingdonshire and Fenland. In addition the area covered by the HMA crosses the boundary between the East Midlands and East of England regions.

3.4 The parts of East Northamptonshire, Huntingdonshire and Fenland to be included in the study area are very clearly set out in the brief. For convenience, they are collectively labelled 'Southern Fringe' in this study, as that is their geographical location in relation to this HMA. The elements of districts that make up the Southern Fringe are as follows:

Table 3.1 Elements of the Southern Fringe	
Local authority	Area in HMA
East Northamptonshire	Parishes of: Duddington, Collyweston, Easton on the Hill, Kings Cliffe, Yarwell, Nassington, Apethorpe, Woodnewton, Fotheringhay, Warmington, Tansor, Cotterstock, Ashton, Polebrook, Hemington, Luddington, Thurning, Lutton, Oundle, Southwick, Glapthorn, Upper Benefield, Lower Benefield
Huntingdonshire	Wards of: Stilton, Yaxley & Farcet, Elton & Folksworth
Fenland	Parish of: Whittlesey

Source: Fordham Research Peterborough sub-regional SHMA 2007

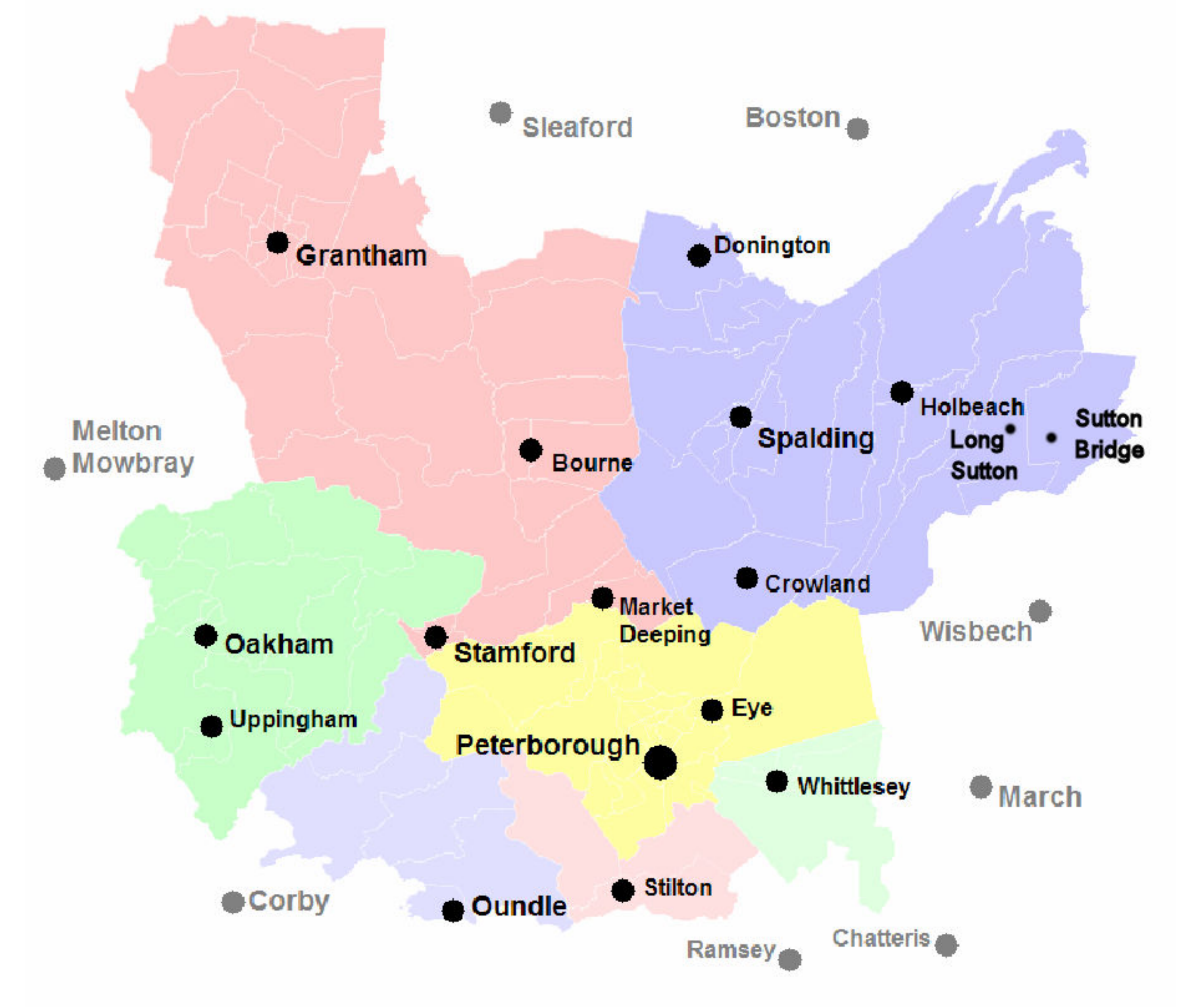
3.5 As can be seen the areas to be part of the HMA are in two cases based on parishes and in one case on wards. This causes some difficulty for analysis as much of the data typically used in this type of report is not available at parish level. We have therefore sought to include the wards which most closely correspond to the parishes involved. This process has proved to be relatively straightforward with a very good match between parishes and wards in East Northamptonshire, Huntingdonshire and Fenland.

3.6 The study area has therefore been redefined based on wards for those authorities for whom the whole of the area is not included. This is summarised below and also shown on the following map.

Table 3.2 Areas within the HMA for analysis purposes	
Local authority	Area in HMA
Peterborough	Peterborough (all wards)
South Kesteven	South Kesteven (all wards)
Rutland	Rutland (all wards)
South Holland	South Holland (all wards)
East Northamptonshire	Wards of: Fineshade, Kings Forest, Prebendal, Lower Nene, Oundle
Huntingdonshire	Wards of: Stilton, Yaxley & Farcet, Elton & Folksworth
Fenland	Wards of: Lattersey, Kingsmoor, St Marys, St Andrews, Delph, Bassenhally, Benwick

Source: Fordham Research Peterborough sub-regional SHMA 2007

Figure 3.1 Map of spatial extent of the HMA for analysis purposes



Source: Fordham Research Peterborough sub-regional SHMA 2007

3.7 Not all parts of the HMA are equal in size (either by geographical area or indeed population/households) and below we provide an estimate of the proportion of households living in each of the seven parts of the HMA. The data has been based on Census information combined with more recent household projections published by CLG. The table shows that over a third of households live within Peterborough City and a further 28% in South Kesteven. The three partial authorities make up around 10% of all households in the HMA.

Table 3.3 Proportion of households in each part of the HMA	
Local authority	% of HMA
Peterborough	35%
South Kesteven	28%
Rutland	8%
South Holland	19%
East Northamptonshire (part)	3%
Huntingdonshire (part)	3%
Fenland (part)	4%
TOTAL	100%

Source: Fordham Research Peterborough sub-regional SHMA 2007

Sub-areas for analysis

3.8 Although the sub-regional SHMA report mainly looks at data and housing issues across the whole of the HMA it is of interest to provide some information at a more fine grained level. Throughout this report we have therefore sought to provide information for five sub-areas. The sub-areas are based on the four full local authorities with the three 'partial' authorities being grouped together as an area named 'Southern Fringe'. Although it is accepted that using local authority boundaries may be slightly false in terms of housing market areas (for example the south of South Kesteven is probably Peterborough facing whilst Grantham to the north may be more self-contained) it is useful to provide information at this level for administrative purposes. Descriptions of the five areas for analysis are found below:

3.9 **Peterborough City** – The local authority making up the City of Peterborough appears to have some distinct characteristics when compared with elsewhere in the HMA. Notably Peterborough has a relatively large BME population and a different dwelling type profile to other areas (fewer detached homes). In addition Peterborough is an area where people tend to 'in-commute' for work purposes whilst other areas tend to have 'out-commuting'.

3.10 **South Kesteven** – South Kesteven has some of the highest residence based income levels in the HMA and economically is very different to the Peterborough City area (people working in more 'senior' positions and with a good level of qualifications). South Kesteven also contains a substantial poorer population as well.

3.11 The major settlement of Grantham appears to be distinct from Peterborough City and may well be a relatively self-contained area in itself. This has led the analysis to distinguish Grantham as a relatively distinct area within the HMA and within South Kesteven. Analysis of Grantham, itself a new Growth Point, is carried out in a separate chapter below.

3.12 **Rutland** – Rutland appears to be quite distinct and relatively self contained within the sub-region with very high property prices and a dwelling profile heavily skewed towards detached properties and having a small social rented sector. The area also shows low unemployment along with a highly qualified workforce (with a high proportion of workers working in 'senior' positions). Rutland also has a notable proportion of the population working in the tourism industry.

3.13 **South Holland** – South Holland also appears to be quite distinct from other parts of the HMA. Notably the population profile is generally older than in other parts of the HMA (those aged 60 and over). The workforce is relatively poorly qualified and comparably few people work in 'senior' positions. The economy in South Holland is more reliant on agriculture than other parts of the HMA.

3.14 **Southern Fringe** – The Southern Fringe is an area which has partly been devised for convenience and contains some parts of the relatively wealthy East Northamptonshire and Huntingdonshire along with the less prosperous Fenland. The Southern Fringe does however appear to be distinct in some respects (notably, the area has the lowest proportion of jobs per working age population suggesting a high level of out-commuting for work purposes).

3.15 In addition to providing data for these five sub-areas it has been possible to map much of the information at ward level. This mapping will help to identify particular areas where certain issues are more or less acute. Such areas will in many cases cross local authority boundaries and therefore help to look at housing markets where these are not strictly contained within local authority boundaries.

Analytical considerations

3.16 Given that part of the HMA is based on only parts of three different local authorities it has been necessary in some instances to make estimates of likely values for those parts of the HMA which are not full local authorities.

3.17 Where data has been available at ward level then this has been used to separate out the wards which form part of the HMA from the rest of the district. However, for some analyses (e.g. relating to population projections or where information has come from sources where ward data is not available) it has been necessary to pro-rata figures for the whole of a local authority. This will make some information for the Southern Fringe area less reliable than would be desired but is unlikely to have any significant impact on the data presented for the whole HMA (given that the Southern Fringe only makes up around 10% of the whole HMA).

Scope of the HMA

3.18 Due to the HMAs having been established in scope prior to this study, its limits have not been a major focus of the work. However it is relevant to consider the issue in the light of the present information. The general trend of price information (Chapter 7) and migration and travel to work (Chapter 11) is to suggest that there is a strong focus on the City of Peterborough in the bottom half of the HMA as defined, so it is clearly a housing market area. Rutland may be seen to fall at least partly in the bottom half of the HMA but does not have as strong a focus on Peterborough.

3.19 There is much less clarity once the focus is on the part of the HMA lying north of Spalding and Bourne. There is little apparent price effect, and little commuting to Peterborough from the northern part of the HMA. However the stakeholder work suggested that Peterborough remains a strong reference point for people in this northern area. Moreover there are no other major magnets which would imply a different focus for the northern part of the HMA. Hence there is no reason in principle to question the broad outline of the HMA as currently defined. Grantham is a separate issue, addressed in a separate chapter (Chapter 24) but it does not particularly lie in another HMA: rather it lies partly in several.

Summary

i) A housing market area can be described as a geographical area defined by household demand and preferences for housing. HMAs reflect the key functional linkages between places where people live and work.

ii) The HMA has been largely defined in previous work by DTZ Pieda on behalf of the East Midlands Regional Assembly and contains the local authorities of Peterborough, South Kesteven, Rutland and South Holland but also parts of East Northamptonshire, Huntingdonshire and Fenland.

iii) The present study, going no wider than the HMA in analytical terms, cannot test the wider question of whether the HMA stands as a distinct HMA within the regional context. However the evidence gathered for this study (including wider migration patterns set out in Chapter 11) does suggest a relatively self-contained area. The only part of the HMA where this is not obviously true is Grantham, which looks also to the west and north of the area beyond this HMA. A separate analysis has been carried out for Grantham, which is also a New Growth Point.

iv) For analytical purposes the HMA has been split into five areas based on the four main local districts and a fifth 'Southern Fringe' area.

v) After consideration including house prices and commuting, it was concluded that the present HMA boundary makes sense, although there is little objective connection between the northern part of the HMA and the City of Peterborough; but at the same time the area in question does still look to Peterborough, and there are no alternative major attractors competing with Peterborough.