
West Dorset and
Weymouth & Portland Councils
Strategic Housing Market Assessment
2014 (Part 2)

July 2014

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1. Introduction

Purpose

- 1.1 This report forms Part 2 of the Strategic Housing Market Report. It is a Strategic Housing Market Assessment (SHMA) that focuses principally on the calculation on the level of affordable housing need and the size and tenure of all dwellings required within the overall Objectively Assessed Need calculated in Part 1¹ of the SHMA.

Government Guidance

- 1.2 National Planning Policy is now set out in the National Planning Policy Framework (NPPF). Paragraph 159 of the NPPF (March 2012) sets out the role of this SHMA.

Local planning authorities should have a clear understanding of housing requirements 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 require 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 families with children, older people, disabled people, 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 (para 28)*

- 1.3 Whilst the NPPF outlines how a SHMA fits into the wider housing policy framework, the National Planning Practice Guidance (NPPG) provides an indication as to how various elements of a SHMA should be undertaken, including setting out a comprehensive model for the assessment of affordable housing need.

Report coverage

- 1.4 This SHMA report is focused on detailing the future housing requirements in the study area. This report is therefore limited to:

¹ Weymouth & Portland and West Dorset Councils, 2014 Strategic Housing Market Report, Part 1: Objectively Assessed Housing Needs. Peter Brett Associates (July 2014).

- Examination of the latest data on the labour market and the resident population and a profile of the housing stock in the study area and the changes that have occurred to it.
- Analysis of the price of property in West Dorset and Weymouth & Portland and the affordability of housing for residents.
- Production of an analysis of the entire housing market within the balancing housing markets model.
- Calculation of outputs for the affordable housing needs model in accordance with the NPPG approach.
- A conclusion summarising the implications of these results.

2. Socio-economic context

Summary – West Dorset

- i) The recent Census indicates that in 2011 the population of the District was 99,264 and that since 2001 the population has increased by 7.5%. The size of the household population has increased at a faster rate between 2001 and 2011 (9.6%).
- ii) West Dorset contains a lower proportion of the population that are of working age than is found regionally and nationally, principally because there is a larger than average proportion of people of pensionable age in the District. The Black, Asian and Minority Ethnic population of West Dorset is just 2.0% of the total population.
- iii) There has been a notable growth in part-time employment in West Dorset over the last ten years, whilst the number of people in full-time employment has risen more modestly.
- i) In West Dorset the proportion of economically active residents that are unemployed is 0.7% currently and this figure has fallen over the last 12 months.
- iv) West Dorset contains proportionally more residents working in professional or technical jobs than is found regionally and nationally. The District also contains a lower than average level of working-age residents without any qualifications.
- v) The mean earned income for employees in West Dorset in 2012 is £30,321, lower than the equivalent figure for the South West region but higher than the national average.
- vi) The recent Census indicates that in 2011 there were 49,319 dwellings in West Dorset and that since 2001 the dwelling stock had increased by 12.0%. The most common property type in the District is detached houses, followed by semi-detached dwellings.
- vii) The 2011 Census indicates that 70.3% of households in West Dorset are owner-occupiers, 13.8% reside in social rented accommodation and 15.9% rent privately. The private rented sector has grown by over 45% in the District between 2001 and 2011. This substantial growth is similar to regional trends.
- viii) It is estimated that in West Dorset in 2013 just over 25% of households in the private rented sector are supported by Housing Benefit or Local Housing Allowance, very similar to the national level.

Summary – Weymouth & Portland

- i) The recent Census indicates that in 2011 the population of the Borough was 65,167 and that since 2001 the population has increased by 2.4%. The size of the household population has increased by a faster rate between 2001 and 2011 (5.1%).
- ii) Weymouth & Portland contains a lower proportion of the population that are of working age than is found regionally and nationally, principally because there is a larger than average proportion of people of pensionable age in the Borough. The Black, Asian and Minority Ethnic population of Weymouth & Portland is just 2.6% of the total population.
- iii) There has been a notable growth in part-time employment in Weymouth & Portland over the last ten years, whilst the number of people in full-time employment has fallen.
- iv) In Weymouth & Portland the proportion of economically active residents that are unemployed is 2.0% currently and this figure has fallen over the last 12 months.
- v) Weymouth & Portland contains proportionally fewer residents working in managerial jobs than is found regionally and nationally. The Borough also contains a higher than average level of working-age residents without any qualifications.
- vi) The mean earned income for employees in Weymouth & Portland in 2013 is £26,858, lower than the equivalent figures for the South West region and England.
- vii) The recent Census indicates that in 2011 there were 30,977 dwellings in Weymouth & Portland and that since 2001 the dwelling stock had increased by 8.5%. The most common property type in the Borough is terraced houses, followed by flats.
- viii) The 2011 Census indicates that 67.4% of households in Weymouth & Portland are owner-occupiers, 13.6% reside in social rented accommodation and 19.0% rent privately. The private rented sector has grown by over 60% in the Borough between 2001 and 2011. This substantial growth matches regional trends.
- ix) It is estimated that in Weymouth & Portland in 2013 just over 50% of households in the private rented sector are supported by Housing Benefit or Local Housing Allowance, compared to around 25% nationally.

Introduction

- 2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. This chapter uses the most recently available data to document the current socio-economic profile in the two Council areas and how it has changed.
- 2.2 Analysis of the stock of housing allows an understanding of the current market balance and patterns of occupation. A range of data sources, including the 2011 Census, will be

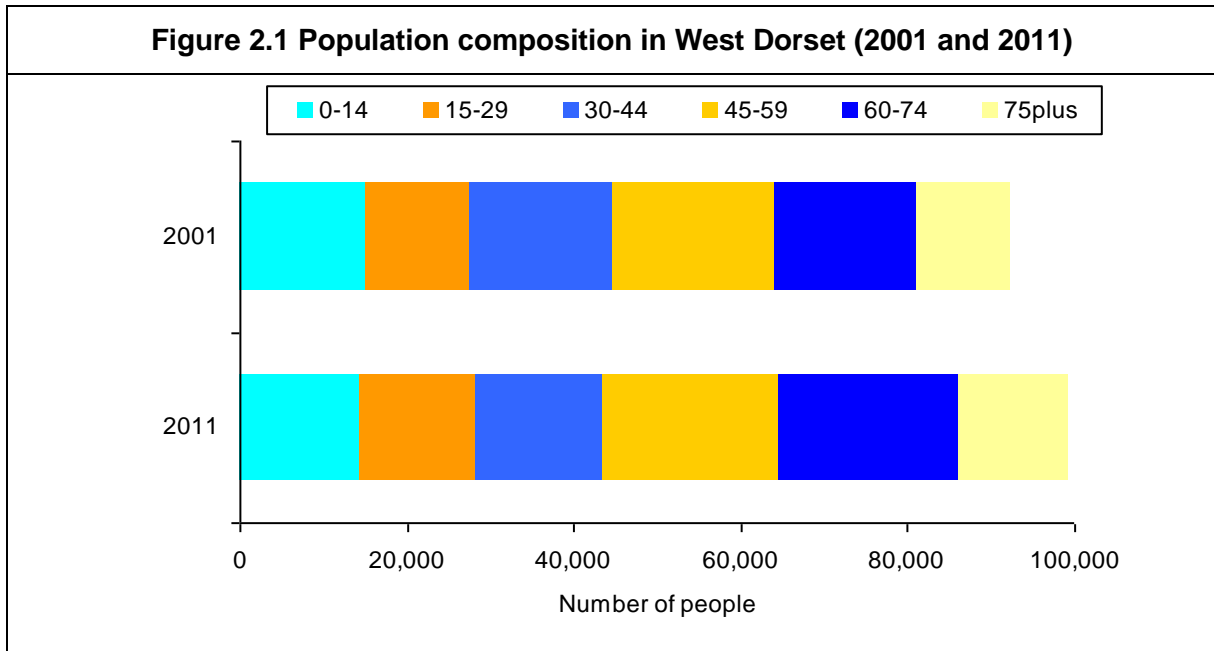
used to provide an overview of the housing stock in the study area and a comparison with the regional and national situation will be presented where the data is available.

Demography

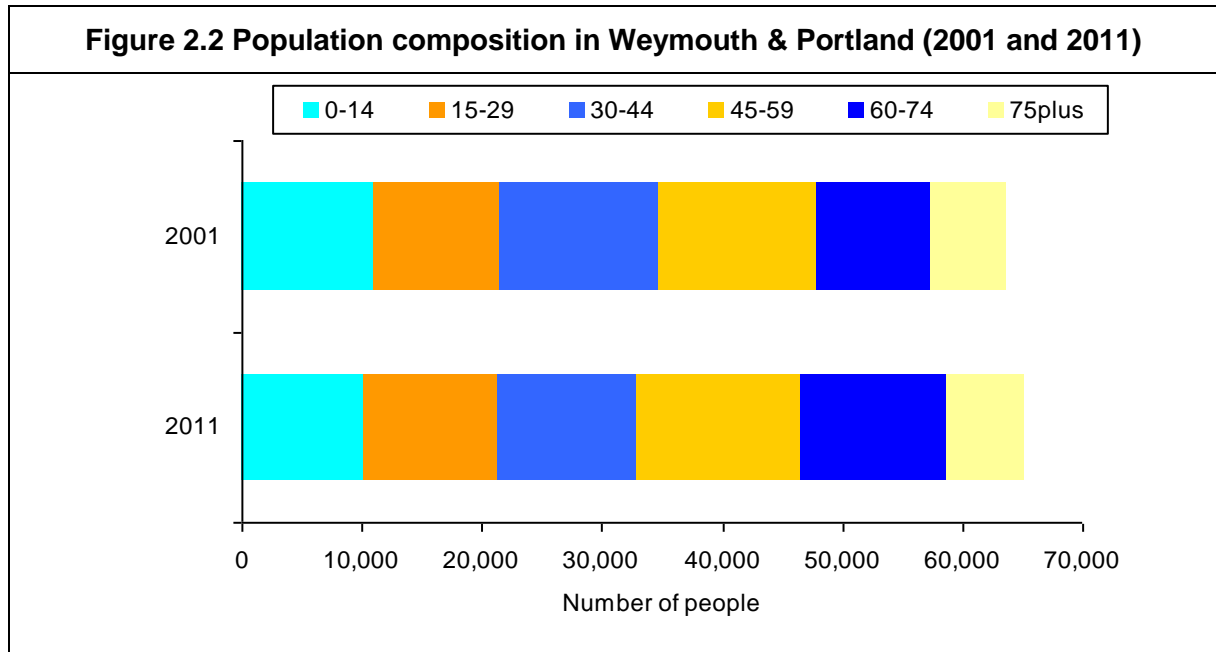
2.3 The recently released 2011 Census data provides a comprehensive profile of the population in both Council areas and how it has changed since the previous Census.

Population

2.4 The Census indicates that the resident population in West Dorset in 2011 was 99,264 and that since 2001 the population had increased by 7.5%, just over 6,900 people. In Weymouth & Portland the population in 2011 was 65,167, which was an increase of 2.4% since 2001 (around 1,500 people). In comparison the population of the South West region increased by 9.8% between the 2001 and 2011 Census, whilst the population of England increased by 8.9%. Figure 2.1 illustrates the age composition of the population in West Dorset in 2001 and 2011 according to the Census. It shows that since 2001 the number of people aged 60 to 74 has markedly increased as has the population of the District aged 15 to 29, and 75 and over. In contrast the number of people aged between 30 and 44 has decreased notably.



2.5 Figure 2.2 illustrates the age composition of the population in Weymouth & Portland in 2001 and 2011 according to the Census. It shows that, as in West Dorset, the number of people aged 60 to 74 has increased the most since 2001, whilst the number of people aged between 30-44 has recorded the largest decrease.



Source: 2001 & 2011 Census

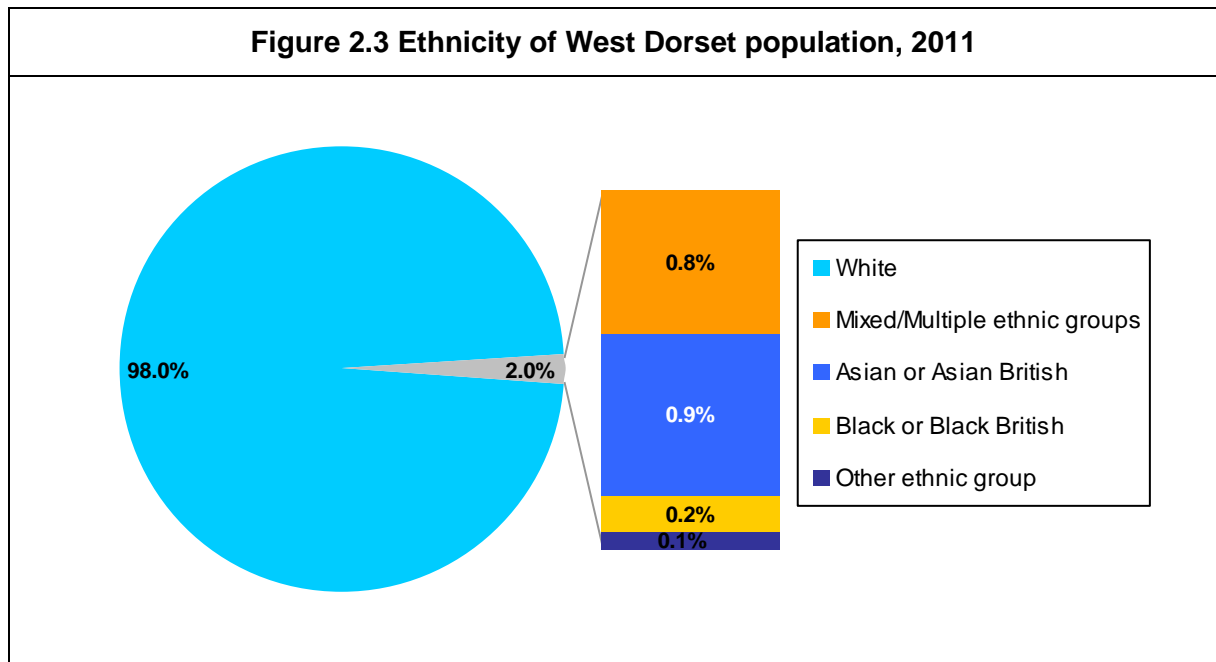
- 2.6 The 2011 Census figures also indicate that both West Dorset and Weymouth & Portland contain a lower proportion of the population that are of working age than is found regionally and nationally: 57.7% in West Dorset and 62.4% in Weymouth & Portland compared to 62.8% in the South West region and 64.8% across England. This is principally because there are a larger than average proportion of people of pensionable age (26.5% in West Dorset and 20.9% in Weymouth & Portland compared to 19.6% in the South West region and 16.3% in England).
- 2.7 The 2011 Census indicates that the population density in West Dorset is 92 people per km², an increase from 86 people per km² in 2001. In Weymouth & Portland the population density in 2011 was 1,560 people per km² a growth from 1,528 people per km² in 2001. For the study area as a whole the population density is 176 people per km². The 2011 figure for England is 407 people per km². The figure for the South West region is 220 people per km².
- 2.8 Some 20.3% of the resident population in West Dorset and 21.6% of the resident population in Weymouth & Portland have a long-term health problem or disability, compared to 18.5% of residents in the South West region and 17.6% of people across England. This reflects the older than average profile of the population.

Ethnicity

- 2.9 According to the 2001 Census, the proportion of Black, Asian and Minority Ethnic (BAME) (non-white) groups in West Dorset was 1.3% and in Weymouth & Portland the figure was 1.5%. Both of these were lower than that recorded for the South West region (2.3%) and the national average (9.1%). The 2011 Census indicates that the BAME population of the study area has increased, to 2.0% of the total population in West Dorset

and 2.6% in Weymouth & Portland. This is still notably smaller than the regional and national figures (4.7% in the South West and 14.5% in England).

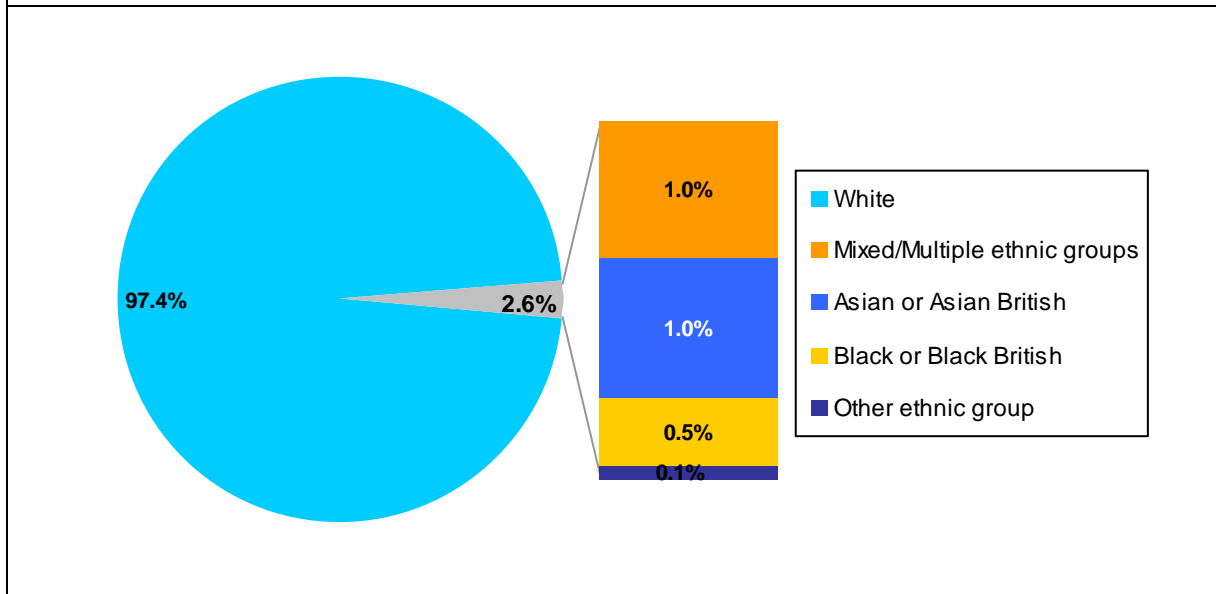
- 2.10 Figure 2.3 presents the ethnicity of the population in West Dorset in 2011. The 'Asian or Asian British' represents the largest BAME group in West Dorset District (comprising 0.9% of total population). It should be noted that the 'White' group includes 'White Irish' (0.5%), 'White Gypsy or Irish Traveller' (0.1%) and 'White Other' (1.7%) as well as 'White British' (95.7%)



Source: 2011 Census

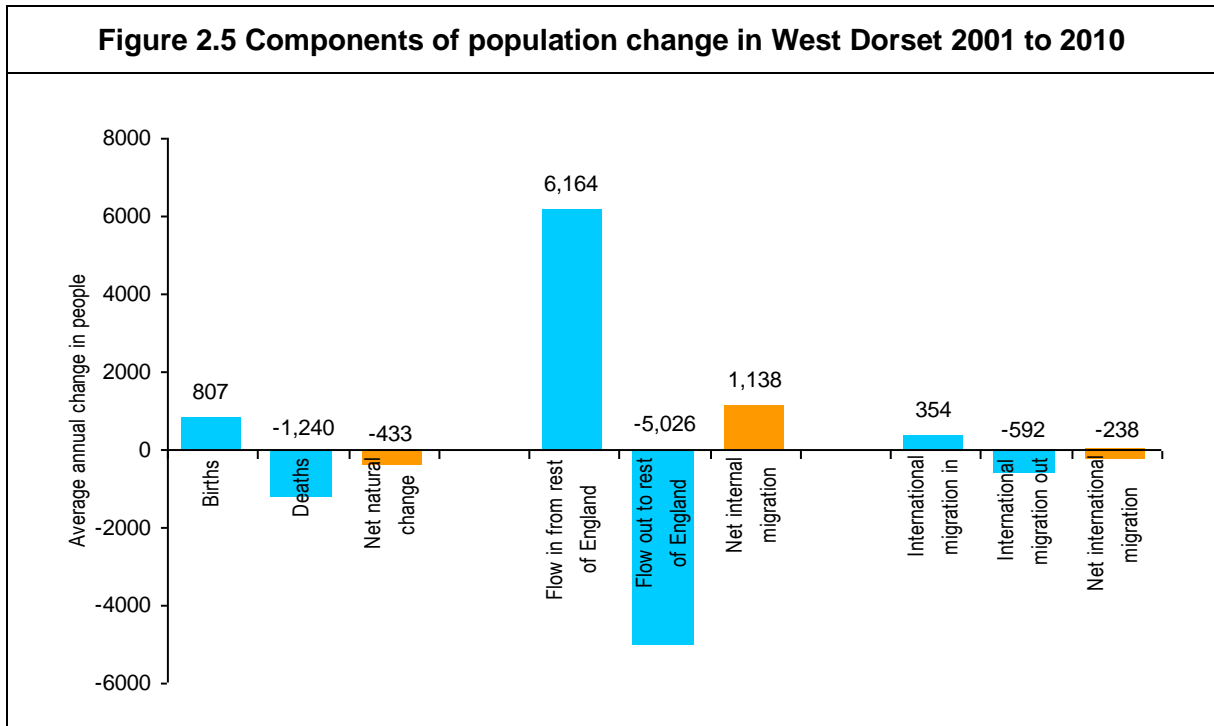
- 2.11 Figure 2.4 presents the ethnicity of the population in Weymouth & Portland in 2011. The 'Asian or Asian British' and 'Mixed/Multiple ethnic groups' represents the largest BAME groups in the Borough (each comprising 1.0% of total population). The 'White' group includes 'White Irish' (0.5%), 'White Gypsy or Irish Traveller' (0.1%) and 'White Other' (2.0%) as well as 'White British' (94.9%)

Figure 2.4 Ethnicity of Weymouth & Portland population, 2011



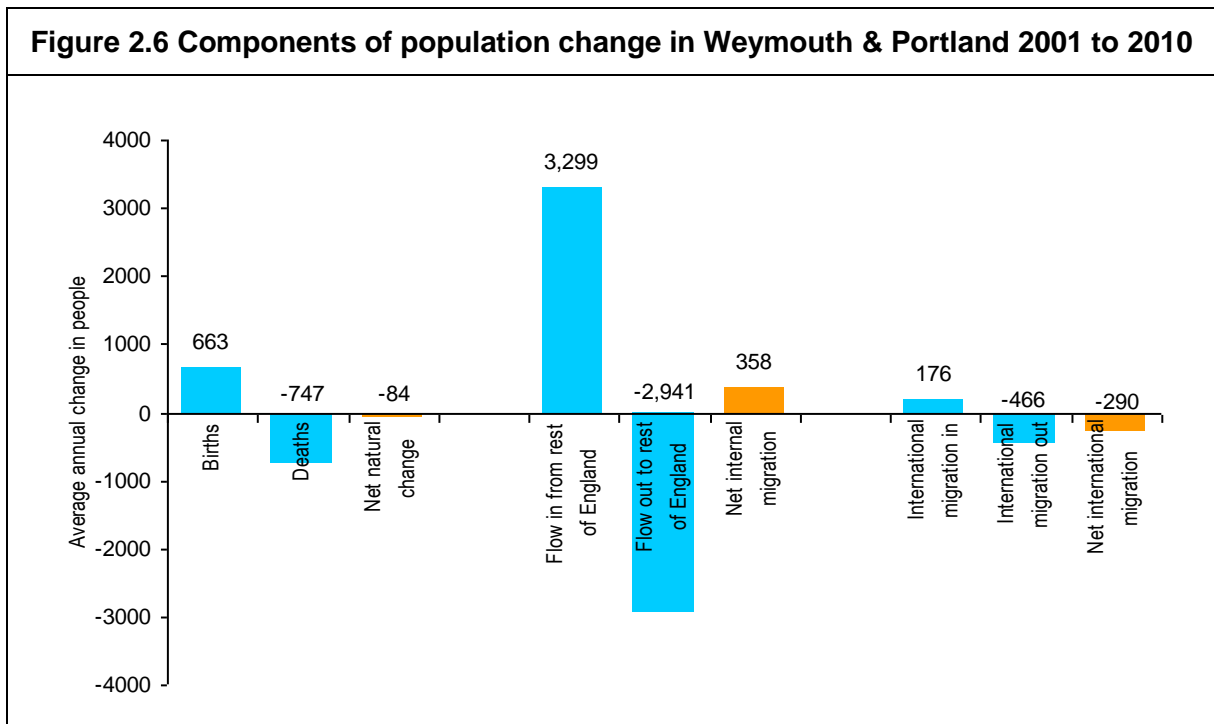
Source: 2011 Census

- 2.12 The Census reveals that just 0.6% of the population of West Dorset in 2011 and just 0.5% of the population of Weymouth & Portland had been resident in the UK for less than two years, compared to 1.0% in the South West region and 1.8% across England. The overwhelming majority of the population of the study area have resided in the UK for over 5 years (including those born in the UK); 98.9% in West Dorset and 98.7% in Weymouth & Portland compared to 97.7% in the South West and 96.0% in England.
- 2.13 Figure 2.5 presents further detail on the components of population change in West Dorset between 2001 and 2010. It indicates that an average of 6,164 people moved into the District each year from elsewhere in England, whilst 5,026 people moved from West Dorset to elsewhere in the country. This equates to a net growth of 1,138 people per year from internal migration. The figure shows that net internal migration has been the cause of population growth in West Dorset. The net natural change from the existing population in contrast was negative as was net international migration.



Source: ONS components of change for England and Wales - annual tables for 1991-2 to 2009-10

2.14 Figure 2.6 presents equivalent detail on the components of population change in Weymouth & Portland. It indicates that, as in West Dorset, net internal migration was the driver of population growth in the Borough, although the scale of the migration flows were notably smaller.



Source: ONS components of change for England and Wales - annual tables for 1991-2 to 2009-10

Number of households

2.15 The 2011 Census revealed that the household population in West Dorset increased by 9.6% since 2001, whilst in Weymouth & Portland the household population grew by 5.1%. This compares to the regional average of 8.6% and the national figure of 7.9%. In both areas the number of households has risen at a faster rate than the population between 2001 and 2011; this implies that the average size of households is falling, as is illustrated in Tables 2.1 and 2.2.

Table 2.1 Change in average household size in West Dorset, 2001 to 2011		
	<i>2001</i>	<i>2011</i>
Population	92,360	99,264
Households	40,510	44,386
Average household size	2.28	2.24

Source: 2001 & 2011 Census

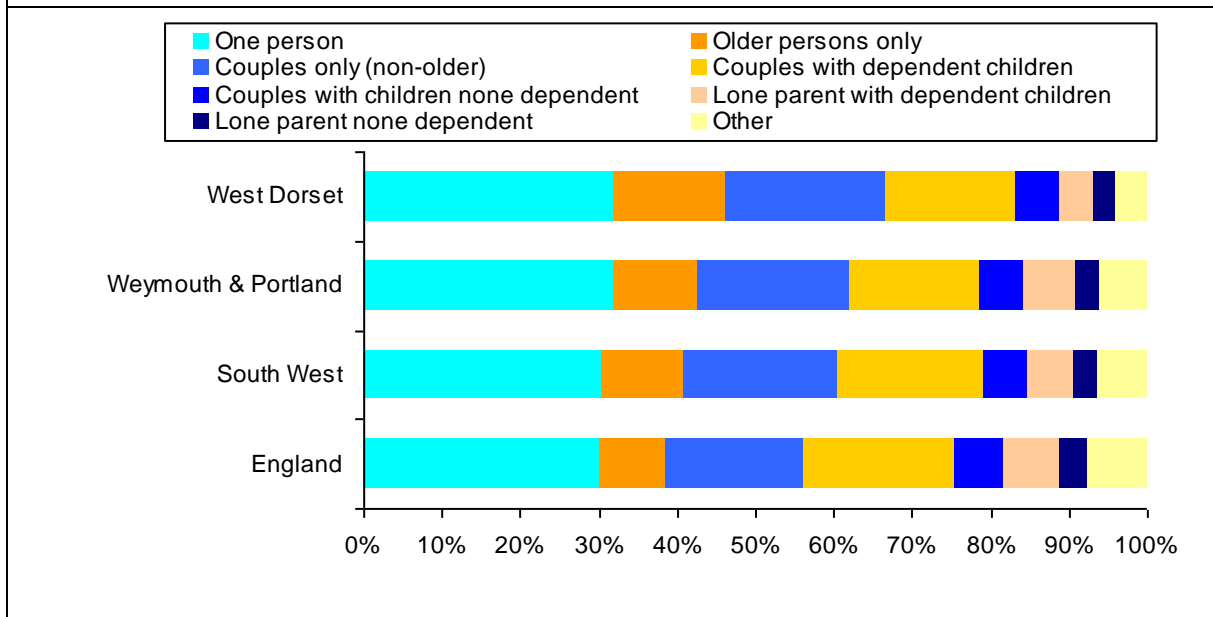
Table 2.2 Change in average household size in Weymouth & Portland, 2001 to 2011		
	<i>2001</i>	<i>2011</i>
Population	63,648	65,167
Households	27,156	28,535
Average household size	2.34	2.28

Source: 2001 & 2011 Census

2.16 It is interesting to note that this average household size of 2.24 compares to an average of 2.9 bedrooms per household in West Dorset according to the 2011 Census. The 2011 Census also indicates that 1.9% of households in West Dorset had fewer bedrooms than they required (compared to 1.9% across the South West region and 4.8% nationally), whilst 77.9% have at least one bedroom more than they require (as opposed to 73.3% in the South West and 68.7% across England). In Weymouth & Portland the average household size of 2.28 compares to an average of 2.7 bedrooms per household. In 2011, 3.1% of households in Weymouth & Portland had fewer bedrooms than they required and 70.3% have at least one bedroom more than they require.

2.17 Figure 2.7 compares the household composition in West Dorset and Weymouth & Portland in 2011 with that recorded for the South West region and England. The data indicates that older persons only households constitute 14.3% of all households in West Dorset and 10.7% of all households in Weymouth & Portland compared to 10.3% in the region and 8.4% nationally. The figure also shows that some 31.9% of households in West Dorset and 32.0% of households in Weymouth & Portland contain only one person, both higher than the regional and national figures.

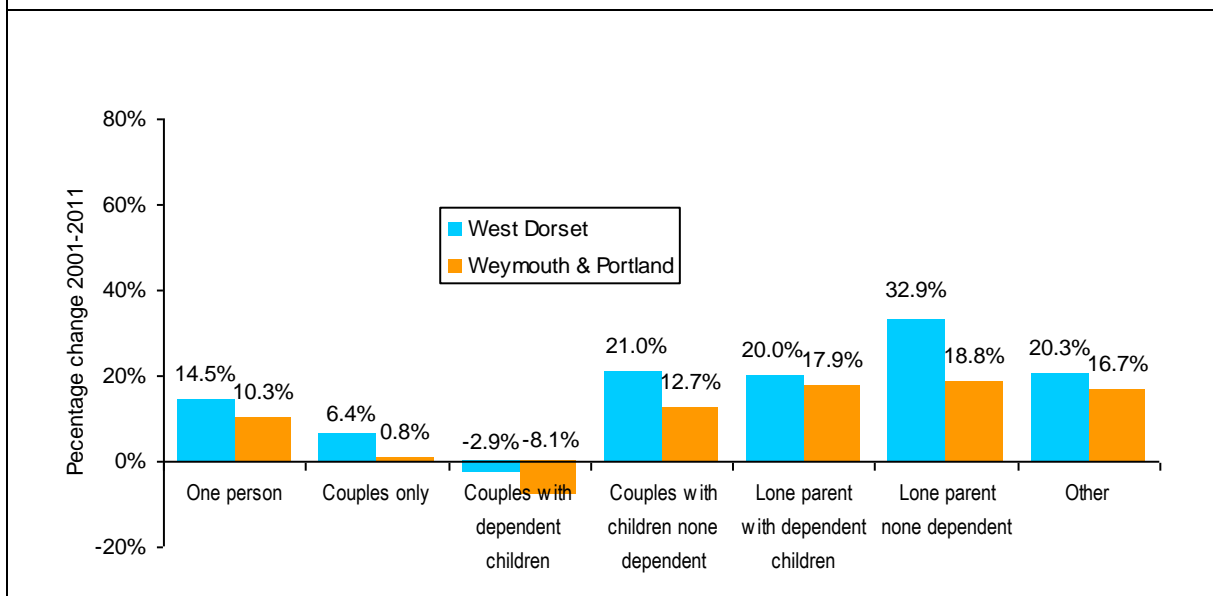
Figure 2.7 Household composition in West Dorset, Weymouth & Portland, the South West region and England, 2011



Source: 2011 Census

2.18 Figure 2.8 shows the change recorded between the 2001 and 2011 Census for the different household groups in West Dorset and Weymouth & Portland. The figure shows that lone parent households have increased the most (although from a very low base), followed by 'other' households. It is interesting to note that couples with only non-dependent children have increased whilst the number of couples with dependent children has declined. This suggests that household formation rates amongst young adults may have reduced.

Figure 2.8 Change in household types resident in study area 2001 to 2011



Source: 2001 & 2011 Census

Economy

- 2.19 Considerable data is available on the economic context in the study area, which enables a detailed profile of the current local economy to be presented.

Employment in West Dorset and Weymouth & Portland

- 2.20 The latest data available on the economy in the study area indicates that whilst there is notable capacity to undergo growth in Weymouth & Portland, West Dorset is already a buoyant economy. NOMIS² data on 'job density' (this is a measure of the number of jobs per person of working age) for 2012 shows that there are 0.55 jobs per working age person in Weymouth & Portland, but 1.01 jobs per working age person in West Dorset. The figure for the South West region is 0.81 and for England as a whole is 0.79. Both areas record better job density in 2012 than in 2006, before the start of the economic downturn (an increase from 0.54 in Weymouth & Portland, and an increase from 0.94 in West Dorset).
- 2.21 Measured by the Office of National Statistics Business Register and Employment Survey there were 46,400 employee jobs in West Dorset in 2012. This is a 1.9% decrease from the highest level recorded (2009). In Weymouth & Portland there were 17,600 employee jobs in 2012, a 16.2% decrease from the highest level recorded (2009). These decreases compare to a decrease of 3.5% for the region and an increase of 0.3% nationally over the same time period.
- 2.22 Data is also available from the ONS about the number of businesses in the area and how this has changed over the last few years (older data is not available as they have changed the information collected in 2011). This can provide a good indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 2.23 ONS indicates that the number of enterprises in 2013 in West Dorset was 5,015; the highest level recorded (there were 4,995 enterprises in 2011 when the dataset began). In Weymouth & Portland the number of enterprises in 2013 was 1,585, the lowest level recorded in the three years of data available and down from a high of 1,615 in 2012. A very similar proportion of enterprises are micro (with 9 or fewer employees) across West Dorset (88.8%), Weymouth & Portland (88.0%), the South West (88.6%) and England (88.3%)

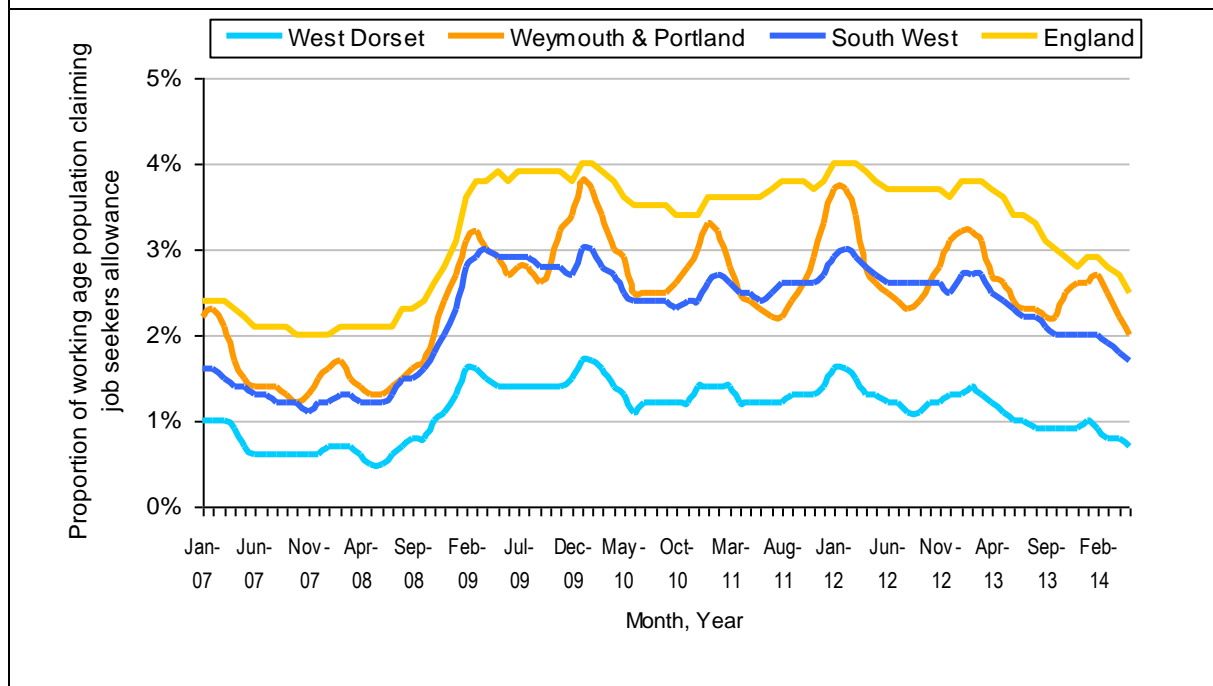
Employment profile of residents

- 2.24 Although the overall economic performance of the study area provides important context, an understanding of the effect of the economic climate on the resident population is more crucial to this study.

² NOMIS is a website provided by the Office of National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk

- 2.25 The Census provides an overview of the employment situation in West Dorset and Weymouth & Portland in 2011. It shows that of all residents in work in West Dorset (excluding those who are also students), 23.1% are self-employed, with 52.2% full-time employees and 24.7% part-time employees, whilst in Weymouth & Portland 15.2% are self-employed, with 56.7% full-time employees and 28.1% part-time employees. The levels of part-time employment in both areas is higher than both the regional (23.7%) and national averages (22.1%). Since the 2001 Census the number of part-time employees in West Dorset has increased by 25.2% and the number of full-time employees has risen by 8.8%. The number of self-employed residents in the District has increased by 15.5%. In Weymouth & Portland the number of part-time employees has increased by 27.3% since 2001, whilst the number of full-time employees has fallen by 3.7%. The number of self-employed residents in the Borough has increased by 14.3%.
- 2.26 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a very up-to-date measure of the level of unemployment of residents in an area. Figure 2.9 shows the change in the proportion of the working age population claiming Job Seekers Allowance in West Dorset and Weymouth & Portland since January 2007. The figure indicates that the West Dorset unemployment level, whilst fluctuating relatively dramatically, has been consistently lower than the level for the South West region and England, whilst the unemployment level in Weymouth & Portland has been consistently lower than the national average and more in line with the regional level.
- 2.27 Unemployment in West Dorset is now (May 2014) 1.2% lower than the level recorded before the economic downturn (May 2007). This compares with an increase in unemployment of 31.4% in Weymouth & Portland, 25.3% across the South West and 17.5% for England over the last seven years (May 2007 to May 2014). However, over the last twelve months unemployment has fallen in all areas (by 32.3% in West Dorset, 23.1% in Weymouth & Portland, 31.3% in the South West region and 28.5% in England as a whole).

Figure 2.9 Level of unemployment in West Dorset and Weymouth & Portland (2007-2012)



Source: ONS Claimant count

- 2.28 Weymouth & Portland has a fairly high proportion of young people unemployed; 3.7% of 18 to 24 year olds in the Borough are unemployed compared to 1.6% in West Dorset, 2.9% at the regional level and 4.3% nationally. The level of long-term unemployed (more than 12 months unemployed) is however unremarkable at 0.4% of the working age population, which compares to 0.1% in West Dorset, 0.4% in the South West region and 0.8% for England.
- 2.29 The Census presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As Table 2.3 illustrates, some 35.6% of employed residents in Weymouth & Portland work in groups 1 to 3, and this is considerably lower than the equivalent figure for both the South West region and England. West Dorset has a notably lower proportion of the workforce in occupation groups 8 to 9 than is found regionally and nationally. The table also shows that since the 2001 Census there has been a considerable increase in the number of people resident in both West Dorset and Weymouth & Portland employed within groups 6 to 7.

Table 2.3 Occupation structure						
<i>Occupation Groups</i>	<i>West Dorset 2011</i>	<i>Weymouth & Portland 2011</i>	<i>South West 2011</i>	<i>England 2011</i>	<i>Change in # of people employed in since 2001</i>	
					<i>West Dorset</i>	<i>Weymouth & Portland</i>
Group 1-3: Senior, Professional or Technical	40.8%	35.6%	39.7%	41.1%	18.9%	4.0%
Group 4-5: Administrative, skilled trades	26.0%	24.8%	24.4%	22.8%	10.1%	-0.8%
Group 6-7: Personal service, Customer service and Sales	17.0%	20.7%	18.2%	17.7%	32.2%	32.1%
Group 8-9: Machine operatives, Elementary occupations	16.1%	18.9%	17.7%	18.3%	-2.1%	-2.4%
Total	100.0%	100.0%	100.0%	100.0%	14.5%	6.1%

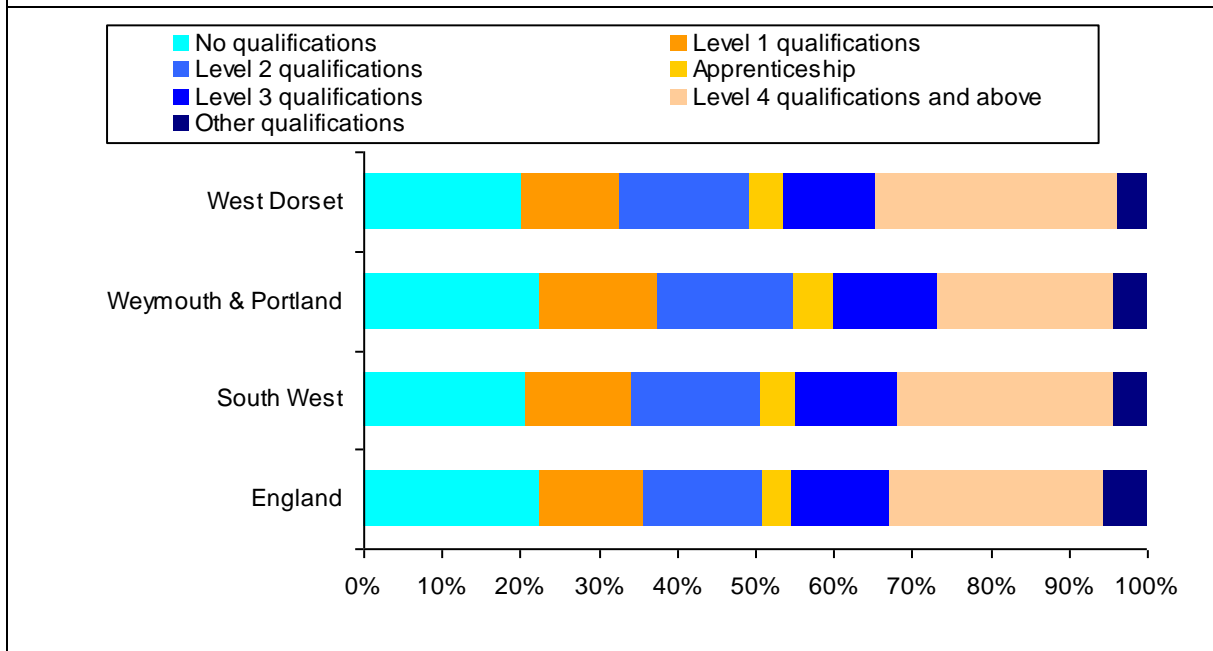
Source: 2001 & 2011 Census

2.30 Analysis of the 2011 Census data indicates that public administration and defence is a relatively large employer for residents in both West Dorset and Weymouth & Portland compared to the national average. This also the case for agriculture, forestry and fishing in West Dorset and wholesale and retail trade in Weymouth & Portland. Information & communication and financial & insurance activities however are relatively small employers in both Council areas in comparison to the national average. Comparison with the 2001 Census data indicates that the economy in both West Dorset and Weymouth & Portland has become more diverse over the last ten years in response to the decrease in the relative importance of the manufacturing sector.

Qualifications

2.31 An important factor in the ability of any economy to grow is the level of skill of the workforce. Figure 2.10 shows the highest qualification level of the working-age residents of West Dorset and Weymouth & Portland, compared to the regional and national equivalents as recorded in the 2011 Census. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-level) and Level 4 the highest (undergraduate degree or higher). The data indicates that over a fifth (20.1% in West Dorset and 22.5% in Weymouth & Portland) of working-age residents have no qualifications, similar to the figures for the South West region (20.7%) and England (22.5%). Weymouth & Portland has fewer residents with Level 4 or higher qualifications. It is important to note however that in both areas the proportion of working-age residents without qualifications has reduced since the 2001 Census and the proportion with Level 4 or higher qualifications has increased notably.

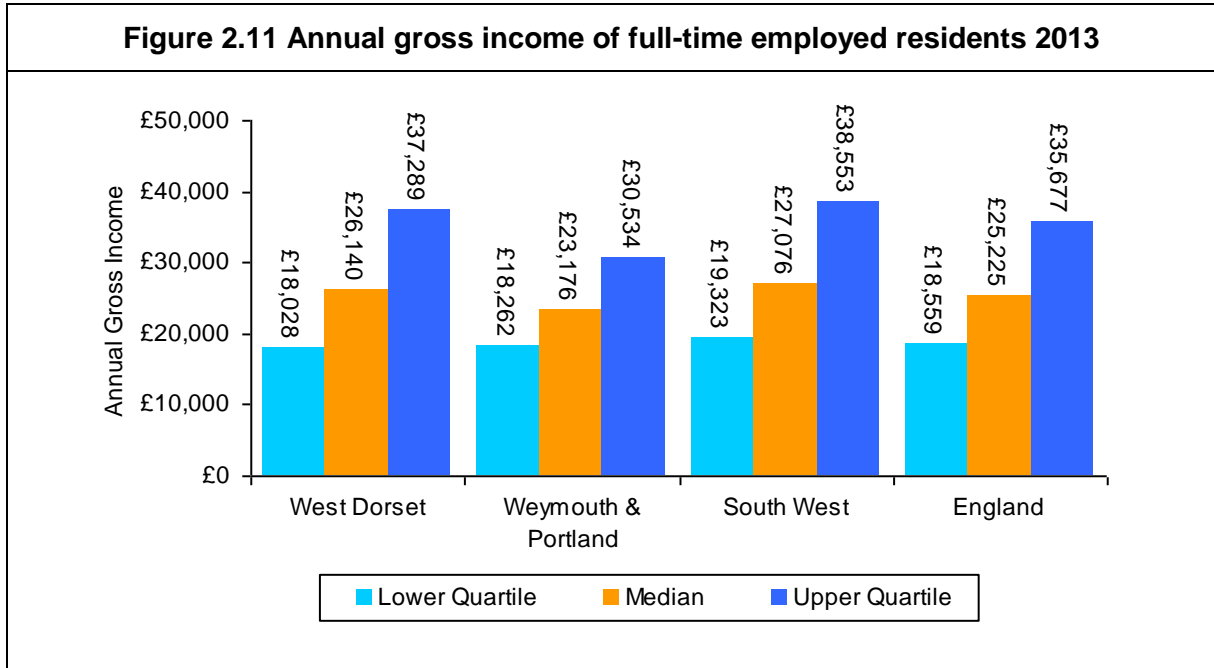
Figure 2.10 Highest qualification level of residents in West Dorset, Weymouth & Portland, the South West region and England, 2011



Source: 2011 Census

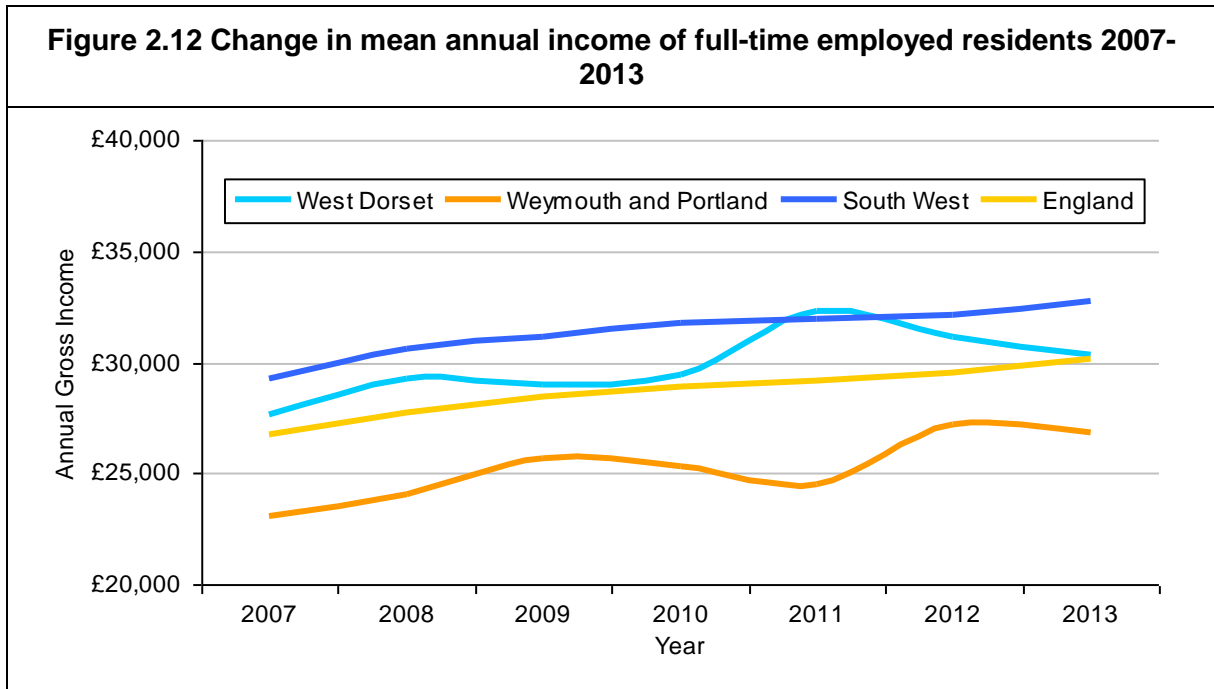
Income

- 2.32 Income has a crucial effect on the level of choice a household has when determining their future accommodation. The mean earned income for full-time employees resident in West Dorset in 2013 was £30,321 and for full-time employees resident in Weymouth & Portland it was £26,858, according to the ONS Annual Survey of Hours and Earnings, both of which were lower than the South West region (at £32,738). The mean figure for West Dorset was higher than the national average (£30,108), whilst in Weymouth & Portland mean income was lower. It is important to note that these figures assess individual incomes rather than household incomes.
- 2.33 Figure 2.11 shows that, at all points on the distribution, annual gross income in Weymouth & Portland is notably lower than the equivalent in the South West region and England, although the pattern is most pronounced for higher income workers. Median and upper quartile incomes in West Dorset are higher than the national equivalents, but lower quartile incomes are below the figure for England, highlighting greater differentiation between high and low earning people in the District than is typical in the country.



Source: ONS Annual Survey of Hours and Earnings (2013)

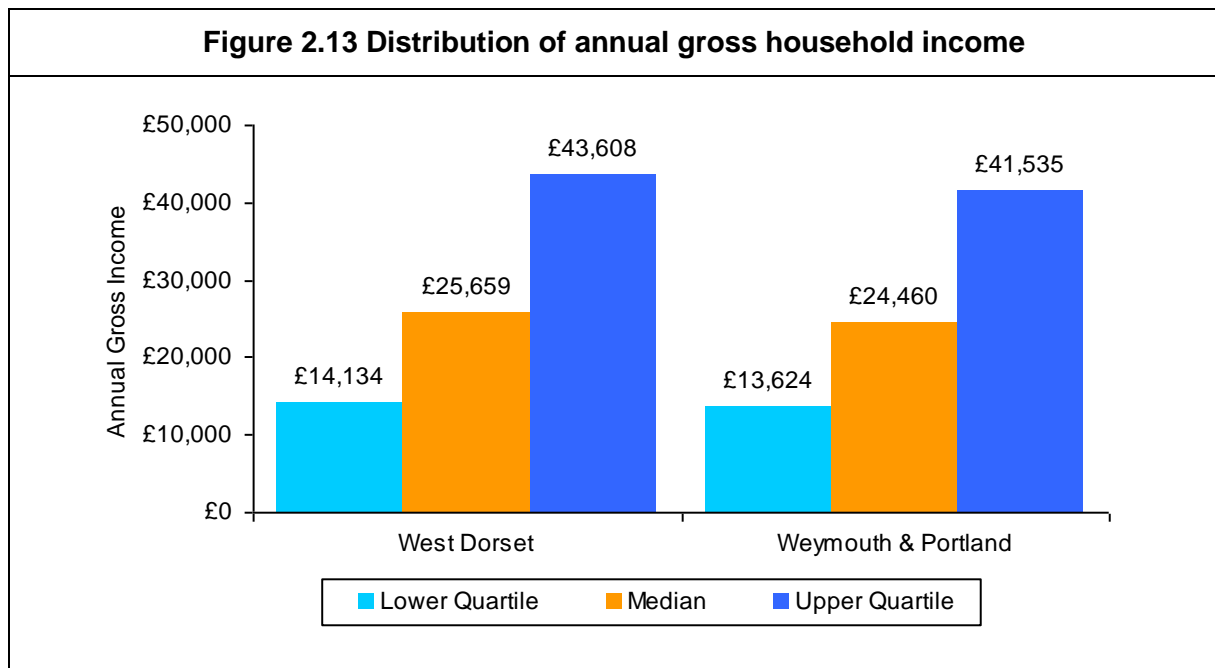
2.34 Figure 2.12 shows the change in the mean income of full-time employees resident in West Dorset, Weymouth & Portland, the South West region and England since 2007. West Dorset has recorded a lower increase since 2007 (at 9.9%) than Weymouth & Portland (16.7%) the South West region (12.1%) and England (12.7%).



Source: ONS Annual Survey of Hours and Earnings (2007-2013)

Household income

- 2.35 CACI Paycheck estimates that the mean gross annual household income in West Dorset is £32,413, which is 10.4% below the United Kingdom equivalent (£36,173). The median household income is also lower at £25,659 (compared to £28,391 across the UK). The lower quartile figure is £14,134 (£15,078 nationally). CACI Paycheck estimates that the mean gross annual household income in Weymouth & Portland is £30,753, which is 15.0% below the United Kingdom equivalent. The median and lower quartile household incomes are also noticeably lower than the UK equivalents (£24,460 and £13,624 respectively).
- 2.36 Figure 2.13 shows the distribution of income in West Dorset, compared to that across Weymouth & Portland. It is clear that there is a significant range of incomes in both areas, with 39.4% of households having an income of less than £20,000, and 12.4% of households having an income in excess of £60,000 in West Dorset, whilst in Weymouth & Portland 41.2% of households have an income of less than £20,000, and 10.6% of households have an income in excess of £60,000.



Source: CACI Paycheck, 2014

- 2.37 In December 2012 the CLG published data tracking economic and child income deprivation at neighbourhood level in England between 1999 and 2009. This showed that of the 326 authorities in England, West Dorset was ranked the 230th worst for child income deprivation in 2009, with Weymouth & Portland 98th. This suggests that pockets of poverty are likely to be a particular issue in Weymouth & Portland.

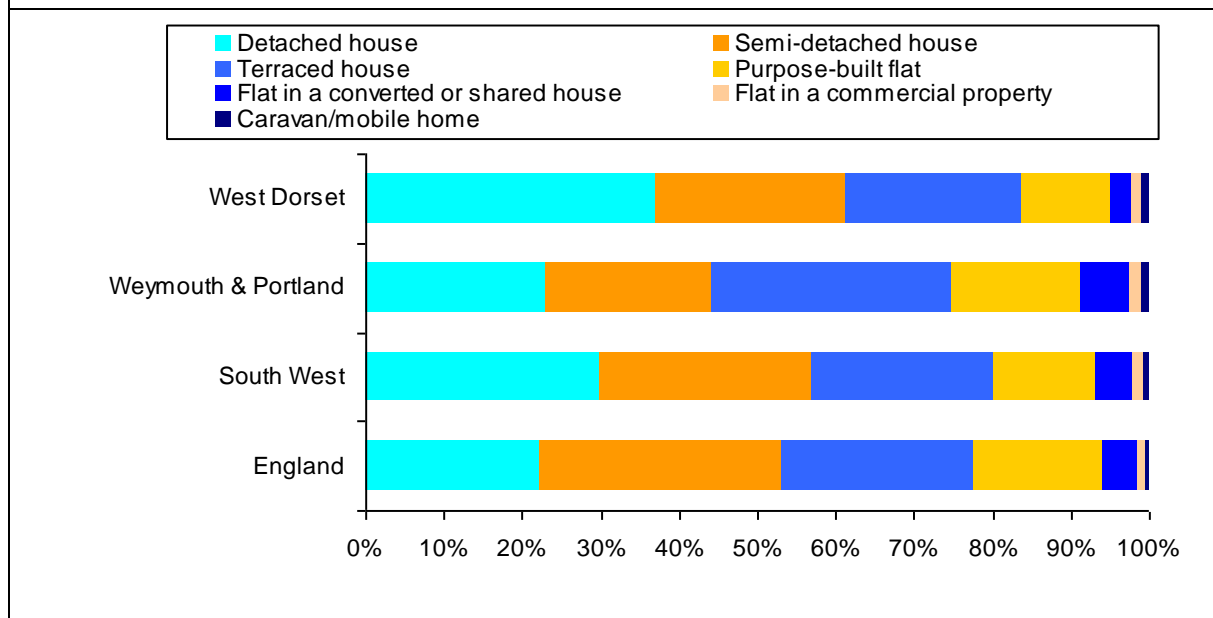
Dwelling stock

2.38 The Census indicates that there were 49,319 dwellings in West Dorset in 2011 and that since 2001 the number of dwellings has increased by 12.0%, almost 5,300 properties. In Weymouth & Portland in 2011 there were 30,977 dwellings, an increase of 8.5% since 2001, over 2,400 properties. In comparison the dwelling stock in the South West region increased by 9.9% between the 2001 and 2011 Census, whilst the dwelling stock of England increased by 8.3%.

Accommodation profile

2.39 Figure 2.14 compares the type of accommodation in West Dorset and Weymouth & Portland in 2011 with that recorded for the South West region and England. West Dorset contains more detached houses and fewer semi-detached properties and flats than the regional and national averages. Weymouth & Portland contains more terraced houses and fewer semi-detached properties than the regional and national averages. Although small in number, caravans/mobile homes make up a higher proportion of the housing stock in West Dorset and Weymouth & Portland than in the South West region or England. The most common property type in West Dorset is detached houses followed by semi-detached dwellings. The most common property type in Weymouth & Portland is terraced houses, followed by flats.

Figure 2.14 Dwelling type in West Dorset, Weymouth & Portland, the South West region and England, 2011



Source: 2011 Census

2.40 Since 2001 the number of purpose built flats has increased markedly in both areas; by 36.0% in West Dorset and by 41.3% in Weymouth & Portland. The change in the number of houses has been less notable.

2.41 Table 2.4 compares the size of accommodation (in terms of bedrooms) in West Dorset, Weymouth & Portland, the South West Region and England. The table indicates that West Dorset has a greater proportion of large properties (four or more bedrooms) than the South West region and England as a whole. Alternatively Weymouth & Portland has a greater proportion of small properties (one or fewer bedrooms) than the South West and nationally. Overall, in both West Dorset and Weymouth & Portland, three bedroom homes are most common followed by two bedroom dwellings.

Table 2.4 Size of dwelling stock in West Dorset, Weymouth & Portland, the South West region and England, 2011				
<i>Property size</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>	<i>South West</i>	<i>England</i>
No bedrooms	0.1%	0.2%	0.2%	0.2%
1 bedroom	9.0%	12.1%	10.7%	11.8%
2 bedrooms	26.9%	30.0%	27.3%	27.9%
3 bedrooms	41.1%	41.0%	40.4%	41.2%
4 bedrooms	16.9%	13.2%	16.1%	14.4%
5 or more bedrooms	5.9%	3.5%	5.3%	4.6%
Total	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.42 The number of bedrooms in a property was not collected in the 2001 Census, however both the 2001 and 2011 Census recorded the total number of rooms in a dwelling. A comparison of the figures for West Dorset and Weymouth & Portland shows that the number of larger dwellings has recorded the greatest rise; between 2001 and 2011 the number of properties with 8 or more rooms increased by 28.9% in West Dorset and by 21.4% in Weymouth & Portland. In contrast the number of homes with five rooms declined in both areas. There was also a notable increase in the number of smaller dwellings, with the number of properties with three rooms increasing by 22.3% in West Dorset and by 20.4% in Weymouth & Portland.

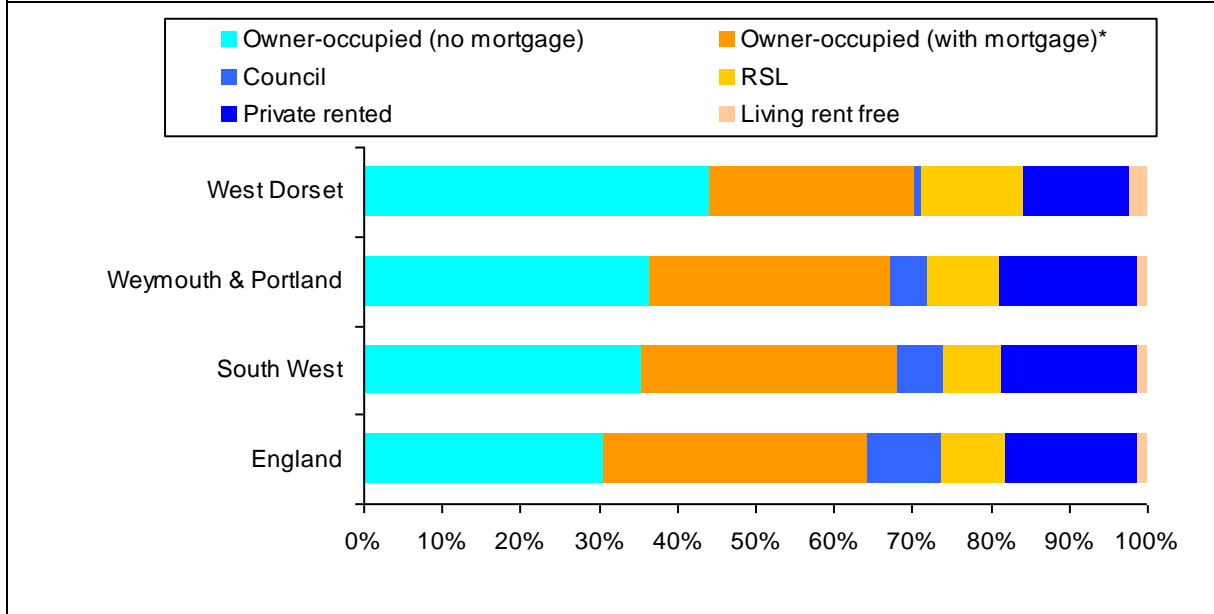
Tenure

2.43 Figure 2.15 compares the tenure of households in West Dorset and Weymouth & Portland in 2011 with that recorded for the South West region and England. The data indicates that 44.1% of households in West Dorset are owner-occupiers without a mortgage as are 36.5% of households in Weymouth & Portland, compared to 35.4% in the region and 30.6% nationally. The proportion of owner-occupiers with a mortgage in the two areas (26.2% in West Dorset and 30.9% in Weymouth & Portland) is however lower than the regional (32.8%) and national average (33.6%).

2.44 Some 13.8% of households in West Dorset and 13.6% of households in Weymouth & Portland are resident in the social rented sector, higher than the figure for the South West region (13.3%), but lower than England as a whole (17.7%). Finally, some 13.8% of

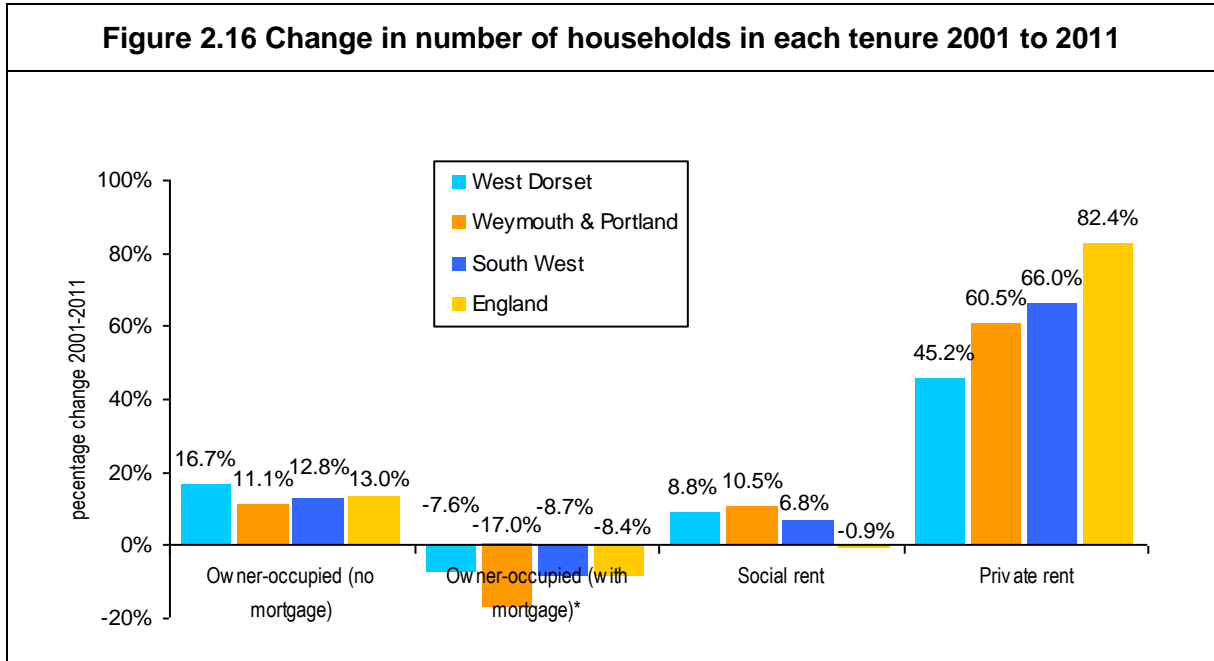
households in West Dorset and 17.8% of households in Weymouth & Portland live in private rented accommodation, compared to 17.1% in the South West and 16.8% across England.

Figure 2.15 Tenure profile in West Dorset, Weymouth & Portland, the South West region and England, 2011



*Includes shared ownership. Source: 2011 Census

2.45 Figure 2.16 shows the change in the size of each tenure between the 2001 and 2011 Census. The figure shows that in West Dorset, Weymouth & Portland, the South West region and England as a whole the private rented sector has increased dramatically. The number of owner-occupiers with no mortgage has also recorded an increase in all areas, whilst owner-occupiers with a mortgage has decreased. The social rented sector has generally shown the smallest change.



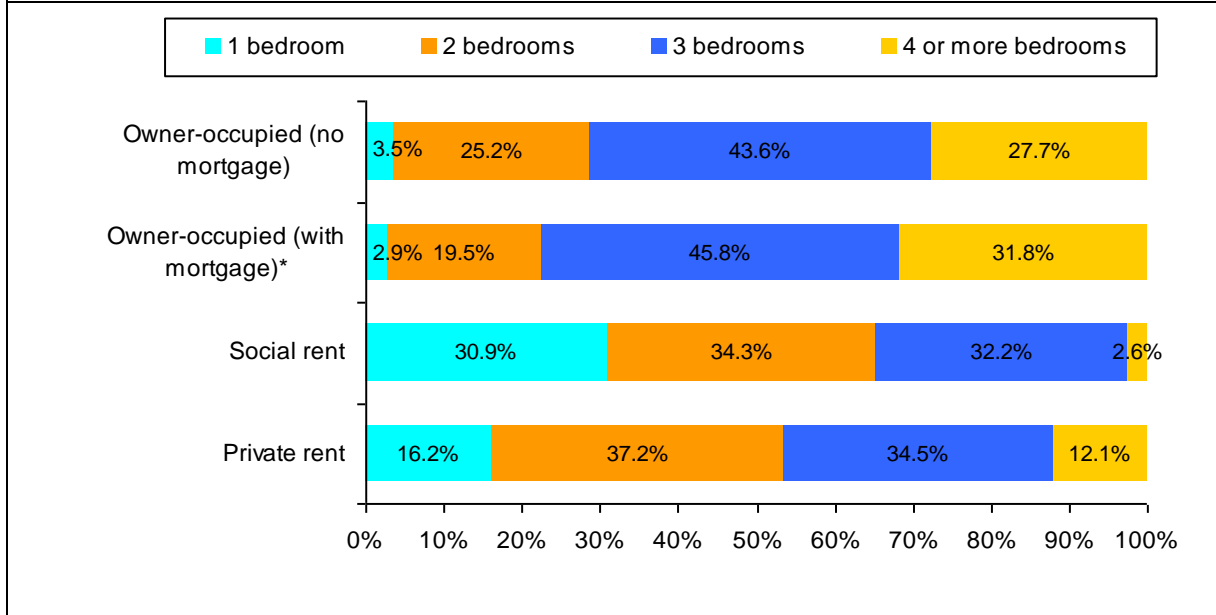
*Includes shared ownership. Source: 2001 & 2011 Census

- 2.46 It should be noted that whilst the owner-occupied (with mortgage) sector has decreased, the number of shared ownership properties has increased notably, rising by 75.4% between 2001 and 2011 in West Dorset and by 67.7% in Weymouth & Portland (although the base figure in 2001 was small in both instances).
- 2.47 A recent national review of the private rented sector published in January 2013 by the British and Social Housing Foundation (BSHF) entitled 'Who Lives in the Private Rented Sector' estimates that in 2009/10 around a quarter of private tenants were in receipt of Housing Benefit; although it is acknowledged that this is likely to be a slight underestimate. It is estimated from the Council's data that in West Dorset in 2013 just over 25% of households in the private rented sector are Housing Benefit-supported, whilst in Weymouth & Portland the figure is just over 50%. The growth of Housing Benefit-supported private rented sector in both areas is notably lower than the national average; 5.6% in West Dorset and 11.1% in Weymouth & Portland between 2010 and 2014 compared to national growth of 14.6% recorded between 2010 and 2012 (according to the BSHF report).

Tenure by bedroom

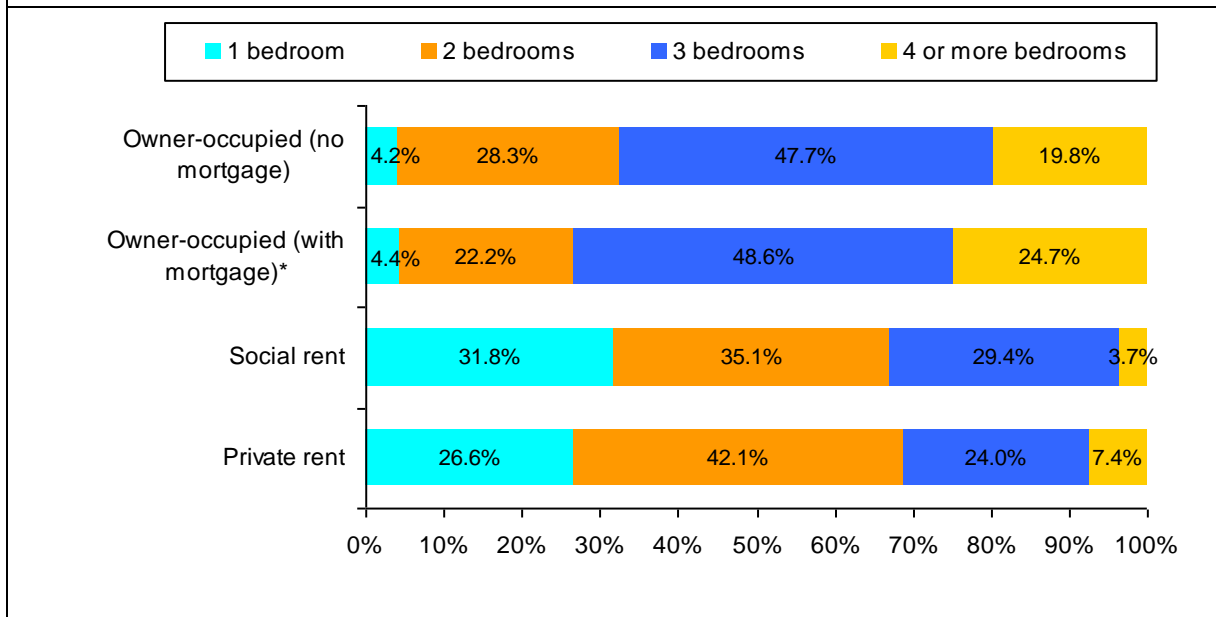
- 2.48 Finally it is useful to understand the size of accommodation within each tenure as recorded in the 2011 Census. This is shown for the two areas in Figures 2.17 and 2.18. The data indicates that in both areas, rented accommodation is smaller on average than owned dwellings.

Figure 2.17 Dwelling size within each tenure in West Dorset, 2011



*Includes shared ownership. Source: 2011 Census

Figure 2.18 Dwelling size within each tenure in Weymouth & Portland, 2011



*Includes shared ownership. Source: 2011 Census



3. The cost and affordability of housing

Summary – West Dorset

- i) According to data from the Land Registry, the mean house price in West Dorset in the fourth quarter of 2013 was £266,001, higher than the average for the South West region and England as a whole. Data shows that whilst prices have remained largely static since the economic downturn, the number of property sales has fallen notably.
- ii) The cost of housing by size was assessed for all tenures across the District. Entry-level prices in West Dorset range from £100,000 for a one bedroom home up to £350,000 for a four bedroom property. Entry-level rents in West Dorset range from £495 per month for a one bedroom home up to £1,000 per month for a four bedroom property.
- iii) Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between each tenure shows that there is a large income gap between the social rented sector and market entry and that Affordable Rent, shared ownership and discounted market rent are all products that fit into this gap.
- iv) Although affordability has theoretically improved since the start of the economic downturn, there remains a large proportion of households in West Dorset that are unable to afford to access market accommodation in the District.

Summary – Weymouth & Portland

- i) According to data from the Land Registry, the mean house price in Weymouth & Portland in the fourth quarter of 2013 was £203,185, lower than the average for the South West region and England as a whole. Data shows that whilst prices have remained largely static since the economic downturn, the number of property sales has fallen dramatically.
- ii) The cost of housing by size was assessed for all tenures across the Borough. Entry-level prices in Weymouth & Portland range from £100,000 for a one bedroom home up to £230,000 for a four bedroom property. Entry-level rents in Weymouth & Portland range from £480 per month for a one bedroom home up to £845 per month for a four bedroom property.
- iii) Housing market gaps analysis shows the nature of the housing ladder in a particular locality. An analysis of the gaps between each tenure shows that there is a large income gap between the social rented sector and market entry and that Affordable Rent, shared ownership and discounted market rent are all products that fit into this gap.
- iv) Although affordability has theoretically improved since the start of the economic downturn, there remains a large proportion of households in Weymouth & Portland that are unable to afford to access market accommodation in the Borough.

- 3.1 An effective housing requirements study is founded on a thorough understanding of local housing – what it costs and how this varies. This chapter describes the changes in the housing market that have been recorded in West Dorset and Weymouth & Portland. Subsequently it assesses the entry-level costs of housing in the study area. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist.

Relative prices

- 3.2 The most recent house price data available currently is from the fourth quarter of 2013. This is presented for the two Local Authority areas, the County and England as a whole in Table 3.1. The table indicates that the average price of dwellings in West Dorset in Quarter 4 2013, at £266,001, was noticeably higher than the national average and slightly higher than the County-wide average. This pattern is repeated when comparing the cost of the different house types, but the average cost of flats/maisonettes in West Dorset is lower than the national figure. The average price of dwellings in Weymouth & Portland in Quarter 4 2013 was lower than both the national and County-wide average. Semi-detached houses are relatively expensive in Weymouth & Portland as this is the only type of accommodation for which the average price is higher than the national equivalent.

Table 3.1 Average property prices by type, quarter 4, 2013				
<i>Accommodation type</i>	West Dorset	Weymouth & Portland	Dorset	England
Detached house	£351,086	£283,999	£348,353	£329,552
Semi-detached house	£258,648	£208,141	£237,537	£203,925
Terraced house	£221,618	£172,303	£205,484	£202,847
Flat/Maisonette	£170,250	£154,674	£167,042	£250,107
Overall average	£266,001	£203,185	£264,066	£242,374

Source: Land Registry via CLG

- 3.3 Table 3.2 sets out the distribution of total sales recorded during quarter 4 2013 for each of these areas. The table shows that whilst detached dwellings are the predominant sales in West Dorset, sales of terraced houses are most common in Weymouth & Portland.

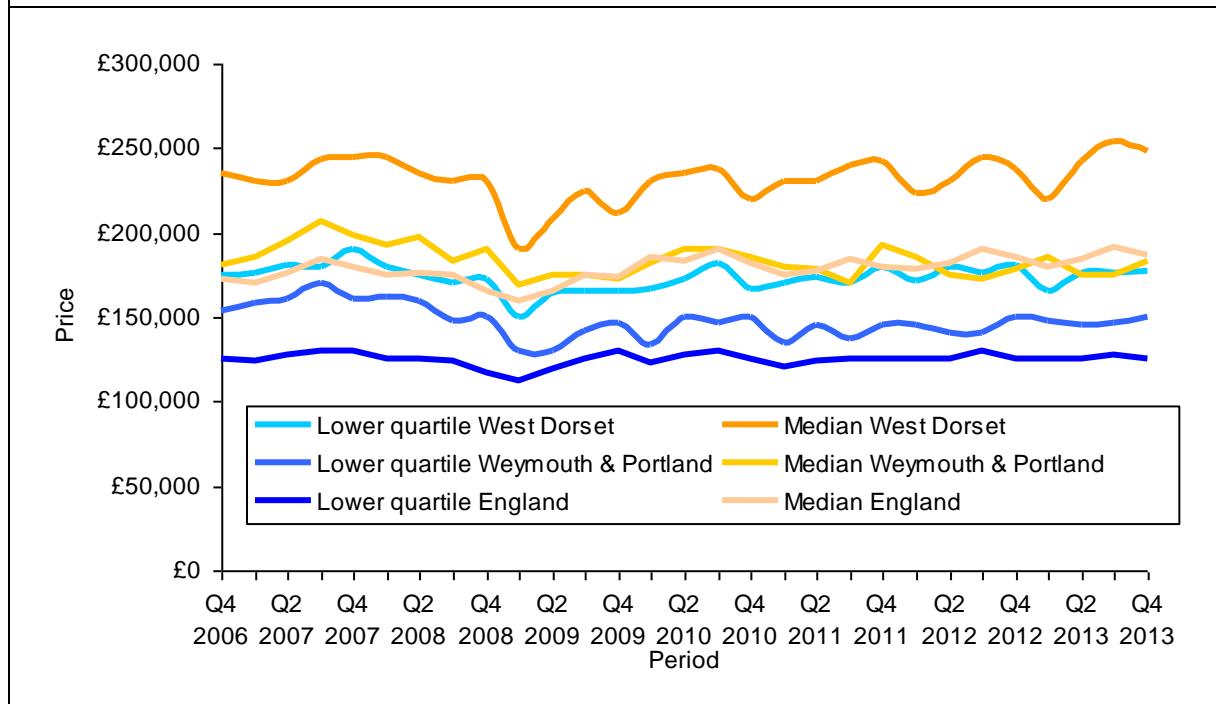
Table 3.2 Profile of sales, quarter 4, 2013				
<i>Accommodation type</i>	West Dorset	Weymouth & Portland	Dorset	England
Detached house	35.8%	23.9%	40.9%	24.1%
Semi-detached house	19.3%	20.7%	19.0%	27.6%
Terraced house	27.2%	37.2%	24.7%	29.9%
Flat/Maisonette	17.7%	18.2%	15.4%	18.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Land Registry via CLG

Trends in prices

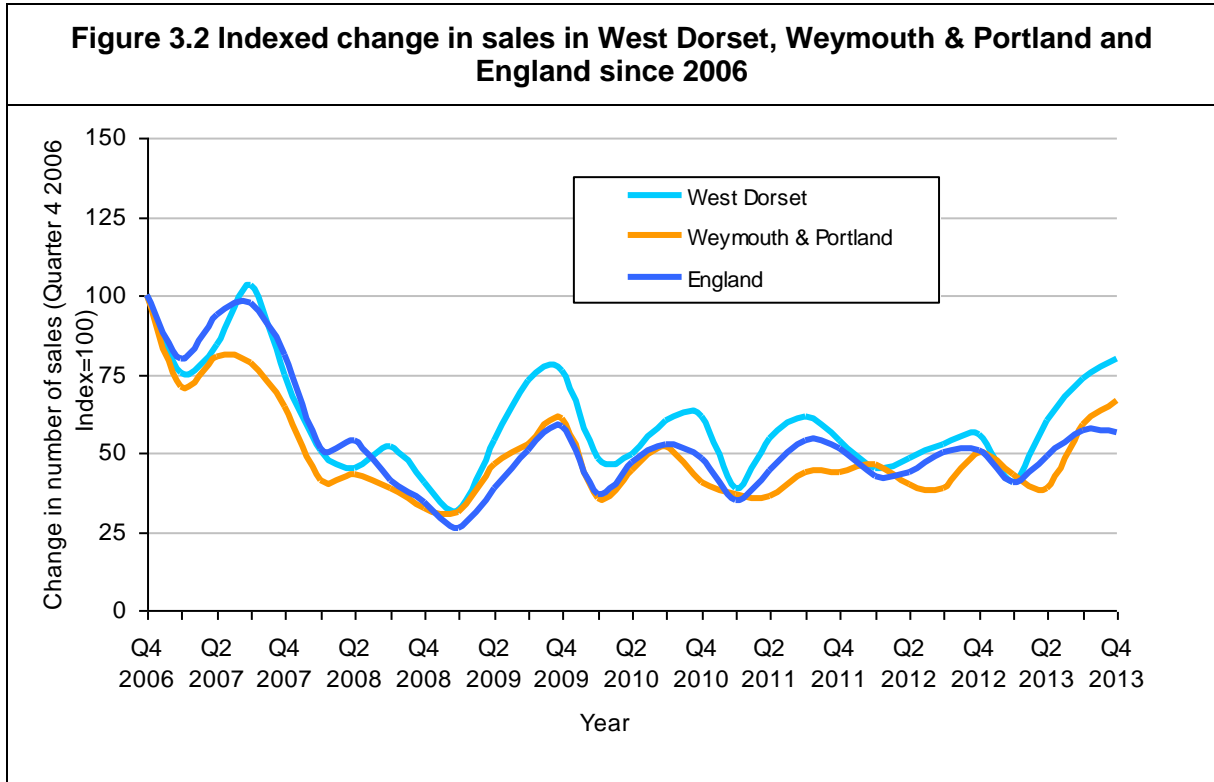
- 3.4 Figure 3.1 shows price change by property price level since the fourth quarter of 2006 for each of West Dorset, Weymouth & Portland and England. The figure shows that whilst median prices for Weymouth & Portland are similar to the national equivalent, lower quartile prices are notably higher. Lower quartile prices in West Dorset are similar to the national median prices, with median prices in the District much higher. Overall median prices in West Dorset have increased by 5.4% between 2006 and 2013, compared to 1.0% in Weymouth & Portland and 8.7% nationally. Lower quartile prices have recorded a smaller change; rising by 1.4% in West Dorset and 0.4% nationally, but falling by 2.5% in Weymouth & Portland.

Figure 3.1 Price change by price level in West Dorset, Weymouth & Portland and England since 2006

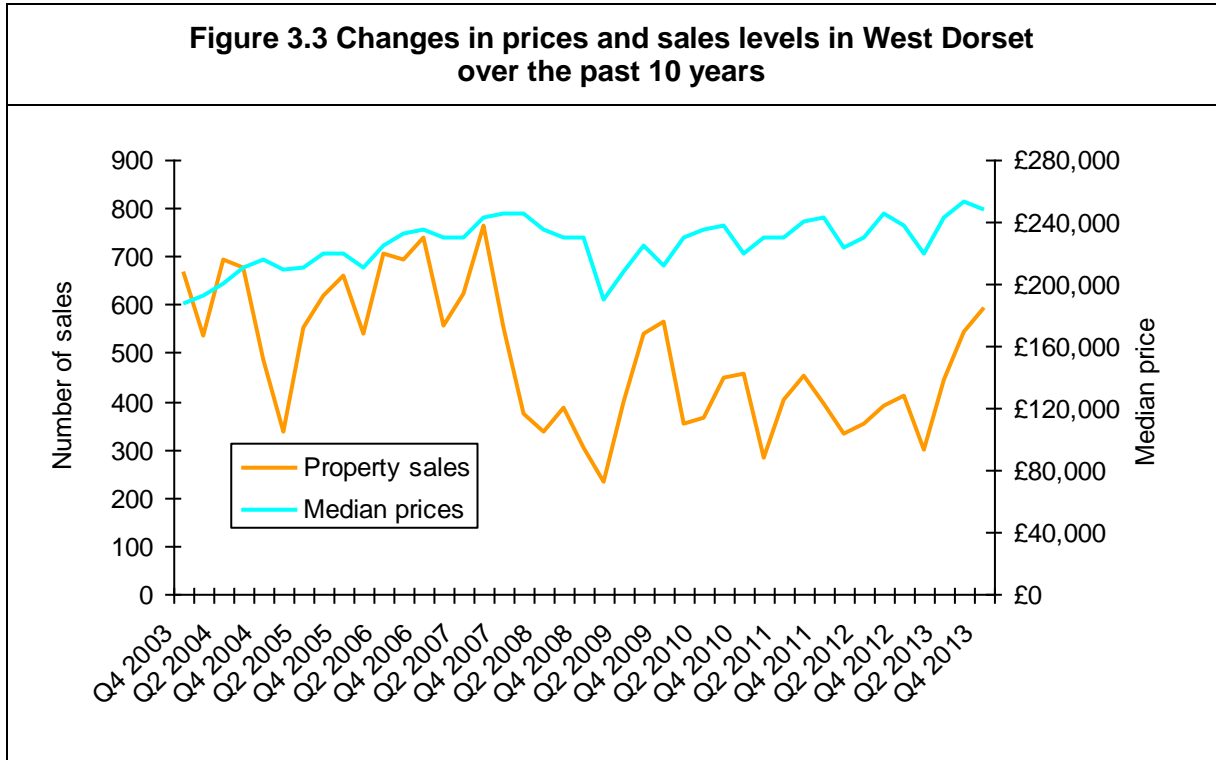


Source: Land Registry via CLG

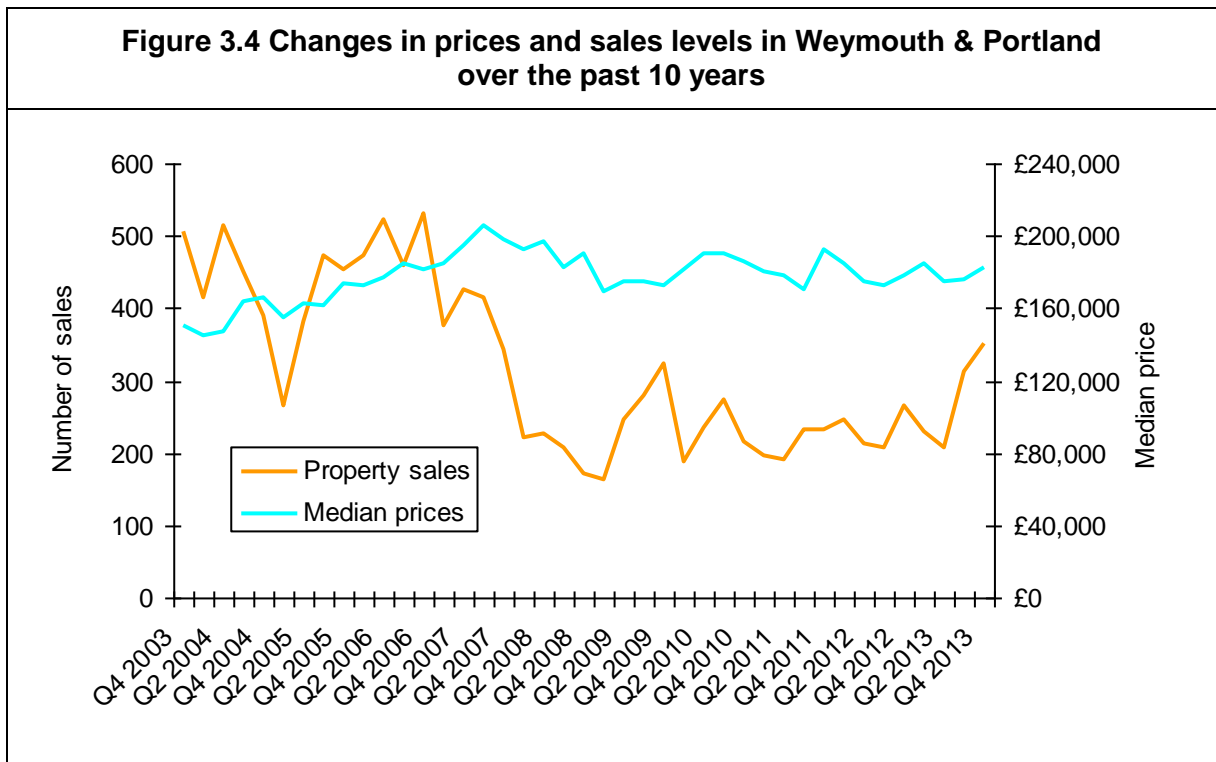
3.5 Figure 3.2 shows the indexed change in the number of property sales since the third quarter of 2006 for West Dorset, Weymouth & Portland and England. The figure suggests that in West Dorset and Weymouth & Portland the pattern follows that recorded for England and, despite seasonal fluctuations, sales levels are lower now than they were before the economic downturn. Overall in West Dorset sales level have decreased by 20.0% between 2006 and 2013, compared to a fall of 33.8% in Weymouth & Portland and a drop of 43.9% across England.



3.6 It is useful to briefly review housing market activity over a longer period to consider the influences on property price changes. Figure 3.3 shows the variation in median prices and property sales levels since 2003 in West Dorset, with Figure 3.4 showing the equivalent information for Weymouth & Portland. The data suggests that property prices remained relatively stable over the last eight years in both areas despite property sales declining dramatically for part of that period (Summer 2007 to summer 2009).



Source: Land Registry via CLG



Source: Land Registry via CLG

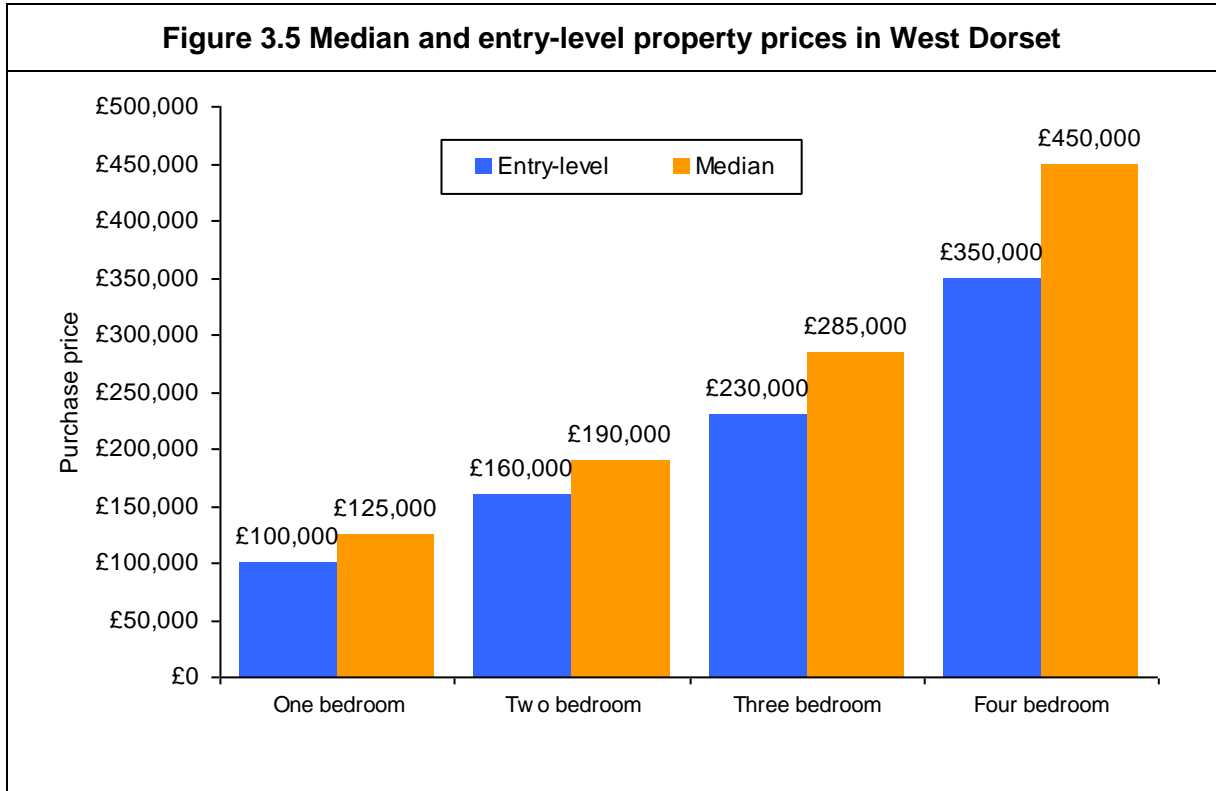
The cost of housing

3.7 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to

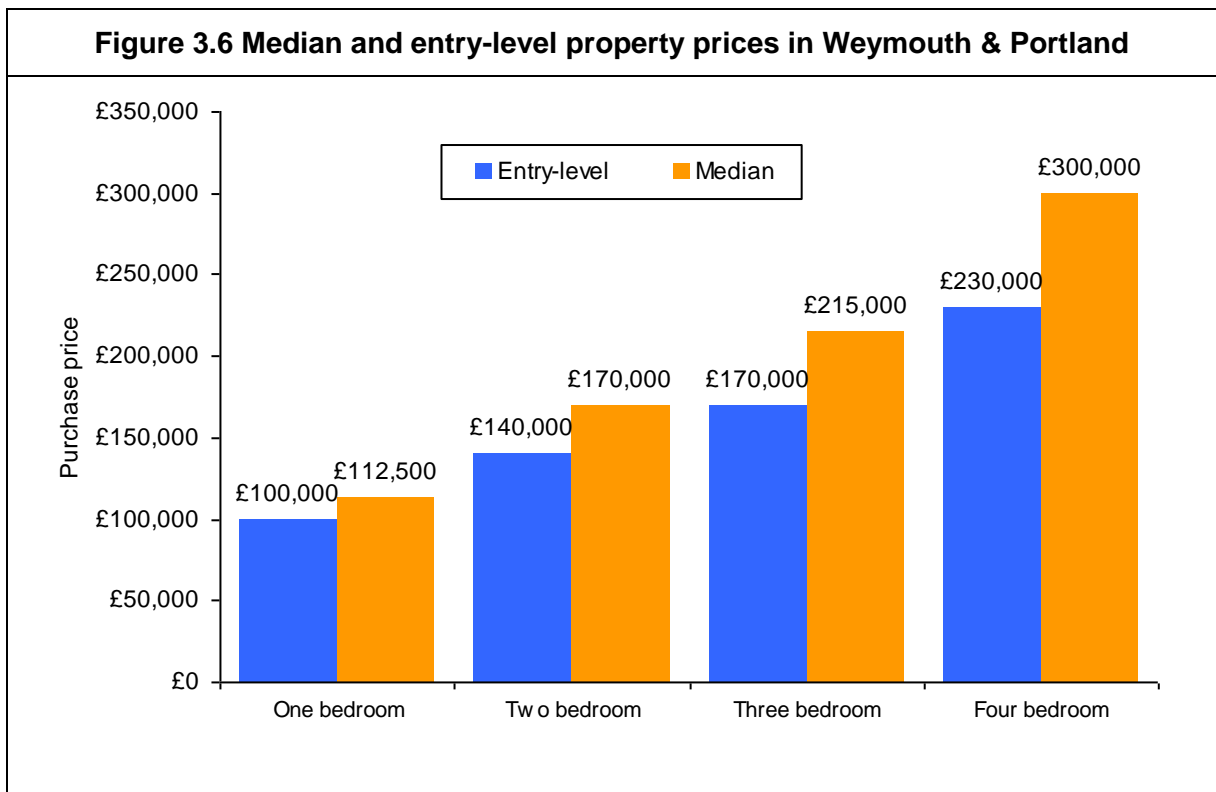


assess the ability of households to afford market housing of the size required by that particular household. However, no secondary data contains this information. As part of this study we have therefore undertaken a price survey to assess the current cost of housing in both Council areas.

- 3.8 Variations in prices across the two Council areas were examined. In West Dorset, expensive housing is located across the District, most notably around the coast near Lyme Regis and along the A35 to Dorchester. Dorchester has the largest amount of cheaper accommodation, but this reflects that the housing stock in the town is on average smaller (in terms of number of bedrooms) than in the more rural parts of the District. There is little variation in price across Weymouth & Portland, reflecting the fact it is a relatively small area that is well connected. Prices in Portland are however slightly cheaper than Weymouth. Although there is evidence of different sub-markets across each authority, the distinctions in price are not that pronounced. Therefore for the purposes of assessing the ability of households to afford housing, a single price market has been used in each authority.
- 3.9 Median and entry-level property prices by number of bedrooms were obtained via an online search of properties advertised for sale during July 2014. The results of this online price survey are presented in Figures 3.5 and 3.6. The prices recorded include a discount to reflect that the full asking price is not usually achieved in Weymouth & Portland (with sales values typically 5% lower), although the asking price is usually achieved in West Dorset. In accordance with the National Planning Practice Guidance, entry-level prices are based on lower quartile prices (para 025).
- 3.10 Figure 3.5 indicates that entry-level prices in West Dorset town price area range from £100,000 for a one bedroom home up to £350,000 for a four bedroom property. Median prices are generally around 20-25% higher than entry-level prices. In terms of market availability the analysis showed that three bedroom properties are most commonly available to purchase, followed by two bedroom homes, with one bedroom homes most scarce.
- 3.11 Figure 3.6 indicates that entry-level prices in Weymouth & Portland range from £100,000 for a one bedroom home up to £230,000 for a four bedroom property. Median prices are generally around 15-25% higher than entry-level prices. In terms of market availability the analysis showed that two bedroom properties are most commonly available to purchase, followed by three bedroom homes.



Source: Online estate agents survey July 2014



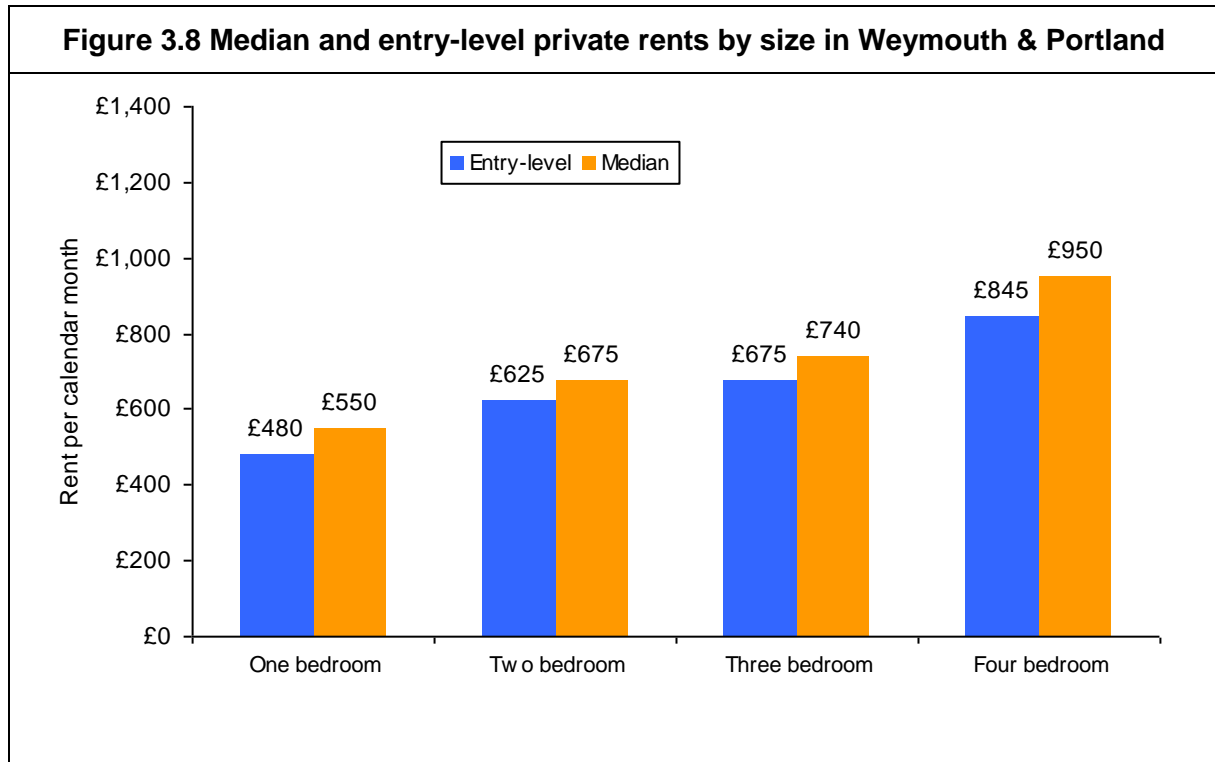
Source: Online estate agents survey July 2014

Private rents

- 3.12 The principle factors determining the rent of a unit is not its general location, we found that rents are driven largely by the condition and situation of the property. The entry-level and median price for private rented accommodation by property size in West Dorset is presented in Figure 3.7 with the equivalent information for Weymouth & Portland presented in Figure 3.8. The data indicates that entry-level rents in West Dorset range from £495 per month for a one bedroom home up to £1,000 per month for a four bedroom property. In Weymouth & Portland prices range from £480 per month for a two bedroom dwelling up to £845 per month for four bedroom accommodation.
- 3.13 The figures show that, as with owner-occupation, the smallest difference is between the cost of a two and three bedroom entry-level home (in terms of percentage increase in cost). The difference between the cost of three and four bedroom accommodation is less marked in the private rented sector than for owner-occupation, although it still represents a noticeable increase (some £170 per month in Weymouth & Portland and £250 per month in West Dorset). In addition, the profile of properties available is somewhat different to that for purchase with a greater proportion of one and two bedroom homes available to rent in both areas.



Source: Online letting agents survey July 2014



Source: Online letting agents survey July 2014

Social rents

- 3.14 The cost of social rented accommodation by dwelling size in West Dorset and Weymouth & Portland can be obtained from the Homes & Communities Agency's Statistical Data Return dataset. Table 3.3 below illustrates the cost of social rented dwellings in the two areas. As can be seen the costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant potential gap between the social rented and market sectors.

Table 3.3 Social rented costs (per month)		
<i>Bedrooms</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
One bedroom	£331	£314
Two bedrooms	£382	£367
Three bedrooms	£446	£402
Four bedrooms	£489	£432

Source: HCA's Statistical Data Return 2013

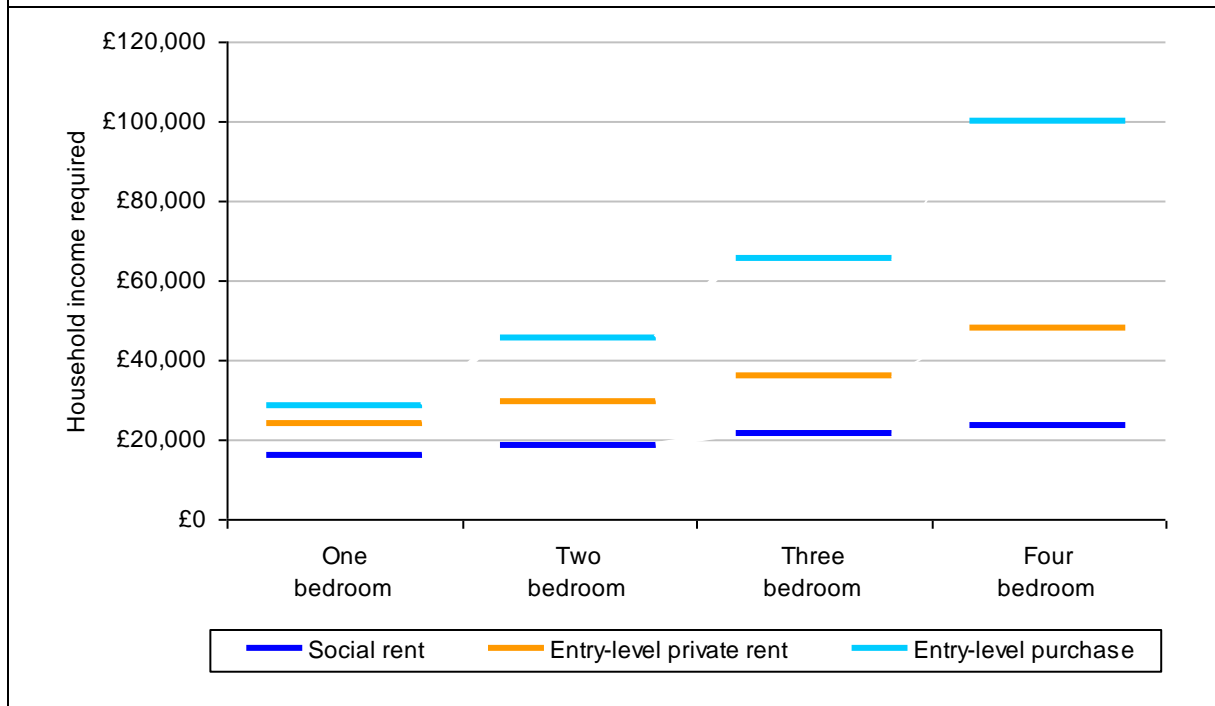
Analysis of housing market 'gaps'

- 3.15 Housing market gaps analysis has been developed to allow easy comparison of the costs of different tenures. Figures 3.9 and 3.10 show the housing ladder that exists for different sizes of property in West Dorset and Weymouth & Portland. The housing ladder is illustrated by comparing the different types of housing in terms of the income required

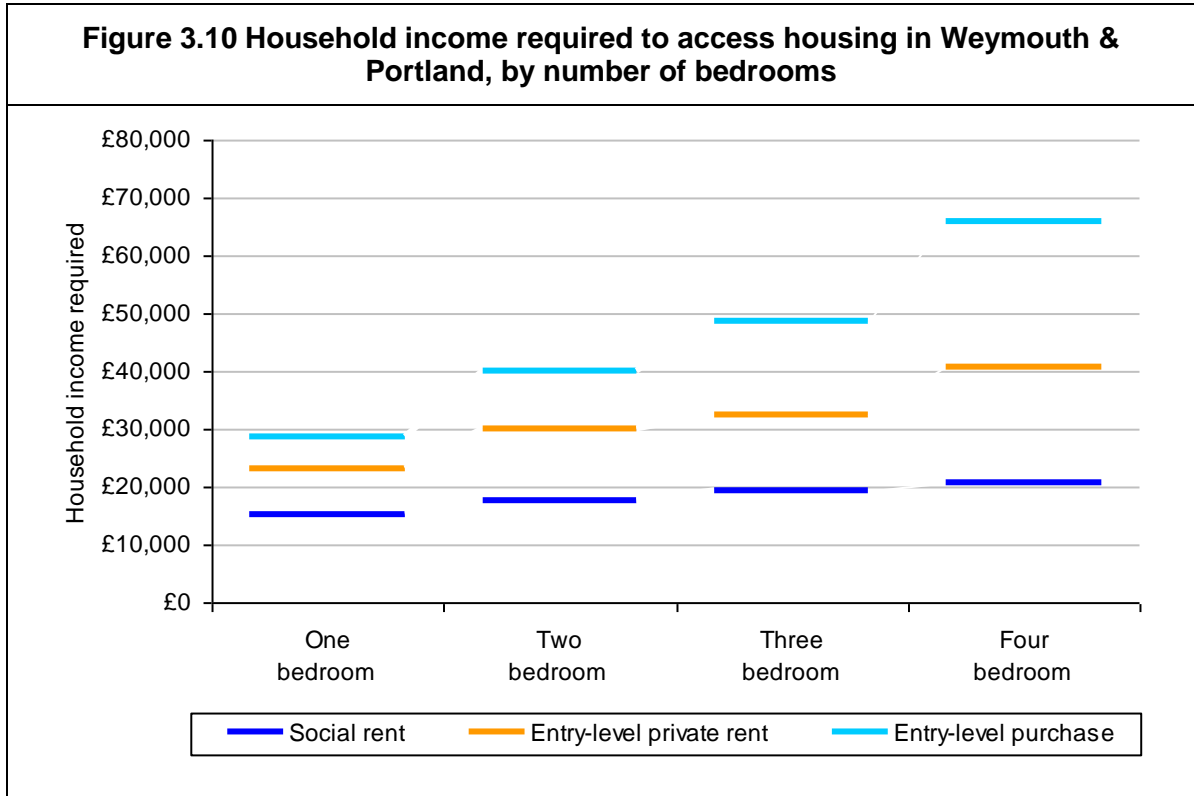
to afford them. To do this, we have divided the entry-level property price by 3.5 to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property) and multiplied the annual rent by four to produce a comparable figure. This latter step was carried out for both social and market rents. These approaches are in accordance with the standard base affordability test for rented accommodation - no more than a quarter of gross income on rent.

- 3.16 The figures show a comparison of the likely income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps to assess the feasibility of households moving between the tenures - the smaller the gaps, the easier it is for a household to ascend the ladder.
- 3.17 The figures indicate that for two, three and four bedroom properties in West Dorset and three and four bedroom dwellings in Weymouth & Portland, the gap between social rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are particularly large; an additional £24,500 per year is required to access a four bedroom private rented home over the cost of a four bedroom social rented property in West Dorset, with a further £52,000 required to move to an owner-occupied home, whilst in the Weymouth & Portland the equivalent figures are £19,500 and £25,000 respectively.

Figure 3.9 Household income required to access housing in West Dorset, by number of bedrooms



Source: Online survey of property prices July 2014; HCA's Statistical Data Return 2013



Source: Online survey of property prices July 2014; HCA's Statistical Data Return 2013

3.18 Table 3.4 shows the size of the gaps for each dwelling size in West Dorset. The table indicates, for example, that three bedroom market entry rents are 68.2% higher (in terms of income required) than the cost of social rented accommodation in West Dorset. The very large gap recorded between social rents and market entry rents for all dwelling sizes in both areas indicates that intermediate housing could potentially be useful for a large number of households. The significant gap between market entry rents and market entry purchase indicates notable potential demand for part-ownership products for households in this gap.

Table 3.4 Scale of key housing market gaps		
<i>West Dorset</i>		
<i>Property size</i>	<i>Social rent/market rent</i>	<i>Rent/buy gap</i>
One bedroom	49.6%	20.3%
Two bedrooms	59.8%	56.2%
Three bedrooms	68.2%	82.6%
Four bedrooms	104.6%	108.4%
<i>Weymouth & Portland</i>		
<i>Property size</i>	<i>Social rent/market rent</i>	<i>Rent/buy gap</i>
One bedroom	52.6%	24.1%
Two bedrooms	70.2%	33.3%
Three bedrooms	67.9%	49.9%
Four bedrooms	95.5%	62.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Housing Requirements Report

Intermediate options

- 3.19 A range of intermediate tenures are available for households in both areas, the cost of these currently is also therefore profiled.

Affordable Rent

- 3.20 Affordable Rent is a relatively new product that has been introduced to help fill the gaps that exist in the current housing market. It is a social tenure intended to house households on the Housing Register. It is not an intermediate product, but a new form of social rented accommodation that will coexist with the existing tenure. Due to its different cost level detail will be presented on its relative affordability in comparison with social rent where this is possible (in Chapter 5). Affordable Rents can be set at up to 80% of open market rents, implying there is a flexibility as to what they may cost.
- 3.21 According to the HCA's Statistical Data Return there are 41 Affordable Rent units in West Dorset and 73 in Weymouth & Portland (April 2013). Table 3.5 indicates the Affordable Rent charged on these properties. A comparison with median market rents indicates that the Affordable Rent level are around 75-85% of market rents in both areas.

Table 3.5 Affordable Rent costs (per month)		
<i>Bedrooms</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
One bedroom	£448	£416
Two bedrooms	£541	£503
Three bedrooms	£684	£595
Four bedrooms	£797	£604

Source: HCA's Statistical Data Return 2013

Shared ownership

- 3.22 Table 3.6 presents the estimated costs of shared ownership housing in West Dorset and Weymouth & Portland. The prices presented in the table were obtained from the online estate agent survey. It is important to note that there were few shared ownership properties available in the study area at the time of the estate agent survey, so the open market value for these properties may be subject to refinement. The monthly costs of purchasing the property with a 50% equity share is presented as this is the most commonly available option. The monthly costs are based on an interest rate of 5.69% paid on the equity share owned and rent payable at 2.5% on the remaining equity. Shared ownership with a 50% share is more expensive than the Affordable Rent options, but is cheaper than entry-level private rents.

Table 3.6 Estimated cost of shared ownership accommodation				
<i>Bedrooms</i>	<i>West Dorset</i>		<i>Weymouth & Portland</i>	
	Open market value	Monthly cost of shared ownership with a 50% equity share	Open market value	Monthly cost of shared ownership with a 50% equity share
One bedroom	£125,000	£427	£115,000	£392
Two bedrooms	£175,000	£597	£160,000	£546
Three bedrooms	£215,000	£734	£185,000	£631
Four bedrooms	£270,000	£921	£225,000	£768

Source: Online letting agents survey July 2014

Discounted home ownership

- 3.23 Discounted home ownership is based on selling a home for a proportion of the market value with no residual rent to pay. However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price. In West Dorset & Weymouth & Portland the typical proportion of market value sold is 70%.
- 3.24 Table 3.7 presents the estimated costs of discounted home ownership in West Dorset and Weymouth & Portland. The open market values are the same as for the shared ownership ones presented above. The monthly costs are based on an interest rate of

5.69% paid on the equity share owned. Discounted home ownership with a 70% share is more expensive than the Affordable Rent options, but is cheaper than shared ownership.

Table 3.7 Estimated cost of discounted home ownership				
<i>Bedrooms</i>	West Dorset		Weymouth & Portland	
	Open market value	Monthly cost of discounted home ownership with a 70% equity share	Open market value	Monthly cost of discounted home ownership with a 70% equity share
One bedroom	£125,000	£415	£115,000	£382
Two bedrooms	£175,000	£581	£160,000	£531
Three bedrooms	£215,000	£714	£185,000	£614
Four bedrooms	£270,000	£896	£225,000	£747

Source: Online letting agents survey July 2014

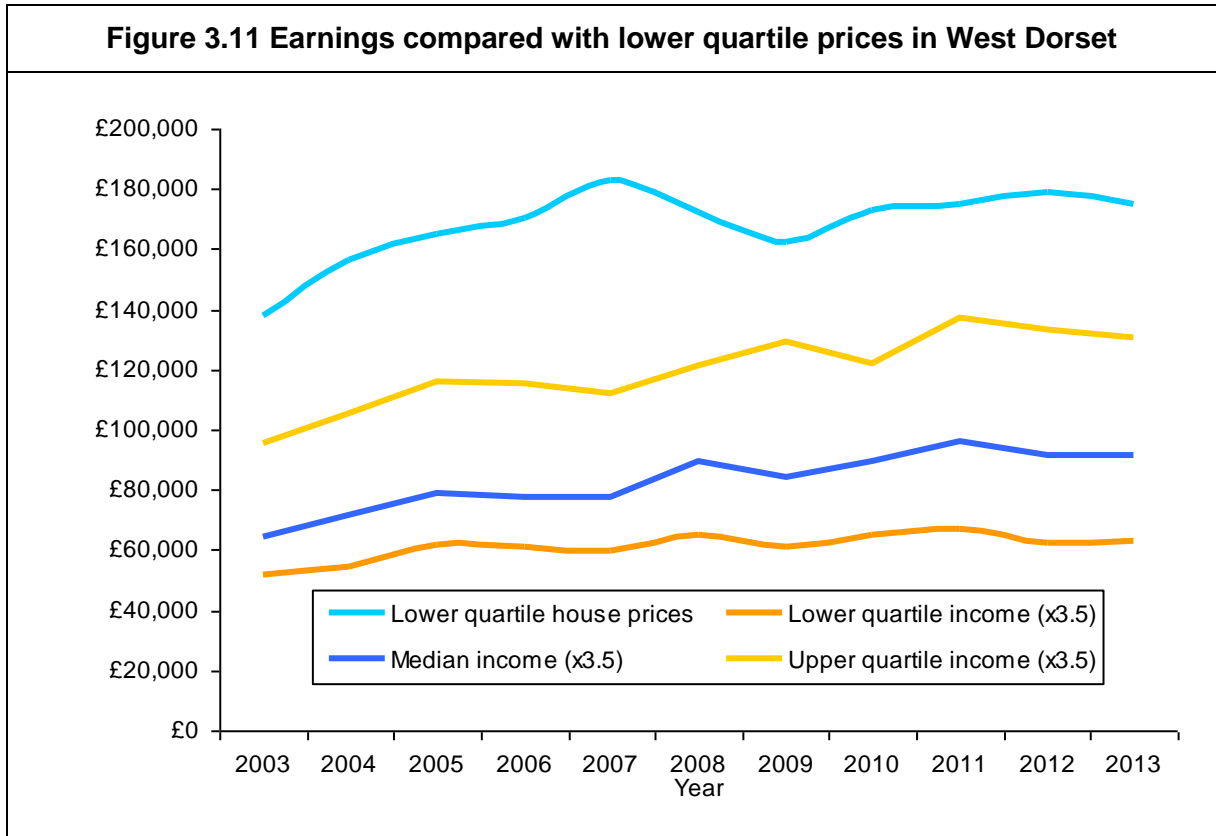
Affordability of housing

- 3.25 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty, a high number of households requiring assistance with their housing (either via a social rented property or through a benefit-supported private rented accommodation) and a loss of mix and balance in the population within the area.
- 3.26 The affordability of housing in an area is measured by the ratio of market housing costs to income in that area. Initially the general authority-wide entry-level cost of market housing will be compared to different points on the earnings distribution of residents in West Dorset and Weymouth & Portland to consider affordability in historical terms. This will be followed by an analysis that assesses the ability of households in West Dorset and Weymouth & Portland to afford market accommodation of the size they require using data on the household income distribution and the household composition in each authority.

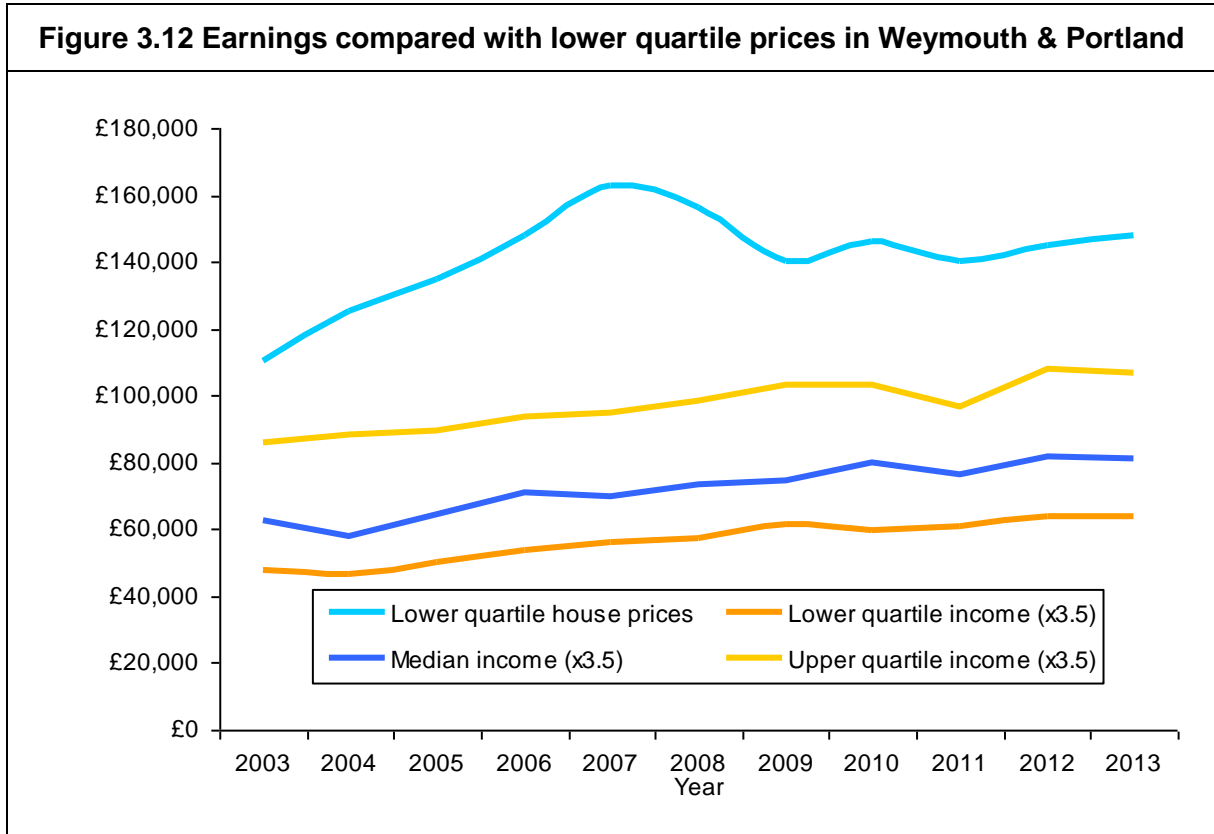
General affordability

- 3.27 Figure 3.11 shows the lower quartile, median and upper quartile income of full-time workers in West Dorset (as set out in Chapter 2) multiplied by 3.5 (the income multiple typically used by mortgage lenders) compared to lower quartile prices in the District (set out in Figure 3.1). Figure 3.12 shows the equivalent data for Weymouth & Portland. The figures show that full-time workers with earnings at the upper-quartile level in both West Dorset and Weymouth & Portland would not be able to purchase an entry-level property in the authority, without additional income or a capital sum to deduct from the purchase price. The situation is even more severe for full-time workers with earnings at the lower quartile or median level. It is clear that affordability theoretically improved immediately after the economic downturn (discounting the greater difficulty of acquiring a mortgage) and the affordability gap has reduced slightly since. Whilst in 2007, lower quartile prices

were 8.2 times higher than median full-time incomes in West Dorset, in 2013 they were 6.7 times higher. In Weymouth & Portland, the ratio of lower quartile prices to median full-time incomes reduced from 8.1 in 2007 to 6.4 in 2013.



Source: Land Registry via CLG; Annual Survey of Hours and Earnings



3.28 Although no time-series data is available on market rents in West Dorset or Weymouth & Portland, the current authority-wide entry-level rent (£740 per month or £8,800 per year in West Dorset and £680 per month or £8,160 per year in Weymouth & Portland) can be compared to different points on the income distribution of full-time workers in the area. This is presented in Table 3.8. It is assumed that within the private rented sector no more than a quarter of gross income should be spent on the rent for the rent to be affordable, in accordance with the standard base affordability test for rented accommodation. The table indicates that whilst full-time workers with earnings at the upper quartile level would be able to afford entry-level market rents, full-time workers with earnings at the lower quartile and median levels would not.

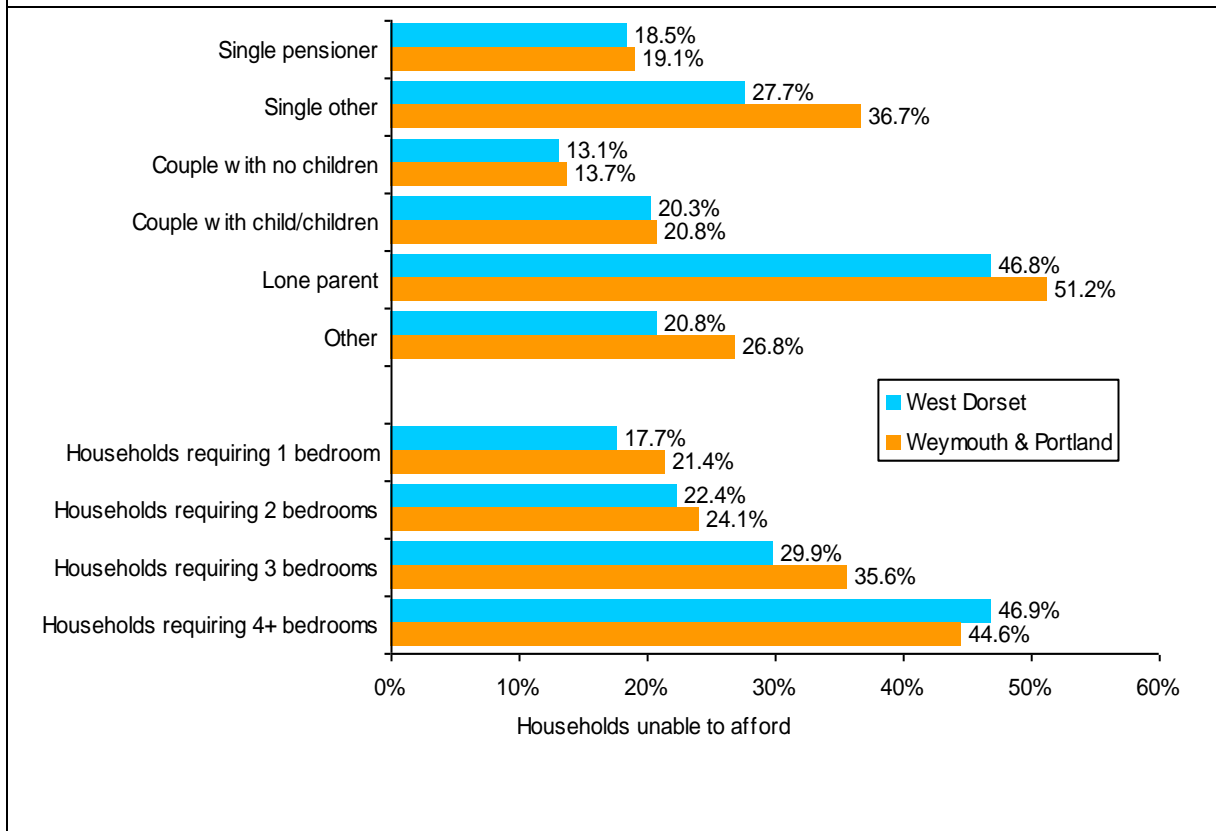
Income level	West Dorset (lq rent £8,800 per year)		Weymouth & Portland (lq rent £8,160 per year)	
	Earned income	Price/income ratio	Earned income	Price/income ratio
Lower quartile	£18,028	0.49	£18,262	0.45
Median	£26,140	0.34	£23,176	0.35
Upper quartile	£37,289	0.24	£30,534	0.27

Source: Online letting agents survey July 2014; Annual Survey of Hours and Earnings, 2013

Specific theoretical affordability

- 3.29 The household income distribution shown in Figure 2.13 differentiated by household type can be used to assess the ability of households in each authority to afford the size of home that they require (according to the bedroom standard). The cost of housing by bedroom size is presented in Figures 3.5 to 3.8 and the test is based on the affordability criteria set out discussed above.
- 3.30 Figure 3.13 shows the current affordability of households in West Dorset and Weymouth & Portland by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move.
- 3.31 The data indicates that 46.8% of lone parent households in West Dorset and 51.2% of lone parents in Weymouth & Portland would be unable to afford market housing (if they were to move home now). Single non-pensioner households are also relatively unlikely to be able to afford, whilst couple households without children are most likely to be able to afford market housing. Some 46.9% of households requiring a four bedroom home in West Dorset would be unable to afford this size market housing in the District (if they were to move now) compared to 17.7% of households requiring a one bedroom property. Likewise, some 44.6% of households requiring a four bedroom home in Weymouth & Portland would be unable to afford this size market housing in the Borough (if they were to move now) compared to 21.4% of households requiring a one bedroom property.

Figure 3.13 Theoretical affordability of market housing in West Dorset and Weymouth & Portland



Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment



4. Future housing requirement

Summary – West Dorset

- i) The 2001-07 trend based projections indicate that whilst all household groups in West Dorset will increase in number between 2014 and 2031, the largest growth will be in lone parent and single person households.
- ii) In terms of the accommodation required to provide housing market balance over the period to 2031, the model which is based on secondary data, suggests that of the new housing required up to 2031 (9,615 dwellings in total), 72% should be owner-occupied, 10% private rented, 2% shared ownership and 16% social rent/Affordable Rent.
- iii) The model also indicates that new owner-occupied accommodation should principally be two, three and four bedroom homes and new private rented housing should be one and two bedroom properties.

Summary – Weymouth & Portland

- i) The 2001-07 trend based projections indicate that whilst most household groups in Weymouth & Portland will increase in number between 2014 and 2031, couple with children households are projected to fall. The largest growth will be in lone parent households.
- ii) In terms of the accommodation required to provide housing market balance over the period to 2031, the model which is based on secondary data, suggests that of the new housing required up to 2031 (2,700 dwellings in total), 36% should be owner-occupied, 35% private rented, 1% shared ownership and 28% social rent/Affordable Rent.
- iii) The model also indicates that new owner-occupied accommodation should principally be two, three and four bedroom homes and new private rented housing should be one and two bedroom properties.

- 4.1 The NPPG is clear that *'once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size.'* This chapter describes a model that uses secondary data to determine the future demand for housing by size and tenure based on the profile of households resident in each authority area in 2031. This will then be compared to the current housing stock and a profile of new accommodation required will be determined in both authority areas.
- 4.2 The model is set out in more detail subsequently, however the chapter initially presents the demographic changes that will occur in the two authorities over the period to 2031 as

set out in the projections used to calculate the objectively assessed need. The change in the household composition in each area indicated within these projections drives the size and tenure demand profiles generated by the model.

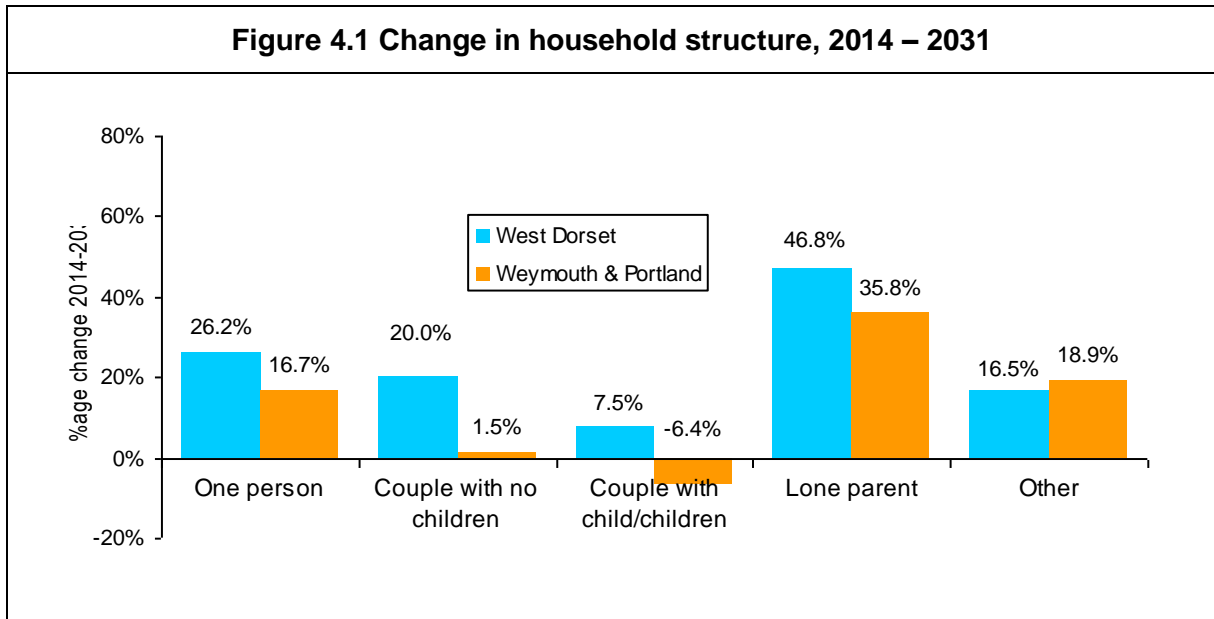
Demographic projections

- 4.3 The population projections can be disaggregated into different household groups. Table 4.1 sets out the number of households that will be resident in each authority area in 2031, disaggregated by broad household type. The 2014 population estimate is also presented as a reference point. This information is derived from the 2001-07 trend based projection. The table shows that the household typology in the two areas is likely to be similar in 2031, although Weymouth & Portland is projected to contain a greater proportion of lone parent and 'other' households and West Dorset a greater proportion of couple households with no children.

Table 4.1 Projected household population in 2031 by household type						
<i>Household type</i>	<i>West Dorset</i>			<i>Weymouth & Portland</i>		
	<i>2014 Number</i>	<i>2031 Number</i>	<i>2031 Percentage</i>	<i>2014 Number</i>	<i>2031 Number</i>	<i>2031 Percentage</i>
One person	14,512	18,313	33.1%	9,262	10,806	34.1%
Couple with no children	15,518	18,625	33.6%	8,398	8,527	26.9%
Couple with child/children	10,205	10,970	19.8%	6,413	6,002	18.9%
Lone parent	3,382	4,967	9.0%	3,014	4,093	12.9%
Other	2,167	2,524	4.6%	1,900	2,260	7.1%
Total	45,784	55,399	100.0%	28,987	31,687	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.4 Figure 4.1 indicates the change in these household types that will occur between 2014 and 2031. The figure indicates that the number of lone parent households is expected to increase the most in both authority areas. One person households record the second greatest increase in West Dorset, whilst in Weymouth & Portland it is 'other' households. Couples with children record the smallest increase in West Dorset and in Weymouth & Portland they are projected to fall in number.



Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Methodology of the model

- 4.5 The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in each authority area in 2011. This has been adjusted³ to reflect the changes since 2011 to provide an accommodation profile in 2014.
- 4.6 The 2011 Census also provides detail on the occupational patterns of different household groups in each authority area, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2001 and 2011 Census in each authority area alongside the changes in the size of accommodation occupied within each tenure) and models their continuation through to 2031. In addition, a further adjustment is made to counter the existence of overcrowding, which the NPPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model. This means that the future housing stock will better reflect the requirements of the future population in the area.
- 4.7 This profile of suitable accommodation for each household type is applied to the size of the household group in 17 years' time. The accommodation profile required in 2031 is then compared to the current tenure profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households, however the overall Objectively Assessed Need figure calculated in Part 1 of this SHMA presumes that the requirement for new dwellings is greater than the projected growth in

³ Using the latest data from the Homes & Communities Agency's Statistical Data Return dataset and trends indicated within the English Housing Survey and in the two Council areas by the Census.

households, in accordance with the approach set out in the NPPF. Chapter 6 will therefore convert the household based results from this chapter into dwelling based equivalents. The following section presents the outputs of this model.

Tenure of housing required

- 4.8 Table 4.2 shows the projected tenure profile for each authority area in 17 years' time. The data shows that in 2031 the housing stock in West Dorset should comprise 70.2% owner-occupied dwellings, 14.3% private rented homes, 0.8% shared ownership properties and 14.6% social rented/Affordable Rented accommodation. In 2031 Weymouth & Portland the housing stock should be 62.7% owner-occupied, 21.8% private rent, 0.6% shared ownership and 15.0% social rent/Affordable Rent.

Table 4.2 Projected tenure profile in 2031				
<i>Tenure</i>	<i>West Dorset</i>		<i>Weymouth & Portland</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Owner-occupied	38,891	70.2%	19,854	62.7%
Private rented	7,941	14.3%	6,900	21.8%
Shared Ownership	470	0.8%	184	0.6%
Social rent/Affordable Rent	8,096	14.6%	4,749	15.0%
Total	55,399	100.0%	31,687	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.9 Table 4.3 shows the tenure profile required by households resident in West Dorset in 17 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period⁴. The results show that 71.7% of new housing should be owner-occupied, 9.6% private rented, 2.2% should be shared ownership and 16.4% social rent/Affordable Rent.

⁴ The numbers of new homes and numbers of households are not the same number. See SHMA Part 1, from paragraph 4.43.

Table 4.3 Tenure of new accommodation required in West Dorset over the next 17 years				
<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	31,992	38,891	6,899	71.7%
Private rent	7,018	7,941	924	9.6%
Shared ownership	258	470	212	2.2%
Social rent/Affordable Rented	6,516	8,096	1,580	16.4%
Total	45,784	55,399	9,615	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.10 Table 4.4 shows the tenure profile required by households resident in Weymouth & Dorset in 17 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 36.2% of new housing should be owner-occupied, 34.6% private rented, 1.3% should be shared ownership and 27.9% social rent/Affordable Rent.

Table 4.4 Tenure of new accommodation required in Weymouth & Portland over the next 17 years				
<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	18,877	19,854	977	36.2%
Private rent	5,966	6,900	935	34.6%
Shared ownership	150	184	34	1.3%
Social rent/Affordable Rent	3,995	4,749	754	27.9%
Total	28,987	31,687	2,700	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.11 The model is able to also provide detail on the size of new dwellings required within the market tenures, as is set out in the section below.

Size of housing required within each market tenure - West Dorset

- 4.12 Table 4.5 presents the size of owner-occupied accommodation required in West Dorset in 17 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 39.6% of new owner-occupied dwellings should be three bedroom properties, with 30.2% containing two bedrooms 27.4% having four or more bedrooms and 2.9% having one bedroom.

Table 4.5 Size of new owner-occupied accommodation required in West Dorset over the next 17 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,058	1,256	198	2.9%
Two bedrooms	6,974	9,059	2,085	30.2%
Three bedrooms	13,941	16,670	2,729	39.6%
Four or more bedrooms	10,019	11,906	1,888	27.4%
Total	31,992	38,891	6,899	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.13 This analysis can be repeated for private rented housing and is presented in Table 4.6. The data indicates that of the 509 private rented dwellings required within the District, 51.1% should be two bedroom properties with a further 31.4% should have a single bedroom. Some 14.6% should have three bedrooms and 3.0% four bedroom accommodation.

Table 4.6 Size of new private rented accommodation required in West Dorset over the next 17 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	875	1,164	290	31.4%
Two bedrooms	2,414	2,886	472	51.1%
Three bedrooms	2,710	2,845	134	14.6%
Four or more bedrooms	1,019	1,047	28	3.0%
Total	7,018	7,941	924	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.14 When considering this analysis it is important to note, that currently, it is not possible to distinguish between market tenures in planning policy (ie housing for sale / private rent / use as a second home) and not straight forward to do so through the development management process.

Size of housing required within each market tenure - Weymouth & Portland

- 4.15 Table 4.7 presents the size of owner-occupied accommodation required in Weymouth & Portland in 17 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 42.9% of new owner-occupied dwellings should be three bedroom properties, with 36.2% containing two bedrooms 16.8% having four or more bedrooms and 4.1% having one bedroom.

Table 4.7 Size of new owner-occupied accommodation required in Weymouth & Portland over the next 17 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	813	853	40	4.1%
Two bedrooms	4,644	4,998	354	36.2%
Three bedrooms	8,992	9,411	419	42.9%
Four or more bedrooms	4,428	4,592	164	16.8%
Total	18,877	19,854	977	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 4.16 This analysis can be repeated for private rented housing and is presented in Table 4.8. The data indicates that of the 509 private rented dwellings required within the Borough, 38.2% should be two bedroom properties with a further 26.7% should have a single bedroom. Some 23.8% should have three bedrooms and 11.4% four bedroom accommodation.

Table 4.8 Size of new private rented accommodation required in Weymouth & Portland over the next 17 years				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2031</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,050	1,272	222	23.8%
Two bedrooms	2,619	2,977	357	38.2%
Three bedrooms	1,743	1,993	249	26.7%
Four or more bedrooms	581	687	106	11.4%
Total	5,994	6,929	935	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Further detail on the affordable sector

- 4.17 The model indicates the likely demand for different forms of accommodation arising from the future population based on existing usage patterns, projecting forward the current trends in how these are changing, and removing market imbalance in the form of overcrowding. However, as is noted within the NPPG, it is necessary to use an alternative model to establish the absolute need for affordable housing (as well as to detail the tenure and size of accommodation required within this sector). This is because this model does not test the affordability of the recommended housing for local households⁵ and there is a danger unsustainable income to housing cost ratios could be projected forward. The NPPG clearly sets out the approach used for calculating the affordable housing need and the results of this process for West Dorset and Weymouth &

⁵ Because the Census, which is the key informant of the preferred accommodation profile for each household type within this model, does not contain sufficient information on income

Portland are presented in the following chapter. The final chapter of this report indicates how the results from the two models should be integrated.

5. Affordable housing need

Summary – West Dorset

- i) Following the stages of the housing needs assessment model specified by the NPPG, results in a net need estimate of 362 affordable dwellings per year in West Dorset. Refining the model to reflect the local housing market, the net need figure is actually 104 affordable dwellings per year.
- ii) A range of affordable accommodation sizes is required. Shared ownership and Affordable Rented accommodation appear the intermediate products most suited to meet affordable housing need in West Dorset, although there is a requirement for a range of different affordable accommodation, with the exception of one, two and three bedroom social rented homes, where no further provision is required.

Summary – Weymouth & Portland

- i) Following the stages of the housing needs assessment model specified by the NPPG results in a net need estimate of 423 affordable dwellings per year in Weymouth & Portland. Refining the model to reflect the local housing market, the net need figure is actually 130 affordable dwellings per year.
- ii) A range of affordable accommodation sizes is required. Shared ownership and Affordable Rented accommodation appear the intermediate products most suited to meet affordable housing need in Weymouth & Portland, although there is a requirement for a range of different affordable accommodation.

5.1 As described in the previous chapter, it is necessary to undertake a separate calculation of affordable housing need as the previous model has a limited capacity to assess resident households' ability to afford appropriate local housing. Paragraph 22 (Reference ID: 2a-022-20140306) to Paragraph 29 (Reference ID: 2a-029-20140306) of the NPPG details how affordable housing need should be calculated. It defines affordable housing need as '*number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market*'.

5.2 The NPPG goes on to set out the types of households to be considered in housing need:

- '*homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*;
- '*households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*;

- *households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- *households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;*
- *households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.'*

5.3 This chapter presents the three broad stages of the model used to calculate affordable housing need. Within the three stages there are a number of detailed calculations many of which themselves have a number of components. This chapter presents details of how each of these stages is calculated using locally available data for West Dorset and Weymouth & Portland. An annual estimate of the affordable housing need in each authority area is calculated and the tenure and size of accommodation most appropriate to meet this need is discussed.

Stage 1: Current unmet gross need for affordable housing

5.4 The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing, and are therefore in current need.

5.5 The NPPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in Table 5.1 below, which also indicates the number of households in each category and the source of the data. The final column within each authority area represents the revised total for each of these categories once any double-counting between them has been taken into account. Households can be unsuitably housed for more than one reason so it is important that they are only counted once.

5.6 The table shows that there are 1,562 households currently in unsuitable housing or lacking their own housing in West Dorset and the most common reason for unsuitability is overcrowding. This figure of 1,562 represents 3.4% of all households in West Dorset. In Weymouth & Portland there are there are 1,689 households currently in unsuitable housing or lacking their own housing which represents 5.8% of all households in the Borough.

Table 5.1 Current households who lack their own housing or live in unsuitable housing in West Dorset and Weymouth & Portland					
<i>Element</i>	<i>Source</i>	<i>West Dorset</i>		<i>Weymouth & Portland</i>	
		<i>Number of households</i>	<i>Revised number of households</i>	<i>Number of households</i>	<i>Revised number of households</i>
Homeless households	The Council's housing register as of June 2014.	137	137	163	163
Households in temporary accommodation	Section E6 of the Council's P1(E) return for 1 st quarter of 2014 showing the number of homeless households accommodated in temporary accommodation by the authority at the end of the quarter.	2	0 ⁶	15	0 ⁷
Overcrowded households	2011 Census modelled to 2014. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms was not included in the 2001 Census) in each tenure in each authority recorded between the 2001 and 2011 Census. The three year change for each tenure recorded from this source was averaged against the latest three year change for each tenure recorded nationally by the English Housing Survey. This average three-year change was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2014.	919	919	968	968
Concealed households*	The Council's housing register as of June 2014, excluding overcrowded households accounted for above	316	316	262	262
Other groups	The Council's housing register as of June 2014. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above). This amounts to all remaining households in the gold and silver bands except those there due to 'efficient management of housing stock' and 'under occupation', which are not suitable categories within the NPPG definition. It also includes repressed households within the Bronze band	190	190	296	296
Total		1,564	1,562	1,714	1,689

*According to the Practice Guidance, concealed households include couples, people with young children and single adults over 25 sharing a kitchen, bathroom or WC with another household. Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Affordability

- 5.7 Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing of the appropriate size (set out in Figures 3.5 to 3.8) is therefore tested. The waiting list details the size of

⁶ All households in temporary accommodation are also on the Council's Housing Register, although they are not separately distinguished so the total is obtained from the P(1)E form.

⁷ As above.

accommodation required by homeless households, households in temporary accommodation, concealed households and households unsuitably housed for other reasons. For overcrowded households, the household composition recorded for these households in each authority is used to determine the size requirement profile. To test overcrowded households the income distribution for each dwelling size requirement, identified using the CACI income profile for each authority, is adjusted to reflect that nationally the income of overcrowded households is 70.1% of the figure for all households (according to the English Housing Survey). Similarly for homeless, concealed and 'other' unsuitably housed households the income distribution is adjusted to reflect that nationally the income of social rented households is 49.6% of the figure for all households (according to the English Housing Survey).

- 5.8 These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in their authority area using the standard base affordability test. Tables 5.2 and 5.3 show the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households able to afford the market-entry point. The number of households that are therefore in current need is shown in the final column.

Table 5.2 Affordability of households in unsuitable housing – West Dorset			
<i>Number of bedrooms required</i>	<i>Unsuitable housed households</i>	<i>Percentage unable to afford entry-level market housing</i>	<i>Households in current need</i>
One bedroom	475	83.2%	396
Two bedroom	273	70.1%	191
Three bedroom	424	66.4%	282
Four or more bedrooms	389	77.2%	301
Total	1,562	74.8%	1,169

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Table 5.3 Affordability of households in unsuitable housing – Weymouth & Portland			
<i>Number of bedrooms required</i>	<i>Unsuitable housed households</i>	<i>Percentage unable to afford entry-level market housing</i>	<i>Households in current need</i>
One bedroom	504	86.2%	434
Two bedroom	409	72.0%	294
Three bedroom	369	66.4%	245
Four or more bedrooms	407	66.5%	271
Total	1,689	73.7%	1,244

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 5.9 Overall, 74.8% (1,169 households) of unsuitably housed households or households lacking their own housing in West Dorset are unable to afford market housing and are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers

of affordable housing in need that would make the property available when they move (this includes occupiers of social rented and shared ownership accommodation that are not living with another household currently), and other households. It is estimated that some 386 households in need currently live in affordable housing that would become available for reuse.

- 5.10 Overall 73.7%, (1,244 households) of unsuitably housed households or households lacking their own housing in Weymouth & Portland are unable to afford market housing and are in current need. It is estimated that some 370 households in need currently live in affordable housing that would become available for reuse.

Total current need

- 5.11 Table 5.4 summarises the first stage of the assessment of affordable housing need as set out by NPPG. The data shows that there are an estimated 1,169 households in current need in West Dorset and 1,244 households in current need in Weymouth & Portland.

Table 5.4 Stage 1: Current unmet gross need		
<i>Component</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
Homeless households and those in temporary accommodation	135	161
Overcrowded and concealed households	900	855
Other groups	134	228
Total current housing need (gross)	1,169	1,244

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Stage 2: Newly arising affordable housing need

- 5.12 In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This is split, as per the NPPG, into two main categories. These are as follows:

- new household formation (× proportion unable to buy or rent in market)
- Existing households falling into need.

Need from newly forming households

- 5.13 In each authority the headship rate for each 5 year age cohort between the ages 15 and 44 was calculated using information in the Census on the number of people and the number of household heads within each age cohort. This headship rate was then applied to the 2001-07 trend based population projections presented earlier in the report. This identified the projected number of households likely to form in each authority. This figure is then averaged to provide an annual estimate for the number of newly forming households.

- 5.14 Using this methodology it is estimated that 722 new households will form per year in West Dorset. This represents a household formation rate of 1.6%, slightly lower than the figure of 1.7% recorded nationally by the English Housing Survey. In Weymouth & Portland it is estimated that 476 new households will form per year, this represents a household formation rate of 1.6%.
- 5.15 To assess the ability of these households to afford the cost of entry-level market housing of the appropriate size, it is presumed that these new households will have the same composition as the profile for new households recorded in the English Housing Survey, from which the appropriate size requirement profile can be determined. To test newly forming households ability to afford market housing, the income distribution for each dwelling size requirement, identified using the CACI income profile, is adjusted to reflect that nationally the income of newly forming households is 52.5% of the figure for all households (according to the English Housing Survey).
- 5.16 Table 5.5 shows details of the derivation of newly arising need from newly forming households. The table shows that 79.9% of newly forming households will be unable to afford market housing in West Dorset, which means that there will be an annual affordable housing requirement from 576 newly forming households. In Weymouth & Portland 82.4% of newly forming households will be unable to afford market housing, which equates to an annual affordable housing requirement from 392 newly forming households.

Table 5.5 Newly arising need from new household formation (per annum)		
<i>Component</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
Number of newly forming households	722	476
Proportion unable to afford entry-level market housing	79.9%	82.4%
Number of newly forming households requiring affordable accommodation	576	392

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Existing households falling into need

- 5.17 The NPPG recommends that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the approaches for affordable accommodation made to the Council over the last three years (June 2011 to June 2014) indicates that of the 2,050 approaches in West Dorset, 407 were from households in housing need. Annualised this becomes 136 households per year in affordable housing need. Over the same time period in Weymouth & Portland, 550 of the 2,074 approaches for affordable accommodation were from households in housing need. Annualised this becomes 183 households per year in affordable housing need.
- 5.18 This figure will include newly forming households, which have featured in the previous step. The CORE LA Area Lettings Reports provide an estimate of the proportion of social rented lets each year taken by newly forming households in each authority. It shows that

an average of 23.4% of lettings in West Dorset were to newly forming households over the last three years (2010/11 through to 2012/13). It is assumed therefore that 32 (23.4% of 136) of the households that approach the Council and are in need are newly forming households. The resultant number of existing households falling into need in West Dorset is 104 households per annum. In Weymouth & Portland an average of 26.7% of lettings were to newly forming households over the last three years. It is assumed therefore that 49 (26.7% of 183) of the households that approach the Council and are in need are newly forming households. The resultant number of existing households falling into need in Weymouth & Portland is 134 households per annum.

Total newly arising need

- 5.19 Table 5.6 summarises the second stage of the assessment of affordable housing need as set out by NPPG. It indicates that 680 households will be in newly arising need per annum in West Dorset and 526 households will be in newly arising need per annum in Weymouth & Portland.

Table 5.6 Newly arising need (per annum)		
<i>Component</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
New household formation (gross per year)	722	476
Proportion of new households unable to buy or rent in the market	79.9%	82.4%
Existing households falling into need	104	134
Total newly arising housing need (gross per year)	680	526

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Stage 3: Current affordable housing supply

- 5.20 The NPPG indicates that the stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and the committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Current occupiers of affordable housing in need

- 5.21 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need (paragraph 5.9 and 5.10), there are 386 households currently in need already living in affordable housing in West Dorset and 370 households in Weymouth & Portland.

Surplus stock

- 5.22 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate

in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. West Dorset records a vacancy rate in the affordable sector of 0.6% whilst in Weymouth & Portland the vacancy rate is 0.4%. As the vacancy rate in both areas is lower than the 3% benchmark, no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing.

Committed supply of new affordable units

- 5.23 The NPPG indicates that ‘*the committed supply of new affordable units (social rented and intermediate housing) at the point of the assessment*’ be accounted for within the model. The Council have indicated that 80 new affordable homes are likely to be delivered in West Dorset and 56 are likely to be delivered in Weymouth & Portland.

Planned units to be taken out of management

- 5.24 The NPPG states that the ‘*net number of units to be taken out of management (demolition or replacement schemes that lead to net losses of stock)*’ should be quantified. The Council have identified that in both authority areas there are no planned demolitions or stock replacement schemes that will lead to a net loss of affordable housing stock .

Total current affordable housing supply

- 5.25 Having been through the four components in order to assess the current affordable housing supply, the stages of the model are summarised in Table 5.7. The data shows that there are an estimated 466 affordable homes currently available in West Dorset with 426 available in Weymouth & Portland.

Table 5.7 Current affordable housing supply		
<i>Component</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
Affordable dwellings occupied by households in need	386	370
Surplus stock	0	0
Committed supply of affordable housing	80	56
Units to be taken out of management	0	0
Total affordable housing stock available	466	426

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Stage 4: Future housing supply of social re-lets and intermediate affordable housing

- 5.26 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector.

The future supply of social rented housing

5.27 This is an estimate of likely future re-lets from the social rented stock. The NPPG suggests that the estimate should be based on past trend data over the last three years. CORE data provides an indication of the number of lettings in the social rented sector and the results for the last three years are presented in Table 5.8. The average number of lettings across the social rented sector over the three-year period was 338 per annum in Dorset and 141 per annum in Weymouth & Portland.

Table 5.8 Analysis of past housing supply (social rented sector)		
<i>Year</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
2010/11	373	148
2011/12	327	121
2012/13	314	154
Average	338	141

Source: CORE LA Area Lettings Report 2010/2011, 2011/2012, 2012/2013

Supply of intermediate housing

5.28 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in West Dorset and Weymouth & Portland). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the social rented sector (7.3% in West Dorset and 4.5% in Weymouth & Portland) to the estimated stock for each form of intermediate housing. This is set out in Table 5.9. It is estimated that around 22 units of intermediate housing will become available to meet housing needs from the existing stock each year in West Dorset, with 10 units of intermediate housing becoming available per annum in Weymouth & Portland.

Table 5.9 Estimated intermediate supply				
<i>Intermediate tenure</i>	<i>West Dorset</i>		<i>Weymouth & Portland</i>	
	<i>Stock</i>	<i>Annual re-lets</i>	<i>Stock</i>	<i>Annual re-lets</i>
Discount home ownership	17	1	18	1
Affordable rent	41	3	73	3
Shared ownership	241	18	132	6
All intermediate lettings	-	22	-	10

Source: HCA's Statistical Data Return 2013

Annual future supply of affordable housing

5.29 The total future supply of affordable housing is the sum of the social rented supply and the intermediate supply as set out in Table 5.10.

Table 5.10 Future supply of all affordable housing (per annum)		
<i>Component</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
Annual supply of social re-lets	338	141
Annual supply of intermediate housing available for re-let or resale at sub-market levels	22	10
Annual supply of all affordable housing	360	151

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Estimate of net annual housing need

5.30 The NPPG states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

5.31 The second step is to convert this total net current need figure into an annual flow. The NPPG allows that this total net current need can be addressed over any length of time. For the purposes of this study the period of seventeen years will be used to fit in with the period to 2031. The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). Table 5.11 sets out this process. It leads to a total need for affordable housing of 362 in West Dorset, and 423 in Weymouth & Portland.

Table 5.11 Results of the affordable housing needs model			
Stage in calculation	<i>Paragraph reference</i>	<i>West Dorset</i>	<i>Weymouth & Portland</i>
Stage 1: Current unmet gross need for affordable housing (Total)	5.11	1,169	1,244
Stage 2: Newly arising affordable housing need (Annual)	5.19	680	526
Stage 3: Current affordable housing supply (Total)	5.25	466	426
Stage 4: Future housing supply (Annual)	5.29	360	151
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	5.30	703	818
Stage 5.2 Annualise net current need (Stage 5.1/17) (Annual)	5.31	42	48
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	5.31	362	423
Total gross annual need (Stage 1/17 + Stage 2) (Annual)	-	749	599
Total gross annual supply (Stage 3/17 + Stage 4) (Annual)	-	387	176

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment; various secondary sources. NOTE: The table includes rounded numbers.

Refining the model in a local context

5.32 The extant NPPG is notably less prescriptive in certain areas of the affordable housing need model than the earlier SHMA Practice Guidance (2007), the intention is to allow flexibility in the approach to reflect local circumstances rather than to impose a national model. The total need for affordable housing presented above has been calculated using a standard approach initially, as this is the most appropriate starting point. A comparison of the annual affordable housing need figure calculated above with the annual Objectively Assessed Need set out in Part 1 of this SHMA, makes it clear that it is necessary to alter the assumptions used in this affordable housing need model to produce a figure more reflective of the local situation. This section considers the impact of changing the assumptions used in the model to better reflect how the local housing market currently operates.

Refinement 1: Gross households in need - affordability threshold

5.33 The affordable housing need model assesses the number of households in need based on the standard affordability test of no more than a quarter of gross income to be spent on private rent/mortgage payments. It is possible, however, to examine how the model would be affected if the affordability assumptions were altered.

5.34 When assessing tenants' ability to pay rent, a common rule of thumb used by letting agents in the private sector and housing associations in the affordable sector, is to ensure that the rent is less than 30% or 35% of the household income. In the mortgage market a similar rule of thumb is that a household can borrow up to 3.5 times the gross household income. In reality both landlords and lenders use more sophisticated assessments to judge a tenants' or mortgagees' ability to afford the home.

5.35 As this is a high price area, local households will typically spend over a quarter of their gross income on their rent. Table 5.12 presents the model results for West Dorset where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. It should be noted that adjusting the affordability threshold affects the total number of households in need and also the supply of affordable housing (as those in housing need in the affordable sector form an element of the supply and changing the ratio so more of these households can afford will therefore reduce the supply).

Table 5.12 Impact of different affordability assumptions on affordable housing requirement in West Dorset				
	<i>Rent payable constitutes no more than:</i>			
	<i>25% of gross household income (standard base)</i>	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Stage 1: Current unmet gross need for affordable housing (Total)	1,169	1,044	934	836
Stage 2: Newly arising affordable housing need (Annual)	680	623	609	593
Stage 3: Current affordable housing supply (Total)	466	422	384	351
Stage 4: Future housing supply (Annual)	360	360	360	360
Stage 5.1 Net current need (Total)	703	622	550	485
Stage 5.2 Annualise net current need (Annual)	42	37	32	29
Stage 5.3 Total need for affordable housing (Annual)	362	300	281	261

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

5.36 The table indicates that the total need for affordable housing would decrease from 362 to 300 if 30% of gross household income could be spent on rent. This would decrease further to 281 if 35% of income could be spent on rent, and to 261 if the affordability assumption was changed to 40%. The biggest change in the model is the effect of moving from 25% to 30%, suggesting there are a significant number of households in this band. Based on the workings of the local market a maximum threshold of 30% of gross income on rent is most suitable in West Dorset and the model outputs will be adjusted accordingly.

5.37 Table 5.13 presents the model results for Weymouth & Portland where households were considered able to afford market rented housing in cases where the rent payable would constitute no more than 30%, 35% and 40% of gross household income, rather than 25% used in the standard model. As above, it should be noted that adjusting the affordability threshold affects the total number of households in need and also the supply of affordable housing (as those in housing need in the affordable sector form an element of

the supply and changing the ratio so more of these households can afford will therefore reduce the supply).

- 5.38 The table indicates that the total need for affordable housing would decrease from 423 to 382 if 30% of gross household income could be spent on rent. This would decrease further to 338 if 35% of income could be spent on rent and to 322 if the affordability assumption was changed to 40%. The effect of moving from 25% to 30% and from 30% to 35% on the model outputs is similar, suggesting there are a significant number of households in both of these bands. As with West Dorset above, a maximum threshold of 30% of gross income on rent would be most suitable in Weymouth & Portland and the model outputs will be adjusted accordingly.

Table 5.13 Impact of different affordability assumptions on affordable housing requirement in Weymouth & Portland				
	<i>Rent payable constitutes no more than:</i>			
	<i>25% of gross household income (standard base)</i>	<i>30% of gross household income</i>	<i>35% of gross household income</i>	<i>40% of gross household income</i>
Stage 1: Current unmet gross need for affordable housing (Total)	1,244	1,112	887	887
Stage 2: Newly arising affordable housing need (Annual)	526	491	455	439
Stage 3: Current affordable housing supply (Total)	426	383	316	313
Stage 4: Future housing supply (Annual)	151	151	151	151
Stage 5.1 Net current need (Total)	818	729	574	574
Stage 5.2 Annualise net current need (Annual)	48	43	34	34
Stage 5.3 Total need for affordable housing (Annual)	423	382	338	322

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Refinement 2: Gross households in need – households able to share

- 5.39 The model, adapted for the revised affordability assumptions, contains detail of the type of households in affordable housing need. This includes the number of single person households aged 35 and under. These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to in housing markets where affordable housing supply is at a premium.
- 5.40 The supply of affordable accommodation is limited in both West Dorset and Weymouth & Portland, it is presumed that any single person households aged 35 in housing need will

not have their need met as a single household but will merge with an existing household to access accommodation. These households are therefore excluded from the revised calculation of the total need for affordable housing in both authority areas. In West Dorset this accounts for 34 households per year, whilst in Weymouth & Portland they constitute 39 households per year.

Refinement 3: Housing supply – use of benefit-supported private rented accommodation

- 5.41 Local Housing Allowance (LHA) is the replacement for the former Housing Benefit in the private rented sector. It is used to support households that would otherwise be unable to reside in market accommodation. The sector has grown in response to the decreasing availability of affordable housing for households technically requiring it. Whilst LHA-supported tenancies in the private rented sector are not an explicit part of the affordable housing needs model, it is clear that they will continue to be used as a supply solution to the need for affordable housing in both West Dorset and Weymouth & Portland. The Private Rented Sector (PRS) is being used as affordable housing.
- 5.42 To calculate the potential contribution of LHA-supported tenancies in the private rented sector to meet the affordable housing need it is assumed that the relet rate in the sector is 50% higher than that recorded in the social rented sector (in accordance with data in the English Housing Survey). This means that the sector provides an additional 161 dwellings per year to meet affordable housing need in West Dorset and a further 214 homes per year to meet affordable housing need in Weymouth & Portland.

Adjusted model outputs

- 5.43 Table 5.14 examines the combined effect of the three locally based refinements on the final output of the affordable housing needs model – the total need for affordable housing. The impact of changing these assumptions is that the need for new affordable units reduces to 104 per year in West Dorset and 130 affordable homes per year in Weymouth & Portland. These can be considered the true requirement for affordable housing in each area as they are based on local housing market conditions.

Table 5.14 Adjusted affordable housing need assessment		
Calculation element	West Dorset	Weymouth & Portland
Total gross annual need	749	599
Refinement 1 – affordability threshold	-65	-43
Refinement 2 – households sharing	-34	-39
Revised gross annual need	650	517
Total gross annual supply	387	176
Refinement 1 - affordability threshold ⁸	-2	-2
Refinement 3 – benefit supported private rent	+161	+214
Revised gross annual supply	546	387
Revised total need for affordable housing	104	130

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Overall households in affordable housing need by type (gross)

5.44 Table 5.15 gives a breakdown of the gross annual households in need (after the refinement of the model), by household type in West Dorset. The table shows that some 4.4% of ‘other’ households are in housing need compared to 0.9% of couple households with children. Overall, couple with no children households comprise 30.2% of all households in need and single person households a further 28.4% of households in housing need.

Table 5.15 Annual need requirement by household type – West Dorset					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	185	14,327	14,512	1.3%	28.4%
Couple with no children	196	15,322	15,518	1.3%	30.2%
Couple with child/children	90	10,115	10,205	0.9%	13.8%
Lone parent	84	3,298	3,382	2.5%	12.9%
Other	95	2,071	2,167	4.4%	14.6%
Total	650	45,134	45,784	1.4%	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

5.45 Table 5.16 gives a breakdown of the gross annual households in need (after the refinement of the model), by household type in Weymouth & Portland. The table shows that some 3.8% of ‘other’ households are in housing need compared to 1.2% of couple

⁸ Fewer current households in need in the affordable sector so reduced supply via transfers

households with children. Overall, couple with no children households comprise 31.0% of all households in need and single person households a further 26.3% of households in housing need.

<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	136	9,126	9,262	1.5%	26.3%
Couple with no children	160	8,237	8,398	1.9%	31.0%
Couple with child/children	78	6,335	6,413	1.2%	15.2%
Lone parent	71	2,943	3,014	2.3%	13.7%
Other	72	1,829	1,900	3.8%	13.9%
Total	517	28,470	28,987	1.8%	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Size of accommodation required

- 5.46 Table 5.17 shows the size of accommodation required by households in housing need in West Dorset. The supply distribution for social rented and intermediate homes is derived from the three year average profile recorded by CORE between 2010/11 and 2012/13. The supply distribution for the benefit-supported private rented sector is derived by assuming the re-let rate for each accommodation size in the social rented sector applies to the number of dwellings of the same size in the benefit-supported private rented sector (which is then redistributed across the total number of lets in the sector).
- 5.47 The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.
- 5.48 The table suggests that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and four bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by three bedroom accommodation. Households in need requiring one bedroom accommodation are most likely to have their need met from the current supply.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	381	350	31	29.9%	91.9%
Two bedrooms	185	157	27	26.5%	85.1%
Three bedrooms	54	34	19	18.8%	63.8%
Four or more bedrooms	31	5	26	24.8%	15.9%
Total	650	546	104	100.0%	84.1%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

- 5.49 Table 5.18 shows the size of accommodation required by households in housing need in Weymouth & Portland. The table indicates that there is a net need for all sizes of affordable housing. The largest net need is for one bedroom accommodation, followed by two and three bedroom homes. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by three bedroom accommodation.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	296	240	56	43.5%	81.0%
Two bedrooms	136	105	31	24.1%	77.0%
Three bedrooms	61	38	23	17.7%	62.7%
Four or more bedrooms	23	5	19	14.6%	19.5%
Total	517	387	130	100.0%	75.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Type of affordable home required

- 5.50 As discussed in Chapter 3, a range of affordable products are available to meet affordable housing need in both West Dorset and Weymouth & Portland. This section will consider the suitability of these different products for meeting affordable housing need.

Gross requirement

- 5.51 Table 5.19 illustrates how many households in affordable housing need in West Dorset are able to afford the different affordable products. The figures presented are exclusive, so for example the 14 households requiring a four bedroom home that are able to afford Affordable Rent do not include the three households able to afford shared ownership accommodation (even though they would also be able to afford Affordable Rent).

Households have therefore been assigned the most expensive product they are able to afford. The social rented group also includes those unable to afford any accommodation without support from LHA, as this is the tenure in which these households are most likely to reside.

- 5.52 The table shows that of the 645 households in gross need each year in West Dorset, 7.8% could afford shared ownership, 1.4% discount market rent, 27.7% Affordable Rent and 63.1% can afford social rent or require support. Generally as the size of accommodation required increase, the proportion of households able to afford an intermediate product also increases.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (percentage)</i>
Shared ownership	14	26	8	3	51	7.8%
Discount home ownership	3	3	2	1	9	1.4%
Affordable rent	104	43	19	14	180	27.7%
Social rent/requires assistance	260	113	25	13	410	63.1%
All households	381	185	54	31	650	100.0%

Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

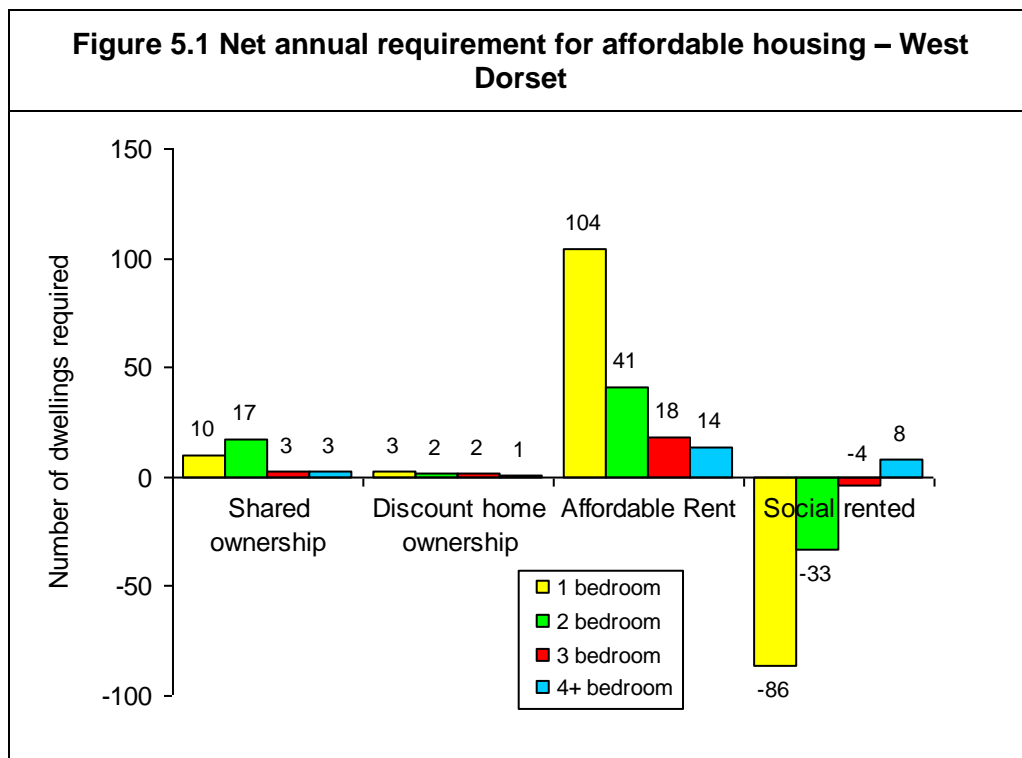
- 5.53 Table 5.20 shows how many households in affordable housing need in Weymouth & Portland are able to afford the different affordable products. The data indicates that of the 442 households in gross need each year, 6.6% could afford shared ownership, 1.9% discount market rent, 9.9% Affordable Rent and 81.6% can afford social rent or require support.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (percentage)</i>
Shared ownership	10	13	10	1	34	6.6%
Discount home ownership	2	3	5	0	10	1.9%
Affordable rent	27	13	8	3	51	9.9%
Social rent/requires assistance	257	107	38	19	422	81.6%
All households	296	136	61	23	517	100.0%

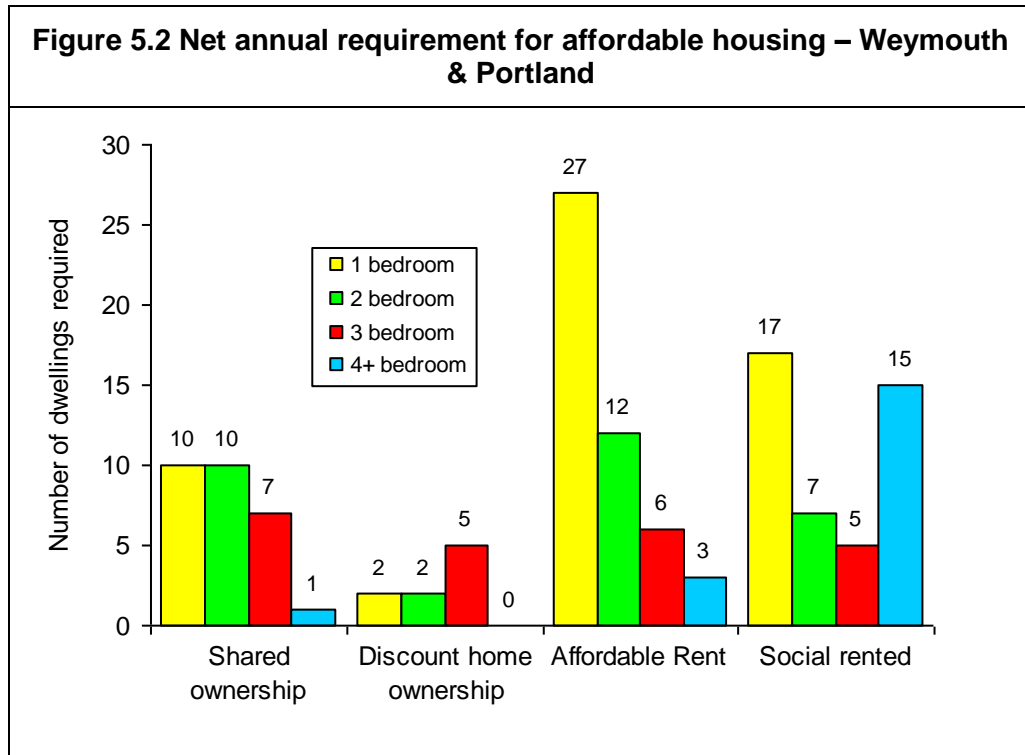
Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Net requirement

5.54 Whilst the overall affordability of these products is an important consideration, the supply of these dwellings needs to be considered before the overall housing requirement can be established. Figure 5.1 and Figure 5.2 show the overall net annual requirement for affordable housing in each authority once the likely supply of affordable accommodation has been deducted from the gross need. It is presumed that the benefit-supported private rented stock will accommodate households unable to afford any product. The Figures show that in both areas there is a requirement for a range of different affordable accommodation, with the exception of one, two bedroom and three bedroom social rented homes in West Dorset, where there is likely to be a surplus if sufficient Affordable Rented stock was available. It is therefore suggested that these homes be converted into Affordable Rented accommodation.



Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment



Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

6. Conclusion

6.1 The requirement to undertake a SHMA is set out in the NPPF and expanded on in the NPPG. In this Part 2 of the SHMA the need for affordable housing has been considered, whilst Part 1 considered the total housing requirements.

6.2 The NPPG sets out the final step of the process as:

What is the total need for affordable housing?

The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.

The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.

NPPG ID: 2a-029-20140306

6.3 It is therefore necessary to consider the need for affordable housing and overall need for housing together to develop both total requirement for housing planned for in the Plan and the affordable housing sought from developers. This needs to be done in the context of viability⁹ and the practicalities of delivery. Some development sites may not deliver any affordable housing as they will be less than the policy threshold or there may be site specific viability constraints (for example contamination) that mean the affordable element is constrained. In this context it should be noted that, in the Autumn Statement (December 2013), the Chancellor announced a consultation 'on a new 10-unit threshold for section 106 affordable housing contributions'. The affordable housing policy should therefore be set to yield sufficient affordable housing overall – taking into account that some sites will not yield any.

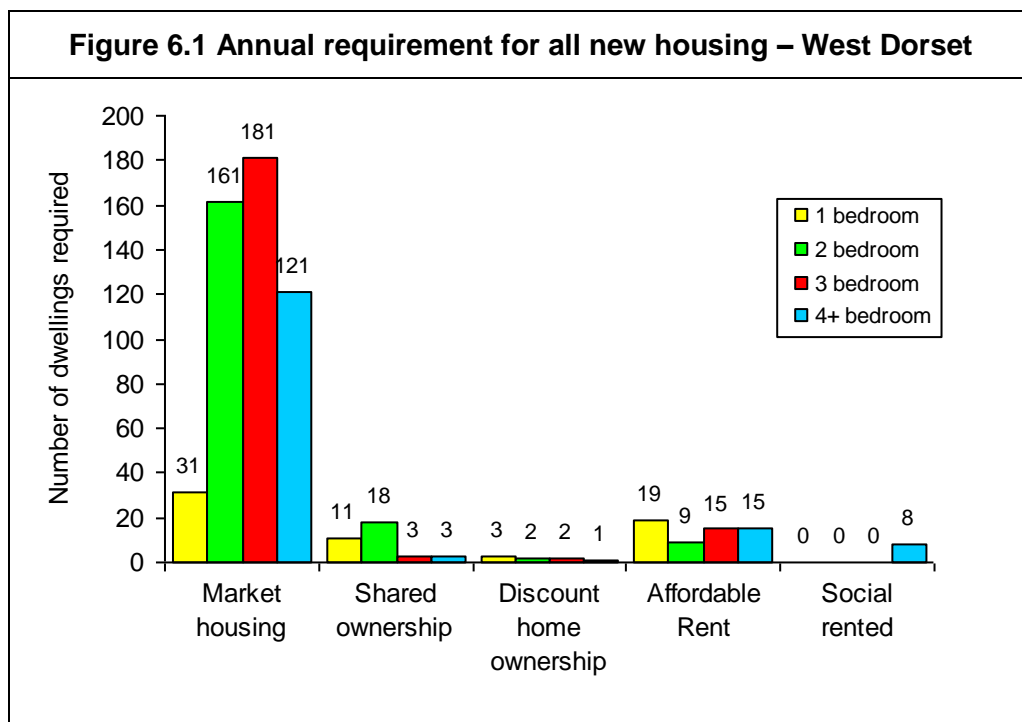
West Dorset

6.4 The total annual affordable housing need in West Dorset of 104 (as calculated in the previous chapter) represents 18.4% of the annual projected household growth in the District between 2014 and 2031 (566 households per year).

6.5 The tenure profile for new housing to adequately house all households within the objectively assessed need as derived using the demand model set out in Chapter 4 suggests that 18.6% of new housing should be affordable. The similarity of this figure to the one resulting from the affordable housing need model implies that there is not a significant affordability imbalance in the District currently that is not being addressed through use of the existing stock.

⁹ Considerations of viability are outside the scope of this SHMA.

- 6.6 The totals in this report have assumed that one household equals a requirement for one dwelling, however the Objectively Assessed Need calculation presumes that the requirement for new dwellings is greater than the projected growth in households in accordance with the approach set out in the NPPF. To convert the outputs in this report so they are equivalent to the dwelling figures presented in the Part 1 report, it is presumed that 18.4% of the 605 new homes required in West Dorset (as set out in Table 8.1 of the Part 1 report) are affordable as this is the requirement derived from the affordable housing need model, with the residual housing to meet the objectively assessed need, market accommodation.
- 6.7 The size of housing required within these tenures is presented in Figure 6.1. The affordable sector is informed by the affordable housing needs model. The net surplus of social rented accommodation identified in Figure 5.1 is deducted from the Affordable Rent totals (as it is presumed that this alteration will occur through conversion of the existing stock, rather than a new home). The market profile is informed from the demand model; the total requirement for new owner-occupied and private rented accommodation has been amalgamated because it is not possible to distinguish between market tenures in planning policy. The overall profile of market housing required is then distributed across the new market housing requirement total.



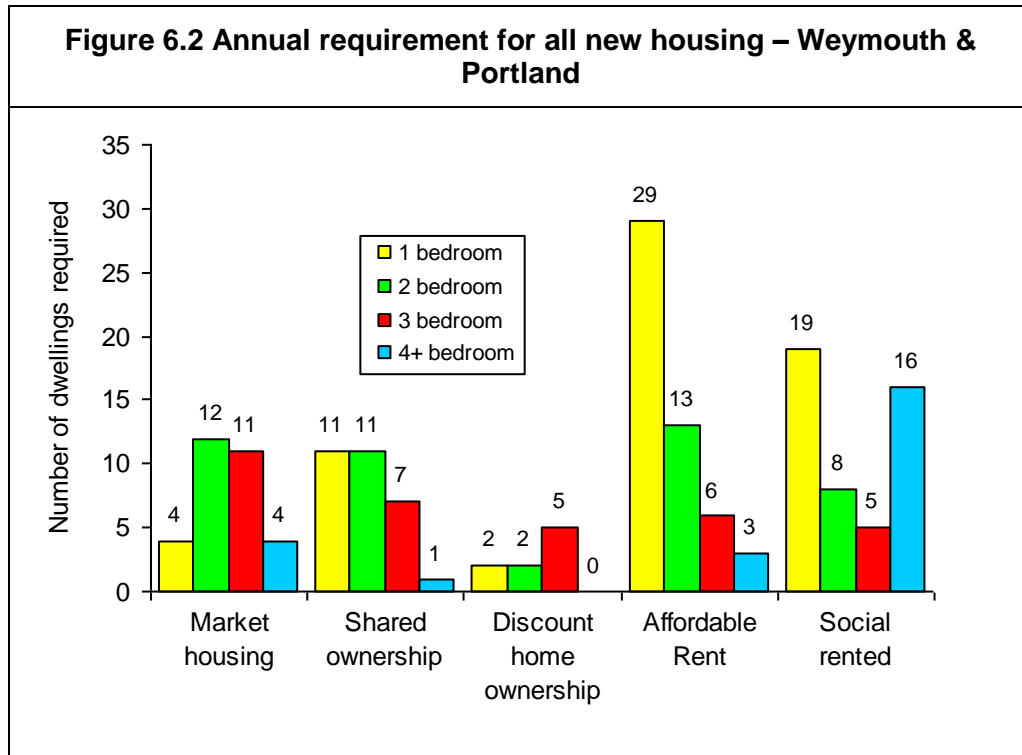
Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Weymouth & Portland

- 6.8 The total annual affordable housing need in Weymouth & Portland of 130 (as calculated in the previous chapter) represents 81.8% of the annual projected household growth in the Borough between 2014 and 2031 (159 households per year). This proportion of

new housing as affordable appears hard to deliver in the Borough were considered in isolation (rather than as part of a HMA including West Dorset).

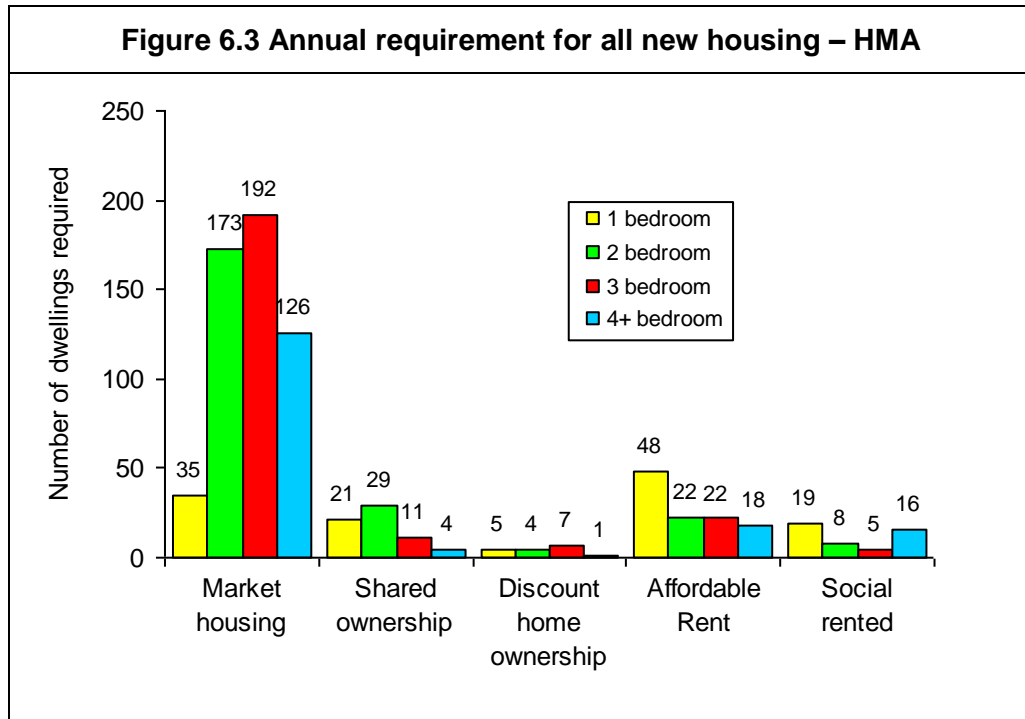
- 6.9 In addition the tenure profile for new housing to adequately house all households within the objectively assessed need as derived using the demand model set out in chapter 4 suggests that 29.2% of new housing should be affordable. The fact that this figure is notably lower than the one resulting from the affordable housing need model indicates that there is an affordability imbalance in the Borough currently that is not being addressed through use of the existing stock.
- 6.10 The totals in this report have assumed that one household equals a requirement for one dwelling, however the Objectively Assessed Need calculation presumes that the requirement for new dwellings is greater than the projected growth in households in accordance with the approach set out in the NPPF. To convert the outputs in this report so they are equivalent to the dwelling figures presented in the Part 1 report, it is presumed that 81.8% of the 170 new homes required in Weymouth & Portland (as set out in Table 8.1 of the Part 1 report) are affordable as this is the requirement derived from the affordable housing need model, with the residual housing to meet the objectively assessed need, market accommodation.
- 6.11 The size of housing required within these tenures is presented in Figure 6.2. The affordable sector is informed by the affordable housing needs model. The market profile is informed from the demand model; the total requirement for new owner-occupied and private rented accommodation has been amalgamated because it is not possible to distinguish between market tenures in planning policy. The overall profile of market housing required is then distributed across the new market housing requirement total.



Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment

Housing Market Area (HMA)

- 6.12 The results for the two areas are very different, with Weymouth & Portland having a level of need well in excess of that in West Dorset (when considered as a proportion of all the Objectively Assessed Need for Housing) and at a level that is well in excess of the amount that would be viable to be delivered by developers of market housing schemes. Having said this, the total annual affordable housing need across the HMA of 234 represents 32.3% of the annual projected household growth in in the HMA between 2014 and 2031 (725 households per year). Bearing in mind the difference between dwellings and households (see 4.9 above) this equates to 30.2% of the Objectively Assessed Need of the 775 new homes per year. This proportion of new housing as affordable appears deliverable based on the local circumstances. This highlights the need for these two Councils to continue to co-operate closely with regard to meeting their combined housing requirements.
- 6.13 The overall requirement for new housing across the HMA area is the sum of the requirements in Figures 6.1 and 6.2 and is presented in Figure 6.3.



Source: West Dorset and Weymouth & Portland Councils 2014 Strategic Housing Market Assessment



Glossary

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on standard lending multipliers (3.5 times income) and considers any capital the household may have (existing equity or savings) to discount from the purchase price of the home. Rental affordability is defined as the rent being less than a proportion of a household's gross income (25% of gross income is used as the baseline).

Affordable housing

NPPF defines affordable housing as *'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.'*

Affordable Rent

NPPF defines Affordable Rent as *'housing that 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).'*

Annual need

The combination of the net future need plus an allowance to deal progressively with part of the net current need.

Average

The term 'average' when used in this report is taken to be a mean value, unless otherwise stated.

Bedroom standard

The bedroom standard is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use, to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents, even though they may not be in use as such.

Concealed household

A household that currently lives within another household, but has a preference to live independently and is unable to afford appropriate market housing.

Current need (affordable)

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

Disaggregation

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical price market.

Financial capacity

This is defined as household income+savings+equity (the value of the property owned by owner-occupiers, typically the family home, net of mortgage). This provides an indication, when put on a capital basis, of the amount which the household could afford to pay for housing. Since equity is now a substantial part of the overall financial capacity of the large fraction of owner-occupiers, it is essential to use this measure rather than the old price/income ratio to measure the activity of a housing market.

Forecast

Either of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

Grossing-up

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

Household

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

Household formation

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs).

Household living within another household

Is a household living as part of another household of which they are neither the head nor the partner of the head.

Households sharing

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this, constitute 5 one-person households).

Housing market area

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay.

Housing Need (Objectively Assessed)

See also below. The NPPF requires local planning authorities to meet the full objectively assessed needs for housing. It uses the term 'need' throughout the document, however, as this term is usually (historically) associated with affordable housing. It is more useful to think of it as demand, or more accurately the objectively assessed requirement. The NPPG defines need as:

Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand. (NPPG ID: 2a-003-20140306)

Prior to the publication of the NPPF 'housing need' was a phrase that was applied only to affordable housing, following the publication of the NPPF it is now also used in relation to the Objectively Assessed Need for all housing.

Housing need (Affordable)

See also above. Housing need is defined as the number of households lacking their own housing, or living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some financial assistance. Prior to the publication of the NPPF 'housing need' was a phrase that was applied only to affordable housing, following the publication of the NPPF it now to the Objectively Assessed Need for all housing.

Housing Register

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing registers, often called waiting lists, may include not only people with general needs, but people with support needs or requiring access because of special circumstances, including homelessness.

Housing size

Measured in terms of the number of bedrooms, habitable rooms or floor space. This report uses the number of bedrooms.

Income

Income means gross household income unless otherwise qualified

Intermediate housing

NPPF defines intermediate housing as *'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. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.'*

Lending multiplier

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multiplier quoted is 3.5 times income.

Lower quartile

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

Mean

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

Median

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

Migration

The movement of people between geographical areas, primarily defined in this context as the local authority Borough area. The rate of migration is usually measured as an annual number of households, living in an area at a point in time, who are not resident in an area one year earlier.

Net need

The difference between need and the expected supply of available affordable housing units (e.g. from the re-letting of existing social rented dwellings).

Newly arising need

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

Non-selfcontained accommodation

Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

Overcrowding

An overcrowded dwelling is one which is below the bedroom standard (see 'Bedroom Standard' above).

Primary data

Information that is collected from a bespoke data collection exercise (e.g. surveys, focus groups or interviews) and analysed to produce a new set of findings.

Potential households

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head, nor the partner of the head, and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation rather than continuing to live with their 'host' household.

Projection

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

Random sample

A sample in which each member of the population has an equal chance of selection.

Re-lets

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

Rounding error

Totals in tables may differ by small amounts (typically one) due to the fact that fractions have been added together differently. Thus a table total may say 2011, and if the individual cell figures are added the total may come to 2012. This is quite normal and is a result of the computer additions made. Figures should never be taken to be absolutely accurate. No such state exists. The figures in this document are robust estimates, not absolutely precise ones. The usual practice is to use the stated total (in the above case 2011) rather than the figure of 2012 to which the individual figures sum. That is because the total will have resulted from a rounding after all the fractions are taken fully into account.

Sample survey

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

Sampling frame

The complete list of addresses or other population units within the survey area which are the subject of the survey.

Secondary data

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

Shared ownership schemes

Housing that is available to buy a proportion of (usually at market value). There is the option for the other part to be rented.

SHMA (Strategic Housing Market Assessment)

SHMA derives from government guidance suggesting that the 'evidence base' required for the good planning of an area should be the product of a process rather than a technical exercise.

Social rented housing

NPPF defines social rented housing as housing '*Social rented housing is owned by local authorities and private registered providers , for which guideline target rents are determined through the national rent regime.*'

Stratified sample

A sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics based, for example, on sub-areas and applying a different sampling fraction to each sub-sector.

Specialised housing

Refers to housing that has been specially designed for a particular client group to meet their particular needs (such as accommodation that is accessible to people with a physical disability, extracare housing where care services are provided on site, hostels, refuges or group homes) or housing specifically designated for particular groups (such as older people, people with physical disabilities, learning difficulties or mental health issues). This is characterised as housing that includes special design features and/or access to support to assist people to live independently for as long as possible in their own home.

Support needs

Relating to people who have specific needs: such as those associated with a disability.

Under-occupation

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

Unsuitably housed households

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason.

HDH Planning and Development Ltd is a specialist planning consultancy providing evidence to support planning authorities, land owners and developers.

The firm is led by Simon Drummond-Hay who is a Chartered Surveyor, Associate of Chartered Institute of Housing and senior development professional with a wide experience of both development and professional practice. The firm is regulated by the RICS.

The main areas of expertise are:

- Community Infrastructure Levy (CIL)
- District wide and site specific Viability Analysis
- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)

HDH Planning and Development have clients throughout England and Wales.

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