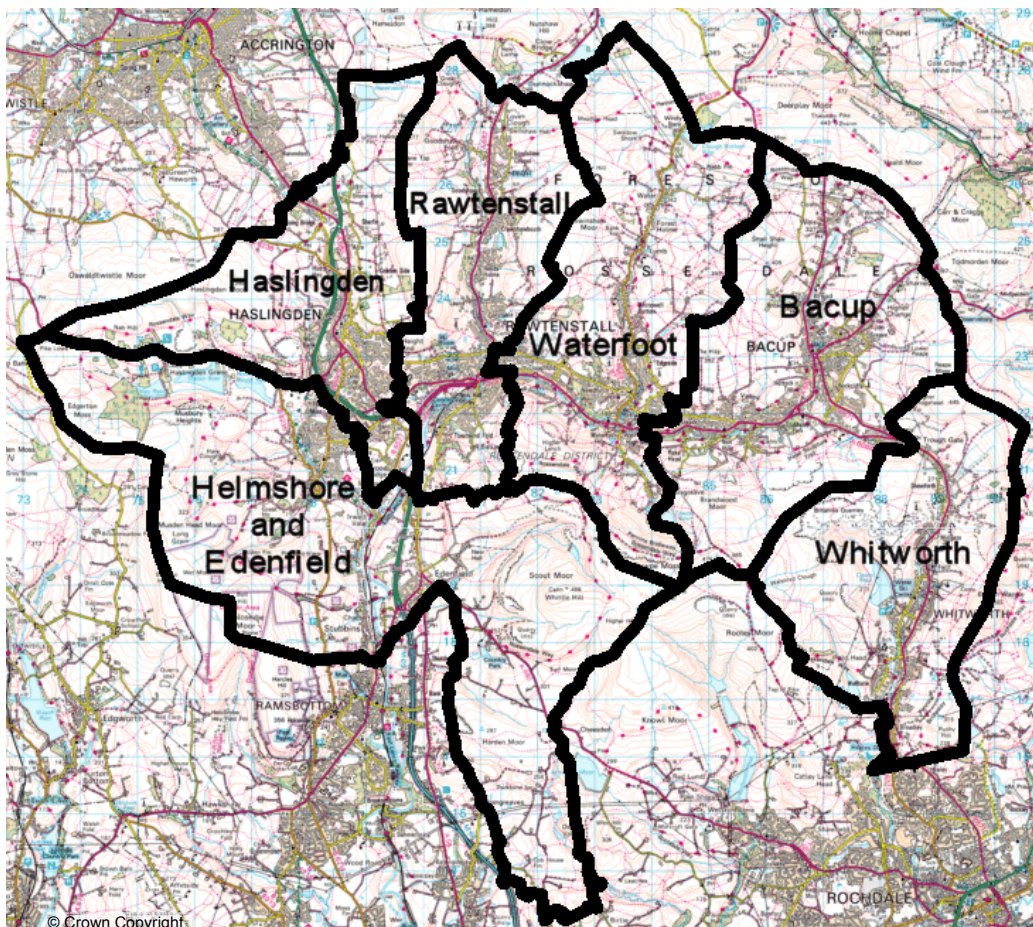


# Rossendale Strategic Housing Market Assessment 2008



**Final Report  
February 2009**



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# Foreword

## Acknowledgements

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

It is also important to recognise that this report would not have been possible without the co-operation of the general public who gave up their time to take part in housing surveys for Rossendale. Their assistance is gratefully acknowledged.

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# SECTION A: BACKGROUND TO THE ASSESSMENT

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

- 1. Introduction to the SHMA
- 2. The policy context
- 3. Defining the housing market area





# 1. Introduction to the SHMA

## Overview

- 1.1 Fordham Research was commissioned in May 2008 to conduct a Strategic Housing Market Assessment (SHMA) for Rossendale. The evidence provided is required to inform appropriate policy responses to housing need and demand.
- 1.2 The report follows the general structure of the CLG Strategic Housing Market Assessment Guidance of August 2007 (Guidance). In addition the research carried out is mindful of the requirements of PPS3 and also PPS12 in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.
- 1.3 This report is supported by the Housing Needs Survey report for Rossendale, which has been produced as a separate document.

## An introduction to Rossendale

- 1.4 Located to the north of the city of Manchester, Rossendale is one of six Boroughs that form part of Pennine Lancashire. The Borough was formed in 1974 from a combination of the municipal Boroughs of Bacup, Haslingden and Rawtenstall combined with Whitworth urban district and part of the Ramsbottom urban district. The towns of Bacup, Haslingden and Rawtenstall are the largest urban areas in the Borough. The following map provides a broad context, showing how Rossendale is placed within the North West region:



Source: Fordham Research 2008

- 1.5 The latest estimates from the ONS and CLG suggest that in 2006 there were 67,000 people in the Borough, living in 28,000 households. The table below shows the tenure split for Rossendale in 2001 alongside data for the North West and England. Nevertheless, it must be noted that since the publication of the 2001 Census, Rossendale Borough Council no longer owns any housing stock: this was transferred in 2006 to Green Vale Homes (Rossendale’s local stock voluntary transfer (LSVT) organisation) a registered social landlord (RSL) in its own right.

<b>Table 1.1 Tenure (Census 2001)</b>			
Tenure	Rossendale	North West	England
Owns outright	29.9%	29.8%	29.2%
Owns with a mortgage or loan	41.6%	38.9%	38.9%
Shared ownership	0.4%	0.6%	0.7%
Council (local authority)	15.1%	13.6%	13.2%
Housing Association/RSL	2.8%	6.5%	6.1%
Private landlord or letting agency	6.8%	7.7%	8.8%
Other	3.4%	3.0%	3.2%
Total	100.0%	100.0%	100.0%
Total count	27,112	2,812,789	20,451,427

Source: Office for National Statistics 2008 (from 2001 Census data)

- 1.6 The population is concentrated around the valley floor along the river Irwell, sourced above the moors of Bacup which runs through Waterfoot and Rawtenstall and beyond to Ramsbottom and Bury.
- 1.7 Although road connections are seemingly good in Rossendale, with access to the M66 towards Manchester and the M65 towards Blackburn and Preston there are problems with road congestion. Rail connections are poor, the line from Bacup and Rawtenstall through to Bury and Manchester was closed in the 1960s. However, a tourist steam train still operates from Rawtenstall to Bury at weekends and holidays.
- 1.8 Another key characteristic of the area is its industrial legacy in textiles. This legacy is still apparent in many of the existing buildings in Rossendale and the nature of ground contamination through the valley. Many of the mills have now been adapted, some into housing.
- 1.9 Overall the authority was ranked as the 92<sup>nd</sup> most deprived (of the 354 in England) in the 2007 Index of Multiple Deprivation.
- 1.10 Part of Rossendale is within Elevate Housing Market Renewal Pathfinder Area. This pathfinder covers areas within Pennine Lancashire that have identified problems of low demand and housing market collapse. Elevate is one of nine pathfinder areas across the country, with one of its key aims to improve the quality and diversity of the housing stock in the towns of the area.

- 1.11 Lancashire County Council and Rossendale introduced a policy of restraint with regard to residential applications as a result of a significant oversupply of housing when assessed against the adopted housing figures contained in the Joint Lancashire Structure Plan 2001-2016. In order to manage the release of housing land in the Borough responsibly, the Council adopted an Interim Housing Policy to provide supplementary guidance to H3 of the Local Plan. Continuing to manage the release of housing land responsibly, the Council issued a revised Interim Position Statement in August 2005 to clarify residential development policy. More recently (in light of PPS3, updated monitoring information, new evidence identifying affordable housing need in the Borough and experience of implementing the Interim Position Statement) the revised Interim Housing Position Statement was released in January 2007 along with an accompanying Affordable Housing Interim Position Statement.
- 1.12 Due to the progression with the then emerging Regional Spatial Strategy (RSS) and the recommended changes to the Borough's housing provision figures as well as emerging guidance, the Council merged the two interim policies adopted in January 2008 into one housing policy, taking into consideration the most up-to-date information and requirements. This was then updated with the current Interim Housing Policy Statement June 2008 which reflects the current housing market and economic trends as well as recognising the status and importance of the emerging Regional Spatial Strategy for the North West.

### **What is a SHMA?**

- 1.13 A Strategic Housing Market Assessment (SHMA) is a new idea. Government guidance has for some time, before the formal publication of PPS3: Housing in November 2006, been moving towards the view that the 'evidence base' required for the good planning of an area should be the product of a process, rather than a technical exercise. The SHMA should not be restricted, as in previous guidance, simply to the need for affordable housing but should cover all tenures (market, intermediate and affordable) in its analysis of the housing market.
- 1.14 The general principles of the SHMA process are established through Figure 1.2 of the Practice Guidance (published in April and August 2007). The main points identified can be summarised as such:
- Involvement of an authority or a group of local authorities representing a meaningful housing market area (consistently identified within the region).
  - A process in which key stakeholders are involved in the production of the evidence as well as being consumers of it.
  - Inclusion in the process of all tenures of housing, not just the affordable ones, as in the old Housing Needs Surveys (HNS).
  - Higher standards of quality: the tests of rigour are stricter than before.

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

### **Planning Policy Statement 3 (PPS3): Housing (November 2006)**

- 1.16 PPS3 puts the role of the 'evidence base' provided by the SHMA in a much more prominent position than ever before. It also contains a lot more specific and challenging requirements that need to met by the evidence base, as shown from the following summary extracts:

- 1.17 Para 22 of the PPS3 says:

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

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

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

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

- 1.19 This helps to explain the necessity for Local Planning Authorities to set out the 'profile of household types requiring market housing' (paragraph 22 of PPS3, quoted above). Clearly both the Steering Group and developers need to be aware of the likely pattern of demand from different types of households.

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

**Table 1.2 Key acronyms and concepts defined in HMA and PPS3 Guidance**

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

Source: Fordham Research 2008

## **The research process**

- 1.21 The research was designed to meet the requirements of both the Council's commissioning brief and the CLG guide. In addition, as the project evolved and stakeholder involvement became more detailed additional areas of interest were suggested and explored.
- 1.22 The commissioning brief requires the study to have regard to relevant guidance and PPS3. It also has a more detailed list of aims and outputs that are required from the SHMA.

## **The Housing Market Partnership and stakeholder involvement**

- 1.23 In line with the Practice Guidance this project has been carried out under the supervision of a Steering Group made up of council officers from a range of backgrounds, including housing and planning and the Portfolio Holder for Housing and Regeneration.
- 1.24 In addition, a number of other organisations were involved in the project through stakeholder consultation individually and at events. These organisations included developers, Registered Social Landlords (RSLs), estate/letting agents and voluntary agencies as well as officers from other departments such as Community Partnership (Rossendale Local Strategic Partnership) and adjoining authorities.
- 1.25 The CLG Guidance makes clear the importance of the involvement of stakeholders throughout the course of the process. The following describes the process as part of the Rossendale SHMA.
- 1.26 The initial stakeholder events took place in June 2008. Events were held for stakeholders and for members of the community. A range of stakeholders participated, including developers, landlords, Supporting People representatives, RSLs, council officers (from other departments and adjoining authorities) and council members.
- 1.27 The steering group decided that in order to try to make the community consultation events as accessible as possible across the valley, two separate consultation events would be run. These were held in Bacup on 11<sup>th</sup> June and Rawtenstall on 12<sup>th</sup> June. Adverts were put in the local press as well invitations being sent to contacts via the Local Strategic Partnership (LSP) and posters around the valley. Attendance was smaller than anticipated, but those present participated in an excellent debate. The events began with a presentation followed by a discussion.

- 1.28 The events covered a wide range of issues, including housing in the area, the economy and transport. Each event provided the research team with a different insight into the major issues relating to Rossendale and has helped inform the analysis and policy discussion in this report. The events were also an excellent opportunity to engage community members and stakeholders with the issues facing Rossendale Borough Council, thus creating a 'buy in' for those whom the policies informed by this research will effect.
- 1.29 The meeting with local Councillors was also a success, with a good participation leading to an informative discussion about issues effecting the area.
- 1.30 Telephone interviews with key stakeholders were also carried out to bring further insight into some of the issues.
- 1.31 A full account of these discussions is not included in this report, however, summaries and extracts of these discussions have been included where relevant and are usually found towards the end of each chapter (generally boxed for clarity), relating the quantitative results to the more qualitative information derived from these stakeholder discussions.
- 1.32 Since a SHMA is designed to be an ongoing process, we recommend that the Steering Group and Council continue and build on the relationships developed as part of the SHMA to ensure the involvement of a wide range of agencies in developing further understanding of the Rossendale housing market. We recommend that the group engages with key agencies and house builders through regular meetings and sharing of information.

## Data sources

- 1.33 A range of sources were consulted during this project to ensure that the most reliable and up to date data was used for analysis. In addition to the use of this data, information was gleaned from a number of important publications and through discussions with local stakeholders to provide a qualitative balance to the analysis. Below is a summary of the main sources of information:
- i) Secondary data – there are a range of data sources already available at the local, regional and national level which provide a good background to the housing market and how it is changing. Data sources considered in this analysis include Land Registry data, the 2001 Census, the Annual Survey of Hours and Earnings, HSSA data from 2001 to 2008 and published household/population projections from ONS and CLG.



- ii) Primary data – in addition to studying secondary data sources it was necessary to conduct a local household survey. This survey data allowed many of the ‘gaps’ in secondary data to be overcome. Most notably the housing needs survey data collected in some detail households future demands and aspirations alongside financial data on a household-by-household basis. The results from the housing needs survey have been provided to the Council in a separate report, although the key findings are reflected in this SHMA document.
- iii) Estate agent information – a key part of the project was a series of face-to-face interviews with estate/letting agents and developers active in the local area. These interviews discussed the dynamics of the housing market (e.g. what types of households are seeking properties) and provided a good overview of what has actually been happening locally with the housing market. The interviews were supplemented by an internet property and rent price search to establish the costs of housing in the local area.
- iv) Stakeholder and Steering Group meetings – Throughout the project a number of meetings and events were carried out. These helped to shape the project and ensure that everyone was aware of any developments or changes that could affect the SHMA. The Steering Group meetings were largely designed to discuss progress whilst the stakeholder events were used to disseminate information and to encourage feedback.
- v) Community consultation – Members of the public were invited to attend a series of events to discuss the project. The purpose was to engage with a cross-section of local residents to establish their views on housing circumstances in Rossendale and to feedback the findings of this work to check whether it resonates with local experiences.

## How the report is structured

- 1.34 This report is produced in accordance with the Practice Guidance and as such, the reports contents follow the recommended structure outlined in the Guide. The table below contains an extract from the guide, which lists all of the stages and the research questions posed at each stage.

**Table 1.3 SHMA Practice Guidance: Research Questions**

Chapter	Stage	Research Questions
3. The current housing market	1. The demographic and economic context	<ul style="list-style-type: none"> <li>• What is the current demographic profile of the area?</li> <li>• What is the current economic profile?</li> <li>• How have these profiles changed over the last 10 years?</li> </ul>
	2. The housing stock	<ul style="list-style-type: none"> <li>• What is the current housing stock profile?</li> <li>• How has the stock changed over the last ten years?</li> </ul>
	3. The active market	<ul style="list-style-type: none"> <li>• What do the active market indicators tell us about current demand, particularly house prices and affordability?</li> </ul>
	4. Bringing the evidence together	<ul style="list-style-type: none"> <li>• How are market characteristics related to each other geographically?</li> <li>• What do the trends in market characteristics tell us about the key drivers in the market area?</li> <li>• What are the implications in terms of the balance between supply and demand and access to housing?</li> <li>• What are the key issues for future policy and strategy?</li> </ul>
4. Future housing market	1. Indicators of future demand	<ul style="list-style-type: none"> <li>• How might the total number of households change in the future? How are household types changing; e.g. is there an ageing population?</li> <li>• How might economic factors influence total future demand?</li> <li>• Is affordability likely to worsen or improve?</li> </ul>
	2. Bringing the evidence together	<ul style="list-style-type: none"> <li>• What are the key issues for future policy and strategy?</li> </ul>
5. Housing need	1. Current housing need	<ul style="list-style-type: none"> <li>• What is the total number of households in housing need currently (gross estimate)?</li> </ul>
	2. Future need	<ul style="list-style-type: none"> <li>• How many newly arising households are likely to be in housing need (gross annual estimate)?</li> </ul>
	3. Affordable housing supply	<ul style="list-style-type: none"> <li>• What is the level of existing affordable housing stock?</li> <li>• What is the likely level of future annual supply?</li> </ul>
	4. Housing requirements of households in need	<ul style="list-style-type: none"> <li>• What is the current requirement for affordable housing from households in need?</li> <li>• What are the requirements for different sized properties?</li> <li>• How is the private rented sector used to accommodate need?</li> </ul>
	5. Bringing the evidence together	<ul style="list-style-type: none"> <li>• What is the total number of households in need (net annual estimate)?</li> <li>• What are the key issues for future policy and strategy?</li> <li>• How do the key messages fit with the findings from Chapters 3 and 4?</li> </ul>

**Table 1.3 SHMA Practice Guidance: Research Questions (cont.)**

6. Housing requirements of specific household groups	Families, Older People, Minority and hard-to-reach households and households with specific needs	<ul style="list-style-type: none"> <li>• What are the housing requirements of specific groups of local interest and importance?</li> </ul>
	Low Cost Market Housing	<ul style="list-style-type: none"> <li>• What is the scope for addressing demand through the provision of low cost market housing?</li> </ul>
	Intermediate Affordable Housing	<ul style="list-style-type: none"> <li>• What is the scope for addressing need through the provision of intermediate affordable housing?</li> </ul>

Source: DCLG, 2008

- 1.35 Within the chapters of the Guide, more detail is provided of the individual steps that comprise each stage. A full list of these steps is presented in the table below alongside an indication of which chapters of this SHMA report deal with each step. Since the Practice Guidance does not distinguish the stages within each of its operational chapters, they have been preceded by the chapter number (e.g. stage 3.1 in the table below means Stage 1 in Chapter 3 of the Guide) for the sake of clarity.
- 1.36 Each chapter of this report summarises the outputs required at each stage, then presents the quantitative and qualitative evidence that is used to inform these outputs, including input from the steering group and stakeholders.

**Table 1.4 Practice Guidance stages and steps in Rossendale SHMA report**

<i>Chapter of the SHMA report</i>	<i>Stage/Step identified in the Practice Guidance (August 2007)</i>	<i>Page in Guide</i>
Ch 4	Stage 3.1: The demographic and economic context	18
Ch 5	Step 3.1.1 Demography and household types	19
Ch 6	Step 3.1.2 National and regional economic policy	20
Ch 7	Step 3.1.3 Employment levels and structure	21
	Step 3.1.4 Incomes and earnings	22
Ch 8	Stage 3.2: The housing stock	22
Ch 8	Step 3.2.1 Dwelling profile	23
Ch 8	Step 3.2.2 Stock condition	24
Ch 8	Step 3.2.3 Shared housing and communal establishments	25
Ch 9	Stage 3.3: The active market	25
Ch 10	Step 3.3.1 The cost of buying or renting a property	26
Ch 11	Step 3.3.2 Affordability of housing	29
Ch 15	Step 3.3.3 Overcrowding and under-occupation	30
	Step 3.3.4 Vacancies, available supply and turnover by tenure	31
Ch 4-21	Stage 3.4: Bringing the evidence together	32
Ch 12	Step 3.4.1 Mapping market characteristics	32
Ch 22	Step 3.4.2 Trends and drivers	33
	Step 3.4.3 Issues for future policy and strategy	34
Ch 14	Stage 4.1: Projecting changes in the future numbers of households	35
Ch 12	Stage 4.2: Future economic performance	36
Ch 15	Stage 4.3: Future affordability	37
Ch 22	Stage 4.4: Bringing the evidence together	38
Ch 15	Stage 5.1: Current need (gross)	43
	Stage 5.2: Future need	45
	Stage 5.3: Affordable housing supply	47
	Stage 5.4 Step 5.4.1 Choices with the existing affordable housing stock	50
	Step 5.4.2 Requirement for affordable housing of different sizes	50
	Step 5.4.3 The private rented sector	51
	Stage 5.5 Step 5.5.1 Estimate of net annual housing need	52
	Step 5.5.2 Key issues for future policy and strategy	53
	Step 5.5.3 Joining across the assessment	53
Ch 16-21	Specific groups (no formal stages or steps)	

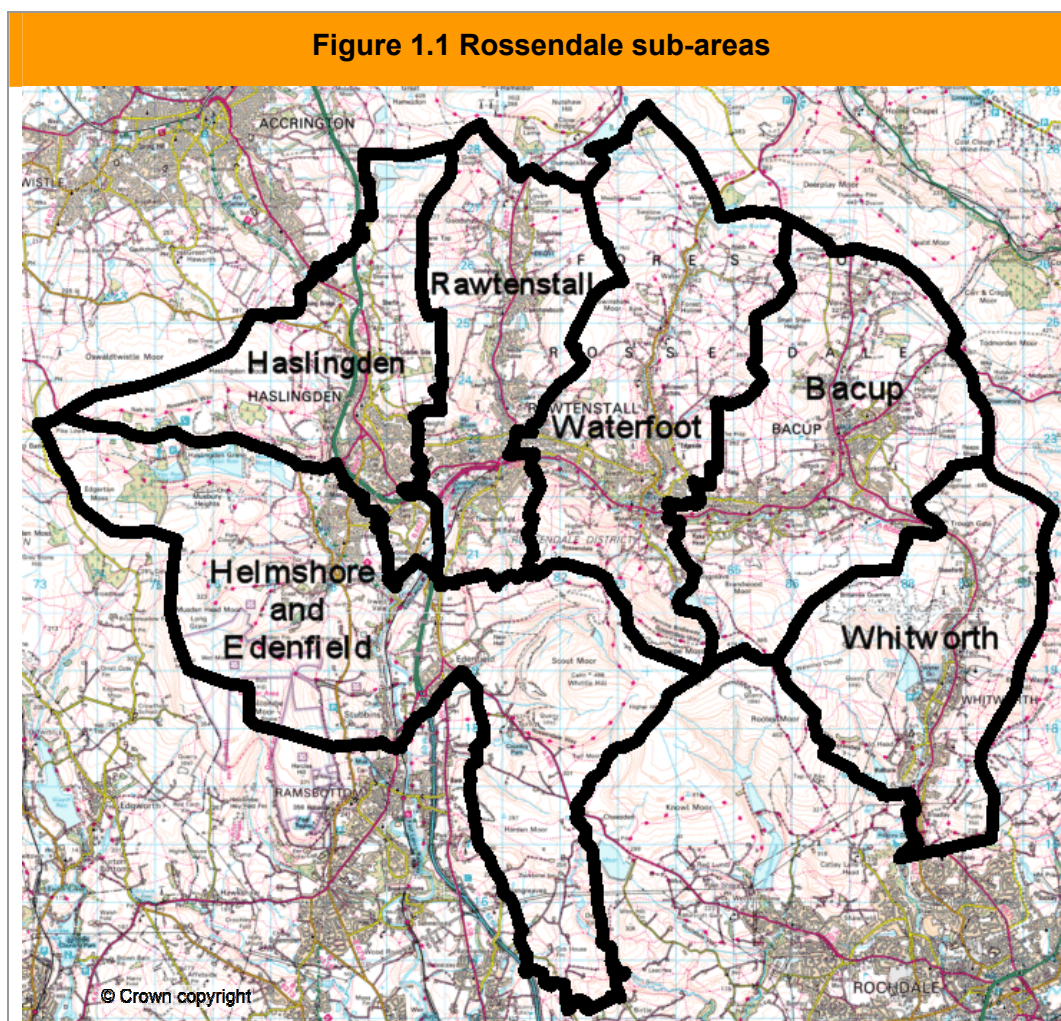
Source: Rossendale SHMA Fordham Research 2008

1.37 As can be seen from this table, most of the material in this report can be related to the structure set out in the Practice Guidance, although not always in the same order. As highlighted above, it has been necessary to supplement this content with further information that produces the key requirements of PPS3. The chapters within this report not referred to within the table above are in addition to the Practice Guidance and relate to the requirements of PPS3.

- 1.38 The remainder of Section A will present the local policy context and discuss the Rossendale housing market area.

### Sub-areas in the Borough

- 1.39 The council identified six sub-areas in the Borough upon which analysis from the primary household survey will be presented in the report. These sub-areas are illustrated in the figure below:



Source: Fordham Research (2008)

## Rounding error

- 1.40 Figures presented in the analytical text and tables of this report have been rounded and discrepancies may occur between sums of the component items and totals. This will also occur where variables allow more than one response to be reported (these cases will be identified in the text relating to the table). Published percentages are calculated prior to rounding and therefore discrepancies may also exist between these percentages and those that could be calculated from the rounded figures.

## Summary

- i) The SHMA has been conducted in line with the most recent Government guidance (as contained in CLG SHMA Practice Guidance and PPS3).
- ii) A key feature of this is the involvement of stakeholders who are able to provide detailed insight into the local housing market.
- iii) A range of information sources have been used as part of the process including: secondary data, household surveys and interviews with local estate and letting agents.
- iv) Finally, the SHMA should be seen as an ongoing process with key data monitored into the future to see the 'direction' in which the housing market is moving.

## 2. The policy context

### Introduction

- 2.1 This chapter provides information on the regional background and on other studies relevant to this SHMA.

### Homes for the future: more affordable, more sustainable – Housing green paper

- 2.2 The housing green paper was presented to parliament in July 2007. The paper sets out how the Government plans to meet the issues concerning housing in the future. The Government set a target for 240,000 new homes a year until 2016.

### Living Working Countryside – The Taylor review

- 2.3 Living Working Countryside is an independent review written by Matthew Taylor MP. It calls for a shake up of planning and affordable housing policy to assist rural communities with suitable housing.

### The North West Plan - Regional Spatial Strategy (RSS)

- 2.4 The North West Plan (the Regional Spatial Strategy (RSS)) sets out a vision for the future of the North West region to 2021, outlining proposed approaches to housing, the economy, transport and the environment. The RSS was submitted in January 2006 and has since undergone a partial review. The RSS was adopted on the 30<sup>th</sup> of September 2008.
- 2.5 The RSS emphasises economic development in the region, whilst recognising that this will increase the requirement for additional homes (The North West Plan 2006: page 10). The RSS suggests that this additional requirement will be met not just through new developments, but through the management of existing housing stock in the region.
- 2.6 The RSS also states policies for the Central Lancashire City Region, of which Rossendale is a part. It promotes the desire to raise the economic performance of the area and to improve the City Regions internal and external transport links.
- 2.7 The following table shows the latest figures relating to planned housing provision from 2003 to 2021 for Rossendale and related areas. The RSS makes provision for at least 411,160 additional dwellings in the North West Region over the period 2003 to 2021.

**Table 2.1 Rossendale and related areas HMA RSS targets 2003-2021**

Council area	Annual Average	Total
Rossendale	222	4,000
Burnley	130	2,340
Pendle	190	3,420
Blackburn with Darwin	489	8,800
Hyndburn	189	3,400
Ribble Valley	161	2,900

Source: The North West Plan (2006)

- 2.8 Yet the RSS does not recommend any numerical targets for the proportion of affordable housing that should be secured on new developments. However, it suggests that local planning policies and strategies should set out the requirements for affordable housing, in terms of location, size and types.

### The North West Plan (RSS): Report of the Panel

- 2.9 The panel of inspectors were appointed by the First Secretary of State to conduct an Examination in Public (EiP) of selected issues arising out of the draft RSS.
- 2.10 The Panel Report makes numerous recommendations to the RSS; in particular recommending that a 'partial review of the RSS is carried out as soon as possible, with a view to publication of the revised RSS not later than 2009' (Panel Report 2007: page 6).
- 2.11 The Panel Report considers the suitability of affordable housing targets within the draft RSS; the report does not go further than the RSS and suggest a regional target, citing a lack of evidence available to them to produce such a figure. It does, however, suggest that targets for affordable housing should be set when the RSS is next reviewed.

### Regional Housing Strategy

- 2.12 The Regional Housing Strategy (RHS) for the North West of England (2005) takes forward many of the objectives of the 2003 Housing Strategy. The strategy emphasises the need for consultation and dialogue with stakeholders, pointing out that many of the challenges can not be solved without involvement of the private sector. The 2005 RHS states :-

*Our vision is a region working together to deliver a housing offer that will promote and sustain maximum economic growth with the region, ensuring all residents can access a choice of good quality housing in successful and sustainable communities'*



### **North West Regional Economic Strategy 2006**

- 2.13 The Regional Economic Strategy (RES) is a rolling 20-year strategy, with a particular emphasis on activities between 2006 and 2009. It sets out the economic ambitions for the North West; much of which is based around the economic centres of Liverpool and Manchester.
- 2.14 The strategy aims to continue the transformation of the North West's economy, based on high skills; whilst being economically and environmentally sustainable in its continued development.

### **The North West Gypsy and Traveller Accommodation Assessment 2007**

- 2.15 The North West Regional Assembly commissioned Salford University to conduct an assessment of the requirements for Gypsy and Traveller accommodation in the region. The study identified that across Lancashire there is a need for between 205 to 231 pitches and an additional seven pitches for travelling show people between 2006 and 2016.

### **Rossendale Borough Council Housing Strategy**

- 2.16 The Housing Strategy covers the period 2005 to 2008, setting out the key housing issues facing the Borough. The Housing Strategy sets the aim of providing a range of choices of housing for residents, diversifying the housing stock in areas that show a predominance of one type of housing, in order that it 'will create a choice for existing households and forming households that are in need'.
- 2.17 The strategy sets out three main principle objectives: affordability, renewal and decent homes. The affordability objective emphasises the need to offer more choice in terms of housing in the area. This rebalancing of stock also comes up in the renewal objective; matching up demand and supply where there is currently a mismatch.

### **Delivery of Housing Market Assessments in the North West**

- 2.18 The study was commissioned by the North West Regional Assembly to inform the partial review of the RSS and RHS. It attempted to provide a consistent picture of housing in the North West Region and the 27 housing market areas within the region.
- 2.19 The study also produced a housing needs model, which provides a regionally consistent approach to assessing housing need in the North West.

## Summary

- i) This chapter considered a number of key documents relevant contextually to this SHMA, including the North West Plan (the region's draft Regional Spatial Strategy) and the Regional Housing Strategy. Other relevant studies recently completed incorporating Rossendale were also considered.
- ii) The latest target figures, as identified in the adopted RSS, for new dwelling provision in Rossendale are 222 dwellings per annum.

## 3. Defining the housing market area

### Introduction

- 3.1 An important part of any SHMA is the definition of a housing market area. The chapter reviews the data available (plus new data derived from the household survey) to consider the extent to which Rossendale may be considered a single housing market. The chapter also draws heavily on more qualitative information gained from estate and letting agents operating in the area, consultation with stakeholders and with members of the community. The CLG Advice note 'Identifying sub-regional housing market areas' (March 2007) notes that "...housing market areas are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work." (pp.6, Para. 6).

### Definition of Housing Markets: CLG Guidance

- 3.2 PPS3 expects that Local Planning Authorities and Regional Planning Bodies should "have regard to housing market areas in developing their spatial plans". While an analysis of a geographical part of a housing market may yield informative quantitative results, it will not give a total picture of the market as experienced by those seeking to live within it. CLG recommends that where a housing market cuts across local authority boundaries, that councils should "use a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas." (The CLG Advice note *Identifying sub-regional housing market areas* (March 2007) pp.6, Para. 5)
- 3.3 Defining housing markets is not an exact science; as recognised by CLG there is no consensus on a single preferred methodology, and as such regions and local authorities are not required to use any single recommended method. The most frequently adopted methodologies from the CLG Practice Guidance have been based upon household migration patterns and Travel to Work areas. A more qualitative understanding of demand and preference from households is also used to inform the argument in this chapter, this draws on information from those servicing the market and residents of the area. The Practice Guidance emphasises the importance of consultation with stakeholders in determining housing market areas, in particular with estate agents who may have specialist qualitative knowledge of the market (The CLG Advice note *Identifying sub-regional housing market areas* (March 2007 pp.7, Para. 1).

**Table 3.1 Key quotes from CLG Advice Note: Identifying sub-regional housing market areas (March 2007)**

**“Identifying suitable thresholds for self-containment.** The typical threshold for self-containment is around 70 per cent of all movers in a given time period.... Some areas may be relatively more or less self-contained, and it may be desirable to explore different thresholds.” (pp.10, Para 3)

**Travel to Work areas and other functional areas.** “Functional areas can provide useful contextual information in terms of the spatial extent of sub-regional housing market areas. For example, travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location.” (pp.11, Para 1)

### Evidence from the Census: Migration

- 3.4 The tables below show the overall migration statistics for the Borough, taken from the 2001 Census. The figures shown are for the Borough as a whole, - ‘Inflow and Outflow’ refers to moves in and out of the study area; ‘internal moves’ refers to those moving within the study area.
- 3.5 Overall a net annual outflow of three households is shown from domestic sources. A total of 22 households arrived from international sources in the year before the Census. However since outflows are not recorded from the UK, no net figure can be calculated.
- 3.6 Rossendale appears to have a relatively high level of self-containment in terms of migration: 66.3% of households moving into a dwelling in the Borough moved from within the Borough itself, and 67.1% of households moving out of a dwelling moved within the Borough. Although the outflow does not include households moving out of the UK, it is not likely to make a significant impact upon the level of self-containment.

**Table 3.2 Rossendale: Total Migration, Domestic and International (households)**

	Inflow	Outflow	Net Flow
Domestic	662	659	3
International	22	?	?
Total	684	?	?
Internal Flow	1,344	1,344	n/a
Self-containment	66.3%	67.1%	n/a

Source: 2001 Census data (from Nomis website)

## Evidence from the Census: Travel to Work

- 3.7 The table below shows the level of self containment of commuting flows in Rossendale. In terms of travel to work there are two measures of self containment used. One measurement is the proportion of employee jobs in Rossendale that are occupied by people that also live in Rossendale (commuting in self containment), the second is the proportion of people that live in Rossendale that also work in Rossendale (commuting out self containment). The table suggests a relatively high level of (commuting in) self containment with 69.2% of all the people who work in Rossendale also living in Rossendale (15,856 of the total workplace population of 22,911). When looking at commuting out of Rossendale the level of self containment is substantially lower; just 53.1%. 15,856 of 29,877 employed residents work within the Borough.
- 3.8 The table also shows a significant outflow of people commuting from Rossendale; the domestic net flow of -6,855 is a considerable one for the size of the Borough. The Office of National Statistics (ONS) Travel To Work Areas (TTWAs) from 2001 Census data suggest that Rossendale is part of a larger TTWA for Blackburn, including the local authority areas of Blackburn, Hyndburn, and Ribble Valley.

**Table 3.3 Rossendale: Daily Travel to Work, Domestic and International (persons)**

	Commuting Out	Commuting In	Net Flow
Domestic	13,910	7,055	-6,855
International (outside England and Wales)	111	?	?
Total	14,021	?	?
Internal Flow	15,856	15,856	n/a
Total commuting	29,877	22,911	
Self-containment	53.1%	69.2%	n/a

Source: 2001 Census data (from Nomis website)

- 3.9 Using travel to work data at ward level we are able to consider the relationship between the different sub-areas of Rossendale and the areas around the Borough. The table below shows the number of Rossendale residents commuting (daily) to work. It shows the authorities that have the largest inflow of Rossendale residents: only those authorities with more than 400 Rossendale residents commuting in daily are shown. This is also shown in percentage terms, as a percentage of all commuting within England and Wales.
- 3.10 The table shows that the sub-areas in Rossendale have differing levels of self-containment. Bacup and Waterfoot have the highest levels of self-containment, with Whitworth the lowest. Nearly two-fifths of those employed residents of Whitworth commute into Rochdale. Another key relationship is between the residents of Helmshore and Edenfield who commute into Bury.

**Table 3.4 Travel to work locations by sub-area of Rossendale (persons)**

Travel to work destination	Sub-area						Total
	Helmshore & Edenfield	Haslingden	Rawtenstall	Waterfoot	Bacup	Whitworth	
Blackburn with Darwen	216	233	177	121	82	30	859
Bolton	180	78	87	49	36	15	445
Burnley	140	190	430	231	313	45	1,349
Bury	631	289	372	264	230	120	1,906
Hyndburn	220	498	311	196	168	36	1,429
Manchester	300	214	313	227	226	169	1,449
Oldham	63	49	58	45	81	157	453
Pendle	60	63	125	67	89	15	419
Rochdale	190	167	218	158	545	1,303	2,581
<b>Rossendale</b>	<b>2,159</b>	<b>2,648</b>	<b>3,174</b>	<b>2,981</b>	<b>3,828</b>	<b>1,158</b>	<b>15,948</b>
Salford	133	90	113	104	96	50	586
Trafford	106	53	87	69	69	70	454
Total commuting (England and Wales)	4,782	5,041	5,961	4,868	6,102	3,451	30,205
Blackburn with Darwen	4.5%	4.6%	3.0%	2.5%	1.3%	0.9%	2.8%
Bolton	3.8%	1.5%	1.5%	1.0%	0.6%	0.4%	1.5%
Burnley	2.9%	3.8%	7.2%	4.7%	5.1%	1.3%	4.5%
Bury	13.2%	5.7%	6.2%	5.4%	3.8%	3.5%	6.3%
Hyndburn	4.6%	9.9%	5.2%	4.0%	2.8%	1.0%	4.7%
Manchester	6.3%	4.2%	5.3%	4.7%	3.7%	4.9%	4.8%
Oldham	1.3%	1.0%	1.0%	0.9%	1.3%	4.5%	1.5%
Pendle	1.3%	1.2%	2.1%	1.4%	1.5%	0.4%	1.4%
Rochdale	4.0%	3.3%	3.7%	3.2%	8.9%	37.8%	8.5%
<b>Rossendale</b>	<b>45.1%</b>	<b>52.5%</b>	<b>53.2%</b>	<b>61.2%</b>	<b>62.7%</b>	<b>33.6%</b>	<b>52.8%</b>
Salford	2.8%	1.8%	1.9%	2.1%	1.6%	1.4%	1.9%
Trafford	2.2%	1.1%	1.5%	1.4%	1.1%	2.0%	1.5%
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from Nomis website)

3.11 The evidence so far has indicated that Rossendale, with relatively high levels of self containment in terms of migration and travel to work could be considered a single housing market. Nevertheless in discussions with stakeholders it was suggested that there may be more than one housing market in the Borough. Some of this evidence will now be discussed.

## Qualitative evidence

- 3.12 Discussions around housing market areas took place at the stakeholder consultation event and with estate agents during the market survey. The market survey was carried out by a researcher over a number of days. The survey concluded that Rossendale is made up of a number of towns of quite different character, although there remains a strong sense of identity regarding 'Rossendale'. Estate agents operating in the area suggested that levels of self containment in the main towns is high. One issue raised by stakeholders was the relationship between Whitworth and Rochdale, where it was suggested that Whitworth looks towards Rochdale more than the other towns in Rossendale. In terms of employment the travel to work data shown above would tend to support that, yet the local level migration analysis carried out does not show such a strong relationship between the areas.
- 3.13 At the stakeholder event most people initially reported that they felt that Rossendale was a single housing market area. However, after some exploration of this in general it was reasoned that there are more likely two housing markets, divided by the natural landscape of the east west divide which lies across the valley. This is of interest and will be explored further by looking at the housing needs survey data on demand for housing.

## Housing Needs Survey Data

- 3.14 The tables below show the results from the household survey, looking at the demand from future moving households. Households that plan to move in the next two years were asked where they would like to move to. The tables below show the results of this analysis by the area the respondents are currently living. The first table shows the level of self containment within each of the sub-areas, and the second table shows the preferred location within Rossendale of future moving households. It should be noted that respondents could identify more than one preference.
- 3.15 The table offers some interesting results; firstly it shows differing levels of self containment within each of the sub-areas. Helmshore and Edenfield is shown to be the most self contained (51%) within its own sub-area. In terms of self containment in the whole Borough, Waterfoot has the highest self containment; 83% of future moving households in Waterfoot would like to remain within Rossendale. Haslingden and Whitworth show the lowest levels of self containment within Rossendale.

- 3.16 The relationship between the Whitworth sub-area and Rochdale is worth further exploration. Stakeholders suggested that Whitworth may well be part of a market area looking towards Rochdale. The travel to work information also suggested that Whitworth residents were more likely to work in Rochdale than elsewhere in Rossendale. However, the housing needs survey data did not pick up any demand from households in Whitworth to move into Rochdale. This suggests that although Rochdale may well be a destination of employment for Whitworth residents it is not an area where households would like to move to and hence should not be considered as part of a housing market area with Rochdale.
- 3.17 Of those households preferring to move elsewhere in the UK, survey data suggests that two thirds of the demand for housing is for areas outside of the immediate boundaries of Rossendale (this includes Greater Manchester and West Yorkshire). This shows that there is relatively little demand for the areas surrounding Rossendale: the majority of the moves are long distance ones.

**Table 3.5 Preferred location by current sub-area**

Sub-area	Area where households would like to move				Total	Total
	Within own sub-area	Elsewhere in Rossendale	All of Rossendale	Elsewhere in the UK		
Helmshore & Edenfield	51.1%	15.4%	66.5%	33.5%	100.0%	531
Haslingden	34.5%	20.7%	55.2%	44.8%	100.0%	880
Rawtenstall	38.8%	29.0%	67.8%	32.2%	100.0%	1,006
Waterfoot	40.9%	42.0%	82.9%	17.1%	100.0%	837
Bacup	32.4%	29.0%	61.3%	38.7%	100.0%	1,569
Whitworth	40.2%	17.0%	57.2%	42.8%	100.0%	534
All areas	-	-	65.0%	35.0%	100.0%	5,356

Source: Rossendale household survey

- 3.18 The following table shows the preferred location of households moving within Rossendale. The table shows that there is demand for housing between the sub-areas of Rossendale. Helmshore and Edenfield and Rawtenstall are the most popular destinations for those moving out of their own sub-area. The table shows that there is a close relationship between Rawtenstall and Waterfoot, with large demand from both sub-areas for the other.



**Table 3.6 Preferred location within Rossendale by current sub-area**

Sub-area	Area where households would like to move					
	Helmshore & Edenfield	Haslingden	Rawtenstall	Waterfoot	Bacup	Whitworth
Helmshore & Edenfield	<b>51.1%</b>	1.9%	0.0%	7.8%	5.7%	0.0%
Haslingden	15.8%	<b>34.5%</b>	3.2%	0.0%	0.0%	1.6%
Rawtenstall	2.9%	7.5%	<b>38.8%</b>	16.6%	2.0%	0.0%
Waterfoot	12.0%	2.8%	27.1%	<b>40.9%</b>	0.0%	0.0%
Bacup	6.0%	6.0%	5.3%	4.7%	<b>32.4%</b>	6.9%
Whitworth	6.7%	0.0%	6.9%	0.0%	3.5%	<b>40.2%</b>
Total	12.5%	9.5%	14.3%	11.7%	10.8%	6.3%

Source: Rossendale household survey

### Housing market area: Rossendale?

- 3.19 National guidance suggests that determining that the study area covers a whole housing market area is an important part of an SHMA, since to obtain the most useful and meaningful results it is necessary to analyse an entire market rather than only part.
- 3.20 The CLG Advice note (Identifying sub-regional housing market areas, March 2007) suggests a threshold of 70% self containment. A number of different measures of self containment were used to assess Rossendale; this included past migration, travel to work and future demand for housing. Each of these measures placed Rossendale very close to the 70% threshold.
- 3.21 This is even more the case when we take into account the suggestion that the guidance note makes to exclude 'long distance moves (e.g. those due to a change of lifestyle or retirement)'. Survey data suggests that two thirds of the demand for housing elsewhere in the UK is for areas outside of the immediate boundaries of Rossendale (this includes Greater Manchester and West Yorkshire). Therefore the level of self containment is likely to be well in excess of the 70% threshold.
- 3.22 The qualitative information suggested that there might well be more than one housing market in Rossendale and that the Whitworth area may be better placed within a Rochdale housing market. In terms of travel to work, the data supported this evidence, showing a strong relationship between Whitworth and Rochdale. Yet, in terms of demand for housing, there was no demand to move to Rochdale from Whitworth. From this data we can conclude that Whitworth is better placed within the Rossendale housing market.
- 3.23 The survey data shows that there is demand between the sub-areas in Rossendale, although this does vary. This demand data identifies relationships between the sub-areas of the Borough, yet there is no obvious split in the Borough into two or more housing market areas such as east and west as suggested from qualitative information.

3.24 The data presented in this chapter gives strong evidence that Rossendale can be considered as a single housing market area in its own right.

## Summary

- i) CLG defines housing market areas as 'geographically areas defined by household demand and preference for housing. They reflect key functional linkages between places where people live and work'.
- ii) Borough wide levels of self containment are relatively high and are close to the threshold of 70%. If long distance moves were excluded the self containment would likely exceed the threshold set of 70%.
- iii) The sub-areas of Rossendale show varying levels of self containment, although there is demand for housing across and within the sub-areas of the Borough.
- iv) For the purpose of this study Rossendale has been considered as a single housing market area.

## SECTION B: THE DEMOGRAPHIC AND ECONOMIC CONTEXT

This Section of the report studies a range of background information relevant to the housing market in Rossendale. It provides a comprehensive description of the socio-economic situation in Rossendale using data from both primary and secondary sources. The information presented compares the circumstances in the Borough in a local, regional and national context. The section aims to answer the following questions:

- What is the demographic profile of the area?
- What is the economic profile of the area?
- How have these profiles changed?

The Section contains four chapters:

- 4. Composition of the population and demographic trends
- 5. National and regional economic policy
- 6. Structure of the economy and the skill base
- 7. Incomes and earnings in Rossendale



## 4. Composition of the population and demographic trends

### Introduction

- 4.1 A key determinant of housing requirements and how these are likely to change in the future is the demographic profile of the population. This chapter will outline the structure of the resident population and changes that have been recorded to its composition. The chapter will also discuss the household structure in the Borough.
- 4.2 The affect of the demography of the Borough on the housing market will be considered in Chapter 14.

### Resident population

- 4.3 The latest ONS population estimates indicate that there were 66,700 people resident in the Borough in 2006. The table below shows the population change recorded in Rossendale since 1981.
- 4.4 The table indicates that since 1981 the population of Rossendale has risen slightly, although not as quickly as England as a whole.

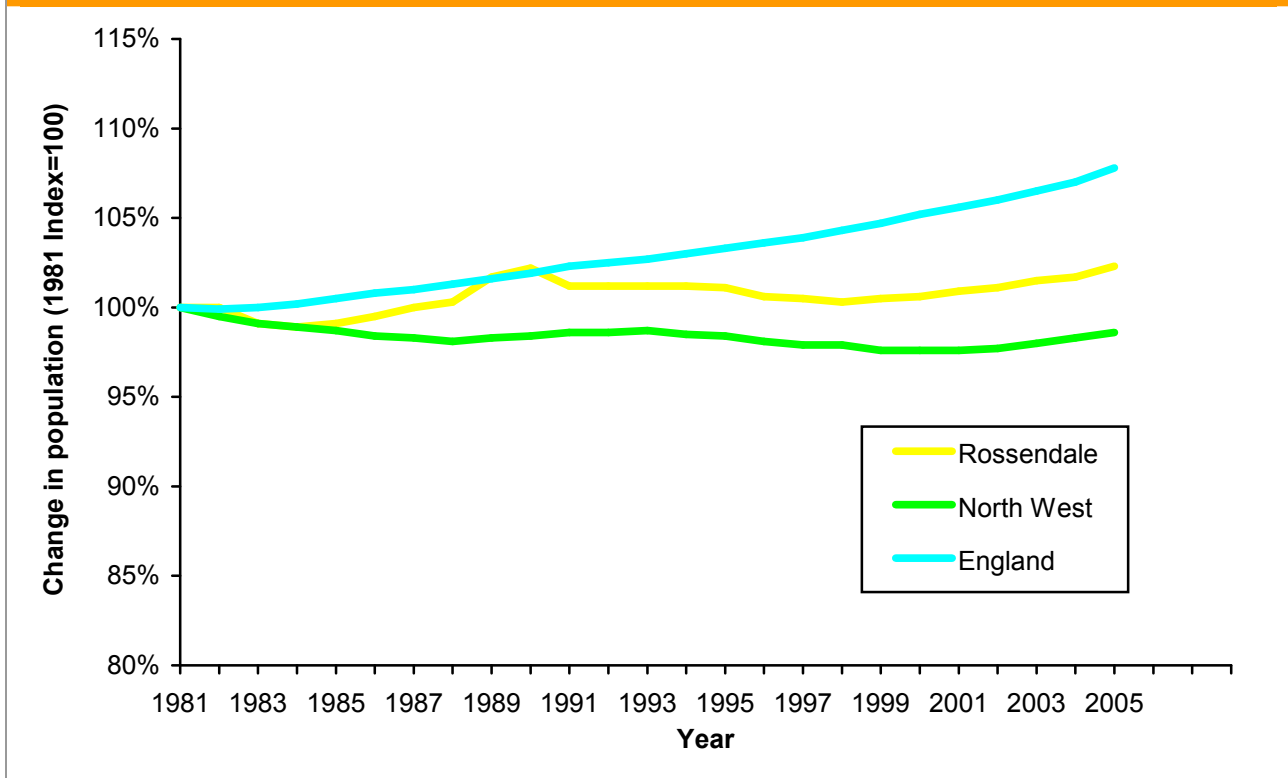
**Table 4.1 Population change in the Borough (1981 – 2006)**

Area	Population (1981)	Population (2006)	Absolute change	% change
Rossendale	65,000	66,700	1,700	2.6%
North West	6,940,300	6,853,200	-87,100	-1.3%
England	46,820,800	50,762,900	3,942,100	8.4%

Source: ONS mid year population estimates (from Nomis website)

- 4.5 The figure below displays these population changes graphically. To allow comparison between the areas the change recorded is indexed from a base date of 1981.

**Figure 4.1 Population change in the Borough (1981 – 2006)**

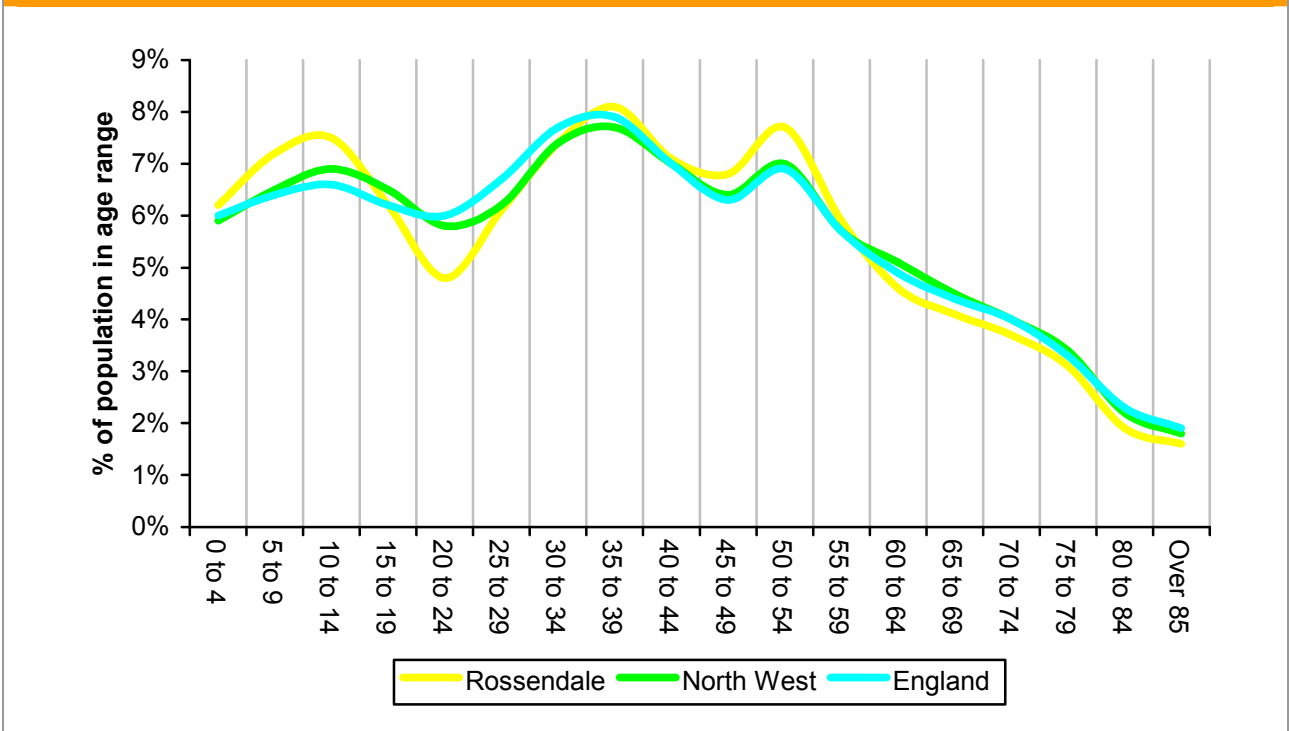


Source: ONS mid year population estimates 1981-2006 (from Nomis website)

### Age profile in Rossendale

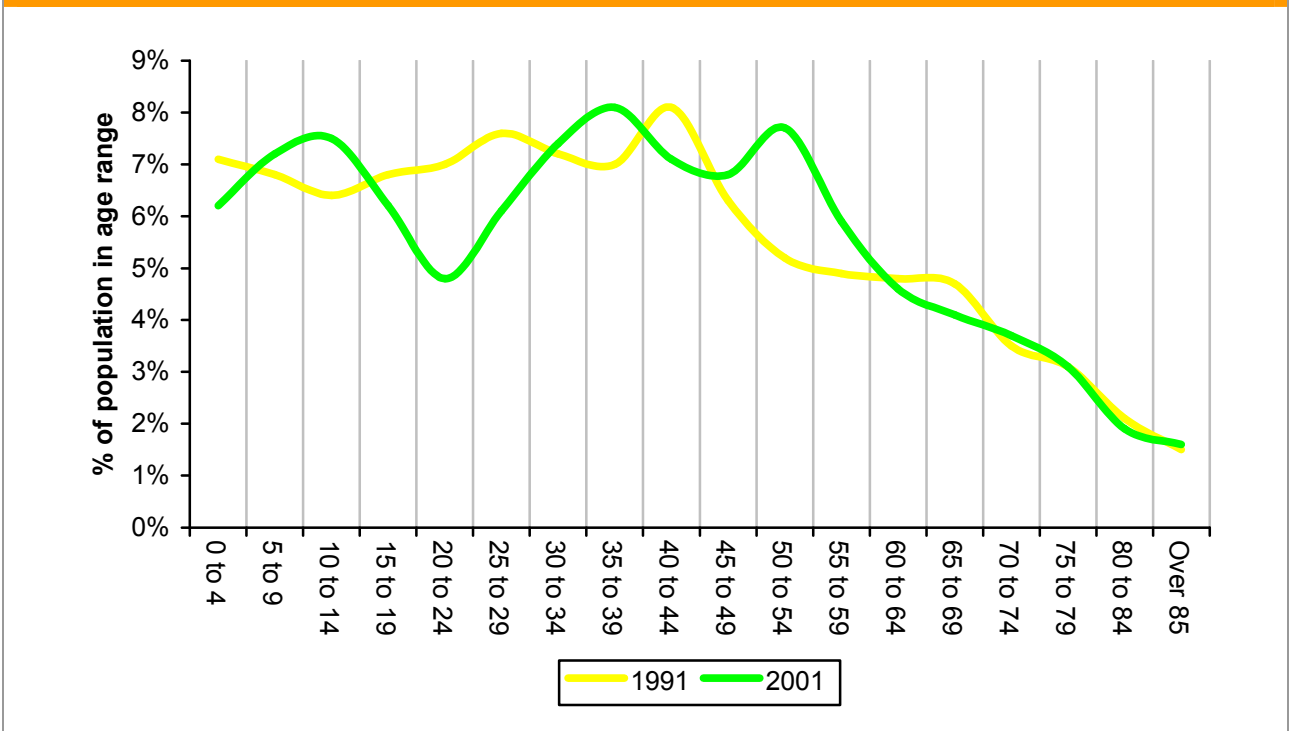
- 4.6 It can be seen from the chart below that compared with national and regional figures. Rossendale contains a lower proportion than average of young adults, aged 20 to 30. The area also contains a significantly elevated proportion of children and a higher proportion of adults 45 to 55.
- 4.7 Figure 4.3 shows that the low proportion of young adults is a relatively new phenomenon: this did not exist in 1991.

**Figure 4.2 Rossendale 2001 age profile compared regionally and nationally**



Source: Census 2001

**Figure 4.3 Rossendale 1991 and 2001 age profiles**



Source: Census 1991 and Census 2001

## Ethnicity

4.8 The table below shows the ethnic breakdown of the population in Rossendale. As can be seen, the proportion of the population in a Black, Asian Minority Ethnic (BAME) group in Rossendale is quite low by national and regional standards at just 4.7%, compared with 6.7% in the region and 11.7% nationally. The dominant ethnic group in the area is Asian, making up 3.1% of the population in Rossendale.

**Table 4.2 Ethnicity of Population, 2001**

Ethnicity	Rossendale	North West	England
White British/Irish	95.3%	93.3%	88.3%
White Other	0.8%	1.1%	2.7%
Mixed	0.5%	0.9%	1.3%
Asian or Asian British	3.1%	3.4%	4.6%
Black or Black British	0.1%	0.6%	2.3%
Chinese	0.2%	0.4%	0.4%
Other	0.0%	0.2%	0.4%
Total	100.0%	100.0%	100.0%
	65,652	6,729,764	49,138,831

Source: Census 2001

4.9 ONS have produced some estimates of the changes in population by ethnicity to 2005, although these are classed as experimental statistics and should be treated with caution. They suggest that the ethnic minority population of Rossendale increased from 4.7% to 6.3% of the total population in this four year period. This amounts to an increase from 3,086 to 4,196 people (+36.0%) in ethnic minority groups between 2001 and 2005.

**Table 4.3 Approximated change in the ethnicity of the population, 2001 to 2005**

Ethnicity	Rossendale, 2001 Census	Rossendale, 2005 Estimates
White British/Irish	95.3%	93.7%
White Other	0.8%	1.1%
Mixed	0.5%	0.8%
Asian or Asian British	3.1%	3.8%
Black or Black British	0.1%	0.3%
Chinese	0.2%	0.3%
Other	0.0%	0.2%
Total	100.0%	100.0%
	65,652	66,600

Source: Census (2001) and ONS Resident Population Estimates by Ethnic Group (2005)



## Household composition

- 4.10 The Census recorded that there were 27,112 households in Rossendale in 2001, containing an average of 2.42 persons per household. The table below indicates that this average household size was slightly above the national and regional equivalents.

<b>Table 4.4 Average household size, 2001</b>			
	Rossendale	North West	England
Population	65,652	6,729,764	49,138,831
Households	27,112	2,812,789	20,451,427
Average Household Size	2.42	2.39	2.40

Source: Census (2001)

- 4.11 The latest ONS estimates indicate that the average size of households in Rossendale is declining. The figures for 2006 indicate that there were an average of 2.38 persons per household in Rossendale in 2006: a drop of 1.7%.

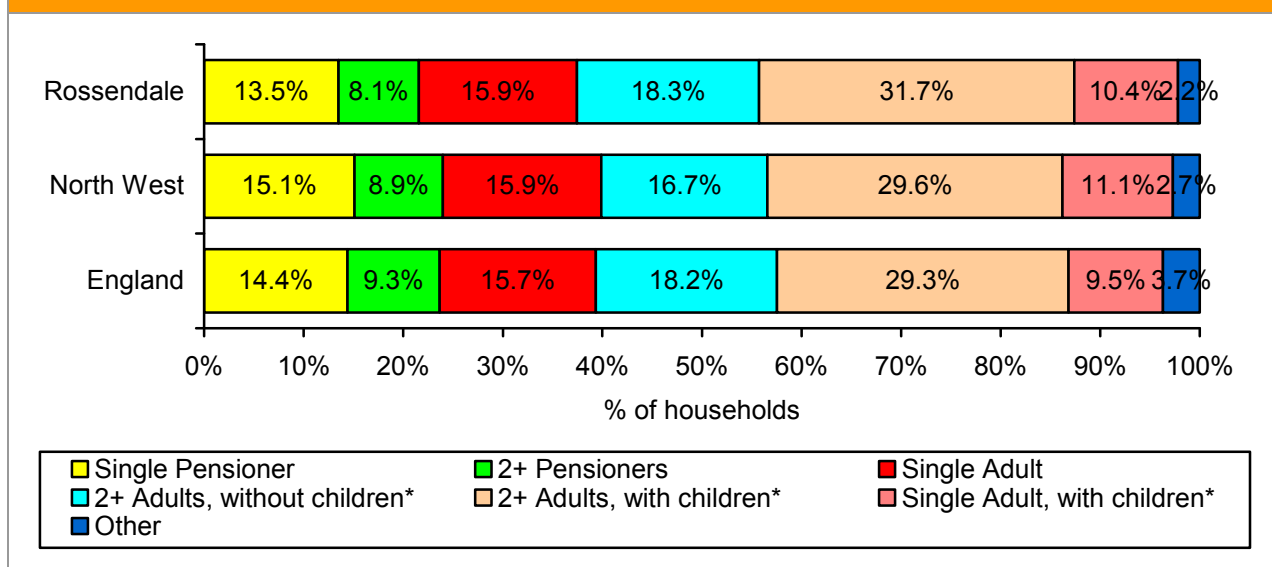
<b>Table 4.5 Change in average household size, 2001 to 2006</b>		
	2001	2006
Population	65,652	66,700
Households	27,112	28,000
Average Household Size	2.42	2.38

Source: Census (2001), ONS Resident Population Estimates (2006), ONS Sub Regional Household Projections (2004 base)

## Household Structure

- 4.12 The figure below shows the household structure in Rossendale according to the Census in 2001, compared with the regional and national profiles. The main difference in terms of household composition between Rossendale and the regional and national distributions is the lower proportion of pensioner-only households, which make up 21.6% of households in Rossendale, compared with 24.0% in the wider North West.

**Figure 4.4 Household Types in Rossendale, 2001**



Source: Census 2001

### Tenure profile

4.13 The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of 2001 Census data reveals that in 2001 approximately 71.9% of households in the Borough were owner-occupiers (including shared ownership), slightly above the regional and national averages. 17.9% of households were in the social rented sector and 10.2% were renting privately (including the 'other' group). Since the completion of the 2001 Census, Rossendale Borough Council no longer owns any housing stock; this was transferred to Green Vale Homes in 2006.

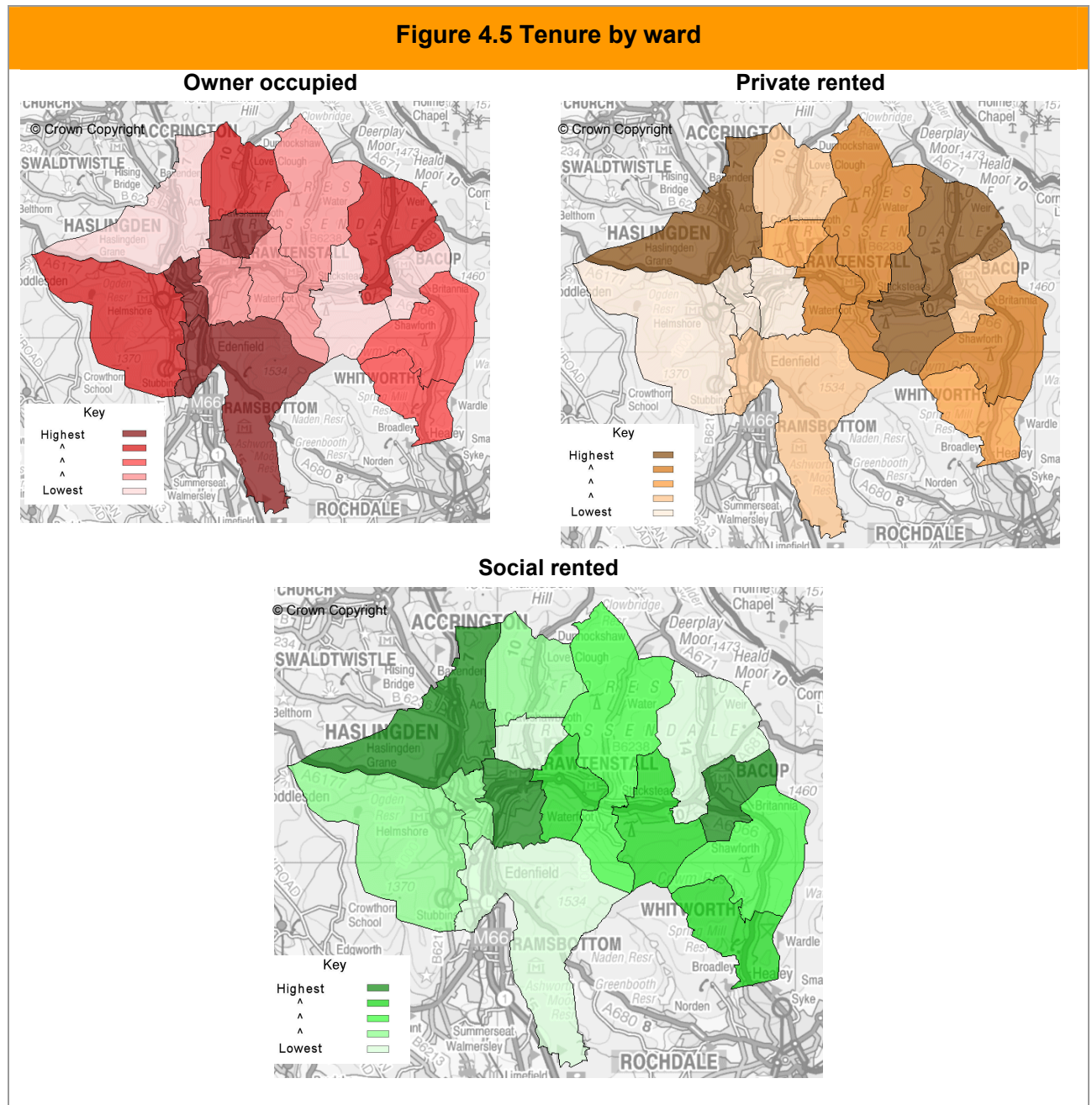
**Table 4.6 Tenure (Census 2001)**

Tenure	Rossendale	North West	England
Owns outright	29.9%	29.8%	29.2%
Owns with a mortgage or loan	41.6%	38.9%	38.9%
Shared ownership	0.4%	0.6%	0.7%
Council (local authority)	15.1%	13.6%	13.2%
Housing Association/RSL	2.8%	6.5%	6.1%
Private landlord or letting agency	6.8%	7.7%	8.8%
Other	3.4%	3.0%	3.2%
Total	100.0%	100.0%	100.0%
Total count	27,112	2,812,789	20,451,427

Source: Office for National Statistics 2008 (from 2001 Census data)

4.14 The maps below show the proportion of households living in each of the three broad tenure groups (owner-occupation, social rent and private rent) by ward.

4.15 There are some clear variations across the Borough in terms of tenure. The highest concentrations of owner occupied properties are found towards the south west of the Borough. Private rented accommodation is concentrated in the Bacup sub-area. The pattern for social rented accommodation is less clear; the wards with the highest levels of social rented accommodation are dispersed across the Borough, whilst the areas of lowest social rented stock are to the south west.



Source: Office for National Statistics 2008 (from 2001 Census data)

## Summary

- i) The population in Rossendale has increased slightly since 1981, although at a slower rate than the whole of England.
- ii) In 2005 it was estimated that 6.3% of the population of Rossendale was from a BAME group. The largest ethnic minority group was Asian/Asian British.
- iii) Overall, the proportion of pensioner households in Rossendale is smaller than regional and national averages.
- iv) In 2001 the majority of households in the Borough were owner occupied. The census measured the social rented sector as accounting for 17.9% of all households in the Borough.

## 5. National and regional economic policy

### Introduction

- 5.1 Economic factors such as interest rates affect the supply and demand for housing. This chapter will discuss the impact of economic policy on the housing market cycle and present evidence of economic deprivation locally.
- 5.2 The chapter will conclude with a discussion of national trends in the housing market and specifically how the role of the different tenures has changed.

### Economic policy

- 5.3 Historically, there has been a direct link between interest rates and house price growth. The very high interest rates of the early 1990s led to many home owners falling into negative equity – the value of their home was less than the value of their mortgage commitment.
- 5.4 When the interest rate started to fall during the early 2000s, house prices increased significantly (see Chapter 11 for detailed house price data). When the interest rate increased between 2004 and 2005, house price growth also slowed.
- 5.5 The Nationwide Building Society predicts that a slower economy, stretched affordability, tighter credit conditions and lower buy-to-let demand will mean that house price inflation during 2008 will be restricted to 0%.

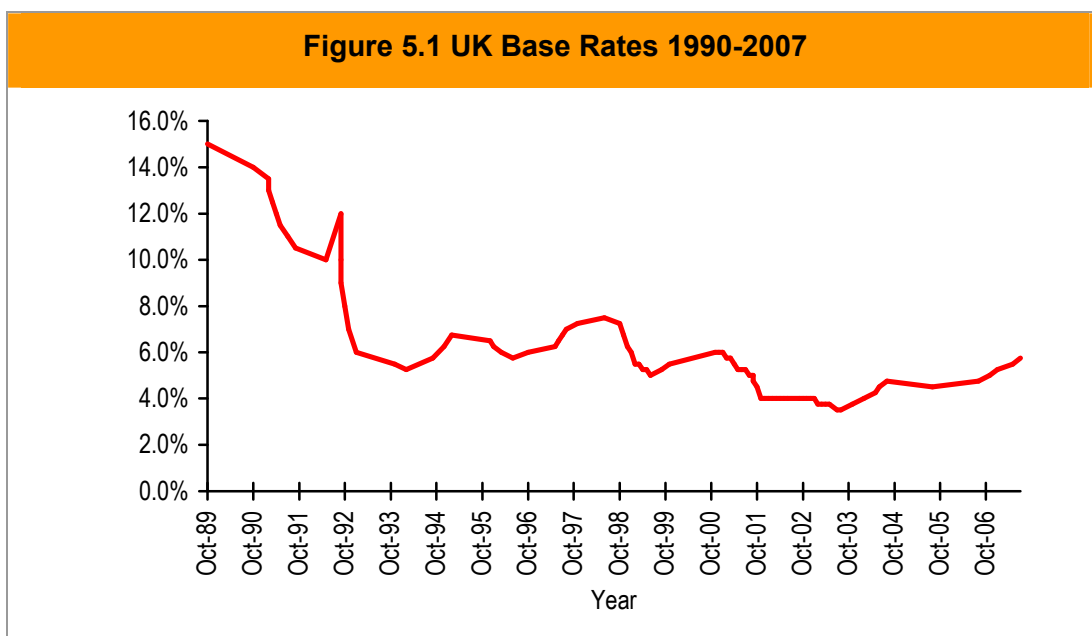
### Stakeholder comments

Whether the current credit squeeze is a short or a long term issue remains to be seen. Stakeholders in Rossendale considered the effect of the credit crisis on the supply of housing. It was suggested that the housing market could move into seizure as land owners hold onto land and don't bring it forward for development due to the credit crisis. This is not just an issue for Rossendale, but thought needs to be put into new ways of gaining affordable housing, not just through developer subsidy.

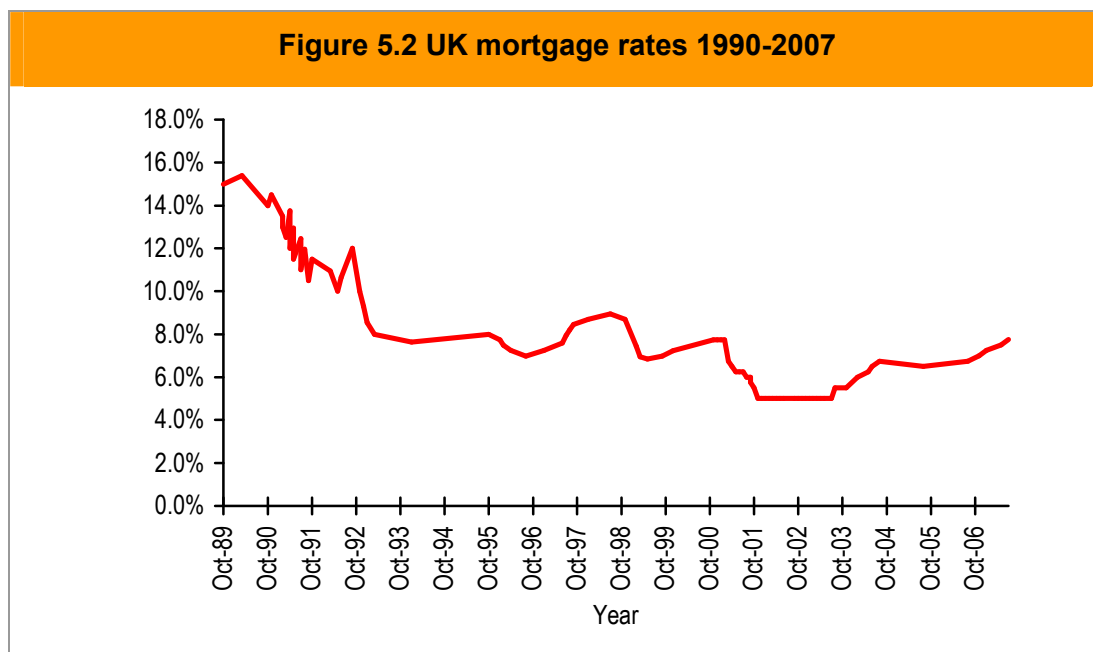
One stakeholder made the point that housing markets are cyclical, so whilst we are currently in times of slow housing markets, in the future this trend will change. It is important not to just respond to crisis, but to try to plan for the future and for different housing market scenarios. "We don't want to reach a crunch point later on which is fuelled by bad decisions now". Rossendale is going to mostly see small infill sites coming forward, not large developments. The RSS figure of 222 dwellings isn't a huge amount in the scheme of things.

### Interest and base rates

5.6 The figures below show the trends in the UK base rate and mortgage rates since 1990. As expected, the charts largely mirror each other.



Source: Bank of England, 2008



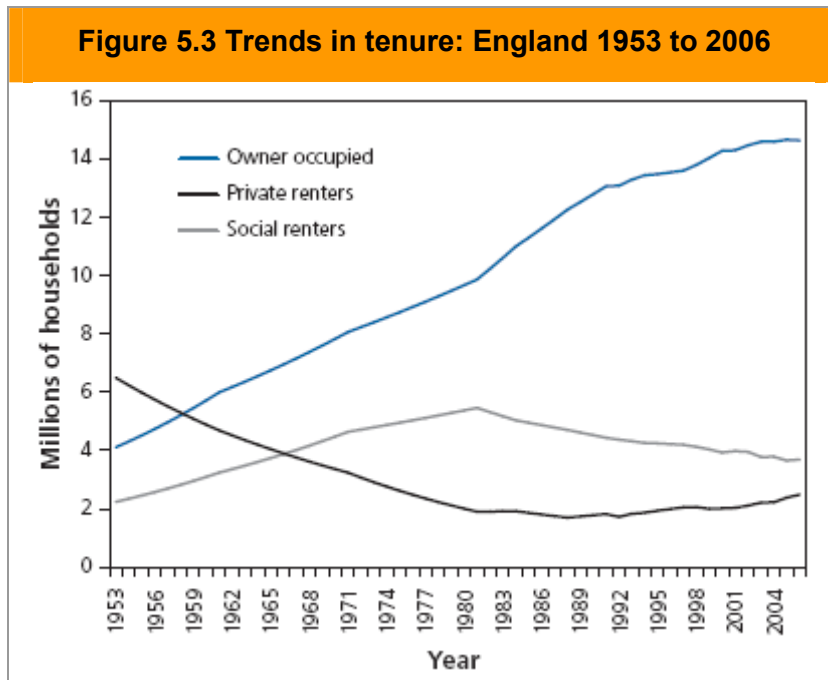
Source: Bank of England, 2008

### Background trends in housing

5.7 In addition to examining economic policy it is useful at this stage to describe the national housing market trends that have been recorded, as they also provide context for understanding the housing market in Rossendale. This subsection is broken down into various parts, explaining different aspects of housing. The material can be linked to the detailed chapters on aspects of the housing market in Section D of this report.

### National tenure trends

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



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

5.9 This vividly shows the radical changes that have occurred since the middle of the last century, when only a third of households were owner occupiers, compared with 70% today. When this is taken in conjunction with the price rises discussed in Chapter 11, the revolutionary nature of the change in financial circumstances of the average household can be seen.

### National statistics on each major tenure

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

### Owner Occupation

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



- 5.12 The high rate of price increase witnessed over the last ten years has meant that owners have acquired large amounts of equity. Data from the SEH shows that significant equity has been released by home-owners and its use has become increasingly important in facilitating moves within the housing market. The SEH provides some useful data on the amount of equity released and where it went:

**Figure 5.4 How households used the proceeds from equity release**

Property owning households			2005/06
What the withdrawn equity was used for	amount withdrawn		all h/holds that withdrew equity
	<£20k	£20k+	
			percent
To pay off debts	31	28	29
To invest or save	8	17	13
Home improvements/renovations	59	54	56
Buy new goods for the property e.g. carpets/furniture	14	17	15
Help finance another property for self (in UK)	2	10	6
Help finance purchase of another property for self (abroad)	1	4	2
Help finance purchase of property for other family member	1	3	2
Buy a car or other vehicle	12	12	12
Pay for a holiday	7	8	7
Pay for school fees	0	1	1
Pay for university costs	1	2	2
Pay for medical fees/nursing home	0	0	0
To help finance a business	1	5	3
Other	9	11	10

Source: Communities and Local Government Survey of English Housing (SEH)  
Note that people often spent the "withdrawn equity" in more than one way. Therefore the percent of households reporting each reason sums to more than 100.

Source: Table 17 Survey of English Housing 2005/2006

- 5.13 Some 5% of homeowners (nearly 700,000) remove equity from their property each year. On average they remove £33,000. About half of the equity released was used for home improvement. Most of the rest was used for other reasons such as paying off other debt or lifestyle improvements. It is noteworthy that helping other family members to buy is now a significant part of the total: about 2% of all withdrawals of equity, and 3% of all those above £20k were used in this way.
- 5.14 The proportion of equity released to assist other family members, normally children, is likely to rise as the costs of entry to the housing market become greater. Surveys of estate agents commonly show that younger households require some form of equity assistance to buy. This topic is discussed in more detail later in the report.

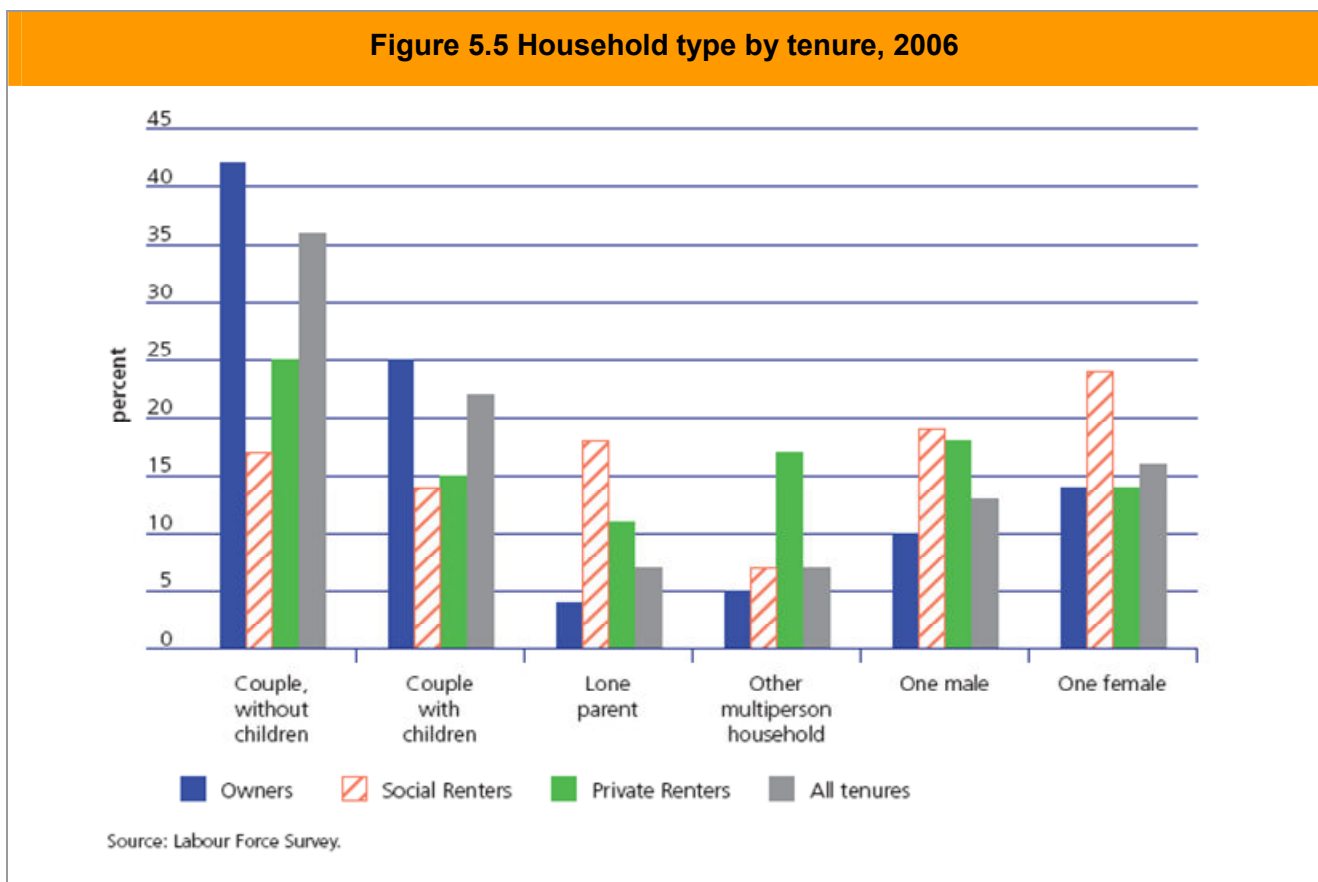
**Social renting**

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

5.16 Some of the key features of this report include:

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

5.17 The evidence presented in the report suggests that the types of households resident in the sector have become more polarised. The following table, from the Hills Report, succinctly summarises the sharp differences between household types in the three main tenures:



Source: Figure 5.6 Labour Force Survey

- 5.18 Lone parents and single person households are clearly over represented within the social rented sector. The Hills report also finds that it has become a place for older households, with the social rented sector containing a greater proportion of households consisting of only older persons than the other main tenures. In some respects, the social tenure has become 'residualised' for households with the lowest earning capacity.
- 5.19 As well as having an older age profile, the social rented sector has a much higher proportion of households with a serious medical condition or disability: more than 40%, which is about twice the overall average (Hills Report Figure 5.5). The combined effects of these characteristics, plus the effect of low mobility, are summarised in the employment characteristics of the social rented sector (Hills Report *Ends and Means: the future role of social housing in England*, CLG 2007).

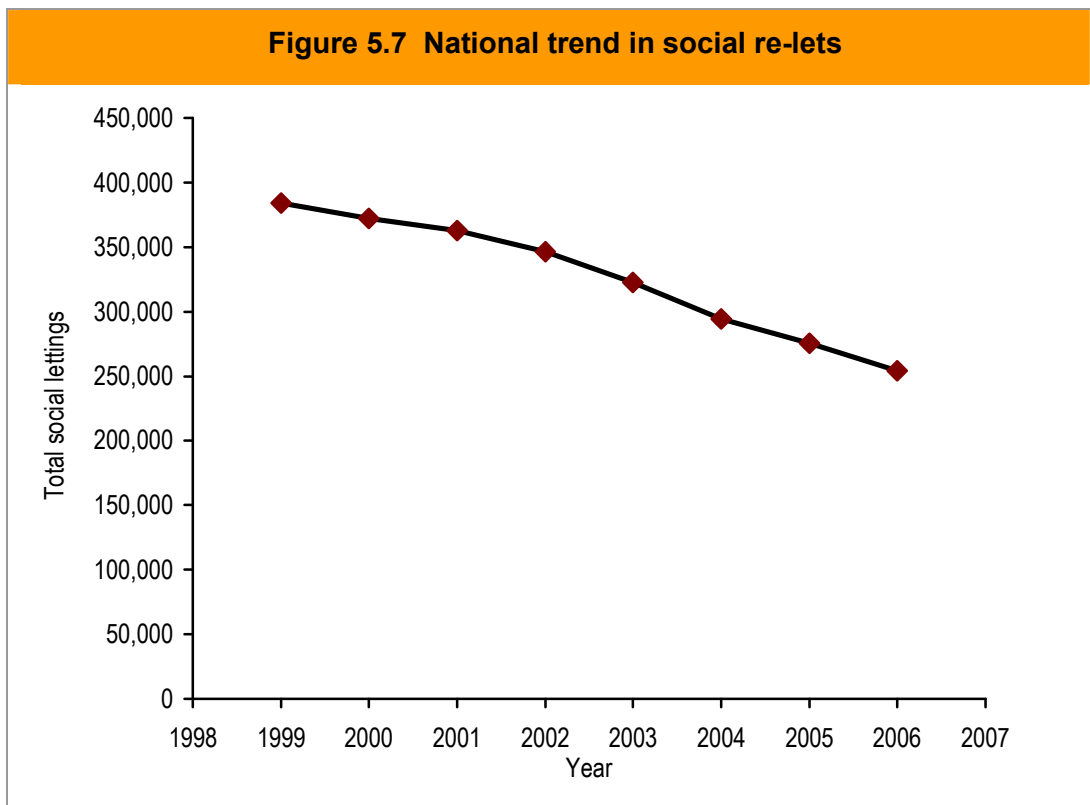
**Figure 5.6 Employment trends 1981-2005: Employment circumstances of social rented sector household heads (000s)**

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

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

Source: Table 10.1 Labour Force Survey

- 5.20 As can be seen, over the last 25 years there has been a substantial fall in the number of full-time employed household heads, from over half to less than a quarter, a substantial rise in part-time employment, and a proportionate increase in the number of retired and worklessness heads.
- 5.21 There has been a notable decline in social lettings over recent years, at a faster rate than the decline in the total number of social dwellings: the number of social rented dwellings has fallen from approximately 4.2 million to 3.7 million over the period 1998 to 2006, but the annual social re-lets has fallen from about 370,000 to 250,000 over the same period. There are complex reasons for this: both good and bad, but the overall effect is the substantially reduced scope for access to this sector.



Source: HSSA 2007

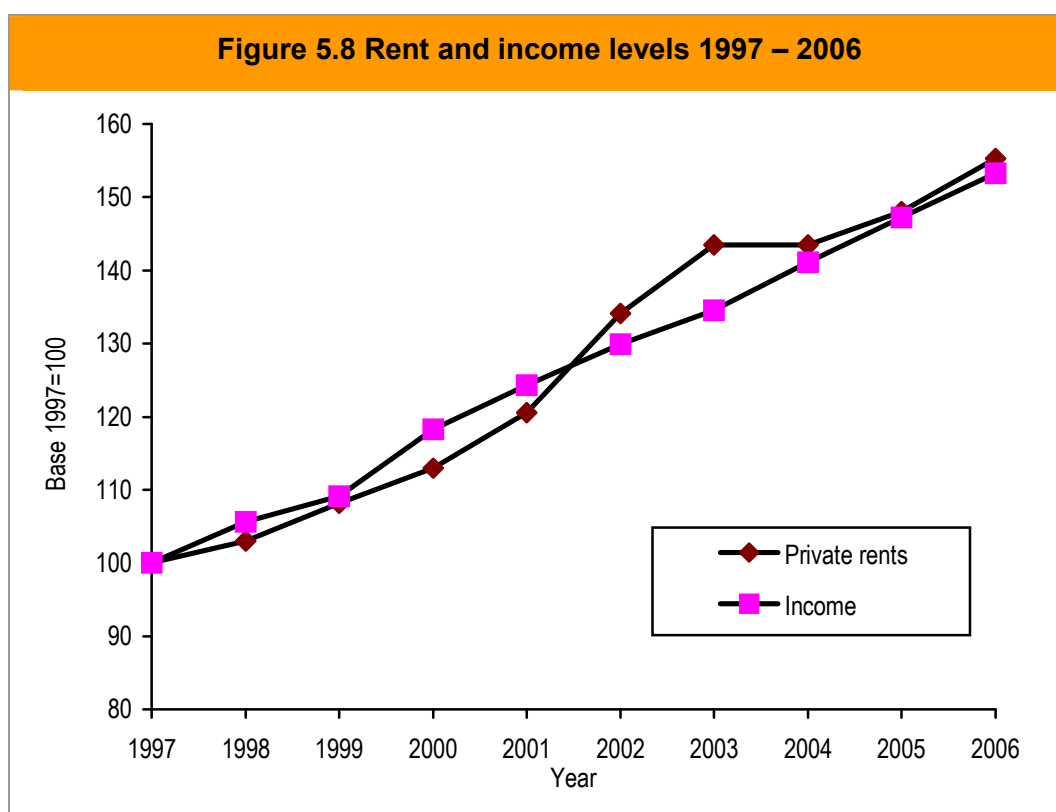
5.22 Despite these problems, the Hills report sees a continuing role for social tenure, but makes the point that substantial changes need to be made. The level of employment within this tenure is below what it should be, even after allowing for relevant factors. One of the main reasons for low levels of employment is the low mobility of those in social tenure. The potential mobility of social households in Rossendale is discussed later in the report. The report will also identify the affordable housing required in Rossendale to ensure that this sector contributes towards the future dynamism of Rossendale.

**Private renting**

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

<b>CLG Guide</b>	<i>‘... the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long term accommodation of a reasonable standard.’ [2000 Guide Section 7.3 (page 96)]</i>
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- 5.24 In recent times the private rented sector has shown the most surprising trend of all the three main tenures: as the SEH diagram shown above demonstrates, it has increased in size during the present century, after a century of long decline in the face of the growth of owner occupation market. In fact the Survey of English Housing records show that over the period 2001 to 2006 the national household population grew by 0.5 million, whilst the number of private rented households grew by almost the same amount (453,000). This indicates that the vast majority of household growth in the last five years has been facilitated by a growth in the private rented sector.
- 5.25 A striking feature of the private rented sector in general is that private rents have increased at almost exactly the same rate as household incomes.



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

- 5.26 Private rents have remained approximately as affordable as they are now for a long time. Since private rental is, by Government definition, the access point to the market, this leads to the important point that:
- **Affordability measured as the threshold of the market has not changed during the present century**

- 5.27 This is contrary to the general perception, which is driven by the rapid increase in prices rather than rents. This statistic must be moderated by the fact that 60% of private tenants aspire to own and only 8% are content with the private rented sector as a place to live according to the Hills report. Private renting is mainly a transitional tenure, although the rise in housing market gaps means that it may well become more of a final destination for many households. The SEH statistics suggest (Table 3 of the 2005/6 edition) that 69% of all private tenants have been in their current home for 2 years or less, compared with 20% for both owner-occupiers and social tenants.
- 5.28 Although households are often only resident within a private rented home for a relatively short period of time, it remains an important component of the housing market. The SEH shows that about half of all recent moves (932,000 out of 1,965,000 from Table 4) involved the private rented sector.
- 5.29 In addition to those that aspire to buy a home, the private rented sector has an important role in housing those that are unable to afford market housing and are unable to access social housing. These poorer private tenants are supported by various forms of subsidy, of which the most relevant for present purposes is Housing Benefit.
- 5.30 The Hills Report identified that some 19% of private tenants are on Housing Benefit, and therefore could in some ways be more suitable for social tenancy: they cannot live in market housing without some form of subsidy. The same may be true if they moved to social rented housing, but that tenure provides security which the private rented sector on shorthold leases lacks. This is an important factor for more vulnerable households.
- 5.31 It is fairly clear from these statistics that the comment quoted at the start of this subsection is true: the private rented sector is very varied and highly stratified. The tenure is crucial to the dynamics of the housing market, and has historically been somewhat overlooked. The role of the private rented sector in Rossendale will be investigated later in this report.

## Summary

- i) This chapter outlined the relationship between interest rates and demand for market housing, with lower rates resulting in an increase in home purchases.
- ii) The national context for housing includes a number of key features:
  - The rise of owner occupation to total dominance (70% of the total stock) but flattening out the past decade
  - The consequent rise in the importance of owned equity, in facilitating households moving into owner-occupation
  - The residualisation of the social renting tenure, with a larger number of older and workless households than is found in the other tenures
  - The strong growth of the private rented tenure (alone of all three main tenures) in the present century. Unlike owner occupation, the affordability of private rented housing has remained in line with household income growth during the present century. Just under 20% of all private renters rely upon Housing Benefit subsidy to pay at least part of their rent





## 6. Structure of the economy and skill base

### Introduction

6.1 Economic changes are a key driver underpinning housing markets and can have an important influence on the nature of housing demand, including household formation rates and households' investment in housing. In this section we study the economic and labour force profile in the Borough (in contrast with the regional and national situation where possible). The data is drawn from a range of secondary sources most notably the NOMIS website maintained by ONS ([www.nomisweb.co.uk](http://www.nomisweb.co.uk)).

### Labour Demand

6.2 This section considers employee jobs available within the Borough and comparative areas.

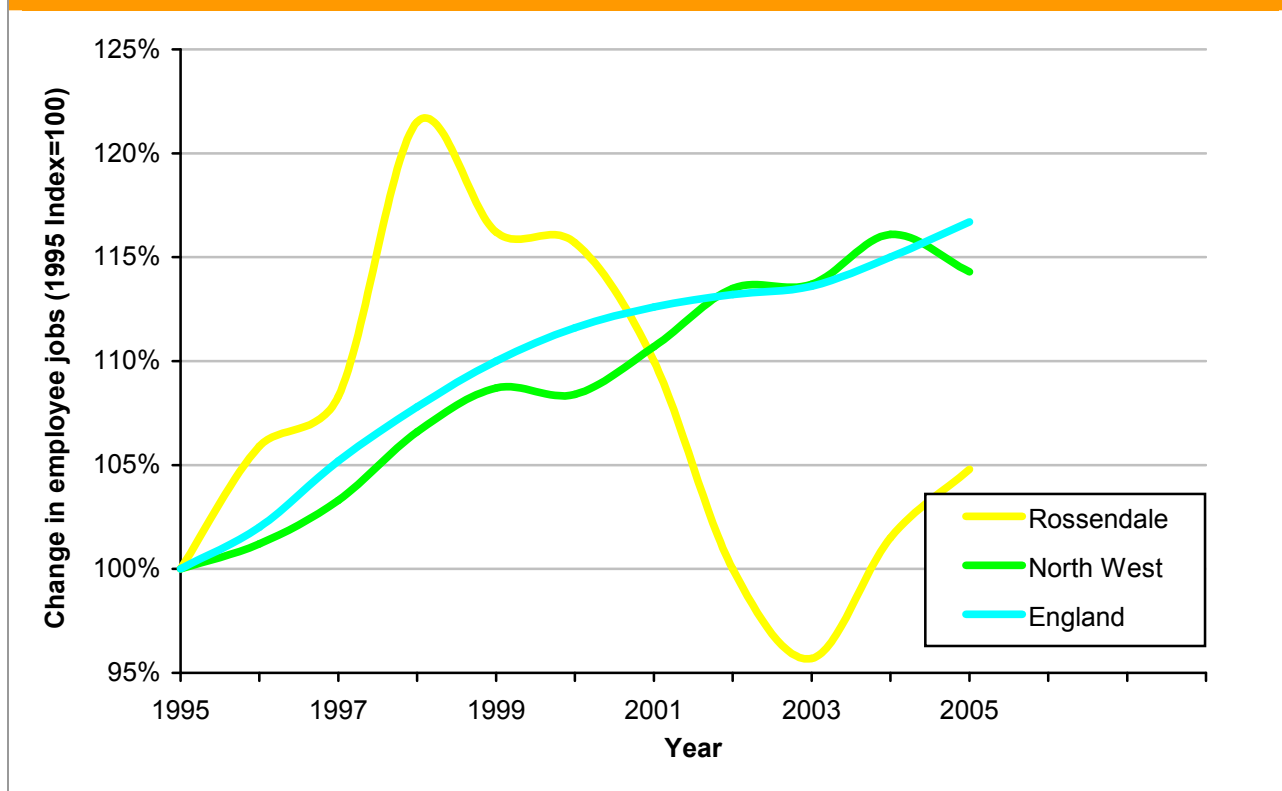
6.3 Measured by the most recent Annual Business Inquiry (ABI) there were 22,300 employee jobs in the Borough in 2006. Overall growth in employment in Rossendale has been lower than that seen in the North West region or England as a whole.

6.4 The figure below also indicates that this growth in employment over the last decade has been very uneven in Rossendale with a large growth up until 1998 followed by a drastic downfall up until 2003. The extreme change in employment shown for Rossendale does lead one to question the reliability of the data; as Rossendale is a relatively small Borough and the Annual Business Inquiry is a sample survey the results may well be subject to a large degree of error. However there is anecdotal evidence that the employment drop shown on the graph could be due to the closure of several large mills and shoe factories.

Table 6.1 Employment change 1995-2006				
Area	Employment 1995	Employment 2006	Absolute change	% change
Rossendale	20,994	22,300	1,306	6.2%
North West	2,614,746	3,010,700	395,954	15.1%
England	19,625,234	22,766,600	3,141,366	16.0%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website)

**Figure 6.1 Indexed employment growth in the Borough (1996 – 2006)**



Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website)

6.5 Another measure for the number of jobs in an area is ‘job density’. This is a measure of the number of jobs per person of working age. NOMIS data (for 2005) shows that there are 0.63 jobs per working age person in the Borough. This is a relatively low ratio and compares with 0.80 for the North West region and 0.84 for England as a whole.

**Table 6.2 Job density (2005)**

Area	Job density (number of jobs per working age person)
Rossendale	0.63
North West	0.80
England	0.84

Source: ONS jobs density (from Nomis website)

6.6 The table below shows a breakdown of the types of employment in the Borough, compared regionally and nationally.

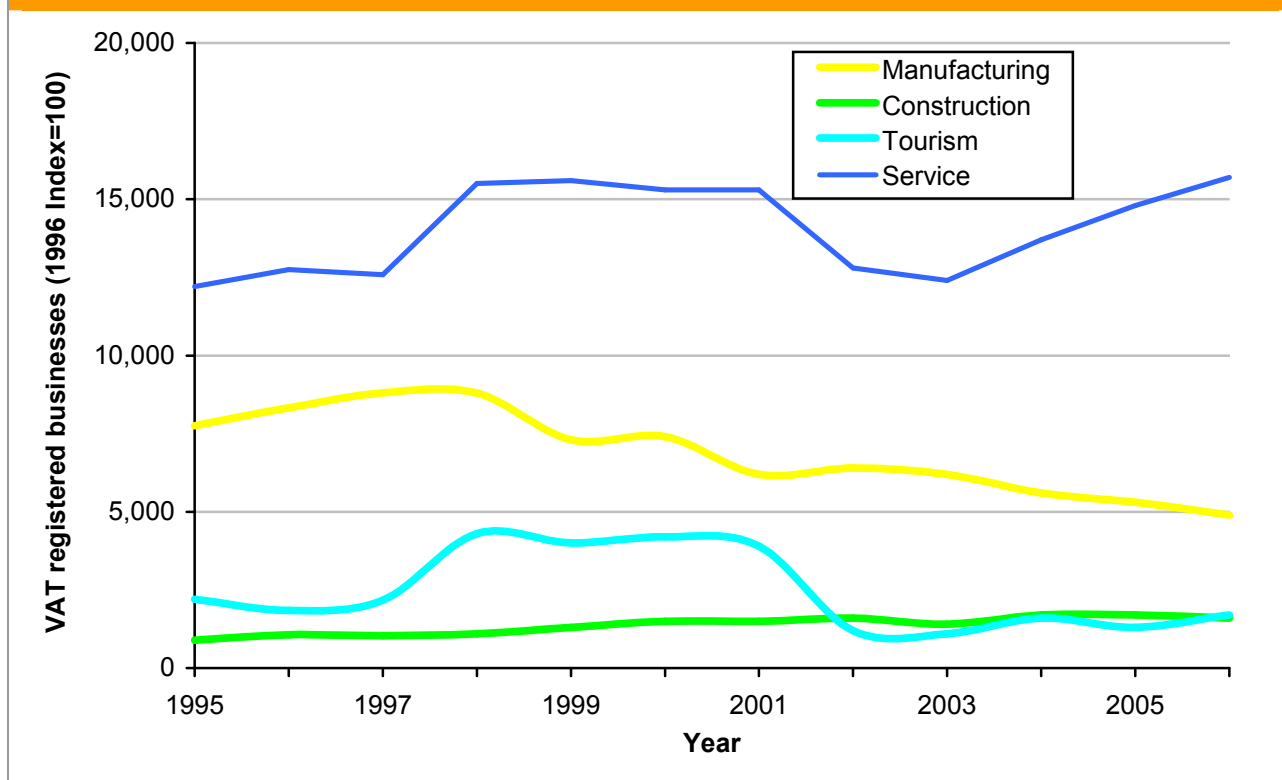
6.7 The table shows that manufacturing accounts for a particularly high proportion of employee jobs in the Borough when compared with the North West and England. Jobs in public administration, education and health account for a smaller proportion when compared regionally and nationally.

<b>Table 6.3 Employee jobs by industry (2006)</b>			
Employment category	Rossendale	North West	England
Manufacturing	21.9%	12.5%	10.9%
Construction	7.1%	5.0%	4.6%
Distribution, hotels and restaurants	23.4%	23.9%	23.7%
Transport and communications	4.1%	6.0%	6.1%
Finance, IT, other business activities	18.6%	19.2%	21.9%
Public administration, education and health	19.7%	27.8%	26.3%
Other services	4.4%	4.7%	5.3%
Tourism related	7.8%	8.6%	8.2%
Total	100.0%	100.0%	100.0%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website)

- 6.8 The changing economy means that the types of occupations the study area has to offer are very different from those of a few decades ago, thus impacting on employment rates (of both men and women), earnings and ultimately housing affordability. It is known that service industries attract women's participation in the labour market and lead to growing numbers of part-time employees. This in turn might impact on household headship rates among women and increase the number of dual-earner households (and household income), within a study area.
- 6.9 The figure below shows how the employment structure in the Borough has changed since 1995. The figure indicates that in Rossendale, the number of jobs in manufacturing and tourism has decreased, while jobs in other sectors have increased. Yet, the dominance of the employment market by the service sector makes the recent changes in other employment types relatively insignificant in terms of overall employment levels within the Borough.

**Figure 6.2 Employee jobs by industry 1995-2006**



Source: ONS annual population survey, 1995-2006, via NOMIS

### Number of businesses

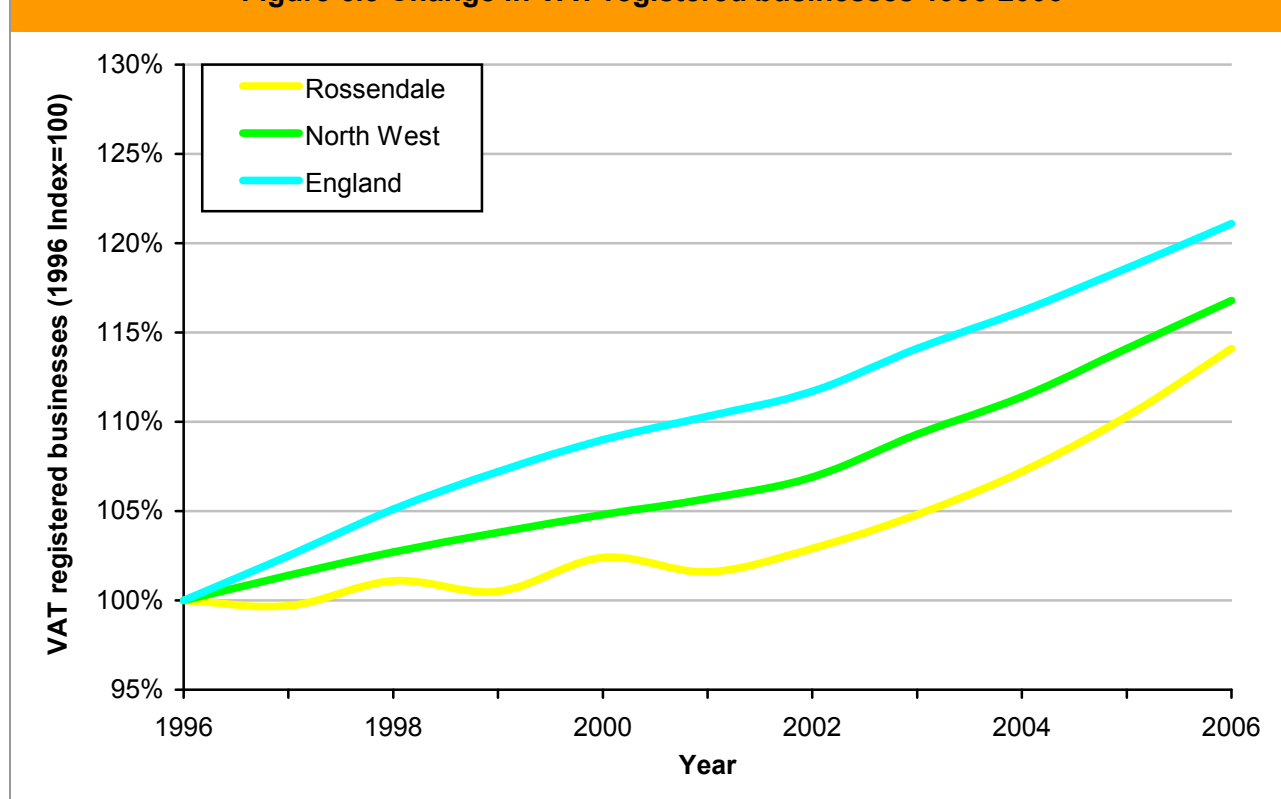
- 6.10 Data is also available from NOMIS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 6.11 The table below shows the number of VAT registered businesses at the end of 1996 and 2006. The data shows that the number of VAT registered businesses at the end of 2006 in the Borough was 2,150: this is an increase of 265 over the ten years since 1996 (14.1%). This increase is lower than the regional and national figures.
- 6.12 It should be noted that businesses operating at below the annual turnover threshold (in 2005 at £58,000) are not covered by the VAT registrations data. Qualitative evidence from stakeholders suggests that in Rossendale there are a large number of small family run businesses that may be operating at below the VAT threshold and therefore not included within the data.

**Table 6.4 Change in VAT registered businesses 1996-2006**

Area	VAT registered businesses 1996	VAT registered businesses 2006	Absolute change	% change
Rossendale	1,885	2,150	265	14.1%
North West	159,310	186,045	26,735	16.8%
England	1,379,260	1,670,500	291,240	21.1%

Source: DTI Small Business Service (from NOMIS website)

6.13 The figure below shows the change in VAT registered business over the ten year period from 1996 to 2006.

**Figure 6.3 Change in VAT registered businesses 1996-2006**

Source: DTI Small Business Service (from Nomis website)

## Labour Supply

6.14 Information in this section relates to the characteristics of people living in the Borough and comparative areas. The tables below consider grades of employee, the first table setting out the definitions used. This shows that when compared regionally and nationally, Rossendale has a higher proportion of its population in the higher end and the lower end of the employment grades.

**Table 6.5 Description of categories of employment**

Grade of employment (Standard Occupation Classification (SOC))	Description
SOC 2000 major group 1-3	Managers and senior officials - Professional occupations - Associate professional and technical occupations
SOC 2000 major group 4-5	Administrative and secretarial occupations - Skilled trades occupations
SOC 2000 major group 6-7	Personal service occupations - Sales and customer service occupations
SOC 2000 major group 8-9	Process; plant and machine operatives - Elementary occupations

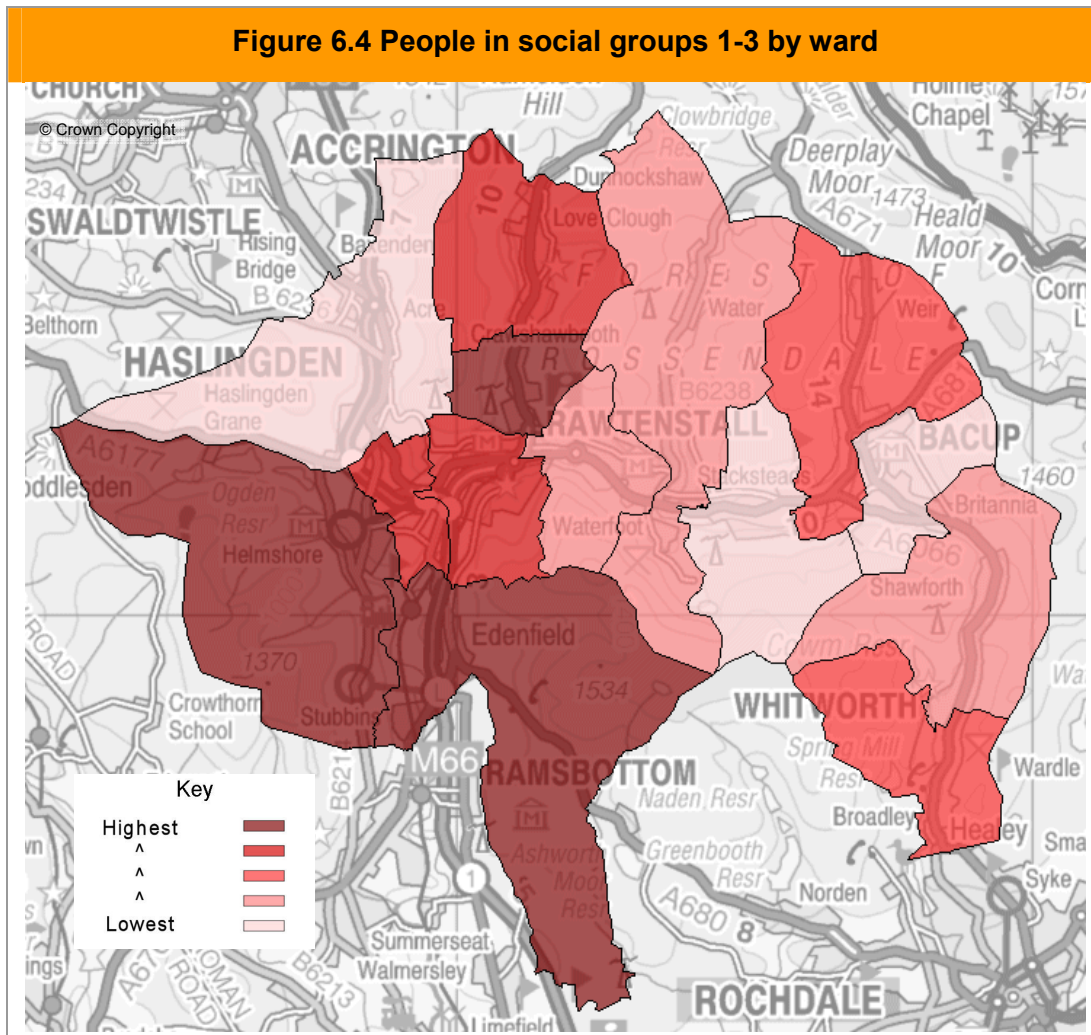
Source: ONS Annual Population Survey (from Nomis website)

**Table 6.6 Occupation structure (2006/07)**

Area	Employment category			
	Group 1-3	Group 4-5	Group 6-7	Group 8-9
Rossendale	48.4%	13.8%	15.8%	22.0%
North West	39.6%	23.2%	16.9%	19.9%
England	43.2%	22.7%	15.4%	18.4%

Source: ONS Annual Population Survey (from Nomis website)

6.15 The map below shows people employed in positions falling into social grades 1-3 in the Borough by ward. There is clearly variation across the Borough, with a cluster of wards to the south west of the Borough with high concentrations of people in the highest social grades. The wards towards Bacup show the lowest levels of people in social groups 1-3.



Source: Office for National Statistics 2007 (from 2001 Census data)

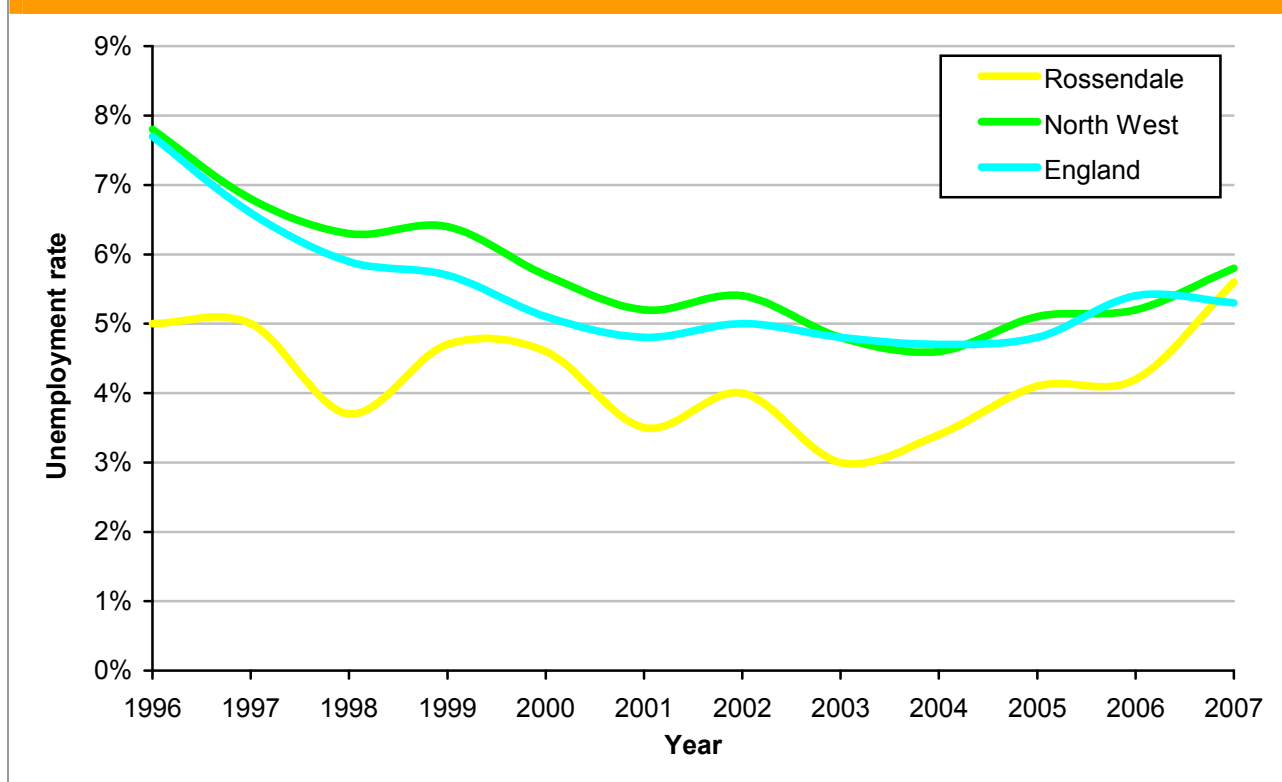
## Unemployment

- 6.16 The figure below shows that the rate of unemployment has been relatively unstable since 1996. Historically, unemployment has been significantly lower in Rossendale than the equivalent regional and national figures, although the rises since 2003 have taken the level of unemployment above the national average. There is anecdotal evidence that the recent rise in unemployment in the Borough is due to a recent loss of jobs in the construction sector.

Table 6.7 Unemployment rates in the Borough (1996-2007)			
Year	Area		
	Rossendale	North West	England
1996	5.0%	7.8%	7.7%
1997	5.0%	6.8%	6.6%
1998	3.7%	6.3%	5.9%
1999	4.7%	6.4%	5.7%
2000	4.6%	5.7%	5.1%
2001	3.5%	5.2%	4.8%
2002	4.0%	5.4%	5.0%
2003	3.0%	4.8%	4.8%
2004	3.4%	4.6%	4.7%
2005	4.1%	5.1%	4.8%
2006	4.2%	5.2%	5.4%
2007	5.6%	5.8%	5.3%

Source: ONS Annual Population Survey (from Nomis website)

Figure 6.5 Unemployment rates for economically active population 1996-2007

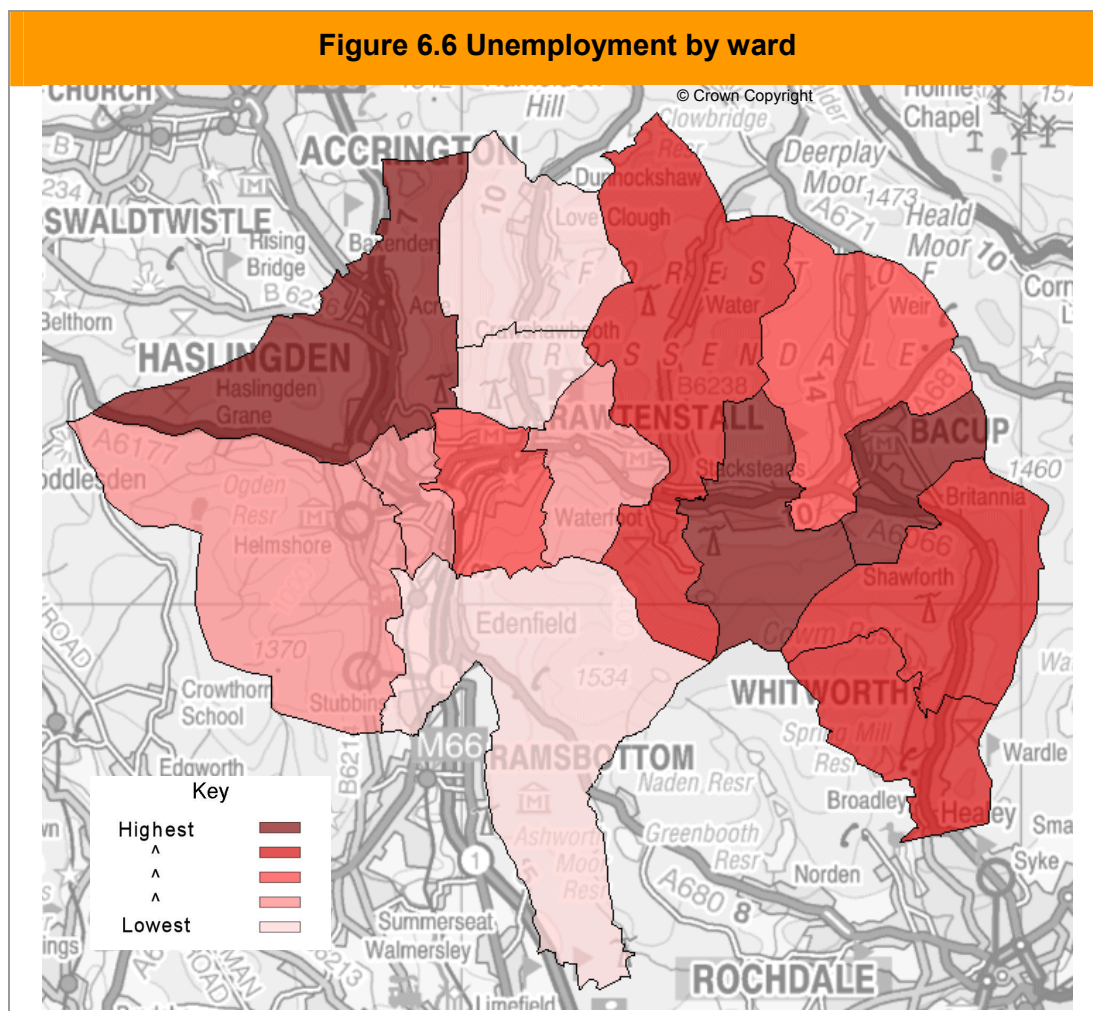


Source: ONS Annual Population Survey (from Nomis website)

6.17 The map below shows unemployment in Rossendale by ward. The map has been split into five broad categories ranging from the wards with the highest levels of unemployment to the wards with the lowest levels of unemployment.



- 6.18 There are clearly clusters of wards with high and low levels of unemployment. There are clusters of wards to the east of the Borough, around Bacup and Stacksteads showing high levels of unemployment. Whitworth and Haslingden also show relatively high levels of unemployment.



### Skills and educational attainment

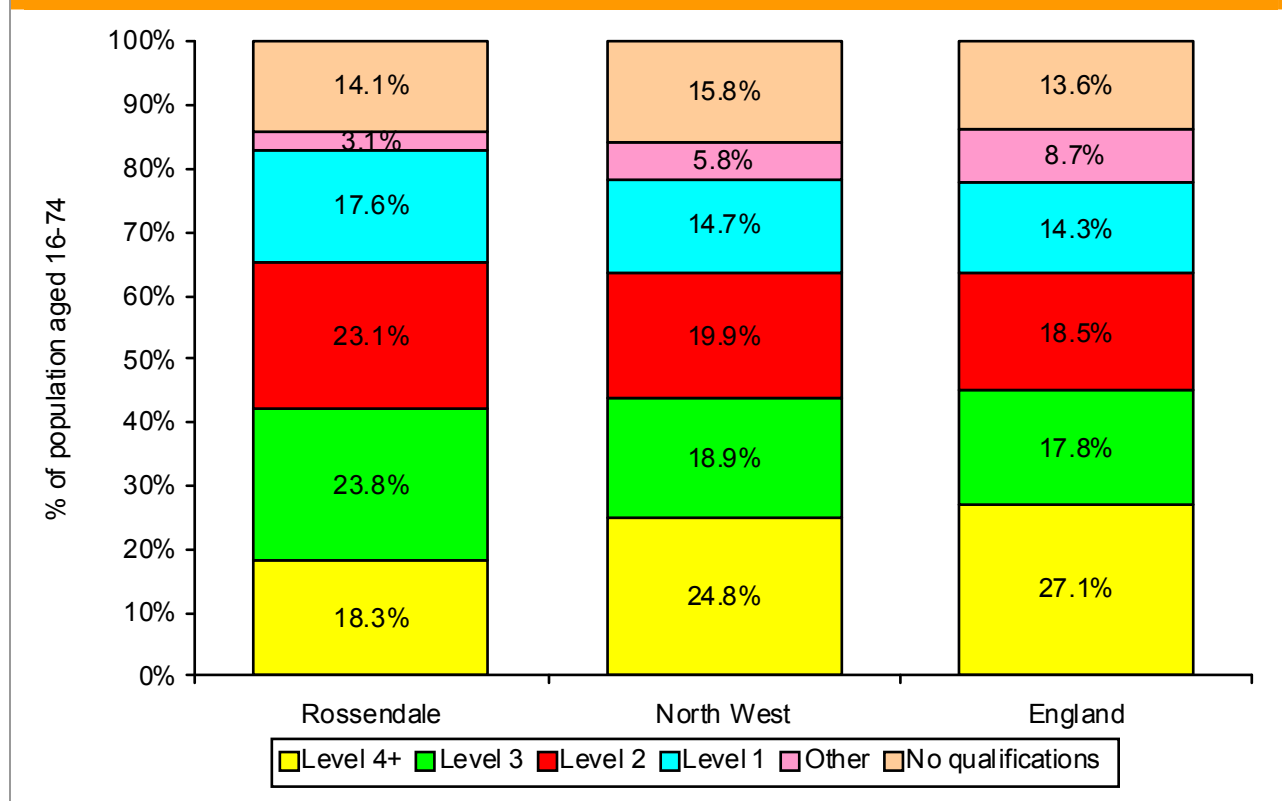
- 6.19 An important factor in the ability of any economy to grow is the level of skill within the workforce. The figure below shows the educational attainment levels of the Borough's working age residents compared with regional and national equivalents. It can be seen that Rossendale contains fewer residents with the highest levels of qualifications (Level 4) than average, but more with mid-level qualifications (Levels 2 and 3).

**Table 6.8 Description of highest qualification obtained**

Qualification level	Description
No qualifications	No academic, vocational or professional qualifications
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	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	Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel); Other Professional Qualifications

Source: ONS Annual Population Survey (from Nomis website)

**Figure 6.7 Educational attainment (2006)**



Source: ONS Annual Population Survey (from Nomis website)

**Stakeholder comments**

- 6.20 The economy in Rossendale and skill levels of the population were discussed by stakeholders and in the telephone interviews.
- 6.21 One stakeholder felt that the underlying economic situation of the country is a concern. Unemployment is on the rise again, fuel and food prices are increasing. The confidence in the economy will have a knock on effect on the housing market.
- 6.22 Work is a major concern in Rossendale itself. The traditional industries of footwear, textiles and printing have disappeared and in its place there are lots of smaller family business that are vulnerable to shakes in the economy. Increasingly Rossendale's workforce is becoming more reliant on the larger towns to provide work, resulting in a commuter workforce.
- 6.23 One stakeholder discussed the problems attracting large employers to the area. It was suggested that the geography of the area, being in a valley, does not provide good sites for large employers.
- 6.24 The desire for Rossendale to create a knowledge economy was also discussed in one of the interviews. It was suggested that Rossendale is in a good position to take advantage of the prosperity of Manchester, particularly if the rail connection to link Rossendale and Manchester is carried out.

## Summary

- i) The Borough has seen 6.2% employment growth over the last decade or so – a figure which is significantly below average when compared with the North West and England. However, there has been a rise since 2003.
- ii) The largest sector of employment in the Borough is in manufacturing, which provides around a fifth of the jobs in Rossendale.
- iii) Those employed in senior managerial, professional and technical occupations generally live in the south west of the Borough, around Helmshore and Edenfield.
- iv) Unemployment levels in Rossendale are historically lower than regional and national figures, although in recent years there has been a significant increase and they are now at the same level. Within the Borough, unemployment is concentrated around the Bacup and Haslingden areas.
- v) The levels of educational attainment in Rossendale are not far below national and regional averages, although there are fewer residents with very high levels of qualifications (NVQ Level 4 or equivalent) than average.

## 7. Incomes and earnings in Rossendale

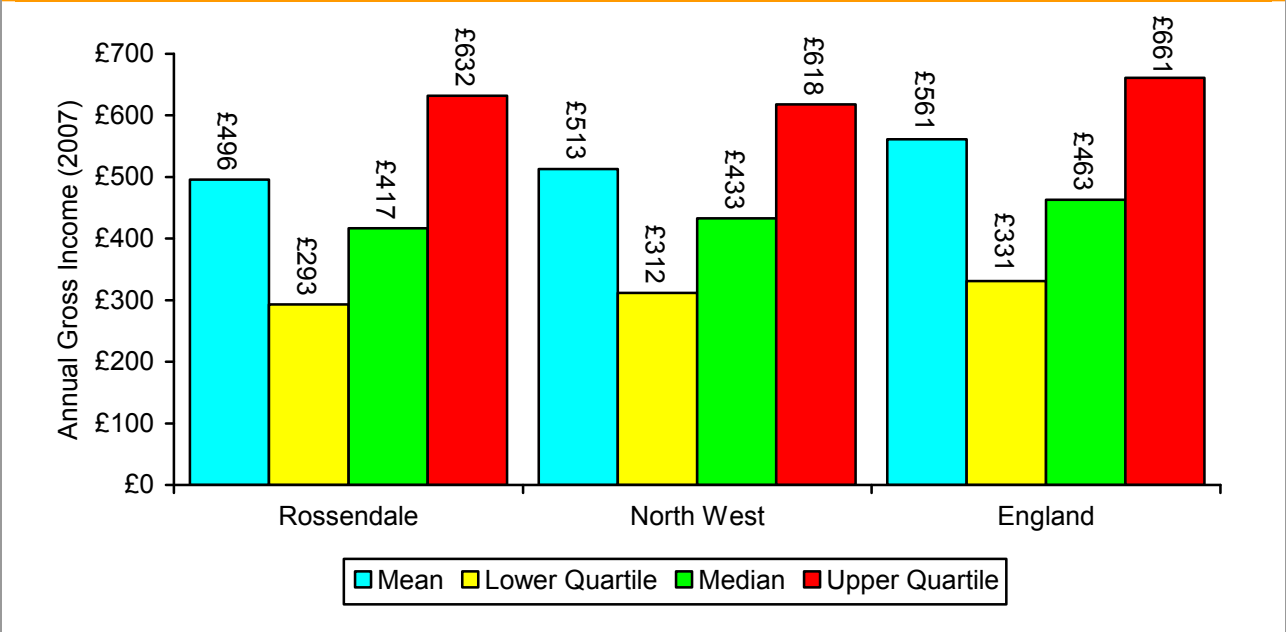
### Introduction

- 7.1 Income is a crucial determinant in whether or not households are able to access the private sector housing market (whether to buy or rent). It also affects the level of choice a household has when determining their future accommodation.
- 7.2 The chapter presents secondary data on the annual gross pay of employees in the Borough. This information is compared with regional and national equivalents to show the relative wealth of employees in the Borough.
- 7.3 The chapter also uses information from the primary household survey to assess the overall household income in the Borough and examine how this varies for different household characteristics

### Pay levels

- 7.4 The average (mean) income for employees in Rossendale in 2007 was £26,124, according to the ONS Annual Survey of Hours and Earnings, lower than both the North West (at £27,196) and England as a whole (at £30,842).
- 7.5 Nonetheless, as the table below shows, the distribution of weekly income is not radically different in Rossendale, and in fact upper quartile incomes are slightly above those of the North West region as a whole.
- 7.6 It should be noted that gross income is not equal to net income, since it does not take into account either taxes or additional benefits such as share options.

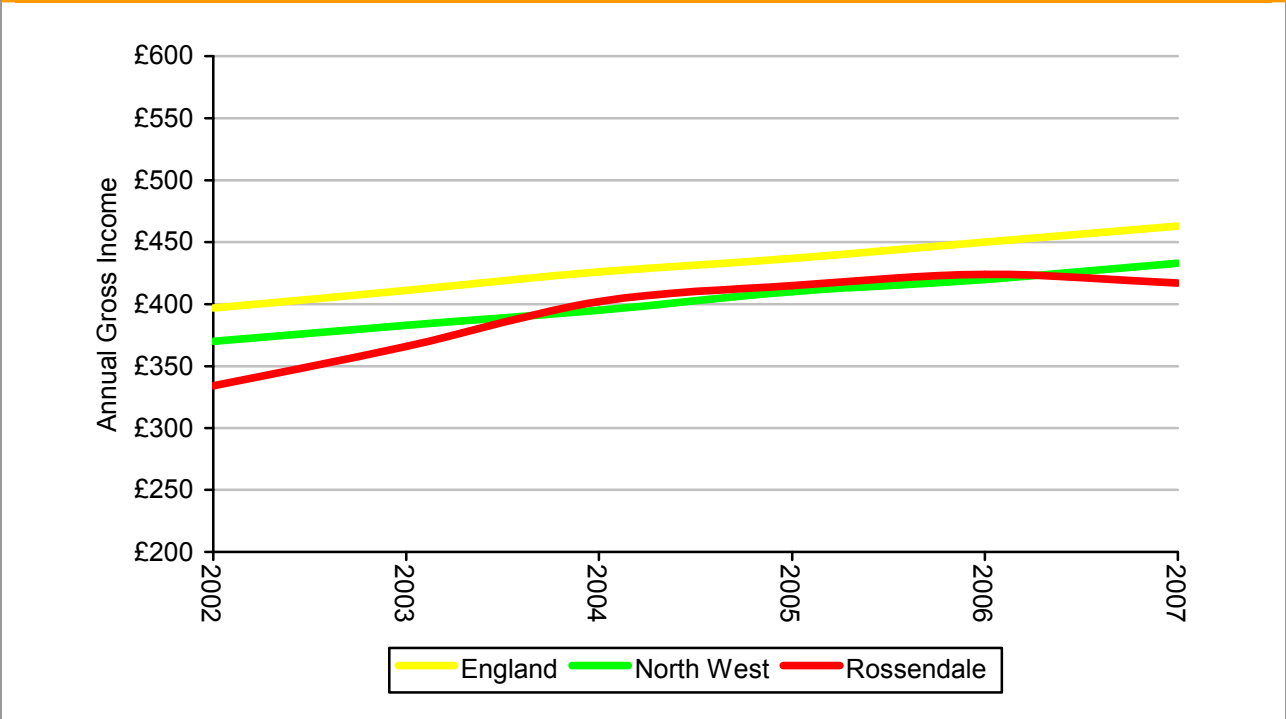
**Figure 7.1 Weekly gross income of full-time employed residents**



Source: ONS Annual Survey of Hours and Earnings (2008) via NOMIS

7.7 The figure below shows the change in the income of employees resident in Rossendale the North West and England since 2002.

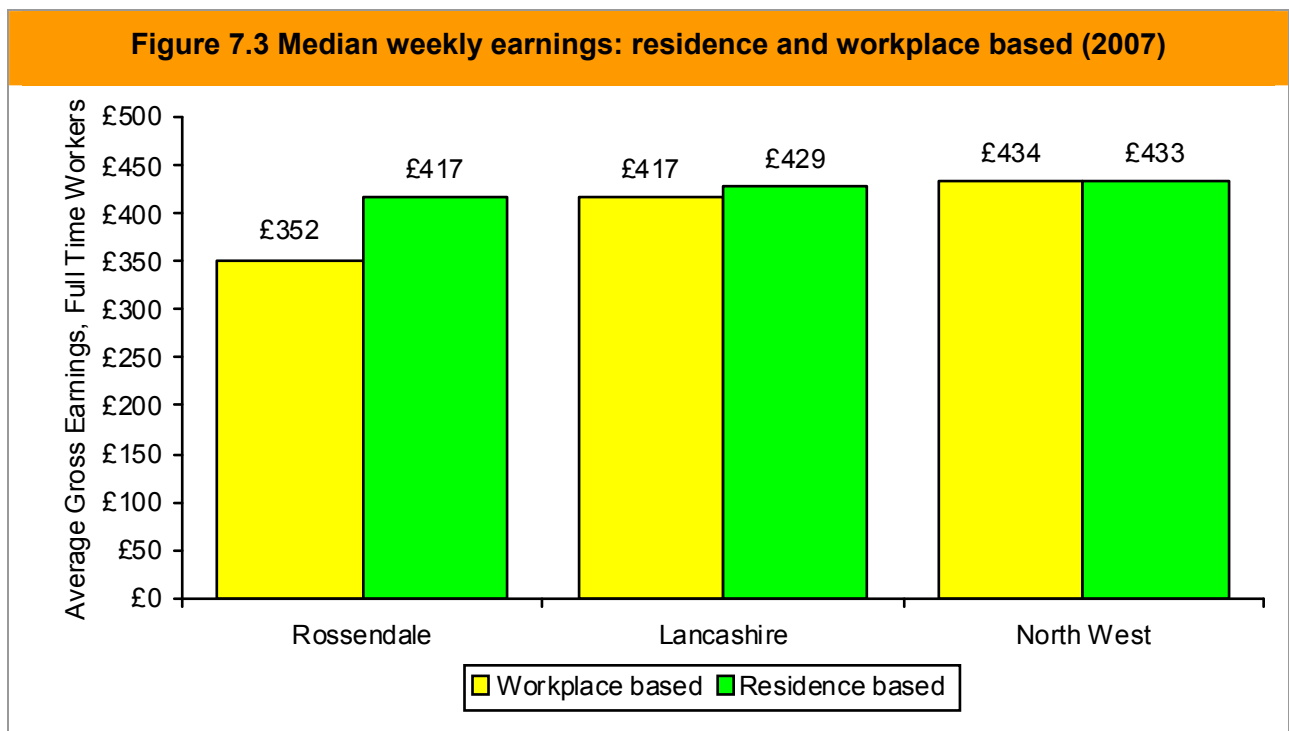
**Figure 7.2 Change in weekly income of full-time employed residents (median)**



Source: ONS Annual Survey of Hours and Earnings (2008) via NOMIS

- 7.8 The figure below provides information on median annual gross pay in the Borough and other areas, for both those resident and working in each location: that is to say data is gathered on employment income from a resident based sample, and another on a sample of employment locations. Clearly the results can differ: in an area of high out-commuting to well-paid jobs there may be a much higher residence based income as compared with the (local) employment based on workplaces.
- 7.9 In Rossendale, as shown in the chart below, there is a noticeable disparity between the higher incomes of the resident population, and the relatively low incomes of those working in the Borough. This can be taken to indicate significant out-commuting of Rossendale residents to better paid jobs elsewhere.

**Figure 7.3 Median weekly earnings: residence and workplace based (2007)**

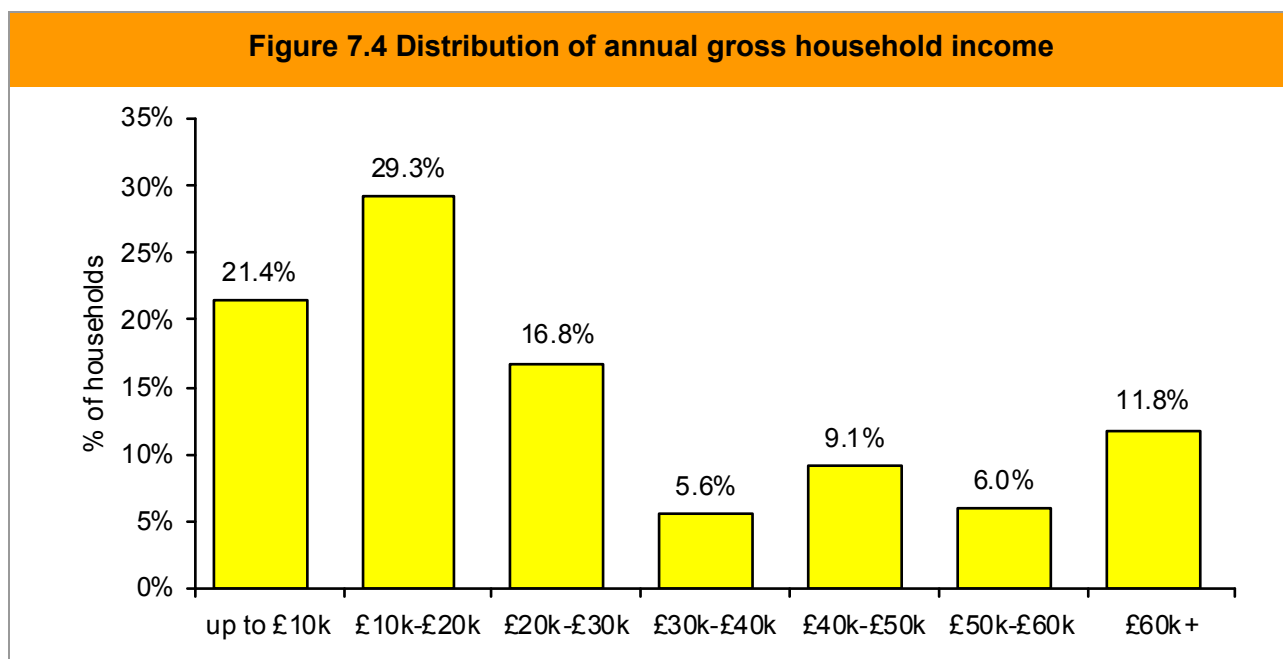


Source: ONS Annual Survey of Hours and Earnings (2008) via NOMIS

## Household income

- 7.10 The only up-to-date secondary data on income available at a local level is that presented in the Annual Survey of Hours and Earnings (ASHE), which is the earned income of employed individuals. This data enables a useful comparison of the situation in different areas but only includes employees within the dataset so it cannot be used to provide a full profile of an area. Furthermore, the data is presented at an individual level, rather than at a the household level. This results in a gap in the data, because housing market assessments must be based at the household level.

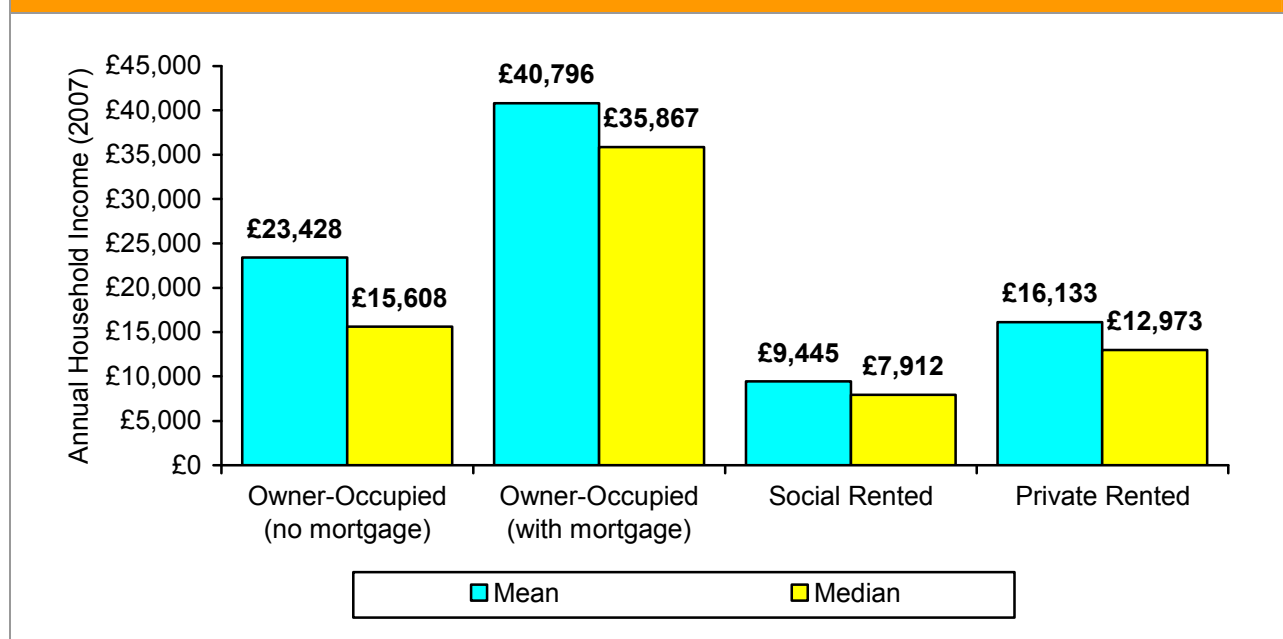
- 7.11 It is therefore necessary to supplement this analysis of ASHE data with a profile of household income in Rossendale recorded by the primary household survey. The primary survey obtained information from all household types in the Borough and collected income information at the household rather than individual level.
- 7.12 Survey results for household income estimate the average mean gross household income level to be £27,803 per annum, including households without any members in employment. The median income is noticeably lower than the mean, at £19,965 per annum.
- 7.13 The figure below shows the distribution of income in the Borough. It is clear that there is a significant range of incomes in the Borough with 50.7% having an income of less than £20,000 and 17.8% an income in excess of £50,000. More than 40% of households with incomes of less than £20,000 have a retired household reference person (HRP). Households where the HRP is in employment have a mean income of approximately £36,500.



Source: Fordham Research Rossendale SHMA 2008

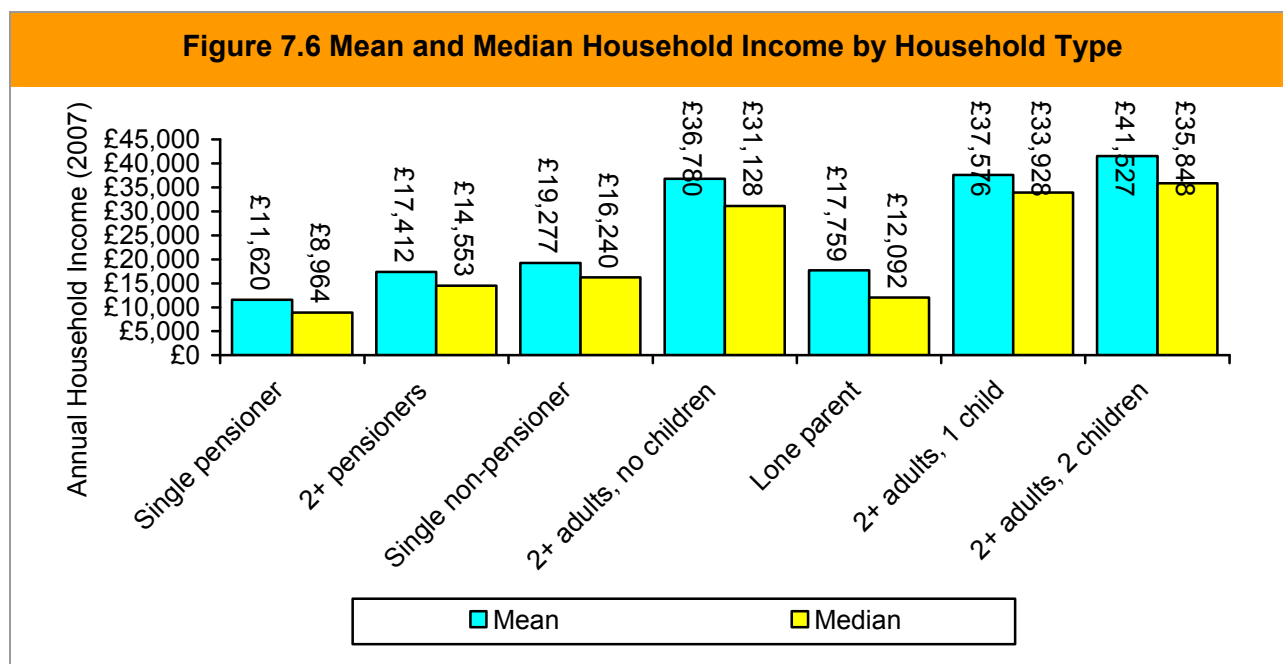
- 7.14 As can be seen below, the income of residents of Rossendale varies greatly by tenure, with those in rented accommodation, particularly social rented accommodation, having much lower average incomes.



**Figure 7.5 Mean and Median Household Income by Tenure**

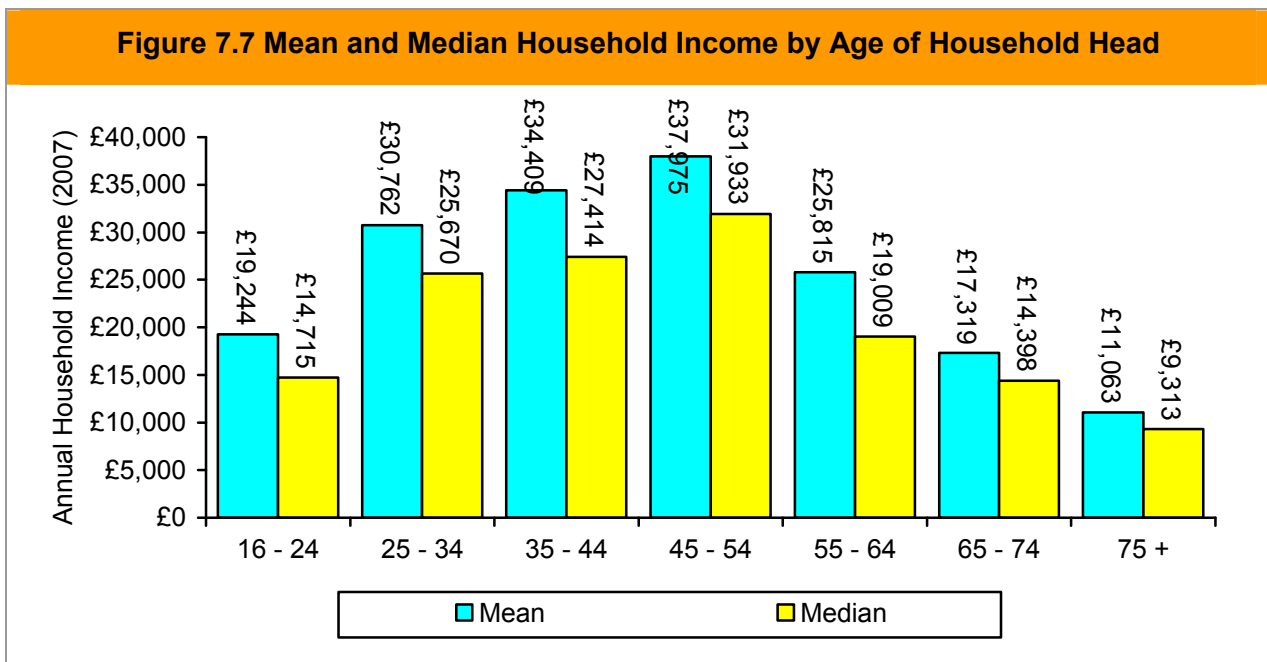
Source: Fordham Research Rossendale SHMA 2008

7.15 The chart below shows how households containing two adults have a much higher average income, while pensioners and lone parents have much lower incomes.

**Figure 7.6 Mean and Median Household Income by Household Type**

Source: Fordham Research Rossendale SHMA 2008

7.16 The figure below shows how income varies by the age cohort of the household head. Income tends to be higher for households with a middle-aged household head, and lower for those with younger or older household heads. The lowest income group are those aged over 75, where 50% have an gross income of less than £10,000 per annum. Inequality, measured by the difference between the mean and median incomes, is also greatest among the older age groups. The median income is 74% of the mean for the 55-64 age group, whereas it is 84% of the mean for the 75+ age group.



Source: Fordham Research Rossendale SHMA 2008

## Summary

- i) The mean income of employed residents in Rossendale is below that for the region. Residents pay is significantly higher than workers pay in the Borough, this clearly indicates the presence of a number of well paid commuters in the Borough.
- ii) Data from the primary household survey suggests that the mean gross household income in the Borough is £27,803 per annum, with a median figure of £19,965.
- iii) Survey data suggests that pensioners are among the lowest income groups, especially those living alone or over the age of 75. Other low income groups include young people, and those living in all types of rented housing.

## SECTION C: THE HOUSING STOCK

This Section of the report provides a description of the profile of the housing stock in Rossendale. This is important because this provides the framework in which housing demand occurs as new housing usually forms a small proportion of the stock (approximately 2% a year nationally). The information presented compares the stock profile recorded in the Borough in a local, regional and national context. The section aims to answer the following questions:

- What is the current housing stock profile in the area?
- What is the condition of the stock in the Borough?
- Is any of the stock unavailable for use within the market?

The Section contains one chapter:

- 8. The current stock profile in Rossendale



## 8. The current stock profile in Rossendale

### Introduction

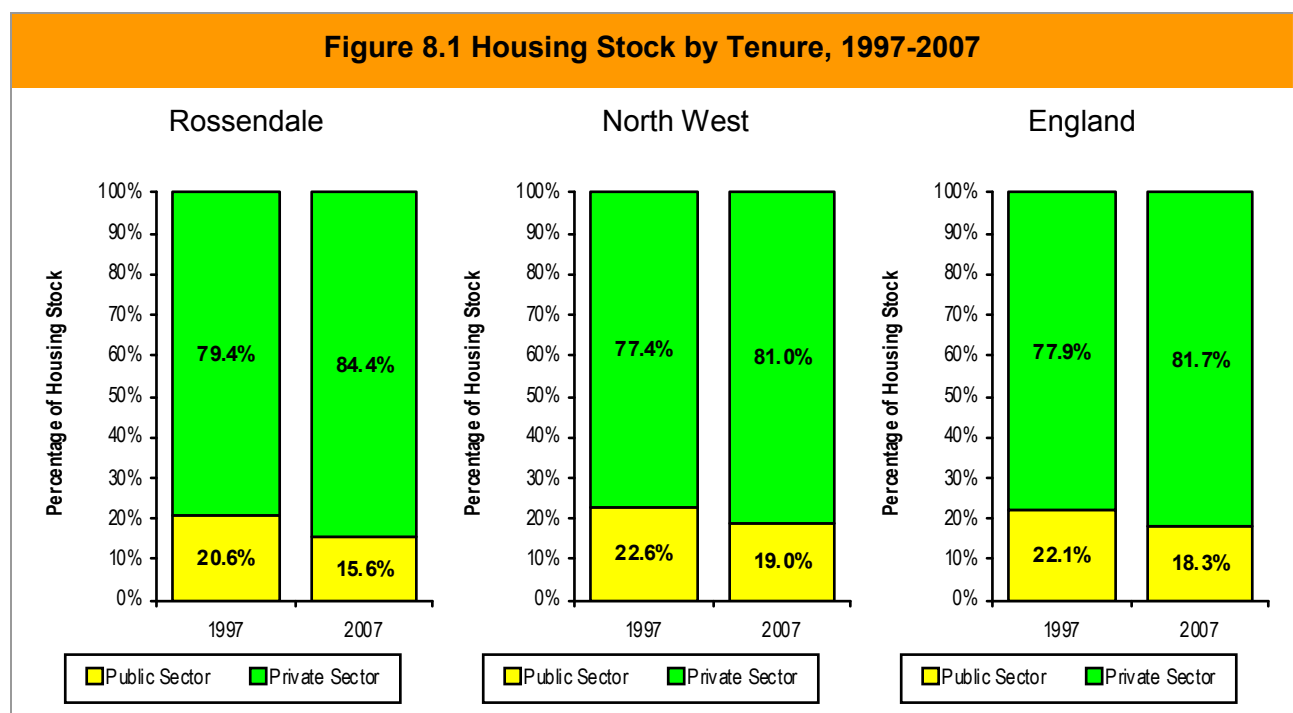
8.1 Analysis of the current stock of housing allows a broad assessment of the range of properties currently within the Borough. There are a number of data sources which provide an overview of the current housing stock and these are examined in this chapter. Where possible results are put in context with national and North West region figures.

### Total number of dwellings

8.2 The 2007 HSSA records that there are 30,126 dwellings in the Borough. The figure below shows how the tenure distribution has changed since 1997. Overall housing allocated via the public sector (either local authority or RSL owned) now makes up 15.6% of the total, compared with 20.6% in 1997.

8.3 The overall increase in the housing stock in Rossendale over this period was 5.7%. The increase in the private sector stock was larger, at 12.3%, concealing a 20.0% absolute decline in the stock of social rented dwellings.

8.4 All of the social rented stock is owned by RSLs. This is due to significant stock transfer taking place in the period 2006 to 2007.



Source: HSSA and HIP data (1997-2007)

**Table 8.1 Change in Housing Stock 1997-2007**

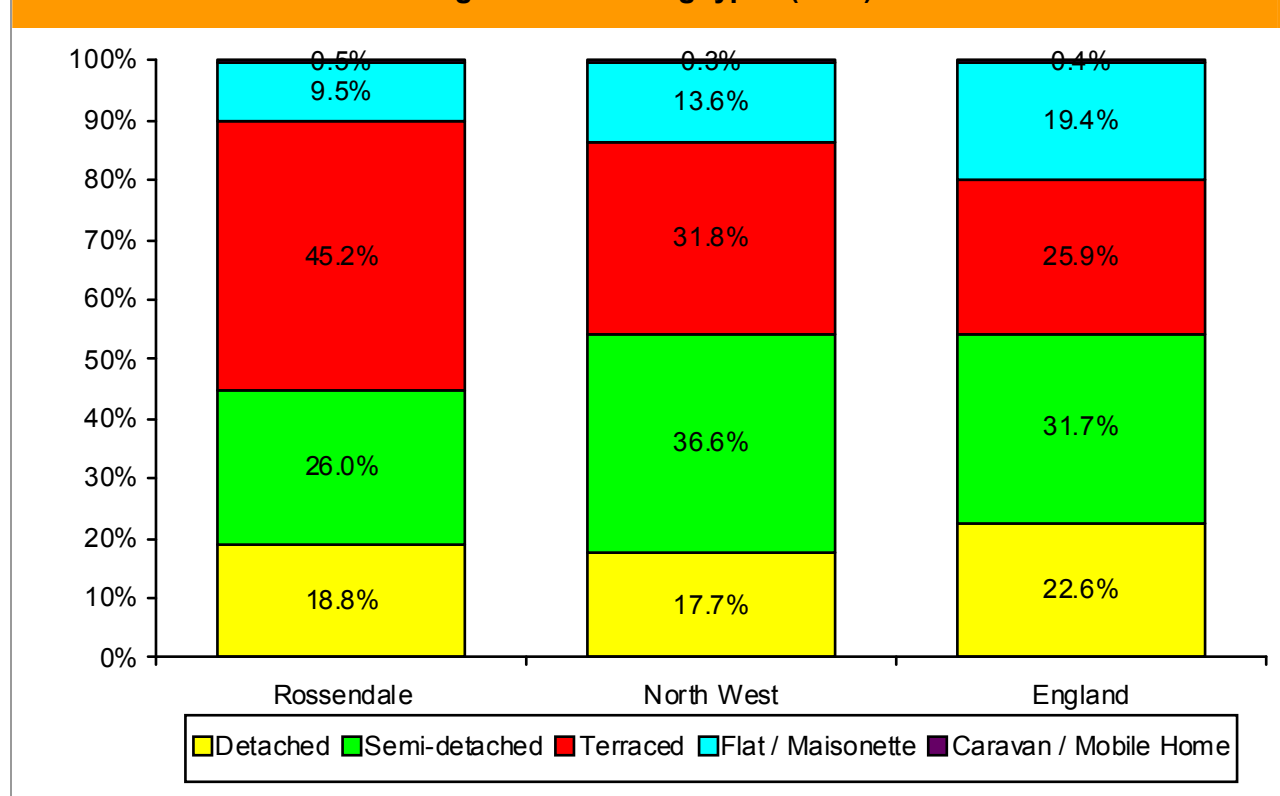
Area	1997	2007	1997-2007 change	Annual change	Annual % change
Public Sector	5,866	4,695	-1,171	-117	-2.0%
Private	22,644	25,431	2,787	279	1.2%
Total	28,510	30,126	1,616	162	0.6%

Source: HSSA and HIP data (1997-2006)

### Type of stock

8.5 The figure below shows the types of dwelling in the Borough, regionally and nationally, from the 2001 Census. A significant proportion of the dwellings in the Borough are terraced (45.2%). When compared with regional and national proportions, Rossendale has a smaller proportion of semi-detached houses and flats.

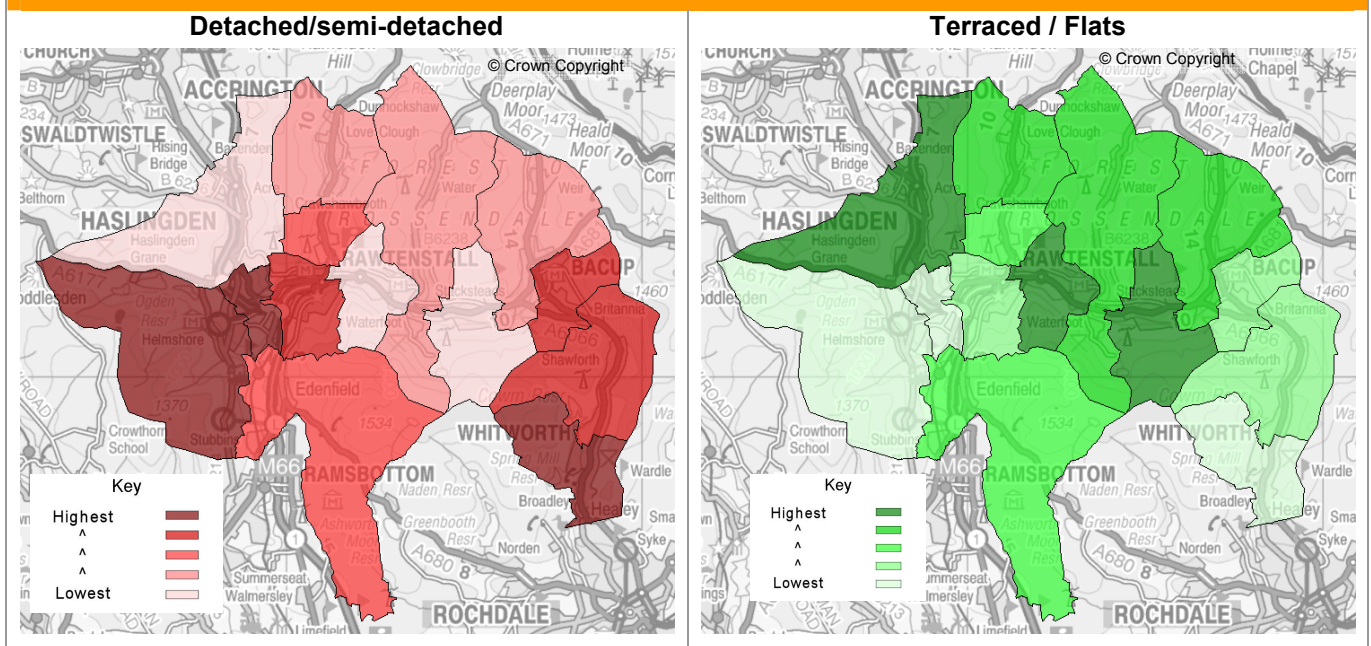
**Figure 8.2 Dwelling types (2001)**



Source: Office for National Statistics 2008 (from 2001 Census data)

8.6 The maps below show the geographical spread of dwelling types across the Borough. Detached and semi detached dwellings are concentrated to the east and west of the Borough.

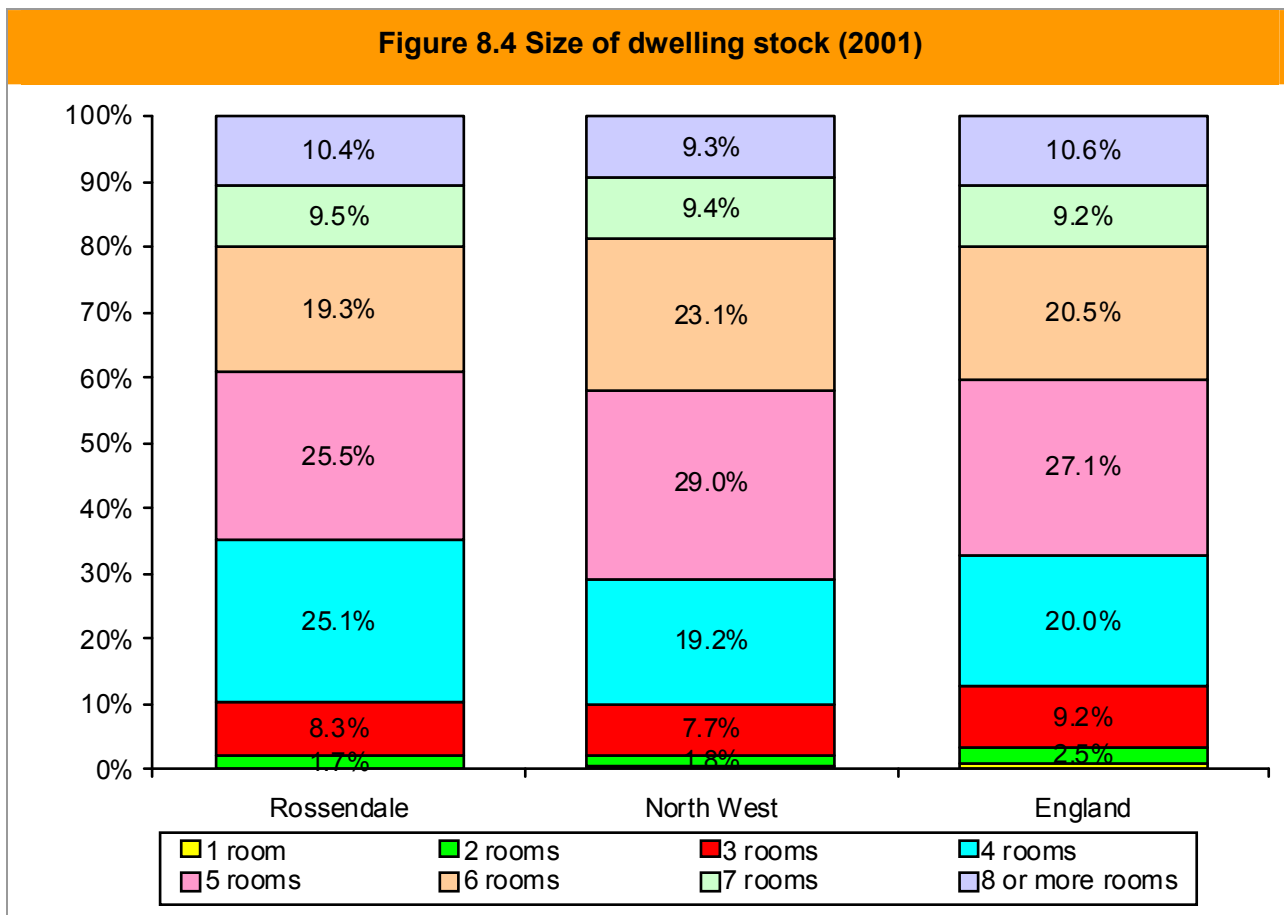
Figure 8.3 Dwelling type by ward (2001)



Source: Office for National Statistics 2008 (from 2001 Census data)

## Dwelling Size

- 8.7 Dwelling size can be an important driver, and a significant feature of the local housing market. The 2001 Census contains information about the size of properties (in terms of the number of rooms). It is worth noting that the definition of a room in the Census does not include: bathrooms, toilets, halls or landings, or rooms that can only be used for storage such as cupboards. All other rooms, for example kitchens, living rooms, bedrooms, utility rooms and studies are included. If two rooms have been converted into one, they are counted as one room.
- 8.8 The figure below shows the number of rooms in properties in the Borough as well as regionally and nationally. The data shows that dwellings in the Borough are generally smaller than regional and national levels, with 35.4% of dwellings having 4 rooms or less compared with 29.2% in the North West and 32.6% in England.

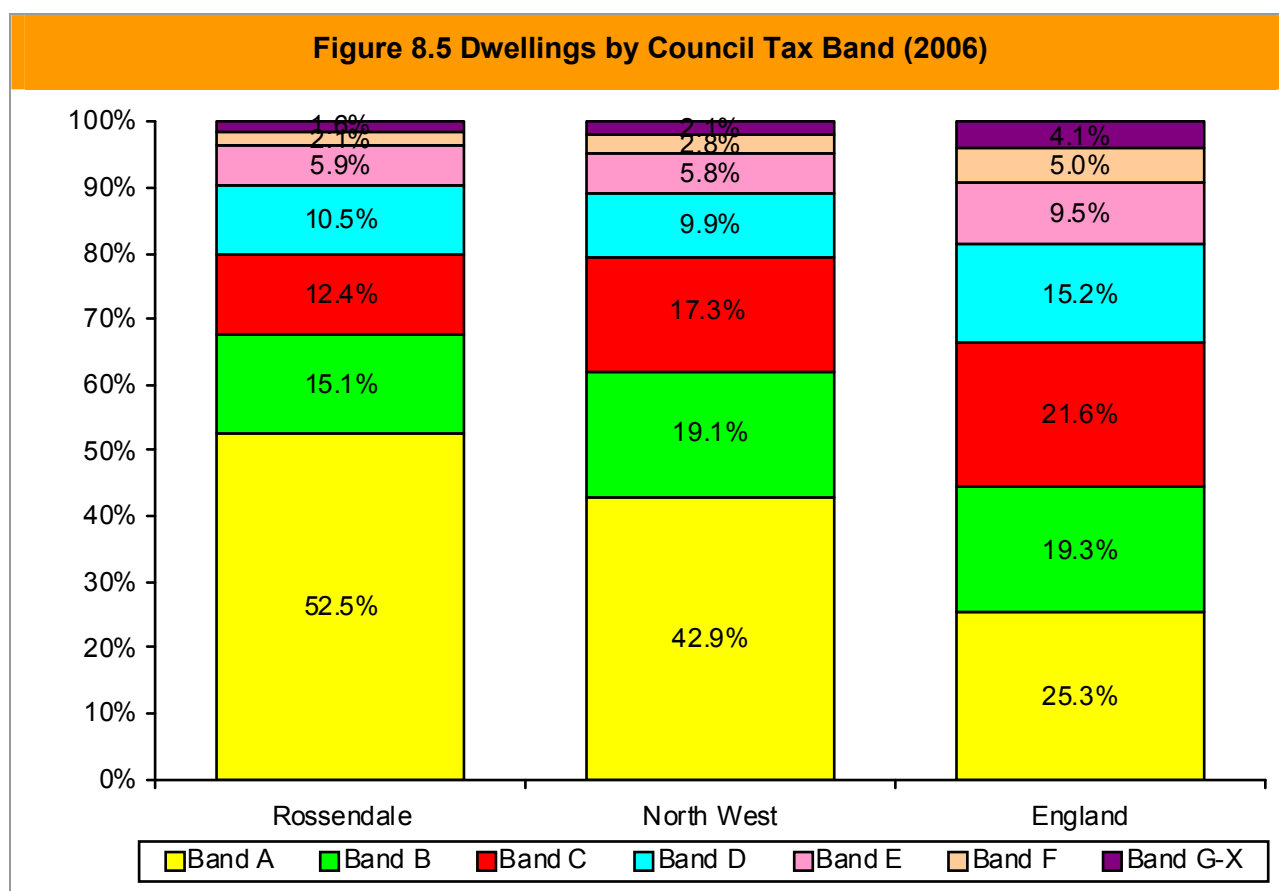


Source: Office for National Statistics 2008 (from 2001 Census data)

### Council Tax Band

8.9 A good indication of the quality and price structure of the housing stock is the distribution of dwellings by council tax band. The figure below shows that 52.5% of properties in the Borough fall into Band A, the lowest Council Tax Band. This is well above the regional and national average indicating the low property values in many parts of the Borough.





## Second homes

8.10 Data on the proportion and number of second homes in Rossendale is presented in the table below. The table shows that in 2001 there were very few holiday and second homes in Rossendale.

**Table 8.2 Second/Holiday Homes in Rossendale (2001)**

	Holiday or Second Homes	All Household Spaces	% of second homes
Rossendale	48	28,583	0.2%
North West	12,852	2,950,241	0.4%
England	135,202	21,262,825	0.6%

Source: Census 2001

## The level of vacant dwellings

8.11 A certain level of vacant dwellings are necessary to ensure that the housing market is dynamic. However, a high proportion of vacant dwellings can indicate the existence of areas of low demand and sometimes market failure.

8.12 The Practice Guidance indicates that a vacancy rate of under 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out.

8.13 The table below shows the number and proportion of dwellings vacant in the social and market sectors in Rossendale and the North West region. The table shows that the level of vacant dwellings in the social rented sector in Rossendale is lower than the guideline level of 3%.

**Table 8.3 Vacancy rates by broad tenure (2007)**

Area	Social housing		Market housing	
	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Rossendale	90	1.9%	1,578	6.2%
North West	16,630	2.8%	112,363	4.5%

Source: Housing Strategy Statistical Appendix 2007

8.14 The table also indicates that the proportion of market dwellings vacant in Rossendale at 6.2% is significantly higher than the regional average. This suggests that there are areas of low demand within the Borough. Low demand is an issue identified with the pathfinder area to the east of the Borough.

### Stock condition

8.15 The availability of dwellings for use is dependent on them being in appropriate condition for potential inhabitants. As well as removing a potential home from use, a dwelling in poor condition can contribute towards a poor visual environment that may reduce demand in the wider neighbourhood.

8.16 This chapter will briefly discuss the data available on the condition of the dwelling stock in Rossendale. The information here is derived from the 2006 HSSA returns for the council. More recent data is unavailable due to problems caused by a change in measuring standards for the 2007 HSSA.

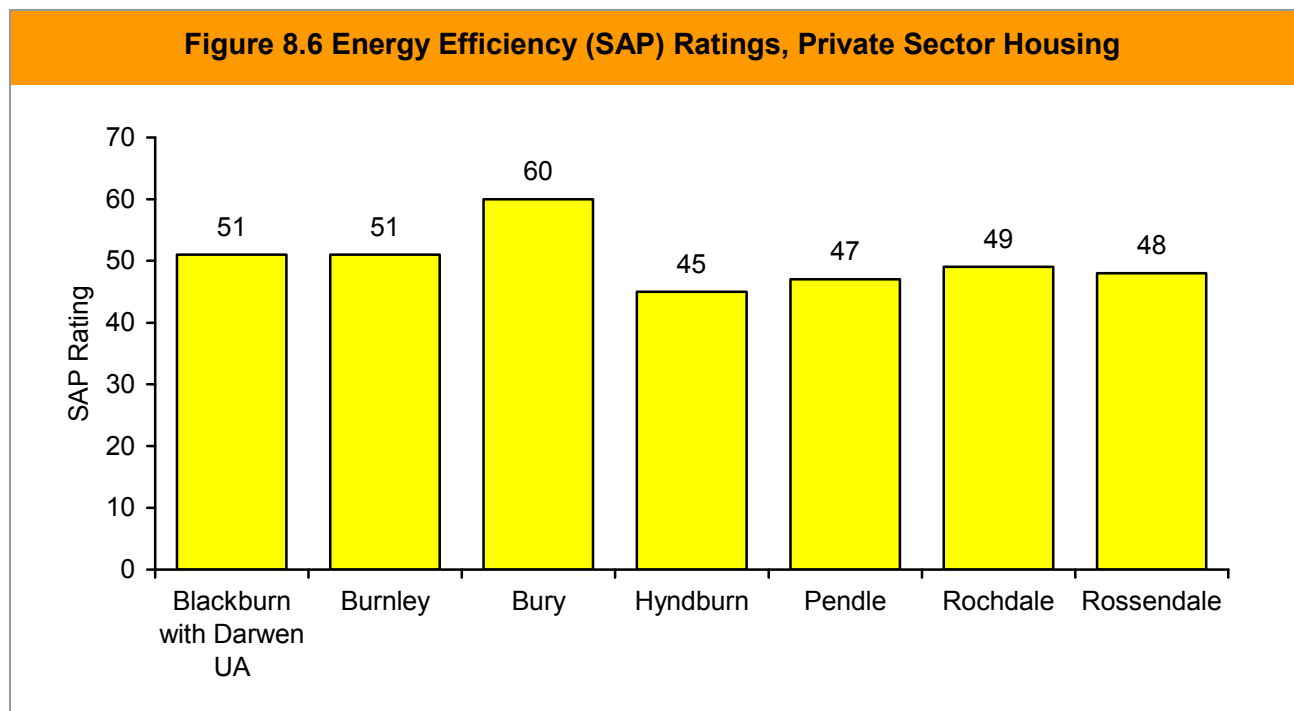
8.17 HSSA data indicates that 9.1% of housing across the Borough was classified as 'unfit' in 2006. This compares with 5.8% for the North West and 4.4% across England. This data points to a potential housing condition issue in Rossendale.

**Table 8.4 Stock Condition**

	Rossendale	North West	England
Number of unfit dwellings	2,723	176,683	981,082
Total dwellings (2006)	29,961	3,063,777	22,102,349
%age of dwellings unfit	9.1%	5.8%	4.4%

Source: HSSA 2006

8.18 The HSSA contains data about the average energy efficiency (SAP) rating of private sector dwellings in the study area. Rossendale has an average rating of 48 as can be seen in the figure below, this is compared with other areas in the region.



Source: 2007 HSSA

### Shared housing and communal establishments

- 8.19 The Practice Guidance states that shared housing and communal establishments are an important part of the accommodation landscape for certain households. These forms of accommodation are particularly important for those on the margins of the housing market, such as homeless households.
- 8.20 Communal establishments are not available on the general market, as they are designed specifically for certain groups such as students and older people. It is therefore important to quantify the number of these forms of accommodation within the study area.
- 8.21 Households may reside in shared dwellings as a result of an inadequate supply of affordable housing in a local area. In the 2001 Census, a household space is considered to be in a shared dwelling if one of the conditions set is present in the accommodation, that is not all rooms are behind a door that only that household can use.<sup>1</sup>

<sup>1</sup> See Census 2001: Definition.

8.22 Only 10 households in Rossendale (0.03% of all households) were sharing a dwelling at the time of the 2001 Census. This figure is well below the regional average of 0.24% and the national average of 0.36%.

<b>Table 8.5 Shared dwellings in the study area, 2001</b>		
	Number of household spaces in shared dwellings	% of all household spaces
Rossendale	10	0.03%
North West	7,209	0.24%
England	77,531	0.36%

Source: ONS Census 2001

8.23 According to the 2001 Census, there were 799 people (1.2%) in Rossendale living in communal establishments. This figure is below the regional and national averages of 1.7% and 1.8%.

<b>Table 8.6 Residents of communal establishments in the study area, 2001</b>		
	Residents in communal establishments	% of population
Rossendale	799	1.2%
North West	114,092	1.7%
England	890,681	1.8%

Source: ONS Census 2001

### Stakeholder comments

8.24 It was acknowledged that Rossendale’s housing stock faces some considerable challenges. Much of it needs bringing up to standard and upgrading. The lack of back gardens and unsightly alley ways makes it a “blight on the landscape”.

8.25 There has been a shift in the balance of stock recently with an increase in building of new commercial units. Older units are being left vacant and falling into disrepair.

## Summary

- i) In 2007 there were an estimated 30,126 dwellings in the Borough. This represents an increase of 5.7% since 1997, although during this time the number of socially rented dwellings has decreased by 5%.
- ii) Terraced houses make up nearly half (45.2%) of the stock. Dwellings in the Borough also tend to be smaller than average, hence a lower proportion are in higher council tax bands.
- iii) The proportion of market dwellings vacant in Rossendale was significantly higher than the national average, reflecting levels of low demand in the east of the Borough towards the pathfinder area, where low demand is identified as a major issue.



## SECTION D: THE ACTIVE MARKET

This Section examines the level of activity across the housing market in Rossendale. It considers the cost of different forms of housing in the Borough and assesses how affordable they are for local households. The section aims to answer the following questions:

- What is the cost of the different forms of housing in Rossendale?
- How affordable is housing in Rossendale?
- Which household groups are least likely to be able to afford market accommodation?
- How has demand for housing changed?

The Section contains four chapters:

- 9. The current housing market
- 10. Affordability of housing in Rossendale
- 11. Overcrowding and under-occupation
- 12. Key trends in the market





## 9. The current housing market

### Introduction

9.1 This chapter provides information on the current housing market in the Borough. Information provided sets out how property prices have changed in the past and puts the situation in the Borough in a regional and national context. The chapter also provides an analysis of current housing market prices and rents in the Borough and an analysis of how prices vary in different parts of the study area. Information was collected from three main sources:

- Land Registry
- Internet searches for properties for sale in the Borough
- Interviews with estate and letting agents

9.2 Before undertaking any analysis of various data available, stakeholders (largely estate agents) were asked about their perceptions of the local housing market. This allowed for a better understanding of the findings and contextual placement of the results.

### Discussions with stakeholders

9.3 Estate and letting agents were visited in all of the Rossendale's town centres, as well as interviews conducted with on site sales staff where available. Availability was limited due to a slowdown in the market at the time the survey was undertaken.

#### ***Estate agents, letting agents and new development sales staff interviews***

9.4 The purpose of the visits and discussions was to understand the perceptions of people servicing the housing market. In particular, questions were asked about:

- Local markets, self containment and the identity of local sub-markets
- The characteristics of households moving home
- What factors appeal and do not appeal to potential purchasers
- Investor activity
- The role of private renting in that locality
- The impact of the current economic downturn

## **Helmshore and Edenfield**

- 9.5 Stubbins is the first settlement in Rossendale north of Ramsbottom (Bury MBC). The view across the valley is spectacular yet the industrial base of the valley with its paper mill plant is clearly visible. The next, larger village is Edenfield which is a small service centre. Edenfield has some infill development and investors are also active in refurbishing vacant housing for sale.



## **Haslingden**

- 9.6 This is a market town and service centre to the east of Rawtenstall. There are terraced houses near the town centre. Outside the town centre there is a significant area of more modern suburban housing. There is very little new development. Shopping is based upon small shops and independent retailers. Many shop units are vacant especially on the fringes of the town. There is an out of town supermarket.
- 9.7 There was a considerable amount of two bedroom terraced housing for sale and rent. Agents reported that about 1 in 20 transactions were to investors. However, the majority of transactions were to local people. Incomers were notably from Manchester (40 minutes commute) and Preston (30 minutes commute) where prices were more expensive.
- 9.8 Agents believed that the character of the housing market was very different to Ramsbottom but similar to Rawtenstall. They believed that there was further scope for infill development but cited car parking restrictions as being a major factor. One small new development had not sold as there was no off street parking.
- 9.9 One agent believed that over-emphasis on commercial development was affecting the housing market. Popular terraced housing had recently had its view restricted and this had affected both prices and sales.
- 9.10 Overall, agents believed that the most important gap in the market was for people seeking to move on from first time buyer homes. The gap was too wide and property priced at about £125,000 would prove popular.

- 9.11 At the northern edge of the town some of the housing appears to be marginal. This is not helped by derelict mill buildings and a boarded up pub.

*New development*

- 9.12 On the outskirts of the town is the near complete Hillclough View, Clough End Road. This is very pleasantly situated with a good aspect. There was no sales office and it appeared that there was a significant turnover.
- 9.13 A further small infill site was visited because of its proximity to older terraced housing. This town house development offers off street parking; a notable amenity for the area.



**Rawtenstall**

- 9.14 This is the largest town in the Borough. As such, agents service a large radius selling property into adjacent towns. There is a great deal of terraced housing.
- 9.15 The shopping offer is very varied. There are 2 large supermarkets within walking distance each with their own car parks. There is a linear high street with some national chains but mostly independent retailers, including some upmarket boutiques. However the area is marred by the semi derelict Valley Centre and to a lesser extent the bus terminal. Stakeholders said that the Valley Centre needed urgent attention. Agents believed that its ownership had changed frequently and as a consequence there was no long term plan.
- 9.16 Another dominant feature of the town is Ilex Mill, which has recently been converted to apartments. Agents had different perspectives on this. One agent was critical of the level of purchases by investors, whilst another felt it was a positive thing and rents were strong due to the quality of the offer. This development has secure parking and access and as such has proved popular with older people. Some people would have second homes in Spain, funded from equity in their family home.

9.17 All agents spoken to discussed the impact of the economic downturn. Prices were on average thought to be 8% lower than last year. There was a great deal of property on the market that was not moving. One agent said that better off households were being particularly cautious, this was because a percentage reduction in value translated into a lot of money on more expensive properties.

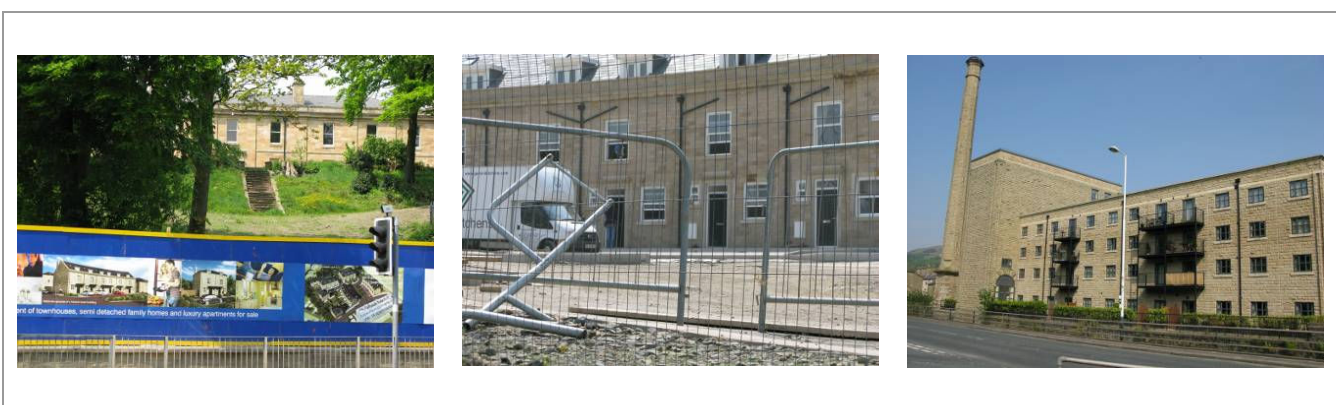
9.18 Both agents felt that incomers were from Manchester, bypassing Prestwich.



### *The Holymount development*

9.19 The Whitehead brothers built a large house on this elevated site overlooking Rawtenstall. It is now being tastefully converted into up market apartments. Other parts of the site are under construction as new build homes. Three bedroom town houses were on sale at £220k. These homes in the form of a mews were designed to attract families and professional couples. The sales agent said that most interest was coming from people already living within a 10 mile radius.

9.20 The agent said that this was one of several schemes that the company was developing and that the sales and marketing was currently being aimed at schemes closer to completion. She thought that this and other developments in the area would play a part in the aspiration for Rawtenstall 'to become the next Ramsbottom'.



### **Waterfoot**

- 9.21 No agents were interviewed in this area. One agency was located but it only opened part time. The market seemed to be serviced from Rawtenstall and Bacup agents.
- 9.22 The shops appeared to have been upmarket some years ago but were largely empty. A hotel/pub that was closed and boarded added to the other indicators of a rundown high street.
- 9.23 A valley runs to the north leading to Water and eventually to Burnley. In the lower part of the valley, the industrial landscape gives way to the more diversified residential area of Whitewell. Although there is terraced housing there is much more modern housing and a new development. The sales office was closed temporarily.
- 9.24 The outer edges of Lumb and Water were showing signs of stress and untidiness. The lack of car parking space and the poor street scene caused by unadopted roads were very visible.



### **Bacup**

- 9.25 There is a considerable amount of new build housing in the town. The town centre is seeing some investment by the council but the retail offer is currently very limited. Roads towards Todmorden and Burnley lead to open countryside. Agents pointed to the lack of facilities in the area such as the closure of the bingo hall and lack of a community swimming pool.
- 9.26 Agents say that there is some interest from incomers currently living in Rochdale. There are two trains an hour from Todmorden to Manchester via Rochdale (40 mins) and Leeds via Bradford (1 hour). Todmorden is only 15 minutes from Bacup by car. There are good road connections to Rochdale, Burnley and the motorway network thereafter.

- 9.27 Agents felt that whilst schools were not outstanding they were better than many in the wider area. The grammar school was having some impact on the housing market. Nevertheless the majority of sales went to local people.
- 9.28 The A671 Burnley road leads to Weir. Weir is noteworthy for two reasons, firstly a number of phases of new development are apparent (one development is still current), this would appear to be an attractively set development of family housing. The sales office was closed and the site board was clearly offering incentives for off plan purchases.
- 9.29 The second observation was the small amount of terraced housing lining the main road. Whilst this has the hallmark of a small community –a shop and a pub – because of its quality and distance from services, its long term future must be monitored.



- 9.30 Interviews were held with two out of three new build sites.
- 9.31 The first phase of Pennine View by Wain homes is nearing completion. A small three bedroom detached home is offered at £165k. The top of the range four bedroom offer is for £275k. Interest had come from Manchester and Burnley as well as from local people. About 180 homes are provided in this phase and 82 will be provided in the next phase. No affordable housing was provided on this site.
- 9.32 The agent agreed that local facilities were a problem. The nearest large supermarket is five miles away at Rawtenstall.
- 9.33 The second interview was McDermott Homes Woodland Grange. This is a development of 136 family houses of different sizes. The agent reported sales locally but also interest from Rochdale, Bury and Oldham. The agent said that there had been no impact of the credit crunch as they were offering part exchanges. No affordable housing had been provided on this site.
- 9.34 A further new build site was visited toward Sharneyford. This proved interesting as the route to the infill development revealed 18th century derelict buildings for sale and land opposite that was acquired presumably for future development.



### Stacksteads

- 9.35 The Ormerod furniture factory dominates this town and its street scene. There is little diversity from rows of terraced housing with some untidy areas and a high number of vacant shop units.
- 9.36 Two significant interviews took place.
- 9.37 Firstly the sales agent for the Acre new build site was a local person and was very knowledgeable. New three bedroom town houses were selling for £150k. These were going to local people and only two investors had bought. He acknowledged that the High Street would not recover due to changing retail habits that were supermarket based.
- 9.38 The second interview was with a large residential lettings agency based in Stacksteads, but letting property over a considerable radius covering all of Rossendale. The agent said that they did a great deal of business with benefit claimants unable to get access to social housing. A great deal of terraced housing could be rented with £10-£15 per week top up needed. The agent cited a recent client's circumstances. A couple were expecting their first child and she had lost her job as a consequence. They had to sell the home they were buying and had no equity. Social housing was not made available and they were pointed toward private renting.
- 9.39 The agent also explained that the credit crunch had affected investors as well as households. They were finding it difficult to re-mortgage after improvement work. They had previously relied upon releasing this equity to fund new acquisitions; they were now having to find larger deposits.
- 9.40 The agent had two messages for the council: 1) Rossendale has a huge shortage of affordable housing and 2) it needs a 'good clean up and sort out'. It was also thought that paying Housing Benefit direct to tenants would be a disaster.



**New build in the vicinity of Stacksteads and Bacup**



**Whitworth**

- 9.41 The descent from Bacup into Rochdale is a wider valley and the most substantial settlement is Whitworth. Whitworth mostly lines the A671 and offers local services.
- 9.42 No interviews took place as there were no agents or developers to interview. The market seemed to be serviced from Rochdale and Bacup.
- 9.43 Of note is a prominent building converted into flats in Britannia, a vast derelict former mill complex in Whitworth, and a new development above it that seemed fully sold but still awaiting street finishing work. Otherwise the terraced housing was ever present.





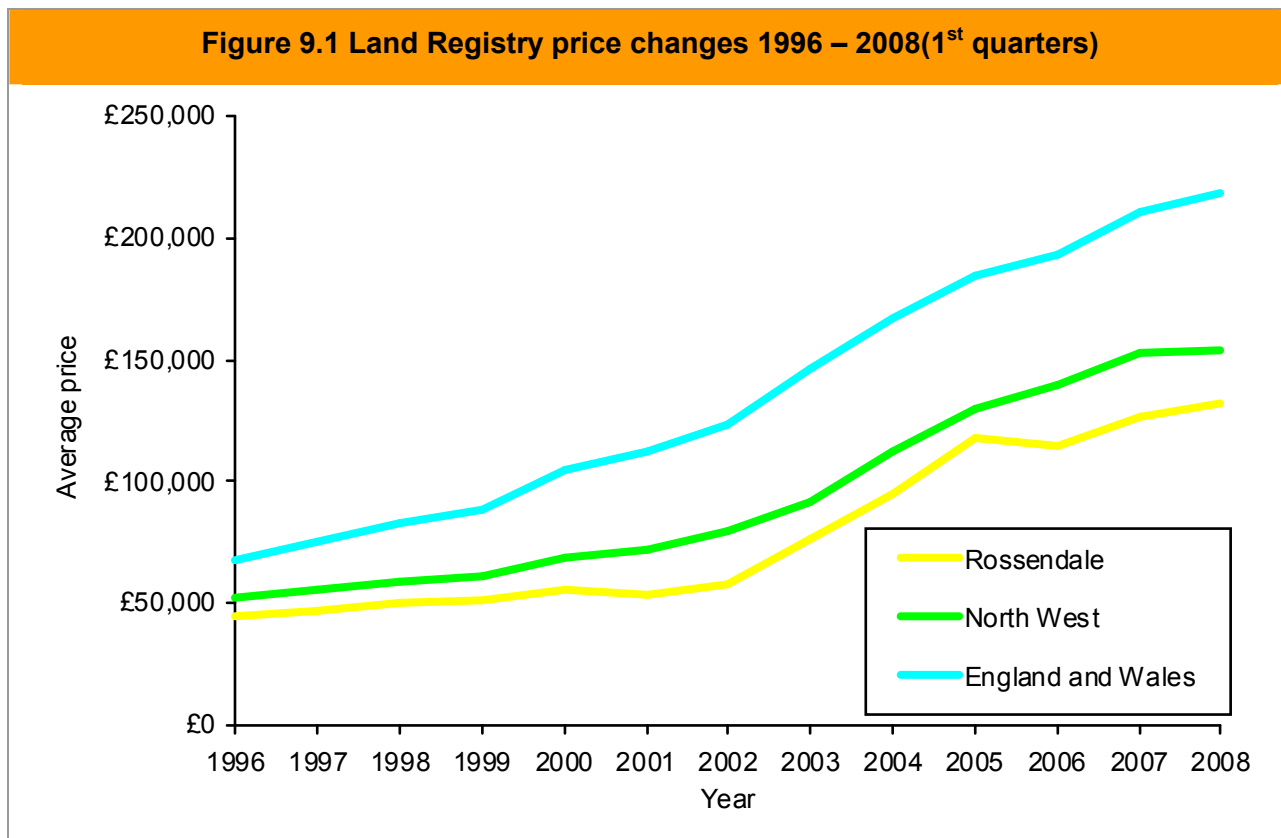
## General Price Levels

9.44 The table below shows price levels in the Borough (drawn from Land Registry data for the 1st quarter of 2008). The data shows that prices are significantly lower than the average for England and Wales, and also lower than the average for the North West at 86% of the price.

Table 9.1 Land Registry average prices (1st quarter 2008)		
Area	Average price	As % of England and Wales
Rossendale	£132,125	60.6%
North West	£154,423	70.8%
England and Wales	£218,112	100.0%

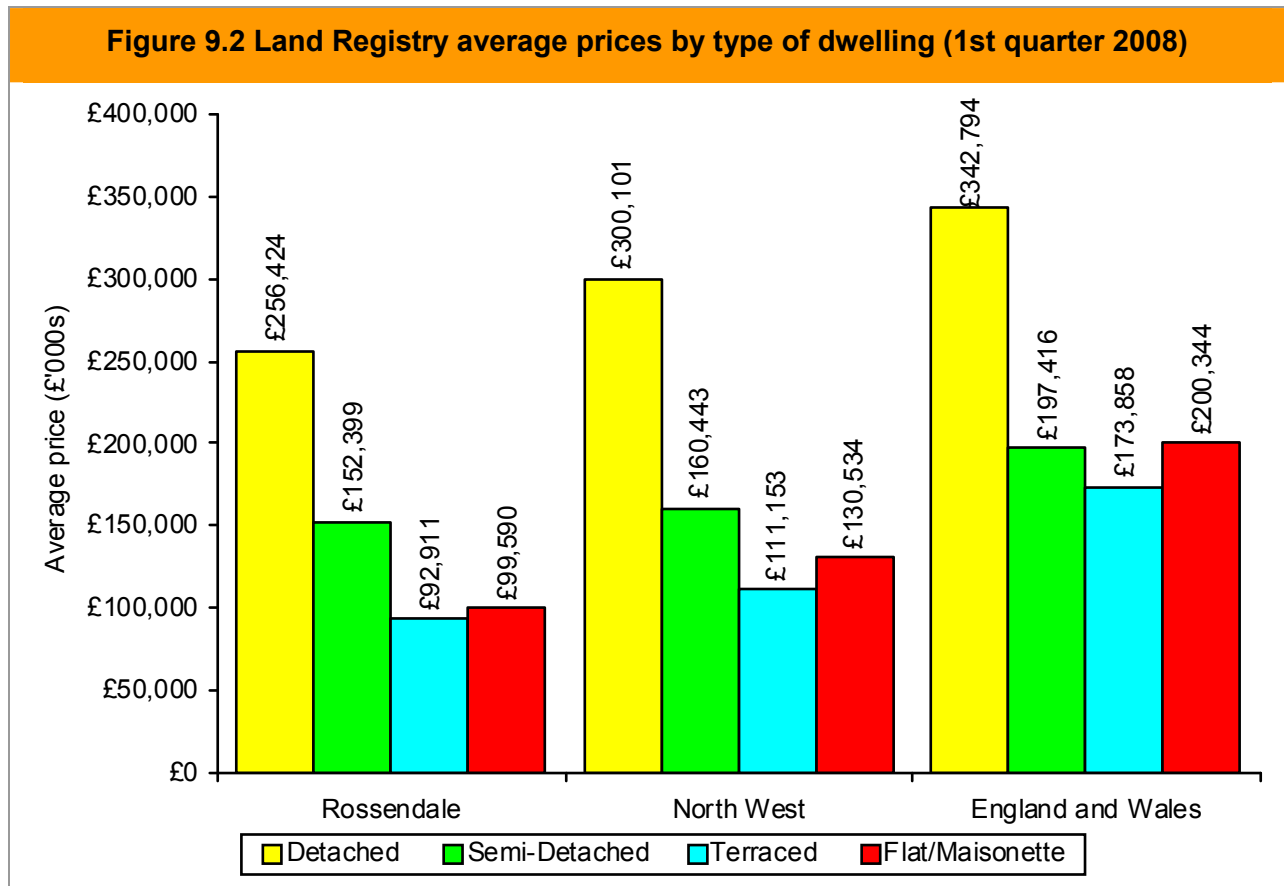
Source: Land Registry 2008

9.45 The figure below shows overall price change since 1996 in the Borough, compared with regional and national figures. The data shows significant price increase in all areas shown, although in real terms the gap between house prices in Rossendale and the rest of England and Wales has increased significantly. In relative terms, prices in Rossendale have increased faster than the North West (300.8% Rossendale; 295.7% North West) although slower than England and Wales (322.9%).



### Prices by type

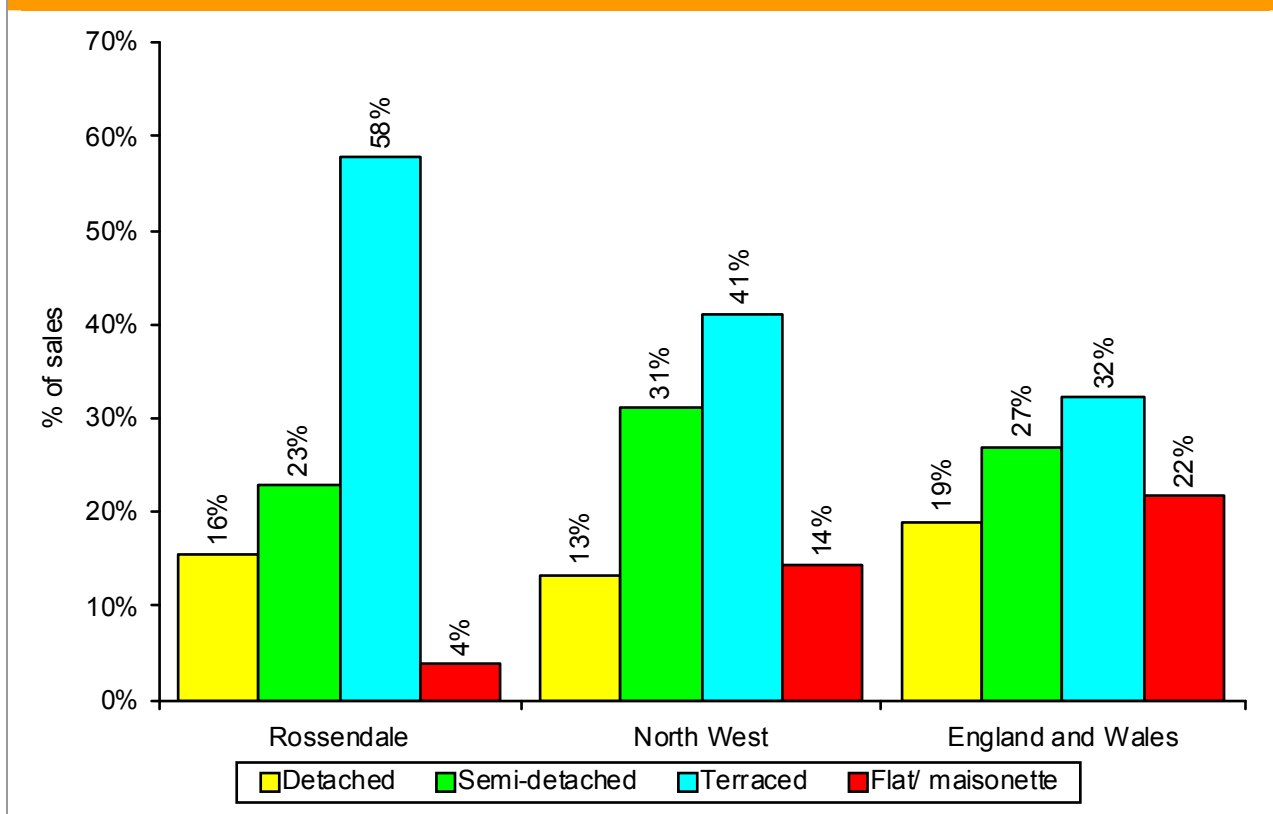
- 9.46 In addition to providing information about overall prices, the Land Registry data provides a wealth of data about the types of properties sold and how this varied over time.
- 9.47 The figure below shows that while Rossendale contains more expensive detached houses than the regional average, terraced properties are on average lower in cost.



Source: Land Registry 2007

- 9.48 The figure below shows that sales in the Borough are dominated by terraced houses, representing 58% of the total: This is significantly higher than the regional and national proportions. There are also considerably fewer sales of flats than average for the North West, at just 4% of all sales.

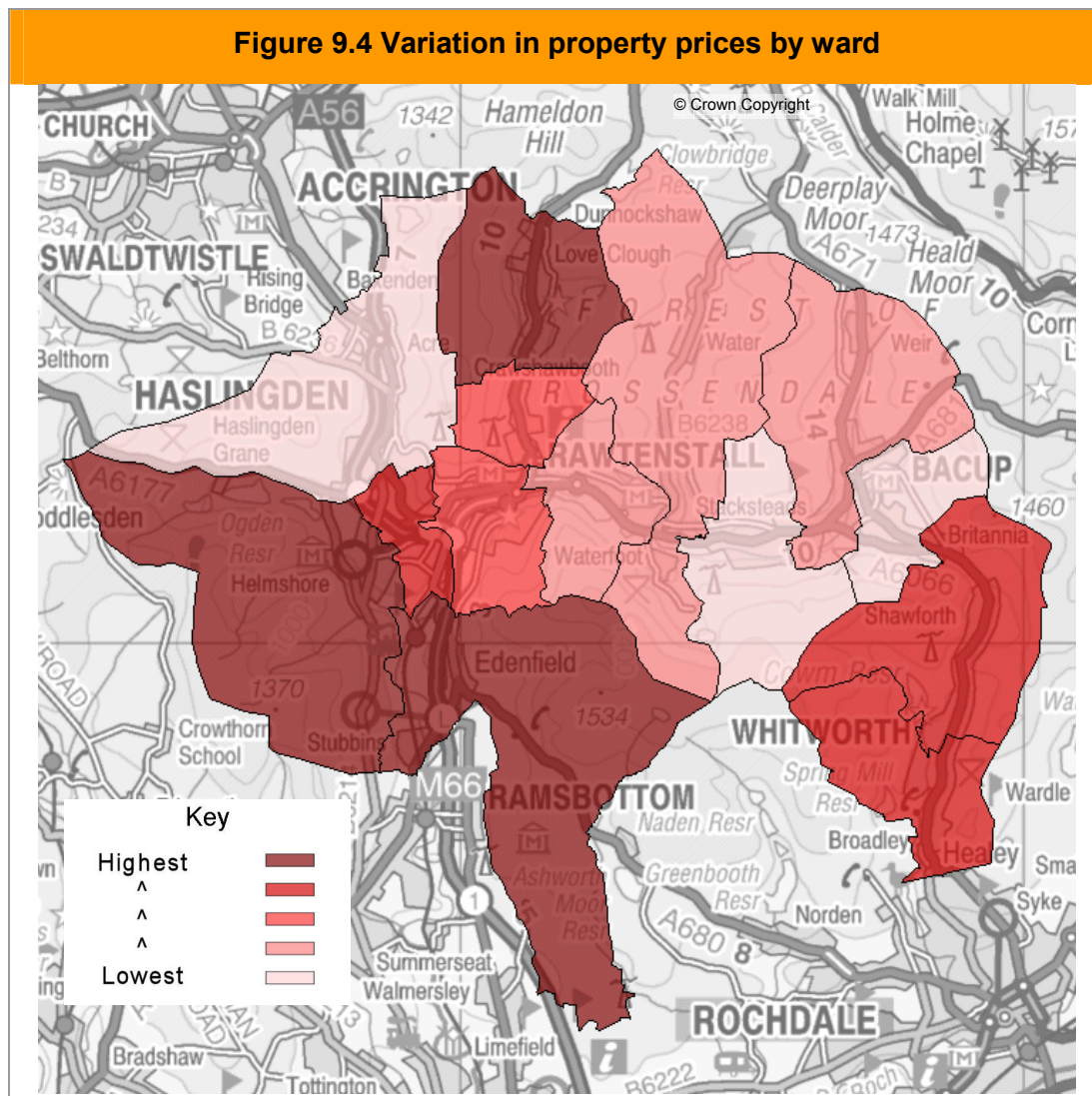
**Figure 9.3 Land Registry volume of sales by type of dwelling (1st quarter 2008)**



Source: Land Registry 2008

### Price variation

- 9.49 The analysis so far has concentrated on the prices for the whole of the Borough. Though it is of interest to see how these vary in different parts of the study area. The following map shows how property prices vary by ward across the Borough.
- 9.50 The map illustrates that the prices around Helmshore and Edenfield are generally highest. Prices to the east, towards Bacup, are shown to be the lowest.



### Entry-level market costs

- 9.51 An internet search of properties advertised for sale and for rent on [www.rightmove.co.uk](http://www.rightmove.co.uk) helped identify entry level prices in the Borough. Prices were ascertained for a number of settlements across the area. This section provides the key findings in terms of local prices and rents.

**Properties to buy**

9.52 The table below shows the entry level prices (lower quartile) for different sizes of dwellings in the main settlements of the Borough. The prices were ascertained from an internet search of properties advertised for sale during June 2008. The prices are qualified by the qualitative research with estate and letting agents in the area and are found to be broadly in line with the results found from the internet search. As the prices from the search were 'advertised prices' it was decided that a discount should be applied to account for likely sale prices. Therefore a 10% discount was applied to all entry level prices.

9.53 The table below shows that there are some significant variations in entry-level (lower quartile) prices within the Borough. For a two bedroom property in Bacup the entry-level cost was found to be £71,955, whereas in Edenfield an entry-level two bedroom property was found to be £121,500.

Table 9.2 Entry-level purchase prices by settlement and size of dwelling							
Bedrooms	Rawtenstall	Bacup	Haslingden	Whitworth	Edenfield	Helmshore	Average
1 bed	£76,455*	£65,655	£74,655*	£62,955*	£89,100*	£94,050*	£72,958
2 bed	£89,955	£71,955	£80,955	£81,000	£121,500*	£103,500	£82,513
3 bed	£112,455	£98,955	£98,100	£112,500	£130,455	£139,500	£108,891
4 bed	£188,955	£152,955	£142,200	£161,955	£247,455*	£187,155	£170,240

Source: Rightmove; searched 17.6.08

\* sample less than 10

9.54 The considerable differences in prices between the areas led to the decision to consider Rossendale as two separate price areas. The settlements of Helmshore and Edenfield are significantly higher priced than the rest of the Borough, therefore the sub-area of Helmshore and Edenfield will be considered as one price area and the other 5 sub-areas as another price area.

**The private rented sector**

9.55 The table below shows the entry-level (lower quartile) cost to rent (per month) in the Borough. The private rented sector in the Borough is relatively small and the number of properties advertised for rent allows only for a Borough wide average of private rental costs. For a two bedroom dwelling the entry level cost is £383 per month.

Table 9.3 Entry-level private rental costs by size of dwelling (per month)		
Bedrooms	Borough average (monthly)	Borough average (weekly)
1 bed	£351	£81
2 bed	£383	£88
3 bed	£419	£97
4 bed	£678	£156

Source: Rightmove; searched 17.6.08

### The social rented sector

9.56 The other main form of housing available in Rossendale Borough (other than to purchase or privately rent) is social rented housing. Therefore to complete the housing cost profile of the local market it is appropriate to present information on the cost of social rented housing. The cost of social rented properties by dwelling size can be obtained from CORE (Continuous Recording) and these are presented in the table below. CORE is a national information source funded jointly by the Housing Corporation and the CLG that records information on the characteristics of both housing association and local authority new social housing tenants and the homes they rent and buy. As can be seen, the costs are significantly below those for private rented housing, indicating a significant potential gap between the social rented and market sectors.

Table 9.4 Social rented cost in Rossendale	
Bedrooms	Rent (per week)
1 bed	£48
2 bed	£56
3 bed	£62
4 bed	£69

Source: CORE

9.57 The tables below show the weekly costs for the two price areas identified in Rossendale. The cost of intermediate housing, based at the 'usefully affordable' point – the mid-point between the cost of social rented and entry-level market housing - is also presented.

Table 9.5 Weekly costs table by tenure: Helmshore and Edenfield					
Bedrooms	Social rent	Intermediate	Private rent	Buy	New build
1 bed	£48	£64	£81	£104	£135
2 bed	£56	£72	£88	£122	£159
3 bed	£62	£79	£97	£159	£206
4 bed	£69	£113	£156	£235	£305

Source: CORE, Rightmove

Table 9.6 Weekly costs table by tenure: Rest of Rossendale					
Bedrooms	Social rent	Intermediate	Private rent	Buy	New build
1 bed	£48	£64	£81	£78	£102
2 bed	£56	£72	£88	£92	£120
3 bed	£62	£79	£97	£120	£156
4 bed	£69	£113	£156	£191	£248

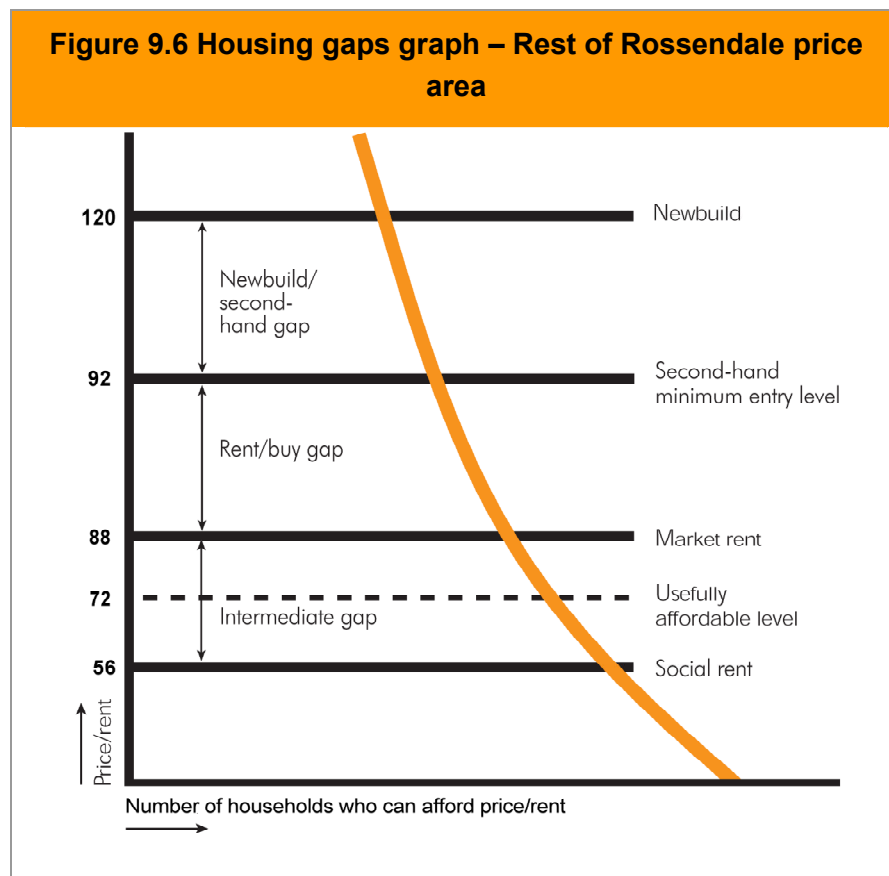
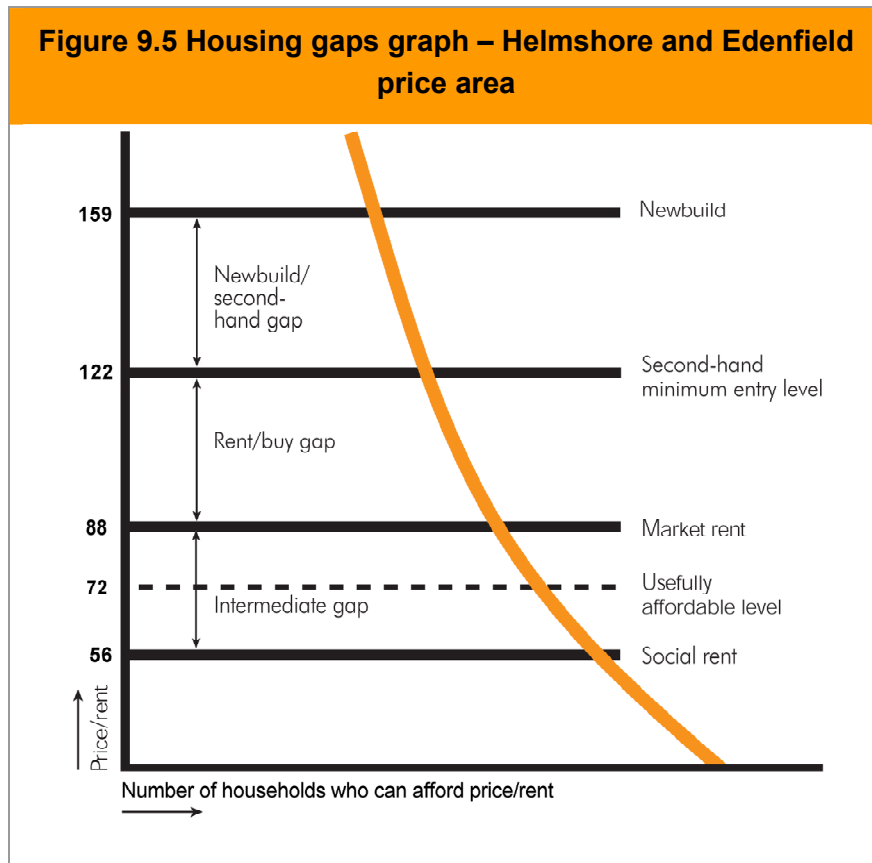
Source: CORE, Rightmove

- 9.58 The table above also includes the weekly cost of entry-level and new build accommodation to buy. The method of converting these capital costs into weekly costs (by analogy like a mortgage payment) is described in the final chapter.
- 9.59 The information presented in this table can be re-orientated to better conceptualise the cost of housing in the two price areas of Rossendale and identify the gaps that exist within the market.

### **Housing market gaps**

- 9.60 Housing market gaps analysis has been developed to allow easy comparisons of the costs of the tenure range, to facilitate the testing of different new build proposals, and to show the general nature of the housing ladder in a particular locality.
- 9.61 The following figures show a stylized graph designed to illustrate the nature of the housing market gaps in each price market. The figures are based on plotting the weekly cost of housing for each tenure group (on the vertical y-axis, against the notional numbers of households (illustrated only figuratively by the orange curve) along the horizontal x-axis. This is done for two-bed dwellings only (the weekly costs for the full range of dwelling sizes is shown in the tables above). The bars on the gap graphs show key tenure distinctions:
- New build to buy
  - Second-hand to buy
  - Private rental
  - Inferred mid-point of intermediate band
  - Social rent





9.62 Between each of the bars is a gap. The main two gaps of interest are:

- The Rent/Buy gap: households in this gap can afford market rent without the need for Housing Benefit, but cannot afford to buy outright. Hence they are potentially candidates for partial equity forms of housing, such as shared ownership
- The Intermediate gap: Intermediate housing is defined in PPS3 as housing between a social rent and market rent. Although technically intermediate housing begins at £1 or so below market rent level, housing at such a weekly cost would clearly not be of much use to households in need of an affordable solution. We put the mid-point on the graph and infer the weekly costs. This normally addresses the needs of rather less than half of those in the intermediate gap, but that is a difficult enough task, as it is difficult to produce new build housing at this level of weekly cost.

## Summary

- i) This chapter has provided information on the current housing market in Rossendale. It has summarised the results of the market survey carried out by a researcher from Fordham Research, detailing the results from interviews with a number of estate and letting agents in the area.
- ii) Prices in Rossendale are generally lower than regional and national averages. Prices have increased significantly over the past few years, although at a slower rate than the national figures.
- iii) The majority of properties that are sold in the Borough are terraced, with a very small proportion of flats.
- iv) There are some significant variations in property prices across the Borough. Helmshore and Edenfield show the highest entry level prices, and Bacup and Haslingden have the lowest average house prices and subsequent entry level prices.

# 10. Affordability of housing in Rossendale

## Introduction

- 10.1 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty and a high number of households requiring assistance with their housing either via a social rented property or through Housing Benefit. This can also result in a loss of mix and balance in the community within the area.
- 10.2 Information on the cost of housing and the level of income in Rossendale has been presented in previous chapters of this report. This chapter amalgamates this data and produces an assessment of the affordability of local housing. This is assessed based on both secondary and primary data.
- 10.3 The secondary data approach measures the ratio of market housing costs to earnings. This does not accurately reflect the ability of local households to afford housing within Rossendale, as it does not take into account the full range of financial resources that will be used to purchase a home. However, it is useful to compare local affordability within a regional context.
- 10.4 Information on the full financial profile of households in Rossendale collected within the primary data survey is used to assess the ability of households to afford the size of accommodation that they require within their current sub-market. This enables variations in the affordability of housing within Rossendale to be examined and helps inform which locations and which households would most benefit from new housing products. The importance of using the full financial profile of a household and its financial capacity is discussed.

## Price: income ratios

- 10.5 Price to income ratios alone tell us relatively little about affordable housing requirements in an area. However, it is necessary to take into account the full range of financial information, and these ratios are an established measure of affordability. It is therefore of interest to briefly chart how this ratio has been changing over time as they provide a useful historical perspective.

- 10.6 The tables and figure below show how the price to income ratio has changed over the past six years. Data for income is taken as the mean gross pay (for all employee jobs) from the Annual Survey of Hours and Earnings (ASHE) whilst average prices are taken from the Land Registry. It should be noted that 'England and Wales' has been used as the national figure for both sources to ensure consistency because the Land Registry does not provide figures for England alone.
- 10.7 The data shows that there has been some increase in price to income ratios over the past six years. In Rossendale, the ratio has increased from 3.2 in 2002 to 5.1 in 2007. However, the change in this has not been uniform over time, with the increase during 2005 to 2007 significantly less than in the previous years.
- 10.8 Regional and national figures also suggest that price income ratios have become more stable since 2004.

**Table 10.1 Average (mean) incomes in the Borough (2002-2007)**

Area	2002	2003	2004	2005	2006	2007
Rossendale	£20,318	£21,937	£24,189	£25,325	£26,629	£26,124
North West	£22,705	£23,421	£24,715	£25,825	£26,236	£27,196
England and Wales	£25,357	£26,302	£27,555	£28,730	£29,614	£30,537

Source: Annual Survey of Hours and Earnings (ASHE)

**Table 10.2 Average (mean) property price in the Borough (2002-2007)**

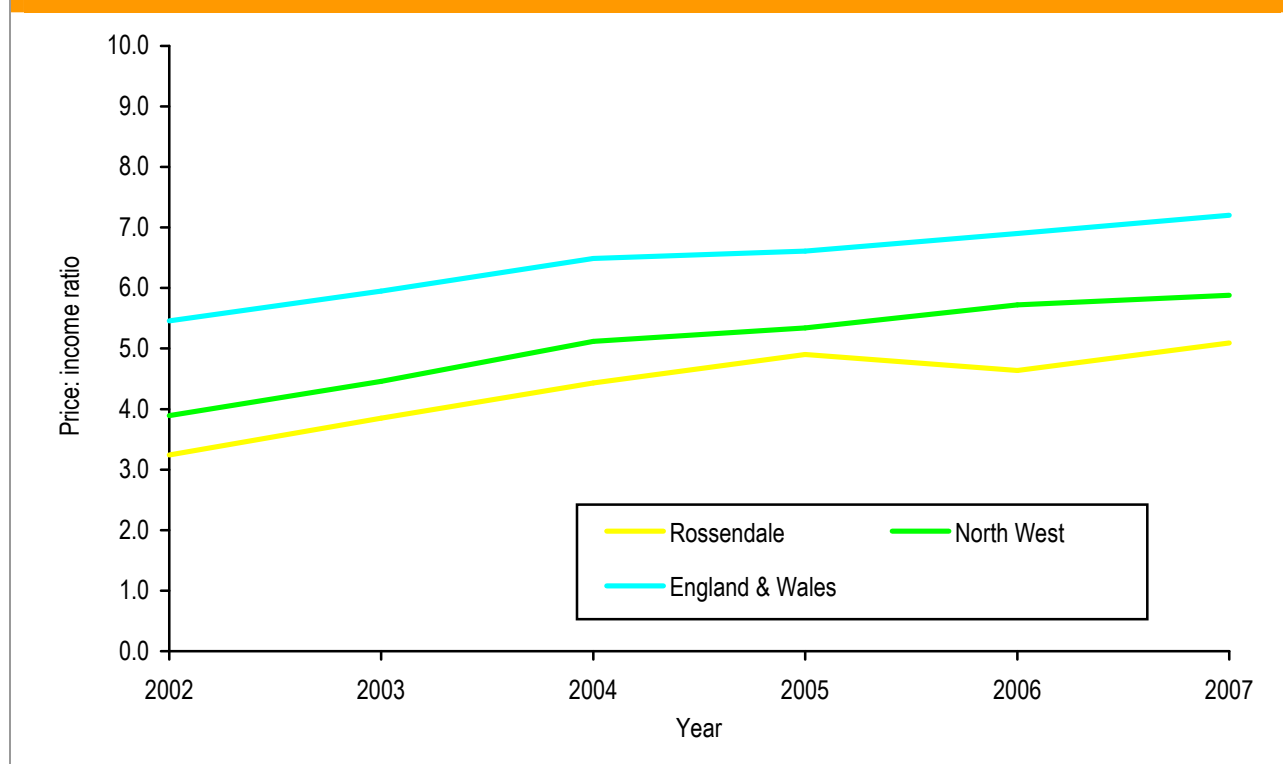
Area	2002	2003	2004	2005	2006	2007
Rossendale	£65,748	£84,375	£107,055	£124,105	£123,481	£133,023
North West	£88,382	£104,450	£126,424	£137,804	£150,046	£159,912
England and Wales	£138,370	£156,505	£178,899	£189,983	£204,235	£219,819

Source: Land Registry

**Table 10.3 Price: income ratio in the Borough (2002-2007)**

Area	2002	2003	2004	2005	2006	2007
Rossendale	3.24	3.85	4.43	4.90	4.64	5.09
North West	3.89	4.46	5.12	5.34	5.72	5.88
England and Wales	5.46	5.95	6.49	6.61	6.90	7.20

Source: Annual Survey of Hours and Earnings (ASHE) and Land Registry

**Figure 10.1 Price: income ratio (2002-2007)**

Source: Annual Survey of Hours and Earnings (ASHE) and Land Registry (1st quarters)

## Financial capacity

- 10.9 An important part of the Rossendale SHMA is an assessment of the financial situation of households, as there is no comprehensive (secondary) source for such data. Data was collected in the primary survey on a range of financial information, including incomes, savings and equity. The latter combination of statistics, termed 'financial capacity' is essential to assess the ability of households to afford housing.
- 10.10 Price to income ratios do not enable a proper study of housing markets as they omit two essential elements of affordability that affect most households: savings and owned equity. Since about two-thirds of households have owned housing for a decade or more, the dynamics of the housing market can only be understood by looking at all three elements:

### Financial capacity: income+savings+equity

- 10.11 This chapter summarises the financial situation of households in Rossendale to provide information on the financial capacity of key groups of households. The Housing Need Survey (HNS) for Rossendale provides more detailed information on the financial profile of households in the Borough.

## Median financial capacity

10.12 The following table provides the median financial capacity figures by tenure. The median is used because it provides a 'typical' figure (the middle household in the range) and is not distorted by a few very wealthy households at the top end of the range, as the mean is.

Table 10.4 Median financial information by tenure				
Tenure	Median annual gross household income	Median savings	Median equity	Financial capacity
Owner-occupied (no mortgage)	£15,608	£13,891	£134,454	£195,169
Owner-occupied (with mortgage)	£35,867	£881	£71,123	£179,604
RSL	£7,912	£404	£0	£24,140
Private rented	£12,973	-£105	£0	£38,814
Average	£19,965	£1,862	£96,493	£158,250

Source: Rossendale household survey data (2008)

10.13 The total financial capacity figure is based on a 'three times' multiple of income, as this is the standard practice among most mortgage lenders. The table shows some striking results:

- i) For owners without a mortgage (many of them retired) the proportion of equity and savings in overall financial capacity is some 76.0%. Even if a 3.5 multiple were used, the non-income element would still be approximately 73.1% of the overall purchasing power of this group.
- ii) For owners with mortgages the proportion of non income elements of financial capacity falls to 40.1%. This would further decrease to 36.5% if the income multiple was raised to 3.5.
- iii) In the case of all rented tenures, there is only a small savings figure and of course no owned equity, though such households may be able to borrow or gain equity from other family members when considering a purchase. The financial capacity of such households varies slightly with tenure. The private rented households have a slightly higher financial capacity than social tenants due to higher average incomes. This is normal, as the private rented sector contains both households who are too poor to enter the market and depend on Housing Benefit to do so, and those who are aspiring towards buying and have much higher incomes.

- iv) When compared with the price of entry level purchase housing, which is estimated at the lowest end in Bacup to be about £72,000 for a second hand two bed dwelling, it is obvious that the large majority of renting households have no hope of climbing to full scale equity ownership. Even the private renters, on average, have only about half of the necessary financial capacity. Of course within the broad private renting group there will be households on much higher incomes who can consider purchase, with or without external assistance from relatives or friends.

10.14 The importance of primary data on the full financial capacity of households is clear. Whilst traditional affordability ratios would suggest that average households are not close to being able to afford to purchase a home based on standard mortgage multiples, an analysis of the financial capacity of households indicates that the vast majority of owners in Rossendale (owners comprise almost three-quarters of households in the Borough) would be able to purchase a home in Rossendale.

10.15 Further information on the ability of households to afford market housing within Rossendale, based on the individual financial capacity of households in the Borough recorded in the primary survey, will be presented later in this chapter. The following section describes how financial capacity helps inform an understanding of how the housing market operates.

### Variations in financial capacity by sub-area

10.16 The table below indicates how financial capacity varies by location within Rossendale. The table indicates that households in Helmshore and Edenfield have the highest median financial capacity, whilst households in Bacup record the lowest.

<b>Table 10.5 Financial capacity by sub-area</b>				
Sub-area	Median annual gross household income	Median savings	Median equity	Financial capacity
Helmshore and Edenfield	£24,376	£6,016	£119,014	£198,158
Haslingden	£19,472	£911	£90,029	£149,357
Rawtenstall	£25,042	£2,450	£100,506	£178,081
Waterfoot	£18,944	£2,622	£97,235	£156,691
Bacup	£16,926	£638	£78,963	£130,380
Whitworth	£18,791	£1,786	£103,349	£161,508
Average	£19,965	£1,862	£96,493	£158,250

Source: Rossendale household survey data (2008)

## Financial capacity of moving and non-moving households

10.17 The dynamics of the housing market are driven by those who are moving. The following analysis shows the financial capacity of households (again using a '3 times' multiple) according to tenure and according to whether they have recently moved into the Borough, within it, or not at all.

10.18 The following table presents the financial capacity for owners in the housing market area.

<b>Table 10.6 Financial Capacity of owners</b>				
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the Borough	£40,044	£1,401	£73,418	£194,951
Moved within the Borough	£25,618	£2,291	£88,829	£167,974
Did not move home in the last two years	£25,371	£4,535	£100,639	£181,287

Source: Rossendale household survey data (2008)

10.19 As can be seen from the table above, those households that have moved into the Borough have the highest financial capacity, principally due to their significantly higher income. Those households that have not moved within the last two years have the highest average equity. This equity allows for a high level of financial capacity. Households who have not moved recently are likely to contain many retired households that have redeemed their mortgage and have no intention of moving home again.

10.20 The following table presents the financial capacity for private renters in the housing market area by the location of their previous home.

<b>Table 10.7 Financial Capacity of private rented households</b>				
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the Borough	£20,700	£43	£0	£62,142
Moved within the Borough	£11,578	-£319	£0	£34,416
Did not move home in the last two years	£8,623	£315	£0	£26,185

Source: Rossendale household survey data (2008)

10.21 The table for private renters shows that those households that have moved into the Borough have significantly higher financial capacity than those who have moved within it. This is due to in migrant households having around double the average income of households moving within the Borough.

10.22 The following table presents the financial capacity for social renters in the Borough by the location of their previous home.



**Table 10.8 Financial Capacity of social rented households**

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the Borough	£8,105	£3,067	£0	£27,381
Moved within the Borough	£10,289	-£163	£0	£30,703
Did not move home in the last two years	£7,872	£513	£0	£24,129

Source: Rossendale household survey data (2008)

10.23 It is clear from the table above that the financial capacity of social renters in the Borough is generally very low. Households who have moved within the Borough have slightly higher financial capacity. Although it is clear that very few social renters, even allowing for the variations around the average, are likely to be within practical distance of any form of equity ownership.

10.24 The following table shows financial capacity by the workplace location of households resident in Rossendale. It is clear that households that commute out of the Borough have significantly higher incomes and thus a higher financial capacity than those employed within the Borough. This would be expected due to the shortage of higher paid jobs located within the Borough; this issue has been identified earlier in the study.

**Table 10.9: Financial Capacity by workplace location**

Location of workplace	Median annual gross household income	Median savings	Median equity	Financial capacity
In Rossendale	£22,396	£884	£83,519	£151,591
Outside of Rossendale	£36,239	£2,450	£81,901	£193,068
Not employed	£10,686	£2,467	£118,788	£153,314

Source: Rossendale household survey data (2008)

## The affordability of housing in Rossendale

10.25 The information presented so far in this chapter has considered the median values of the various financial data for households within a range of groups of the population. Variations exist within these household groups and the primary survey dataset contains an estimate of the overall financial capacity of each household in the Borough. This information can be used to examine the ability of households to afford housing locally taking into account the full range of financial resources available to them, rather than just income as is used in the standard affordability ratios.

10.26 The affordability criteria used are explained in more detail in the accompanying housing needs survey, but can be summarised as:

*Assessing whether a household can afford home ownership - A household is considered able to afford to buy a home if the residual cost is no more than 3.5 times the gross household income of the household. The residual cost is calculated by deducting any capital that is available for use towards home ownership (e.g. savings or equity) from the overall cost of the home.*

*Assessing whether a household can afford market renting - A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income.*

10.27 This test means that it is possible to distinguish whether a household would be able to afford either a form of market housing or whether they would require affordable accommodation based on these income multiples.

10.28 The table below shows the current affordability of households by household type. This is the theoretical affordability of households as the analysis considers all households in the Borough and does not take into account their intention of moving.

Table 10.10 Affordability and household type			
Household type	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Single pensioners	1,535	4,100	37.4%
2 or more pensioners	436	2,393	18.2%
Single non-pensioners	1,607	4,954	32.4%
2 or more adults - no children	913	9,118	10.0%
Lone parent	1,285	2,143	60.0%
2+ adults 1 child	438	2,649	16.5%
2+ adults 2+children	622	3,442	18.1%

Source: Rossendale household survey data (2008)

10.29 The table shows that 60.0% of lone parent households in the Borough would be unable to afford market housing, if they were to move home now. Single person households are also relatively unlikely to be able to afford market housing. Households that contain two or more adults and no children are most likely to be able to afford market housing in Rossendale.

10.30 The table below shows the current affordability of households by workplace location of the household head. The table indicates that if they were to move now, over a fifth of households headed by someone employed in Rossendale are unable to afford market housing in the Borough based on the income multiples described above. This compares to just 6% of households headed by someone employed outside of Rossendale. This is consistent with financial information shown in this report where incomes of those who work outside of Rossendale are higher than those who work within the area.

**Table 10.11 Affordability and workplace location of household head**

Employment status of household head	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Employed within Rossendale	1,718	7,785	22.1%
Employed elsewhere	619	10,215	6.1%
Not in employment	4,541	11,469	39.6%

Source: Rossendale household survey data (2008)

10.31 The table below presents the same analysis by sub-area. The table shows that if they were to move home now, households in Helmshore and Edenfield are most likely to be able to afford market housing, whilst households in Bacup are least likely to be able to afford market housing. About a third of households in Bacup would be unable to afford market accommodation in the area.

**Table 10.12 Affordability and sub-area**

Sub-area	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Helmshore and Edenfield	487	3,829	12.7%
Haslingden	1,253	4,965	25.2%
Rawtenstall	1,038	5,416	19.2%
Waterfoot	1,226	4,806	25.5%
Bacup	2,169	6,569	33.0%
Whitworth	663	3,215	20.6%

Source: Rossendale household survey data (2008)

### Affordability of owner-occupation for potential first-time buyers

10.32 For the purpose of this analysis, potential first-time buyers are existing households that currently reside in rented accommodation that would like to purchase a home in Rossendale in the next two years, or concealed households that would like to purchase a home in Rossendale in the next two years.

#### *Existing households*

10.33 The survey indicates there are 678 existing households that would like to become owner-occupiers within Rossendale in the next two years. The survey suggests that these 678 households have an average annual income of £20,054 and average savings of £8,146, which are both below the average across Rossendale.

- 10.34 The ability of these potential first-time buyer households to afford owner-occupation in Rossendale Borough is now examined. The data suggest that 325 (47.5%) of these households would be able to purchase an appropriately sized home if they were to move now.
- 10.35 It is possible to consider the suitability of discount market housing (as defined in the accompanying report on the analysis of household data) for this group of households, which is the likely target population of this tenure. The survey reveals that an additional 28 potential first-time buyer households would be able to afford to purchase a discount market housing property.
- 10.36 As described above, these figures are calculated using the affordability test recommended by the Practice Guidance. It is also possible to consider the ability of these potential first-time buyer households to afford to purchase a market home in Rossendale based on the more restrictive lending criteria that it is in place in response to the economic downturn. To do this it is assumed that the household will require a deposit of 25% of the value of the home and will be able to access a mortgage at a maximum of 3 times the income of the household. Using these assumptions the survey shows that only 14 (2.1%) of these potential first-time buyer households would be able to purchase an appropriately sized home if they were to move now.

### **Concealed households**

- 10.37 The survey data reveals that 1,399 households currently living with a host household (commonly parents and/or relatives) that are likely to form within Rossendale in the next two years and would like to purchase a home in the Borough. The fact that this figure is so large suggests that it includes suppressed demand: households that would have formed previously but were not able to afford or access appropriate accommodation.
- 10.38 The survey indicates that these 1,399 concealed households have an average annual income of £13,319 and average savings of £3,493, both of which significantly below the average across the Borough. Further analysis reveals that just 20.6% of these households would be able to afford to purchase a market home in Rossendale if they were to move now based on the affordability test recommended by the Practice Guidance. Using the current more restrictive lending criteria described above, the survey indicates that just 31 households (2.2%) would be able to afford to buy if they were to move now.

## Summary

- i) Secondary sources indicate that there is a growing affordability issue in the Borough. As of 2007, the price to income ratio stood at 5.1 having risen from 3.2 in 2002. The figure of 5.1 is slightly lower than the equivalent for the North West region as a whole.
- ii) The financial capacity figures (income+savings+equity) show that both types of owners (with and without mortgage) rely more heavily on equity rather than upon income to provide the financial capacity that they require when buying.
- iii) When tenure groups are examined in terms of whether they have recently moved, it is clear that owners coming into the Borough have a higher financial capacity than those moving within Rossendale or those who have not moved in the last two years.
- iv) An analysis of the workplace location of the household head showed that those who work outside the Borough have a financial capacity approximately £40,000 higher than those who work inside the authority.
- v) Survey data taking into account the full financial situation of households in the Borough indicates that lone parent households and single person households are most likely to be unable to afford market housing in Rossendale.



# 11. Overcrowding and under-occupation

## Introduction

- 11.1 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that *'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'*. It should also be noted that there are different sources of information and definitions used in this field, so that figures will vary according to source.
- 11.2 In addition, where there are significant levels of under-occupancy it may be desirable to establish a package of measures to assist households to move to more suitably sized accommodation and as a result provide family sized housing for larger households.

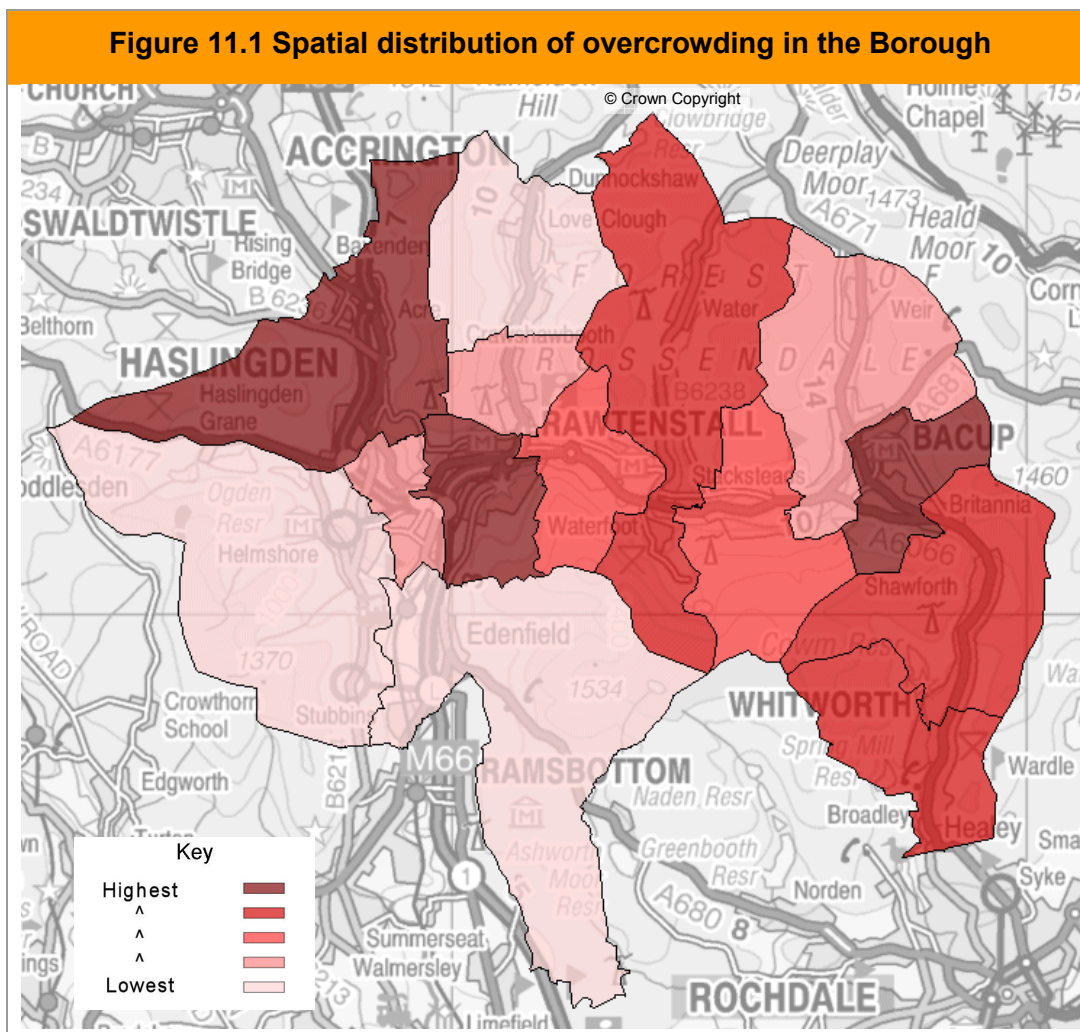
## Census data

- 11.3 The most complete source of information about overcrowding at a local level is the 2001 Census. Although this is now rather out of date, it does provide us with the opportunity to compare the broad situation in Rossendale with other benchmark areas.
- 11.4 One drawback of the Census data is that it does not provide information against the generally accepted measure of overcrowding (the bedroom standard) instead using an occupancy rating (based broadly on persons per room). The general method is that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded. This method also means that all households living in bedsits or studio flats are automatically considered to be overcrowded.
- 11.5 The table below shows occupancy rating data for Rossendale, the North West and England. The data shows that households in the Borough are less likely to be overcrowded than is the case nationally or regionally. 5.1% of households have a negative occupancy rating compared with 7.1% nationally and 5.4% regionally. The level of under-occupation by this measure is also slightly lower than average, at 47.2% of all households, compared with 49.1% nationally.

Occupancy rating	Area		
	Rossendale	North West	England
Occupancy rating of + 2 or more	47.2%	50.9%	49.1%
Occupancy rating of + 1	28.3%	26.6%	25.5%
Occupancy rating of 0	19.4%	17.1%	18.2%
Occupancy rating of -1 or less	5.1%	5.4%	7.1%
All Households	100.0%	100.0%	100.0%
All Households	27,112	2,812,789	20,451,427

Source: Office for National Statistics 2008 (from 2001 Census data). A negative occupancy rating indicates overcrowding.

11.6 The map below shows the spatial distribution of overcrowding in the Borough at ward level. Broadly speaking, overcrowding occurs around the areas of Bacup, Rawtenstall and Haslingden. There is very little overcrowding in the Helmshore and Edenfield areas of the Borough.



Source: Office for National Statistics 2008 (from 2001 Census data)



11.7 The table below shows overcrowding by tenure in the Borough. The data shows that overcrowding is relatively rare in the owner-occupied sector, affecting just 3.0% of such households in the Borough. In contrast, it is estimated that 10.8% of households in the social rented sector and 9.7% in the private rented sector are overcrowded in Rossendale.

Table 11.2 Overcrowding by tenure (2001)				
Area	Owner-occupied	Private Rented	Social Rented	All Tenures
Rossendale	3.0%	9.7%	10.8%	5.1%
North West	2.9%	12.3%	10.5%	5.4%
England	3.3%	16.4%	14.9%	7.1%

Source: NOMIS 2008 (from 2001 Census data)

11.8 The table below shows overcrowding by household type in Rossendale. The data shows that pensioner households are more likely to be overcrowded in Rossendale when compared with the North West and to England. Households with children and in particular lone parents are the most likely to be overcrowded.

Table 11.3 Overcrowding by household type (2001)					
Area	Pensioner	Adult(s) with no children	Lone parent	Two or more adults with children	Total
Rossendale	4.2%	2.8%	8.3%	7.3%	5.1%
North West	3.3%	4.5%	8.4%	7.0%	5.4%
England	3.9%	7.1%	11.6%	8.3%	7.1%

Source: Census, 2001

## Survey data

11.9 Using data from the housing needs survey we are able to study levels of overcrowding using the bedroom standard. Essentially, this is the difference between the number of bedrooms needed to avoid undesirable sharing (given the number of household members and their relationships to each other) and the number of bedrooms actually available to the household. The bedroom standard also provides the opportunity to look in more detail at households who under-occupy their dwelling.

11.10 The standards used to check for overcrowding and under-occupation as follows:

- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be overcrowded.
- **Under-occupation:** households with more than one spare bedroom was deemed to be under-occupied.

11.11 The table below shows a comparison between the number of bedrooms in each home against the number of bedrooms required for all households in the Borough.

Table 11.4 Overcrowding and under-occupation					
Number of bedrooms required	Number of bedrooms in home				Total
	1	2	3	4+	
1 bedroom	3,071	6,908	5,497	1,338	16,814
2 bedrooms	28	2,678	3,481	1,854	8,041
3 bedrooms	40	520	1,426	1,414	3,400
4+ bedrooms	0	0	290	255	545
<b>Total</b>	<b>3,139</b>	<b>10,106</b>	<b>10,694</b>	<b>4,861</b>	<b>28,800</b>

Source: Rosendale Council household survey (2008)

KEY:  Overcrowded households  Under-occupied households

Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

11.12 The estimated number of overcrowded and under-occupied households in Rosendale is as follows:

- **Overcrowded:** 3.4% of households = 989 households
- **Under-occupied:** 31.4% of households = 9,040 households

11.13 The latest SEH data on overcrowding suggests that nationally approximately 2.5% of households are overcrowded with the figure for the North West being 2.0%.

11.14 Further survey data suggests that overcrowded households are more likely to be living in rented accommodation and are particularly likely to state a need or likelihood of moving home over the next two years.

## Summary

- i) Census data suggests that overcrowding in Rossendale in 2001 was slightly below the regional average at 5.1%. Overcrowding is concentrated around the Bacup, Rawtenstall and Haslingden urban areas.
- ii) Results from 2008 household survey data suggest that on average 3.4% of all households in the Borough are overcrowded and 31.4% under-occupy their dwelling.



## 12. Key trends in the market

### Introduction

- 12.1 This chapter summarises some of the key economic and demographic changes recorded in Rossendale earlier in the report. It uses information from the primary household survey to understand what drives the housing market. This analysis is split between demographic and economic influences.
- 12.2 The chapter goes on to discuss the role of each tenure in facilitating moves through the market. Finally, the chapter investigates what survey data on the pressures on the sectors of the market implies about the elasticity of different tenures.

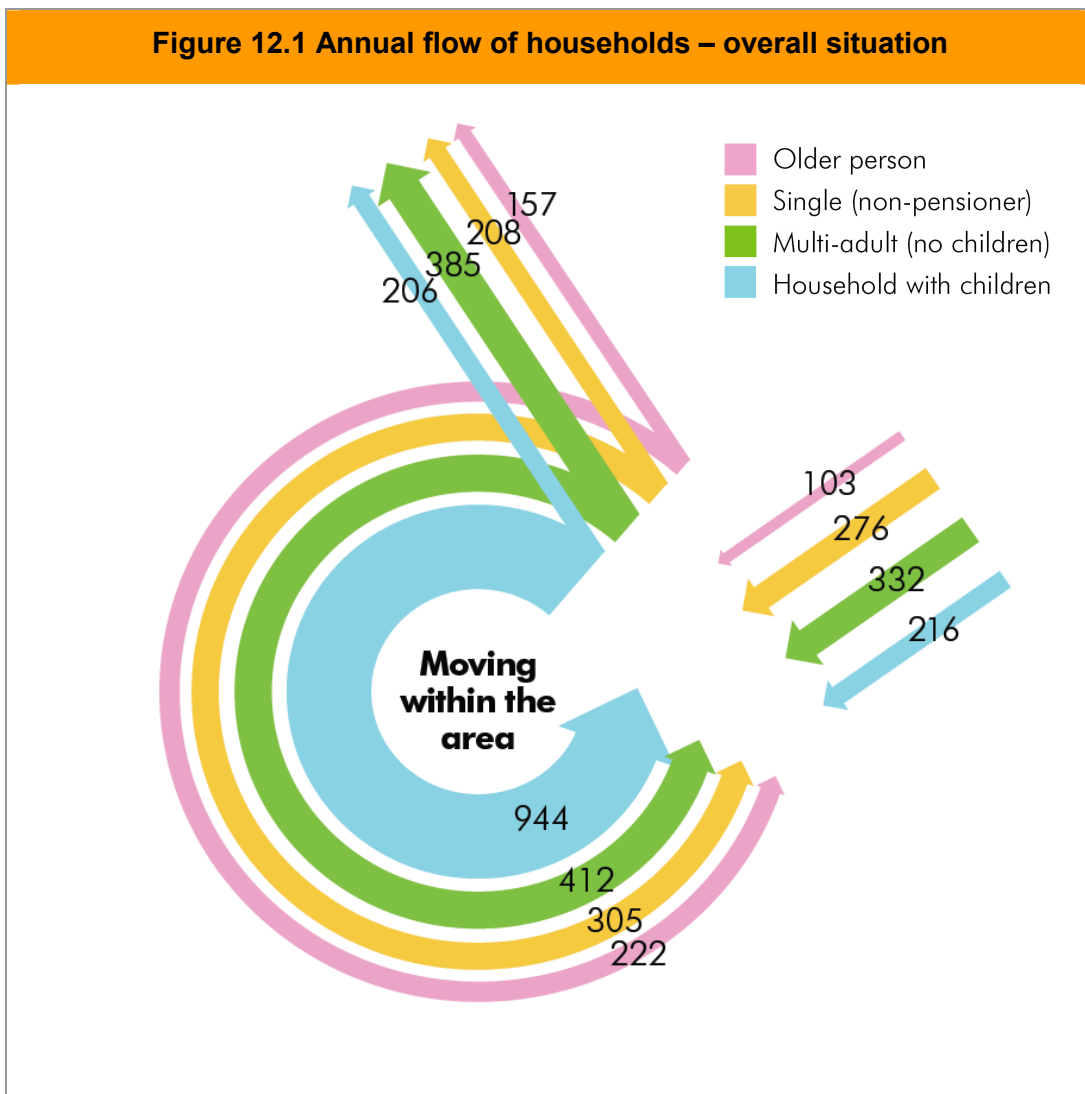
### Changes in the demographic and economic profile

- 12.3 Section B presented a range of data on the population in Rossendale and historical changes that have been recorded in the Borough. Chapter 4 noted that the increase in the number of households in Rossendale over the five year period 2001 to 2006 is proportionally greater than the increase in the population. This has resulted in a reduction of the average household size in Rossendale.
- 12.4 Chapter 6 showed that the number of employees' jobs in Rossendale increased slower than the regional and national average since 1995. The data showed that historically Rossendale had a relatively low level of unemployment when compared with regional and national figures, although in recent years this has increased significantly.
- 12.5 Chapter 6 also provided data on the change in the number of VAT registered businesses. Although Rossendale showed an increase of 14% since 1996, this is lower than both the regional and national increases.

### Demographic drivers of the market

- 12.6 The following subsection provides an up-to-date and detailed view of the working of the housing market in the Borough. The analysis (labelled 'annual flows of moves') is based on survey data which shows immediate past and planned future household moves.

- 12.7 Knowledge of the flow of household moves within the housing system is essential to understanding a housing market. This examines both household moves through migratory changes (households moving into and out of the HMA) and natural change (the difference between the number of new households and household dissolution (death)). This provides an overall view not only of what the level of change in household numbers produces, but also what types of households are involved in this dynamic process.
- 12.8 The diagram below shows the estimated movement of households into, out of and within the Borough (based on annualised primary household survey data over a two year period). The figures are distinguished according to the types of household, to match the requirements of PPS3 (para 22). Data for in-migration is based on past trends whilst information about out-migration is based on household's future expectations.



Source: Rossendale Council household survey (2008)

- 12.9 The figure shows for example that each year 222 older person households are expected to move within the Borough, 103 are expected to move into the Borough and 157 are expected to leave Rossendale.

12.10 The data suggests that 926 households are expected to move into the Borough per annum in the future with an estimated 957 households moving out. This suggests that the Borough can expect a decrease of 31 households per annum due to migration. The table below presents a summary of the information presented in the diagram.

<b>Table 12.1 Current annual flows of moves – overall situation</b>				
	Older person	Single (non older)	Multi-adult (no children)	Households with children
Moved into the Borough	103	276	332	216
Moving within the Borough	222	305	412	944
Moved out of the Borough	157	208	385	206
Net movement	-54	68	-53	10
Household dissolution			245	
Newly forming households			611	
Net natural change			366	

Source: Rossendale Council household survey (2008)

12.11 The profile of in and out-migration is also of interest with data suggesting that there will be a net inflow of single (non-older) households, and a small net inflow of households with children. There are predicted to be net outflows of older person and multi-adult (no children) households.

12.12 The net change in households due to migration does not provide the necessary information for indications of the likely net change in the number of households in the Borough. This will also be influenced by the function between the number of new households and the number of household dissolutions (i.e. death). Figures for each of these components are also shown in the table above.

12.13 The table shows that there are an estimated 611 households likely to form per annum (from households currently living in Rossendale). This figure is offset by an estimated 245 household dissolutions. Hence the net change in households due to 'natural change' is estimated to be 366 extra households per annum.

12.14 Overall therefore the data suggests that from both sources there will be a **net change in households in the Borough of 335 per annum** (-31 + 366).

### Function of the tenures

12.15 The housing needs survey contains a range of data examining the nature of moves recorded by households in Rossendale that moved to their current home over the last two years. The table below shows the tenure mobility of these households.

**Table 12.2 Previous tenure by current tenure (households moving in past two years)**

Tenure	Previous tenure				Total
	Newly formed household	Owner-occupied	Social rented	Private rented	
Owner-occupied (no mortgage)	17	<b>439</b>	0	16	472
Owner-occupied (with mortgage)	369	<b>1,394</b>	22	306	2,091
Social rented	185	300	<b>255</b>	116	856
Private rented	351	362	94	<b>854</b>	1,661
Total	922	2,496	371	1,292	5,081

Source: Rossendale Council household survey (2008)

12.16 Overall, movement within sectors was more common than movement between them, however the table does indicate that there was a good degree of tenure mobility. Approximately 41% of all moves involved the private rented sector – households moving into it, out of it or within it – showing how important the sector is in providing mobility in the housing market. By comparison it is estimated that approximately 11% of all households in Rossendale currently live in the private rented sector.

12.17 The private rented sector shows the highest turnover of any tenure. It can be considered the ‘motor of the market’ as it helps facilitate the flow of households through the housing market. The private rented sector is the tenure from which households are most commonly able to access both owner-occupation and social rented accommodation. Some 24.9% of households in Rossendale moved from a private rented home to an owner-occupied dwelling, whilst 9.0% moved to a social rented home.

12.18 Newly forming households moved to a range of tenures: 42% moved into owner occupation, 38% moved into private rented accommodation and a fifth moved into a socially rented dwelling.

12.19 Analysis of the primary household survey provides further detail on the nature of households resident in each of the tenures in Rossendale.

12.20 The data reveals that within the owner-occupied sector in Rossendale:

- The average age of household heads is 52
- 70% of households contain two or more adults
- 67% of households are headed by someone in employment
- 1.3% of households are in receipt of income support



12.21 The household survey reveals that within the social rented sector in Rossendale:

- The average age of household heads is 57
- 34% of households contain two or more adults
- 27% of households are headed by someone in employment
- 70% of households are in receipt of Housing Benefit

12.22 The data shows that within the private rented sector in Rossendale:

- The average age of household heads is 44
- 40% of households contain two or more adults
- 64% of households are headed by someone in employment
- 39% of households are in receipt of income support

### **Schools and Transport**

12.23 The effects of school catchments areas and transport links on the Rossendale housing market were identified as key considerations for the council. The survey collected information on the reasons for moving from households who have moved in the last two years, and the reasons for wanting to move from households that are planning to move in the next two years.

12.24 It is estimated that 2.3% of households that have moved did so to move closer to transport links. 3.2% did so to move into a school catchment area.

12.25 Of those looking to move in the future, 7.2% are doing so to move closer to transport links, and 4.6% to move into a school catchment area. Of these, the majority are moving within the Borough rather than outside of it.

### **The impact of the train line to Manchester**

12.26 Both the steering group and stakeholders raised the likelihood of the creation of a rail link from Rossendale through to Manchester. Stakeholders also discussed the potential effects that this might have upon the area if or when completed.

12.27 Stakeholders suggested that the train line will encourage households to move into Rossendale and to work in Manchester. Using survey data on existing households we are able to build a picture of what the profile is of households that live in Rossendale and work in Manchester and what housing preferences they have. This information will help inform the council of the likely profile of any households that move into Rossendale whilst commuting into Manchester and assist in planning for this group.

12.28 The table below shows median financial capacity of households with at least one member in employment. It shows how financial capacity differs between households where the household reference person (HRP) or their partner is employed in Greater Manchester and those where they are employed elsewhere. Greater Manchester is used as opposed to the city of Manchester due to limitations of the survey data.

12.29 The table clearly shows that households where the (HRP) or their partner work in the Greater Manchester region, financial capacity is significantly higher. This is due to the significantly higher average incomes shown.

**Table 12.3 Median financial information by workplace location**

Workplace location	Median annual gross household income	Median savings	Median equity	Financial capacity
Working in Greater Manchester	£42,926	£1,986	£84,260	£215,023
Working elsewhere	£26,060	£1,312	£86,424	£165,917
Average	£28,970	£1,445	£85,998	£174,354

Source: Rossendale household survey data (2008)

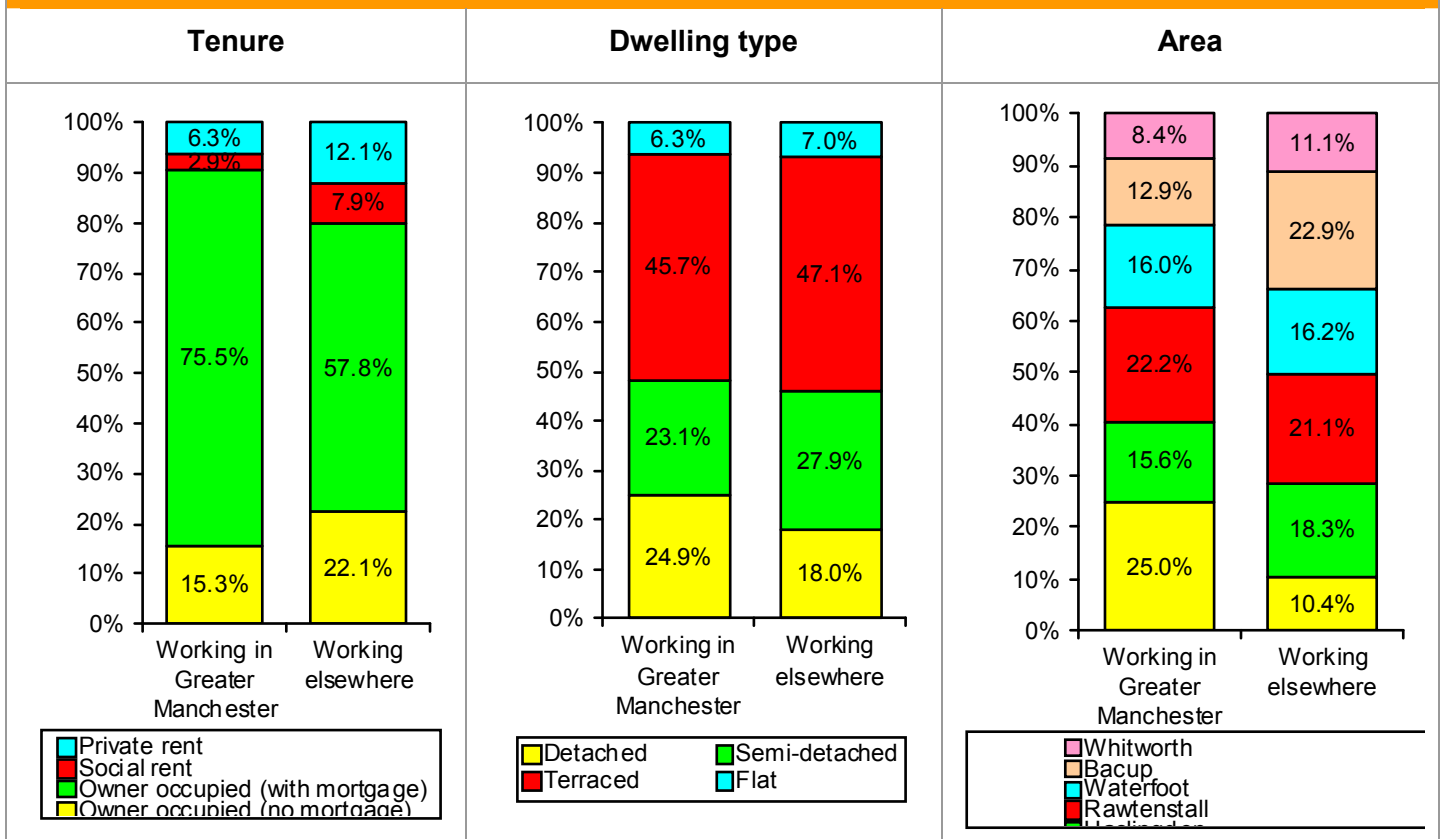
12.30 We are also able to use survey data to look at the housing characteristics of households currently commuting to Greater Manchester, this will provide guidance as to the likely demands from households that may move into Rossendale and commute into Manchester.

12.31 The figures below show the tenure, type of dwelling, area of residence and number of bedrooms in the dwelling that households that currently commute to Greater Manchester occupy.

12.32 The results show a clear trend, signalling the affluence of households that commute into Greater Manchester. They are more likely to be owner occupiers, and less likely to rent socially. In terms of current accommodation type, the results show that they are more likely to live in detached houses and therefore more likely to have more bedrooms.

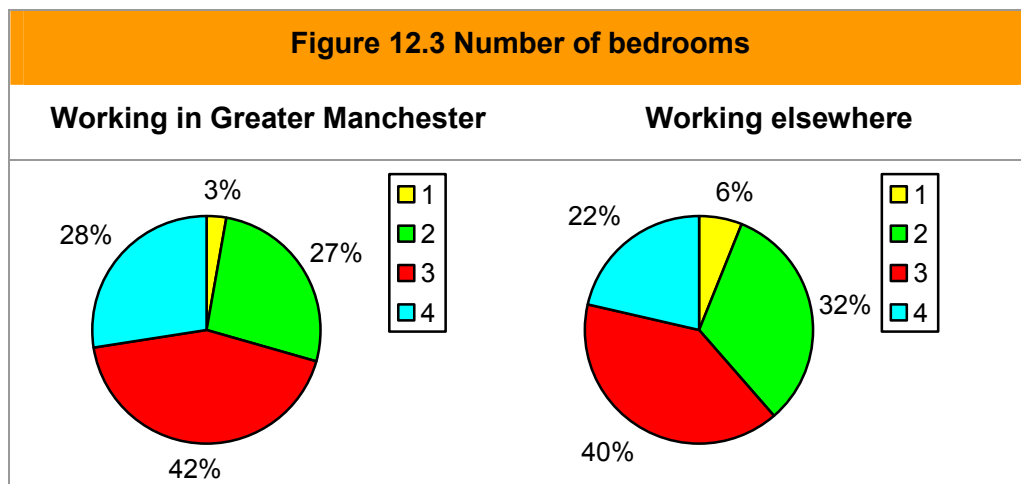
12.33 In terms of current area of residence, households are much more likely to be in the sub-area of Helmshore and Edenfield.

**Figure 12.2 Current housing situation**



Source: Rossendale household survey data (2008)

**Figure 12.3 Number of bedrooms**



Source: Rossendale household survey data (2008)

## Summary

- i) The primary driver for household growth in the Borough is natural change (household creation in excess of household dissolution), rather than migration.
- ii) Migration, however, has a large impact on changing the household composition in Rossendale. Data suggests that there will be a net inflow of single (non older) households. There is expected to be a net outflow of older person and multi-adult (without children) households.
- iii) The private rented sector is important for facilitating the flow of households through the housing market – 41% of all moves in Rossendale in the last two years involved this tenure, although it comprises 11% of the inhabited dwelling stock.
- iv) Data from the household survey suggests that households that live in Rossendale and work within Greater Manchester have significantly higher financial capacity and tend to live in larger properties, generally owned.

## SECTION E: MODELLING THE MARKET

This section investigates the housing required to meet short-term and long-term housing demand in the study area. Information from the primary household survey on future accommodation required will be compared to secondary data on the likely supply of housing to identify the type of accommodation required to meet short-term market imbalances. Secondary data on long-term demographic and economic trends will be presented and the possible impact on the housing market of these changes will be discussed. Survey data on the financial situation of households and the flow of households will be used to investigate the potential impact of changes in the cost of market housing in the study area. The section aims to answer the following questions:

- What type of new stock is required to help address current imbalances in the market?
- How will the demographic structure of the population change in the future?
- How might economic factors influence demand?
- What is the potential impact of variations in affordability on the housing market?

This section contains two chapters:

- 13. Balancing Housing Markets
- 14. Demographic drivers of market change



# 13. Balancing Housing Markets

## Introduction

- 13.1 Although not a formal step within the Guide, an understanding of the imbalance between the demand for housing in an area and the supply of housing likely to arise from the current stock is an essential output from a strategic housing market assessment. The 'Balancing Housing Markets' (BHM) model has been developed to undertake this analysis and inform the nature of housing required in an authority in the short-term. It identifies the type of housing required across the housing market to help adjust the current stock profile to better reflect the future needs of households moving within Rossendale. The outputs produced as a result of conducting this analysis meet the requirements of PPS3.
- 13.2 A BHM assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. It works at the simplest level by comparing the likely demand for housing of particular types to the expected supply arising from vacancies in the existing stock so as to provide a broad indications of the shortages (and in some cases surpluses) of particular types of dwelling.
- 13.3 The BHM approach produces estimates for all tenures (market and affordable) and sizes of dwellings required. The figures presented in this chapter are based on a combination of primary and secondary sources.
- 13.4 This chapter is derived from the BHM carried out in the Rossendale HNS. The BHM figures are stated in annual terms, so as to be consistent with the CLG Needs model which is also stated in annual terms. Such figures can, of course, be added to produce totals for such things as plan periods.

## Relationship between the BHM and the CLG Needs Model

### *Key requirements of Guidance*

- 13.5 The Practice Guidance (PPS3: Housing, Nov 2006) makes very specific requirements of Strategic Housing Market Assessments (SHMAs). It goes much further and into more detail than any previous guidance on the evidence base. For the reader's convenience the key requirements are repeated here:

- *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' [PPS3 para 22]*

13.6 The Practice Guidance issued by CLG to support PPS3 (August 2007) sets out a slightly revised method for estimating housing need (the original is in the 2000 Guide to Local Housing Needs Assessment), but is quite relaxed about the technical methods that may be used to achieve the PPS3 outputs:

*'No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand' (Practice Guidance pp 11)*

### **The CLG Needs Model**

- 13.7 The CLG Needs Model produces a number for the annual amount of extra affordable housing which would, after a period, mean that there is no further need for affordable housing in an area. The presence of households living in unsuitable housing, or in the private rented sector on Housing Benefit would stop. Since in most parts of Britain it is clear that housing need will exist for many decades, at the present rate of production of new affordable housing it can be seen that this model is geared to an ideal state of affairs, not the current reality.
- 13.8 One particular assumption that affects the estimates is that no more than 25% of gross income should be spent on housing. The reality is that many households spend significantly more than 30% of their gross income on housing. In low and high income categories this is sometimes because they are forced to, but sometimes because they prefer to achieve a particular type or location of housing and are prepared to make trade-offs to achieve it.
- 13.9 The CLG model is an important part of Guidance and so the calculation must be done as part of any SHMA. To provide realistic outputs for the three key PPS3 requirements stated above, it is necessary to use a different and more pragmatic approach to analysing the housing market.

### **Balancing Housing Markets model (BHM)**

- 13.10 Two of the three PPS3 requirements relate specifically to market housing; nevertheless, no approach is presented in the Strategic Housing Market Assessments Guidance that enables these outputs to be produced. Therefore Fordham Research has developed an approach based on an adapted gross flows methodology in response. This is termed the Balancing Housing Market model and presents information on the imbalances between the main housing sectors (market, intermediate and social rented housing) by property size.



13.11 As the BHM model understands the interactions between the market and affordable sectors it is able to produce an estimate for affordable housing that is framed by households expectations (in terms of their perception as to whether they are likely to be able to access it) and the financial reality of the market (in terms of the amount of income households may choose to pay to access market housing). It therefore provides an estimate of the scale of the affordable housing demand that the council can actually act upon and ensures that the affordable housing produced meets those with the most acute need.

### **Balancing Housing Markets (BHM) model – background**

13.12 The introduction to this chapter set out the reasons why a study of balance in the housing market is an important addition to the main CLG needs assessment model. In this section we highlight the general principles used in the balancing housing markets exercise which has been developed by Fordham Research over a number of years. The following box provides an overall summary:

### Figure 13.1 Summary of the BHM process

The BHM process involves matching tenure and size of dwelling supply against the likely requirement for different types of housing. Information used includes survey data about households' future aspirations and expectations along with affordability (in the case of intermediate housing). In addition, information about a range of other factors such as household types (and likely priority) and minimum size requirements. The main area where this is not possible is net in-migration, since clearly future in-migrants are not surveyed. Hence, data about likely future in-migration is estimated from recent in-migrant households.

The process of arriving at an allocation of sizes and tenures of housing and matching supply with demand, is complex and requires the data to be looked at very closely and carefully. A number of issues are considered when allocating households to their most likely housing solution. Examples include:

- Consideration of how households use the private rented sector. Survey data has shown that many households currently living in this sector want to move to either owner-occupation or affordable housing. The reality is that many will remain in this sector and the model will consider the likely supply (and affordability) of owner-occupied housing or the likely availability of affordable housing before allocating an appropriate tenure
- A household may want a four bedroom owner-occupied property but can only afford three bedrooms. If, for example, that household was already living in a three bedroom home and not overcrowded, the model would consider whether a three bed market solution is more likely

Compiling the model may involve upwards of 20 iterations with the outputs being carefully considered at all stages. For example an initial output may suggest a surplus of three bedroom owner-occupied homes and shortages of two and four bedrooms. The information would then be considered in the light of whether or not some households allocated two and four bedroom homes might in reality be more likely to move to three bedroom homes (based for example on affordability, current housing circumstances and/or household type).

The combination of technical analysis and judgement involved is also informed by secondary data on the area, discussions with local estate/letting agents, as well as detailed discussions with the project steering group. The process therefore cannot, if it is to be a reliable guide to that market, be based on a simple formula. The nature of the interactions between supply and demand across different subgroups of tenures and sizes of dwelling cannot be made into a mechanical analysis without losing practical relevance to the market(s) in question.

The combination of quantitative and qualitative analysis in one calculation process is prompted by the complexity of the task. The final outputs are nevertheless carefully reasoned and will always reflect the general demands in both the affordable and market sectors as well as providing a practical distribution of different types of housing which can be worked into housing and planning policies.

13.13 The BHM model produces the 3 key outputs listed in PPS3. Its outputs produce policy relevant figures which can then be subject to wider policy debate. The CLG Guidance emphasises that analyses should not produce direct policy statements, but rather evidence which enables an informed policy debate and policy making.

### BHM outputs

13.14 The following sections move on to look at the different stages of analysis set out above providing information on housing demand and supply by tenure and size of dwelling.

## Summary description of the BHM process

13.15 There are six stages of analysis in the Balancing Housing Markets Model, three related to supply and three to demand. All are based upon information derived from primary data except where stated. The six stages in detail are:

- **Stage 1. Supply from household dissolution:** Assessing the size, type and tenure of dwellings likely to become available from household dissolution (using national mortality rates in combination with information from primary data).
- **Stage 2. Supply from out-migrant households:** Assessing the size, type and tenure of dwellings existing households moving away from the Borough are going to make available.
- **Stage 3. Supply from existing households:** Assessing the size, type and tenure of housing that existing households moving within the Borough are going to make available.
- **Stage 4. Demand from in-migrant households:** Assessing the size, type and tenure of accommodation secured by households that recently moved into the Borough.
- **Stage 5. Demand from newly forming households:** Assessing the likely sizes, types and tenures of housing required by newly forming households moving to a property within the Borough.
- **Stage 6. Demand from existing households:** Assessing the likely sizes, types and tenure of accommodation required by existing households moving from one property in the Borough to another.

13.16 The following sections move on to look at the six stages of analysis set out above providing information on housing supply and demand by tenure and size of dwelling.

## Supply of housing

13.17 This section looks in detail at the three aspects of supply noted above. The data is then combined from each of the three potential sources of supply to provide an overall estimate of likely housing availability by size and tenure of dwelling.

### **Stage 1 – Supply from household dissolution**

13.18 The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year.

13.19 In total, it is estimated that 245 vacancies will arise due to household dissolution. The majority of supply through household dissolution is expected to come from owner occupied housing, although approximately 40% of likely future supply due to household dissolution is expected to arise in the affordable sector. In the affordable sector the main dwelling size likely to be released is one bedroom whilst in the market sector the main group is two and three bedroom homes.

**Table 13.1 Supply I: Supply from household dissolution**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	17	75	40	3	136
Private rent	3	6	3	0	12
Intermediate	0	4	1	0	5
Social rented	64	22	7	0	92
<b>Total</b>	<b>84</b>	<b>107</b>	<b>51</b>	<b>3</b>	<b>245</b>

Source: Rossendale Borough Council household survey (2008)

### **Stage 2 – Supply from out-migrant households**

13.20 The table below shows an estimate of the supply of housing that would be released when households who expect to move from the area do so. For example a household out-migrating from a four bedroom market dwelling is assumed to free-up a four bedroom market dwelling for use by another household. The data is annualised and based on moves over the next two years.

13.21 In total, it is estimated that out-migrant households will release about 957 dwellings each year in the future. The vast majority of the out-migrant supply (nearly 90%) is in the market sector.

**Table 13.2 Supply II: Supply from out-migrant households**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	9	245	144	160	558
Private rent	28	169	99	0	296
Intermediate	0	0	0	0	0
Social rented	16	71	16	0	103
<b>Total</b>	<b>53</b>	<b>485</b>	<b>258</b>	<b>160</b>	<b>957</b>

Source: Rossendale Borough Council household survey (2008)

**Stage 3 – Supply from existing households**

13.22 The table below shows estimated future supply from existing households. As with the above data, figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation within the area. Figures are annualised from data for two years.

13.23 The number of households expected to move within the Borough is more than twice as high as the figure for out-migration and in total the data suggests that 1,883 households are expected to move within Rossendale per annum. About a fifth (20.4%) of moves are from affordable housing.

**Table 13.3 Supply III: Supply from existing households**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	37	315	437	129	918
Private rent	45	256	269	11	581
Intermediate	0	0	0	0	0
Social rented	100	202	59	22	384
<b>Total</b>	<b>183</b>	<b>773</b>	<b>766</b>	<b>162</b>	<b>1,883</b>

Source: Rossendale Borough Council household survey (2008)

**Overall supply**

13.24 The table below is the sum of the previous tables and show the overall estimated annual supply for each tenure and size group. The table shows that there is expected to be an annual supply of 3,085 dwellings from the current stock of housing in the Borough. The supply is expected to be approximately 80% market housing with 20% in the affordable sector.

13.25 In terms of the sizes of accommodation likely to become available, it is notable that in the market sector the majority of supply is expected to be two and three bedroom homes whilst smaller accommodation accounts for the majority of the supply in the affordable sector. There is limited evidence of supply of affordable dwellings with four or more bedrooms.

**Table 13.4 Supply IV: Total supply**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	63	635	621	292	1,611
Private rent	76	430	371	11	889
Intermediate	0	4	1	0	5
Social rented	181	295	81	22	580
<b>Total</b>	<b>320</b>	<b>1,364</b>	<b>1,075</b>	<b>326</b>	<b>3,085</b>

Source: Rossendale Borough Council household survey (2008)

## Demand for housing

### Stage 4 – Demand from in-migrant households

13.26 The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the Borough over the past two years (in terms of the size and type of accommodation secured). Figures are again annualised.

13.27 Overall it is estimated that in-migration is running at 926 households per annum. The table suggests that the vast majority of future in-migrant households will secure some form of market housing. In total it is estimated that only about 7% of in-migrant households require an affordable housing solution.

**Table 13.5 Demand I: Demand from in-migrants by tenure and size required**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	16	225	177	141	559
Private rent	61	182	59	0	301
Intermediate	0	0	0	0	0
Social rented	61	5	0	0	66
<b>Total</b>	<b>138</b>	<b>412</b>	<b>236</b>	<b>141</b>	<b>926</b>

Source: Rossendale Borough Council household survey (2008)

### Stage 5 – Demand from newly forming households

13.28 The table below shows an estimate of the housing requirements of newly forming households. The table is based on the number of newly forming households who need or expect to form over the next two years within the Borough. The data is largely based on the expectations of households, although some adjustment has been made where households expected affordable housing but the household survey data suggested that a market housing solution might be suitable (and affordable). Figures are annualised.

13.29 Overall, it is estimated that future household formation is likely to be about 611 households per annum. An estimated 64% of those are expected to secure a market solution. In terms of dwelling sizes, it is notable that all of the demand is for smaller (one and two bedroom) homes.

**Table 13.6 Demand II: Household formation by tenure and size required**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	25	140	0	0	165
Private rent	93	130	0	0	223
Intermediate	0	0	0	0	0
Social rented	80	144	0	0	224
Total	198	413	0	0	611

Source: Rossendale Borough Council household survey (2008)

**Stage 6 – Demand from existing households**

13.30 The table below shows estimated future demand from existing households. The figures are based on what tenure and size of accommodation households expect to move to in the next two years. Figures are again annualised.

13.31 The data shows an expected demand from 1,883 households per annum. Although most of this demand is for market dwellings, there is a notable demand for affordable housing. This is much higher than for in-migrant households. In total, an estimated 23% of the demand is for affordable accommodation.

**Table 13.7 Demand III: Demand from existing households by tenure and size required**

Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	44	263	396	273	977
Private rent	0	143	283	58	483
Intermediate	0	18	14	0	32
Social rented	51	141	143	56	391
Total	95	564	837	387	1,883

Source: Rossendale Borough Council household survey (2008)

**Overall demand**

13.32 The table below shows an overall summary of the demand situation and is calculated as the sum of the tables above. The table shows an estimated demand for 3,420 dwellings of all sizes and tenures. More than three-quarters (79%) of this demand is for market dwellings.

13.33 The market and social demand is greatest for two bedroom homes.

**Table 13.8 Demand IV: Total demand by tenure and size required**

Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	86	627	573	414	1,700
Private rent	154	454	341	58	1,007
Intermediate	0	18	14	0	32
Social rented	191	290	143	56	681
<b>Total</b>	<b>431</b>	<b>1,389</b>	<b>1,072</b>	<b>528</b>	<b>3,420</b>

Source: Rossendale Borough Council household survey (2008)

13.34 One of the requirements of PPS3 is *'the likely profile of household types requiring market housing'*. The BHM model has identified the overall demand for market housing. It is possible to present further detail on the types of households that require market accommodation in the future in Rossendale. This is presented in the table below.

**Table 13.9 Demand for market housing by household type**

Household type	Annual demand for market housing
Single pensioners	117
2 or more pensioners	56
Single non-pensioners	590
2 or more adults - no children	1,010
Lone parent	210
2+ adults 1 child	267
2+ adults 2+ children	457
<b>Total</b>	<b>2,707</b>

Source: Rossendale Council household survey (2008)

## Net housing demand

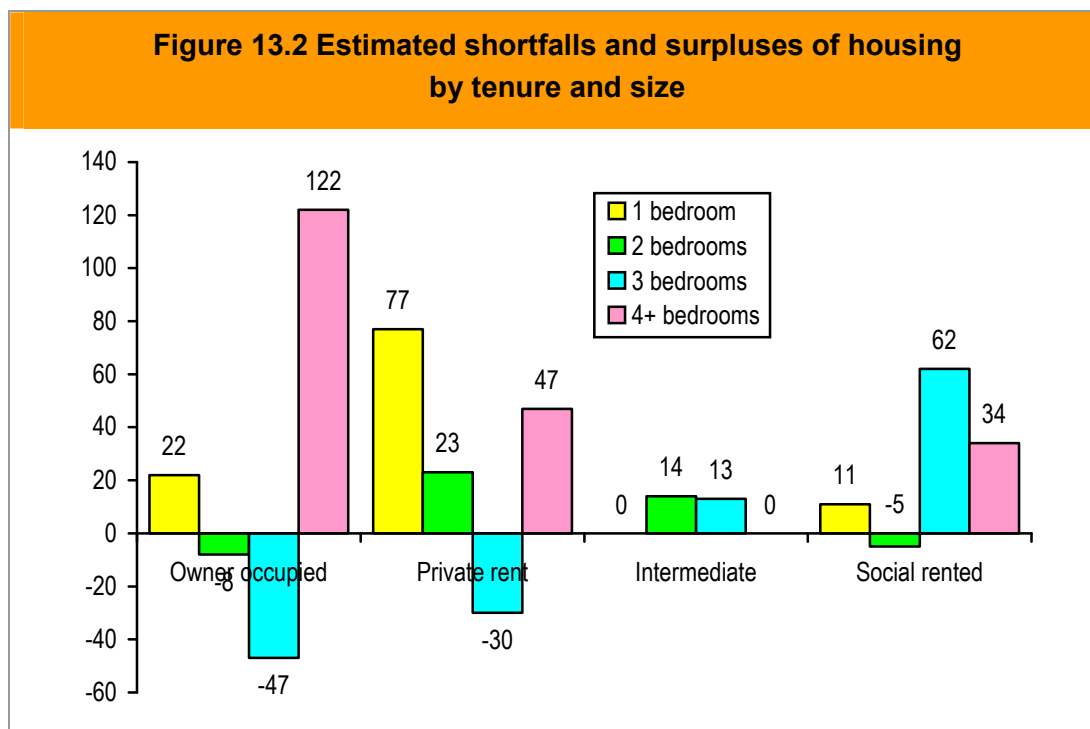
13.35 The table below shows the overall net demand situation in Rossendale. The table shows that in general there is expected to be a greater demand for housing than supply. Overall, across all tenures there is an apparent shortfall of 335 dwellings per annum. Of this shortfall approximately 38% is for affordable housing.

**Table 13.10 Balancing Housing Markets results for Rossendale (per annum)**

Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner occupied	22	-8	-47	122	89
Private rent	77	23	-30	47	118
Intermediate	0	14	13	0	27
Social rented	11	-5	62	34	101
<b>Total</b>	<b>110</b>	<b>25</b>	<b>-2</b>	<b>202</b>	<b>335</b>

Source: Rossendale Borough Council household survey (2008)





Source: Rossendale Borough Council household survey (2008)

13.36 The above table and figure looked at demand shortfall and surpluses by tenure and it is worthwhile to briefly describe the findings in each of these groups.

#### *Owner occupied housing*

13.37 In the owner occupied sector there is an apparent shortfall of 89 units per annum. The largest shortfall is for larger dwellings with four or more bedrooms. There is a surplus shown for two and three bedroom accommodation. This is due to the large supply of these dwelling sizes in the market sector.

#### *Private rented housing*

13.38 In the private rented sector there is an apparent shortfall of 118 units per annum. The majority of this demand is for one and two bedroom dwellings, although there is a demand for four bedroom dwellings or larger. This is mainly due to the small supply of this size of accommodation.

#### *Intermediate housing*

13.39 The requirement for intermediate housing makes up about 8% of the net shortfall of housing in the Borough, and about 21% of the shortfall of affordable housing. There are small shortfalls for two and three bedroom dwellings in this sector.

### Social rented housing

13.40 The shortage of social rented housing makes up approximately 30% of the total shortfall of housing in the Borough. Most of the net demand for social rented housing is for three and four bedroom units.

### Demand by household size

13.41 It is of interest to consider the average household size of households that demand each of the different bedroom sizes from the BHM model. For example, determining the average number of people in households that demand a four bedroom property. The average is calculated from the three demand inputs, demand from in-migrant households, demand from internal migrants and demand from newly forming households. Household sizes from newly forming households have to be inferred from the expected household type of the newly forming household.

Table 13.11 Average household	
Size of dwelling required	Average household size
1 Bedroom	1.2
2 Bedroom	1.6
3 Bedroom	2.9
4 Bedroom	3.8

Source: Rossendale Borough Council household survey (2008)

13.42 The results show that households demand at least one bedroom per household member.

## Summary

- i) A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market. It considers the extent to which supply and demand are 'balanced' across tenure and property size and provides a pragmatic estimate of the demand for new housing of various tenures by taking account of the dynamics of the housing market.
- ii) The analysis reveals that overall in Rossendale there is a shortage of about 335 units per annum (excess of demand over supply). Approximately 38% of this shortfall is shown to be for affordable housing, with about a fifth of the affordable requirement being for some form of intermediate housing.
- iii) When looking more closely at property sizes it was found that in both the market and affordable sectors the main shortages are for larger (particularly four bedroom) homes.



# 14. Demographic drivers of market change

## Introduction

- 14.1 The Office of National Statistics (ONS) publishes annual projections of future demographic change for every authority in England with data broken down by age and gender. The latest projections are 2004 based and run to 2029. CLG publish estimates of the projected change in the number of households for each authority partly informed by the ONS population projection data.
- 14.2 This chapter presents a summary of the changes recorded by these two sets of projections in the period 2006 to 2026<sup>2</sup>. The two sets of projections are combined to derive the implied future change to household size.

## Population – projected change

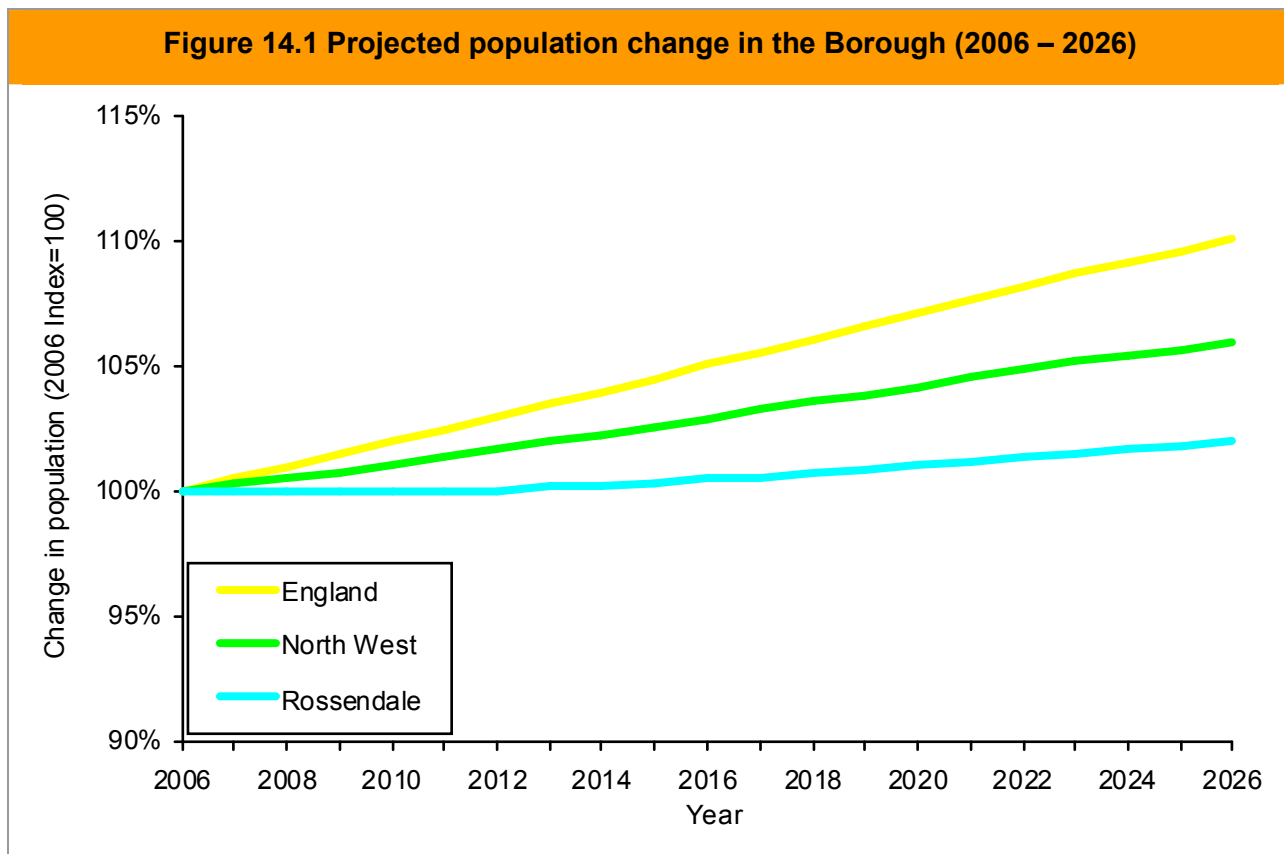
- 14.3 Official 2004-based projections showed a total population of 65,800 in the Borough in 2006. This is projected to increase to 67,100 by 2026 (an increase of 1,300 people or 2.0%). This percentage increase is smaller than the trend of increasing population nationally and regionally.

**Table 14.1 Projected population change in the Borough (2006 – 2026)**

Area	Population (2006)	Population (2026)	Absolute change	% change
Rosendale	65,800	67,100	1,300	2.0%
North West	6,871,100	7,284,000	412,900	6.0%
England	50,714,000	55,823,500	5,109,500	10.1%

Source: ONS revised 2004-based sub-national population projections

<sup>2</sup> Full projection information is however available from ONS at [www.statistics.gov.uk](http://www.statistics.gov.uk).



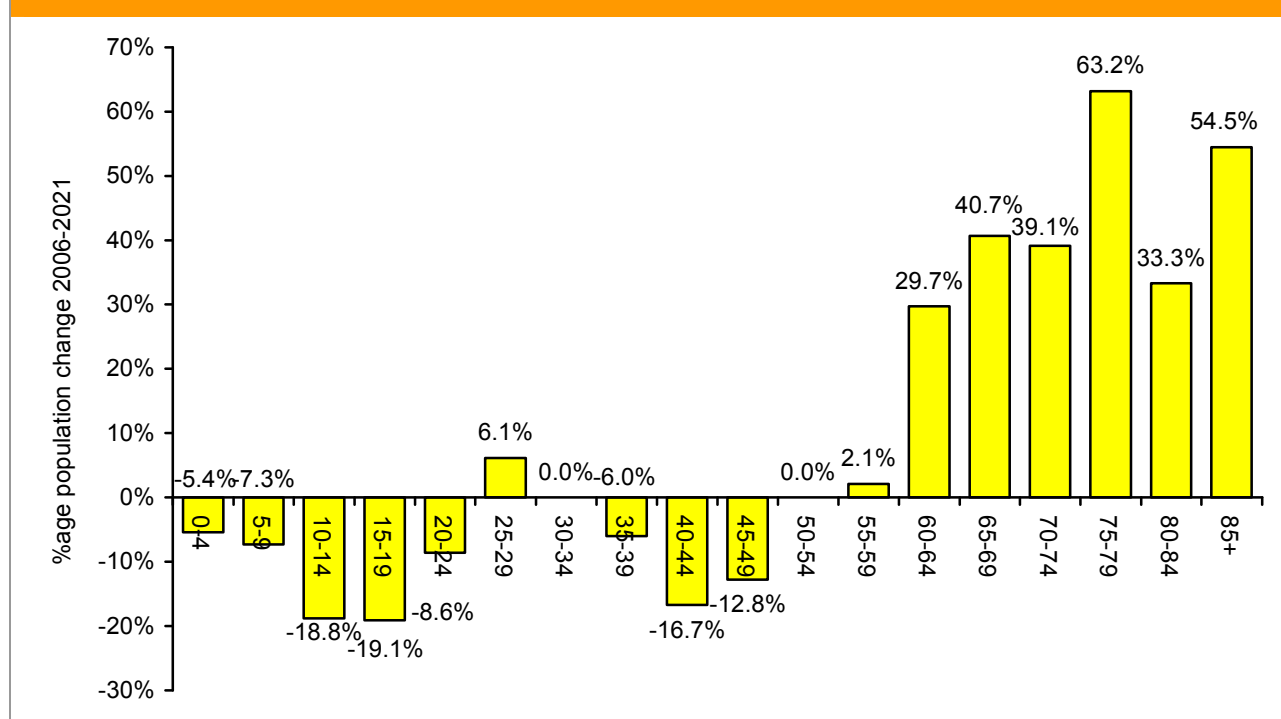
### Population – changing age profile

- 14.4 The population projections are broken down into 5-year age cohorts so it is possible to examine how the age structure of the population in Rossendale is expected to change in the future. The figure below shows the percentage change in the population within each age cohort (five year age bands) from 2006 to 2026. The table below records the change in age profile using broader age bands compared across different areas.
- 14.5 The results are striking, although consistent with forecast national trends. The data shows that over the next twenty years in Rossendale there is expected to be a dramatic increase in the population of those aged over 60, but decreases in the population of most other demographic groups.

**Table 14.2 Percentage change by age band in Rossendale (2006 – 2026)**

Age band	Area		
	Rossendale	North West	England
0-14	-11.1%	-1.8%	2.0%
15-29	-8.7%	-5.8%	-1.2%
30-44	-8.2%	-1.5%	0.8%
45-59	-3.6%	-0.8%	6.0%
60-74	35.6%	29.0%	33.0%
75+	51.1%	51.1%	53.6%
Total	2.0%	6.0%	10.1%

Source: ONS revised 2004-based sub-national population projections

**Figure 14.2 Forecast population change by age group in the Borough, 2006 - 2026**

Source: ONS revised 2004-based sub-national population projections

- 14.6 The population projection data indicates that there will be a significant reduction in the 40-49 and 10-24 age ranges, indicating a particular reduction in the number of families living in the Borough. These households are more likely to be economically active and in addition may be the more affluent section of the population.
- 14.7 Overall, from 2006 to 2026 population projection data suggests that the number of people aged 75 or over will increase from 4,500 to 6,800 across the Borough (up 51.1%). This may have a significant impact on local housing requirements as these households may be more likely to require some form of specialist accommodation, particularly the 85+ age group which shows an increase of 54.5%.

## Households – projected change

- 14.8 The overall population in the Borough is expected to increase in the future by about 65 persons per annum. This finding cannot however be directly translated into the change in the number of households in the area. Household sizes in England have been declining for many years and are predicted to continue to do so in the future. It is therefore important to also consider the likely change in the number of households in the area.
- 14.9 The most recent household projections are those published by CLG in 2007. These take a mid-2004 base and project forward to 2026. The projections are based on updated projections of household formation taking account of the 2001 Census and on the Office for National Statistics' sub-national population projections and the Government Actuary's Department's national population projections (2004 based). The household projections are trend based and indicate what would happen if past demographic changes continue<sup>3</sup>.
- 14.10 The table below shows the projected increase in households in Rossendale from 2006 to 2026, compared with regional and national equivalents. The data shows that despite the relatively small population increase, the total number of households is projected to increase by about 5,000 over the next 20 years (17.9%). This growth rate represents an average of about 250 per year. This growth rate is slightly higher than the expected regional increase although lower than what is expected nationally.

Table 14.3 Household projections			
Date	Households ('000s)		
	Rossendale	North West	England
2006	28	2,940	21,518
2011	29	3,074	22,646
2016	31	3,215	23,836
2021	32	3,345	24,973
2026	33	3,453	25,975
Change 2006-26	5	513	4,457
% change 2006-26	17.9%	17.4%	20.7%

Source: Community and Local Government (CLG) household projections (2004 based)

## Estimated change in household size

- 14.11 By combining the population and household projection data we are able to consider how average household sizes in the Borough are likely to change. The table below shows this calculation up to 2026. It should be noted that the figures should be treated with some degree of caution as the two datasets used have come from different sources.

<sup>3</sup> Full details of these projections can be found at [www.communities.gov.uk](http://www.communities.gov.uk).



**Table 14.4 Change in average household size 2006-2026**

Area	Population (2006)	Households (2006)	Average household size (2006)	Population (2026)	Households (2026)	Average household size (2026)
Rossendale	65,800	28,000	2.35	67,100	33,000	2.03
North West	6,871,000	2,940,000	2.34	7,284,100	3,453,000	2.11
England	50,714,100	21,518,000	2.36	55,823,600	25,975,000	2.15

Source: ONS revised 2004-based sub-national population projections and CLG 2004-based household projections

14.12 As can be seen from the data above the average household size in the Borough is expected to drop by 14%, from 2.35 persons per household to 2.03. All of the comparable areas above show a similar pattern in terms of decreasing household sizes.

### Stakeholder comments

14.13 Stakeholders discussed the ageing population in Rossendale, it was suggested that the current housing stock is not meeting the needs of the existing population. One stakeholder commented that some sheltered housing units were struggling to be filled and as a result being opened up to younger people.

## Summary

- i) The population of the Borough is expected to increase over the period 2006-2026, by about 2.0% (1,300 people). This is based on 2004 projections, the latest available at the time of writing this report.
- ii) Meanwhile, the profile of the population is expected to change substantially, in keeping with national trends, with a large increase in the numbers of those aged 60 and over and a marked decrease in the number of younger and middle aged people.
- iii) Despite the population decline, the number of households in the Borough is expected to increase by about 5,000 (17.9%) in the period 2006 to 2026, due to decreasing household sizes.
- iv) Household size in the Borough is expected to drop by from 2.35 in 2006 to 2.03 in 2026.



## SECTION F: HOUSING NEED

This section looks at estimates of the need for affordable housing in the Borough. To inform this section, data has been taken from published sources such as the HSSA, as well as from the housing needs surveys that accompanies this report. The section aims to answer the following questions:

- What is the annual need for affordable housing according to the model proposed by the guide?
- What types of affordable accommodation are likely to be suitable for households in need in Rossendale?

This section contains one chapter:

- 15. The extent of housing need in Rossendale



# 15. The extent of housing need in Rossendale

## Introduction

- 15.1 This chapter of the report pulls together various sources of information about housing need in the Borough. This report does not provide a full assessment of housing need as this exercise has been undertaken separately through the survey based housing needs assessment (HNA) for Rossendale. The Practice Guidance suggests an approach based entirely on secondary data, mainly the Housing Register. This has not been followed here, because the primary data offers a much more reliable route. Past analyses by Fordham Research on sets of Housing Registers have suggested that often the majority of those on the register are not in housing need as defined by CLG, while at the same time a major proportion of the households in housing need are not on any register.
- 15.2 The primary and secondary data based analysis in the HNA report therefore provides the most reliable evidence on which to conduct the CLG Needs calculation. The individual report should be examined by those who wish to see the detailed housing needs figures. Data from the HNA produced alongside this document has been used in this report to provide a background to the analysis undertaken.

## Findings from the local housing needs survey

- 15.3 The table below shows the estimated annual need from Rossendale's housing needs survey. The annual requirement for an additional 327 affordable homes per year in Rossendale is a significant one, particularly in the context of the build targets in Rossendale.

Table 15.1 Annual need for affordable housing			
Area	Annual net affordable need	Estimated number of households	Need per 1,000 households
Rossendale	327	28,800	11

Source: Rossendale housing needs survey Table 9.2

## Annual need for a 15 year scenario

- 15.4 If Rossendale was to meet their housing need over a 15 year period, the annual need would be for 265 additional dwellings per annum. This is calculated by dividing the net backlog need by 15 rather than 5 and summing it with the newly arising need and removing the future supply.

## Sub-area information

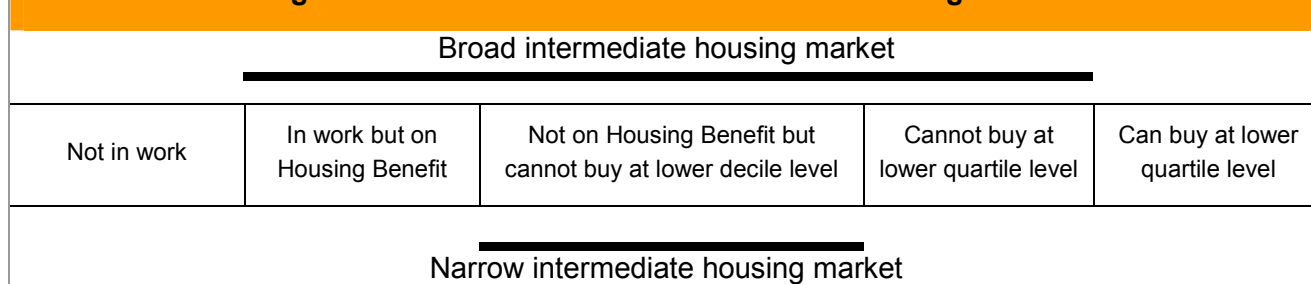
- 15.5 The table below gives an estimate of housing need for each of the six sub-areas identified in Rossendale. The largest net need for affordable housing is found in the Bacup sub-area, accounting for more than a third (36.0%) of all the need in the Borough. There is also a significant level of need in Rawtenstall. In Waterfoot, we estimate that there is the largest supply to meet the need in the sub-area.
- 15.6 Caution needs to be taken when viewing these figures as by dividing the total needs estimate into sub-areas the margin for error is increased, particularly for the supply estimates.

Table 15.2 Net housing need by sub-area					
Sub-area	Housing need				
	Need	Supply	Net housing need	% of net shortfall	Supply as % of need
Helmshore and Edenfield	91	35	56	17.1%	38.5%
Haslingden	154	130	24	7.3%	84.6%
Rawtenstall	170	80	91	27.7%	46.8%
Waterfoot	158	174	-16	-4.7%	109.8%
Bacup	216	99	118	36.0%	45.7%
Whitworth	108	53	55	16.7%	49.4%
Total	898	571	327	100.0%	63.6%

Source: Rossendale Borough Council SHMA 2008 – household survey and secondary data

## Intermediate housing

- 15.7 The housing needs assessment report makes suggestions about the amount of housing need which might be met through the provision of intermediate housing. This information is presented later in this section. Nevertheless, it is also worth considering other sources of information to provide a broad view of intermediate housing across the Borough.
- 15.8 The Joseph Rowntree Foundation (JRF) published a report in 2005 entitled *Affordability and the Intermediate Housing Market*. Within this report two distinct definitions of intermediate housing are used. These are:
- Broad definition – the proportion of working households unable to purchase at lower quartile property prices
  - Narrow definition – the proportion of working households that can afford to pay a social rent (without the need for Housing Benefit), but who cannot buy at lowest decile property prices

**Figure 15.1 JRF definition of intermediate housing market**

Note: 'quartile' is the quarter point observation and 'decile' is tenth point observation

Source: Affordability and the intermediate housing market (JRF 2005)

15.9 The table below shows the proportion of (working) households in the Borough and other benchmark areas who are able to afford intermediate housing according to the JRF research. Overall it is estimated that 20.5% could afford intermediate housing using the broad definition and 4.6% using the narrow definition.

**Table 15.3 JRF intermediate housing affordability**

Area	Broad definition	Narrow definition
Rossendale	20.5%	4.6%
North West	28.0%	9.5%
England	43.3%	23.5%

Source: Affordability and the intermediate housing market (JRF 2005)

15.10 Having provided data from the JRF report it is useful to contrast this with the latest estimate found in Rossendale's housing needs assessment. The housing needs assessments split intermediate housing between intermediate rented and low cost market housing. The table below shows the figures from the report. The table shows that the proportion of affordable housing need which can be met through a form of intermediate housing is 36% in Rossendale.

**Table 15.4 Intermediate housing requirements from local housing needs survey**

Area	% of affordable need as	
	Intermediate rented	Discount market housing
Rossendale	29%	7%

Source: Rossendale housing needs surveys table 10.4

## Homelessness and the Housing Register

15.11 The table and figure below show the number of homeless acceptances over the past five years. They show that generally there has been a decrease in the number of homeless acceptances over the past few years: from 230 in 2001 to 109 in 2006.

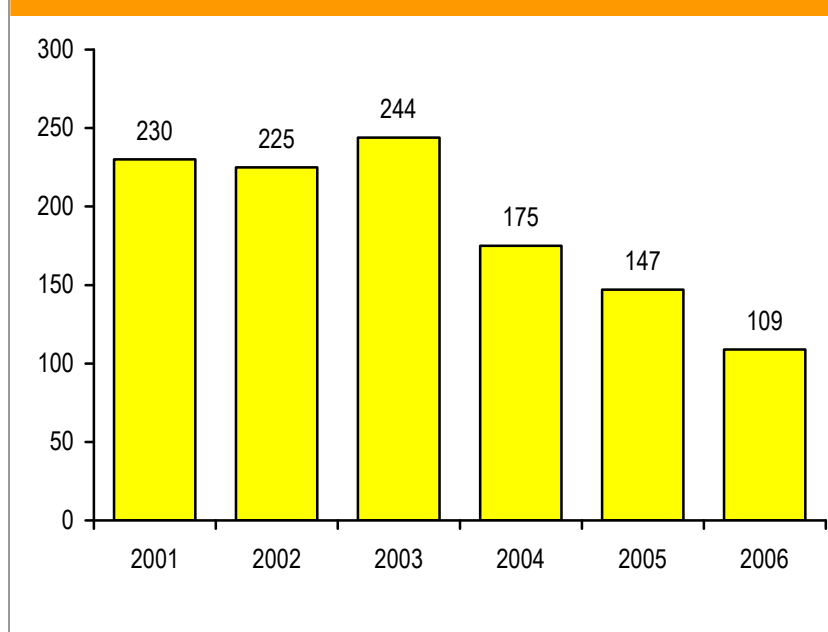
15.12 The consistent decrease in the number of homeless households is possibly due to local authorities providing better preventative measures for potentially homeless households, as has been seen nationally. That said, there are still a significant number of homelessness acceptances each year which will put pressure on the current affordable housing stock in the Borough.

**Table 15.5 Number of homelessness acceptances in the Borough (2001-2006)**

Area	2001	2002	2003	2004	2005	2006
Rossendale	230	225	244	175	147	109

Source: HSSA data 2001-2006

**Figure 15.2 Homelessness acceptances 2000/01 to 2005/06 in the Borough**



Source: HSSA data 2001-2006

15.13 The table and figure below show the number of households on the Housing Register. The data shows that the number of households on the Housing Register has increased over time. In Rossendale it is estimated that in 2001 there were 1,644 households registered, and rising to 2,518 in 2007.



15.14 From the table and figure below we can see that the number of households on the housing register in Rossendale has fluctuated in recent years. Between 2004 and 2006 a significant increase is shown, followed by a significant fall. This may well be attributable to the management of the register. The housing register alone can not provide an accurate measure of the need for affordable housing; it does however give an indication that at any one time there is a significant demand for social housing in the Borough.

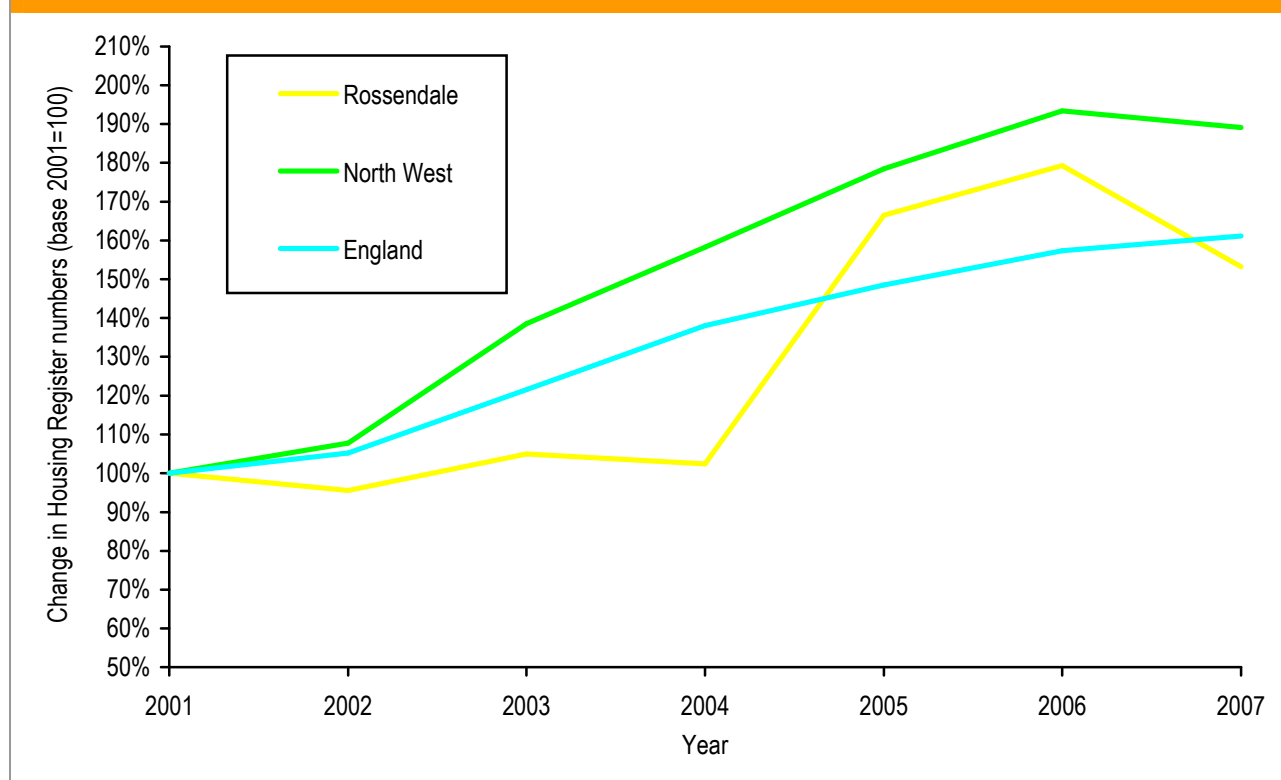
**Table 15.6 Number of households on Housing Register (2001-2007)**

Area	2001	2002	2003	2004	2005	2006	2007
Rossendale	1,644	1,572	1,726	1,684	2,737	2,947	2,518
North West	112,405	121,213	155,702	177,836	200,600	217,397	212,597
England	1,039,265	1,093,342	1,263,550	1,434,031	1,543,509	1,634,301	1,674,421

Source: HSSA data 2001-2007

15.15 The figure below shows the above figures standardised to a 2001 base.

**Figure 15.3 Change in Housing Register numbers (2001-2007)**



Source: HSSA data 2001-2007

## Repossessions

15.16 Recent data from the first quarter of 2008 shows that there have been 98 repossessions in Rossendale. This is a significant amount and Rossendale has been identified as one of the ten authorities with the highest levels of repossessions in the first quarter of 2008. Although we are not able to predict the extent to which this trend might continue, it is clear that if it does there will be a significant effect upon the market.

### Stakeholder and community comments

15.17 Members of the community identified that there was a need for affordable housing in the Borough as Rossendale has a large divide between the rich and poor.

15.18 Nevertheless as stakeholders identified the potential shortage of land coming forward, this may well have an impact on the future supply of affordable housing.

15.19 Stakeholders identified a need for larger 3 and 4 bedroom affordable properties, and also a need for properties to encourage downsizing.

## Summary

- i) Following the CLG model it is estimated that there is a net annual need of 327 affordable housing units per annum.
- ii) Both homelessness and Housing Register data (whilst not showing clear trends over time) suggest an ongoing need and demand for social rented housing.
- iii) Within the affordable spectrum there is a clear requirement for intermediate housing to be provided. Data from JRF suggest that intermediate housing would be affordable for between 5% and 20% of households in the Borough (depending on definition) whilst results from the housing needs survey suggests that the figure might be as high as 36%.

# SECTION G: PARTICULAR HOUSEHOLD GROUPS

This section addresses particular groups of households. Some may have been disadvantaged, and some may not, but the additional detail upon them should be of value in considering policy options.

This section contains detailed analysis for the following particular groups:

- 16. Black, Asian and Minority Ethnic households (BAME)
- 17. Households with support needs
- 18. Key worker households
- 19. Older person households
- 20. Families
- 21. Rural households



# 16. Black, Asian and Minority Ethnic households

## Introduction

- 16.1 One key group which is of interest to this study are households from a Black, Asian or Minority Ethnic (BAME) background. Such households, as a group, are quite often found to have distinct characteristics or may be disadvantaged in some way. This chapter therefore briefly considers information about ethnic minority households. Much of the information collected has come from the 2001 Census which allows comparative information to be provided across the Borough and for benchmark areas.
- 16.2 Additional information has been drawn from the housing needs assessment although this is mainly descriptive. For the purposes of analysis in a SHMA we are particularly interested in households, hence the majority of analysis uses information about the 'Household Reference Person' (HRP).
- 16.3 The housing situation of ethnic minority groups was also addressed during the consultation events. Some key themes from these discussions are also included in this chapter.
- 16.4 Rossendale Council has recently published a BME Housing Needs Assessment, with its aim being to inform the council with evidence to help inform policies around its overall Sustainable Communities Strategy.

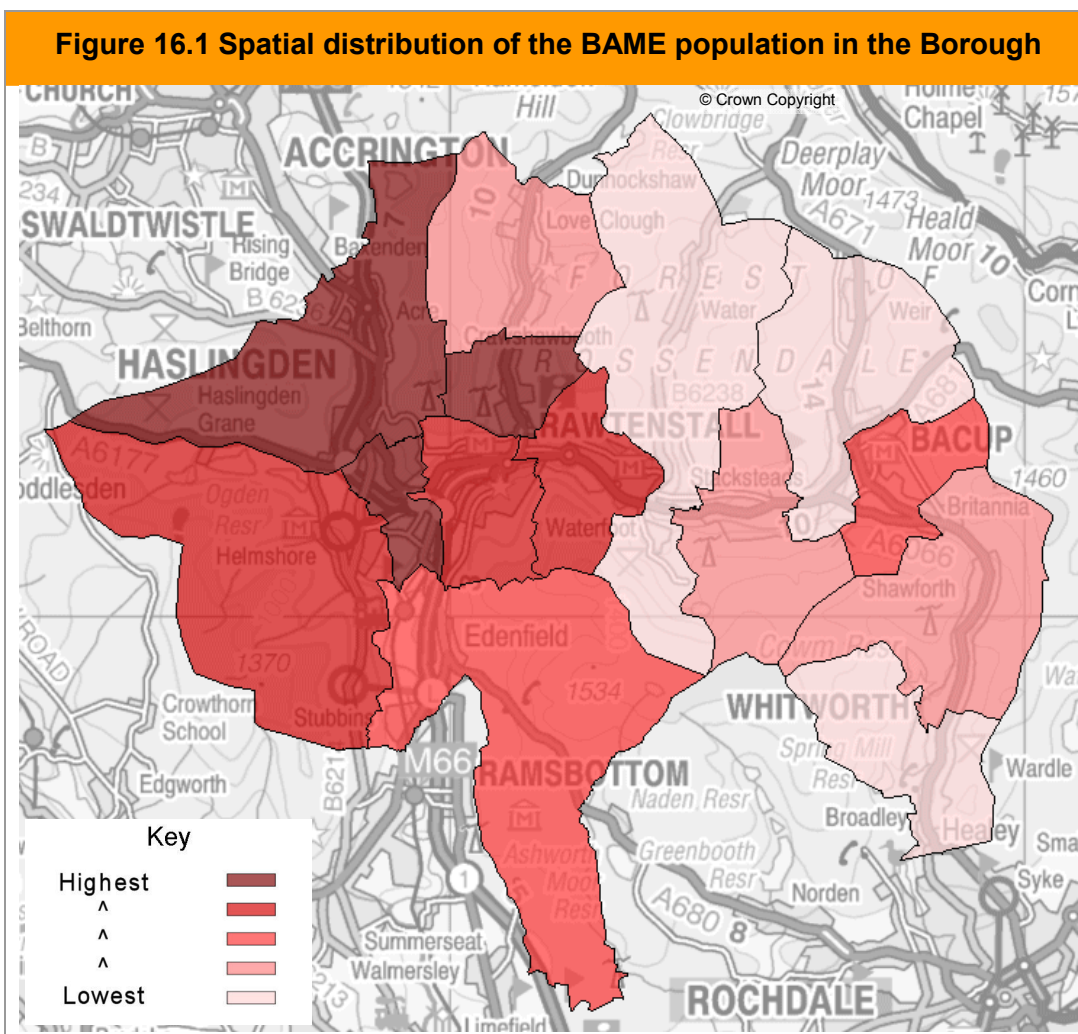
## The BAME household population

- 16.5 The table below shows the proportion of household reference persons who are from each of various ethnic minority groups. The data shows that the proportion of non-white (British/Irish) HRPs is lower in the Borough than found regionally and nationally. In total, in 2001 it was estimated that just 3.1% of HRPs in Rossendale were from a non-white (British/Irish) background. For the purpose of this research BAME has not included White Irish households.
- 16.6 As covered in chapter 4 of this report, the ONS with their experimental statistics have estimated that the ethnic minority population of Rossendale has increased from 4.7% in 2001 to 6.3% in 2005. Though this does provide an indication that the ethnic minority population in Rossendale is increasing, these results should be treated with caution.

Table 16.1 Ethnic group of household reference person (2001)			
Ethnic group	Rossendale	North West	England
White British/Irish	96.9%	95.0%	90.6%
White Other	1.0%	1.2%	2.6%
Mixed	0.3%	0.5%	0.7%
Asian or Asian British	1.6%	2.1%	3.0%
Black or Black British	0.1%	0.7%	2.3%
Other	0.2%	0.5%	0.7%
Total	100.0%	100.0%	100.0%
	27,095	2,812,777	20,451,427

Source: Office for National Statistics 2008 (from 2001 Census data)

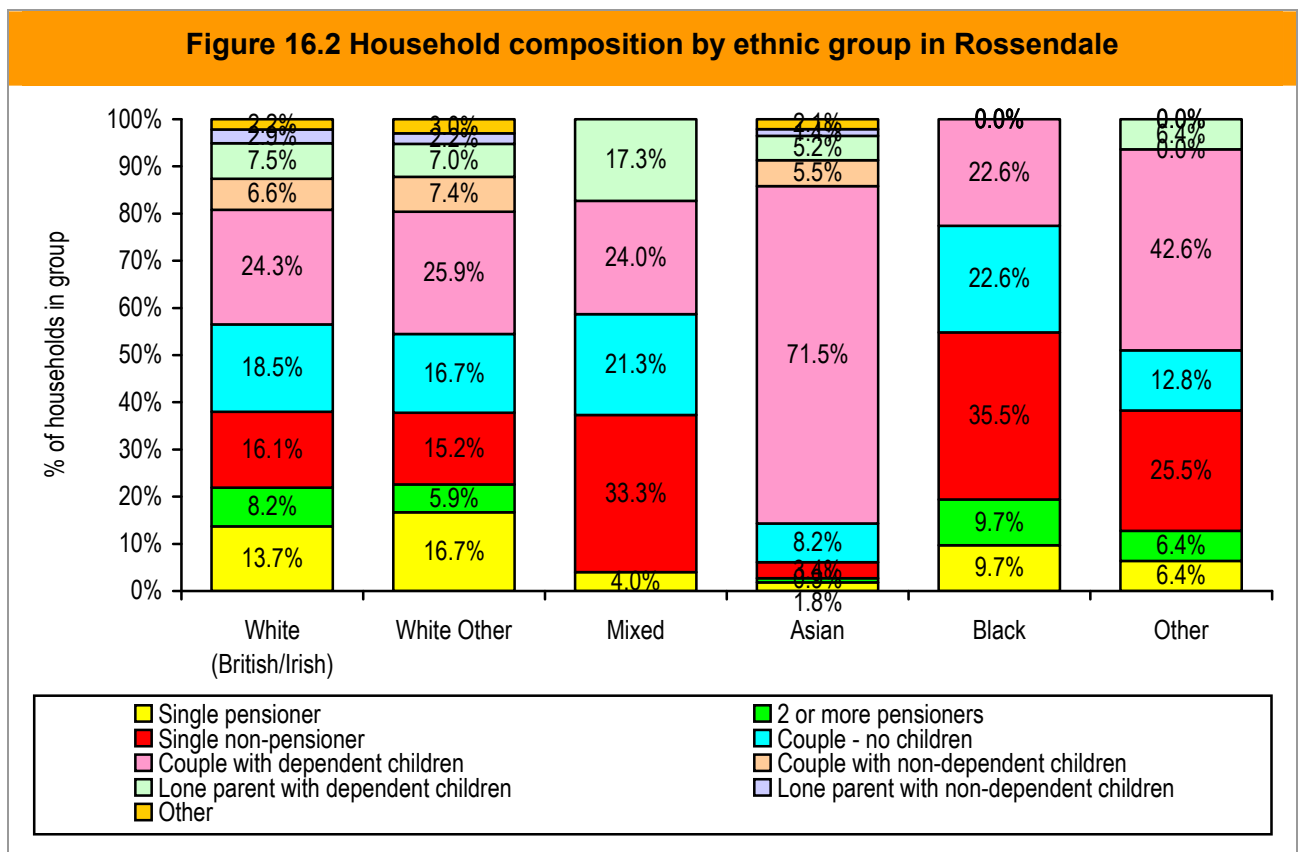
16.7 The map below shows the spatial distribution of the non-white (British/Irish) population in the Borough at ward level. The data shows a concentration of ethnic minority households towards the west of the Borough, about Haslingden and Rawtenstall, and the wards with the lowest proportions of ethnic minority households are concentrated to the east of the Borough.



Source: Office for National Statistics 2008 (from 2001 Census data)

### Household characteristics

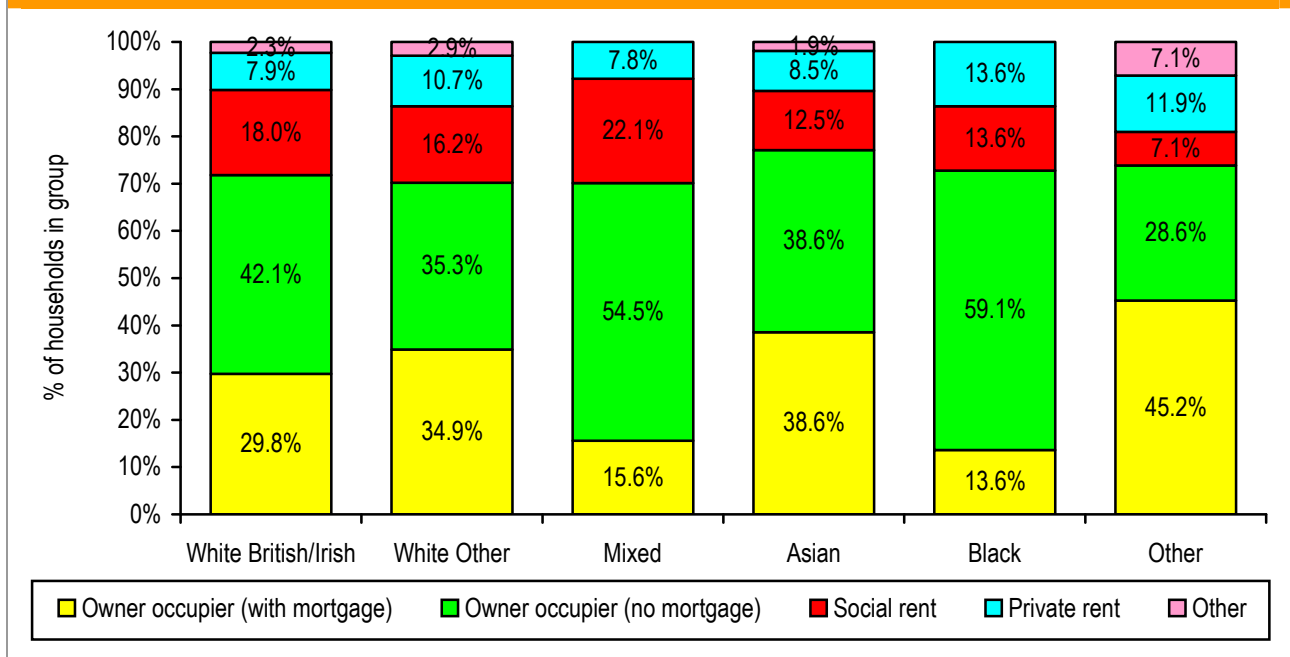
- 16.8 Census data can also be used to provide some broad information about the household and housing characteristics of the ethnic minority population in the study area. The figure below looks at the household composition of six broad groups using data from the 2001 census.
- 16.9 The data clearly shows that there are notable differences between ethnic minority groups and the white (British/Irish) household population in terms of household composition as well as between the different ethnic minority groups. The data suggests that non-white households are less likely than white households to contain only people of pensionable age.
- 16.10 The Asian and Other groups are notable for the large proportion of households with dependent children. Mixed households were the most likely to contain lone parents with dependent children (14.3%).



Source: 2001 Census data (from NOMIS)

- 16.11 The figure below shows the tenure split of households in each of six broad ethnic groups. The data suggests that generally BAME households are more likely to be in owner occupied properties than white (British/Irish) households. Of all the ethnic groups, ethnic minority households are the most likely to be in owner occupation (without a mortgage), whilst black households are the least likely.

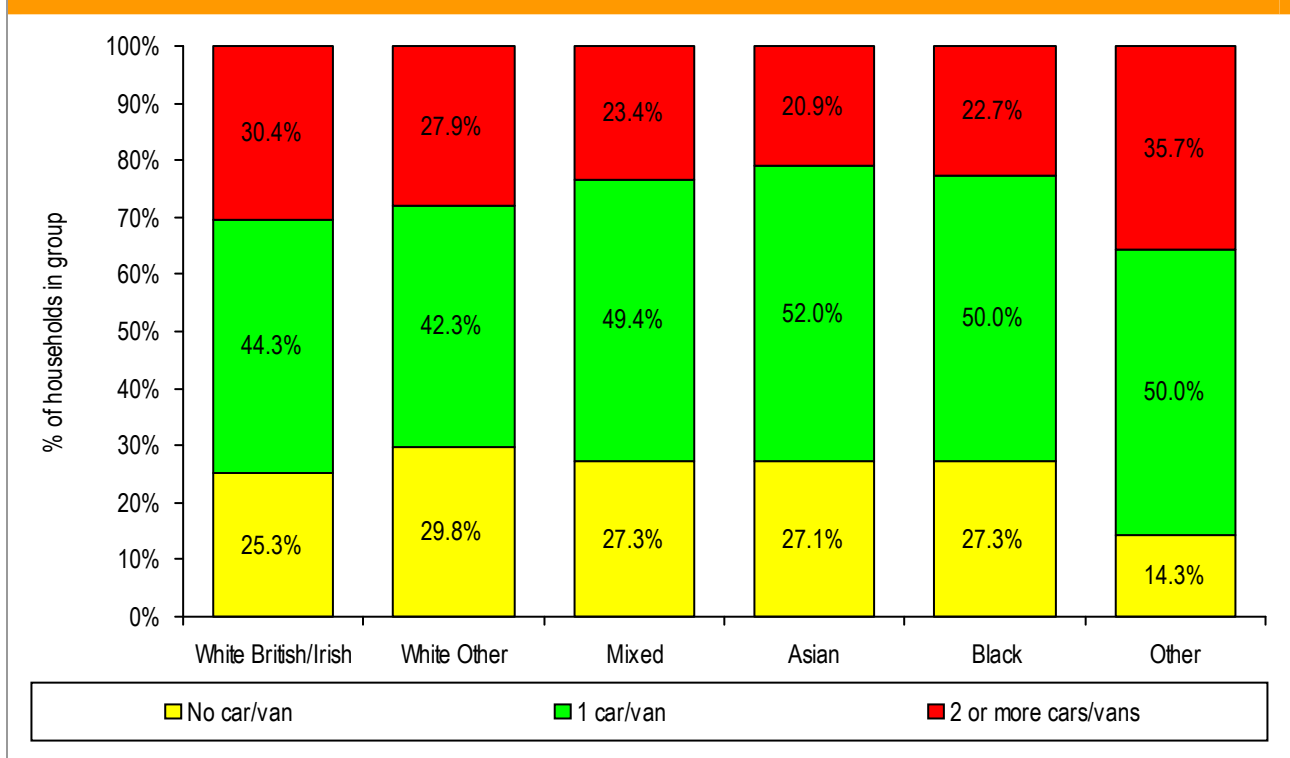
**Figure 16.3 Tenure by ethnic group in Rossendale**



Source: 2001 Census data (from NOMIS)

16.12 Car ownership is another useful variable when looking at the characteristics of BAME households. The data shows relatively little difference between the ethnic groups although 'Other' households are the least likely not to have access to a car.

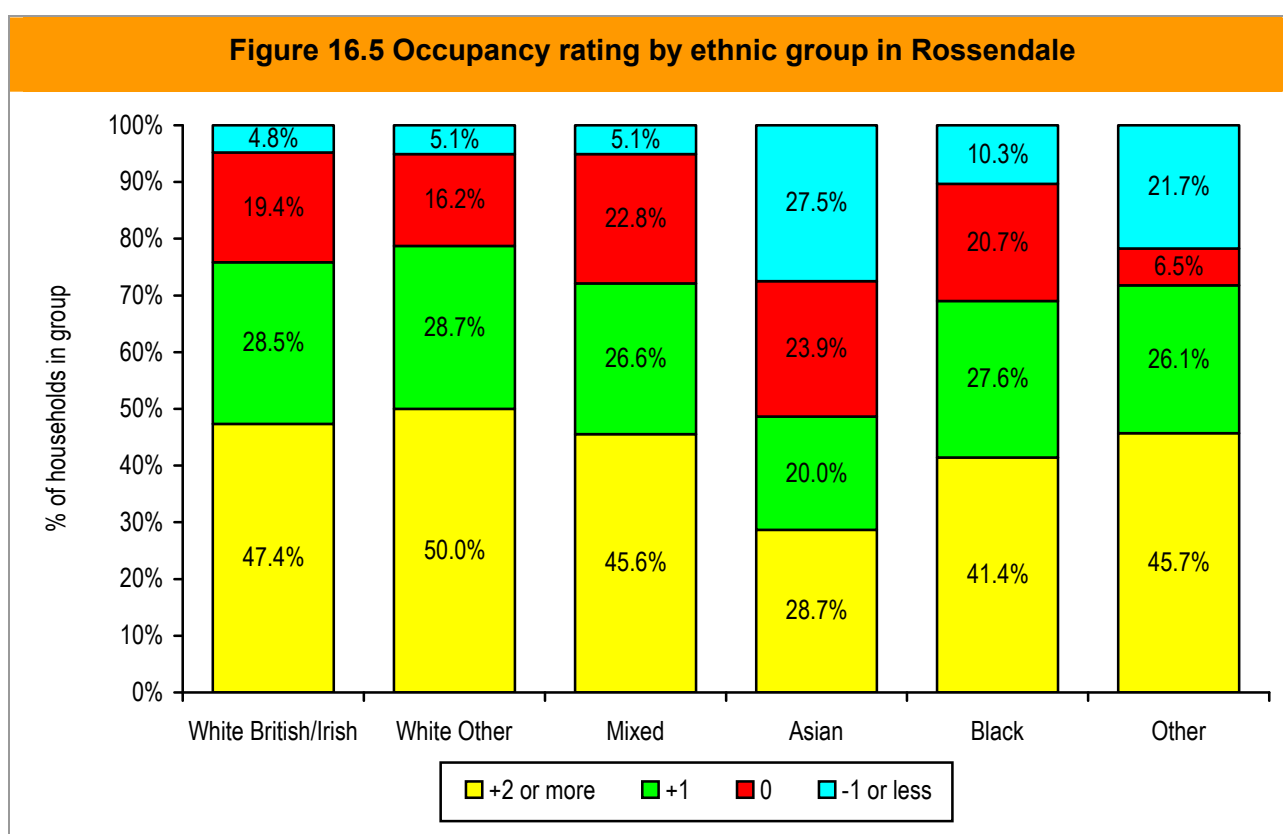
**Figure 16.4 Car/van ownership/use by ethnic group in Rossendale**



Source: 2001 Census data (from NOMIS)



16.13 Earlier in this report we looked at overcrowding and under-occupation using the 'occupancy rating'. This information is also available by ethnic group and has been provided below. The data shows that all BAME groups are more likely to be overcrowded (that is have a negative occupancy rating) than white (British/Irish) households. In particular the Census data suggests that Asian households are most likely to be overcrowded with 27.5% showing an occupancy rating of -1.



Source: 2001 Census data (from NOMIS)

## Survey data

16.14 The housing needs assessment carried out by the local authority contained questions aimed at finding out about the household's ethnic group. Due to the small proportion of such households in Rossendale, the results of an analysis of such data will have a large error margin attached. Nevertheless it is still worth providing an overview of the survey findings.

16.15 The report tends to support the findings from Census data already presented in this chapter. Key findings from the household survey data include:

- BAME households tend to have larger household sizes
- There are relatively few older person only households in the ethnic minority groups, with more households with children

- Incomes are generally higher for ethnic minority households when compared with the rest of the population, although savings were found to be lower. However, with this finding it needs to be noted that there are more ethnic minority households of working age in the Borough.
- BAME households are much more likely to reside in housing classified as unsuitable under the CLG Practice Guidance definition.

## Summary

- i) The BAME population of the Borough is generally smaller than the national and regional averages (BAME taken to be all groups other than white (British/Irish)). The largest ethnic minority group is Asian or Asian British.
- ii) Ethnic minority households show some distinct characteristics when compared with white (British/Irish) households. In general, ethnic minority households were found to be less likely to contain pensioners only, have a higher level of private renting and a higher level of overcrowding. There were also differences between individual ethnic groups.
- iii) Household survey data from the housing needs assessment conducted for the local authority suggests that BAME households are particularly likely to reside in unsuitable housing.

# 17. Households with specific needs

## Introduction

- 17.1 This chapter concentrates on the housing situation of people and households that contain someone with some form of disability. Such disabilities include both those with medical needs (e.g. with a physical disability) and those with support needs (e.g. with a mental health problem).
- 17.2 In this chapter we look at Census data about households with a limiting long-term illness (LLTI) and also data from the housing needs assessments to provide a broad overview of the character of households with some sort of specific need and the spatial variation of such households.

## Limiting long-term illness – Census data

- 17.3 The table below shows the proportion of people with a LLTI and the proportion of households where at least one person has a LLTI. The data suggests that across the Borough about 37.9% of households contain someone with a LLTI. This figure is lower than the equivalent figure for the North West region although higher than the equivalent for England as a whole. The figures for the population with a LLTI show a similar trend when compared with regional and national figures with an estimated 20.3% of the population of the Borough having a LLTI.

<b>Table 17.1 Households and people with limiting long-term illness (LLTI) (2001)</b>				
Area	Households containing someone with LLTI		Population with LLTI	
	%	Number	%	Number
Rossendale	37.9%	10,280	20.3%	13,348
North West	38.4%	1,079,168	20.7%	1,394,609
England	33.6%	6,862,037	17.9%	8,809,194

Source: Office for National Statistics 2008 (from 2001 Census data)

- 17.4 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LLTI, as older people tend to be more likely to have a LLTI. Therefore the table below shows the age bands of people with a LLTI against those who don't. It is clear from this analysis that those people in the oldest age bands are more likely to have a LLTI.

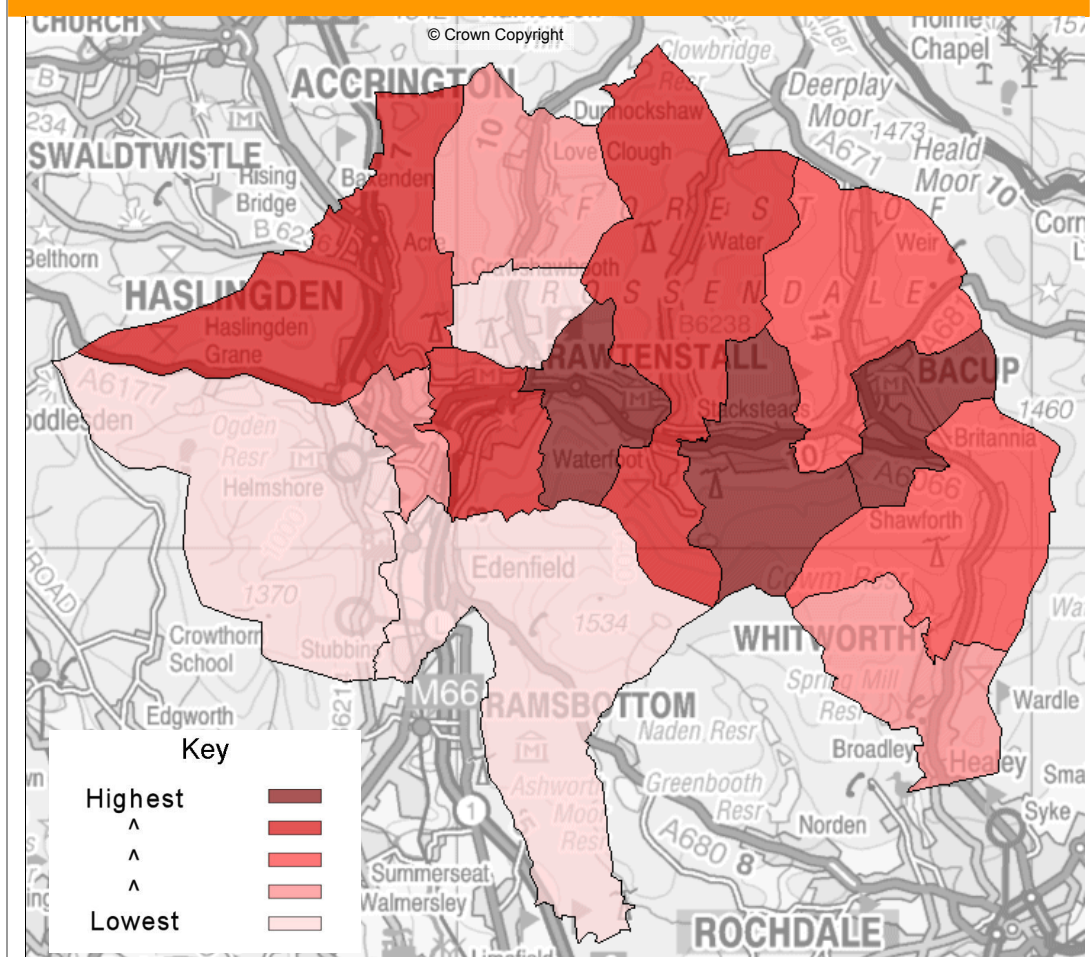
**Table 17.2 Households and people with limiting long-term illness by age band (LLTI) (2001)**

Age band	Population with LLTI	Population without a LLTI	Total population
0-25	8.8%	38.0%	32.3%
25-50	24.1%	38.6%	35.7%
50-75	48.0%	20.7%	26.0%
75+	19.1%	2.7%	5.9%
All people	100.0%	100.0%	100.0%

Source: 2001 Census data (from NOMIS)

17.5 When we look at the spatial distribution of the population with a limiting long-term illness (LLTI) we can see that there is a cluster of wards about Bacup and Rawtenstall with high proportions of people with a long-term limiting illness.

**Figure 17.1 Spatial distribution of population with LLTI in Rossendale**



Source: Office for National Statistics 2008 (from 2001 Census data)

## Characteristics of population with LLTI

- 17.6 Below we look in some detail at the population with a LLTI. It should be noted that the figures are for population and not households and so will to a certain extent be influenced by different household sizes. The split between different groups (e.g. tenure or car ownership/use) will therefore not match the figures split for households (from the 2001 Census) provided at several points in this report.
- 17.7 The first of the tables below looks at the tenure profile of the population with a LLTI compared with that with no LLTI. The data shows that the population with a LLTI are particularly likely to live in social rented accommodation. Nearly a third of the population living in social rented accommodation has a LLTI.

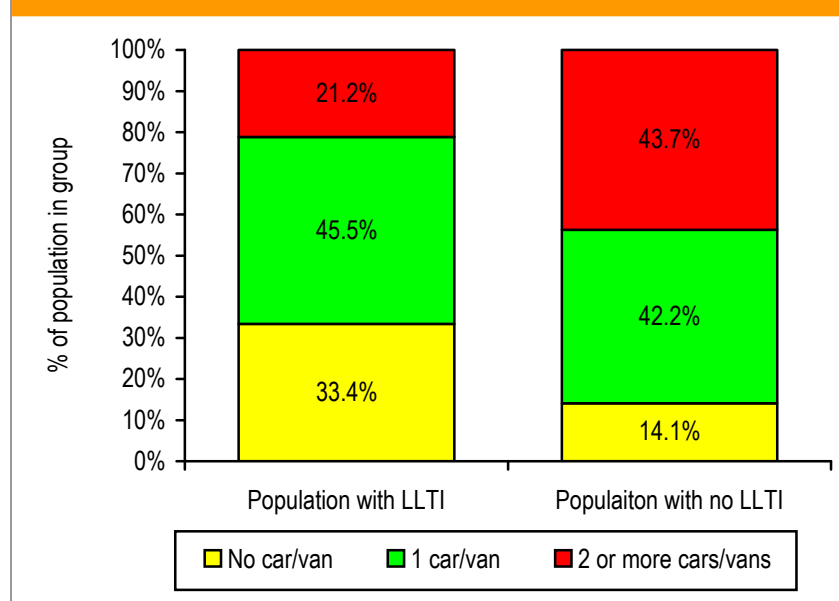
**Table 17.3 Tenure of population with LLTI in Rossendale**

Tenure group	With LLTI	Total population	% of tenure group with LLTI	% of LLTI of each tenure group
Owned	8,152	49,264	16.5%	64.5%
Social rented	3,218	9,887	32.5%	25.5%
Private rented	1,265	5,701	22.2%	10.0%
Total	12,635	64,852	19.5%	100.0%

Source: 2001 Census data (from NOMIS)

- 17.8 We have also used Census data to look at car ownership. The Census suggests that people with a LLTI are far less likely to have access to a car or van than other households. The data is shown in the figure below.

**Figure 17.2 Car/van ownership/use by LLTI in Rossendale**



Source: 2001 Census data (from NOMIS)

## Survey data

17.9 The local housing needs assessment carried out for Rossendale obtained information about households who said that one or more people suffered from one or more of the following disabilities and / or support needs:

- Frail elderly
- Persons with a medical condition
- Persons with a physical disability
- A learning disability
- A mental health problem
- A severe sensory disability
- Other

17.10 Survey data again generally supports the findings above from secondary data and some of the key survey findings can be summarised as:

- The most common group was those with a medical condition, with nearly two thirds of households identifying a disability/support need having at least one member falling into this category.
- Households were generally older, with pensioner only households showing particularly high proportions of people with some form of disability / support need
- Generally the housing situation of households with a disability/support need is worse than other households with such households being typically three to four times more likely to be living in unsuitable housing
- Income levels are universally low, although this is in part due to the fact that older people are more likely to have a disability support need

17.11 Finally, those households with a member with a disability/support need were asked to indicate if there was a need for improvements to their current accommodation and/or services. The most common requirements were for help maintaining their home, lower access shower unit and a downstairs toilet.

## Summary

- i) Data from the 2001 Census suggests that 37.9% of households in the Borough contain someone with a limiting long-term illness (LLTI) whilst 20.3% of the population have a LLTI. These figures are higher than national averages and slightly below regional levels.
- ii) The population with a LLTI is concentrated within the social rented sector and appears to be somewhat disadvantaged (for example having a very low car/van ownership/use compared with other households).
- iii) Household survey data about people with some form of disability or support need tends to support the finding of such households being disadvantaged with survey data showing high levels of housing unsuitability and generally low incomes among households with disability and support needs.





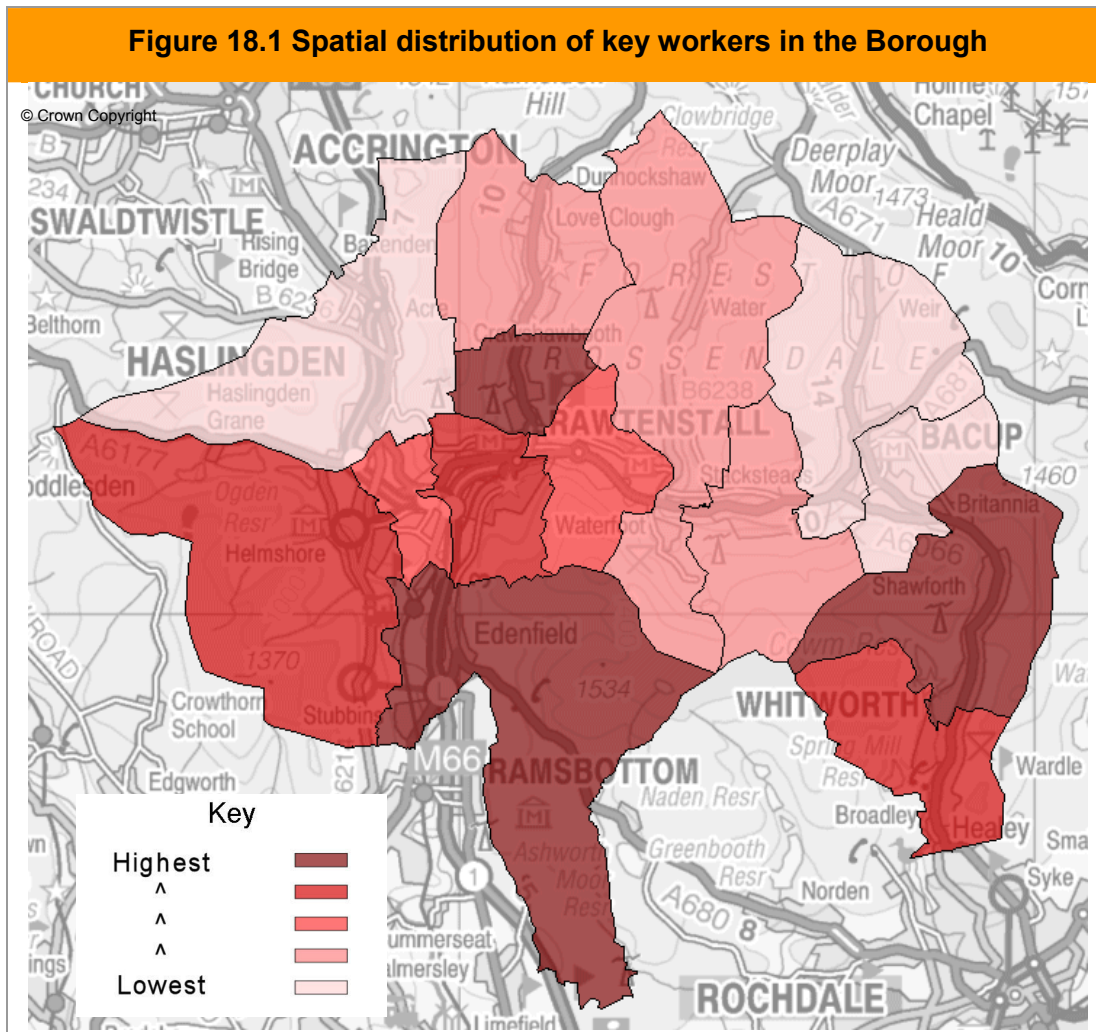
# 18. Key worker households

## Introduction

18.1 The CLG Practice Guidance to strategic housing market assessments identifies an analysis of key worker households as potentially an important area of study. Unfortunately, there is no recognised source of data about key workers against which we can draw information for the purposes of this study. However, it is generally agreed that key worker households are typically those working in the public sector and the Census does provide some information about the population whose employment falls into the category of 'Public administration, education and health'. We have therefore looked at information from this group of the population as well as drawing on information from the local authorities most recent housing needs survey.

## Census data

- 18.2 Census data suggests that across the whole study area about 24.9% of people who are working are employed in public administration, education or health. This proportion is similar to the equivalent figures for the region and for England as a whole (25.6% and 24.1% respectively).
- 18.3 The map below shows how this proportion varies by ward across the study area. There is no significant pattern although Whitworth and Helmshore and Edenfield show the highest proportions of key workers.



### Character of key workers

- 18.4 The Census provides some additional data about the group of people working in public administration, education and health and below we have tabulated data about the ages of such people and the social group in which their employment falls.
- 18.5 The first table below shows that 'key workers' are typically older than other people in employment. Overall it is estimated that 15.7% of key workers are aged under 30. This compares with 25.2% of other working people.

**Table 18.1 Age of 'key workers' in Rossendale**

Age group	Key worker	Non-key worker	All working people
Under 30	1,169	5,657	6,826
30 to 39	2,017	5,999	8,016
40-49	2,283	5,078	7,361
50 to 59	1,713	4,564	6,277
60 and over	260	1,138	1,398
<b>Total</b>	<b>7,442</b>	<b>22,436</b>	<b>29,878</b>
Under 30	15.7%	25.2%	22.8%
30 to 39	27.1%	26.7%	26.8%
40-49	30.7%	22.6%	24.6%
50 to 59	23.0%	20.3%	21.0%
60 and over	3.5%	5.1%	4.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2001 Census data (from NOMIS)

18.6 The table below shows the social group in which the key worker's employment falls. The data suggests that key workers are much more likely to be within social groups 1 to 3 than other working people. In total 54.8% of key worker employment is within groups 1-3, compared with just under a third of other working people. However, there are an estimated 31.3% of key workers whose employment falls into groups 6 to 9 and for whom pay levels are likely to be lower.

**Table 18.2 Social group of 'key workers' in Rossendale**

Social group	Key worker	Non-key worker	All working people
1 to 3	4,078	7,330	11,408
4 and 5	1,036	6,053	7,089
6 and 7	1,889	2,582	4,471
8 and 9	442	6,465	6,907
<b>Total</b>	<b>7,445</b>	<b>22,430</b>	<b>29,875</b>
1 to 3	54.8%	32.7%	38.2%
4 and 5	13.9%	27.0%	23.7%
6 and 7	25.4%	11.5%	15.0%
8 and 9	5.9%	28.8%	23.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2001 Census data (from NOMIS)

## Survey data

18.7 The survey form collected information on the employment group of each employed member of the household. There were two categories of employment that could be considered as key workers:

- Education
- Health and social work

18.8 The main findings from the survey regarding key workers are summarised below:

- Key worker incomes and savings are generally higher than for other households where someone is in employment.
- A relatively small proportion of key worker households that are unable to afford market housing would potentially be suitable for intermediate housing products

## Summary

- i) Census information about people working in 'public administration, education or health' has been used as a proxy for key workers. This data source suggests that 24.9% of employed people work in this industry across the Borough.
- ii) 'Key workers' tend to be slightly older and are generally employed in jobs which fall into the highest social groups.
- iii) Information from household survey data generally suggests that key workers income and savings are higher than non-key workers in employment.

# 19. Older person households

## Introduction

19.1 Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. Indeed, as population projections show earlier in this document, the number of older people in the population is expected to increase significantly over the next few years. This chapter of the report therefore looks at the characteristics of the older person population. Data is largely drawn from Census information although this is supplemented by information provided to the local authority as part of the recent housing needs assessment.

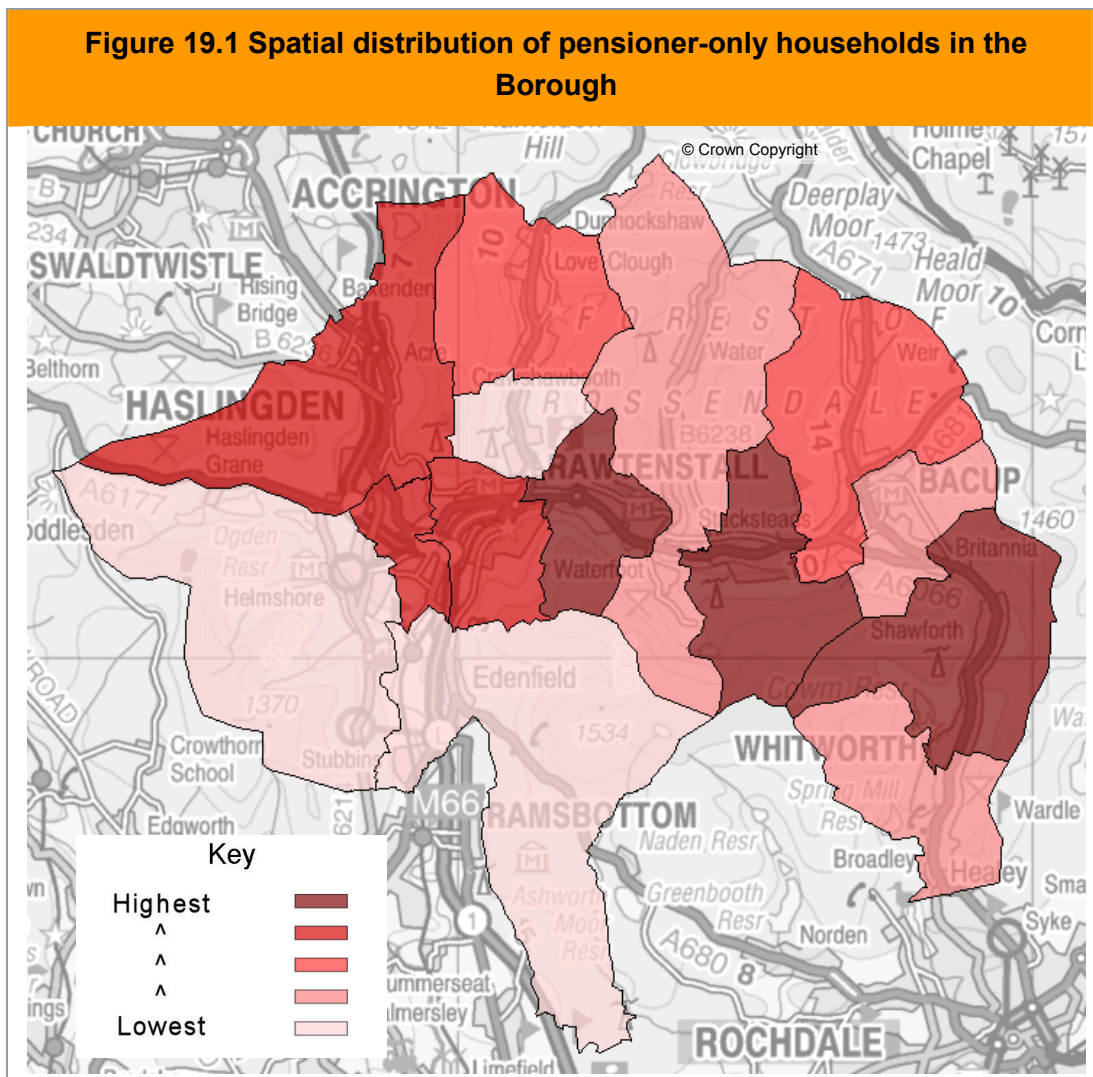
## Number and distribution of older persons

19.2 The tables below show the number and proportion of older person households at the time of the 2001 Census. The data shows that overall the proportion of households in the Borough containing only pensioners is lower than both national and regional equivalents. At the time of the Census it was estimated that just over a fifth (21.6%) of households in Rossendale were pensioner only. This figure is made up of 13.5% single pensioner households and 8.1% of households with two or more pensioners.

<b>Table 19.1 Pensioner households (Census 2001)</b>			
	Rossendale	North West	England
Pensioner households			
Single pensioner	3,662	423,623	2,939,465
2 or more pensioners	2,188	250,089	1,908,837
All households	27,110	2,812,789	20,451,427
Single pensioner	13.5%	15.1%	14.4%
2 or more pensioners	8.1%	8.9%	9.3%
Total % pensioner only	21.6%	24.0%	23.7%

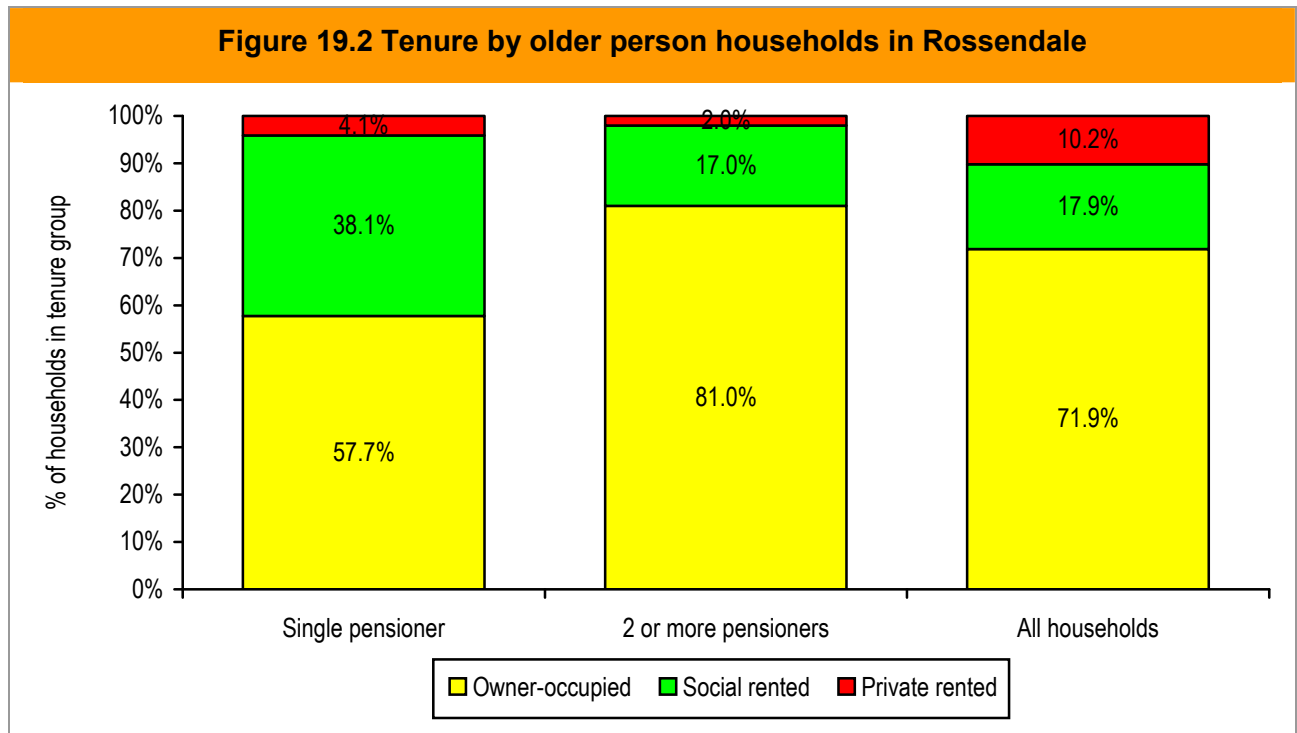
Source: Office for National Statistics 2008 (from 2001 Census data)

19.3 The map below shows how the proportion of pensioner-only households varies by wards. Although no clear pattern is shown, the map shows that the wards about Helmshore and Edenfield have the lowest proportions of pensioner-only households.



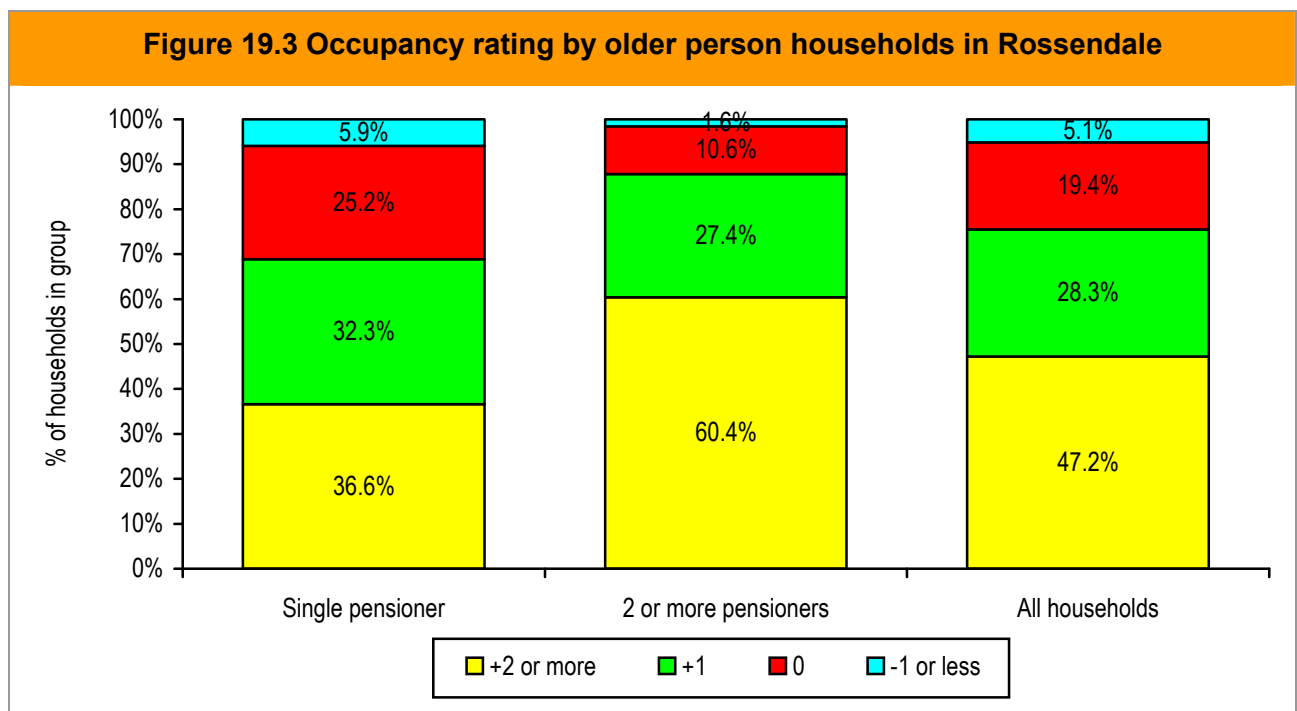
### Character of older person households

- 19.4 We have used Census data to explore in further detail some characteristics of older person households. Where possible, data has been split between single pensioner households and households with two or more pensioners (and no other people).
- 19.5 The figure below shows the broad tenure split of older person households in the Borough. The data shows a considerable difference between single pensioner and two or more pensioner households in terms of tenure split. Households with two or more pensioners are much more likely to be in owner occupation than single pensioners or all households. Single pensioner households are much more likely to be in social rented accommodation.



Source: 2001 Census data (from NOMIS)

19.6 A key theme that is often brought out in SHMA work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the occupancy rating. The data is shown in the figure below. The data shows that pensioner households, particularly those with two or more pensioners, are particularly likely to be under-occupying their dwelling. In total it is estimated that three fifths (60.4%) of two or more pensioner households have an occupancy rating of +2 or more.



Source: 2001 Census data (from NOMIS)

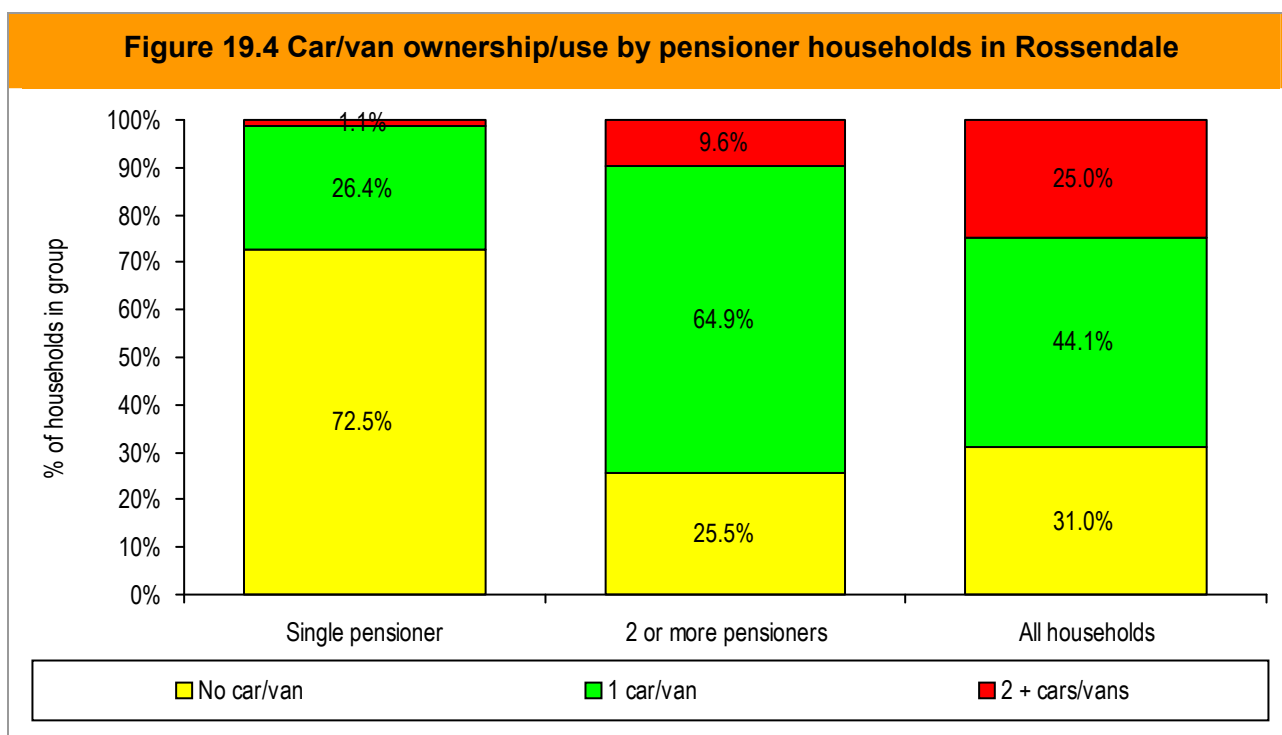
19.7 It is of interest to study the above information by tenure. The table below shows the number of pensioner households who have an occupancy rating of +2 or more in each of the three broad tenure groups. The table indicates that whilst the vast majority of older person households with an occupancy rating of +2 or more are in the owner-occupied sector, there are 179 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more which may therefore present some opportunity to reduce under-occupation.

**Table 19.2 Pensioner households with occupancy rating of +2 or more by tenure in Rossendale (Census 2001)**

Pensioner households	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	1,110	1,234	2,344
Social rented	125	54	179
Private rented	107	30	137
All tenures	1,342	1,318	2,660

Source: 2001 Census data (from NOMIS)

19.8 The final piece of data from the Census that we have investigated is car/van ownership/use. This information is shown on the figure below. The data clearly shows that single pensioner households are far less likely than other households to have access to a car or van.



Source: 2001 Census data (from NOMIS)



## Survey data

19.9 The report for Rossendale based on survey data from housing needs assessments contained an analysis of the situation of older person households. The analysis concentrated on households where all members were of pensionable age (60 and over for females and 65 and over for males). In general the results from the survey data supports the findings from the Census information presented above. Some of the key findings of the survey work across the Borough include:

- Older person households were generally small with virtually all containing only one or two persons. Nearly half of all single person households were found to be pensioner-only
- Older person households appeared to be concentrated in the owner-occupied sector, particularly owners with no mortgage. Nevertheless the proportion of older person households living in social rented accommodation was generally higher than for other households
- Survey data indicated that under-occupation is a significant issue in older person households with a great many living in larger (3 or more bedroom) accommodation whilst their requirements would be for smaller accommodation.
- Survey data suggested that there is a demand amongst older person households for a retirement village. More than four-fifths of older person only households were interested in moving into a retirement village.

### Stakeholder comments

19.10 Stakeholders identified that older people in Rossendale are equity rich but income poor. It was also suggested that there is a need for maintenance in many older person households. Helping these households to downsize was a priority for Green Vale Homes (Rossendale Borough Council's LSVT).

## Summary

- i) Older person households make up a slightly lower proportion of the household population in the Borough to equivalent regional and national figures. About 21.6% of all households in the Borough as of 2001 were comprised only of people of pensionable age.
- ii) There is a significant difference in relative prosperity of single pensioner and multiple pensioner households. Single pensioners are over-represented within the social rented sector and tend to have limited use or ownership of a car or van whilst multiple older person households are more likely than average to be owner-occupiers and have a higher level of car/van availability.
- iii) Under-occupation is a key feature of the older person population and Census data suggest that a large proportion of older person households (particularly multiple older persons) have a high occupancy rating. Whilst much of the under-occupancy is in the owner-occupied sector there are also a number of households who are under-occupying social rented accommodation.
- iv) The results obtained from Census data are supported by information available from the council's housing needs assessment.

## 20. Families

### Introduction

20.1 Guidance recognises the importance of providing housing for families to help create mixed communities. In this section of the report we look at Census data regarding the situation of households that contain children. For the purposes of analysis of the Census data we concentrate on households containing dependent children and have broadly split information into four groups:

- Married couples with dependent children
- Cohabiting couples with dependent children
- Lone parents with dependent children
- Other households with dependent children

### Number of families

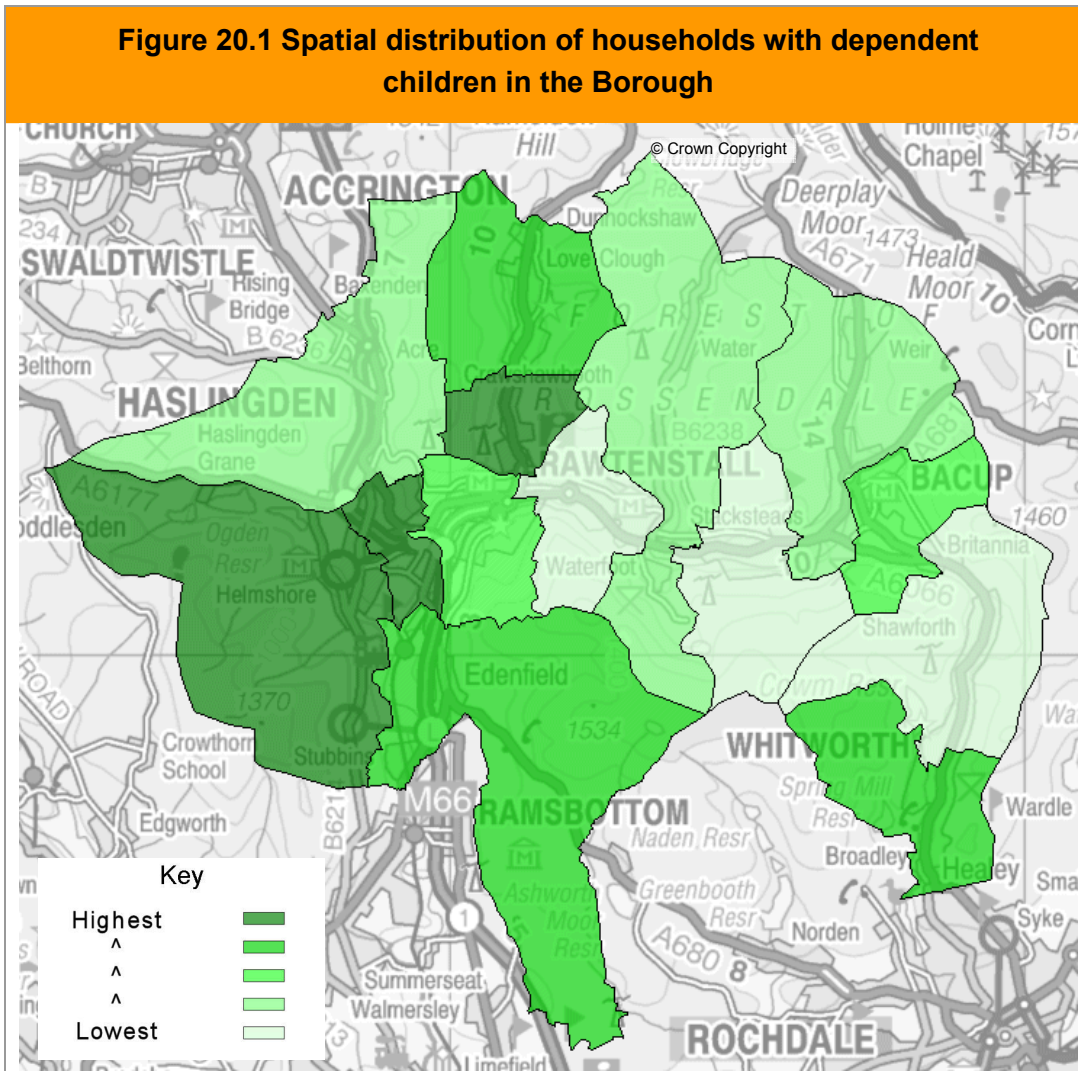
20.2 The tables below show the number of households with dependent children in the Borough and other associated areas. The data shows that across the area just under a third of households (32.5%) contained dependent children; this is slightly higher than the proportions found regionally and nationally.

**Table 20.1 Households with dependent children (Census 2001)**

Household type	Rossendale	North West	England
Married couples with dependent children	4,944	480,977	3,591,335
Cohabiting couples with dependent children	1,321	96,870	661,073
Lone parents with dependent children	2,023	215,610	1,311,974
Other households with dependent children	530	62,728	458,369
All households	27,110	2,812,789	20,451,427
Married couples with dependent children	18.2%	17.1%	17.6%
Cohabiting couples with dependent children	4.9%	3.4%	3.2%
Lone parents with dependent children	7.5%	7.7%	6.4%
Other households with dependent children	2.0%	2.2%	2.2%
All households	100.0%	100.0%	100.0%
Total % with dependent children	32.5%	30.4%	29.4%

Source: Office for National Statistics 2008 (from 2001 Census data)

20.3 The map below shows the proportion of households with dependent children in each ward. The data for the figures have been split into five broad categories (from highest proportion of households with dependent children to the lowest). The data shows high proportions of dependent children towards the west of the Borough, about the area of Helmshore.



### Characteristics of households with children

20.4 Using Census data we are able to provide some characteristics of households with dependent children. The data shows that the tenure profile of all households with dependent children does not vary much from the profile of all households in the Borough, although all households with dependent children are more likely to be in owner occupation. However, there are considerable differences between the different groups of households with dependent children. Particularly of note are the higher number of married couples living in owner-occupied accommodation (89.1%) and the large proportion of lone parents in the private and social rented sectors (24.1% and 37.4% respectively).

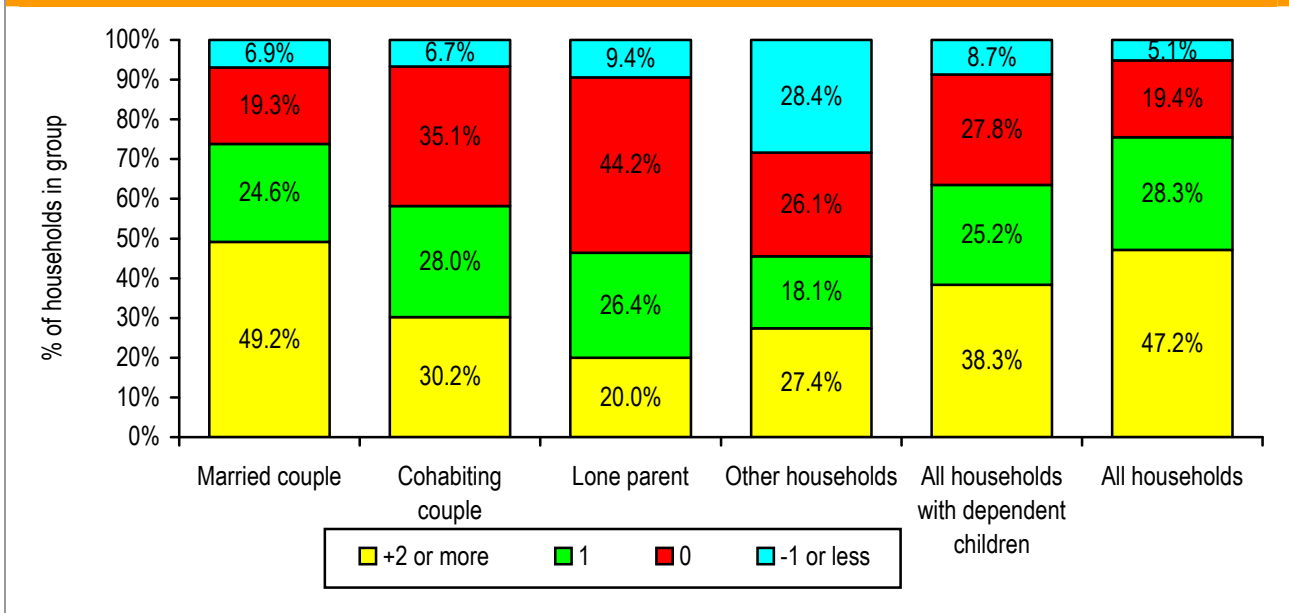
**Table 20.2 Tenure of households with children in Rossendale**

Tenure	Married couples with dependent children	Cohabiting couples with dependent children	Lone parents with dependent children	Other households with dependent children	All households with dependent children	All households
Owner-occupied	5,900	855	778	391	7,924	19,493
Social rented	454	315	757	88	1,614	4,845
Private rented	267	151	488	50	956	2,765
Total	6,621	1,321	2,023	529	10,494	27,103
Owner-occupied	89.1%	64.7%	38.5%	73.9%	75.5%	71.9%
Social rented	6.9%	23.8%	37.4%	16.6%	15.4%	17.9%
Private rented	4.0%	11.4%	24.1%	9.5%	9.1%	10.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Office for National Statistics 2008 (from 2001 Census data)

- 20.5 Overcrowding is a key theme when looking at the housing needs of households with children. Census data allows us to look at the numbers and proportions of households in each of the various groups who are overcrowded on the occupancy rating (having a negative occupancy rating). The figure below shows the occupancy rating for the various households groups and how this compares with all households in the study area.
- 20.6 The data shows that households with dependent children are slightly more likely than other households to be overcrowded (negative occupancy rating) although this varies tremendously for different household groups. The 'other' group of households contains a very high proportion of overcrowded households. This group is likely to be mainly larger households and will often be extended family households. Other than this group, lone parents are notably more likely to be overcrowded than two parent families.

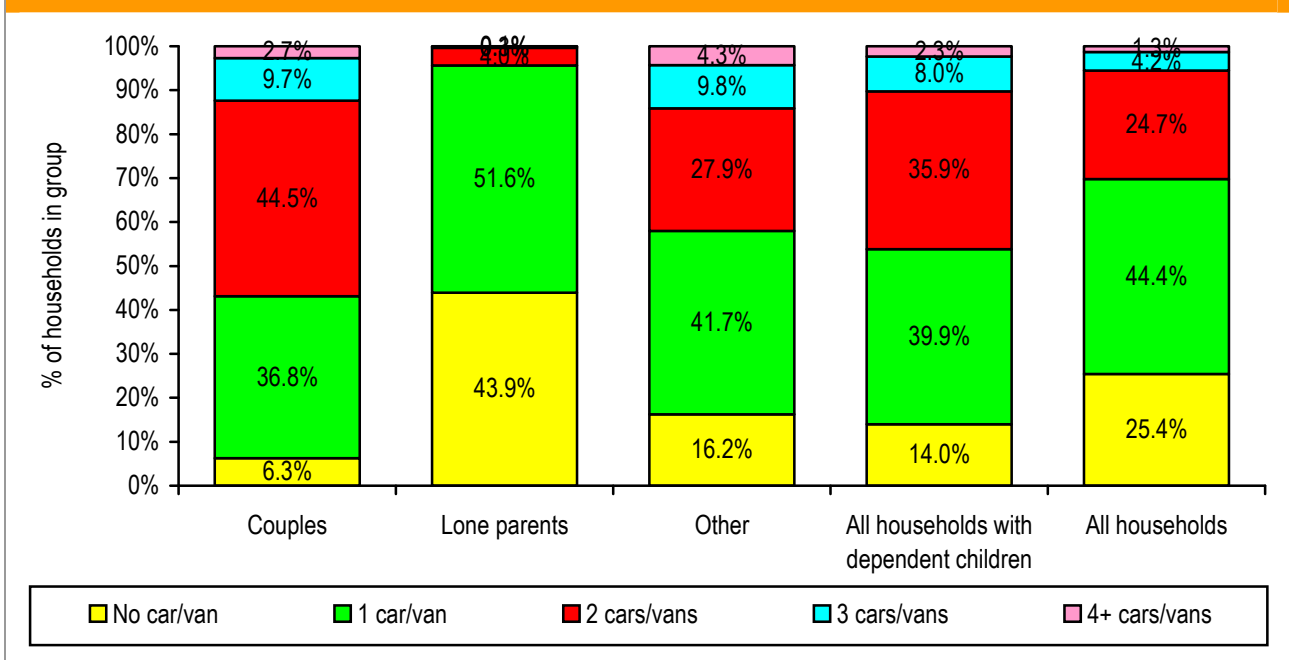
**Figure 20.2 Occupancy rating by households with dependent children in Rossendale**



Source: Office for National Statistics 2008 (from 2001 Census data)

20.7 The final piece of data from the Census that we have investigated is car/van ownership/use. This information is shown on the figure below. The data shows that overall households with dependent children are more likely to have access to a car or van than all households. However, the data also clearly shows that lone parent households are far less likely than other households to have access to a car or van. It should be noted that for the purposes of this analysis the Census outputs do not differentiate between married and cohabiting couples with dependent children.

**Figure 20.3 Car/van ownership/use by households with dependent children in Rossendale**



Source: Office for National Statistics 2008 (from 2001 Census data)

## Survey data

- 20.8 The housing needs assessments profiled households with children split between lone parent households, households with young children and households with older children. Households with young children are those where the children's age is under 8 or the average age of the children is under 8. Households with older children are those where the children's age is 8 or over or the average age of the children is 8 or over.
- 20.9 Some of the key findings from survey work across the Borough include:
- Lone parent families are particularly likely to reside in the social rented sector, however the other two family groups are more likely than average to be owner-occupiers
  - Lone parent and families with older children are particularly likely to be in unsuitable housing
  - Families with young children and lone parent households are the most likely to state that they need and/or are likely to move within the next two years.

## Summary

- i) Data from the Census suggests that about 32.5% of households in the Borough contain dependent children; this is slightly higher than regionally and nationally figures.
- ii) Census data suggests that the overall characteristics of households with children are not much different to the household population as a whole. Nevertheless, there are significant differences between the different groups. In particular, married couple households with dependent children show higher levels of owner-occupation and car/van ownership/use; lone parents are more likely to live in rented housing and have low car/van ownership/use.





# 21. Households living in rural areas

## Introduction

21.1 This chapter addresses the character of the housing in rural parts of the Borough. The discussion begins with background on the general rural issues, followed by information from the household survey which compares rural to urban households. Finally the chapter uses survey data to examine the issue of the accessibility of a range of services in rural areas of Rossendale.

## Background on rural issues

21.2 A major step in addressing rural issues was the Rural White Paper *Our Countryside: The Future - A Fair Deal for Rural England* (2000). It reviews a wide range of matters that have led to problems for those living in rural areas. The following are some key comments:

**Figure 21.1 Excerpt from Rural White Paper 'Our Countryside: The Future - A Fair Deal for Rural England' 2000**

*'The character vitality and beauty of our countryside are important to all of us. But many rural communities are going through difficult changes. Basic services have become over-stretched. In traditional industries such as farming incomes are falling and jobs are disappearing. There has been pressure for unwelcome development. Wildlife diversity has declined'* (pp. 4)

*'Change in the countryside is nothing new, but over the past 20 years, the pressures have become acute. Many rural areas are prosperous but elsewhere there is real loss....farm incomes have fallen 60% in the last five years, as a result of global competition, exchange rates and the effects of BSE'* (pp. 9)

*'In rural counties monitored between 1965 and 1990 each year 1 or 2% of small settlements experienced closure of their last general store or food shop, representing a loss for about 15% of rural communities over this period. Between 1991 and 1997 a total of 4,000 food shops closed in rural areas. Closures of rural schools increased in the 1970's to reach a peak of 127 in 1983 continuing at about 30 a year up to 1997 and declining to 2 in 1999'* (pp.9)

Source: Rural White Paper: *Our Countryside: The Future - A Fair Deal for Rural England* (2000)

21.3 The white paper went on to identify a number of areas of concern: the decline of incomes, of service infrastructure and of population. The white paper addresses the issue of deprivation in rural communities: a problem often made worse by their isolated state, and exacerbated by ill-health.

- 21.4 The white paper considers the vital services required by villages and what is involved in improving the situation. Apart from grant aid where appropriate, measures would include more tourism and conservation, trying to balance the need for rural people to earn a living with the need to preserve an environment, landscape and culture that can both be enjoyed by rural people and by those who come from urban areas and elsewhere to enjoy it.
- 21.5 One of the key issues in rural areas is affordable housing. Not only is poverty more difficult to manage in a rural area, given the distance to other services (and in some cases simply the distance to other people) but also the Right to Buy policy effect has removed rural affordable housing supply on an even greater scale than in urban areas. As a result of this the Government set up the Affordable Rural Housing Commission, which published its final report in 2006.
- 21.6 In terms of need, the Commission states:

**Figure 21.2 Excerpt from Affordable Rural Housing Commission's Final Report 2006**

*'The Commission's inquiry has revealed an acute shortage of affordable housing in rural areas of all regions of England' (pp.2)*

Source: Affordable Rural Housing Commission: Final Report (2006)

- 21.7 It points out that prices are rising even faster in rural areas than urban, with an increase of 73% over the period 2000 to 2005 compared with 68% in urban areas, and rural prices are themselves higher than urban ones. Although average earnings in rural areas are boosted by the effect of people commuting to well paid jobs elsewhere, workplace-based earnings figures (considered to be more representative of the local workforce) show that average earnings in 2004 to 2005 in the most rural districts were only £17,400, compared with £22,300 in major urban districts (page 15). This highlights the rural housing problem. Clearly the disparity in house prices is due to an urban rather than rural 'driver', which identifies one of the underlying problems of the town dominating the country.
- 21.8 The Commission urges more consistency in the measurement of need:

**Figure 21.3 Excerpt from Affordable Rural Housing Commission's Final Report 2006**

*Needs assessment should 'start from the bottom-up through housing market and housing need assessments containing enough detail to identify what rural communities have and what they require. The Commission recommends that a consistent means of measuring need is developed which can be operated at local, regional and national levels. Progress will be hampered if the way need is assessed locally is inconsistent with Government's approach nationally' (pp.3)*

Source: Affordable Rural Housing Commission: Final Report (2006)

21.9 Using its best estimates, the Affordable Rural Housing Commission judges that 11,000 new dwellings should be built in settlements of 10,000 or less. The aim is to achieve six new affordable dwellings per rural ward, whose population is typically about 5,000. The Commission recognise that there will be local hostility to any new development in many instances, and calls for a 'bottom-up consensus' to ensure that their recommendations are fulfilled.

21.10 The Commission does not expect public funding to do the job, and sends a clear message:

**Figure 21.4 Excerpt from Affordable Rural Housing Commission's Final Report 2006**

*'We believe that if local authorities use the tools they already have, particularly those relating to quotas and site thresholds, coupled with those we recommend, they may be able to secure considerably more affordable housing, even from current levels of market build.'* (pp.18)

Source: Affordable Rural Housing Commission: Final Report (2006)

21.11 This is moderated by recognition that local authorities in rural areas have limited staff and budgets (page 28).

21.12 Second homes, which are one of the reasons for upward pressure on price; also have a damaging effect on community life by meaning that the homes in question are only occupied at weekends and by households that do not have any functional connection to the area. The Commission considers that the impact of the problem is at national scale only modest: 93,000 across all rural areas (page 62), though locally acute on coasts and in areas of high landscape value.

21.13 The Commission makes a number of suggestions for innovative funding of rural housing and its management. These are not the main focus in the present context, where we are mainly concerned with establishing a reliable evidence base on affordability issues that exist in rural areas.

21.14 This brief review of two of the key documents on rural issues provide some general statistics and comment relevant to the housing problems that arise due to rurality itself. The following sections provide some statistics on the rural parts of the Borough.

### Survey data

21.15 In order to produce a meaningful database for analysis the Borough was subdivided. This was done by assigning each household with an urban or rural classification based on the National Statistics Rural and Urban Classification of Output Areas (May 2007). Households were assigned one of four categories based on their postcode. The postcode is considered to be 'Urban' when the majority of the Output Area live within settlements with a population of 10,000 or more. The remaining three categories comprise the rural area, which is divided into 'Towns and Fringes', 'Villages' and 'Hamlets'; the latter includes isolated dwellings.

21.16 The table below indicates the urban and rural classification that each household in the study area is recorded in. The data shows that some 85.0% of households in Rosendale are urban, with 3.8% classified as 'town and fringe', 6.6% resident in a village and 4.6% of households found in hamlets or smaller settlements.

<b>Table 21.1 Urban/rural classification of households (based on 4 categories)</b>		
Classification	Number of households	Percentage of households
Urban	24,483	85.0%
Town and Fringe	1,101	3.8%
Village	1,888	6.6%
Hamlet	1,328	4.6%
Total	28,800	100.0%

Source: Rosendale household survey data (2007)

21.17 The National Statistics Rural and Urban Classification indicates that all classifications listed above other than urban can be considered rural. We will therefore consider the nature of urban households against the remainder, which we will term 'rural'.

### Household characteristics

21.18 The table below shows the variation in the tenure profile of urban and rural households in Rosendale. The data indicates that rural households are more likely to owner occupy (with a mortgage), with urban households much more likely to rent (either social or private rented). Over 30% of urban households in Rosendale are resident in rented accommodation compared to just over a tenth of rural households.

**Table 21.2 Urban/rural households and tenure**

Tenure	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Owner-occupied (no mortgage)	7,190	29.4%	1,494	34.6%
Owner-occupied (with mortgage)	10,002	40.9%	2,306	53.4%
Social rented	4,229	17.3%	376	8.7%
Private rented	3,062	12.5%	141	3.3%
<b>Total</b>	<b>24,483</b>	<b>100.0%</b>	<b>4,317</b>	<b>100.0%</b>

Source: Rossendale household survey data (2007)

21.19 The table below shows the variation in the household profile of urban and rural households. The data indicates that the rural part of Rossendale contains a higher proportion of households with two or more adults and no children, whilst the urban part of the Borough contains a higher proportion of lone parent and single person households.

**Table 21.3 Urban/rural households and household type**

Household type	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Single pensioners	3,610	14.7%	489	11.3%
2 or more pensioners	2,036	8.3%	357	8.3%
Single non-pensioners	4,383	17.9%	571	13.2%
2 or more adults - no children	7,350	30.0%	1,768	41.0%
Lone parent	2,029	8.3%	114	2.6%
2+ adults 1 child	2,188	8.9%	462	10.7%
2+ adults 2+ children	2,886	11.8%	556	12.9%
<b>Total</b>	<b>24,482</b>	<b>100.0%</b>	<b>4,317</b>	<b>100.0%</b>

Source: Rossendale household survey data (2007)

21.20 The table below shows the location of support needs households in Borough. The tables indicate that over a quarter of urban households contain a member with support needs compared to just under a fifth of households living in the rural parts of Rossendale.

**Table 21.4 Urban/rural households and support needs**

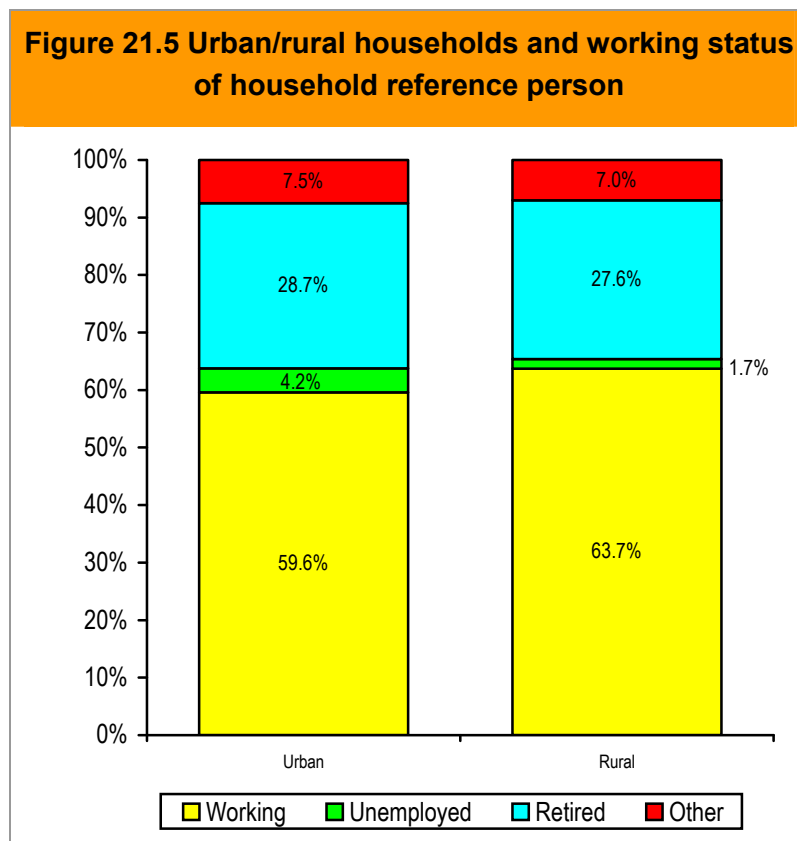
Support needs	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Support needs	6,180	25.2%	823	19.1%
Non support needs	18,303	74.8%	3,494	80.9%
<b>Total</b>	<b>24,483</b>	<b>100.0%</b>	<b>4,317</b>	<b>100.0%</b>

Source: Rossendale household survey data (2007)

## Economic status

21.21 The figure below shows how the economic status of the household reference person(HRP) varies between urban and rural areas. For the purpose of analysis the survey respondent is taken to represent the household reference person.

21.22 The data indicates that there is relatively little variation between urban and rural households, although urban households heads are slightly less likely to be employed and are more likely to be unemployed than rural household heads.



Source: Rossendale household survey data (2007)

21.23 The table below presents information on the workplace location of the employed household heads. The data suggests that employed household heads resident in urban areas are more likely to work within Rossendale than those resident in the rural part of the Borough. Employed household heads resident in rural Rossendale are more likely to work in Greater Manchester, Bury, Rochdale and elsewhere in the UK.

**Table 21.5 Urban/rural households and workplace location of employed household heads**

Location	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Rossendale	6,159	44.1%	831	31.4%
Greater Manchester	1,176	8.4%	275	10.4%
Bury	707	5.1%	285	10.8%
Blackburn with Darwen	547	3.9%	132	5.0%
Hyndburn	818	5.9%	78	2.9%
Burnley	849	6.1%	86	3.3%
West Yorkshire	39	0.3%	54	2.0%
Rochdale	1,227	8.8%	297	11.2%
Elsewhere in the UK	2,456	17.6%	607	22.9%
Total	13,978	100.0%	2,645	100.0%

Source: Rossendale household survey data (2007)

21.24 Further analysis of the survey data reveals that employed household heads resident in the rural part of the Borough travel an average of 18.5 miles to work, whilst employed household heads living in an urban part of Rossendale average 14.9 miles.

### Financial situation

21.25 The table below compares the incomes and savings levels of households in the two areas. The data clearly shows that households in rural areas are more affluent than those in the urban areas as they record both a higher annual household income and higher levels of savings.

**Table 21.6 Income and savings levels of urban/rural households**

Categories	Annual gross household income	Average household savings (mean)
Urban	£26,216	£13,957
Rural	£36,808	£26,700
All households	£27,803	£15,867

Source: Rossendale household survey data (2007)

21.26 The table below considers the ability of households in each area to afford market housing of the appropriate size. The table indicates that more than 90% of households in the rural part of Rossendale could afford appropriately sized market housing if they were to move now, compared with less than three-quarters of households resident in the urban part of the Borough.

<b>Table 21.7 Urban/rural households ability to afford market housing</b>				
Ability to afford	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Can afford market housing	18,060	73.8%	3,903	90.4%
Cannot afford market housing	6,423	26.2%	413	9.6%
Total	24,483	100.0%	4,317	100.0%

Source: Rossendale household survey data (2007)

## Accessibility

21.27 A further question asked in the primary data survey was car ownership/availability. Although not directly linked to housing, it influences the ability of a household to access necessary services. The table below presents this information for Rossendale.

21.28 In urban areas of Rossendale we find that 27.5% of households have no access to a car, compared with 10.3% of households living in rural areas. Average car/van ownership/use varies from 1.08 for households in urban areas to 1.48 for rural areas.

<b>Table 21.8 Urban/rural households and car ownership</b>				
Number of cars/vans available for use	Urban		Rural	
	Number of households	% of households	Number of households	% of households
0	6,736	27.5%	446	10.3%
1	10,411	42.5%	1,807	41.8%
2	6,089	24.9%	1,595	36.9%
3+	1,247	5.1%	470	10.9%
Total	24,483	100.0%	4,317	100.0%
Average number of cars/vans	1.08		1.48	

Source: Rossendale household survey data (2007)

21.29 The data collected by the primary survey included a set of questions on access to services and any difficulties found. The services asked about included access to:

- Grocery shops, post office, bank/building society, leisure facilities, doctor, hospital and schools/educational facilities.

21.30 In some cases there was little marked difference between the areas. On other services there was, and this summary presents these.



21.31 The table below shows the ease at which households are able to access grocery shops in the two parts of the Borough. The table indicates that grocery shops were found to be similarly accessible in both the urban and rural parts of Rossendale. Less than 5% of households in each area recorded that grocery shops are very difficult to access.

<b>Table 21.9 Accessibility of grocery shops for urban/rural households</b>				
Accessibility	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Easy	21,458	87.6%	3,659	84.8%
Quite difficult	2,216	9.1%	465	10.8%
Very difficult	809	3.3%	192	4.4%
Total	24,483	100.0%	4,316	100.0%

Source: Rossendale household survey data (2007)

21.32 The table below shows the ease with which households are able to access a post office in Rossendale. Slightly more urban households indicated that they are easily able to access a post office than indicated that they can easily access grocery shops; however, fewer rural households can access a post office easily than can easily access grocery shops.

<b>Table 21.10 Accessibility of a post office for urban/rural households</b>				
Accessibility	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Easy	21,525	87.9%	3,500	81.1%
Quite difficult	2,029	8.3%	648	15.0%
Very difficult	929	3.8%	169	3.9%
Total	24,483	100.0%	4,317	100.0%

Source: Rossendale household survey data (2007)

21.33 The table below shows the accessibility of a bank or building society in Rossendale. The table shows that in both areas a bank or building society is less accessible than a post office or grocery shops. In the urban parts of the Borough 73.0% of households indicated that they can easily access a bank or building society, whilst in the rural areas the figure is 69.0%.

<b>Table 21.11 Accessibility of a bank/building society for urban/rural households</b>				
Accessibility	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Easy	17,879	73.0%	2,980	69.0%
Quite difficult	5,279	21.6%	1,030	23.9%
Very difficult	1,326	5.4%	307	7.1%
Total	24,484	100.0%	4,317	100.0%

Source: Rossendale household survey data (2007)

21.34 The table shows the accessibility of leisure facilities in Rossendale. Surprisingly, the data shows that households resident in the urban part of the Borough are less likely to be able to easily access leisure facilities than households living in the rural part.

<b>Table 21.12 Accessibility of leisure facilities for urban/rural households</b>				
Accessibility	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Easy	16,266	66.4%	3,134	72.6%
Quite difficult	6,036	24.7%	965	22.4%
Very difficult	2,181	8.9%	217	5.0%
Total	24,483	100.0%	4,317	100.0%

Source: Rossendale household survey data (2007)

21.35 The table below shows the ease with which households are able to access a doctor in Rossendale. The table shows that rural households are more likely to find access to a doctor difficult than urban households.

<b>Table 21.13 Accessibility of a doctor for urban/rural households</b>				
Accessibility	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Easy	19,868	81.2%	3,376	78.2%
Quite difficult	3,792	15.5%	771	17.9%
Very difficult	823	3.4%	169	3.9%
Total	24,483	100.0%	4,316	100.0%

Source: Rossendale household survey data (2007)

21.36 The table below shows that the accessibility of a hospital is markedly worse for all households in Rossendale. Less than half (48.4%) of rural households indicated that they can easily access a hospital compared with 38.3% of urban households. More than a fifth of households in both parts of the Borough indicated that access is very difficult.

Table 21.14 Accessibility of a hospital for urban/rural households				
Accessibility	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Easy	9,365	38.3%	2,090	48.4%
Quite difficult	9,943	40.6%	1,334	30.9%
Very difficult	5,175	21.1%	892	20.7%
Total	24,483	100.0%	4,316	100.0%

Source: Rossendale household survey data (2007)

## Summary

- i) The rural issue has been highlighted in Government Guidance (*'Our Countryside: The Future - A Fair Deal for Rural England, 2000*) and in concern about the affordability problem (Affordable Rural Housing Commission 2006).
- ii) The analysis of primary data reveals that 15.0% of households in Rossendale live in an area classed as rural.
- iii) Rural households in the Borough are more likely to own their home, have on average higher incomes/savings levels and a higher level of car ownership.
- iv) Rurality was not strongly linked to accessibility, with some facilities being less accessible to residents in the urban part of the Borough. Hospitals were found to be the least easy facility to access in both parts of Rossendale.



## SECTION H: POLICY IMPLICATIONS

The following chapters deal with the summary findings of the SHMA, and also the issues of updating the results and showing that they conform to relevant guidance. The Practice Guidance is quite clear that policies themselves must be the results of stakeholder discussion, but the SHMA can reasonably suggest what policy implications may follow from the results.

This section is not intended to make definitive policy suggestions as this will be the role of the steering group (along with discussions with stakeholders) but to highlight areas where there is a case for some policy response.

In addition, this section does not consider what policies are already in place in individual local authorities. It is most probable that policies already exist in reaction to the key themes highlighted and the findings of this document may therefore merely help to support or enhance these policies.

The chapters cover the following topics:

- 22. Synopsis of findings
- 23. Non-market policy implications
- 24. Overall housing targets
- 25. Compliance with guidance
- 26. Monitoring and Updating



## 22. Synopsis of findings

### Introduction

22.1 This chapter of the report sets out a broad overview of the findings of the SHMA. These are designed to identify some of the points coming out of the research, in order to make policy suggestions in the following chapters. The headings used are generally in line with the suggested outputs in the CLG SHMA Guidance of 2007.

### Theme 1: The housing market area

22.2 Key findings:

- Previous research and the North West RSS identified Rossendale as a single housing market area
- Evidence from the Census on migration patterns and travel to work show relatively high levels of self containment for the Borough, around or above the 70% threshold set by relevant Government guidance
- The qualitative research and discussions with stakeholders suggested that there may be more than one housing market area within the Borough.
- This was not supported by the survey data which showed demand for housing between the sub-areas
- There was strong evidence that it is correct for Rossendale to be considered as a single housing market area

22.3 Government guidance urges that a Strategic Housing Market Assessment (SHMA) should be carried out for functioning housing market areas. A housing market area is broadly defined as an area within which the majority of people choose to live and work. In the case of Rossendale the statistics uncovered (from both Census and survey data) showed relatively high levels of self containment. The analysis of survey data also suggested strong links between the sub-areas of the Borough, with little linkage with the areas directly adjacent to Rossendale.

## Key theme 2: Demographics

### 22.4 Key findings:

- Information from ONS population estimates suggest that the population of Rossendale has slightly increased over the last 25 years, although at a slower rate than England as a whole
- Rossendale contains a lower proportion than average of young adults, aged 20 to 30. The area also contains a significantly elevated proportion of children and a higher proportion of adults aged 45 to 55
- The Census records Rossendale as having a relatively small ethnic minority population (4.7%) although more recent estimates in 2005 suggest that this has increased to 6.3%
- Population and household estimates for 2006 suggest that the average household size has fallen in Rossendale since 2001 from 2.42 to 2.38
- Information from the Census suggests that Rossendale has a larger owner occupied sector but a smaller private rented sector when compared with regional and national figures

22.5 The current demographic profile of households in Rossendale shows that Rossendale has a higher proportion of middle aged people than found regionally and nationally. As this population ages into retirement, their requirements for housing will change. The fall in household size over the last 5 years also has potential implications for planning and housing policy; forecasting how this might affect the demand for housing in future years is an important aspect for understanding the housing market.

## Key theme 3: The economy

### 22.6 Key findings:

- Relatively small employment growth over past 10 years
- Low levels of job density in the area
- Smaller increase in VAT registered business than found regionally and nationally
- Large manufacturing base still exists, with relatively high proportions of employees in construction
- Historically low levels of unemployment, although this has increased in recent years and is now in line with regional and national averages
- Higher proportions of residents employed in the highest employment groups than found regionally and nationally



- 22.7 Data shows that employment growth across the Borough has been relatively low over the past decade. The growth in VAT registered businesses has also remained at a low level. Although unemployment has been traditionally low in the Borough, this has risen significantly in recent years. Much of the economic data points to a weak economy in the area. Stakeholders suggested that the traditional large industries that operated in the area had disappeared and been replaced with smaller family businesses, that are vulnerable to downturns in the economy.
- 22.8 The data shows that those who commute out of Rossendale for work are financially better off than those who work within Rossendale. Stakeholders were keen on encouraging employers into the area to help provide higher end jobs to the local population. This was favoured over people living in Rossendale but working elsewhere as it was felt that having a large population commuting out of the area was not as sustainable for the economy as a whole.

#### Key theme 4: The housing stock

##### 22.9 Key findings:

- The latest HSSA estimates that there are 30,126 dwellings in the Borough
- Relatively small increase in housing stock across the Borough since 1996; however a decline in social rented sector stock
- Large difference in profile of stock when compared nationally (significant terraced stock in the Borough)
- Lower proportion of dwellings in the higher council tax bands than regional and national figures
- Lower proportions of vacant dwellings found in the social rented sector when compared to the North West, although in the market sector a significantly higher proportion of vacant properties
- HSSA data indicated that 9.1% of housing was classified as 'unfit' in 2006

22.10 The stock of housing in the Borough has increased slightly over the past 10 years, although the number of social rented dwellings has decreased over the same period. The key issue appears to be one of balance. Whilst it appears that different parts of the Borough have different functions and as such the expectation would be different areas provide a different residential 'offer', it is possible that the limited availability of certain types of stock in certain areas may be acting against the notion of mixed and balanced communities. Terraced properties dominate the dwelling stock in the Borough; providing a choice of dwellings for households in the area may help to contribute to the balance of the housing stock.

- 22.11 The level of market vacancy in Rossendale is significantly higher than the average for the North West. Low demand and high levels of vacant properties are amongst the key priorities for the pathfinder area that covers part of Rossendale. Housing and planning policies should be sensitive to this level of vacant properties. Where there are concentrations of particular dwelling types that are vacant, the council may wish to avoid building similar properties that might 'compete' with these vacant dwellings. In these cases attempts should be made to diversify the dwelling stock.
- 22.12 The relationship between the demand for market housing and the high level of vacancy in the Borough is worth mentioning here. If the vacant dwellings in the Borough meet the demands of the population in terms of being the right size, type and in areas that are in demand, the market will likely balance itself over time. This will in turn reduce the level of vacant dwellings and the level of unmet demand. However it is more often found that the vacant dwellings are of a similar type and are often not in a good condition, therefore not an attractive option for households.
- 22.13 Bringing long term vacant properties back into use should be a key policy aim for the council; however this should be in conjunction with diversifying the stock through new build to further meet the unmet demand.

### **Key theme 5: The current housing market**

#### 22.14 Key findings:

- Interviews with estate agents shed light on the character of the housing market in Rossendale and how it differs between different parts of the Borough
- Prices in the Borough are lower than regional and national averages
- Significant price increases over the past 5 years
- Variations in prices across the Borough: lowest in Bacup, highest in Helmshore and Edenfield
- Typical entry-level prices range from about £72,000 in Bacup to £122,000 in Edenfield for a two bedroom dwelling
- Private rented sector slightly more affordable but varying in scale across the Borough
- Significant gaps in the market across Rossendale: large intermediate gaps in areas of the Borough

- 22.15 Increases in property prices and the added difficulty this brings for people (particularly first-time-buyers) to participate in the housing market is a national phenomenon and not specific to Rossendale. House prices in Rossendale are lower than the regional and national averages, although buying a property is still out of the reach of many in the housing market.

22.16 There is significant variation in property prices across the Borough, with areas of high demand and high prices to the west within Helmshore and Edenfield, and areas with low demand, low prices and an acknowledged market failure to the east of the Borough, particularly Bacup, in the pathfinder area. The variation in property prices is likely to result in varying affordability issues across the Borough. There are some significant gaps in the housing ladder to climb. Providing products that fit within these gaps may be a key concern for the council.

### Key theme 7: Key trends in the market

#### 22.17 Key findings:

- Household flow information from the survey data shows that Rossendale has a net inflow of single (non-older) person households and households with children. There are net outflows of older person households and multi-adult households without children
- The primary driver of household growth in the Borough is natural change, with 366 extra households each year
- The private rented sector is important in facilitating the flow of households through the housing market - 41% of all the moves in the last year involved the private rented sector

22.18 The flows of households into, out of and within the housing market, although not affecting the overall net change in households, does have an effect on the profile of the household population. In Rossendale we expect that there will be an increase of single person households, and a decrease in older person households. Understanding the differing requirements of these households may be key to planning the housing market to function successfully in the future.

22.19 The private rented sector has also been shown to be a key driver and facilitator of the housing market in Rossendale. Information from the survey has shown that although about 11% of households in Rossendale live in the private rented sector, about 41% of all moves involved the private rented sector. The importance of this sector within housing markets should not be underestimated.

## Key theme 8: Housing demand and market balance

### 22.20 Key findings:

- Potential demand for just more than 335 additional units per annum (of all tenures)
- Demand for about 62% market housing and 38% affordable
- The demand is for mainly four and one bedroom dwellings, although there is also a demand for two bedroom accommodation

22.21 The study suggests that in Rossendale there is potential annual demand for more than 335 additional units of housing. Across the Borough about 38% of this demand is for affordable housing. In terms of size requirement, we find that the largest shortfall is for four or more bedroom dwellings, as well as a large requirement for one bedroom accommodation. Providing large dwellings for households will help contribute to balance in the area. The data suggests that more than a third of the requirement for market housing is from families, making provision of suitable housing for these families a key consideration for the council.

22.22 It is also important for the council to be mindful of the placement of new development to ensure that it does not result in areas of low demand. Where there are currently high proportions of poor quality stock of a similar nature, the council may wish to look at diversifying the stock with other dwelling types.

## Key theme 9: Long-term market projections

### 22.23 Key findings:

- The population of Rossendale is expected to slightly increase over the period until 2026
- By age band, the number of over 60s is expected to increase significantly whilst the number of under 60s is expected to fall
- The number of households is expected to increase by 5,000 between 2006-2026
- The average household size is expected to drop from 2.35 to 2.03 between 2006-2026

22.24 The increase of the older population and the expected decrease in household size are key issues for policy makers in Rossendale. The likely need for more care as the population ages is an issue that the council must be prepared for. As the average household size continues to decrease the council must consider how this is likely to impact upon the demand for housing: will smaller households require smaller dwellings?

22.25 If there was to be significant housing growth in the area, the council should consider the likely demographic of these households and likely housing requirements. Information from the survey suggests that in-migrant households are generally better off financially than current residents. It also suggests that they are more likely to require owner-occupied housing with 2 or 3 bedrooms.

### Key theme 10: Housing need

22.26 Key findings:

- Annual need for 327 additional affordable housing units per annum
- 11 households in every 1,000 in housing need
- Largest net need in Bacup
- About 36% of need could be met by intermediate housing
- Significant increases in the housing register

22.27 Affordability and a lack of affordable housing is a key issue facing Rossendale. As house prices and private rents have increased, households have struggled to afford market housing. The estimated level of need for an additional 327 affordable dwellings is a significant one, and in reality will not be met through the planning system. Nevertheless, targeting the affordable housing in the most appropriate areas where it will have the greatest effect is the challenge for the council.

### Key theme 11: Black, Asian and Minority Ethnic (BAME) Households

22.28 Key findings:

- A relatively small BAME population in Rossendale, lower than regionally and nationally
- Evidence of an increase in the ethnic minority population since 2001
- Significant concentrations of ethnic minority households in the west of the Borough
- BAME households more likely to live in unsuitable housing

22.29 The data in this report suggests that BAME households are more likely to reside in unsuitable housing than white (British/Irish) households. Although it may be difficult to have specific policies to deal with minority groups within the Borough, it is clear that some assistance would be beneficial to many BAME groups. In particular, the dependence on the private rented sector would suggest some additional needs for larger and more secure accommodation to meet the requirements of these households.

## Key theme 12: Households with specific needs

### 22.30 Key findings:

- Notable proportion of the population have limiting long-term illnesses (LLTI), higher than found nationally although lower than found regionally
- Geographically the population with a LLTI are clustered around Bacup and Rawtenstall
- The group with LLTI appear relatively disadvantaged
- A range of support and adaptations are required

22.31 There are two main issues with regard to households with disabilities or support needs and these relate to both new provision of housing as well as improvements to current accommodation. The council should consider both new build adapted housing as well as providing adaptations to current homes as a way of meeting such households' requirements. In addition, the data strongly suggests the need for more support for such households and it would be sensible to suggest that the provision of such support is reviewed. As the population ages (see below), the number of people with disabilities/support needs is likely to grow and this may therefore increase the requirements for specialist housing, adaptations and support.

## Key theme 13: Key worker households

### 22.32 Key findings:

- Similar proportions of key workers in the Borough to regional and national figures
- Key worker households have similar characteristics to households where the household reference person is in employment although they do record higher levels of income and savings

22.33 The findings of the study with regard to key workers suggest that the group are in general less disadvantaged than other households (for example a higher proportion of owner-occupiers and employment tending to fall into higher social groups). Household incomes and savings are slightly higher than those found for other households in employment. Evidence from the survey suggests that when compared with other households in employment, only a relatively small proportion of key worker households unable to afford market housing would potentially be suitable for intermediate housing products. The findings have not been able to study if there are any recruitment and retention problems in any key worker industries in the Borough. As a result, it would be sensible to suggest that if such problems arise for any particular group then consideration should be given to policies to meet these specific needs.

## Key theme 14: Older person households

### 22.34 Key findings:

- Just more than a fifth of households in the Borough are pensioner only, a smaller proportion than regionally and nationally
- Number of older people projected to increase significantly in the future
- Large differences in profile of single and multiple pensioner households
- High levels of under-occupancy

22.35 Households containing pensioners represent a significant proportion of all households in the Borough and this number is likely to rise significantly in the future. With the growing proportion of older person households there is likely to be an increased need for specialist accommodation. Pensioner households show a high level of under-occupation. The opportunity should be taken to reduce this by providing accommodation better suited to these households needs and in the process freeing up accommodation which might be better suited to families.

## Key theme 15: Families

### 22.36 Key findings:

- Nearly a third (32.5%) of households contain dependent children
- Lone parents appear particularly disadvantaged

22.37 Family households (households with children) are seen as an important group in PPS3. Data in this assessment suggests that whilst married couples with children (the main group) are fairly advantaged, the lone parent group of households may well have significant needs. In particular, data suggests that lone parents are concentrated within the social and private rented sectors. Providing opportunities for lone parent households to move out of private rented housing and into housing with a more secure tenancy should be promoted, whilst providing housing opportunities across the whole Borough would help to improve the mix of households across the area.

## Summary

- i) This chapter has set out a series of key themes based on the findings of the SHMA. The themes are a combination of wider housing market issues and issues relevant to specific groups.
- ii) It is clear that there are a range of areas in which the local authority could consider applying policies to assist in the well-being of local households and to help achieve a better balance of housing across the whole market.
- iii) Before making policy decisions it is recommended that key stakeholders are consulted and that any policies or strategies formulated are realistic and focus on the areas and groups of households where particular issues have been highlighted.



## 23. Non-market policy implications

### Introduction

- 23.1 The requirement for rigorous housing needs assessments to underpin affordable housing policies has been an important part of housing strategy and planning policy since 1991. The latest Practice Guidance (March and August 2007) for PPS3 has further emphasised the need for rigour, and the PPS itself emphasises the need to specify the tenure (intermediate or social rented) as well as the size mix required.
- 23.2 As pointed out in Chapter 9, it is not always easy to distinguish what types and tenures of housing will fit into the various housing market gaps identified. The main point of this study is to identify the gaps and the levels of demand and need, and not to study the detailed types of housing that will meet the needs and demands. The policy process that follows the SHMA will help to do that. The framework of weekly costs provided in this study provides the test for any new housing variants.
- 23.3 This chapter reviews the non-market housing policy evidence produced by this study and comments on its implications.

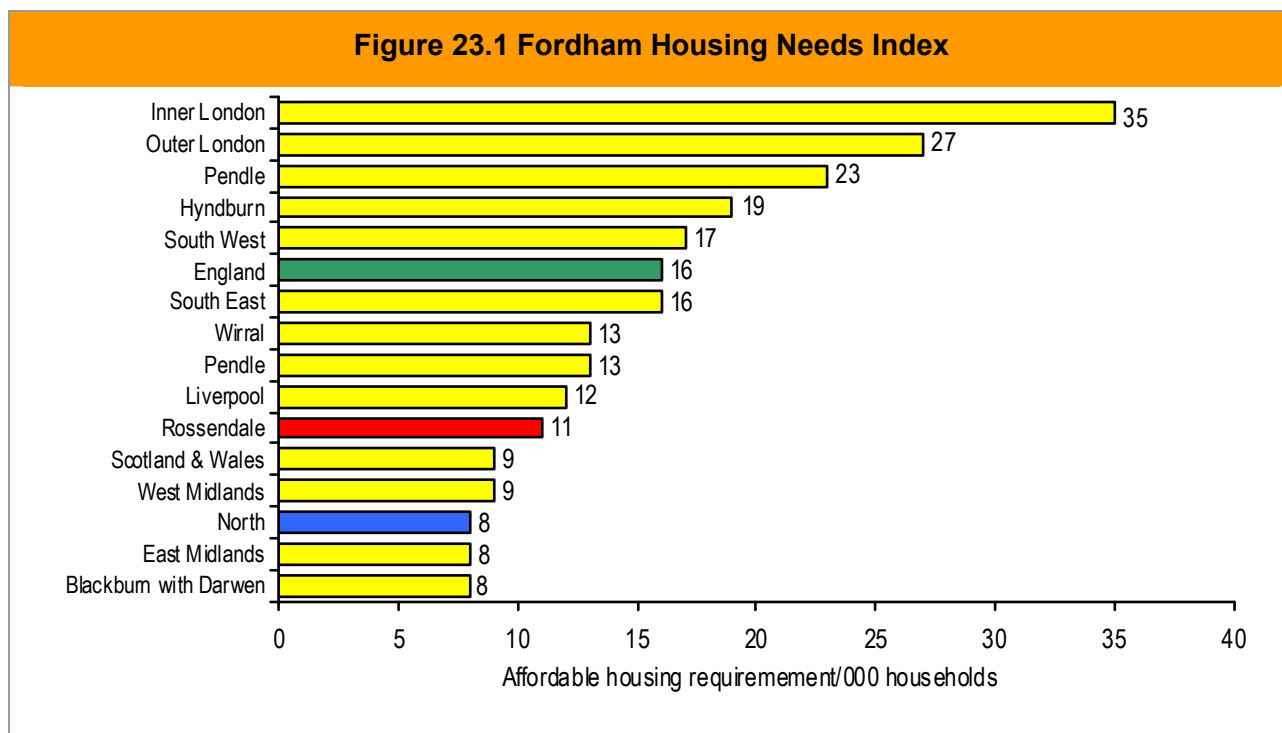
### The CLG Needs model: scale of the housing needs problem

- 23.4 The table below shows the overall affordable housing requirement situation in Rossendale. It indicates the overall index and requirement for affordable housing.

Table 23.1 Overall affordable housing requirements			
Area	Annual net affordable need	Need per 1,000 households	% of affordable need as intermediate housing
Rossendale	327	11	36%

Source: Rossendale SHMA 2008. The housing needs data comes from the housing needs survey report (Table 9.2). The Fordham Affordable Housing Index comes from dividing by the number of households in each Borough (housing needs survey report Table 2.1) and the proportion of intermediate housing by adding the 'discount housing for sale' and 'intermediate' housing proportions at the bottom of housing needs survey report table 10.4.

- 23.5 The index numbers in the middle column should be read in the context of the following regional and national data, drawn from the large number of HNAs carried out by Fordham Research. The results from similar studies from other local authorities around Rossendale have also been included in the figure for comparison.



Source: Rossendale SHMA 2008

23.6 As can be seen, the situation in Rossendale is low when compared with national averages, although higher than the estimated index for the North of England. Compared with other areas near Rossendale the index figure is low, particularly when compared with Pendle and Hyndburn.

### Types of affordable housing required

23.7 The nature of affordable housing required to meet the identified housing need is documented in the accompanying housing needs survey report, and replicated in the following table. The housing needs survey report provides a detailed breakdown of the particular types of affordable housing suitable to meet households in need.

23.8 The assessment of need includes intermediate housing, as discussed in chapter 9. The types of household in this category vary, at the extreme, between two general types:

- i) **Capital rich but income poor.** Although they may (for example as divorced persons) have a capital sum, it does not generate enough income to pay a private rent, nor does it enable them to buy outright. Hence, they fall into the intermediate gap, but they could access a different kind of subsidised housing, such as discount sale from the other group noted below.

- ii) **Income rich but capital poor.** This group have significant earned income, but not enough to private rent, and no substantial capital. They could access a housing type such as Intermediate **Rent** from the Housing Corporation (if available to non-key workers).

23.9 The proportions of each type of housing product to meet the identified housing need in Rossendale are as follows: the types of housing they could access will often be between the two extremes identified above, though there may not be intermediate products available to suit their particular circumstance.

**Table 23.2 Social rented and intermediate housing requirements in Rossendale**

Net need calculation	Intermediate housing		Social rented housing	Total
	Discount sale types	Intermediate rent types		
Total gross annual need	22	119	757	898
Total gross annual supply	0	25	546	571
Net annual need	22	94	211	327
% of net shortfall	7%	29%	64%	100%

Source: Rossendale SHMA 2008 – Table 10.4 of the housing needs survey report

23.10 From this table it is clear that:

- i) About 64% of households in housing need can afford only social rented housing
- ii) Correspondingly, about 36% of those in need could afford some form of intermediate housing
- iii) Intermediate rent is the most suitable product for four-fifths of households within the intermediate band.

### The BHM perspective on affordable housing

23.11 As will be appreciated from the discussion at the beginning of Chapter 13, the CLG Needs analysis identifies the overall scope of the problem of housing need, whereas the BHM interactive analysis aims to produce a more practical estimate of what actually could be done to reduce the housing needs problem. The analysis just above, of the types of households in the intermediate gap, is based on the CLG needs approach. It measures the size of the problem, but not the likely solutions to it.

23.12 It is already clear from the CLG Needs results cited above, and the index levels shown, that there is a substantial housing need in Rossendale.

23.13 Using the BHM model outputs (tables 18.6 of this report) the estimates of the expected net need for affordable housing are presented in the table below:

<b>Table 23.3 BHM estimates for affordable housing per annum</b>					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Intermediate	0	14	13	0	27
Social rented	11	-5	62	34	101

Source: Rossendale SHMA 2008

23.14 In size terms, it is clear that three and four bedroom social rented accommodation is required and there are shortages of two and three bedroom intermediate housing. Furthermore, the BHM model suggests that intermediate housing comprises 21% of the affordable housing requirement.

### Comparison of CLG Needs and BHM results

23.15 When comparing the CLG Needs with BHM results, it is also clear that an expected relationship is found:

<b>Table 23.4 Comparison of affordable requirements CLG Needs vs. BHM per annum</b>			
	CLG Needs figure	BHM figure	BHM as a % of CLG
Rossendale	327	128	39%

Source: Rossendale SHMA 2008

23.16 The percentage which the BHM makes up of the CLG is a result often found in this analysis, since the BHM figures are based on expectations and the CLG ones are measurements of the scale of the problem.

### Comments on affordable housing targets

23.17 The guidance, whether in PPS3 or any previous version back to Circular 7/91, has always fought shy of any attempt to relate levels of housing need to targets (whether numerical or percentage).

- 23.18 What has evolved, through the process of planning inquiries combined with the evidence, has been a system essentially based on percentage targets. These have been attributed to council areas based on a subjective judgement of the level of housing need in the area, combined with a substantial dose of experience based on past findings at inquiry. Over the 15 year life of the process, the levels of target (largely independent of levels of need) have risen from about 5 to 10% in the early 1990's, to about 30% at the end of that decade, and to 40% plus in the present decade.
- 23.19 That rise, monitored in a series of three biennial surveys by Fordham Research, has been largely the result of experience. It has been clear that the actual yield of a target is much lower than its face value: many sites escape the target, many others claim non-viability (whether correctly or not) and so the outturn of a 40% target is likely to be 20 to 30% of affordable housing when averaged across all new build.
- 23.20 The current affordable housing target in the Borough is for 30% of new housing to be affordable on developments of 10 units or more. The policy also proposes that on developments of between 5 and 9 units, 20% of housing should be affordable.
- 23.21 Considering that the net annual housing need is 327, a considerable one for the size of the Borough, and with a BHM requirement for 38% affordable housing, an affordable housing target of 35% would be reasonable.
- 23.22 The evidence from both the CLG model and the BHM analysis would support, that of the suggested 35% of affordable housing target 30% of the units should be of an intermediate tenure.
- 23.23 The target for intermediate housing is subject to it being based upon the cost halfway between social rent and market entry. The current estimates of this price are presented in chapter 9; chapter 26 describes how the prices can be kept up to date.
- 23.24 PPS3 also stresses the need for viability assessment, in suggesting that sites must be deliverable. The targets discussed here are recommendations; the eventual target set by the council should be dependent on a thorough viability analysis including a consideration of the financial implications of a number of directives that will have to be met by house builders in the future.

### **Site threshold**

- 23.25 PPS3 states that the national minimum site threshold is now 15 (reduced from 25).

- 23.26 Rossendale's current interim housing policy statement (2008) sets a site threshold of five units in Rossendale, although the percentage affordable target is lower, at 20%, for developments of between five and nine dwellings. Developments of 10 or more units qualify for 30% affordable housing.
- 23.27 The geographical nature of the Borough and the inherent problems with land availability alongside the level of need support the council's current policy on site threshold.

### **Target setting for low cost market housing**

- 23.28 The Guidance (PPS3 para 26) suggests that council should seek low-cost market housing as part of the overall market housing total. Nevertheless it does not suggest how this should be done, as market housing has its price set in the open market. Any new build that is not constrained in some way is likely to cost as much or more than existing second hand housing, and hence be of no practical use.
- 23.29 In principle, Rossendale would benefit from new build low-cost market housing, which is new build housing at a discount sufficient to be priced within the rent-buy gap. As CLG policy now stands, however, there is no mechanism by which it can be obtained. As and when CLG is more specific about this form of housing, it would be desirable to consider a small additional target, such as 5%, for such housing.

### **Other matters**

- 23.30 PPS3 encourages the provision of 100% affordable housing sites, which might be particularly suitable in rural areas. PPS3 suggests that a Rural Exceptions Site Policy could be used in order to enable small sites to be used specifically for affordable housing in small rural communities which would not usually be developed for housing because, for example, they are subject to policies of restraint.

## Summary

- i) The analysis suggests that there is substantial housing need in the Borough. It would warrant an affordable housing target of about 35% in Rossendale dependent on site viability.
- ii) In terms of the type of affordable housing, about 30% should be intermediate with 70% social rented.
- iii) There is no evidence to suggest that the current site threshold of 5 units, with a lesser requirement for affordable housing on developments of between 5 and 9 units should be changed.





## 24. Overall housing targets

### Introduction

24.1 This brief chapter addresses the issue of overall demand for new housing in the Borough in relation to the RSS target. The chapter will look at current new build rates, projected household growth and modelled housing demand in Rossendale.

### Regional new build targets

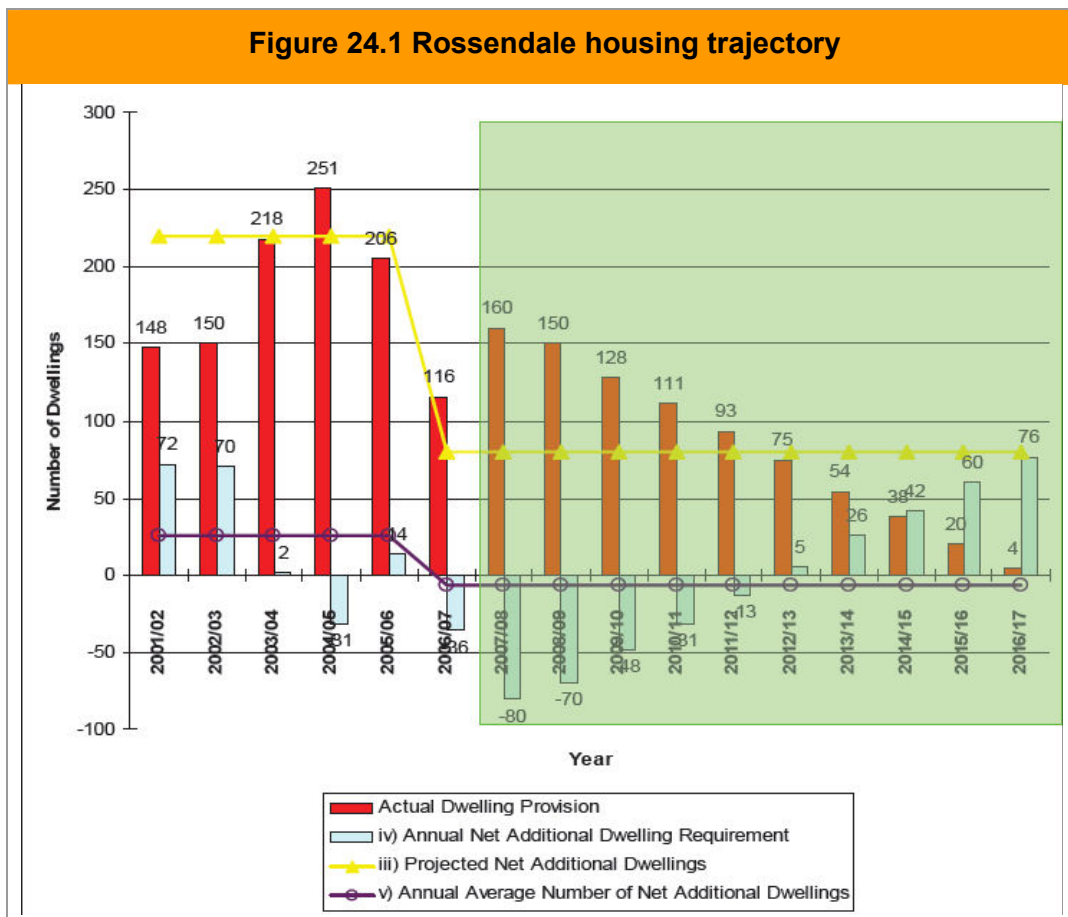
24.2 Chapter 2 presents a summary of the future policy on new housing in the North West region, including the figure for the amount of new housing planned in Rossendale and the regional strategy that shapes this target.

24.3 The annual RSS figure for Rossendale is moderate for an authority of its size at 222 new dwellings per year. The Borough is located in a valley, meaning there is limited land available for new housing. This is reflected in the moderate RSS allocation.

### Current performance: Annual Monitoring Reports

24.4 The annual monitoring report produced by the council shows the net growth in additional dwellings that has been recorded in the Borough in the last five years and the growth in dwellings expected to be achieved each year in the future. The figure below contains this information.

24.5 The figure shows that the additional dwelling provision is expected to decrease in the future to ensure that there is not an oversupply of dwellings in the Borough. Since 2001, the average build rate has been 182 dwellings per annum. Previously, a housing restraint policy was introduced as part of the Lancashire Joint Structure Plan.



Source: Annual Monitoring Report for Rossendale 2006/7

### Projected household growth

24.6 Chapter 14 examined the projected rate of household growth in Rossendale from secondary sources. The table below presents the overall results within a regional and national context. The total number of households in Rossendale is projected to increase by about 5,000 over the next 20 years (17.9%). This growth rate represents an average of about 250 per year. This is higher than the regional rate and is clearly significant for the Borough.

<b>Table 24.1 Household projections</b>			
Date	Households ('000s)		
	Rossendale	North West	England
2006	28	2,940	21,518
2011	29	3,074	22,646
2016	31	3,215	23,836
2021	32	3,345	24,973
2026	33	3,453	25,975
Change 2006-26	5	513	4,457
% change 2006-26	17.9%	17.4%	20.7%

Source: Community and Local Government (CLG) household projections (2004 based)

- 24.7 There is not a direct link between extra households and extra dwellings, since dwellings can be subdivided. It is quite possible, given the high rates of increase of small older households (Figure 19.3), that this process will accelerate in future.
- 24.8 Furthermore, household growth estimates are a product of demographic trends and not an estimate of market demand as is recognised in this excerpt from the Examination in Public into the East of England Plan (2004) contained in the *Report of the Panel* dated June 2006.

7.10 It is important to remember, as many respondents have stressed, that household projections are not statements of housing requirements but statistical exercises showing what would happen if demographic trends continue. They do, however, represent the best available statistical basis for considering how many additional households there might be requiring homes in the region in future. Given the number of variables and the uncertainties of forecasting over a 20 year period, we consider it important not to try to be over-precise in interpreting projections for planning purposes. The limits of “sound science” in this area need to be understood. No one projection provides a “correct” figure of household increase that should be planned for. The new ODPM 2003-based

### Modelled housing demand

- 24.9 Chapter 12 presented the results of a Balancing Housing Markets (BHM) analysis based on primary household survey data. This analysis compares the future demand for housing in the Borough against the likely supply of housing. One of the outputs produced is a net annual requirement for housing in Rossendale of 335 homes per annum.

### Comparison between figures

- 24.10 The table below shows how these four figures that provide an indication for housing growth compare.

**Table 24.2 Comparison of annual housing growth figures**

Council	RSS annual requirement	Approximate build rates over the past few years	Projected household growth	BHM demand
Rossendale	225	c 182	250	335

Source: Rossendale SHMA 2008

24.11 The table shows that whilst the current net growth in dwellings is below the RSS target, the number projected household growth is 11% higher and the demand for housing is 49% higher.

### Implications for overall policy

24.12 The fact that demand/need exceeds the RSS requirement is not necessarily a compelling argument for changing that requirement, although it would appear that in reality household growth does already exceed it. Many other factors have to be borne in mind in setting an RSS requirement, including infrastructure constraints and the character of Rossendale. In addition, the potential effect on the sub-regional growth points would have to be considered.

24.13 The appropriate response to the conflicting pressures experienced in Rossendale will continue to be reviewed in the development of Rossendale's Core Strategy in the LDF.

### Size of market accommodation required

24.14 Information presented in chapter 14 showed that the average household size in Rossendale is project to decrease in the future. However, this does not mean that the new housing required is going to be smaller than the stock of housing that exists currently. A variety of other factors will influence the size of new housing required in Rossendale. These are listed in the table below.

**Table 24.3 Factors affecting future new build dwelling size**

- A substantial fraction of housing is under-occupied (31%); with the ageing population this proportion is likely to rise
- Households consider that they need extra rooms to accommodate guests, carers, study, hobbies, and work from home
- In high priced housing markets existing home owners will enlarge and convert their home rather than move
- The role of the dwelling is of considerable importance, as it represents financial security for the household and future generations

Source: Fordham Research Rossendale SHMA 2008

24.15 The implications for the size mix of new market housing are an important policy output of this SHMA. This is provided within the BHM analysis presented in chapter 13. The model identifies that there are requirements for larger dwellings with four or more bedrooms and for smaller one bedroom properties.

## Summary

- i) The current net growth in dwellings is below the RSS.
- ii) Evidence from the BHM model indicate that demand for housing in the Borough could exceed the RSS target.
- iii) The RSS has to take account of not only housing demand but infrastructure constraints so the demand data should only be considered as informing the wider policy debate on the appropriate housing growth in Rossendale.
- iv) There is a requirement for one and four bedroom market dwellings in Rossendale.



## 25. Compliance with Guidance

### Introduction

- 25.1 As discussed in the first chapter of this report, the guidance is now much more demanding and much more specific about what the evidence base should yield. It is therefore appropriate to provide an account of the output of the study in terms of the relevant requirements.
- 25.2 The Practice Guidance sets out requirements for the outputs and also for the process of an SHMA. The outputs are dealt with below in relation to the both the Practice Guidance requirements and PPS3 requirements. First, however, this chapter comments on fulfilment of the process requirements.

### Process requirements

- 25.3 The Practice Guidance (in its Figure 1.2) provides a checklist of process requirements. The following list of seven items paraphrases the requirement, and summarises the responses.
- i) Approach to identifying the submarket: This work had already been carried out. However, this report does check and discuss the validity of those findings.
  - ii) Housing market conditions to be assessed in the local context: The report contains local market information at various points in the document.
  - iii) Involves stakeholders. There has been a full involvement of stakeholders in the process, partly managed by the council and partly facilitated by Fordham Research.
  - iv) Full technical explanation: there are technical explanations at relevant points in the text and also within the supporting housing needs survey.
  - v) Assumptions and judgements fully justified and transparent: A Glossary of Key Terms is provided, and where assumptions and judgements have been made, they are explained as clearly as possible.
  - vi) Uses and reports on quality control mechanisms: this is reported in the Appendices with regards to the survey work; and via the transparent explanation of such processes as the BHM and the CLG Needs model in the SHMA report text.
  - vii) Explains about monitoring and updating: the subsequent chapter sets out a suggested approach.

## Output requirements of guidance

25.4 The Practice Guidance ( Figure 1.1) provides a checklist of all the core outputs. The following table lists these eight outputs and the parts of the report in which they are dealt with.

Table 25.1 Providing the Practice Guidance core outputs	
Item	Source
1) Estimates of current dwellings in terms of size, type, condition and tenure	Chs 4 + 8
2) Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price and affordability. Description of key drivers underpinning the market.	Chs 6,7, 9, 10, 13 + 14
3) Estimate of the total future number of households, broken down by age and type where possible	Ch 14
4) Estimate of current number of households in housing need	Ch 15
5) Estimate of future households that will require affordable housing	Ch 15
6) Estimate of future households requiring market housing	Chs 13 +14
7) Estimate of size of affordable housing required	Chs 13
8) Estimate of household groups who have particular housing requirements for example families, older people, key workers, ethnic minority groups, disabled people, young people etc	Chs 16-20

Source: Rossendale SHMA 2008

## Output requirements of PPS3

25.5 For ease of reference the following are the key outputs of a SHMA as required by PPS3:

- *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'*

25.6 These can be derived from the preceding material.



**Table 25.2 Rossendale: meeting the PPS3 Requirements**

<i>Item</i>	<i>Source</i>	<i>Comment</i>
a) Proportion of market and affordable housing	Ch 13	The BHM finding is that about 62% of the housing should be market and the rest affordable. We have suggested perhaps 35% of affordable subject to viability. These are more realistic proportions of affordable (and hence market) housing when the market recovers.
b) Profile of households requiring market housing	Chapter 13 and 14	In the longer run (Ch 14) it is likely that more single person dwellings for older people will be required, but it is not clear whether this will in fact be expressed in market demand. Chapter 13 shows the annual demand for market housing by household type. Single non-pensioners and multi-adult households without children are the largest household types requiring market housing
c) Size and type of affordable housing required	Chs 13,15 and 22	About 30% of all new affordable housing is recommended to be intermediate, if it can be produced at the right price. The requirement for intermediate housing is for two and three bedroom dwellings.

Source: Rossendale SHMA 2008: sources as shown in the middle column

## Summary

- i) This chapter summarises the way in which the process and output requirements of Guidance have been met. The Rossendale SHMA is robust both in terms of process and outputs.



## 26. Monitoring and updating

### Introduction

26.1 One of the central features of the Practice Guidance is that SHMAs are collaborative and continuing processes, not just the production of a report. This requirement is implied by the Local Development Framework approach and the strong emphasis on flexibility in response to changing housing market demands (for example para 60 of PPS3). This emphasis is mirrored in the Practice Guidance, where Figure 1.2 provides a checklist of the key processes within the overall SHMA, which includes the requirement to:

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

[SHMA Practice Guidance, Figure 1.2 (pp. 10)]

26.2 The rapid movement of prices and rents, and the key importance of the checklist of (weekly) costs of different tenures and sizes of dwellings provided in this SHMA, makes it evident that monitoring and updating is an essential part of the process.

26.3 The essential practice to ensure that the report remains current is to update the weekly costs of different forms of housing: they are the key to most practical policy decisions on both planning and housing issues. This issue is dealt with last, after discussing the more general types of updating required.

### Scope of this discussion

26.4 Monitoring and updating occurs at all levels, from national to local. This SHMA is designed to apply at sub-Borough and Borough level, and so the comments in this chapter are directed to that level. Nevertheless the principles involved apply generally.

26.5 This section focuses upon updating rather than monitoring. Monitoring refers largely to the administrative issue of keeping change under review and developing a strategy for reviewing the SHMA and updating it, and considering what policy implications may flow from such updates. This is a matter which the SHMA Steering Group will want to discuss, but it does not raise technical issues and is therefore not addressed further here.

## Guidance context

- 26.6 The SHMA exists to support a wide policy spectrum: both at a local authority and higher level (particularly the Regional Spatial Strategy and Regional Housing Strategy). In the past these strategies have tended to be almost entirely top down. However, the emerging SHMAs have meant that RSSs are now taking on board the local housing market results and being amended to respond to them. This process requires an updating procedure to be in place due to the periodic reviews that such policies undergo. At the same time the cycle of revision of such policies provides a key reference point for the updating of key SHMA information.
- 26.7 Apart from the major policy documents such as the RSS, there are regular productions such as Annual Monitoring reports and statistical returns to CLG which will require updated key statistics from the SHMA.

## Updating the general findings

- 26.8 There are a wide range of data sources from which the general (secondary data) findings of this SHMA can be updated. A useful is provided in Annex B of the Strategic Housing Market Assessment Practice Guidance and is very comprehensive as to sources. The following table takes it a stage further by outlining the strengths and weaknesses of the key sources. This may be particularly informative for the non-professional user, and so it may be helpful to provide some guidance.

**Table 26.1 Secondary data sources: strengths and weaknesses**

<b>Topic and source</b>	<b>Frequency/scale</b>	<b>Strengths and Weaknesses</b>
<b>(1) Survey of English Housing:</b> a wide range of socio-economic data on housing	Annual; national and regional (sample c 20,000)	Excellent contextual source on all aspects of housing. Its weakness is that no further cross-tabulation is possible and supply and demand issues are not covered. In addition its scale does not permit accurate analysis at SHMA level
<b>(2) English House Condition Survey.</b> Mainly useful for housing stock evidence. Due to be combined with (1).	Annual; national and regional (sample 10,000)	Very good for provision of housing stock numbers at regional scale; also provides much detail on the 'decency' and general state of housing. Not as directly relevant to housing market analysis as (1) but valuable for the overall evidence base
<b>(3) 2001 Census</b>	10 years; available at very local areas	The best source for many background purposes: for example migration as it shows everyone moving to and from everywhere. It is now somewhat out of date. The main weaknesses for SHMA purposes are that it contains no financial capacity information (not even income) nor indications of movement intentions. It is therefore of little use in producing plausible modelling of a housing market
<b>(4) General Household Survey (GHS).</b>	Annual; down to regional scale	Excellent descriptive source. Of little practical use in SHMA analysis for similar reasons to the Census. It does not provide data for individual households containing housing and financial data, essential for modelling housing market behaviour
<b>(5) NOMIS website</b> [contains many other general data sources]	Available all the time and at many scales	The best ready source for most secondary data; weaknesses are as per the above sources. It does not provide the analytical inputs to a SHMA process, but much valuable background.
<b>(6) Population projections (ONS)</b>	Annually updated; regional and district level	They are conveniently detailed, but are not of much direct use in SHMA analysis, since they are not based on households (see below)

<b>(7) Household projections (CLG)</b>	Due to be every 2 years; regional and usually district level availability; annual mid-year estimates are produced for districts	Much more useful than population, and a vital background series. The only commonly available projections for 15-20 year horizons. The price of this long view is that the data does not reflect housing markets. Although sometimes wrongly referred to as a 'demand' forecast, it is not. It is based on assumptions about household formation drawn from the current socio-economic situation. This may change both nationally and locally if socio-economic situations change (as they normally do. Hence these projections must be treated as 'guesses' or 'policy led' (that is what it is hoped may happen, not as any guide to what the housing market may do).
<b>(8) English Longitudinal Survey of Ageing (NCSR)</b>	Bi-annual; national	Valuable background source. Useful for health; general economic situation and quality of life. Not of practical value for SHMA analysis due to scope and sample size
<b>(9) National Health Service (NHS) Central Register</b>	Quarterly or annual; national, regional and district	Extremely useful as it is the best source for migration in between the 10 year censuses. Of very limited use for checking primary data, unfortunately, as it is biased by the fact that younger men and more mobile people are less likely to register. As it is collected at an individual rather than household level there are further limitations to its use in SHMA analysis.
<b>(10) Inland Revenue income data</b>	Annual; regional and district	Valuable as background; very limited usefulness in SHMA work as it is personal (not family) and cannot be correlated with other information (such as equity, household characteristics
<b>(11) Annual Survey of Hours and Earnings (ASHE)</b>	Annual; regional and some district level data	The best source for individual income, but it is employment and individual, not home and household based. Moreover it is not possible to relate the data to housing and other financial data for SHMA analysis.
<b>(12) CORE (U of St Andrews)</b>	Annual; district	The best source for social rents
<b>(13) Rightmove (and other similar websites)</b>	Continuous; very local	By far the best source for both local house prices and rents. It is quicker to scan this than to look at other secondary sources and provides much more up to date information

<b>(14) Land Registry Sales of all housing</b>	Quarterly; postcode sector	By far the best background source on value of dwellings. It does not contain information on size of property nor on repairs costs, and so it cannot be directly used in SHMA analysis. Nevertheless, it provides the only reliable dynamic source for past price changes
<b>(15) Housing Strategy Statistical Annex (HSSA) CLG</b>	Annual; district	A good source for current housing at district level, especially figures for the Housing Register and new build affordable housing. It is dependent on forms returned by the local authority, and is of very variable accuracy. Many local authorities, when approached directly, produce different statistics to the HSSA.
<b>(16) Annual survey of mortgage lenders</b>	Annual; regional	The most comprehensive source for overall mortgage amounts and types. It does not (and nor do those of particular lenders) provide the full range of financial capacity for the households concerned, and so it cannot be used in SHMA analysis.
<b>(17) Valuation Office Agency: value of properties sold</b>	Quarterly; postcode sector	Excellent source, now subject to a charge though; it simply provides valuation for the stock of housing and again cannot be cross-tabulated reliably with other data.
<b>(18) Council Tax Band data (from districts)</b>	Annual; district	The best source for value of properties in a district; can be rendered of little value if there are wide areas of for example low priced housing, all in Band A
<b>(19) Labour Force Survey ONS</b>	Quarterly; district	The best source for employment trends; cannot be related usefully to housing market statistics
<b>(20) Index of multiple deprivation CLG</b>	4-5 years; district or lower	Key reference as a general description of the circumstance of the population, with obvious focus on deprivation (income, health, education, disabilities, barriers to housing).
<b>(21) Economic forecasts Treasury and commercial sources</b>	Regular; regional and district	Forecasts exist (for example Oxford Economic Forecasting) in considerable detail at district level showing changes in types of employment, and migration for decades ahead. They are highly speculative, but do provide useful background to an SHMA

Source: Annex B to the CLG Practice Guidance (August 2007); and Fordham Research 2008

26.9 There are many other possible sources, and the list in Annex B of the CLG practice Guidance is longer than this one. However, the other sources are more minor, and are more readily accessible through such sites as NOMIS (by topic).

## Primary dataset

- 26.10 The key variable to update within the SHMA is the weekly costs, presented in the table below. However, local information, for example, on new variants of intermediate housing will no doubt be sought, and should be brought into the process. Similarly, new ideas and innovations that seem capable of local application should be included. Thus, there are a wide range of informal updating processes which simply require initiative, rather than detailed analysis.
- 26.11 At the more formal level, a convincing SHMA requires a combination of secondary (existing) and primary (specifically gathered local survey) data. The sources listed above will help to update the secondary data. It is not readily possible to update the primary data without specialist analysis. That is because the dataset is very large (requiring an analytical programme called SPSS) and because the process of (re) analysing it involves a complex expertise which is not widely available.
- 26.12 Short-term market responses will be catered for by the procedures listed in this chapter. Longer term structural changes are likely to require monitoring at much longer intervals, such as every five years. In that longer perspective, it is not unreasonable to expect to have to do a further primary survey. Many of the households in the original survey will have changed, and only new survey work can capture this data.

## Triggers for updating

- 26.13 There are data requirements which act as triggers for updating key figures at, for instance, annual intervals. There are also regular publications, such as the ONS series on economic growth, and the Land Registry, which provide context for alerting SHMA Steering Groups to the need for more frequent updating.
- 26.14 We would recommend fairly frequent (at least quarterly) updating of the key tabulation of weekly costs. The rate of change in this will serve as a key indicator of how frequently the core data needs to be updated.

## Updating weekly costs

- 26.15 It has been emphasised through this report that the old focus on price to income ratios is not relevant to SHMA work. Financial capacity is the more appropriate measure regarding the ability 'to afford'. However, it has been emphasised that the main focus should be upon comparative prices and rents: what are the housing market gaps and how are they changing? That is what governs the issue of how fast people can 'climb the housing ladder'.



26.16 The most fundamental set of data for monitoring and updating is therefore the tabulation of weekly cost equivalents for purchase and rental. That is the main focus of the updating suggestions here, as it is both (relatively) simple and central. As a first step, a couple of related issues will be addressed, followed by specific instruction on the updating process.

### **Why not update incomes as well as the weekly costs of housing?**

26.17 The short answer is: because it is not relevant. There is no problem with updating incomes (indices exist for doing so), but it will not help with the question of affordability and policy for new build housing generally. Whether a household can afford social rent or outright purchase is a financial matter, but as shown in this report, income is only part of the answer to that question: affordability is also dependent on household savings and equity.

26.18 From the point of view of planning and housing policy and practice, the key updating issue is the relative costs of types and tenures of housing. The SHMA has indicated the ability to afford housing in general. The policy issues which will arise from day to day are of a different type, for example:

- i) A house builder offers what is stated to be affordable housing of two bedrooms at a cost of £X per week. Is it affordable? All that needs to be done is to ensure that the costs are on a comparable and complete weekly basis, and the answer takes a few moments when comparing it with the cost table below.
- ii) An RSL proposes shared ownership homes at a given price. Again when reduced to an overall weekly cost (including management or service charges) by making the purchase element into a weekly cost, the comparison with the table will soon show if the product is indeed intermediate or low cost market.
- iii) When negotiating S106 Agreements reference to updated versions of the weekly housing costs table will ensure that the housing really is affordable for the group it is targeted at.

### **How to calculate the updated prices**

26.19 Before putting the purchase and weekly rent costs on a common basis, as discussed in the next subsection, it is necessary to set out some points on the way in which a reasonable set of updated prices can be derived for a given (probably district) area. The following table sets out general principles.

**Table 26.2 Establishing new minimum prices/rents**

1. Prices for each size of dwelling will vary across a Borough, often within short distances. It is important therefore to identify the boundaries of the individual price markets that exist within the authority.
2. Once the appropriate price markets have been determined, it is necessary to establish the main settlements in the area and the estate or letting agents in operation in the area.
3. The Practice Guidance indicates entry-level prices should be approximated by the lower quartile value. For each settlement or estate/letting agent identified, it is possible to complete an internet search to identify the number of properties of each size available in that settlement. If the total number of properties of a particular size is quartered and then the properties are sorted by cost in ascending order, then the property at the quartered value is the lower quartile point.
4. This process is repeated for all property sizes and then for different settlements. The overall lower quartile cost for a particular dwelling size in a price market is the mean of the individual lower quartile prices identified in each constituent settlements.

Source: Fordham Research 2008

26.20 The figures can, in the case of weekly costs like rents, be inserted straight into the table. In the case of prices and shared ownership (combination of price and rent) it is necessary to process the information further. The next section describes a procedure for doing this.

### **Putting purchase prices on a weekly cost basis**

26.21 The following table explains how to put purchase prices on a weekly basis, for insertion into the weekly costs table.

**Table 26.3 Turning the purchase price for a house into a weekly cost**

<i>Issue for calculation</i>	<i>Formula</i>	<i>Calculation</i>
*For interest only mortgage (which is preferable because it represents the cheapest method of entering the sector and therefore the entry level)		
Cost (price) of home = C (assumed here to be £125,500 for a 2-bed)		
Interest rate = I (currently 6.5%: Halifax Standard Variable Rate March 2008)		
Interest to be on mortgage to be paid per year = P		
Weekly Interest payment = W		
Interest only mortgage: calculation of interest	$C \times I = P$	$£125,500 \times 0.065 = £8,164 \text{ pa}$
Make the annual figure into a weekly one	$P/52 = W$	$£8,164/52: £157 \text{ per week}$

Source: Fordham Research 2008

26.22 The figure of £157 is then inserted into the relevant cell for 2-bed entry level purchase cost.

### Basic table for future updating

26.23 For convenience the weekly costs table is reproduced here. It is the template for successive revisions as market conditions change. It represents the testing framework for a wide range of new housing. It can be inserted, together with the updating procedure, into S106 Agreements and the like, to ensure that the housing (especially affordable housing) does indeed meet the necessary criteria to address the relevant need.

**Table 26.4 Comparative outgoings by tenure (weekly)**

Bedrooms	Social rent	Intermediate	Private rent	Buy	New build
1 bed	£48	£64	£81	£78	£102
2 bed	£56	£72	£88	£92	£120
3 bed	£62	£79	£97	£120	£156
4 bed	£69	£113	£156	£191	£248

Source: Survey of Estate Agents in Rossendale 2008

## **Policy use of the information**

- 26.24 The revised table can be referred to in policy documents as a basic tool for assessing affordability. As emphasised above, it is not necessary to add income or financial capacity information. If the housing is cheaper than a given threshold, then it is affordable to the groups in question (those who can afford intermediate housing, or low cost market housing for example).
- 26.25 The revised table will, like that in this SHMA, represent a central policy tool both for the local authority to check the affordability of different types of housing (for example Intermediate or low cost market) and for private sector bodies to check the affordability of what they are offering. This tabulation should provide a neutral basis for comparison of alternative packages whether of market or affordable housing.

# Glossary

*[This Glossary aims to define terms used in the report. Where there is an existing definition (for example, in Government Guidance) reference is made to it. Otherwise the terms are defined simply in the way used in the report]*

## **Affordability**

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

## **Affordable housing**

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

## **Annual need**

The combination of the net future need plus an allowance to deal progressively with part of the net current need.

## **Average**

The term 'average' when used in this report is taken to be a mean value unless otherwise stated.

## **Balanced Housing Market model**

A model developed by Fordham Research which examines the supply and demand for different types and sizes of housing across different areas and for specific groups.

## **Bedroom standard**

The bedroom standard is that used by the General Household Survey, and is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents even though they may not be in use as such.

## **Concealed household**

A household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing.

## **Current need**

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

## **Demand**

This refers to market demand. In principle anyone who has any financial capacity at all can 'demand' something, in other words want to acquire it and be prepared to pay for it. The question is whether they can pay enough actually to obtain it. Thus many households who are unable fully to afford market housing to buy do aspire to buy it. The word 'demand' is therefore used in two senses in this report:

'demand' when used in the general text refers to the ordinary understanding of 'wanting' something that has a market price

'demand' when associated with numbers (as in the Balancing Housing Markets model) refers to expressed demand: the numbers of people who can actually afford the type of housing in question

In relation to (expressed) demand mention should be made of the private rented sector where typically there are not only households who can afford to rent at market prices, but also others who are unable to access affordable housing but who are able to access the private rented sector due to the subsidy of Housing Benefit. Such households do not have a demand in the sense used here, as they can only access the private rented sector with a subsidy.

**Disaggregation**

Breaking a numerical assessment of housing need and supply down, either in terms of size or type of housing unit, or in terms of geographical sub-areas within the Borough.

**Entry level market housing**

The survey of prices and rents is focussed on 'entry level' prices and rents. That is to say the price or rent at which there is a reasonable supply of dwellings in reasonable condition. The purpose of this approach is to ensure that when assessments are made of say first time buyers, that the prices are the appropriate ones for the typical members of this group. Thus it would in many areas involve second-hand terraced housing, rather than new build, which would be much more expensive. Testing affordability against new build would clearly produce an underestimate of those who could afford to buy.

**Financial capacity**

This is defined as household income+savings+equity (the value of the property owned by owner occupiers, typically the family home, net of mortgage). This provides an indication, when put on a capital basis, of the amount which the household could afford to pay for housing. Since, equity is now a substantial part of the overall financial capacity of the large fraction of owner occupiers it is essential to use this measure rather than the old price to income ratio to measure the activity of a housing market.

**Forecast**

Either of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

**Grossing-up**

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

**Headship rates**

Measures the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

## **Household**

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

## **Household formation**

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs).

## **A household living within another household**

Is a household living as part of another household of which they are neither the head or the partner of the head.

## **Household reference person**

For the purposes of the study the survey respondent is taken to represent the household reference person (HRP).

## **Households sharing**

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (for example 5 adults sharing a house like this constitute 5 one-person households).

## **Housing demand**

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

## **Housing market area**

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay.

## **Housing need**

Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.



**Housing Register**

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing Registers, often called Waiting Lists, may include not only people with general needs but people with support needs or requiring access because of special circumstances, including homelessness.

**Housing size**

Measured in terms of the number of bedrooms, habitable rooms or floorspace. This guidance uses the number of bedrooms.

**Housing type**

Refers to the type of dwelling, for example, flat, house, specialist accommodation.

**Income**

Income means gross household income unless otherwise qualified

**Intermediate Housing**

PPS3 defines intermediate housing as 'housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (for example HomeBuy), other low cost homes for sale and intermediate rent.'

**Lending multiplier**

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**Lower quartile**

The value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

**Market housing and low cost market housing**

This is defined by CLG as anything not affordable. In the Housing Gaps figure it is anything above market entry. CLG has not defined 'low cost market' other than that it falls within the market range. Since this is very wide, it is not very helpful. The most useful kind of low cost market would be that which falls into the rent to buy gap on the Housing Gaps figure. Shared ownership would provide a partial equity solution for those unable to afford second hand entry level purchase, for example.

## **Mean**

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

## **Median**

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

## **Migration**

The movement of people between geographical areas primarily defined in this context as local authority Districts. The rate of migration is usually measured as an annual number of households, living in the District at a point in time, who are not resident in that District one year earlier.

## **Net need**

The difference between need and the expected supply of available affordable housing units (for example from the re-letting of existing social rented dwellings).

## **Newly arising need**

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (for example households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

## **Non-self-contained accommodation**

Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

## **Overcrowding**

An overcrowded dwelling is one which is below the bedroom standard. (See 'Bedroom Standard' above).

## **Primary data**

Information that is collected from a bespoke data collection exercise (for example surveys, focus groups or interviews) and analysed to produce a new set of findings.

**Potential households**

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head nor the partner of the head and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation rather than continuing to live with their 'host' household.

**Projection**

Either of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

**Random sample**

A sample in which each member of the population has an equal chance of selection.

**Relets**

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

**Rounding error**

Totals in tables may differ by small amounts (typically one) due to the fact that fractions have been added together differently. Thus a table total may say 2011, and if the individual cell figures are added the total may come to 2012. This is quite normal and is a result of the computer additions made. Figures should never be taken to be absolutely accurate. No such state exists. The figures in this document are robust estimates not absolutely precise ones. The usual practice is to use the stated total (in the above case 2011) rather than the figure of 2012 to which the individual figures sum. That is because the total will have resulted from a rounding after all the fractions are taken fully into account.

**Sample survey**

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

**Sampling frame**

The complete list of addresses or other population units within the survey area which are the subject of the survey.

## **Secondary data**

Existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (for example Census, national surveys).

## **Shared equity schemes**

Provide housing that is available part to buy (usually at market value) and part to rent.

## **SHMA (Strategic Housing Market Assessment)**

SHMA derives from Government guidance suggesting that the 'evidence base' required for the good planning of an area should be the product of a process rather than a technical exercise.

## **Social rented housing**

PPS3 defines social rented housing as 'rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime', the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'.

## **Special Needs**

Relating to people who have specific needs: such as those associated with a disability.

## **Stratified sample**

A sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics based, for example, on sub-areas and applying a different sampling fraction to each sub-sector.

## **Specialised housing**

Refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

**Supporting People**

This term refers to a programme launched in 2003 which aims to provide a better quality of life for vulnerable people by aiding them to live independently and maintain their tenancies and current home life. The programme covers a wide variety of vulnerable people from travellers, to young people at risk, to those with HIV or AIDS. Supporting People provide housing related support in many different forms but include enabling individuals to access their correct benefits entitlement, ensuring they have the correct skills to manage their tenancy and providing advice on property adaptations.

**Under-occupation**

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

**Unsuitably housed households**

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason.

## Definitions

ABI - Annual Business Inquiry

BAME – Black, Asian and Minority Ethnic

CBL - Choice Based Lettings

CORE - The Continuous Recording System (Housing association and local authority lettings for new tenants)

DETR - Department of the Environment, Transport and the Regions

GIS - Geographical Information Systems

HMO - Households in Multiple Occupation

HSSA - The Housing Strategy Statistical Appendix

IMD - Indices of Multiple Deprivation

LA - Local Authority

LCHO - Low Cost Home Ownership

LDF - Local Development Framework

NeSS - Neighbourhood Statistics Service

NHSCR - National Health Service Central Register

NOMIS - National On-line Manpower Information System

NROSH - National Register of Social Housing

ODPM - Office of the Deputy Prime Minister

ONS - Office for National Statistics

PPS - Planning Policy Statement

RSL - Registered Social Landlord

RSR - Regulatory and Statistical Return (Housing Corporation)

RTB - Right to Buy

SEH - Survey of English Housing

TTWA - Travel to Work Area

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