London Commuter Belt (West)
Strategic Housing Market Assessment 2008

Report of Study Findings

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Preface

i. The study was undertaken in 2008/9 and the reference point for most of the analysis was up to the end of March 2008 as this ensured that data sources could be reconciled to the same baseline date. The modelling projections produced relate to the period April 2007 to March 2021.

ii. There have been significant changes since April 2008, including the impacts of the recession on the housing market and the challenge to the East of England Plan. These issues inevitably impact on the LCB (West) housing market but it is not possible to fully calibrate the results to take full account of each factor given that many secondary data sources are yet to reflect these recent changes.

iii. Changes in the housing market since mid 2008, caused primarily by global financial markets, has resulted in a significant reduction in the number of mortgages issued, which in turn has led to a slowdown in property transactions, a downturn in housing delivery and a reduction in house prices. It is worth noting that a fall in house prices across the region in itself will not significantly impact on market affordability.

iv. It is not yet clear what impact the economic downturn may have on international migration but the number and nature of migrants from overseas is an important factor in determining the overall requirement for housing across the LCB (West). If net international migration falls, the overall housing requirement is also likely to reduce.

v. The challenge to the East of England Plan (2008) resulted in the quashing of the housing growth figures for Dacorum Borough Council and Welwyn Hatfield District Council. The Government Office, acting on behalf of the Secretary of State, will now respond to the judgment. Remitted parts of the plan will be reconsidered from the stage in the process following the examination-in-public and before publication of proposed changes.

vi. As a separate process, the East of England Regional Assembly undertook public consultation on the Review of the East of England Plan from September to November 2009. The consultation documents considered four different scenarios for housing growth in the region between 2011 and 2031. However, draft proposals are not due to be published until spring 2010.

vii. In this context, any attempt to calibrate the model to a current baseline would inevitably be flawed, so instead we have retained our robust baseline position of April 2008 and have varied the model assumptions to produce a range of scenarios that demonstrate the sensitivity of different criteria. Regardless of these issues, it is clear from the sensitivity testing that LCB (West) housing requirements remain high in all scenarios. Within the overall requirement, there is a consistently high need for additional social rented housing, including a significant number of larger homes.

Section 1: Introducing the Study

1.1 Opinion Research Services (ORS) was commissioned by Hertfordshire County Council, Dacorum Borough Council, Hertsmere Borough Council, St Albans District Council, Three Rivers District Council, Watford Borough Council and Welwyn Hatfield Borough Council (which, for the purposes of this study, collectively comprise the London Commuter Belt (West) sub-region), to undertake a comprehensive and integrated Strategic Housing Market Assessment for the sub-region. The description of the area as London Commuter Belt (West) has been created for the purposes of this study and is not used by any bodies outside of the area.

1.2 The research was based on the analysis of secondary data from the UK Census, Housing Corporation, HM Land Registry, Office for National Statistics and a range of other sources (which primarily underwrote the housing needs and requirement modelling), along with a qualitative consultation programme with a wide range of stakeholders.

What Is A Strategic Housing Market Assessment?

1.3 Strategic Housing Market Assessments (SHMAs) are a crucial part of the evidence base that informs policy and helps shape strategic thinking in housing and planning. They were introduced as the required evidence base to support policies within the framework introduced by Planning Policy Statement 3 (PPS3) in November 2006.

Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments are an important part of the policy process. They provide information on the level of need and demand for housing and the opportunities that exist to meet it.

1.4 SHMAs contribute to three levels of planning:

Regional

- developing an evidence base for regional housing policy;
- informing Regional Housing Strategy reviews; and
- assisting with reviews of Regional Spatial Strategy.

Sub regional

- deepening understanding of housing markets at the strategic (usually sub regional) level; and
- developing an evidence base for sub regional housing strategy.

Local

- developing an evidence base for local development documents; and
- assisting with production of Core Strategies at local level.

1.5 When considering SHMAs in the context of developing Local Development Documents, PPS3 (paragraph 22) sets out the following expectations:

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

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

1.6 Alongside PPS3, Practice Guidance for undertaking Strategic Housing Market Assessments was published by the Department for Communities and Local Government (CLG) in March 2007 and subsequently updated with a minor revision in August 2007.

1.7 The Guidance gives advice regarding the SHMA process and sets out key process checklist items for SHMA Partnerships to achieve. These checklist items are important, especially in the context of supporting the soundness of any Development Plan Document:

….for the purposes of the independent examination into the soundness of a Development Plan Document, ***a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in figures 1.1 and 1.2****.*

1.8 The core outputs and process checklist required to demonstrate robustness are detailed below.

Figure 1
CLG SHMA Practice Guidance Figure 1.1 – Core Outputs

	Core Outputs
1	Estimates of current dwellings in terms of size, type, condition, tenure.
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market.
3	Estimate of total future number of households, broken down by age and type where possible.
4	Estimate of current number of households in housing need.
5	Estimate of future households that will require affordable housing.
6	Estimate of future households requiring market housing.
7	Estimate of the size of affordable housing required.
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people and young people.

Figure 2
CLG SHMA Practice Guidance Figure 1.2 – Process Checklist

	Process Checklist
1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region.
2	Housing market conditions are assessed within the context of the housing market area.
3	Involves key stakeholders, including house builders.
4	Contains a full technical explanation of the methods employed, with any limitations noted.
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner.
6	Uses and reports upon effective quality control mechanisms.
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken.

1.9 The following sections describe the process undertaken in delivering the LCB (West) study and identify where the required core outputs are provided within the study report.

Satisfying the Process Checklist

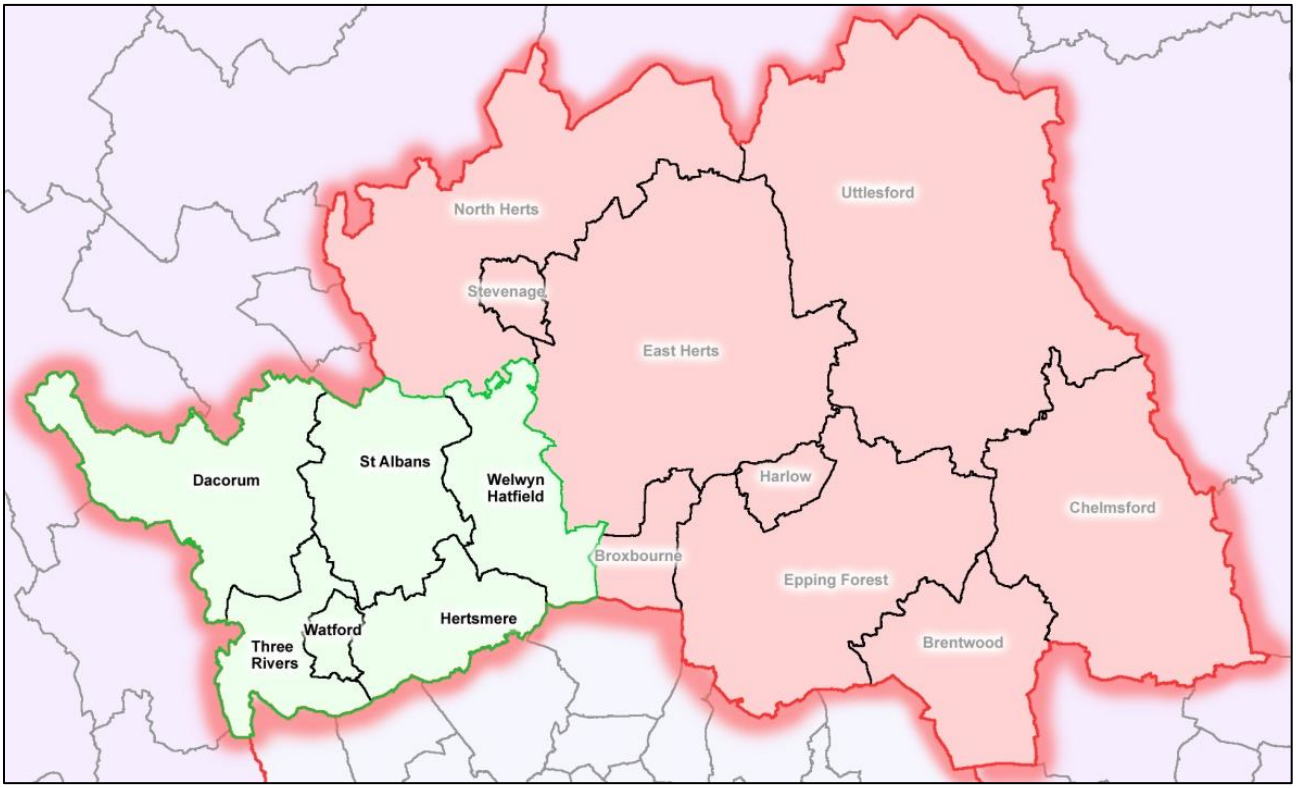
1. Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region.

1.10 Following the publication of PPS3, the authorities in the London Commuter Belt recognised the need to produce a Strategic Housing Market Assessment to provide the necessary evidence base for their individual Development Plan Documents (DPD). In total there are 15 districts within the London Commuter Belt and a sub-regional co-ordinator has recently been appointed.

1.11 It was agreed that the best way forward was to jointly commission an SHMA, to underwrite regional, sub-regional and local policies. However, commissioning a study covering 15 local authorities was considered to be too large an area for the production of a detailed and meaningful study, and so the six districts in the west of the sub-region joined to form London Commuter Belt (West).

1.12 Figure 3 shows how the six authorities of LCB (West) fit into the wider LCB sub-region.

Figure 3
The LCB sub-region



1.13 In addition to LCB (West), ORS is currently undertaking a Strategic Housing Market Assessment for the London Commuter Belt (East) sub-region comprising Brentwood, Broxbourne, East Herts, Epping Forest, Harlow and Uttlesford. Stevenage and North Herts commissioned a separate study for their part of the London Commuter Belt sub-region. The remaining district within the London Commuter Belt, Chelmsford, has strong links with Braintree and Colchester and consequently engaged in a joint SHMA with these authorities. This study is now complete.

1.14 Although a single sub-regional SHMA has not been commissioned, the value of such an approach was recognised, particularly in regards to maintaining a consistent approach across the area. In the London Commuter Belt this has been facilitated by two of the sub-areas, within the sub-region, being carried out by ORS. Subsequently the LCB (East) and LCB (West) studies will be carried out with the same methodologies. This should assist in the development of sub-regional policies on completion of all studies.

1.15 The LCB (West) SHMA was commissioned with reference to the administrative boundaries of the local authorities within it, but has also sought to place the results in the context of the surrounding area. Alongside the consistent use of methods across the sub-region, it should provide an effective basis for building a sub-regional assessment.

1.16 This report will now form part of a suite of documents covering the whole of the London Commuter Belt sub-region and the processes described below provides the foundation for future work that will develop the wider study.

2. Housing market conditions are assessed within the context of the housing market area.

1.17 The London Commuter Belt Housing Market covers 15 local authorities in both Hertfordshire and Essex and the six authorities within London Commuter Belt (West) form a sub-group within the sub-region. The SHMA assesses the spatial extent of the housing markets and how Local Authority boundaries relate. For the purposes of the SHMA the 6 authorities in LCB West are treated as a separate housing market.

1.18 The SHMA describes housing market conditions at each level where possible and appropriate.

3. Involves key stakeholders, including house builders.

1.19 The London Commuter Belt (West) SHMA identified a range of Key Stakeholders from both the public and private sector to inform the assessment process. These included:

Figure 4
The LCB (West) sub-region stakeholder groups and members

Stakeholder Groups	Group members
LCB (West): Steering Group	Planning/ Forward Planning Managers and Officers Housing/ Housing Strategy Managers and Officers London Commuter Belt Sub-Region Co-ordinator Home Builders Federation Economic and Information Officers from HCC Project Manager from HCC
LCB (West): Wider Stakeholder Group:	
Local Authority officers	Housing Strategy/Needs Homelessness Youth Services Tenant Services Environmental Health.
Local Agencies:	Community Development Agency Local Council Members LA Development Control LA Corporate Policy West Herts Primary Care Trust
National/Regional Government and Agencies	East of England Regional Assembly (EERA) GO East Home Builders Federation Housing Corporation Three Dragons
Sub-regional and RSL Partners	Aldwyck HA Circle Anglia Group Hightown Praetorian and Churches HA Lea Valley Homes Moat Housing Group Network Housing Group North Hertfordshire Homes Paradigm Housing South Midlands and Greater London Housing The Guinness Trust

	Watford Community Housing Trust William Sutton Homes
House Builders and Estate Agents	Aitchison Rafety Bellway Homes- North London Croudace Homes Crest Strategic Projects David Russell Associates Entec UK Ltd George Wimpey (North Thames) Palmer Land and Industry RPS Planning Cole Flatt and Partners Lambert Smith Hampton Putterills Land Manager
Adjoining Local Authority Representatives:	Harlow Council LCB (East) sub-region North Herts District Council Uttlesford District Council
Community groups/organisations	Starscope – Cerebral Palsy Citizens Advice Bureau Oaklands College Perch Homes – Student Housing Hightown Praetorian and Churches HA St Albans Chinese Community Association Welwyn Hatfield Access Group YMCA Tennant representative and service user DENS (Night Shelter) Hertfordshire Supporting People Communities Together HertsReach Hertfordshire Prosperity PCT –Joint commissioning team, mental health;

1.20 The Key stakeholders involved from the outset of the study included input from the steering group and the wider stakeholder group.

1.21 Officers from the housing and planning teams for the six districts and economic and information officers from the county council also supported the LCB (West) study.

1.22 Ongoing feedback was obtained via a series of mechanisms and all feedback and comment was taken into account for the production of the final report and this included:

- involvement in the design of the project brief;
- input into project reviews throughout the project period;
- comments on a series of project discussion papers - these were published in three phases, first to the steering group and subsequently to wider stakeholders;
- allocated consultation periods - comments regarding quality and further data and information sources were actively encouraged and input was received from non-planners such as economic and information officers from HCC; and

- input from neighbouring authorities across the sub-region - the importance of neighbouring authorities was recognised and they were invited to be involved from the outset of the project and to provide feedback on discussion papers.

The Project Extranet

1.23 Publication of and feedback to discussion papers was greatly assisted by the development of an LCB (West) extranet site, which involved:

- a website that can be viewed externally, but with access restricted to those issued with an account and password. The site holds different areas for steering group members and wider stakeholders to engage and feedback at different levels;
- posting a series of project discussion papers along with other relevant documents to the site. These included Local Development Documents, regional and sub-regional policy documents, Housing Needs Studies and Annual Monitoring Reports;
- any further useful documents that could be identified by users and subsequently included;
- feedback on the project discussion papers suggested further information and general comments on analysis methods, assumptions and headline findings could be posted within specific discussion areas; and
- a detailed timeline - key dates and updated news were tracked to enable stakeholders to monitor progress of the study.

Launch event and Stakeholder Forums

1.24 A launch event was held on 4 February 2008 at St Albans for developers, estate agents, RSLs and service providers. This event consisted of a presentation which provided information about the SHMA aims and processes. Information was given about how to access and comment on future topic papers published via the ORS extranet.

1.25 A total of 57 community representatives also attended a programme of two stakeholder forums, providing a range of discussion about the needs of sub-groups within the population including BME groups, older people, those with disabilities, homeless and young people. Participants were given a short presentation to introduce the study and then split into smaller focus groups who, in two sessions, all discussed a range of issues.

1.26 An extensive list of community representatives from across LCB (West) were invited to the workshops although, despite interest in the project, many could not attend the event owing to prior commitments. However, some provided comments at a later stage, for example Herts BME partnership.

1.27 The purpose of these workshops was to discuss any issues/barriers to housing experienced by client sub-groups, the different types of housing needed to accommodate them and adding depth to secondary data analysis. Findings from the focus groups have been integrated into the main body of the report where appropriate and a more detailed review can be found in Appendix A. Attendees of the community workshops were also encouraged to engage further with the project through the use of the LCB (West) extranet.

1.28 Community representatives were also invited to view a draft report, via the project extranet and attend a presentation detailing the findings. Around 50 community representatives attended the presentation and where asked to leave comments and feedback.

4. Contains a full technical explanation of the methods employed, with any limitations noted.
5. Assumptions, judgements and findings are fully justified and presented in an open and transparent manner.

1.29 The assessment of household affordability and the modelling of unsuitable housing and overall housing requirements are key stages of the analysis that fundamentally underwrite the assessment of housing need. The methodology employed for this analysis is clearly set out in Chapters 8 and 9. A number of assumptions have been made. These are clearly stated and are consistent with the standard assumptions promoted by the CLG Practice Guidance. The ORS housing market model is summarised in a flow chart. (Figure 84).

6. Uses and reports upon effective quality control mechanisms.

1.30 The quality of the SHMA outputs are underwritten by the robustness of the analysis methodology employed coupled with the quality of the data that underwrites that analysis process. The primary source for many of the Core Outputs for the LCB (West) is the modelling framework outlined in Chapter 7 of this report. This model has been developed and tested by ORS over a number of years. The development process was aided by being able to run the model alongside the evidence from many previous primary data studies conducted by ORS. This allows us to be confident that the outputs from the model will be in line with those which would have been generated by a primary data survey.

1.31 Throughout the project period ORS met regularly with the steering group comprising representatives from Housing and Planning from each authority, economic and information officers from the county council and the LCB sub-region.

1.32 During these meetings, detailed aspects of the project were discussed including the methodology, data sources and reporting. This provided the opportunity to adapt aspects of the work throughout the project period and include all of the most relevant and up to date data and information that might otherwise not have been taken into account.

1.33 The LCB (West) Housing Extranet site also acted as a quality control mechanism. It was used by members of the steering group regularly posting discussion points and constructive comments in the discussion areas, as well as having exchanges via email and telephone. All comments were considered, and if appropriate taken on board during the production of the final report.

1.34 As each chapter of this report was first published as a separate discussion paper during three consultation periods, stakeholders were given the time to digest and comment on any issues and subsequently ORS have been able to respond.

7. Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken.

1.35 As this report provides the findings from the baseline SHMA, the results are not yet monitored.

Providing the Core Outputs

1.36 Figure 5 provides the relevant references for each of the Core Outputs required by the SHMA Practice Guidance in the context of this report.

Figure 5
Referencing the SHMA Core Outputs

	Core Outputs	References within the Report
1	Estimates of current dwellings in terms of size, type, condition, tenure	*Chapter 4 profiles the existing housing stock.* *More specifically:* – *Figure 16, Figure 20, give breakdowns of property type;* – *Figure 21 gives a breakdown of the size of dwellings; and* *Figure 18 , Figure 19 and Figure 20 give breakdowns of tenure.*
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market	*The study provides a wide range of information about trends within the housing market, with references throughout chapters 5, 6, 7 and 9.* *More specifically:* – *Figure 36 and Figure 37 provide detail on the overall population;* – *Figure 38 and Figure 39 show the changing age profile of the area;* – *Figure 57, Figure 58, Figure 59, Figure 64 and Figure 65 detail UK migration rates year-on-year;* – *Figure 69, Figure 70, Figure 199 Figure 194 and show details on migrant workers;* – *Figure 209 shows the level of homelessness and in priority need;* – *Figure 42 and Figure 43 provide information on unemployment rates;* – *Figure 47 shows annual VAT registrations and de-registrations;* – *Figure 52, Figure 53 and Figure 54 details local earnings; and* – *Figure 91 shows the volume of sales.*
3	Estimate of total future number of households, broken down by age and type where possible	*Figure 153 shows the projected number and mix of additional households to 2021*
4	Estimate of current number of households in housing need	*An estimate of the overall current number of households in housing need is detailed in Figure 83*
5	Estimate of future households that will require affordable housing	*The gross housing requirement for Social Rented and Intermediate Affordable Housing is detailed in Figure 133 of the report*
6	Estimate of future households requiring market housing	*The gross housing requirement for Market Housing is also detailed in Figure 153 of the report*
7	Estimate of the size of affordable housing required	*The size mix of housing required by all households seeking housing (broken down by housing type) is detailed in Figure 153 shows the distribution in the context of net housing requirement*
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people	*Section 11 of the report considers the needs of various sub-groups of the population, including:* – *Black and Minority Ethnic Population;* – *Housing Needs of Older People;* – *Supported Housing; and* – *Students; and Rural Housing.*

Methodology and Data Sources

1.37 In considering these research questions, we have integrated a range of quantitative and qualitative research methods into the study. We describe these in detail at the appropriate stages of the report however in summary the method and key data sources are now described:

- for the quantitative element a great deal of data has been collected to chart characteristics of the current housing market especially in terms of the existence of functional sub-markets and the current tenure and size mix of the existing stock. Extensive data has been collected to understand the demographic and economic factors that are driving the housing market. Therefore, the baseline and the trajectory of the current housing market are established. Further data has been assembled from a number of sources, for example, the land registry, household projections, CACI Paycheck the Census. ORS modelling has been applied to this data to understand the nature and extent of unsuitable housing and the supply of housing that is affordable to households that were not already home-owners. The options available to households of various income levels are considered and the criteria for the affordability of Social Rented, Intermediate affordable and Market housing is established on the basis of income bands. When combined with trends (demographic and affordability trends) affecting households the future housing requirement at 2021 has been forecast together with the tenure and size mix of this needed to meet the housing requirements of the households projected to exist at that time. The study of non home-owners and a detailed understanding of the income distribution of this group is key to understanding housing requirements. This group includes emerging and existing households. As such it is important to study their capacity to become home owners on the basis of full or shared ownership;
- a key feature of the methodology is to understand the sensitivity of results to price change. The study is being undertaken at a point where the housing market was at the top of its cycle. Prices have since been in freefall due to the impact of the credit crunch. ORS has, therefore, modelled long term price trends and produced housing requirements on the basis of long term trends and other price scenarios; and
- the qualitative dimension of the study has been achieved through a literature survey, consultation with the project group and consultation with stakeholders.

1.38 Through combing the information from the range of data sources, we are able to build a detailed profile of LCB (West) and how it is evolving and changing over time. Integrating the different data sources enables information to be extracted that otherwise may not have been found.

1.39 A key data source used throughout this report is the 2001 Census. The Census is used for data purposes and to baseline certain trends. Information from the 2001 Census is supplemented with data from other sources to provide more up to date information.

1.40 The secondary data sources used included:

- 2001 Census of Population;
- 1991 and 1981 Censuses of Population;
- ONS population projections;
- database of all property sales maintained by HM Land Registry;
- information on existing stock maintained by Valuation Office Agency;

- Higher Education Statistics Agency;
- mid-year Population estimates;
- Annual Population Survey;
- Annual Survey of Hours and Earnings;
- DEFRA Geographical Area Classification;
- VAT registrations;
- Pension claimants;
- Incapacity benefit claimants;
- Unemployment claimants count;
- HSSA submissions from local authorities;
- CACI Paycheck data for household income;
- Supporting People records;
- Home Office asylum seeker statistics;
- DCLG Right to Buy records;
- DCLG data based on P1E homelessness submissions;
- NHS customer record (NHSCR) data from the ONS migration statistics unit;
- Housing Corporation publications from Registered Social Landlord CORE logs (Continuous Recording) and other statistical returns;
- local authority housing and planning administrative records; and
- partial use of waiting list information and former needs assessments for comparison.

1.41 This information was complemented by a sequence of meetings and discussions were also held with a wide range of stakeholders, including individual client groups and professionals involved in housing management and provision across LCB (West).

Summary of Key Points

- A Strategic Housing Market Assessment (SHMAs) is designed to provide an evidence base to inform planning and housing policy. It should also estimate level of need and demand for housing across all tenures.
- A SHMA needs to meet the required core outputs and processes to demonstrate the credibility and robustness required by Government Practice Guidance.
- LCB (West) is made up from 6 of the 15 authorities that make up the wider London Commuter Belt sub-region. Although the authorities within London Commuter Belt (West) were not able to commission a joint study with the whole of the London Commuter Belt housing sub-region group, a SHMA covering 6 authorities making up LCB (East) is also currently being carried out by ORS which should assist in the development of sub-regional policies.
- A wide range of stakeholders were invited to discuss the study, these included: LCB (West) steering/wider steering group which included local agencies, national/regional government and agencies, sub-regional and RSL partners, homebuilders and estate agents and planning policy officers from neighbouring boroughs. Representatives attended a launch event to offer initial feedback and guidance.
- An extranet site was used to publish and facilitate feedback on a series of discussion papers and the final report. Stakeholders could also keep track of the study and key dates and access documents.
- 34 community representatives attended a programme of two stakeholder forums to discuss the needs of sub-groups within the population including, BME groups, older people, those with disabilities, homeless and young people.
- Considerable effort has been made to state any assumptions made throughout the report and information to support these assumptions. This is particularly important in chapters 7 and 8. A flow chart describing the ORS housing market model has been included.
- ORS is confident that the outputs from the secondary data model will be in line with those which would have been generated by a primary data survey. The model has been developed and tested over a number of years and run alongside the evidence from many previous primary data studies.
- Other quality control mechanisms included regular meetings with the steering group involving detailed discussions, further discussions via the LCB (West) housing extranet site, telephone and email. Feedback was encouraged after the publication of each stage of discussion papers.
- A range of data sources and a range of research methods have been integrated to better understand the relevant issues. Sources include, 2001 census of population, Property Sales (HM Land Registry, existing stock information (Valuation Office Agency), HSSA submissions, Housing Corporation publications and local authority housing and planning administrative records. Further sources are detailed above.

Section 2: The Strategic Context

National Policy Context

2.1 In 2003, the government set out their current vision for housing in the Communities Plan. This publication has led to a period of significant change in planning systems across England and Wales The current housing policy document is Planning Policy Statement 3 (PPS3) and the accompanying Delivering Affordable Housing (Nov 2006).

2.2 The objectives of the Communities Plan are that our communities:

- are economically prosperous;
- have decent homes at affordable prices;
- safeguard the countryside;
- enjoy a well-designed, accessible and pleasant living and working environment; and
- are effectively and fairly governed with a strong sense of community.

2.3 PPS3 supplements these aims with the strategic policy objective that people should also live in a community where they want to live. An important series of definitions are also presented in PPS3, of which several are detailed in the panel below.

2.4 Notably, one of the six principles of PPS3 is that an evidence-based policy approach to housing provision is taken:

> *Local Development Documents and Regional Spatial Strategies policies should be informed by a robust, shared evidence base, in particular, of housing need and demand, through a Strategic Housing Market Assessment.*

2.5 To deliver the Communities Plan the Government tasked the nine English Regional Assemblies with producing a Regional Spatial Strategy. The Eastern Region was the first to publish its spatial strategy – The East of England Plan 2008. This Plan takes account of and builds upon the Regional Economic Strategy and the Regional Sustainable Development Framework. The Regional Housing Strategy 2005-10 and the London Commuter Belt Housing Strategy 2005-08 will also be considered in this paper.

Housing definitions presented in PPS3

Housing Need: The quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing Demand: The quantity of housing that households are willing and able to buy or rent.

Affordable Housing: Social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should;

- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and
- include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is:

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

Intermediate affordable housing is:

Housing at prices and rents above those of social rent, but below market price or rents , and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent. These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

Housing Market Areas: Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.

Affordable Housing

2.7 As set out in Delivering Affordable Housing, national government's affordable housing policy is based around three main themes:

- providing high quality homes in mixed sustainable communities for those in need;
- widening the opportunities for home ownership; and
- offering greater quality, flexibility and choice to those who rent.

2.8 The Barker Review of Housing Supply recommended that there should be an increase in social rented housing to cope with the growth in need for it and the loss of stock through Right to Buy. Subsequently, since the 2004 Spending Review, the government has increased funding for the provision of social housing, and made it a priority in the 2007 Comprehensive Spending Review.

2.9 Delivering Affordable Housing (CLG 2006) emphasises the importance of a strategic approach to housing by local authorities, balancing housing provision with future housing demand. Local authorities can improve delivery through creative use of their own resources, or through working with other providers. Housing provision may be direct, through Housing (Private Finance Initiative (PFI)) or through giving planning permission or land to new providers, helping them to deliver innovative grant free models. To ensure an effective delivery of a shared vision, close working with regional bodies and with delivery partners through Local Housing Partnerships is essential.

The East of England Plan

2.10 The East of England Plan (2008) sets policies and targets up to 2021 but also sets a vision, objectives and strategy for the longer term. Note that the terms East of England Plan and the Regional Spatial Strategy are the same thing and both terms are used in this report.

2.11 The overall vision of the East of England Plan is *to provide a high quality of life for its people, including meeting their housing needs in sustainable and inclusive communities while at the same time reducing any adverse impact on the environment.* The main objectives are to:

- reduce the region's impact on, and exposure to, the effects of climate change;
- increase housing opportunities for people in the region;
- realise the economic potential of the region and its people;
- improve the quality of life for the region's people; and
- improve and conserve the region's environment.

Overall Housing Provision

2.12 Policy H1 in the Plan states that in the East of England as a whole, provision will be made for at least 508,000 dwellings between 2001 and 2021. The minimum regional housing target 2006 to 2021 is 402,540.

2.13 Individual Local Authority target should be considered as the minimum to be achieved and Councils are encouraged to aim to exceed annual average rates without breaching environmental limits or infrastructure constraints by:

- increasing density (consistent with criteria in PPS3);
- encouraging the use of previously developed sites; and
- providing affordable housing in rural areas by making the best use of exception site policies.

2.14 Policy H1 in the Plan also sets out the distribution of dwelling provision across the sub-region for the period 2001-2021. Figure 6 summarises this distribution for LCB (West).

Figure 6
Policy H1 –Distribution of Dwelling Provision for LCB (West) 2001-2021. Note: Figures are overall net requirements. (Source: East of England Plan, 2008, Government Office for the East of England)

Local Authority Area	Minimum to Build April 2001 to March 2021		Of which Already Built April 2001 to March 2006		Minimum still to build April 2006-March 2021	
	Total	Annual Rate	Total	Annual Rate	Total	Annual Rate
Dacorum	12,000	600	1,860	370	10,140	680
Hertsmere	5,000	250	1,080	220	3,920	260
St Albans	7,200	360	1,830	370	5,370	360
Three Rivers	4,000	200	1,010	200	2,990	200
Watford	5,200	260	1,410	280	3,790	250
Welwyn Hatfield	10,000	500	2,730	550	7,270	480
Total	**43,400**	**2,170**	**9,920**	**1,990**	**33,480**	**2,230**

2.15 Local authorities are required to plan beyond 2021 (assuming the same rate of growth as for 2006-2021) and where it is not possible to identify specific development sites for the whole of the 15 year period, the identification of broad areas of growth after 2021 will be sufficient.

2.16 Policy H1 emphasises the importance of co-ordination and consistency of approach between neighbouring authorities in delivering sub-regional objectives and the coordination of development with necessary transport and other infrastructure provision.

2.17 It is important that new development not only provides the required additional housing stock but also meets the sustainable patterns of development set out by the strategy. Additionally, alongside supporting the regional economy, the region's environmental and ecological assets must be protected.

2.18 Policy SS3 recommends that, to achieve sustainable development, new development should be concentrated in one of 21 identified locations known as Key Centres for Development and Change (KCDC). In the London Commuter Belt (West) this includes Hatfield and Welwyn Garden City, Watford, and Hemel Hempstead.

2.19 Policy LA1 states that within the London Arc Sub-Region there is an emphasis on retention of Green Belt restraint, however, there are exceptions at Hemel Hempstead and Hatfield and Welwyn Garden City where strategic Green Belt Reviews will be undertaken to allow further expansion of these new towns as Key Centres for Development and Change. Policies LA2, LA3 and LA4 set out the specific guidelines for each KCDC in LCB (West), as detailed in the relevant sections of this paper.

2.20 The provision of the required number of dwellings faces several challenges. New physical and social infrastructure provision (i.e. road capacity, waste, water and education and health facilities), appropriate economic interventions in some areas and increased delivery rates by the construction industry will all be needed to meet the challenge of accelerated growth in new build homes.

Affordable Housing

2.21 Policy H2 sets out requirements for affordable housing. It states that Local Development Documents should set appropriate targets for affordable housing taking into account the need to set specific, separate targets for social rented and intermediate housing. At the regional level, the target is that 35% of housing will be developed as affordable housing as a result of planning permissions granted after the adoption of the RSS. To achieve this it will be necessary for local authorities to set local targets and thresholds taking into account the regional target and the findings of this SHMA. The actual level of delivery of affordable housing on any particular site will also need to take account of the economic viability of a particular scheme.

2.22 The widening ratio of house prices to incomes makes it increasingly difficult for those on low incomes to obtain decent accommodation in reasonable proximity to their workplace. It is recognised that good, affordable housing is essential for the quality of life of those who cannot afford to compete in the open market.

2.23 Affordable Housing Studies on behalf of EERA in 2003/04 identify that there is a need for approximately 11,000 new affordable homes annually in the region (7,200 social rented, 2,400 intermediate rent and 1,320 social rented backlog). In addition, a further 13,200 units are required for unmet needs such as homelessness and families in over-crowded accommodation.

Green Belt

2.24 New housing developments need land and although most of the green belt in the East of England is to remain unchanged, the Green Belt boundaries will need to be reviewed around some urban areas. The areas where the East of England Plan identifies a need for a green belt review include Stevenage (involving land in Stevenage and North Hertfordshire), Hemel Hempstead (involving land in Dacorum and probably St Albans District), Harlow, and Welwyn Hatfield (involving land in Welwyn Hatfield District and potentially St Albans District). However, a High Court challenge to the East of England Plan resulted in the quashing of the housing growth figures for Dacorum and Welwyn Hatfield. The Government Office, acting on behalf of the Secretary of State, will now respond to the judgement. There is, therefore, some uncertainty at the current time as to the extent of any Green Belt review in these locations.

2.25 The Green Belt review at Stevenage should identify a compensating strategic expansion to the Green Belt in North Hertfordshire. The review at Harlow should identify a compensating strategic expansion in East Hertfordshire. A co-ordinated approach will need be taken where reviews cover more than one local authority area.

2.26 All such green belt reviews will need to ensure that sufficient land is identified to avoid the need for further review to meet development needs before 2031. In the case of Hemel Hempstead and Welwyn Hatfield a strategic review of the green belt will be required to allow scope for continued growth to 2031 through urban extensions.

Transport

2.27 The provision of a good transport system in the county is an important consideration when planning new housing developments. The Hertfordshire Local Transport Plan's vision is *to provide a safe, efficient and affordable transport system that allows access for all.* Therefore, all new dwellings should have good access to employment, shopping, education, everyday facilities, leisure and health

facilities. However, it should also be noted that maintaining the best use of existing infrastructure and providing new networks that are efficient, affordable and integrated is emphasised in the plan's objectives.

Provision for Gypsies and Travellers

2.28 *Accommodation for Gypsies and Travellers and Travelling Showpeople in the East of England: A Revision to the Regional Spatial Strategy for the East of England* (July 2009) forms part of the strategic planning framework for the East of England. The document is the final outcome of a single issue review of the RSS for the East of England and it addresses the accommodation needs of Gypsies and Travellers and Travelling Showpeople in accordance with the requirements of Government policy in Circular 01/2006, Planning for Gypsy and Traveller Caravan Sites and Circular 04/2007, Planning for Travelling Showpeople.

2.29 The policies and supporting text are now a part of the RSS for the East of England. They replace 'Policy H3 – Provision for Gypsies and Travellers' and paragraphs 5.11 and 5.12 in the East of England Plan. The policies require local authorities to make provision for additional residential and transit pitches for Gypsy and Traveller caravans and plots for Travelling Showpeople. The policies provide a regional framework to inform the preparation of Local Development Documents, which must be in general conformity with the RSS.

Black and Minority Ethnic Groups

2.30 There is a significant growing Black and Minority Ethnic (BME) population in the East of England and therefore all service providers are required to ensure that the housing needs of Black and Minority Ethnic communities are recognised and catered for within housing strategies. The East of England BME Housing Needs Study 2006 was commissioned by the Housing Corporation, GO-East, The East of England Regional Assembly and the East of England Development Agency to develop an innovative research methodology to address the gaps in existing knowledge and understanding.

2.31 The East of England BME Housing Needs Study recommends that all housing providers should ensure that they meet statutory and regulatory requirements, implement relevant codes of practice and guidance and introduce monitoring and recording systems consistent with those of other organisations. There should also be discussions held between partner agencies and organisations to ensure that postcode and ethnicity categories are recorded in datasets and to develop protocols that would enable this data to be shared with regional housing agencies.

Refugees

2.32 A Housing Needs Study was commissioned by EERA along with regional partners and carried out by ECOTEC in 2004-05 to inform the regional housing strategy of refugee needs.

2.33 Refugees may apply as homeless and seek housing once they have been granted refugee status. Local authorities help to home refugees if they have lost National Asylum Support Service (NASS) accommodation. The ECOTEC survey however found minimal evidence of homeless refugees being allocated social housing. They are most likely to be homed in the private rented sector.

2.34 Key issues for refugees include difficulty in accessing affordable private rented accommodation and claiming housing benefit. It was suggested by stakeholders that private providers could play a vital role at this stage. Some refugees also thought they had been discriminated against or had bad

experiences with local authorities. Therefore, there is a demand for local authorities to communicate with refugees more effectively and to provide more useful information and guidance.

2.35 Local authorities in the region accommodated or provided support to 1,324 asylum seekers (Feb, 05). The areas with the largest number of cases are Essex, Hertfordshire, Luton, Southend-on-Sea and Thurrock. NASS proposed that accommodation for 800 asylum seekers is needed from 2006 across the region, however owing to instability in the many factors involved, it is recognised that this figure could change.

Regional Housing Strategy

2.36 The Regional Housing Strategy (RHS; 2005-2010) for the East of England, along with the East of England Plan and the Regional Economic Strategy, aims for change and improvement of quality of life in the region. The vision of the RHS is that there will be *more, sustainable housing provision, in high quality homes and environments, creating inclusive communities.*

2.37 It is recognised that owing to an increase in the existing population and in-migration, the East of England will see an increase in households resident in the region. Although this is seen as necessary to support the region's economic growth and the sustainability of the region's communities, it will inevitably put further pressure on the provision of suitable housing.

2.38 Although provision of new housing is currently seen as the region's most pressing issue, the RHS points out that as most of the households will be living in the present housing stock, this should be of greater long-term importance. Therefore, the improvement and maintenance of existing housing stock is also a key purpose of the RHS.

2.39 Of the estimated 23,900 new homes provided annually it is thought that 11,000 of these need to be affordable. In order to achieve this the region must overcome a series of challenges and the RHS sets out measures to reduce land and construction costs, reduce average subsidy requirements and maximise public investment resources available.

2.40 To meet the Government's Decent Homes Standard within existing residential areas there should also be action on the quality of the surrounding environment including reusing empty homes, derelict land and properties and providing more green space.

2.41 The RHS recognises the importance of creating sustainable inclusive communities where there is social inclusion and community cohesion. The importance of creating a balanced community, with a mix of housing tenures and integration of Black and Minority Ethnic communities into the wider community is also stressed.

The Hertfordshire Structure Plan Review

2.42 The Structure Plan was adopted in April 1998 and, prior to the adoption of the East of England Plan 2008, set out the housing requirements for each District for the period 1991-2011. One of the key priorities for the county was to *'provide homes through high quality development within existing built up areas - seeking in the process to make our towns more attractive and convenient places in which to live and work, as well as to minimise the need for further green field development'*

Planned Development

2.43 The Structure Plan defined the settlement pattern of Hertfordshire as being characterised by a number of small to medium sized towns, each with a range of facilities and surrounded by accessible open countryside. Of particular relevance to this SHMA, the Structure Plan also noted that in parts of the County, notably the south and west, the bands of countryside between towns were narrow and would only be maintained by strict implementation of Green Belt policies. None of the County's towns are completely self-sufficient in terms of providing a full range of employment, social, leisure and shopping facilities for their residents and that there was and still are, high levels of interaction, and therefore movement, between the towns. It is this pattern of distinct and diverse communities, each capable of supporting an appropriate range of housing, employment, leisure and shopping facilities, on which the development strategy in the Structure Plan sought to build. The principal element of the strategy was to continue to concentrate development within the main existing urban areas through a process of 'planned regeneration'.

The London Commuter Belt

2.44 The vision for the London Commuter Belt Sub-region Housing Strategy 2005-2008 is to enable growth and provide for those who are homeless or can't afford market housing, create sustainable communities with social inclusion and to make the best use of existing stock, all whilst protecting the environment.

2.45 Across the whole of the London Commuter Belt, it has been estimated that there is a need for 2,500 new affordable dwellings per annum to keep pace with household growth and 8,700 a year just to meet existing housing need. It is recognised that to meet these needs local authorities have to make land available, provide funding, secure maximum returns from private developers and make the best use of existing housing stock.

2.46 Protection of Green Belt land still remains a priority in this sub-region. The continued pressure to meet housing need and demand is a balancing act with the need to maintain the protection of the Green Belt. Exception policies help to provide for affordable housing within rural areas with an identified need.

2.47 The document sets out 5 identified priorities in the sub-region, firstly, affordable housing. Joint commissioning models that make the best use of resources to maximise the delivery of affordable housing have been developed with the London Commuter Belt and are considered good practice. For example Watford and Three Rivers' Housing and Regeneration Initiative (HARI), which has had £23 million invested into it over five years, provided 301 affordable homes in 2003/04. Joint working with private developers is also seen to be significant.

2.48 Alongside the need for affordable housing there is also increasing pressure to deliver intermediate housing for though who want to enter into the owner market but cannot afford to do so.

2.49 Another key priority in the sub-region is to improve stock condition. The proposed courses of action are to monitor stock condition, work jointly with all councils and RSLs in all areas to deliver cost effective improvements to the housing stock and to improve engagement with the private sector and develop partnership working.

2.50 The fourth sub-regional priority is to meet the needs of vulnerable groups. Here the proposed course of action is to pursue joint working with other agencies such as the Herts Young Homeless Group, NHS trusts, RSLs and others. In regard to those with disabilities, promoting disabled adaptations and creating a register of adapted properties and disabled people needing accommodation are the recommended actions.

2.51 A fifth priority is achieving social cohesion of marginalised and excluded groups such as young people without settled family homes, people with disabilities, people with mental health, drug or alcohol problems, street sleeping homeless people and Gypsies and Travellers. BME groups are even more likely to become socially isolated owing to living in deprivation or poor quality housing, be unemployed or on low incomes. The language and cultural barriers may also lead to discrimination. The proportion of BME groups in Hertfordshire is relatively low compared to England as a whole, apart from in Watford where it is around 14%. Again, the recommended course of action is to develop a sub-regional approach and it is suggested that a sub-regional working group is formed. This encourages the sharing of information through local authorities, RSLs and the voluntary sector all working together.

Local Policies

Hertfordshire Forward

2.52 The Hertfordshire Forward partnership is the Local Strategic Partnership (LSP) for Hertfordshire. It brings together key agencies with an interest in improving quality of life in the county. Hertfordshire's sustainable community strategy, Hertfordshire Forward 2021: A Brighter Future, identifies priority areas for improvemen. These include jobs, prosperity and skills, affordable housing and quality neighbourhoods, children and young people, an aging population, health and well being, transport and access and promoting sustainable development.

2.53 The County LSP co-exists with the 10 LSPs at the District Council level and aims to co-ordinate and disseminate best practice. They have a role feeding into their councils' Corporate Plan and Budget. Recently they have been tasked with overseeing Local Area Agreements – a contract between the Council and its partners and Central Government to deliver essential improvements to the quality of life locally.

Dacorum Borough Council (Update in Preface)

2.54 Policy LA2 in the East of England Plan (2008) sets out an overall housing growth of 12,000 at Hemel Hempstead (as a Key Centre for Development and Change) and elsewhere in Dacorum by 2021. Development will need to be on both urban brown field land and as extensions to urban areas (possibly in St Albans District). In order to allow for growth up to 2031, a strategic review of Green Belt will need to be carried out. There should also be provision for substantial employment growth and services such as health, education, transport and quality of life.

2.55 Dacorum Borough Council's Local Plan makes provision for the 7,200 additional dwellings required under the Hertfordshire Structure Plan between 1991 and 2011. The Council aims to achieve this through retaining existing dwellings and providing new dwellings (new builds and conversions) that meet the needs of the population in terms of size and affordability, built within residential areas at high densities.

2.56 Dacorum Borough Council's Annual Monitoring Report (AMR) 2006-07 reports 5,581 completions since 1991 which implies that they are set to meet the Annual Structure Plan Requirement at this time. The East of England Plan reports that, by 2006, of the 12,000 required between 2001 and 2011, 1,860 had been completed leaving 10,140 remaining.

2.57 The AMR 2006-07 also reports an increase in affordable housing provision of 56 units per annum. However, owing to problems with delivering greenfield and previously developed land, this still falls below the council's target of 125 per annum. Conversely, the Plan's target of 85% of new dwellings to be provided at a density of 30 dwellings or more has been slightly exceeded at 86%.

2.58 Although lower than the county as a whole, the Council is attempting to reduce the rate of vacant properties in Dacorum (2%) by providing advice to private owners and operating a renovation grant scheme to encourage owners of long term vacant properties to bring them back into use.

2.59 In accordance with government guidance (then PPG3), the most sustainable option for the location of new housing developments is considered to be on the edge of existing residential areas (likely to be greenfield sites), or on previously developed (brownfield) rather than greenfield sites. The Council has set a target of 65% of completions to be built on brownfield sites and it is accepted that some green field land will be needed to meet the requirements.

2.60 The level of new housing completions with the local plan period will not meet the projected population and household growth within the Borough and consequently some households will choose to move out of the district to find market housing that is more suited to their needs at a price they are willing to pay. Thus the Government's objective referred to at the start of this chapter is unlikely to be met. However, affordable and special needs housing needs to be provided where the need exists.

2.61 The loss of housing land or dwellings will not be accepted apart from in exceptional circumstances (as listed in Policy 15), for example in General Employment Areas where the need for employment-related development rules out residential uses.

2.62 Dacorum Borough Council's housing programme comprises schemes which have already been identified and an estimate of likely supply from unidentified sites. Unidentified sites include the regeneration of towns and large villages, minor developments in rural areas and other windfall sites.

2.63 It is assumed in the Plan that the re-use of employment land will provide 267 dwellings. There are three areas identified in the District for this purpose including sites in and around the Plough site in Hemel Hempstead possibly providing 110 units. It is also assumed that 706 units will be provided in established residential areas, almost 100 of which will be in New Town Corporation estates in Hemel Hempstead.

2.64 Over the plan period the availability of housing land will be monitored and controlled to ensure a balance between sufficient supply and oversupply. It will be controlled by phasing the development of identified sites and managing the development of unidentified sites. This will enable the most effective use to be made of land in the long term. It also allows for coordination with infrastructure improvements.

2.65 To meet the needs of the local population, the Council encourages developments of a range of size and tenures of dwellings particularly with regard to the trend towards smaller households. Twenty five per cent of homes on sites of 25 of more dwellings should also be built to lifetime homes standards.

2.66 Providing particular criteria are met (set out in Policy 19), the conversion of existing buildings will be permitted, bringing old properties into more effective use and reducing the need for new developments. It is important that this is controlled to ensure a balance of size and types of dwellings.

Hertsmere Borough Council

2.67 The policies in Hertsmere's Local Plan set out to:

- provide 4,600 additional dwellings between 1991 and 2011 (as prescribed in the Hertfordshire Structure Plan) incorporating a variety of housing sizes and types including affordable housing and housing for people with special needs;
- provide, as far as possible, new dwellings on previously used urban land, preferably close to town centres, to minimise the use of green field land;
- plan new developments that coincide with local infrastructure plans and in ways that encourage alternative transport to the private car;
- phase development over the whole period of the plan; and
- provide attractive, safe and accessible residential environments.

2.68 Between 1991 and 2001, 2,968 new dwellings were provided in Hertsmere which leaves a requirement of 1,632 dwellings to be provided by 2011 (significantly less than the previous ten years). The 2006-07 Annual Monitoring Report (AMR) reports 377 dwelling completions in that year and it is now expected that an average of 152 dwellings are now needed to meet the Structure Plan's target by 2021. It is even anticipated that there will be a surplus of 1090 dwellings by this time.

2.69 The East of England Plan requires Hertsmere Borough Council to provide 5,000 new dwellings between 2001 and 2021. By 2006 1,080 of these had been completed, leaving a remaining 3,920. Hertsmere Borough Council takes this into consideration in their Preferred Options Core Strategy which has recently gone through consultation. This strategy states that out of the target for 5,000 new homes between 2001 and 2021, 940 should be affordable, and the threshold for providing affordable housing on new sites was also lowered to 15.

2.70 In addition to national, regional and county guidance there is a strong local desire to protect the Green Belt in Hertsmere. Consequently developing on previously used urban sites (planned regeneration) is considered to be the most appropriate option in this district and only when there is no alternative should other options be considered.

2.71 Policy H2 lists potential sites for housing developments. The most significant of these is the former International University in Bushey (an estimated 307 dwellings). It is acknowledged that there may be other sites in addition to those already identified that could possibly be used for housing development if they became available for redevelopment or conversion. The identified sites are expected realistically to provide for 563 dwellings, however windfall sites are expected to arise providing some 300 dwellings.

2.72 Policy H5 proposes that planned development is phased in order to ensure co-ordination with improvements to infrastructure and that some of the developments are saved for the latter part of the planning period. However, it is important that there are not too many restrictions that suitable sites are prevented from coming forward.

2.73 It is recognised that it is important that the housing mix provided reflects the needs of the population, i.e. To cater for increases in smaller households. It is proposed that a proportion of housing should be built to 'Lifetime Homes' standards which ensures that homes are adaptable, flexible and accessible and that there are a variety of sizes and tenures.

2.74 A survey of local needs in 1994 and the subsequent report 'Affordable Housing – Assessment of Need 1995' identified that there was a significant need for affordable housing which was not being met. This was backed up by a further study in 1999. It is, therefore, important that local planning authorities should seek to negotiate a proportion of affordable housing on suitable sites with developers. A target has been set of 410 affordable housing units to be sought between 1998 and 2011 through the planning process.

2.75 Affordable housing on developments of 25 or more dwellings should comprise 25% of the total number of houses or 25% of the land. This will usually involve transfer of land to a Registered Social Landlord (RSL) who will ensure their future management.

2.76 There is also an identified need for affordable housing in rural settlements within the Borough and the council will support small scale affordable housing schemes.

St Albans District Council

2.77 The St Albans District Plan Review 1994 was first adopted in 1985 and covers the period from 1981 to 1996. Although it is now out of date, policies included in this document still hold more value than any plan which has not yet been adopted and are therefore presented in this paper. In response to a consultation document in 2006, St Albans District Council prepared a Core Strategy Issues and Options Consultation (July 2007) in preparation for the next Local Development Framework after publishing a consultation document in 2007. At this point, the council have not yet come to any conclusions on the matters raised during the consultation.

2.78 The dwelling requirements in the plan however no longer apply and so figures are taken from more recent documents. The Hertfordshire Structure Plan sets a requirement in St Albans of 6,300 dwellings to be provided by 2011. The East of England Plan requires St Albans District to provide 7,200 new dwellings between 2001 and 2011. By 2006, 1,830 of these had been completed leaving a remaining 5,370.

2.79 St Albans Housing Monitoring Report 2007 reports a total of 6,410 dwellings completed across the district between 1991 and 2007, exceeding the County Structure Plan's proposal of 6,300 for the period 1991-2011, after only 16 years. This is mainly owing to a higher than expected number of windfall sites. The average annual rate of completions of 369 dwellings per annum slightly exceeds the proposed 360 in the East of England Plan for the period 2001-2021.

2.80 The original District Plan set out to minimise the use of Green Belt land and to provide more small dwellings. When the plan was reviewed in the early 1990s the inspector considered that the required numbers were not going to be met and there were calls to release more Green Belt sites. However, infilling produced an average of 400 new dwellings per annum in the late 1980s, putting the district ahead of its proposed rate.

2.81 The house-building rate in the District has remained relatively constant at 500-600 dwellings per annum since the 1970s and at the time of the Plan was thought likely to continue.

2.82 The District Plan does not allow for phasing of site development because the time scale is relatively short and it would not necessarily be making the best use of land (as recommended by the government).

2.83 When considering the nature and location of new housing development the council has three main objectives to:

- ensure development is in accordance with Plan's key structuring policies;
- encourage the provision of a wide range of housing types, with particular emphasis given to the meeting of local housing needs; and
- achieve a high standard of housing design and layout, and protect areas of special character.

2.84 There is a continued need for smaller dwellings owing to smaller household sizes, however a range of differently sized units should be provided including larger family properties.

2.85 On sites over 0.4 hectares or where 15 or more dwellings are planned the Council will seek to provide a proportion of affordable housing. All planned developments should be assessed for their impact on the surrounding area. Policy 7 states that the District hopes to provide 200 dwellings per annum thorough the building of new dwellings and conversions of existing dwellings. Affordable Housing in the Green Belt will only be permitted if there is a demonstrated need that cannot be met elsewhere and that it is reserved permanently for those with strong local connections.

2.86 The need to provide smaller properties in the district is key. It is suggested that the conversion of larger properties can encourage retention rather than demolition conserving housing land including Green Belt.

2.87 Proposed changes to the Draft East of England Plan 2004 included an additional 360 dwellings per annum in St Albans District. It also proposes major expansion of even more dwellings at Hemel Hempstead and Welwyn Garden City/Hatfield, both of which would involve some land within St Albans District. The District council have objected to both of these proposals.

Three Rivers District Council

2.88 The main aim of the Three Rivers Local Plan 1996-2011 is to make provision for the needs of those living and working in the District, to protects and enhance the District's towns and countryside, and to provide for development whilst taking into account local and wider impacts.

2.89 In relation to housing, the main objectives of the Local Plan are to provide a sufficient supply of housing land during the plan period, to ensure that the type of housing built meets the needs of the population in terms of location, size and affordability and to ensure that housing development is not detrimental to the natural or built environment, or other land uses. The Local Plan also seeks to ensure that an appropriate amount of housing is affordable, that provision is made to suit people with special needs and that there is a diversity of size and types. It also sets out to increase densities and locate housing as near as possible to transport and services while still protecting the environment and residents' quality of life.

2.90 Local Plan policy GEN.2 states that major development should be located close to town centres, local centres, transport nodes and corridors. It is also desirable for there to be a mix of dwellings in terms of size and type across sites and neighbourhoods creating a more varied and integrated society and increasing the flexibility of the housing stock to accommodate changing households in the future.

2.91 The Hertfordshire Structure Plan identified that a net total of 4,000 new dwellings should be provided across Three Rivers between 1991 and 2011. 4,482 dwellings were provided between 1991 and 2008, exceeding the Structure Plan target.

2.92 The East of England Plan (adopted May 2008) identifies a target for Three Rivers of 4,000 new dwellings to be provided between 2001 and 2021. By March 2008, 1,595 had been completed leaving 2,405 remaining.

2.93 The Annual Monitoring Report 2007/08 shows that 92%of housing development between 2001 and 2008 had been built on previously developed land, exceeding the 60% target. However, in future a range of options are being considered through the Local Development Framework process to meet dwelling targets and this is likely to lead to identification of greenfield sites to meet dwelling targets.

2.94 Owing to the already congested nature of Three Rivers District, future housing sites identified to meet the East of England Plan targets will be phased to minimise the impacts of development. It is anticipated that housing sites on previously developed land will be developed in advance of greenfield and green belt releases which will be phased towards the end of the plan period.

2.95 In accordance with the findings of the 1999 Housing Needs Survey (which showed there was a great need for affordable housing that was likely to continue), Local Plan policy H6 requires approximately 30% of dwellings on suitable sites capable of accommodating 25 dwellings or more, or with an area of 1 hectare or more to be affordable. It is recognised that on some sites where there is an identified need and where the criteria set out in Policy H6 have been met, at least some if not all of the designated 'affordable' housing must be designed specifically for residents with special needs (those who are disabled or have learning disabilities).

2.96 In accordance with Planning Policy Statement 3: Housing, the Council's Executive Committee agreed in May 2007 to revise these thresholds and apply a threshold of 15 dwellings for affordable housing provision.

2.97 Local Plan policy H5 considers affordability in 'financial terms' rather than referring to a particular price or rent. While Circular 6/98 includes 'low cost market housing' within the definition of affordable housing, the Local Plan does not, as those considered in housing need would still not be able to afford these prices. In addition, Local Plan policy H7 sets out an exceptions policy for the provision of affordable housing in rural villages, providing strict criteria.

2.98 The Three Rivers AMR 2007/08 reports that 415 affordable dwellings have been completed between 2001 and 2008, 25% of the total. This is just short of the Local Plan target of 30% as a result of the large number of smaller housing sites that have come forward that fall below the Local Plan thresholds and therefore do not make any provision for affordable housing.

Watford Borough Council

2.99 Policy L4 of the East of England Plan (2008) identifies Watford as a Key Centre for Development and Change (KDDC) where there is a focus on continued strong economic performance and continuing regeneration and renewal that makes the most of urban development capacity. Unlike other KCDCs in LCB (West) the intensification of land use and continued defence of Green Belt land is central to this policy. There is also an emphasis on joint approaches, inside and outside the Borough, to the provision of affordable housing so that needs can be met where they arise. Policy H1 prescribes a total of 5,200 new dwellings for Watford which although lower than most KCDCs does not include

other settlements within the Greater Watford area, which would put Watford on a par with other Key Centres.

2.100 Watford Borough Council's main aims as set out in its adopted District Plan are to meet local housing need while seeking to improve the quality of life in the Borough. This will be achieved through balancing land use so that Watford residents do not have to travel for jobs or leisure.

2.101 The Hertfordshire Structure plan identified a need for 4,700 additional dwellings in the Borough between 1991 and 2011. 3148 dwellings were provided between 1991 and 2001, leaving a remaining requirement of 1,552 up to 2011. It is thought that sites identified, including small currently unidentified sites, will be adequate to meet this need for at least the next five years.

2.102 Watford Borough Council's Annual Monitoring Report (AMR) states that they are on target to meet and exceed both the Hertfordshire Structure Plan requirement by 2011 and the proposed EiP Panel Report by 2021. Additionally, 99.66% of completed dwellings were on previously developed land and 98% at a density of over 30 dwellings per hectare meeting and exceeding national and local targets.

2.103 The East of England Plan requires Watford Borough Council to provide 5,200 new dwellings between 2001 and 2021. By 2006 1,410 had been completed, leaving 3,790remaining.

2.104 Owing to a decrease in average household size in the Borough there is a household size/dwelling size mismatch. The size and type of new dwellings should therefore be provided to meet current need. Mixed-use developments, including flats above shops, will be encouraged.

2.105 New developments will also be expected to meet the increasing need for specialist houses for the elderly and for those with mental or physical disabilities through the provision of lifetime housing standard dwellings. The Council also expect new developments to meet the shortfall of affordable houses in the Borough.

2.106 As affordable housing is in such high demand in the Borough, it is vital that once it is obtained, it is protected and developments which result in the loss of affordable housing will not be permitted. All developments of 25 dwellings or more must provide at least 30% of affordable housing. The Watford Housing Needs Survey 2001 identified a high demand for affordable housing at approximately 1,870 units required by 2006. Watford Borough has a very short supply of affordable units and in order to increase access to affordable housing the Council will seek to assist Registered Social Landlords in providing additional units through new build and renovation of existing properties. The 2001 study also identified a need for an additional 100 units to be provided at low cost market prices to cater for those only just able to afford market housing.

2.107 In response to housing needs and demand extending beyond Watford's boundary, Three Rivers District Council and Watford Borough Council, along with Registered Social Landlords have agreed in principle, through the Housing and Regeneration Initiative (HARI), to jointly fund affordable housing developments.

2.108 The Council also supports developments of Housing in Multiple Occupation (HMO) providing that they are not detrimental to the amenity of nearby residents and sheltered housing for older people is encouraged close to shops, services and local transport.

2.109 Policy SE1 recommends that 80% of new housing developments be built on previously developed land or from the restoration of empty properties. Protecting Green Belt land from an over-supply of

housing is particularly important in Watford owing to the relatively low level of open spaces and the need to continue to supply housing past 2011. Therefore, the Council will follow a 'plan, monitor and manage' approach to ensure sustainable development.

2.110 The plan also seeks to provide housing that is of a high standard whilst maintaining the quality of the environment. Housing should be integrated with other land uses encouraging alternative transport such as walking, cycling and passenger transport. Unless there are exceptional circumstances proposals that result in an overall loss of housing will not be accepted and instead a 'like for like' approach should be taken.

2.111 Policy H10 states that developers may be required to enter into a planning agreement with the Council to help meet any extra costs in relation to the need for additional school or other community facilities such as doctor's surgeries and libraries. Also, they may possibly be required to make a contribution to accommodate the extra demand.

2.112 It is recognised that if the required number of additional dwellings is to be met, without having to use Green Belt Land, developments will have to be built at higher densities and be well designed. However, quality of life must not be reduced by building at higher densities and the creation of open space is also encouraged by the Council.

Welwyn Hatfield Borough Council (Update in Preface)

2.113 The overall aim of the Welwyn Hatfield District Plan is to secure sustainable development in the District. It also aims to provide for changing local needs, in particular substantial employment growth and services such as health, education and training, transport, leisure and quality of life.

2.114 The Hertfordshire Structure Plan allocates Welwyn Hatfield a requirement of 5,600 dwellings between 1991 and 2011. Priority should be to build new developments on previously used land rather than on greenfield land. The District Plan has identified 23 possible sites for new developments, 90% of which are on previously used land. Annual monitoring identifies 5,533 completions from 1991 to 2006/07, exceeding the cumulative completion target of 4,480.

2.115 Policy LA3 in the East of England Plan (2008) identifies Welwyn Garden City and Hatfield as a joint Key Centre for Development and Change and sets out an overall housing growth of 10,000 in Welwyn Hatfield District between 2001 and 2021. The AMR identifies 3383 completions from 2001 to 2006/07, slightly exceeding the cumulative completion target of 3230.

2.116 Policy LA3 states that new developments will mostly be within existing urban areas but further urban extensions will also be required. The location of future growth in Welwyn Hatfield is a matter for determination through the LDF process. Any Green Belt review, however, should include coordinated work with St Albans District Council if the preferred option for expansion is to the West of Hatfield. Welwyn Hatfield has exceeded the national target that 60% of additional housing should be provided on previously developed land for the last 4 years. In 2006/07 99% of new dwellings were on previously developed land (AMR).

2.117 Welwyn Hatfield's Policy H6 states that all new developments of 5 or more dwellings, provided that they meet all other criteria, should be built at 30 to 50 dwellings per hectare (dph) and in central areas and areas with good accessibility, residential development will be expected to be close to or exceed 50 dwellings per hectare. In 2006/07, 98% of gross residential completions were completed at density of 30dph or more, the average density of new dwellings was 47 dwellings per hectare (AMR).

2.118 Policy H7 requires sites of 25 units or more or one hectare or more to include provision for a minimum of 30% subsidised housing. In 2006/07, of the 20 eligible sites, 15 (75%) met or exceeded the requirements of the affordable housing policy (AMR).

2.119 It is expected that new residential developments will include a range of dwelling types and sizes. The 2004 Housing Needs Survey identified that the principal need was for subsidised rented accommodation because low cost market housing was beyond the reach of the majority of newly forming households and those in need. Welwyn Hatfield also has a rural exceptions policy for the provision of affordable housing (policy RA14).

2.120 Major redevelopment is planned for Hatfield town centre (east), which is outlined in Hatfield Town Centre Redevelopment, Revised Planning Brief July 2002. The brief includes development plans for shopping, employment, housing and relaxing, covering an area of 3.3 hectares. It is noted, that in regard to housing, a proportion of key worker and affordable housing, to assist in addressing local housing needs, must be provided. However, due to current economic conditions (2009), regeneration of the town centre has been delayed.

Summary of Key Points

- Government Practice Guidance on policy and planning emphasise the overriding importance of sustainable development in considering housing policy.
- Housing policy is focused on increasing the supply of dwellings with particular emphasis on the provision of affordable housing.
- SHMAs should provide a sound evidence base for the development of both regional and local housing development policies.
- The Barker Review of Housing Supply recommended an increase in socially rented housing and subsequently the government have increased provision and made it a priority in the 2007 Comprehensive Spending Review. CLG (2006) emphasises the importance of close working between regional bodies and delivery partners to ensure effective delivery of a shared vision and that housing provision is balanced with future housing demand.
- The East of England Plan also focuses on delivering sustainable communities and identifies four growth areas, three of which lie partially within the Eastern Region.
- The East of England plans sets a requirement for at least 508,000 dwellings between 2001 and 2021 (26,830 per annum from 2006). Authorities are encouraged to increase density, encourage the use of previously developed land and make use of rural exception policies to provide affordable homes in order to exceed annual average rates.
- The remaining minimum still to build between April 2006-March 2021 are set, in the East of England Plan at 10,140 for Dacorum, 3,920 for Hertsmere, 5,370 for St Albans, 2,990 for Three Rivers, 3,790 for Watford and 7,270 for Welwyn Hatfield.
- It is recommended in policy SS3 that, to achieve sustainable development, development should be concentrated on 21 locations known as Key Centres for Development and Change (KCDC), of which there are three in LCB (West). In three of these locations (Hemel Hempstead and Welwyn Garden City and Hatfield) Green Belt reviews will be undertaken to allow further expansion.
- The East of England plan requires that 35% of new dwellings will be affordable, and states that in some cases this may need to be higher.
- Previous affordable housing studies on behalf of EERA have estimated an approximate need for 11,000 new homes annually in the region and an additional 13,200 to meet the needs of homelessness and overcrowding.
- There is an urgent need to address the problems of site shortages for Gypsies and Travellers and related difficulties in families gaining access to housing, education, health and employment.
- The Regional Housing Strategy (2005-2010) emphasises the importance of the improvement and maintenance of existing housing stock as this is of greater long –term importance. It also recognises the importance of creating sustainable communities where there is social inclusion and community cohesion, including the mix of tenures and the integration of BME groups.
- It is estimated that across the whole of LCB there is a need for 2,500 new affordable dwellings per annum to keep pace with household growth and 8,700 per annum to meet existing housing need. This has to be balanced with a need to protect Green Belt land.
- The five priorities in LCB are: affordable housing provision, intermediate housing provision, improvement of stock condition, meeting the needs of vulnerable groups and achieving social cohesion.
- Dacorum Borough Council's Local Plan makes provision for 7,200 additional dwellings between 1991 and 2011. In 2001, 2,542 had been identified with a further 1,265 unidentified sites forecast. The 2006-07 AMR reports 5,581 completions since 1991 implying they are on target to meet the requirements at this time. However, they have fallen short of the council's target for affordable housing of 125 per annum, despite achieving 86% of new dwellings built at a density of 30 dwellings or more.

Section 3: Identifying Local Housing Sub-Markets within the Sub-Region

3.1 Planning Policy Statement 3 (PPS3) identifies Housing Market Areas (HMAs) as being geographical areas defined by household demand and preferences for housing. The areas reflect the key functional linkages between places where people live and work.

3.2 In March 2007, the Department for Communities and Local Government (CLG) issued an Advice Note on "Identifying sub-regional housing market areas". This note recognised that local authorities in several regions had already developed approaches to defining sub-regional housing market areas and it therefore sought to identify emerging good practice.

Defining Sub-Regional Housing Market Areas

3.3 Housing market areas reflect where people live and work, and typically represent the areas in which the majority of residents will look for housing when they want to move. The London Commuter Belt housing sub-region identified by the Eastern region covers 15 local authorities, including all 10 local authorities in Hertfordshire and 5 authorities in Essex. Therefore the six authorities in this study area, forming London Commuter Belt (West), are a sub-group within the wider London Commuter Belt.

3.4 Figure 7 shows the travel to work patterns for LCB West from the 2001 Census. It is apparent that of the 303,400 employees working in the sub-region, 206,800 (68.2%) are also local residents. Furthermore, this represents 67.1% of the sub-region's 308,400 residents that were employed.

3.5 From this it can be argued that the study area (i.e. the west of the sub-region) has the makings of a housing market area, as it reflects where people both live and work.

3.6 It is also possible to identify smaller areas, where the majority of the local population live, work and move. This analysis of the migration, travel to work and house price patterns identifies functional sub-market areas.

Figure 7
Travel to Work Patterns for Residents in Local Authorities in London Commuter Belt West Sub-region in 2001 (Source: Census 2001)

UK Region/Area	Travel to Work		
	To LCB West	From LCB West	Net
LCB West sub-region	206,846	206,846	-
Rest of Hertfordshire	18,325	8,036	10,289
Rest of Eastern	22,089	8,244	13,845
North East	370	48	322
North West	1,065	369	696
Yorkshire & Humberside	963	272	691
East Midlands	2,254	691	1,563
West Midlands	1,300	540	760
London	30,835	70,416	(39,581)
South East	17,421	12,297	5,124
South West	1,300	408	892
Wales	405	69	336
Scotland	145	149	(4)
Northern Ireland	84	6	78
Total	**303,402**	**308,391**	**(4,989)**

3.7 The CLG advice note identifies three sources of information which support the identification of local housing sub-markets, namely:

- house prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.

3.8 There is an increasing amount of secondary data available that can be drawn on to help understand each of these factors. It is important to recognise that no one single approach or single data source can provide a definitive answer, but by considering the range of available data, it is possible to form a judgement on an appropriate geography for sub-market areas.

3.9 The methods identified for defining housing market areas can be sub-divided into two broad approaches:

- the first approach identifies and groups together areas with similar characteristics; and
- the second approach identifies and groups together areas which show a degree of self-containment in terms of either migration and/or employment patterns.

3.10 Classifying sub-markets using the first approach will tend to yield a larger number of small areas, with each area tending to have similar characteristics. If such characteristics change (e.g. young single persons join together and become family households), they are likely to move into a different housing sub-market (e.g. from a town centre apartment to a home with a garden in a more suburban location).

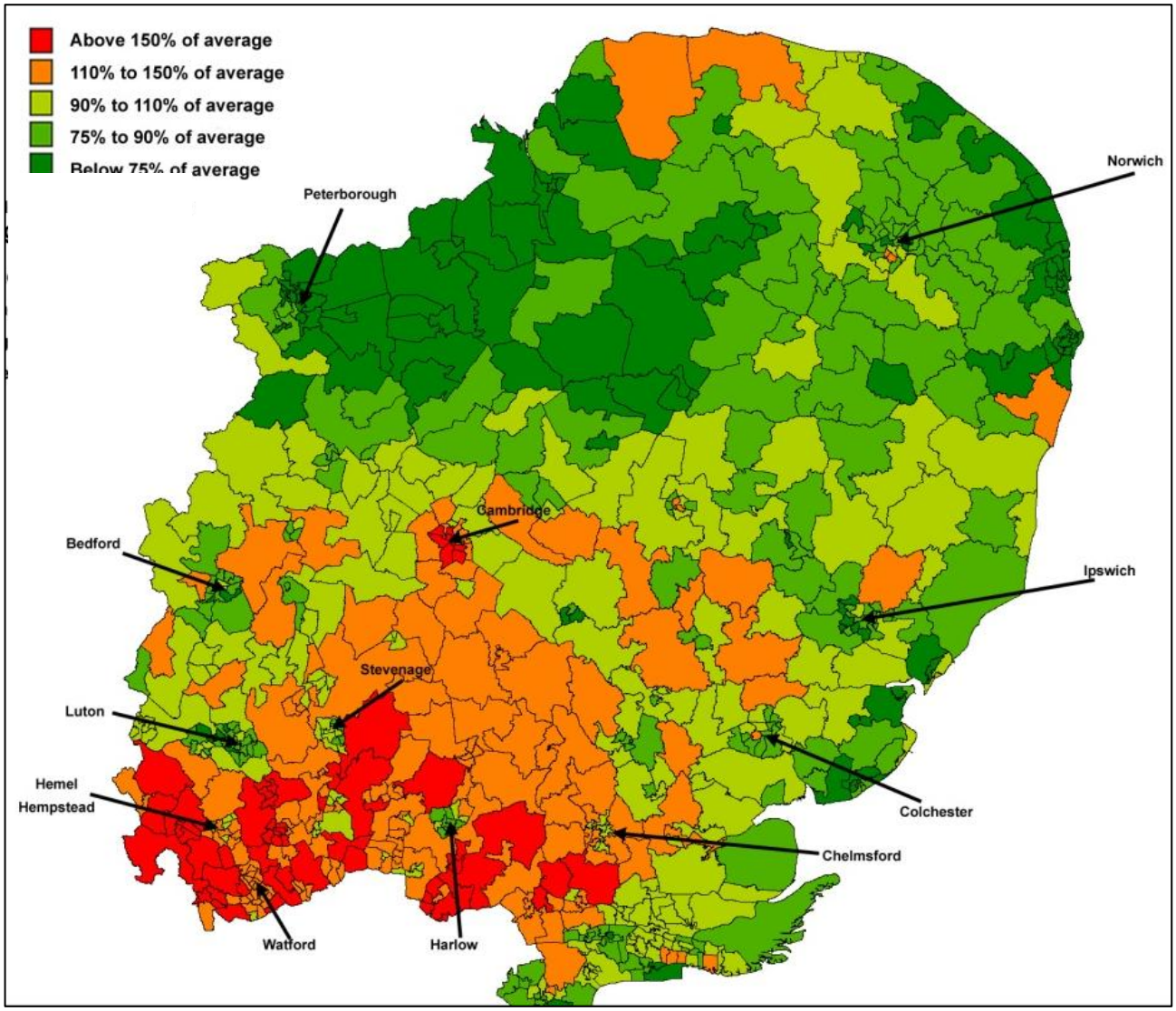
3.11 Using the second approach to classification tends to yield fewer sub-markets and within each of the identified areas, there should be housing available for households of all types. If the identified area has a balanced housing market, all households should be able to find housing to meet their requirements at a price that they can afford, without moving outside the sub-market area.

3.12 If there is insufficient housing of any particular type, households seeking such housing will inevitably widen their search areas in order to find the housing that they require at a price they can afford. On the assumption that their employment circumstances don't change, they will all have to commute. The lack of any particular type of housing will change over time the patterns of containment in relation to both migration and employment, so that the sub-market boundaries will eventually be redefined to include areas catering for the "missing" types of housing. Alternatively, the gap in the local market will be recognised and the "missing" types of housing provided within the local area. These gaps may be addressed by a market led response or a planning policy intervention.

Using Local House Prices to Define Housing Market Areas

3.13 The first approach to identifying housing market areas advocated by the CLG advice note is to consider an analysis of local house prices. Neighbouring areas which contain similar house prices are also likely to share many other similar characteristics, which could lead to them being viewed as a housing market.

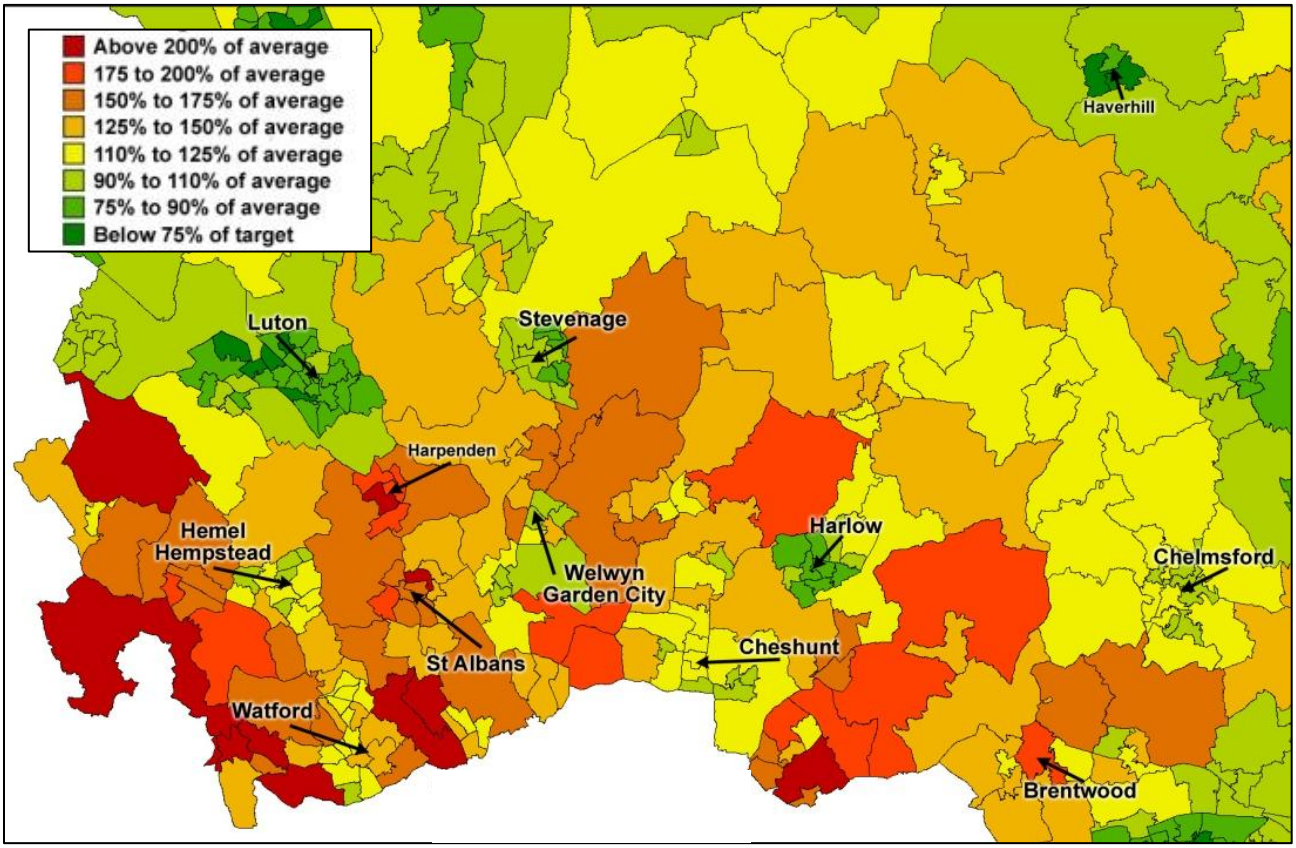
Figure 8
Relative house prices across the Eastern Region (Source: UK Land Registry)



3.14 Figure 8 shows the variation of house prices from the average across the Eastern region from October 2006 to September 2007. It should be noted that the house prices have been weighted to account for any variation in dwelling type with the share of housing accounted for by detached, semi-detached, terraced and flats being standardised across the region so any variations in prices are not due to the type of stock which is to be found in the area, but are actual cost differences. Once the weights were applied the average price was obtained by adding up the value of all properties sold and dividing by the number of transactions.

3.15 Areas in red contain house prices which are over 150% of the regional average and those in dark green are less than 75% of the regional average. Therefore, the London Commuter Belt clearly contains many of the areas with the highest house prices in the Eastern region.

Figure 9
House Prices Across the London Commuter Belt Compared to the Eastern Region Average (Source: UK Land Registry)



3.16 Figure 9 shows a closer view of relative house prices across the London Commuter Belt. This identifies urban centres such as Hemel Hempstead, Watford, Hatfield and Welwyn Garden City that have lower average house prices than the rural areas which surround them.

3.17 If we identified sub-markets on the basis of areas with similar characteristics, the above maps would suggest that the urban areas around Hemel Hempstead, Watford, Hatfield and Welwyn Garden City would each form separate sub-markets (showing relatively less expensive house prices) with St Albans, Harpenden and much of the less sparsely populated areas constituting one or more further sub-markets (each having relatively more expensive housing stock).

3.18 Whilst it is helpful to understand this distribution of local house prices, the distribution does not appear to provide sufficient information to define clear sub-market areas.

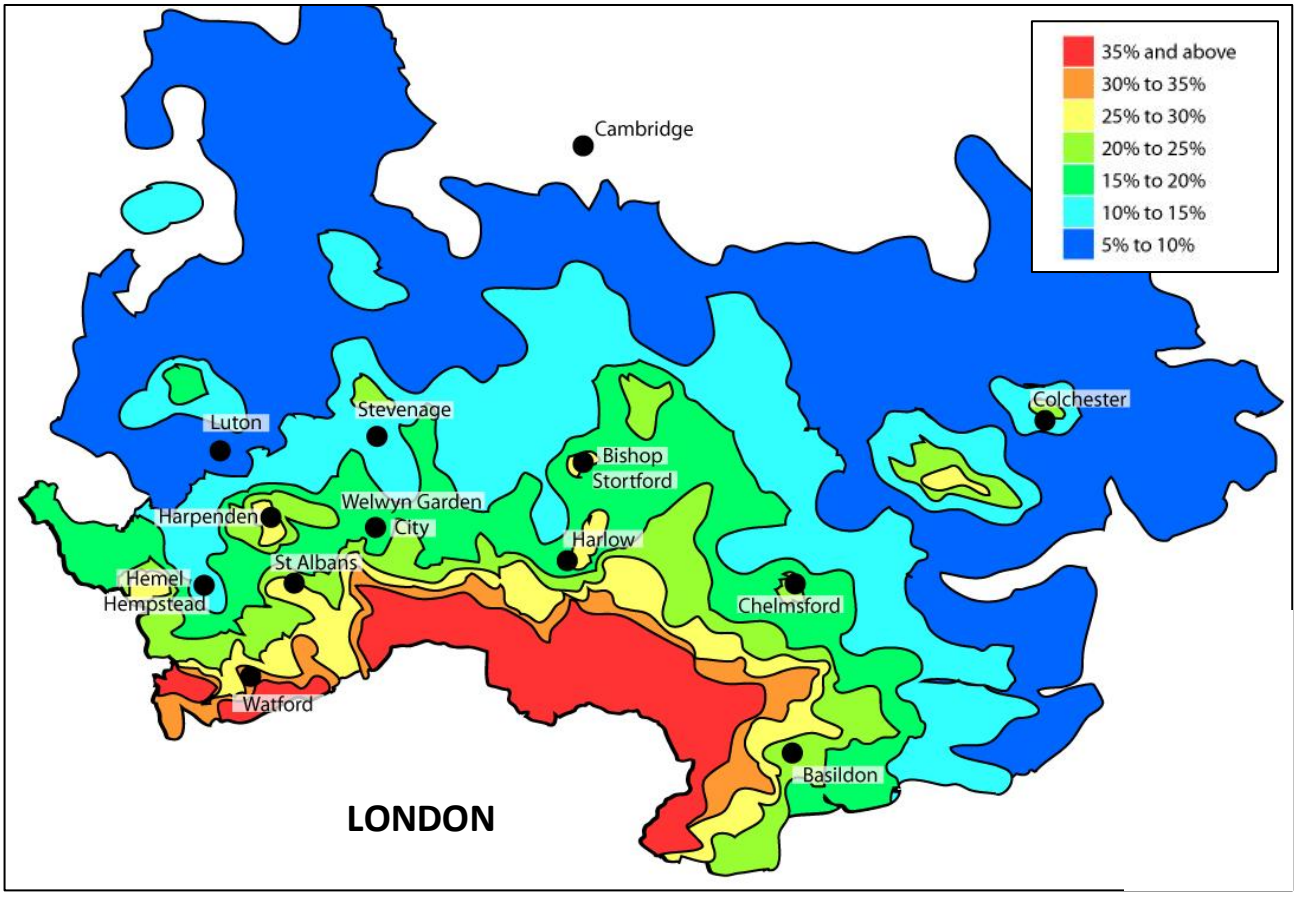
Using Employment and Migration Patterns to Define Housing Market Areas

3.19 An alternative method for dividing the sub-region into functional housing sub-markets that is recognised by the CLG Advice Note is to consider travel to work patterns, with sub-markets defined by the area in which the majority of the local population live and work.

3.20 We can identify travel to work behaviour through analysis of the 2001 Census data. ORS has developed an effective methodology for identifying housing sub-markets over a number of years and in particular the mechanisms for mapping and visualising the large quantity of data being analysed.

3.21 As part of this process, it has become apparent that when considering local housing market areas, it is important to exclude the impact of substantial housing markets outside the area which may still influence local patterns. In the context of this analysis, it is apparent that the influence of London could be significant. As shown in Figure 6, in 2001 as many as 70,400 of London's workers lived in the study area.

Figure 10
Travel to Work to London Across the Study Area (Source: UK Census of Population 2001. Note: bands represent the percentage of the employed resident population who work in the London region)



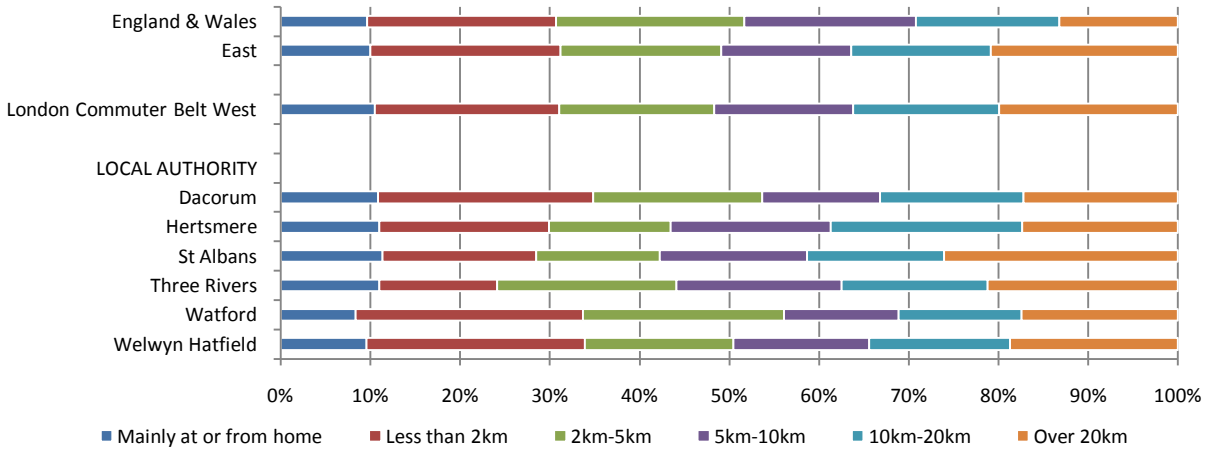
3.22 Figure 10 illustrates the influence of London on the whole of the London Commuter Belt area and its immediate vicinity. The isobars show how large a proportion of the total workforce travel to work in London. Areas coloured in red have 35% or more of their workforce travelling to London to work. Meanwhile, areas in dark blue have less than 10% of their workforce travelling to London.

3.23 One of the most noteworthy features of the map is that the importance of London as a travel to work destination reaches out further to the east of London than it does to the north. Areas in Essex and the eastern side of Hertfordshire are much more likely to contain very high numbers of workers who travel into London to work, reflecting the pattern of the transport network and connectivity with the City of London.

3.24 While a large number of the employed residents of the study area commute to London each day, an even greater number work within the study boundary. The 2001 Census data identifies 206,850 people who both live and work in the London Commuter Belt (West). This represents around 67% of all those living in the area who have a job, and 68% of all those who work in the area. Of this group, 29,900 work mainly at or from home, equivalent to 9.7% of all those residents who have jobs.

3.25 Unsurprisingly the majority of people who travel to work in and out of London Commuter Belt (West) do so to and from areas in the immediate vicinity. In particular, aside from the links with the London region, LCB (West) also attracts around 24,000 employees from the rest of the Eastern region (including the rest of Hertfordshire).

Figure 11
Travel to Work Distance by Local Authority (Source: UK Census of Population 2001)



3.26 Figure 11 shows that more than half of all employees in the sub-region travel more than 5km to work each day. The pattern for the sub-region is very similar to that of the whole of the Eastern region but employees resident in LCB West travel further to work than employees do nationally. It can also be seen that employees who are resident in St Albans are the most likely of all the local authorities in the sub-region to travel longer distances to work.

Defining Housing Market Areas in the Sub-region

3.27 The graph overleaf (Figure 12) shows the inter-relationships between areas within the London Commuter Belt sub-region, where those Census Output Areas that are either classified as “urban” by the DEFRA classification or have large workplace populations, are grouped together to form urban centres or nodes. Surrounding areas outside the sub-region are also included for completeness.

3.28 To ensure an effective analysis of the internal links between settlements in the London Commuter Belt sub-region, travel to work to London was excluded from the calculations and only the links between areas outside London were analysed.

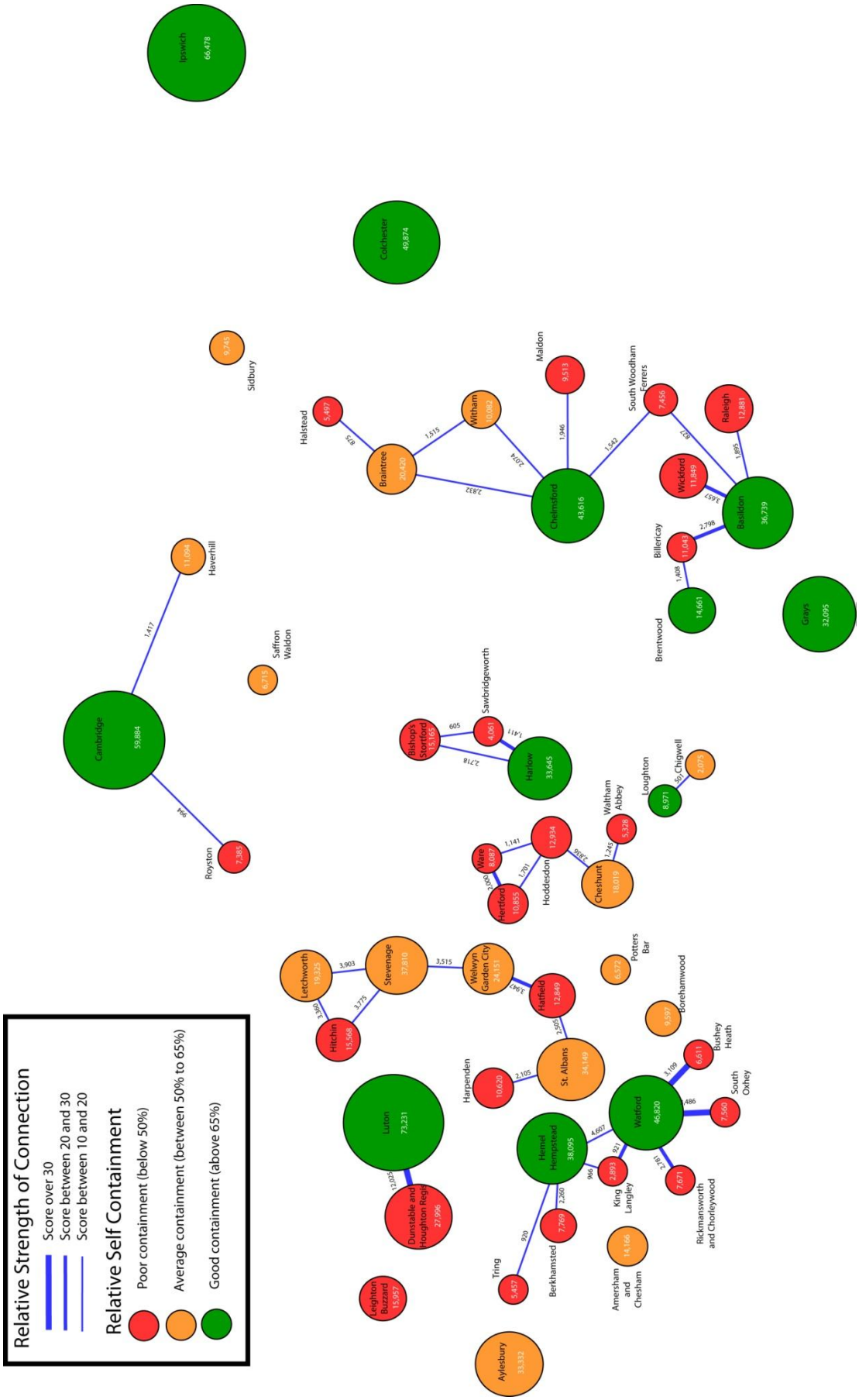
3.29 These urban centres (or nodes) have been colour coded according to their relative self-containment. The figure inside the settlement denotes the number of residents who both live and work in that urban centre. The colour of the node represents this as a proportion of all workers living in the area (excluding those who commute to London) as an indicator of the areas self-containment, on the basis of the following bands:

- green = above 65% of employees living in the area also work in the area;
- amber = 50 to 65% of employees living in the area also work in the area; and
- red = below 50% of employees living in the area also work in the area.

3.30 The links that exist between the urban centres are also illustrated by the joining lines, with stronger links having heavier lines. Note that the line thickness (and the very presence/absence of lines) is based on the relative proportion of workers that travel between the two areas as opposed to the absolute numbers. So, for example, 200 workers travelling from an area with a total of 2,000 workers is of clear significance; whereas 200 workers travelling from an area with a total of 20,000 workers is of little importance.

3.31 The number shown on the line indicates the gross travel to work in either direction between the two areas. For example, there are a total of 966 workers who either live in Hemel Hempstead and work in Kings Langley or alternatively live in Kings Langley and work in Hemel Hempstead.

Figure 12:
Identifying the Functional Housing Sub-Markets in the Study Area: Initial Output (Source: UK Census of Population 2001)



3.32 Within the study area, Figure 12 highlights that Hemel Hempstead and Watford both have more than 65% self-containment when analysing their travel to work patterns. Welwyn Garden City, St Albans, Potters Bar and Borehamwood have between 50% and 65% self containment while numerous settlements have less than 50% self-containment. Typically, housing sub-markets are considered to be areas with at least 65% self-containment, implying that Watford and Hemel Hempstead meet this definition, while other settlements in the study area do not.

3.33 Given that many of the identified settlements have relatively poor levels of self-containment the next step is to combine them to form larger housing sub-markets. Whilst there is no definitive answer to the final groupings, the following observations informed and/or were considered by the next stage of analysis:

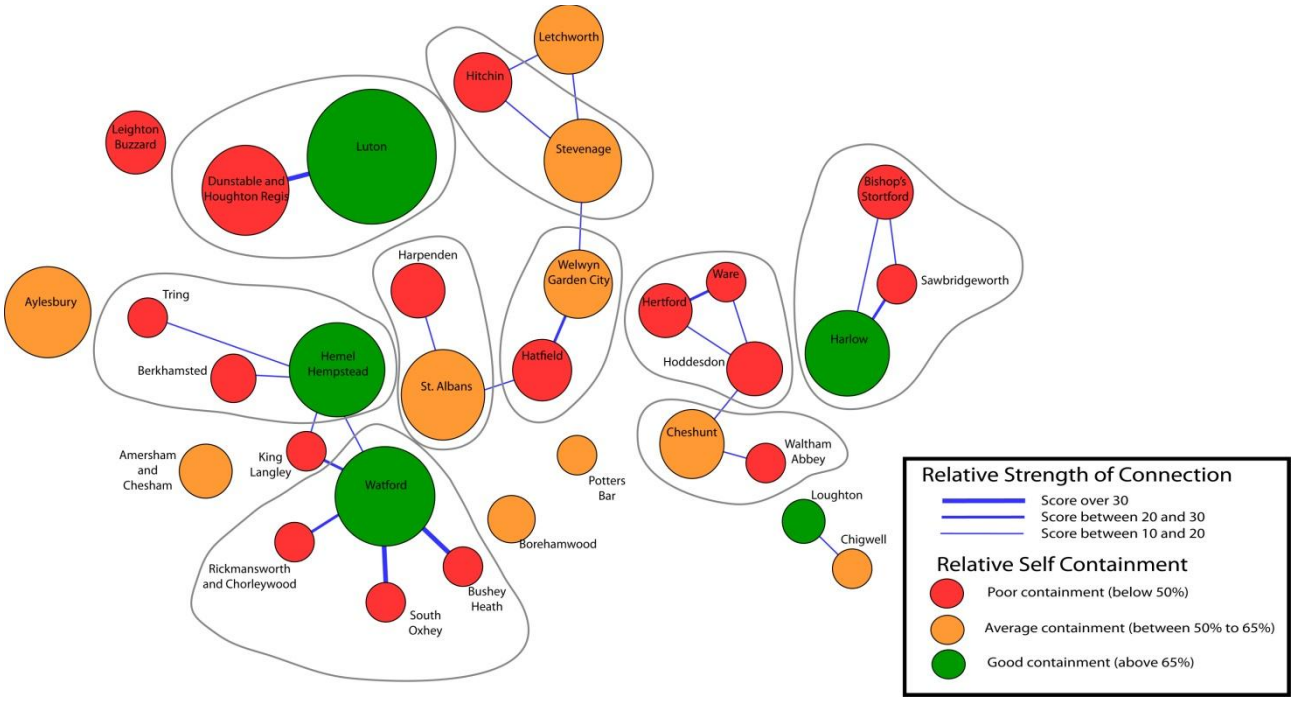
- Watford and Hemel Hempstead have a number of satellite settlements (Rickmansworth and Chorleywood, South Oxhey and Bushey Heath to Watford and Berkhamsted and Tring to Hemel Hempstead) which naturally combine with the larger urban centres, whilst Harpenden naturally merges with St Albans;
- Welwyn Garden City and Hatfield are strongly connected to each other, but there is the potential to further combine these two areas with either St Albans (connected to Hatfield) or Stevenage (connected to Welwyn Garden City);
- St Albans also has links with both Watford and Hemel Hempstead and, given its “amber” status, could arguably join with either of these settlements, or it could retain an independent status, in particular, following the linkage with Harpenden;
- King Langley also has links with both Watford and Hemel Hempstead and, given its “red” status, it would need to join with one of the larger centres; and
- Borehamwood and Potters Bar currently have “amber” status, and both of these areas border London and have very strong travel to work patterns into the region. These settlements have only weak links to the emerging sub markets in the London Commuter Belt (West) area so they could either be grouped based on geography or alternatively they could be considered part of the North London housing market.

3.34 There are also a number of considerations for grouping areas outside LCB (West) which could have an impact on the proposed sub-markets and these include:

- Dunstable and Houghton Regis naturally join the Luton housing sub-market, but Leighton Buzzard is not drawn into this area;
- there are links between Stevenage, Letchworth and Hitchin which suggest that they should merge to form a single sub-market; and
- Hertford, Ware and Hoddesdon are also linked, but even the combined area is unlikely to sustain its own independence and is likely to require further amalgamation.

3.35 One possible combination of settlements is shown below, but this does not provide a final grouping for all of the identified areas.

Figure 13:
Identifying the Functional Housing Sub-Markets in the Study Area: Combined Output for London Commuter Belt (Source: UK Census of Population 2001)



3.36 Figure 13 illustrates the outcome of the computer aided analysis. The above groupings were introduced into the analysis and links between the settlements recalculated. The final sub-market groups within the study area can be summarised:

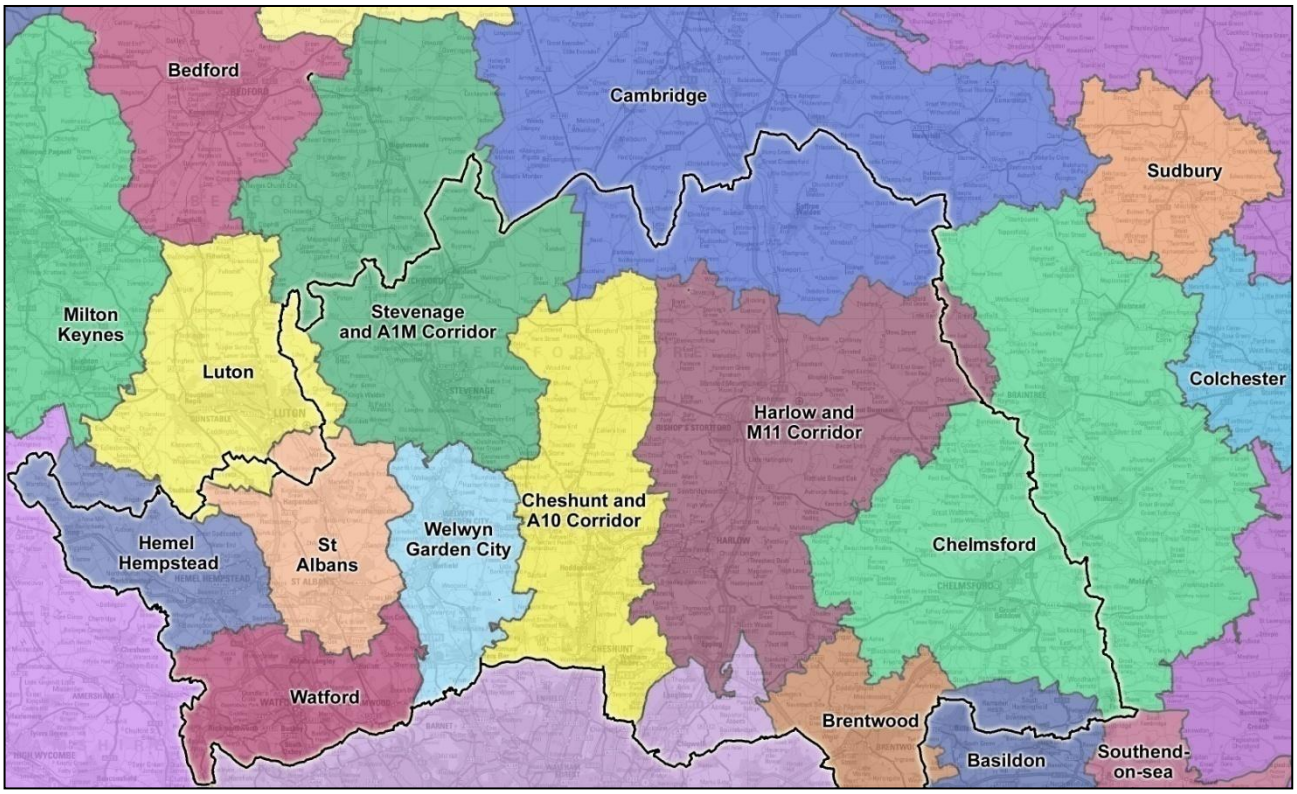
- Hemel Hempstead;
- St Albans;
- Watford; and
- Welwyn Garden City and Hatfield.

3.37 Further housing sub-markets in the wider sub-region include:

- Brentwood;
- Chelmsford;
- Cheshunt and A10 Corridor;
- Harlow and M11 Corridor; and
- Stevenage and A1M Corridor.

3.38 Areas from the Luton, Cambridge and London markets also fringe into the London Commuter Belt sub-region, whilst the Chelmsford and Stevenage-A1M sub-markets both cover large areas outside the sub-regional boundaries as illustrated overleaf, Figure 14.

Figure 14
Identifying the Functional Housing Sub-Markets across the whole London Commuter Belt Sub-Region (Source: LCB (West) Strategic Housing Market Assessment 2007)



3.39 It seems apparent that the grouping of the six authorities that form the London Commuter Belt (West) Housing Market Partnership is supported by the analysis. However the options for future working arrangements are considered further in the next section.

3.40 In relation to the rest of the sub-region, the analysis supports the linkage between Chelmsford (in the London Commuter Belt sub-region) and Braintree (in the Haven Gateway sub-region) who have conducted their HMA jointly, in partnership with Colchester. There is also clear evidence that supports Stevenage and North Hertfordshire working separately from the other authorities in the London Commuter Belt sub-region, although the identified sub-market is clearly linked with further areas outside the sub-region i.e. Mid Bedfordshire.

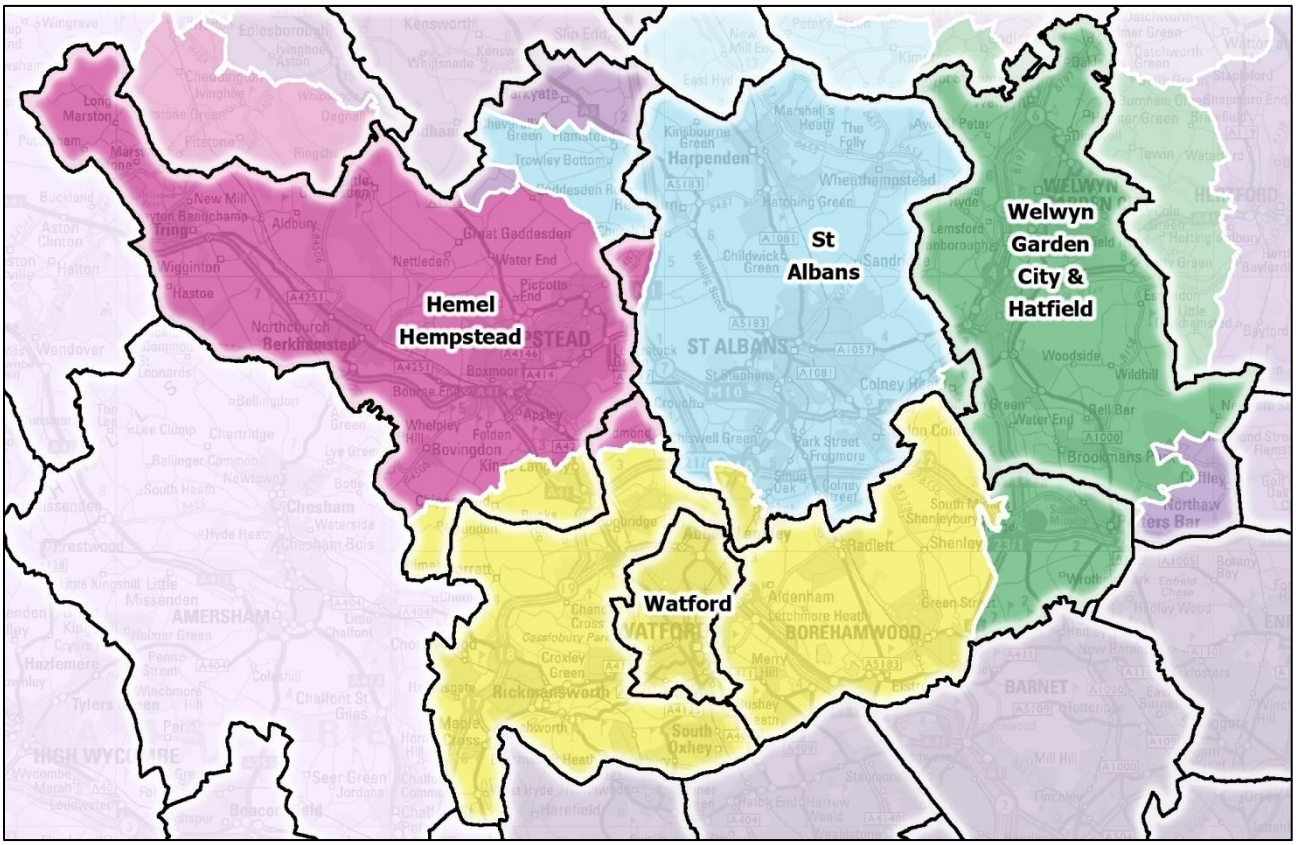
3.41 The remaining six authorities are currently working together as the London Commuter Belt (East) / M11 Corridor Housing Market Partnership. The analysis suggests that there are two substantial sub-markets covering most of this area, Cheshunt/A10 to the west of the area and Harlow/M11 to the east of the area. The analysis also showed the north of Uttlesford (including Saffron Waldon) to be part of the Cambridge sub-market, while Chigwell and surrounding areas (in the very south of Epping Forest) were associated with North London.

3.42 Brentwood was identified as a further sub-market in the LCB (East) Partnership area and whilst the boundary for this sub-market is not coterminous with the administrative boundary for the Local Authority, it is clear that this area could be considered separately from the rest of the LCB (East) group. Given the strong links between Brentwood and Colchester along the A12 corridor, it may be appropriate for Brentwood Borough to consider moving to the Chelmsford-Braintree-Colchester Housing Market Partnership.

Understanding the Identified Housing Market Areas in the Study Area

3.43 The four sub-markets in LCB (West) are shown in more detail in Figure 15 below, together with the six local authority administrative boundaries.

Figure 15
Identifying the Functional Housing Sub-Markets in the Study Area (Source: LCB (West) Strategic Housing Market Assessment 2007. Note: Area outside the study area shown in lighter shading)



3.44 The urban areas of Welwyn Garden City and Hatfield, St Albans, Hemel Hempstead and Watford form the central points for the four housing sub-markets. To the north of the study area, the housing sub-markets largely follow the local authority administrative boundaries.

3.45 It would, therefore, be possible to consider Dacorum, St. Albans and Welwyn Hatfield independently, with each undertaking their own separate Housing Market Assessment. However, as previously discussed, St. Albans has strong links with both Hemel Hempstead and Welwyn Garden City and Hatfield sub-markets, so there are clear advantages to this group of three authorities continuing to work together.

3.46 The Watford sub-market, to the south of the study area, covers most of the area that falls within the M25, including almost all of Three Rivers district and the substantial majority of Hertsmere borough. So it would seem necessary for these three authorities to continue working as a group.

3.47 In this context, if the existing Housing Market Partnership decided to divide into smaller groups, the two groups, each with three authorities outlined above, would seem to be the most natural combinations. Nevertheless, given the strong links identified between the Hemel Hempstead, Watford and St. Albans sub-markets and also the coverage that the Welwyn Garden City and Hatfield

sub-market has in Hertsmere, there are clear advantages for the existing Partnership remaining as a single group.

3.48 In terms of expanding the area and considering additional members:

- **to the north:**
  There are clear links between Welwyn Garden City and Hatfield and the Stevenage/A1M sub-markets, so it may be worth considering an amalgamation of the Stevenage/North Herts Partnership with the LCB (West) Partnership. Nevertheless, given that the Stevenage/A1M sub-market covers large areas of Mid Beds, it is probably more important for this HMP to link up with the Luton and Bedfordshire sub-region;
- **to the south:**
  Watford has strong links with North London, but the sub-market boundary accords closely with the existing LCB (West) Partnership area. In this context, it does not seem appropriate to invite any of the North London Boroughs to join this HMP, but it will be important to engage with their SHMA work to help understand the relationship with this area;
- **to the east:**
  Whilst the Welwyn Garden City and Hatfield sub-market extends slightly into East Herts district, the latter primarily relates to the Cheshut/A10 sub-market and has far stronger relationships with partners in LCB (East). It will be important to continue liaising with the LCB (East) Partnership as their SHMA progresses to recognise any differences, similarities and linkages with LCB (West); and
- **to the west:**
  The movement patterns to the west of the Partnership area do not seem to cross the borough boundaries and there are no particularly strong external links identified by the analysis. The existing boundary therefore appears appropriate, but any changes to the transport infrastructure and/or significant delivery of housing in that area should be monitored, as this could have an impact on future movement patterns and change the identified sub-markets.

3.49 The above evidence presents a good case for the continuation of the LCB (West) Housing Market Partnership in its present form.

3.50 If the existing HMP considered that its effectiveness would be improved by sub-dividing its current membership, the analysis would suggest that the most appropriate division would be into two, with a northern group (comprising Dacorum, St Albans and Welwyn Hatfield) and a southern group (comprising Watford, Three Rivers and Hertsmere). However, based on the preceding evidence, there is no overwhelming argument at the current time, that this sub-division would be more advantageous to the partners.

Summary of Key Points

- Planning Policy Statement 3 (PPS3) identifies Housing Market Areas as being geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.
- 68% of employees in the sub-region are also local residents and 67% of the sub-region's residents are also employed in the area and therefore can be argued to have the makings of a housing market area, although it is also possible to identify smaller geographic units.
- One method of classifying housing markets is to group together areas with similar characteristics, e.g. house prices. The London Commuter Belt contains many of the areas with the highest house prices in the Eastern Region.
- Urban centres such as Hemel Hempstead, Watford, Hatfield and Welwyn Garden City have lower average house prices than the rural areas which surround them. If using the first approach of similar characteristics, each of these urban areas would form a separate sub-market with St, Albans, Harpenden and much of the lower density areas making up one or more further sub-markets. However, this does not provide a clear mechanism for classification.
- An alternative method and the one adopted in arriving at the following conclusions is to use travel to work patterns (from the 2001 census) and define areas in which people both live and work.
- It is important to exclude the impact of substantial housing markets which may influence local housing patterns. 70,400 of London's workers lived in the study area, however, the importance of London as a travel to work destination reaches out further to the east of London (Essex and Eastern Hertfordshire) than it does to the north. In LCB (west) despite a large number working within London, a greater number both live and work in the area.
- LCB (West) also attracts the vast majority of workers into and out of the sub-region from areas in the immediate vicinity, with 24,000 employees commuting in from the rest of the Eastern region.
- Half of all employees in LCB (West) travel more than 5km to work each day, with residents of St Albans being the most likely to travel longer distances to work.
- Hemel Hempstead and Watford both have more than 65% self-containment when analysing travel to work patterns and so are the only settlements within LCB (West) to meet the level considered to be housing market areas. As relatively few settlements have high levels of self containment they have been combined to form larger housing sub-markets. Some areas outside of LCB (West) could also impose on the proposed sub-markets.
- Using travel to work patterns, the final sub-market groups within the study area are Hemel Hempstead, St Albans, Watford and Welwyn Garden City and Hatfield. Further housing sub-markets in the wider sub-region include Brentwood, Chelmsford, Cheshunt and A10 Corridor, Harlow and M11 Corridor and Stevenage and A1M Corridor.
- Beyond this study the analysis supports the linkage between Chelmsford and Braintree, who have jointly conducted their HMA in partnership with Colchester. There is also a link between Stevenage and North Herts which supports working separately. The Cheshunt/A10 sub-market and the Harlow/M11 sub-area are the two substantial sub-markets within LCB (East).
- To the north of the study area the housing sub-markets largely follow the local authority administrative boundaries and therefore it would be possible for Dacorum, St Albans and Welwyn Hatfield to undertake individual Housing Market Assessments, although as St Albans has clear links to both other authorities, there is advantage to the three authorities working together.
- The Watford sub-market covers the Three Rivers district and the majority of Hertsmere and so these three authorities should continue to work as a group. However, other strong links within LCB (West) make it advantageous to remain as a single group within the existing Partnership.

Section 4: The Existing Dwelling Stock

4.1 The mix and character of the dwelling stock is important in understanding the type of housing available to residents of an area. The type and tenure mix of properties available will also have a bearing on the household characteristics of residents, i.e. single adult, couple adult, adult couple with children, lone parent, pensioner, student and other, as well as the type and choice of investment properties available to landlords.

4.2 Dwelling location is an important factor in anticipating dwelling condition. Findings from the English House Condition Survey (EHCS) from 1996, 2001 and 2003 all indicate that rural dwellings are more prone to poor physical condition and problems with energy efficiency.

4.3 The following analysis examines a number of general characteristics of the stock and the households who occupy them.

Property Type

Figure 16 (a)
Property Type by Local Authority, (Source: UK Census of Population 2001)

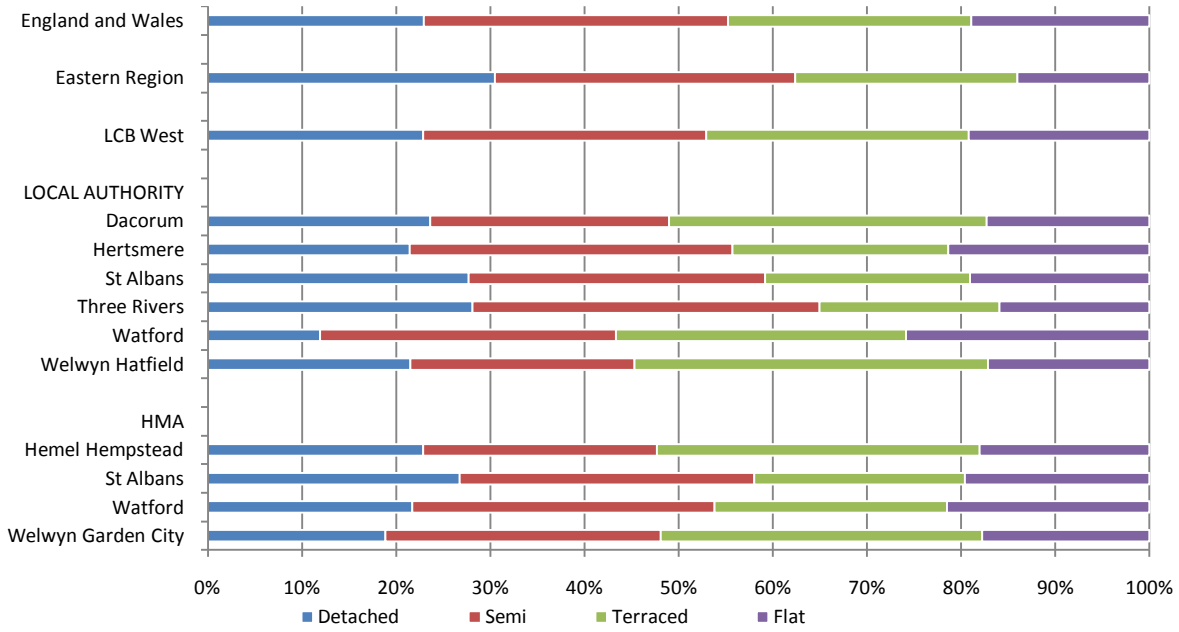


Figure 16 (b) Data table: **Dwelling Type by Local Authority**, (Source: UK Census of Population 2001)

Area	Detached	Semi-detached	Terraced	Flat
England and Wales	4,648,476	6,562,542	5,250,702	3,843,340
Eastern Region	675,595	704,974	523,729	310,615
LCB West	57,291	75,269	69,835	48,073
LOCAL AUTHORITY				
Dacorum	13,107	14,136	18,728	9,632
Hertsmere	8,038	12,876	8,619	8,035
St Albans	14,474	16,487	11,347	9,992
Three Rivers	9,309	12,210	6,350	5,276
Watford	3,822	10,113	9,907	8,321
Welwyn Hatfield	8,541	9,447	14,884	6,817
HMA				
Hemel Hempstead	12,068	13,122	18,116	9,577
St Albans	13,808	16,150	11,553	10,128
Watford	21,738	32,122	24,653	21,551
Welwyn Garden City	9,036	14,029	16,336	8,540

4.4 Figure 16 ('a' and its data table 'b') show the mix of existing properties in London Commuter Belt (West) in terms of property type. Detached properties comprise around a quarter of the stock, semi-detached and terraced housing both comprise around a 30% of the total, with flats accounting for the remaining 20%.

4.5 By Local Authority area, Watford has a much higher proportion of flats than any of the other local authorities, while St Albans and Three Rivers have nearly 30% of their housing stock in the form of detached dwellings. Terraced housing accounts for more than a third of the stock in both Dacorum and Welwyn Hatfield.

4.6 By Housing Market Area (HMA) there is very little difference in housing types however it can be seen that St Albans HMA has the highest proportion of flats and the lowest proportion of detached dwellings.

Housing Tenure

4.7 Figure 17 shows the proportion of Social Rented dwellings in each of the local authorities in the Eastern region in 2006. It is apparent that the overall proportion of social rented housing in the London Commuter Belt West sub-region is higher than both the English and Eastern averages, but this masks key differences between the authorities.

4.8 Welwyn Hatfield has the fourth highest proportion of social rented housing in the Eastern region (at 28.1% of all dwellings), while 12.6% of St Albans' dwellings are social housing.

4.9 It is also worth noting that six (Harlow, Stevenage, Welwyn Hatfield, Basildon, Dacorum, Peterborough) out of the top ten authorities for social rented housing have New Towns in their areas.

4.10 Figure 18 shows the overall tenure of housing stock in the sub-region. The highest proportion of dwellings is owner occupied. 73% of all properties across the area are owned outright or owned subject to a mortgage. Around 18% of the stock is rented from social landlords with the remaining 9% in the private rented-sector.

Figure 18
Housing Tenure Across LCB West (Source: UK Census of Population 2001. Note: Shared ownership stock is included with owner with a mortgage)

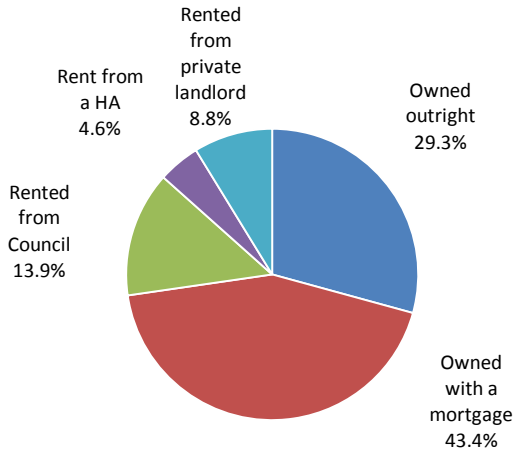


Figure 17
Proportions of Social Rented Housing in the Eastern Region by Local Authority (Source: Housing Strategy Statistical Appendix 2006, DCLG)

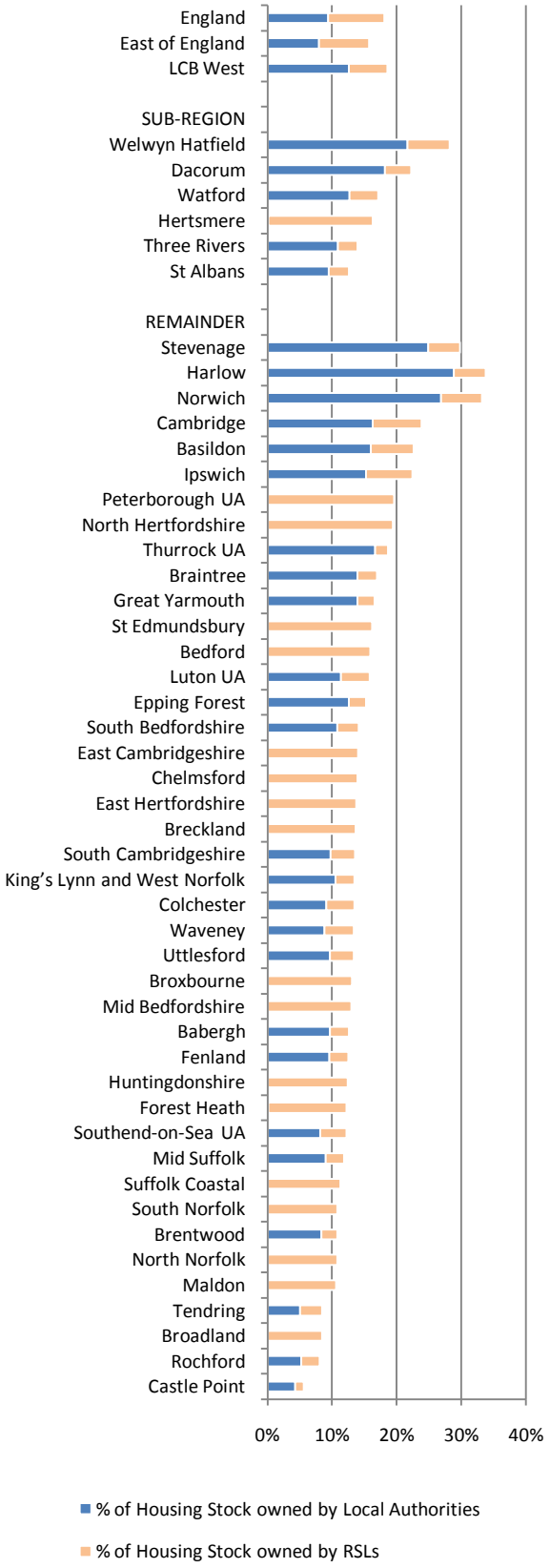
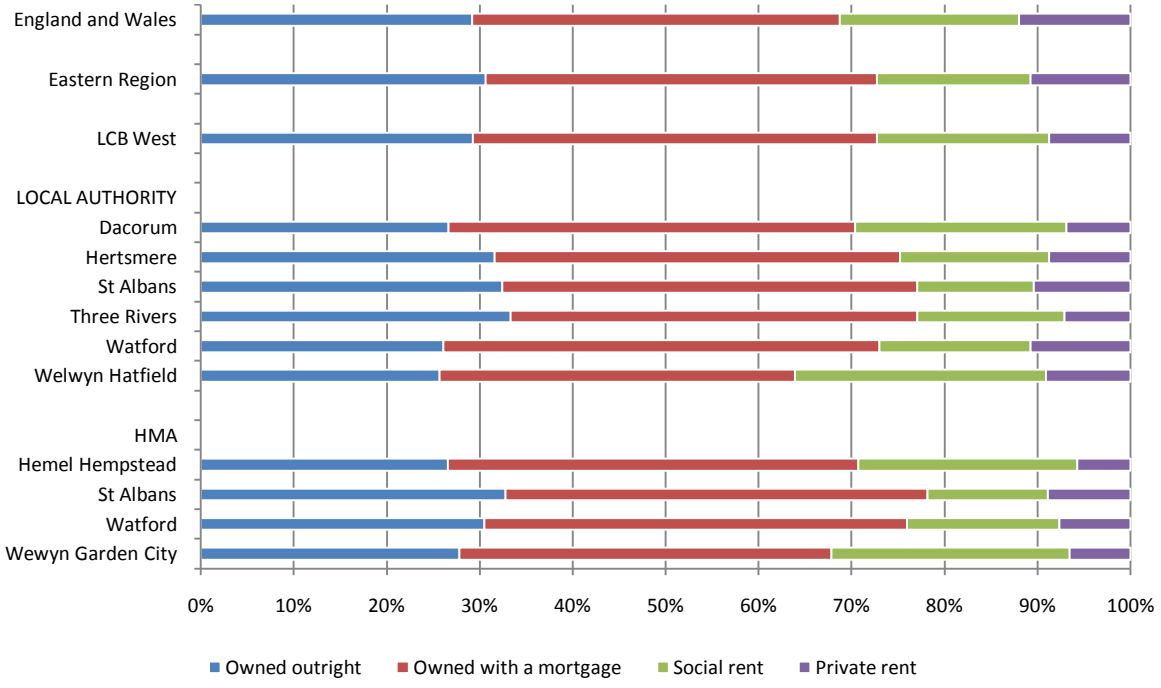


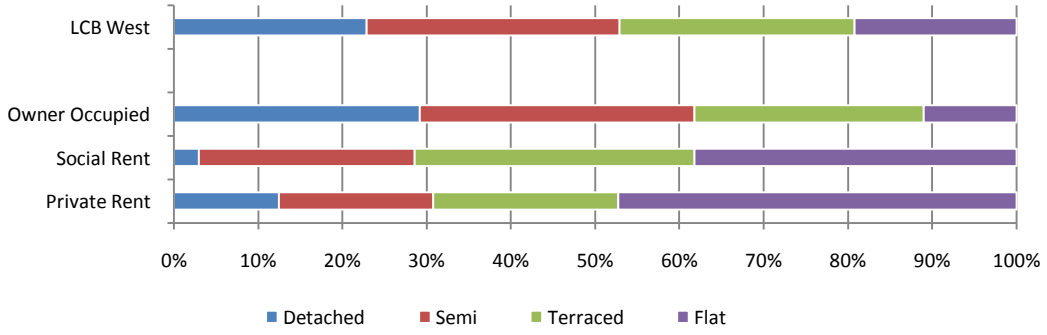
Figure 19
Tenure by Local Authority (Source: UK Census of Population 2001)



4.11 Figure 19 shows that over 30% of the housing stock in Hertsmere, St Albans and Three Rivers is owned outright. St Albans and Watford contain the highest proportion of private rented stock in the sub-region.

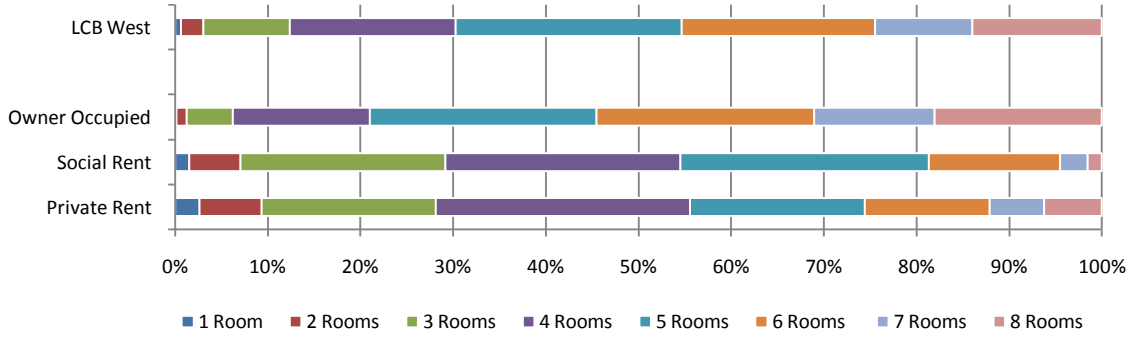
4.12 Hemel Hempstead and Welwyn Garden City HMAs contain the highest proportion of social rented properties, while the proportion of owner occupied properties is significantly higher in St Albans and Watford HMAs.

Figure 20
Property Type by Tenure (Source: UK Census of Population 2001)



4.13 Figure 20 shows the difference in property type by tenure. 29% of owner occupied housing is detached with a further 33% being semi-detached. In contrast, 33% of all social housing is terraced and 38% flats or maisonettes. Nearly half of all private rented dwellings are flats.

Figure 21
Number of Rooms by Tenure (Source: UK Census of Population 2001

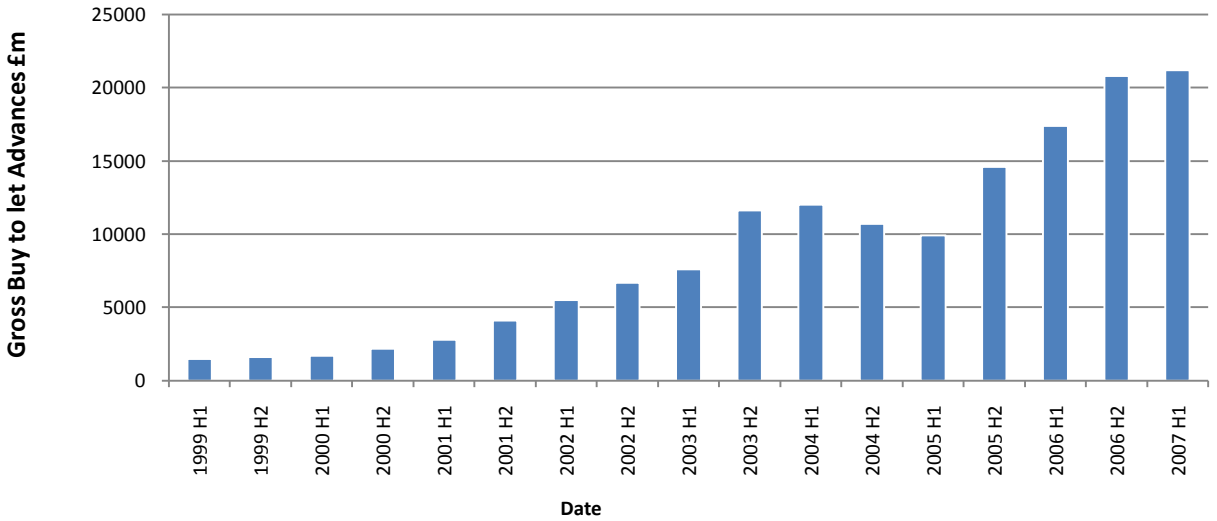


4.14 Figure 21 shows both private rented and social rented dwellings typically contain fewer rooms than those which are owner occupied. Nearly 20% of social rented dwellings contain six or more rooms and 45% contain five or more. It should be noted that the 2001 Census did not include bathrooms, toilets, storage cupboards, hallways or landings as separate rooms.

Private Rented Sector

4.15 The private rented sector has experienced an increase in importance in the housing market over recent years. The impact of low interest rates and concerns about the rate of return on long-term investments and poor pension performance led to many people investing in the buy-to-let housing market.

Figure 22
Buy to let Mortgage Advance 1999-2007 (Source: Council of Mortgage Lenders 'Buy-to-let Mortgage Lending and the Impact on UK House Prices', February 2008)



4.16 Figure 22 shows how the number of specific buy to let mortgage advance has grown since the first quarter of 1999. This highlights the enormous growth in this form of investment. However, according to a Council of Mortgage Lenders Press Release shows a dramatic change in gross advances since then;

Abstract from CML press release 14.08.09

There were 21,600 new buy-to-let loans advanced in the second quarter, a relatively modest 4% decline from 22,400 in the preceding three months. Heavily reliant on wholesale funding, the buy-to-let market has suffered a sharp contraction in the credit crunch. There are now fewer active lenders in the private rental market, with less money to lend. And therefore seven consecutive quarters of decline have left buy-to-let gross lending at very low levels.

4.17 The private rented sector is also important because of its role in housing particular household groups. Many new households who cannot afford to become home owners have their first homes in the private rented sector. Also, many students occupy housing in the private rented sector. This is particularly relevant for the town of Hatfield which is the home to the University of Hertfordshire.

4.18 As previously mentioned, at the time of the 2001 census, around 9% of the housing stock was in the private rented sector. Figure 19 shows that St Albans and Watford have the highest proportion of private rented stock in the sub-region at around 10% of their total stock.

4.19 Evidence from national surveys such as the English House Condition Survey shows that the private rented sector has been expanding in recent years across the whole of England. This data is not available at local authority level, but it is likely that this trend will be reflected in London Commuter Belt (West) since the time of the 2001 Census.

Figure 23
Household Type for All Households by Local Authority (Source: UK Census of Population 2001)

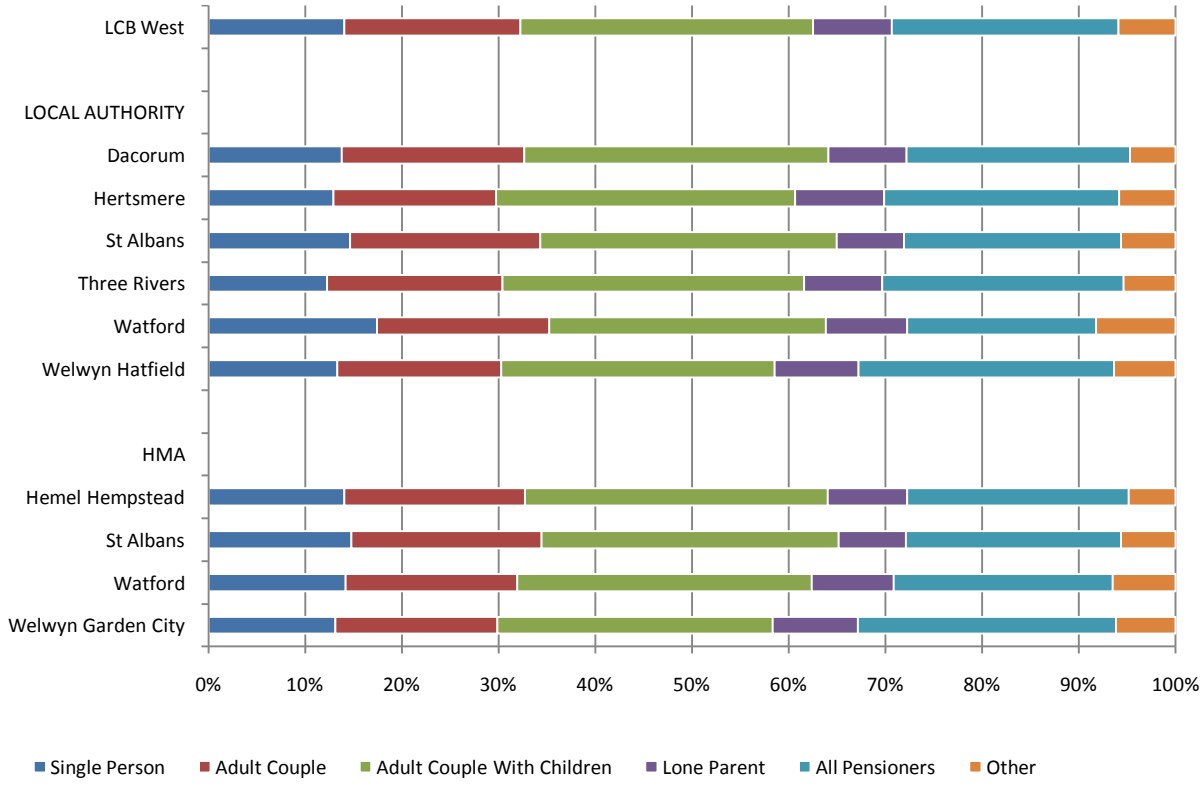
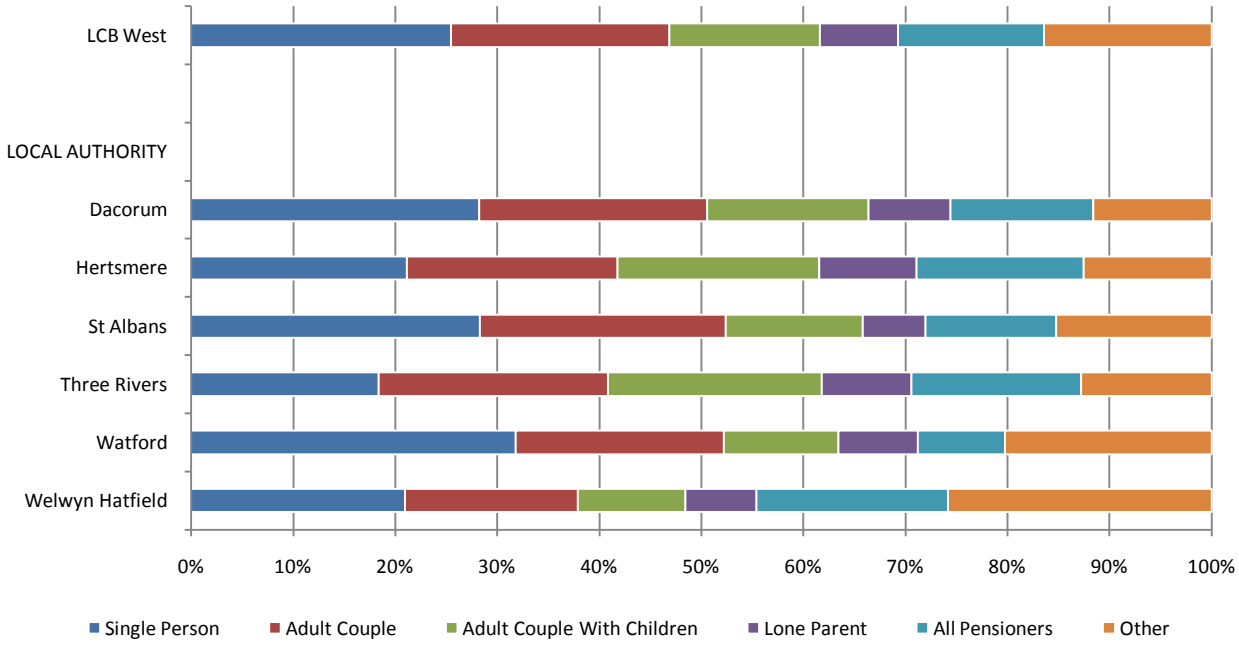


Figure 24
Household Type within the Private Rented Sector by Local Authority (Source: UK Census of Population 2001)



4.20 Figure 23 and Figure 24 show that compared to all households in LCB (West) the private rent sector contains proportionately many more single persons and other households than couples and pensioner households.

4.21 When the Local Authorities within LCB (West) are compared it is apparent that, although generally there is little difference in the household types, Watford contains the highest proportion of single people and the lowest proportion of pensioners. Welwyn Hatfield LA and Welwyn Garden City HMA contain the highest proportion of all pensioner households in LCB (West).

4.22 Figure 24 shows that as much as 20% of private rent households in Watford and over 25% of private rent households in Welwyn Hatfield are categorised as 'other households' which are likely to contain more than two persons. Watford, in particular, contains a very small proportion of pensioners living in the private rented sector (9%).

Social Housing

4.23 Figure 25 shows households in the social rented sector did not follow the age profile of the rest of the population of LCB (West). This shows that it is disproportionately aged 0-15 years and 65+ years when compared with the whole population of the sub-region. Figure 26 shows that compared to all households in LCB (West) the social rented sector contains proportionately more pensioners and lone parents and fewer couples with or without children.

Figure 25
Age Profile for Social Rented Sector Compared with Whole Population of LCB (West) (Source: UK Census of Population 2001)

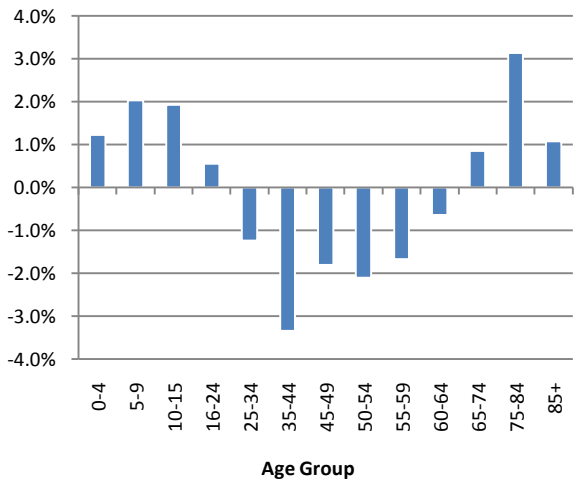
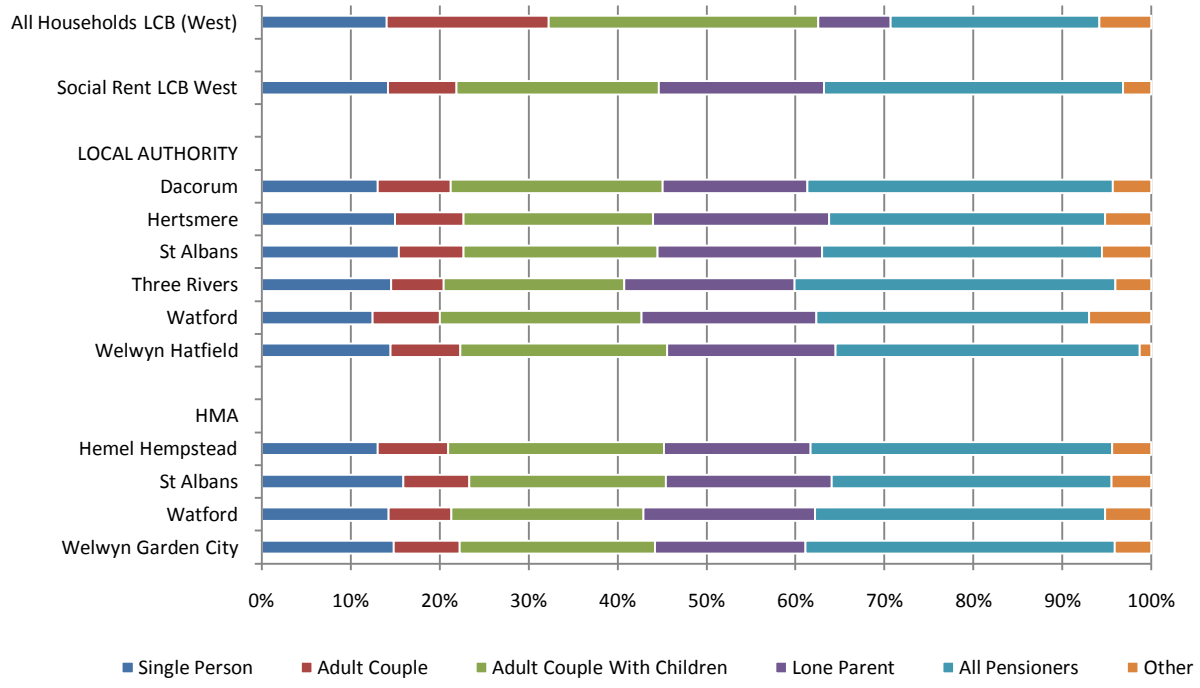


Figure 26
Household Type for the Social Rented Sector by Local Authority (Source: UK Census of Population 2001)

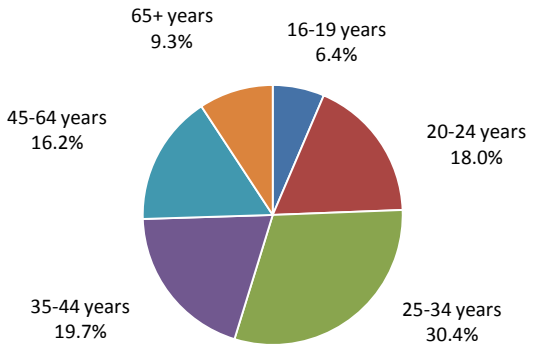


4.24 Figure 26 also shows that household types in the social rented sector vary little between Local Authority although Dacorum, Three Rivers and Welwyn Hatfield contain slightly more all pensioner households and around 8% of social rented households in Watford are other (multi-adult) households. This is backed up by the differences between housing market areas.

4.25 Detailed individual records of all social lettings are available from the Continuous Recording (CORE) system maintained by the University of St Andrews. All figures relate to general social lettings made between April 2004 and March 2007 and include those who transferred from one socially rented property to another.

4.26 Across the whole of LCB (West) Figure 27 shows that a quarter of all new tenants were aged under 25 years and over a half were aged under 35 years. Therefore, while the current social rented population currently contains many older persons, it is likely that this population will become on average younger in the future in contrast to owner occupied housing.

Figure 27
Age of Recent Social Rent Tenants (Source: University of St Andrews CORE Records 2004-2007)

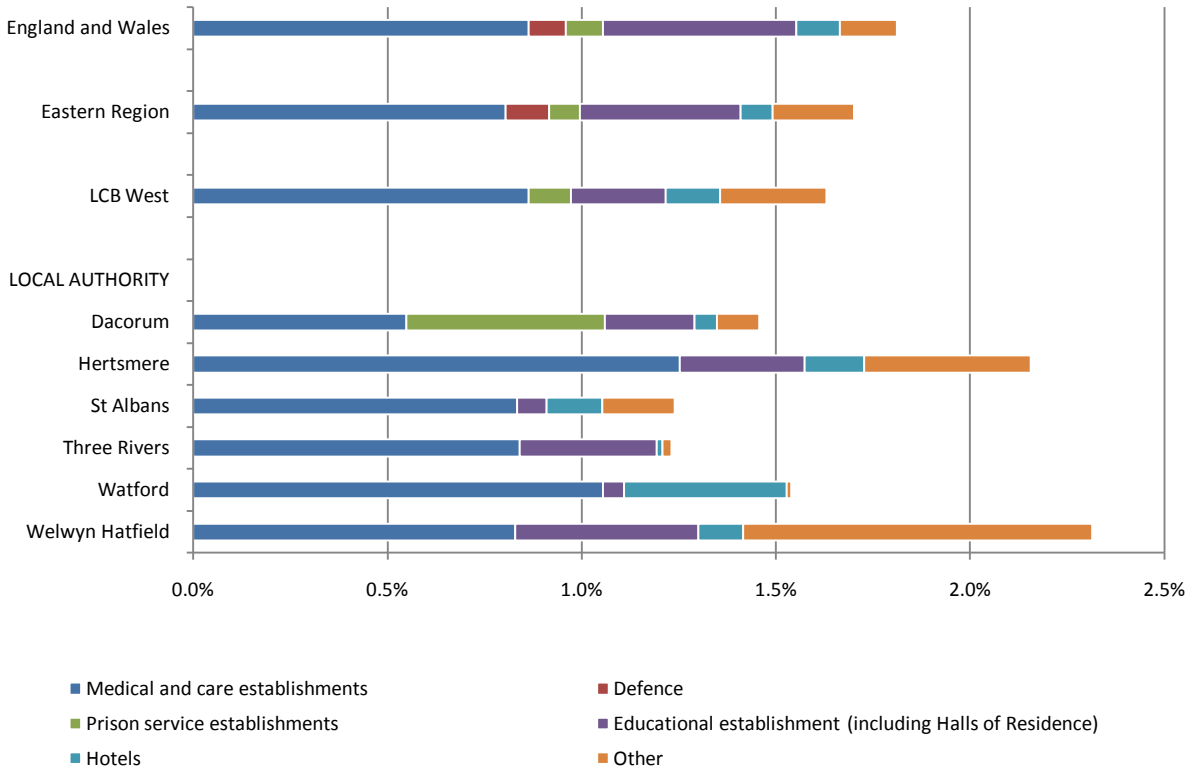


Communal Establishments

4.27 It is also important to note that not all people live in self contained housing. Figure 28 shows that 1.5% of the population of the London Commuter Belt sub-region live in communal residences, with this being as high as 2.3% in Welwyn Hatfield.

4.28 Whilst there is no further information available about the nature of "other" communal housing, the Census does identify in Figure 28 that around 1.5% of Welwyn Hatfield's population are students living in communal housing, therefore, it is likely that the "other" communal housing in Welwyn Hatfield is accommodation provided for students by organisations other than the University.

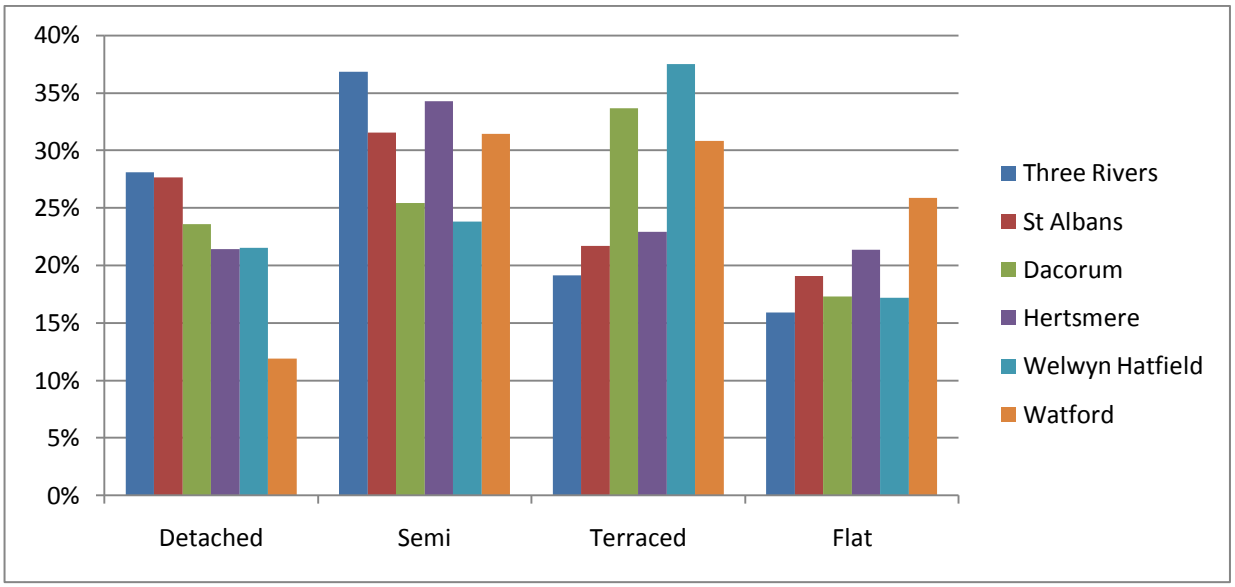
Figure 28
Proportion of People in Communal Housing by Type of Establishment in the London Commuter Belt West Sub-region by Local Authority (Source: UK Census of Population 2001)



Themes and patterns emerging from analysis of the dwelling stock

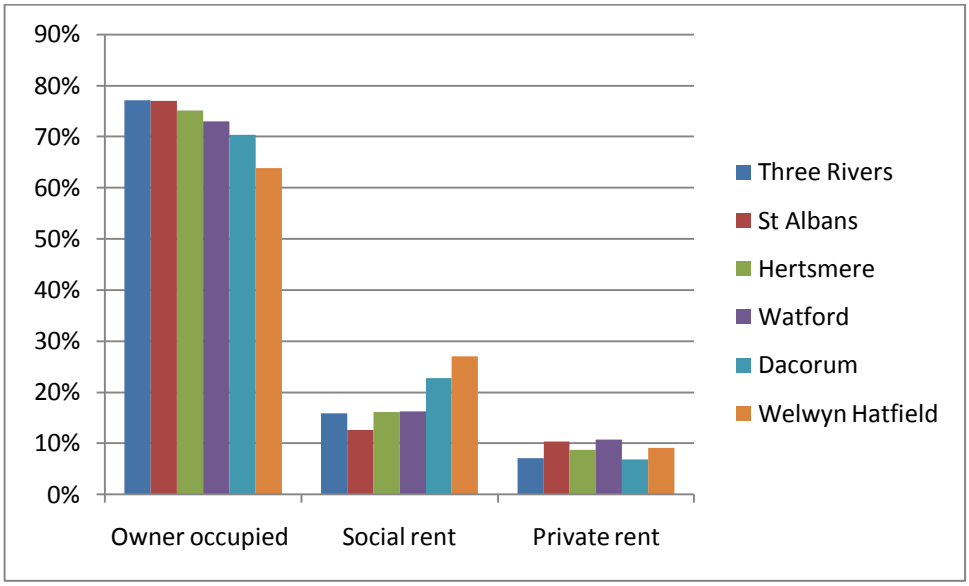
4.29 By re-arranging the data in the charts in Figure 16 and Figure 19, property type and tenure, we can see a number of patterns emerging that help to inform later analysis and policy implications. This information helps to understand how the characteristics of each Local Authority differ. We will add further characteristics in later chapters.

Figure 29
Property Type by Local Authority as a proportion of total stock, (Source: UK Census of Population 2001)



4.30 In Figure 29 we have re-ordered the Local Authority list to show the proportions of detached housing, highest to lowest. Note that this district (Three Rivers) also has the lowest number of flats and terraced houses. Similarly, Dacorum has the highest proportion of flats but the lowest proportion of detached homes, the latter by a considerable margin. It is also notable that Welwyn Hatfield and Dacorum have the largest proportion of terraced houses.

Figure 30
Tenure by Local Authority as a proportion of the stock, (Source: UK Census of Population 2001)



4.31 In Figure 30 we have re-ordered the Local Authority list to show the proportions of owner occupied housing in the Local Authority stock, highest to lowest. St Albans and Three Rivers have the highest proportions of owner occupied stock and the smallest proportions of social rented stock. Similarly, Dacorum and Welwyn Hatfield have the highest proportions of social housing but the lowest proportion of owner occupied homes.

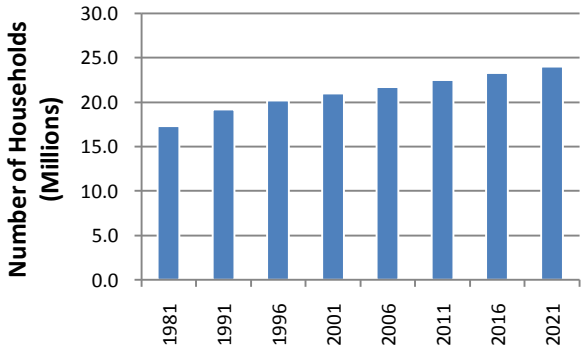
Summary of Key Points

- The general character of the dwelling stock is important in understanding the type of housing available to residents of an area.
- About a quarter of the stock is detached properties with semi-detached and terraced both making up around 30% and flats around 20% of the stock. Watford has a much higher proportion of flats than the other authorities.
- The overall proportion of social rented housing in LCB (West) is higher than both the English and Eastern averages although there are key differences between the authorities. Welwyn Hatfield has the fourth highest proportion of social rented housing in the Eastern region at 28.1% of the stock, whereas St Albans only has 12.6%.
- The dominant form of housing in LCB (West) is owner occupation (73%). Over 30% of the housing stock in Hertsmere, St Albans and Three Rivers is owned outright, whereas Hemel Hempstead and Welwyn Garden City contain the highest proportion of social rented housing.
- Property type varies greatly by tenure with the majority of market housing being detached or semi detached and the majority of social housing being terraced housing or flats. Both private rented and social rented dwellings also typically have fewer rooms than those which are owner occupied.
- The buy-to-let housing market had grown enormously in recent years, increasing the importance of the private rented sector. The rate of growth has slowed considerably due to the credit crunch. Many households who can't afford owner occupation and many students also occupy the private rent sector. This sector has expanded across the whole of England.
- In 2001, around 9% of the housing stock in LCB (West) was in the private rented sector. In St Albans and Watford private rented housing accounts for 10% of the stock. This sector is primarily housing single people and multi-adult households.
- Watford contains the highest proportion of single people and the lowest proportion of pensioners and Welwyn Hatfield contains the highest proportion of all pensioner households.
- The social rented sector contains a disproportionately high number of 0-15 year olds and those aged 65+. There are also proportionately more pensioners and lone parents and fewer couples, with or without children.
- A quarter of all new tenants in the social rented sector was aged less than 25 years and over a half were aged under 35 years indicating that this population is likely to become, on average, younger in the future.
- 1.5% of the population of LCB (West) live in communal residences. This is a high as 2.3% in Welwyn Hatfield with 1.5 % of these being students.

National Level Household Changes

5.1 Recent figures show that the number of households in the UK has increased more rapidly than housing supply. The number of households in the UK is projected to grow steadily to 2021 (Figure 31). There are several key reasons for the increase in household numbers.

Figure 31
Number of Households in the UK 1981-2021 (Source: ONS)



5.2 One reason is population growth. According to the Office for National Statistics (ONS) Population Trends Bulletin, until the mid-1990s, natural change was the main driver for population growth. However, more recent population growth has been predominantly due to international migration.

Figure 32
Births and Deaths in the UK, 2001-2005 (Source: ONS, General Register Office for Scotland, NI Statistics & Research Agency)

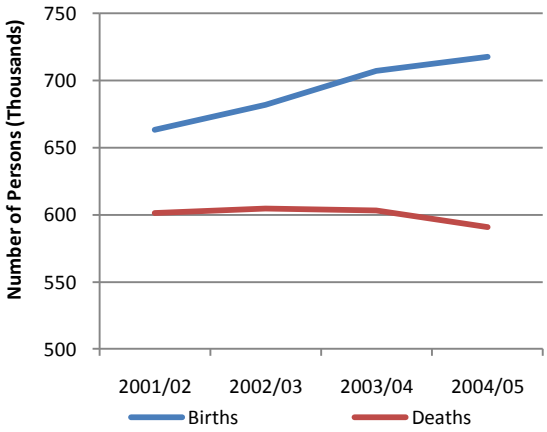
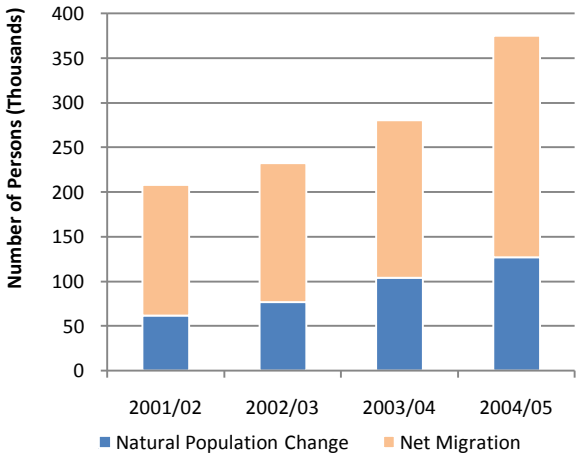


Figure 33
Population Change in the UK, 2001-2005 (Source: ONS, General Register Office for Scotland, NI & Research Agency)



5.3 Figure 32 shows that there is a natural increase in the UK population. The natural population increase between 2003/04 and 2004/05 was 126,800 people. This increase is commonly attributed to improvements in health care, which have reduced child mortality rates and allowed people to live for longer.

5.4 Figure 33 demonstrates that there has been fairly rapid growth in net UK migration, with particularly high growth between 2003/04 and 2004/05. The ONS reports that this increase was mainly due to the rise in the number of citizens coming from the eight accession countries (A8) that joined the EU in May 2004. Net in-migration of A8 citizens was 74,000 in 2005, compared with 10,000 in 2004.

5.5 In addition to a growing population, the size of households has been reducing over recent years, hence housing requirements have increased. The average household size in England was 2.67 in 1981 and is predicted to be 2.15 in 2021. This implies that even if the total population of England didn't change between 1981 and 2021, the number of households would rise by 25%.

5.6 Figure 34 describes recent reduction in average household size since the 2001 census by Local Authority area, and projections of further reductions to 2029.

Figure 34
Average household size change 2001-2029 by Local Authority (Source: Census, HSSA 2008 and Mid year population estimates 2007, CLG 2004-based Household Projections)

Local Authority	2001	2007/08	2021	2026	2029
Dacorum	2.43	2.38	2.21	2.18	2.16
Hertsmere	2.44	2.46	2.26	2.22	2.20
St Albans	2.42	2.39	2.30	2.27	2.25
Three Rivers	2.45	2.44	2.27	2.23	2.21
Watford	2.43	2.31	2.22	2.17	2.15
Welwyn Hatfield	2.39	2.41	2.26	2.23	2.20
Sub-region	2.43	2.40	2.25	2.22	2.20

5.7 This significant reduction in household size has several possible causes. Key contributors are young adults moving out of the parental home, relationship breakdown and divorce. Another reason is that people choose to have fewer children. Finally, due to advances in medical science, many older people who outlive their partners are continuing to live alone for significantly longer than older people lived in the past.

Local Population Trends

5.8 In the 10 year gap between Censuses, ONS procedure annual estimates of population for local authority areas. Figure 35 shows that in 2006 the six local authorities within the London Commuter Belt (West) sub-region had an estimated population of nearly three quarters of a million and the 2001 Census showed that there were around a quarter of a million households.

Figure 35
Persons and Households by Local Authority (Source: ONS Household Projections 2006 and Mid-year Population Estimates 2006)

Local Authority	Persons 2006	Households 2006
Dacorum	138,400	58,000
Hertsmere	96,000	39,000
St Albans	131,300	54,000
Three Rivers	85,500	35,000
Watford	79,600	33,000
Welwyn Hatfield	105,500	43,000
LCB West sub-region	**636,300**	**262,000**

5.9 London Commuter Belt (West) is a sub-region which has seen a steady growth in its population, as illustrated in Figure 36. Taking the 1981 population as a base, it shows that the population of London Commuter Belt West sub-region rose by 6.7% in the period up to 2006, from 596,200 to 636,300 people. This compares with a rise in population of over 8% for England and 15.5% for the Eastern region.

Figure 36
Population of London Commuter Belt West Sub-region, South West and England: 1981-2006 (Source: ONS Mid-Year Population Estimates)

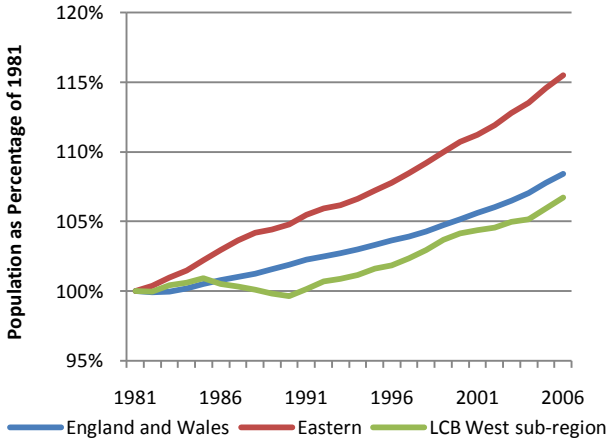
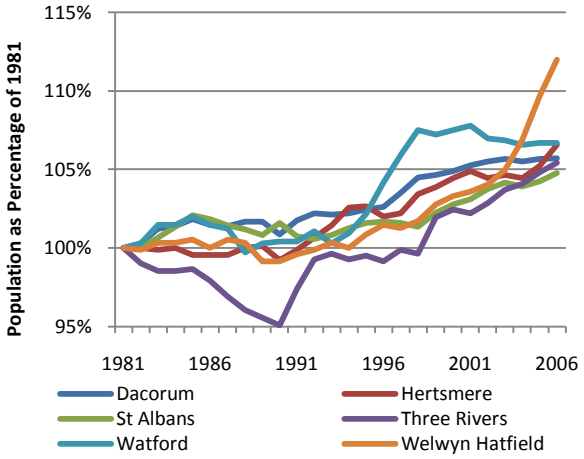


Figure 37
Population by Local Authority: 1981-2006
(Source: ONS Mid-year Population Estimates)



5.10 Figure 37 illustrates that the population of Welwyn Hatfield grew by 12% between 1981 and 2006. It is also noteworthy that the population of Three Rivers fell by 5% between 1981 and 1990, but has grown steadily since this time.

Current Age Structure

5.11 The age structure of the population of the London Commuter Belt West sub-region (Figure 38) shows that it is very similar to that for England and Wales as a whole. There are proportionately slightly more adults aged 30-49 years and fewer aged over 55 years. There are also fewer people aged 15-24 years.

Figure 38
Age Profile for London Commuter Belt West sub-region Compared with England and Wales: 2006 (Source: ONS Mid-Year Population Estimates)

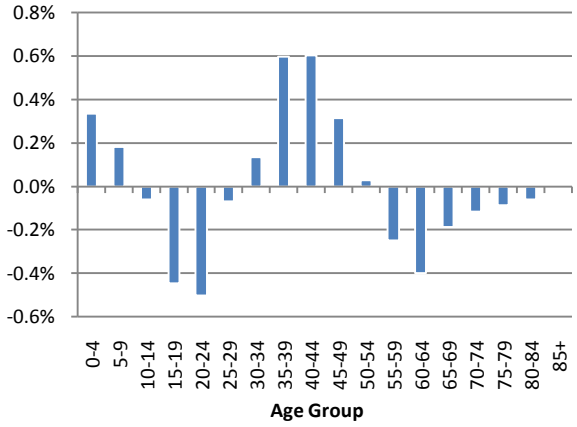
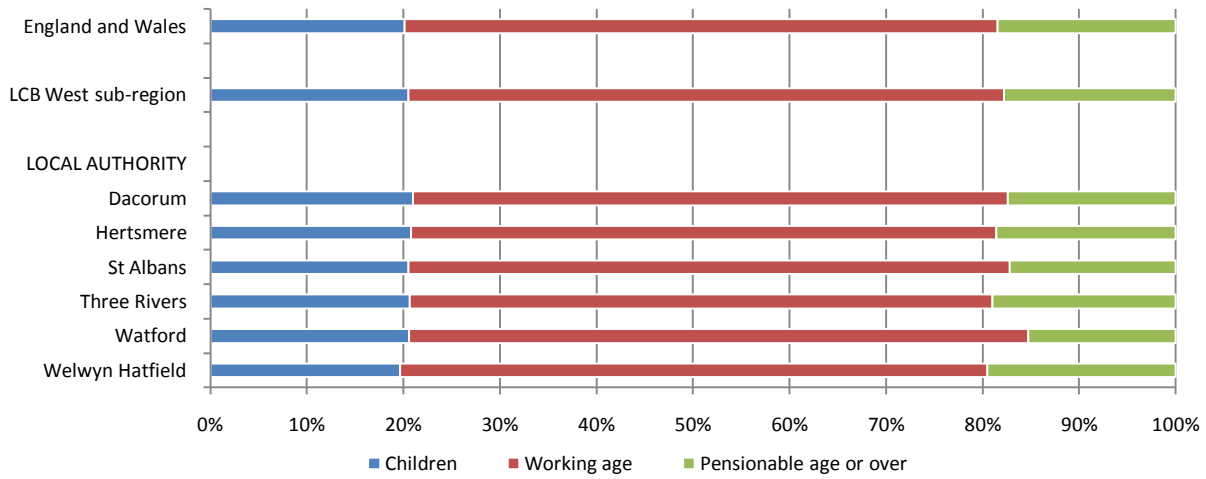


Figure 39
Age Profile by Local Authority Area (Source: UK Census of Population 2001)

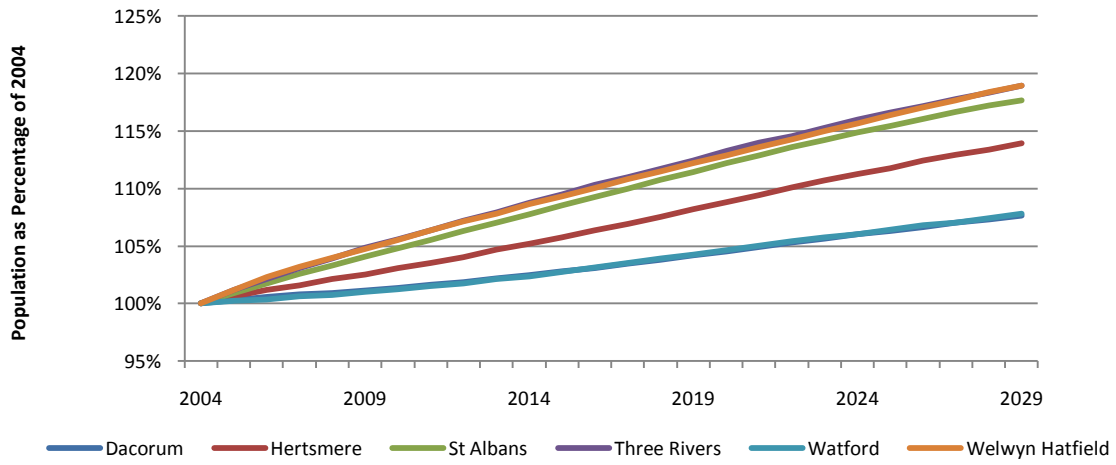


5.12 Figure 39 shows that there is little difference in the age profiles of any of the authorities in the sub-region. There are slightly higher proportions of older persons in Hertsmere, Three Rivers and Welwyn Hatfield compared to the remaining authorities in the sub-region.

ONS Projections

5.13 As well as producing mid-year estimates of population, ONS also produce projections of future population. These projections are available at District and County levels, and provide projections for males and females in 5 year age bands over a 25 year period. The projections are purely trend based, and therefore do not take account of future policies or large scale development.

Figure 40
Population Projections by Local Authority 2004-2029 (Source: Revised ONS Sub-national Population Projections: 2004-based data)



5.14 Figure 40 shows that the rise in population of the LCB (West) sub-region is expected to continue in the future. Based on population estimates from 2004, the Office of National Statistics estimates that the population of LCB (West) sub-region will rise to 715,000 by 2029.

5.15 This would represent a 14% rise in the period 2004-2029. The population projections also show that the population of St Albans, Three Rivers and Welwyn Hatfield is expected to rise proportionally much

more rapidly than that of Watford and Dacorum. Please note that as trend-based projections, the ONS projections do not take account of the East of England Plan with regard to the distribution of planned housing growth

Chelmer Model Projections (EERA Group 3, December 2006)

5.16 An alternative set of projections have been produced by EERA for each local authority, comprising projections of population, households and dwellings. These are based upon expected dwelling completion rates as set out in the East of England Plan. These estimates reflect the likely number of dwellings in each local authority in the future and should provide a more accurate projection of future population than the official ONS projections which are based upon past trends.

Figure 41
Change in age of persons by Local Authority (Source: Chelmer Model December 2006, EERA re-allocation, ONS 2004 Economic Activity rates. Note: Figures may not sum due to rounding.

Population	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Total
Net Change 2006-2021							
0-4	500	1,300	-200	-400	-400	1,300	2,200
5-9	-100	1,000	-300	-500	-400	1,300	1,000
10-14	-700	500	200	-400	-800	100	-1,100
15-19	-500	500	900	-200	-500	-100	100
20-24	800	1,200	1,300	600	0	-200	3,700
25-29	1,600	1,400	500	300	500	800	5,000
30-34	1,500	900	-400	-100	-700	3,000	4,200
35-39	-1,000	-600	-1,900	-1,600	-1,600	2,100	-4,600
40-44	-2,500	-1,300	-1,000	-1,700	-1,300	1,300	-6,500
45-49	-1,600	0	1,200	-500	800	-600	-800
50-54	1,400	800	2,900	1,000	2,000	600	8,700
55-59	1,600	900	1,400	700	1,500	500	6,600
60-64	2,100	1,000	300	800	800	200	5,200
65-69	1,500	900	-100	500	300	100	3,200
70-74	1,700	1,300	900	900	600	-100	5,300
75-79	600	400	700	400	300	-100	2,300
80-84	100	0	500	200	200	-100	900
85+	2,100	900	1,600	1,100	500	1,300	7,400
Total	**9,000**	**11,100**	**8,600**	**1,200**	**1,600**	**11,300**	**42,800**

5.17 Figure 41 shows that over the 15 year period 2006-2021, the EERA Chelmer Model population projections indicate that there will be an additional 42,800 people living within the study area. 7,400 of these are projected to be aged 85 or over with a further 11,700 aged 65-84, together these age bands account for almost half (44.6%) of the total additional population.

The Local Economy

Employment and Unemployment

5.18 Figure 42 shows that the unemployment claimant count is currently low, and has been so since the late 1990s, in all the local authorities in the sub-region. Figure 43 shows that the unemployment claimant count rate is lower in London Commuter Belt (West) than it is in England as a whole or across the Eastern region as a whole. This situation has changed as a result of the recent recession.

Figure 42
Unemployment Rate for Working Age Population by Local Authority: 1992-2007 (Source: Claimant Count. Note: Data relates to April each year)

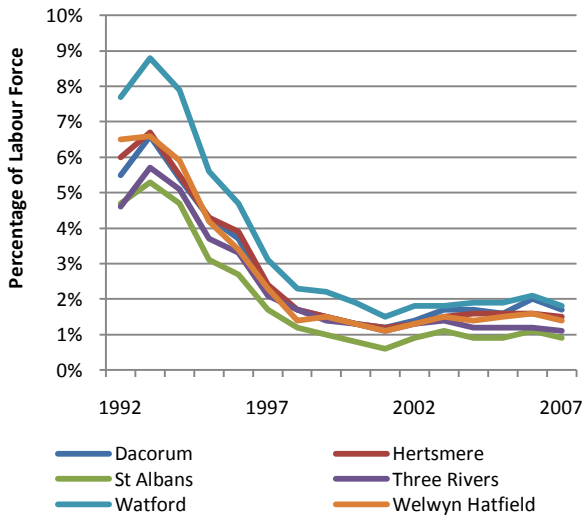
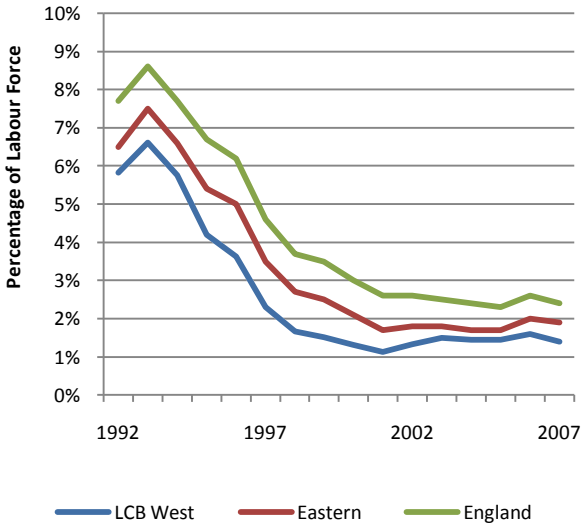


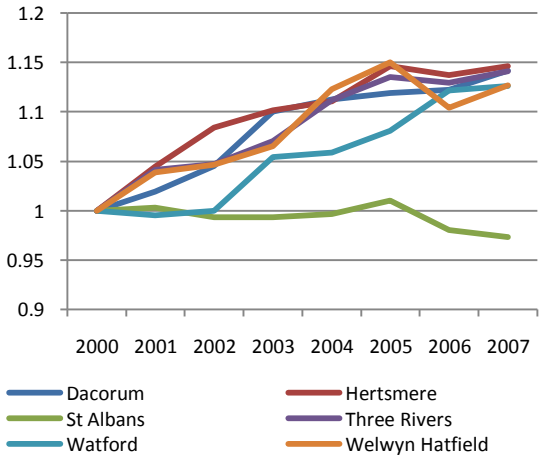
Figure 43
Unemployment Rate for Working Age Population for LCB West, Eastern Region and England: 1992-2007 (Source: Claimant Count. Note: Data relates to April each year)



5.19 The decline in unemployment claimants in the sub-region may not entirely reflect the strength of the local economy. Many working age persons not in jobs are not eligible for, or do not claim, unemployment benefit.

5.20 Figure 44 shows that in all authorities except St Albans the number of working age residents claiming incapacity benefit has risen since 2000. Incapacity benefit is more generous than unemployment benefit and also places less onus on the individual to seek a job. The growth in incapacity benefit claimants may have prevented a rise in unemployment rates since 2000.

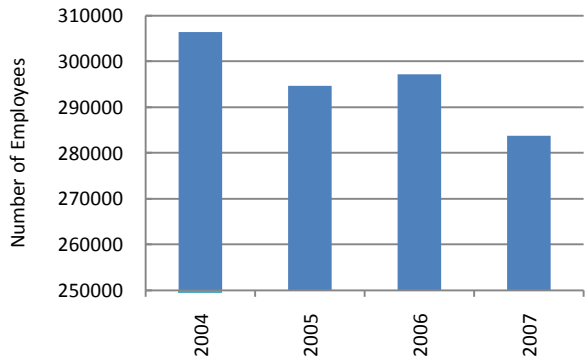
Figure 44
Incapacity Benefit Claims by Working Age Persons by Local Authority 2000-2007 (Source: DWP. Note: Data relates to May of each year)



5.21 Since 2004 the Annual Population Survey (APS) has recorded information about employees in the UK. The APS is based upon a sample of around 500,000 employees across the country and can be used to compare earlier data sources such as the Labour Force Survey (LFS), which the APS replaced. There are many concerns about the sample sizes within APS at district level and it is worth emphasising that this data is shown for information only and does not form any part of the analysis of housing requirements undertaken later in this study.

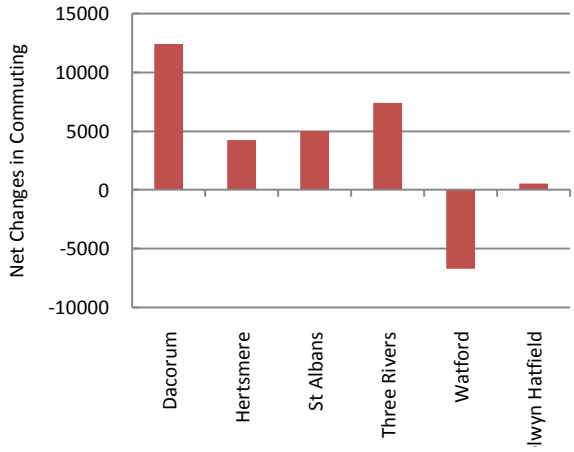
5.22 Figure 45 shows that the workplace population (the number of people who work in the area, including those that commute from elsewhere) appears to have been declining since 2001. The most recent results from APS indicate that there are now over 20,000 fewer jobs in the area than in 2004.

Figure 45
Workplace Employment in LCB West 2004-2007 (Source: Annual Population Survey 2004-2007)



5.23 In their jobs growth and employment land study for the Hertfordshire London Arc, (March 2009), Roger Tym and Partners cited information in their report obtained from Oxford Economics. They state that employment growth in the Hertfordshire London Arc turned down markedly around the turn of the century. Through most of the 1990s, the study area's employment grew faster than the East of England total. Since 2000-2001, the area's employment has stagnated, while the regional total has continued to grow, as it had been doing since 1993. The turndown applies to five of the seven districts (the exceptions are Broxbourne and Welwyn Hatfield). It is largely accounted for by Financial and Business Services and Personal and Community Services. The reasons for it are unknown.

Figure 46
Net Change in Commuting Employees 2001-2007 (Source: UK Census of Population 2001 and Annual Population Survey 2007)



5.24 This is important for the future housing needs of the area, for the current East of England Plan projections relate to growth in the numbers of jobs in the sub-region. The RSS states an indicative target for growth in jobs is 68,000 for the whole of Hertfordshire. Therefore, the current trend showing a decline in the number of jobs is counter to the long-term growth targets for the area.

5.25 Figure 46 shows that while the number of workplace jobs appears to have been declining in London Commuter Belt (West), the number of people commuting to other areas appears to have been rising. When compared with the 2001 Census there has been a decrease of 23,000 in workplace employment relative to resident employment, this is consistent with one or both of increased out-commuting or decreased in-commuting.

Industry

5.26 A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £64,000 per year. It can de-register if its turnover falls below £62,000. In practice most de-registration is likely to be due to the business being acquired, merged or liquidated.

Figure 47
Net New VAT Registered Businesses in London Commuter Belt (West) Sub-region: 1997-2006 (Source: VAT Registrations)

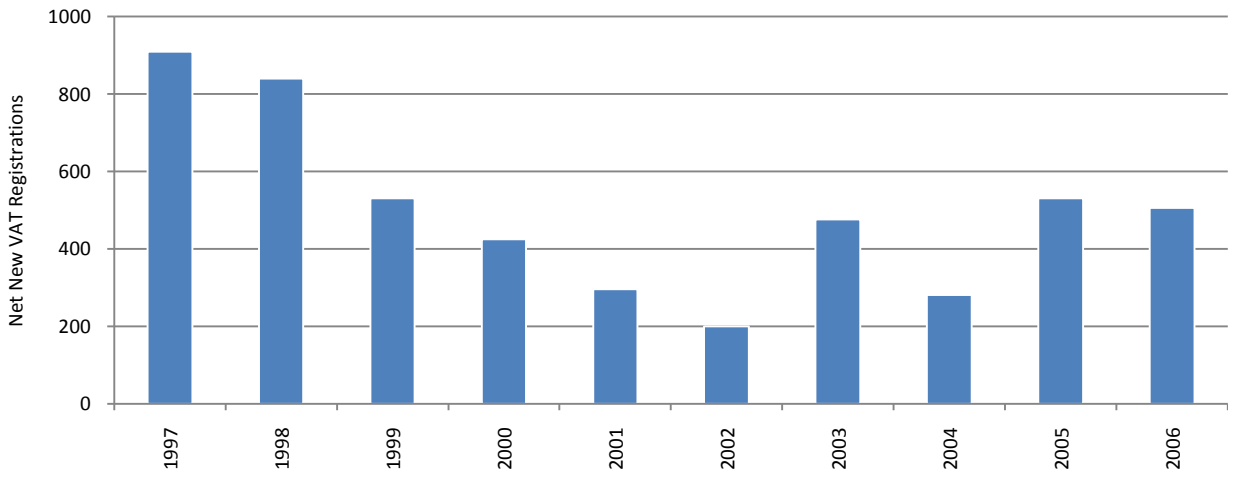
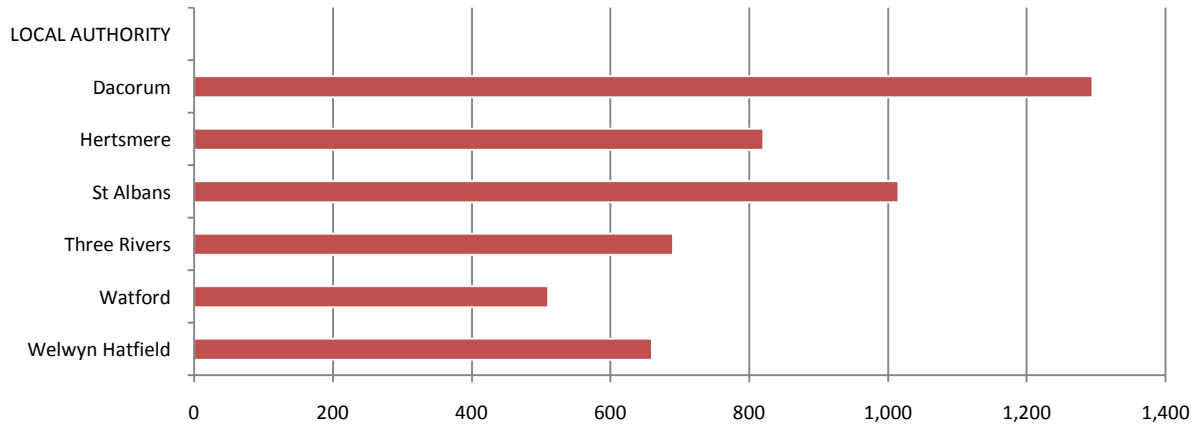


Figure 47 shows the net new VAT registrations in London Commuter Belt (West) per annum. In total, since 1997 the number of VAT registered businesses has grown by 5,000. This represents an almost 25% growth in the number of VAT registered business since 1997, which is above the average across England as a whole and the Eastern region where the number of businesses has grown by 20% over the same time period.

Figure 48
Total Net New VAT Registered Businesses by Local Authority: 1997-2006 (Source: VAT Registrations)



5.27 Figure 48 shows that Dacorum has experienced the largest increase in VAT registered businesses with almost 1,300 more over ten years, and Watford the least with only around 500 new businesses over ten years.

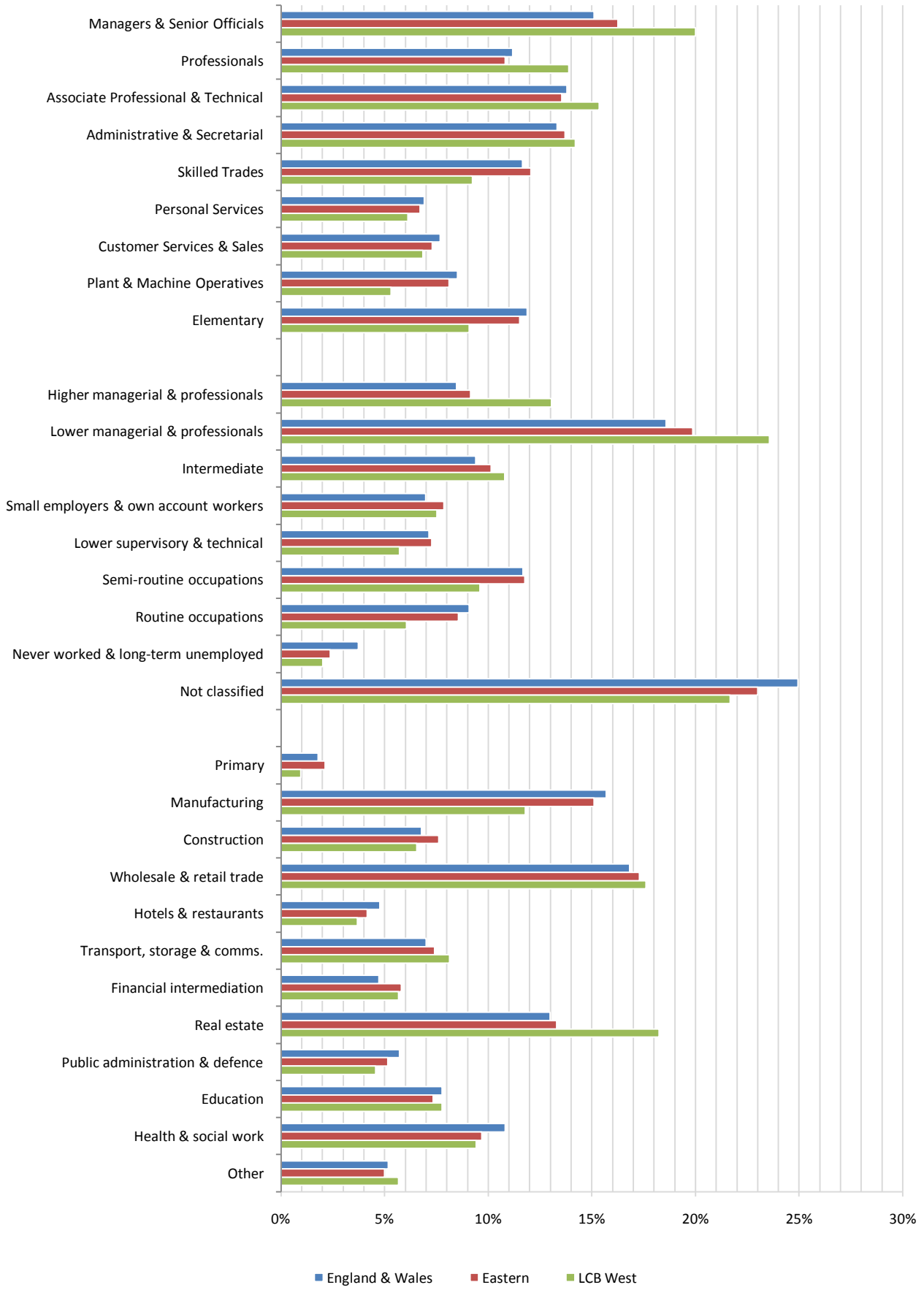
5.28 The range of occupations of residents does not differ widely from those of the overall population of England and Wales or the whole of the Eastern region. However, there are more people employed in professional and administrative occupations and fewer in skilled, plant and machinery and elementary ones (Figure 49).

5.29 When considering the industry of employment of residents', it is apparent that real estate is relatively very important to the London Commuter Belt (West) economy. Manufacturing forms a much smaller share of employment than it does in England and Wales as a whole.

5.30 Another measure of the characteristics of residents in an area is the National Statistics Socio-economic Classifications (NS-SeC). NS-SeC is a constructed measure which reflects the socio-economic circumstances of the individual with each person in a NS-SeC category having a similar socio-economic status. The population of London Commuter Belt (West) contains proportionally fewer people in routine occupations and proportionally more people in managerial and professional categories.

Figure 49

Occupation, NS-SeC and Industry of Employment for London Commuter Belt (West) Sub-region Compared to Eastern Region and England and Wales (Source: UK Census of Population 2001)



Skills and Education

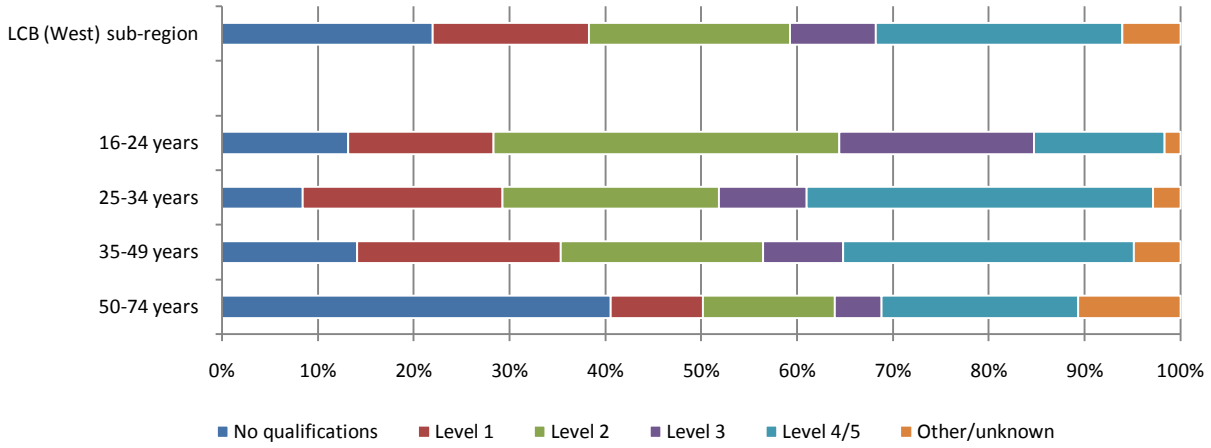
5.31 Figure 50 shows the proportion of the population over 16 years who are educated to NVQ4 or higher level and those with no formal qualifications. NVQ4 is considered to be the equivalent of a university degree.

Figure 50
Qualification Levels for London Commuter Belt (West) Sub-region, Eastern Region and England and Wales (Source: UK Census of Population 2001)

Education Level	England & Wales	Eastern	LCB West	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Level 0	28.9%	27.9%	22.0%	24.0%	23.6%	17.0%	21.8%	23.7%	23.0%
Level 1	16.6%	18.2%	16.3%	18.0%	17.2%	12.8%	16.1%	17.5%	17.0%
Level 2	19.4%	20.5%	20.9%	21.2%	21.6%	19.6%	21.9%	21.3%	20.6%
Level 3	8.3%	7.9%	9.0%	8.1%	8.8%	8.8%	9.1%	8.5%	11.0%
Level 4 / 5	19.9%	18.1%	25.8%	22.5%	22.7%	36.4%	25.3%	23.1%	21.9%
Other / unknown	6.9%	7.2%	6.0%	6.3%	6.1%	5.4%	6.0%	5.9%	6.6%

5.32 Compared with the England and Wales and Eastern region as a whole, the population of the sub-region is over-represented in the higher qualification categories with over a quarter of the population having the equivalent of a degree and above category.

Figure 51
Qualification Levels for London Commuter Belt (West) Sub-region by Age (Source: UK Census of Population 2001)



5.33 Figure 51 shows that around 40% of the population of the sub-region aged over 50 years possess no formal qualifications compared to 8% in the 25-34 age range. Around a third of everyone aged 25-49 years has the equivalent of a degree or higher.

5.34 When split by local authority it is clear that St Albans has the lowest proportion of people with no qualifications and the highest proportion by far of people who have reached level 4/5. 36.4% of people in St Albans have achieved level 4/5 compared to 25.8% for LCB (West) overall. Dacorum and Watford have the highest proportion of people with no qualifications.

5.35 It has also been reported that Welwyn Hatfield has a high percentage of Post GCSE school leavers not in employment, education or training.

Incomes and Earnings

5.36 Alongside economic activity the other key factor of the economy of an area is the level of wages earned by workers. There are two separate ways to analyse average earnings within a local authority area. One is to examine only those who are employed within the area, the other is to examine the earnings of those who reside in the area.

5.37 Since 2002 the New Earnings Survey (NES) and subsequently the Annual Survey of Hours and Earnings (ASHE) has recorded both measures for all local authorities. There are some concerns about the sample sizes within ASHE at district level. So, it is worth emphasising that this data is shown for information only.

5.38 Figure 52 shows the comparisons for each authority for median gross annual earnings for 2007. The results show that residents in Three Rivers and St Albans are the highest earners in the sub-region. Those employed in Dacorum, Hertsmere, St Albans and Watford earn less on average than those who are resident in the area. This pattern in reversed in Welwyn Hatfield and Three Rivers, but it still suggests that many residents travel outside the sub-region to higher paying jobs elsewhere in areas such as London.

5.39 Treating the median full-time earnings in 1999 as a base, Figure 53 shows that median earnings have risen more quickly in St Albans and Three Rivers, while those in Watford have lagged behind the rest of the sub-region.

5.40 Figure 52 and Figure 53 refer only to those in full-time employment. London Commuter Belt (West) has many employees working part-time. Figure 54 shows the average employed person resident in any of the local authorities in the sub-region earns around £3,500-£6,000 less than the average full-time employee.

5.41 Figure 55 shows how gross household income levels vary across the sub-region. This measure of income is more important than individual earnings for housing purposes, because household income is a better guide as to how much a household can afford to spend on housing. Figure 55 illustrates that

Figure 52
Comparison of Workplace and Residence Median Gross Annual Earnings in LCB West Sub-region in 2007 for Full-time Employees (Source: ASHE 2007)

Local Authority	Employed in Area	Resident in Area
Dacorum	£27,866	£28,065
Hertsmere	£25,605	£29,782
St Albans	£28,031	£34,096
Three Rivers	£36,133	£34,298
Watford	£24,759	£30,921
Welwyn Hatfield	£28,633	£27,785

Figure 53
Median Gross Annual Earnings for Workplace in LCB Sub-region for Full-time Employees 1999-2007 (Source: ASHE 1999-2007)

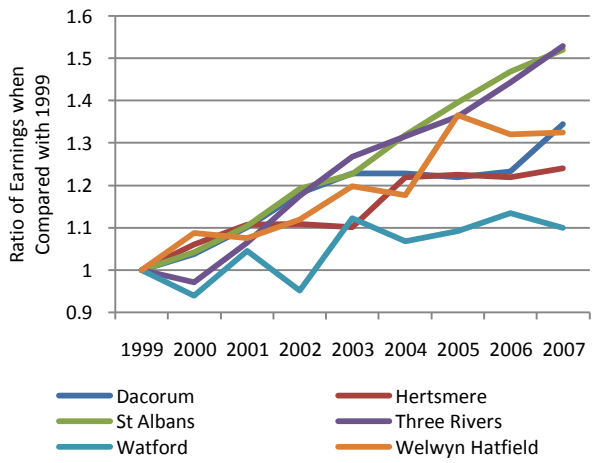
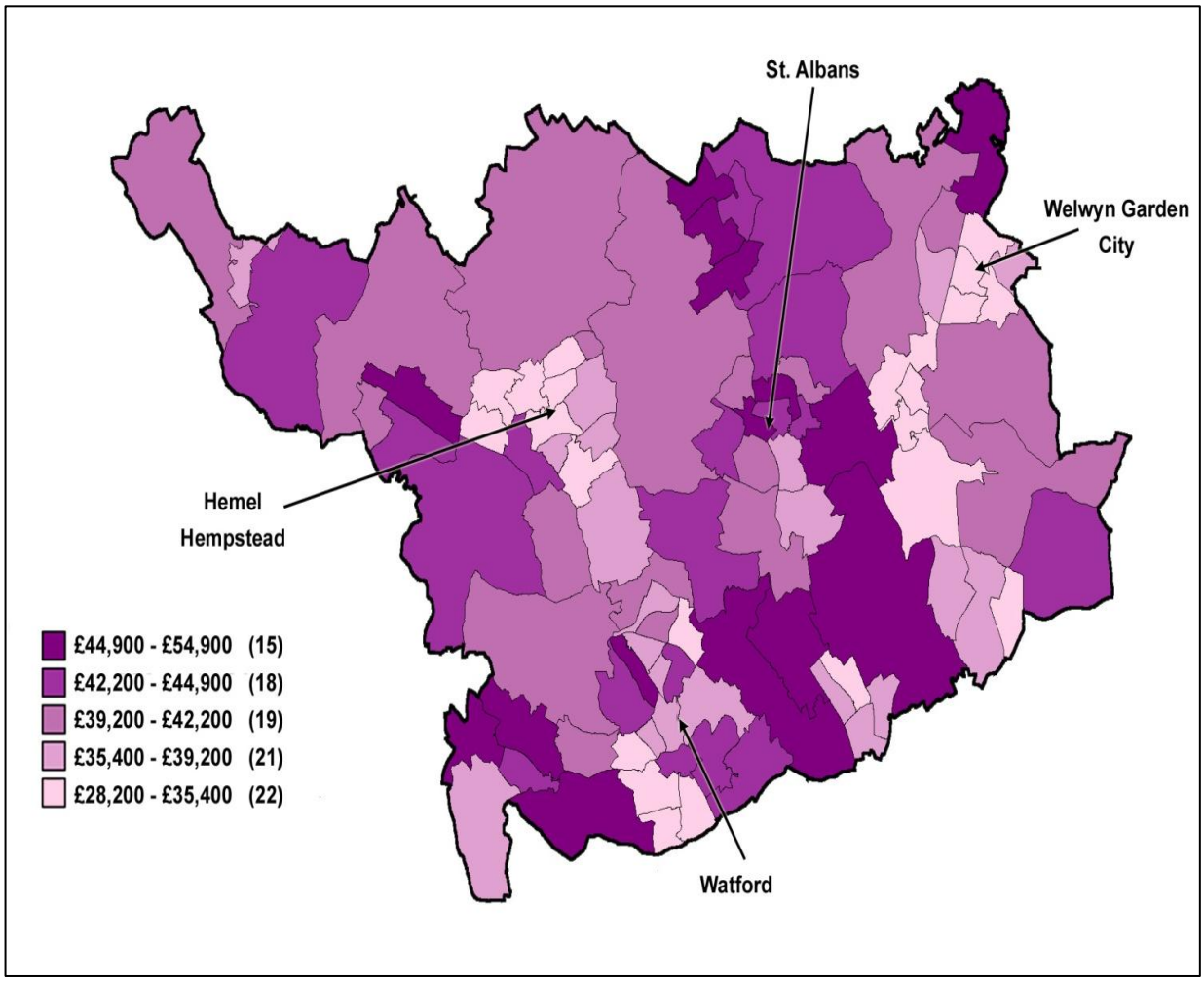


Figure 54
Median Gross Annual Earnings for Residents in Local Authorities in LCB West Sub-region in 2007 (Source: ASHE 2007)

Local Authority	Median Earnings	
	Overall	Full-time
Dacorum	£23,503	£28,065
Hertsmere	£24,194	£29,782
St Albans	£27,956	£34,096
Three Rivers	-	£34,298
Watford	£24,890	£30,921
Welwyn Hatfield	£24,211	£27,785

household incomes are on average lower in urban areas such as Hemel Hempstead, Watford and Welwyn Garden City. The higher level of individual earnings for residents of St Albans and Three Rivers is also reflected in these authorities typically having higher levels of household income.

Figure 55
Relative Average Household Earnings by Middle-level Super Output Area (Source: CACI Paycheck. Note: Higher incomes shown in darker shading)

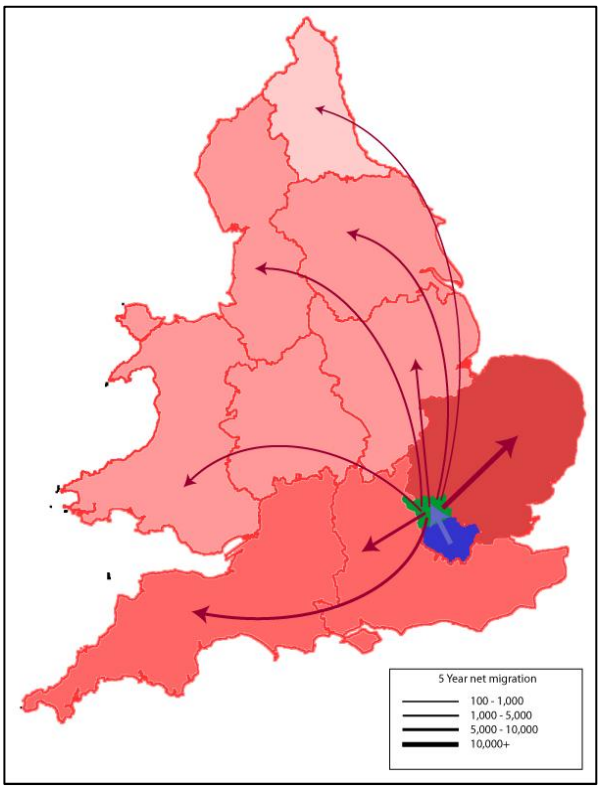


Migration Trends

5.42 Data from the 2001 Census showed that of the sub-region's 611,000 residents, 60,700 (9.9%) had moved within the last 12-months. Of those that had moved, 27,900 moved within the same authority, 28,400 moved from elsewhere in the UK and 4,300 moved to the area from overseas. It is also worth noting that the sub-region lost a net 1,850 people to other regions of the UK in 2000-2001. A further 3,700 people resident in the sub-region were recorded as having "No usual address" 12-months before the Census.

5.43 Since 1996-97, the ONS has published relatively localised migration data using information from the NHS Central Register (NHSCR) which records the movement of individuals who change their GP. The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data, for not everyone who moves will register with a doctor, so some migration will not be counted. Nevertheless, as the data provides the best available basis for analysis, the following information details migration patterns for the sub-region and the constituent authorities over the period 2001-2006.

Figure 56
Net Migration to London Commuter Belt (West) Sub-region by the Government Office Regions of England and Wales 2001-2006
(Source: ONS Migration Statistics Unit)



5.44 Figure 56 shows the net migration to the sub-region between 2001 and 2006 from the rest of England and Wales. Darker shades of blue represent higher levels of in-migration and red represents out-migration. Thicker arrows are also associated with higher levels of net migration.

Figure 57
Net Migration to London Commuter Belt (West) sub-region by England and Wales Region 2001-2006 (Source: ONS Migration Statistics Unit: Movements between local authorities in England and Wales based on patient register data and patient re-registration recorded in the NHSCR. Note: Figures in brackets represent negative numbers. Figures may not sum due to rounding)

UK Region	2002	2003	2004	2005	2006	Total
Eastern	(3,710)	(2,860)	(2,680)	(2,050)	(2,090)	**(13,390)**
North East	(110)	(100)	(150)	(80)	(40)	**(480)**
North West	(310)	(370)	(300)	(250)	(150)	**(1,380)**
Yorkshire & Humberside	(180)	(300)	(390)	(330)	(170)	**(1,370)**
East Midlands	(940)	(1,000)	(890)	(660)	(590)	**(4,080)**
West Midlands	(210)	(290)	(310)	(260)	(130)	**(1,200)**
London	7,770	7,820	8,070	7,430	7,600	**38,690**
South East	(2,000)	(1,950)	(1,770)	(1,580)	(1,300)	**(8,600)**
South West	(1,320)	(1,390)	(1,690)	(830)	(900)	**(6,130)**
Wales	(200)	(230)	(220)	(230)	(140)	**(1,020)**
Total	**(1,210)**	**(670)**	**(330)**	**1,160**	**2,090**	**1,040**

5.45 Figure 57 shows the net migration to London Commuter Belt (West) sub-region from every region of England and Wales in the past 5 years. Overall, migration accounted for a rise in the sub-region population of 1,040 people from 2001 to 2006. All of the net population gain came from London, with net migrant population losses occurring to every other region of England and Wales.

5.46 Figure 58 shows the individual local authorities that have had the highest net migration to the London Commuter Belt (West) sub-region. The nine authorities with the largest net migration to London Commuter Belt West are all boroughs located in north London.

5.47 Figure 59 shows the local authorities to which London Commuter Belt (West) lost population through out-migration. This again features areas in the vicinity of the sub-region covering parts of Bedfordshire, Buckinghamshire, Cambridgeshire and the rest of Hertfordshire.

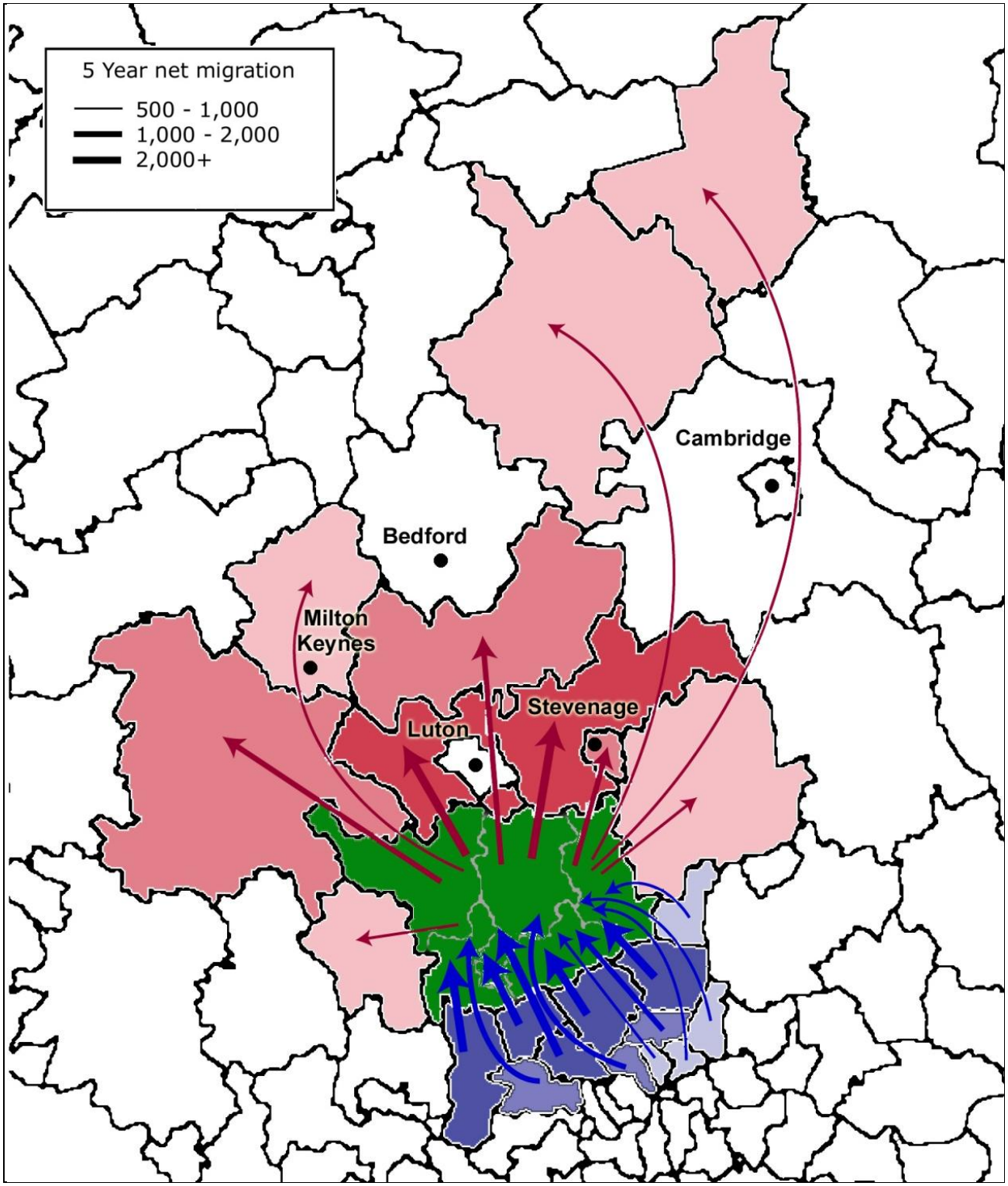
Figure 58
Top 10 Local Authorities with the Highest Net Migration to London Commuter Belt (West) Sub-region 2001-2006 (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Barnet	12,400	3,500	8,900
Harrow	9,920	2,690	7,230
Brent	5,970	1,070	4,900
Enfield	4,440	1,360	3,080
Hillingdon	4,490	2,180	2,310
Ealing	2,770	1,000	1,770
Camden	2,970	1,380	1,590
Haringey	2,420	1,000	1,420
Islington	1,890	1,000	890
Broxbourne	1,560	980	580

Figure 59
Top 10 Local Authorities with the Highest Net Migration from London Commuter Belt (West) Sub-region 2001-2006 (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
South Bedfordshire	2,540	5,250	(2,710)
North Hertfordshire	2,250	4,360	(2,110)
Aylesbury Vale	2,100	4,040	(1,940)
Mid Bedfordshire	1,210	2,840	(1,630)
Stevenage	1,630	2,740	(1,110)
Milton Keynes UA	1,290	2,250	(960)
Huntingdonshire	460	1,230	(770)
Chiltern	1,700	2,280	(580)
East Hertfordshire	2,250	2,800	(550)
Fenland	140	670	(530)

Figure 60
Net Migration to London Commuter Belt (West) Sub-region by Local Authority 2001-2006 (Source: ONS Migration Statistics Unit)



5.48 Figure 60 illustrates the net migration to the sub-region between 2001 and 2006 from the rest of the Eastern region and the South East and London. Darker shades of blue represent higher levels of in-migration and red represents out-migration with thicker lines again representing higher levels of net migration. This shows the in-migration from north London boroughs, but the sub-region sends net migrants to other parts of the Eastern region and South East.

Migration within the Sub-region

Figure 61
Net Migration to London Commuter Belt (West) Sub-region Local Authorities 2001-2006 by Area (Source: ONS Migration Statistics Unit. Note: Figures in brackets represent negative numbers. Figures may not sum due to rounding)

From	To						Total
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	
London Commuter Belt West sub-region							
Dacorum	-	(460)	(400)	(950)	(1,270)	(50)	**(3,130)**
Hertsmere	460	-	1,310	440	400	860	**3,470**
St Albans	400	(1,310)	-	(210)	(290)	280	**(1,130)**
Three Rivers	950	(440)	210	-	(1,740)	(10)	**(1,030)**
Watford	1,270	(400)	290	1,740	-	20	**2,920**
Welwyn Hatfield	50	(860)	(280)	10	(20)	-	**(1,100)**
Sub-Total	**3,130**	**(3,470)**	**1,130**	**1,030**	**(2,920)**	**1,100**	**-**
Rest of England & Wales							
Elsewhere in the Eastern region	(2,570)	(3,010)	(2,560)	(1,150)	(1,730)	(2,370)	**(13,390)**
North East	(120)	(70)	(110)	(110)	(30)	(40)	**(480)**
North West	(420)	(210)	(160)	(170)	(220)	(200)	**(1,380)**
Yorkshire and Humberside	(340)	(180)	(340)	(160)	(170)	(180)	**(1,370)**
East Midlands	(1,050)	(740)	(600)	(630)	(650)	(410)	**(4,080)**
West Midlands	(180)	(140)	(120)	(200)	(400)	(160)	**(1,200)**
London	5,030	10,180	6,530	6,400	4,670	5,880	**38,690**
South East	(2,080)	(1,430)	(1,320)	(2,030)	(1,370)	(370)	**(8,600)**
South West	(1,460)	(970)	(1,220)	(1,030)	(750)	(700)	**(6,130)**
Wales	(270)	(120)	(180)	(210)	(60)	(180)	**(1,020)**
Sub-Total	(3,460)	3,310	(80)	710	(710)	1,270	**1,040**
Total	**(330)**	**(160)**	**1,050**	**1,740**	**(3,630)**	**2,370**	**1,040**

5.49 Figure 61 shows the net migration which occurred in each of the local authorities between 2001 and 2006. Therefore, as an example there was a net movement of 5,030 people from London to Dacorum between 2001 and 2006.

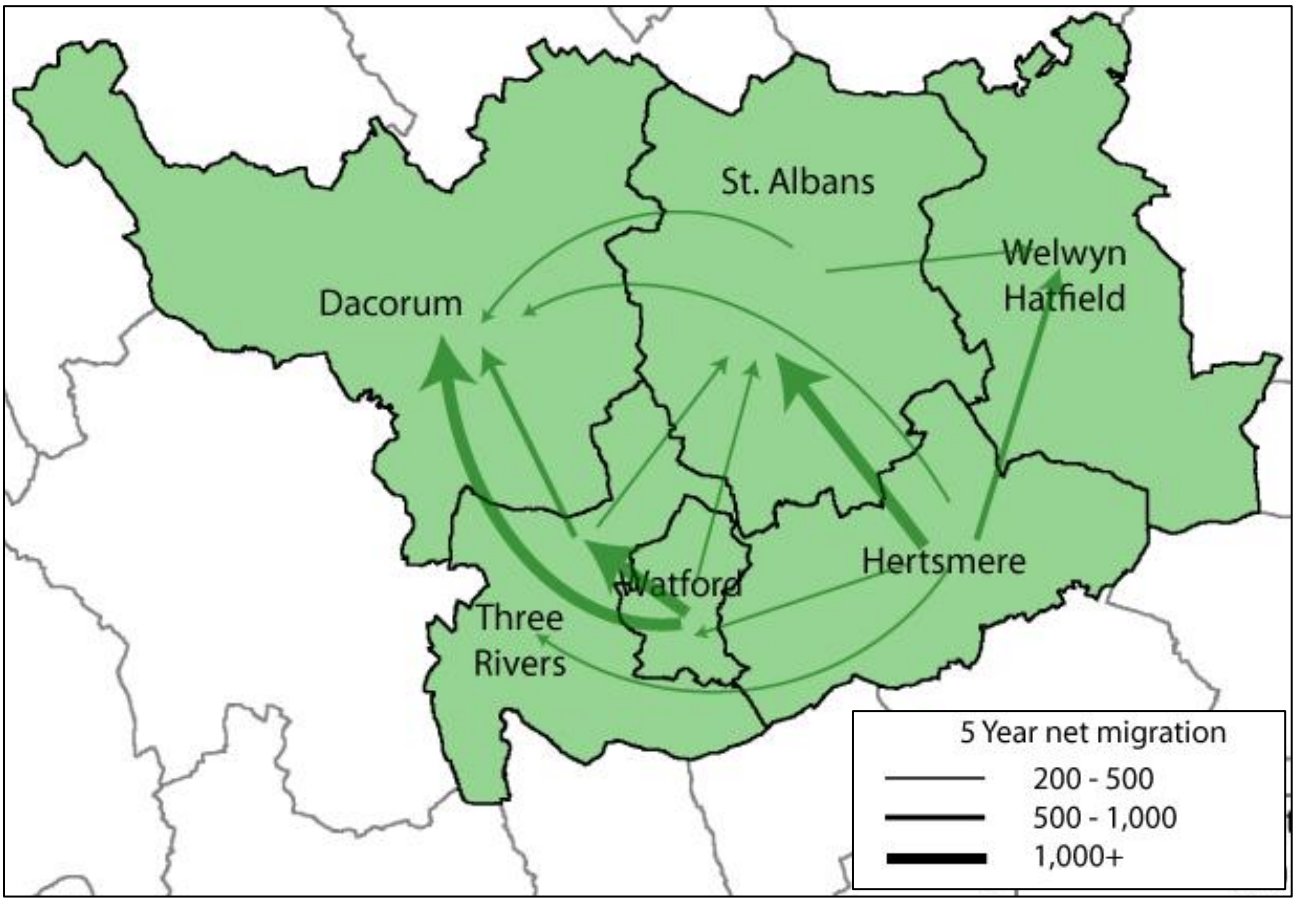
5.50 Hertsmere lost population through migration to all other authorities in the sub-region. It did, however, gain over 10,000 people from London. Dacorum gained population from all other authorities in the sub-region, further reflecting the movement of population north away from London. St Albans, Three Rivers and Welwyn Hatfield have all gained population through migration within England and Wales, while Watford has lost a significant number of people through migration.

Figure 62
Net Migration to London Commuter Belt (West) Sub-region Housing Market Areas 2001-2006 by Housing Sub-Market (Source: ONS Migration Statistics Unit. Note: Figures in brackets represent negative numbers. Figures may not sum due to rounding)

From	To				Total
	Hemel Hempstead	St Albans	Watford	Welwyn Garden City	
Hemel Hempstead	-	40	(316)	(39)	**(315)**
St Albans	(40)	-	(218)	(94)	**(352)**
Watford	316	218	-	108	**642**
Welwyn Garden City	39	94	(108)	-	**25**
Total	**315**	**352**	**(642)**	**(25)**	**-**

5.51 Figure 62 shows that Watford HMA lost population to all other housing market areas between 2001 and 2006 and has lost a significant amount of population through migration (642). St Albans HMA gained from all other areas and Hemel Hempstead HMA also gained population through migration.

Figure 63
Migration between London Commuter Belt (West) Sub-region Local Authorities 2001-2006 (Source: ONS Migration Statistics Unit)



5.52 Figure 63 shows this net migration between the local authorities in the sub-region between 2001 and 2006 with thicker lines representing higher levels of net migration. This shows Hertsmere losing population to all authorities in the sub-region, while Dacorum is the largest net gainer from migration within the sub-region.

Age of Migrant Persons

5.53 The age structure of the net migrants to London Commuter Belt (West) sub-region is shown in Figure 64. The area has experienced a net gain of 5,700 migrants in the 25-44 years of age category and 1,900 migrants in the 0-15 year category. The area has been attracting families. Many of these are leaving London boroughs. However, there has been a net loss of over 6,000 people aged over 45 years.

Figure 64
Migration to and from London Commuter Belt (West) Sub-region by Age Group 2001-2006 by Year (Source: ONS Migration Statistics Unit. Note: Figures in brackets represent negative numbers. Figures may not sum due to rounding)

Age Group	2002	2003	2004	2005	2006	Total
In Migrants						
0-15 years	4,250	4,310	4,400	4,090	4,230	**21,280**
16-24 years	5,750	5,700	5,700	6,310	6,500	**29,960**
25-44 years	12,500	12,630	12,690	12,330	12,740	**62,890**
45-64 years	2,640	2,770	2,920	2,950	3,080	**14,360**
65+ years	1,710	1,710	1,630	1,600	1,570	**8,220**
Total	**26,850**	**27,120**	**27,340**	**27,280**	**28,120**	**136,710**
Out Migrants						
0-15 years	4,170	4,050	4,000	3,470	3,690	**19,380**
16-24 years	6,120	6,130	6,120	6,070	6,110	**30,550**
25-44 years	11,690	11,810	11,490	11,440	10,770	**57,200**
45-64 years	4,230	4,050	4,200	3,770	3,840	**20,090**
65+ years	1,870	1,780	1,920	1,550	1,650	**8,770**
Total	**28,080**	**27,820**	**27,730**	**26,300**	**26,060**	**135,990**
Net Migrants						
0-15 years	80	260	400	620	540	**1,900**
16-24 years	(370)	(430)	(420)	240	390	**(590)**
25-44 years	810	820	1,200	890	1,970	**5,690**
45-64 years	(1590)	(1,280)	(1,280)	(820)	(760)	**(5,730)**
65+ years	(160)	(70)	(290)	50	(80)	**(550)**
Total	**(1,230)**	**(700)**	**(390)**	**980**	**2,060**	**720**

Figure 65
Net Migration in to London Commuter Belt (West) Sub-region Local Authorities by Age Group 2001-2006 (Source: ONS Migration Statistics Unit. Note: Figures in brackets represent negative numbers. Figures may not sum due to rounding)

Age Group	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Total
Net Migrants							
0-15 years	110	340	920	890	(1,140)	760	**1,900**
16-24 years	(1,100)	(500)	(830)	(570)	100	2,230	**(590)**
25-44 years	1,680	280	2,870	1,750	(1,400)	390	**5,690**
45-64 years	(1,170)	(640)	(1,660)	(430)	(1,150)	(630)	**(5,730)**
65+ years	100	300	(350)	(30)	(190)	(380)	**(550)**
Total	**(330)**	**(160)**	**1,050**	**1,740**	**(3,630)**	**2,370**	**720**

5.54 Figure 65 shows that Watford is unique in the sub-region in that it lost population through migration in the 0-15 years and 25-44 years age groups. Therefore, it is the only area which appears to be losing families. Welwyn Hatfield is also distinctive in that it gains population in the 16-24 years groups. This reflects the impact of the University of Hertfordshire being based in the authority.

Migrant Household Characteristics

5.55 No data is available on the split between wholly moving and partly moving households within the time-series data from the ONS Migration Statistics Unit. Nevertheless, information on household migration is presented from the 2001 Census, Figure 66 and Figure 67.

Figure 66
Net Migration by wholly and partly moving Households 2001 (Source: UK Census of Population 2001. Note: Total column includes migration between local authorities within the sub-region. Figures in brackets represent negative numbers. Figures may not sum due to rounding)

Age Group	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Total
Wholly Moving Households							
Moves within the LA	1,986	955	2,027	736	1,036	1,482	**8,222**
Moves to the LA from elsewhere in the UK	1,429	1,282	1,595	1,130	1,058	1,093	**7,587**
Moves to the LA from overseas	194	132	314	119	98	118	**975**
Moves from the LA to elsewhere in the UK	1,554	1,549	1,877	1,228	1,298	1,404	**8,910**
Net Moves within the UK	**(125)**	**(267)**	**(282)**	**(98)**	**(240)**	**(311)**	**(1,323)**

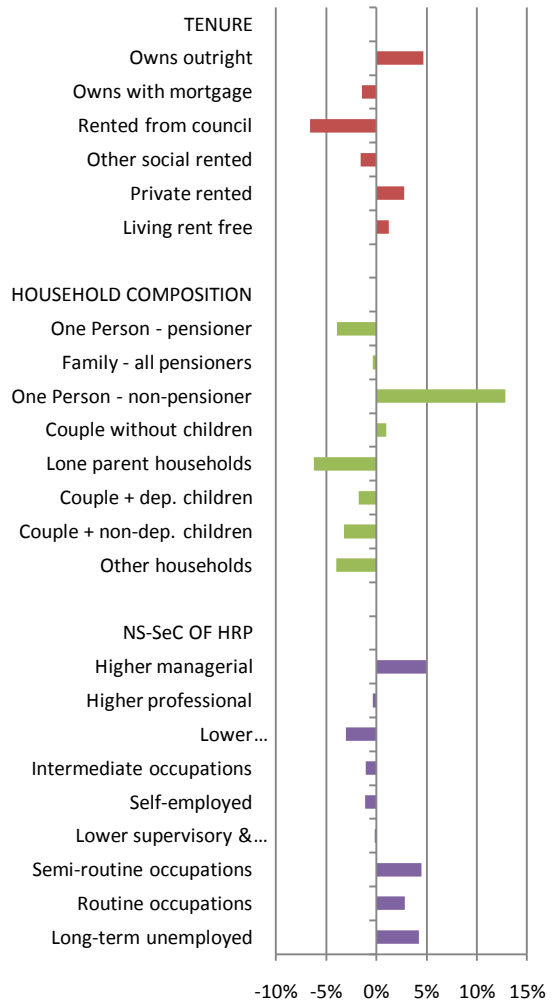
5.56 When considering moves within the UK, there was a net flow of 1,323 wholly moving households leaving the study area, which represents around 5.2 households in every 1,000 resident in the area as a whole.

5.57 When considering the characteristics of migrant households, those who own outright are more likely to leave the area than the population as a whole (with net migration representing 9.9 in every 1,000 such households, 4.7 above the norm).

5.58 One person pensioner households are less likely to leave the area than the population as a whole (with net migration representing only 1.3 in every 1,000 such households, 3.9 below the norm). Other one person households are considerably more likely to leave the area than the population norm (with net migration representing 18.1 in every 1,000).

5.59 The Socio-economic Classification (NS-SeC) of household representatives, shows the net migration of those in higher managerial positions in large organisations being higher than the overall norm (suggesting that the highest paid households are seeking housing outside the area). However, the area is attracting those in

Figure 67
Characteristics of Wholly Moving Households within the UK – Net Moves for Sub-Group Relative to Whole Population
(Source: Census 2001)



lower managerial and professional occupations.

5.60 Those in the lowest Socio-economic Classifications were also more likely to migrate to other locations in the UK than the population as a whole.

Migration in the Registered Social Landlord Sector

5.61 The COntinuous REcording (CORE) system operated by St Andrews University on behalf of the HCA (formerly the Housing Corporation) records details on all new-lets and re-lets of RSL properties, including information on the previous postcode of all new tenants. The system also records information on lettings of local authority managed properties on behalf of those authorities who subscribe to the service. In the case of LCB (West), Hertsmere has transfered all of its stock to RSLs and Dacorum does not currently use the CORE service. The data for local authority lettings for the remaining authorities has been included in this section.

5.62 Between April 2004 and March 2007 there were 6,125 RSL and local authority lettings within the London Commuter Belt (West) area, of which 432 (7.1%) were to households from outside the sub-region. Of these households, 204 were from London, so approximately 70 households moved to social housing in the sub-region each year from London. While overall, net migration to the LCB (West) sub-region between 2002 and 2006 has been 1,040 people, there has been an average net gain of nearly 8,000 people moving from London to the LCB (West). It is, therefore, apparent that the significant majority of migrants are moving within the private sector.

International Migration

5.63 Records for international migration for local authorities have recently begun being published by the Office for National Statistics. The records are drawn from the International Passenger Survey which interviews approximately 1 in 500 travels to and from the UK. Therefore, the figures for any local authority are drawn from relatively small samples. Figure 68 shows that between 2001 and 2006, a net 4,800 international migrants moved to LCB (West) from overseas.

Figure 68
International Migration for LCB West 2001-2006(Source: ONS Migration Statistics)

Local Authority	International in-migration	International out-migration	Net international migration
Dacorum	2,800	3,600	(800)
Hertsmere	4,600	3,400	1,200
St Albans	4,500	6,400	(1,900)
Three Rivers	3,100	2,600	500
Watford	4,000	3,000	1,000
Welwyn Hatfield	8,000	3,200	4,800
Total	**27,000**	**22,200**	**4,800**

5.64 In recent years the UK has experienced a noticeable increase in the number of migrant workers arriving from overseas. Records of the location of these workers are imperfect, but one measure of where they moved to is the number of new National Insurance numbers issued to workers in particular locations.

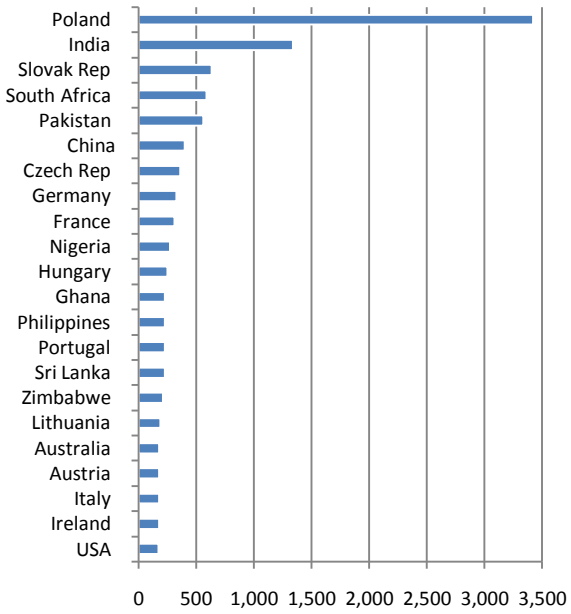
5.65 Figure 69 shows that in the 2005/06 and 2006/07 a total of 13,200 new National Insurance numbers to non-UK nationals were issued in the London Commuter Belt (West) sub-region. This group of workers represent around 2% of all people residing in the six local authorities. It should be noted that this figure does not include any dependents of the workers, but also does not exclude any migrant workers who have subsequently left the area.

5.66 Figure 70 shows that nearly a quarter of all new national insurance registrations in the London Commuter Belt (West) sub-region were issued to Polish nationals. This group therefore represents around 0.5% of the total population of the sub-region.

Figure 69
New National Insurance Registrations of Non-UK Nationals in London Commuter Belt (West) Sub-region 2005/06 and 2006/07 by Local Authority (Source: DWP)

Local Authority	New NI Registrations of Non-UK Nationals
Dacorum	1,870
Hertsmere	1,680
St Albans	2,340
Three Rivers	770
Watford	3,210
Welwyn Hatfield	3,330
Total	**13,200**

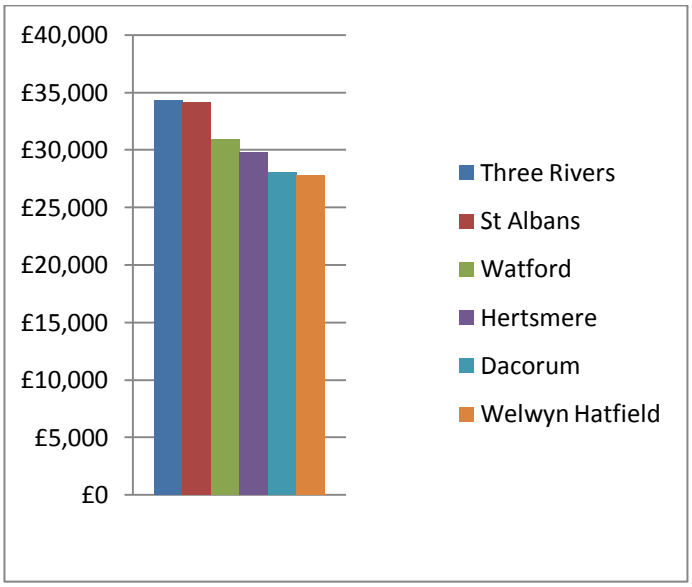
Figure 70
New National Insurance Registrations of Non-UK Nationals in London Commuter Belt (West) Sub-region 2005/06 by Country of Origin (Source: DWP)



Themes and patterns emerging from earlier analysis of the dwelling stock

5.67 It is worth noting that Local Authorities with the highest proportions of detached and owner occupied housing have residents with the highest median earnings Figure 71. The opposite is true for Local Authorities with larger proportions of social housing flats and terraced housing (Figure 29 and Figure 30).

Figure 71
Median Gross Annual Earnings for Residents in Local Authorities in LCB West Sub-region in 2007 highest to lowest (Source: ASHE 2007)



Summary of Key Points

- The number of households in the UK has been increasing faster than the supply of housing owing to both natural population growth and international migration. Household size has also been decreasing, implying that the number of households could rise by 25% by 2021.
- In 2001 LCB (West) had a population of nearly three quarters of a million with nearly a quarter of a million households. The population rose steadily by 6.7% between 1981 and 2006, which is less than for England or the Eastern Region.
- Welwyn Hatfield has experienced the fastest rate of growth at 12% and the population of Three Rivers fell by 5% between 1981 and 1990, although overall Three River's population increased 5% between 1981 and 2006.
- LCB (West) has proportionately slightly more adults aged 30-49 and fewer aged over 55. However, Hertsmere, Three Rivers and Welwyn Hatfield have a slightly higher proportion of older persons than the other authorities.
- The population of LCB (West) is expected to rise to 715,000 by 2029 (14% rise) with St Albans, Welwyn Hatfield and Three Rivers growing most rapidly. There is predicted to be an additional 42,800 people living within the sub-region over the period from 2006-2021 with over half of this additional population being aged 65 or over.
- The unemployment claimant count is low in all 6 authorities and the level for the entire sub-region is lower than for the whole of England or the Eastern Region although there has also been a rise in incapacity benefit claims which could explain the lower levels of unemployment claimants.
- The workplace population of LCB (West) has been declining since 2001. The East of England Plan, however, proposes an indicative target of an additional 68,000 jobs for Hertfordshire. There has also been an increase in people commuting out of the area for work.
- Since 1997 there has been a 25% growth in the number of VAT registered businesses, which is above the England and Eastern region averages. Dacorum has experienced the largest increase and Watford the lowest.
- Compared to the population of England and Wales or the Eastern region as a whole, there are more people employed in professional and administrative occupations and fewer in skilled, plant and machinery and elementary ones in the sub-region.
- Compared to the population of England and Wales or the Eastern region as a whole, the population of LCB (West) is over-represented in the higher qualification categories with over a quarter of the population having the equivalent of a degree or above. St Albans has the highest proportion of people who have reached NVQ level 4/5 and Dacorum and Watford have the highest proportion of those with no qualifications.
- Those employed in Dacorum, Hertsmere, St Albans and Watford earn less on average than those resident in the area suggesting many travel outside the sub-region to higher paying jobs in areas such as London.
- Residents in Three Rivers and St Albans are the highest earners in the sub-region and median earnings here have risen more quickly than the remaining authorities and Watford has lagged behind.
- Household incomes are in general lower in urban areas such as Hemel Hempstead, Watford and Welwyn Garden City.
- According to the 2001 Census 60,700 (9.9%) of the 611,000 residents had moved within the last 12 months. 27,900 of these moved within the same authority, 28,400 moved from elsewhere in the UK and 4,300 moved from overseas.
- Between 2001 and 2006 migration accounted for a rise in population of the sub region of 1,040 people, with all of the net population gain coming from London.
- The nine authorities with the largest net migration to LCB (West) were all north London Boroughs. The sub-region mainly lost population to parts of Bedfordshire, Buckinghamshire, Cambridgeshire and the rest of Hertfordshire.

- Within the sub-region Hertsmere lost population to all other authorities, although gained 10,000 from London, while Dacorum gained from all other authorities. Watford is the only authority to have significantly lost population through migration.
- LCB (West) has predominantly being attracting families, with 5,700 migrants in the 25-44 years and 1,900 migrants in the 0-15 years' categories. There has also been a net loss of over 6,000 people aged over 45 years.
- Watford actually appears to be losing families through migration and Welwyn Hatfield gaining people aged between 16-24 years, reflecting the impact of the University of Hertfordshire.
- There is a net flow of 1,323 wholly moving households leaving the study area, which represents around 5.2 households in every 1,000 resident in the area as a whole. Those who own outright, one person households (other than pensioners) and those in higher managerial positions are more likely to leave the area than the population norm.
- Between 2004 and 2007, 7.1% of social lets were to households from outside the sub-region. Approximately 70 households a year moved from London into social rented housing in LCB (West), which indicates that a significant majority moving from London are moving into the private sector.
- Between 2001 and 2006, 4,800 international migrants moved to LCB (West) from overseas.
- In 2005/06 and 2006/07 a total of 13,200 new National Insurance numbers were issued to non-UK nationals in the sub-region. Nearly a quarter of all new National Insurance registrations in LCB (West) were issued to Polish nationals, which represents around 0.5% of the sub-region's total population.

Section 6: Existing Households in Housing Need

Introduction

6.1 Understanding the term housing need is key to assessing the requirement for affordable housing. It is important that the difference between housing need and housing demand is understood. The definition used by PPS3 and used throughout the SHMA is given below.

PPS 3 definitions relating to need and demand

Housing need: 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'.

Housing demand: 'the quantity of housing that households are willing and able to buy or rent'.

6.2 This chapter firstly provides a detailed understanding of the nature of unsuitable housing in the sub-region. Then the outputs of the ORS Unsuitably Housed Model are described, noting that outputs are estimates of those households who are unsuitably housed in their current home across all tenures. The results of the ORS Housing Needs Model are then presented, noting that the outputs refer to current households who are unsuitably housed, who require to move and who cannot afford to meet their own housing costs.

6.3 A classification of unsuitable housing is set out in Figure 72 below, taken from CLG's SHMA Practice Guidance Table 5.1.

Figure 72
Classification of Unsuitable Housing (Source: CLG Housing Market Assessments Practice Guidance: Version 2 August 2007)

Main Category		Sub-divisions
Homeless or with insecure tenure	i.	Homeless households.
	ii.	Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense.
Mismatch of household and dwelling	iii.	Overcrowded according to the 'bedroom standard'.
	iv.	Too difficult to maintain (e.g. too large) even with equity release.
	v.	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household.
	vi.	Households containing people with mobility impairment or other specific needs who are living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ.
Dwelling amenities and condition	vii.	Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants).
	viii.	Subject to major disrepair or unfitness and household does not have the resources to make fit (e.g. through equity release or grants).
Social needs	ix.	Harassment from others living in the vicinity which cannot be resolved except through a move.

6.4 We now examine the available data mainly from the Census and local authorities' Housing Strategy Statistical Appendices (HSSA) in order to provide information to describe the degree of unsuitability affecting existing households using the CLG main categories of unsuitable housing listed above.

Providing evidence of unsuitable housing within CLG practice guidance main categories

6.5 Evidence has been collected from local authority and other sources to examine the extent of unsuitability in each of the main categories listed in Figure 72.

Homelessness or with insecure tenure

6.6 The number of homeless households has been obtained from the HSSA. This contains information on both the number of homeless households and those in temporary accommodation in housing need as at 31st March each year.

6.7 As 2008/09 HSSA results have not been released, the 2007/08 results have been used but adjusted, taking into account the trend over the last five HSSAs for homeless households in the East of England. From 2003/04 to 2007/08, the number of homeless households has reduced by an average of 11% a year. This is displayed in Figure 73.

Figure 73
Homeless households or insecure tenure (Source: 2007/08 HSSA extrapolated to present using five year trend for East of England)

	Homeless Households eligible for assistance, unintentionally homeless and in priority need	Homeless Households in temporary accommodation and in priority need.
Dacorum	54	20
Hertsmere	77	58
St Albans	120	74
Three Rivers	34	17
Watford	63	61
Welwyn Hatfield	106	102
LCB West	**454**	**332**

6.8 Groups with insecure tenure are likely to be accounted for in the homeless households' data above. To avoid double counting, a separate assessment for these groups has therefore not been carried out.

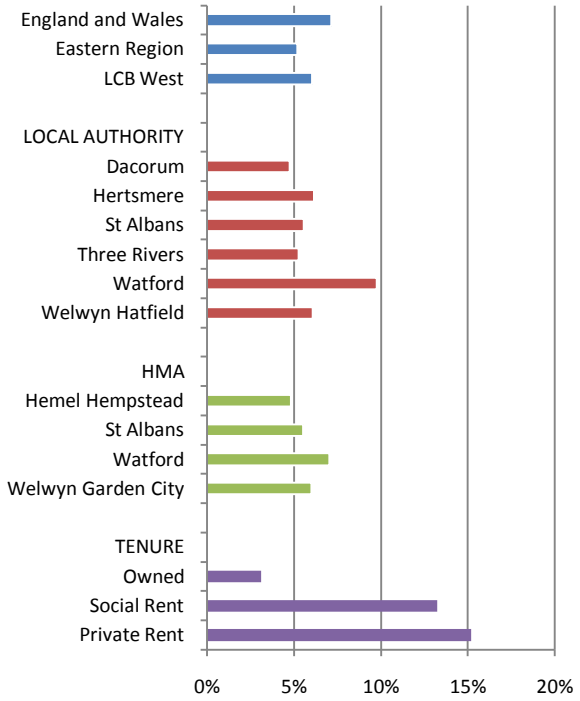
Mismatch of household and dwelling

Overcrowding

6.9 At the time of the census 2001, 6% of households across the sub-region lived in overcrowded conditions. The room occupancy rating featured in Figure 74 uses a complicated formula to assess whether a household is overcrowded. The method assumes that every household requires at least two common rooms excluding bathrooms. The number of bedrooms required is assumed to depend on the composition of the household. For example, the age and gender mix of any children is a major factor in deciding how many rooms the household should live in so as not to be overcrowded.

A separate bedroom is required for each married or cohabiting couple, for any person aged 21 or over, for each pair of adolescents aged 10-20 of the same sex and for each pair of children under 10. Any unpaired person aged 10-20 is paired, if possible with a child under 10, or if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10. This number of required bedrooms is then compared to the actual number of bedrooms. A household is considered overcrowded if it has one or more bedrooms less than the number required.

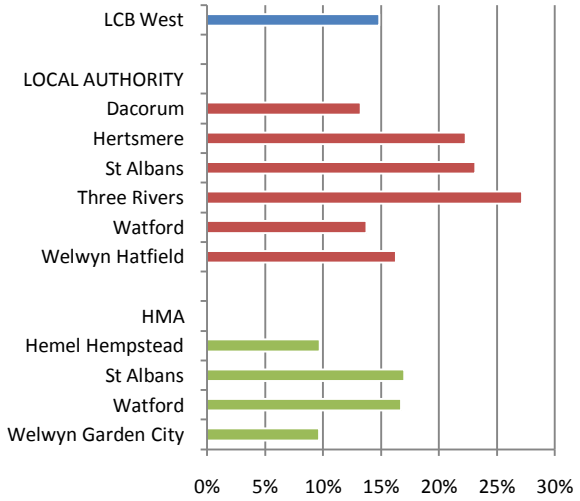
Figure 74
Proportion of Households Overcrowded by Local Authority Area, HMA and Tenure (Source: UK Census of Population 2001)



6.10 Figure 74 illustrates how the proportion varies between local authorities and by tenure. It is apparent that nearly 10% of households in Watford were overcrowded. Watford HMA also has the highest proportion of households that are overcrowded.

6.11 When considering the differences by tenure, only 3.1% of owner occupied dwellings were overcrowded compared to 13.2% of social rented and 15.2% of private rented dwellings.

Figure 75
Proportion of Social Renting Households Overcrowded by Local Authority and HMA (Source: UK Census of Population 2001)



6.12 Figure 75 illustrates how the proportion of social renting households in overcrowded dwellings varies between local authorities and housing market areas. 27% of households in Three Rivers were overcrowded while less than 15% of social rented households in Watford were overcrowded. Less than 10% of households in the social rented sector in both Hemel Hempstead and Welwyn Garden city were overcrowded.

6.13 The SHMA typically measures trends from the baseline of the 2001 Census. However the Census data is now over eight years old and could be considered outdated so a more up to date position has been estimated and compared to census 2001 findings.

6.14 Trends in the Survey of English Housing (SEH) have been used to determine whether the above proportions remain valid. For the East of England and over the period 2001 to 2007, the SEH indicates that overcrowding levels have generally remained steady at an average of 1.4% of all households within a range of 1 to 2%. As such, it is assumed that the proportions indicated in the 2001 Census remain similar today and the estimated number of overcrowded households within each Borough is shown in Figure 76 below.

Figure 76
Number of overcrowded households by Local Authority area (Source: UK Census of Population 2001, SEH, figures 18, 28, 31 and 32. Note figures may not sum due to rounding)

	Households (estimated as at 2007/8)	Number of overcrowded households	Proportion of overcrowded households estimated at 2007/8	Proportion according to the census
LCB West	265,387	15,221	6%	6%
LOCAL AUTHORITY				
Dacorum	58,151	2,642	5%	5%
Hertsmere	39,024	2,327	6%	6%
St Albans	54,937	2,922	6%	6%
Three Rivers	35,040	1,757	5%	5%
Watford	34,459	3,152	10%	10%
Welwyn Hatfield	43,776	2,421	6%	6%
	265,387	15,221		
TENURE				
Owned	191,078	5,677	3%	3%
Social Rent	50,424	6,191	13%	13%
Private Rent	23,885	3,353	15%	15%

6.15 The estimated number and proportion of overcrowded social rented households are displayed in Figure 77 which also compares estimates to the 2001 census.

Figure 77
Number of social renting households overcrowded by Local Authority area ((Source: UK Census of Population 2001, SEH Figure 18, 28, 31 and 32. (Note figures may not sum due to rounding))

	Social renting households (estimate as at 2007/2008)	Number of overcrowded social renting households	Estimated proportion of overcrowded to all social rented households	Proportion as at the Census 2001
LCB West	50,424	7,311	14%	15%
LOCAL AUTHORITY				
Dacorum	12,502	1,625	13%	13%
Hertsmere	6,244	1,374	22%	22%
St Albans	6,318	1,453	23%	23%
Three Rivers	4,906	1,325	27%	27%
Watford	5,513	717	13%	14%
Welwyn Hatfield	12,257	1,961	16%	16%

6.16 The above figures show that the proportion of households estimated to be overcrowded has not changed between 2001 and 2007/8.

Dwelling amenities and condition

Too difficult to maintain

6.17 We have been unable to estimate the number of households in housing that is too difficult to maintain through the secondary data sources available.

Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household

6.18 These groups are likely to be accounted for in the overcrowded housing section above through application of the bedroom standard. To avoid double counting, a separate assessment for these groups has therefore not been carried out.

Households containing people with mobility impairment or other specific needs who are living in unsuitable dwelling

6.19 The SEH contains annual statistics on the suitability of accommodation for persons with serious medical conditions or disabilities for all persons in England. The last survey found that 0.5% of the total population had a serious medical condition or disability and were not in suitable accommodation. Assuming these persons comprise one household or are part of a larger household, this percentage has been used to estimate the numbers shown in Figure 78 below.

Figure 78
Number of households containing a person with a serious medical condition or disability and are not in suitable housing (Source: Survey of English Households 2006/7)

Area	Households (estimate as at 2007/2008)	Estimated number of Households Containing a person with a serious medical condition or disability and housed in unsuitable accommodation
LCB West	265,387	1,327
LOCAL AUTHORITY		
Dacorum	58,151	291
Hertsmere	39,024	195
St Albans	54,937	275
Three Rivers	35,040	175
Watford	34,459	172
Welwyn Hatfield	43,776	219

Social needs

Harassment from others living in the vicinity, which cannot be resolved except through a move

6.20 We believe that the most serious cases will be part of the homelessness data.

Conclusion

6.21 Whilst we do not doubt that disrepair issues are a serious matter for households it does not impact on housing requirements to any significant extent and related practice guidance classifications are not pursued further. The factors with implications for housing requirements are homelessness and

overcrowding. Because of the lack of a comprehensive picture of unsuitable housing in all of its components ORS has developed a model to estimate the spatial distribution of unsuitable housing.

Modelling and mapping unsuitable housing

6.22 Secondary data sources such as those featured above do not contain sufficient information on the characteristics of households to allow a direct measure of how many households are unsuitably housed in any given area. The Index of Multiple Deprivation (IMD) can be used to predict concentrations of unsuitable housing, however, ORS has developed a model to predict levels of unsuitability at census area output level. This is the only reliable way that SHMA Practice Guidance core output 4 – estimating the number of households in housing need can reliably be achieved using secondary data. Firstly we consider information from the IMD before considering the ORS housing unsuitability model. The required core output is contained in Figure 83 below.

Index of Multiple Deprivation

6.23 Deprivation can be strongly linked to poor health, poor housing conditions and poor local environments. Many of the characteristics of an area can be aggregated to generate an overall picture of its relative wellbeing. This is known as the Index of Multiple Deprivation (IMD), and the 2004-based figures are shown in Figure 79 with the 2007-based figures shown overleaf in Figure 80.

6.24 Darker colours on the maps are associated with higher levels of deprivation and the boundaries are lower super output areas. It should be noted that the map shows relative deprivation within the sub-region, rather than how deprivation in the sub-region compares to the rest of England. Therefore, areas in the highest quintile on the maps are the most deprived areas in the sub-region and are not necessarily amongst the most deprived areas of England.

Figure 79
Index of Multiple Deprivation 2004 (Source: CLG. Note: Data shown at lower level super output area. Higher levels of deprivation shown in darker shading)

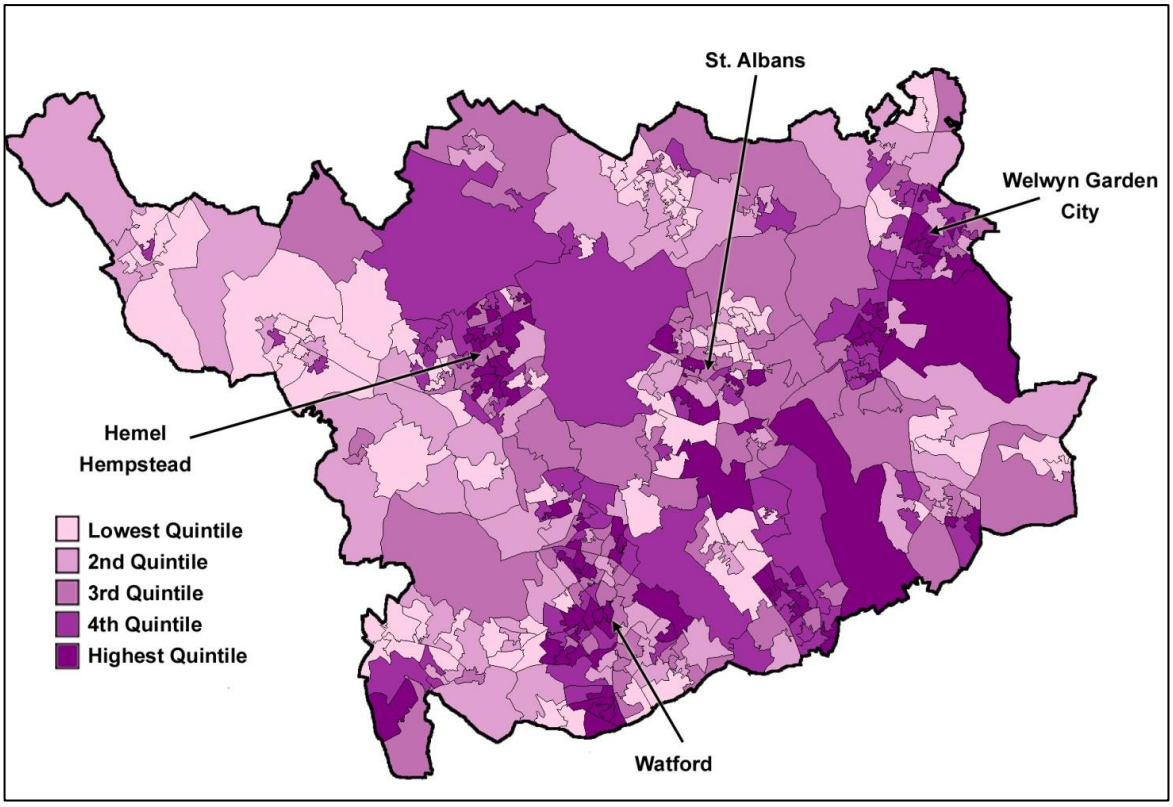
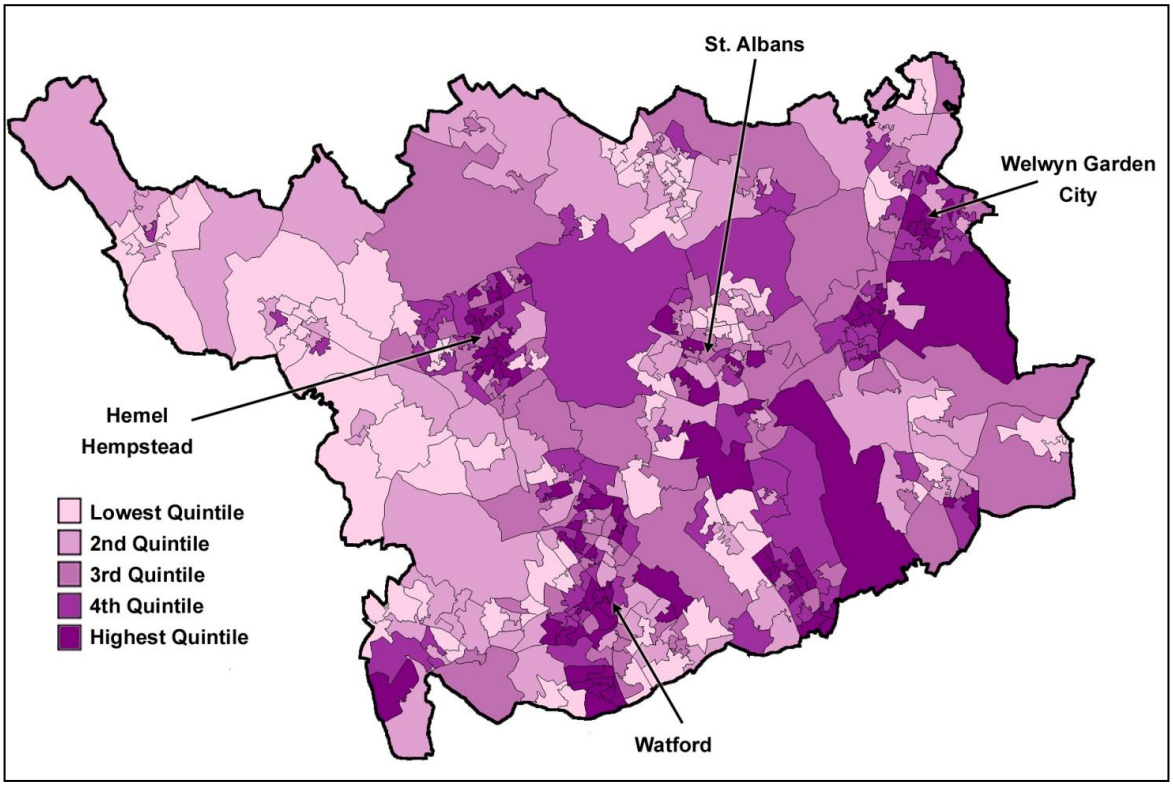


Figure 80
Index of Multiple Deprivation 2007 (Source: CLG. Note: Data shown at lower level super output area. Higher levels of deprivation shown in darker shading)



6.25 The maps show the areas with the highest levels of deprivation in the sub-region are associated with the centres of the major towns. This mirrors the areas with lower household incomes shown in the

section regarding the local economy). South Oxhey (south of Watford) also has a notably high level of deprivation attributable to its origins in providing housing for greater London rather than being a town centre location.

6.26 The maps show that many areas in the centres of Hemel Hempstead, Watford, Hatfield and Welwyn Garden City are associated with the highest levels of deprivation to be found in the sub-region. It should also be noted that when compared to the rest of England and Wales the levels of deprivation in London Commuter Belt (West) are low with most areas in the lowest quartile of deprivation relative to the rest of the country.

Assessing established households in unsuitable housing using modelling

6.27 Local authorities typically estimate their requirement for affordable housing due to unsuitable housing by means of a housing needs assessment or use their housing register points or banding systems to assess a household's housing need. ORS uses a different method that does not distinguish between categories of unsuitability. This is called the ORS unsuitably housed model. It should not be confused with the ORS Housing Mix Model that is introduced in the next section.

6.28 The advantages of the ORS model over other methods is that:

- the model provides outputs at a smaller spatial level than could economically be achieved by a household survey; and
- it is less reliant upon a household's self assessment of unsuitability.

6.29 ORS has developed a model which forecasts unsuitably housed households at Census Output Area level. The model is based upon the evidence of 20,000 primary data surveys conducted across a wide range of urban and rural areas across England over the last three years. Household data was collected between 2005 and 2008 by ORS as part of housing requirement studies in Milton Keynes, Broadland, Norwich South Norfolk, Carrick, Kerrier, Penwith, Restormel, East Devon, Exeter, Mid Devon, Teignbridge, Torbay, Lewisham, Bradford, Suffolk Coastal, Redbridge and Bristol. The evidence from within these studies was then linked to secondary data sources to find secondary data which could be used to predict where unsuitably housed households will arise. The same secondary data sources are then used to forecast the level of unsuitably housed in the area under consideration.

6.30 The variables which are used to predict the level of households who are unsuitably housed in Figure 83, are:

- income – postcode level data drawn from CACI Paycheck (2006/7);
- average house prices – from property level data from HM Land Registry (2007/8);
- relative house prices – output area average relative to borough average;
- Index of Multiple Deprivation scores (2007) for Lower Super Output Areas;
- DEFRA geography category for the COA – Urban, Town and Fringe, Village or Hamlet;
- household types – from UK Census of Population (2001);
- overcrowding – from UK Census of Population (2001);
- household type – from UK Census of Population (2001);
- ethnic composition – from UK Census of Population (2001);

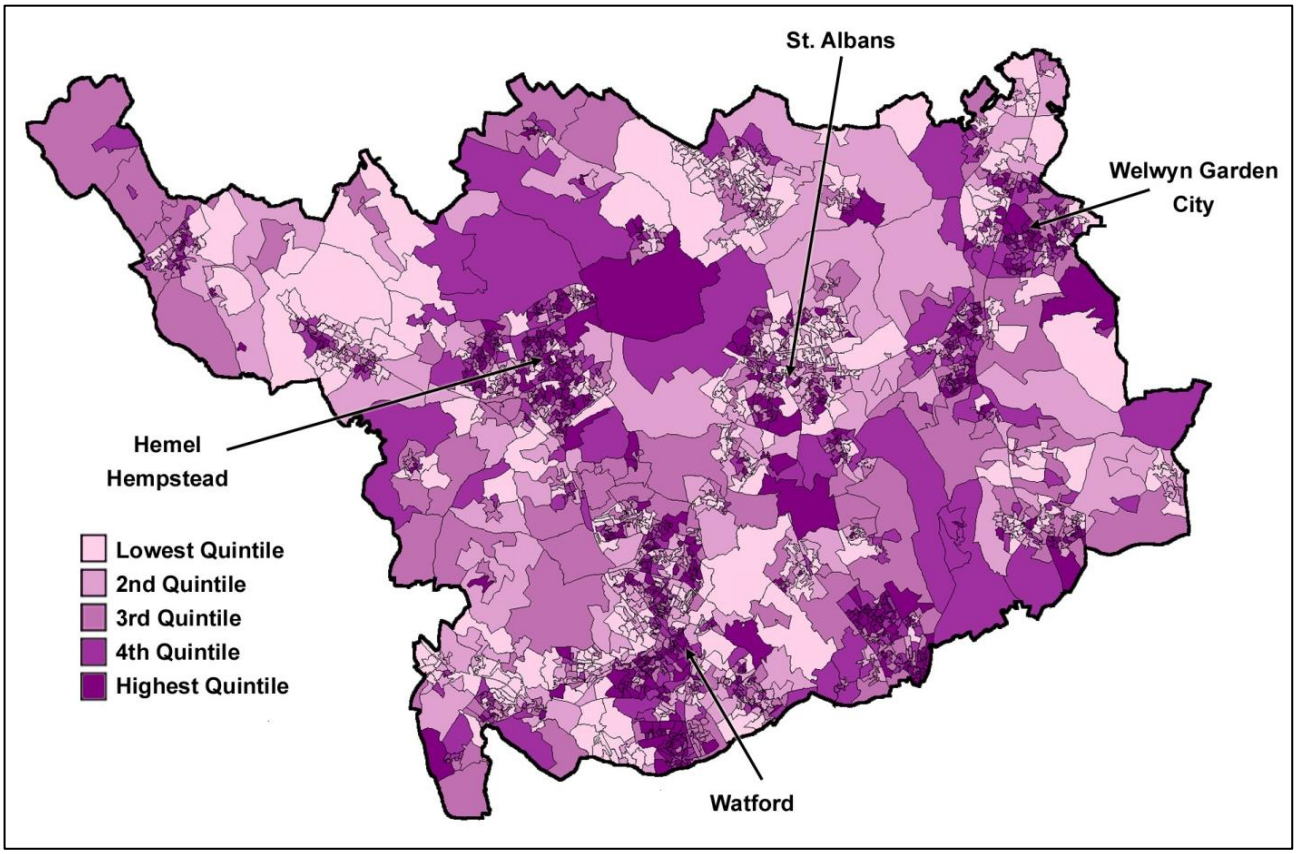
- tenure – from UK Census of Population (2001); and
- population density – persons per hectare from UK Census of Population (2001).

6.31 Figure 81 shows the outputs of the ORS unsuitably housed model results for LCB (West) local authorities. Figure 82 shows model results at output area level. This shows a similar pattern to that observed for IMD 2007 with much of the predicted areas of unsuitable housing being in urban areas. Across the whole of LCB (West), 12.6% of households are predicted to be unsuitably housed.

Figure 81
Unsuitably Housed Households by Local Authority 2008 (Source: ORS Unsuitably Housed Model)

Local Authority	% of households unsuitably housed	Number of households unsuitably housed
Dacorum	12.9	7,500
Hertsmere	13.9	5,400
St Albans	10.1	5,500
Three Rivers	12.1	4,200
Watford	14.7	4,900
Welwyn Hatfield	13.0	5,600
LCB (West)	**12.6%**	**33,000**

Figure 82
Modelled Unsuitably Housed by Output Area 2008 (Source: ORS Unsuitably Housed Model)



Households in unsuitable housing and the need for additional affordable housing

6.32 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.

6.33 Whilst in practice it is important to resolve the housing needs of individual households, a strategic analysis is primarily concerned with addressing overall housing need. In this context, it is particularly relevant to consider housing suitability issues concerned directly with the dwelling stock, such as major disrepair or unfitness. Resolving such individual household needs (through enabling a move to alternative housing) will not reduce the overall level of housing need because the vacancy that arises will inevitably, over time, be occupied by another household, who will once again be in housing need. In such cases, it is investment in the existing stock, or in extreme cases, clearance and redevelopment, that is required to reduce the numbers unsuitably housed.

6.34 Where a move is appropriate and required to resolve a housing problem, some households may need to move to homes outside the area, for example, those moving for care or support. Others will choose to move further afield for other reasons. Where unsuitably accommodated households are likely to willingly leave the area, 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 area will add to the total requirement.

6.35 The same estimation techniques which were used to predict the percentage of households who are unsuitably housed can also be used to model the percentage of households who are in housing need. Again evidence is drawn from matching secondary sources to observed cases of households who are in housing need and households who are not in housing need. The evidence from this exercise is then applied to each Census Output area in the LCB (West) sub-region to provide a prediction for the share of households in housing need. It should be noted that these figures provide an estimate of the number of households who are unsuitably housed and who require to move, but cannot afford to meet their own housing costs.

Figure 83
Household in Housing Need by Local Authority 2008 (Source: ORS Housing Needs Model)

Local Authority	% of households in housing need	Number of households in housing need
Dacorum	1.50%	850
Hertsmere	1.95%	750
St Albans	1.72%	950
Three Rivers	2.05%	700
Watford	1.66%	550
Welwyn Hatfield	1.95%	850
LCB West	**1.78%**	**4,700**

6.36 Figure 83 shows the results of this exercise for LCB (West) sub-region. Due to the application of the in-situ solutions, migration outside the area and affordability tests, a household in housing need is a much rarer event than being unsuitably housed. Whereas 33,000 households where assessed as being unsuitably housed in their current home, across the whole of LCB (West) sub-region it is projected that 1.78% of households will be in housing need, which amounts to around 4,700 households. Therefore, 4,700 households are estimated to be unsuitably housed, need to move home and not be able to afford to meet their own housing costs.

Summary of Key Points

- Housing need is defined as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance' and therefore it is necessary to consider the suitability of households' current housing circumstances.
- Households are considered to be unsuitably housed if they fall into one or more of four categories (detailed above) and needs are not prioritised.
- When compared to other areas in England and Wales, deprivation in LCB (West) is low with most areas in the lowest quartile for deprivation relative to the rest of the country.
- In 2001 6% of households in the sub-region lived in overcrowded conditions, with this being as high as 10% in Watford.
- Only 3.1% of owner occupied dwellings were overcrowded, although as much as 13.2% of social rented and 15.2% of private rented dwellings were overcrowded. Social rented dwellings in Three Rivers are most likely to be overcrowded (27%) whereas less than 10% of social rent dwellings in Hemel Hempstead and Welwyn Garden City are overcrowded.
- Sometimes, households may have to move if their current dwelling is unsuitable, although moving from one property to another does not necessarily mean additional homes are needed. Similarly, sometimes an in-situ solution may be more appropriate. Some additional dwellings will be needed to house households with particular characteristics or to house households currently in temporary accommodation.
- The Index of Multiple Deprivation (IMD) is an aggregation of many characteristics to generate an overall picture of the relative wellbeing of an area. The areas with the highest levels of deprivation in the sub-region are associated with the centres of the major towns, such as Hemel Hempstead, Watford, Hatfield and Welwyn Garden City.
- ORS has developed a model which forecasts unsuitably housed households at Census Output Area level, the results of which show a similar pattern to that observed for IMD (2007), with much of the predicted areas of unsuitable housing being in urban areas. 12.6% of households across the LCB (West) sub-region are predicted to be unsuitably housed.
- Across the whole of LCB (West) sub-region it is predicted that 1.78% of households will be in housing need, which amounts to around 4,700 households.

Section 7: The ORS Housing Mix Model

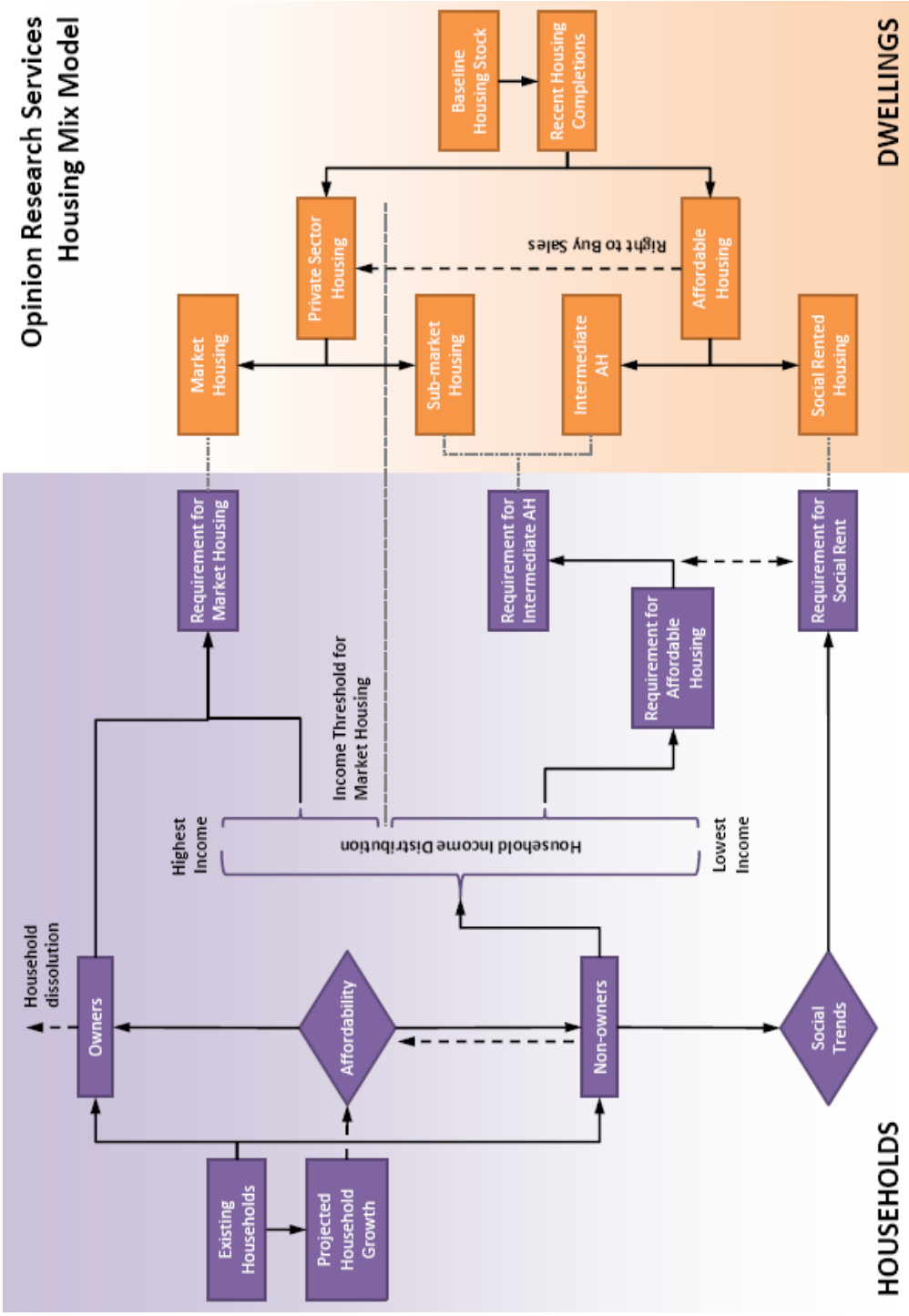
7.1 This section summarises the ORS Housing Mix Model. A fuller technical report of the methodology employed is appended.

7.2 The Model is based exclusively on secondary data from a wide range of sources. It has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

7.3 It builds on existing household projections to effectively profile how the housing stock will need to change in order to accommodate the projected future population. Assumptions on changes in affordability and the projected relationship between future housing costs and household income are readily updateable and are easily fed into the model to enable effective sensitivity testing to be undertaken.

7.4 The Model considers both housing need and overall housing requirements on a longer-term basis, providing robust and credible evidence about the required mix of housing over the planning period and understanding how key housing market drivers, such as affordability, will impact on the appropriate housing mix.

Figure 84
Flowchart of the ORS housing mix model (©ORS)



7.5 Figure 84 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the model interact.

- the left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements; and
- The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.

7.6 The Model considers the projected household population alongside the existing dwelling stock in order to establish the necessary balance between market housing and affordable housing in relation to the additional dwellings to be provided. For affordable housing the balance between intermediate affordable housing and social rented housing is estimated.

7.7 The first stage of the model starts by separating households into two groups, owners and non owners on the basis of baseline information about existing households from the 2001 Census.

7.8 Household projections do not typically provide information about changing tenure patterns so the model estimates the number of households likely to become owners and non-owners on the basis of an affordability assessment. The affordability assessment considers both the likely affordability of newly forming households and the changing affordability patterns of existing households.

7.9 The model also takes account of the dissolution of households that are existing owner occupiers that is projected to occur over the household projection period. This is based on Government Actuaries Department survival rates and 2001 Census data on the tenure mix for older households. This enables the loss of owner occupiers to be offset against any new owners identified through the affordability analysis.

7.10 The outcome is to establish the number of households who are owners and non-owners at each stage of the household projection.

7.11 In developing the Housing Mix Model, ORS recognised the need for local level data about household incomes and secured a licence to use the CACI Paycheck data within the model. This dataset provides information at postcode level, detailing the mean and median income for the area and also the number of households in each £5,000 income band. ORS has compared this distribution to that obtained using ORS collected household survey data and has found that the results from the CACI model tend to under-estimate the proportion of households in the lower income bands. ORS has developed and applied a tool that improves the accuracy of the distribution of local household incomes.

7.12 ORS has developed an Income Model to identify the income distribution of owners and non-owners to directly inform the Housing Mix Model affordability profiling.

7.13 By taking information from the Land Registry transaction database, it is possible to profile the distribution of purchase prices for transactions over time across a given area. Combining the Land Registry data with information from the 2001 Census on the balance between owner occupiers and private renters, specific to the location and property type of each sale, the model establishes the likelihood of the transaction being a property that will be occupied by the purchaser or let privately.

7.14 The Housing Mix Model considers housing cost distribution profiles for both owned and privately rented housing in order to establish the distribution of incomes required to access all market housing. This profile is considered alongside the income distribution profile for non-owners. The household income threshold for market housing is set at the lowest level where there is sufficient market housing available. If there is less market housing available than households can afford, 'affordable' housing will be required to address the shortfall and therefore the threshold price for market housing must be set above this level.

7.15 Once the income threshold for market housing has been established, the Housing Mix Model estimates the number of households who are non-owners that can afford market housing. Combining

this with the projected number of owner occupiers estimates the total number of households requiring market housing within the area.

7.16 The requirement for affordable housing is estimated by subtracting the total number of households requiring market housing from the overall household projections.

7.17 The Housing Mix Model considers the need for social rented housing on the basis of social trends. The social trends for each household type, for example, single person or single parent households, are then applied to the household projection data to establish the level of social rented requirement for future years for each type of household. The model establishes a total requirement for social rented housing.

7.18 The requirement for intermediate affordable housing is estimated by offsetting the total number of households requiring social rented housing from the projected number of households requiring affordable housing overall.

7.19 To establish the current housing stock profile, the Model considers the baseline housing stock from the 2001 Census broken down by tenure. It supplements this information with data on housing completions broken down by tenure reported in local authority annual monitoring reports. The Housing Mix Model also considers data on losses from the affordable housing stock based on right-to-buy sales, and projects the likely future losses from stock on the basis of trends in sales since the recent change in legislation.

7.20 The Housing Mix Model considers the future requirement for market housing alongside the current stock of market housing and establishes the net additional dwellings that are required as market housing.

7.21 The future requirement for intermediate affordable housing is considered alongside the stock of existing intermediate affordable housing and the stock of sub-market housing, which is affordable to households on incomes below the income threshold for market housing, to establish the net additional dwellings that are required to be provided as intermediate affordable housing.

7.22 The future requirement for social rented housing is considered alongside the stock of existing social rented housing to establish the net additional dwellings that are required to be provided as social rented housing.

7.23 The Housing Mix Model considers the size and tenure of housing that was occupied by different household types recorded by the 2001 Census. The Model recognises that many households under-occupy their homes, choosing to live in larger properties than they need on the basis of the bedroom standard set out in the Housing Act. However, housing allocation policies mean that new social tenants are less likely to under-occupy their homes.

7.24 A trend-based occupancy profile is applied to the projected household mix of households in each housing tenure to establish an overall size mix of future housing requirements. This is then set alongside information about the existing housing stock to establish the net additional dwellings that are required by size and tenure.

Section 8: Profiling Affordability

Introduction

8.1 This section examines house purchase and rental prices and how they have changed over time. In general terms it explores the affordability of housing based on average prices. It examines the difference in average prices between brand new and second hand housing and the volume of transactions in the market sector. The chapter concludes by defining the thresholds between social rented and market housing, both for sale and rent and the incomes required to service these costs. This allows us to define the income level required for intermediate affordable housing to be an option.

Figure 85
Average Property Prices (third quarter 2008) (HM Land Registry)

	Detached	Semi-detached	Terraced	Flat/ maisonette
Dacorum	£529,423	£330,750	£237,382	£166,810
Hertsmere	£609,687	£338,159	£286,126	£224,041
St Albans	£653,420	£379,989	£312,720	£219,423
Three Rivers	£578,574	£308,637	£290,103	£233,656
Watford	£499,964	£278,952	£222,643	£180,116
Welwyn Hatfield	£508,100	£303,400	£215,100	£171,300
East of England	£346,300	£241,000	£180,400	£152,200
England & Wales	£345,400	£196,300	£177,700	£198,900

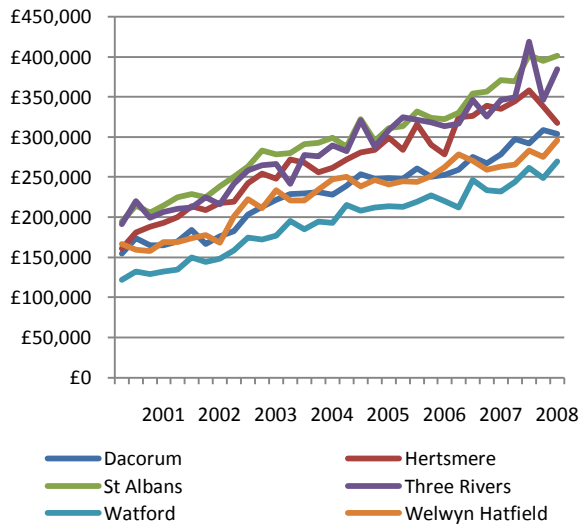
Local House Price Trends

Market housing for sale

8.2 Many parts of the LCB (West) sub-region offer premium market housing and are regarded by many as attractive places to live and work. House prices are significantly higher than national and regional averages (Figure 85).

8.3 Figure 86 shows the average house prices of housing for sale in each local authority area within the London Commuter Belt (West) sub-region. Excluded from these data are "right to buy" properties purchased at discount.

Figure 86
Average Price of Properties Sold by Local Authority: Q2 2000-Q3 2008 (Source: HM Land Registry))



8.4 Between 2000 and 2008, the average property price in London Commuter Belt (West) rose by 93%. The average property price in Dacorum rose by 96%, in Hertsmere by 105%, in St Albans by 95%, in Three Rivers by 84%, in Watford by 93% and in Welwyn Hatfield by 73%.

8.5 Average property price data for an area only provides a limited amount of information about a local housing market. The overall picture of the housing market is much more dependent upon the volume of transactions, the range of property prices which are to be found in it and how these relate to incomes in the area. The housing market of any area is also dependent upon other key national and global factors such as interest rates, inflation, tax changes and more recently, the affects of the credit crunch, which are considered separately in following chapters.

8.6 Figure 86 above shows the volatility of house prices over time and how there was some reaction to the beginning of credit crunch at Q3 2008 in Hertsmere and St Albans.

8.7 The relationship between local house prices and local earnings is clearly an important comparator. Figure 87 shows how median property prices in the sub-area compare to median workplace full time earnings.

Figure 87
Ratio of median house price to median workplace full time individual earnings by local authority compared to national and Hertfordshire averages (Source: CLG: table 577, housing research, housing statistics)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
England	3.54	3.67	3.86	4.21	4.47	5.07	5.83	6.58	6.81	6.91	7.26	6.94
Hertfordshire	4.34	4.71	4.92	5.81	5.94	6.58	7.64	8.18	8.16	8.41	9.09	8.94
Dacorum	4.28	4.72	5.00	5.86	5.77	6.02	7.19	7.78	8.27	8.00	8.19	8.87
Hertsmere	5.01	5.22	5.74	6.39	6.96	7.36	9.89	8.99	10.30	10.17	10.64	10.49
St. Albans	5.81	6.66	6.66	8.69	8.88	9.30	10.37	10.75	11.05	11.46	12.45	12.07
Three Rivers	5.07	4.99	5.15	6.39	6.46	6.47	6.56	7.82	7.55	7.24	8.23	9.08
Watford	3.16	3.70	3.95	4.68	5.05	6.13	7.40	7.68	7.26	7.60	9.41	8.67
Welwyn Hatfield	4.22	4.50	4.50	5.13	5.27	5.69	6.97	7.84	6.94	8.07	7.49	7.97

8.8 In 1997 the median price of property in Watford was around 3.2 times the median earnings of someone working full-time in the area. By 2007 this had risen to around 9.4 times the median full-time earnings. In St Albans, the ratio was around 5.8 in 1997, rising to just under 12.5 in 2007, (Figure 87).

8.9 Figure 87 only shows part of the picture because a household's capacity to borrow is only one of the elements that determine affordability. Other factors include the number of earners within a household, the presence of savings or equity and debt. Also, households may not earn a median income or seek to purchase an average price home.

8.10 The relationship between house prices and earnings is particularly relevant for households with little equity as they often rely more on their income to support their capacity to borrow. An examination of the ratio of lower quartile house prices to lower quartile earnings as another measure of affordability shows that over the last eleven years (1997 – 2008), affordability has increasingly become an issue for lower-earning households (Figure 88).

Figure 88
Ratio of lower quartile house prices to lower quartile earnings by local authority compared to national and Hertfordshire averages (Source: CLG: table 576, housing research, housing statistics)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
England	3.65	3.65	3.84	3.98	4.22	4.72	5.23	6.27	6.82	7.12	7.25	6.98
Hertfordshire	4.48	4.90	5.28	5.99	6.40	7.63	8.39	9.07	9.47	9.39	10.00	10.08
Dacorum	4.59	5.14	5.48	6.05	6.45	7.38	8.57	9.15	9.21	9.02	9.52	9.15
Hertsmere	5.35	5.38	5.95	6.83	7.64	8.97	11.98	10.39	12.78	12.11	13.20	12.36
St. Albans	5.93	6.52	7.59	8.05	8.33	9.60	10.44	11.38	12.42	12.09	13.43	12.78
Three Rivers	6.07	5.70	6.32	6.98	6.97	7.69	7.71	8.30	7.78	7.81	9.43	9.63
Watford	3.89	4.39	4.51	5.79	6.41	7.62	7.89	9.24	9.35	9.08	11.69	10.15
Welwyn Hatfield	4.87	4.82	5.42	5.75	6.33	6.95	8.03	8.64	8.81	9.86	8.87	9.52

8.11 Affordability is marginally better for median earners compared to the median property prices. However, even these ratios show that affordability issues are generally more pronounced in the LCB (West) sub-region than across the East of England.

8.12 It is also useful to explore the volume and composition of sales, as this can reveal more about the dynamics of the housing market in an area. Figure 89 shows new and second-hand average prices and volumes for new and second hand dwellings.

Figure 89
Average Price of Properties Sold by age and type: Q2 2007-Q3 2008 **across the LCB (West).** (Source: HM Land Registry)

Property Type	Average Second hand Value £	Average New build Value £	Second hand Transactions	New build Transactions	New Build Premium
Detached	640,809	802,508	2386	52	25%
Flat	190,159	250,268	3460	645	31%
Semi	332,159	405,244	3180	52	22%
Terrace	254,643	406,115	4347	132	59%

8.13 Figure 89 shows that in 2007/8 there was, on average, a significant price difference between new and second hand housing for sale particularly in relation to terraced housing. There were significantly more transactions of terraced houses than other property types amongst second hand than new build housing. There are between 5 and 60 times more transactions of second hand homes to new homes

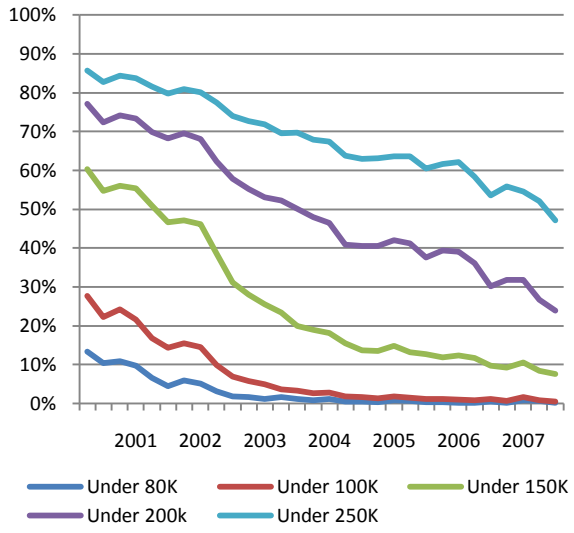
8.14 Figure 90 illustrates the small and diminishing proportion of lower priced properties coming to the market in the London Commuter Belt (West). Whilst in the second quarter of 2000 over 25% of all completed property sales were priced at less than £100,000, this proportion fell to below 5% from 2004 onwards.

8.15 £100,000 is around the maximum mortgage which is likely to be available to single first-time buyers with incomes of around £25,000-£30,000. It is apparent that the affordability of housing for sale for this group of workers has declined sharply. Conversely, the number of dwellings selling for over £200,000 rose from just over 20% of all sales to around 75% over the period Q2 2000-Q3 2007.

8.16 Figure 91 shows the volume of annual property sales since 2001. The number of completed sales peaked at over 16,000 in 2002. There was a slightly smaller peak over the 12 month period from late

2003 to early 2004, but after this time, the number of sales declined to around 12,000 transactions in the year to mid 2005, which coincided with a levelling off of property prices. The slowdown in the number of completed sales may reflect a lessening of demand in the housing market, with potential buyers thinking the market was over-priced. However, this proved to be a temporary pause and both prices and transactions increased in 2006, continuing to do so into 2007. However, during late 2008 there was a dramatic fall in transactions due largely to the shortage of mortgages caused by the credit crunch and the banking crisis.

Figure 90
Percentage of Houses Sold for Less Than Key Price Bands in LCB (West): Q2 2000-Q3 2007 (Source: HM Land Registry)



8.17 Figure 92 shows the distribution of all property transactions in London Commuter Belt (West) registered with the Land Registry for the period September 2006 to August 2007 broken down by price band. There were just over 15,000 transactions in the period. The largest volume of sales took place in the £225,000-249,999 band. This will be a reflection of the type of stock coming to the market in the sub-area, the demand for this stock in this price range and the influence of the increasing rate of stamp duty levied on sales above £250,000. 11.5% of all sales were over £500,000, reflecting the very high house prices in areas such as St. Albans and Hertsmere.

Figure 91
Number of Properties Sold in LCB (West): Q2 2000-Q3 2007
(Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)

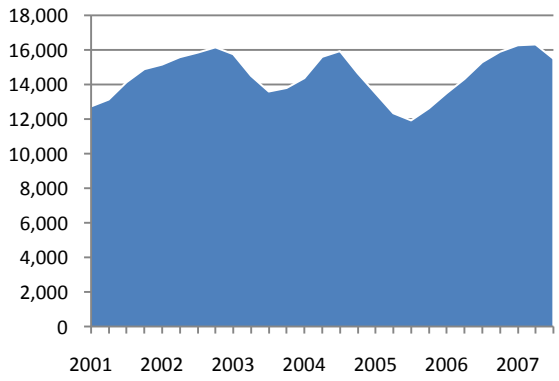
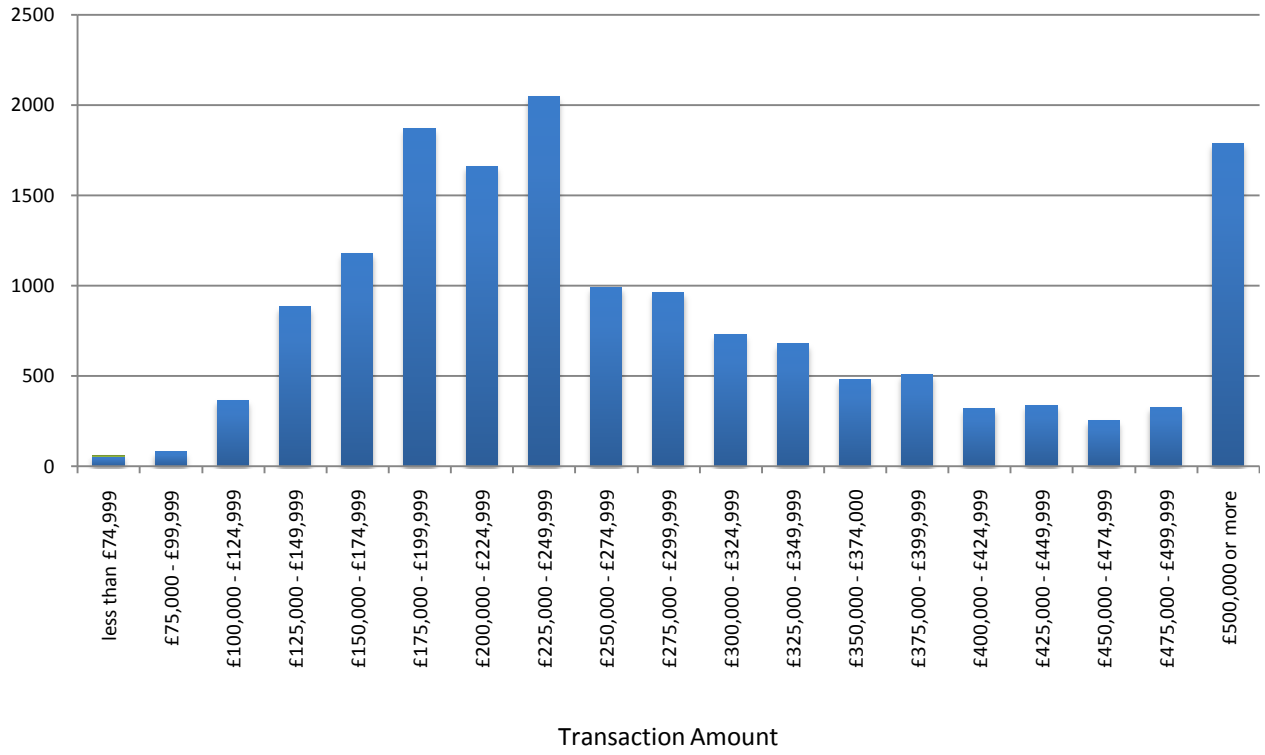


Figure 92
Volume of Property Sale Transactions in price bands for London Commuter Belt (West) 2006-07 (Source: HM Land Registry, All Transactions from September 2005 to August 2007)



8.18 The data table feeding the above chart is noteworthy because it provides a cumulative picture.

Price band	Number	Cumulative	Cumulative %
less than £74,999	54	54	0.35
£75,000 - £99,999	80	134	0.86
£100,000 - £124,999	366	500	3.22
£125,000 - £149,999	883	1,383	8.92
£150,000 - £174,999	1,178	2,561	16.51
£175,000 - £199,999	1,871	4,432	28.58
£200,000 - £224,999	1,659	6,091	39.27
£225,000 - £249,999	2,048	8,139	52.48
£250,000 - £274,999	988	9,127	58.85
£275,000 - £299,999	960	10,087	65.04
£300,000 - £324,999	730	10,817	69.75
£325,000 - £349,999	678	11,495	74.12
£350,000 - £374,000	482	11,977	77.23
£375,000 - £399,999	509	12,486	80.51
£400,000 - £424,999	319	12,805	82.56
£425,000 - £449,999	337	13,142	84.74
£450,000 - £474,999	254	13,396	86.38
£475,000 - £499,999	327	13,723	88.48
£500,000 or more	1,786	15,509	100.00

8.19 It is apparent that there were very few transactions (8.9%) for less than £125,000 which is the upper limit of the zero rated stamp duty band at the time. The zero rated stamp duty threshold was raised to £175,000 on 3/8/2008 and remained at this temporary level until dropping to £125,000 once again from 1/1/10. 16.5% of properties sold for less than £175,000. The range of prices observed is also dependent upon the type of stock that is sold in any one period, so if, for example, one year a large number of smaller flats were sold, the transaction amount would reflect this. It has to be noted that at least some of these properties at the extreme end of the scale will be small, badly located or subject to disrepair and may require a significant amount of investment to bring them up to an appropriate standard.

8.20 This data reflects a time when the market was at its peak. The housing market changed dramatically the following year when supply, demand and prices all fell significantly. This report takes a long term view of the housing market so later analysis considers a number of price related scenarios as the rate of recovery of the housing market is uncertain.

Further Information: Market housing for rent

8.21 Figure 93 provides a range of average market rents by each local authority area as at August 2009.

Figure 93
Average advertised cost of private renting pcm in LCB (West) (Source: Rightmove August 2009)

Local Authority Area	1 bed flat (£)	2 bed flat (£)	3 bed house (£)	4 bed house (£)
Dacorum	620	821	935	1,564
Hertsmere	690	898	1,171	1,568
St. Albans	738	902	1,357	1,610
Three Rivers	752	982	1,434	1,713
Watford	632	856	1,045	1,779
Welwyn Hatfield	632	810	947	1,059
Average	**677**	**870**	**1,177**	**1,400**

8.22 Based on the above data, and assuming that a household pays no more than the CLG guide of 25% of gross income on housing costs in the rented sector, the following household income levels would be required to service the average rents:

- £32,496 to afford the average cost of a 1 bed flat;
- £41,760 to afford the average cost of a 2 bed flat;
- £56,496 to afford the average cost of a 3 bed house; and
- £67,200 to afford the average cost of a 4 bed house in the LCB (West).

8.23 Hometrack data for June 2009, produced by St Albans City and District Council under license with Hometrack, indicates slightly lower median rents for advertised private sector rental properties across the LCB (West) sub-region. Based on this data and again assuming that a household pays no more than the CLG guide of 25% of gross income on housing costs a household would need the following income levels to service the rent:

- £30,888 to afford the average cost of a 1 bed property;

- £40,394 to afford the average cost of a 2 bed property; and
- £50,066 to afford the average cost of a 3 bed property.

Social Rented housing

8.24 To complete the review of the rented stock, we should also consider the cost of renting in the social sector, by local authority stock and RSL stock. Unlike market housing, rents in the social sector are controlled and locally set in line with the national Target Rent methodology. Average rents are given below in Figure 94 and Figure 95.

Figure 94 **Historic Average Weekly local authority rents in the LCB (West)** £ per week (Source: CLG live table 702. Note: LSVT = Large scale voluntary transfer, MYT = Mid-year transfer of stock)

Local Authority Area	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Dacorum	50.12	52.79	52.79	58.74	62.27	65.57	68.87
Hertsmere	LSVT	LSVT	LSVT	LSVT	LSVT	LSVT	LSVT
St. Albans	53.41	57.44	59.22	61.90	65.15	68.47	73.34
Three Rivers	55.73	59.34	60.52	63.28	66.19	69.49	MYT
Watford	54.12	56.32	57.54	60.70	63.86	66.14	MYT
Welwyn Hatfield	49.93	52.27	55.13	58.60	62.17	65.33	68.61
Average	52.66	55.63	57.04	60.64	63.93	67.00	70.27

Figure 95
Historic Average weekly RSL rents in the LCB West, £ per week (Source: CLG live table 704)

Local Authority Area	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Dacorum	61.17	64.23	66.49	69.06	73.88	77.42	80.71
Hertsmere	56.26	59.12	60.57	64.19	71.88	73.75	79.71
St. Albans	61.76	63.57	65.63	68.18	74.12	78.57	81.82
Three Rivers	64.85	67.07	68.89	70.58	80.36	82.80	85.63
Watford	60.82	68.23	68.50	70.11	75.35	78.96	81.02
Welwyn Hatfield	58.26	60.47	63.48	66.30	72.82	75.18	77.83
Average	60.52	63.78	65.59	68.07	74.74	77.78	81.12

Measuring the affordability of housing

8.25 For mortgage borrowing, CLG Practice Guidance states that it is reasonable to assume that a single earner will borrow up to 3.5x his/her gross income, with two income households borrowing no more than 2.9x their joint income.

8.26 The Council of Mortgage Lenders report of June 29 (2009) stated that the average loan to value (LTV) for a first time buyer is currently at 75% (down from 87% in June 2008) with an average income multiple of 3.08 (down from 3.33 in June 2008). Note that the average income includes all allowable income not solely earnings. For home movers, the average loan to value in June 2009 stood at 69% (down from 72% in June 2008) and the average income multiple stood at 2.76 (compared to 2.94 in June 2008). These are national figures that indicate a tightening of lending trends to more sensible

and sustainable levels compared to the pre-credit crunch era when some institutions were reported as lending in excess of 100% LTV or up to 5 times income multiples.

8.27 For rental payments, CLG Guidance considers that households should contribute no more than 25% of their gross income toward rental payments.

8.28 On the basis of households spending no more than 25% of their gross income on housing costs (rented), in 2007/08, a gross annual income of £14,616 would be required to pay the average RSL target rent for a 1 bedroom dwellings across LCB (West). These figures are based on target rents set by the Housing Corporation for the year 2007/08.

8.29 On the basis of households spending no more than 25% of their gross income on housing costs (rented), in 2007/08, a gross annual income of £16,873 would be required to pay the average cost of RSL rent across the LCB (West).

8.30 RSL target rents for 2007/8 were obtained from the (then) Housing Corporation website by property size. The following incomes required are based upon 25% of the annual target rent for each property size. Generally across the LCB (West), households would require the following income levels to service rent of the following social rented homes;

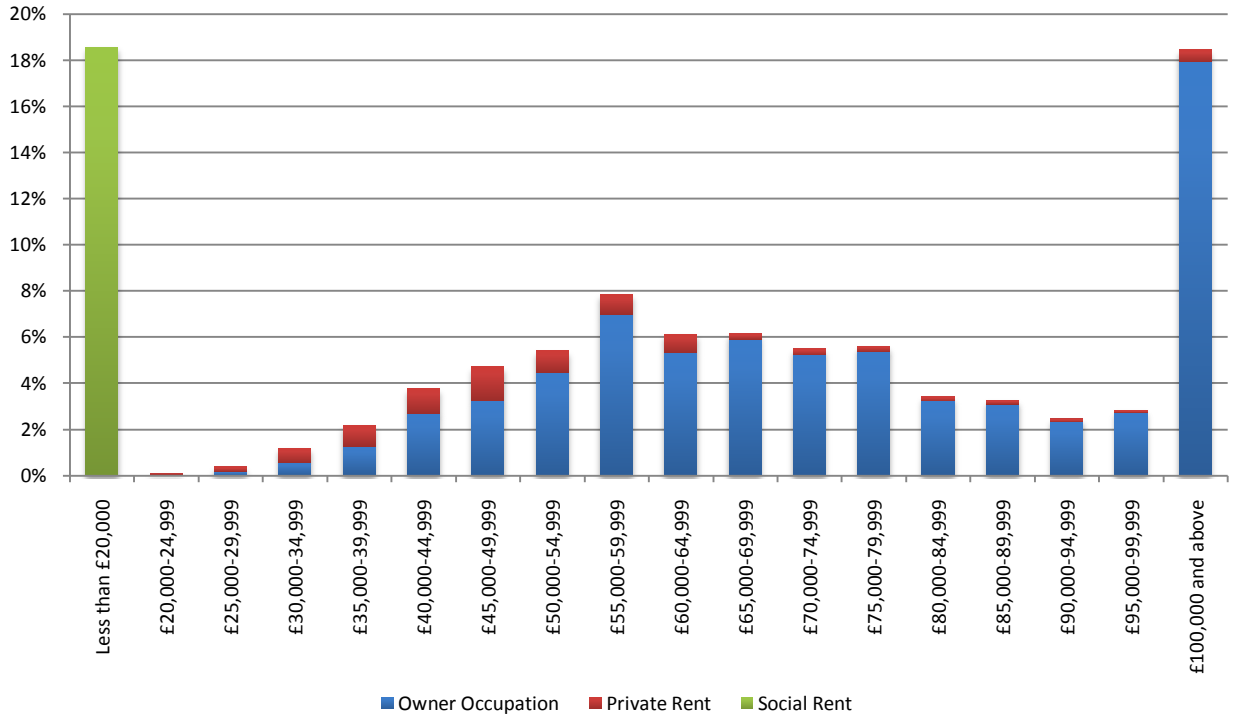
- 1 Bedroom: £14,000;
- 2 Bedroom: £16,800;
- 3 Bedroom: £19,100; and
- 4 Bedroom: £20,800.

8.31 Households with incomes lower than the above amounts would typically qualify for Housing Benefit Support; therefore all social rented properties should be affordable to all households.

The Affordability of Local Available Housing to Local Households

8.32 Figure 96 (below) shows the required annual income to service the cost of all housing types in the London Commuter Belt (West) sub-region and identifies the proportion of dwellings that would be considered affordable to households on a range of incomes. Note that there is no systematic way of recording the volume of private rented sector transactions and rents over time so our methodology for estimating these is described below. The data for transactions represents the most recently available at the outset of the modelling process and forms the baseline house price profile for modelling future housing requirements.

Figure 96
Available Housing Stock by Required Household Income in LCB (West) 2006-07 (Source: Modelled based on HM Land Registry, All Transactions from September 2006 to August 2007 and Existing Social Housing Stock)



Data table of figure 96: **Available Housing Stock by Required Household Income in LCB (West) 2006-07** (Source: Modelled based on HM Land Registry, All Transactions from September 2006 to August 2007 and Existing Social Housing Stock)

Income band	Owner Occupation	Private Rent	Social Rent	Total Stock	Total stock Cumulative	Owner Occupation Cumulative
Less than £20,000	0.02%	0.13%	18.53%	18.56%	18.6%	0.0%
£20,000-24,999	0.05%	0.13%	0.00%	0.09%	18.7%	0.1%
£25,000-29,999	0.19%	0.50%	0.00%	0.37%	19.0%	0.3%
£30,000-34,999	0.56%	0.81%	0.00%	1.19%	20.2%	0.8%
£35,000-39,999	1.27%	0.98%	0.00%	2.18%	22.4%	2.1%
£40,000-44,999	2.69%	1.44%	0.00%	3.78%	26.2%	4.8%
£45,000-49,999	3.24%	1.10%	0.00%	4.72%	30.9%	8.0%
£50,000-54,999	4.47%	0.84%	0.00%	5.41%	36.3%	12.5%
£55,000-59,999	7.00%	0.79%	0.00%	7.85%	44.1%	19.5%
£60,000-64,999	5.34%	0.29%	0.00%	6.13%	50.3%	24.8%
£65,000-69,999	5.91%	0.27%	0.00%	6.14%	56.4%	30.7%
£70,000-74,999	5.23%	0.22%	0.00%	5.49%	61.9%	36.0%
£75,000-79,999	5.38%	0.19%	0.00%	5.60%	67.5%	41.3%
£80,000-84,999	3.23%	0.17%	0.00%	4.41%	71.9%	45.6%
£85,000-89,999	3.10%	0.10%	0.00%	3.37%	75.3%	48.8%
£90,000-94,999	2.34%	0.10%	0.00%	3.45%	78.7%	52.1%
£95,000-99,999	2.73%	0.06%	0.00%	2.82%	81.6%	54.8%
£100,000 and above	17.94%	0.64%	0.00%	18.45%	100.0%	72.8%

8.33 In 2006-2007, households with incomes of less than £20,000 had very little or no open market housing options available to them and are assumed to require social rented housing. In the London Commuter Belt (West), 18.5% of local housing would be affordable to those with incomes of £20,000. This is almost entirely in the social sector, with or without benefit support.

8.34 Virtually no owner occupied or private rented housing within the LCB (West) area was affordable to households with incomes of less than £30,000 p.a. and only 8% of properties sold were affordable to individual earners with incomes of less than £44,999 borrowing at the maximum 3.5 x income to loan ratio, assuming little or no equity.

8.35 For households who do not already own housing to be able to consider purchasing within the cheapest quarter of properties on the market for sale, individual earners contemplating the purchase of a £200,000 home (Figure 92) would need gross income of over £60,000, with joint borrowers needing gross incomes of £65,000-69,999 or more. A deposit would be required which would reduce the size of the loan to be serviced.

8.36 There is no established way of monitoring transaction volumes and rents over time in the private rented sector. Therefore, ORS has developed a model for this. This model estimates the mix of dwelling types based upon census data at an LSOA level, the purchase price and the current 5.9% yield from buy-to-let properties (Source: Landlord Mortgages 2007). Accordingly, we can estimate the amount of market housing for sale and rent and the rent likely to be charged. CLG affordability ratios can then be applied to understand the range of income required to access properties in the private rented sector.

8.37 The first question the ORS Housing Market Model is seeking to estimate is how the tenure mix of the LCB (West) sub-region should change from 2001 to 2021. The model uses the position at the 2001 Census as its baseline. The model then uses household projections and affordability estimates.

8.38 The affordability of the housing stock is based upon house prices from the period September 2006 to August 2007, private rent yields from 2007 and social rent costs for the period April 2007 to March 2008. The affordability of the housing stock is initially assessed at 2007 prices, but this is later linked to long-term trends. The model is able to estimate how the stock will need to change between 2001 and 2021 using housing costs at 2007 levels. The model then assesses the impact of newbuild development since 2001 and the impact of different affordability assumptions.

8.39 The ORS Housing Market Model projects that the private rented market was, in 2006-2007, slightly more affordable to households than home ownership, with approximately 17% of all properties in the private rented sector affordable to households with incomes of less than £34,999. The data table linked to Figure 96 shows that more private rented dwellings are available at incomes up to £34,999 than owner occupied ones. However, household incomes of over £45,000 were required to access more than half of the private rented properties coming to market that year. As is previously explained, the model does not use the private rented data outlined in Figure 93, but instead applies an assumption that the yield on private rented dwellings is 5.9%. This allows us to obtain a full distribution of private rented dwellings rather than assuming an average price.

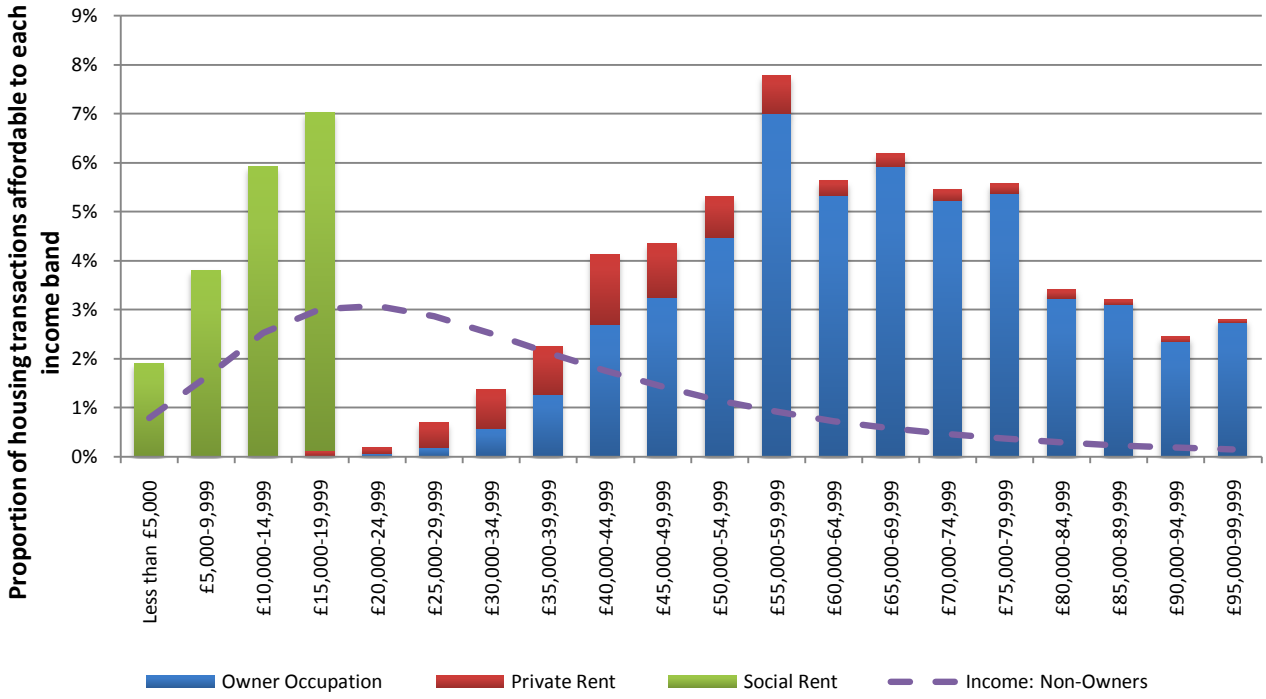
8.40 Again referring to data table Figure 96 above, half of the owner occupied and market rental stock (47.6%) required incomes of £65,000 or more, with around a third (30.4%) requiring an annual income of £80,000+. Note that a smaller fraction is market housing for sale. Given that over 70% of the overall stock is owner-occupied, many households are likely to benefit from an element of

existing equity and would not be solely dependent on household income. However, most newly forming households, households seeking to move out of rented housing, or indeed those suffering from negative equity, are unable to benefit from this additional source of finance.

8.41 When we consider only those properties that become affordable within each of the income bands, the limited supply of housing available to many households becomes clear.

8.42 We have modelled local incomes to determine the income structure of those households who are not already homeowners. Note that ORS has amended the income distribution (but not the values) suggested by CACI. This is based upon evidence of household income distribution from a large household survey conducted by ORS in Bedfordshire. The outcome of this modelling process has been compared to the distribution of transactions within the housing stock to identify any apparent shortfalls or surpluses affordable to households with this income distribution.

Figure 97
Affordability for Housing Stock for Non-owners in LCB (West) (Modelled based on HM Land Registry, All Transactions from September 2006 to August 2007 and CACI Paycheck data)



8.43 Regarding Figure 97 note that:

- the same vertical access scale applies to households and the available stock. As an example just over 2% of non home-owning households are in the £35,000 - £39,999 income band for which just over 2% of market housing is affordable to this group; and
- the volume of transactions sum to 100% however for presentation purposes the £100,000 plus income band is not shown. The proportion of market housing for sale is based upon actual transactions from the land registry. Social rent proportions are as reported in published HSSA statistics. Private rented proportions are estimated based upon the methodology described above.

8.44 The following table contains the data that enables the income of non home owners to be plotted.

Figure 98
Proportion of non owners in each income band (Modelled using CACI Paycheck data)

Income band	Proportion of non owners of all households in income band	Cumulative Proportion of non owners of all households in income band	Cumulative % of non owners only in each income band
Less than £5,000	0.79%	0.79%	2.97%
£5,000-9,999	1.63%	2.42%	9.06%
£10,000-14,999	2.52%	4.94%	18.51%
£15,000-19,999	3.01%	7.95%	29.77%
£20,000-24,999	3.07%	11.02%	41.28%
£25,000-29,999	2.86%	13.88%	51.99%
£30,000-34,999	2.51%	16.39%	61.39%
£35,000-39,999	2.12%	18.51%	69.34%
£40,000-44,999	1.75%	20.26%	75.90%
£45,000-49,999	1.42%	21.69%	81.22%
£50,000-54,999	1.14%	22.83%	85.51%
£55,000-59,999	0.91%	23.74%	88.92%
£60,000-64,999	0.73%	24.47%	91.64%
£65,000-69,999	0.58%	25.04%	93.80%
£70,000-74,999	0.46%	25.50%	95.51%
£75,000-79,999	0.36%	25.86%	96.86%
£80,000-84,999	0.29%	26.15%	97.93%
£85,000-89,999	0.23%	26.38%	98.78%
£90,000-94,999	0.18%	26.56%	99.46%
£95,000-99,999	0.14%	26.70%	100.00%

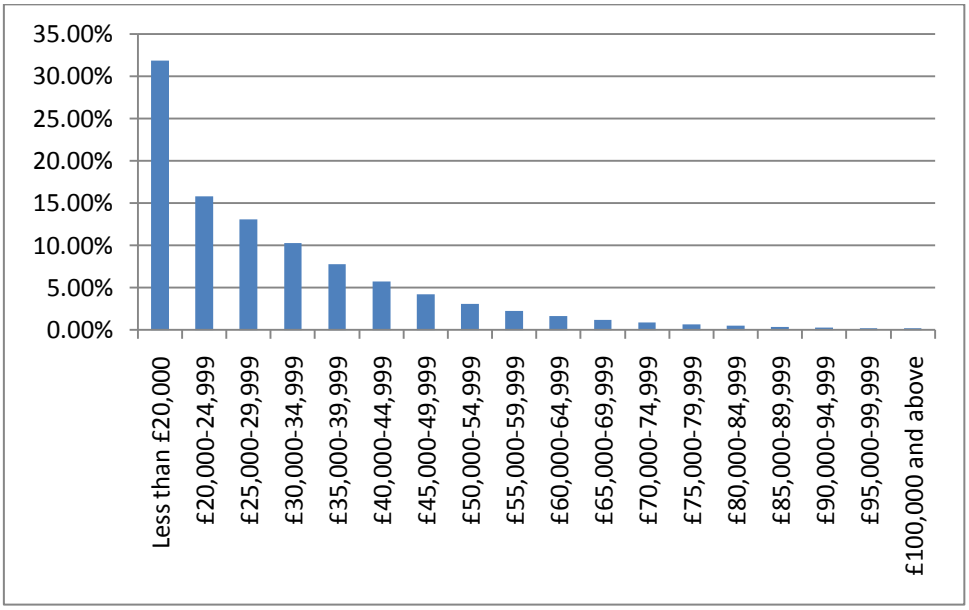
8.45 From Figure 97 and its data table we note that :

- the supply of housing which is affordable to existing households with incomes of less than £20,000 is higher than the number of existing households in this category. This implies that there is an excess of affordable housing stock;
- there is a shortage of property transactions in the bands that would be affordable to non home-owning households with incomes between £20,000 and £34,999;
- a stock of market housing for sale and rent is affordable to households in the £35,000 to £39,000 income band. However, this does not mean that the type of property affordable to this income group meets the housing requirements of those households;
- above the £40,000 income point, around 30% (100%-69.34%) of non home owners could afford varying proportions of the available market housing. However, given the ratios of earnings to property prices within the sub-region, it is likely that much of the housing that is available to households in these income bands will mostly be bought by existing home owners using some combination of income and equity; and
- there will be an unknown number of non owning households who can afford some of this housing (e.g. due to savings, gifts of money or inheritance). The Council of Mortgage Lenders (CML) (09 July 2009) reports that the average loan to value mortgage for first time buyers currently stands at 75%. Whilst dwellings are at lower values in 2009 than in 2008, a 25% deposit is still a significant sum given local prices. Further, CML analysis suggests that up to

80% of first-time buyers aged under 30 are likely to be receiving help from parents due to the size of deposits now needed to enter the market.

8.46 Figure 99 shows that the income of non-home owning households within the LCB (West) sub-region is skewed toward the lower income groups.

Figure 99
Income distribution of Non-owners in LCB (West) (Modelled, based on CACI Paycheck data)



8.47 In 8.35, we highlighted that for households wishing to purchase a dwelling for £200,000, being the higher end of lower quartile of properties on the open market, households with a single income would need income of around £60,000 and households with more than one income would need around £65,000 p.a.

8.48 However, with average earnings of those living and working in the area at around £29,664 and average property prices across the sub-region of £313,993 it is clear that there is likely to be a lack of good quality owner-occupied housing for any first time buyer, especially those with a household income of less than £35,000. It is also likely that additional households, with even higher incomes, will be excluded from buying on the open market due to a combination of affordability, lack of choice and quality. Note that average earnings are difficult to assess and here a composite average of those employed in and living in the LCB West derived from Figure 52 has been used. House prices have been taken from Land Registry data as at the third quarter 2008. The variation in house prices is significant, between £236,036 in Watford and £377,982 in St. Albans.

8.49 This raises the matter of the role that the intermediate market might play for those with incomes higher than £20,000 but lower than that required to purchase on the open market or rent privately.

8.50 The number of households for whom intermediate housing could be an option will be affected by a number of considerations including cost, location, flexibility of tenure and aspirations to achieve full ownership. Understandably, it is difficult to quantify the impact that aspirations will have on the demand for intermediate housing and to what extent they would override the attractiveness of other options, such as renting through the private sector.

8.51 The apparent surplus of affordable housing needs further clarification:

- some social housing is occupied by households that can afford intermediate or market housing options;
- many social tenants are unsuitably housed and new stock needs to be provided to reflect this mismatch; and
- some households may be in housing need but are not registered with a local authority or RSL.

8.52 To support these points:

- evidence from CORE data in 2006/07 shows that around 13% of all general social lettings were to households with incomes from employment of £20,000 or more with 5% of all general lettings going to households with incomes of over £30,000; and
- existing social tenants have security of tenure and may be unwilling to lose this benefit through moving into a tenure group that does not provide equivalent security.

8.53 An increased provision of intermediate housing could allow households to leave social rented accommodation and thus free up more social housing stock for those who cannot afford to move elsewhere. This assumes that the cost, quality, location and concept of the intermediate properties is attractive to current social rent tenants and, critically, that these households would want to move from their current home.

8.54 A consequence of increasing the supply and turnover of social rented housing might be that more concealed households on low incomes would register for it, perceiving there to be a greater chance of being housed. This in turn could increase the overall demand for social rented housing. Concealed households on low income or those not yet formed, may not have registered with a local authority or registered social landlord because they recognise that their need for housing would be assessed as low priority for a letting against current tenancy allocations criteria.

8.55 Overall, we arrive at some broad assumptions about what tenure households can afford:

- households with an income of up to £20,000 p.a. can afford all social housing. Affordability levels vary depending on income levels below £20,000 and the size of property required. However, it is assumed that housing benefit would be available to those on very low incomes; and
- there is a potential market for a range of intermediate housing options to meet a housing need for households who are unable to access housing on the open market.

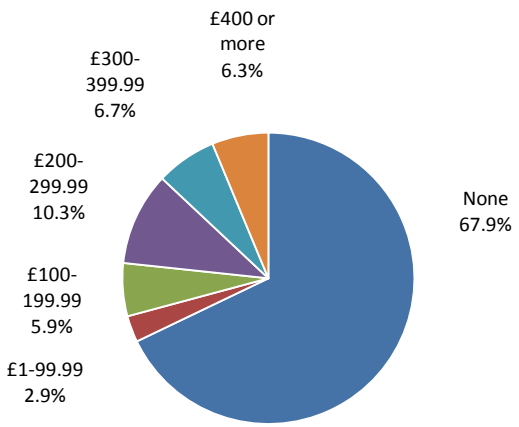
8.56 The shortage of housing options for households with an income in excess of £20,000 but below levels required to purchase locally on the open market is partly compensated by social housing or private rented housing. The latter may be assisted through housing benefit.

8.57 We must stress that these are very broad assumptions about affordability. Household income and affordability depend upon wider circumstances such as household size, number of earners and whether income is earned or benefit based. The affordability, circumstances, choices and degree of urgency facing a low income single person household seeking a 1 bedroom flat are very different to a low income 5 person household needing a 4 bedroom house. This is why we consider housing benefit next and base our social housing requirement estimates upon demographics rather than affordability criteria.

Housing Benefit

8.58 Figure 100 shows that over two thirds of all new social tenants in the sub-region had no earnings from employment. This indicates that many of the new lettings are to households which are entirely dependent upon benefits. 13% of new lettings were to households with net take-home earnings from work of over £300 per week. This is equivalent to a gross salary of around £20,000 per annum.

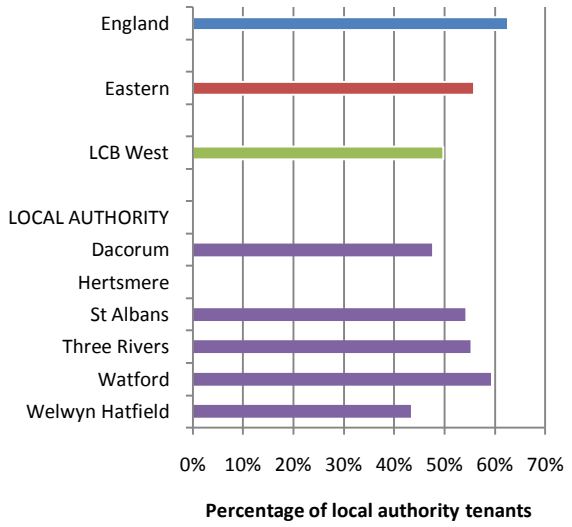
Figure 100
Weekly Take-home Earnings of New Social Tenants in LCB (West) (Source: University of St Andrews CORE Records 2004-2007)



8.59 Many households in both the social and private rented sectors are able to claim support with rent costs in the form of housing benefit. The Department of Work and Pensions (DWP) publish quarterly statistics for Housing Benefit recipients.

8.60 These statistics distinguishes between local authority tenants, tenants of registered social landlord properties and those in the private rented sector. There are no precise figures for the number of housing benefit claimants in the private rented sector, but there are broad indications of how housing benefit claimant numbers in the private rented sector have been changing.

Figure 101
Housing Benefit Receipt for Local Authority Renting Households by Local Authority (Source: DWP May 2007 and HSSA 2006. Note: Hertsmere has no local authority stock following a voluntary stock transfer)



8.61 Across the London Commuter Belt (West) sub-region, around 50% of all local authority households claim Housing Benefit (Figure 101). This figure is lower than that found for local authority tenants in England or in the Eastern region as a whole. This may reflect lower levels of deprivation in LCB (West) with a higher proportion of social tenants being able to afford their rents. It should be noted that there are no LA tenants claiming housing benefit from Hertsmere BC because Hertsmere transferred all its housing stock to two RSLs following LSVT in 1994.

8.62 Figure 102 shows the number of housing benefit claims for those in registered social landlord and private rented dwellings. In Hertsmere, the rates are much higher than in any other authorities in the sub-region. This is primarily due to Hertsmere's local authority stock having been transferred to registered social landlords. It does not imply that households in registered social landlord or private rented dwellings are more likely to claim housing benefit in Hertsmere.

8.63 All local authorities have seen a rise in the number of claimants that are Local Authority renting households from 11,300 in the first quarter of 2003 to 14,200 in the second quarter of 2007 which represents a rise of 25%. This varies from a 50% increase in Watford compared to a 9% increase in Hertsmere, though this from a considerably higher starting point).

Figure 102
Number of Non Local Authority Tenant Housing Benefit Recipients: Q1 2003-Q2 2007 (Source: DWP)

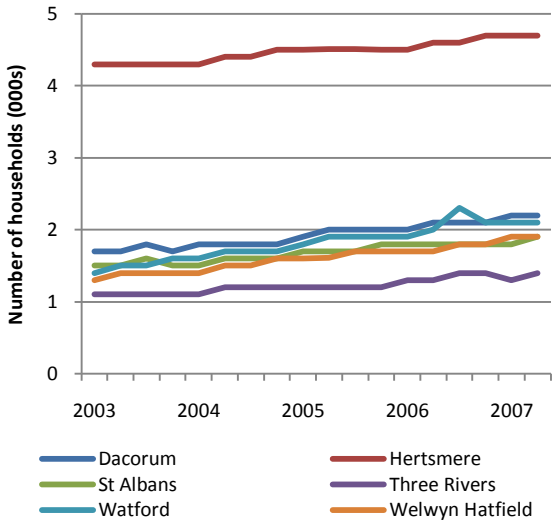
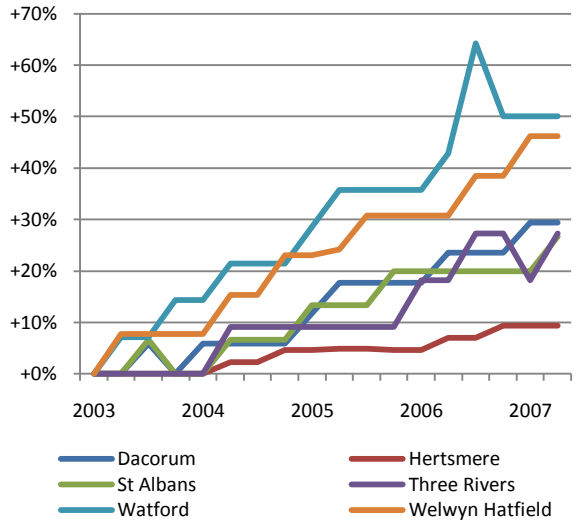


Figure 103
Index of Non Local Authority Tenant Housing Benefit Recipients relative to Q1 2003 base: Q1 2003-Q2 2007 (Source: DWP)



Summary of Key Points

- The average price of all property types in all local authority areas within the sub-region significantly exceeds regional and national averages.
- The ratio of lower quartile house prices to lower quartile earnings by local authority area significantly exceeds the national average (6.98), ranging, in 2008, from 9.15:1 in Dacorum to 12.78:1 in St Albans.
- On the basis of households spending no more than CLG guideline amounts for market housing:
  - Virtually no owner occupied or private rented housing within the LCB (West) sub-region is affordable to households with incomes of less than £30,000 p.a.
  - There is a significant shortage of property transactions affordable to non home owning households with incomes in the £20,000 to £34,999 bands.
  - Some market housing is affordable for sale or rent to households in the £35,000 to £39,000 income band. However, this does not necessarily mean that the type of property affordable to this income group meets their housing requirements and even those with higher incomes may struggle to find sufficient choice within their affordable range.
  - It is likely that the housing that comes to the market and is affordable to higher income bands will mostly be bought by existing home owners using some combination of income and equity.
- The provision of Intermediate Affordable housing options could help provide wider housing choice to those households with incomes above £20,000, provided it is priced to be affordable to households, using CLG affordability ratios as a guideline.
- It is possible that if the supply and turnover of social housing was to increase there could be an associated increase in demand for social housing from concealed households with low levels of housing need.
- Across the LCB (West) sub region, around 50% of all Local Authority households claim housing benefit.
- All authorities have seen a rise in the number of housing benefit claimants by Local Authority renting households since 2003, rising from 11, 300 to 14, 200 by the second quarter of 2007, representing a rise of 25%.

Section 9: Estimating the Mix of Housing Requirements

Introduction

9.1 This chapter draws on many sources of information including models used and developed by ORS.

9.2 Key features of the methodology include an analysis of the characteristics of household growth to estimate the need for additional social housing. This is deducted from the RSS housing growth target and the residual makes up the amount to be split between intermediate and market housing. The market housing element of this split is the amount considered affordable to purchase on the open market. Sensitivity testing has also been undertaken to see how borrowing and price trends affect the tenure, size and mix available. The end result is a breakdown of future housing requirements based upon 2007/08 prices and long-term trends.

9.3 Please note that throughout this section numbers have been rounded to the nearest 100. The aim of the rounding is to ease the reader's comprehension of the results and also to highlight that the model is a projection of future housing requirements, rather than a precise calculation of exact figures. A consequence of the rounding of numbers is that the components may not sum to the total. It should be remembered that throughout the modelling section the total housing requirement for each local authority sums to its RSS housing target unless otherwise stated.

9.4 In terms of the study's Core Outputs, Figure 87.1 of the Practice Guidance identifies core outputs that inform or are the basis of this model and are marked accordingly.

Figure 87.1: **Strategic Housing Market Assessment core outputs**

1	Estimates of current dwellings in terms of size, type, condition, tenure	○
2	Analysis of past and current housing market trends	○
	Balance between supply and demand in different housing sectors	○
	Balance between supply and demand in terms of price/affordability	○
	Description of key drivers underpinning the housing market	○
3	Estimate of total future number of households	●
	Breakdown of future number of households by age and type (where possible)	●
4	Estimate of current number of households in housing need	
5	Estimate of future households that will require affordable housing	●
6	Estimate of future households requiring market housing	●
7	Estimate of the size of affordable housing required	●
8	Estimate of household groups who have particular housing requirements, e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc	

● This Chapter will be the foundation of this Core Output
○ This Chapter will help inform this Core Output

9.5 Regarding core output 4, as is noted above the estimate of the number of households in housing need has been estimated in section 6, Figure 83. It is important to state that the ORS housing mix model does not use this information and to understand the reasons why. Firstly it must be recognised that

there will always be a number of households living in unsuitable housing and it is impossible to eliminate there will always be a backlog at any given time. Household circumstances change periodically due to factors such as illness and disability, the birth or birthday of a child or the breakup of an existing household and this may tip an individual household into the category of being in housing need. The ORS housing mix model uses the baseline of the backlog of housing need which existed in 2001, any additional backlog which has arisen since 2001 is considered in the housing need calculation, and is part of the estimate of requirements. For the reason explained the only area not explicitly considered in the model is backlog at 2001 – there will always be a backlog.

9.6 The affordable (intermediate and social) housing calculation compares total affordable supply with total affordable need based upon household income, so any household on a low income is also assessed as requiring affordable housing. Therefore, all low income households are assessed as requiring affordable housing by 2021.

Key Definitions

Housing Requirements and tenure

9.7 Understanding the following terms and how they relate to each other is crucial to understanding the steps taken in this paper to assess future housing requirements.

9.8 The term 'housing requirement' is a generic term and can be expressed in more than one way. It could be described as the future estimates of all housing that would be required to accommodate projected household growth, setting aside any local constraints or priorities. Alternatively, it could be described as the requirement for new housing, regionally, sub-regionally and locally, as set out in a strategic planning document such as the Regional Spatial Strategy.

9.9 An overall housing requirement can be broken down further with reference to housing need and housing demand:

- housing need is defined in Annex B of PPS3 as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'; and
- housing demand as 'the quantity of housing that households are willing and able to buy or rent'.

9.10 A household who lives in unsuitable housing and cannot afford market housing is in need of affordable housing. However, this is only really apparent for existing households.

9.11 Our rationale for assessing the future requirement for affordable and market housing is based upon demographic change and trends in household income and house prices.

Estimating the tenure mix of the future housing requirement

9.12 In this section we firstly examine the population projections produced by ONS and household projections produced by the CLG. Although both estimate a rise in the number of households, the CLG estimates without taking into account the policy led housing growth of the RSS and has the advantage of being consistent with the RSS housing target for the study area. The household projections are used as the basis for the ensuing analysis. We further analyse the projections to understand how different household types relate to the tenures in order to estimate how the tenure balance may change over time.

9.13 We estimate the social housing requirement then estimate the residual requirement for other tenures, examining how the balance between the tenures changes if assumptions about borrowing and house prices change.

9.14 The model covers all housing requirements in the period 2001-2021. Therefore, any need which has arisen in the period 2001-2007 is already addressed by the model. This leaves the backlog of need which existed in 2001. This has not been included in the model, which is seeking to return the housing market to the conditions seen in 2001. We would note that recent primary data based surveys conducted by ORS have shown the backlog of housing need to be around 3% of households for surveys outside of London. However, much of this need will have arisen since 2001 as the affordability of housing has declined sharply since this time.

9.15 For LCB (West) the net level of backlog need in 2001 is unlikely to have been large. It should be remembered that anyone who was unsuitably housed in social housing and required to move to alternative social housing would not generate any extra need for affordable housing. Instead the property they vacate can be occupied by another household who require social housing.

9.16 Therefore, the only groups who generate a backlog of need which requires additional affordable housing to be provided are those in the private rented and owner occupied sectors. The private rented sector was comparatively small in LCB (West) in 2001 and while it would have contained some households who required affordable housing this is unlikely to be a larger number. Similar moves from owner occupation to affordable housing are not common. Repossessions average around 250 per local authority per annum, while a small number of owner occupiers will seek supported or sheltered housing. On this basis, we consider that the backlog of need in 2001 would not have been a large proportion of the total housing stock.

ONS 2006-based Sub-national Population Projections; CLG 2004-based Household Projections and the East of England Regional Spatial Strategy

9.17 Over the 15 year period between 2006 and 2021, there are projected to be an additional 75,600 people living within the study area (Figure 104). 7,400 of these people are projected to be aged 85 or over with a further 17,200 aged 65-84, together accounting for almost a third of the total population.

Figure 104
Net Change in Persons by Local Authority by age group (Source: ONS 2006-based sub-national population projections. Note: Figures may not sum due to rounding. Figures in brackets denote decrease in population)

Population	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Total
Net Change 2006-2021							
0-4	500	1,400	1,200	900	700	2,600	7,300
5-9	100	1,500	1,800	800	700	2,400	7,300
10-14	(100)	800	1,900	800	200	1,200	4,800
15-19	(1,000)	(200)	1,000	200	(400)	(200)	(600)
20-24	(200)	400	0	500	200	1,300	2,200
25-29	800	1,200	500	600	800	3,100	7,000
30-34	700	1,700	800	1,000	500	4,000	8,700
35-39	(900)	400	(400)	200	(300)	1,900	900
40-44	(2,300)	(900)	(1,200)	(400)	(700)	200	(5,300)
45-49	(1,300)	(200)	200	400	200	100	(600)

50-54	1,200	700	1,900	1,300	1,100	1,300	7,500
55-59	1,300	700	1,100	700	800	1,300	5,900
60-64	1,900	1,000	1,100	900	500	1,000	6,400
65-69	1,600	1,200	1,200	900	200	700	5,800
70-74	2,000	1,400	1,700	1,200	500	400	7,200
75-79	1,000	500	700	500	100	(100)	2,700
80-84	600	(100)	400	300	200	100	1,500
85+	2,000	1,100	1,300	1,000	500	1,500	7,400
Total	7,800	12,700	14,900	11,800	5,700	22,700	75,600

9.18 According to the CLG projections, the extra population within the study area is due to generate an additional 35,000 households by 2021, with a further 19,000 households projected in the period in the 5 years to 2026. Figure 106 shows that much of the growth of extra households is expected to be single persons. There is anticipated to be a rise of almost 30,000 single person households in the sub-region over the period to 2021.

Figure 105
Household Projections to 2026 by Household Type: Totals by Type (Source: ONS 2004-based Household Projections)

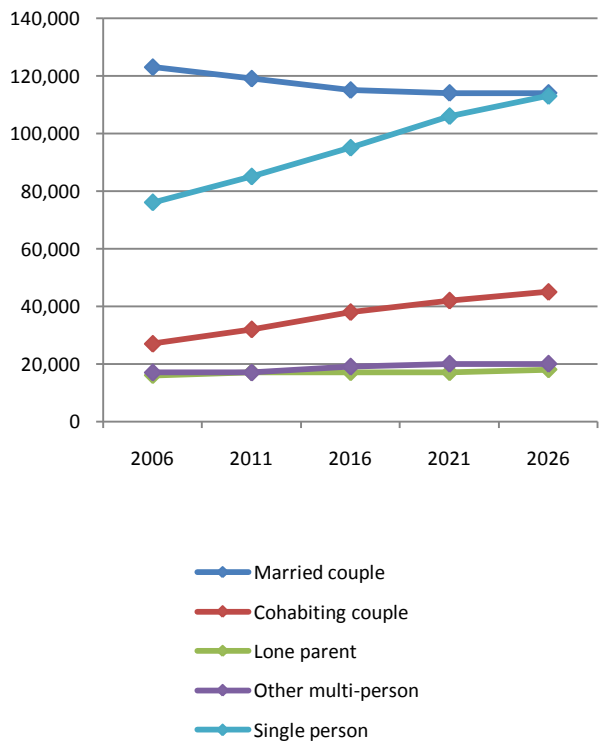


Figure 106
Household Projections to 2026 by Household Type: Absolute Change in Totals by Type (Source: ONS 2004-based Household Projections)

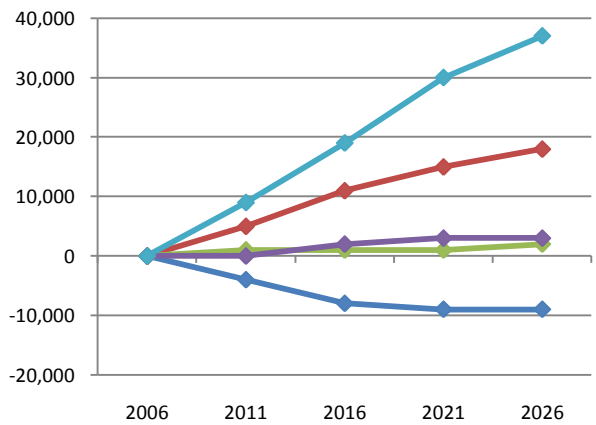
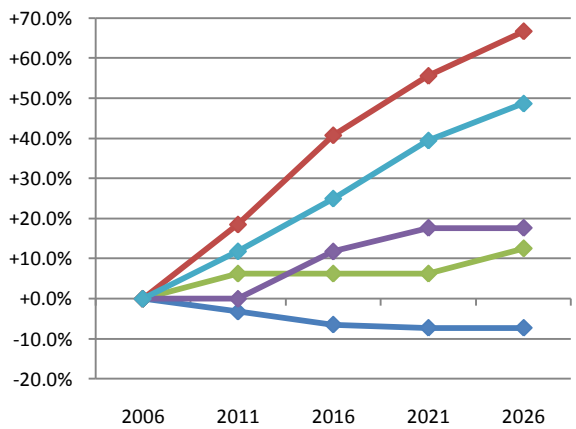


Figure 107
Household Projections to 2026 by Household Type: % Change in Totals by Type (Source: ONS 2004-based Household Projections)



9.19 However the CLG (2004) household projections for the sub-region suggest that the number of households across the study area will rise from 252,000 at the time of the 2001 Census to a projected total of 296,000 households by 2021, an increase of 44,000 households. The Regional Spatial Strategy (RSS) for the East of England is planning for the provision of 43,400 additional dwellings over the same period.

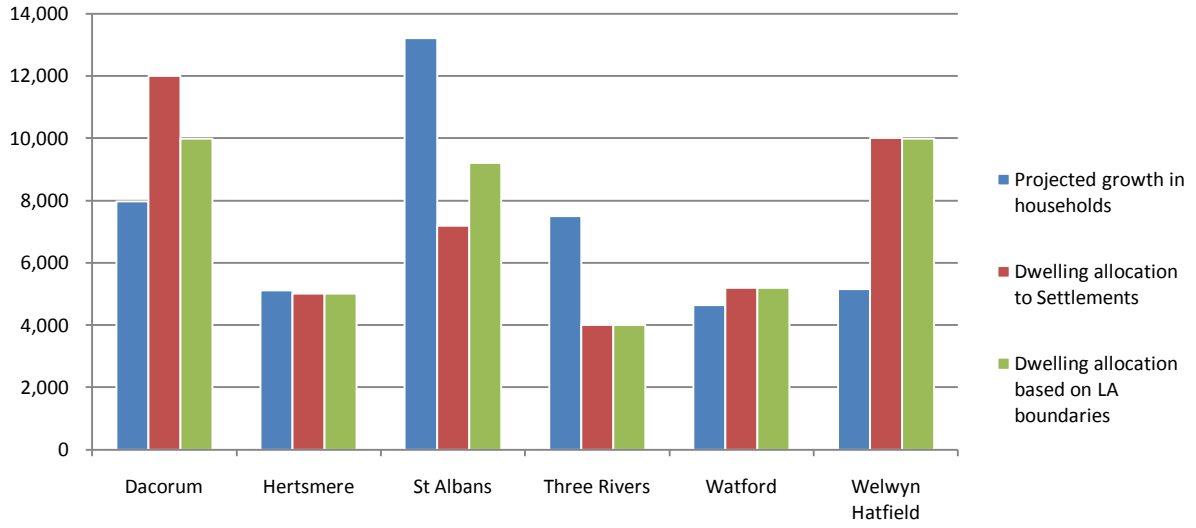
9.20 Nevertheless, some of the planned growth for Dacorum's existing settlements is likely to happen in adjoining Local Authority areas, so assumptions within the population modelling undertaken for EERA allocated, pre High Court challenge, some of the Dacorum growth to St Albans.

9.21 Figure 108 compares the projected growth in households based on demographic forecasts against the strategic allocation of new housing provision for the 20-year period 2001-2021.

9.22 It is clear that the housing provision in Dacorum and Welwyn Hatfield will not only be satisfying their own housing requirements, but also the requirements of the rest of the sub-region and the wider regional requirement.

9.23 Nevertheless, some of the planned growth for Dacorum's existing settlements is likely to happen in adjoining Local Authority areas, so assumptions within the population modelling undertaken for EERA allocated, pre High Court challenge, some of the Dacorum growth to St Albans.

Figure 108
2004-based CLG Household Projections to 2021 compared with RSS Dwelling Allocation (Source: CLG 2004-based household projections; East of England RSS)

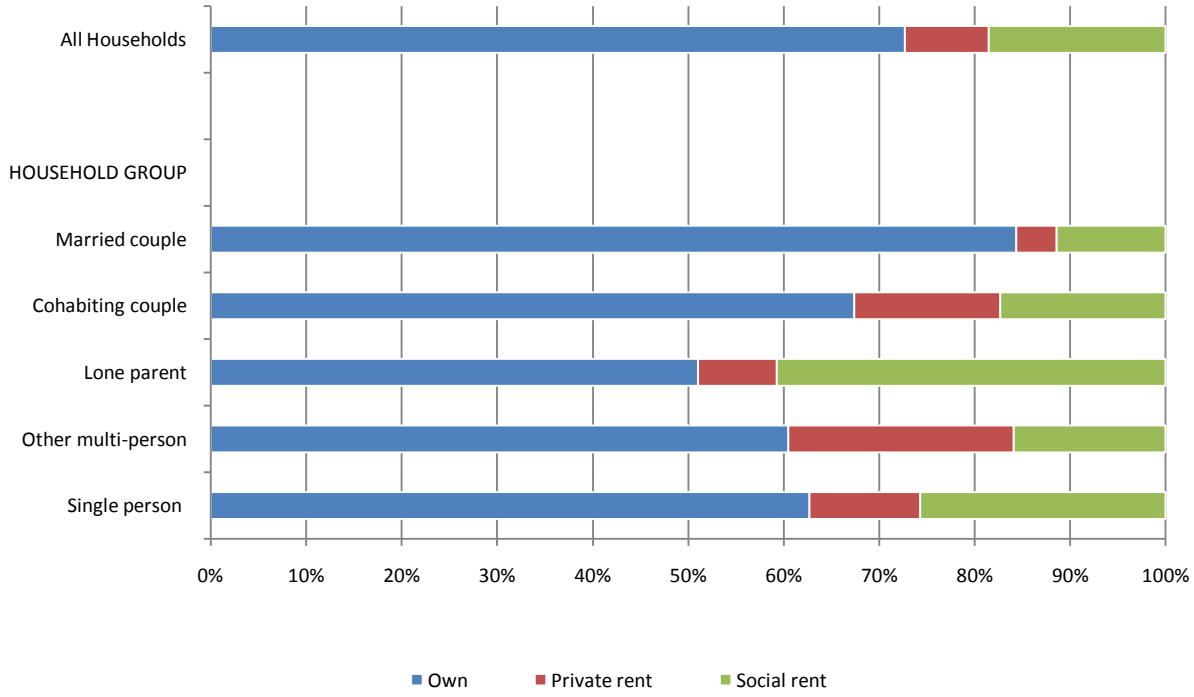


Housing Requirements of Household Groups

9.24 The following sections of this paper consider the mix of housing in the context of the planned housing provision of the RSS, rather than focusing exclusively on the demographic growth forecast by ONS.

9.25 Figure 109 shows the proportion of households in each tenure broken down by household type as at the time of the 2001 Census. It is apparent that lone parents were disproportionately found in social housing while married couples were concentrated in the owner occupied sector.

Figure 109
Housing Tenure Mix by Household Type (Source: UK Census of Population 2001)



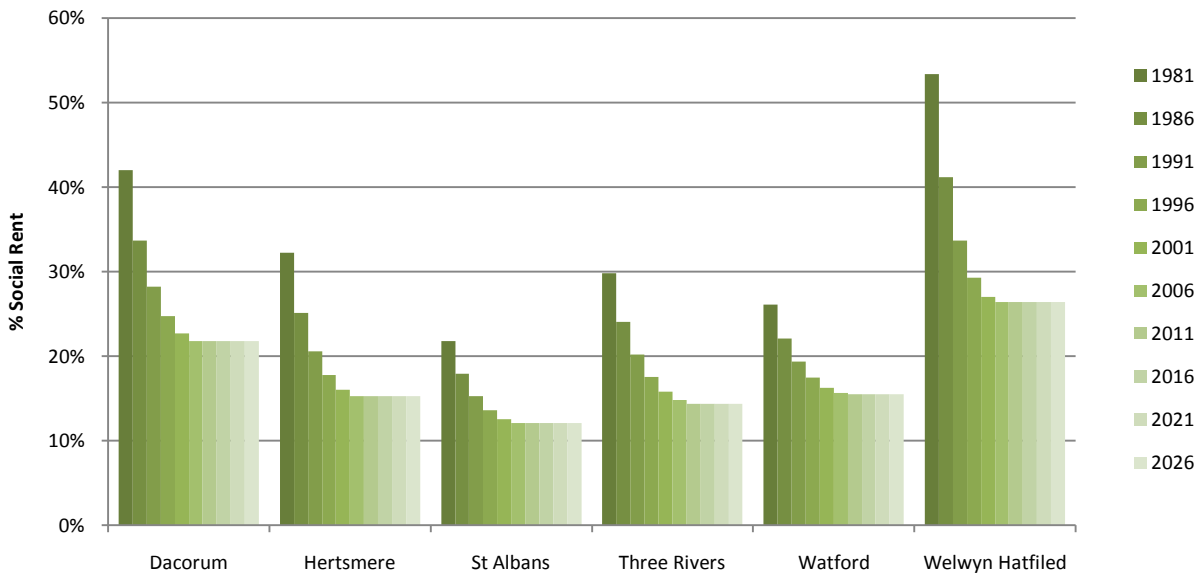
9.26 It is clear that the tenure mix differs quite markedly for each household type, therefore, as the number of households of each type changes in line with the earlier projections, this will influence the mix of tenure required.

Estimating the Future Requirement for Social Housing

9.27 In this section we estimate the social housing requirement to 2021. This is established by looking at the social housing requirement in terms of the overall housing requirement. Note that this is a trend based projection and does not build upon the earlier snapshot of affordability.

9.28 Figure 110 shows the proportion of all housing in the social rented sector identified in the 1981, 1991 and 2001 Census results. This information has then been modelled to identify the overall proportion of social rented housing in future years on the basis of the rate of decline and the change in the rate experienced in 1991-2001 compared to the rate in 1981-1991. While the proportions appear to remain almost constant in the future it should be emphasised that this is not an assumption of the model. The proportion predicted is the result of the observed trend toward the stability of the social rented sector.

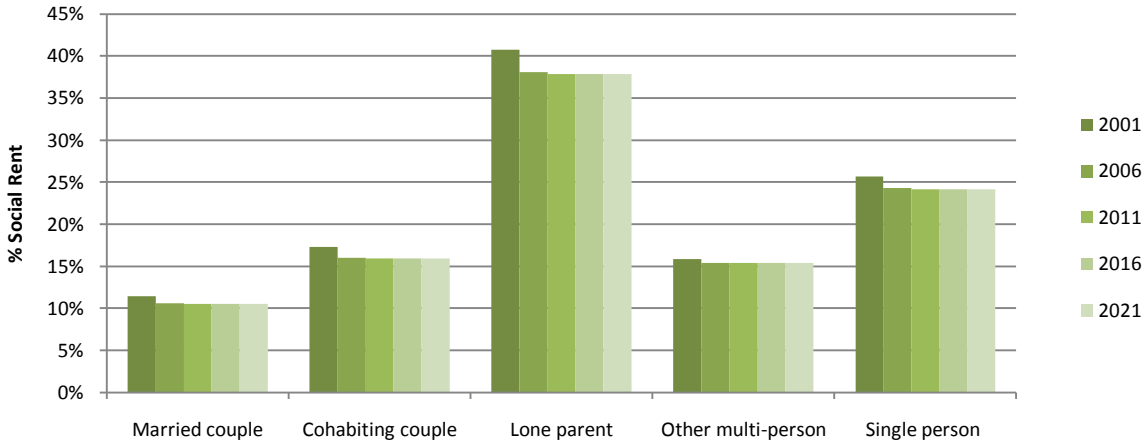
Figure 110
Change in the Proportion of Households in Social Rented Housing by LA and Year (Source: Modelled based on UK Census of Population 1981, 1991 and 2001)



9.29 The notable decline in the proportion of households living in social rented housing from 1981 to 2001 was due to the effects of the 'right to buy'. The number of right to buy sales has declined in recent years and this has seen the decline in the relative size of the social sector slowdown. Figure 118 states the trajectory of recent right to buy sales and shows a diminishing trend.

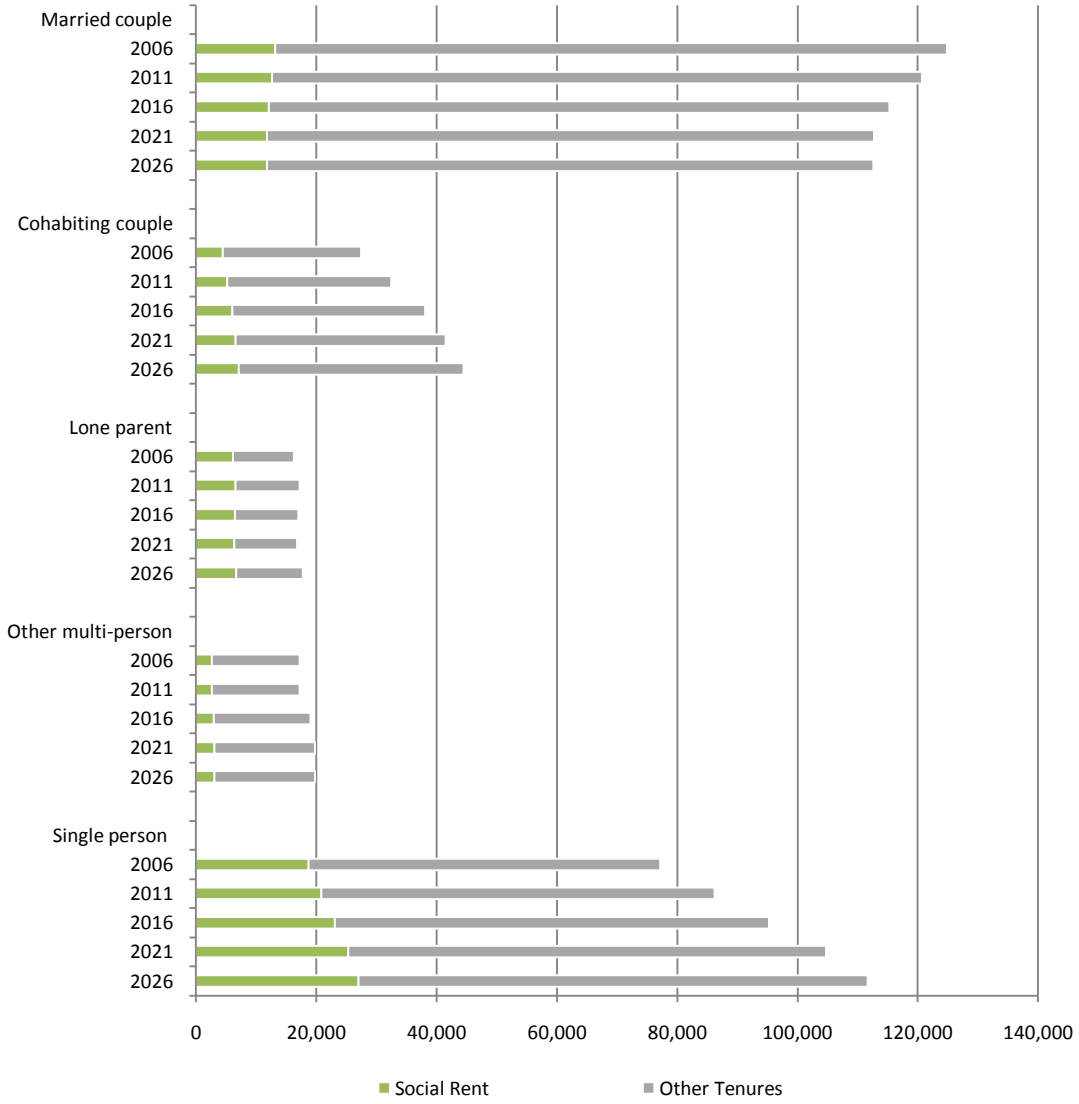
9.30 Figure 111 shows the projected proportion of households in social rented housing for each household type.

Figure 111
Proportion of Households in Social Rented Housing by Household Type and Year (Source: Modelled based on UK Census of Population 1981, 1991 and 2001)



9.31 Figure 112 combines this with the projected demographic growth to show the number of households in social rented housing and those in other tenures.

Figure 112
Household Projections to 2026 by Household Type and Tenure (Source: ORS Housing Mix Model, 2008)



9.32 When the requirements of each household type are combined, the overall balance between social rented housing and other tenures can be summarised in Figure 113 to Figure 116.

Figure 113
Household Projections to 2026 by Housing Tenure (Source: ORS Housing Mix Model, 2008)

Figure 114
Household Projections to 2026 by Housing Tenure: Totals by Type (Source: ORS Housing Mix Model, 2008)

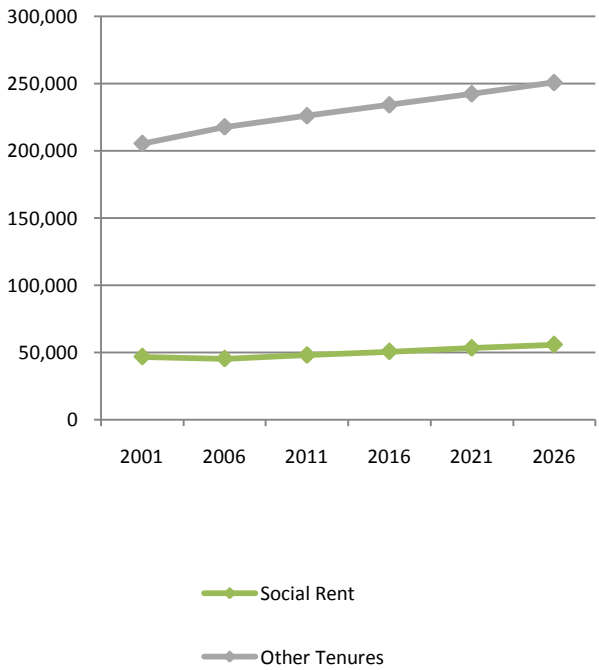


Figure 115
Household Projections to 2026 by Housing Tenure: Absolute Change in Totals by Type (Source: ORS Housing Mix Model, 2008)

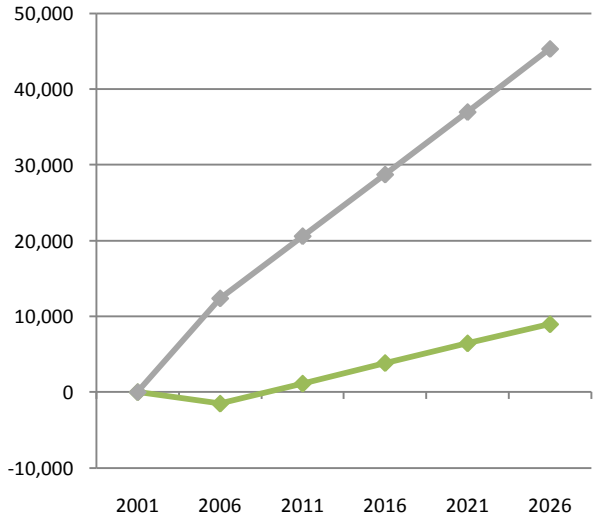
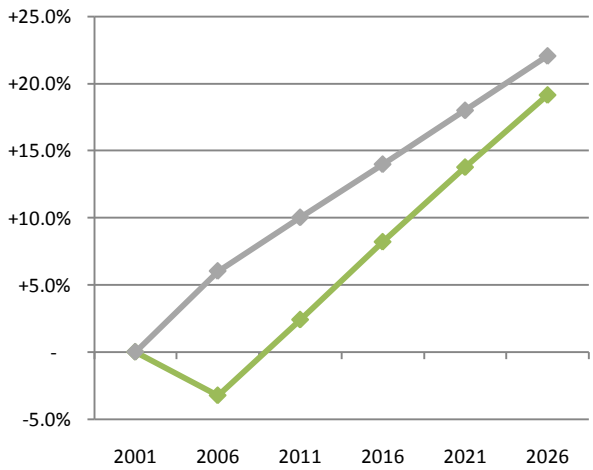


Figure 116
Household Projections to 2026 by Housing Tenure: % Change in Totals by Type (Source: ORS Housing Mix Model, 2008)



9.33 In the above section the overall increase in households between 2001 and 2021 is taken from the CLG household projections.

9.34 These projections, scaled to the study area's RSS dwelling target, have then been used to estimate the requirement for social rented housing and are shown in Figure 117. The net loss in social rented stock is from the census baseline minus losses due to the Right to Buy, details of which appear in Figure 118 below.

Figure 117
Change in Household Numbers 2001-2021 by Tenure (Source: ORS Housing Mix Model, 2008)

	Total Households	Increase in all households	Households in Social rent	Increase (decrease) in households in social rent
2001	252,100	-	46,700	-
2006	262,900	10,900	45,200	(1,500)
2011	273,800	21,700	47,900	1,100
2016	284,600	32,600	50,600	3,800
2021	295,500	43,400	53,200	6,400
	Increase 2001-21			6,400

9.35 The increasing volume of households suggests that there will be a requirement for the social rented stock to increase by 6,400 units, give or take changes in the vacancy rate, in the period 2001 to 2021. That is, an increase from 46,700 dwellings to 53,200 dwellings over the 20 years. However, only 43,400 new homes are planned to be delivered in line with the housing policies of the RSS. If this social housing is to be delivered then 15% (6,400/43,400) of the additional provision required for the period 2001-2021 will need to be social rented housing. Note that this is the social rent element of the affordable housing requirement. The requirement for intermediate affordable is estimated later in this chapter.

9.36 To refine this trend based estimate of the social housing requirement further, losses due to the Right to Buy and gains due to new building need to be taken into account.

9.37 These factors are now estimated and lead to a conclusion about the social housing requirement by Local Authority and housing sub-market.

9.38 Figure 118 describes the number of Right-to-Buy sales across the study area since 2001/02, where it is apparent that over 2,100 properties have transferred from social rent to owner occupation over the 6 year period. Nevertheless, changes in legislation, coupled with increasing house prices in the area, have led to lower sales rates in recent years.

Figure 118
Right-to-Buy Sales for London Commuter Belt West 2001/02 to 2006/07 by Local Authority (Source: CLG)

Local Authority	Year						Total
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Number of Right to Buy Sales							
Dacorum	104	214	134	64	60	35	611
Hertsmere	-	-	-	-	-	-	-
St Albans	53	60	91	52	28	27	311
Three Rivers	57	77	75	33	28	31	301
Watford	43	46	86	43	9	13	240
Welwyn Hatfield	122	124	114	68	43	34	505
Sub-Total	**379**	**521**	**500**	**260**	**168**	**140**	**1,968**
Number of Preserved RTB, RTA and RTM Sales of RSL properties							
Dacorum	1	2	2	2	1	1	9
Hertsmere	18	29	19	10	7	7	90
St Albans	2	1	-	-	-	-	3
Three Rivers	-	-	-	-	1	-	1
Watford	2	1	2	1	1	1	8
Welwyn Hatfield	-	-	-	1	1	3	5
Sub-Total	**23**	**33**	**23**	**14**	**11**	**12**	**116**
Total	**402**	**554**	**523**	**274**	**179**	**152**	**2,084**

9.39 By projecting forward the likely purchases through right-to-buy from 2007/8, we have assumed an average rate based on sales over the most recent two years of published data given the apparent change at this time.

9.40 Figure 119 summarises the impact of housing delivery since 2001 and the Right-to-Buy programme on the earlier analysis of the overall net change in social housing.

Figure 119
Requirement for Social Rented Housing 2007-2021 (Source: ORS Housing Mix Model, 2008. Note: Figures may not sum due to rounding)

Housing Type	Social Rent	Other Tenures	Overall Total
Dwelling Stock			
As at April 2001	46,700	205,300	252,100
Required by 2021	53,200	242,300	295,500
Net change 2001-21	**6,400**	**37,000**	**43,400**
Less Changes in Stock 2001-07			
Dwelling delivery 2001-07	2,400	9,800	12,200
Right to Buy Sales 2001-07	(2,100)	2,100	-
Residual requirement 2007-21	**6,100**	**25,100**	**31,300**
Less Projected Changes in Stock			
Right to Buy Sales 2007-21	(2,300)	2,300	-
Adjusted Requirement 2007-21	8,500	22,800	31,300

9.41 Note that now that delivery of new dwellings to 2006/7 has been taken into account we can focus upon the net or 'residual' amount of housing to be delivered 2007/8 to 2020/1. Accordingly, social

rented housing is estimated to account for 8,500 of the 31,300 residual requirement (2007/8-2020/21), equivalent to 27% of the total growth envisaged by the RSS for the period 2008-2021.

9.42 This still requires interpretation before a policy target for affordable housing can be derived, in particular, by properly understanding the role of delivering social rented housing through mechanisms outside the planning system and by understanding how much social rented housing can be expected to be delivered from existing or projected commitments within the planning system.

9.43 The above analysis has focused upon the overall increase in households and the likelihood that such households will be dependent on social rented housing.

9.44 It is possible to consider the same analysis at a borough level. The overall requirement figures are detailed in Figure 120 below.

Figure 120
Overall Housing Requirement and Requirement for Social Rented Housing by LA 2007-2021 (Note: Figures may not sum due to rounding)

Housing Type	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Housing Requirement						
Total Requirement 2001-21	10,000	5,000	9,200	4,000	5,200	10,000
LESS Actual dwelling delivery 2001-07	2,200	1,400	2,200	1,300	1,700	3,400
Residual Requirement 2007-21	**7,800**	**3,600**	**7,000**	**2,700**	**3,600**	**6,600**
Social Rent						
Requirement: demographic change 2001-21	2,100	600	900	200	400	2,700
PLUS Actual/projected losses (RTB etc) 2001-21	1,300	200	700	700	400	1,100
LESS Actual dwelling delivery 2001-07	300	300	400	300	200	900
Residual Social Rent Requirement 2007-2021	**3,100**	**500**	**1,300**	**700**	**600**	**2,800**
Other Tenures						
Requirement: demographic change 2001-21	7,900	4,400	8,300	3,800	4,800	7,300
LESS Actual/projected gains (RTB etc) 2001-21	1,300	200	700	700	400	1,100
LESS Actual dwelling delivery 2001-07	1,900	1,100	1,800	1,100	1,400	2,500
Residual Requirement for Other Tenures 2007-2021	**4,800**	**3,100**	**5,700**	**2,000**	**3,000**	**3,800**
Social Rent as % of Total	**39.3%**	**12.8%**	**18.1%**	**26.0%**	**15.7%**	**42.4%**

9.45 It is apparent that the requirement for additional social rented housing is highest in Dacorum and Welwyn Hatfield, where there is a projected requirement from demographic growth alongside the need to replace the loss of existing stock. Three Rivers also has a significant proportion of social rented housing (26%) as the identified requirement for social rented housing has to be delivered from a smaller housing delivery programme.

9.46 Whilst the identified requirement in St Albans is higher than other areas in terms of the number of units, proportionately it represents only 18% of overall delivery given the relatively large build programme when the housing allocated to Dacorum's settlements is included in the modelling.

9.47 Proportionately, the requirement is lowest in Hertsmere and Watford.

The Requirement for Intermediate Affordable and Market Housing

9.48 Having arrived at the social housing requirement, the requirement for other tenures is estimated using an affordability based method. The findings of Chapter 7 are used as the basis for this method. The income band that can service intermediate affordable housing is by definition the difference between social rents and market prices, whether market renting or owning.

Affordability of the supply of housing available locally

9.49 Figure 121 illustrates the relationship between housing costs and household income. It should be noted that all references to income are for household and not individual incomes. It should also be noted that the chart shows the affordability of all housing across LCB (West) based upon recent housing transactions, the size of the social rented stock and a modelled profile of the private rented sector.

9.50 The bars indicate the supply of housing that became available in the year to March 2008 affordable to household income bands using an income to mortgage multiplier of 3.5 and if renting, 25% of gross income. The multiplier of 3.5 is used rather than the 2.9 as CML data suggests that lending to first time buyers is on average nearer to 3.5 (3.33 in June 2008 as discussed in the previous chapter). That said, entry level market rents are a more significant factor than purchase prices in the context of this analysis entry level market rents are cheaper than entry level purchase prices. In practice, it is the lower market rents that define the line between intermediate affordable and open market prices.

9.51 The dotted line in Figure 121 estimates the percentage of local households who are not already home owners who were likely to be able to afford the housing in each band. This information is derived from the ORS model based upon CACI Paycheck data. This data has been adjusted by ORS to match the profile of household income from a household survey collected by ORS in Bedfordshire in 2004-05. The reason for the adjustment is that CACI Paycheck assumes that household income follows a normal distribution. However, all primary data evidence collected by ORS shows income following a skewed distribution.

9.52 The model uses the recent data on the distribution of income to cover the whole period 2001-2021. As is shown in Figure 131 later in this chapter, income levels are much more stable than house prices. Therefore, we consider it a reasonable assumption that income distribution of LCB (West) will remain relatively stable over time.

9.53 In using the current income profile as a proxy for the income profile of newly forming households we are following the same assumption which has been used historically in primary data based models. These have taken the income profile from a household survey and projected this forward based on the current affordability profile of an area. ORS's model is taking the income profile of households derived from secondary data sources and projecting this forward.

9.54 The number of households only able to afford social rents has been estimated on the basis of 25% of their gross income. Figure 121, below, clearly indicates that in general there is a clear point at which

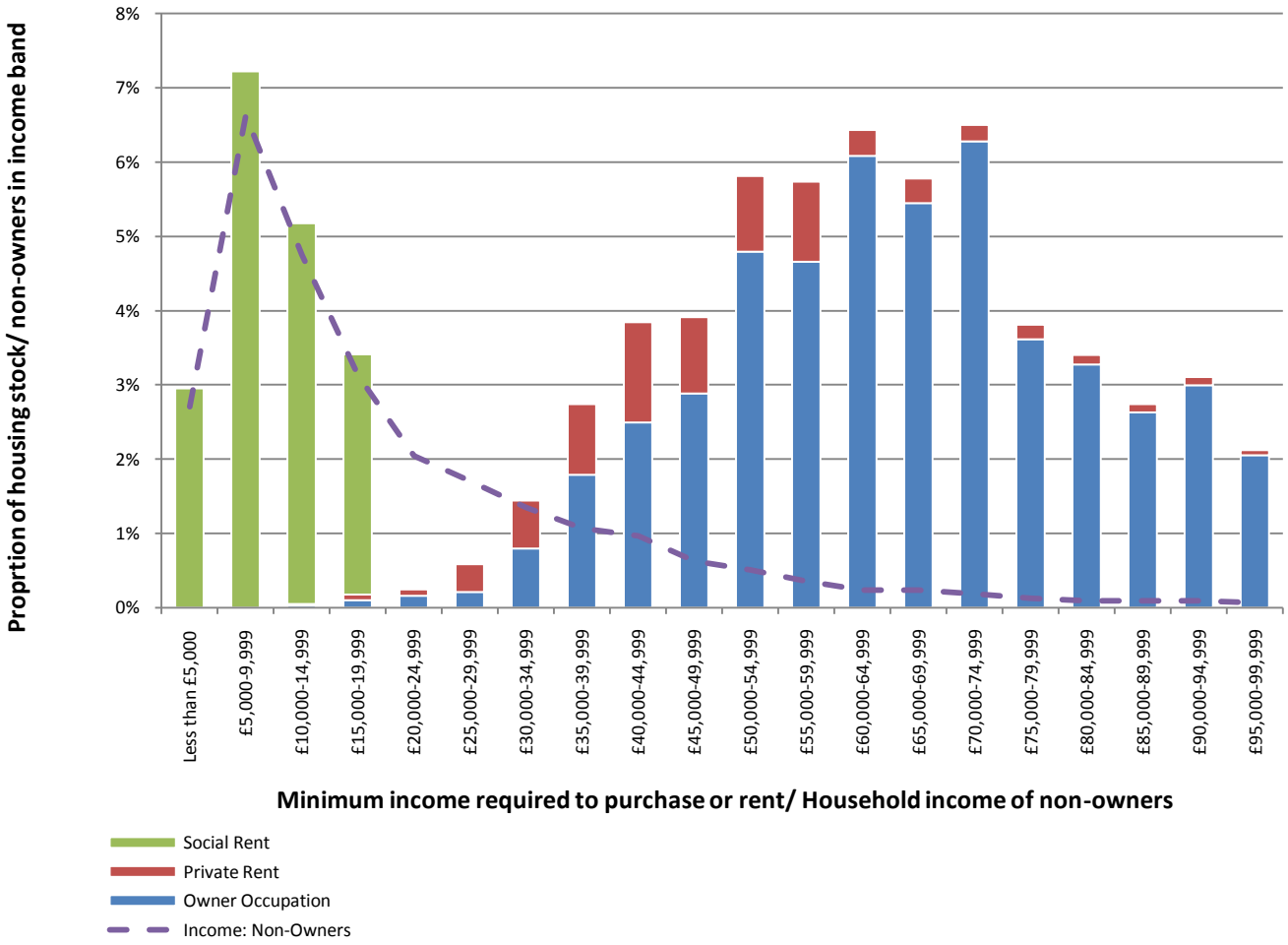
households can afford more than a social rent. This is an important finding when we come to estimate intermediate affordable and market housing requirements in the next section.

9.55 The size of the private rented sector is based upon the number of private rented dwellings on an output area basis at the time of the 2001 Census. The cost of private rented dwellings is obtained by applying a fixed rental yield of 5.9% to property transactions in each output area. Therefore, all properties sold in the output area have a 5.9% yield applied to them and the results are then applied to the size of the private rented sector in that output area.

9.56 Evidence for how rental yields for owner occupied dwellings is a good proxy for private rents is shown in 'Cambridge Centre for Housing and Planning Research', August 2008 Private rents and rental rates of return1996/97 to 2006/07, which shows a strong positive correlation between private rents and lower quartile house prices.

9.57 It is apparent that there is likely to be a slightly greater proportion of the housing stock available for those with incomes below £20,000, i.e. the existing social rented stock, than the proportion of households who do not have existing equity that fall into this income bracket. Provided reasonable assumptions about vacancy rates hold, this implies that some of the existing social rented housing stock is occupied by households with incomes that are higher than £20,000 per annum.

Figure 121
Affordability of Housing Stock for Non-owners in LCB (West) based on 3.5x mortgage to household income multiplier and 25% of household income for rent (Modelled based on HM Land Registry, All sale prices applied across the entire stock based upon the value of transactions from April 2007 to March 2008 and Modelled Income Data based on CACI Paycheck adjusted in line with evidence from ORS housing surveys in Bedfordshire & Luton. Social rent figures relate to the total stock which is available)



9.58 In this context, it is perhaps not surprising that almost 2,100 properties have been sold to tenants in the period 2001-07 and that up to a further 2,300 properties are projected to be sold in the period 2007-21.

9.59 Other than the fact that most landlords seek a declaration that the applicant does not own a dwelling, access to social housing is not specifically means tested by many social landlords. There are many reasons why higher income households apply to be housed by a local authority or registered social landlord, e.g. quality of stock, fear of unemployment, affordable housing costs, security of tenure, proximity to family networks. Further, it cannot be assumed that existing higher earning tenants would be willing to move from their social rented home to an alternative tenure option, in order for households that are less well off to be offered the property. Given the continuing number of new households that are likely to be dependent on the provision of social rented housing, it will be necessary to provide additional social housing for these households.

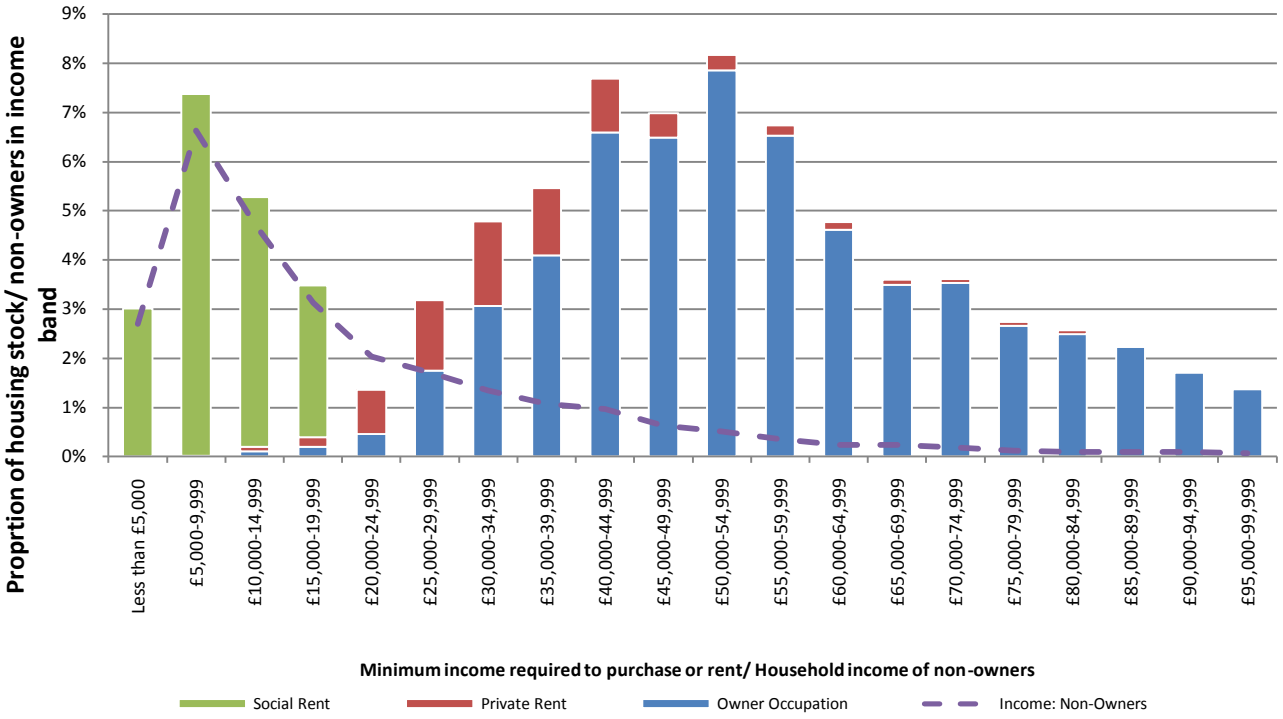
9.60 There is a virtually complete absence of housing options affordable to households within incomes of £20,000-29,999 and limited options for those with incomes of £30,000-34,999. This is a potential market for intermediate affordable housing. It must also be recognised that even higher income households may not be able to access the type or size of housing appropriate to their housing requirements on the open market and the potential market for intermediate housing products may therefore extend beyond the £20,000 - £35,000 income groups.

How the Affordability of Housing Changes if Households Borrow More Money

9.61 Up until recently it has been possible for households to borrow more money than the income multipliers used above, whilst others have had to spend more than 25% of their income to pay their rent. It is useful to see how the surpluses and shortfalls change if households can borrow more money or spend more money based upon their income.

9.62 Figure 122 is based on the same data, but assuming up to 35% of income to service rents and allowing borrowing at rates of up to 4.5 times a household's income. Whilst these assumptions may be extreme across the population as a whole, the chart helps to demonstrate the difficulties still faced by households in certain income brackets.

Figure 122
Affordability of Housing Stock for Non-owners in LCB (West) based on 4.5x mortgage multiplier for purchase and 35% of income for rent
(Modelled based on HM Land Registry, All Transactions from April 2007 to March 2008 and Modelled Income Data based on CACI Paycheck adjusted in line with evidence from ORS housing surveys in Bedfordshire & Luton)



9.63 It is apparent that even at these borrowing levels, housing options remain very limited for households in the £20,000-24,999 bands and the amount of stock affordable to those with incomes of £25,000-39,999 is more limited than the stock available to those with incomes of at least £40,000.

9.64 Of course, whilst households have been able to borrow at these higher levels over recent years, the current economic climate (in late 2008) and in particular the "Credit Crunch" has caused lenders to re-evaluate their lending practices. Even if households are prepared in principle to borrow higher amounts to bridge the affordability gap, lenders are no longer prepared to lend at these levels. Figure 121 reflects the current position rather than the situation shown in Figure 122. In practice, many of those households with little or no deposit may not even be able to secure advances of 3.5x income, so the original analysis may actually understate the current problem.

9.65 It is interesting to note how borrowing levels and income multipliers have changed from data published by the Council of Mortgage Lenders (CML). Figure 123, suggests that income multipliers are on average a little over 3.1 for first time buyers. The table contains other interesting information about recent trends affecting first time buyers.

9.66 Further, in relation to local median incomes we note that in 2007 residents in full time employment had incomes ranging from £27,788 to £34,096 depending upon where they lived (Figure 54). In relation to our estimated income for local households who are non earners we note that 60% of households are likely to have income of under £35,000 (Figure 96 (data table)). The increasing size of the deposit required represents an additional challenge for households seeking to become homeowners.

Figure 123
Income multiple for first time buyers in the UK for the year to September 2008 (abstract of CML table ML2 http://www.cml.org.uk/cml/statistics)

Month	Number of loans	Age of borrower	Median Advance £	Median Income £	% advance	Income Multiple
2007						
October	30,000	29	117,910	35,342	90	3.36
November	28,800	29	116,437	35,000	90	3.35
December	22,600	28	117,921	35,285	90	3.38
2008						
January	18,000	29	115,000	35,000	89	3.33
February	17,400	29	114,000	34,900	89	3.35
March	17,800	28	114,950	34,840	89	3.35
April	18,800	28	114,277	35,000	89	3.33
May	19,700	28	114,645	35,000	89	3.35
June	18,200	29	113,854	35,000	87	3.33
July	16,500	29	110,250	34,500	86	3.27
August	14,600	29	107,953	34,380	85	3.21
September	13,400	29	104,500	33,960	84	3.18

9.67 We believe that the evidence supports our use of using the 3.5x multiplier as first time buyers on average borrow at a higher ratio than 2.9x. The effect of using this larger multiple is to reduce the requirement for affordable housing in our model as households have greater purchasing power against their income and more households will therefore be able to afford market prices.

Estimating intermediate affordable and market requirements

9.68 Given the absence of housing options for households with incomes of £20,000 up to at least £30,000, it is not surprising that households with incomes above £20,000 are continuing to live in social rented housing. Furthermore, emerging households with incomes in this range are currently faced with a lack of housing options, which will over time cause them to look further afield for housing which is more affordable to them. Therefore, alongside the need for additional social rented housing there is also a need to examine the potential role that intermediate affordable housing could play within the LCB (West).

9.69 However the following evidence suggests that at prices prevailing at 2007/8, households with income up to £35,000 have very limited choice in the market. When considered cumulatively, the proportion of households who have incomes of up to £35,000 and who do not currently have equity in their own home accounts for 16.3% (Figure 98) of all households in the area, whereas only 1.3% of dwellings in the area would be affordable for purchase by this group and 1.2% would be affordable to this group through renting in the private sector (Figure 121).

9.70 When the total stock of housing is considered including the social rented stock, the proportion of housing currently available to these households is 21.0%. In this context, there are currently more households in this group than there is housing available. Therefore, some households are having to pay more in housing costs than is considered affordable (on the basis of assumptions within the CLG SHMA Practice Guidance) to support their housing costs.

9.71 Note that the model does not assume that all households with incomes of over £35,000 will purchase a dwelling. Instead, the model notes that for households with incomes of £35,000 or more there is

sufficient market housing available when both renting and owner occupation are considered. Under PPS3 definitions, intermediate housing is any dwelling provided at a cost of above social rents, but below the cost of market housing. In the case of LCB (West), the most expensive target social rents are affordable to households with incomes of £20,000. The start of market housing is for households who earn at least £35,000 because this is when sufficient market housing is available for households who have no existing equity. This leaves a gap to be potentially filled with intermediate housing for households with incomes of £20,000-£35,000 who can afford more than target social rents, but for whom there is currently insufficient housing available. The model says that those with incomes of more than £35,000 will occupy market housing which could be either private rent or owner occupation.

9.72 The ORS model has, therefore, established the affordability and the supply of dwellings available to this group in the year to March 2008 remembering that most of the existing supply available to this group will be in the form of cheaper private rented dwellings. Next we project the position in 2021. However, we need to consider the effective demand for Intermediate Affordable Housing in order to develop policy implications and this is discussed in the following chapter.

9.73 Over the period to 2021, the proportion of owner occupiers will change. The earlier demographic modelling suggests that the proportion of households requiring social rented housing will remain constant over that period. However, if new households are unable to afford the cost of purchasing their home, the proportion in home ownership could be lower than the current 73%. This is illustrated in Figure 124.

9.74 The steps taken in Figure 124 can be summarised as:

- from a known baseline according to the census 2001 we know the proportion of households that are owning and renting;
- we deduct the estimated number of households that will die by 2021, 68% of whom are estimated to be owner–occupiers based upon 68% of pensioner households being owner occupiers at the time of the 2001 census;
- we add the estimated increase in households that will form and apportion these households between those likely to afford home ownership and those not from our model based upon the household income profile of all households; and
- we calculate the net increase in households by tenure and show the new proportion of households that are owning or renting.

Figure 124
Exemplification of Projected change in Home Ownership for the LCB West Sub-region 2001-2021 (Note: Figures may not sum due to rounding)

	Owned	Rented	Overall Total
Existing Households			
As at April 2001	183,300	68,800	252,100
	73%	27%	100%
Projected Impact of Death			
Proportion of pensioner households (as at 2001)	68%	32%	100%
Household dissolution following death 2001-2021	37,500	17,400	54,900
Projected Impact of New Households			
Proportion of all households able to afford home ownership/ residual assigned to rented (as at 2007)	41%	59%	100%
New household formation 2001-2021	40,900	57,400	98,300
Net change 2001-21 based on affordability modelling	**3,400**	**40,100**	**43,400**
Projected Households			
Projected by 2021 based on affordability modelling	186,600	108,900	295,500
% of households	63%	37%	100%

9.75 Figure 125 is taken from ORS modelled data derived from CACI Paycheck. It shows that 41% of all households are able to afford home ownership. This proportion is derived by taking the 58.5% of households with incomes of up to £34,999 from 100% leaving a residual of 41% (rounded) of households who have incomes in excess of £35,999 and can therefore afford home ownership.

Figure 125
Affordability of Home Ownership by Household Income for the LCB West Sub-region 2001-2021 (Note: Figures may not sum due to rounding)

Income Band	All Households	Cumulative %
Less than £5,000	4.2%	4.2%
£5,000-9,999	12.4%	16.6%
£10,000-14,999	10.5%	27.1%
£15,000-19,999	9.1%	36.2%
£20,000-24,999	8.2%	44.4%
£25,000-29,999	7.2%	51.6%
£30,000-34,999	**6.9%**	**58.5%**
£35,000-39,999	5.8%	64.3%
£40,000-44,999	5.5%	69.8%
£45,000-49,999	4.5%	74.3%
£50,000-54,999	3.8%	78.1%
£55,000-59,999	3.1%	81.2%
£60,000-64,999	2.5%	83.7%
£65,000-69,999	2.2%	85.9%
£70,000-74,999	1.9%	87.8%
£75,000-79,999	1.6%	89.4%
£80,000-84,999	1.4%	90.8%
£85,000-89,999	1.3%	92.1%
£90,000-94,999	1.1%	93.2%
£95,000-99,999	0.9%	94.1%

9.76 Again referring to Figure 124, on the assumption that the relationship between housing costs and household income remains constant, the affordability modelling suggests that the proportion of households who are homeowners is projected to fall to from 73% in 2001 to 63% by 2021.

9.77 The model is projecting that if current affordability persists until 2021, only an extra 3,400 households will be able to afford owner occupation when compared with 2001. However, based upon the existing pattern of home ownership and market renting combined with the current levels of affordability, another 20,000 households will have incomes of over £35,000 but will occupy private rented dwellings rather than owner occupied ones.

9.78 This means the balance of the requirement between market and intermediate affordable housing will change by 2021 therefore we need to estimate the requirement for intermediate affordable housing.

9.79 Based upon our affordability model, by 2021, we estimate that 30% of all households would have incomes of less than £35,000, at current values, with no equity available from existing property, which equates to 88,900 households across the sub-region (Figure 126):

Figure 126
Number and proportion of households unable to afford market housing for the LCB West Sub-region at 2021

Housing Tenure	Number	%
Households at 2021		
Owned	186,600	63.%
Rented	108,900	37%
All Households	295,500	**100%**
Income of Non-owners		
Above £35,000	20,000	7%
£20,000 up to £35,000	20,300	7%
Up to £20,000	68,600	23%
All Non-Owners	**108,900**	**37%**
Able to afford Market Housing		
Current owners	186,600	63%
Non-owners with income above £35,000	20,000	7%
Sub-total	**206,600**	**70%**
Total Unable to Afford Market Housing	**88,900**	**30%**

9.80 As noted earlier, the household income profile for all households in LCB (West) is based upon CACI Paycheck figures which have been adjusted using Bedfordshire primary data. The income profile for non-owners is obtained for each output area by using the adjusted CACI Paycheck data for that output area and matching this to the proportion of non-owners at the time of the 2001 Census. As was shown earlier, by 2021 the model is projecting that 37% of households will not be owner occupiers in 2021. If we apply the estimated income distribution for non-owners to this group, 7% of all households (18% of non-owning households) have incomes of more than £35,000 and can therefore afford market rent housing. Meanwhile, 23% of all households (63% of non-owning households) will have incomes of less than £20,000 and will require social housing. This leaves 7% of all households (19% of non-owning households) who have incomes between £20,000 and £35,000

who can afford intermediate, but not market housing. The needs of this group now require to be compared with the level of supply of housing in this price range.

9.81 There would be 9,000 dwellings in the private sector affordable to this group, on the assumption that the relationship between housing costs and income remains constant and on the assumption that the type and size of property match the housing requirements of those in this group. This is arrived at by multiplying the proportion of dwelling stock available in the year to March 2008 affordable to this group by the projected number of households at 2021.

9.82 The social rented sector would need to grow to 53,200 units (Figure 119). Meanwhile, there was the delivery of 700 intermediate affordable homes across the sub-region over the period 2001 to 2007, this provides a total stock of 62,900 dwellings affordable to those with incomes below £35,000.

9.83 Given an overall total of 88,900 households with incomes of less than £35,000 an overall stock of 62,900 dwellings affordable to this group, there is an implied shortfall of 26,000 intermediate affordable housing units.

9.84 This requirement for intermediate affordable housing is in addition to the 8,500 social rented homes previously identified, yielding an overall requirement for 34,500 affordable homes across the sub-region over the period to 2021. This actually exceeds the total dwelling delivery 2007-2021 as we identified in Figure 119 that 12,200 of the RSS target for additional housing had been delivered leaving a net target of 31,300 still to be delivered by 2021.

9.85 The overall housing tenure mix required for the sub-region based on affordability at 2007-08 levels and growth constrained to the residual RSS target of 31,300 homes can be summarised as in Figure 127.

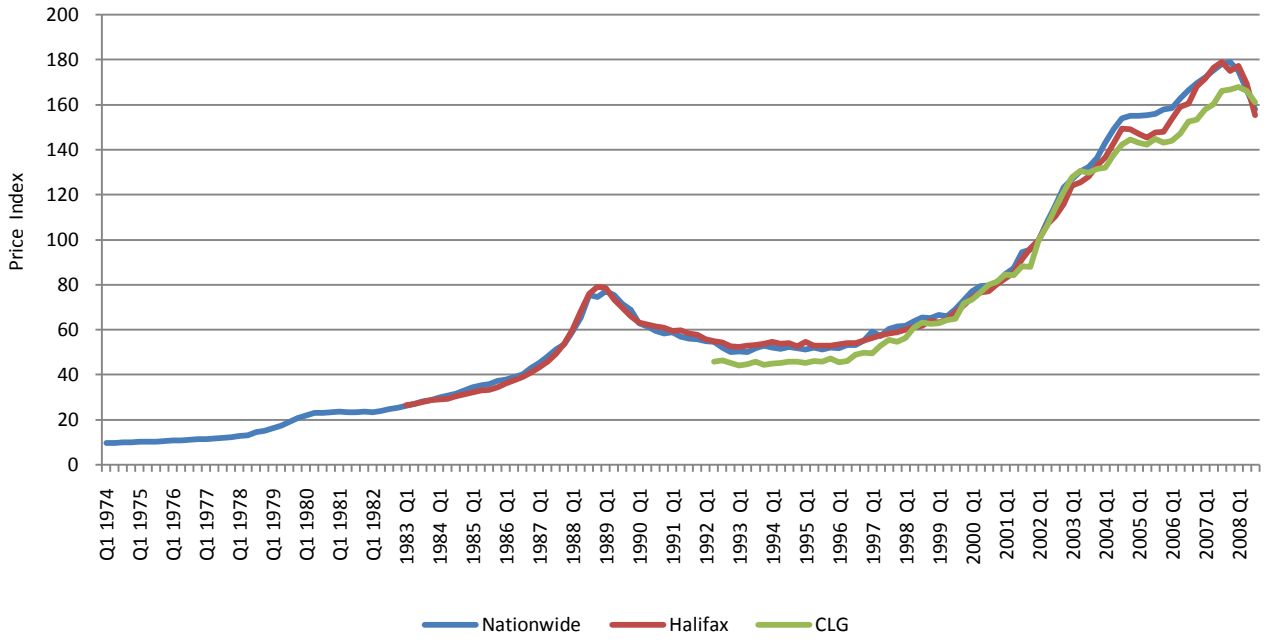
Figure 127
Overall Housing Requirement for the LCB West Sub-region 2007-2021 (Note: Figures may not sum due to rounding)

Housing Tenure	Requirement 2007-2021	
	Number of Units	%
Market Housing	(3,200)	(10.2%)
Intermediate Affordable Housing	26,000	83.2%
Social Rented Housing	8,500	27.1%
Overall Housing Requirement	**31,300**	**100.0%**

9.86 This is an extreme conclusion. The results show that the need for both social rented housing and intermediate affordable housing cannot be satisfied by the existing stock, hence the identified requirement for additional provision and the negative value for market housing. The overall level of affordable housing provision required exceeds the overall build programme for the sub-region.

9.87 However this is at 2007/8 house prices which were approaching the peak of their cycle. Because of recent changes in house prices as illustrated in Figure 128, we have developed another scenario for the estimation of the housing requirement to 2021.

Figure 128
Average House Prices in the East of England (Note: April 2002 = 100. Source: Nationwide House Price Index, Seasonally Adjusted; Halifax House Price Index, Seasonally Adjusted; CLG Live Tables)

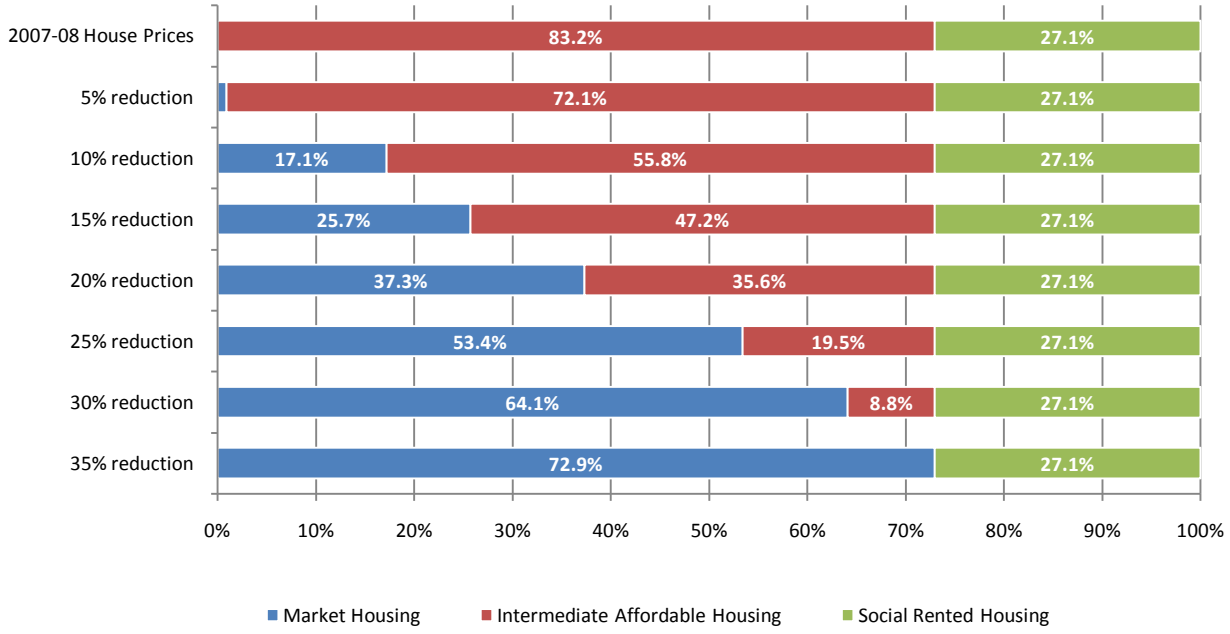


9.88 As house prices fall, more dwellings in the private sector will become affordable to households without equity and with incomes below £35,000, consequently, the need for intermediate affordable housing will reduce. Furthermore, lower house prices will lead to more households being able to afford market housing and the requirement for additional market housing will increase. It should also be noted that as house prices fall and more stock becomes affordable for households on lower incomes the threshold for intermediate housing falls. Therefore, when we reduce house prices to their long-term price level, the income band for intermediate affordable housing narrows to £20,000-£30,000 rather than the £20,000-£35,000 at 2007/8 house prices.

9.89 The requirement for social rented housing will not change as it is always the cheapest housing available and the margin between social rents and market housing is by definition, intermediate affordable housing. The social housing requirement is independent of market prices. Social rented housing is normally occupied by a group of people who have neither the income nor the status to consider market housing or home ownership, i.e. those on very low income and state benefit get housing benefit help described in the lowest income bands in Figure 99. Evidence published by the HCA and CLG show that target rents rise slowly and show none of the volatility of purchase prices. For this reason, and the fact that it is and probably always will be in short supply, a trend based assessment of social housing requirement is the most appropriate and realistic methodology.

9.90 It is possible to test the housing mix given a range of differing house price scenarios. The outcome of these scenarios is detailed in Figure 129 below.

Figure 129
Scenario Testing of Overall Housing Requirement for the LCB (West) Sub-region 2007-2021



9.91 Whilst intermediate affordable housing constitutes a significant proportion of the housing requirement based on 2007-08 prices, it is clear that the level of intermediate affordable housing requirement is sensitive to changes in house prices. It is estimated that house prices have already fallen at least 10% from their peak but at current prices intermediate affordable housing still accounts for a significant proportion of the overall requirement(in addition to the 27.1% requirement for social rent.

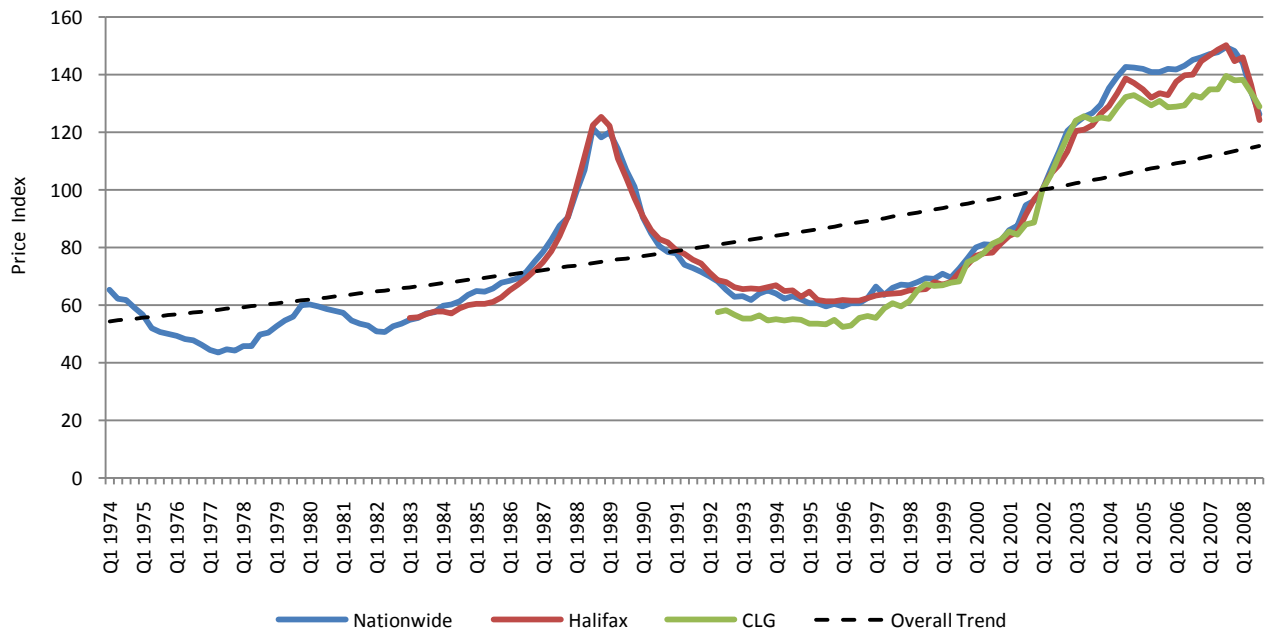
9.92 Nevertheless, if house prices fall to 25% below their 2007-08 peak prices, the need for intermediate housing falls to 19.5% of the overall requirement. If house prices were to reduce by 35% and did not increase again from this level, there would be no requirement for additional intermediate affordable housing in the sub-region.

9.93 However, prices will probably recover, so there is likely to be an ongoing requirement for intermediate affordable housing products in the sub-region.

Assessing the Affordable Housing Requirement against Long Term Price Trends

9.94 As previously noted, house prices are very volatile in the short term. Figure 130 shows the change in house prices adjusted to take account of inflation. Also shown is the long-term trend of growth in house-prices.

Figure 130
Real House Price Trends in the East of England after inflation (Note: April 2002 = 100. Source: Nationwide House Price Index, Seasonally Adjusted; Halifax House Price Index, Seasonally Adjusted; CLG Live Tables; Retail Price Index, ONS)



9.95 As our latest analysis is based on housing transactions and income in the period April 2007 to March 2008, and is therefore not necessarily sufficiently representative to be projected forward, we have calculated a long term trend between appropriate points in the cycle and based on a weighted average of house price indices and discovered this to be on average 21.5% lower than the actual house price indices for the period.

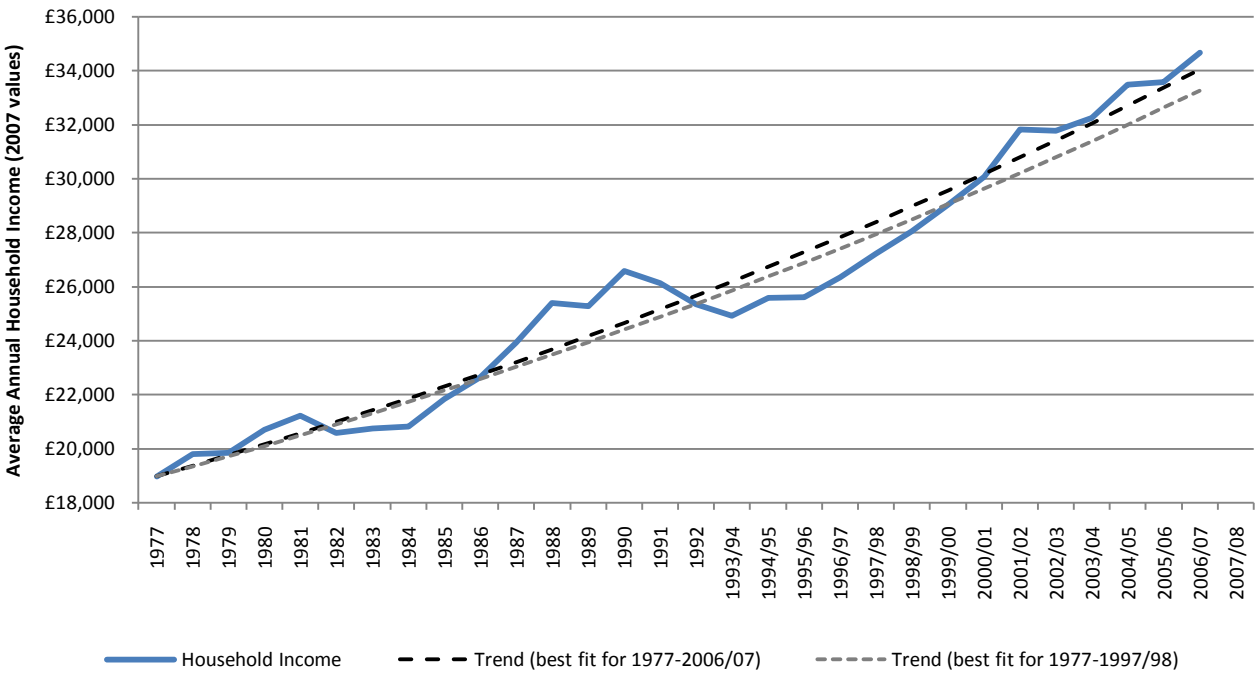
9.96 In calculating affordability, we are not only interested in the cost of housing but we are interested in the relationship between house prices and incomes. If house prices and incomes are expected to change at the same rate over the period to 2021, then it is appropriate to consider the current relationship between the two when considering the requirements over the full period. Nevertheless, where house prices and incomes are anticipated to change at different rates, it is important to also consider the relative differences between the two.

9.97 Figure 131 (overleaf) shows that average household incomes across the UK have increased from just below £19,000 in 1977 to £34,700 in 2006/07. The chart also shows the two possible trends in income growth, calculated on the following basis:

- the first trend (with results shown as a dashed black line on the chart) considers the trend based on the observed data for the whole period from 1977 to 2006/07. This shows that actual incomes are currently only slightly above the long term trend; and
- the second trend (with results shown as a dotted grey line on the chart) considers the trend based on the observed data for the first twenty years of the period from 1977 to 1997/98. This shows a more conservative trend, suggesting that current incomes are higher than the

expected long term, though this difference is less marked than observed at the time of the last peak in 1991. It would still be expected that average household incomes will "correct" themselves with a slow-down in growth or possible reduction over the next few years.

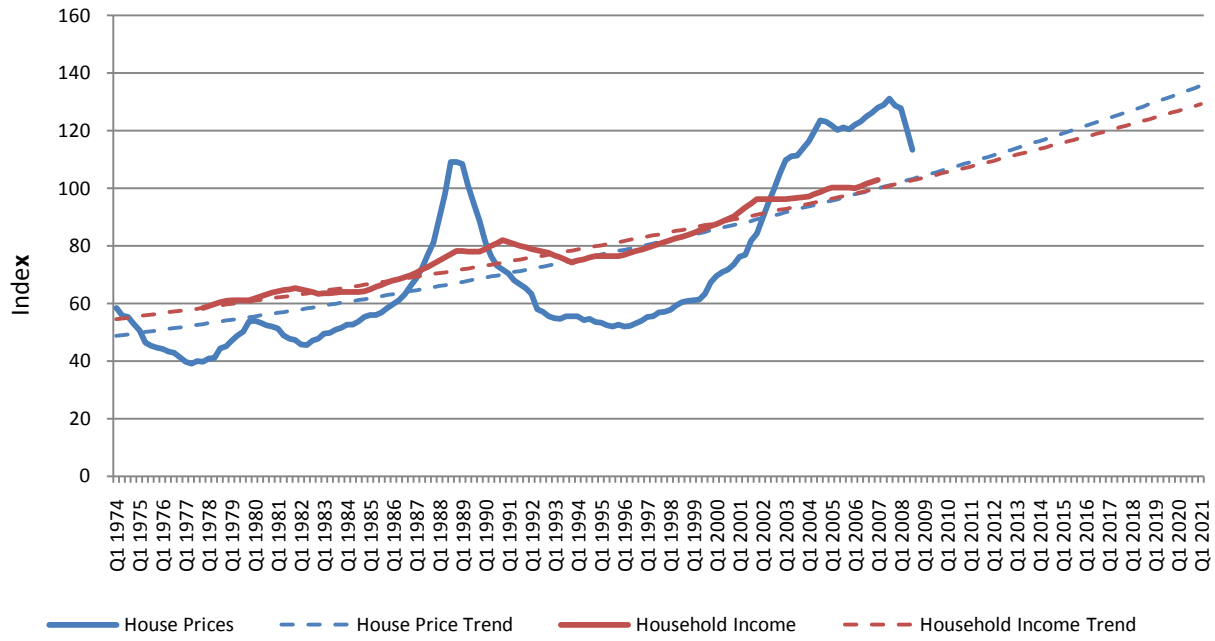
Figure 131
Average UK Household Income Trends 1977-2007 (Source: ONS)



9.98 Because the first trend begins in a trough and ends near the peak before the 2008/9 economic recession, it is likely that the long term trend for incomes will be lower than might have been projected. In comparing long-term income growth with long-term house price growth, we have considered the second approach outlined above as the most realistic.

9.99 Figure 132 illustrates the relative trends in incomes and house prices for the Eastern region together with the projections for the index to 2021 based on the identified trends.

Figure 132
Average House Price and Average Household Income Trends (Note: Long-term trends at Q1 2007 = 100. Source: Nationwide House Price Index, Seasonally Adjusted; Halifax House Price Index, Seasonally Adjusted; CLG Live Tables; Retail Price Index, ONS; Social Trends ONS, Regional Trends ONS)



9.100 On the basis of Figure 132, by 2021, the house price index is projected to reach 135.7 whilst the income index is projected to be lower at 129.3, so the assumption that the relationship remains constant appears inappropriate.

9.101 It is important to recognise that one of the key drivers to increasing house prices is the growth in incomes. The reasons for house prices growing faster than incomes is inevitably complex but contributing factors include:

- **New housing supply** – across the UK over recent years, the estimated number of additional households has exceeded the number of new homes provided, so there has been increased demand for the available housing, both the existing stock and new housing, which will have contributed to higher prices. Work by the National Housing and Planning Advisory Unit (NHPAU) has identified a supply range for new housing for each England region to counter the impact of constrained supply on affordability, but it is recognised that this is unlikely to have an impact on affordability until a step-change in housing delivery has been achieved at a national level;
- **Access to capital** – either through inheritance or equity, capital provides extra purchasing power, although this does not normally apply to younger households/first time buyers; and
- **Access to finance** – in recent years, financial institutions had become increasingly more prepared to lend larger amounts of money to households than had historically been available to them. This increased borrowing power led to households being able to afford more for their housing, which in turn is likely to have contributed to higher house prices. In the light of the "credit crunch" it is believed that lending will not be available to the same extent in the future, especially to borrowers with poor credit ratings. This could suppress house price growth.

Nevertheless, whilst the restrictions on finance should avoid house prices climbing to the actual levels seen in 2007/08, these are considerably higher than those observed in the long-term trend so at this stage it would seem premature to suggest any change was required.

9.102 As described in Figure 130, house prices in 2007-08 were 21.5% above the long-term house price trend. When considering the growth in house price and income trends over the period 2007-21, it is estimated that the growth in house prices would be 3.6% more than the growth in income as an average for the whole period.

9.103 Therefore, in considering the projected housing mix for the period 2007-21, house prices used for the affordability have been reduced from the 2007/08 level by 21.5% to take account of long-term house price trends. This lower figure has then been increased by 3.6% to take account of faster growth in the trend of house prices than the trend for household income. This is equivalent to an 18.7% reduction in prices with static incomes.

9.104 Figure 133 and all subsequent figures and charts unless stated otherwise show the housing mix on the basis of the adjusted affordability analysis at the sub-regional level. Growth is constrained to the residual RSS target, that planned less already built. All the key tables and graphs based on the 2007/8 price level have been reproduced with an estimated 18.7% price cut taken into account.

9.105 As was stated earlier in paragraph 98, in this reduced price scenario, the income band for intermediate affordable housing has narrowed to a £10,000 band with household incomes between £20,000 and £30,000 p.a.

Figure 133
Overall Housing Requirement 2007-2021 based on Long-term house price trends LCB (West) Sub-region (Note: Figures may not sum due to rounding)

Housing Tenure	Requirement 2007-2021	
	Number of Units	%
Market Housing	10,900	34.9%
Intermediate affordable Housing	11,900	38.0%
Social rented Housing	8,500	27.1%
Overall Housing Requirement	**31,300**	**100.0%**

9.106 Figure 134 and Figure 135 demonstrate the modelled requirement for each district and the sub-markets. Note that the social housing requirement is unaltered. The tables demonstrate how the balance between market housing and intermediate affordable housing varies as average prices change. As notes above, the income band for intermediate affordable housing differs between the two scenarios described in Figure 134. In the second scenario it has changed from £20,000 to £35,000 to £20,000 to £30,000 p.a. as at lower market prices more people will be able to afford market housing (Figure 129).

9.107 The local results below do not necessarily sum to match the sub-regional figures. This assumes that households' needs are addressed within their own LA area whereas the sub-regional figure considers the areas as a whole. For example, at a sub-regional level, the cheaper housing stock of Dacorum is assumed to help to meet the intermediate affordable housing requirements of the whole sub-region. However, when analysed from a local authority perspective, Dacorum is only assumed to meet the needs of Dacorum residents. The consequence of this distinction is that the intermediate affordable housing requirement is lower for the sub-region as a whole than it is if we sum together the requirements for each individual authority.

Figure 134
Housing Requirement by LA 2007-2021 (Note: Figures may not sum due to rounding)

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
House Prices at 2007-08 levels						
Market housing	2,100	(1,500)	(2,000)	(1,800)	(1,100)	600
Intermediate affordable housing	2,600	4,700	7,700	3,800	4,100	3,300
Social rented housing	3,100	500	1,300	700	600	2,800
Total Housing Requirement	**7,800**	**3,600**	**7,000**	**2,700**	**3,600**	**6,600**
Market housing	27.3%	-	-	-	-	8.4%
Intermediate affordable housing	33.3%	91.1%	86.0%	84.6%	88.0%	49.2%
Social rented housing	39.3%	8.9%	14.0%	15.4%	12.0%	42.4%
House prices based on long-term trends						
Market housing	4,800	400	400	(400)	800	3,400
Intermediate affordable housing	0	2,700	5,300	2,300	2,100	500
Social rented housing	3,100	500	1,300	700	600	2,800
Total Housing Requirement	**7,800**	**3,600**	**7,000**	**2,700**	**3,600**	**6,600**
Market housing	60.7%	11.3%	6.2%	-	23.9%	50.8%
Intermediate affordable housing	-	75.9%	75.8%	77.1%	60.4%	6.9%
Social rented housing	39.3%	12.8%	18.1%	22.9%	15.7%	42.4%

Figure 135
Housing Requirement by Sub-Market 2007-2021 (Note: Figures may not sum due to rounding)

Housing Tenure	Housing Sub-Market			
	Hemel Hempstead	St Albans	Watford	Welwyn Garden City & Hatfield
House Prices at 2007-08 levels				
Market housing	1,500	(2,500)	(4,500)	(700)
Intermediate affordable housing	3,100	8,000	11,800	5,800
Social rented housing	3,000	1,400	2,100	2,400
Total Housing Requirement	**7,600**	**6,900**	**9,500**	**7,600**
Market housing	19.2%	-	-	-
Intermediate affordable housing	41.0%	85.3%	84.7%	70.7%
Social rented housing	39.7%	14.7%	15.3%	29.3%
House prices based on long-term trends				
Market housing	6,100	200	2,400	4,000
Intermediate affordable housing	0	3,600	4,900	1,100
Social rented housing	3,400	1,100	2,100	2,400
Total Housing Requirement	**9,500**	**5,000**	**9,500**	**7,500**
Market housing	63.8%	4.3%	25.7%	52.8%
Intermediate affordable housing	-	72.9%	51.9%	15.3%
Social rented housing	36.2%	22.8%	22.4%	32.0%

9.108 It is important to understand the significance of apparent surpluses of dwellings in the above figures in certain scenarios and the practical implications of these outputs. This does not mean that new build housing in Watford or Three Rivers should not be built or that there will be no demand for it. Firstly, delivery of affordable housing will be generated by new build market housing development on qualifying sites. In addition, in recent years there has been a large growth in households in the private rented sector. Investors have been active in the new build market. New-build stock that sells

to existing owner occupiers will result in a chain of second hand housing being released. Such housing will tend to be smaller and cheaper and accessible to a wider group of people thus helping to meet part of the overall housing requirement. The ORS Housing Mix Model should be interpreted as saying that if the affordability profile of households in Watford and Three Rivers does not improve, there will be significant requirement for additional affordable housing.

Estimating the future balance between market housing for sale and rent

9.109 Note that Figure 133 to Figure 135 refer to market housing which is a mix of private rented housing and owner occupied housing. It is very difficult to predict how the proportions will change in the period between 2008 and 2021. The private rented sector is understood to have grown rapidly in the period between year 2001 and 2008. An accurate number will not be available until the 2011 census results are available. Our assumptions built into the requirements analysis were based upon affordability trends. In reality the proportion is a market response to a range of possible scenarios and these are now briefly considered.

9.110 The balance between owning and renting market housing will inevitably depend on a range of factors.

9.111 Ignoring the credit crunch, the drivers for the private rented sector can be considered in terms of supply and demand.

9.112 Demand is likely to be robust especially from younger households. Even allowing for some downward adjustment in purchase prices, it is unlikely that the affordability gaps described above will be met from an adequate supply of affordable housing. Other cost of living factors will also present a barrier to aspiring home owners on lower incomes as they have less disposable income to absorb increasing costs.

9.113 Change of supply of rented housing will be more volatile depending upon returns for investors compared to other investments. This will also be dependent on a wide range of fiscal and economic factors.

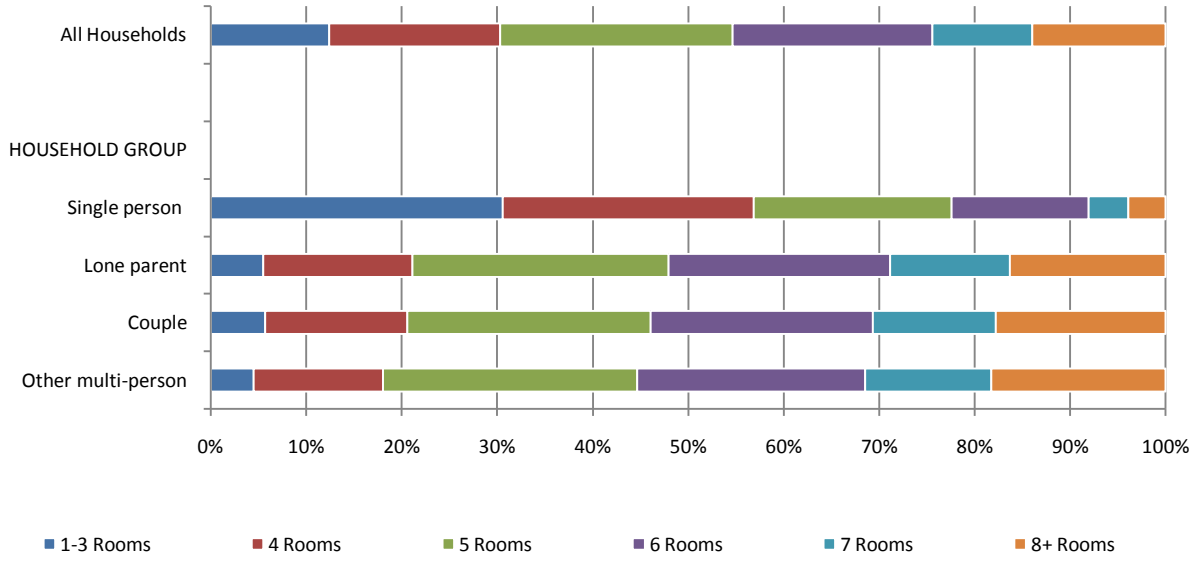
9.114 If the credit crunch is considered we see both the fall in house prices and credit restrictions constraining demand for home ownership but overall no reduction in demand for housing per se.

9.115 On the supply side it is unlikely that landlords will sell existing stock unless absolutely forced to. Even if no new investment occurs for the time being it is hard to see that the size of the sector will diminish. If the cost of borrowing becomes low and prices are cheap, landlords with cash may be inclined to seize the opportunity to invest further.

Size Mix of Future Housing Requirements

9.116 Figure 136 shows the size of properties occupied by different household groups at the time of the 2001 Census. This shows that single person households in particular were disproportionately likely to be found in smaller housing, over 30% having three rooms or fewer, and almost a further 30% occupying dwellings with four rooms. Multi-person households tended to occupy larger properties and lone parents tended to occupy smaller properties, the differences between these groups are less marked than for single person households.

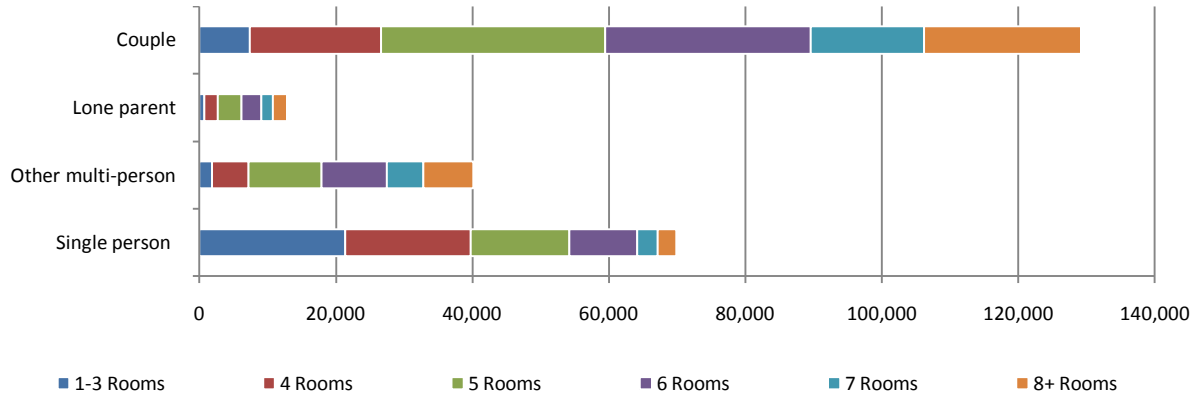
Figure 136
Housing Size Mix by Household Type (Source: UK Census of Population 2001)



9.117 It is clear that the size mix differs quite markedly for each household type, so as the proportion of households of each type changes in line with the earlier projections, this will influence the mix of sizes required.

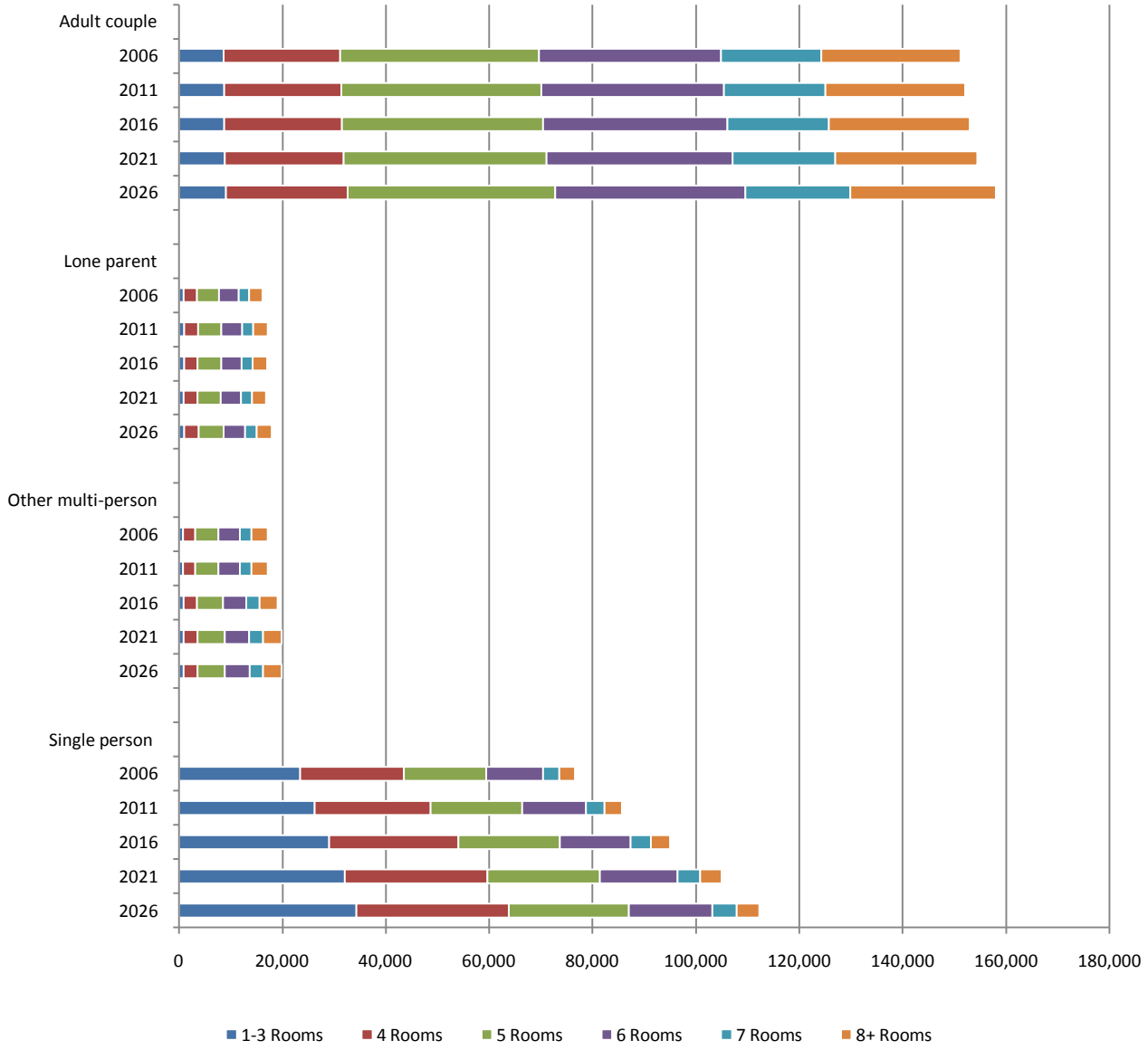
9.118 Figure 137 shows the numbers of households in each property size broken down by household type as at the time of the 2001 Census.

Figure 137
Number of Households by Housing Size and Household Type (Source: UK Census of Population 2001)



9.119 Figure 138 illustrates the projected change in size of each household group, and the implied size mix on the basis of maintaining the proportions constant.

Figure 138
Household Projections to 2026 by Household Type and Size (Source: LCB West SHMA, 2008)



9.120 When the requirements of each household type are combined, the overall size mix can be summarised as follows in Figure 139, Figure 140 and Figure 141.

Figure 139
Household Projections to 2026 by Housing Size (Source: LCB East SHMA, 2008)

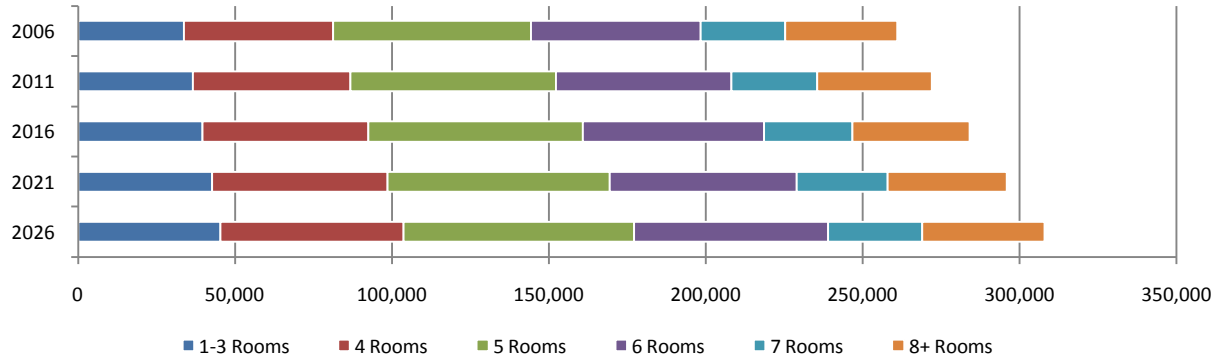


Figure 140
Housing Size Mix as at 2001 compared to Projected Housing Size Mix 2021

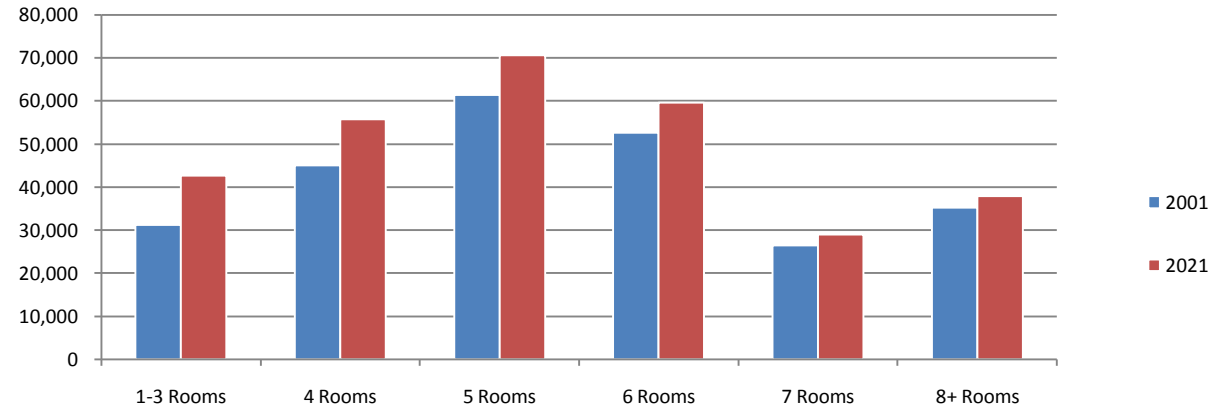
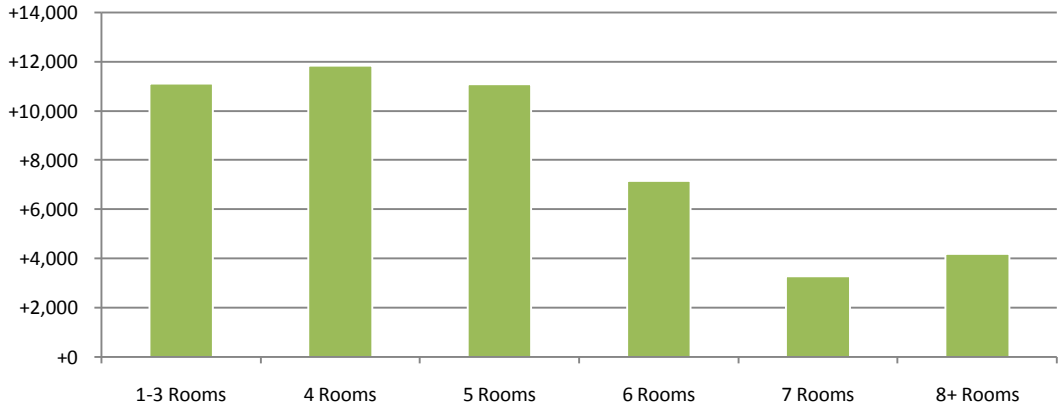
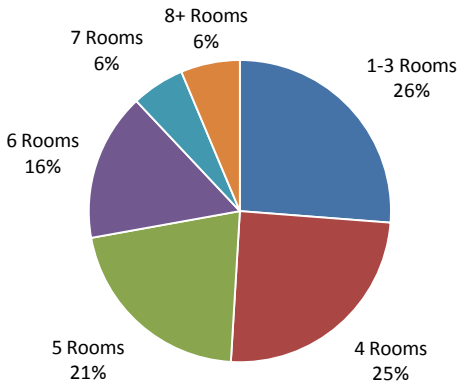


Figure 141
Net Change in Required Housing Size Mix 2001- 2021



9.121 When we consider this mix proportionately, across the whole of the sub-region the size-mix balance needs to become; just over a quarter (26%) as having 1-3 rooms, a further quarter (25%) with four rooms, 21% with 5 rooms, 16% with 6 rooms and 6% for both 7 room and 8+ room properties.

Figure 142
Net Change in Required Housing Size Mix 2001- 2021

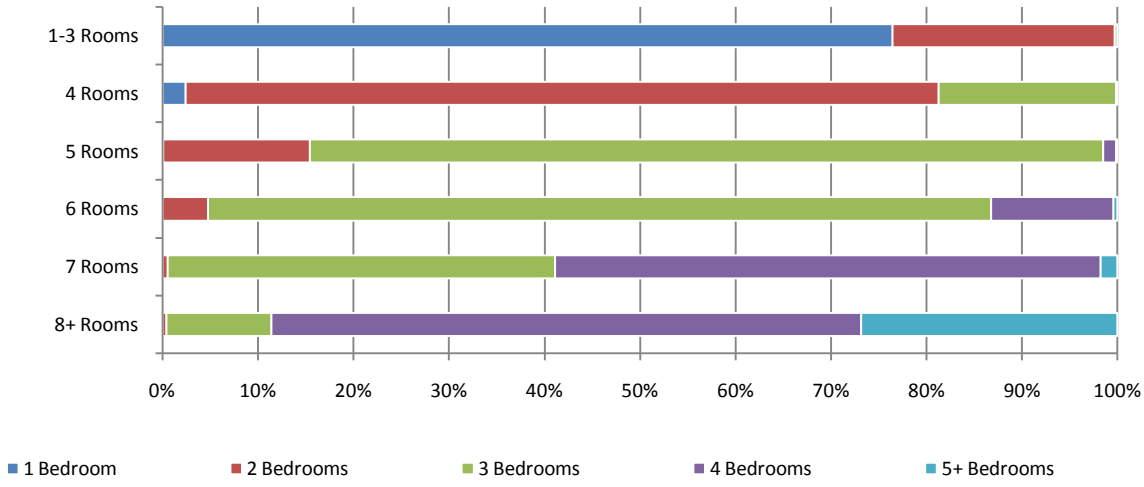


Relating room requirements to bedroom requirements

9.122 Of course, when considering dwelling mix it is often the case that the number of bedrooms is considered in favour of the overall number of rooms in a property, despite data sources such as the Census and Survey of English Housing typically reporting on the total number of rooms.

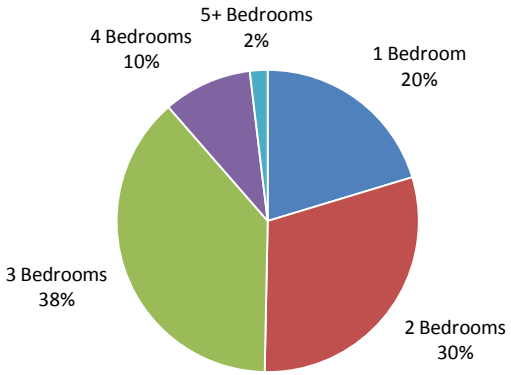
9.123 Figure 143 summarises the relationship between property size and number of bedrooms from an amalgamated dataset from household interviews completed by ORS. Whilst the data does not relate directly to the LCB (West) area, it provides a reasonable mechanism for translating between the number of rooms and the number of bedrooms in a property.

Figure 143
Number of Bedrooms by Number of Rooms (Source: ORS Household Surveys)



9.124 Using the above information, it is possible to consider the additional housing requirement in terms of the number of bedrooms required. Figure 144 shows that it is apparent that half of the additional housing should be provided as 1 or 2-bed homes (20% and 30% respectively) with 38% being 3-bed properties, 10% being 4-bed homes and 2% of properties requiring 5 or more bedrooms.

Figure 144
Net Change in Required Housing Size Mix by Number of Bedrooms 2001- 2021



9.125 When we consider this requirement to 2001 to 2021 alongside the supply of housing delivered over the period 2001-07, it is apparent that there is a considerable delivery deficit of 3 bedroom homes and a lesser deficit of one and two bedroom homes.

Figure 145
Housing Size Mix 2001- 2021 and Dwelling Delivery 2001-07 by Number of Bedrooms

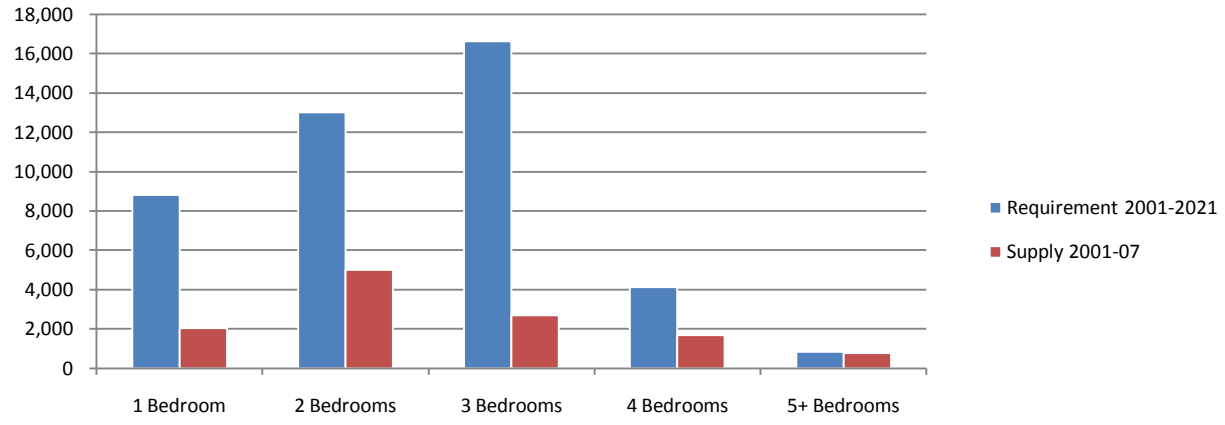
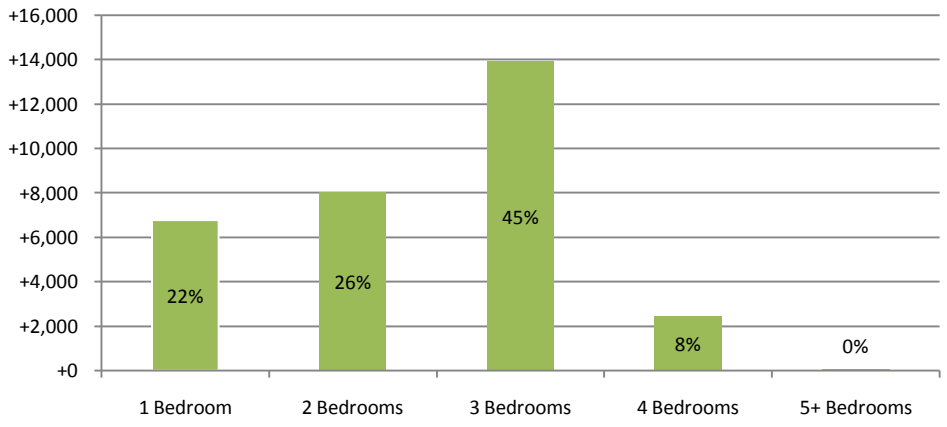


Figure 146
Required Housing Size Mix 2007- 2021



9.126 The size mix for each of the districts is detailed below.

Figure 147
Size Mix of the Housing Requirement to 2021 by LA (Note: Figures may not sum due to rounding)

Housing Type	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
1 bedroom	1,600	800	1,400	900	900	1,100
2 bedrooms	1,800	1,100	2,100	1,000	700	1,400
3 bedrooms	3,500	1,600	3,000	1,000	1,700	3,400
4 bedrooms	800	200	500	-	200	700
5+ bedrooms	100	-	-	(200)	-	100

How the size mix will change according to house prices

9.127 As we have noted earlier, the tenure mix of the overall housing requirement changes with house prices and we have modelled overall requirements based upon 2007/8 average prices and long term

trends. The size mix requirement differs by tenure, and is also dependent on the prevailing house prices.

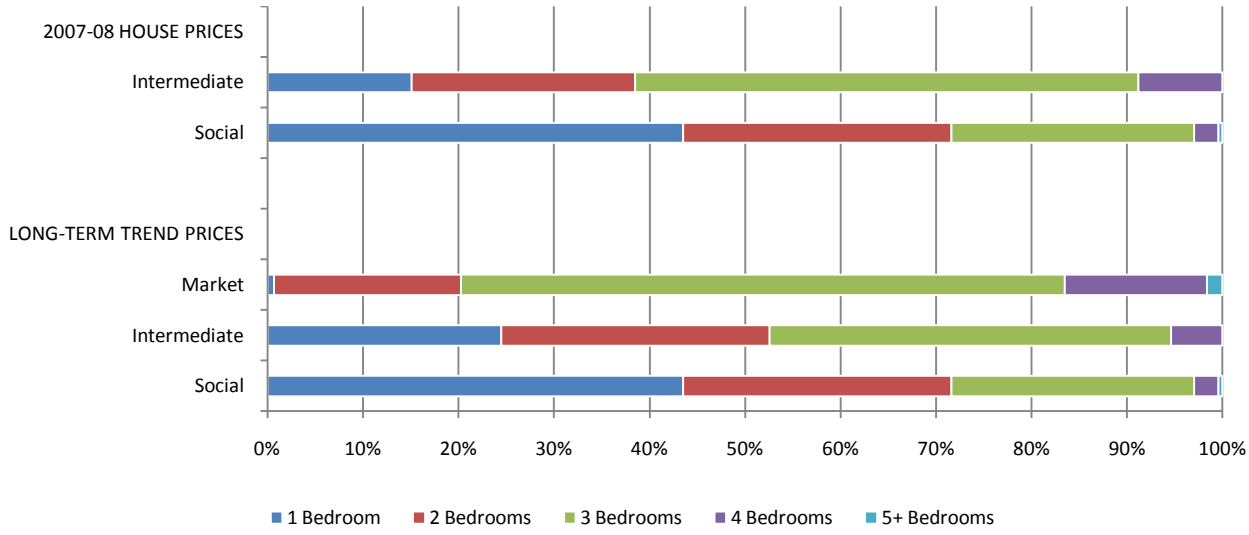
9.128 On the basis of 2007/08 house prices, (Figure 148):

- 70% of the future requirement for social rented housing is for smaller homes;
- 40% of the requirement for intermediate housing is for smaller homes; and
- There is no identified requirement for additional market housing.

9.129 On the basis of house prices at long term trend rate (Figure 148):

- 70% of the future requirement for social rented housing is for smaller homes;
- 50% of the future requirement for intermediate affordable housing is for smaller homes; and
- 80% of the future requirement for market housing is for larger homes.

Figure 148
Comparison of Net Change in Required Housing Size Mix by Number of Rooms and Tenure using 2007/8 and long term prices (ORS)



9.130 Notes to the figure:

- the above outputs have been applied at the LCB (West) sub-regional level. This is done to present a high level picture of the sensitivity of the tenure and size mix to price. As such, there is some false cancelling of requirements. Accordingly, data in the next section is presented at the District level. The process being described here is that as prices fall, market and intermediate housing becomes affordable to more non owners, especially the smaller households; and
- the text aggregates 1 and 2 bedroom dwellings and describes them as smaller dwellings. Larger dwellings are 3 bedrooms plus. This is done to provide a high level output for the sub-region and because of concerns being expressed about the sustainability of 1 bedroom dwellings for both social and market housing given the rising aspirations of households. Again, district level tables are produced stating actual bedroom size. There is no certainty that market housing will be occupied to its capacity.

Tenure and Size Mix Requirement by Local Authority and Housing Sub-market (Long term trend prices)

9.131 The size mix for each of the districts and the identified housing sub-markets is detailed below. These findings are discussed in the context of other outputs in the next section. To enable us to provide a set of outputs for each Local Authority and housing market area, we must turn the sub totals into percentages of the total requirement. Firstly, we present a high level summary of tenure mix by Local Authority. Then we present the detailed tables showing the size and tenure mix of the future housing requirement in terms of numbers and proportions.

Figure 149
Tenure Mix of Housing Requirement 2007 to 2021 by LA based upon prices at long term trends (Note: Figures may not sum due to rounding)

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Market housing	4,800	400	400	(400)	800	3,400
Intermediate affordable housing	-	2,700	5,300	2,300	2,100	500
Social rented housing	3,100	500	1,300	700	600	2,800
Total Housing Requirement	**7,800**	**3,600**	**7,000**	**2,700**	**3,600**	**6,600**
Market housing	60.7%	11.3%	6.2%	-	23.9%	50.8%
Intermediate affordable housing	-	75.9%	75.8%	77.1%	60.4%	6.9%
Social rented housing	39.3%	12.8%	18.1%	22.9%	15.7%	42.4%

9.132 In Figure 150 we turn the required delivery for each tenure 2007-2021, into an annual target.

Figure 150
Annual delivery target by tenure for the period 2007 to 2021 by LA

Housing Tenure	Local Authority						Total
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	
Market housing	339	29	31	-26	61	240	**780**
Intermediate affordable housing	0	195	379	168	153	32	**848**
Social rented housing	220	33	90	50	40	200	**605**
Total Housing Requirement	559	257	500	191	254	472	**2,233**

Figure 151
Size Mix of Housing Requirement 2007-2021 by LA (Note: Figures may not sum due to rounding)

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Market Housing						
1 bedroom	400	-	-	(400)	-	100
2 bedrooms	1,000	100	100	-	100	500
3 bedrooms	2,600	300	300	-	600	2,200
4 bedrooms	700	-	100	-	100	500
5+ bedrooms	100	-	-	-	-	100
Sub-total	**4,800**	**400**	**400**	**(400)**	**800**	**3,400**
Intermediate Affordable Housing						
1 bedroom	-	600	900	1,000	600	100
2 bedrooms	-	800	1,600	800	400	100
3 bedrooms	-	1,200	2,400	700	1,000	300
4 bedrooms	-	100	400	-	100	-
5+ bedrooms	-	-	-	-	-	-
Sub-total	**-**	**2,700**	**5,300**	**2,300**	**2,100**	**500**
Social Rented Housing						
1 bedroom	1,300	200	600	200	300	900
2 bedrooms	900	100	300	200	100	800
3 bedrooms	800	100	300	300	100	900
4 bedrooms	100	-	-	-	-	100
5+ bedrooms	-	-	-	-	-	-
Sub-total	**3,100**	**500**	**1,300**	**700**	**600**	**2,800**
All Housing						
1 bedroom	1,600	800	1,400	900	900	1,100
2 bedrooms	1,800	1,100	2,100	1,000	700	1,400
3 bedrooms	3,500	1,600	3,000	1,000	1,700	3,400
4 bedrooms	800	200	500	-	200	700
5+ bedrooms	100	-	-	(200)	-	100
Total	**7,800**	**3,600**	**7,000**	**2,700**	**3,600**	**6,600**

9.133 The low number or complete absence of the requirement for 4 bedroom and larger social rented housing in some areas requires further consideration. The future bedroom size outputs of the model are based upon the distribution of existing households and the likely nature of newly arising households. The analysis of family requirements (see section 11 below) will demonstrate that the additional households in LCB (West) will not be families with children, but will instead be single persons, couples without children and other multi adult households. These households will typically not require larger social rented units and this is reflected in the model.

9.134 Further, due to rounding, a requirement of less than 50 homes required will show as a zero requirement. In practice, the small number of households with such requirements will be known to housing officials and rural enablers. Their requirements may feature in individual S106 negotiations.

Figure 152
Size Mix of Housing Requirement 2007 to 2021 by LA, proportion for each Local Authority area

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Market Housing						
1 bedroom	7.6%	-	-	-	-	2.1%
2 bedrooms	20.3%	28.7%	26.3%	-	16.8%	15.0%
3 bedrooms	55.8%	65.0%	58.8%	-	70.5%	65.5%
4 bedrooms	15.0%	6.4%	14.9%	-	11.7%	14.9%
5+ bedrooms	1.3%	-	-	-	1.0%	2.5%
Intermediate Affordable Housing						
1 bedroom	-	20.9%	16.6%	41.9%	30.0%	11.9%
2 bedrooms	-	30.3%	30.2%	31.3%	17.8%	18.3%
3 bedrooms	-	44.1%	44.9%	26.8%	45.7%	57.7%
4 bedrooms	-	4.7%	8.3%	-	5.9%	10.3%
5+ bedrooms	-	-	-	-	0.6%	1.8%
Social Rented Housing						
1 bedroom	41.9%	48.6%	45.2%	27.0%	48.9%	34.4%
2 bedrooms	28.1%	30.0%	26.8%	27.7%	25.5%	29.2%
3 bedrooms	26.4%	19.4%	25.2%	41.0%	23.4%	32.0%
4 bedrooms	3.0%	1.7%	2.4%	3.8%	2.0%	3.7%
5+ bedrooms	0.6%	0.2%	0.3%	0.5%	0.2%	0.7%
All Housing						
1 bedroom	21.0%	22.1%	20.7%	30.2%	25.8%	16.3%
2 bedrooms	23.3%	30.1%	29.3%	34.7%	18.7%	21.2%
3 bedrooms	44.3%	43.3%	42.3%	34.1%	48.2%	50.9%
4 bedrooms	10.3%	4.5%	7.6%	1.0%	6.7%	9.9%
5+ bedrooms	1.0%	0.0%	0.1%	0.1%	0.6%	1.7%

9.135 We have arrived at a summary table of housing requirements based upon Figure 151 to Figure 152.

9.136 Clearly the large amount of data here can be summarised in many forms. We believe these are the most useful description of the overall housing requirement, but other Local Authority level outputs can easily be arrived at from the above tables.

9.137 Note that in Figure 153 overleaf the Affordable column is a sum of social rent and intermediate affordable requirements. This and the market requirement sum to 100%, as do the size requirements. Size requirements are for the additional housing requirement as a whole. We have used the same convention as earlier in the chapter for summary purposes, simplifying the size mix into smaller (1 and 2 bedrooms) and larger (3 bedrooms and larger).

Figure 153
Summary of the Housing Requirement to 2021 by Local Authority, HMA and Sub-region based upon prices at long term price trends..

	Affordable Housing			Market Housing	All Housing	
	Social Rent	Intermediate	Total		Smaller	Larger
Local Authority						
Dacorum	39%	-	39%	61%	44%	56%
Hertsmere	13%	76%	89%	11%	52%	48%
St Albans	18%	76%	94%	6%	50%	50%
Three Rivers	23%	77%	100%	-	65%	35%
Watford	16%	60%	76%	24%	44%	56%
Welwyn Hatfield	42%	7%	49%	51%	38%	62%
Sub-Market						
Hemel Hempstead	36%	-	36%	64%	-	-
St Albans	23%	73%	96%	4%	-	-
Watford	22%	52%	74%	26%	-	-
Welwyn Garden City and **Hatfield**	32%	15%	47%	53%	-	-
Overall Sub-region	**27%**	**38%**	**65%**	**35%**	**48%**	**52%**

9.138 Affordable housing outputs should not be taken as policy targets unless tested by economic viability assessments in accordance with PPS3.

Unconstrained Outputs

9.139 The results produced above are based upon constraining the delivery in each local authority to its RSS dwelling delivery targets. However, we can produce an alternative scenario where we assume that household projections are met. Figure 154 shows that in the period 2001-2021, CLG 2004 based household projections shows that there will be an extra 43,900 households in LCB West.

Figure 154
Growth in Household Number 2001-2021 (Source: CLG 2004 Based Household Projections. Note Figures may not sum due to rounding)

Local authority	Projected Growth in Household Numbers 2001-2021
Dacorum	8,100
Hertsmere	5,100
St Albans	13,300
Three Rivers	7,600
Watford	4,700
Welwyn Hatfield	5,200
LCB West	**43,900**

9.140 If we apply the ORS Housing Mix Model to these projections, then it identifies that the split between market, intermediate and social housing requirements in LCB (West) for 2007-2021 is 35:38:27 (Figure 155). Therefore, this is very similar to the position obtained by constraining dwelling delivery to RSS delivery targets Figure 133.

9.141 A more detailed explanation is now given. The household projections estimate that there will be an additional 43,927 (rounded to 43,900) households between 2001 and 2021. The supply of additional housing was 12,151 dwellings in the period 2001-7. The net growth required is therefore 31,776

(rounded to 31,800) dwellings if estimates are based upon the household projections. Rounded numbers have been used in the figures.

9.142 In comparison the RSS requirement 2001-21 is 43,400 dwellings, again the total build 2001-7 is 12,151 dwellings so a net 32,249 (rounded to 33,300) dwellings are required if estimates are based upon the RSS target, (Figure 133).

Figure 155
Overall Housing Requirement 2007-2021 based on Household Projections and long-term house price trends LCB (West) Sub-region (Note: Figures may not sum due to rounding)

Housing Tenure	Requirement 2007-2021	
	Number of Units	%
Market Housing	11,300	35.4%
Intermediate affordable Housing	12,000	37.6%
Social rented Housing	8,600	26.9%
Overall Housing Requirement	**31,800**	**100.0%**

9.143 Figure 156 demonstrates the modelled requirement for each district based upon its own household projections and long-term house prices.

Figure 156
Housing Requirement by LA 2007-2021 for Household Projections using prices at long term trend level (Note: Figures may not sum due to rounding)

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Long-term House Prices						
Market housing	3,300	500	3,200	1,900	500	300
Intermediate affordable housing	0	2,800	6,200	3,100	2,000	0
Social rented housing	2,700	500	1,800	1,200	500	1,500
Total Housing Requirement	**5,900**	**3,700**	**11,100**	**6,200**	**3,000**	**1,800**
Market housing	55.2%	13.0%	28.6%	30.5%	16.6%	15.4%
Intermediate affordable housing	0.0%	74.2%	55.6%	49.9%	67.5%	0.0%
Social rented housing	44.8%	12.9%	15.9%	19.6%	15.8%	84.6%

Summary of Key Points

- ORS modelling is used together with data from many sources to arrive at estimates of the future housing requirement to 2021 to achieve the outputs required by CLG Practice Guidance.
  - The characteristics of the projected household growth and the requirement for additional social housing and other tenures.
  - Sensitivity testing to see how borrowing and price trends affect the requirements in terms of tenure and size mix.
  - A breakdown of future housing requirements by tenure and size mix.
- The social housing requirement is calculated using a demographic method.
- Because intermediate affordable housing requirements depend (partly) upon affordability we examine the affordability of the housing that became available in the year to March 2008.
- We note that the proportion of home owners is likely to fall by 2021 due to affordability problems.
- We use our model to assess the number of households that are not already home owners to afford the available housing,
- We project these forward to 2021 using a number of assumptions. We have made an assumption regarding long term price trends based upon the evidence regarding past price trends. This is to ensure that assessments are not misleading due to fluctuating house prices. We have also constrained the overall growth in the number of households to the growth in new build housing envisaged by the regional plan.
- We note that the requirement for intermediate affordable housing reduces as market housing prices fall.
- We arrive at the overall tenure and size mix required for 2007-2021, but results vary considerably by Local Authority.
- For LCB (West) as a whole using long term price trends, an estimated 31,300 additional homes are required 2007-2021, of which 8,500 (27%) should be social rent, 11,900 (38%) intermediate affordable and 10,900 (35%) market. Note that if these long term price levels are applied the target household income band for intermediate affordable housing narrows due to lower house prices from £20,000-£35,000 to £20,000-£30,000 p.a.
- The number of dwellings required and their tenure and size mix varies by Local Authority. It is notable that Dacorum and Welwyn Hatfield require the greatest proportion of new dwellings to be social housing with very little intermediate affordable housing. St Albans require little market housing but a large amount of intermediate affordable housing.
- Finally, we have developed a different set of tenure mix outputs that are not constrained to RSS new build targets but instead match the projected growth in the number of households. In this scenario, again using prices at long term trend, an estimated 31,800 additional homes are required 2007-2021, of which 8,600 (27%) should be social rent, 12,900 (38%) intermediate affordable and 11,300 (35%) market.

Section 10: Affordable Housing Options

Introduction

10.1 The SHMA assessment of housing requirements is grounded in PPS3 definitions of housing need and affordability. Estimates of affordable housing requirements based upon trends and modelling may differ from the choices that households make regarding their housing.

10.2 It is evident that people in housing need do not necessarily seek a solution through social housing. Their options are to share housing, seek intermediate affordable housing, live in the private rented sector or pay more than they can reasonably afford in order to live in market housing. People who can afford more than social rents apply for and are occasionally able to access social housing if they are in housing need and some that can afford market housing occupy intermediate affordable housing.

10.3 Housing choice is not just about its price and affordability, there is a strong aspirational influence on choice that can encompass factors such as social status, travel to work, access to services such as schools, shops and healthcare as well as quality of life factors such as crime and cultural amenities.

10.4 It is beyond the scope of this report to study the housing choices and pathways taken by households or, at the other end of the scale, consider 'what or who is social housing for'. Discussion and analysis of this topic can be found in the Hills Report; 'Ends and means: The future roles of social housing in England', (John Hills (The ESRC Research Centre for Analysis of Social Exclusion (CASE) February 2007)).

10.5 This chapter has two main aims. Firstly it seeks to compare SHMA findings in respect of social housing requirements to waiting lists. Secondly a key finding of the report concerns an apparent gap in providing affordable housing to lower income households not in urgent housing need and we explore the role and demand for existing intermediate affordable housing products.

Housing definitions presented in PPS3

Housing Need: The quantity of housing required for households who are unable to access *suitable housing without financial assistance*.

Housing Demand: The quantity of housing that households *are willing and able to buy or rent*.

Affordable Housing: Social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should;

- meet the needs of eligible households including availability at a cost low enough for them to afford, *determined with regard to local incomes and local house prices*; and
- include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

Intermediate affordable housing

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent. These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

Local Housing Registers

10.6 Data from the Housing Registers of the six Boroughs have been analysed. It is acknowledged that there are some limitations to the use of Housing Registers, as stated in Chapter 6 and Annex B of CLG's SHMA Practice Guidance. These relate particularly to data consistency and double counting. In addition some households on the register may not be in housing need whilst some households in need may not apply to be on the register.

10.7 For background information, a Choice Based Lettings (CBL) scheme is operated by all six Councils. CBL allows eligible applicants to select properties that they are interested in (both within their respective borough and in partner boroughs). The scheme aims to help applicants make informed choices about where they want to live and the type of property they would prefer.

10.8 Since May 2009, Hertsmere, St Albans, Three Rivers, Watford and Welwyn Hatfield Council's formed a consortium (Herts Choice Homes) within which to operate their CBL scheme. Dacorum has operated a separate CBL scheme since 2005, with authorities outside the LCB (West) group. All six Council's have their own allocations policies, but allocate a proportion of homes to a 'cross partner pool', within their respective consortia.

10.9 Having reviewed all six Council's allocation's policies however, each use very similar criteria to determine need within each band. These criteria also include matters like overcrowding and homelessness that are noted in Figure 157. Applicant's are separated into one of the following five bands, depending on the level of housing need identified;

Figure 157
Local Authority housing priority bands

Band A = Urgent housing need

Band B = Very high housing need

Band C = High housing need

Band D = Recognised housing need

Band E = No housing need

10.10 Households are assessed and placed into Bands A to E according to their circumstances. The banding mechanism is used to highlight those households who have the most pressing need to move. Band E includes those households not considered to be in housing need and this Band is therefore not included in Figure 158.

10.11 In May 2009, ORS collected waiting list, and transfer list data from each district. The LCB (West) local authorities use the term 'home-seeker' for households on the list who are not already social renting tenants. The transfer list is made up of households who are already social renting tenants needing more suitable accommodation. This data is displayed in Figure 158 below.

Figure 158
Combined total of Home-seeker and Transfer list data as at May 2009 (Source: supplied by LCB West Authorities)

	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Total in Band	Total in Band (%)
Dacorum							
Band A	0	0	0	0	0	0	0
Band B	47	34	42	13	1	137	4
Band C	335	120	68	16	1	540	15
Band D	1,686	413	763	30	1	2,893	81
Total by Bedroom	2,068	567	873	59	3	3,570	100
Hertsmere							
Band A	1	2	0	0	0	3	0
Band B	4	31	8	1	0	44	6
Band C	19	27	34	8	0	88	12
Band D	248	147	129	80	1	605	82
Total by Bedroom	271	205	171	89	1	740	100
St Albans							
Band A	11	1	0	0	0	12	1
Band B	42	26	6	0	0	74	6
Band C	65	166	114	25	2	372	30
Band D	469	237	67	28	1	802	64
Total by Bedroom	587	430	187	53	3	1,260	100
Three Rivers							

Band A	1	2	0	1	0	4	1
Band B	17	11	3	0	0	31	4
Band C	51	53	41	11	0	156	21
Band D	225	170	153	11	0	559	75
Total by Bedroom	294	236	197	23	0	750	100
Watford							
Band A	0	1	0	0	0	1	0
Band B	33	17	4	1	0	55	6
Band C	22	227	25	15	0	289	30
Band D	251	169	150	39	1	610	64
Total by Bedroom	306	413	179	55	1	955	100
Welwyn Hatfield							
Band A	19	18	4	3	0	44	2
Band B	25	41	34	21	2	123	5
Band C	80	309	146	7	0	542	24
Band D	1,283	164	131	14	0	1,592	69
Total by Bedroom	1,388	514	311	42	2	2,301	100
LCB West							
Band A	32	24	4	4	0	64	1
Band B	168	160	97	36	3	464	5
Band C	572	902	428	82	3	1987	21
Band D	4162	1300	1393	202	4	7061	74
Total by Bedroom	4934	2386	1922	324	10	9,576	100

10.12 This gives a total of 9,576 households in the LCB (West). Some of these households may not be in considerable housing need but overall the data can be considered to be a measure of effective demand for social housing in the area. This may be because these households consider that no realistic alternatives appear to exist, due to fear of unemployment or because the housing stock itself is considered to be of good quality and offers security of tenure. Conversely, there is likely to be a number of households who are in housing need but have not registered with any of the local authorities for a variety of reasons. Typically, they assume there is little chance of being housed or because they do not aspire to be a social housing tenant.

10.13 Based on Figure 158, 9,576 households were on waiting or transfer lists as of May 2009. The bulk of these (74% for all of LCB West) were in Band D, the least urgent category. The fact that there are very few households in Band A does not mean that there are not many urgent cases but the most urgent needs are defined within the context of limited supply. Consequently, Band A is rigorously managed to help those who need to be re-housed most quickly, do so from the limited vacancies that arise in the social rented dwelling stock.

10.14 Dacorum, Welwyn Hatfield and St Albans have the highest numbers of households on homeseeker and transfer lists, whilst Hertsmere has the lowest. This generally correlates with the levels of deprivation in these borough's, as well as the number of households.

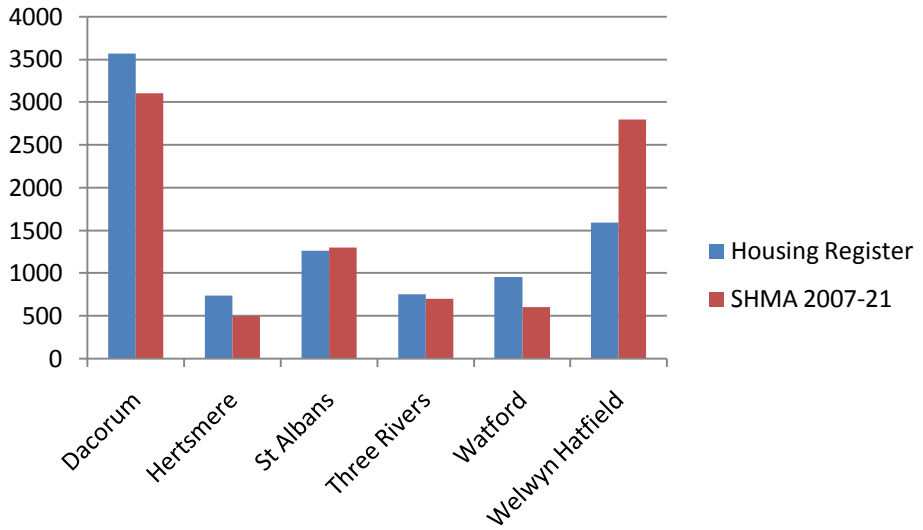
10.15 Note also that half of the demand is from households requiring 1 bedroom and these tend to be in the lower priority bands.

10.16 Double counting is minimised, as all six borough's do not operate separate RSL and Local Authority Transfer Lists. There is still likely to be some double counting however as households are encouraged to apply to registers in all Borough's within a consortium.

Comparing housing register data and the SHMA estimates of the requirement for social housing

10.17 Having established that these measure different things using different methodologies it is nevertheless interesting to compare the outcomes.

Figure 159
Comparison of the estimated quantity of need and demand for social housing by Local Authority (SHMA and HSSA)



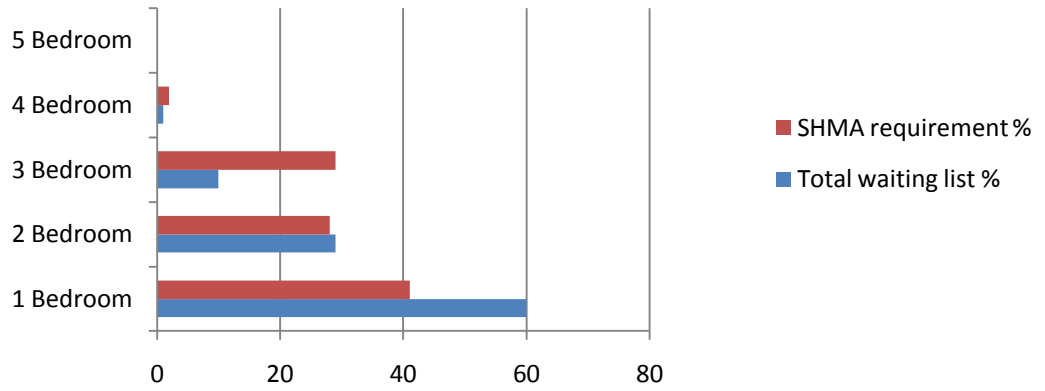
10.18 It is important to note that the SHMA uses PPS3 definitions for unsuitability and affordability. The financial assistance element of housing need may not be rigorously applied to waiting list applicants and as explained above there is a question mark over the extent to which waiting list data can be compared to SHMA results and the figure is for information only.

Comparing SHMA social size mix housing requirements to housing register data

10.19 Total numbers were converted to the proportion of households in each priority band by bedroom requirement. This enabled a comparison to be made with the estimate of the SHMA estimated size mix requirement in Figure 151. It should be noted that this is to compare current demand with the estimate of the required additions to the social rented stock in the period 2007-21. No account is taken of the likelihood of dwellings of different sizes within the current stock becoming available for re-letting over the 2007-21 period. Nevertheless, any mismatches that this analysis revealed could potentially be of policy significance.

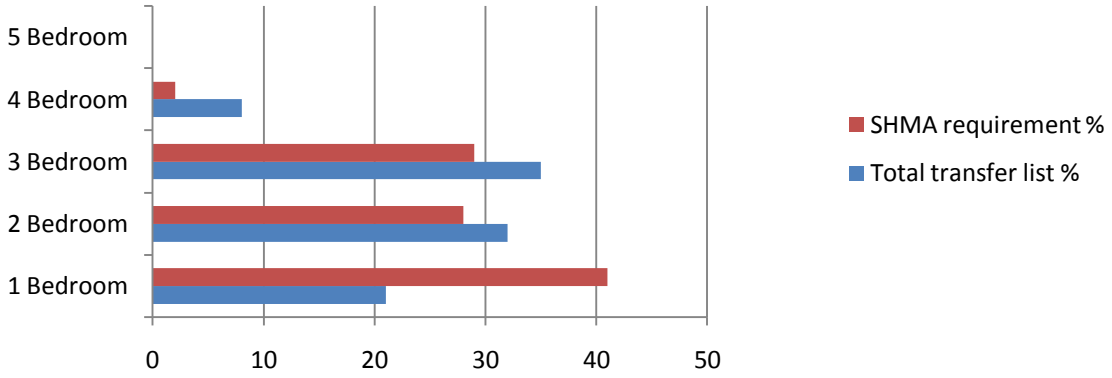
10.20 Comparisons are drawn in the following tables and charts. Waiting lists and transfer lists have different size mix requirements with the requirement being skewed toward larger household requirements for households already renting social housing and needing to move to more suitable social rented housing. However, both lists are skewed towards smaller household requirements than the SHMA estimated size mix.

Figure 160
Chart and data table comparing the proportion of households requiring social rented housing by bedroom size according to WAITING list and SHMA estimates, Sub-regional level (Local Authority data May 2009 and ORS)



	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	Total in Band
Band A	0	0	0	0	0	0
Band B	33	50	16	1	0	100
Band C	12	70	17	2	0	100
Band D	72	19	8	1	0	100
Total waiting list	60	29	10	1	0	100
SHMA requirement	41	28	29	2	0	100

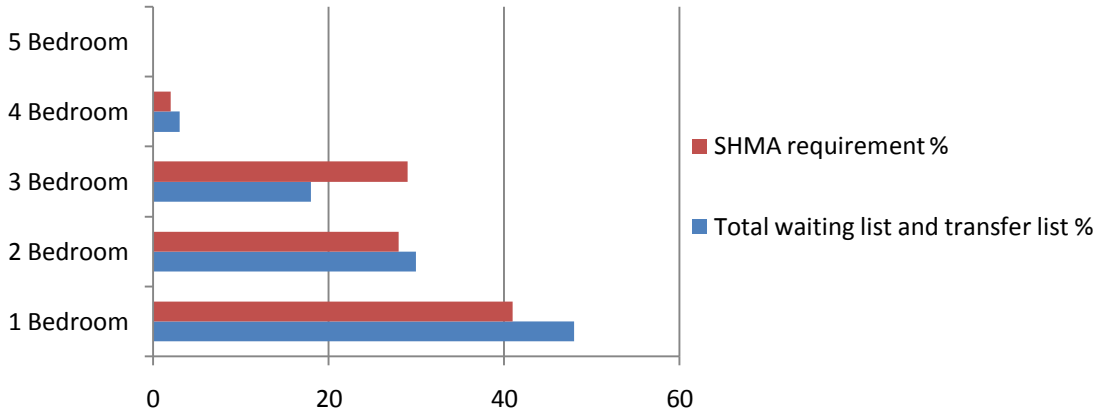
Figure 161
Chart and data table comparing the proportion of households requiring social rented housing by bedroom size according to TRANSFER list and SHMA estimates, Sub-regional level (Local Authority data May 2009 and ORS)



	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	Total in Band
Band A	48	41	5	5	0	100
Band B	43	22	18	16	1	100
Band C	20	38	34	7	0	100
Band D	21	30	41	7	0	100
Total transfer list	21	32	35	8	0	100
SHMA requirement	41	28	29	2	0	100

10.21 However when both lists are combined any correlation between them and the SHMA requirements can be considered.

Figure 162
Chart and data table comparing the proportion of households requiring social rented housing by bedroom size according to combined WAITING list and TRANSFER list and SHMA estimates, Sub-regional level (Local Authority data May 2009 and ORS)



	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	Total in Band
Total waiting list and transfer list	48	30	18	3	0	100
SHMA requirement	41	28	29	2	0	100

10.22 There is a good correlation between combined waiting list and transfer list size mix requirements and the SHMA estimate. Social tenants needing more suitable social housing tend to be larger households.

Intermediate Affordable Housing Options

Introduction

10.23 The SHMA housing requirements and affordability modelling, using PPS3 definitions (stated at the head of this chapter) and CLG affordability benchmarks, has concluded that:

- there is a considerable shortage of housing for households that have income between £20k and £35k per annum;
- the requirement for intermediate affordable housing (using the above definitions) is 11,900 additional dwellings by 2021 (Figure 133); and
- The income distribution of households that do not already own housing is skewed towards the lower income bands (Figure 99).

10.24 The continued emphasis on PPS3 definitions is vital to the rationale for the SHMA and the Practice Guidance regarding this topic. It is our understanding that what is driving affordable housing definitions within PPS3 is the need to ensure that public and private sector subsidy provides a permanent additional supply of housing for the groups for whom it is intended.

10.25 This chapter considers a number of questions that arise from the SHMA conclusions. These are:

- what is the role and function of intermediate affordable housing?
- what housing products are typically currently available to this group and how do they compare to CLG affordability benchmarks?
- to what extent is intermediate affordable housing being delivered? and
- how affordable are intermediate affordable housing products in relation to other options?

What is the role and function of intermediate affordable housing?

10.26 The definition of intermediate affordable housing according to PPS3 is clear, but the role it fills is in providing housing appears to be perceived differently. There are apparently two roles:

- to provide a further option (other than the cheaper end of the private rented sector or social housing) for those who can afford more than a social rent but not market prices; and
- where products are shared ownership or shared equity based, they can provide access to home ownership for those households that aspire to, prefer not to rent but cannot afford market prices.

10.27 There are other advantages to providing intermediate affordable housing. It requires fewer subsidies than social rented housing and therefore more affordable homes can be funded from finite resources. A further important advantage is that it blurs the often sharp contrast between social renting and home ownership. This is desirable and helps to deliver the policy aim of achieving better social mix and community cohesion in our communities and neighbourhoods.

10.28 The difference in perception is that the distinction made in PPS3 between intermediate affordable housing and low cost market housing is often blurred. The term 'intermediate housing' is often used to describe the combination of the two. Each has a different role and function. Whilst this is perfectly clear from PPS3 definitions the boundaries are less clear in practice:

- the threshold for market prices is uncertain and is constantly changing;
- some housing in the private rented sector fulfils the role in practice either because it is very cheap or Housing Benefit provides some subsidy; and
- some new build housing not subject to public subsidy is offered at relatively affordable terms through shared equity schemes but may not continue to offer this over the lifetime of the dwelling.

10.29 In a large complex housing market where housing is in short supply for some household groups all low cost housing is important. Our aim is to assist Local Authorities to distinguish between Intermediate affordable and Low Cost Market housing in planning negotiations and subsequent monitoring of delivery.

What housing products are typically currently available to households who can only afford intermediate affordable housing and how do they compare to CLG affordability benchmarks?

10.30 There are a number of housing products and schemes available, or that have been available, in the LCB (West). It is apparent that many fulfil the role of helping people to get on the home ownership ladder. Again, attention must be drawn to PPS3 and the requirement that intermediate affordable homes must *"include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."* Thus schemes that permit stair-casing to full ownership must pass an additional test before they can be regarded as intermediate affordable housing. It is considered likely that first six schemes (marked '*') in the following list of current or recent schemes are the only ones that are capable of meeting the PPS3 definition of intermediate affordable housing in Hertfordshire at this time. These are forms of shared ownership and we are informed that arrangements exist for recycling subsidy. Regarding the remaining schemes, these are dwellings initially offered on Shared Equity terms, even if they could be regarded as affordable within PPS3 paragraph 29, there would appear to be no mechanism for them to be offered permanently on this basis unless agreements exist to the contrary. Therefore, intermediate affordable housing designation should be considered on a case by scheme by scheme basis.

10.31 The local HomeBuy agent is Lea Valley Homes, but other RSLs are providers of intermediate housing. The range of products and schemes include the following:

- New Build HomeBuy*: (previously known as shared ownership). Part buy, part rent, plus services charges. Minimum purchase share is 25%, maximum is 75% although most shares tend to be around 40%. The owner/tenant may 'stair-case' up to 100% or sell on with share;
- Re-sales*: A former New Build HomeBuy or Shared Ownership property that has been put on the market to sell;
- Intermediate Rent*: Rental properties available under Assured Short Hold tenancies with rents between 70% to 80% of the local private market rent for similar properties;
- Rent to HomeBuy*: A pilot scheme offering certain new homes to rent at subsidised levels for a fixed period of time with an opportunity to purchase a share between 25% and 75% at the end of that period or before with the option to 'stair-case' to 100% ownership;
- Ownhome: An equity loan of between 20% and 40% to be used in conjunction with a conventional mortgage from a specified lender. Funding is no longer available for this product;

- Social HomeBuy*: Available to social housing tenants whose landlords have applied for funding for the scheme. Allows some social tenants to purchase between 25% (minimum) and 100% of their current home with discounts commensurate with the Right to Acquire discount;
- H.O.L.D. *(Home Ownership for people with Long-term disabilities): A type of home ownership involving part rent, part buy. Ownership stages are usually between 25% and 75%. Stair-casing and outright purchase is permitted. Purchasers can buy new or older properties. Funding is limited for this scheme;
- MyChoiceHomeBuy (New Build Shared Equity): A government funded low cost home ownership programme involving an equity loan scheme designed to help those earning between £20-60,000 to buy their own home on the open market. Equity loans of between 15% and 50% are made available on a low interest rate. Funding is no longer available for this product;
- HomeBuy Direct: A shared equity product to help certain households buy a new property from a builder/developer on designated schemes. A 15-30% equity loan is provided jointly between the government and the developer on an interest free basis for 5 years; and
- First Time Buyers Initiative: A stepping stone to assist buyers into full home ownership. The FTB funds a minimum of 50% of the property purchase price. Nothing to pay for 3 years on the outstanding amount then repayments become due on a sliding interest scale. This scheme is no longer available in Hertfordshire.

10.32 Many, but not all, of these products can lead to full home ownership. Together, these products and schemes provide opportunities for households meeting their housing requirements through low cost routes other than social rented housing.

How affordable are intermediate affordable housing products in relation to other options

10.33 The HomeBuy agent has provided information on recent transactions. We have analysed the information with the aim of testing affordability in relation to CLG benchmarks used in the SHMA estimates of housing requirements.

New Build HomeBuy and re-sales

10.34 There were a considerable number of transactions for this product. Therefore, in Figure 163 we have only listed examples of the range of sales according to value for each Local Authority area.

Figure 163
Examples of New Build HomeBuy based upon 105 transactions (HomeBuy Agent and ORS)

Dwelling type and location	Share of full value purchased %	Value of share purchased in £	Total monthly rent and service charges	Income required to fund rental element	Income required to fund mortgage element	Total income required
1 bedroom flats						
Dacorum	0.4	£56,000	£298	£14,327	£16,000	£30,327
Dacorum	0.4	£60,000	£362	£17,390	£17,143	£34,533
Welwyn Hatfield	0.25	£36,875	£215	£10,338	£10,536	£20,873
Welwyn Hatfield	0.3	£45,000	£307	£14,731	£12,857	£27,588
St Albans	0.4	£70,000	£175	£8,400	£20,000	£28,400
St Albans	0.5	£87,500	£146	£6,990	£25,000	£31,990
Hertsmere	0.25	£38,750	£295	£14,169	£11,071	£25,240
2 bedroom flats						
Hertsmere	0.25	£61,250	£410	£19,682	£17,500	£37,182
Three Rivers	0.25	£78,750	£650	£31,200	£22,500	£53,700
Three Rivers	0.125	£23,744	£538	£25,824	£6,784	£32,608
Dacorum	0.5	£125,000	£373	£17,900	£35,714	£53,614
Dacorum	0.35	£63,700	£299	£14,374	£18,200	£32,574
Watford	0.5	£95,000	£325	£15,582	£27,143	£42,725
Watford	0.45	£63,000	£225	£10,822	£18,000	£28,822
Welwyn Hatfield	0.3	£50,400	£376	£18,065	£14,400	£32,465
Welwyn Hatfield	0.45	£78,750	£346	£16,618	£22,500	£39,118
Hertsmere	0.25	£44,750	£333	£15,969	£12,786	£28,754
Hertsmere	0.5	£120,000	£426	£20,468	£34,286	£54,753
St. Albans	0.5	£86,500	£250	£11,999	£24,714	£36,713
St. Albans	0.5	£120,000	£426	£20,468	£34,286	£54,753
2 bedroom houses						
Hertsmere	0.25	£51,250	£287	£13,788	£14,643	£28,431
Hertsmere	0.6	£129,000	£212	£10,195	£36,857	£47,052
Welwyn Hatfield	0.25	£61,250	£390	£18,739	£17,500	£36,239
3 bedroom houses						
Welwyn Hatfield	0.4	£130,000	£401	£19,250	£37,143	£56,393
Welwyn Hatfield	0.25	£63,750	£350	£16,788	£18,214	£35,002
Hertsmere	0.25	£62,500	£344	£16,488	£17,857	£34,345
Hertsmere	0.425	£129,625	£440	£21,143	£37,036	£58,179

10.35 From analysis of the full data for this product we found that between April 2007 and July 2009 there were 105 sales for which data was available. 54 were outside prices that could be afforded by households within the SHMA intermediate affordable housing income band. Note that we have calculated the affordability of individual sales above using exactly the same criteria for assessing the intermediate affordable housing requirement as defined in paragraph 9.47 above. This is because our aim is to assess the degree to which existing products meet the SHMA estimate of requirements. It has been impossible to test affordability using Practice Guidance criteria for intermediate housing as data has not included all of the information needed. Page 59 of the Practice Guidance suggests that

25% of gross income would be a suitable benchmark. In all cases either monthly mortgage costs or gross income is missing. It is notable from the full data set and Figure 163 that affordability is being managed by reducing the share purchased and the larger homes tend to be outside the intermediate affordable income band some by a considerable margin.

HomeBuy Direct

10.36 Transactions for the periods indicated are given in Figure 164 and Figure 165. The figures compare the minimum income needed using CLG affordability ratios to actual income. A negative figure suggests that the household is able to reasonably afford the cost of the dwelling according to the CLG income to loan ratio and income to rent ratio. Note that dwelling sizes indicate the number of bedrooms and the number of person that the dwelling is designed to accommodate i.e. 1.2 = 1 bedroom 2 person.

Figure 164
Affordability of HomeBuy Direct using CLG affordability criteria July-November 2009 (HomeBuy Agent and ORS)

Local Authority area	Size	H/H Income	Income to fund mortgage	Income to fund service charge	Total income needed	Income needed minus actual income
Hertsmere	1.2	£26,794	£30,000	£4,000	£34,000	£7,206
Hertsmere	1.2	£19,650	£21,429	£3,784	£25,212	£5,562
Hertsmere	1.2	£24,835	£28,857	£6,240	£35,097	£10,262
Hertsmere	1.2	£28,446	£30,571	£3,980	£34,552	£6,106
Watford	1.2	£29,500	£30,857	£4,000	£34,857	£5,357
Watford	1.2	£34,900	£32,000	£4,272	£36,272	£1,372
Watford	1.2	£44,940	£39,429	£4,000	£43,428	-£1,512
Watford	1.2	£35,076	£32,143	£4,000	£36,143	£1,067
Watford	1.2	£35,000	£32,083	£4,000	£36,083	£1,083
Watford	1.2	£31,500	£32,857	£4,000	£36,857	£5,357
Watford	1.2	£24,212	£26,286	£4,320	£30,605	£6,393
Watford	1.2	£21,318	£23,429	£4,272	£27,701	£6,383
Watford	1.2	£31,176	£34,857	£4,320	£39,177	£8,001
Watford	1.2	£30,200	£33,429	£4,000	£37,428	£7,228
Watford	1.2	£36,624	£30,857	£4,000	£34,857	-£1,767
Watford	1.2	£31,000	£34,000	£4,344	£38,344	£7,344
Dacorum	2.4	£33,251	£33,429	£4,000	£37,428	£4,177
Dacorum	2.4	£40,400	£34,000	£4,800	£38,800	-£1,600
Dacorum	2.4	£56,500	£52,857	£0	£52,857	-£3,643
Hertsmere	2.4	£40,000	£38,286	£7,200	£45,486	£5,486
Hertsmere	2.4	£45,952	£40,571	£4,000	£44,571	-£1,381
Hertsmere	2.4	£38,170	£37,143	£4,000	£41,143	£2,973
Hertsmere	2.4	£42,937	£42,000	£4,000	£46,000	£3,063
Hertsmere	2.4	£45,364	£41,141	£4,000	£45,141	-£223
Hertsmere	2.4	£46,522	£40,857	£4,000	£44,857	-£1,665
Hertsmere	2.4	£50,000	£42,213	£5,280	£47,493	-£2,507
Hertsmere	2.4	£45,112	£37,429	£4,000	£41,428	-£3,684
Hertsmere	2.4	£35,076	£36,286	£4,032	£40,318	£5,242
Hertsmere	2.4	£46,000	£37,599	£4,800	£42,399	-£3,601
Hertsmere	2.4	£52,000	£41,999	£5,280	£47,279	-£4,721

Hertsmere	2.4	£35,000	£38,571	£4,000	£42,571	£7,571
Hertsmere	2.4	£45,000	£41,143	£4,000	£45,143	£143
Hertsmere	2.4	£48,000	£43,285	£7,348	£50,632	£2,632
Three Rivers	2.4	£28,000	£33,714	£0	£33,714	£5,714
Watford	2.4	£42,000	£38,857	£4,000	£42,857	£857
Watford	2.4	£32,610	£35,429	£6,000	£41,429	£8,819
Watford	2.4	£36,396	£40,000	£5,664	£45,664	£9,268
Watford	2.4	£42,037	£41,429	£5,280	£46,709	£4,672
Watford	2.4	£42,154	£38,571	£5,280	£43,851	£1,697
Watford	2.4	£43,000	£46,429	£4,320	£50,749	£7,749
Watford	2.4	£44,308	£39,714	£5,280	£44,994	£686
Watford	2.4	£43,500	£40,857	£5,280	£46,137	£2,637
Watford	2.4	£55,946	£40,000	£5,280	£45,280	-£10,666
Watford	2.4	£40,738	£36,571	£5,664	£42,235	£1,497
Watford	2.4	£45,250	£38,857	£5,712	£44,569	-£681
Watford	2.4	£50,000	£48,000	£4,320	£52,320	£2,320
Watford	2.4	£43,000	£35,500	£5,280	£40,780	-£2,220
Watford	2.4	£34,167	£39,143	£5,280	£44,423	£10,256
Watford	2.4	£35,345	£37,429	£5,280	£42,709	£7,364
Watford	2.4	£41,000	£43,143	£0	£43,143	£2,143

10.37 Of the 50 sales between July and November, 13 could be considered affordable. None can be regarded as affordable housing within the PPS3 definition as there is no provision within the scheme to '*remain at an affordable price for future eligible households'.* The aim of the scheme is to assist developers and purchasers in difficult market conditions. Maintaining the capacity of the development industry during the recession was a priority in order to ensure that housing growth could be delivered when market conditions become more favourable.

Intermediate Rented Housing

Figure 165
Affordability of intermediate rent using CLG affordability criteria 2008 and 2009 (HomeBuy Agent and ORS)

Local Authority area	Bedrooms	Household Income	Rent and service charge	Min income reqd.	Income needed minus actual income
St Albans	1.2	£38,400	£580	£27,840	-£10,560
St Albans	1.2	£25,000	£678	£32,532	£7,532
Three Rivers	1.2	£54,434	£592	£28,403	-£26,031
St Albans	1.2	£28,575	£580	£27,840	-£735
St Albans	2.3	£21,700	£603	£28,957	£7,257
Watford	2.3	£26,000	£760	£36,480	£10,480
St Albans	2.3	£20,225	£603	£28,957	£8,732
Dacorum	2.3	£23,296	£698	£33,484	£10,188
St Albans	2.3	£25,000	£603	£28,957	£3,957
St Albans	2.3	£22,692	£603	£28,957	£6,265
Welwyn Hatfield	2.3	£24,103	£585	£28,080	£3,977
St Albans	2.3	£32,977	£531	£25,509	-£7,468
Dacorum	2.3	£27,434	£518	£24,875	-£2,559
Dacorum	2.3	£27,434	£518	£24,875	-£2,559

St Albans	2.4	£55,876	£718	£34,445	-£21,431
Dacorum	2.4	£20,970	£718	£34,440	£13,470
Dacorum	2.4	£19,700	£718	£34,440	£14,740
St Albans	2.4	£39,254	£718	£34,445	-£4,809

10.38 There were relatively few (18 no) lettings over the period of which 8 could be considered to be affordable. There is no information regarding whether lower income households were able to claim housing benefit.

10.39 Assessing the affordability of these products to individual households is problematic as some products require both mortgage and rent/service charge to be assessed. In calculating the minimum household income required we have applied affordability multipliers to both mortgage (3.5x) and rent (25%) elements and added them together.

10.40 The local HomeBuy Agent has advised that an affordability assessment is carried out for all applicants to ensure that mortgage costs, service charges and other debts combined, where relevant, do not generally exceed 45-50% of the household's net income. However, we were unable to ascertain the household's net income from the information supplied.

10.41 The greater the household income, the more options will become affordable to that household. Obviously, if a household has a gross income of around £60,000, for example, but only requires a 1 bedroom flat, then the open market is likely to offer sufficient choice in the sub-area. If however, that same household income supports a family and requires a large house, then such an income is likely to be insufficient to access suitable housing on the open market and therefore an intermediate option may become attractive, if affordable.

10.42 In Figure 98 we highlight that across the LCB (West), 61.4% of non-owners have an income of less than £35,000. The volume of open market transactions affordable to those with an income of between £20,000 and £35,000 is extremely limited and prices generally mean that there are little or no open market options available to this group.

10.43 However, even higher income groups form part of the "demand" for intermediate housing products if the market fails to provide a sufficient range of options.

10.44 The average price of property across the LCB (West) varies significantly. Of particular importance is the fact that larger homes will cost more than smaller homes and this point is picked up in our detailed analysis below and in our conclusions.

10.45 If households can afford to rent or purchase on the open market, then this is often the preferred form of tenure. If however, the cost of homeownership for the type and size of property required is significantly out their reach, then an intermediate market may have an important role to play in the overall market.

10.46 Of course not all households will be looking to buy housing, indeed some will not have the financial status to be eligible for a home loan. In practice small low income households in low housing need will seek housing in the private rented sector.

Further information from the HomeBuy agent

10.47 The local HomeBuy Agent monitors the previous tenure of households with approved applications. As a proportion of all approved applications between July 2007 and July 2009, across a range of intermediate products, around 45% of the householders' previous living status was "living with family / friends", just over 37% were living in the private rented sector, just under 9% were living in the social sector (housing association tenants, 6.7%; and Council tenants, 2%), 6.6% were home owners and just over 2% were renting from an employer.

10.48 Hometrack (using CORE data) (produced by St Albans City and District Council under license with Hometrack) supports this and indicates that the previous tenure of shared owners is predominantly those living with family and friends followed by those living in the private rented sector. It also indicates that with the exception of Dacorum, less than 30% of shared owners were previously registered on a Local Authority waiting list. In Dacorum the figure was 42.4%, in St Albans the figure was 10.5%.

10.49 The local HomeBuy Agent for intermediate housing products also monitors the demand. There are substantially more applicants than the number of completed applications.

Figure 166
Number of applicants and application status for intermediate products (HomeBuy Agent data)

	July 2007/ June 2008	July 2008/June 2009
No. of applicants (may apply for more than one product)	2040	2182
No. of approved applications	630	813
No. of applications awaiting additional information	380	643
Closed applications e.g. rejected, found housing elsewhere	830	434
Pending status (started to apply but process not completed)	200	292

10.50 Note that data collection methodology by the HomeBuy Agent changed in July 2007 so is not comparable before this date.

10.51 Hometrack (using CORE data) (produced by St Albans City and District Council under license with Hometrack) indicates that the household composition of shared ownership households is likely to be single adults, followed by two adult households. However, St. Albans, Watford and Welwyn Hatfield show that between 7.5% and 10.5% of households are likely to be small families (1 adult and 1 child or 2 adults and 1 child).

10.52 To be eligible for an intermediate housing option, where a mortgage is required as part of the product, in the LCB (West), the general requirement is that a household should not have to spend more than 45 - 50% of their net monthly income on housing costs.

10.53 In the LCB (West) intermediate housing options have become available for households with gross income as low as £14,500. The upper limit is usually £60,000. Occasionally this may be raised to £62,000 for dual income key worker households. This level of income generates spending power of

£217,000. Approximately 40% of all housing for sale would have been affordable to households in this income band in 2007/8 (Figure 92).

10.54 However, from the examples provided by the local HomeBuy Agent, the average household income for HomeBuy Direct is £38,833, the average household income for MyChoice HomeBuy is £34,760, the average household income for Rent to HomeBuy is £29,757 and the average household income for Intermediate Rent is £28,322. Whilst these are more or less in line with the SHMA income bands for intermediate affordable housing it should be noted that these average prices are toward at the upper end of the income band.

10.55 In addition to financial considerations, each scheme offered will have different eligibility criteria, for example, whether or not an applicant works, or intends to work, in the locality, whether an applicant provides a local service or whether an applicant is a key worker. Each scheme is different and the eligibility criteria will depend upon how it has been funded and provided. For example, according to the HCA buyer's guide for HomeBuy Direct, applicants:

- must be a qualifying buyer unable to afford a home in their local market;
- must not be able to buy a home suitable for their housing needs within a reasonable travelling distance of their work place without assistance;
- must be able to demonstrate access to savings or sufficient funds to pay, if required, a deposit (which may be 5% or more of the purchase price), legal fees, stamp duty and other costs of moving;
- must be able to sustain home ownership in the longer term;
- will be, typically, employed on a permanent contract of employment (there are exceptions for key workers);
- if self-employed, must be able to provide accounts for the last three years;
- must not already be home owners or named on a home mortgage;
- will have to provide evidence, where relevant, that their name has been, or is in process of being, removed from a previous mortgage;
- must have a good credit history - if applicants have rent arrears during the last 12 months, are in breach of their current tenancy agreement or have an adverse credit history which means they are unlikely to be able to sustain ownership, they will not be eligible for HomeBuy Direct; and
- Must take out a first mortgage with a qualifying lender.

The historic supply of intermediate affordable housing

10.56 CLG publishes data on the supply of additional intermediate affordable housing since 1991/92. Between 1991 and 2001, an additional 760 intermediate affordable homes were provided across the sub-area, an average of 76 units per annum. Since 2002/03, the annual supply has increased. Figure 167 sets out the additional number of intermediate affordable homes provided by each local authority area from 2001 to 2007/08. Note this does not include information about stair-casing to full ownership or re-sales so the net gain is uncertain.

Figure 167
Additional intermediate affordable housing provided by Local Authority area (CLG live data table 1007)

Local Authority Area	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	Total
Dacorum	0	40	70	40	50	80	110	390
Hertsmere	10	40	80	30	60	80	60	360
St. Albans	0	10	30	50	100	20	40	250
Three Rivers	30	40	60	50	40	80	30	330
Watford	10	70	90	50	120	40	60	440
Welwyn Hatfield	0	30	40	40	70	90	150	420
Totals	**50**	**230**	**370**	**260**	**440**	**390**	**450**	**2,190**

Relating the future Requirement for Intermediate Housing to Supply and Demand

10.57 In Section 8 (Figure 133), we set out the "requirement" for intermediate affordable housing based on long term house price trends and PPS3 definitions. The requirement for the LCB (West) totals 11,900 additional intermediate units between 2007 and 2021. Therefore, over a period of 15 years, this would translate to an average annual delivery rate of 793 units across the LCB (West).

10.58 The CLG table above indicates that supply, as an average, over the period 2001 to 2008, was around 313 units per annum across the LCB (West). If this trend were to continue, there would be a potential undersupply of 480 units per annum across the LCB (West).

10.59 If we look at the "peak market" requirements, set out in Section 8 (Figure 134), the differential would be much more pronounced with 26,200 additional intermediate housing units being required in total, which translates to 1,747 per annum. Again, if compared to existing trends, there would be a potential net annual undersupply of 1,434 intermediate units.

10.60 Over the last 2 years, there has been an average of 2,111 applications made per annum via the HomeBuy Agent for intermediate affordable housing options. This does not mean that there has been 2,111 applicants per annum, as applicants may register their interest in more than one intermediate product. However, the number of approved applications is much lower, at around 720 per annum, and this reflects the number of applicants that are considered to be eligible for the range of intermediate affordable homes that are available in the area.

10.61 On this basis, it may be the case that at the present time, there is insufficient demand from eligible applicants for the projected market role of intermediate housing, based either on long-term house price trends (860 per annum) or at peak prices (1,747 per annum).

10.62 Currently therefore, there would appear to be a mis-match between the estimated requirement for intermediate housing, as set out in Section 8 of this report, the supply trends and the current demand levels. However, it is worth noting that the SHMA has drawn attention to a number of factors to account for this:

- the majority of households are in the lower end of the intermediate affordable housing band and cannot afford shared ownership based products;
- long term affordability trends means that the number of households that can afford home ownership will decline;

- households will in practice house themselves in the private rented sector; and
- there is a very limited supply of intermediate rented housing so demand for it will be small.

10.63 The local authorities will therefore need to consider whether any scope exists to increase the deliverability and marketability of affordable intermediate products, or indeed use PPS3 to negotiate subsidy levels to ensure that it is more in step with local incomes. Of course, the impact of this would be that fewer additional units would be achieved. Households on the social housing register might be targeted but again the key issue is affordability. In Section 8 we highlighted that some of the existing social housing stock is occupied by households with incomes higher than £20,000 per annum. However, there is limited scope to achieve this. Social renting tenants enjoy good levels of service and security of tenure for minimal rents.

Key Workers

10.64 A key worker survey was undertaken for the whole of Hertfordshire in 2003 by DCA. The survey sought the views of employers and employees as well as examining house prices, incomes, volume of sales and rental costs. The survey concentrated on those earning up to £30,000 although joint households were also included. Occupations surveyed were teachers, social-care workers, fire-fighters, police officers, nurses, other health-care personnel and paramedics who lived and worked in the county or lived outside the county but worked within it.

10.65 Employers considered that the high cost of housing in Hertfordshire was a barrier to recruitment and retention. The employee survey revealed a high level of staff intending to leave the county because of high housing costs and a high proportion of key workers who already lived outside the county because of housing issues.

10.66 In April 2004, the Key worker living programme was launched in London, the East and the South East, to assist the recruitment and retention of key public sector workers. From April 2006, support for key workers was mainstreamed through the National Affordable Housing Programme and has been extended across all 9 government office regions of England. The Programme provides the opportunity for Key Workers to access intermediate housing for rent and shared ownership/Newbuild HomeBuy (Homes and Communities Agency, Shared Ownership, Joint Guidance for England, March 2009).

10.67 Key Workers in Hertfordshire are currently defined under the government initiative for Key Worker Living as:

- Clinical NHS staff (except doctors and dentists);
- Teachers in state-funded schools and certain further education colleges;
- Police Officers and Police Community Support Officers;
- Uniformed staff in Herts Fire and Rescue Services (below Principal level);
- Prison Services staff (in specific roles);
- Probation Services staff (in specific roles);
- Social Workers (ACS) Social Workers (CSF), Educational Psychologists, various Therapists, Rehabilitation Officers for the visually impaired and qualified Nursery Nurses employed by Local Authorities or the NHS;

- Local Authority employed Clinical staff (e.g. Nurses);
- Local Authority Planners (including Tree & Conservation Officers);
- C.A.F.C. A.S.S. employed Social Workers (Guardians);
- Connexions Personal Advisors (employed by Connexions Partnership or Local Authority only);
- Highways Agency Traffic Officers; and
- Environmental Health Practitioners.

10.68 The above list of key workers are defined as the Key Worker priority group for New Build HomeBuy (shared ownership) and Intermediate Rent (Intermediate renting – where rent costs are fixed between levels charged by private and social landlords) (Lea Valley Homes).

10.69 A snapshot of data collected by the HomeBuy Agent for August 2009, for approved applications, indicates that of all the Key Worker applicants:

- 71% live within the 6 SHMA local authority areas; and
- 29% live outside the 6 SHMA local authority areas but work within them.

10.70 Of the Key Worker applicants who live within the 6 SHMA local authority areas:

- 46% live and work in the same local authority area;
- 82% live and work within the 6 SHMA local authority areas; and
- 18% live in the 6 SHMA local authority areas but work outside them.

10.71 When looking at the type of households, of all Key Worker applicants:

- 47% of applications were from single persons;
- 22% of applications were from joint applications with no children;
- 16% were from single parents; and
- 15% were from couples with children.

Also:

- the highest number of single applications were from individuals living in Welwyn Hatfield;
- the highest number of joint applications (with no children) were from households living in St Albans;
- the highest number of single parent families were from households living in Watford; and
- the highest number of joint applications with children were from households living in Watford.

10.72 In Hertfordshire, guidelines are that Key Workers choice of property location should not be more than 45 minutes travelling time to their place of work, which can, incidentally, translate to different distances at different times of day or night.

Conclusion

10.73 There would appear to be a mis-match between the estimated requirement for intermediate housing, as set out in Section 8 of this report, the supply trends and the current demand levels considered in this section.

10.74 The SHMA has drawn attention to a number of additional factors:

- the majority of households are in the lower end of the intermediate affordable housing band and cannot afford shared ownership or shared equity based products;
- long term affordability trends mean that the number of households that can afford home ownership will decline;
- households will in practice house themselves in the private rented sector; and
- there is a very limited supply of intermediate rented housing so demand for it will be small.

10.75 The local authorities will, therefore, need to consider whether any scope exists to increase the deliverability and marketability of affordable intermediate products, or indeed use PPS3 to negotiate subsidy levels to ensure that it is more in step with local incomes. Of course, the impact of this would be that fewer additional units would be achieved. Households on the social housing register might be targeted but again the key issue is affordability. In Section 8 we highlighted that some of the existing social housing stock is occupied by households with incomes higher than £20,000 per annum. However there is limited scope to effect movement from social housing to intermediate. Tenants are unlikely to give up security of tenure and cheaper rents unless they perceive a benefit from doing so.

10.76 It would appear that intermediate rent is the only model capable of delivering intermediate affordable housing to lower income households in this group.

10.77 Failure to provide intermediate affordable housing for lower income groups will result in increasing demand for social rented housing and private rented sector housing.

Summary of key findings

Affordable housing options

- Households in housing need do not necessarily seek a solution through social housing, their options are to share housing, seek intermediate affordable housing, live in the private rented sector or pay more than they can reasonably afford in order to live in market housing.
- Households who can afford more than social rents apply for and are occasionally are able to access social housing if they are in housing need.
- A HNS normally uses household survey data to estimate housing need by taking into account data from existing households in unsuitable housing and seeking to move and who cannot afford market housing. Components of overall need are classified as backlog need and newly arising need. The estimate of housing need, according to HNA Practice Guidance includes a factor to eliminate the backlog of need within 10 years. The estimate is not constrained by likely future supply it is a measure of unmet need from existing supply
- The LCB (West) SHMA has been conducted using secondary data to establish trends from a baseline of 2001. It uses population and household projections together with recent data on household income, house prices and supply to estimate the future requirement across all tenures. The future supply is that envisaged by the East of England Plan. Backlog need was factored into the East of England minimum targets. The SHMA estimates the best tenure and size mix of the future supply in relation to the nature of the estimated demographic change.

Intermediate affordable housing

- The target group of households for intermediate affordable housing varies according to market conditions. As at 2008 peak house prices, households with an income of between £20,000 and £35,000 can be regarded as the target group of households that can afford intermediate affordable housing. If long term prices are applied the income band narrows to £20,000 and £30,000 as house prices are lower than peak and more households can afford market housing. These households have few housing options on the open market and are a target group for intermediate housing options in the LCB (West).
- The potential exists to provide a range of intermediate affordable housing products but costs will vary from location to location and eligibility criteria will vary on a development and scheme basis.
- Current income eligibility for new build HomeBuy is up to £60,000 and in the LCB (West), given the relationship between property prices and incomes, households with an income of between £35,000 and £60,000 are likely to form part of the market for low cost market housing products.
- The previous tenure of shared owners is more likely to be from those living with friends and family or those living in the private rented sector, rather than those living in social rented housing or those that are already owner occupiers.
- Shared ownership households in the LCB (West) are most likely to comprise 1 or 2 adults. A small proportion of shared owner households will however contain families. The affordability of shared ownership is managed by altering the share of the value that is purchased. Smaller homes are more likely to be affordable under this scheme.
- The number of applicants for intermediate housing, via the HomeBuy agents, far exceeds the number of approved applications.
- The Key Worker Living Programme in Hertfordshire provides the opportunity for eligible key workers to access shared ownership and intermediate rented housing schemes.

Section 11: Understanding Specific Sub-Groups

11.1 Whilst we have established an understanding of the housing needs and housing requirements of the overall population across London Commuter Belt (West), the following section considers the needs of certain sub-groups of the population, in particular, where their needs may differ from the needs of the general household population.

11.2 The sub-groups considered by the study included:

- students;
- families;
- housing needs of older people;
- supported housing and health needs;
- black and minority ethnic population; and
- rural housing.

11.3 It is important to note that whilst the following sections provide a general context for each of the identified groups, independent studies which profile the requirements in further detail already exist for some sub-groups whereas others may warrant further research to expand on and better understand some of the key issues identified.

Understanding Student Housing Issues

11.4 This section of the report seeks to provide a baseline understanding of student housing issues in the local area, drawing on a wide range of secondary data sources.

11.5 Many of the major towns in London Commuter Belt (West) such as St. Albans, Borehamwood, Watford, Hemel Hempstead, Hertford and Welwyn Garden City contain centres of further education. However, many of these further education centres are principally serving the local community and attract few students from outside of the area.

11.6 The exception is the University of Hertfordshire, based in Hatfield, with 24,000 students, many of whom are from the rest of the UK or overseas and the Royal Veterinary College which also attracts students from outside the area. The University of Hertfordshire is very important to the local economy, directly employing 2,500 staff. Around 1,500 graduates leaving the university each year find employment within Hertfordshire. A university of this size is likely to have a significant impact on the housing market.

11.7 In 2004 Welwyn Hatfield District Council and University of Hertfordshire commissioned a joint study into the impact of the university on the district. The final report entitled 'Economic and Social Impact of the University of Hertfordshire on Welwyn Hatfield' features a combination of face to face, postal and online surveys with stakeholders, students, staff, local residents and local businesses.

11.8 The report notes that 3,700 students live on campus and 3,800 live off campus in Hatfield. These figures show that over a quarter of the town's population are students. The student population typically lived in private rented accommodation and their dwellings were reported as being in worse condition than that generally found in Hatfield.

11.9 The Study found that properties in Hatfield were attractive to buy to let investors who are able to let larger dwellings out as shared units to students. This was having an impact on the availability of family housing in Hatfield, particularly in the south of the town.

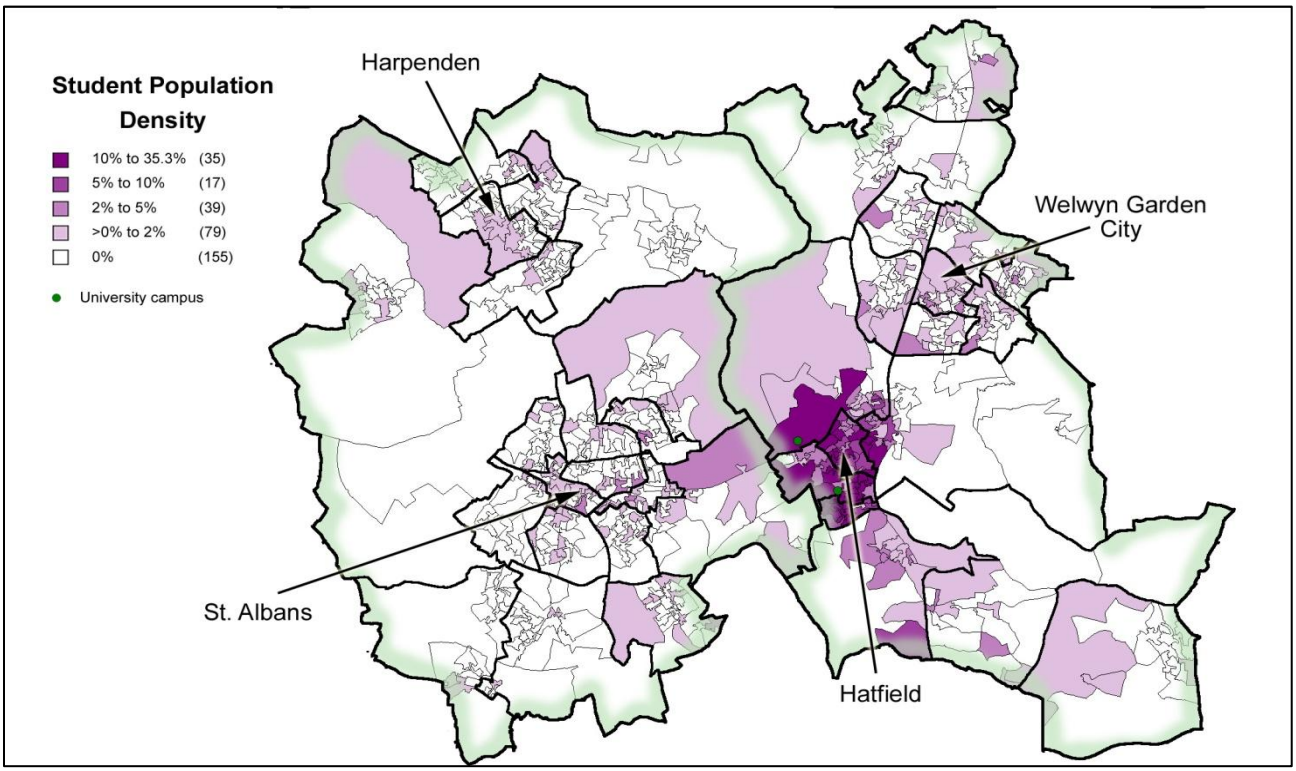
11.10 The University of Hertfordshire is currently planning to build additional residential accommodation in Hatfield within 0.5 miles of the College Lane Campus, totalling at least 400 bed spaces. At least some are expected to be available for use by September 2011.

11.11 One method to investigate the impact of students on an area is through an analysis of Council Tax records as properties occupied entirely by students are exempt from Council Tax. Records from Watford indicate that there are 138 households which are entirely comprised of students, while Three Rivers has 74 student households. This suggests that students are only having a minimal impact on the housing markets of these authorities.

11.12 Records from Welwyn Hatfield District Council indicate that 948 addresses in the authority are exempt from Council Tax because they are lived in by students only. This represents around 2.5% of all households in the authority.

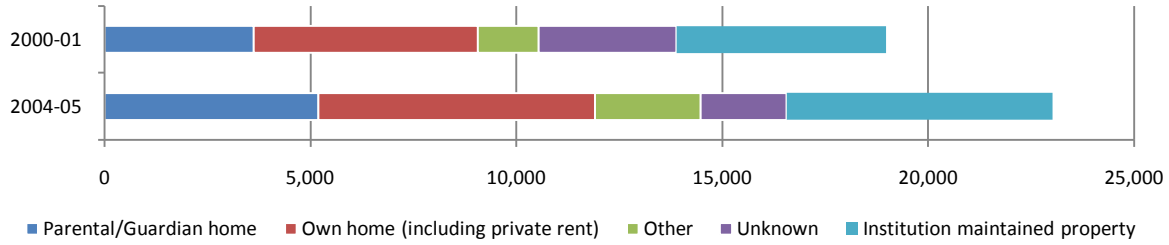
11.13 Figure168 shows the proportion of properties which were entirely occupied by students in Welwyn Hatfield. This demonstrates that the student households are predominately concentrated in a relatively small area of Hatfield surrounding the two campuses of University of Hertfordshire. Therefore, student households will be having a large impact on the housing market of this particular area of the town.

Figure168:
Student Dwellings in Welwyn Hatfield and St Albans (Source: Local Authority Council Tax Records)



11.14 Another source of information on student numbers is the Higher Education Statistics Agency (HESA). Figure 169 shows the nature of housing occupied by students attending the University of Hertfordshire in both 2000/01 and 2004/05. Between these years, the number of students attending the university rose by 4,000 and while the number living on campus rose by nearly 1,500, it is also clear that the number living in their own home also rose by 1,300. This would have placed increasing pressure on the housing market of Hatfield.

Figure 169
Term-time Accommodation for Students at University of Hertfordshire 2000/01 and 2004/05 (Source: Higher Education Statistics Agency)



11.15 Local Stakeholders reported tensions in the local resident population in Hatfield about the number of students taking up private rented accommodation. It was also noted that many young people are living at home for a longer period of time than was the case in the past because of the cost of accommodation or continue to live in shared rented accommodation when in their first jobs.

11.16 A more detailed account of local stakeholder views is presented in the appendices.

Estimating the housing requirements of families and other households

11.18 PPS3 states that the key characteristics of a mixed community are a variety of housing, particularly in terms of tenure and price and a mix of different households such as families with children, single person households and older people. In particular, paragraph 22 of PPS3 requires an estimate of the profile of household types requiring **market** housing.

11.19 The CLG Practice Guidance explains how partnerships can identify current numbers of families, including those with dependent children by analysing census data. The difficulty is due to the fact that the approach to assessing the future housing market uses household projections which do not include families as a household type, although it does include projected growth rates of cohabiting couples, married couples and lone parents with or without children. From census information, partnerships can apply the proportions of these groups with dependents to the projected growth rates to give an indicative estimate of likely future numbers of families with dependent children in the housing market area.

11.20 The start of this process is to understand the proportion of married couples, cohabiting couples and lone parents who are families, i.e. households with dependent children. The proportion of households with dependent children of all households from the 2001 Census is shown in Figure 170. This shows that across the sub-region, 41.7% of married couple and 35.1% of cohabiting couple households contain a dependent child. Household projections for lone parents focus only upon those households with a dependent child, so by definition 100% of future lone parent households will contain a dependent child.

Figure 170
Proportions of Married and Cohabiting Couples with Children at 2001 by Local Authority (Source: UK Census of Population 2001).

	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Sub-region
Married							
All married households	28,486	18,780	27,008	17,134	13,878	19,109	124,395
Married with children	11,898	7,942	11,525	7,062	6,109	7,372	51,908
Percentage of married households with children	41.8%	42.3%	42.7%	41.2%	44.0%	38.6%	41.7%
Cohabiting							
All cohabiting households	4,966	2,938	4,496	2,729	3,397	3,197	21,723
Cohabiting with children	1,871	1,070	1,342	925	1,098	1,313	7,619
Percentage of cohabiting households with children	37.7%	36.4%	29.8%	33.9%	32.3%	41.1%	35.1%

11.21 The total projected number of married, cohabiting and lone parent households are given in Figure 171. This shows that the total number of households in these categories are not expect to rise significantly in the future. As noted earlier, much of the growth in the future household numbers is projected to occur amongst single persons.

Figure 171
Projected Number of Households by Type 2006 and 2021 (Source: LCB West SHMA, 2008).

		Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Sub-region
Married								
	2006	28,700	18,100	27,000	17,200	14,300	19,600	124,900
	2021	26,000	16,600	24,400	15,000	12,200	18,400	112,700
Cohabiting								
	2006	6,100	4,000	6,000	3,000	4,100	4,100	27,400
	2021	9,000	5,800	9,400	4,700	6,100	6,500	41,500
Lone Parent								
	2006	3,100	3,000	3,000	2,000	2,000	3,100	16,200
	2021	4,000	2,900	2,800	1,900	2,000	3,300	16,800
All Married, Cohabiting or Lone Parents								
	2006	37,900	25,100	36,000	22,300	20,400	26,900	168,500
	2021	38,900	25,300	36,600	21,500	20,300	28,200	171,000

11.22 To estimate the number of family households that are likely to exist in LCB (West) in future years, ORS has taken the total number of married and cohabiting households projected to exist and multiplied this by the proportion of this household type who were families at the time of the 2001 Census. For example, in Dacorum in 2021 it is projected that there will be 26,000 married couples and in 2001 41.8% of married couples contained a dependent child in the household. Therefore, we have calculated 26,000x0.418 to obtain a projected 10,800 married couples with children in Dacorum in 2021. The same calculation has been applied to all household types for all local authorities. As noted above, all lone parents contain a dependent child, so all are families. Information from the forthcoming Census 2011 will establish if this assumption can be sustained in future updates to the SHMA.

11.23 The key finding of Figure 172 is that the total number of family households in LCB (West) is barely projected to move between 2006 and 2021.

Figure 172
Projected Number of Family Households by Type 2006 and 2021 (Source: LCB West SHMA, 2008).

		Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Sub-region
Married with Children								
	2006	12,000	7,600	11,500	7,100	6,300	7,600	52,100
	2021	10,800	7,000	10,400	6,200	5,400	7,100	47,000
Cohabiting with Children								
	2006	2,300	1,500	1,800	1,000	1,300	1,700	9,600
	2021	3,400	2,100	2,800	1,600	2,000	2,700	14,600
Lone Parent with Children								
	2006	3,100	3,000	3,000	2,000	2,000	3,100	16,200
	2021	4,000	2,900	2,800	1,900	2,000	3,300	16,800
All Families								
	2006	17,400	12,100	16,300	10,200	9,600	12,400	78,000
	2021	18,200	12,100	16,000	9,600	9,400	13,000	78,400
	Net change in Families 2006-2021	**800**	**-**	**(300)**	**(600)**	**(200)**	**600**	**400**

11.24 Following the calculation of the number of family households in LCB (West), the next step is to project their tenure. To assess the number of households who are projected to require social rent ORS has multiplied the total number of households in each category by the proportion of that household type that is projected to require social rent from the earlier findings in the report. The numbers who require social rent can then be subtracted from the total number to show those who will require other tenures. The results of this exercise are set out in Figure 173 (social requirement) and Figure 174 (requirement for other tenures).

11.25 The key results derive from the low rate of projected growth in family households with almost no change in the total housing requirement for any tenure for family households.

Figure 173
Derivation of the proportion of households with children at 2021 Requiring Social Housing by Local Authority (Source: LCB West SHMA, 2008).

	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Sub-region
Married with Children							
2006	1,700	600	800	500	700	1,300	5,500
2021	1,500	600	700	400	500	1,200	4,900
Cohabiting with Children							
2006	500	200	200	100	100	400	1,500
2021	700	300	300	200	200	700	2,300
Lone Parent with Children							
2006	1,300	1,000	900	700	700	1,600	6,200
2021	1,700	900	900	600	700	1,600	6,400
All Families							
2006	3,500	1,800	1,900	1,300	1,500	3,300	13,200
2021	3,900	1,800	1,900	1,200	1,500	3,500	13,600
Net change in Families 2006-2021	**400**	**-**	**-**	**(100)**	**-**	**200**	**400**

Figure 174
Derivation of the proportion of households with children at 2021 Requiring Other Tenures by Local Authority (Source: LCB West SHMA, 2008).

	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Sub-region
Married with Children							
2006	10,300	7,000	10,800	6,600	5,600	6,300	46,600
2021	9,300	6,400	9,700	5,800	4,800	5,900	42,100
Cohabiting with Children							
2006	1,900	1,200	1,600	900	1,200	1,300	8,100
2021	2,700	1,800	2,500	1,400	1,700	2,000	12,200
Lone Parent with Children							
2006	1,700	2,100	2,100	1,300	1,300	1,500	10,100
2021	2,300	2,000	1,900	1,300	1,300	1,600	10,400
All Families							
2006	13,900	10,300	14,400	8,800	8,100	9,100	64,700
2021	14,300	10,200	14,200	8,400	7,900	9,500	64,800
Net change in Families 2006-2021	**400**	**(100)**	**(200)**	**(400)**	**(200)**	**400**	**100**

11.26 While there is projected to be no overall growth in family households, this does not necessarily imply that no additional family housing is required in LCB (West). Much of the projected growth in single

person households will be older persons who will continue to occupy family housing. Therefore, the stock of family housing will need to increase to address the needs of new families.

11.27 Returning to Figure 151 it is possible to apportion the required growth in market housing between household types as required under PPS3. The relevant part of Figure 151 is reproduced below as Figure 175.

Figure 175
Size Mix of Housing Requirement 2007-2021 by LA (Note: Figures may not sum due to rounding)

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Market Housing						
1 bedroom	400	-	-	(400)	-	100
2 bedrooms	1,000	100	100	-	100	500
3 bedrooms	2,600	300	300	-	600	2,200
4 bedrooms	700	-	100	-	100	500
5+ bedrooms	100	-	-	-	-	100
Sub-total	**4,800**	**400**	**400**	**(400)**	**800**	**3,400**

11.28 Figure 176 shows the relationship between household type and the number of bedrooms occupied in the market sector at the time of the 2001 Census. The number of rooms occupied by the households at the time of the 2001 Census has been converted into bedrooms using evidence from ORS primary data surveys on the relationship between rooms and bedrooms in a dwelling. For example, 25.7% of 2 bedroom market houses are occupied to couples without children.

Figure 176
Relationship Between size Mix and Household Type) Source: UK Census of Population 2001 and ORS Primary Data Surveys.

Housing Tenure	Bedrooms				
	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Household Type					
Couples and lone parents with children	13.1%	21.4%	27.8%	31.5%	32.4%
Couples without children	13.9%	25.7%	33.4%	38.2%	39.5%
Other multi-adult	6.7%	12.0%	17.3%	20.1%	20.9%
Single person	4.3	40.9%	21.4%	10.2%	7.3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

11.29 If we apply the percentages in Figure 176 to the size mix in Figure 175 we obtain the identified housing requirements by household type for each borough. Figure 177, therefore, provides the required outputs for paragraph 22 of PPS3. It is noticeable that this shows that much of the growth in market housing is anticipated to be for single persons and adult couples without children, but that there is also an additional requirement for market housing.

Figure 177
Market Housing by Household Type 2007-2021 by LA (Note: Figures may not sum due to rounding)

Housing Tenure	Local Authority					
	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield
Market Housing						
Couple and lone parents with children	1,100	100	100	-	200	900
Couples without children	1,600	100-	100	-	200	1,100
Other multi-adult	800	100	100	-	100	600
Single person	1,300	100	100	0	200	800
Sub-total	**4,800**	**400**	**400**	**(400)**	**800**	**3,400**

11.30 Therefore, it is possible to say that 88% of the growth in market housing is required to meet the needs of single persons, 9% for multi-person households, including parents living at home with dependent children and 3% for adult couples without children.

The Needs of Older People and Other Client Groups

Introducing Supported Housing in Hertfordshire and Supporting People

11.31 As well as the needs of older people, there are a significant number of other people in younger age groups requiring some support and/or care who have needs for accommodation that cannot readily be met through private housing markets.

11.32 This includes people, generally single, with mental health problems, people with learning disabilities, homeless single people and homeless families, vulnerable young people including care leavers, people with substance misuse issues and people at risk of domestic violence. A range of difficulties can arise for these groups, for example:

- young people who are homeless following breakdown of relationships within their family and older adults experiencing relationship breakdown, often do not have sufficient individual income to access the market;
- people who are vulnerable due to other issues including mental health problems or substance misuse, or who are ex-offenders, may find it difficult to obtain or maintain employment options providing sufficient income to access the market;
- people with disabilities may have restricted earning capacity as a result of their disability, or the effects of disability discrimination;
- some people have needs for specially adapted housing which are not offered as a standard "product" in the housing market and thus have extra costs attached to them; and
- people experiencing crisis situations are less likely to be in a position to navigate the processes of finding and securing private housing when in competition with other households.

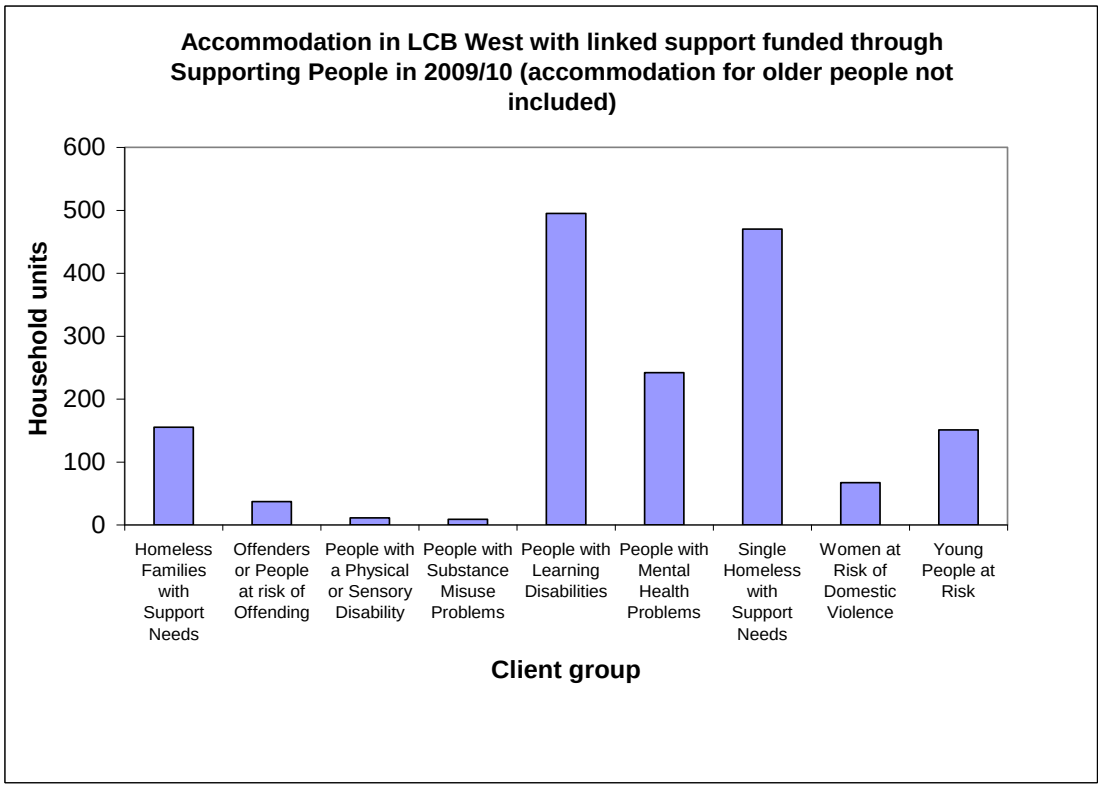
11.33 The Supporting People programme commissions housing-related support for many groups of people and the County Council commissions care services for people whose needs fulfil statutory criteria, according to its "Fair Access to Care Policy". Many of these people have accommodation needs, including:

- self-contained accommodation dispersed within general needs housing but support provision available to them;
- clustered self-contained accommodation which may be designated for people with particular support needs;
- long-term shared accommodation with visiting or on-site support and shared facilities such as common areas;
- hostels providing short term accommodation; and
- residential care

11.34 Housing options that enable independent living are in short supply. For example, Hertfordshire County Council identifies people with learning disabilities and those with mental health problems who need accommodation independent of family carers but whose level of housing need alone, as defined by allocations policies, does not give sufficient priority to access suitable social housing through standard mechanisms such as choice-based lettings.

11.35 In addition to accommodation designated for older people, existing supported housing includes both long-term housing for people with disabilities, and short-term hostels and individual flats.

Figure 178
Accommodation in LCB West with linked support funded through Supporting People in 2009/10, by client group (accommodation for older people not included) (Source: Hertfordshire County Council)



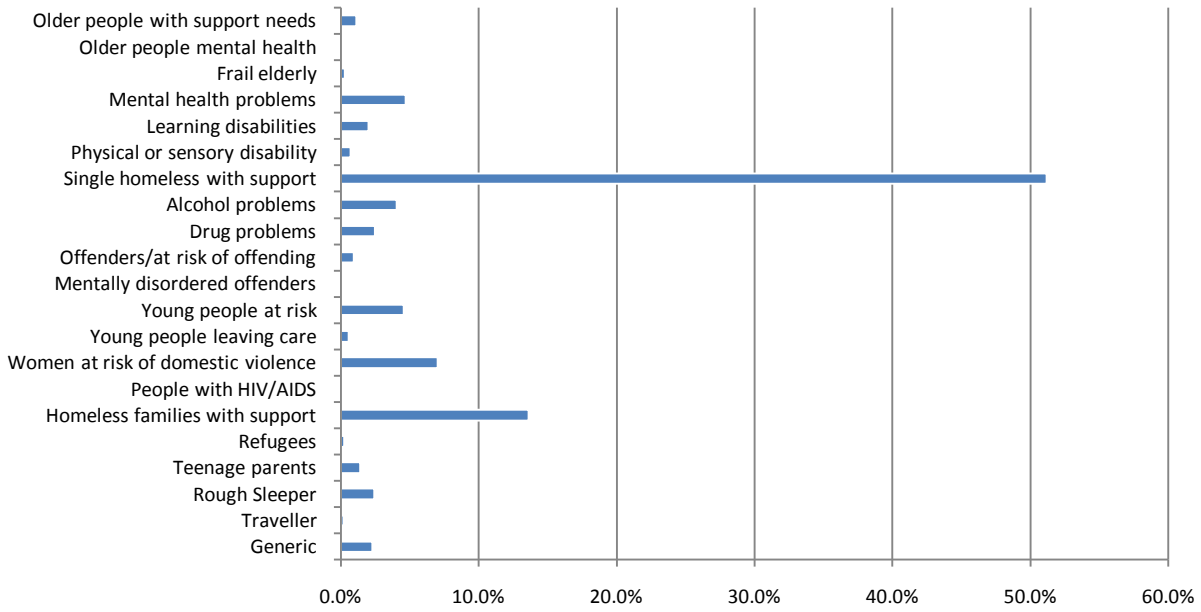
11.36 People with support and/or care needs should be included in overall estimates of numbers of households unable to access housing through the private market. However, a significant number of people also need particular types of accommodation in order that support and care needs can be met effectively. Policies governing access to social housing should ensure appropriate priority is given to the needs of vulnerable people, within or outside choice based lettings schemes.

11.37 In order to make best use of existing supported housing, it is important that access to general needs housing is available through social housing lettings systems for people who are living in supported housing but would be able to live independently. This applies particularly to "choice-based lettings", which can have the effect of giving insufficient priority to people who could move to release the resource of supported housing.

11.38 Hertfordshire Supporting People team has collected further data which sheds light on health issues affecting certain groups. The work of Supporting People concentrates on people with mental health problems, people with learning difficulties, the homeless, vulnerable young people, people with addiction problems and women at risk of violence.

11.39 Between 2003 and 2007 the Supporting People providers in Hertfordshire registered 12,325 new clients (Figure 179). The bulk of these cases related to homelessness, reflecting a high proportion of shorter stays in temporary accommodation for homeless people.

Figure 179
People Receiving Help from Hertfordshire Supporting People by Client Group 2003-2007 (Source: University of St Andrews Supporting People Client Record Office)



11.40 Local stakeholders identified a gap in housing provision for the most vulnerable people. People with long term mental illness, long term homeless or rough sleepers, people with substance misuse issues and people with severe learning difficulties. These people not only need appropriate accommodation but also high levels of continuing support.

11.41 It was also noted that people with support needs want appropriate accommodation, which can be easily changed or modified when their needs change. There is a high demand for smaller adapted units spread across the LCB (West) area, although there are very few adapted properties available for people with a disability to rent privately and many older people are currently in owner occupied properties which are too big for their current needs.

11.42 Local Stakeholders also identified problems in the social housing sector where a lack of incentives has discouraged people to move and sheltered housing, which is considered too small.

11.43 A more detailed statement of local stakeholder views is presented in the appendices.

11.44 Hertfordshire County Council Adult Care Services and Hertfordshire Partnership Foundation Trust have produced documents specifically describing needs for accommodation for adults with mental health problems, and for adults with learning disabilities:

- Mental health: Joint Commissioning Team Mental Health Hertfordshire Accommodation Strategy 2009 -2013. The strategy includes a needs analysis identifying an additional 62 accommodation placements are needed within general needs housing across LCB (West) per year for people with low to medium support needs over the period to 2015. In addition, a further number of high support and rehabilitation placements will be required. The needs analysis identifies growth will be required in proportion to population increase and taking into account current under-provision in some areas of the county; and
- Learning disability: Joint Strategic Needs Assessment for adults with learning disabilities in Hertfordshire (2009).

11.45 Countywide trends are identified in relation to both mental health and learning disabilities but there are also particular needs and gaps at local level.

11.46 Hertfordshire County Council policy aims to minimise the use of residential care and group homes for people with mental health problems and to develop services according to a supported living model. This reflects national guidance and the wishes of service users. In order to develop the supported living model, increased provision of self-contained general needs accommodation is required.

11.47 For people with learning disabilities, Hertfordshire County Council policy also aims to minimise the use of residential care and to develop according to a supported living model. For some people with learning disabilities a small number of general needs-specification flats clustered together is the preferred model. Some people with physical disability in addition to learning disabilities need adapted or mobility standard accommodation requiring specific sites to be earmarked for development of individual buildings differing from general needs specification. This is also a requirement for some people with challenging behaviour.

11.48 Hertfordshire Adult Care Services Commissioning Strategy for People with Physical Disabilities (2008) aims to increase the range and choice of accommodation to enable people to live independently.

11.49 For homeless people, the Hertfordshire Supporting People Strategy 2007-2012 supports replacement of large hostels and of dormitory accommodation for single homeless people, with more individual accommodation. Within Hertfordshire there are particular local gaps in provision of hostel type accommodation. Homeless single people who are ready to move on from a hostel often need help to access to private rented private sector, in particular through rent deposit schemes.

11.50 Other vulnerable people, including young people leaving care and ex-offenders, need support to live independently and need access to general needs accommodation.

11.51 Overall, there is a continuing need for policies at District level to reflect specific needs for people with support and care needs who are unable to access suitable accommodation through the private market.

Accommodation for frail and older people: background

11.52 In 2007 a coalition of Hertfordshire County Council and its constituent boroughs, the local NHS Trusts and Vincent and Gorbing (chartered architects and town planners) published 'Accommodation for frail and older people, increasing capacity and choice.' Its purpose was to ensure a sufficient supply of specialist care home placements for older people and to develop more extra care housing and reduce the amount of residential care home beds.

11.53 The document outlines the main objectives for the area as to:

- help older people to remain in their own homes for as long as possible with good health and quality of life;
- secure sufficient care capacity to meet the needs of frail older people meeting Adult Care Services (ACS) eligibility criteria and increase choice for these people;
- ensure the right amount of housing related support is available for vulnerable older people, including those not eligible for care services; and
- make best use of resources across partner agencies including revenue funding, capital and land.

11.54 Adult Care Services (ACS) is an enabling provider for special needs housing and housing for the frail elderly. It works in partnership with private and public sector organisations to secure provision. The Hertfordshire Commissioning strategy for older people outlines the key principles of Adult Care Services (ACS):

- more control, choice and greater voice for older people and their carers about how their needs should be met;
- flexible and innovative services in local communities, tackling inequalities and improving access and information;
- high quality and specialist support services to support people in their own homes or in care homes if remaining at home is no longer possible;
- more prevention and early intervention services;
- services which promote independence, improve health and quality of life; and
- integrated services reducing the barriers between health and social care and engaging fully with colleagues in the independent and Voluntary Sectors in achieving co-ordinated and effective service.

11.55 At present ACS spend approximately £94m on purchasing services for older people and their carers, mostly on residential, nursing and home care. ACS recognises that the introduction of individual budgets will greatly affect how funds are used, giving people a greater say in how their needs are met. Indeed, much of the consultation done in Hertfordshire in recent years has revealed a desire by the populace to have greater input into such services. Due to this, the commissioning strategy outlines plans to track and review expenditure in order to best plot the course of future service commissioning.

11.56 The Commissioning Strategy, therefore, represents the Local Authorities' outputs to much of this consultation. ACS hopes to respond to these issues by increasing the number of older people with Direct Payments and working on how individual budgets are introduced. There is also scope for the development of Telecare and Extra Care Housing in order to facilitate home care.

11.57 It is also felt that working with the voluntary sector will be crucial in ensuring that there is a wide range of preventative services such as advocacy, befriending, hospital discharge, handyperson, and day care and carers support across the county. Joined up thinking will also be required for the joint commissioning of specialist services for older people with mental health problems, equipment services and intermediate care.

11.58 The Commissioning Strategy also provides demographic information noting that one in five people over 80 and one in twenty over 65 have some form of dementia. Also, between 10 and 16% of those over 65 develop clinical depression. These must be key considerations for those developing older persons strategy.

11.59 The Strategy states that around 7, 593 people receive a home care service in Hertfordshire. 85% of clients are aged 65 and above and 40% are aged 85 and above.

11.60 Over the course of a year approximately 2.284 million client contact hours are provided. In the four years since 2002, the number of people receiving home care has risen by approximately 22%. Numbers rose each year between 2002 and 2005, however, there was a slight fall in overall numbers between 2005 and 2006.

11.61 Supporting People in Hertfordshire funds Sheltered Housing Wardens, Extra Care Housing Wardens, Community Alarm Services and Home Improvement Agencies.

11.62 ACS is working with all district councils in Hertfordshire and the Primary Care Trusts, to develop accommodation for frail older people. Delivery may be through residential care homes, nursing homes, extra care and sheltered housing and provision may be through socially funded or private sector schemes. Though some accommodation may be delivered through the market there is also a need for provision of similar accommodation as affordable housing.

11.63 The document 'Accommodation for Frail Older People-Delivering Increased capacity and choice' outlines ACS' plans to significantly increase the number of extra care places available by 2010. The target set, therefore, is to have access to 783 extra care places by 2010.

The Older Population

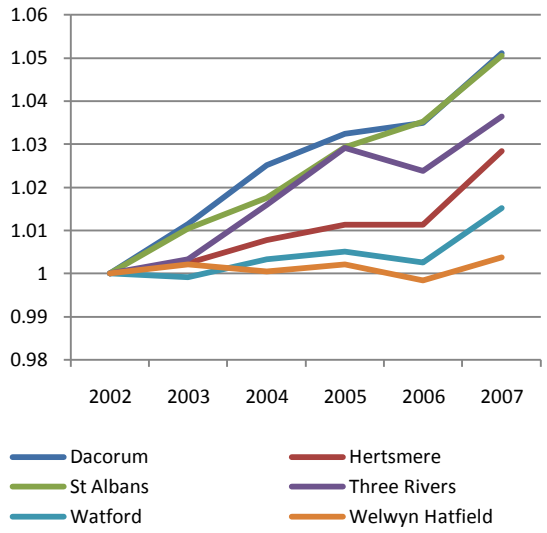
11.64 As shown previously in Figure 38, the LCB (West) has proportionately slightly more adults aged 30-49 years and fewer aged over 55 years compared to the population of England and Wales as a whole. There are also fewer people aged 15-24 years.

11.65 Figure 39 also shows that there is little difference in the age profiles of any of the authorities in the sub-region. There are slightly higher proportions of older persons in Hertsmere, Three Rivers and Welwyn Hatfield compared to the remaining authorities in the sub-region. The household structure of London Commuter Belt (West) shows that around a quarter of households contain only pensioners.

11.66 The Chelmer Model Projections (EERA Group 3, December 2006), detailed earlier in Figure 41, indicated that 7,400 of the additional 42,800 people between 2006 and 2021 are projected to be aged 85 or over with a further 11,700 aged 65-84, together accounting for almost half (44.6%) of the total additional population.

11.67 The growth in the older population of the study area can be shown through an analysis of the number of people receiving the state pension. Treating 2002 as the base year this shows that the number of people claiming the state pension had risen in all of the authorities with Dacorum and St Albans both having had growth of over 5% in the last 5 years.

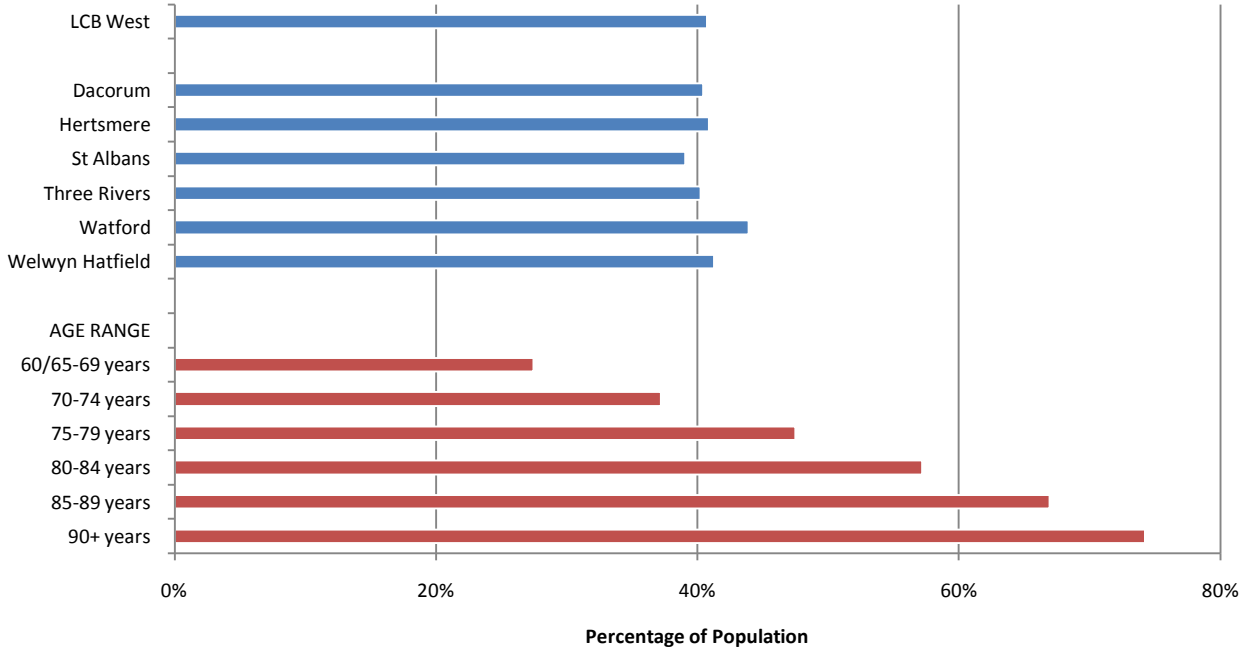
Figure 180
People Receiving State Pension by Local Authority 2002-2007
(Source: DWP. Note: Data relates to May of each year



Health

11.68 Data from the 2001 Census indicates that over 40% of people of pensionable age suffer from a limiting long-term illness. In Watford this figure is around 44% of people over pensionable age and in St Albans 39%. This figure is 27.5% for those aged up to 70 years, but rises rapidly to over two-thirds for those aged 85 years and above. Therefore, the forecasted growth in the older population of the study area is likely to see more people with support needs in the future.

Figure 181
Limiting Long-term Illness of Older People by Age Group by Local Authority (Source: UK Census of Population 2001. Note: Data is for females aged 60 years and over and males aged 65 years and over)



Access to a Car or Van

11.69 Another important factor for older people is transportation to access to services. Figure 182 and Figure 183 show that pensioner households are much less likely to have access to a car or van than the population of the sub-region as a whole which, if services are located at distance further than a short walking distance, is likely to limit access to services. 42.5% of pensioner households do not

have access to a car or van and are, therefore, far more dependent upon public transport than the rest of the population.

Figure 182
Number of Cars or Vans: All Households (Source: UK Census of Population 2001)

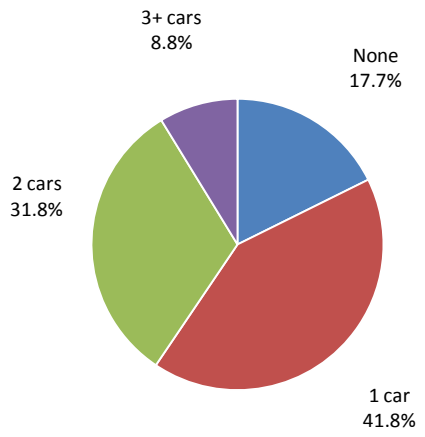
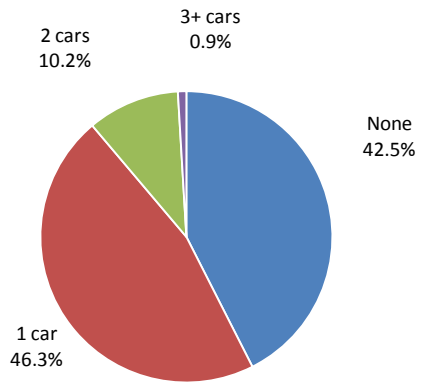


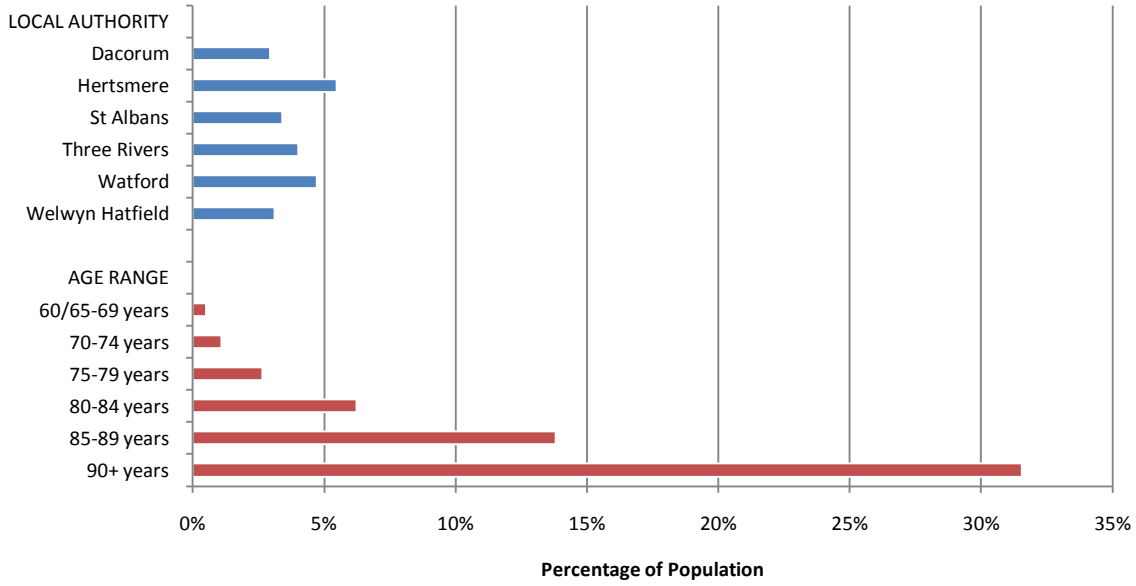
Figure 183
Number of Cars or Vans: Pensioner Households (Source: UK Census of Population 2001)



Tenure

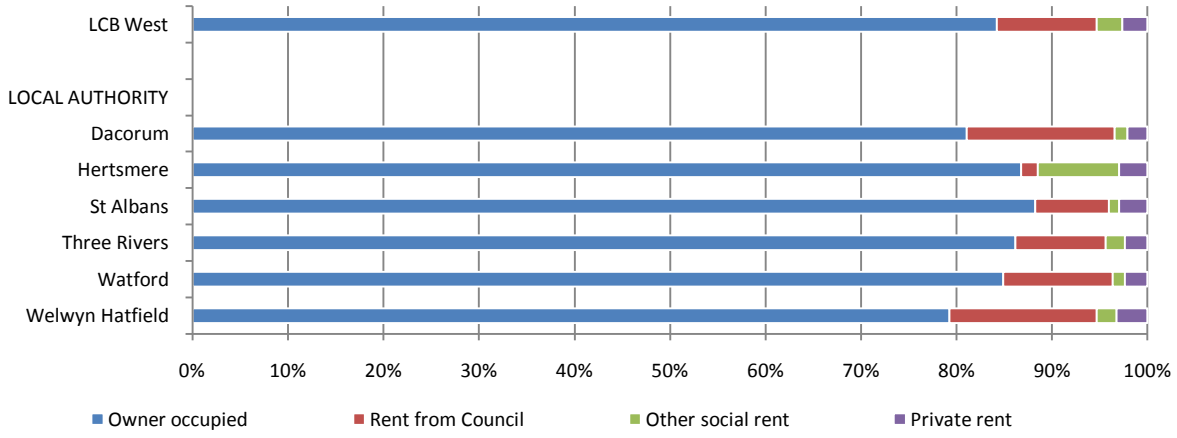
11.70 Figure 184 shows that across the local authorities between 3% and 5% of older persons live in communal establishments, mainly medical and care establishments. This is as high as 13% for those aged 85-89 years and nearly a third for those aged 90 years or more. Therefore, growth of the older population is likely to require an increase in care and medical provision for them.

Figure 184
Proportion of Older People in Communal Housing by Type of Establishment by Local Authority and Age Group (Source: UK Census of Population 2001. Note: Data is for females aged 60 years and over and males aged 65 years and over)



11.71 For those pensioner households in private housing, over 80% are in owner occupied dwellings (Figure 185). Very few pensioner households are to be found in the private rented sector (Figure 24). Whereas a higher proportion of pensioners occupy social housing (Figure 26).

Figure 185
Tenure of Pensioner Households by Local Authority (Source: UK Census of Population 2001)



Tenure related data for Hertfordshire using POPPI

11.72 The Projecting Older People Population Information system has been developed by the Institute of Public Care (IPC) for the Care Services Efficiency Delivery Programme (CSED). It is for use by local authority planners and commissioners of social care provision in England. It is a programme designed to help explore the possible impact that demography and certain conditions may have on populations aged 65 and over.

11.73 Using POPPI data we have been able to understand the current tenure of older person households with a long term limiting illness and the household projections for this group. Note that all data is for the County of Hertfordshire. Understanding the tenure distribution of this group is important as policy responses for support for this group can be very tenure specific.

Figure 186
Tenure of Pensioner Households by Local Authority and age (Source: POPPI)

Tenure	People aged 55-64	People aged 65-74	People aged 75-84	People aged 85 and over	Total in tenure
Owned	1,053,948	1,140,727	933,925	326,727	3,455,327
Rented from council	268,178	296,868	287,704	100,685	953,435
Other social rented	100,028	113,081	123,321	54,975	391,405
Private rented or living rent free	107,323	98,620	121,001	62,859	389,803
All people with a LTLI	1,529,477	1,649,296	1,465,951	545,246	5,189,970
All people	5,147,557	4,060,266	2,631,981	764,459	12,604,263

11.74 Examining the distribution of pensioners across age bands and tenure yields some interesting results. Firstly, if we examine the age distribution for each tenure, we note that up to 85 years the proportions are similar. However, older than 85 years the numbers fall considerably and a higher proportion of people (not the number) live in the social rented tenures. This is due to the specialist housing found in these sectors largely absent from the owner occupied sector.

Figure 187
Proportion of pensioner households with LTLI in each tenure by age band (POPPI)

	People aged 55-64 %	People aged 65-74 %	People aged 75-84 %	People aged 85 and over %
Owned	31	33	27	9
Rented from council	28	31	30	11
Other social rented	26	29	32	14
Private rented or living rent free	28	25	31	16

11.75 Secondly if we examine the tenure distribution for each age band we note that for owner occupied and Council rented housing the proportions remain similar indicating that only small numbers change tenure. The increase in the proportion of households over 85 years of age in the other social rented category indicates that a small number of people are transferring to this sector.

Figure 188
Tenure of pensioner households with LTLI in each age band (POPPI)

	People aged 55-64	People aged 65-74	People aged 75-84	People aged 85 and over
Owned %	69	69	64	60
Rented from council %	18	18	20	18
Other social rented %	7	7	8	10
Private rented or living rent free %	7	6	8	12

11.76 Households with LTLI that live alone are particularly vulnerable. They have no one at hand to assist them in the event of illness or a fall.

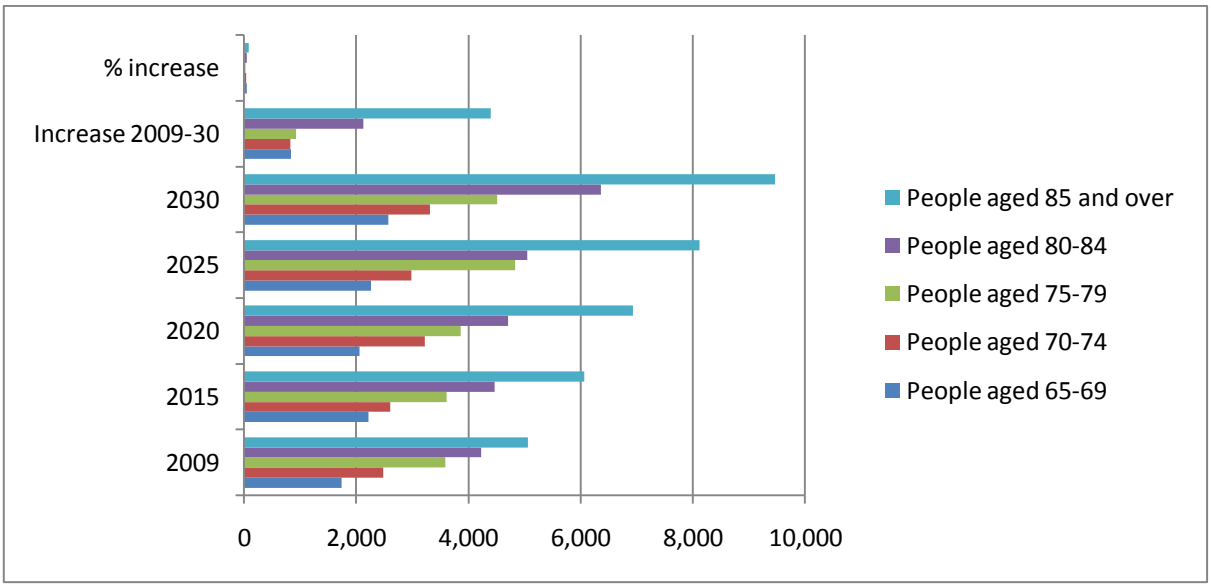
11.77 The following figures show how the number of pensioners living alone is set to increase disproportionately especially in the over 85 years age group. This has severe implications for housing and support services.

Figure 189
Projection of Pensioner Population with LLTI Living Alone Compared to the Total Pensioner Population (Source: POPPI)

	2009	2015	2020	2025	2030	Increase 2009-30	% increase
People aged 65-69	1,737	2,220	2,053	2,265	2,577	840	48
People aged 70-74	2,478	2,603	3,217	2,985	3,308	830	33
People aged 75-79	3,585	3,616	3,860	4,827	4,509	924	26
People aged 80-84	4,229	4,469	4,707	5,054	6,360	2,131	50
People aged 85 and over	5,060	6,062	6,927	8,122	9,460	4,400	87

	2009	2015	2020	2025	2030	Increase 2009-30	% increase
Total population aged 65 to 74	4,215	4,823	5,270	5,250	5,885	1,670	40
Total population aged 75 and over	12,874	14,147	15,494	18,003	20,359	7,485	58
Total population aged 65 and over	17,089	18,970	20,764	23,253	26,244	9,155	54

Figure 190
Chart of the Projection of Pensioner Households with LTLI living alone by 5 year age band and % increase (POPPI)



Accommodation Services for Older People Programme

11.78 Hertfordshire's Accommodation Services for Older People (ASOP) programme was launched in 2008 following a detailed analysis of the market for older people's accommodation. The programme is increasing the number of units and the range of accommodation available. It is an innovative partnership between, the county council, the district and borough councils, two Primary Care Trusts and local housing and care providers.

11.79 Hertfordshire's model of extra care is now referred to as flexicare housing. This involves a third of tenants being at low or no need, a third medium needs and a third high needs (frail). Therefore, this requires three times the number of units that would be required in a high needs (frail) only model. Due to the flexicare model, two thirds of the tenants might otherwise have been in general or sheltered housing and a third would otherwise have required residential care.

11.80 The predicted growth in the provision of older people's accommodation with care to 2010/11 and 2021 are as given below.

Figure 191
Predicted growth in the provision of older persons accommodation (Herts County Council)

			Base line 2005	Growth needed by 2010/11	Projected further growth needed by 2020/21
Dacorum	private	Extra care	158	316	0
		Residential	284	32	169
		Nursing	47	5	27
	social	Flexicare	14	300	39
		Residential Care	371	-55	-23
		Nursing	61	54	5
			935	652	217
Hertsmere	private	Extra care	97	196	78
		Residential	372	2	92
		Nursing	147	1	36
	social	Flexicare	45	30	85
		Residential Care	204	-7	-34
		Nursing	93	8	-3
			958	230	254
St Albans	private	Extra care	0	Not calculated	441
		Residential	394	39	114
		Nursing	154	15	44
	social	Flexicare	0	225	4
		Residential Care	257	-53	3
		Nursing	64	38	2
			869	264	608
Three Rivers	private	Extra care	244	488	0
		Residential	204	27	76
		Nursing	277	37	104
	social	Flexicare	0	180	-5
		Residential Care	232	-23	-5
		Nursing	68	6	-2
			1025	715	168
Watford	private	Extra care	0	Not calculated	305
		Residential	197	6	49
		Nursing	57	1	13
	social	Flexicare	32	165	58
		Residential Care	207	-46	-24
		Nursing	18	4	-1
			511	130	400
Welwyn Hatfield	private	Extra care	0	Not calculated	200
		Residential	130	12	56
		Nursing	68	7	31
	social	Flexicare	27	225	29
		Residential Care	251	-23	-35
		Nursing	82	31	-9
			558	252	272

Further remarks relating to demand for housing and services from older persons

11.81 Older persons are mostly already housed unlike young people in emerging households. The fact that they prefer to 'stay put' rather than move to more suitable accommodation is acknowledged in national housing and support policy. The aim of national policy is to enable people to live as independently as possible for as long as possible. Accordingly, support services are mostly provided at an older person's place of residence. Support services can be described as;

- adaptations;
- domiciliary care (home helps);
- nursing care; and
- re-housing as a last resort.

11.82 There are tremendous challenges for the NHS, local authorities and the voluntary sector. The challenge issues are budgetary and co-ordination. There is considerable pressure to ensure that older people are discharged from hospital into a safe environment.

11.83 However, many live in housing that puts them at risk. This is amply evidenced by housing stock condition assessments where the most common defects are risk of falls and thermal comfort.

11.84 Some social rented landlords provide incentives for older people occupying family housing to re-locate to smaller more suitable housing.

11.85 The voluntary sector has vigorously asserted that older people should not be pressurised into moving home. Most older people only move as a last resort when a sudden illness occurs and they accept that the best solution is more suitable housing. This is reflected in the POPPI data which shows a rising proportion of over 85s in the social sector.

11.86 Supply side issues emerge here. New build market housing has rarely been aimed at the group of older people often termed 'empty nesters'. Yet some of this group, predominately equity rich, are potentially a sizeable and low risk market. Parts of the market have responded to this in recent years, especially since the credit crunch, with marketing aimed at older people and try before you buy schemes. However the established market is aimed at older households with considerable financial capacity.

11.87 In summary, although there is much need for housing for older people there is little demand. Demand is restricted to those who are proactive and seek retirement housing and those who have little choice but to move because of an urgent health problem. This may result in a change of tenure.

Housing Issues related to Minority Ethnic Groups

11.88 This section of the report seeks to provide a baseline understanding of housing issues relating to minority ethnic groups in the local area, drawing on a wide range of secondary data sources.

BME Population

11.89 The 2001 Census contains detailed information on the ethnicity of the population of London Commuter Belt (West). The 2001 Census classified ethnic groups on the basis of sixteen categories which are standardised across all UK government sources (Figure 192). This classification is also used by the Commission for Racial Equality (CRE) and many other organisations interested in analysing information about BME communities. These sixteen categories can be grouped together into five aggregate groups. These being White, Mixed, Black, Asian and Other and some information sources do not provide any details beyond these broad groupings, though White British and White Non British are sometimes reported independently.

Figure 192
Ethnic Group Classification (Source: UK Census of Population 2001)

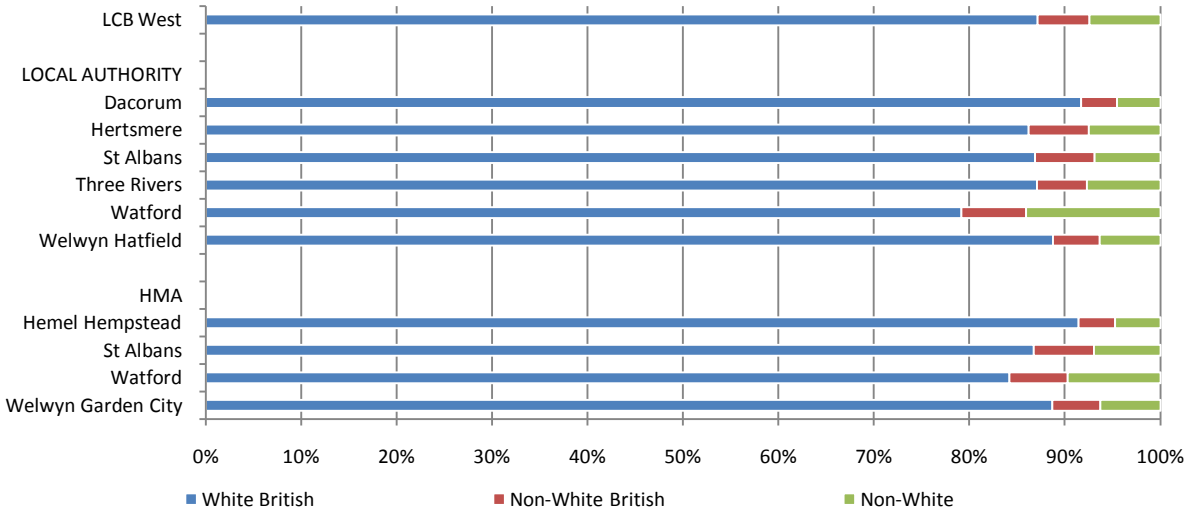
Broad Ethnic Group	Detailed Ethnic Group Classification
White	White: British
	White: Irish
	White: White Other
Mixed	Mixed: White and Black Caribbean
	Mixed: White and Black African
	Mixed: White and Asian
	Mixed: Other Mixed
Asian	Asian or Asian British: Indian
	Asian or Asian British: Pakistani
	Asian or Asian British: Bangladeshi
	Asian or Asian British: Other Asian
Black	Black or Black British: Black Caribbean
	Black or Black British: Black African
	Black or Black British: Other Black
Other	Chinese or Other Ethnic Group: Chinese
	Chinese or Other Ethnic Group: Other Ethnic Group

11.90 Information from the Census is based on individual responses insofar as each person must decide themselves to which ethnic group they belong and this inherently introduces some degree of inaccuracy into the data. For instance, when we consider those people that were born in the Middle East, there is a clear division between those classifying themselves as “Asian Other” and those choosing “Other Ethnic Group” despite their actual origins being the same.

11.91 In the 2001 Census the Black and Minority Ethnic (BME) population in London Commuter Belt (West) comprised 12.8% of the total population, including 5.4% of the population who were White, but not White British and a further 7.4% who could be considered as a Non-White population.

11.92 Dacorum contained the highest proportion of White British (92%) and Watford contained the highest BME population, including 7% of the population who were White, but not White British and a further 14% who were Non-White. Similarly, the Hemel Hempstead HMA contains the lowest BME population and Watford HMA the highest BME population.

Figure 193
Population of LCB (West) by broad ethnic origin and LA (Source: UK Census of Population 2001)

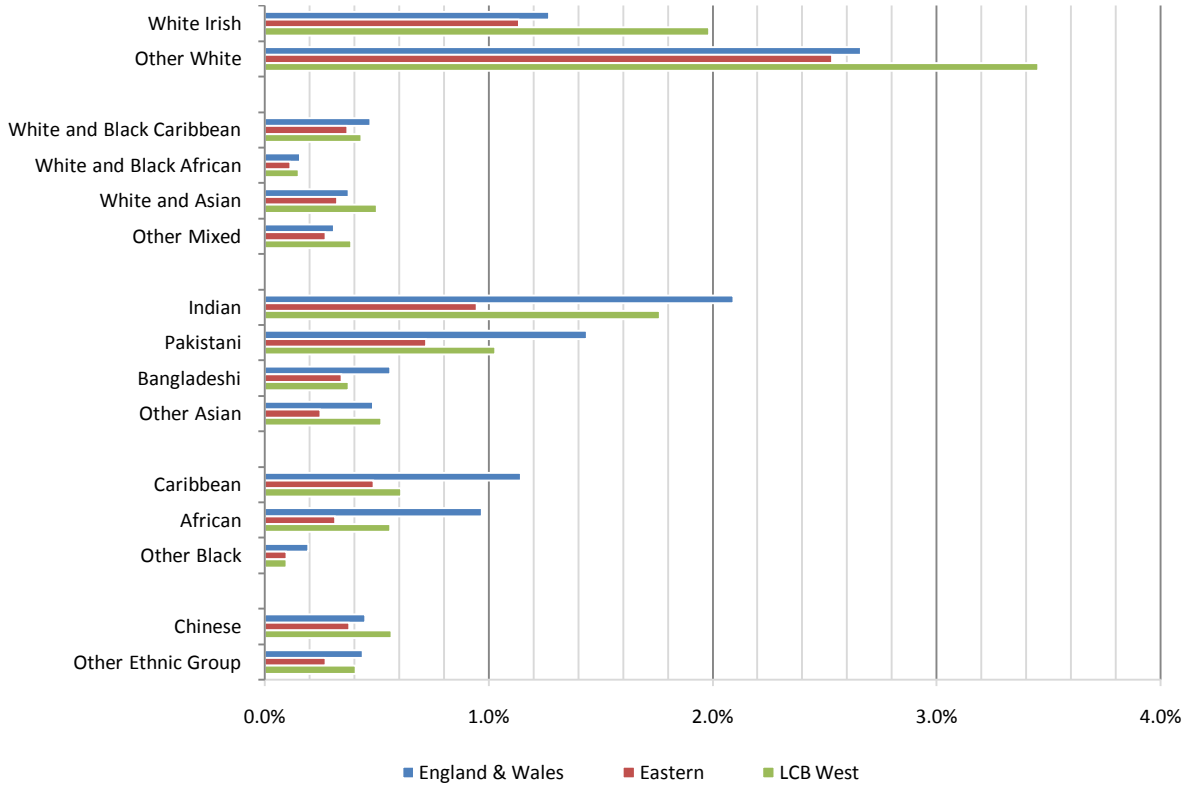


11.93 The ethnic minority population of London Commuter Belt (West) at the time of the 2001 Census is shown in Figure 194. This compares data to the Eastern region and England and Wales.

11.94 As previously noted the LCB (West) BME population, including White Non-British and Non-White residents, accounted for 12.8% of the total compared with 8.6% for Hertfordshire and 13.0% for England as a whole. The Non-White population in London Commuter Belt (West) 7.4%, compares with 4.9% in the Eastern region as a whole, and 9.1%

11.95 London Commuter Belt (West) largest ethnic groups, as classified by the 2001 Census, are White Other (3.5%), White Irish (2.0%) and Indian (1.8%) ethnic groups.

Figure 194
Black and Ethnic Minority Population by Ethnic Group in 2001 (Source: UK Census of Population 2001)



Age Profile and Household Structure

11.96 Comparing the age profile of the BME population and the White British population (Figure 195) it is apparent that the BME population is much younger, with a far higher share of the population aged less than 39 years. However, there are not proportionally more children aged 5-14 years in the population.

11.97 It must be remembered that not all people live in standard households. Figure 196 shows that over 8% of the Chinese ethnic group live in communal establishments, with many in education halls of residence. Many members of the Black Ethnic groups and also those from the Other Ethnic Group category are also to be found in communal establishments.

Figure 195
Difference between Age Profile of BME and White British Population (Source: UK Census of Population 2001)

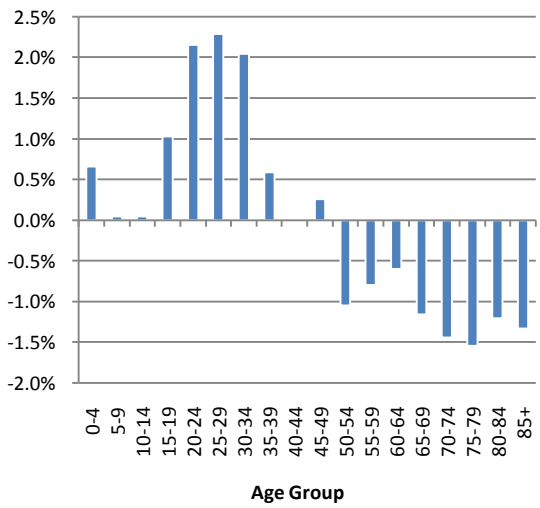
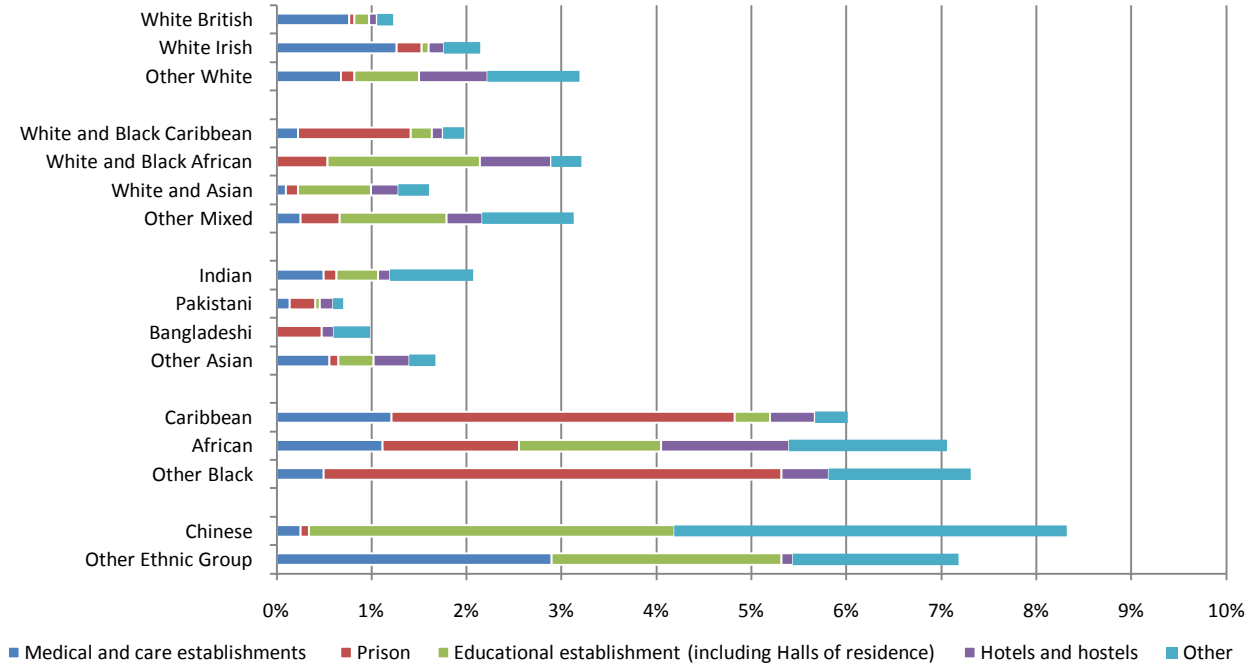
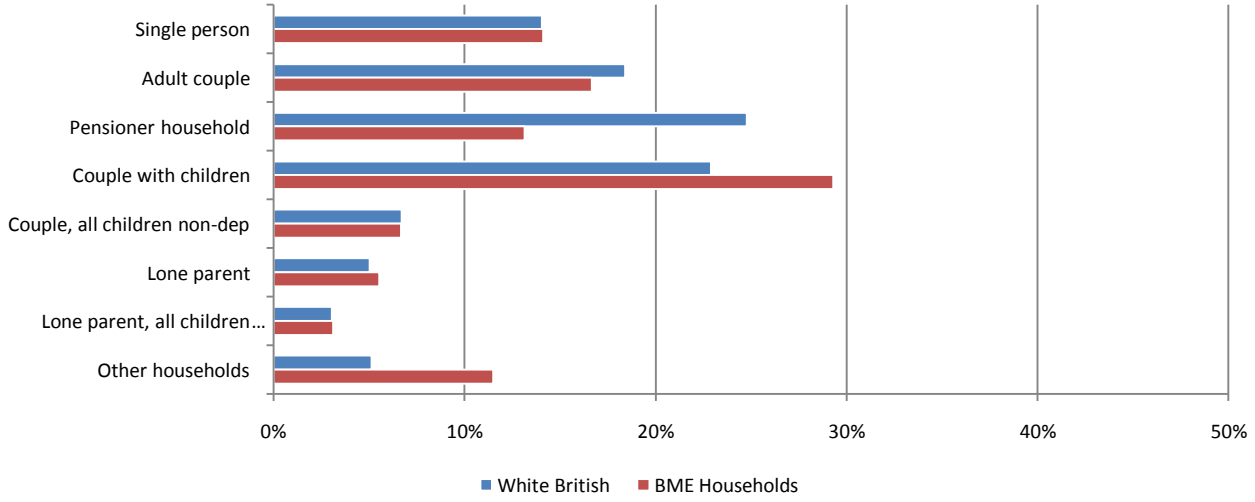


Figure 196
Proportion of People in Communal Housing by Type of Establishment by Ethnic Group (Source: UK Census of Population 2001)



11.98 The private household structure of the BME population of London Commuter Belt (West) is distinct from that of the White British population. As Figure 197 indicates, the BME population was more likely to be living in a household containing a couple with children. Interestingly, only 5% of White British households are living in the "Other" households, while 11.5% of BME households fall in to this category. This group includes student and other multi-adult households in shared accommodation, inter-generational households and other less common groups which were not covered by the more traditional categories.

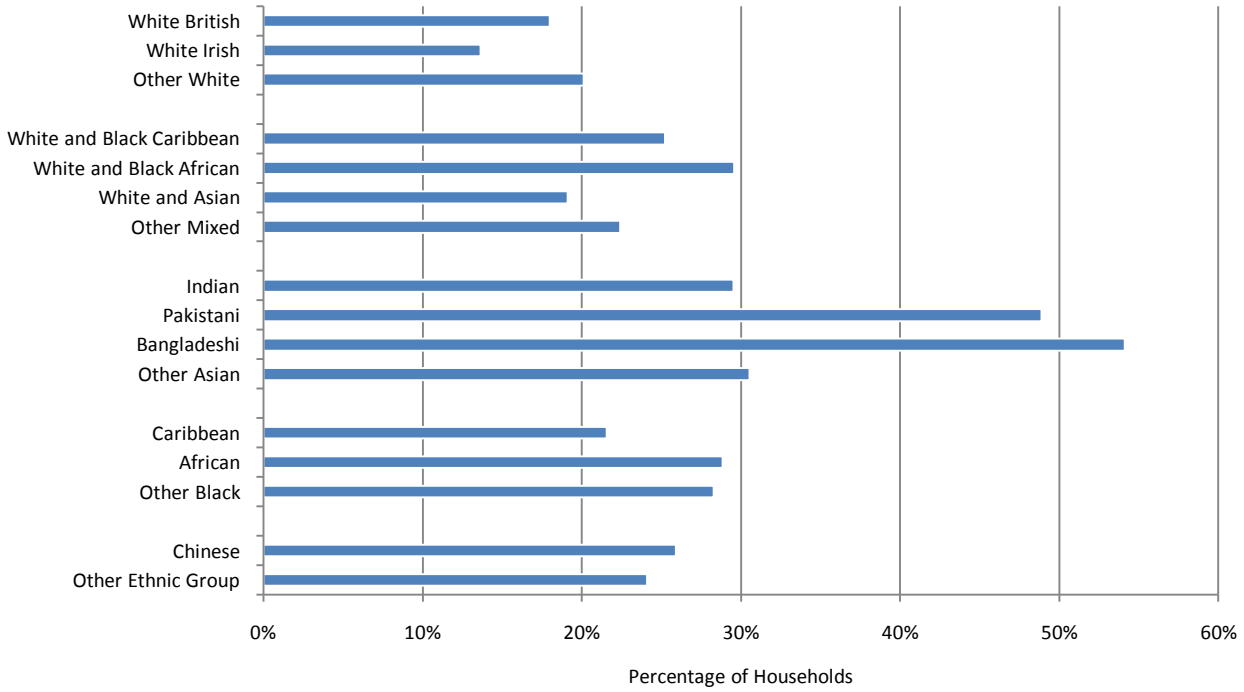
Figure 197
Household Structure by Ethnic Group (Source: UK Census of Population 2001)



11.99 Household structure is further considered in Figure 198, which shows the proportion of households with two or more dependent children by ethnic group. Over 50% of Bangladeshi and nearly 50% of Pakistani households contained two or more children which is considerably higher than for any other group. However, almost all BME groups were more likely to contain two or more dependent children

than White British households. Again, it should be noted that these results refer only to non-communal households.

Figure 198
Households with 2 or more Children by Ethnic Group (Source: UK Census of Population 2001)



International Migration

11.100 In recent years the UK has experienced a noticeable increase in the number of migrant workers arriving from overseas. Records of the location of these workers are imperfect, but one measure of where they moved to is the number of new National Insurance numbers issued to workers in particular locations.

11.101 Figure 199 shows that from 2005 to 2007 a total of 13,200 new National Insurance numbers to non-UK nationals were issued in London Commuter Belt (West). This group of workers represent around 2% of all people living in the area.

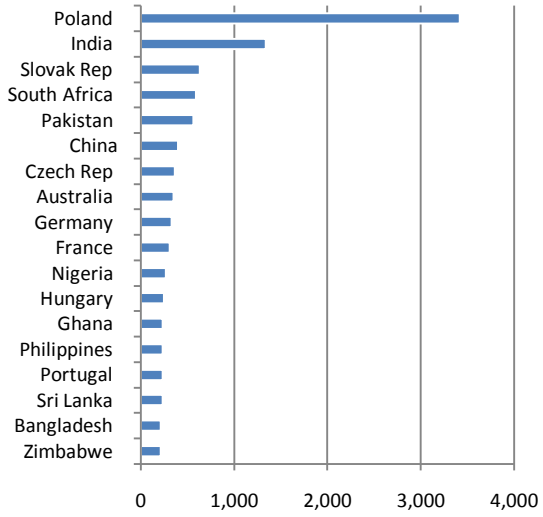
11.102 Figure 200 shows that over a third of all new national insurance registrations in LCB (West) were issued to Polish nationals and almost 10% to Indian nationals.

11.103 Local stakeholders reported that migrant workers from the new EU accession countries are taking lower paid jobs and are living in privately rented accommodation. Also, as migrant workers do not qualify for residency points and are, therefore, a low priority on housing waiting lists, they present more often as homeless.

Figure 199
New National Insurance Registrations of Non-UK Nationals in LCB West 2005-2007 by Local Authority (Source: DWP)

Local Authority	New NI Registrations of Non-UK Nationals
Dacorum	1,870
Hertsmere	1,680
St Albans	2,340
Three Rivers	770
Watford	3,210
Welwyn Hatfield	3,330

Figure 200
New National Insurance Registrations of Non-UK Nationals in LCB West 2005-2007 by Country of Origin (Source: DWP)

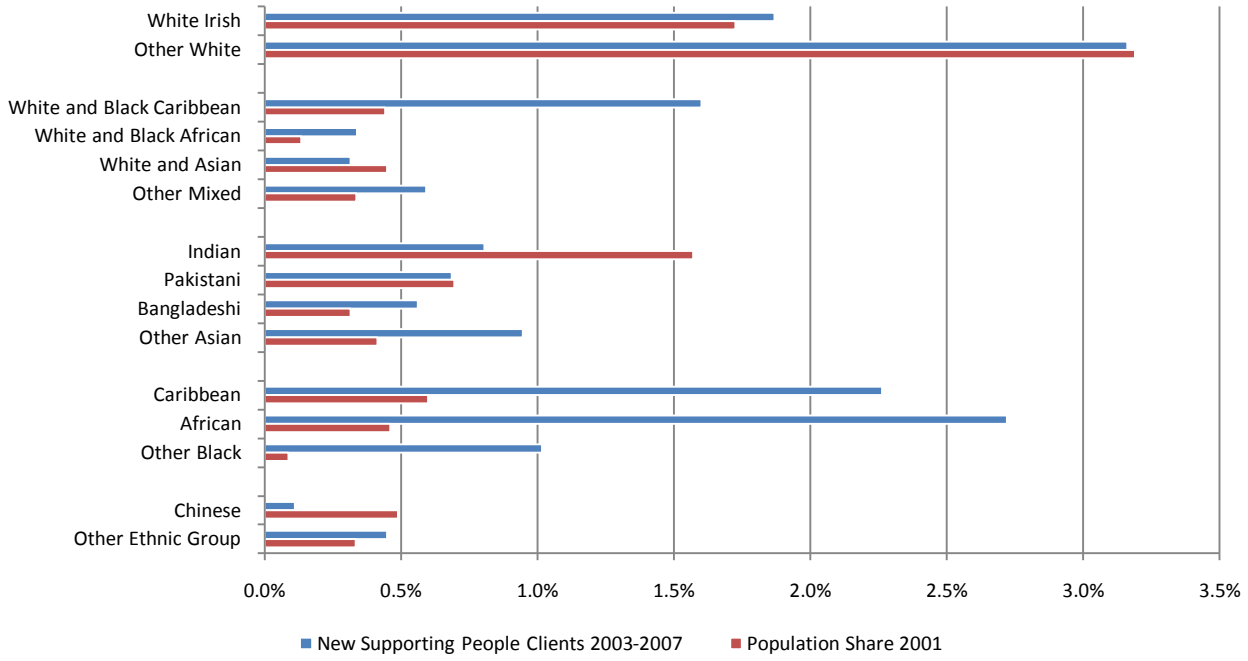


11.104 A more detailed synopsis of local stakeholder views is presented in the appendices.

Supporting People

11.105 Hertfordshire Supporting People team has collected further data which sheds light on health issues affecting BME groups. Between 2003 and 2007 the Supporting People team in Hertfordshire registered 12,325 new clients. In total 17.4% of all new clients for Supporting People in Hertfordshire came from BME groups, which compares with 12.8% of the population at the time of the 2001 Census. However, this difference was not spread evenly across the population with the Black population disproportionately more likely to be receiving support.

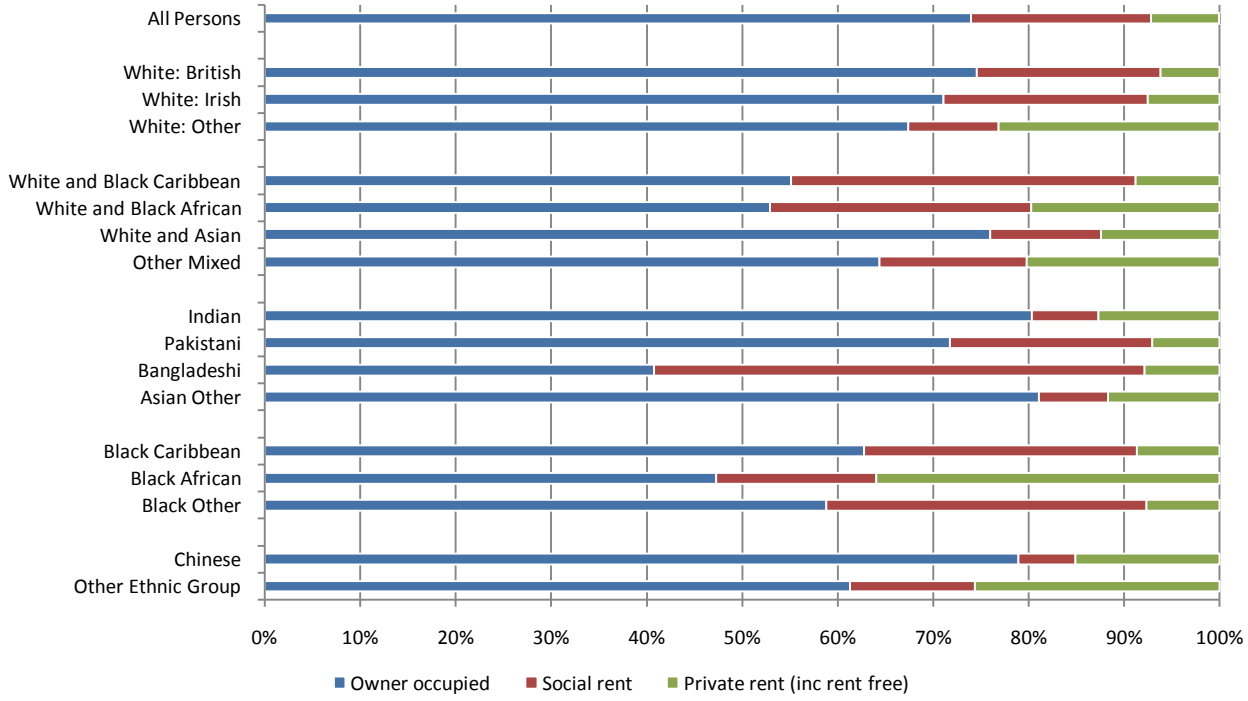
Figure 201
People Receiving Help from Hertfordshire Supporting People by Ethnic Group 2003-2007 (Source: University of St Andrews Supporting People Client Record Office)



Housing Tenure

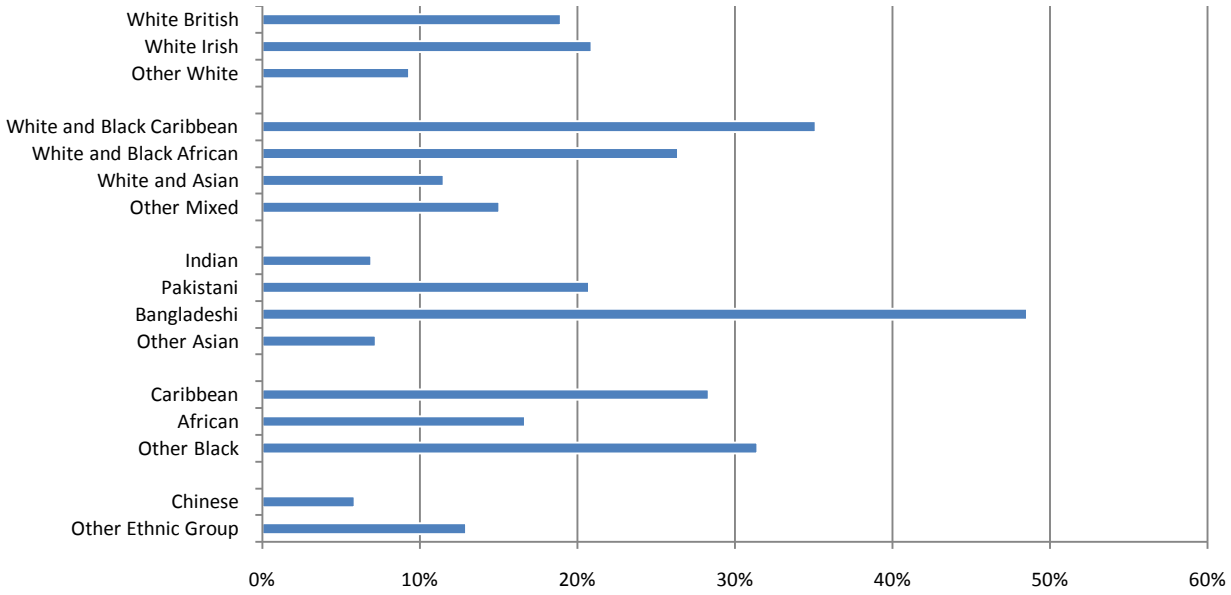
11.106 Figure 202 shows how the private household's tenancy was divided by ethnic group. Over 80% of the Indian and Asian 'Other' population live in owner occupied dwellings which is comfortably higher than the White British population. Meanwhile, over 20% of the Black African, Other Ethnic Group and White Other population lives in the private rented sector. Therefore, there are considerable differences in the tenures occupied by different ethnic groups.

Figure 202
Housing Tenure by Ethnic Group (Source: UK Census of Population 2001)



11.107 Figure 203 shows how the proportion of households in the social rented sector varies by ethnic group. Nearly a half of Bangladeshi households in the sub-region are housed in the social rented sector. Over 25% of households from the Mixed White and Black Caribbean, Mixed White and Black African, Black Caribbean and Other Black groups are also living in social rented accommodation.

Figure 203:
Social Renting by Ethnic Group (Source: UK Census of Population 2001)



11.108 Figure 204 records all tenants of socially rented accommodation. Given that the BME population is typically younger it is interesting to explore the more recent pattern of lettings, so a comparison is shown against the recent pattern of lettings for period from April 2004 to March 2007.

Figure 204
Share of Households in Social Housing and Social Lettings 2004-2007 for Ethnic Groups (Source: CORE project for the Joint Centre for Scottish Housing Research and UK Census of Population 2001 Note: Figures may not sum to 100% due to rounding

Ethnic Group	Share of all Households	Share of Households in Social Housing in 2001	Share of RSL Lets 2004-2007
White: British	87.2	90.9	83.3
White: Irish	2.0	2.9	1.5
White: Other	3.5	1.7	3.3
White and Black Caribbean	0.4	0.3	1.1
White and Black African	0.2	0.1	0.5
White and Asian	0.5	0.2	0.2
Other Mixed	0.5	0.1	0.6
Indian	1.8	0.5	0.7
Pakistani	1.0	0.7	1.6
Bangladeshi	0.4	0.5	1.1
Asian Other	0.5	0.2	0.6
Black Caribbean	0.6	1.1	1.7
Black African	0.6	0.4	2.7
Black Other	0.1	0.1	0.4
Chinese	0.6	0.1	0.2
Other Ethnic Group	0.4	0.2	0.5
ALL HOUSEHOLDS	**100**	**100**	**100**

11.109 Figure 204 compares the share of households where the respondent came from a particular ethnic group at the time of the 2001 Census with the proportion of that ethnic group who reside in social housing and social housing lets to that group since 2001.

11.110 Since 2004, the share of lettings to many BME groups has been slightly above their population share, but it is still the case that 83.3% of lettings have been to the White British group.

Housing Conditions

11.111 More general housing conditions are reflected in Figure 205 which shows the level of overcrowding affecting each group. The room occupancy rating featured in Figure 205 uses a complicated formula to assess whether a household is overcrowded. This method assumes that every household requires at least two common rooms excluding bathrooms. The number of bedrooms required is assumed to depend on the composition of the household. For example, the age and gender mix of any children playing a large role in deciding how many rooms the house should have so as not to be termed overcrowded.

11.112 Figure 205 shows the percentage of households who had a score of -1 or less. This indicates that the household had at least one room too few for the needs of its occupants. The results indicate that on this measure 39.4% of Bangladeshi, 28.8% of Black African and 24.9% of Pakistani households were overcrowded. In comparison, the lowest proportion of overcrowding was for the White British group at 5.2%.

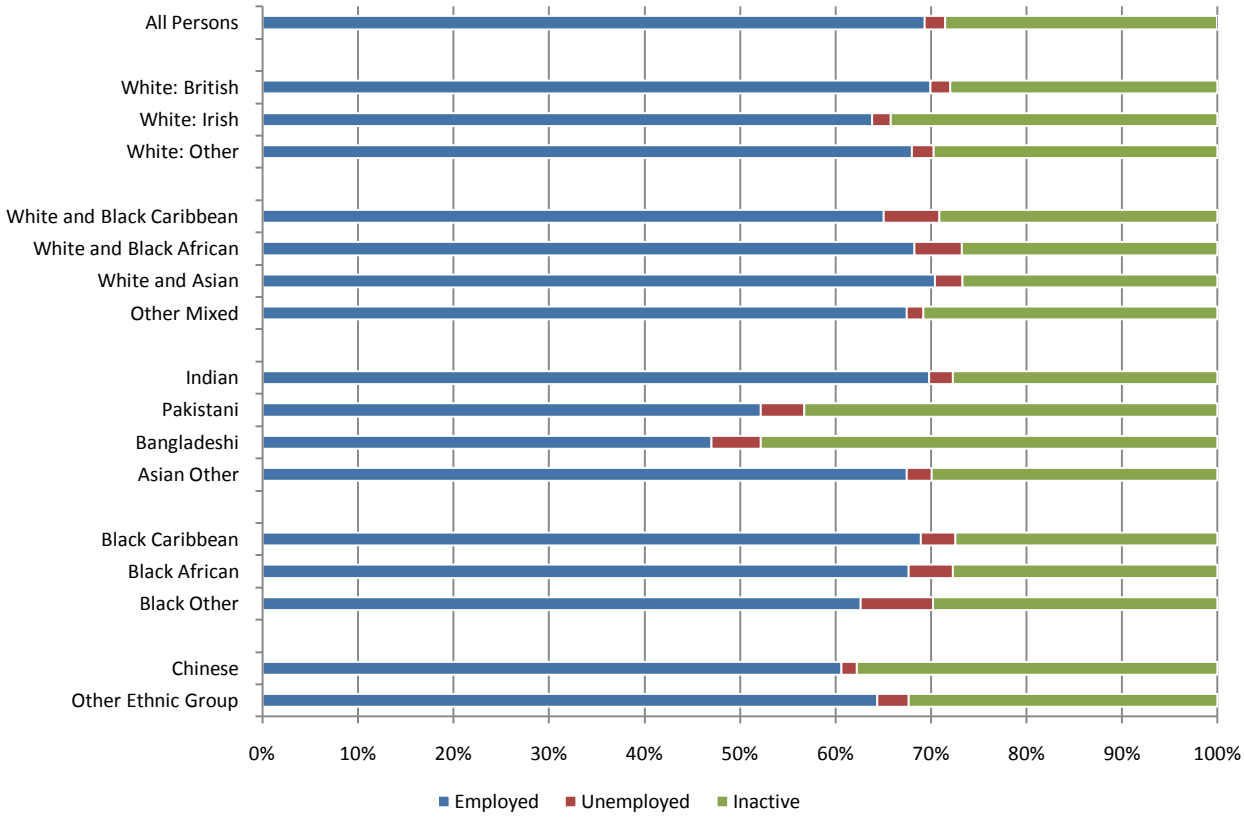
Figure 205
Overcrowded Households by Ethnic Group (Source: UK Census of Population 2001)

Ethnic Group	Percentage of Households which are Overcrowded
White: British	5.2
White: Irish	7.7
White: Other	9.5
White and Black Caribbean	14.0
White and Black African	25.6
White and Asian	10.1
Other Mixed	13.3
Indian	12.0
Pakistani	24.9
Bangladeshi	39.4
Asian Other	18.5
Black Caribbean	12.3
Black African	28.8
Black Other	14.4
Chinese	17.1
Other Ethnic Group	18.9
ALL HOUSEHOLDS	**6.0**

Economic Activity

11.113 Many of the above conclusions can be reinforced by analysing the economic activity of working age individuals. Figure 206 shows that the inactivity rate among the Pakistani and Bangladeshi population was over 40% of the working age population.

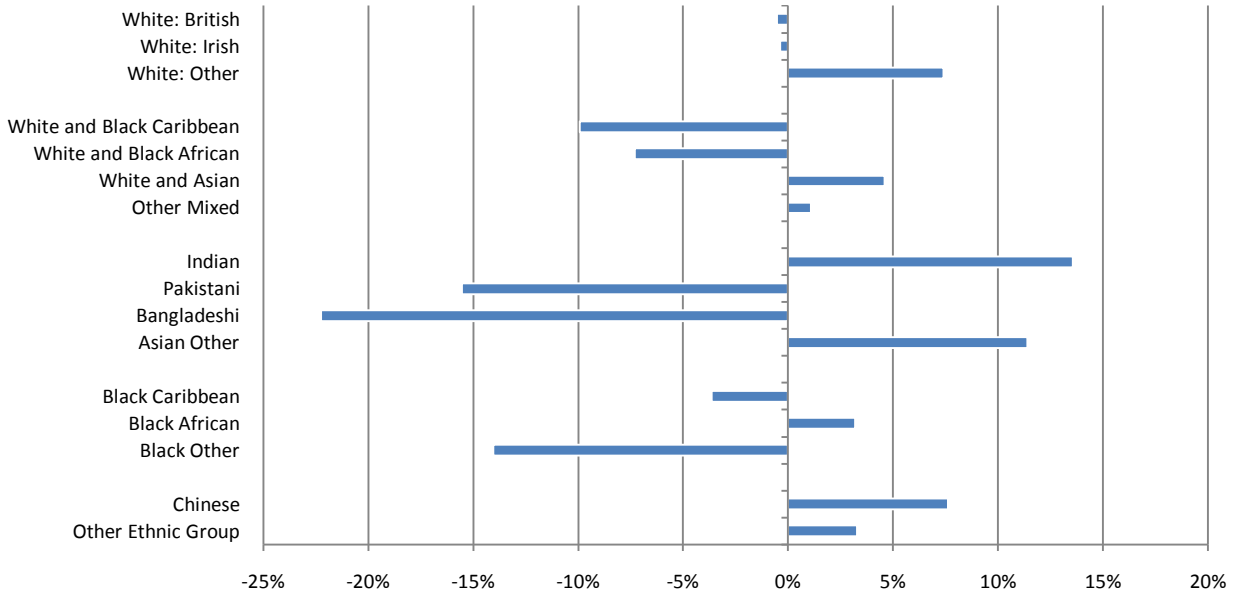
Figure 206
Economic Activity by Ethnic Group (Source: UK Census of Population 2001)



11.114 Another measure contained within the Census is the occupational classification of any individual in work. Figure 207 and Figure 208 compare the under and over-representation of ethnic groups in broad occupational groups.

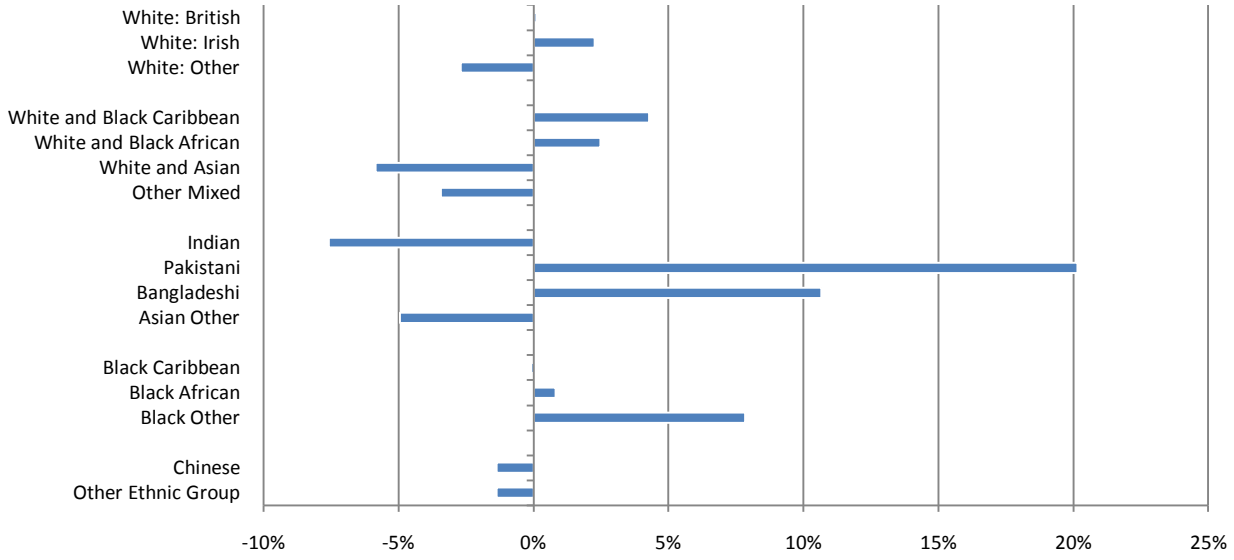
11.115 To help interpret the results, 49.2% of all workers were in Managerial and Professional grades. This compares with 27.0% of all Bangladeshis meaning they were under-represented by 22.2%. Similarly, 62.8% of all Indian workers were in managerial and professional grades, giving them an over-representation of 13.6%. These were the two extreme results in this particular category.

Figure 207
Under and Over-representation of Managers and Professionals by Ethnic Group (Source: UK Census of Population 2001)



11.116 The lower grade occupations show that the Pakistani and Bangladeshi population was heavily over-represented in this category. This would be a concern because they are likely to be the poorest paying jobs.

Figure 208
Under and Over-representation of Lower Grade Occupations by Ethnic Group (Source: UK Census of Population 2001)



Homelessness

11.117 A key duty of local authorities is to administer cases of homelessness. The Housing Act 1996 states that if the authority is satisfied that the applicant has a priority need, they shall:

- ensure that accommodation is available for their occupation for such period as they consider will give him a reasonable opportunity of securing accommodation for his occupation; and
- provide them with advice and assistance as they consider appropriate in the circumstances in any attempts he may make to ensure that accommodation becomes available for his occupation.

Households Defined as being in Priority Need

The following groups of households were originally defined as being in priority need under the 1996 Housing Act:

- pregnant women;
- persons with whom a pregnant woman resides, or might reasonably be expected to reside;
- persons with dependent children, or with whom dependent children might reasonably be expected to reside;
- persons who are vulnerable – because of old age, mental or physical disability, or other special reason; and
- persons who are homeless in emergency.

The following categories were added to this list by the Priority Needs Order 2002:

- 16 to 17-year-olds (not *relevant children* under the Children's Act 1989 and Children Leaving Care Act 2000);
- young persons under 21 who are looked after/accommodated between 16 and 18;
- young persons under the age of 21 who are vulnerable as result of being looked after/accommodated/fostered;
- those who are vulnerable as result of being in HM forces;
- those who are vulnerable as a result of custodial sentence/remand to custody/contempt of court/kindred offence; and
- those who are vulnerable as result of leaving accommodation because of threats of violence.

11.118 Cases can be found not homeless and in priority need because they may have made themselves intentionally homeless. Examples of people who have made themselves intentionally homeless might be those who:

- deliberately made themselves homeless by leaving home knowing they could reasonably have stayed; or
- deliberately caused a serious nuisance or withheld rent or mortgage payments.

11.119 In London Commuter Belt (West) between the 3rd quarter of 2002 and the most recently available data from the 3rd quarter of 2007, 4,427 people were considered to be homeless and in priority need.

11.120 Figure 209 identifies the ethnic minority dimension to homelessness acceptances across London Commuter Belt (West). Of all households accepted as being homeless and in priority need in the period 2003-07, around 15.5% were from BME groups, which is similar to their share of the total population. In Watford and St Albans homelessness cases were disproportionately high from BME groups when compared with their share of the total population. Homelessness is concentrated in the towns across the area and particularly in Watford.

Figure 209
Homeless and in Priority Need by Ethnic Group by Local Authority Q3 2002-Q3 2007 (Source: Local Authority P1E Homelessness Data and UK Census of Population 2001)

Local Authority	% of cases from BME groups	% of population from BME groups
Dacorum	7.1%	8.3%
Hertsmere	12.3%	13.8%
St Albans	24.9%	13.1%
Three Rivers	6.7%	12.9%
Watford	33.1%	20.9%
Welwyn Hatfield	9.9%	11.2%
LCB (West)	**15.5%**	**12.8%**

11.121 Increasingly, workers with the homeless are citing debt as a cause of homelessness rather than, for example, young people who were being evicted from the parental home. Accordingly, there is a need for more foyers and accommodation that comes with specialist support, rehabilitation and training to prepare clients for independent living.

11.122 Other clients need short-term housing solutions, especially following relationship breakdowns, before their first step back onto the property ladder.

11.123 Managing the expectations of clients is an issue with homeless applicants. People on waiting lists have higher expectations than people accessing night shelters, who are at crisis point and willing to accept any type of housing.

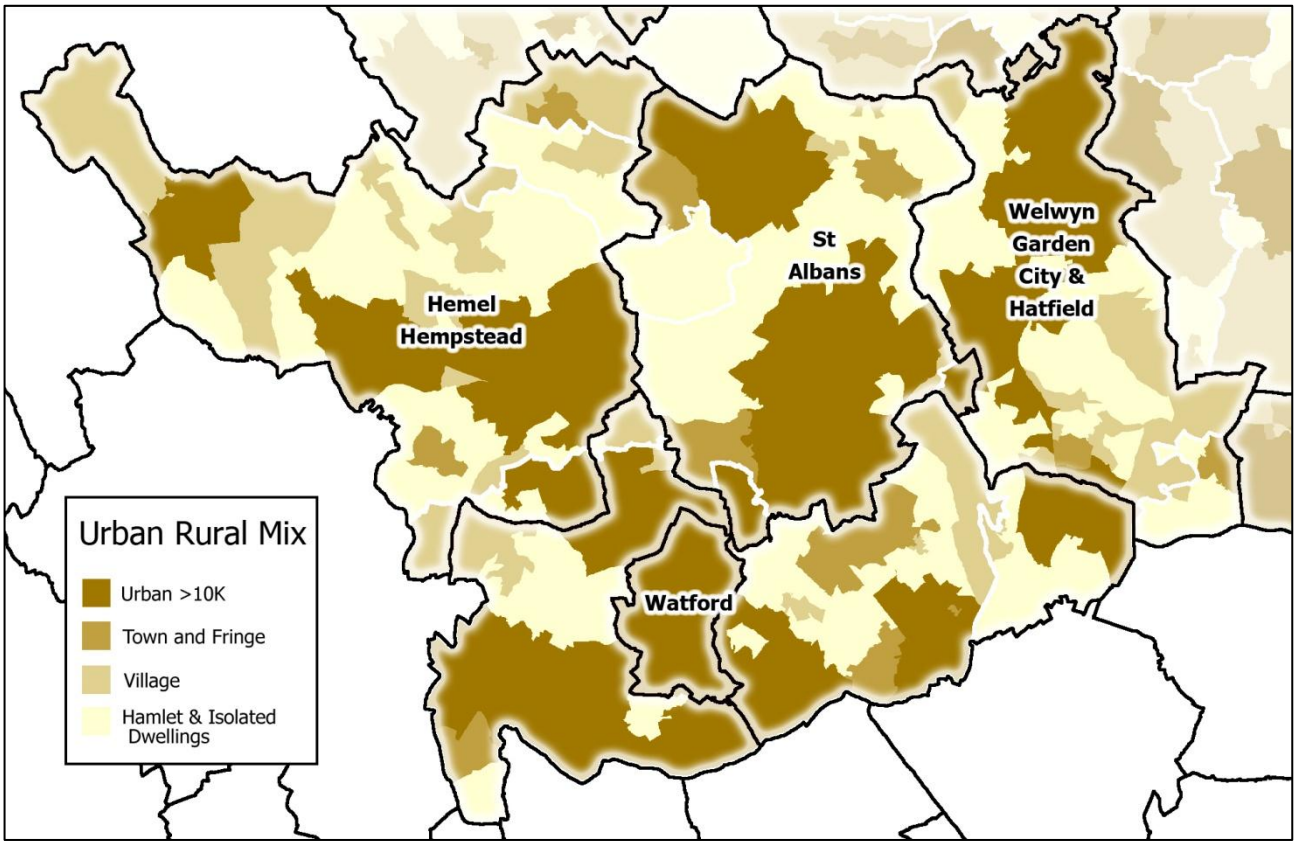
Housing Issues Related to Rural Households

11.124 The Department for Environment, Food, and Rural Affairs (DEFRA) classifies dwellings according to the type of settlement they are associated with. The four classifications are:

- urban > 10,000 population;
- town and fringe;
- village; and
- hamlet and isolated dwellings.

11.125 Figure 210 shows the distribution of these four zones across LCB (West). While much of LCB (West) is either urban or town and fringe, there are extensive areas which are classified as being villages or hamlet and Isolated dwellings. However, it should be remembered that much of the area listed as being hamlet and isolated dwellings is covered by greenbelt designation which has prevented its development. Therefore, rather than being extremely remote, it is instead often closely associated with major settlements and simply contains few properties due to controls on building.

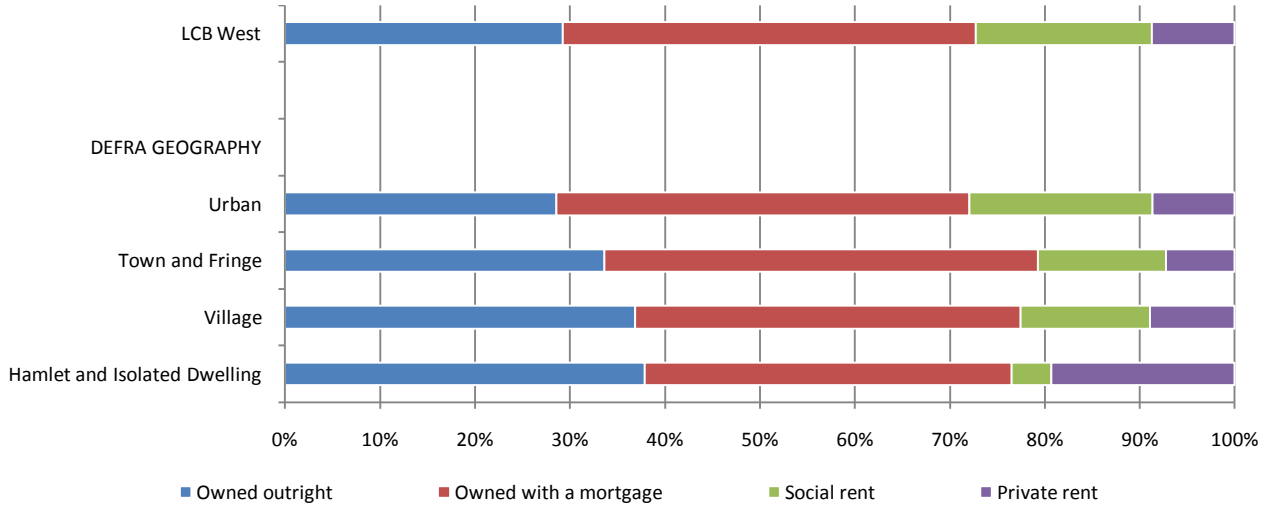
Figure 210
DEFRA Geographical Area Classification across LCB (West) (Source: DEFRA)



Rural Households

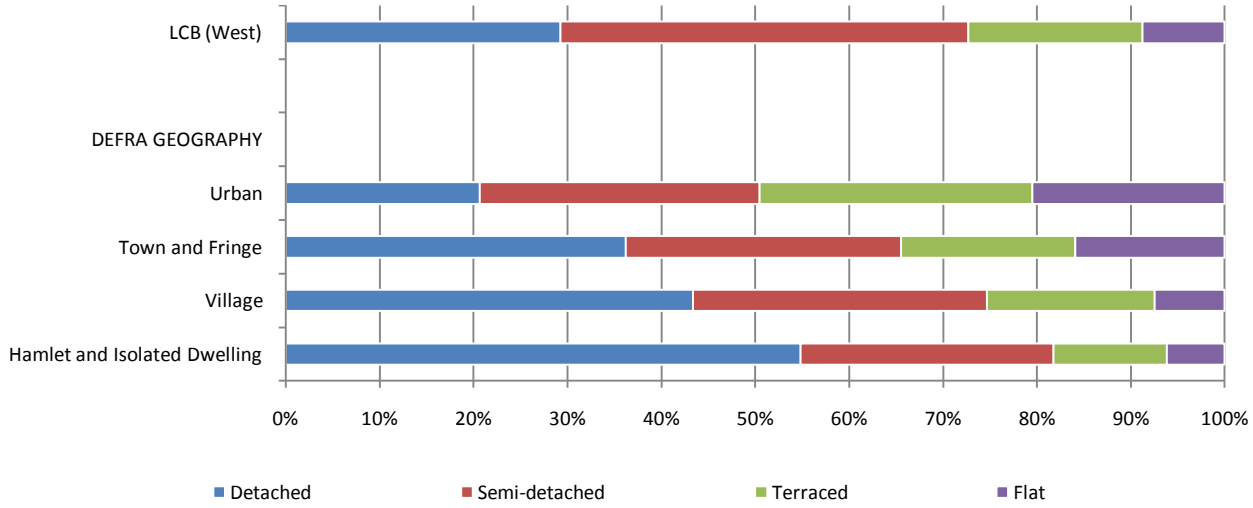
11.126 Figure 211 highlights that owner occupation rates are typically lower across LCB (West) in urban areas, with these areas containing a higher proportion of social housing. It is also noticeable that hamlets and isolated dwellings contain a higher proportion of households who rent privately. This includes many households who are living rent free, which typically indicates that their dwelling is tied to their job.

Figure 211
Tenure by DEFRA Geography (Source: UK Census of Population 2001)



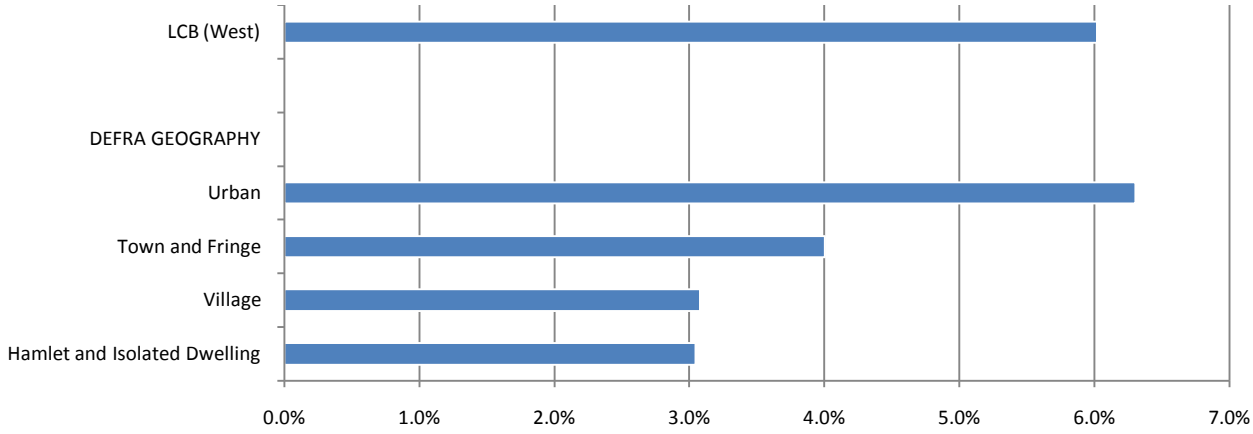
11.127 Urban areas of LCB (West) contain a lower proportion of detached and semi-detached dwellings with around 20% of the housing stock being flats. Meanwhile, over 50% of the stock in hamlets and isolated dwellings is in the form of detached dwellings.

Figure 212
Dwelling Type by DEFRA Geography (Source: UK Census of Population 2001)



11.128 Figure 213 shows that overcrowding rates vary by DEFRA geography with urban areas being the most likely to contain overcrowded households.

Figure 213
Overcrowding by DEFRA Geography (Source: UK Census of Population 2001)



11.129 While the evidence points to rural areas of LCB (West) being more prosperous than urban centres, there are still likely to be households in rural areas facing acute housing need or are unable to form due to lack of housing. A detailed understanding of highly localised housing needs is beyond the scope of a strategic assessment such as this one. The most effective method to determine local housing needs in rural areas is through local housing needs surveys. These will identify those households that are in need of affordable housing at the time of the survey. Other methods such as the SHMA or district level housing needs assessments are not capable of this fine grained detail. If they are survey based there will be significant error due to small sample sizes.

Summary of Key Points

- There is not a large student population in the area, with the exception being Hatfield where the University of Hertfordshire and the Royal Veterinary College are responsible for attracting as much as a quarter of the town's population. These students are very attractive to buy-to-let investors and with the student population growing by 4000 between 2000/1 and 2004/5 there has been increasing pressure placed on the local market. Stakeholders have reported some difficulty in non student households acquiring family housing, particularly in the south of the town, greater difficulty for local young people to afford private rented accommodation, and, subsequently, greater tension in the community.
- Around 30% of LCB (West) households contain families with dependent children. The majority of these live in owner occupied households (74%), however, lone parents with dependent children are much more likely to live in socially rented accommodation than other tenures.
- Around a quarter of LCB (West) households contain only pensioners. 42.5% of these do not have access to a car or van and so are dependent upon public transport. Largely, older people live in owner occupied households and only between 3% and 5% live in communal establishments. However, with the number of older people in the area set to grow this could change.
- According to the 2001 census 6% of LCB (West's) population live in overcrowded conditions. This is significantly more common for those in social or private rented housing and in the areas of St Albans and Watford HMAs.
- There appears to be a gap in the housing market for supported people as well as a demand for smaller adapted homes for people with a disability to rent. At the same time there are many older people under-occupying their home.
- Around 12.8% of the population of LCB (West) are BME, 5.4% of which are white. In general, the BME population is far younger than the average and BME are more likely to contain two or more dependent children.
- The area gained 13, 200 more migrant workers between 2005 and 2007. Almost a third of these were Polish and 10% were Indian. They tend to work low in paid jobs and live in private rented accommodation. As they do not qualify for residency points they are a low priority on the housing list and more often present as homeless.
- Between the 3rd quarter of 2002 and the 3rd quarter of 2007, 4,427 people were considered to be homeless and in priority need. These people tend to be concentrated in the towns and cities, particularly Watford. Overall, greater support is needed for specialist housing, short term solutions after relationship breakdowns and incentives for local authorities to perform well in this area.
- In rural areas the owner occupation rate is higher than in urban areas, which have a higher proportion of social housing. Rural areas also contain a higher proportion of private rented accommodation, including many who live rent free, probably as a result of a job to which their rent is tied.
- Urban areas have a higher proportion of flats, 20%, while over 50% of stock in hamlets and isolated dwellings is in the form of detached buildings.

Section 12: Policy issues and implications arising from the SHMA

Introduction

12.1 This chapter considers the main policy issues that have arisen from the SHMA and their implications. In particular we focus on the issues that that contribute to sustainability, social cohesion and delivery of the policy of housing growth as described in the Communities Plan, Planning Policy Statement 3 and the regional spatial strategy.

12.2 We have summarised more detailed or operational policy issues at the end of each chapter.

12.3 While the housing market exists within social economic and environmental constraints, supply and demand are also crucial considerations. We emphasise supply and demand aspects of policy issues where appropriate.

12.4 The SHMA report has been published at a time when the housing market is at a low point in its cycle and the rate of recovery is uncertain. Some of the data in the evidence base reflects the market at the peak of its cycle in late 2007. The SHMA projects housing requirements on the basis of long term trends rather than a point in time and demonstrates how future housing requirements are sensitive to price. It notes the impact of the credit crunch and economic recession in several places, however, it is in this section that the policy implications are drawn together.

Context and Overview

12.5 The SHMA has sought to understand how the housing market needs to change if housing requirements are to be met. The role and characteristics of the sub-region, its housing markets and its districts are important to achieve this understanding.

12.6 The urban centres of LCB (West) differ in character and are surrounded by pleasant countryside. There are three 'new towns'. The urban centres have excellent road and rail links to London.

12.7 The SHMA tells us that the housing markets of LCB (West) are under pressure due to high prices driven by demand from in-migrants from London who are leaving the city to find a residential offer that enables a higher standard of living whilst being within travelling distance of their place of work. There is much outmigration especially to Bedfordshire, other destinations in the Eastern Region and smaller scale out-migration to parts of the East Midlands Region. The net effect is that through natural growth and in-migration there is a shortage of housing with an acute shortage for some groups. Market prices became very high especially when the market was at the peak of its cycle late 2007.

12.8 However, it would be misleading to suggest that the area's key characteristics were uniform. For example, Hertsmere takes much more in-migration from London than other boroughs; house prices are much lower than average in parts of the urban centres and the distribution of housing by tenure

and type varies. Some areas, notably the former new towns, have larger social rented housing stocks than others.

12.9 Nearly 10% of households move every year. Households that need or decide to move are constantly seeking the best value for what they can afford and if local house prices are more than a household can afford then relocation to a more affordable area is the result. This is the story behind the migration flows in Figure 59.

12.10 As part of a national response to a shortage of housing there is a programme of planned housing growth, a step change in the supply side that has challenged developers, RSL's and Local Authorities to enable this to happen. The challenges are land release and acquisition, resources and infrastructure. The East of England Plan has sought to enable sustainable development through its strategy of delivering growth in key centres. The economic recession and credit restrictions have put the delivery programme at severe risk.

12.11 The SHMA also describes the most vulnerable groups who have fewer options in the housing market and are often heavily dependent on social housing and local support services.

12.12 The SHMA report arrives at important conclusions about the size and nature of the housing requirement to 2021. This is the starting point from which to cascade the headline policy issues and implications:

- the affordability of housing;
- achieving the housing requirement;
- the market for new housing;
- the credit crunch and economic recession;
- special Groups
    - older people
    - students; and
- a future scenario?

12.13 Finally, in this section we must draw attention to the fact that PPS3 paragraph 29 states that a Local Authority affordable housing target cannot be arrived at unless the SHMA has found that there is a requirement for affordable housing and there is a local general assessment of the economic viability of land. The requirement was tested in the High Court in Persimmon Homes (North East) Limited, Barratt Homes Limited, Millhouse Developments Limited V Blyth Valley Borough Council.

The affordability of local housing

12.14 Notwithstanding the credit crunch factors described below, the SHMA demonstrates the effect of long term price changes on affordability. It estimates a structural change in the housing market that is otherwise masked by the term 'market housing' (i.e. housing for sale OR rent at market prices). The SHMA estimates that by 2021 the proportion of owner occupiers in the housing stock will reduce significantly. This is entirely due to affordability issues and the increasing cost of households getting on the housing ladder. Important implications stem from this.

12.15 More people will seek to rent and the market will respond to this. The signs are that the institutional investor will replace the buy to let investor as the funder of growth in the private rented sector. For the Local Authority growth in the private rented sector may lead to a greater call on services for housing enforcement and housing benefit. It may also present a major opportunity for achieving mixed communities that are less polarised in terms of tenure and a more seamless way of ensuring that social, intermediate and market rented housing is provided.

12.16 Further, fewer people will amass capital through equity in their home. This in turn will reduce the capacity for the next generation to become owner occupiers, reinforcing the structural change described above. Local Authorities will be faced with the possibility that fewer households will be able to self fund adaptations and other services that are means tested. This will particularly be the case if pension levels continue to fall.

12.17 The SHMA describes a further structural change in the housing market that has played out over the last two decades with the reduced supply of social housing through the right to buy. The legacy of this has implications for the current and future housing market.

12.18 Firstly, ex-local authority stock when traded on the market tends to be lower priced than housing that was privately built. This has enabled many households to buy or rent more affordable housing. From estate and letting agents it is apparent that there is a large but unmeasured private rented sector based in this housing, again presenting enforcement issues in some areas.

12.19 Secondly, it has residualised the remaining social rented stock working against the aims of balanced communities and social cohesion, concentrating households that needed urgent access to social housing and tenancy support. Housing management has responded with initiatives such as Choice Based lettings. There is also a consequence that households that can afford more than a social rent are allocated social housing. This prompts a wider debate about 'who and what is social housing for' and how it contributes to a cohesive community whilst meeting the needs of those who have no choice but to seek it. This is beyond the scope of the SHMA but it is necessary to highlight the issue if wider policy aims of mixed and cohesive communities are to be achieved.

12.20 Thirdly, with regard to residual social housing, much of it is concentrated in the 'new towns' and it is evident that these continue to attract a disproportionate demand for social housing. Demand follows supply in this instance.

12.21 The SHMA considers rural housing and describes how local lower income households are being squeezed out of rural settlements because of high house prices. The importance of retaining these households should be stressed, retaining the local labour force, maintaining a mixed community, maintaining family networks and providing informal care and support.

12.22 However, assessing the need for rural social and affordable housing and delivering it is a very specialised subject which is best achieved from a bottom up approach. A sub-regional SHMA is not designed to achieve this.

Housing requirements

12.23 Accepting that housing growth is necessary there are a number of policy challenges to achieving the SHMA estimates of the housing requirement in terms of tenure and size mix. These challenges are in addition to those caused by the Credit Crunch which is considered separately, below.

Figure 214
Tenure Mix of Housing Requirement 2007 to 2021 by LA (Note: Figures may not sum due to rounding)

	Dacorum	Hertsmere	St Albans	Three Rivers	Watford	Welwyn Hatfield	Total
Housing Requirement 2007-21 (Number)							
Market housing	4,800	400	400	-400	800	3,400	9,400
Intermediate affordable housing	0	2,700	5,300	2,300	2,100	500	12,900
Social rented housing	3,100	500	1,300	700	600	2,800	9,000
Total Housing Requirement	7,800	3,600	7,000	2,700	3,600	6,600	31,300
Total affordable Requirement	3,100	3,200	6,600	3,000	2,700	3,300	21,900
Housing Requirement 2007-21 (Proportion)							
Market housing	61%	11%	6%	0%	24%	51%	30%
Intermediate affordable housing	0%	76%	76%	77%	60%	7%	41%
Social rented housing	39%	13%	18%	23%	16%	42%	29%
Total affordable requirement	39%	89%	94%	100%	76%	49%	70%

12.24 Welwyn Hatfield has the fourth highest proportion of social rented housing in the Eastern Region (at 28.1% of all dwellings), while 12.6% of St Albans' dwellings are social housing (see Figure 17 above).

12.25 It is also worth noting that six (Harlow, Stevenage, Welwyn Hatfield, Basildon, Dacorum, Peterborough) out of the top ten authorities for social rented housing have New Towns in their areas.

Affordable housing targets

12.26 The estimated requirement for social housing varies across the 6 districts. Before a Local Authority can determine its affordable housing target, they must have regard to **PPS3 paragraph 29:**

> In Local Development Documents, Local Planning Authorities should set an overall (i.e. plan-wide) target for the amount of affordable housing to be provided. The target should reflect the new definition of affordable housing in this PPS. It should also reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured. Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, taking into account information from the Strategic Housing Market Assessment.

12.27 It is apparent that the requirement for affordable housing is higher than the 35% benchmark target contained in the RSS. It is also apparent that there is considerable variation of housing requirements within the sub-region. However, Local Authorities must reflect the economic viability of land in order to achieve an affordable housing target.

Intermediate affordable housing

12.28 The SHMA contains a great deal of information about the size mix of affordable housing and the balance between social and intermediate affordable housing. A deeper understanding of affordability issues is provided by the SHMA and the importance and need for intermediate affordable housing is a key finding which will also inform the last sentence of PPS3 paragraph 29:

Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, taking into account information from the Strategic Housing Market Assessment.

12.29 The SHMA points to considerable scope for intermediate housing but when this statement in PPS3 is considered, regard must be had to the price at which intermediate affordable products are pitched and how affordable they are to households in the intermediate band. Clearly there is a role for shared ownership type products but these are only relevant to those households where home ownership is appropriate and is just outside their reach. Otherwise, there is a complete absence of intermediate housing affordable to lower income groups. The implications of this are that they either leave to find more affordable housing elsewhere, pay more for their housing than they can reasonably afford, find other devices to make housing affordable, such as sharing or receiving gifts or loans from parents, or fail to form as individual households. Shortages of all forms of affordable housing have the implications of overcrowding, health, a decent standard of living and achieving personal aspirations such as living independently, having children, being part of the family or social network of choice. These are all factors that contribute to the sustainability of neighbourhoods. This is evidenced by neighbourhoods in LCB (West) that have high IMD scores.

Size mix, demand and supply

12.30 The SHMA has estimated the size mix of the future housing requirement and indicates the household types that form the requirement. Here we briefly consider some 'real world' issues and ask will the housing requirement be what gets built and who will occupy it?

12.31 Firstly, on the supply side there is a policy implication arising from Economic Viability Assessments. Although aimed at testing residual value of land taking into account acquisition development and infrastructure costs, it is clear that the aim of the developer is to secure the maximum economic benefit from the site. An individual tenure and size mix will be considered optimal for an individual site. The location and characteristics of sites differ and the developer will bring forward a detailed planning application that matches the location to the market. Only larger sites such as urban extensions may lend themselves to designing in an overall mix that might be considered balanced and cohesive. Smaller infill and urban sites may be aimed at more localised or specialised markets.

12.32 The implication is that although the Local Authority may have policy aims supported by the SHMA it is the location and size of the land that will have most impact on what gets built upon it.

12.33 Secondly, the requirement will be met mostly by new build which can be demonstrated to be a more expensive and aspirational product than second hand housing. As such it might be considered that policies aimed at unblocking turnover of second hand housing might also make a contribution to the overall housing requirement. It is readily apparent from the SHMA study that in both affordable and market housing there is overcrowding and under-occupation and that many households will be unable to move to more suitable housing either because of affordability or lack of suitable supply. We develop examples of this in our remarks about special groups below.

The credit crunch and economic recession

12.34 In 2008 the credit crunch paralysed the housing market and brought part of the Global banking system to the brink of collapse. Due to severe lending restrictions and house prices in freefall mass market demand and supply was reduced almost to standstill. For much or 2008 and the early part of

2009 property was coming onto the mass market only from distressed sales. Developers found they had unsold stock on their hands. Many shed their labour forces and watched their share prices collapse. This affected RSLs as cross funding and S106 agreements were un-funded. There are several implications of this:

- land prices are severely affected and little land is being traded and accordingly, there are implications for development and S106 deals;
- although affordability ratios have improved, less relaxed lending criteria and higher deposits have prevented many first time buyers from entering the market;
- as house prices fall more market housing becomes affordable and the requirement for intermediate housing reduces;
- although effective demand is stifled there remains a pent up demand as households continue to form and grow in size;
- shared ownership customers are seen as sub-prime borrowers by some lenders and this is affecting demand;
- social house building schemes have been funded by the government and brought forward by the HCA to keep the building industry ticking over;
- the government has worked with developers and local authorities to subsidise shared ownership and shared equity schemes as well as intermediate rent;
- homelessness and advisory services in Local Authorities and the voluntary sector under increasing pressure from people facing re-possession, negative equity and those unable to re-finance mortgages or fund higher payments; and
- targets for meeting RSS new build are unlikely to be met in all recovery scenarios and by a considerable margin in slow recovery scenarios.

12.35 Savills Research, in their published quarterly bulletins, believe that the distressed sectors of the market will be the last to recover. These are areas of poor quality housing and high levels of multiple deprivation, areas with large numbers of recently completed apartments. As is noted below, public money is likely to be unable to fund intervention schemes to intervene in these areas.

12.36 The impact of the credit crunch on mortgage and landlord repossessions is noteworthy.

Figure 215
Change in mortgage repossessions by County Court compared to County Court Sub-region and England and Wales Data Q4 2008 to Q4 2009
(Ministry of Justice)

Area	Total for 2009 Q4	% Change in total since 2008 Q4	Total year including 2009 Q4	% Change in total since year to 2008 Q4
St. Albans	35	-27%	130	-34%
Watford	115	-19%	400	-37%
Bedfordshire, Essex and Herts	880	-43%	4,060	-36%
England & Wales	15,495	-42%	72,174	-35%

Figure 216
Change in landlord repossessions by County Court compared to County Court Sub-region and England and Wales Data Q4 2008 to Q4 2009
(Ministry of Justice)

Area	Total For 2009 Q4	% Change in total since 2008 Q4	Total year including 2009 Q4	% Change in total since year to 2008 Q4
St. Albans	701	33%	275	23%
Watford	195	-1%	695	-5%
Bedfordshire, Essex and Herts	1,240	-4%	5,095	-1%
England & Wales	22,067	-10%	92,807	-8%

12.37 Limited information is available from the Ministry of Justice website for the County Courts of St Albans and Watford. Regarding mortgage repossessions it is clear that these have reduced since quarter 4 2008. This is an interesting result as many commentators believed that mortgage repossessions would increase due to the credit crunch and economic recession. We have no evidence to explain this result, however, the following positive and negative factors are likely to have applied:

- both the Government and Local Authorities have provided financial and advisory assistance to households at risk;
- households in negative equity will not move voluntary unless forced to, resulting in a reduced volume of sales overall;
- interest rates have reduced and those on tracker mortgages have benefited considerably but many households have had to face the consequences of re-mortgaging;
- lenders have showed considerable forbearance; and
- some households have faced difficulty due to loss of employment as a consequence of the recession.

12.38 Landlord re-possessions appear to have increased in St Albans and this does not reflect the situation in the court administrative region or for England and Wales.

Particular groups of people

12.39 Whist a greater number of groups of people have been studied here we highlight the policy issues and opportunities presented by two groups of people.

- older people; and
- students.

12.40 The SHMA has concluded that older people tend to choose to move either as part of a retirement plan (e.g. out-migration to coastal areas) or when ill health makes it unavoidable. Accordingly the County has sound estimates of the requirement for extra care housing. The question arises, what policy options exist to encourage older people to move to more appropriate accommodation?

12.41 Part of the future requirement for larger homes in all tenures might be met from older households downsizing. Clearly there is scope to incentivise social renting tenants. The approach to owner occupiers will be more of influencing and advising.

12.42 Local private landlords find student housing to be very profitable as they can let per person rather than by property. Higher education is key to a knowledge based economy but the high densities of students in parts of a town or city can alter the character of an area and the quality of life for non student residents. We are aware that the policy response in some towns and cities are to encourage purpose built student housing and place restrictions on the conversion of some property types. One example is the City of Lincoln. Lincoln is a small city and has seen a large rise in its student population. The city has sought to protect some of its Victorian neighbourhoods from sub-division of family homes into flats and has worked with providers to provide additional halls of residence.

A future scenario?

12.43 There are other structural changes in the Global/National/Local economy not so far considered that may have severe implications for the housing market as they unfold. It is beyond the scope of the SHMA to investigate these fully but there are a number of issues that may have long term impacts that future updates of the SHMA may wish to track. It occurs to us that the combined effect of the following factors may have a major impact on the housing market and the socio economic framework within which it operates.

The future economic success of the City of London

12.44 City bonuses often funded the purchase of premium property. This practice may not continue on such a scale. The reputation of the City has been damaged and the long term impact of this is not yet apparent. The low value of the £ makes London an attractive tourist destination.

Future international migration and the labour market

12.45 The combined effects of improving national economies and poor exchange rates may mean that the UK has less to offer migrant workers especially those seeking work in routine occupations. This may play out as lower unemployment of the UK labour force, labour shortages, and loss of demand in the informal housing market (small shared flats, rooms etc).

Further outsourcing of manufacturing to other countries

12.46 With manufacturing being re-located to Eastern Europe and China the economy will be increasingly knowledge based. This may lend itself to home-working and result in fewer car journeys. It will also mean that the economy of towns with large historic manufacturing sectors will suffer, as will their housing markets.

12.47 Instead of a job for life, employees may find that employment is more short term. This means that the need to re-locate may be more frequent.

Pensions, pension and savings performance

12.48 Private pension yields are currently poor and the average pension pot is around £10,000. Few employers outside the public sector are offering final year salary pension schemes. This could result in a resurgence of property based investment as yields from equities have proved disappointing. Many services for older people are means tested and a contribution is required dependent upon circumstances for domiciliary care, adaptations etc.

Capital through equity

12.49 Fewer households will be able to achieve this as more households are unable to get on the property ladder.

Public spending on infrastructure and regeneration

12.50 Given the huge debts incurred by the government to prevent the collapse of the banking sector it is difficult to see how public spending programmes on infrastructure and regeneration can be sustained. As considered above, areas of housing in deprived areas may be increasingly under threat if the recovery is slow, and it is widely believed this will be the last part of the market to recover from the downturn. This is an important issue because best use of existing developed land and buildings is an important element in reducing pressure on green belt land.

12.51 Overall it is possible that a number of factors combine to reduce the proportion of people buying to live and increase the likelihood that people or companies will invest in housing to rent. There is also the implication that fewer retiring households will be able to look forward to capital wealth through housing equity or good income streams through pension arrangements.

Appendix A: Stakeholder Consultation

Introduction

A.1 Community engagement workshops were planned as an integral part of the LCB West SHMA. Invitations were extended to a range of local representatives to attend one of two half day sessions to discuss the needs of sub-groups of the local population and to enhance the information available about current and future housing requirements and aspirations.

A.2 A broad range of local stakeholders were invited by the Steering Group to the meetings. The list included representatives from the district councils, voluntary groups involved in working with target sub groups of the population, strategic planning, private sector housing and further education. Issues associated with six sub-groups of the population were explicitly discussed:

- young people and students;
- key workers;
- older people and people with support needs;
- people who are homeless;
- families and first time buyers; and
- BME residents and migrant workers.

A.3 The aim was to attract 30 people to each workshop, one held at the Dacorum Borough Council offices in Hemel Hempstead and the other at the St Albans District Council offices in St Albans. The first meeting attracted 15 attendees with ten of these representing public sector bodies. The second workshop attracted 18 attendees, with nine of these representing public sector bodies.

A.4 The material collected from these discussions is useful in providing some background to the SHMA study and in particular to pointing to current issues in the local area. However, the findings need to be treated with caution as they represent the views of individuals, based on their own local experience, and it would be unwise to assume that these observations are general to the whole population of the area. Nevertheless, common themes emerged from these discussions which are summarized below and can form the basis for more future work.

Key Findings

Affordability of Local Housing

A.5 All stakeholders emphasised the lack of a range of affordable housing in the area for a large number of local people.

A.6 New housing is often taken up by commuters from London, moving out to the commuter belt. There are concerns that Hertfordshire was helping to solve London's housing problems.

A.7 There is a growing trend for young people to continue for longer in the private rented sector (HMOs) and for young couples on one income, with young children, to live in unsuitable accommodation.

A.8 Cost of intermediate housing was often too high for local people.

A.9 There is increasing evidence of rising levels of debt associated with housing costs and implications for homelessness.

Economic Effects of High Accommodation Costs

A.10 Local stakeholders indicated that local employers, across all sectors, are finding it increasingly difficult to recruit and retain staff because of the high cost of housing.

A.11 The majority of local businesses are SME's with less than 200 employees who will consider relocation if costs become too high or they are unable to recruit.

A.12 Increasing movement of people in and out of the area commuting to work from home, means increased costs, both direct and indirect, for businesses and individuals.

Flexibility of Housing

A.13 A number of representatives discussed the lack of flexibility in the types of housing on offer. This applied as much for vulnerable groups as for the general population.

A.14 People with special needs, whether for adapted housing or support within that housing, are provided with appropriate housing based on an assessment at a point in time. Their needs may change, but changing accommodation to reflect those needs is difficult.

A.15 Strategic developments in adult care and Supporting People, are moving away from institutional care to support for people to maintain their independence in their own homes. Appropriate housing is fundamental to continued independent living for many vulnerable groups.

A.16 Social housing representatives described the lack of local alternatives for older people to downsize into more appropriate housing.

Homelessness Issues

A.17 Homelessness is increasing in some areas due to a migration of homeless people from London.

A.18 It appears that improved provision of services for this group of people attracts more people to the area.

A.19 There is a growing problem of hidden homelessness, for example, young people 'sofa surfing' for extended periods of time because they are unable to afford accommodation.

A.20 Some new migrants from the EU accession countries are presenting as homeless as their lack of residency means that they are not a priority on housing waiting lists.

Affordability of Local Housing

A.21 Affordability was identified by all stakeholders as a significant issue for a large number of people in the area, but particularly for young people, single income young families and those on low, fixed incomes.

Very few first time buyers are able to buy locally, which means that local young people are often forced to move away.

A.22 There is a growing trend for young people in employment, to continue to live in privately rented, multiple occupancy housing and for young families to live in unsuitable accommodation, for example, studio apartments, because of the dearth of affordable, first time properties.

A.23 Newly built one and two bed flats, targeted at first time buyers, are often bought by buyers from London, seeking more affordable housing in the commuter belt, rather than by local people, who are priced out of the local market. Alternatively, they are bought by landlords for private renting.

A.24 Service charges for new flats can be very high and this plus the mortgage make them unaffordable for buyers.

A.25 Housing that is developed as 'affordable' is often too expensive for local people on low incomes.

A.26 Shared ownership properties are too expensive and not fulfilling the need.

A.27 There were concerns that people were risking serious debt problems by over-extending their expenditure on housing and an increase in advice on debt problems was noted by local advice agencies and the social housing professionals.

A.28 The problem of hidden homelessness was also raised, with young people 'sofa surfing' for extended periods because of their inability to find suitable accommodation.

A.29 There is a need to bridge the gap between social housing and privately owned or rented housing, as social housing cannot meet demand as the affordability gap widens.

Economic Effects of High Accommodation Costs

A.30 Local stakeholders from the business sector underlined the significant role that affordable and appropriate housing has on economic development of the area.

A.31 There is evidence that indicates that local employers, across all sectors, are finding it increasingly difficult to recruit and retain staff because of the high cost of housing.

A.32 People who work in the area, are often forced to access more affordable housing outside the area, which has an impact on public transport, congestion and wider sustainability issues.

A.33 The majority of businesses in the area are SMEs with less than 200 employees, who will move their business elsewhere if recruitment continues to be a major problem, with significant long term consequences for the economy of the area.

Sub Groups of the Population

Older People and People with Support Needs

A.34 Current strategies associated with provision for older people and vulnerable groups needing support, emphasise a move away from residential care to supported independent living in the person's own home. This is also supported by an increasing number of individuals holding their own budgets to purchase their support.

A.35 Local stakeholders identified a gap in housing provision for the most vulnerable people, i.e. people with long term mental illness, long term homeless or rough sleepers, people with substance misuse issues, people with severe learning difficulties. These people not only need appropriate accommodation but also need high levels of continuing support.

A.36 In the case of people with a long term mental illness, the present 'nomination rights' accommodation is not suitable and often in the wrong location (70% in LCB (West) and 30% in LCB (East). The strategic intent is to house people across the area with staff living either on site or as locally as possible.

A.37 The difficulties of implementing good plans because of attitudes to some vulnerable groups of people were highlighted. Current good practice was cited where units have been built as part of new, mixed developments and users re-housed at the same time as other new owners had moved, avoiding planning objections for some change of use applications.

A.38 Strategies based on supporting people in their own homes, or in small group accommodation, will be dependent on recruiting carers. Affordability of housing is a key issue for this group of workers, who are often on low incomes, and need to be able to access their workplace easily, because of the needs of their clients.

A.39 People with support needs want appropriate accommodation, which can be easily changed or modified when their needs change. There is a high demand for smaller adapted units.

A.40 There are very few adapted properties available for people with a disability to rent privately.

A.41 Lack of supported housing means clients are often housed away from support networks of family and friends. There is a need for more places spread across the whole of the LCB (West) area.

A.42 It was suggested that the current provision is inflexible with older people in owner occupied properties which are too big for their current needs, but no appropriate very local provision which would enable them to move and downsize.

A.43 The same is true in the social housing sector, where authorities want to maximise the use of their housing stock but incentives to move are often not taken up because suitable alternatives are not available.

A.44 Sheltered accommodation is often too small for the needs of older people and is often not suitable for their longer term needs. Often lone older people are only eligible for one bedroom accommodation when they want two bedrooms to accommodate visitors and family.

A.45 The majority of new developments are providing one and two bedroom apartments aimed at first time buyers and it is not viable to provide bungalows and older persons' accommodation.

People who are Homeless

A.46 Homelessness is concentrated in the towns across the area and particularly in Watford.

A.47 Homeless people move out of London and end up in the LCB (West) area, increasing the numbers needing accommodation and support. There was also the feeling that the provision of good support services attracts more people.

A.48 Increasingly, workers with the homeless are citing debt as a cause of homelessness, rather than, for example, young people being evicted from the parental home.

A.49 There is a need for more foyers and accommodation that comes with specialist support, rehabilitation and training to prepare clients for independent living.

A.50 Some clients need short-term housing solutions, especially following relationship breakdowns, before their first step back onto the property ladder.

A.51 Managing expectations of clients is an issue with homeless applicants and people on waiting lists have higher expectations than people accessing night shelters who are at crisis point and willing to accept any type of housing.

A.52 Local Authorities could do even more if they were financially rewarded by Government for successfully addressing homelessness issues.

New Migrants and BME Residents

A.53 Migrant workers from the new EU accession countries are taking lower paid jobs and are living in privately rented accommodation.

A.54 There are some concerns that some of them may be in rented, shared accommodation with no formal contracts, making them vulnerable tenants.

A.55 As migrant workers do not qualify for residency points and are therefore a low priority on housing waiting lists, they present more often as homeless.

A.56 Local stakeholders identified that applicants for housing from the BME community tended to need larger family housing and were often very specific about the areas in which they wanted to be housed.

A.57 Some BME elders want one or two bed flats, but with some living space for communal use.

A.58 Younger members of BME communities often want to live independently, but within the local area, so that they can continue to support their parents and other members of the family.

Young People and Students

A.59 There are tensions in the local resident population in Hatfield regarding the number of students taking up private rented accommodation.

A.60 Former sheltered schemes could be ideal housing for single young people.

A.61 Young people are having to live at home for longer due to of the cost of accommodation. Employed young people in their late twenties and thirties are still living with parents because they simply cannot afford to leave home.

A.62 Young people in first jobs continue to live in shared rented accommodation. Good quality, well managed HMOs can be decent, first time accommodation for young people.

A.63 Many young people are under the misapprehension that they are entitled to free housing and that they will automatically receive assistance and support.

A.64 Vulnerable young people often find it difficult to comply with their responsibilities under supported housing contracts in, for example, foyers.

Families

A.65 Families in overcrowded accommodation in London are able to register in Hertfordshire and are considered a higher priority than some families already living in the area who have been registered for longer.

Key Workers

A.66 The definition of key workers is too narrowly drawn, does not include some critical categories, for example, carers, and the conditions to access this housing are too restrictive.

A.67 Definitions based on salary bands related to local incomes would be more realistic.

A.68 Key worker housing is not affordable for part time key workers.

Launch Event Stakeholder Comments

A.69 A total of 57 stakeholders involved in housing (including house builders, estate and letting agents, RSL's and national, regional and local agencies) attended a study launch event in which the study was introduced and stakeholders were encouraged to engage with the process. During the event delegates were invited to post comments on three topics which were:

- what are the barriers to delivering new housing?;
- what are the key issues for the SHMA to consider?; and
- what are the problems with existing housing?

A.70 The posted comments are given below:

What are the barriers to delivering new housing?

- green belt;
- land value will dictate mix, not demand;
- parking – more parking – less housing, but people won't give up their cars;
- political will;
- funding;
- concerns about social sustainability and capacity of existing infrastructure;
- planning departments;
- you've got plenty of permissions- build them;
- capacity in building industry, especially energy efficient technology;
- reduction in Housing Corporation grant rates;
- land costs and availability;
- planning restriction and inconsistencies;
- resident opposition – how do we encourage local development with local support?;
- clear policy direction at local, regional and national level; and

- landowners being overoptimistic about land value.

What are the key issues for the SHMA to consider?

- larger units- home working and bedrooms acquiring multi-function;
- is the shortage of family housing long term or an inter-generational issue?;
- more home working requiring spare room – office;
- apply 80:20 rule – not just the minorities;
- consider housing type and occupancy levels;
- rural affordable housing;
- are 1- beds obsolete?;
- clearly distinguish need and demand;;
- addressing high-end 'executive' needs as well as 'affordable';
- housing with employment – what attracts to an area?;
- appropriate mix of house types;
- migrant workers accommodation needs;
- overall housing need – market and affordable and how to meet all needs fairly; and
- monitor the data after the initial SHMA.

What are the problems with existing housing?

- under-occupation;
- too expensive;
- too many halted development;
- too few homes suitable for people with disabilities;
- review of tenancy/tenancy management;
- lack of maintenance in private sector;
- media influence, e.g. location, location, location... property ladder and positive but unrealistic images of money to be made from development –hypes up prices;
- a need to develop incentive for those in social rented stock who can afford to move out;
- lack of opportunity for movement through the stock due to lack of range of intermediate products;
- too many flats;
- that home ownership is the be all and end all of housing;
- not enough family housing; and
- land value driven by commercial factors – not necessarily demand.

Appendix B: Glossary of Terms

Acronyms and Initials

AMR	Annual Monitoring Report
APS	Annual Population Survey
ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic
COA	Census Output Area
CORE	The Continuous Recording System (Housing association and local authority lettings/new tenants)
DEFRA	Department for Environment, Food and Rural Affairs
CRE	Commission for Racial Equality
DCLG	Department for Communities and Local Government
DETR	Department of the Environment, Transport and the Regions
DPD	Development Plan Documents
DWP	Department of Work and Pensions
EERA	East England Regional Assembly
EHCS	English House Condition Survey
GIS	Geographical Information Systems
HA	Housing Association
HARI	Housing and Regeneration Initiative
HBF	House Builders Federation
HESA	Higher Education Statistics Agency
HIP	Housing Strategies and Investment Programmes
HMA	Housing Market Area

HMO	Houses in Multiple Occupation
HSSA	The Housing Strategy Statistical Appendix
IMD	Indices of Multiple Deprivation
KCDC	Key Centre for Development and Change
LA	Local Authority
LCB	London Commuter Belt
LDF	Local Development Framework
NASS	National Asylum Support Service
NES	New Earnings Survey
NHSCR	National Health Service Central Register
NOMIS	National On-line Manpower Information System
ODPM	Office of the Deputy Prime Minister
ONS	Office for National Statistics
ORS	Opinion Research Services
PCT	Primary Care Trust
PPG	Planning Policy Guidance note
PPS	Planning Policy Statement
RHS	Regional Housing Strategy
RSL	Registered Social Landlord
RSS	Regional Spatial Strategy
RTB	Right to Buy
SHMA	Strategic Housing Market Assessment

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and
- include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

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

Census Output Area is the smallest area for which UK Census of Population statistics are produced. An output area usually comprises 100-200 households.

Concealed household is a household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing.

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

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

A forecast of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

Headship rates measure the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

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.

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room (e.g. 5 adults sharing a house like this constitute one 5-person household).

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A household living within another household is a household living as part of another household of which they are neither the head or the partner of the head.

Households sharing are households (including single people) who live in non-self contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this constitute 5 one-person households).

Housing demand is the quantity of housing that households are willing and able to buy or rent.

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

Housing Market Areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance. For the purpose of technical assessment, this definition means partnerships need to estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

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.

Housing size can be measured in terms of the number of bedrooms, habitable rooms or floor space. This study uses the number of bedrooms.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

Key Workers: The Government's definition of key workers includes those groups eligible for the Housing Corporation funded KeyWorker Living programme and others employed within the public sector (i.e. outside of this programme) identified by the Regional Housing Board for assistance.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or shared ownership is housing 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.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the district. Net migration is the difference between gross in-migration and gross out-migration.

Non-self-contained accommodation is where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

Previously-developed land is that which is or was occupied by a permanent structure, including the curtilage of the developed land and any associated fixed surface infrastructure. There is no presumption that land that is previously-developed is not suitable for housing development nor that the whole of the curtilage should be developed.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status and an extrapolation of recent trends in the propensity of different groups to form separate households.

Relets in this context are social rented housing units which are vacated during a period and become potentially available for letting to new tenants, or tenants transferring. Net relets are total relets, or turnover, minus transfers and successions (where the tenancy is transferred to an existing occupant such as the child or spouse of the previous tenant).

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared equity schemes provide housing that is available part to buy, usually at market value, and part to rent.

Social rented housing is rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the National Rent Regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

Specialised housing refers to specially designed housing, (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

A sub-region is a set of local authorities which interact closely with each other. The local authorities may all be in one region, or they may spread across two or more regions.

Appendix C: Project Management

Project Management

12.52 Good practice project management techniques were used to deliver this SHMA. In addition, the project paid particular attention to key aspects of quality control in outcomes, and effective stakeholder involvement in the process.

Quality control

12.53 Quality control arrangements were seen as core to the successful delivery of the project. This study has closely followed emerging good practice in its methodology, quality control and stakeholder involvement.

12.54 The control mechanisms put in place included:

- CLG Guidance on SHMAs followed closely;
- core outputs as delivered are credible, supported by a robust evidence base;
- any contextual information has been built up from a range of sources (and where possible triangulated) including local, sub regional and national information;
- technical explanations have been provided, where necessary, to clarify certain analytical tasks, detailing the methodology used and the underlying assumptions taken;
- based on our experience and past evidence, we have ensured that secondary data model outputs align with any which would have been generated by a primary data survey; and
- project management arrangements were put in place to ensure focus, strategic overview and opportunities for challenge were brought to the process. The extranet site and regular project briefing papers brought added value.

12.55 A comprehensive range of secondary data sources and a range of research methods have been used to maximise accuracy and these are set out in the body of the text.

Stakeholder involvement

12.56 The involvement of a wide range of stakeholders is good practice in delivery of a successful SHMA. For LCB (West) these included:

- LCB (West) project steering group and wider reference group, comprising senior officers from each authority;
- local agencies and representative bodies;
- national and regional agencies;
- RSL partners;
- homebuilders and estate and letting agents; and

- other key local authority staff from housing and planning, including those from neighbouring authorities.

12.57 The use of a project extranet site for discussion of key documents with all the groups above complemented the overall approach.