



Strategic Housing Market Assessment

for Ipswich, Babergh, Suffolk Coastal & Mid Suffolk District & Borough Councils.

Data Review

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1. Introduction

1.1 BACKGROUND

1.1.1 This update to the Strategic Housing Market Assessment (SHMA) report is divided into sections. The logic for the sections derives from the Brief for the Assessment and Government Guidance as well as the need for a logical explanation of the Assessment.

As this report represents an update, there are only updates to the following chapters:

- Demographic and Economic Data
- Current Housing Stock
- The Active Housing Market
- Projections for Households and Employment
- Extent of Housing Need
- Housing Market Gaps and the Housing Ladder
- Policy Tools

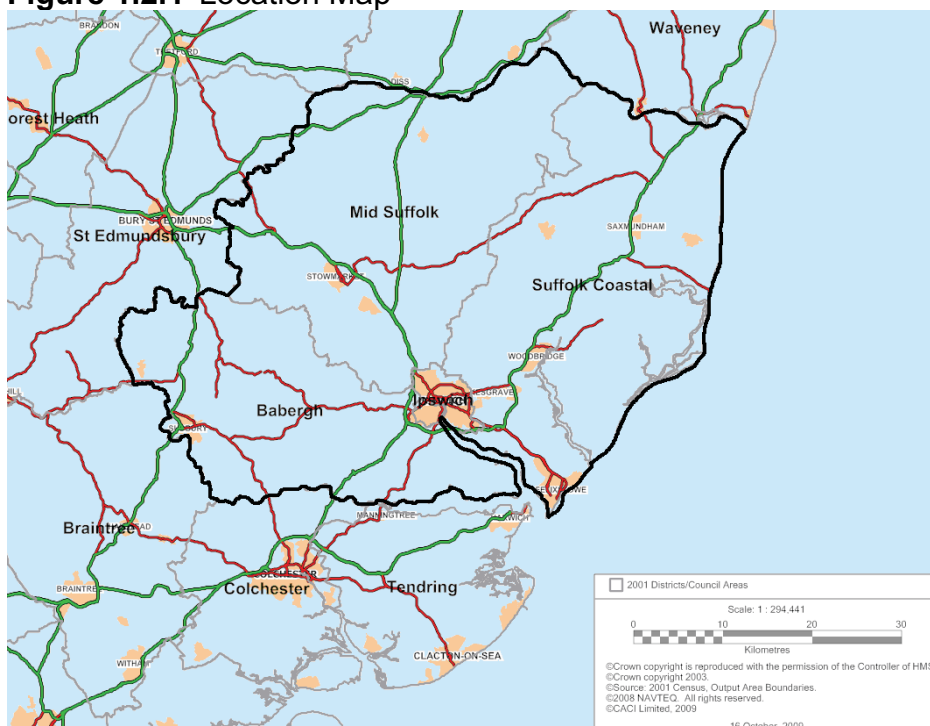
At the start of each section the chapter titles and short summary of content are listed, in order to assist the reader in gaining a quick overview of the detailed contents.

It should be noted however that throughout this document estimates of net affordable housing need should be treated as underestimates, as the methodology currently recommended by government is based on prices, and does not take into account other barriers to the housing market such as access to finance.

1.2 THE STUDY AREA

1.2.1 The maps below show the location of the four councils which compose the study area.

Figure 1.2.1 Location Map



2 . Demographic and Economic Data (Chapter 5 in Nov 08 Original SHMA Report)

The purpose of this chapter is to:

- Present and summarise the data describing the demographic and economic profile of the study area.
- It aims to describe the current housing market and some of the key factors affecting it and corresponds to steps 3.1.1, 3.1.2 and 3.1.3 of the CLG Strategic Housing Market Assessment Practice Guidance.

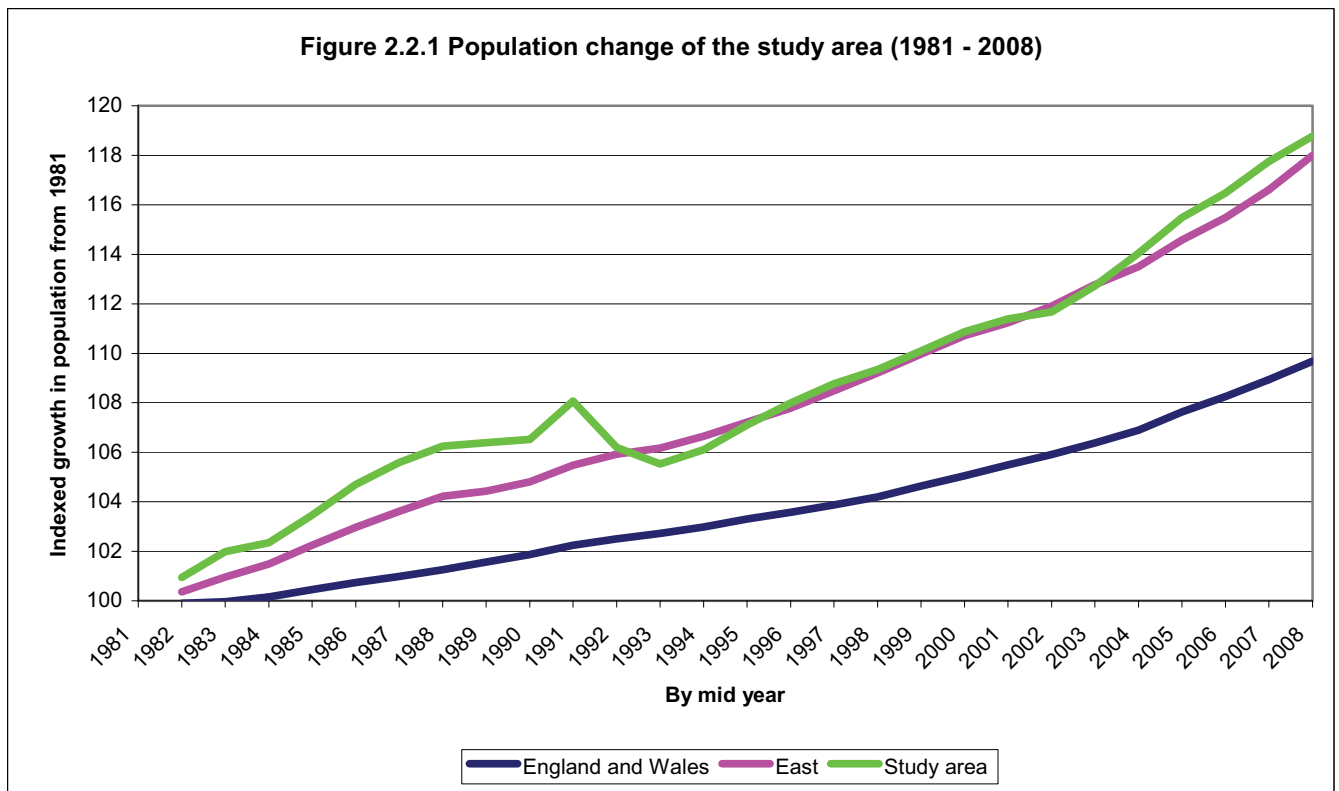
2.1 STEP 3.1.1 DEMOGRAPHY AND HOUSEHOLD TYPES

2.1.1 There are no data updates provided for sections 5.1 to 5.4 of the original SHMA document, November 2008. For detail on this section please refer to pages 79 and 80 of the original document.

2.2 POPULATION – HISTORICAL CHANGE

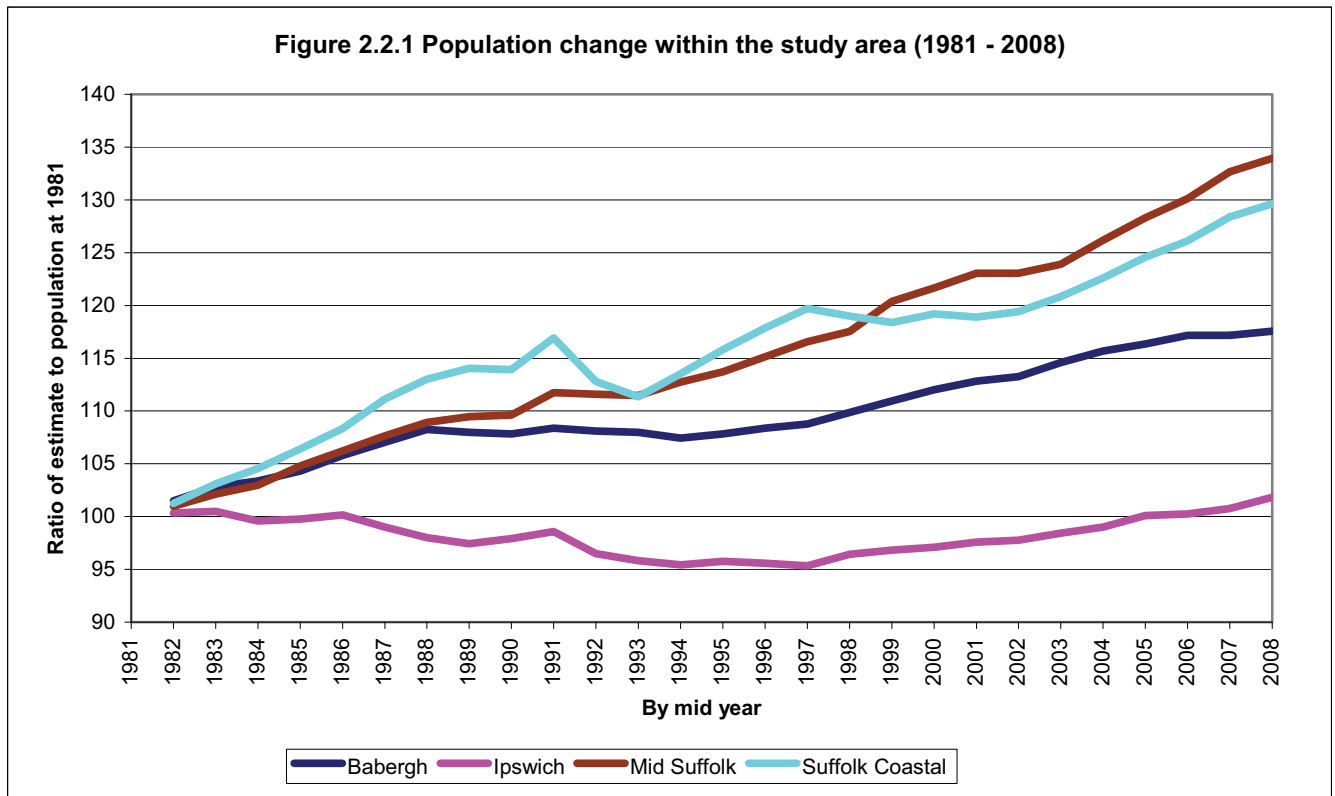
2.2.1 Since 1981, apart from a slight decline between 1991 and 1993, the population of the study area has grown steadily. The ONS mid year population estimates show that the estimated population of the study area was 361,700 in 1991; by 2008 this had reached 429,600. This represents an increase of nearly 19%. The level of population growth is nearly double the national level and slightly higher than the regional rate of growth.

Figure 2.2.1 Population change in the study area (1981-2008). Source: ONS.



2.2.2 Looking at the individual districts in the study area, the data shows the most significant population rise occurring in Mid Suffolk (33.9%), whilst Ipswich only recovered its 1981 population in 2006. Ipswich's depopulation between 1981 and 1997 and repopulation since 1997 has occurred gradually and it is as a result of more people moving into the town from abroad coupled with more births than deaths during this period. Source: ONS.

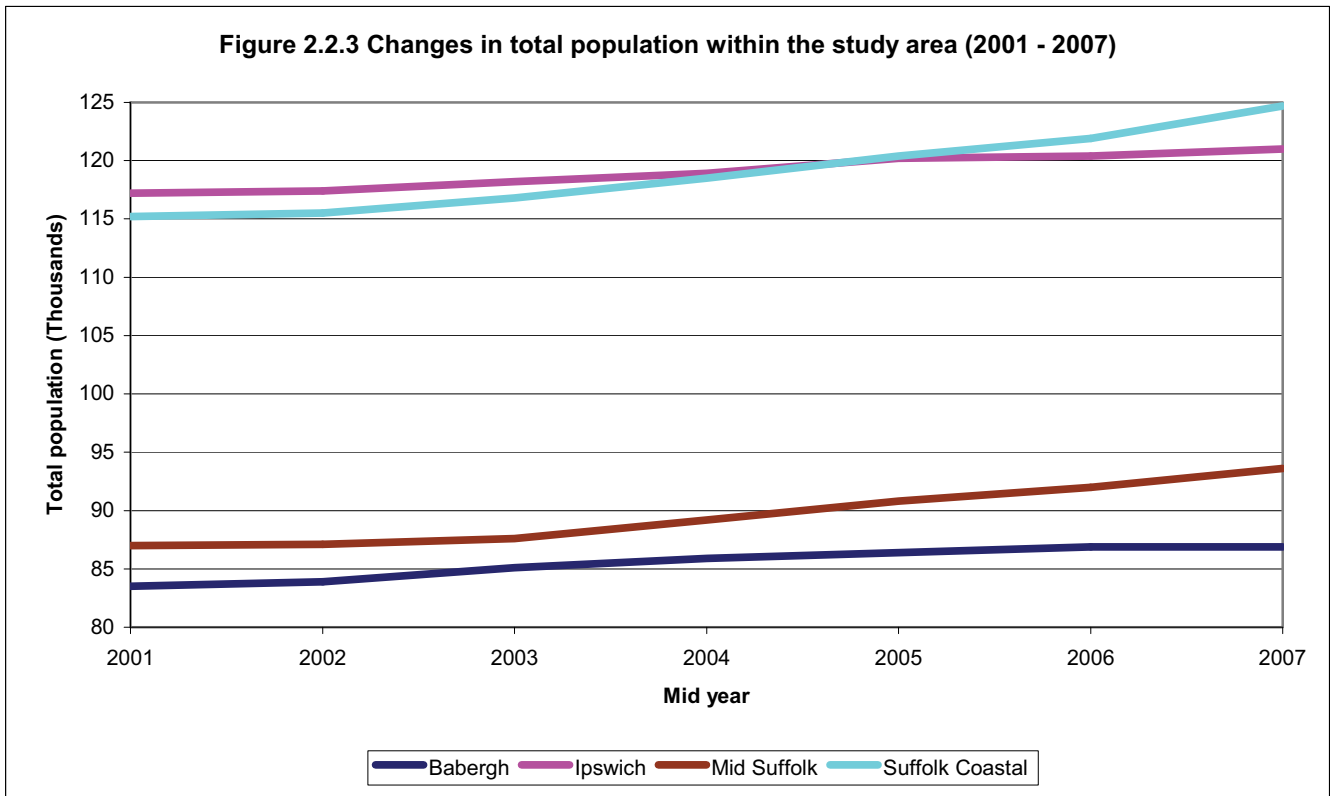
Figure 2.2.2 Population change in districts composing the study area (1981-2009) Source: ONS.



2.2.3 Suffolk County Council publishes annual population estimates which draw on more detailed local knowledge about the study area. 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 almost three times as much as the population of Ipswich, so that by 2007, it 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 half as much again as experienced in Mid Suffolk.

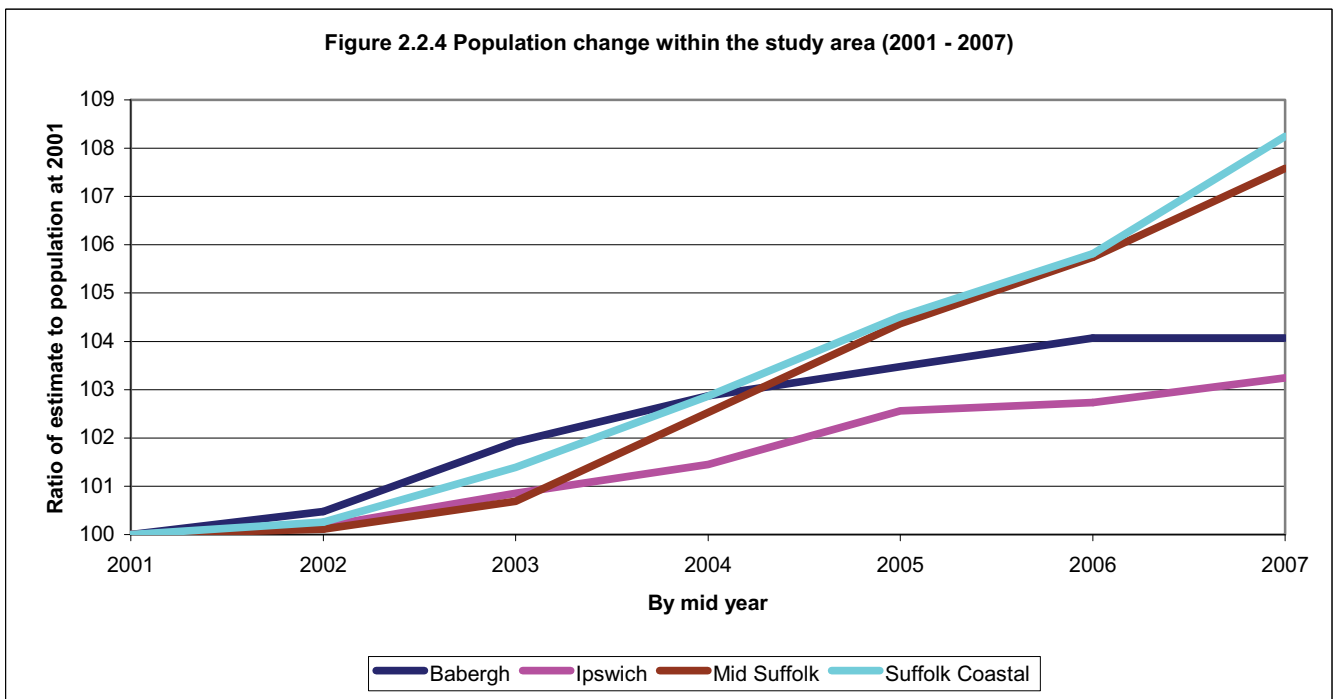
Figure 2.2.3 Population Change (numbers) in Study Area Mid 2002 to Mid 2007. Source: SCC.

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2.2.4 Figure 2.2.4 clearly shows how the growth relative to existing population differs from district to district according to the Suffolk County Council estimates. It confirms that Suffolk Coastal was the fastest growing district within the study area, growing at twice the rate of both Ipswich and Babergh, and at a greater rate than Mid Suffolk.

Figure 2.2.4 Population Change (percentages) in Study Area Mid 2002 to Mid 2007. Source: SCC.



2.3 STUDY AREA ETHNICITY PROFILE

2.3.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 5.8 of the original SHMA document, November 2008. However, in 2009 ONS published new district level ethnicity estimates that have been incorporated into the Suffolk Diversity Profile. The data shows that Ipswich remains the most diverse LA in ethnicity terms, and Mid Suffolk still has the lowest percentage from Black and Minority Ethnic groups.

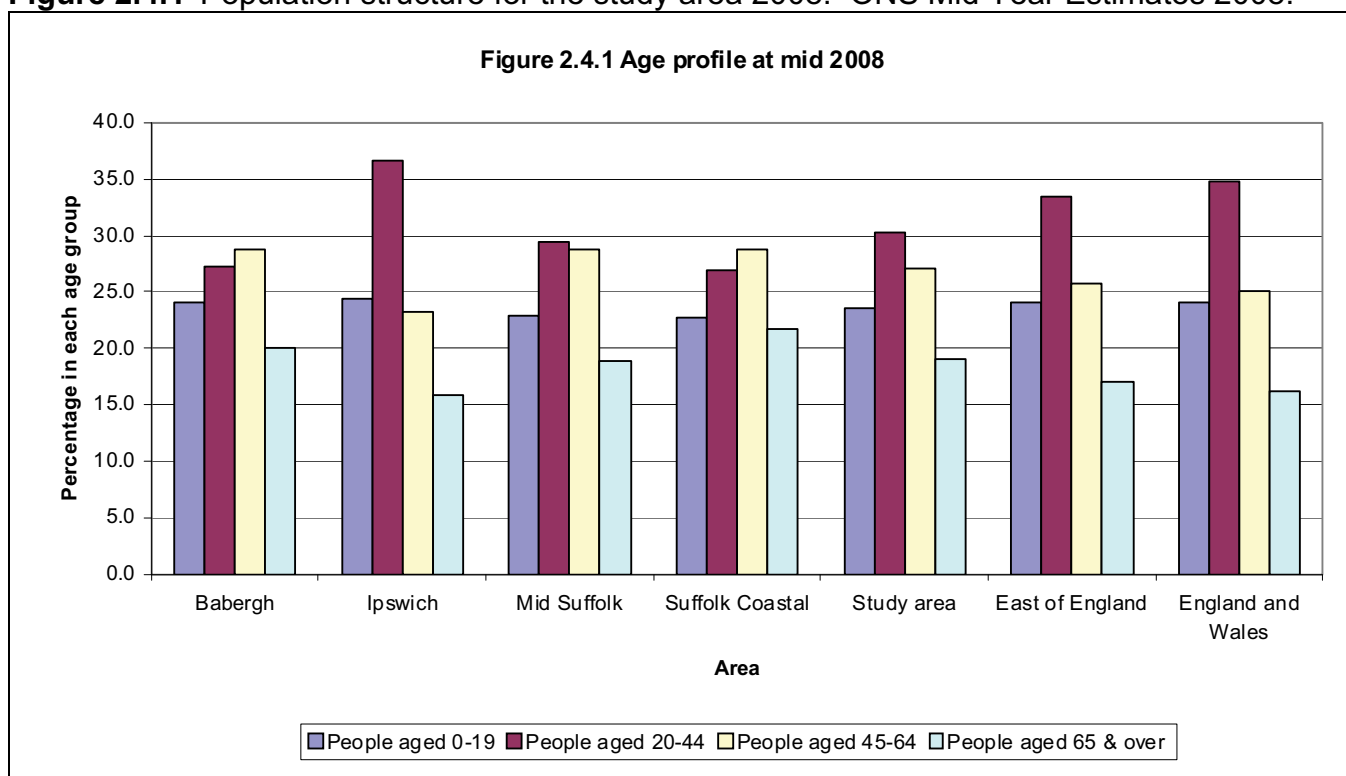
Table 2.3.1 ONS ethnicity estimates (at mid-2007).

	Total	White		BME	
	Estimate	Estimate	% of total	Estimate	% of total
Ipswich	121,000	108,200	89.4	12,900	10.7
Babergh	86,700	83,700	96.5	3,100	3.6
Mid Suffolk	93,800	90,900	96.9	2,800	3.0
Suffolk Coastal	124,400	118,800	95.5	5,600	4.5
Study Area	425,900	401,600	94.2	24,400	5.7

2.4 STUDY AREA AGE PROFILE

2.4.1 It can be seen from the chart below that compared with regional and national profiles the study area has approximately similar proportion of the population aged within the youngest age band, and slightly more people aged 45 or more. Within the study area, Suffolk Coastal has the largest proportion of people aged over 65, whereas Ipswich has the lowest. The youngest population can be found in Ipswich.

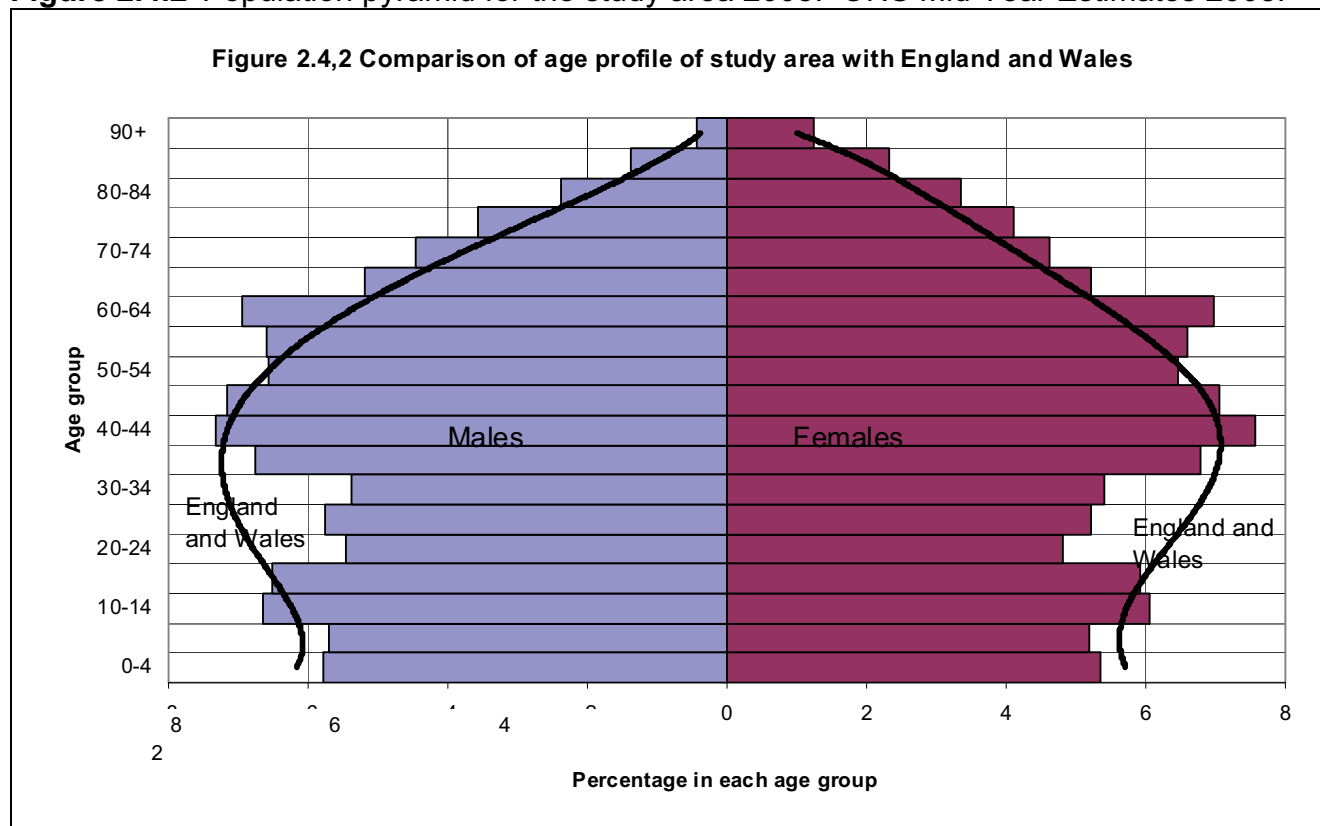
Figure 2.4.1 Population structure for the study area 2008. ONS Mid Year Estimates 2008.



2.4.2 In the age pyramid below the age structure of the study area is shown as bars, whilst that for England and Wales is shown as the thick black lines. Data for males is on the left and that for females is on the right. Even though Ipswich has such a high proportion of younger adults, this detailed comparison suggests there is a shortfall of people aged 20 to 40

in the study area as a whole, compared to the national picture. The study area appears to have an unusually large proportion of people at or around retirement age and slightly higher proportions than usual of older people.

Figure 2.4.2 Population pyramid for the study area 2008. ONS Mid Year Estimates 2008.



2.5 HOUSEHOLD STRUCTURE

2.5.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 5.11 to 5.14 of the original SHMA document, November 2008.

2.6 HOUSING TYPES

2.6.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 5.15 to 5.17 of the original SHMA document, November 2008.

2.7 CHANGES IN TENURE AND HOUSEHOLD COMPOSITION 1991-2001

2.7.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 2.18 to 5.19 of the original SHMA document, November 2008.

2.8 SOCIAL TRENDS

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

2.9 STEP 3.1.2 NATIONAL AND REGIONAL ECONOMIC POLICY

2.9.1 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 i.e. the value of their home was less than the value of their mortgage commitment.

2.9.2 When the interest rate started to fall during the early 2000s, 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.

2.9.3 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 which suggest that, at least in the short-term, house price inflation will be lower than during the past five or ten years.

2.9.4 According to the Nationwide Building Society, house prices rose by 0.4% during October 2009, making the annual change positive for the first time since March 2008. This trend is to some extent reflected in the Halifax's regional house price index for October to December 2008 which suggests that house prices in East Anglia increased by 7.8%, significantly different to the national UK average of 2.8% decrease in house prices. Similarly, the annual rate of house price deflation in East Anglia is -8.7%, below the UK average deflation of -7.4%.

2.9.5 In a local context the credit crunch may impact on land supplies in 2009; completions were down on last years figures in Suffolk as a whole. Building firms in Suffolk are not amongst those which have been hit hardest by the credit crunch, and optimism is now returning to developers who are beginning to experience renewed demand.

2.9.6 In October 2009, mortgages worth £9 billion were approved during the month, up on the previous 6 monthly average of £8.4 billion. New mortgage lending increased over the month, rising to £3.1 billion – just above the £2.7 billion average for the previous six months. At November 2009, there were 1,564 mortgage products on the market, an increase of 1,431 since March, but still 75% lower than reported in the previous SHMA.

2.9.7 Although no local figures are available, the latest national figures suggest that since the recession has hit, impacts have not been as severe as forecast. The Council of Mortgage Lenders has reduced the forecast number of repossessions this year to 48,000. Last years housing forecasts suggested that 75,000 repossessions would be seen in 2009. However this figure was revised down to 65,000 in June 2009, and has now been cut again. Reasons for this cut in the forecast include lender forbearance, government measures and the beneficial effect of continuing low interest rates which are helping most borrowers facing difficulty to keep their homes.

2.9.8 In the third quarter of 2009, new CML figures show that the number and proportion of mortgages in arrears both fell, despite the bleak economic backdrop. At the end of September 194,600 mortgages (1.77% of the total) were in arrears of 2.5% or more of the outstanding mortgage balance. This compares with 204,200 cases (1.86% of all mortgages) at the end of June.

2.9.9 Meanwhile 11,700 properties were taken into possession in the third quarter, up slightly from 11,400 in the previous quarter, and 5% higher than the number in the third quarter of 2008, but still lower than the 12,700 in the first quarter of the year. Around a quarter of the repossessions in the third quarter of the year took place without a court order, very similar to the proportion in the previous quarter of the year.

2.9.10 During the third quarter of 2009:

- 24,938 mortgage possession claims were issued on a seasonally adjusted basis, 32% lower than in the third quarter of 2008.
- 20,917 mortgage possession orders were made on a seasonally adjusted basis, 29% lower than in the third quarter of 2008

2.9.11 Housing repossessions for non-payment of rent in the private sector have decreased at a much lower rate compared with repossessions due to mortgage default. During the third quarter of 2009:

- 34,179 landlord possession claims were issued using the standard and accelerated possession procedures on a seasonally adjusted basis, 9% lower than in the third quarter of 2008.
- 23,442 landlord possession orders were made through the standard and accelerated possession procedures on a seasonally adjusted basis, 8% lower than in the third quarter of 2008

2.9.12 Although the above discussion reflects the national picture regarding house repossessions, it is likely that to some extent that local trends may begin to follow national trends. Also, whether the current credit crunch is a short or a long-term issue remains to be seen.

However, stakeholders consulted by Fordham Research as part of the original Strategic Housing Market Assessment considered that there was a significant impact on the parts of the market exacerbated by the over-supply of newbuild apartments:

- Developers offering up to £20k worth of incentives on selected apartments
- Developers offering shared ownership terms
- Agents reporting low volume of sales especially for entry level property for sale
- Unabated demand for private rented housing

Evidence from national and local market indices suggests that over quarters 2 and 3 in 2009, we have begun to see house prices and sales volumes beginning to rise. A popular explanation for this is an acute lack of supply with increasing buyer demand. Many forecasters are now predicting further market falls in early 2010, which could be worsened by the return of stamp duty. Economic factors such as unemployment could also have a strong influence on the direction of the housing market, and sustainability of the recent upward trends.

2.10 INTEREST AND BASE RATES

Figure 2.10.1 UK Base Rates 1990-2009. Bank of England

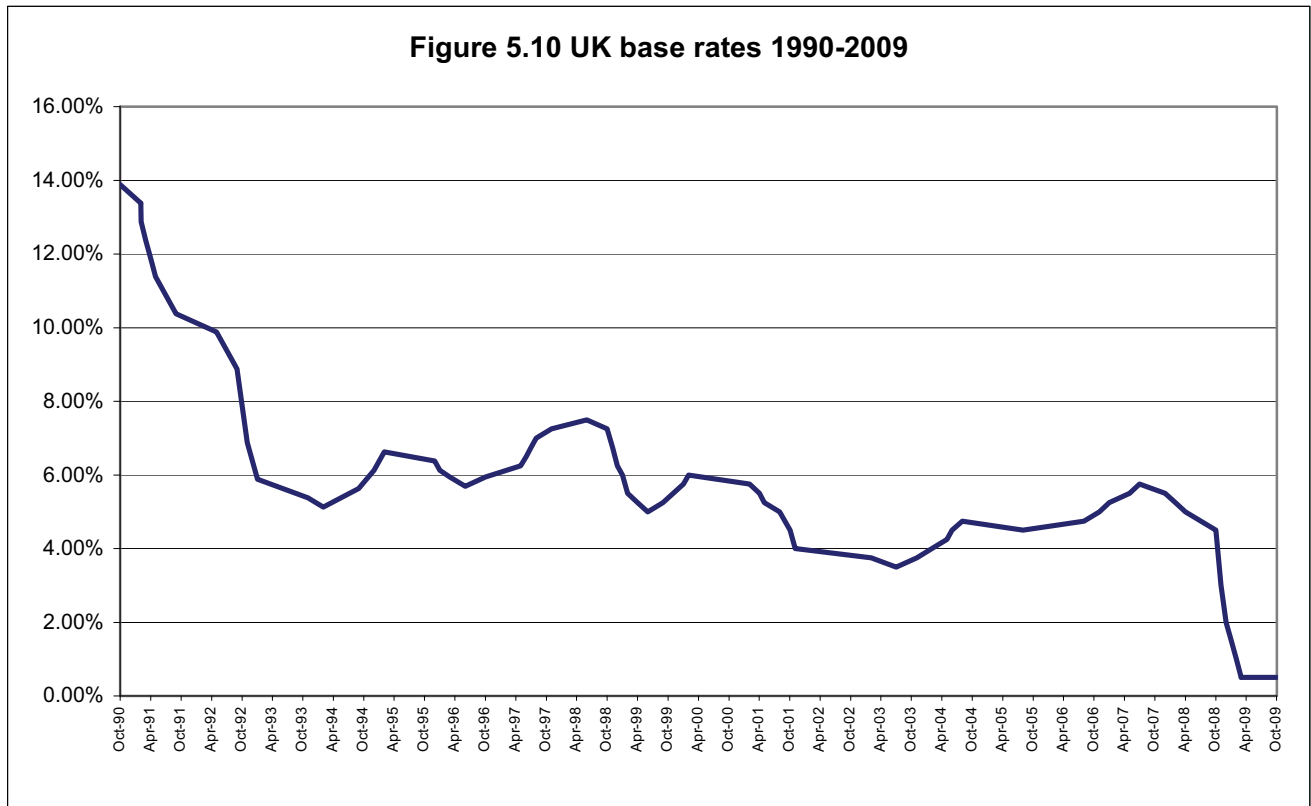
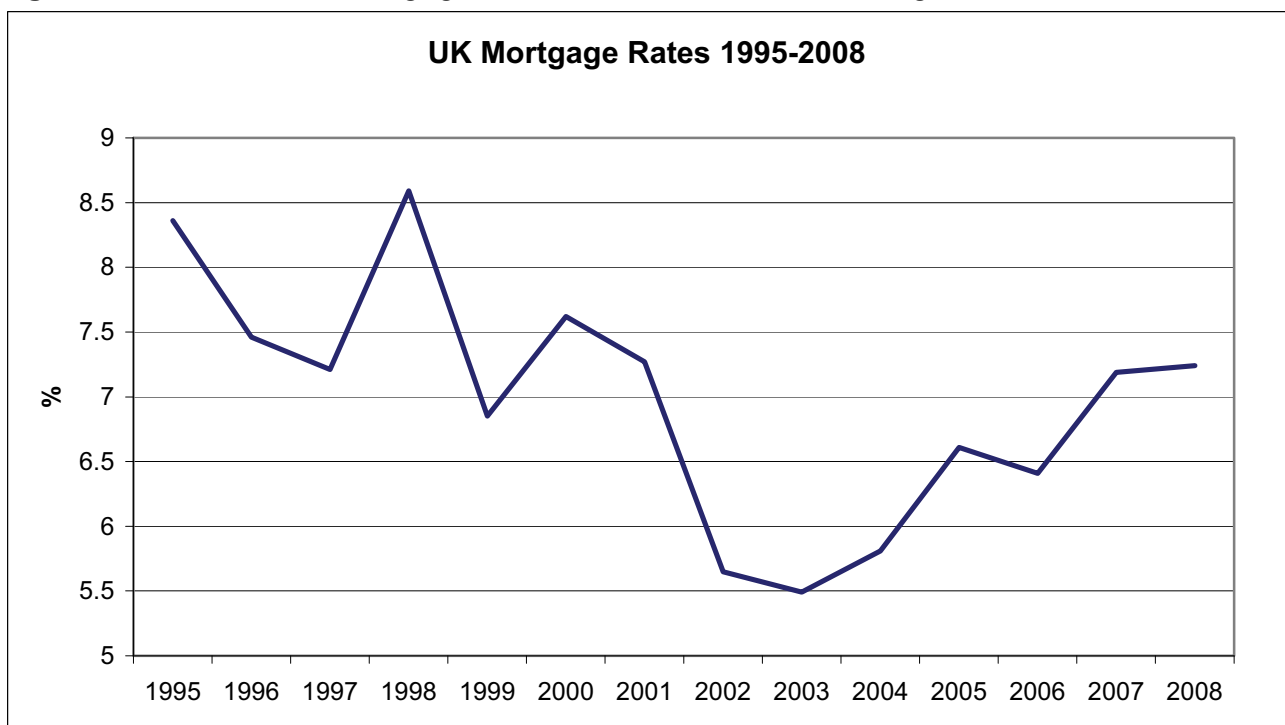


Figure 2.10.2 UK Mortgage Rates 1990-2008. Bank of England



2.11 LEVELS OF HOUSING BENEFIT

2.11.1 Levels of housing benefit applications may be used as a proxy measure for the level of economic deprivation within an area (although it must be noted that the number of initial applications will differ from the number of successful applications). Housing Benefit applications in relative terms (per 1,000 households) were lower in the study area than the equivalent for the East of England. This has not been updated since the original SHMA document in November 2008, as new data has not been made available,

2.12 EMPLOYMENT LEVELS AND STRUCTURE STEP 3.1.3

2.12.1 Economic activity levels among local residents have been consistently higher than the national average and similar to regional levels, fluctuating between around 80% and 84% between 2000 and 2009. This indicates a healthy labour market where a large proportion of people are available to work in the local economy. Since the 2007 data presented in the original SHMA document, November 2008, employment levels in the study area have improved markedly and become consistently higher than the regional average.

2.12.2 The overall employment numbers for the study area are shown below.

Table 2.12.2 Number of Full-Time and Part-Time Employees 2008-09. (NOMIS (APS), accessed 2009)

	All workers		Full-time		Part-time	
	no.	%	no.	%	no.	%
Ipswich	59,700	29.3%	42,700	71.5%	17,000	28.5%
Babergh	41,900	20.6%	30,100	71.8%	11,800	28.2%
Mid Suffolk	45,200	22.2%	28,800	63.7%	16,400	36.3%
Suffolk Coastal	56,900	27.9%	39,600	69.6%	17,300	30.4%
Study Area	203,700	100.0%	141,200	69.3%	62,500	30.7%

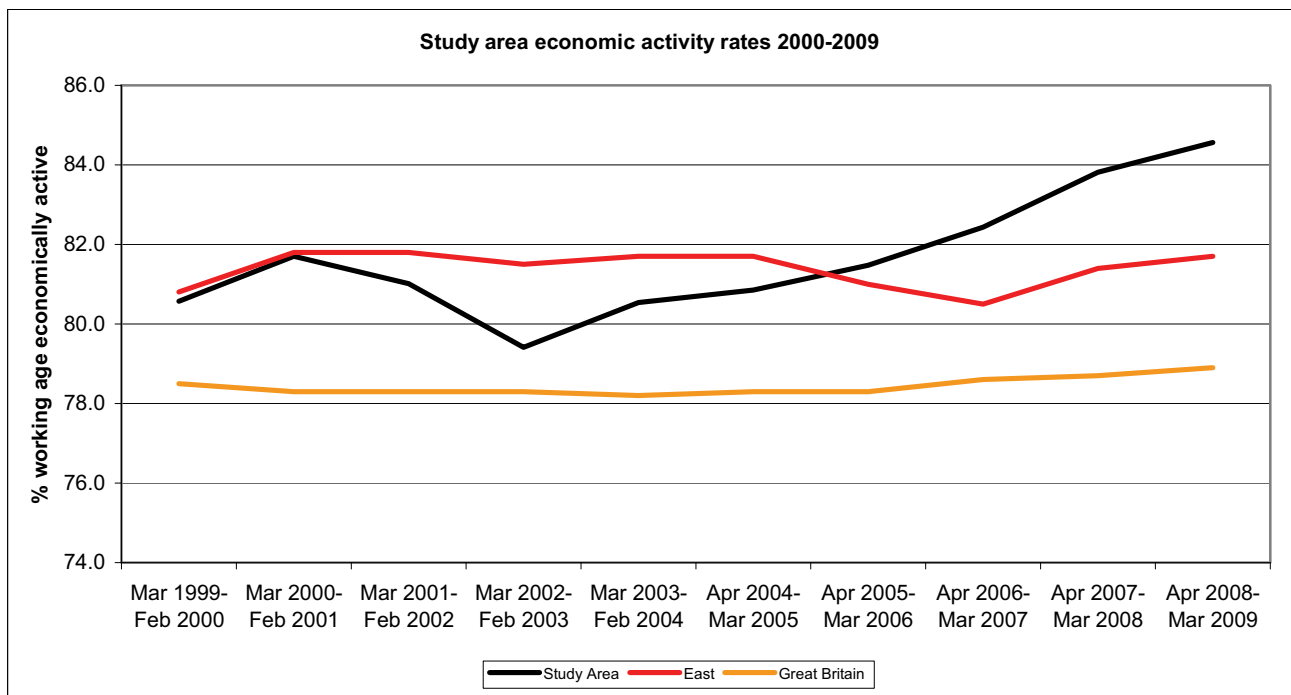
2.12.3 The following tables show an estimate for the total number of jobs. It can be seen that Ipswich dominates the area in that it has around 37% of the jobs.

Table 2.12.3 Approximate Total of Jobs 2007. NOMIS, (Latest data available 2007)

Table 5.9 Approximate total of jobs 2007		
	no.	%
Ipswich	66,900	36.9%
Babergh	30,500	16.8%
Mid Suffolk	31,700	17.5%
Suffolk Coastal	52,000	28.7%
Study Area total	181,100	100.0%

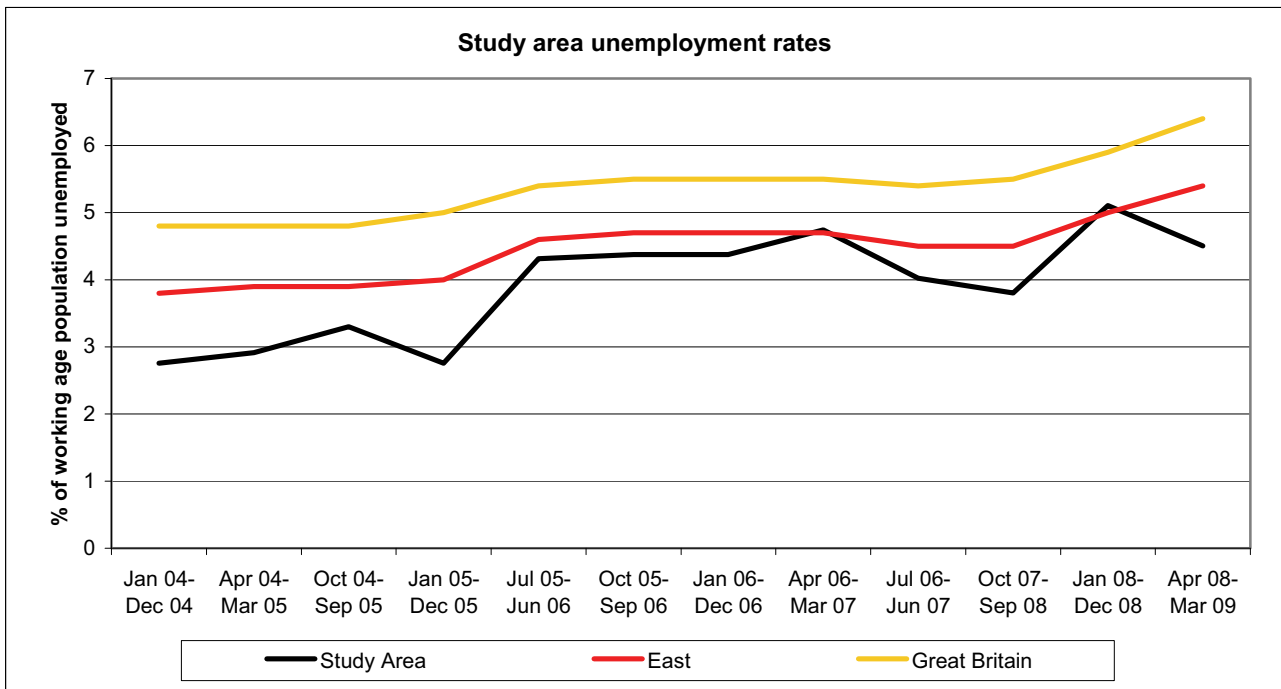
2.12.4 The graph below shows that employment in the area has been more volatile compared with either national or regional trends.

Figure 2.12.4 Economic Activity Rates in the Study Area 200-2009 (APS 2009)



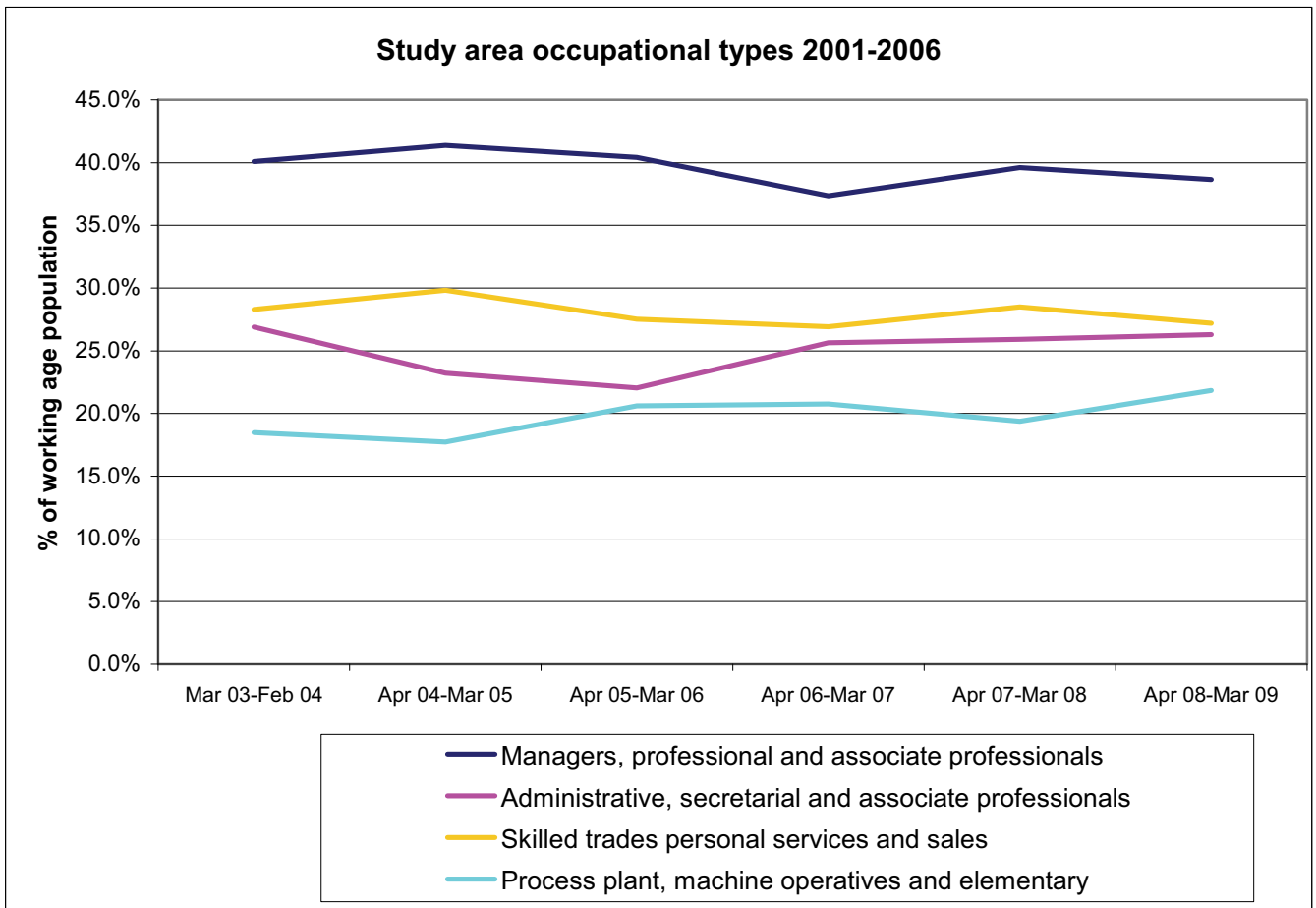
2.12.5 Unemployment levels in the study area have been consistently around or below regional and national unemployment rates over the past 5 years. Within the study area Ipswich generally has the highest unemployment rates, of 1-2% above the regional average. Since the 2007 data published in the original SHMA report, November 2008, unemployment levels have fluctuated somewhat, but have increased overall due to the impact of the recession. The recent fall in unemployment levels is likely to be due to the small sample size of the survey, as this is unlikely to be representative of the real situation due to the impact of the recession.

Figure 2.12.5 Study Area Unemployment Rates (APS 2009)



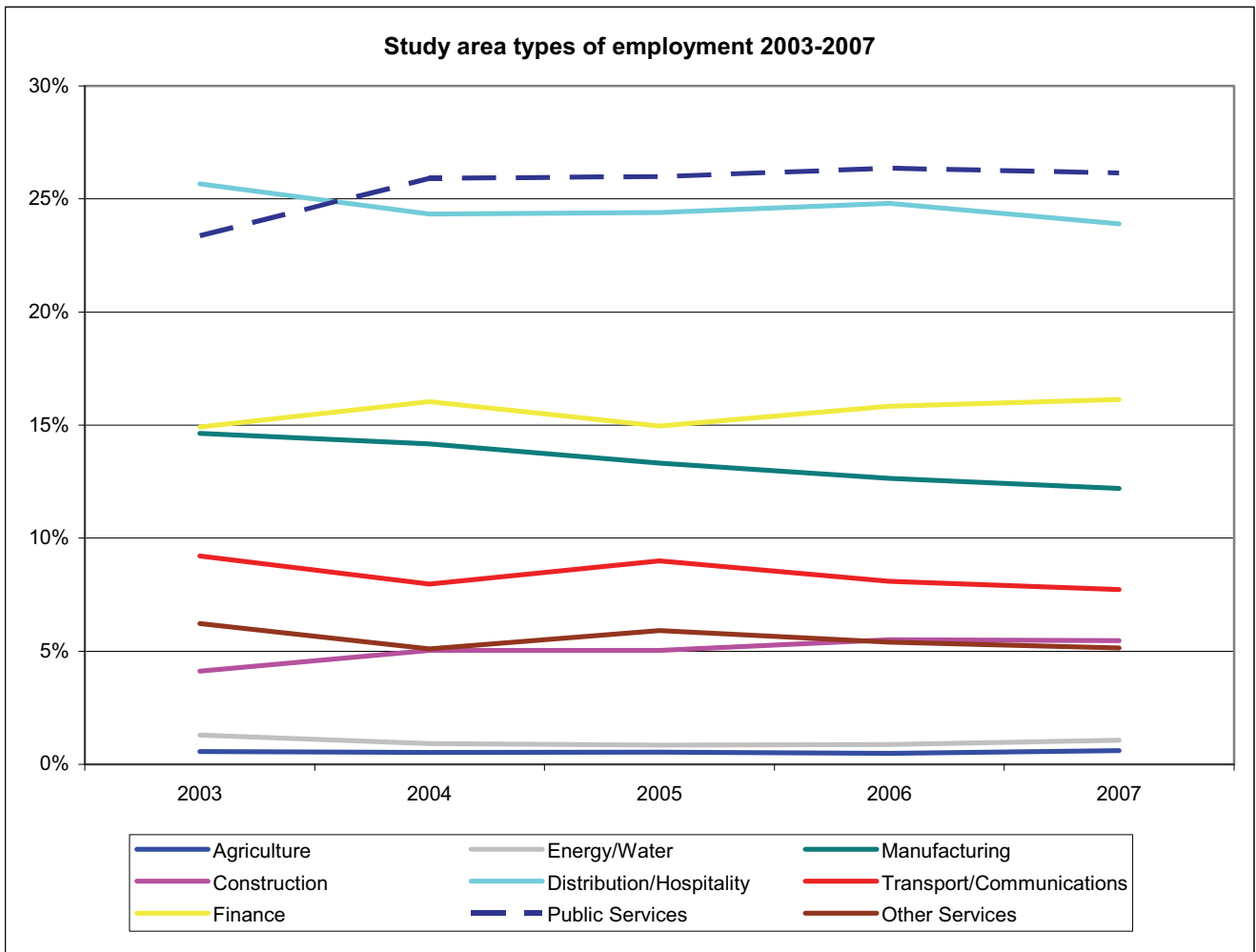
2.12.6 The changing economy means that the types occupation the study area has to offer are vastly different to those in decades gone by. This therefore impacts upon economic rates, earnings and hence housing affordability. For instance, it is known that service industries stimulate women’s participation in the labour market and lead to growing numbers of part-time employees. This, in turn, might impact on household headship rates among women and increase the number of dual-earner households within the study area.

Figure 2.12.6 Study Area Types of Employment 2001-2009 (APS, 2009)



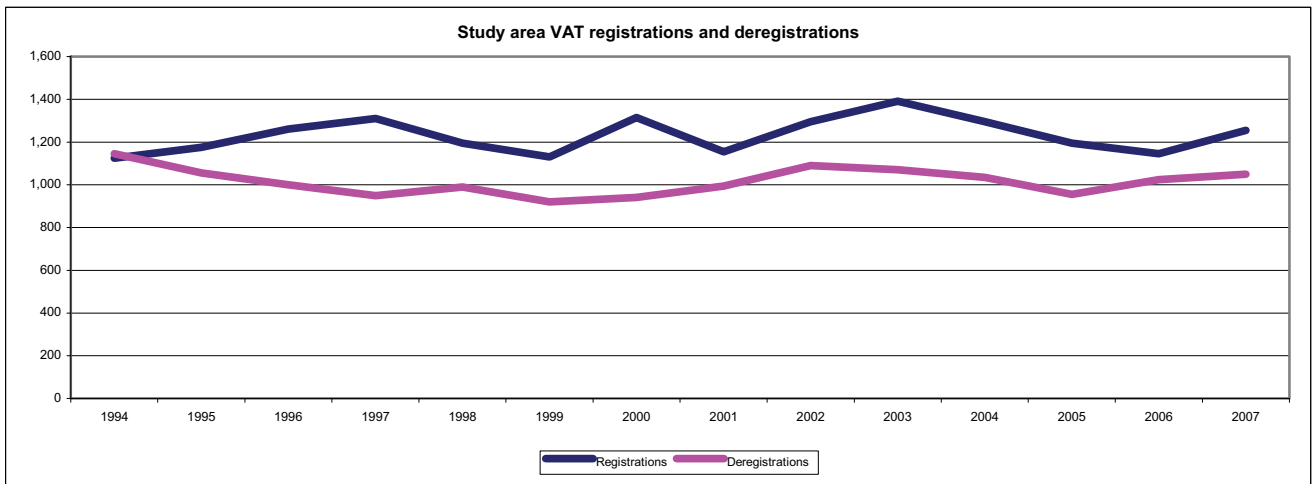
2.12.7 The proportion of residents employed per occupational group has remained largely stable from 2001-2009. Residents in occupation groups 1-3 have decreased slightly in recent years. Administration and secretarial workers have remained largely stable. There has been an increase in lower skilled process plant, machine operatives and elementary occupations. Figure 2.12.7 shows the heavy reliance on public sector employment in the study area, followed by distribution/hospitality and other services.

Figure 2.12.7 Employment by sector for the study area. ABI 2007



2.12.7 The number of VAT registrations of businesses (i.e. business with a turnover higher than £60,000 per year) can be broadly indicative of the health of the local economy. The figure below shows VAT registrations and de-registrations between 1994 and 2007. There were sudden increases of VAT registrations between 1994 and 2006, followed by another increase in 2007.

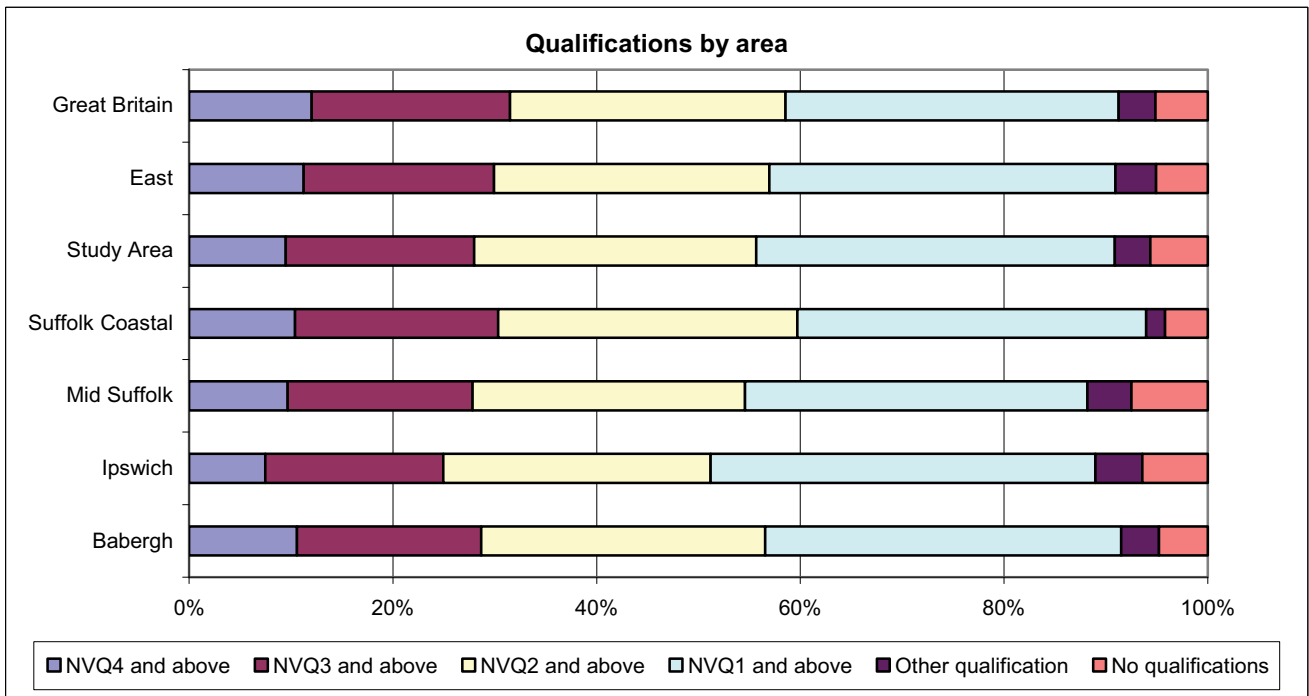
Figure 2.12.8 Study Area VAT Registrations and De-Registrations, 1994-2007 (NOMIS)



2.13 SKILLS AND EDUCATION

2.13.1 Compared with averages for Great Britain and Eastern England, people living within the study area are slightly less qualified (although average levels of qualifications in Ipswich tend to be lower compared with the other three LAs). The study area has a slightly lower than average proportion of people with higher level qualifications. In addition to this, compared with regional and national average, Ipswich and Mid Suffolk have a higher proportion of residents without any qualifications.

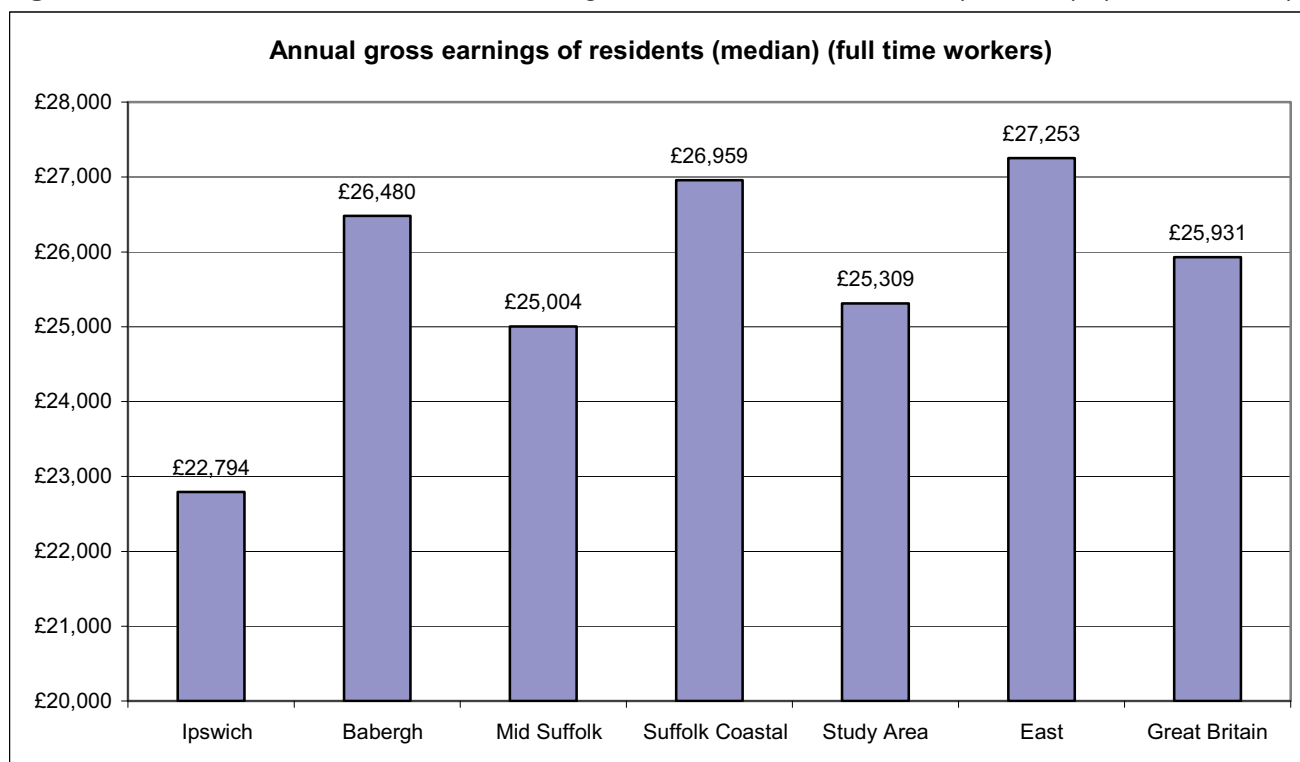
Figure 2.13.1 Qualifications by Area 2009 (APS 2009)



2.14 INCOMES AND EARNINGS

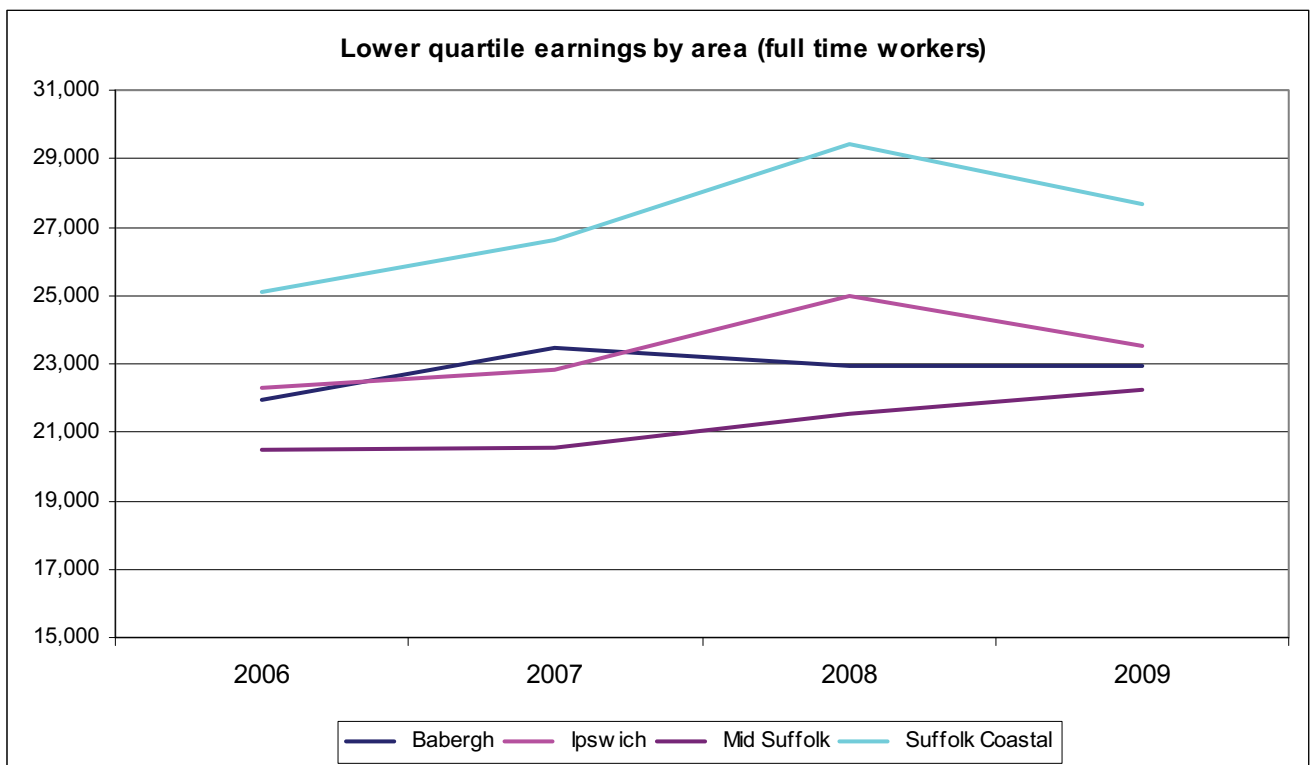
2.14.1 Earnings of local residents are a key parameter of affordability. The overall average earnings in the study area have increased, but remained at a similar proportion of the regional level. This is around 93% of the regional average but higher than the Suffolk figure. Since the 2007 data published in the original SHMA document, this updated 2009 data shows slight increases in most of the study area, but a strong increase of over £3,000 in Babergh. The latest data (below) shows that incomes in Ipswich are significantly below those of the study area as a whole, the county, region and nation, and have declined recently. However, in Mid Suffolk and Babergh earnings figures have increased in recent years.

Figure 2.14.1 Annual Gross Earnings of Full-Time Residents (Median). (ASHE, 2009)



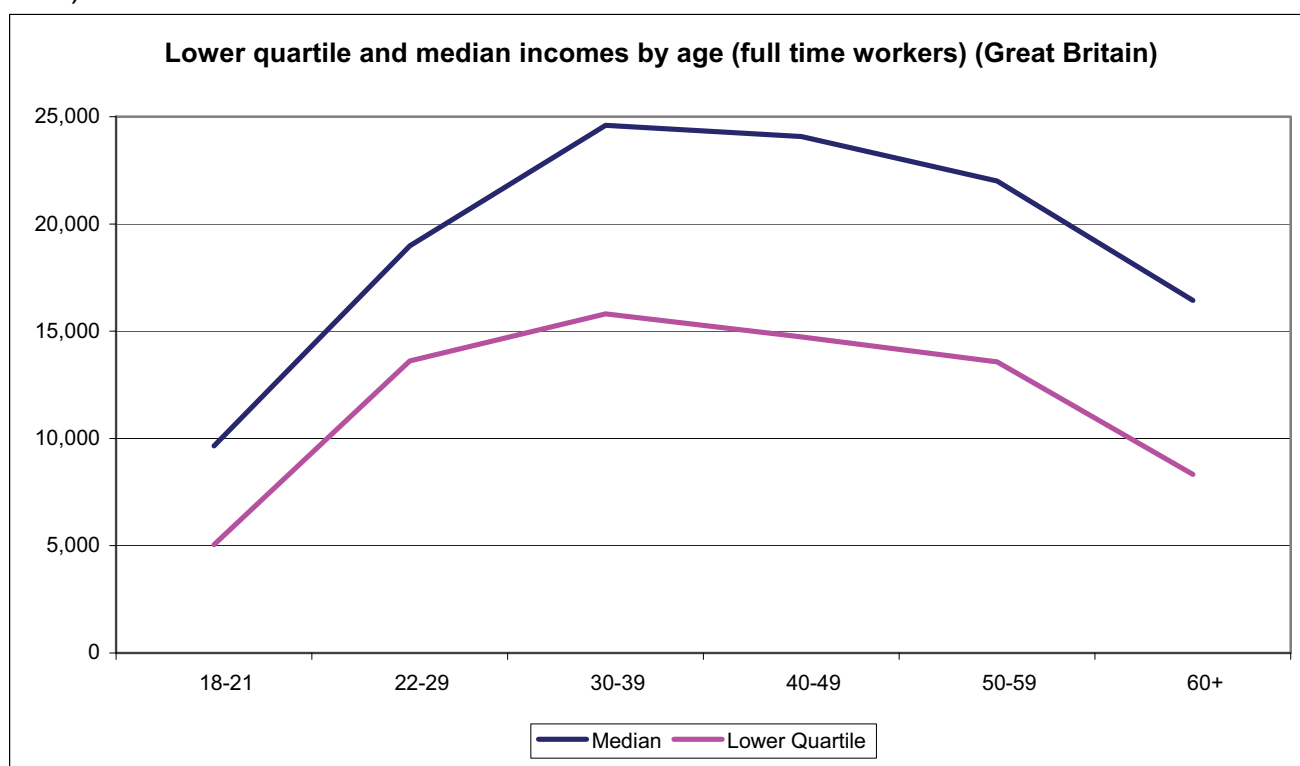
2.14.2 The graph below shows the lower quartile annual incomes of full time workers in the study area. Since 2006 the overall trend has been for increasing earnings, however in Ipswich and Suffolk Coastal the 2009 data shows a fall in earnings compared to 2008. Since the 2007 data published in the original SHMA document, this updated 2009 data shows high 2008 results creating an unusual peak, and places Mid Suffolk below the other districts in terms of average earnings.

Figure 2.14.2 Lower Quartile Incomes by Area (Full-Time Workers) (ASHE, 2009)



2.14.3 The graph below shows the distribution of the median and lower quartile incomes by age. The data is only available for Great Britain, but we would expect a similar distribution on most areas of the country. The decline in lower quartile and median incomes after their peak at around the mid-30s may be due to several factors: some employees (especially women) may seek employment which is lower paid but more suitable to the demands of bringing up a family; people returning to work after bringing up a family may find that their skills and qualifications require updating; and discriminatory practices by employers may impact on the wage levels of older people. This updated 2009 data shows a very similar pattern to that of previous years.

Figure 2.14.3 Lower Quartile and Median Incomes by Age (Full-Time Workers) (ASHE, 2009)



SUMMARY

- The population of the area has grown steadily since 1981, increasing by 19% with an estimated population of 429,600.
- Most of the population increase has occurred in the past in the rural districts of Babergh, Mid Suffolk and Suffolk Coastal whilst Ipswich's population has only just recovered its 1981 size. Whereas Ipswich's depopulation during the 1980s and 1990s may be associated with de-industrialisation, loss of employment opportunities and limited house building, its recent growth may be associated with its characteristic as an area of substantial house building coupled with comparatively low house prices. However Suffolk

Coastal has the biggest population of the four districts and has been growing faster than Ipswich since 2005.

- Compared with regional averages, the study area has a relatively small, albeit growing, BME population. However, stakeholder consultation undertaken by Fordham as part of the 2008 SHMA suggested this underestimates the current position due to EU migrant workers and foreign nationals finding somewhere to live temporarily in the town. Many find work in Ipswich's hospital, BT Martlesham, or with employment agencies based in the town.
- The study area contains a larger than average proportion of adult only households whilst Suffolk Coastal contains a higher than averaged proportion of pensioner households. The latter is likely to mean that there is a greater demand for age-related health and support services, coupled with associated transport issues.
- Compared with averages for Great Britain and Eastern England, residents of the study area are slightly less well qualified (and average levels of qualifications in Ipswich tend to be lower compared with the three remaining council areas). However, there are plans to increase the number of students studying at the University Campus Suffolk on Ipswich Waterfront.
- On average, incomes in the study area remain below both regional and national average incomes at £25,309 pa compared with £27,253 pa for the East of England region and £25,931 nationally. Earnings in Ipswich are significantly below those in the rest of the study area. This characteristic is likely to exacerbate issues around housing affordability. The impact of income on affordability locally is explored in chapter 7 and in chapter 9 with regard to housing need.

3. CURRENT HOUSING STOCK

(Chapter 6 in Nov 08 Original SHMA Report)

The purpose of this chapter is to:

- Provide an overview of the current housing stock including the number, type and condition of dwellings within the four council areas.

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

3.1 DWELLING PROFILE

3.1.1 Using data from the ONS, we are able to update this section showing trends from 2001 to 2007. 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. The table below is based on 2007 Housing Strategy Statistical Appendix data.

Figure 3.1.1 2007 Dwelling Stock by Council Tax Bands, by LA (HSSA)

	Babergh %	Ipswich %	Mid Suffolk %	Suffolk Coastal %	Study Area %	Colchester %	Chelmsford %	East %	England and Wales %
Band A	11.5	30.8	12.6	13.1	17.0	12.01	6.4	14.32	25.16
Band B	29.6	37.3	27.3	25	29.8	26.22	13.51	21.18	19.36
Band C	20.6	18.9	21.9	19.7	20.3	25.93	30.47	26.27	21.65
Band D	18.0	7.1	16.1	18.7	15.0	17.46	22.6	17.46	15.23
Band E	10.4	3.7	11.8	12.8	9.7	10.11	13.91	10.6	9.48
Band F	5.4	1.6	6.4	6.7	5.0	4.96	7.52	5.77	5.01
Band G	4.1	0.6	3.8	3.8	3.1	3.09	5.13	3.93	3.56
Band H	0.5	0	0.3	0.3	0.3	0.21	0.46	0.47	0.56
Band I	0	0	0	0	0	0	0	0	0

3.1.2 According to the HSSA data, Ipswich has the highest proportion of dwellings in council tax band A (30.81%), a marginal decrease from the figure reported for 2001. This suggests a higher concentration of low value properties compared to other LAs. Compared to average figures for England and Wales, Ipswich is 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 10.77%. Mid Suffolk has the second highest proportion of high value properties (10.42%), followed by Babergh (9.93%) and Ipswich has the lowest proportion at 2.21%. These rankings are identical to those reported in 2001, albeit with very marginally different percentage figures.

3.1.3 When considering council tax bands it is also interesting to note the council tax increases in recent years for the different LAs.

Table 3.1.3 Average (Band D) Council Tax increases 2008/09 to 2009/10 (DCLG)

	Average Council Tax 2009/10	% Change 2008/09 to 2009/10
Ipswich	£1,453	2.8%
Babergh	£1,563	2.7%
Mid Suffolk	£1,454	2.8%
Suffolk Coastal	£1,441	2.8%
Study Area Average	£1,478	3%

3.1.4 Although council tax in the four LAs has increased by almost the same percentage overall, it is more likely that average house prices are a more accurate indication of the changing value of properties in the area (see section 4.3).

3.2 POPULATION DENSITY

3.2.1 The SHMA published in November 2008 presented population data from the 2001 Census. Although this population density data will not be updated until the 2011 census, we can calculate population density using the area of lower super output areas, and the 2008 ONS Mid Year population estimates. The data suggests that the population density is increasing in all areas of the study area, which is to be expected.

Figure 3.2.1 Population Density by LA, ONS MYE 2008.

	Population (2008 MYE)	Hectares	2008 Population per hectare	2001 Population Per Density for Comparison
Ipswich	122,314	3,941	31.0	29.7
Babergh	86,959	59,376	1.5	1.4
Mid Suffolk	94,652	87,111	1.1	1.0
Suffolk Coastal	125,553	89,157	1.4	1.3
Study Area Average	429,478	239,585	1.8	1.7

3.3 HOUSEHOLD SIZE

3.3.1 The SHMA published in November 2008 presented household size data from the 2001 Census, which will not be updated until the 2011 Census. For information on household size please refer to section 6.7 of the original SHMA document. However CLG figures for the East of England region suggest that the average household size has fallen from 2.37 people per household in the 2001 Census to 2.33 in 2006 and will be about 2.14 by 2031.

3.4 HOUSING TENURE

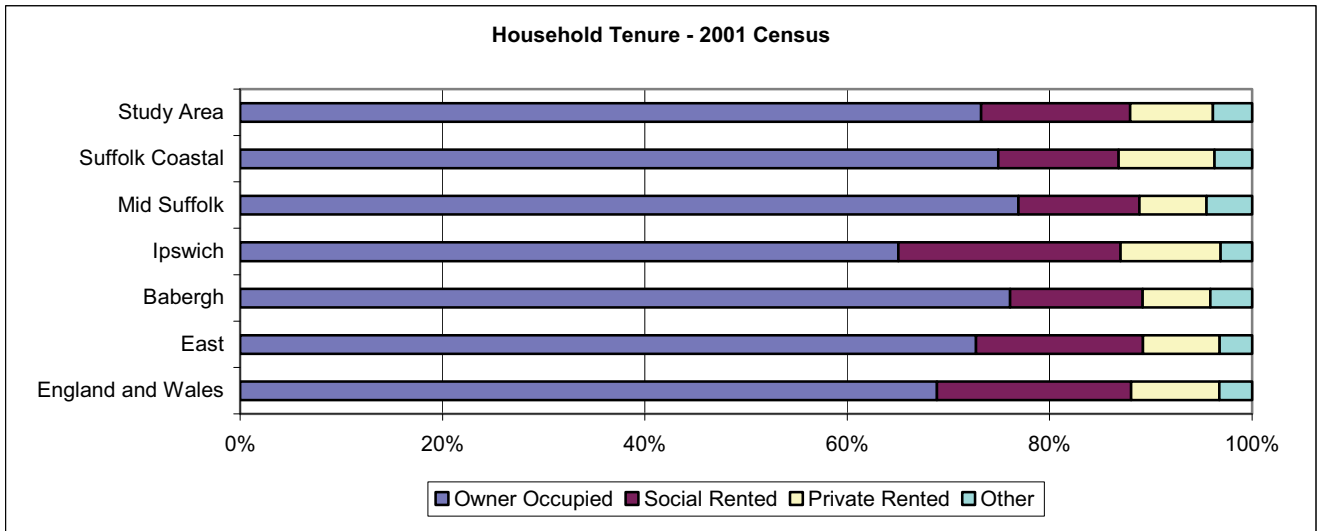
3.4.1 At 2001, the proportion of housing which was owner-occupied was 72.7% in the study area. (2001 Census). Of the composing LAs, Mid Suffolk had the highest rate of owner-occupiers, with 76.9%. Babergh had 76.1%, Suffolk Coastal 74.9% and Ipswich 65%. Higher levels of owner occupation are likely to impact upon housing affordability by reducing access to the rental market.

3.4.2 Social rented housing in the area accounts for a significantly lower proportion of the housing market than the national average (15.1% compared to 19.2%). There is a contrasting pattern to owner-occupied property, with Ipswich having the highest percentage at 21.9% of social rented housing, and much lower percentages in the other three LAs. Combined with high levels of owner occupation, a lack of access to social rented housing

may result in a shortage of access to affordable housing for those in need. This data comes from the 2001 Census.

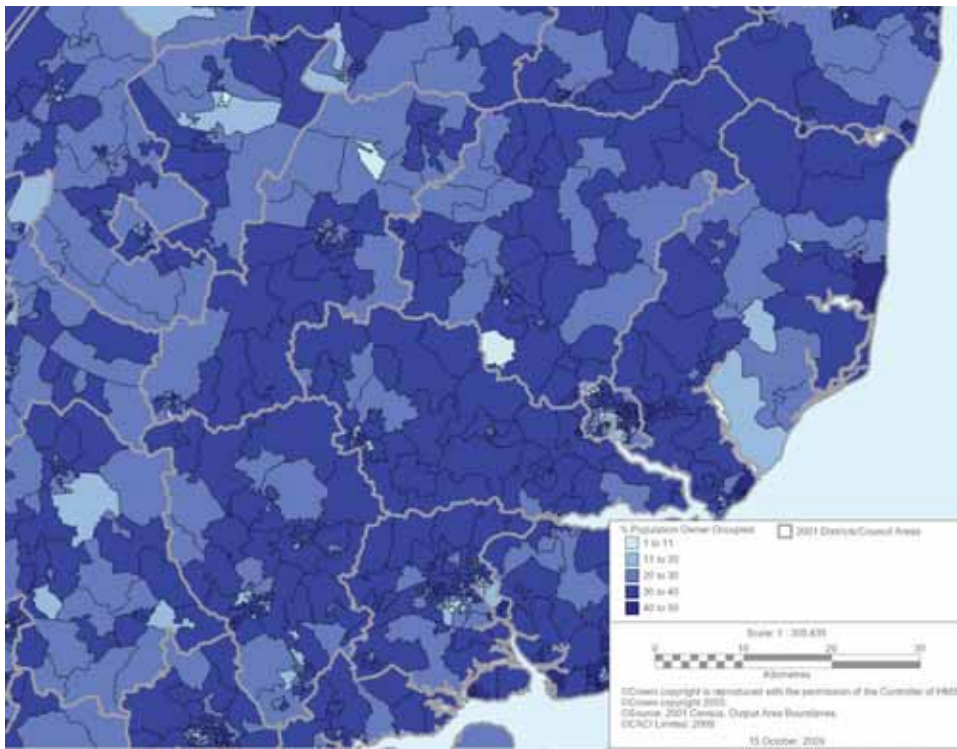
3.4.2 The proportion of private rented accommodation is slightly lower than the national average of 9.7%. Ipswich offers the most private rented properties in the study area, at 10.7% of its total stock (2001 Census).

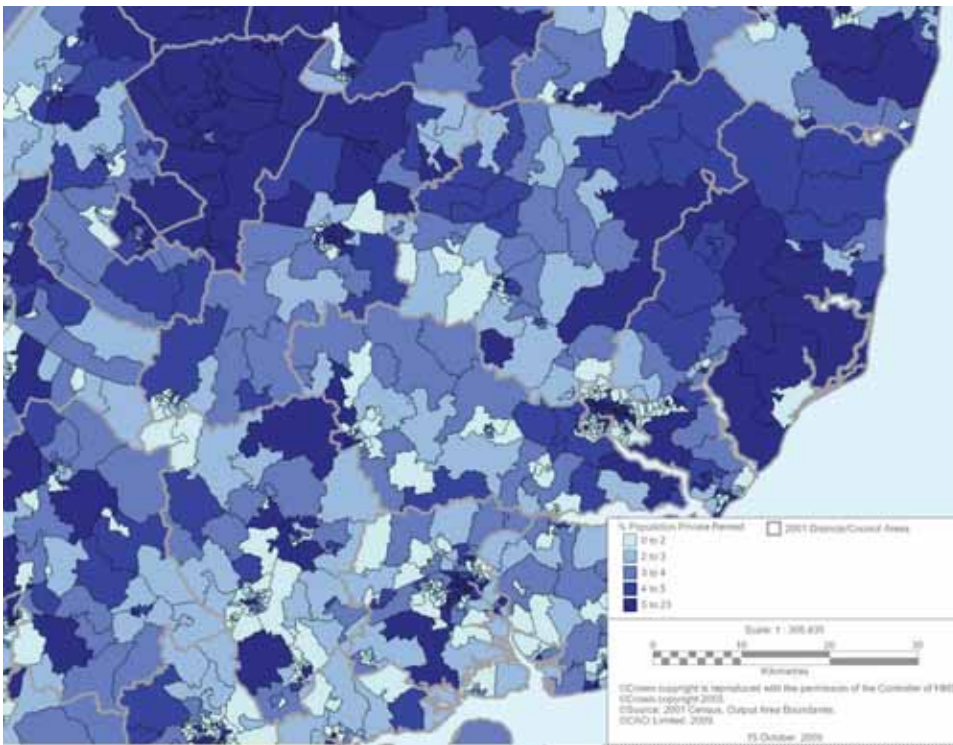
Fig 3.4.2 Bar Chart Showing Housing Tenure by LA, 2001 Census



3.4.3 The following maps demonstrate the percentage of dwellings which fall into broad tenure groups including owner occupied, social rented and private rented, as at the 2001 Census. It is evident from the maps that there is a higher concentration of private rented properties towards Ipswich and the south-eastern regions of the study area. There however appears to be little pattern in the distribution of owner occupied dwellings across the study area. As expected, urban areas have higher percentages of social rented housing.

Fig 3.4.3 Maps Showing Housing Tenure by LA, 2001 Census





3.4.4 In addition to the 2001 Census data and 2006/07 HSSA data, which is reported in the original SHMA, we can report on 2007/8 HSSA data for the study area.

Table 3.4.4 HSSA data showing Total Dwelling Stock 2007/8 by LA.

	LA	RSL	“Other” Public Sector	Private Sector (Non RSL)	Total
Ipswich	8,230	4,142	160	44,375	56,907
Babergh	3,561	1,258	21	33,188	38,028
Mid Suffolk	3,480	1,070	0	35,692	40,242
Suffolk Coastal	0	6,263	279	50,562	57,104
Study Area Totals	15,271	12,733	460	163,817	192,281

3.4.5 2007/08 HSSA data shows that by 2008/09 total dwelling stock in the study area had increased to 192,281. This is a 2,888 increase from the figure of 189,393 reported for 2007/08 in the original SHMA report in November 2008. The number of social rented dwellings (including LA, RSL and “other”) within the study area stands at 28,464, with the largest numbers located in Ipswich (12,532). Compared to last year, this is 597 unit increase.

3.5 TOTAL DWELLING STOCK

3.5.1 The table below shows total housing stock data for 2000/01 to 2008/09, as reported by district and borough council housing departments.

Table 3.5.1 Change in Housing Stock 1997-2008 by LA, HSSA

	1997	2008	1997/2008 Change	Annual Change	Total % Change
Ipswich	50,905	56,907	6,002	546	11.8
Babergh	34,512	38,028	3,516	320	10.2
Mid Suffolk	35,218	40,242	5,024	457	14.3
Suffolk Coastal	51,661	57,104	5,443	495	10.5
Study Area	172,296	192,281	19,985	1817	11.6
East of	2,237,219	2,464,469	227,250	20659	10.2

England					
England	20,680,568	22,493,857	1,813,289	164844	8.8

3.5.2 Over the period 1997-2008 the amount of housing stock within the study area has increased by 11.6%. This rate is slightly higher than the average increase for both the East of England and the country as a whole. The largest increases took place in Mid Suffolk (14.3%) and the smallest increase was in Babergh (10.2%). In terms of numbers, the largest increases have been found in Ipswich, with an annual average completion rate of 546 over the last 11 year period.

3.6 HOUSING TYPES

3.6.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 6.16 of the original SHMA document, November 2008.

3.7 HOUSING SIZE

3.7.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 6.20 of the original SHMA document, November 2008.

3.8 SECOND HOMES

3.8.1 There was no update to this section as source data is from the 2001 Census. Please refer to section 6.23 of the original SHMA document, November 2008.

3.9 VACANT DWELLINGS

3.9.1 Vacant dwellings data presented in the original SHMA document, November 2008 was from the HSSA 2006/07. Updated information can be taken from the 2007/08 HSSA and is presented in the table below.

Table 3.9.1 Vacant Dwellings by LA, HSSA 2007/08.

	LA	RSL	“Other” Public Sector	Private Sector (Non RSL)	Total	% of All Dwellings	% Reported in 2006/07
Ipswich	66	82	11	1343	1502	2.6	2.8
Babergh	37	8	0	1113	1158	3.0	2.8
Mid Suffolk	30	8	0	780	818	2.0	1.7
Suffolk Coastal	0	63	0	1628	1691	3.0	3.0
Study Area	133	161	11	4864	5169	2.7	2.6

3.9.2 The proportion of vacant dwellings is quite varied throughout the study area. The highest proportion can be found in Babergh and Suffolk Coastal which both have 3% vacant dwellings. Overall there is a decrease in the percentage of vacant dwellings, dropping 0.1% from the figure reported last year. There has been a 0.3% increase in vacant dwellings in Mid Suffolk, as well as 0.2% decreases in Ipswich and Babergh. Suffolk Coastal recorded the same proportion of vacant dwellings in 2008/09 as in 2007/08.

3.10 OVERCROWDING

3.10.1 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.

3.11 STOCK CONDITION

3.11.1 The table shows unfit dwellings data which is taken from the HSSA. In the original 2008 SHMA report, 2005/06 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 replaces the Fitness Standard as an element of the Decent Homes Standard. As such, the CLG's Housing Strategy Statistical Appendix for 2006/07 asked questions about the condition of private sector properties using both the old 'fitness' and new HHSRS measures. Unfortunately, as these measures are not comparable CLG decided not to publish all the interim results.

3.11.2 One measure that we can report on is performance against the "Decent Homes" standards. Data for the study area is presented in the table below.

Table 3.11.2 Percentage of dwellings meeting decent homes standard, 2007/08, HSSA

	% LA Dwellings that Fall Below the 'Decent Home Standard'	LA Dwellings Requiring Investment	% LA Dwellings Requiring Investment	Total Cost of Investment Required
Ipswich	20.5%	5103	62%	25399
Babergh	9.6%	500	14%	240
Mid Suffolk	6.7%	1883	54.1%	7498
Suffolk Coastal	0	0	0	0
Study Area	9.20%	7486	32.53%	33137

3.11.3 Decent homes data shows that there is more of a problem in Ipswich than in other LAs which compose the study area. Babergh has the second highest percentage of LA stock which does not meet the decent homes standard, whereas Mid Suffolk has the fewest. Suffolk Coastal has no LA dwelling stock.

3.11.4 In addition to decent homes standards, Standard Assessment Practice (SAP) ratings are used in the UK for calculating the energy performance of dwellings. The calculation is based on energy balance taking into account a range of factors such as:

- Energy efficiency
- Materials used for construction of the dwelling
- Thermal insulation of the building fabric
- Ventilation characteristics of the dwelling and ventilation equipment
- Efficiency and control of the heating system(s)
- Solar gains through openings of the dwelling
- The fuel used to provide space and water heating, ventilation and lighting
- Renewable energy technologies

3.11.5 According to Government Guidance, a SAP rating of less than 35 should be regarded as a category one hazard leading to a Decent Homes failure and meaning that the Council has to take action. The SAP ratings for the study area were presented in the original SHMA report in November 2008. Updated data (2007/08) is shown in the table below.

Table 3.11.5 SAP Ratings for Dwellings in the Study Area, HSSA, 2007/08.

	Average SAP rating of private sector properties	% Private Sector Properties with SAP rating below 35
Ipswich	na	18
Babergh	47	37
Mid Suffolk	56	9
Suffolk Coastal	49	11
Study Area	152	18.75

3.11.6 All LAs in the study area have reported an increased percentage of private sector properties which are rated below 35 for SAP. The figure has increased from 10.5% in 2006/07 to 18.75% in 2007/08. This is cause for concern, and the figures are skewed heavily for the study area as a whole by the reported figure of 37% of properties rated below 35 in Babergh. One explanation for this could be due to a concentration of old rural buildings; however other rural areas such as Mid Suffolk are not consistent with this pattern

3.12 HOUSING NEEDS SURVEYS

3.12.1 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.

3.13 SHARED HOUSING

3.13.1 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.

3.14 COMMUNAL ESTABLISHMENTS

3.14.1 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

- The evidence above suggests that there are clear differences between the more urban areas of Ipswich and the more rural areas of Babergh, Mid Suffolk and Suffolk Coastal. Ipswich contains the highest proportion of properties in Council Tax Band A (30.8%) i.e. the lowest valued properties – this is higher than the average for England & Wales (25.2%) and probably reflects its relatively higher proportion of terraced and social rented properties. However, the remaining three study area Councils have a lower than average proportion of properties in Band A. There has been a slight decrease in the percentage of Band A properties in both Ipswich; however a slight increase for Babergh means that the study area figure has remained static.
- Overall housing density in the study area, at 1.7 people per hectare, was below the national average of 3.5 people per hectare reflecting the County's predominately rural character. However, the population density of Ipswich is much higher at 29.7 persons per hectare.
- At 2001 the level of owner-occupation in the study area was at 72.7 % compared to the national average of 68.9% whilst the proportion of social rented properties within the study area was much lower than the national average at 15.1% compared with 19.2% nationally. Again, there were substantial differences between Ipswich which contains

around the national average of social rented housing at 21.9% while the three rural council areas contain much lower proportions. This suggests that Ipswich has a higher proportion of properties suitable for households in housing need although such a large social rented sector means that it incurs a greater responsibility to ensure that its properties meet the Decent Homes Standard.

- Linked to decent homes, Standard Assessment Procedure data is cause for concern, as the percentage of private sector properties rated below the acceptable standard increased from 10.5% in 2006/07 to 18.75% in 2007/08. These properties are decent home failures and government guidance suggests that LAs should take action to reduce this.
- Around 10% of all private sector properties in the study area would fail the government standard for energy performance.
- The average size of housing in the study area (5.7 rooms) is higher than both the regional (5.4) and national (5.2) averages.
- Over 6,500 households in the study area were considered as overcrowded, i.e. they had too few rooms for the size of the household. This represents 3.9 % of all households.
- There were 6,389 people in the study area living in 303 communal establishments, representing 1.5% of all residents in the study area. The largest proportion of communal residents live in either nursing or residential homes.

4. The Active Housing Market

(Chapter 7 in Nov 08 Original SHMA Report)

The purpose of this chapter is to explain:

- How house prices and rents have changed
- What affordability trends look like in the study area
- Turnover and other characteristics of the stock

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

4.1 INTRODUCTION

4.1.1 Demand for housing is a combination of complex factors which have been discussed through the SHMA and this SHMA update. Economic and social issues, combined with the quantity and quality of the current stock combine to add pressure to market demand.

4.1.2 The chapter will first analyse changes in the costs of buying and renting a property across the study area, 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 study area as a whole and each individual authority.

4.1.3 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.

4.2 OVERALL PRICE OF HOME OWNERSHIP

4.2.1 The table below shows average house prices for the study area for 2007 to 2009. The original SHMA document (November 2008), reported on house price figures for 2007, so this data represents an update for the following two years.

Table 4.2.1 Average house prices by LA, 2007-2009, Land Registry

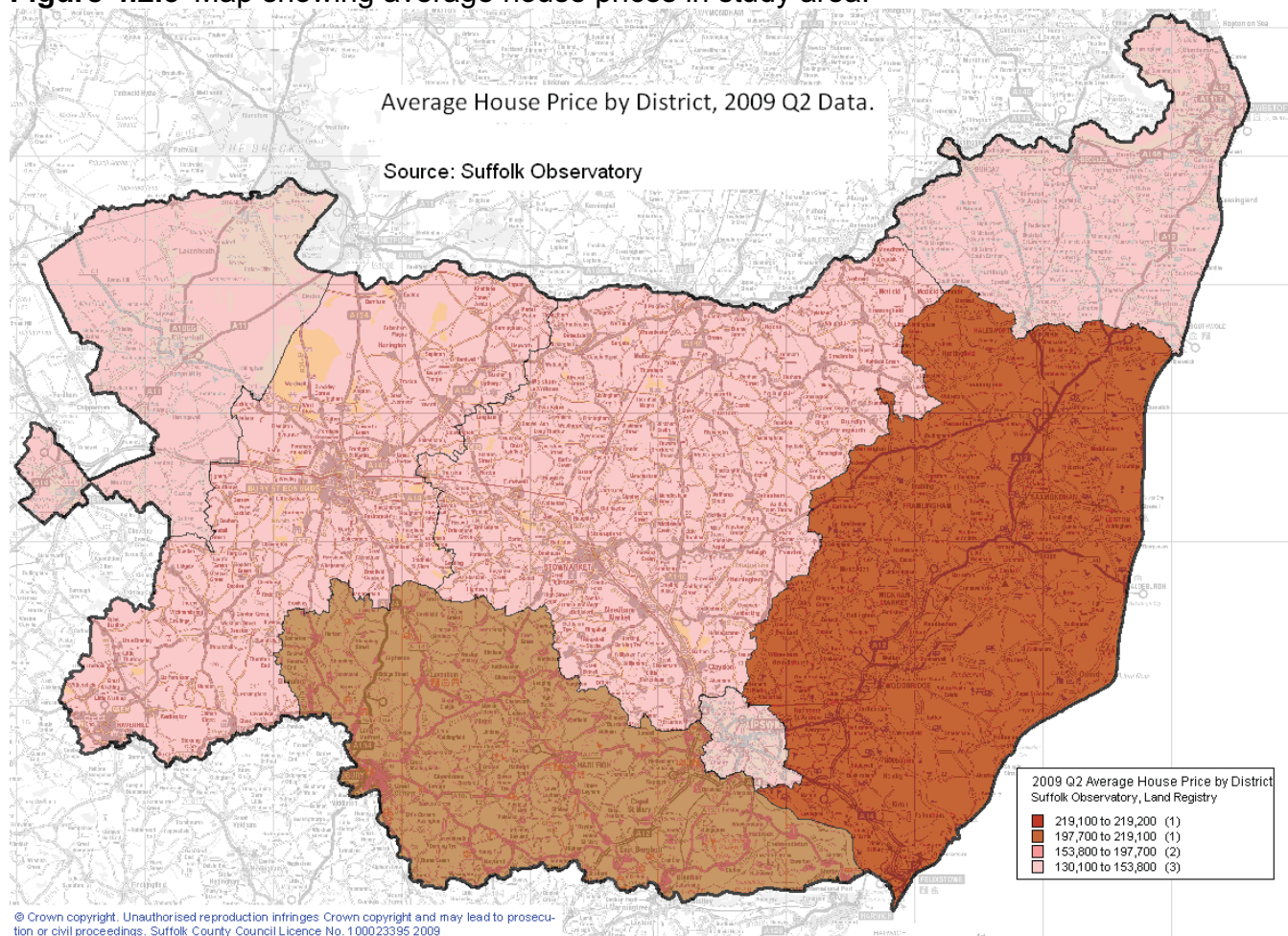
	Average Price 2007 Q2 (As % of national average in brackets)	Average Price 2008 Q2 (As % of national average in brackets)	Average Price 2009 Q2 (As % of national average in brackets)
Ipswich	£157,048 (72.6%)	£157,783 (71.9%)	£130,174 (64.1%)
Babergh	£223,804 (103.5%)	£223,395 (101.9%)	£209,263 (103%)
Mid Suffolk	£216,832 (100.3%)	£210,747 (96.1%)	£197,683 (97.3%)
Suffolk Coastal	£229,675 (106.2%)	£239,249 (101.1%)	£219,127 (107.8%)
Study Area	£203,714 (94.2%)	£207,794 (94.8%)	£189,062 (93.07%)
Colchester	£201,499 (93.2%)	£193,896 (88.5%)	£178,546 (87.9%)
Chelmsford	£254,817 (117.8%)	£252,023 (114.9%)	£224,390 (110.5%)
East of England	£223,317 (103.3%)	£228,223 (104.1%)	£207,240 (102.1%)
England and Wales	£216,272	£219,208	£203,138

4.2.2 Within the study area it is clear that there is quite a variation in house prices. The latest data, shows significant drops in average house prices in all areas, which can be attributed to the economic recession. Ipswich has the lowest average house price out of the

four LAs, which was £130,174 in the second quarter of 2009. This figure is only 64% of the UK average. The average price in Ipswich is nearly £70,000 less than the next lowest figure, which is £197,683 in Mid Suffolk. This gap has widened since the publication of the original SHMA, where the gap between Ipswich and the nearest LA was only £60,000.

4.2.3 The map below shows variation of house prices across the study area. The figures show that prices are highest in Suffolk Coastal and Babergh, with lowest prices in Ipswich.

Figure 4.2.3 Map showing average house prices in study area.



4.2.4 House prices vary widely both within the study area and in adjacent areas. The table below shows updated (Compared to the 2007 data used in original SHMA) house price figures for nearby areas. The column on the right hand side shows the change experienced since 2007.

Table 4.2.4 Average house prices for nearby areas, 2009 Q2, Land Registry

	2007 Q2 Average Price	2008 Q2 Average Price	2009 Q2 Average Price	Change 07-09	% change 2007-09
Fenland	£148,383	£151,131	£138,684	−£9,699	−6.5
Huntingdonshire	£204,534	£204,363	£191,837	−£12,697	−6.2
Cambridge	£284,726	£316,087	£296,363	£11,638	4.1
East Cambs	£213,395	£224,976	£181,675	−£31,720	−14.9
South Cambs	£271,950	£276,672	£240,277	−£31,672	−11.6
Basildon	£210,600	£218,173	£199,317	−£11,283	−5.4
Braintree	£214,003	£224,174	£185,635	−£28,368	−13.3
Brentwood	£341,097	£321,573	£318,285	−£22,812	−6.7

Castle Point	£212,063	£214,773	£194,135	-£17,928	-8.5
Chelmsford	£254,817	£252,023	£224,390	-£30,427	-11.9
Colchester	£201,499	£193,896	£178,546	-£22,954	-11.4
Epping Forest	£334,009	£337,648	£292,619	-£41,389	-12.4
Harlow	£182,867	£188,855	£162,280	-£20,587	-11.3
Maldon	£240,671	£250,068	£207,290	-£33,382	-13.9
Rochford	£236,633	£241,072	£201,298	-£35,335	-14.9
Tendring	£184,805	£195,107	£159,537	-£25,268	-13.7
Uttlesford	£289,857	£311,767	£301,727	£11,870	4.1
Breckland	£182,372	£182,173	£165,372	-£17,000	-9.3
Broadland	£206,594	£203,112	£176,606	-£29,988	-14.5
Great Yarmouth	£154,718	£148,460	£136,421	-£18,297	-11.8
Kings Lynn and West Norfolk	£185,259	£182,166	£173,347	-£11,912	-6.4
North Norfolk	£200,857	£211,693	£190,691	-£10,165	-5.1
Norwich	£178,487	£172,208	£149,822	-£28,665	-16.1
South Norfolk	£220,286	£204,639	£190,291	-£29,994	-13.6
Forest Heath	£182,157	£204,881	£154,772	-£27,385	-15.0
St Edmundsbury	£219,085	£199,258	£188,812	-£30,273	-13.8
Waveney	£166,962	£173,639	£153,729	-£13,233	-7.9

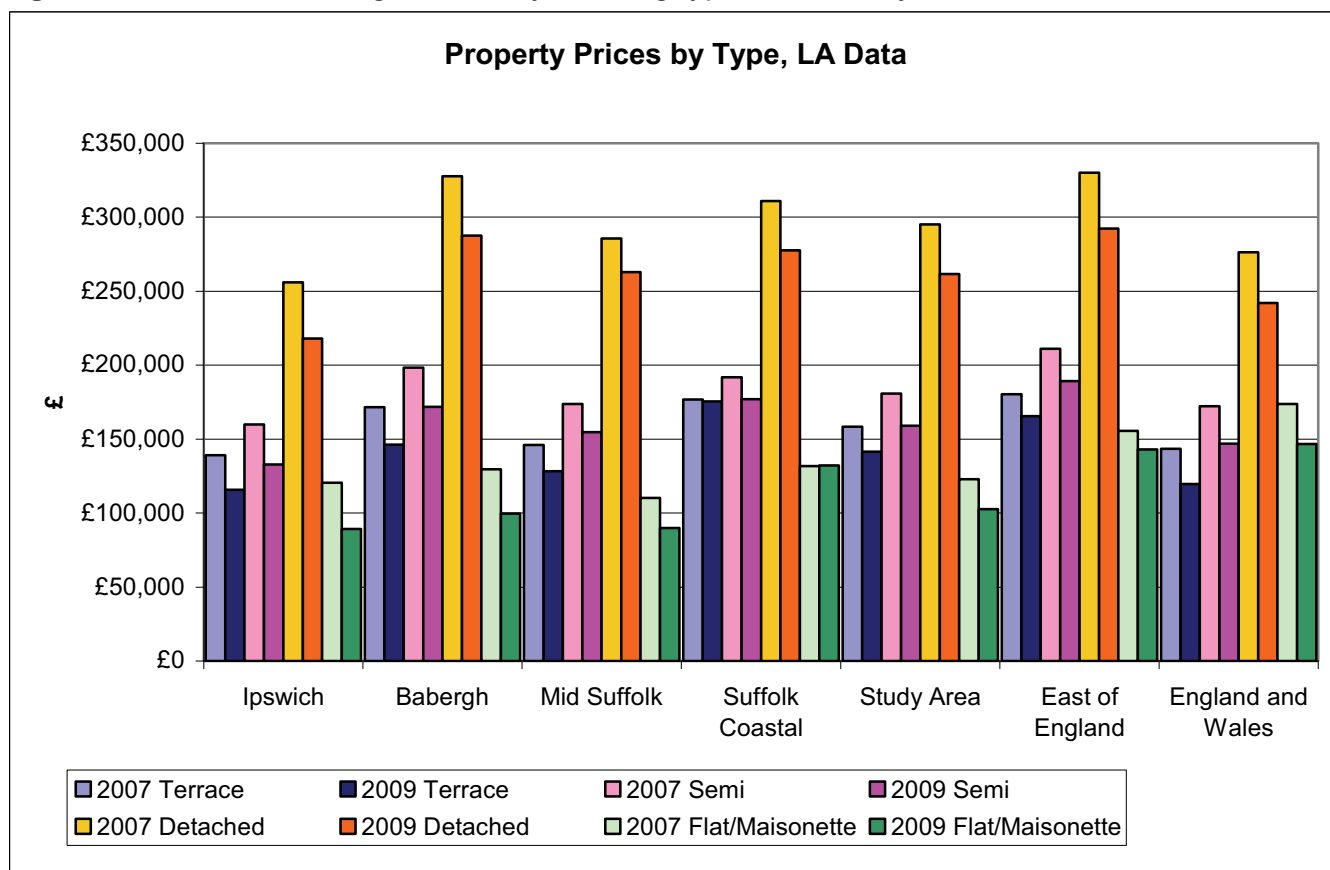
4.3 PURCHASE PRICES BY PROPERTY PRICE

4.3.1 In addition to providing information about overall prices, the Land Registry provides a wealth of data about the types of properties sold. In the original SHMA report produced in November 2008, 2007 data was used. In this data update we are able to draw on 2008 and 2009 figures to show changes since the first SHMA publication. The figure below shows average property prices for the study area plus the individual districts and benchmark areas for each dwelling type using Land Registry data.

4.3.2 The figure below shows that property prices for the all dwelling types in the study area are above those for East Anglia, with the exception of flats/maisonettes.

4.3.3 Within the study area the data shows that Suffolk Coastal has the highest average price for detached, terraced houses, and semi detached properties. Ipswich records the lowest average price for all property types. Data previously presented suggested that Mid Suffolk offered cheaper flat/maisonette accommodation, whereas Babergh was priced highest for semi detached properties. Prices for semi detached properties in Suffolk Coastal have now surpassed those in Babergh, and Ipswich is now slightly cheaper for flats and maisonettes than Mid Suffolk.

Figure 4.3.3 Average Prices by dwelling type in the study area



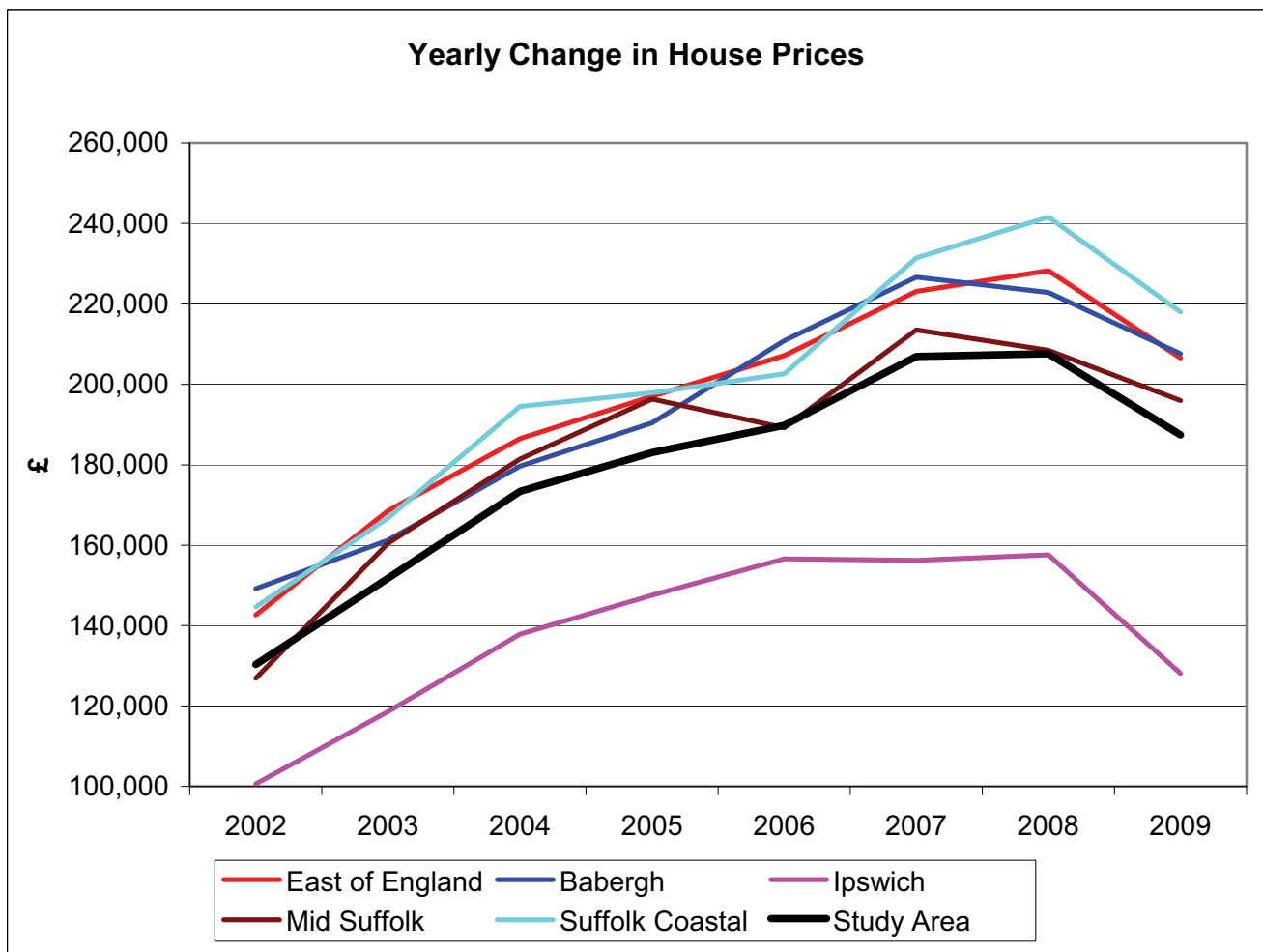
4.4 TRENDS IN PURCHASE PRICES

4.4.1 The figure below shows overall price change between 2002 and 2009. This is an updated figure compared with the original SHMA published in November 2008, which offered 2007 data as the latest available. This updated 2009 data is a common update throughout section 4.4 of this document.

4.4.2 The most recent data shows significant price decreases in all areas studied, as expected in the current period of economic recession. However, between 2002 and 2007 prices increased sharply, with a smaller rate of increase to 2008, before the drop of 2009. Over this longer term, the average property price has increased by 43% between 2002 and 2009 in the study area. The greatest percentage increases were in Mid Suffolk (54.4%), where the smallest increase was in Ipswich (27.3%)

4.4.3 Within the study area data shows that the highest rises have been in Mid Suffolk (54.4%) and Suffolk Coastal (50.7%). The lowest rises were in Ipswich (27.3%), and Babergh (39.2%). In absolute terms the average property price in the study area increased by around £57,100; this is lower than the equivalent for England (£68,546), and East Anglia (£63,931). Price rises in the study area vary considerably, from £27,499 in Ipswich to £73,373 in Suffolk Coastal.

Figure 4.4.3 Average House Price Changes by LA, 2002-2009, Land Registry



4.4.4 Also worth noting are the impacts of the recession on house prices since publication of the original SHMA. Between 2008 and 2009, changes are outlined in the table below, which clearly illustrates that change overall has been in line with regional price falls, and slightly greater than the national decrease. Hardest hit has been Ipswich which records a drop of around twice the area, regional and national averages.

Table 4.4.4 Average House Price Changes 2008-09 by LA, Land Registry

	2008 Average Price	2009 Average Price	Absolute Change 2008-09	% Change 2008-09
Babergh	£222,803	£207,645	-£15,157	-6.8
Ipswich	£157,613	£128,119	-£29,494	-18.7
Mid Suffolk	£208,457	£195,935	-£12,522	-6.0
Suffolk Coastal	£241,594	£217,997	-£23,597	-9.8
Study Area	£207,617	£187,424	-£20,193	-9.7
East of England	£228,260	£206,534	-£21,727	-9.5
England and Wales	£219,208	£203,138	-£16,070	-7.3

4.4.5 The greatest price decrease in the last year has been seen in Ipswich, where property prices have dropped by as much as £29,494 (18.7%). The area in the study area least

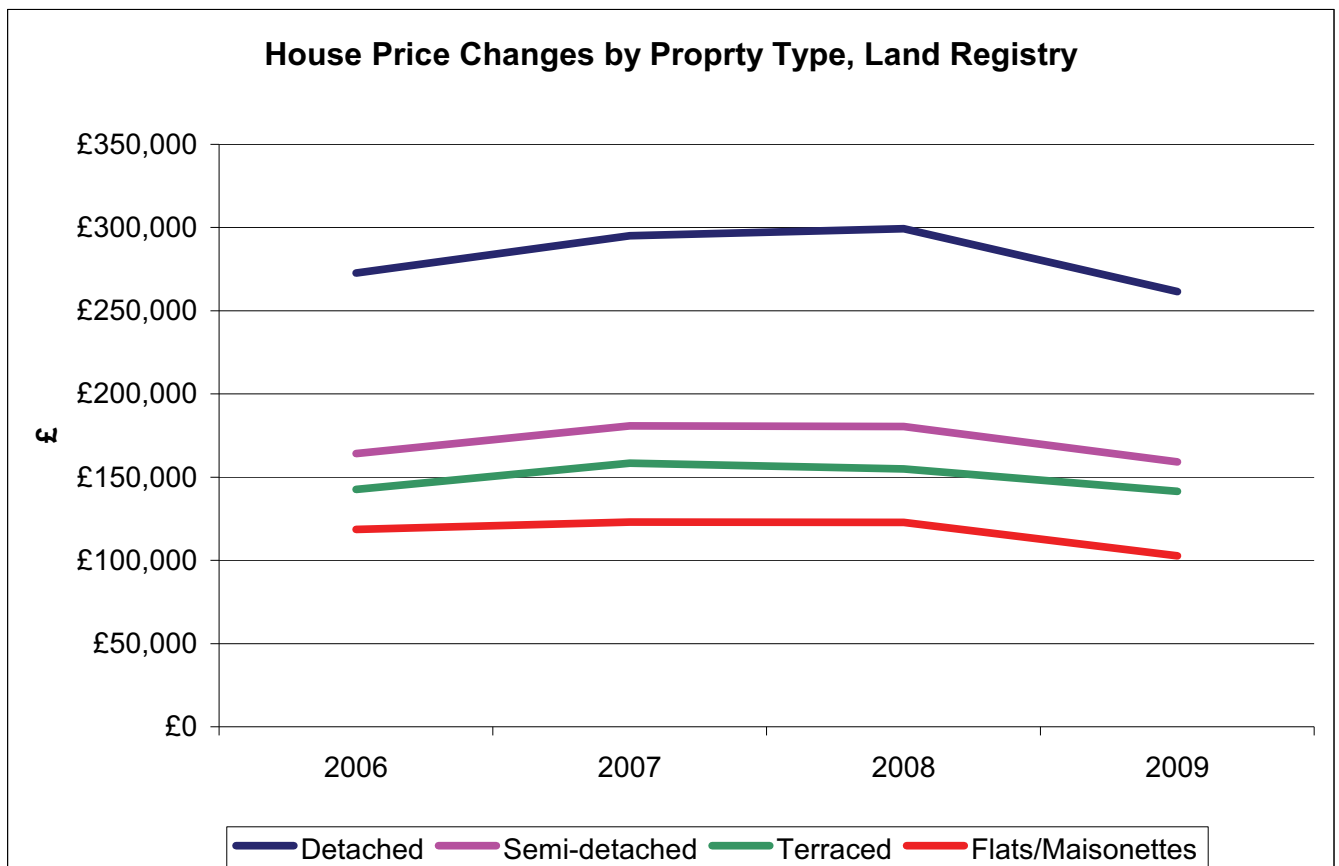
affected by the recession appears to be Mid Suffolk, where prices have only dropped 6% between 2008 and 2009.

4.4.6 The figure below shows price changes in the study area for each dwelling type from 2006 to 2009. This is again an update on the 2007 data which was provided in the original SHMA document, November 2008. The largest percentage decrease was in flats and maisonettes, dropping 13.4% between 2006 and 2009. The type of property to decrease in value the least over the same period were terraced properties, which only dropped by 0.8% in the study area. District level data from the land registry is shown in table 4.4.6, showing for example that in Ipswich, prices have dropped more sharply in the flat and apartment sector of the market compared to detached homes.

Table 4.4.6 % Change in House Price by Type, District Level, Suffolk Observatory 2008 Q3 - 2009 Q3

	Flat	Terrace	Semi	Detached
Babergh	-10.5%	-13.4%	-1.9%	-10.9%
Forest Heath	5.8%	5.0%	-12.3%	-25.5%
Ipswich	-6.1%	-4.8%	-3.2%	-1.5%
Mid Suffolk	-23.4%	0.3%	-10.4%	-10.4%
St. Edmundsbury	-5.6%	-8.8%	-5.1%	-9.0%
Suffolk Coastal	31.6%	4.1%	-5.4%	-17.7%
Waveney	13.5%	-9.1%	-5.0%	-6.1%
Suffolk	6.1%	-3.1%	-5.9%	-10.9%

Figure 4.4.6 Average House Prices Changes by Dwelling type by LA, 2006-09, Land Registry



4.4.7 Further information can be found in the original SHMA document, November 2008 referring to the market survey undertaken. This has not been updated as part of this data review.

4.5 ENTRY LEVEL PURCHASE PRICES

4.5.1 Identifying the cost of entry-level market housing is crucial for assessing the ability of households to afford to buy in the study area. The Guidance indicates that entry level prices should be approximated by lowest quartile prices. The most recent lower quartile property prices available from the Land Registry are 2008. This is an update to the 2007 data presented in the original SHMA document, November 2008. The table below presents these figures.

Table 4.5.1 Lower quartile house prices by LA, Land Registry 2007-08

	2007 Lower Quartile Price (as % of national average)	2008 Lower Quartile Price (as % of national average)
Babergh	£155,000 (124%)	£145,000 (116%)
Ipswich	£124,000 (99%)	£113,000 (93%)
Mid Suffolk	£144,500 (116%)	£139,000 (114%)
Suffolk Coastal	£154,000 (123%)	£148,500 (122%)
Study Area	£144,375 (116%)	£136,375 (109%)
East of England	£148,000 (118%)	£142,000 (116%)
England and Wales	£125,000	£122,000

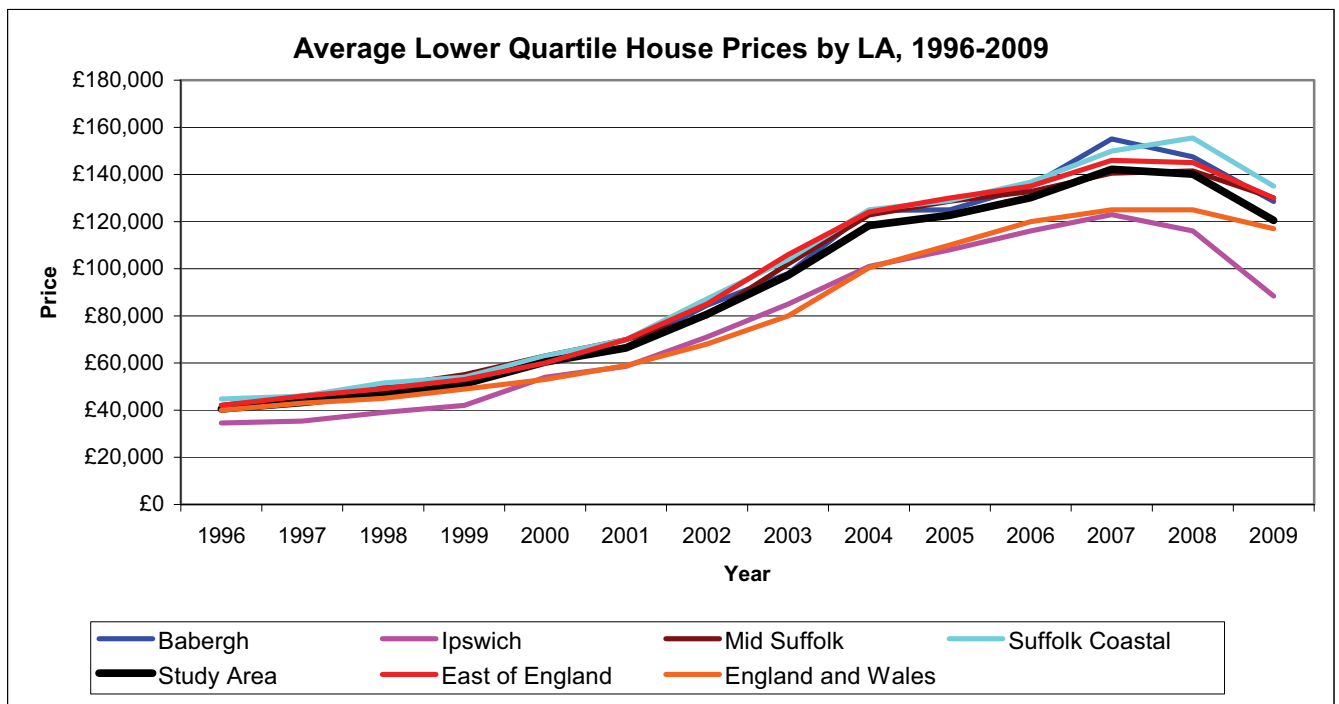
4.5.2 The data shows that entry level house prices in the study area are 9% higher than the equivalent figure for England and Wales. This is less than the figure for the previous year, indicating that lower quartile house prices in the Study area have moved closer to the

national average. Within the study area, Suffolk Coastal records the highest lower quartile average price (£148,500), and Ipswich records the lowest (£113,000). All authorities except Ipswich are more expensive than the national average for entry level accommodation. This more recent data shows no change in the rankings of LAs within the study area, but as expected does show a significant price drop over the last year.

4.5.3 The figure below shows how lower quartile house prices have changed in recent years. In the original SHMA document, November 2008, the latest data displayed was 2006. In this data update we can provide data to 2009, showing three further years of trend. Overall between 1996 and 2009, the lower quartile property price in the study area rose by 197%, this is close to the increase experienced in England as a whole (193%), but slightly less than the increase observed in the East of England (210%). Within the study area data shows that there is little difference between the districts, with the exception that Ipswich has experienced about 25% less growth in house prices compared to the other LAs.

4.5.4 In absolute terms, the lower quartile property in the study area has risen by £70,894; this is lower than the average for the East of England (£88,000), and lower than the average for England and Wales, which was £77,000. Again, there is little variation within the study area, except that Ipswich has only experienced a growth of £53,875, compared to the figures ranging from £87,500 to £92,250 in the other LAs.

Figure 4.5.4 Lower quartile house prices by LA, 1996-09, Land Registry.

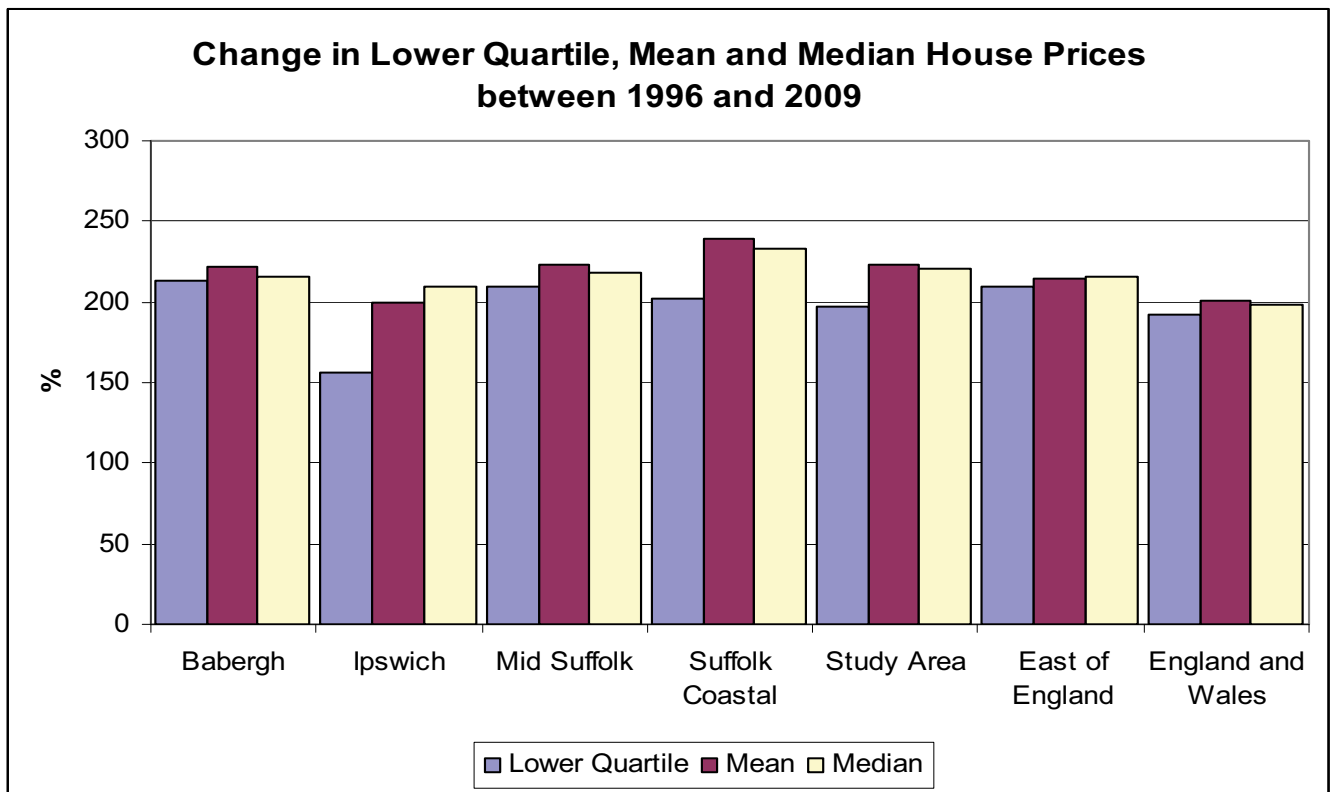


4.5.4 In order to assess the relative market pressure on first-time buyers, the Guidance recommends that the changes recorded in the cost of lower quartile prices be compared to the change recorded in median and mean property prices. If the rate of increase in lower quartile prices is significantly higher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

4.5.6 The figure below compares the rate of increase recorded for lower quartile, median and mean prices over the period 1996 to 2009. This is an update on the previously presented data from the original SHMA which was for the period between 1996 and 2006. It shows that in all areas the rate of increase in mean and median house prices has been greater than the increases seen in lower quartile house prices. The figure therefore suggests that first time buyers are likely to be favoured by conditions where lower house prices are increasing slowest. Within the study area, the largest gaps appear to be in Ipswich and Suffolk Coastal; hence these areas may be more difficult to find entry level properties at an affordable price. However, these low prices may not translate into times of easy access to the property market due to constrained supply and lack of financial lending.

4.5.7 Housing affordability is a function of incomes and earnings locally as much as of house prices.

Figure 4.5.7 Change in lower quartile, mean and median house prices by LA, 1996-06, Land Registry.



4.5.8 Perhaps unsurprisingly, many of the comments elicited during the stakeholder process (as discussed in Appendix 2) referred to a lack of affordable housing within the study area. It was noted that the current adverse economic conditions may impact on the supply of affordable housing. It was agreed by stakeholders that the main reason for the current downturn in the housing market was decreased liquidity i.e. people have less access to financial products such as mortgages and loans. However, although house prices have decreased, the cost of buying a house has not. People purchasing a property may now need a larger deposit - a return to the financial conditions related to mortgages around 20 years ago.

4.5.9 It was also noted by stakeholders that issues around the limited supply of affordable housing may impact on minimum wage earners that work in shops, hotels and restaurants since they cannot afford the housing market either. Similarly, there was concern that some Section 106 (S106) agreements (whereby developers are given permission to develop sites on condition that a proportion of the new housing they provide is affordable) may have to be renegotiated. One developer said that S106 agreements are likely to be honoured if there is a contract with the local authority whilst another developer was interested to know if the current adverse housing market would provide an opportunity to consider replacing S106 agreements with a land tax.

4.6 OVERALL COST OF PRIVATE RENTING

4.6.1 Whilst the Land Registry holds a complete record of all property sales, Practice Guidance acknowledges that there is no definitive source of information on market rents. Information on the cost of housing in this tenure for this report has been collected from two sources, local letting agents and the rent service, in line with Guidance. Information from the rent service is used to understand trends in the local private rental market, whilst letting

agent information is used to establish the current cost of renting privately in the study area and the cost of entry-level rents.

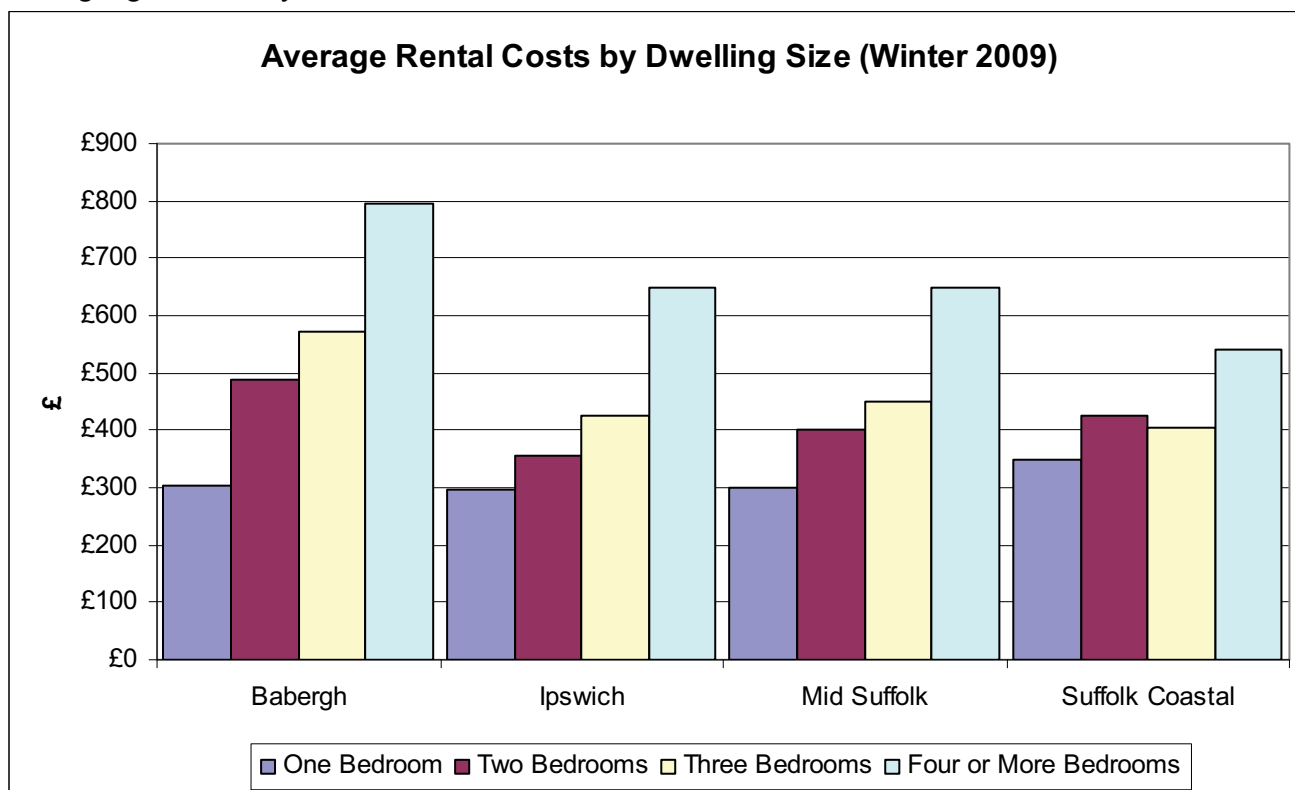
4.6.2 Information on current private rental costs in the study area has been collected through an online survey of letting agent prices. The table below shows the average cost of private rents in each of the four constituent authorities of the study area. The table shows that Babergh records the highest average rental cost followed by Mid Suffolk, with Suffolk Coastal recording the lowest average rental cost. This is a variation on the results presented in the original SHMA document in that Suffolk Coastal was previously the most expensive LA in which to rent. All LAs have experienced a decrease in average rents since the publication of the original SHMA document in November 2008.

Table 4.6.2 Average Private Rental Costs Autumn 2009 (per month). (Online Letting Agent Survey)

	Average Rent
Ipswich	£432
Babergh	£541
Mid Suffolk	£450
Suffolk Coastal	£431

4.6.3 Private rental costs also vary by property size. The figure below shows the average private rental costs for the four individual districts for each dwelling size (from the online letting agent survey). The figure below shows that Suffolk Coastal has the highest average rents for one bedroom properties, whilst Mid Suffolk records the lowest rents for these. This is a variation on the results presented in the original SHMA document in that there is an evident drop in rents since winter 2007.

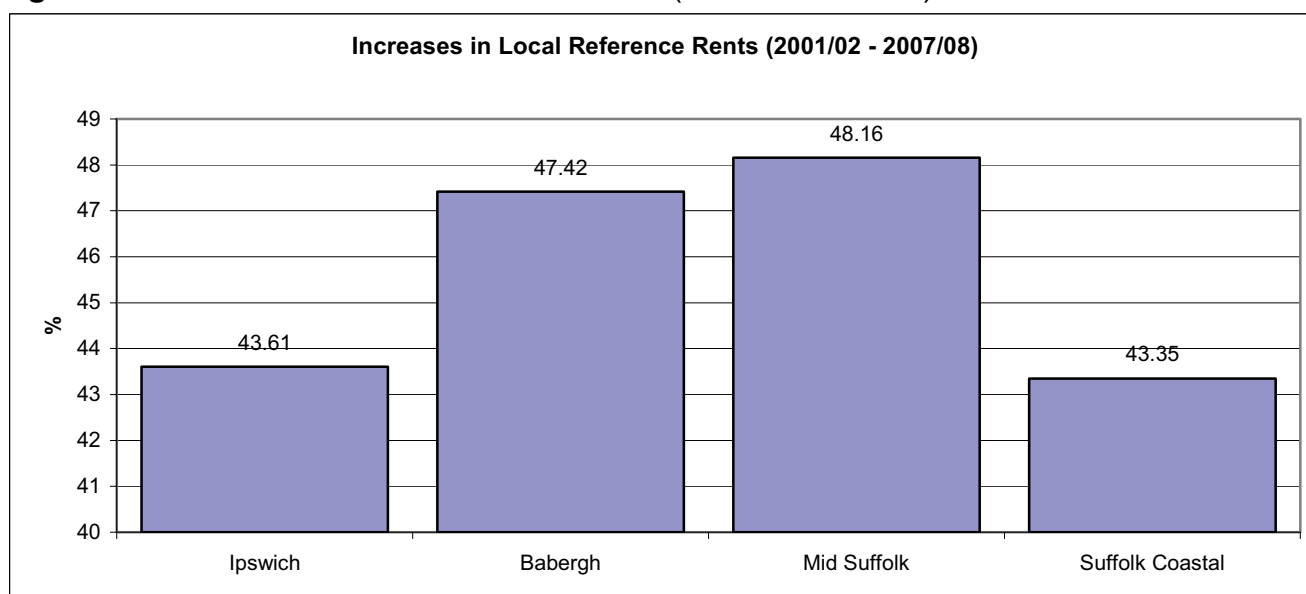
Figure 4.6.3 Chart Showing Average Rental Costs by Property Size (Autumn 2009) Online Letting Agent Survey Data



4.7 TRENDS IN RENTAL COSTS

4.7.1 The Rent Service collates data regarding households resident in the private rented sector on Housing Benefit across the country. One of the pieces of information obtained is the local reference rent. This is the cost generally paid to rent a property equivalent to that being let via Housing Benefit on the open market. The rent service has historical records of average local reference rents in each local authority for the period 2001/02 to 2007/08. Whilst these costs do not compare with overall average rental costs in an area they do provide an indication in the change in costs in the private rental market. The figure below shows the increase in average local reference rents in each district of the study area over this period.

Figure 4.7.1 Increases in local reference rents (2001/2 to 2007/8) Rent Service Data



4.7.2 The data shows that the highest increases over the period shown are in Mid Suffolk, where Ipswich and Suffolk Coastal record the lowest rates. The last SHMA used data from 2004/05 which showed rents in Mid Suffolk increased by 16% above Babergh. The latest data reveals Mid Suffolk and Babergh both to have experienced over 47% increases.

4.8 ENTRY LEVEL PRIVATE RENTAL COSTS

4.8.1 The cost of entry-level rents can only be obtained via a letting agent survey. The guidance indicates that entry-level rents should be approximated by lowest quartile prices. The table below presents these rent estimates for each authority. All rents have fallen compared to the winter 2007 figures previously provided (% changes from those figures published in the original SHMA document are shown in brackets). The table indicates that Babergh records the highest entry level rent and Ipswich the lowest. In the original SHMA document suggested that Suffolk Coastal had the highest entry level rents, with Mid Suffolk offering the lowest.

Table 4.8.1 Entry Level Rental Costs Winter 2009 (per month) Letting Agent Survey

	Average Rent
Ipswich	£363 (27%)
Babergh	£419 (18%)
Mid Suffolk	£371 (-23.5%)

4.9 OVERALL COST OF SOCIAL RENTED PROPERTY

4.9.1 The local authority stock was transferred to Registered Social Landlords' (RSLs) control almost ten years ago in Suffolk Coastal. In all other authorities there is currently social rented stock owned by both the Local Authority (LA) and RSLs. This section will present information on all social rented costs in the study area and so will include both LA and RSL costs in Babergh, Ipswich and Mid Suffolk and only RSL costs in Suffolk Coastal.

4.9.2 Information on current social rented costs in the study area has been collected from CLG as suggested by Guidance. Data presented in the original SHMA document in 2008 showed data for 2007. The table below updates this data to show the average cost of RSL rents in each of the four constituent authorities of the study area, 2007-2009. The table shows that Mid Suffolk records the highest rental cost per week, which is only slightly higher than Babergh. The LA with the lowest rental cost per week is Ipswich.

Table 4.9.2 Average RSL Rental Costs per week by LA, 2007-2009. DCLG

	2007	2008	2009
Babergh	£66.61	£69.53	£73.23
Ipswich	£62.03	£64.28	£67.47
Mid Suffolk	£67.70	£70.39	£73.80
Suffolk Coastal	£63.92	£67.06	£71.44

4.9.3 The table below shows information on the three LAs which have LA stock. This is again an update to the previous SHMA which only contained data for 2007. The 2009 data shows that LA rental costs are highest in Babergh (£67.72pw) and lowest in Ipswich (£61.78pw).

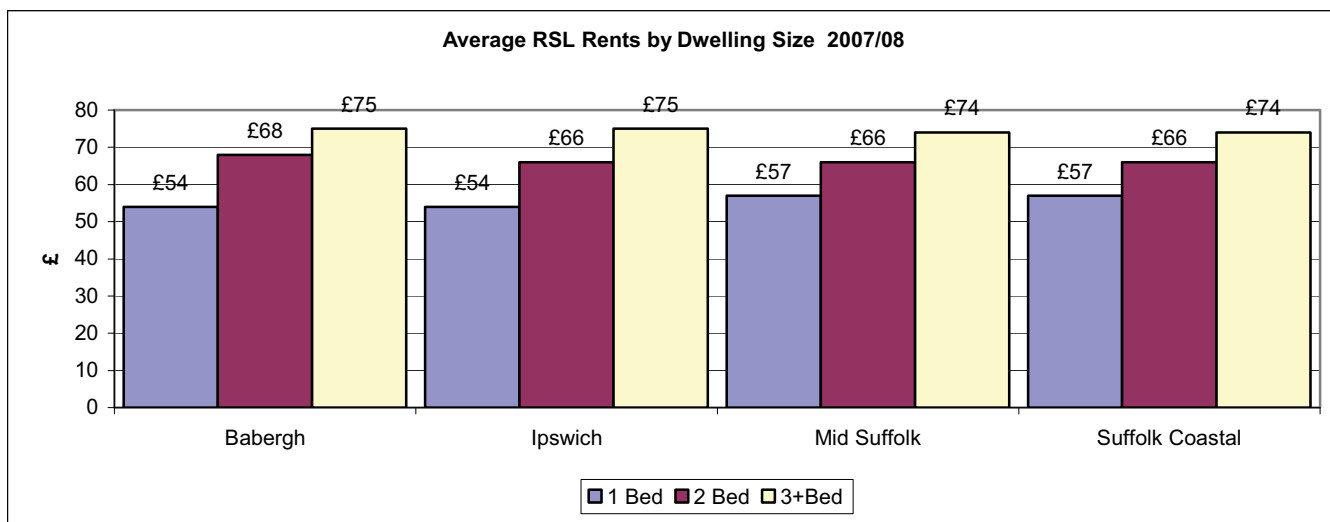
Table 4.9.3 Average LA Rental Costs per week by LA, 2007-2009. DCLG

	2007	2008	2009
Babergh	£60.63	£63.52	£67.72
Ipswich	£55.26	£58.20	£61.78
Mid Suffolk	£56.18	£60.11	£62.71

4.10 SOCIAL RENTS BY PROPERTY SIZE

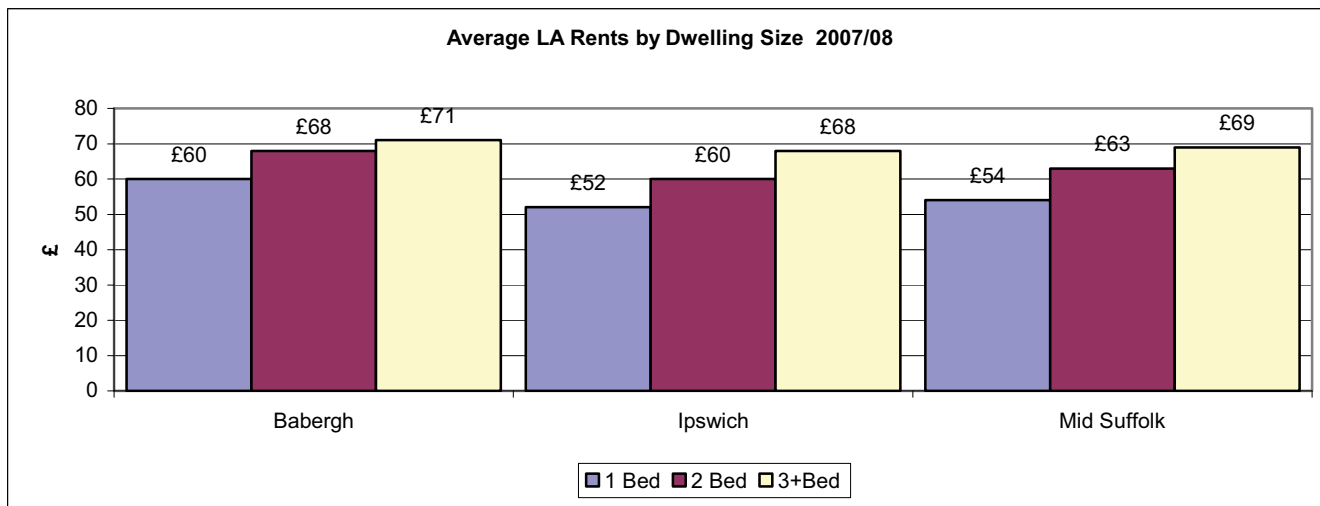
4.10.1 CORE data contains information on the cost of social rented lets by property size. The figure below shows average RSL rents for each dwelling size. The data presented in the original SHMA document, November 2008 is the most up-to-date available. This 2007/08 data is as shown in the figure below.

Figure 4.10.1 Average RSL rents by dwelling size per week, CORE 2007/08



4.10.2 The figure below shows average rents for each dwelling size for all LAs except Suffolk Coastal, who transferred their housing stock some years ago. The data is again an update on the equivalent data presented in the original SHMA document in 2008. The chart shows that rents in Babergh are slightly higher than in other areas. This is a change from last year where Mid Suffolk recorded the highest rents.

Figure 4.10.2 Average LA rents by dwelling size, cost per week, CORE 2007/08

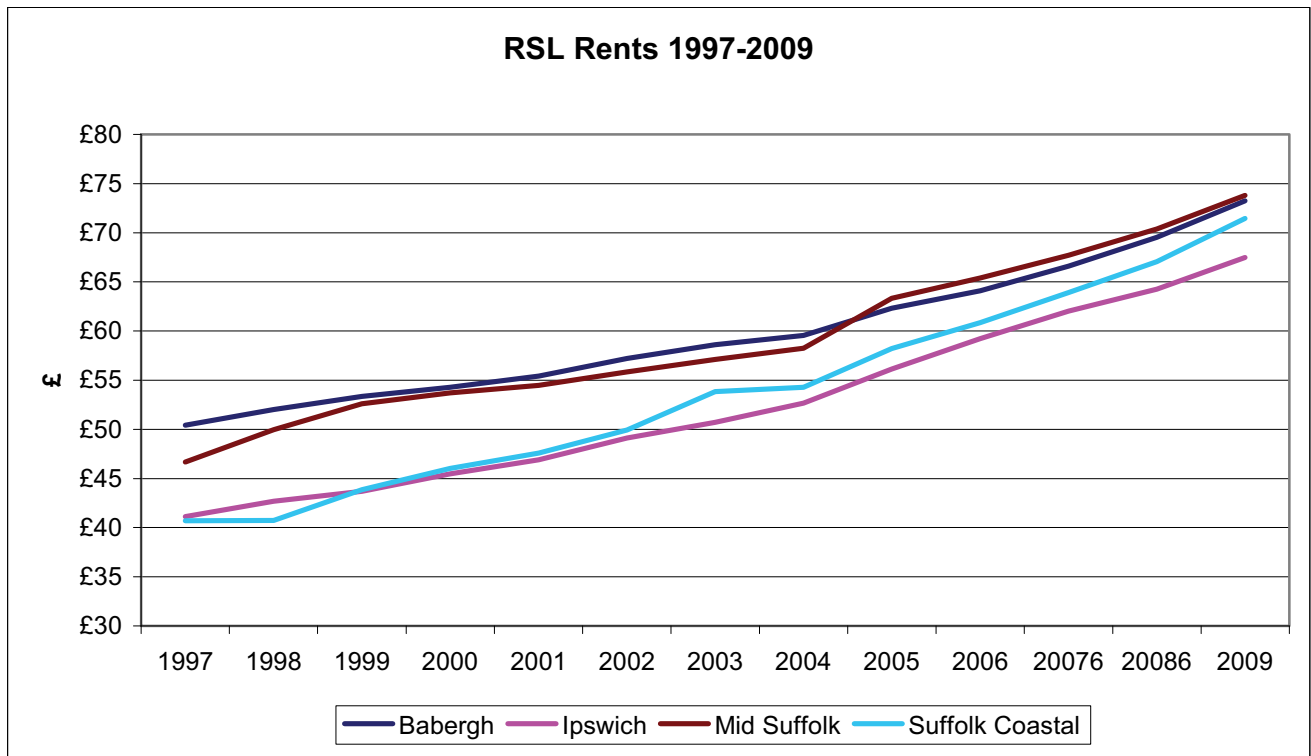


4.11 TRENDS IN SOCIAL RENT COSTS

4.11.1 The figure below shows the changes recorded in RSL rent levels since 1997 in each of the LA areas. The latest data presented is for 2009, this is more up to date than the 2007 data presented in the original SHMA document in November 2008, and allows a further two years of trend analysis. The rate of increase in RSL rents for the years between 1997 and 2009 is 45.3% in Babergh, 64.1% in Ipswich, 58% in Mid Suffolk and 75.6% in Suffolk

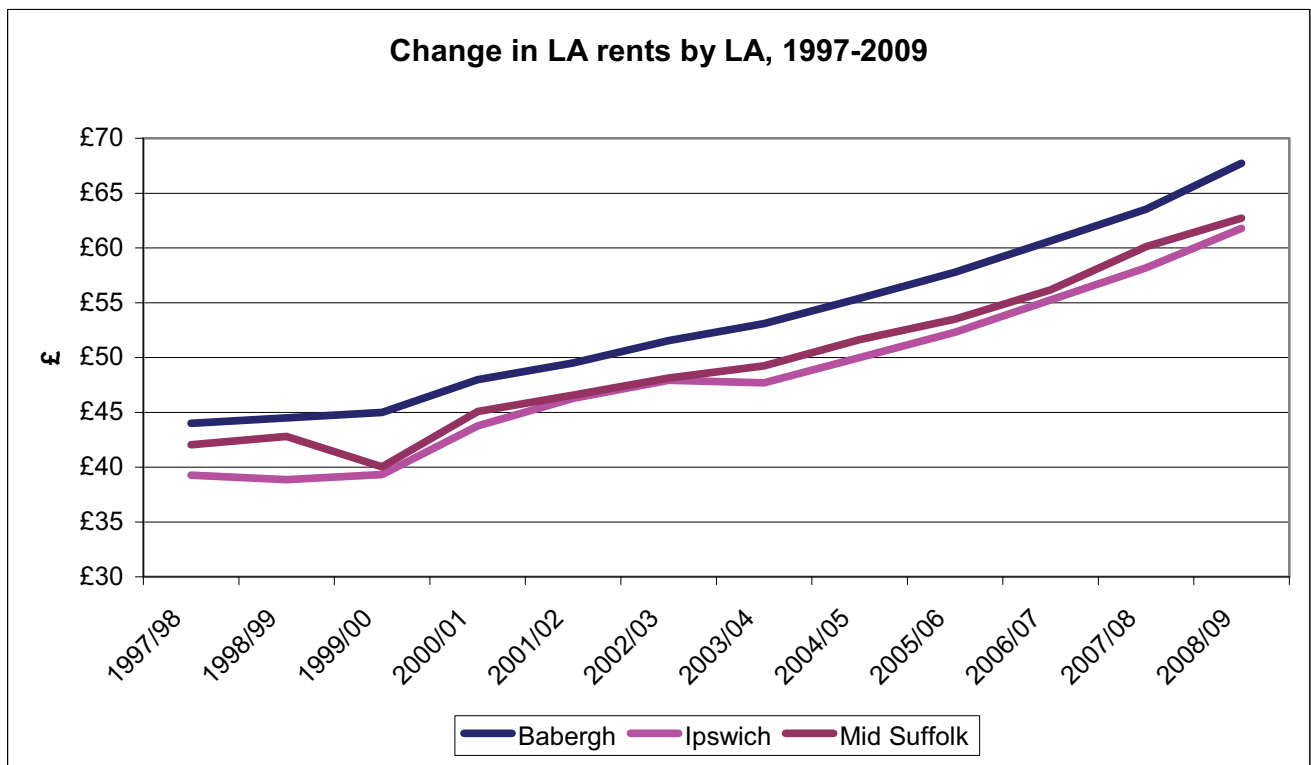
Coastal. Compared to the data in the original SHMA, all these figures have increased in terms of percentage growth, and remain in the same LA order in terms of cost increase.

Figure 4.11.1 RSL Rents by LA, 1997-2009, DCLG.



4.11.2 The figure below shows changes recorded in LA rent levels between 1996 and 2009, which is again an update on the data used in the original SHMA document. The rate of increase in LA rents was 54% in Babergh, 57% in Ipswich and 49% in Mid Suffolk. Compared to trends observed in the previous SHMA, these rates have all increased, and remain in the same order in terms of cost increases.

Figure 4.11.2 Change in LA rents, 1997 to 2009 by LA, DCLG



4.12 A COMPARISON OF HOUSING COSTS BY TENURE

4.12.1 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. To enable a fair comparison it is also necessary to use a consistent date. As these housing costs will be compared against local incomes in the following section, and the most recent income data available at a local level in the study area is from 2009 it is appropriate to use 2009 as the base date. We can then compare this to the 2006 calculations made in the original SHMA document.

4.12.2 The average and entry level private rental costs for 2009 are displayed in the table below. The data shows the weekly cost of tenure for each of the four LAs in the study area. The table shows that Babergh and Mid Suffolk are the most expensive LAs in which to rent, whereas Suffolk Coastal and Babergh are the most expensive LAs to purchase in. The current situation in Ipswich where entry level owner occupation is now cheaper than entry level private rented accommodation is a function of the fall in house prices. Most importantly it does not reflect increased access to the market by those in housing need, as they cannot access the credit they need to take advantage of the situation.

Table 4.12.2 Weekly costs of housing in the study area (2009).

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal
LA Rent	£58.20	£63.52	£60.11	-
RSL Rent	£64.28	£69.53	£70.39	£67.06
Entry-Level Private Rent	£83.77	£96.69	£85.62	£91.39
Mean Private Rent	£99.69	£124.85	£103.85	£99.46
Entry Level Owner Occupation	£77.02	£118.33	£80.63	£102.18
Mean Owner Occupation	£128.36	£172.01	£139.74	£171.00

4.13 HOUSING AFFORDABILITY

4.13.1 Assessing the affordability of the housing market in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty, a high number of households requiring assistance with housing either via a social rented property or through Housing Benefit. This can also result in changes to the characteristics of the population within an area, impacting on community cohesion and social balance.

4.13.2 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 study area, 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.

4.14 AFFORDABILITY OF ENTRY LEVEL OWNER OCCUPATION

4.14.1 The practice guidance defines households as being able to afford to buy a home if it costs up to 3.5 times the gross household income for a single earner household, or up to 2.9 times the gross household income for dual-income households. The only local information available on income levels is from the Annual Survey of Hours and Earnings (ASHE), which records the earned incomes of full-time employees resident in each LA area. As the information is about the earnings of individuals, the appropriate ratio to test for affordability is therefore 3.5.

4.14.2 The Practice Guidance notes that this affordability assessment described above should, where possible, consider the availability of any capital, such as savings and equity that could be used towards the cost of purchasing a home. However, it also acknowledges that there is a severe dearth of secondary data on savings and equity, which is also the case in the study area. Therefore within this chapter all affordability tests for owner-occupation will be based on income multiples only.

4.14.3 The Practice Guidance indicates that it is important to compare different points of the income distribution of an area with entry-level costs, to provide a complete overview of the affordability of market housing. This section will therefore compare lower quartile, median and mean incomes with entry-level prices.

4.14.4 The table below compares the ratio of entry-level (lower quartile) housing costs to lower quartile earnings. The table clearly shows individuals earning the lower quartile income within the study area would not be able to afford entry-level owner-occupation costs without significant savings or equity. The price to income ratios for this group ranges from 5.5 to nearly 8. The table indicates that Ipswich and Suffolk Coastal are more affordable than the East of England average; however the study area as a whole (as well as Mid Suffolk and Babergh districts) is less affordable than the national average. These findings compared similarly to those in the previous SHMA, in that lower quartile costs to incomes are still unaffordable. The gap has however narrowed slightly in the last two years, dropping from 7.98 to 6.97 in the study area between 2006 and 2008.

Table 4.14.4 Ratio of entry-level purchase prices to lower quartile earnings (2008). Land Registry / ASHE 2008.

	Entry-Level Price 2008	Lower Quartile Earnings 2008	Price to Income Ratio
Ipswich	£88,375	£15,716	5.62
Babergh	£128,500	£16,492*	7.79
Mid Suffolk	£129,950	£18,291	7.10
Suffolk Coastal	£135,000	£19,380	6.97
Study Area	£120,456	£17,796	6.77
East of England	£130,000	£18,627	6.98
England and Wales	£117,000	£17,938	6.52

*Data for 2008 was not available; hence 2007 data was used as the nearest alternative.

4.14.5 The table below compares the ratio of entry-level (lower quartile) costs to median earnings. Ratios are again above the 3.5 affordability threshold for each constituent LA in the study area. Ipswich is the most affordable area, and once again, Suffolk Coastal and Ipswich are the only LAs which are more affordable than the East of England average. Compared to 2006 data published in the previous SHMA, it should be noted that the study area is now slightly more affordable than the East of England average, but remains less affordable than the ratio for England and Wales as a whole.

Table 4.14.5 Ratio of entry-level purchase prices to median earnings (2008). Land Registry / ASHE 2008.

	Entry-Level Price 2008	Median Earnings 2008	Price to Income Ratio
Ipswich	£88,375	£22,582	3.91
Babergh	£128,500	£22,399	5.74
Mid Suffolk	£129,950	£24,816	5.24
Suffolk Coastal	£135,000	£29,115	4.64
Study Area	£120,456	£24,728	4.87
East of England	£130,000	£26,546	4.90
England and Wales	£117,000	£25,363	4.61

*Data for 2008 was not available, hence 2007 data was used as the nearest alternative.

4.14.6 The table below compares the ratio of entry-level (lower quartile) costs to mean earnings. Again, the ratios are above the affordability threshold; however Ipswich is very marginally beneath the 3.5 figure, suggesting that this measure indicates that affordability is acceptable. When compared to the equivalent data presented in the previous version of the SHMA, all LAs were above the 3.5 boundary, and hence progress has been made here in making home ownership viable for entry-level owners. Within the study area, on the basis of price alone, Ipswich is the most affordable and Suffolk Coastal is the least affordable. At the present time price alone does not reflect access to the housing market.

Table 4.14.6 Ratio of entry-level purchase prices to mean earnings (2008). Land Registry / ASHE 2008.

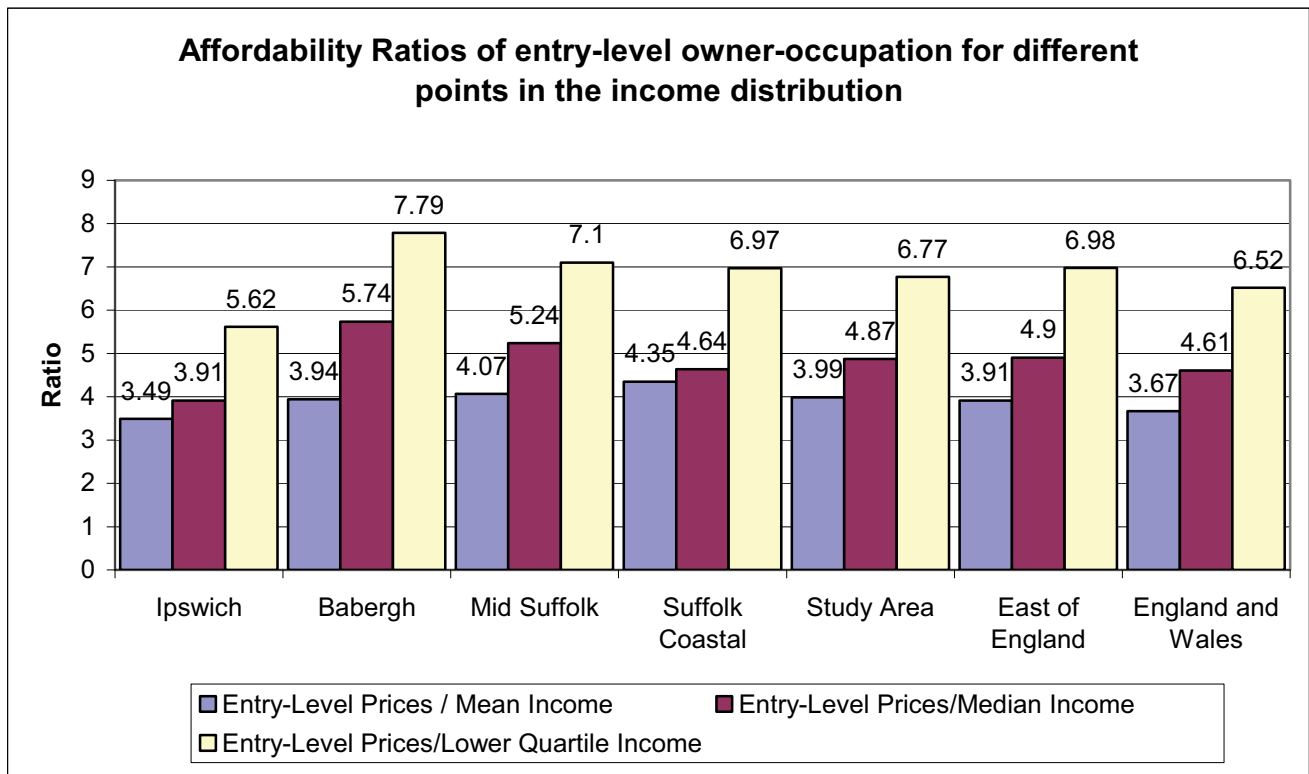
	Entry-Level Price 2008	Mean Earnings 2008	Price to Income Ratio
Ipswich	£88,375	£25,328	3.49
Babergh	£128,500	£32,576	3.94
Mid Suffolk	£129,950	£31,924	4.07
Suffolk Coastal	£135,000	£31,032	4.35
Study Area	£120,456	£30,215	3.99
East of England	£130,000	£33,243	3.91
England and Wales	£117,000	£31,885	3.67

*Data for 2008 was not available, hence 2007 data was used as the nearest alternative.

4.14.7 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 Ipswich has the smallest difference in the income distribution in each of the featured areas. When compared to the equivalent data presented in the previous version of the SHMA, the variation

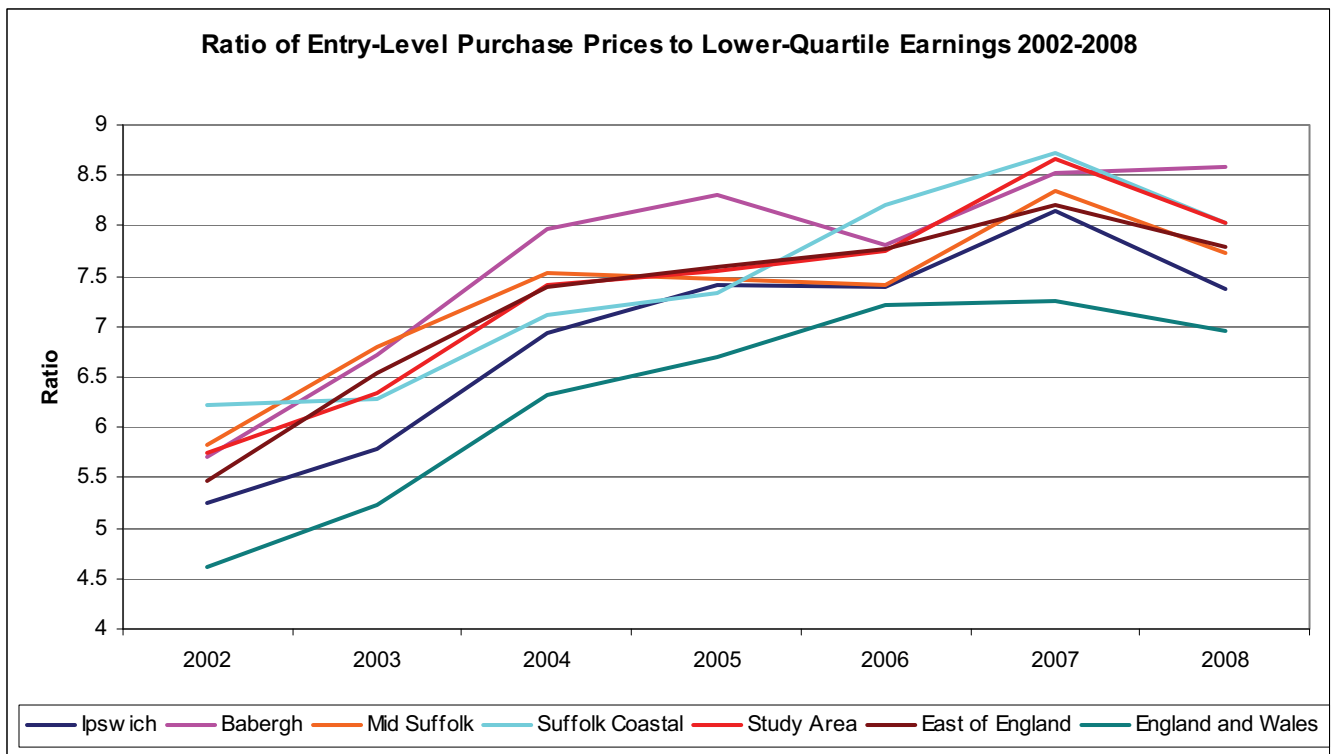
is very similar, although the ratios have decreased slightly due to dropping house prices over the last two years. Previously the highest ratio was in Suffolk Coastal but now the highest (entry level prices / lower quartile income) is in Babergh.

Figure 4.14.7 Affordability ratios of entry-level owner occupation for different points in the income distribution, 2008, Land Registry / ASHE.



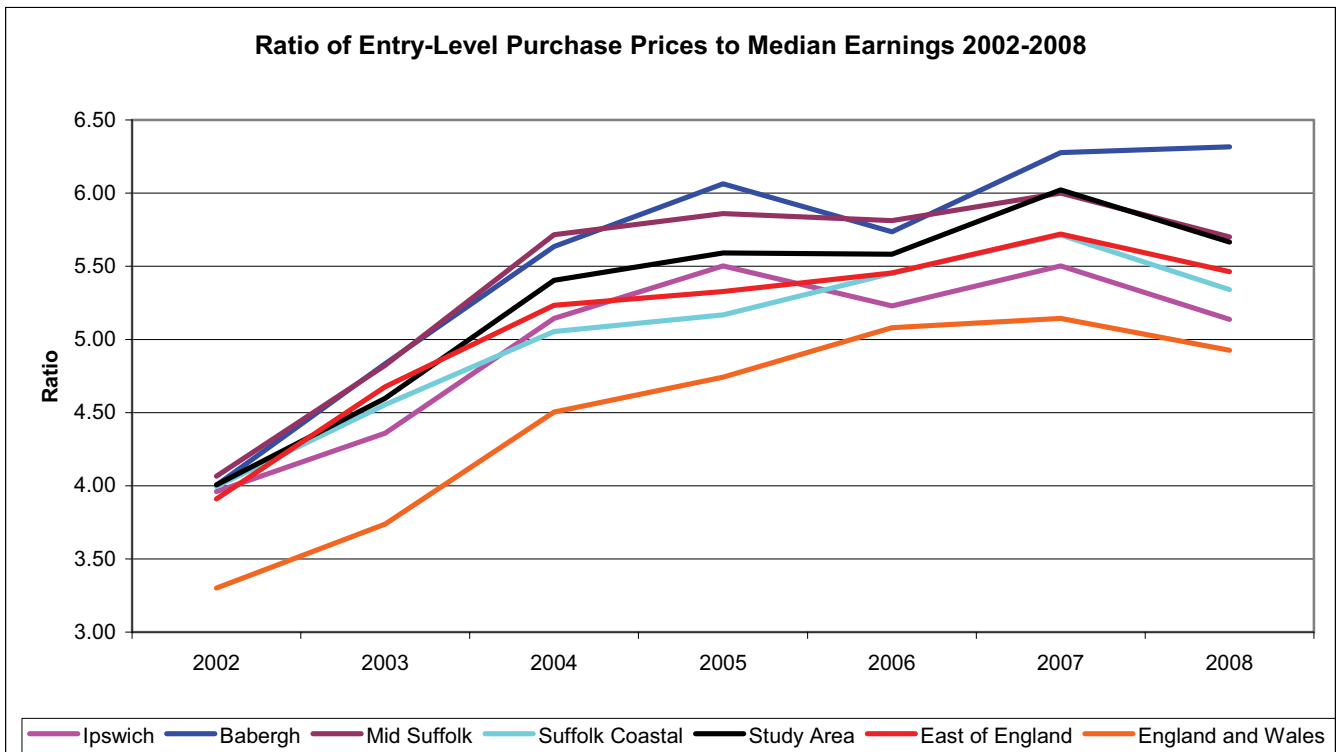
4.14.8 The Practice Guidance recommends that a time-series of these price to income ratios should be presented to show how affordability has changed and to provide an understanding as to the position of the market within the housing market cycle. The figure below shows the variation in the ratio of entry-level prices to lower quartile prices to lower quartile incomes in the study area, the constituent authorities, the East of England and Wales. The data shows that in all LAs other than Babergh, affordability ratios have improved in the last year. This is likely to be due to house price decreases in since 2008. When compared to the equivalent data presented in the previous version of the SHMA, several areas have dropped back to 2006 levels.

Figure 4.14.8 Ratio of entry-level purchase prices to lower quartile earnings (2002-2008). Land Registry / ASHE 2008.



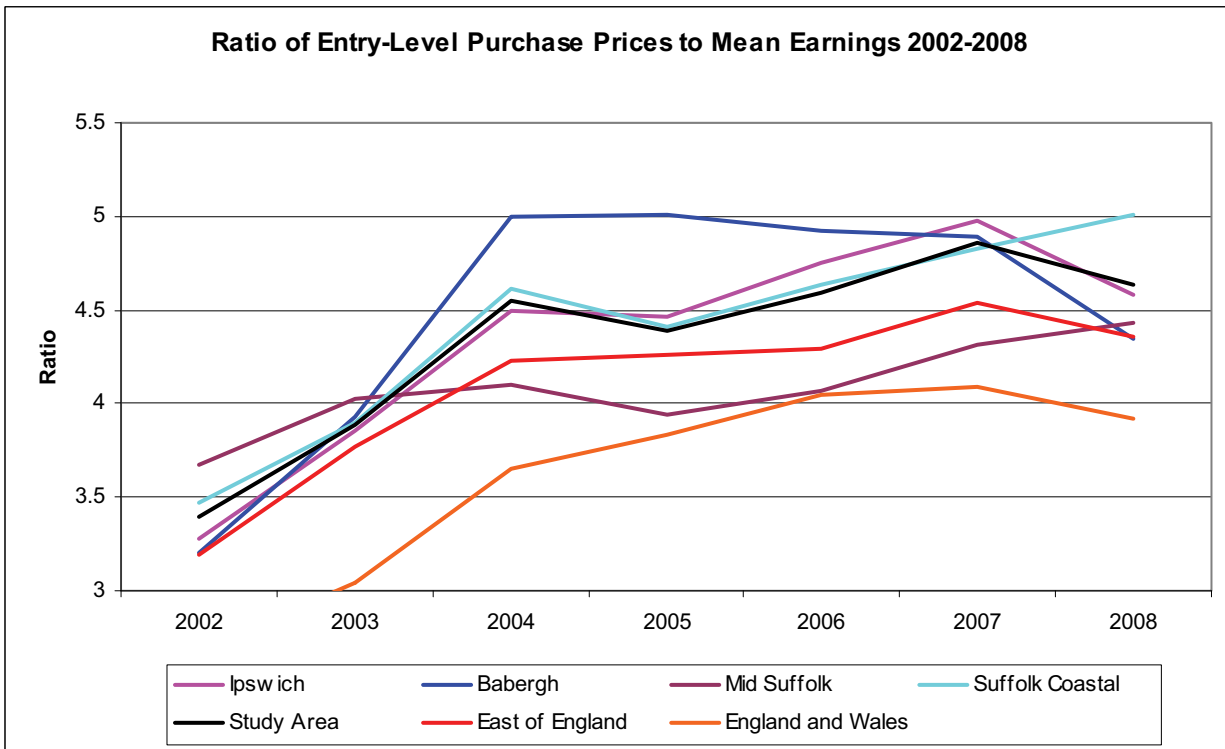
4.14.9 The figure below shows the variation in the ratio of entry level prices to median incomes in the study area, the constituent LAs, as well as the East of England and national averages. The figure shows a similar pattern to figure 4.14.8; worsening affordability ratios between 2002 and 2007, but with all LAs except Babergh following the regional and national trends of increasing affordability between 2007 and 2008.

Figure 4.14.9 Ratio of entry-level purchase prices to median quartile earnings (2002-2008). Land Registry / ASHE 2008.



4.14.10 The figure below shows the variation in the ratio of entry level prices to mean incomes in the study area, the constituent LAs, as well as the East of England and national averages. The notable difference to the two previous figures is the drop in Babergh and increase in Suffolk Coastal and Mid Suffolk.

Figure 4.14.10 Ratio of entry-level purchase prices to mean earnings (2002-2008). Land Registry / ASHE 2008.



4.15 AFFORDABILITY OF ENTRY LEVEL PRIVATE RENT

4.15.1 The Practice Guidance defines households as being able to afford to privately rent a home in cases where the rent payable would constitute no more than 25% of gross income. The affordability boundary for market rented accommodation is therefore 0.25.

4.15.2 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. There is no information on the average entry-level rental costs in the East region or for England & Wales, so the analysis will only consider the affordability ratios in the four authorities within the study area.

4.15.3 The following table compares the ratio of entry-level (lower quartile) rents to lower quartile earnings. The table clearly shows that Mid Suffolk is the most affordable area and Babergh is the least. When compared to the equivalent data presented in the previous version of the SHMA, this shows a continuation of the trend, where Mid Suffolk was also the most affordable.

Table 4.15.3 Ratio of monthly entry-level private rents to lower quartile earnings. (2008, ASHE, Online Letting Survey)

	Entry-Level Cost	Lower Quartile Earnings	Price/Income Ratio
Ipswich	£350	£1,309.67	0.27
Babergh	£516	£1,374.33*	0.38
Mid Suffolk	£349	£1,524.25	0.23
Suffolk Coastal	£443	£1,615.00	0.27

*Data for 2008 was not available; hence 2007 data was used as the nearest alternative.

4.15.4 The table below compares the ratio of entry-level (lower quartile) rents to median earnings. For this group Mid Suffolk is the most affordable area in the county, and Babergh is the least. When compared to the equivalent data presented in the previous version of the SHMA, this shows a continuation of the trends.

Table 4.15.4 Ratio of monthly entry-level private rents to median earnings. (2008, ASHE, Online Letting Survey)

	Entry-Level Cost	Median Earnings	Price/Income Ratio
Ipswich	£350	£1,881.83	0.19
Babergh	£516	£1,866.58	0.28
Mid Suffolk	£349	£2,068.00	0.17
Suffolk Coastal	£443	£2,426.25	0.18

*Data for 2008 was not available; hence 2007 data was used as the nearest alternative.

4.15.5 The table below compares the ratio of entry-level (lower quartile) rents to mean earnings. The table clearly shows Babergh as being the least affordable, and Mid Suffolk being the most affordable. When compared to the equivalent data presented in the previous version of the SHMA, this data presents an identical pattern.

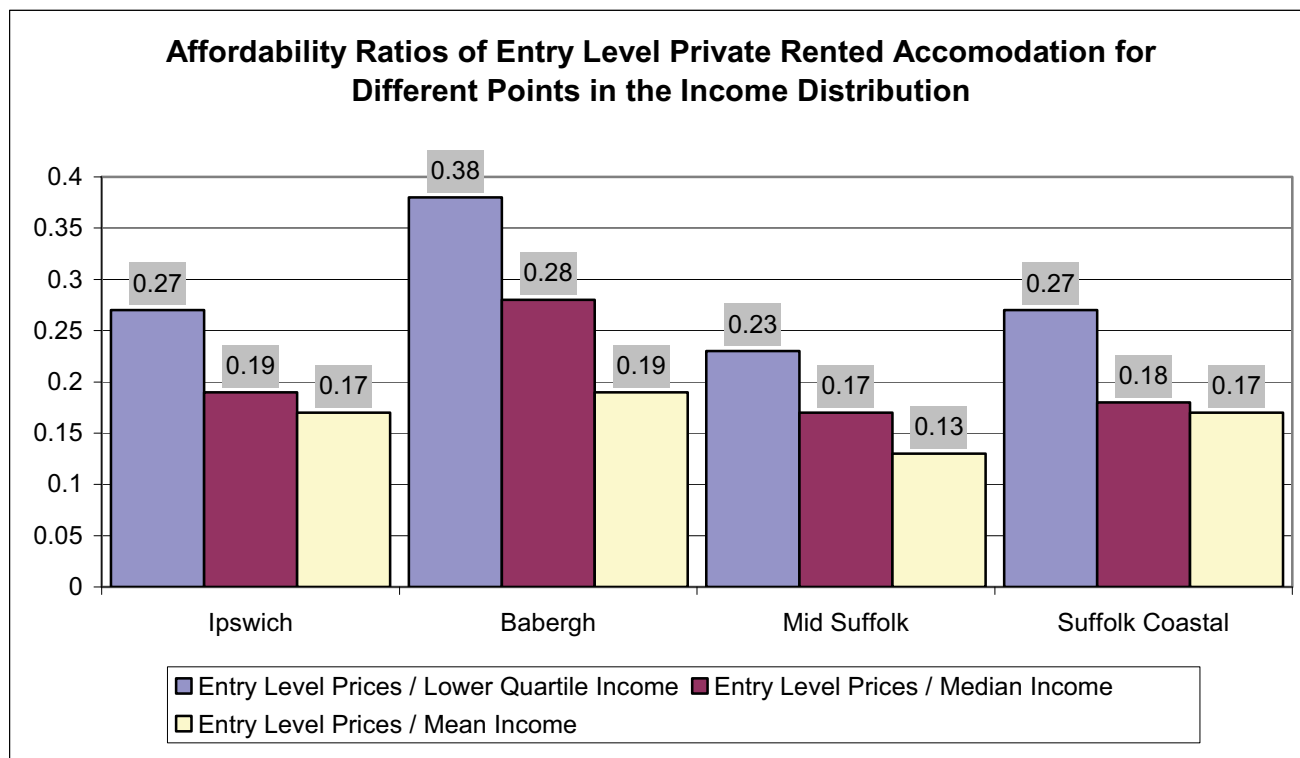
Table 4.15.5 Ratio of monthly entry-level private rents to mean earnings. (2008, ASHE, Online Letting Survey)

	Entry-Level Cost	Mean Earnings	Price/Income Ratio
Ipswich	£350	£2,110.67	0.17
Babergh	£516	£2,714.67	0.19
Mid Suffolk	£349	£2,660.33	0.13
Suffolk Coastal	£443	£2,586.00	0.17

*Data for 2008 was not available; hence 2007 data was used as the nearest alternative.

4.15.6 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 dropped, and hence have better affordability ratios than previously.

Figure 4.15.6 Ratio of entry-level rented accommodation to mean earnings (2008). Land Registry / ASHE 2008.



4.15.7 One of the reasons that entry-level private rented accommodation is so unaffordable to individuals in full time employment is that the entry-level (lowest quartile) costs are usually two bedroom homes and many individuals would be aiming to rent a cheaper one bedroom home or move into a two bedroom home with someone else. The reason that the lowest quartile property is usually a two bedroom homes is that turnover of one bedroom homes in the private rented stock accounts for less than a quarter of total turnover in the sector.

4.16 FUEL POVERTY

4.16.1 Fuel poverty is studied in dept in the Suffolk Joint Strategic Needs Assessment; a statutory document assessing health and community needs in Suffolk. This document can be found here:

<http://www.onesuffolk.co.uk/NR/rdonlyres/CEF657DC-DB85-4083-A07A-4F72D3E8B5AF/0/MicrosoftWordJSNADraftv61.pdf>

The JSNA states that 'broadly speaking, a household is defined to be in fuel poverty if it spends more than 10% of its annual income on heating.' The areas with the highest apparent levels of fuel poverty (based on 2001 census and 2003 Housing Condition data) were often the areas with the highest numbers of single-pensioner households and the largest older populations, particularly in the Suffolk Coastal area. They are also areas with the worst housing (according to the Indoors Housing Domain of the Index of Multiple Deprivation),

likely to be due to an ageing housing stock that cannot be readily improved (where a building is listed or in a Conservation Area), so residents often can't heat and can't insulate to prevent heat loss. The other areas with high fuel poverty included parts of Mid Suffolk. Given the current economic climate and the pressure of increasing fuel prices, it is likely that this is an issue that will continue to affect Suffolk residents in the coming months and particularly single-pensioner households which are already more vulnerable to fuel poverty.

4.17 OVERCROWDING AND UNDER-OCCUPATION

4.17.1 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

4.18 VACANCIES, AVAILABLE SUPPLY AND TURNOVER BY TENURE

4.18.1 The Practice Guidance indicates that an analysis of these three measures provide evidence of the flow of dwellings in an area.

4.19 VACANCIES

4.19.1 The Practice Guidance suggests that a vacancy rate of under 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out. The latest national estimate available (2008 ONS) is 3.6% of all private sector (excluding second homes) dwellings are vacant across England and Wales.

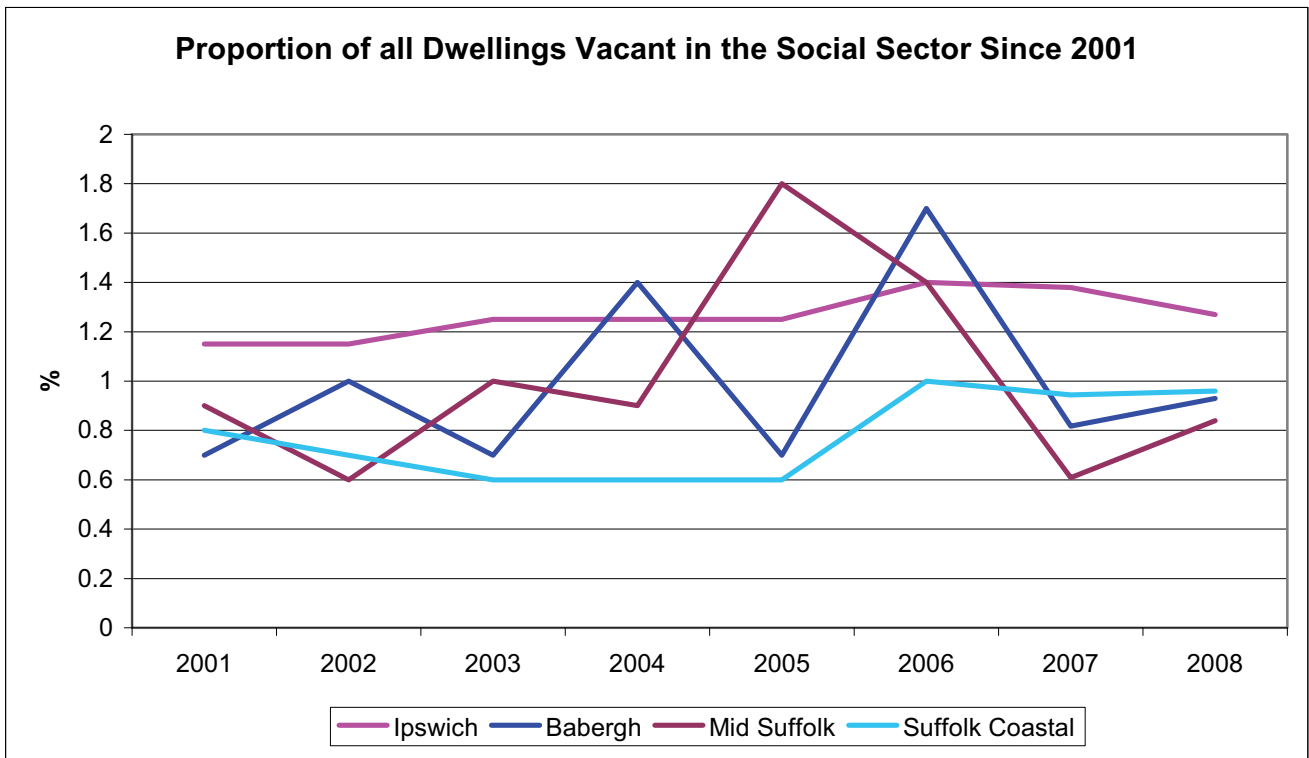
4.19.2 The table below shows the number and proportion of dwellings vacant in the social and market sectors in the four districts which compose the study area. The table shows that Ipswich has the highest percentage of vacant social housing, where Mid Suffolk has the lowest. Vacant market housing is more abundant in Babergh, where the lowest vacancy rate is in Mid Suffolk. Compared to the 2006 data presented in the previous SHMA this 2008 data shows that overall the proportion of vacant social dwellings has decreased since 2006. Suffolk Coastal and Babergh both show slightly higher proportions of vacant market housing, where Mid Suffolk and Ipswich experienced a decrease.

Table 4.19.2 Vacancy rates by broad tenure (2008)

	Social Housing		Market Housing	
	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Ipswich	159	1.27%	1,343	3.03%
Babergh	45	0.93%	1,113	3.35%
Mid Suffolk	38	0.84%	780	2.19%
Suffolk Coastal	63	0.96%	1,628	3.22%

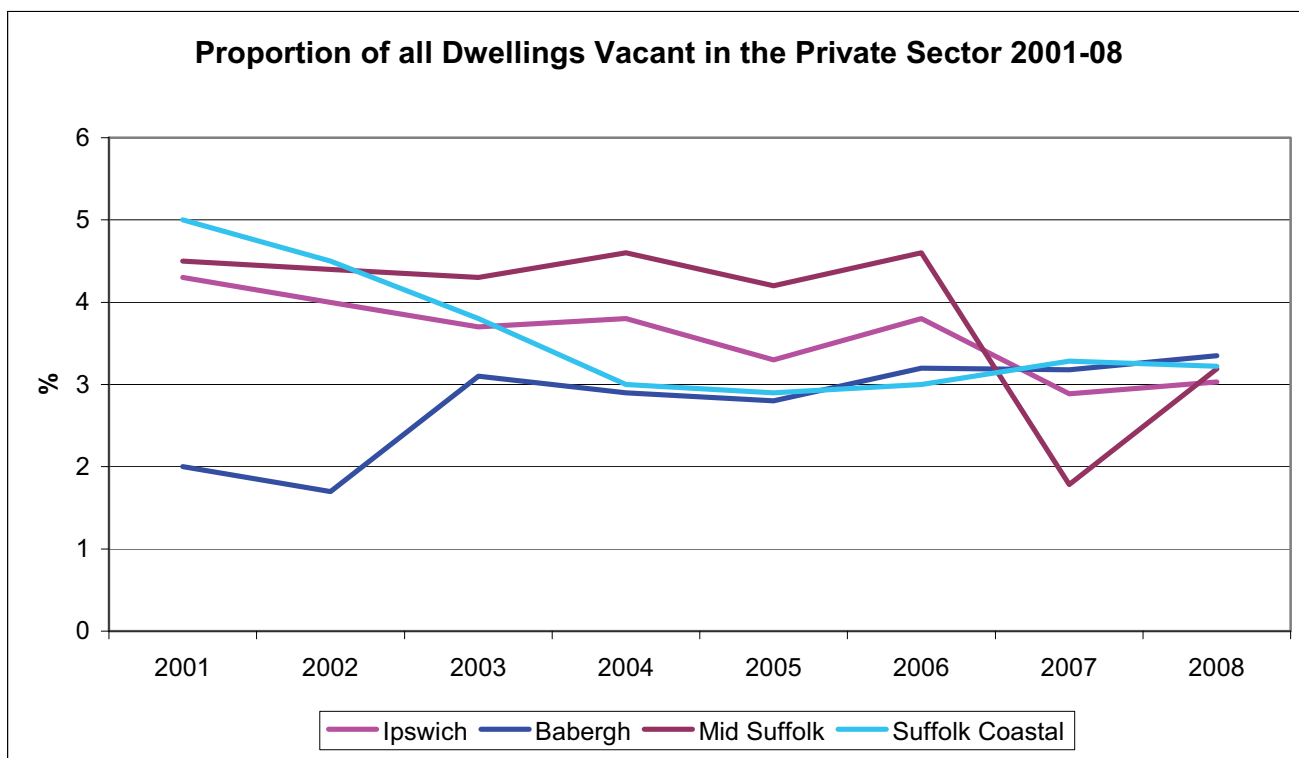
4.19.3 The figure below shows how the proportion of vacant dwellings in the social sector has changed in the four authorities since 2002. The figure indicates that Suffolk Coastal has generally recorded the lowest level of vacant dwellings; however Mid Suffolk and Babergh have improved to rank higher than Suffolk Coastal in the latest data.

Figure 4.19.3 Proportion of all dwellings vacant in the social sector 2001-08 by LA, HSSA.



4.19.4 The figure below shows how the proportion of vacant dwellings in the private sector has changed in the four authorities over the last five years. The figure indicates that Babergh has generally recorded the lowest proportion of vacant private sector dwellings since 2001, however in 2008 have increased to record the highest percentage of all LAs composing the study area. Rates in Ipswich have decreased in recent years where Suffolk Coastal has remained largely static.

Figure 4.19.4 Proportion of all dwellings vacant in the private sector 2001-2008



4.19.5 In addition to the proportion of vacant dwellings, a large number of difficult to let (defined as dwellings vacant for six months or more) and low demand dwellings can indicate problems in the housing market. The table below shows the number of hard to let and low demand dwellings recorded in the 2008 HHS in each authority. The table shows that there are a fairly small number of difficult to let and low demand dwellings in the social sector in each authority. Since the November 2008 SHMA, this figure has decreased in all cases with the exception of Suffolk Coastal, where difficult to let social dwellings have remained static, and low demand social dwellings have increased.

Table 4.19.5 Incidence of difficult to let and low demand dwellings (2008)

	Difficult to let social dwellings	Low demand social dwellings	Low demand market dwellings
Ipswich	25	24	0
Babergh	0	0	0
Mid Suffolk	0	0	0
Suffolk Coastal	29	64	0

4.20 PLANNED SUPPLY OF MARKET HOUSING

4.20.1 In 2001, there were a total of 176,746 dwellings within the study area. The Regional Spatial Strategy outlines plans to build 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 4.20.1 Housing Completions: Progress against RSS

District / Borough	East of England, RSS 2001-2021	East of England RSS 2001-2021 (annual average)	2008 – 2009 *Provisional Net Completions	Completions 2001-2009	Completions Outstanding 2009-2021	Completions Required per year 2009-2021.
Babergh	5600	280	290	2209	3391	283
Ipswich	15400	770	947	6225	9175	765
Mid Suffolk	8300	415	398	3579	4721	393
Suffolk Coastal	10200	510	550	5093	5107	426
STUDY AREA	39500	1975	2185	17106	22394	1866

4.21 TURNOVER IN THE OWNER-OCCUPIED SECTOR

4.21.1 The 2001 Census is the most recent source of an accurate estimate of the owner-occupied stock at local authority level. However to consider the current rate of turnover in the sector and recent changes to this turnover rate it is necessary to model the probable change in the total size of the sector since 2001. To do this it is assumed that the size of the owner-occupied sector in each authority has increased by the same rate as has been recorded nationally for this tenure in the Survey of English Housing. The Survey of English Housing suggests that nationally the owner-occupied sector has increased by 2.4% between 2001 and 2008 or 0.34% per year.

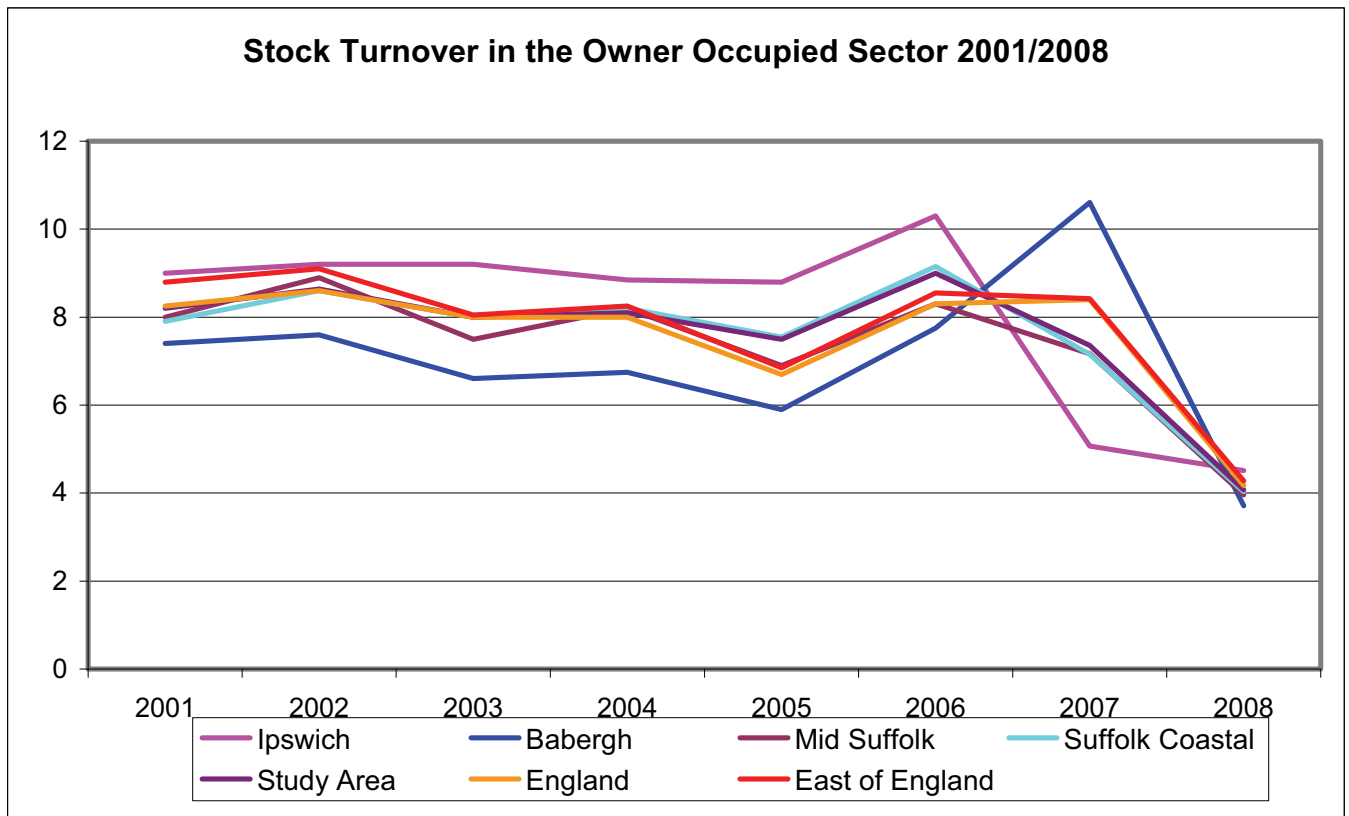
4.21.2 The table below shows the number of property sales recorded (including both newbuild and second-hand housing) in 2008 from Land Registry data alongside the modelled estimate of the owner-occupied stock for this date and the derived turnover rate. The table shows that the turnover in the owner-occupied sector in the study area is lower than that recorded across the East and England as a whole except in Ipswich. Within the study area, Ipswich displays the highest turnover rate and Babergh the lowest: this is the same as was the case in the last SHMA. One reason for Ipswich's relatively large turnover may be the large number of new apartments built within the town over the last five years i.e. this type of property tends to attract younger, professional people into the area. However, as confirmed by stakeholder interviews discussed in the original SHMA document, turnover may decline as the Ipswich housing market has recently become saturated with apartments.

Table 4.21.2 Estimated Owner-Occupied Stock Turnover (2008). Land Registry, Survey of English Housing, 2001 Census.

	Estimated size of owner occupied stock at 2008	Number of sales of dwellings during 2008	Turnover
Ipswich	33,546	1,513	4.5%
Babergh	27,496	1,020	3.7%
Mid Suffolk	28,207	1,117	4.0%
Suffolk Coastal	37,934	1,529	4.0%
Study Area	127,183	5,179	4.1%
East of England	1,661,710	69,245	4.2%
England and Wales	14,621,342	625,088	4.3%

4.21.3 The figure below shows how the turnover in owner occupied stock has changed in the four authorities over the last 8 years to 2008. The figure indicates that Ipswich has historically had the highest turnover rates, with the lowest in Babergh and that all have dropped between 2007 and 2008.

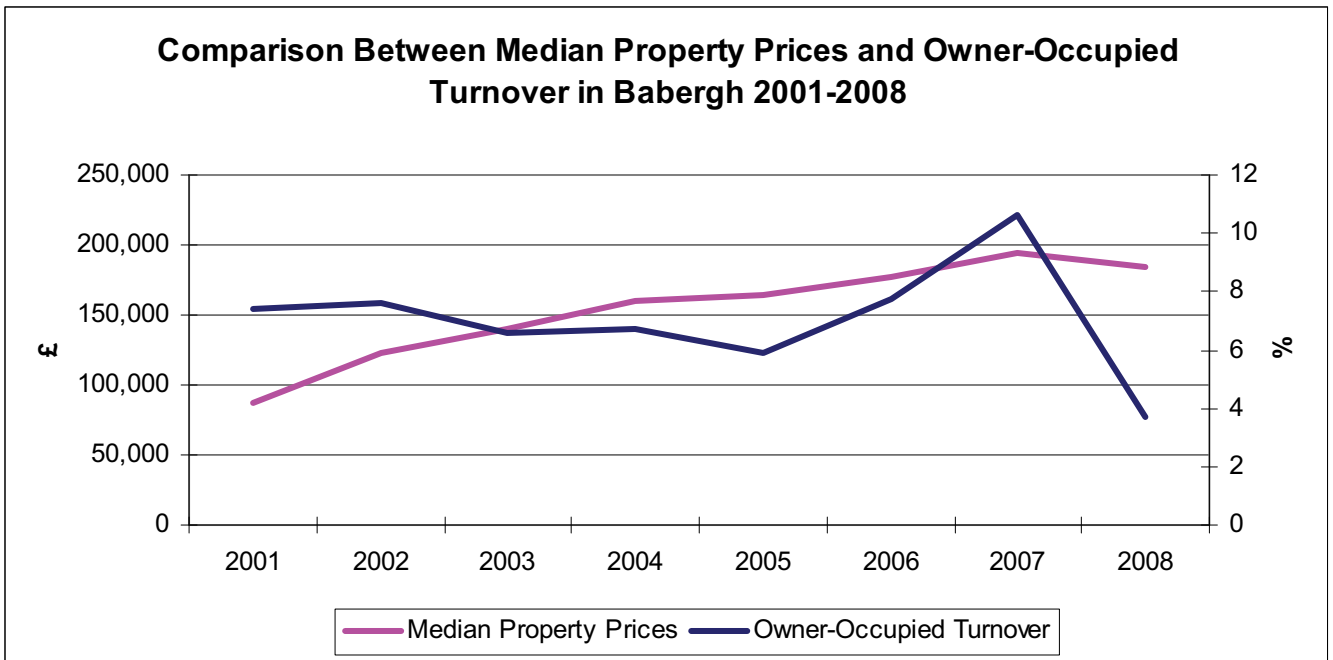
Figure 4.21.3 Stock Turnover in the owner-occupied sector 2001-2008, Land Registry, 2001 Census, Survey of English Housing.



4.21.4 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 between 2006 and 2008 in each authority separately. Access to historic data was limited, but is presented in the previous SHMA document published in November 2008 provides data from 2001 to 2006. Data for 2007 and data is now available in this update document.

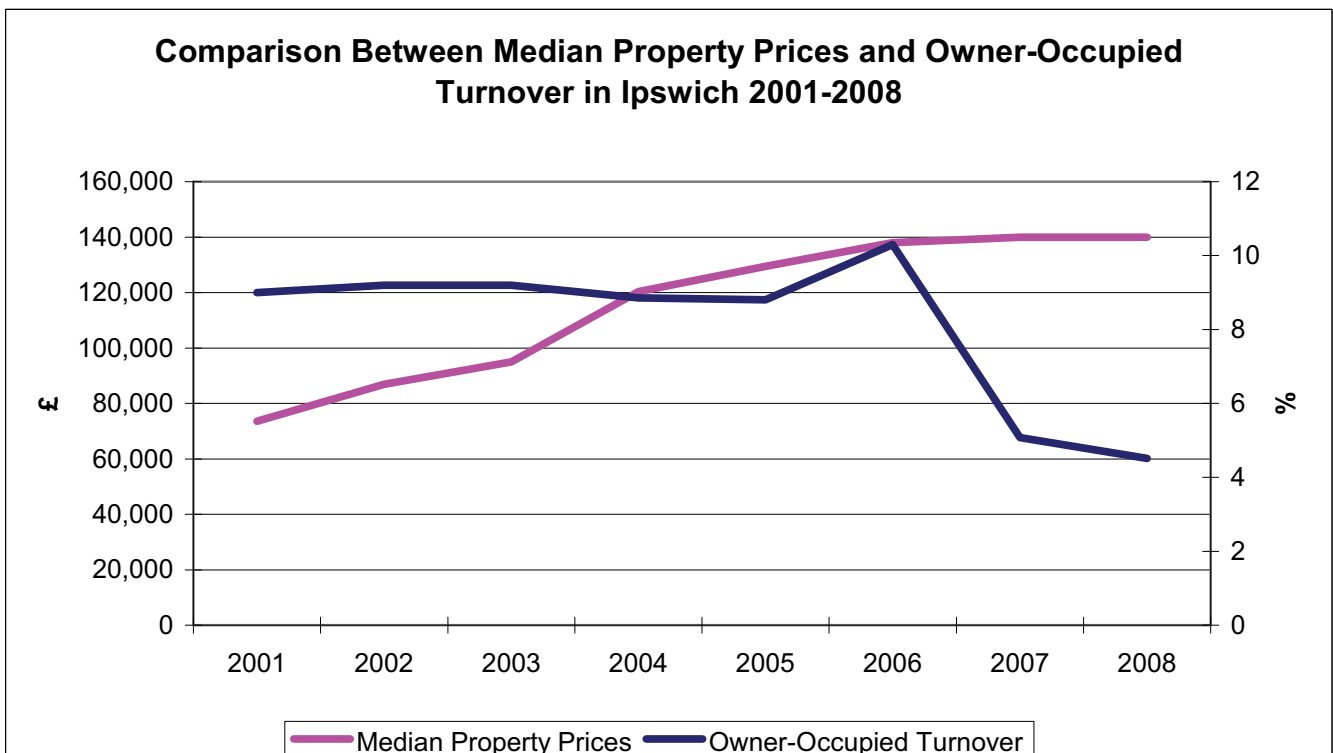
4.21.5 The first figure presents the results for Babergh. It suggests a weak correlation between owner occupied turnover and median property prices, although in the last year there has been a marked drop in turnover, which can probably be attributed to the economic recession.

Figure 4.21.5 Comparison between median property prices and owner occupation turnover in Babergh, 2006 –2008 Land Registry, 2001 Census, Survey of English Housing.



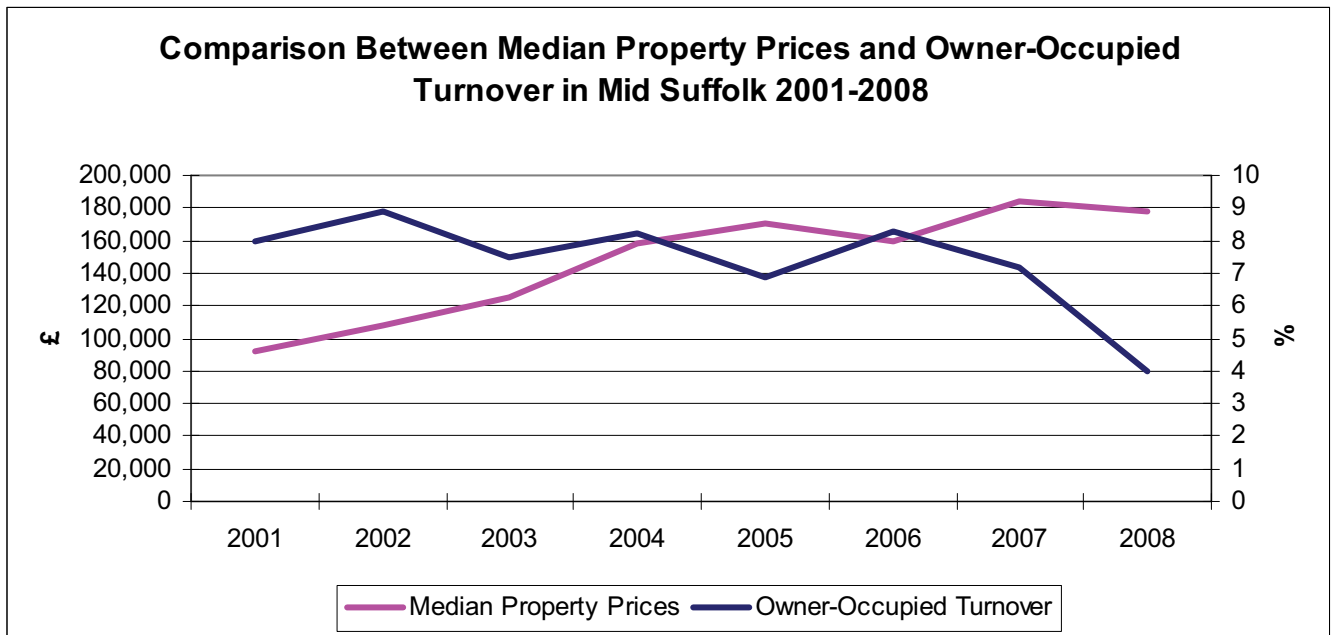
4.21.6 The next figure presents results for Ipswich. It suggests that there is no correlation between median property prices and owner occupied turnover.

Figure 4.21.6 Comparison between median property prices and owner occupation turnover in Ipswich, 2006 – 2008. Land Registry, 2001 Census, Survey of English Housing.



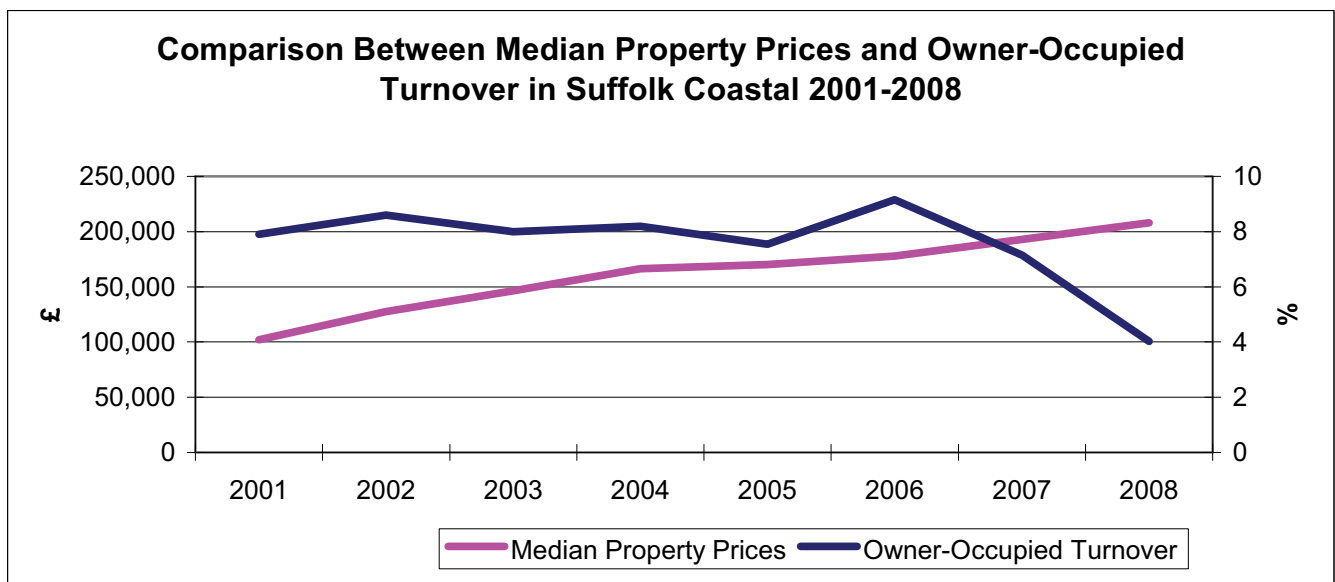
4.21.7 The next figure presents results for Mid Suffolk. It suggests that there is no correlation between median property prices and owner occupied turnover.

Figure 4.21.7 Comparison between median property prices and owner occupation turnover in Mid Suffolk, 2006 – 2008. Land Registry, 2001 Census, Survey of English Housing.



4.21.8 The next figure presents results for Suffolk Coastal. It suggests that there is no correlation between median property prices and owner occupied turnover.

Figure 4.21.8 Comparison between median property prices and owner occupation turnover in Suffolk Coastal, 2006 – 2008. Land Registry, 2001 Census, Survey of English Housing.



4.22 TURNOVER IN THE PRIVATE RENTED SECTOR

4.22.1 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, as is the case with this study area. 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.

4.23 TURNOVER IN THE SOCIAL RENTED SECTOR

4.23.1 Between 2003/4 and 2007/8 the social housing stock (comprising LA and RSL dwellings) in the study area decreased by 77 units. Stock in Mid Suffolk increased significantly, whereas Ipswich saw the highest decrease in social rented stock.

Table 4.23.1 Change in the Social Rented Stock 2003/04 – 2007/08. (HSSA)

	Social Rented Stock 2003/04	Social Rented Stock 2007/08	Difference
Ipswich	12,665	12,372	-293
Babergh	4,811	4,819	8
Mid Suffolk	4,339	4,550	211
Suffolk Coastal	6,266	6,263	-3
Study Area	28,081	28,004	-77

4.23.2 The guidance indicates that CORE is the primary source of information about the number of lettings within social rented stock, although it is necessary to use the HSSA for lettings data from Local Authority stock in Babergh in 2005 and 2006 and all authorities before 2005, as this information is incomplete within CORE. CORE data has been used in preference to HSSA however for lettings where it exists, in line with advice in the Guidance.

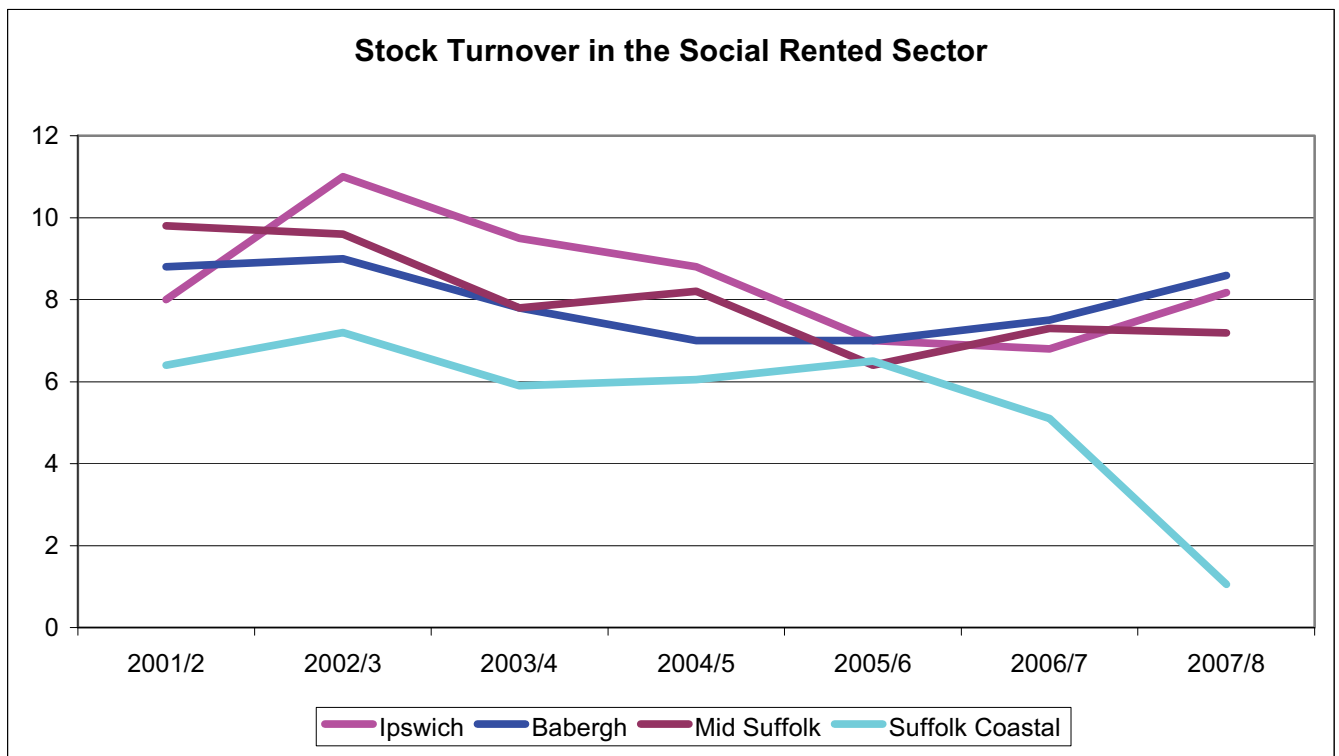
4.23.3 The table below shows the number of lets within the social rented sector recorded in CORE and the HSSA (where appropriate) in 2007/08 along with the estimated size of the social rented stock for this date and the derived turnover rate. It is important to note that the number of lettings includes transfers. The table shows that turnover is highest in Babergh, and lowest in Suffolk Coastal. Compared to the findings of the original SHMA document in November 2008, these figures show an identical ranking of LAs, only with higher turnover rates.

Table 4.23.3 Estimated Social Rented Stock Turnover (2007/08). CORE, HSSA.

	Estimated size of Social Rented Stock 2007/08	Number of Lettings	Turnover
Ipswich	12,372	1,011	8.2
Babergh	4,819	414	8.6
Mid Suffolk	4,550	327	7.2
Suffolk Coastal	6,263	66	1.1

4.23.4 The figure below shows how turnover in the social rented stock has changed in the four authorities over the 4 years to 2007/08. The figure indicates that Suffolk Coastal has historically recorded the lowest rate of turnover in the social rented stock, whilst Ipswich has generally recorded the highest.

Figure 4.23.4 Stock Turnover in the Social Rented Sector 2001/02 – 2007/08. CORE, HSSA.



CONCLUSIONS

- Average house prices (Land Registry sales figures) in the study area are below the East of England average and also the average for England and Wales. This means that the study area has seen a larger relative drop since the figures reported in the original SHMA. Ipswich has the lowest average price within the study area and Suffolk Coastal records the highest.
- Entry-level purchase prices (Land Registry) remain highest in Suffolk Coastal and Babergh, but are now lower in Mid Suffolk as opposed to Ipswich.
- Entry-level and mean private rents were identified through an online survey of estate and letting agents. This showed Babergh was the least affordable LA in the study area and Ipswich was the most affordable
- Affordability across the study area has improved since the SHMA publication of November 2008, however is still some way off the threshold of affordability ratios of 3.5.
- No update was provided regarding overcrowded households, hence it is assumed that wards of greatest concern are still located in Ipswich and Babergh.
- Although house prices have decreased, the cost of buying a house has not.

5. Projections for Households & Employment

(Chapter 8 in Nov 08 Original SHMA Report)

The purpose of this chapter is to:

- Examine the background to the future housing market
- Examination in Public Panel evidence on migration
- Examine population and household projections
- Examine future employment projections

This chapter provides the information suggested by Stage 4 of the Strategic Housing Market Assessment Practice Guidance relating to the future housing market (Chapter 4 of the Practice Guidance)

5.1 PROJECTING CHANGES IN THE FUTURE NUMBER OF HOUSEHOLDS AND REGIONAL POPULATION FORECASTS

5.1.1 Current strategic policies for the Study area are identified in the East of England Plan published in May 2008. This sets out in broad terms the volume and general location of new housing in the region until 2021, plus the associated infrastructure, as well as setting a jobs target for 2021. The Plan is in the process of being reviewed with the intention of replacing it with a new updated Plan that takes policies forward to 2031. At the time of writing, four possible scenarios are being evaluated by interested parties with a view to identifying a preferred option by December 2009 for further evaluation and scrutiny. This will then be subjected to an Examination in Public (EiP) during the summer of 2010 before an independent panel of experts whose recommendations will guide the Secretary of State in making the final decision.

5.1.2 As a result there is little new published relevant material to guide this Strategic Housing Market Assessment. The latest published East of England Annual Monitoring Report is for 2007 – 2008 and this refers to the projections prepared in December 2006 that underpin the published Plan. The next East of England Annual Monitoring report for 2008 – 2009 is not due to be published until early in 2010. The work underpinning the consultation is not in the public arena and the preferred policy option has yet to be determined.

5.1.3 However some indication of the outcome of policy decisions in the Study area is required to assist with the understanding of future changes in the housing market over the long term. The subsequent tabulations listed in the first part of this section have been derived from unpublished material summarised in the consultation process. In view of the fact that no preferred option has been determined figures are based on a continuation of the existing Regional Spatial Strategy since this represents a neutral policy position that simply extends the existing Plan, albeit with modifications to allow for development that has already taken place.

5.1.4 The RSS continuation calculation is an interpretation of existing Policy H1 which sets targets for different time periods. There is a total target 2001-2021, a residual 2006-2021 target and a post 2021 target with the post 2021 target detailed in the policy text as whichever is the higher of 2001-2021 annual target or 2006-2021 residual target. It is important to note that completions between 2006 and 2011 (estimated on the basis of recent starts and completion information to indicate the current recession) make no difference to the

RSS continuation calculation. The outputs from these calculations were used as inputs to the population and household projections but differ from the continuation targets used for the consultation over the summer; this is because the outputs were updated by the Section 4(4) Authorities and the legal challenge.

5.1.5 Clearly the figures are led by the policies within the Plan. These take account of Central Government advice issued at the time (2006 or earlier), plus more local issues. These include sustainability concerns, existing infrastructure capacity and likely future provision, environmental restraints on development, achieving a balance between employment and housing provision, as well as consideration of realistic levels of housing construction, within the general overarching policy vision for the region. Consequently, the number of households and thus people is determined solely by the number of planned dwellings bearing in mind current established demographic factors such as household formation, published mortality and fertility rates and assumptions about vacancy rates and level of sharing amongst households based on locally available information. Note: the full suite of assumptions and a description of the methodology used are due to be published in early 2010 to assist deliberations at the EiP. The general description of the methodology is given in Appendix B of 'Revised 2001-based Population and Household Growth in the East of England, 2001 – 2021' published in September 2005 on <http://www.eera.gov.uk/GetAsset.aspx?id=fAAxADEANQA5AHwAfABGAGEAbABzAGUAFAB8ADAAfAA1>

Table 5.1.5a Dwellings 2006 to 2031

Source: unpublished projections commissioned by EERA to facilitate consultations about the review of the East of England Plan, prepared summer 2009

	Number of dwellings in 2006	Number of dwellings in 2031	% change	Number of dwellings in 2031 to only accommodate District's growth
Babergh	38,100	44,100	15.7	40,900
Ipswich	55,000	76,300	38.7	66,400
Mid Suffolk	40,000	49,900	24.8	44,200
Suffolk Coastal	57,000	68,700	20.5	60,100
Total	190,100	239,000	25.7	211,600

Table 5.1.5b Households 2006 to 2031

Source: unpublished projections commissioned by EERA to facilitate consultations about the review of the East of England Plan, prepared summer 2009

	Number of households in 2006	Number of households in 2031	% change	Number of households in 2031 originating from District only
Babergh	36,900	42,700	15.7	5,800
Ipswich	53,100	73,700	38.8	20,600
Mid Suffolk	38,500	48,000	24.7	9,500
Suffolk Coastal	53,100	64,000	20.5	10,900
Total	181,600	228,400	25.8	46,800

Table 5.1.5c Population 2006 to 2031

Source: unpublished projections commissioned by EERA to facilitate consultations about the review of the East of England Plan, prepared summer 2009

	Population in 2006	Population in 2031	% change	Local population by 2031
Babergh	86,500	91,300	5.5	83,400
Ipswich	120,500	159,000	32.0	136,600
Mid Suffolk	92,000	101,800	10.7	87,900
Suffolk Coastal	121,900	129,100	5.9	110,100
Total	420,900	481,200	14.3	418,000

5.1.6 During 2006 to 2031, almost 49,000 extra dwellings are planned for the Study area, an increase of 26% on the stock at 2006. The Ipswich Policy area has been identified as a growth point taking almost 44% of the extra housing development.

5.1.7 The consequent number of extra households associated with this number of dwellings, given current demographic behaviour, is almost 47,000. Ipswich is likely to accommodate an extra 20,600 households, 44% of the total increase of the Study area.

5.1.8 The population is likely to increase by 60,300, giving a population of 481,200 in the study area by 2031. This represents an increase of 14%, a lower rate of growth than either dwelling stock or the number of households owing to falling household size. Not only have families grown smaller but the ageing of the population can lead to one person living alone with any increased longevity in place of a family blocking the natural turnover of the population. Nearly two thirds of the growth in population is likely to occur in Ipswich owing to its younger population currently and the tendency for younger people to move to the town. The other three districts attract middle aged people whilst younger adults tend to leave them, emphasising the ageing effect on household formation and contributing to the slow population growth.

5.1.9 If in-migration and out-migration were in balance in each district (dubbed nil net migration), this would isolate local housing needs. In three of the four districts that form the Study area (Babergh, Ipswich and Mid Suffolk) nearly half the dwelling requirement during the twenty five year period is to meet local need. However in Suffolk Coastal only a quarter is required to meet locally generated need; the balance, 8,600 dwellings is likely to accommodate people moving into the district. There is a similar relationship between the number of locally generated households and all new households in 2031.

5.1.10 What is clear is that without migration, the population of Babergh, Mid Suffolk and Suffolk Coastal would decline. In each case this is due to the elderly age structure which inhibits the number of births but leads to an increasing number of deaths. There are sufficient migrants into each of these three districts from elsewhere to counteract these decreases in population so that the population grows by 2031. Ipswich, with its relatively youthful population would grow anyway (by 16K) so the newcomers to the district (numbering 22K) serve to reinforce the underlying growth rather than turn around a declining population.

5.1.11 To conclude, this additional analysis suggests that making Ipswich a centre of growth serves to attract people to the town, but the large volume of extra housing is needed to

house the relatively young local residents who are forming new households. In the other three districts, the population would decline if it were not for people moving into the area.

5.1.12 The outcome of a continuation of the Regional Spatial Strategy may be compared to the household projections that CLG publishes. Although the household formation parameters are the same in both cases the outcomes are somewhat different because the CLG household projection illustrates the impact of continuing the recent population trends ONS has identified rather than the published preferred policies. It is underpinned by the ONS population projection explored in the next section. As the CLG projection is prepared for the whole Country in a consistent manner it is instructive to examine the outcome for the Study area since it may be compared with projections for elsewhere.

Table 5.1.12 Households 2006 to 2031

Source CLG 2006-based

	Number of households in 2006	Number of households in 2031	% change
Babergh	37,000	50,000	35.1
Ipswich	53,000	73,000	37.7
Mid Suffolk	38,000	55,000	44.7
Suffolk Coastal	53,000	80,000	50.9
Total	182,000	258,000	41.8

5.1.13 This household projection also starts at mid-2006, but is underpinned by the ONS population projection that continues the established trend. During the same period, the number of households is projected to grow by 77K, equivalent to an increase of 42.5%. However as the projection is based on ONS' interpretation of recent established trends rather than a policy decision, Ipswich accounts for just over a quarter of the growth.

5.1.14 In 2006, nearly half of all households in the Study area consisted of married couple households (with or without children) whilst less than a third are one person households. If the number of cohabiting couples is combined with the number of married couple households, then 58.8% of all households at this date were couples.

5.1.15 By 2031, the most common household type will be one person living alone; these single people will constitute nearly 40% of all households, with the actual number nearly doubling over the twenty-five years. The number of couples cohabiting will have increased substantially too, but owing to the slow growth in the number of married couples, couple households will now only constitute 51.6% of all households.

Table 5.1.15 Households by type 2006 to 2031

Source CLG 2006-based household projection

Household type	Number of households in 2006	Number of households in 2031	% change
Married couple household	89,000	99,000	11.2
Cohabiting couple household	18,000	34,000	88.9
Lone parent household	10,000	14,000	40.0
One person household	55,000	100,000	81.8
Other multi-person household	8,000	11,000	37.5

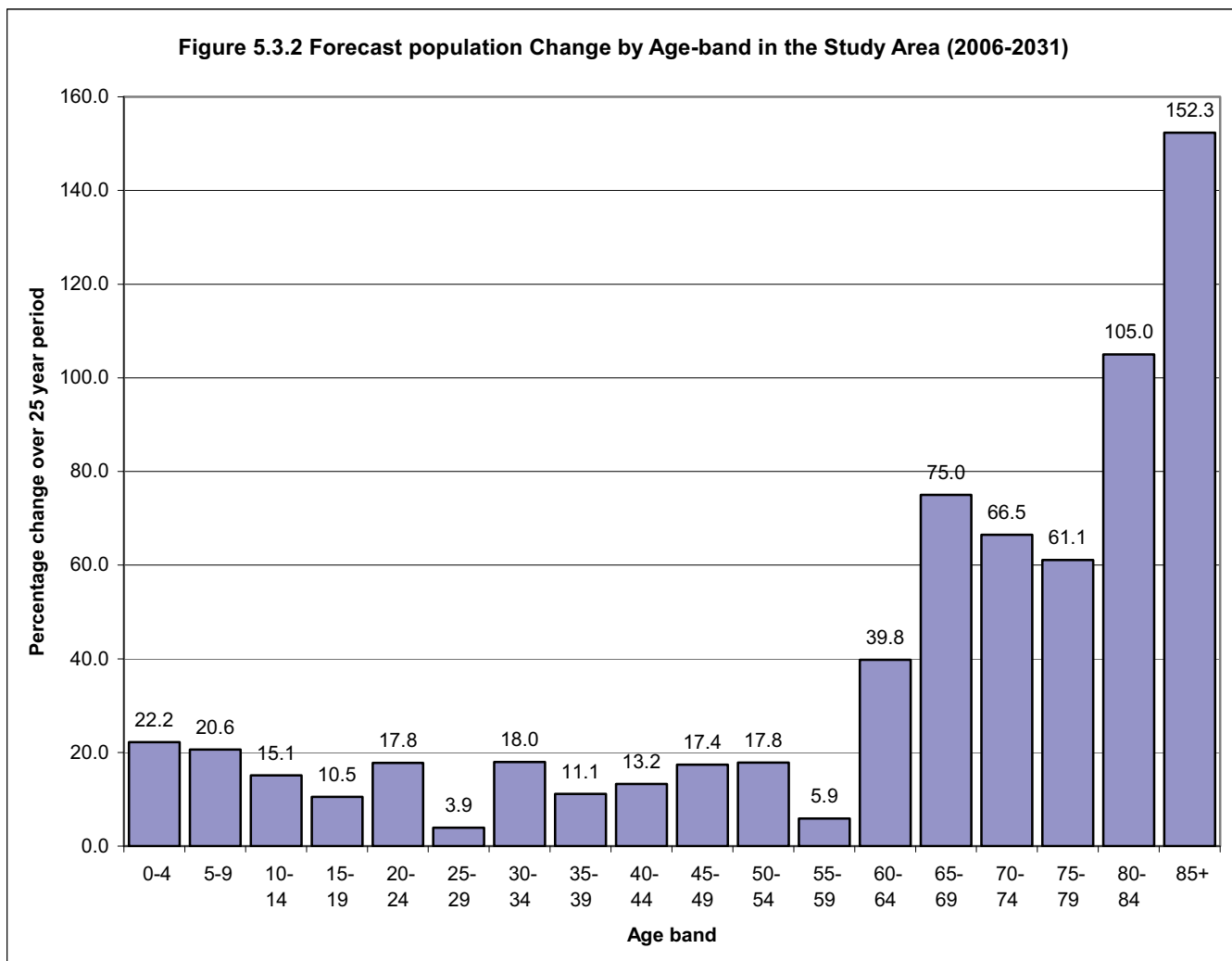
Total	182,000	258,000	41.8
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5.1.16 The CLG has conducted further research to pinpoint which age groups are responsible for the bulk of the increase in the number of households. This work suggests three-quarters of the extra households in Babergh have a representative aged 65 or more, and nearly half the increase involves representatives aged 75 or more. The increases in Mid Suffolk and Suffolk Coastal have similar age structures, as nearly two thirds of the extra households in each district have a household representative aged 65 or more, the increases with a representative aged 75 or more are correspondingly lower. Ipswich, with its younger population in 2006 and younger migrants too, attributes nearly a third of the extra households over the period to those with a representative aged 65 or more. Less than 20% of the increase can be attributed to households with a representative aged 75 or more. In Ipswich the increase in households with a representative aged 65 or more constitutes a 12% increase in all households at 2006, whereas the percentage increase in the other three districts is over twice as much. This further emphasizes the relatively young age structure of Ipswich both in 2006 and again in 2031.

Table 5.1.16 Households by age 2006 to 2031
Source CLG 2006-based household projection

	Number of households in 2006 ² with a representative		Increase in households during 2006-31 ³ with a representative			Proportions (percent)			
	Aged under 65	Aged 65 and over	Of any age	Aged 65 and over	Aged 75 and over	Increase in households (all ages) as proportion of households in 06 (all ages)	Increase in households (aged 65 and over) as proportion of increase in households (all ages)	Increase in households (aged 75 and over) as proportion of increase in households (all ages)	Increase in households (aged 65 and over) as proportion of households in 2006 (all ages)
Babergh	26,000	11,000	13,000	10,000	6,000	36	74	47	27
Ipswich	40,000	14,000	20,000	6,000	4,000	38	32	18	12
Mid Suffolk	27,000	11,000	17,000	11,000	7,000	43	66	39	29
Suffolk Coastal	36,000	17,000	27,000	17,000	10,000	50	64	36	32

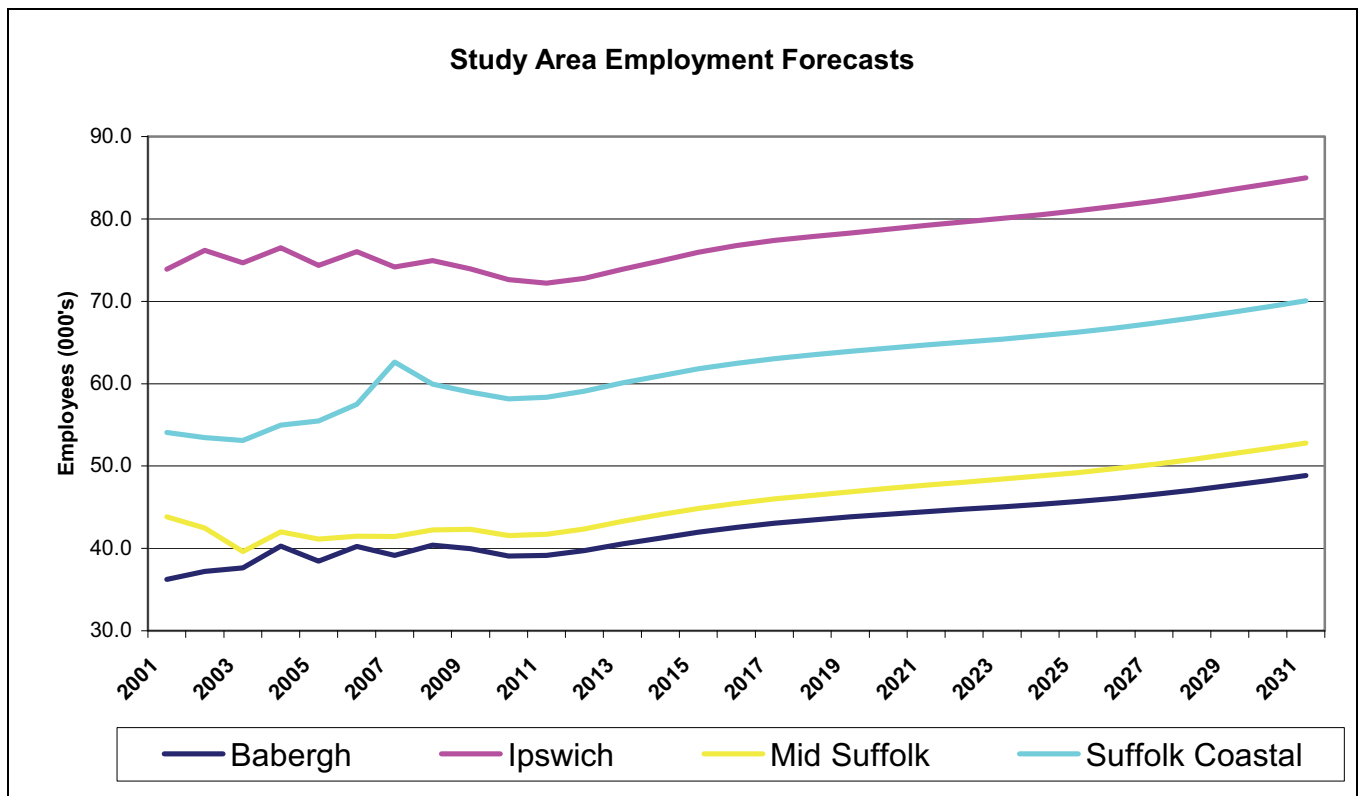
Figure 5.1.16 Households by age 2006 to 2031. Source CLG 2006-based household projection



5.2.1 FUTURE ECONOMIC PERFORMANCE

5.2.1 There are no updates provided on future economic performance. Jobs targets remain guided by the Regional Spatial Strategy. For detail referring to this section, please see sections 8.28 to 8.34 of the original SHMA document, November 2008.

Figure 5.2.1 Study Area Employment Forecasts. Source: Insight East



5.2.2 Employment in the study area is expected to recover to 2008 (pre-recession) levels in 2013-2014.

5.3 FUTURE ECONOMIC PERFORMANCE OF THE STUDY AREA AND COUNTY

5.3.1 Suffolk, in common with the East of England region, performs well. Its Gross Value Added (GVA) is about £100 billion and has grown by an average of 4.4% since 1995. However, levels of workforce qualifications are below regional and national averages.

5.3.2 One important employment trend between 2003 and 2007 was that the proportion of people employed in manufacturing gradually declined to around 12%, whilst people employed in finance increased to around 16%. People employed in construction increased slightly during the same period from 4% to around 6%.

5.3.3 The proportion of people employed as managers, professionals or associate professionals decreased slightly between 2002 and 2007 from 40% to 38%, whilst the proportion of people employed in administrative, secretarial or associate occupations has increased slightly from 25% to 27%. This trend may have housing affordability implications over the long-term as the latter occupational group tend to be lower paid than the former occupational group.

5.3.4 The level of new VAT registrations at 7.9% in the study area is below the regional and national averages of 9.6% and 10.2% respectively. This is not a direct measure of business vitality, but it is a close proxy for it.

5.3.5 Economic activity levels among local residents (i.e. the proportion of all adults aged between 15-64 years (males) or 15-59 (females)) has been higher than the national average, fluctuating between around 81% and 85% between 2000 and 2009, indicating a healthy labour market where a large proportion of people are available to work in the local economy.

Similarly, unemployment levels in the study area have been consistently around or below regional unemployment rates for the last six years (although unemployment rates in Ipswich during the same period have consistently been 1% to 2% above the regional average).

5.3.6 The trend towards a service-based economy is projected to continue in the County with service industries continuing to grow and manufacturing and primary industries declining gradually over the next ten years. The same trend is expected across all areas. While the changing economy may offer more higher-skilled types of jobs and therefore increase overall earnings, it may also lead to unemployment among displaced workers from declining industries. This trend is likely to exacerbate issues around affordability within the study area as the average weekly pay of UK service sector employees in 2007 was £198 per week, compared with an average weekly wage of £312 per week for all types of employees.

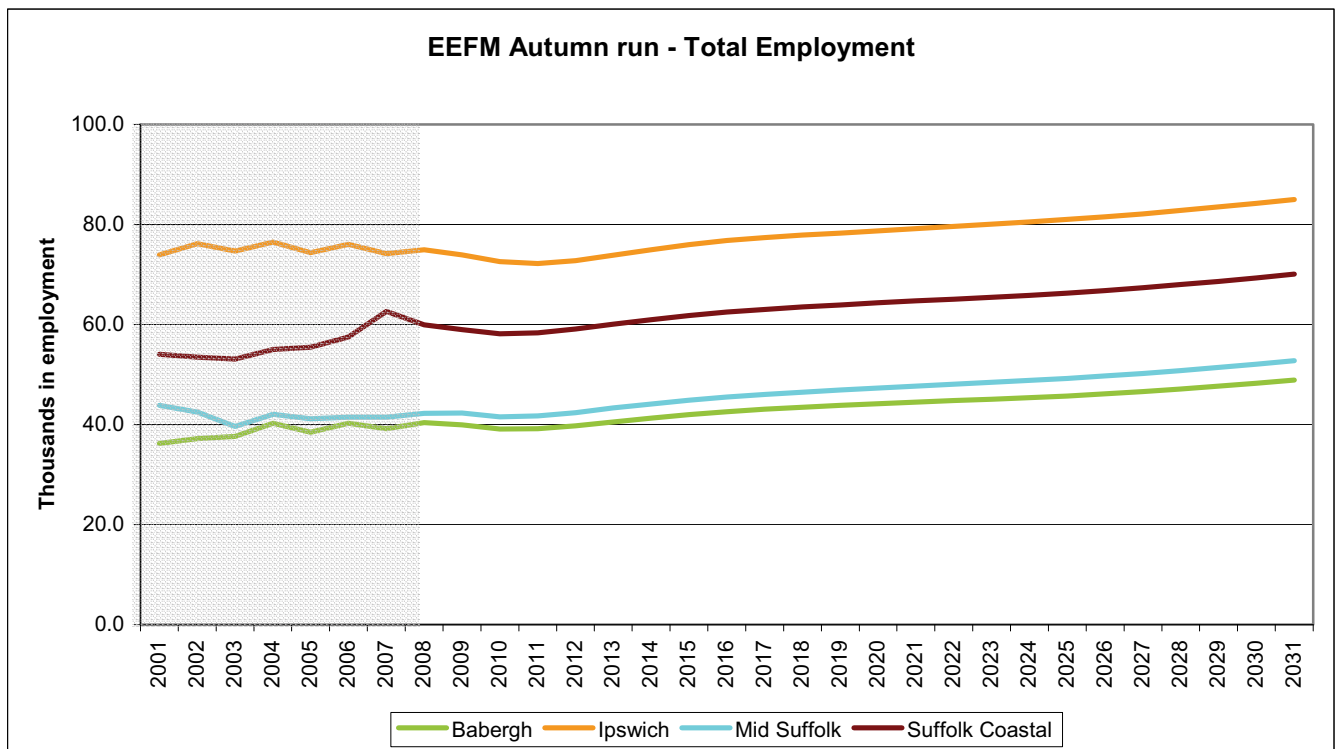
5.3.7 In terms of occupation, it is likely that professional, managerial and technical occupations and skilled trades, personal services and sales and customer services types of occupations are projected to increase across the County and districts as a proportion of all employment as service industries grow. At the same time, employment opportunities in clerical/administrative work and process plant /machine operators and elementary occupations may reduce over time. The public sector is a significant employer in Ipswich; in local government, health and education. Reductions in government spending are expected to bring about an overall decline in public sector employment (particularly in local government) in the coming years.

5.3.8 According to the East of England Regional Economic Strategy (2004), rural parts of the region such as Suffolk generally have lower population levels, higher dependence on traditional land-based industries, poorer infrastructure, ageing populations and lower economic growth. Based upon our market survey and stakeholder work we have reached identical conclusions. However, our work develops this. More remote towns, for example, Glemsford, Eye and Leiston are very self-contained service centres and road journeys into the major towns can only be described as long and slow.

5.3.9 However, Suffolk also supports a strong telecoms Research & Development industry attracting highly skilled and relatively highly paid employees. This is very visible to the east of Ipswich.

5.3.10 Importantly, as the strategy states, the study area is part of the Haven Gateway, an area which includes both significant regional regeneration priorities and concentrations of deprivation. For example, along the Tendring Coast and in parts of Ipswich, as well as important economic opportunities at the gateway ports of Felixstowe and Harwich and the ICT cluster at Adastral Park. There is a concentration of transport and logistics industries linked to the port and maritime related activity. The major expansion planned at both Harwich and Felixstowe will reinforce their roles as key gateways to the sea and as the focus for local regeneration and economic activity.

Figure 5.3.10 Forecast for total employment from the East of England
Forecasting Model 2009-31



CONCLUSIONS

- The population in the study area is projected to increase by nearly 30% over the next 25 years from an estimated 421,300 people in 2006 to 546,300 people by the year 2031.
- Over the same period the characteristics of households will change with substantially more one-person and cohabiting households but only a slight increase in the number of married couple households.
- There is an indicative target of around 36,000 new jobs within the study area between 2001 and 2021.
- Road and transport infrastructure isolates some towns both physically and economically and leads to them being highly self-contained housing sub-markets particularly suited to older people.
- See chapter 4 for related housing and planning targets and projections in a local, subregional and regional context.

6. Extent of Housing Need

(Chapter 9 in Nov 08 Original SHMA Report)

- This chapter presents the results of the three stages of the housing needs assessment model
- Using this model it is estimated that the net annual housing need in the study area is 2665.

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

6.1 INTRODUCTION

6.1.1 Establishing the extent of housing need is crucial for creating housing policy in the housing market area. The Guidance contains a section describing the model that should be used to assess housing need in an area and how this result can be used to inform policy. It should be noted throughout this chapter that in the current market, house price and income alone are insufficient to assess the ability of those in housing need to access the housing market due to their difficulties with respect to accessing credit. Furthermore, the guide model does not include steps for taking account lack of this lack of liquidity.

6.2 FINDINGS FROM LOCAL HOUSING NEEDS ASSESSMENTS AND SURVEYS

6.2.1 The only update to this section is the publication of the Babergh Housing Needs Survey 2008. The original SHMA (November 2008) reported that the Babergh Housing Needs Survey was still in the process of being completed. The final document was published last year. Results show that 91.5% of households lived in accommodation adequate for their needs, although levels of adequacy for households were above national averages, and flats were lower. The report notes that affordability is a major factor: 60% of households identified this as a barrier to moving home.

6.2.2 In terms of demand for housing, 1,449 existing households and 938 concealed households ('concealed' households are those which share a dwelling with another household and who don't own their own home) requiring market housing will be moving within Babergh District in the next 3 years. Demand from existing moving households is focused on detached (52.4%) and semi detached (21.6%) houses. 48.5% of demand was for 3 bed accommodation.

6.2.3 Also of note was the finding that the stock in Babergh is skewed heavily towards houses, with the proportion of semi detached and detached houses and bungalows at 72.1%, is significantly higher than the national level of 55%. Flats / maisonettes represent only 6.2% of the existing stock, a level common for rural areas. However analysis of concealed household's moving intentions found 35.9% expressed a need in the affordable housing sector for flats / maisonettes; and 29.4% in the market housing sector.

6.3 ASSESSING HOUSING NEED

6.3.1 This chapter presents the results of the three stages of the housing needs assessment model. The three stages identified in the Strategic Housing Market Assessment Practice

Guidance are: Current need (gross), Future need and Affordable housing supply and each will be dealt with individually. The affordable housing supply stage is split between current stock and future supply.

6.3.2 Within each of the three broad stages set out in the table below there are a number of detailed calculations (16 in total) many of which themselves have a number of components. This chapter presents details of how each of these 16 steps is calculated using locally available data in the study area.

Stages and step in calculation are listed below:

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

6.3.3 The Practice Guidance also sets out a further two stages within the housing needs section 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

6.3.4 The housing requirements of households in need stage derives the size, location and type of affordable housing required. The bringing the evidence together stage calculates the net annual requirement for affordable housing and the implied proportion of all future housing in each authority which should be affordable. This chapter will also produce these results.

6.3.5 The calculation of housing need presented in this chapter is based solely on secondary data in line with the Practice Guidance and the guidance of the steering group. Whilst the majority of data is derived from robust secondary sources collated at the national level, it is necessary to use data held locally by each council, particularly the Housing Register. Previous housing needs estimates based principally on housing registers have been criticised because the quality of this data has been found to vary depending on individual local definitions, the in-house data management systems in place and the regularity with which the data is reviewed. To minimise the error associated with the use of locally held data the model presented has been simplified, although the approach used is still in accordance with the Practice Guidance.

6.4 Stage 5.1: Current Need (Gross)

6.4.1 This is an assessment of households that are currently in unsuitable housing, split between those that are currently homeless, those that reside within the affordable sector currently and those in other tenures. The CLG Guidance sets out a series of 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)
- Household suffers harassment from others living in the vicinity which cannot be resolved except through a move

6.4.2 The Practice Guidance 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 1st April is presented in the Council's HSSA return each year.

6.4.3 The 2007 HSSA return added a further category about households on the housing register for councils to complete – those in identified housing need. The Guidance to the 2007 HSSA return indicates that these households in housing need should represent those that are in unsuitable housing. As the figure within the HSSA return only includes households not currently resident within affordable accommodation including homeless households, this figure is the best estimate of the number of households in unsuitable housing outside of the affordable sector.

6.4.4 Households resident in unsuitable housing within the affordable sector create no net need for affordable housing as when they move they release an affordable dwelling for another household to inhabit. Households in unsuitable housing in the affordable sector also form part of the supply estimate at Stage 3.1. That these households create no net requirement for affordable housing is acknowledged in the Guidance. As these two stages cancel each other out and there is no accurate estimate of the number of unsuitably housed households in need within the affordable sector in each individual authority it is appropriate to exclude this figure from the model.

6.4.5 The table below shows the number of households in unsuitable housing not currently resident in the affordable sector. Information from the most recent P1E form provided by the Councils presents an indication of the number of homeless households within this estimate of all unsuitably housed households.

6.4.6 The table shows that Ipswich has the largest number of households in unsuitable housing (excluding those resident in the affordable sector), whilst Mid Suffolk displays the smallest number of unsuitably housed households. In the original SHMA, Suffolk Coastal recorded the lowest number.

Table 6.4.6 Households in unsuitable housing not resident in the affordable sector. HSSA 2008, P1E 2008.

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Households in unsuitable housing not resident in the affordable sector	2,404	952	1,130	800	5,286
Estimated number of these households that are homeless	157	54	46	33	290

6.5 Affordability of Unsuitably Housed Households

6.5.1 The Practice Guidance acknowledges that some of these unsuitably housed households are likely to be able to afford market housing in the area. Unfortunately there is no information available on the financial situation of each of these particular households and it is not possible to accurately examine their ability to afford entry-level market costs. The Practice Guidance, however, suggests that the income profile of overcrowded households from the Survey of English Housing adjusted to the difference between national incomes and local incomes using other secondary data could be used as a proxy for the income of all unsuitably housed households. It should also be born in mind that households in a marginal position with respect to access to the housing market will find it difficult to access credit at the time. Also potential unemployment may impact on these households.

6.5.2 The latest data available (2007/08) from the Survey of English Housing records that nationally overcrowded households have an average income of £20,966 per year. The 2008 Annual Survey of Hours and Earnings (ASHE) indicates that the median earnings of local residents in full-time employment are 114.8% of the national median in Suffolk Coastal, 97.8% of the national median in Mid Suffolk, 89.0% in Ipswich and 88.3% in Babergh.

6.5.3 This provides an estimated average household income for unsuitably housed households in each authority of the study area. It is assumed that the income distribution of these households is equivalent to that recorded for the earnings of local residents in full-time employment in each authority according to the results of the 2008 ASHE.

6.5.4 The entry-level cost of both owner-occupied and private rented housing set out in Chapter 7 is compared to the income distribution of these households.. It is assumed that all homeless households are unable to afford entry-level market costs. The table below sets out the estimated proportions of unsuitably housed households able to afford market housing using this approach. The table shows that it is estimated that unsuitably housed households in Mid Suffolk are most likely to be able to afford entry-level market housing, whilst unsuitably housed households in Babergh are least likely.

Figure 6.5.4 Affordability of households in unsuitable housing not resident in the affordable sector.

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Households in unsuitable housing not resident in the affordable sector (HSSA 2008)	2,404	952	1,130	800	5,286
Proportion able to afford entry level private housing (as per Fordham Research 2007)	38.0%	27.1%	44.8%	37.7%	38.0%
Households in unsuitable housing requiring affordable accommodation	1490	694	72	498	2657

6.5.5 The table shows that there are some 2657 households in unsuitable housing that are in need of affordable housing (excluding those resident in the affordable sector) across the study area. This figure represents the estimate for total current need across the study area at the end of stage one of the model. This figure is less than was reported in the original SHMA document, reflecting increased affordability through lower housing costs/prices.

6.6 STAGE 5.2: Future need

6.6.1 In addition to the current needs discussed so far in this chapter there will be future need. This is split, as per the Guidance's model, into two main categories; newly forming households (× proportion unable to buy or rent in market) and existing households falling into need.

6.7 Step 5.2.1 New household formation

6.7.1 The headship rate for each five year age cohort between the ages of 15 and 54 was calculated using information from the 2001 Census on the number of people and number of household heads within each age cohort. This headship rate was then applied to the population projections between 2007 and 2012 to identify the projected number of households likely to form in the study area over the next five years. This figure is then averaged to provide an annual estimate for the number of newly forming households. This approach is compliant with the procedure described in the annex to the Guidance on suitable methodologies for deriving estimates of future household formation.

6.7.2 The table below presents the estimated number of new households likely to form each year across the study area alongside the estimated rate of household formation of newly forming households as a proportion of all households. The table shows that in both relative and absolute terms it is expected that Ipswich will witness the largest number of newly forming households. It should be noted that the Survey of English Housing estimates that the new household formation rate is 1.9% across England, so the rate projected in each authority is similar to that found nationally.

Table 6.7.2 Projected number of newly forming households per annum and household formation rate (Fordham Research 2007)

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Number of newly forming households	1,168	738	782	1,065	3,754
Number of existing households	52,400	36,400	38,400	52,800	180,000
Households formation rate	2.2%	2.0%	2.0%	2.0%	2.1%

6.8 Step 5.2.2 Proportion unable to afford entry-level market housing

6.8.1 There is no update to this section but the original text is added for completeness. As there is no existing income profile for newly forming households available from secondary sources it has been necessary to derive an approximate income distribution using a variety of sources.

6.8.2 Steve Wilcox at the Joseph Rowntree Foundation undertook research into the ability of young households to afford market housing in each authority area in Great Britain within the report, 'The geography of affordable and unaffordable housing and the ability of younger working households to become home owners' (2006). He obtained further data from the Annual Survey of Hours and Earnings of 2003-2005 (up-rated to 2005) to model the average income of households with a 'household representative person' aged 20 and 39 in employment. This is a very useful indicator for the incomes of newly forming households since the data on household formation indicates that 77.7% of newly forming households in the study area come from within this age band.

6.8.3 Whilst this study just presented a mean household income, it is assumed that the income distribution of these households is equivalent to that recorded for the earnings of local residents in full-time employment in each authority according to the results of the 2005 ASHE, on which this modelled data was based. This income distribution of these newly forming households can be compared to the entry-level costs for market housing in each authority and the point at which the income is sufficient for entry-level market costs to be affordable according to the affordability ratios used by the Guidance (set out in Chapter 7) is estimated.

6.8.4 As the Joseph Rowntree Foundation research is based on the incomes of employed households it is necessary to also consider households forming that do not have an employed member. The 2001 census holds data on the economic status of household heads in each five year age cohort at a local authority level. The rate of unemployment amongst household heads in each age cohort can be applied to the estimate for the total number of households forming within that age cohort in each individual authority. This provides an estimate of the number of newly forming households that will not have an employed household head each year. It is assumed that all of these households are unable to afford entry-level market costs.

6.8.5 The table below sets out the estimated proportions of newly formed households unable to afford market housing using this approach. The table shows that it is estimated that newly formed households in Suffolk Coastal are most likely to be able to afford entry-level market housing, whilst newly formed households in Ipswich are least likely. Despite containing the lowest average property prices in the study area, one reason for the lack of affordability in

Ipswich is that it also contains the lowest average income of £21,601 per annum (see Figure 2.14.2), along with the highest unemployment rate.

Table 6.8.5 Affordability of newly forming households

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Number of newly forming households	1,168	738	782	1,065	3,754
Proportion unable to afford entry level market housing (as per Fordham Research 2007)	61.5%	56.4%	59.6%	55.0%	58.2%
Number of newly forming households requiring affordable accommodation	718	416	466	586	2185

6.9 Step 5.2.3 Existing households falling into need

6.9.1 The Guidance recommends that this figure is derived by looking at recent changes to the number of households on the housing register. This can be done by reference to each Council's HSSA returns between 2005 and 2008. The overall change in the number of households on the housing register between 2005 and 2008 is then collected and an annual average is then calculated for the three year period.

6.9.2 The change in households on the housing register each year will however include newly forming households, which have featured in the previous step. To reduce the opportunity for double counting it is necessary to estimate the likely number of newly forming households that are added to the housing register each year. There is no information directly from the housing register on the number of these households; however CORE data provides an estimate of the number of social rented lets each year taken by newly forming households in each authority. If it is assumed that the proportion of social rented lets accessed by newly forming households is the same as the proportion of households joining the housing register that are newly forming households, it is possible to calculate an estimate for the number of newly forming households that are part of the change recorded to the housing register by the HSSA.

6.9.3 The table below shows the annual change in the number of households on the housing register between 2005 and 2008 according to the HSSA returns. This represents the estimated number of all households falling into need each year (based on past trends rather than projections). The table also shows the number of these households that it is estimated are newly forming households. These newly forming households are removed from the first row and the total number of existing households falling into need each year is derived. Housing figures, however, must be treated with caution, for instance, Suffolk Coastal only recorded figures for those likely to be housed within 12 months, and other districts require re-registration of applicants from time to time.

6.9.4 The table indicates that Ipswich records the highest number of existing households falling into need each year, whilst Suffolk Coastal records the lowest (a net reduction). There is a net supply of affordable homes from changes to the number of households on the waiting list in Suffolk Coastal, however it is not considered as a supply at this stage otherwise it would double count with the calculation of the future supply of affordable housing within steps 3.6 to 3.8. At this stage the number of existing households falling into need in the Suffolk Coastal area is simply assessed as zero.

6.9.5 However, it should be noted that within Suffolk Coastal, the housing register information is not directly comparable with that of the other authorities as the RSL which maintains the Waiting List on the Council's behalf currently only registers those households it thinks can be housed within twelve months. It does not register other households who are currently in unsuitable housing and therefore still in housing need.

Table 6.9.5 Number of existing households falling into need.

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Number of all households falling into need each year	103	-9	67	-243	-82
Minus any newly forming households (as per Fordham Research 2007)	84	30	5	0	119
Number of existing households falling into need each year	19	-39	62	-243	-201

6.10 Step 5.2.4 Total newly arising need

6.10.1 The data from each of the above sources can now be put into the needs assessment table below. It indicates that additional need will arise from a total of 1984 households per annum across the study area. The proportion of newly arising households however could be an under estimate due to lack of credit facilities and rising unemployment.

Table 6.10.1 Future need (per annum)

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
2.1 New household formation (gross per year)	1,168	738	782	1,065	3,754
2.2 Proportion of new households unable to buy or rent in the market	61.5%	56.4%	59.6%	55.0%	58.2%
2.3 Existing households falling into need	19	-39	62	-243	-201
2.4 Total newly arising housing need (gross per year)	737	377	528	343	1984

6.11 STAGE 5.3: Affordable housing supply

6.11.1 The affordable housing supply stage is split between existing stock that is available to offset the current need and the likely future level of supply. The existing supply includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are removed from the calculation. The future supply of affordable units comes from two sources, relets within the social rented stock and relets within the intermediate stock.

6.12 Step 5.3.1 Affordable dwellings occupied by households in need

6.12.1 The need arising from these households forms part of the model at stage one, however because no accurate estimate for this figure is available across the individual authorities and it has a net effect of zero, this figure will be excluded from stage 1 and this step.

6.13 Step 5.3.2 Surplus stock

6.13.1 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The Practice Guidance 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 7 showed that all authorities in the study area record a vacancy rate in the social rented sector of less than 3%; therefore no adjustment needs to be made to the figures.

6.14 STEP 5.3.3 COMMITTED SUPPLY OF NEW AFFORDABLE UNITS

6.14.1 The Practice Guidance recommends that this part of the assessment includes “new social rented and intermediate housing which are committed to be built over the period of the assessment”. For the purposes of the analysis we have taken the HSSA data showing the number of planned and proposed affordable units for the period 2008/09-2010/11 as a guide to new provision.

6.14.2 The table below shows the number of affordable dwellings planned or proposed for this two year period in each authority from the 2008 HSSA. The table indicates that some 40% of the committed supply of affordable housing is located in Ipswich, and a further 25% in Mid Suffolk.

Table 6.14.2 Committed Supply of New Affordable Units (HSSA)

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Step 3.3 Committed Supply	489	212	300	194	1,195

6.15 STEP 5.3.4 UNITS TO BE TAKEN OUT OF MANAGEMENT

6.15.1 The Practice Guidance states that this “involves estimate the numbers of social rent or intermediate units that will be taken out of management”. The main component of this step will be properties which are expected to be demolished or replacement schemes that 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 Suffolk Coastal and Babergh, who reported 0 and 5 respectively. For this calculation a figure of zero was used for the remaining authorities.

6.16 STEP 5.3.5 TOTAL AFFORDABLE HOUSING STOCK AVAILABLE

6.16.1 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 an estimate 1,195 properties available to offset the current need in the study area.

Table 6.16.1 Total Affordable Housing Stock Available 2007/08

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
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	489	212	300	194	1,195
3.4 Units taken out of management	0	5	0	0	0

3.5 Total affordable housing stock available	489	207	300	194	1,195
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6.17 STEP 5.3.7 FUTURE ANNUAL SUPPLY OF SOCIAL RE-LETS (NET)

6.17.1 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 Guidance suggests that this should be based on past trend data which can be taken as a prediction for the future. The Guidance also suggests the use of a three year average, to be consistent with the approach at step 2.3.

6.17.2 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 rented sector. The HSSA also provides an estimate of the number of households transferring between the two social rented sectors.

6.17.3 The table below presents figure for the supply of lettings (re-lets) from social stock over the past 2007/8 years contained within the 2007/08 HSSA and CORE data. The table indicates that Ipswich has the highest supply of lettings, whereas Mid Suffolk has the lowest.

Table 6.17.3 Analysis of past housing supply – social rented sector (HSSA)

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
2004/05	690	201	183	419	1,493
2005/06	556	225	355	321	4,557
2006/07	543	295	237	330	4,405
2007/08	833	366	300	128	1,627
Average	656	272	269	300	3,021

6.18 STEP 5.3.7 FUTURE ANNUAL SUPPLY OF INTERMEDIATE AFFORDABLE HOUSING

6.18.1 The amount of intermediate housing (mostly shared ownership) available in stock is fairly limited in the study area. However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of shared ownership units that become available each year.

6.18.2 The current number of shared ownership units in each authority can be determined from housing corporation data on the size of stock in 2004 alongside information about recent completions of intermediate housing since 2004 from the HSSA data. For the purposes of this SHMA update we have added the completions figure for shared ownership homes to the figure quoted in the original SHMA, November 2008.

6.18.3 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 6.18.3 Calculation of re-lets from intermediate stock. CORE, HSSA.

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Estimated size of intermediate stock	320	157	174	229	880
Social rented sector re-let rate (2007/08,	7.8%	6.3%	6.4%	1.93%	5.6%

CORE)					
Annual supply of intermediate housing	25	10	11	4	49

6.19 STEP 5.3.8 FUTURE ANNUAL SUPPLY OF AFFORDABLE HOUSING UNITS

6.19.1 This step is the sum of the previous two. The total future supply in the study area is estimated to be 3,070 units.

Table 6.19.1 Future supply of affordable housing (per annum)

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
3.6 Annual supply of social re-lets (net)	656	272	269	300	3,021
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels	25	10	11	4	49
3.8 Annual supply of affordable housing	681	282	280	304	3,070

6.20 STAGES 4 AND 5: USE OF MODEL RESULTS

6.20.1 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 Guidance to ensure that it is easy to follow. This section does however contain all of the required outputs from these two stages.

6.21 STEP 5.5.1 ESTIMATE OF NET ANNUAL HOUSING NEED

6.21.1 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 6.21.1 Housing Needs Assessment Model for the Study Area

Step	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
STAGE 1: CURRENT NEED (Gross)					
1.1 to 1.4	1490	694	72	498	2657
STAGE 2: FUTURE NEED					
2.1 New household formation	1,168	738	782	1,065	3,754
2.2 Proportion unable to afford entry level market housing	61.5%	56.4%	59.6%	55.0%	58.2%
2.3 Existing households falling into need	19	-39	62	-243	-201
2.4 Total newly arising need	737	377	528	343	1984
STAGE 3: AFFORDABLE HOUSING SUPPLY					
3.1 Affordable dwellings occupied by households in need	-	-	-	-	-
3.2 Surplus stock	0	0	0	0	0
3.3 Committed supply of new affordable units	489	212	300	194	1,195
3.4 Units to be taken out of management	0	5	0	0	0
3.5 (3.1+3.2+3.3-3.4)	489	207	300	194	1,195
3.6 Annual supply of total re-lets	656	272	269	300	3,021
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels	25	10	11	4	49
3.8 (3.6+3.7 supply)	681	282	280	304	3,070

6.21.2 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).

6.21.3 The second step is to convert the net backlog need figure into an annual flow. The Guidance acknowledges that this backlog can be addressed over any length of time, although a period of less than five years should be avoided. For the purposes of this study the quote of five years proposed in the Guidance will be used. This is also consistent with the previously published version of the SHMA. Therefore to annualize the net current need figure it will be divided by five.

6.21.4 The final step is to sum the net annual quota of households who should have their needs addressed with the total newly arising housing need (Step 2.4) and subtract the future annual supply of affordable housing (step 3.8). The table below illustrates how these further steps are calculated for each district in the study area.

Table 6.21.4 Derivation of annual net need for affordable housing in the study area.

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Net Current Need	1001	487	-228	304	1462
Annualised Net Current Need	200	97	-46	61	292
Step 2.4 Demand	737	377	528	343	1984
Step 3.8 Supply	681	282	280	304	1,546
Total Net Annual Housing Need	256	193	202	100	730

6.21.5 This table shows that the total net annual housing need in the study area is for 730 affordable dwellings per annum comprising 256 dwellings in Ipswich, 193 in Babergh, 202 in Mid Suffolk and 100 in Suffolk Coastal. Compared to those figures presented in the original SHMA, November 2008, all LAs require a lower rate of affordable housing completions. The table below demonstrates the scale of these changes. This apparent drop does not reflect the real ability of households to access the market and should be seen as a short term phenomenon.

Table 6.21.5 Change in annual net need compared with original SHMA, 2008.

	Actual Change in Annual Net Affordable Housing Need	Percentage Change in Annual Net Affordable Housing Need
Ipswich	-452	-63.84%
Babergh	-126	-39.50%
Mid Suffolk	-137	-40.41%
Suffolk Coastal	-111	-53%
Study Area	-847	-53.70%

6.22 STEP 5.4.3 THE PRIVATE RENTED SECTOR

6.21.1 The Guidance acknowledges that it is important for the SHMA partnerships to understand the role of the private rented sector in accommodating households in need. The Guidance indicates that the number of households in the private rented sector on Housing Benefit should be recorded. Each council was asked to provide their latest estimate for this figure. The results are presented in the table below.

Table 6.22.1 Number of households in the private rented sector on Housing Benefit.

	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Study Area
Number of Households	6796	810	1652	2484	11,742

6.23 IMPLIED MARKET HOUSING REQUIREMENT

6.23.1 The Guidance indicates that the figure for the net annual need for affordable housing should be compared to the number of new dwellings to be built each year as outlined by the Regional Spatial Strategy. The table is presented below. It should again be noted that access to credit and rising unemployment may affect the ability to access housing.

Table 6.23.1 Annual housing provision compared to requirement for affordable housing

	Annual Housing Provision 2001 to 2021	Annual Net Need for Affordable Housing	Implied Proportion of dwellings that should be affordable
Ipswich	770	256	33.25%
Babergh	280	193	68.93%
Mid Suffolk	415	202	48.67%
Suffolk Coastal	510	100	19.61%
Study Area	1,975	730	36.96%

6.23.2 The table shows that an average of 37% of dwellings completed need to be affordable to meet the estimated net annual need. In Babergh, almost 70% of completions need to be affordable to meet the local need. Compared to the previous SHMA document, November 2008, this is however an improvement as 113% of completions were estimated to be the requirement to meet need. Ipswich, Mid Suffolk and Suffolk Coastal have seen a decrease in their estimated requirement.

6.23.3 It may be useful to compare the housing needs figures produced by various Housing Needs studies which suggest a figure for an annual requirement for affordable housing. The table below shows the two sets of estimates, and the difference between them. Compared to the previous SHMA, the differences have increase significantly for all areas except Suffolk Coastal. This should be considered in the context of a current tightening of mortgage lending and rising unemployment. Also of note here is that Suffolk Coastal district council only record those people who will be housed within 12months on the housing register. They also report that they receive up to 100 applications per month for choice based lettings.

Table 6.23.3 Difference between housing needs survey and present estimates of housing need.

	Annual Housing Needs Estimates from Housing Needs Studies	Annual net need for affordable housing (SHMA, 2009)	Difference
Ipswich	798	256	-542
Babergh	369	193	-176
Mid Suffolk	472	202	-270
Suffolk Coastal	114	100	-14
Study Area	1753	730	-1023

6.24 SIZE OF AFFORDABLE HOUSING REQUIRED

6.43.4 There was no update provided for this section, please refer to section 9.77 to 9.79 of the original SHMA report, November 2008.

6.25 STATUS OF INTERMEDIATE HOUSING

6.25.4 There was no update provided for this section, please refer to section 9.80 to 9.83 of the original SHMA report,

CONCLUSIONS

This chapter presented the results of three of the stages of housing needs assessment.

Stage 1: The current gross housing need was calculated to be 2,657.

Stage 2: The annual future need was calculated to be 1,984 per annum.

Within Stage 3: The total affordable housing stock available was calculated to be 1,195.

Within Stage 3: The future annual supply of affordable housing units was calculated to be 3,070.

The Housing Needs Assessment in the study area followed the guidance from CLG. Using this model it is estimated that the net annual housing need in the study area is 730.

The overall estimate of the annual requirement for affordable housing by this method compared with the aggregate findings of Housing Needs Studies for each Council. However there are differences at the individual council level. It was calculated that unless 37% of dwelling completions are affordable annually to 2021, the demand will not be met.

These findings, however, should be treated with caution and the guide model does not take into account the lack of liquidity in the housing market at present. This prevents those in housing need from taking advantage of the fall in house prices. For these reasons, estimates of net affordable housing need are likely to be underestimates. This could be particularly true in Ipswich where wages are low and unemployment is high. It should also be noted that interest rates have dropped over the last year, and government support schemes for mortgage lending add a further incentive to buyers.

7. Housing Market Gaps & the Housing Ladder

(Chapter 13 in Nov 08 Original SHMA Report)

The purpose of this chapter is to explain:

- The housing market gaps analysis
- How it applies to the study area
- The state of the “housing ladder” in the study area

7.1 INTRODUCTION

7.1.1 It has been a concern of Government for at least two decades that there should be a well functioning “housing ladder” so that newly forming households can enter the market, and “climb” towards home ownership, and then move as appropriate up the size scale. This public concern has grown more acute as house prices have risen rapidly especially over the last decade.

7.1.2 This has led to many initiatives to encourage access to the market, and in particular the owner occupied market. Some two decades of evolution of “low cost” home ownership and shared ownership (where typically a registered social landlord owns part and the occupant owns the rest) have produced the present structure of tenures encouraged by the Housing Corporation (particularly Open Market Homebuy and Newbuild Homebuy).

7.1.3 This chapter examines the cost of different types and tenures of housing. This is done to provide an update to the previous benchmark provided in the original SHMA document, November 2008.

7.2 HOUSING MARKET GAPS

7.2.1 Housing market gap analysis draws on work presented in the previous SHMA document to allow easy comparisons of the costs of the tenure range, in order to facilitate the testing of different newbuild proposals, and to show generally the nature of the housing ladder in a particular locality.

7.2.2 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 housing for each tenure group on the ‘y’ axis, along with notional numbers of households on the ‘x’ axis (only figuratively). The orange curve on the graphs demonstrates the number of households likely to be able to afford housing of each particular nature; more households able to afford accommodation at the cheaper end of the scale, and fewer able to afford prime housing such as new build. This is done for two bed dwellings. The bar charts show key tenure distinctions including Newbuild to buy; second-hand to buy; private rental; inferred mid point of intermediate band and social rent. Between each of the bars is a gap. The two main gaps of interest are the rent/buy gap and the intermediate gap. The rent/buy gap is the gap that can afford market rent without the need for housing benefit, but cannot afford to buy outright. The intermediate gap is defined in PPS3 as the gap between costs of social rent and a market rent.

Figure 7.2.2a Ipswich Housing Market Gaps

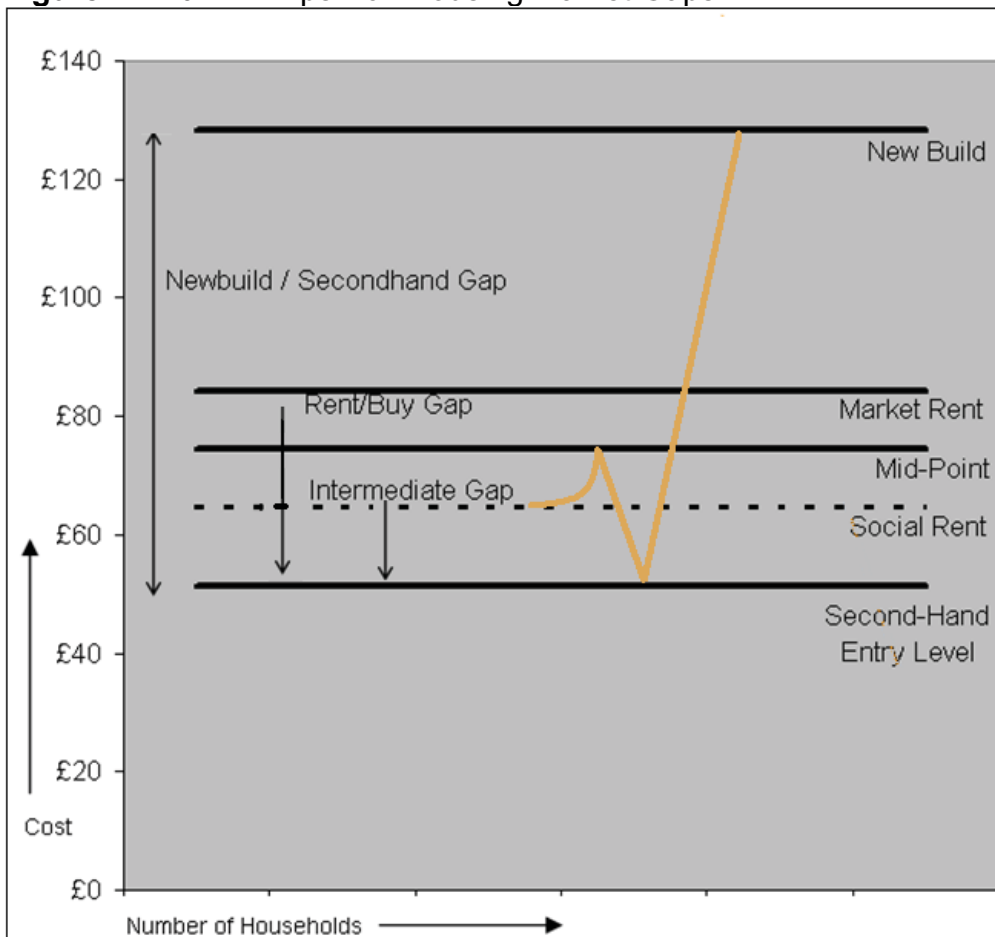


Figure 7.2.2b Babergh Housing Market Gaps

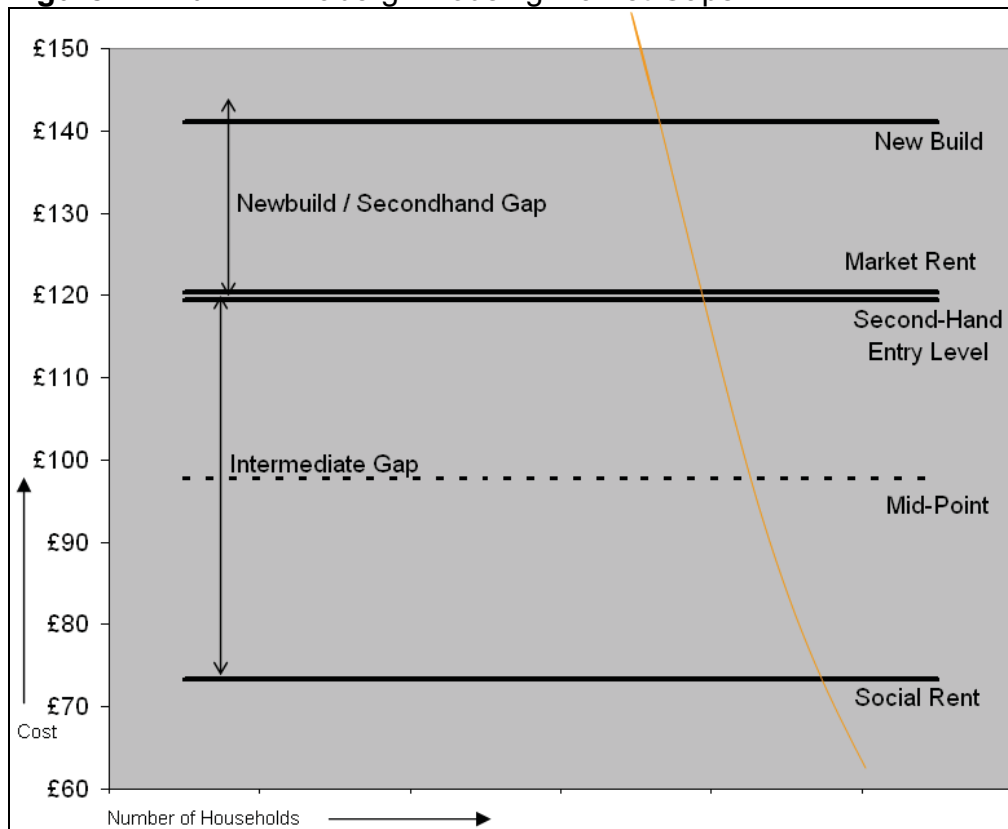


Figure 7.2.2c Mid Suffolk Market Gaps

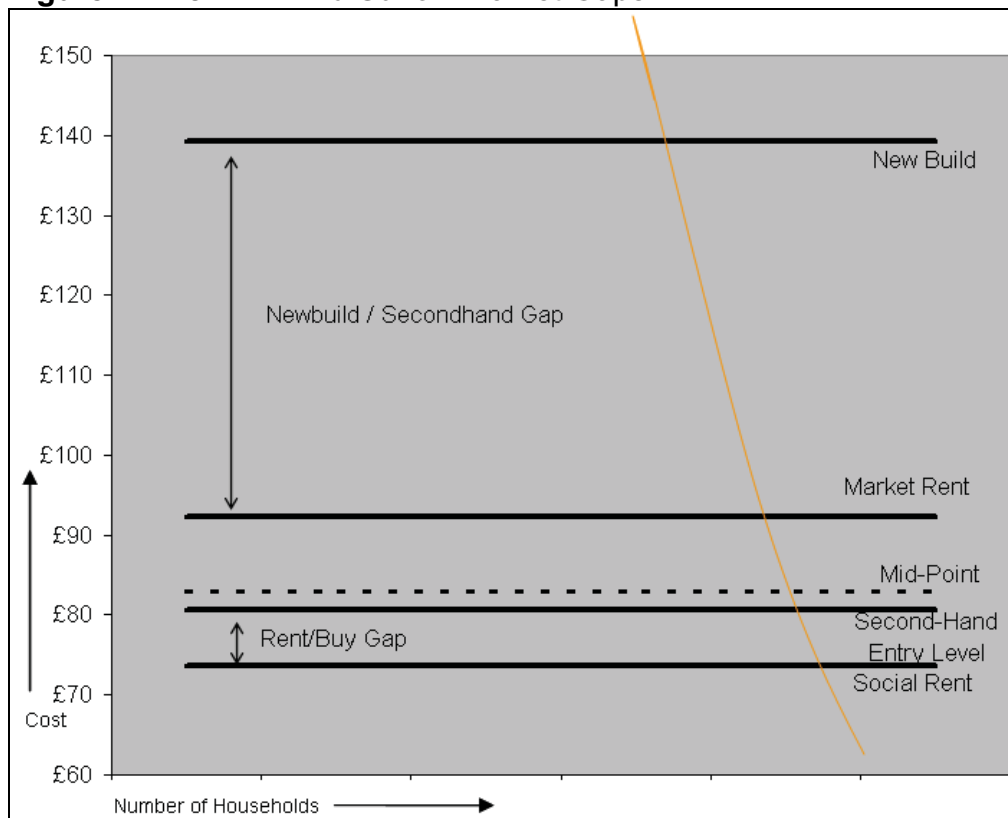
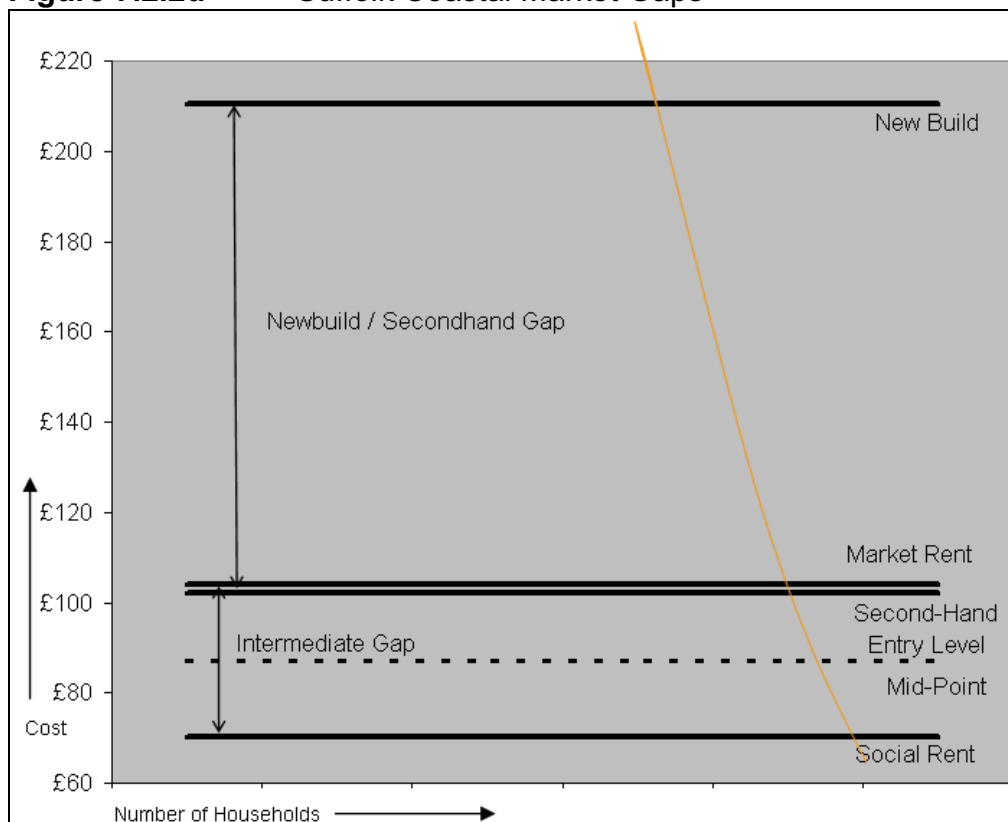


Figure 7.2.2d Suffolk Coastal Market Gaps



7.2.3 The figures show the “housing ladder” with social rents at the bottom and moving up through the rent markets, second hand purchases and new build purchase. To this figure we have added a line called “mid point” which represents a line drawn between social and

market renting. This is designed to provide a broad figure for the level of outgoings which might be required to provide “intermediate housing” at a level which will be affordable to a reasonable proportion of the households who are unable to access the private sector housing market. The table below confirms these gaps in percentage terms

Table 7.2.3 Meaning of the Housing Gaps

	Market Rent as % of Social Rented	Market Entry to buy as % of market entry rent
Ipswich	115.04%	165.22%
Babergh	159.81%	142.50%
Mid Suffolk	125.52%	151.38%
Suffolk Coastal	147.62%	98.39%

7.2.4 Compared to the gaps presented in the SHMA document November 2008, the gaps have changed somewhat. In Babergh there is no rent (market)/buy gap, which is an encouraging sign. In addition there is also no gap between market rental and purchasing in Suffolk Coastal. However in Babergh there is a concerning gap between social renting and private renting. Ipswich provides an interesting gap analysis result; with second hand purchase prices lower on the ladder than social renting. This evidence tells us that a focus on social rented homes would be beneficial, along with sub-market rented options for people who can afford more than a social rent but who cannot access the private rented market or purchase a property. Gaps between new build ownership and second hand ownership are vast, with the exception of in Babergh.

7.2.5 There are no updates to the remainder of this chapter. Please refer to paragraphs 19.8 to 13.12 of the original SHMA document, November 2008.

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.

In Babergh there is no rent (market)/buy gap, which is an encouraging sign. In addition there is also no gap between market rental and purchasing in Suffolk Coastal. However in Babergh there is a concerning gap between social renting and private renting. Ipswich provides an interesting gap analysis result; with second hand purchase prices lower on the ladder than social renting. This evidence tells us that a focus on social rented homes would be beneficial, along with sub-market rented options for people who can afford more than a social rent but you cannot access the private rented market or purchase a property. Shared ownership housing simply won't work in the current market because second hand house prices have fallen so low. Gaps between new build ownership and second hand ownership are vast, with the exception of in Babergh.

At the two-bed level the overall gap from social rented to market rent is over 110% in all cases, and only one of the four districts are below 140% gaps for private rent to purchase.

Newbuild housing is mainly available for sale or as social rent, in other words at the extreme ends of the range. There is little newbuild housing in between. Shared ownership (Newbuild HomeBuy in Housing Corporation terminology) is the main option. The problem is that sometimes this is more expensive than market rental due to the newbuild purchase element. At that level by definition it is not affordable housing.

Also, as noted in Chapter three, shared ownership schemes were not always successful because: its perceived association with social housing was not always attractive to prospective customers; some customers who had bought shared ownership properties had experienced financial problems; and prevailing economic circumstances meant that some developers were offering more attractive incentives to buy compared with shared ownership schemes.

There is a substantial need for social rented housing and also for intermediate housing. The rent/buy gap is large, and so some form of low cost market housing also has a role to play.

8. Policy Tools

(Chapter 14 in Nov 08 Original SHMA Report)

- The purpose of this chapter is to explain the key policy tools proposed for developing policy on new housing in the study area.

8.1 Introduction

8.1.1 As discussed in the second chapter of this report, Guidance is now much more demanding and much more specific about what the evidence base should yield. It is therefore appropriate to provide an account of the output of the study area in terms of the requirements.

8.1.2 The Practice Guidance sets out requirements for the outputs and also for the process of a SHMA. The outputs are dealt with below in relation to PPS3 requirements, since they are the dominant guidance. First, however, this chapter comments on the fulfilment of the process requirements.

8.2 Process Requirements

8.2.1 The Practice Guidance (in its figure 1.2) provides a checklist of process requirements. The following list of seven items paraphrases the requirement and a summary of the way this has been met in this SHMA and its update.

- 1) Approach to identifying the sub-market: this was done originally by the East of England Regional Assembly and has been supplemented through the stakeholder process here.
- 2) Housing market conditions to be assessed in the local context: the report contains local market information at many points.
- 3) Involves stakeholders: there was full involvement of stakeholders in the process of producing the original SHMA document.
- 4) Full technical explanation: there are technical explanations at relevant points in the text.
- 5) Assumptions and judgments fully justified and transparent: a Glossary of key terms is provided, and where assumptions and judgements have been made, they are explained as clearly as possible, as are all data sources.
- 6) Uses and reports on quality control mechanisms: the work was carried out in accordance with the Practice Guidance and Updating Protocol.
- 7) Explains about future monitoring and updating: the original SHMA document published in September 2008 outlines updating and monitoring detail.

8.3 Output Requirements of PPS3

8.3.1 PPS3 paragraph 22 requirements are listed above. In summary the requirement is to indicate the balance of market and affordable housing, the types of household

requirement, new market housing, and details of size and tenure mix for affordable housing. The direct requirements of PPS3 paragraph 33 cannot be fully met through a secondary data based approach using the Practice Guidance. Indeed, there is currently no Strategic Housing Market Assessment based upon secondary data that provides the output required by PPS3 paragraph 22. This applies particularly to the first two: the market demand and character of the households requiring new market housing

8.3.2 However, we can estimate these requirements from a number of sources. As a result this analysis rests on three key indicators which can be used to most closely produce the analysis requirement by PPS3.

- 1) Costs of various housing tenures (As updated)
- 2) Current structure of the housing stock (based on analysis of the 2001 Census)
- 3) The affordable housing requirement

Perhaps also worth noting is the linkage between the SHMA and other statutory needs assessments, and the consideration of how updates can take a complementary approach. For example, drawing on findings of other strategic analysis may provide insight to processes underpinning the housing market such as population or health needs in certain areas leading to sales of specific dwelling types through forced downsizing or similar.

8.4 Suggested Approach to Policy

8.4.1 The way in which information sources can be use is as follows:

- 1) The maps derived from the Census analysis show the degree to which given sizes of market and affordable housing are required to balance the current stock. They provide the key indications of size mix for new developments designed to balance the stock.
- 2) Once the size mix is derived, the question is then its price. The weekly cost tables provide these. It is assumed that they will be updated as required, and have been updated in this document compared to those presented in the original SHMA (November 2008). For market housing the prices are only indicative, since by definition the price of new and second-hand housing is set by the market. However in two further important areas the weekly costs help define what the housing is:

- Low cost market housing: middle of the rent/buy gap as an indicative price
- Intermediate Housing – Mid Point as an indicative price.

Using these two policy tools together will mean that in future, via the S106 agreements that fix the nature of new housing in all but very small scale schemes, the results of the SHMA will help to shape the nature of future housing.

For convenience, the set of four weekly cost tables are reproduced here. For the housing need maps, please refer to page 316 of the original SHMA document.

Table 8.4.1a Ipswich Housing Market Threshold Data

Property size	Social rent	Mid point intermediate*	Min private rent	Min price sale (2 nd hand)	Median sale (2 nd hand)	Median new build sale
1 bed flat	£58.65	£63.36	£68.08	£44.67	£82.15	£158.15
2 bed flat	£64.80	£74.52	£84.23	£51.35	£115.02	£128.37
2 bed hse	£70.21	£75.49	£80.77	£77.02	£128.36	£133.45
3 bed hse	£78.22	£88.15	£98.08	£87.24	£148.90	£166.88
4 bed hse	£83.95	£116.98	£150.00	£107.82	£231.05	£176.63

Table 8.4.1b Babergh Housing Market Threshold Data Sudbury and Great Cornard

The prices shown in this table are weekly prices

Property size	Social rent	Mid point intermediate*	Min private rent	Min 2 nd hand price	Median 2 nd hand Price	Median new build sale
1 bed flat	£66.80	£77.83	£88.85	£65.41	£104.75	£118.98
2 bed flat	£70.64	£84.36	£98.08	£71.42	£133.92	£0.00
2 bed house	£75.30	£94.19	£113.08	£118.98	£172.60	£160.70
3 bed house	£85.58	£105.68	£125.77	£119.04	£181.53	£270.81
4 bed house	£90.75	£137.11	£183.46	£184.51	£351.16	£327.36

*Imputed to be half way between social and rent minimum private rent.

Hadleigh

The Prices shown in this table are weekly prices

Property size	Social rent	Mid point intermediate*	Min private rent	Min price sale (2 nd hand)	Median sale (2 nd hand)	Median new build sale
1 bed flat	£66.80	£59.36	£51.92	£0.00	£0.00	£0.00
2 bed flat	£70.64	£90.13	£109.62	£76.18	£103.56	£0.00
2 bed house	£75.30	£101.11	£126.92	£148.80	£187.49	£243.43
3 bed house	£85.58	£114.91	£144.23	£130.94	£203.26	£0.00
4 bed house	£90.75	£0.00	£0.00	£255.93	£291.64	£386.88

*Imputed to be half way between social and rent minimum private rent.

Bildeston

The prices shown in this table are weekly prices

Property size	Social rent	Mid point intermediate*	Min private rent	Min price sale (2 nd hand)	Median sale (2 nd hand)	Median new build sale
1 bed flat	£66.80	£0.00	£0.00	£113.09	£113.09	£0.00
2 bed flat	£70.64	£90.32	£110.00	£0.00	£0.00	£0.00
2 bed house	£75.30	£98.15	£121.00	£89.28	£154.69	£119.04
3 bed house	£85.58	£106.29	£127.00	£184.51	£380.92	£291.64
4 bed house	£90.75	£0.00	£0.00	£297.60	£446.39	£0.00

*Imputed to be half way between social and rent minimum private rent.

Table 8.4.1c Mid Suffolk Housing Market Threshold Data

Property size	Weekly cost social rent	Weekly cost intermediate rent*	Weekly min cost private	Weekly min cost re-sale	Weekly median cost re-	Weekly min cost new build	Weekly median cost new
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			rent		sale		build
1 bed flat	£54.74	£61.98	£69.23	£80.62	£91.38	N/A	N/A
2 bed flat	£60.97	£76.64	£92.31	£80.63	£107.50	£134.32	£137.59
2 bed hse	£73.54	£82.93	£92.31	£80.63	£139.74	£139.21	£158.56
3 bed hse	£76.41	£90.13	£103.85	£86.00	£177.37	£177.37	£201.56
4 bed hse	£82.92	£116.46	£150.00	£166.63	£268.74	£264.44	£279.49

Table 8.4.1d Suffolk Coastal Housing Market Threshold Data

Property size	Social rent	Mid point intermediate*	Min private rent	Min price sale (2 nd hand)	Median sale (2 nd hand)	Median new build sale
1 bed flat	59.74	70.25	80.77	56.43	87.24	123.23
2 bed flat	69.34	80.82	92.31	85.23	146.34	359.42
2 bed house	70.35	87.10	103.85	102.18	172.01	210.52
3 bed house	77.75	93.68	109.62	112.91	225.92	300.38
4 bed house	85.15	125.08	165.00	163.79	302.43	590.48

CONCLUSIONS

The process required for a SHMA has been followed in the study area. The requirements of the Practice Guidance have also been followed, using secondary data. This means, however, that the requirements of PPS3 (paragraph 22, item (ii)) can only be estimated rather than precisely calculated.

Accordingly a combination of ward level size and tenure information, and detailed tenure specific costs of housing are used. In combination these will enable the policy requirements of both market and affordable housing to be met across most of the study area.

9. Abbreviations and Definitions

LA	Local Authority
ONS	Office for National Statistics
HSSA	Housing Strategy Statistical Appendix
DCLG	Department for Communities and Local Government
SAP	Standard Assessment Practice
ASHE	Annual Survey of Earnings and Incomes
SHAM	Strategic Housing Market Assessment
CML	Council of Mortgage Lenders
RICS	Royal Institute of Chartered Surveyors

Affordable and social housing

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

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

Social rented housing is rented housing owned and managed by local authorities and RSLs, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

Intermediate affordable housing is housing at prices and rents above those of social rent but below market price or rents, and which meet the criteria set out above. These can include shared equity (eg HomeBuy) and other low cost homes for sales, and intermediate rent.