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Housing requirement and target issues
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Regarding social housing
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Existing occupiers and their homes
Vacant property
Future Monitoring
Section 1: Introducing the Study

1.1 Opinion Research Services (ORS) working in partnership with Three Dragons and B.Line Housing were commissioned by the West Northamptonshire Joint Planning Unit, with support from Daventry District Council, Northampton Borough Council and South Northamptonshire Council, to undertake a comprehensive and integrated Strategic Housing Market Assessment (SHMA) and economic viability assessment. Together the three authorities form the West Northamptonshire sub-region.

What Is A Strategic Housing Market Assessment?

1.2 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 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.

1.3 SHMAs contribute to three levels of planning:

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

Sub regional
- A deeper understanding of housing markets at a strategic (usually sub regional) level;
- developing an evidence base for sub regional housing strategy.

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

1.4 When considering SHMAs in the context of developing Local Development Documents, PPS3 sets out in paragraph 22 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%).
- The size and type of affordable housing required.

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.

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:

*In line with PPS12, 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.*

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

### Figure 1
CLG SHMA Practice Guidance Figure 1.1 – Core Outputs

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### Figure 2
CLG SHMA Practice Guidance Figure 1.2 – Process Checklist

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The following sections describe the process undertaken in delivering the West Northamptonshire 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.**

West Northamptonshire’s Strategic Housing Market Assessment, undertaken by ORS, is consistent with the regional approach in identifying housing market areas adopted by DTZ Pieda. The West Northamptonshire sub-regional SHMA was commissioned with reference to the administrative boundaries of the local authorities within it, however through using a range of secondary sources, appropriate contextual data in relation to the surrounding area was obtained.

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

The contextual information about housing market conditions presented in this report focus on the administrative boundaries for West Northamptonshire sub-region, but is generally considered within the context of the national and regional position.

3. **Involves key stakeholders, including house builders.**

Given that it is possible to define the housing market area at different levels – from localised housing markets that operate within the local authorities’ administrative boundary ranging up to wider sub-regions, it is appropriate for this SHMA to assess the housing market context in this way.

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.**

Many aspects of the SHMA simply collate the range of available evidence in order for it to be considered within the local context – and a detailed technical explanation of such stages is therefore not normally necessary, and no assumptions or judgements have been taken. Nevertheless, some of the outputs from the study are dependent on more analytical work that does require a more technical explanation and are based on a series of assumptions. These are summarised in Section 6.

Assessing the suitability of housing occupied by established households across the area is one of those critical stages, and the comprehensive analysis that is undertaken to determine the suitability of existing housing is detailed in the report at the beginning of chapter 6, together with the associated assumptions for this stage of the analysis.

The assessment of household affordability is another critical stage of the analysis that fundamentally underwrites the assessment of housing need insofar as it determines the financial
resources required to be able to access market housing. The methodology employed for this analysis is clearly set out in Chapter 6 under the heading “Affordability”. Once again, a number of assumptions have been taken but these are consistent with the standard assumptions promoted by the CLG Practice Guidance.

1.16 The other key analytical stage of the process relates to the modelling of housing requirements. An overview with further details on the derivation of each of the model inputs is set out in Chapter 6.

6. Uses and reports upon effective quality control mechanisms.

1.17 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 West Northamptonshire is the modelling framework outlined in Chapter 6 of this report. This model has been developed and tested 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.

1.18 Key partners of the West Northamptonshire sub-region were consulted on the detailed aspects of the project, including the methodology, data sources and reporting, and further discussion took place at the Stakeholders Event in August 2009. Following comments from stakeholders, key aspects of the work have been adapted and the most relevant and up to date information that might otherwise not have been taken into account has been included in the final report.

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

1.19 As this report provides the findings from the baseline SHMA, the results are yet to be monitored and updated. However, a modelling tool has been developed as part of this study for West Northamptonshire. The tool will enable regular updates of the assessment findings.

Data Sources

1.20 In considering these questions, we have integrated a range of research methods in order to understand the relevant issues. By collating information from the range of data sources, we are able to build a detailed profile of West Northamptonshire and how the area is evolving and changing over time. Integrating the different data sources enables information to be extracted that otherwise may not have been found.

1.21 A key data source used throughout this report is the 2001 Census. Information from the 2001 Census is now eight years out of date, but it can be supplemented with data from other sources to provide more up to date information.

1.22 The secondary data sources used included:

- 2001 Census of Population;
- ONS population projections;
Database of all property sales maintained by HM Land Registry;
Information on existing stock maintained by Valuation Office 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 (Department of Communities and Local Government) 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
Household projections and BRE stock condition survey model data from Hi4em.

1.23 This information was complemented by a sequence of meetings and discussions held with a wide range of stakeholders, including individual client groups and professionals involved in housing management and provision across West Northamptonshire.
Section 2: The Strategic Context

Introducing West Northamptonshire

2.1 The West Northamptonshire sub-region is formed from the local authorities of Daventry District, Northampton and South Northamptonshire. At its Eastern edge are the remaining authorities in Northamptonshire, with Milton Keynes, Aylesbury Vale and Cherwell to the South and Stratford-upon-Avon, Rugby and Harborough to the West and North.

Figure 3
Identifying the Study Area

2.2 In 2004 DTZ Pieda Consulting published ‘Identifying the Sub-Regional Housing Markets of the East Midlands’ which identified sub-regional housing markets in the region. The report recommended that future housing strategies should be carried out according to these sub-regional housing markets.
2.3 The long term aim of UK government housing policy is to ensure that everyone has the opportunity of living in a decent home which they can afford.

2.4 In its 2005 revised Strategy for Sustainable Development for the UK ‘A Better Quality of Life’ (Sustainable Development Unit, HM Government), the Government set out four aims:

- Social progress, which recognises the needs of everyone;
- Effective protection of the environment;
- Prudent use of natural resources;
- Maintenance of high and stable levels of economic growth and employment.

2.5 These principles are also included in the government’s vision for sustainable communities set out in ‘Sustainable Communities – building for the future’ (ODPM 2003) and are reflected in Planning Policy Statement 1 (PPS1). This sets out the overarching planning policies for the delivery of sustainable development through the planning system. The policies set out in PPS1 need to be taken into account in the preparation of both regional and local planning documents. It is emphasised that sustainable development (ensuring that there is a better quality of life for everyone, now and for future generations) is the core principle underpinning planning and is therefore a vital part of the process.

2.6 PPS1 also states that to facilitate and promote sustainable and inclusive patterns of urban and rural development, planning should ensure, amongst other things; that new developments are of high quality and well designed, make the most efficient use of resources, and support existing
communities while creating safe, sustainable, liveable and mixed communities with good access to jobs and key services.

2.7 The policies in the Government’s current planning policy statement on housing (PPS3) are also based upon the principle of sustainable development. In particular, policy in PPS3 seeks to minimise environmental impact including climate change and flood risk.

2.8 PPS3 was developed in response to recommendations in the Barker Review of Housing Supply (March 2004) and reflects the need to improve the affordability and supply of housing in all communities. The government has set out the following aims in order to achieve this:

- Provide a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community;
- Widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, to address the requirements of the community;
- Improve affordability across the housing market, including by increasing the supply of housing; and
- Create sustainable, inclusive, mixed communities in all areas, both urban and rural.

2.9 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

The East Midlands Region

2.10 The region covers the area from Northamptonshire in the south up to High Peak adjoining Manchester in the North West and East Lindsey close to the Humber River. The region consists of 5 counties and 40 local planning authorities, and is very diverse including the legacy of coal mining, remote rural areas, three larger cities and villages and towns close to the London commuter belt. The East Midlands Regional Assembly (EMRA) has responsibility for the highest regional level of planning policy, just below national level.

2.11 The current Regional Spatial Strategy for the East Midlands was published in March 2009 as the East Midlands Regional Plan. It was developed within the overall vision set by the East Midlands Regional Assembly’s Integrated Regional Strategy (IRS), and provides a broad development strategy for the East Midlands up to 2026. This was based on a draft review published by EMRA for public consultation in September 2006. A Public Examination took place in summer 2007 and the Panel Report was published in November 2007. In July 2008 the Secretary of State for Communities and Local Government published the Proposed Changes to the East Midlands Regional Plan (Regional Spatial Strategy) for public consultation. This increased the targets for new housing development from their previous levels.

2.12 Finally the East Midlands Plan was published by the Government in March 2009. The ‘Regional Vision’ from the March 2009 plan is reproduced below.
There are various implications for Local Development Frameworks which follow from this broad policy direction, most significantly for housing:

- Growth should be ‘concentrated on the region’s major urban areas’;
- Sustainable patterns of development that make efficient use of land, resources and infrastructure, reduce the need to travel, incorporate sustainable design and construction, and enhance local distinctiveness.

Its main proposals for the West Northants Housing Market Area are:-

- significantly strengthening the role of Northampton as a Principal Urban Area through urban intensification and planned and sustainable urban extensions;
- strengthening the sub-regional role of Daventry;
- meeting affordable housing needs in a way that promotes a more sustainable pattern of development.

Plan policies Milton Keynes South Midlands Sub-regional Strategy (MKSM SRS) Northamptonshire 1 and 2

The plan reflects that Northamptonshire has a role in the national policy of planned growth of housing supply and takes forward the above sub-regional strategy that affects the East of England and East Midland regions. The policy states that (page 117):

*The majority of development in Northamptonshire should be concentrated at the Northampton Implementation Area and the neighbouring growth towns of Corby, Kettering and Wellingborough.*
2.16 It states that housing provision for each local authority area in West Northamptonshire, for each of the five year phases over the period 2001-2026, should be made at the following annual average rates:

Figure 5: Average Annual target delivery and total delivery 2001-26 (East Midlands Regional Plan March 2009)

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<tr>
<td>Northampton*</td>
<td>1,300</td>
<td>1,450</td>
<td>1,775</td>
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<td></td>
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<td>South Northamptonshire</td>
<td>330</td>
<td>330</td>
<td>330</td>
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2.17 The plan states that:

- * Figures for Northampton include any provision made in urban extensions across local authority boundaries. Such provision would be additional to the figures for the ‘receiving authorities’ in the above table.

- ** The split of housing provision by district for 2021 to 2026 within the West Northamptonshire HMA is to be subject to review.

Northampton Implementation Area (NIA)

2.18 The plan states that new development in the NIA will be delivered through a combination of urban regeneration and intensification and the development of new sustainable urban extensions, integrated with the development of enhanced public transport and new public interchanges. Northampton Borough, and the District Councils of South Northamptonshire and Daventry should together identify and provide for the timely preparation of an appropriate set of LDDs (Local Development Document) to put into effect the proposals of the Sub-Regional Strategy for the growth within the Northampton Implementation Area (NIA).

2.19 This should include joint working on core strategies and a joint LDD to investigate longer term growth options for the NIA. Together these LDDs should provide for an increase in the number of homes in the NIA in the period to 2026 as follows: The 40,375 dwellings for the NIA area do not include delivery in Daventry District and South Northamptonshire outside of the NIA. When this is included the total dwelling target for West Northamptonshire is 62,125 in the period 2001-2026.

Figure 5A The NIA and Delivery Rates and Targets (the East Midlands Regional Plan March 2009)

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<td>7,250</td>
<td>8,875</td>
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<td>1,775</td>
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<td>1,775</td>
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<td>40,375</td>
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2.20 Given that the East Midlands RSS (Regional Spatial Strategy) recognises the NIA, rather than Northampton borough, as the area with the delivery target of 40,375 dwellings by 2026 we have produced most of our modelling tables for the NIA. However, we have also produced some tables for Northampton borough and the NIA outside Northampton. These are based upon the 2004 based household projections for Northampton which were the last which considered Northampton in isolation to the NIA. The figure for the NIA outside Northampton is then derived by subtracting the Northampton borough figure from the NIA total.

Partial review of the plan

2.21 The Regional Plan is undergoing a partial review, with a consultation document published in June 2009 with comments due by October 6, 2009. This gave a summary of issues for West Northants as:-

- Although Northampton has a relatively low house price to income ratio, the house price to income ratio is much higher in the south of the HMA;
- Northampton has a higher than national average of homelessness;
- Construction rates for housing over recent years are lower than proposed targets;
- High levels of affordable housing need to be delivered;
- Urban and rural divides apparent within market areas as rural prices are even less affordable.

2.22 The review presents four options for growth

- Option 1: Continue with the current strategy of focusing development and regeneration at the Principal Urban Area of Northampton and the Sub-Regional Centre of Daventry.
- Option 2: Focus significant additional development at Northampton to create a much larger urban area.
- Option 3: Focus development at existing and improved public transport nodes.
- Option 4: Focus growth more evenly across the area in a more dispersed pattern of development.
NHPAU advice on housing growth

The review of the plan may also be influenced by advice from the NHPAU with further implications for the level of housing growth in the sub-region. In July 2009 the National Housing and Planning Advice Unit (NHPAU) gave new advice to Ministers for the amount of new housing provision required to help supply meet demand, based on its affordability model. Based on the 2006 household projections using the lower migration assumptions, this would increase the amount of new supply required in the East Midlands by between 7 and 9%.

The NHPAU report comments – “High levels of house building may not be palatable or easily achievable but unless they are delivered, or some other means is found to narrow the gap between supply and demand, the consequence will be increasingly severe, including increasing susceptibility to market shocks and more violent boom and bust cycles.” (More homes for more people: NHPAU 2009)

West Northamptonshire Planning and Delivery

West Northamptonshire Development Corporation (WNDC) was set up by the government in December 2004. Its mission is to promote and deliver sustainable housing growth and regeneration in Northampton, Daventry and Towcester. WNDC is also the development control authority for all strategic planning decisions in Northampton, Daventry and Towcester.

The West Northamptonshire Joint Planning Unit (WNJPU) is responsible for preparing the Local Development Framework. The WNJPU is a partnership between Daventry and South Northants Districts, Northampton Borough and the County Council. It produced the Emergent Joint Core Strategy document in July 2009, with a six week consultation period ending in mid September 2009, to coincide with this study. This sets out more detailed options for development in and around the West Northants area. This SHMA update provides additional evidence to help guide and underpin some of these choices and decisions.

Local Authorities within West Northants

The WNJPU Emergent Joint Core Strategy states that the broad approach to phasing of development sought, is to bring forward development within the urban areas first as far as
possible and then look to the development of the sustainable urban extensions on the edges of
the towns. The overriding factor that would be considered is how any development would impact
upon the regeneration of the towns and the transformation of Northampton to a city.

2.28 The WNJPU Emergent Joint Core Strategy then sets out options and preferences for Sustainable
Urban Extensions of development (either mixed or purely housing or employment and all
infrastructure) in the following locations.

Northampton North
Northampton South
Northampton South East
Northampton West
Daventry North
Daventry North East
Daventry South East
Towcester South
Brackley East
Brackley North

2.29 The centre hierarchy within West Northamptonshire is defined as

Northampton City Centre      City Centre
Daventry Town                Town Centre
Towcester Town               Town Centre
Brackley Town                Town Centre
Weston Favell Shopping Centre District Centre
Kingsthorpe                 District Centre

2.30 The Principal Urban Area of Northampton also has a hierarchy of retail centres, which is defined as

Wellingborough Road High Street
Kettering Road               High Street
St James                        Neighbourhood Centre
Far Cotton                   Neighbourhood Centre
Duston                          Neighbourhood Centre
Wootton Fields                Neighbourhood Centre

2.31 These are also seen as influencing neighbourhoods, and the emerging joint core strategy includes a
policy approach to existing and future neighbourhoods, to ensure that they are balanced in terms
of housing mix and tenure to support a range of residents, with the intention that assessments of
the neighbourhoods and their respective centres will be undertaken with partners to inform
policy. Housing is clearly a key factor in identifying and defining neighbourhoods which the SHMA
and its successors should begin to address.

2.32 A number of options covering growth through Urban Extensions, at other compass points around
the urban centres, are considered and rejected for a variety of reasons. The SHMA review could
suggest other factors that may need to be considered in these decisions, including the possible
effects of development, or lack of it, on the housing and tenure mix, economic vitality and
attractiveness of sub areas. Where growth does not occur, specific measures of renewal and
regeneration may be required. In particular the eastern area of Northampton, which was
expanded during the New Town status from 1968 to 1984, has suffered from a degree of
detachment and poor reputation in the old town, and may need special attention.
Rural Areas

2.33 The WNJPU Emergent Joint Core Strategy proposes to define a rural hierarchy and to foster developments in settlements which have a good range of local services and which are thus considered to be more sustainable than others. It proposes that all areas outside Settlement Policy Areas are countryside, where development will only be permitted in exceptional circumstances. It acknowledges that further work on the rural evidence base is required before the Pre-Submission Draft is finalised, when it is expected that Key Rural Service Centres will be identified.

2.34 A new set of Rural Services data was made available by the Commission for Rural Communities in July 2009. This will enable a more up to date view of the services accessible in each settlement.

2.35 The Regional Plan comments that it will be essential to seek ways of maintaining the vitality of rural communities and meeting local community and business needs. Improving access to services in rural areas will be of key importance. It guides most development to existing larger urban areas whilst also ensuring appropriate development in smaller settlements in rural areas. There is an emphasis on affordable housing in rural areas due to greater problems of affordability in them.

2.36 Using the 2004 DEFRA/CLG urban/rural classification and 2007 mid-year population estimates, in the West Northants housing market area 65% of the population live in urban areas, 14% in town and fringe areas, 17% in less sparse villages and 5% in hamlets and isolated dwellings. This gives a total of just over a fifth living in areas classified as rural.


Abstract from the Taylor Review

“Planning must not determine the future development of rural communities against a narrow tick-box approach to sustainable development, assessing communities as they are now and not what they could be. In too many places this approach writes off rural communities in a ‘sustainability trap’ where development can only occur in places already considered to be in narrow terms ‘sustainable’. The question planners must address is “how will development add to or diminish the sustainability of this community?” taking a better balance of social, economic, and environmental factors together to form a long term vision for all scales of communities. A mix of housing and employment opportunities are essential for the sustainability of rural communities.”

2.38 South Northamptonshire and Daventry District have established an ongoing rural housing focus and strategies which reflect the issues described in the Taylor report.

2.39 The Northamptonshire Local Area Agreement was agreed by GOEM (Government office for the East Midlands) and officially signed off by the Government in 2008. Its general principles do not appear to conflict in any way with the Emergent Joint Core Strategy. The key Outcomes and Stretch Targets item referring to housing is EDEG 3: To increase the affordability, supply, quality and condition of housing in Northamptonshire.

2.40 However, the LAA sets out other objectives which could impact on the emergent strategy and its implementation. Notably to develop a ‘banking mechanism’ with the ability to provide the gap or timely finance between the infrastructure requirement (to enable or facilitate growth) and the planning gain revenue expected (to be generated by the housing growth). In essence the funding will be achieved through operating a strategic approach to Section 106 in the form of creating a ‘roof tax’ tariff for new development.
This ambition is likely to be compromised by the housing market downturn. The viability of new development is being considered as part of the SHMA, but it seems unlikely that development will be able to fund a ‘banking mechanism’ to carry up-front costs of infrastructure, at least in the short term. In the longer term there are increasing concerns that a dependence on Section 106 contributions relies on eternally rising property markets. Although the long term trend is upward clearly the market is cyclical.

Local Development Frameworks

The Joint Planning Unit is responsible for preparing the West Northamptonshire Local Development Documents. Each Council is responsible for preparing some Local Development Documents addressing local matters, but the overall programme is coordinated by the JPU, and there will be one single LDF covering the three local authority areas. There is a close working arrangement between the Joint Planning Unit, the Councils and the Development Corporation so that the Local Development Framework is coherent and uses resources efficiently and effectively.

Community Strategies and Housing

The Northampton Sustainable Community Strategy 2008 to 2011 has a general aim to ‘Improve quality of and access to housing’. The Daventry District Community Cohesion Strategy 2007 – 2010 makes it a priority to improve community cohesion and specialist areas – four key areas are employment, housing, health and community safety. The Daventry District Sustainable Communities Strategy 2010-26 sets out four ambitions namely: health and well being, safe and strong communities, improving our business economy and protect and enhance our environment’

Aims of the Community Strategy for South Northamptonshire 2004–2009 are to ensure that housing provision meets the diverse needs of all parts of the community; to Increase access to affordable housing for young workers; and to ensure that everyone in the district has access to adequate housing, at an affordable cost to his or her means.

None of these general aims conflict with the Emergent Joint Core Strategy, but implementation of strategies and achieving these objectives are likely to raise other issues and questions which may be influenced by aspects of the SHMA update.

Joint Strategic Needs Assessment

The Northamptonshire Partnership Joint Strategic Needs Assessment (JSNA) 2008 sets out, at a high level, a picture of the health, wellbeing and social needs of the population of Northamptonshire. The most significant element of the JSNA is the growth of the Northamptonshire population over the next 15 years, largely due to its identification as a part of the Milton Keynes South Midlands growth area. It concludes that this will mean not just more people, but also more older people, in keeping with general demographic trends.

The JSNA includes a chapter on household characteristics. The most significant findings relate to care needs. Those that relate to housing include:-

- Helping older people to live independently in their own homes for as long as possible;
Section 2: The Strategic Context

2.49 The 2009 update of the JSNA includes a chapter on Housing in which the Key Issues are identified as:

- Working with partners to create neighbourhoods where older people felt safe and secure.
- There is a challenge in balancing affordability of housing stock with the development of sustainable, mixed communities;
- Developing appropriate housing stock for vulnerable people can cause tension with maximising the number of dwellings in a finite space;
- There is variation in the average asset value of houses in different parts of the county. This variation impacts on the ability of owner occupiers to enjoy a good quality of life and to afford care services and other essential services.

2.50 It concludes as a consequence that: - Supporting people effectively in their own home is reliant on the development and maintenance of an appropriate housing stock that is both accessible and affordable for all vulnerable groups. These factors need to be considered in the more detailed planning of new developments and especially Urban Extensions where new communities will form.

Strategic Housing Market Assessment 2007

2.51 The 2007 West Northamptonshire Strategic Housing Market Assessment (West Northamptonshire SHMA) written by DTZ contains extensive data and information contributing to the evidence base to help inform judgements and decisions on planning and housing policy. It is a substantial study and report, and a solid basis on which to build understanding. However, there are seldom concise ‘one size fits all’ answers to any questions about housing and planning, and the report needs to be read in full to understand and appreciate the full picture, and their justifications for possible policy approaches.

2.52 There are a number of key findings relevant to the policy context of the SHMA update. These are extracted and considered under appropriate headings below.

2.53 DTZ suggest the need to differentiate planning and housing policies at three different spatial levels:

- The Northampton Implementation Area (NIA): The NIA has not been formally defined in the sense that it has a set of defined boundaries but broadly the NIA comprises the urban area of Northampton plus those development areas that are extensions to the existing urban area. These urban extensions may be within Northampton Borough, but are more likely to be in South Northamptonshire or Daventry District because the urban area of Northampton currently abuts much of the Northampton Borough boundary.
- The Market Towns: comprising Daventry, Towcester and Brackley. The market towns have an established social and physical infrastructure and outside of the NIA will be the main focus for housing growth.
- The Villages and Rural Areas: both Daventry and South Northamptonshire Districts are essentially rural districts with a large area of each district comprising villages, hamlets and open countryside.
2.54 This concurs with the initial findings of the SHMA update, that if we were seeking to identify submarkets on the basis of areas with similar characteristics, Northampton would form one submarket whereas most of South Northamptonshire and Daventry District form part of a separate housing market area.

2.55 It reflects the increasingly prevalent view that ‘City Regions’ are the most meaningful and real housing market areas, and that housing geographies must acknowledge this. The Geography of Housing Markets is currently the subject of a study commissioned by the NHPAU, due to report in 2010.

2.56 The further differentiation of market towns echoes the powerful explanatory concept of housing submarket areas, based on the substitutability of housing, which is being developed by housing economists across the world. This would also entail housing submarket areas within the urban area of the Northampton Implementation Area, and even within the market towns.

2.57 Although it gave an extensive analysis of factors and components of need, the 2007 SHMA study did not make new quantitative estimates of the extent of housing need, and these were instead based on previous studies by B.Line Housing Information carried out separately for each local authority, in 2004 for South Northamptonshire, and 2006 for Daventry District and Northampton. These gave estimates of annual need for additional affordable housing required of:

Figure 7
Estimated annual shortfall of affordable housing (Source: DTZ SHMA 2007)

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Annual shortfall of affordable housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daventry District</td>
<td>380</td>
</tr>
<tr>
<td>Northampton</td>
<td>1,185</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>670</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,240</strong></td>
</tr>
</tbody>
</table>

2.58 In total, these estimates of the shortfall in affordable housing supply across all three districts gives a total annual requirement of around 2,240 units per annum for West Northamptonshire. This is greater than the total Structure Plan target for all completions in the market area over the last 15 years.

2.59 All of these assessments were carried out prior to the housing market downturn, when prices were rising at their fastest and mortgage funding more readily available. In addition, the East Midlands Regional Assembly review of SHMAs included among its recommendations that: - Establishing housing needs should be undertaken within self contained SHMA projects.

2.60 For these reasons a new estimate of housing needs covering the whole HMA and based on more up to date data and housing market circumstances is required. Nevertheless, in a dysfunctional and volatile housing market in which house prices are still unaffordable to many households on average incomes and below, housing need is widely accepted as being very substantial. The NHPAU report More homes for more people (2009) comments “Falling house prices and an improved ratio between house prices and earnings does not mean that the affordability problem has been solved. On the contrary, higher deposits and other mortgage conditions have made it harder for first time buyers to get on the housing ladder. How to address this need, not the extent of it, is now the key policy problem”

2.61 The West Northamptonshire SHMA 2007 states that: - It is important to note that DTZ has not undertaken an assessment of development economics as part of this HMA and so the
recommendations outlined here need to be considered in this light. This is particularly important in the light of the downturn in the housing market, recession, and the Blyth Valley v Persimmon judgement which underlines the fact that the economic viability of development is a key factor in setting policy requirements for affordable housing. This SHMA update addresses the issue of viability.

2.62 The West Northamptonshire SHMA 2007 was itself carried out prior to the housing market reversal, but even so suggests that the principal uncertainty is the market appetite to develop at the pace envisaged by the RSS, which might argue for setting the affordable housing quota in the Northampton Implementation Area at a modest level initially to encourage the volume of development. This will have been further compounded since by the reversal in the housing market.

2.63 The West Northamptonshire SHMA 2007 provides a detailed discussion of the complexities of trying to predict the mix of types and sizes required. It comments: “slightly over half of all single person households live in one or two bedroom dwellings, slightly under half live in three bed or more properties”. The implications are that it is very hard to translate projections of particular household types into forecasts of what the market demand will be for particular types of property. The study bases its assessment of the type and size mix required on a variety of sources and influences, and combinations of datasets, which results in an estimate based on the number of dwellings of each size that would need to be delivered in order for the mix of dwelling sizes in each household type group to remain constant.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Growth in households</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Six+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple/Family</td>
<td>12,455</td>
<td>235</td>
<td>2,457</td>
<td>6,581</td>
<td>2,601</td>
<td>441</td>
<td>138</td>
</tr>
<tr>
<td>Lone Parent</td>
<td>2,006</td>
<td>18</td>
<td>580</td>
<td>1,173</td>
<td>208</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Other Multi Person</td>
<td>2,702</td>
<td>26</td>
<td>746</td>
<td>1,264</td>
<td>569</td>
<td>72</td>
<td>24</td>
</tr>
<tr>
<td>Single Person</td>
<td>19,781</td>
<td>3,523</td>
<td>6,708</td>
<td>8,446</td>
<td>1,026</td>
<td>46</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>36,944</td>
<td>3,803</td>
<td>10,492</td>
<td>17,463</td>
<td>4,405</td>
<td>586</td>
<td>195</td>
</tr>
<tr>
<td>% of total</td>
<td>10%</td>
<td>28%</td>
<td>47%</td>
<td>12%</td>
<td>2%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

2.64 This assumes a continuation of the current overall ‘fit’ of household types to dwelling sizes, including any mismatches of overcrowding or under-occupation. It does not therefore assume that smaller households will all live in smaller dwellings - as it demonstrates clearly that many do not - and so has a relatively low proportion of one bedroom dwellings. However nor does it take into account any possible changes in housing consumption behaviour that might enable better use to be made of existing stock in all tenures.
Summary of Key Findings

The region consists of 5 counties and 40 local planning authorities, and is very diverse. The current Regional Spatial Strategy for the East Midlands was published in March 2009 as the East Midlands Regional Plan. The policy target for new housing development for the period 2001 – 2026 is now 62,125 dwellings. The policy target for the NIA is 40,375 dwellings.

Its main proposals for the West Northants Housing Market Area are:-

- significantly strengthening the role of Northampton as a Principal Urban Area through urban intensification and planned and sustainable urban extensions;
- strengthening the sub-regional role of Daventry District;
- meeting affordable housing needs in a way that promotes a more sustainable pattern of development.

West Northamptonshire Development Corporation (WNDC) was set up by the government in December 2004. Its mission is to promote and deliver sustainable housing growth and regeneration in Northampton, Daventry and Towcester. The Joint Planning Unit is the planning authority for all strategic planning decisions in Northampton, Daventry and Towcester.

West Northants Joint Planning Unit (WNJPU) produced the Emergent Joint Core Strategy document in July 2009, with a six week consultation period finishing at the end of September 2009, to coincide with this study. The first of the Key Matters for the Strategy is set out as “The need to accommodate growth is not a choice - the area is a national growth area and this growth must be managed to benefit existing and future residents, visitors and businesses.”

The WNJPU Emergent Joint Core Strategy states that the broad approach to phasing of development sought, is to bring forward development within the urban areas first as far as possible and then look to the development of the sustainable urban extensions on the edges of the towns. The overriding factor that would be considered is how any development would impact upon the regeneration of the towns and the transformation of Northampton to a city.

The WNJPU Emergent Joint Core Strategy proposes to define a rural hierarchy and to foster developments in settlements which have a good range of local services and which are thus considered to be more sustainable than others. It proposes that all areas outside Settlement Policy Areas are countryside, where development will only be permitted in exceptional circumstances. It acknowledges that further work on the rural evidence base is required before the Pre-Submission Draft is finalised, when it is expected that other potential Service Centres will be identified.

Using the 2004 DEFRA/CLG urban/rural classification and 2007 mid year population estimates, in the West Northants housing market area, 65% of the population live in urban areas, 14% in town and fringe areas, 17% in less sparse villages and 5% in hamlets and isolated dwellings. This give a total of just over a fifth living in areas classified as rural.

Principal housing aims of the Local Authority community strategy are reviewed.

The 2007 SHMA is reviewed noting that there is broad agreement between the 2007 study and this study with regard to the spatial extent of the main housing markets. The study estimates that 2,240 dwellings is the annual requirement for affordable housing and recommended that housing needs assessments should be undertaken.
Section 3: Identifying Local Housing Sub-Markets within the Sub-Region

Housing Sub-Markets in the West Northamptonshire Sub-Region

3.1 Our methodology to identify sub-regional housing market areas is based on two key Practice Guidance documents:

- Planning Policy Statement 3 (PPS3): this 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;
- CLG Guidance: 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.

3.2 The study also considers:

- working geographies for the analysis of housing markets (at local level and beyond),
- looking beyond the West Northamptonshire sub-region boundaries where appropriate;
- the evidence on housing market boundaries emerging from studies carried out by neighbouring sub-regions/local authorities where they are relevant to West Northamptonshire sub-region’s housing markets.

Sources of Information and Approach

3.3 The CLG advice note identifies three sources of information which help to evidence 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.

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

- The first approach seeks to identify and group together areas with similar characteristics;
- The second approach seeks to identify and group together areas which show a degree of self-containment (in terms of either migration and/or employment patterns).
Identifying and Grouping Areas with Similar Characteristics

Classifying sub-markets using the first approach will tend to yield a larger number of small areas, but each area will tend to have residents with similar characteristics. If such characteristics change, perhaps young single persons join together and become family households, they are likely to move into a different housing sub-market. For example, the couple may choose to leave a town centre apartment for a home with a garden in a more suburban location.

Identifying and Grouping Areas with a Degree of Self containment

Using the second approach for classification tends to yield fewer sub-markets – but within each of the identified areas, there should be housing available for residents 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.

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. On the assumption that their employment circumstances don’t change, they will all have to commute – so the lack of any particular type of housing will, over time, change the patterns of containment in relation to both migration and employment, such 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 may be recognised and the “missing” types of housing may be provided within the local area.

Data Sources Used

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 (nor one single data source) can provide a definitive answer, but through considering the range of available data, it is possible to form a judgement on an appropriate geography for sub-market areas. The data sources that we have considered in the course of this analysis include:

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Contents</th>
<th>Geography</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 Census</td>
<td>Tenure, household type, age, migration, travel to work, education, household amenities, religion, employment and health</td>
<td>Census Output Area and a 5% sample of individual records</td>
<td>2001</td>
</tr>
<tr>
<td>Land Registry records</td>
<td>Record of all properties sold including selling price and tenure</td>
<td>Individual records incl.7 digit postcode</td>
<td>2000 onwards</td>
</tr>
<tr>
<td>CORE data on social lettings</td>
<td>Individual records of recent tenants in the social sector including household size, ethnicity, income and housing benefit claimants</td>
<td>Individual records including 7 digit postcode</td>
<td>2004 onwards</td>
</tr>
<tr>
<td>Index of Multiple Deprivation data from the CLG</td>
<td>National measure of relative deprivation which also incorporates education, health, income, crime and social wellbeing</td>
<td>Census Output Area</td>
<td>2004</td>
</tr>
<tr>
<td>ONS National Health Service Customer Records</td>
<td>Record of inter local authority migration</td>
<td>Local authority</td>
<td>Annual since 1997</td>
</tr>
<tr>
<td>DEFRA Rural Definition</td>
<td>Classification of Census Output Areas by morphology (urban, rural town, village, hamlet/isolated dwellings) and context (sparse, less sparse)</td>
<td>Census Output Area</td>
<td>2004</td>
</tr>
</tbody>
</table>
Defining Sub-Regional Housing Market Areas

Identifying Sub-Areas in West Northamptonshire

One method for identifying housing markets is through an analysis of 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 being a housing market. Figure 9 shows the variation of house prices from the West Northamptonshire mean which is then compared to West Northamptonshire Local Authorities and surrounding Local Authorities. Prices are the average of April 2008 to March 2009 by Middle Super Output Areas (MSOA). Super Output Areas are a geographical hierarchy used to improve the reporting of small area statistics; these areas are a consistent size across the country and MSOA’s have a minimum population of 5,000 and a mean population of 7,200.

Figure 9
Relative House Prices across West Northamptonshire and Surrounding Area (Source: UK Land Registry November 2007 to October 2008)
3.10 Areas in the darkest shade of red contain house prices which are over 150% of the average West Northamptonshire house prices and those in the darkest shade of green are less than 75% of the average West Northamptonshire house prices. The majority of house prices in Northampton are below average, while those in Daventry District and South Northamptonshire are typically above average with the exception of the town of Daventry.

Conclusions

3.11 If we were seeking to identify sub-markets on the basis of areas with similar characteristics, the above maps would suggest that Northampton would form one sub-market, whereas most of South Northamptonshire and Daventry District form part of a separate housing market area.

3.12 Whilst it is helpful to understand this distribution of local house prices, the distribution does not appear to provide a clear mechanism for classifying sub-market areas.

Using Employment and Migration Patterns to Define Housing Market Areas

3.13 We can identify travel to work behaviour through analysis of the 2001 Census data.

3.14 The data identifies that 133,205 people both live and work in West Northamptonshire. This represents around 76% of all those living in the area who have a job, and 78% of all those who work in West Northamptonshire.

3.15 Unsurprisingly the vast majority of people who travel to work in and out of West Northamptonshire do so to and from other parts of Northamptonshire and also the East Midland region, with many residents of West Northamptonshire working in Milton Keynes.

3.16 Figure 10 also shows the local authorities that provided the most workers to West Northamptonshire and also the local authorities that receive the most workers from the sub-region. It can be seen that within the sub-region workers are leaving Daventry District and South Northamptonshire to work in Northampton. It also evidences that a net 7,200 workers are leaving to work in Milton Keynes and a net 3,250 are travelling in from Wellingborough.

3.17 From this it can be argued that the sub-region as a whole has the makings of a housing market area, as it reflects where people both live
and work. However, if we consider further information on migration, travel to work and house prices patterns it is also possible to identify functional sub-markets, where the majority of the local population live, work and move within smaller geographic units.

3.18 ORS has developed an effective methodology for identifying housing sub-markets over a number of years and in particular the mechanisms for mapping (and otherwise visualising) the large quantity of data being analysed.

Defining Housing Market Areas for the Sub-region

3.19 Figure 11 (overleaf) presents the inter-relationships between areas within the West Northamptonshire sub-region in a different way. Where those Census Output Areas that are either (i) classified “urban” by the DEFRA classification or (ii) have large workplace populations, these are grouped together to form nodes. Surrounding areas outside the sub-region are also included for completeness.

3.20 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 60% of employees living in the area also work in the area;
- Amber = 50 to 60% 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.

3.21 The links that exist between the urban centres are also illustrated by the joining lines, with stronger links having heavier lines. The lines between the settlements indicate the significance of the link between the two inter-connected areas, with thicker lines indicating that the connection is stronger. 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 considered to be of significance; whereas 200 workers travelling from an area with a total of 20,000 workers is typically not shown. This is likely to be the case with regards to movement between Northampton and Milton Keynes as both towns have good containment and a large population and therefore the relative proportion of workers travelling between the two is less significant.

3.22 The number shown on the line indicates the gross travel to work in either direction between the two areas – so, for example, there are a total of 2,770 workers who either live in Rushden and work in Wellingborough or alternatively live in Wellingborough and work in Rushden.
Conclusions: Housing Market Areas in West Northamptonshire Sub-region

3.23 Within the study area Figure 11 highlights our findings that Northampton has good self-containment (more than 60% self-containment) when analysing their travel to work patterns. As noted above, this analysis only covers the urban centre of Northampton and therefore does not include its rural surround in Daventry District and South Northamptonshire.

3.24 Given that many of the identified settlements surrounding West Northamptonshire 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:

- Northampton, Wellingborough and Rushden are closely tied to each other.
- The strongest links for Milton Keynes are with Buckingham; and
- Banbury and Brackley are linked through travel to work patterns

Understanding the Identified Housing Market Areas in the Study Area

3.25 Figure 12 (overleaf) 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 are dominated by the Northampton sub-market which covers much of the study area. It is also the case that parts of the sub-region fall into the following sub-markets:
• Rugby;
• Leicester;
• Banbury;
• Milton Keynes;

3.26 However, for each of these sub-markets it is only a relatively small part of either Daventry District or South Northamptonshire which is covered. The sub-markets in West Northamptonshire sub-region are shown in more detail below, together with the local authority administrative boundaries.

3.27 The analysis suggests that there is only one substantive housing market covering most of this area. The analysis also shows that the Northampton housing sub-market extends into Wellingborough and East Northamptonshire.

Figure 12
Identifying the Functional Housing Sub-Markets across the Whole West Northamptonshire Sub-Region (Source: West Northamptonshire Strategic Housing Market Assessment 2009)

3.28 These findings are close to those obtained by DTZ in their ‘Identifying the Sub-Regional Housing Markets of the East Midlands’ except that they identified that Wellingborough and East Northamptonshire both formed part of the Corby/Kettering housing sub-market.
Summary of Key Findings

The method used to determine the functional housing markets within the study area is based mainly upon analysis of travel to work and the strength of connection between the main settlements.

133,205 people both live and work in West Northamptonshire. This represents around 76% of all those living in the area who have a job, and 78% of all those who work in West Northamptonshire. Within the sub-region workers are leaving Daventry District and South Northamptonshire to work in Northampton. It also evidences that a net 7,200 workers are leaving to work in Milton Keynes and a net 3,250 are travelling in from Wellingborough. This analysis only covers the urban centre of Northampton and therefore does not include its rural surround in Daventry District and South Northamptonshire.

Given that many of the identified settlements surrounding West Northamptonshire have relatively poor levels of self-containment they have been combined to form larger housing sub-markets. Whilst there is no definitive answer to the final groupings, the following is noteworthy:

- Northampton, Wellingborough and Rushden are closely tied to each other.
- The strongest links for Milton Keynes are with Buckingham and Leighton Buzzard;
- Banbury and Brackley are linked through travel to work patterns

The analysis suggests that there is only one substantive housing market covering most of this area. The analysis also shows that the Northampton housing sub-market extends into Wellingborough and east Northamptonshire.
Section 4: Housing Market Drivers

4.1 This section of the report considers the local population across West Northamptonshire, concentrating in particular on how local circumstances have changed over recent years and how they are projected to change in future. Further information is also provided on the characteristics of local households, and how local employment compares to that elsewhere.

National Level Household Changes

4.2 Recent figures from the Office for National Statistics (ONS) show that the number of households in the UK has increased more rapidly than housing supply. There are several key reasons for the increase in household numbers. According to the ONS, until the mid-1990s, natural change was the main driver for population growth. However, more recent population growth has been predominantly based upon international migration.

4.3 Figure 14 shows that there is a natural increase in the UK population. The natural population increase between 2004/05 and 2005/06 was 170,100 people. This increase is commonly attributed to improvements in health care, which reduces child mortality rates and allows people to live for longer.

4.4 Figure 14 also demonstrates that there has been fairly rapid net growth of migration into the UK, with particularly high growth in 2004/05. The ONS reports that this increase was mainly due to the rise in the number of citizens coming from the ten accession countries (A10) that joined the European Union (EU) in May 2004. The data for 2005/06 indicates that net international migration declined, due to a combination of lower in-migrant and higher out-migrant numbers.

4.5 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.

4.6 This significant reduction in household size has several possible causes. These include, young adults moving out of the parent home, increases in relationship breakdown and divorce, people
choosing to have fewer children and 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**

4.7 Figure 15 shows that in 2007 the three local authorities within the West Northamptonshire sub-region had a population of 372,200 people and the 2001 Census showed that there were 141,255 households.

4.8 West Northamptonshire is a sub-region which has seen a relatively rapid but consistent growth in its population, as illustrated in Figure 16. Taking the 1981 population as a base, it shows that the population of West Northamptonshire sub-region rose by 32.3% in the period up to 2007, from 281,300 to 372,200 people. This compares with a rise in population of only around 9% for England and 14.2% for the East Midlands region.

4.9 Figure 17 illustrates that the population of Northampton grew fairly rapidly up until 1996, before levelling off at around 22% of the 1981 base – it began to rise again in 2005. Both Daventry District and South Northamptonshire have experienced sharp continued growth in their population throughout the whole period since 1981; Daventry District’s population now sits 36.3% higher than the 1981 base and South Northamptonshire now sits 40.2% higher than its 1981 base.
The age structure of the population of West Northamptonshire from the ONS mid-year population estimates for 2007 (Figure 18) shows that there are proportionally fewer older people aged 55+ years, and young adults aged 15-24 years in the area than in the East Midlands as a whole. West Northamptonshire also has proportionally more adults aged 25-49 years and children aged less than 15 when compared with the East Midlands.

Figure 19 shows that there is little difference in the age profiles of any of the authorities in the sub-region. There are slightly lower proportions of older persons in West Northamptonshire compared to the East Midlands or England as a whole.

ONS Projections

Figure 20 shows that this rise in population of all local authorities in West Northamptonshire is expected to continue in the future. Based on revised population estimates from 2006, the Office of National Statistics estimates that the whole population of the West Northamptonshire sub-region will rise to 495,900 by 2031. This would represent a 35% rise in the period 2006-2031. The population projections also show that the populations of Daventry District and South Northamptonshire will also rise, but at a lower rate than in West Northamptonshire.
South Northamptonshire are expected to rise proportionally much more rapidly than that of Northampton’s population, which is projected to increase by 26% by 2029. Please note that the ONS projections do not typically take account of policy decisions about the distribution of new housing. It should also be noted that the 2006 projections should be treated with caution as they vary greatly from previous population projections.

4.13 The ONS projections show that the population of West Northamptonshire is likely to become older in the period up to 2029. In particular, the number of people aged 60 years and above is expected to grow considerably (Figure 21). It should also be noted that South Northants and Daventry District are expected to have some of the greatest increases in older persons of all local authority areas according to the Cabinet Office Social Exclusion Task Force. Note that this projection does not take account of the planned housing growth. If growth attracts younger households then the proportion of older households will reduce.

Migration

4.14 Data from the 2001 Census showed that of the sub-region’s 339,694 residents in households, 38,819 (11.4%) had moved within the 12-months prior to the census. Of those that had moved, 21,490 moved within West Northamptonshire, 15,847 moved from elsewhere in the UK and 1,482 moved to the area from overseas. It is also worth noting that (when out-migration is also considered) West Northamptonshire gained 681 people from across the UK in 2000-2001. A further 2,400 people resident in the sub-region were recorded as having “No usual address” 12-months before the Census.

Migration Trends

4.15 Since 1996-97, the ONS has published relatively localised migration data using information from the National Health Service (NHS) Central Register (NHSCR) which records the movement of individuals who change 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. 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 West Northamptonshire over the period 2002/3-2007/8.
Figure 22
Net Migration to West Northamptonshire by England and Wales Region 2002/3-2006/7 [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 may not sum due to rounding]

<table>
<thead>
<tr>
<th>UK Region</th>
<th>2002/3</th>
<th>2003/4</th>
<th>2004/5</th>
<th>2005/6</th>
<th>2006/7</th>
<th>Total</th>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>210</td>
<td>190</td>
<td>230</td>
<td>200</td>
<td>1,070</td>
</tr>
<tr>
<td>North West</td>
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<td>690</td>
<td>620</td>
<td>580</td>
<td>630</td>
<td>3,110</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>680</td>
<td>570</td>
<td>620</td>
<td>570</td>
<td>630</td>
<td>3,070</td>
</tr>
<tr>
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<td>2,480</td>
<td>2,600</td>
<td>2,800</td>
<td>2,850</td>
<td>13,340</td>
</tr>
<tr>
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<td>1,680</td>
<td>1,550</td>
<td>1,730</td>
<td>1,580</td>
<td>8,240</td>
</tr>
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<td>2,160</td>
<td>1,990</td>
<td>1,840</td>
<td>1,960</td>
<td>10,180</td>
</tr>
<tr>
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<td>1,830</td>
<td>1,850</td>
<td>1,810</td>
<td>1,480</td>
<td>9,040</td>
</tr>
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<td>4,260</td>
<td>4,030</td>
<td>4,130</td>
<td>21,690</td>
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<tr>
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<td>900</td>
<td>840</td>
<td>810</td>
<td>820</td>
<td>850</td>
<td>4,220</td>
</tr>
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<td>280</td>
<td>260</td>
<td>260</td>
<td>280</td>
<td>1,370</td>
</tr>
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<td><strong>Total</strong></td>
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<td>15,170</td>
<td>14,750</td>
<td>14,670</td>
<td>14,590</td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>660</td>
<td>660</td>
<td>580</td>
<td>3,450</td>
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<td>830</td>
<td>760</td>
<td>720</td>
<td>700</td>
<td>3,760</td>
</tr>
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<td>East Midlands</td>
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<td>3600</td>
<td>3400</td>
<td>3350</td>
<td>3,540</td>
<td>17,500</td>
</tr>
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<td>1,620</td>
<td>1,680</td>
<td>1,660</td>
<td>1,630</td>
<td>1,780</td>
<td>8,370</td>
</tr>
<tr>
<td>Eastern</td>
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<td>1,700</td>
<td>1,590</td>
<td>1,530</td>
<td>1,700</td>
<td>8,050</td>
</tr>
<tr>
<td>London</td>
<td>1,000</td>
<td>1,050</td>
<td>1,070</td>
<td>1,130</td>
<td>1,280</td>
<td>5,530</td>
</tr>
<tr>
<td>South East</td>
<td>3,080</td>
<td>3,130</td>
<td>3,000</td>
<td>3,230</td>
<td>3,310</td>
<td>15,750</td>
</tr>
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<td>South West</td>
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<td>1,270</td>
<td>1,100</td>
<td>1,100</td>
<td>1,200</td>
<td>5,830</td>
</tr>
<tr>
<td>Wales</td>
<td>440</td>
<td>430</td>
<td>390</td>
<td>350</td>
<td>370</td>
<td>1,980</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,160</td>
<td>14,750</td>
<td>13,850</td>
<td>13,900</td>
<td>14,650</td>
<td>71,310</td>
</tr>
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<td><strong>Net Migrants</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>10</td>
<td>(40)</td>
<td>(30)</td>
<td>30</td>
<td>10</td>
<td>(20)</td>
</tr>
<tr>
<td>North West</td>
<td>(150)</td>
<td>(120)</td>
<td>(40)</td>
<td>(80)</td>
<td>(50)</td>
<td>(340)</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>(70)</td>
<td>(260)</td>
<td>(140)</td>
<td>(150)</td>
<td>(70)</td>
<td>(690)</td>
</tr>
<tr>
<td>East Midlands</td>
<td>(1,000)</td>
<td>(1,120)</td>
<td>(800)</td>
<td>(550)</td>
<td>(690)</td>
<td>(4,160)</td>
</tr>
<tr>
<td>West Midlands</td>
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<td>0</td>
<td>(110)</td>
<td>100</td>
<td>(200)</td>
<td>(130)</td>
</tr>
<tr>
<td>Eastern</td>
<td>700</td>
<td>460</td>
<td>400</td>
<td>310</td>
<td>260</td>
<td>2,130</td>
</tr>
<tr>
<td>London</td>
<td>1,070</td>
<td>780</td>
<td>780</td>
<td>680</td>
<td>200</td>
<td>3,510</td>
</tr>
<tr>
<td>South East</td>
<td>1,760</td>
<td>1,300</td>
<td>1,260</td>
<td>800</td>
<td>820</td>
<td>5,940</td>
</tr>
<tr>
<td>South West</td>
<td>(260)</td>
<td>(430)</td>
<td>(290)</td>
<td>(280)</td>
<td>(350)</td>
<td>(1,610)</td>
</tr>
<tr>
<td>Wales</td>
<td>(150)</td>
<td>(150)</td>
<td>(130)</td>
<td>(90)</td>
<td>(90)</td>
<td>(610)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,990</td>
<td>420</td>
<td>900</td>
<td>770</td>
<td>(60)</td>
<td>4,020</td>
</tr>
</tbody>
</table>
4.16 Figure 23 shows the net migration to West Northamptonshire by region of England and Wales over the five year period 2002-2007. Overall, migration accounted for a rise in the sub-region’s population of 4,020 people from 2002 to 2007 from across England and Wales. This represents around 1.1% of the current population of the area. The sub-region gained 11,580 people from the South East, London and the East combined but experienced a net loss to all other regions.

4.17 Figure 24 shows the individual local authorities which have had the highest net migration to West Northamptonshire. The neighbouring authorities of Milton Keynes and Cherwell have by far the largest net migration to the area with a net in-migration of over 4,200 people between them.

4.18 Figure 25 shows the local authorities to which West Northamptonshire lost population through migration. The general movement is again northwards with the neighbouring authorities of Kettering and Wellingborough being the largest recipients of migrants from West Northamptonshire. Therefore, other authorities in Northamptonshire form an important part of the migration pattern for West Northamptonshire (WN). This encourages the need to understand the housing market of West Northamptonshire in the context of the wider housing market.
Migration within the Sub-region

4.19 Figure 26 shows the net migration which occurred in each of the local authorities between 2002 and 2007. Therefore, as an example there was a net movement of 3,550 people from the South East to South Northamptonshire between 2002 and 2007.

4.20 Northampton lost population through migration to all other authorities in the sub-region. It did however gain over 2,000 people from London. Daventry District gained population from all other authorities in the sub-region. Despite gaining population across the sub-region Daventry District only gained 850 people through migration from outside the sub-region but within England and Wales, while South Northamptonshire gained 3,720 people from other parts of England and Wales.

Figure 26
Net Migration to West Northamptonshire Sub-region Local Authorities 2002-2007 by Area (Source: ONS Migration Statistics Unit. Note: Figures in brackets represent negative numbers. Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>From</th>
<th>Daventry</th>
<th>Northampton</th>
<th>South Northamptonshire</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Northamptonshire</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daventry</td>
<td>(1,390)</td>
<td>(290)</td>
<td>(1,680)</td>
<td></td>
</tr>
<tr>
<td>Northampton</td>
<td>1,390</td>
<td>1,820</td>
<td>3,210</td>
<td></td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>290</td>
<td>(1,820)</td>
<td>(1,530)</td>
<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td>1,680</td>
<td>(3,210)</td>
<td>1,530</td>
<td></td>
</tr>
<tr>
<td>Rest of England &amp; Wales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elsewhere in the East Midlands</td>
<td>(250)</td>
<td>(3,380)</td>
<td>(530)</td>
<td>(4,160)</td>
</tr>
<tr>
<td>North East</td>
<td>(70)</td>
<td>60</td>
<td>(10)</td>
<td>(20)</td>
</tr>
<tr>
<td>North West</td>
<td>(50)</td>
<td>(280)</td>
<td>(10)</td>
<td>(340)</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>(150)</td>
<td>(350)</td>
<td>(190)</td>
<td>(690)</td>
</tr>
<tr>
<td>West Midlands</td>
<td>170</td>
<td>(160)</td>
<td>(140)</td>
<td>(130)</td>
</tr>
<tr>
<td>Eastern region</td>
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<td>1,060</td>
<td>760</td>
<td>2,130</td>
</tr>
<tr>
<td>London</td>
<td>470</td>
<td>2,020</td>
<td>1,020</td>
<td>3,510</td>
</tr>
<tr>
<td>South East</td>
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<td>1,340</td>
<td>3,550</td>
<td>5940</td>
</tr>
<tr>
<td>South West</td>
<td>(460)</td>
<td>(620)</td>
<td>(530)</td>
<td>(1,610)</td>
</tr>
<tr>
<td>Wales</td>
<td>(170)</td>
<td>(240)</td>
<td>(200)</td>
<td>(610)</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>850</td>
<td>(550)</td>
<td>3,720</td>
<td>4,020</td>
</tr>
<tr>
<td>Total</td>
<td>2,530</td>
<td>(3,760)</td>
<td>5,250</td>
<td>4,020</td>
</tr>
</tbody>
</table>
Figure 27 shows this net migration between the local authorities in the sub-region between 2002 and 2007 with thicker lines representing higher levels of net migration. This reveals flows of population from Northampton to the rest of the sub-region.

Figure 27
Migration between West Northamptonshire Sub-region Local Authorities 2002-2007 (Source: ONS Migration Statistics Unit)
### Age of Migrant Persons

The age structure of the net migrants to West Northamptonshire is shown in Figure 28. The area has experienced a net loss across the 16-24 and 45-64 age groups to the rest of England and Wales and gained in all other age groups. In particular, there was a net gain of over 4,000 adults between the ages of 25-44 years between 2002 and 2007, representing 1% of the total population of West Northamptonshire.

**Figure 28**
Net Migration to and from West Northamptonshire by Age Group 2002/3-2006/7 by Year (Source: ONS Migration Statistics Unit)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2002/3</th>
<th>2003/4</th>
<th>2004/5</th>
<th>2005/6</th>
<th>2006/7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Migrants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-15 years</td>
<td>3,020</td>
<td>2,640</td>
<td>2,440</td>
<td>2,440</td>
<td>2,340</td>
<td>12,880</td>
</tr>
<tr>
<td>16-24 years</td>
<td>3,620</td>
<td>3,440</td>
<td>3,430</td>
<td>3,350</td>
<td>3,220</td>
<td>17,060</td>
</tr>
<tr>
<td>25-44 years</td>
<td>6,710</td>
<td>6,270</td>
<td>6,200</td>
<td>6,070</td>
<td>5,910</td>
<td>31,160</td>
</tr>
<tr>
<td>45-64 years</td>
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<td>1,950</td>
<td>1,970</td>
<td>2,030</td>
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<td>870</td>
<td>700</td>
<td>810</td>
<td>970</td>
<td>4,220</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,150</td>
<td>15,170</td>
<td>14,750</td>
<td>14,670</td>
<td>14,590</td>
<td>75,330</td>
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<td>2,660</td>
<td>2,390</td>
<td>2,200</td>
<td>2,410</td>
<td>12,100</td>
</tr>
<tr>
<td>16-24 years</td>
<td>3,710</td>
<td>3,750</td>
<td>3,680</td>
<td>3,640</td>
<td>3,530</td>
<td>18,310</td>
</tr>
<tr>
<td>25-44 years</td>
<td>5,330</td>
<td>5,480</td>
<td>5,240</td>
<td>5,360</td>
<td>5,640</td>
<td>27,050</td>
</tr>
<tr>
<td>45-64 years</td>
<td>1,950</td>
<td>2,120</td>
<td>1,900</td>
<td>2,020</td>
<td>2,300</td>
<td>10,290</td>
</tr>
<tr>
<td>65+ years</td>
<td>740</td>
<td>780</td>
<td>680</td>
<td>680</td>
<td>790</td>
<td>3,670</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,160</td>
<td>14,750</td>
<td>13,850</td>
<td>13,900</td>
<td>14,650</td>
<td>71,310</td>
</tr>
<tr>
<td><strong>Net Migrants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-15 years</td>
<td>580</td>
<td>(20)</td>
<td>50</td>
<td>240</td>
<td>(70)</td>
<td>780</td>
</tr>
<tr>
<td>16-24 years</td>
<td>(90)</td>
<td>(310)</td>
<td>(250)</td>
<td>(290)</td>
<td>(310)</td>
<td>(1,250)</td>
</tr>
<tr>
<td>25-44 years</td>
<td>1,380</td>
<td>790</td>
<td>960</td>
<td>710</td>
<td>270</td>
<td>4,110</td>
</tr>
<tr>
<td>45-64 years</td>
<td>60</td>
<td>(170)</td>
<td>70</td>
<td>10</td>
<td>(150)</td>
<td>(180)</td>
</tr>
<tr>
<td>65+ years</td>
<td>130</td>
<td>90</td>
<td>20</td>
<td>130</td>
<td>180</td>
<td>550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,990</td>
<td>420</td>
<td>900</td>
<td>770</td>
<td>(60)</td>
<td>4,020</td>
</tr>
</tbody>
</table>
Migrant Household Characteristics

4.23 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.

4.24 When considering moves within the UK in the year up to the census in 2001 there were 553 wholly moving households leaving West Northamptonshire. However, there were 365 moves to West Northamptonshire from overseas.

4.25 When considering the characteristics of migrant households, those who rent privately are more likely to leave the area and those who own with a mortgage are more likely to have moved into the area when compared to other tenures.

4.26 Couples with no children and couples with dependent children households are the most likely household type to have moved into West Northamptonshire.

4.27 The Socio-economic Classification (NS-SeC) of household representatives, shows that those in lower manager/professional category are the most likely to have moved to West Northamptonshire during the year before the 2001 Census.

Migration in the RSL Sector

4.28 The COntinuous REcording (CORE) system operated by St Andrews University on behalf of the Homes and Communities Agency records details on all new lettings and re-lettings of RSL properties, including information on the previous postcode of all new tenants.

4.29 Between April 2006 and March 2009 there were 4,830 new RSL lettings recorded within West Northamptonshire, of which 281 (5.8%) were to households outside the local authority. The previous location of households varied greatly with 191 lettings to households from outside West Northamptonshire, from both nearby authorities and much further afield.

International Migration

4.30 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 people who travel to and from the UK. Therefore, the figures for any local
authority are drawn from relatively small samples. Figure 30 (overleaf) shows that between 2001 and 2006, a net 7,600 international migrants moved to West Northamptonshire from overseas, with almost two thirds of these moving to Northampton.

Figure 30
International Migration for West Northamptonshire (Source: ONS Migration Statistics)

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>International in-migration</th>
<th>International out-migration</th>
<th>Net international migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daventry District</td>
<td>2,900</td>
<td>1,700</td>
<td>1,200</td>
</tr>
<tr>
<td>Northampton</td>
<td>10,800</td>
<td>6,000</td>
<td>4,800</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>3,600</td>
<td>2,000</td>
<td>1,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,300</strong></td>
<td><strong>9,700</strong></td>
<td><strong>7,600</strong></td>
</tr>
</tbody>
</table>

4.31 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.

4.32 In 2007/08 a total of 3,870 new National Insurance numbers to non-UK nationals were issued in West Northamptonshire. This group of workers represent around 1% of all people residing in the local authority. It should be noted that this figure relates only to employees who have received new National Insurance numbers and does not include any of their dependents.

4.33 Figure 31 shows that almost 1,500 new national insurance registrations in West Northamptonshire were issued to Polish nationals which equates to around 38%. Around 8% were issued to Romanian nationals and 6.5% to Indian nationals. These groups together represent around 0.5% of the total population of the sub-region.

4.34 A group who are not identified in the 2001 Census are asylum seekers. However, the Home Office publishes separate asylum seeker statistics on a quarterly basis. Since the end of 2002 these have included figures for the number of asylum seekers in each local authority who either claim support from the National Asylum Support Service (NASS) or live in accommodation provided by NASS.

4.35 Asylum seekers are very important for housing studies such as this one. Asylum
seeker populations may become refugee populations and experience elsewhere has shown that refugee populations often struggle to find jobs and adequate housing.

4.36 Figure 32 shows that the number of asylum seekers who receive either accommodation or financial support from the National Asylum Seeker Service (NASS) in West Northamptonshire as a whole is currently around 23, but has been higher than 100. The chart also shows that all of the asylum seekers are in Northampton with none in Daventry District or South Northamptonshire. Figures in Northampton were rising in early 2004, but have since gradually fallen over the past few years.

The Local Economy

Economic Activity

4.37 Figures 33 and 34 show a long-term decline and levelling off of the unemployment rate in all local authorities in West Northamptonshire, however the most recent figures (June 2009) reflect the current economic downturn by showing that unemployment rates have begun to rise again at a rapid rate and now stand at around 2.3% in South Northamptonshire, 3.2% in Daventry District and 5.2% in Northampton. Figure 33 shows that the proportion of claimants in West Northamptonshire is lower than that of England as a whole, and lower than for the East Midlands region.
4.38 The decline experienced in unemployment claimants in the sub-region over recent years may not entirely reflect the strength of the local economy. Many working age persons not in jobs are not eligible, or do not claim, unemployment benefit.

4.39 Figure 35 shows that in West Northamptonshire the number of working age residents claiming incapacity benefit rose by over 6% between 2000 and 2004. 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 during this period. However, since 2005 the number of claimants has fallen possibly owing to increased difficulty in claiming this benefit.

New VAT Registrations

4.40 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 £68,000 per year. It can de-register if its turnover falls below £66,000. In practice most de-registration is likely to be due to the business being acquired, merged or liquidated.

4.41 Figure 36 shows the net new VAT registrations in West Northamptonshire per annum. In total, since 1998 the number of VAT registered businesses in West Northamptonshire has grown by 2,855. This represents an increase in registered businesses of around 25% since 1998, which is above the average across England as a whole where the number of businesses has grown by 16%.

Figure 36
Net New VAT Registered Businesses in West Northamptonshire 1998-2007 (Source: Department of Business, Enterprise and Regulatory Reform VAT Registrations)

Figure 37 (overleaf) shows the total net new VAT registrations in each local authority in West Northamptonshire where it can be seen that across the sub-region Northampton has experienced the largest increase in VAT registered businesses with over 1,300 more over ten years, and Daventry District the least with just over 800 new businesses over ten years.
Whilst the above analysis appears to be encouraging for the economic performance of the West Northamptonshire economy a more detailed analysis shows a significant trend. The majority of the new registrations have either been in construction or real estate. Given the impact of the ‘credit crunch’ and the slowdown in house building and house sales many of these businesses are now likely to be facing difficulties.

The 2001 Census highlights that the range of occupations of West Northamptonshire residents differs slightly from those of the overall population of the East Midlands region, with more people employed in managerial and professional occupations and less in skilled trades, machine operative and elementary occupations. Therefore, residents of West Northamptonshire are disproportionately more likely to be found in higher paying occupations, compared to the rest of the East Midlands.
4.45 When considering the industry of employment of residents, it is apparent that wholesale & retail trade, real estate and financial intermediation are relatively important to the West Northamptonshire economy.

4.46 Another measure of the economic characteristics of residents in an area is the National Statistics Socio-economic Classifications (NS-SeC). This classification was introduced by the Office for National Statistics in 2001 to replace the traditional Social Class based on Occupation (SC) and Socio-economic Groups (SEG) with a new system for classifying the socio-economic circumstances of individuals and households.

4.47 The system is based on the following eight classes.

**Figure 39**
Description of NS-SeC Classes (Source: Office of National Statistics)

<table>
<thead>
<tr>
<th>NS-SeC Class</th>
<th>Description</th>
</tr>
</thead>
</table>
| Higher managerial and professional       | Persons who employ others in enterprises employing 25 or more persons, and who delegate some part of their managerial and entrepreneurial functions onto salaried staff.  
Positions involving general planning and supervision of operations on behalf of the employer.  
Positions covering all types of higher professional work. |
| Lower managerial and professional        | Positions in which those employed generally plan and supervise operations on behalf of the employer under the direction of senior managers.  
Positions which involve formal and immediate supervision of others engaged in intermediate occupations. |
| Intermediate                             | Positions not involving general planning or supervisory powers, in clerical, sales, service and intermediate technical occupations.  
Positions in this group are 'mixed' in terms of employment regulation, i.e. are intermediate with respect to the service relationship and the labour contract.  
This group normally have little authority and are bureaucratically regulated. |
| Small employers and own account workers  | Persons (other than higher or lower professionals) who carry out all or most of the entrepreneurial and managerial functions of the enterprise but employ less than 25 employees.  
Self-employed positions in which the persons involved have no employees other than family workers. |
| Lower supervisory and technical          | Positions having a modified form of 'labour contract' and involve formal and immediate supervision of others engaged in such occupations often including a job title such as foreman or supervisor. |
| Semi-routine occupations                 | Positions in which employees are engaged in semi-routine occupations which have a slightly modified labour contract and have at least some need for employee discretion. |
| Routine occupations                      | Positions where employees are engaged in routine occupations which have a basic labour contract and little need for employee discretion. |
| Never worked and long-term unemployed    | Those who are over 16 years of age who have left full-time education, but have never been in paid employment, or have been unemployed for more than a year. |

4.48 Again, using this classification, the population of West Northamptonshire contains proportionally more people in managerial and professional categories. This again indicates that many employees in West Northamptonshire are in relatively highly paid occupations and therefore will be better placed to afford market housing.
Figure 40
Occupation, NS-SeC and Industry of Employment for West Northamptonshire Compared to East Midlands (Source: UK Census of Population 2001)
Incomes and Earnings

4.49 Alongside economic activity the other key component of the economy of an area is the wages earned by workers. There are two separate ways to analyse average earnings in a local authority. One is to examine the income of only those who are employed within the authority. The other is to examine the earnings of the residents of the authority. Employees are not necessarily residents so the results will differ.

Figure 41
Median Gross Annual Earnings for Local Authorities in West Northamptonshire in 2006 for All and Full-time Employees (Source: ASHE 2006)

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Daventry</th>
<th>Northampton</th>
<th>South Northamptonshire</th>
<th>West Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>£21,691</td>
<td>£20,319</td>
<td>£17,842</td>
<td>£19,951</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>£24,264</td>
<td>£23,043</td>
<td>£23,223</td>
<td>£23,510</td>
</tr>
<tr>
<td>Resident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees</td>
<td>£23,332</td>
<td>£19,834</td>
<td>£23,129</td>
<td>£22,098</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>£27,167</td>
<td>£22,804</td>
<td>£27,337</td>
<td>£25,769</td>
</tr>
</tbody>
</table>

4.50 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 nevertheless it is worth emphasising that this data is shown for information only, in order to understand how relative incomes have changed over time.

4.51 Figure 41 shows the comparisons for median gross annual earnings for 2006 (allowing for consistent comparison as there is missing data for 2007 and 2008). The results show that residents in West Northamptonshire in general earn more than those employed in the area with full time workers living in the area earning on average £2,250 more than workers in the area. If the local authorities are compared, both those employed and resident in Daventry District earn slightly more than in the rest of the sub-region. It is also interesting that in Northampton, those employed in the area earn more, whereas in Daventry District and South Northamptonshire, those resident in the area earn slightly more.

4.52 Figure 42 shows the median gross household income levels found in West Northamptonshire. This measure of income is more important than individual earnings for housing purposes because household income gives a greater guide as to how much a household can afford to spend on housing.

4.53 The map (figure 43) overleaf shows that the lowest average household incomes in West Northamptonshire are to be found in Northampton, with the rest of the sub-region typically having higher incomes.
Figure 43
Average Household Earnings by lower-level Super COA (Source: CACI Paycheck Data)
Skills and Education

4.54 Figure 44 shows the proportion of the population over 16 years who are educated to NVQ4 or higher level, and those with no formal qualifications. Information on education level is based on the highest educational qualification obtained, grouped as follows.

Figure 44
Description of Education Levels (Source: Office of National Statistics)

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 0 / No qualifications</td>
<td>No academic, vocational or professional qualifications.</td>
</tr>
</tbody>
</table>
| Level 1 | 1+ 'O' levels/CSE/GCSE (any grade)  
NVQ level 1  
Foundation GNVQ |
| Level 2 | 5+ 'O' levels  
5+ CSEs (grade 1)  
5+ GCSEs (grade A - C)  
School Certificate  
1+ A levels/AS levels  
NVQ level 2  
Intermediate GNVQ or equivalents |
| Level 3 | 2+ 'A' levels  
4+ AS levels  
Higher School Certificate  
NVQ level 3  
Advanced GNVQ or equivalents |
| Level 4 / 5 | First degree  
Higher Degree  
NVQ levels 4 – 5  
HNC  
HND  
Qualified Teacher Status  
Qualified Medical Doctor  
Qualified Dentist  
Qualified Nurse, Midwife, Health Visitor or equivalents |
| Other qualifications / Level unknown | Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel)  
Other professional qualifications. |

4.55 Figure 45 overleaf shows that compared with the East Midlands region as a whole, the population of West Northamptonshire has less people with no qualifications and more people with a degree or above. Northampton has the highest proportion of those with no qualifications and South Northamptonshire has the highest proportion of those with a degree or above.
Figure 45
Qualification Levels for Local Authority residents, West Northamptonshire, East Midland region and England & Wales (Source: UK Census of Population 2001)

<table>
<thead>
<tr>
<th>Education Level</th>
<th>England &amp; Wales</th>
<th>East Midlands</th>
<th>West Northamptonshire</th>
<th>Daventry</th>
<th>Northampton</th>
<th>South Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 0</td>
<td>28.9%</td>
<td>31.6%</td>
<td>26.7%</td>
<td>24.3%</td>
<td>29.1%</td>
<td>23.1%</td>
</tr>
<tr>
<td>Level 1</td>
<td>16.6%</td>
<td>17.7%</td>
<td>18.3%</td>
<td>18.6%</td>
<td>18.4%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Level 2</td>
<td>19.4%</td>
<td>18.8%</td>
<td>21.0%</td>
<td>21.5%</td>
<td>20.2%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Level 3</td>
<td>8.3%</td>
<td>7.8%</td>
<td>8.2%</td>
<td>7.3%</td>
<td>8.7%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Level 4 / 5</td>
<td>19.9%</td>
<td>16.6%</td>
<td>18.7%</td>
<td>21.0%</td>
<td>16.7%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Other / unknown</td>
<td>6.9%</td>
<td>7.4%</td>
<td>7.1%</td>
<td>7.4%</td>
<td>7.1%</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

Figure 46 shows that almost 50% of the population of West Northamptonshire aged over 50 years possess no formal qualifications. This compares with around 15% of the 16-24 year age category. Around 20% of everyone aged 25-49 years has the equivalent to a degree or higher.
Summary of Key Findings

Demographic Drivers

The number of households in the UK has increased more rapidly than housing supply. There are several key reasons for the increase in household numbers. According to the Office for National Statistics (ONS), until the mid-1990s, natural change was the main driver for population growth. However, more recent population growth has been predominantly based upon international migration.

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.

Taking the 1981 population as a base, it shows that the population of West Northamptonshire sub-region rose by 32.3% in the period up to 2007, from 281,300 to 372,200 people. This compares with a rise in population of only around 9% for England and 14.2% for the East Midlands region.

The age structure of the population of West Northamptonshire is that there are proportionally fewer older people aged 55+ years, and young adults aged 15-24 years in the area than in the East Midlands as a whole. West Northamptonshire also has proportionally more adults aged 25-49 years and children aged under 15 when compared with the East Midlands. There is little difference in the age profiles of any of the authorities in the sub-region.

This rise in population of all local authorities in West Northamptonshire is expected to continue in the future. Based on revised population estimates from 2006, the Office of National Statistics estimates that the population of the whole of the West Northamptonshire sub-region will rise to 495,900 by 2031. This would represent a 35% rise in the period 2006-2031. The population projections also show that the population of Daventry District and South Northamptonshire is expected to rise proportionally much more rapidly than that of Northampton’s population, which is projected to increase by 26% by 2029.

The ONS projections show that the population of West Northamptonshire is likely to become older in the period up to 2029. In particular, the number of people aged 60 years and above is expected to grow considerably. The evidence suggests that the impact of the natural ageing of the population in West Northants is mitigated by the in-migration of younger households.

There was net migration to West Northamptonshire over the five year period 2002-2007. Overall, migration accounted for a rise in the authority’s population of 4,020 people from 2002 to 2007 from across England and Wales. This represents around 1.1% of the current population of the area. The sub-region gained 11,580 people from the South East, London and the East combined but experienced a net loss to all other regions. The highest net in-migration was from Milton Keynes and Cherwell. The highest net out-migration was to Kettering and Wellingborough. Within the sub region Northampton loses population to Daventry District and South Northamptonshire but gains population from London the South East and the rest of the Eastern region.

Couples with no children and couples with dependent children households are the most likely household type to have moved into West Northamptonshire. The lower manager/professional category are the most likely to have moved to West Northamptonshire during the year before the 2001 Census.

Between 2001 and 2006, a net 7,600 international migrants moved to West Northamptonshire from overseas, with almost two thirds of these moving to Northampton. The largest groups were from Poland, Romania and India.
Summary of Key Findings continued

Economic Drivers

There has been a long-term decline and levelling off of the unemployment rate in all local authorities in West Northamptonshire, however the most recent figures (June 2009) reflect the current economic downturn by showing that unemployment rates have begun to rise again at a rapid rate and now stand at around 2.3% in South Northamptonshire, 3.2% in Daventry District and 5.2% in Northampton.

Since 1998 the number of VAT registered businesses in West Northamptonshire has grown by 2,855. This represents an increase in registered businesses of around 25% since 1998, which is above the average across England as a whole where the number of businesses has grown by 16%.

The range of occupations of West Northamptonshire residents differs slightly from those of the overall population of the East Midlands region, with more people employed in managerial and professional occupations and less in skilled trades, machine operative and elementary occupations. Therefore, residents of West Northamptonshire are disproportionately to be found in higher paying occupations, compared to the rest of the East Midlands and therefore will be better placed to afford market housing.

Wholesale and retail trade, real estate and financial intermediation are relatively important to the West Northamptonshire economy.

Residents in West Northamptonshire in general earn more than those employed in the area with full time workers living in the area earning on average £2,250 more than people who work but do not live in the area. If the local authorities are compared, both those employed and resident in Daventry District earn slightly more than in the rest of the sub-region. Residents of West Northamptonshire typically earn more than those employees resident in the East Midlands region as a whole.

Compared with the East Midlands region as a whole, the population of West Northamptonshire has less people with no qualifications and more people with a degree or above. Northampton has the highest proportion of those with no qualifications and South Northamptonshire has the highest proportion of those with a degree or above.
Section 5: Existing Dwelling Stock

5.1 It is important to understanding the characteristics of housing available to residents of an area. The mix of property type available will have a bearing on home-owners’ choice of housing and the investment opportunities available to landlords.

5.2 For example, the age of a dwelling will have an impact. Pre-1919, terraced houses tend to be large in comparison to a typical modern detached house. The age of a dwelling will also tend to determine its internal layout, the provision of amenities, its level of energy efficiency and its condition.

5.3 The following analysis examines a number of general physical characteristics of the stock before exploring the relationship between dwelling characteristics and the condition of housing across the sub-region.

Property Type

5.4 Figure 47 shows the mix of existing properties in West Northamptonshire in terms of property type. Detached properties comprise around 36% of the stock, semi-detached properties around 32% of the stock, terraced housing comprises around 26% of the total with flats accounting for the remaining 6%. It is also noteworthy that around 1% of the stock is formed from a converted dwelling, rather than being purpose built. Compared with East Midland averages, there is more terraced housing in West Northamptonshire.

Figure 47 Property Type, (Source: UK Census of Population 2001)

5.5 If the local authorities are compared in terms of dwelling type it can be seen that Northampton has a relatively low proportion of detached properties (27%) and a relatively high proportion of
terraced housing (35%) and flats (8%). The pattern for Daventry District and South Northamptonshire is reversed.

### Housing Tenure

5.6 Figure 48 shows the proportion of dwellings in each of the local authorities in the East Midlands that were classified as social rented housing in 2008. It is apparent that the overall proportion of social rented housing in West Northamptonshire is very slightly lower than the East Midlands average and lower than the English average. Northampton has the highest proportion of social housing (mainly in the form of LA owned properties) in the sub-region and South Northamptonshire has the lowest proportion (which consists entirely of RSL owned properties).

5.7 Figure 49 shows the overall tenure of housing stock in West Northamptonshire, showing that owner occupation forms a majority of the housing stock in the sub-region. 78.7% of all properties across the area are owned outright or are owned with a mortgage. Around 12.5% of the stock is rented from social landlords with the remaining 8.9% in private rent.
5.8 There is little difference between the local authorities within West Northamptonshire and their tenure distribution however Northampton has a slightly lower proportion of those who own outright and slightly more who own with a mortgage. South Northamptonshire has the lowest proportion of socially rented properties. Both West Northamptonshire and the East Midlands as a whole have a higher proportion of owner occupied properties and lower social and private rented dwellings when compared to the whole of England and Wales (Figure 50).

![Figure 50](image-url) Tenure by Local Authority (Source: UK Census of Population 2001)

5.9 Figure 51 shows the difference in property type which exists between owner-occupied, private rented and social housing in West Northamptonshire. Less than 5% of owner occupied properties are flats and around 40% are detached while in contrast, 32% of all social rented housing and 27% of all private rent dwellings are flats, with very few detached.

![Figure 51](image-url) Property Type by Tenure (Source: UK Census of Population 2001)

5.10 Figure 52 overleaf shows both private rented and social rented dwellings typically contain fewer rooms than those which are owner occupied. This still implies that around 15% of social rented dwellings contain six or more rooms and over 40% 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.

Figure 52

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

- **West Northamptonshire**
- **Owner Occupied**
- **Social Rent**
- **Private Rent**

Social Housing

5.11 Figure 53 shows households in the social rented sector did not follow the age profile of the rest of the population of West Northamptonshire. This shows that social rented tenants are disproportionately aged 0-24 years and 65+ years when compared to the whole population of the sub-region.

5.12 Figure 54 shows that compared to all households in West Northamptonshire the social rent sector contains proportionately many more lone parents and pensioners and fewer couples with or without children.
5.13 Figure 54 also shows how household types in the social rented sector vary between local authorities where it can be seen that Northampton contains more single person households (21%) while South Northamptonshire contains slightly more all pensioner households (40%).

5.14 Detailed individual records of all Registered Social Landlord (RSL) lets are available from the Continuous Recording (CORE) system maintained by the University of St Andrews. All figures relate to general lettings made between April 2006 and March 2009 and exclude those who transferred from one socially rented property to another.

5.15 The age of the new tenants (figure 55) shows that a third of all new tenants were aged under 25 years and almost 60% were aged under 35 years.

5.16 As mentioned previously in Chapter 4, between April 2006 and March 2009 there were 4,830 new RSL lettings recorded within West Northamptonshire, of which 281 (5.8%) were to households outside the local authority. The previous location of households varied greatly with 191 lettings to households from outside of West Northamptonshire, from both nearby authorities and much further afield.

Houses of Multiple Occupation and Communal Establishments

5.17 When looking at housing needs it must be remembered that not all people live in standard households. Many households occupy houses in multiple occupation (HMOs). The precise definition of a HMO is complex. The following is taken from a CLG leaflet and describes the characteristics of a HMO:

- A bedsit where you share the bathroom with tenants of other bedsits
- A flat in a house whether you share the bathroom facilities with other tenants or not
- A room in a shared house where you share the bathroom and kitchen facilities with the tenants of the other rooms but do not live with the other tenants as part of a 'household', for example you don't cook for one another and eat together like a family would
- You are a lodger renting a room from a resident landlord (as long as there are at least 3 other lodgers in the house)
- You live in a bed and breakfast hostel
- You live permanently in a hotel or guest house

5.18 Across Northampton HMOs form a significant part of the private rented housing sector. The Housing Strategy Statistical Appendix (HSSA) 2008 for the three authorities in West Northamptonshire estimated that there were 2,570 HMOs in the sub-region with all but 34 of these being in Northampton (although this may be an underestimation).

5.19 It is also important to note that not all people live in independent accommodation. Figure 56 shows that 1.7% of the population of West Northamptonshire live in communal residences,
compared to around 1.8% for the entire East Midlands region. Northampton has a particularly high proportion of medical and care establishments (1.2%), and Daventry District has a relatively high proportion of prison service establishments (1.0%).

Figure 56
Proportion of People in Communal Housing by Type of Establishment in West Northamptonshire (Source: UK Census of Population 2001)
Summary of Key Findings

Detached properties comprise around 36% of the stock, semi-detached properties around 32% of the stock, terraced housing comprises around 26% of the total with flats accounting for the remaining 6%. Around 1% of the stock is formed from a converted dwelling, rather than being purpose built. Compared with East Midland averages, there is more terraced housing in West Northamptonshire.

Northampton has a relatively low proportion of detached properties (27%) and a relatively high proportion of terraced housing (35%) and flats (8%). The pattern for Daventry District and South Northamptonshire is reversed.

Regarding the overall tenure of housing stock in West Northamptonshire, 78.7% of all properties across the area are owned outright or owned with a mortgage. Around 12.5% of the stock is rented from social landlords with the remaining 8.9% in private rent.

The overall proportion of social rented housing in West Northamptonshire is very slightly lower than the East Midlands average and lower than the English average. Northampton has the highest proportion of social housing (mainly in the form of LA owned properties) in the sub-region and South Northamptonshire has the lowest proportion (which consists entirely of RSL owned properties).

Less than 5% of owner occupied properties are flats and around 40% are detached while in contrast, 32% of all social rented housing and 27% of all private rent dwellings are flats, with very few detached.

Compared to all households in West Northamptonshire the social rent sector contains proportionately many more lone parents and pensioners and fewer couples with or without children. This varies between Local Authority. Northampton contains more single person households (21%) while South Northamptonshire contains slightly more all pensioner households (40%).

Across Northampton, Houses in Multiple Occupation (HMOs) form a significant part of the private rented housing sector. The Housing Strategy Statistical Appendix (HSSA) 2008 for the three authorities in West Northamptonshire estimated that there were 2,570 HMOs in the sub-region with all but 34 of these being in Northampton (although this may be an underestimation).
Section 6: The ORS Housing Mix Model

6.1 This section summarises the technical overview of the ORS Housing Mix Model upon which the following chapters are based.

6.2 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.

6.3 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.

6.4 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 full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.

6.5 The Model therefore is based upon past trends and current market drivers. It does not take account of policy led interventions and change. The outputs of the model should be considered alongside other information, vision and policy aims when future policy in relation to housing is considered.
Figure 57 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;
- 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.

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 of intermediate affordable housing and social rented housing is estimated.

The first stage of the model separates households into two groups, owners and non-owners on the basis of baseline information about existing households taken from the 2001 Census.
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.

The model also takes account of the dissolution of existing owners that is projected to occur over the household projection period 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.

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

In developing the Housing Mix Model, ORS recognised the need for local level data about household incomes and secured a license 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 arrived at through household survey data and has found that the results from the CACI model tend to underestimate 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.

The ORS Income Model is able to separate the income distribution of owners and non-owners to directly inform the Housing Mix Model affordability profiling.

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.

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.

Once the income threshold for market housing has been established, the Housing Mix Model estimates the number of existing households who are non-owners that can afford market housing. Combining this with the projected number of future owner occupiers estimates the future total number of households requiring market housing within the area.

The requirement for Affordable Housing is estimated by offsetting the total number of households requiring market housing from the overall household projections.

The Housing Mix Model considers the need for Social Rented Housing on the basis of social trends. The social trends for each household type 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.
6.19 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.

6.20 To establish the current housing stock profile, the Model considers the baseline housing stock from the 2001 Census broken down by tenure and supplements this information with data on housing completions broken down by tenure reported within 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.

6.21 The Housing Mix Model considers the future requirement for Market Housing alongside the current stock of Market Housing to establish the net additional dwellings that are required to be provided as Market Housing.

6.22 The future requirement for Intermediate Affordable Housing is considered alongside the stock of existing Intermediate Affordable Housing and also 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.

6.23 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.

6.24 The Housing Mix Model considers the nature of housing that was occupied by different household types in terms of size and tenure on the basis of information from the 2001 Census, which recognises that many households will under-occupy their homes (and choose to live in larger properties than they technically need on the basis of the bedroom standard set out in the Housing Act) – although housing allocation policies will mean that social tenants will tend to be less likely to under-occupy their homes.

6.25 This trend-based occupancy profile is applied to the projected household mix in terms of the type of household 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 to be provided within each tenure split by size.
Section 7: Housing Need and Requirements

7.1 This chapter draws on many sources of information and using models that ORS has developed and refined. It can be broken down into a number of stages which are now listed and cross referenced:

- The chapter starts by explaining the terms housing need, demand and the future housing requirement (from paragraph 7.2)
- It breaks these definitions down into their component parts, especially unsuitability (from paragraph 7.11), and affordability (from paragraph 7.24)
- ORS modelling is used together with data from many different sources to arrive at estimates of the future housing requirement to 2021 and 2026 and its key features:
  - We build upon the projected household growth (from paragraph 7.62) to estimate the requirement for additional social housing and then other tenures (from paragraph 7.85)
  - We apply sensitivity testing to see how price trends (from paragraph 7.102) affect the requirements
  - We provide a breakdown of these requirements by tenure and size mix (from paragraph 7.128).
- We look in more detail at how intermediate affordable and low cost market housing requirements are met (from paragraph 7.149)
- We examine how housing need is expressed by households through the housing register and homelessness applications (from paragraph 7.174)
- Finally we provide a summary of findings and observations

The SHMA Practice Guidance

7.2 The Practice Guidance for undertaking Strategic Housing Market Assessments (SHMAs) published by the Department for Communities and Local Government (CLG), in August 2007, identifies eight Core Outputs. Numbers 4 to 7 of these outputs are relevant to this chapter:

- Estimate of current number of households in housing need
- Estimate of future households requiring affordable housing
- Estimate of future households requiring market housing
- Estimate of the size of affordable housing required
The Practice Guidance also provides specific Research Questions for these stages of the assessment, which have helped structure this Research Paper (Table 2.1, CLG SHMA Practice Guidance 2007).

<table>
<thead>
<tr>
<th>Stage</th>
<th>Research Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current housing need</strong></td>
<td>What is the total number of households in housing need currently (gross estimate)?</td>
</tr>
<tr>
<td><strong>Future need</strong></td>
<td>How many newly arising households are likely to be in housing need (gross annual estimate)?</td>
</tr>
<tr>
<td><strong>Affordable housing supply</strong></td>
<td>What is the level of existing affordable housing stock?</td>
</tr>
<tr>
<td><strong>Housing requirements of households in need</strong></td>
<td>What is the current requirement for affordable housing from households in need?</td>
</tr>
<tr>
<td><strong>Bringing the evidence together</strong></td>
<td>What is the total number of households in need (net annual estimate)?</td>
</tr>
<tr>
<td></td>
<td>What are the key issues for future policy/strategy?</td>
</tr>
<tr>
<td></td>
<td>How do the key messages fit with the findings from Chapters 3 and 4?</td>
</tr>
</tbody>
</table>

The chapter begins by looking at the change in the Index of Multiple Deprivation, it then looks at the acute indicators of need (overcrowding and homelessness). We then estimate the proportion of households in unsuitable housing and the nature of unsuitability by applying an ORS model to West Northamptonshire’s profile.

**Index of Multiple Deprivation**

Many of the characteristics of an area can also be aggregated to generate an overall picture of the relative wellbeing of the area. This is the Index of Multiple Deprivation and results were published in 2004 and 2007. Figure 59 overleaf shows relative levels of deprivation in West Northamptonshire in 2007. Areas marked in darker shades of purple contain higher levels of relative deprivation. This shows that deprivation is relatively low in the rural areas, but concentrated areas of Northampton and Daventry District contain higher levels of overall deprivation.
Figure 60 (overleaf) shows how the scores for each lower super output area in West Northamptonshire changed between 2004 and 2007. This shows that many lower super output areas in South Northamptonshire and Daventry District saw a reduction in their scores between 2004 and 2007. This indicates that deprivation in these areas has reduced in this time. Many of the larger urban areas such as Northampton and Daventry town have seen an increase in their scores indicating an increase in deprivation levels. It is also the case that some rural areas across the sub-region have increases in deprivation levels.
The overall Index of Multiple Deprivation features a number of components. One of these is housing and barriers to services. This in turn comprises measures concerning distance from primary schools, shops, a GP and a post office as well as housing related problems of affordability, overcrowding and homelessness. Figure 61 shows that under this measure, rural areas are typically more deprived because they have greater distances to travel to access services. It is also the case that house prices are typically more expensive in rural areas so affordability is more of a problem.
Overcrowding

A total of 4.8% of households in West Northamptonshire lived in overcrowded conditions at the time of the 2001 Census. Although this is slightly higher than the average for the whole of the East Midlands it is lower than the proportion for England and Wales as a whole. It can also be seen that Northampton has the highest proportion (6.2%) and South Northamptonshire the lowest proportion (2.6%) of overcrowded households in the sub-region.

The room occupancy rating featured in Figure 62 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

Figure 61
Index of Multiple Deprivation (Housing and Barriers to Services) 2007 (Source: CLG and ODPM. (Note: Data shown at lower-level Super COA. Higher levels of deprivation shown in darker shading)

Figure 62
Proportion of Households Overcrowded by Area (Source: UK Census of Population 2001)
composition of the household, with, 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 overcrowded.

7.10 Figure 63 illustrates how the proportion varies by tenure, where it is apparent that only 2.3% of owner occupied dwellings were overcrowded. However, 12.1% of social rented and 11.7% of private rented dwellings in West Northamptonshire were overcrowded.

Identifying Unsuitably Housed Households

7.11 Housing need is defined in the government guidance 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’. Therefore, to identify existing housing need we must first consider the adequacy and suitability of households’ current housing circumstances.

7.12 A classification of unsuitable housing is set out below, taken from CLG’s SHMA Practice Guidance Table 5.1.

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

7.13 Most of the identified issues concern established rather than newly forming households. The nature of unsuitability will mean that some households need to move home but others could continue to live in the same home if appropriate changes were made. Even where a move is necessary, facilitating households to relocate from one property to another does not necessarily
imply additional homes are needed. The characteristics of the newly occupied dwellings may differ, but the overall number of homes remains the same.

Nevertheless, to satisfy the needs of all households, it may be necessary to provide some additional housing with particular characteristics leaving an equivalent number of dwellings (with different characteristics) available to meet housing needs and demands from elsewhere in the market.

**Assessing Established Households in Unsuitable Housing**

Households are classified as being unsuitably housed if one or more of the above factors are found to apply. However, secondary data sources 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.

Therefore, 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 over the last three years in England. The model uses logit estimation to analyse cases of both unsuitably and suitably housed households to identify characteristics in secondary data sources which are associated with unsuitably housed households. The same secondary data sources are then used to forecast the level of unsuitably housed in the area under consideration.

The variables which are used to predict the level of households who are unsuitably housed are:

- Income – drawn from CACI paycheck;
- Average house prices from Land Registry;
- Relative house prices – output area average relative to borough average;
- Index of Multiple Deprivation scores 2007;
- DEFRA geography category – Urban, Town & Fringe, Village or Hamlet;
- 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;

The modelled results for West Northamptonshire are shown overleaf with Figure 65 showing a closer view of Northampton. This shows that much of the predicted areas of unsuitable housing is contained within the urban areas. Many of the rural areas and villages show very low levels of predicted unsuitably housed households.
Figure 65
Modelled Unsuitably Housed by Output Area (Source: ORS Unsuitably Housed Model. Note: Quintile refers to the proportion of the frequency distribution containing one fifth of the sample and is ranked highest to lowest)
7.19 Across the local authorities there is some variation as to their proportion of households who are unsuitably housed with only 9.8% in South Northamptonshire compared to 16.3% in Northampton. Across the whole sub-region nearly 20,000 households are unsuitably housed, which amounts to 13.8% of all households (Figure 67).
The Policy Implications of Unsuitable Housing

7.20 Not all households in unsuitable housing need to move. Their home can be repaired or adapted to their needs. In studies involving a household survey, ORS has typically found that only a small fraction of people in unsuitable housing both need and want to move. Accordingly, the affordable housing requirement calculated below does not specifically add this group into the calculation although due to the methodology, counting people in unsuitable housing is implicit.

7.21 Some households in unsuitable housing will have the financial capacity either to move or achieve ‘in situ’ remedies. Other households on lower incomes may be awarded grants from the Local Authority for adaptations. In either case there are major policy and service delivery implications.

7.22 Many households in unsuitable housing are older person households. Many will rely on a combination of adaptations, ‘telecare’, low level warden support, or domiciliary care to enable them to live independently. Many will also rely on informal care and support provided by relatives, friends and neighbours.

7.23 Some are assisted by means of care and repair schemes, voluntary sector agencies such as age concern and from family members. Products such as shared ownership and equity release are becoming increasingly important and acceptable mechanisms for funding solutions.

Understanding the Affordability of Local Housing

Introduction

7.24 The second factor in the assessment of housing need is the affordability of the available housing to local people. Our aim is to estimate the minimum house price and household income threshold for those wishing to live in market housing whether purchased or rented.

7.25 We can achieve this by looking at data concerning recent housing transactions and by using Practice Guidance recommended income multipliers to calculate the income required to afford housing in key price bands and tenures.

7.26 We also estimate the income level required to afford social housing by this method. This is important because this sets the upper income level of local households that can only afford social housing. Households with incomes above the level of the highest social rents must by definition (PPS3 Annex B) be able to afford either intermediate affordable housing or market housing. Housing benefit is ignored as our aim is to define the income band of households that can afford more than a social rent but not a market rent and housing benefit blurs this definition. Note that the estimated requirement for intermediate affordable housing is based upon affordability tests using local incomes rents and prices. The requirement is equivalent to the number of households that are likely to be in the intermediate affordable housing band in terms of their household income. This does not mean that such households will seek to live in intermediate affordable housing, indeed many could not, due to limited supply and the fact that currently only higher income households within the intermediate band could afford to do so. The housing requirements of households at the lower end of the intermediate band are either social rented housing (see below) or housing in the private rented sector with housing benefit support. Further implications are considered in later paragraphs of this section and the section on policy implications.
Then we aim to understand what gaps in the supply of housing exists in relation to the household incomes.

**Local House Price Trends**

Figure 68 shows the average property prices in West Northamptonshire for each quarter from the second quarter of 2000 until the first quarter of 2009. It should also be noted that discounted local authority properties bought under ‘right-to-buy’ are not included in the statistics.

During this time period prices rose steeply until the end of 2007, but have been generally falling since this time, although in Daventry District prices peaked during quarter four 2008. Prices in South Northamptonshire have remained consistently the highest in the sub-region, while those in Northampton have been the lowest.

The range of prices observed will also be dependent upon the type of stock that is sold in any one period, so if for example, one year sees a large number of smaller flats coming to the market, the transaction amount would reflect this. It should also be borne in mind that at least some of these properties at the extreme end of the scale may be in severe disrepair, and may require a significant amount of investment to bring them up to an appropriate standard therefore inflating the cost of buying the property.
7.31 Figure 69 illustrates how property prices have changed in West Northants over a longer period of time across the key price bands. In the first quarter of 2000, around 71% of all completed property sales were priced at less than £100,000. Only 10% of all sales were in this band from 2006 onwards. Conversely, the proportion of dwellings selling for over £200,000 rose from less than 5% of all sales to more than 30% of the total. However prices have begun to fall again and in the first quarter of 2009 only 23% of properties sold for over £200,000 and 20% of properties sold for less than £100,000.

7.32 £120,000 is a key price band because it is around the maximum mortgage which is likely to be available to first-time buyers and for key worker groups such as teachers, nurses and police officers. Therefore, affordability for this group of workers has declined sharply with the vast majority of properties in West Northamptonshire currently being beyond the reach of most first time buyers. Although affordability has improved due to the credit crunch represented by the upward trend in the figure, access to home ownership for this group has not improved due to a shortage of mortgages and the higher deposits required.

7.33 It is also necessary to understand the volume and composition of sales, for this can tell us more about the dynamics of the housing market.

7.34 Figure 70 shows the volume of annual property sales since 2001. It is apparent that the number of completed sales peaked at over 2,900 sales in late 2002 before falling slightly, dipping to 2,060 sales in 2005. By 2007, however, the volume of sales again rose to around 2,630 sales, but fell into sharp decline in 2008/09 with a total of 1,060 transactions being completed.
Affordability

7.35 Figure 71 (below) shows the distribution of all property transactions in West Northamptonshire with the Land Registry for the period April 2008 to March 2009 broken down by price band. It is apparent that there were very few transactions for less than £100,000 with 28.2% of properties selling for less than £125,000 which was the upper limit of the zero rated stamp duty. 48.3% of all properties sell for between £125,000 and £200,000.

![Figure 71 Property Sale Transactions for West Northamptonshire Sub-region 2008-09](Image)

7.36 But how many of these homes were affordable to local households who are not already homeowners?

7.37 We can illustrate the proportion of the available stock that is affordable to households that have no equity in Figure 72 below. However we first explain the CLG rules for assessing how much a household can spend on its housing costs.

7.38 In determining mortgage borrowing, CLG guidance from August 2007 ‘Strategic Housing Market Assessments Practice Guidance’ states that it should be assumed that a single earner will borrow up to 3.5x his/her gross earnings, with two income households borrowing no more than 2.9x the joint income.

7.39 Is the use of the 3.5x multiplier appropriate in our calculations? Data produced by the Council of Mortgage Lenders (CML), Figure 72 states that income multipliers are currently around 3.2x for first time buyers. But this ratio has been falling as the credit crunch has developed. So using the 3.5x multiple represents the upper limit for mortgages for first time buyers. We have retained this assumption in our calculations to allow for the fact that in the current market house prices are falling and affordability ratios are improving. The table contains other interesting information about recent trends affecting first time buyers and these will be discussed later in the paper.
### Figure 72
**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)

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of loans</th>
<th>Age of borrower</th>
<th>Median Advance £</th>
<th>Median Income £</th>
<th>% advance</th>
<th>Income Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2008</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>18,000</td>
<td>29</td>
<td>115,000</td>
<td>35,000</td>
<td>89</td>
<td>3.33</td>
</tr>
<tr>
<td>February</td>
<td>17,400</td>
<td>29</td>
<td>114,000</td>
<td>34,900</td>
<td>89</td>
<td>3.35</td>
</tr>
<tr>
<td>March</td>
<td>17,800</td>
<td>28</td>
<td>114,950</td>
<td>34,840</td>
<td>89</td>
<td>3.35</td>
</tr>
<tr>
<td>April</td>
<td>18,800</td>
<td>28</td>
<td>114,277</td>
<td>35,000</td>
<td>89</td>
<td>3.33</td>
</tr>
<tr>
<td>May</td>
<td>19,700</td>
<td>28</td>
<td>114,645</td>
<td>35,000</td>
<td>89</td>
<td>3.35</td>
</tr>
<tr>
<td>June</td>
<td>18,200</td>
<td>29</td>
<td>113,854</td>
<td>35,000</td>
<td>87</td>
<td>3.33</td>
</tr>
<tr>
<td>July</td>
<td>16,500</td>
<td>29</td>
<td>110,250</td>
<td>34,500</td>
<td>86</td>
<td>3.27</td>
</tr>
<tr>
<td>August</td>
<td>14,600</td>
<td>29</td>
<td>107,953</td>
<td>34,380</td>
<td>85</td>
<td>3.21</td>
</tr>
<tr>
<td>September</td>
<td>13,400</td>
<td>29</td>
<td>104,500</td>
<td>33,960</td>
<td>84</td>
<td>3.18</td>
</tr>
</tbody>
</table>

7.40 Figure 73 overleaf and subsequent related figures are all based on the assumption that households spend no more than 25% of their income on rents and that mortgage advances are based on 3.5x income.

7.41 We can estimate the income required to access properties in the **private rented sector** by considering the mix of rented housing (in terms of dwelling type), the cost of purchasing rented stock and the current 6.5% yield from buy-to-let properties (Source: Paragon Buy to let Index March 2008).

7.42 To complete the analysis of the rented stock, we should also consider the cost of renting in the **social rented sector**. Unlike market housing, rents in the social sector are determined locally in line with the national Target Rents methodology.

7.43 On the basis of households spending no more than 25% of their gross income on housing costs, households would require incomes of £12,900 to service the rent on a 1 bedroom social rented home; £15,000 for a 2 bedroom social rented home; £17,000 for a 3 bedroom social rented home and £18,900 for larger social sector homes. Households with incomes any lower than these amounts are likely to qualify for Housing Benefit Support to assist with their rent, as all social rented properties should be affordable to all households.

7.44 Figure 73 shows the required annual household income to service the cost of housing in West Northamptonshire based on the transactions during the year from April 2008 to March 2009. The figure identifies the proportion of dwellings that is affordable to households using the above affordability ratios in income bands of £5,000. For example, if households earning £20,000 or less are assumed to require social rented housing, 18.8% of local housing would be affordable. In this case we would expect that this housing would almost entirely (16.0%) be in the social sector. Of course some households have such low income that they cannot afford even social rents based upon the CLG affordability criteria. Such households will be eligible for Housing Benefit, see Figure 75. - 10% of non owners earn less than £10k per annum.
7.45 The limited supply of housing available for those households earning £20,000-24,999 and to a lesser extent £25,000-29,999 becomes quite apparent.

Figure 73
Available Housing Stock by Required Income in West Northamptonshire 2008 (HM Land Registry, All Transactions from April 2008 to March 2009)

7.46 Only 24.3% of properties sold would be affordable to individual earners with incomes of less than £34,999 borrowing at the maximum 3.5x ratio, assuming little or no equity. Even fewer properties would be available to households with joint incomes of less than £34,999 as joint income is subject to a smaller multiplier. It is not possible to estimate the proportion of households with single or joint incomes so the calculation for individual earners should be regarded as the maximum number of properties that could be afforded. This is because the household income required for any given purchase price is lower than for joint income households.

7.47 Only 6.5% of housing for owner-occupation and 23.9% of market rented housing is available to those earning less than £25,000 gross. These properties are likely to include many in a poor state of repair, or very small in size or badly located and/or in need of considerable investment. Therefore the income level of £25,000 is a key finding as it defines the entry level for market housing.

7.48 Next we consider the housing that became available in the year in the context of local household incomes to determine what proportion of transactions were affordable to households that are not already homeowners. We have modelled local incomes to determine the income distribution of those households without existing equity. This enables us to distinguish between households who may have no choice but to seek affordable housing and those who can afford market housing. It is assumed that most households with equity who intend to move have the means to access market housing whether owned or rented. This is because equity extends the spending power of households when they are seeking to move home.

7.49 The outcome of this modelling process has been overlaid on the distribution of available housing stock to identify any apparent shortfalls (Figure 74) below.
The proportion of non-owning households of all households in each income band is given by the dotted line which is based upon modelled household income of households who are not already homeowners.

**Figure 74**  
Affordability of Housing Stock for Non-Owners in West Northamptonshire Based on 3.5x Mortgage Multipliers and 25% of Income if Renting  
(Model based on HM Land Registry transactions from April 2008 to March 2009 and Modelled Income for Non-Owners)

**Figure 75**  
Proportion of Non owners of all Households in West Northamptonshire 2009 (Model based on Modelled Income for Non-Owners)

<table>
<thead>
<tr>
<th>Income Band</th>
<th>Proportion of non owners of all households in income band</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £5,000</td>
<td>3.06%</td>
<td>3.06%</td>
</tr>
<tr>
<td>£5,000-9,999</td>
<td>6.71%</td>
<td>9.77%</td>
</tr>
<tr>
<td>£10,000-14,999</td>
<td>4.40%</td>
<td>14.17%</td>
</tr>
<tr>
<td>£15,000-19,999</td>
<td>2.73%</td>
<td>16.90%</td>
</tr>
<tr>
<td>£20,000-24,999</td>
<td>1.91%</td>
<td>18.81%</td>
</tr>
<tr>
<td>£25,000-29,999</td>
<td>1.57%</td>
<td>20.38%</td>
</tr>
<tr>
<td>£30,000-34,999</td>
<td>1.18%</td>
<td>21.56%</td>
</tr>
<tr>
<td>£35,000-39,999</td>
<td>1.00%</td>
<td>22.56%</td>
</tr>
<tr>
<td>£40,000-44,999</td>
<td>0.72%</td>
<td>23.28%</td>
</tr>
<tr>
<td>£45,000-49,999</td>
<td>0.52%</td>
<td>23.80%</td>
</tr>
<tr>
<td>£50,000-54,999</td>
<td>0.33%</td>
<td>24.13%</td>
</tr>
<tr>
<td>£55,000-59,999</td>
<td>0.30%</td>
<td>24.43%</td>
</tr>
<tr>
<td>£60,000-64,999</td>
<td>0.21%</td>
<td>24.64%</td>
</tr>
<tr>
<td>£65,000-69,999</td>
<td>0.15%</td>
<td>24.79%</td>
</tr>
<tr>
<td>£70,000-74,999</td>
<td>0.12%</td>
<td>24.91%</td>
</tr>
<tr>
<td>£75,000-79,999</td>
<td>0.12%</td>
<td>25.03%</td>
</tr>
<tr>
<td>£80,000-84,999</td>
<td>0.08%</td>
<td>25.11%</td>
</tr>
<tr>
<td>£85,000-89,999</td>
<td>0.07%</td>
<td>25.18%</td>
</tr>
<tr>
<td>£90,000-94,999</td>
<td>0.07%</td>
<td>25.25%</td>
</tr>
<tr>
<td>£95,000-99,999</td>
<td>0.05%</td>
<td>25.30%</td>
</tr>
<tr>
<td>£100,000 and above</td>
<td>0.24%</td>
<td>25.54%</td>
</tr>
</tbody>
</table>
7.51 Figure 74 demonstrates that the proportion of housing affordable to households earning less than £20,000 is broadly consistent with the proportion of existing households in this category. The model implies that there is sufficient housing available to those with incomes of £20,000-24,999.

7.52 The proportion of households who have incomes of up to £25,000 and who do not currently have equity in their own home accounts for 18.81% of all households in the area (Figure 75), whereas only 4.8% of dwellings in the area would be affordable for purchase by this group and 2.3% would be affordable to this group through renting in the private sector. Of course, the existing social rented stock (16.0%) is also affordable to this group. Adding the available social rented, market rented and market housing for sale totals 23.1% of the overall stock.

7.53 Therefore, there is currently more housing affordable to households with incomes below £25,000 (who do not have equity) than the number of such households currently resident in West Northamptonshire. As previously noted, some of this housing will be occupied by households that could afford more expensive housing. Further, as will be explored later, this does not imply that intermediate housing does not have a role to play in the sub-region for households earning more than £25,000 per annum.

7.54 Further analysis of the income distribution of non homeowners according to the model, shows some interesting results. By taking the data in Figure 75 and expressing it as a percentage of non-owners rather than all households we have the income distribution of householders who are not homeowners.

Figure 76
Income distribution of non owners in West Northamptonshire 2009 (Model based on Modelled Income for Non-Owners)

7.55 Figure 76 reveals that 72% of all non-homeowners have incomes of under £25,000 per annum. The distribution is heavily skewed toward the lower income groups. Few households with income of under £25,000 will be able to afford home ownership. Even if they can, housing is likely to be either small, badly located or in poor condition. Market rented housing will be more affordable but Figure 74 shows that there is limited supply of this tenure.
Further affordability considerations and implications

7.56 However current income is not the only factor in determining housing tenure options. Savings and gifts or loans from parents can help to contribute to housing costs, while debts such as student loans will limit the ability of the households to afford payments.

7.57 The outputs of the model above only relate to existing households in West Northamptonshire sub-region. Therefore, the need for social rented dwellings may be higher than appears in the model due to lower income households failing to form due to a lack of access to suitable social rented housing. Therefore, if more social rented housing were to be provided other households would come forward to fill these properties. However, it is also the case that some existing social rented housing will be let to households with incomes that are higher than £20,000 per annum. This may be due to shortages of intermediate housing. There will also be households in acute housing need that require social rented housing even if their income slightly exceeds minimum market thresholds e.g. large families in overcrowded housing.

7.58 The model tells us that households with incomes of £15,000 or over could have the option of moving into intermediate affordable housing were it to be built. This could avoid them being part of the social rented housing requirement. Evidence from CORE for RSL lettings in 2005-2008 indicates that around 7.6% of all general lettings were to households earning £20,000 or more with 2.4% going to households with incomes of over £30,000. Therefore, a significant number of households who potentially can afford intermediate housing are accessing social tented housing tenancies.

7.59 Nevertheless, housing need rather than household income is normally the main criterion for allocating social rented housing. Given the continuing number of new households that are likely to be dependent on social rented housing, it will be necessary to provide additional social housing for these households.

7.60 Therefore, alongside the need for additional social rented housing there is also a clear need for intermediate affordable housing.

7.61 We examine the mismatch between the current stock and the future requirements in more detail later in this paper.

Estimating the Overall Future Requirement for Housing and the Requirement for Social Rented Housing

Introduction

7.62 In this section we estimate the overall housing requirement to 2026 using household trends and an analysis of projected trends in tenure. Once this is established we look at the social housing requirement as part of the overall housing requirement using a trend based method based upon household projections. This leaves a residual housing requirement (overall requirement less social housing requirement). We use analysis based upon the income thresholds established in the previous section to estimate the proportion of intermediate affordable housing and market housing that make up the residual requirement.
As noted in Chapter 2, a key feature of the study area is the Northampton Implementation Area (NIA). The NIA has not been formally defined in the sense that it has a set of defined boundaries, but broadly the NIA comprises the urban area of Northampton plus those development areas that are extensions to the existing urban area. These urban extensions may be within Northampton Borough, but are more likely to be in South Northamptonshire or Daventry District. Due to the impact of the NIA, the results presented in this and subsequent sections for Daventry and South Northamptonshire refer to the areas of these local authorities outside the NIA.

**Estimating the future housing tenure mix**

This section uses the local authority level East Midlands Regional Assembly household projections as the starting point for estimating the future housing tenure mix which will be required in West Northamptonshire. We estimate results to 2026 to coincide with the end of the current East Midlands RSS, and current local plan periods.

Over the 25 year period 2001-2026, East Midlands Regional Assembly estimates that there is likely to be an additional 62,150 households living within the study area and they have broken this projection down into likely household types. Figure 78 presents the information as a data table and figure 77 presents the data as a chart:

*Figure 77*  
*Household Projections to 2026 by Household Type: Cumulative Totals*  
(Source: Census 2001; East Midlands Regional Assembly Household Projections 2007)
Figure 78
Household Projections to 2026 by Household Type (Source: Census 2001; East Midlands Regional Assembly Household Projections 2007)

<table>
<thead>
<tr>
<th>Household Type</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Northamptonshire Sub-region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married couple</td>
<td>69,260</td>
<td>72,070</td>
<td>72,190</td>
<td>72,710</td>
<td>73,870</td>
<td>75,300</td>
</tr>
<tr>
<td>Cohabiting couple</td>
<td>13,760</td>
<td>17,780</td>
<td>21,880</td>
<td>24,990</td>
<td>27,400</td>
<td>29,550</td>
</tr>
<tr>
<td>Lone parent</td>
<td>12,100</td>
<td>10,790</td>
<td>11,570</td>
<td>12,290</td>
<td>12,970</td>
<td>13,850</td>
</tr>
<tr>
<td>Other multi-person</td>
<td>7,950</td>
<td>8,990</td>
<td>10,260</td>
<td>11,490</td>
<td>12,820</td>
<td>13,900</td>
</tr>
<tr>
<td>Single person</td>
<td>38,300</td>
<td>44,100</td>
<td>50,260</td>
<td>57,100</td>
<td>63,960</td>
<td>70,850</td>
</tr>
<tr>
<td>All household groups</td>
<td>141,300</td>
<td>153,700</td>
<td>166,150</td>
<td>178,600</td>
<td>191,000</td>
<td>203,450</td>
</tr>
</tbody>
</table>

Figure 79 through to Figure 81 show that household types will change at different rates between 2006 and 2026. There will be a stabilising in the number of married couples whereas single persons and co-habiting couples show the largest proportionate increases.
Section 7: Housing Needs and Requirements

7.67 Figure 82 shows the tenure occupied by different household groups at the time of the 2001 Census. This shows that lone parents were disproportionately likely to be found in social housing while married couples were concentrated in the owner occupied sector. Note that shared ownership is not included separately here as it was less than 0.5% of the housing stock at the time of the census.

7.68 We would also note that there is a discrepancy between the social rent figures reported for Northampton Borough at the time of the 2001 Census and those which were reported in the Housing Strategy Statistical Appendix (HSSA) in the same year. The HSSA reports around 1,500 extra Council owned dwellings when compared with the 2001 Census. The figures reported for the HSSA have remained consistent year on year and we have chosen to adjust the 2001 Census figures for Northampton to be in line with these.

7.69 It is clear that the tenure 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 tenure required.

7.70 Figure 83 shows the number of households in each tenure by household type as at the time of the 2001 Census. These figures are used as the baseline for our assessment of requirement to 2026.
7.71 When the requirements of each household type are combined, the overall tenure mix can be summarised as follows.

Figure 84
Household Projections to 2026 by Housing Tenure (Source: UK Census of Population 2001 and East Midlands Regional Assembly Household Projections 2009)

7.72 In Figure 85 we show a tabulation of the data behind Figure 84. This is a key table and our final assessment of the requirement for both social housing and other tenures is based upon it.

Figure 85
Change in Household Numbers 2001-2026 by Tenure (Source: UK Census of Population 2001 and East Midlands Regional Assembly Household Projections 2009)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Households</th>
<th>Increase in all households</th>
<th>Own</th>
<th>Private rent</th>
<th>Social rent</th>
<th>Increase in social rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>141,297</td>
<td>104,232</td>
<td>13,415</td>
<td>23,650</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>153,727</td>
<td>12,430</td>
<td>111,112</td>
<td>18,313</td>
<td>24,302</td>
<td>652</td>
</tr>
<tr>
<td>2011</td>
<td>166,157</td>
<td>12,430</td>
<td>117,993</td>
<td>21,302</td>
<td>26,862</td>
<td>2,560</td>
</tr>
<tr>
<td>2016</td>
<td>178,587</td>
<td>12,430</td>
<td>124,873</td>
<td>24,248</td>
<td>29,465</td>
<td>2,603</td>
</tr>
<tr>
<td>2021</td>
<td>191,017</td>
<td>12,430</td>
<td>131,754</td>
<td>27,238</td>
<td>32,026</td>
<td>2,561</td>
</tr>
<tr>
<td>2026</td>
<td>203,447</td>
<td>12,430</td>
<td>138,634</td>
<td>30,194</td>
<td>34,618</td>
<td>2,592</td>
</tr>
</tbody>
</table>

7.73 The increasing volume of households suggest that, using a trend based projection, there will be a requirement for the social rented stock to increase by 10,968 units in the period 2001 to 2026. That is an increase from 23,650 dwellings to 34,600 dwellings over the 25 years using rounded numbers.

7.74 This is in the context of an overall increase of 62,150 households, suggesting that social rented housing accounts for 17.6% of the additional provision required for the period 2001-2026.

7.75 Figures 86-88 (overleaf) describe these tenure projections further.
Further Analysis

7.76 However to refine this estimate into a social housing requirement, losses due to the right to buy and gains due to new building need to be taken into account. These factors are now estimated and lead to a conclusion about the social housing requirement by Local Authority and housing market.

7.77 Having established the quantity of social housing that is required, further analysis is needed to estimate the size and mix of the social housing requirement and this is undertaken later in the paper.

7.78 Over 2,200 properties have transferred from social rent to owner occupation over the 5-year period from 2001/2. Nevertheless, the recent change in legislation, coupled with increasing house prices in the area, has led to far lower sales in recent years. Figure 89 (overleaf) details the number of Right-to-Buy sales across the study area since 2001/02.
Figure 89
Right-to-Buy/Right to Acquire Sales for West Northamptonshire sub-region 2001/02 to 2007/08 by Local Authority (Source: CLG and Housing Corporation)

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daventry</td>
<td>68</td>
<td>94</td>
<td>72</td>
<td>32</td>
<td>25</td>
<td>18</td>
<td>11</td>
<td>320</td>
</tr>
<tr>
<td>Northampton</td>
<td>450</td>
<td>399</td>
<td>427</td>
<td>187</td>
<td>123</td>
<td>110</td>
<td>77</td>
<td>1,773*</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>39</td>
<td>33</td>
<td>37</td>
<td>24</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>146</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>557</td>
<td>526</td>
<td>536</td>
<td>243</td>
<td>161</td>
<td>128</td>
<td>88</td>
<td>2,239**</td>
</tr>
</tbody>
</table>

7.79 Figure 90 summarises the impact of housing delivery since 2001 and the Right-to-Buy and other changes to the dwelling stock. Note that the loss of social housing through the Right-to-Buy translates into a gain for other tenures.

7.80 Figure 90 also projects future likely purchases through Right-to-Buy. We have assumed an average rate based on sales over the most recent three years of published data given the apparent change at this time. This has seen an average of 126 units sold across the sub-region per annum since 2005. Dwelling completions figures are those reported in the Annual Monitoring Report for each local authority.

Figure 90
Requirement for Social Rented Housing 2008-2021 (Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Social Rent</th>
<th>Other Tenures</th>
<th>Overall Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at April 2001</td>
<td>23,700</td>
<td>117,600</td>
<td>141,300</td>
</tr>
<tr>
<td>Required by 2026</td>
<td>34,600</td>
<td>168,800</td>
<td>203,400</td>
</tr>
<tr>
<td><strong>Net change 2001-26</strong></td>
<td>11,000</td>
<td>51,200</td>
<td>62,200*</td>
</tr>
<tr>
<td>(* East Midlands Plan MKSM SRS Northants 1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Changes in Stock 2001-08</td>
<td>1,500</td>
<td>12,300</td>
<td>13,800</td>
</tr>
<tr>
<td>Right to Buy Sales 2001-08</td>
<td>(2,200)</td>
<td>2,200</td>
<td>-</td>
</tr>
<tr>
<td>Residual requirement 2008-26</td>
<td>11,700</td>
<td>36,700</td>
<td>48,400</td>
</tr>
<tr>
<td>Less Projected Changes in Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Right to Buy Sales 2008-26</td>
<td>(2,300)</td>
<td>2,300</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Requirement 2008-26</strong></td>
<td>14,000</td>
<td>34,400</td>
<td>48,400</td>
</tr>
</tbody>
</table>

7.81 In the period 2008 to 2026, it is apparent that the requirement for social rented housing accounts for 14,000 of the 48,400 residual requirement; equivalent to 29.0% of the total.

7.82 It is possible to consider the social housing requirement at borough/district level. This information derives from the household projections (Figure 85), broken down by Local Authority. Please note that RSS dwelling projection figures to 2021 are provided for the NIA, Daventry and South Northamptonshire, while those for 2021-2026 are only provided for West Northamptonshire. To obtain the NIA, Daventry and South Northamptonshire figures for 2021-2026 we have assumed that their 5 year RSS dwelling allocations are extended to cover the period 2021-2026.
Figures 91
Overall Housing Requirement and Requirement for Social Rented Housing by LA 2001-2026 (Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Daventry</th>
<th>Northampton Implementation Area</th>
<th>South Northamptonshire</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Requirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Requirement 2001-26</td>
<td>13,500</td>
<td>40,400</td>
<td>8,300</td>
<td>62,200</td>
</tr>
<tr>
<td>Social Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirement: demographic change 2001-26</td>
<td>2,400</td>
<td>7,700</td>
<td>900</td>
<td>11,000</td>
</tr>
</tbody>
</table>

7.83 If we apply adjustments for Right-to-Buy and new build housing at the local authority level we arrive at the overall requirement for additional housing 2008-2026 for social housing and other tenures. Note that in Figure 92 below the adjusted requirement for social rent is deducted from the 48,400 dwellings yet to be delivered under the East Midland plan to arrive at the net requirement for other tenures - market sale, rent and intermediate affordable housing.

Figures 92
Overall Housing Requirement and Requirement for Social Rented Housing and Other Tenures by LA 2008-2026 (Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Daventry</th>
<th>Northampton Implementation Area</th>
<th>South Northamptonshire</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Requirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Requirement 2001-26</td>
<td>13,500</td>
<td>40,400</td>
<td>8,300</td>
<td>62,200</td>
</tr>
<tr>
<td>LESS Actual dwelling deliver 2001-08</td>
<td>2,300</td>
<td>9,400</td>
<td>2,000</td>
<td>13,830</td>
</tr>
<tr>
<td>Residual Requirement 2008-26</td>
<td>11,200</td>
<td>31,000</td>
<td>6,300</td>
<td>48,400</td>
</tr>
<tr>
<td>Social Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirement: demographic change 2001-26</td>
<td>2,400</td>
<td>7,700</td>
<td>900</td>
<td>11,000</td>
</tr>
<tr>
<td>PLUS Actual and projected losses (RTB etc)* 2001-26</td>
<td>600</td>
<td>3,700</td>
<td>200</td>
<td>4,500</td>
</tr>
<tr>
<td>LESS new dwelling delivery 2001-08</td>
<td>200</td>
<td>1,100</td>
<td>200</td>
<td>1,500</td>
</tr>
<tr>
<td>Residual Social Rent Requirement 2008-2026</td>
<td>2,800</td>
<td>10,300</td>
<td>900</td>
<td>14,000</td>
</tr>
<tr>
<td>Other Tenures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirement: demographic change 2001-26</td>
<td>11,100</td>
<td>32,700</td>
<td>7,400</td>
<td>51,200</td>
</tr>
<tr>
<td>LESS Actual/projected gains (RTB etc) 2001-26</td>
<td>(600)</td>
<td>(3,700)</td>
<td>(200)</td>
<td>(4,500)</td>
</tr>
<tr>
<td>LESS Actual dwelling delivery 2001-08</td>
<td>2,200</td>
<td>8,300</td>
<td>1,800</td>
<td>12,300</td>
</tr>
<tr>
<td>Residual Requirement for Other Tenures 2008-2026</td>
<td>8,300</td>
<td>20,700</td>
<td>5,400</td>
<td>34,400</td>
</tr>
<tr>
<td>Residual Social Rent as % of Residual Requirement</td>
<td>25.4%</td>
<td>33.3%</td>
<td>13.7%</td>
<td>29.0%</td>
</tr>
</tbody>
</table>

7.84 The NIA has the highest requirement for additional social rented housing as a proportion of all tenures at 33.3%. As noted above, Right-to-Buy sales have been declining over recent years and we have used trends from the last 3 years to project future losses. However, if we were to take an extreme assumption that no more Right-to-Buy sales were to occur after 2008, the social rent proportion required would be 22.5% in Daventry, 27.3% in NIA and 12.5% in South Northants. Meanwhile, if Right-to-Buy sales were to double from their 2005-2008 average, the social rent proportion required would be 28.3% in Daventry, 45.0% in NIA and 14.9% in South Northants. Therefore, while Right-to-Buy sales are having an impact on the model, the major source of social housing requirement is demographic trends.
Estimating the Future Requirement for Intermediate Affordable and Market Housing (The Other Tenures)

Introduction

7.85 In the previous section we estimated the overall requirement for additional housing to 2026 based upon household projections. We estimated the social housing requirement and subtracted it from the overall requirement to 2026 in order to arrive at the residual requirement for additional housing for other tenures by 2026.

7.86 Our aim in this section is to understand how demographic trends and changes in affordability affect the housing requirement to 2026 of other tenures (intermediate affordable and market housing). We also aim to understand how the requirement for other tenures changes if prices for market housing increases or decreases.

Analysis

7.87 Our starting point is to consider if the proportion of owner occupying households will change in the period 2001 to 2026.

7.88 The earlier household projection (at Figure 93) suggests that the proportion of owners will reduce from 73.4% to 68.1% (= 138,634/203,447) of all households. However, if future households are less able to afford the costs of purchasing their home, then this proportion could be much lower. In Figure 93, affordability outputs from the model are applied to the net change in households from the household projections. Note that as we are focussing here on the change in home ownership we have combined social rented and private rented categories together that appeared in Figure 92. Note also that we are considering all households here not just those without equity.
Section 7: Housing Needs and Requirements

Figure 93
Change in Home Ownership 2001-2026 (Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Owned</th>
<th>Rented</th>
<th>Overall Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households As at April 2001</td>
<td>104,200</td>
<td>37,100</td>
<td>141,300</td>
</tr>
<tr>
<td>Required by 2026</td>
<td>138,600</td>
<td>64,800</td>
<td>203,400</td>
</tr>
<tr>
<td><strong>Net change 2001-26 based on demographic modelling</strong></td>
<td>34,400</td>
<td>37,700</td>
<td>62,200</td>
</tr>
</tbody>
</table>

Projected Impact of Death

| Proportion of pensioner households (as at 2001) | 68.7% | 31.3% | 100.0% |
| Estimated household dissolution following death 2001-2026 (A) | 24,700 | 11,200 | 35,900 |

Projected Impact of New Households

| Proportion of all households able to afford home ownership (as at 2009) | 60.6% | 39.4% | 100.0% |
| Net change 2001-2026 (B) | 59,400 | 38,700 | 98,100 |
| **Net change 2001-2026 based on affordability modelling (B-A)** | 34,700 | 27,500 | 62,200 |

Projected Households

| Projected by 2026 based on affordability modelling | 138,900 | 64,600 | 203,400 |
| % of households | 68.3% | 31.7% | 100.0% |

7.89 We have arrived at the proportion of all households able to afford home ownership from our model. This shows that 60.6% of all households have income in excess of £20,000 per annum which is the minimum household income needed for home ownership. The relevant row in the data table below is highlighted (100-60.6=39.4)

Figure 94
Number of households able to afford home ownership at 2008 (ORS Housing Market Model)
7.90 The following data table shows the proportion of households in each income band at 2008:

**Figure 95**

*Household Income Distribution for All Households and Non-owners* (Source: ORS Modelled Household Income Data for West Northamptonshire)

<table>
<thead>
<tr>
<th>Income Band</th>
<th>All Households</th>
<th>Cumulative %</th>
<th>Non-owners</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £5,000</td>
<td>5.1%</td>
<td>5.1%</td>
<td>11.7%</td>
<td>11.7%</td>
</tr>
<tr>
<td>£5,000-9,999</td>
<td>13.9%</td>
<td>19.0%</td>
<td>26.4%</td>
<td>38.1%</td>
</tr>
<tr>
<td>£10,000-14,999</td>
<td>11.3%</td>
<td>30.3%</td>
<td>17.0%</td>
<td>55.1%</td>
</tr>
<tr>
<td>£15,000-19,999</td>
<td>9.3%</td>
<td>39.4%</td>
<td>10.8%</td>
<td>65.9%</td>
</tr>
<tr>
<td>£20,000-24,999</td>
<td>8.7%</td>
<td>48.3%</td>
<td>7.7%</td>
<td>73.6%</td>
</tr>
<tr>
<td>£25,000-29,999</td>
<td>7.8%</td>
<td>56.1%</td>
<td>6.1%</td>
<td>79.7%</td>
</tr>
<tr>
<td>£30,000-34,999</td>
<td>6.6%</td>
<td>62.7%</td>
<td>4.5%</td>
<td>84.3%</td>
</tr>
<tr>
<td>£35,000-39,999</td>
<td>6.2%</td>
<td>68.9%</td>
<td>4.3%</td>
<td>88.5%</td>
</tr>
<tr>
<td>£40,000-44,999</td>
<td>5.0%</td>
<td>73.9%</td>
<td>2.6%</td>
<td>91.1%</td>
</tr>
<tr>
<td>£45,000-49,999</td>
<td>4.2%</td>
<td>78.1%</td>
<td>2.1%</td>
<td>93.2%</td>
</tr>
<tr>
<td>£50,000-54,999</td>
<td>3.4%</td>
<td>81.5%</td>
<td>1.4%</td>
<td>94.6%</td>
</tr>
<tr>
<td>£55,000-59,999</td>
<td>2.6%</td>
<td>84.1%</td>
<td>0.9%</td>
<td>95.5%</td>
</tr>
<tr>
<td>£60,000-64,999</td>
<td>2.4%</td>
<td>86.5%</td>
<td>1.0%</td>
<td>96.5%</td>
</tr>
<tr>
<td>£65,000-69,999</td>
<td>1.9%</td>
<td>88.4%</td>
<td>0.7%</td>
<td>97.2%</td>
</tr>
<tr>
<td>£70,000-74,999</td>
<td>1.7%</td>
<td>90.1%</td>
<td>0.4%</td>
<td>97.6%</td>
</tr>
<tr>
<td>£75,000-79,999</td>
<td>1.5%</td>
<td>91.6%</td>
<td>0.3%</td>
<td>97.9%</td>
</tr>
<tr>
<td>£80,000-84,999</td>
<td>1.3%</td>
<td>92.9%</td>
<td>0.4%</td>
<td>98.3%</td>
</tr>
<tr>
<td>£85,000-89,999</td>
<td>1.0%</td>
<td>93.9%</td>
<td>0.3%</td>
<td>98.6%</td>
</tr>
<tr>
<td>£90,000-94,999</td>
<td>0.9%</td>
<td>94.8%</td>
<td>0.3%</td>
<td>98.9%</td>
</tr>
<tr>
<td>£95,000-99,999</td>
<td>0.7%</td>
<td>95.5%</td>
<td>0.2%</td>
<td>99.1%</td>
</tr>
<tr>
<td>£100,000 and above</td>
<td>4.5%</td>
<td>100%</td>
<td>0.9%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

7.91 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 68.3% by 2026 (Figure 93). That is 104,200 owning households at 2001 plus 34,700 owning households’ growth in the affordability projection total (138,900), divided by 203,400 being the total number of households at 2026. This process is driven by the impact of deaths among existing owner occupiers freeing a projected 24,700 owner occupied dwellings, while 59,400 new households are projected to be able to afford owner occupation in the period 2001-2026.

7.92 The balance between market and intermediate affordable housing is therefore likely to change by 2026.

7.93 From our affordability model we estimate that by 2026, 21.1% of all households would have incomes of less than £20,000 with no equity available from existing property, which equates to 43,000 households across the sub-region. Figure 96 (overleaf) illustrates this, (A minus B equals 43,000): it is important to note that we are only considering the impact of lower income households who do not have existing equity in their homes. Therefore, low income pensioner households who are currently owner occupiers are assumed to remain in this tenure.
We estimate the number of market dwellings affordable to this group as follows. Referring again to Figure 94, bands up to £20K contain only 3.6% of the private housing stock. Returning to household projections, (Figure 85), the projected number of households in 2026 is 203,400. The projected number of households in social rented housing at 2026 is 34,600 therefore the residual market requirement is the difference (= 168,800). If we multiply this by 3.6% we arrive at the number of dwellings affordable to the group with incomes below the £20,000 threshold, 3.6% x 168,800 = 6,100.

So there would be 6,100 dwellings in the private sector affordable to households without equity on the assumption that the relationship between housing costs and income remains constant. If we add the 900 intermediate affordable homes built across the sub-region over the period 2001-08 and the estimated social rented stock this will provide a total stock of 41,700 dwellings affordable to those with incomes below £20,000. (34,600 + 900 + 6,100 = 41,700 rounded). It should be noted that we have not included in the model any impact of those in shared ownership stair-casing to 100% ownership. This would represent a loss of intermediate housing stock which would require to be replaced in the same way in which the model has replaced right to buy sales for social housing.

Key Finding: the intermediate affordable and market housing requirement 2008 to 2026

Given an overall total of 43,000 households with incomes of less than £20,000 an overall stock of 41,700 dwellings affordable to this group, there is an implied requirement of 1,300 intermediate affordable housing units. The estimated housing tenure mix required for the sub-region is given in Figure 97.
7.97 The result shows that at the sub-regional level, the existing stock of intermediate housing is nearly large enough to satisfy the majority of the identified requirement. The future requirement for both social rented housing and market housing cannot be satisfied by the existing stock, hence the identified additional number of dwellings required.

7.98 However results for the individual Local Authorities reveal key differences disguised by the sub-regional requirements. These are summarised in Figure 98 and Figure 99. These show that South Northamptonshire has a large identified requirement for intermediate housing, but that little is required in the NIA and none required in Daventry.

Figure 98
Housing Requirement by Area 2008-2026 (Note: Figures may not sum due to rounding, Source: ORS Housing Market Model)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Daventry</th>
<th>Northampton Implementation Area</th>
<th>South Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Prices at 2008/09 levels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market housing</td>
<td>8,300</td>
<td>20,600</td>
<td>4,200</td>
</tr>
<tr>
<td>Intermediate affordable housing</td>
<td>0</td>
<td>100</td>
<td>1,100</td>
</tr>
<tr>
<td>Social rented housing</td>
<td>2,800</td>
<td>10,300</td>
<td>900</td>
</tr>
<tr>
<td>Total Housing Requirement (2008-26) equals 48,400</td>
<td>11,200</td>
<td>31,000</td>
<td>6,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Daventry</th>
<th>Northampton Implementation Area</th>
<th>South Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Prices at 2008/09 levels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market housing</td>
<td>74.6%</td>
<td>66.3%</td>
<td>68.1%</td>
</tr>
<tr>
<td>Intermediate affordable housing</td>
<td>0.0%</td>
<td>0.4%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Social rented housing</td>
<td>25.4%</td>
<td>33.3%</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

7.99 Further, we have arrived at an estimate of the housing requirement for Northampton Borough using a different methodology. While the East Midlands RSS only considers the NIA and not Northampton borough, the 2004 based CLG Household Projections did provide estimates for the projected household growth of Northampton borough. We have adopted the projected rate of growth for Northampton, which is 17,514 households in the period 2001-2026. Given the housing delivery which has occurred in Northampton in the period 2001-2008, this leaves a total of 8,100 dwellings required in the period 2008-2026 if the household growth projection for Northampton borough is to be achieved. Figure 99 shows that without the delivery of the additional growth which is planned for the Northampton Implementation Area, the percentage requirement for social rented housing in Northampton Borough is much higher.

Figure 99
Housing Requirement for Northampton Borough 2008-2026 (Note: Figures may not sum due to rounding, Source: ORS Housing Market Model)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Northampton Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Prices at 2008/09 levels</td>
<td></td>
</tr>
<tr>
<td>Market housing</td>
<td>2,300</td>
</tr>
<tr>
<td>Intermediate affordable housing</td>
<td>0</td>
</tr>
<tr>
<td>Social rented housing</td>
<td>5,800</td>
</tr>
<tr>
<td>Total Housing Requirement (2008-26) equals 48,400</td>
<td>8,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Northampton Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Prices at 2008/09 levels</td>
<td></td>
</tr>
<tr>
<td>Market housing</td>
<td>28.1%</td>
</tr>
<tr>
<td>Intermediate affordable housing</td>
<td>0%</td>
</tr>
<tr>
<td>Social rented housing</td>
<td>71.9%</td>
</tr>
</tbody>
</table>
It is clear that the social housing requirement for Northampton borough is high. This is primarily due to the impact of right to buy sales and a large proportion of households on low income that can only afford social rents.

The absence of an intermediate affordable requirement is due to a large supply of cheap market rented housing. It should be understood that, within the definitions set out in PPS3, intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents. Therefore, if there is a large stock of cheap private housing in an area, there is only a limited affordability gap which intermediate housing can fill.

Further analysis: how the balance between intermediate affordable and market housing changes with house price change

The scenario set out above is at 2008/09 house prices. ORS estimates that this level is close to long term price trends when the fluctuation in house prices is smoothed. House prices in 2008 fell considerably from their peak in 2007. If house prices continue to fall and remain at or below their current levels for the remainder of the period until 2026 then the lack of a clear requirement for intermediate housing will remain. However, if prices rise, then the potential requirement for intermediate housing may increase. In this section we test the market and intermediate affordable housing requirement against price change.

As house prices grow, fewer dwellings in the private sector will become affordable to households without equity and with incomes below £20,000, so the need for intermediate affordable housing will increase. Furthermore, higher house prices will lead to fewer households being able to afford market housing, so the requirement for additional market housing will decrease correspondingly.

It is clear that the level of intermediate affordable housing requirement is sensitive to changes in house prices. If house prices rise to 10% above their 2008/09 level, the need for intermediate housing rises to around 13.5% of the overall requirement.

Affordable Housing Policy

The study has identified a need for an extra 2,800 social rented homes in Daventry, 10,300 in the NIA and 900 in South Northamptonshire over the next 18 years and also needs for intermediate affordable properties in the NIA and South Northamptonshire. Within the NIA total, 5,800 affordable homes are needed in Northampton Borough.

Without substantial additional funding from the Homes and Communities Agency to enable an increase in affordable housing provision, local authorities will need to maximise affordable housing
delivery wherever opportunities arise. Not all housing sites will contribute towards affordable housing delivery, either because of their small size or high development costs associated with the site.

7.107 To illustrate the importance of site thresholds to delivering affordable housing, Figure 101 shows the site size for recent developments in Daventry and South Northamptonshire. On the basis of only sites of 15 or more units delivering affordable housing through the planning system, only 50% of sites in South Northamptonshire and 30% of sites in Daventry have contributed to affordable housing delivering. Evidence from Northampton Council presented within the economic viability assessment shows that only around 4% of their anticipated housing delivery in the period 2009-2014 will be on sites of less than 15 units, so the impact of this issue on their affordable housing delivery is minimal.

<table>
<thead>
<tr>
<th>Site Size</th>
<th>Daventry</th>
<th>Northampton</th>
<th>South Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 4 Dwellings</td>
<td>45%</td>
<td>-</td>
<td>33%</td>
</tr>
<tr>
<td>5-9 Dwellings</td>
<td>14%</td>
<td>-</td>
<td>10%</td>
</tr>
<tr>
<td>10 to 14 Dwellings</td>
<td>11%</td>
<td>-</td>
<td>7%</td>
</tr>
<tr>
<td>15+ Dwellings</td>
<td>30%</td>
<td>-</td>
<td>50%</td>
</tr>
</tbody>
</table>

7.108 If the number of dwellings per site was to continue along its historic pattern into the future the affordable housing targets set out above in Figure 101 would need to be re-considered. Put simply, if a number of sites would yield no affordable housing because they were under the threshold, the burden of helping to meet the housing requirement for affordable housing falls on fewer sites and therefore the target for qualifying sites would need to be adjusted upward. Possible policy responses include a higher percentage target for affordable housing on qualifying sites and/or the reduction of site size thresholds. For example, if only 50% of sites in South Northamptonshire contribute to affordable housing delivery, its identified requirement of 32% affordable housing would become a target of 64% on qualifying sites, while in Daventry the identified requirement of 25% would become a target of 80% on qualifying sites.

7.109 As a side note, the nature of the large site developments in the NIA implies that almost all sites should in future deliver affordable housing. Therefore, the identified requirement translates directly to a potential target for affordable housing delivery within the NIA.

7.110 Whilst the site size needs based evidence would support an affordable target of 50% or more on developments in Daventry and South Northamptonshire, it will also be essential to assess the viability of delivering affordable housing through the planning system. Whilst it is important to set delivery targets that maximise the number of affordable housing units delivered, within this context it will also be important to identify if higher percentage targets are compromising the overall housing delivery programme. It is important to remember that requiring a slightly lower affordable housing percentage of a higher overall delivery rate may actually yield more affordable homes. It is the number of units delivered that is of key concern in seeking to address the identified needs.
7.111 In certain circumstances, housing sites may be brought forward with a view to delivering 100% affordable housing. Such sites may be purchased competitively by an RSL, but given recent increases in land values, it has become difficult for RSLs to compete effectively with private developers to purchase sites in this way. Nevertheless, where funding is available such an approach may still be viable. Alternatively, it may be possible for RSLs to include an element of market housing on the site to cross-subsidise the affordable housing provision.

7.112 Delivering affordable housing should be considered a priority when the councils seeks to dispose of its own land. Authorities may forgo the full capital receipt of a site in return for a proposed future land use which improves social capital. In this context, where affordable housing constitutes a significant element of the proposed land use, it may be possible for an RSL (or another affordable housing provider) to purchase the land at a discounted price, with the discount facilitating a considerably larger proportion of affordable housing than would have been possible had the land been sold at market value.

7.113 Subject to funding the local authorities may also be able to increase the amount of affordable housing available through the purchase of existing satisfactory properties, or similarly by purchasing and renovating vacant housing in the area for rent to social tenants. However this is recognised as an expensive mechanism for delivering relatively small numbers of affordable homes.

7.114 The amount of additional affordable housing required could also be offset by subsidising households requiring intermediate affordable housing to access market housing by ensuring that HomeBuy schemes for second hand homes are allocated funding.

7.115 It is generally recognised that the amount of social housing grant available is limited. Therefore it is critical that the available funding is targeted correctly. The value of land is used by the planning system to subsidise planning gain packages, so if land values are low, it follows that there will be less subsidy available from planning gain. If there is less subsidy from planning gain then there is more likely to be a funding gap and so it is appropriate to target social housing grants at these sites.

7.116 In this context, delivering affordable housing without grant funding is more likely to be viable on sites with relatively high land values and relatively low development costs, therefore the available funding should typically be targeted to areas with lower land values and sites that have exceptional development costs, such as those associated with decontamination or flooding.

Balancing Demand for Social Rent and Intermediate Affordable Housing

7.117 The balance of appropriate provision between social rent and intermediate housing products is open to debate. In practice, a proportion of households currently occupying social rented housing could afford to pay more if they chose to do so and there was a supply of appropriate housing.

7.118 It may be appropriate to encourage more existing tenants to move from their social rented homes to increase the re-let rate within the social rented sector, given the relative delivery costs of intermediate and social housing products. It typically requires less grant to deliver an intermediate affordable home than it does to deliver a property for social rent.

7.119 If this movement was accelerated the total number of homes required across all sectors would not change but the balance between social rent and intermediate housing options would shift. Also there might not be a change in the overall affordable housing required either, but that would
depend on how much more money was used by those additional households who were encouraged to vacate social housing.

7.120 There is scope for further research to identify what might encourage existing social tenants to consider intermediate housing options (or market housing if appropriate). This could include cash incentive schemes or other more practical support (such as providing assistance with the moving process).

Estimating the future balance between market housing for sale and rent

7.121 Note that Figure 98 refers to market housing which includes private rented housing and owner occupied housing. It is very difficult to predict how the proportions will change in the period between 2008 and 2026. The private rented sector is understood to have grown rapidly in the period between 2001 and 2008. An accurate number will not be available until the 2011 census results are available.

7.122 The balance between owning and renting market housing will inevitably depend on a range of factors.

7.123 Ignoring the credit crunch, the drivers for the private rented sector can be considered in terms of supply and demand.

7.124 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 such as increasing energy and fuel will also present a barrier to aspiring home owners on lower incomes.

7.125 Change of supply 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.

7.126 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.

7.127 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.

The Mix of Future Housing Requirements

7.128 Having understood the size of the future housing requirement we can now provide estimates of the mix of housing size, related to the future household typologies likely to exist in 2026.

The Size Mix of additional housing by 2026

7.129 Figure 102 shows the size of properties occupied by different household groups at the time of the 2001 Census.

7.130 The Census asked households to record the number of rooms in their home excluding bathrooms toilets, landing staircase and cupboards.
The results in Figure 102 from the 2001 census show that single person households were disproportionately more likely to be found in smaller housing. Almost 25% had three rooms or fewer, and a further 25% occupied dwellings with four rooms. However it is also worth noting that over 45% occupied housing with 5 rooms or more. Couples 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 102
Housing Size Mix by Household Type (Source: UK Census of Population 2001)

7.132 Figure 103 shows the numbers of households in each property size broken down by household type as at the time of the 2001 Census.
Figure 104 illustrates the projected change in implied size mix on the basis of maintaining the proportions required of each household group constant. The change in the overall size mix can be summarised as follows:
Section 7: Housing Needs and Requirements

7.134 The net change in the overall size mix is a key study finding. It provides guidance for planning policy to deliver housing growth that is appropriate to households in the future.

7.135 When we consider this mix proportionately, across the whole of the sub-region the size-mix requirement for additional housing can be summarised as being 14% as having 1-3 rooms, a further quarter (21%) with four rooms, 26% with 5 rooms, 18% with 6 rooms, 9% for 7 rooms and 12% for 8+ room properties.

Relating room requirements to bedroom requirements

7.136 Of course, when considering dwelling mix it is often the case that the number of bedrooms is considered in preference to 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.

7.137 The following chart (Figure 106) summarises the relationship between property size and number of bedrooms from the household interviews completed by ORS for Housing Requirements Studies across England and Wales, which provides a reasonable mechanism for translating between the number of rooms and the number of bedrooms in a property.
Using the above survey information regarding household and tenure distribution, it is possible to consider the additional housing requirement in terms of the number of bedrooms required. This is achieved by adding together all of the dwellings with a given number of bedrooms irrespective of how many rooms are present overall.

Figure 107 and 108 show the net requirement for social rented housing and for housing required across other tenures:

- 65% of future requirements for social rented housing is for smaller homes (1 and 2 Bedroom)
- 70% of future requirements for other tenures is for larger (3+ bedroom) homes

The policy question of what size mix should be delivered when considering long term sustainability aims is considered in Section 9 – Policy Implications.
Much of the 1 bedroom social rented requirement is for the NIA, with much of this in turn being driven by single person households. Figure 109 shows the ages at which household are projected to emerge as single persons in the period up to 2026 in Northampton. This shows that many households are projected to form in the age range 20-34 years, but many are also projected to form in the 40-64 years range. This second group will include many separating couples who will become two single person households for whom 1 bedroom housing will not be suitable if they have access rights for children.

When extrapolated to future social housing provision, this implies that much of the identified need is for young forming households and for separating couples.
7.143 In support for the figures outlined above, Figure 110 shows the number of bedrooms occupied by housing benefit claimants in Northampton. Households claiming housing benefit are by definition assumed to not be able to meet their own housing costs, and therefore represent housing need as set out in PPS3. This shows around 85% are in either bedsits or 1 and 2 bed dwellings, which highlights that there is a lack of smaller social stock available for households on low incomes now.

7.144 Housing policy regarding single person small housing is problematic. The term ‘small households’ covers one and two person households. The income distribution of householders who are not already home owners would suggest that most would not be able to afford home ownership and could realistically only seek some form of rented tenure. Newly forming small households are likely to be on low income and in good health. Accordingly they are unlikely to be a high priority for social housing. In practice, they either live with other households or pay a greater fraction of their income than CLG benchmarks. The SHMA estimates that there is a shortage of affordable housing for this group and a
more significant requirement for 1 bedroom homes in the social rented sector than other tenures. The desirability of meeting this requirement is considered further in Section 9, - Policy Implications.

Size Mix Requirement by Local Authority and Housing Sub-market

The size mix for each of the areas is detailed below in Figures 111 and 112.

Figure 111
Size Mix of Housing Requirement to 2026 by area (Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Daventry</th>
<th>Northampton Implementation Area</th>
<th>South Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bedroom</td>
<td>300</td>
<td>1,400</td>
<td>300</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>1,700</td>
<td>5,300</td>
<td>1,100</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>3,800</td>
<td>10,200</td>
<td>1,900</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>1,900</td>
<td>3,100</td>
<td>700</td>
</tr>
<tr>
<td>5+ bedrooms</td>
<td>500</td>
<td>700</td>
<td>200</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>8,300</td>
<td>20,600</td>
<td>4,200</td>
</tr>
<tr>
<td><strong>Intermediate Affordable Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bedroom</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>-</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>-</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>5+ bedrooms</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>0</td>
<td>100</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Social Rented Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bedroom</td>
<td>800</td>
<td>3,800</td>
<td>300</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>900</td>
<td>3,100</td>
<td>300</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>1,000</td>
<td>3,000</td>
<td>200</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>100</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>5+ bedrooms</td>
<td>-</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>2,800</td>
<td>10,300</td>
<td>900</td>
</tr>
<tr>
<td><strong>All Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bedroom</td>
<td>1,100</td>
<td>5,200</td>
<td>700</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>2,600</td>
<td>8,400</td>
<td>1,700</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>4,800</td>
<td>13,300</td>
<td>2,600</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>2,100</td>
<td>3,400</td>
<td>1,100</td>
</tr>
<tr>
<td>5+ bedrooms</td>
<td>600</td>
<td>800</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,200</td>
<td>31,000</td>
<td>6,200</td>
</tr>
</tbody>
</table>
Referring to figure 111 the size mix requirements vary by tenure and Local Authority. Estimates for social housing show that in Daventry 60% of the social rent requirement is for 1 and 2 bedrooms and 40% for 3 and 4 bedrooms. In NIA 67% should be 1 and 2 bedrooms, and in South Northants 76% should be 1 and 2 bedrooms. For market housing the requirement is estimated to be for larger 3, 4 and 5 bedroom homes – Daventry 76%, NIA 68% and S. Northants 68%.  

Referring to figure 112, nearly two thirds of the requirement for market housing is estimated to be 3 bedroom homes or larger. The requirement for social rented housing is more evenly distributed across 1, 2 and 3 bedroom dwellings.  

A wider discussion on size mix policy generally is considered in Section 9 – policy implications.
Section 7: Housing Needs and Requirements

Shared Ownership Recent Sales

7.149 As discussed above shared ownership is a potential solution for households who have the financial status for a home loan but cannot afford decent entry level market housing.

7.150 CORE (COntinuous REcording) records indicate that over 75% of the recent sales of shared ownership dwellings in West Northamptonshire have gone to people aged less than 35 years. In terms of gross household incomes, 57% of sales have been made to households with incomes of less than £20,000. 15% of households had gross incomes of £25,000 plus.

7.151 It should be remembered the model presented earlier in this chapter is underwritten by affordability, rather than preference considerations. Following the definitions set out in PPS3, the model places households who can afford private rent, but not owner occupation to the private rental sector rather than intermediate housing. However, in the real world some households may prefer shared ownership as an alternative to private renting. The households who have been purchasing shared ownership with incomes of over £25,000 per annum are likely to be able to afford to rent privately, but have chosen not to do so. This highlights that more households will choose to take up intermediate housing products if they are made available than the model based purely on affordability considerations implies will be the case.

Income Growth over Time

7.152 Given that many of the existing shared ownership dwellings in West Northamptonshire are let to people in the 22-39 years age range it is interesting to explore the income profile of this group. This analysis will examine their likely ability to staircase up to higher levels of home ownership. Figure 115 shows median and mean earnings for different age groups across the UK. This age group split is only available for the whole of the UK and therefore there is no direct evidence for how income varies across age groups in West Northamptonshire. However, it is noteworthy that median earnings for full time employees across the UK are around £25,000 which is about 3% less than that for West Northamptonshire residents. Therefore it has been assumed that variations in income in West Northamptonshire will be similar to those across the whole of the UK, except that they will be 3% higher at each point. It should be noted however, that 2006 earnings data is being...
used for West Northamptonshire (owing to missing data in subsequent years) and therefore current earnings are likely to be even higher than shown here.

7.153 Figure 115 shows that across the UK the median earnings for those aged 30-39 years is £6,700 higher than for those aged 22-29 years. Therefore, this would represent a gain of approximately £670 per year. Income peaks for the 40-49 years age group, before declining among older workers.

7.154 ASHE (Annual Survey of Hours and Earnings) contains information not only on median income, but also in each decile of income. Therefore, it includes information at a UK wide level on how large an income is required to be in each decile. This is shown in Figure 116 below.

7.155 As an example Figure 116 shows that 50% of all full-time employees aged 22-29 years earn more than £18,500 per annum. Similarly, 50% of those aged 30-39 years earn more than £24,300.

7.156 The level at which the deciles occur allow us to forecast how many people are likely to be in particular income bands in particular age groups in West Northamptonshire.

7.157 At the time of the 2001 Census there were 42,680 people aged 22-29 years living in West Northamptonshire. Of this group 63% were employed full-time which represents 26,690 employees. This number is likely to have grown since this time, but it represents a useful benchmark to start the calculations.
ASHE data indicates that 50% of full-time employees aged 22-29 years in the UK earn more than £18,500. Applying this result to West Northamptonshire with a 3% upward adjustment implies that 13,345 full-time employees aged 22-29 years earn more than £19,100. Given this is spread over an eight year age group this would imply that approximately 1,700 new individuals in the 22-29 years age band achieve this level of income for the first time each year. Similarly, 1,300 employees achieve an income of over £23,700, 1,000 employees achieve an income of over £26,300, 700 employees achieve an income of over £27,900 and 300 employees achieve an income of over £29,700 each year (Figure 117).

Figure 117
Income Profile for those Aged 22-29 in West Northamptonshire (Source: UK Census of Population 2001 and ASHE 2008)

<table>
<thead>
<tr>
<th>Residents of West Northamptonshire</th>
<th>New each year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number aged 22-29 during 2001 Census</td>
<td>42,680</td>
</tr>
<tr>
<td>% employed full-time</td>
<td>63%</td>
</tr>
<tr>
<td>Number of full-time employed</td>
<td>26,690</td>
</tr>
<tr>
<td>Earning above £19,100 (50%)</td>
<td>13,345</td>
</tr>
<tr>
<td>Earning above £23,700 (40%)</td>
<td>10,676</td>
</tr>
<tr>
<td>Earning above £26,300 (30%)</td>
<td>8,007</td>
</tr>
<tr>
<td>Earning above £27,900 (20%)</td>
<td>5,338</td>
</tr>
<tr>
<td>Earning above £29,700 (10%)</td>
<td>2,669</td>
</tr>
</tbody>
</table>

Figure 118 shows the same calculation for those aged 30-39 years. At the time of the 2001 Census there were 55,825 people aged 30-39 years living in West Northamptonshire. Of this group 56% were employed full-time which represents 31,408 employees. ASHE data indicates that 50% of full-time employees aged 30-99 years in the UK earn more than £24,300 per annum. Applying this result to West Northamptonshire with a 3% uplift implies that 15,704 full-time employees aged 30-39 years earn more than £25,000 per annum. Given this is spread over a ten year age group this would imply that approximately 1,600 new individuals in the 30-39 years age band achieve this level of income for the first time each year.

Figure 118

<table>
<thead>
<tr>
<th>Residents of West Northamptonshire</th>
<th>New each year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number aged 30-39 during 2001 Census</td>
<td>55,825</td>
</tr>
<tr>
<td>% employed full-time</td>
<td>56%</td>
</tr>
<tr>
<td>Number of full-time employed</td>
<td>31,408</td>
</tr>
<tr>
<td>Earning above £25,000 (50%)</td>
<td>15,704</td>
</tr>
<tr>
<td>Earning above £31,600 (40%)</td>
<td>12,563</td>
</tr>
<tr>
<td>Earning above £35,800(30%)</td>
<td>9,422</td>
</tr>
<tr>
<td>Earning above £38,200 (20%)</td>
<td>6,282</td>
</tr>
<tr>
<td>Earning above £41,300 (10%)</td>
<td>3,141</td>
</tr>
</tbody>
</table>

These calculations are very approximate, but do indicate that a significant number of people in the 22-29 years age band could potentially afford to access a housing product with a starting threshold of around £20,000. It is also the case that these results refer only to individuals living in West Northamptonshire. Therefore, there are likely to be even more households who could afford this threshold when joint incomes and demand from those who currently live outside of West Northamptonshire.
Northamptonshire is included. These results help to indicate how many households can potentially afford to access affordable home ownership products in West Northamptonshire.

The results also show that a typical individual’s income grows considerably between the ages of 22 and 39. Therefore someone who buys into an affordable home ownership product in their twenties may well be able to progress and staircase to full home ownership in their thirties.

**Housing Benefit**

Figure 119 shows that around 69% of all new social tenants in West Northamptonshire had no earnings from employment. This group includes those who are of pensionable age. Many of the new lettings are to households which are entirely benefit dependent. However 9% of new lettings were to households with net take-home earnings from work of over £300 per week. This is equivalent to an income of around £20,000 per annum.

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

Housing benefit statistics distinguish between local authority tenants and other tenants but not between tenants of registered social landlord properties or tenants in the private rented sector. There are no precise figures for the number of housing benefit claimants in the private rented sector, but only broad indications of how housing benefit claimant numbers in the private rented sector have been changing.

West Northamptonshire has seen a rise in the total number of claimants since 2004. In total, the number of claimants has risen from 4,300 in the first quarter of 2004 to 6,400 in the third quarter of 2007, which represents a rise of 49%. Figures 120 and 121 detail how the number of claimants has risen across the four local authorities within the sub-region. Northampton has experienced the largest increase (62%), while South Northamptonshire’s figures have only increased by 17% and Daventry’s by 18%, over the three year period. This suggests that the private rented sector is playing an increasing role in housing people unable to access home ownership or the social rented sector.
The Importance of Intermediate Affordable Housing and how the need for it changes if market prices fall

7.166 The importance of intermediate housing as a policy and investment issue cannot be overstated. Indeed PPS3 describes its value in policy terms:

**Intermediate Affordable Housing and PPS3**

A sufficient supply of intermediate affordable housing can help address the needs of key workers and those seeking to gain a first step on the housing ladder, reduce the call on social-rented housing, free up existing social-rented homes, provide wider choice for households and ensure that sites have a mix of tenures.

7.167 PPS3 however is careful to point out that that the full term is intermediate affordable housing and distinguishes between the terms affordable housing and affordability. So great care must be taken to ensure that intermediate affordable housing products are not confused with low cost home ownership products that are charged at low market prices.

7.168 It is clear from the evidence in this report that the intermediate affordable housing requirement is significant and important. However its importance in the medium term is understated because of the credit crunch.

7.169 Whilst it is widely agreed that affordability ratios are improving and will continue to improve for the next year or so, the benefit is not uniform and it will affect household groups differently.

7.170 Firstly price weaknesses will occur mostly in cheaper lower quality housing. If a 15-25% price drop is expected on average over the peak prices of 2007, some properties will drop considerably further – others hardly at all.

7.171 Secondly there are a group of people for whom shared ownership or cheaper home ownership would be affordable but who would not be able to access mortgage finance. They are regarded as
sub-prime borrowers. Examples would be those with a history of debt or possibly no credit history. It is likely that people seeking housing following a relationship breakdown would be in this group.

Surprisingly, the private rented sector where tenants are supported through housing benefit can be a source of intermediate affordable housing.

The findings of this chapter therefore demonstrate the significant contribution that intermediate affordable housing and the private rented sector can make in a financial climate that is constraining owner occupation. It is also capable of providing more choice for some households who would otherwise register for social rented housing.

**Expressions of Housing Need**

**Analysing Housing Register Data to Determine Housing Need**

A source for identifying local housing need suggested by the Practice Guidance is the use of local housing registers, operated by individual local authorities and other social landlords.

Figure 122 indicates that the total number of non-transfer applications on waiting lists in the sub-region has risen in the last 10 years from around 4,700 to around 9,700.

Figure 123 shows that as a proportion of all households in the local authority, South Northamptonshire has fewer people on its waiting list than any other authority. However, Northampton social housing stock is the largest of the three authorities and when taken as a proportion of all social housing in the authority, Northampton also has fewer applicants on its waiting list than any other authority. Daventry district has a higher number of applicants on its waiting list, however it should be noted that Daventry District Council currently has a completely open waiting list, which the other authorities do not, which may have led to a larger waiting list.

The Practice Guidance suggests that data cannot usually be considered robust due to a wide range of problems.

The 2001 DETR publication “Local Housing Needs Assessment: A Guide to Good Practice” noted:
“Housing registers should preferably be open to all, but even then it is likely that not all need, and possibly only a minority of need, will be registered; estimates based only on housing registers are likely to be an underestimate for this reason, but this may be offset by the inclusion of ‘deadwood’ and ‘insurance’ registrations”

“Many people potentially in housing need fail to apply [to the housing register] – in some cases because they judge that there is little chance of their being offered a suitable property”

“The reliability of [housing registers] … would depend, of course, on landlords’ approaches to reviewing their registers.”

7.179 On the basis of our own analysis of housing registers, including a study for the National Assembly for Wales specifically concerned with waiting list applicants, we have found that often:

- Households who are not currently in need (who are registered “just in case”) are included, although these are usually identified and may not be regarded as part of the overall quantity of housing need;
- Households can be double counted, as registers overlap between landlords and newly forming households often registered more than once (as two or more individuals register independently but anticipate living together) although this is unlikely in Northampton Borough due to its choice based letting arrangements;
- Households who can afford local housing may be included – as many registers are open and do not necessarily restrict application based on financial circumstances;
- There are significant amounts of “deadwood” (where households have moved and/or no longer require social housing), especially where registers are not actively maintained; and
- Households seeking intermediate housing are often excluded, as they do not apply to the Council or other landlords for housing.

7.180 It is apparent that whilst housing registers can provide valuable information on current need, in particular in relation to specific localities, may provide a different result to other methods of quantifying need for strategic analysis purposes. We note that the Northampton Borough has taken steps to mitigate this situation. The Northampton Borough Housing Register was reviewed in 2008 to remove any “deadwood” and there should be no overlap between social landlords as the choice based lettings includes RSL applicants.
Acute Housing Need: Homelessness

7.181 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:

- secure that accommodation is available for his occupation for such period as they consider will give him a reasonable opportunity of securing accommodation for his occupation, and
- provide him with advice and assistance as they consider appropriate in the circumstances in any attempts he may make to secure that accommodation becomes available for his occupation.

7.182 Cases can be found to be homeless but not 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.

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;
- persons who are homeless in emergency.

The following categories were added to this list by the Priority Needs Order 2001:

- 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;
- those who are vulnerable as result of leaving accommodation because of threats of violence.

7.183 Figure 124 indicates that the total number of claims for homelessness has gradually fallen since 2004, along with accepted claims. The number of households housed in temporary accommodation rose to a peak of over 260 in 2005 but has since fallen rapidly to only 104 in the fourth quarter of 2008.

7.184 Figure 124 also indicates that the total number of households accepted as homeless has been consistently higher in Northampton than in any of the other local authorities in the sub-region, but it should
be remembered that Northampton’s population is higher than that of any other authority. However, since this time Northampton has reduced the number of cases which are accepted as homeless. It should be noted however that one of the major factors that have influenced these numbers is an increased emphasis from the councils on preventing homelessness.

Similarly, from 2005 onwards, Northampton has significantly reduced the number of households held in temporary accommodation. Daventry District Council has also reduced the number of households in temporary accommodation as well as the number of homeless applications through homelessness prevention initiatives.

Figures 127 and 128 identify the ethnic minority dimension to homelessness acceptances across the West Northamptonshire sub-region. Of all households accepted as being homeless and in priority need in the period 2003-08, around 12.4% were from Non-Whites, which is higher than their share of the total population. It is worth noting at this stage that there is no data available for ‘Other White’ groups, and so the only ethnic minorities represented here are non-white groups.
Summary of Key Findings

Unsuitable housing

Most of the predicted areas of unsuitable housing are within urban areas. Many of the rural areas and villages show very low levels of predicted unsuitably housed households.

Across the whole sub-region nearly 20,000 households are unsuitably housed, which amounts to 13.8% of all households, 9.8% in South Northamptonshire compared to 16.3% in Northampton.

A total of 4.8% of households in West Northamptonshire lived in overcrowded conditions at the time of the 2001 Census. Although this is slightly higher than the average for the whole of the East Midlands it is lower than the proportion for England and Wales as a whole. It can also be seen that Northampton has the highest proportion (6.2%) and South Northamptonshire the lowest proportion (2.6%) of overcrowded households in the sub-region. Only 2.3% of owner occupied dwellings were overcrowded. However, 12.1% of social rented and 11.7% of private rented dwellings in West Northamptonshire were overcrowded.

Affordability and volume

Prices rose steeply until the end of 2007, but have been generally falling since this time, although in Daventry District prices peaked during quarter four 2008. Prices in South Northamptonshire have remained consistently the highest in the sub-region, while those in Northampton have been the lowest.

According to the Land Registry the number of completed sales peaked at over 2,900 sales in late 2002 before falling slightly, dipping to 2,060 sales in 2005. By 2007, however, the volume of sales again rose to around 2,630 sales, but fell into sharp decline in 2008/09 with a total of 1,060 transactions being completed. For the period April 2008 to March 2009 there were very few transactions for less than £100,000 with 28.2% of properties selling for less than £125,000 which is the upper limit of the zero rated stamp duty. 48.3% of all properties sold for between £125,000 and £200,000.

Only 24.3% of properties sold would be affordable to individual earners with incomes of less than £34,999 borrowing at the maximum 3.5x income ratio, assuming little or no equity. Even fewer properties would be available to households with joint incomes of less than £34,999 as joint income is subject to a smaller multiplier.

It is not possible to estimate the proportion of households with single or joint incomes so the calculation for individual earners should be regarded as the maximum number of properties that could be afforded.

Only 6.5% of housing for owner-occupation and 23.9% of market rented housing is available to those earning less than £25,000 gross. The income level of £25,000 is a key finding as it defines the entry level for market housing.

Households with incomes of £15,000 or over could have the option of moving into intermediate affordable housing were it to be built. This could avoid them being part of the social housing requirement. Evidence from CORE for RSL lettings in 2005-2008 indicates that around 7.6% of all general lettings were to households earning £20,000 or more with 2.4% going to households with incomes of over £30,000. Therefore, a significant number of households who potentially can afford intermediate housing are accessing social housing tenancies.
Summary of Key Findings continued

The requirement for Social Rented housing

Local authority level East Midlands Regional Assembly household projections as the starting point for estimating the future housing tenure mix which will be required in West Northamptonshire. We estimate results to 2026 to coincide with the end of the current East Midlands RSS, and current local plan periods.

Net changes to the social rented stock must be factored into the assessment (RTB sales and new build). Over 2,200 properties have transferred from Social Rent to Owner Occupation over the 5-year period from 2001/2. Nevertheless, the recent change in legislation, coupled with increasing house prices in the area, has led to far lower sales in recent years.

In the period 2008 to 2026, it is estimated that the requirement for social rented housing accounts for 14,000 of the 48,400 overall requirement; equivalent to 29.0% of the total.

The requirement for other tenures

Household projections suggest that the proportion of owners will reduce from 73.4% to 68.3% of all households. However, if in future households are less able to afford the costs of purchasing their home, then this proportion could be much lower.

The overall housing requirement 2008-2026 for West Northants is estimated as 48,400 additional homes broken down as follows;

- Market Housing 33,100 homes (68.5%)
- Intermediate affordable housing 1,300 homes (2.6%)
- Social housing 14,000 (29.0%)
- The affordable housing requirement is therefore 15,300 homes (31.5%)

However the requirement for intermediate housing is sensitive to price changes. If prices were to increase by 10% the intermediate requirement would grow to 6,500 (13.5%) and the market requirement reduce by the same amount.

Estimates for the individual Local Authorities reveal key differences. South Northamptonshire has a large requirement for intermediate housing, but none is required in Daventry District and little in the NIA. This suggests an estimated affordable housing requirement for each Local Authority as follows;

- Daventry District 25.4%
- NIA 33.3%
- South Northamptonshire 31.9%

Current polices require sites of over 15 dwellings to provide affordable housing contributions. Only 30% of sites in Daventry and 50% of sites in South Northamptonshire have contained over 15 dwellings in recent years. Therefore, either site thresholds require to be lowered, or affordable housing targets set at higher levels than those outlined above if sufficient affordable housing is to be provided.

The size and tenure mix of the housing requirement varies by tenure and by Local Authority. Estimates for social rented housing show that in Daventry, 60% of the requirement is for 1 and 2 bedrooms and 40% for 3 and 4 bedrooms. In the NIA 67% should be 1 and 2 bedrooms, and in South Northants 76% should be 1 and 2 bedrooms. For market housing the requirement is estimated to be for larger 3, 4 and 5 bedroom homes – Daventry 76%, Northampton 68% and South Northamptonshire 68%. The implications of seeking to meet these requirements in practice are considered further in Section 9 of this report.

Separate tenure and size mix estimates are provided for Northampton Borough. Here 72% of the requirement is for affordable homes - mostly 1, 2 and 3 bedroom in roughly equal parts; 28% of the requirement is for market housing - mostly for 3 bedroom and larger homes.
Section 8: Niche Group Analysis

Introduction

8.1 Whilst we have established an understanding of the housing needs and housing requirements of the overall population of West Northamptonshire, 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.

8.2 The sub-groups considered by the study include:

- housing needs of older people;
- supported housing and health needs; and
- housing needs of the black and minority ethnic population.

Needs of Older People and Other Supported Housing Issues

Older Population

8.3 As shown previously in Figure 18 there is a lower proportion of older persons in West Northamptonshire compared to the population of the East Midlands as a whole. However, the ONS sub-national population projections indicate that the population of West Northamptonshire is likely to become older in the period up to 2029 and in particular the number of people aged 60 years and above is expected to grow considerably (Figure 21).

Health

8.4 Data from the 2001 Census indicates that 43% of people of pensionable age suffer from a limiting long-term illness (Figure 129). This figure is 30.6% 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 West Northamptonshire is likely to see more people with support needs in the future.
Access to a Car or Van

8.5 Access to services is a crucial issue for older people. Figure 130 shows that pensioner households are much less likely to have access to a car or van than the population of West Northamptonshire as a whole which, if services are located at a distance further than a short walking distance, is likely to limit access to services. Almost 50% of pensioner households do not have access to a car or van and therefore are far more dependent upon public transport than the rest of the population. However with free bus passes for the over 60s this is often the mode of choice. There is little difference between Daventry District and South Northamptonshire, however it can be seen that pensioner households in Northampton are the least likely authority in the sub-region to own a car or van.

Tenure

8.6 Figure 131 shows that in West Northamptonshire 4.1% of older persons live in communal establishments, mainly medical and care establishments. Almost 5% of Northampton’s residents of pensionable age live in communal establishments compared to only 2.9 in South Northamptonshire. The figure for the whole sub-region is as high as 15.8% for those aged 85-89 years and 35.1% for those aged 90 years or more. Given the projected growth of the older population it is likely that there will be an increased requirement for care and medical provision for them.
For those pensioner households in private housing, around 70% are in owner occupied dwellings and over 20% are in the social rented sector. Very few pensioner households are to be found in the private rented sector. The tenure of pensioner households varies slightly by local authority, with a slightly higher proportion of owner occupiers in Daventry District and a slightly higher proportion of households who rent privately in South Northamptonshire.

**Housing Issues related to Minority Ethnic Groups**

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**

The 2001 Census contains detailed information on the ethnicity of the population of West Northamptonshire. The 2001 Census classified ethnic groups on the basis of sixteen categories which are standardised across all UK government sources (Figure 133). 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 133
Ethnic Group Classification (Source: UK Census of Population 2001)

<table>
<thead>
<tr>
<th>Broad Ethnic Group</th>
<th>Detailed Ethnic Group Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>White: British</td>
</tr>
<tr>
<td></td>
<td>White: Irish</td>
</tr>
<tr>
<td></td>
<td>White: White Other</td>
</tr>
<tr>
<td>Mixed</td>
<td>Mixed: White and Black Caribbean</td>
</tr>
<tr>
<td></td>
<td>Mixed: White and Black African</td>
</tr>
<tr>
<td></td>
<td>Mixed: White and Asian</td>
</tr>
<tr>
<td></td>
<td>Mixed: Other Mixed</td>
</tr>
<tr>
<td>Asian</td>
<td>Asian or Asian British: Indian</td>
</tr>
<tr>
<td></td>
<td>Asian or Asian British: Pakistani</td>
</tr>
<tr>
<td></td>
<td>Asian or Asian British: Bangladeshi</td>
</tr>
<tr>
<td></td>
<td>Asian or Asian British: Other Asian</td>
</tr>
<tr>
<td>Black</td>
<td>Black or Black British: Black Caribbean</td>
</tr>
<tr>
<td></td>
<td>Black or Black British: Black African</td>
</tr>
<tr>
<td></td>
<td>Black or Black British: Other Black</td>
</tr>
<tr>
<td>Other</td>
<td>Chinese or Other Ethnic Group: Chinese</td>
</tr>
<tr>
<td></td>
<td>Chinese or Other Ethnic Group: Other Ethnic Group</td>
</tr>
</tbody>
</table>

8.10 Information from the Census is based on self assessment. Each person must decide to which ethnic group they belong. 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.

Figure 134
Population of West Northamptonshire by LA (Source: UK Census of Population 2001)

8.11 In the 2001 Census the Black and Minority Ethnic (BME) population in West Northamptonshire comprised 8.8% of the total population including 3.3% of the population who were White, but not White British, and a further 5.5% who could be considered as a Non-White population. The proportion
of BME residents varied by local authority with BME groups comprising 12.3% of the total population in Northampton, including 8.4% non-white groups. In contrast, only 4.3% of the population of both Daventry District and South Northamptonshire consisted of BME groups.

8.12 The ethnic minority population of West Northamptonshire compared with the East Midlands and England and Wales at the time of the 2001 Census is shown in figure 135. As previously noted the BME population (including White Non-British and Non-White residents) accounted for 8.8% of the total – compared with 8.7% for the East Midlands and 12.5% for England & Wales as a whole.

8.13 West Northamptonshire’s largest ethnic groups, as classified by the 2001 Census, are Other White (1.9%), White Irish (1.4%) and Indian (1.1%) - in particular, the White Irish population in West Northamptonshire is higher than both the National (1.2%) and regional (0.9%) figures.

Figure 135
Age Profile and Population Change

8.14 If the age profile of the BME population and the White British population is compared (Figure 136) it is apparent that the BME population is much younger, with a far higher share of the population aged less than 40 years.

8.15 To attempt to highlight how the BME population of West Northamptonshire may have changed recently, Figures 137 and 138 compare how large a share BME group children formed of primary school rolls across Northamptonshire in 2004 and 2008. The data is drawn from the Pupil Level Annual Schools Census (PLASC) which is conducted every January by every maintained school. Unfortunately there is no data at district level, however the data for Northamptonshire should give a general idea of the situation in West Northamptonshire.

8.16 In 2004 children from identified BME groups formed 9.9% of all pupils in primary schools in Northamptonshire. By 2008 this figure had risen to 14.4% of all primary school children. Therefore, there has been a substantial rise in the share of children in Northamptonshire primary schools who come from BME groups. Some of this rise is likely to be due to the relative youth of the existing BME population of Northamptonshire, but some may also be due to BME communities moving to the area.
Household Structure

8.17 The private household structure of the BME population of West Northamptonshire is distinct from that of the White British population. As Figure 139 indicates, the BME population was more likely to be living in a household containing a couple with children or a single person. Interestingly, only 4.9% of White British households are living in the “Other” households, while 10.1% 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 139
Household Structure by Ethnic Group (Source: UK Census of Population 2001)

8.18 Household structure is further considered in Figure 140. This shows the proportion of households with two or more dependent children by ethnic group. Over 30% of Pakistani and Other Asian and 50% of Bangladeshi households contained two or more children which is considerably higher than for any other group. However, almost all BME groups, with the exception of the White Irish, Black African and Black Caribbean, were more likely to contain two or more dependent children than White British households.

Figure 140
Households with 2 or more Children by Ethnic Group (Source: UK Census of Population 2001)
Housing Tenure

8.19 Figure 141 shows how household tenancy is divided by ethnic group. Around 80% of the Indian population live in owner occupied dwellings which is higher than the White British population, while most other ethnic groups are lower. Meanwhile, private renting rates are high in the Black African, Mixed White and Black African, Other Mixed and White Other ethnic groups. Therefore, there are considerable differences in the tenures occupied by different ethnic groups.

Figure 141
Housing Tenure by Ethnic Group (Source: UK Census of Population 2001)

8.20 Figure 142 shows how the proportion of households in the social rented sector varies by ethnic group. This shows that 35% or more of households from the Mixed White and Black Caribbean, Black African and Black Other groups are living in social rented accommodation, compared to around 16% of the White British population.
8.21 Figure 143 records all tenants of socially rented accommodation. Many of these residents would have lived in their tenancy for a long period of time. Given that the BME population is typically younger it is interesting to explore the more recent pattern of lettings.

8.22 Figure 143 also compares the recent pattern of RSL lets in West Northamptonshire with the data covering the period from April 2006 to March 2009 for lets in the area. It shows the share of households where the respondent came from a particular ethnic group at the time of the 2001 Census with the proportion of those who reside in social housing from each ethnic group and RSL (not Council) lets to that group since 2001.

8.23 Since 2006, the share of lets to many BME groups has been above their population share, most notably for the Black African, Other White and Mixed White & Black Caribbean groups.
Housing Conditions

More general housing conditions are reflected in Figure 144 which shows levels of overcrowding. The results indicate that on this measure 39.0% of Bangladeshi, 31.9% of Black African, and 22.9% of Pakistani households were overcrowded. In comparison, the lowest proportions of overcrowding were for the White British group at 4.0% and White Irish at 5.6%.

Figure 144
Overcrowded Households by Ethnic Group (Source: UK Census of Population 2001)

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Percentage of Households which are Overcrowded</th>
</tr>
</thead>
<tbody>
<tr>
<td>White: British</td>
<td>4.0%</td>
</tr>
<tr>
<td>White: Irish</td>
<td>5.6%</td>
</tr>
<tr>
<td>White: Other</td>
<td>7.4%</td>
</tr>
<tr>
<td>White and Black Caribbean</td>
<td>13.1%</td>
</tr>
<tr>
<td>White and Black African</td>
<td>12.0%</td>
</tr>
<tr>
<td>White and Asian</td>
<td>7.3%</td>
</tr>
<tr>
<td>Other Mixed</td>
<td>9.4%</td>
</tr>
<tr>
<td>Indian</td>
<td>12.2%</td>
</tr>
<tr>
<td>Pakistani</td>
<td>22.9%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>39.0%</td>
</tr>
<tr>
<td>Asian Other</td>
<td>19.3%</td>
</tr>
<tr>
<td>Black Caribbean</td>
<td>10.2%</td>
</tr>
<tr>
<td>Black African</td>
<td>31.9%</td>
</tr>
<tr>
<td>Black Other</td>
<td>19.8%</td>
</tr>
<tr>
<td>Chinese</td>
<td>18.1%</td>
</tr>
<tr>
<td>Other Ethnic Group</td>
<td>16.4%</td>
</tr>
<tr>
<td>ALL HOUSEHOLDS</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Homelessness

In West Northamptonshire between the first quarter of 2003 and the most recently available data from the 4th quarter of 2008, 3,463 people were considered to be homeless and in priority need. Figure 145 identifies the ethnic minority dimension to homelessness acceptances across West Northamptonshire. Of all households accepted as being homeless and in priority need in the period 2003-08, around 12.5% were from BME groups, which is higher than their share of the total population.

Figure 145
Homeless and in Priority Need by Ethnic Group Q1 2003-Q4 2008 (Source: Local Authority P1E Homelessness Data and UK Census of Population 2001)

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>% of cases from groups</th>
<th>% of population from groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>79.1%</td>
<td>94.5%</td>
</tr>
<tr>
<td>African/Caribbean</td>
<td>8.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Indian/Pakistani/Bangladeshi</td>
<td>2.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Other Ethnic Group</td>
<td>2.1%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Unknown</td>
<td>8.5%</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Section 8: Niche Group Analysis

8.26 Many of the above conclusions can be reinforced by analysing the economic activity of working age individuals. Figure 146 shows that the inactivity rates among the Pakistani and Bangladeshi population were over 40% and 50% respectively of the working age population. This is largely due to low participation rates among females from these groups.

Figure 146
Economic Activity by Ethnic Group (Source: UK Census of Population 2001)
### Summary of Key Findings

#### Older Persons

There is a lower proportion of older persons in West Northamptonshire compared to the population of the East Midlands as a whole. However, the ONS sub-national population projections indicate that the population of West Northamptonshire is likely to become older in the period up to 2029 and in particular the number of people aged 60 years and above is expected to grow considerably.

Data from the 2001 Census indicates that 43% of people of pensionable age suffer from a limiting long-term illness. This figure is 30.6% for those aged up to 70 years, but rises rapidly to over two-thirds for those aged 85 years and above.

For those pensioner households in private housing, around 70% are in owner occupied dwellings and over 20% are in the social rented sector. Very few pensioner households are to be found in the private rented sector. The tenure of pensioner households varies slightly by local authority, with a slightly higher proportion of owner occupiers in Daventry District and a slightly higher proportion of households who rent privately in South Northamptonshire.

4.1% of older persons live in communal establishments, mainly medical and care establishments. Almost 5% of Northampton’s residents of pensionable age live in communal establishments compared to only 2.9 in South Northamptonshire. The figure for the whole sub-region is as high as 15.8% for those aged 85-89 years and 35.1% for those aged 90 years or more.

#### Ethnic Minority Households

In the 2001 Census the Black and Minority Ethnic (BME) population in West Northamptonshire comprised 8.8% of the total population— including 3.3% of the population who were White, but not White British, and a further 5.5% who could be considered as a Non-White population. The proportion of BME residents varied by local authority with BME groups comprising 12.3% of the total population in Northampton, including 8.4% non-white groups. In contrast, only 4.3% of the population of both Daventry District and South Northamptonshire consisted of BME groups. The regional and national overall proportions are 8.7% for the East Midlands and 12.5% for England and Wales.

Around 80% of the Indian population live in owner occupied dwellings which is higher than the White British population, while most other ethnic groups are lower. Meanwhile, private renting rates are high in the Black African, Mixed White and Black African, Other Mixed and White Other ethnic groups. 35% or more of households from the Mixed White and Black Caribbean, Black African and Black Other groups are living in social rented accommodation, compared to around 16% of the White British population. Since 2006, the share of lets to many BME groups has been above their population share, most notably for the Black African, Other White and Mixed White and Black Caribbean groups.

The BME population is much younger, with a far higher share of the population aged less than 40 years.

Over 30% of Pakistani and Other Asian and 50% of Bangladeshi households contained two or more children which is considerably higher than for any other group.

35% or more of households from the Mixed White and Black Caribbean, Black African and Black Other groups are living in social rented accommodation, compared to around 16% of the White British population. Since 2006, the share of lets to many BME groups has been above their population share, most notably for the Black African, Other White and Mixed White & Black Caribbean groups.

39.0% of Bangladeshi, 31.9% of Black African, and 22.9% of Pakistani households were overcrowded. In comparison, the lowest proportions of overcrowding were for the White British group at 4.0% and White Irish at 5.6%.
Section 9: Policy issues and implications arising from the SHMA

Introduction

9.1 This chapter considers the main policy issues that have arisen from the SHMA and their implications. 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. Accordingly the SHMA estimates housing requirements based upon 2008/9 prices that are estimated to be close to the long term trend. The SHMA demonstrates how future housing requirements, especially intermediate affordable housing products are sensitive to house price change. The impact of the current economic climate or ‘credit crunch’ is noted in several places in the report. However, it is in this chapter that the policy implications of the credit crunch are brought together as an added dimension to identified policy issues.

Context and overview - underlying issues Identified by the SHMA

9.2 As part of a response to the shortage of housing affecting most of England, there is a programme of planned housing growth – a step change in the supply side that has challenged developers, Registered Social Landlords (RSL) and Local Authorities to enable this to happen. However, the credit crunch and economic recession have put this delivery programme at risk. Minimum targets have been set for the delivery of new housing within the East Midlands Plan for each Local Authority and the NIA by 2026. One of the key outputs of the SHMA is the evidence base to support Local Planning Authorities’ affordable housing policy for development sites and information to inform the size and tenure mix of what should be built in order that the additional dwellings meet the estimated requirements of households in the future. Local Planning Authorities have a major role in enabling the delivery of additional housing. The evidence suggests that they are on course to achieve minimum targets.

9.3 However size and tenure mix are not the only factors that need to be taken into account when planning new build housing. 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. The SHMA report arrives at important conclusions about the size and nature of the housing requirement to 2026. This is the starting point from which to cascade the headline policy issues and implications.

Major policy issues identified by the SHMA

Structural Change in the housing market

9.4 Evidence in the SHMA indicates that there will be a structural change in the housing market. The SHMA estimates that by 2026 the proportion of owner occupiers in the housing stock will reduce significantly and the proportion of private renters will increase. This is entirely due to affordability of owner occupation becoming progressively worse based on long term house price trends. The
SHMA is likely to have underestimated this effect as it does not factor in the possible long term restrictions on mortgage lending in the wake of the credit crunch. Two important implications arise.

9.5 Firstly, more people will seek to rent and as a result the market will respond to this. The HCA is pursuing a policy of encouraging institutional investors as a major 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. Enforcement services seek to ensure that Landlords comply with the law affecting the private housing and initiate legal action if necessary. 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. It is apparent from the evidence that this effect will be more intense in rural parts of the study area due to higher average house prices and lower supply.

9.6 Secondly, fewer people will amass capital through equity in their home. This in turn will mean that a smaller proportion of the next generation will inherit capital to enable them to become owner occupiers. Thus the structural change may become self reinforcing.

9.7 There are signs that institutional investors are becoming interested in the private rented sector and they are considering employing RSLs as managing agents. We anticipate that this may lead to higher standards of management in the Private Rented Sector. If this is not the case then the Local Authority will have to provide resources to ensure that enforcement and advisory services are adequate. Irrespective it is likely that the Local Authority will face a higher demand for housing benefit claims.

**The legacy of the right to buy**

9.8 The SHMA describes a further structural change in the housing market that has played out over the last three decades which is the reduced supply of social housing through the right to buy. The legacy of this has implications for the current and future housing market.

9.9 The right to buy has had an impact on the affordability of market housing. 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 web based estate and letting agents’ advertising such as Rightmove, it is apparent that there is a significant but unmeasured private rented sector based on this housing, again presenting enforcement issues in some areas.

9.10 In rural areas the right to buy has resulted in nearly all of the social housing being sold. Loss of stock has severely limited the options for large families on low income especially in rural areas. Retaining families in this way is of great importance if retail and education infrastructure is to be sustained.

**Rural Housing**

9.11 Newly forming or local lower income households are being squeezed out of rural settlements because of higher house prices. The importance of retaining these households should be stressed as there are clear benefits for retaining the local labour force, maintaining balanced and mixed rural communities, sustaining the local retail and educational infrastructure, maintaining family
networks and providing informal care and support to those that need it. Further aspects of rural housing policy are considered alongside future housing requirements throughout this section.

**Unsuitable housing and households with support needs**

9.12 Shortages of all forms of affordable housing have 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 – all factors that contribute to the sustainability of neighbourhoods and the health and wellbeing of residents.

9.13 There are many policy implications presented by the aim of supporting households with special needs or support needs as part of the mixed community. The policy aim is to assist as many people to live independently for as long as possible. This means that for people with limited mobility specially designed housing can assist greatly. Residents of existing dwellings can be assisted with adaptations. Both groups will rely on care and support from a range of agencies as well as friends and relatives. ‘Care and repair’ delivered by Home Improvement Agencies provide invaluable support and expertise. This issue is highlighted because of evidence within the SHMA of growing numbers of elderly people nationally and locally. This is a major policy and service delivery challenge for Local Authorities and their partners.

9.14 The SHMA draws attention to specific locations that have high Index of Multiple Deprivation (IMD) scores. Detailed evidence shows many neighbourhoods in urban and rural areas that have high scores and equally high proportions of households living in unsuitable housing. The SHMA also evidences high levels of overcrowding that disproportionately affect large households on low income. Although problems in most areas will be addressed as a natural consequence of the economic success of the area. The ‘vital signs’ of areas facing the most severe problems should be monitored closely.

9.15 Unsuitable and non decent housing is also present in rural areas. This is largely due to the high proportions of older households occupying dwellings that have poor thermal comfort.

**Future Housing Requirements and the affordable housing target**

9.16 The SHMA has estimated the following housing requirement to 2026 based upon long term trends and affordability factors;

**Figure 147**

**Housing Requirement by Area 2008-2026** (Note: Figures may not sum due to rounding, Source: ORS Housing Market Model)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Market housing</th>
<th>Intermediate affordable housing</th>
<th>Social rented housing</th>
<th>Total Housing Requirement (2008-26) equals 48,400</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>House Prices at 2008/09 levels</strong></td>
<td>8,300</td>
<td>0</td>
<td>2,800</td>
<td>11,200</td>
</tr>
<tr>
<td><strong>Daventry</strong></td>
<td>20,600</td>
<td>100</td>
<td>10,300</td>
<td>31,000</td>
</tr>
<tr>
<td><strong>Northampton Implementation Area</strong></td>
<td>4,200</td>
<td>1,100</td>
<td>900</td>
<td>6,200</td>
</tr>
<tr>
<td><strong>South Northamptonshire</strong></td>
<td>68.1%</td>
<td>18.2%</td>
<td>13.7%</td>
<td></td>
</tr>
</tbody>
</table>

**Market housing**

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Daventry</th>
<th>Northampton Implementation Area</th>
<th>South Northamptonshire</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2008/09 levels</strong></td>
<td>74.6%</td>
<td>66.3%</td>
<td>68.1%</td>
</tr>
<tr>
<td><strong>Intermediate affordable housing</strong></td>
<td>0.0%</td>
<td>0.4%</td>
<td>18.2%</td>
</tr>
<tr>
<td><strong>Social rented housing</strong></td>
<td>25.4%</td>
<td>33.3%</td>
<td>13.7%</td>
</tr>
</tbody>
</table>
We have arrived at an estimate of the housing requirement for Northampton Borough using a different methodology. While the East Midlands RSS only considers the NIA and not Northampton borough, the 2004 based CLG Household Projections did provide estimates for the projected household growth of Northampton borough. We have adopted the projected rate of growth for Northampton, which is 17,514 households in the period 2001-2026. Given the housing delivery which has occurred in Northampton in the period 2001-2008, this leaves a total of 8,100 dwellings required in the period 2008-2026 if the household growth projections for Northampton borough are to be achieved.

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Northampton Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Prices at 2008/09 levels</td>
<td></td>
</tr>
<tr>
<td>Market housing</td>
<td>2,300</td>
</tr>
<tr>
<td>Intermediate affordable housing</td>
<td>0</td>
</tr>
<tr>
<td>Social rented housing</td>
<td>5,800</td>
</tr>
<tr>
<td><strong>Total Housing Requirement (2008-26)</strong></td>
<td><strong>8,100</strong></td>
</tr>
</tbody>
</table>

The RSS states that subject to local circumstances 35% of housing development should be in the form of affordable housing. The estimated requirement for social housing according to the SHMA varies across Local Authorities.

However, either SHMA estimates or economic viability considerations (whichever is smallest) define the upper limit for a Local Authority affordable housing target. The viability assessment undertaken in accordance with PPS3 paragraph 29 for the West Northants local authorities, shows the following outputs which have been combined with other information on a comparative basis.

<table>
<thead>
<tr>
<th></th>
<th>Daventry District</th>
<th>Northampton</th>
<th>South Northants</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSS</td>
<td></td>
<td>Social Inter Total</td>
<td>Social Inter Total</td>
</tr>
<tr>
<td>SHMA</td>
<td>25.4%</td>
<td>71.9%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Viability</td>
<td>40%**</td>
<td>25% and 40%***</td>
<td>40% and 50%****</td>
</tr>
<tr>
<td>Existing Policy</td>
<td>29%*</td>
<td>35%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Legend:
* achieved
** 25-35% for Daventry Town
*** 40% southern fringe and S.U.E.; 25% is proposed for suburban areas, older urban areas and Northampton East
**** 50% rural area 40% everywhere else.

The viability assessment is a stand-alone technical document and only the summary outputs are considered here. It is clear from Figure 149 that targets for Daventry District and South Northants will be limited to SHMA levels. However, even if this level of affordable housing is negotiated on
Section 9: Policy Issues and Implications Arising from the SHMA

every site there will still be a shortfall on SHMA estimates of the affordable housing requirement. Clearly affordable housing delivered through the planning system will not be delivered on every site due to policy relating to the minimum size threshold of qualifying sites. As discussed in section 7 local authorities may wish to re-consider site size thresholds and potential delivery when reviewing their affordable housing policy.

9.21 Further the SHMA contains the evidence to support funding applications from the HCA to provide the affordable housing that will not be delivered by the planning system.

Meeting the housing requirements of younger households without children on low income

9.22 The ORS model places these households as part of the affordable housing requirement however thought should be given to what housing they will actually occupy.

9.23 A large proportion of the requirement for one bedroom dwellings is made up of young single people and couples who would not be allocated social housing as they are not in priority need. The circumstances of many of these households are also likely to change in the future so that they may either be able to afford market housing or require a larger family property. There is therefore likely to be a high turnover of dwellings occupied by this group as their requirements change and they move to more suitable housing.

9.24 Clearly there is little point in building social housing for this group if allocation policies mean that many will be unlikely to access it. Many households will in reality seek housing in the private rented sector some with housing benefit support.

Size Mix

9.25 Providers of social rented housing have traditionally not allocated more space than a household needs and the SHMA findings have been based upon this approach. However policy in respect of commissioning and letting new build social rent may wish to consider the longer term implications of large numbers of additional 1 bedroom units.

9.26 SHMA evidence points to a high proportion of social tenants living in unsuitable housing. It is self evident that if a dwelling with an extra bedroom is allocated then especially for one or 2 person adult only households;

- There is room for a younger person household to grow without triggering the need for re-housing;
- There is room for an older person household to receive care and support in times of illness;
- There is room for divorced parents to have access to their children; and
- The size mix overall will be less skewed toward 1 bedroom dwellings.

9.27 Translating the housing requirement for one bedroom housing into priorities for new build social housing needs careful consideration. Many younger households aspire to a spare bedroom to enable the size of their household to grow without triggering the need to move home. Older households value a spare bedroom to enable children, guests and carers to stay occasionally. A policy aim of seeking to build a greater proportion of 2 bedroom homes would have significant benefits in sustaining communities and should be considered as far as finance will permit.
9.28 A priority for new build social housing should be to help alleviate overcrowding. Whilst the number of households in these circumstances is relatively small the degree of housing need can be acute. This problem is more acute within some minority ethnic households. There are health and wellbeing benefits for these households if properly housed. In addition, other smaller households will benefit from the dwellings these households vacate.

9.29 Regarding market housing SHMA size mix findings are more in step with how households in this sector have occupied market housing in the past however the following points are noteworthy;

- Owner occupiers of higher priced new build housing tend to buy much more space than they need. It should be pointed out that there is a chain of events from this purchase that will ultimately lead to a smaller cheaper dwelling appearing somewhere in the market for sale or rent;
- Increasingly young people are sharing market housing in the short term to make it affordable.

**Intermediate affordable housing**

9.30 A key finding of the SHMA is that the scope for intermediate housing varies across the sub-region. That said the requirement is generally low compared to other parts of the region. There is a requirement for intermediate housing in South Northants due to its higher average house prices compared to the rest of the sub-region. This leads into an interesting discussion regarding SHMA findings and policy. Firstly if a sub regional view is taken, is it reasonable to expect households to migrate to areas of housing that is affordable to them? Such movement is certainly a factor that drives migration as considered in section 4 of the report. Secondly with large scale housing developments underway, taking a long term view, should it be a feature of all developments in order to achieve a wider choice of housing and contribute to a more mixed community? –This is an important design factor.

9.31 The SHMA assessment of the requirement for intermediate affordable housing is based upon PPS3 definitions. We would urge local authorities to be sure that intermediate affordable housing delivered by developers and RSLs can be accurately described as intermediate affordable housing within the meaning of PPS3 paragraph 29. A distinction between this and low cost market housing is made in PPS3 and clearly low cost market housing will not by definition meet any of the intermediate affordable housing requirement identified by the SHMA. Given the supply situation in rural areas it is critical that this distinction is observed.

**Role of the social housing stock and issues concerning new-build social rented housing**

9.32 A considerable amount of new-build social rented housing will be built across the NIA and within each of the local authority boundaries. The role of this additional housing will be part of the MKSM SRS implementation but it will also be to meet the backlog of need and newly arising need for households in each of the local authorities. Traditionally local authority social rented housing, irrespective of whether it has been subject to stock transfer has been prioritised for local households. Therefore an equitable way of allocating this new build housing will need to be devised, agreed and operated.

9.33 The housing requirement can also be partly met by making better use of the existing affordable housing stock. Evidence from ‘CORE’ reveals that a proportion of affordable housing is let to
households who can afford more than social rents. There are positive and negative implications of this.

- **Positive**: it can help to dilute the concentrations of poverty that can exist in the remaining social rented stock (after RTB sales). Neighbourhoods that contain high levels of poverty work against the aim of achieving social cohesion through balanced communities. These can be self-perpetuating because of the ‘poverty trap’ partly caused because of the way housing benefit works, reducing the incentive for households to seek employment. However in an attempt to create more settled and sustainable communities within the housing stock Housing Management has responded with some important policy initiatives, for example Choice Based Lettings. The aim of this scheme is to enable more settled and cohesive communities grow within social housing by allowing tenants a degree of choice in which tenancies they seek;

- **Negative**: the vacancy is not allocated to the households that have no choice but to rely upon social housing – decent housing that they can afford.

9.34 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, however the issues are discussed 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)).

9.35 Policies aimed at unblocking turnover of second hand housing might also make an indirect contribution to the overall housing requirement. It is readily apparent from the SHMA study that in both affordable and market housing there is both overcrowding and under-occupation. Many households will be unable to move to more suitable housing either because of affordability or lack of supply. We develop examples of this in our remarks about older person households below.

9.36 With regard to social housing there is a strong argument for a Local Authority to adopt policies that specifically address these problems through new build housing and allocation policies.

9.37 A further factor recognised by PPS3 is the issue of converting the existing stock alongside new build housing as a means of achieving local housing requirements.

### Abstract of PPS 3 paragraph 31: Making effective use of existing housing stock

Conversions of existing housing can provide an important source of new housing. Local Planning Authorities should develop positive policies to identify and bring into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase procedures.

9.38 The activity of conversion is undertaken by entrepreneurs and small builders in response to market demand for small homes. However this can have local impacts, substantially altering the character of residential areas and the small businesses that support them. Whether the impact is positive or negative will depend on the existing character of the neighbourhood. Such conversion work can also play a part in bringing vacant buildings back into use. The scale of such work is very difficult to quantify as some conversion work at the cheaper end of the market may be undertaken without planning consent.
Meeting the housing requirement in Rural Areas

9.39 Assessing the need for rural social and affordable housing and delivering it is a specialised subject. The underlying issue is affordability and this is discussed above as is the effects of the Right to Buy which has severely eroded the supply of affordable housing. The Taylor review (Living Working Countryside, The Taylor Review of Rural Economy and Affordable Housing (DCLG July 2008)) provides an extended discussion about the future of rural areas and the need for more mixed communities.

Abstract from the introduction to the Taylor Review

For many villages and hamlets the choice is between becoming ever more exclusive enclaves of the wealthy and retired, or building the affordable homes to enable people who work in these communities to continue to live in them. In many cases just a handful of well designed homes, kept affordable in perpetuity for local people, will make all the difference to the sustainability of the community and its services. At the same time, we need to make sure that there are better opportunities for the people who live in these small rural communities to find quality work, and build successful businesses. Otherwise we will see more and more villages turn into commuter dormitories, at the cost of fewer local jobs, declining local services, and the loss of genuine community life.

Market towns face a different choice. The demand to live in a rural community means many market towns are growing fast. One option is to stick with current planning practices which are too often ringing country towns with anonymous housing estates, business and retail parks. The alternative, advocated in this report, is to learn the lessons of the past and follow the example of a handful of places that have pioneered a different approach. They have challenged planning practices to deliver genuinely attractive new neighbourhoods and community extensions which actually enhance the existing town.

9.40 PPS3 provides the mechanism for assessing and meeting rural housing need and the link to the local community is key.

Abstract of PPS 3 paragraph 30: Rural Exception Site Policy.

This enables small sites to be used, specifically for affordable housing in small rural communities that would not normally be used for housing because, for example, they are subject to policies of restraint.

Rural exception sites should only be used for affordable housing in perpetuity. A Rural Exception Site policy should seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection, whilst also ensuring that rural areas continue to develop as sustainable, mixed, inclusive communities.

9.41 The SHMA is unable to estimate affordable housing requirements except at the district council level. District level housing needs assessments cannot achieve an accurate assessment either. Bottom up survey work is needed at settlement level to provide an accurate assessment of current local need for affordable housing. Local authorities are playing an important role in the robust assessment of local need and then negotiate its delivery within the planning framework. The case for asking the LPA to use its rural exceptions policy will be essentially driven by local need and opportunity.

9.42 Parish Councils are arguably the most appropriate level of local administration to undertake local needs assessment work although Rural Enablers will typically work across a number of parishes. The challenge is to undertake it consistently across a district if indeed a district wide assessment is needed. This approach is supported by the Audit Commission in its key lines of enquiry.
9.43 The combined evidence of the SHMA and Viability assessment would support a higher target for affordable housing in rural areas. This is due to the fact that higher house prices are achieved in rural areas.

The credit crunch and economic recession

9.44 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 of 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 also affected RSLs as cross funding and S106 agreements were unfunded. There are several implications of this that stakeholders suggest are not as severe in the sub-region. The uncertainties are:

- 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, but the reverse is also true;
- shared ownership customers are seen as sub-prime borrowers by some lenders and this may affect demand i.e. (they are likely to have low income, little credit history or can raise only a small deposit);
- homelessness and advisory services in Local Authorities and the voluntary sector are under increasing pressure from people facing re-possession, negative equity and those unable to re-finance mortgages or fund higher payments.

9.45 Stakeholders believe that the local housing market is resilient to many of these factors;

- cheaper priced housing especially new development;
- the continued flow of households from London seeking more affordable housing and a better environment to raise a family;
- a regeneration strategy that gives in-migrants confidence in the area which will lead to further demand for housing.

Older people

9.46 Some older people occupy housing that is too large for them and is also unsuitable given their health, relative low income and vulnerability to cold and tripping hazards. Ensuring that part of the new housing delivery across all tenures was particularly suited to older people, would increase choice for older people. It would benefit the household, health and support services and again release second hand housing into the market.

9.47 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. Local policy options exist to encourage older people to move to more appropriate accommodation.

9.48 Part of the future requirement for larger homes in all tenures might be met from older households downsizing. Clearly there is scope to offer incentives to social renting tenants such as assisted moves and cash payments. The approach to owner occupiers will be more of influencing and advising. Parts of the market are starting to respond and provide housing that is particularly suited
to the requirements of older people. For example leaseholds schemes and apartments are to be found for sale and for rent that are marketed as retirement housing. However the question for planning policy is should developers be encouraged to include dwellings in their design proposals. Alternatively should the Local Authority rely solely upon the market and concepts such as lifetime homes?

**The future housing market and issues to be monitored by revisions to the SHMA**

9.49 The following scenario was raised and considered at the stakeholder consultation workshop. The combined effect of the following factors may have a long term impact on the future housing market and the socio economic framework within which it operates. Some of these factors should be monitored in future revisions to the SHMA.

**Future international migration and the labour market**

9.50 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, Houses in Multiple Occupation (HMO) etc). The implication is that this could further weaken the sustainability of low cost housing in areas such as Northampton.

**Other changes within the labour market**

9.51 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. Employees may find themselves living further from their place of work and having to commute over greater distances in order to find work. Either way, this increasing transience and/or travelling could have a knock-on effect on the sustainability of communities.

9.52 It is also necessary to emphasise low pay factors. The reality is that the industry even when buoyant, offers low paid employment opportunities and attracts younger people to live and work in the area. With retail it must be recognised that at the minimum wage level, households will be unable to afford market housing, and they are also unlikely to accrue adequate pension pots.

**Pensions, pension and savings performance**

9.53 Private pension yields are currently poor and the average pension pot is around £10,000 (ONS). Few employers outside the public sector are offering final year salary pension schemes. This could result in a resurgence of property based investment by entrepreneurs as yields from equities have proved disappointing.

9.54 Rolling the scenario forward by several decades but within the planning horizon there will exist the inability of many households to accrue wealth through pensions and housing equity means that these households may face poor financial prospects in retirement. Under the present support model, many services for older people are means tested and a contribution is required dependent upon circumstances for domiciliary care, adaptations etc. Therefore the local authority will also have to process a higher number of claims for housing benefit and council tax benefits and means tested claims for adaptations.
9.55 It also may lead to social cohesion problems in that there will be a contrast between well pensioned property owning older people and a greater number of people who have been unable to secure these benefits. So we have the prospect of an increasing number of older households that may not be financially self-sustaining.

9.56 There is a further factor to consider in addition to the scenario described by stakeholders;

**Public spending on infrastructure and regeneration**

9.57 Given the huge call on public spending 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. 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. Major infrastructure costs such as strategic transport corridors, flood defences etc may be cancelled or suspended.

**Summary of policy implications and recommendations**

**Relating to the affordable housing target**

9.58 The affordable housing target for each Local Authority should be in accordance with the viability assessment and SHMA estimates. In Northampton and the NIA there is a further requirement for affordable housing over and above that which might be delivered through the planning system and Local Authorities should seek funding for this from the HCA, RSLs and their own resources.

**Housing requirement and target issues**

9.59 Local Authority policy should take into account that the housing requirement can partly be achieved through conversions as well as new build, however a Local Authority may consider introducing planning policies to protect the character of existing settlements where conversion is occurring on a significant scale.

9.60 Local Planning Authorities should encourage developers and RSLs to produce specialised housing especially for older people including leasehold housing and extra care housing for the frail elderly and it should be a policy priority for delivery within the overall housing requirement.

9.61 Local Authorities should strive to achieve their minimum targets for new build housing in order to widen the choice of housing available to household groups.

9.62 Local Authorities should monitor delivery against tenure and size mix targets and periodically adjust targets to take account of short term delivery.

9.63 Local authorities should consider policy options to address the lack of housing for lower income households, such as small households without children, who currently fall in the intermediate affordable gap. This could involve working with the HCA and RSLs to produce a model for intermediate rented housing, which could be benchmarked against social rents. The delivery of housing costing more than market thresholds should not be considered as partly meeting the affordable housing target.
Regarding intermediate affordable housing

9.64 Local authorities should use SHMA findings to influence the price of intermediate affordable housing in their locality. (PPS3 paragraph 29, final sentence).

9.65 Local authorities should consider policy options to address the lack of housing for lower income households, such as small households without children, who currently fall in the intermediate affordable gap. This could involve working with the HCA and RSLs to produce a model for intermediate rented housing, which could be benchmarked against social rents. The delivery of housing costing more than market thresholds should not be considered as partly meeting the affordable housing target.

Regarding social housing

9.66 Local authorities should prioritise new family housing to address backlog need and overcrowding.

9.67 Local authorities should provide incentives for tenants to downsize their housing in order to release family housing.

9.68 Local Authorities should consider their policy response to the large requirement for 1 bedroom dwelling which is driven by the growth in childless households on low income. It should be noted that a spare bedroom is valued by households and can be regarded as enabling communities to be more sustainable as fewer occupiers will need to move to larger homes.

9.69 Local authorities will need to devise and operate an equitable system of allocating new build social housing and subsequent relets across the NIA.

Regarding the private rented sector

9.70 Each Local Authority should plan for a growing private rented sector. Growth will increase demand for Local Authority services in respect of administering benefits, regulating the sector, providing advice and assistance to tenants if difficulties with their landlord occur or their tenancy ends. Demand will also increase for rent deposit guarantee schemes whether provided by the Local Authority or the voluntary sector.

Sustainable Development

9.71 Councils should consider if better use can be made of the existing housing stock especially the social housing stock (PPS3 Paragraph 31) and measure the impact of this upon meeting housing requirements.

The legacy of the credit crunch and policy implications

9.72 Local Authorities should recognise the legacy of the credit crunch; there are likely to be fewer loans made to households that might be considered to be sub-prime borrowers and this may accelerate the structural change in the housing market from owning to renting.

9.73 Local Authorities should take steps to intensify support to the distressed sectors of the housing market and neighbourhoods by;

- monitoring their vital signs (e.g. vacancy rates and duration, prices, crime and anti-social behaviour levels);
• maintaining investment in regeneration schemes where feasible and exploiting where possible funding streams available from the HCA;
• boosting the support for communities and individuals at the neighbourhood level including the provision of advice and information, street cleaning and action against crime and anti-social behaviour;
• reacting to an increased demand for Local Authority services needed to protect individuals from poorly maintained buildings and those landlords who do not meet their statutory obligations;
• Considering the introduction, as appropriate neighbourhood management, community engagement and home improvement agencies.

Older People
9.74 Local Authority policy should reflect that older people are not a homogenous group and prioritise housing development and support services for those that are likely to be frail or suffer long term limiting illness. Policy aims need to recognise that:
• the requirement for alternative housing if unplanned is often urgent and illness related;
• some older people are happy to remain in housing that is larger than they require or can manage

9.75 The requirement for specialist and extra care housing should be considered part of the overall housing requirement.

9.76 Local Authorities should encourage developers and RSLs to ensure that there is more choice of housing available that is suited to older households and ensure that:
• design standards are met (lifetime homes and secure by design are features within the code for sustainable homes);
• some housing is built to wheelchair standard;
• there is a mix of social and leasehold tenures;
• dwellings are located in suitable places – near to services and avoiding hilly sites.

9.77 Future updates of the SHMA might monitor the impact of any new system of funding residential care and how this affects the need for extra care or very sheltered accommodation.

9.78 Local Authorities should ensure that to support households in need of means tested support services such as adaptations;
• with regard to equity release, they or a voluntary sector agency should provide impartial advice and support;
• sufficient funding for adaptations is available for the increasing proportion of households in rented housing.

Rural housing
9.79 Each Local Authority must consider its response to the challenges stated in the Taylor review and arrive at an agreed vision for the future of rural areas as a basis for future policy.

9.80 Local Authorities should review the capacity of the network of rural enablers, their coverage and effectiveness.
9.81 Local Authorities should consider re-purchasing or leasing of former social housing or cheaper housing as a more cost effective route to re-stock the affordable housing provision in rural areas.

9.82 Each Local Authority should consider the evidence to support a higher affordable housing target in rural areas.

Existing occupiers and their homes

9.83 Each Local Authority should review its policies for assisting households in dealing with unsuitable housing beyond achieving the standard of decency i.e. consider investing further in ‘telecare’ based support; develop its partnership networks with voluntary sector providers; support for informal carers and review its use of home improvement agencies. They should consider offering low level responsive support from a local handyperson service.

9.84 Each Local Authority should seek to minimise the need for minor adaptations in the long term through part M of the building regulations and the introduction of lifetime homes standards.

9.85 A Local Authority must work with individual communities to identify suitable solutions to overcrowding taking account of cultural preferences.

Vacant property

9.86 Local Authorities should monitor for long term vacant property and take appropriate action.

9.87 In distressed neighbourhoods

- suitable vacant property will include disused corner shops as a priority for conversion and change of use to residential;
- the Local Authority should endeavour to involve local residents in drawing up schemes to address vacant property in a neighbourhood.

Future Monitoring

9.88 Local Authorities should monitor a number of long term trends and issues reflected in the SHMA modelling and scenario testing;

- long term house price trends;
- affordability trends;
- structural change in the housing market (the extent to which there is a shift from owner occupation to renting and the net growth of the private rented sector);
- take up of the right to buy and changes to the legislation;
- the extent to which housing targets are achieved and the extent to which the housing stock more closely reflects the requirements of households;
- conversion of dwellings to either enlarge them to provide extra bedrooms or sub-divide them in to smaller dwellings;
- migration trends (Domestic and International);
- the vital signs of areas considered to be distressed markets (e.g. price, vacancy rates, long term vacancies, local retail sustainability, crime, stock condition).