



Thames Gateway South Essex Fundamental Review of Strategic Housing Market Assessment Review 2013

Report of Findings

December 2013



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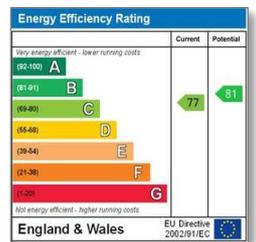
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1. Foreword

Introduction

- 1.1 This Strategic Housing Market Assessment (SHMA) has been undertaken at a time of fundamental change in both the South Essex and national housing market. The SHMA raises several important issues, some worthy of further detailed consideration to inform forward strategy. This Foreword, therefore, seeks to summarise the key strategic issues emerging from the SHMA and where the Thames Gateway South Essex Partnership might focus its future strategic response.

Private Rented Sector

- 1.2 The most significant housing change in the past decade in South Essex has been the rise in the private rented sector and the decline in owner occupation. This trend seems likely to continue due a combination of declining affordability, a requirement for more equity from purchasers, changes to how home purchase is financed and a relatively low new housing supply. Further, the sector continues to meet housing need and this seems likely to continue. Although future generations may aspire to home ownership, for many it will remain that.
- 1.3 The relative immaturity of the Private Rented Sector (PSR) offers an opportunity to shape the sector by working with investors and developers to increase supply and to improve the quality and management of existing stock. Overall, the change noted here indicates a fundamental shift in the shape of the Thames Gateway South Essex housing market to which the Thames Gateway South Essex Partnership should respond.

Housing Delivery

- 1.4 While the Private Rented Sector has grown, new housing delivery has fallen substantially and future delivery presents a forward challenge in South Essex. A strategic response which combines flexibility in planning requirements, a partnership approach to viability and the exploration of new delivery options and vehicles could enable South Essex to deliver the levels of new homes it needs for the areas future population.
- 1.5 Affordable housing delivery is a further issue identified in the SHMA and the slow start to delivery of the Affordable Housing Programme 2011-15 (AHP) is a concern. Many affordable housing providers are cautious in the current market and this poses a risk to delivery, both up to 2015 and beyond. Looking forward, the Partnership may wish to develop positive relationships with both 'non-profit' and 'with profit' Affordable Housing Providers in order to ensure delivery is sustained. In addition, it may wish to seek to maximise the investment from various other available housing investment streams beyond the AHP.

Benefit Reform

- 1.6 Benefit reforms poses a considerable threat to existing households renting within South Essex, especially those who rent privately. The combination of the Benefit 'cap', changes regarding underoccupation

(underoccupation penalties or so called ‘Bedroom tax’) and changes in Local Housing Allowance are likely to mean significant adjustment in the rented sector. The full implications are not yet known: however, a number of key risks have been identified in terms of how Landlords are likely to review their presence in the sector, how households may migrate to ‘cheaper’ areas and how stock may be converted from flats and houses into Houses in Multiple Occupation.

Population

- 1.7 The South Essex population is growing and this growth is partly driven by in migration from within England (especially east London) and from international sources such as European Union states. International migrants are mainly moving for economic reasons and come to South Essex to find work. These trends are relatively consistent over time and seem likely to continue for some time to come. Many international migrants are initially housed in the Private Rented Sector and this may be a further strategic issue to be addressed as part of wider responses to the PRS.

Older People

- 1.8 The South Essex population is also ageing and the future housing needs of the older population present a considerable conundrum. Older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years: the number of current Care and Nursing homes can be expected to decline as people are supported longer in their own homes. Health and Adult Social Care reform complicate any strategic response and the Thames Gateway South Essex Partnership may wish to co-ordinate strategy with Health and Adult Social Care partners. Overall, any future specialist housing offered needs to both understand not just the numbers of specialist homes required but also the aspirations of what older people want from new supply. New supply for older people is a complex issue and may be worthy of further study. In addition, the challenge of how to remodel or redevelop existing surplus provision may also need a co-ordinated response across the sub-region.

London

- 1.9 The strategic influence of London on South Essex impacts on demand for housing, migration patterns, long distance commuting and the level of local incomes. This long term relationship seems set to continue and South Essex may wish to develop further its current strategic response to this.

Conclusion

- 1.10 South Essex has a housing offer which continues to attract and retain people in the area for a mix of reasons, not least the quality of life and proximity to London’s employment market. There are many challenges that the housing market faces both now and in the future: fundamental tenure adjustment, the challenge of new housing delivery, Benefit reform and a changing population. Overall, therefore, the need for a continued co-ordinated approach by the Partnership towards the varied housing challenges it faces seems key to future success.

2. Introducing the Study

Background to the project and wider policy context

Project Overview

- 2.1 Opinion Research Services (ORS) was commissioned by the Thames Gateway South Essex (TGSE) Housing Group to undertake a Strategic Housing Market Assessment, including a study of current and future housing requirements and housing need.

What is a Strategic Housing Market Assessment?

- 2.2 Strategic Housing Market Assessments (SHMA) assess the full range of housing requirements for an area to both deepen understanding of sub-regional housing markets and develop future strategy, all based on robust evidence. Critically, their evidence base shapes and assists with the production of Local Development Plans which set out the spatial policy for a local area. They also provide evidence to support development of local housing strategies and can also inform the planning of other services such as health, education and transport.
- 2.3 The SHMA also:
- » Presents robust evidence-based forecasts of need and demand for housing of different types, sizes and tenures (including market housing, intermediate tenures and social/affordable renting) to inform local, sub-regional and regional spatial planning and housing strategies.
 - » Increases the capability of the commissioning authorities to monitor and forecast housing market activity and trends.
 - » Enables the commissioning authorities to develop their spatial planning policies and housing strategies so they may intervene positively in the local housing market, on the basis of sound knowledge of local economic, social and cultural relationships.

The Role of SHMAs

A SHMA is a framework that local authorities can follow to develop a good understanding of how housing markets operate. It promotes an approach to assessing housing need and demand which can inform the development of local development documents and housing policies.

The purpose of the SHMA is to form part of a wider evidence base for the development of housing and planning policies, which should be considered alongside other factors such as the viability of delivering affordable housing, land availability and local policy priorities including the creation of mixed and balanced communities. Therefore, the evidence provided in the SHMA should not be viewed in isolation and its results cannot be used in support of development applications, as it does not set housing or planning policy. A SHMA provides part of the evidence needed to inform policy development, and other factors are equally important in the policy development process.

Method Overview

- 2.4 The preparation of the SHMA was overseen by a Project Steering Group from the Planning and Housing Departments of the Thames Gateway South Essex local authorities, together with representatives from key stakeholders including Essex County Council and Registered Providers.
- 2.5 The current SHMA review is the second update following the SHMA (GVA Grimley 2008) and SHMA Update (GVA Grimley 2010).
- 2.6 The SHMA does not calculate Objectively Assessed Need for Thames Gateway South Essex. Instead, this SHMA Review seeks to identify the likely realistic level of growth that may occur within the Thames Gateway South Essex housing market area in the period 2011 to 2031. For the purposes of plan-making, the authorities making up the housing market area need to satisfy themselves that they have met the requirements of the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) in terms of identifying the full objectively assessed need for housing within their area. Where necessary, additional local work examining the SHMA's findings alongside local population growth and household change and delivering economic and affordability needs should be carried out by the Local Planning Authorities as part of plan-making to ensure the requirements of this policy and guidance have been fully met.
- 2.7 The SHMA reports the likely minimum need for housing within the Thames Gateway South Essex housing market area. Consistent with the NPPF and NPPG, no regard is had within this report to the capacity of the area to accommodate growth. Each authority will need to consider its ability to accommodate the likely realistic level of growth expected to occur within its area. Where there is evidence to indicate that such growth cannot be accommodated within the authority area, it will be necessary to engage with other areas, within and potentially beyond the housing market area, under the Duty to Cooperate in order to deliver sufficient housing. The Duty to Cooperate is a statutory requirement of the Localism Act and a policy requirement of the NPPF. The NPPG sets out guidance on how local authorities should go about fulfilling the Duty to Cooperate.
- 2.8 The SHMA is based on a wide range of information collated from many sources. These include:
- » Existing policy documents and supporting information published by the Local Authorities and their partners;
 - » Demographic forecasts produced by the Essex Planning Officers Association (EPOA)
 - » Secondary data and official statistics from a wide range of local, regional and national sources; and
 - » Information gathered through consultation with stakeholders including:
 - Local registered providers of affordable housing
 - Local land owners and developers
 - Local letting and estate agents
- 2.9 The approach and methodology of this report was undertaken in compliance with SHMA Guidance existent when the project commenced. New Guidance relevant to SHMAs (Guidance: Assessment of housing and economic development needs), published in August 2013, was also taken into account.

Policy and Strategy Context

- 1.1 The SHMA review is being undertaken at a time of significant policy and strategy change in housing and related areas in England – in particular, significant changes have informed the SHMA development:
- » Welfare Benefit Reform (Welfare Reform Act 2012)
 - » Reform of Health Services (Health & Social Care Act 2012)
 - » Reform of Adult Social Care (Draft Care and Support Bill 2012)
 - » Planning: a new National Planning Policy Framework (2012)
- 1.2 The SHMA study is compliant with the various historic SHMA Guidance documents. New guidance (Guidance: Assessment of housing and economic development needs) was published in August 2013. The SHMA has taken new Guidance into account where possible.
- 1.3 Planning policy underwent significant change when Regional Spatial Strategies (RSS) were revoked (the RSS for the East of England was revoked in January 2013). Planning Policy Statements were replaced by the National Planning Policy Framework (NPPF) in March 2012. As a replacement for the RSS, the NPPF states (paragraph 159) that:

“Local planning authorities should have a clear understanding of housing needs in their area. They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which: meets household and population projections, taking account of migration and demographic change; addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and caters for housing demand and the scale of housing supply necessary to meet this demand;”

- 1.4 Therefore, in the absence of any direct guidance on matters such as housing targets, responsibility for establishing the level of future housing provision required rests solely with the local planning authority.
- 1.5 The SHMA also works within other key aspects of the National Planning Policy Framework 2012 and these are set out in Appendix A.
- 2.10 One issue to highlight is the Duty to Co-operate (introduced in the 2011 Localism Act and a legal obligation). The National Planning Policy Framework (NPPF) has an expectation (Paragraphs 178-181 – see Appendix 1) that local authorities co-operate with others on issues with any cross-boundary impact. This co-operation will need to be demonstrated as sound when plans are submitted for examination.

- 2.11 The Inspection of Local Plans since RSS revocation has highlighted further development in Inspector expectations; these include housing requirements evidence, housing market areas, how requirements will be met and the level of co-operation between authorities.

Thames Gateway South Essex Interim Housing Strategy (2012-2015)

- 2.12 The Thames Gateway South Essex Partnership aims to:

‘Deliver a better quality of life for all those who live and work in the area, believing that through one strong voice it can effect change by improving South Essex for years to come’.

- 2.13 In Housing terms, the Partnership has had a sub-regional Housing Strategy since 2008, and currently has an Interim Housing Strategy for the period 2012-15 which seeks to focus on key actions required to meet current market circumstances with the following Vision and Priorities:

‘Our Vision:

“To deliver a sufficient and sustainable supply of quality housing that contributes to a balanced housing and job market.”

Three Priorities

1. New Funding Models / Viability / Evidence Base / Site Development

Enabling the development of high quality and sustainable affordable housing in places where people want to live responding to local need and supporting the economy.

2. Private sector housing / Green Deal / Decent Homes / Empty Homes

Improving the condition and usage of existing housing across all tenures taking into account social and environmental factors that impact on quality of life.

3. Planning for Older People / Extra Care / Adaptations / Under Occupation / Homeless

Enabling people to make informed choices about their housing circumstances and enabling them to meet their own housing needs. Develop links between health, well being, employment and housing to help prevent homelessness and support vulnerable people’.

Stakeholder Views on the Current Market

- 2.14 The views of stakeholders regarding the Housing Market in Thames Gateway South Essex were assembled from fieldwork interviews and the Thames Gateway South Essex Housing Conference (a stakeholder conference held on 20 November 2012). A Conference Report was produced giving detailed views and feedback from Stakeholders and is available on request. Attendees are given in Appendix D.
- 2.15 Generally, stakeholders report a continued demand for housing with a mixture of confidence and concern regarding new supply. The current market is seen as challenging and activity within it is constrained by numerous factors. For policy and strategy makers there is much to consider and views regarding economic recovery are varied. National policy changes, for example from Health reforms and Benefit reform, are still to be fully understood.
- 2.16 The following represents an overview of views and issues which are currently being actively debated in the South Essex area.

Housing and the Local Economy	<p>The link between housing supply and support for local economic growth is a recurring theme amongst stakeholders. There is general acknowledgement of the connectivity between a successful future economy and the housing needed to support this.</p> <p>New approaches to the letting of affordable housing were identified as being needed to meet the needs of the wider economy.</p>
Letting affordable homes	<p>Stakeholders recognise that the criteria for letting homes in the future will focus on need but also consider local connections, creating more balanced communities and supporting the needs of the local economy.</p>
London	<p>London is recognised as a key influence upon the Thames Gateway South Essex housing market, generating housing demand. Many Thames Gateway South Essex households undertake long distance commuting to London.</p> <p>More affluent households appreciate the lifestyle offer. Lower income households have driven demand for private rented housing in Thames Gateway South Essex authorities closer to London.</p> <p>Developers often consider the aspirations of London households when assessing scheme viability.</p>
Older People	<p>Thames Gateway South Essex is seeing a changing balance between the generations; meeting the housing requirements of an ageing population presents a difficult challenge. In demand terms, there is recognition that more evidence is required to fully understand the range of housing requirements for older people.</p> <p>In supply terms, there is interest from developers and others in providing new specialist housing for older people; this includes the full range from private retirement sale to Care Villages to hospices. Investors are reportedly keen to enter the market but viability is key and desirable sites required.</p>
Private Rented Sector	<p>The Thames Gateway South Essex private rented sector has grown significantly in the last decade and has become an acknowledged housing solution for those in need. The growth in demand reflects reduced options in other tenures, notably social/affordable housing. There are concerns regarding the quality of the Landlord service and the security of tenure within the sector.</p> <p>Private rent as a housing solution for those in housing need seems likely to change due to Welfare Reform. Landlords may be less willing to accept tenants on housing or other benefits. Supply, for these households, might reduce with some current properties withdrawn by landlords. Increases may occur in the number of HMOs as providers respond to the changes; this could put further pressure on local authorities.</p> <p>There is considerable current speculation that new build private rent may offer additional future housing supply. Institutional investors could enter the market to develop new private rented homes, but there is no evidence of this at present: there is limited interest currently in Build for Rent schemes as current models are not viable.</p>
Special Needs Housing	<p>Most stakeholders see the future for existing special needs or supported housing as being particularly at risk from benefit reform. The impact on revenue and the implications for future services were highlighted.</p> <p>Although support for any new schemes was generally positive, their viability, given revenue risks, is questioned.</p>
Welfare Reform	<p>Welfare Reform is gradually being implemented and the long term implications of this are not yet known. However, the reform has had a significant impact on the thinking of most stakeholders and most see risks to new and existing supply of homes for households who rent.</p> <p>Registered Providers have considerable concern about the risk benefit reform poses to their existing tenants as well as the viability of new provision they want to make.</p> <p>Private rented sector landlords are already responding by converting properties to HMOs</p>

	and removing some stock from being available to Housing Benefit households (especially those aged under 35).
Aspirations	Many stakeholders report a perceived change in aspiration to own by ‘traditional’ first time buyers. The impact of high prices, mortgage availability and employment insecurity has depressed demand.
Affordable Housing Supply	<p>A combination of factors poses considerable risk to new affordable housing supply. Social rent schemes seem very unlikely to proceed and, for many providers, are now unviable. Affordable rent schemes will still come forward, albeit in heightened awareness of the risks schemes carry.</p> <p>A combination of capital and revenue changes have all combined to make registered providers cautious: decreased grant rates, a new regulatory regime, Benefit reform and viability pressures also act together to make providers pessimistic. One influence of benefit reform may be to encourage providers to build smaller homes.</p>
The Development Supply Chain	Current levels of housing delivery varied across Thames Gateway South Essex. However, there is scepticism that current housing targets can be delivered long term; the implications of this for those seeking housing in all tenures was highlighted by many stakeholders.
Land	Land costs and supply were seen as a key risk in delivering new homes. Many stakeholders look to local authorities for leadership and to act proactively to bring schemes forward. Increased flexibility in generating new land sources was highlighted, and comments made about the use of strategic sites, especially those of the HCA.

Funding New Development	<p>Developers report confidence that market circumstances were improving. However, there remained challenges and a real need for all stakeholders to play their part to bring schemes forward.</p> <p>Developers and registered providers highlighted the challenge they face in securing finance for schemes. Banks are now more risk averse and subject loan applications to greater scrutiny.</p>
Scheme Viability	<p>Viability remains fragile and stakeholders recognise this as, perhaps, the key challenge in delivering new homes in Thames Gateway South Essex.</p>
New Vehicles	<p>There has been interest in new approaches to deliver homes, although a recognition that there are no examples of these so far in Thames Gateway South Essex. Tax efficient vehicles for holding land and property assets (e.g. Real Estate Investment Trusts or REITs) arouse some interest.</p> <p>Other new models (e.g. social enterprise, mutuals, co-operatives) are also of interest to enable housing delivery.</p>
Intermediate Tenures	<p>There is a degree of enthusiasm for certain intermediate tenures although most still see this as marginal to other products. Deliverability is an issue and there was scepticism about the longer term strategic implications of a move towards more intermediate homes.</p>

Data Sources

^{2.17} By using data sources that are either the same or consistent with those used in previous SHMA exercises, trends can be clearly seen in this 2013 SHMA and so these previous studies are not referenced. Where data sources are different or where no data for various issues was included in previous studies, these have been identified and, where possible, comparisons with previous studies made.

		SHMA 2008/2010	ORS
		Data source	Data source
Demography	Population	ONS Mid Year	ONS
	Population by Age cohort	ONS Mid Year	Census 2011
	Older People	ONS Mid Year	Census 2011
	Migration	ONS Mid Year	DWP, ONS
	Household growth	CLG	ONS
	BME	Census 2001	Census 2001/2011
	Migration (International, domestic)	ONS	ONS (NHS Customer Records) DWP National Insurance
	Homelessness	-	CLG
	Disabled	-	DWP
	Service families	-	Census 2011
	Employment	Annual Business Inquiry	Labour Force Survey Business Register & Employment Survey (Nomis)
	Economic activity rates	Annual population Survey	Annual population Survey
	Employment by sector	Annual Business Inquiry	Annual population Survey
	Workplace based earnings	ASHE	ASHE
	Residence based earnings	ASHE	ASHE
	Jobseekers claimant count	Nomis	DWP (Nomis)
	IB/SDA	DWP	DWP (Nomis)
Supply	Housing Land Supply	AMR	AMR
	Completions	AMR	AMR
	Completions by tenure	AMR	AMR
	Housing trajectory	AMR	AMR
	Affordable Housing	AMR	HCA
	Communal Housing	2001 Census	2001/2011 Census
Market	House prices	Land Registry	Land Registry
	Private sector rents	Dataspring	Dataspring VOA
	Vacancy by tenure	HSSA	HSSA
	Right to Buy	CLG	CLG
	Affordability ratios	CLG	Calculate in house
	Housing Benefit	-	DWP

3. Housing Market Area

3.1 National Planning Policy Framework (NPPF) advises local planning authorities (paragraph 159) that:

‘They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.’

3.2 The paragraph requires an understanding of the housing market areas which lie within Thames Gateway South Essex. The Department for Communities and Local Government (CLG) issued an Advice Note on “Identifying sub-regional housing market areas” (2007) which identifies three sources of information which help to evidence housing markets areas, namely:

- » House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- » Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- » Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.

3.3 In November 2010 CLG issued a further report ‘Geography of Housing Market Areas’, which explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated.

3.4 Both of the CLG publications outline that no one single approach (nor one single data source) provides a definitive solution to identify local housing markets. However, by using a range of available data, judgements on appropriate geography can be made.

3.5 CLG’s ‘Geography of Housing Market Areas’ (page 35) outlines three overlapping tiers of geography for housing markets:

- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
- » **Tier 2:** local housing market areas defined by migration patterns that determined the limits of short term spatial house price arbitrage;
- » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.

3.6 Within this study:

- » **Tier 1** framework housing markets represent the sub-regional housing markets such as those used in the East of England. The sub-regional housing markets are the long-term spatial framework within which the analysis is conducted.
- » **Tier 2** local housing market areas represent more localised urban centred areas which cross local authority and sub-regional boundaries. These housing markets represent self-contained areas where people live and work. These areas will be referred to as housing market areas.

- » **Tier 3** sub-markets are not typically used in SHMAs. Economic Viability Assessments do include housing markets which are based upon house prices rather than migration and travel to work patterns. Economic viability is heavily influenced by land prices, which in turn are influenced by house prices.

Thames Gateway South Essex Housing Market Area

- 3.7 In line with the Brief for the TGSE Project, a review of the Housing Market Areas does not form part of the SHMA.
- 3.8 Chapter 2 of the original Thames Gateway South Essex SHMA in 2008 provided analysis of housing market boundaries and associated housing market trends and drivers to help define Thames Gateway South Essex as a housing market area.
- 3.9 The Table below is extracted from the 2008 SHMA (below) sets out how the sub-region was defined in 2008:

Sub-Regional Housing Market	Thames Gateway South Essex		
Primary Sub-Markets	Thurrock	Basildon	Southend
Secondary Sub-Markets	Grays & Tilbury	Basildon	Southend
	Purfleet & Aveley	Wickford	Rochford & Hockley
	Stanford-le-Hope & Corringham	Billericay	Rayleigh
		Canvey Island	Thundersley & Benfleet

London

- 3.10 The strategic influence of London is noted in several parts of this report, particularly regarding demand for housing, migration, long distance commuting and incomes.
- 3.11 In addition, Thames Gateway South Essex features in the London Plan (2011) Policy 2.3 as an area where the Mayor will '*identify and develop...linkages across...nationally recognised growth areas which include the Thames Gateway...*'
- 3.12 Thames Gateway South Essex seems likely to have a long term role in supporting London via the provision of housing for people who work in the city. This relationship is long standing and seems likely to continue in the longer term. Therefore, Thames Gateway South Essex can expect to have continued housing demand from London in the longer term.

Sub Areas Definition in 2008 SHMA

^{3.13} The SHMA 2008 said ‘a single functional sub-regional housing market can be defined across Thames Gateway South Essex, stretching from the M25 along the Thames Estuary to Southend on Sea and Shoebury.

- » The area is served by common east-west road and rail corridors, and demonstrates similar characteristics in terms of house prices, house price growth and socio-economic characteristics, albeit that there is some distinction between urban/rural areas and the larger and smaller towns. There are strong inter-dependencies between the towns in the sub-region in terms of household movement and travel to work patterns. These factors support the identification of a single sub-regional housing market.
- » London has a strong influence on the sub-regional housing market, with 21% of working residents employed in London and significant movement of households from London and East London to the sub-region. House prices in Thames Gateway South Essex are relatively low in a regional context and this supports movement of both first-time buyers and households looking to step up the housing ladder to the sub-region.
- » Main housing sub-markets can be identified based on the larger urban areas of Basildon, Southend-on-Sea and Thurrock. Purfleet and Aveley, Billericay and South Woodham Ferrers fall within areas of overlap with surrounding housing markets.’

4. The Socio-economic Context

An overview of the existing population

- 4.1 This chapter considers key features of the local population and the local economy and how this may be changing. Recent years have seen various, often rapid, change as population movements, demographic change and economic volatility work their way into local housing market transactions. Such change can have longer term implications and there may be a need for strategy and policy to adapt.

Local Population Characteristics

- 4.2 This section of the report considers the main characteristics of the local population and how these are changing.
- 4.3 Figure 1 below summarises the total population for the study area based on results from the 2001 and 2011 UK Census of Population. (NOTE: Communal establishments refers to managed residential accommodation where there is full-time or part-time supervision of the accommodation).

Figure 1: Persons and Households by Local Authority (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

Local Authority	Persons			Households	
	Number of persons	Household residents	Communal establishment residents	Number of households	Average household size
Basildon					
2001	165,700	164,900	800	69,200	2.38
2011	174,500	173,400	1,100	72,700	2.38
<i>Change</i>	<i>+8,800</i>	<i>+8,500</i>	<i>+300</i>	<i>+3,500</i>	<i>-</i>
Castle Point					
2001	86,600	86,000	600	35,300	2.44
2011	88,000	87,400	600	36,400	2.40
<i>Change</i>	<i>+1,400</i>	<i>+1,300</i>	<i>+100</i>	<i>+1,200</i>	<i>-0.04</i>
Rochford					
2001	78,500	78,000	500	32,000	2.44
2011	83,300	82,700	600	33,600	2.47
<i>Change</i>	<i>+4,800</i>	<i>+4,700</i>	<i>+100</i>	<i>+1,600</i>	<i>+0.02</i>
Southend-on-Sea					
2001	160,300	157,900	2,400	71,000	2.22
2011	173,700	171,500	2,200	74,700	2.30
<i>Change</i>	<i>+13,400</i>	<i>+13,600</i>	<i>-200</i>	<i>+3,700</i>	<i>+0.07</i>
Thurrock					
2001	143,100	142,600	500	58,400	2.44
2011	157,700	157,100	600	62,300	2.52
<i>Change</i>	<i>+14,600</i>	<i>+14,500</i>	<i>+100</i>	<i>+3,900</i>	<i>+0.08</i>

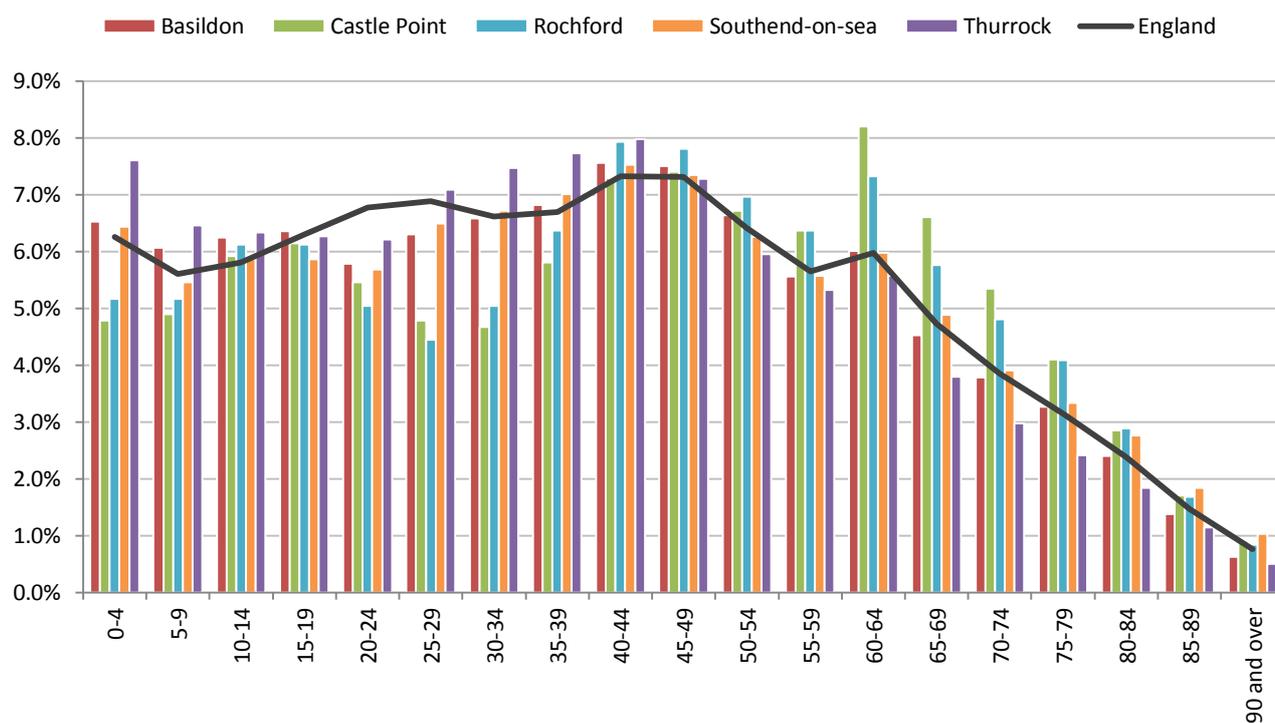
NB The Edge Analytics Report discussed later in this SHMA outlines that “there may have been an undercount of total population in the 2001 Census in Southend-on-Sea, although this is difficult to verify.”

- 4.4 The population of Thames Gateway South Essex increased by 43,000 over the 10 year period 2001-11 to a total of 677,200 people, representing an increase of 7.0% (East of England 8.3%). 5% growth was reported in SHMA 2008. The total number of households in Thames Gateway South Essex increased by 13,900 over the 10-year period. The biggest increase was in Thurrock (10%) with the smallest in Castle Point (2%).
- 4.5 Household size changes varied between Authorities. Basildon’s Average Household Size did not change between 2001 and 2011, while Castle Point’s reduced by -0.04. Increases occurred in Rochford (+0.02), while the biggest increases were in Southend-on-Sea (+0.07) and Thurrock (+0.08).

Age Profile

- 4.6 Figure 2 shows a comparison of the age structure for the population in Thames Gateway South Essex against England.

Figure 2: Age Profiles for Thames Gateway South Essex Compared with England (Source: UK Census of Population 2011)



Children 0-14	Significantly higher numbers 0-4 and 5-9 in Thurrock relative to England. Higher numbers relative to England in Southend on Sea and Basildon. Lower numbers in Castle Point and Rochford.
Young Adults 15-29	Lower numbers relative to England in each Borough, although Thurrock has higher relative numbers post 25 years of age.
Older People Over 60	Castle Point and Rochford have significantly more adults aged 60-74 years than other Thames Gateway South Essex Boroughs and relative to England. Basildon and Thurrock have fewer adults aged 60-74 years relative to England.

Southend on Sea has more adults aged 75+ relative to England, including those aged 90+.

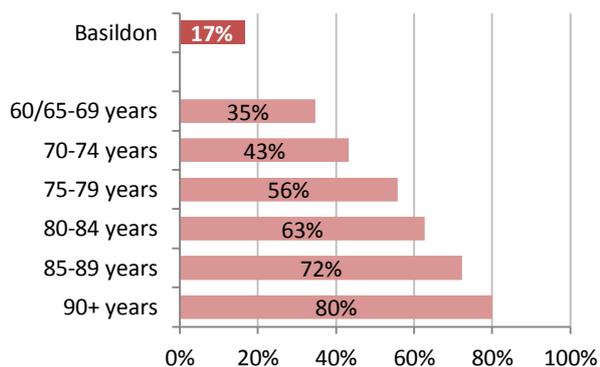
Rochford and Castle Point also have more adults aged 75+ relative to England.

Older People

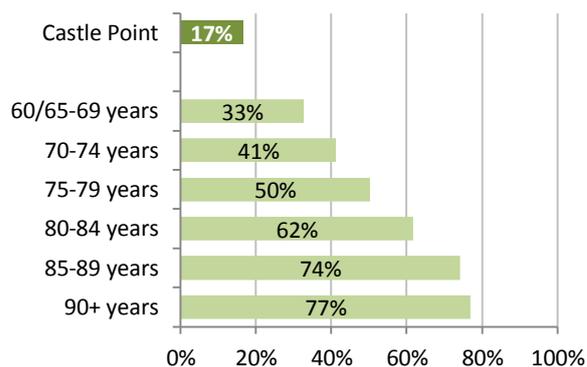
- 4.7 This section considers Older People over 60. Chapter 9 considers the implications of the Older People population in more detail.
- 4.8 2001 Census indicates that 15-18% of people in Thames Gateway South Essex had a limiting long-term illness (Figure 3). This ranges from 28%/36% for those aged under 70, but rises rapidly to 70%/74% of those aged 85+.
- 4.9 Given the projected growth of the older population in Thames Gateway South Essex, an increase in support needs for older people may seem likely. However, caution should be taken in view of the reasons for the growth in older population; this is often driven by better health plus associated improvements in life expectancy. Therefore, the relative health of older people in 2001 is unlikely to be representative of people of the same age by 2031.

Figure 3: Limiting Long-term Illness Rates by Age Group (Source: UK Census of Population 2001)

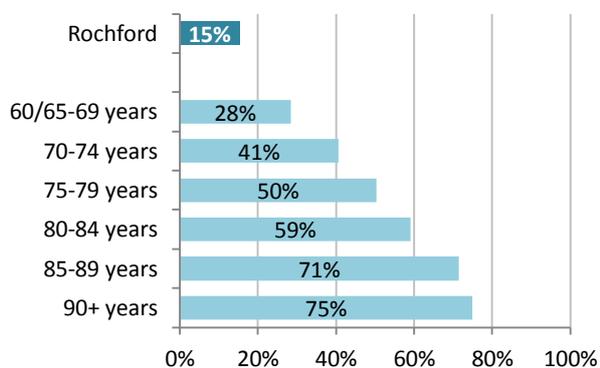
Basildon



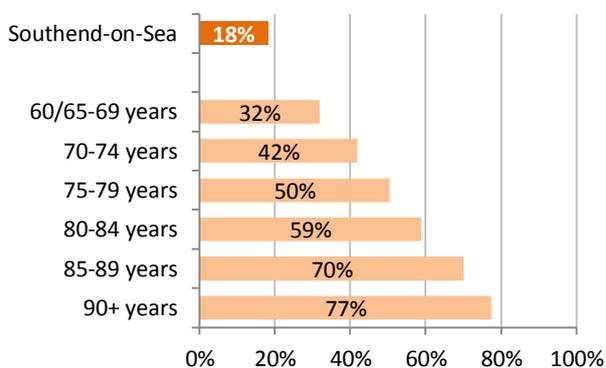
Castle Point



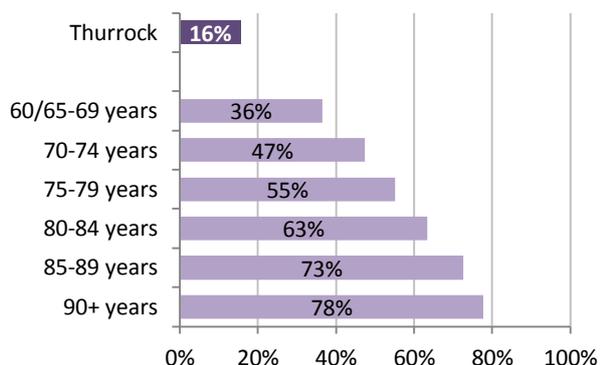
Rochford



Southend-on-Sea



Thurrock

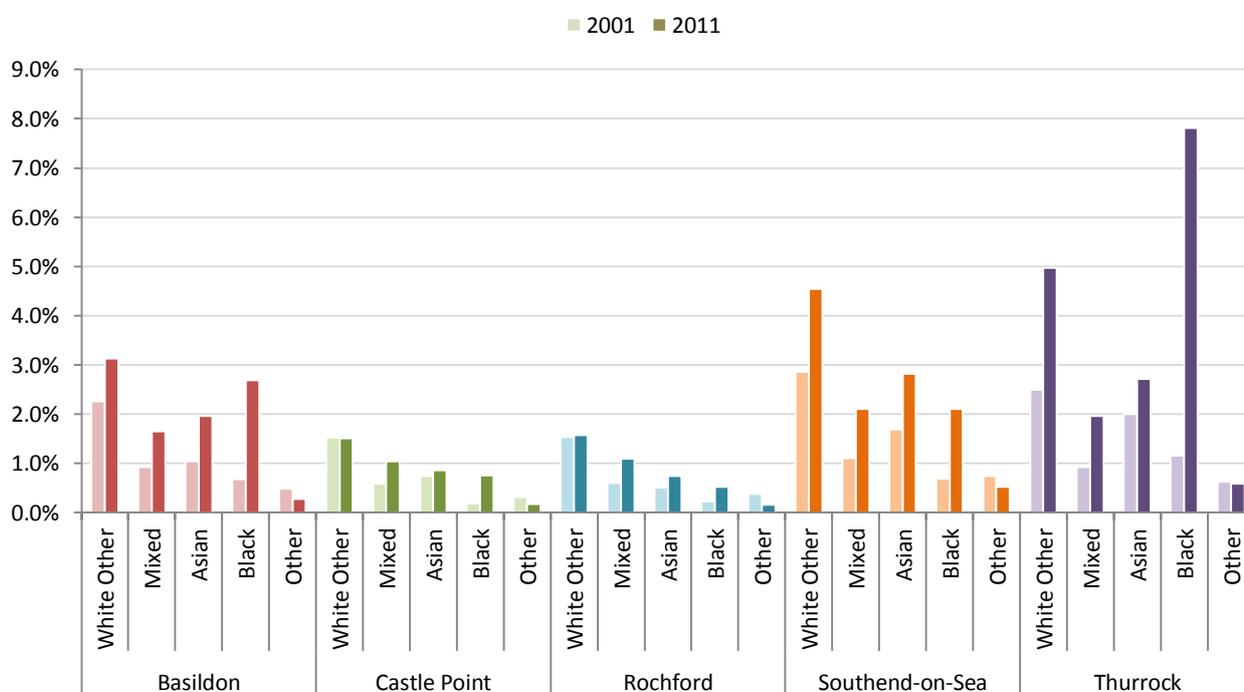


Minority Ethnic Groups

^{4.10} The number of people from a minority ethnic group has increased between 2001 and 2011. Although populations in Castle Point and Rochford are broadly similar over the period, there has been significant change in Basildon, Southend on Sea and, especially, Thurrock.

- » Basildon and Southend on Sea: the population of all Minority Ethnic groups has increased, with especially high growth from the Black minority group
- » Thurrock: the growth in people from Black and White Other minorities has seen significant change: the Black population has increased almost eightfold and White Other doubled

Figure 4: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)



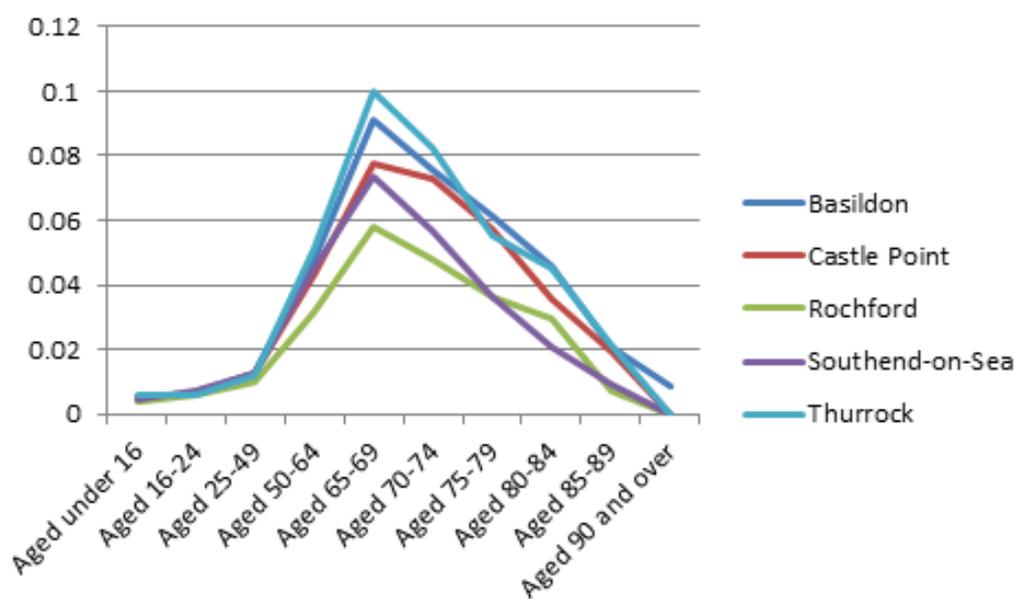
Disabled

^{4.11} This section considers potential future housing demand from disabled people. Disabled demand is a challenge to establish as limited data is available, and projections figures should be treated as indicative.

Previous Thames Gateway South Essex SHMAs considered disability in terms of design and adaptability rather than potential demand.

- 4.12 Disabled can include those people who have a learning disability or a physical impairment. In this section, we have focussed on those with physical impairment. The 2012 Market Position Statement (Essex County Council) indicated a deficit of 31 homes in Basildon (-19), Castle point (-2) and Rochford (-10) for people with a Learning Disability. However, limited data was available on housing requirements for those with a physical impairment. No housing requirements within JSNAs for Southend-on-Sea and Thurrock have been identified.
- 4.13 To consider the scale of disability in Thames Gateway South Essex Disability Living Allowance Higher Mobility Allowance data is used. Disability Living Allowance (DLA) is awarded to people under 65 years old who incur extra costs due to disability. Once qualified, DLA continues without an age limit, as long as applicants satisfy either the care or mobility conditions. DLA Higher Mobility Component (HMC) is awarded when applicants have 'other, more severe, walking difficulty' above the Lower Mobility Component (which is for supervision outdoors). By considering Higher Mobility Component disability can be profiled across Thames Gateway South Essex. NOTE: DLA is being replaced by Personal Independence Payments (PIP) from April 2013.
- 4.14 Figure 5 shows the age profile for DLA HMC awards in Thames Gateway South Essex. Claimant numbers increase significantly over the age of 50 and peak at age 65. Rochford has the lowest level of claimants while Thurrock and Basildon have the highest at that point. Levels decline after 65 as either new applicants apply for other benefits (e.g. Attendance Allowance) and existing applicants either move into Care or die.

Figure 5: Higher mobility allowance by age as (%) of population (Source: DWP Work and Pensions Longitudinal Study (WPLS))



- 4.15 To derive indicative projections, modelled DLA HMC data is used against the various population projection scenarios for Thames Gateway South Essex. The scenarios are:
- » Sub-National Population Projections scenario – based on ONS 2010 based 5-year demographic trends;
 - » Approved RSS scenario – based on policy-based dwelling allocations set out by the RSS;

- » Economic jobs-led scenario – based on employment projections and commuting patterns;
- » AMR dwelling-led scenario – based on the existing land allocated for housing; and
- » Net nil migration scenario – based on in-migration levels constrained to match out-migration.

^{4.16} Figure 6 shows how the level of DLA HMC (PIP from April 2013) claimants in Basildon and Rochford is relatively consistent to 2031. However, a significant increase is forecast in Thurrock. Decreases in Castle Point and Southend-on-Sea can also be seen. Overall, given the range of forecasts, the implications of any change may be best handled by more detailed consideration at the local authority level within local housing strategies.

Figure 6: Modelled DLA Higher Mobility Allowance to 2031 (Source: DWP/Edge Analytics)

	Basildon	Castle Point	Rochford	Southend	Thurrock
Higher Mobility Allowance					
2011	4,370	2,410	1,580	3,840	3,740
Modelled Higher Mobility Allowance for each Scenario to 2031					
AMR	4,100	2,140	1,510	3,250	4,410
RSS	4,420	2,250	1,550	3,320	4,520
Economic	4,420	2,510	1,650	3,560	4,640
Net Nil Migration	4,400	2,130	1,470	3,490	4,290
SNPP-2010-R	4,560	2,400	1,640	3,800	4,560
SNPP-2010	4,560	2,170	1,640	3,800	4,560
(%) change	0.9%	-5.9%	-0.1%	-7.9%	20.3%
Minimum Increase	AMR	Net Nil Migration	Net Nil Migration	AMR	Net Nil Migration
Maximum Increase	SNPP-2010	Economic	Economic	SNPP-2010	Economic

Service Families

^{4.17} The 2010 Strategic Defence and Security Review (2010) introduced reductions to the number of service personnel, with further reductions announced in 2012:

- » Army: Personnel to be reduced by 7,000 to 95,500 by 2015 (now 82,000 by 2015 following further Defence statement 2012)
- » Air Force: Personnel to be reduced by 5,000 to 33,000
- » Navy: Personnel to be reduced by 5,000 to 30,000

^{4.18} Such a reduction might be expected to translate into increased demand for housing in local markets. However, the 2011 Census shows that there are no communal establishments or barracks in Thames Gateway South Essex. Further, the Census shows that armed forces personnel living in Thames Gateway South Essex are relatively small in number and live in non-military accommodation, such as market housing subject to normal market mechanisms. It is unlikely, therefore, that service personnel reductions will contribute significantly to increased demand for housing in Thames Gateway South Essex.

Figure 7: Armed forces - Persons in armed forces, number, by accommodation type (Source: Census 2011)

Local authority	Lives in a household	Lives in a communal establishment
Basildon	91	0
Castle Point	41	0
Rochford	51	0
Southend-on-Sea	96	1
Thurrock	66	0

Housing Members of the Armed Forces

- 4.19 The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and ‘Laying the Foundations: A Housing Strategy for England 2011’ (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. In addition, following consultation, the Government brought into force The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012 and the Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012 which have strengthened the position of some armed forces personnel in seeking to access social housing (the regulations are considered further below).
- 4.20 Further, whereas Local authorities have been expected to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this ‘additional preference’ should now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A(3) of the 1996 Housing Act and who have urgent housing needs.

Adapted social housing for injured service personnel

- 4.21 Mandatory disabled facilities grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *The Nation’s Commitment: Cross Government Support to our Armed Forces, their Families and Veterans* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme, may be eligible for a DFG to carry out necessary adaptation work.

Affordable housing schemes for Services Personnel

- 4.22 There are a number of housing schemes that are available to the Service and Ex Service community under the Homebuy umbrella. Homebuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England:
- 4.23 In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.
- » Armed Forces Home Ownership Scheme: available to those with 4-6 years service, this scheme provides equity loans of 15-50% of the market value of the home

- » HomeBuy Direct: shared-equity scheme where the buyer buys a new home, on a designated development, with equal equity loans from Government and house builder to a maximum of 30% of the full purchase price
- » FirstBuy: an equity loan product which helps buyers buy a new home with the help of an equity loan of up to 20% of the full purchase price
- » Shared Ownership: purchase of new high quality homes available on a ‘part-buy/part-rent’ basis (also known as NewBuild HomeBuy). The buyer can buy shares of 25% to 75% of the purchase price
- » Intermediate Rent: new build properties at 80% (or less) of current market rents available via Registered Providers
- » Rent to Buy: a “Try Before You Buy” scheme which, like Intermediate rent, lets eligible households rent a newly built home from a Registered Provider at 80% or less of the current market rate, with an expectation that the household will buy as shared owners after a limited period, usually 3 to 5 years
- » Social HomeBuy: a scheme to let social housing tenants to buy their current home at a discount either outright or on a part-buy/part-rent basis, the minimum initial share being 25%.
- » Mortgage Rescue scheme: for vulnerable home-owners at risk of repossession, to remain in their homes
- » Help to Buy: introduced by the 2013 Budget and running from 1 April 2013, the scheme offers a 20% equity loan towards the cost of a new home to buyers with a 5% deposit. From late 2013 a Mortgage Guarantee scheme will also be available for purchase of a new or existing home

Overall

- ^{4.24} Increased demand for housing in Thames Gateway South Essex as a result of service personnel reductions seems unlikely. However, there may be an increase in obligation towards housing armed forces personnel as a result of the changes to allocation of affordable and social housing which may necessitate a response that includes maximising options under Allocations Policies as well as Homebuy options.

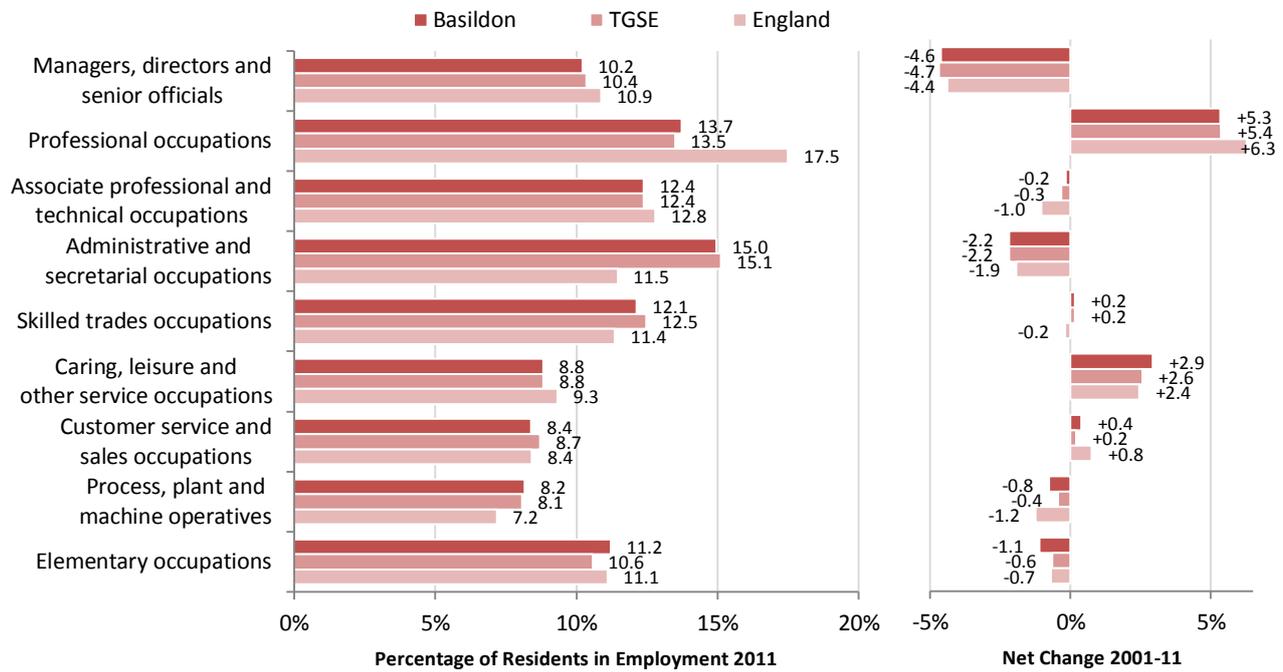
The Local Economy

Occupation and Earnings

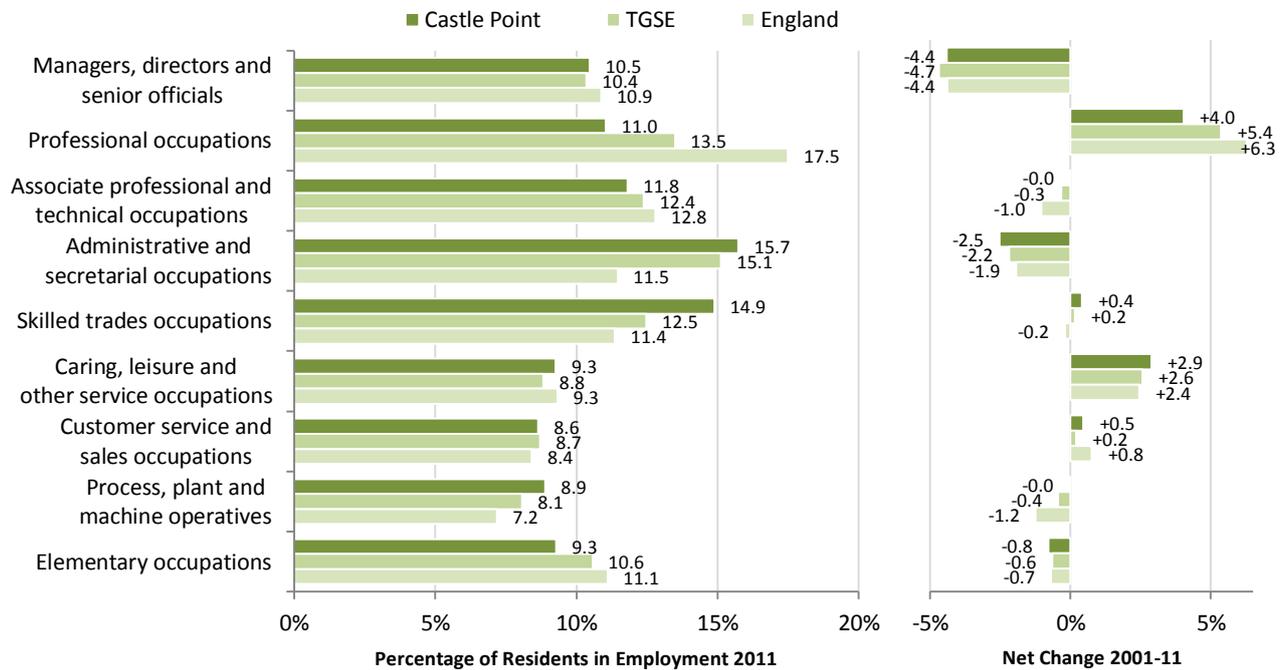
- ^{4.25} The authorities in Thames Gateway South Essex have relatively similar occupation profiles to each other. The key changes to note over the last decade are the increase in those in Professional occupations (up 4-6%) and the decrease in Manager/Director (down 4%) at similar levels in each authority. This may reflect the increasing numbers in self-employment (shown later in Figure 10) and wider national trends in how people work.

Figure 8: Proportion of Employees by Occupation 2011 and change 2001-11 (Source: UK Census of Population 2001 and 2011)

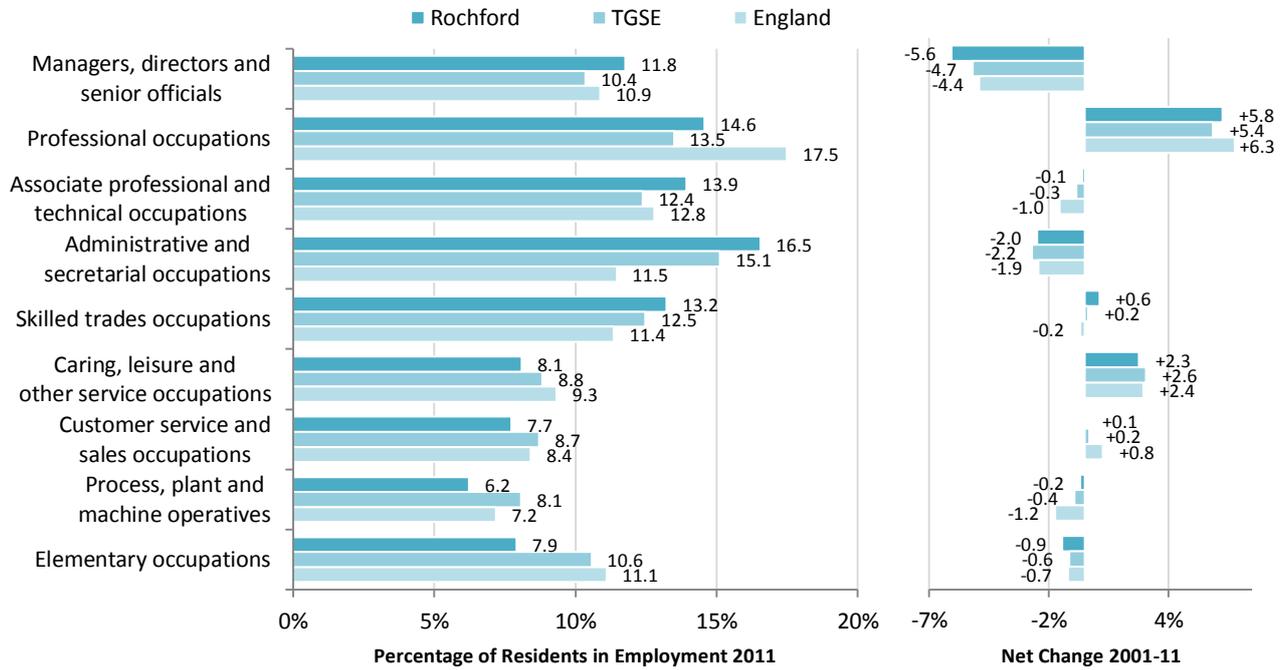
Basildon



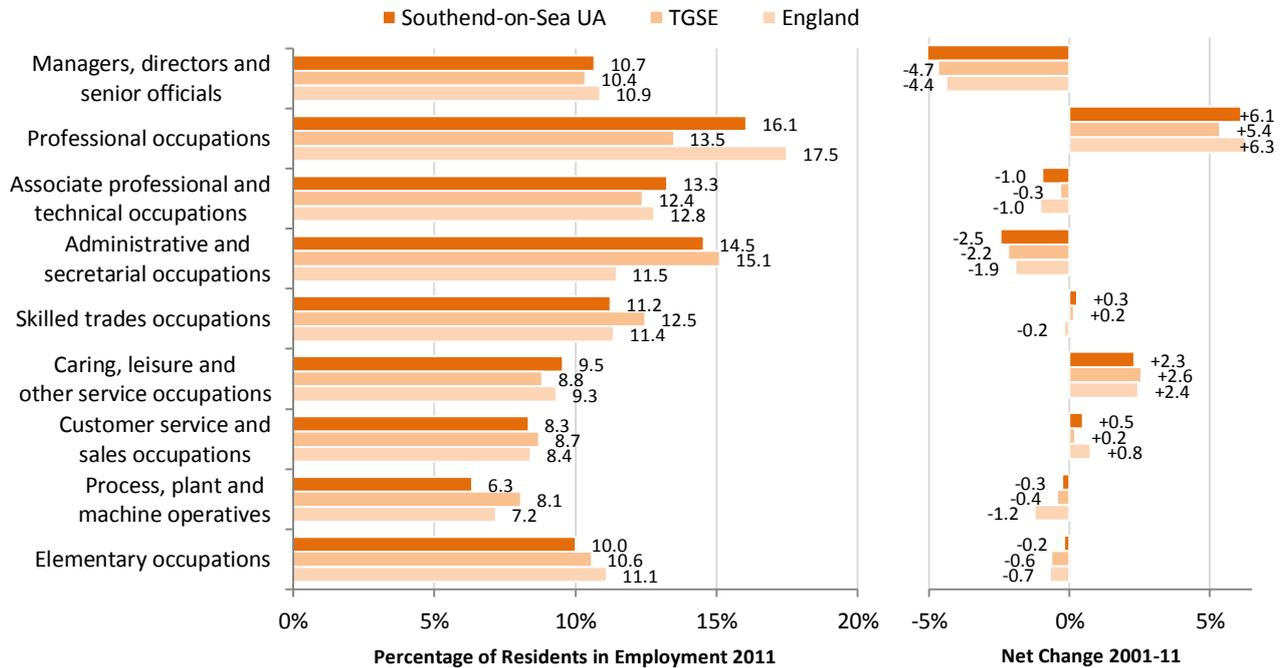
Castle Point



Rochford



Southend-on-Sea



Thurrock



4.26 When considering local earnings, it is possible to consider the income of those people that live in the area (as used above as a basis for occupation) or alternatively to consider the income for local jobs, which will include at least some employees that commute into the area to work. Given that the workplace population (i.e. local employees) are not necessarily residents, the results will inevitably differ.

4.27 The Annual Survey of Hours and Earnings (ASHE) record both measures for all local authorities and can show how relative incomes have changed over time. Figure 9 shows the comparisons for median gross annual earnings for 2011.

Figure 9: Median Gross Annual Earnings for Employees and Residents in Thames Gateway South Essex, by All Employees and Full-time Employees (Source: ASHE 2011)

Employment Status	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	England
Residents (living in area)						
All employees	£23,218	£23,288	£20,578	£23,063	£21,976	£21,794
Full-time employees	£29,535	£27,459	£29,485	£27,649	£27,742	£26,804
Employees (working in area)						
All employees	£21,532	£14,649	£16,924	£20,012	£18,818	£21,790
Full-time employees	£28,481	£20,934	£21,493	£24,294	£25,177	£26,800

4.28 The results show that residents earn more than employees in all authorities, with many on higher incomes commuting to work in London or elsewhere.

Local Employment

- 4.29 Figure 10 shows the change in economic activity over the last 10 years. The economically active population (aged 16-74) has increased across Thames Gateway South Essex, although more significantly in Southend-on-Sea and Thurrock. One noticeable increase in those economically active is amongst those self-employed. (Note: full time students can be both economically active and inactive depending whether they are actively looking for work).
- 4.30 There has been a reduction in the economically inactive population in Basildon (down 1,600), while the other authorities are relatively similar across the 2001-2010 period. The number of students and retired people (aged under 75) has increased although the number of those looking after family or long term disabled has reduced.

Figure 10: Economic Activity by Local Authority (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

Basildon	2001	2011	Change
Economically Active			
<i>Full-time employee</i>	51,600	50,690	-910
<i>Part-time employee</i>	14,340	17,860	+3,520
<i>Self-employed</i>	9,810	12,120	+2,310
<i>Unemployed</i>	3,700	5,850	+2,150
<i>Student</i>	2,240	3,060	+820
Total Economically Active	81,690	89,580	+7,890
Economically Inactive			
<i>Retired</i>	16,390	17,500	+1,110
<i>Student</i>	2,750	4,300	+1,550
<i>Looking after home/family</i>	9,860	7,200	-2,660
<i>Long-term sick or disabled</i>	5,620	4,950	-670
<i>Other</i>	3,200	2,270	-930
Total Econ. Inactive	37,820	36,220	-1,600

Castle Point	2001	2011	Change
Economically Active			
<i>Full-time employee</i>	25,520	23,520	-2,000
<i>Part-time employee</i>	8,110	9,530	+1,420
<i>Self-employed</i>	6,260	7,180	+920
<i>Unemployed</i>	1,540	2,290	+750
<i>Student</i>	1,270	1,570	+300
Total Economically Active	42,700	44,090	+1,390
Economically Inactive			
<i>Retired</i>	10,090	12,530	+2,440
<i>Student</i>	1,460	1,850	+390
<i>Looking after home/family</i>	4,860	3,090	-1,770
<i>Long-term sick or disabled</i>	2,650	2,040	-610
<i>Other</i>	1,440	1,050	-390
Total Econ. Inactive	20,500	20,560	+60

Rochford	2001	2011	Change
Economically Active			
Full-time employee	23,510	23,560	+50
Part-time employee	7,560	9,180	+1,620
Self-employed	5,610	6,770	+1,160
Unemployed	1,180	1,840	+660
Student	1,220	1,470	+250
Total Economically Active	39,080	42,820	+3,740
Economically Inactive			
Retired	9,280	10,720	+1,440
Student	1,370	1,850	+480
Looking after home/family	4,090	2,760	-1,330
Long-term sick or disabled	1,770	1,400	-370
Other	1,140	910	-230
Total Econ. Inactive	17,650	17,640	-10

Southend-on-Sea	2001	2011	Change
Economically Active			
Full-time employee	44,760	47,970	+3,210
Part-time employee	13,460	17,950	+4,490
Self-employed	9,960	12,800	+2,840
Unemployed	4,090	6,210	+2,120
Student	2,290	3,390	+1,100
Total Economically Active	74,560	88,320	+13,760
Economically Inactive			
Retired	16,500	17,660	+1,160
Student	3,330	4,770	+1,440
Looking after home/family	8,590	6,300	-2,290
Long-term sick or disabled	5,510	5,310	-200
Other	3,310	2,650	-660
Total Econ. Inactive	37,240	36,690	-550

Thurrock	2001	2011	Change
Economically Active			
Full-time employee	47,370	48,620	+1,250
Part-time employee	12,930	16,370	+3,440
Self-employed	7,330	10,160	+2,830
Unemployed	3,520	6,190	+2,670
Student	2,140	3,120	+980
Total Economically Active	73,290	84,460	+11,170
Economically Inactive			
Retired	12,110	13,380	+1,270
Student	2,270	3,990	+1,720
Looking after home/family	7,820	5,900	-1,920
Long-term sick or disabled	4,680	4,040	-640
Other	2,840	2,360	-480
Total Econ. Inactive	29,720	29,670	-50

Thames Gateway South Essex	2001	2011	Change
Economically Active			
Full-time employee	192,760	194,360	+1,600
Part-time employee	56,400	70,890	+14,490
Self-employed	38,970	49,030	+10,060
Unemployed	14,030	22,380	+8,350
Student	9,160	12,610	+3,450
Total Economically Active	311,320	349,270	+37,950
Economically Inactive			
Retired	64,370	71,790	+7,420
Student	11,180	16,760	+5,580
Looking after home/family	35,220	25,250	-9,970
Long-term sick or disabled	20,230	17,740	-2,490
Other	11,930	9,240	-2,690
Total Econ. Inactive	142,930	140,780	-2,150

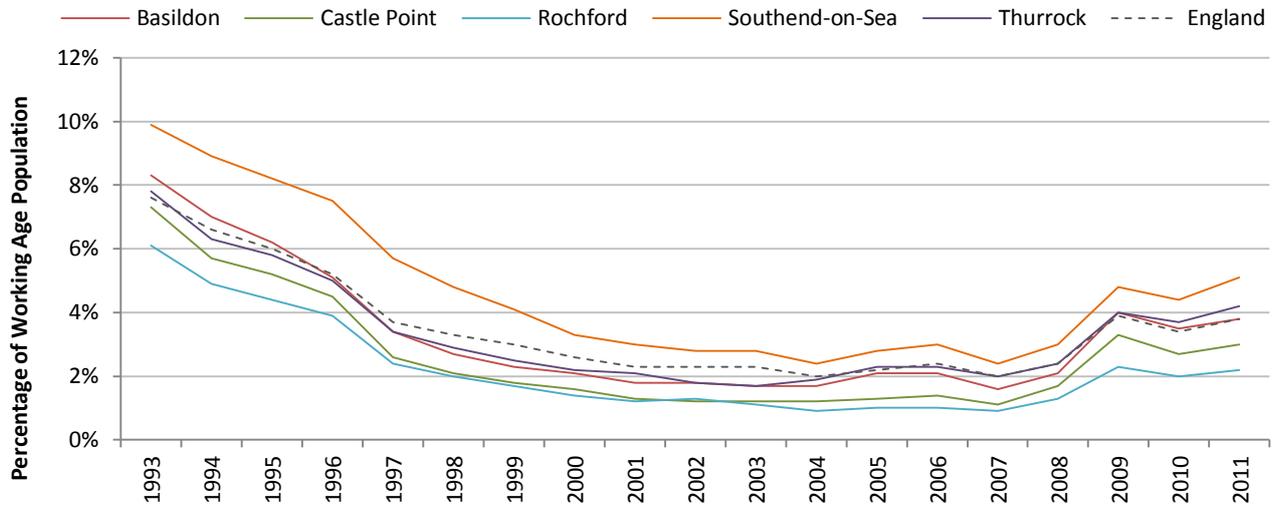
NB: 'Economically active' means working or actively seeking work.

Economically inactive people are not in work, have not actively sought work in the last four weeks and/or are not available to start work in the next two weeks.

^{4.31} Figure 11 shows a long-term decline and levelling off of the unemployment rate in Thames Gateway South Essex and across the whole of England. However data from recent years (2008 onwards) reflects the economic downturn by showing that unemployment rates began to rise again: the highest (c.5%) in Southend-on-Sea contrasts with the lowest (c.2%) in Rochford. Between 1993 and 2011 the differential between Southend-on-Sea and Rochford has narrowed from c.2% to c.1.5%.

^{4.32} However, the decline in unemployment over recent years may not entirely reflect the strength of the local economy: many working age persons not in jobs are not eligible for, or do not claim, unemployment benefit.

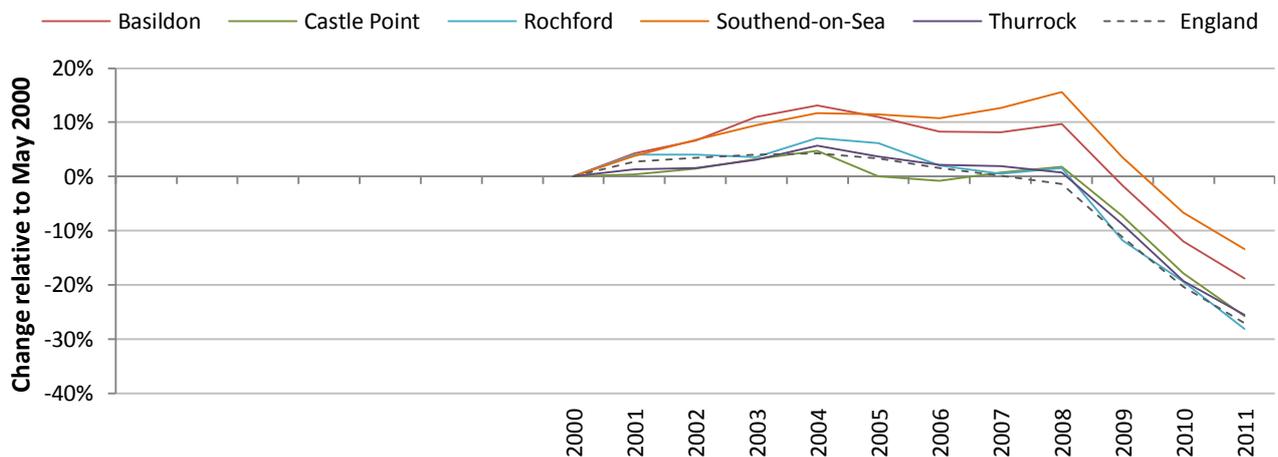
Figure 11: Unemployment Rate for Working Age Population for Thames Gateway South Essex: 1993-2011 (Source: DWP Claimant Count. Note: Data relates to October each year)



4.33 Incapacity benefit (IB) is more generous than unemployment benefit and until recently placed less onus on the individual to seek a job. However, Figure 12 shows that in Thames Gateway South Essex, IB claims grew fastest in all authorities relative to England, with Southend-on-Sea the highest and Rochford the lowest.

4.34 Since 2008 the number of IB claimants has been falling at a rapid rate, possibly owing to increased difficulty in claiming this benefit, although claimant levels are still higher than England.

Figure 12: Incapacity Benefit Claims by Working Age persons by Local Authority 2000-2011 (Source: DWP. Note: Data relates to May of each year)



Migrant Workers

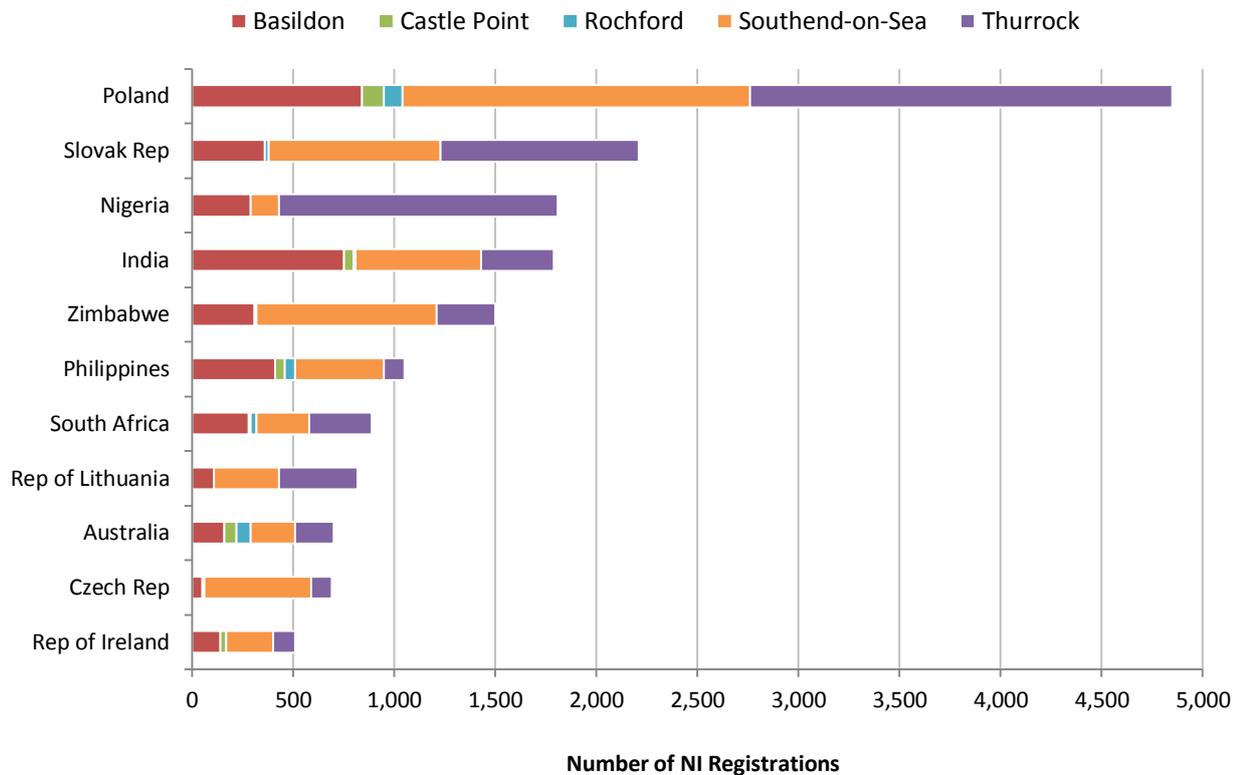
- 4.35 This section considers where migrant workers originate from and should be considered alongside details regarding wider migration given in Chapter 6.
- 4.36 At the time of the 2001 Census the population of Thames Gateway South Essex was predominately born in the UK. However, since then, data shows increases in migrant workers moving to the area and this appears to be reflected in the overall growth in the population of both areas in the 2011 Census.
- 4.37 New National Insurance registration numbers issued to workers provides data showing the location of migrant workers. Figure 13 shows the number of new National Insurance numbers to non-UK nationals issued between 2002 and 2011. These highlight a growth in the number of migrants after 2004 when migration rules from Eastern Europe were relaxed, with a notably large number of migrants to Thurrock (6,900) and Southend-on-Sea (6,000). Further significant numbers migrated to Basildon (3,700). Numbers to Rochford (500) and Castle Point (600) were below these levels.

Figure 13: New National Insurance Registrations of Non-UK Nationals in by Local Authority (Source: DWP. Notes: All figures rounded. Figures may not sum due to rounding)

Year	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Thames Gateway South Essex
2002/03	610	80	90	770	640	2,200
2003/04	550	70	80	820	580	2,100
2004/05	500	100	90	1,000	610	2,300
2005/06	790	110	120	1,370	1,170	3,600
2006/07	820	140	130	1,430	1,510	4,000
2007/08	820	110	130	1,160	1,500	3,700
2008/09	730	140	100	1,170	1,490	3,600
2009/10	680	90	70	1,070	1,040	3,000
2010/11	640	100	90	1,180	1,320	3,300
5-year total 2006-2011	3,700	600	500	6,000	6,900	17,700
<i>5-year average</i>	<i>740</i>	<i>120</i>	<i>100</i>	<i>1,200</i>	<i>1,370</i>	<i>3,500</i>

- 4.38 Figure 14 shows that between 2002 and 2011 the vast majority of all new National Insurance registrations were issued to Eastern Europeans (especially Poland and Slovakia) and Africa (mainly South Africa, Nigeria, Zimbabwe).

Figure 14: New National Insurance Registrations of Non-UK Nationals in Thames Gateway South Essex 2002-2011 by Country of Origin (Source: DWP)



Note: figures relate only to employees who have received new National Insurance numbers and do not include any of their dependants. New NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace. Figures exclude those leaving the UK.

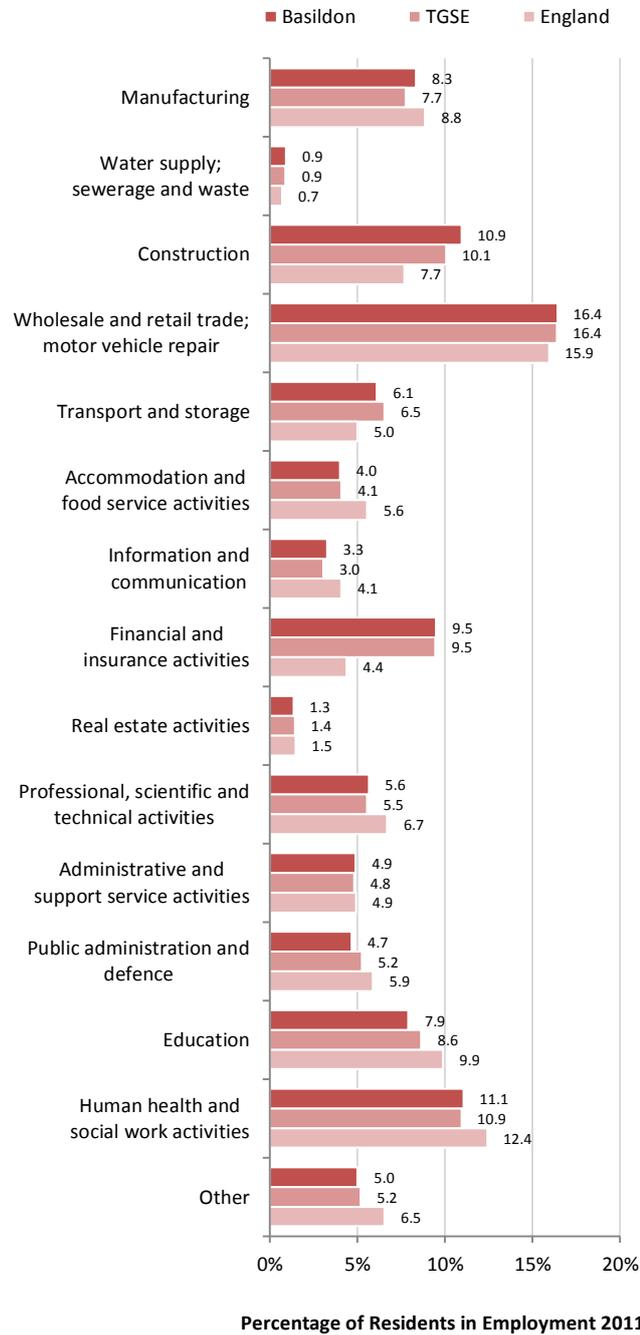
Industry

^{4.39} Figure 15 shows the percentage of employees resident in each local authority area by industry. Overall, each authority has a relatively diverse local economy:

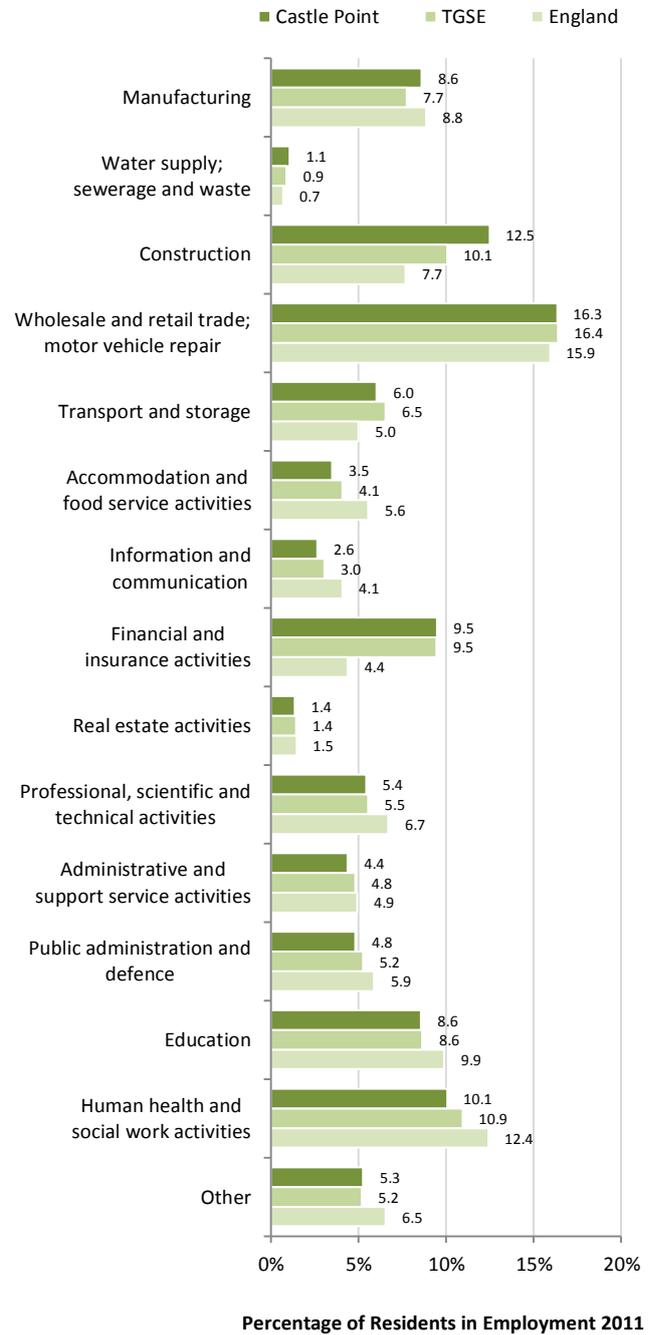
- » Thurrock has a higher retail and transport sector than other authorities
- » Castle Point has the highest construction sector
- » Rochford and Southend-on-Sea have higher finance and insurance sectors
- » Basildon has more employees in manufacturing and construction relative to Thames Gateway South Essex

Figure 15: Proportion of Employees by Industry 2011 (Source: UK Census of Population 2011)

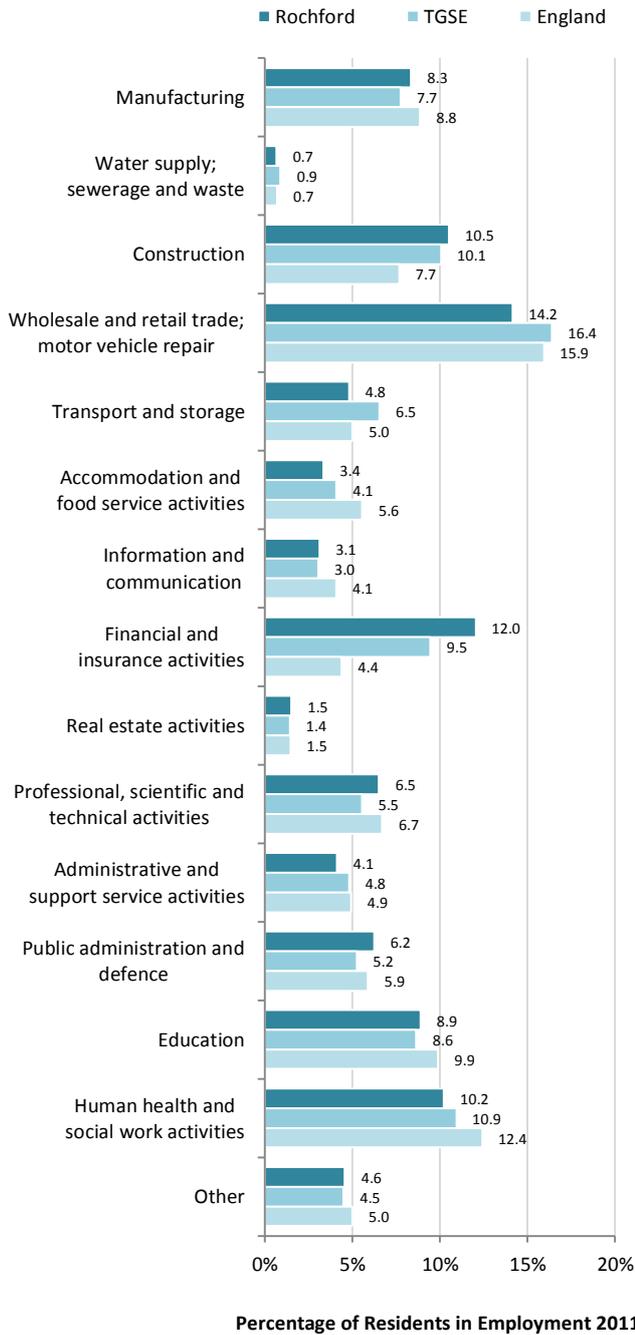
Basildon



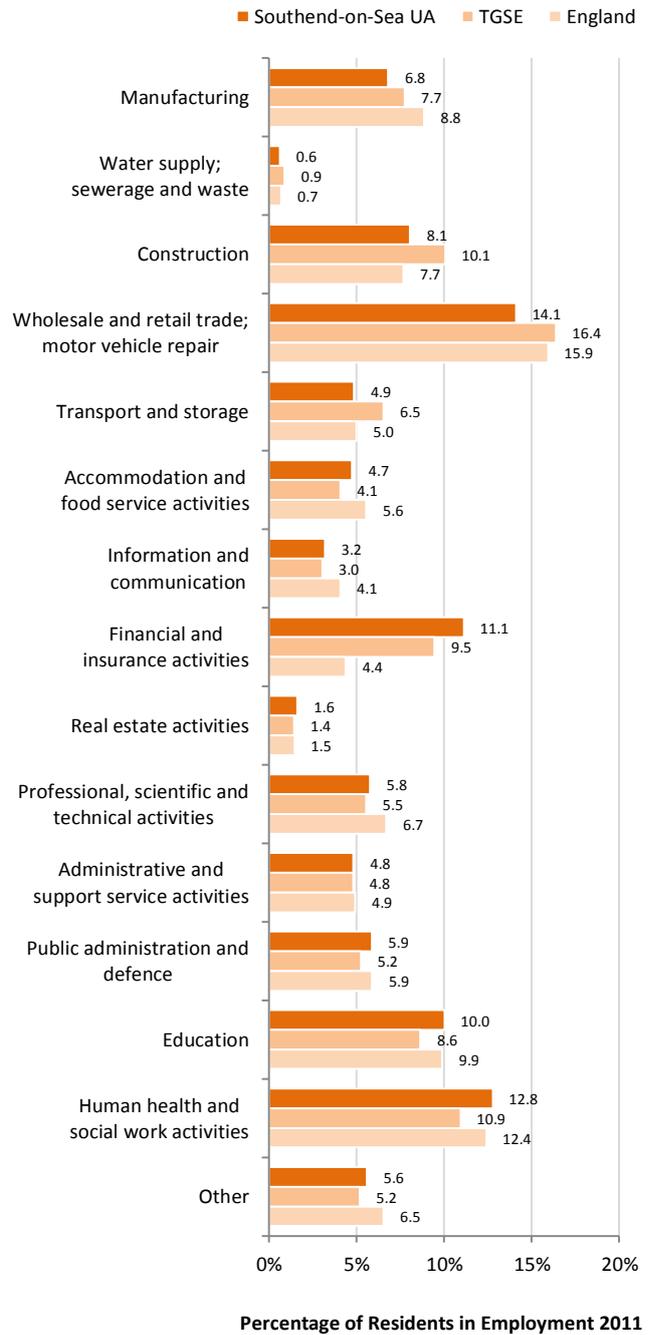
Castle Point



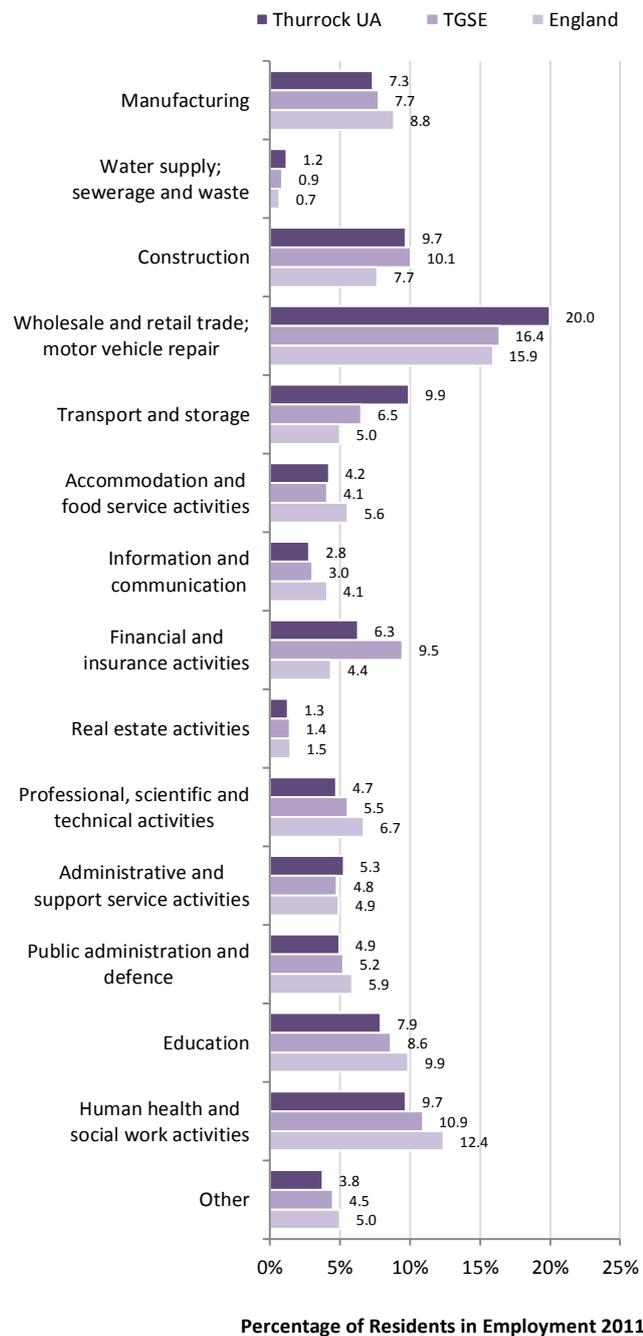
Rochford



Southend-on-Sea



Thurrock

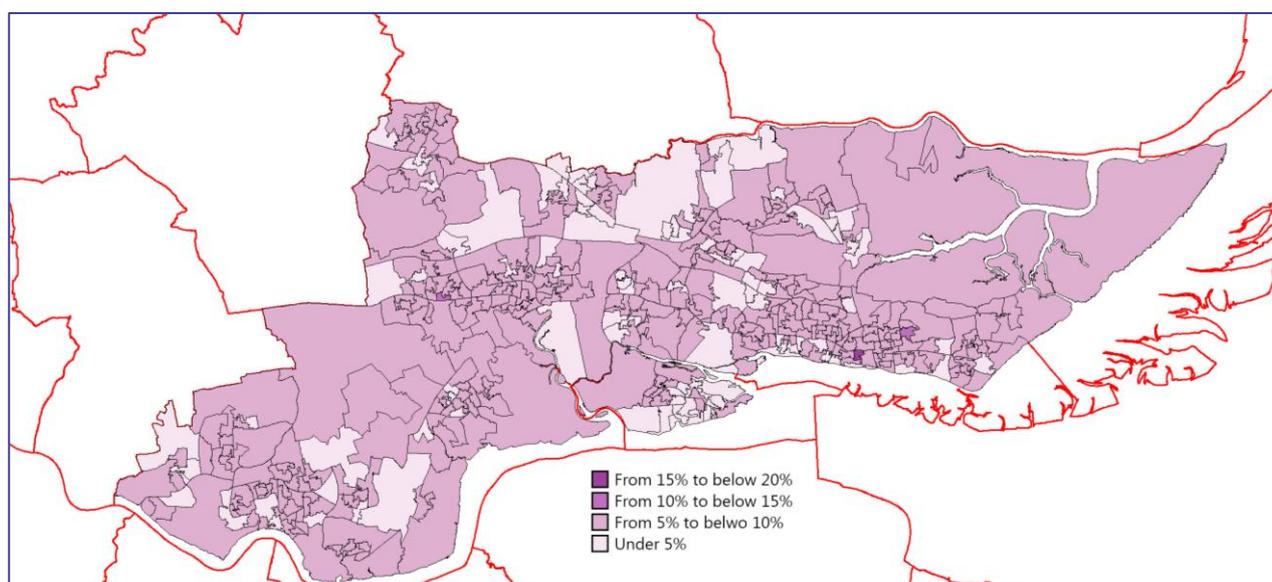


Students

^{4.40} There are 29,360 students across Thames Gateway South Essex (Census 2011) compared to 20,334 in 2001 (Census 2001) an increase of 44%. The presence of the South Essex College (based in Southend-on-Sea, Grays and Basildon) and University of Essex (based in Southend-on-Sea) suggests that students may have an impact on some localised housing markets. Part of the total student population lives in hall (for example, in Southend-on-Sea, University of Essex's University Square offers 561 student rooms) while others live in their own home, which includes those living in the private rented sector. Students living in private rented accommodation are more likely to have a role to play in the housing markets of Thames Gateway South

- Essex. Further, any changes to the private rented sector (for example, if supply were to reduce due to benefit reform) could increase demand for remaining stock.
- 4.41 The introduction of tuition fees may be beginning to impact on student applications and these are showing signs of reducing (down 12.7% in 2012 compared to 2011: UCAS). However, demand for places far outstrips supply (50,000 more applications than acceptances in 2012: UCAS). Long term trends, therefore, remain unclear.
- 4.42 Any future growth in student numbers planned by further education establishments could place pressure upon the housing market if any increases in student numbers are not complemented with an equivalent provision of additional bed-spaces in student accommodation.
- 4.43 Figure 16 shows the density of students in 5% bands at Lower Super Output Area (LSOA) level: the vast majority of students are in the 5–10% band and relatively evenly spread across Thames Gateway South Essex. The lowest LSOA has 2.2% and the highest is 18.7% (Southend-on-Sea).
- 4.44 There are no ‘strong’ pockets of students, although some students are concentrated in areas close to the respective Campuses of University of Essex and South Essex College in Southend-on-Sea. Overall, therefore, there are no strategic housing issues regarding the housing of students for the Thames Gateway South Essex Partnership, although a localised issue in two LSOA areas of Southend-on-Sea.

Figure 16: Student Population Density within local populations (Source: Census 2011)



Chapter 4 Summary

Thames Gateway South Essex has experienced higher relative recent population growth (7% compared to 5% in 2008 SHMA) but this is lower than that for East of England (8.3%). Population growth is due to a combination of natural growth, in UK migration (especially from East London) and international migration.

The local population has grown relatively by 7% or 43,000 between 2001 and 2011, with the most significant increases in Thurrock (14,600) and Southend-on-Sea (13,400). The number of households increased by 13,900, with the highest increase in Thurrock (10%). The Black and White Other Minority Ethnic population increased particularly in Thurrock, but also in Southend-on-Sea and Basildon.

The population is also ageing (especially in Rochford and Castle Point) and this may have implications regarding the range of housing offer for Older People who have to move home.

There are a number of people in Thames Gateway South Essex who are disabled. However, given the range of forecasts, the implications of any change should be considered in more detail at the local authority level.

The local economy has seen increases in those economically active and a reduction in those economically inactive. However, although Unemployment rates fell up to 2007 they have since been increasing.

A key labour supply for the local economy is from international migrant workers, particularly from the European Union (especially Poland), India and Africa.

The occupation profile has changed with an increase in Professionals and Self-employed but a decrease in Managers/Directors.

Student numbers increased by 44% between 2001 and 2011, although students are spread evenly throughout Thames Gateway South Essex meaning there is little strategic impact on the operation of the housing market.

5. Current Housing Stock

An overview of the existing housing stock

Existing Housing Stock

- 5.1 A key SHMA task is to understand the current housing offer to residents, including by type, character, age, and location. The stock on offer affects choices for renters, purchasers and investors.

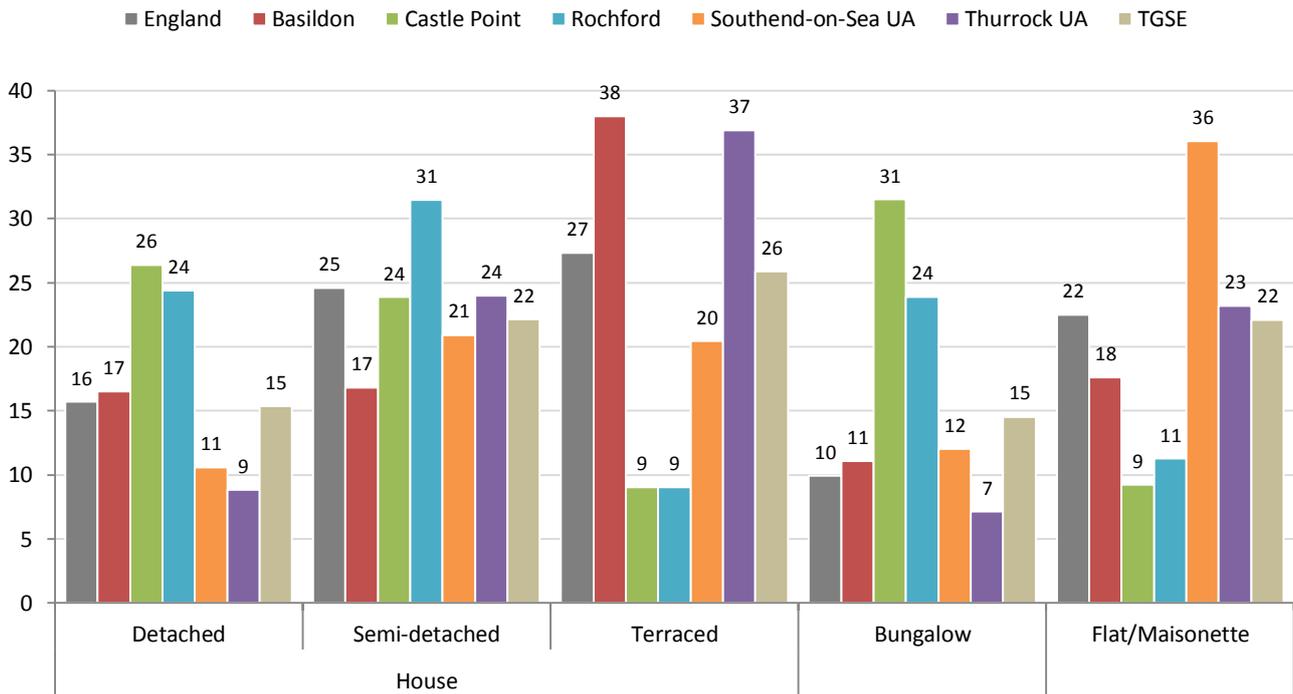
Figure 17: Housing Stock Thames Gateway (Source: VOA)

Local Authority	Detached	Semi-detached	Terraced	Bungalow	Flat / Maisonette	TOTAL
Dwelling Type						
Basildon	12,340	12,540	28,390	8,270	13,140	74,680
Castle Point	9,540	8,630	3,270	11,390	3,330	36,160
Rochford	8,300	10,710	3,070	8,140	3,830	34,050
Southend-on-Sea UA	8,340	16,510	16,140	9,490	28,470	78,950
Thurrock UA	5,660	15,380	23,670	4,570	14,870	64,150
TOTAL	44,180	63,770	74,540	41,860	63,640	287,990

Dwelling Type

- 5.2 Figure 18 shows stock distribution by type across the study area. Key points to note include:
- » Rochford and Castle Point contains the higher proportion of detached houses and bungalows relative to the English average. They have lower proportions of terraced houses relative to England.
 - » Southend-on-Sea contains a higher proportion of flats/maisonettes relative to the English average.
 - » Basildon and Thurrock contain a higher proportion of terraced houses relative to the English average.

Figure 18: Dwelling Type (%) by Area (Source: Valuation Office Agency, August 2012)



‘Other’ Housing Stock

5.3 There are 2,630 dwelling identified as being as ‘Other’ in Thames Gateway South Essex (0.9% of all dwellings) which includes caravans and other temporary structures. The most significant Local Authorities with ‘Other’ stock are Castle Point and Rochford.

Figure 19: Caravan and Temporary Structures (Source: Valuation Office Agency, August 2012)

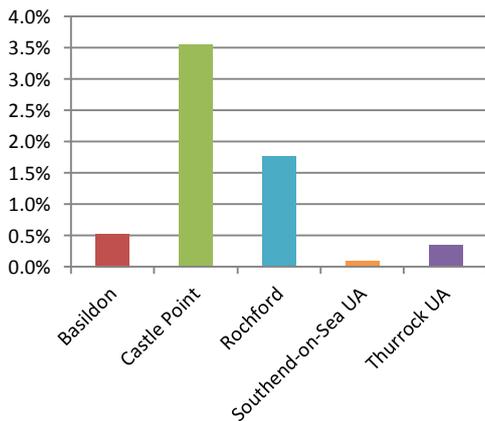


Figure 20: Other Stock Distribution (Source: Valuation Office Agency, August 2012)

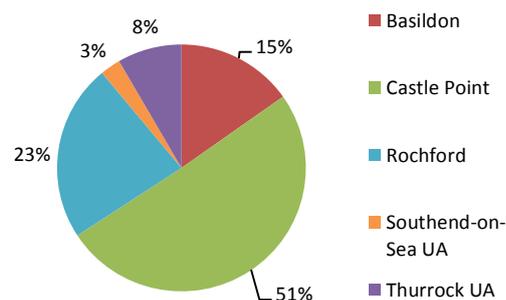


Figure 19 and Figure 20 show that:

- Castle Point has 50% of Thames Gateway South Essex “Other” stock (3.5% of all stock in Castle Point): the majority of this stock (89%) is concentrated into two areas, Kings Park (58%) and Thorney Bay (31%)
- Rochford has 23% of Thames Gateway South Essex “Other” stock: 84% of this is in Tower Park near Hullbridge

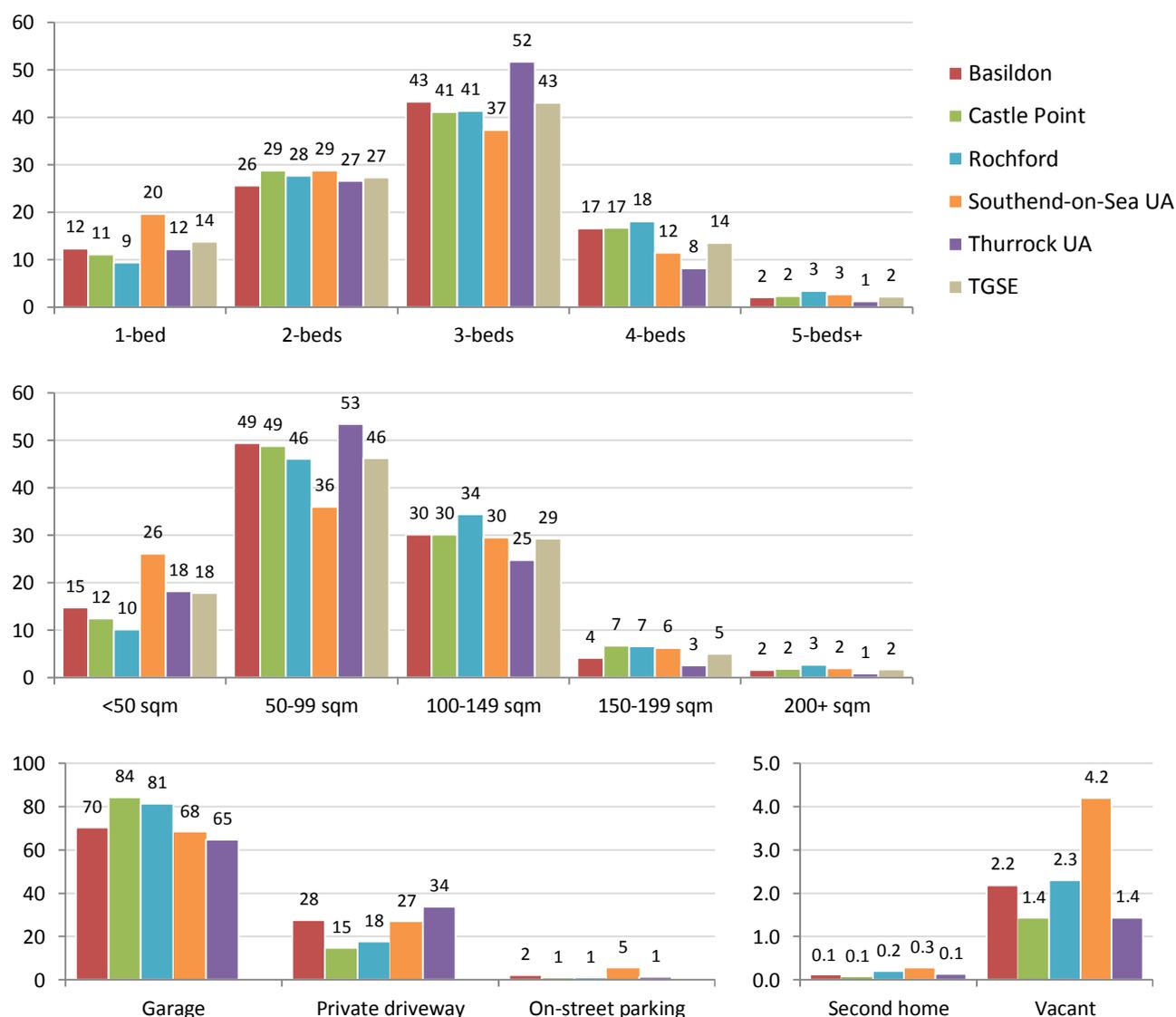
Figure 21: Other Stock (Source: Valuation Office Agency, August 2012)

Area	Local Authority	Locale	Dwellings	Percentage of Local Authority's 'Other' Stock	Percentage of TGSE 'Other' stock
Kings Park	Castle Point	Canvey Island	770	58%	29%
Tower Park	Rochford	Near Hullbridge	510	84%	19%
Thorney Bay Park	Castle Point	Canvey Island	410	31%	16%

Dwelling Characteristics

5.4 Dwelling characteristics show that bedroom sizes as a proportion of the overall stock vary (see Figure 22).

Figure 22: Dwelling Characteristics (%) (Source for Bedrooms, Area and Parking: Valuation Office Agency, September 2010; Source for Accommodation Type: UK Census of Population 2001)

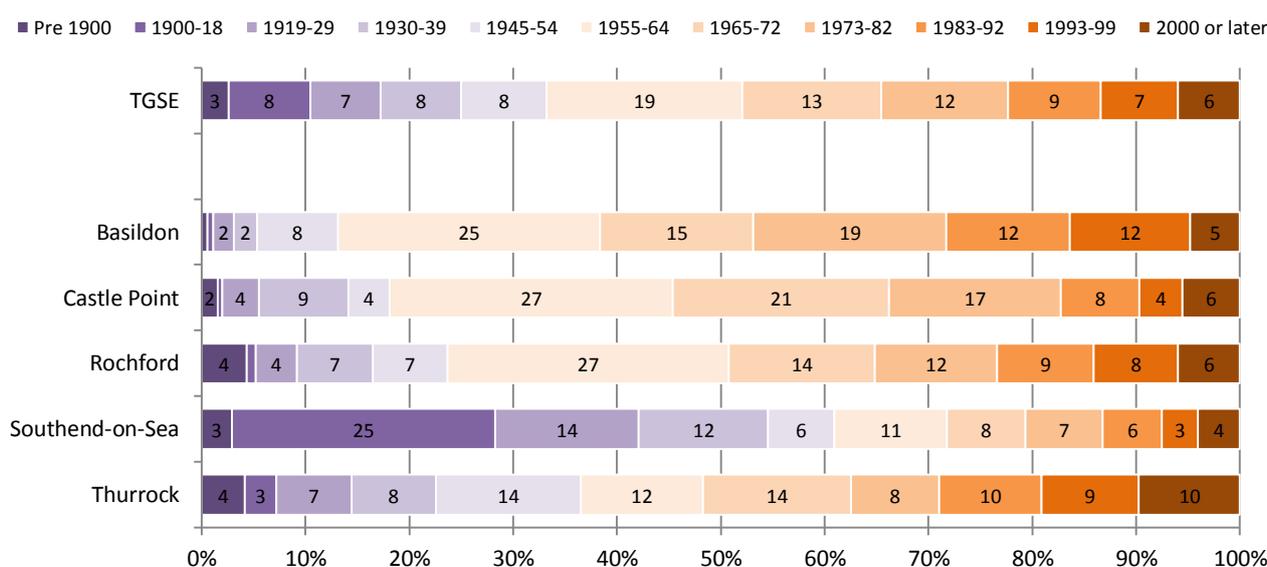


Bedrooms	<p>All Thames Gateway South Essex authorities have relatively similar levels of 2 and 5 bed homes</p> <p>Thurrock has higher levels of 3 bedroom properties than other Thames Gateway South Essex authorities</p> <p>Southend-on-Sea has higher levels of 1 bed properties than other Thames Gateway South Essex authorities</p> <p>Southend-on-Sea and Thurrock have lower levels of 4 bedroom stock than other Thames Gateway South Essex authorities</p>
Floor Space	<p>Southend-on-Sea has the highest levels of small (> than 50sqm) properties</p> <p>Southend-on-Sea, Castle Point and Rochford have higher levels of properties with 150-199 sqm</p>
Car Parking	<p>Thurrock and Southend-on-Sea have the lowest numbers of garages</p> <p>Castle Point and Rochford have the lowest number of private driveways</p> <p>Southend-on-Sea has more on street parking than other authorities</p>
Occupancy	<p>Southend-on-Sea has the highest level of empty homes; Castle Point and Thurrock have the lowest</p> <p>The number of second homes is relatively low, although the highest level is in Southend-on-Sea</p>

Dwelling Age and Condition

- 5.5 Figure 23 below shows the age of housing stock in Thames Gateway South Essex authorities. The age of housing stock is usually a strong factor in determining stock condition.
- 5.6 The majority of Thames Gateway South Essex stock was built in the twentieth century, although Southend-on-Sea has significantly higher levels of pre-1945 stock than other authorities. Basildon has the youngest stock profile, mainly due to its new town origins.

Figure 23: Dwelling Age by Area (Source: Valuation Office Agency, August 2012)



Housing Tenure

- 5.7 The dominant form of housing tenure continues to be owner occupation, although the private rented sector has grown significantly across all of the local authorities over the last decade (Figure 24).

Figure 24: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)



- 5.8 In summary:

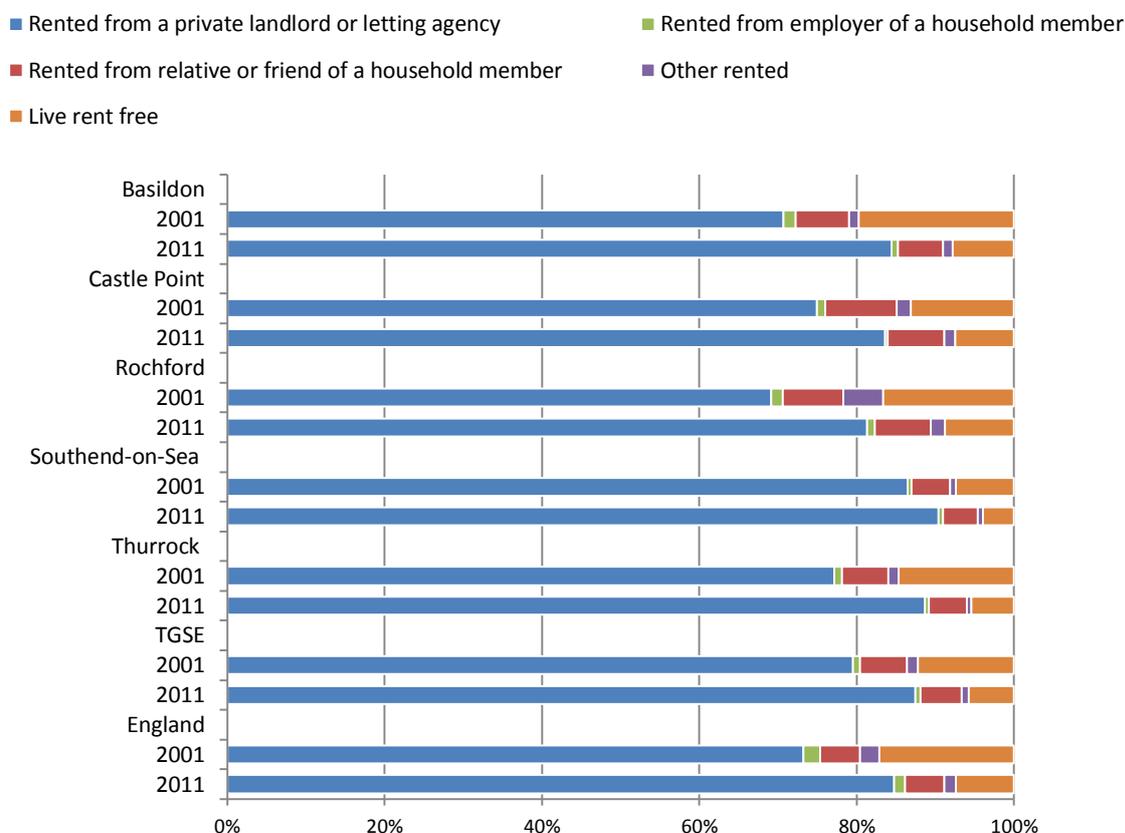
- » The highest levels of owned properties are in Castle Point and Rochford. Southend-on-Sea, Thurrock and Basildon have similar, albeit lower, levels
- » Southend-on-Sea has significantly higher levels of private rented accommodation relative to the other Thames Gateway South Essex authorities
- » Rochford, Castle Point and Southend-on-Sea have more private rent than social rent
- » All authorities have seen a decline in owner occupation most notably in Southend-on-Sea (down 7%)
- » All authorities have seen a rise in Private Rent most notably Thurrock and Southend-on-Sea (up 7%)
- » Social rent levels are relatively constant although showing a small decline in overall tenure share

Private Rented Sector

- 5.9 The private rented sector forms an increasingly important part of the overall housing offer. Recent tenure trends have seen the sector increase relative to other tenures in England (Figure 24). The implications of this for the Thames Gateway South Essex Partnership are explored later in this report (Chapter 11).

- 5.10 Figure 25 illustrates the different Census categories for broad “private rent” classification. Private rent includes not only homes rented from private landlords and letting agent, but also other forms such as tied housing where employees are provided with accommodation linked to their jobs.
- 5.11 Figure 25 shows the considerable increase in people renting from a Private Landlord or Letting Agency between 2001 and 2011. Taken in conjunction with Figure 24 they show how Private Renting has expanded via renting from a Private Landlord or Letting Agency rather than other forms of Private Renting.
- 5.12 Around 15% of Thames Gateway South Essex households rent privately, in a range from 9.3% in Rochford to 22.9% in Southend-on-Sea (Figure 25):
- » Levels of private renting from a letting agent or private landlord is similar in Thames Gateway South Essex relative to England, especially in Southend-on-Sea
 - » Private renting is highest in Southend-on-Sea, although all Thames Gateway South Essex authorities have similar levels of renting from a private landlord or letting agency relative to other forms of Private Rented Housing
 - » Although Private Renting is increasing (Figure 25) those who live in other forms of Private renting other than from a Landlord or Letting Agent (such as Rent Free or Rent from a Friend of a Household member or live in housing from their Employer) are all relatively lower in 2011 than 2001.

Figure 25: Categories of Private Rented Housing by Area (Source: UK Census of Population 2001 & 2011)



Empty Homes

^{5.13} The levels of vacant stock within Thames Gateway South Essex vary between authorities, although there has been a noticeable improvement in vacancy trends between 2001 and 2011:

Social stock:

- Basildon (-71) and Thurrock (-86) have seen a fall in the number of empty social homes
- Castle Point, Rochford and Southend-on-Sea are at similar levels in 2011 compared to 2001

Private stock:

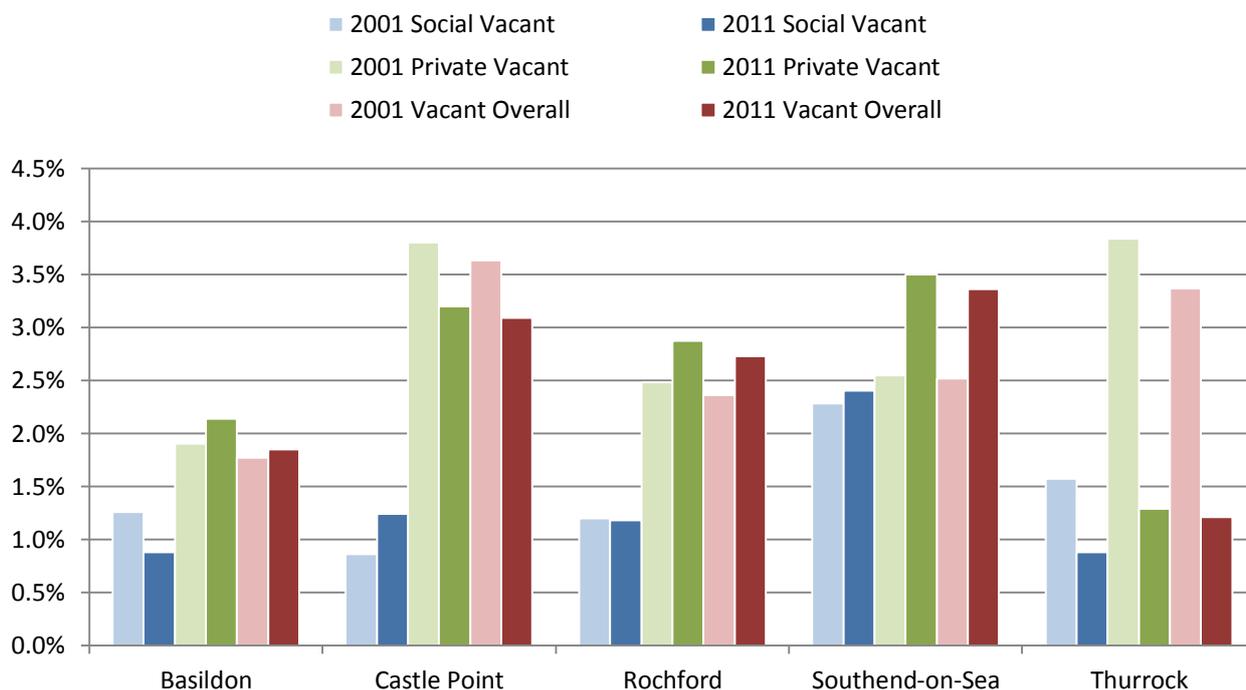
- Thurrock has made significant inroads into the level of empty private stock (-1,105) as have Castle Point (-143) and Basildon (-98)
- Southend-on-Sea has seen an increase of 693 empty homes in its empty private stock while Rochford has also increased (180)

Figure 26: Empty Homes (Source: HSSA and Housing Corporation Data 2011)

Vacant Stock	Local Authority					
	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Thames Gateway South Essex
Vacant Social Stock						
2001	220	18	37	213	189	677
2011	149	25	33	225	103	535
<i>Change</i>	-71	7	-4	12	-86	-142
Vacant Private Stock						
2001	1,313	1,280	724	1,680	1,788	6,785
2011	1,215	1,137	904	2,373	683	6,312
<i>Change</i>	-98	-143	180	693	-1,105	-473
Vacant Overall						
2001	1,533	1,298	761	1,893	1,977	7,462
2011	1,364	1,162	937	2,598	786	6,847
<i>Change</i>	-169	-136	176	705	-1,191	-615

^{5.14} In terms of relative change as a (%) of all stock, Overall Vacancy levels are relatively similar between 2001 and 2011 in Basildon, with a slight upward trend in Rochford. Thurrock and Castle Point have reduced their overall vacancy level, while Southend-on-Sea's has increased.

Figure 27: Empty Homes as (%) of all stock (Source: HSSA and Housing Corporation Data 2011)



- ^{5.15} The need to bring empty homes back into use remains an important objective both nationally and locally in South Essex. The Thames Gateway South Essex Partnership is working with private owners to renovate empty properties in the sub region and make them available to people in housing need. Partners should continue to focus on bringing the empty homes rate down, particularly in Southend-on-Sea where the rate has risen. A further feature to consider are the implications of Benefit Reform, which could increase private empty homes as PRS landlords respond to change by withdrawing properties from rental. This seems to be a more significant issue in Southend-on-Sea.

House Prices

- ^{5.16} Figure 28 shows relative house prices across Thames Gateway South Essex. This shows that the northern, more rural, areas of Thames Gateway South Essex have the relatively highest prices. Further, the relatively least expensive are concentrated in urban areas of Basildon, Thurrock and Southend-on-Sea.

Figure 28: Relative House Prices for Thames Gateway South Essex 2011 at Lower Super Output Area (Source: HM Land Registry)

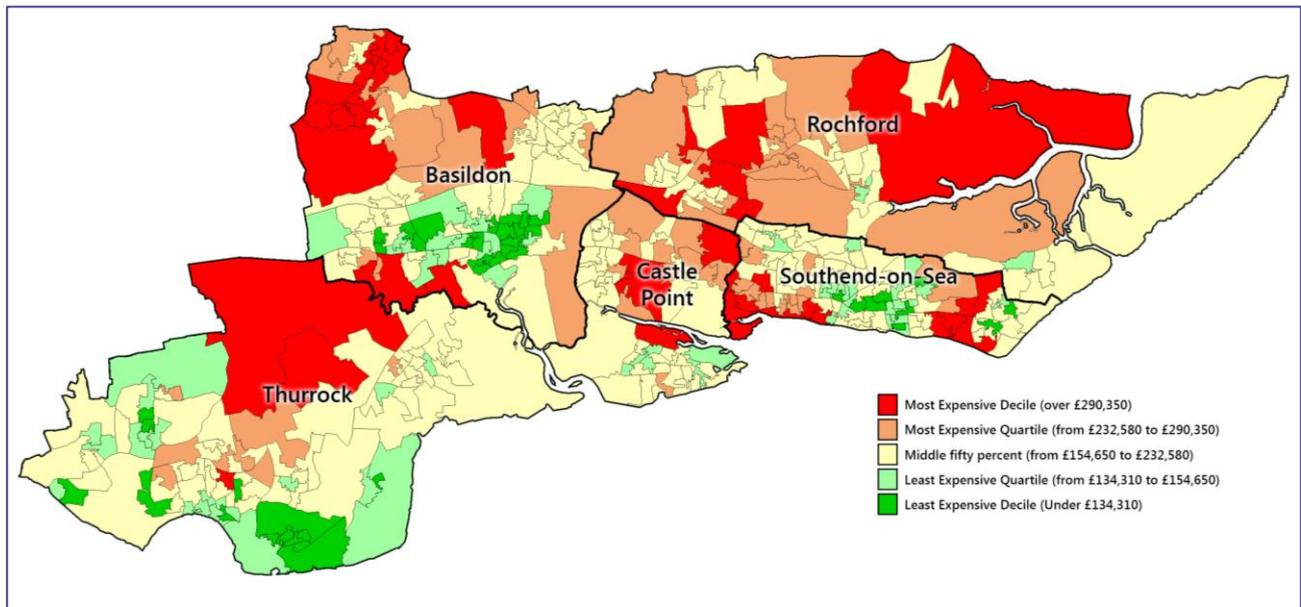
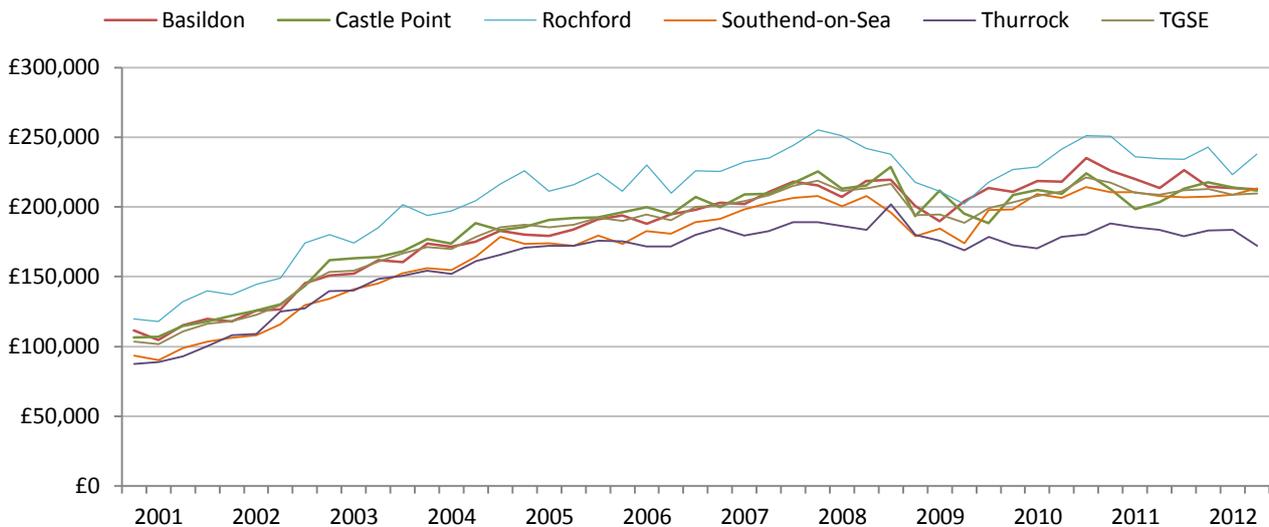


Figure 29: Average Price of Properties Sold in each LA: Q4 2000-Q2 2012 (Source: HM Land Registry)



5.17 Figure 29 shows the trends in average property prices in each of the local authority areas. Between 2000 and 2012, the average property price has effectively doubled. All authorities reflect the market change since its peak in 2008. Of all Thames Gateway South Essex authorities, Southend-on-Sea has performed best in maintaining values post 2007.

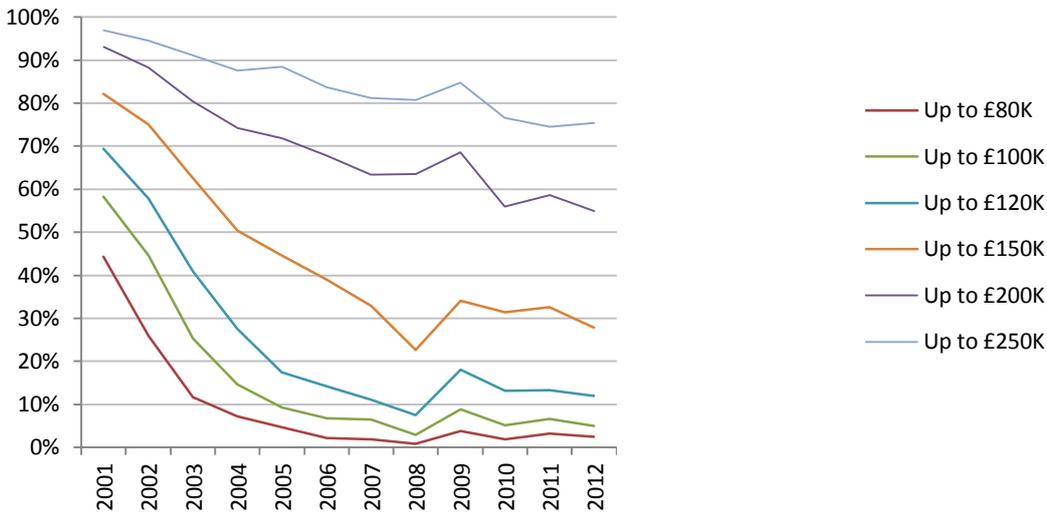
5.18 First time buyers are a key driver within market activity. The House Builders Federation (HBF) says the number of first-time buyers has fallen sharply in recent years, from an average of 543,000 in the five years to 2002 to an average of 197,000 in the five years to 2012 (Broken Ladder report; 2013). The HBF estimates that single First-time buyers need to save for 10 years (London 24 years; East of England 7 years) before they can get on the housing ladder. A potential first-time buyer in England would on average need to set aside half their net income after council tax, rent, energy and water bills for a decade to get together the deposit needed to buy a home.

5.19 Affordability has declined sharply in the last decade despite values falling from their peak in 2008. Figure 30 shows the percentage of house sales in price bands:

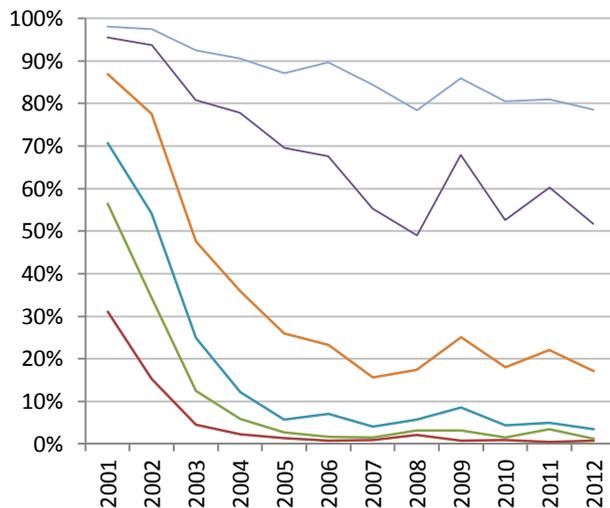
- » Less than 5% of all sales in Rochford and Castle Point were below £120,000
- » Only 11-12% of sales in Thurrock, Basildon and Southend-on-Sea were below this figure

Figure 30: Percentage of Houses Sold for Key Price Bands in 2000-11 (Source: HM Land Registry)

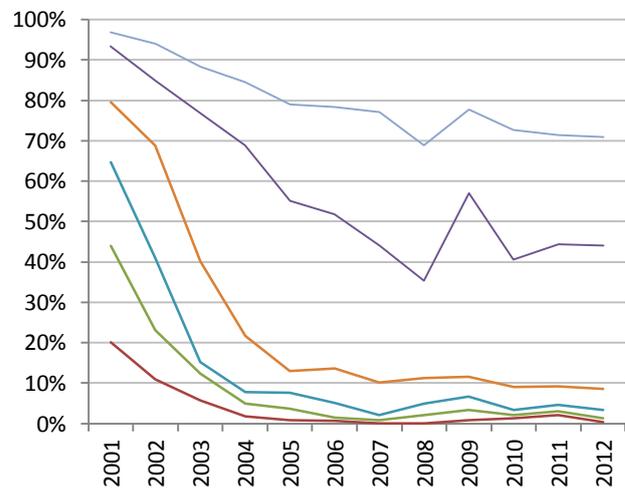
Basildon



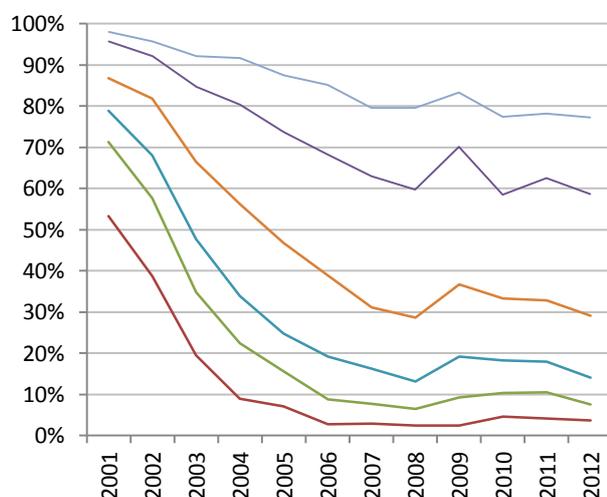
Castle Point



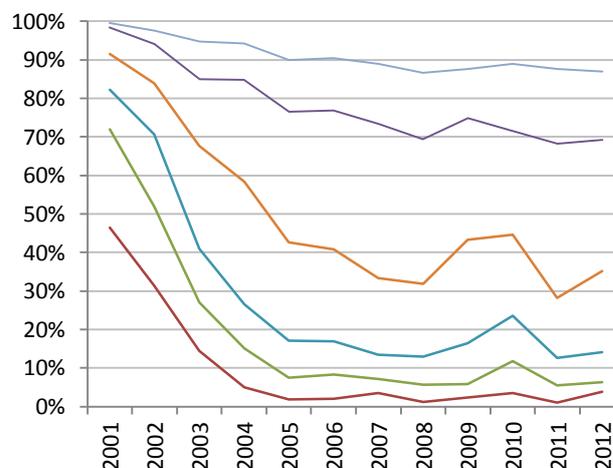
Rochford



Southend-on-Sea



Thurrock



Houses in Multiple Occupation

5.20 Not all private rented stock consists of self-contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). A HMO is currently defined by the Housing Act 2004;

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

5.21 The accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.

5.22 HMOs make an important contribution to the private rented sector by providing housing to meet the needs of specific groups/households. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self-contained market housing.

5.23 The 2011 Census information shows how the number of households living in HMOs has increased significantly in TGSE, especially in Southend and Thurrock (particularly from student households). Further,

one of the implications of Benefit reform is predicted to be the further conversion of current self-contained rented stock to HMO or shared accommodation (see Chapter 11).

Figure 31: Houses in Multiple Occupation in TGSE (Source: Census 2001/2011)

Basildon	2001	2011	Change	(%)	Castle Point	2001	2011	Change	(%)
Household composition					Household composition				
<i>Students</i>	13	6	-7	-53.8%	<i>Students</i>	6	5	-1	-16.7%
<i>Other households</i>	1,651	2,300	+649	+39.3%	<i>Other households</i>	755	975	+220	+29.1%
Total	1,664	2,306	+642	+38.6%	Total	761	980	+219	+28.8%

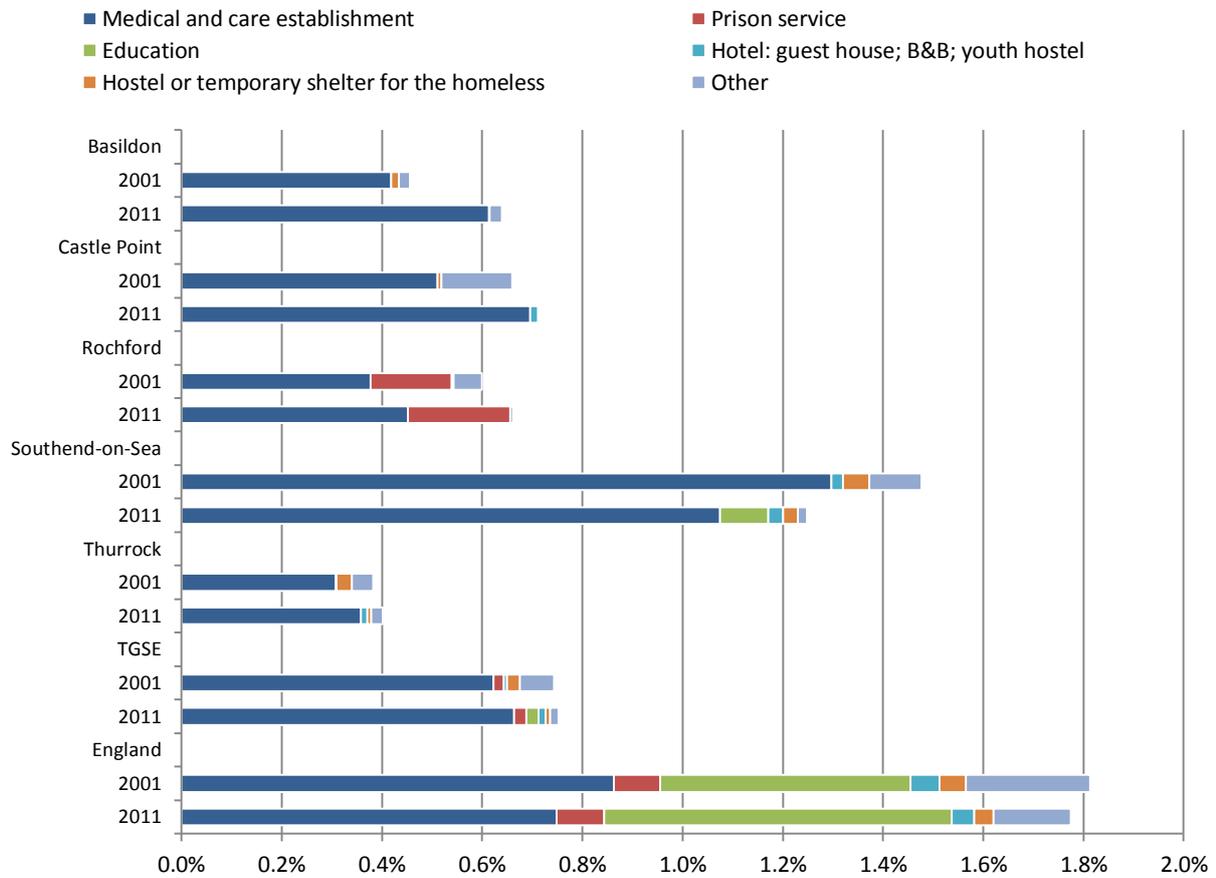
Rochford	2001	2011	Change	(%)	Southend	2001	2011	Change	(%)
Household composition					Household composition				
<i>Students</i>	3	2	-1	-33.3%	<i>Students</i>	22	64	+42	+190.9%
<i>Other households</i>	660	976	+316	+47.9%	<i>Other households</i>	1,989	3,265	+1,276	+64.2%
Total	663	978	+315	+47.5%	Total	2,011	3,329	+1,318	+65.5%

Thurrock	2001	2011	Change	(%)	TGSE	2001	2011	Change	(%)
Household composition					Household composition				
<i>Students</i>	6	44	+38	+633.3%	<i>Students</i>	50	121	+71	+142.0%
<i>Other households</i>	1,517	2,532	+1,015	+66.9%	<i>Other households</i>	6,572	10,048	+3,476	+52.9%
Total	1,523	2,576	+1,053	+69.1%	Total	6,622	10,169	+3,547	+53.6%

Communal Establishments

^{5.24} Many people also live in non-traditional household units. Figure 32 shows the considerable change that has happened between 2001 and 2011. The proportion of people in Medical and Care establishments has increased in all authorities (most notably Basildon and Castle Point) except Southend-on-Sea where it has decreased. Medical and care establishments include Hospitals, Nursing/Care and Extra Care homes as well as Children's homes.

Figure 32: Proportion of People in Communal Housing by Type of Establishment in Thames Gateway South Essex (Source: UK Census of Population 2001 and 2011)



Chapter 5 Summary

The most significant change in local housing stock has been the relatively rapid fall in owner occupation (down 5.1%) as a share of all tenures and the conversion of ex-owned homes to private rent (up 6.1%) between 2001 and 2011. This indicates a quick and substantive change in the shape of the Thames Gateway South Essex housing market requiring a strategic response. The growth of private rented properties let by agents and landlords as opposed to other forms of private rent is also noteworthy, including expansion in the number of HMO's.

Social renting has declined slightly in relation to other tenures.

Affordability has declined sharply between 2001 and 2011 largely due to rapid increase in house values, relatively modest earnings increases and wider economic pressures, even after the market downturn post 2007.

The proportion of people in Communal Housing has expanded between 2001 and 2011, especially in Medical and Care establishments (which includes Nursing, Care and Extra Care homes). This is a particular issue for Basildon, although Castle Point and Rochford have also seen significant increases. In Southend-on-Sea, Medical and Care establishments have reduced.

The Thames Gateway South Essex housing stock type, size and age are all relatively similar to the 2008 and 2010 SHMAs.

6. Current Housing Market

The relationship between households and housing

6.1 This chapter considers key aspects of the current housing market and how this currently operates, especially in terms of the relationships between households and housing. It explores affordability, housing need, housing delivery, sale transactions and the impact of migrant workers.

Migration Trends

6.2 In and out migration patterns have been relatively consistent from 2006-2010 across Thames Gateway South Essex. Figure 33 shows that there was a net migration gain across all of the local authority areas and in every year from 2006-2010, with the highest migration gains experienced in 2007 (4,300 persons) and 2008 (6,900 persons). Migration in 2006 and more recently in 2009 and 2010 was lower and ranged from 2,100 to 2,600 persons annually across the Thames Gateway South Essex sub-region.

Figure 33: In Migration, Out Migration and Net Migration 2005-2010 by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

Local Authority	2006	2007	2008	2009	2010	5-year Total	Annual Average
IN MIGRANTS							
Basildon	8,400	9,300	9,400	8,000	7,900	43,000	8,600
Castle Point	3,900	4,500	4,100	3,800	3,800	20,100	4,000
Rochford	4,300	4,800	4,600	3,500	3,900	21,100	4,200
Southend-on-Sea	8,900	10,500	9,800	8,600	8,200	46,000	9,200
Thurrock	7,500	8,000	8,800	7,400	7,500	39,200	7,800
Total	33,000	37,100	36,700	31,300	31,300	169,400	33,900
OUT MIGRANTS							
Basildon	8,100	8,600	7,500	7,700	7,600	39,500	7,900
Castle Point	3,700	4,100	3,600	3,400	3,600	18,400	3,700
Rochford	3,700	3,900	3,800	3,400	3,700	18,500	3,700
Southend-on-Sea	8,500	8,800	7,900	7,800	7,500	40,500	8,100
Thurrock	6,900	7,400	7,000	6,700	6,300	34,300	6,900
Total	30,900	32,800	29,800	29,000	28,700	151,200	30,200
NET MIGRANTS							
Basildon	+300	+700	+1,900	+300	+300	+3,500	+700
Castle Point	+200	+400	+500	+400	+200	+1,700	+300
Rochford	+600	+900	+800	+100	+200	+2,600	+500
Southend-on-Sea	+400	+1,700	+1,900	+800	+700	+5,500	+1,100
Thurrock	+600	+600	+1,800	+700	+1,200	+4,900	+1,000
Total	+2,100	+4,300	+6,900	+2,300	+2,600	+18,200	+3,600

6.3 Figure 34 shows that international migration is highest in Thurrock and Basildon, which both experienced net out-migration to the rest of the UK. Southend-on-Sea also gains internationally as well as from the rest of the UK, whereas most moves to and from Castle Point and Rochford are from UK migrants. There is a

correlation between NI registrations (Figure 13) and DWP International migration statistics (Figure 33) indicating that many international migrants come to work.

Figure 34: Average Annual In Migration, Out Migration and Net Migration 2005-2010 within the UK and Overseas by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

Local Authority	UK Migration			International Migration			Total Migration		
	In	Out	Net	In	Out	Net	In	Out	Net
Basildon	7,100	7,300	-200	1,500	600	+900	8,600	7,900	+700
Castle Point	3,900	3,500	+400	100	200	-100	4,000	3,700	+300
Rochford	4,100	3,500	+500	200	200	-	4,200	3,700	+500
Southend-on-Sea	7,700	7,000	+700	1,500	1,100	+400	9,200	8,100	+1,100
Thurrock	6,200	6,300	-100	1,600	500	+1,100	7,800	6,900	+1,000
Total	28,900	27,600	+1,300	5,000	2,600	+2,300	33,900	30,200	+3,600

6.4 Using NHS data, some profile details about the characteristics of migrant persons can be identified. Figure 35 provides a breakdown of migrants by age for each of the local authority areas. In migrants come in various age cohorts, although most significantly in the 25-44 group (11,320) while the largest out migrating group were also 25-44 (10,340).

Figure 35: Average Annual Net UK Migration 2005-2010 from Age Groups by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

UK Region	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
IN MIGRANTS						
0-15 years	1,320	760	740	1,200	1,260	5,280
16-24 years	1,380	660	760	1,660	1,200	5,660
25-44 years	2,840	1,260	1,520	3,000	2,700	11,320
45-64 years	980	720	660	1,200	780	4,340
65+ years	480	440	360	600	220	2,100
Total	6,980	3,880	4,060	7,560	6,160	28,640
OUT MIGRANTS						
0-15 years	1,340	500	480	1,260	1,280	4,860
16-24 years	1,480	780	880	1,560	1,200	5,900
25-44 years	2,760	1,220	1,220	2,620	2,520	10,340
45-64 years	1,140	620	580	1,040	900	4,280
65+ years	500	300	300	460	280	1,840
Total	7,160	3,480	3,540	6,880	6,240	27,300
NET MIGRANTS						
0-15 years	-20	+260	+260	-60	-20	+420
16-24 years	-100	-120	-120	+100	-	-240
25-44 years	+80	+40	+300	+380	+180	+980
45-64 years	-160	+100	+80	+160	-120	+60
65+ years	-20	+140	+60	+140	-60	+260
Total	-220	+400	+520	+680	-80	+1,300

6.5 The NHS data also allows us to profile movements within the UK in more detail. Figure 36 shows the origin of movers to the Thames Gateway South Essex local authorities and the destination of movers from Thames Gateway South Essex by region. It is apparent that most UK migrants come to the area from elsewhere in the East of England region, and most of those leaving also stay in the region.

- 6.6 The sub-region also gains significantly from the London region – an average of almost 10,000 persons move to the area from London each year; although there is also an annual flow of around 4,000 persons moving to London, so the overall net gain is around 5,400 persons annually.

Figure 36: Average Annual Net Migration 2005-2010 from England and Wales Regions by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

UK Region	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
IN MIGRANTS						
North East	40	20	20	60	40	180
North West	140	40	60	180	120	540
Yorkshire and Humberside	120	50	40	180	100	480
East Midlands	200	90	80	220	140	720
West Midlands	140	40	60	180	100	520
Eastern	3,280	2,230	2,620	3,860	1,340	13,320
London	2,240	1,060	820	1,860	3,560	9,540
South East	580	240	260	700	560	2,340
South West	200	60	80	240	140	720
Wales	80	30	20	80	60	260
Total	7,020	3,860	4,060	7,560	6,160	28,620
OUT MIGRANTS						
North East	60	20	20	80	60	240
North West	160	50	40	200	160	600
Yorkshire and Humberside	140	50	60	200	140	580
East Midlands	260	120	100	280	240	1,000
West Midlands	160	50	60	200	140	620
Eastern	4,240	2,350	2,460	3,760	2,740	15,560
London	1,020	360	320	780	1,620	4,100
South East	720	310	300	760	820	2,900
South West	300	120	140	320	260	1,140
Wales	80	30	40	100	80	340
Total	7,140	3,460	3,540	6,680	6,260	27,080
NET MIGRANTS						
North East	-10	0	0	-10	-10	-50
North West	-20	0	+10	-10	-20	-40
Yorkshire and Humberside	-10	0	-10	-40	-30	-90
East Midlands	-70	-30	-20	-50	-90	-260
West Midlands	-30	-10	-10	-20	-40	-120
Eastern	-970	-130	+150	+90	-1,410	-2,260
London	+1,210	+690	+500	+1,080	+1,940	+5,420
South East	-140	-70	-40	-60	-260	-560
South West	-100	-50	-60	-80	-110	-410
Wales	0	-10	-20	-10	-20	-70
Total	-140	+390	+500	+890	-50	+1,590

6.7 Figure 37 identifies those local authorities with the highest net migration to each of the local authorities in the sub-region, as well as those local authorities with the highest net migration away from each area. It is apparent that many of the local authorities have strong links with other authorities within the sub-region, and there are also strong links evident with numerous London boroughs.

Figure 37: Top 5 Local Authorities with the Highest Net Migration to and from each Local Authority over the period 2005-2010
(Source: ONS Migration Statistics Unit)

Basildon

In-migrants moving TO Basildon		Out-migrants moving FROM Basildon	
Havering	+1,130	Chelmsford	-790
Barking and Dagenham	+900	Castle Point	-530
Thurrock UA	+780	Maldon	-490
Newham	+630	Rochford	-460
Redbridge	+600	Southend-on-Sea UA	-440

Castle Point

In-migrants moving TO Castle Point		Out-migrants moving FROM Castle Point	
Barking and Dagenham	+880	Southend-on-Sea UA	-340
Newham	+550	Rochford	-190
Basildon	+530	Maldon	-140
Thurrock UA	+440	Tendring	-120
Havering	+320	Chelmsford	-110

Rochford

In-migrants moving TO Rochford		Out-migrants moving FROM Rochford	
Barking and Dagenham	+600	Cornwall UA	-100
Basildon	+460	Maldon	-70
Havering	+460	Braintree	-60
Southend-on-Sea	+420	Tendring	-50
		Babergh	-50
Redbridge	+300	Mid Suffolk	-50
Thurrock UA	+300	Suffolk Coastal	-50

Southend-on-Sea

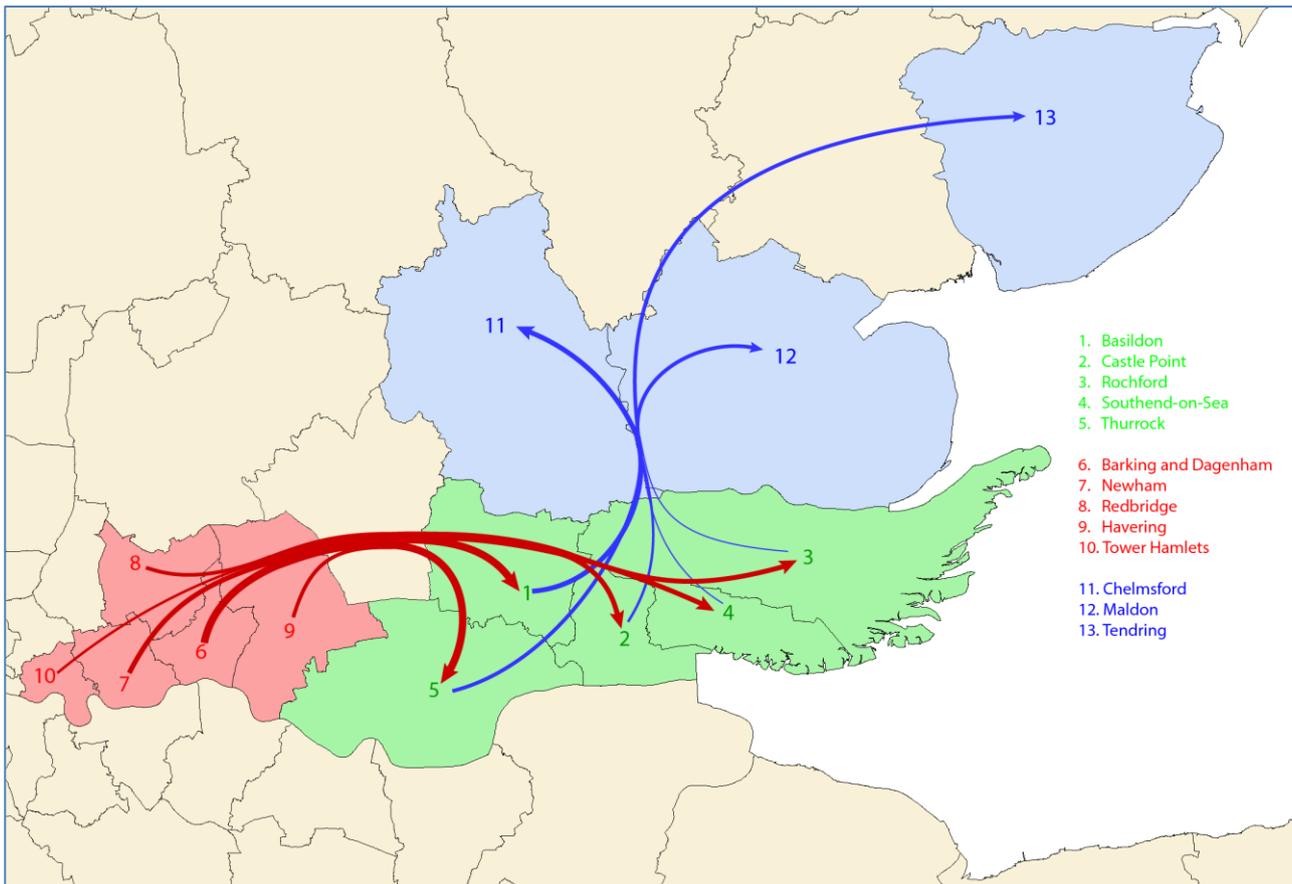
In-migrants moving TO Southend-on-Sea		Out-migrants moving FROM Southend-on-Sea	
Barking and Dagenham	+550	Rochford	-420
Havering	+530	Colchester	-130
Basildon	+440	Braintree	-90
Thurrock UA	+420	Tendring	-70
Redbridge	+420	Cornwall UA	-70

Thurrock

In-migrants moving TO Thurrock		Out-migrants moving FROM Thurrock	
Newham	+1,640	Basildon	-780
Barking and Dagenham	+1,530	Castle Point	-440
Tower Hamlets	+540	Southend-on-Sea UA	-420
Redbridge	+390	Chelmsford	-360
Southwark	+380	Tendring	-350
Hackney	+380		

6.8 Figure 38 shows the statistics in Figure 27; that is, the relative strength of net migration flows between Thames Gateway South Essex and adjacent authorities. The thickness of the line indicates the ‘strength’ of net flow while red arrows indicate where net migration is *into* Thames Gateway South Essex, and the blue arrows indicate net migration *out of* Thames Gateway South Essex. There is a particular in migration connection with East London boroughs and out migration connection with other authorities in the east of England. This pattern is consistent with that seen in the SHMA 2008.

Figure 38: Relative Strength of Net Migration Flow 2005-2010 (Source: ONS Migration Statistics Unit)



Summary of Migration Trends in Thames Gateway South Essex	
Basildon	<p>There was an average annual net migration population gain of 700, gaining population from overseas and exporting population to the rest of the UK.</p> <p>Out migrants moved mainly to East region, and noticeably to other Thames Gateway South Essex authorities such as Castle Point, Rochford and Southend-on-Sea. In migrants came mainly from East London boroughs such as Havering and Barking & Dagenham.</p> <p>Those moving out were either young (aged 16-24) or aged over 45. Those moving in were aged 25-44.</p>
Castle Point	<p>There was an average annual net migration population gain of 300, mainly associated with moves within the UK.</p> <p>Out migrants moved mainly to the East region, including neighbouring authorities in Thames Gateway South Essex such as Southend-on-Sea and Rochford. In migrants came mainly from East London boroughs such as Barking & Dagenham.</p> <p>In migrants were either young (0-15 years) or over 25.</p>
Rochford	<p>There was an average annual net migration population gain of 500 due to UK movers.</p> <p>Net out migration was relatively limited compared to other Thames Gateway South Essex authorities and to a variety of other authorities, highest of which was Cornwall. In migration was mainly from London boroughs (e.g. Barking & Dagenham) although there was net in migration from the 4 other Thames Gateway South Essex authorities.</p> <p>In migrants were mainly young (aged 0-15 years) or over 25 (arguably households with young children); out migrants were in the 16-24 years age range.</p>
Southend-on-Sea	<p>There was an average annual net migration population gain of 1,100 due in part to overseas moves (400) and also moves within the UK (700).</p> <p>Net out migration was limited and mainly to Rochford and Colchester in East region. In migration was mainly from London, especially east London boroughs such as Barking & Dagenham and Havering, together with other Thames Gateway South Essex authorities.</p> <p>In migrants were mainly aged 25+.</p>
Thurrock	<p>There was an average annual net migration population gain of 1,000, mainly due to moves from overseas.</p> <p>Net out migration was mainly to East region (including other Thames Gateway South Essex authorities) with a noticeable level to the South East region. In migration was mainly from London especially East London boroughs such as Newham and Barking & Dagenham.</p> <p>In migrants were in the 25-44 age range, while out migrants were usually over 45 years.</p>

Impact of Migration on the Housing Market

6.9 Data regarding migration has to be assembled from various sources:

There is no national, regularly updated, specific source of statistics about recent migrants in the UK that tells us about their patterns of housing tenure. Instead, the published data that tracks housing trends simply provides indications – for example, of migrants' limited access to new lettings in the social sector – that suggest the vast majority of migrants use the PRS, at least for the initial years that they are in the UK. (UK Migrants and the Private Rented Sector; Joseph Rowntree Foundation (JRF) 2012)

6.10 However, what is known (e.g. from research by JRF, Housing Migration Network and Labour Force Survey) is that:

- » New migrants often enter the UK housing market in the least desirable housing – frequently in disadvantaged areas or where demand for housing is lowest
- » Most recent migrants live in the private rented sector, frequently in poorer quality properties
- » Increased migration to the UK also coincides with a shortage of – and high demand for – affordable housing
- » Poor housing, competition for housing and high levels of population 'churn' have a detrimental impact on relationships at local level between different groups, particularly in areas not used to such change

6.11 In the light of this, Local Authorities should continue to keep under review the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified.

Housing Supply

6.12 This section considers housing supply in the current market. Chapter 12 considers how the Thames Gateway South Essex Partnership might respond and support additional supply in a challenging market.

6.13 The two recessions since 2007 and subsequent low rates of economic growth in the UK have affected housing delivery. Many sites are currently stalled and the construction sector has retrenched and consolidated to adjust to difficult market conditions.

6.14 Housing delivery has slowed across the UK since the market peaked in 2007/08. Various current recovery forecasts vary from 3 years to 10. The post 2007 delivery slowdown is evident in local delivery data (Figure 39), although recent delivery in Thurrock has increased since the lowest level experienced in 2009-10. Overall, delivery is still well below average. Figure 40 shows forecast delivery to 2033.

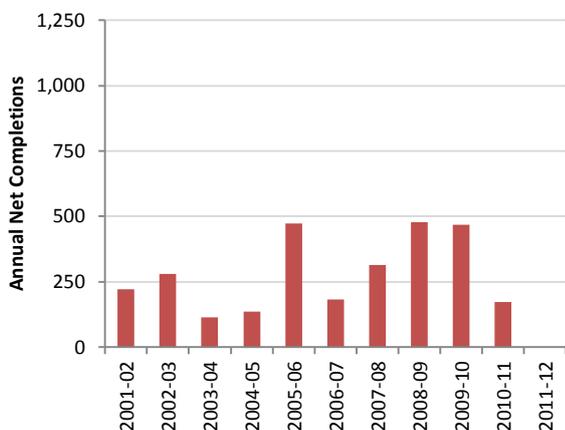
Delivery of Market Housing

6.15 Currently, developers feel that market circumstances are improving following difficult years post 2007, since when the sector has restructured and consolidated in order to meet the requirements of a changed market. However, developers highlight that delivery levels are likely to be below 2007 levels for some time to come.

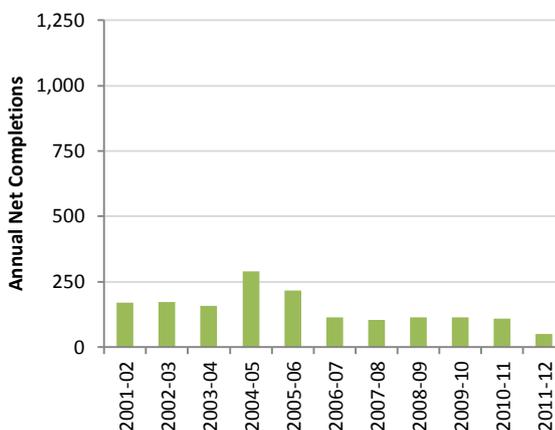
6.16 There is a concern that current housing targets may not be deliverable, even in the longer term, given current market circumstances: land supply and land costs, the availability of finance for both development and for those looking to purchase, together with viability issues, all combine to constrain delivery.

Figure 39: Housing Delivery 2001-2012 (Source: Annual Monitoring Report)

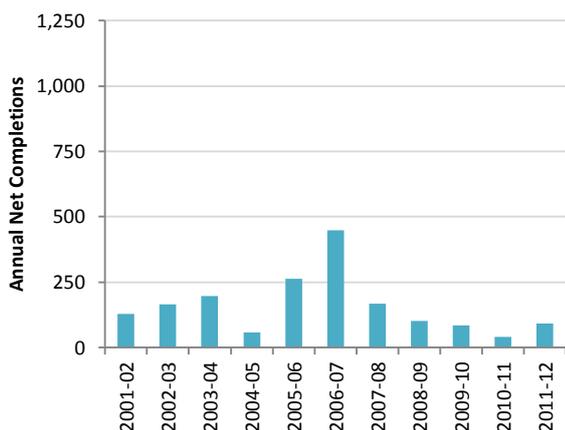
Basildon



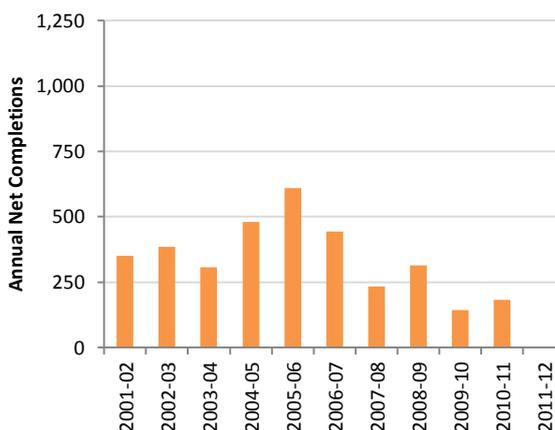
Castle Point



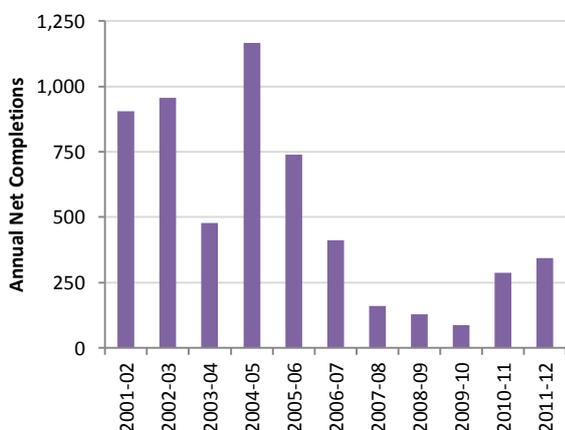
Rochford



Southend-on-Sea

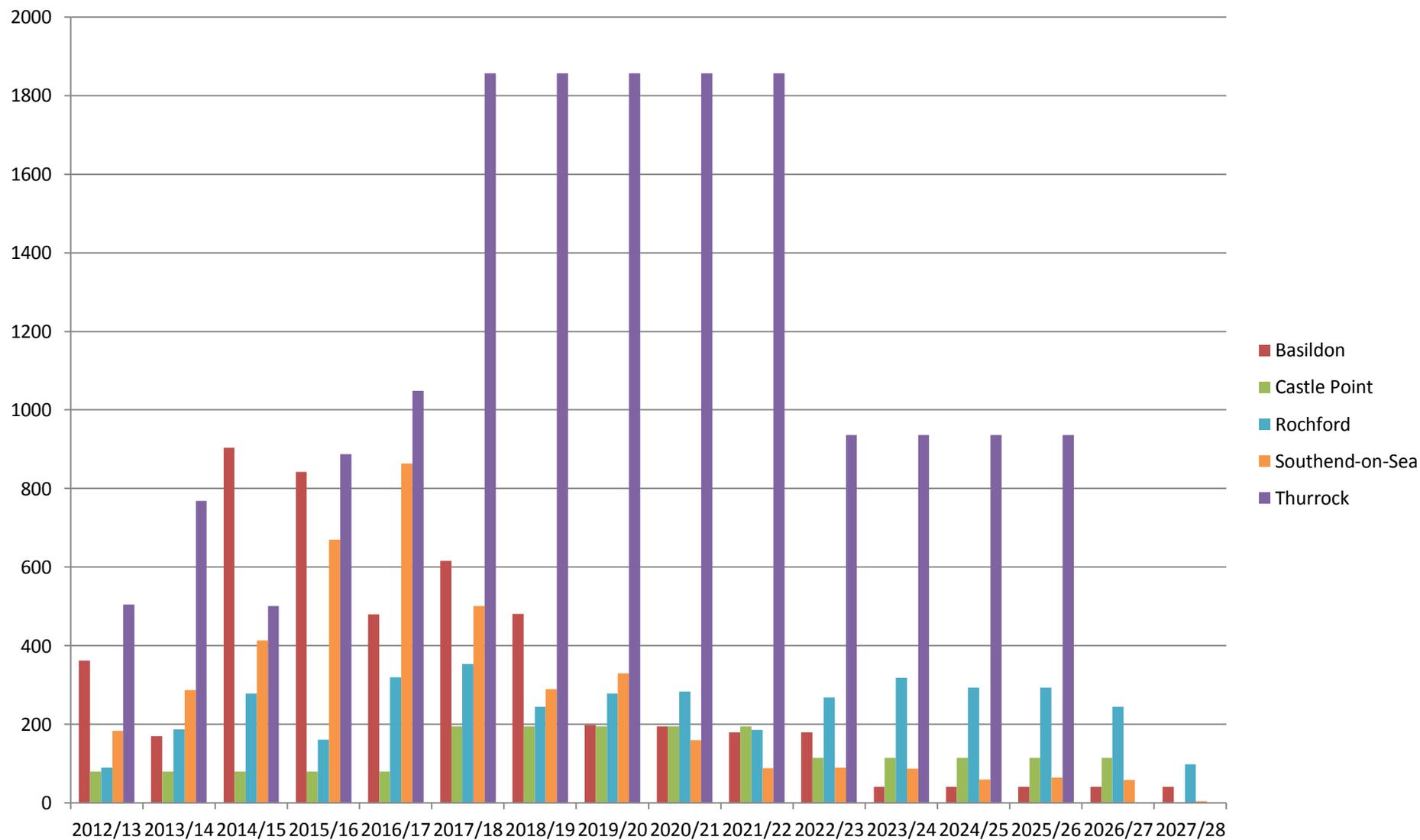


Thurrock



NB There are no figures for 2011/12 for Basildon and Southend-on-Sea as data source not published

Figure 40: Forecast delivery by Local Authority (Source: AMR/Edge Analytics)



Viability in Delivering New Housing

- 6.17 There can be viability issues in areas that have relatively low or high values. In practice, any local delivery target for any one authority forms part of the wider delivery target for a sub-region, and therefore more localised viability can affect the delivery for the wider area.
- 6.18 Delivery of lower numbers of dwellings in any area will marginally reduce the requirement for affordable and intermediate housing, but this is due to lower overall delivery. A lower level of delivery will not per se impact upon the requirements of those seeking affordable housing as these low income households do not typically have options to move elsewhere. However, higher levels of development go some way to mitigate this. Higher delivery would normally also incentivise migrants (who typically occupy market sector dwellings) to move to the area. Conversely, lower levels of development will provide disincentives to in-migrants.

Delivery of Affordable Housing

- 6.19 Delivery of affordable housing is a key output to help meet housing need in Thames Gateway South Essex and this section considers the current status of the Affordable Housing Programme 2011-15. Delivery of any affordable homes outside the AHP is not considered. The local authorities in the Thames Gateway South Essex Partnership have a programme of 751 homes due to complete in this period and has so far delivered 53 homes with a forecast to complete a further 63 by the end of 2012/13.
- 6.20 Overall, this leaves 635 (85%) of the affordable homes programme to deliver in 2013-15.

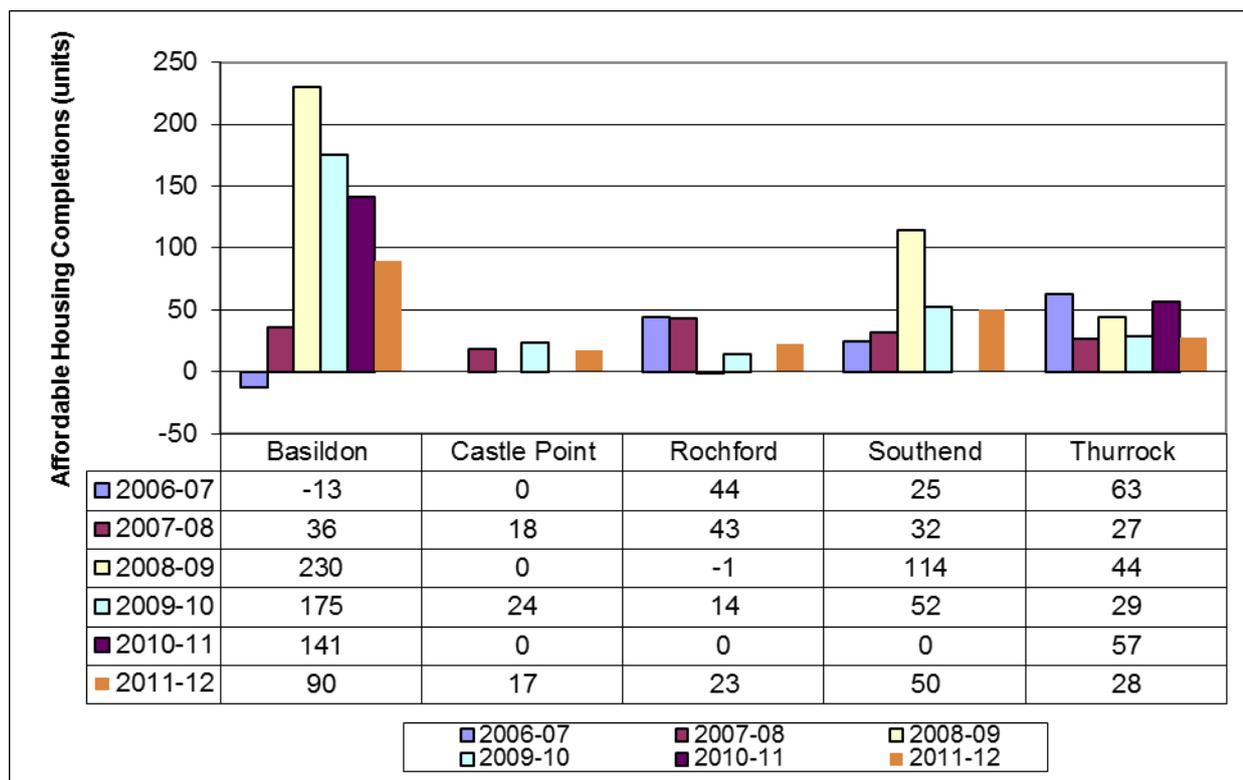
Registered Providers

- 6.21 The main delivery agents for new affordable homes are Registered Providers. Most Registered Providers report that the current market and changes within how the Affordable Housing Programme works has affected their appetite for new schemes. A combination of recent capital grant changes and revenue risk, via Welfare Benefit reform, have all combined to make registered providers more cautious. Viability pressures also make providers pessimistic on deliverability of new schemes.
- 6.22 Registered Providers say that any new social rent schemes are very unlikely to proceed and, for many providers, are now unviable. Affordable rent schemes will still come forward, albeit in heightened awareness of the risks schemes carry.
- 6.23 One influence of benefit reform may be to encourage providers to build smaller homes.

Historic Delivery

- 6.24 The 2010 SHMA identified affordable housing delivery (using the AMR) at various levels between 2006-09, averaging c.200 homes per year over the period compared to 53 completions in years 2011/12 and 2012/13.

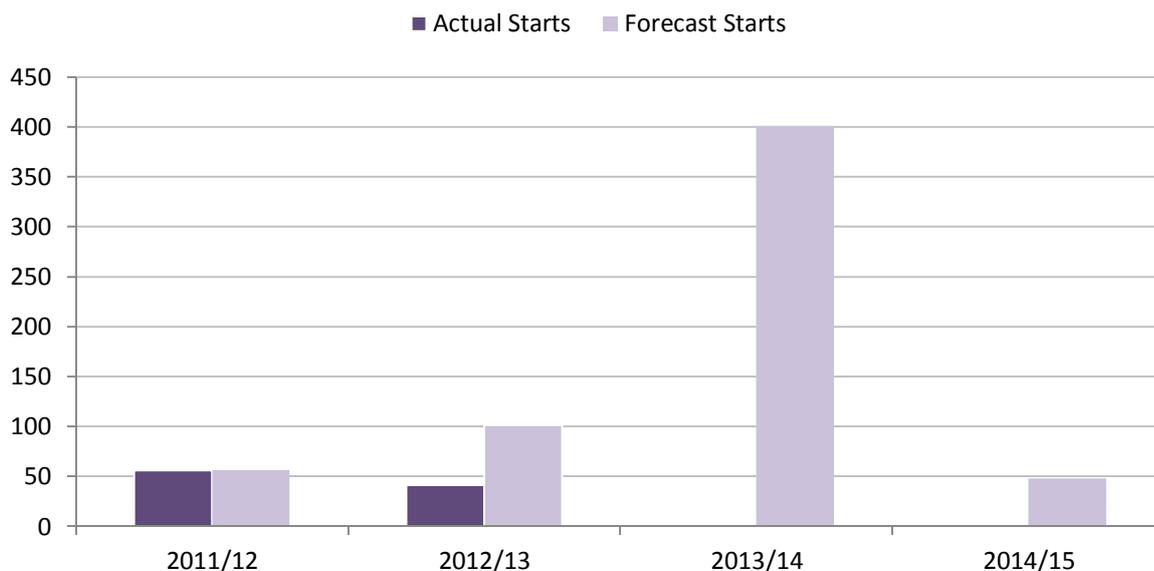
Figure 41: Net Affordable Housing Completions 2006 – 2011 (Source: Thames Gateway South Essex SHMA Update 2010)



Current Programme Starts On Site

6.25 Actual affordable housing starts have been below levels in the 2010 SHMA Update and most of the homes in the 2011-15 programme are still pipeline (Figure 42).

Figure 42: Thames Gateway South Essex Starts on Site Actual v Forecast (Source: Homes and Communities Agency)



Current Programme Completions and Spend

6.26 So far, in years 2011/12 and 2012/13 the Thames Gateway South Essex local authorities have completed 53 affordable homes from the 751 home programme, and spent c£1.7m of the £8.9m programme.

Figure 43: Actual v Forecast Completions (Source: Homes and Communities Agency)

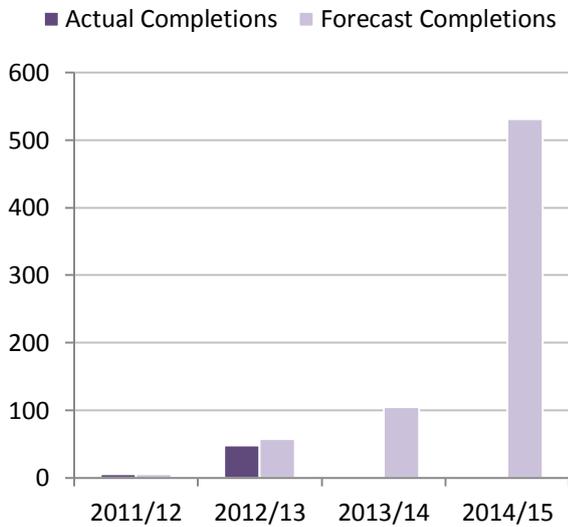
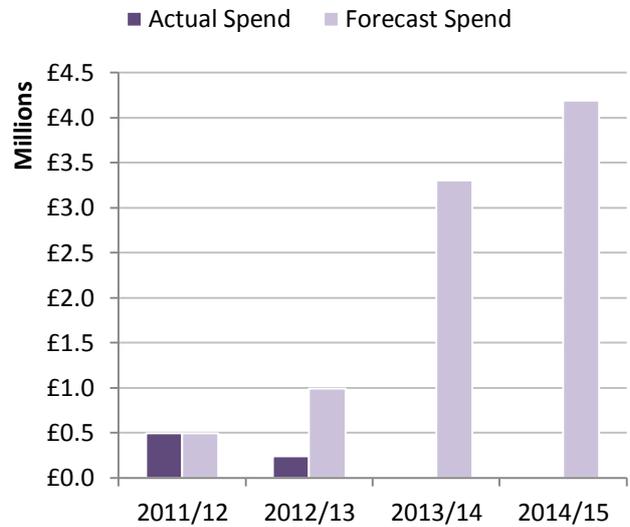


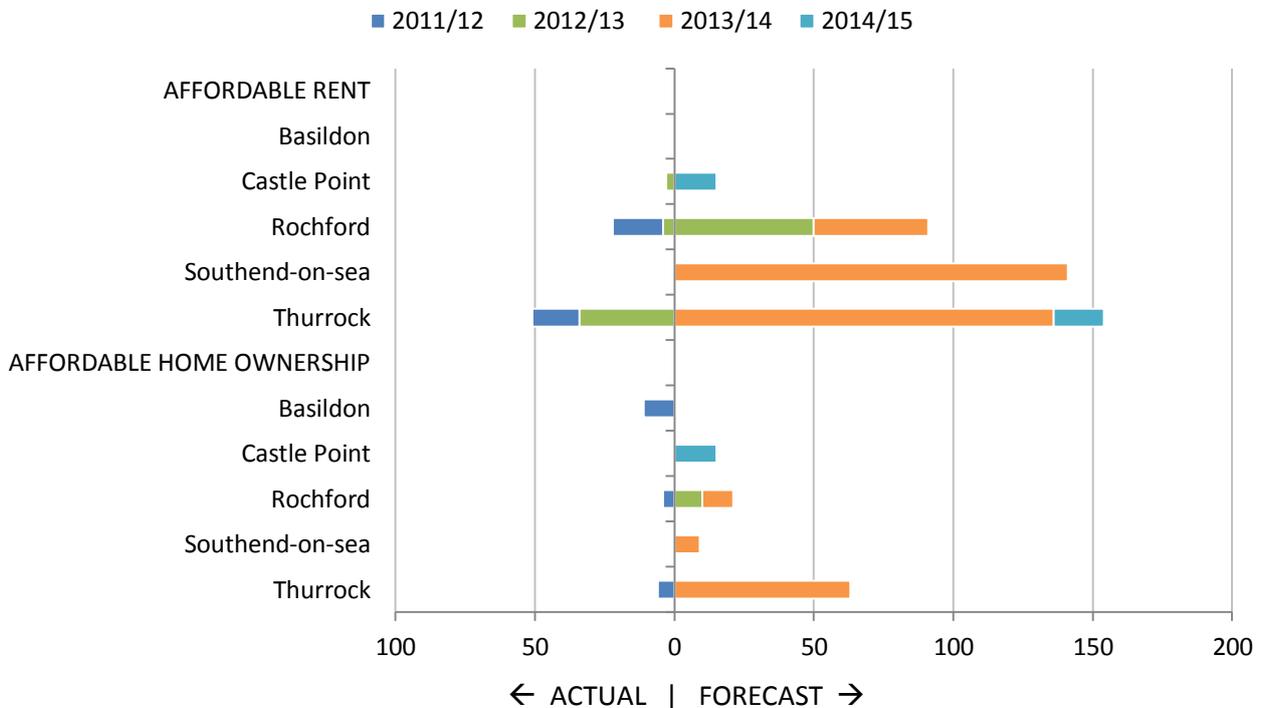
Figure 44: Actual v Forecast Spend (Source: Homes and Communities Agency)



Current Programme Starts on Site by LA and Product

6.27 Starts on site have been spread across Thames Gateway South Essex, although the majority have been in Thurrock and Rochford.

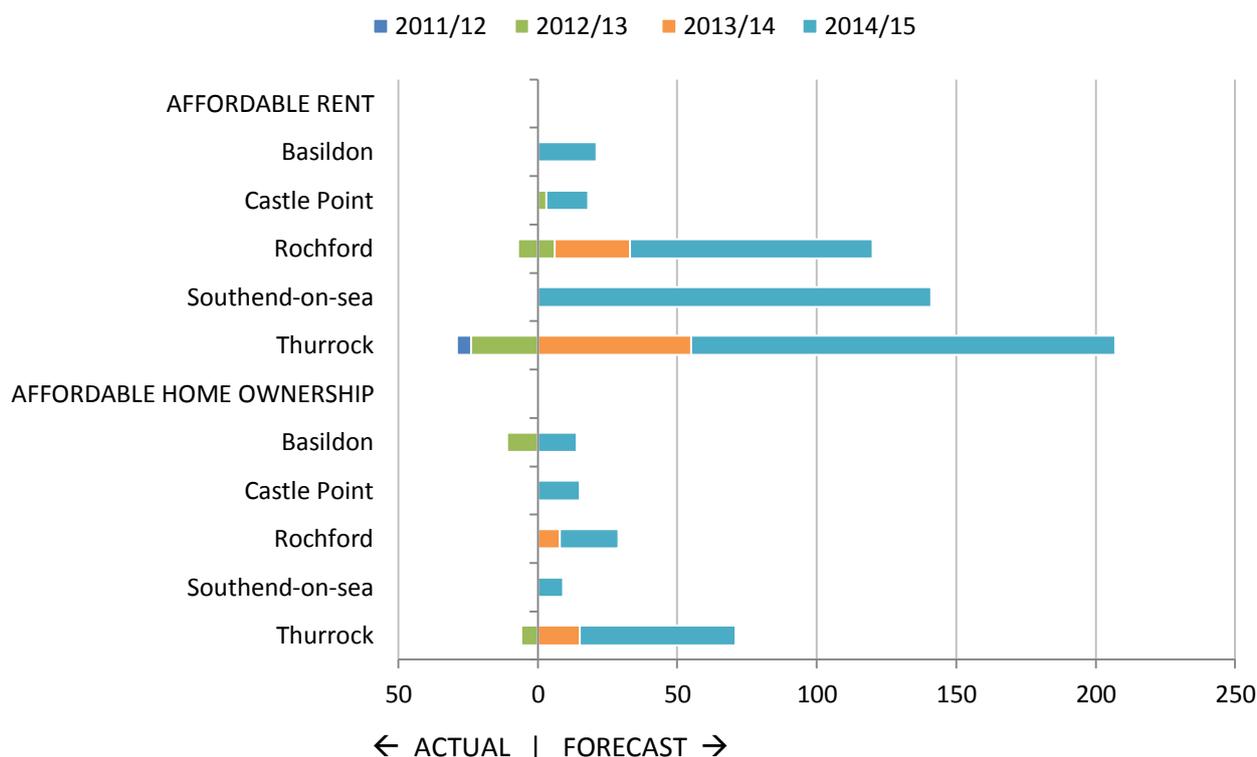
Figure 45: Starts on Site Actual v Forecast by LA and Product (Source: Homes and Communities Agency)



Current Programme Completions by LA and Product

6.28 Actual Completions have so far been in Thurrock (24), Rochford (7) and Basildon (11). Most completions are forecast for 2013/14 and 2014/15 and contain significant numbers of units still to deliver.

Figure 46: Completions by LA and Product Actual v Forecast (Source: Homes and Communities Agency)



^{6.29} Supply of new affordable housing is important in enabling demand to be met in Local Authority areas. Demand side pressures are increasing due to a combination of factors – e.g. increases in household numbers and population, the recent rise in homelessness, the difficulty in purchasing for first time buyers etc. At the same time new housing supply is constrained due to market circumstances, while existing supply is changing shape - e.g. the increase in the Private Rented Sector as the supply side responds to increasing demand, re-launch of Right to Buy increasing sales of affordable homes etc.). It is possible that, if affordable housing sales exceed new supply, then a potential negative supply position could occur in Thames Gateway South Essex. Consequently, ensuring the delivery of new affordable homes is important in ameliorating the situation.

Affordable Rents

^{6.30} The Government's policy on the conversion of existing social homes, and the letting of new homes, on affordable rents, could bring benefits for future affordable housing delivery:

- » social/affordable housing landlord revenues increase
- » more funds are thus released for RP development even at lower grant levels
- » additional affordable homes are delivered to increase supply
- » the increased supply can house those in need who currently live in the Private rented Sector
- » there is a reduced reliance by affordable home providers on capital grant

^{6.31} However, there may be unforeseen consequences, principally that the Housing Benefit bill will also rise as the new/existing affordable homes are let to households in need who require Housing Benefit support at the higher affordable rent. Stakeholder RPs are currently cautious about the change to affordable rent and

wider benefit changes; any increased revenue may not, therefore, improve delivery of new affordable homes.

Self Builders

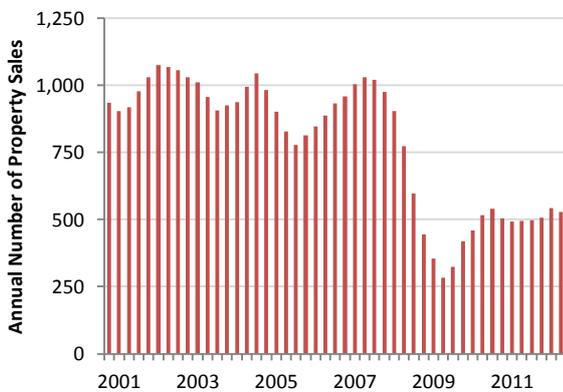
- ^{6.32} In 2010, only one in 10 new homes in Britain was self-built. Plots are difficult to find, and finance and mortgage products restricted, while regulations and planning permissions are challenging. Self-build is more popular in Belgium and the Netherlands where, for example, the figure is three in 10.
- ^{6.33} In *Laying the Foundations – a Housing Strategy for England (2011)*, the Government announced up to £30m of funding available via the Custom Build programme (administered by the HCA) to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.
- ^{6.34} However, the first loan under the Custom Build programme was only made in February 2013.
- ^{6.35} Home Builders Federation (2010) said "everyone likes the idea of self-build but it probably won't make a big contribution to supply in the next few years".
- ^{6.36} The attractiveness of self-build is the reduced costs - the average self-build house in the UK costs c.60% of its final value, as self-builders cut out the certain developer costs, principally labour.
- ^{6.37} Given the historic low supply of self-build homes, the challenges in bringing schemes forward and the slow take up of the Custom Build Fund, it seems unlikely that self-build will make a significant contribution to housing supply in Thames Gateway South Essex.

Turnover of Private Housing for Sale

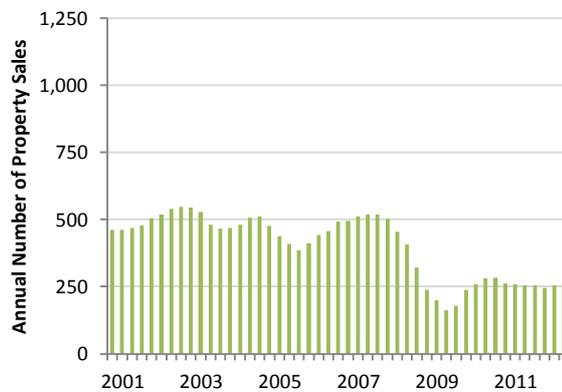
6.38 The impact of the post 2007/08 housing market downturn can be seen by considering market transactions since the 2008 peak (Figure 47). The level of transactions in 2008 was much lower than in previous years, so while affordability had improved slightly, the number of dwellings sold for lower house prices fell when compared to 2008. It is also the case that at least some of the properties at the very lowest prices wouldn't be fit for habitation in their current state and would require significant investment to bring them up to an appropriate standard.

Figure 47: Volume of Properties Sold Across Thames Gateway South Essex: Q4 2000-Q2 2012 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)

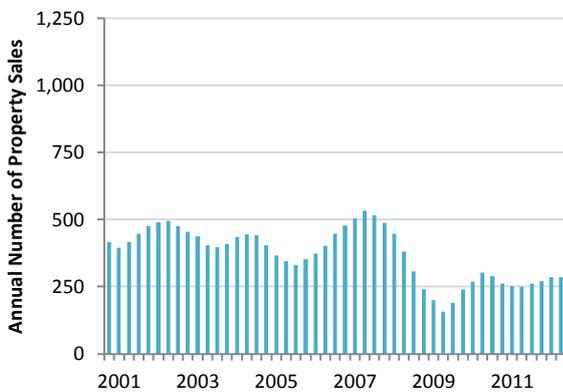
Basildon



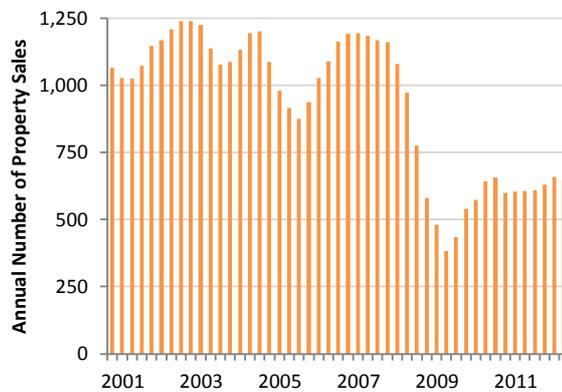
Castle Point



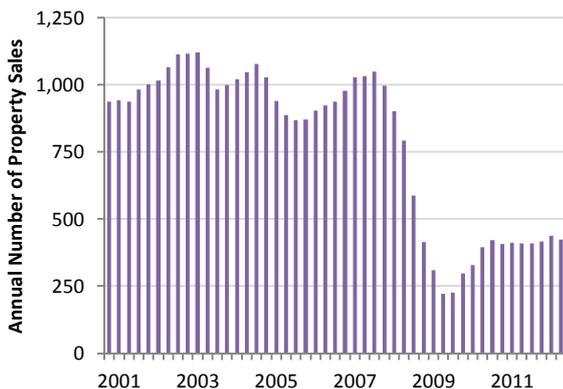
Rochford



Southend-on-Sea



Thurrock

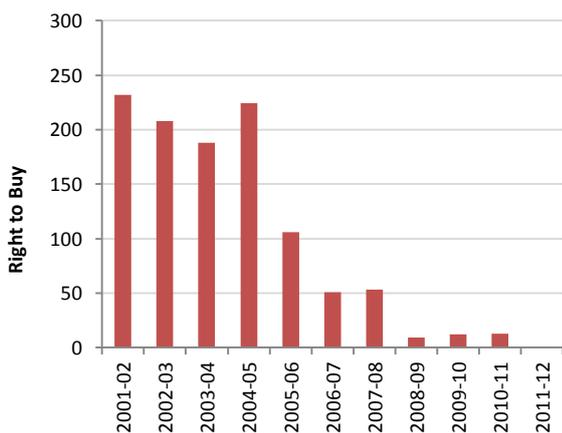


Right to Buy

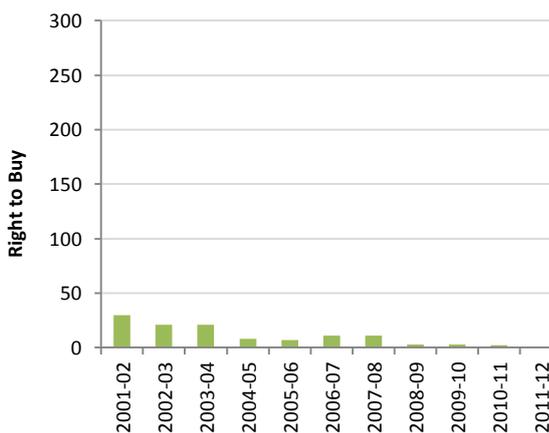
- 6.39 "Right to Buy" is a scheme under which longstanding local authority tenants are entitled to purchase their homes at a heavily discounted price.
- 6.40 Right to Buy in Thames Gateway South Essex has declined from peak levels in earlier years as values and discount arrangements became less attractive for potential purchasers.
- 6.41 The scheme was re-launched in April 2012 with increased maximum discount levels (maximum of £75,000 or 60% of the house value/70% for a flat depending on which is lower). The discounts are higher than previously available (e.g. £16,000 in London up to £38,000 in parts of the south east). The re-launch aimed to achieve 100,000 sales.
- 6.42 The aim of the re-launched scheme is that, for every additional home sold, a new Affordable Rent home will be built. Receipts from sales will be used to fund new affordable homes on a 'one for one' basis, and the Government expect to deliver up to 100,000 new homes and support 200,000 jobs.

Figure 48: Right to Buy 2001-2012 (Source: CLG)

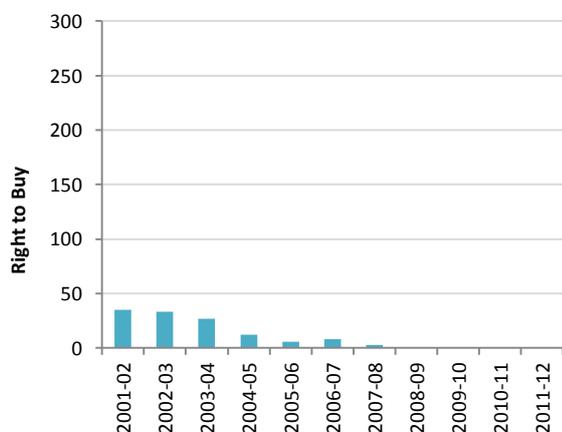
Basildon



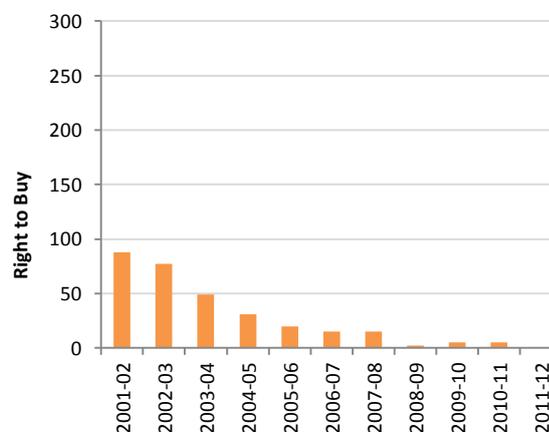
Castle Point



Rochford



Southend-on-Sea



Thurrock

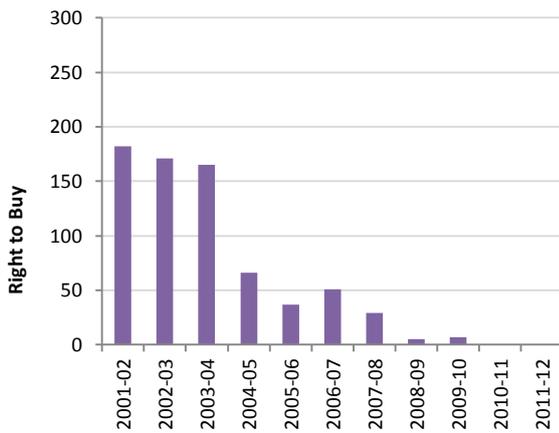
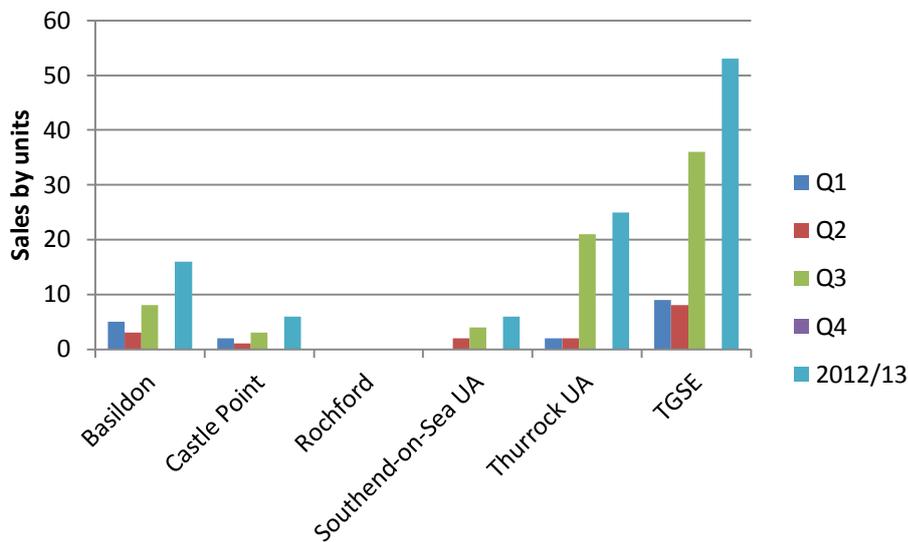


Figure 49: Right to Buy sales 2012-13 (Source: CLG)

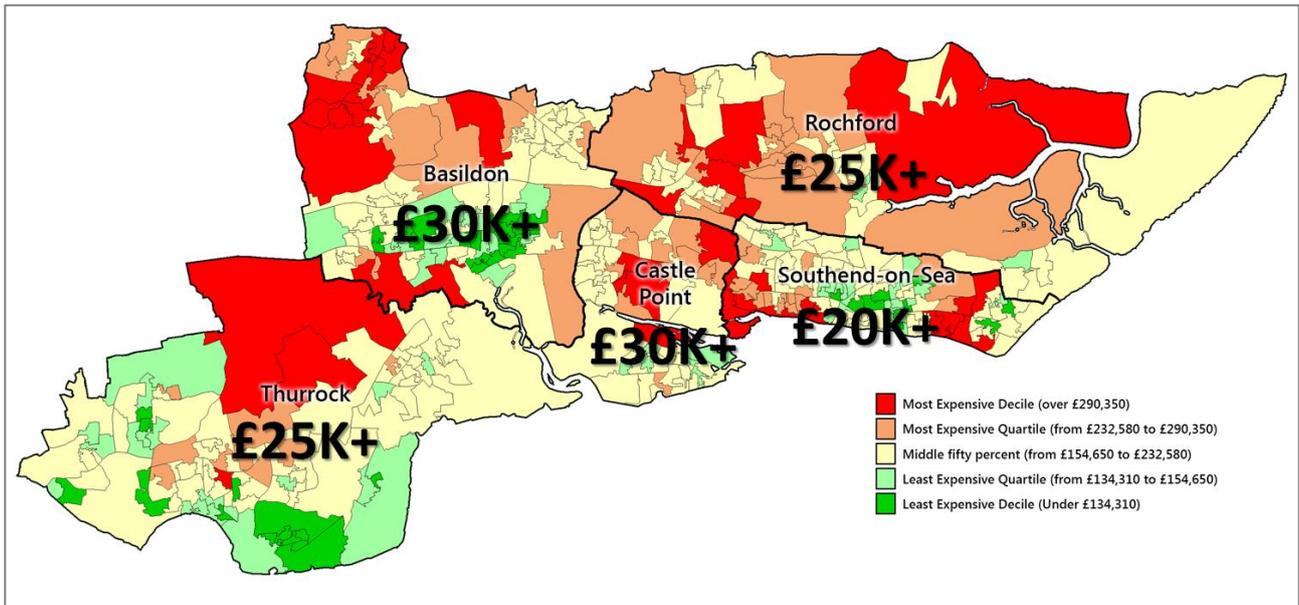


6.43 Increased levels of interest in Right to Buy in Thames Gateway since the re-launch are shown above, and indicate that the re-launch has had some impact. Overall, it is possible that the Right to Buy re-launch may affect the existing supply of social rent in Thames Gateway South Essex, although it is still too early to demonstrate this.

Housing Affordability

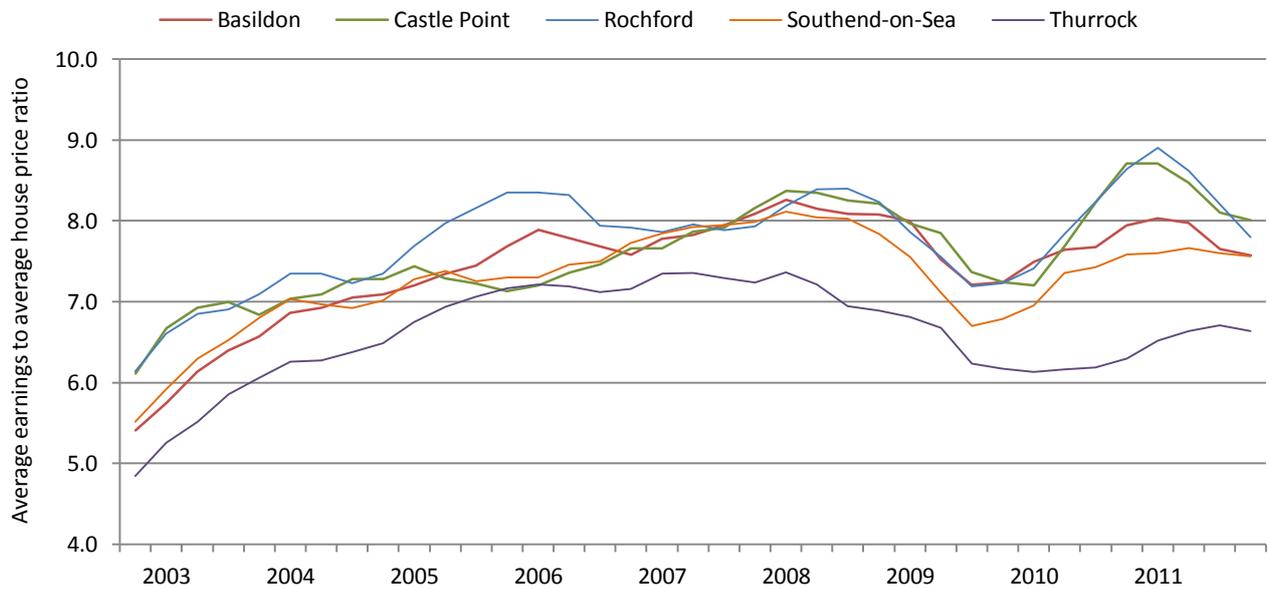
- 6.44 The Chart below shows the income thresholds across Thames Gateway South Essex for each of the authorities. Essentially, the incomes required to either buy the least expensive quartile properties or rent at rents above the least expensive quartile (without Housing Benefit or any other financial support) are between £20,000+ (Southend on Sea) and £30,000 (Basildon and Castle Point).

Figure 50: Relative House Prices and Income Thresholds for Market Housing to Buy or to Rent (Source: ORS Housing Model)



- 6.45 Figure 51 shows the ratio of median full time earnings to average house prices in each of the local authority areas between 2003 and 2011. The figure shows affordability has worsened in that period, despite some improvement 2008-10.

Figure 51: Median Full-time Earnings to Average House Price Ratio for Properties Sold by LA (Source: ASHE and HM Land Registry)



Housing Benefit Support for Private Rented Sector

6.46 Many households in both the social and private rented sectors are able to claim support with rent costs in the form of Housing Benefit. The Department of Work and Pensions (DWP) publish quarterly statistics for Housing Benefit recipients.

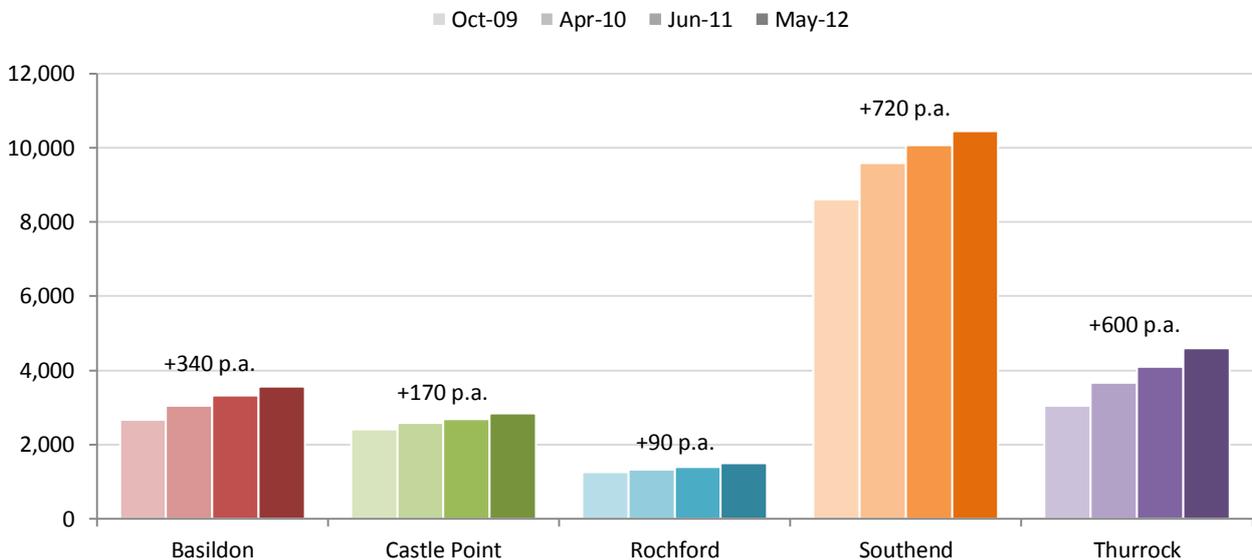
6.47 Figure 52 shows the longer term trends in Housing Benefit recipients in England, especially in the private rented sector (Note: gap in data Q4 2007-2008 as no data published by DWP).

Figure 52: Trends in the number of Housing Benefit claimants in England (Source: DWP)



6.48 Figure 53 shows the growth in each of the authorities during the 2009-2012 period; the increases are substantially higher in Thurrock and Southend on Sea, with the lowest increase in Rochford.

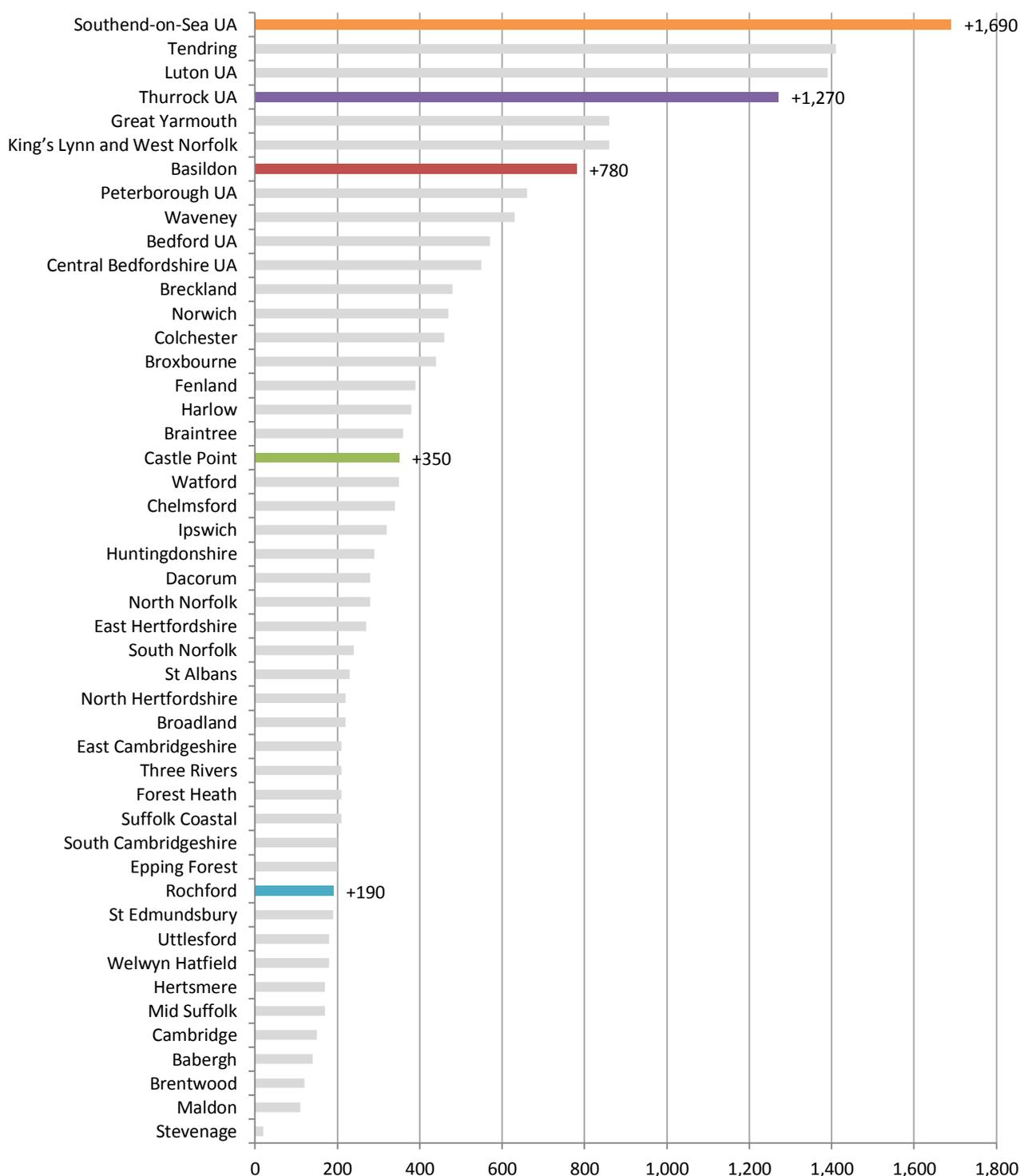
Figure 53: Growth in Housing Benefit Claimants in the Private Rented Sector Oct 2009-May 2012 for the Thames Gateway South Essex Local Authorities (Source: DWP)



6.49 Figure 54 overleaf sets the growth which has occurred in Housing Benefit claimant numbers in the private rented sector between October 2009 and June 2011 in relation to all local authorities across the East of England.

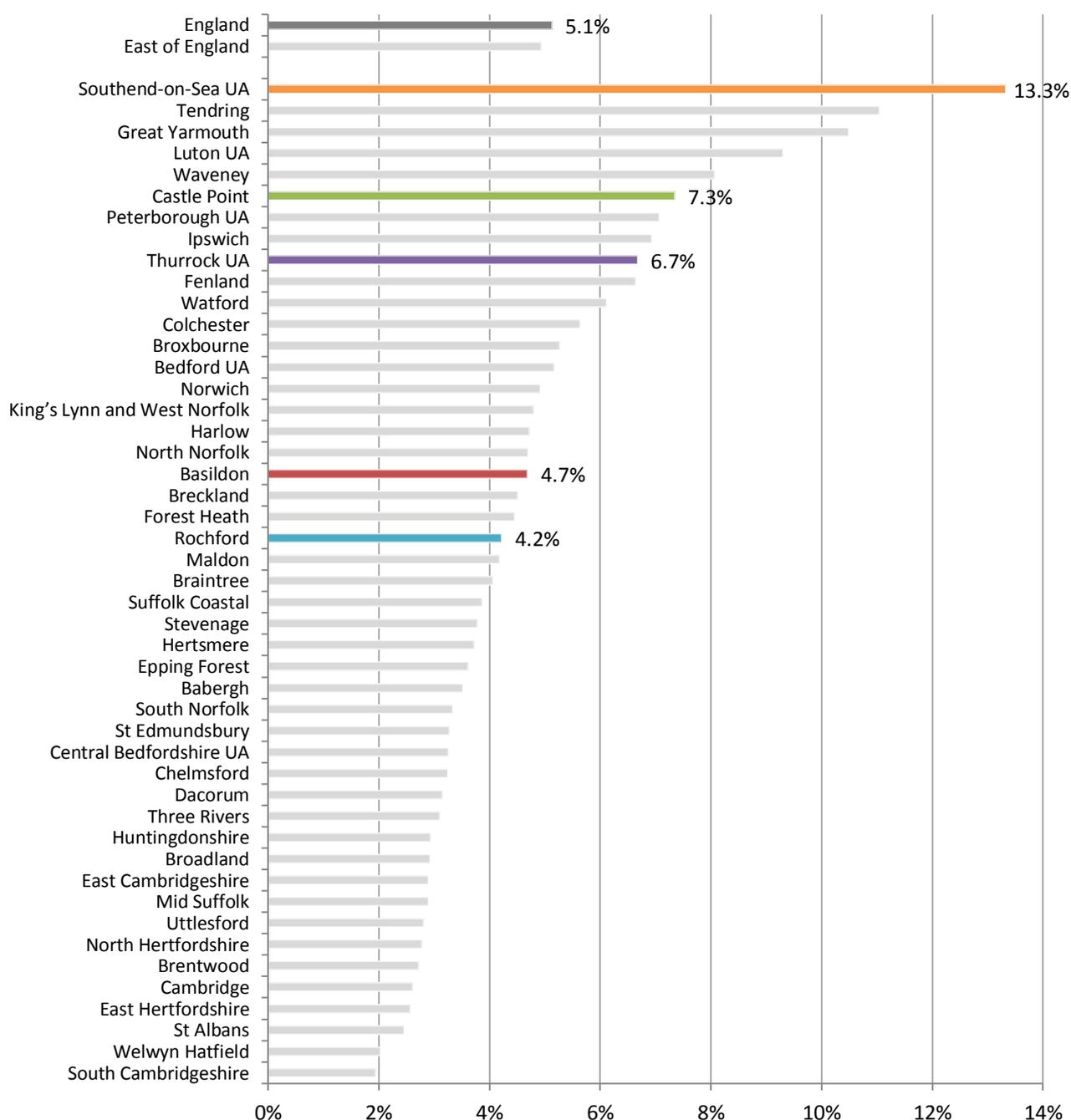
6.50 It is clear that some of the highest growth has been in the Basildon, Thurrock and Southend on Sea. This does not necessarily mean that these areas has higher levels of local housing need, but, instead, may reflect that it has more capacity in its private rented stock available to house Housing Benefit claimants.

Figure 54: Growth in Housing Benefit Claimants in the Private Rented Sector Oct 2009-June 2011 for Local Authorities in the East of England (Source: DWP)



- 6.51 Figure 55 shows that over 13% of households in Southend-on-Sea claim Housing Benefit while living in the private rented sector, which is the highest for any Local Authority in the East of England and higher than the average for the whole of England. Those claiming Housing Benefit while living in the private rented sector was also above the average in Castle Point and Thurrock, while in Basildon and Rochford it was below the England average.
- 6.52 While many households choose to live in private rented accommodation with Housing Benefit support, other households may prefer an affordable tenancy, but are unable to access one due to unavailability of existing or new Affordable/Social rented stock. To reduce the number of households claiming Housing Benefit in the private rented sector, more affordable housing would need to be provided.

Figure 55: Housing Benefit in Private Rented Sector as a Share of Total Dwellings (Source: CLG Live Table 100 March 2011; DWP March 2012)

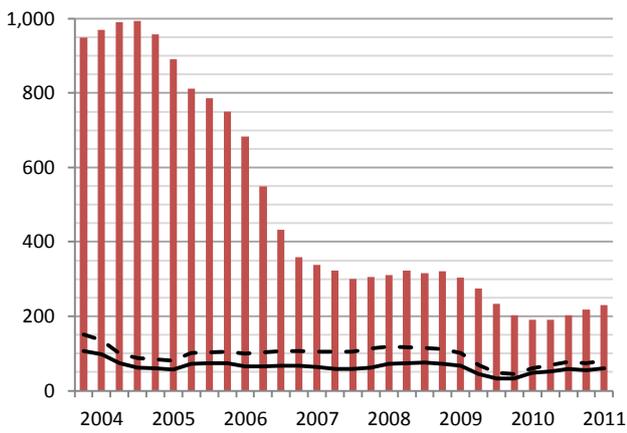


Acute Housing Need: Homelessness

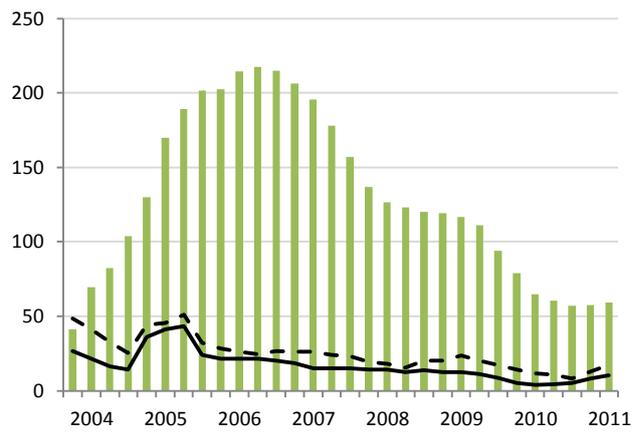
6.53 A key duty of local authorities is to provide a service to households who become homeless or are at risk of becoming homeless where they are satisfied that the applicant has a priority need. Figure 56 shows the trends in total and accepted number of claims for homelessness and the number of households in temporary accommodation for each area.

Figure 56: Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q1 2011
 (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)

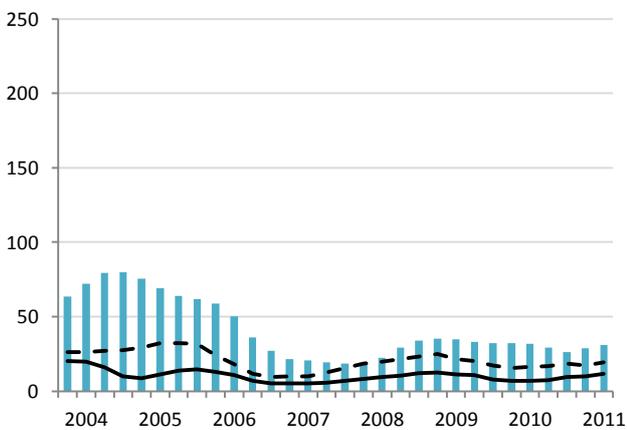
Basildon



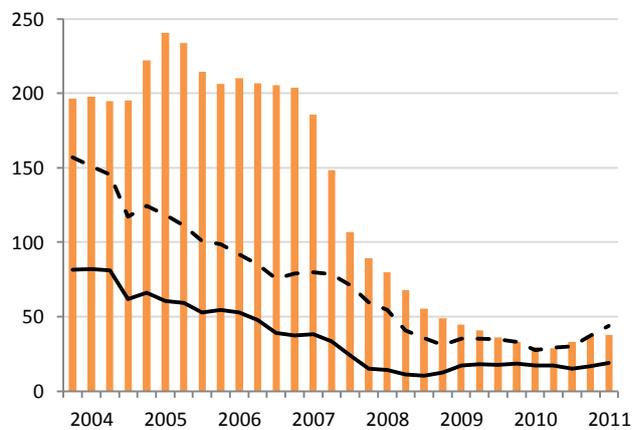
Castle Point



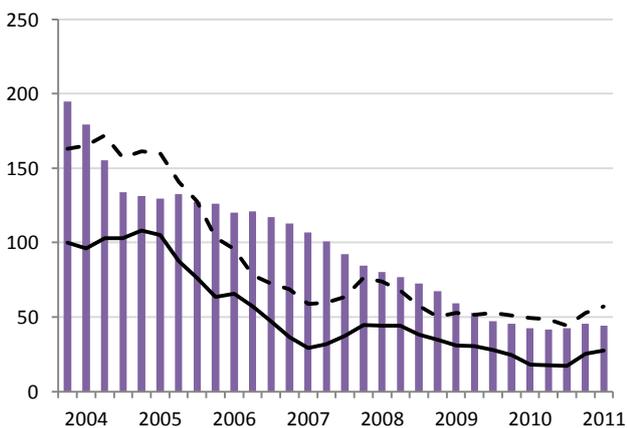
Rochford



Southend-on-Sea



Thurrock



- Households in Temporary Accommodation
- Accepted Claims for Homelessness
- Total Claims for Homelessness

6.54 In summary:

- » The total number of claims for homelessness and the number of accepted claims has remained fairly consistent in Basildon. The number of households in temporary accommodation began to fall in late 2004 and then fell sharply after 2006.
- » In Castle Point, the total number of claims for homelessness and the number of accepted claims remained consistent after an initial rise half way through 2005. The number of households in temporary accommodation rose sharply up to 2006, after which declined.
- » In Rochford, accepted and total claims and households in temporary accommodation fell sharply during 2006, but began to rise again during 2007/08. However the levels of each are the lowest for all local authorities.
- » In Southend-on-Sea, the total number of claims for homelessness and the number of accepted claims fell sharply since 2007, which is also the case for households in temporary accommodation after a small initial rise in early 2005.
- » The number of total claims and accepted claims for homelessness and households in temporary accommodation in Thurrock has fallen gradually since 2004.

Chapter 6 Summary

Migration, both within the UK and internationally, is a key driver within the current Thames Gateway South Essex housing market. Patterns from 2006 to 2010 are relatively consistent and this seems likely to continue into the future. International migration is highest in Thurrock and Basildon, while in UK migration is primarily between Thames Gateway South Essex and the East of England and London. International migration has been identified as mainly from EU accession states (especially Poland) India and Africa. There appears to be a correlation between NI registrations (Figure 5) and DWP International migration statistics (Figure 24) indicating that many international migrants come to work.

It is possible that the relaunch of the Right to Buy scheme with enhanced discounts may affect the existing supply of social rent in Thames Gateway South Essex, although it is still too early to demonstrate this.

New housing delivery is a concern. Delivery has been at lower levels post the market downturn in 2006-07. Future delivery has a reliance on delivery in certain Thames Gateway South Essex authorities, notably Basildon and Thurrock. 85% of housing delivery in the Affordable Homes Programme 2011-15 still remains to be delivered. Activity which could stimulate improved delivery is considered later in this Report.

While Affordability improved post market turndown in 2007 it has since deteriorated and is currently close or at 2007 levels. 2012 Sales turnover within existing stock has slowed to around half of that in the peak market.

Housing Benefit has expanded to support increased number of households in the Private Rented Sector in Thames Gateway South Essex, especially in Southend-on-Sea, Thurrock and Basildon. The implications of this, given impending Benefit Reform are considered further in Chapter 8.

Homelessness figures indicate that the improving trend from 2005-07 has begun to reverse post 2010.

7. Welfare Reform and implications for the Private Rented Sector

- 7.1 This section considers benefit Reform especially in relation to the Private Rented Sector and how this reform might impact. It is structured as follows:
- » Benefit Reform and the Private Rented Sector (PRS) - Overview
 - » Relationship between PRS and Housing Benefit in Thames Gateway South Essex
 - » Benefit Reform and Specific Housing Benefit Changes
 - » Potential Impact of Benefit Reform on the PRS
- 7.2 Housing Benefit paid to private rented sector tenants has allowed the sector to meet the needs of an increasing number of households on low incomes and/or in housing need (see Chapter 5). Arguably, some existing private rented stock has become a de facto part of the “affordable housing” stock: those private renters eligible for Housing Benefit would, ordinarily, look primarily to affordable housing to meet their housing requirements.
- 7.3 The scale of PRS market activity has local variations in terms of availability, cost of renting, and the size of social rented and private rented stock in an area. However, the cost to the Treasury is significant and has led to subsequent Benefit reform partly to reduce the overall cost.
- 7.4 The Government has identified two key problems with the current overall benefits system:
- » work incentives are poor, and
 - » the system is too complex.
- 7.5 As a result, new legislation has been introduced. Key changes relevant to the SHMA include:
- » Welfare Reform Act 2012: the Act legislates for the biggest change to the welfare system for over 60 years, including;
 - Introduction of Universal Credit from 2013: part of the Welfare Reform Act 2012 introduces a new single payment for people who are looking for work or on a low income;
 - Changes to Housing Benefit with the aims of bringing stability to the market and improving incentives to work
 - » Localism Act 2011: introducing flexible tenancies with changes to assured tenancies.

Specific Changes to Housing Benefit

Calculation of Local Housing Allowances

- 7.6 Local Housing Allowance (LHA) rates are now capped and set at the 30th percentile of local rents (previously the 50th percentile).
- 7.7 The change from using the 50th percentile to the 30th percentile for calculating Local Housing Allowance rates will have a significant impact on the Thames Gateway South Essex sub-region given the differences between 30th and 50th percentiles and the numbers on Housing Benefit in the PRS. Figure 57 shows the Local Housing Allowance rates for March 2011 (based on the 50th percentile) alongside the 30th percentile rents from April 2013.

Figure 57: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in Thames Gateway South Essex – March 2011 and April 2013 (Source: LHA Direct)

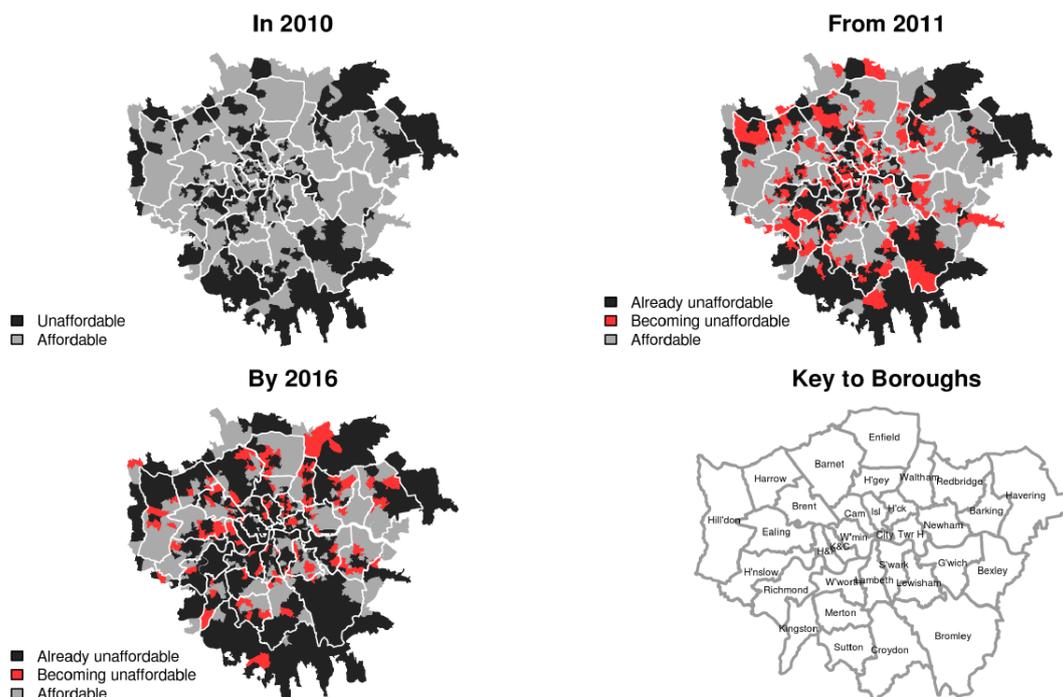
Weekly Rent	South West Essex BRMA				Southend-on-Sea BRMA			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
March 2011 LHA 50 th percentile	£126.92	£161.54	£196.15	£276.92	£115.38	£150.00	£190.38	£253.85
April 2013 LHA 30 th percentile	£126.92	£158.08	£184.62	£253.85	£114.23	£149.76	£184.62	£229.62

- 7.8 The potential for localised impact of LHA changes was considered in 'Housing Benefit Reform and the Spatial Segregation of Low-income Households in London' (Cambridge Centre for Housing and Planning Research 2012)(CCHPR) and found:
- » Changes to be introduced in 2011 will immediately reduce the proportion of London neighbourhoods affordable to LHA claimants from 75% to 51%. This falls further to 36% by 2016 as a result of the measures' longer-term effects.
 - » Most inner London boroughs are likely to become almost entirely unaffordable to low-income tenants on LHA by 2016. The large clusters of neighbourhoods in outer East, South and West London which our model finds to remain affordable in 2016 are likely to house increasing numbers of low-income tenants as a result of the reforms.
 - » The areas which remain affordable are characterised by high rates of multiple deprivation and unemployment among the existing population.
- 7.9 The study concluded that the reforms will intensify the spatial concentration of disadvantage in the city, and increase the segregation of poor and better-off households within London.
- 7.10 For the Thames Gateway South Essex Partnership, there may be possible consequence in terms of migrating households responding to this change in London. Thames Gateway South Essex has an in migrant relationship with certain London boroughs (see Chapter 6). The CCHPR report highlights those boroughs where London neighbourhoods will be largely unaffordable to LHA claimants in 2010, 2011 and 2016 (below): this includes the boroughs of Barking and Dagenham, Redbridge and Tower Hamlets where unaffordability was projected to increase. Given that Thames Gateway South Essex has significant in migration from these boroughs, and that these are likely to become less affordable to low income households, then there may be an impact on migration levels into Thames Gateway South Essex.

- 7.11 Further, a similar study may be useful for the Thames Gateway South Essex authorities to undertake to consider any further implications within the sub region itself.

Figure 58: Extract from ‘Housing Benefit Reform and the Spatial Segregation of Low-income Households in London’ (Cambridge Centre for Housing and Planning Research 2012)

Figure 2: Map of main estimate of London neighbourhoods that will be largely unaffordable to LHA claimants in 2010, 2011 and 2016



Source: Author's calculations as described above, based on 2-bedroom rents and LHA rates, rental inflation 3.5% per annum

Underoccupation

- 7.12 The Government estimates that nearly a third of working-age social housing tenants on Housing Benefit are living in accommodation which is too big for their needs. The Act includes provision for where social housing tenants of working age will have their benefit reduced for having spare room(s). In England, the policy is estimated to affect 660,000 households, who will lose £14 a week on average. £430 million of savings are forecast to result. The underoccupation change is also known as the 'bedroom tax'.

Example: a working age couple with two adult children occupy a 3 bed social rented property and receive Housing Benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive Housing Benefit for a 3 bedroom property but a 1 bed – they will either:

- » be required to pay the balance of rent from their own funds, or,
- » move to a small dwelling and continue to receive Housing Benefit covering the full rent

- 7.13 A Housing Futures Network Survey (The impact of cutting Housing Benefit on underoccupiers in social housing (2011)) suggested how social and assured tenants may respond to the changes:

- » c.25% were quite or very likely to downsize to smaller accommodation;
- » c.30% would be quite or very likely to move into work or increase their hours; and

- » c.10-15% would offer out their spare room to a lodger or a family member.

7.14 The response by Registered Providers to the ‘bedroom tax’ issue is still unfolding. Many RPs are considering how they should respond and the implications of the change for their tenants and responses vary:

- » most RPs are not planning to re-designate bedrooms to avoid the ‘bedroom tax’ but must have thought about it and some have already begun a process of surveying and reclassifying
 - (e.g. Knowsley Housing Trust)
- » some RPs are considering not collecting the underoccupation contribution that tenants are expected to pay bedroom tax’ and taking the ‘hit’ to their revenue stream

7.15 Overall, for PRS households, there are a range of possible implications which may mean a variety of individual responses (Note: the SHMA Report excludes the ethical implications of the change):

- » More households may downsize from family sized social rented dwellings into smaller units
- » Some larger properties may become available for overcrowded households with children
- » There may be or may not be a corresponding ‘balancing effect’, as larger homes and smaller homes are vacated
- » Adult children may subsidise their parents to allow them to remain in the larger family home

Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

7.16 Any single person aged 34 years or younger is entitled to only the Shared Accommodation Rate (SAR) LHA, rather than allowance for a self-contained dwelling. The SAR LHA will enable the single person only to pay for a room in a shared dwelling.

7.17 A major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will need to share accommodation for longer and, if the market responds as it has in other areas (eg London), more of the existing Thames Gateway South Essex housing stock seems likely to be converted into HMOs.

Non-dependants

7.18 Deductions for non-dependants are now uprated on the basis of prices, which could increase pressure for non-dependants to move out.

***Example:** a pensioner couple with two adult children occupy a 3 bed social rented property and receive Housing Benefit. Increased deductions for non-dependants now rise on the basis of prices, hence reducing the amount of Housing Benefit received by this household. If the adult children move out of the house, the couple will be allowed to remain in their dwelling because they are not working age and will receive more Housing Benefit.*

7.19 The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, meaning the rate of household formation could rise and pressures on advice and homelessness services increase.

Capping of Total Household Benefits at £500 per Week

- 7.20 The total level of benefit received by any household is to be capped at £500 per week for families, or £350 for childless single-adult households. The amount of Housing Benefit any household can receive will be assessed after any Jobseekers Allowance, Income Support, council tax benefit, child tax credit and child benefit have been deducted.
- 7.21 The Government's own impact assessment [Benefit Cap (Housing Benefit) Regulations 2012: Impact assessment for the benefit cap] estimates that 67,000 households will be affected by the cap in 2013-14, rising to 75,000 in 2014-15 (all tenures), including 90,000 adults and 220,000 children. Large families (those with three or more children) will be most affected, particularly if they live in high-rent areas of the UK. High rent areas predominantly include Greater London (54%) and the south-east (9%). Eighteen local authorities will see more than 1,000 families affected. Of these, 17 are in greater London.
- 7.22 The impact of the cap on Registered Providers and their tenants was considered in a NHF/Ipsos Mori Survey of Housing Associations in the East of England (2012). 59% of East of England RPs think increased difficulty in rent collection is likely following introduction of the cap. 26% say a change in allocations policy (eg to prioritize those affected by the cap for internal transfers) is also likely.
- 7.23 Given the relatively high rents in the PRS, it can be anticipated that the Benefit Cap will impact harder on PRS tenants. Arrears may increase and families with children in the PRS may be disproportionately more affected. One response may be to seek rentals where the cap will have a less deleterious impact on household benefit income, primarily in areas with lower rents. Given the historic migration patterns between London and Thames Gateway South Essex, it seems likely that some households will migrate into the area.

Potential Impact of Benefit Reform on the Private Rented Sector

- 7.24 Changes to the LHA may mean considerable changes in the supply of dwellings available for households who require financial support in the private rented sector. The changes will not likely reduce the number of households seeking affordable or subsidised housing – however, it may increase the demand on local authorities to meet these households housing need.
- 7.25 The ability of authorities to meet housing need is dependent upon many issues. For example, how will private landlords respond over time? Will they be less likely to accept those households in receipt of Housing Benefit at the new reduced levels? Possible scenarios include:
- » Market rent levels fall as landlords accept lower rent on their properties.
 - » If the new rent thresholds are too low then some landlords may simply not be willing to accept Housing Benefit dependent households.
 - » This in turn may see house prices and rents fall as more housing becomes available to buy or rent - more households may be able to meet their housing requirements in the open market.
- 7.26 However, if landlords are not prepared to accept households in receipt of Housing Benefit, where will these households have their housing needs addressed? Social housing has limited supply. Homelessness presentations may increase and overcrowding might rise. The percentage of disposable income paid to rent may rise in households seeking housing in the private sector.

Chapter 7 Summary

The potential impact of Benefit Reform on the Private Rented Sector is currently unknown; the content of the reforms seems likely to trigger a response in affected households.

Household Migration

Given that Thames Gateway South Essex has significant in migration from East London boroughs, and that these are likely to become less affordable to low income households, then there may be an impact on migration levels into Thames Gateway South Essex.

The Thames Gateway South Essex Partnership may also wish to undertake a study to consider the impact of Housing Benefit Reform on the spatial distribution of low-income households in Thames Gateway South Essex to consider any further implications within the sub region itself. The total number of Housing Benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.

Underoccupation

The Benefit changes on underoccupation could see more households downsize from family sized social rent dwellings into smaller units. In addition, some larger social rent properties may become available for overcrowded households with children. Alternatively, Adult children may subsidise their parents to allow them to remain in the larger family home.

Bedsit allowance

The Thames Gateway South Essex Partnership may wish to monitor the impact of Benefit changes for under 35s to see how the market responds. If any change is similar to other areas (eg London), more of the existing Thames Gateway South Essex housing stock seems likely to be converted into HMOs.

Benefit Cap

The change to maximum benefits allowable (or Benefit Cap) may see the migration of households to seek rentals where the cap will have a less deleterious impact on overall household benefit income, primarily in areas with lower rents. While this will include various areas, there are historic migration patterns between London and TGSE. It is, therefore, possible that some migrating households may move to Thames Gateway South Essex.

Landlord response

A further feature of responses to Benefit reform will be how PRS landlords respond. Where landlords do not accept the lower rents, more properties may return to 'pure' market housing and out of reach to households on Housing Benefit.

The loss of PRS stock may mean Local Authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs – numbers of homelessness presentations and overcrowding may also rise further.

8. Projecting Housing Requirements

Modelling the future need and demand for housing

- 8.1 Modelling future need and demand for housing requires a consideration of the future housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered. Further, it needs to be produced in a way that is consistent, strategic and robust.
- 8.2 The methodology for the TGSE SHMA meant that it does not calculate Objectively Assessed Need for Thames Gateway South Essex. This is set out in Chapter 2 Paragraph 2.6.
- 8.3 The National Planning Policy Framework contains a presumption in favour of sustainable development, and states that Local Plans should meet objectively assessed needs for market and affordable housing based on household and population projections that take account of migration and demographic change:

*At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*

Local planning authorities should positively seek opportunities to meet the development needs of their area.

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

National Planning Policy Framework (NPPF), paragraph 14

To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area.

National Planning Policy Framework (NPPF), paragraph 47

Local planning authorities ... should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.

The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change.

National Planning Policy Framework (NPPF), paragraph 159

Population and Household Projections

- 8.4 Draft Planning Policy Guidance published in August 2013 places emphasis on the role of CLG Household Projections as the appropriate starting point in determining objectively assessed need. However, the Guidance does allow for the use of sensitivity testing of CLG Household projection to ‘test’ whether these are appropriate, allowing for alternative assumptions to be used.

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections produced by the Department for Communities and Local Government are statistically robust and are based on nationally consistent assumptions.

CLG Practice Guidance (Draft) 2013, section 3

Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates.

Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

CLG Practice Guidance (Draft) 2013, section 3

- 8.5 Given this context, Figure 59 sets out the range of household projections that CLG has produced for the sub-region over the last three rounds of projections.

Figure 59: CLG Household Projections by Local Authority (Source: CLG Household Projections)

CLG Household Projections (Annual Average)		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
2006-based	10 years: 2006-16	800	300	300	700	800	2,900
	25 years: 2006-31	760	320	360	680	800	2,900
2008-based	10 years: 2006-16	1,100	300	500	800	1,200	3,900
	25 years: 2006-31	1,040	360	440	840	1,080	3,800
Interim 2011-based	10 years: 2011-21	630	320	320	570	910	2,700
	25 years: not published	-	-	-	-	-	-
Range (lowest to highest)		630-1,100	300-360	300-500	570-840	800-1,200	2,700-3,900
Average		870	320	380	720	960	3,200

(mean)						
Average (median)	800	320	360	700	910	2,900

- 8.6 It is clear that the projections have varied over time, with the projected increase in households across the sub-region ranging from 2,700 up to 3,900 additional households each year. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.
- 8.7 It is also important to recognise that the 2011-based projections are classed as “interim” given that they do not take full account of all the information that will become available from the 2011 Census; as a consequence these statistics only project forward over the 10-year period 2011-21. Further CLG household projections that take full account of the 2011 Census and project forward over the normal 25-year period are scheduled for release in October 2014, and it will be important for the TGSE authorities to consider this information when it is published.
- 8.8 Figure 60 provides a context for the CLG household projections, and shows the actual increase in household numbers over the 10-year periods 1991-2001 and 2001-2011 and compares CLG and Census.

Figure 60: Intercensal Household Growth by Local Authority (Source: Census of Population 1991, 2001 and 2011)

Household Growth (Annual Average)		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Intercensal trends	10 years: 1991-2001	700	250	330	360	940	2,600
	10 years: 2001-2011	350	120	160	370	390	1,400
CLG projections	Average (mean)	870	320	380	720	960	3,200

- 8.9 With the exception of Southend-on-Sea, growth in inter-censal household numbers over last 10 years was substantially lower than in the previous decade. However, the average growth of CLG projections is higher than both periods for all authorities. This is largely due to increased life expectancy (with fewer deaths projected each year over the next 15-20 year period) leading to higher natural growth in the population, whilst net migration is projected to continue in line with recent trends; however, it should be noted that some areas show a projected reduction in out-migration due to their ageing populations, which in turn leads to higher overall net migration position to these areas.

Local Projections

- 8.10 The local authorities across Essex have been working with the County Council and some of their neighbouring authorities (via the Essex Planning Officers Association - EPOA) to produce population and household projections for the future to 2031. The demographic forecasts and modelling analysis is being undertaken by Edge Analytics, and Phase 3 of the project produced projections on the basis of a range of different scenarios. These included:
- » Net nil migration scenario – based on in-migration levels constrained to match out-migration;
 - » Sub-National Population Projections scenario – based on ONS 2010 based 5-year demographic trends;
 - » Approved RSS scenario – based on policy-based dwelling allocations set out by the RSS; and

» Economic jobs-led scenario – based on employment projections and commuting patterns.

8.11 Figure 61 summarises the average annual household growth from each of these scenarios across the TGSE sub-region over the period 2011-31, and again compares with the average from CLG projections as a context.

Figure 61: EPOA Household Projections: Phase 3 (Source: Edge Analytics)

EPOA Projections: Phase 3 (Annual Average)		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Net nil migration (Natural growth)		550	40	90	470	620	1,800
SNPP 2010-R (Migration-led)		760	340	360	910	980	3,400
Approved RSS (Policy-led)		620	200	240	300	940	2,300
Economic (Employment-led)		670	440	390	650	1,090	3,200
<i>CLG projections</i>	<i>Average (mean)</i>	870	320	380	720	960	3,200

8.12 Across the sub-region, it is apparent that the SNPP 2010-R (migration-led) scenario and the economic (employment-led) scenario are both broadly in line with the average from CLG; although there are some variations across individual local authorities. When considering overall housing requirements, it should be noted that there are merits and challenges associated with each scenario approach adopted for the local projections.

Figure 62: Positive and Negative considerations associated with the scenarios from the local projections

Scenario	Positive	Negative
Net nil migration	Provides useful baseline position	NPPF explicitly identifies that migration must be considered when establishing future housing requirements Not compliant with NPPF 2012 Difficult to defend at Inquiry
SNPP	Projects requirements based on recent trends without Policy constraints such as strategic land allocation or employment growth	Migration trends vary from year to year therefore projections are sensitive to base period
RSS	Constrained by strategic policy decisions on where growth 'should' be Considers broad range of factors including land availability, environmental and infrastructure capacity, achieving balance between jobs and homes	Constrained by strategic policy decisions on where growth 'should' be Policy not necessarily aligned with migration, population and household forecasts
Employment led	Recognises link between housing and employment Produces requirements including projected jobs growth	Economic modelling of jobs at local authority level dependent on assumptions used; small changes in assumptions can influence outputs considerably Uncertainties about commuting ratios: new job creation and population growth may not align Assumes link between economic growth and

jobs growth

8.13 The original Project Brief for the Thames Gateway South Essex SHMA stated:

‘When reviewing population and household projections, consultants should base this on the Essex Planning Officer Association’s population and household projections for districts and unitary authorities in South Essex in order to ensure there is consistency, which are based on seven scenarios in Phase 2 and further scenarios in Phases 3 and 4 of the project. When considering the scenarios it should be noted that local demographic conditions and the scenario assumptions mean that the scenario results are not ordered in the same way for each authority;

8.14 Nevertheless, following on from the 2011 Census, a range of additional data has been published during the course of the SHMA which has superseded some of the data that informed the projections in Phase 3 of the project; Phase 4 projections are not yet available. Given this context, Basildon and Castle Point commissioned further projections from Edge Analytics and Rochford and Southend-on-Sea commissioned ORS to produce household projections for their areas. As the underlying data about migration flows for Thurrock did not change significantly, they have continued to rely on the Phase 3 projections for the moment.

8.15 The additional analysis undertaken has been reported and published separately, but all studies have prepared baseline projections based on long-term migration. For Basildon, Castle Point and Rochford, 10-year trends have been adopted; while 20-year trends were adopted for Southend-on-Sea, due to concerns about the 2001 Census population estimates for that area. The first three areas also presented household projections that used 2011-based and 2008-based headship rates published by CLG; but again due to concerns about the influence of possible inaccuracies in the 2001 Census, Southend-on-Sea only presents projections derived from the 2011-based rates.

8.16 Figure 63 summarises the average annual household growth from these updated projections across the TGSE sub-region over the period to 2031, and again compares with the average from the CLG projections as a context. The data presented for Thurrock is taken from the SNPP 2010-R scenario from the Phase 3 EPOA projections, which was based on 5-year migration trends and uses the 2008-based headship rates.

Figure 63: Updated Household Projections (Source: Edge Analytics, ORS)

Updated Projections (Annual Average)		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Migration-led based on longer-term trend	2011-based headship	530	100	200	650	-	-
	2008-based headship	640	160	260	-	980	-
	Average (mean)	590	130	230	650	980	2,600
CLG projections	Average (mean)	870	320	380	720	960	3,200
	Range (low to high)	630-1,100	300-360	300-500	570-840	800-1,200	2,700-3,900

8.17 The migration-led household projections (typically based on longer-term 10- or 20-year trends) suggest that the increase in household numbers is likely to be lower than the CLG average, and whilst it is broadly in line

with the low end of the CLG range across the sub-region as a whole, these figures fall outside the range in some areas.

- 8.18 Household projections are not forecasts of numbers of dwellings or houses. Instead they provide an indication of future demand for housing based on recent trends and can be used for informing housing planning functions e.g. Local Authority Development Plans and Housing Strategies. They can also be used to estimate future need for services (for example – health and utilities).
- 8.19 However, a key issue in household projection is that they can be circular in their logic. Areas which have historically experienced high levels of development are likely to have also attracted many in-migrants, which leads to future projections identifying these areas as also having high levels of future growth. The converse also applies to areas with little recent development, where low levels of population and household growth are projected into the future.
- 8.20 It is also important to note that trend-based projections typically do not take account of other constraints (such as land-supply); therefore it is also important to consider policy-based scenarios that can take account of such wider issues.
- 8.21 Figure 64 shows the annual rate of dwelling completions over the last 10 years for each authority, and also shows the average annual rate of completions sustained over continuous 5-year periods.

Figure 64: Annual dwelling completions 2001-11 (Source: Annual Monitoring Reports)

		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Annual Net Completions	2001-02	220	170	130	350	910	1,800
	2002-03	280	170	170	380	960	2,000
	2003-04	110	160	200	310	480	1,300
	2004-05	140	290	60	480	1,170	2,100
	2005-06	470	220	260	610	740	2,300
	2006-07	180	120	450	440	410	1,600
	2007-08	320	110	170	230	160	1,000
	2008-09	480	110	100	320	130	1,100
	2009-10	470	120	90	140	90	900
	2010-11	170	110	40	180	290	800
Total	2001-11	2,800	1,600	1,700	3,500	5,300	14,800
Annual Net Completions :averages for 5-yr periods	2001-06	240	200	160	430	850	1,900
	2002-07	240	190	230	450	750	1,800
	2003-08	240	180	230	420	590	1,700
	2004-09	320	170	210	420	520	1,600
	2005-10	380	130	210	350	310	1,400
	2006-11	320	110	170	260	220	1,100
10-yr average	2001-11	280	160	170	350	530	1,500
Peak rate based on single year		480	290	450	610	1,170	3,000
Peak sustained rate based on 5-year period		380	200	230	450	850	2,100
<i>Migration-led</i>	<i>Average</i>	590	130	230	650	980	2,600

projections	(mean)						
CLG projections	Average (mean)	870	320	380	720	960	3,200

- 8.22 Over the last decade, it is apparent that the number of new dwellings delivered in some areas has fallen short of the projected additional households on both the migration-led and CLG projections; so it may be challenging to deliver new housing at the rates that the household projections suggest would be required in these areas in a sustained way over longer-term planning periods. It will therefore be necessary to consider whether the market would be able to respond to higher housing targets.

Housing and Employment

- 8.23 In considering key housing market drivers, the relationships that exist between housing and households, households and people, and people and jobs are the most important factors for determining future housing requirements – and any changes to the future number of jobs and the future number of people will inherently impact on the future number of households and thereby the future number of homes required. Accordingly, it will be important to actively monitor population trends to ensure that the future housing requirements remain appropriate or are reviewed as required.
- 8.24 Projecting future jobs growth is a difficult task, especially in areas where much of the employed population commutes to work in other local authority areas. The Phase 3 EPOA projections included an economic (employment-led) scenario based on outputs from the Spring 2012 East of England Forecasting Model (EEFM) and the additional work undertaken more recently by Basildon and Castle Point considered more recent EEFM outputs from 2013 alongside alternative data from Experian. Nevertheless, given the volatility associated with such forecasts, ORS would not normally recommend these figures as an appropriate basis for projecting housing requirements at a local authority level.
- 8.25 Figure 65 shows the projections of employment growth over numerous updates of the EEFM model alongside recent Experian data. Whilst the wider economic circumstances have clearly fluctuated over this period, it is evident that the local level estimates are very sensitive and subject to a wide range – so to adopt the outputs from a single scenario as the basis for developing local housing requirements is unlikely to provide a robust basis for future planning.

Figure 65: Comparison of employment growth 2011-31 between EEFM and Experian updates (Source: EEFM, Experian)

		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
EEFM	Autumn 2007	-3,600	+4,000	+9,400	+4,100	+17,300	+31,200
	Autumn 2008	+14,600	+5,900	+2,200	+16,400	+19,500	+58,600
	Spring 2009	+9,500	+3,100	+1,500	+10,300	+13,300	+37,700
	Autumn 2009	+11,400	+3,500	+2,500	+10,800	+13,600	+41,800
	Spring 2010	+4,100	+1,300	+1,700	+6,400	+9,900	+23,400
	Autumn 2010	+4,200	+600	+1,000	+3,300	+6,700	+15,800
	Spring 2012	-300	+2,000	+3,400	+3,800	+29,700	+38,600
	Spring 2013	+6,600	+400	+1,600	+7,600	+19,300	+35,500
	Average (mean)	+7,000	+2,800	+2,800	+8,200	+15,100	+35,800
	Range (low-high)	-3,600 to +14,600	+400 to +5,900	+1,000 to +9,400	+3,300 to +16,400	+6,700 to +29,700	+15,800 to +58,600

Experian	May 2013	+13,200	+3,500	+2,400	+9,700	+11,900	+40,700
	Sept 2013	+10,400	+3,200	+2,200	+9,100	+9,900	+34,800

8.26 Nevertheless, as previously noted the relationships between jobs and people, and people and households are very important when considering future housing requirements. On this basis, Figure 66 shows the projected change in population arising from the longer-term migration-led projections across broad age groups (taking account of the current planned changes for retirement age) and compares this with the average employment growth from the EEFM scenarios, presented as a ratio. Whilst this is a crude measure, it provides a helpful context as to whether or not there is likely to be a significant mis-match between the population arising from the migration-led demographic projections and the employment growth that is being typically projected for the area; and the current ratio is also provided as a context.

Figure 66: Projected population growth by broad age group and projected increase in jobs (Source: Edge Analytics, ORS, EEFM and Census 2011)

Population Projection (annual average)		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Migration-led based on longer-term trend	Aged under 16	+80	-50	+60	+370	+340	+800
	Aged 16 to retirement	+630	-80	+240	+970	+1,470	+3,200
	Retirement age or over	+240	+160	+130	+230	+210	+1,000
EEFM	20-year average	+7,000	+2,800	+2,800	+8,200	+15,100	+35,800
	Equivalent annual rate	+350	+140	+140	+410	+760	+1,800
Ratio of increase in working age population to increase in jobs		1.8	-0.5	1.7	2.4	1.9	1.8
Current employment	Working age population	105,900	50,400	48,400	104,500	99,000	408,200
	Total jobs	83,300	25,600	26,800	72,600	64,400	272,800
	Current ratio	1.3	2.0	1.8	1.4	1.5	1.5

8.27 The consequence of the migration-led projections in relation to employment can therefore be summarised as follows:

- » **Basildon:** the growth in economically active aged population is 1.8 times the average growth in jobs, compared to current position where the population is 1.3 times the number of jobs;
- » **Castle Point:** the economically active aged population is projected to reduce, with 80 fewer working aged people despite an average projection for 140 additional jobs each year; so it is likely that a higher level of household growth would be required to support the projected economic growth, unless the jobs created encouraged working aged people currently commuting out of the borough to work locally;
- » **Rochford:** the growth in economically active aged population is 1.7 times the average growth in jobs, compared to current position where the population 1.8 times the number of jobs; so it may be necessary to adopt a marginally higher level of household growth to support the projected jobs;

- » **Southend-on-Sea:** the growth in economically active aged population is 2.4 times the average growth in jobs, compared to current position where the population 1.4 times the number of jobs; so it may be possible to adopt a lower level of household growth (more in line with dwelling completion rates) without necessarily compromising the projected jobs;
- » **Thurrock:** the growth in economically active aged population is 1.8 times the average growth in jobs, compared to current position where the population 1.5 times the number of jobs.

8.28 The migration-led scenarios would appear to provide an appropriate basis for future employment requirements in Basildon, Rochford and Thurrock; however it is likely that a higher level of household growth will be required in Castle Point and there may be prospect of a lower level in Southend-on-Sea.

Modelling Future Housing Requirements

8.29 In modelling future housing requirements, ORS' analysis takes full account of the range of household projections and other associated data. On the basis of the earlier discussion, we have typically adopted the long-term migration trend scenarios for household projections; but adjusted the overall dwelling requirement in line with the peak sustained rate of net housing completions in Castle Point (increasing the annual housing requirement to 200 dwellings). For other areas, an appropriate vacancy rate has been assumed to convert from household to dwelling numbers.

8.30 The total housing requirements therefore identified as constraints for the ORS Housing Mix Model on the basis of the household projection scenarios is detailed in Figure 67.

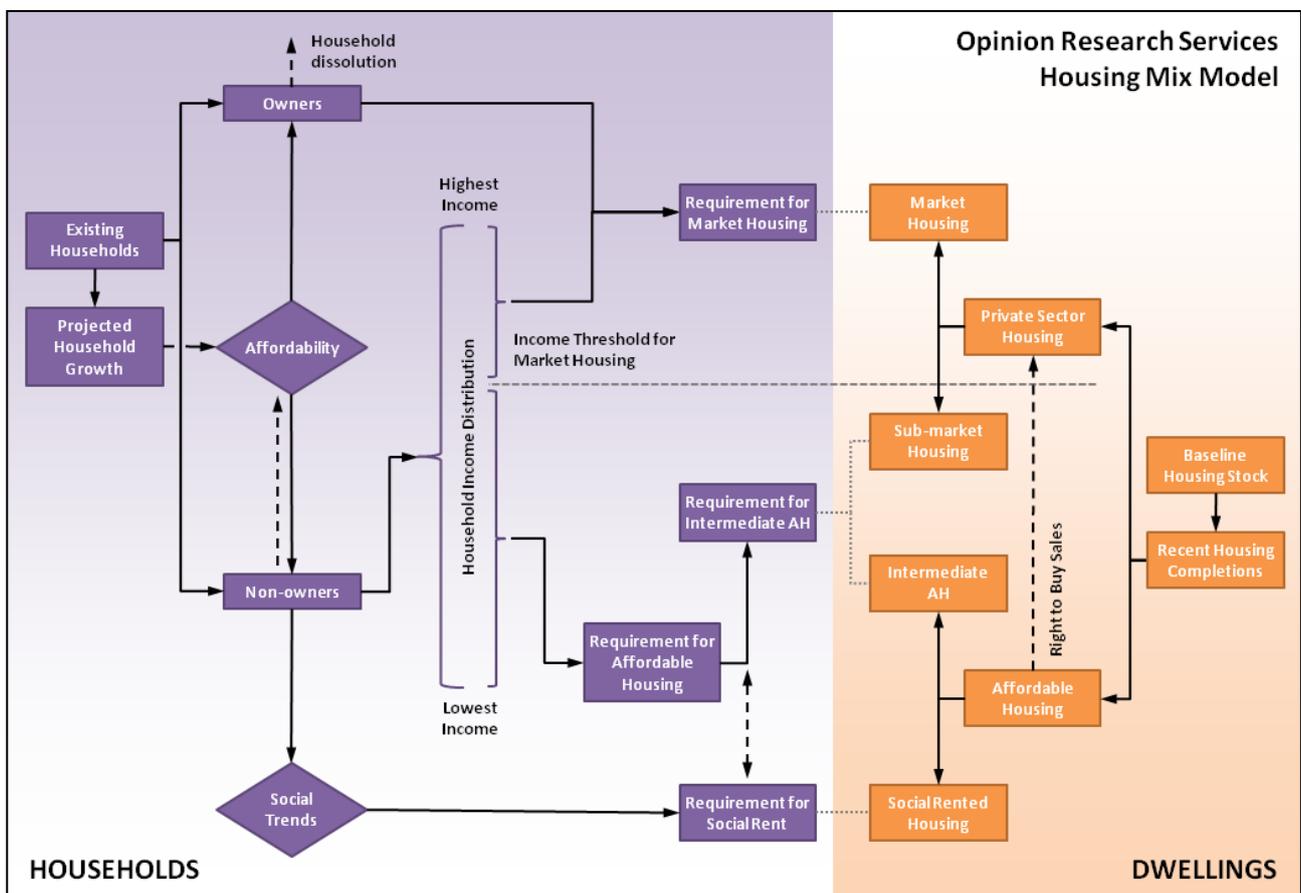
Figure 67: Total Housing Requirement for Thames Gateway South Essex 2011-31 (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding)

Local Authority	Projected household growth		Housing requirement	
	20-year total	Annual average	20-year total	Annual average
Basildon	11,700	590	11,900	600
Castle Point	2,500	130	4,000	200
Rochford	4,600	230	4,800	240
Southend-on-Sea	13,100	650	13,900	690
Thurrock	19,600	980	20,600	1,030
TOTAL	51,600	2,600	55,200	2,800

Modelling Housing Mix

- 8.31 The ORS Housing Mix Model considers both housing need and overall housing requirements on a longer-term basis, providing robust and credible evidence about the required mix of housing over the full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.
- 8.32 The model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. These secondary data sources are readily updateable as new information is published, and a range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 8.33 Figure 68 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the model interact.
- » The left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements;
 - » The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.

Figure 68: Detailed Overview of the ORS Housing Mix Model



8.34 The Housing Mix Model considers the projected household population alongside the existing dwelling stock in order to establish the necessary balance between Market Housing and Affordable Housing in relation to the additional dwellings to be provided, and within the Affordable Housing dwelling provision the appropriate role of Intermediate Affordable Housing and Social Rented Housing.

Core Modelling Assumptions

8.35 This section is explicit about the assumptions which underlie the model. For the results presented, the following assumptions are contained within the model:

- » Mortgage multiplier used is 3.5, so households are able to borrow up to 3.5 times their household income. This figure is based on recommendation in the SHMA Practice Guidance;
- » Households can spend up to 25% of their income for rent in accordance with CLG Practice Guidance recommendations;
- » The annual rental yield for private rented dwellings is 6.5%. This is the rate of return on private rented dwellings so a property valued at £100,000 is assumed to yield a rent of £6,500 per annum. There are no official statistical sources for rental yields, so the figure used in the model is taken from the Paragon Private Rented Sector Survey Q4 2011. This is a survey of 500 buy to let landlords who are also members of the National Landlords Association;
- » House prices are set as a baseline rate of their July 2011 to June 2012 levels;
- » A vacancy rate on households to dwellings of 3.8%. Therefore, at any point in time 3.8% of dwellings will be vacant including new build dwellings;
- » It is assumed that any right to buy/right to acquire sales since 2001 are required to be replaced within the model by additional new build of social rented dwellings. This is due to right to buy/right to acquire sales representing a loss of a social rented dwelling without any reduction in the number of households seeking social rent, so each sale requires a new build to replace it. Projected right to buy/right to acquire sales are based upon the average number of sales since 2008;
- » The requirements assume a site delivery threshold of zero, so all sites yield affordable housing. If some sites do not deliver affordable housing, remaining sites will be required to absorb the remaining requirements;
- » The number of households receiving Housing Benefit in the private rented sector is assumed to remain at November 2011 levels. This assumption is sensitivity tested in the model;
- » Intermediate affordable housing is housing whose cost is above target social rents, but below the cost of market housing (rent or owner occupier). Therefore, intermediate affordable housing must be cheaper than the cost of renting a dwelling at the lower quartile of private rents;
- » The period for results is 2011-2031; and
- » All figures are rounded to the nearest 100.

Future Housing Requirements and Mix for Thames Gateway South Essex

8.36 Figure 69 shows how the model results vary for each Local Authority in terms of housing mix given each of the household projection scenarios. Those local authorities with the highest level of growth tend to have the lowest proportions of affordable housing, as proportionately more of their requirement comes from migrant households more likely to afford market housing.

Figure 69: Tenure Mix of Housing Requirement for Thames Gateway South Essex 2011-31 by Local Authority (Note: The “Social” category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for Housing Benefit support. All figures rounded to the nearest 100. Figures may not sum due to rounding)

		Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
20-year housing requirement	Market housing	7,600	1,100	2,300	6,900	13,200	31,100
	Intermediate housing	1,400	2,300	2,000	5,000	2,500	13,100
	Social housing	2,900	600	500	2,000	4,900	10,800
	Overall requirement	11,900	4,000	4,800	13,900	20,600	55,200
Affordable housing	20-year total	4,300	2,900	2,500	7,000	7,400	23,900
	Annual average	220	150	130	350	370	1,200
	% of overall requirement	36%	73%	52%	50%	36%	43%

8.37 It is important to emphasise on what these figures are based:

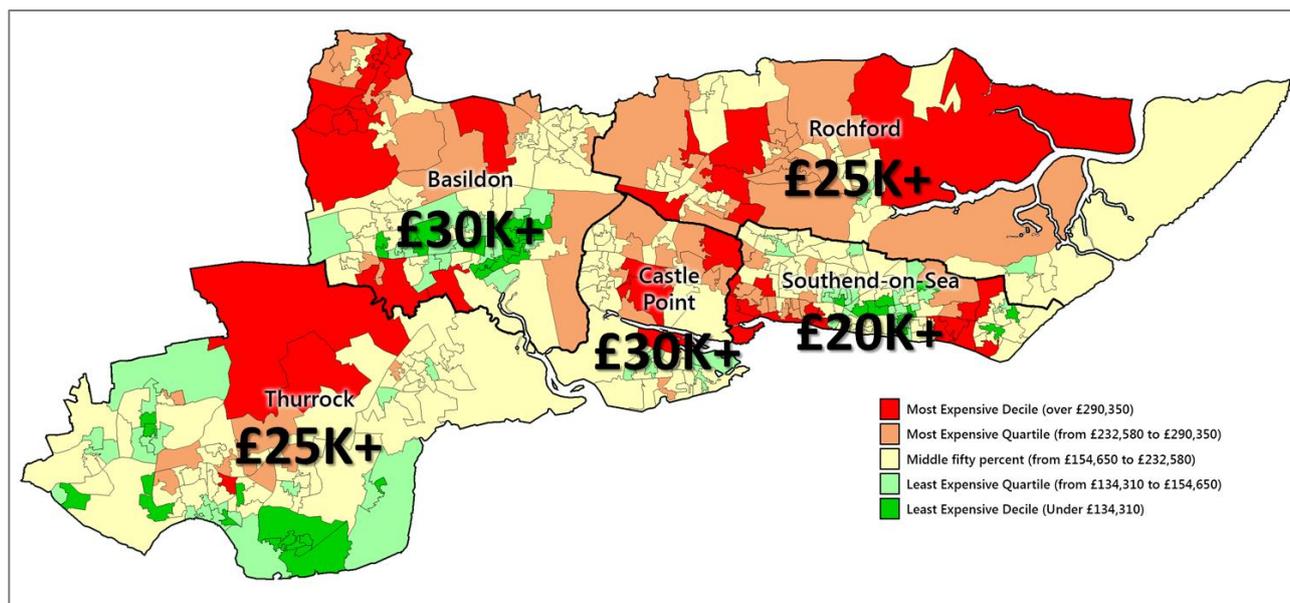
- » Purely upon the affordability of households, not their preferences or the affordable housing allocation policies of the Thames Gateway South Essex authorities;
- » Include past and future right to buy sales as needing to be replaced in the social housing stock;
- » Existing rates of Housing Benefit support in the private rented sector continues to provide support for households that would otherwise need social rent;
- » The future supply of intermediate housing includes the lower quartile of the private rented sector.

8.38 It is also worth noting that the different scenarios are based on different demographic trends, with some scenarios constraining recent trends using either higher or lower rates of population change. Of course, each Local Authority will choose the most appropriate household projection scenario for their local area. This will impact on the overall amount of housing to be provided and the most appropriate housing mix – however the following tables provide a context for understanding how different factors affect the results.

Market Housing Affordability Thresholds

8.39 It is worth noting that as house prices and rents vary according to location, the income required for market housing also differs across the sub-region (Figure 70). The incomes required to either buy the least expensive quartile properties or rent at rents above the least expensive quartile (without Housing Benefit or any other financial support) are between, on average, £20,000+ (Southend on Sea) and £30,000 (Basildon and Castle Point).

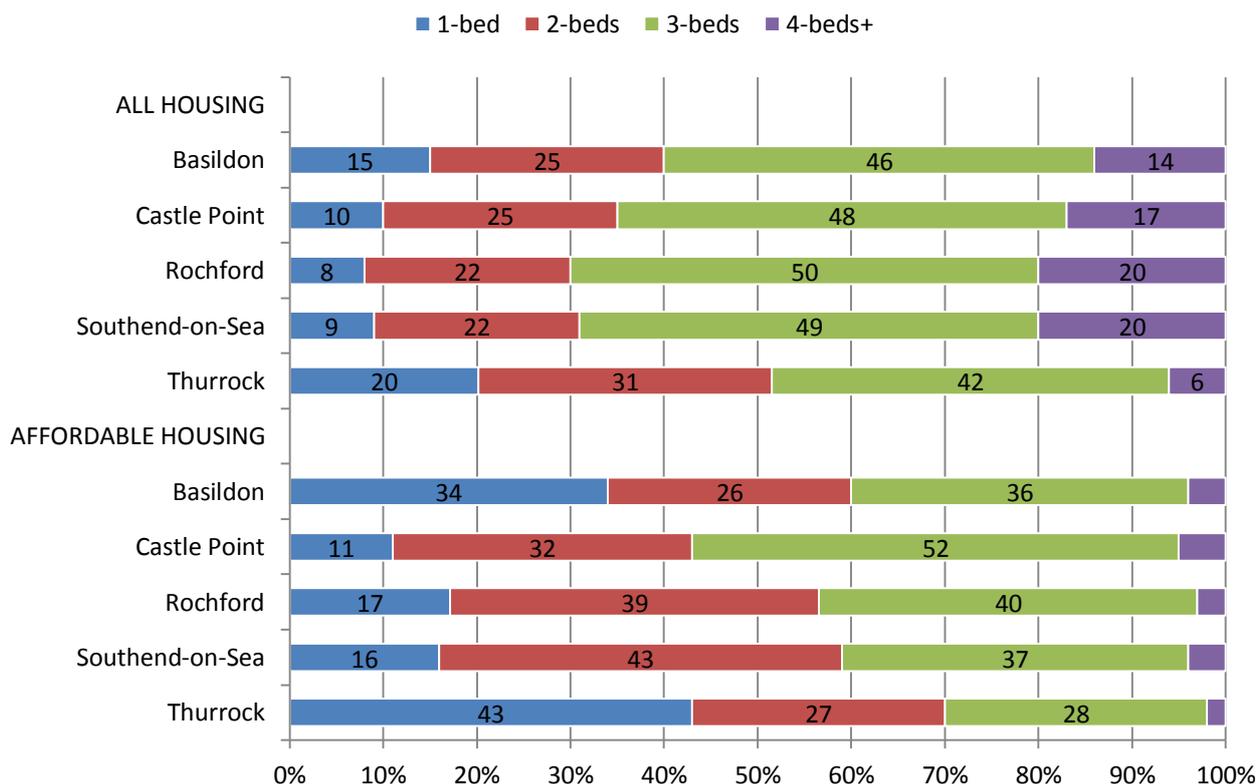
Figure 70: Relative House Prices and Income Thresholds for Market Housing to Buy or to Rent (Source: ORS Housing Model)



Estimate of the Size of Housing Required

8.40 The model also estimated the size mix for all tenures. For simplicity, outputs are produced for the Sub-National Population Projection scenario only, where general distribution within tenures is typical. Figure 71 shows the size mix in terms of the number of bedrooms for all housing and specifically for the affordable housing requirement.

Figure 71: Size Mix of Housing Requirement for Thames Gateway South Essex 2011-31 (Source: ORS Housing Model based on SNPP scenario. Note: Figures may not sum due to rounding)



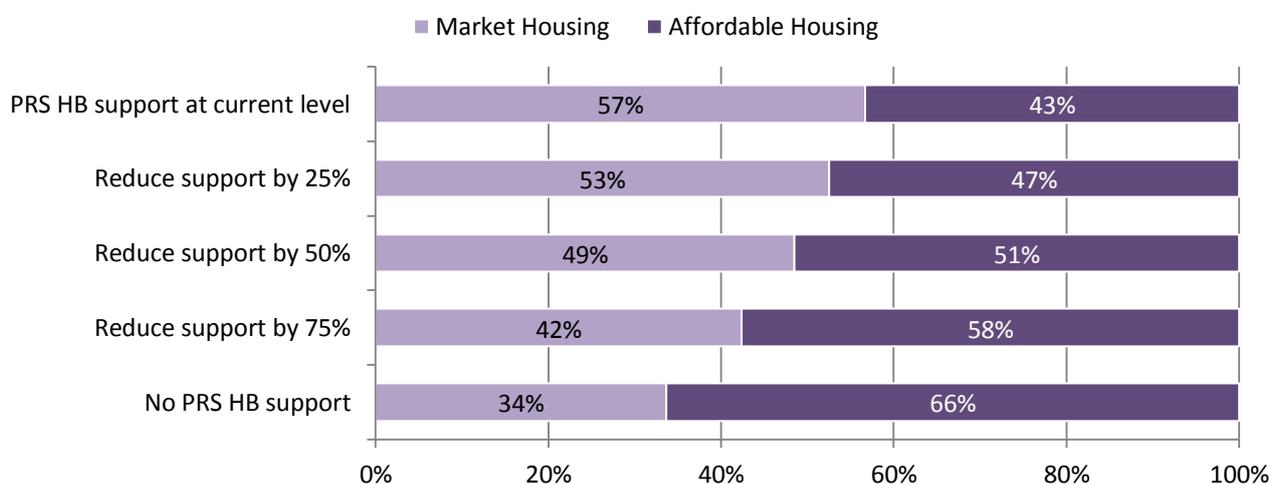
Scenario Testing

Housing Benefit in the Private Rented Sector

8.41 The model results previously outlined assume that Housing Benefit in the private rented sector is held at its current levels to 2031.

8.42 As outlined earlier in this report, the Housing Benefit supported private rented sector has grown substantially in recent years and it plays a key role in meeting housing need in the area. Figure 72 shows the impact of different assumptions around Housing Benefit claimants in the private rented sector. Any attempt to reduce the number of Housing Benefit claimants in the private rented sector would require a significant increase in affordable housing.

Figure 72: Scenario Testing Different Levels of Reductions in Housing Benefit Claimants in the Private Rented Sector in the Thames Gateway South Essex housing market area (Source: ORS Housing Model)



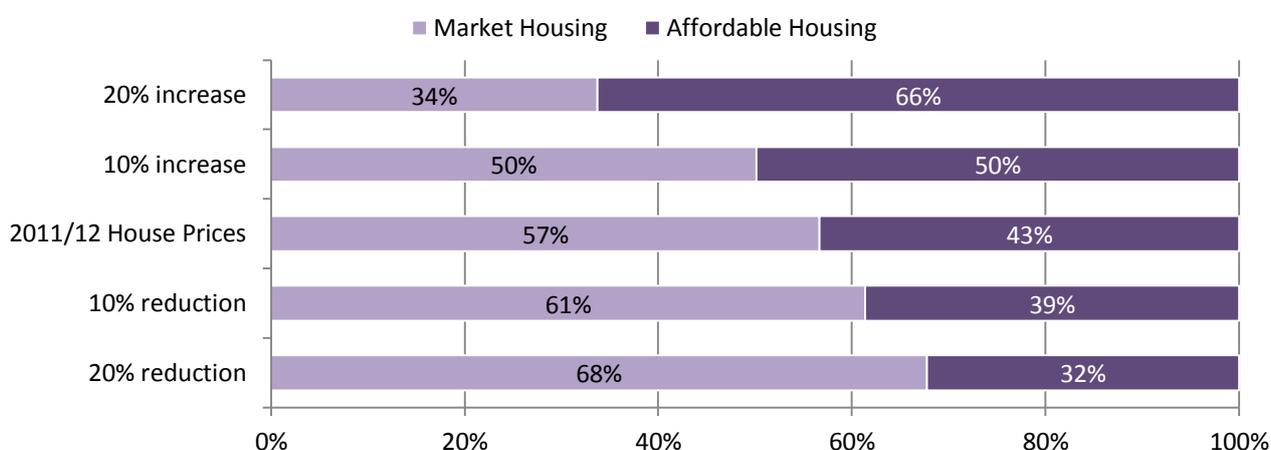
8.43 Again, it is important to be clear as to the meaning of the finding outlined above. The ORS Housing Model is projecting a high affordable housing requirement to help prevent further growth in households receiving Housing Benefit in the private rented sector. However, this requirement is unlikely to be delivered and therefore the model is projecting further rises in the number of households in the private rented sector who receive Housing Benefit.

8.44 One implication of this would be that larger amounts of the private sector stock will need to become part of the private rented sector to allow sufficient stock to be available to meet this need. This rise is likely to occur across all household types, but in particular the changes in LHA allowances are likely to see a greater demand for shared accommodation from single persons under 35 years so there is likely to be a growing demand for HMO accommodation in each authority. However, the reforms to LHA are likely to make landlords less willing to bring forward dwellings for households receiving Housing Benefit in the private rented sector. Therefore, it may be difficult to meet the housing needs arising in the private rented sector.

House Prices

- 8.45 When considering the required housing mix on the basis of 2011/12 house price levels, the model identifies that the affordable housing requirement is 43% of the total requirement.
- 8.46 It is important to note that this scenario is based on 2011/12 house prices. Practice Guidance recommends that partnerships consider affordability trends, to understand how changes in affordability might affect the future housing mix – for, as house prices fall or rise, dwellings in the private sector will become more or less affordable to households without equity, so the need for intermediate affordable housing will change.
- 8.47 Figure 73 shows the housing mix given a range of differing house price scenarios.

Figure 73: Scenario Testing of Overall Housing Requirement 2011-31 for House Price Changes (Source: ORS Housing Model)



- 8.48 This clearly identifies that the required housing mix is sensitive to house prices changes – but even with a 20% reduction in house prices relative to incomes, there would still be a need for 32% of all housing to be provided as affordable housing. Conversely, whilst a 10% increase in house prices would increase the affordable housing proportion from 43% to 50%, a 20% increase would have a far more significant impact – increasing the affordable housing proportion to almost two-thirds.

Chapter 8 Summary

Future housing requirements and the affordable housing target

Summary of Housing Requirement for Thames Gateway South Essex 2011-31 by Local Authority (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding)

	Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Overall requirement	11,900	4,000	4,800	13,900	20,600	55,200
Annual average requirement	600	200	240	690	1,030	2,800
Affordable housing as % of overall requirement	36%	73%	52%	50%	36%	43%

Housing requirements highlight the significant need for additional housing across the sub-region as a consequence of population and household growth, and also the significant need for additional affordable housing. Without sufficient affordable housing, there will be continued pressure on the private rented sector and associated need for additional Housing Benefit support for households otherwise unable to afford local housing costs.

9. New Specialist Housing Requirements for Older People

Introduction

- ^{9.1} The UK faces a significant challenge as people live longer. ‘Living Well At Home - 2011’ (All Party Parliamentary Group on Housing and Care For Older People) identified the challenge posed by the UK’s ageing population: the older population will grow from 10.1m to 16.7m by 2036 for the over 65s, and from 1.3m to 3.3m by 2033 for the over 85s. Already over half of NHS spending is on people over 65.
- ^{9.2} Both Health and Adult Social Care services are currently undergoing significant reform. The Health & Social Care Act 2012 has initiated Health reforms which ‘go live’ from April 2012 with the establishment of Adult Health and Well Being Boards and Clinical Commissioning Groups. A draft Care and Support Bill 2012 (covering Adult Social Care) is currently before Parliament. Reforms are underpinned by a principle of sustaining people at home for as long as possible, thereby avoiding expensive hospital and care home services.
- ^{9.3} The housing requirements of older people differ from other household groups. Older people are not a homogenous group, and have changing needs as they pass through the various stages of ageing. Older people are mostly already housed, and the issue for them is more the suitability of their present accommodation, rather than moving home. Older people tend to choose to move either as part of a retirement plan (e.g. out-migration to a seaside area) or when ill health makes it unavoidable. For policy makers, a key focus is on those who are frail or suffer long term limiting illness.
- ^{9.4} Population projections show that the population in Thames Gateway South Essex is likely to become older in the period up to 2031 (Chapter 3). In particular, the number of people aged 65 years and above is expected to grow considerably. Of course, many of these people will already be resident in the area – the existing population is simply getting older.
- ^{9.5} Given the projected growth of the older population in Thames Gateway South Essex, an increase in support needs for older people may seem likely. However, caution should be taken in view of the reasons for the growth in older population; this is often driven by better health plus associated improvements in life expectancy. Therefore, the relative health of older people in 2001 is unlikely to be representative of people of the same age by 2031.

Joint Strategic Needs Assessments

- ^{9.6} In 2006, the Department of Health White Paper ‘*Our health, our care, our say*’ identified the need for Directors of Public Health to work with Directors of Adult Social Services and Children’s Services to jointly undertake regular strategic needs assessments of the health and well-being status of their population.

- 9.7 The concept of a Joint Strategic Needs Assessment (JSNA) was further expanded in the ‘*Commissioning Framework for Health and Wellbeing*’, which was published in March 2007 and includes a requirement to consider the housing needs of older people.
- 9.8 The publication of the Local Government and Public Involvement in Health Act (2007) subsequently placed a statutory duty on upper-tier local authorities and PCTs to produce a JSNA, with effect from 1st April 2008. Guidance on producing a JSNA was contained in *Guidance on Joint Strategic Needs Assessment (2007)*.
- 9.9 In response to this requirement, Essex has produced two documents:
- » Essex, Southend-on-Sea and Thurrock Joint Strategic Needs Assessment 2008
 - » Essex County Council Adult Social Care Market Position Statement 2012
- 9.10 The Essex approach identifies a continuing need for specialist accommodation for older people. It aims to describe current and potential future demand and supply; the funding that the commissioning authority has available; potential demand from people funding their own services; and begins to describe how commissioners would like to work with the social care market going forward. Further updates regarding housing requirements are proposed to be carried out as individual pieces of work rather than a new JSNA.
- 9.11 In terms of Older People’s Housing Requirements, the Position Statement (2012) contains information relevant to the Thames Gateway South Essex SHMA.

Extract- Essex County Council Adult Social Care Market Position Statement 2012

Increase the use of extra care housing and other alternatives to registered care by working jointly with Housing Authorities and the housing market – Research indicates that Extra Care housing can delay or prevent the need for more intensive forms of support. Essex currently has a deficit of Extra Care provision. Estimates suggest that there is a shortfall of 2,627 Extra Care places in Essex with Tendring, Basildon, Chelmsford and Castle Point having the largest undersupply of Extra Care places.

Extract- Essex County Council Adult Social Care Market Position Statement 2012

Reducing the contracted use of residential care for physically frail older people whilst ensuring that good quality registered care is available for those people who need it – The numbers of older people supported by Essex in registered care has remained fairly static since 2006 despite increased demographic pressures. This is mirrored nationally with little change in the number of care home places since 2004. However this masks the changes in the needs of people entering registered care, with people being admitted later in life and staying for shorter periods. As a result we do not believe that we need more residential care, but we may need to consider the models of registered care that are provided, and the distribution of residential care across the county. Whilst responsibility for planning sits with the District and Borough Councils, we are consulted on planning applications for new registered care homes. We are unlikely to support planning applications for registered care homes in areas where we believe there is an already an oversupply unless the application is to remodel existing provision to make it more fit for purpose, or the proposed development will better meet specific unmet needs within the area. More detail about current supply can be found in the next section. As part of our on-going engagement with the market we would welcome discussions with providers about their ideas for potential developments so we can give an early indication about whether we are likely to support an application and hence avoid unnecessary costs to providers at a later stage. We would also welcome conversations about developing alternatives to registered care.

National Planning and Policy Framework 2012

^{9.12} The National Planning and Policy Framework Paragraph 159 says ‘the Local planning authorities should have a clear understanding of housing needs in their area’ and that this need for ‘all types of housing’ should include ‘Older People’.

^{9.13} In addition, the Framework contains a useful definition of older people in its glossary:

‘People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs’.

National Housing Strategy

^{9.14} In ‘Laying the Foundations – A Housing Strategy for England’ (2011), local authorities are encouraged to make provision for a wide range of housing types across all tenures, including accessible and adaptable general-needs retirement housing, and specialised housing options including sheltered and Extra Care Housing.

^{9.15} The advantages of providing specialist housing provision for older people are usually highlighted in terms of:

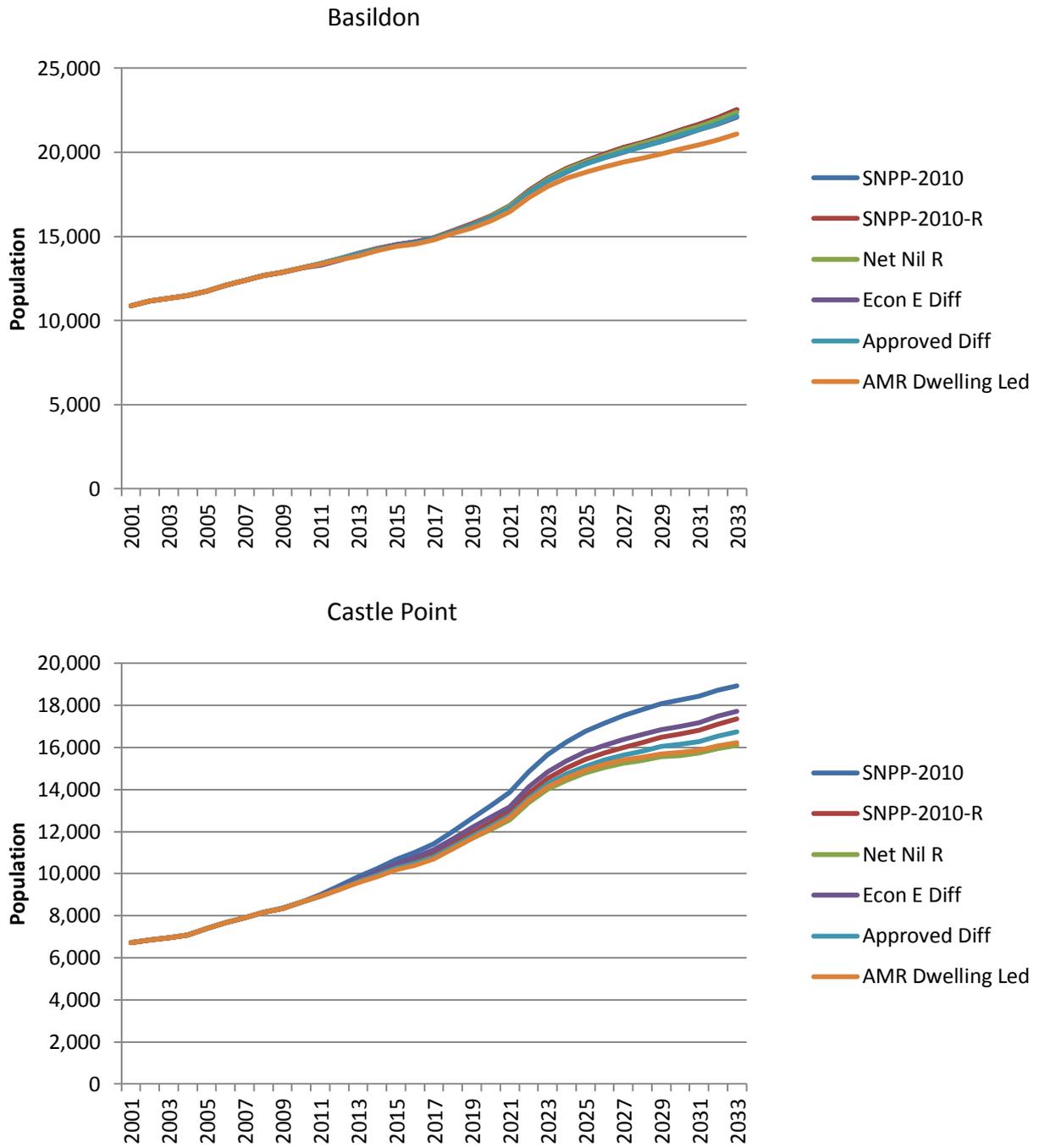
- » **Financial benefits of specialist accommodation for other services:** for example, research into the financial benefits of the Supporting People programme (Capgemini for CLG: 2009) showed that £258.7 million spent on housing-related support in sheltered housing for older people produced £1.1 billion of benefits, including savings in social care and health.
- » **Specialist accommodation releasing general housing:** for example, HAPPI2 (Housing our Ageing Population; Plan for Implementation – 2012) identified how developing more retirement housing could reduce underoccupancy and make more family homes available for younger people. Further, more retirement housing might mitigate the impact of the government’s bedroom tax, which will impact on people living in homes considered too large for their needs.

^{9.16} Interviews with Thames Gateway South Essex stakeholders indicate considerable interest in the specialist older peoples market and that investment funds for these are available. Schemes with a full range of provision from private sale through to hospice units are likely to be more viable in the current market.

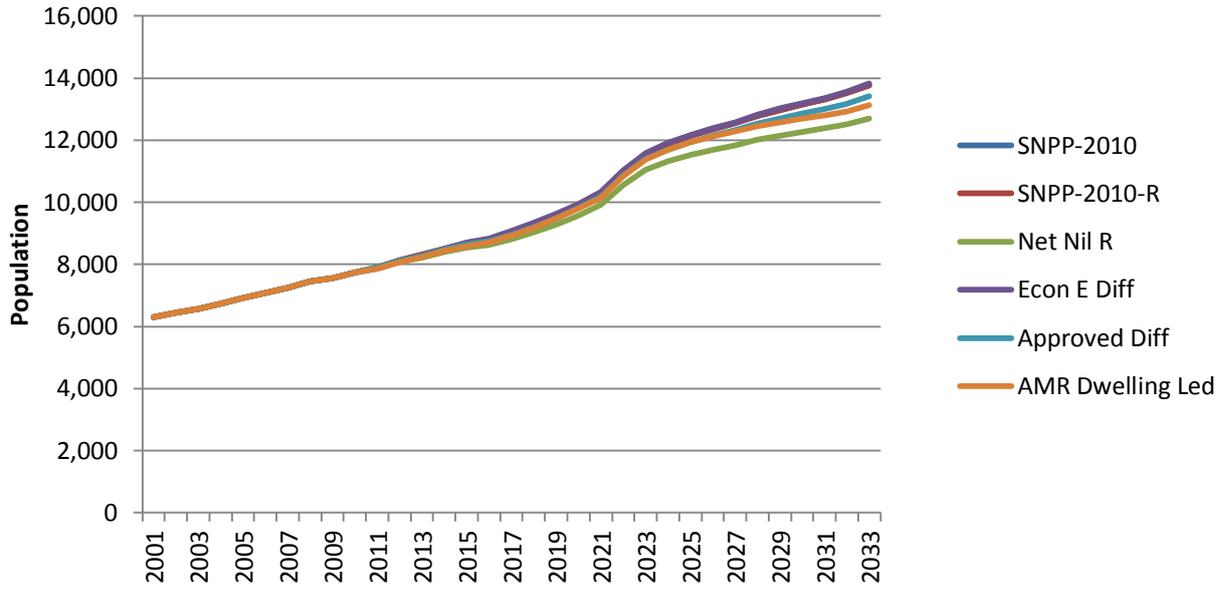
Older People Population Projections Thames Gateway South Essex

^{9.17} Figure 74 shows the forecast Older People aged 75+ population for Thames Gateway South Essex based on the average of all forecasts in Edge Analytics figures. The full range of scenario forecasts is given in Figure 75.

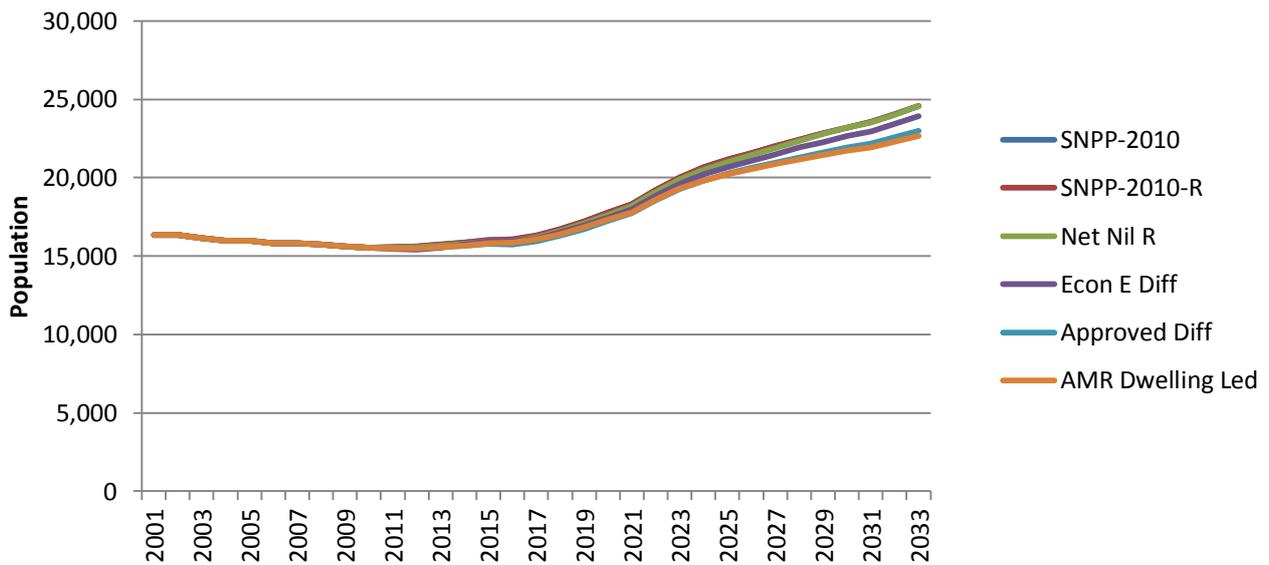
Figure 74: Older People aged 75+ Population Growth Projections 2001-2033 (Source: Edge Analytics)

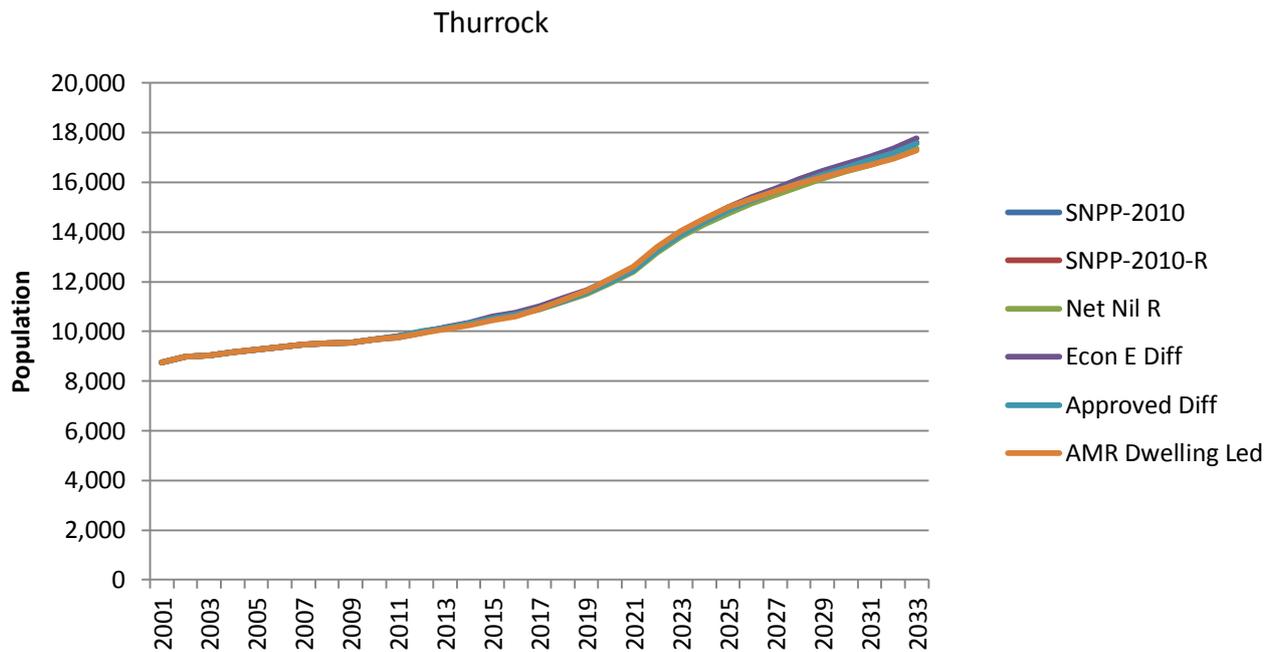


Rochford



Southend-on-Sea





Age cohort projections Thames Gateway South Essex (above)

^{9.18} Essentially, Thames Gateway South Essex is seeing considerable forecast growth in the population aged 75+, especially in Castle Point, with significant growth in Rochford and Basildon.

Figure 75: Older People aged 75+ Population Growth Projections 2001-2033 (Source: Edge Analytics)

2001-33	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock
2001 population	10,880 6.6%	6,720 7.8%	6,310 8.0%	16,340 10.2%	8,760 6.1%
2033 lower projection					
Population	21,080 10.9%	16,090 16.2%	12,700 13.6%	22,680 12.1%	17,270 8.4%
Net change	+10,200 +4.3%	+9,370 +8.4%	+6,390 +5.6%	+6,340 +1.9%	+8,510 +2.3%
% growth in population	94%	139%	101%	39%	97%
% growth in percentage of population	65%	108%	70%	19%	38%
2033 upper projection					
Population	22,530 11.9%	18,930 19.6%	13,830 15.1%	24,560 13.8%	17,770 9.3%
Net change	+11,650 +5.3%	+12,210 +11.8%	+7,520 +7.1%	+8,220 +3.6%	+9,010 +3.2%
% growth in population	107%	182%	119%	50%	103%
% growth in percentage of population	80%	151%	89%	35%	52%
Average % growth in percentage of population across all projection scenarios	71%	129%	78%	27%	42%

Modelling Older People’s housing Requirements

- 9.19 For the Thames Gateway South Essex Partnership, a major policy issue is how the current projected Older People population growth translates into a requirement for new provision of specialist accommodation. The Essex situation is contained within the Essex County Council Adult Social Care Market Position Statement 2012 for Basildon, Castle Point and Rochford. Figures for Southend-on-Sea and Thurrock are not available. Thurrock is undertaking a review of the housing needs of people including predicting their specialist housing needs.
- 9.20 Many models have been produced to calculate specialist housing requirements based on population increase and these continue to mature. These tend to be in toolkit form to help local authorities plan for housing their ageing population. They also highlight the benefits of specialist housing and encourage planners to join up housing, planning and social care policies.
- 9.21 Two key examples are:
- » *More Choice, Greater Voice (CLG, Housing LIN, Care Services Improvement Partnership - 2008)*
 - » *Housing in later life: planning ahead for specialist housing for older people (National Housing Federation, McCarthy and Stone, Housing LIN, Contact Consulting and Tetlow King Planning; 2012)*

Definitions (Source: Housing in Later Life Toolkit 2012)

Sheltered Housing	The most widely known form of specialised housing for older people. Traditionally, support was provided by a scheme manager often resident on site, but increasingly this support is being offered through floating services. The term has generally now been superseded by Retirement Housing, although it is still used in planning circles.
Enhanced Sheltered Housing	Sheltered housing that provides more in facilities and services than traditional sheltered housing but does not offer the full range of provision that is found in an Extra Care Housing scheme.
Extra Care Housing	A complex of specialist housing for older people which provides care in a style that can respond flexibly to increasing need while helping the individual to retain their place within their existing community. Extra Care can provide a range of ‘lifestyle’ facilities for social, cultural, educational and recreational activities.

- 9.22 The challenge of calculating specialist housing requirements can be seen by the variation in population to accommodation ratios in different models (Figure 76).

Figure 76: Benchmark Figures for Specialist Accommodation

Housing Type	Places/Demand per 1,000 population aged 75+					
	'More Choice, Greater Voice' 2008			Section A: Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012		
	Sale	Rent	Total	Sale	Rent	Total
Extra care	-	-	25	30	15	45
Supported housing	75	50	125	-	-	-
Sheltered 'plus' or 'Enhanced' Sheltered	-	-	20	10	10	20
Dementia	-	-	10	-	-	6
Leasehold Schemes for the Elderly	-	-	-	-	-	120

^{9.23} The Essex CC Market Position Statement 2012 gives various surplus and deficit figures for current specialist accommodation in the county (excluding Southend-on-Sea and Thurrock) based on 'More Choice, Greater Voice' and shows:

Figure 77: Essex CC Market Position Statement for Specialist Accommodation

Essex CC Market Position Statement 2012	Specialist Housing	Extra Care Housing
Basildon	172	-217
Castle Point	-1,032	-215
Rochford	-198	-165

Based on the growth in population aged 75+ identified across the population projection scenarios,

Figure 78 overleaf identifies the potential gross requirement of specialist housing implied by the ratios set out in the Older People Resource Pack 2012, together with the average annual growth over the period 2001-33:

Figure 78: Implications of Older People Resource Pack Ratios based on Population Projection Scenarios

Area	Extra care	Enhanced Sheltered	Dementia	Leasehold Schemes for the Elderly	All Types
GROSS REQUIREMENT (2033)					
Basildon	1,000	400	100	2,600	4,200
Castle Point	800	400	100	2,100	3,300
Rochford	600	300	100	1,600	2,500
Southend-on-Sea	1,100	500	100	2,800	4,500
Thurrock	800	400	100	2,100	3,300
TOTAL	4,200	1,900	600	11,200	17,900
ANNUAL GROWTH (2001-33)					
Basildon	150	70	20	410	650
Castle Point	150	70	20	400	640
Rochford	100	40	10	260	420
Southend-on-Sea	100	50	10	270	430
Thurrock	120	50	20	330	520
TOTAL	630	280	80	1,680	2,670

Risks

^{9.24} Although the modelled gross housing requirements for Older People are set out in Figure 70, there are risks associated with this Good Practice approach:

- » Drivers of the growth in older population: the increase in the projected population of older people is often driven by health and environmental factors (e.g. better diet, improvements in medicine, smoking cessation etc) to extend life expectancy. Therefore, the relative health of older people in 2001 or 2011 is unlikely to be representative of people of the same age by 2031
- » Impact of ‘at home’ adult care and support services in reducing the requirement for specialist accommodation: the move to support people in their own homes for as long as possible may reduce the need for specialist accommodation over time
- » Propensity of older people to move into specialist accommodation: older people with a physical dependency may need to move, or express a desire to move, to specialist accommodation, but many will actually refuse to do so when opportunities are presented to them
- » Population forecasts may overstate the number requiring specialist accommodation as many households will contain more than one older person: effectively, the population numbers will be higher than household numbers
- » Only rented and owner occupation tenures are considered in the Housing LIN model, not intermediate tenures
- » Non-aspirational moves, which occur when people have to move (e.g. in a ‘crisis’ situation), are not included

^{9.25} Nevertheless, the Housing LIN Model ratios offer a useful starting point to begin the modelling of housing requirements for older people.

Connecting Health and Social Care with Housing and Planning

^{9.26} Housing and Planning will need to respond to national reforms and good practice developments by forging closer relationships with Health and Adult Social Care colleagues. In particular, there is a need to connect health and social care strategies with housing and planning regarding new specialist accommodation, as there may be new opportunities to bid for funding.

Example: New funding opportunities following Health and Adult Social Care Reform

Care and Support Specialised Housing Fund: £160m of NHS funding for specialised housing to run for 5 years from 2013/14. Programme managed by the HCA. Bidding closed in January 2013).

^{9.27} The SHMA should also link with the Joint Strategic Needs Assessment (JSNA) and Joint Health and Well-being Strategy (JHWS) to ensure the requirements for new housing, and support needs to Older People in existing stock, are met.

Planning Policy and Older People

^{9.28} ‘Housing in later life: planning ahead for specialist housing for older people’ (2012) contains detailed advice in Chapter 6 regarding ‘tools to help officers plan for this form of housing in their local policies and strategies’ and headlines are given below:

- » Incorporate specialist housing for older people into local plans
 - **Planners:** Seek to include policies that encourage the delivery of specialist housing for older people where the need is identified, in their local plans.

- **Adult social care officers:** Look to work with officers compiling local plans to join up thinking about remodelling existing specialist housing for older people across local and neighbourhood plans.
- » Local strategies for older people
 - **Planners:** Engage with providers and older people at an early stage to produce Supplementary Planning Documents that reflects the needs illustrated in the Local Authority’s housing and accommodation strategy for older people.
- » Connect health and social care strategies with housing and planning
 - Help to ensure that the JSNA and the Health and Well-being Boards link with the objectives of planning and housing.
 - Seek cross-departmental agreement and support between housing, health and planning on procurement, asset management and any land disposals to meet the strategic needs of the Local Authority.

Example policy wording for Local Plans

^{9.29} *'Housing in later life: planning ahead for specialist housing for older people' (2012)* also contains suggested Policy wording for Local Plans:

Excerpt Chapter 6: Housing in Later Life

'No one planning approach will be appropriate for all areas, but the following provides an example policy wording that could be included in a local plan where a need for specialist housing has been identified:

"The Council will encourage the provision of specialist housing for older people across all tenures in sustainable locations.

"The Council aims to ensure that older people are able to secure and sustain their independence in a home appropriate to their circumstances and to actively encourage developers to build new homes to the 'Lifetime Homes' standard so that they can be readily adapted to meet the needs of those with disabilities and the elderly as well as assisting independent living at home.

"The Council will, through the identification of sites, allowing for windfall developments, and/or granting of planning consents in sustainable locations, provide for the development of retirement accommodation, residential care homes, close care, Extra Care and assisted care housing

Chapter 9 Summary

In taking forward the implications of the ageing population in Thames Gateway South Essex, the TGSE authorities should:

- » *Work closely with colleagues in Health and Adult Social Care, and with the new Health and Well Being Board and Clinical Commissioning Group(s) locally regarding new specialised accommodation for Older People*
- » *Revisit the modelling of specialist housing requirements in the light of recent approaches and ratios and consider review of demographic forecasts, wider older people demand issues, including the propensity to move*
- » *Consider the Planning Policy recommendations from 'Housing in later life: planning ahead for specialist housing for older people' (2012) and incorporate, where appropriate, Planning policies to support the specialist housing provision.*

10. Private Rent Sector

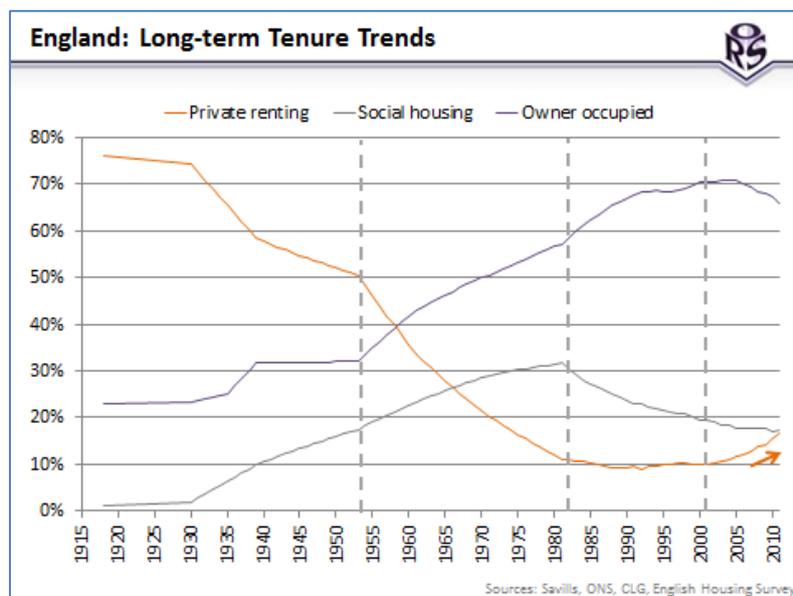
Introduction

- ^{10.1} The growth of the Private Rented Sector (PRS) has become a key feature of the Thames Gateway South Essex housing stock and a significant driver in the local housing market.
- ^{10.2} Chapter 4 showed a significant change in Thames Gateway South Essex stock with a relatively rapid fall in owner occupation (down 5.1%) as a share of all tenures and the conversion of ex-owned homes to private rent (up 6.1%) between 2001 and 2011. This indicates a quick and substantive change in the shape of the Thames Gateway South Essex housing market requiring a strategic response.

National Picture

- ^{10.3} Nationally, there has been successive government recognition that Private Rent offers a viable future tenure for many UK households, including those in housing need or on lower incomes. Around 25% of low to middle income families are currently unable to access home ownership, and many households in housing need are unable to access affordable rent homes. This group of ‘households in the middle’ represent a significant market for an alternative housing offer.

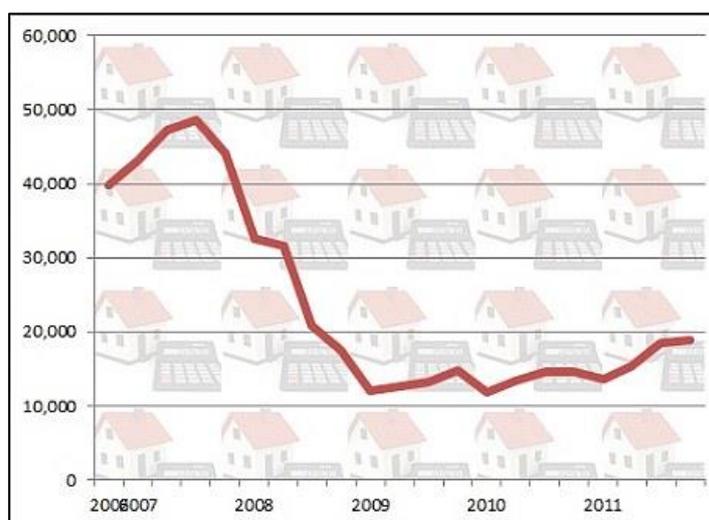
Figure 79: Long term tenure trends (Source: Savills, ONS, CLG, English Housing Survey)



- ^{10.4} The number of people renting homes in England from private landlords has almost doubled in 10 years, from 1.9 million in 2001 to 3.6 million in 2011 – a rise of 88 per cent (Census 2011). Indeed, the number of households living in the private rented sector has risen to the same level as those in social housing (English Housing Survey 2011/12).
- ^{10.5} Migration is a key driver of the PRS market. The population of England and Wales has increased 7% between 2001 and 2011, with 55% of this increase being due to migration (Census 2011). Migration in Thames Gateway South Essex is highlighted in Chapter 6.

- ^{10.6} The PRS is still relatively immature in that most landlords have small portfolios: only 1% of PRS landlords own more than 10 properties and there may yet be consolidations within the sector. The PRS has not contributed to new housing supply being reliant for growth on the tenure conversion of existing owner occupied stock. There has yet been no significant entry into the sector by Institutional investors or organisations assembling large portfolios, similar to that seen in other EU states, although there is considerable current Government interest in attracting such investment to boost new build PRS supply. Interest in PRS from Registered Providers is growing and a number of RPs have begun to acquire portfolios.
- ^{10.7} However, the number of new buy to let landlords entering the UK market fell away sharply in 2008 and 2009, when compared with earlier years as shown in Figure 80.

Figure 80: UK Buy to Let Mortgages 2006-2011 (Source: Council of Mortgage Lenders)



- ^{10.8} Buy-to-let lending accounted for 11.5% or £16.4bn of total gross mortgage lending in 2012, up from 9.8% in 2011 (Council of Mortgage Lenders 2013), although nearly half were remortgages. High Loan to Value of 75% with minimum rental cover of 125% (surplus income after mortgage repayments) is still the norm. The CML reports buy-to-let still benefits from strong tenant demand, and that this is likely to continue. The current lending market tends to favour those Landlords with a good track record.
- ^{10.9} Housing stakeholders, generally, are relatively well disposed towards the sector, seeing a possible way of meeting housing need and delivering new supply. However, there is some caution around the quality of existing management (in terms of length of tenure, security of tenure and rent levels) as well as some quality issues with existing stock. Further, for any new supply, there are issues around keeping PRS stock available for rent and that any public investment in PRS may deflect much needed investment away from Affordable Housing supply.

Rents

- ^{10.10} Nationally, PRS rents are still increasing in the current market even though Benefit Reform is expected to limit any rises in lower yield properties. The LSL Property Services Buy to Let index showed rents had increased 3.2% between December 2011 and December 2012, albeit with the usual small seasonal fall for Christmas.
- ^{10.11} However, rents in Thames Gateway South Essex are significantly higher than in the 2008 SHMA which used Local Reference Rents.

Figure 81: Comparison of Historic Reference Rents 2007 (Rent Officer Service) and Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in Thames Gateway South Essex (Source: LHA Direct)

Weekly Rent	South West Essex BRMA				Southend-on-Sea BRMA			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
Thurrock Q4 2007 (SHMA 2008) <i>Local Reference Rent</i>	£105.00	£126.93	£161.54	£201.93				
Southend-on-Sea Q4 2007 (SHMA 2008) <i>Local Reference Rent</i>					£86.54	£121.16	£152.89	£167.31
March 2011 LHA <i>50th percentile</i>	£126.92	£161.54	£196.15	£276.92	£115.38	£150.00	£190.38	£253.85
April 2013 LHA <i>30th percentile</i>	£126.92	£158.08	£184.62	£253.85	£114.23	£149.76	£184.62	£229.62

Policy Developments

^{10.12} Nationally, Government policy for the PRS has, arguably, been slow to respond to the relatively fundamental change in tenure that has occurred, especially in London and the greater South East. Two Government reviews have focussed on issues within the sector:

- » The Private Rented Sector: Its Contribution and Potential (Rugg and Rhodes 2008) considered how the sector was changing and growing. Key themes from the research highlighted the impact of buy-to-let, the challenge of institutional investment, the professionalism and quality of property management, and the potential of the sector to meet housing need
- » Review of the barriers to institutional investment in private rented homes (David Montague August 2012) considered the sector further, especially how new investment might be attracted to boost supply

Benefit Reform

^{10.13} As highlighted in the SHMA, there are several implications for the PRS from benefit reform that need to be considered:

- » Possible reduction in PRS supply: Landlords may remove properties from the Housing Benefit supported ‘pool’
- » Redistribution of PRS tenants from other areas: there may be a move by HB households out of London and into properties in Thames Gateway South Essex
- » Increased demand on Local Authority housing advice: pressure on Local Authorities from increases in homeless presentations and from ‘households in the middle’

^{10.14} The response of PRS landlords is as yet unknown although discussions with stakeholders indicate that they are keenly aware of the reforms and some landlords are already responding by serving notice on households they see as over occupying.

Existing Housing Supply and the PRS

^{10.15} Elsewhere, a key change that has occurred in local markets is the conversion rate of existing privately owned stock to private rent and, further, the rate of conversion of PRS to Houses in Multiple Occupation (HMO).

10.16 Experience in London may provide an indication of how the PRS may develop further, especially in higher value and/or high demand areas. In some London authorities, the conversion rate to PRS has been swift: half of all households in London now rent.

10.17 A recent South London study showed how rapid changes in the PRS can be: the charts below show the spatial distribution of the private rented sector across South East London between 2001-2008.

Figure 82: Distribution of Private Rented Housing by Middle-level Super Output Area 2001 (Source: UK Census of Population 2001)

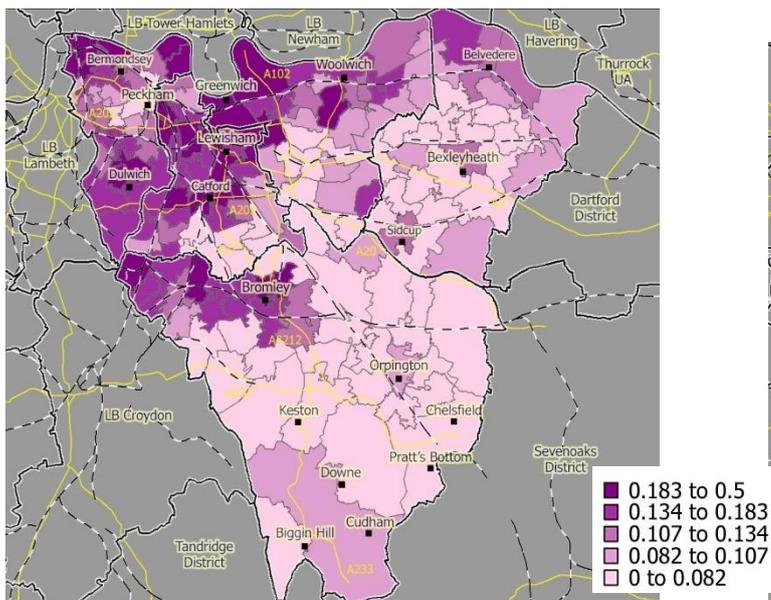
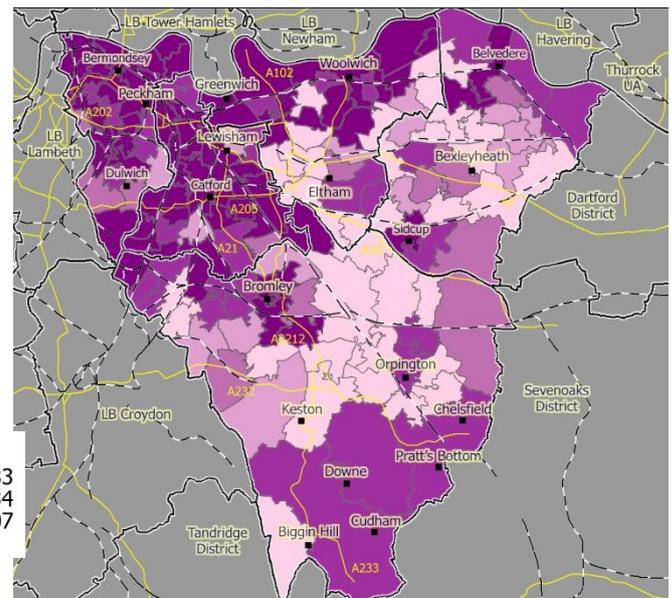


Figure 83: Distribution of Private Rented Housing by Middle-level Super Output Area 2008 (Source: South East London Household Survey 2007-08)



10.18 At the same time, PRS occupation levels have increased; essentially, households form at a faster rate than new supply so existing stock has to accommodate them. Hometrack analysis (December 2012) found 50 per cent of London's PRS homes were fully occupied and commented *'The luxury of a spare room is a thing of the past for many London tenants'*.

Strategy Responses – Existing Stock

10.19 Housing strategists have primarily responded to the PRS change in existing stock by seeking to improve management and property standards via Licensing or self-regulation schemes,

- » Self-regulation by Landlords to an agreed standard: for example, London (GLA) is aiming to improve conditions via self-regulation in a London Rental Standard.
- » Licensing and accreditation schemes: other authorities are introducing formal licensing schemes (e.g. Liverpool)

10.20 Where such approaches do not work, punitive powers are available to Local Authorities to tackle poor quality landlords via enforcement action.

10.21 In addition, authorities are improving their monitoring of HMO conversion rates: The introduction of Green Deal/ECO in January 2013 has seen a shift to improving PRS homes, via programmes to tackle fuel poverty and improve energy efficiency for eligible PRS households.

New PRS Supply

- ^{10.22} Previous Governments have wrestled with the challenge of encouraging institutions to invest in new PRS development on a large scale, seeing this as a very attractive solution to the UK's housing requirements.
- ^{10.23} Previous initiatives have met with little success; the HCA launched a private rented sector initiative in 2009 but it met with limited interest and has since been dropped.
- ^{10.24} More recently, commentators have indicated that Institutional investors are more inclined in developing Private Rented Schemes (especially in London) but there are perceived barriers around tax, viability, scale and yield.
- ^{10.25} Currently, the options to increase supply are varied, and range from Policy type responses (arising from the Montague Review) or via market or RP responses to opportunity. These are highlighted below.

Government

- ^{10.26} Following the Montague Review recommendations, the Government is currently establishing a private rented sector task force to encourage and support build-to-let investment from the private sector, and to develop voluntary standards that future landlords would meet and tenants could expect. In addition, bids for the HCA Build to Rent Fund (a £200m fund in response to Montague (subsequently expanded to £1bn in 2013 Budget) announced its first 45 projects in April 2013 and aims to deliver between 8,000 and 10,000 new private rented homes.
- ^{10.27} However, an increase in PRS new build delivery will likely mean increased HB cost to Treasury for any PRS homes which target lower income households who may qualify for Housing Benefit. This may yet act as a brake on policy towards future supply which targets HB eligible households.

Councils

- ^{10.28} Several options have been identified whereby Councils could enable new PRS supply to come forward and some Councils are moving this forward; for example, Manchester City Council is considering a scheme to use pension fund money to build 240 new private rented homes.
- ^{10.29} Other options for Councils include:
- » **More planning flexibility:** one option is for local authorities to make greater use of their flexibilities in the planning system to encourage new private rented supply, including allowing reduced delivery of affordable homes through planning obligations. Not all authorities will find this an attractive option – however, given current historic lows in housing supply this may prove tempting in some areas to deliver 'some' homes rather than 'none'.
 - » **Land investment:** A further option is for government and local authorities to "invest" land assets they own with private developers or RPs to improve viability. These agencies often find they can raise money to build homes but cannot afford to buy land as well. However, whether public sector land could be released quickly enough is a risk, given the restrictions public bodies face when selling assets.
 - » **Financial support:** Councils could offer loan guarantees (similar to the 'Get Britain Building' fund) to support larger scale new-build private rented developments. However, again there may be barriers to this (such as borrowing limitations).

Registered Providers

^{10.30} RPs are potential key players in the delivery of new PRS supply and have taken more interest in the sector:

- » **RPs delivering new PRS homes:** A recent Resolution Foundation report (Making Institutional Investment in the Private Rent Sector Work, 2012) recognised that new build-to-let developments could be funded by institutional investors, such as pension and life funds. However, the long development phase, which can often last more than two years, would act as a disincentive for institutions. Consequently it foresees a role for RPs to build new PRS units which would then be sold on to an investment fund enabling social housing providers to build further new homes and, possibly, retain management of the original PRS stock. Sale and leaseback arrangements are thus possible although this may attract Regulatory concern.
- » **RPs acquiring new PRS portfolios from existing stock:** Several larger RPs are currently considering building up a PRS portfolio from existing private stock. London and Quadrant is looking at spending £250 million on a 1,000-home private rented sector portfolio, with institutional investor backing. Hyde Group is looking at a REIT (Real Estate Investment Trust) to deliver off-balance sheet private rented housing. Home Group bought a private rented sector property management business for £15.9 million in November 2012 (Home have had a PRS subsidiary since 1999). Thames Valley Housing is also set to expand its activity in the sector. Places for People recently acquired a portfolio of 925 private rented homes and seems set to expand this further. Arguably, these initiatives are focused on high value and/or high yield areas; there may be viability issues in Thames Gateway South Essex.

Local Enterprise Partnerships (LEPs)

^{10.31} The Autumn Statement 2012 increased the proportion of spending which is awarded through a single funding pot to LEPs from April 2015. The pot can be used for housing. Any funding will reflect the quality of strategic proposals put forward by LEPs, and also includes funding for local transport, schemes to get people back into work, skills and any additional local growth funding, as well as housing. There are current concerns that single pot will not include any ring-fencing for housing nor include flexibility to move funds to areas of housing need.

^{10.32} Potentially, LEPs could enable new PRS housing delivery and some attempts have been made in this regard already to increase supply. For example, the Sheffield City Region LEP is currently considering how to bring in up to £100 million of institutional investment to boost their PRS.

Other Barriers

^{10.33} While new build PRS may be attractive in some areas, there are barriers that have historically restricted supply and these still offer a challenge to new schemes:

- » **Tax:** for investment institutions, commercial property enjoys tax advantages over residential in terms of stamp duty, capital gains and VAT. If new PRS is to come forward, it seems likely that this imbalance will need to be remedied by Government.

The Labour Party have recently indicated they may offer private landlords tax incentives in order to persuade them to provide longer-term tenancies and predictable rents to families (Private rented housing: providing stability and affordability for renters and families - December 2012) indicating that there may yet be political flexibility on the issue.

- » **Guarantees that new build PRS will remain in the sector:** Montague identified that any reduced planning obligations or contributions must be backed by guarantees that homes will remain available for private rent in the longer term rather than being sold on. For example, one proposal is that Authorities could use s106 agreements to treat 'market rent' dwellings as affordable housing through a covenant that all units on a development will be rented for a minimum period of 10 years from first occupation

Chapter 10 Summary

The Private Rent Sector in Thames Gateway South Essex has changed in the past decade and can be expected to grow further. In responding to the challenge this fundamental change is making, the Thames Gateway South Essex Partnership has various options to consider by way of response:

» **Existing provision**

- » *Monitor the impact of Benefit reform*
- » *Consider the role of RPs in developing the PRS locally*
- » *Consider the overall approach to licensing or self-regulation schemes for Landlords*
- » *Maximise opportunities to improve property condition via the Green Deal and ECO schemes*

» **New provision**

- » *Take a view whether to actively engage in seeking new PRS supply and, if so, the most effective routes to do so including accessing new funding programmes*

11. Housing Delivery

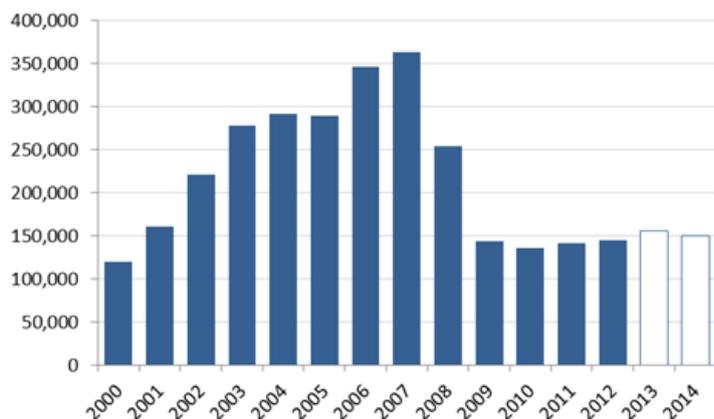
Introduction

- ^{11.1} The Thames Gateway South Essex SHMA review indicates a substantial requirement for new housing to be delivered for the period 2011-2031. New housing delivery would both help meet both housing requirements and the needs of local people, as well as providing a significant contribution to the local economy. However, new supply is constrained in the current market and the construction sector has been in downturn since 2007. Housing delivery is therefore, a challenge for the Thames Gateway South Essex Partnership and this chapter considers what can be done to stimulate supply.
- ^{11.2} Housing delivery is important for two key reasons:
- » **New Housing helps meet housing requirements and needs locally:** Chapter 6 of the SHMA shows a significant housing requirement for Thames Gateway South Essex against a range of scenarios.
 - » **Housing delivery provides a boost to the local economy:** Figure 10 of the SHMA shows 7% of local Thames Gateway South Essex employment is in the construction sector. House building and construction make a positive contribution to both national and local economies.
- ^{11.3} The Montague Report (Review of the barriers to institutional investment in private rented homes 2012) showed house building nationally having a direct impact on economic output (on average 3% of GDP over the last 10 years). It supports more jobs than investment in many other sectors of the economy: every £1m spent on house building supports 12 new jobs and for every £1 invested in construction, £2.60 is generated elsewhere in the supply chain.
- ^{11.4} One key strategic issue, therefore, is how housing supply can be delivered given current constraints in the market, to both boost delivery and support the local economy.

Market Housing in the UK

- ^{11.5} Housing delivery in the UK has been at relatively low levels since 2008. Various forecasts have been made trying to predict when the construction sector will recover to pre-2008 levels.
- ^{11.6} The most recent HBF Pipeline Report (Dec 2012) showed 33,881 approvals in England during Q3 of 2012, an increase of 36 per cent on the previous quarter, and 17 per cent on the same period last year. However, the number is *'still well short of the 60,000 per quarter needed to meet demand, or the 64,500 that were being granted on average during 2006/07'*.
- ^{11.7} A Construction Skills Network report (Dec 2012) predicts that it will be 2022 before 2007 housing delivery levels are restored. The sector lost a further 60,000 jobs in 2012, while output fell 9%, in large part because of public spending cuts. Construction employment is expected to continue to fall every year until 2016.
- ^{11.8} In addition to supply constraints, mortgage advances to purchasers are much reduced since the peak of the market in 2007. Figure 84 is taken from the Bank of England/Council of Mortgage Lenders and highlights the change.

Figure 84: Gross mortgage advances, £million (Source: Bank of England, CML estimates and forecasts)



Attempts to stimulate delivery of market housing

- ^{11.9} There have been several Government initiatives to stimulate the delivery of new homes.
- ^{11.10} In September 2012, the Government launched a housing and planning stimulus package that aims to deliver up to 70,000 new homes (including affordable housing and housing for first-time buyers) by relaxing planning requirements, a 140,000 jobs boost to the construction sector and a £40 billion guarantee scheme for major infrastructure projects (including £10 billion for new homes).
- ^{11.11} In the Autumn Statement 2012, the government committed a further £225 million to support the development of 50,000 homes on top of the stimulus package.
- ^{11.12} The initiatives from the stimulus package and from other initiatives included:
- » **Relaxation of planning rules:** initially, a relaxation of planning rules for home and business extensions, January 2013 saw a further relaxation proposed to make it easier to turn empty offices into homes (following a proposal in the 2011 Budget).
 - » **Relaxing requirements for affordable housing on s106 sites:** the Government has suggested councils could help deliver more homes by being willing to negotiate the affordable homes requirement on those s106 schemes which have become unviable due to the economic climate. This could deliver the 75,000 stalled homes identified in the stimulus package. LGA research (November 2012) suggested c.80% of local authorities may now negotiate affordable house building in a bid to kickstart stalled sites, with 41% already having done so. However, there are concerns that such flexibility may reduce affordable housing delivery.
 - » **Using the New Homes Bonus to support housing delivery:** since April 2011, New Homes Bonus sees the government match the council tax on any new properties for their first six years, and thereby incentivise communities to support development by providing or improving local facilities. As at December 2012, Councils had received £1.3 billion through the scheme (CLG). However, a survey by Inside Housing in January 2012 showed that more than 70 per cent of councils in England have used the bonus to support their General Fund.
 - » **Using the LEP single funding pot for housing:** The Autumn Statement 2012 increased the proportion of spending awarded through the single funding pot to LEPs from April 2015. The pot can be used for housing although has to compete with other strategic proposals (including funding for local transport, schemes to get people back into work, skills and any additional local

growth funding, as well as housing). There are questions, therefore, regarding whether the pot will include any ring-fencing for housing and whether there will be flexibility to move funds to areas of housing need.

^{11.13} Although the stimulus package is significant, the NHF commented ‘It is at a much smaller scale than we expected’, and timescales for delivery of the targets are not known.

^{11.14} In addition the Government has attempted to support those seeking to buy a home in two ways:

- » a 20% FirstBuy Shared Equity Loan scheme (also known as ‘Help to Buy’: now expanded in the 2013 Budget).
- » Mortgage Guarantee schemes (‘NewBuy’) which offers government security to encourage lenders to offer 95% loan to value mortgages and will run for 3 years from 2014 (up to £130bn of mortgages).

Affordable Housing

^{11.15} Delivery of affordable housing is also an important source of new UK housing supply and a key means to meet new and existing housing need. Delivery of the Affordable Housing programme for the Thames Gateway South Essex Partnership is currently heavily back-ended (see Chapter5) which is of concern.

^{11.16} The Government approach for affordable housing delivery since the 1988 Housing Act was to shift to lower capital subsidy (via lower grants rates) and move to higher revenue subsidy (via Housing Benefit). RPs have historically filled any viability ‘gap’ this model creates by cross subsidising from other forms of tenure (e.g. sales) and private finance. This model is becoming less viable given the current Benefit reform programme, grant changes and the appetite of RPs for risk. Overall, many RPs forecast new affordable housing supply to be limited as a result.

^{11.17} CLG figures show how the number of affordable homes provided in England fell by 4 per cent in 2011:

- » 57,950 new affordable homes were built in 2011/12 – compared to 60,430 in 2010/11.
- » 930 of the new homes were as part of Year 1 of the £1.8 billion affordable homes programme.
- » 19,490 homes were provided as intermediate housing schemes (including shared ownership and shared equity) down by 10 per cent on 2010/11.

Government Funding of Affordable Housing

^{11.18} There are several Government funding streams delivered via the HCA, the key ones being:

- » **Affordable Housing Programme 2011-15:** the flagship HCA £4.5bn programme for affordable homes. The AHP programme is changing: it was opened to non-registered RP providers for the first time in 2011. In addition, there has been considerable debate on AHP viability within the RP sector, and many historic providers have scaled back their programmes to mitigate perceived risks. The Future of the AHP post 2015 is currently unknown although the Government has indicated (January 2013) that they are keen to speedily clarify post 2015 plans
- » **Get Britain Building package:** a £570m programme launched as part of the Government’s Housing Strategy for England (November 2011), aiming to unlock locally-backed stalled sites holding planning permission and deliver up to 16,000 new homes. Based on recoverable funding in a shared risk approach, EoIs for the current round close in February 2013.

- » **Care and Support Specialised Housing Fund:** £160m NHS funding to be used to accelerate the development of the specialised housing market and which will run for 5 years from 2013/14. Bidding closed in January 2013.

^{11.19} It seems likely that further initiatives could be launched during the life of this Parliament and the Thames Gateway South Essex Partnership may wish to participate to monitor these for opportunities to bring forward new affordable homes.

Other Issues Affecting Delivery of New Affordable Homes

^{11.20} **Registered Providers:** many RPs have become more risk averse in their approach to developing new homes in the new AHP era. The move to affordable as opposed to social housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced.

^{11.21} **Benefit Reform:** Most stakeholders (including private landlords, house builders and RPs) are concerned at the impact of benefit reform.

- » RPs highlight how the introduction of Universal Credit poses a risk to revenue. Credit rating agency Moody's (December 2012) - which rates 26 UK RPs - highlighted the risks posed by Benefit Reform to RP revenues, and to RPs which have exposure to variable rate debt.
- » RPs and PRS landlords identify Housing Benefit reform as a risk in terms of housing suitability and availability to lower income households. Some Thames Gateway South Essex PRS stakeholder landlords are reported as already ending tenancies for Housing Benefit households.
- » Further, new caps on non-Housing Benefits announced in the Autumn Statement 2012 could lead to higher arrears and bad debts.

^{11.22} **Affordable Housing Programme Delivery;** The AHP 2011-15 has been slow in delivery in its initial phases, arguably as a result of RP caution over the delivery model and programme management arrangements (e.g. new AHP contracts). Throughout 2012/13, some concerns have been expressed that the full HCA AHP may not deliver its target by 2015. However, an alternative view is that, historically, the HCA has delivered its programme even in recent, challenging years 2010/11 and 2011/12.

^{11.23} **Future AHP Funding Uncertainty Post 2015:** The NHF/HBF (November 2012) as part of their submissions for the Autumn Statement highlighted how RPs are increasingly reluctant to commit to buy section 106 homes from developers as they do not know what funding will be in place once the current AHP ends in 2015. This makes it difficult for private developers to forecast affordable housing obligations and revenues, which in turn is preventing them from buying land, creating a potential future shortage of available sites for future programmes.

^{11.24} **Councils building more new homes:** there had been lobbying of Government to lift the cap on Local Authority borrowing in advance of the Autumn Statement. Considerable latent potential for increased supply was identified to deliver a further 60,000 homes over 5 years ('Let's get building'; National Federation of ALMOs - 2012). However, nothing was forthcoming in the Autumn Statement although the proposal seems likely to continue to be promoted.

^{11.25} **Social Housing Real Estate Investment Trust (REITs):** although some stakeholders suggested Social Housing REITs as a possible means to deliver more affordable homes, the Government initially (December 2012) has ruled out dedicated support for social housing REITs: it is now reconsidering the issue and has announced a

consultation on whether REITs can be included within the definition of ‘institutional investors’. Again, this may re-emerge in future spending rounds.

- ^{11.26} **Sale and Leaseback;** an initiative whereby investors buy a PRS portfolio and then lease it to RPs who then collect rent and manage the properties on a leaseback arrangement. One of the first was recently announced by Genesis for 401 homes in a 35 year deal. However, almost immediately, the HCA expressed concerns on the regulatory risk of sale and leaseback (especially on the Index-linked loans used to set them up).
- ^{11.27} **New ‘for profit’ providers:** 18 ‘for profit’ providers to deliver AHP homes have so far registered with the HCA in order to deliver non grant affordable housing. At this stage, the homes have been shared ownership or intermediate homes delivered until concerns about affordable homes for rent are resolved (the main concern is around ‘asset stripping’ where ‘for profit’ providers might sell affordable homes on). However, arguably, there is potential for increased supply of affordable homes for rent by ‘for profit’ providers.
- ^{11.28} **Stock rationalisation by RPs:** the new regulatory framework for RPs places an emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under performing stock with a view to rationalisation. Two examples have occurred in the South West (Western Challenge to Sovereign; Knightstone to Spectrum) Most activity relates to deals between RPs only but there is the potential for different approaches. In some housing markets, this may have longer term implications on affordable housing supply.
- ^{11.29} **Co-operative Housing:** Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working in partnership with RPs, is currently trying to bring schemes forward. The HCA have held back funding in the current AHP for Cooperative Housing.
- ^{11.30} **Self Build:** the HCA has a current self-build programme in the AHP 2011-15. However, only one allocation has been made in England so far (and that in 2013).

Chapter 11 Summary

Delivery of new housing in the current market is challenging and tends to reward the proactive. The Thames Gateway South Essex Partnership, therefore, may wish to enhance further its approach to ensure future delivery. Possible initiatives might include:

- Enhance Joint working
 - » More effective delivery management, especially on the Affordable Housing and related programmes
 - » Regular reviews of viability drivers such as land values and build costs
 - » Enhance lobbying for changes that might improve delivery
- Seek new funding from new programmes
 - » Work with LEPs regarding possible housing funding
 - » Work closely with NHS and Adult Social Services regarding specialist provision for older people and bids for new funding programmes
 - » Work with affordable housing providers regarding potential bids for schemes under post 2015 Affordable Housing Programme arrangements
- Develop relationships with new affordable housing providers
 - » Develop relationships towards ‘with profit’ providers
 - » Support development of new housing co-operatives
- Seek to improve scheme viability
 - » Review flexibility towards affordable housing requirements on s106 sites
 - » Consider approach to use of any New Homes Bonus
 - » Consider use of land holdings to improve viability

12. Key Findings and Conclusions

Future policy implications for the authorities to consider

Introduction

^{12.1} This chapter considers the main policy issues that have arisen from the SHMA and their implications. The SHMA report has been published at a time of uncertainty:

- » The impact of the current economic climate is noted in several places in the report. These implications are brought together here as an added dimension to identified policy issues;
- » The housing market is at a low point in its cycle and the rate of recovery remains uncertain although possibly improving;
- » Modelled future housing requirements, especially intermediate affordable housing products, are sensitive to market dynamics (e.g. house price change), and this is acknowledged;
- » Significant and substantial Welfare reform is being rolled out; and
- » Census 2011 data availability is progressively being released.

National Economy

^{12.2} Inevitably, the performance of the national economy is key to recovery for the UK housing market and a more benign housing delivery environment. Currently, national economic performance is relatively weak and recovery and growth are the subject of considerable debate.

^{12.3} The Government strategy to control the national deficit is, arguably, still under pressure; for example, the Institute for Fiscal Studies 'Green Budget' (February 2013) suggests that Government spending will continue to rise, even after the 2015 Election, mainly as a result of social security spending pressures. Whether Government responds via further reductions in public spending or increased taxes or a slower rate of deficit reduction is, as yet, unknown.

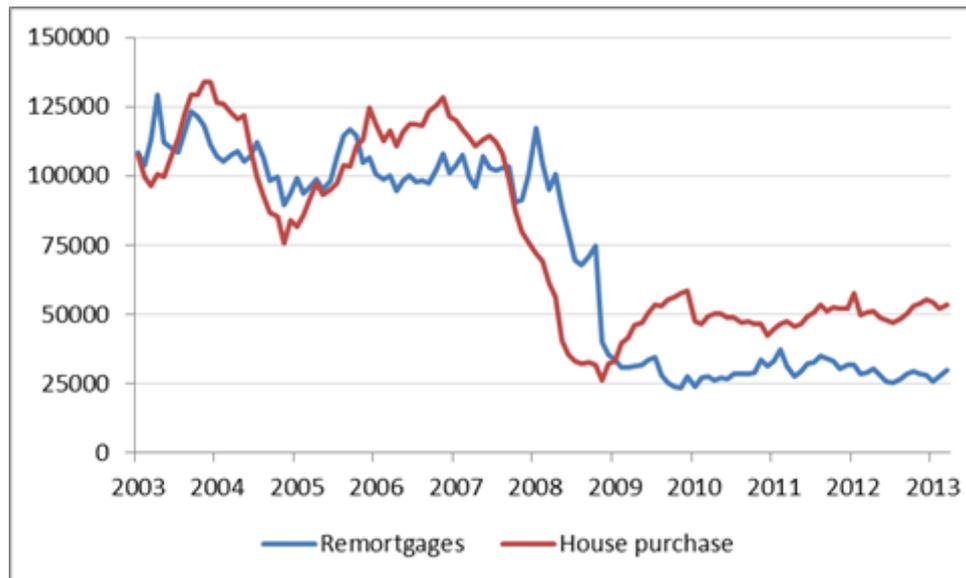
^{12.4} Financial markets are still recovering from 2007, and the availability of finance for housing related activity is constrained. However, housing delivery is still seen as a key mechanism to stimulate economic growth. Mortgage and development finance are still much reduced from peak market levels in 2007. However, the Bank of England quarterly lender survey (Q4 2012), said that the availability of credit to households 'increased significantly' in the three months to mid-December 2012, with 'a further significant increase' expected in the coming quarter.

^{12.5} This backdrop suggests that the Housing market will continue to be relatively weak. The delivery of new homes are likely to receive limited further Government support from investment programmes either in housing or related sectors, such as infrastructure. At the same time, the national economic position has seen a fall in housing supply with significant capacity being removed from the construction skills sector.

^{12.6} Affordable housing has recently received its settlement for 2015-18 in the Spending Review (2013), although this indicates reduced grant levels, which, combined with Benefit Reform, makes Registered Providers more risk averse in their approach to new delivery.

^{12.7} Recently, commentators have suggested that the economy is showing signs of recovery. Further, it may be that the housing market is also beginning to improve. The housing sales market is reported as becoming more active with a rise in values and increased first time buyer activity (Source: various reports – Halifax, RICS, LSL/Rightmove). While the sales market, in the short term, may be improving, the Bank of England has said that it will intervene to prevent any ‘bubble’ (Source: Mark Carney, Governor of the Bank of England, August 2013). Mortgage lending remains still significantly below that of the peak market in 2007 (Figure 85).

Figure 85: Recent trends in mortgage lending (Source: Regulated Mortgage Survey)



^{12.8} Overall, this backdrop suggests that the housing market will continue to be relatively constrained in the short term, while recovery may occur in the longer term. The delivery of new homes will likely receive relatively limited further Government support from investment programmes in either housing or related sectors, such as infrastructure.

Housing

^{12.9} England has an identified shortage of housing and delivery of new supply has been a key policy aspiration of successive governments - housing delivery is still seen as a key mechanism to stimulate wider economic growth. Various initiatives and programmes to encourage housing delivery via key supply side agencies (land owners, developers, investors, Registered Providers and Local Authorities) have been put in place. However, the current economic downturn has had a significant impact on delivery – these present a considerable challenge in achieving delivery of new homes.

^{12.10} Local Authorities have a major role in enabling the delivery of additional housing. A key output of the SHMA is to provide the evidence base to support Local Plan affordable housing policies: the SHMA evidence can inform the size, type and tenure mix of what should be built to meet the housing requirements of future generations.

^{12.11} The SHMA also considers the needs of those in need and vulnerable groups – those who have fewer options in the housing market and are often heavily dependent on affordable housing and local support services.

^{12.12}The SHMA report, therefore, arrives at important conclusions about the size and nature of the future housing requirement, set within a deeper understanding of the local housing market and positioning this within the wider policy and economic landscape current in 2013.

^{12.13}The SHMA is also cognisant of policy and guidance, especially the requirements of the National Planning Policy Framework 2012 and related guidance.

^{12.14}However, the SHMA does not identify an objectively assessed housing need for the TGSE housing market area or TGSE Partnership authorities.

Overview

^{12.15}The SHMA has considered various factors regarding the housing market in Thames Gateway South Essex. It is intended to refresh the current evidence base and inform housing and planning policies and decisions in the sub region. These issues are similar to those identified in the 2010 SHMA Update although many of the issues identified then have continued to develop.

^{12.16}In terms of the drivers to the housing market, these can be split between those factors driving the current housing market and longer terms strategic issues where a co-ordinated response is required.

Market Drivers in Thames Gateway South Essex

- » Household and population growth
- » London
- » International and in-UK Migration
- » Local Economy
- » Benefit reform and households in housing need

Strategic Issues for the Thames Gateway South Essex Partnership

- » Ageing population
- » Private rent sector growth
- » Housing delivery constraints
- » Maintaining a co-ordinated approach in Thames Gateway South Essex Partnership strategy

Socio-economic Context

^{12.17}Thames Gateway South Essex has experienced higher relative recent population growth (7% compared to 5% in 2008 SHMA) but this is lower than that for East of England (8.3%). Population growth is due to a combination of natural growth, in UK migration (especially from East London) and international migration.

^{12.18}The local population relatively has grown by 7% or 43,000 between 2001 and 2011, with the most significant increases in Thurrock (14,600) and Southend-on-Sea (13,400). The number of households increased by 13,900, with the highest increase in Thurrock (10%). The Black and White Other Minority Ethnic population increased particularly in Thurrock, but also in Southend-on-Sea and Basildon.

- 12.19 The population is also ageing (especially in Rochford and Castle Point) and this may have implications regarding the range of housing offer for Older People who have to move home.
- 12.20 The local economy has seen increases in those economically active and a reduction in those economically inactive. However, although Unemployment rates fell up to 2007 they have since been increasing.
- 12.21 A key labour supply for the local economy is from international migrant workers, particularly from the European Union (especially Poland), India and Africa.
- 12.22 The occupation profile has changed with an increase in Professionals and Self-employed but a decrease in Managers/Directors.
- 12.23 There are a number of people in Thames Gateway South Essex who are disabled. However, given the range of forecasts, the implications of any change should be considered in more detailed consideration at the Local Authority level.
- 12.24 Student numbers increased by 44% between 2001 and 2011, although students are spread evenly throughout Thames Gateway South Essex meaning there is little strategic impact on the operation of the housing market.

Current Housing Stock

- 12.25 The most significant change in stock has been the relatively rapid fall in owner occupation (down 5.1%) as a share of all tenures and the conversion of ex-owned homes to private rent (up 6.1%) between 2001 and 2011. This indicates a quick and substantive change in the shape of the Thames Gateway South Essex housing market requiring a strategic response. The growth of private rented properties, including HMO's, let by agents and landlords (as opposed to other forms of private rent) is also noteworthy.
- 12.26 Social renting has declined slightly in relation to other tenures.
- 12.27 Affordability has declined sharply between 2001 and 2011 largely due to rapid increase in house values, relatively modest earnings and wider economic pressures, even after the market downturn post 2007.
- 12.28 The proportion of people in Communal Housing has expanded between 2001 and 2011, especially in Medical and Care establishments (which includes Nursing, Care and Extra Care homes). This is a particular issue for Southend-on-Sea, although Castle Point and Rochford have also seen significant increases.
- 12.29 The Thames Gateway South Essex housing stock type, size and age are all relatively similar to the 2008 and 2010 SHMAs.

Housing Market Drivers

- 12.30 Migration, both within the UK and internationally, is a key driver within the current Thames Gateway South Essex housing market. Patterns between 2006 and 2010 are relatively consistent and this seems likely to continue into the future. International migration is highest in Thurrock and Basildon, while in UK migration is primarily between Thames Gateway South Essex and the East of England and London. International migration has been identified as mainly from EU accession states (especially Poland) India and Africa. There appears to be a correlation between NI registrations and DWP International migration statistics indicating that many international migrants come to work.

- ^{12.31} New housing delivery is a concern. Delivery has been at lower levels post the market downturn in 2006-07. Future delivery has a reliance on delivery in certain Thames Gateway South Essex authorities, notably Basildon and Thurrock. Considerable numbers of new homes from the Affordable Homes Programme 2011-15 still remain to be delivered.
- ^{12.32} While Affordability improved post market turndown in 2007 it has since deteriorated and is currently close or at 2007 levels. 2012 Sales turnover within existing stock has slowed to around half of that in the peak market.
- ^{12.33} Housing Benefit has expanded to support increased number of households in the Private Rented Sector in Thames Gateway South Essex, especially in Southend-on-Sea, Thurrock and Basildon. The implications of this, given impending Benefit Reform are considered further in Chapter 8.
- ^{12.34} Homelessness figures indicate that the improving trend from 2005-07 has begun to reverse post 2010.

Welfare Reform and Implications for the Private Rented Sector

- ^{12.35} The potential impact of Benefit Reform on the Private Rented Sector is currently unknown; the content of the reforms seems likely to trigger a response in affected households.

Household Migration

- ^{12.36} Given that Thames Gateway South Essex has significant in migration from East London boroughs, and that these are likely to become less affordable to low income households, then there may be an impact on migration levels into Thames Gateway South Essex.
- ^{12.37} The Thames Gateway South Essex Partnership may also wish to undertake a study to consider the impact of Housing Benefit Reform on the spatial distribution of low-income households in Thames Gateway South Essex to consider any further implications within the sub region itself. The total number of Housing Benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.

Underoccupation

- ^{12.38} The Benefit changes on Underoccupation could see more households downsize from family sized social rent dwellings into smaller units. In addition, some larger social rent properties may become available for overcrowded households with children. Alternatively, adult children may subsidise their parents to allow them to remain in the larger family home

Bedsit allowance

- ^{12.39} The Thames Gateway South Essex Partnership may wish to monitor the impact of Benefit changes for under 35s to see how the market responds. If any change is similar to other areas (eg London), more of the existing Thames Gateway South Essex housing stock seems likely to be converted into HMOs.

Benefit Cap

- ^{12.40} The change to maximum benefits allowable (or Benefit Cap) may see the migration of households to seek rentals where the cap will have a less deleterious impact on overall household benefit income, primarily in areas with lower rents. Given the historic migration patterns between London and Thames Gateway South Essex, it seems likely that if households move they will in migrate into Thames Gateway South Essex.

Landlord response

- 12.41 A further feature of responses to Benefit reform will be how PRS landlords respond. Where landlords do not accept the lower rents, more properties may return to 'pure' market housing and out of reach to households on Housing Benefit.
- 12.42 The loss of PRS stock may mean Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs - homelessness presentations and overcrowding may also rise further.

Future housing requirements and the affordable housing target

- 12.43 The SHMA does not identify an objectively assessed housing need figure for TGSE.
- 12.44 Instead, it presents the following housing estimates to 2031 for the TGSE local authorities to consider based upon a range of scenarios to inform further assessment and consideration.

Figure 86: Summary of Housing Requirement for Thames Gateway South Essex 2011-31 by Local Authority (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding)

	Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	Sub-region
Overall requirement	11,900	4,000	4,800	13,900	20,600	55,200
Annual average requirement	600	200	240	690	1,030	2,800
Affordable housing as % of overall requirement	36%	73%	52%	50%	36%	43%

- 12.45 Housing requirements highlight the significant need for additional housing across the sub-region as a consequence of population and household growth, and also the significant need for additional affordable housing. Without sufficient affordable housing, there will be continued pressure on the private rented sector and associated need for additional Housing Benefit support for households otherwise unable to afford local housing costs.
- 12.46 As outlined earlier in this report, the Housing Benefit supported private rented sector has already grown substantially in recent years and it plays a key role in meeting housing need in the areas. The modelling analysis assumes that the number of claimants already receiving Housing Benefit support to live in the private rented sector remains constant. Any attempt to reduce the number of Housing Benefit claimants in the private rented sector would require a significant increase in affordable housing, above the percentages shown above.
- 12.47 However, the above results are also based on the relationship between house prices and incomes remaining constant. If house prices were to fall relative to incomes, there would be notable reduction in the need for affordable housing – but an increase in relative prices would increase affordable housing requirements.

Size Mix

- 12.48 The Thames Gateway South Essex SHMA Market housing size mix findings are more in step with how households in this sector have occupied market housing in the past - however the following points are noteworthy;

- » Owner occupiers of higher priced new build housing tend to buy much more space than they need. It should be pointed out that there is a chain of events from this purchase that will ultimately lead to a smaller, cheaper dwelling appearing somewhere in the market for sale or rent;
- » Increasingly young people are sharing market housing in the short term to make it affordable. This represents an efficient market response to dwelling shortages, but can in itself lead to difficulties with sustaining communities if too many dwellings are occupied in this way.

^{12.49} Providers of affordable rented housing have traditionally not allocated more space than a household needs and the SHMA findings have been based upon this approach.

^{12.50} Translating the housing requirement for one bedroom housing into priorities for new build affordable housing needs careful consideration:

- » Many younger households aspire to a spare bedroom to enable the size of their household to grow without triggering the need to move home.
- » Older households value a spare bedroom to enable children, guests and carers to stay occasionally.

^{12.51} Therefore, a policy aim of seeking to build a greater proportion of 2 bedroom homes would have significant benefits in sustaining communities and should be considered, as far as finance will permit. However, note the changes to regulations on underoccupation where households only receive LHA up to the number of bedrooms they require may make this policy more difficult to implement in the future.

^{12.52} A further priority for new build social housing should be to help alleviate overcrowding. Whilst the number of households in these circumstances is relatively small the degree of housing need can be acute. This problem is more acute within some minority ethnic households. There are health and wellbeing benefits for these households if properly housed. In addition, other smaller households will benefit from the dwellings these households vacate.

Housing Delivery

^{12.53} NPPF Paragraph 14 says 'local planning authorities should positively seek opportunities to meet the development needs of their area' as far as is consistent with the policies set out in the Framework.

^{12.54} Dwelling delivery targets are challenging currently given the issues relating to the current economic climate – these seem likely to reduce dwelling delivery in the short to medium term, with implications for the scale of delivery in the long term:

- » Lower supply of dwellings in any area will marginally reduce the requirement for social and intermediate housing, but will mainly impact on the market housing requirement.
- » A lower level of completions will not significantly impact upon the requirements of those seeking affordable housing.

^{12.55} Chapter 12 considers the delivery issues for new homes (both market and affordable) and the tools available to increase supply. Given the state of the market, it should be noted that achieving delivery tends to reward the proactive. The Thames Gateway South Essex Partnership may, therefore, wish to enhance its current approach and possible initiatives might include:

- » Enhance Joint working
 - More effective delivery management, especially on the Affordable Housing and related programmes
 - Regular reviews of viability drivers such as land values and build costs
 - Enhance lobbying for changes that might improve delivery
- » Seek new funding from new programmes
 - Work with LEPs regarding possible housing funding
 - Work closely with NHS and Adult Social Services regarding specialist provision for older people and bids for new funding programmes
 - Work with affordable housing providers regarding potential bids for schemes under post 2015 Affordable Housing Programme arrangements
- » Develop relationships with new affordable housing providers
 - Develop relationships towards ‘with profit’ providers
 - Support development of new housing co-operatives
- » Seek to improve scheme viability
 - Review flexibility towards affordable housing requirements on s106 sites
 - Consider approach to use of any New Homes Bonus
 - Consider use of land holdings to improve viability

New Specialist Housing Requirements for Older People

^{12.56} Chapter 10 considers the current position regarding the housing requirements of Older People. The Thames Gateway South Essex Partnership faces a significant future challenge from its ageing population.

^{12.57} NPPF Paragraph 159 says ‘the Local planning authorities should have a clear understanding of housing needs in their area’ and that this need for ‘all types of housing’ should include Older People.

^{12.58} Reforms in Health and Adult Social Care offer both risk and opportunity for Housing and Planning to work collaboratively to develop their understanding of future Older People’s housing requirements.

^{12.59} The estimated requirement for specialist housing for Older People (including both market and affordable options) represents a potentially significant proportion of the total housing requirement.

^{12.60} In taking forward the implications of the ageing population in South Essex, the Thames Gateway South Essex Partnership may wish to:

- » Work closely with colleagues in Health and Adult Social Care, and with the new Health and Well Being Board(s) and Clinical Commissioning Group(s) locally regarding new specialised accommodation for Older People
- » Revisit the projected specialist housing requirements in the light of more recent approaches and ratios and consider wider older people demand issues, including the propensity to move

- » Consider the Planning Policy recommendations from '*Housing in later life: planning ahead for specialist housing for older people*' (2012) and incorporate, where appropriate, planning policies to support the specialist housing provision

The Private Rented Sector

^{12.61}The PRS sector in Thames Gateway South Essex has changed fast in the past decade and can be expected to grow further. In responding to the challenge this fundamental change is making, the Thames Gateway South Essex Partnership has various options to consider by way of response:

- » Existing provision
 - Monitor how the sector meets housing need and consider the impact of Benefit reform
 - Consider the role of RPs in developing the PRS locally
 - Consider the overall approach to licensing or self-regulation schemes for Landlords
 - Maximise opportunities to improve property condition via the Green Deal and ECO schemes
- » New provision: Take a view whether to actively engage in seeking new PRS supply and, if so, the most effective routes to do so

London

^{12.62}The strategic influence of London is noted in several parts of this report, particularly regarding demand for housing, migration, long distance commuting and incomes.

^{12.63}In addition, Thames Gateway South Essex features in the London Plan (2011) Policy 2.3 as an area where the Mayor will 'identify and develop...linkages across...nationally recognised growth areas which include the Thames Gateway...'

^{12.64}Thames Gateway South Essex seems likely to have a long term role in supporting London via the provision of housing for people who work in the city – 21% of Thames Gateway South Essex working residents work in London. This relationship is long standing and seems likely to continue in the longer term. Therefore, Thames Gateway South Essex can expect to have continued housing demand from London in the longer term.

Maintaining a co-ordinated approach in Thames Gateway South Essex Partnership strategy

^{12.65}Finally, NPPF Paragraph 159 says that local planning authorities should prepare a SHMA 'working with neighbouring authorities where housing market areas cross administrative boundaries'. To date, the Thames Gateway South Essex Partnership has done this and the SHMA has been produced alongside a suite of similar reports and strategies produced co-operatively.

The need for a sustained co-ordinated approach by the Thames Gateway South Essex Partnership towards the varied housing challenges it faces was a recurring theme in developing the SHMA. Many stakeholders valued the cross boundary approach and were keen for it to continue.

Appendix A

Planning Policy

Excerpts from the National Planning Policy Framework

Paragraph 159 on cross boundary working and the scale/mix of requirements:

Local planning authorities should have a clear understanding of housing needs in their area. They should:

- *prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
 - *meets household and population projections, taking account of migration and demographic change;*
 - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
 - *caters for housing demand and the scale of housing supply necessary to meet this demand;”*

Paragraph 14 on needs:

“Local planning authorities should positively seek opportunities to meet the development needs of their area; Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:

- *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole; or*
- *specific policies in this Framework indicate development should be restricted. (For example, those policies relating to sites protected under the Birds and Habitats Directives (see paragraph 119) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets; and locations at risk of flooding or coastal erosion)*

Paragraph 47 regarding supply:

“identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;”

National Planning Policy Framework 2012 Annex 2

Affordable housing: *Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the Local Authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

Appendix B

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report the definition in the National Planning Policy Framework 2012 is used.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

ECO Underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provide low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions – before deductions such as tax and National Insurance.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

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 for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Migration is the movement of people between geographical areas. In this context it could be either Local Authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlords/Registered Providers see **Housing Association**.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Thames Gateway South Essex Partnership represents at a strategic level the five local authorities of Basildon, Castle Point, Rochford, Southend on Sea and Thurrock and Essex County Council.

Thames Gateway South Essex Housing Group represents a sub group of the above and includes eight leading Registered Providers operating in the area.

Acronyms and Initials

ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic
CORE	The Continuous Recording System (for Housing Association and Local Authority lettings)
DEFRA	Department for Environment, Food and Rural Affairs
DWP	Department of Work & Pensions
ECO	Energy company obligation
GIS	Geographical Information Systems
HMO	House in Multiple Occupation
IMD	Indices of Multiple Deprivation
LA	Local Authority
LDF	Local Development Framework
LDP	Local Development Plan
LHA	Local Housing Allowance
NHSCR	National Health Service Central Register
NPPF	National Planning Policy Framework
ONS	Office for National Statistics

ORS	Opinion Research Services
POPPI	Projecting Older Person Population Information
REIT	Real Estate Investment Trust
RSL	Registered Social Landlord
SAR	Share Accommodation Rate
SHMA	Strategic Housing Market Assessment
Thames Gateway South Essex	Thames Gateway South Essex Sub Region
UDP	Unitary Development Plan

Appendix C

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Appendix D

Thames Gateway South Essex Housing Conference 2012 Attendance List

Name	Organisation	Job Title
Ahmed, Ash	Basildon Borough Council	Housing Manager
Alomankeh, Jessica	UK Landlord Accreditation Partnership	Partnership Manager
Amesbury, Katie	Opinion Research Services	Researcher
Anderson, Ian	Iceni Projects Limited	Director
Andrews, James	Rochford District Council	Housing
Arrowsmith, Yvonne	Family Mosaic	Group Operations Director
Aylett, Gillian	Basildon Borough Council	Housing Policy Officer
Baker, Daniel	Southend-on-Sea Borough Council	Group Manager, Strategy & Development
Berry, Georgia	RICS	PR & Member Communications
Billingham, Les	Thurrock Borough Council	Head of Adult Services
Carr, Barbara	Landlords UK	Landlords UK
Caslin, Sam	Countryside Properties	Development Manager
Churchill, David	Iceni Projects Limited	Director
Clark, Paul	Thurrock Borough Council	Planning Team
Clark, Selina	Hometrack	Accounts Manager
Clarke, Patrick	URS	Director
Cole, Chris	Sanctuary Housing Association	Head of Development
Collins, Debbie	Estuary Housing Association	Head of Development
Davis, Peter	Eastern Landlords Association	CEO Eastern Landlords Association
Dunn, Amanda	Essex County Council	Mental Health Commissioner
Egan, Beverly (Cllr)	Castle Point Borough Council	Councillor, Castle Point BC
Escudier, Claire	Moat	New Homes Officer
Evershed, Mark	Castle Point Borough Council	Regeneration Delivery Manager
Fallon, Rab	Basildon Borough Council	Head of Housing Strategy and Client Services
Flowers, Claire	Family Mosaic	Regional Development Manager
Foster, Elena	Home Group	Project Manager
Frost, Helen	Kift Consulting	Director
Gill, David	Basildon Borough Council	Principal Planning Officer
Harris, Dean	Thurrock Borough Council	Planner/Urban Designer
Harrison, Ann	Castle Point Borough Council	Senior Planning Officer
Harrison, David	Opinion Research Services	Senior Executive
Hinson, Tina	Colchester Borough Council	Strategic Housing Manager
Hooper, Angie	Moat	Development Manager
Humby, Louise	Basildon Borough Council	Policy & Development
Inman, Matthew	Stratland Management Ltd	Development Manager
Juarez, Luis	URS	Principal Urban Designer
Kavanagh, David	EA Strategic Land	Consultant

Name	Organisation	Job Title
Kinton, Tracy	Moat	Acting Business & Relationship Manager
Lansley, Jacqui	Southend Borough Council	Head of Housing, Adult & Social Services
Lee, Jonathan	Opinion Research Services	Head of Research
Livingston, Wendy	Castle Point Borough Council	Head of Housing and Communities
Lockhart, Catherine	Essex County Council	Senior Commissioning Officer
Marnier, James	Glenny LLP	Senior Associate
McCabe, Helen	Thurrock Borough Council	Housing Strategy Manager
McColgan, Paul	GVA	Senior Consultant
Moore, Sue	Chelmsford Borough Council	Housing Strategy & Enabling Manager
Moseley, David	Thurrock Borough Council	Major Projects Team
Nathan, Daren	Durkan	Project Manager
Neill, Sarah	Basildon Borough Council	Principal Planning Officer
Neville, Steve	Rochford District Council	Strategic Housing Manager
Nicholls, Alison	Southend Borough Council	Group Manager Housing, Adult & Social Services
Norton, Steve	Lovell	Regional Development Manager
O'Connor, Tony	Moat	Development Policy & Research Manager
Pollock, Alastair	Thames Gateway South Essex Partnership	Housing Strategy Coordinator
Pyburn, Amy	Iceni Projects Limited	Community Planning Associate
Rafaelli, Amanda	Castle Point Borough Council	Senior Planning Officer
Ray, Yvonne	Castle Point Borough Council	Housing
Rea, Michele	Genesis Housing Association	Development Manager
Read, Dan	East Thames Housing Association	Development Manager
Roberts, Amy	Southend Borough Council	Senior Planner
Roberts, Owain	HCA - East & South East	Area Manager Essex
Rogers, Steve	Castle Point Borough Council	Head of Regeneration & Homes
Sallin, Paul	Essex County Council	Senior Urban Design Consultant
Salter, Lesley (Cllr)	Southend Borough Council	Councillor, Southend BC
Shah, Pratik	Countryside Properties	Senior New Business Manager
Sheppard, Mark	Southend Borough Council	Senior Planner
Shewry, Tom	Swan Housing Group	Senior Development Manager
Slade, Mo	Basildon Borough Council	Housing Choice Manager
Smith, Christopher	Thurrock Borough Council	Programme Manager
smith, Damon	HCA - East & South East	Area Manager Essex
Thomas, Matthew	Southend Borough Council	Senior Planner
Thornton, Malcolm	DWC Specialist Contractors and Surveyors	Managing Director
Walker, Tracy	Hill Partnerships	Director
Wong, Velda	Rochford District Council	Planning
Woods, Emma	Essex County Council	Project Manager
Wright, Yvonne	Genesis Housing Association	Development Manager
Zammit, Keith	Castle Point Borough Council	Planning Officer