



AFFORDABILITY REGENERATION COMMUNITIES

Rossendale 2007 HMA Update

Final Version

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Rossendale 2007 Housing Market Assessment Update

1.0 INTRODUCTION

- 1.1 In May 2005, David Cumberland Housing Regeneration (DCHR) published the Rossendale 2004/5 Housing Market Assessment. This document is now two years old and Rossendale Borough Council have commissioned DCHR, now arc⁴, to prepare an update of this work.
- 1.2 In April 2007, the CLG published Strategic Housing Market Assessment Guidance which included a series of core output requirements. It is wholly appropriate that this update is framed around these core outputs as summarised in Table 1.1.

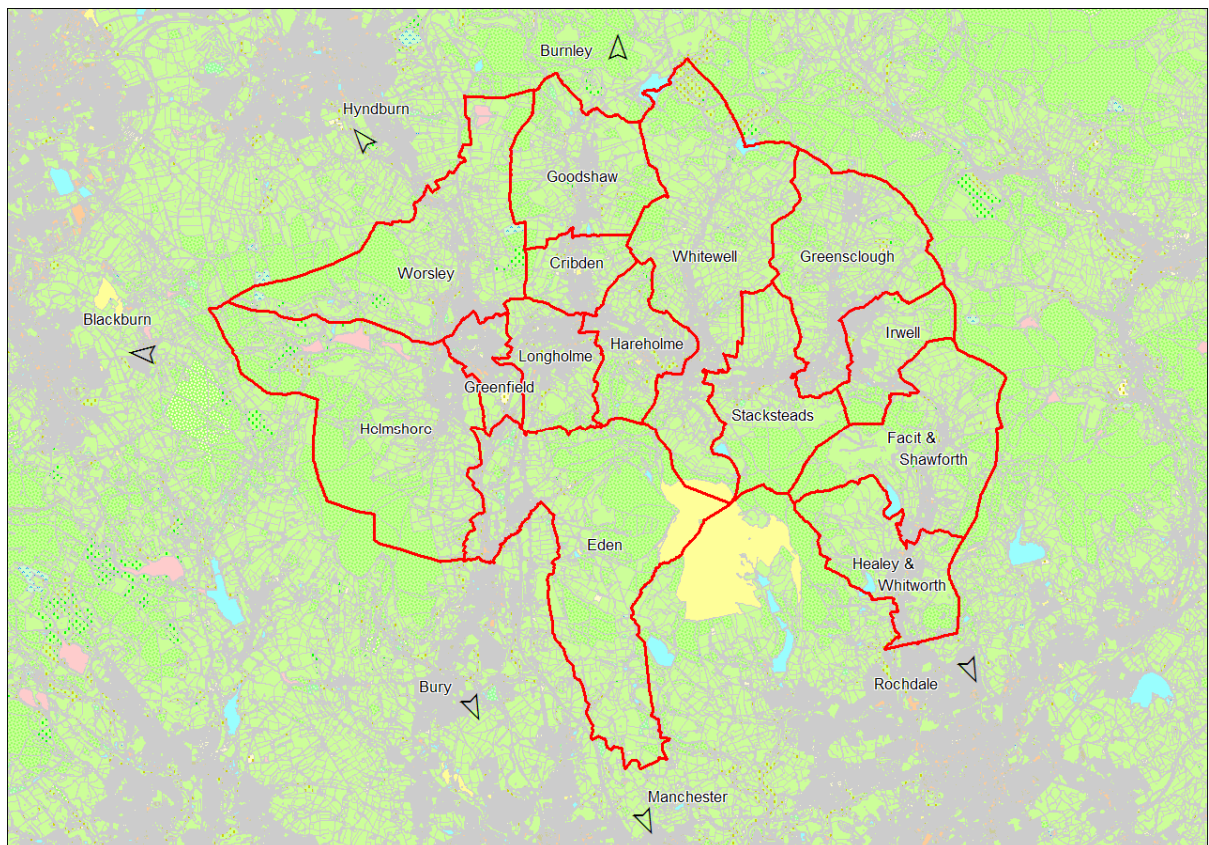
Table 1.1 SHMA Core outputs

| Strategic Housing Market Assessment core outputs | |
|--|---|
| 1 | Estimates of current dwelling in terms of size, type, condition, tenure |
| 2 | Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price\affordability. Description of key drivers underpinning the housing market and the nature of the market cycle |
| 3 | Estimate of total future number of households |
| 4 | Estimate of current number of households in housing need |
| 5 | Estimate of future households that will require affordable housing |
| 6 | Estimate of future households requiring market housing (including a profile of household types, and the size and type of housing required) |
| 7 | Estimate of the size of affordable housing required including the likely profile of household types requiring affordable housing and the size, type and tenure required (social rented or intermediate) |
| 8 | Estimate of household groups who have particular housing requirements e.g., older people, black and minority ethnic groups and disabled people |

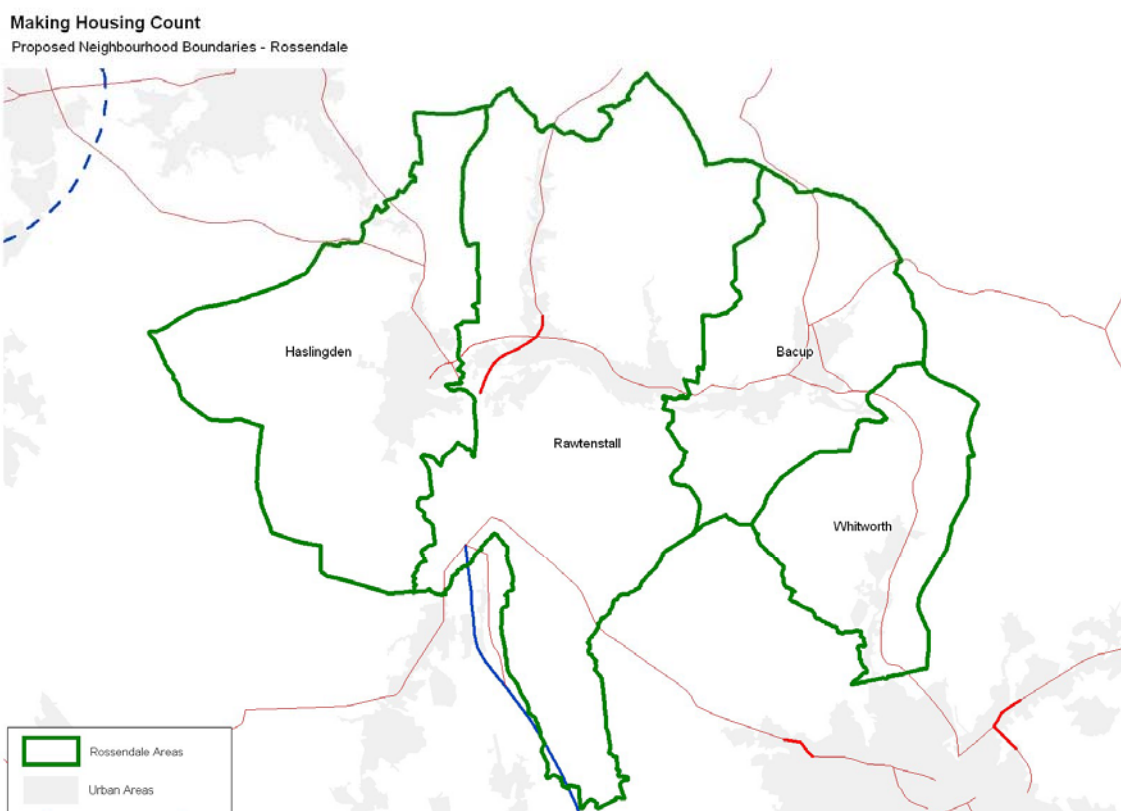
- 1.3 In addition, the Rossendale 2007 Update of the 2004 Housing Market Assessment:
- Provides an update on the strategic context (specifically in relation to the North West Regional Housing Strategy, Regional Spatial Strategy);
 - Updates the evidence base on affordable requirements;

- Provides policy guidance on delivering additional affordable housing.
- 1.4 Achieving a mix of housing to promote mixed communities is a national planning policy set out in PPS3. PPS3 states (p.9) that Local Authorities need to set out in their LDFs:
- The likely overall proportions of households that require market or affordable housing;
 - The likely profile of household types requiring market housing; and
 - The size and type of affordable housing required.
- 1.5 Material in this report provides the evidence required to fulfil PPS3 requirements.
- 1.6 Map 1.1 shows the location of wards in Rossendale and Map 1.2 presents Key Service Centre information

Map 1.1 Rossendale wards



Map 1.2 Key Service Centres in Rossendale



2.0 STRATEGIC CONTEXT

Regional Housing Strategy

2.1 The North West Regional Housing Strategy was published in 2005. This sets out the strategic context for housing and identifies four strategic priorities:

- Priority One: Delivering renaissance;
- Priority Two: Providing affordable homes to maintain balanced communities;
- Priority Three: Delivering decent homes in thriving neighbourhoods; and
- Priority Four: Meeting the needs of communities and providing support for those who need it.

Regional Spatial Strategy

- 2.2 The Regional Spatial Strategy Examination in Public Panel Report was published in May 2007. This confirms an allocation of 4,000 net additional dwellings in Rossendale over the period 2003 to 2021 (an average of 222 per year), of which 65% is to be delivered on previously developed land.

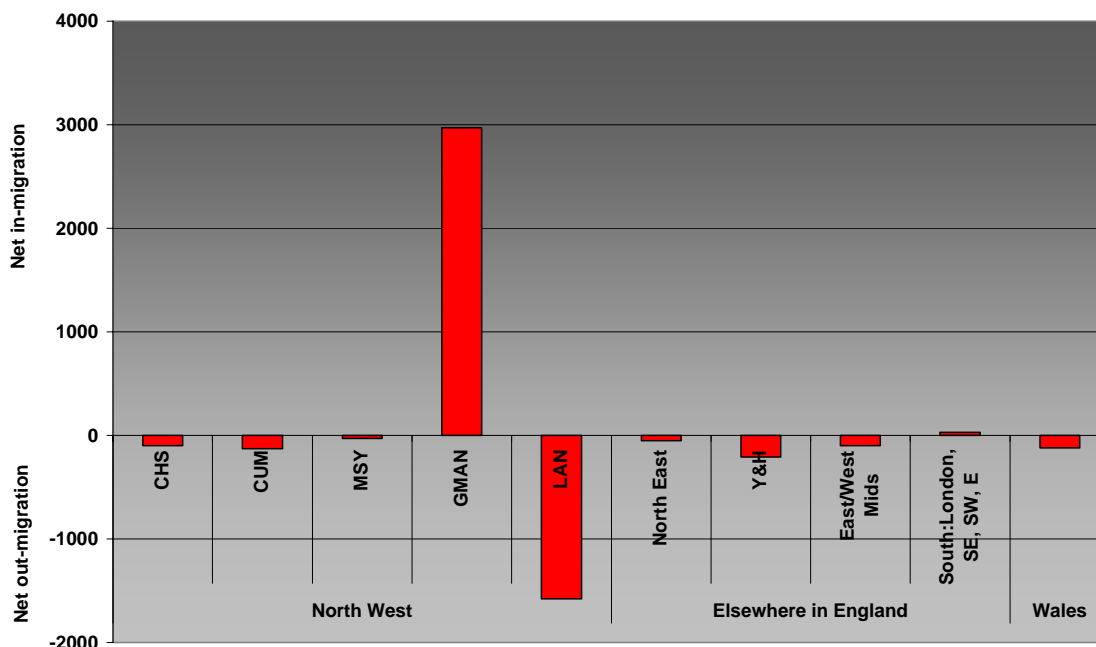
Sub-regional Market Linkages

- 2.3 There are strong functional linkages between Rossendale and Greater Manchester. This was particularly noted in the RSS EiP report. The relationship between Rossendale and other areas is clearly illustrated in migration and travel to work data which is now presented.

Migration

- 2.4 Figure 2.1 summarises the migration flows between Rossendale and other areas over the period 2001-2005. Over this period, there has been a net in-migration of around 680 people, mainly from Greater Manchester, with strongest net in-migration from Bury, Manchester and Rochdale. In contrast, there has been net out-migration to parts of Lancashire including Hyndburn and Ribble Valley. There is some net out-flows of population to elsewhere in England and Wales but Rossendale's migration flows are dominated by flows between the Borough and neighbouring Lancashire and Greater Manchester.

Figure 2.1 Net migration flows between Rossendale and other areas

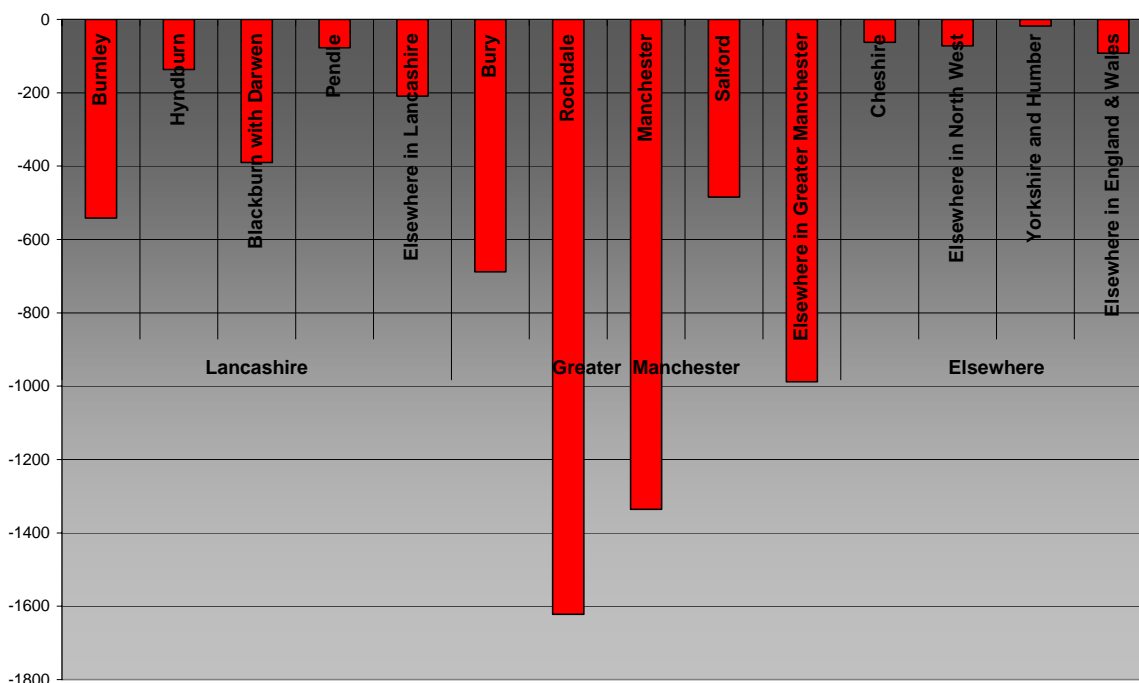


Source: National Health Service Central Register 2001-2005

Travel to Work

- 2.5 The 2001 census provides an analysis of travel to work patterns and the extent to which residents in Rossendale who travel to other areas and how many people commute into Rossendale. The 2001 census identified the travel to work patterns of 68,216 individuals; of these:
- 15,836 lived and worked in Rossendale;
 - 22,831 commuted into Rossendale for work but lived outside the Borough; and
 - 29,549 lived in Rossendale but commuted out of the Borough for work.
- 2.6 Rossendale is clearly a commuter area: of the 45,385 people in employment living in Rossendale, 65.1% work outside the Borough and there is an overall net out-flow of 6,718 workers on a daily basis. Figure 2.2 illustrates net commuter flows between Rossendale and other areas, illustrating that overall there are no net inflows to Rossendale from any area. Data indicates that 76% of commuter out-flows are to Greater Manchester, in particular Rochdale and Manchester. A further 20.1% of out-flows are to elsewhere in Lancashire, particularly the neighbouring authorities of Burnley and Blackburn with Darwen.

Figure 2.2 Commuting flows between Rossendale and other areas



Source: 2001 census

3.0 REVIEW OF HOUSING MARKET DYNAMICS

1. Estimates of current dwellings in terms of size, type, condition and tenure

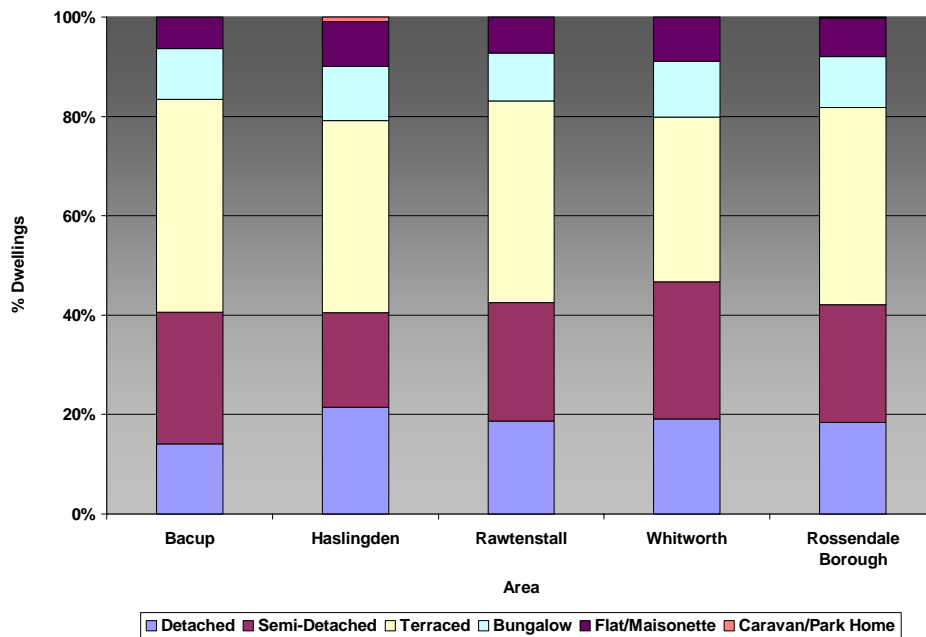
- 3.1 In 2006, there were just under 30,000 dwellings in Rossendale of which 16.7% were social rented, equivalent to the regional average (Table 3.1). The amount of social rented stock has fallen by 4.5% over the period 2004 to 2006, with the amount of private sector stock increasing by 2.5%. In April 2006, all local authority stock was transferred to Green Vale Homes through Large Scale Voluntary Transfer.

Table 3.1 Rossendale tenure profile

| Tenure | 2004 | 2005 | 2006 | % Change |
|---------------------|-------|-------|-------|----------|
| Local Authority | 4135 | 3941 | 0 | |
| RSL | 859 | 909 | 4767 | |
| Social Rented Total | 4994 | 4850 | 4767 | -4.5 |
| Private Sector | 24581 | 24674 | 25194 | 2.5 |
| Total | 29575 | 29524 | 29961 | 1.3 |

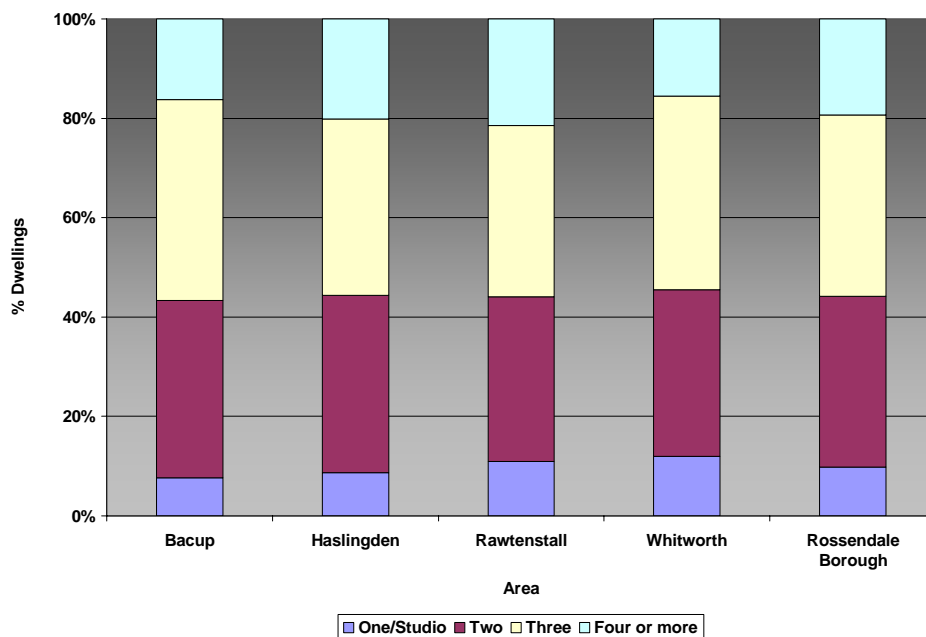
- 3.2 Detailed information on type, size and condition can be derived from the 2004/5 survey and it is assumed that there has been noticeable change in these factors in the subsequent two years. The 2004/5 survey presented data at ward level and data have been summarised for Key Service Centres in this update document.
- 3.3 Dwelling type by area summarised in Figure 3.1. Overall, 18.4% of properties are detached (with the highest proportion in Haslingden at 21.4%); 23.7% are semi-detached (with the highest proportions in Whitworth and Bacup); 39.7% are terraced (with highest proportions in Bacup and Rawtenstall) and 7.7% are flats/maisonettes (with highest proportions in Haslingden and Whitworth).

Figure 3.1 Dwelling type



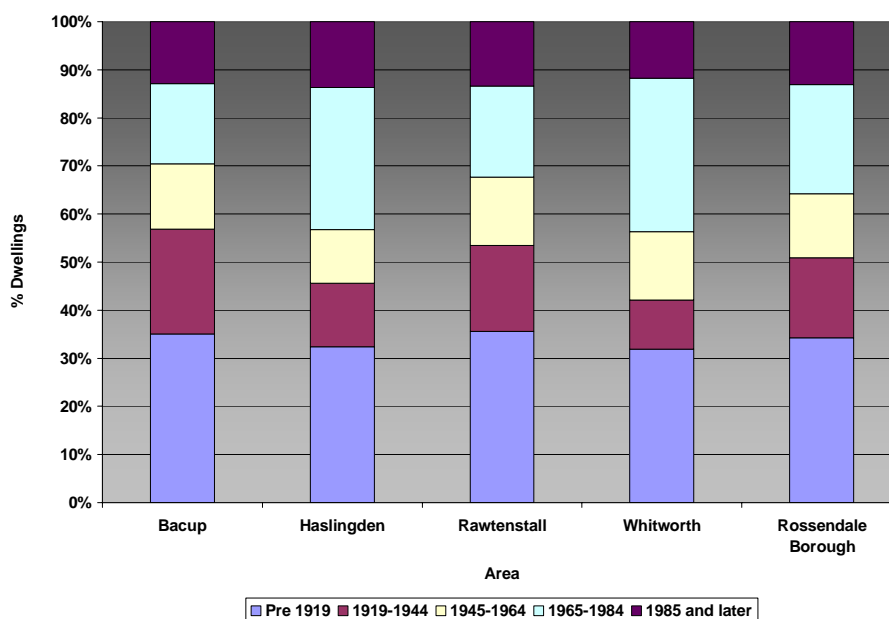
3.4 Dwelling size by area is summarised in Figure 3.2. The vast majority of properties have either two (34.4%) or three (36.6%) bedrooms; 9.8% have one bedroom (including bedsits/studios) and 19.3% have four or more bedrooms. Haslingden and Rawtenstall have the highest proportions of properties with four or more bedrooms.

Figure 3.2 Dwelling size



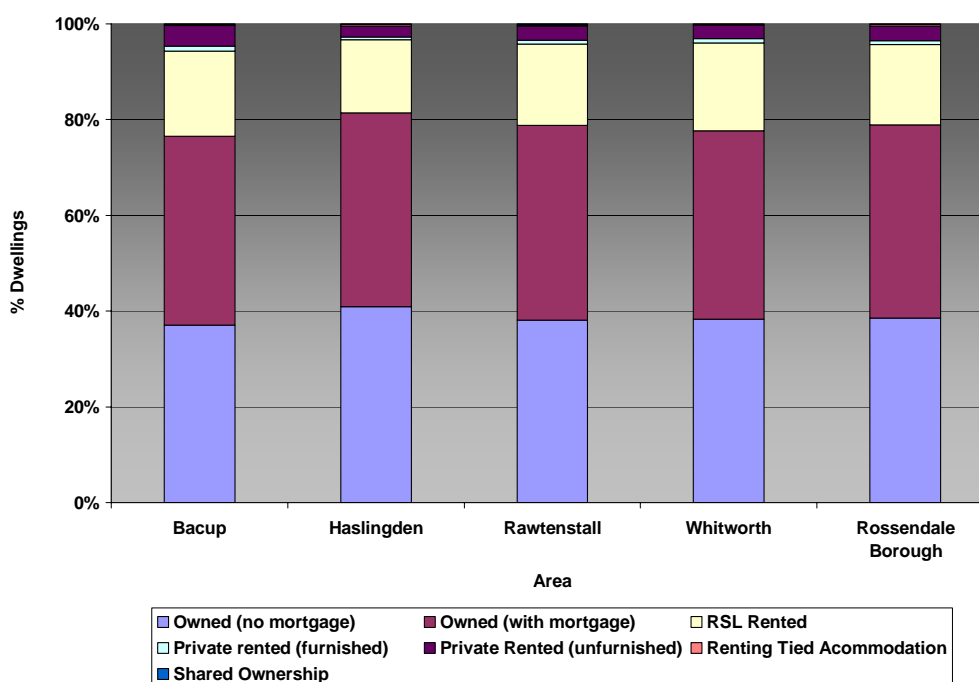
3.5 Dwelling age is summarised in Figure 3.3. Overall, over one-third of properties (34.8%) were built pre-1919 and 49.1% have been built post-1944. 57.9% of stock in Whitworth has been built in the post-1944 period.

Figure 3.3 Property age



3.6 The tenure of dwelling stock is summarised in Figure 3.4. 78.9% of stock is owner-occupied, 16.9% social rented, 4.1% private rented and there are a small number of intermediate tenure properties (0.2%). The proportion of owner-occupied stock is highest in Haslingden, where only 15.3% of stock is social rented.

Figure 3.4 Property tenure



2. Analysis of past and current housing market trends

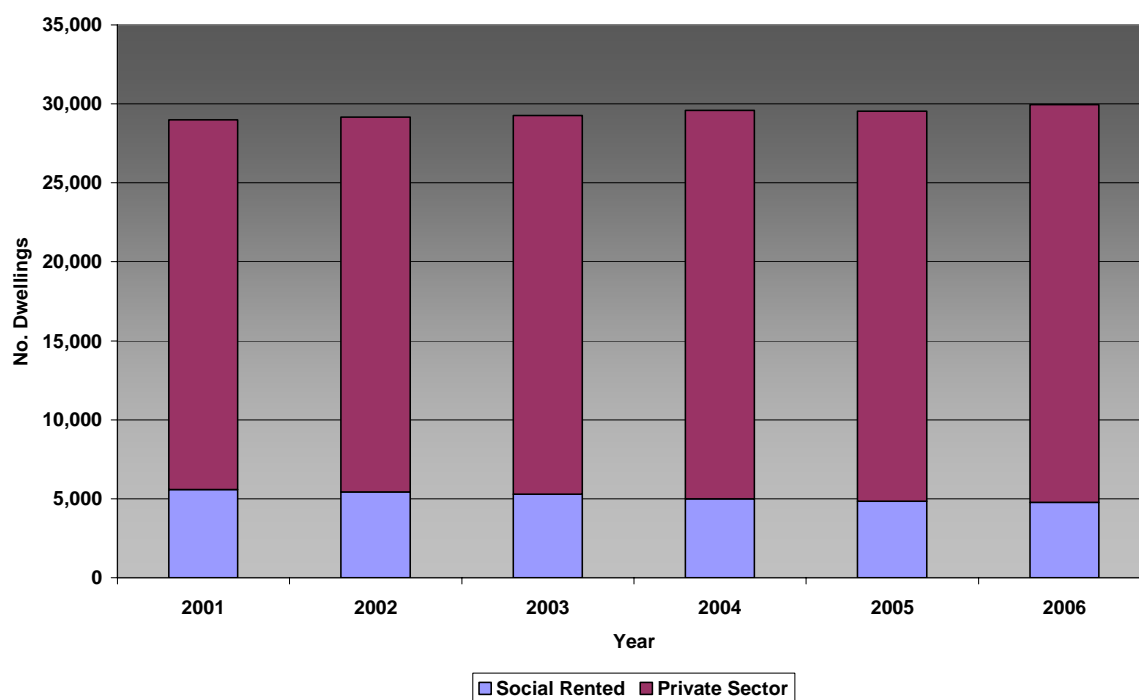
Including balance between supply and demand in different housing sectors and price, affordability. Description of key drivers underpinning the housing market and the nature of the market cycle.

- 3.7 A range of data can be drawn together to illustrate general market trends over recent years and key drivers underpinning the housing market.

Overall stock profile

- 3.8 Since 2000, the stock profile of Rossendale has changed slightly (Figure 3.5). The total number of dwellings in the Borough has increased from 28,997 to 29,961 (3.3%), primarily through private sector new-build which has averaged 172 per annum. There has also been some reduction in stock through demolition in intervention areas.

Figure 3.5 Overall stock profile 2001-2006



House price change

- 3.9 Over the period 2001 to 2006, average property prices across Rossendale have more than doubled, from £60,710 (2001) to £123,224 (2006). Map 3.1 illustrates the distribution of mean property values in 2006 for Rossendale postcode sectors and prices in surrounding areas. It is interesting to note that highest priced properties to the west of the Borough are part of a higher-priced market extending into Blackburn with Darwen, Bury and Bolton.

- 3.10 Map 3.2 illustrates the household income required for a property to be affordable (on the basis of a 3.5x household income multiple applied to mean property prices). Note that this is compared with a median income of £17,971.20 for full-time workers.

Housing market drivers: an overview

- 3.11 PPS3 defines housing markets as:

“Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.”

- 3.12 Ultimately, the choices people make in where they live determines the nature of housing markets; travel to work and migration data has provided a useful insight into how Rossendale relates to other areas. Overall residential search behaviour is influenced by a range of often inter-related primary and secondary drivers. Overall demand is underpinned by three core primary drivers: economic, demographic and housing stock/aspirations (Table 3.2). These impact on housing markets across the country and are mostly long-term in impact:

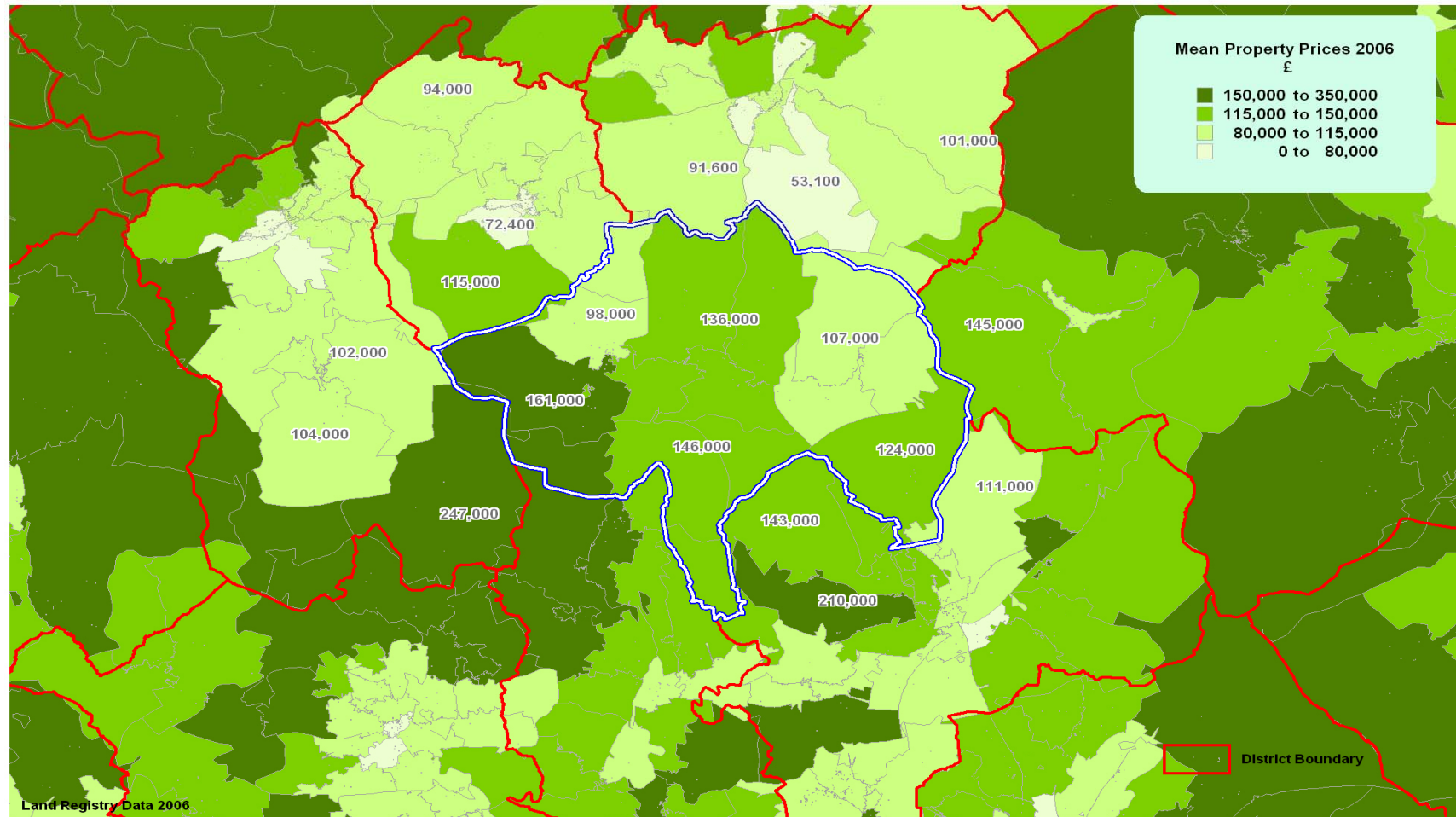
Table 3.2 Primary market drivers

| Primary Driver | Attributes | Impact on overall demand through: |
|-------------------------------|--|-----------------------------------|
| Economy | Jobs, income, activity rates, unemployment | Economic migration |
| Demography | Changing no. of households, household structure, ethnicity | Natural Change |
| Housing stock and aspirations | Quality vs aspirations, relative prices, accessibility, development programmes | Household mobility and migration |

- 3.13 Secondary drivers tend to be more localised and influence peoples' decisions about where to live and what sort of accommodation they want. Secondary drivers distribute demand within markets, both geographically and by property type. They include factors relating to environmental quality, education and accessibility to services.

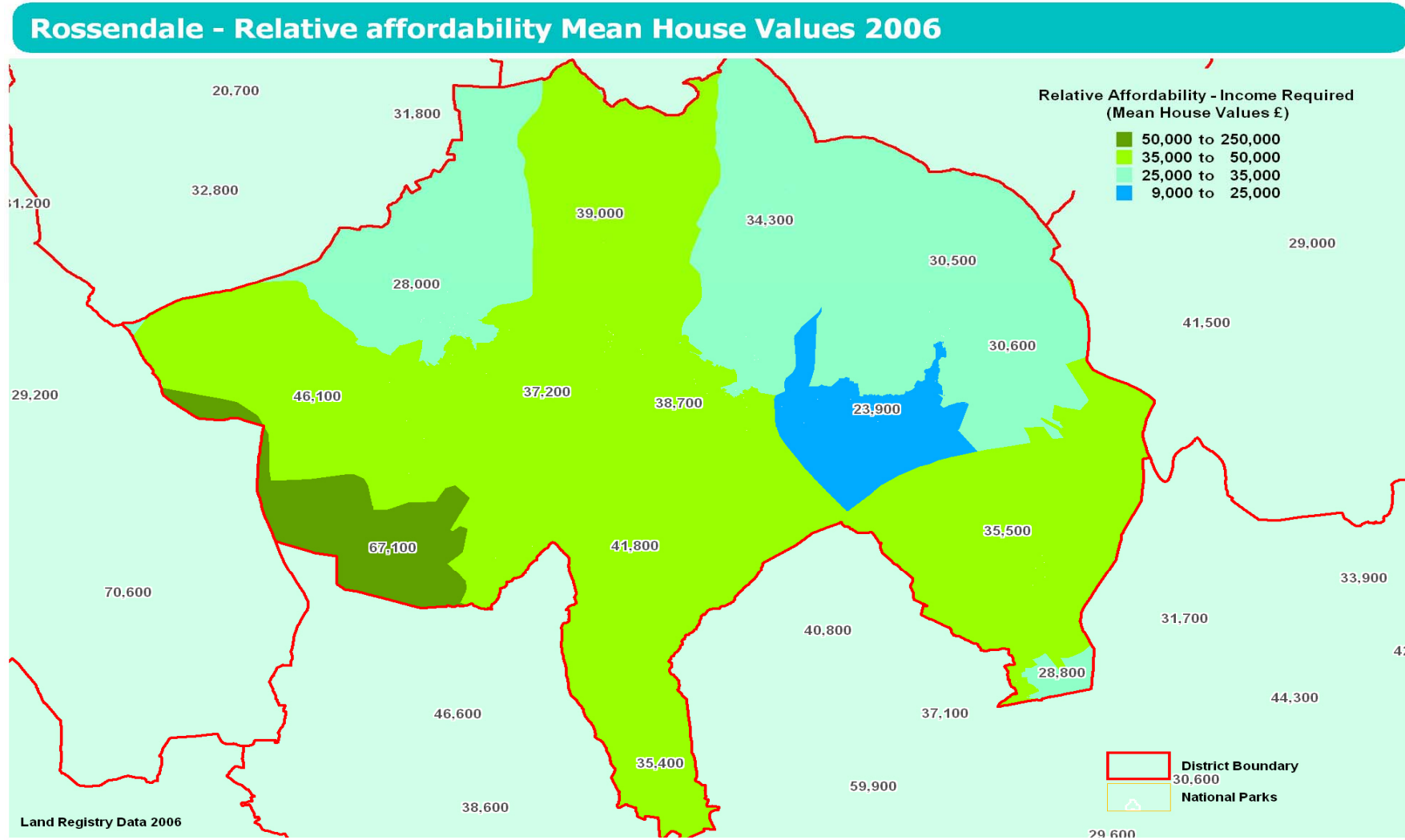
Map 3.1 Mean house prices 2006 for Rossendale and surrounding districts

Rossendale Sub-region - Mean House Values 2006



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Map 3.2 Income requirements for property to be affordable



Primary Market Drivers

- 3.14 This section provides some background to primary market drivers in Rossendale, focusing on economic and demographic factors. Housing stock information is covered elsewhere in the report.

1. Economic activity, educational attainment and income

- 3.15 The total number of jobs in Rossendale has averaged around 26,000 over the period 2000 to 2005 (Table 3.3). Economic activity by industry type is illustrated in Table 3.4. This shows that across Rossendale, there has been a slight increase in overall industrial activity on the basis of VAT registration, with the largest absolute and proportional growth within the real estate and public administration sectors. Growth has also been experienced across several industrial areas, with absolute declines evident in agriculture/fishing and wholesaling/retail.

Table 3.3 Number of jobs in Rossendale

| Year | No. of jobs |
|------|-------------|
| 2000 | 28,000 |
| 2001 | 28,000 |
| 2002 | 26,000 |
| 2003 | 23,000 |
| 2004 | 26,000 |
| 2005 | 26,000 |

Source: NOMIS (2007)

Table 3.4 VAT registrations by industrial activity – stocks at end of year 2001-2005 for Rossendale

| Industry | 2001 | 2005 | % change |
|---|--------------|--------------|------------|
| 1 : Agriculture; Forestry and fishing (SIC A,B) | 85 | 65 | -23.5 |
| 2 : Mining and quarrying; Electricity, gas and water supply (SIC C,E) | 0 | 0 | |
| 3 : Manufacturing (SIC D) | 255 | 260 | 2.0 |
| 4 : Construction (SIC F) | 225 | 265 | 17.8 |
| 5 : Wholesale, retail and repairs (SIC G) | 535 | 515 | -3.7 |
| 6 : Hotels and restaurants (SIC H) | 125 | 135 | 8.0 |
| 7 : Transport, storage and communication (SIC I) | 115 | 130 | 13.0 |
| 8 : Financial intermediation (SIC J) | 10 | 15 | 50.0 |
| 9 : Real Estate, renting and business activities (SIC K) | 415 | 510 | 22.9 |
| 10 : Public administration; Other community, social and personal services (SIC L,O) | 110 | 135 | 22.7 |
| 11 : Education; health and social work (SIC M,N) | 20 | 20 | 0.0 |
| TOTAL | 1,895 | 2,050 | 8.2 |

Source: NOMIS (2007)

- 3.16 Economic activity levels amongst Rossendale's adult working-age population is summarised in Table 3.5. Economic activity rates are comparable with regional and national data, although levels of unemployment are lower. Working-age economic inactivity rates compare with regional data but these rates are slightly higher than national data.

Table 3.5 Economic activity 2006 (Adults 16+ to Pensionable Age)

| Economic Activity | % | North West Region | Great Britain |
|-------------------------------------|---------------|-------------------|---------------|
| Total Economically Active | 76.7 | 76.7 | 78.6 |
| In employment | 74.0 | 72.5 | 74.3 |
| Unemployed | 4.2 | 5.2 | 5.3 |
| Economically inactive | 23.3 | 23.3 | 21.4 |
| Base: Working Age Population | 40,800 | | |
| Total population | 66,000 | | |

Source: Nomis - Labour Market Profile www.nomisweb.co.uk

Educational qualifications

- 3.17 Compared with regional and national data, Rossendale has got a greater proportion of residents with qualifications, although these tend to be at NVQ1 and 2 levels (Table 3.6). The proportion of working age residents with NVQ4 and above is noticeably lower than regional and national proportions.

Table 3.6 Educational qualifications of working age population

| Highest Qualification | % of working age residents in Rossendale | North West | Great Britain |
|-------------------------|--|------------|---------------|
| NVQ4 and above | 18.3 | 24.8 | 27.4 |
| NVQ3 and above | 42.1 | 43.7 | 45.3 |
| NVQ2 and above | 65.2 | 63.5 | 63.8 |
| NVQ1 and above | 82.8 | 78.3 | 77.7 |
| Other qualifications | # | 5.8 | 8.5 |
| No qualifications | 14.1 | 15.8 | 13.8 |
| Base (working age pop.) | 40,800 | | |

Source: Annual Population Survey via NOMIS; # = sample size too small

Income levels

- 3.18 Table 3.7 summarises median and lower quartile income levels in Rossendale, based on earnings of all residents in employment (either full-time or part-time). This illustrates that lower quartile incomes in Rossendale are lower than the regional and national figures; median incomes are comparable to the regional figure.

Table 3.7 Rossendale income profile 2006

| | Income per week | | Income per annum | |
|---------------|-----------------|---------|------------------|------------|
| | Lower Quartile | Median | Lower Quartile | Median |
| Rossendale | £209.40 | £345.60 | £10,888.80 | £17,971.20 |
| North West | £213.60 | £344.70 | £11,107.20 | £17,924.40 |
| Great Britain | £224.20 | £366.40 | £11,658.40 | £19,052.80 |

Source: Annual Survey and Hours and Earnings (resident analysis) via NOMIS

Socio-economic groups

- 3.19 The socio-economic profile of Rossendale's adults aged 16-74 is illustrated in Table 3.8. The profile broadly mirrors that of the North West and England.

Table 3.8 Socio-economic classification of adults 16-74

| Socio-economic classification | Rossendale | NW | England |
|--|------------|-------|---------|
| Higher Managerial and professional occupations | 6.9 | 7.1 | 8.7 |
| Lower Managerial and professional occupations | 18.6 | 17.0 | 18.9 |
| Intermediate | 8.6 | 9.4 | 9.5 |
| Small employers and own account workers | 7.9 | 6.3 | 7.1 |
| Lower Supervisory and technical occupations | 7.7 | 7.5 | 7.2 |
| Semi-routine occupations | 12.1 | 12.3 | 11.8 |
| Routine occupations | 12.5 | 9.9 | 9.1 |
| Never worked and long-term unemployed | 2.8 | 4.2 | 3.6 |
| Not Classified* | 22.9 | 26.4 | 24.2 |
| Total | 100.0 | 100.0 | 100.0 |
| Base | 46,366 | 4.8m | 35m |

Source: 2001 Census CAS047

* includes full-time students and people who cannot be allocated to a socio-economic classification

2. Demographic drivers

Age profile

- 3.20 The age profile of Rossendale mirrors that of the North West and England, although there is a slightly lower proportion of residents aged 60 or over (Table 3.9)

Table 3.9 Age profile

| Age Group | Rossendale | NW | England |
|-------------|------------|--------|---------|
| 0-19 | 25.8 | 24.5 | 24.1 |
| 20-39 | 24.1 | 26.2 | 27.2 |
| 40-59 | 29.3 | 27.3 | 27.0 |
| 60-74 | 13.8 | 14.5 | 14.0 |
| 75+ | 7.0 | 7.6 | 7.8 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (000s) | 65.9 | 6889.9 | 50975.8 |

Source: ONS 2004-based population projections

Household type

- 3.21 Compared with regional and national data, Rossendale has a higher proportion of couples (no children) than both the region and England (Table 3.10); it also has lower proportions of couples with dependent children and lone parents. Proportions of single people and couples with no children are higher than regional and national proportions

Table 3.10 Household structure

| Household type | Rossendale | NW | England |
|---------------------------------------|------------|--------|---------|
| Single Person | 30.1 | 29.1 | 28.8 |
| Couple (no children) | 34.0 | 26.6 | 28.8 |
| Couple (with dependent children) | 18.2 | 22.2 | 22.8 |
| Lone Parent (with dependent children) | 5.8 | 8.7 | 6.5 |
| Other multi-person household | 13.0 | 13.4 | 13.1 |
| Total | 100.0 | 100.0 | 100.0 |
| Base | 28,068 | 2,872k | 20,904k |

Source: 2004 HNS, 2004 ONS Regional Trends

Ethnicity

- 3.22 Table 3.11 summarises the ethnic profile of Rossendale’s residents. 94.2% of the population describe themselves as White British, the largest single ethnic group. Other notable ethnic groups include Pakistani (1.4%), Bangladeshi (1.4%) and White Irish (1.1%). By comparison 7.8% of the population of Yorkshire and the Humber and 13% of the population in England are from ethnic groups other than White British.

Table 3.11 Ethnicity of Rossendale’s population

| Ethnicity | | No. | % |
|------------------------|-----------------------|------------|----------|
| White | British | 61,854 | 94.2 |
| | Irish | 735 | 1.1 |
| | Other | 553 | 0.8 |
| Mixed | White/Black Caribbean | 110 | 0.2 |
| | White / Black African | 35 | 0.1 |
| | White / Asian | 112 | 0.2 |
| | Other | 45 | 0.1 |
| Asian or Asian British | Indian | 126 | 0.2 |
| | Pakistani | 916 | 1.4 |
| | Bangladeshi | 887 | 1.4 |
| | Other | 94 | 0.1 |
| Black or Black British | Black Caribbean | 35 | 0.1 |
| | Black African | 12 | 0.0 |
| | Other | 9 | 0.0 |
| Chinese or other | Chinese | 107 | 0.2 |
| | Other | 39 | 0.1 |
| Base | | 65669.0 | 100.0 |

Source: 2001 Census Standard Tables S101

- 3.23 The proportion of residents in ethnic groups other than White British is highest in Worsley ward (14.6%) and account for around 10% of the residents in Cribden and Greenfield wards. The largest minority ethnic groups are Pakistani and Bangladeshi. Pakistanis account for 5.3% of residents in Worsley and 4.6% of residents in Greenfield. Bangladeshi account for 5.4% of residents in Worsley, 4.3% in Cribden and 3.6% in Longholme wards.

Migrant workers

- 3.24 The Department for Work and Pensions has produced the only official data relating to the number of migrant workers in the UK. This is based on National Insurance Number allocation to overseas nationals. Table 3.12 shows that for Rossendale, Polish nationals account for the largest single group of migrant workers, in addition to Czech, Indian and Pakistani nationals.

Table 3.12 Overseas nationals working in Rossendale 2005/06 and 2006/07

| Origin | 2005/6 | 2006/7 |
|------------|--------|--------|
| All | 180 | 170 |
| Poland | 40 | 50 |
| India | 20 | 10 |
| Pakistan | 20 | 20 |
| Czech Rep | 40 | 20 |
| Italy | 0 | 10 |
| Bangladesh | 20 | 20 |
| Romania | 10 | 10 |

Source: Department for Work and Pensions. National Insurance Number Registrations in respect of non-UK Nationals in 2005/06 and 2006/07 by country of origin

Population and household trends

- 3.25 The resident population of Rossendale in 2007, based on the 2004 population projections, is 65,900. By 2029, this is projected to increase marginally to 67,300 by 2029 (Table 3.13). During this time period, a demographic shift is likely. The proportion of residents aged 60 or over is expected to increase dramatically (31.3% increase in residents aged 60-74 and a 55.4% for those aged 75+). In contrast, the proportions aged 0-14 is expected to decline by 11.6% and 15-24 age group by 17.4%. These projections have very significant long-term implications for the provision of appropriate forms of accommodation and support for older people.

Table 3.13 Rossendale population projections (in thousands)
2007-2029 (% distribution)

| Age Group | Year | | | | | | % change | |
|-----------|-------|-------|-------|-------|-------|-------|-----------|-----------|
| | 2007 | 2011 | 2016 | 2021 | 2026 | 2029 | 2007-2016 | 2007-2027 |
| 0-14 | 18.7 | 17.7 | 17.3 | 16.9 | 16.7 | 16.5 | -7.3 | -11.6 |
| 15-24 | 12.6 | 12.8 | 11.5 | 10.6 | 10.4 | 10.4 | -8.4 | -17.4 |
| 25-39 | 18.7 | 17.7 | 18.1 | 18.9 | 18.5 | 17.8 | -3.3 | -4.5 |
| 40-59 | 29.3 | 29.4 | 29.4 | 28.0 | 26.7 | 26.3 | 0.5 | -10.2 |
| 60-74 | 13.8 | 15.5 | 16.4 | 17.1 | 17.6 | 18.1 | 18.7 | 31.3 |
| 75+ | 7.0 | 6.9 | 7.3 | 8.5 | 10.1 | 10.8 | 4.3 | 55.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | | |
| Base | 65.9 | 65.6 | 65.9 | 66.8 | 67.1 | 67.3 | | |

Source: ODPM 2004-based Population Projections

- 3.26 The total number of households is expected to increase over the next few decades. This is discussed further in the next section.

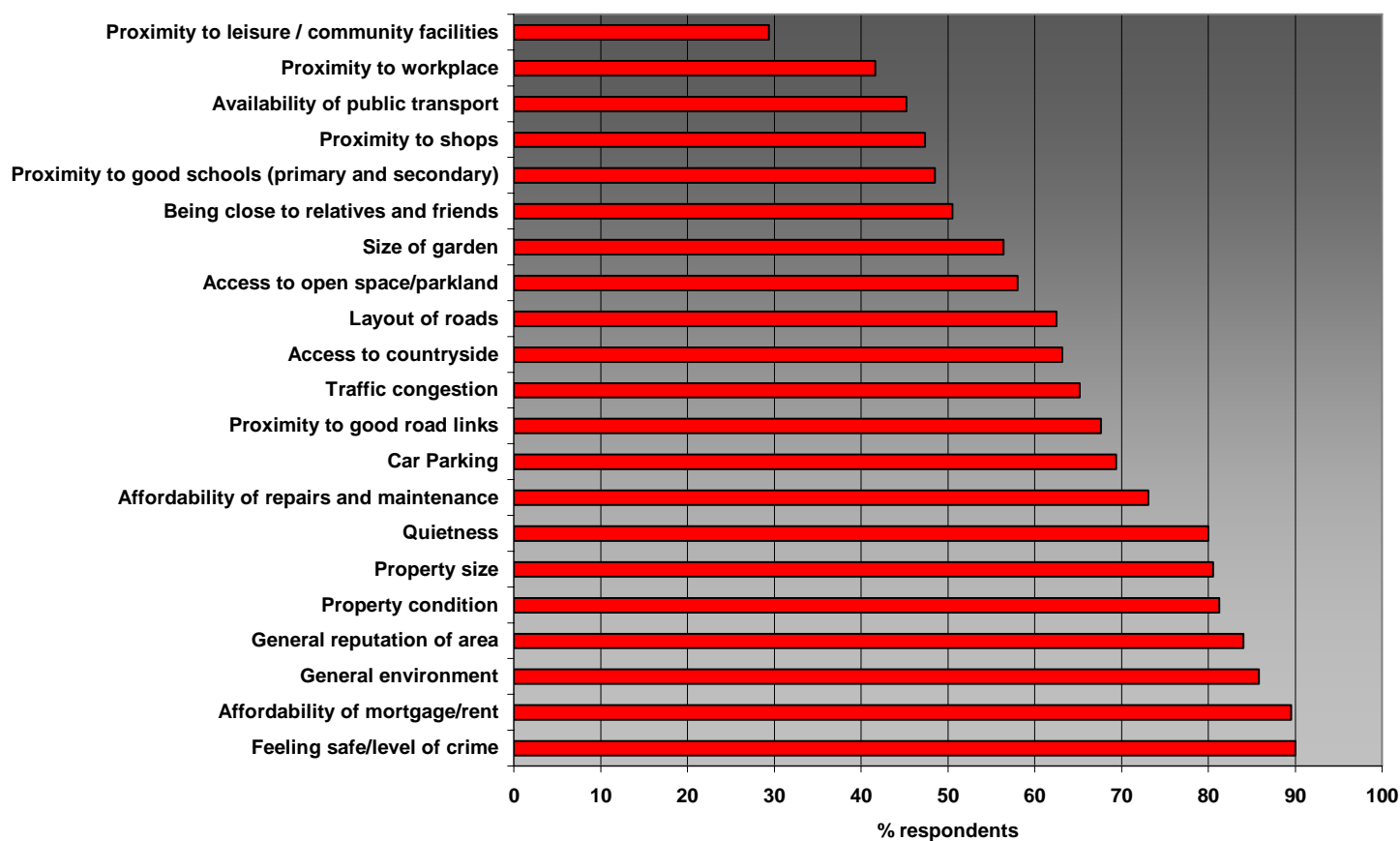
Secondary Market Drivers

3.27 Various secondary drivers influence peoples' decisions about where to live. They include:

- Environmental quality;
- Level of social cohesion / proximity to family and friends;
- Crime/fear of crime;
- Educational quality i.e. primary and secondary schools;
- Local services / amenities; and
- Accessibility.

3.28 The relative importance placed on a wide range of secondary drivers was investigated in the 2004 household survey. Households who had moved were asked to state what factors were considered to be important or very important in influencing their decision of where they moved to (Figure 3.6). Key issues influencing their decision included feeling safe/level of crime, affordability, general environment and general reputation.

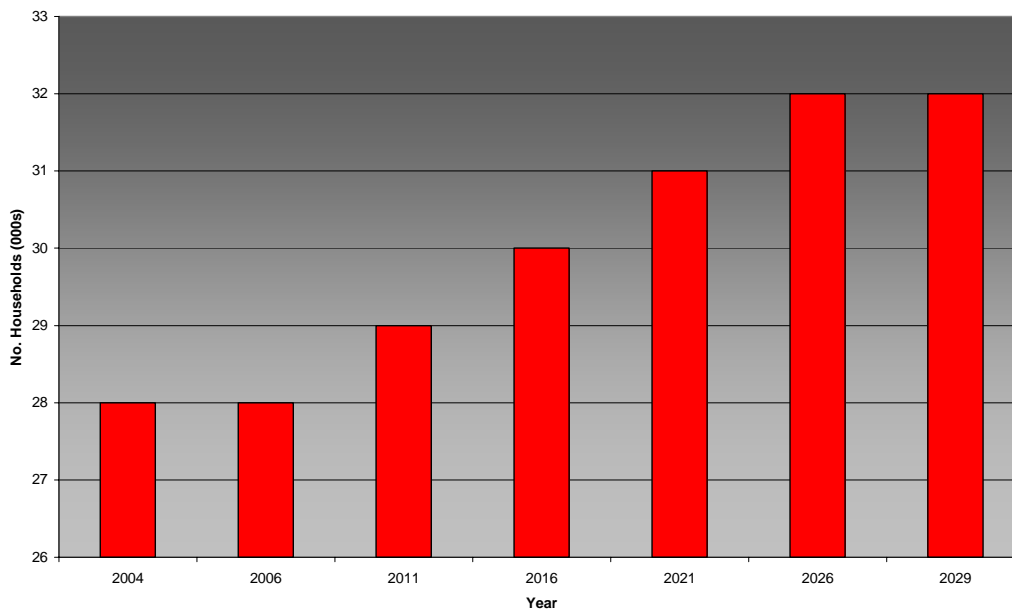
Figure 3.6 Factors considered being important or very important in influencing residential choices



3. Estimate of total number of future households

3.29 The number of households in Rossendale is expected to increase from 28,000 in 2006 to 32,000 by 2029, an increase of 14.3% (Figure 3.7)

Figure 3.7 Projected household change 2004-2029



Source: Sub-national household projections 2004-based

3.30 At a regional level a 15.1% increase in households is expected by 2026, mainly due to increases in single person, cohabiting and other multi-person households (Table 3.14). It is assumed that these trends will be observed in Rossendale over the next 20 years.

Table 3.14 Change in household composition in North West Region
2006-2026

| North West GOR | 2006 | 2011 | 2016 | 2021 | 2026 | % change 2006-26 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Household types: | | | | | | |
| married couple | 1,249,000 | 1,205,000 | 1,174,000 | 1,151,000 | 1,126,000 | -9.8 |
| cohabiting couple | 275,000 | 323,000 | 358,000 | 383,000 | 402,000 | 46.2 |
| lone parent | 266,000 | 278,000 | 284,000 | 288,000 | 290,000 | 9.0 |
| other multi-person | 189,000 | 198,000 | 208,000 | 216,000 | 223,000 | 18.0 |
| one person | 957,000 | 1,051,000 | 1,154,000 | 1,252,000 | 1,337,000 | 39.7 |
| All households | 2,935,000 | 3,055,000 | 3,179,000 | 3,290,000 | 3,378,000 | 15.1 |
| Private household population | 6,714,000 | 6,770,000 | 6,837,000 | 6,905,000 | 6,957,000 | |
| Average household size | 2.29 | 2.22 | 2.15 | 2.10 | 2.06 | |

Source: Sub-national household projections 2003-based

4. Estimate of current number of households in housing need

- 3.31 The 2004/5 housing market assessment identified a total of 2,230 existing households were in some form of housing need (Table 3.15).

Table 3.15 Housing need in Rossendale

| Main Category | | Sub-division | Number |
|---------------------------------------|------|--|-------------|
| 1. Homeless or with insecure tenure | i | Under notice, real threat of notice or lease coming to an end | 36 |
| | ii | Living in temporary accommodation (e.g. hostel, B&B with friends or relatives) | 15 |
| | iii | Accommodation too expensive | 165 |
| 2. Mismatch of household and dwelling | iv | Overcrowded | 417 |
| | v | House too large (difficult to maintain) | 636 |
| | vi | Households with children living in high-rise flats or maisonettes | 4 |
| | vii | Sharing a kitchen, bathroom or WC with another household | 128 |
| | viii | Household containing person with mobility impairment or other special needs living in unsuitable dwelling (e.g. accessed via steps or containing stairs) | 577 |
| 3. Dwelling amenities and condition | ix | Lacks a separate bathroom, kitchen or inside WC | Incl in vii |
| | x | Subject to major disrepair or unfitness | 135 |

| Main Category | | Sub-division | Number |
|--|------|---|--------------|
| 4. Social requirements | xi | Harassment of threats of harassment from neighbours or other living in the vicinity | 169 |
| | xii | Relationship breakdown | 144 |
| | xiii | Family unable to live together because of lack of accommodation | 0 |
| | xiv | Need to give or receive support including living closer to family/friends | 494 |
| | xv | Need to live closer to employment and/or other essential facilities | 516 |
| | xvi | Want to live independently | 1511 |
| Total no. households in need (excluding want to live independently) | | | 2,230 |

3.32 It is assumed that this level of need has not changed substantially since the household survey was undertaken in 2004/5.

5. Estimate of future households that will require affordable housing

3.33 PPS3 provides clear definitions of affordability and affordable housing.

3.34 **Affordability** is a measure of whether housing may be afforded by certain groups of households. It is measured on the basis of gross household income and

- An owner-occupied or intermediate tenure property is unaffordable if it costs more than 3.5x a single or 2.9x a joint gross household income. Households entering owner-occupation are also assumed to have at least a 5% deposit;
- A rented property is unaffordable if it costs more than 25% of gross household income.

3.35 **Affordable housing** includes social rented and intermediate housing, provided to specified eligible households whose needs are not met in the market. Affordable housing should:

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

3.36 Affordable housing includes:

- Social rented (i.e. RSL); and
- Intermediate affordable housing, which is housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

3.37 The 2004/5 survey identified a shortfall of 70 dwellings per annum (354 dwellings over the period April 2005 to March 2010), distributed by key service centre, dwelling size and designation as shown in Table 3.16. This requirement was based on the gross shortfall evidenced across the Borough and based on the sum of shortfalls being experienced for particular property sizes, designation (general/older person) and locality.

Table 3.16 Affordable housing requirements over 5 years
Apr 2005-Mar 2010 by Key Service Centre

| Area | General Needs | | | Older Person | Grand |
|--------------|---------------|------------|------------|--------------|------------|
| | 1/2 Beds | 3/4 Beds | Total | 1/2 Beds | Total |
| Haslingden | 84 | 28 | 112 | 4 | 116 |
| Rawtenstall | 159 | 162 | 221 | 14 | 235 |
| Bacup | 0 | 2 | 2 | 1 | 3 |
| Whitworth | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 243 | 192 | 335 | 19 | 354 |

3.38 Based on household preferences, the 2004/5 study indicated that around 50% of development should be houses, 34% flats and 16% bungalows. Given a strong preference amongst households for owning, increasing the delivery of intermediate tenures (e.g. shared ownership and shared equity) should be a strategic priority for the Council and a target, subject to market testing, of 10%-20% of new affordable dwellings to be an intermediate tenure was suggested.

3.39 In updating these figures, the following issues need to be considered:

- How the ability to access affordable housing has changed, including the extent to which existing households in need and newly-forming households have accessed affordable accommodation; and how the number of lettings has changed;
- Trends in the Housing Waiting List; and
- The extent to which relative affordability has changed through interest rate and house price changes.

Accessing affordable housing

- 3.40 Since 1999/00, the capacity of the social rented sector to accommodate new tenants has been generally decreasing. Table 3.17 illustrates that over this period, the number of dwellings let to new tenants has declined from 494 per year (99/00) to 360 (06/07); this equates to a 27% decline in lettings to new tenants.

Table 3.17 Capacity of the social rented sector for new tenants

| Financial Year | LA | | RSL | | TOTAL | | GRAND TOTAL | | % Lettings to new tenants |
|----------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|---------------------------|
| | General Let | Older Person | General Let | Older Person | General Let | Older Person | New Tenants | All Lettings | |
| 1999/00 | 308 | 102 | 67 | 17 | 375 | 119 | 494 | 658 | 75.1 |
| 2000/01 | 300 | 101 | 72 | 20 | 372 | 121 | 493 | 681 | 72.4 |
| 2001/02 | 264 | 92 | 89 | 24 | 353 | 116 | 469 | 655 | 71.6 |
| 2002/03 | 252 | 84 | 72 | 22 | 324 | 106 | 430 | 592 | 72.6 |
| 2003/04 | 207 | 79 | 58 | 20 | 265 | 99 | 364 | 513 | 71.0 |
| 2004/05 | 207 | 43 | 33 | 18 | 240 | 61 | 301 | 411 | 73.2 |
| 2005/06 | 196 | 33 | 53 | 5 | 249 | 38 | 287 | 372 | 77.2 |
| 2006/07 | 247 | 57 | 43 | 13 | 290 | 70 | 360 | 464 | 77.5 |

Source: Rossendale BC, RSL CORE lettings. Note 2006/7 LA data relates to Pennine Housing

- 3.41 A detailed analysis of RSL CORE lettings (Table 3.18) suggests that over the past 8 years, an average of 39.9% of RSL lettings have been to existing households in need or newly-forming households. In 2005/6, almost half of RSL lettings were to these types of household.

Table 3.18 RSL lettings to existing households in need and newly-forming households

| Financial year | RSL Total Lettings | Lettings made to: | | | | | |
|----------------|--------------------|---------------------|------------------|-------|---------------------|------------------|-------|
| | | Existing HH in Need | Newly-forming HH | Total | Existing HH in Need | Newly-forming HH | Total |
| | | No. | No. | No. | % | % | % |
| 1999/00 | 147 | 41 | 15 | 56 | 27.9 | 10.2 | 38.1 |
| 2000/01 | 172 | 39 | 24 | 63 | 22.7 | 14.0 | 36.6 |
| 2001/02 | 187 | 54 | 36 | 90 | 28.9 | 19.3 | 48.1 |
| 2002/03 | 153 | 43 | 14 | 57 | 28.1 | 9.2 | 37.3 |
| 2003/04 | 158 | 42 | 19 | 61 | 26.6 | 12.0 | 38.6 |
| 2004/05 | 111 | 27 | 8 | 35 | 24.3 | 7.2 | 31.5 |
| 2005/06 | 88 | 19 | 24 | 43 | 21.6 | 27.3 | 48.9 |

Source: RSL CORE lettings

- 3.42 It is therefore noted that supply is becoming increasingly restricted, both for existing tenants wanting to move within social rented stock and also for existing households in need and newly forming households requiring affordable accommodation.

Housing waiting list trends

- 3.43 Since 2004/5, the housing waiting list has increased by 70%, from 1,726 households in 2003 to 2947 in 2006. The property size requirements of those registered in 2006 was:

- One Bed 47.7%
- Two Beds 36.7%
- Three or more Beds 15.5%

- 3.44 This requirement broadly reflects that observed in the 2004/5 survey, which identified a requirement of 74.4% one and two bedroom properties and 26.1% three or more bedrooms.

- 3.45 The waiting list evidence clearly identifies the growing need for affordable housing in Rossendale.

Interest rate and house price change

- 3.46 Since the 2004/5 assessment was carried out, interest rates have increased and entry-level house prices have increased from around £75,000 to £90,000 to 2007.

- 3.47 CLG guidance comments that future house prices cannot be simply projected on the basis of past trends. Furthermore, predicting prices is an inherently uncertain process since changes in house prices are cyclical and periods of rapid growth can be followed by slower rates of growth and/or decline.

- 3.48 It is possible to undertake some elementary modelling work which assesses the likely impact of price and interest rate changes on relative affordability. Table 3.7 shows the mortgage payment per month assuming different house price change assumptions and interest rates. Three house price assumptions have been modelled:

- 5% per annum rise, 10% per annum rise and 5% per annum fall, based on an arbitrary starting median price of £89,000.

Four interest rates have been modelled:

- 6%, 8%, 10% and 12%.

3.49 Data in Table 3.19 suggests that:

- Assuming a 5% per annum increase in median prices:
 - and interest rates remain at around 8%, the actual mortgage cost will increase by 27.6% between now and 2012;
 - If interest rates increase to 10%, the actual cost will increase by 50.1%.
- Assuming a 10% per annum increase in median prices:
 - and interest rates remain at around 8%, the actual mortgage cost will increase by 61% between now and 2012;
 - If interest rates increase to 10%, the actual cost will increase by 89.4%.
- Assuming a 5% per annum decrease in median prices:
 - and interest rates remain at around 8%, the actual mortgage cost will decrease by 22% between now and 2012;
 - If interest rates increase to 10%, the actual cost will decrease marginally by 8.3%.

Table 3.19 Cost of repayment mortgage based on different house price change and interest rate assumptions

| Year | Median Price | 95% LTV | Cost of repayment mortgage (per month) assuming different Standard Variable Rates and price change assumptions | | | |
|------|--------------|----------|--|--------|--------|--------|
| | | | 5% Rise in Median Price Per Year | | | |
| | | | 6% | 8% | 10% | 12% |
| 2007 | £89,000 | £84,550 | £551 | £660 | £776 | £898 |
| 2008 | £93,450 | £88,778 | £579 | £693 | £815 | £943 |
| 2009 | £98,123 | £93,216 | £608 | £728 | £856 | £990 |
| 2010 | £103,029 | £97,877 | £638 | £764 | £898 | £1,040 |
| 2011 | £108,180 | £102,771 | £670 | £802 | £944 | £1,092 |
| 2012 | £113,589 | £107,910 | £703 | £842 | £991 | £1,147 |
| | | | 10% Rise in Median Price Per Year | | | |
| | | | 6% | 8% | 10% | 12% |
| 2007 | £89,000 | £84,550 | £551 | £660 | £776 | £898 |
| 2008 | £97,900 | £93,005 | £606 | £726 | £854 | £988 |
| 2009 | £107,690 | £102,306 | £667 | £799 | £939 | £1,087 |
| 2010 | £118,459 | £112,536 | £734 | £879 | £1,033 | £1,196 |
| 2011 | £130,305 | £123,790 | £807 | £966 | £1,136 | £1,315 |
| 2012 | £143,335 | £136,169 | £888 | £1,063 | £1,250 | £1,447 |
| | | | 5% Fall in Median Price Per Year | | | |
| | | | 6% | 8% | 10% | 12% |
| 2007 | £89,000 | £84,550 | £551 | £660 | £776 | £898 |
| 2008 | £84,550 | £80,323 | £524 | £627 | £737 | £853 |
| 2009 | £80,323 | £76,306 | £497 | £596 | £701 | £811 |
| 2010 | £76,306 | £72,491 | £473 | £566 | £666 | £770 |
| 2011 | £72,491 | £68,867 | £449 | £538 | £632 | £732 |
| 2012 | £68,867 | £65,423 | £429 | £514 | £605 | £700 |

- 3.50 Although this model does not take into account wage inflation, it does illustrate the clear relationship between house price change, interest rates and cost. Affordability is already a major issue for households across Rossendale and further rises in house prices will increase the pressure on households and this pressure would be further exacerbated through increases in interest rates.
- 3.51 A modest fall in house prices would alleviate some pressure on relative affordability, but if a falling market is accompanied by rising interest rates this may have a minimal impact on relative affordability.

Change in affordable housing requirements

- 3.52 Assuming a change in entry-level prices, the ability of households in need and newly-forming households to access open market housing has reduced since the 2004/5 survey. Reanalysis of household income and access to savings suggests that, given house price changes:

- the number of households in need on an annual basis is likely to have increased from 73 to 78; and
- the number of newly-forming households requiring affordable housing will have increased from 106 to 123 per year.

3.53 Table 3.20 summarises the change in affordable requirements on the basis of entry-level price changes. It is fair to say that some of the households identified as being in need in the 2004/5 survey will have moved into affordable accommodation. However, the underlying trend is one of increasing pressure due to increasing house prices and reducing social rented capacity.

Table 3.20 Change in affordable requirements 2004/5 and 2007

| Stage | 2004/5 | 2007 | Comment |
|---|-----------------------------|-------------------------------|--|
| Stage 1: Total current housing need | 366 | 388 | Assumes increase in entry-level price from £75k to £90k |
| Stage 2: Annual requirement to reduce current need | 73 | 78 | |
| Stage 3: Newly arising need | 532 (5 yrs) 106 (per yr) | 615 (5 yrs) 123 (per yr) | Based on increase in entry-level price to £90k |
| Stage 4: Future supply of affordable units | 468 | 316 | Annual capacity has reduced by 32.5%. |
| Overall shortfall (+) or capacity (-) (S2+S3-S4) | (289) | (105) | Unadjusted to take into account supply/demand mismatches |
| Gross shortfall | 352 (5 yrs) 70 (per yr) | 527 (5 yrs) 105 (per year) | Takes into account supply/demand mismatches across the Borough |

6. Estimate of future households requiring market housing (including a profile of household types and the size and type of housing required.

3.54 The 2004/5 survey identified the imbalances between market supply and household aspirations. In the absence of further primary research, this remains the most robust review of imbalance which exists across the Borough (Figure 3.8)

Figure 3.8 Market demand

| | Cribden | Eden | Facit & Shawforth | Good shaw | Green field | Greens Clough | Hareh olme | Healey & Whitworth | Helm shore | Irwell | Long holme | Stack steads | White well | Wors ley | Total |
|------------------|---------|------|-------------------|-----------|-------------|---------------|------------|--------------------|------------|--------|------------|--------------|------------|----------|-------|
| All stock | 0.21 | 0.54 | 0.62 | 0.67 | 1.38 | 1.51 | 0.65 | 1.83 | 0.50 | 2.51 | 1.48 | 1.81 | 0.73 | 2.49 | 0.81 |
| Tenure | | | | | | | | | | | | | | | |
| Owner | | | | | | | | | | | | | | | |
| Occupied | 0.18 | 0.66 | 0.98 | 0.74 | 2.23 | 2.24 | 0.62 | 2.72 | 0.77 | 1.85 | 1.60 | 2.09 | 0.77 | 2.27 | 0.96 |
| Private Rented | 0.66 | 0.74 | 0.20 | 1.01 | 1.71 | 1.30 | 0.74 | 2.09 | 0.18 | 2.51 | 0.72 | 3.88 | 0.79 | 3.93 | 0.95 |
| Size | | | | | | | | | | | | | | | |
| One | 0.29 | 0.28 | 0.83 | 0.87 | 0.80 | 1.21 | 2.09 | 0.00 | 0.55 | 1.32 | 2.21 | 3.71 | 1.91 | 4.05 | 1.14 |
| Two | 0.20 | 0.74 | 0.58 | 0.58 | 1.10 | 1.66 | 0.42 | 2.28 | 0.27 | 4.03 | 0.93 | 1.87 | 0.72 | 3.61 | 0.81 |
| Three | 0.11 | 0.42 | 0.50 | 0.66 | 1.54 | 1.19 | 0.47 | 1.45 | 0.57 | 1.49 | 1.58 | 0.97 | 0.45 | 1.67 | 0.64 |
| Four | 0.49 | 0.48 | 0.94 | 0.82 | 2.85 | 2.11 | 0.85 | 3.07 | 0.92 | 2.13 | 2.66 | 2.28 | 0.70 | 0.50 | 1.04 |
| Type | | | | | | | | | | | | | | | |
| House | 0.39 | 0.97 | 0.87 | 1.10 | 1.91 | 2.53 | 0.89 | 3.53 | 0.76 | 3.27 | 2.28 | 3.00 | 1.10 | 3.94 | 1.27 |
| Bungalow | 0.05 | 0.00 | 0.29 | 0.11 | 0.52 | 0.34 | 0.18 | 0.40 | 0.20 | 0.18 | 0.86 | 0.49 | 0.18 | 0.61 | 0.21 |
| Flat | 0.03 | 0.00 | 0.60 | 0.28 | 1.67 | 0.63 | 0.93 | 0.00 | 0.30 | 4.72 | 0.30 | 1.35 | 0.78 | 1.97 | 0.63 |

| | |
|--------------------|--|
| <0.5 | Demand exceeds supply and particular pressure on stock |
| 0.5 - <1 | Demand exceeds supply and some pressure on stock |
| 1 - <2 | Demand equals supply; demand likely to be satisfied |
| >=2 | Supply much greater than demand - could indicate low demand problem or general high turnover |

7. Estimate of the size of affordable housing required including the likely profile of household types requiring affordable housing and the size, type and tenure required (social rented or intermediate)

- 3.55 The 2004/5 survey identified an overall shortfall of 70 affordable dwellings per annum. The update has indicated that this overall shortfall is likely to have increased to 105 per annum on the basis of house price increases and reducing social rented capacity.
- 3.56 The revised requirements by key service centre are summarised in Table 3.21. This shows that the need for affordable housing is now across all Key Service Centre areas, with the greatest needs in Rawtenstall and Haslingden.

Table 3.21 Affordable housing requirements over 5 years
Apr 2007-Mar 2012 by Key Service Centre

| Area | General Needs | | | Older Person | Grand |
|--------------|---------------|------------|------------|--------------|------------|
| | 1/2 Beds | 3/4 Beds | Total | 1/2 Beds | Total |
| Haslingden | 117 | 31 | 148 | 3 | 151 |
| Rawtenstall | 254 | 64 | 318 | 6 | 324 |
| Bacup | 18 | 6 | 24 | 1 | 25 |
| Whitworth | 20 | 6 | 26 | 1 | 27 |
| TOTAL | 409 | 107 | 516 | 11 | 527 |

- 3.57 The tenure preferences expressed in the 2004/5 survey of between 10-20% of new affordable provision to be intermediate tenure (shared ownership, equity etc.) would be an appropriate basis for diversifying affordable tenures.

8. Estimate of household groups who have particular housing requirements e.g. older people, black and minority ethnic groups and people with disabilities.

- 3.58 There is a strong evidence base which identifies the needs of household groups who have particular housing requirements, in particular older people, people with disabilities and others with support needs. This information is available in Lancashire County Council's Supporting People Strategy and the 2004/5 Housing Need and Market Assessment.

- 3.59 The needs of black and minority ethnic groups is the subject of a separate study. This builds upon the findings of the 2004/5 Housing Need and Market Assessment and involves discussions with local community representatives.

4.0 AFFORDABLE POLICY OPTIONS

- 4.1 This update of the Rossendale Housing Need and Market Assessment maintains the view that there is a need for affordable housing across Rossendale and, given increasing house prices and reducing social rented capacity, the need for affordable housing has increased since the 2004/5 survey. This finding resonates with the view of Elevate East Lancashire who, in the RSS EIP Panel Report, commented that the need for affordable housing is not confined to areas of high demand and applied within the Pathfinder area.
- 4.2 Rossendale is now experiencing an overall shortfall of 105 affordable dwellings per annum. All key service centres are experiencing affordable housing shortfalls.
- 4.3 It is suggested that Rossendale seeks a minimum 30% affordable housing target across the district. It is suggested that between 10% and 20% of new provision should be intermediate tenure.
- 4.4 It also needs to be noted that an affordable housing policy is a strategic response to help address existing imbalances within Rossendale's housing markets; reflects the growing national concern around relative affordability; and can promote tenure diversification across the Borough, in both areas of higher demand and in the Elevate pathfinder area.

5.0 CONCLUDING COMMENTS

- 5.1 This report has provided an update on the housing market situation in Rossendale. It has drawn upon the original 2004/5 Housing Need and Market Assessment and provided updated information on affordable housing requirements in the light of changing house prices and decreasing capacity of the social rented sector.
- 5.2 Rossendale has strong functional linkages with Greater Manchester which are demonstrated in travel to work and migration data.
- 5.3 Since 2004/5, the affordability situation in Rossendale has worsened and the annual shortfall has increased from 70 to 105 and shortfalls are being experienced across the Borough.

- 5.4 This report also provides the core outputs required by the CLG as specified in the Strategic Housing Market Assessment Guidance published in April 2007. Rossendale Borough Council are therefore in a strong position to continue to develop appropriate planning and housing policies to respond to the needs of local communities based on robust and sound evidence.

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