



Ipswich Housing Market Area

Strategic Housing Market Assessment



Strategic Housing Market Assessment

Commissioned by Babergh, Suffolk Coastal
& Mid Suffolk District Councils.

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Executive Summary

Context

This document updates the 2008 Strategic Housing Market Assessment (SHMA) for the Ipswich Housing Market Area, which comprises: the districts of Babergh, Mid Suffolk and Suffolk Coastal, and the borough of Ipswich. This update is a hybrid between a straight-forward review of the data and an entirely new assessment.

A great deal of economic and political change has occurred since the original SHMA was published in 2008. The Government has placed much more responsibility with local authorities to research, determine and then plan for economic growth and population change, as well as in discharging their housing functions. This has reinforced the role of SHMAs in helping local authorities prepare local plans and other strategies. This update adopts a similar format and approaches to the original document in the absence of any new guidance and to maintain a consistent approach.

The imminent removal of regional strategies and the housing numbers contained within them does not negate underlying demographic changes, the affordability of housing, and the need to build more affordable homes. The need for more affordable homes in rural areas is particularly acute, a fact emphasised by a group of national rural bodies in 2010.¹

This assessment does not incorporate the results from the 2011 Census into the projections and needs assessment because further detail, such as the age of the head of household, has yet to be released. The first release, which provided population by age and the number of households, has been reviewed and provides a checkpoint for the household projections.

There has been a substantial fall in the volume of sales of residential properties since the credit crunch of August 2007. The national economic outlook is uncertain and the Office for Budget Responsibility forecasts that housing market is unlikely to return to previous rates of growth until 2015 at the earliest.

Unaffordable housing discourages young people from forming households

On average, incomes in the Ipswich HMA remain below both regional and national levels. Earnings in Ipswich are well below those in the rest of the Housing Market Area (HMA). This update estimates that 41% of newly forming households are not be able to afford to rent or buy a home within the Ipswich HMA.

¹ National Housing Federation (2010) *Affordable Housing: Keeping Villages Alive*. Supported by: Countryside Alliance, the Commission for Rural Communities, ACRE and the Campaign to Protect Rural England.

Worsening affordability of housing reduces the rate that young adults form households. One effect has been for more young people to live with parents. Nationally, around one in three men and one in six women aged 20 to 34 now live with their parents, an increase from one in four men and one in seven women in 1997.

A lack of choice of housing affects mobility within the labour-market and, therefore, the economy. There are also local spatial implications for the Ipswich HMA if this trend continues such as:

- an even greater need for affordable housing in the least affordable areas;
- greater household formation in more affordable areas such as Ipswich, increasing the birth-rate which increases demand for schools for example, and
- further commuting from more affordable to less affordable areas.

Upon the release of detailed results from the 2011 Census, further investigation should be undertaken into the localised effects of affordability on the formation of households. This will assist in understanding the pattern of household change and how affordable homes, including those for low-cost home ownership, can assist the housing choices of young people.

National housing policy affects the local supply of affordable homes

The Government has altered the framework for financing new affordable homes and the operation of state benefits related to housing. The effects of the reforms need to be monitored, particularly the influence of welfare reform on existing households and the characteristics of new households requiring affordable homes.

The introduction of the affordable rent model, which are homes let to households who are eligible for social rented housing but at higher rents (up to 80% of the average market value), is another important change. The Communities and Local Government Committee recently reported some concern that housing associations will not have the capacity to borrow in the future and that local authorities need to be careful to not set a Community Infrastructure Levy too high, as fewer affordable homes would be delivered.

Demographic change with the Ipswich HMA

The population of the area has grown steadily since 1981 but growth was not evenly dispersed: Mid Suffolk and Suffolk Coastal had the largest proportionate growth between 2001 and 2011. Most of the migratory growth within the HMA is from approximately 2,300 people moving from Essex and London each year. Population increase owing to net international migration was approximately 740 people annually between 2001 and 2010.

The Ipswich HMA contains fewer people aged 20 to 40 when compared to the national average, but comparatively more people at or approaching retirement age and older people. The composition of households has changed with more singles, couples with no children and lone parents; and fewer couples with children.

One consequence of an aging population is a reduced average household size as fewer households contain children and more single households are present. Nationally, the trend for smaller households has slowed and appears to be stable at around 2.35 people per household. However, the trend within the Ipswich HMA does not follow this pattern and has, instead, accelerated.

Housing market within the Ipswich HMA

Alongside the substantial fall in sales, turnover within the owner-occupied sector has also fallen. If national trends are followed, the proportion of private rented accommodation will have increased in the Ipswich HMA by some 77% between 2001 and 2012.

The market for detached properties, which are more expensive, has been more resilient than for other types such as flatted and terraced housing. The borough of Ipswich is a location for lower cost and, arguably, more affordable homes; this role has been reinforced through more smaller and flatted accommodation being built in the town.

Since 2001, 2,000 new dwellings have been created in the Ipswich HMA each year, 700 of which were within the borough of Ipswich. The greater than average supply and fall in price of flats in and around Ipswich is a significant event. The impact of the increase in supply of flats indicates how localised supply can affect the affordability of housing in a wider area. Whilst the change in property values has resulted in some unfinished developments, the change is likely to have supported more, particularly younger, households to purchase a home.

Average (median) house prices Babergh, Ipswich and Mid Suffolk have not returned to the same values as in 2007. This decline has not affected the market for homes in Suffolk Coastal, which has remained buoyant for over all types of housing. The high incidence of second home ownership is a noteworthy and growing feature of Suffolk Coastal's housing stock.

Whilst entry-level purchase prices remain highest in Suffolk Coastal, values have fallen within the district since 2010. Within Babergh however, the price of entry-level homes increased between 2010 and 2011.

Affordability of rented housing in the Ipswich HMA has improved since the original SHMA in 2008. However, based on the earnings of existing residents, entry-level, median and mean private rents are the least affordable in Ipswich but the most affordable in Suffolk Coastal. There is a very small difference between renting and buying in Ipswich; only the cost of the deposit and ongoing maintenance make renting cheaper. However, for families and those requiring larger homes, this gap is likely to be much wider.

Intermediate gaps between market and social rents are present, suggesting some scope for sub-market rented and shared ownership options, but the affordable rent model might only be suitable for households that require the assistance of housing benefit.

Population and household projections

National planning guidance requires local authorities to review household projections. Whilst being an economic-based approach, the East of England Forecasting Model appears to be more robust than the “official” household projections when compared to the 2011 Census. However, the East of England Forecasting Model uses a low population projection for Babergh and an alternative, 2010-based projection, appears to be more appropriate. These results form the basis of determining the overall scale of housing the local population is likely to need by 2031 which are as follows:

	Household base in 2011	Projected Households in 2031	Change
Babergh	37,200	43,800	6,600
Ipswich	56,800	71,100	14,300
Mid Suffolk	40,000	51,100	11,100
Suffolk Coastal	54,100	68,300	14,200
Ipswich HMA	188,100	234,300	46,200

The most significant influence on household change is the aging population profile. Most of the projected change is because of a larger population of people aged 60-79 and, in the case of Babergh, those aged 80 and over. This will be a significant change and one that will affect other local services as well as housing.

Smaller household sizes does not necessarily equate to more demand for smaller homes. The projected growth in single households and a lower average household size would not only increase demand for smaller homes; household demand from projected growth might require half of all new homes to be three bed properties. Even with the recent and substantial increase in the number of apartments in Ipswich, trends suggest that 12% of new homes built by 2031 could be this type in the town.

National and international migration has influenced the population size and the demand for homes in the Ipswich HMA. This is an important influence because, if the prevailing migration trends continue and given the first results of the 2011 Census, younger households are more likely to move to Ipswich whereas older households would tend to move to the other areas.

Housing needs within the Ipswich HMA

Currently, there is a backlog of over 4,000 households in need of a suitable and affordable home in the Ipswich HMA. The supply of new affordable homes and the reuse of existing stock are not sufficient. In order to address this shortfall, 70% of all new homes in the Ipswich HMA currently being planned would need to be affordable.

The needs are greatest in Ipswich with an annual need for at least 584 more homes to be affordable. Need within Suffolk Coastal is the next greatest at 355, in Mid Suffolk 229 are required and 134 more affordable homes are needed each year in Babergh.

Low-Cost Home Ownership is likely to remain as a specialised product for a few households not served by the market. However, further research is required to fully account for local needs, which might show that the product is suitable for larger households unable to afford the accommodation that meets their needs.

Needs of specific groups of people

With more older people being assisted to remain at home, the trend for larger homes to be under-occupied is likely to increase. This could have a knock-on effect of constraining the supply of homes. At the same time, older people will expect more choice on the type, quality and location of accommodation. A better understanding of these expectations is required to inform actions that promote “down-sizing” and the development of Local and Neighbourhood Plans to promote accommodation which would be suited to the needs and expectations of older people.

There has been a 43% increase in households containing students in the Ipswich HMA since 2008. With a new fee regime, as well as other reforms including immigration, the enrolment of students should be monitored and linked more closely to households. One possible change is that the number of student-only households may decrease with fewer young people moving to a university and, instead, staying in the parental home and studying more locally.

More lone-parent households are projected and this trend needs to be monitored closely through statistical trends and housing registers. A greater number and proportion of lone-parent households has an impact the demand for homes, particularly social rented homes, but also for services such as child-care, local play spaces, and schools.

New housing supply: vital to delivering more affordable homes

The delivery of new homes is vital to providing the level of housing, particularly affordable housing, that an area needs. The linkage between supply and affordability has been rehearsed at national level on several occasions. There is some local evidence of this link through an apparent link between the supply of flats in Ipswich and the price within the wider housing market.

The availability of land for housing, not least through the planning system, is an important component, but access to finance is currently one of the biggest barriers to increasing housing supply, particularly for smaller volume housebuilders.

The current scale of housing need is unlikely to be met because the developments that are currently being planned become unviable. More than ever, new homes need to be built, not only to meet demand, but to deliver the affordable homes that are needed.

1. Introduction

1.1 A Strategic Housing Market Assessment (SHMA) is a review of social and economic information related to housing within a given area. The results of the assessment help to form and support local policies, particularly planning policy.

Why an update is needed

1.2 The original SHMA for the Ipswich Housing Market Area (Ipswich HMA) was completed in 2008 and used statistics and other information that pre-date the significant financial crisis that has since affected economies worldwide. Local policies need to be informed by evidence and this must be reviewed and kept up-to-date.

1.3 An update to the SHMA was undertaken by Suffolk County Council in 2009 (the 2009 update); this reviewed more recent published data. This update applies the same process but, owing to significant changes to legislation and policy, a more extensive review of data and policy has now been undertaken.

1.4 This update follows similar guidance² and processes³ that formed the original SHMA. This Assessment contains a review of the most recent data and, reflecting changes to national policy, the implications for local policies. The most significant policy change has been through the loss of the regional tier allied to the requirement in the National Planning Policy Framework (NPPF) for local authorities to prepare a SHMA. The NPPF sets out that a SHMA should assess the full housing needs, as well as identify the scale and mix of housing and the ranges of tenures that the local population is likely to need over the “plan period” (which should be at least 15 years into the future).⁴ This update addresses the requirements of the NPPF in the following chapters:

- Chapter 8 reviews household and population projections that inform the scale of housing required (catering for housing demand) including a review of the first results of the 2011 Census;
- Chapter 9 reviews the need for affordable housing following the stages in the original SHMA;
- Chapter 10 refreshes the needs of different groups of people from the original SHMA as well as other groups such as the armed forces;
- Chapter 12 includes a review of mix of housing sizes, types and the range of tenures.

Difference between Housing Needs Assessments and SHMAs

1.5 Whilst related, the assessments have different uses and adopt different methods. Housing Needs Assessments are based on a statutory requirement⁵ on local authorities to consider housing conditions and, often through questionnaires, focuses on the needs of those who are not able afford their own home. Whilst not statutory, the preparation and updating of a SHMA is a requirement through planning policy.⁶ SHMAs are broader reviews of housing for wider areas and combine several secondary sources of information.

² DCLG (2012) National Planning Policy Framework

³ DCLG (2007) Strategic Housing Market Assessments: Practise Guide Version 2

⁴ DCLG (2012) National Planning Policy Framework, para. 157 & 159

⁵ Housing Act 1985

⁶ DCLG (2012) National Planning Policy Framework, para.159

Structure of this update

1.6 This report is structured according to the chapters and stages of the original assessment and the 2009 update. Some parts of the original assessment that cannot currently be updated (e.g. detail from the 2011 Census) have been reproduced without alteration as an aid to reviewing the SHMA as a whole.

1.7 The steps set out in the Government's guide (2007) are identified through sub headings throughout the report.

1.8 Throughout this document, estimates of net affordable housing need should be treated as underestimates, as the methodology is based on prices, and does not take into account other barriers to the housing market such as access to finance.

2. The Housing Market Area and Haven Gateway

2.1 Determining the Housing Market Area

2.1.1 The choice for the boundary of the Ipswich Housing Market Area (Ipswich HMA) was originally made through the Regional Housing Forum in 2003 so that local assessments could be co-ordinated. Since then, a separate piece of academic research⁷ considered how to construct a consistent geography for housing markets within England and Wales to support those examining housing market matters.

2.1.2 The result of the research produced several geographies based on different variables such as commuting, migration and the price of comparable houses. The most accurate geography – the “gold standard” – is based on electoral wards within which the relative containment for commuting is 77.5% and migration at 50%. For the Ipswich area, the influence of commuting to Norwich, Bury St Edmunds, Lowestoft and Colchester affect the geographical extent of the housing market area.

Figure 2.1.2 Local Housing Market Areas



Housing Market Areas “Gold Standard”



Housing Market Areas “Silver Standard”

2.1.3 Undertaking research based on the gold standard as the spatial extent of Ipswich’s housing market would need ward-level information, which is not always available. The research into housing market areas acknowledges that, where data constraints exist, an alternative approach based on local authority boundaries (the “silver standard”) can be used.⁸ This silver standard matches the geography of the original SHMA and this update, and is a robust basis to study the housing market. Therefore, this area remains the most appropriate area related to Ipswich given the limitations in the availability of data.⁹

⁷ DCLG (2010) Geography of housing market areas in England

⁸ DCLG (2010) Geography of housing market areas in England – paper B, page 17

⁹ Ibid

2.2 Co-ordination of effort with the Haven Gateway

2.2.1 Over the last decade, Ipswich and the surrounding districts have been associated with the Haven Gateway sub-region.

2.2.2 In terms of housing, authorities worked closely to prepare and implement a housing strategy for the Greater Haven Gateway including:

- Jointly procuring the Three Dragons' site viability tool to support local authorities to maximise the delivery of affordable homes on developments;
- Co-ordinating efforts to return empty properties back to use;
- Forming a Choice-Based Lettings scheme using a common allocations policy as well as an Enhanced Housing Options Programme throughout the sub-region, and
- Provision of support for Gypsy and Travellers.

2.2.3 A draft revised Housing Strategy was agreed in 2011, and is expected to be agreed in November 2012.¹⁰ Building on the success of previous joint initiatives, activities to improve affordability and the supply of suitable affordable homes will include:

- Support local authorities to link housing demands and needs with economic growth;
- Raise awareness of the practical benefits of delivering rural exception sites;
- Improve knowledge on how to address overcrowding and under-occupation;
- Recycling equipment used to adapt homes within the sub-region, and
- Integration of landlord accreditation schemes with the Choice Based Lettings (CBL) system.

2.2.4 This update SHMA uses information shared across the Greater Haven Gateway and will further the understanding of the Ipswich Housing Market within this sub-regional context.

¹⁰ Haven Gateway Partnership (2011) Greater Haven Gateway Strategy 2011-15

3. Research into Stakeholder Views

Summary

There is no update to the original research undertaken with stakeholders, the key findings of the original 2008 report are repeated here to provide some context to the rest of the update document.

In 2008, the stakeholders noted the supply of apartments in Ipswich, the buoyant private rented sector linked to the development of the university, Registered Social Landlord (RSL) problems in selling shared ownership homes and the problems Black and Minority Ethnic groups face accessing housing.

Results of previous research

- 3.1** No further work has been undertaken to update the views received in 2008. The following key summary results are reproduced from the original report.
- “Local estate agents described a large range of differing housing sub-markets within the study area. Some local housing markets attract a significant proportion of buyers from outside the County, especially London and Essex. Outside Ipswich, Suffolk towns are a popular retirement destination. There is a sustained supply of apartments within Ipswich although a large proportion of new apartments are being sold to private investors.
 - The private rented sector is buoyant. It is being courted by the University to provide student accommodation as well as helping to meet the unmet need for affordable housing. Due to current economic circumstances and the ‘credit crunch’ developers are offering significant incentives for apartment sales and are offering shared ownership on selected sites that compete with RSLs seeking affordable intermediate shared ownership. In Ipswich, RSLs are experiencing significant problems in selling large volumes of shared ownership homes.
 - Discussions were held with representatives of Black and Minority Ethnic groups (BME). These suggested that the main problem experienced by these groups, which are almost exclusively found within the town of Ipswich itself, are concerned with the private rented market. That is partly because those who do not have full citizenship are restricted to that tenure. They have sometimes experienced difficulties due mainly to language. It was suggested that simple pamphlets explaining procedures and the rights of different groups would be a valuable aid towards resolving any problems.”

4. Policy and Strategic Context

The purpose of this chapter is to:

- Provide an overview of the Government policies relevant to housing and planning as context for the results and to explain why this update differs from previous versions, and
- Review the sub-national context including trends reported by other SHMAs.

4.1 Institutional, Financial and Policy Reforms

4.1.1 A great deal of change has occurred since the publication of the original SHMA in 2008. The global financial crisis that has continued and the election of a new Government in 2010 are major influences. The original SHMA reflected the then economic conditions, particularly in the background data, as well as prevailing national and regional policies which, in the context of the new Government and the removal of regional institutions, now need to be updated.

4.1.2 The Government has brought in changes to the regulatory and policy frameworks that influence the supply of affordable homes and the planning system. The Localism Act 2011 has amended the framework for the provision and allocation of affordable housing as well as the planning processes that designate land. The Welfare Reform Act 2012 introduces: Universal Credit, which combines several means-tested benefits including Housing Benefit; a cap on overall household benefits, which affects households in high-value parts of the country and large families; and a mechanism to restrict the benefit entitlement for social housing tenants with one or more spare rooms. However, the Government reiterates the previous administration's view in that: the supply of homes has not kept pace with demand, affordability has deteriorated more rapidly in some parts of the country than others, and more affordable homes are needed.¹¹

4.1.3 In order to meet the need for more low-cost rented housing, whilst reducing burdens on public expenditure, the Government has introduced the affordable rent model. Affordable rented housing¹² is "let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent".¹³ The result will be to replace the system of capital grant supply subsidies for social rented housing with a revenue subsidy for affordable rented housing. For example, owing to 20,000 more affordable rented homes being provided, DCLG will be covering "the anticipated £56 million increase in housing benefit costs".¹⁴

¹¹ DCLG (2011) *Laying the Foundations: A Housing Strategy for England*.

¹² The term affordable rented housing is used here as a term for the Government's housing product rather than an expression that such housing is affordable. Alongside low-cost home ownership schemes, both are classified as social housing under s.68 of the Housing and Regeneration Act 2008.

¹³ DCLG (2012) National Planning Policy Framework, Annex 2.

¹⁴ Official Report, 14 June 2012, c.600w

National policies for new housing and the role of SHMAs

4.1.4 A notable change to national policy is the move away from any form of regional governance and a government-endorsed Regional Strategy, which set a regional pattern of housing and economic growth, to an incentivised approach where locally produced plans reflect the evidence and priorities of local authorities that have co-operated on strategic matters.

4.1.5 One mechanism behind the Government's incentivised approach is the New Homes Bonus; a funding scheme that match-funds the additional council tax raised.¹⁵ In its first year (2011), the four authorities of the Ipswich HMA received a total of £1.32 million from the New Homes Bonus.¹⁶ This amount will grow significantly as the payment is based on net additions during a rolling six-year period. However, the New Homes Bonus will be funded from reductions to the formula grant that all local authorities receive from the Government.

4.1.6 In the absence of regionally-based co-ordination, the Government expects local authorities and other bodies to co-operate strategic planning matters and, through the Localism Act, has introduced legislation to ensure that this takes place.¹⁷ The Government's National Planning Policy Framework (NPPF) sets out the strategic matters on which local authorities will need to co-operate, which includes the housing requirements of an area.¹⁸

4.1.7 In determining the housing demand and needs for an area, local authorities will (still) need to prepare Strategic Housing Market Assessments¹⁹ and use this evidence so that a "Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area".²⁰ The change in emphasis away from regional strategies means that SHMAs have a more significant role in the preparation and formation of local planning policies. Together with the need to co-operate on strategic matters, this heightened significance means that SHMAs need to be commissioned and interpreted in a co-ordinated manner between local authorities.

4.1.8 The NPPF describes an approach and provides the following framework for what a SHMA should comprise:

- An identification of scale and mix of housing and the range of tenures that the local population is likely to need over the plan period. This should cater for housing demand and the scale of housing supply necessary to meet this demand. (The plan period refers to the period of Local Plans, which tend to be 15-20 years).
- A review of household and population projections that take account of migration and demographic change;
- An assessment of the need for all types of housing, including affordable housing, and
- An assessment of the needs of different groups in the community.

¹⁵ For new homes and long-term empty properties brought back into use, with a premium added for affordable homes including gypsy and traveller pitches.

¹⁶ DCLG (2011) New Homes Bonus Calculator

¹⁷ Addition of Section 33A (Duty to co-operate in relation to planning of sustainable development) to the Planning and Compulsory Purchase Act 2004,

¹⁸ DCLG (2012) National Planning Policy Framework, para.156

¹⁹ Ibid, para.159

²⁰ Ibid, para. 47

4.1.9 The original SHMA followed similar requirements and guidance produced in 2007 to support the preparation of SHMAs.²¹ Whilst the 2007 guide was published before the NPPF, it has not been replaced and the Government is clear that “current underpinning guidance remains in place” until it has considered what “continues to be needed”.²²

4.1.10 The Government is clear that local authorities need to plan for the required level of growth, including those that cannot be wholly met within other areas.²³ In considering what the requirements might be, the NPPF directs local authorities to “take account of market signals, such as land prices and housing affordability”.²⁴ In addition, the Government produces household projections and has stated that “local authorities should use the household projections as a part of the evidence base for assessing future housing demand, including the amount of land needed to accommodate that housing”.²⁵

4.1.11 A notable difference between the previous and current policy on the level of housing needed is the consideration of advice on affordability. The Government closed the National Housing and Planning Advice Unit in June 2010 and, whilst housing affordability is a market signal, the specific impact on affordability no longer needs to be considered when determining housing requirements.

National policies and finance for affordable homes

4.1.12 The structure of funding for affordable housing has changed since the previous update. Funding for new affordable homes has been significantly reduced and then steered towards the provision of new homes for the affordable rented model rather than social rented. At first, only housing associations are able to set affordable rents.

4.1.13 The 2010 Comprehensive Spending Review (CSR) reduced the capital budget to build affordable homes by 63%.²⁶ The Government has focused resources on the provision of affordable rented homes. Increasing the supply of homes through the affordable rent model will mean that Registered Providers (RPs) such as housing associations need to borrow more to invest in homes to get the return from increased rental levels. The higher rents from affordable rent will support more borrowing but, even though housing associations are finding new and more efficient ways of funding their requirements, funding costs have risen and the number of lenders to the sector has been shrinking.²⁷ The Communities and Local Government Committee recently reported some concern amongst housing associations and lenders that the sector will not have the capacity to borrow for more homes beyond 2015.²⁸

4.1.14 The shift from a capital subsidy to private borrowing based on a revenue subsidy affects the valuation of affordable homes, which is critical to whether development projects are viable. The interaction of the affordable rent model with the delivery of homes through planning obligations will be an important element to consider in determining planning

²¹ DCLG (2007) *Strategic Housing Market Assessments*

²² Official Report, 17 May 2012, c.246w

²³ DCLG (2012) National Planning Policy Framework, para. 179.

²⁴ Ibid, para. 17.

²⁵ Official Report, 16 January 2012, c.553W

²⁶ House of Commons (2011), Communities and Local Government Committee, Written submission from the National Housing Federation

²⁷ House of Commons (2011) Communities and Local Government Committee, Written submission from the Cambridge Centre for Housing and Planning Research

²⁸ House of Commons (2012) Communities and Local Government Committee, *Financing of new housing supply*, HC 1652, para. 60

applications, forming local planning policies and the new tenancy strategies – although whether rents are below the 80% maximum is a matter for the provider rather than the local authority.

4.1.15 The Localism Act has altered the way people access social housing, the types of tenancies that are provided and the way the homelessness duty is discharged. In terms of this update to the SHMA, these changes and those in the Welfare Reform Act 2012 alter how local housing needs will be met and affect existing tenants. The Government will introduce measures so that local authorities are no longer required to keep “open” waiting lists and will not need to add households who are able to meet their own needs privately.²⁹ All these factors may alter the size and characteristics of the current waiting lists to that which is currently recorded and reproduced in this report.

4.1.16 Regardless of whether they still have their own stock, local authorities now need to publish a tenancy strategy by 15 January 2013 setting out the tenancies that will be granted, the lengths of the terms, and the circumstances in which they will grant extensions. The information contained in the SHMA will be used in the production of Tenancy Strategies. Moreover, the linkage is likely to become stronger through monitoring of the effectiveness of the Tenancy Strategies.

4.1.17 The Government is also promoting a greater volume of sales (Right to Buy or Preserved Right to Buy), the proceeds of which will then be used to fund new affordable rented homes within the same housing market area or within England if not used locally.³⁰ The Government’s aim is for such sales to fund new homes on a “one-for-one” basis rather than like-for-like.³¹

4.1.18 In November 2011, the Government published its Housing Strategy³² that set out further policies and initiatives to improve the housing market such as bringing forward public sector land for new homes. The Strategy includes the above as well as the following proposals:

- establishing a mortgage guarantee scheme for new build properties (FirstBuy);
- a commitment to run a competition promoting the development of larger-scale development projects such as urban extensions;
- armed forces personnel with urgent housing needs will receive ‘additional preference’ (i.e. high priority) in allocation schemes;
- policy support for refreshed Building for Life standards to be launched in 2012, and
- a commitment to review how institutional investors, such as pension funds, could invest more in the private rented sector - the Montague Review commenced in February 2012.

²⁹ DCLG (2011) *Laying the Foundations: A Housing Strategy for England*, para. 13-17

³⁰ Official Report, 11 June 2012, c.17w

³¹ Official Report, 2 July 2012, c.570

³² DCLG (2011) *Laying the Foundations: A Housing Strategy for England*.

4.2 Economic Context

National Economy

4.2.1 The 2008-09 global recession hit the UK economy harder than others. The OECD reported a “more pronounced fall” in Gross Domestic Product (GDP) and “a larger fiscal deficit and higher inflation than in most of the OECD”.³³ However, flexibility in the labour market has resulted in it being more resilient and exports, particularly manufactured goods, picked up.³⁴

4.2.2 In its November 2011 Economic and Fiscal Outlook, the Office for Budget Responsibility (OBR) reported that the national economy has lost some momentum since mid-2011 and, accordingly, revised down its central forecast for growth.³⁵ The financial crisis has had a significant impact to global output and to the UK economy but the OBR did not consider that “the financial crisis has led to a permanent reduction in the long-term potential rate of growth of the economy in the UK”.³⁶ In its latest forecast, the OBR increased its forecast for 2012 by 0.1% to reflect its “judgement that the economy carried a little more momentum into the new-year than previously anticipated”.³⁷

4.2.3 The latest estimate of GDP indicates that the economy declined by 0.2% at the end of 2011 and that the decline was more pronounced within manufacturing, which fell by 0.9%.³⁸ This fall in the overall economy was 0.1 more than the previous OBR forecast.³⁹ The outlook for manufacturing and exports was promising in February,⁴⁰ since then the Manufacturing Purchasing Managers’ Index recorded the fastest drop in new orders since March 2009 and firms scaling back production and employment.⁴¹

4.2.4 Labour market conditions are particularly relevant to national and local housing markets. Whilst the number of people in employment in the UK increased by 26,000 during 2011, there were 57,000 fewer people in full-time employment and 75,000 more in part-time employment.⁴² A similar change occurred during the first quarter of 2012, as the number of people in part-time employment neared to eight million, the highest figure since records began in 1992.⁴³

4.2.5 The number of residential property transactions declined over 2011 by 5%;⁴⁴ the number of transactions is important factor to consider because this indicates overall movement in the housing market. Based on official figures, house prices in the UK decreased by 0.4% over the year up to March 2012 and, until then, prices in London have been growing since the end of 2009 unlike other parts of England which had more varied and negative changes.⁴⁵ Given the overall volume of sales in London and its role in the national economy, this decrease is noteworthy.

³³ OECD (2011) *OECD Economic Surveys: United Kingdom - Summary*, para. 1

³⁴ *Ibid*, para. 2-3

³⁵ Office for Budget Responsibility (2011) *Economic and fiscal outlook: November 2011*, para. 1.15-1.16

³⁶ *Ibid*, para. 3.30.

³⁷ Office for Budget Responsibility (2012) *Economic and fiscal outlook: March 2012*, para. 3.3

³⁸ ONS (2012) *Gross Domestic Product Preliminary Estimate - Q4 2011*

³⁹ Office for Budget Responsibility (2012) *Economic and fiscal outlook: March 2012*, para. 2.6

⁴⁰ House of Commons Library (2012) *Economic Indicators update – 1 February 2012*.

⁴¹ Markit/CIPS UK Manufacturing PMI® (Purchasing Managers’ Index), 1 June 2012.

⁴² ONS (2012) *Labour market statistics: January 2012*

⁴³ ONS (2012) *Labour market statistics: May 2012*

⁴⁴ DCLG (2011) Live Table 530

⁴⁵ ONS (2012) House Price Index (May 2012).

4.2.6 In November 2011, the OBR forecast house prices to fall during 2012 and then slowly increase to 4.5% (long-term average) by the third quarter of 2014.⁴⁶ In its latest forecast (March 2012), the OBR revised this slightly, extending the long-term average to the start of 2015 and reporting weaker house price inflation in 2012 and 2013.⁴⁷ Critically, the OBR are forecasting a slow return in sales volumes and that, by 2017, sales will still be 20% lower than the pre-crisis peak.⁴⁸

4.3 Neighbouring SHMAs

Colchester – SHMA Update 2010

4.3.1 Since 2008, median house prices for smaller homes have declined whereas prices for larger properties have increased. However, private rent levels have remained broadly stable. The need for affordable homes increased since 2008 and the biggest shortfall in supply is still for larger homes for families. The Update records the operation of the choice-based lettings and indicates net outflow from Colchester, Ipswich and Maldon and a net inflow to Babergh, Braintree and Suffolk Coastal, with Mid Suffolk remaining relatively balanced.

Braintree – SHMA Update Autumn 2011

4.3.2 Braintree's update notes that average property prices in the district are returning to levels recorded in the original SHMA (2007/08). Whilst the average number of viewings per sale increased from 3.6 to 9.2, sales remained depressed compared to pre-recession years. Average rents for 1 and 2 bed properties increased whereas rents for 3 and 4 bed properties appear to have decreased.

4.3.3 The need for affordable homes increased since 2008 and the biggest shortfall in supply is still for larger homes for families. The Update notes that many households working in the district could not afford to meet their housing needs beyond a 1-bedroom property.

Greater Norwich (South Norfolk) – SHMA Update Autumn 2011

4.3.4 Average house prices for Greater Norwich had increased to the same levels as at the end of 2006. Private sector rents have increased slightly from the 2009 figures with an active demand and supply of two and three bed houses to rent. The overall affordable housing need increased to 46% across the sub-region and there are no long-term, difficult-to-let social rented properties.

Greater Cambridge (St. Edmundsbury) – SHMA Update September 2011

4.3.5 During 2007-2009, house prices fell throughout the Cambridge sub-region but this fall was the lowest in St Edmundsbury (4% compared to 7% for the sub-region). The Borough was recorded as the second least affordable part of the sub-region, with Cambridge City being the most unaffordable based on local wages. There is low demand for renting 1-bed homes because rents are more expensive than purchasing. The number of households on the waiting list fell in 2009 but this is likely to be due to the Borough Council contacting

⁴⁶ Office for Budget Responsibility (2011) Economic and fiscal outlook - Charts & Tables, Chart 3.20

⁴⁷ Office for Budget Responsibility (2012) Economic and fiscal outlook: March 2012, para. 3.93

⁴⁸ Ibid, box 3.4.

applicants to confirm whether they still require housing. More than half of those on the waiting list require 1-bed properties.

Great Yarmouth and Waveney – SHMA 2007

4.3.6 Like many areas, Waveney has an aging population profile. The condition of the private rented stock was highlighted as a concern. The housing market comprises the larger coastal settlements of Great Yarmouth and Lowestoft, smaller market towns such as Halesworth, and the rural area of Waveney. The rise in house prices before 2007 was particularly noticeable at the lower end of the market. The rural market towns in Waveney were recorded as the least affordable.

Rural East Anglia Partnership (Breckland) – SHMA Update January 2010

4.3.7 The housing market within Breckland has considerable variations in sale prices across the district, with Attleborough being the most expensive and Thetford the cheapest. Prices for 1 bed and 2 bed homes fell between 2006 and 2010 but larger (3 and 4 bed) properties increased. The five towns within the district offer most sizes of home to rent.

Tendring – SHMA Update 2009

4.3.8 House prices within Tendring have decreased by 11% over 2008-2009. Property prices in Mistley and the rural areas have recorded the largest fall in values, whilst entry-level prices in Walton-on-the-Naze decreased by the smallest amount. Prices for entry-level rented accommodation increased in some parts of the district.

CONCLUSIONS

- National policy places much more responsibility on local authorities to research, determine and then plan for economic growth and population change. This also applies to the role of local authorities in discharging their housing functions. This has reinforced the role of SHMAs in helping local authorities prepare local plans and other strategies.
- The Government has altered the framework for financing new affordable homes and the operation of state benefits related to housing. The potential effects of these changes need to be monitored particularly: how viability affects the delivery of homes through affordable rent; the influence of welfare reform on existing households, and the characteristics of new households requiring affordable homes.
- The national economic outlook is uncertain and the housing market is unlikely to return to previous rates of growth until 2015 at the earliest. Until recently, the housing market in London has been more resilient than other areas.
- Neighbouring areas have reported similar conditions as the Ipswich HMA: a subdued market, a relatively stable private rented market and a significant, albeit declining, need for affordable housing.

5. Demographic and Economic Data

The purpose of this chapter is to:

- Review the demographic and economic conditions of the Ipswich HMA and the local areas within it;
- Provide context for the remaining document that sets out the current and future housing needs, and
- Highlight potential changes to households and economic conditions that might occur.

5.1 Step 3.1.1 Demography and Household Types

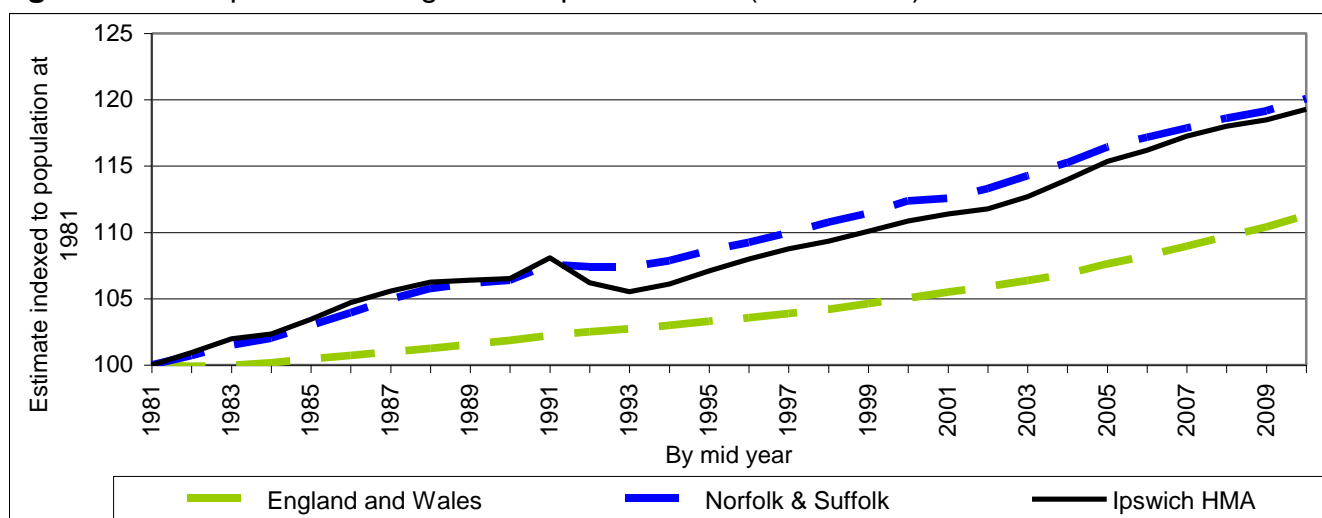
5.1.1 Demographic characteristics are fundamental to all matters related to housing. Previous and current trends such as migration (national and international), household sizes and the age of people affect the need for different types of dwellings and the tenures that households use.

5.1.2 The 2007 Guide suggests that a review of the demographic and economic context be the first of four stages in preparing a SHMA. The National Planning Policy Framework (NPPF), which sets out the Government's planning policies and required processes, states that SHMA's should take account of migration and demographic change.

5.2 Population – Historical Change

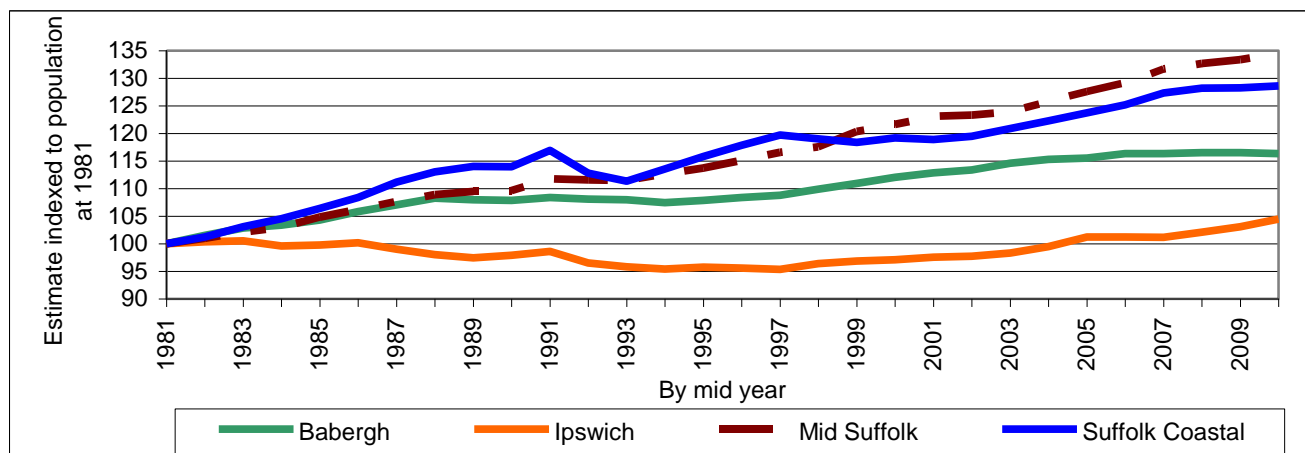
5.2.1 Since 1981, and apart from a slight decline between 1991 and 1993, the population of the Ipswich HMA has grown steadily. The ONS mid-year population estimates show that the population of the Ipswich HMA was 361,700 in 1991 and by 2010 this had reached 431,400, an increase of 19% and equivalent to 3,670 each year. The level of population growth is double the national level but slightly lower than the rest of Norfolk & Suffolk.

Figure 5.2.1 Population change in the Ipswich HMA (1981-2010). ONS.



5.2.2 Looking at the component areas, the data shows the most significant proportionate rise occurred in Mid Suffolk (34.7%), whilst Ipswich only recovered its 1981 population in 2006. Ipswich's depopulation between 1981 and 1997 and repopulation since 1997 has occurred gradually and is because more births than deaths occurred as well as more people moving into the town. The reduction in Suffolk Coastal in the early nineties corresponds to the departure of the US military from the Bentwaters Base.

Figure 5.2.2 Index of population change in districts comprising the Ipswich HMA (1981-2010). ONS.



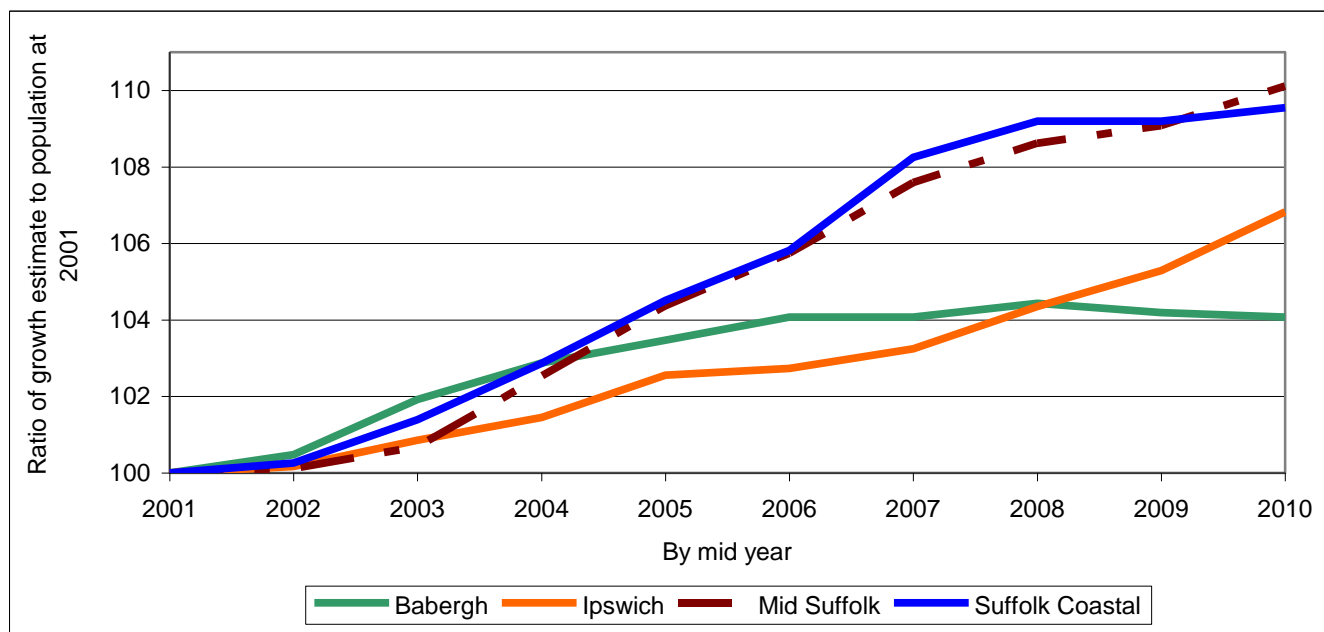
5.2.3 Suffolk County Council publishes annual population estimates which draw on more detailed local knowledge about the Ipswich HMA. These estimates take into account inward and outward migration and some of the other published components of change incorporated in the ONS estimates. The figures show that, during the six years up to mid 2007, the population of Suffolk Coastal grew by much more than Ipswich. By 2007, Suffolk Coastal became the larger of the two with a total population of 124,700. The increase in the population of Suffolk Coastal was also three times as large as the increase in Babergh and much more than experienced in Mid Suffolk.

Table 5.2.3 Population Change (numbers) in Ipswich HMA Mid-2002 to Mid-2010. Suffolk County Council.

Mid-year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Babergh	83,540	83,920	85,050	85,920	86,360	86,910	86,940	87,220	87,020	86,950
Ipswich	117,160	117,430	118,210	118,910	120,160	120,420	121,030	122,280	123,440	125,250
Mid Suffolk	87,020	87,120	87,620	89,190	90,760	91,980	93,640	94,450	94,880	95,800
Suffolk Coastal	115,240	115,520	116,820	118,520	120,380	121,870	124,660	125,760	125,760	126,210

5.2.4 The population change between 2001 and 2010 has not been evenly spread between the areas within the Ipswich HMA. Mid Suffolk was the fastest growing area, growing consistently unlike Suffolk Coastal where growth has stalled since 2008. Ipswich started to grow more strongly in 2007 whilst Babergh's population has remained steady since 2005 but has declined since 2008.

Figure 5.2.4 Population Change (percentages) in Ipswich HMA Mid-2002 to Mid-2010. Suffolk County Council.



5.3 National Migration

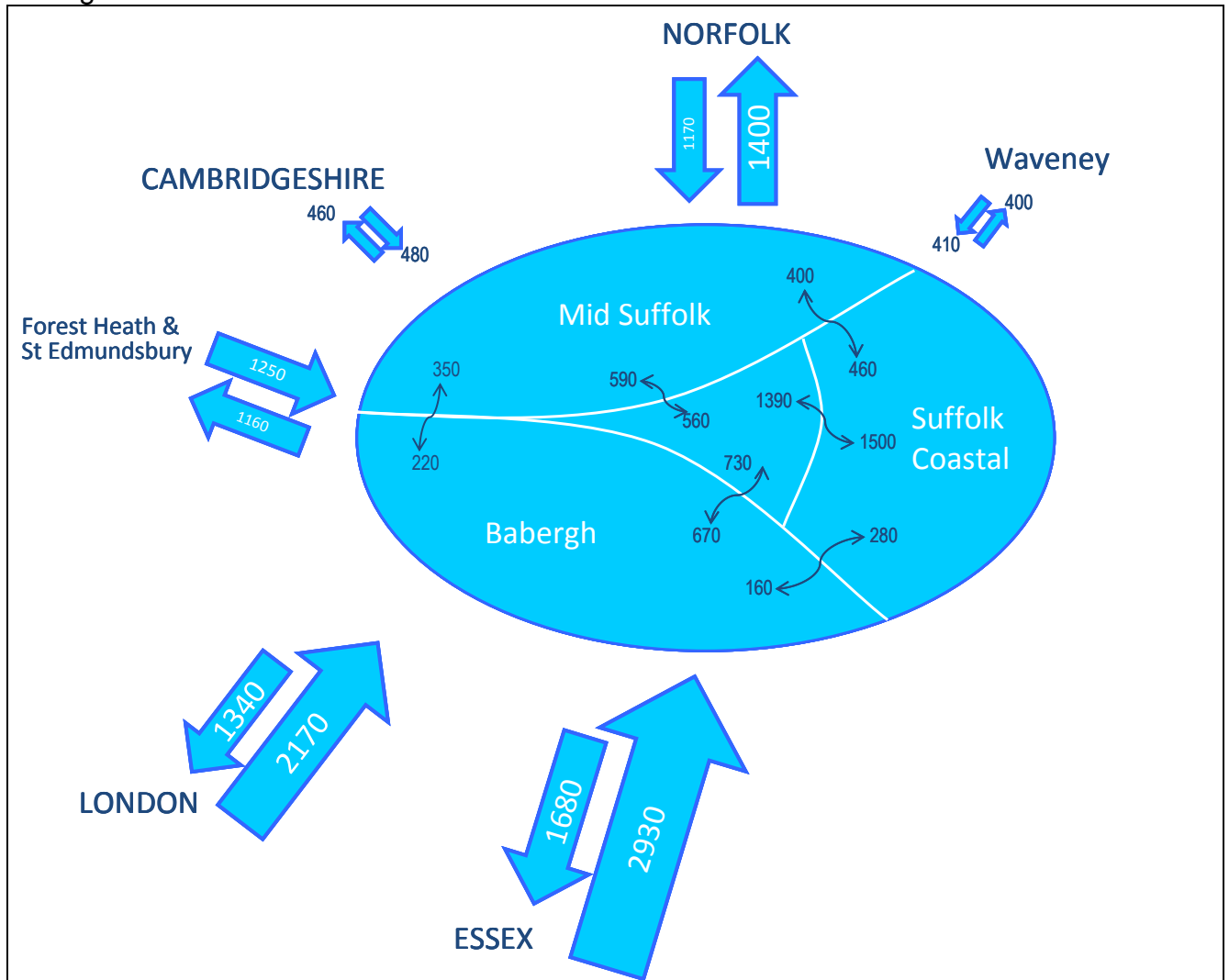
5.3.1 Figure 5.3.3 below shows the gross flows between the Ipswich HMA and elsewhere in the UK during the year ending mid-2010. The area gained 1,250 people from Essex and 830 from London, with the other gains being negligible. Its principal net loss was to Norfolk. This pattern of movement (net gains from the south and net losses to the north) is an ongoing trend. Since 2002, the average annual net flow from Essex has been 1,400 people per annum, with 860 from London and 450 to Norfolk.

5.3.2 Ward-level data from the 2001 Census recorded that 83% of households lived at the same home within the year and that 4,430 households (8,600 people) moved within the same local authority area; this was equivalent to 3% of all households. In 2010, Ipswich gained 2,680 people from the other three districts that form the Ipswich HMA, but lost 2,760; a net loss of 80. In the same year, Babergh was a net exporter to the other three districts losing 310 people; Suffolk Coastal gained 290, whilst Mid Suffolk gained 100.

5.3.3 Some notable facts about moves into and out of the Ipswich HMA with elsewhere in the UK include:

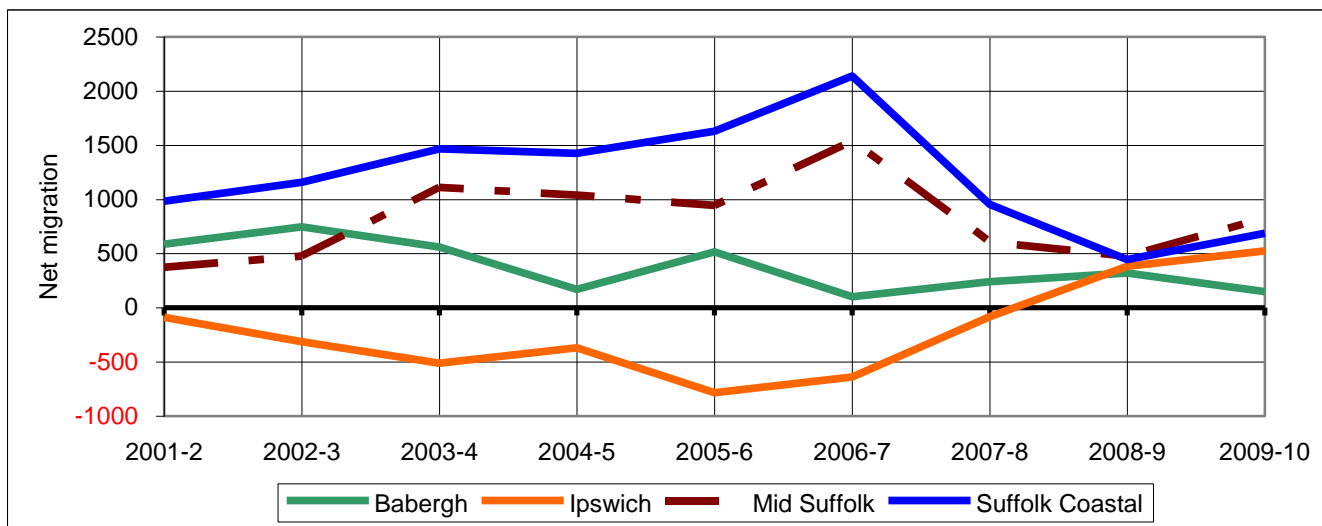
- over half the moves to and from the Ipswich HMA involve areas comprising the East of England;
- only 15% of the moves into the Ipswich HMA are from London;
- over a third of the people moving into the Ipswich HMA are aged 25 to 44;
- apart from moves to the East of England, people aged 16 to 24 constitute the largest component of each out-flow from the Ipswich HMA, and
- most of the flow involves people of working age or their children - only about 10% of all flows involve people aged 65 or more.

Figure 5.3.3 Migration to/ from and within Ipswich HMA and neighbouring areas during year ending mid 2010. ONS



5.3.4 Migration during the year ending mid-2010 was at the lowest level for many years. The downturn in migration in the rural districts occurred after 2006 before the current recession really started, suggesting other factors may also have contributed to the reduction in migration. By contrast after 2006, more people moved into Ipswich than moved away.

Figure 5.3.4 Net migration from elsewhere in the UK each year since 2001. ONS



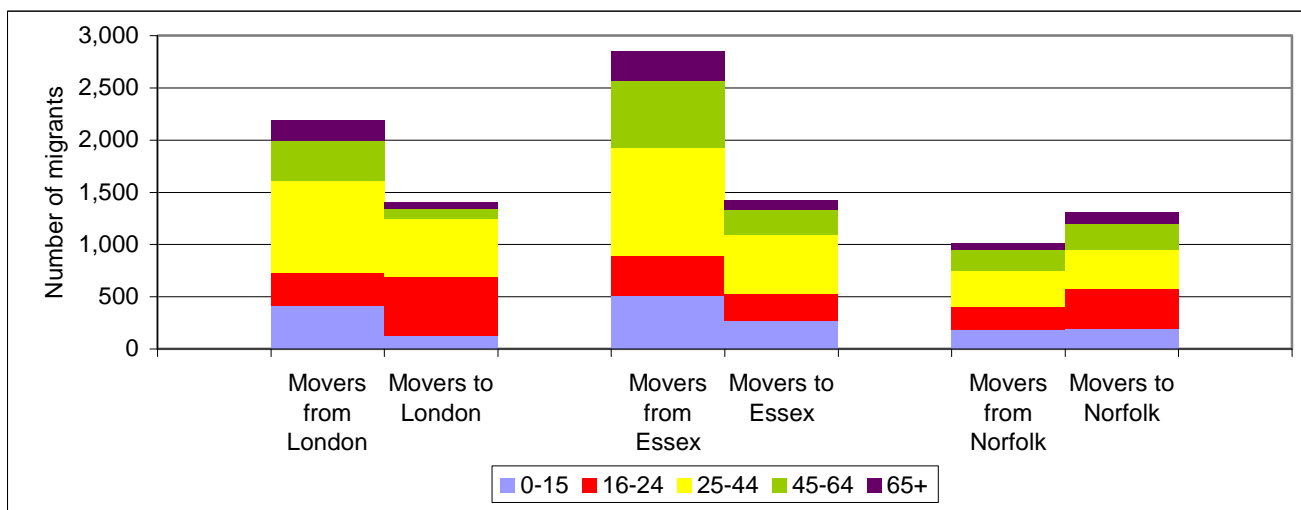
5.3.5 People moving to Ipswich have a significantly different age structure to those moving to the other three districts that form the Ipswich HMA, for example:

- Ipswich gains young adults and loses people aged 65 or more;
- the other districts lose young adults but gain older people;
- flows to Ipswich of people aged 45 to 64 (the rising retirement ages) break even;
- the three more rural districts gain people aged 45 to 64, and
- Ipswich, Mid Suffolk and Suffolk Coastal, but not Babergh, all gain children.

5.3.6 The prevailing pattern of migration (from the south east and to the north) also has an underlying age profile. More people aged over 45 move from London and Essex into the Ipswich HMA than move to these two destinations, whereas more people in this age group move from the Ipswich HMA to Norfolk than from this destination. More adults aged 25 to 44 (possibly accompanied by their children) move to the Ipswich HMA from London and Essex than move to these destinations, whilst more move to Norfolk than from this county to the Ipswich HMA. However, young adults aged 16 to 24 tend to move to London and Norfolk (particularly Norwich) than move from these areas.

5.3.7 Leaving aside the flow to the rest of the East of England, young adults is the largest component of all out flows from the Ipswich HMA and flows to university towns are particularly noticeable. Overall, there is a net flow of younger people to the south, and a net flow of working age and older people to the north.

Figure 5.3.7 Age structure of principal migrant flows with Ipswich HMA during year ending mid-2010. ONS



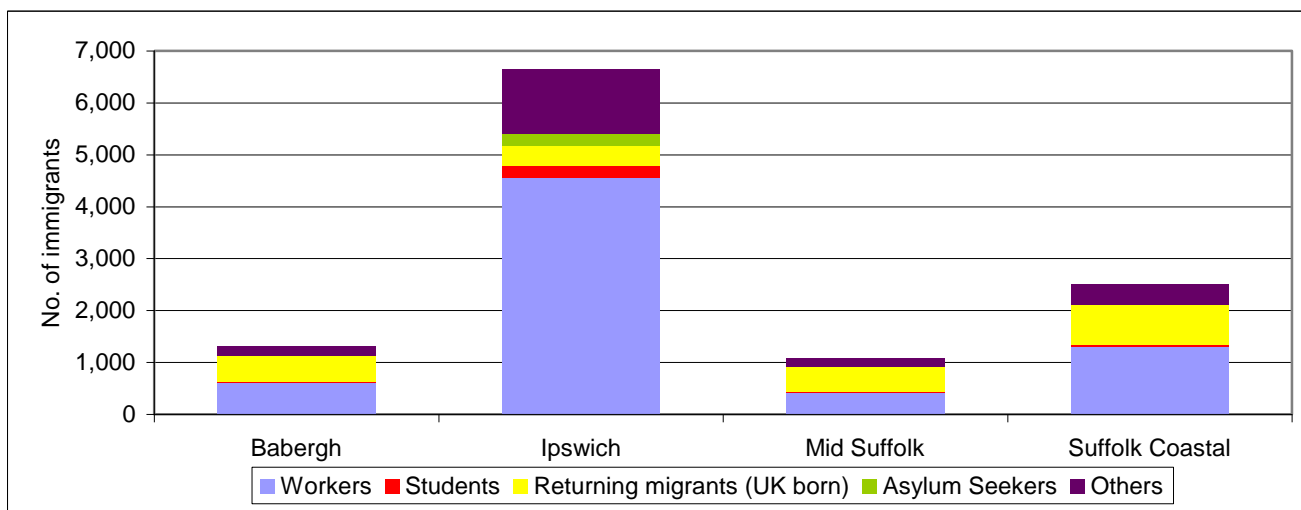
5.4 International Migration: Immigration and Emigration

5.4.1 Of the 11,500 immigrants coming to the Ipswich HMA over the last five years, nearly 60% came to work, 19% were UK citizens returning from abroad, 3% came to study, 2% were seeking asylum whilst the remainder (17%) came for other reasons, such as to join family.

5.4.2 Ipswich was the destination for more than half the immigrants and Suffolk Coastal was the next most common destination, with just over a fifth of immigrants. Over two thirds of the immigrants to Ipswich constitute migrant workers and the town has the ninth highest proportion of working immigrants in England and Wales (as a proportion of all immigrants rather than relative to the overall population).

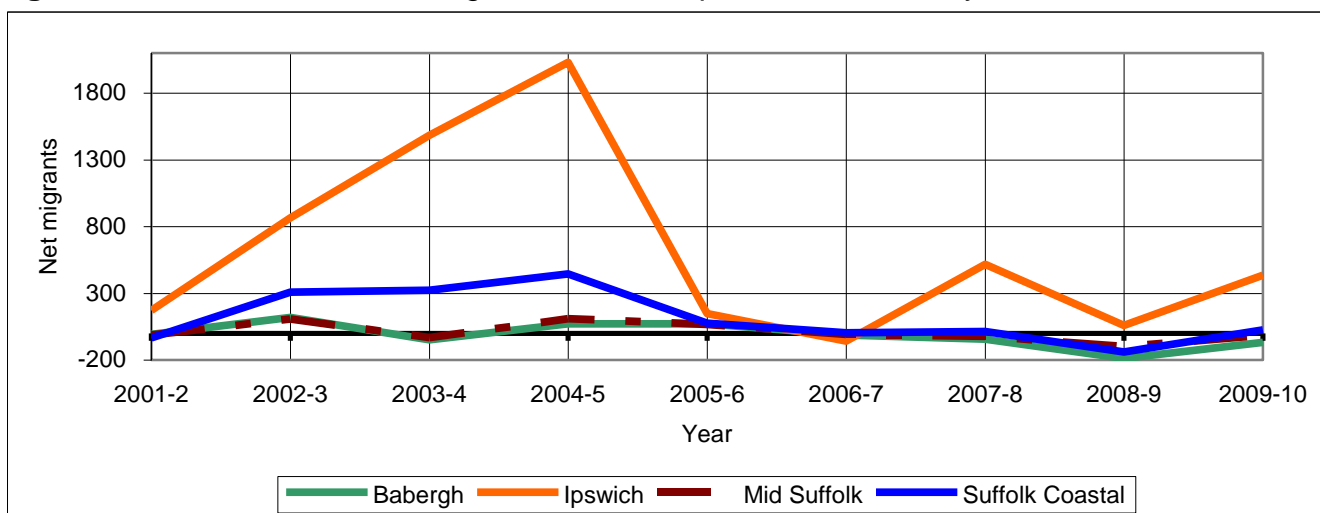
5.4.3 Owing to the national migration dispersal policy, 217 asylum seekers moved to Ipswich during this period, the 82nd highest proportion relative to all immigrants. Returning UK-born immigrants are a significant component of immigrant flows to the more rural districts. Mid Suffolk has the ninth highest proportion of UK-born immigrants in England and Wales (as a proportion of all immigrants rather than relative to the overall population).

Figure 5.4.3 Analysis of immigration to the Ipswich HMA during 2005 – 2010 Source: ONS indicative estimates published November 2011



5.4.4 With no information to underpin why people leave the Country, estimates of emigrants are not as robust as the immigration information. Net international flows are volatile, fluctuating from a net inflow to a net outflow from one year to the next. The fluctuations are driven by the flows to and from Ipswich and the flows vary by as much as 575 since 2005. The net international migration flow to the other three districts follows a similar trajectory, albeit with much less volatility. The reduction in net international migration when the recession first started (the year ending mid-2009) is noticeable although the numbers picked up the following year. Overall, there was a net increase from international migration of 6,650 people between 2001 and 2010, which is equivalent to 740 annually.

Figure 5.4.4 Net international migration with the Ipswich HMA each year since 2001. ONS



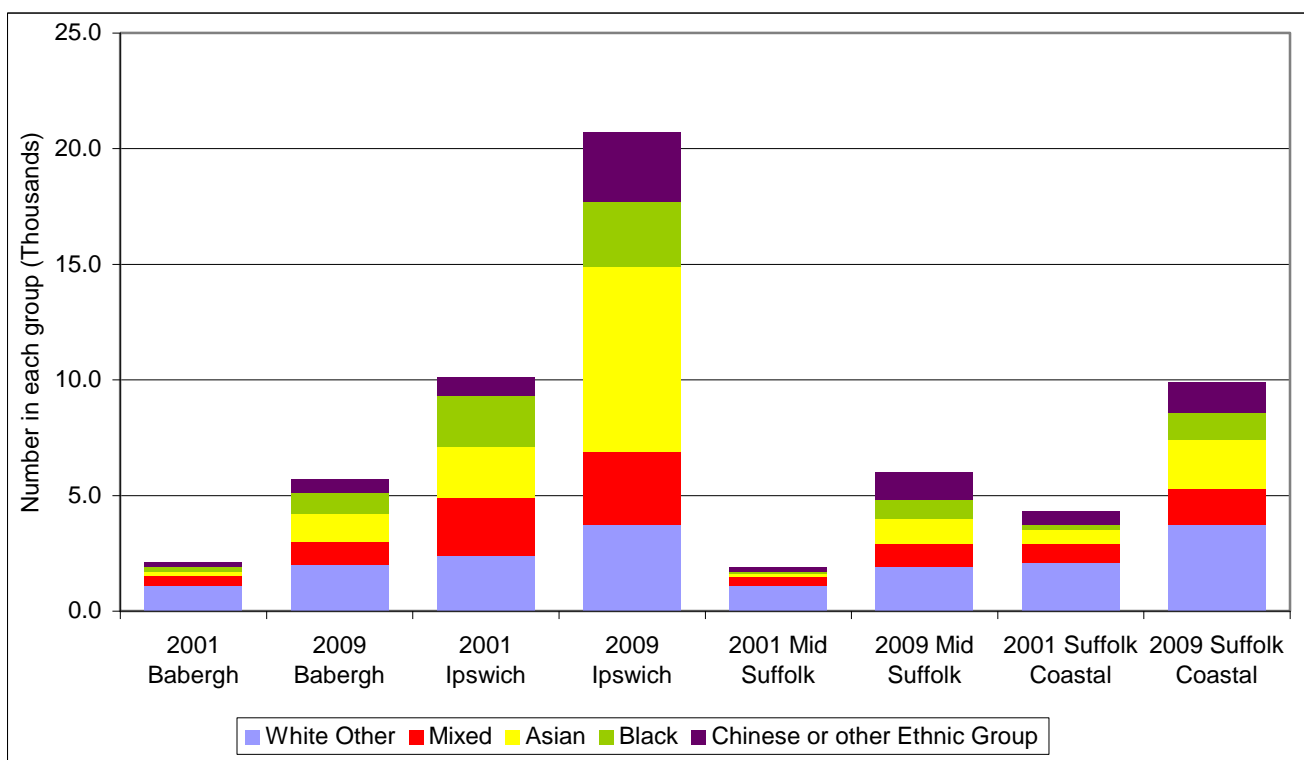
5.4.5 The majority of migrants are of working age; few are pensioners or children. Estimates of the number of resultant households, their characteristics (such as the number of children or level of over-crowding) will not be available from the 2011 census until late 2012 or early 2013. Anecdotally, migrant workers tend to live together in large households on arrival and then adopt household characteristics similar to the overall population once more settled.

5.5 Ipswich HMA Ethnicity Profile

5.5.1 The principal benchmark for ethnicity data is the 2001 Census, which is now ten years out-of-date. Since the original SHMA in 2008, ONS has published experimental estimates of the population by ethnicity structured by age and gender. Whilst the methodology may exaggerate particular ethnic groups in some parts of the Country owing to the necessary application of assumptions to the migrant flows, the estimates provide a useful indication of the current ethnic mix. The other advantage of using estimates after 2001, is that they will incorporate the influx of migrant workers arising from the enlargements of the EU in May 2004 and again in January 2007.⁴⁹ Many of these European migrants do not have a black or minority ethnic background, but may be quantified as 'White Other', a group that includes many other nationalities or backgrounds such as South African or from elsewhere in the EU.

5.5.2 By 2009, 9.8% of the residents of the Ipswich HMA came from either a Black or Minority Ethnic Group (BME) or could be classified as 'White Other'; this compares to 6.3% for the Norfolk & Suffolk and to 16.1% for England. By 2009, nearly half of these two groups of people lived in Ipswich and, even with EU enlargement, the Asian or Asian British group was the largest ethnic group in 2009. One factor to note is that migrant workers living here for a short period are not classified as residents so would be excluded from this analysis.⁵⁰

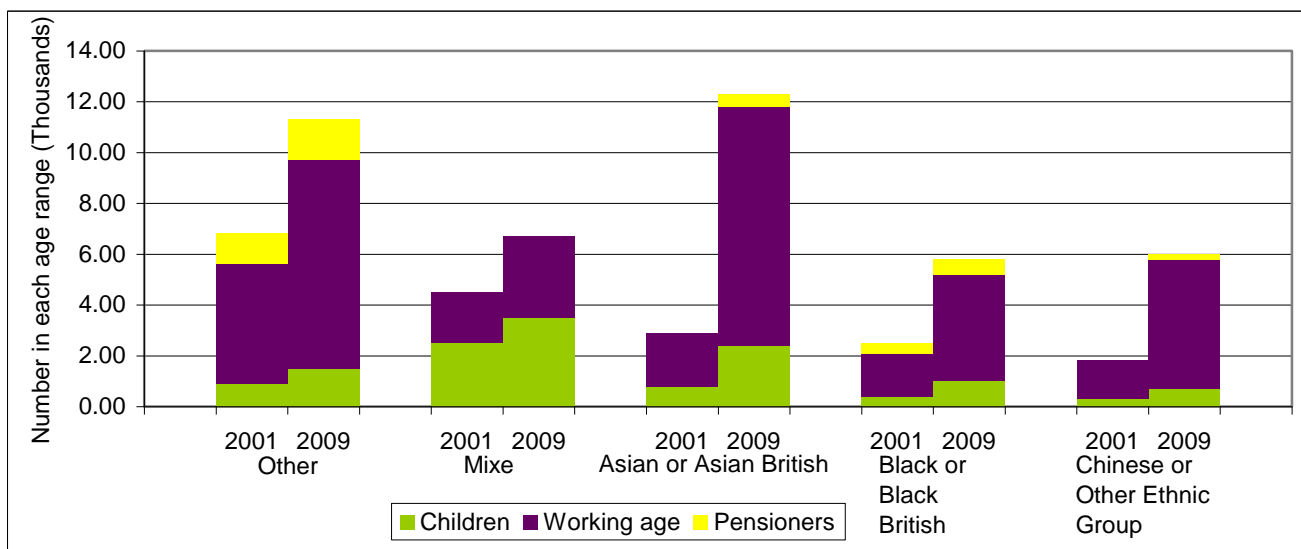
Figure 5.5.2 Change in the scale of Ethnic Groups in the Ipswich HMA 2001 – 2009.
Source: ONS



⁴⁹ In May 2004 a ten more countries joined the EU: Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Malta, Poland, Slovakia, and Slovenia. The UK already had reciprocal arrangements with Cyprus and Malta, so arrangements with the other eight countries were new. In January 2007 Romania and Bulgaria joined the EU.

⁵⁰ The UN defines a resident as someone who lives or intends to live in a country for a year or more.

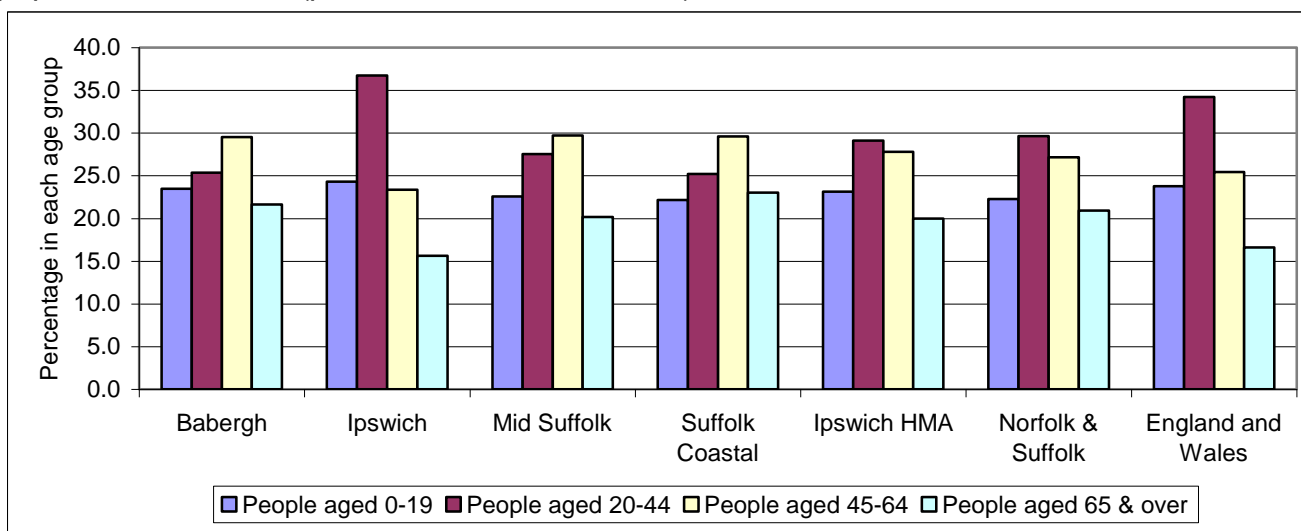
Figure 5.5.3 Change in the ages of Ethnic Groups in the Ipswich HMA 2001 – 2009. Source: ONS



5.6 Ipswich HMA Age Profile

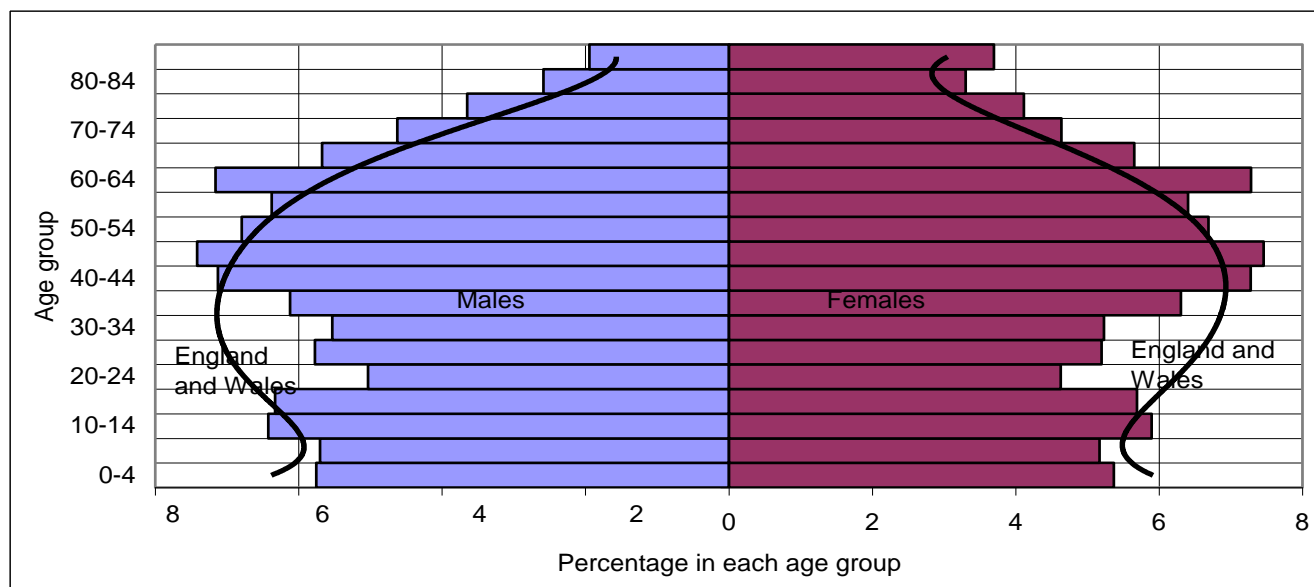
5.6.1 Figure 5.6.1 below shows that, compared with the national profile, the Ipswich HMA has a similar proportion of young people, a smaller proportion aged 20 to 44 but more people aged 45 or over. It almost exactly matches the profile of the Norfolk & Suffolk combined. Within the HMA, Suffolk Coastal has the largest proportion of people aged over 65, whereas Ipswich has the lowest. Ipswich is noticeably different from the other three areas by having the youngest age profile.

Figure 5.6.1 Population structure for the Ipswich HMA 2010. ONS indicative mid-2010 population estimates (published November 2011)



5.6.2 In the age pyramid below (figure 5.6.2) the age structure of the Ipswich HMA is shown as bars, whilst that for England and Wales is shown as the thick black lines. While Ipswich has a high proportion of younger adults, this comparison highlights the lower proportions of people aged 20 to 40 in the HMA as a whole. The Ipswich HMA appears to have a large proportion of people at or around retirement age and higher proportions of older people.

Figure 5.6.2 Population pyramid for the Ipswich HMA 2010. Source: ONS indicative mid-2010 population estimates (published November 2011)



5.7 Household Structure

5.7.1 The original SHMA (sections 5.11 to 5.14) drew its evidence on household structure from the 2001 Census. Whilst no comprehensive update of census data is yet available to compare household composition, the 2008-based household projections published by DCLG include projections household types based trends observed in previous census years (1971, 1981, 1991 and 2001) and the Labour Force Survey.⁵¹ The broad results of these projections are set out in section 5.11, this section reviews the projected change in household types.

5.7.2 The breakdown of housing types by age and the number in a household including children is a recent addition and a “striking contrast” to previous household projection methods. Whilst these are designated national statistics, there is uncertainty about the projections of housing types over 30 years into the future.⁵²

5.7.3 Nationally, the results of the Household Projections indicate that a large increase in the number of lone-parent households will occur; one-person households are also expected to increase but couples and other multi-adult households are projected to grow more slowly.⁵³

5.7.4 DCLG’s household projections estimate that, for the Ipswich HMA, the increase in the total number of households was 24,500 or 14% between 2001 and 2011. Following the national trends, this increase mainly comprises one-person households and couples with no children with a significant increase in lone parent households albeit a small proportion of the total.

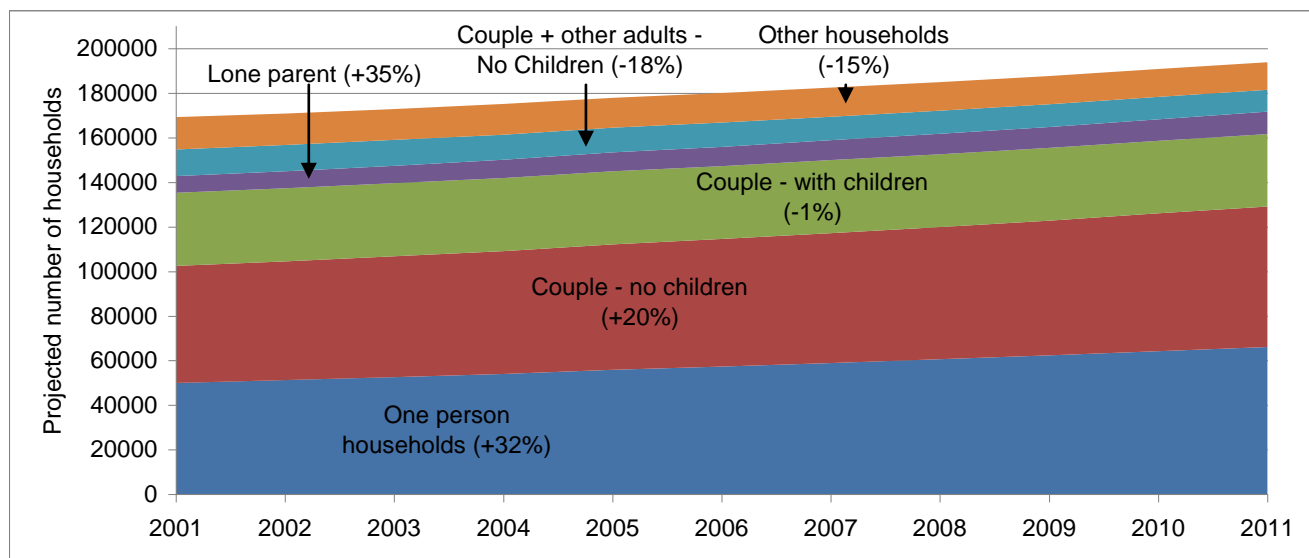
⁵¹ DCLG (2010) *Updating the Department for Communities and Local Government’s household projections to a 2008 base*, Annex 1

⁵² Holmes, A & Whitehead, C (2011) *Town & Country Planning Tomorrow Series Paper 11:*

New and Novel Household Projections for England with a 2008 Base – Summary and Review, TCPA, page 7-9

⁵³ *Ibid*, page 4.

Figure 5.7.4 Change in household types within Ipswich HMA 2001-2011 (% change 2001-2011 in brackets). DCLG 2008-base Household Projections



5.7.5 The growth in one-person households and couples with no children is attributable to increasing numbers of households across all ages but particularly those whose Household Reference Person (HRP) is aged 55 or over. There projections suggest a decline in young couples with children, and in the number of households that contain couples and one or more other adults such as a lodger, an elderly relative or a non-dependent child. Given the increase to the affordability ratio and reports of more young adults staying at home, the projected decrease in this last group warrants further investigation when the detailed results of the 2011 census become available.

Table 5.7.5 Change in the number of households in Ipswich HMA (2001-2011) by age of Household Reference Person (HRP). DCLG 2008-base Household Projections.

		One person households	Couple: no children	Couple: with children	Lone Parent	Couple + other adults: No Children	Other households
Age of HRP	15-24	800	-500	-200	0	100	0
	25-34	2,300	100	-1,700	700	100	100
	35-44	2,000	200	-900	1,200	-400	-1,000
	45-54	3,200	900	2,100	600	-1,400	-800
	55-64	3,700	4,400	300	100	-400	-100
	65-74	1,100	3,700	0	0	-100	0
	75-84	1,300	1,300	0	0	0	-300
	85+	1,700	500	0	0	0	0

5.8 **Housing Types**

5.8.1 The original SHMA (sections 5.15 to 5.17) contains evidence on housing types from the 2001 Census. The 2007 Guide identifies housing types with step 2.1 which focuses on the stock rather than households and is reported in section 6.6 of this update.

5.9 **Changes in Tenure and Household Composition 1991-2001**

5.9.1 There was no update to this section as source data is from the 2001 Census - please refer to sections 2.18 to 5.19 of the original SHMA document. An estimate of tenure is reported in section 6.5 of this update.

5.10 **Social Trends**

5.10.1 There was no update to this section as source data is from the 2001 Census. Please refer to sections 5.20 to 5.22 of the original SHMA document, November 2008.

5.11 **Projections for Households**

5.11.1 Most of the analysis of household projections can be found in Chapter 8 of this update. Some of the most significant trends arising from the projections are reproduced here. As noted earlier (4.1.10), the Government expects local authorities to use its household projections and, in the absence of alternative sources, these form the basis of the analysis in this section.

5.11.2 DCLG's 2008 Household Projections are the product of a review by Experian and a wide consultation. Like previous projections, this version of the "official" household projection uses household representative rates as a basis for transferring the population projections into households. (The household representative rate is the probability of an individual being a household representative.)⁵⁴ However, unlike previous versions, the 2008 projections are broken down into types of household – e.g. one-person households, couples with dependent children and lone-parent families.

5.11.3 Whilst the underlying population projections require updating (see section 8.2), the breakdown of household type, alongside age and sex, in the 2008-base projections is very useful to the SHMA process, particularly when examining particular groups. In addition, the results are provided to district level and are readily available. What is noteworthy is that representative rates taken from past census data have been adjusted owing to steep falls of household representative rates among people aged 20-39.⁵⁵

5.11.4 Between 2001 and 2009 there has been a steep fall in household formation rates amongst young people. If such rates were to continue to fall after 2008, as young adults remain in the parental home for example, then an increasing number of households will need larger accommodation by virtue of the number of adults per household. The projections, however, assume that this is a delayed effect and indicate a reduction in this household type.

5.11.5 According to the 2008-base projections, nearly two thirds of the increase in the number of households in the Ipswich HMA is attributable to an increase in people living on

⁵⁴ DCLG (2010) *Updating the Department for Communities and Local Government's Household Projections to a 2008 Base: Methodology*, page 8

⁵⁵ *Ibid*, page 10.

their own. In 2001 there were 50,100 one person households, whereas by 2031 this could more than double to 104,800. The number of one person households comprised of a person aged 75 or more is expected to more than double too, from 17,300 to 36,300, but remains consistently 34% of all single person households.

5.11.6 The number of lone parents is also projected to increase over this period. Because a higher proportion of lone parent households with dependent children are tenants of the social sector than is the case with any other category of households, the projected increase in lone parent households implies an increasing need for family accommodation in the social rented sector.⁵⁶ Furthermore, the Survey of English Housing indicates that a large proportion of lone parents in the private rental sector receive Housing Benefit, so any increase in this group has an impact on both the provision of social housing and government spending.

5.12 National and Regional Economic Policy (Step 3.1.2)

5.12.1 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; this was when the value of a home was less than the value of the mortgage commitment in it.

5.12.2 When the interest rate started to fall during the early 2000's, house prices increased significantly (see Chapter 7 for detailed house price data). When the interest rate increased between 2004 and 2005, house price growth also slowed. Whilst national, interest rates have more pronounced affects on areas where households have more debt - e.g. London and the South East.⁵⁷

5.12.3 By Spring 2008 there were a number of economic factors such as the increasing difficulty of consumers to obtain credit to purchase properties (the 'credit crunch'), and a general acceptance that national economic growth will continue to be slower, suggesting that, at least in the short-term, house price inflation will be lower than during the past five to ten years. As noted earlier (para. 4.2.6), the OBI forecast low house price inflation for the foreseeable future.

5.12.4 In the third quarter of 2011 new figures from the Council of Mortgage Lenders (CML) show that the number and proportion of mortgages in arrears fell slightly. At the end of September 2011, 161,600 mortgages (1.44% of the total) were in arrears of 2.5% or more of the outstanding mortgage balance. This compares with 175,100 cases (1.55% of all mortgages) at the same time in 2010, an eight per cent decrease.

5.12.5 Meanwhile, there have been different trends in properties which were taken into possession between owner-occupiers and private renters. In the third quarter of 2011:

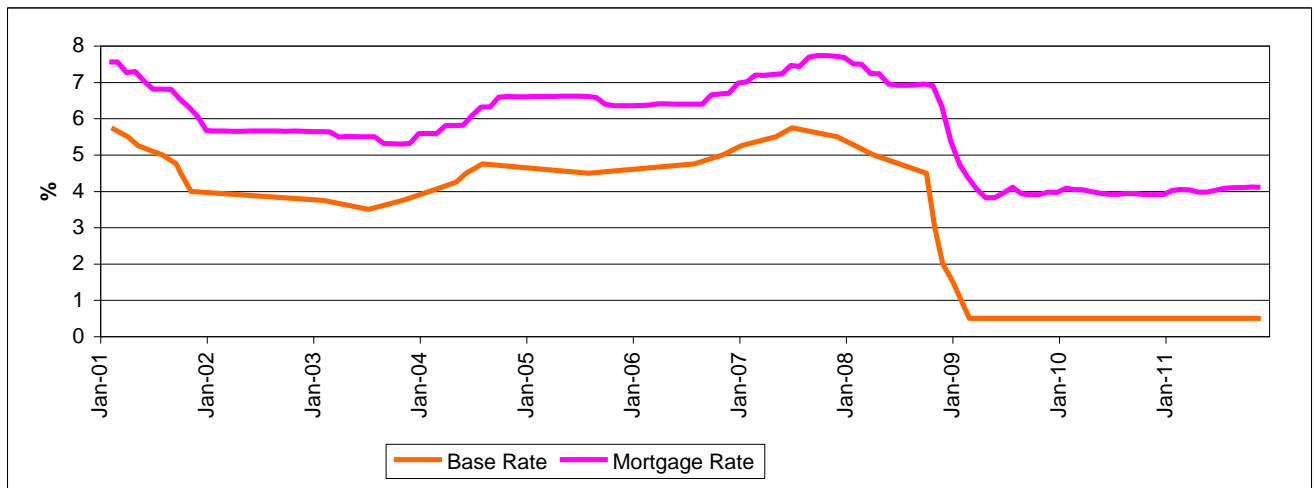
- 17,572 mortgage possession claims were issued on a seasonally adjusted basis, 9.5% lower than in the third quarter of 2009, and
- 36,649 landlord possession claims were issued using the standard and accelerated possession procedures on a seasonally adjusted basis, 7.2% higher than in the third quarter of 2009.

⁵⁶ Holmes, A & Whitehead, C (2011) *New and novel household projections for England with a 2008 base – summary and review*, TCPA, page 18.

⁵⁷ Mean, G (2011) *A long-run model of housing affordability: Report*, DCLG, section 4.5

5.13 Interest and Base Rates

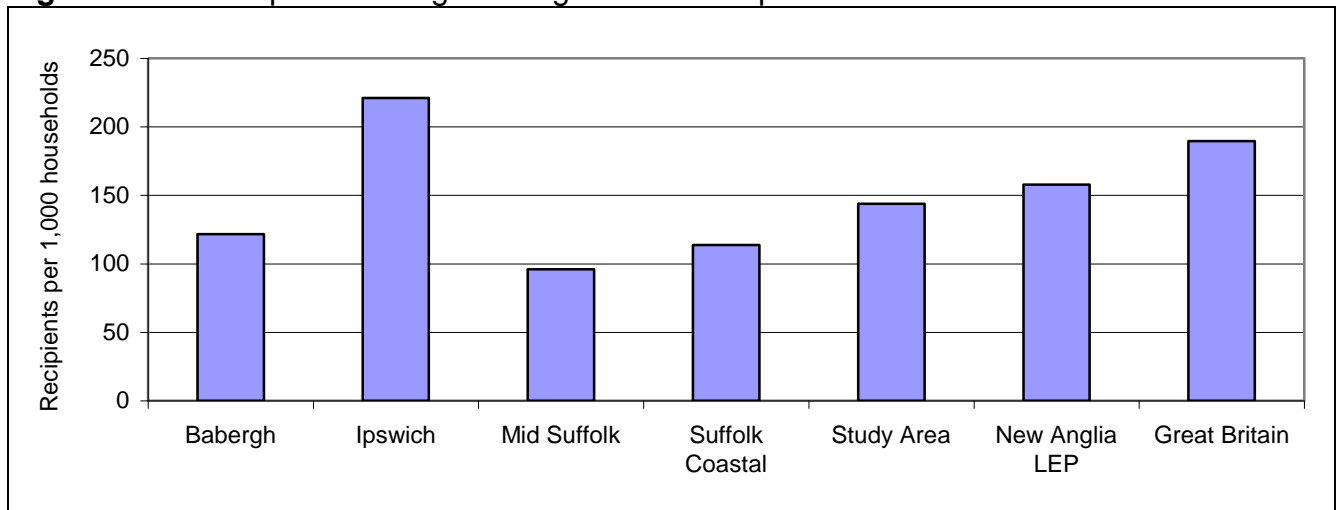
Figure 5.13.1 UK Base Rates and Mortgage Rates 2001-2011. Bank of England



5.14 Levels of Housing Benefit

5.14.1 Housing benefit recipients in relative terms (per 1,000 households) were lower in the Ipswich HMA than the equivalent for Norfolk & Suffolk in 2011. Housing benefit levels in Babergh, Mid Suffolk and Suffolk Coastal are generally low but Ipswich stands out as being particularly high.

Figure 5.14.1 People receiving housing benefit at September 2011. DWP.



5.15 Employment Levels and Structure - Step 3.1.3

5.15.1 Compared to the effect of the recession on the rest of England, economic activity levels among local residents have been consistently higher, fluctuating between around 79% and 82% over 2004 to 2011. Whilst more recent rates are slightly lower than the levels seen at the time of the original SHMA, the labour market appears to be relatively healthy with a large proportion of people available to work in the local economy.

Table 5.15.1 Number of economically active residents and people in employment (full-time and part-time) in 2011. APS

	Economic Activity		Full-time		Part-time	
	Active population	% (of population aged 16-64)	Full-time workers	% (of all employed)	Part-time workers	% (of all employed)
Babergh	39,300	75.1%	26,700	71.0	10,900	29.0
Ipswich	61,700	75.1%	39,400	69.2	17,500	30.8
Mid Suffolk	47,200	82.2%	32,600	71.5	13,000	28.5
Suffolk Coastal	61,200	82.7%	40,100	68.5	18,500	31.5
Ipswich HMA	209,400	78.7%	138,700	69.9	59,900	30.1
Norfolk & Suffolk	759,400	78.8%	503,600	71.2	203,200	28.7

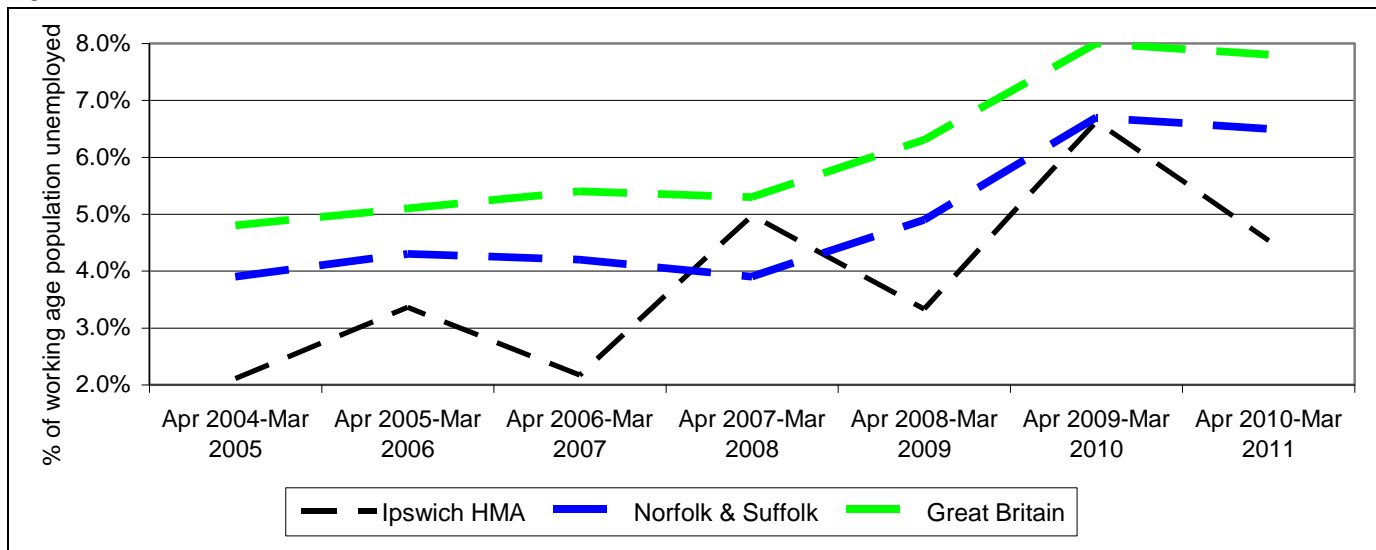
5.15.2 The following table shows an estimate for the total number of jobs. Ipswich is the main location for employment in the Ipswich HMA area with around 39% of jobs. Using the employment figures above, Ipswich is the only area to be a net importer of employment and, taken as a whole, the Ipswich HMA appears to have a net loss of just under 10,000 employees commuting out of the area.

Table 5.15.2 Estimate of total of Jobs (Workplace employment) 2011. APS

	Number
Babergh	33,600
Ipswich	73,300
Mid Suffolk	33,600
Suffolk Coastal	48,300
Ipswich HMA	188,800
Norfolk & Suffolk	695,600

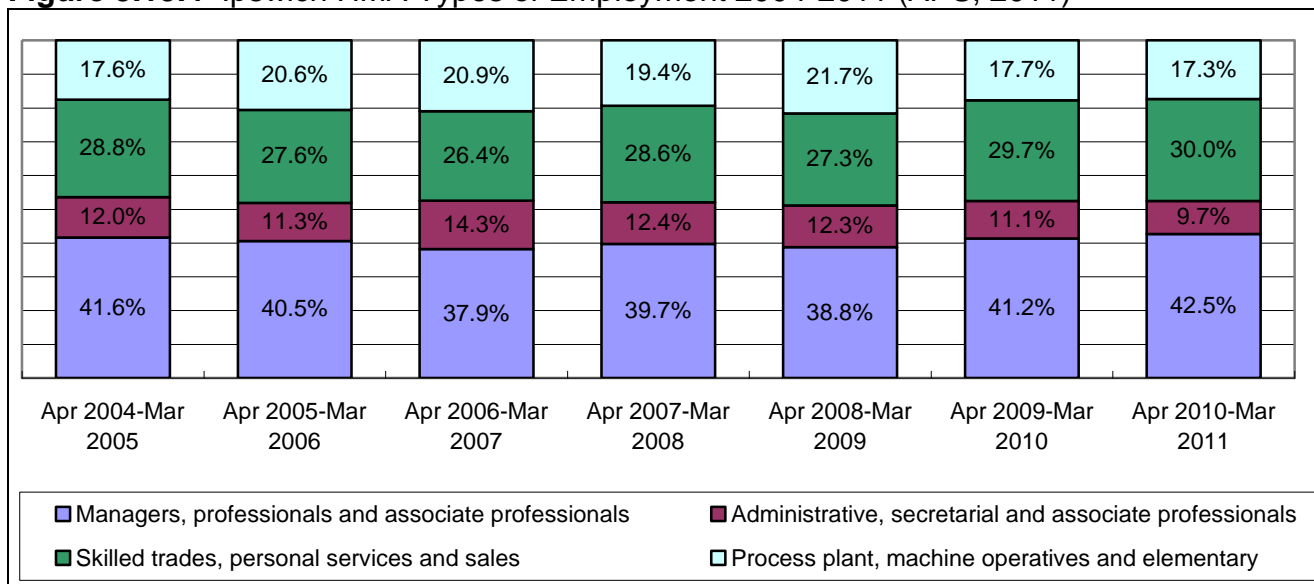
5.15.3 Unemployment levels in the Ipswich HMA have been consistently around or below regional and national unemployment rates over the past five years. Ipswich has the highest unemployment rates, around 2% above the regional average. Since the original SHMA, unemployment levels have fluctuated (which may be due to the sample) but have increased overall.

Figure 5.15.3 Ipswich HMA Unemployment Rates compared to other areas 2004-2011. APS 2011



5.15.4 The changing economy means that the types of occupation the Ipswich HMA has is different from those in decades gone by. Rates of economic activity and unemployment by age and sex alter with changing occupations, earnings are also affected which then has an impact on housing affordability. For example, retailing, other services and public services employ greater proportions of female workers than males.⁵⁸ Higher rates of female employment increase household incomes, and therefore expenditure on housing.

Figure 5.15.4 Ipswich HMA Types of Employment 2004-2011 (APS, 2011)



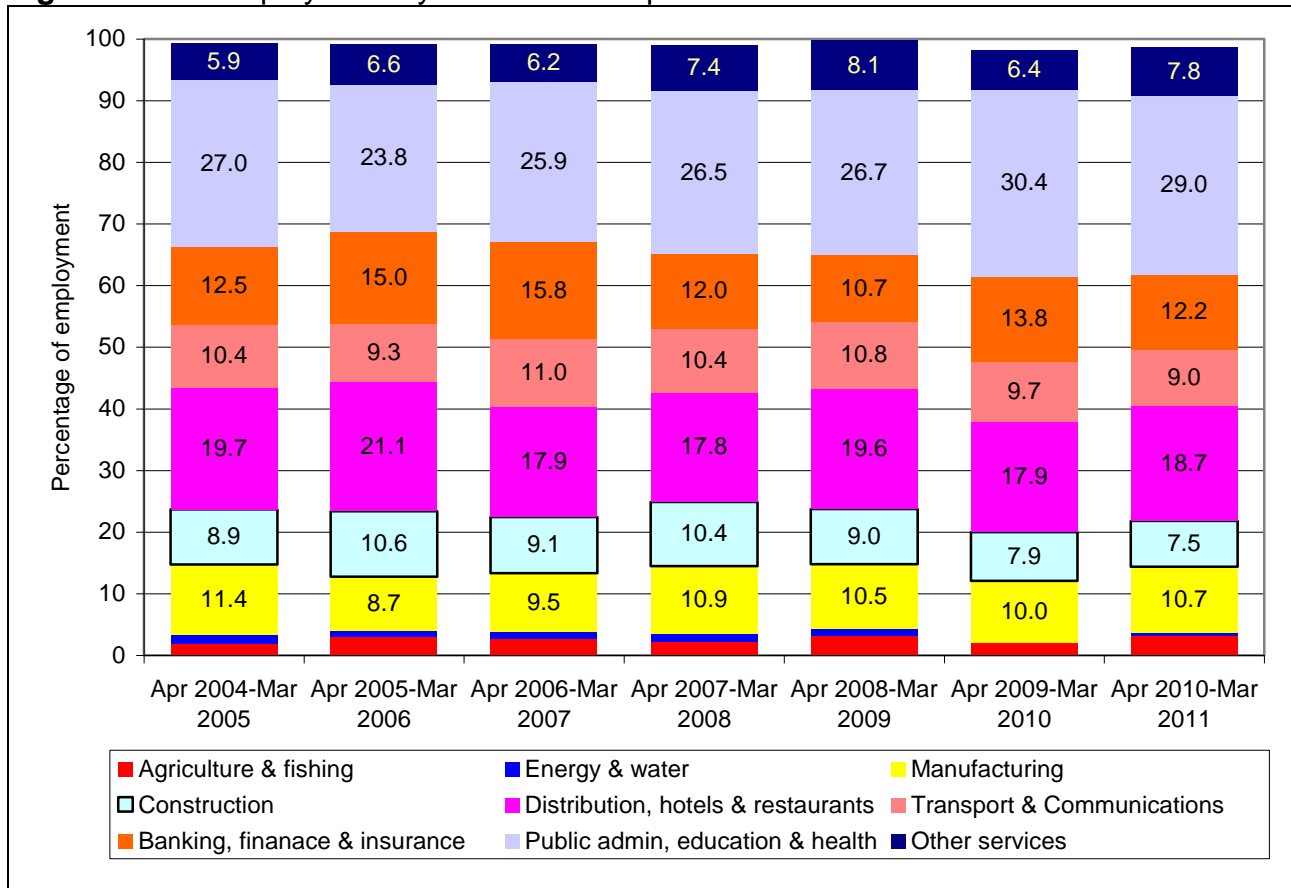
5.15.5 The proportion of residents employed per occupational group has remained largely stable from 2004-2011. The number and proportion of residents who are managers, professionals and associated professional occupations declined slightly from 2004 to 2009 but rebounded in 2010 and 2011. Administration and secretarial workers have declined in the last two years, while skilled trades, personal services and sales have shown an increase in recent years. Process plant, machine operatives and elementary occupations have declined

⁵⁸ The Annual Population Survey Sept 2011

in 2010 and 2011 but were at their highest level since 2004 in 2009. Some fluctuation in these figures is likely to be due to small sample sizes at district/borough level.

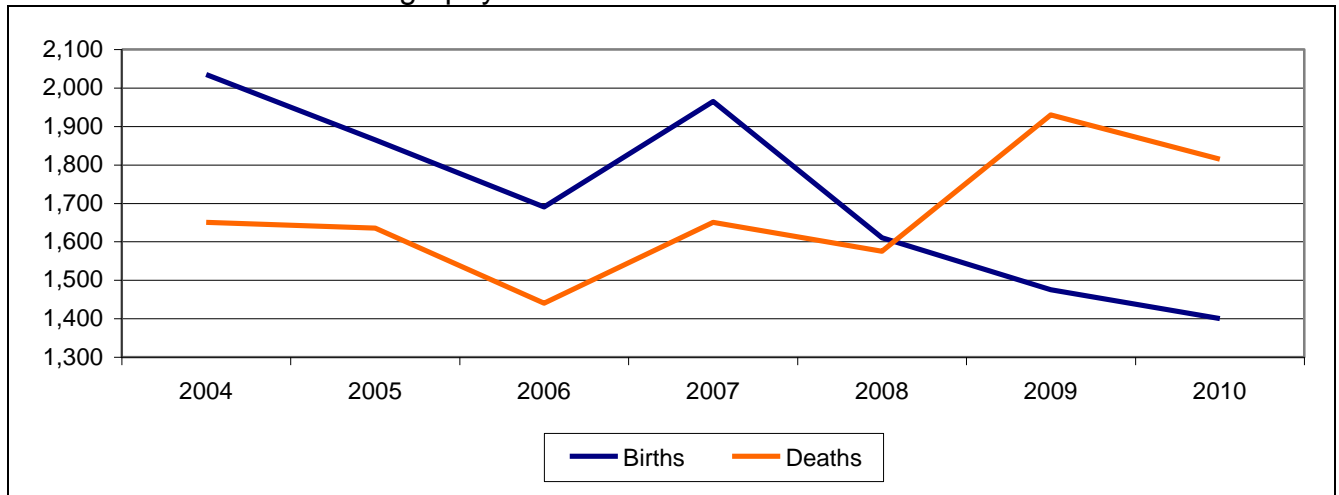
5.15.6 Figure 5.15.6 shows the distribution of employment by industrial sector. Employment in public administration, education and health (which includes universities, private schools and hospitals, dentists and vets) is the largest sector in the Ipswich HMA, followed by distribution/hospitality, banking and finance, and manufacturing. Employment in manufacturing has remained stable since 2007 at around 10,500.

Figure 5.15.6 Employment by sector for the Ipswich HMA. APS 2004-2011



5.15.7 The number of business start ups and close downs is an indication of the health of the local economy. The figure below shows business start-ups and close-downs between 2004 and 2010. From 2004 to 2007 numbers remained relatively constant with some fluctuations from year to year but start-ups always at a higher level than close-downs. Following the onset of the economic downturn in 2008, business start-ups have declined and close-downs have been on the rise resulting in a greater number of close-downs than start-ups and therefore an overall decline in the number of active businesses in the Ipswich HMA.

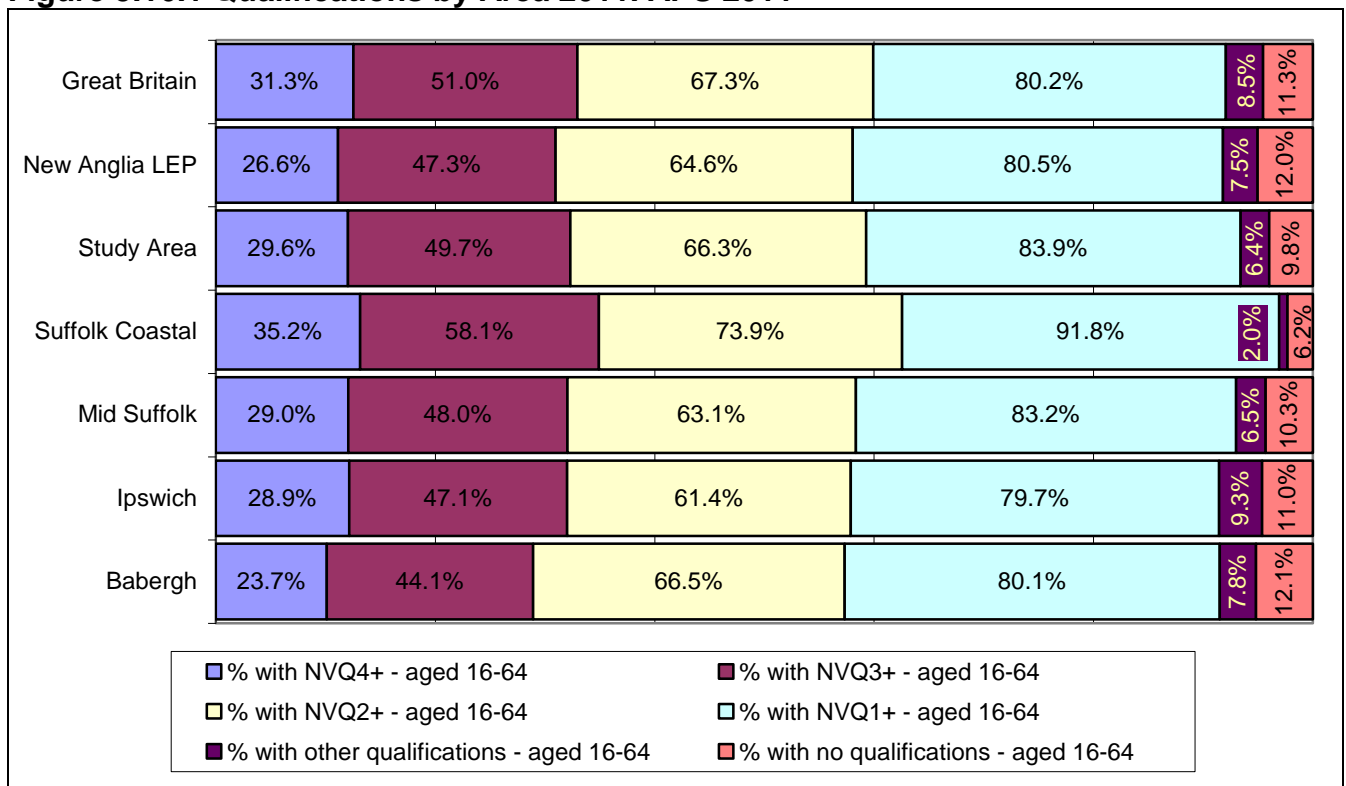
Figure 5.15.7 Ipswich HMA business start-ups (births) and close-downs (deaths), 2004-2010. ONS Business Demography.



5.16 Skills and Education

5.16.1 Qualifications levels in the Ipswich HMA are very similar to averages for Great Britain and Eastern England. The Ipswich HMA has a low proportion of people with no qualifications and a slightly lower proportion of people with higher level qualifications (NVQ 3 and 4). Babergh and Ipswich have the lowest qualification levels, below the regional and national average, while Suffolk Coastal has particularly high qualification levels.

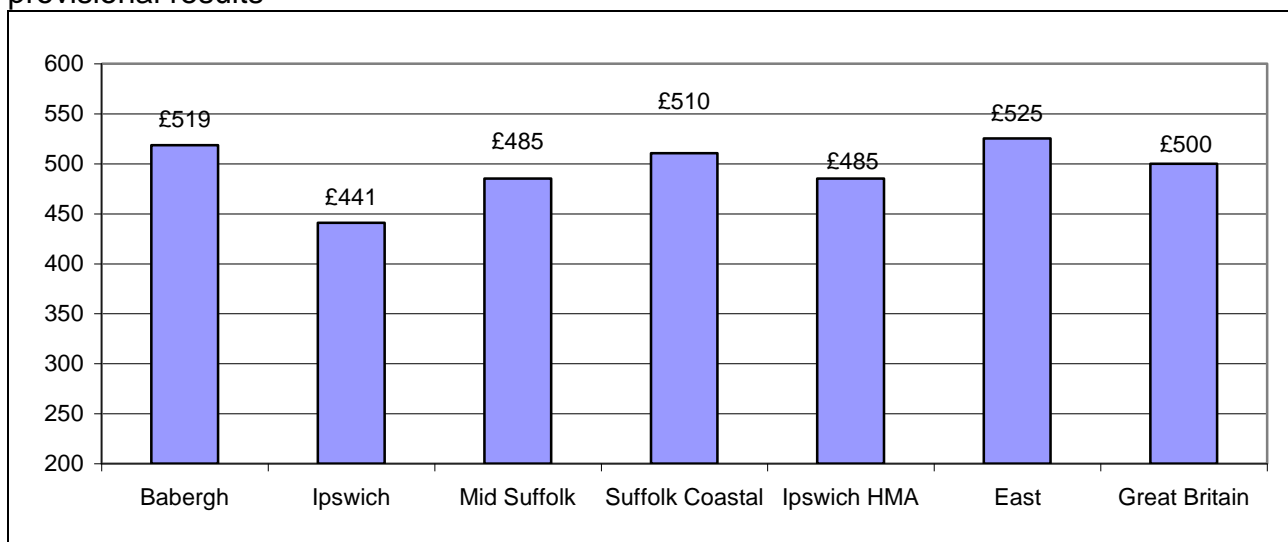
Figure 5.16.1 Qualifications by Area 2011. APS 2011



5.17 Incomes and Earnings

5.17.1 Earnings of local residents are a key parameter of affordability. The overall average earnings in the Ipswich HMA decreased over 2010 to 2011 according to the provisional figures,⁵⁹ but have remained at a similar proportion of the regional level. This is around 94% of the regional average but higher than the Suffolk figure. The latest data (below) shows that incomes in Ipswich are notably below those of the Ipswich HMA as a whole, the county, region and nation.

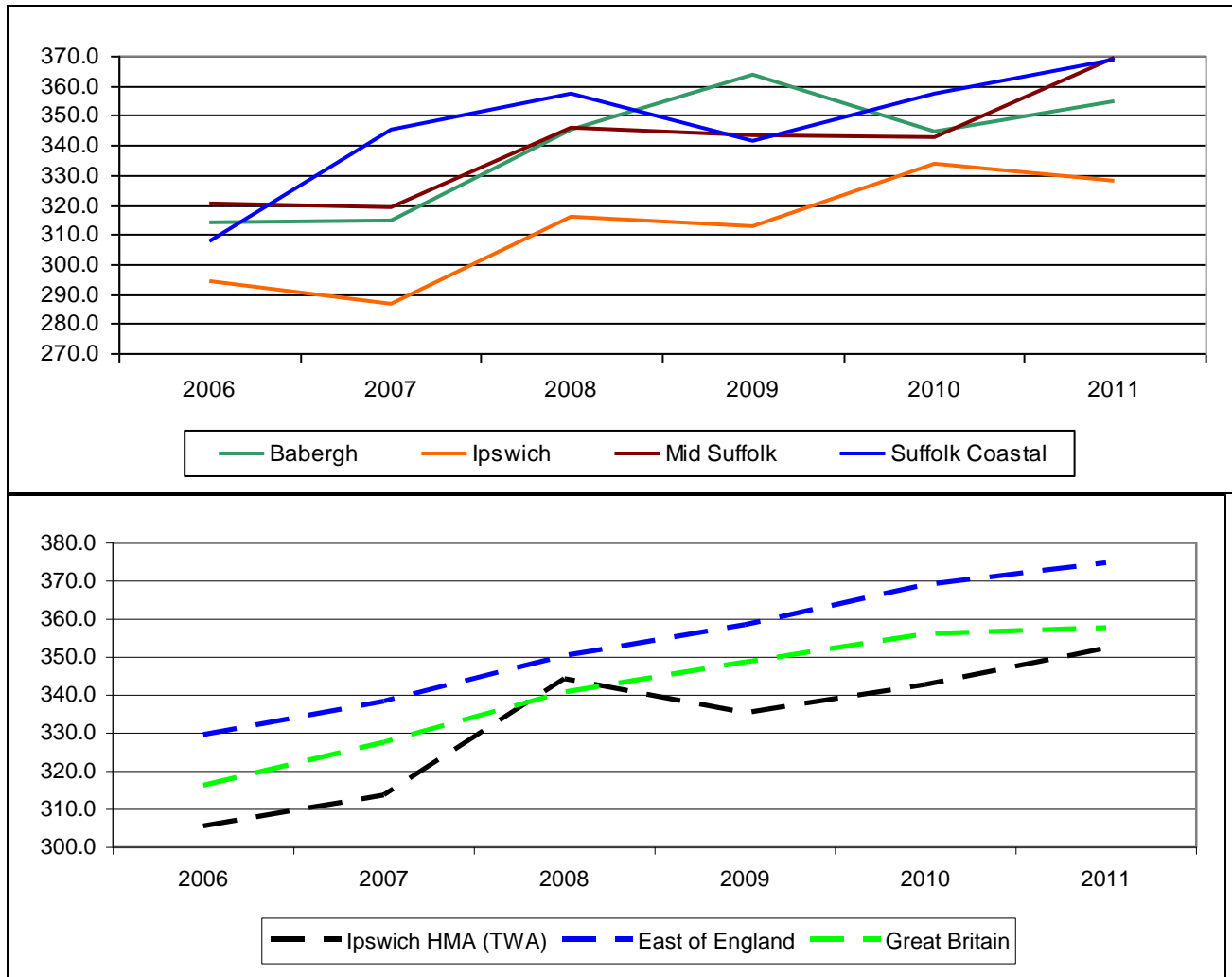
Figure 5.17.1 Gross Weekly Earnings of Full-Time Residents (Median). ASHE, 2011 provisional results



5.17.2 The graph below shows the lower quartile weekly incomes of full time workers in the areas within the Ipswich HMA. Since 2006, the overall trend has been for increasing earnings, though there have been some fluctuations in the data, particularly in Babergh and Suffolk Coastal, which is likely to be because of the sample. The latest data (2011) shows an increase in earnings in all but Ipswich. Lower quartile earnings in the Ipswich HMA have tended to be below the regional and national average. The latest data suggests that lower-quartile earnings Ipswich HMA almost reached the national average in 2011 even though the median decreased slightly.

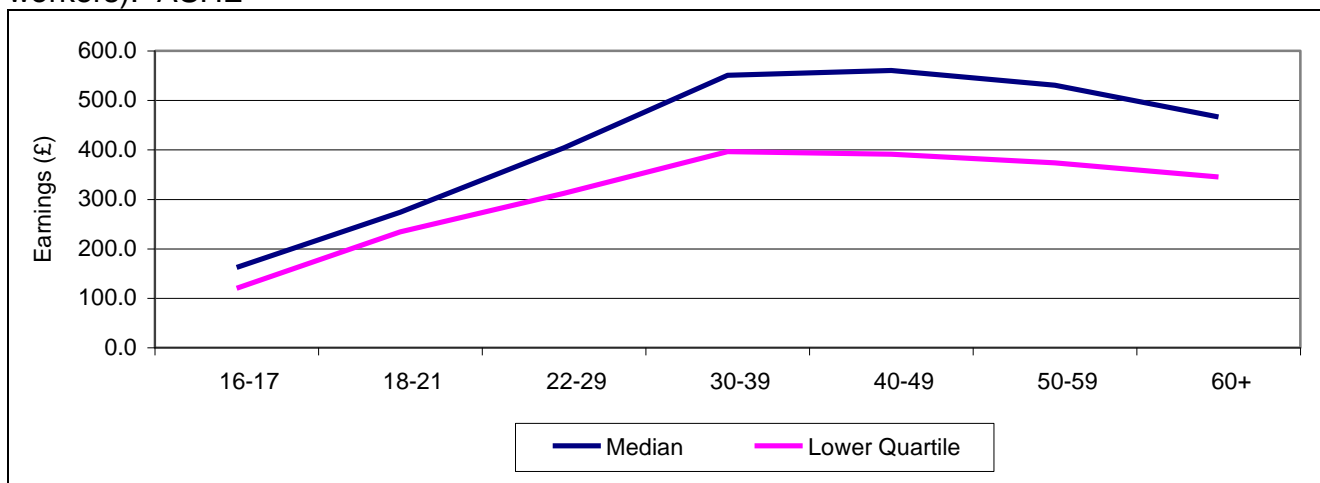
⁵⁹ The median weekly full-time wage in the Ipswich Travel to Work Area was £487.20 in 2010 and £485.30 according to the provisional results for 2011.

Figure 5.17.2 Lower Quartile Weekly Earnings (£) by Area (Gross of full-time workers) 2006-2011. ASHE



5.17.3 The graph below shows the distribution of the median and lower quartile incomes by age. The data is only available at national (UK) level, but a reasonable assumption is that a similar distribution is likely to exist in most areas. This updated 2011 data suggests that the peak for earnings is getting later, with the 40-49 age group having the highest median and lower quartile earnings compared to the 30-39 age group in 2009.

Figure 5.17.3 UK Lower Quartile and Median Earnings by Age in 2011 (Gross of full-time workers). ASHE

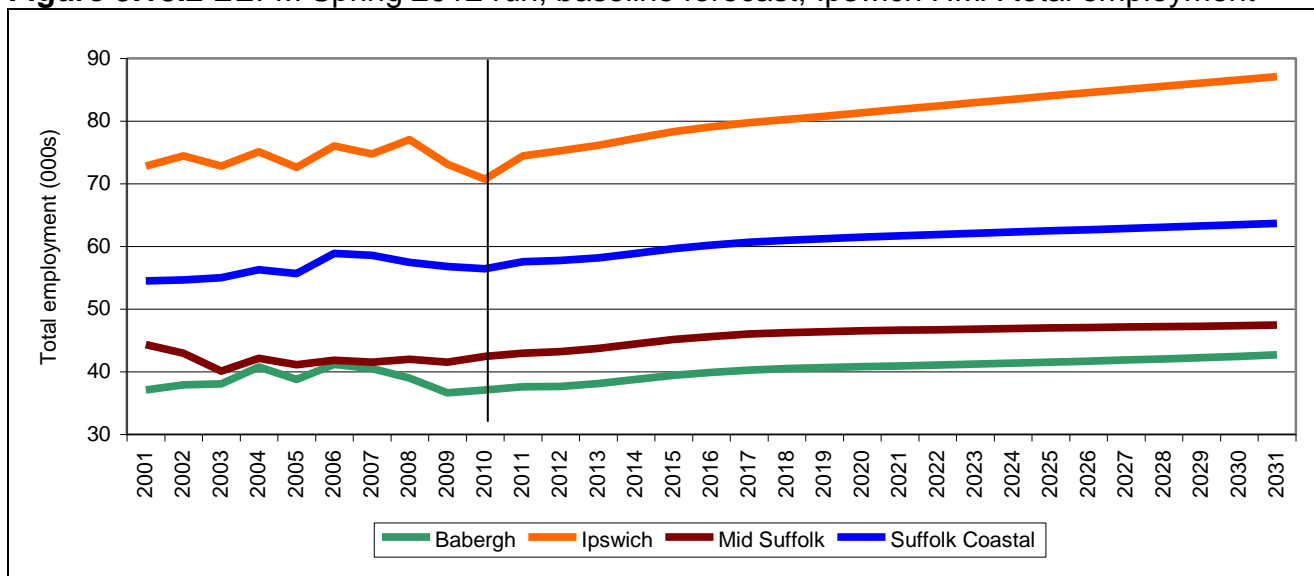


5.18 Future Economic Performance

5.18.1 The figure below shows a total employment forecast from the Spring 2012 run of the East of England Forecasting Model (EEFM) baseline forecast. The main source of employment data is the ONS Business Register and Employment Survey (2010), so figures from 2010 onwards are forecasts. Babergh and Ipswich suffered the largest declines in employment levels during and immediately after the 2008-09 recession. Suffolk Coastal also saw a decline in jobs but Mid Suffolk remained largely stable with a slight increase in 2010.

5.18.2 Employment is forecast to recover most rapidly in Ipswich, with strong growth also forecast throughout the Ipswich HMA from 2011 until the end of the period in 2031.

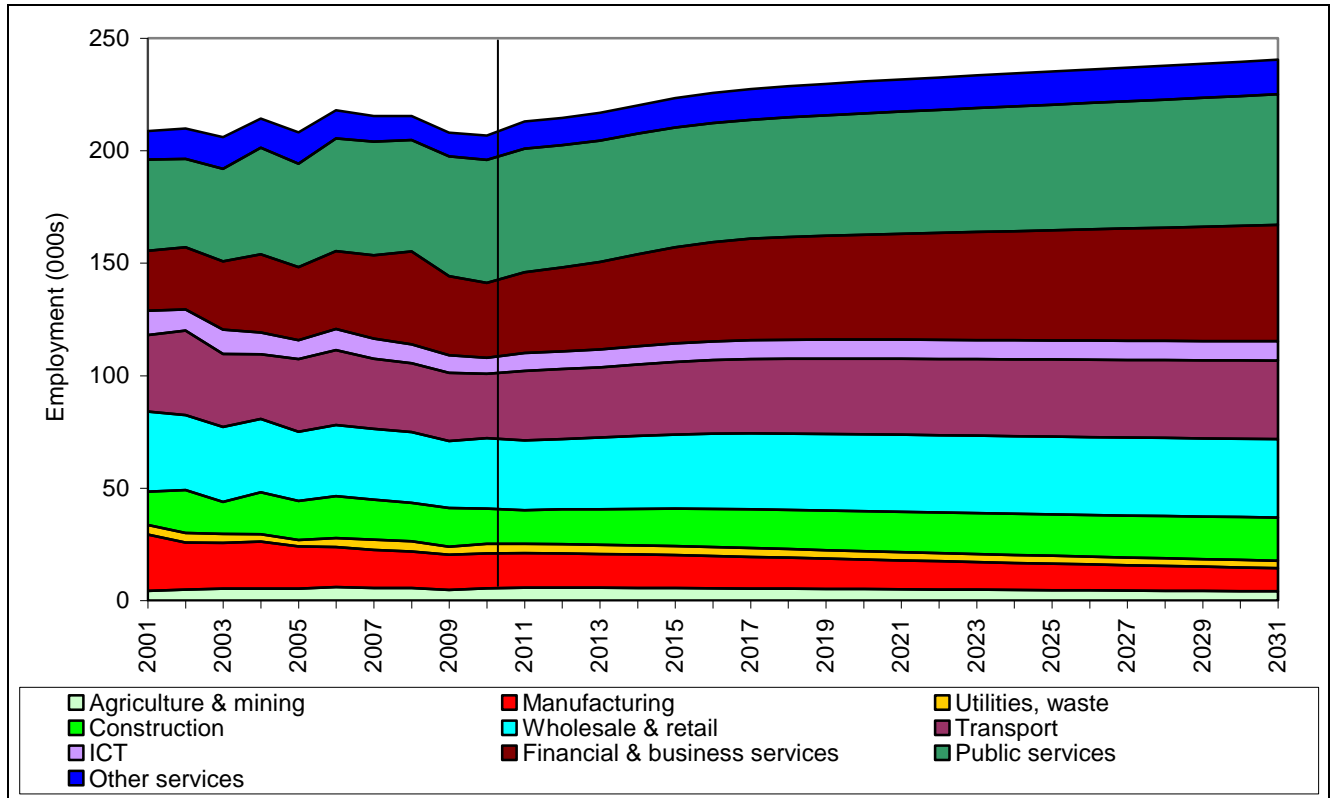
Figure 5.18.2 EEFM Spring 2012 run, baseline forecast; Ipswich HMA total employment



5.18.3 The figure below shows forecasts for employment by the major industrial sectors. Most sectors are forecast to maintain a relatively stable size in terms of employment up to 2031. Small increases are forecast in construction, wholesale, retail and accommodation activities and other services, while the strongest growth is forecast to occur in financial services as the service-based economy continues to grow. Manufacturing is expected to be

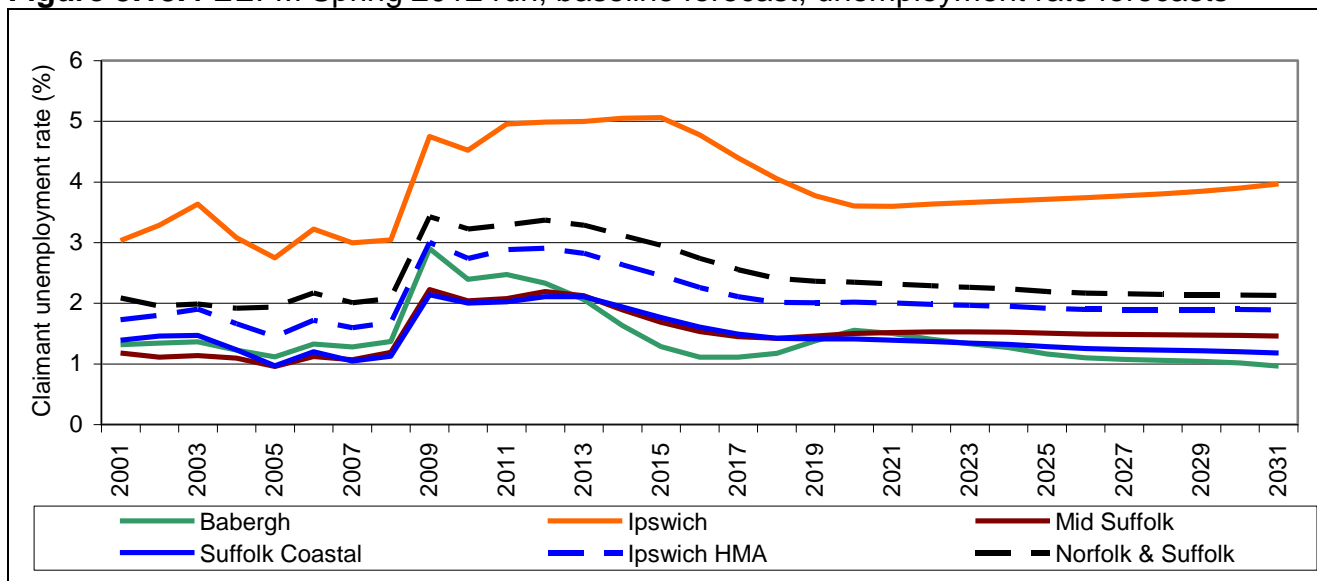
the sector which sees the largest proportional decline but this is based on the national trend for a 34% decline in manufacturing employment overall between 2011-2031 rather than an analysis of type of manufacturing such as the well established specialist manufacturing companies found in the Ipswich HMA.

Figure 5.18.3 EEFM Spring 2012 run, baseline forecast, Ipswich HMA employment by broad sector



5.18.4 The figure below shows claimant unemployment rate forecasts from the EEFM baseline forecast. Traditionally, the Ipswich HMA and three of the constituent local authorities have significantly lower levels of unemployment than the Norfolk and Suffolk as a whole, with only Ipswich having higher proportions of claimants, around 1 percentage point higher than the LEP average. No significant changes to these trends are forecast to occur by 2031. Claimant rates are expected to remain relatively high across all areas until around mid 2013 when there is forecast to be a gradual decline in claimant unemployment. Ipswich is forecast to retain the current level of claimant unemployment (5%) until mid 2015, after which strong declines are forecast. Babergh and Mid Suffolk are forecast to experience greater fluctuations in claimant rates than other districts.

Figure 5.18.4 EEFM Spring 2012 run, baseline forecast, unemployment rate forecasts



5.19 Economic Development Aspirations

Babergh

5.19.1 The joint Babergh and Mid Suffolk Local Investment Plan (LIP) outlines a vision for the two counties in the period from 2011 to 2016. The most relevant point for Babergh is to:

“promote economic wellbeing and economic growth in a positive and flexible manner; encourage a wide range of shopping, leisure and recreational facilities; promote the prosperity of the district’s two town centres, Sudbury and Hadleigh; and protect and enhance community facilities in local centres through policies and initiatives that recognise the strengths and weaknesses and local constraints, opportunities, stresses and influences on the differing parts of the local economy.”

5.19.2 A number of sites are identified as having the potential to provide new jobs and housing in Babergh, though estimated numbers of jobs to be created are not provided. The sites are as follows:

- Sudbury town centre and existing and new employment land around the town;
- Existing and new employment in Hadleigh;
- the former British Sugar site, Sproughton;
- the remaining parts of the “IP8” site at Pinewood on the edge of Ipswich, and
- the employment allocation at Wherstead;
- New employment land in the Babergh Ipswich Fringe;
- Through the regeneration of large brownfield sites at Shotley Gate and Brantham.

Ipswich

5.19.3 The Ipswich LIP offers some indications as to the local economic development objectives up to 2026. As well as the concentration of jobs in the town centre, there will be new employment development at sites around the Borough including a strategic employment site at the former Crane fluid systems site, together with the continued development of existing employment areas distributed across the town.

5.19.4 The former Crane fluid systems site is identified in the adopted Core Strategy as a strategic employment site. It represents a key opportunity to provide employment land close to the growing community at Ravenswood. It will also act as a second phase to the successful Ransomes Business Park site, which is nearing completion. However, the site is occupied by heavy industry and therefore site preparation will be costly, particularly in the current market. Approximately 17.5 hectares of employment land will be available, potentially providing hundreds of jobs.

Mid Suffolk

5.19.5 The economic development aspirations for Mid Suffolk from 2011 to 2016 concentrate on six main areas; Stowmarket, the A14 corridor between Ipswich and Bury St Edmunds, Needham Market, the Ipswich fringe including SnOasis, and Eye airfield. Stowmarket remains the focal point for major development proposals in the district, with an Area Action Plan making provision for two new allocations of industrial/commercial development related to proposed and recently completed homes.

5.19.6 Strategically, the district council has always sought to derive benefit from its location between Felixstowe and the economic core of the country including Cambridge. Mid Suffolk plays an important part in maintaining good transport and communications along this corridor and constantly seeks to improve transport connections along the A14/rail/river corridor between Bury St Edmunds and Ipswich.

Suffolk Coastal

5.19.7 The employment area at Martlesham, including BT at Adastral Park, is one of the UK's largest concentrations of research excellence in ICT and, if planning permission is granted, the proposed 'Innovation Martlesham' project which will become a global centre of excellence for research and development accommodating 80 knowledge-based businesses in flexible sized units and small business start-up space within which businesses can grow thereby supporting 2,000 jobs. Alongside a range of education initiatives and outreach programmes, the University of Essex, University Campus Suffolk, Suffolk New College and University College London will all have a presence at Adastral Park in a new campus providing improved provision at further education level (16 to 18 years).

5.19.8 The district is home to the biggest container port in the country, which is planned to grow over the next 20 years. A 2008 Felixstowe Port Logistics Study identified a need for additional land to support other port related uses and a further Economic Assessment in 2010 confirmed the significance of this sector to the local and wider economy.

5.19.9 Leiston is not seen as a site for strategic employment growth by the LIP, but the role of the Sizewell nuclear facility and the potential for further investment in the town following a positive decision on Sizewell C is acknowledged. Support will be provided to employment development at Saxmundham owing to a limited provision of employment and the view that the range of retail and commercial businesses within the town centre has contracted.

CONCLUSIONS

- The population of the area has grown steadily since 1981 but the growth was not evenly dispersed, Mid Suffolk and Suffolk Coastal had the largest proportionate growth between 2001 and 2010.
- Most of the migratory growth is from people moving from Essex and London with a net growth between these areas of approximately 2,300. Population increase owing to net international migration was approximately 740 people annually between 2001 and 2010.
- The Ipswich HMA has a growing BME and White Other population, which has more than doubled between 2001 and 2009 to 9.8% of the population. Whilst higher than Norfolk and Suffolk, this proportion is still below the national average. However, this is likely to be an underestimate owing to migrant workers residing for less than a year, such as the short term/high turnover contracts at BT Martlesham.
- The Ipswich HMA contains fewer people aged 20 to 40 when compared to the national average, but more people approaching retirement age and older people.
- The composition of households has changed with more: singles, couples with no children and lone parents, and fewer: couples with children, couples with adults. This trend is projected to continue, which could mean that the number of lone parent households may double.
- The cost of housing has affected the formation of new households by young people. Further investigation into whether young adults have formed “hidden households” is necessary when detailed results of the 2011 census become available.
- Compared with averages for Great Britain and the Norfolk & Suffolk, residents of the Ipswich HMA are similarly well qualified. Average levels of qualifications in Ipswich and Babergh tend to be lower compared with the other two council areas.
- On average, incomes in the Ipswich HMA remain below both regional and national average incomes and earnings in Ipswich are well below those in the rest of the HMA.
- There is a low rate of growth in employment forecast, with the transport, construction and service sectors increasing, but with declining employment in manufacturing and agriculture.

6. Current Housing Stock

The purpose of this chapter is to:

- Provide an overview of the current housing stock including the number, type and condition of dwellings within Ipswich Housing Market Area, and
- Establish the baseline data to be included in the needs assessments.

It corresponds to stage 3.2 of the Strategic Housing Market Assessment Practice Guidance.

6.1 Dwelling Profile – Council Tax

6.1.1 An update to this section is possible using data from the Office for National Statistics (ONS) showing trends from 2001 to 2011. The original SHMA document (November 2008) reported only 2001 Census data. The proportion of dwellings in each council tax band can be used as a proxy measure for household wealth.

Figure 6.1.1 2011 Dwelling Stock by Council Tax Bands by Local Authority. ONS

	Babergh %	Ipswich %	Mid Suffolk %	Suffolk Coastal %	Ipswich HMA %	LEP %	England %
Band A	11.66	31.22	12.37	13.31	18.13	23.73	24.84
Band B	29.55	37.51	27.25	24.77	30.04	29.25	19.58
Band C	20.37	18.50	21.88	19.69	19.93	20.81	21.76
Band D	17.95	7.05	16.16	18.56	14.50	13.21	15.31
Band E	10.39	3.66	11.91	12.99	9.47	7.53	9.44
Band F	5.51	1.48	6.44	6.71	4.86	3.41	4.99
Band G	4.10	0.56	3.73	3.68	2.84	1.89	3.51
Band H	0.46	0.02	0.25	0.30	0.24	0.17	0.57
Band I	0.00	0.00	0.00	0.00	0.00	0.00	0.00

6.1.2 Ipswich has the highest proportion of dwellings in council tax bands A (31.22%) and B (37.51%), a marginal increase from the figures reported for 2001. Compared to average figures for England and Wales, Ipswich remains the only LA to have a higher than average proportion of band A properties. Suffolk Coastal has the highest proportion of properties in high value bands (F-I), at 10.69%. Babergh has the most polarised dwelling stock, with the lowest proportion of properties in band A (11.66%), and the highest proportion of properties in bands G-I (4.56%).

6.1.3 Given the migration patterns of younger people and the fact that Ipswich, with 87.23% of its dwellings in bands A-C, has a greater number and proportion of lower-value properties, the town appears to have a critical role in providing access to lower cost housing from the surrounding districts.

6.2 Population Density

6.2.1 The indicative ONS mid-2010 population estimates suggest that the population density is increasing across the entire Ipswich HMA; this is to be expected as the land areas have not changed.

Table 6.2.1 Population Density by Local Authority 2010. ONS

	Population (indicative estimate for mid-2010)	Area in Hectares	2010 population per Hectare	2001 Population density for comparison
Ipswich	125,530	3,942	31.8	29.7
Babergh	86,100	59,378	1.5	1.4
Mid Suffolk	95,189	87,107	1.1	1.0
Suffolk Coastal	124,603	89,142	1.4	1.3
Ipswich HMA	431,422	239,569	1.8	1.7

6.3 Household Size

6.3.1 Nationally, the rate of decline in average household size appears to have now settled at around 2.36 people per household (see section 8.4). This is significant because the official household projection was for the average household size to be 2.311 in 2011.⁶⁰ However, a declining household size has been recorded in all areas within the Ipswich HMA, as table 6.3.1 below shows. The household size of Mid Suffolk, which has tended to be greater than the national average, is now at a similar level. Suffolk Coastal has constantly maintained a lower household size than other areas.

Table 6.3.1 Average household size (Household Population/Occupied Households). 1981, 1991, 2001 and 2011 Census

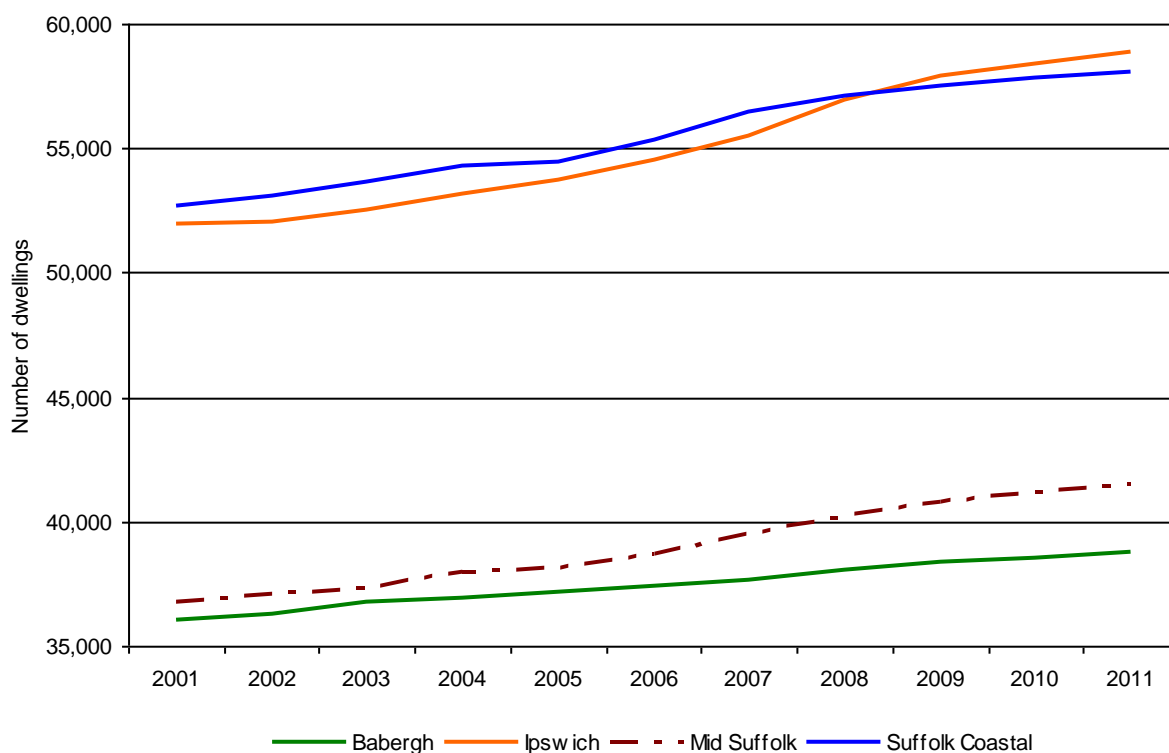
	1981	1991	2001	2011
Babergh	2.64	2.42	2.35	2.30
Ipswich	2.59	2.35	2.32	2.29
Mid Suffolk	2.65	2.46	2.41	2.36
Suffolk Coastal	2.50	2.34	2.31	2.27
Ipswich HMA	2.59	2.38	2.34	2.30
East	2.63	2.41	2.37	2.37
England	2.57	2.36	2.36	2.36

6.4 Total Dwelling Stock

6.4.1 Figure 6.4.1 below shows total housing stock within each area between 2001 and 2011 but does not include data from the 2011 Census. The increase in Ipswich's stock between 2007 and 2009 is discernible from the steady increase in the total stock within Suffolk Coastal. Equally, the increase within Mid Suffolk is more significant than within Babergh over the same period. The Housing Strategy Statistical Appendix (HSSA), the main source of this data, is submitted by local authorities using the Council Tax Base and also includes hostels (bed spaces divided by three) and houses in multiple occupation.

⁶⁰ DCLG 2008-based household projections. 22,746,000 households in 2011 from 52,577,100 people (ONS 2008-based projection).

Figure 6.4.1 Total dwelling stock by Local Authority 2001-2011. Census 2001, HSSA, DCLG live tables 100 and 109.



6.4.2 Over the period 2001-2011, the amount of housing stock within the Ipswich HMA has increased by 11%. This rate is higher than the average increase for Norfolk and Suffolk, and the country as a whole. Similar to population change, the largest proportionate increases took place in Mid Suffolk and Ipswich and the smallest increase was in Babergh. The largest increases have been found in Ipswich, with an annual average increase of 700 dwellings since 2001.

Table 6.4.2 Change in Housing Stock 2001-2011 by Local Authority. Census 2001, HSSA.

	2001	2011	2001/2011 Change	Average Annual Change	Total % Change
Babergh	36,100	38,800	2,700	270	7%
Ipswich	51,900	58,900	7,000	700	13%
Mid Suffolk	36,800	41,600	4,800	480	13%
Suffolk Coastal	52,700	58,100	5,400	540	10%
Ipswich HMA	177,500	197,300	19,800	1,980	11%
Norfolk & Suffolk	658,000	721,300	63,300	6,330	10%
England	21,262,800	22,971,500	1,708,700	170,870	8%

6.5 Housing Tenure

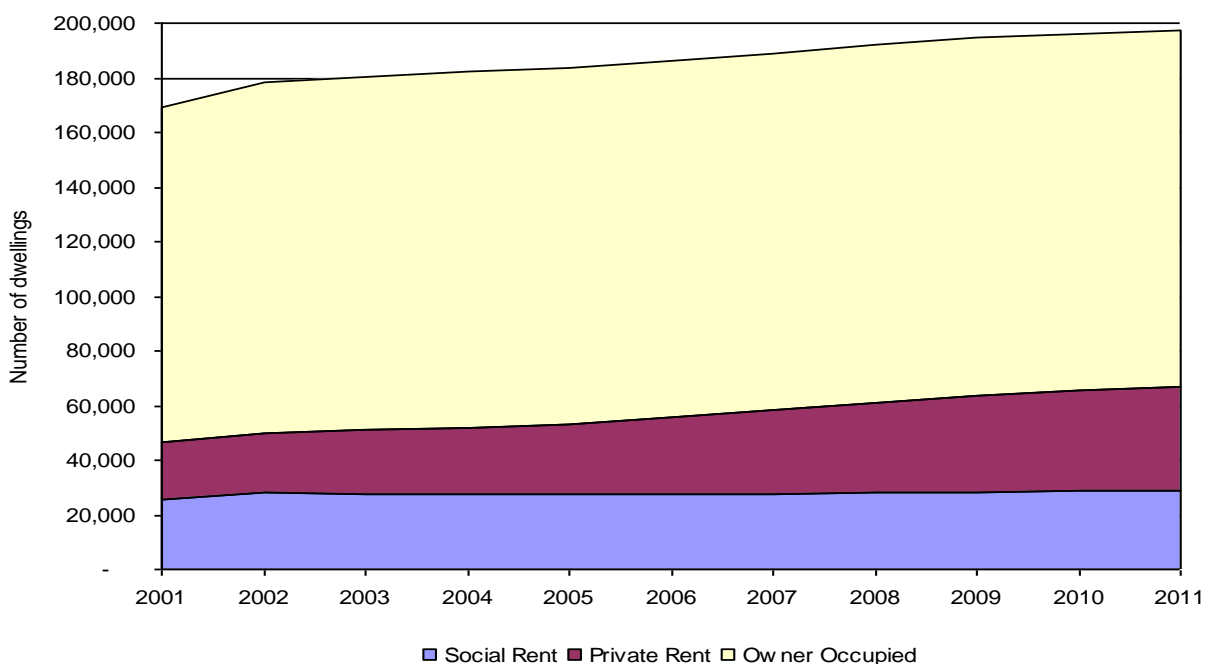
6.5.1 In addition to the 2001 Census data and 2006/07 HSSA data, which was reported in the original SHMA, more recent 2010/11 HSSA data is available. Table 6.5.1 is derived from data included in the HSSA and DCLG's live tables on stock owned by local authorities, housing associations, private rented and the owner occupied stock. The stock of private rented homes is a modelled estimate based on the trend within the East of England and England then applied annually from the 2001 census data for each area. The stock of owner occupied homes is the residual number from the total after private rent and social rent have been subtracted.

Table 6.5.1 Estimated number of dwellings by tenure in 2011, HSSA, DCLG Live tables 109, 115 & 116

	Social Rent	Private Rent	Owner Occupied	Total
Babergh	5,000	6,900	26,900	38,800
Ipswich	12,800	12,000	34,200	58,900
Mid Suffolk	4,600	7,200	29,700	41,600
Suffolk Coastal	6,300	12,300	39,400	58,100
Ipswich HMA	28,800	38,400	130,200	197,300
Norfolk & Suffolk	110,700	148,600	462,000	721,300
England	4,045,400	4,020,000	14,878,700	22,971,500

6.5.2 2010/11 HSSA data shows that the total dwelling stock in the Ipswich HMA is 197,300. This is an increase of 4.2% from the figure of 189,393 reported in the original SHMA. By way of comparison, the estimated increase in population was 1.7% between 2007 and 2010. The number of social rented dwellings within the Ipswich HMA stands at 28,800, with the largest number located in Ipswich.

Figure 6.5.2 Estimated number of dwellings by tenure within Ipswich HMA 2001-2011. 2001 Census, HSSA, DCLG Live tables 109, 115 & 116



6.5.3 Figure 6.5.2 shows the estimated split of tenure and that, whilst the total stock of all tenures has increased, the stock of private rented dwellings has increased by 77%, which is more than social rented (5%) and owner-occupied dwellings (1%). This could be because the estimates are based on the overall trend in the East of England which, like the rest of the country, has increased the private rented stock but, given the increase in flatted accommodation in Ipswich, there is little to suggest that this trend has not occurred.

6.6 Housing Types

6.6.1 There was no comprehensive update to this section while this update was being prepared. Please refer to paragraphs 6.16-6.19 of the original SHMA document. Further data by broad type (houses/flats) is available but is not further disaggregated to terrace or detached for example.

6.6.2 To inform the estimates of future demand and need, the stock by type of home has been estimated from the 2001 census and by using data from Ipswich Borough Council's Annual Monitoring Report (AMR) and, for the other areas, long-term data (1991-2011) on the types of home that have been constructed in the East of England from DCLG (live table 254).

6.6.3 Table 6.6.3 compares the proportion of new dwellings built as flats and houses in Ipswich with those built within the East of England. As noted in the original SHMA, the construction of new flats has been a significant feature of development within Ipswich. The comparison with the East of England is useful because this area contains other significant growth areas such as Norwich, Cambridge, Colchester and Peterborough. The data shows that, in 2009, 82% of all new dwellings were built in Ipswich were flats compared to 46% in the East of England. Over the longer-term (1991-2011) 26% of homes built in the East of England were flats and 74% were houses.

Table 6.6.3 Proportion (%) of new dwellings built as houses and flats 2006-2011 in Ipswich and East of England. Ipswich Borough Council AMR, DCLG Live Table 254

		2006	2007	2008	2009	2010	2011
Ipswich	Houses	26%	32%	22%	18%	25%	44%
	Flats	74%	68%	78%	82%	75%	56%
East of England	Houses	55%	54%	51%	54%	57%	67%
	Flats	45%	46%	49%	46%	43%	33%

6.6.4 An estimate of the stock in 2011 by type of home is made by applying the average proportions of newly built stock for Ipswich between 2006 and 2011 and the above long-term average for the other districts to the change in overall stock since 2001. Table 6.6.4 below shows the estimate of stock based the above approach.

Table 6.6.4 Estimated housing stock by broad dwelling type 2001 and 2011.

	2001			2011						
	House or Bungalow	Flat	Total Stock	House or Bungalow	Flat	Total Stock				
	%	%		%	%					
Babergh	33,615	93	2,346	7	35,961	35,750	92	3,057	8	38,800
Ipswich	42,359	82	9,440	18	51,799	44,378	75	14,503	25	58,900
Mid Suffolk	34,709	95	1,772	5	36,481	38,527	93	3,023	7	41,600
Suffolk Coastal	47,569	91	4,828	9	52,397	51,819	89	6,247	11	58,100
Ipswich HMA	158,252	90	18,386	10	176,638	170,449	86	26,855	14	197,300

6.6.5 The development of flatted accommodation is a notable change in Ipswich's dwelling profile from 18% in 2001 to an estimated 25% of stock in 2011. Given this estimate is based on Ipswich Borough Council's own figures, the results should be robust. All other areas also show an increasing proportion of flatted accommodation but, as these are based on regional figures, the results should be used with a degree of caution.

6.7 Housing Size

6.7.1 There was no comprehensive update to this section as source data is from the 2001 Census. Please refer to section 6.2 of the original SHMA document. However, the Annual Monitoring Reports for all authorities record the number of new dwellings by the number of bedrooms. Table 6.7.1 shows that few new homes are built as only one bedroom and that, as a proportion, more large homes (3 or more bedrooms) have been built in recent years.

Table 6.7.1 Proportion (%) of new dwellings built by number of bedrooms 2008-2011 in Ipswich HMA. Local Authority AMRs

	2008	2009	2010	2011
1 Bedroom	14%	18%	14%	8%
2 Bedrooms	43%	37%	38%	35%
3 Bedrooms	23%	26%	26%	35%
4+ Bedrooms	20%	19%	22%	23%

6.7.2 Using this data, an estimate can be made of the disaggregation of the stock by the number of bedrooms. The average proportions for each district/borough for each size over 2008-2011 provide the base to disaggregate the change in the overall stock between 2001 and 2011. For example, Ipswich's average over 2004-2011 is: 24% one-bed, 55% two-bed, 23% three-bed and 8% four-or-more-bed.

6.7.3 The 2001 census household data is used as a base but this records the number of rooms excluding bathroom, toilet, halls and storage. Therefore, the following bedroom equivalent has been used: 1-3 rooms = 1 bed, 4 rooms = 2 bed, 5-6 rooms = 3 bed, 6 or more rooms = 4+ bed. By adding the proportionate change in stock since 2001, an estimate of stock by size has been made and is shown in table 6.7.3 below.

Table 6.7.3 Estimated stock by bedroom size by local authority in 2011. Local Authority AMRs, DCLG, ONS 2001 Census

	1 Bed	%	2 Bed	%	3 Bed	%	4+	%	Total
Babergh	2,600	7%	6,300	16%	16,800	43%	10,700	28%	38,800
Ipswich	8,100	14%	7,300	12%	31,100	53%	7,100	12%	58,900
Mid Suffolk	2,500	6%	6,500	16%	16,100	39%	11,900	29%	41,600
Suffolk Coastal	4,300	7%	9,300	16%	23,500	40%	16,100	28%	58,100
Ipswich HMA	17,500	9%	29,400	15%	87,600	44%	45,700	23%	197,300

6.7.4 Ipswich shows a notable proportion of three-bedroom homes because most (60%) of households recorded in 2001 were living in homes with five or six rooms. This proportion has reduced because only 23% of new homes in the town had three bedrooms.

6.8 Second Homes

6.8.1 The original SHMA reported data from the 2001 Census. Data from the Council Tax Base provides a robust and updated record of second homes. Table 6.8.1 shows that the number of second homes in Suffolk Coastal is much greater than the other areas and that, in these areas, the number of second homes has remained fairly consistent. The proportion of second homes in Suffolk Coastal is 4.6% of the stock (Council Tax Base); whilst a lower proportion than other coastal areas such as North Norfolk (8.9%) or Purbeck (7.3%), it is still a feature of the local housing market and one that has grown (by 8% since 2005).

Table 6.8.1 Number of Second Homes. Local Authority Council Tax Base

	2005	2006	2007	2008	2009	2010	2011
Babergh	485	415	449	457	475	479	488
Ipswich	315	321	339	373	416	373	335
Mid Suffolk	394	433	360	378	393	411	398
Suffolk Coastal	2,442	2,450	2,494	2,489	2,587	2,600	2,648
Ipswich HMA	3,636	3,619	3,642	3,697	3,871	3,863	3,869

6.9 Vacant Dwellings

6.9.1 Vacant dwellings data presented in the update SHMA document, January 2010 was from the HSSA 2007-08. Updated information can be taken from the 2010-11 HSSA and RSR, and is presented in the table below.

Table 6.9.1 Vacant Dwellings by LA as at 1 April 2011. HSSA & RSR

	All LA Dwellings	HA	“Other” Public Sector	Private Sector (Non HA)	Total Vacant	% of All Dwellings	% Reported in 2007/08
Babergh	39	4	0	727	770	2.0	2.6
Ipswich	31	54	19	1,146	1,250	2.1	3.0
Mid Suffolk	42	1	0	913	956	2.3	2.0
Suffolk Coastal	0	100	0	1,867	1,967	3.4	3.0
Ipswich HMA	112	159	19	4,653	4,943	2.5	2.7

Note: HA data includes both management and non-management vacant dwellings.

6.9.2 The proportion of vacant dwellings is quite varied throughout the Ipswich HMA. The highest proportion can be found in Suffolk Coastal which has 3.4% vacant dwellings. Since the original SHMA, there has been a 0.6% decrease in vacant dwellings in Babergh, as well as a 0.9% decrease in Ipswich. Suffolk Coastal recorded an increase of 0.4%, and Mid Suffolk recorded an increase of 0.3%. Overall, the Ipswich HMA recorded a decrease of 0.2% in vacant dwellings. The number of LA and HA vacant dwellings has decreased by 43% in Ipswich, and has increased by 59% in Suffolk Coastal, with Babergh and Mid Suffolk showing little change.

Long-term empty dwellings

6.9.3 Whilst table 6.9.1 records the total number of vacant dwellings, this provides an indication of churn within the housing market (because dwellings will be vacant while households move) rather than vacant dwellings being empty for long periods. Reducing the number of long-term empty dwellings (vacant for more than six months) is a focus of the Government’s housing policy. Records of long-term empty dwellings are taken through the Council Tax Base (CTB) and reproduced in the table 6.9.3 below.

Table 6.9.3 Long-term empty dwellings by LA as at 1 April 2011. CTB/DCLG Live Table

	2005	2006	2007	2008	2009	2010	2011	2005-2011	Ave Annual
Babergh	325	395	421	414	387	377	343	18	3
Ipswich	619	740	780	941	844	757	635	16	3
Mid Suffolk	327	657	400	433	409	442	387	60	10
Suffolk Coastal	664	701	597	644	648	750	649	-15	-3
Ipswich HMA	1,935	2,493	2,198	2,432	2,288	2,326	2,014	79	13
England (000s)	313.6	314.7	314.3	327.0	316.3	300.0	278.5	-35.1	-5.8

6.9.4 Whilst the number of long-term vacant dwellings in Babergh, Mid Suffolk and Ipswich declined recently, the overall trend (as shown by the average annual change) is for the number of vacant dwellings to increase in these areas. The numbers in Suffolk Coastal have fluctuated (particularly in 2010) but the overall trend is downward, as is the national trend.

6.10 **Overcrowding**

6.10.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 6.27 of the original SHMA document, November 2008.

6.11 **Stock Condition**

6.11.1 The table shows dwellings with Category 1 Hazards (HHSRS) data which is taken from the HSSA. In the original 2008 SHMA report, 2005/06 Unfit Dwellings data was used. In April 2006 CLG replaced the Housing Fitness Regime with the Housing Health and Safety Rating System (HHSRS) as the new risk assessment procedure for residential properties. The HHSRS also replaced the Fitness Standard as an element of the Decent Homes Standard. As the HSSA no longer presents Decent Homes Standard data, the HHSRS data was used. It should be noted that the old Housing Fitness and newer HHSRS measures are not comparable.

Table 6.11.1 Dwellings with Category 1 Hazards (HHSRS), 2010/11, HSSA

	LA	HA	'Other' Private Sector	Private Sector (non HA)	Total	% of all Dwellings
Babergh	..	1	0	28	29	0.08
Ipswich	0	7	0	6,181	6,188	10.5
Mid Suffolk	0	0	0	1,280	1,280	3.1
Suffolk Coastal	0	220	0	4,553	4,773	8.2
Ipswich HMA	0	228	0	12,042	12,270	6.2

6.11.2 The Housing Health and Safety Rating System (HHSRS) came in to effect from 2006, and replaced the old unfitness measure. It is based on an inspection of the whole dwelling against 29 different types of hazard, such as "Damp and Mould Growth", "Asbestos", "Noise", "Food Safety", "Falls", "Electrical Hazards" and "Explosions". Each identified hazard is scored on the likelihood over the next twelve months of an occurrence that could "result in harm to a member of the vulnerable group", and on the range and severity of potential outcomes of such an occurrence. The dwelling is then classed Category 1 Hazard (serious) or Category 2 Hazard (other) based upon the scores of all identified hazards.

6.11.3 HHSRS data shows that there is more of a problem in Ipswich than in other LAs which compose the HMA. Suffolk Coastal has the second highest percentage of total dwelling stock which has a Category 1 Hazard, whereas Babergh has by far the fewest. Suffolk Coastal has no LA dwelling stock, and data for Babergh LA dwelling stock is not available.

6.11.4 There has been no further update to this section as source has not been superseded. Please refer to paragraphs 3.11.4-3.11.6 of the update SHMA document, January 2010.

6.12 **Housing Needs Surveys**

6.12.1 There was no update to this section as source data has not been superseded. Please refer to section 6.37 of the original SHMA document, November 2008.

6.13 **Shared Housing**

6.13.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 6.46 of the original SHMA document, November 2008.

6.14 **Communal Establishments**

6.14.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 6.46 of the original SHMA document, November 2008.

CONCLUSIONS

- Nationally, the average household size appears to have stabilised but a declining household size remains a feature within the Ipswich HMA.
- Since 2001, an average of 2,000 new dwellings were created in the Ipswich HMA each year, 700 of which were within the Borough of Ipswich.
- Ipswich is a location for lower cost and, arguably, more affordable homes; this role has been reinforced through more smaller, flatted accommodation being built in the town.
- If national trends are followed, the proportion of private rented accommodation will have increased by some 77% since 2001.
- Most dwellings in the Ipswich HMA have two or three bedrooms and the more rural districts have a greater proportion of larger homes.
- The incidence of second home ownership is a significant and growing feature of Suffolk Coastal's housing stock.

7. The Active Housing Market

The purpose of this chapter is to explain:

- How house prices and rents have changed;
- What affordability trends look like in the Ipswich HMA, and
- Turnover and other characteristics of the stock.

It corresponds with Stage 3.3 of the Strategic Housing Market Assessment Practice Guidance.

7.1 Introduction

7.1.1 Demand for different types of housing is a combination of complex factors, some of which have already been discussed in this SHMA update. The chapter will first analyse changes in the costs of buying and renting a property across the Ipswich HMA, before identifying the entry-level cost for market housing and the implied gaps across the housing market. The chapter will then use information on local income levels to assess the affordability of market housing in the Ipswich HMA as a whole and each individual authority.

7.1.2 The final sections of this chapter consider other evidence for housing market pressure including the incidence of overcrowding, the level of vacancies and the turnover rate.

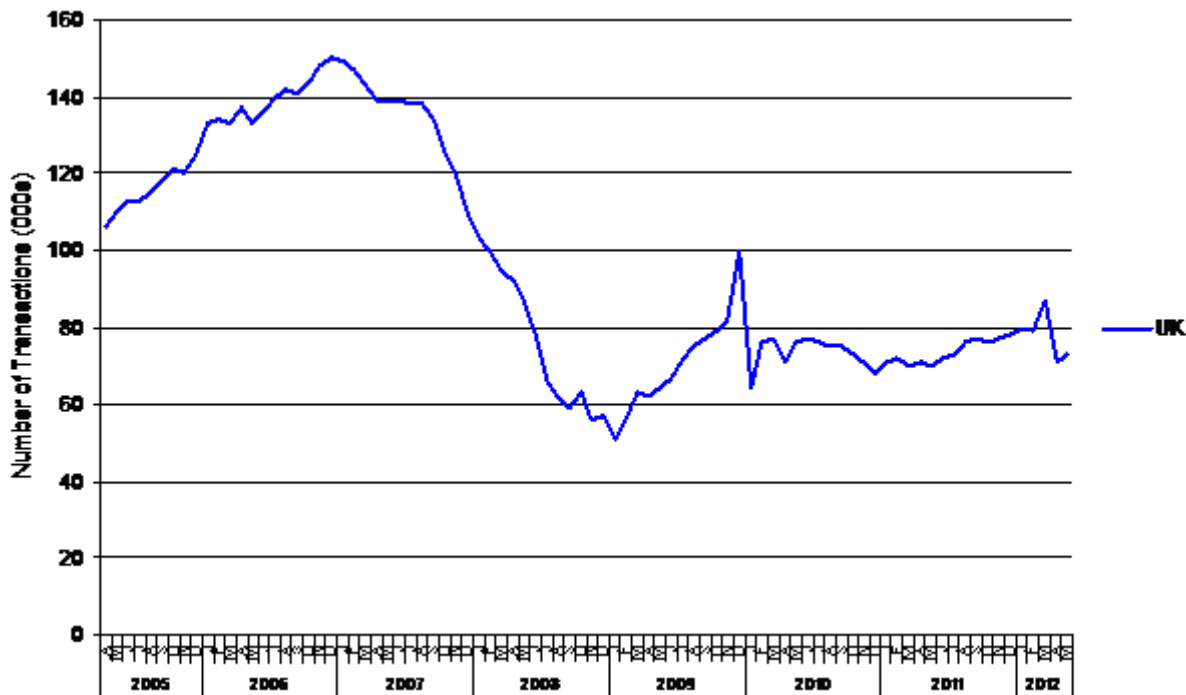
7.2 Overall Price of Home Ownership

Volume of Sales

7.2.1 In reviewing trends in the housing market since the “credit crunch” (the fall in asset values within the banking system from summer 2007)⁶¹ some caution is needed along with attention paid to the volume of sales. Between the second quarter of 2007 and the first quarter of 2008, the volume of residential sales halved and the number of sales in the third quarter of 2011 was even lower. Figure 7.2.1 below shows the sharp fall in the volume of residential property transactions since August 2007, the fluctuations since 2009, and that the number of sales has yet to return to the same level as 2005.

⁶¹ Parkinson, M et al. (2009) *The Credit Crunch and Regeneration: Impact and Implications*, DCLG, para.1.12

Figure 7.2.1 Number (000s) of UK residential property transactions 2005-2012 (seasonally adjusted). HMRC.



7.2.2 Table 7.2.2 below shows how the overall volume of sales within the Ipswich HMA has declined since 2007, particularly sales of flats and newly built homes. Not only is the volume of sales an indication of economic activity, lower volumes affect the quality of local level statistics, particularly when broken down by the type of property, because averages are more likely to be influenced by very low or high prices. To overcome this, medians (the middle value within a range) have been used more widely than the original SHMA and 2010 Update. Small sample sizes have also been avoided as these are more likely to be affected by extreme results so (apart from figure 7.3.3) this update uses data that is over short periods, within one area, and one particular property type.

Table 7.2.2 Number of residential transactions by property type with the Ipswich HMA 2007-2011. Hometrack.

	House			Flat			Total
	New build	2nd Hand	Total	New build	2 nd Hand	Total	
2007	853	8,029	8,882	539	831	1370	10,252
2008	472	4,133	4,605	323	397	720	5,325
2009	500	5,019	5,519	383	290	673	6,192
2010	400	5,108	5,508	189	317	506	6,014
2011	122	4,203	4,325	71	291	362	4,687

Trends in House Prices

7.2.3 Residential property prices and the rate of change vary within the Ipswich HMA. Prices in Suffolk Coastal increased between 2007 and 2011 but decreased elsewhere in the Ipswich HMA, whereas the proportionate decrease in Ipswich was greater than other areas. Ipswich consistently has the lowest average house price out of the four areas; this is to be expected given the difference between the size of homes and the higher proportion of flats. At an average (median) of £130,000, this is only 74% of the national value. A notable trend is that the gap between the prices in Ipswich and the next lowest value area widened during this period.

7.2.4 Median prices in Suffolk Coastal remain the highest, around £20,000 more than Mid Suffolk, the next highest average value. The trend for growth in Suffolk Coastal runs counter to the trend in the rest of the HMA, the county, region and nation. There is likely to be particular characteristics, or a combination of influences, within Suffolk Coastal to support this trend such as:

- an overall shortage in supply of an order that is more than which affects the country as a whole;
- a higher than average turnover of higher value properties throughout this period, and
- spatial influences, such as higher and increasing wages, larger properties or other value factors, which are not present in the other areas.

Table 7.2.4 Average (Median) house prices (Q2) 2007-2011 (% of national average in brackets). DCLG/Land Registry.

	2007	2009	2011	% Change 2007-2011
Babergh	£168,000 (96%)	£150,000 (92%)	£165,000 (94%)	-2%
Ipswich	£140,000 (80%)	£115,000 (71%)	£130,000 (74%)	-7%
Mid Suffolk	£183,450 (105%)	£167,750 (103%)	£180,000 (103%)	-2%
Suffolk Coastal	£193,000 (110%)	£178,000 (110%)	£208,950 (119%)	8%
Suffolk	£168,000 (96%)	£150,000 (92%)	£165,000 (94%)	-2%
East of England	£187,500 (107%)	£172,000 (106%)	£187,000 (107%)	0%
England and Wales	£175,000	£162,500	£175,000	0%

7.2.5 The map and table below show variation of median house prices in the wider areas surrounding the Ipswich HMA between 2007 and 2011. The median is used to avoid the potential affects from very low or high value sales. The figures show that house prices in seven of the areas have increased since the second quarter of 2007 before the credit crunch and recession, while 24 show a decrease in median house prices since 2007. The map also shows: how variable the change in prices has been, that even neighbouring areas have very different results, and substantial declines in prices around Norwich and in Tendring.

Figure 7.2.5 Map showing percentage change in median house prices in Cambridgeshire, Essex, Norfolk and Suffolk, 2007 Q2 to 2011 Q2. DCLG/Land Registry.

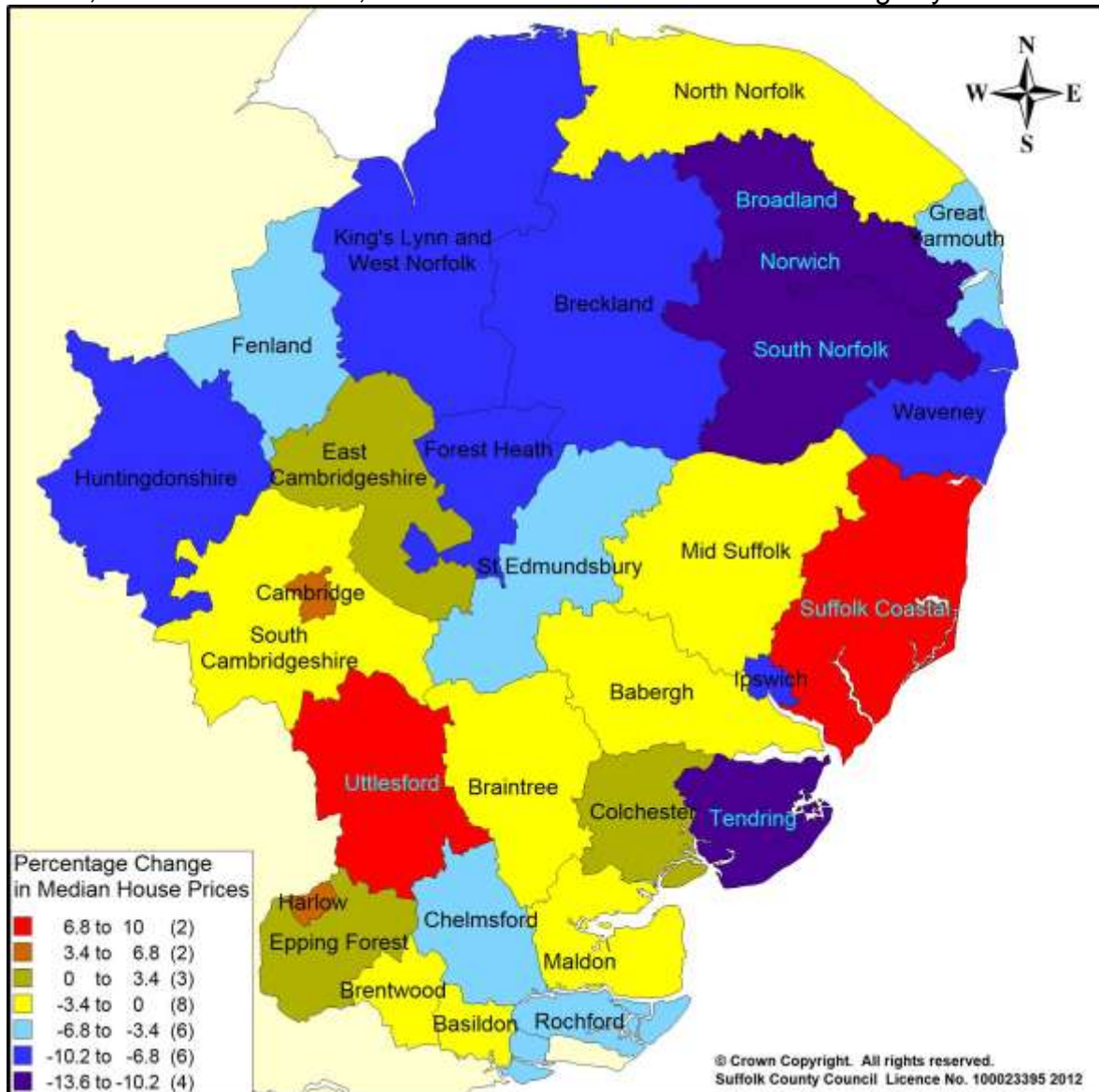


Table 7.2.5 Average (Median) house prices for nearby areas, 2007 to 2011 (Q2), DCLG/Land Registry

	2007	2008	2009	2010	2011	Change 07-11	% change 2007-11
Cambridge	249,950	248,500	230,500	250,000	264,000	£14,050	5.62%
East Cambs	187,225	194,000	163,100	185,000	189,475	£2,250	1.20%
Fenland	135,000	138,000	124,750	136,000	130,000	-£5,000	-3.70%
Huntingdonshire	187,500	175,000	165,000	182,000	171,000	-£16,500	-8.80%
South Cambs	246,000	245,000	203,500	227,750	243,000	-£3,000	-1.22%
Basildon	180,000	187,500	172,250	182,995	175,000	-£5,000	-2.78%
Braintree	185,000	187,000	163,500	182,500	180,000	-£5,000	-2.70%
Brentwood	267,000	249,995	260,000	250,000	264,250	-£2,750	-1.03%
Castle Point	198,000	200,000	175,000	185,000	190,000	-£8,000	-4.04%
Chelmsford	224,950	225,000	195,000	225,000	217,250	-£7,700	-3.42%
Colchester	177,000	169,000	158,000	175,000	180,000	£3,000	1.69%
Epping Forest	274,000	270,000	249,997	290,000	275,000	£1,000	0.36%
Harlow	172,000	167,750	145,000	171,750	178,250	£6,250	3.63%
Maldon	205,000	227,000	190,625	215,000	200,000	-£5,000	-2.44%
Rochford	217,500	225,000	175,000	215,000	205,000	-£12,500	-5.75%
Tendring	170,500	175,000	140,000	152,500	150,000	-£20,500	-12.02%
Uttlesford	249,995	275,000	258,875	265,000	275,000	£25,005	10.00%
Breckland	160,000	151,750	145,500	159,995	146,000	-£14,000	-8.75%
Broadland	185,000	186,500	155,000	170,000	160,000	-£25,000	-13.51%
Great Yarmouth	136,000	130,000	125,000	130,000	128,000	-£8,000	-5.88%
Kings Lynn and West Norfolk	155,000	154,995	150,000	153,000	141,750	-£13,250	-8.55%
North Norfolk	175,000	187,725	165,000	180,000	173,000	-£2,000	-1.14%
Norwich	159,586	153,000	134,500	150,000	140,000	-£19,586	-12.27%
South Norfolk	192,000	183,950	165,000	185,000	167,000	-£25,000	-13.02%
Forest Heath	163,000	174,650	139,000	152,500	155,000	-£13,950	-7.19%
St Edmundsbury	185,000	170,000	168,000	180,000	178,000	-£8,000	-4.91%
Waveney	144,000	150,000	132,500	151,000	139,000	-£10,000	-7.14%

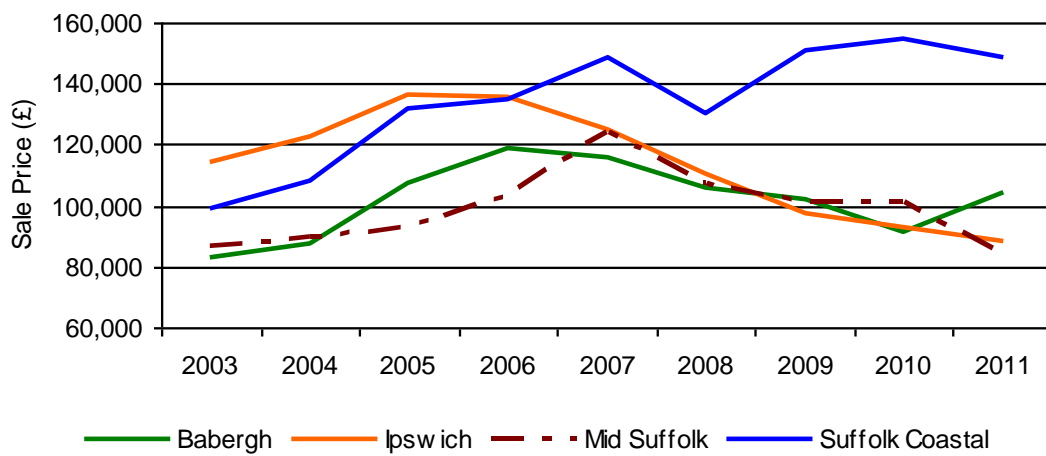
7.3 Purchase Prices by Property Price

7.3.1 The figure below shows average property prices for the Ipswich HMA plus the individual districts and benchmark areas for each dwelling type using Land Registry data. These are average (mean) figures for sales in each December by type of property and area but will be influenced by small sample sizes and extreme results. The result in 2010 for semi-detached houses in Babergh is a clear example of fluctuations that can occur.

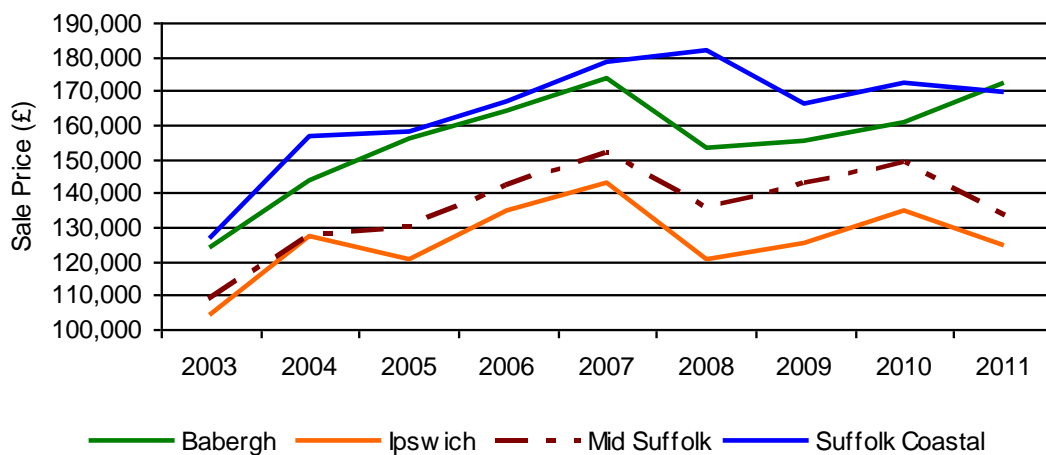
7.3.2 Within the Ipswich HMA the data shows that Suffolk Coastal has the highest average price for all properties. Ipswich records the lowest average price for all property types. This is consistent with the results described above (section 7.2). Data presented in the original SHMA suggested that Mid Suffolk offered cheaper flat/maisonette accommodation, whereas Babergh was priced highest for semi detached properties. Ipswich, Babergh, and Mid Suffolk now offer cheaper flatted accommodation than in 2007, while flat/maisonette prices in Suffolk Coastal are now higher than in 2007.

Figure 7.3.2 Average (mean) sale by dwelling type in each area 2003-2011 (December each year). Land Registry (Hometrack).

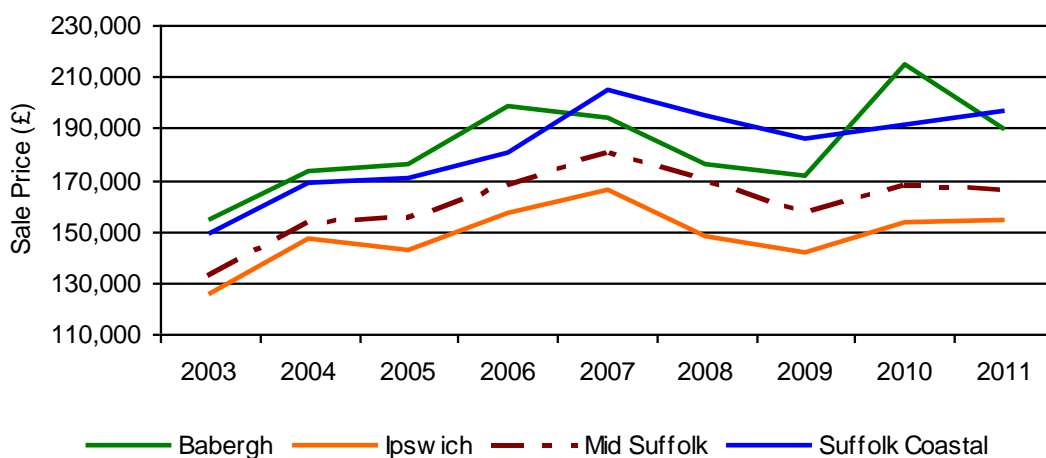
Flats and Maisonettes

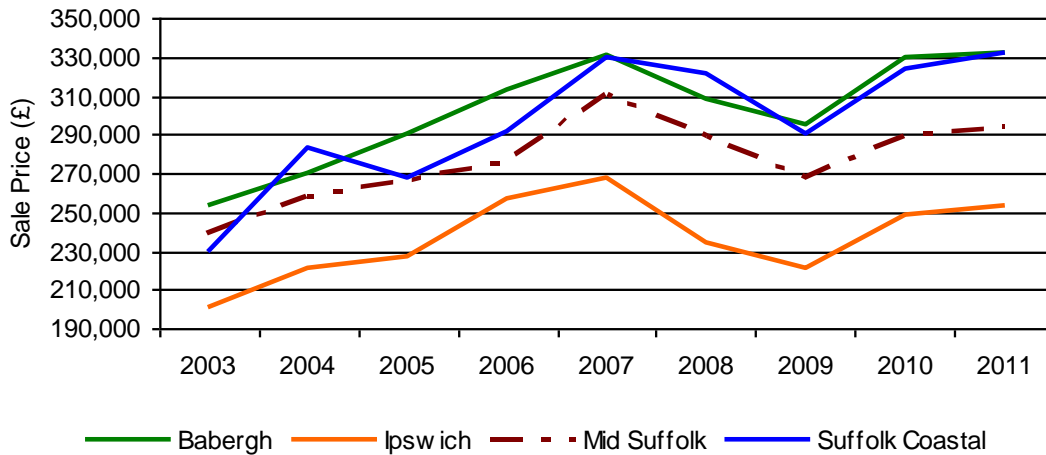


Terraced



Semi-detached





7.3.3 These graphs show the differences in the overall trend since 2003 and the rate of decline in prices between 2007 and 2009. Whilst different values, the trends for price of detached dwellings in all areas appears to follow a similar pattern and have grown more strongly than other types since 2009. However, the prices of terraced houses and flats in Suffolk Coastal appear to follow different trends than the other three areas.

7.3.4 The pattern of change in the price of flats is particularly noteworthy. The original SHMA reported that local agents considered that, in Ipswich and Mid Suffolk, there was an “over-supply of newly or recently constructed flats and apartments”.⁶² The fall in prices since 2007 indicates that that demand was lower than supply, however the trend for more flatted developments was a national phenomenon.⁶³ Given this national trend and, if demand for this type of property was lower than supply nationally, the decrease in the Ipswich HMA could be following the national trend. However, between 2007 and 2009, the average sale price of apartments in Ipswich fell by 22%, more than double the decline in the rest of the country (at -8%).⁶⁴

7.3.5 The effect of greater supply of flats in Ipswich appears to have had an impact on prices in Babergh and Mid Suffolk. The similar rate of change and sales prices over 2007 and 2009 is strong indication that such connection exists and is a further indication of the localised impact of the increased supply of flats in Ipswich.

7.3.6 Running counter to the other areas is the trend in Suffolk Coastal. This does not follow the same pattern and sale prices are not at the same level but this does not refute the above conclusion as other factors may influence the market for flats in Suffolk Coastal. For example, the average sale price of flats in Suffolk Coastal may have been affected by higher value properties and/or the different market for coastal apartments.

7.3.7 Data presented in the original SHMA suggested that Mid Suffolk offered cheaper flat/maisonette accommodation, whereas Babergh was priced highest for semi detached properties. Ipswich, Babergh, and Mid Suffolk now offer cheaper flat/maisonette accommodation than in 2007, while flat/maisonette prices in Suffolk Coastal are now at the same level than in 2007. Prices for semi detached properties in Suffolk Coastal are now higher than the other areas.

⁶² Fordham Research (2008) *Ipswich Housing Market Area: Strategic Housing Market Assessment*, paras 3.12 and 6.18

⁶³ DCLG Live Table 254

⁶⁴ DCLG Live Table 512

7.4 Entry-Level Purchase Prices

7.4.1 Identifying the cost of entry-level market housing is crucial for assessing the ability of households to afford to rent or purchase a home. The 2007 Guide indicates that entry-level prices should be approximated by lowest quartile prices (the bottom 25%).⁶⁵ The most recent lower quartile property information available from the Land Registry is 2011.

Table 7.4.1 Lower quartile house prices by Local Authority 2010 Q2 – 2011 Q2. Land Registry

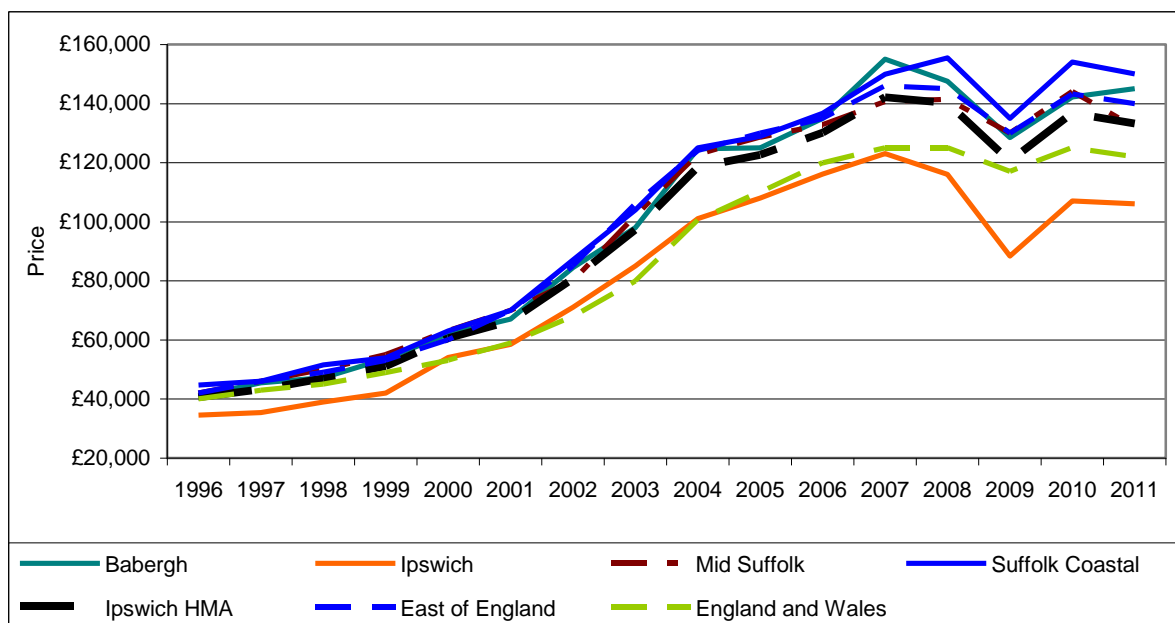
	2010 Lower Quartile Price Q2 (as % of national average)	2011 Lower Quartile Price Q2 (as % of national average)
Babergh	£142,250 (113.8%)	£145,000 (118.8%)
Ipswich	£107,000 (85.6%)	£106,000 (86.8%)
Mid Suffolk	£144,125 (115.3%)	£132,000 (108.1%)
Suffolk Coastal	£154,000 (123.2%)	£150,000 (122.9%)
Ipswich HMA	£136,843 (109.4%)	£133,250 (109.2%)
Norfolk and Suffolk	£125,920 (100.7%)	£122,230 (100.2%)
England and Wales	£125,000	£122,000

7.4.2 The data shows that entry-level house prices in the Ipswich HMA are 9.2% higher than the equivalent figure for England and Wales. Compared to table 7.2.4 above, all areas have higher comparative values; this indicates that the market for lower value properties is stronger than for the rest of the country. However, the percentage of national value is less than the figure for the previous year, which suggests that the local market has loosened slightly. Suffolk Coastal records the highest lower quartile average price (£150,000) and the highest difference from the national average at 22.9%, whilst Ipswich records the lowest price (£106,000). All authorities except Ipswich are more expensive than the national average for entry-level accommodation. Babergh's lower quartile price has increased by £2,750, while the other districts' prices have fallen. The rankings remain the same, with Suffolk Coastal having the highest lower quartile house price, Babergh in second place, Mid Suffolk in third and Ipswich in fourth places.

7.4.3 The figure below shows how lower quartile house prices have changed in recent years. Overall, between 2001 and 2011, the lower quartile property price in the Ipswich HMA rose by 101%, this is lower than the increase experienced in England and Wales as a whole (107%), but slightly more than the increase observed in the East of England (100%).

⁶⁵ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 27

Figure 7.4.3 Lower quartile house prices by LA, 1996-2011, Land Registry.

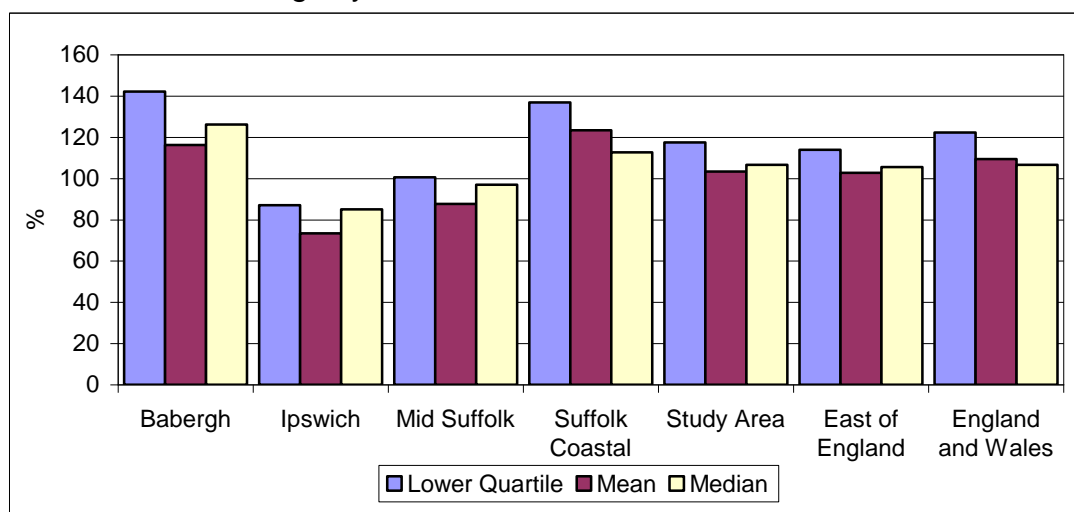


7.4.4 In order to assess the relative market pressure on first-time buyers, the 2007 Guide recommends that the changes recorded in the cost of lower quartile prices be compared to the change recorded in median and mean property prices.⁶⁶ If the rate of increase in lower quartile prices is higher than that recorded for mean or median property prices, then potential first-time buyers are likely to be most affected by further increases in purchase prices.

7.4.5 The figure below compares the rate of increase recorded for lower quartile, median and mean prices over the period 2001 to 2011. It shows that, in all four districts, the rate of increase lower quartile house prices has been greater than the increase in mean and median house prices. (This is also the case in the East of England and nationally.) This represents a significant change from the 2010 update and suggests that first time buyers' ability to access the property market is reduced. Babergh, Ipswich, and Mid Suffolk also have a higher rate of increase of the median property price compared to the mean. The potential reasons for this change include fewer low price dwellings or more mid-priced dwellings being sold in these areas compared to 2001.

⁶⁶ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 27

Figure 7.4.5 Change in lower quartile, mean and median house prices by Local Authority 2001-2011. Land Registry.



7.5 Overall Cost of Private Renting

7.5.1 Whilst the Land Registry holds a complete record of all property sales, the 2007 Guide acknowledges that there is no definitive source of information on market rents.⁶⁷ Information on the cost of housing in this tenure for this report has been collected from the Valuation Office Agency (VOA).

7.5.2 The VOA collects rent and lettings data from private landlords and agents, and currently holds data on more than half a million private lettings across England. This is used to inform their benefits determinations (also published by the VOA). The table below shows the average (median) cost of private rents in each of the four authorities. The table shows that Babergh records the highest average rental cost followed by Mid Suffolk, with Ipswich recording the lowest average rental cost. This is a variation on the results presented in the update SHMA document in that Suffolk Coastal was previously the least expensive LA in which to rent. All areas have experienced an increase in average rents since 2010.

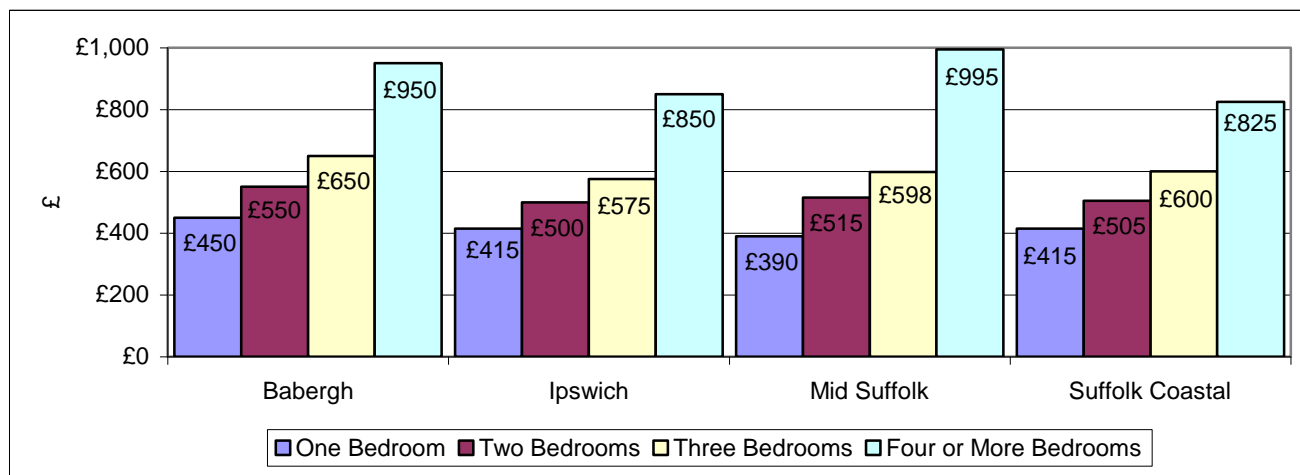
Table 7.5.2 Average (Median) Private Rental Costs 2011 (per month), VOA

	Average Rent
Babergh	£595
Ipswich	£450
Mid Suffolk	£530
Suffolk Coastal	£525

7.5.3 Private rental costs also vary by property size. The figure below shows the average (median) private rental costs for the four individual districts for each dwelling size. This shows that Babergh has the highest average rents for one, two, and three bedroom properties, whilst Mid Suffolk records the highest average rent for four or more bedrooms. Mid Suffolk has the lowest average rents for one bedroom dwellings, and Ipswich has the lowest average rents for two and three bedroom dwellings.

⁶⁷ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 27

Figure 7.5.3 Average rental costs by property size (2011), VOA



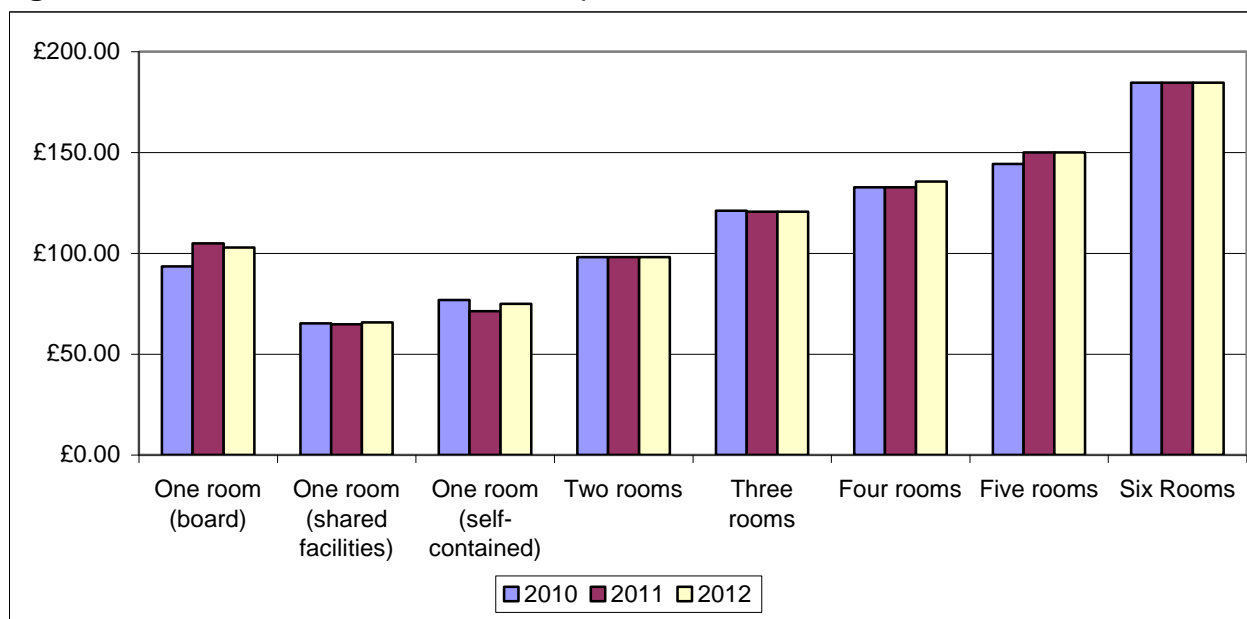
7.6 Trends in Rental Costs

7.6.1 The average rent has increased in all districts and for all property sizes compared with the figures in the 2010 update. Mid Suffolk and Suffolk Coastal show the largest proportional increase in rents for four or more bedroom dwellings (about 52%). Babergh is showing a high proportional increase in one bedroom dwellings (48%), but has had much smaller increases in the average rents for other dwelling sizes (12-19%). Ipswich's average rent increases are broadly similar across each dwelling size (31-41%).

7.6.2 The VOA has historical records of Local Reference Rent (LRR) by month between March 2009 and January 2012 for Ipswich. LRRs are the statutory level of local rents which are used to calculate the entitlement of the household to housing benefit. The LRR is the mid point between low and high rents for different sizes of home in a Broad Rental Market Area. There are five Broad Rental Market Areas (BRMA) within the Ipswich HMA, these are: Bury St Edmunds, Central Norfolk and Norwich, Colchester, Lowestoft & Great Yarmouth, and Ipswich. The Ipswich BRMA covers the majority of the Ipswich HMA but, whilst the other areas incorporate the fringes, there are significant settlements that are not included.⁶⁸

⁶⁸ Bury St Edmunds BRMA incorporates western Mid Suffolk (Elmswell and Walsham-le-Willows) and the western part of Babergh (Glensford, Lavenham & Sudbury); Central Norfolk & Norwich includes the northern part of Mid Suffolk (Botesdale, Eye and Fressingfield); Lowestoft & Great Yarmouth includes the northern part of Suffolk Coastal (Beccles, Bungay, Halesworth and Southwold); Colchester BRMA only incorporates a small part of south Babergh.

Figure 7.6.2 Local Reference Rents for Ipswich, Jan 2010 – Jan 2012. VOA.



7.6.3 The data shows that the highest increases over the period shown are for one room (board). This change could be reflecting increases in utilities prices.

7.7 Entry-Level Private Rental Costs

7.7.1 The cost of entry-level rents (lower quartile) is shown in table 7.7.3 and is based on two-bed rental dwellings. Whilst rents for 1-bed, studio apartments and single rooms will be lower, such accommodation is only suitable for single-person households which currently accounts for around a third of all households. Dwellings with two bedrooms would be suitable for couples with children and lone-parents.

7.7.2 Of the sample of private rented properties in the Ipswich HMA recorded by the Valuation Office Agency, the majority (35%) are 2-bed and less than a third are 1-bed homes, studios or single rooms.⁶⁹ Whilst the VOA's database is not an accurate representation of the whole private rented sector, it does provide indication of trends and activity within this sector.

7.7.3 All rents have fallen compared to the winter 2007 figures previously provided in the original SHMA, with Babergh and Mid Suffolk falling the least, and Suffolk Coastal falling the most. The table indicates that Babergh records the highest entry-level rent and Ipswich the lowest. The original SHMA document suggested that Suffolk Coastal had the highest entry-level rents, with Mid Suffolk offering the lowest, while the 2010 update suggested the same rankings shown here.

⁶⁹VOA Private Rental Market Statistics 2011-2012

Table 7.7.3 Entry-level Rental Costs 2011 (per month) for 2 bed properties compared to the costs reported in the original SHMA. VOA and Fordham Research

	Entry-level Rent 2007	Entry-level Rent 2011
Babergh	£510	£500
Ipswich	£495	£450
Mid Suffolk	£485	£475
Suffolk Coastal	£522	£465

7.8 Overall Cost of Social Rented Property

7.8.1 All council-owned housing in Suffolk Coastal was transferred to the Suffolk Heritage Housing Association in 1991. In all other authorities, there is currently social rented stock owned by both the Local Authority (LA) and Registered Providers of social housing (RPs). This section will present information on all social rented costs in the Ipswich HMA and so will include both LA and RP costs in Babergh, Ipswich and Mid Suffolk and only RP costs in Suffolk Coastal.

7.8.2 Information on current social rented costs in the Ipswich HMA has been collected from DCLG. Table 7.8.2 shows that Mid Suffolk records the highest rental cost per week, but only slightly higher than Babergh. The LA with the lowest rental cost per week is Ipswich.

Table 7.8.2 Average Registered Provider Rental Costs per week by LA, 2007-2011. DCLG Live Table 704.

	2007	2008	2009	2010	2011
Babergh	£66.61	£69.53	£73.23	£76.97	77.32
Ipswich	£62.03	£64.28	£67.47	£71.53	72.26
Mid Suffolk	£67.70	£70.39	£73.80	£77.10	77.88
Suffolk Coastal	£63.92	£67.06	£71.44	£75.68	76.95

7.8.3 The table below shows information on the three Local Authorities which still have their own stock. The 2011 data shows that Local Authority rental costs are highest in Babergh (£71.07) and lowest in Ipswich (£64.68).

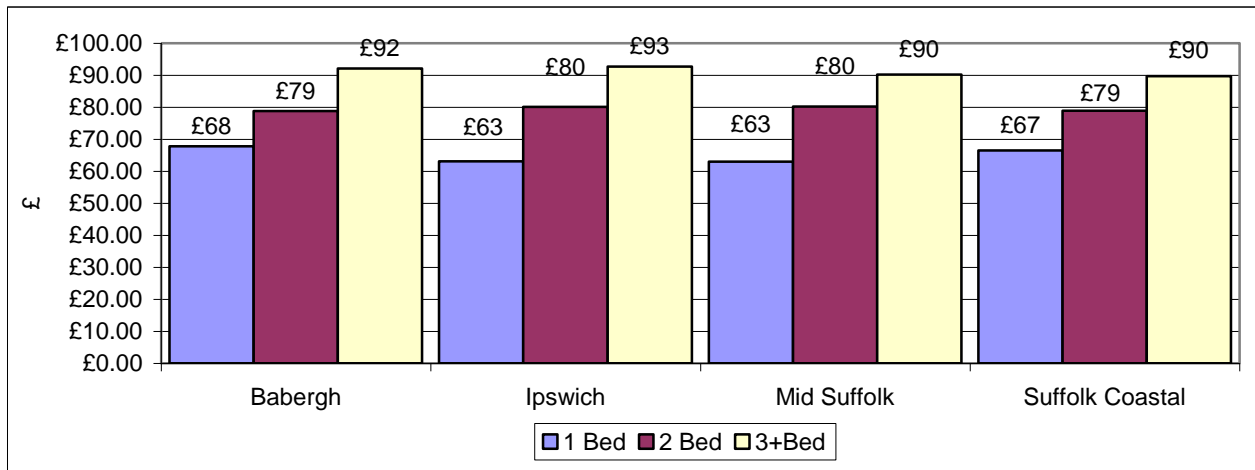
Table 7.8.3 Average LA Rental Costs per week by LA, 2007-2011 at 1 April. DCLG Live Table 702

	2007	2008	2009	2010	2011
Babergh	£60.63	£63.52	£67.72	£69.75	£71.07
Ipswich	£55.26	£58.20	£61.78	£63.38	£64.68
Mid Suffolk	£56.18	£60.11	£62.71	£64.64	£65.96

7.9 Social Rents by Property Size

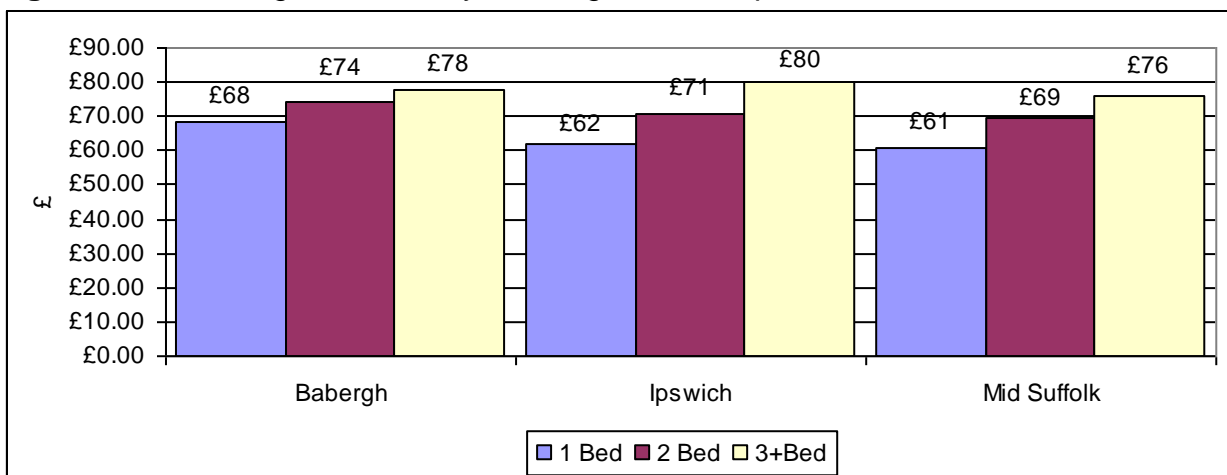
7.9.1 Data from the COntinuous REcording of lettings (CORE data) contains information on the cost of social rented lets by property size. The figure 7.9.1 below shows average RP rents for each dwelling size. The values for Mid Suffolk for 1 Bed and 3+ Bed were not available for 2011/12, so the 2010/11 data has been used as the closest equivalent.

Figure 7.9.1 Average HA rents by dwelling size per week. CORE 2011/12



7.9.2 Figure 7.9.2 below shows average rents for each dwelling size for all Local Authorities with their own stock. The chart shows that rents for 1 and 2 Bed dwellings in Babergh are slightly higher than in other areas, but that Ipswich has the highest rent for 3+ Bed dwellings. This is a change from 2010 where Babergh recorded the highest rents for all three sizes.

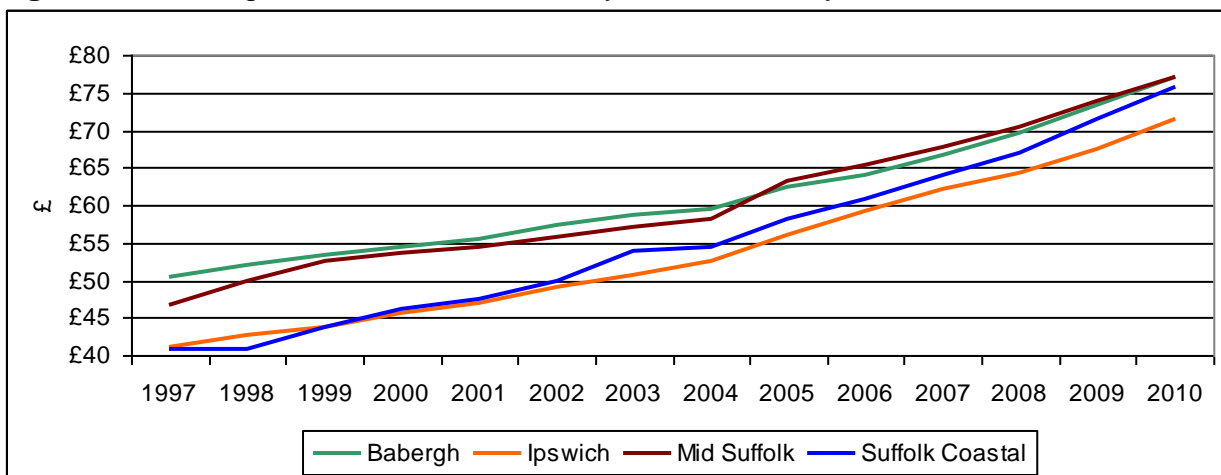
Figure 7.9.2 Average LA rents by dwelling size, cost per week, CORE 2011/12



7.10 Trends in Social Rent Costs

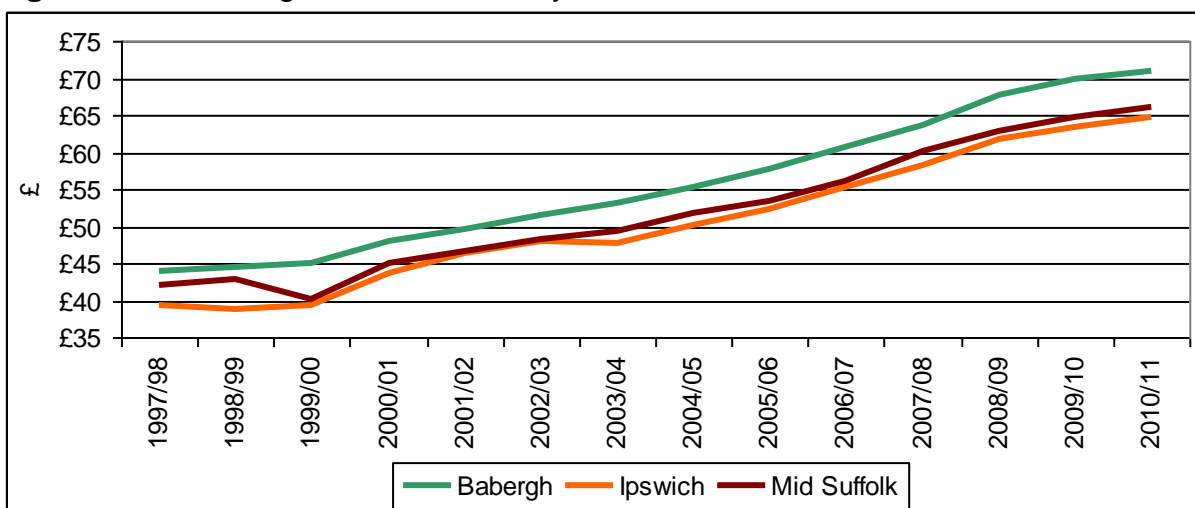
7.10.1 The figure below shows the changes recorded in RP rent levels since 1997 in each of Local Authority. The rate of increase in RSL rents for the years between 1997 and 2010 is 52.7% in Babergh, 74% in Ipswich, 65.2% in Mid Suffolk and 86% in Suffolk Coastal. Compared to the data in the update SHMA, all these figures have increased in terms of percentage growth, and remain in the same LA order in terms of cost increase. Ipswich shows the greatest percentage increase in costs since 2010.

Figure 7.10.1 Registered Provider Rents by Local Authority, 1997-2010. DCLG.



7.10.2 The figure below shows changes recorded in LA rent levels between 1996 and 2011. The rate of increase in LA rents was 61.5% in Babergh, 64.7% in Ipswich and 56.9% in Mid Suffolk. Compared to trends observed in the update SHMA, these rates have all increased, and remain in the same order in terms of cost increases.

Figure 7.10.2 Change in Local Authority rents 1997-2011. DCLG.



7.11 A Comparison of Housing Costs by Tenure

7.11.1 Guidance states that the costs of different tenures can be compared by converting house prices into weekly housing costs using information on prevailing interest rates.⁷⁰

7.11.2 The average and entry-level private rental costs for 2011 are displayed in table 7.11.2 below. This shows the weekly cost of tenure for each of the four areas and that Babergh and Mid Suffolk are the most expensive LAs in which to rent (whereas Suffolk Coastal is the most expensive to purchase). The cost of entry-level owner occupation in Babergh is nearly the same as in 2009, while the costs in other districts have increased.

Table 7.11.2 Weekly costs of housing in the Ipswich HMA (2011 Q2). Land Registry, VOA, DCLG, Tenant Services Authority RSR.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal
LA Rent	£71.07	£64.68	£65.96	-
PRP Rent	£76.97	£71.53	£77.10	£75.68
Entry-Level Private Rent	£116.28	£104.65	£110.47	£108.14
Median Private Rent	£131.62	£117.73	£121.46	£119.46
Entry-level Owner Occupation	£137.24	£105.14	£126.54	£141.19
Median Owner Occupation	£165.84	£124.91	£165.84	£189.56

Note: Calculations based on a 75% mortgage repaid over 30 years at an expected 4.2% APR (Halifax). Maintenance and improvement costs for owner occupation are also included at £18.40 – the weekly expenditure of median income from the 2010 Family Spending Survey

7.12 Housing Affordability

7.12.1 Assessing the affordability of housing is crucial to understanding the sustainability of the housing market as a whole. Poor affordability can result in the loss of employees from an area, overcrowding, poor physical and mental health for those priced out or who risk repossession, and a high number of households requiring assistance with housing either via a social rented property or through Housing Benefit.⁷¹

7.12.2 Housing affordability of an area is measured by the ratio of market housing costs to income in that area. The previous step identified the cost of entry-level market housing across the Ipswich HMA, whilst chapter five presents the most recent earnings data for the area. These two pieces of information can be compared to assess local affordability within a regional context.

7.13 Affordability of Entry-Level Owner Occupation

7.13.3 The 2007 Guide advises that different points of the income distribution of an area should be compared to entry-level purchase prices, to provide an overview of the affordability of market housing.⁷² This section will therefore compare lower quartile, median and mean incomes with entry-level prices. The 2007 Guide also states that “household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a

⁷⁰ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 27

⁷¹ NHPAU (2009) *Affordability – more than just a housing problem*

⁷² DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 29

single earner household or 2.9 times the gross household income for dual-income households.”⁷³

7.13.4 The Council of Mortgage Lenders report that the average income multiple for first-time buyers is currently 3.34 (March 2012). Individuals would need to live in households with combined earnings of around £42,000 to be able to afford to purchase a lower quartile property at this current income multiplier.

7.13.5 The table below compares the ratio of entry-level (lower quartile) housing costs to lower quartile earnings of individuals in 2011. The price to income ratios for this group ranges from 6.1 in Ipswich to 7.6 in Suffolk Coastal. Ipswich and Mid Suffolk are more affordable than the East of England average; while Babergh and Suffolk Coastal districts are not. The ratio has, however, widened slightly in the last three years, increasing from 6.97 to 7.0 in the Ipswich HMA between 2008 and 2011.

Table 7.13.5 Ratio of 2011 Q2 entry-level purchase prices to lower quartile earnings (2011). Land Registry, ASHE 2011.

	Entry-Level Price Q2 2011	Lower Quartile Earnings 2011	Price to Income Ratio
Babergh	£145,000	£19,855	7.3
Ipswich	£106,000	£17,260	6.1
Mid Suffolk	£132,000	£19,423	6.8
Suffolk Coastal	£150,000	£19,794	7.6
Ipswich HMA	£133,078	£19,083	7.0
East of England	£140,000	£19,580	7.2
England and Wales	£122,000	£18,720	6.5

7.13.6 Table 7.13.6 below compares the ratio of entry-level (lower quartile) costs to median earnings. Ratios are again above the 3.5 affordability threshold for each area. Ipswich and Suffolk Coastal are the only areas more affordable than the East of England average. Compared with 2006 data published in the original SHMA, the Ipswich HMA has become slightly more affordable. Babergh has become less affordable, while the other three districts have become more affordable.

Table 7.13.6 Ratio of 2011 Q2 entry-level purchase prices to median earnings (2011). Land Registry, ASHE 2011.

	Entry-Level Price Q2 2011	Median Earnings 2011	Price to Income Ratio
Babergh	£145,000	£22,582	6.4
Ipswich	£106,000	£22,399	4.7
Mid Suffolk	£132,000	£24,816	5.3
Suffolk Coastal	£150,000	£29,115	5.2
Ipswich HMA	£133,078	£24,728	5.4
East of England	£140,000	£26,546	5.3
England and Wales	£122,000	£25,363	4.8

⁷³ Ibid, page 42.

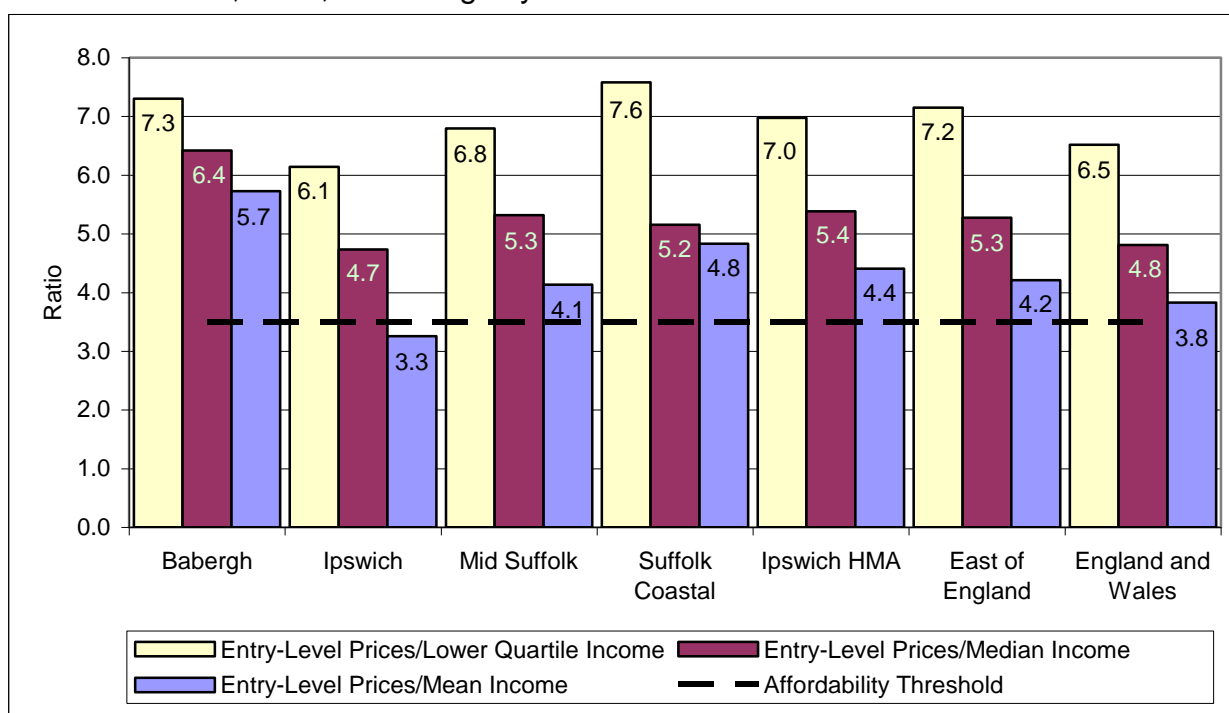
7.13.7 The table below again compares the ratio of entry-level costs but this time to mean earnings. The ratios are above the affordability threshold, except for Ipswich at 3.3. When compared to the equivalent data presented in the original SHMA, Babergh has become less affordable, Mid Suffolk and Suffolk Coastal are similar, and Ipswich has become more affordable.

Table 7.13.7 Ratio of 2011 Q2 entry-level purchase prices to mean earnings (2011). Land Registry / ASHE 2011.

	Entry-Level Price Q2 2011	Mean Earnings 2011	Price to Income Ratio
Babergh	£145,000	£25,328	5.7
Ipswich	£106,000	£32,576	3.3
Mid Suffolk	£132,000	£31,924	4.1
Suffolk Coastal	£150,000	£31,032	4.8
Ipswich HMA	£133,078	£30,215	4.4
East of England	£140,000	£33,243	4.2
England and Wales	£122,000	£31,885	3.8

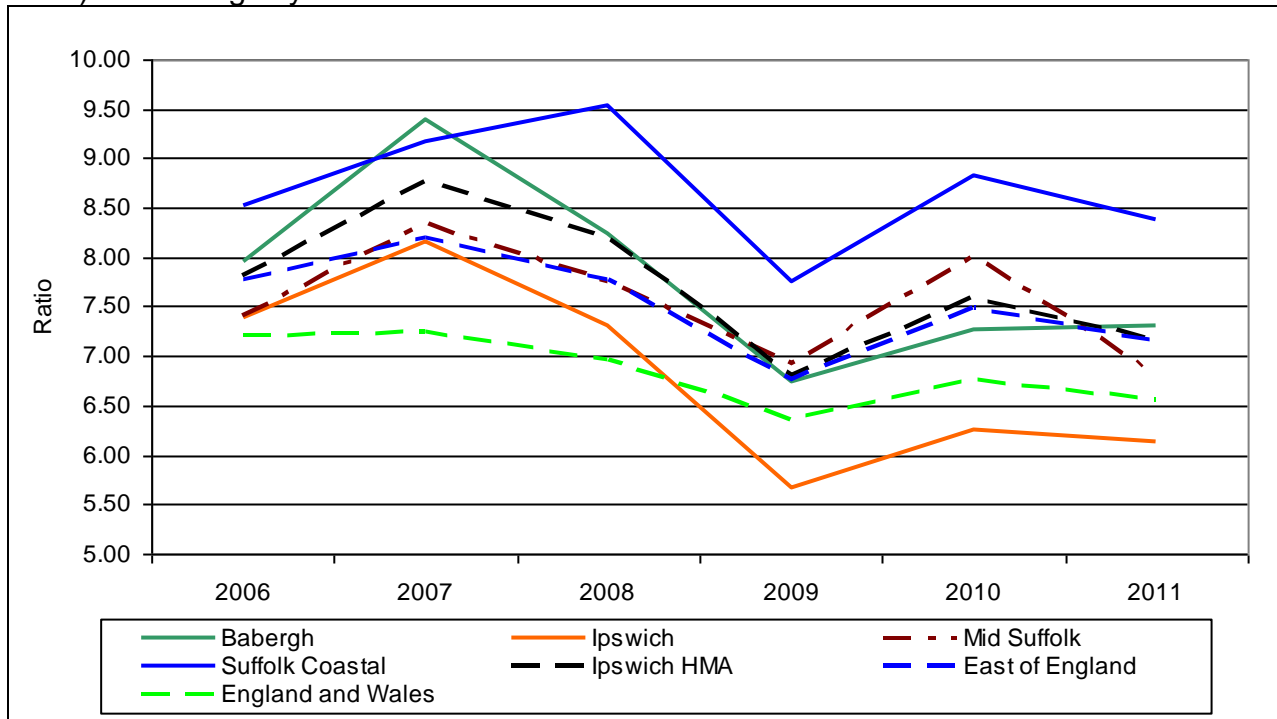
7.13.8 The figure below provides a comparison of the price/income ratios for different points in the income distribution for each of the featured areas. The figure shows that Babergh has the smallest difference in the ratios for each income level, while Suffolk Coastal shows the largest gap between affordability for entry-level income compared to the mean and median incomes. When compared to the equivalent data presented in the previous update, the affordability at each income level is more evenly distributed, although the ratios have increased slightly in some areas owing to stagnation in wages and a rebound in house prices. The highest ratios are found in Babergh and Suffolk Coastal. Compared to the original SHMA, the ratios have declined for the Ipswich HMA as a whole, making entry-level housing more affordable, primarily in Ipswich.

Figure 7.13.8 Affordability ratios of entry-level owner occupation for different points in the income distribution, 2011, Land Registry / ASHE.



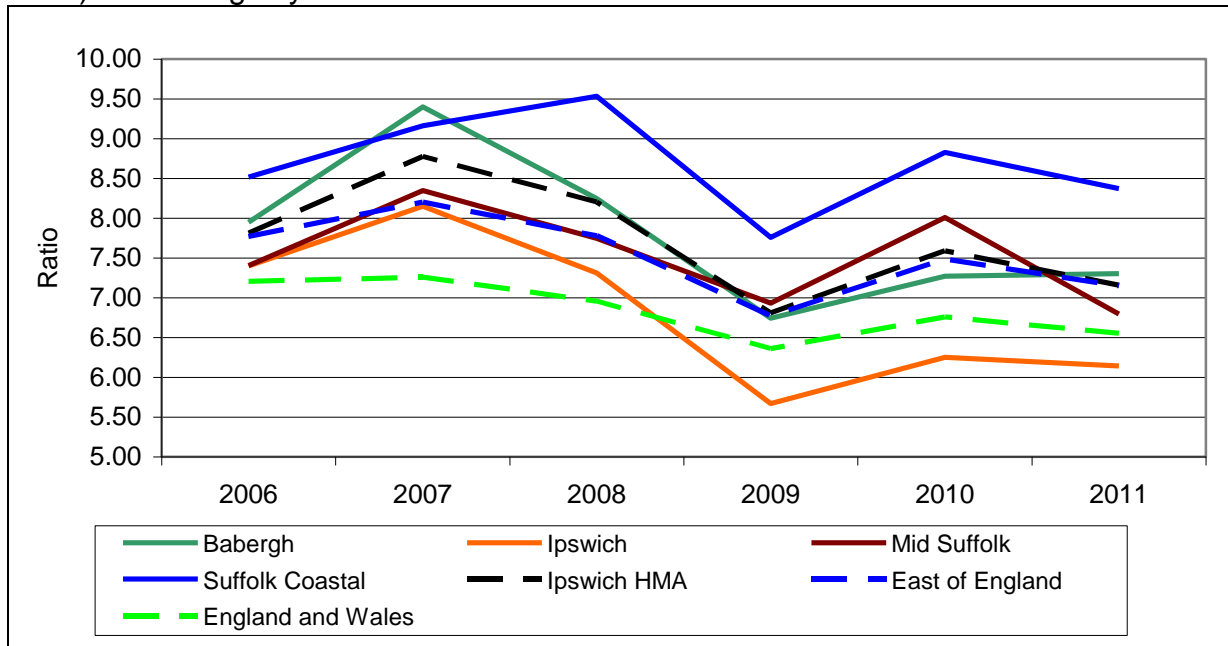
7.13.9 The 2007 Guide also recommends that a time-series of these price-to-income ratios should be presented to show how affordability has changed. The figure below shows the variation in the ratio of entry-level prices to lower quartile prices to lower quartile incomes in the Ipswich HMA, the constituent authorities, the East of England and Wales. The data shows that, in all areas other than Babergh, affordability ratios have improved over 2010 – 2011.

Figure 7.13.9 Ratio of Q2 2011 entry-level purchase prices to lower quartile earnings (2006-2011). Land Registry / ASHE 2011.



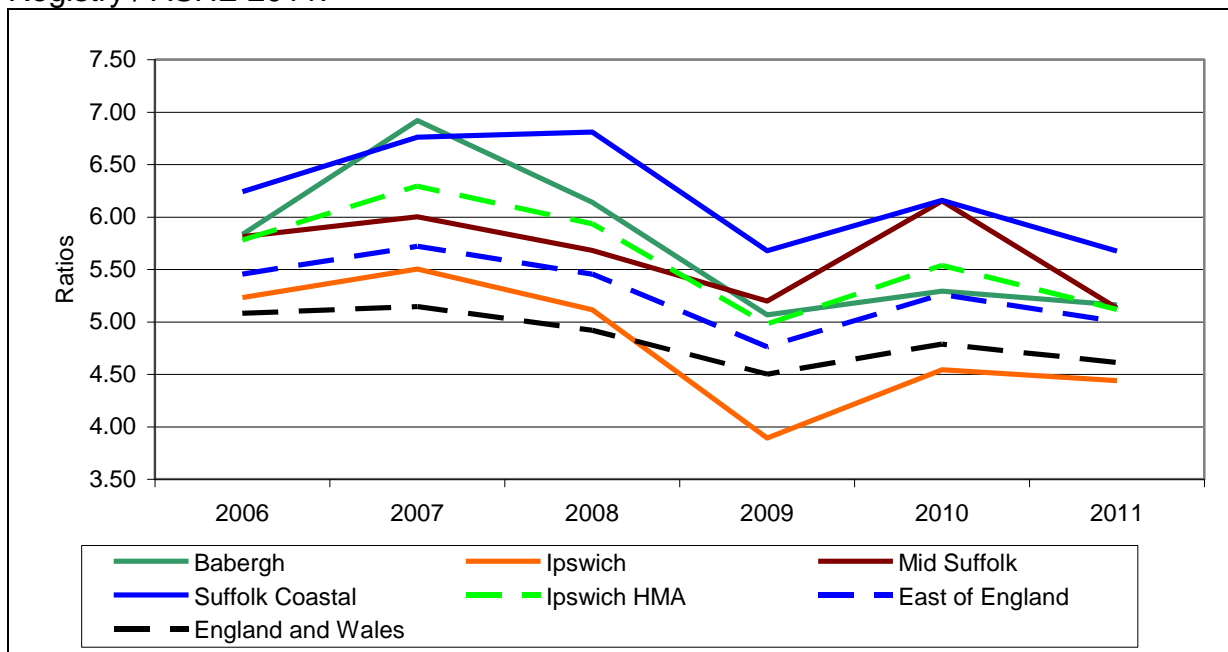
7.13.10 The figure below shows the variation in the ratio of entry-level prices to median incomes in the Ipswich HMA, the constituent LAs, as well as the East of England and national averages. The original SHMA showed a steady year on year increase in the ratio of entry-level prices to lower quartile earnings from 2002 to 2006. Since 2006, the ratio has been much more volatile, decreasing in all areas except Suffolk Coastal in 2008, followed by a decline across all local areas, the region and England and Wales as a whole in 2009 as a result of a sharp fall in house prices brought about by the credit crunch. From 2009 to 2010, there was a general increase in the ratios, followed by a smaller decrease in 2011.

Figure 7.13.10 Ratio of Q2 2011 entry-level purchase prices to median earnings (2006-2011). Land Registry / ASHE 2011.



7.13.11 The figure below shows the variation in the ratio of entry-level prices to mean incomes in the Ipswich HMA, the constituent LAs, as well as the East of England and national averages. There is little notable difference to the two previous figures, with Suffolk Coastal the least affordable and Ipswich and Mid Suffolk the most affordable. The Ipswich HMA remains less affordable than the regional and national average.

Figure 7.13.11 Ratio of entry-level purchase prices to mean earnings (2006-2011). Land Registry / ASHE 2011.



7.14 Affordability of Entry-Level Private Rent

7.14.1 The 2007 Guide defines households as being able to afford to rent privately where the rent payable would be no more than 25% of gross income.⁷⁴ The price/income ratio for households to be able to affordable market rented accommodation is therefore 0.25.

7.14.2 As with the affordability assessment for owner-occupation, entry-level private rented costs identified previously will be compared to the earned incomes of full-time employees resident in each local authority area. The following table compares the ratio of entry-level (lower quartile) rents to lower quartile earnings. The table shows that all the districts are similarly unaffordable, with Suffolk Coastal being slightly more affordable, and Ipswich being slightly less affordable. Compared to the original SHMA, each district has become more affordable. The rank of the districts has changed, with Suffolk Coastal moving from joint least affordable to most affordable, while the other districts remain in the same order.

Table 7.14.2 Ratio of monthly entry-level private rents to lower quartile earnings (2011). (ASHE, VOA)

	Entry-Level Cost	Lower Quartile Earnings	Price/Income Ratio
Babergh	£500	£1,654.58	0.30
Ipswich	£450	£1,438.33	0.31
Mid Suffolk	£475	£1,618.58	0.29
Suffolk Coastal	£465	£1,649.50	0.28
East of England	£520	£1,631.67	0.32
England and Wales	£475	£1,560.00	0.30

7.14.3 The table below compares the ratio of entry-level rents to median earnings. Whilst all areas have become more affordable, there has been a change in the rank since the original SHMA. Mid Suffolk has moved from joint most affordable to third most affordable, Babergh has moved from least affordable to second most affordable, and Ipswich has moved from third most affordable to least affordable. Suffolk Coastal remains the most affordable.

Table 7.14.3 Ratio of monthly entry-level private rents to median earnings (2011). (ASHE, VOA)

	Entry-Level Cost	Median Earnings	Price/Income Ratio
Babergh	£500	£2,342.00	0.21
Ipswich	£450	£1,990.17	0.23
Mid Suffolk	£475	£2,144.67	0.22
Suffolk Coastal	£465	£2,294.75	0.20
East of England	£520	£2,333.00	0.22
England and Wales	£475	£2,217.92	0.21

7.14.4 The table below compares the ratio of entry-level (lower quartile) rents to mean earnings. The table shows Ipswich as being the least affordable, with Mid Suffolk and Suffolk Coastal being joint most affordable. When compared to the equivalent data presented in the original SHMA, the ratios and the ranks are similar, albeit with Suffolk Coastal moving from second most affordable to joint most affordable.

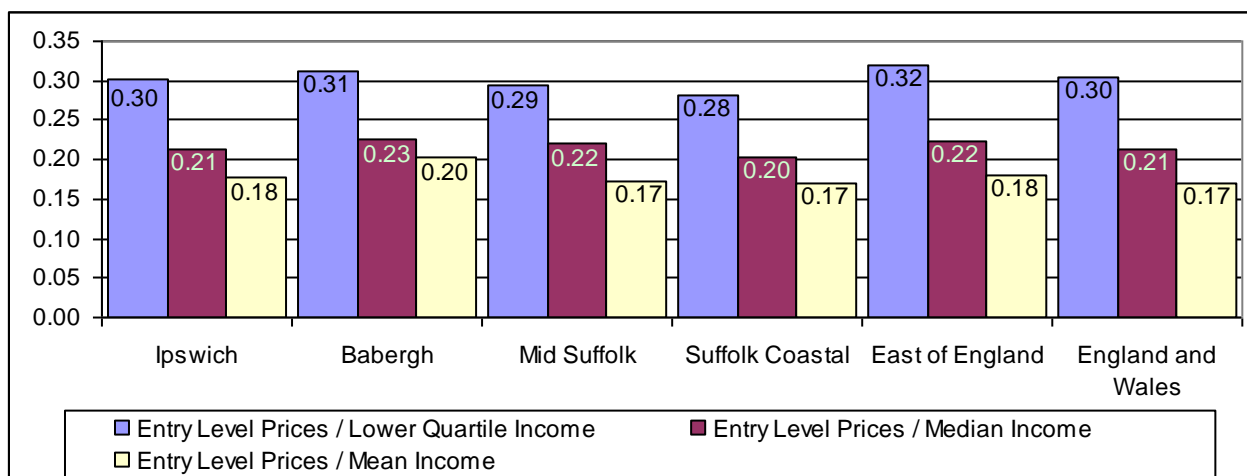
⁷⁴ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 42

Table 7.14.4 Ratio of monthly entry-level private rents to mean earnings (2011). (ASHE, VOA)

	Entry-Level Cost	Mean Earnings	Price/Income Ratio
Babergh	£500	£2,831.83	0.18
Ipswich	£450	£2,208.50	0.20
Mid Suffolk	£475	£2,763.00	0.17
Suffolk Coastal	£465	£2,748.67	0.17
East of England	£520	£2,890.92	0.18
England and Wales	£475	£2,805.08	0.17

7.14.5 The figure below provides a comparison of the cost/income ratios for the different positions in the income distribution in each of the four authorities. These have all decreased, and hence have better affordability ratios than previously reported in the original SHMA and the 2010 Update.

Figure 7.14.5 Ratio of entry-level rented accommodation to mean earnings (2011). VOA, ASHE.



7.15 Fuel Poverty

7.15.1 The latest Annual Report of the Director of Public Health for Suffolk⁷⁵ uses modelled data from the Department of Energy and Climate Change, which shows that Mid Suffolk has the highest level of fuel poverty and that households in Babergh and Suffolk Coastal are just above the national average.

Table 7.15.1 Number of Fuel-poor households in Ipswich HMA (2009). (IMD 2010, DECC)

	% Fuel poor households
Babergh	18.8%
Ipswich	17.6%
Mid Suffolk	20.4%
Suffolk Coastal	18.8%
East of England	16.2%
England	18.4%

⁷⁵ NHS Suffolk & SCC (2012) *Are you sitting comfortably? A storey of health in Suffolk*, page 44.

7.16 Overcrowding and Under-Occupation

7.16.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 7.73 of the original SHMA document, November 2008.

7.17 Vacancies, Available Supply and Turnover by Tenure – Step 3.4

7.17.1 The Practice Guidance indicates that an analysis of these three measures provide evidence of the flow of households through the stock in an area.⁷⁶ Note should also be made of the vacancies in section 6.9 and volume of sales as set out in table 7.2.2.

⁷⁶ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 31

7.18 Vacancies

7.18.1 The 2007 Guide notes that a certain level of vacancy is inevitable and may be desirable.⁷⁷ The original SHMA suggested that a vacancy rate of less than 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out. The latest national estimate available (2011 DCLG) is 3.5% of all private sector dwellings are vacant across England.

7.18.2 The table below shows the number and proportion of dwellings vacant in the social and market sectors in the four districts which comprise the Ipswich HMA. The table shows that Suffolk Coastal has the highest percentage of vacant social housing, whereas Ipswich has the lowest. Vacant market housing is also more abundant in Suffolk Coastal, while the lowest vacancy rate is in Babergh. Compared to the 2008 data presented in the original SHMA, this 2011 data shows that overall the number of vacant social dwellings has decreased slightly since 2008. Suffolk Coastal and Mid Suffolk both show slightly higher proportions of vacant market housing, while Babergh and Ipswich experienced a decrease.

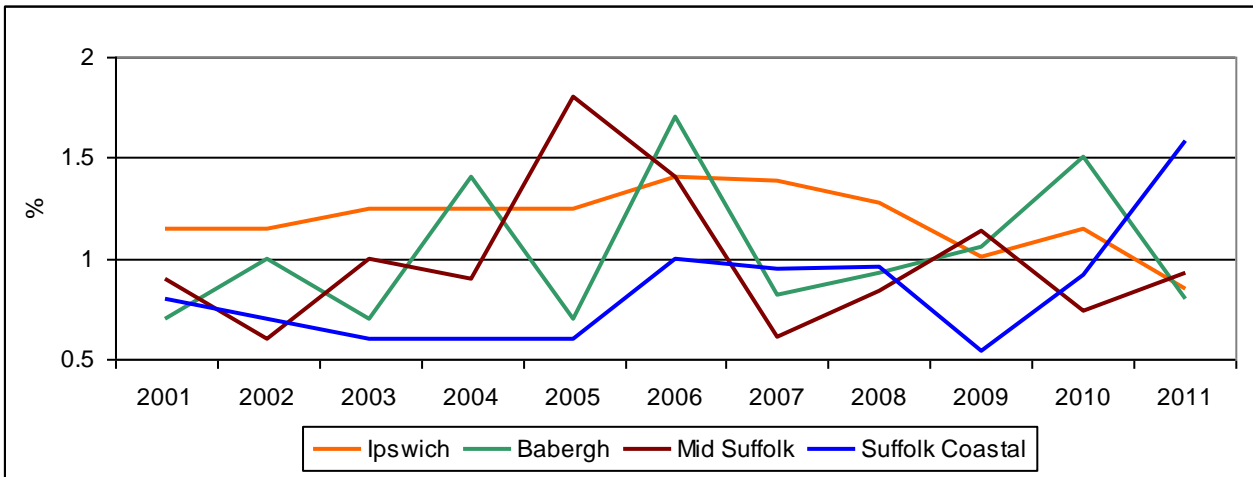
Table 7.18.2 Vacancy rates by broad tenure (2011). HSSA & RSR

	Social Housing		Market Housing	
	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Babergh	43	0.85%	727	2.17%
Ipswich	104	0.80%	1,146	2.50%
Mid Suffolk	43	0.93%	913	2.50%
Suffolk Coastal	100	1.58%	1,867	3.60%

7.18.3 The figure below shows how the proportion of vacant dwellings in the social sector has changed in the four authorities since 2002. The figure indicates that Suffolk Coastal has generally recorded the lowest level of vacant dwellings up to 2006 but, from 2009 to 2011, an increase has been recorded. Ipswich has tended to record the highest proportion of vacant dwellings, but this has decreased since 2008. Babergh and Mid Suffolk continue to show highly variable proportions of vacant dwellings. The most recent data shows Suffolk Coastal with the highest vacancy rate, with the other districts being clustered together with vacancy rates about half of those of Suffolk Coastal.

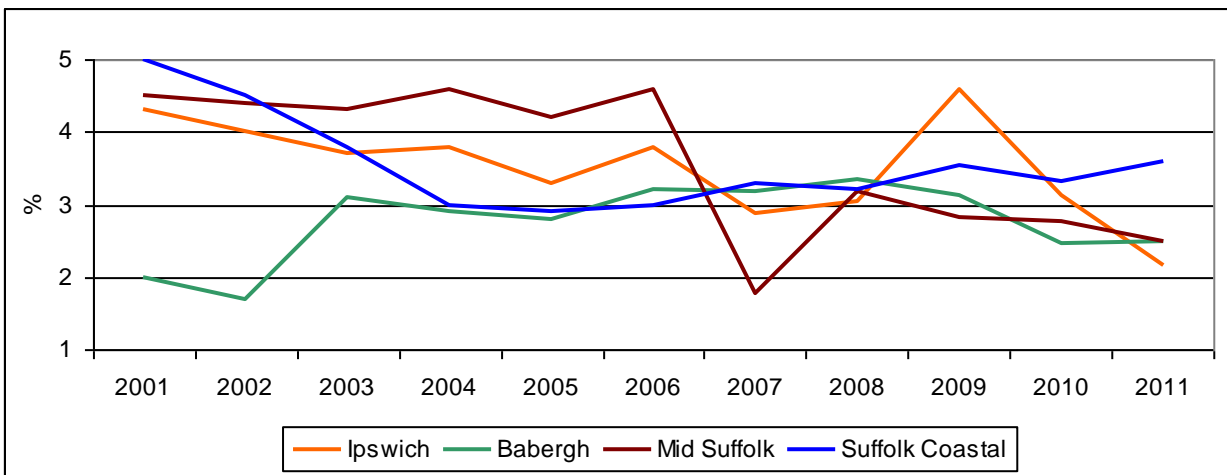
Figure 7.18.3 Proportion of all dwellings vacant in the social sector 2001-11 by LA, HSSA.

⁷⁷ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 31



7.18.4 The figure below shows how the proportion of vacant dwellings in the private sector has changed in the four authorities over the last ten years. The figure indicates that Mid Suffolk has generally recorded the highest proportion of vacant private sector dwellings between 2001 and 2006, but this decreased substantially between 2006 and 2011. Ipswich has generally recorded the second highest vacancy rate since 2001, with decreases in 2007 and 2011. However, in 2009, Ipswich had the highest percentage. Rates in Babergh have decreased in recent years, while rates in Suffolk Coastal have increased.

Figure 7.18.4 Proportion of all dwellings vacant in the private sector 2001-2011



7.19 Planned Supply of Market Housing

East of England Plan

7.19.1 In 2001, there were a total of 176,746 dwellings within the Ipswich HMA. The 2008 East of England Plan (the Regional Strategy) allocates another 20,000 in the Ipswich Policy Area, 7,500 in Mid Suffolk, 7,000 in Suffolk Coastal and 5,000 in Babergh by 2021. Progress against these targets can be seen in the table below.

Table 7.19.1 Housing Completions: Progress against East of England Plan

	East of England Plan 2001-2021	East of England Plan (annual average)	Completions 2001-2011	Outstanding Allocations and other	Completions Required per year 2012-2021.

				commitments 2011-2021	
Babergh	5,600	280	2,579	3,021	302
Ipswich	15,400	770	7,065	8,335	834
Mid Suffolk	8,300	415	4,229	4,071	407
Suffolk Coastal	10,200	510	5,443	4,757	476
Ipswich HMA	39,500	1,975	19,316	20,184	2,019

Local Plan Targets

Notwithstanding the above housing allocations through the East of England Plan (which will be revoked by the Secretary of State), current and emerging policies in Local Plans are providing for the following level of growth annually up to 2031:

Table 7.19.2 Local Plan Housing Targets

	Annual Housing Provision
Babergh	300
Ipswich	700
Mid Suffolk	415
Suffolk Coastal	446
Ipswich HMA	1,861

7.20 Turnover in the Owner-Occupied Sector

7.20.1 The 2001 Census is the most recent source of an accurate estimate of the owner-occupied stock at local authority level; the detailed results from the 2011 Census were not available when this update was drafted. To consider the current rate of turnover, the size of the owner-occupied stock has been estimated (see table 6.5.1) and compared with the volume of sales (in 2010). The English Housing Survey (EHS) suggests that, nationally, the owner-occupied sector has increased by 1.2% between 2001 and 2010 or 0.12% per year. The owner-occupied stock increased from 2001 to 2006 but decreased from 2006 to 2010.⁷⁸

7.20.2 The table below shows the number of property sales recorded (including newbuild and second-hand housing, as well as buy-to-let sales) in 2010 from Land Registry data alongside the modelled estimate of the owner-occupied stock for this date and the derived turnover rate. The table shows that the turnover in the owner-occupied sector in the Ipswich HMA is higher than that recorded across the England and Wales, and the East of England, except for Babergh. Within the Ipswich HMA, Mid Suffolk displays the highest turnover rate and Babergh the lowest: this is a change from the 2010 update.

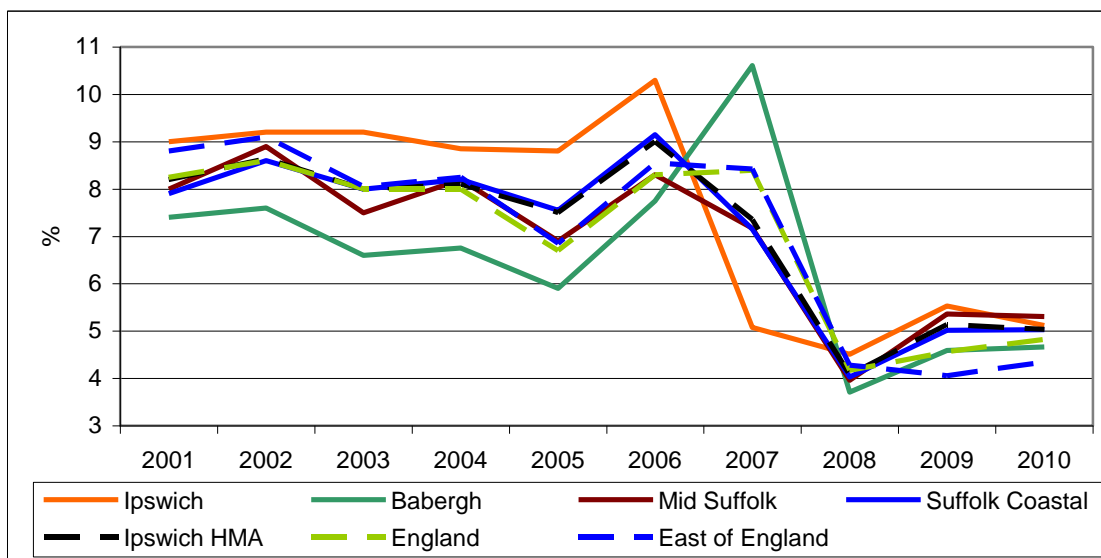
Table 7.20.2 Estimated Owner-Occupied Stock Turnover (2010). EHS, DCLG Live Table 584.

	Estimated size of owner occupied stock at 2010	Number of sales of dwellings during 2010	Turnover
Babergh	26,900	1,300	4.65%
Ipswich	34,100	1,700	4.93%
Mid Suffolk	29,500	1,500	4.95%
Suffolk Coastal	39,600	1,900	4.72%
Ipswich HMA	130,100	6,300	4.81%
East of England	1,716,100	79,200	4.62%
England	14,789,400	625,800	4.23%

7.20.3 The figure below shows how the turnover in owner occupied stock has changed in the four authorities since 2001. The figure indicates that Ipswich has historically had the highest turnover rates, with the lowest in Babergh. Following the credit crunch and national trends, turnover rates in all areas dropped between 2007 and 2008, and then remained stable but at much lower rates in 2009 and 2010.

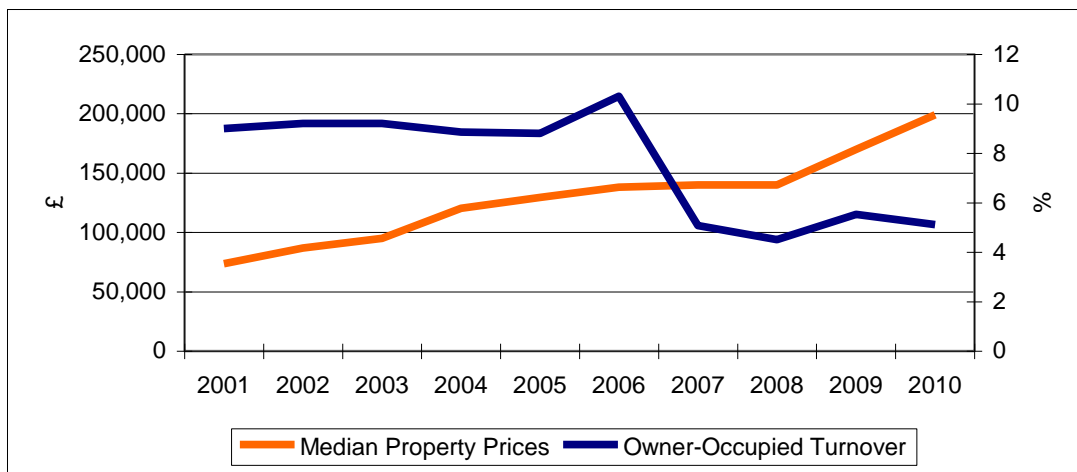
⁷⁸ DCLG (2011) English Housing Survey: Household Report 2009-2010, table 1.1

Figure 7.20.3 Stock Turnover in the owner-occupied sector 2001-2010. EHS, DCLG Live Table 584



7.20.4 The guidance suggests that, to better understand the implications of change in turnover in the owner-occupied sector, it is appropriate to compare changes in turnover in the owner-occupied sector to changes in median property prices in each authority separately. Data up to 2010 is now available but there does not appear to be a link between the property prices and turnover. For example, the figure below presents results for Ipswich, turnover fell sharply in 2007 but median prices did not alter.

Figure 7.20.4 Comparison between median property prices and owner occupation turnover in Ipswich, 2001 – 2010. Land Registry, 2001 Census, Survey of English Housing.



7.21 Turnover in the Private Rented Sector

7.21.1 The Guidance acknowledges that there is a lack of secondary data at a local level on the number of lettings in the private rented sector,⁷⁹ as is the case with this Ipswich HMA. There is hence no update to this section of the chapter, and paragraph 7.97 of the original SHMA document, November 2008 should be referred to.

⁷⁹ DCLG (2007) *Strategic Housing Market Assessments: Practice Guidance Version 2*, page 31

7.22 Turnover in the Social Rented Sector

7.22.1 Between 2007/8 and 2010/11 the social housing stock (comprising LA and RSL/HA dwellings) in the Ipswich HMA increased by 763 units. Stock in Babergh and Ipswich increased significantly.

Table 7.22.1 Change in the Social Rented Stock 2009/10 – 2010/11. HSSA, RSR

	Social Rented Stock 2009/10	Social Rented Stock 2010/11	Difference
Babergh	4,819	5,039	220
Ipswich	12,372	12,773	401
Mid Suffolk	4,550	4,632	82
Suffolk Coastal	6,263	6,323	60
Ipswich HMA	28,004	28,767	763

7.22.2 The guidance indicates that CORE is the primary source of information about the number of lettings within social rented stock.

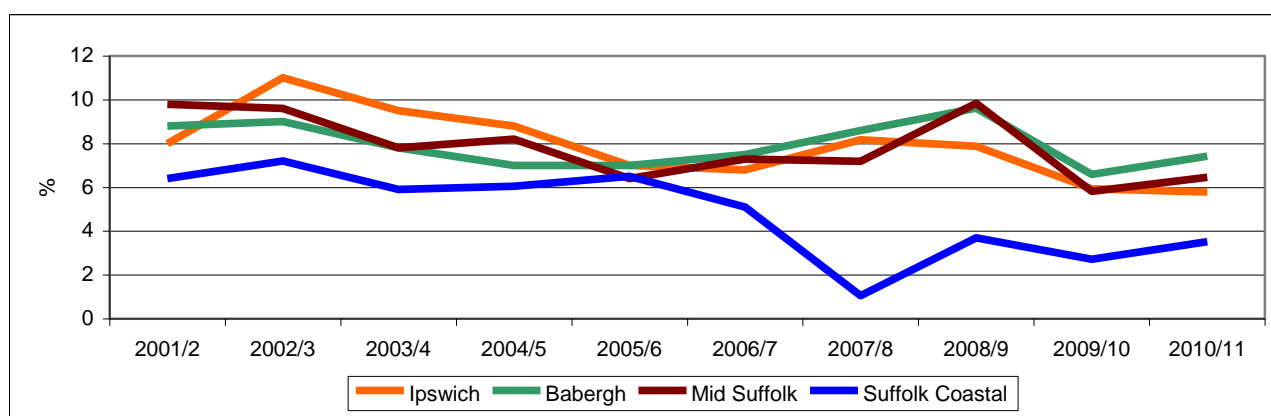
7.22.3 The table below shows the number of lets within the social rented sector recorded in CORE and the HSSA (where appropriate) in 2010/11 along with the estimated size of the social rented stock for this date and the derived turnover rate. The number of lettings does not include transfers within the social rented sector. The table shows that turnover is highest in Babergh, and lowest in Suffolk Coastal. Compared to the findings of the original SHMA, these figures show an identical ranking of areas, only with lower turnover rates.

Table 7.22.3 Estimated Social Rented Stock Turnover (2010/11). CORE, HSSA.

	Estimated size of Social Rented Stock 2010/11	Number of Lettings	Turnover (%)
Babergh	5,039	374	7.4
Ipswich	12,773	739	5.8
Mid Suffolk	4,632	299	6.5
Suffolk Coastal	6,323	223	3.5

7.22.4 The figure below shows how turnover in the social rented stock has changed in the four authorities over the past ten years. The figure indicates that Suffolk Coastal has historically recorded the lowest rate of turnover in the social rented stock. Ipswich recorded the highest turnover from 2002 to 2005, while Babergh generally recorded the highest rate of turnover from 2006 onwards.

Figure 7.22.4 Stock Turnover in the Social Rented Sector 2001/02 – 2010/11. CORE, HSSA, RSR.



CONCLUSIONS

- There has been a substantial fall in sales of residential properties since the credit crunch of 2007.
- The fall in the median house prices has not affected the market for homes in Suffolk Coastal, which has remained buoyant since 2008 for all types of housing.
- The market for detached properties, which are more expensive, has been more resilient than for other types such as flats and terrace housing.
- The greater than average supply and fall in price of flats in and around Ipswich is a significant event in the housing market area. Whilst the change in value has resulted in some unfinished developments, the change should have supported more households, particularly younger households, to purchase a home.
- The impact of the increase in supply of flats indicates how localised supply of homes can affect the affordability of housing in a wider area.
- Whilst entry-level purchase prices remain highest in Suffolk Coastal, counter to the prevailing trend, the values did fall within the district. Within Babergh however, the price of entry-level homes has increased.
- Even with the greater the average decline in the price of flats, the purchase price of entry-level accommodation has increased at a faster rate than the wider housing market particularly in Babergh and Suffolk Coastal.
- Private rents have fallen and, based on the earnings of existing residents, entry-level, median and mean private rents are the least affordable in Ipswich but the most affordable in Suffolk Coastal.
- Affordability in the Ipswich HMA has improved since the original SHMA in 2008.
- Alongside the substantial fall in sales, turnover within the owner-occupied sector has also fallen.

8. Projections for Households and Employment

The purpose of this chapter is to:

- Provide a detailed account of the formation and application of the household projections and forecasts used in this update;
- Illustrate how projections and forecasts are important components of strategies related to planning and housing, and
- Review the differences between the projections and the first round of results from the 2011 Census.

8.1 **Scope of Projections**

8.1.1 Projections of economic, demographic and household growth are not precise tools but indicators of future trends and can highlight potential consequences from certain events. Projections are based on past trends and do not include any influence from policy or even known future events. Such adjustments to trends are then known as forecasts, an example is the East of England Forecasting Model which uses international and national economic forecasts alongside previous trends (particularly local data). Projections and forecasts do not guarantee what will occur and have often been proved to be incorrect, but they are vital to consider what provisions should be made for future events.

8.1.2 Household projections are derived from estimates of future population and are, therefore, subject to the same uncertainty and inaccuracies present in population projections plus further layers of uncertainty from assuming household trends will continue and, in the case of more local projections, patterns of migration.⁸⁰

8.1.3 Household projections are vital to the preparation of housing and spatial strategies. In preparing Tenancy Strategies and Local Plans, local authorities need to consider how future trends affect the issues to be addressed and the overall implementation of any plan or strategy. For example, the National Planning Policy Framework (NPPF) states that SHMA's need to identify the scale and mix of housing that "meets household and population projections" (para. 159).

8.1.4 This section reviews the population, sex and age structure, household and employment projections from different sources and compares these to the first results of the 2011 Census that were published on 16 July 2012. These comparisons are found at the end of each sub-section and provide some context to the accuracy of the current projections.

⁸⁰ Homans, A (2012) *Household Projections in England: their history and uses*, CCHPR, page 3

8.2 Population Projections

8.2.1 The main source of detailed household information and trends for this update has been DCLG's 2008-base Household Projections. These are underpinned by the ONS 2008-base sub-national population projections. However, as mentioned in Chapter 5, this particular projection appears to overestimate past trends as well as the overall population compared to the 2011 census, which then affects on the number and type of households.

8.2.2 The trends observed between 2004 and 2008 inform the 2008-base household projections predate both the recession and the amendments to the methodology behind population estimates. In March 2012, ONS published sub-national projections based on more recent demographic trends and which incorporated the indicative population estimates (for mid-2010) published in November 2011. These indicative estimates were considered to be improvements because administrative sources were used rather than modelled information for long-term immigration.⁸¹

8.2.3 Whilst the 2010-base projects a higher increase of 152,500 people in England in 2012 compared to the 2008 base, the results for all areas in the Ipswich HMA are lower. The population of the Ipswich HMA could increase by more than a quarter (from 402,900 to 505,200) over a thirty year period starting in 2001 if current trends were to continue. This represents 44,700 fewer people in 2031 over the outcome from the 2008-based projection. The 2010-based projection suggests both Mid Suffolk and Suffolk Coastal would grow twice as fast as Babergh, whilst the 2008-based projection suggested it is Ipswich and Suffolk Coastal that would grow at more than double the rate of Babergh.

Table 8.2.3 Population change 2001 to 2031 from ONS 2008-based and 2010-based projections.

	Population 2001	2008-based population projection			2010-based population projection		
		2031	Change	% change	2031	Change	% change
Babergh	83,500	100,000	16,500	20%	94,700	11,200	13%
Ipswich	117,200	166,200	49,000	42%	148,000	30,800	26%
Mid Suffolk	87,000	120,100	33,100	38%	114,000	27,000	31%
Suffolk Coastal	115,200	163,600	48,400	42%	148,500	33,300	29%
Ipswich HMA	402,900	549,900	147,000	36%	505,200	102,300	25%

Comparison with 2011 Census

8.2.4 The most notable aspect from the first release of the 2011 Census is that, even though new methods should produce more accurate results, the 2010-based projections under-estimated the total recorded population for most authorities and the overall HMA. In contrast, the 2008-base projections were over-estimates. Other notable differences include:

- Both projections underestimated the total population of Ipswich in 2011;
- Both projections overestimated the total population of Suffolk Coastal in 2011;
- Despite being an over-estimate, the 2008-base was a more accurate prediction overall but not for Suffolk Coastal;
- The projections were more reliable for Mid Suffolk;

⁸¹ ONS (2011) *Improved Immigration Estimates to Local Authorities in England and Wales: Overview of Methodology*

- More people than projected lived in Babergh in 2011, and
- Both projections underestimated the population in England in 2011 but the 2010-base was more accurate.

Table 8.2.4 Difference between 2008-based and 2010-based population projections and 2011 Census results

	Projections at 2011		2011 Census	Difference...number		...as a %	
	2008-base	2010-base		2008-base	2010-base	2008-base	2010-base
Babergh	86,900	86,300	87,700	-800	-1,400	-0.9%	-1.6%
Ipswich	131,200	126,700	133,400	-2,200	-6,700	-1.6%	-5.0%
Mid Suffolk	97,100	96,200	96,700	400	-500	0.4%	-0.5%
Suffolk Coastal	128,700	125,700	124,300	4,400	1,400	3.5%	1.1%
Ipswich HMA	443,900	434,900	442,100	1,800	-7,200	0.4%	-1.6%
England	52,577,100	52,655,400	53,012,500	-435,400	-357,100	-0.8%	-0.7%

8.2.5 Within England, the 2010-base provided a more accurate prediction but, at 357,000, this underestimate is equivalent to 80% of the annual change that was projected to occur between 2010 and 2011. The fact that the Census was taken in March and the projections are based on mid-year points indicates that the population estimates that informed the projections might have underreported the number of people in some areas and the country as a whole.

8.3 Sex and Age Structure of Projections

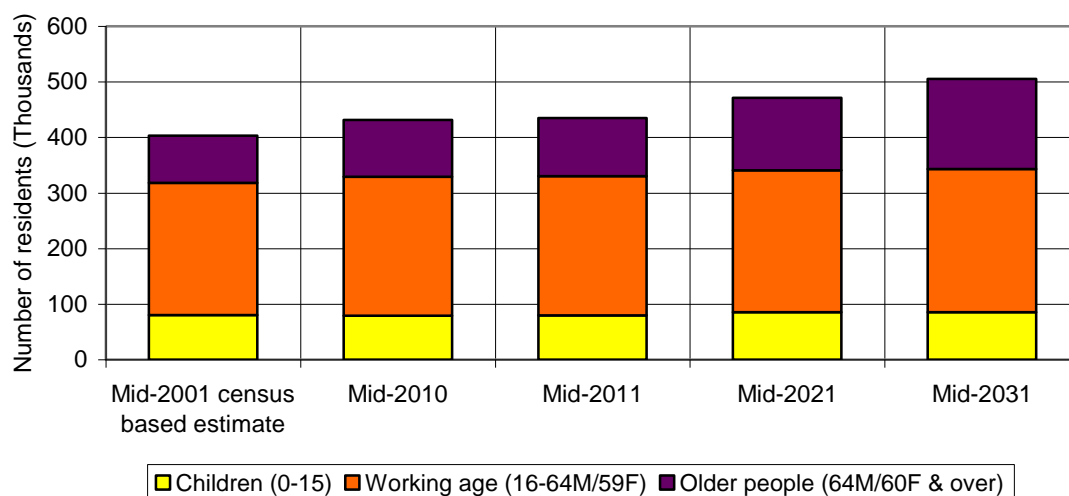
8.3.1 Whilst the overall number of people has a major influence on the potential demand and need for homes, the sex and age structure is also relevant. Household projections, such as those from DCLG, are based on the rate (the probability) of an individual being the Household Reference Person (HRP), or head of household, to project the number of households that may form in the future. The rates, known as headship rates, are often based on the sex and age of groups of people.

8.3.2 The 2010-based population projection suggests the age structure of the Ipswich HMA will subtly change. In 2001, children constituted 20% of the total population, people of working age 59% and older people 21%. By 2031, if the trends used by the projections continue, each age- group would increase numerically but the proportions would change. The total population aged under 16 would reduce to 17%; the percentage of working age would reduce to 51%, but nearly a third of people will be in the older age group.

8.3.3 The 2010-base population projections indicate that the number of older people in the Ipswich HMA will almost double; but these changes are not evenly spread across the area. Over 80% of the change in the number of children and in the number of people of working age is expected to occur in Ipswich. However, in the case of older people, 36% of the increase in this group is expected to occur in Suffolk Coastal, 29% in Mid Suffolk, 22% in Babergh whilst the remaining 13% may occur in Ipswich. These changes are a product of the current age structure, which is skewed towards the older age groups outside Ipswich and

the ages of incomers (which tend to be older) against the ages of those leaving each district (which tend to be younger).

Figure 8.2.6 Age structure of the Ipswich HMA. ONS estimate and 2010-based projection



8.3.4 The age and sex of people has a large influence on the overall projected population, particularly at a local level. For example, the 2010-based projections predict 15% fewer females aged 25-29 in Ipswich in 2012 than the 2008-based results. This is noteworthy because, following the methodology,⁸² the number of younger females is used to determine the overall number of births.

8.3.5 These differences have a major impact on household growth and, therefore, how this update to the SHMA identifies the scale and mix of housing that “meets household and population projections”. The decrease in the number of people aged 20-39 (the most likely ages for forming households) predicted by the 2010-base projections, would have a particular impact on household growth in the long-term.

Table 8.3.5 Comparison between ONS 2008-base and 2010-base population projections for the Ipswich Housing Market Area

	By 2012			By 2022			By 2032		
	2008-base	2010-base		2008-base	2010-base		2008-base	2010-base	
0-19	100,900	99,700	-1,200	109,100	105,000	-4,100	115,600	106,700	-8,900
20-39	101,200	94,700	-6,500	112,200	99,100	-13,100	112,900	98,900	-14,000
40-59	123,700	121,700	-2,000	129,500	121,900	-7,600	137,400	121,100	-16,300
60-79	96,400	96,100	-300	117,400	115,000	-2,400	133,400	128,900	-4,500
80+	26,300	26,000	-300	35,700	34,200	-1,500	55,300	52,600	-2,700
All Ages	449,000	438,300	-10,700	503,800	475,200	-28,600	554,600	508,100	-46,500

Comparison with 2011 Census

8.3.6 Not only do the first census results show that the most recent projection (2010-base) was an underestimate, but that this was largely because the projection underestimated of the number of younger people (15-39). A feature of the results for all areas including the Eastern region. Another notable difference, of both projections, is the over-estimate of older people aged 65-79 compared to the results of the Census.

⁸² ONS (2011) *Background and methods: 2010-based national population projections*, page 4.

Table 8.3.6 Comparison between ONS Population Projections (2008-base and 2010-base) with the 2011 Census for the Ipswich Housing Market Area by Sex and Age

Age	Population						Difference...number				...as a %			
	2008 Base		2010 base		Census		2008 base		2010 base		2008 base		2010 base	
	M	F	M	F	Males	Females	M	F	M	F	M	F	M	F
0-4	12,600	12,000	12,400	11,900	13,000	12,300	-400	-300	-600	-400	-3%	-2%	-5%	-3%
5-9	12,500	11,900	12,300	11,700	12,400	11,900	100	0	-100	-200	1%	0%	-1%	-2%
10-14	13,300	12,600	13,200	12,600	13,600	12,800	-300	-200	-400	-200	-2%	-2%	-3%	-2%
15-19	13,400	12,300	13,200	12,100	14,000	12,800	-600	-500	-800	-700	-4%	-4%	-6%	-5%
20-24	11,100	10,600	11,000	10,300	11,800	11,500	-700	-900	-800	-1,200	-6%	-8%	-7%	-10%
25-29	13,400	12,900	12,200	11,600	12,400	11,700	1,000	1,200	-200	-100	8%	10%	-2%	-1%
30-34	12,800	12,500	12,000	11,800	12,200	12,200	600	300	-200	-400	5%	2%	-2%	-3%
35-39	13,200	13,700	12,600	13,300	13,400	13,700	-200	0	-800	-400	-1%	0%	-6%	-3%
40-44	15,400	16,100	15,000	15,800	15,700	16,000	-300	100	-700	-200	-2%	1%	-4%	-1%
45-49	15,900	17,000	15,800	16,800	16,100	16,500	-200	500	-300	300	-1%	3%	-2%	2%
50-54	15,100	15,200	14,900	15,100	14,800	15,100	300	100	100	0	2%	1%	1%	0%
55-59	13,700	14,100	13,400	14,100	13,500	14,200	200	-100	-100	-100	1%	-1%	-1%	-1%
60-64	15,300	16,100	15,300	16,000	15,400	16,200	-100	-100	-100	-200	-1%	-1%	-1%	-1%
65-69	12,700	13,400	12,700	13,300	11,900	12,600	800	800	800	700	7%	6%	7%	6%
70-74	10,000	10,400	9,900	10,300	9,700	10,100	300	300	200	200	3%	3%	2%	2%
75-79	7,900	9,000	7,900	9,000	7,700	8,800	200	200	200	200	3%	2%	3%	2%
80-84	5,700	7,400	5,700	7,400	5,700	7,300	0	100	0	100	0%	1%	0%	1%
85-89	3,000	5,100	3,000	5,100	3,000	5,100	0	0	0	0	0%	0%	0%	0%
90+	1,200	3,200	1,300	3,200	1,300	3,100	-100	100	0	100	-8%	3%	0%	3%
All ages	218,300	225,700	213,700	221,200	218,000	224,200	300	1,500	-4,300	-3,000	0%	1%	-2%	-1%

8.3.7 Whilst there are some differences within the age groups, the underestimate of younger people (aged 15-39) by the 2010-base is broadly equal for both sexes. The 2008-based projection made a much more accurate prediction for these groups at only 100 more males and the same number of females than were recorded.

8.3.8 Most of the 2010-based underestimate, as noted above, was in Ipswich. This is also the case for the underestimate of people aged 15-39, particularly males as table 8.3.8 below shows. Whilst the underestimate of younger males in Babergh is also noteworthy, the consistent underestimate of the number of younger females would have a greater impact on the accuracy of longer-term projections.

Table 8.3.8 Amount that the 2010-base underestimated the number of people aged 15-39 as recorded by the 2011 Census within the Ipswich HMA

	Males	Females	Total
Babergh	-1,000	-800	-1,800
Ipswich	-1,700	-900	-2,600
Mid Suffolk	-100	-900	-1,000
Suffolk Coastal	0	-200	-200
Ipswich HMA	-2,800	-2,800	-5,600

8.3.9 Without further detail, which is expected to be published in two stages between November 2012 and June 2013, the reasons for these differences are unknown and are potentially multifaceted. Given that the estimates are based on a year-on-year change added to the last census, the previous (2001) census might have under-recorded (enumerated) young adults who are now in their thirties. Another possible reason could be

that the number of international migrants was underestimated by the 2010-base; which seems plausible because of the use of the amended methodology.

8.3.10 A further likely influence is from the growth in younger people staying at the parental home for longer. The fact that this trend applies to males in particular (one in three men and one in six women aged 20-34)⁸³ appears to support the results for Babergh and Ipswich but similar results should be seen in Mid Suffolk and Suffolk Coastal. A further influence could be from the rise in the number of students in Ipswich, which may or may not be confirmed when more detailed results are published.

8.3.11 The apparent overestimate of older people, particularly with the narrow band of 65-69 is also noteworthy and, again, the reasons behind this difference are not known at this stage. Records of births, deaths and patient registrations are integral to population estimates. As this age group is less likely to move home than others, there does not appear to be a clear reason for this overestimation. At a national scale, the difference in people aged 65 and over is only 1.1% more than the census results but 2% more for the whole HMA. One possible reason is that people move to other countries whilst remaining on their doctor's list of patients.

Table 8.3.11 Amount that the 2010-base overestimated the number of people aged 65 and over as recorded by the 2011 Census within the Ipswich HMA

	Males	Females	Total
Babergh	100	600	700
Ipswich	0	100	100
Mid Suffolk	200	200	400
Suffolk Coastal	300	400	700
Ipswich HMA	600	1,300	1,900

8.4 DCLG 2008-base Household Projections

8.4.1 The latest official household projections (published in November 2010) use the 2008-base population projections. Whilst the resultant national and regional projections are designed as "National Statistics", the local level data has not been through the same assessments to meet the requirements made of National Statistics. Notwithstanding the lack of the statutory designation, these projections provide an indication of household growth based on past trends, they are freely available and the Government expects that "local authorities should use the household projections as a part of the evidence base for assessing future housing demand, including the amount of land needed to accommodate that housing".⁸⁴

8.4.2 The 2008-base projections suggested that the number of households in the Ipswich HMA may increase from 169,000 in 2001 to 256,000 in 2031. This is an increase of nearly 2,900 households each year, substantially higher than the annual growth of 1,950 between the 2001 and 2011 censuses.

8.4.3 The number of households in Babergh is predicted to increase by just over 30% but by over 50% in all other areas. Ipswich and Suffolk Coastal each contribute a third of the increase in the number of households, Mid Suffolk contributes just over 20% whilst Babergh

⁸³ ONS (2012) *Young adults living with parents in the UK – 2011*, page 2

⁸⁴ Official Report, 16 January 2012, c.553W

contributes 13%. To provide some context, this projected increase is equivalent to the number of households in 2001 in both Ipswich and Mid Suffolk combined.

Table 8.4.3 Change in the number of households during 2001 to 2031. DCLG 2008-based household projections

	Number of households in 2001	Number of households in 2031	Change	% change
Babergh	35,000	46,000	11,000	31%
Ipswich	49,900	78,500	28,700	57%
Mid Suffolk	35,500	54,000	18,500	52%
Suffolk Coastal	49,100	77,600	28,500	58%
Ipswich HMA	169,500	256,100	86,600	51%

Comparison with 2011 Census

8.4.4 Given the difference on population estimates, the 2008-base household projections should follow the same pattern – an underestimate for England and Ipswich for example. However, the pattern for households is the reverse, and to a much larger degree. The proportion of the overestimate of households for all areas is greater than the underestimate of the population.

Table 8.4.4 Comparison between DCLG Household Projections (2008-base) with the Census results for 2011

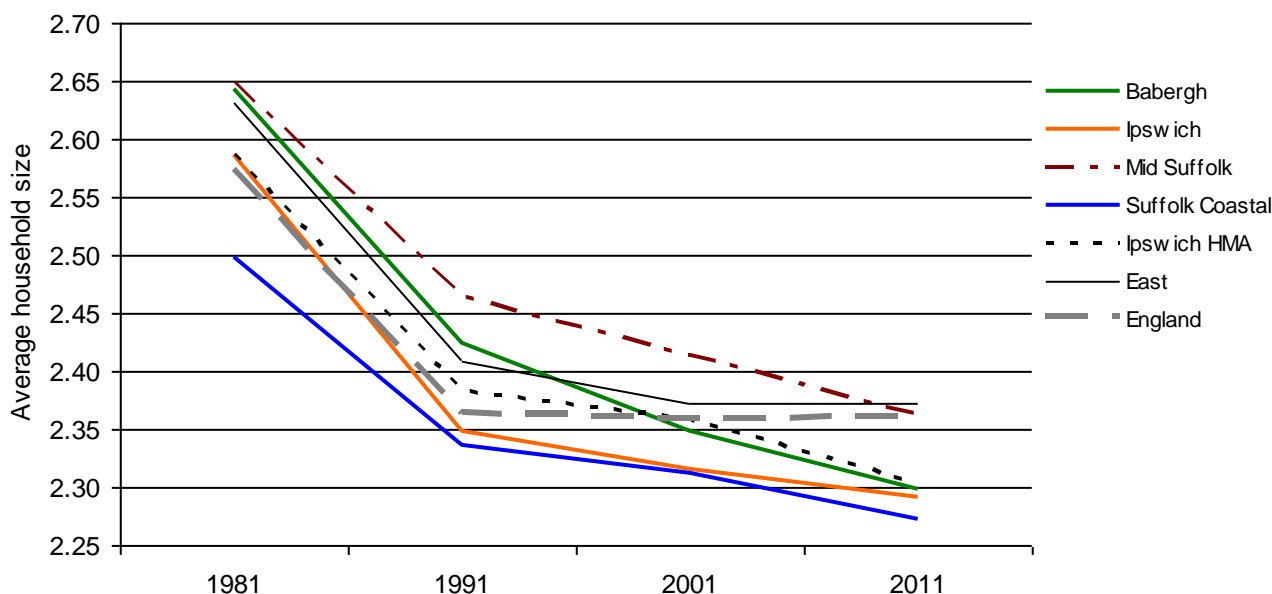
	2008-base	Census	Difference...number	...as a %
Babergh	37,500	37,500	-	0%
Ipswich	58,400	57,300	1,100	2%
Mid Suffolk	41,000	40,300	700	2%
Suffolk Coastal	57,000	53,600	3,400	6%
Ipswich HMA	194,000	188,700	5,300	3%
East	2,498,300	2,423,000	75,300	3%
England	22,746,000	22,063,400	682,600	3%

8.4.5 The accurate prediction of the number of households in Babergh is an interesting result given the degree to which the projection overestimated households in other areas and that 600 more people aged 65 and over were projected. The results for Suffolk Coastal follow the overall trend and appear to be further influenced by the over-estimate of the population (table 8.2.4), which included 1,100 more people aged 65 and over than recorded. The number of recorded households in Ipswich is over 1,000 fewer than predicted but this is a lower proportionate difference than other areas.

8.4.6 The results from the Census appear to counter the trend for smaller and smaller household sizes which is factored into the household projections. Indeed, the trend has slowed and appears to be stable at around 2.35 people per household across the country. However, the trend for all areas within the Ipswich HMA does not follow that of the nation or region. The trend for smaller households within the Ipswich HMA appears to have accelerated between 2001 and 2011. Notwithstanding this ongoing trend, the 2008-base projection was based on fewer people per household than were recorded in all areas within

the Ipswich HMA. For example, 2.22 people per household was projected, some 3% lower than recorded.

Figure 8.4.6 Changing average household size over time. ONS Census 1981-2011



8.5 Household projections using 2010-based population projections

8.5.1 A version of DCLG’s household projections using the 2010-base population projections was not available at the time this update was prepared. An approximation has been undertaken to compare the two projections before the release of the 2011 census. The headship rates have been drawn from DCLG’s 2008-base household projections. For example, using DCLG household projections, the headship rate for females aged 30-34 in 2008 is 0.23 and by 2031 this rate increases to 0.30. The rates of each area are applied to the equivalent household population for each sex and age range from the 2010-base population projections.

8.5.2 In line with the 2010 population projections, the resultant approximation projects fewer households for all areas with the Ipswich HMA than the official figures. The table below compares the total number of households for different age groups within the Ipswich HMA.

Table 8.5.2 Comparison between DCLG 2008-base Household Projections and the approximated projections using the 2010-base population projections for the Ipswich Housing Market Area

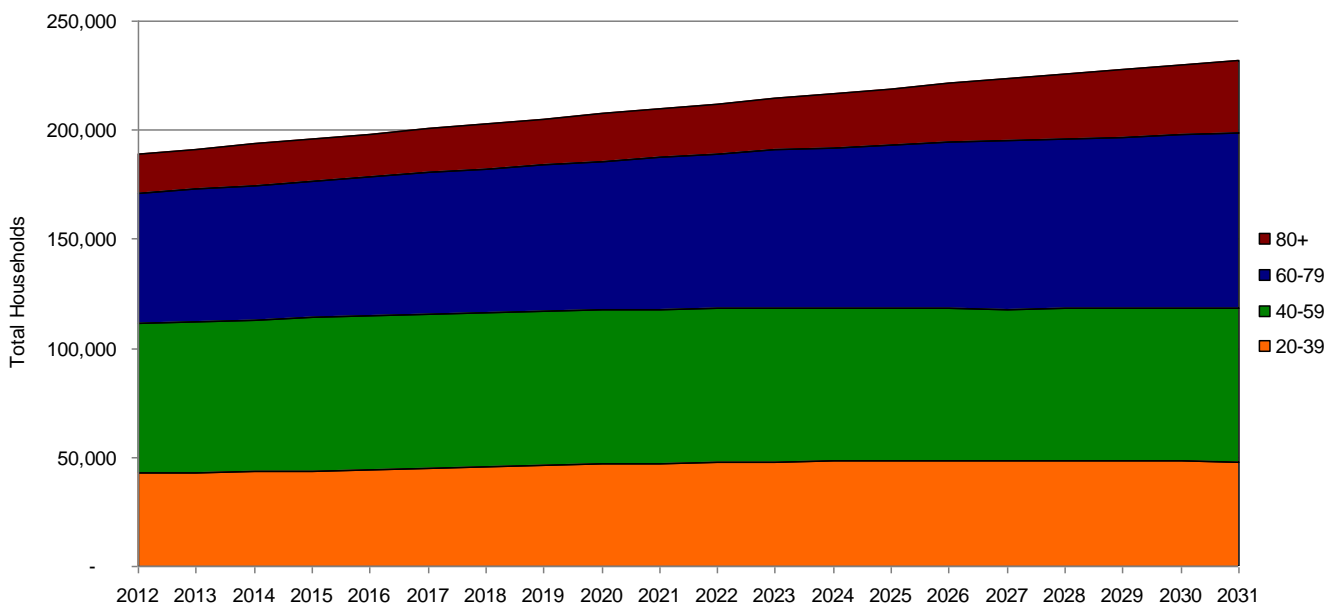
Total Households (HRP)	By 2012			By 2022			By 2032		
	2008-base	2010-base		2008-base	2010-base		2008-base	2010-base	
20-39	46,200	43,000	-3,200	54,500	48,000	-6,500	55,200	48,100	-7,100
40-59	70,800	69,200	-1,600	75,100	70,100	-5,000	79,900	70,800	-9,100
60-79	60,900	60,600	-300	74,200	72,700	-1,500	83,700	81,000	-2,700
80+	18,700	18,500	-200	24,700	23,500	-1,200	36,500	34,300	-2,200
All Ages	197,100	191,900	-5,200	229,200	214,900	-14,300	256,100	235,000	-21,100

8.5.3 The difference between the projected number of people aged 20-39 can also be seen in the projected number households. The 2010-base also projects fewer people of all ages in later years than the 2008-base and this is also a feature of the approximated household projections.

8.5.4 This approach does not reflect recent trends recorded by the Labour Force Survey, or any results from the 2011 Census. It is also limited by the rounded results of the available 2010-base population projections and fluctuations within the same. For example, owing to the population projections predicting a fall in the total number of males aged 40-49 and 65-69, the 2017 results for Babergh predict a fall in the number of households by one for that year. The same effect is also found in other districts. To overcome peaks and troughs, the household projections were averaged out over a rolling three-year period.

8.5.5 The resultant projections estimate that the total number of households in the Ipswich HMA will grow from around 189,700 in 2012 to 233,000 in 2031, an average annual growth of 2,275 households. The graph below shows the degree of change broken down by age groups. Most of the increase – some 83% - is in households with a reference person aged 60 or above, which reflects the growth in the then projected number of people aged 60 and over. The number of households with reference persons aged 20-39 are still projected to increase between 2012 and 2031, but this is 3,700 fewer than DCLG’s 2008 projections. This result does not take account of the underestimate of younger people by the 2010-base projection.

Figure 8.5.5 Projected number of households within Ipswich HMA by age of Household Reference Person 2012-2031



Babergh

8.5.6 The total number of households is projected to increase from 37,300 in 2012 to 43,800 in 2031, an average annual increase of 340 over this period. Most (57%) of this change would be in households with a reference person aged 80 or over. By contrast, the number of households aged 40-59 are projected to fall by 7%.

Ipswich

8.5.7 The total number of households is projected to increase from 56,000 in 2012 to 68,000 in 2031, an average annual increase of 636 households over this period. Most (48%) of this change would be in households with a reference person aged 60-79. By contrast with the other areas, the number of households aged 40-59 is projected to increase by 17%.

Mid Suffolk

8.5.8 The total number of households is projected to increase from 40,600 in 2012 to 51,000 in 2031, an average annual increase of 550 over this period. Most (55%) of this change would be in households with a reference person aged 60-79. By contrast, the number of households aged 40-59 are projected to fall by 3%.

Suffolk Coastal

8.5.9 The total number of households is projected to increase from 55,900 in 2012 to 70,100 in 2031, an average annual increase of 750 over this period. Most (53%) of this change would be in households with a reference person aged 60-79. By contrast, the number of households aged 40-59 are projected to remain at around 20,600.

Comparison with 2011 Census

8.5.10 The total number of households in the Ipswich HMA projected by the 2010-base approach is only 100 households less than the 2011 Census, which is less than 0.05% of the total. A much more accurate result than that projected by the 2008-based figures from the official household projections. Whilst a more accurate result, it is based on different results for the total population and the spread across the age ranges.

Table 8.5.10 Comparison between 2010-based Household Projections with Census results for Households in 2011

	2010-base	Census	Difference...number	...as a %
Babergh	37,200	37,500	-300	-1%
Ipswich	55,700	57,300	-1,600	-3%
Mid Suffolk	40,300	40,300	0	0%
Suffolk Coastal	55,400	53,600	1,800	3%
Ipswich HMA	188,600	188,700	-100	0%
East	2,455,500	2,423,000	32,500	1%

8.5.11 The very different results for Ipswich and Suffolk Coastal are noteworthy and repeat the pattern of the population projections and the 2008-based household projections: fewer in Suffolk Coastal and more within Ipswich. This pattern should be investigated further when the more detailed figures from the 2011 Census are released. Either the data for the projections do not reflect population bases and headship rates (likely) or the Census (which is based on postcodes) records some results from Suffolk Coastal within Ipswich (less likely). Other factors also include: the influence of second homes (some 2,648) and holiday lets (around 650)⁸⁵ on Suffolk Coastal's household estimates, and increasing single-person households owing to the rise in flatted accommodation in Ipswich.

8.5.12 This update to the SHMA uses the 2010-based approach in the assessment of need. Whilst the number of younger people is an underestimate, the overall result for households and household formation appears to be more accurate. Whilst a projection could be based on the Census results, it would not be accurate without updated headship rates and these will not be available until further results from the Census are made available.

8.6 **East of England Forecasting Model**

8.6.1 Section five has described the outputs from the forecasting model related to employment, sectors and jobs growth. This sub-section provides more background to the model and explains how the model links the employment forecasts to the population and households.

8.6.2 An alternative guide to future changes in the population and number of households can be generated by economic models such as the East of England Forecasting Model (EEFM). These primarily provide information about the labour market but as many jobs, especially those in the service sector, depend on the total population, more comprehensive models incorporate or even generate forecasts of population. These forecasts can indicate future household numbers and dwelling stock requirements.

8.6.3 The EEFM was commissioned by the former Regional Assembly and Development Agency in 2007 to forecast future economic conditions linked to household growth to provide consistent and comparable forecasts for every local authority area in the East of England. Ownership of the Forecasting model transferred to the East of England Local Government Association (EELGA) in April 2011, with the operation being managed by Cambridgeshire County Council.

8.6.4 The focus of the model is as a process to forecast employment growth in different sectors and provide a vital link to population and household estimates. For economic purposes, one critical factor is that the EEFM is also linked to national and international economic models produced by the consultancy – Oxford Economics.

8.6.5 The Local Authorities in the East of England commissioned Oxford Economics to run a series of economic forecasts that actually generate forecasts of total population, migration, number of households and 'demand for dwellings' (which include the influence of second homes for example). This update reviews the Spring 2012 version (known as run) of the EEFM, which uses the latest data available.

⁸⁵ VOA Business Rates: self-catering holiday homes in Suffolk Coastal

8.6.6 The model quantifies an intelligent interpretation of recent economic and labour market trends and forecasts a recovery from the recession. Whilst economic forecasts consider national policy, the model does not take into account any local policy or environmental constraints. Therefore, forecasts of the demand for dwellings are the outcome of projected changes in employment and population and, in this respect, it is similar to the ONS population projections.

8.6.7 The model uses ONS's published series of populations which have since been replaced by the later (although indicative) mid-2010 estimates, from which the sub-national population projections are based.⁸⁶ The EEFM uses a larger baseline population for the Ipswich HMA as a whole (but not Babergh) than sub-national population projections that have been used in Chapter 9 of this update.

East of England Forecasting Model – Population

8.6.8 The EEFM divides the population into two groups, working age and the remainder. The first group initially refers to men aged 16 to 64 and women aged 16 to 59, but the upper age limit progresses to reflect the planned changes in state pensionable age set out in the 2011 Pension Bill. Population change is also divided into two, those moving due to economic reasons and the remainder whose moves are based on trends supplied by ONS for 1991 to 2010 (see section 5.3). Unemployment rates, average wages and past levels of migration are used to determine economic migration. London house prices are factored in at a regional scale as a proxy influence to reflect commuting to and from the capital.

8.6.9 By 2031, the EEFM forecasts that the population within the Ipswich HMA would be 518,000, an increase of 115,000 since 2001 (a 29% increase). The estimate of total population of Ipswich at mid-2010 used in the economic model is 3,000 higher than the baseline of the population projection. This difference between the two models increases to over 7,000 by 2031. Also of note is that the EEFM suggests the population of Babergh could grow at much lower rate than the other three areas (9% between 2011 and 2031, compared with 20%-22% for the other areas). Given the similar level of growth in other areas, this result appears as an anomaly and warrants further investigation and might be a feature of the low growth recorded by the population estimates.

Table 8.6.9 Comparison of the total population forecast by the EEFM and projected by the 2010-base sub-national projections by 2031

	Population from EEFM	2010-base population	Difference
Babergh	93,400	94,700	-1,300
Ipswich	155,100	148,000	7,100
Mid Suffolk	117,900	114,000	3,900
Suffolk Coastal	152,000	148,500	3,500
Ipswich HMA	518,400	505,200	13,200

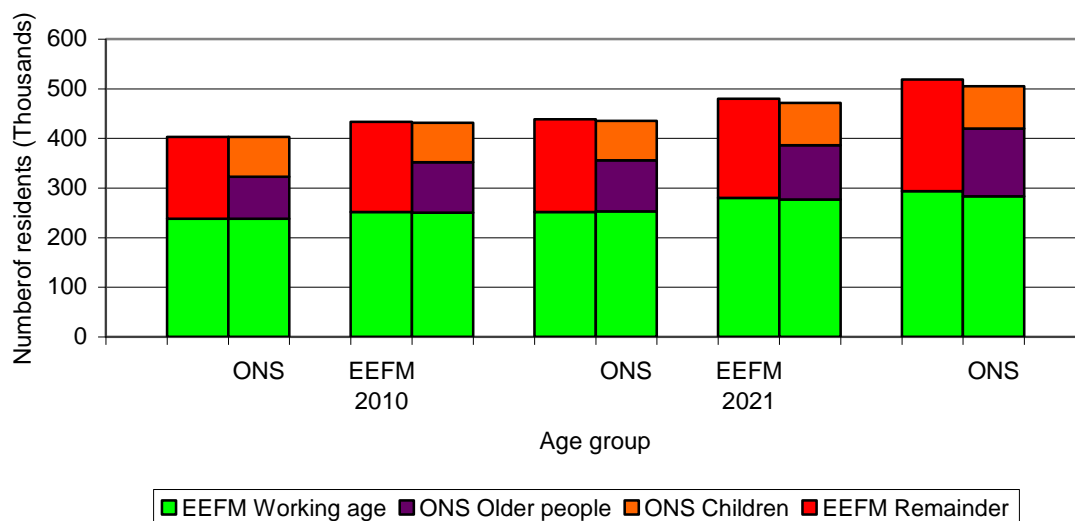
⁸⁶ ONS (2012) Methodology: 2010-based subnational population projections, page 3.

8.6.10 The difference in the age of the population between the EEFM and ONS's projections is also relevant. Most of the difference between the two models is because more people of working age are forecast by the model by 2031: the number of working age people differs by 10,000 whereas the total population by 13,000. Despite the economic basis of the EEFM forecast, it produces similar numbers of younger and older people but more of working age. This suggests that further migration may occur through economic growth in the area, which has an impact on the subsequent dwelling requirement.

Table 8.6.10 Comparison of future age structure of the Ipswich HMA predicted by the EEFM and ONS projections

	Number of people of working age	Remainder of the population	Total population
2001 Baseline	237,800	Children 80,300 + Older people 84,900	402,900
2031			
EEFM	293,400	225,000	518,400
2010-base	283,200	Children 85,200 + Older people 136,600	505,000
Difference	10,200	3,200	13,400

Figure 8.6.10 Comparison of future age structure of the Ipswich HMA predicted by the EEFM and ONS projections



East of England Forecasting Model - Households

8.6.11 The EEFM links households and jobs together through the overall population. Households are calculated in three stages: by a ratio of occupied dwellings from the population, then applying a further ratio to this to give a total projected dwelling stock (this allows for empty dwellings and second homes and is a proxy for total stock known as “demand for dwellings”), and finally, by dividing the occupied dwellings forecast by ratio of households to dwellings from the former Chelmer model. The model does not directly link

dwellings to the population profile by age or the type of household in the same way as DCLG’s household projections.

8.6.12 The source data for the dwelling stock is DCLG’s HSSA and this gives a total dwelling stock figure – the demand for dwellings. However, for the purposes of the requirements for the NPPF, the household forecasts rather than the demand for dwellings are more relevant as the NPPF specifically refers to the housing “that the local population is likely to need over the plan period” (para.159).

8.6.13 By 2031, the number of households generated by the EEFM is 233,200, an increase of 63,700 since 2001 (a 38% increase) which is less than the 2008-base projections. In common with DCLG household projections, the trend for reduced average household size is continued, meaning that the rate of change in the number of households is greater than the rate of increase of the population.

8.6.14 Babergh is identified as the slowest growing district with an increase in household numbers of 22%; the model suggests the number of households in the other three areas will grow between 39% and 44%. Numerically, Ipswich is forecast to grow by 21,300 between 2001-2031, Suffolk Coastal by 19,100, Mid Suffolk by 15,700 whilst Babergh is projected to grow by 7,600. Babergh’s results should be treated with caution as the population change is low compared to other areas.

8.6.15 The results 2012 run of the EEFM differ from DCLG’s 2008-base projections and the previous version of the model (the 2010 run). For the Ipswich HMA as a whole, by 2031, the percentage difference between DCLG’s projections is around 10%, with the outcome for Mid Suffolk being the closest both in terms of numerical difference and as a percentage difference.

Table 8.6.15 Comparison of future number of households by 2031 EEFM and DCLG 2008-based household projections

	Number of households from EEFM	Number of households from DCLG 2008-base	Difference
Babergh	42,700	45,990	3,290
Ipswich	71,100	78,510	7,410
Mid Suffolk	51,100	53,990	2,890
Suffolk Coastal	68,300	77,620	9,320
Ipswich HMA	233,200	256,110	22,910

8.6.16 Compared to the previous run of the model (Autumn 2010), the forecast of the number of households and population is greater in the 2012 baseline (by 1,474 households and 5,331 people). However, the distribution of households within the Ipswich HMA is different, most notably between Babergh and Ipswich.

Table 8.6.16 Comparison between the baseline results for the number of households for the 2010 and 2012 runs of the East of England Forecasting Model

	2011			2021			2031		
	2010-run	2012-run		2010-run	2012-run		2010-run	2012-run	
Babergh	37,808	37,526	-282	41,678	39,919	-1,759	45,717	42,712	-3,005
Ipswich	56,551	56,812	261	61,818	63,507	1,688	67,444	71,133	3,689
Mid Suffolk	40,310	40,009	-301	46,128	46,103	-25	50,627	51,133	506
Suffolk Coastal	54,721	54,053	-668	61,056	61,397	341	67,980	68,264	284
Ipswich HMA	189,390	188,401	-989	210,680	210,925	244	231,767	233,242	1,474

8.6.17 There are two main reasons for the differences between the results at 2011: the 2012 run uses more recent (2009 and 2010) information; and it continues the latest economic trends rather than making assumptions about the recession. However, in the case of Babergh, the 2012 run has been ameliorated to curb unlikely growth in the financial sector.

8.6.18 One effect of these differences is that Babergh's low population growth and Ipswich's relatively high growth have been compounded by the forecasting process. However, and notwithstanding the above, the overall growth of households within the Ipswich HMA is forecast to be 233,242 in 2031. This is only 200 more than the projections using the 2010-based estimates as set out in section 8.5 above. For the East of England, the EEFM is forecasting a slightly lower number of households to be present in 2031 than the 2010-based approach used above.

Table 8.6.17 Comparison between the 2010-base household projections and the 2012 run of the East of England Forecasting Model

	2021			2031		
	2010-base	EEFM 2012		2010-base	EEFM 2012	
Ipswich HMA	210,400	210,900	500 (0.24%)	233,000	233,200	200 (0.09%)
East of England	2,756,300	2,729,500	-26,800 (-0.97%)	3,066,300	2,990,900	(-2.46%)

8.6.19 Whilst the results by both approaches for the Ipswich HMA as a whole appear to agree, at a local level, the variation is much greater, as figure 8.6.20 shows. This variation appears to reflect:

- the higher baseline population for Ipswich (as noted in para. 8.6.9);
- lower population growth for Babergh;
- the greater proportionate projected increase in older and single person households in Babergh, and
- a lower ratio of households compared to stock for Suffolk Coastal.

8.6.20 The last of the above reasons is of particular note because the EEFM uses a constant ratio of households to overall stock. This ratio is: 0.97 for Babergh and Ipswich, 0.96 for Mid Suffolk, but 0.93 for Suffolk Coastal. One reason for this difference in Suffolk Coastal is the influence of second homes as noted in Chapter 6. The EEFM continues the trend whereas the 2010-based projections project the headship rates of the population.

Figure 8.6.20 Difference between EEFM 2012 baseline results and 2010-base households projections by local authority (positive means EEFM is greater; negative means 2010-base is greater)

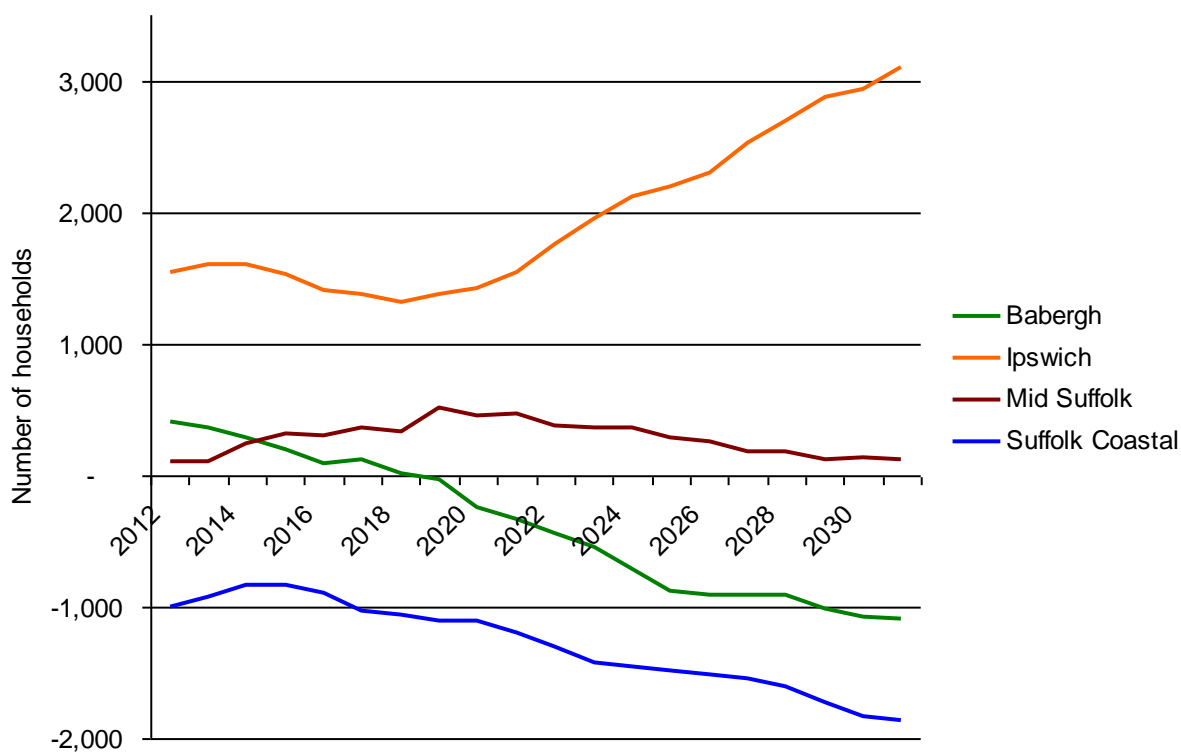


Table 8.6.20 Difference between EEFM 2012 baseline results and 2010-base households projections by local authority total households and annual change

		2012	2021	2031	Annual Change to 2031
Babergh	2010-Base	37,310	40,260	43,800	340
	EEFM	37,720	39,920	42,710	260
	Difference	410	-340	-1,080	-80
Ipswich	2010-Base	55,940	61,960	68,030	640
	EEFM	57,490	63,510	71,130	720
	Difference	1,540	1,540	3,110	80
Mid Suffolk	2010-Base	40,600	45,630	51,010	550
	EEFM	40,700	46,100	51,130	550
	Difference	100	470	120	-
Suffolk Coastal	2010-Base	55,860	62,590	70,120	750
	EEFM	54,860	61,400	68,260	710
	Difference	-1,000	-1,200	-1,860	-50

Comparison with 2011 Census

8.6.21 Whilst the latest run of the EEFM was published in 2012, its baseline data comes from 2010 and doesn't incorporate the published results from the Census. However, and compared to 2008 and 2010-base projections, the East of England Forecasting model makes an accurate estimation of the number of households.

Table 8.6.21 Comparison of Households between the 2012-run of the East of England Forecasting Model (households) with Census results for 2011

	EEFM 2012-run	Census	Difference...number	...as a %
Babergh	37,500	37,500	0	0%
Ipswich	56,800	57,300	-500	-1%
Mid Suffolk	40,000	40,300	-300	-1%
Suffolk Coastal	54,100	53,600	500	1%
Ipswich HMA	188,400	188,700	-300	0%
East	2,448,300	2,423,000	25,300	1%

8.6.22 The first census results, which provide data on households rather than stock, show that this is the most appropriate set of data to use as an estimate of housing demand to arise from local households. The EEFM's forecast for the "demand for dwellings" is some 4,000 more than the number of households in Suffolk Coastal for example.

8.6.23 The underlying population projections for the EEFM 2012 run come from ONS's 2010 published series; repeating the underestimate of Ipswich's population and the over-estimate of Suffolk Coastal's compared to the Census (see para. 8.2.4). At 1,800 fewer people than recorded, Babergh's 2011 baseline population in the EEFM is 2% lower but, unlike Ipswich at 3% lower, the resultant trend in the number of households after the application of the occupation ratio is lower than the 2010-base results (figure 8.6.20). This suggests that the use of the EEFM as a guide to future household growth for Babergh might underestimate the overall change.

8.7 Greater Essex Demographic Forecasts

8.7.1 Recognising the responsibility of local authorities to produce plans and strategies based on demographic information, the Essex Planning Officers Association (EPOA) commissioned Edge Analytics to use the POPGROUP suite of demographic forecasting models to produce a demographic model. The second phase of the model's development (published March 2012) includes forecasts for all areas within the Ipswich HMA and are reproduced below with permission of the EPOA. A third phase of the project is due to be released at the end of July 2012.

8.7.2 The model comprises several scenarios including:

- the 2008-base population projection;
- housing growth from the draft East of England Plan (2010);
- a migration-led approach using more recent data (e.g. 2010), and
- an economic forecast based on the Autumn 2010 run of the EEFM.

8.7.3 Similar to the 2010-based approach to the household projections outlined in section 8.4, the model uses the headship rates from DCLG's 2008-base household projections.

However, unlike the above approach, the rates are “rescaled” using the data from the Council Tax Base for all scenarios apart from that focusing on the 2008 projections.

8.7.4 The results show that, even if the draft East of England Plan was adopted and followed, this scale of housing would not meet the likely need identified by household and population projections. The draft East of England plan was a broad continuation of the growth in the adopted 2008 East of England Plan, updated to reflect economic and demographic trends. The figures for Ipswich (850 per annum) were based on a wider Ipswich Policy Area and included parts of the surrounding three districts as well as the Borough’s boundary.

8.7.5 The economic scenario was taken from the previous (Autumn 2010) run of the EEFM but focuses on labour force growth to occur within each area as projected by the EEFM. This approach indicates what population and household growth would also occur if the level of economic growth (in this case the growth in the number of employed residents) was as predicted by the EEFM. Under the scenario, the model forecasts a significant population growth for Babergh, Mid Suffolk and Suffolk Coastal, but much less for Ipswich. This reflects the degree to which residents from these areas commute into the town and the annual results differ from those in the 2010 run of the EEFM.

Comparison with 2011 Census

8.7.6 Without the source data, no direct comparison can be made but, as the model uses DCLG’s headship rates, the forecast number of households is likely to be greater than those recorded by the Census.

Table 8.7.6 Scenarios from Phase 2 results from the Greater Essex Demographic Forecasts. Edge Analytics March 2012

		2010-2033		Annual household Change
		Population Change	Household Change	
Babergh	2008-base projection	14,926	9,609	432
	Migration-led	-6,046	1,495	67
	Draft East of England Plan	8,416	7,561	340
	Economic	30,028	16,425	739
Ipswich	2008-base projection	39,959	22,969	1,035
	Migration-led	33,166	19,525	880
	Draft East of England Plan	31,606	18,864	850
	Economic	11,784	10,270	463
Mid Suffolk	2008-base projection	26,031	14,668	662
	Migration-led	19,984	12,917	583
	Draft East of England Plan	11,732	9,523	430
	Economic	31,296	17,554	793
Suffolk Coastal	2008-base projection	39,581	23,355	1,091
	Migration-led	16,965	13,260	619
	Draft East of England Plan	7,841	9,422	440
	Economic	32,412	19,689	920
Ipswich HMA	2008-base projection	120,497	70,601	3,220
	Migration-led	64,069	47,197	2,149
	Draft East of England Plan	59,595	45,370	2,060
	Economic	105,520	63,938	2,915

CONCLUSIONS

- Household projections and forecasts are tools for predicting the likely scale of household growth and have a strong influence on the spatial location of new housing. The use of updated population information was considered necessary to provide a more accurate assessment of household growth for local authorities in the Ipswich HMA to consider incorporating in their plans and strategies.
- Whilst there are some differences, the 2010-based approach and 2012 EEFM predict that the number of households will increase by around 22% between 2012 and 2031 and the results for the Ipswich HMA as a whole are very similar even with different methods.
- Both approaches use past trends, particularly those over a five-year-period up to 2010. The past trends influence the projections and the forecast. Areas that have been subject to change (growth or decline) are projected to have the same in the future. This does not guarantee that similar conditions will occur in future years.
- Despite underestimating the population of younger people in 2011, the 2010-based equivalent household projections appear to be more accurate than the “official projections”. Therefore, these have been used in the calculation of housing need but should be considered as conservative estimates.
- Whilst adopting a different methodology and being an economic-based approach, the East of England Forecasting Model appears to be the most robust of the approaches reviewed when compared to the 2011 Census. However, the East of England Forecasting Model uses a low population projection for Babergh and a 2010-based projection is more appropriate. These results form the basis of determining the overall scale of housing the local population is likely to need by 2031 which are as follows:

	Household base in 2011	Projected Households in 2031	Change
Babergh	37,200	43,800	6,600
Ipswich	56,800	71,100	14,300
Mid Suffolk	40,000	51,100	11,100
Suffolk Coastal	54,100	68,300	14,200
Ipswich HMA	188,100	234,300	46,200

- Even if the number of homes proposed in the East of England Plan were to be followed, the scale of need, as identified by the population and household projections, would still not be met.

9. Extent of Housing Need

The purpose of this chapter is to:

- Present the results of the three stages of the housing needs assessment model as set out in the original SHMA and the 2007 Guide, and
- Using this model, the estimated net annual housing need in the Ipswich HMA is 1,303.

This chapter provides the information suggested by Stage 5 of the Strategic Housing Market Assessment Practice Guidance relating to housing needs.

9.1 Introduction

9.1.1 Establishing the extent of housing need is crucial for reviewing and forming housing policy. The 2007 guide contains a section describing the process that should be used to assess housing need and how the results can be used to inform policy. This process is one method for assessing housing need and is typically used in local assessments, although it has three drawbacks: it only provides a snapshot of conditions, it does not relate to behavioural aspects and not all flows of existing households are included.⁸⁷

9.1.2 The current economic conditions and housing market, as highlighted in the preceding chapters, should be considered throughout this chapter because housing costs and incomes alone are insufficient and access to credit is a more recent concern. The 2007 guide does not set out steps for taking account of this lack of liquidity or the large deposits currently required by most mortgage lenders.

9.1.3 In reviewing need, a conservative approach has been taken in all stages to ensure that the results are as robust as possible. This means that the extent of housing need identified by this assessment is likely to be an underestimate. Whilst the results incorporate the housing registers (also known as waiting lists) held by local authorities these are considered by Prof. Bramley and others to be “expressed demand for a social tenancy” and that “considerable caution is in order in relation to their interpretation as measures of unmet need”.⁸⁸ In numerical terms, the registers also appear to be underestimates. The research undertaken by Prof. Bramley concluded that there was a backlog of 158,848 households in housing need in 2009 within the East of England, whereas the waiting lists only recorded a total of 153,475 households in 2009.⁸⁹

9.1.4 This chapter presents the results stages and steps as set out in the 2007 guide. Each stage and step requires some detailed calculations (16 in total) that themselves have a number of components. The relevant stages and steps in calculation are:

⁸⁷ Bramley et al. (2010) *Estimating Housing Need*, DCLG para. 2.43-2.69

⁸⁸ *Ibid*, 2.29

⁸⁹ HSSA 2009 and Bramley et al. (2010) *Results2*, (Taken from the website of the Institute for Housing, Urban and Real Estate Research Herriot Watt University)

STAGE 1: CURRENT NEED (Gross)

- 1.1 Homeless households and those in temporary accommodation
- 1.2 Overcrowding and concealed households
- 1.3 Other groups
- 1.4 Total current housing need (gross)

STAGE 2: FUTURE NEED

- 2.1 New household formation (gross per year)
- 2.2 Proportion of new households unable to buy or rent in the market
- 2.3 Existing households falling into need
- 2.4 Total newly arising housing need (gross per year)

STAGE 3: AFFORDABLE HOUSING SUPPLY

- 3.1 Affordable dwellings occupied by households in need
- 3.2 Surplus stock
- 3.3 Committed supply of affordable housing
- 3.4 Units to be taken out of management
- 3.5 Total affordable housing stock available
- 3.6 Annual supply of social re-lets (net)
- 3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels
- 3.8 Annual supply of affordable housing

9.1.5 The 2007 guide also sets out two further stages that describe how the outputs from this model should be used. This includes estimating the housing requirements of households in need and bringing the evidence together.

9.2 Findings from Local Housing Needs Assessments and Surveys

9.2.1 No further local housing needs assessments have been undertaken. Please refer to sections 9.2 to 9.14 of the original SHMA.

9.3 Stage 5.1: Current Need (Gross)

9.3.1 This is an assessment of households that are currently in need of suitable accommodation, split between: households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. The 2007 guide sets out nine criteria for unsuitable housing:

- Homeless households;
- Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of Housing Benefit or in arrears due to expense;
- Households overcrowded according to the 'bedroom standard';
- Dwelling too difficult to maintain (e.g. too large) even with equity release;
- Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household;
- Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ;
- Dwelling lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants);
- Dwelling subject to major disrepair or unfitness and household does not have the resources to make fit (e.g. through equity release or grants), and

- Household suffers harassment from others living in the vicinity which cannot be resolved except through a move.

9.3.2 These categories broadly reflect those households that are afforded “reasonable preference” in the allocation of social housing.⁹⁰ However, households that are at the end of an assured shorthold tenancy, that live in homes that are difficult to maintain, or share accommodation (unless overcrowded) are not afforded reasonable preference.

9.3.3 The 2007 guide acknowledges that the housing register will provide the main source of information on the majority of households in unsuitable housing. An annual profile of the housing register as of 1 April is presented in the Council’s HSSA return each year. As noted above, the housing register should be considered as an indication rather than a measurement of unmet need.

9.3.4 The 2008 SHMA based the estimate of current need only on the number of households that the local authorities consider to have a reasonable preference, this approach was also followed in the 2009 update and is repeated here for consistency. However, this approach is very much an underestimate of housing need as defined in the 2007 guide. For example, it does not include households who lack their own housing (concealed households, such as young adults living at the parental home) or other need categories.

9.3.5 Households resident in unsuitable housing within the affordable sector (such as those in overcrowded accommodation) are excluded as the household releases an affordable dwelling for another household to inhabit when they move. Furthermore, the HSSA guide excludes existing local authority tenants seeking a move from the total recorded on the waiting list.⁹¹

9.3.6 The table below shows that Ipswich has the largest number of households in unsuitable housing (2,025) whilst Suffolk Coastal displays the smallest number of unsuitably housed households. In the original SHMA, Suffolk Coastal recorded the lowest number; the 2009 update showed Mid Suffolk as the lowest. The number of households in unsuitable housing (with a reasonable preference) has decreased from both the original and 2009 update, except for Suffolk Coastal (which has increased from the original SHMA, but decreased from the 2009 update). The Ipswich HMA is showing a decrease of over 1,800 unsuitably housed households from 2008.

Table 9.3.6 Households in unsuitable housing not resident in the affordable sector. HSSA 2011, P1E 2011.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Households in unsuitable housing not resident in the affordable sector	881	2,025	825	447	4,178
Estimated number of these households that are homeless and in priority need	46	100	52	2	200

⁹⁰ The term “Reasonable Preference” is set out in s.167(2) of the Housing Act 1996.

⁹¹ DCLG (2011) *Housing Strategy Statistical Appendix (HSSA): 2010-11: Guidance notes for completion*, page 26

9.4 Affordability of Unsuitably Housed Households

9.4.1 The 2007 guide acknowledges that some of these unsuitably housed households are likely to be able to afford market housing in the area. The original SHMA used the average income of overcrowded households and median local earnings to estimate what proportion to discount. This approach has been surpassed by the collection of earnings information within the Gateway's common register.

9.4.2 The entry-level private rent costs are shown in section 7.11. Given that rents are not considered to be affordable if more than 25% of household income,⁹² the proportion of households in housing need able to afford entry-level market housing can be estimated. Household incomes in the Ipswich HMA need to be over £23,000 to afford an entry-level private rented home (2-bed), which applies only to four per cent of households in housing need.

Table 9.4.2 Income of households in unsuitable housing in Ipswich HMA. (Gateway Register Feb 2012).

	Under £10,000	£10,000- £15,000	£15,001- £20,000	£20,001- £25,000	£25,001- £30,000	>£30,000
Income of households in need	64%	23%	9%	3%	1%	0%

9.4.3 The prioritisation process that is now undertaken within the Gateway provides priority only to households that cannot afford to rent a home to meet their needs. For example, the four per cent earning above £20,000 might require larger (3 or more bed) homes for which their household income would need to be over £29,000 (rent at £600/month). Given the distribution of earnings to those on the waiting list (those with or without a reasonable preference) and operation of the prioritisation process, a discount for households able to afford entry-level market housing is no longer appropriate.

9.4.4 Applicants might be afforded reasonable preference because of a mobility impediment but only if improvements to the existing home cannot be made. Therefore, no adjustment has been made to take account of "in-situ improvements".

Stage 5.2: Future Need

9.4.5 Future need is split, according to the 2007 guide, into newly forming households unable to afford market housing and existing households falling into need. This process makes no adjustment for future local supply (which might affect price) or the type of household falling into need.

9.5 Step 5.2.1 New Household Formation

9.5.1 New (gross) household formation is not the same as the increase in the number of households. New households are formed but replace those that dissolve through separation, death, through moves, by joining existing households, or a move into care or other institutions. A growth in the number of households will occur if the number of new households is greater than those which dissolve.

⁹² 2007 guide, page 42

9.5.2 The 2007 guide states that SHMA's should "estimate gross household formation on an annual basis over a period of at least 20 years".⁹³ However, the original SHMA calculated an annual figure based on a five-year period, which is the same period as that required to clear the backlog of existing need. This update continues to use a five-year period for consistency and because longer-term trends in new household formation are less certain.

Affordability affects household formation

9.5.3 The affordability of homes affects the rate at which new households are formed, particularly by young people. Nationally, there has been a decline in the rate at which young people form new households associated with "affordability problems initially and then problems with obtaining mortgage finance and the impact of the recession in more recent years".⁹⁴ The effects of worsening affordability and supply constraints on household formation have been noted in other research⁹⁵ and should be considered alongside estimates of new households. Critically, DCLG's household projections (2008-base) are adjusted for the declining rate in household formation between 2002 and 2008 and then revert to trend. The methodology notes that the results of the 2011 Census will be important in assessing whether there has been an "unprecedented" fall in household representative rates.

9.5.4 The original SHMA applied the headship rates (the number of household heads within a cohort) from the 2001 Census to population projections. Given that affordability has had such a significant effect, headship rates from the 2001 Census are no longer appropriate. The 2007 Guide sets out a process to estimate change in the headship rate between different ages using the projection data.⁹⁶ This process has been followed for ages 20-45⁹⁷ using the 2008-base household projection data for the years 2012-2017 alongside the approximation of households using ONS's 2010-base population projections (see Chapter 8).

9.5.5 The table below presents the estimated number of new households likely to form each year across the Ipswich HMA alongside the total number of households recorded by the 2011 Census. The table shows that, in both relative and absolute terms, Ipswich is projected to have the largest number of newly forming households, while Babergh will have the lowest rate of formation. Evidence from the 2011 English Housing Survey indicates that the rate of new household formation is 1.37% across England, so the overall projected rate is similar to that found nationally.

⁹³ DCLG (2007) *Strategic Housing Market Assessments*, page 45

⁹⁴ DCLG (2010) *Updating the Department for Communities and Local Government's household projections to a 2008 base: Methodology*, page 12.

⁹⁵ See: Bramley et al. (2010) *Estimating Housing Need*, DCLG page 8. NHPAU (2008) *Impact of worsening affordability on demand for social and affordable housing: tenure choice and household formation*, para.60.

⁹⁶ DCLG (2007) *Strategic Housing Market Assessments: Annexes*, Annex B para. 15

⁹⁷ The published household projections identify that most households are formed by people aged 20 to 45, the 2007 guide also notes that "at 45 it is assumed headship rates plateau".

Table 9.5.5 Projected number of newly forming households per annum (2012-2017) and household formation rate. CLG 2008-based household projections, ONS 2010-based Population Projections, 2011 Census.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Annual Number of newly forming households	414	994	507	692	2,607
Number of existing households (2011)	37,500	57,300	40,300	53,600	188,700
Household formation rate	1.1%	1.7%	1.3%	1.3%	1.4%

9.6 Step 5.2.2 Proportion Unable to Afford Entry-level Market Housing

9.6.1 No income profile for newly forming households in Ipswich HMA is available and an approximate income distribution has been derived from a variety of secondary sources. The Annual Survey of Hours and Earnings (ASHE) provides a comprehensive set of data but this is for individuals rather than households.

9.6.2 This update estimates household incomes by aligning the percentiles recorded by the ASHE to a distribution of household income arising from research from the Department of Work and Pensions. The resultant distribution is then applied to the number of people per household projected by the 2008-based household projections (age and household type). Information from the Annual Population Survey is incorporated to estimate the combined economic activity of households.

Unemployed households

9.6.3 Unemployed households would not be able to afford to rent or buy and are added to those unable to afford entry-level market housing. Between 2008 and 2010, on average, 2% of households in the Ipswich HMA contain all people that are unemployed.⁹⁸ Projecting this forward, the average number of newly formed households which are unemployed within the Ipswich HMA is 53.

Earnings of people in employment

9.6.4 The ASHE 2010 data has been used in this part of the assessment and is based on the Ipswich Travel to Work Area, which has then been applied to all districts. Provisional data for 2011 is available but, for ages 22-29, this shows a fall in wages of around 1%. As these results are provisional, and as wages may increase in future years, the 2010 results appear to be the most appropriate.

9.6.5 Using the costs of ownership and entry level private rent, the estimated household income profile (based on people aged 22-29) was compared with the costs of entry level owner occupier and private rental. In all cases, private rental costs were taken as the point which household needs are not met by the market. At this stage, the unemployed households (2%) were added back in, as they are all assumed to be unable to afford a home on the open market.

⁹⁸ Annual population survey – households by combined economic activity status (2008-2010) from NOMIS

9.6.6 The table below sets out the estimated proportions of newly formed households whose needs are not going to be met by the market between 2012 and 2017. The table shows that newly formed households in Babergh are least likely to be able to afford entry-level private rent, whilst newly formed households in Ipswich are the most likely to be able to afford to rent privately. Overall, using this approach and the 2007 Guide, an estimated 41% of newly forming households are not able to afford to rent or buy a home.

Table 9.6.6 Affordability of newly forming households.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Number of newly forming households	414	994	507	692	2,607
Entry level owner occupier price	£145,000	£106,000	£132,000	£150,000	
Weekly Income required at 3.5 times	£795	£581	£723	£822	
Weekly Income at 4.5 times	£618	£452	£563	£639	
Entry level weekly rent	£116	£105	£110	£108	
Weekly earnings required to rent at 25%	£465	£419	£442	£433	
Proportion priced out of market	46%	38%	43%	40%	41%
Number requiring affordable accommodation	189	379	218	280	1,066

9.6.7 As DCLG guidance was published in 2007, it is necessary to consider whether the definitions that this guide gives for the affordability of housing are still relevant. Combined data from the Regulated Mortgage Survey and the Survey of Mortgage Lenders (available on DCLG's website) suggests that the simple average price to income ratio for first time buyers for the whole of the United Kingdom rose above the 3.5 affordability threshold in 2002, and has been around 4.5 since 2004. However, as table above shows, even with the increased multiplier, entry-level costs for rent are lower than owner occupation at the 4.5 level.

Hometrack data

9.6.8 Data from Hometrack compares the price of house types with local incomes (from CACI and assuming 3.0 income multiplier and 25% deposit) to estimate the proportion of the population not able to afford to purchase a property. The Hometrack data is regularly updated and are influenced by a range of inputs. For example, the proportion of first-time buyers priced out of flats is less in Babergh than Ipswich, even though, as figure 7.3.3 shows, prices in Ipswich were lower in 2011. This difference might be because of the use of resident incomes or because the volume of sales of flats in Babergh is low. The values for terraced and semi-detached houses appear to be more closely aligned with the prevailing pattern of values in the housing market area.

9.6.9 Given that the purchase costs are generally greater than renting, and using the values for terrace houses as a guide, the Hometrack data provides a similar indication of the proportion of new households priced out of the market. Whilst Hometrack's data is based on different values and types rather than sizes, given the narrow gap between renting and purchasing in Ipswich, these results indicate that the above approach is a robust estimate.

Table 9.6.9 First Time Buyer Households priced out of market (based on 3.0 income multiple). Hometrack January 2011 - January 2012 (Courtesy of the Haven Gateway Partnership)

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal
Flats	25.2%	32.1%	37.6%	48.7%
Terraced	57.6%	56.3%	58.7%	58.3%
Semi-detached	72.9%	65.8%	67.0%	73.2%
Detached	86.7%	87.9%	84.0%	86.5%

9.7 Step 5.2.3 Existing Households Falling into Need

9.7.1 The 2007 Guide recommends that this figure is derived by looking at recent changes to the number of households on the housing register. However, the change in households on the housing register each year will include newly forming households, which featured in the previous step. The original SHMA took a yearly average between 2005 and 2008 of all households on the housing register but with changes to the register, this approach does not accurately relate to the needs of the existing households.

9.7.2 Existing households fall into need if current home/tenure is not sustainable and that there is a risk of moving into insecurity or even outright homelessness.⁹⁹ Whilst some households are able to move, change tenure or make other arrangements in order to afford suitable accommodation, some are subject to claims for (re)possession and some are no longer able to care for themselves. Given that this process is focused on the needs of households rather than demand for institutional care, the analysis follows claims for possession. Further analysis on the needs for particular groups requiring institutional care is included in Chapter 10.

9.7.3 The research into Housing Need by Bramley et al. highlighted that, within the East of England, 2.2% of households renting and 0.5% of households with a mortgage encounter serious difficulties.¹⁰⁰ However, figures from the Ministry of Justice show that the proportion of households within the Ipswich HMA which are subject of a claim for possession is lower, as the table below shows. Claims are shown here and not orders because, using the above definition, an existing household falls into this category if there is a risk of moving into insecurity.

Table 9.7.3 Average households with mortgage and landlord possession claims issued 2003 - 2011 (claims/1000 households). Ministry of Justice

	Mortgage	Landlord	Total
Babergh	2.34	1.92	4.26
Ipswich	4.07	6.20	10.28
Mid Suffolk	2.47	1.91	4.38
Suffolk Coastal	1.88	1.77	3.66
Ipswich IPA	2.69	2.95	5.64

⁹⁹ Bramley et al. (2010) *Estimating Housing Need*, para. 3.18

¹⁰⁰ Bramley et al. (2010) *Estimating Housing Need*, Appendix 2, Tables A.2.7 & 2.8

9.7.4 Whilst, the approach does not include households falling into need for which no possession claims are issued; this is a reliable and relevant account of local needs arising from existing households. The results show that Ipswich has the greatest need being generated annually by existing households, whilst Suffolk Coastal has a similar number of households, the recorded number of possession claims is lower.

Table 9.7.4 Number of existing households falling into need.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Average projected number of existing households (2012-2017)	38,065	57,612	42,082	57,699	195,458
% households issued with possession claims	0.4%	1.0%	0.4%	0.4%	0.6%
Annual number of existing households falling into need	162	592	184	211	1,150

9.8 **Step 5.2.4 Total Newly Arising Need**

9.8.1 The data from each of the above sources can now be put into the needs assessment table below. This indicates that additional need will arise from a total of 2,203 households per annum across the Ipswich HMA. As mentioned above and in Chapter 5, younger people have a tendency not to form (or not to be able to form) households in the current climate, so this may be an under estimate of the newly arising need.

Table 9.8.1 Future need (per annum)

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
2.1 New household formation (gross per year)	414	994	507	692	2,607
2.2 Proportion of new households unable to rent in the market	46%	38%	43%	40%	41%
2.3 Existing households falling into need	162	592	184	211	1,150
2.4 Total newly arising housing need (gross per year)	351	971	402	491	2,215

9.9 **STAGE 5.3: Affordable Housing Supply**

9.9.1 This stage is split between existing stock available to offset the current need and likely future additions to the stock. The existing supply includes stock that becomes available (re-lets) and surplus stock from vacant properties. Units to be taken out of management are removed from the calculation. The future supply of affordable units comes from two sources, re-lets within the social rented stock and re-lets within the intermediate stock.

9.10 **Step 5.3.1 Affordable Dwellings Occupied by Households in Need**

9.10.1 The need arising from these households forms part of the model at stage 1, however because they have a net effect of zero, this figure will be excluded from stage 1 and this step.

9.11 Step 5.3.2 Surplus Stock

9.11.1 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The 2007 guide suggests that if the vacancy rate in the affordable stock is in excess of 3%, then these should be considered as surplus stock which can be included within the supply to offset needs. Chapter 4 showed that all authorities in the Ipswich HMA record a vacancy rate in the social rented sector of less than 3%; therefore no adjustment needs to be made to the figures.

9.12 Step 5.3.3 Committed Supply of New Affordable Units

9.12.1 The 2007 Guide recommends that this part of the assessment includes “new social rented and intermediate dwellings which are committed at the point of the assessment.”¹⁰¹ This assessment is based on commitments identified by the Homes and Communities Agency between 2012 and 2015 where public funds are used to supply affordable homes. Information was supplied by Suffolk Coastal District Council for its results. The latest data available from the HSSA was for 2009/10, which is now out of date.

9.12.2 Forty six per cent of the commitments in the Ipswich Housing Market Area identified by the HCA to be delivered are part of the FirstBuy scheme and most of these are in Babergh. Whilst this is an equity loan product available only to eligible households and counted by the HCA as affordable housing, not all of the subsidy will be recycled for alternative affordable housing provision. Therefore, FirstBuy does not meet the definition of affordable housing in the NPPF and the dwellings are not included in the committed supply of new affordable housing units. Furthermore, one of the conditions of the agreement between the HCA and developers is that FirstBuy homes are “not provided as affordable housing in satisfaction of a Planning Agreement”.¹⁰²

9.12.3 The table below shows the number of affordable dwellings planned or proposed for this three year period in each authority. The table indicates that 10% of the committed supply of affordable housing is located in Babergh and that the commitments in Ipswich and Suffolk Coastal are similar (34% and 35% respectively).

Table 9.12.3 Committed Supply of New Affordable Units 2012 – 2015 (HCA and SCDC)

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Step 3.3 Committed Supply	46	164	100	169	479

9.13 Step 5.3.4 Units to be Taken Out of Management

9.13.1 The Practice Guidance states that this step includes “planned demolitions or redevelopment schemes that will lead to net losses of stock”. Councils were asked to indicate the number of units currently planned for demolition and the results. At the time of reporting, the proposed number of affordable dwellings expected to be “taken out of management” in the future had only been reported in Babergh, who reported 0. For this calculation a figure of zero was used for the remaining authorities.

¹⁰¹ DCLG (2007) *Strategic Housing Market Assessments*, page 48

¹⁰² HCA (2011) *FirstBuy Grant Agreement*, page 7

9.14 Step 5.3.5 Total Affordable Housing Stock Available

9.14.1 This step is the culmination of the previous four and represents the total existing stock available. It is calculated by the sum of steps 3.1 to 3.3, followed by the deduction of step 3.4 as is presented in the table below. The data shows that there are 479 properties that will be available to offset the current need in the Ipswich HMA.

Table 9.14.1 Total Affordable Housing Stock Available 2012

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
3.1 Affordable dwellings occupied by households in need	-	-	-	-	-
3.2 Surplus Stock	0	0	0	0	0
3.3 Committed supply of affordable units	46	164	100	169	479
3.4 Units taken out of management	0	0	0	0	0
3.5 Total affordable housing stock available	46	164	100	169	479

9.15 STEP 5.3.6 Future Annual Supply of Social Re-Lets (Net)

9.15.1 Step 3.6 of the model is an estimate of likely future re-lets from the social rented stock (excluding transfers within the social rented sector). The 2007 guide suggests that this should be based on trend data from the previous three years.¹⁰³ CORE data is used as the source for re-lets (excluding transfers) within the RSL sector, whilst the HSSA is used for re-lets (excluding transfers) within the council-owned stock. The HSSA also provides an estimate of the number of households transferring between the two social rented sectors.

9.15.2 The table below presents figures for the supply of lettings (re-lets) from social stock between 2004 and 2011 contained within the HSSA and CORE data. A longer period than three years is shown to demonstrate whether or not the three-year average includes years of substantial change. The table indicates that Ipswich has the highest supply of lettings, whereas Suffolk Coastal has the lowest.

Table 9.15.2 Analysis of past housing supply through re-lets – social rented sector (HSSA, CORE)

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
2004/05	201	690	183	419	1,493
2005/06	225	556	355	321	1,457
2006/07	295	543	237	330	1,405
2007/08	366	833	300	128	1,627
2008/09	423	815	384	186	1,808
2009/10	319	718	242	154	1,433
2010/11	347	701	267	203	1,518
Average 2008/09 to 2010/11	363	745	298	181	1,586

¹⁰³ DCLG (2007) *Strategic Housing Market Assessments*, page 49.

9.16 Step 5.3.7 Future Annual Supply of Intermediate Affordable Housing

9.16.1 The amount of available intermediate housing stock is fairly limited in the Ipswich HMA and then is mostly shared ownership, re-lets of which are even more limited. In the original SHMA, the number of shared ownership units was determined from housing corporation data on the size of stock in 2004 and information about completions of intermediate housing (shared ownership) since 2004 from the HSSA data.

9.16.2 From 2010/11, the HSSA does not provide this information, so outturn data from the HCA has been included. For the purposes of this SHMA update, the completions figure for shared ownership homes from 2008/09 to 2011/12 is added to the figure quoted in the original SHMA, November 2008.

9.16.3 It is assumed that the re-let rate for shared ownership properties is the same as that recorded for the social rented sector (excluding transfers). This re-let rate is applied to the estimate shared ownership stock level to derive an annual supply of shared ownership accommodation. Data used has been taken from CORE, calculating the re-let percentage of total stock. The table below shows the calculation of the shared ownership supply in each district.

Table 9.16.3 Calculation of re-lets from intermediate stock. CORE, HSSA, HCA.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Estimated size of intermediate stock	572	522	500	258	1852
Social rented sector re-let rate (2010/11, CORE)	3.7%	2.7%	4.1%	4.0%	3.4%
Annual supply of intermediate housing	21	14	21	10	66

9.17 Step 5.3.8 Future Annual Supply of Affordable Housing Units

9.17.1 This step is the sum of the previous two. The total future supply in the Ipswich HMA is estimated to be 1,652 units.

Table 9.17.1 Future supply of affordable housing (per annum)

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
3.6 Annual supply of social re-lets (net)	363	745	298	181	1,586
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels	21	14	21	10	66
3.8 Annual supply of affordable housing	384	759	318	191	1,652

9.18 Stages 4 and 5; Use of Model Results

9.18.1 Stages four and five of the housing need chapter in the Guidance relate to the housing requirements of the households in need and bringing evidence together. The analysis required within these two stages will be presented in a different order to that shown in the guide to ensure that it is easy to follow.

9.19 Step 5.5.1 Estimate of Net Annual Housing Need

9.19.1 The table below shows the final figures in the housing needs assessment model. This brings together the three preceding stages that were calculated above.

Table 9.19.1 Housing Needs Assessment Model for the Ipswich HMA

Step	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
STAGE 1: CURRENT NEED (Gross)					
1.1 to 1.4	881	2,025	825	447	4,178
STAGE 2: FUTURE NEED					
2.1 New household formation	414	994	507	692	2,607
2.2 Proportion unable to afford entry level market housing	45.6%	38.1%	43.0%	40.5%	40.9%
2.3 Existing households falling into need	162	592	184	211	1,150
2.4 Total newly arising need	351	971	402	491	2,215
STAGE 3: AFFORDABLE HOUSING SUPPLY					
3.1 Affordable dwellings occupied by households in need	-	-	-	-	-
3.2 Surplus stock	-	-	-	-	-
3.3 Committed supply of new affordable units	46	164	100	169	479
3.4 Units to be taken out of management	0	0	0	0	0
3.5 (3.1+3.2+3.3-3.4)	46	164	100	169	479
3.6 Annual supply of total re-lets	363	745	298	181	1586
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels	21	14	21	10	66
3.8 (3.6+3.7 supply)	384	759	318	191	1652

9.19.2 The Guidance states that these figures need to be annualised to establish an overall estimate of the net housing need. The first step in this process is to calculate the net current need. This is derived by subtracting the estimated total stock of affordable housing available (step 3.5) from the gross current need (Stage 1).

9.19.3 The second step is to convert the net backlog need figure into an annual flow over a five-year period. The 2007 acknowledges that this backlog can be addressed over any length of time, although a period of less than five years should be avoided.¹⁰⁴ This is also consistent with the previously published version of the SHMA.

9.19.4 The final step is to sum the net annual quota of need with the total newly arising housing need (Step 2.4) and then subtract the future annual supply of affordable housing (re-lets in step 3.8). The table below illustrates how these further steps are calculated for each district in the Ipswich HMA.

¹⁰⁴ DCLG (2007) *Strategic Housing Market Assessments*, page 52

Table 9.19.4 Derivation of annual net need for affordable housing in the Ipswich HMA.

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Current Need (less new supply)	835	1861	725	278	3,699
Annualised Net Current Need	167	372	145	56	740
Step 2.4 Demand	351	971	402	491	2,215
Step 3.8 Supply	384	759	318	191	1,652
Total Net Annual Housing Need	134	584	229	355	1,303

9.19.5 This table shows that the total net annual housing need in the Ipswich HMA is for 1,303 affordable dwellings per annum comprising 134 dwellings in Babergh, 584 in Ipswich, 229 in Mid Suffolk and 355 in Suffolk Coastal. Whilst some methodological changes have been made, the distribution of these figures is similar and shows an overall decline in need in three of the four areas but an increase in housing need in Suffolk Coastal.

Table 9.19.5 Change in annual net need compared with original SHMA, 2008.

	Original (2008) SHMA Annual Net Need	Actual Change in Annual Net Affordable Housing Need	Percentage Change in Annual Net Affordable Housing Need
Babergh	319	-185	-42.0%
Ipswich	708	-124	-82.5%
Mid Suffolk	339	-110	-67.6%
Suffolk Coastal	211	144	168.4%
Ipswich HMA	1,577	-274	-82.6%

9.20 Step 5.4.3 The Private Rented Sector

9.20.1 The 2007 guide acknowledges SHMA partnerships need to understand the role of the private rented sector in accommodating households in need. The Department for Work & Pensions (DWP) provides data on the number of cases in payment of housing benefit. This is equivalent to the number of households, as only one person within a household is able to claim the benefit, and those living in the home of a close relative are not eligible. The results are presented in the table below, with the number of households in the social sector receiving housing benefit shown for comparison. The table shows that just under a third of all households receiving housing benefits in the Ipswich HMA live in private rented accommodation.

Table 9.20.1 Number of households on Housing Benefit at November 2011, DWP

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
Number of Households - Private Rented	1,360 ¹	4,070	1,190	2,250	7,510
Number of Households - Social Rented	3,200 ¹	8,750	2,700	4,160	15,610

¹ DWP provides the values for October 2011, as November 2011 is unavailable for this district.

9.21 **Implied Market Housing Requirement**

9.21.1 The 2007 guide indicates that Local Planning Authorities should use the figure for the net annual need for affordable housing to “consider how the overall number of household types (both existing and future) translates into demand for market housing and need for affordable housing”.¹⁰⁵

9.21.2 Table 9.21.5 below refers to annual housing allocation in adopted or emerging Local Plans for Babergh, Ipswich, Mid Suffolk and Suffolk Coastal. The Annual Net Need is compared to the allocation in the Local Plans and an implied proportion can be derived in the same way as original and updated SHMA. However, the implied proportion should not be transposed directly as the policy to require a proportion of affordable homes in new developments. There are two reasons for this: the first is that existing policy already provides a supply of affordable homes in new developments to meet some of the need, the second reason is that new developments might not be viable if the proportion of affordable homes required is too great.

9.21.3 In terms of meeting need, the stages and steps in the 2007 Guide do not separate new affordable home delivered independently from market developments from those that are incorporated into new developments (through s.106 agreements). This differentiation is important because those that are incorporated into new developments, whilst meeting need and helping to form more mixed communities, should not be counted as part of the implied market housing requirement because they are already part of the requirement.

9.21.4 By way of an illustration, if all demand (current and newly arising) for affordable housing each year was a constant 350, which was being met by requiring 35% of 1000 new homes being affordable, then, following the stages in the 2007 guide, the net annual need for affordable housing would be nil. Whilst this accurately reflects the amount of unmet need, the policy requirement for developments to meet affordable housing needs on site would not be identified following this approach. However, needs met through developments that are entirely affordable should still be discounted from the needs that should be met through market developments. For example, the committed supply for Suffolk Coastal is 169 homes, 138 of these are being delivered through s.106 agreements and the remaining 31 being entirely affordable schemes.

9.21.5 Future versions on the SHMA should record those affordable homes delivered as part of s.106 agreements but ensure that these are separated from the committed supply of affordable homes in step 5.3.3 if the same methodology is to be followed. Past trends within the Ipswich HMA suggest that around half of all affordable homes have been built through developer contributions but mostly with the assistance of grant funding rather than being wholly developer funded (nil grant). Whilst the proportion of homes provided with nil grant across the Ipswich HMA is greater than the rest of England, a smaller proportion is provided through developments. Mid Suffolk, Ipswich and Babergh are securing above the national averages, with or without grant, but Suffolk Coastal delivers lower rates of affordable homes through developments.

¹⁰⁵ DCLG (2007) *Strategic Housing Market Assessments*, page 63

Table 9.21.5 Affordable Homes completed through s.106 agreement 2008-2011 with and without grant from national affordable housing programmes. HSSA 2008-2011, DCLG live table 1008

	Total Affordable Homes 08-11	Through Developer Contributions		Developer Only (nil grant)	
			%		%
Babergh	390	172	44%	83	21%
Ipswich	1,040	563	54%	121	12%
Mid Suffolk	470	279	59%	85	18%
Suffolk Coastal	310	38	12%	20	6%
Ipswich HMA	2,210	1,052	48%	309	14%
England	227,330	118,043	52%	19,135	8%

9.21.6 Notwithstanding the above, the results following the process in the original SHMA are shown in table 9.21.6 below. The table shows that an average of 70% of new dwellings need to be affordable to meet the net annual need. In Ipswich, 84% of completions need to be affordable to meet the local need based on the adopted Core Strategy. Whilst such a large proportion is likely to be unviable, this is an improvement compared to the original SHMA document, which concluded that 113% of completions were estimated to be the requirement to meet need.

Table 9.21.6 Annual housing provision compared to requirement for affordable housing (including s.106 commitments)

	Annual Housing Provision 2011 to 2021/31	Annual Net Need for Affordable Housing	Implied Proportion of dwellings that should be affordable
Babergh	300	134	44.68%
Ipswich	700	584	83.46%
Mid Suffolk	415	229	55.20%
Suffolk Coastal	446	355	79.68%
Ipswich HMA	1,861	1,303	70.00%

9.22 Size of Affordable Housing Required

9.22.1 The size of homes required by households on the housing register is the most appropriate and readily available measurement of need for different sizes of homes. The same source of data was reported in the original SHMA (sections 9.77 to 9.79). Table 9.22.1 shows the average proportion of households on the housing register demanding 1, 2, 3 or 4 or more bedrooms in each district between 2004-2011. Across the Ipswich HMA, the trend in demand from households over this period is towards more 1-bed homes with lower proportionate demand for 2 and 3 bed room properties, however the proportionate demand for 4-bed homes appears more stable at 3-4%.

Table 9.22.1 Size of affordable accommodation required by households in need. HSSA 2004-2011

Bedrooms required	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
1	41%	47%	46%	44%	45%
2	40%	33%	36%	30%	35%
3	16%	17%	16%	20%	17%
4+	3%	3%	2%	5%	3%

9.23 **Status of Intermediate Housing**

9.23.1 A review of Low Cost Home Ownership (LCHO) is provided in chapter 12. Otherwise, there was no update provided for this section, please refer to section 9.80 to 9.83 of the original SHMA report.

CONCLUSIONS

- The affordability of housing reduces the rate that young adults form households. The effects of worsening affordability and supply constraints on household formation nationwide have been noted in other research. This needs assessment does not take these needs into account or the results from the 2011 Census and should, therefore, be considered as conservative estimates of need.
- This update estimates that 41% of newly forming households will not be able to afford to rent or buy a home within the Ipswich Housing Market Area.
- Currently, there is a backlog of over 4,000 households in need of a suitable and affordable home in the Ipswich HMA.
- The supply of new affordable homes and the reuse of existing stock is not sufficient. To address this shortfall, over 70% of all new homes in the Ipswich HMA currently being planned would need to be affordable.
- The needs are greatest in Ipswich with an annual need for at least 584 more homes to be affordable. Need within Suffolk Coastal is the next greatest at 355, in Mid Suffolk 229 are required and 134 needed in Babergh.

10. The Housing Needs of Specific Household Groups

The purpose of this chapter is to:

- Explore the different housing situations of a wide range of groups not formally considered in previous chapters.
- Identify where possible the nature of any housing problems or needs suffered by the group in question.

It corresponds to Chapter 6 of the Strategic Housing Market Assessment Practice Guidance.

10.1 Introduction

10.1.1 This section looks at particular groups of households to inform how policy makers consider the policy options. The National Planning Policy Framework (NPPF) also recommends that this assessment addresses the “needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes).”¹⁰⁶

10.1.2 The following groups are covered in this update, the last two groups (single males and military personnel) are new additions that were not considered by the original SHMA:

- Black and Minority Ethnic Households (BME);
- Households with Support Needs;
- Older Person Households;
- Families with Children;
- Migrant Workers;
- Students;
- Separated Single Males, and
- Military Personnel

Key Workers

10.1.3 This group was reviewed by the original SHMA but the provision of accommodation for key workers is no longer a national priority. The accommodation needs for households containing one or more key workers are assessed equally with all other households. A previous national initiative promoted the provision of Key Worker accommodation, particularly shared ownership and, until 2008, key workers taking out new leases were subject to clawback clause upon leaving employment. Since April 2008, when this type of clause was no longer used, the linkage between the dwelling and the employment sector has been broken.

¹⁰⁶ DCLG (2012) *National Planning Policy Framework*, para. 159.

10.1.4 Whilst a comparison between earnings of key workers and other public sector employees with others is not straightforward, research by the ONS concluded recently that:

- Outsourcing has shifted many low skilled jobs from public to private sectors;
- Public sector employees tend to be higher-skilled;
- Employees with a degree are likely to earn more in the private sector, and
- Notwithstanding inherent inaccuracies, pay in the public sector is 8.2% more per hour.¹⁰⁷

10.1.5 Owing to the difference in local incomes and house prices, some authorities in London still offer key workers a degree of priority through the First Steps scheme. However, the provision for key worker accommodation is not identified in the draft revised London Housing Strategy.¹⁰⁸

Gypsy and Traveller Accommodation

10.1.6 Gypsy and Traveller households have very different housing needs. Guidance (such as the 2007 SHMA guide and the NPPF¹⁰⁹) and legislation¹¹⁰ recommend and require that the accommodation needs of these communities are considered through separate assessments. A Suffolk-wide review of needs is being commissioned to update the assessment completed in May 2007.

10.2 Black and Minority Ethnic Households (BME)

10.2.1 The historical trends in BME population are covered in Chapter 2. These trends show that the BME population within the Ipswich HMA has doubled in the last ten years, with Ipswich having the largest numbers. In Ipswich, those identifying themselves as Asian or Chinese show the largest growth, while those identifying as Black or Mixed has remained more constant. In the other districts, growth in BME population seems more evenly spread between the different groups. The majority of the BME population is of working age, with some children, and very few pensioners. Those identifying themselves as Mixed have the youngest age profile, with more children than adults of working age.

10.2.2 The BME population is not a homogenous mix and comprises groups with different housing needs. Some of these needs will have a tendency to correlate with ethnicity, such as traditional family size, and some will be cross-cutting. The most detailed source of household composition information is the Census, but given the substantial changes in the BME population over the last ten years, the 2001 Census information is now out of date. As such, the 2011 Census results should be considered in reference to this specific household group once the detailed results are released. Until then, some idea of the housing need within the BME population can be gained by looking at the numbers of social lettings made to BME households.

10.2.3 The figure below shows the number social lets where the household reference person is of BME origin across the Ipswich HMA. This may be an underestimate as it cannot take account of mixed households where the household head is not BME. The number of BME

¹⁰⁷ ONS (2012) *Estimating differences in public and private sector pay - 2012*

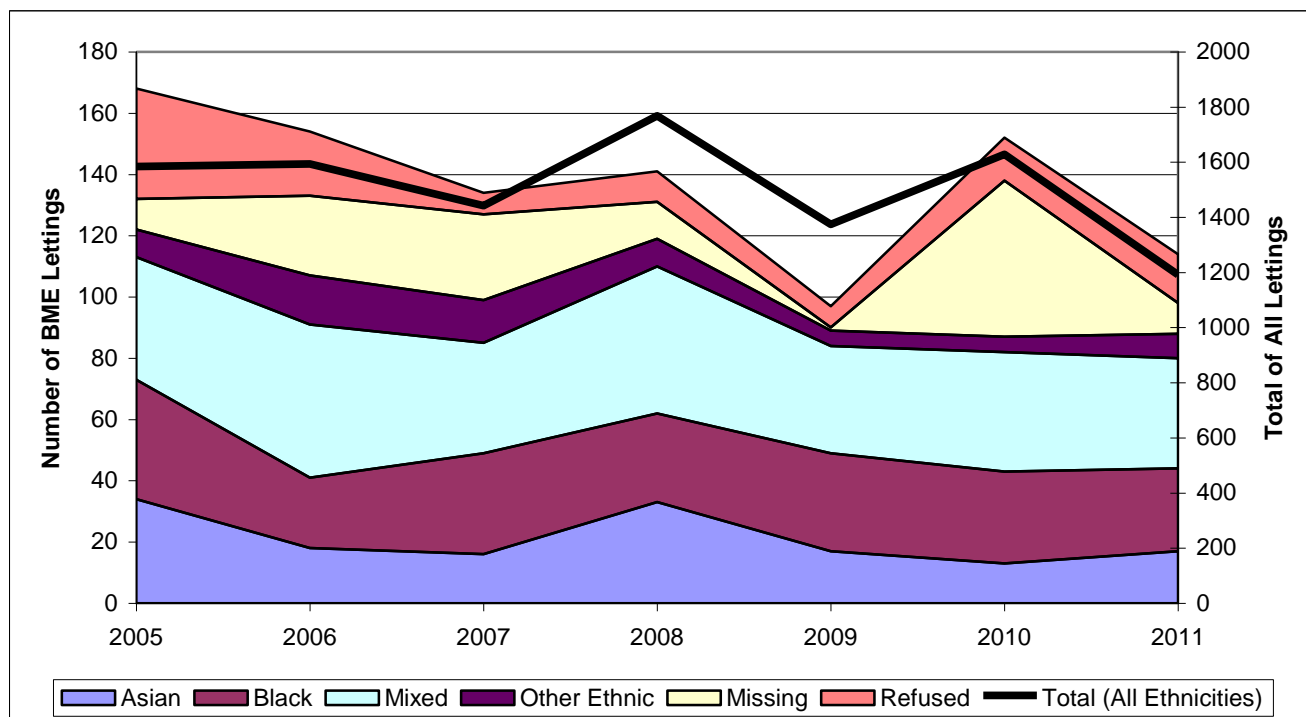
¹⁰⁸ Greater London Authority (2011) *The revised London Housing Strategy*

¹⁰⁹ DCLG – Planning policy for traveller sites, March 2012

¹¹⁰ Gypsy and Traveller Accommodation Needs Assessments required by s.225 of the Housing Act 2004

social renters loosely follows the trends for all lettings, suggesting that the BME proportion within the social rent sector remains fairly consistent over time.

Figure 10.2.3 Ethnicity of social renters, 2005 to 2011. CORE.



10.3 Households with Support Needs

10.3.1 While there will be a higher proportion of older persons requiring support, this section is intended to focus on the needs of households not consisting of older persons (which are considered in the next sub-section). People within this group will have multiple and diverse housing needs and, as such, all support needs cannot be reviewed here. Nevertheless, there are two broad categories of housing need:

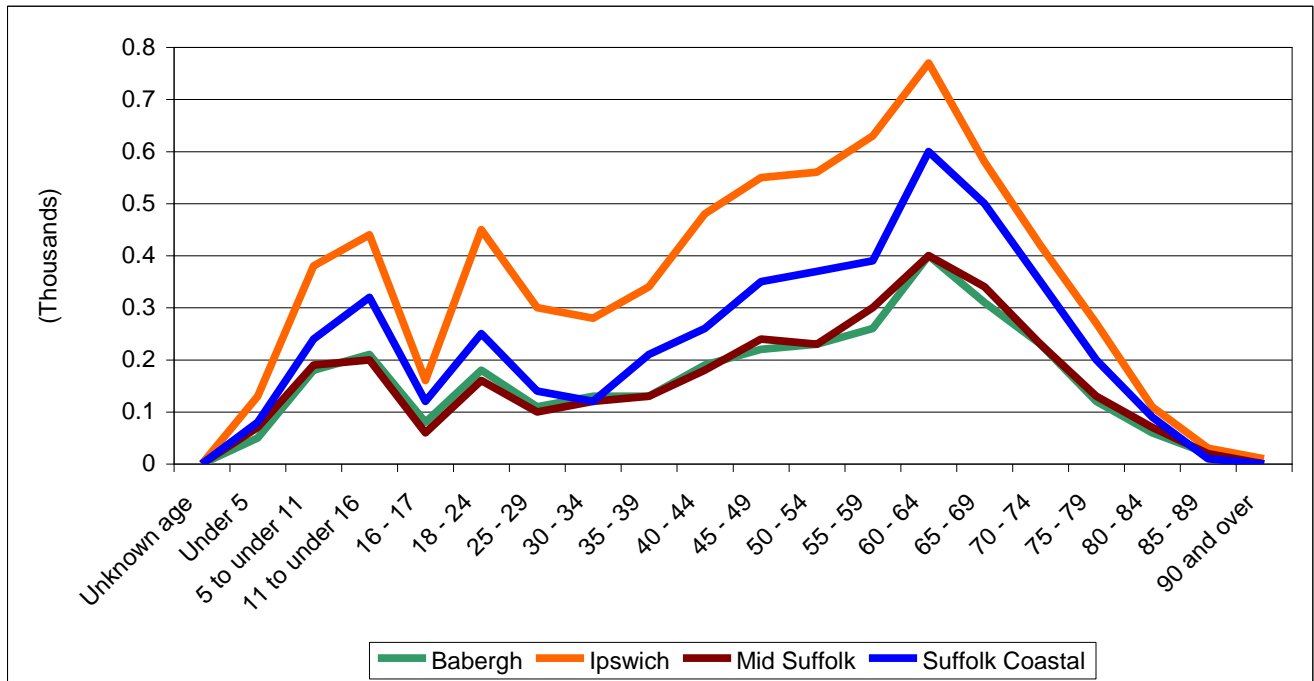
- those households requiring housing with alternative physical specifications (such as disabled and wheelchair access, and those with physical and medical disabilities), and
- those households requiring a specific size or affordability of housing as a result of their support needs.

10.3.2 The figure below shows the number of Disabled Living Allowance (DLA) applications, split by age group and area. Ipswich has the highest number of cases, despite having a population similar to that of Suffolk Coastal. One reason for this could be that the location or type of housing in Ipswich is more suitable for the type of households receiving DLA.

10.3.3 The age profile of DLA cases appears remarkably similar in each of the four districts, with a steady rise between the ages of 5 and 16, a sudden drop between 16 and 18, followed by a sharp return to the numbers pre-16. This is followed by a decrease, and the numbers then increase steadily from age 30 until retirement, at which point they sharply decline again. One reason for the sudden drop between 16 and 18 could be that fewer people who are

eligible for DLA actually apply for it, whether because they are unaware of their eligibility, or are less able to prove or articulate their disability independently. It is unlikely that this drop represents a decrease in the number of people with eligible disabilities and support needs over this age range.

Figure 10.3.3 Number of DLA cases in payment at May 2011. DWP Work and Pensions Longitudinal Study.

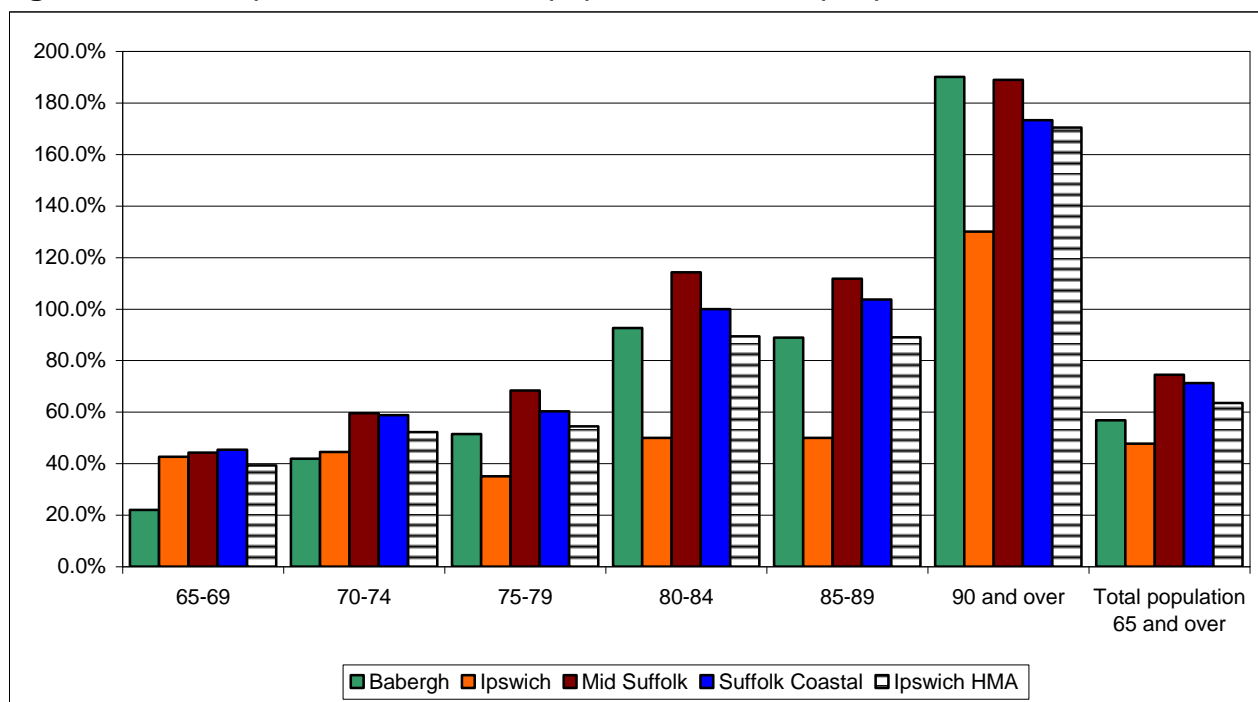


10.4 Older Person Households

10.4.1 Over the next 20 years, the population of older people (aged 65 and over) is expected to increase by 88,600 (63%) in the Ipswich HMA, according to the ONS 2010-based population projections. Combined with a change in policy direction towards the provision of care in the home and increased expectations of older people, this demographic change will add more demand for housing and for homes designed for older people in particular. Whilst there is a lack of comprehensive data, in general, the prevalence of health conditions requiring support for older people remains approximately constant, even though the mix of conditions can vary greatly over time.

10.4.2 The figure below shows the proportional growth in the older person population between 2011 and 2030. The largest increase is in the people aged 90 and over, with growth in Babergh and Mid Suffolk being particularly high. Numerically, the largest increase is in what will be the 80-84 age range at 2031 (11,800 across the Ipswich HMA), reflecting the “baby boom” following the end of World War 2.

Figure 10.4.2 Proportional increase in population of older people 2011-2030. POPPI, ONS



10.4.3 Following the publication of Putting People First in December 2007, significant policy changes have been made reducing reliance on residential and nursing homes, instead facilitating older people to remain in their own homes. There is also an emphasis on specialist accommodation such as modified housing, which provides a cost effective alternative to residential care. In general, this will mean that a greater number of older people will require conventional accommodation for longer.

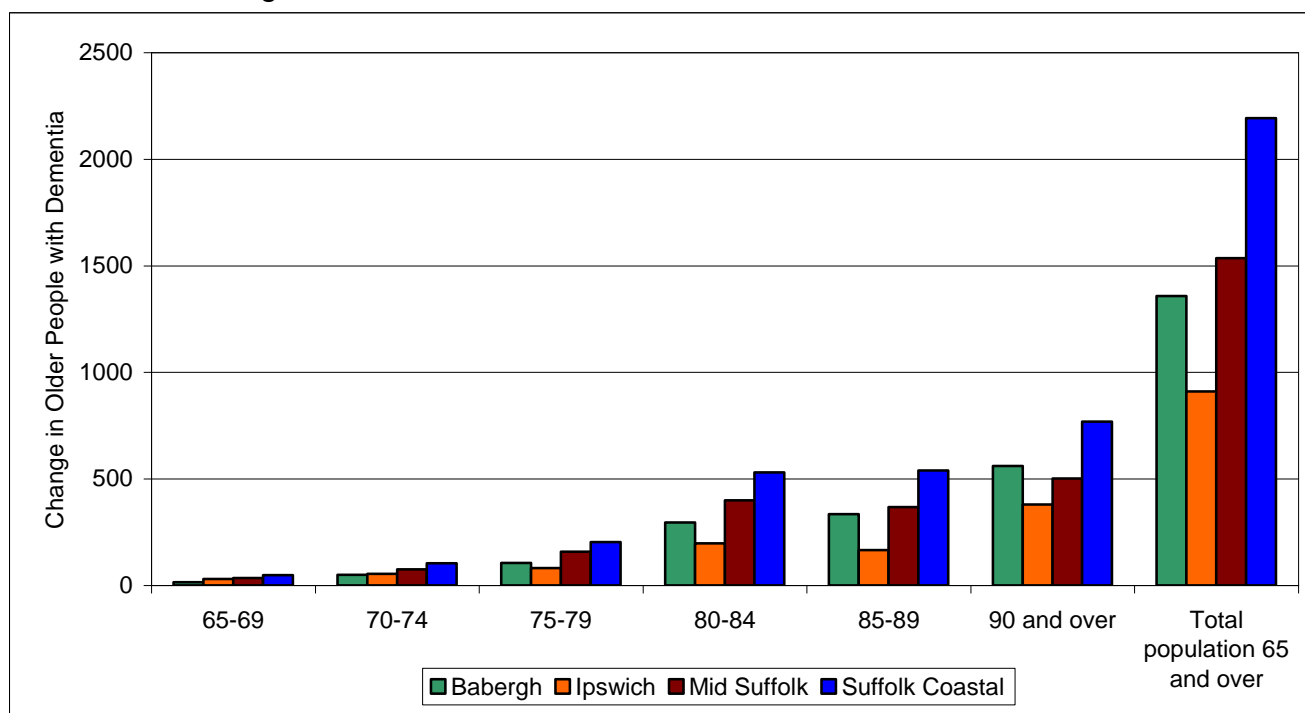
10.4.4 When remaining in conventional accommodation is no longer possible, and specialist accommodation is needed, older people are then also expected to live longer, increasing the amount of time in specialist accommodation. Without an increase in supply, the amount of specialist housing (e.g. leaseholds in retirement schemes and adapted homes) coming up for resale or re-letting will decrease.

10.4.5 Given current policy trends and their impacts on the structure of housing and of care for older people, an examination of past trends in specific types of care and housing would not be effective. However, a general understanding of future needs could be gained by looking at the projections around older peoples' health & support needs, as well as the current stock of housing designed for older people.

Older people with dementia

10.4.6 The figure below shows the projected change in the number of older people with dementia between 2011 and 2030. These projections show that Suffolk Coastal is likely to have the greatest increase in the total number of older people with dementia, while Ipswich, with the youngest population of the four districts, has the smallest.

Figure 10.4.6 Change in number of older people with dementia between 2011 and 2030. ONS, POPPI, using research for Dementia UK.¹¹¹



Older People with Learning Disabilities.

10.4.7 The table below shows the change in the number of older people with learning disabilities between 2011 and 2030. Suffolk Coastal again shows the largest increase, while Ipswich shows the smallest increase, except in the 65 to 74 age group.

Table 10.4.7 Change in older people with learning disabilities between 2011 and 2030. ONS, IHR¹¹²

	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal
65-74	69	93	120	172
75-84	90	64	120	166
85 and over	71	47	73	110
Total	228	204	313	448

Impact of changing policy provision

10.4.8 The table below shows the number of sheltered and very sheltered housing units in the Ipswich HMA compared to the population over 75. The recommended proportions are 12.5% for sheltered and 2.5% for very sheltered housing.¹¹³ The results show that only Ipswich has the recommended proportion of sheltered units and the provision of very sheltered housing is below recommended levels throughout the area.

¹¹¹ A report into the prevalence and cost of dementia prepared by the Personal Social Services Research Unit (PSSRU) at the London School of Economics and the Institute of Psychiatry at King's College London, for the Alzheimer's Society, 2007

¹¹² Eric Emerson and Chris Hatton of the Institute for Health Research, Lancaster University, "Estimating Future Need/Demand for Supports for Adults with Learning Disabilities in England".

¹¹³ DCLG (2008) *More Choice, Greater Voice*, page 45

Table 10.4.8 Sheltered and very sheltered housing stock within the Ipswich HMA 2011.
Local authority data

	Sheltered	Very Sheltered	Proportion of sheltered	Proportion of very sheltered
Babergh	623	129	6.9%	1.4%
Ipswich	1574	181	15.4%	1.8%
Mid Suffolk	845	68	9.2%	0.7%
Suffolk Coastal	1213	156	8.4%	1.1%
Ipswich HMA	4255	534	9.9%	1.2%
Recommended provision			12.5%	2.5%

10.4.9 A review of accommodation for older people¹¹⁴ highlighted that some of the current stock of sheltered housing does not meet customer expectations, mainly because of the nature of the buildings. Future developments of sheltered and very sheltered housing should therefore take account of these changing expectations, to best serve the forecasted need.

10.4.10 With current policy focussed on the facilitation of choice and support for older people to remain independent in their own homes, it is instructive to look at the projected number of people who would otherwise have resided in a care home. The proportion of people requiring this level of care would not be expected to decrease, meaning that the majority of these peoples' needs will have to be met in another setting. These needs could be through increased support services to older people living at home, sheltered housing, and close-care housing schemes.¹¹⁵

10.4.11 The table below shows the projected number of people in Suffolk in residential or nursing care that would be purchased by the local authority. With changes in policy, particularly the introduction of personal budgets, this increase will need to be met through current provision and new suitable accommodation, including within existing dwellings. Suffolk County Council is developing a toolkit to estimate the type of homes that older people might require.

Table 10.4.11 Total number of people aged 65 and over in residential and nursing care during the year, purchased or provided by the Council with Social Services Responsibilities (CASSR). ONS, NASCIS

	2011	2030	Change	% Increase
Suffolk	3,386	5,455	2,069	61.1%
Norfolk & Suffolk	8,519	13,294	4,775	56.1%

10.4.12 The experience of local authorities in the Ipswich HMA indicates that there is some interest in community-led care for older people in various locations, such as dementia care in Debenham.

10.4.13 According to the 2001 Census, there is a trend towards a higher level of under occupancy with older household reference persons. With more people being assisted to remain at home, this trend is likely to increase, with the knock-on effect of decreasing the

¹¹⁴ Suffolk County Council, Accommodation with Support for Older People in Suffolk

¹¹⁵ Close-care housing schemes are individual units (flats, houses, bungalows) that are linked to a care home. This type of house promotes independent living and is particularly suitable to couples and people with deteriorating conditions

throughput of existing dwellings – a more constrained churn within the housing market. Indirectly, this could reduce access to the market for first time buyers, adding to the factors discussed in chapters 4 and 6.

10.4.14 Adaptations and equipment form a major part of services provided to assist older people to remain in their own homes, and also feed in to the aspirations and design criteria around creating Lifetime or Wheelchair Standard Homes. It is envisaged that some of these needs could be accommodated at the build stage in conventional homes, including some low-cost adaptations such as the placement of ground floor showers and toilets, accessible entrances, and plug sockets being at a more accessible height.

10.5 Families with Children

10.5.1 Section 5.1 examines the 2008-based DCLG household projections, which suggest that the number of couple-with-children households is projected to increase by 5% between 2001 and 2031. Households comprising a nuclear family plus one or more adults are projected to decline by a similar amount, implying that the number of families needing large accommodation is likely to remain constant.

10.5.2 Perhaps more relevant to the changes in the needs of families with children is the number of lone parent households, which is projected to more than double between 2001 and 2031. This phenomenon is the most notable feature of these projections and accounts for nearly 20% of the total increase in households nationally, repeating the rate of increase in lone parent households between 1991 and 2001.¹¹⁶

10.5.3 Lone parent households are, proportionately, more likely to live in social housing¹¹⁷, while the Survey of English Housing indicates that a large proportion of these households who live in private rented accommodation receive housing benefit. This implies that, in general, a greater demand for affordable homes will come from lone parent households.

10.6 Migrant Workers

10.6.1 Suffolk County Council's Survey of Migrants (August 2010) conducted a series of interviews targeted to areas with known large migrant worker populations. Of the 400 interviewed, the majority said that they lived in a shared property. The majority of respondents also stated that they rent from a private landlord. Being a survey targeted towards large groups of migrant workers, it would perhaps be expected that these will be at the lower end of the income profile for migrant workers, and hence renting in a shared property is likely to provide the cheapest short term accommodation for their needs. While there is likely to be a high turnover of migrant workers, it is expected that other migrant workers with similar housing needs will replace them. This implies that the private rental market is providing shared accommodation and catering for migrant workers, although whether this encompasses the same sort of properties as would be in demand by newly forming households is not known.

¹¹⁶ Holmans, A and Whitehead, C (2011) *New and Novel Household Projections for England with a 2008 base – summary and review*, TCPA.

¹¹⁷ Hills, J (2007) *Ends and means: The future roles of social housing in England*, page.48

10.7 Students

10.7.1 The original SHMA referred to the 2001 Census, indicating that there were 5,025 students originating from the Ipswich HMA. It also noted national trends and the future proposals at University Campus Suffolk (UCS). Since 2008, UCS - which includes premises in Ipswich, Otley (within Suffolk Coastal), Lowestoft, Great Yarmouth and Bury St. Edmunds – has increased its enrolment by 30% to bring the total number of students up from 4,275 in 2008 to 5,550 in 2011.

National student housing market

10.7.2 The June 2011 Annual Population Survey results record 30% of people within England aged 18-24 as being in full-time education. According to this source, the number of full-time students has grown by 197,000 since 2008, a 15% increase. This is a greater proportionate increase than the population of this age group as a whole, which grew by 3%. The Higher Education Statistics Agency, an alternative source, recorded a 13% increase in full-time students over this period (2007/08-2010/11). This growth follows the long-term trend reported in the original SHMA.

10.7.3 The original SHMA made reference to research commissioned by the Joseph Rowntree Foundation (JRF) in 2000 that analysed the impact of student accommodation on housing markets.¹¹⁸ JRF has not published further updates to this but further research, also commissioned by JRF, recorded that “a large proportion of full-time students aged 18 and older were living in the parental home (37.8 per cent)”,¹¹⁹ and that this group has “very low housing costs relative to other groups of students and non-students” of the same age.¹²⁰

10.7.4 The private rented sector has a role in the provision of accommodation for students. This sector has grown with the number of students but the “growth in student accommodation, and its concentration in certain areas of university towns [...] presents challenges to the creation of sustainable mixed communities; it has also in some places resulted in pre-existing communities suffering anti-social behaviour.”¹²¹ With regard to affordability, the former National Housing and Planning Advice Unit concluded that “areas with large student populations also attract a price premium, although this will often be due to demand from investors within the buy to let market”.¹²²

10.7.5 The future for growth within the student housing market, particularly those associated with lower status institutions, is uncertain owing to factors such as: the increases to tuition fees, changes to the funding of higher education and the introduction of immigration controls on students.¹²³ However, research commissioned by the Department for Business, Innovation and Skills, comparing the reforms in 1998 (the replacement of grants with loans) and in 2006 (introduction of deferred fees), did not find a significant impact of these reforms to participation in higher education. The findings do suggest a small negative impact on

¹¹⁸ Rugg et al. (2000) *The nature and impact of student demand on housing markets*. JRF, York

¹¹⁹ Rhodes (2006) *The Modern Private Rented Sector*. JRF, York. Page 66.

¹²⁰ Heath (2008) *Housing choices and issues for young people in the UK*. JRF, York. Page 13

¹²¹ Communities and Local Government Committee (2008) *Eight Report of Session 2007-08: Supply of Rented Housing*, HC457-I, para. 179.

¹²² Bramley et al. (2010) *The implications of Housing Type/Size Mix and Density for the Affordability and Viability of New Housing Supply*, NHPAU, Fareham. Page 17.

¹²³ Savills (L&P) (2011) *Spotlight on Student Housing* and GVA Grimley (2011) *Student Housing Market Overview*

participation among high income groups from the loss of grants, while the package of reforms introduced in 2006 had no impact on participation for any of the groups.¹²⁴

Student housing within the Ipswich Housing Market

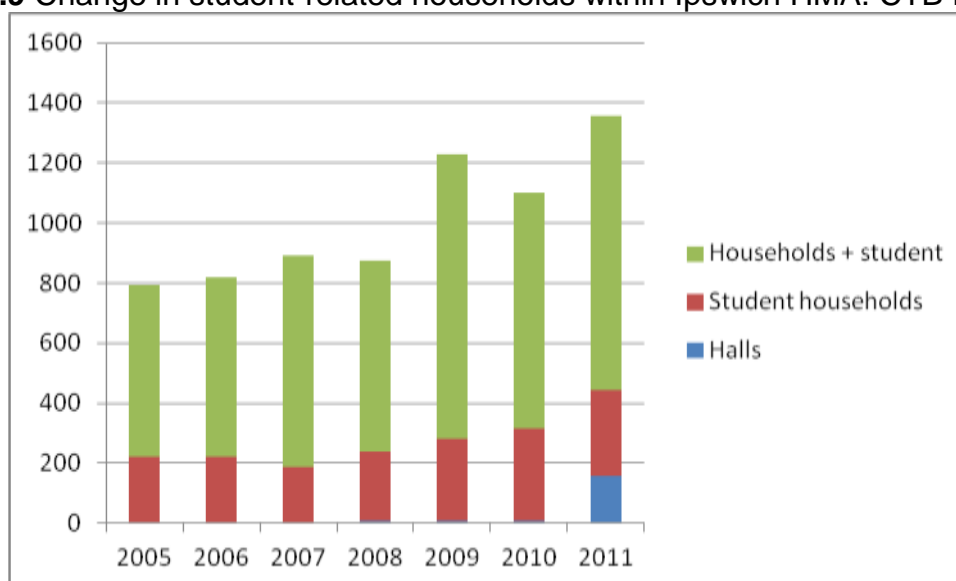
10.7.6 The 2008 SHMA noted that UCS was looking to provide up to 3,000 student bed spaces by 2010/11; most of the residual (another 3,000 students) not in halls of residence will be accommodated in the private rented sector.

10.7.7 One source of information on student households is the Council Tax Base and, whilst this does not equate to the number of students, it does provide an indication of how students affect the local housing market. The Council Tax Base is based on exemptions and discounts that are applied to full-time students and separate student households into those within halls of residence, student-only households and households with students.

10.7.8 The number of halls of residence households is not the same as the number of places available (the case of the newly completed Athena Hall in Ipswich is a good example and is described below). Equally, student-only households may contain two or more students; the average in 2001 was 4.4 people within a student household.¹²⁵ Households with students may contain two or more students living in the parental home or within another household.

10.7.9 The figure below shows the increase in student-related households, including households containing students (e.g. a student living with his or her family).

Figure 10.7.9 Change in student-related households within Ipswich HMA. CTB Returns



¹²⁴ Dearden et al. (2010) *BIS Research Paper 11: The Impact of Higher Education Finance on University Participation in the UK*, BIS, London. Pages 29-30

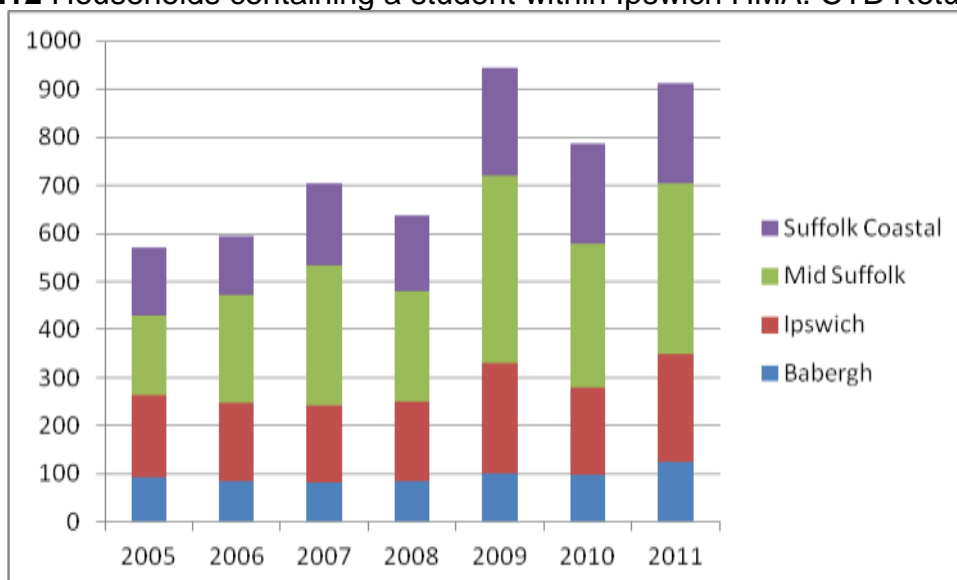
¹²⁵ 2001 Census

10.7.10 There has been an increase of over 480 households since 2008 and 54% of this increase came from growth in Ipswich. Of note is the introduction of 151 Halls of Residence which is solely the new Athena Hall near UCS's Ipswich Campus. This provides 589 rooms for students (equivalent to four students as one household). A further 1,149 bed spaces have been permitted and are awaiting completion.¹²⁶ This is equivalent to 260 households at 4.4 students per dwelling. Whilst the number of student-only households fell by 15 in 2011 to 193, this is a small (7%) decrease compared to the introduction of Athena Hall.

10.7.11 Assuming the number of students within households containing students is one (a conservative estimate) and the number in student-only households is 4.4, the total estimated number of full-time students living within Ipswich in 2011 is estimated to be 1,660. The detailed results from the 2011 Census will provide a more accurate figure.

10.7.12 Also of note is the growth in the number of households with students. Mid Suffolk, in particular, has had a substantial increase since 2008 - from 229 to 355 in 2011 (an increase of 55%). This increase is large but may be the product of a number of factors including: the growth in students, demographic changes (younger families now maturing) or even from more households claiming the discount.

Figure 10.7.12 Households containing a student within Ipswich HMA. CTB Returns



10.7.13 The difference between Babergh and Mid Suffolk is also notable. Babergh has around 45 student-only households but Mid Suffolk has none, however, Mid Suffolk has nearly twice the number of households with students even though it has only 9% more households than Babergh.

10.7.14 Within the Ipswich HMA, the number of student-related households has increased, notably through the construction of Ipswich's first Halls of Residence and through increases in the number of households containing students. Whilst there is some variation within the latter, the trend (taking a three-year average) has seen a 43% increase in such households since 2008.

¹²⁶ Ipswich Borough Council (2011) Housing Land Availability (as at 1 April 2011), table 3a.

10.7.15 With the commencement of the new fee regime in 2012, as well as other reforms including immigration, the impact to enrolment should be monitored and linked more closely to households from an analysis of the 2011 Census. One possible change is that the number of student-only households may decrease with fewer moving to a University and more students staying in the parental home.

10.8 Separated Single Men

10.8.1 This group was not part of the original SHMA and the 2009 update. However, during the scoping process for this update, this group was identified as one on which to report and monitor because of a distinct and potentially growing housing need. Whilst women are more likely to have main caring responsibilities for children when relationships break down, men still provide parental care and need an additional bedroom for example.

10.8.2 The main source of statistical information is Annual Population Survey (incorporating the Labour Force Survey) but analysis for households is also now available through DCLG's Household projections. Divorces are recorded by the Ministry of Justice but separations are not recorded.

10.8.3 Whilst the number of divorces fell steadily between 2003 and 2009, the rate increased by 4.9% in 2010. A decrease in marriages is a likely consequence of the increasing number of couples choosing to cohabit rather than enter into marriage. The greatest rates of divorces are typically for those aged either 25 to 29 or 30 to 34. Half of divorcing couples have at least one child under 16.¹²⁷

10.8.4 DCLG's Household Projections estimate that there were just over 18,000 males in the Ipswich HMA in 2010 that were separated and that the number is projected to increase to 23,500 by 2031, an increase of 29%. (These projections do not include people previously cohabiting (not married) who are now separated.) The number of separated females is also projected to increase but, by 20% over the same period.

10.8.5 The latest results from the Labour Force Survey (which will be included in later additions of the Household Projections) show that the trend for males to live in single households is maintaining the number of single person households. Whilst the proportion of single person households increased slightly between 2001 and 2011 (28.6% - 29.4%), the proportion of males has increased from 12.2% to 13.7% whereas the proportion of female single households has fallen.¹²⁸ Most (73%) of this increase in single male households has been those aged 45-64.

10.9 Military Personnel

10.9.1 Wattisham Airfield, which straddles the Babergh and Mid Suffolk Districts, is the base for nearly 2,500 people, most of which (1,800) are Services Personnel from the Army Air Corps (AAC), the Royal Electrical and Mechanical Engineers (REME), or RAF Search and Rescue (2 regiments and a battalion).

¹²⁷ ONS (2011) *Divorces in England and Wales 2010*

¹²⁸ ONS (2012) Labour Force Survey

10.9.2 Approximately 650 civilians (580 contractors, 67 civil servants) work at the base supporting the squadrons based there, some of which are short-term, highly skilled contractors. The influx of contractors has been the most significant change. Most of the service personnel at Wattisham are young and are posted for 3 years.

10.9.3 An Engineer Regiment is stationed at Woodbridge, which is also a ministry training facility. Living accommodation for junior, Sergeant and Officer ranks is available in Rocks Barracks.

10.9.4 The Ministry of Defence (MoD) provides living accommodation through its Defence Infrastructure Organisation according to the needs of the household associated with the serving individual. Service personnel who are married, in a civil partnership or who have permanent custody of children, are entitled to Service Family Accommodation (SFA).

10.9.5 The allocation of SFA depends on rank and household size for ranks other than Officers. The rent depends on the type of accommodation, the distance from the base and, in the case of Wattisham and Woodbridge, the degree of isolation from facilities. Wattisham has 289 SFA next to the base, 204 in Hadleigh and 46 at Thorington within the Pinewood Estate, Ipswich. These are largely Grades 3 and 4 with some grade 1 in Hadleigh.

10.9.6 Single Service Personnel are accommodated within a Mess or similar, or outside the base in properties rented (at reduced rate) from the private sector. Wattisham does not have enough single service accommodation at present and 95 homes are currently rented within Ipswich.

10.9.7 Service Personnel are able to purchase their own homes but will be provided with their own accommodation where they are stationed. Most personnel are posted to bases for years and will travel widely whether training or on operations. The other bases associated with the AAC are York, Germany, Middle Wallop, Cypress and Belize.

10.9.8 Upon discharge, most service personnel tend to return to his or her home location. With regulatory changes¹²⁹ and statutory guidance, local authorities are obliged to afford priority to former Armed Forces personnel, including bereaved families and injured Reserved Forces in allocating social housing.¹³⁰ There are a large number of Commonwealth Service Personnel within the Armed Forces. However, only some are eligible for accommodation in the UK upon discharge. The 2010 Strategic Defence and Security Review (SDSR), which identified a reduction of 17,000 service personnel by 2015, is being implemented, which may increase the number requiring an affordable home.

10.9.9 The MoD will be redeploying squadrons from Germany by 2020. This will, therefore, include all service and civilian personnel and their families. The availability of supporting infrastructure, including housing, affects where the MoD directs the redeployment.

¹²⁹ The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012 (SI 2012/1869) will come into force on 24 August 2012. When in force, draft regulations (Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012) will provide that “additional preference” should be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories

¹³⁰ DCLG (2012) Allocation of accommodation: guidance for local housing authorities in England, para. 3.18 & 4.14

10.9.10 At present, there are no plans to redeploy significant numbers of personnel to or from Wattisham or Woodbridge. The staffing structure is likely to remain constant for the foreseeable future.

CONCLUSIONS

- The number of Black and Minority Ethnic Households appears to follow the trends for all lettings, suggesting that the BME proportion within the social rent sector remains fairly consistent.
- Over the next 20 years, the population of older people (aged 65 and over) is expected to increase by 88,600 (63%). The provision of suitable accommodation to meet the needs of an aging population is a vital part of the planning process.
- When looking at the provision of homes for older people, the Local and Neighbourhood Planning process could be used to support and take advantage of community interest and involvement.
- With more people being assisted to remain at home, the trend for larger homes to be under-occupied is likely to increase. This could have a knock-on effect of constraining the supply of homes. At the same time, older people will expect more choice on the type, quality and location of accommodation. A better understanding of what these expectations might be is required to inform actions that promote “down-sizing” and the development of Local and Neighbourhood Plans.
- There has been a 43% increase in households containing students in the Ipswich HMA since 2008. Part of the increase is through the completion of Ipswich’s new halls of residence – Athena Hall – and through an increasing number within existing households, such as the parental home.
- With a new fee regime, as well as other reforms including immigration, the impact to enrolment of students should be monitored and linked more closely to households from an analysis of the 2011 Census. One possible change is that the number of student-only households may decrease with fewer young people moving to a University and more students staying in the parental home.
- There is a growing trend for males to live in single households following relationship breakdowns, whilst having a low priority for affordable housing, many still have parental duties which influences the size and type of housing that these households require.
- Upon discharge, most service personnel tend to return to his or her home location. Some returning personnel may have already purchased a home and are able to use this capital to meet their needs. Those that need an affordable home will be afforded priority and, alongside the Strategic Defence and Security Review, this is likely to increase the overall demand affordable homes and should be monitored.

11. Current Policy and Trends in Housing

The purpose of this chapter is to:

- Review local planning policies on housing and employment growth that have informed this update of the Strategic Housing Market Assessment.

11.1 Introduction

11.1.1 Chapter four sets out the strategic policy for this update and it is not repeated here. However, this section contains a review of the current local planning policy in the Ipswich HMA including adopted and emerging Local Plans.

11.2 Local Development Frameworks

11.2.1 This section updates the current position, focusing on the most relevant components of local planning documents - the total and annualised housing employment allocations, as well as the proportion of affordable homes that are expected to be provided with new residential development. The expected level of employment growth is also relevant and reported here.

11.2.2 The Government has retained the system of local forward plan preparation known as Local Development Frameworks. These comprise a Core Strategy (which sets out the broad and strategic issues), site allocations, development management policies (standards that development must adhere), and more detailed plans and policies - such as a strategy for a particular area (Area Action Plans) or topic (e.g. Gypsy and Traveller sites). Whilst this system was introduced in 2004, some authorities – such as Babergh and Suffolk Coastal – were preparing and adopted plans under the previous system (Local Plans); these types of plans remain as statutory plans for the time being.

Babergh

Housing Growth

11.2.3 In November 2011, the District Council published a draft of its Core Strategy that it intends to submit for independent examination in public. This draft document anticipates 5,975 new homes being built in the district between 2011 and 2031, an annual rate equivalent to 300 dwellings per annum. Most (58%) will be through existing commitments (allocated land, sites with planning permission or sites where the principle of development has been established) or windfall development.

Affordable Homes

11.2.4 The Core Strategy continues Babergh's adopted Local Plan policy of seeking 35% of new homes to be affordable. However, the Core Strategy seeks to lower the size of development to which this proportion applies. The Local Plan currently applies to

developments of 15 dwellings or more in the larger towns and villages and to all sizes in other villages. In its draft Core Strategy, the Council is seeking to apply this to all developments – which includes appropriate commuted payments.

Employment Growth

11.2.5 The anticipated level of growth in employment is based on the East of England Forecasting Model, reinforced by previous studies cross-border initiatives such as through the Have Gateway Partnership. The draft Core Strategy includes an indicative figure of 9,700 new jobs between 2011 and 2031.

Ipswich

Housing Growth

11.2.6 The Borough Council adopted its Core Strategy in December 2011. The Core Strategy provides for 11,932 new homes to be completed in the Borough between 2010 and 2027, an annual rate equivalent to 702 dwellings per annum. Most (69%) will be through new land allocations, with new homes built on the northern fringe later in the Strategy's time period (2021-2027).

Affordable Homes

11.2.7 The Core Strategy distinguishes between the size of sites for the expected proportion of affordable homes to be provided - sites over 15 dwellings at 35% and 10-14 at 20%.

Employment Growth

11.2.8 The anticipated level of growth in employment is based on that forecast in the East of England Plan (30,000 jobs between 2001-2021), reinforced by previous studies cross-border initiatives such as through the Haven Gateway Partnership. The Core Strategy expects that 18,000 new jobs are formed between 2001 and 2025 across the Ipswich Policy Area (which includes parts of Babergh, Mid Suffolk, and Suffolk Coastal Districts).

Mid Suffolk

Housing Growth

11.2.9 A Core Strategy for Mid Suffolk was adopted by the Council in 2008. This provided for 7,268 new homes to be built between 2007 and 2025, an annual rate equivalent to 404 dwellings per annum. Most (71%) of the new homes will be through existing commitments but 2,132 homes (29%) will be needed through new allocations. The Council is currently progressing with formal revisions to the Core Strategy that seek to increase total new allocations to 2,625 between 2010-2025, bring the 2007-2025 total to 7761, or 431 homes per annum.

Affordable Homes

11.2.10 The Council's policy for the provision of affordable homes of up to 35% was based on a 2006 revision to its Local Plan. This policy applies to larger (15 or more homes) sites in Stowmarket and Needham Market, developments of five or more in the remaining parts of Mid Suffolk.

Employment Growth

11.2.11 Employment growth policies were based on the East of England Plan (6,000 jobs between 2001 and 2021) but the current draft amendment is based on growth in the East of England Forecasting Model of 11,100 jobs between 2010 and 2031.

Suffolk Coastal

Housing Growth

11.2.12 Suffolk Coastal's draft Core Strategy proposes an increase of 7,590 homes between 2010 and 2027, and annual rate equivalent to 446 dwellings per annum. Most (69%) will be through new land allocations, 40% of which would be to the East of Ipswich.

Affordable Homes

11.2.13 The Council uses a Local Plan policy adopted in 2006 that seeks a third of new homes to be affordable. This policy applies to developments of three or more homes in villages or six or more homes in towns. The draft Core Strategy includes the same requirements.

Employment Growth

11.2.14 The draft Core Strategy follows the indicative jobs-growth forecast contained in the East of England Plan – 30,000 jobs between 2001-2021 spread between Babergh, Ipswich and Suffolk Coastal. Taking exiting commitments into account, the Core Strategy proposes an additional 8.5 hectares will be required some of which will be provided in the East Ipswich area.

12. Major Themes, Drivers and Challenges

The purpose of this chapter is to:

- Review the outputs of the update according to the National Planning Policy Framework;
- Highlight the main influences on housing including the need for affordable homes, and
- Identify the risks and challenges.

12.1 National Planning Policy Framework

12.1.1 This document sets out the Government’s planning policies as well as what a SHMA needs to address in order to support the adoption of local plans by local authorities. Following the NPPF, a SHMA should “identify the scale and mix of housing and the range of tenures that the local population is likely to need”.¹³¹ This is required to inform how Local Plans “identify the size, type, tenure and range of housing that is required in particular locations”.¹³²

12.1.2 The National Planning Policy Framework (NPPF) also recommends that this assessment addresses the “needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes)”.¹³³

12.1.3 Previous chapters have reviewed the current projected scale of household growth up to 2031. Following the core outputs identified in the 2007 Guide, the original SHMA reported on the demand for different types of social housing (table 9.20) rather than all homes. However, in order to support local authorities, this update has estimated the potential demand for different sizes and types of homes by 2031 based on estimates of the stock and the projected split in household types.

12.1.4 The data on the type of households from 2008-based projections can be linked to the choice of tenure in the same way as size and type of home. Economic factors, however, have a much greater influence on tenure choice than the circumstances of the household.¹³⁴ Forming an approach (and then a model) incorporating the complex mixture of economic and behavioural factors affecting tenure is beyond the scope of this update. Furthermore, the impact of the proposed changes to the benefit system will add to the uncertainties about how the private rented sector adjusts to meet housing needs.¹³⁵

12.1.5 Data on the future household types is taken from the 2008-based DCLG household projections. Whilst neither the 2010-base population nor the 2011 Census are included, the underlying trends of smaller households, more lone-parent households and an aging population should provide a base to approximate the type of household and the size of home

¹³¹ DCLG (2012) *National Planning Policy Framework*, para. 159

¹³² DCLG (2012) *National Planning Policy Framework*, para. 50

¹³³ DCLG (2012) *National Planning Policy Framework*, para. 159.

¹³⁴ Bramley et al. (2010) *Estimating housing need*, para. 5.15

¹³⁵ Bramley et al. (2010) *Estimating housing need*, para. 5.54

required. However, the results provide an indication of what demand future households may make on the housing stock rather than a certain number of different types and sizes of homes that need to be built, most of which would be provided by the market.

Size of homes

12.1.6 The size of homes is often measured by the number of bedrooms rather than the area relative to the household size. Most homes are marketed and monitored by the number of bedrooms available although the 2001 census recorded the number of rooms (see sections 6.6 & 6.7).

12.1.7 The estimated stock by size (number of bedrooms) is set out in table 6.7.3. The 2001 census provides data on the number of rooms by the number of people in the household for each district. This provides the basis for linking the 2008-base household projections to the size of homes that might be demanded. This is not the same as need, which would be the apportionment of the size of home by the need of the household with no allowance for “under-occupation”, but an approximation of what size of homes might be occupied by different households based on the pattern in 2001. This approach does not reflect any change owing to different lifestyles (such as the use of rooms as study), demographic change, or the influence of higher house prices for example.

12.1.8 Using Mid Suffolk as an example, 45% of two-person households lived in homes with five or six rooms (a 3-bed home) in 2001. This proportion has been applied to the number of two-people households projected to live in Mid Suffolk in 2031 by the 2008-base household projections to give an estimate of potential demand.

12.1.9 The change in stock required to meet this projected demand is the difference between the estimated 2011 stock and the 2031 demand. An adjustment has been made to avoid unsuitable accommodation by household size e.g. four and five person households have a minimum of three bedrooms (the proportion living in homes with four or fewer rooms added to the proportion living in homes with five rooms).

Table 12.1.9 Estimated proportionate demand for new housing stock by bedroom size by local authority in 2031.

	Change to 2031			
	1 Bed	2 Bed	3 Bed	4+
Babergh	18.4%	29.0%	46.4%	6.2%
Ipswich	23.6%	6.0%	63.2%	7.3%
Mid Suffolk	13.8%	24.5%	43.1%	18.5%
Suffolk Coastal	14.6%	22.8%	46.6%	16.0%
Ipswich HMA	17.9%	18.3%	51.4%	12.4%

12.1.10 Table 12.1.9 shows that, to meet the potential demand from households, most newly-built stock would be three bedrooms but, within Ipswich, one-bed properties would be the next most required home. Whilst these figures provide an indication of the size of home, the source data (such as the 2008-base household projections) will need updating when further data is available.

12.1.11 The aging of the population affects demand for different sizes of homes, particularly smaller homes. However, as the 2001 census shows, there is not a neat fit

between the size of household and the size of home; a smaller property is not the only reason for moving or living in a particular area. The English Housing Survey provides some useful information for the reasons why people of different ages and households of different sizes move. Eighteen per cent of older households (Household Reference Person aged 55 or over) “moved to a smaller or cheaper property compared with 4% of those aged 16-34 and 5% of the aged 35-54”.¹³⁶

Type of homes

12.1.12 Using a similar process to the size of home above, and based on the stock estimate in section 6.6 as well as the 2008-based household projections, an estimate of the future need for flats and houses can be made. The 2001 census recorded the type of home (houses and flats) by the type of household, such as single people or couples with children. The proportions of households by type of home and household for each district is used to disaggregate the potential demand for houses and flats from the total number of each household type from the 2008-base household projections. The total estimated stock in 2011 is subtracted from the stock that would potentially be demanded in 2031 to give the overall required change in stock.

12.1.13 The table below shows the estimated split between houses and flats for each area using the above approach. The most notable feature is the contraction in flats (and subsequent expansion of houses) in Mid Suffolk. This appears to be the product of:

- the overall growth of homes being split using the ratio of houses/flats from the East of England (which might be more flats than built over this period);
- relatively low projected growth in single person households in Mid Suffolk to 2031 (33% of all households compared to 41% for the wider Ipswich HMA), and
- a lower proportion of single persons living in flats in 2001 than other areas (12% compared to 15% for Babergh).

12.1.14 Combined, these three factors result in a potential demand for flats lower than what might have already been built by 2011. If, for example, the proportion of single persons living in flats in 2001 were the same as in Babergh, the resultant split of new homes in 2031 would be 96% houses and 4% flats. If 90% of new homes were built as houses between 2001 and 2011, the resultant split for 2031 would be 95% houses and 5% flats. This demonstrates the sensitivity of modelling the potential demand for house types to changes in stock and the importance of having accurate inputs.

12.1.15 Another interesting feature is the continuation of potential demand for flats in Ipswich even though a large addition to this stock has occurred since 2001. Whilst the estimated stock in 2011 might be reasonably accurate, the projection to 2031 stems from the 2008-based population projections. However, even if there were 10% fewer single person households projected for 2031, there would still be a potential demand for flatted accommodation resulting in a split for new homes of 93% houses and 7% flats.

¹³⁶ DCLG (2011) *English Housing Survey: Household Report 2009*, para. 4.50

Table 12.1.14 Estimated demand for new housing stock by type of home (houses and flats) by local authority in 2031.

	House or Bungalow	Flat, maisonette or apartment
Babergh	91%	9%
Ipswich	88%	12%
Mid Suffolk	101%	-1%
Suffolk Coastal	90%	10%
Ipswich HMA	92%	8%

12.1.16 An alternative approach would be to use more recent national figures (such as those from the English Housing Survey) to estimate the household characteristics by type of home. Whilst using more up-to-date information, this approach would use data that has been influenced by the characteristics in other areas, notably London, and would not identify more localised characteristics such as the role of flatted accommodation for pensioners in Suffolk Coastal.

Tenure of homes

12.1.17 Chapter 9 provides a detailed account of the annual number of affordable homes that are needed each year, and the current role the private rented sector has in supporting those receiving housing benefits. The future trends in tenure will be influenced by the supply of homes generally, regulation and government policies and the demographic characteristics of the population. Changes to tenure are more complex to predict and, therefore, this section only reviews the major themes.

12.1.18 The age of people in households within a given area affects the demand for different tenures. A notable national change has been for younger households to rent privately. The English Housing Survey notes that:

“in 1981, 36% of 16-24 year old HRP’s were social renters with equal proportions (32%) in each of owner occupation and private renting. In 2009-10, only 14% of this group were owner occupiers, 23% were social renters while the proportion renting privately had almost doubled to 62%.”¹³⁷

12.1.19 With worsening affordability, this trend will continue because “affordability problems will normally increase demand in the private rented sector”.¹³⁸ As noted in Chapter 7, the affordability for entry-level homes has improved with the decline in prices. Further declines in the short-term are possible but are by no means certain. Based on past trends over the last ten years, purchase prices are likely to increase more than wages, worsening affordability and increasing the proportion of new households renting privately.

12.1.20 One interesting result from the housing need model produced by Professor Bramley and others for the previous administration was that, even with an average annual addition of 175,100 private and 16,800 social homes in England, affordability worsened, the proportion of owner-occupiers fell and the proportion renting privately increased to 16.5% by

¹³⁷ DCLG (2011) *English Housing Survey: Household Report*, para. 1.11.

¹³⁸ NHAPU (2008) *Impact of worsening affordability on demand for social and affordable housing: tenure choice and household formation*, para. 20

2019.¹³⁹ By way of comparison, since 1991, 122,000 private and 22,500 social homes have been built each year.¹⁴⁰

12.1.21 The most significant feature of household projections is the extent of the growth in older households – the needs of which are reviewed further in chapter 10. Currently, older households are much more likely to own their homes outright (71%) but HRP's aged 65 and over account for a significant (29%) proportion of households in the social rented sector.¹⁴¹ Therefore, based on existing patterns, the owner occupied and the social rented sectors are the most likely tenures to grow as a result of this demographic change.

12.1.22 As noted in Chapter 10, this pattern may change with the prevailing policies, particularly public financing of care home charges. However, with more people living longer and more active lives, a greater proportion of older person households are likely to be owner-occupiers given that 74% of HRP's aged between 45-54 are currently owner-occupiers.

12.1.23 The 2008-based household projections published by DCLG suggest a large growth in the number and proportion of single parent households by 2026, equivalent to the same annual average increase between 1981 and 2001.¹⁴² And, as noted in Chapter 5, this would increase the demand for social rented homes over and above the increase if renting and buying become less affordable.

12.1.24 Considering the above, there will be growth in the number of homes secured through all tenancies. However, if there is not a fall in house prices relative to income (improving affordability), the proportion of owner-occupied homes is more likely to fall relative to other tenancies as households form in, or move to, the private and social rented sectors.

Low Cost Home Ownership

12.1.25 Low cost home ownership comprises shared ownership and shared equity schemes. Shared equity schemes tend to be aimed at households with higher incomes than shared ownership schemes, the later being the focus of this section. Shared ownership schemes are aimed at helping people in housing need; who are unable to afford to purchase a property in the open market.¹⁴³ The critical element is that the household is in housing need, a similar requirement is set out in the NPPF which refers to “needs are not met by the market”.¹⁴⁴

12.1.26 Some household's needs will be met by the market through the private rented sector and, given the small difference between the cost of entry-level rent and ownership in Ipswich (as shown in 7.11.2), the role for this housing product is much more limited than in areas where the gap between renting and buying is greater.

¹³⁹ Bramley et al (2010) *Estimating Housing Need*, DCLG

¹⁴⁰ DCLG Live table 209

¹⁴¹ DCLG (2011) *English Housing Survey: Household Report*, para. 1.10

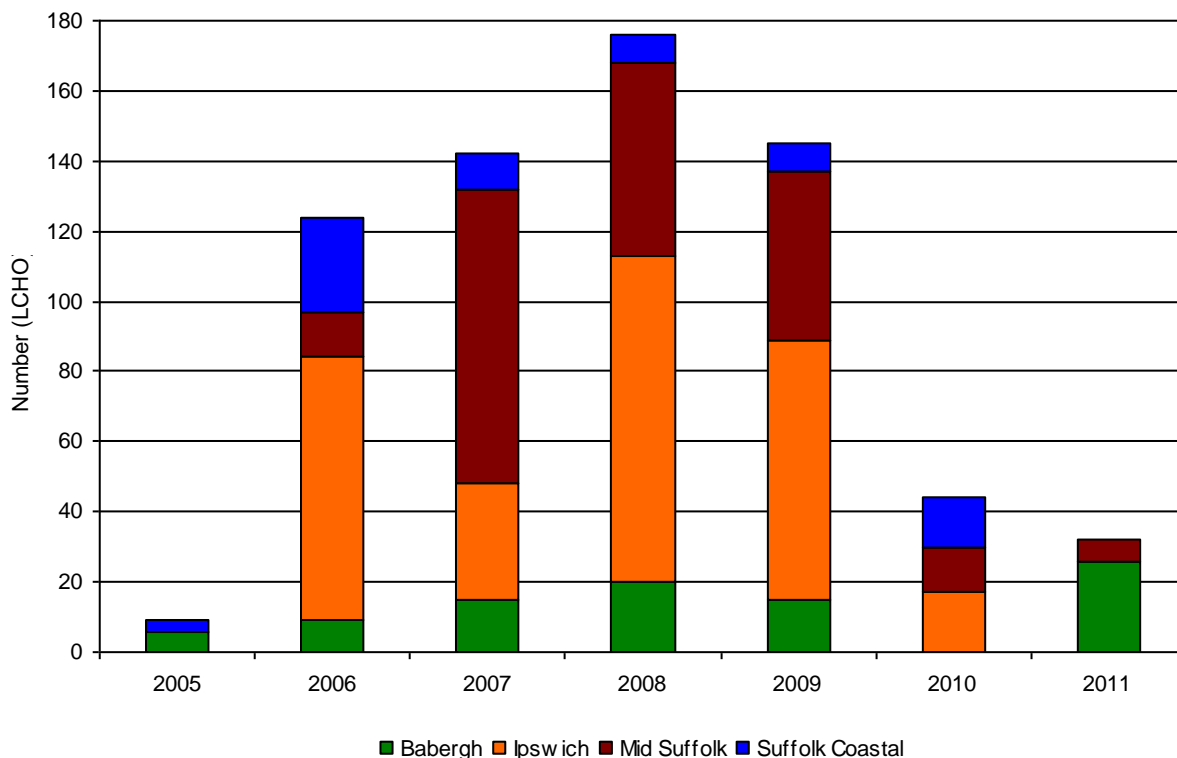
¹⁴² Holmes, A & Whitehead, C (2011) *New and novel household projections for England with a 2008 base – summary and review*, TCPA, page 15

¹⁴³ HCA (2012) *Affordable Housing Capital Funding Guide 2012-13*, para. 1.3.2

¹⁴⁴ DCLG (2012) *National Planning Policy Framework*, Annex 2.

12.1.27 According to the CORE database, there were only 469 low-cost homes sold in the Ipswich HMA between 2005 and 2011, equivalent to 78 each year. Over this period, the supply of low-cost home ownership dwellings accounted for 26% of all affordable homes being completed in the Ipswich HMA.

Figure 12.1.25 Low-cost home ownership dwellings completed 2005-2011. HSSA.



12.1.28 The average household income of those purchasing through shared ownership within the Ipswich HMA was £20,800 in 2010 and 2011,¹⁴⁵ which is similar to the minimum income required to purchase a 50% share of a home with a market value of £106,000 (the lower quartile price of properties in Ipswich in 2011).¹⁴⁶ This is also similar to the weekly income needed (£419) to rent a 2-bed home in Ipswich. The number of households able to afford a low-cost home ownership product (£400 gross weekly earnings) but not rent is small, around 70, or 2.7% of new households – based on the formation rates in Chapter 9.

12.1.29 This is a very broad assessment of the demand for shared ownership homes based on current policy, average needs and is not based on purchase prices. The level of demand for shared ownership homes would be greater if policies sought to address the need on a tenure basis – supporting those households who could rent but cannot buy. The above approach also fails to address the requirements of larger households as it is based on a 2-bed property. Therefore, the number of households may be greater than set out above. Following the publication of the detailed results from the 2011 Census, further work is required to assess how shared ownership may be able to meet the needs of particular households.

¹⁴⁵ CORE Database

¹⁴⁶ HCA's July 2011 Target Incomes Calculator

12.2 Main Influences Including the Need for Affordable Housing

Demographic Change

12.2.1 As shown in the previous chapters, demographic, social and economic changes affect the demand and, therefore, need for different types of housing. The projections of population change and the resultant impact on households has been set out through the national population and household projections produced by ONS and DCLG. The East of England Forecasting Model (EEFM) provides a basis to link economic trends to population change and household growth. The two approaches used in this SHMA to inform the scale of housing required, whilst different, indicate a similar level of household change within the Ipswich HMA, although to different levels locally.

12.2.2 National and international migration has influenced the population size and the demand for homes in the Ipswich HMA. As noted in Chapter 8, the baseline results of the EEFM forecast more people of working age than the ONS projections. Whilst this trend might be the product of different population bases, it does highlight how the age profile must be considered in household forecasts. This is an important influence because, if the prevailing migration trends continue and given the first results of the 2011 Census, younger households are more likely to move to Ipswich whereas older households would tend to move to the other areas.

12.2.3 Notwithstanding the differences in working age population, the most significant influence on household change is the aging population profile. Most of the household change is likely to be with Household Reference Persons (HRPs) aged 60-79 and, in the case of Babergh, those aged 80 and over. This will be a significant change and one that will affect local services as well as housing. As mentioned in Chapter 10, different residential models may provide some of the accommodation needed for an aging population. This would, in turn, support a greater release of existing accommodation, particularly affordable homes.

Smaller household sizes

12.2.4 One of the effects of an aging population is a reduced average household size as fewer households contain children and more single households are present. As a proportion of all households in the UK, single households increased from 28.6% in 2001 to 29.4% by 2011, with single male households (aged 45-64) being a major component of this change.¹⁴⁷ As noted in Chapters 5 & 8, these trends comprise the largest influence in overall projected household growth for the Ipswich HMA.

12.2.5 Smaller household sizes does not necessarily equate to more demand for smaller homes. Whilst the need may be addressed by increasing the supply of smaller homes, demand may not match the same trend. Section 12.1 of this chapter provides an indication of the required size of new homes and that homes with three bedrooms may still comprise a substantial proportion of demand for new housing stock even with smaller household sizes.

¹⁴⁷ Labour Force Survey (LFS) (2012) ONS

Young Hidden Households

12.2.6 The fact that young people have not formed as many households because housing is less affordable has been noted elsewhere in this assessment. This trend is nationwide and one effect has been for more young people to live with parents. In May 2012, the Office for National Statistics noted that one in four men and one in seven women aged 20 to 34 lived with their parents in 1997 but, by 2011, this has grown to one in three men and one in six women.¹⁴⁸ Whilst adjustments have been made to the Government's household projections to reflect this trend, this is made at a national level. Given the direct link between affordability and lower household formation, the localised influence of this trend should be more pronounced in areas that are less affordable.

12.2.7 Upon the release of detailed results from the 2011 census, further investigation should be undertaken into the localised effects of affordability on the formation of households. This will assist in understanding the pattern of household change and how affordable homes, including those for low-cost home ownership, can assist the housing choices of young people. A lack of choice could affect mobility within the labour-market and, therefore, the economy overall.¹⁴⁹

12.2.8 There are spatial implications for the Ipswich HMA if this trend continues such as:

- fewer younger households forming in less affordable areas and, therefore, a greater need for affordable housing in these areas;
- greater household formation in more affordable areas such as Ipswich, increasing the birth-rate (more demand for schools), and
- increasing the rate of commuting between the most affordable and less affordable areas.¹⁵⁰

Lone-parent households

12.2.9 The detailed results from the 2011 Census will be vital to make more reliable projections of the mix of housing types including lone-parent households.¹⁵¹ The projected trend for more lone-parent households, and the results of the 2008-base household projections, are reviewed in Chapters 5, 8 and 10. This trend needs to be monitored closely through statistical trends and the housing register. A greater number and proportion of lone-parent households has an impact the demand for homes, particularly social rented homes, but also for services such as child-care, local play spaces, and schools.

¹⁴⁸ ONS (2012) *Young adults living with parents in the UK – 2011*, page 2.

¹⁴⁹ NHPAU (2009) *Affordability – more than just a housing problem*

¹⁵⁰ *Ibid*, page 12.

¹⁵¹ Holmes, A & Whitehead, C (2011) *New and novel household projections for England with a 2008 base – summary and review*, TCPA, page 9

12.3 Risks and Challenges

Barriers to new housing supply

12.3.1 The delivery of new homes is vital to providing the level of housing, particularly affordable housing, that an area needs. The linkage between supply and affordability has been rehearsed at national level on several occasions, not least through the advice provided through the former National Housing and Planning Advice Unit. There is some local evidence of this link through the apparent link between the supply of flats in Ipswich and the price within the wider housing market.

12.3.2 The availability of land for housing, not least through the planning system, is an important component but access to finance is currently one of the biggest barriers to increasing housing supply, particularly for smaller volume housebuilders.¹⁵² There is limited scope for changes to local policy to overcome problems in accessing finance. However, development proposals might be taken up more quickly when financial constraints become less severe and/or new financial models are realised. This might influence, in the short-term, the supply of new homes, local household growth, and affect future projections.

Financing the supply of affordable homes

12.3.3 Most of the financial risks that impact on the delivery of affordable housing are national rather than local. A clear example is the operation of the affordable rent model, which will provide homes for households in need often using the revenue subsidy provided by housing benefit to pay the higher rates of return that encourages registered providers, such as housing associations, to invest in new stock. The Communities and Local Government Committee recently reported some concern amongst housing associations and lenders that the sector will not have the capacity to borrow for more homes in the medium-to-long-term.¹⁵³

12.3.4 The Homes and Communities Agency has been clear that it expects developments to incorporate affordable rent and intermediate homes at nil grant. Previously, without the affordable rent model only 14% of all affordable homes were delivered in the Ipswich HMA with no grant.¹⁵⁴ The change in emphasis means that the supply of credit to registered providers of social housing, and the operation of the affordable rent model will be critical to the delivery of affordable housing.

12.3.5 Private housebuilders now have a fundamental role in providing affordable housing alongside open market homes. This has led to for more social housing being mixed within other development communities, which is the central aim of the policy requiring such provision to be made. The required proportion of affordable homes is largely based on whether the development remains viable and, with the uncertainty about the long-term sustainability of the affordable rent model, this may reduce the number of affordable homes being built. Furthermore, local authorities need to be careful that, in setting a Community Infrastructure Levy too high, there could be fewer affordable homes being delivered.¹⁵⁵

¹⁵² Communities and Local Government Committee, Eleventh Report of Session 2010-12, *Financing of new housing supply*, HC 1652, para. 5.

¹⁵³ *Ibid*, para 56-60

¹⁵⁴ HSSA 2008-2011 & DCLG Live Table 1008

¹⁵⁵ Communities and Local Government Committee, Eleventh Report of Session 2010-12, *Financing of new housing supply*, HC 1652, para. 62

CONCLUSIONS

- The projected growth in single households and a lower average household size would not only increase demand for smaller homes; household demand from the projected growth would require half of all new homes to be three bed properties.
- Even with the recent and substantial increase in the number of apartments in Ipswich, trends suggest that 12% of new homes built by 2031 could be this type.
- If buying a home does not become more affordable for young households, the proportion of owner-occupied households is likely to fall and as fewer households are formed and more households form or move to private and social rented accommodation.
- Less affordable housing has forced more young adults to stay in their parental home for longer and may be limiting the mobility of labour which increases commuting.
- Low-Cost Home Ownership is likely to remain as a specialised product for a few households not served by the market. However, further research is required to fully account for local needs, which might show that the product is suitable for younger and larger households unable to afford suitable accommodation through the market.
- Access to finance is the biggest barrier preventing more homes being built, this is particularly important to smaller volume housebuilders.

13. Housing Market Gaps & the Housing Ladder

The purpose of this chapter is to explain:

- The housing market gaps analysis;
- How it applies to the study area, and
- The state of the “housing ladder” in the study area

13.1 Introduction

13.1.1 For at least two decades, governments have been concerned about the “housing ladder” so that newly forming households can enter the market, and “climb” towards home ownership. This concern grew more acute as house prices increased rapidly over the last decade and since access to mortgages has decreased.

13.1.2 This concern has led to many initiatives to encourage access to the market and the evolution of shared ownership (where, typically, a registered provider of social housing owns part and the occupant owns the rest) and shared equity (where the purchaser owns but the registered provider retains an equity interest). Recent examples of shared equity are the “FirstBuy” and “NewBuy” schemes that support prospective purchasers to afford the deposit on newly-built homes with only a 5% deposit, instead of 20% that is more commonly being required by mortgage lenders.

13.2 Housing Market Gaps

13.2.1 Housing market gap analysis draws on work presented in the original SHMA document to allow easy comparisons of the costs of the tenure range, in order to show generally the nature of the housing ladder in a particular locality.

13.2.2 The following figures show a stylized graph designed to illustrate the nature of the housing market gaps in each district. The figures are based on plotting the weekly cost of a two-bed home for each tenure group (as presented in Table 7.12.2). The charts show key distinctions including entry level and median purchase (includes second hand and new build), entry level and median private rental, and social rent.

13.2.3 The intermediate housing market has two main components. The first is the difference between the cost of social rent and entry-level private rent (the rented gap); a further gap is the rent/buy gap where households can afford market rent but cannot afford to purchase at market rates. Both combined form the broad intermediate gap but, critically, the needs of households being met by the market forms the basis for the definition (see section 12.1) even though policy also defines intermediate housing as being between social rent, “but below market levels”¹⁵⁶ which are prices or rents.¹⁵⁷ The original SHMA defined the intermediate gap as housing between the costs of social rent and market rent, citing former national guidance (Planning Policy Statement 3) and this update follows the same approach.

¹⁵⁶ DCLG (2012) *National Planning Policy Framework, Annex 2*

¹⁵⁷ DCLG (2006) *Delivering Affordable Housing, Annex B*. Also DCLG website

13.2.4 All purchase costs are based on mortgage repayments against a 75% mortgage, with an allowance made for maintenance, repairs and improvements which would otherwise fall to a landlord if rented. In a recent bulletin, the Council of Mortgage Lenders concluded that whilst the cost of mortgage repayments for first-time buyers is generally less expensive renting, the costs associated with the deposit and upkeep costs on the property also need to be taken in to account.¹⁵⁸

Figure 13.2.3a Babergh Housing Market Gaps

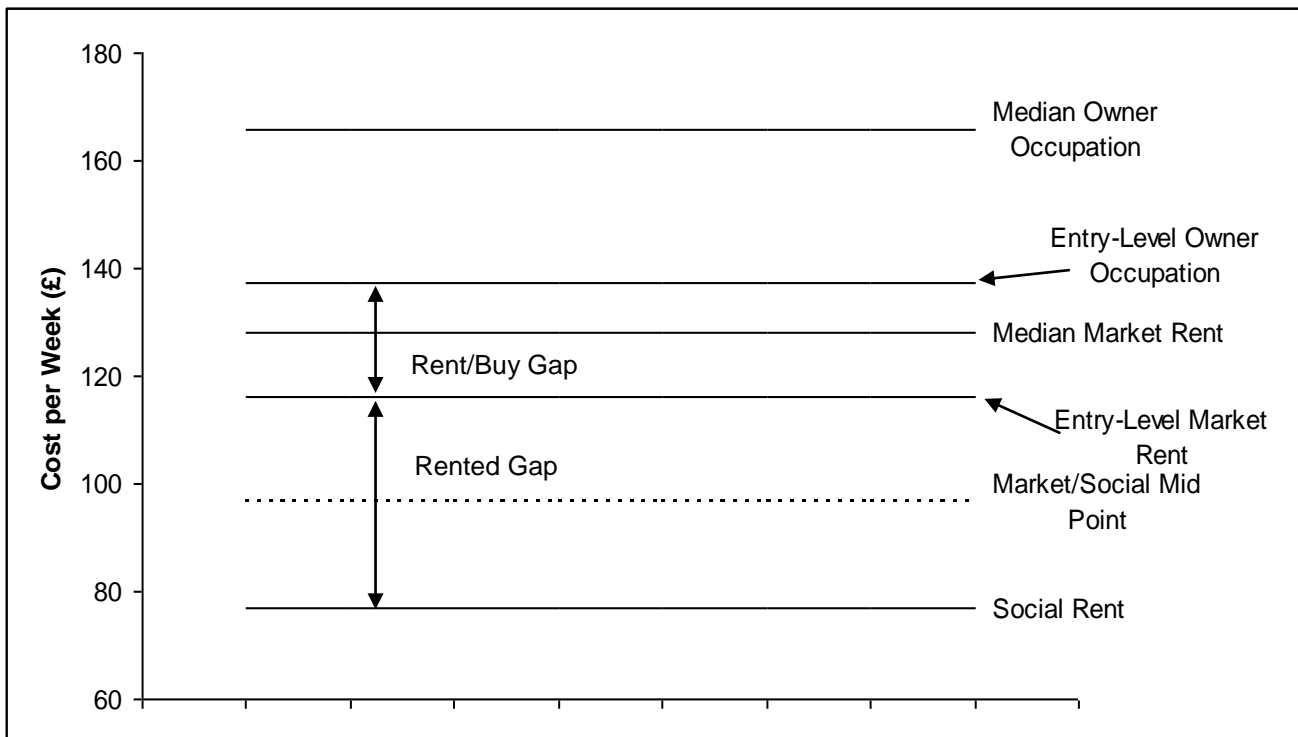
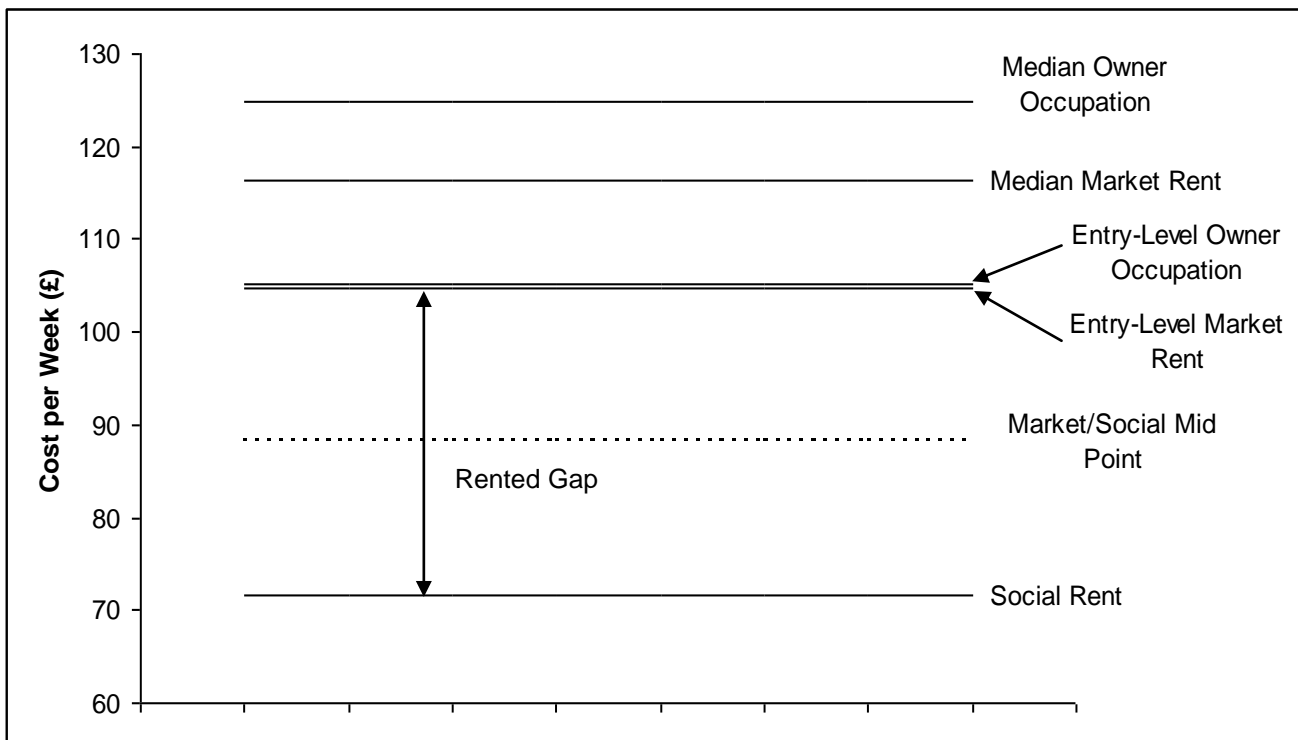


Figure 13.2.3b Ipswich Housing Market Gaps



¹⁵⁸ CML (2012) *To buy or not to buy*, page 2

Figure 13.2.3c Mid Suffolk Market Gaps

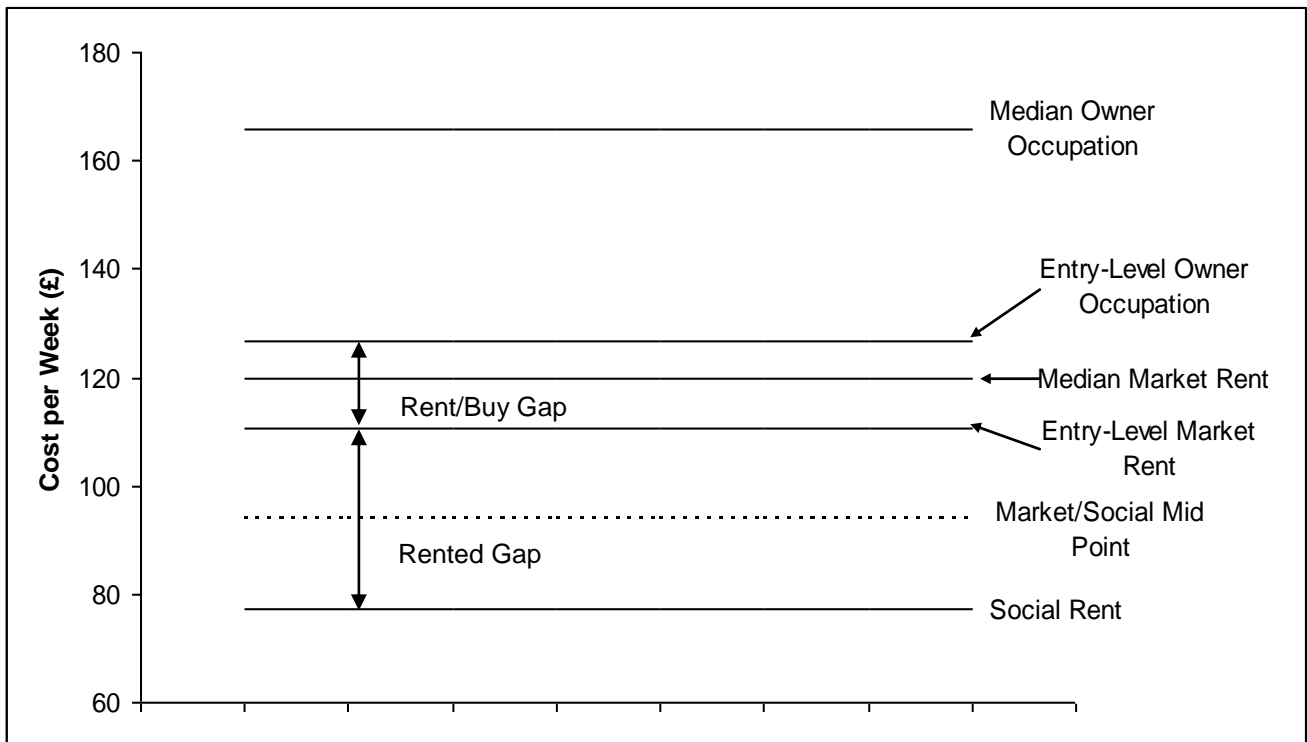
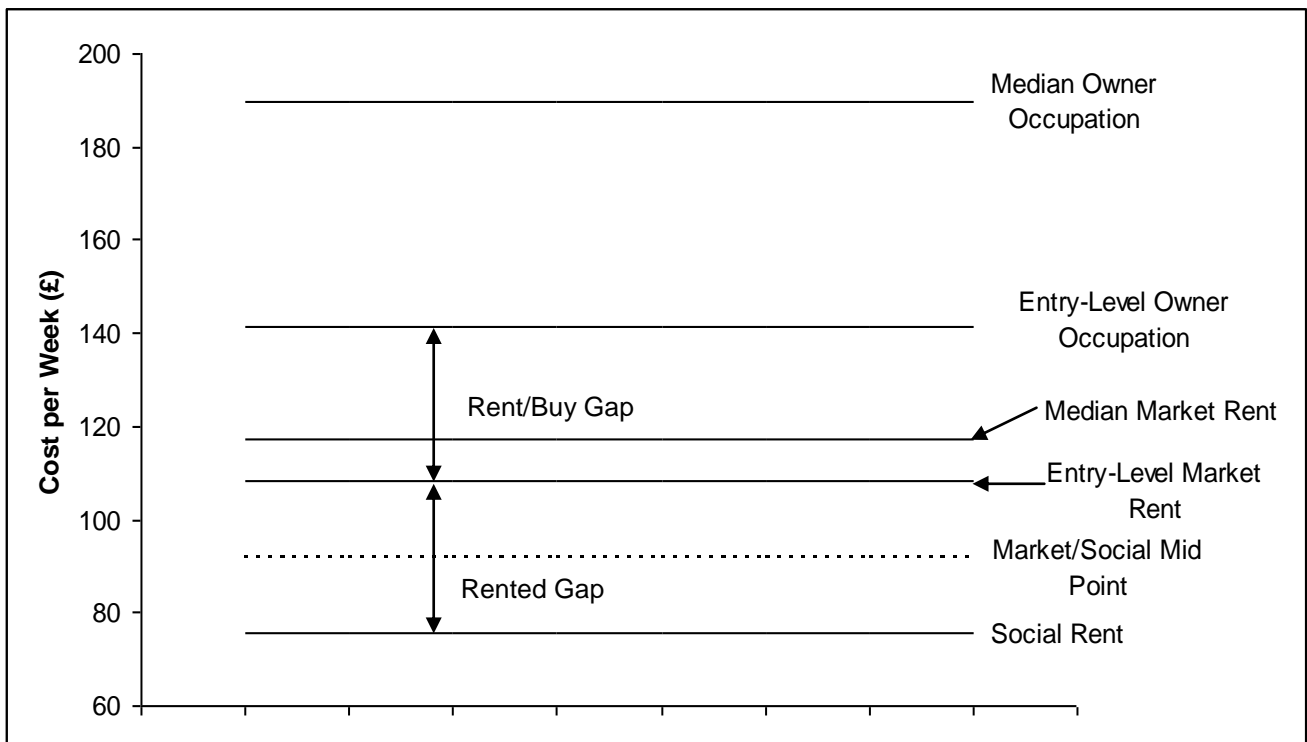


Figure 13.2.3d Suffolk Coastal Market Gaps



13.2.5 The figures show the “housing ladder” with social rents at the bottom in all cases. To this figure a line called “mid point” has been added to be consistent with the original SHMA. This represents the point between social and market renting but is not the level of affordable rent – up to 80% of market rate. A comparison between the mid point and the 80% of median level is shown below. The median of local private rents is used as the basis at which

the maximum rate can be set.¹⁵⁹ The 80% level is above the mid-point but below entry rent in all areas and is much closer to the mid point in Mid Suffolk and Suffolk Coastal than in Ipswich and Babergh.

Table 13.2.4 Mid Point and 80% of median rents (Affordable Rent), 2011 VOA

	Mid Point of Rented Gap	80% Median Rent
Babergh	£97	£102
Ipswich	£88	£93
Mid Suffolk	£94	£96
Suffolk Coastal	£92	£94

13.2.6 With the exception of Ipswich, the three districts show a fairly typical housing ladder, progressing from social rent, through the increasing levels of private rent, and then on to owner occupancy. A notable difference of Ipswich's results is that the median rent is greater than entry-level costs, a feature not seen in the other areas and, as shown in the tables below, the entry levels for both market rent and owner occupancy are very close.

Table 13.2.5a Meaning of the Housing Gaps

	Entry Level Market Rent as % of Social Rented	Market Entry to Buy as % of Market Entry Rent
Babergh	151.1%	118.0%
Ipswich	146.3%	100.5%
Mid Suffolk	143.3%	114.6%
Suffolk Coastal	142.9%	130.6%

Table 13.2.5b Change in size of Housing Gaps (Cost per Week). Hometrack results courtesy of the Haven Gateway Partnership 2012

	Newbuild / Second-hand Gap		Social and Market Rent Gap	
	Original SHMA November 2008	Hometrack 2012 (March)	Original SHMA November 2009	This document
Babergh	£56	N/A	£48	£33
Ipswich	£40	£2	£50	£39
Mid Suffolk	£46	N/A	£43	£33
Suffolk Coastal	£61	£11	£44	£32

13.2.7 Compared to the gaps presented in the original SHMA document, the rented gap is much lower and more consistent

13.2.8 There are no updates to the qualitative research presented in the original SHMA. Please refer to section 13.11 of the original SHMA document.

¹⁵⁹ DCLG (2011) *Impact assessment for affordable rent*, page 29

13.3 Alternate Data Sources

13.3.1 On behalf of local authority partners, the Greater Haven Gateway conducts periodic monitoring of house prices across a range of tenures and housing sizes; their Hometrack data for February 2012 is presented below for comparison and courtesy of the Haven Gateway Partnership.

13.3.2 The table below shows the cross tenure costs for two bedroom properties in each district. Babergh appears to have the most expensive market rental costs, while Suffolk Coastal shows the highest resale costs. A surprising result, and one that is contrary to the costs in the above figures, is that three areas have higher costs for median market rent than median resale.

13.3.3 One significant difference between the results in the above figures and the Hometrack results is that Hometrack put the maximum level of affordable rent (80% of median) above the entry-level resale (for all but Suffolk Coastal) and for purchasing at through shared ownership. This indicates that, if the household could afford the cost of the purchase, at 80% of the median, the affordable rent model might only suit households renting with the assistance of housing benefit.

Table 13.3.3 Cross tenure costs for two bedroom properties January 2011 to January 2012.¹⁶⁰

		Babergh	Ipswich	Mid Suffolk	Suffolk Coastal
Rent	Local Authority ¹	71	64	64	N/A ³
	Housing Association ²	76	72	75	74
	Intermediate Rent (80%)	110	101	98	101
	Median Market	137	126	123	126
Buy	40% HomeBuy share	75	72	68	87
	Entry-level (LQ) resale	82	91	90	111
	Median resale	109	105	100	129
	Entry-level (LQ) new build	N/A ⁴	93	N/A ⁴	122
	Median new build	N/A ⁴	127	N/A ⁴	124

¹Data is instead April 2009 to March 2010

²Data is instead January 2010 to December 2010

³Suffolk Coastal has no LA stock

⁴No data is given for new build in Babergh and Mid Suffolk.

¹⁶⁰ Hometrack (2012) *Greater Haven Gateway - Housing Market Trends Quarterly Report – March 2012*

CONCLUSIONS

- Gaps identified in the housing market indicate the level of difficulty (cost) that buyers face in moving from one type of tenure to another, for example, the cost involved in buying a home compared to renting.
- There is a very small difference between renting and buying in Ipswich; only the cost of the deposit and ongoing maintenance make renting cheaper.
- Intermediate gaps between market and social rent are present, suggesting some scope for sub-market rented and shared ownership options, but the affordable rent model might only be suitable for households that require the assistance of housing benefit.

Abbreviations and Definitions

ASHE	Annual Survey of Earnings and Incomes
CML	Council of Mortgage Lenders
CORE	Continuous Register of Social Lettings
DCLG	Department for Communities and Local Government
DWP	Department for Work and Pensions
HA	Housing Association (where used in ONS and CLG statistics, this covers Private Registered Providers, as well as actual Housing Associations)
HCA	Homes and Communities Agency
HHSRS	Housing Health and Safety Rating System
HMA	Housing Market Area
HRP	Household Reference Person
HSSA	Housing Strategy Statistical Appendix
Ipswich	Ipswich Housing Market Area (the combined area of Babergh, Ipswich, Mid Suffolk and Suffolk Coastal)
LA	Local Authority
LPA	Local Planning Authority
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
RICS	Royal Institute of Chartered Surveyors
SAP	Standard Assessment Practice
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

Affordable housing – Definitions (National Planning Policy Framework – March 2012)

Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.